

Wheat Outlook

August 3, 2024

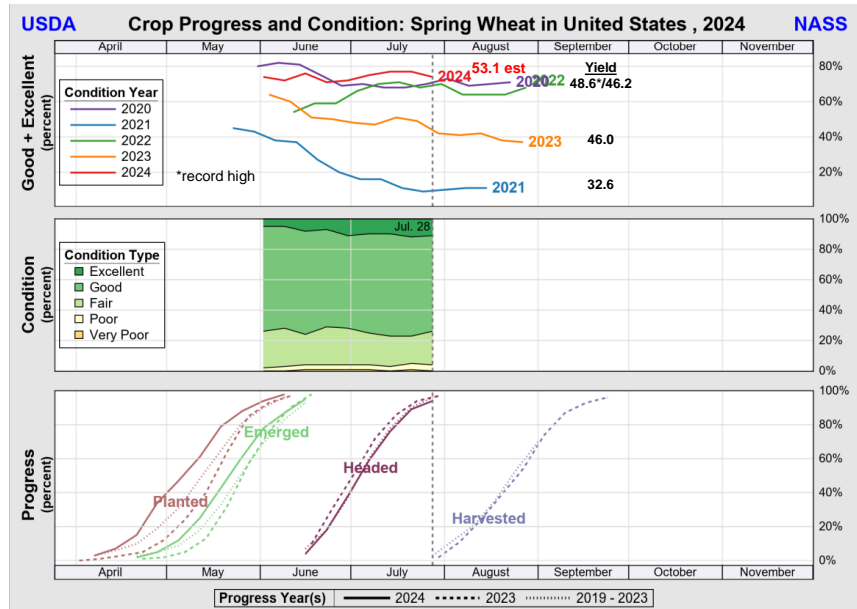
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Market Situation

Crop Progress and Condition. U.S. winter wheat harvest reached 82% as of July 28.

Condition ratings for the 2024 spring wheat crop are consistent with those of strong yield performance over the last five years. As of July 28, 74% was rated good and excellent. Harvest is just getting underway.



U.S. Wheat Associates reports that the Wheat Quality Council's 2024 Hard Red Spring and Durum wheat tour adds to expectations for an excellent crop.

Ending on July 25, the average HRS wheat yield was projected at 54.5 bushels per acre, up from 47.4 bushels last year (<https://www.uswheat.org/wheatletter/positive-findings-reported-during-hard-red-spring-and-durum-wheat-tour>).

Weather. The drought severity index moved higher this week with dry conditions expanding across Kansas. We are wrapping up the 2024 wheat season (and kicking off 2025) with an index of 91, just below the 10-year average.

Precipitation is forecast to be light across the Southern Plains in the week ahead (8/3-8/10/2024).



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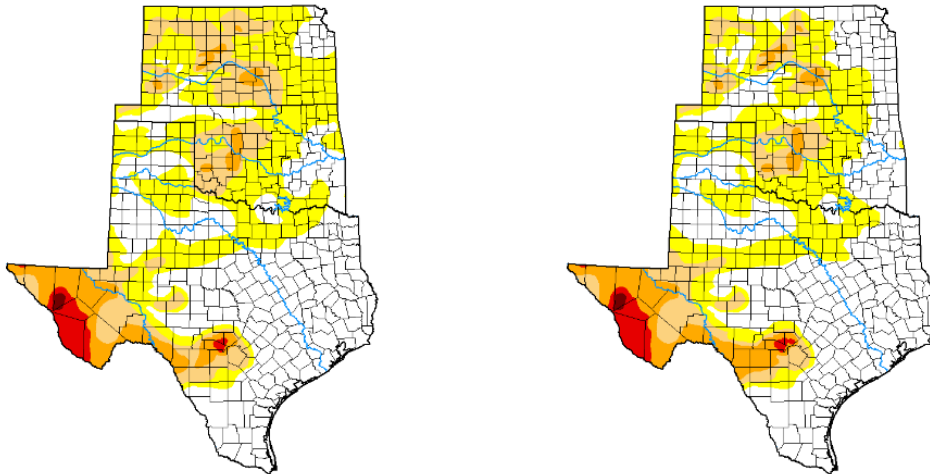
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U.S. Drought Monitor



- None
- D2 (Severe Drought)
- D4 (Exceptional Drought)
- D0 (Abnormally Dry)
- D3 (Extreme Drought)
- No Data
- D1 (Moderate Drought)



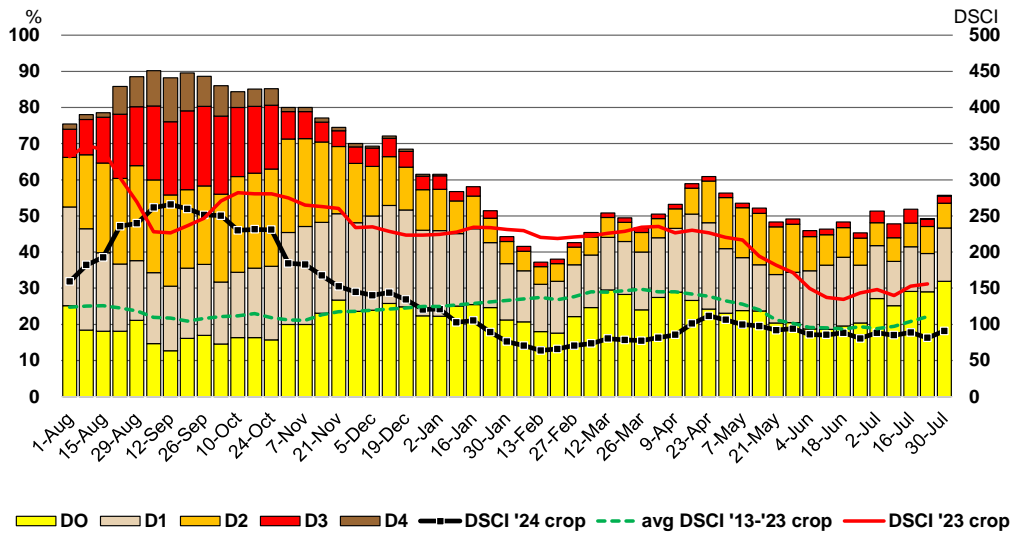
< July 30, 2024 > ↓

< July 23, 2024 > ↓

Southern Plains Drought Monitor 7/30/2024

Drought Classification

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



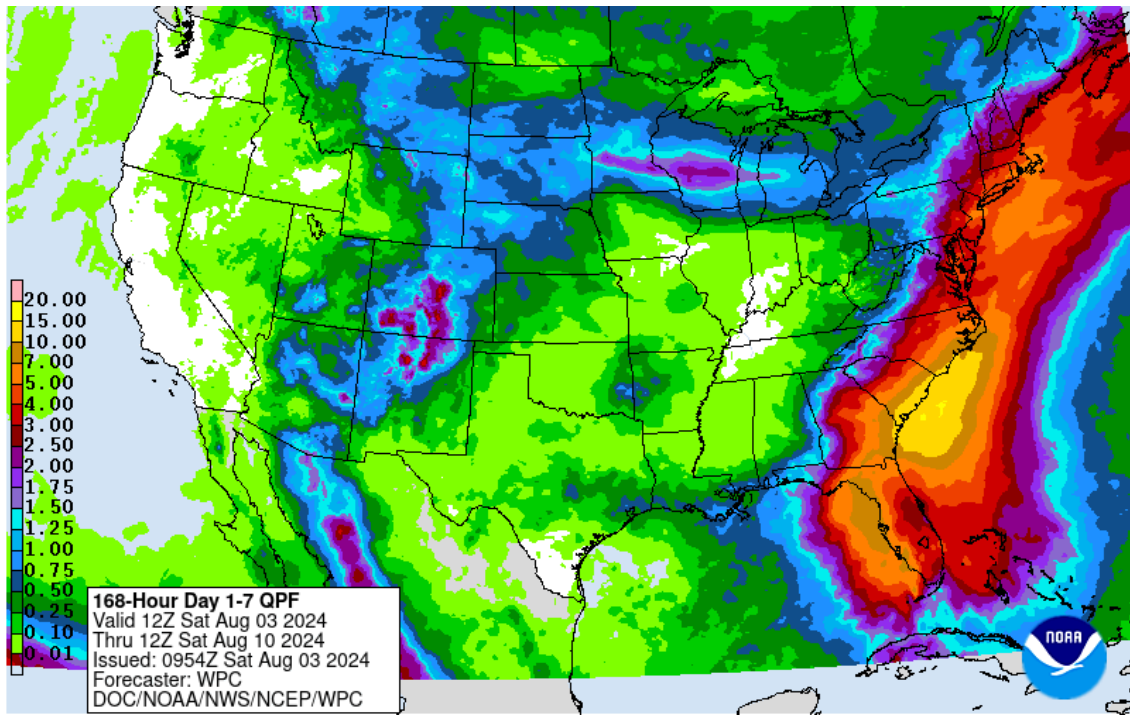
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
 min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 8/1/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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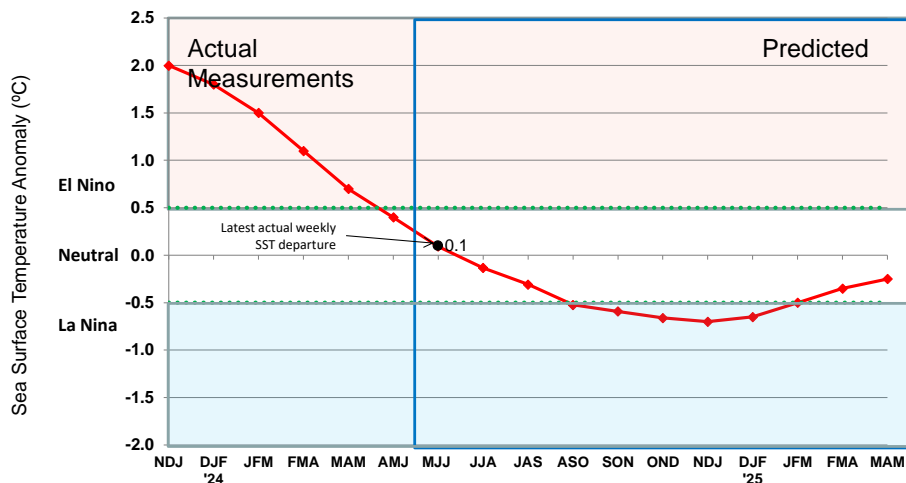
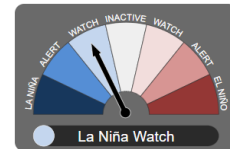
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Sea surface temperatures in the eastern Pacific continue to cool, but as noted by the Australian Bureau of Meteorology, at a slowing rate. The Climate Prediction Center forecast is for La Niña conditions around August to October. But forecast models to date show a La Niña that is relatively mild and short-lived.

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

CPC: ENSO-neutral is expected to continue for the next several months, with La Niña favored to develop during August-October (70% chance) and persist into the Northern Hemisphere winter 2024-25 (79% chance during November-January).



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, July 29, 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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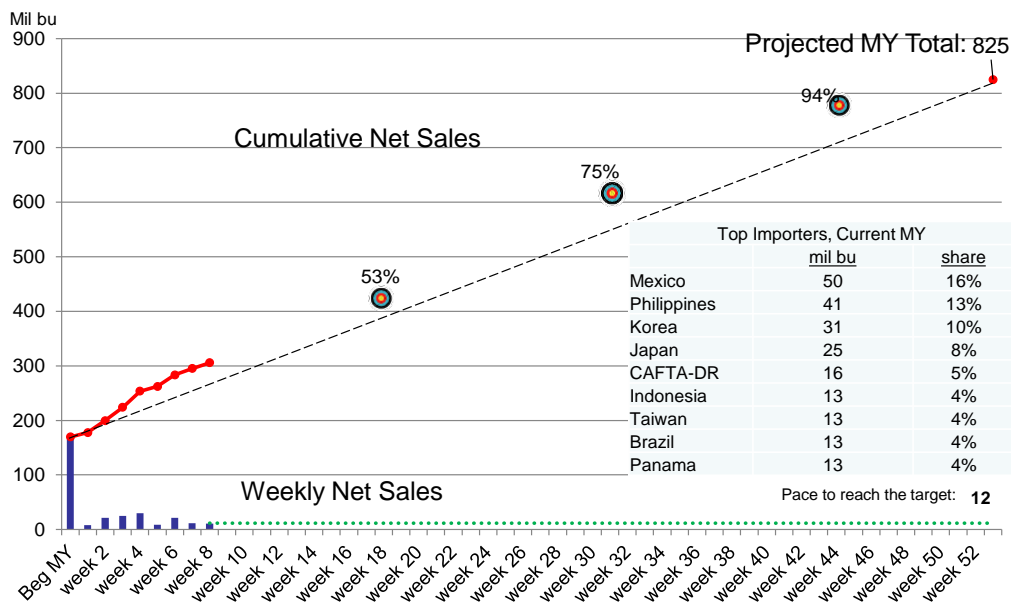
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Grain Use. All wheat export sales for the week of July 25 totaled 11 million bushels, 2.8 million of that bound for Indonesia. That brings the total for the marketing year to 305 million bushels, 37% of the final marketing year projection. Normally, just over half of the marketing year total is booked by the end of September.

2024/25 U.S. All Wheat Export Sales Commitments



Export Sales Commitments reported for 7/25/2024: 11 million bushels (Indonesia, 2.8 mil bu)

Total Export Sales Commitments this marketing year: 305 million bushels

37% of the 2024/25 MY Export Sales Target of 825 million bushels (July WASDE)

Normal pace of sales end of September: 53% (437 mil bu)

USDA, Foreign Agricultural Service: 8/1/2024

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
July 3	5.84	5.02	-0.82			
July 11	5.84	5.05	-0.79			
July 18	5.63	4.82	-0.81			
July 25	5.62	4.78	-0.84			
August 1	5.55	4.71	-0.84			
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. Speculative trader positioning on July 30 showed a mix of market outlook. Net longs were down (more bearish) in Chicago wheat and soybeans. In the wheat market, traders lowered bets for higher prices (longs) and added to bets that prices would go lower (shorts). In soybeans, the biggest change came as traders exited the long side of the market.

Net longs were higher in Kansas City wheat and corn. In KC wheat, traders increased holdings on both sides of the market, adding more longs than shorts. In corn, traders lowered holdings on both sides of the market but got out of more shorts than longs.

For July 30, 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,
- less bearish corn, and
- more bearish soybeans.

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
6/18/2024	117,489	144,059	(26,570)	582.00	54,226	75,611	(21,385)	600.75
6/25/2024	119,255	163,787	(44,532)	541.75	57,907	90,178	(32,271)	576.00
7/2/2024	130,176	168,866	(38,690)	581.00	63,536	95,364	(31,828)	592.25
7/9/2024	131,162	165,948	(34,786)	572.00	61,115	90,236	(29,121)	577.75
7/16/2024	127,750	163,817	(36,067)	530.75	60,601	88,253	(27,652)	550.25
7/23/2024	130,610	165,225	(34,615)	542.75	58,753	84,516	(25,763)	566.75
7/30/2024	<u>128,652</u>	<u>171,910</u>	<u>(43,258)</u>	<u>524.00</u>	<u>62,869</u>	<u>86,035</u>	<u>(23,166)</u>	<u>550.25</u>
Change	(1,958)	6,685	(8,643)	(18.75)	4,116	1,519	2,597	(16.50)

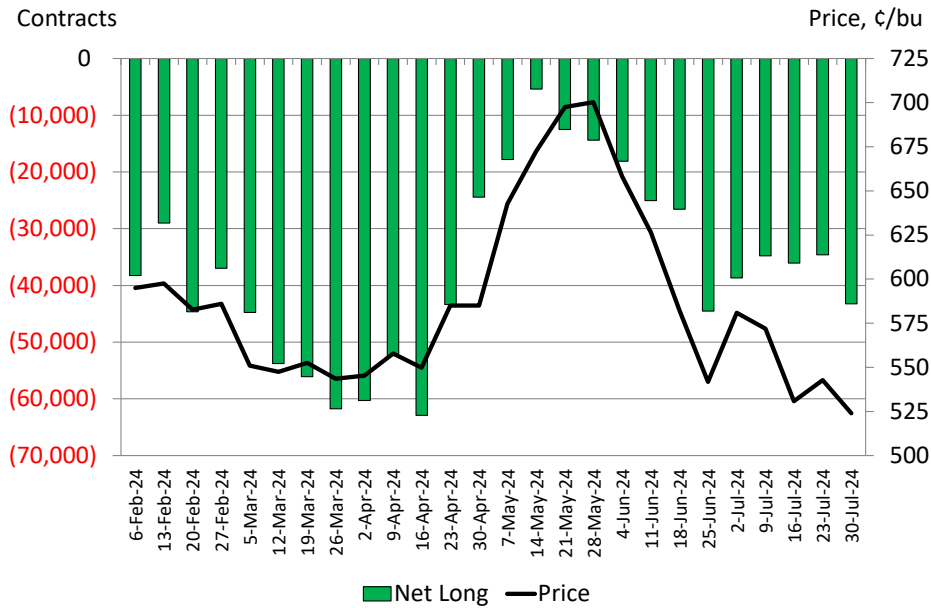
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
6/18/2024	382,946	459,657	(76,711)	450.00	141,870	216,172	(74,302)	1174.00
6/25/2024	350,579	520,362	(169,783)	425.50	132,269	243,448	(111,179)	1163.25
7/2/2024	313,757	542,468	(228,711)	408.00	123,047	245,261	(122,214)	1150.25
7/9/2024	309,195	549,136	(239,941)	394.00	124,357	274,507	(150,150)	1131.25
7/16/2024	307,784	546,600	(238,816)	395.75	135,252	296,755	(161,503)	1090.50
7/23/2024	322,869	544,821	(221,952)	402.50	141,415	279,838	(138,423)	1117.50
7/30/2024	<u>308,633</u>	<u>521,075</u>	<u>(212,442)</u>	<u>388.75</u>	<u>111,578</u>	<u>279,478</u>	<u>(167,900)</u>	<u>1027.25</u>
Change	(14,236)	(23,746)	9,510	(13.75)	(29,837)	(360)	(29,477)	(90.25)

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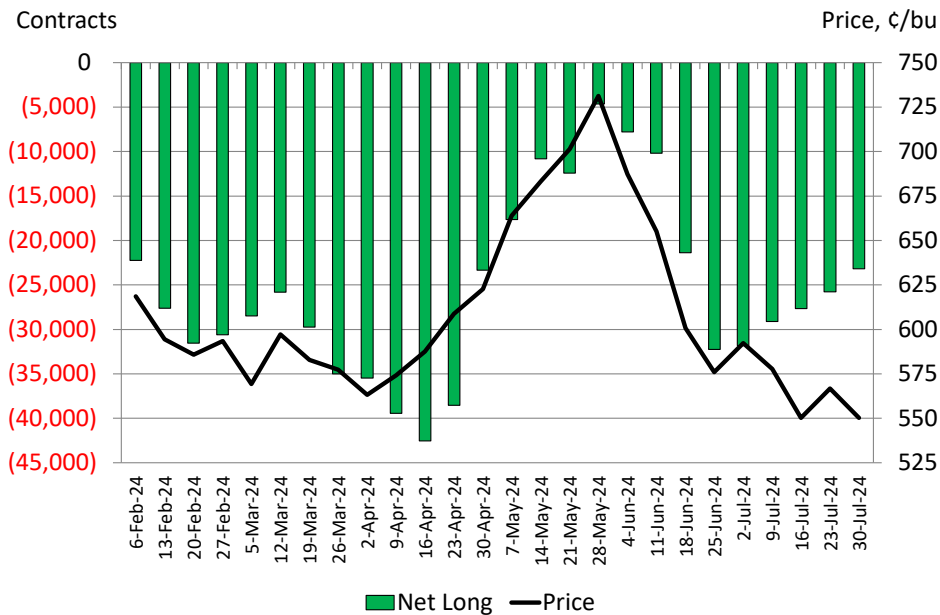
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Non-commercial Investment in CBOT Wheat, 7/30/2024



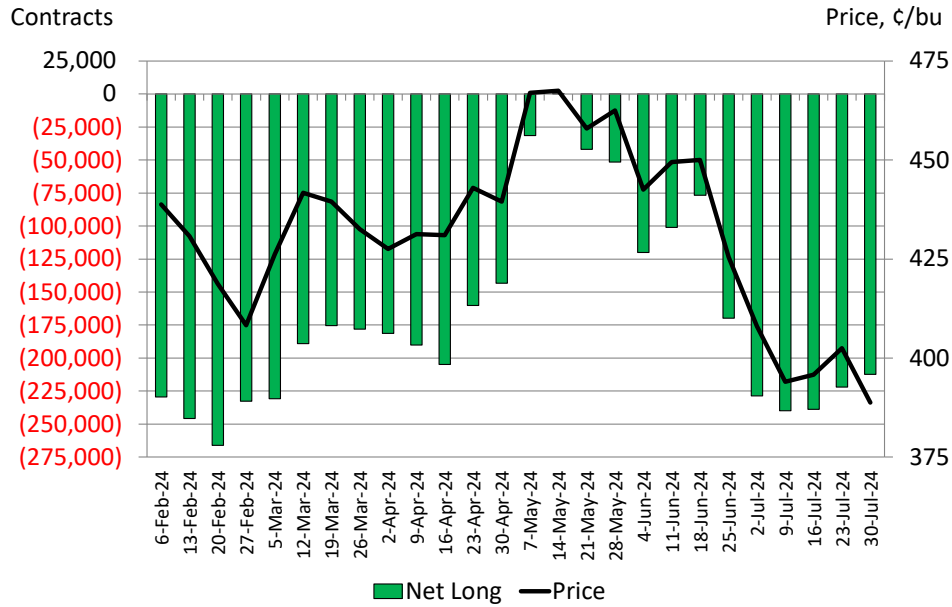
CFTC Legacy Report, Futures Only
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

Non-commercial Investment in KC Wheat, 7/30/2024



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

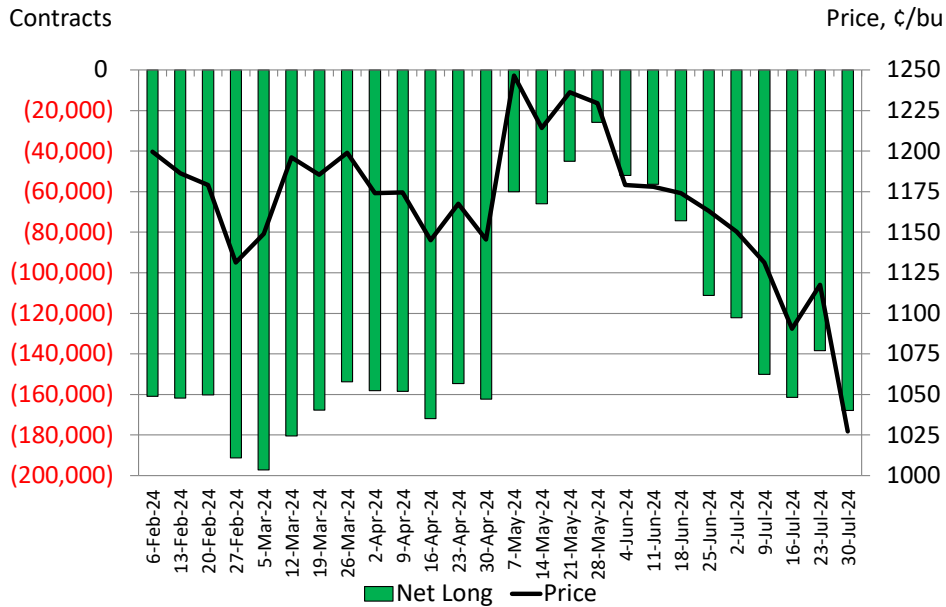
Non-commercial Investment in Corn, 7/30/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 7/30/2024



CFTC Legacy Report, Futures Only

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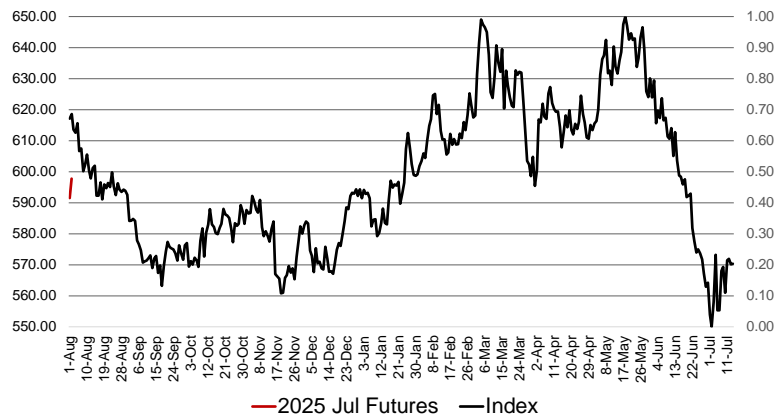
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Marketing Strategies

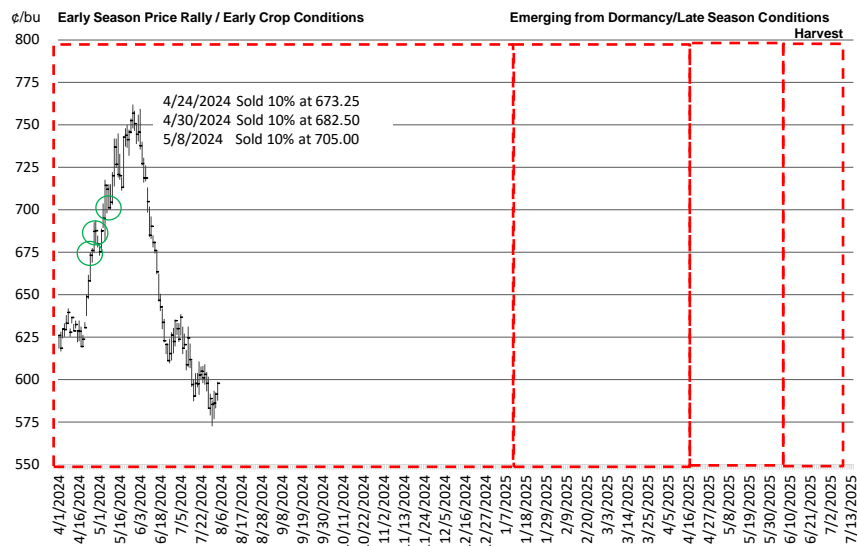
Seasonal Index. A chart of simple averages of prices over the growing season offers and picture of seasonal price tendencies. For the July Kansas City wheat contract, prices typically decline from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop condition concerns, topping out in February/March as the crop breaks dormancy. Another price rally in April/May is often associated with late-season weather risk before the seasonal price decline into harvest.

July KC Wheat average price index
2004-2024



Wheat Marketing Plan. I sold the last of the 2024 wheat crop at harvest in late June. I am currently 30% sold for 2025.

July 2025 KC Wheat and Marketing Plan



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Upcoming Reports/Events

August 6	Short-term Energy Outlook, Energy Information Administration
August 8	Wheatheart Conference, Perryton, Texas
August 12	Crop Production WASDE
August 14	Consumer Price Index, Bureau of Labor Statistics (BLS)
August 15	Big Country Wheat Conference, Abilene, Texas
August 23	Cattle on Feed
September 6	August Employment Situation, BLS
September 17-18	Federal Open Market Committee, Federal Reserve
October 1-2	Master Marketer Marketing Plan Workshop, El Campo, Texas
January 5-11	TEPAP, San Antonio, Texas

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