

Wheat Outlook

November 1, 2024

Volume 33, Number 66

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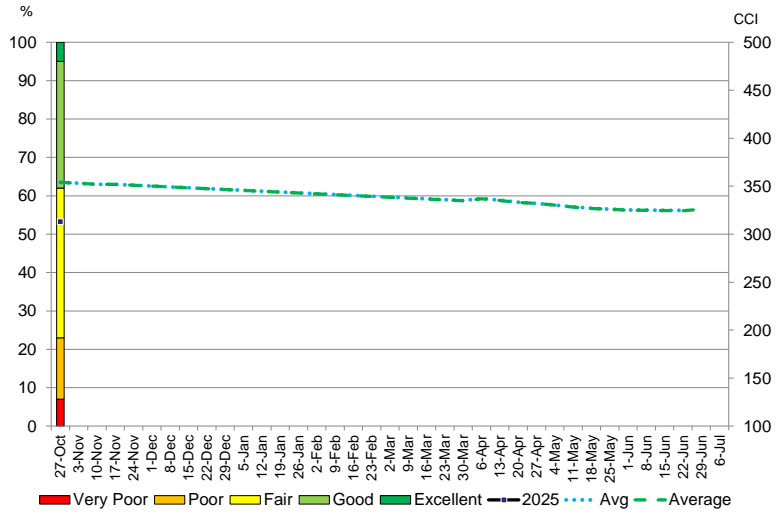
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Market Situation

Crop Progress. This week's report included the first condition ratings for the 2025 U.S. winter wheat crop. The crop index is starting off the season at 313, below the long-term average of 354. The share rated very poor and poor is 23%; 38% is rated good and excellent.

2025 U.S. Winter Wheat Crop Condition Ratings, October 27



USDA Crop Progress, October 28, 2024

A composite crop condition index of wheat in the Southern Plains is 307. The index is weighted by average wheat production the last 3 years in Kansas, Oklahoma, Texas, and Colorado.

2025 Southern Plains Weighted Wheat Crop Condition Index
100% very poor = 100; 100% excellent = 500

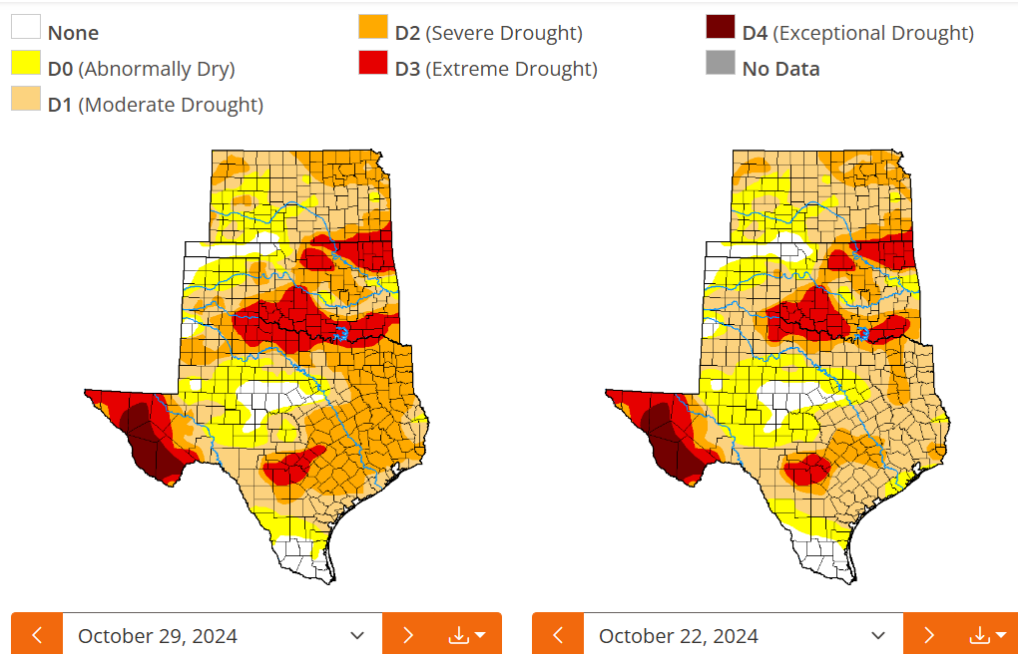
	Kansas, 55%	Oklahoma, 18%	Texas, 14%	Colorado, 13%	Index
October 27	317	285	285	321	307

Southern Plains accounts for about 25% of national winter wheat production

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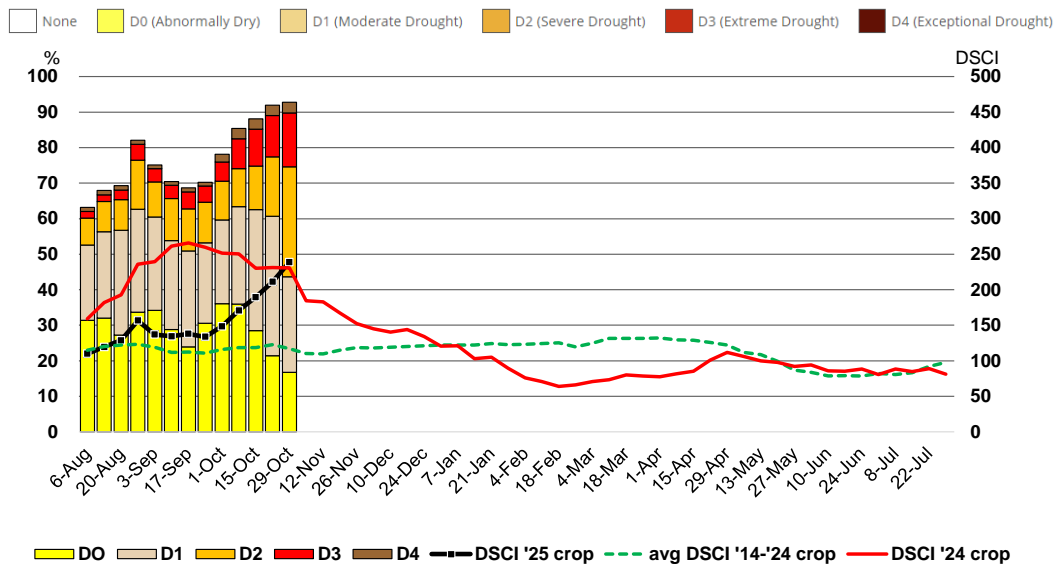
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Weather. The drought monitor for the Southern Plains Climate Hub shows the area impacted by drought up to 93%. The severity index is 28 points higher this week to 239. The area rated D3 and D4, extreme and exceptional, is 4 points higher, now 18%. The severity index average for this week of the growing season is 117. The index last year at this time was 231 and falling.



Southern Plains Drought Monitor 10/29/2024

Drought Classification



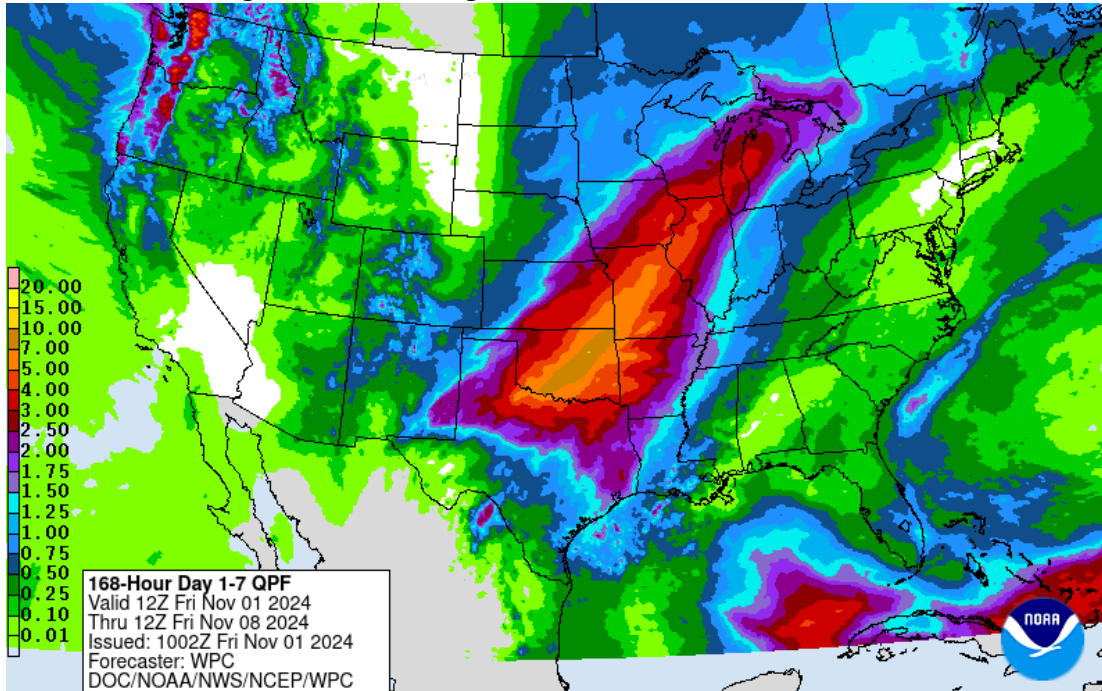
Drought Severity and Coverage Index (DSCI) = (D0*1)+(D1*2)+(D2*3)+(D3*4)+(D4*5);
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 10/31/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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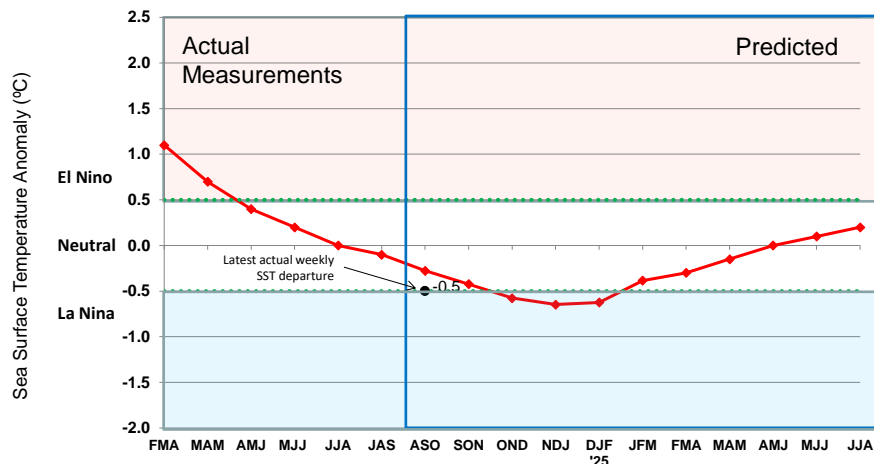
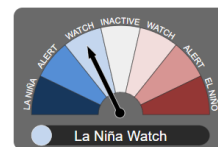
If it comes to pass, the moisture in the 7-day forecast (11/01-11/08/2024) will cover a wide area much in need of a good rain, starting this weekend.



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 continue to 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 28, 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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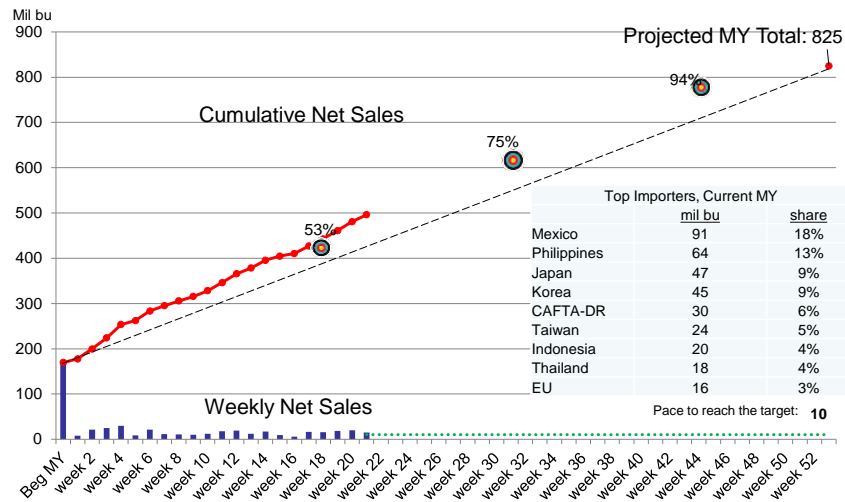
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Grain Use. All wheat export sales commitments are on pace to reach the 825 million bushel marketing year target. Sales for the week of October 24 totaled 15 million bushels, 6.2 million of that to Mexico.

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

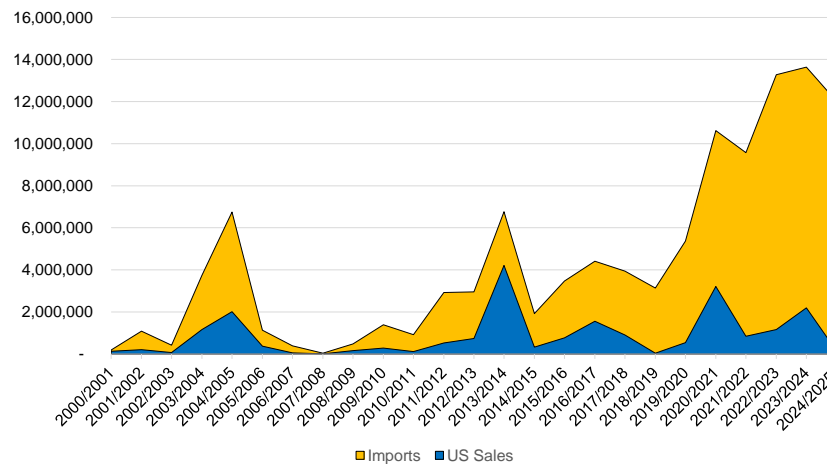


Export Sales Commitments reported for 10/24/2024: 15 million bushels (Mexico, 6.2 mil bu)
 Total Export Sales Commitments this marketing year: 496 million bushels
 60% of the 2024/25 MY Export Sales Target of 825 million bushels (October WASDE)
 Normal pace of sales end of December: 75% (619 mil bu)

USDA, Foreign Agricultural Service: 10/31/2024

Mostly absent from this marketing year’s wheat sales numbers is China. China’s imports of wheat have remained strong over the past five years but the U.S. contribution to that total has fallen.

China Wheat Trade Total Imports and U.S. Sales



*Current marketing year import estimate and U.S. export sales to date
 USDA, Foreign Agricultural Service: 10/31/2024

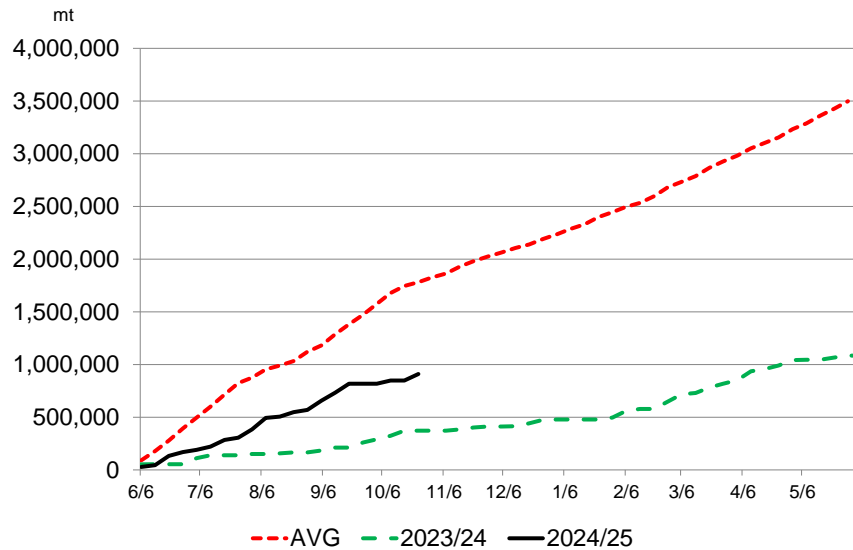
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Wheat for export out of the Texas Gulf is much better than last year at this time but still running about half the 5-year average.

Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. *Grain Transportation Report*. October 31, 2024

Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
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			
October 31	5.69	4.76	-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

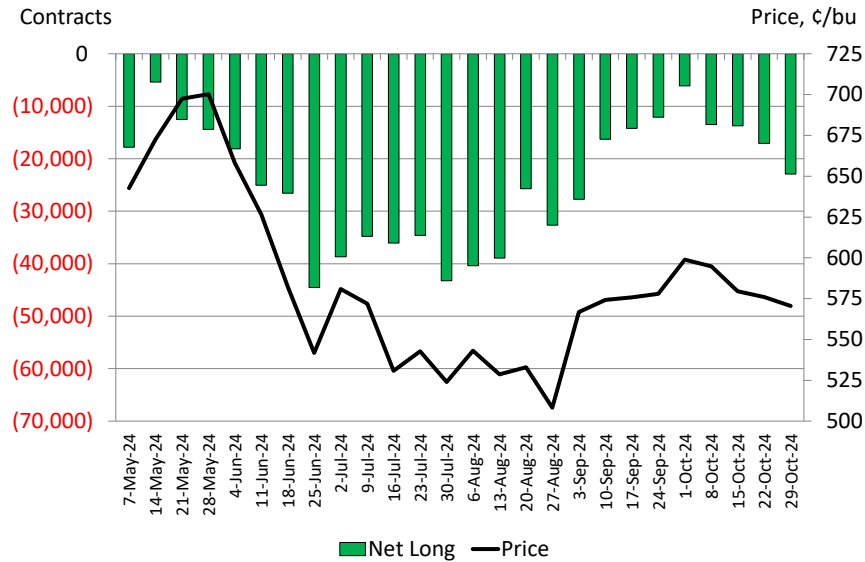
Commitment of Traders. Speculative traders were mixed in their market outlook last Tuesday based on position changes in the Commitment of Traders report for October 29. In Chicago wheat and soybeans net longs were down as traders got out of bets for higher prices (long contracts) and added to bets that prices would go lower (short contracts). Net longs were lower in Kansas City wheat too, but traders added to bets on both sides of the market, more so for lower prices than higher. Corn net longs were up with a more bullish outlook from traders: taking on more long positions and exiting the short side of the market.

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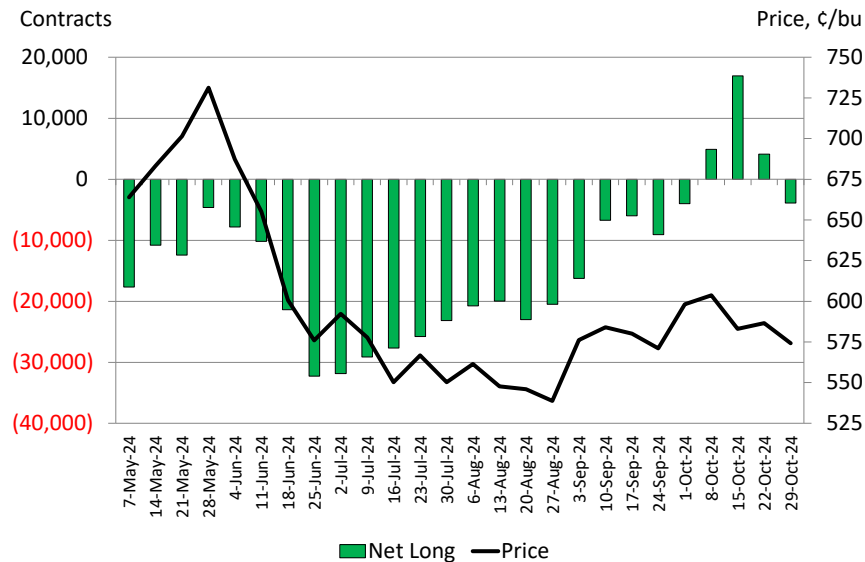
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Non-commercial Investment in CBOT Wheat, 10/29/2024



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

Non-commercial Investment in KC Wheat, 10/29/2024



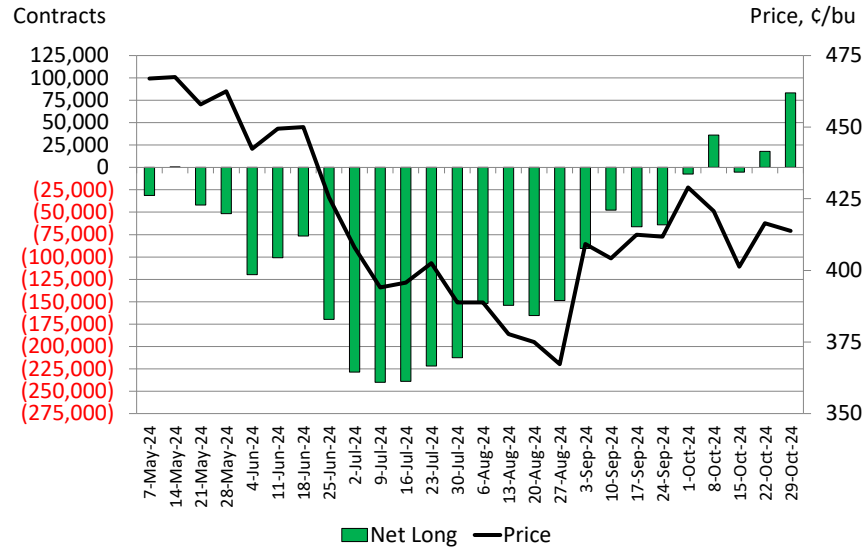
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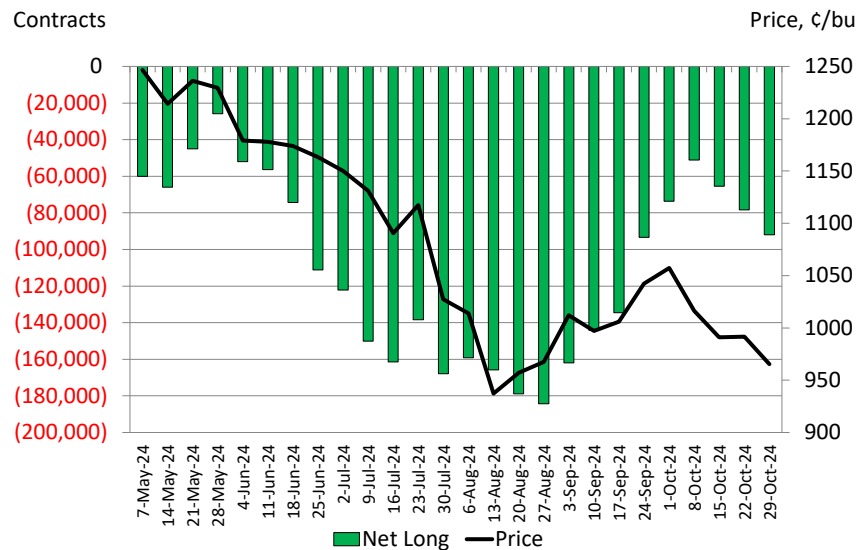
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Non-commercial Investment in Corn, 10/29/2024



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

Non-commercial Investment in Soybeans, 10/29/2024



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

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	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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	111,145	128,227	(17,082)	576.00	61,005	56,885	4,120	586.50
10/29/2024	<u>106,934</u>	<u>129,825</u>	<u>(22,891)</u>	<u>570.50</u>	<u>63,615</u>	<u>67,535</u>	<u>(3,920)</u>	<u>574.25</u>
Change	(4,211)	1,598	(5,809)	(5.50)	2,610	10,650	(8,040)	(12.25)

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
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	377,721	359,881	17,840	416.50	157,837	236,132	(78,295)	991.75
10/29/2024	<u>405,262</u>	<u>321,958</u>	<u>83,304</u>	<u>413.75</u>	<u>145,891</u>	<u>237,951</u>	<u>(92,060)</u>	<u>965.25</u>
Change	27,541	(37,923)	65,464	(2.75)	(11,946)	1,819	(13,765)	(26.50)

For October 29, 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 bearish KC hard red winter wheat,
- more bullish corn, and
- more bearish soybeans.

Marketing Strategies

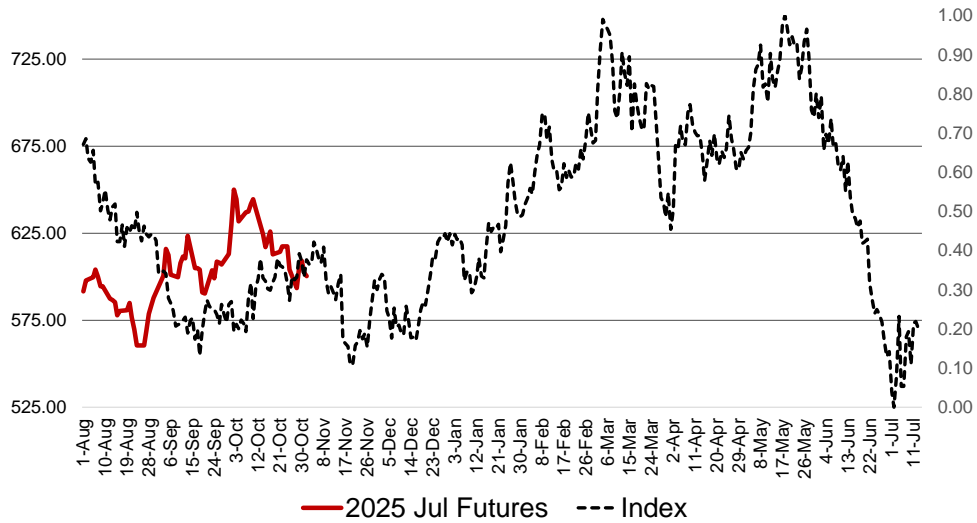
Seasonal Index. A chart of simple averages of prices over the growing season offers a picture of seasonal price tendencies. For the July Kansas City wheat contract, prices typically decline from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop condition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

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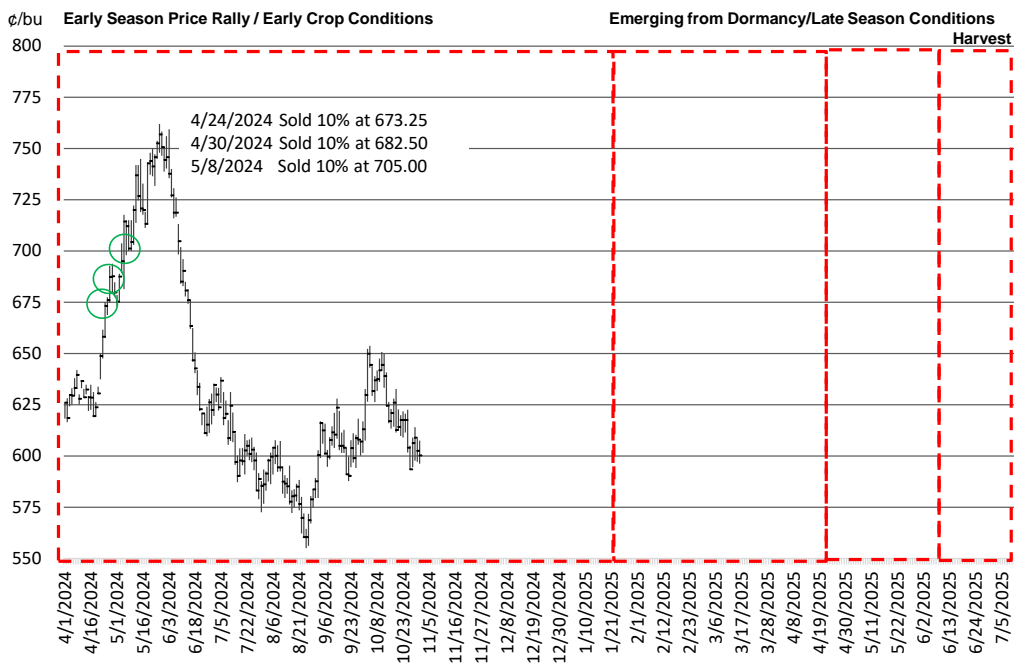
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July KC Wheat average price index 2004-2024



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

July 2025 KC Wheat and Marketing Plan



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Upcoming Reports/Events

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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