

# Wheat Outlook

February 8, 2024

Volume 33, Number 8

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## Market Situation

**WASDE.** U.S. wheat ending stocks were up 10 million bushels in the February WASDE on lower food use. The report noted that wheat ground for flour in October-December 2023 was the lowest on record for that quarter.

This increase in ending stocks raised estimated days of use on hand at the end of the marketing year by 2.6 to a 128.5 day supply. This is up from the 110.9-day carryover last year.

US WHEAT SUPPLY AND USE			February		
AREA			2023/24	Jan to Feb	
			2/8/2024	Net Δ	% Δ
	Planted	mil acres	49.6	0.0	0.00%
	Harvested	mil acres	37.3	0.0	0.00%
	Percent Harvested		75.2%	0.0	0.00%
YIELD	Harvested acre	bu/ac	48.6	0.0	0.00%
SUPPLY					
	Beginning stocks	mil bu	570	0.0	0.00%
	Production	mil bu	1,812	0.0	0.00%
	Imports	mil bu	145	0.0	0.00%
	Total Supply	mil bu	2,527	0.0	0.00%
DEMAND					
	Food	mil bu	960	-10.0	-1.03%
	Seed	mil bu	64	0.0	0.00%
	Feed and residual	mil bu	120	0.0	0.00%
	Total Domestic Use	mil bu	1,144	-10.0	-0.87%
	Exports	mil bu	725	0.0	0.00%
	Total Use	mil bu	1,869	-10.0	-0.53%
	Ending stocks	mil bu	658	10.0	1.54%
	Stocks to Use ratio	percent	35.2%	0.7%	2.09%
	Days of Use on hand	days	128.5	2.6	2.09%
PRICE					
	Average farm price	\$/bu	\$ 7.20	0.00	0.00%
	Reference Price	\$/bu	\$ 5.50	0.00	0.00%
	PLC Payment	\$/bu	\$ -	0.00	

In the world wheat situation, a 0.5 mmt increase in supply (18 mil bu) was met with a 1.1 mmt increase in use (40 mil bu) lowering ending stocks by 0.6 mmt (22 mil bu). Estimated days of use on hand at the end of the marketing year decreased from 119.2 last month to a 118.7-day supply. This is the lowest level of wheat carryover since the 2014/15 marketing year. Days of use on hand excluding China, are the tightest since 2007/08.

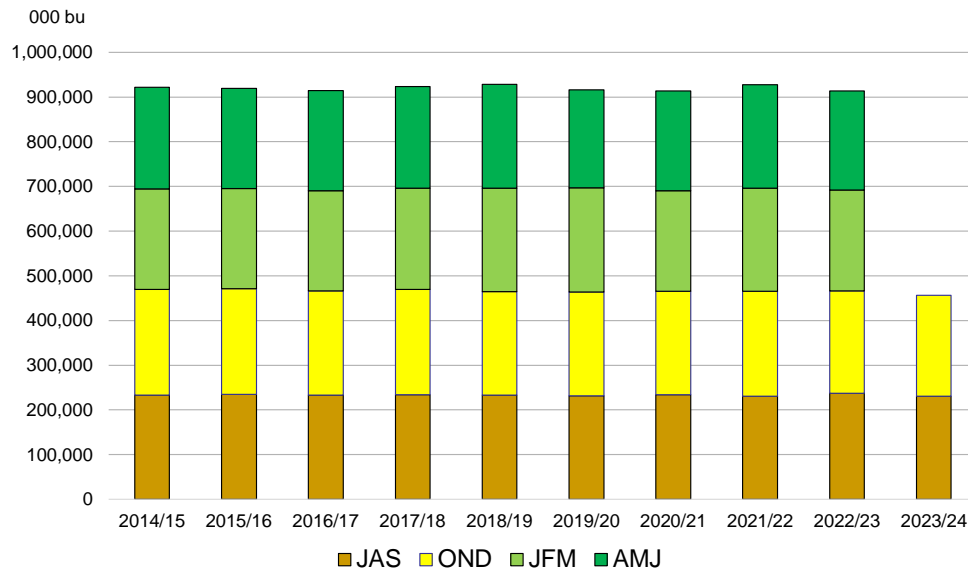


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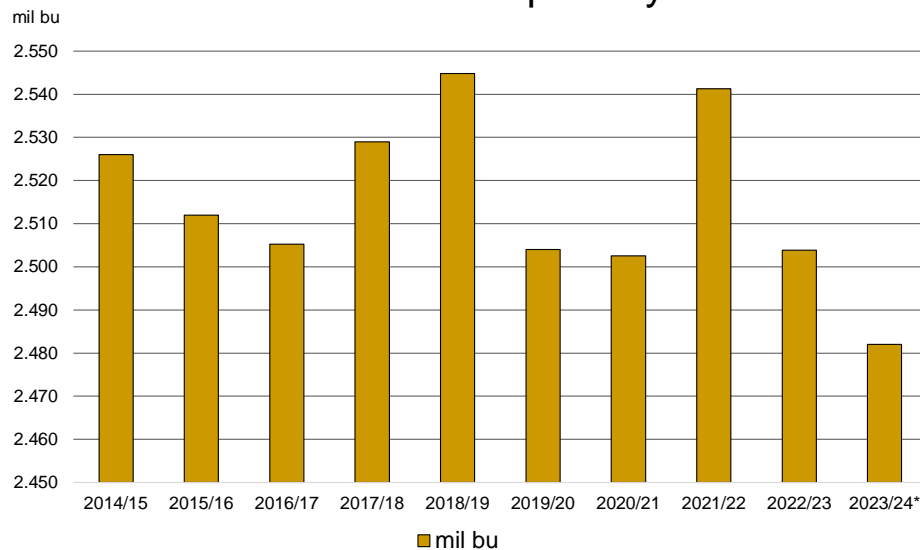
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## All Wheat Ground for Flour



USDA, Flour Milling Products, February 1, 2024

## All Wheat Ground for Flour million bushels per day



USDA, Flour Milling Products, February 1, 2024

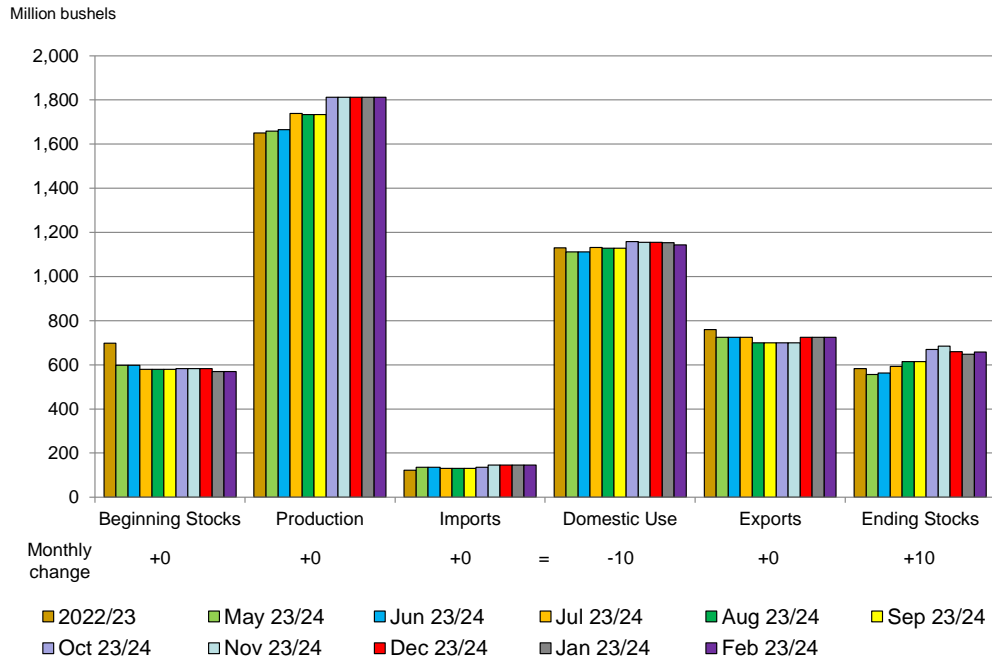
\*to date

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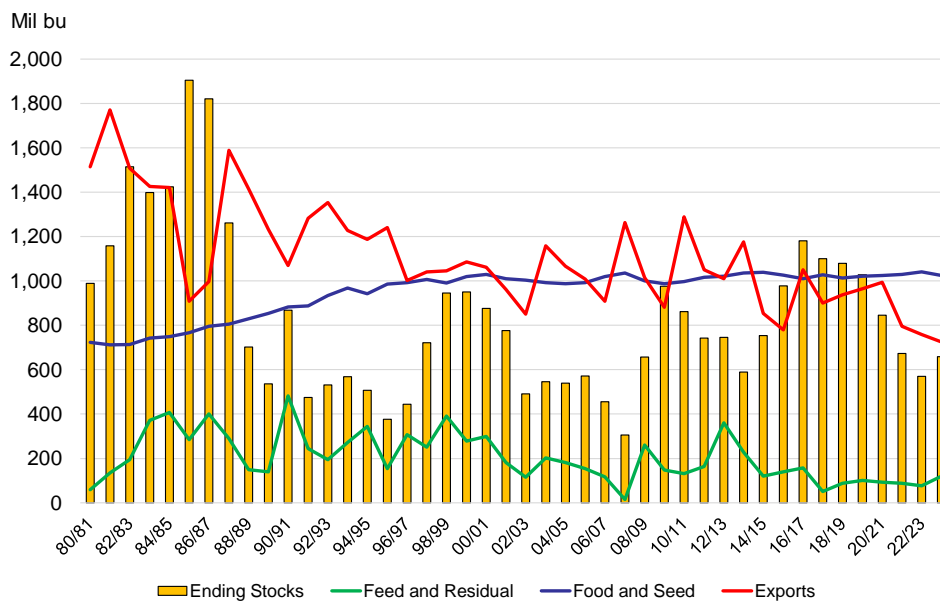
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## U.S. Wheat Supply and Demand, February 2024



USDA, WASDE, 2/8/2024

## U.S. Wheat Use, February 2024



USDA, WASDE, 2/8/2024

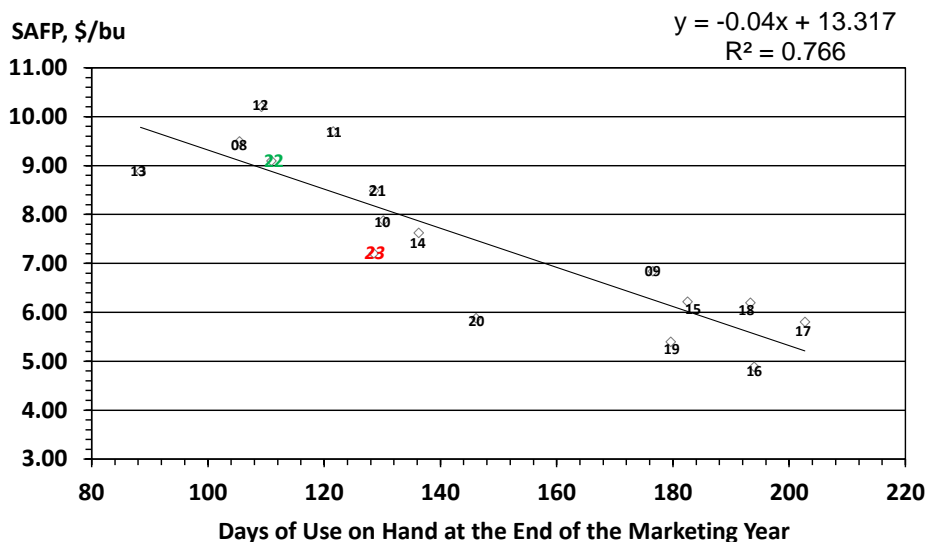
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## Real U.S. Wheat Average Farm Price and Days of Use on Hand

2008/09-2022/23, 2023/24 estimate



Source: USDA, February WASDE 2024

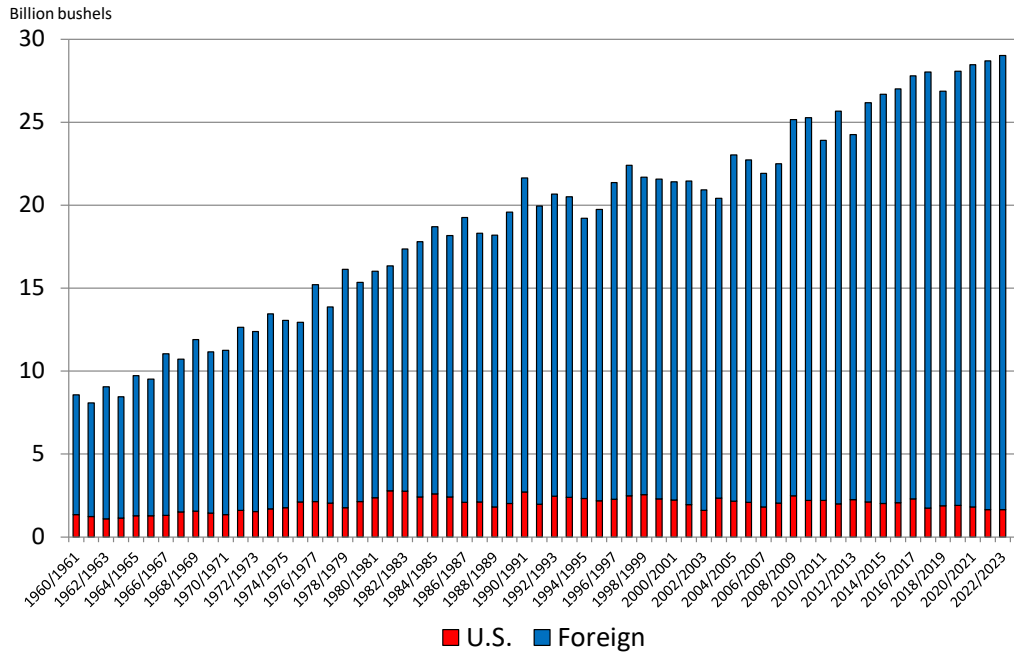
WORLD WHEAT	MMT									
Marketing Year	Beginning Sto	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on hand	
2014/15	197.70	730.41	159.38	132.37	700.51	164.22	222.76	0.3180	116.1	
2015/16	222.76	738.14	169.78	141.27	713.11	172.58	244.99	0.3436	125.4	
2016/17	244.99	756.31	179.67	147.49	734.50	183.49	262.99	0.3580	130.7	
2017/18	262.99	763.05	181.13	146.48	740.59	182.47	284.10	0.3836	140.0	
2018/19	286.98	730.90	171.12	139.20	734.72	173.67	283.16	0.3854	140.7	
2019/20	280.77	762.33	187.39	139.22	748.31	194.88	299.22	0.3999	145.9	
2020/21	299.66	774.41	194.80	163.70	787.74	203.35	286.33	0.3635	132.7	
2021/22	284.43	780.01	199.93	161.12	792.13	202.76	272.31	0.3438	125.5	
2022/23	272.31	789.66	211.74	154.81	792.12	220.48	269.85	0.3407	124.3	
2023/24	May	266.28	789.76	207.54	150.86	791.70	209.72	264.34	0.3339	121.9
2023/24	June	266.66	800.19	209.54	154.79	796.14	212.62	270.71	0.3400	124.1
2023/24	July	269.31	796.67	207.96	157.13	799.45	211.62	266.53	0.3334	121.7
2023/24	August	268.31	793.37	207.39	156.63	796.07	209.39	265.62	0.3337	121.8
2023/24	September	267.13	787.34	205.62	157.58	795.86	207.34	258.61	0.3249	118.6
2023/24	October	267.55	783.43	204.63	156.40	792.86	206.26	258.13	0.3256	118.8
2023/24	November	269.55	781.98	204.70	157.79	792.84	205.01	258.69	0.3263	119.1
2023/24	December	269.85	783.01	206.73	158.89	794.66	207.19	258.20	0.3249	118.6
2023/24	January	271.56	784.91	209.15	161.06	796.44	209.54	260.03	0.3265	119.2
2023/24	February	271.21	785.74	209.89	160.46	797.52	210.69	259.44	0.3253	118.7
	Net Change	(0.35)	0.83	0.74	(0.60)	1.08	1.15	(0.59)	(0.0012)	(0.43)
	% Change	-0.13%	0.11%	0.35%	-0.37%	0.14%	0.55%	-0.23%	-0.36%	-0.36%

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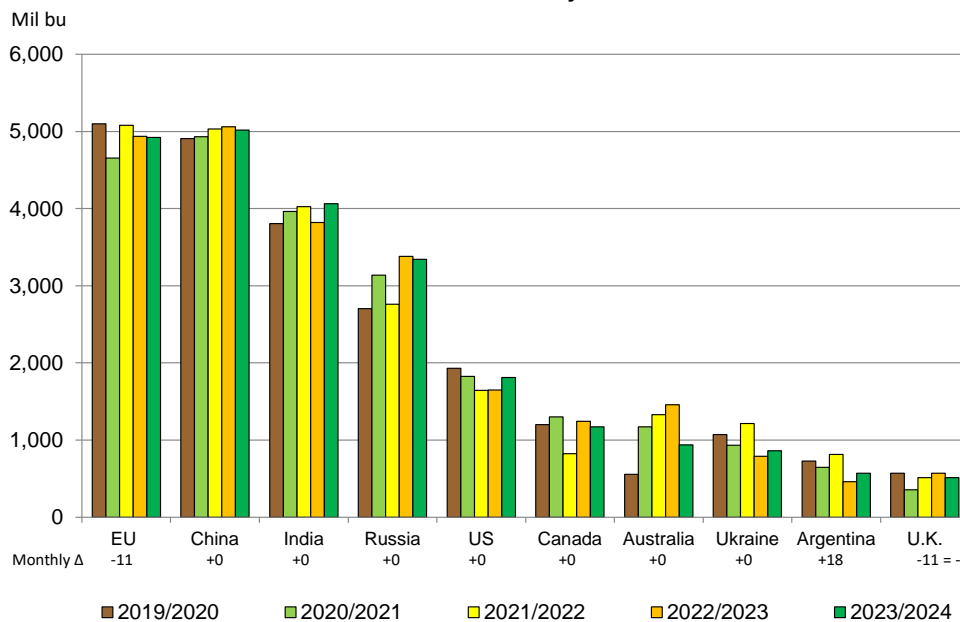
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## World Wheat Production



## Wheat Production, Major Contributors



WASDE, 2/8/2024

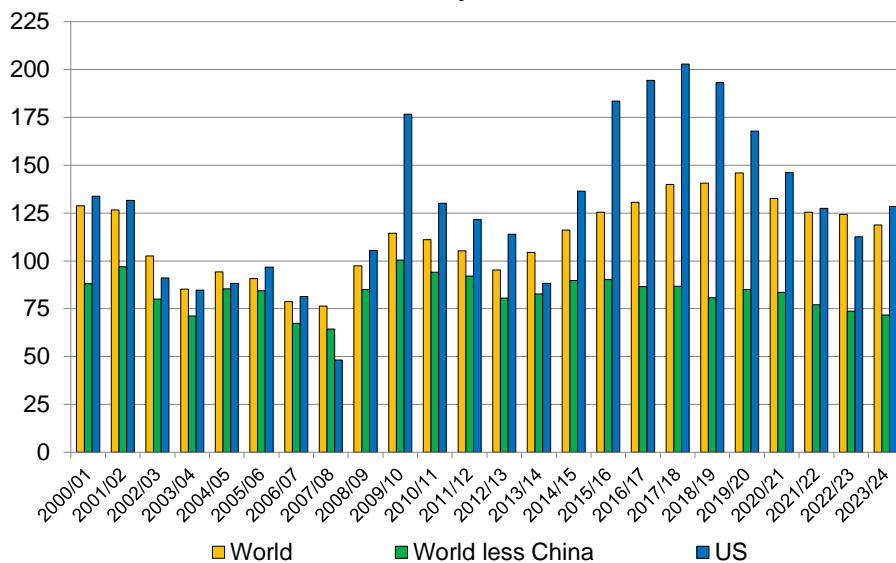
80% of global wheat production

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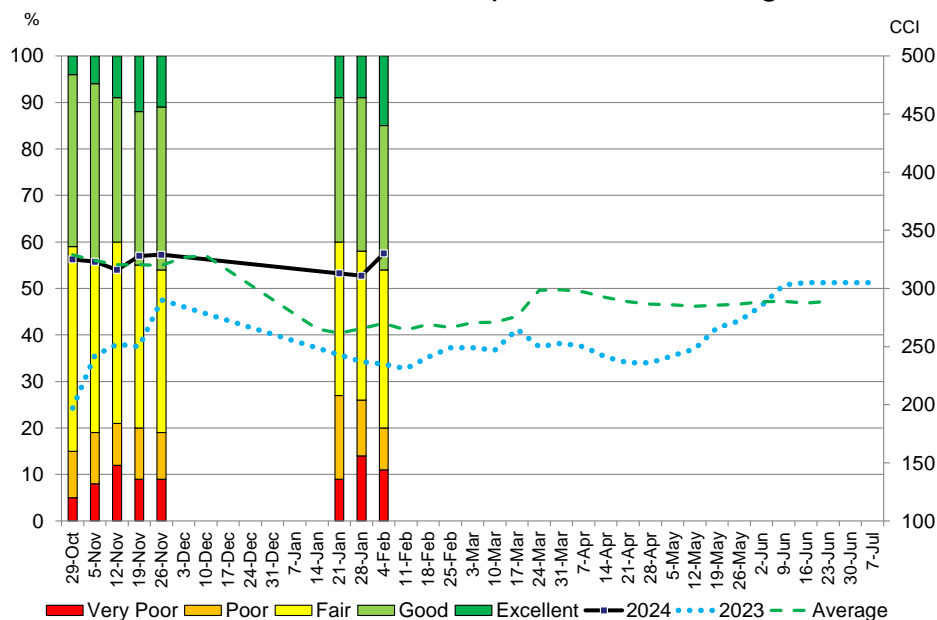
## World Wheat: Days of Use on Hand



WASDE, 2/8/2024

**Crop Progress and Condition.** Texas wheat crop condition ratings were updated again this week. The share of wheat rated very poor and poor was down 6%; good and excellent were up 4%. The crop index was up 19 points to 330. Last year it was 235, the average is 270.

## 2024 Texas Winter Wheat Crop Condition Ratings, Feb 4



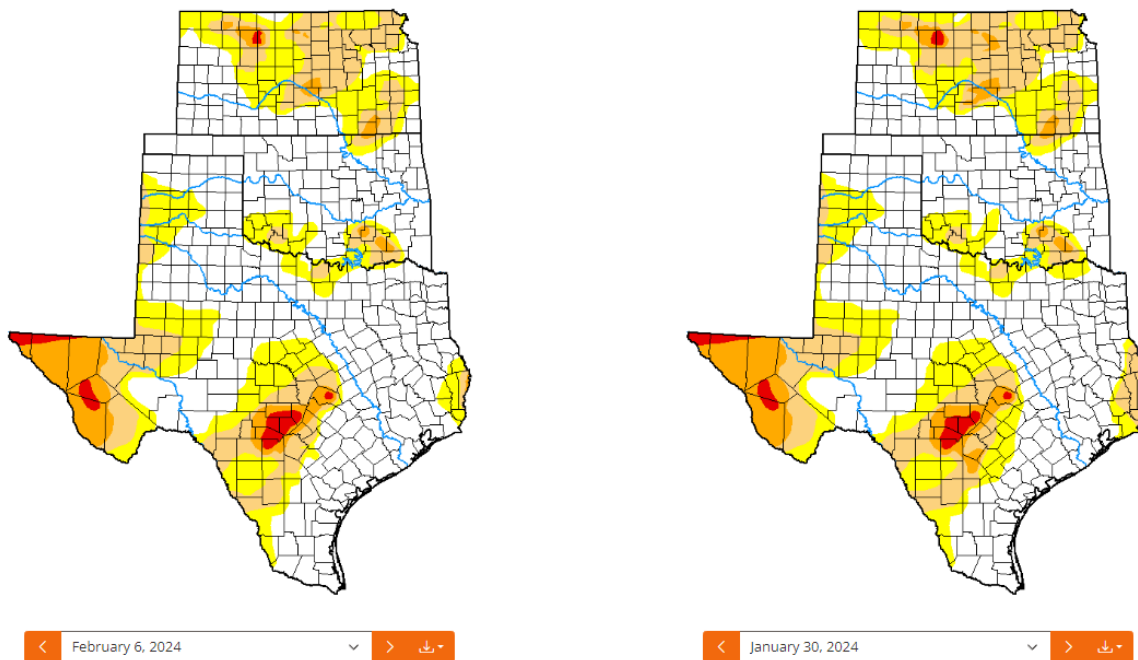
USDA Crop Progress, February 5, 2024

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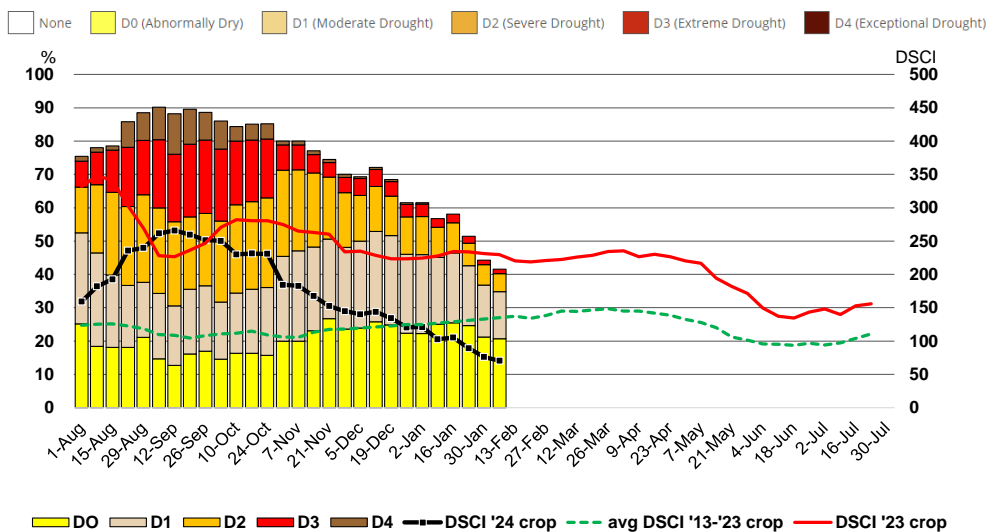
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**Weather.** This week's drought monitor for the Southern Plains Climate Hub shows the area under drought and the drought severity index continuing to fall. Drought coverage fell 2% this week to 42%. The drought index is down 5 points to 71. The index a year ago was 230 and the 10-year average is 135.



Southern Plains Drought Monitor 2/6/2024

## Drought Classification



Drought Severity and Coverage Index (DSCI) = (D0\*1)+(D1\*2)+(D2\*3)+(D3\*4)+(D4\*5);  
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

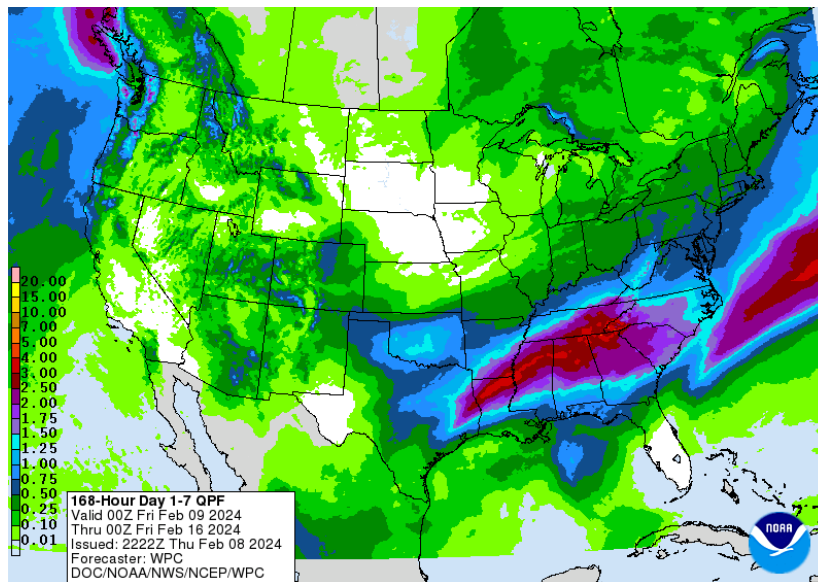
Drought Monitor, 2/8/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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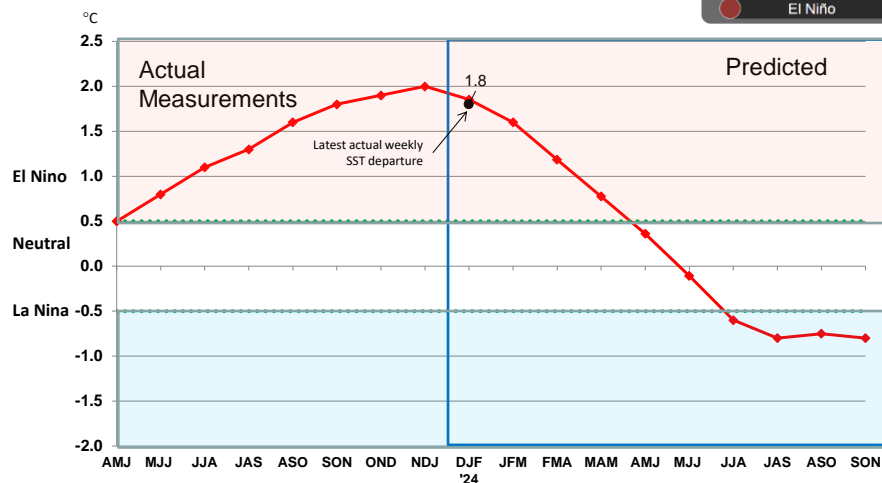
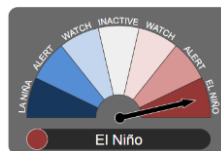
Moisture prospects again cover much of the Southern Plains the next 7 days (2/9-2/16/2024) with heaviest amounts from the Texas Panhandle eastward across Oklahoma and much of central and east Texas.



El Niño continues with this week's eastern Pacific, sea surface temperature departure from normal of +1.8° C. It is likely that we have reached the peak of the current cycle. The forecast is for a transition to neutral conditions by the end of May with a return to La Niña by late summer.

### Oceanic Niño Index (ONI) ENSO Alert System Status: **El Niño Advisory**

El Niño continues in the tropical Pacific Ocean. Model forecasts and observations indicate sea surface temperatures in the central tropical Pacific have peaked and are now declining.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, February 5, 2024

[http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/](http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/)

Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/enso/>

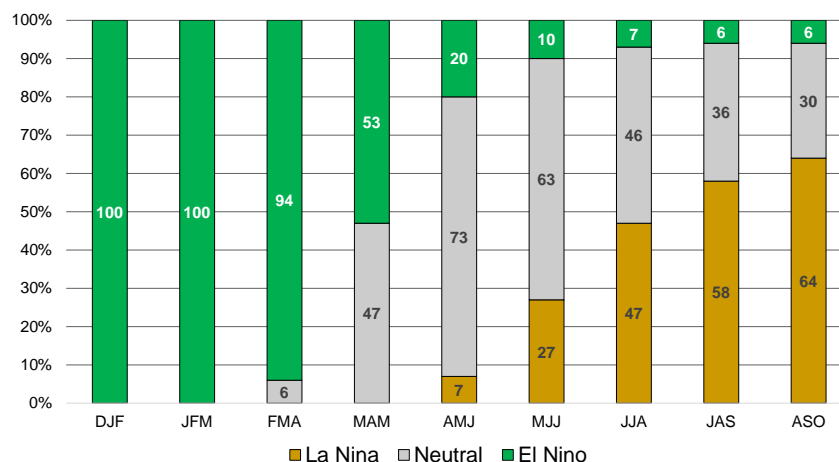


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### CPC/IRI Probabilistic ENSO Forecasts



International Research Institute for Climate and Society, January 11, 2024

<https://iri.columbia.edu/our-expertise/climate/enso/>

### Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis
January 11	6.16	5.34	-0.82		
January 18	6.05	5.23	-0.82		
January 25	6.37	5.55	-0.83		
February 1	6.21	5.35	-0.86	6.46	0.25
February 8	6.01	5.15	-0.86	6.27	0.26
10-year avg			-0.55		0.78

USDA, AMS, Market News: TX cash = average (North, Central, and South Panhandle); Houston Port, DTN

### Marketing Strategies

**Seasonal Index.** The seasonal price pattern of the July Kansas City wheat contract shows the best pricing opportunities in late-summer, just before planting. Later, in-season price strength is often associated with the crop condition in February/March as the crop breaks dormancy and April/May with late-season weather risk.

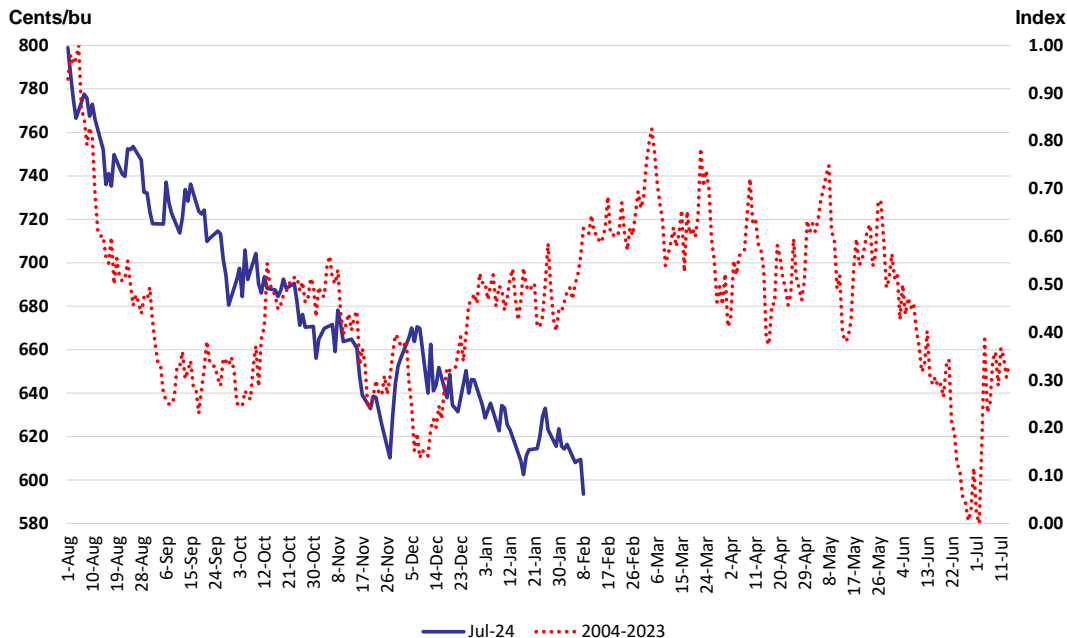
**Wheat Marketing Plan.** I have priced the first 20% of the 2024 wheat crop.

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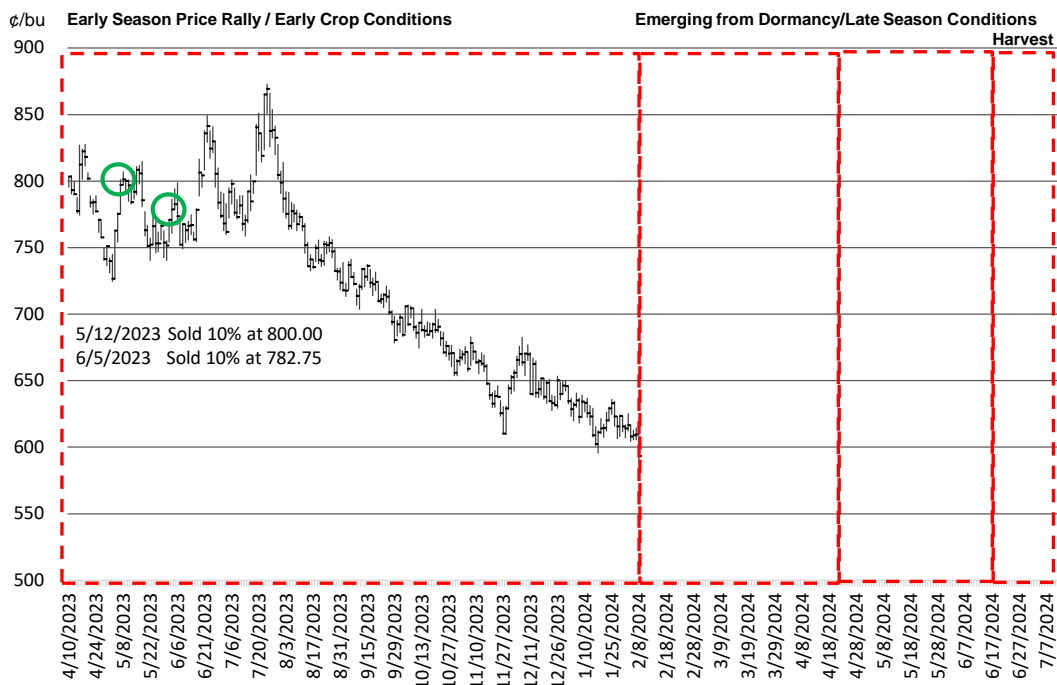
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## July 2024 KC Wheat Futures and July KC Wheat Seasonal Index 2004-2023



## July 2024 KC Wheat and Marketing Plan



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## Upcoming Reports/Events

February 13	Consumer Price Index
February 15-16	USDA Agricultural Outlook Forum
February 23	Cattle on Feed
March 8	Crop Production World Agricultural Supply and Demand Estimates
March 19-20	Federal Open Market Committee, Federal Reserve
March 28	Prospective Plantings Grain Stocks

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