

# Wheat Outlook

October 7, 2024

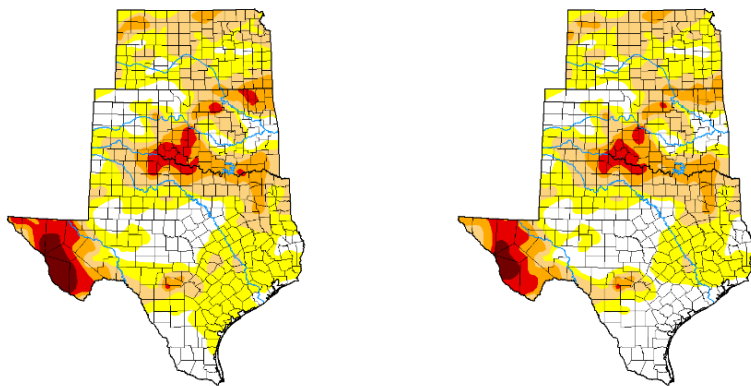
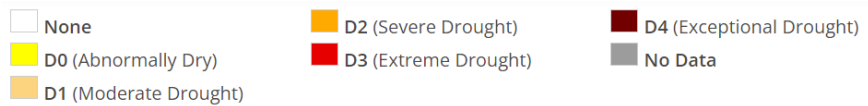
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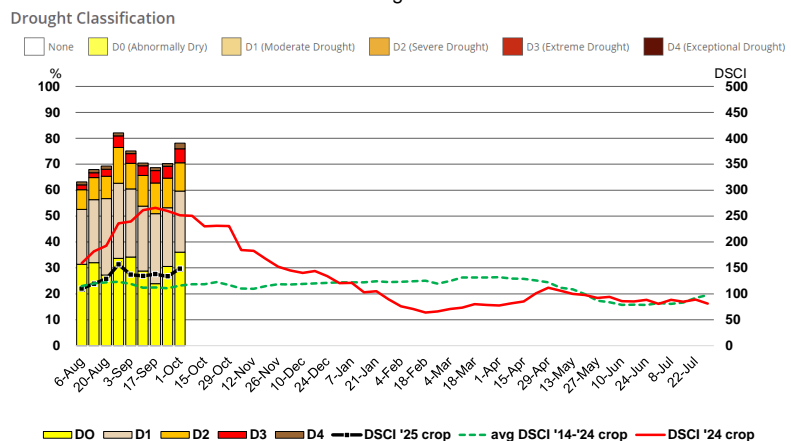
## Market Situation

**Crop Progress and Condition.** Winter wheat planting nationwide on October 6 was 51%, about even with the 5-year average of 52%. Emergence of 25% is the same as average.

**Weather.** The drought monitor for the Southern Plains Climate Hub shows an increase in the area impacted by drought up 8 points to 78%. The severity index was 15 points higher to 148. The area rated D3 and D4, extreme and exceptional was up 2%. The severity index average for this week of the growing season is 116. The index last year at this time was 251.



Southern Plains Drought Monitor 10/1/2024



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, 10/3/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

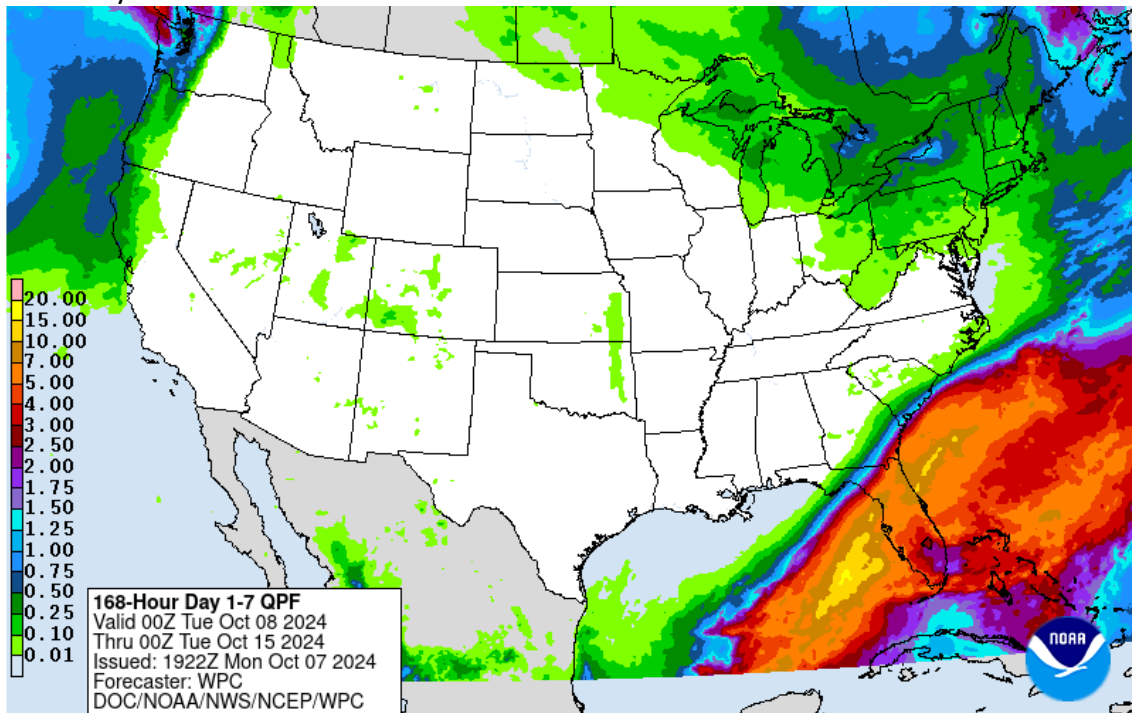


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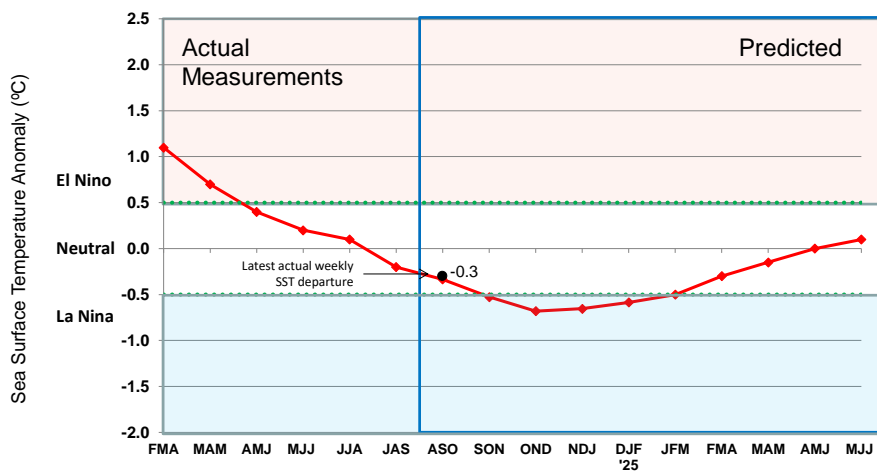
Last week it was Hurricane Helene. This week (10/08-10/15/2024), the precipitation forecast is dominated by Hurricane Milton.



Sea surface temperatures in the eastern Pacific are running  $-0.3^{\circ}\text{C}$  below normal this week. The Oceanic Niño Index is currently neutral with a forecast for La Niña conditions to develop around September. 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 conditions are present. La Niña favored to emerge in September-November (71% chance) and expected to persist through January-March 2025.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, October 7, 2024

[http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/](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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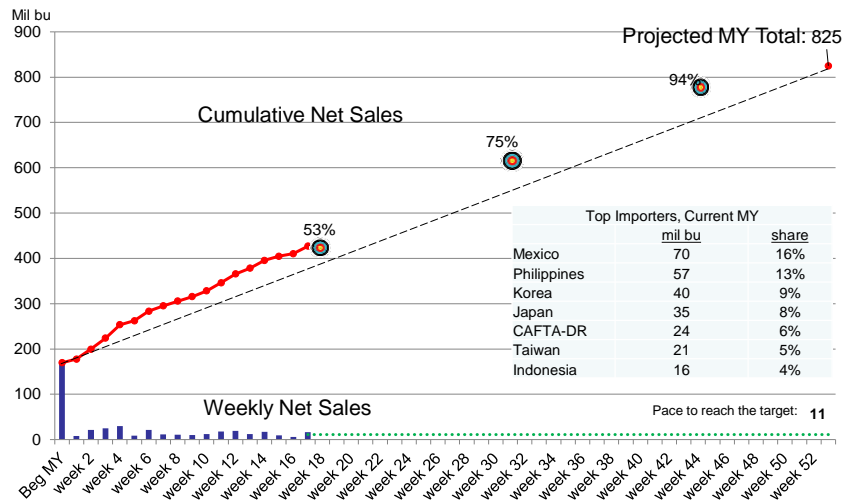
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**Grain Use.** All wheat export sales for the week of September 26 were 16 million bushels, 6.3 million of that to Japan. Sales for the marketing year have reached 427 million bushels, just over half of the 825 million bushel marketing year target. That is about where sales are normally by the end of September.

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

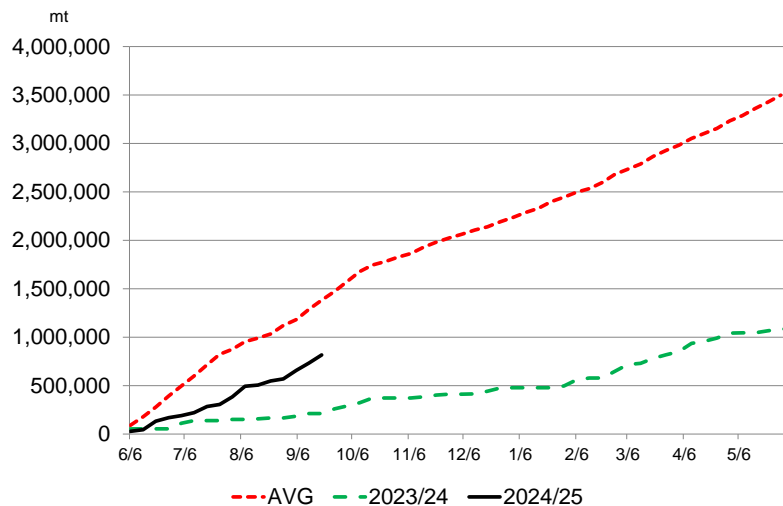


Export Sales Commitments reported for 9/26/2024: 16 million bushels (Japan, 6.3 mil bu)  
 Total Export Sales Commitments this marketing year: 427 million bushels  
 52% of the 2024/25 MY Export Sales Target of 825 million bushels (September WASDE)  
 Normal pace of sales end of September: 53% (437 mil bu)

USDA, Foreign Agricultural Service: 10/3/2024

Wheat exported out of the Texas Gulf as September 19 has reached 816,594 metric tons for the marketing year. That is about 60% of the 5-year average.

## Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. *Grain Transportation Report*. September 26, 2024

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## Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
September 5	5.89	4.94	-0.95			
September 12	5.86	4.93	-0.93			
September 19	5.65	4.72	-0.93			
September 26	5.79	4.87	-0.93			
October 3	6.12	5.18	-0.93			
10-year avg			-0.45		0.73	-1.18

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

**Commitment of Traders.** Net longs were higher across the board last week (October 1) but for different reasons. Short covering (getting out of bets for lower prices) dominated in Chicago wheat, Kansas City wheat, and corn. Traders exited short positions in soybeans as well but also made a significant investment in longs, bets for higher prices.

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
9/3/2024	134,551	162,293	(27,742)	566.75	69,930	86,201	(16,271)	576.25
9/10/2024	126,513	142,816	(16,303)	574.25	72,578	79,312	(6,734)	584.00
9/17/2024	124,164	138,353	(14,189)	575.75	69,804	75,792	(5,988)	580.00
9/24/2024	121,819	133,909	(12,090)	578.00	69,190	78,256	(9,066)	571.00
10/1/2024	<u>122,327</u>	<u>128,459</u>	<u>(6,132)</u>	<u>599.00</u>	<u>69,903</u>	<u>73,892</u>	<u>(3,989)</u>	<u>598.25</u>
Change	508	(5,450)	5,958	21.00	713	(4,364)	5,077	27.25

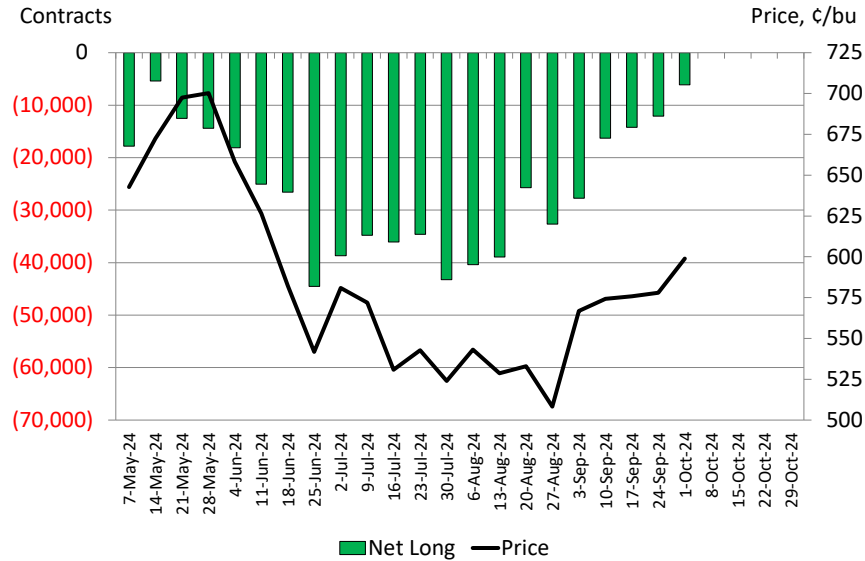
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
9/3/2024	335,231	425,714	(90,483)	409.25	111,107	273,132	(162,025)	1012.00
9/10/2024	339,497	387,257	(47,760)	404.25	105,764	249,995	(144,231)	997.25
9/17/2024	337,834	404,129	(66,295)	412.50	111,373	246,011	(134,638)	1006.00
9/24/2024	326,166	390,388	(64,222)	411.75	118,946	212,377	(93,431)	1042.25
10/1/2024	<u>321,301</u>	<u>328,494</u>	<u>(7,193)</u>	<u>429.00</u>	<u>129,529</u>	<u>203,226</u>	<u>(73,697)</u>	<u>1057.25</u>
Change	(4,865)	(61,894)	57,029	17.25	10,583	(9,151)	19,734	15.00

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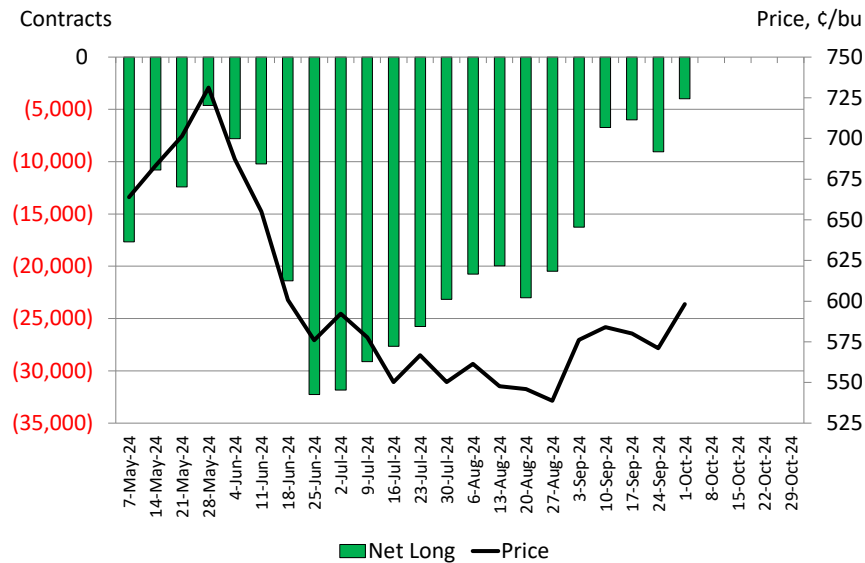
## Non-commercial Investment in CBOT Wheat, 10/1/2024



CFTC Legacy Report, Futures Only

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

## Non-commercial Investment in KC Wheat, 10/1/2024



CFTC Legacy Report, Futures Only

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

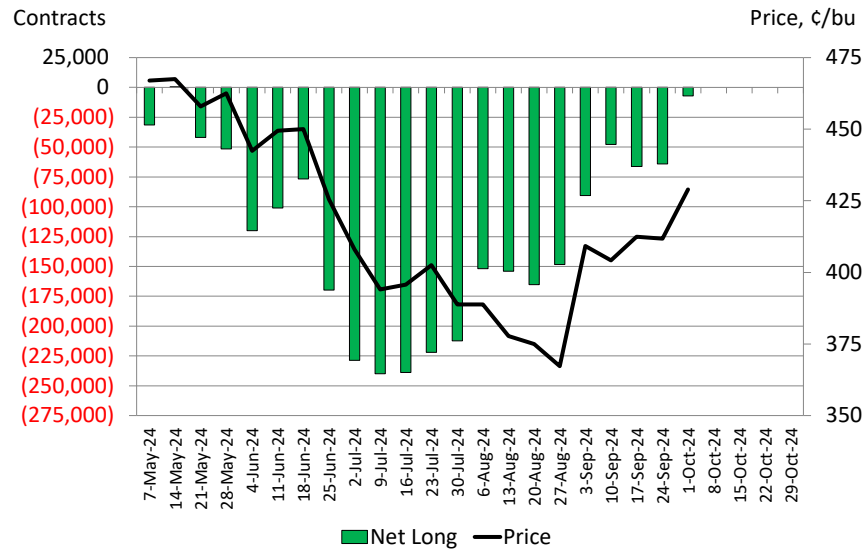
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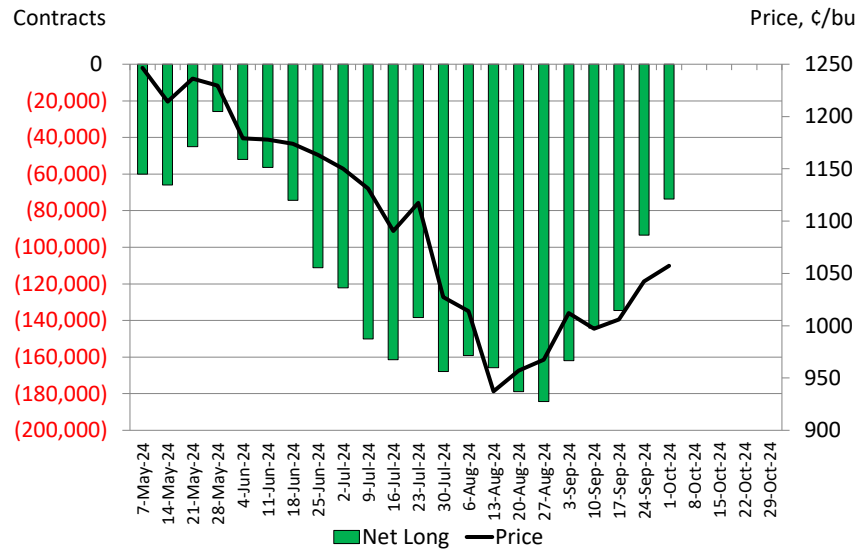


## Non-commercial Investment in Corn, 10/1/2024



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

## Non-commercial Investment in Soybeans, 10/1/2024



CFTC Legacy Report, Futures Only  
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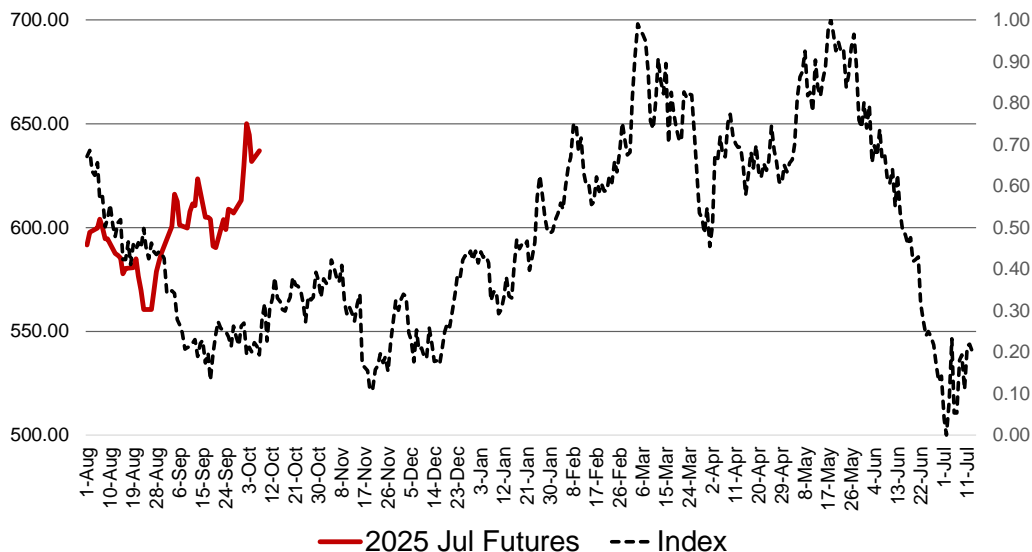
For October 1, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

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

## Marketing Strategies

**Seasonal Index.** A chart of simple averages of prices over the growing season offers a 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



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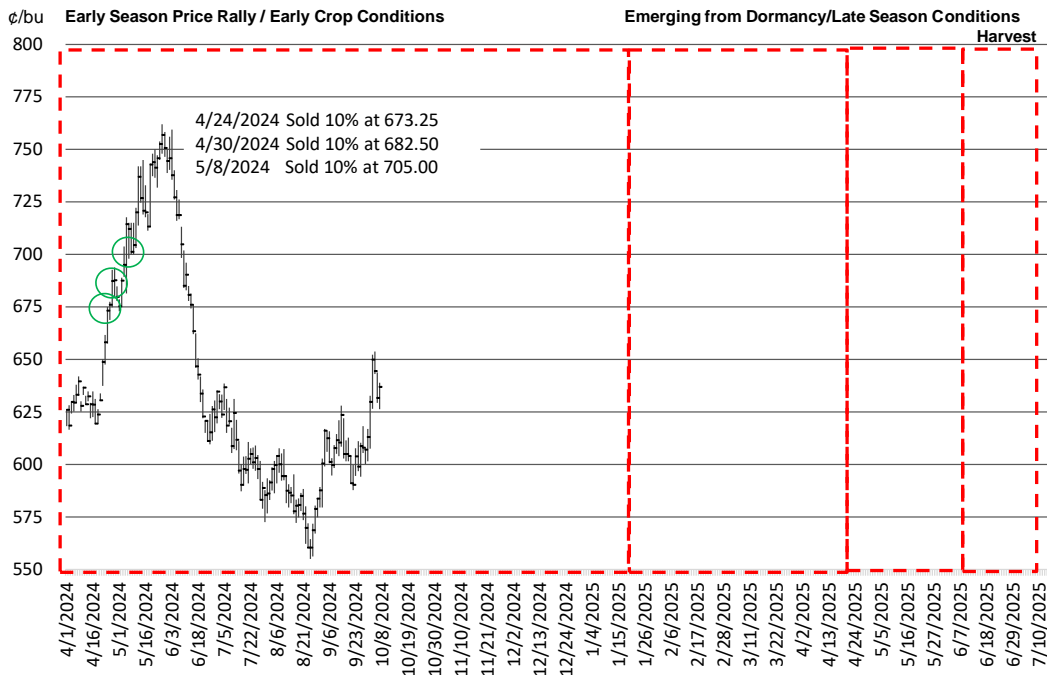
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**Wheat Marketing Plan.** For the 2025 wheat crop, I got to 30% sold on the price rally in May.

## July 2025 KC Wheat and Marketing Plan



### Upcoming Reports/Events

October 8	Short-term Energy Outlook, Energy Information Administration
October 10	Consumer Price Index, Bureau of Labor Statistics
October 11	Crop Production WASDE
October 25	Cattle on Feed
October 30	Gross Domestic Product, 3rd Quarter 2024 (Advance Estimate)
November 1	October Employment Situation, Bureau of Labor Statistics
November 6-7	Federal Open Market Committee, Federal Reserve
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas



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