

Wheat Outlook

March 1, 2024

Volume 33, Number 12

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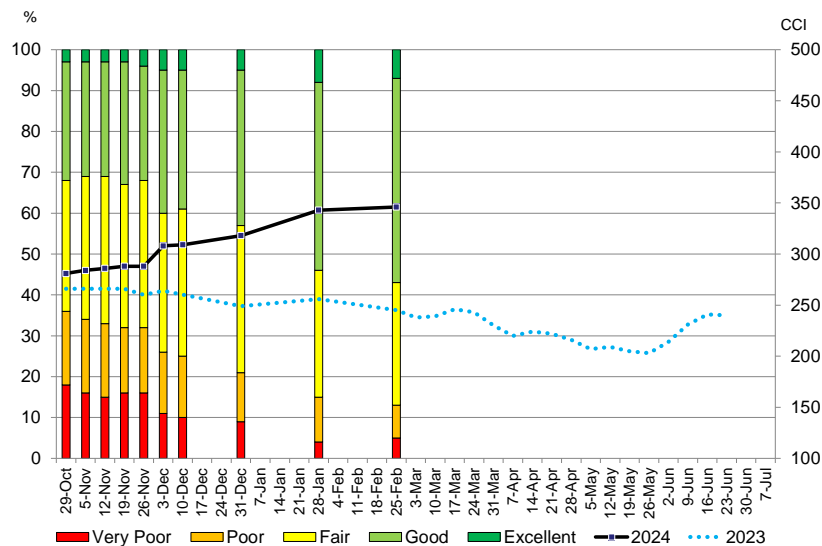
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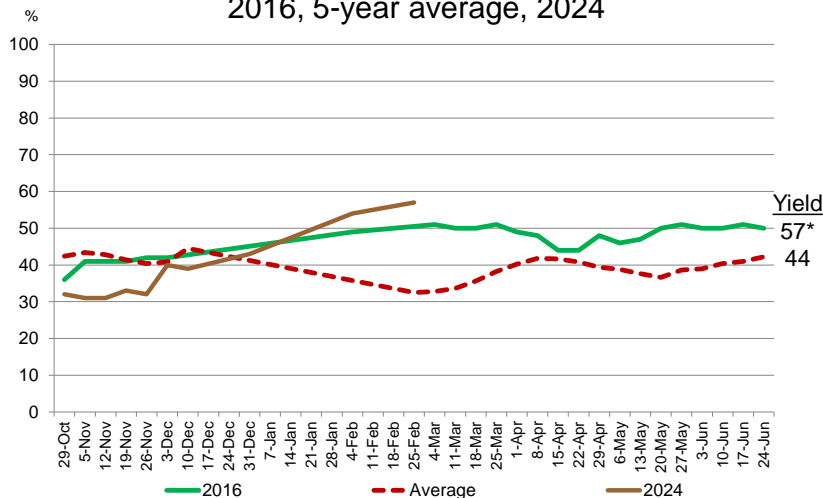
Market Situation

Crop Progress and Condition. Wheat condition ratings in the Southern Plains improved in the latest crop condition ratings from NASS. In Kansas, the share of crop rated good and excellent stands at 57%. Kansas set a record wheat yield in 2016. The highest combined good and excellent percentage rating that year was 51%.

2024 Kansas Winter Wheat Crop Condition Ratings, Feb 25



Kansas Winter Wheat Crop Condition Ratings Percent Good and Excellent 2016, 5-year average, 2024



*Record high
USDA Crop Progress, February 26, 2024



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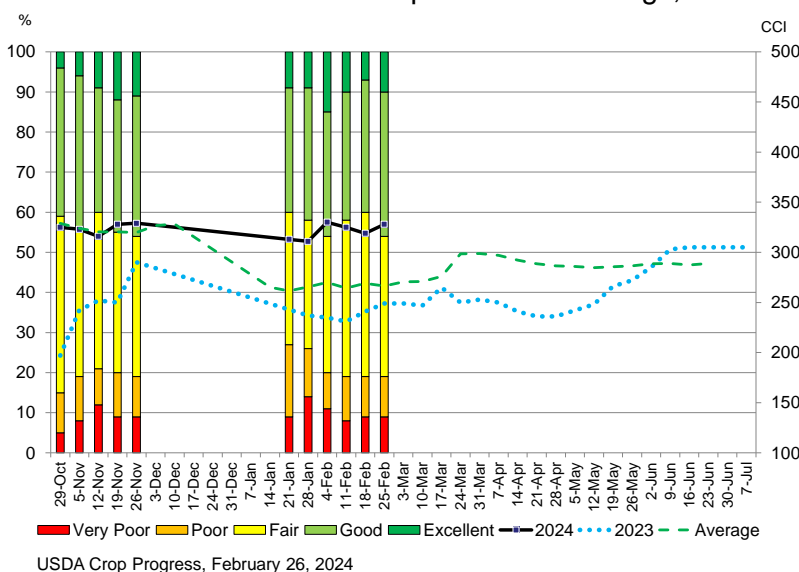
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Oklahoma reports 70% of its wheat in good and excellent condition. That is up from 63% at the end of January.

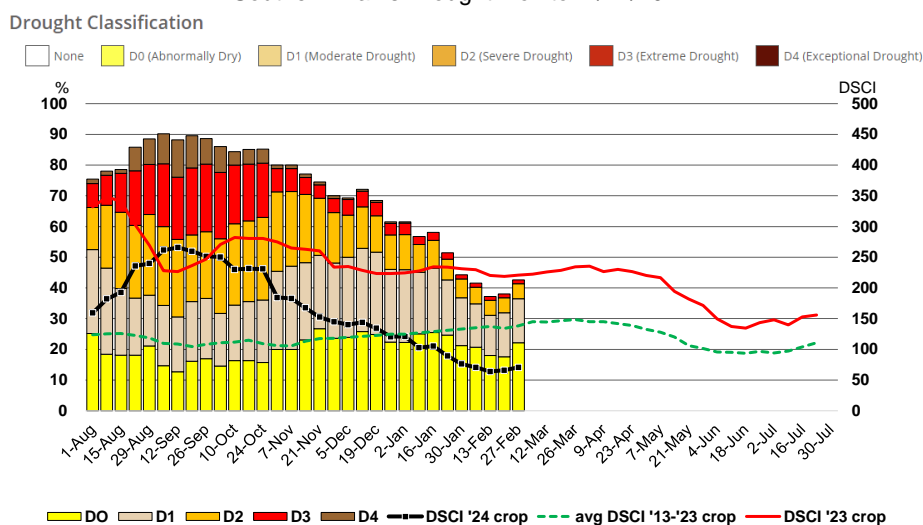
Texas wheat crop condition ratings show 46% of wheat rated good and excellent, up from 40% last week. The crop condition index is 328, up from 319 last week and 249 last year.

2024 Texas Winter Wheat Crop Condition Ratings, Feb 25



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 5% to 43%. The drought index went up 5 points to 71. The index a year ago was 221 and the 10-year average is 138.

Southern Plains Drought Monitor 2/27/2024



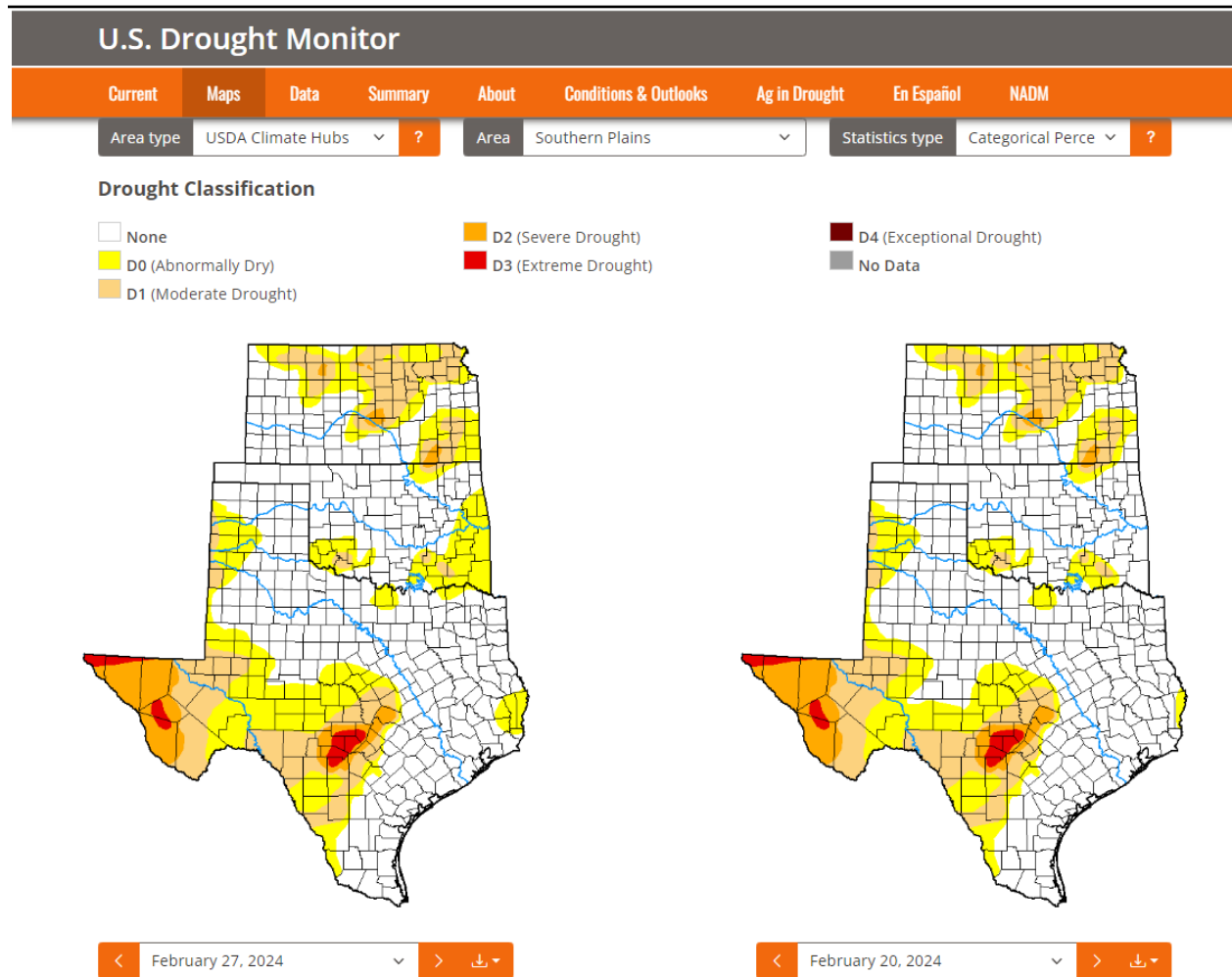
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 2/29/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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Red flag warnings are up again for the Texas Panhandle as wildfires continue to plague the area.

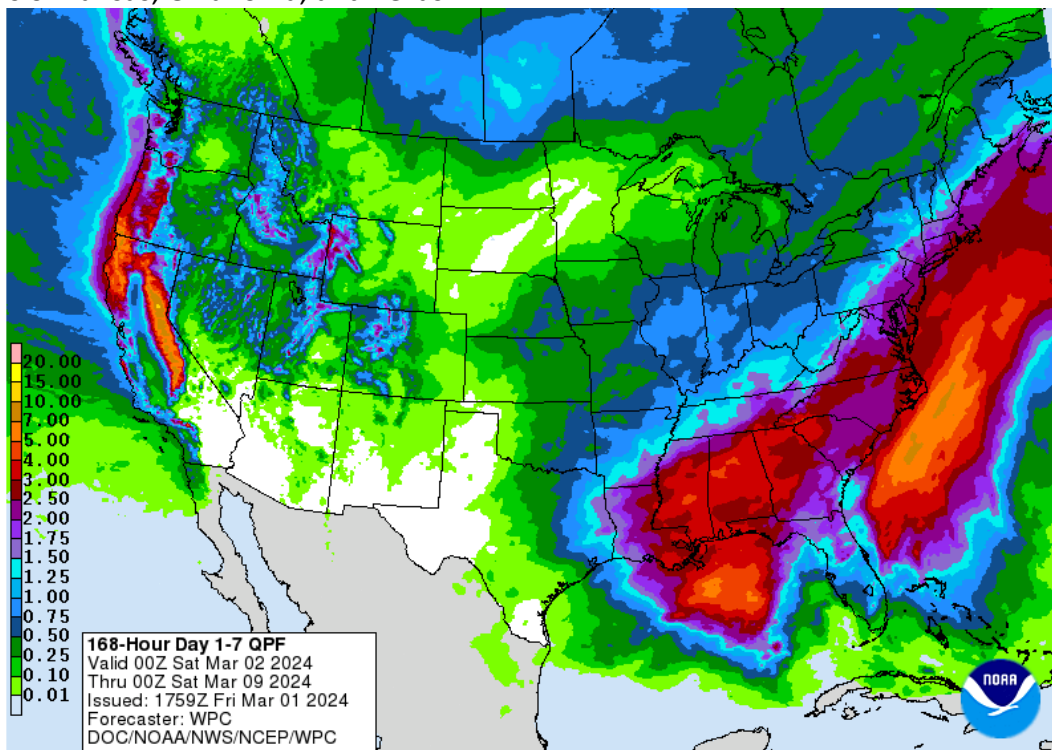


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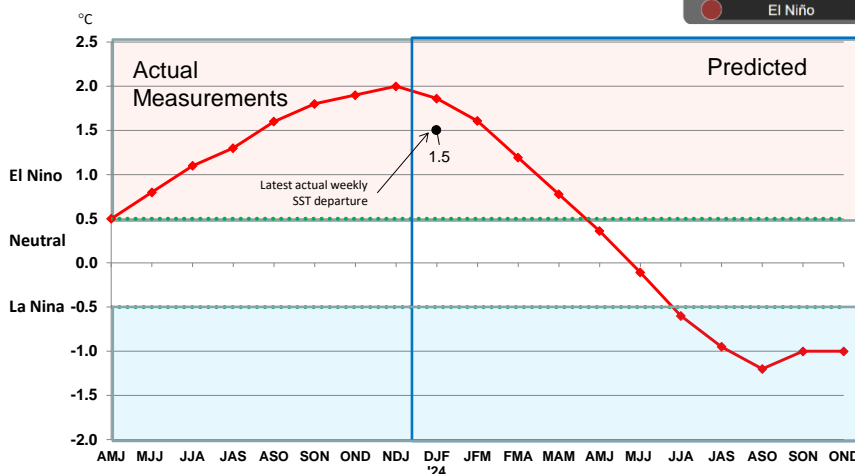
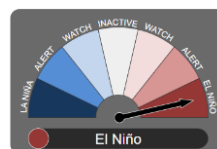
Moisture prospects for the Southern Plains the next 7 days (3/2-3/9/2024) are in eastern portions of Kansas, Oklahoma, and Texas.



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.

Oceanic Niño Index (ONI) ENSO Alert System Status: El Niño Advisory/La Niña Watch

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 26, 2024

http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/

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

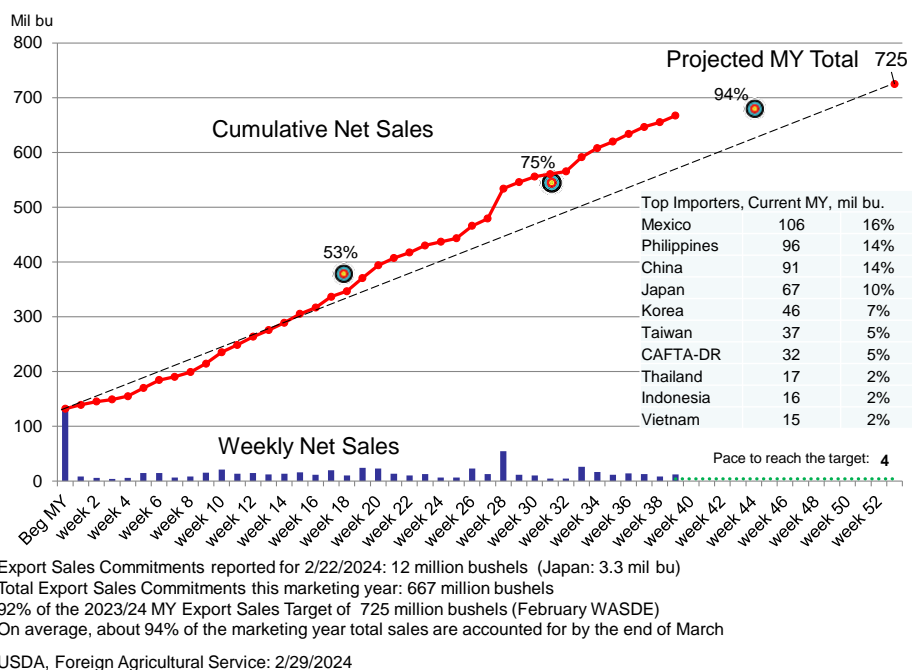
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Grain Use. All wheat export sales are on track to reach USDA's marketing year target of 725 million bushels. As of February 22, sales stand at 667 million bushels, 92% of the projected total. Sales for the week were 12 million bushels, Japan the top buyer at 3.3 million bushels. The weekly sales pace needed to reach 725 million bushels is 4 million.

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



Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis
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
February 29	6.03	5.17	-0.86	6.27	0.24
10-year avg			-0.55		0.78

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

Commitment of Traders. Speculative traders in the wheat markets this week were a little less bearish. They exited trades on the short side of the market in Chicago wheat and added more long contracts than shorts in Kansas City wheat.

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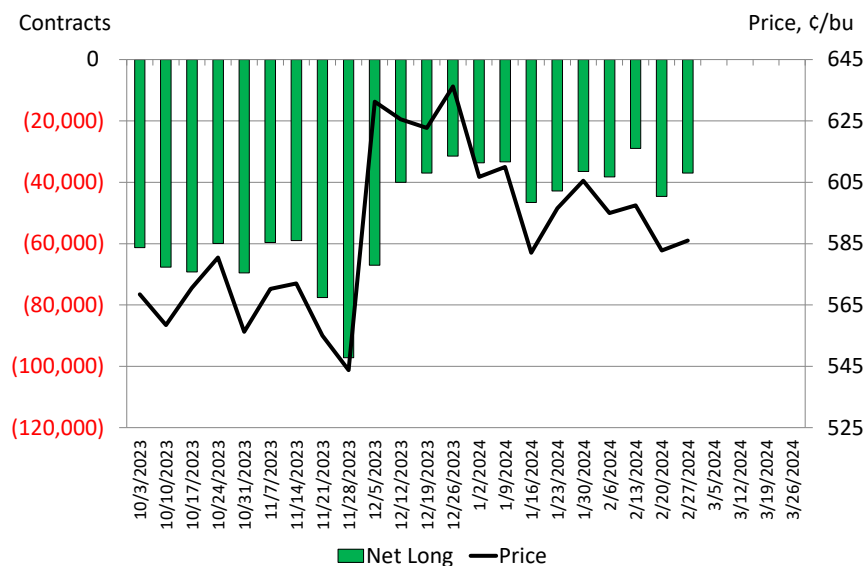
Corn traders increased long holdings and reduced short contracts held to bounce the record low net long number set last week higher by 33,463 contracts. Soybean net longs were down another 30,944 to set a new record low of -191,232.

For February 27, 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:

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

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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
2/27/2024	<u>123,166</u>	<u>160,147</u>	<u>(36,981)</u>	<u>586.00</u>	<u>68,459</u>	<u>99,077</u>	<u>(30,618)</u>	<u>593.50</u>
Change	(1,003)	(8,661)	7,658	3.25	3,346	2,419	927	7.75

Non-commercial Investment in CBOT Wheat, 2/27/2024



CFTC Legacy Report, Futures Only

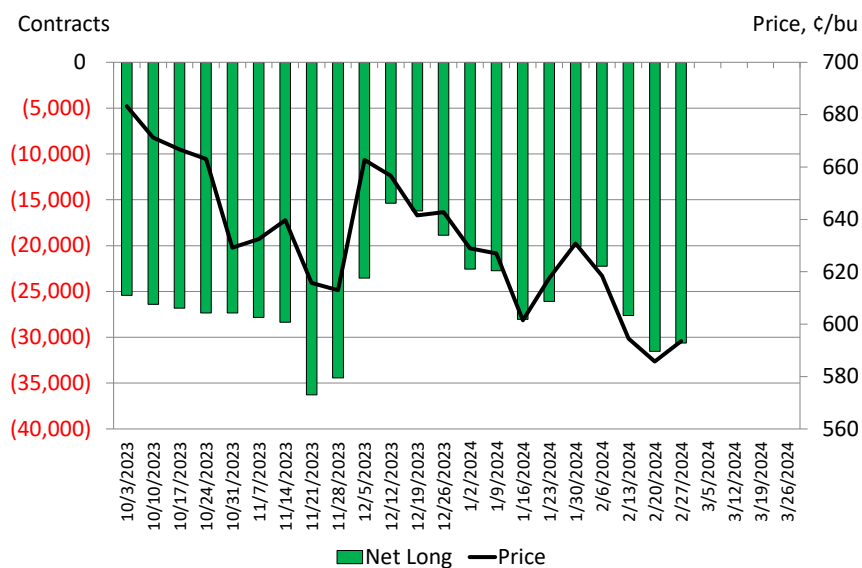
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

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Non-commercial Investment in KC Wheat, 2/27/2024



CFTC Legacy Report, Futures Only

<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

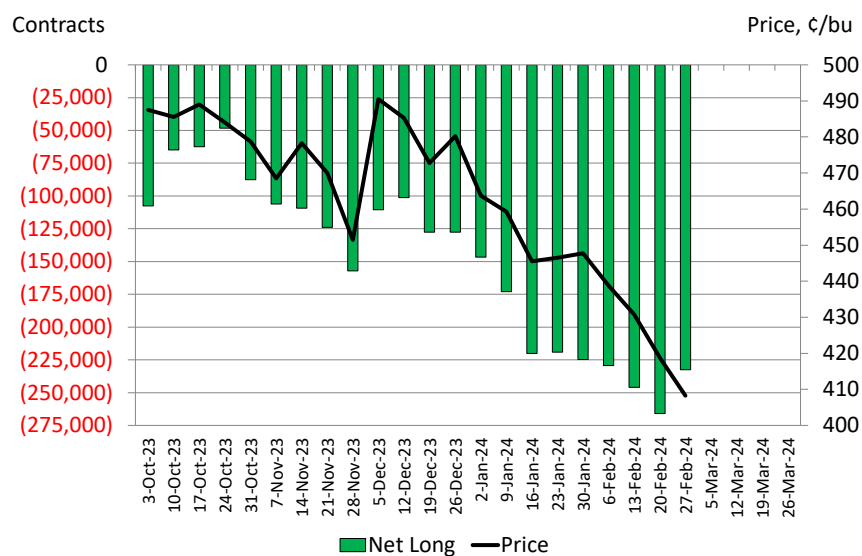
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
2/6/2024	275,964	505,386	(229,422)	438.75	80,259	241,076	(160,817)	1199.50
2/13/2024	281,214	527,153	(245,939)	430.75	86,975	248,726	(161,751)	1186.25
2/20/2024	282,549	548,616	(266,067)	418.75	100,976	261,264	(160,288)	1179.00
2/27/2024	295,676	528,280	(232,604)	408.25	92,361	283,593	(191,232)	1131.25
Change	13,127	(20,336)	33,463	(10.50)	(8,615)	22,329	(30,944)	(47.75)

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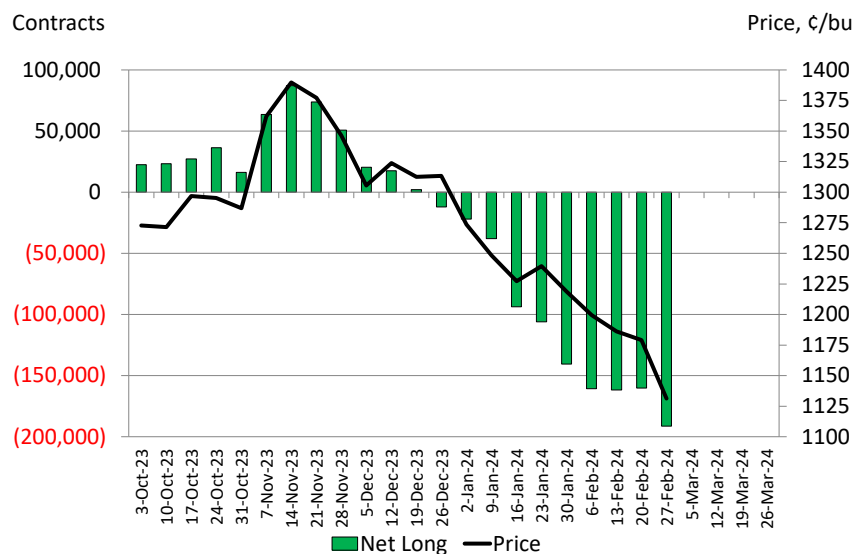
Non-commercial Investment in Corn, 2/27/2024



CFTC Legacy Report, Futures Only

<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

Non-commercial Investment in Soybeans, 2/27/2024



CFTC Legacy Report, Futures Only

<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

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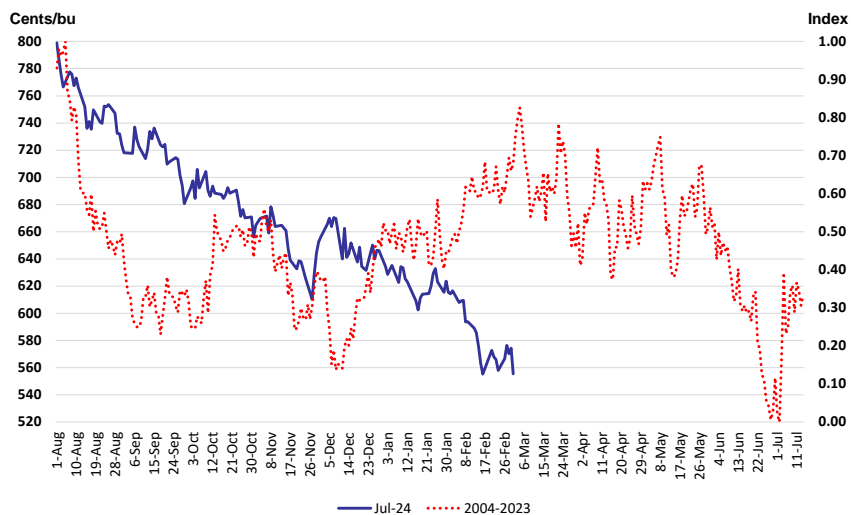
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Marketing Strategies

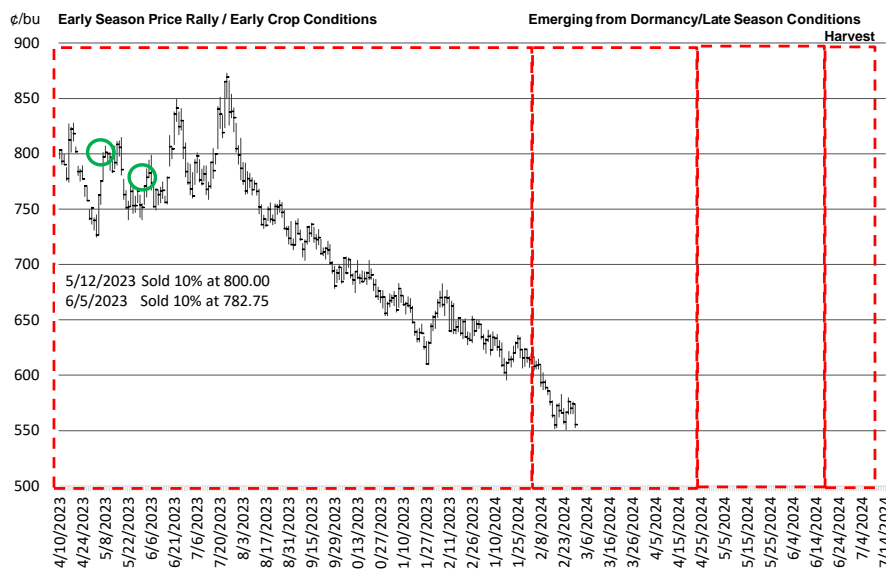
Seasonal Index. The seasonal price pattern of the July Kansas City wheat contract shows the best pricing opportunities in late-summer, just before planting. Later, in-season price strength is often associated with the crop condition in February/March as the crop breaks dormancy and April/May with late-season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

March 8	Crop Production World Agricultural Supply and Demand Estimates
March 12	Short-term Energy Outlook, EIA
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

Mark Welch, Texas A&M AgriLife Extension Economist

600 John Kimbrough Blvd, Suite 330B

College Station, Texas 77843

Tel. (979)845-8011

Fax. (979)845-4906

JMWelch@tamu.edu

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