

# Wheat Outlook

February 23, 2024

Volume 33, Number 10

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## Market Situation

**USDA Outlook Forum.** Notable in the “Grains and Oilseeds Outlook” presented at last week’s Agricultural Outlook Forum was a decline in total planted area for corn, soybeans, and wheat. The total is down 2.3 million acres, about 1%, from 227.8 million to 225.5 million. Corn and soybean planted acres are projected to increase slightly in 2024, up 300,000 acres; wheat acres are projected to be down 2.6 million.

Though all wheat planted acres are projected to decline in 2024, production is projected to increase with an average U.S. wheat yield of 49.5 bushels per acre, the highest since 2020 (49.7 bu). Production of 1.9 billion bushels would be the highest since 2019. The total wheat supply is projected to increase by 6%.

Wheat use projections show a decrease in domestic use of 10 million bushels and an increase in exports of 50 million bushels. A net increase in use of 40 million bushels increases total use by 2%.

Days of use on hand at the end of the marketing year are projected to increase by 18.5 to a 147-day supply, the most since 2019 and about the same as 2020 (146.1). The projected season average farm price is down 17% to \$6.00 per bushel. In inflation adjusted dollars, the \$5.05 season average farm price in 2020 equates to \$6.02 in 2024.

U.S. Wheat	2022/23	2023/24	2024/25*	
Planted Acreage (Mil. Acs.)	45.7	49.6	47.0	
Harvested Acreage (Mil. Acs.)	35.5	37.3	38.4	
Yield (Bushels)	46.5	48.6	49.5	
Supply	- - - Million Bushels - - -			
Beginning Stocks	698	570	658	
Production	1,650	1,812	1,900	
Imports	122	145	120	
Total Supply	2,470	2,527	2,678	+6%
Disappearance				
Domestic Use	1,131	1,144	1,134	
Exports	759	725	775	
Total Use	1,890	1,869	1,909	+2%
Ending Stocks	580	658	769	
Carryover/Use (days on hand)	112.0	128.5	147.0	
Average Farm Price (\$/Bu.)	8.83	7.20	6.00	-17%

Source: USDA, WASDE February 2024

\*USDA 2024 Ag Outlook Forum

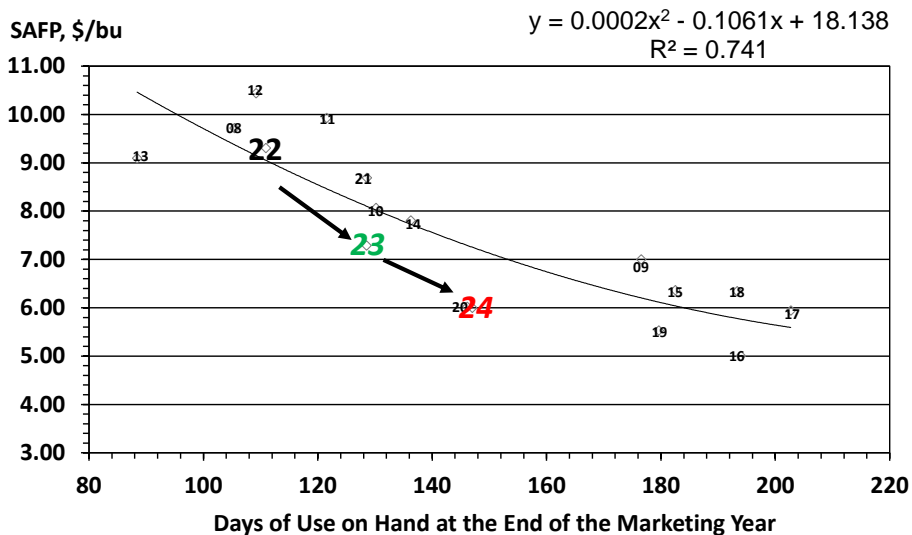
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## Real U.S. Wheat Average Farm Price and Days of Use on Hand

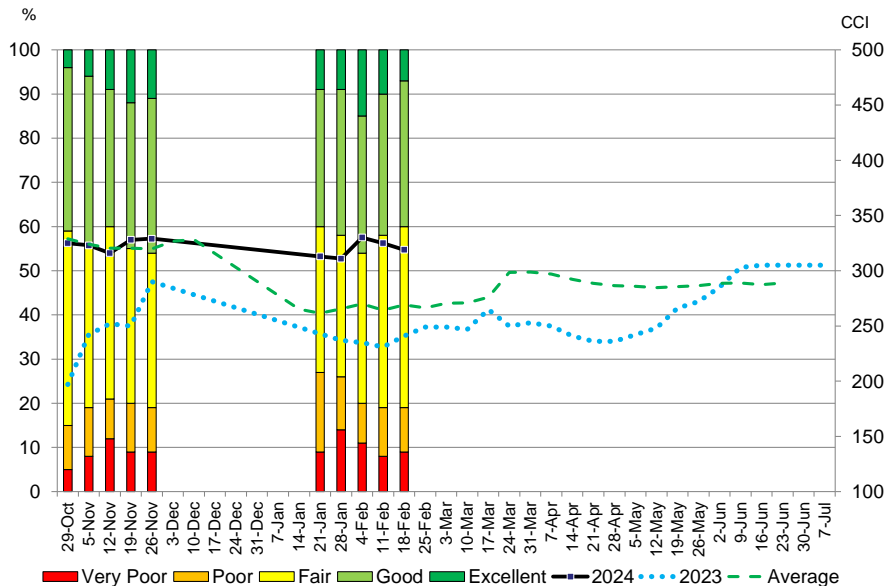
2008/09-2022/23, 2023/24 estimate, 2024/25 projection



Source: USDA, February WASDE 2024  
USDA 2024 Ag Outlook Forum

**Crop Progress and Condition.** Texas wheat crop condition ratings were updated again this week. The share of wheat rated very poor and poor was unchanged at 19%; good and excellent were down 2%. The crop index was down 6 points to 319. Last year it was 241; average is 269.

## 2024 Texas Winter Wheat Crop Condition Ratings, Feb 18



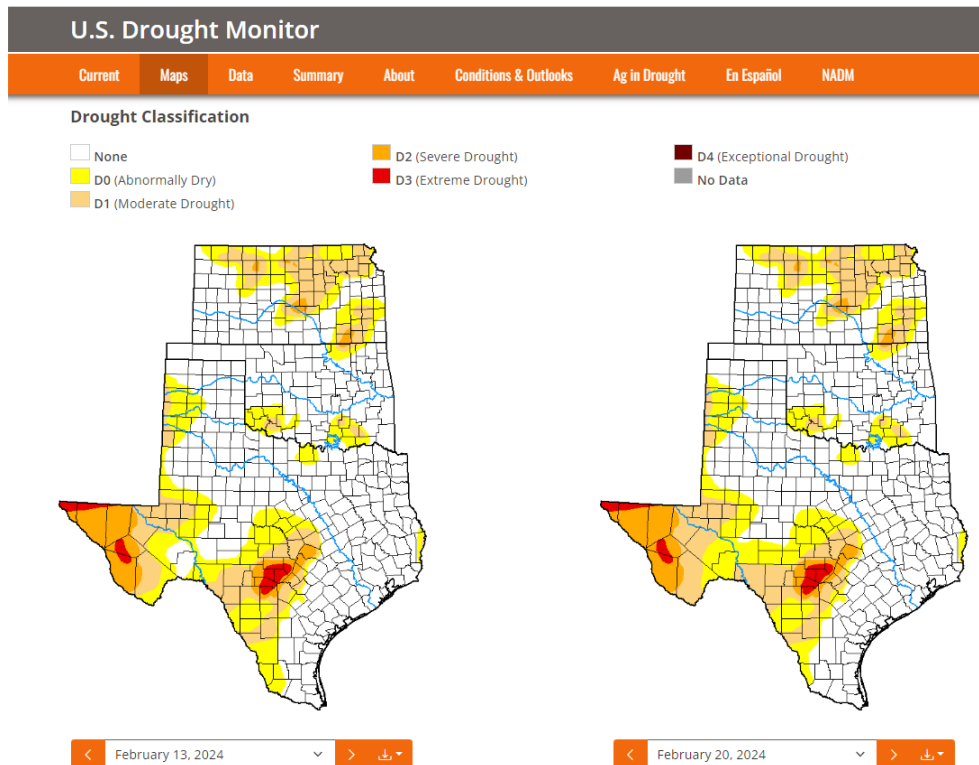
USDA Crop Progress, February 20, 2024

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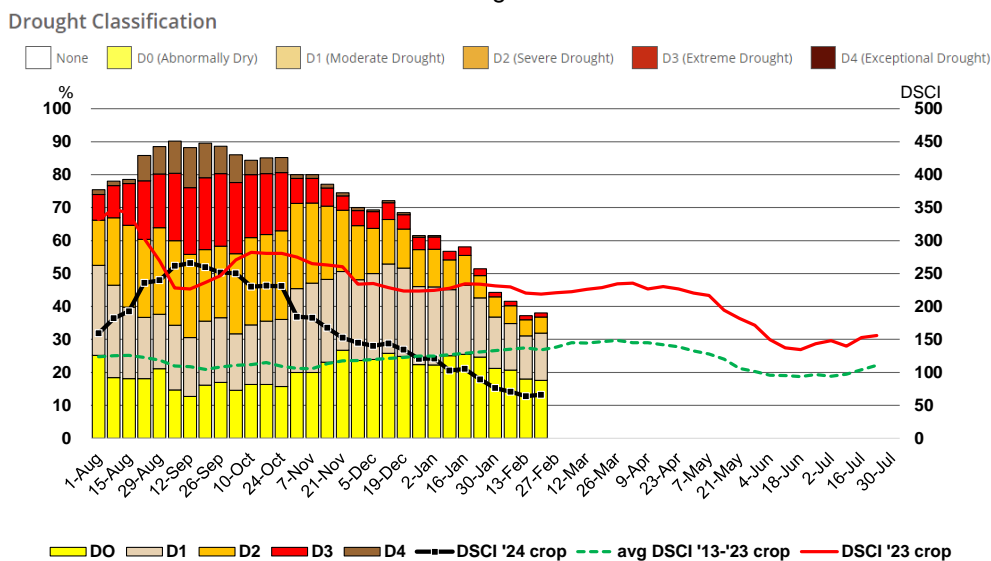
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**Weather.** This week's drought monitor for the Southern Plains Climate Hub shows the area under drought and the drought severity index up slightly. Drought coverage increased 1% to 38%. The drought index went up 2 points to 66. The index a year ago was 219 and the 10-year average is 134.



## Southern Plains Drought Monitor 2/20/2024



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

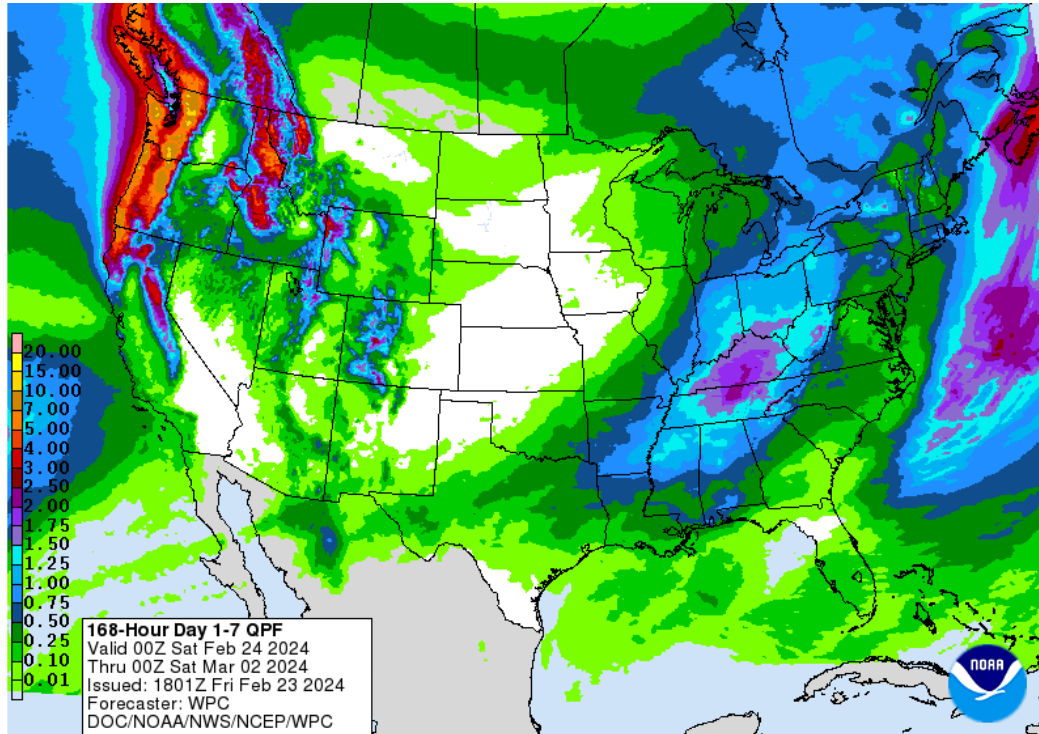
Drought Monitor, 2/22/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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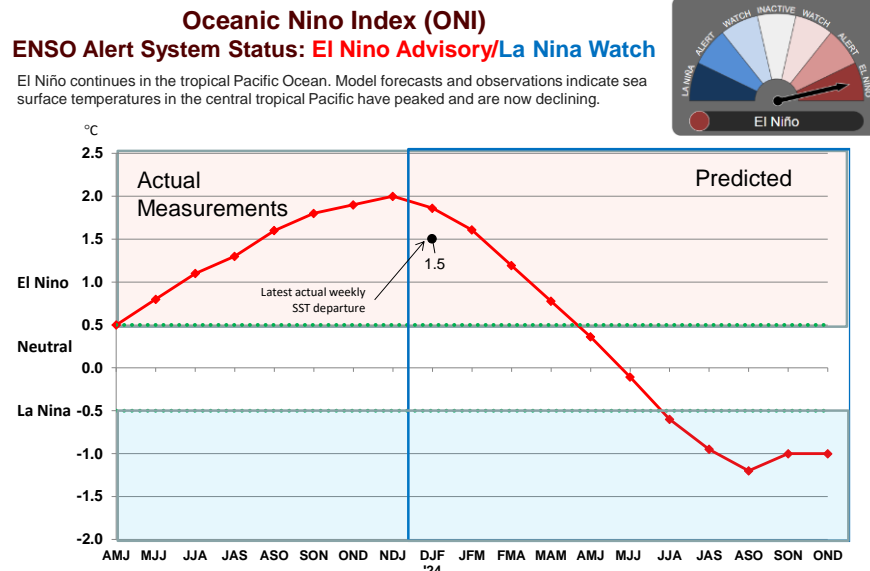
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The most favorable moisture prospects for the Southern Plains the next 7 days (2/24-3/2/2024) are in northeast Texas.



El Niño continues with this week's eastern Pacific, sea surface temperature departure from normal of +1.5° C. We are past 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/early fall.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, February 20, 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/>

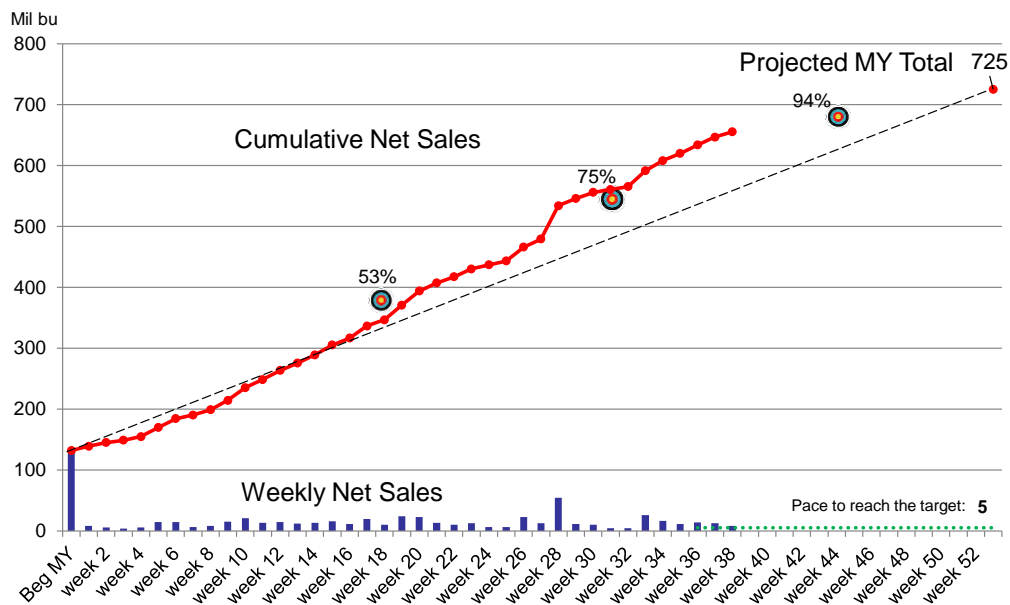
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**Grain Use.** All wheat export sales are on track to reach USDA's marketing year target of 725 million bushels. As of February 15, sales stand at 655 million bushels, 90% of the projected total. Sales for the week were 9 million bushels, Japan the top buyer at 2.1 million bushels. The weekly sales pace needed to reach 725 million bushels is 5 million.

### 2023/24 U.S. All Wheat Export Sales Commitments



Export Sales Commitments reported for 2/15/2024: 9 million bushels (Japan: 2.1 mil bu)  
Total Export Sales Commitments this marketing year: 655 million bushels  
90% of the 2023/24 MY Export Sales Target of 725 million bushels (February WASDE)  
On average, about 94% of the marketing year total sales are accounted for by the end of March  
USDA, Foreign Agricultural Service: 2/23/2024

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

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis
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
February 15	5.76	4.90	-0.86		
February 22	5.74	4.88	-0.86	5.99	0.25
10-year avg			-0.55		0.78

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

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**Commitment of Traders.** Speculative traders in the wheat markets this week were increasingly bearish: net longs down another 15,632 Chicago wheat contracts and down 3,928 contracts in Kansas City wheat. Corn traders have pushed net longs to record net lows over the last several weeks, now -266,067. Soybean net longs set a new record low last week at -161,751. That number was up slightly in today's report, +1,463 to -160,288.

For February 20, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

- more bearish Chicago soft red winter wheat,
- more bearish KC hard red winter wheat,
- more bearish corn, and
- less bearish soybeans.

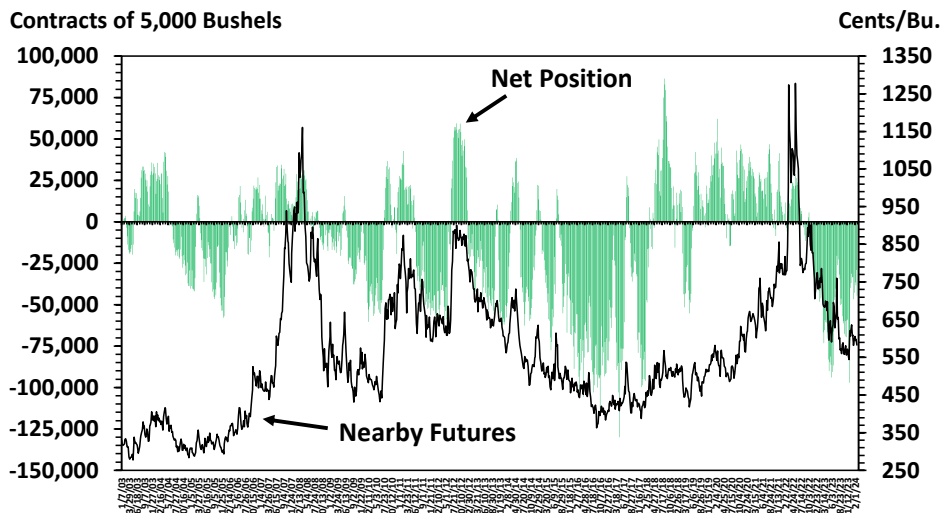
	Wheat--SRW					Wheat--HRW			
	Long	Short	Net Long	Price		Long	Short	Net Long	Price
1/2/2024	108,299	141,916	(33,617)	606.75		53,027	75,605	(22,578)	629.00
1/9/2024	107,680	141,070	(33,390)	610.00		54,526	77,257	(22,731)	627.00
1/16/2024	109,221	155,832	(46,611)	582.00		55,730	83,777	(28,047)	601.50
1/23/2024	109,590	152,372	(42,782)	596.50		56,356	82,443	(26,087)	617.50
1/30/2024	118,028	154,483	(36,455)	605.50		60,108	80,211	(20,103)	630.75
2/6/2024	121,345	159,629	(38,284)	595.00		62,607	84,866	(22,259)	618.50
2/13/2024	124,909	153,916	(29,007)	597.50		62,886	90,503	(27,617)	594.50
2/20/2024	124,169	168,808	(44,639)	582.75		65,113	96,658	(31,545)	585.75
Change	(740)	14,892	(15,632)	(14.75)		2,227	6,155	(3,928)	(8.75)

	Corn					Soybeans			
	Long	Short	Net Long	Price		Long	Short	Net Long	Price
1/2/2024	262,351	409,079	(146,728)	463.75		99,810	121,738	(21,928)	1273.50
1/9/2024	263,111	436,144	(173,033)	459.25		99,237	137,286	(38,049)	1248.50
1/16/2024	252,825	472,793	(219,968)	445.50		85,450	179,118	(93,668)	1227.25
1/23/2024	260,804	480,004	(219,200)	446.50		81,762	187,756	(105,994)	1239.50
1/30/2024	266,671	491,503	(224,832)	447.75		77,880	218,457	(140,577)	1218.75
2/6/2024	275,964	505,386	(229,422)	438.75		80,259	241,076	(160,817)	1199.50
2/13/2024	281,214	527,153	(245,939)	430.75		86,975	248,726	(161,751)	1186.25
2/20/2024	282,549	548,616	(266,067)	418.75		100,976	261,264	(160,288)	1179.00
Change	1,335	21,463	(20,128)	(12.00)		14,001	12,538	1,463	(7.25)

## CBOT Wheat

### Commitment of Traders (Futures Only)

Reportable Non-Commercial Positions and Nearby Futures Prices



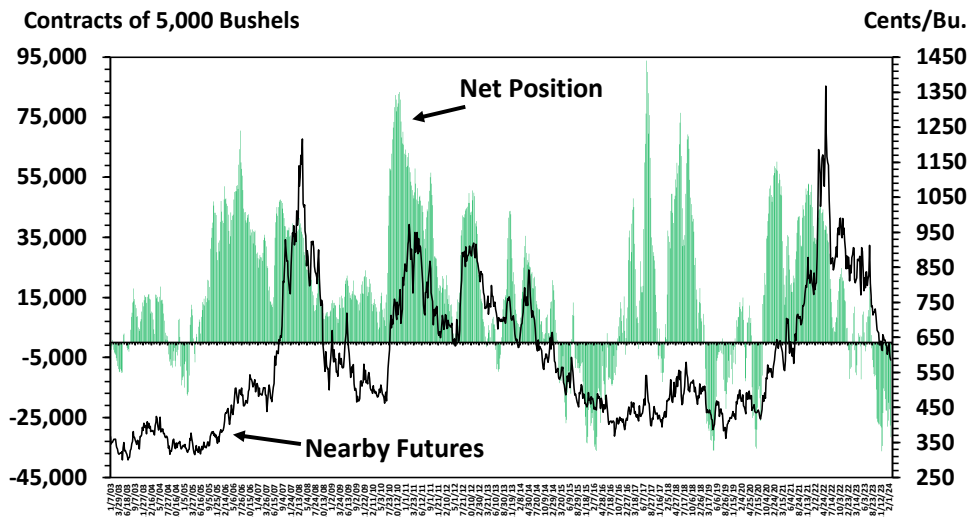
Weekly

January 7, 2003 through February 20, 2024

## KCBT Wheat

### Commitment of Traders (Futures Only)

Reportable Non-Commercial Positions and Nearby Futures Prices



Weekly

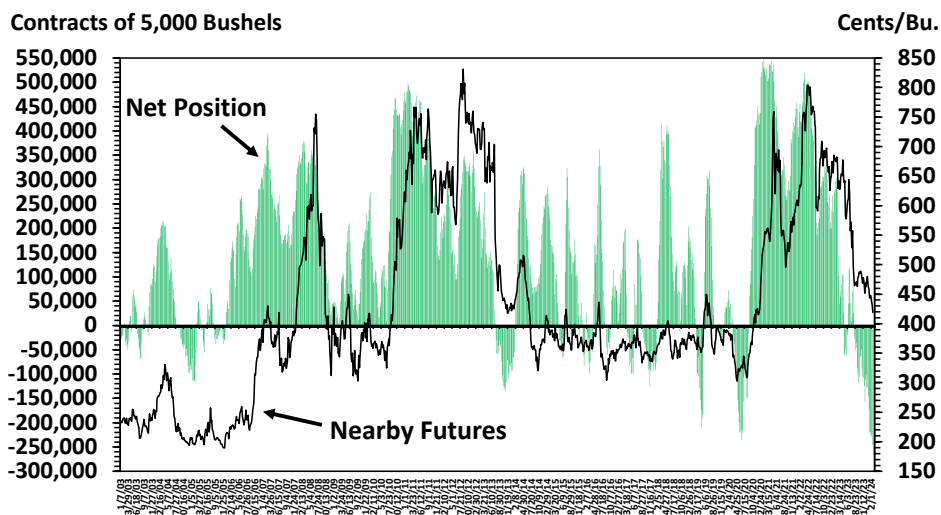
January 7, 2003 through February 20, 2024



## CBOT Corn

### Commitment of Traders (Futures Only)

Reportable Non-Commercial Positions and Nearby Futures Prices



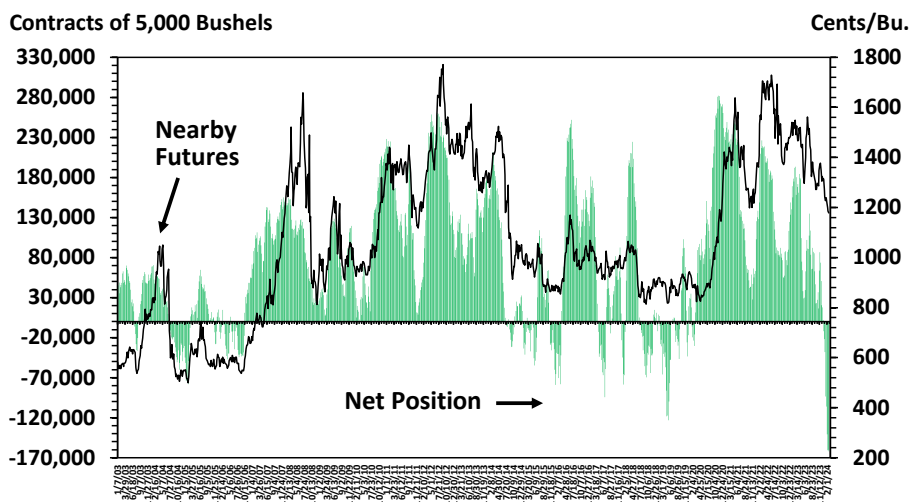
Weekly

January 7, 2003 through February 20, 2024

## CBOT Soybeans

### Commitment of Traders (Futures Only)

Reportable Non-Commercial Positions and Nearby Futures Prices



Weekly

January 7, 2003 through February 20, 2024



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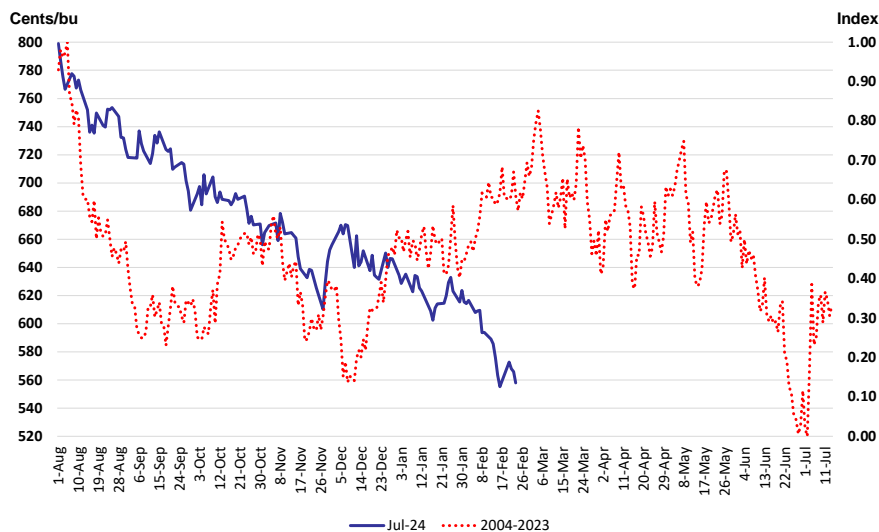
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## Marketing Strategies

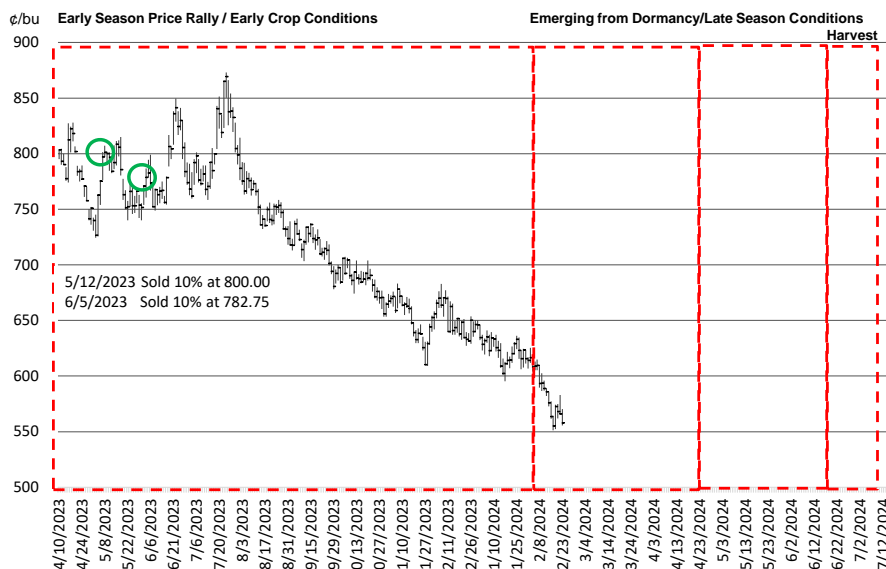
**Seasonal Index.** The seasonal price pattern of the July Kansas City wheat contract shows the best pricing opportunities in late-summer, just before planting. Later, in-season price strength is often associated with the crop condition in February/March as the crop breaks dormancy and April/May with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

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



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

July 2024 KC Wheat and Marketing Plan



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## Upcoming Reports/Events

February 29	Personal Consumption Expenditures Index (PCE)
March 8	Crop Production World Agricultural Supply and Demand Estimates
March 19-20	Federal Open Market Committee, Federal Reserve
March 22	Cattle on Feed
March 28	Prospective Plantings Grain Stocks Hogs and Pigs
April 1	Crop Progress reports resume

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