

Wheat Outlook

October 25, 2024

Volume 33, Number 64

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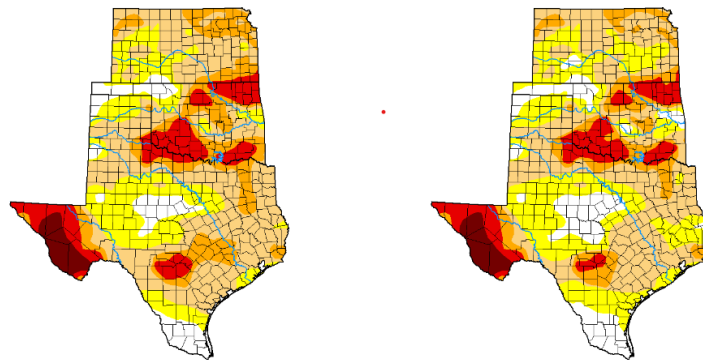
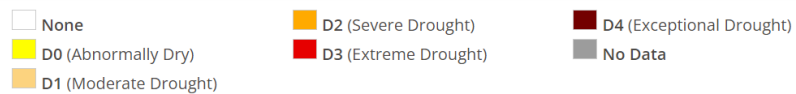
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Market Situation

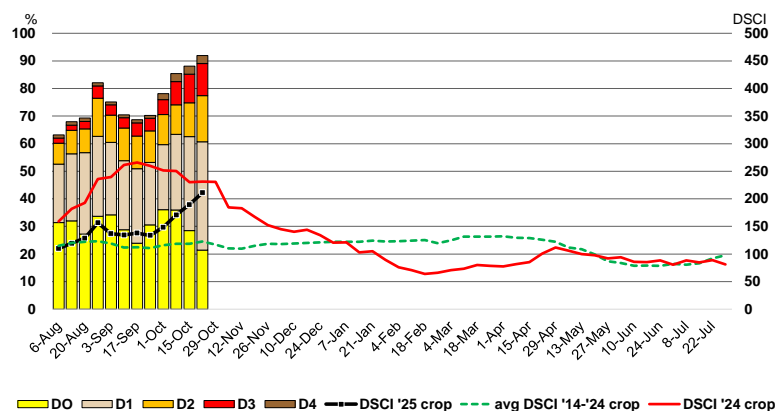
Crop Progress. Winter wheat planting and emerging are progressing at a near average pace. Planted is 73% compared to a 76% average; emergence is 46%, 50% average. Emergence is most behind in drought stressed Oklahoma, 32% emerged versus a 49% average.

Weather. The drought monitor for the Southern Plains Climate Hub shows the area impacted by drought now over 90%. The severity index is 26 points higher this week to 211. The area rated D3 and D4, extreme and exceptional, is up to 14%. The severity index average for this week of the growing season is 122. The index last year at this time was 231.



Southern Plains Drought Monitor 10/22/2024

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, 10/24/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

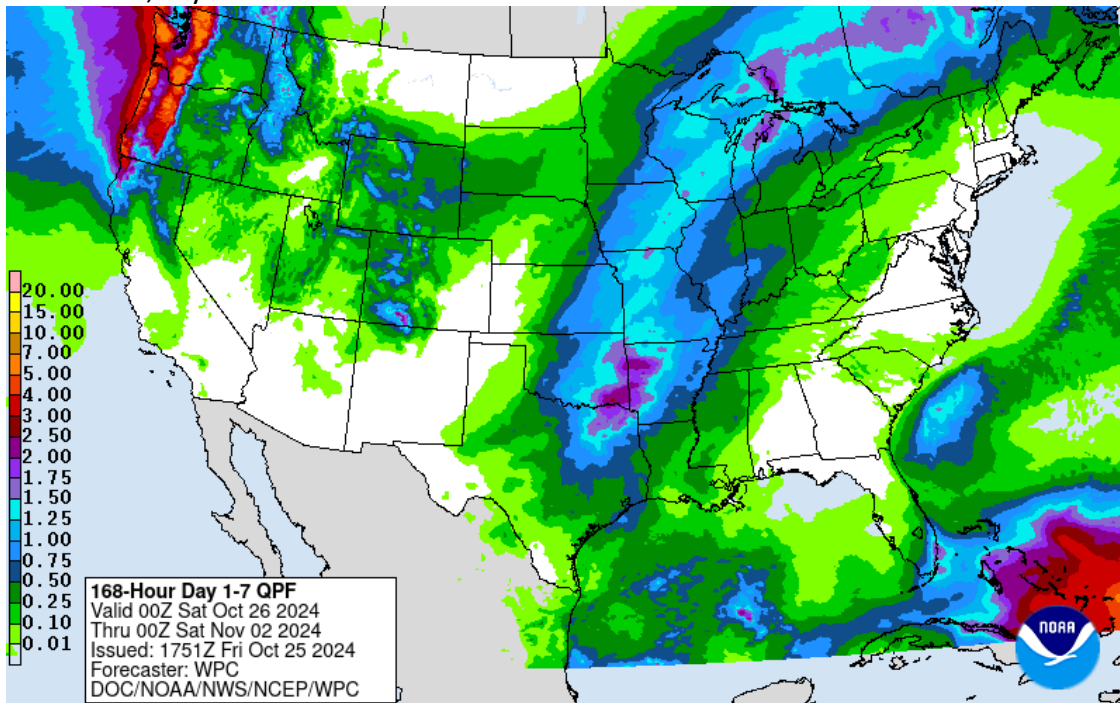


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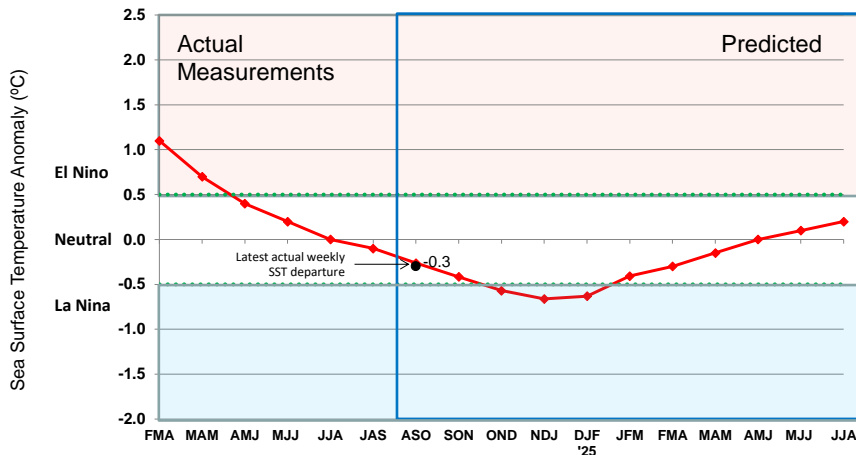
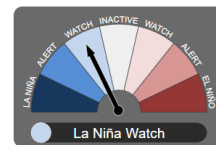
Much needed moisture is in the 7-day forecast (10/26-11/02/2024) for the eastern half of the Southern Plains; dry in the west.



Sea surface temperatures in the eastern Pacific are running -0.3°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 21, 2024

http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/ens0_advisory/

Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/ens0/>

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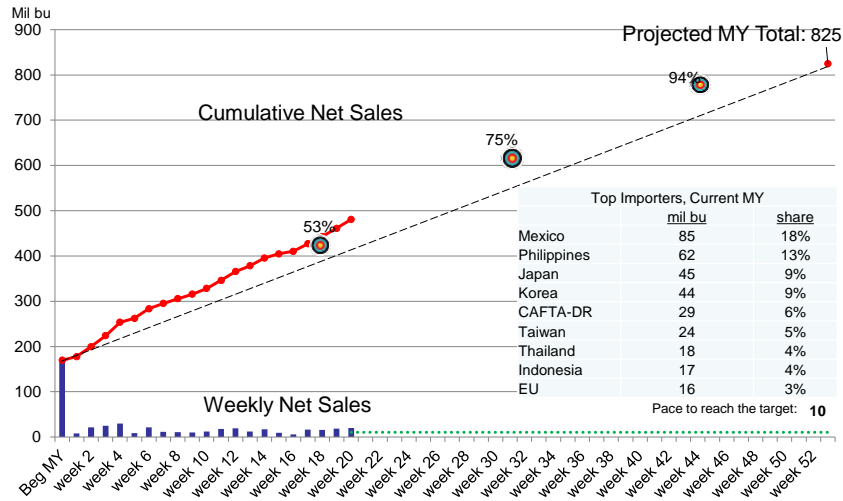
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Grain Use. All wheat export sales commitments are on pace to reach the 825 million bushel marketing year target. Sales for the week of October 17 totaled 20 million bushels, 6.2 million of that to Mexico.

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

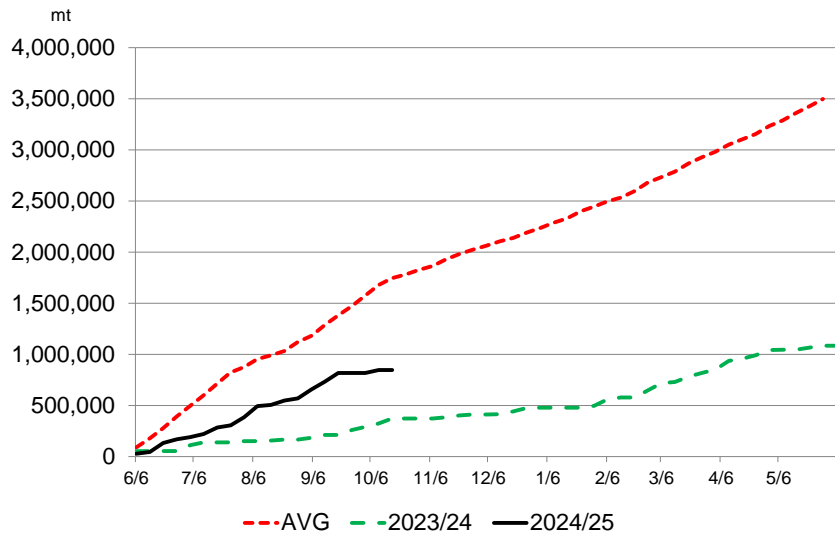


Export Sales Commitments reported for 10/17/2024: 20 million bushels (Mexico, 6.2 mil bu)
 Total Export Sales Commitments this marketing year: 481 million bushels
 58% of the 2024/25 MY Export Sales Target of 825 million bushels (October WASDE)
 Normal pace of sales end of December: 75% (619 mil bu)

USDA, Foreign Agricultural Service: 10/24/2024

Wheat for export out of the Texas Gulf has levelled off the last couple of weeks at a rate about half the 5-year average.

Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. Grain Transportation Report. October 24, 2024

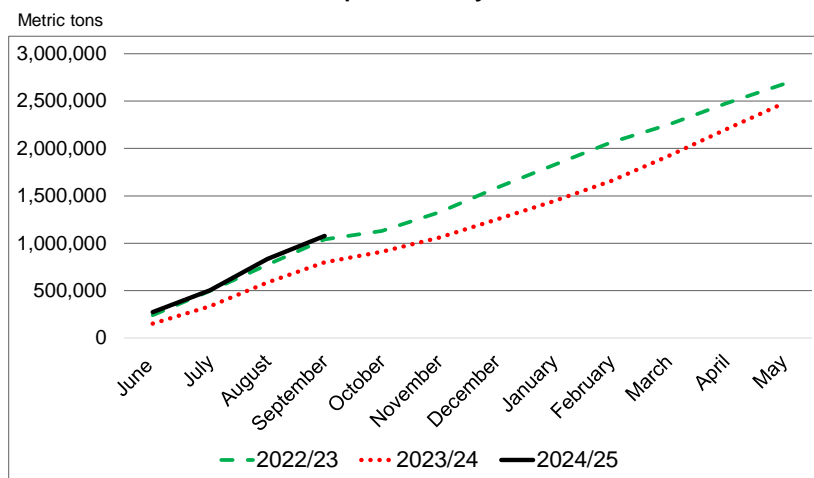
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Wheat exported by rail to Mexico, the top importer of U.S. wheat and an important transportation mode for hard red winter wheat from Texas, is back on track after a slow pace in 2023/24.

U.S. Wheat Exported by Rail to Mexico



U.S. Dept. of Agriculture, Agricultural Marketing Service. Grain Exported by Rail, Monthly. October 9, 2024

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
September 26	5.79	4.87	-0.93			
October 3	6.12	5.18	-0.93			
October 10	6.11	5.18	-0.93			
October 17	5.96	5.03	-0.93			
October 24	5.87	4.94	-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 added to bets for lower prices (increase in short contracts held) in Chicago wheat, Kansas City wheat, and soybeans this week pushing net longs lower. Signs of new buying in corn where the increase in long contracts held exceeded the increase in shorts.

For October 22, 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:

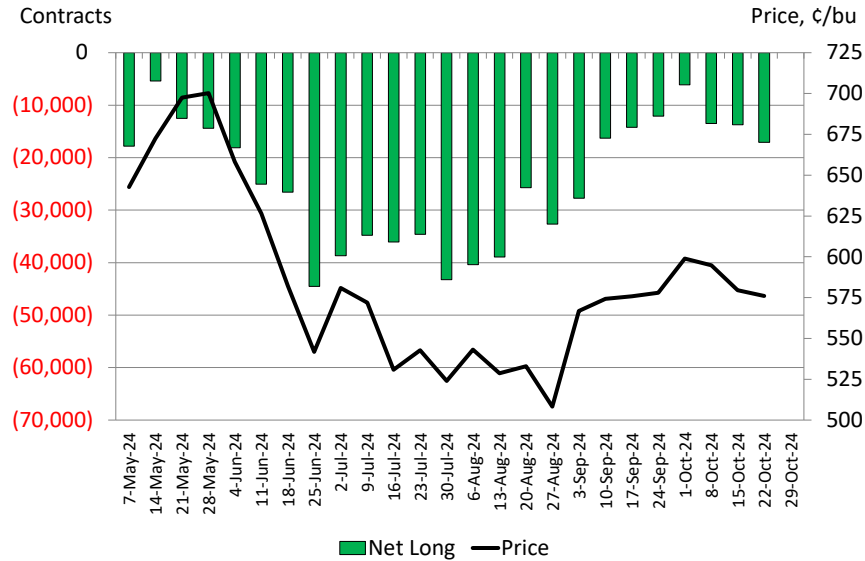
- more bearish Chicago soft red winter wheat,
- less bullish KC hard red winter wheat,
- more bullish corn, and
- more bearish soybeans.

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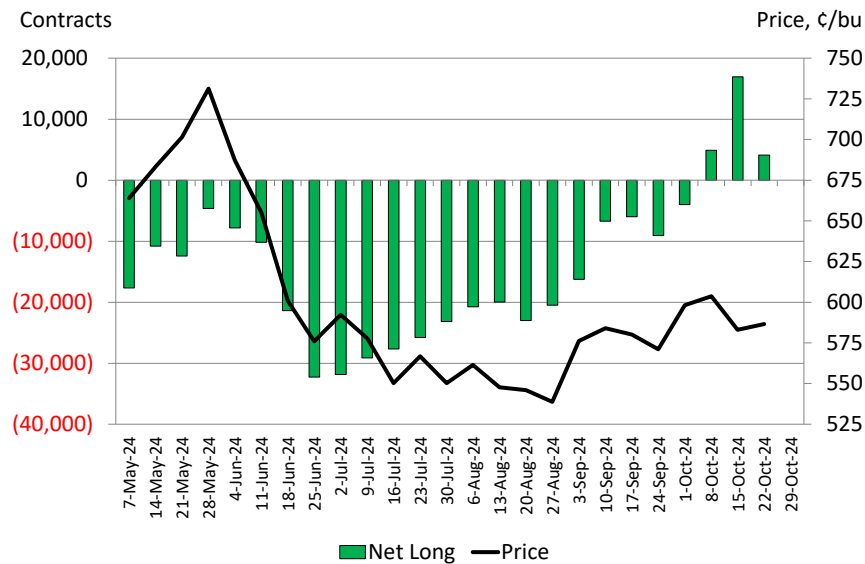
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Non-commercial Investment in CBOT Wheat, 10/22/2024



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

Non-commercial Investment in KC Wheat, 10/22/2024



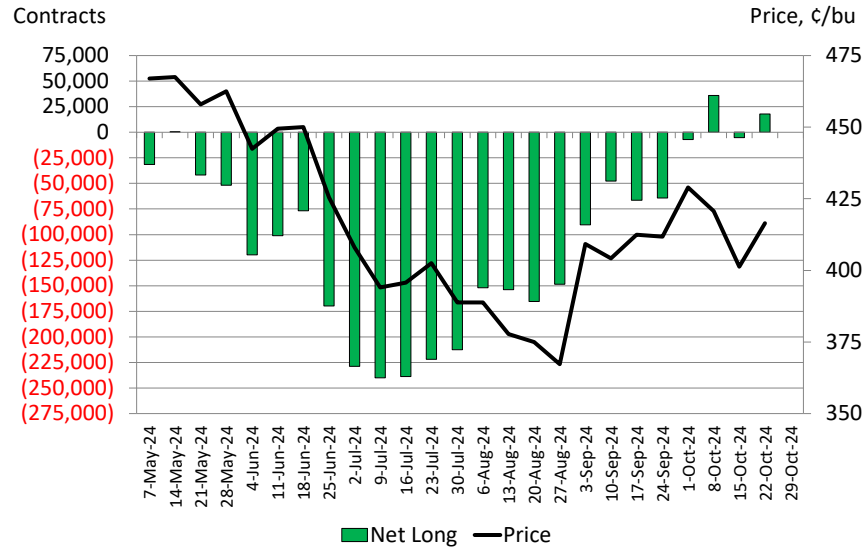
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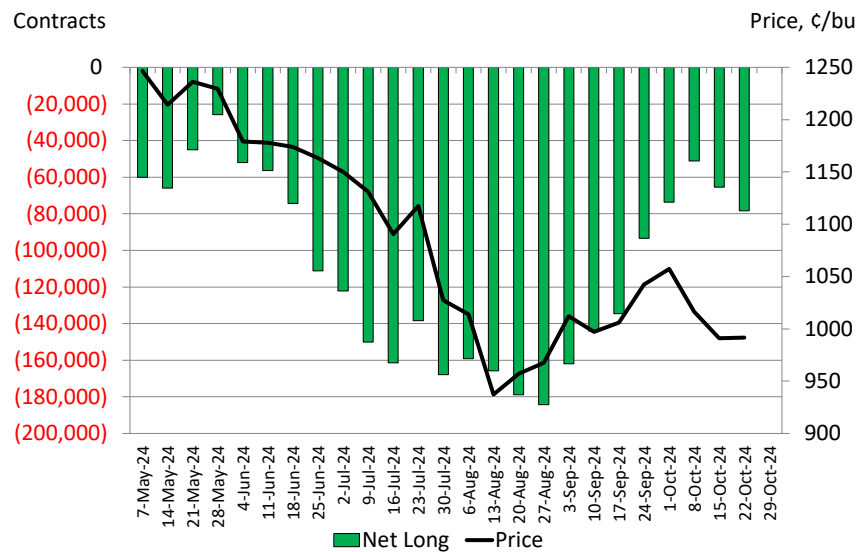
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Non-commercial Investment in Corn, 10/22/2024



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

Non-commercial Investment in Soybeans, 10/22/2024



CFTC Legacy Report, Futures Only
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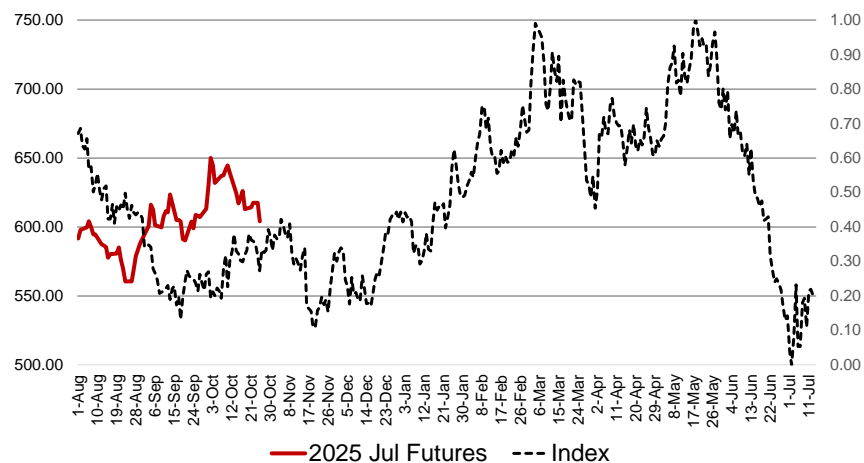
	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
9/24/2024	121,819	133,909	(12,090)	578.00	69,190	78,256	(9,066)	571.00
10/1/2024	122,327	128,459	(6,132)	599.00	69,903	73,892	(3,989)	598.25
10/8/2024	111,760	125,258	(13,498)	594.75	62,694	57,784	4,910	603.75
10/15/2024	108,406	122,120	(13,714)	579.50	61,430	44,487	16,943	583.00
10/22/2024	<u>111,145</u>	<u>128,227</u>	<u>(17,082)</u>	<u>576.00</u>	<u>61,005</u>	<u>56,885</u>	<u>4,120</u>	<u>586.50</u>
Change	2,739	6,107	(3,368)	(3.50)	(425)	12,398	(12,823)	3.50

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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
10/15/2024	333,139	338,291	(5,152)	401.25	154,755	220,134	(65,379)	991.00
10/22/2024	<u>377,721</u>	<u>359,881</u>	<u>17,840</u>	<u>416.50</u>	<u>157,837</u>	<u>236,132</u>	<u>(78,295)</u>	<u>991.75</u>
Change	44,582	21,590	22,992	15.25	3,082	15,998	(12,916)	0.75

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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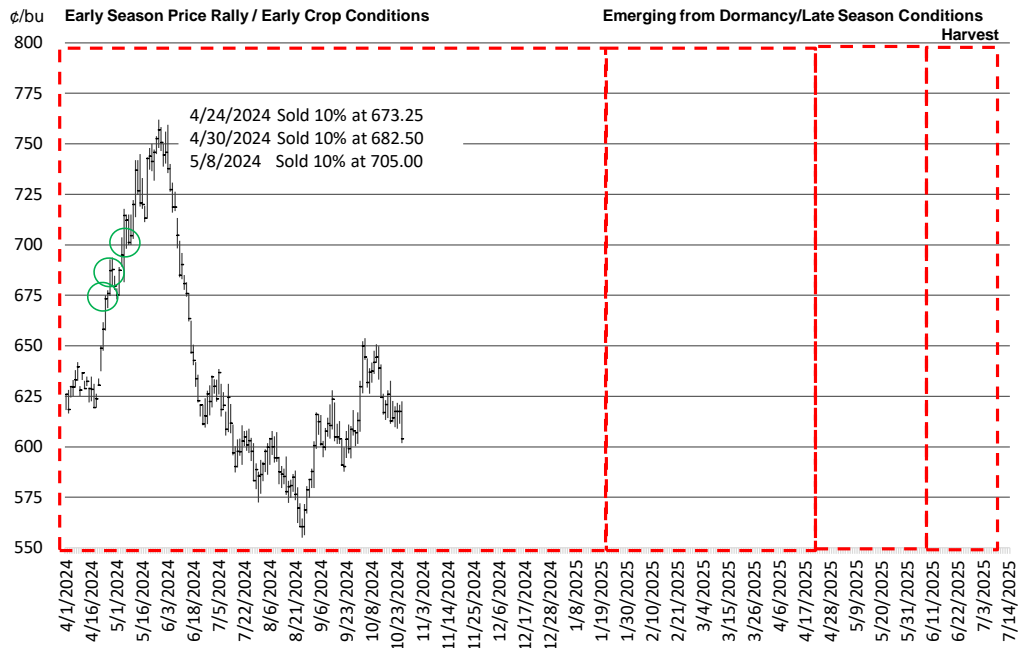
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Wheat Marketing Plan. For the 2025 wheat crop, I am 30% sold.

July 2025 KC Wheat and Marketing Plan



Upcoming Reports/Events

October 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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Mark Welch, Texas A&M AgriLife Extension Economist

600 John Kimbrough Blvd, Suite 330B

College Station, Texas 77843

Tel. (979)845-8011

Fax. (979)845-4906

JMWelch@tamu.edu

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