

Wheat Outlook

October 14, 2024

Volume 33, Number 62

Today's Newsletter

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Market Situation

WASDE. The numbers for wheat in the October WASDE reflect crop information in the September Small Grains Summary: a small decrease in planted acres and yield. These changes lowered production slightly but were largely offset by an increase in imports. The only change in use was +10 million bushels for feed.

US WHEAT SUPPLY AND USE			October		
AREA			2024/25	September to October	
			10/11/2024	Net Δ	% Δ
	Planted	mil acres	46.1	(0.2)	-0.4%
	Harvested	mil acres	38.5	0.6	1.6%
	Percent Harvested		83.5%	1.7%	2.0%
YIELD	Harvested acre	bu/ac	51.2	(1.0)	-1.9%
SUPPLY					
	Beginning stocks	mil bu	696	(6)	-0.9%
	Production	mil bu	1,971	(11)	-0.6%
	Imports	mil bu	115	10	9.5%
	Total Supply	mil bu	2,783	(6)	-0.2%
DEMAND					
	Food	mil bu	964	0	0.0%
	Seed	mil bu	62	0	0.0%
	Feed and residual	mil bu	120	10	9.1%
	Total Domestic Use	mil bu	1,146	10	0.9%
	Exports	mil bu	825	0	0.0%
	Total Use	mil bu	1,971	10	0.5%
	Ending stocks	mil bu	812	(16)	-1.9%
	Stocks to Use ratio	percent	41.2%	-1.0%	-2.4%
	Days of Use on hand	days	150.4	(3.7)	-2.4%
PRICE					
	Average farm price	\$/bu	5.70	0.00	0.0%
	Reference Price	\$/bu	5.50	0.00	0.0%
	PLC Payment	\$/bu	0.00		

Only minor changes were made to estimates of world wheat supply and demand: supply down 1.9 mmt, use down 2.4 mmt, ending stocks up 0.5 mmt.

WORLD WHEAT		MMT								
Marketing Year		Beginning Stocks	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on hand
2021/22		283.86	780.05	199.93	160.19	791.16	202.77	272.75	0.3447	125.8
2022/23		273.57	789.49	213.10	152.71	789.44	221.73	273.61	0.3466	126.5
2023/24		273.61	790.38	221.80	158.54	797.81	221.32	266.18	0.3228	121.8
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
2024/25	September	265.25	796.88	210.27	151.91	804.90	216.51	257.22	0.3196	116.6
2024/25	October	266.18	794.08	210.77	151.80	802.54	215.82	257.72	0.3211	117.2
	Net Change	0.93	(2.80)	0.50	(0.11)	(2.36)	(0.69)	0.50	0.0016	0.57
	% Change	0.35%	-0.35%	0.24%	-0.07%	-0.29%	-0.32%	0.19%	0.49%	0.49%

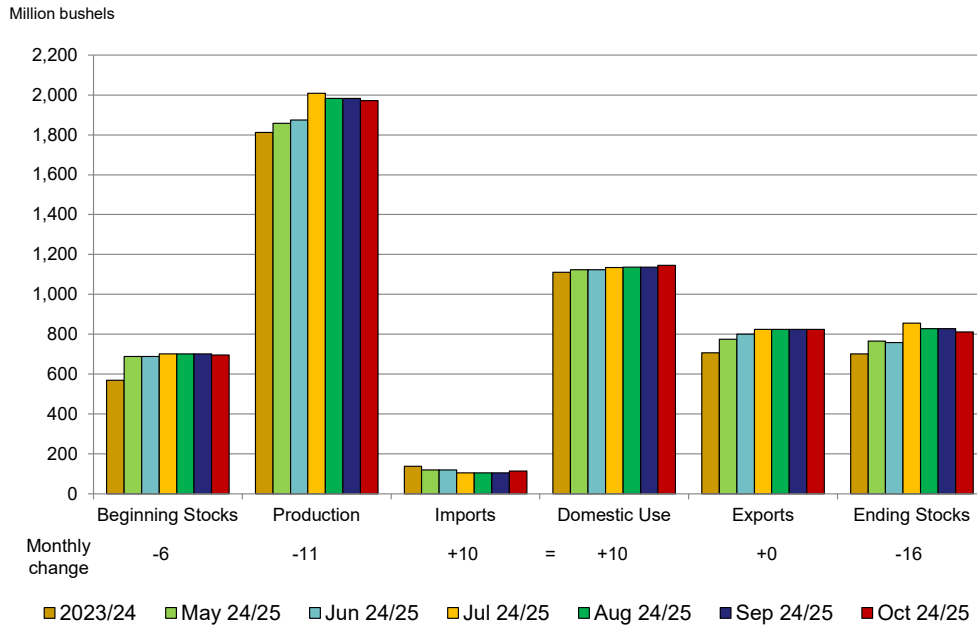


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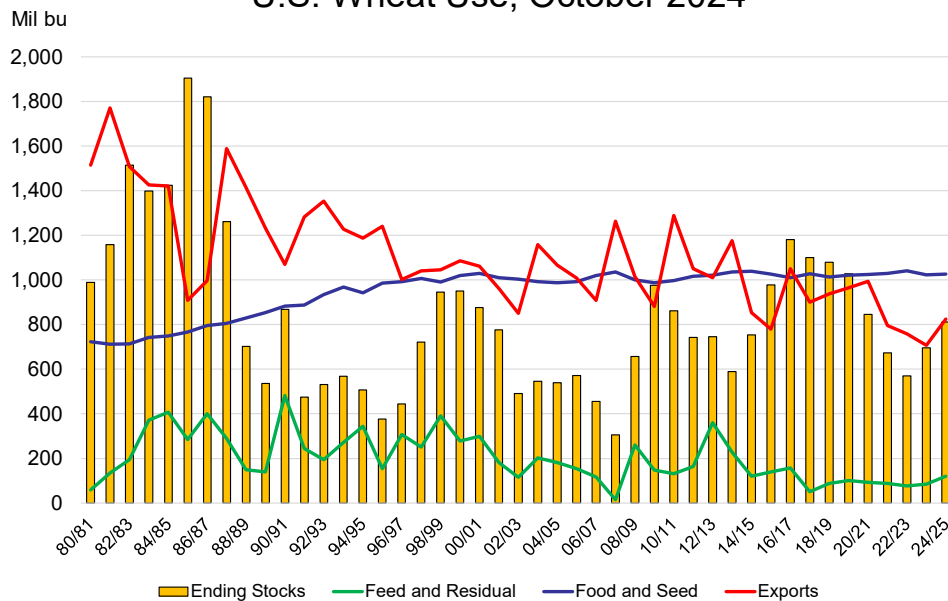
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U.S. Wheat Supply and Demand, October 2024



USDA, WASDE, 10/11/2024

U.S. Wheat Use, October 2024



USDA, WASDE, 10/11/2024

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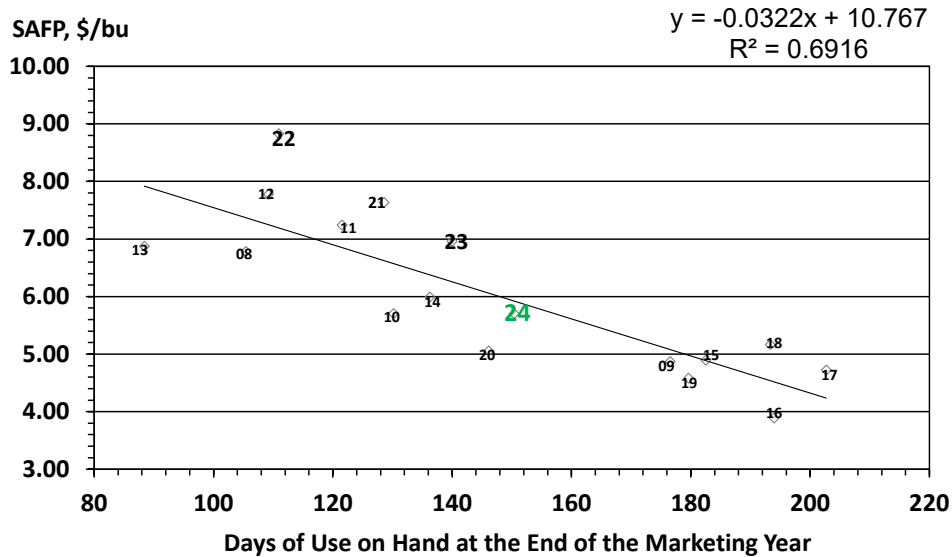
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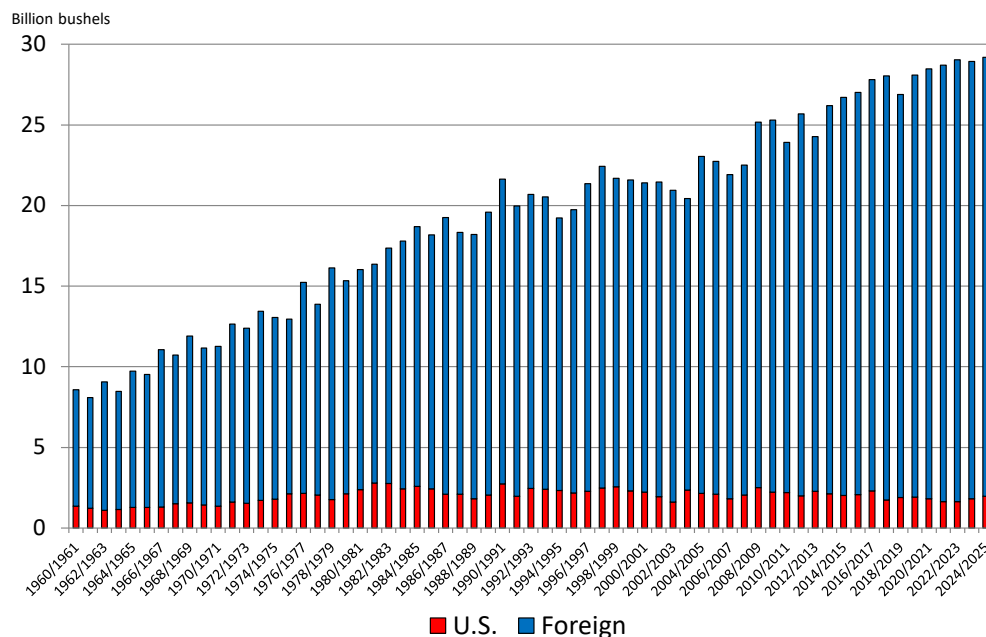
Nominal U.S. Wheat Average Farm Price and Days of Use on Hand

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



Source: USDA, October WASDE 2024

World Wheat Production



WASDE 10/11/2024

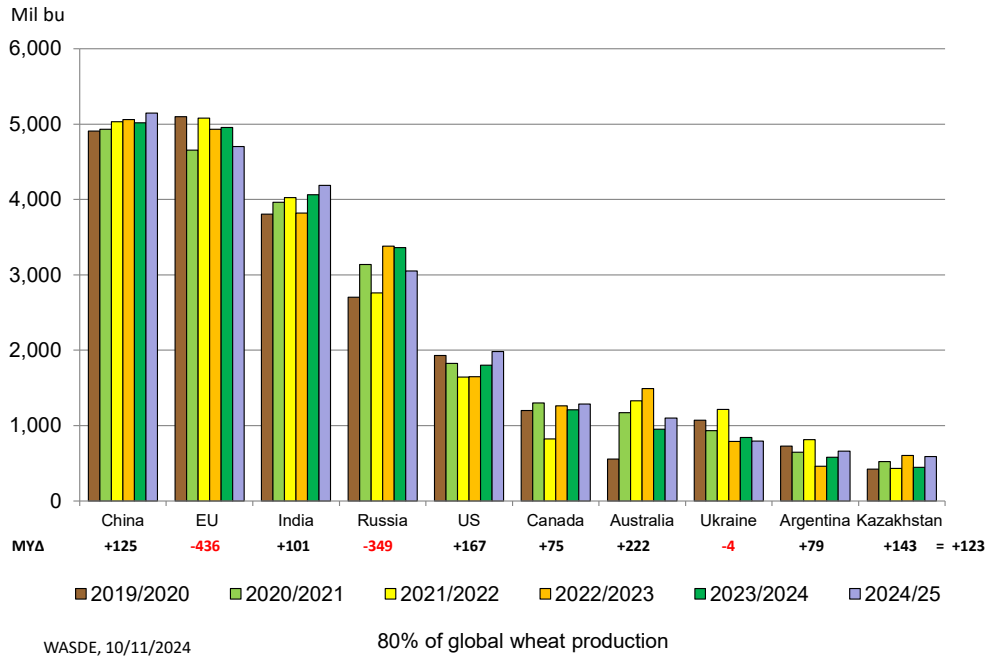
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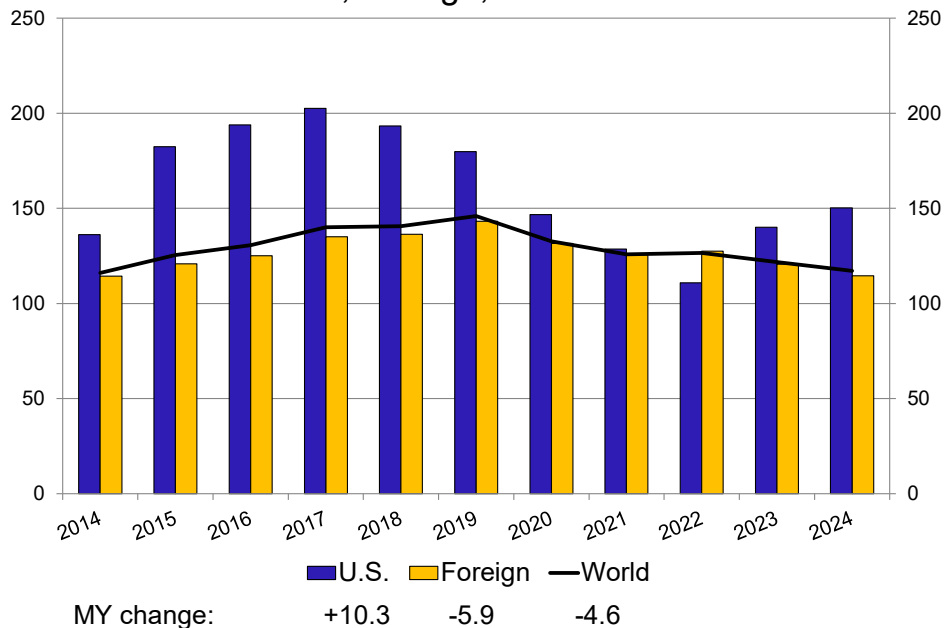
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Wheat Production, Major Contributors



Wheat Days of Use on Hand at the End of the Marketing Year: US, Foreign, and World



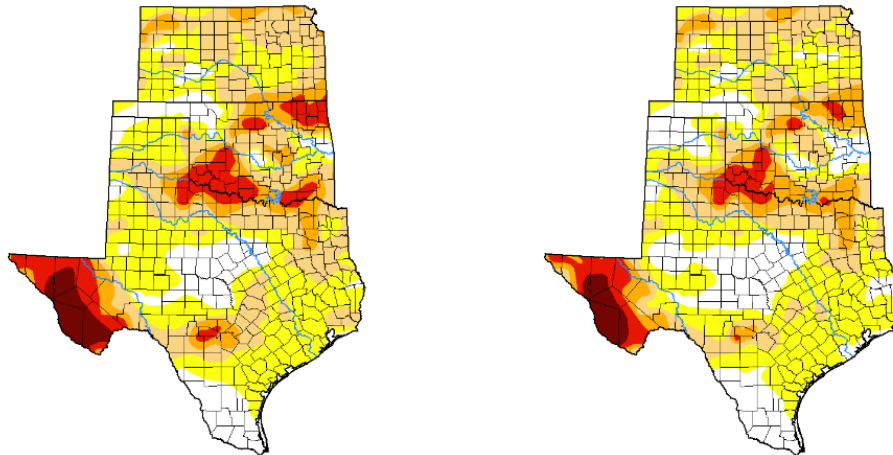
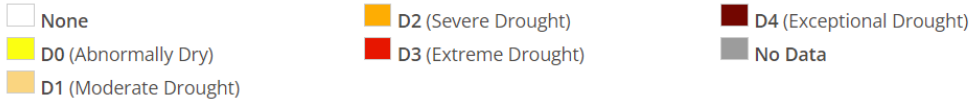
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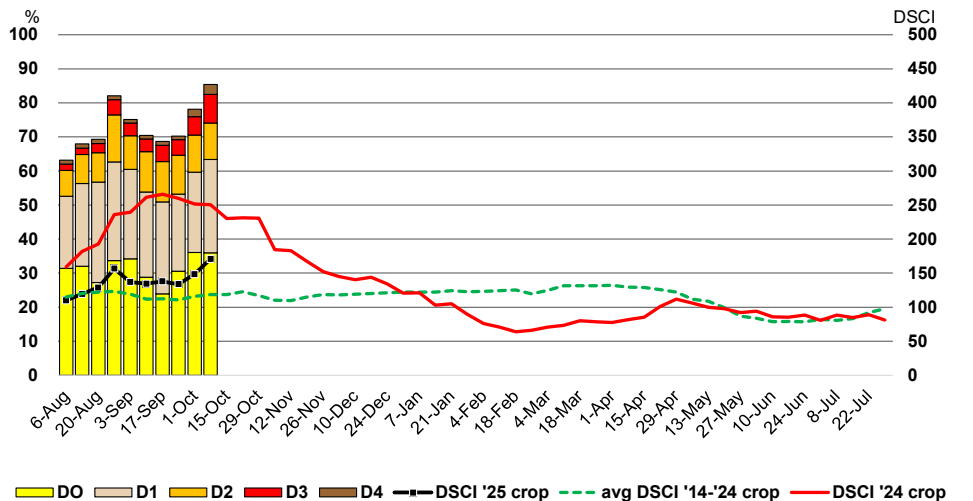
Weather. The drought monitor for the Southern Plains Climate Hub shows an increase in the area impacted by drought up 7 points to 85%. The severity index was 23 points higher to 171. The area rated D3 and D4, extreme and exceptional, is up to 11%. The severity index average for this week of the growing season is 119. The index last year at this time was 250.

Drought Classification



Southern Plains Drought Monitor 10/8/2024

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

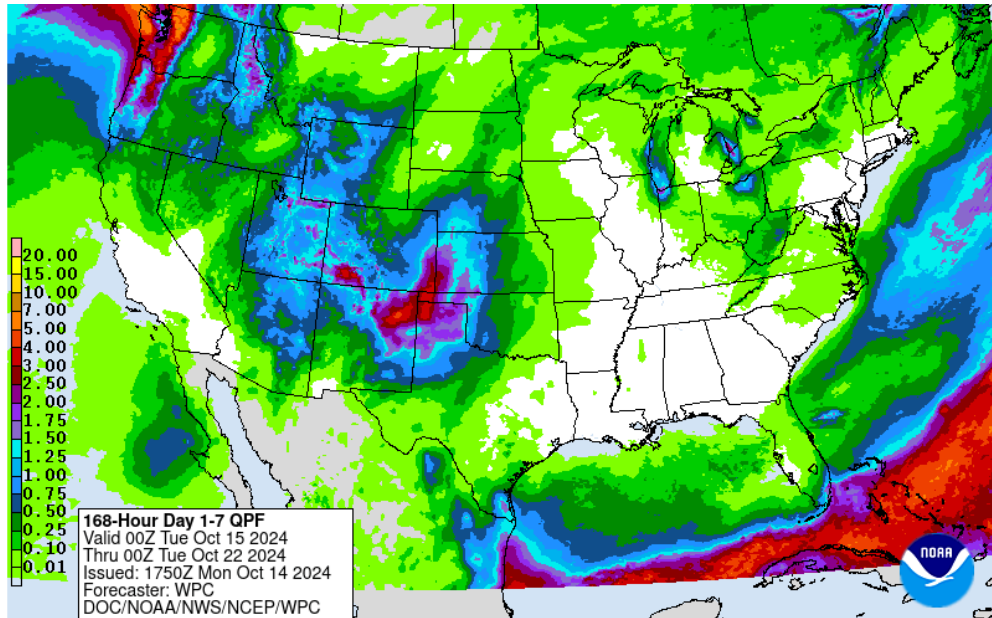
Drought Monitor, 10/10/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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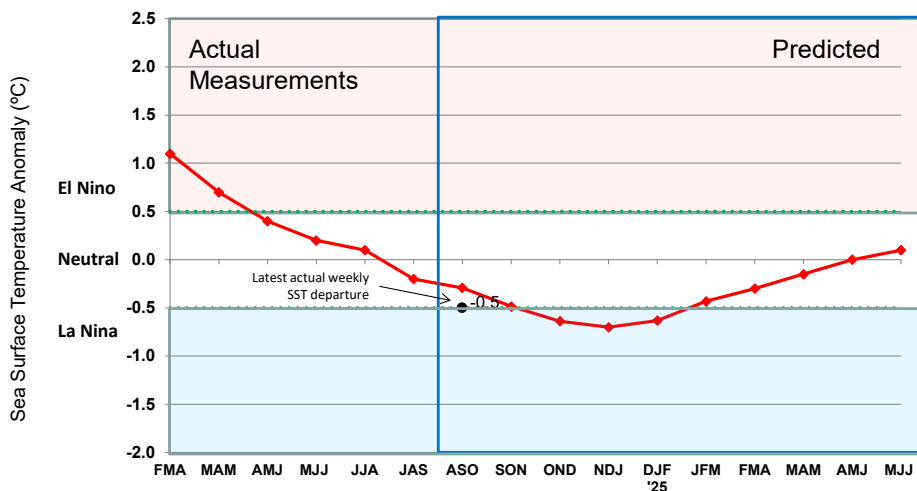
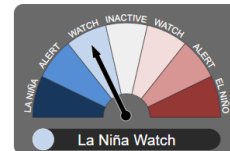
Moisture prospects in the 7-day forecast (10/15-10/22/2024) favor the Texas and Oklahoma Panhandles, eastern Colorado, and western Kansas.



Sea surface temperatures in the eastern Pacific are running -0.5°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 (60% chance) and expected to persist through January-March 2025.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, October 14, 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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Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
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			
October 10	6.11	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. Traders exited both sides of the wheat markets last Tuesday, In Chicago wheat the reduction in long contracts held exceeded the reduction in shorts pushing net longs lower. In Kansas City wheat, net longs were higher (and back in positive territory) as the reduction in short holdings was greater than the reduction in longs. Net longs were higher in corn (and positive) more from lessening bets for lower prices than new buying. Longs were up and shorts were down in soybeans.

	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	122,327	128,459	(6,132)	599.00	69,903	73,892	(3,989)	598.25
10/8/2024	111,760	125,258	(13,498)	594.75	62,694	57,784	4,910	603.75
Change	(10,567)	(3,201)	(7,366)	(4.25)	(7,209)	(16,108)	8,899	5.50

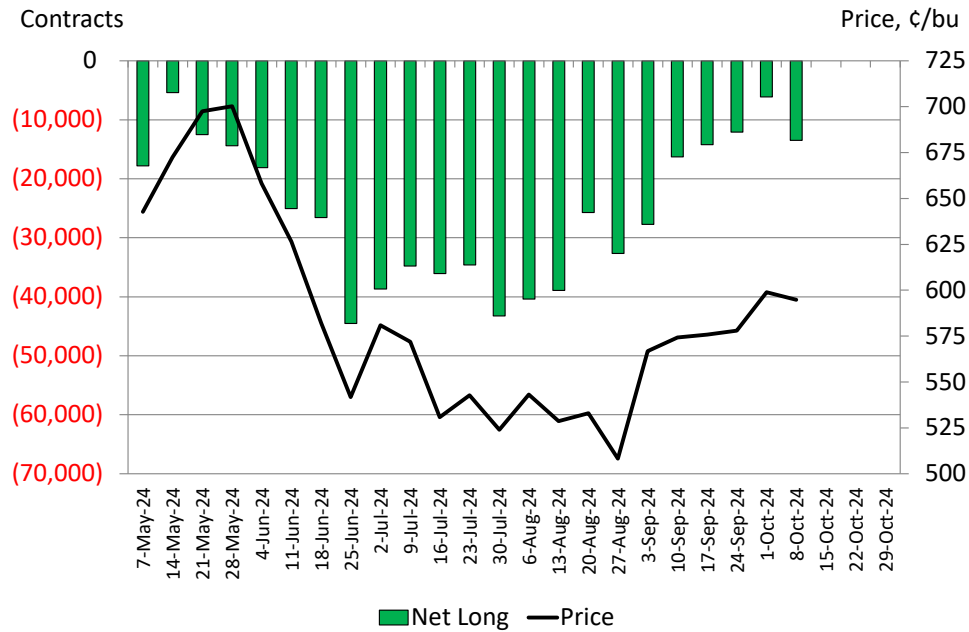
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
9/3/2024	335,231	425,714	(90,483)	409.25	111,107	273,132	(162,025)	1012.00
9/10/2024	339,497	387,257	(47,760)	404.25	105,764	249,995	(144,231)	997.25
9/17/2024	337,834	404,129	(66,295)	412.50	111,373	246,011	(134,638)	1006.00
9/24/2024	326,166	390,388	(64,222)	411.75	118,946	212,377	(93,431)	1042.25
10/1/2024	321,301	328,494	(7,193)	429.00	129,529	203,226	(73,697)	1057.25
10/8/2024	323,640	287,569	36,071	420.75	144,361	195,547	(51,186)	1016.25
Change	2,339	(40,925)	43,264	(8.25)	14,832	(7,679)	22,511	(41.00)

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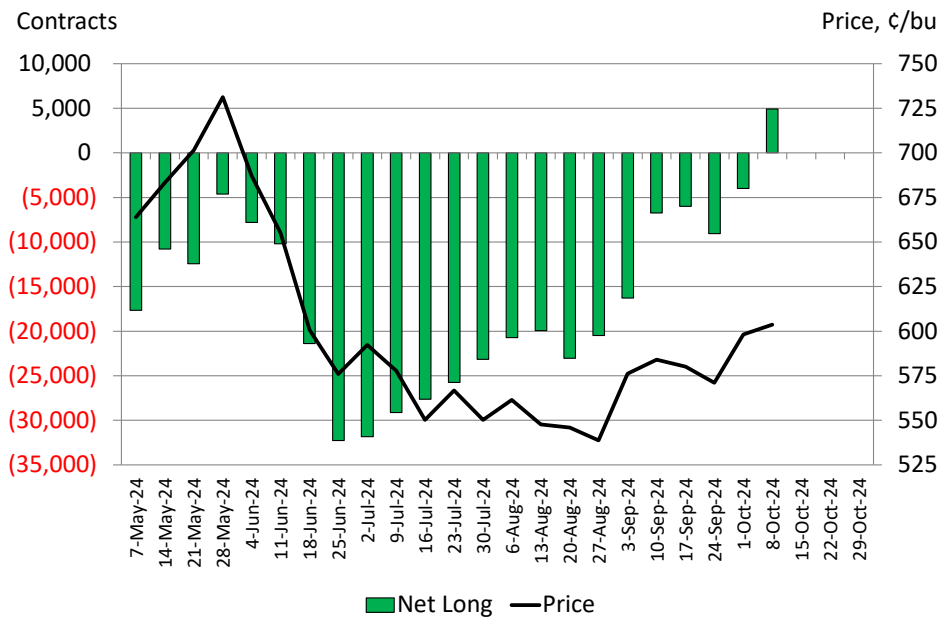
Non-commercial Investment in CBOT Wheat, 10/8/2024



CFTC Legacy Report, Futures Only

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

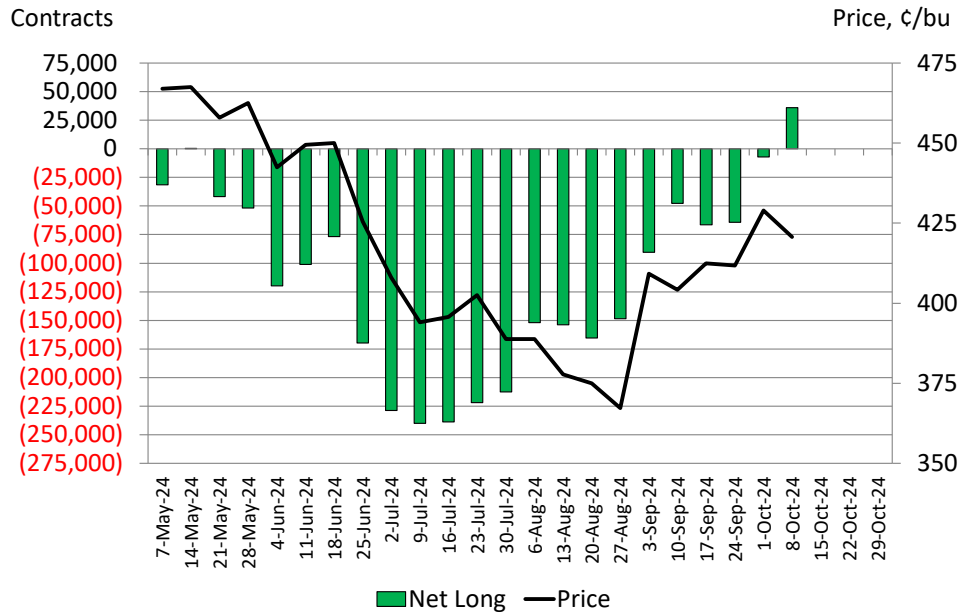
Non-commercial Investment in KC Wheat, 10/8/2024



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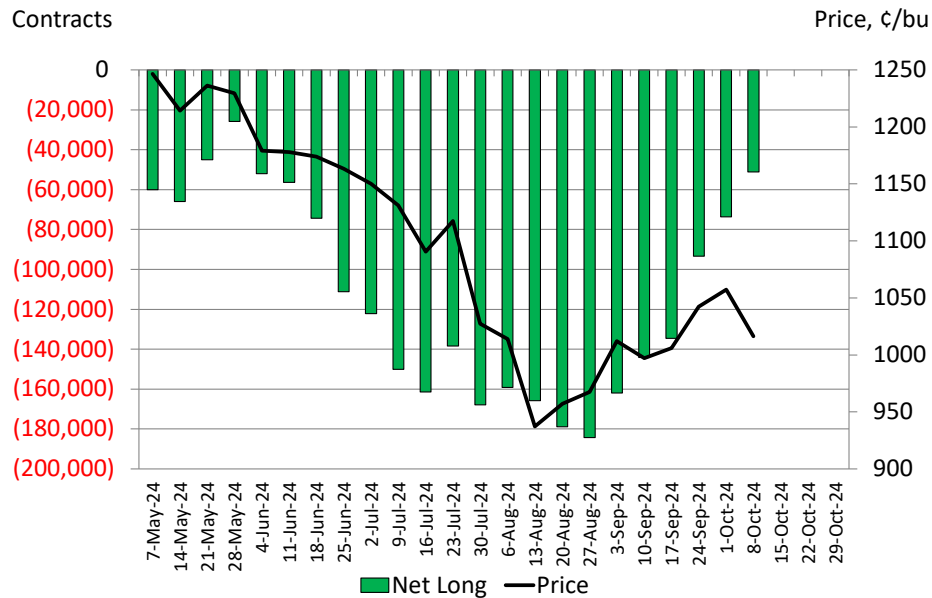
Non-commercial Investment in Corn, 10/8/2024



CFTC Legacy Report, Futures Only

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

Non-commercial Investment in Soybeans, 10/8/2024



CFTC Legacy Report, Futures Only

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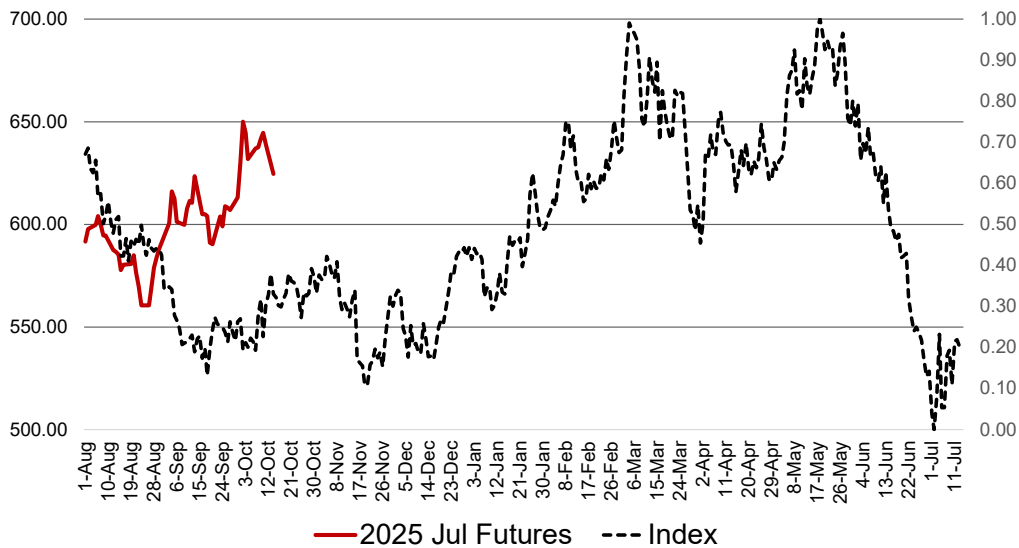
For October 8, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

- more bearish Chicago soft red winter wheat,
- more bullish KC hard red winter wheat,
- more bullish 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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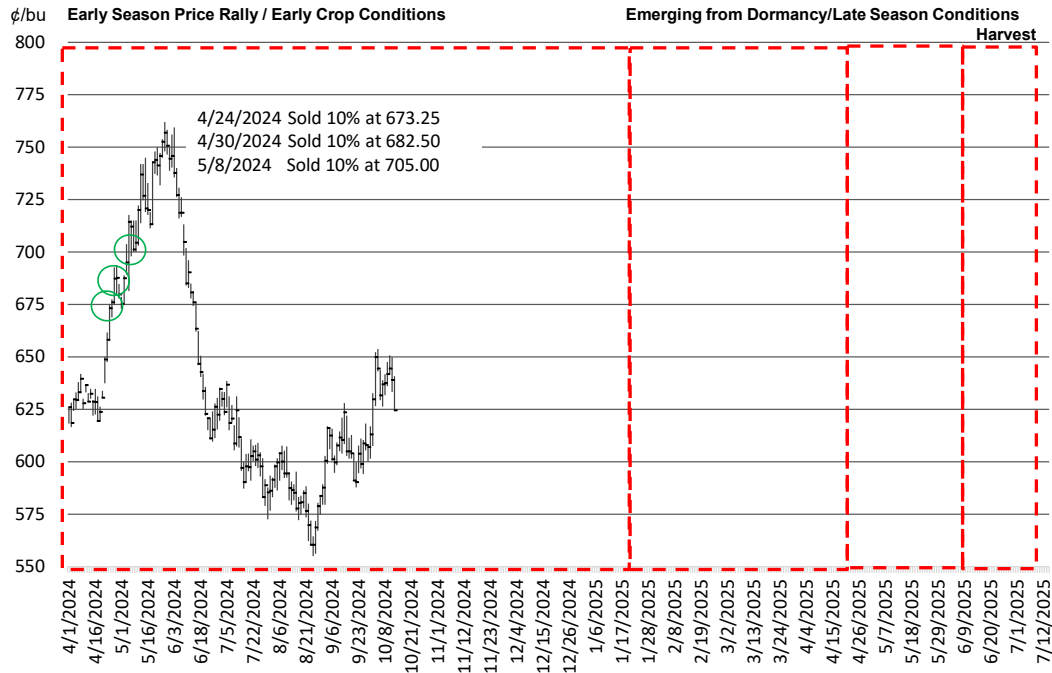
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Wheat Marketing Plan. For the 2025 wheat crop, I am 30% sold.

July 2025 KC Wheat and Marketing Plan



Upcoming Reports/Events

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
November 8	Crop Production WASDE
November 13	Short-term Energy Outlook, Energy Information Administration
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas

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