

Wheat Outlook

June 7, 2024

Volume 33, Number 36

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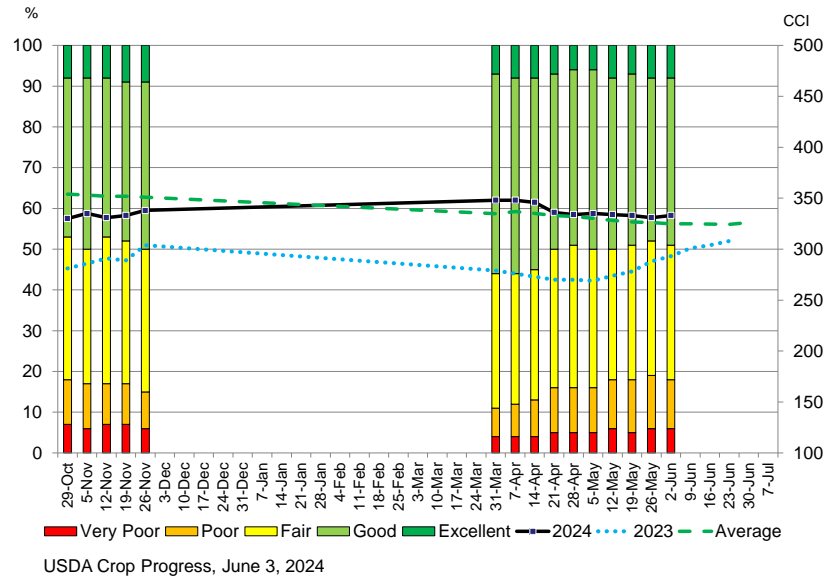
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Market Situation

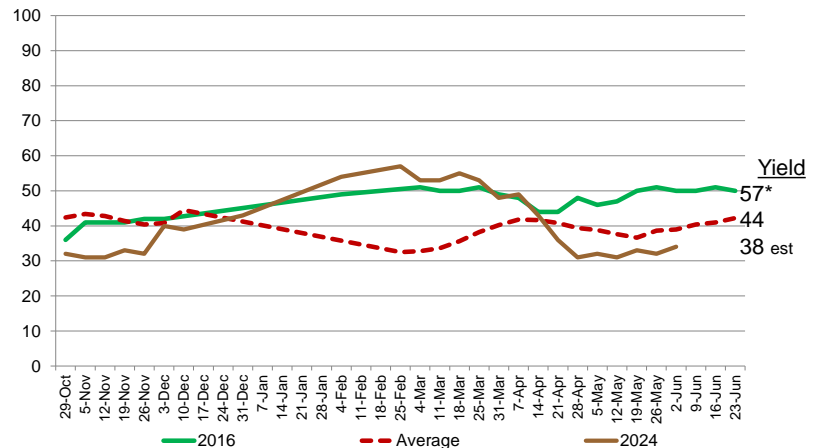
Crop Progress and Condition. The condition index for U.S. winter wheat improved 2 points this week, back up to 333. The share rated very poor and poor was down 1% while wheat rated good and excellent was up 1%. The average crop condition index for this week is 325. The index last year was 293.

2024 U.S. Winter Wheat Crop Condition Ratings, June 2



The share of Kansas wheat rated good and excellent was up 2 points this week to 34%. Kansas wheat rated very poor and poor was up 2.

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



*Record high
USDA Crop Progress, June 3, 2024

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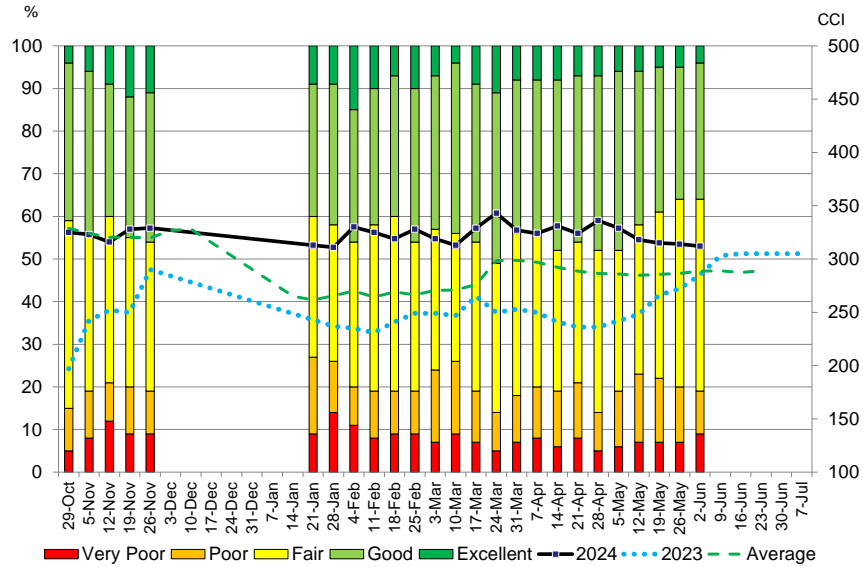
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The condition rating of the Texas wheat crop was down slightly this week. Wheat rated very poor and poor was down 1% while wheat rated good and excellent was unchanged.

The crop condition index this week is 312, average is 289. The reading last year was 285. Texas wheat harvested is 33%, ahead of the 5-year average of 27%.

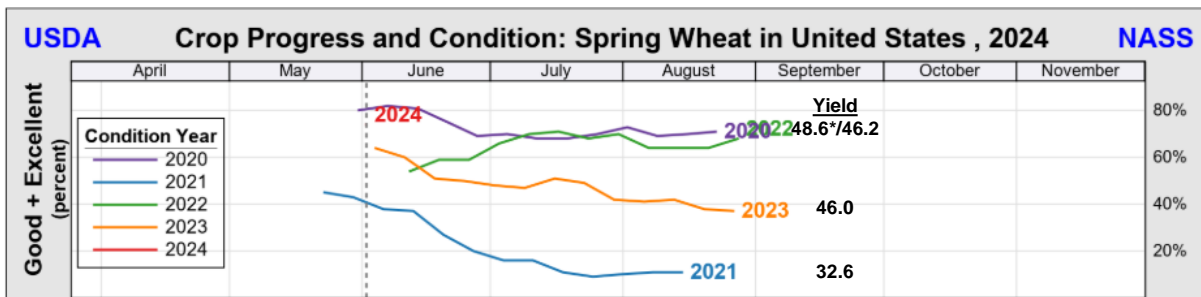
2024 Texas Winter Wheat Crop Condition Ratings, June 2



USDA Crop Progress, June 3, 2024

Oklahoma’s wheat crop is 56% good and excellent (53% last week); Colorado, 46% (41% last week).

Condition ratings for the spring wheat crop are off to a strong start: 75% good and excellent. This is about the same starting point as the 2020 crop when we set a record high spring wheat yield of 48.6 bushels per acre.



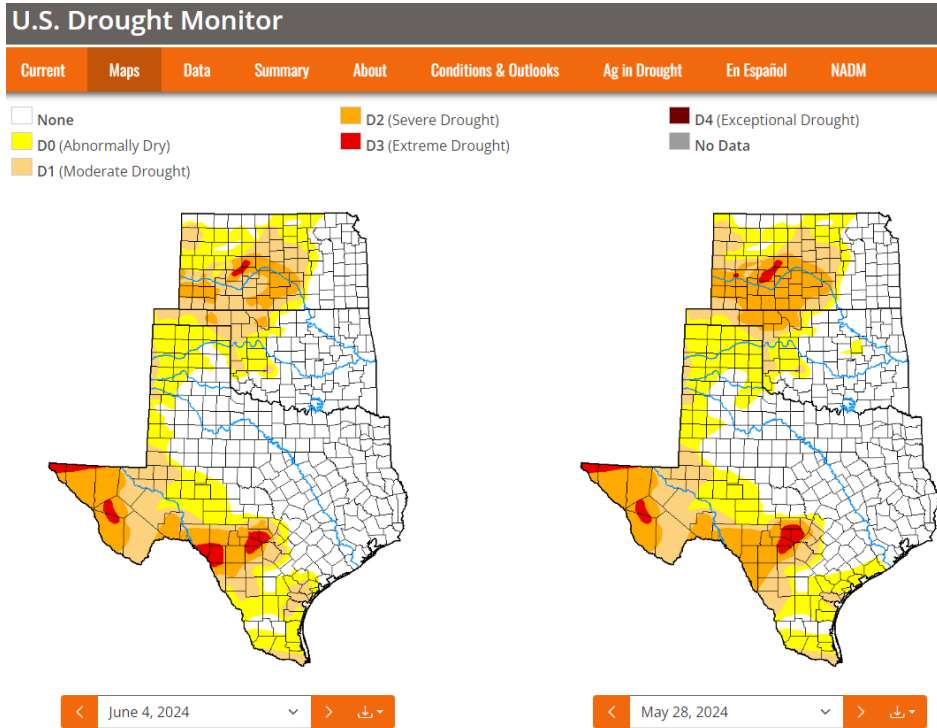
*record high

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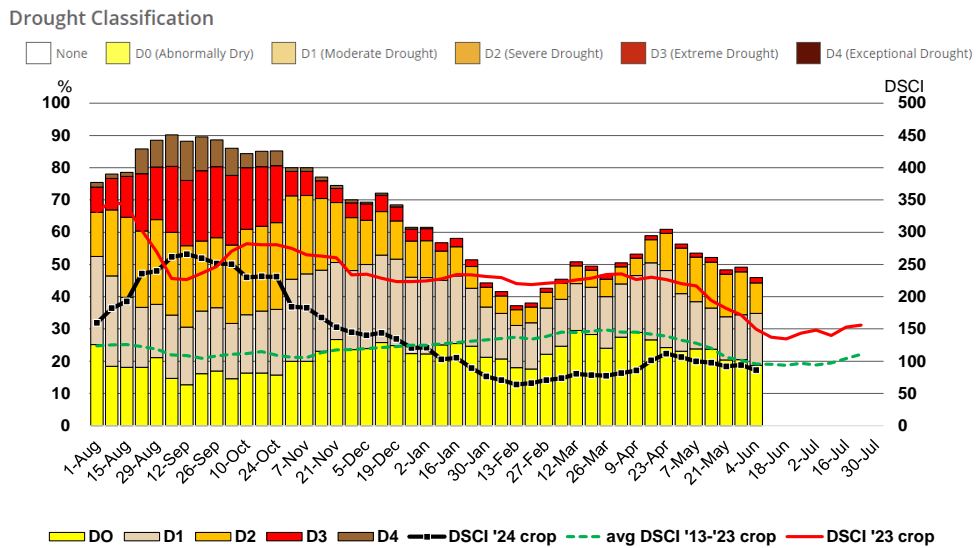
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Weather. The Southern Plains Drought Severity Index was down 8 points this week to 86. The severity index last year at this time was 150. The 10-year average is 96. Total area under drought decreased 3% to 46.



Southern Plains Drought Monitor 6/2/2024



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

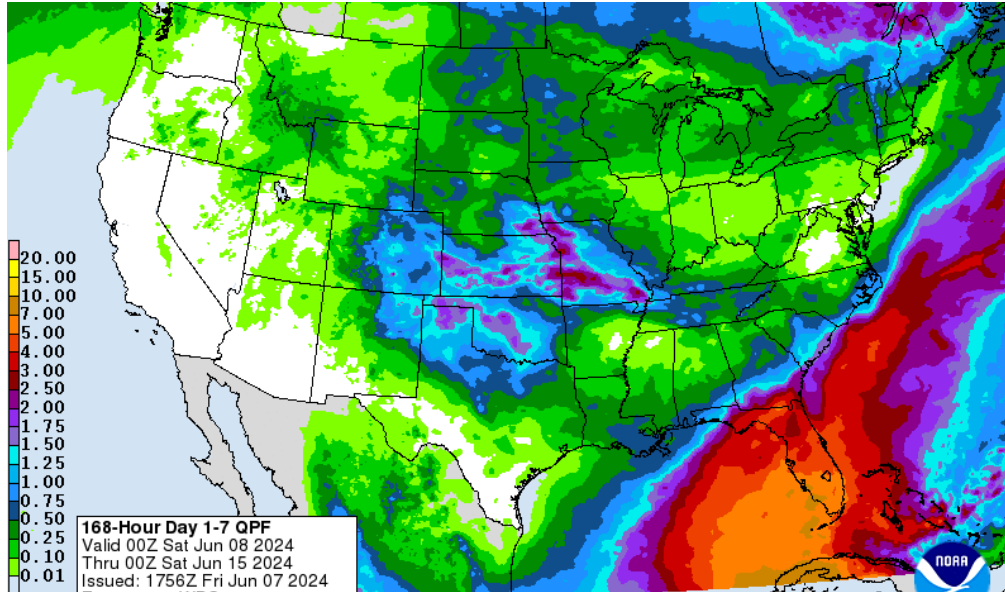
Drought Monitor, 6/4/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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It looks like a wet week ahead for the Southern Plains north of I-20 in the 7-day precipitation forecast (6/8-6/15/2024).

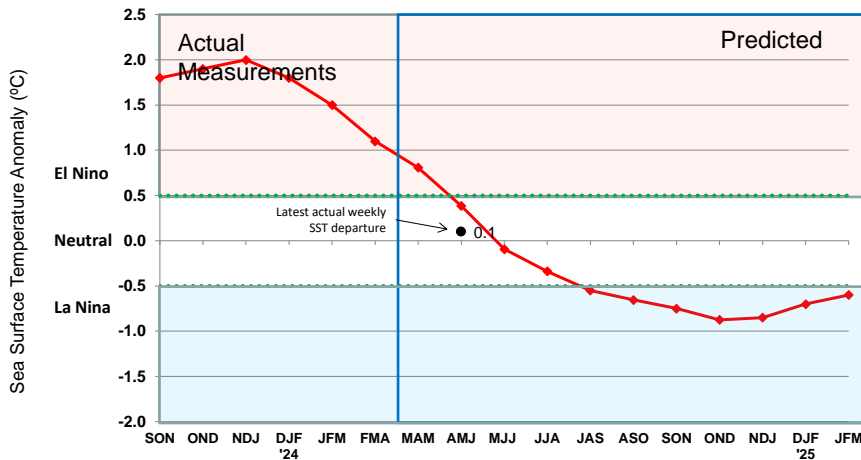


“The El Niño–Southern Oscillation (ENSO) is currently neutral. However, the Bureau’s ENSO Outlook is at La Niña Watch, due to some early signs that an event might form in the Pacific Ocean later in 2024 (Australian Bureau of Meteorology, 5/28/2024). The U.S. Climate Prediction Center puts the likelihood of La Niña by July/August/September at 69%. This week’s eastern Pacific, sea surface temperature departure from normal is +0.1° C, down from +0.2° C 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 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, June 3, 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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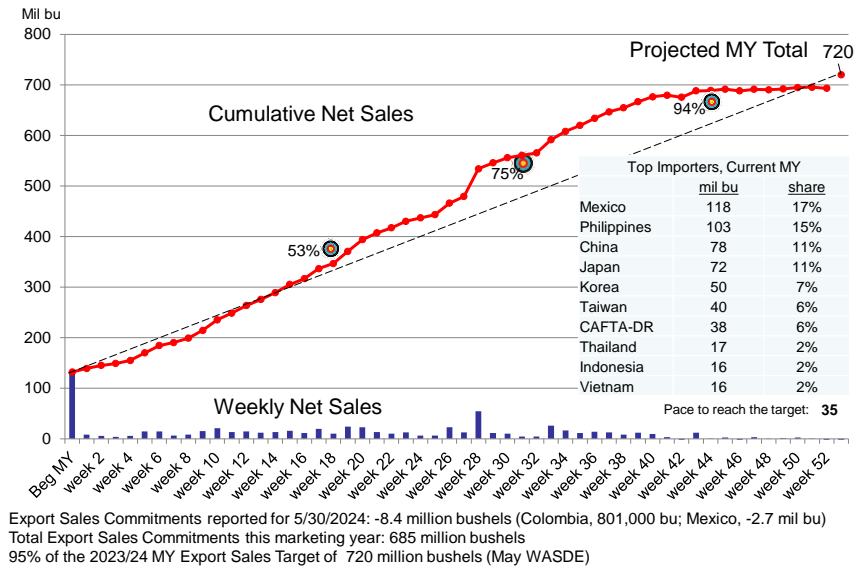
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Grain Use. All wheat export sales for the week of May 30 show cancellations of 8.4 million bushels. Colombia was the top buyer for the week at 801,000 bushels. Mexico cancelled sales of 2.7 million bushels but turned around and bought 3.7 million bushels for 2024/25. For the marketing year, we are 35 million bushels short of the 720-million bushel target with one more day to officially report.

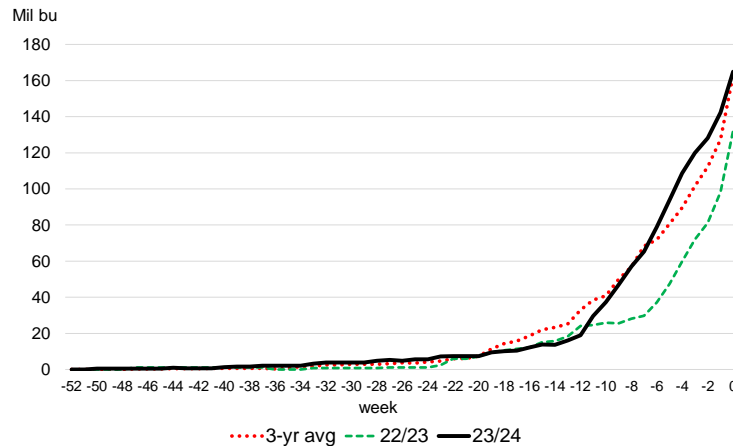
2023/24 U.S. All Wheat Export Sales Commitments



USDA, Foreign Agricultural Service: 6/7/2024

Export sales for the next marketing year, 2024/25, have reached 165 million bushels. Last year at this time, new crop export sales were 132 million. The 3-year average is 163 million.

All Wheat Export Sales Commitments Next Marketing Year



USDA, Foreign Agricultural Service: 6/7/2024

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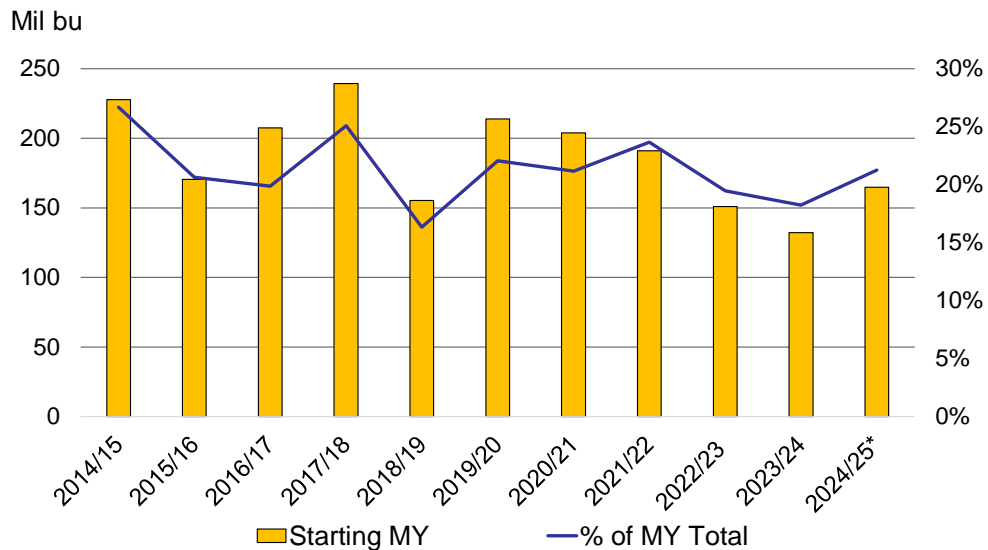
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Over the last 10 years, we have begun the marketing year with an average of 189 million bushels of wheat export sales on the books, 21% of the projected marketing year target. Last year, beginning marketing year sales were below those benchmarks: 132 million bushels, 18% of the projected marketing year total.

To date, sales for the new marketing year stand at 165 million bushels, 21% of the 775 million bushels export target. That sales percentage is back up to average after a 2-year shortfall.

All Wheat Export Sales, Starting Marketing Year



*to date

USDA, FAS, Export Sales Query System, June 7, 2024

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
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
June 6	6.78	6.10	-0.68			
10-year avg			-0.32		0.82	-1.14

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

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Commitment of Traders. Positions reported as of June 4 show speculators taking more bearish positions as prices pushed lower. Traders got out of both sides of the market in Chicago wheat, exiting more longs than shorts. In Kansas City wheat and corn, they added to both sides of the market, adding more short positions than longs. In soybeans, traders held fewer long positions and more bets for lower prices (short positions).

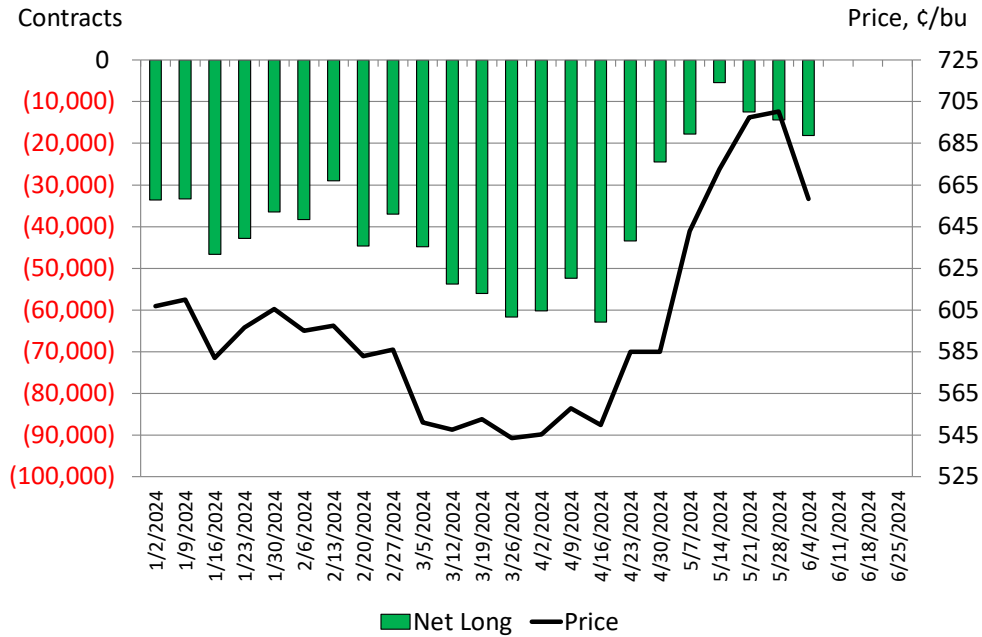
For June 4, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

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

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
4/2/2024	119,394	179,651	(60,257)	545.25	70,037	105,506	(35,469)	563.25
4/9/2024	119,333	171,730	(52,397)	557.75	63,243	102,699	(39,456)	574.25
4/16/2024	118,774	181,671	(62,897)	549.75	60,456	102,979	(42,523)	587.50
4/23/2024	123,697	167,088	(43,391)	585.00	59,586	98,116	(38,530)	608.75
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
6/4/2024	<u>121,898</u>	<u>140,019</u>	<u>(18,121)</u>	<u>658.25</u>	<u>63,082</u>	<u>70,885</u>	<u>(7,803)</u>	<u>687.25</u>
Change	(5,687)	(1,959)	(3,728)	(42.00)	166	3,334	(3,168)	(44.00)

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
4/2/2024	294,298	475,634	(181,336)	427.50	95,389	253,429	(158,040)	1174.00
4/9/2024	278,917	469,108	(190,191)	431.25	90,965	249,442	(158,477)	1174.50
4/16/2024	278,571	483,428	(204,857)	431.00	94,418	266,311	(171,893)	1145.00
4/23/2024	288,529	448,697	(160,168)	443.00	96,430	251,000	(154,570)	1167.50
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
6/4/2024	<u>339,144</u>	<u>459,077</u>	<u>(119,933)</u>	<u>442.50</u>	<u>128,076</u>	<u>180,065</u>	<u>(51,989)</u>	<u>1179.00</u>
Change	1,241	69,542	(68,301)	(20.00)	(1,612)	24,469	(26,081)	(50.50)

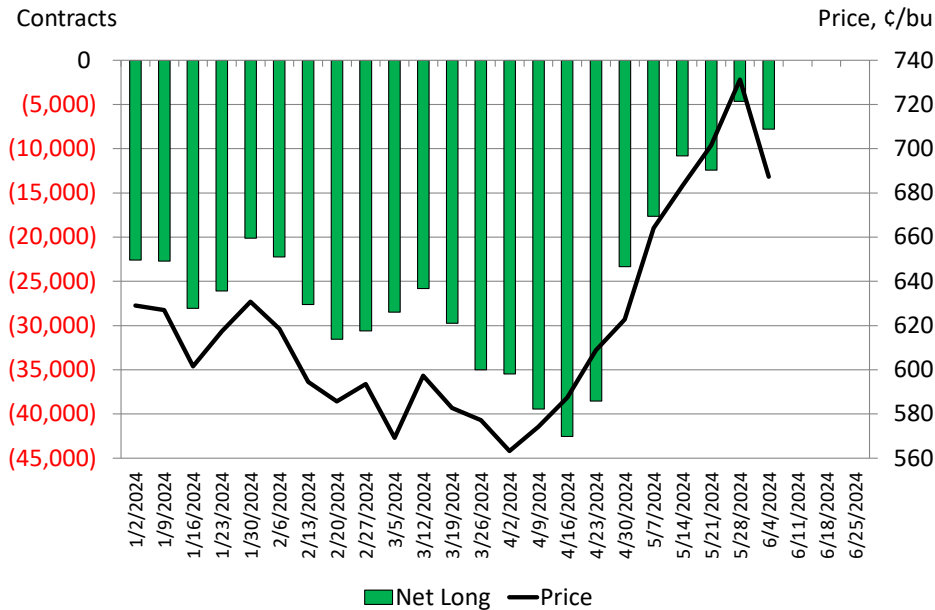
Non-commercial Investment in CBOT Wheat, 6/4/2024



CFTC Legacy Report, Futures Only

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

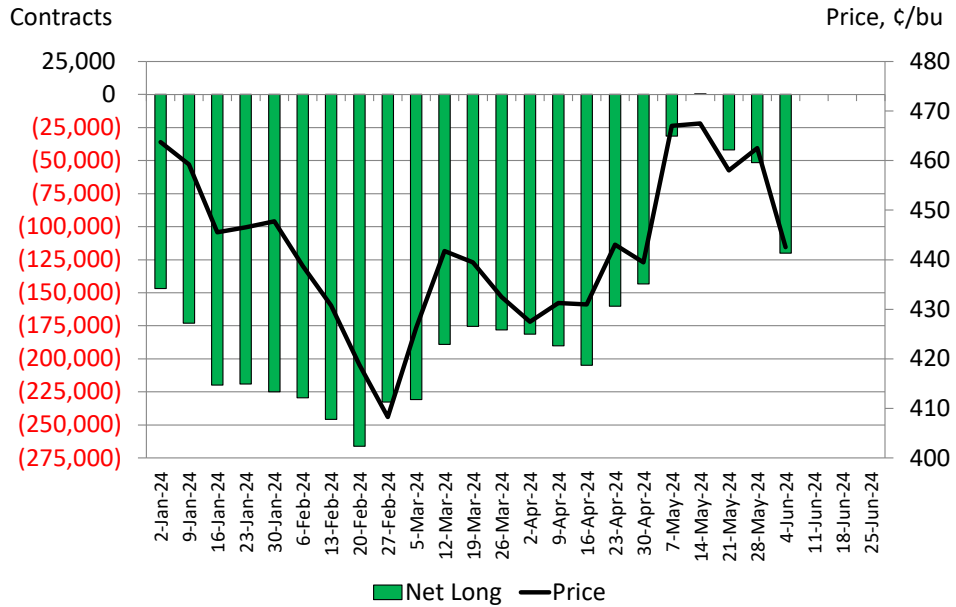
Non-commercial Investment in KC Wheat, 6/4/2024



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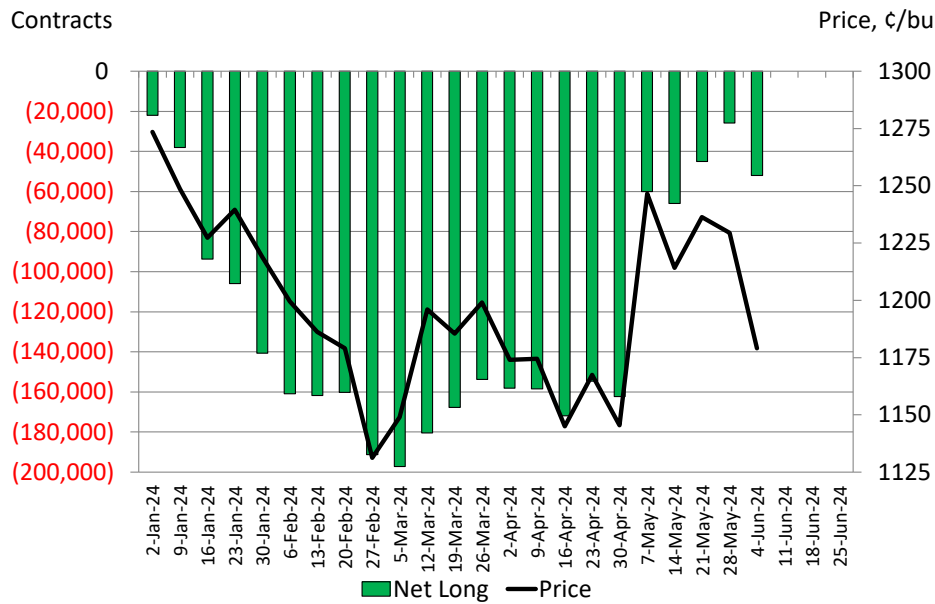
Non-commercial Investment in Corn, 6/4/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 6/4/2024



CFTC Legacy Report, Futures Only

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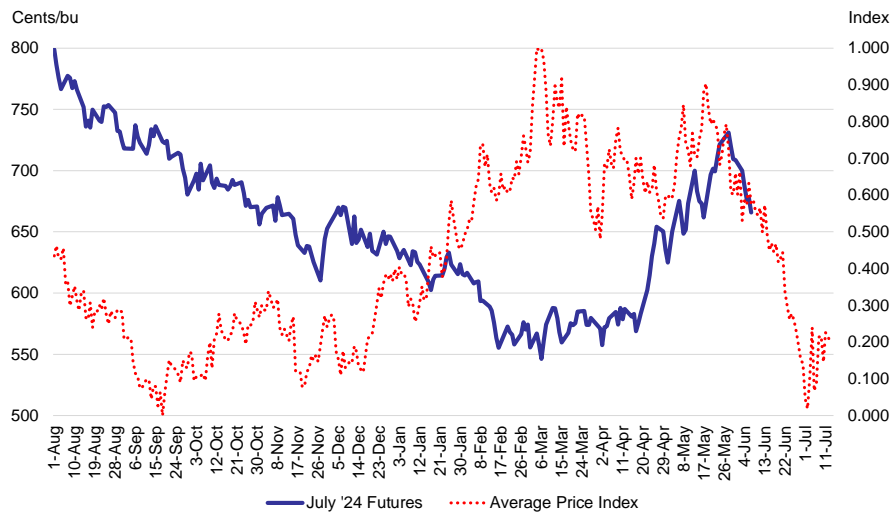
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Marketing Strategies

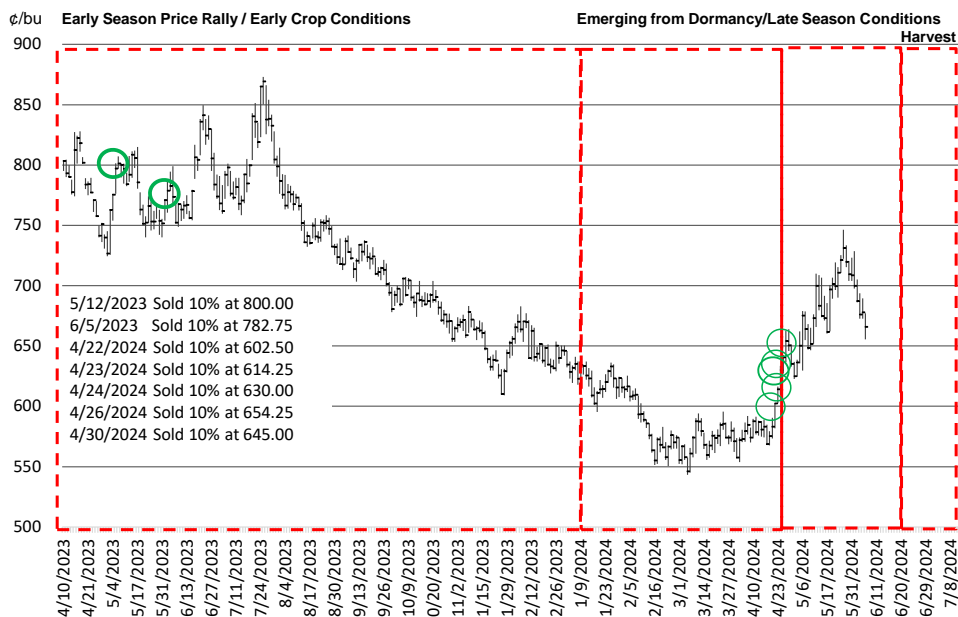
Seasonal Index. The seasonal price pattern of the July Kansas City wheat contract shows pricing opportunities associated with the crop condition in February/March as the crop breaks dormancy and April/May with late-season weather risk.

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.

July 2024 KC Wheat and Marketing Plan



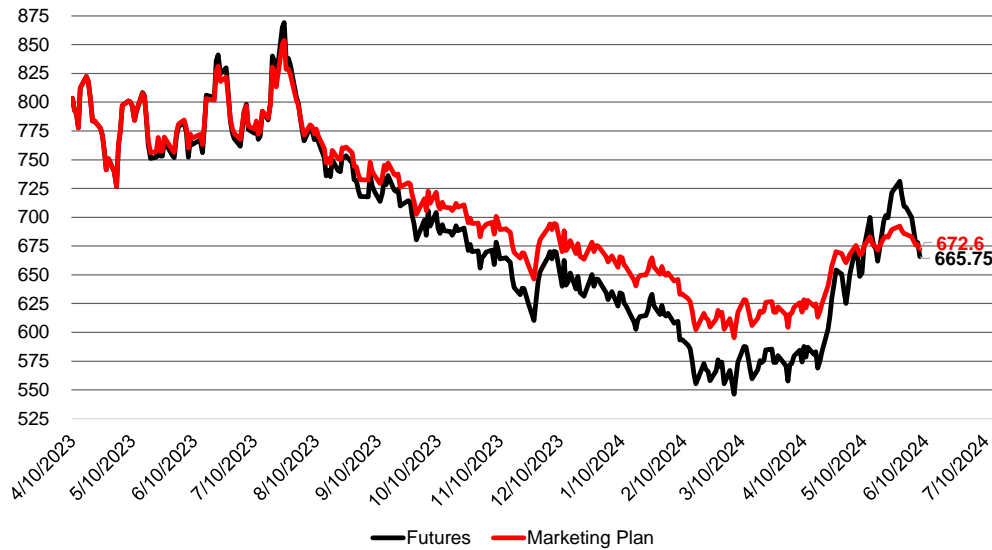
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As of the close today (665.75) my net marketing plan price for 2024 wheat (70% sold, 30% open) is 672.60. I am 30% sold for 2025.

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



Upcoming Reports/Events

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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