

Wheat Outlook

August 30, 2024

Volume 33, Number 52

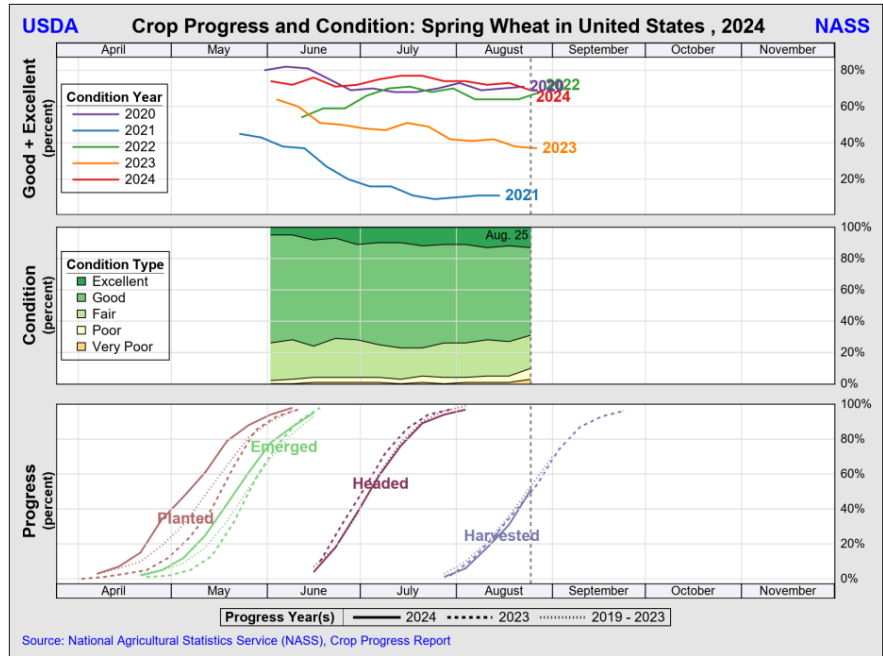
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Market Situation

Crop Progress and Condition. Harvest is about wrapped up for the 2024 U.S. winter wheat crop. Last week's Crop Progress report (August 18) showed harvest 96% complete.

Condition ratings for the 2024 spring wheat crop show the share rated very poor and poor was up 5% (5% to 10%) while the share rated good and excellent was down 4% (73% to 69%). Though down this week, these are still relatively strong ratings. Spring wheat harvested is 51%.



Weather. The drought monitor for the Southern Plains Climate Hub shows 82% of the area under drought, up from 69% last week. The drought severity index is up 28 points this week to 157. That is above the 123-point average but still below the 236 at this time last year. 'Extreme' drought conditions showed up this week in southwest Oklahoma and Childress County, Texas.

Moisture prospects for this area in the week ahead (8/30-9/6/2024) favor Texas and Oklahoma.

Sea surface temperatures in the eastern Pacific are normal this week, up from -0.1°C below normal last week. The Oceanic Nino Index is 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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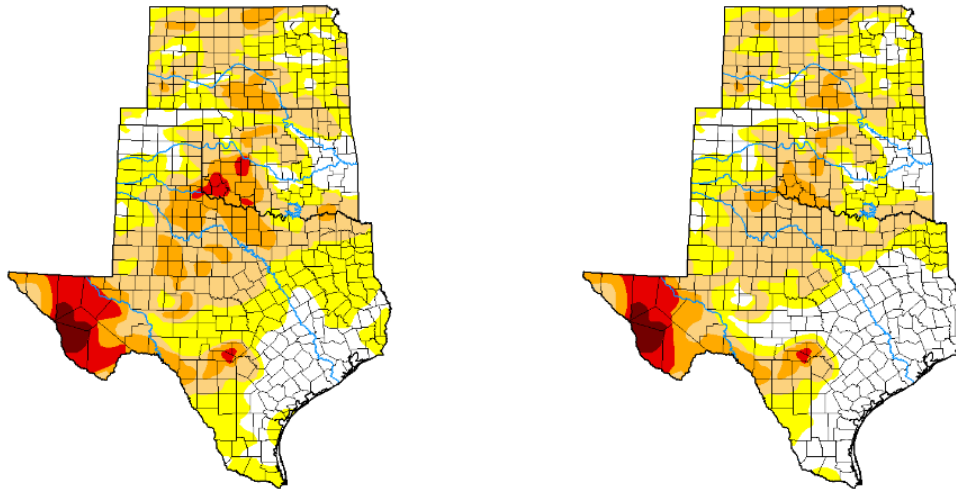
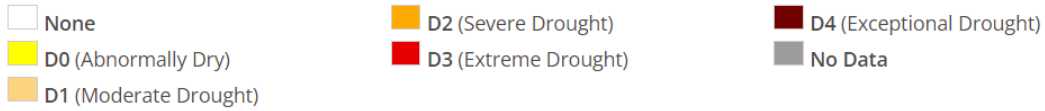
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U.S. Drought Monitor

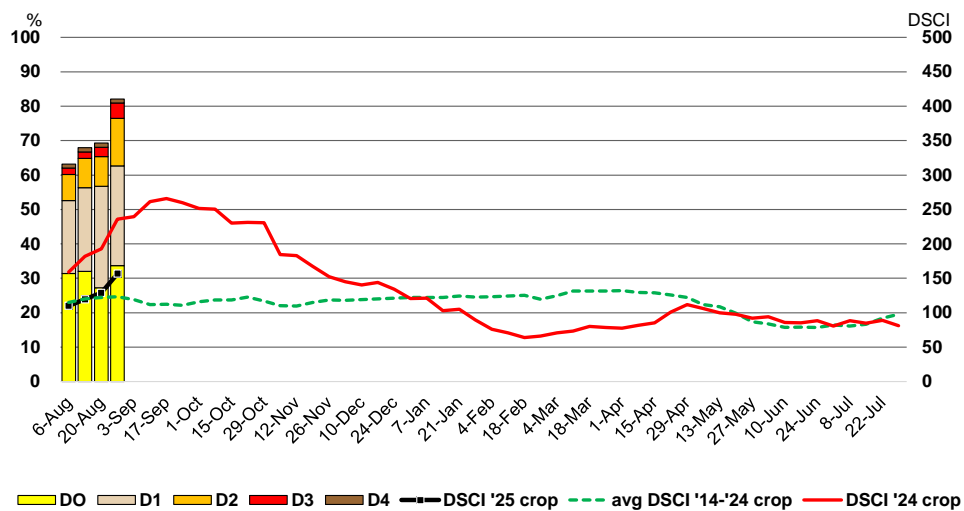


Drought Classification



Southern Plains Drought Monitor 8/27/2024

Drought Classification



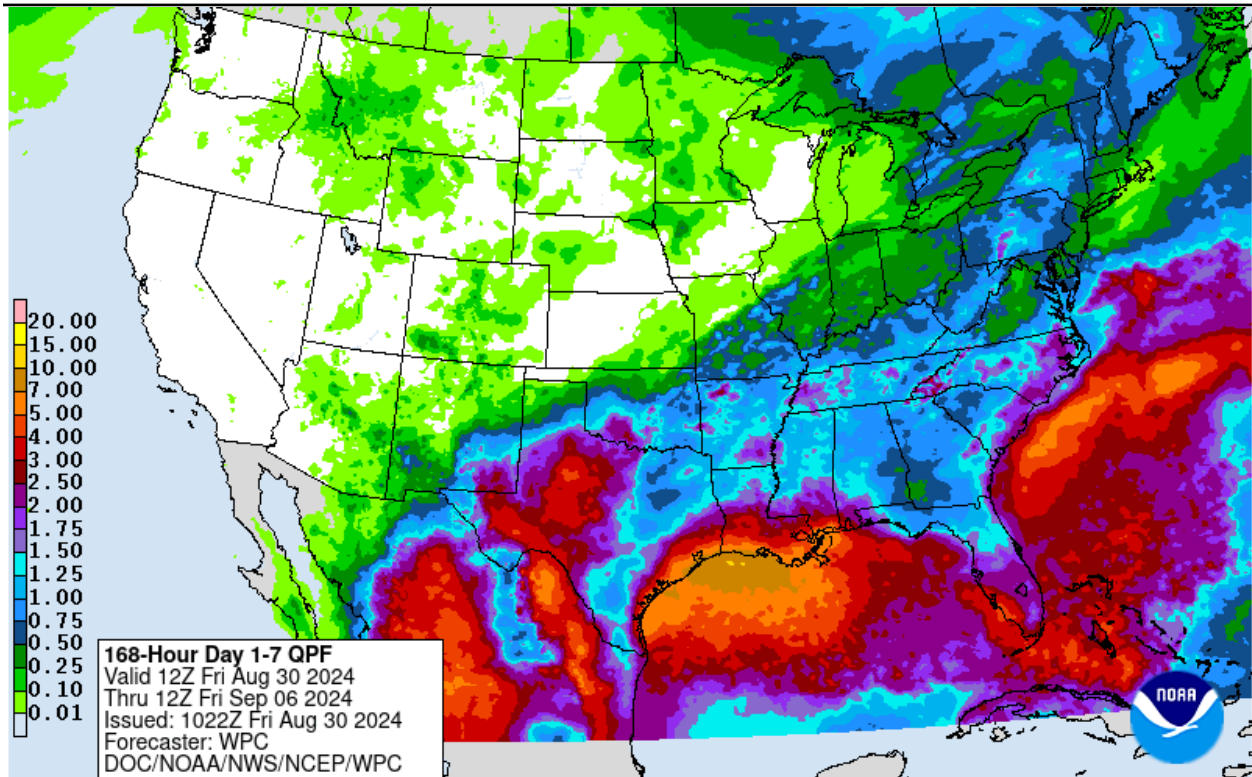
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
 min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 8/29/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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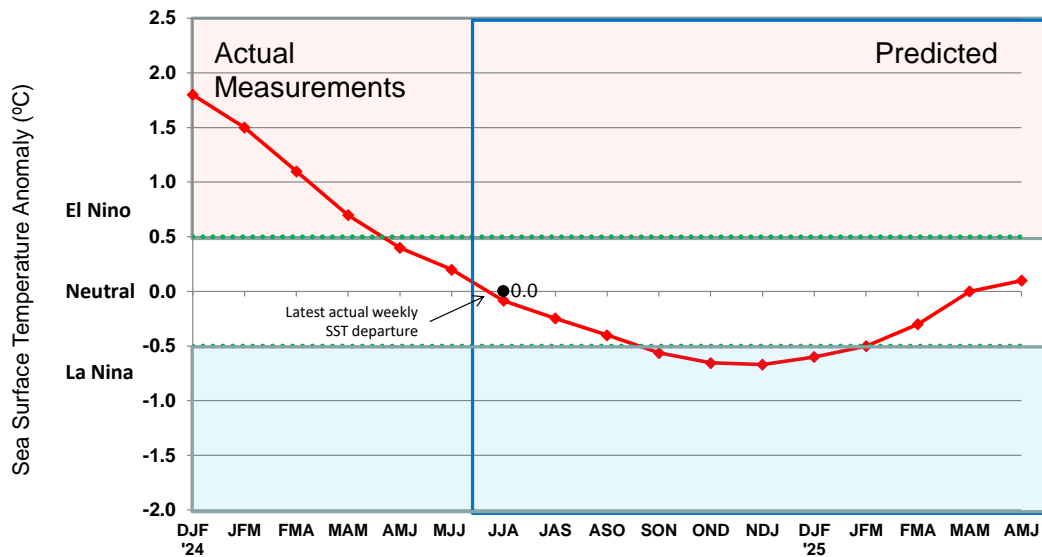
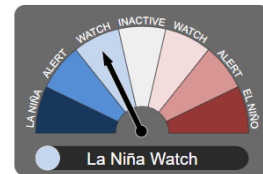
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Oceanic Nino Index (ONI) ENSO Alert System Status: La Nina Watch

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 26, 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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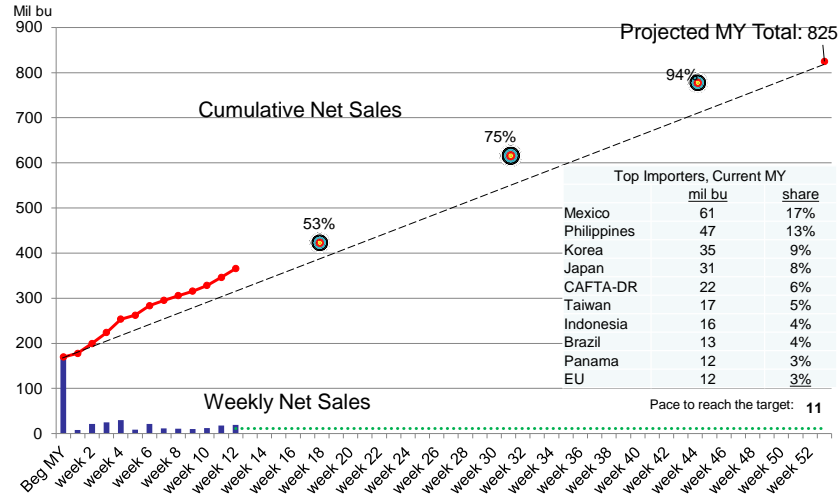
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Grain Use. All wheat export sales commitments for the week of August 22 were 20 million bushels. The top buyer for the week was again the Philippines at 3.6 million bushels. Total commitments this marketing year are 366 million bushels, 44% of—and on pace to reach—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

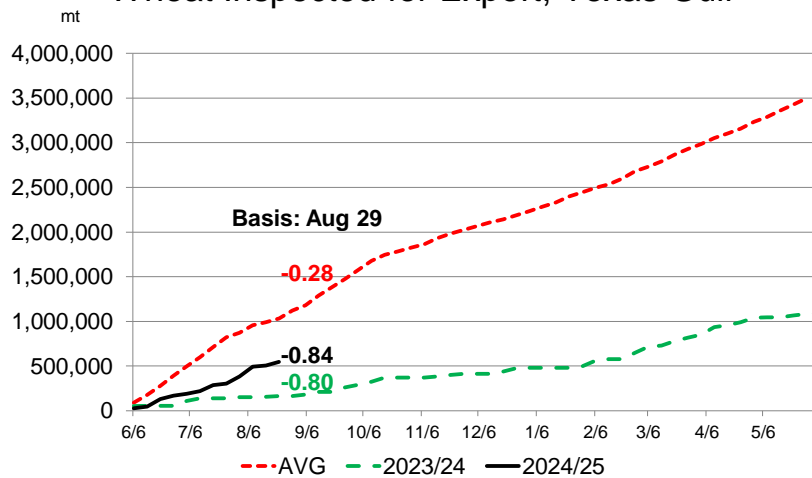


Export Sales Commitments reported for 8/22/2024: 20 million bushels (Philippines, 3.6 mil bu)
 Total Export Sales Commitments this marketing year: 366 million bushels
 44% of the 2024/25 MY Export Sales Target of 825 million bushels (August WASDE)
 Normal pace of sales end of September: 53% (437 mil bu)

USDA, Foreign Agricultural Service: 8/22/2024

Wheat exported out of the Texas Gulf this marketing year totals 547,246 metric tons. That is up from 165,658 metric tons this time last year but about half the 5-year average of just over 1 million metric tons. Associated with slow export activity is a weaker than normal basis for Texas wheat. The 5-year average hard red winter wheat basis this week is 28 under. Last year it was 80 under. The current Texas basis is 84 under.

Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. Grain Transportation Report. August 29, 2024

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Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
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			
August 29	5.46	4.61	-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

Commitment of Traders. Positions reported for speculative traders this week show an increase in bets on both sides of the market in Chicago wheat, Kansas City wheat, and soybeans. The bets for lower prices (short contracts held) outpaced the bets for higher prices (long contracts held) in Chicago wheat and soybeans pushing net longs lower (more negative). Bets for higher prices exceeded the bets for lower prices in KC wheat increasing net longs (less negative). Traders got out of both sides of the corn market. Net longs increased (less negative) as traders exited more short positions than longs.

For August 27, 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
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	134,387	160,093	(25,706)	533.00	66,359	89,381	(23,022)	546.00
8/27/2024	139,525	172,206	(32,681)	508.25	69,044	89,514	(20,470)	538.75
Change	5,138	12,113	(6,975)	(24.75)	2,685	133	2,552	(7.25)

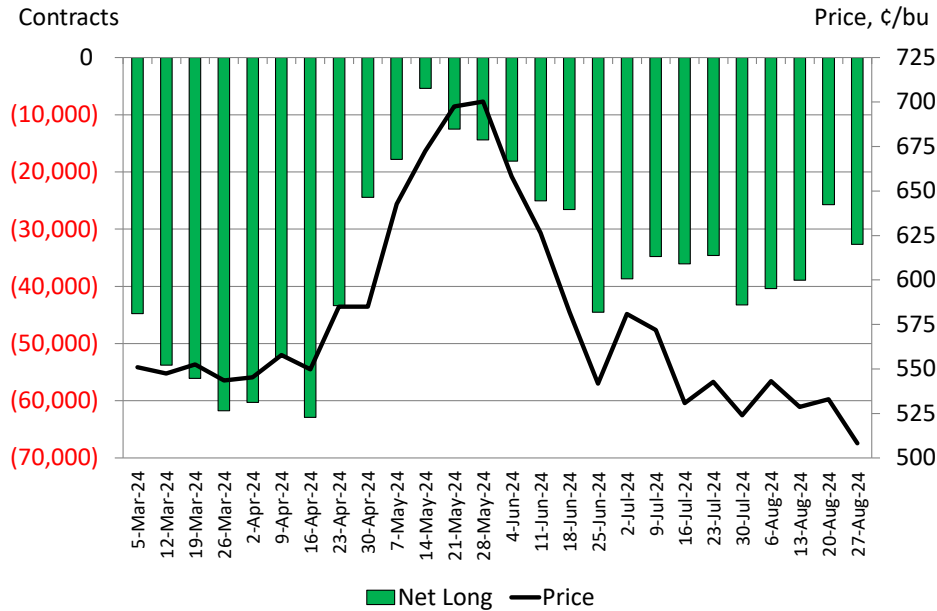
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
7/30/2024	308,633	521,075	(212,442)	388.75	111,578	279,478	(167,900)	1027.25
8/6/2024	320,403	472,372	(151,969)	388.75	111,259	270,387	(159,128)	1014.00
8/13/2024	328,996	483,001	(154,005)	377.75	118,322	284,045	(165,723)	937.25
8/20/2024	319,844	485,140	(165,296)	375.00	105,737	284,630	(178,893)	957.25
8/27/2024	317,652	466,186	(148,534)	367.25	108,772	293,038	(184,266)	967.50
Change	(2,192)	(18,954)	16,762	(7.75)	3,035	8,408	(5,373)	10.25

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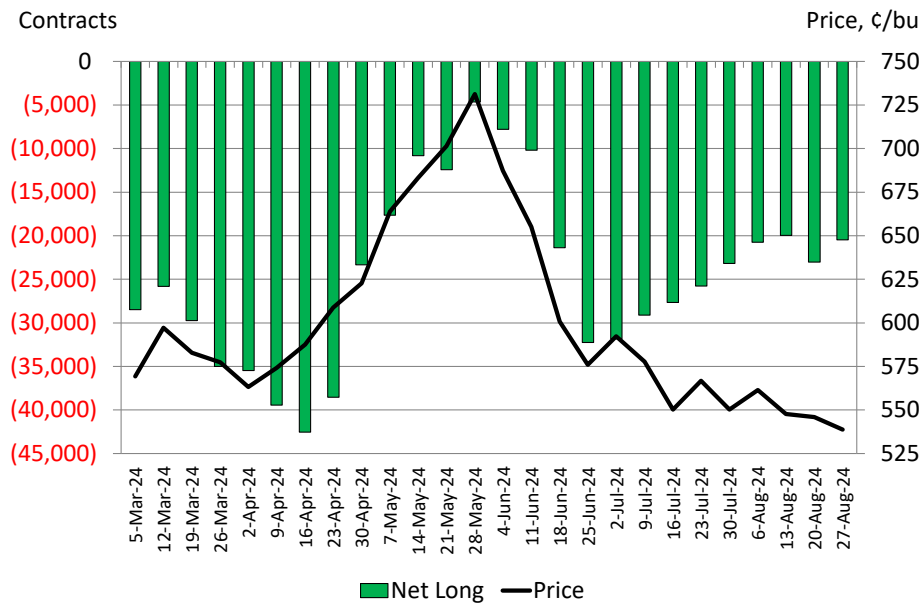
Non-commercial Investment in CBOT Wheat, 8/27/2024



CFTC Legacy Report, Futures Only

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

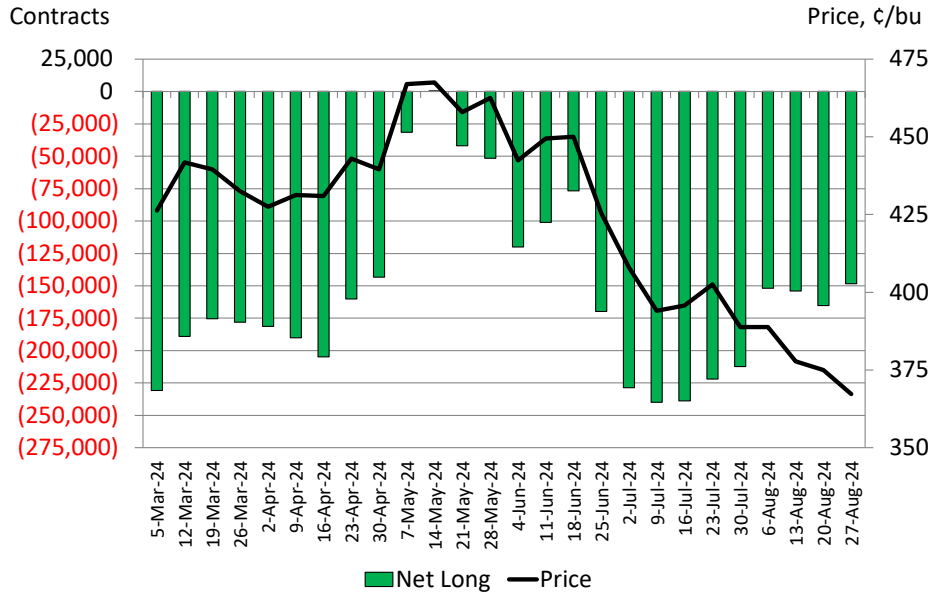
Non-commercial Investment in KC Wheat, 8/27/2024



CFTC Legacy Report, Futures Only

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

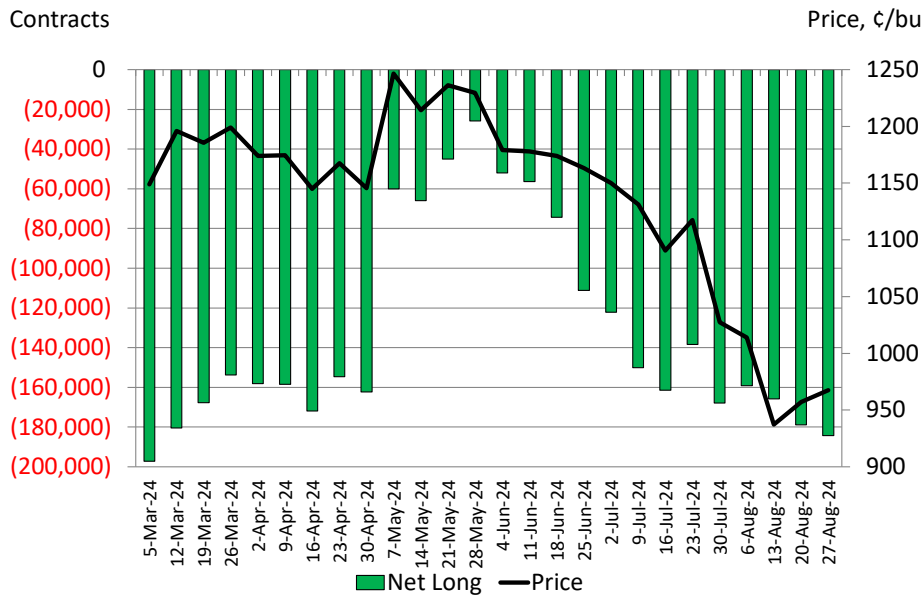
Non-commercial Investment in Corn, 8/27/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 8/27/2024



CFTC Legacy Report, Futures Only

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

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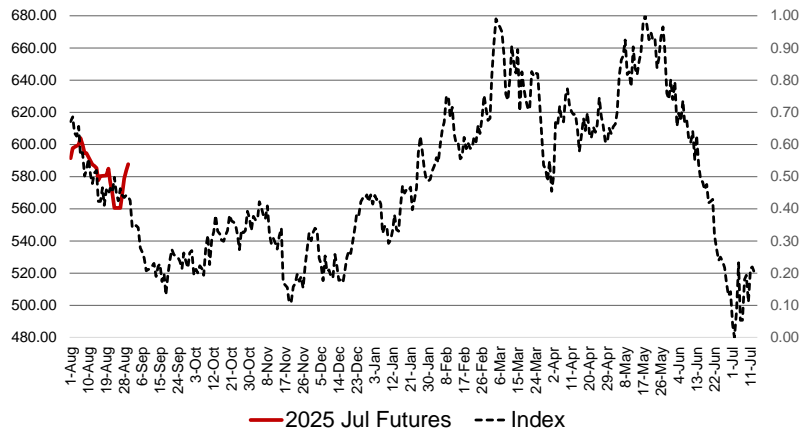
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Marketing Strategies

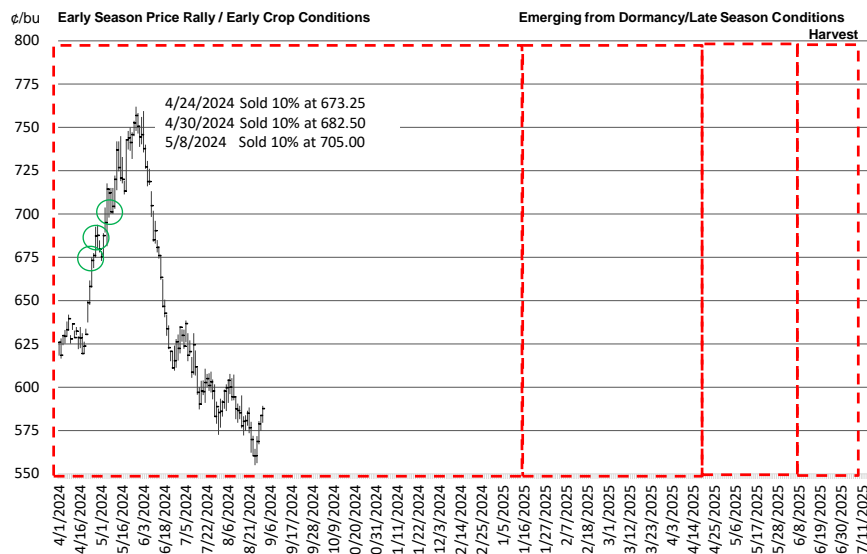
Seasonal Index. A chart of simple averages of prices over the growing season offers and picture of seasonal price tendencies. For the July Kansas City wheat contract, prices typically decline from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop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

September 6	August Employment Situation, BLS
September 10	Short-term Energy Outlook, Energy Information Administration
September 11	Consumer Price Index, Bureau of Labor Statistics (BLS)
September 12	Crop Production WASDE
September 17-18	Federal Open Market Committee, Federal Reserve
September 20	Cattle on Feed
September 23	Chickens and Eggs
September 26	Hogs and Pigs
September 30	Grain Stocks Small Grains Summary
October 1-2	Master Marketer Marketing Plan Workshop, El Campo, Texas
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas

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