

# Wheat Outlook

May 31, 2024

Volume 33, Number 34

## Today's Newsletter

### Market Situation

Crop Progress and Condition 1

Weather 3

Grain Use 5

Cash Wheat Prices 6

Commitment of Traders 7

### Marketing Strategies

Seasonal Index 10

Marketing Plan 10

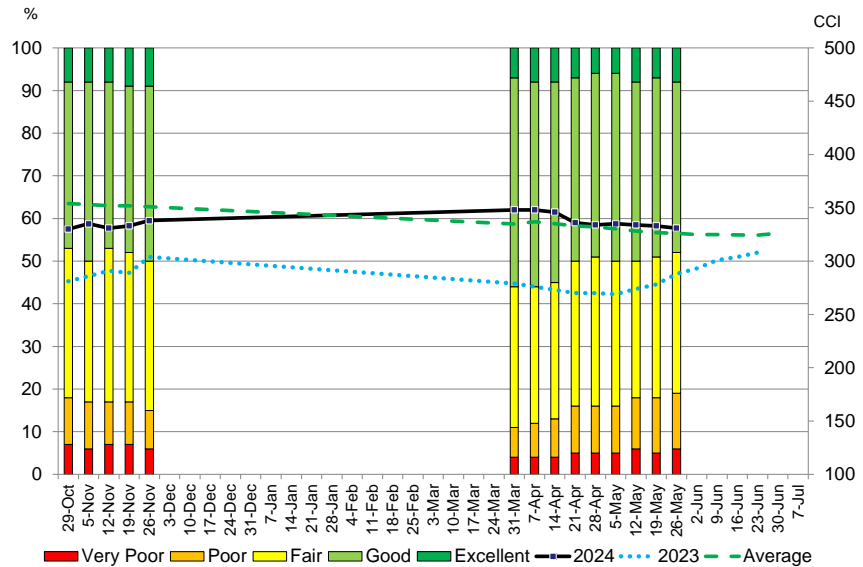
Upcoming Reports/Events 11

## Market Situation

**Crop Progress and Condition.** The condition index for U.S. winter wheat declined 2 points this week to 331. The share rated very poor and poor was up 1% while wheat rated good and excellent was down 1%.

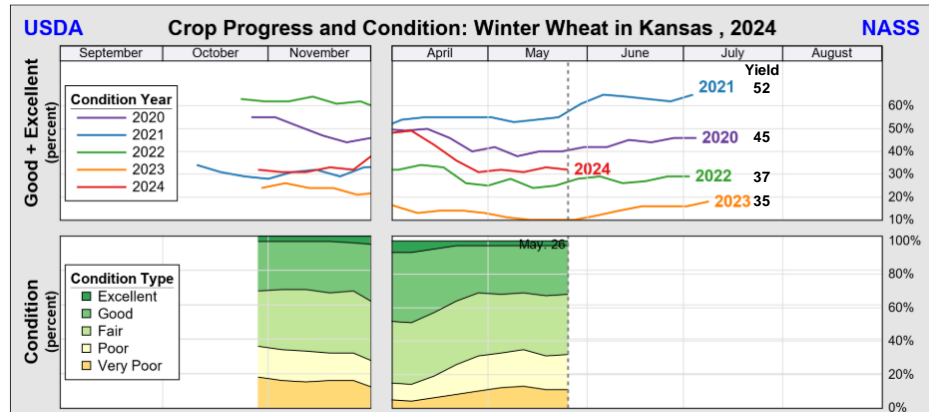
The average crop condition index for this week is 326. The index last year was 288.

### 2024 U.S. Winter Wheat Crop Condition Ratings, May 26



USDA Crop Progress, May 28, 2024

The share of Kansas wheat rated good and excellent was down 1 point this week to 32%. Kansas wheat rated very poor and poor was up 1.



[https://www.nass.usda.gov/Charts\\_and\\_Maps/Crop\\_Progress\\_&\\_Condition/2024/KS\\_2024.pdf](https://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/2024/KS_2024.pdf)



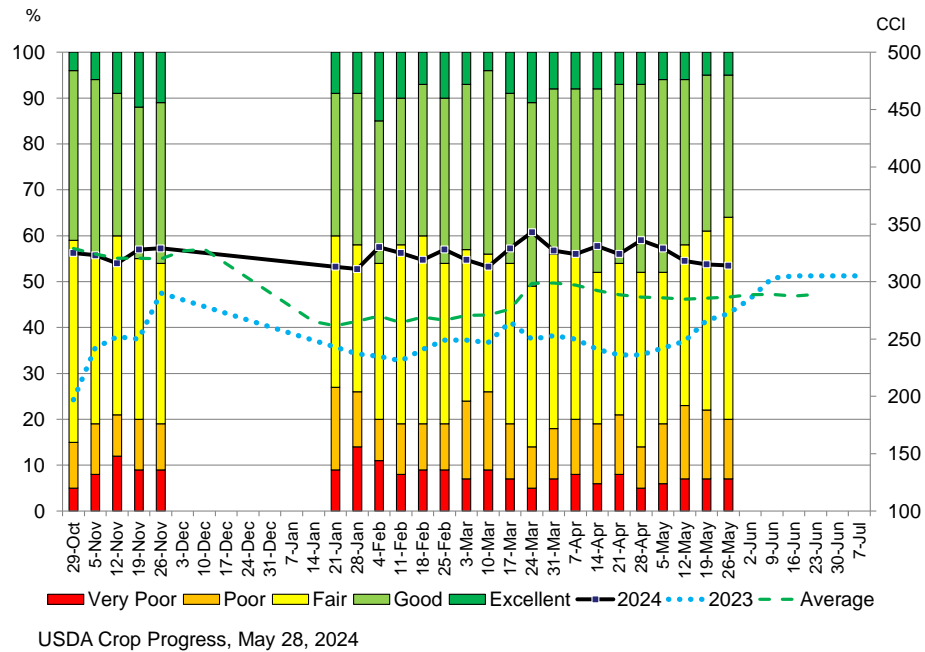
# Wheat Outlook

May 31, 2024

Volume 33, Number 34

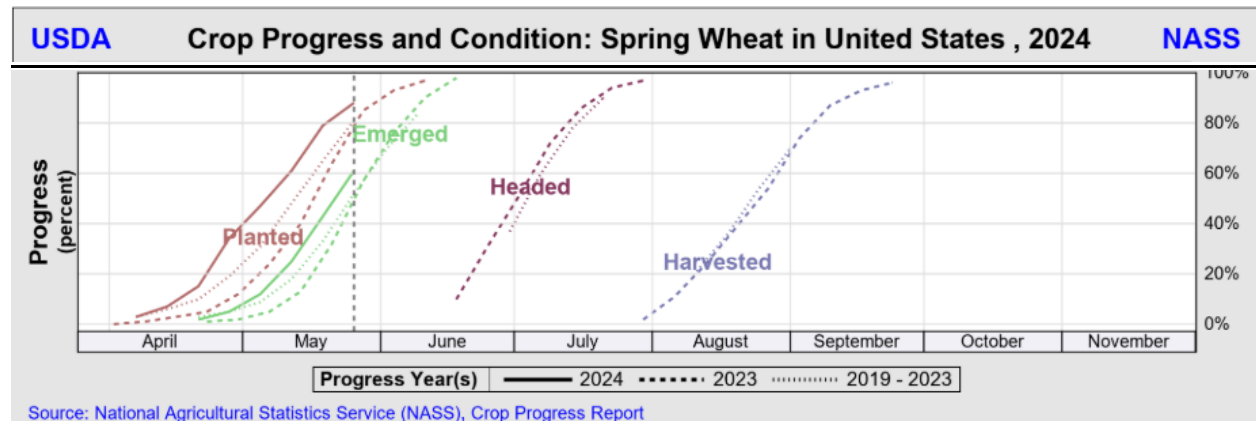
The condition rating of the Texas wheat crop was down again this week, though still well above average. Wheat rated very poor and poor was down 2% while wheat rated good and excellent was down 3%. The crop condition index this week is 314, average is 287. The reading last year was 272. Texas wheat harvested is 21%, ahead of the 5-year average of 17%.

2024 Texas Winter Wheat Crop Condition Ratings, May 26



Oklahoma’s wheat crop is 53% good and excellent (51% last week); Colorado, 41% (45% last week).

Spring wheat planting has reached 88%, 7 points ahead of the 81% 5-year average. Minnesota is 96% planted compared to 80% average; North Dakota 84% planted, 73% average.

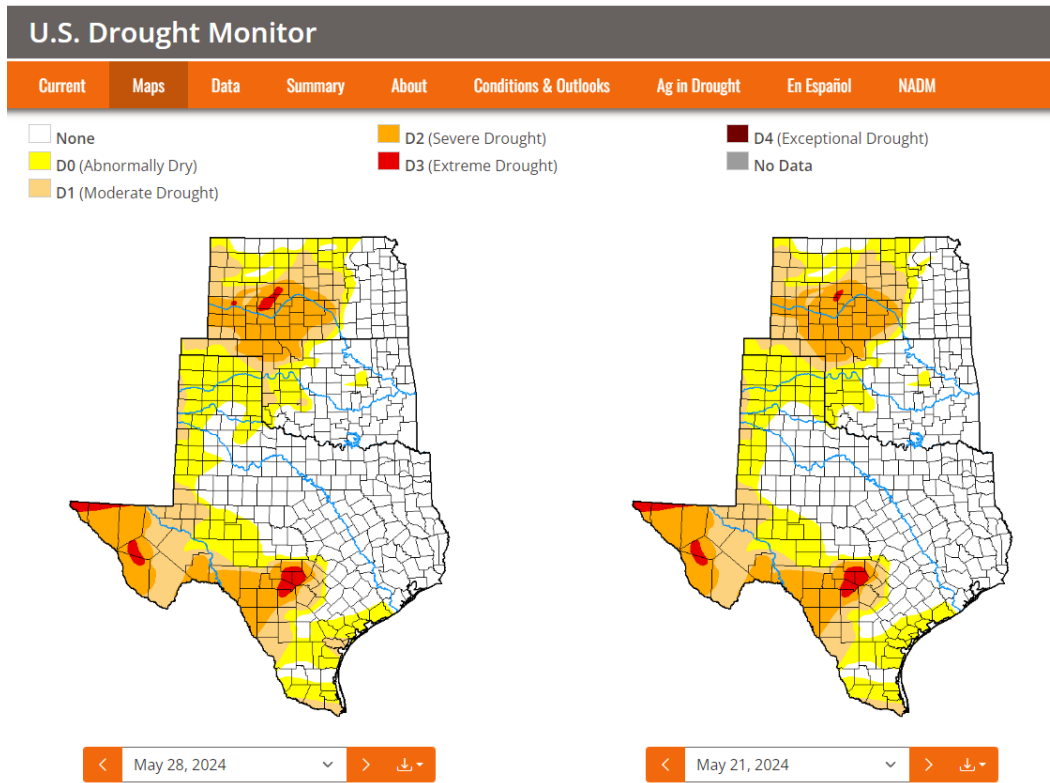


# Wheat Outlook

May 31, 2024

Volume 33, Number 34

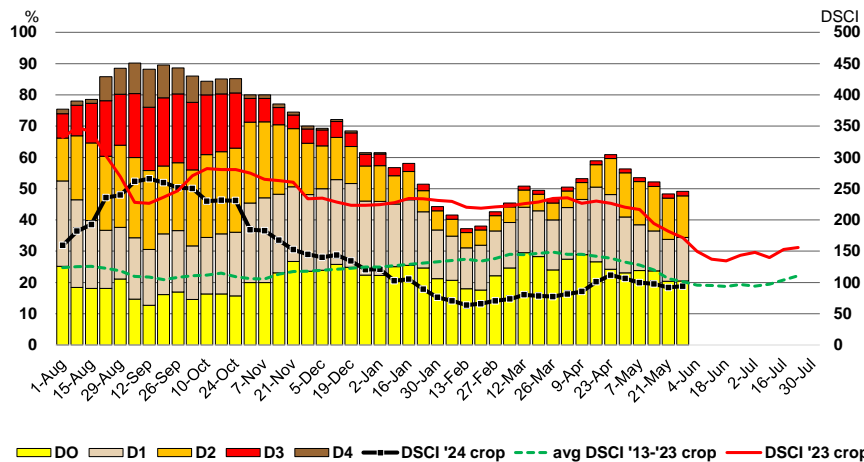
**Weather.** The Southern Plains Drought Severity Index was up 2 points this week to 94 with worsening conditions across much of western Kansas and western Oklahoma. The severity index last year at this time was 171. The 10-year average is 102. Total area under drought increased 1% to 49.



Southern Plains Drought Monitor 5/28/2024

### Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)



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

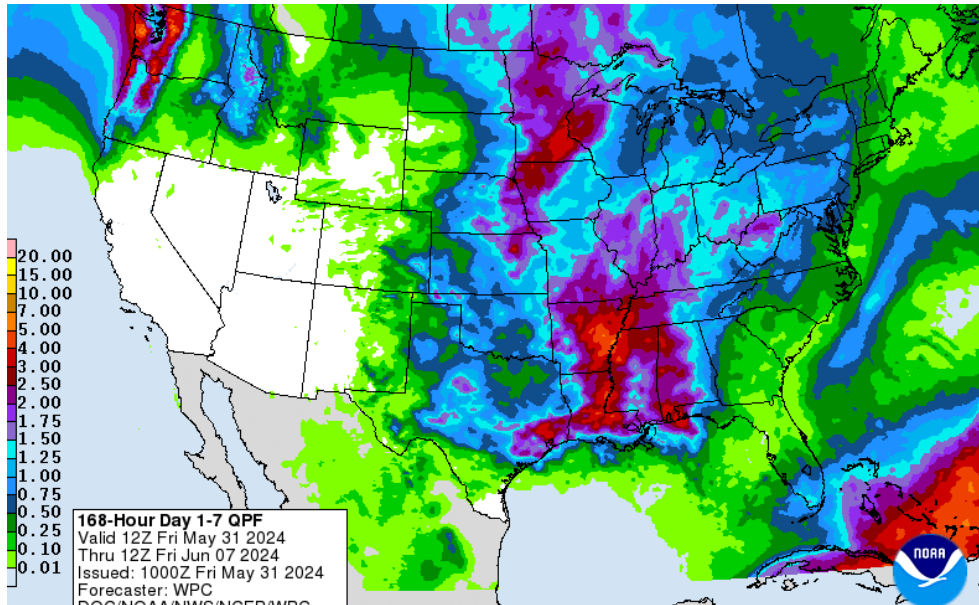
Drought Monitor, 5/30/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

# Wheat Outlook

May 31, 2024

Volume 33, Number 34

The 7-day precipitation forecast (5/31-6/7/2024) calls for rainfall to again cover most of the Southern Plains.



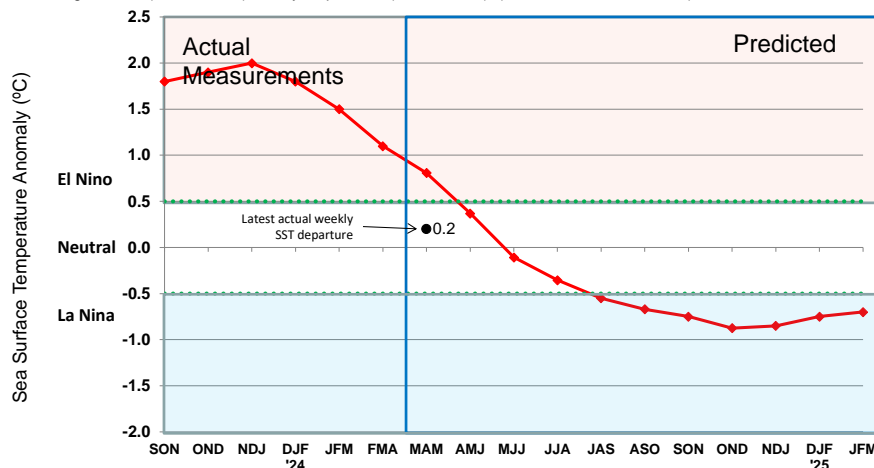
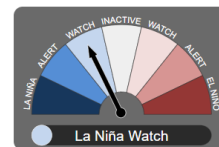
“The El Niño–Southern Oscillation (ENSO) is currently neutral. However, the Bureau’s ENSO Outlook is at La Niña Watch, due to some early signs that an event might form in the Pacific Ocean later in 2024 (Australian Bureau of Meteorology, 5/29/2024). The U.S. Climate Prediction Center puts the likelihood of La Niña by July/August/September at 69%. This week’s eastern Pacific, sea surface temperature departure from normal is +0.2° C, same as last week.

### Oceanic Niño Index (ONI)

#### ENSO Alert System Status: **El Niño Advisory**/La Niña Watch

The El Niño–Southern Oscillation (ENSO) is currently neutral. However, the Bureau’s ENSO Outlook is at La Niña Watch, due to some early signs that an event might form in the Pacific Ocean later in 2024. (Australian Bureau of Meteorology)

A transition from El Niño to ENSO-neutral is likely in the next month. La Niña may develop in June–August 2024 (49% chance) or July–September (69% chance). (Climate Prediction Center)



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, May 27, 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/>

# Wheat Outlook

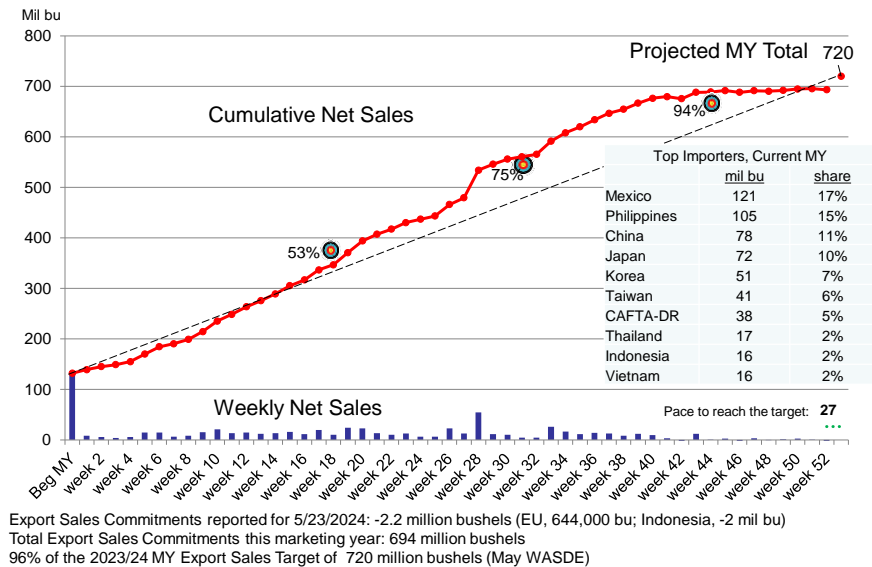
May 31, 2024

Volume 33, Number 34



**Grain Use.** All wheat export sales for the week of May 23 were a -2.2 million bushels. The EU was the big buyer for the week at 644,000 bushels. Indonesia cancelled 2 million bushels of sales. For the marketing year, we are 27 million bushels short of the 720-million bushel target with a week and a day to report.

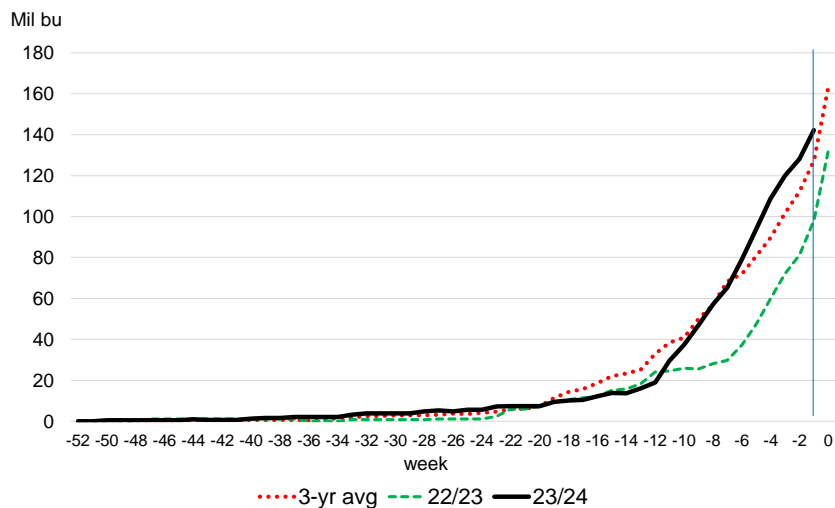
## 2023/24 U.S. All Wheat Export Sales Commitments



USDA, Foreign Agricultural Service: 5/31/2024

Export sales for the next marketing year, 2024/25, have reached 142 million bushels. Last year at this time, new crop export sales were 98 million. The 3-year average is 127 million.

## All Wheat Export Sales Commitments Next Marketing Year



USDA, Foreign Agricultural Service: 5/31/2024

# Wheat Outlook

May 31, 2024

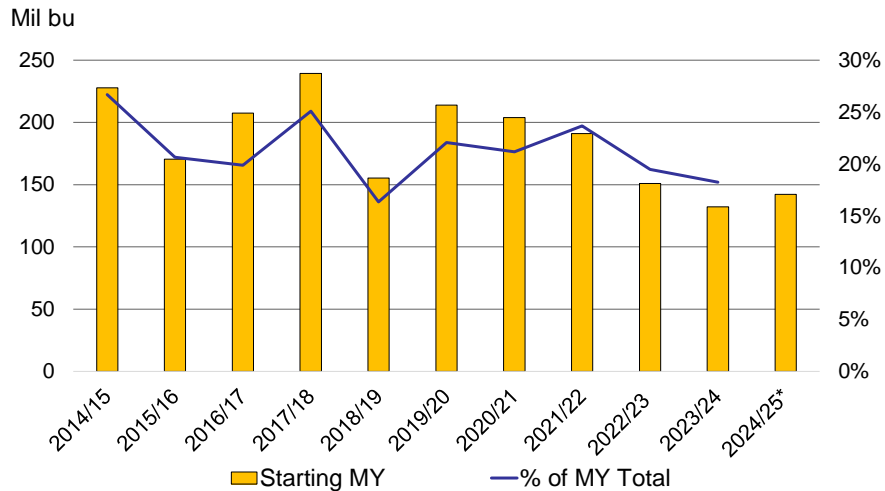
Volume 33, Number 34



Over the last 10 years, we have begun the marketing year with an average of 189 million bushels of wheat export sales on the books, 21% of the projected marketing year target.

Last year, beginning marketing year sales were below those benchmarks: 132 million bushels, 18% of the projected marketing year total.

## All Wheat Export Sales, Starting Marketing Year



\*to date  
 USDA, FAS, Export Sales Query System, May 31, 2024

## Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
May 2	6.37	5.62	-0.74			
May 9	6.52	5.80	-0.72	7.11	0.59	-1.31
May 16	6.73	5.96	-0.77	7.33	0.60	-1.37
May 23	7.11	6.39	-0.72	7.71	0.60	-1.32
May 30	7.10	6.37	-0.72	7.34	0.25	-0.97
10-year avg			-0.32		0.82	-1.14

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

# Wheat Outlook

May 31, 2024

Volume 33, Number 34



**Commitment of Traders.** Positions reported as of May 28 show speculators adding to bets for higher prices (long contracts held) and decreasing bets for lower prices (short contracts held) in hard red Kansas City wheat and soybeans.

Traders in Chicago soft red winter wheat held fewer positions on both sides of the market compared to the week before, getting out of more longs than shorts. Corn traders increased trades on both sides of the market, adding more shorts than longs.

For May 28, 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,
- less 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
4/30/2024	120,889	145,345	(24,456)	585.00	52,296	75,653	(23,357)	622.75
5/7/2024	122,686	140,471	(17,785)	642.75	52,166	69,822	(17,656)	664.00
5/14/2024	132,484	137,899	(5,415)	672.50	55,634	66,433	(10,799)	683.25
5/21/2024	130,514	143,036	(12,522)	697.50	57,587	70,005	(12,418)	701.50
5/28/2024	127,585	141,978	(14,393)	700.25	62,916	67,551	(4,635)	731.25
Change	(2,929)	(1,058)	(1,871)	2.75	5,329	(2,454)	7,783	29.75

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
4/30/2024	284,015	427,439	(143,424)	439.50	92,100	254,443	(162,343)	1145.50
5/7/2024	311,911	343,265	(31,354)	467.00	123,324	183,372	(60,048)	1246.50
5/14/2024	337,217	336,993	224	467.50	112,139	178,114	(65,975)	1214.25
5/21/2024	332,720	374,547	(41,827)	458.00	120,057	165,039	(44,982)	1236.25
5/28/2024	337,903	389,535	(51,632)	462.50	129,688	155,596	(25,908)	1229.50
Change	5,183	14,988	(9,805)	4.50	9,631	(9,443)	19,074	(6.75)

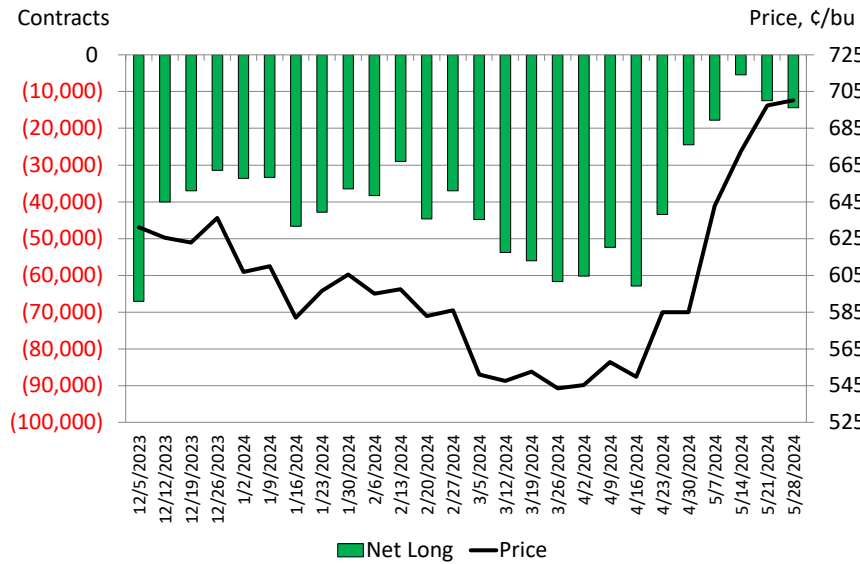


# Wheat Outlook

May 31, 2024

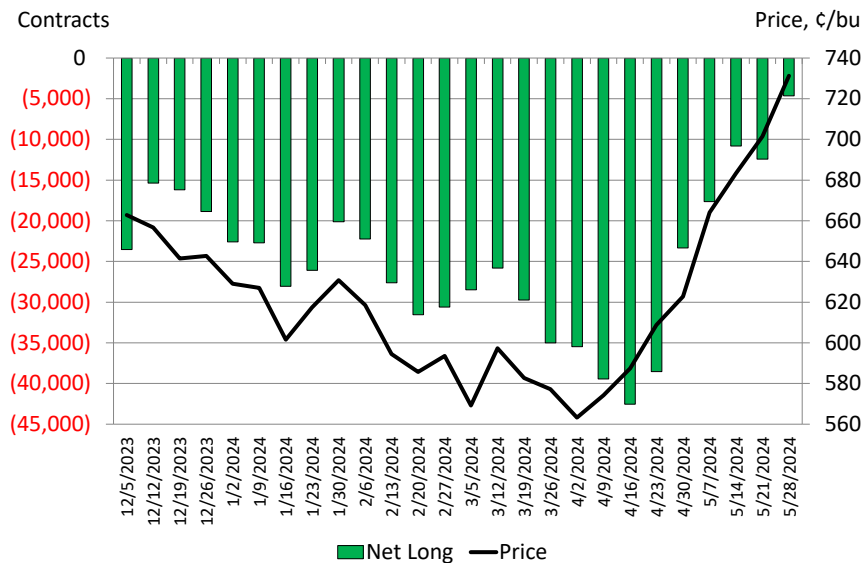
Volume 33, Number 34

## Non-commercial Investment in CBOT Wheat, 5/28/2024



CFTC Legacy Report, Futures Only  
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

## Non-commercial Investment in KC Wheat, 5/28/2024



CFTC Legacy Report, Futures Only  
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>



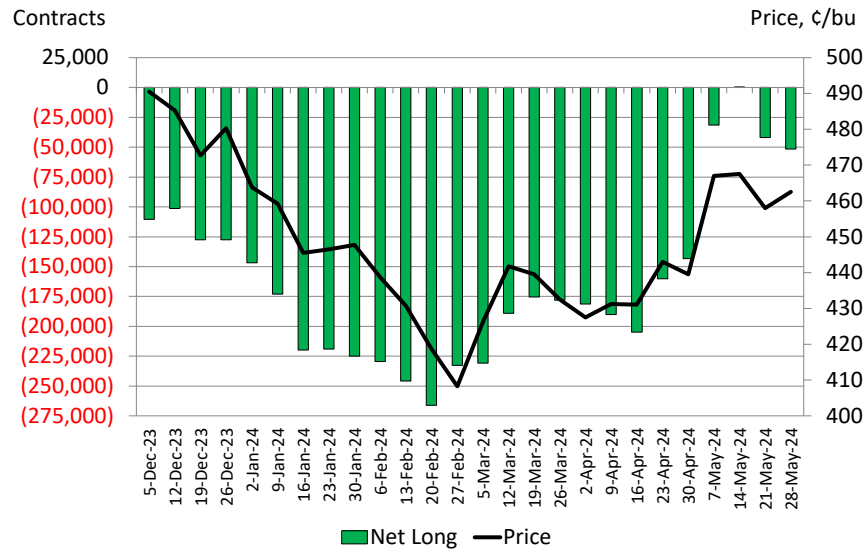
# Wheat Outlook

May 31, 2024

Volume 33, Number 34

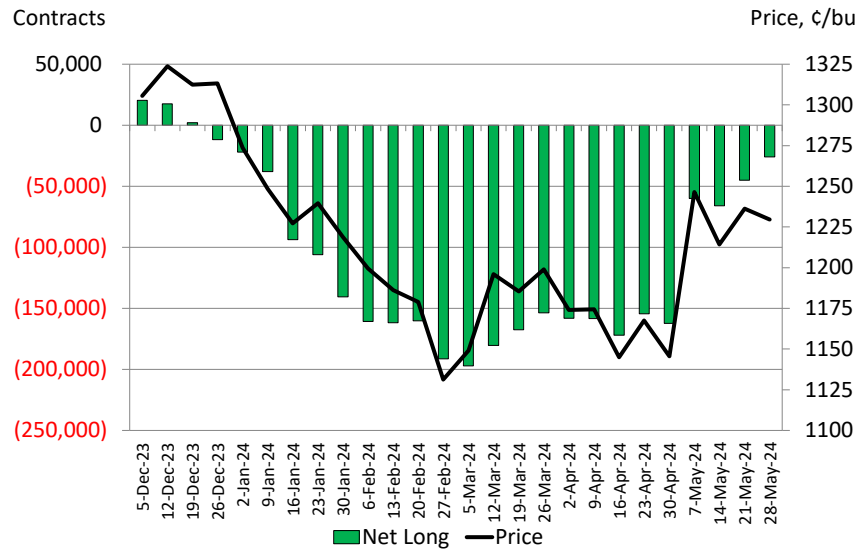


## Non-commercial Investment in Corn, 5/28/2024



CFTC Legacy Report, Futures Only  
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

## Non-commercial Investment in Soybeans, 5/28/2024



CFTC Legacy Report, Futures Only  
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# Wheat Outlook

May 31, 2024

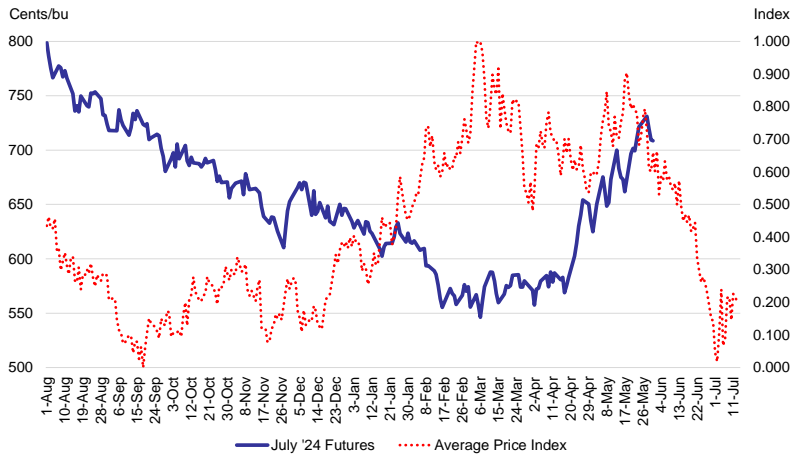
Volume 33, Number 34



## Marketing Strategies

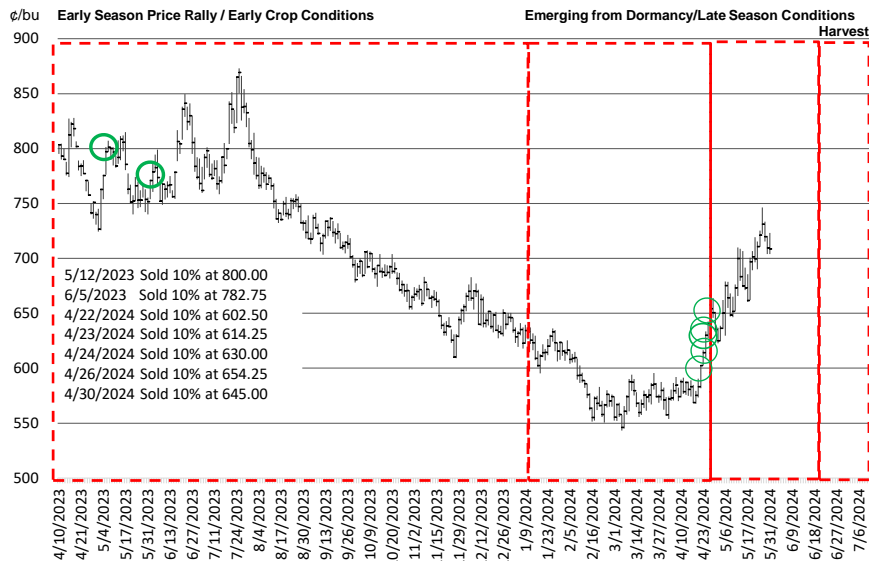
**Seasonal Index.** The seasonal price pattern of the July Kansas City wheat contract shows pricing opportunities associated with the crop condition in February/March as the crop breaks dormancy and April/May with late-season weather risk.

**2024 July KC Wheat futures and average daily price index, 2004-2023**



**Wheat Marketing Plan.** I am 70% priced on the 2024 wheat crop. I still have 30% to price and profit from a continuation of this rally. If we fall back, I'll be glad to have locked in what I have. As of the close today (708.75) my net marketing plan price for 2024 wheat (70% sold, 30% open) is 685.50. I am 30% sold for 2025.

## July 2024 KC Wheat and Marketing Plan

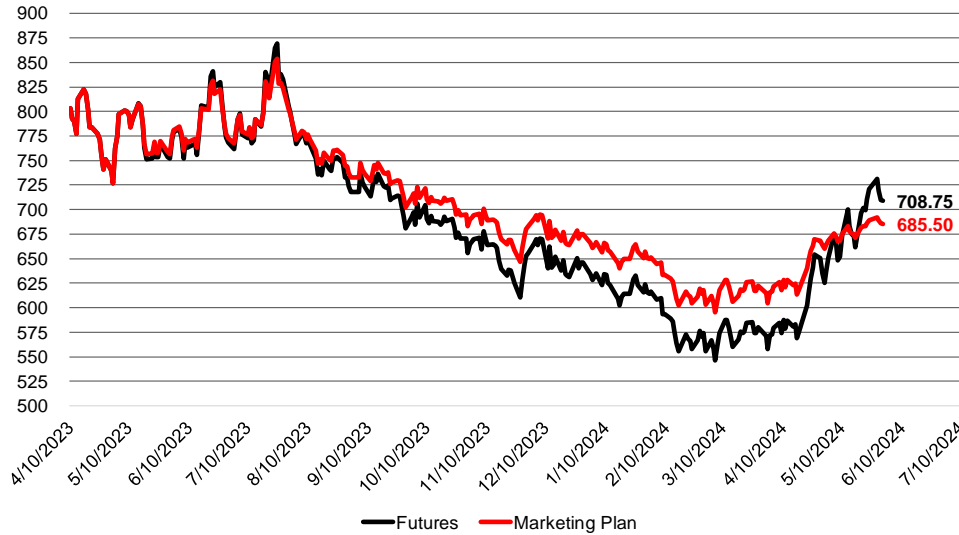


# Wheat Outlook

May 31, 2024

Volume 33, Number 34

## July 2024 KC Wheat Closing Futures Price and Current Marketing Plan Price



### Upcoming Reports/Events

June 7	May Employment Situation
June 11	Short-term Energy Outlook
June 11-12	Federal Open Market Committee, Federal Reserve
June 12	Crop Production WASDE
June 28	Acreage Grain Stocks

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