

Wheat Outlook

August 23, 2024

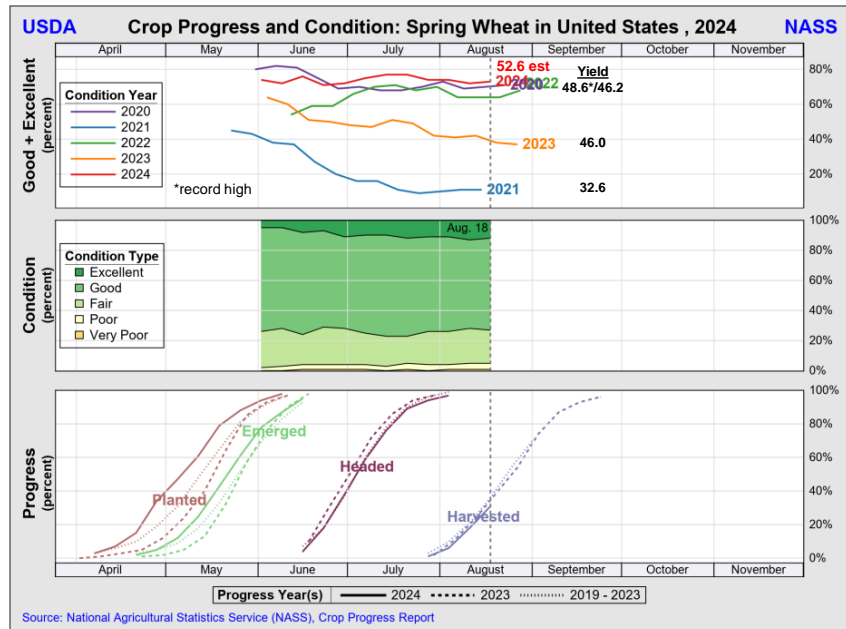
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Market Situation

Crop Progress and Condition. U.S. winter wheat harvest reached 96% as of August 18.

Condition ratings for the 2024 spring wheat crop show 5% rated very poor, unchanged from the week before. The share rated good and excellent is 73%, up 1 from last week. USDA's yield estimate for the 2024 spring wheat crop is a record 52.6 bushels per acre. Spring wheat harvested is 31%.



Weather. The drought monitor for the Southern Plains Climate Hub shows 69% of the area under drought, 4% of that 'extreme' and exceptional' (most of that in far West Texas). That is up from 63% drought coverage at the beginning of August. The drought severity index is at 129, just above the 122-point average and 193 at this time last year.

Moisture prospects for this area in the week ahead (8/23-8/30/2024) are mostly light and scattered.

Sea surface temperatures in the eastern Pacific are -0.1°C below normal with the Oceanic Nino Index currently neutral. The forecast is for La Nina conditions to develop around September. But forecast models to date show a La Nina that is relatively mild and short-lived.



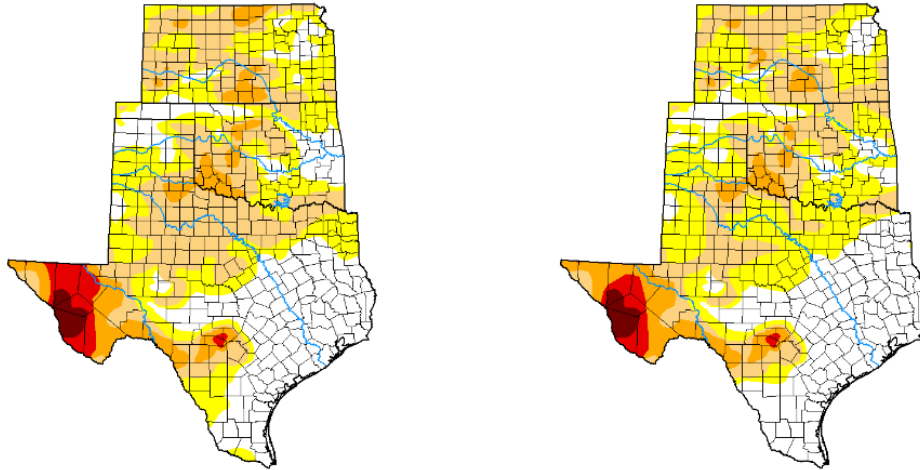
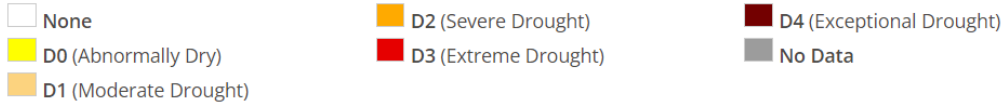
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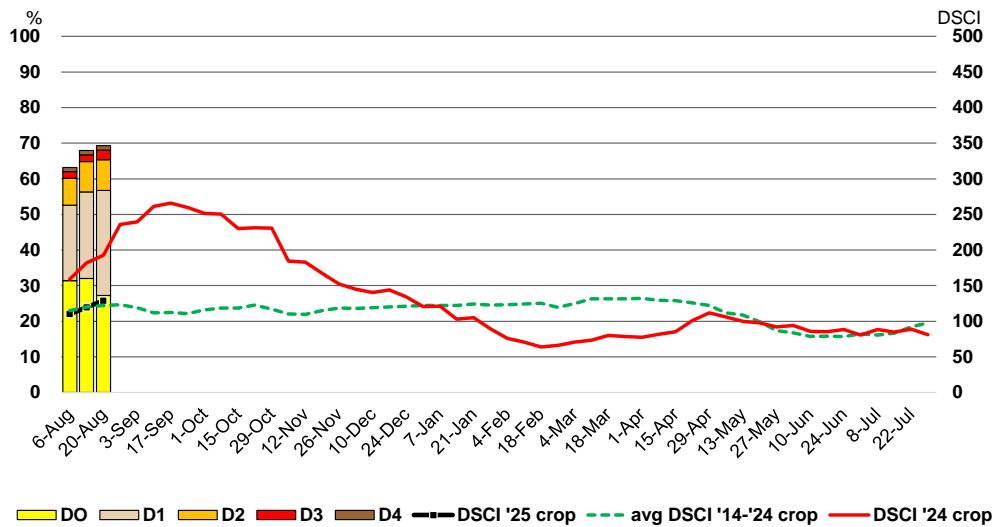
U.S. Drought Monitor

Drought Classification



Southern Plains Drought Monitor 8/20/2024

Drought Classification



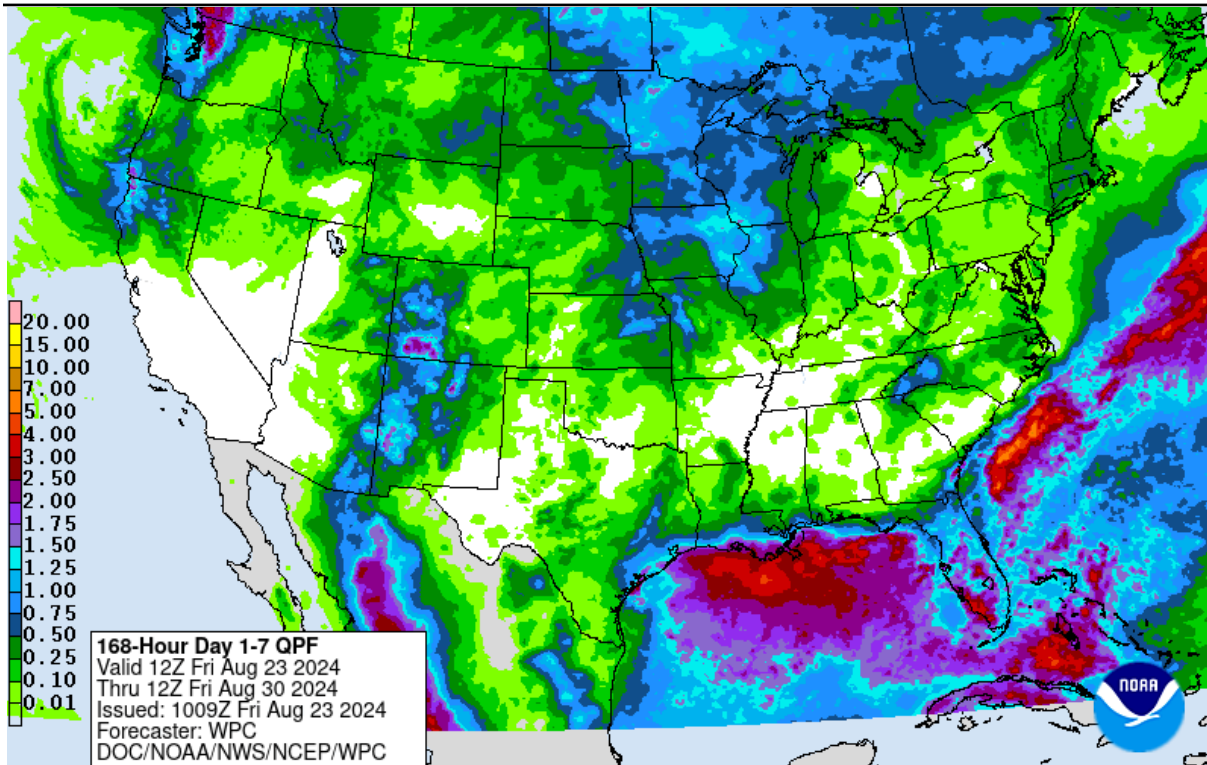
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
 min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 8/22/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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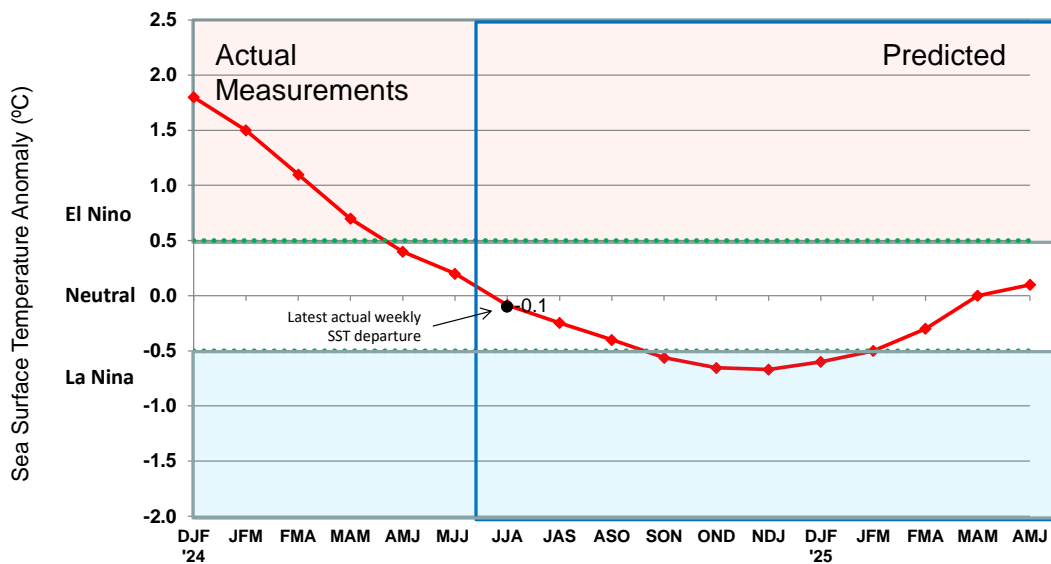
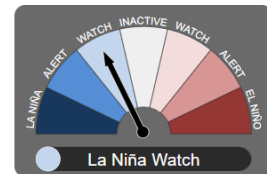
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Oceanic Niño Index (ONI) ENSO Alert System Status: La Niña Watch

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 21, 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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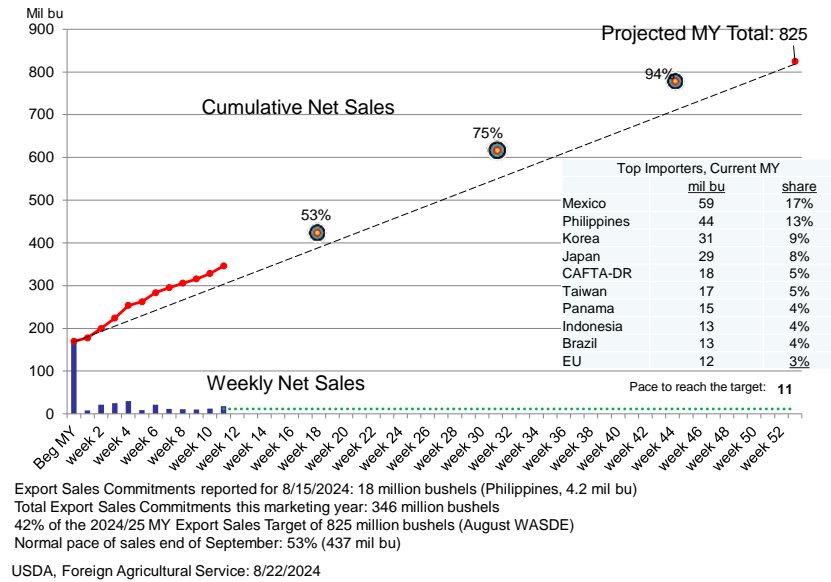
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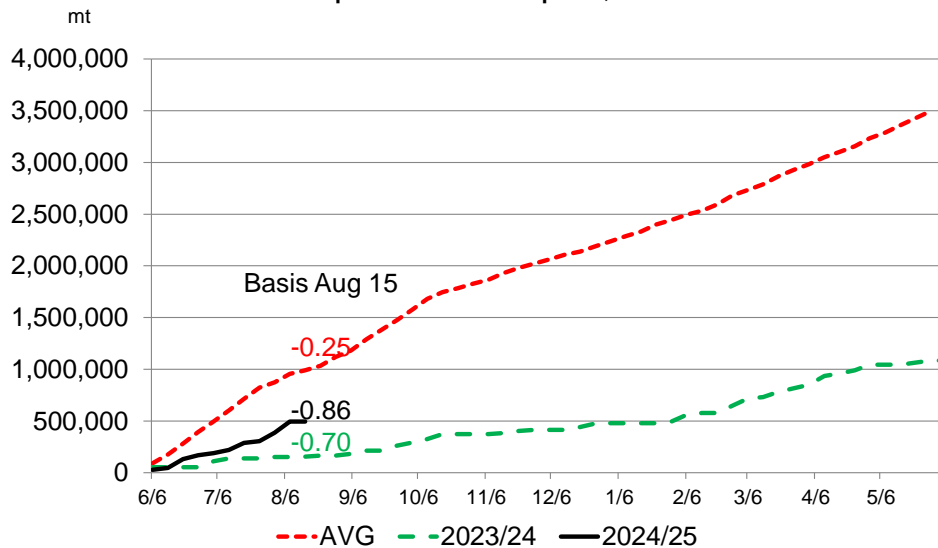
Grain Use. All wheat export sales commitments for the week of August 15 were 18 million bushels. The top buyer for the week was the Philippines at 4.2 million bushels. Total commitments this marketing year are 346 million bushels, 42% of the 825-million-bushel marketing year target. Normally about 50% of marketing year sales are on the books by the end of September.

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



Wheat exported out of the Texas Gulf this marketing year totals 494,539 metric tons. That is up from 156,384 metric tons this time last year but well below the 5-year average of 989,740. Associated with slow export activity is a weaker than normal basis for Texas wheat. The 5-year average basis is 25 under. Last year it was 70 under. The current Texas basis is 86 under.

Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. Grain Transportation Report. August 22, 2024

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Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
July 25	5.62	4.78	-0.84			
August 1	5.55	4.71	-0.84			
August 8	5.52	4.66	-0.86			
August 15	5.37	4.51	-0.86			
August 22	5.29	4.44	-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

Commitment of Traders. Positions reported for speculative traders this week show an increase in bets for lower prices in Kansas City wheat, corn, and soybeans (short contracts held). These traders decreased their bets for higher prices (long contracts held) in corn and soybeans. Long contracts of KC wheat were up slightly. In Chicago wheat, traders added to their long positions and decreased holding of shorts.

For August 20, 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,
- 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
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
8/13/2024	125,365	164,270	(38,905)	528.75	66,198	86,150	(19,952)	547.75
8/20/2024	<u>134,387</u>	<u>160,093</u>	<u>(25,706)</u>	<u>533.00</u>	<u>66,359</u>	<u>89,381</u>	<u>(23,022)</u>	<u>546.00</u>
Change	9,022	(4,177)	13,199	4.25	161	3,231	(3,070)	(1.75)

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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
8/13/2024	328,996	483,001	(154,005)	377.75	118,322	284,045	(165,723)	937.25
8/20/2024	<u>319,844</u>	<u>485,140</u>	<u>(165,296)</u>	<u>375.00</u>	<u>105,737</u>	<u>284,630</u>	<u>(178,893)</u>	<u>957.25</u>
Change	(9,152)	2,139	(11,291)	(2.75)	(12,585)	585	(13,170)	20.00

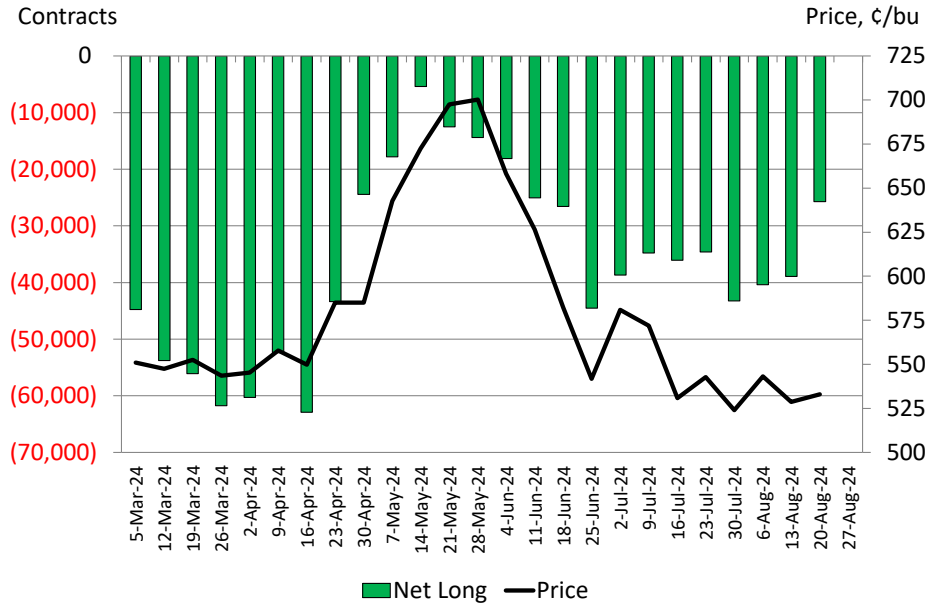
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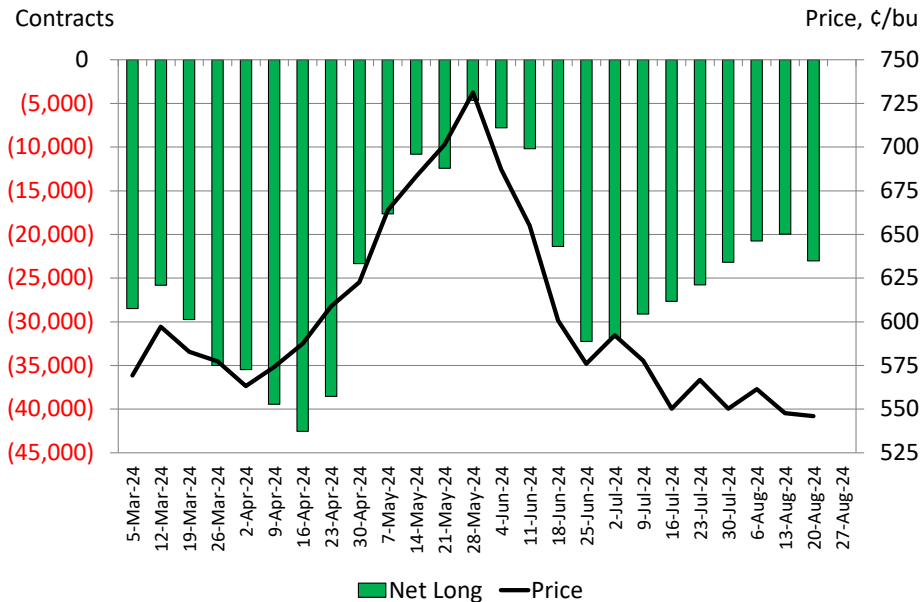
Non-commercial Investment in CBOT Wheat, 8/20/2024



CFTC Legacy Report, Futures Only

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

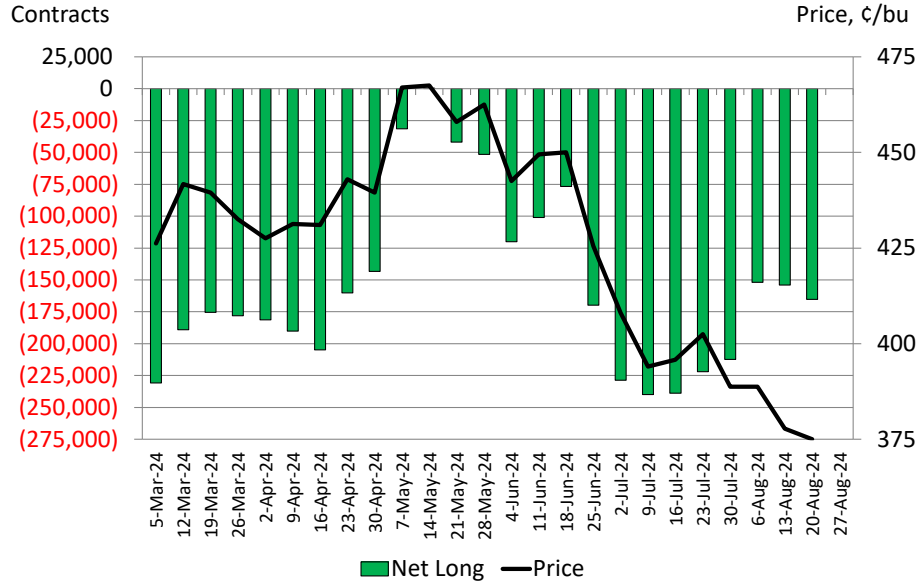
Non-commercial Investment in KC Wheat, 8/20/2024



CFTC Legacy Report, Futures Only

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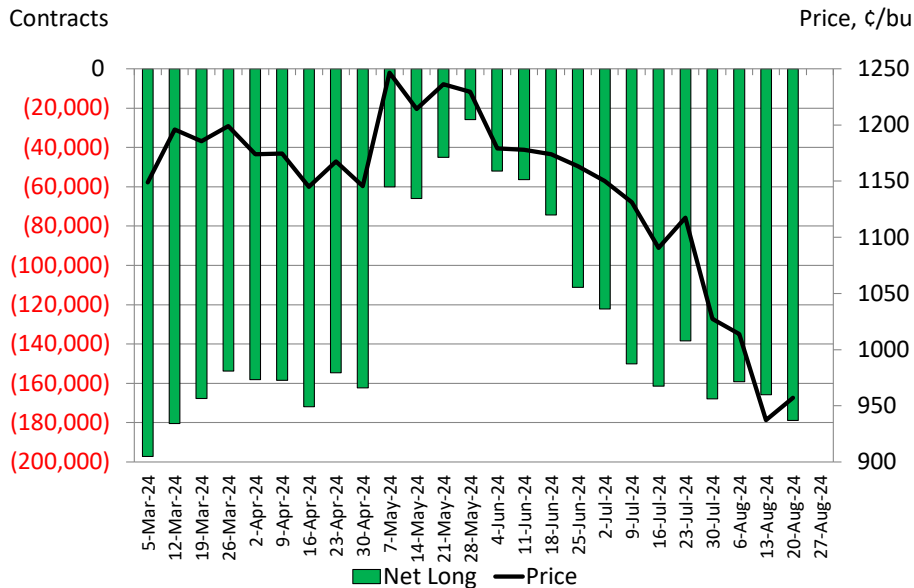
Non-commercial Investment in Corn, 8/20/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 8/20/2024



CFTC Legacy Report, Futures Only

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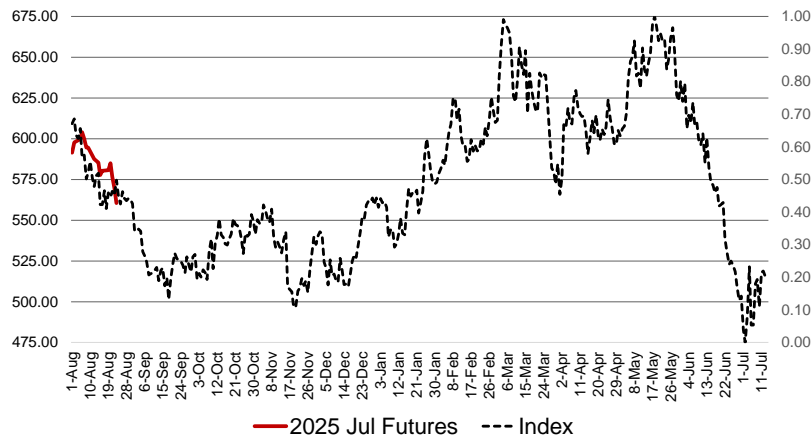
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Marketing Strategies

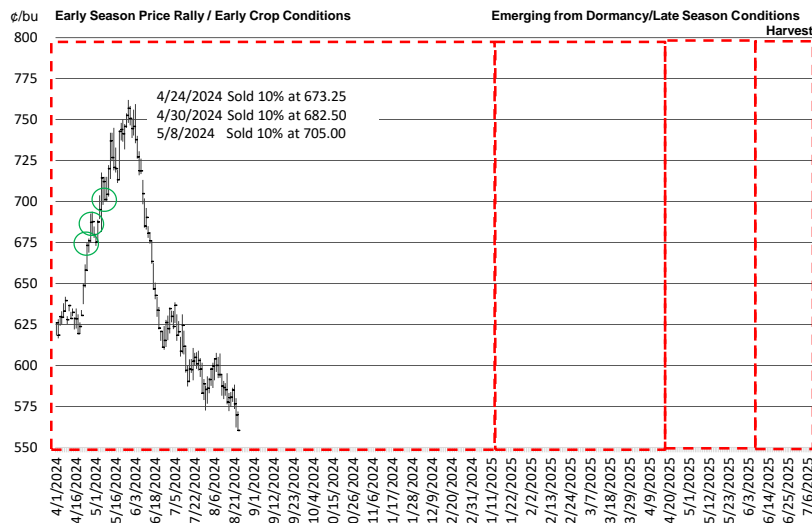
Seasonal Index. A chart of simple averages of prices over the growing season offers and picture of seasonal price tendencies. For the July Kansas City wheat contract, prices typically decline from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop 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 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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