

Wheat Outlook

August 12, 2024

Volume 33, Number 48

Today's Newsletter

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Market Situation

August WASDE and Crop Production. Revisions were made to wheat acreage in today's reports. Wheat area was down 900,000 acres. USDA raised the winter wheat yield estimate for 2024 from 52.0 bushels last month to 53.2 bushels. For all wheat, the yield is up this month 0.4 bushels to a national average of 52.2. That is the second highest yield on record, just behind 52.7 bushels per acre in 2016. With a 2% reduction in area harvested and a 1% increase in yield, wheat production for 2024 is down about 1%, -26 million bushels. With small changes to use, ending stocks are down 28 million bushels.

US WHEAT SUPPLY AND USE			August		
			2024/25 8/12/2024	July to August Net Δ	% Δ
AREA	Planted	mil acres	46.3	(0.9)	-2%
	Harvested	mil acres	37.9	(0.9)	-2%
	Percent Harvested		81.9%	-0.3%	0%
YIELD	Harvested acre	bu/ac	52.2	0.4	1%
SUPPLY					
	Beginning stocks	mil bu	702	0	0%
	Production	mil bu	1,982	(26)	-1%
	Imports	mil bu	105	0	0%
	Total Supply	mil bu	2,789	(26)	-1%
DEMAND					
	Food	mil bu	964	2	0%
	Seed	mil bu	62	0	0%
	Feed and residual	mil bu	110	0	0%
	Total Domestic Use	mil bu	1,136	2	0%
	Exports	mil bu	825	0	0%
	Total Use	mil bu	1,961	2	0%
	Ending stocks	mil bu	828	(28)	-3%
	Stocks to Use ratio	percent	42.2%	-1.5%	-3%
	Days of Use on hand	days	154.1	-5.4	-3%
PRICE					
	Average farm price	\$/bu	5.70	0.00	0%
	Reference Price	\$/bu	5.50	0.00	
	PLC Payment	\$/bu	0.00	0.00	

World wheat supplies are up this month on production increases and beginning stocks that were revised higher. But this was met with an even higher increase in use resulting in a slight decrease in ending stocks. Estimated days of use on hand at the end of the marketing year are down from a 117.4-day supply last month to 116.5.

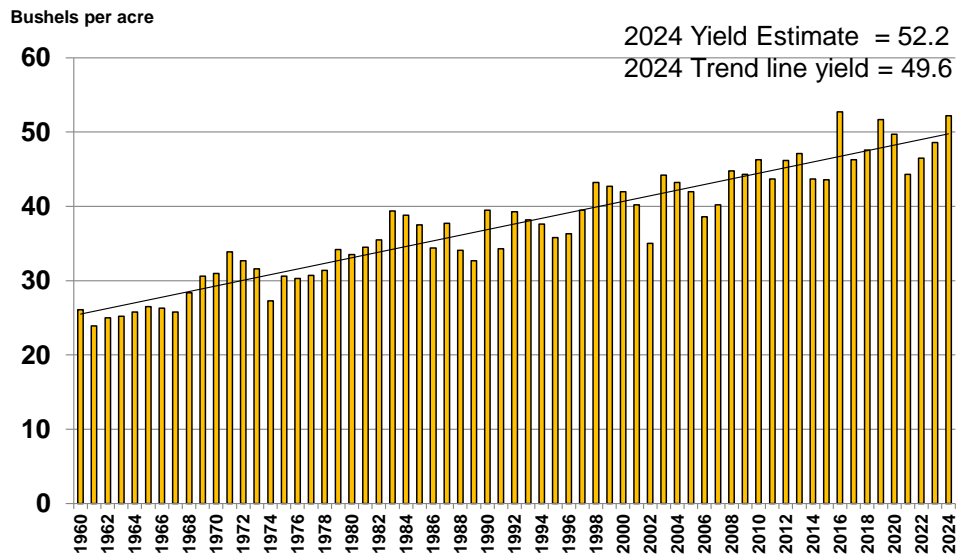
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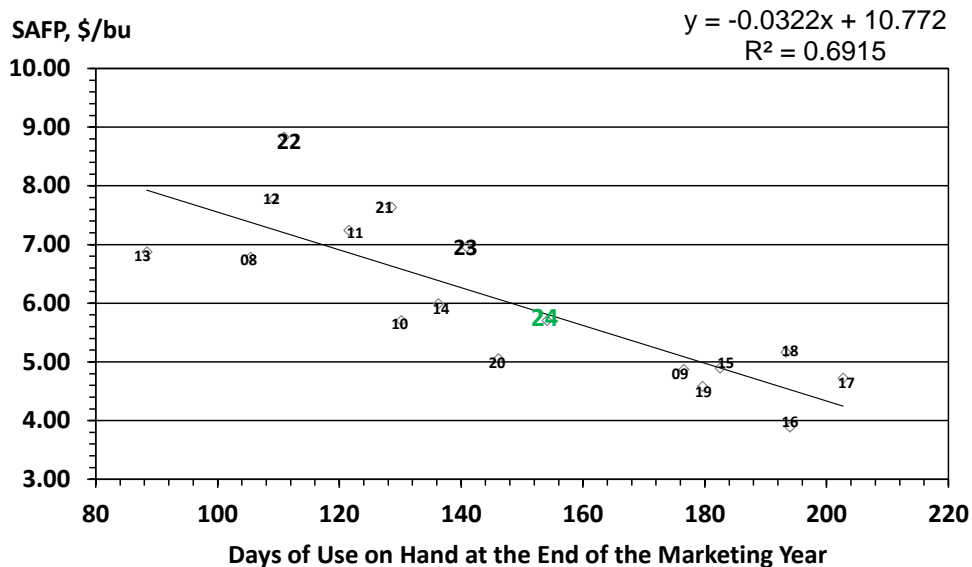
US Average Wheat Yield



USDA, WASDE, 8/12/2024

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

2008/09-2022/23, 2023/24 projection



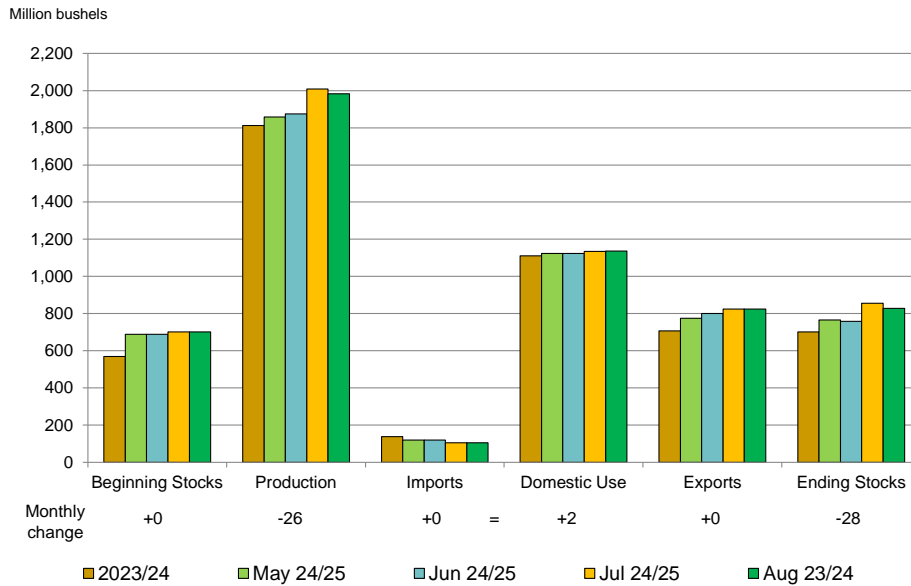
Source: USDA, August WASDE 2024

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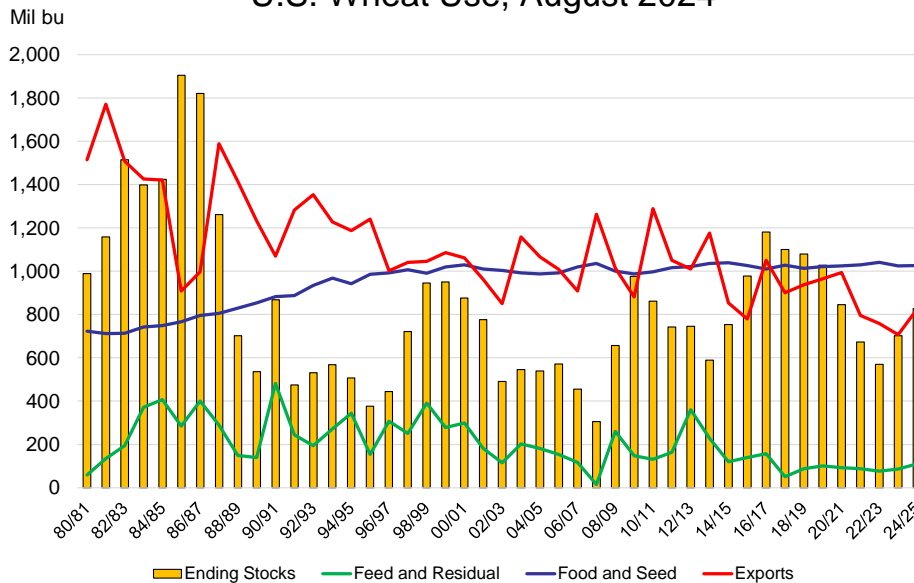
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U.S. Wheat Supply and Demand, August 2024



USDA, WASDE, 8/12/2024

U.S. Wheat Use, August 2024



USDA, WASDE, 8/12/2024

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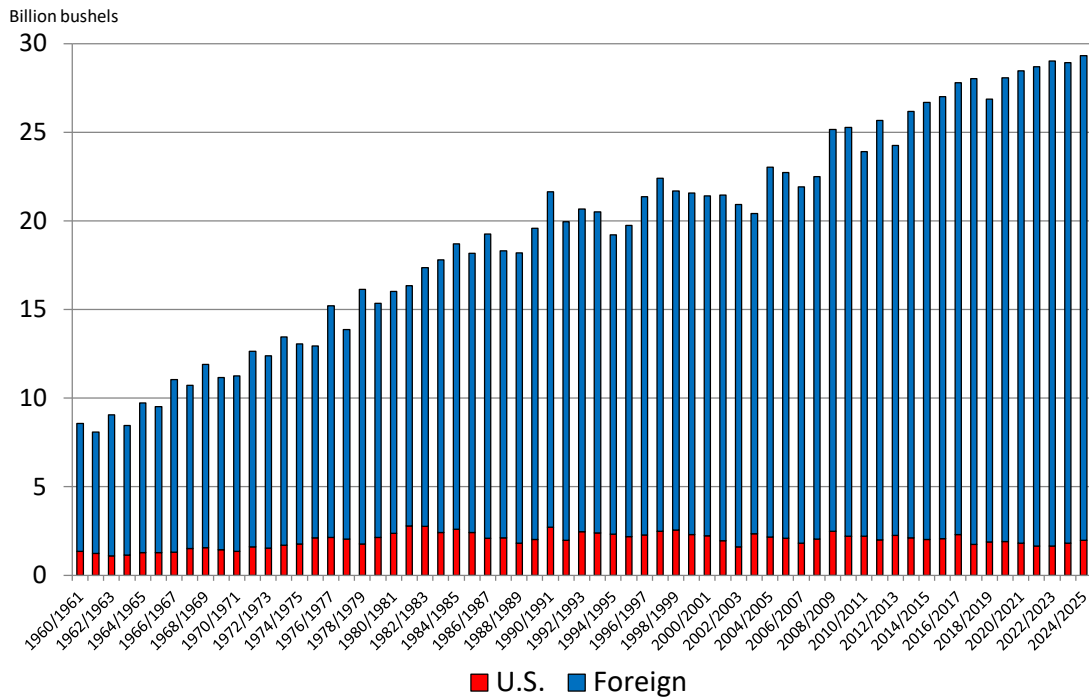
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WORLD WHEAT		MMT								
Marketing Year		Beginning Stocks	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on hand
2014/15		197.70	730.41	159.38	132.37	700.51	164.22	222.76	0.3180	116.1
2015/16		222.76	738.14	169.78	141.27	713.11	172.58	244.99	0.3436	125.4
2016/17		244.99	756.31	179.67	147.49	734.50	183.49	262.99	0.3580	130.7
2017/18		262.99	763.05	181.13	146.48	740.59	182.47	284.10	0.3836	140.0
2018/19		286.98	730.90	171.12	139.20	734.72	173.67	283.16	0.3854	140.7
2019/20		280.77	762.33	187.39	139.22	748.31	194.88	299.22	0.3999	145.9
2020/21		299.66	774.41	194.80	163.70	787.74	203.35	286.33	0.3635	132.7
2021/22		283.86	780.05	199.93	160.19	791.16	202.77	272.75	0.3447	125.8
2022/23		273.02	789.01	212.99	153.85	790.59	221.76	271.44	0.3433	125.3
2023/24		271.44	789.67	220.37	158.94	798.75	220.80	262.36	0.3228	119.9
2024/25	May	257.80	798.19	209.42	151.76	802.37	216.00	253.61	0.3161	115.4
2024/25	June	259.56	790.75	207.08	147.71	798.04	212.81	252.27	0.3161	115.4
2024/25	July	260.99	796.19	206.70	148.41	799.94	212.89	257.24	0.3216	117.4
2024/25	August	262.36	798.28	208.40	151.16	804.02	214.86	256.62	0.3192	116.5
	Net Change	1.37	2.09	1.70	2.75	4.08	1.97	(0.62)	(0.0024)	(0.88)
	% Change	0.52%	0.26%	0.82%	1.85%	0.51%	0.93%	-0.24%	-0.75%	-0.75%

World Wheat Production



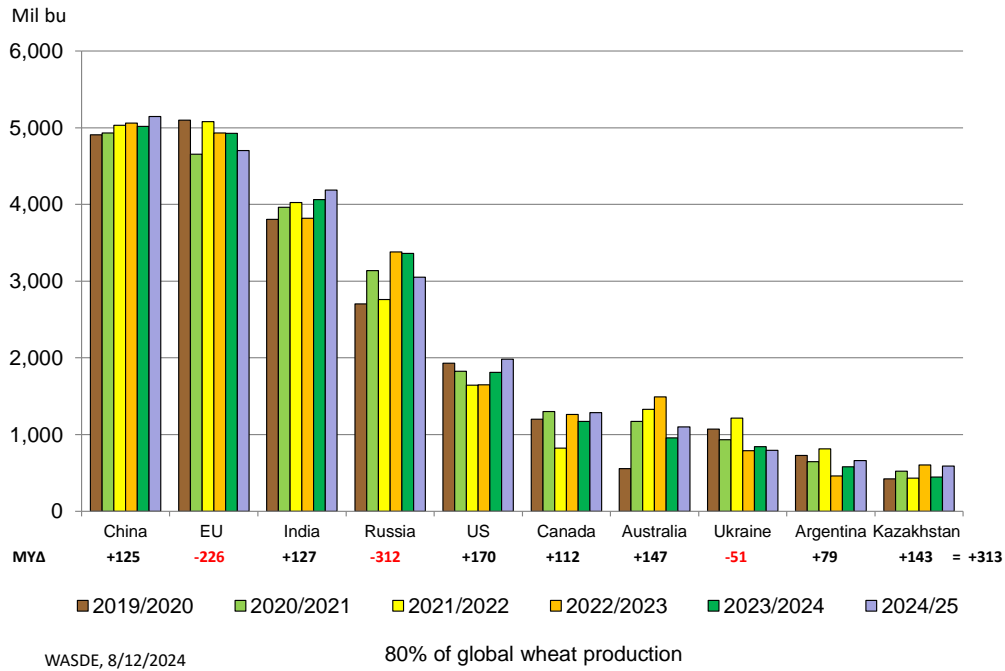
WASDE 8/12/2024

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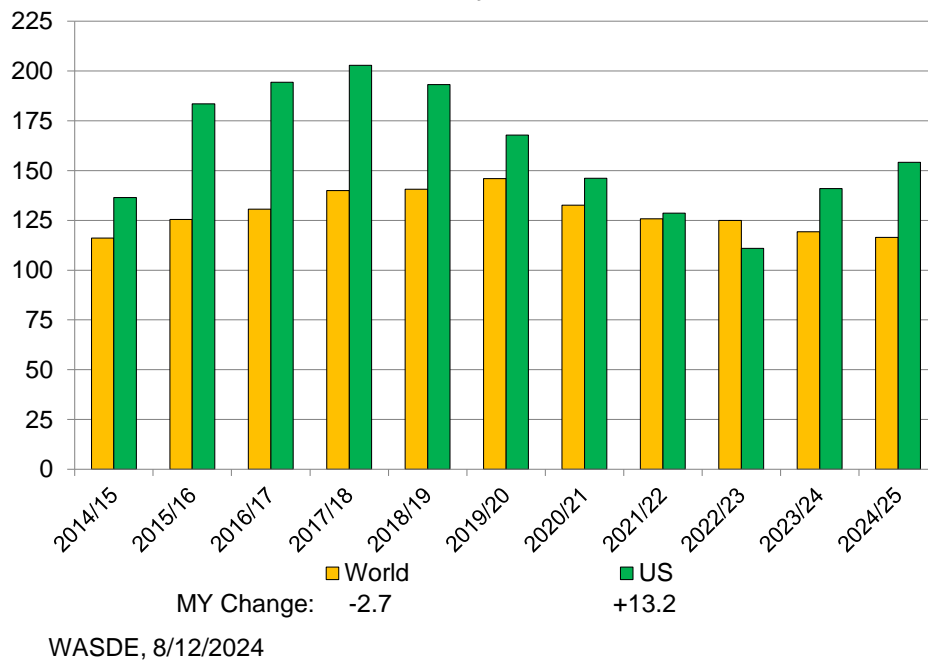
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Wheat Production, Major Contributors



World Wheat: Days of Use on Hand



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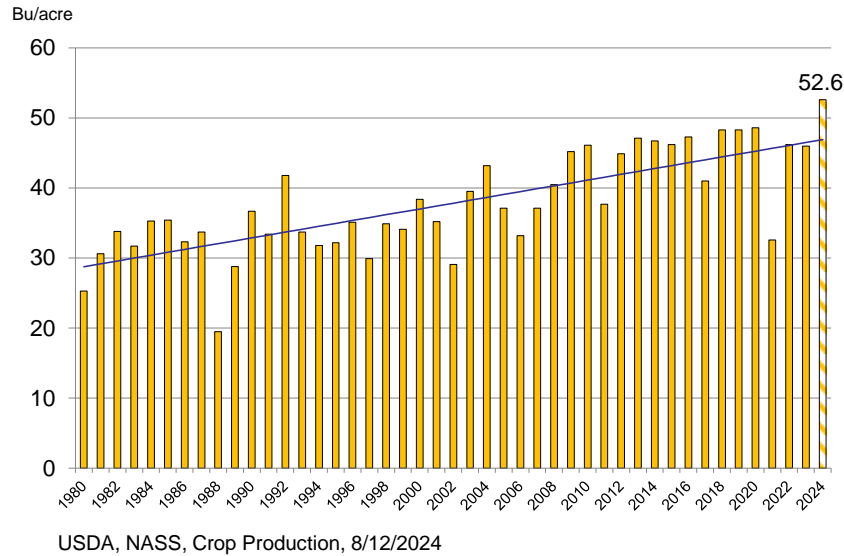
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Crop Progress and Condition. U.S. winter wheat harvest reached 93% as of August 11.

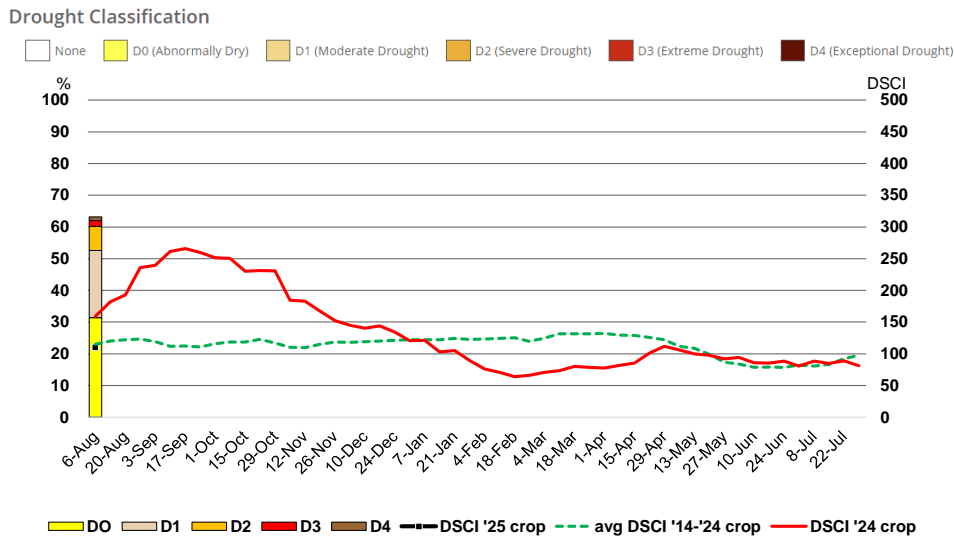
Condition ratings for the 2024 spring wheat crop show 5% rated very poor, up 1 point from last week. The share rated good and excellent is 72% down from 74% last week. USDA’s revised yield estimate for the 2024 spring wheat crop in today’s Crop Production report is 52.6 bushels per acre, down from 53.1 last month. Spring wheat harvested is 18%.

U.S. Spring Wheat Yield



Weather. The drought severity index closed out the last wheat growing season, and is starting the next, right about normal. The index on August 6 was 110. The ten-year average is 115. We started the 2024 crop year with an index reading of 159.

Southern Plains Drought Monitor 8/6/2024



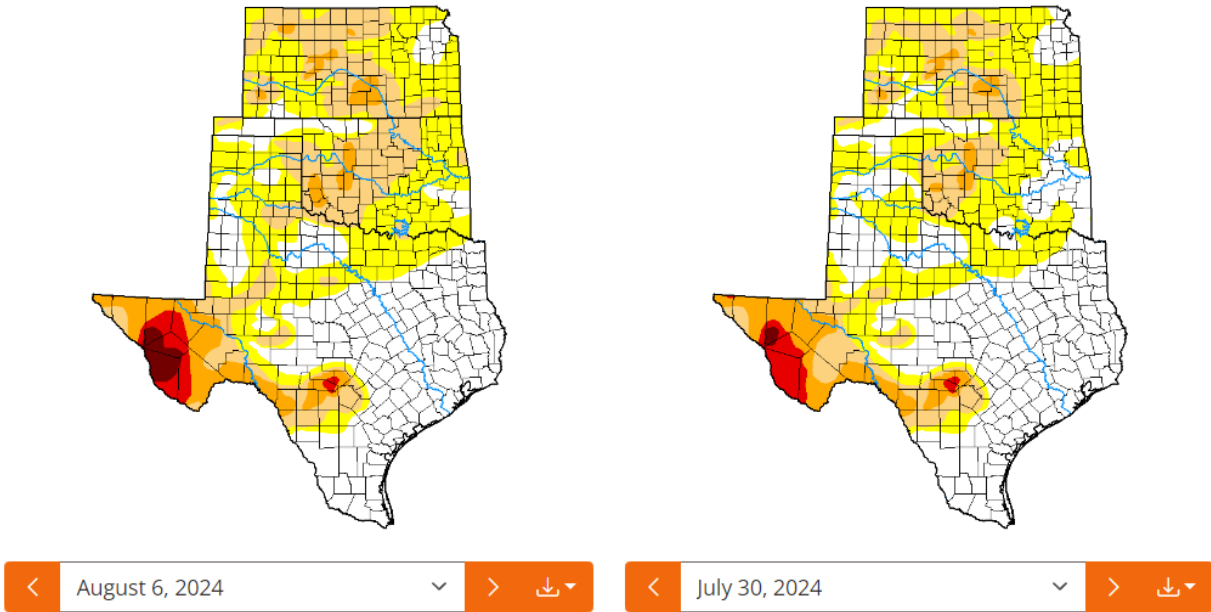
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

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

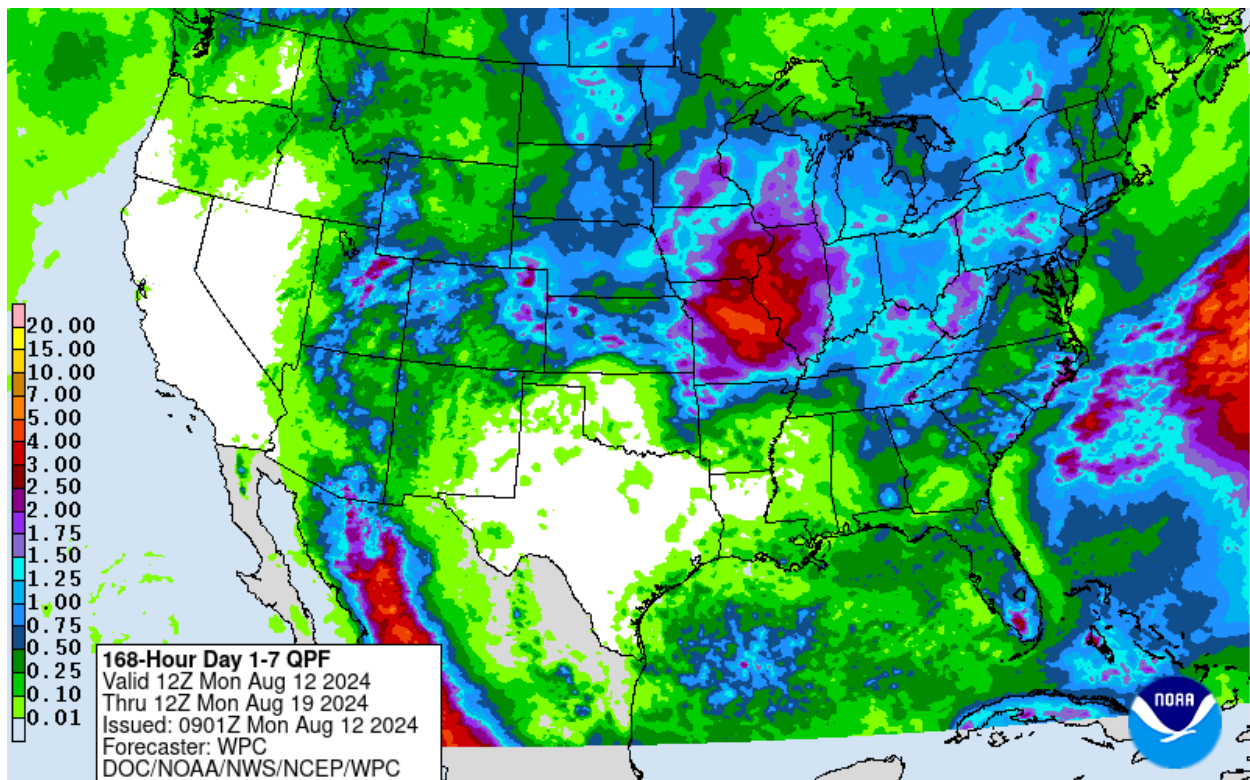
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The best moisture prospects across the Southern Plains for the week ahead (8/12-8/19/2024) are for eastern Colorado and Kansas. Most of Texas and Oklahoma are forecast to be dry.



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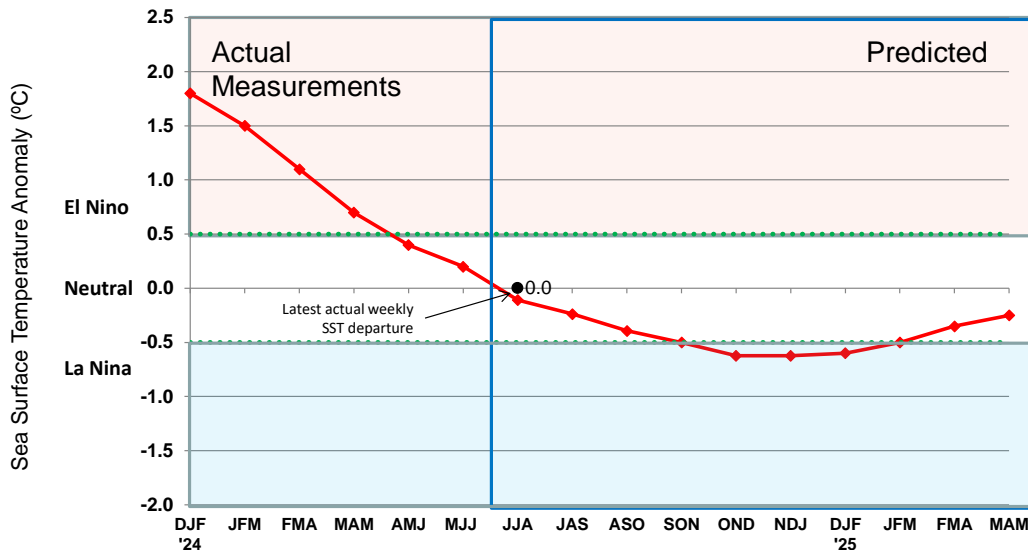
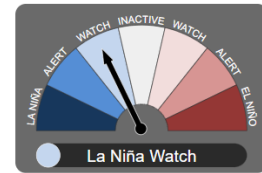
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Sea surface temperatures in the eastern Pacific continue to cool, but as noted by the Australian Bureau of Meteorology, at a slowing rate. The Climate Prediction Center forecast is for La Niña conditions around September to October. But forecast models 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 September–November (66% chance) and persist into the Northern Hemisphere winter 2024–25 (74% chance during November–January).



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, August 12, 2024
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/
 Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/enso/>

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
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			
August 8	5.52	4.66	-0.86			
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. The major change in market outlook on the part of speculators in the grain futures markets on August 8 was a decrease in the number of bets for prices to go lower (short contracts held). In Chicago and Kansas City wheat and soybeans, the number of long contracts held (bets for higher prices) was also lower, but not as much and the decline in short contracts held. In corn, net longs were higher as long contracts held went up along with short contracts held going down.

For August 8, 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
- less bearish soybeans.

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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	128,652	171,910	(43,258)	524.00	62,869	86,035	(23,166)	550.25
8/6/2024	122,142	162,527	(40,385)	543.25	62,762	83,499	(20,737)	561.50
Change	(6,510)	(9,383)	2,873	19.25	(107)	(2,536)	2,429	11.25

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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	308,633	521,075	(212,442)	388.75	111,578	279,478	(167,900)	1027.25
8/6/2024	320,403	472,372	(151,969)	388.75	111,259	270,387	(159,128)	1014.00
Change	11,770	(48,703)	60,473	0.00	(319)	(9,091)	8,772	(13.25)

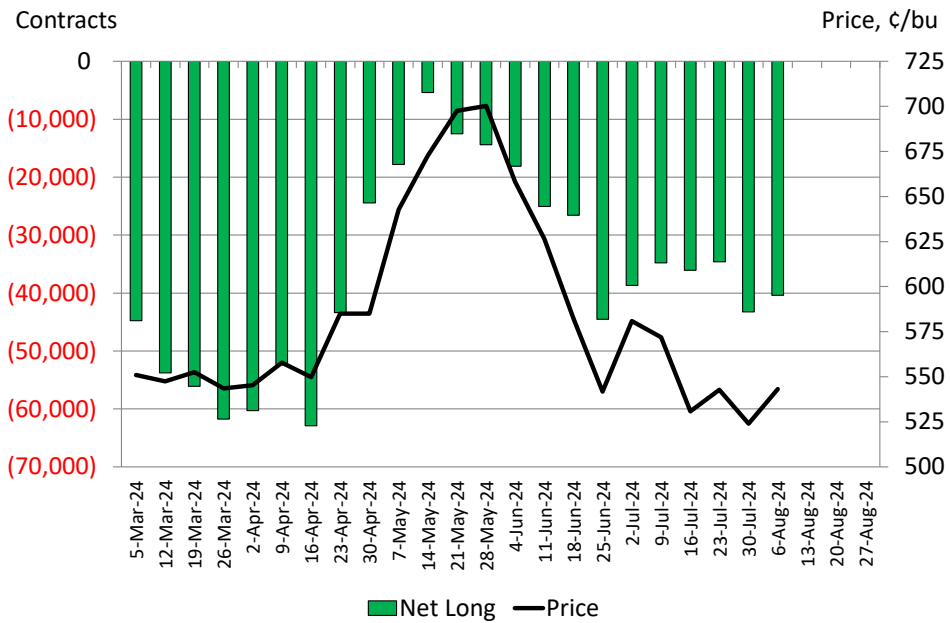
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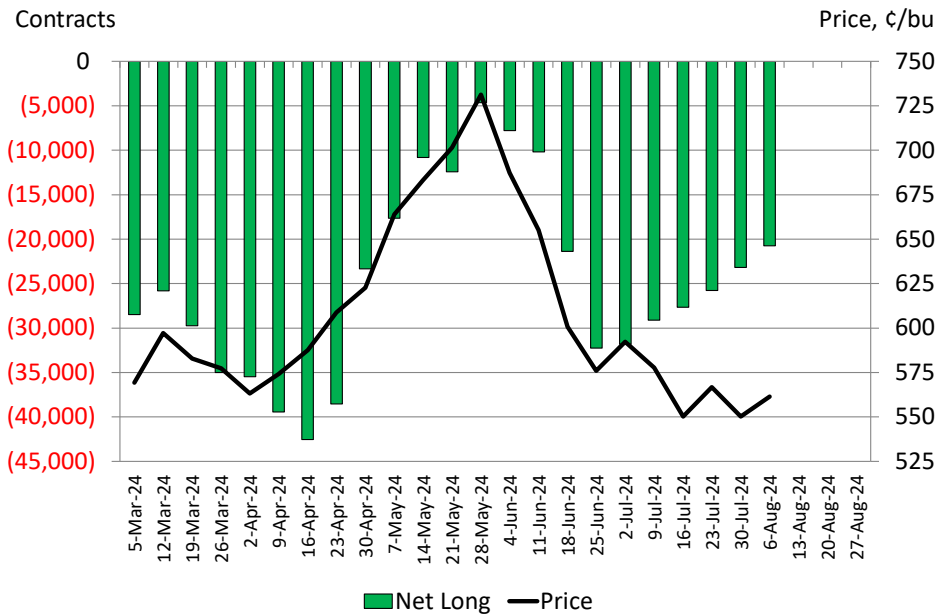
Non-commercial Investment in CBOT Wheat, 8/6/2024



CFTC Legacy Report, Futures Only

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

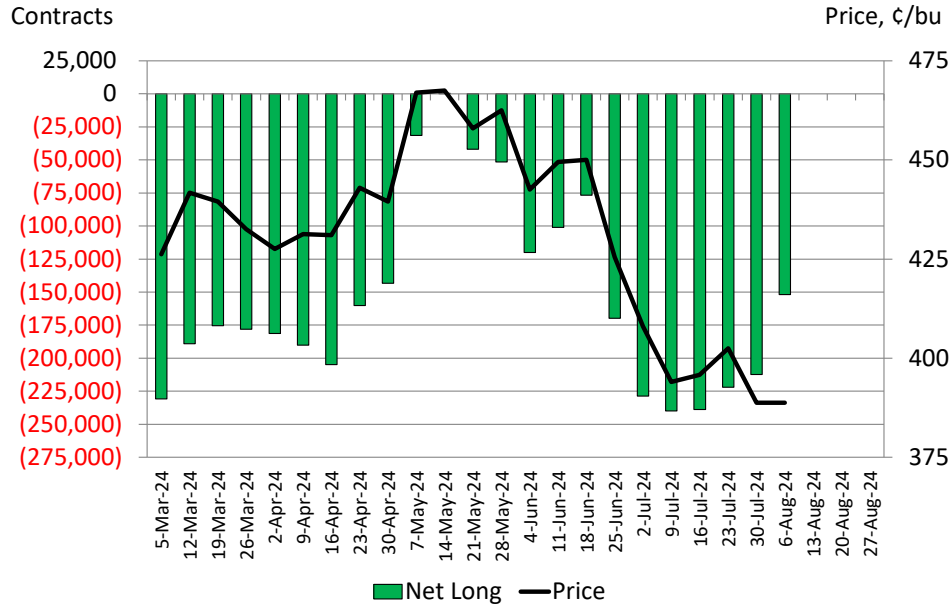
Non-commercial Investment in KC Wheat, 8/6/2024



CFTC Legacy Report, Futures Only

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

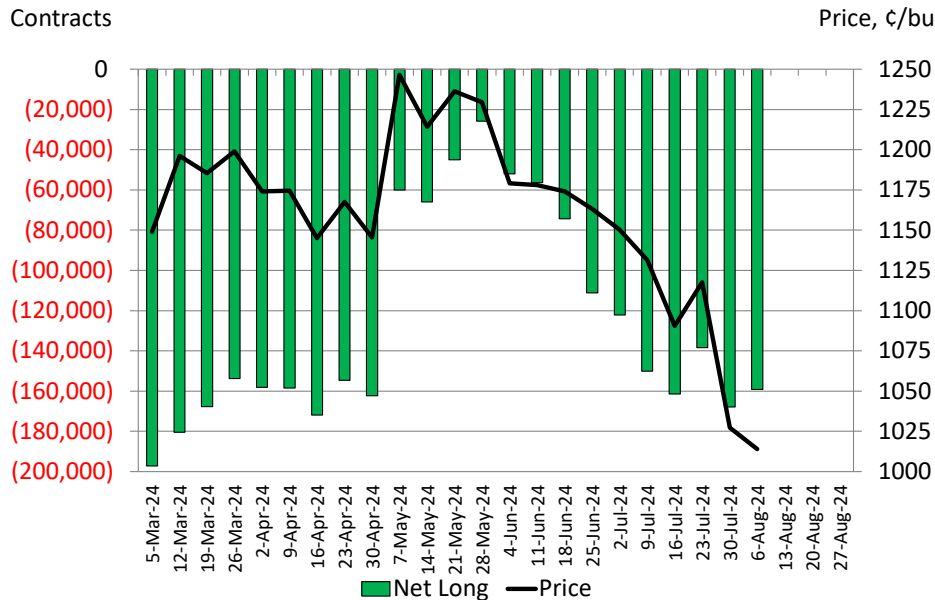
Non-commercial Investment in Corn, 8/6/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 8/6/2024



CFTC Legacy Report, Futures Only

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

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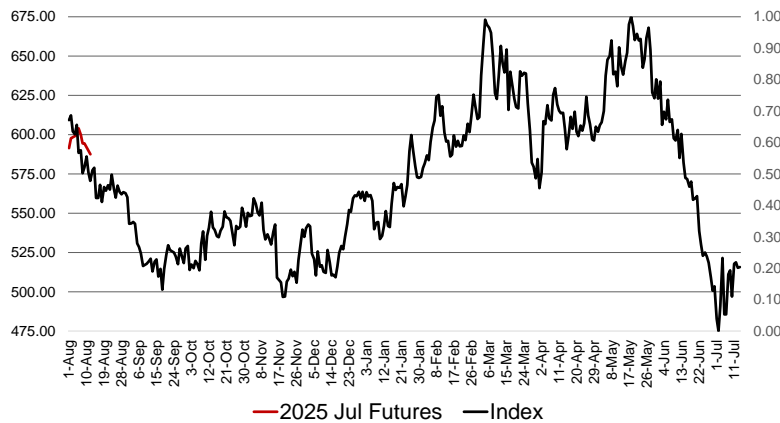
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Marketing Strategies

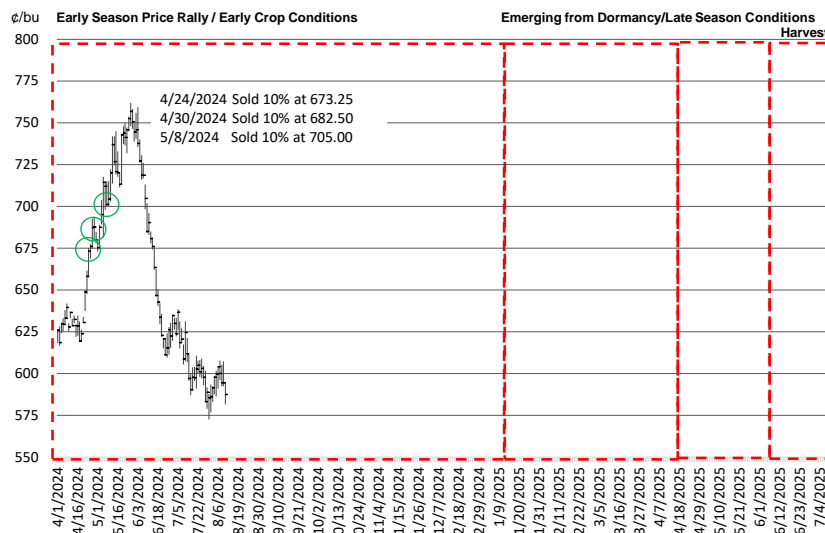
Seasonal Index. A chart of simple averages of prices over the growing season offers and picture of seasonal price tendencies. For the July Kansas City wheat contract, prices typically decline from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop 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 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 10	Short-term Energy Outlook, Energy Information Administration
September 12	Crop Production WASDE
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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