

Wheat Outlook

December 12, 2024

Volume 33, Number 74

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<i>Cattle grazing wheat pasture, Randall County, Texas, 12/3/2024</i>	



Market Situation

WASDE. Only minor changes to U.S. and world supply and demand balance sheets for wheat in the December WASDE.

U.S. wheat imports were up 5 million bushels increasing supply. Exports were up 25 million bushels leaving ending stocks down 20 million bushels.

Days of use on hand at the end of the marketing year declined from a 150.7 day supply last month to 145.2. The season average farm price was unchanged at \$5.60.

US WHEAT SUPPLY AND USE			December		
AREA			2024/25 12/10/2024	Net Change Nov to Dec	% Change
PLANTED	Planted	mil acres	46.1	0	0.00%
	Harvested	mil acres	38.5	0	0.00%
	Percent Harvested		83.5%		
YIELD	Harvested acre	bu/ac	51.2	0	0.00%
SUPPLY					
	Beginning stocks	mil bu	696	0	0.00%
	Production	mil bu	1,971	0	0.00%
	Imports	mil bu	125	5	4.17%
	Total Supply	mil bu	2,793	5	0.18%
DEMAND					
	Food	mil bu	966	0	0.00%
	Seed	mil bu	62	0	0.00%
	Feed and residual	mil bu	120	0	0.00%
	Total Domestic Use	mil bu	1,148	0	0.00%
	Exports	mil bu	850	25	3.03%
	Total Use	mil bu	1,998	25	1.27%
	Ending stocks	mil bu	795	-20	-2.45%
	Stocks to Use ratio	percent	39.8%	-1.5%	-3.67%
	Days of Use on hand	days	145.2	-5.5	-3.67%
PRICE					
	Average farm price	\$/bu	5.60	0.00	0.00%
	Reference Price	\$/bu	5.50	0.00	0.00%
	PLC Payment	\$/bu	0.00	0.00	

World wheat ending stocks were up 0.3 mmt (11 mil bu) this month. Supply was down 0.6 mmt (23 mil bu). Production is down 1.8 mmt this month (65 mil bu) but still a record high. Beginning stocks were up 1.2 mmt (43 mil bu). Global wheat use was down 0.9 mmt (35 mil bu).

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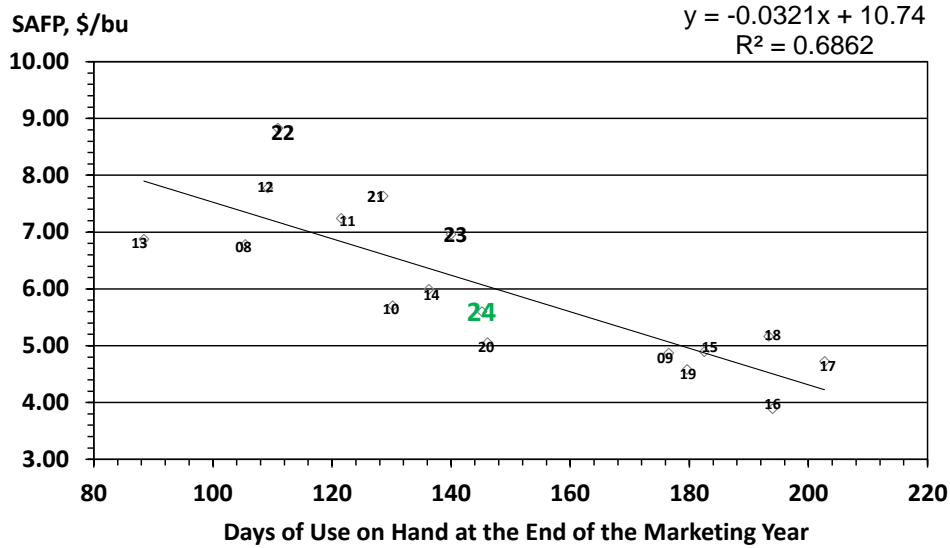
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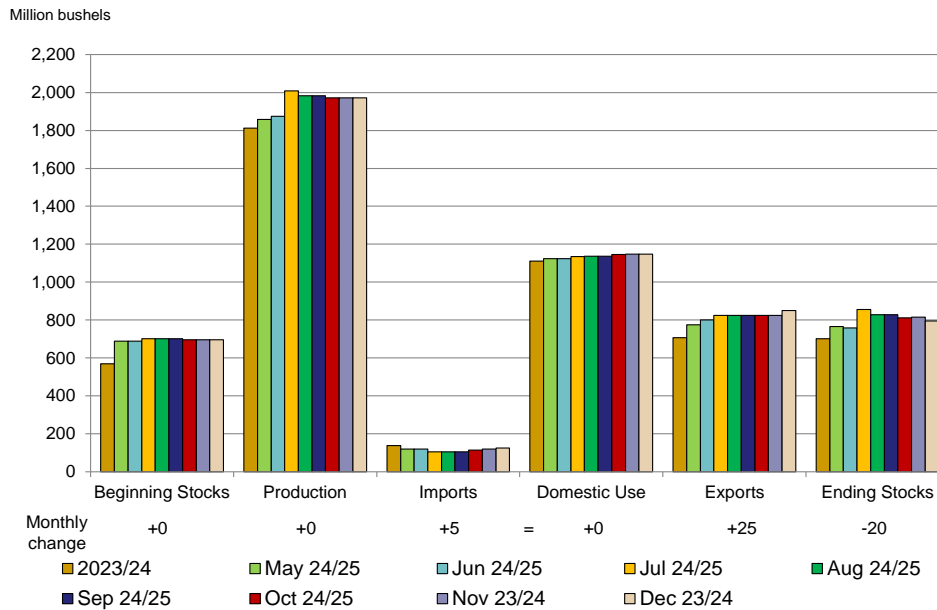
Nominal U.S. Wheat Average Farm Price and Days of Use on Hand

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



Source: USDA, December WASDE 2024

U.S. Wheat Supply and Demand, December 2024



USDA, WASDE, 12/10/2024

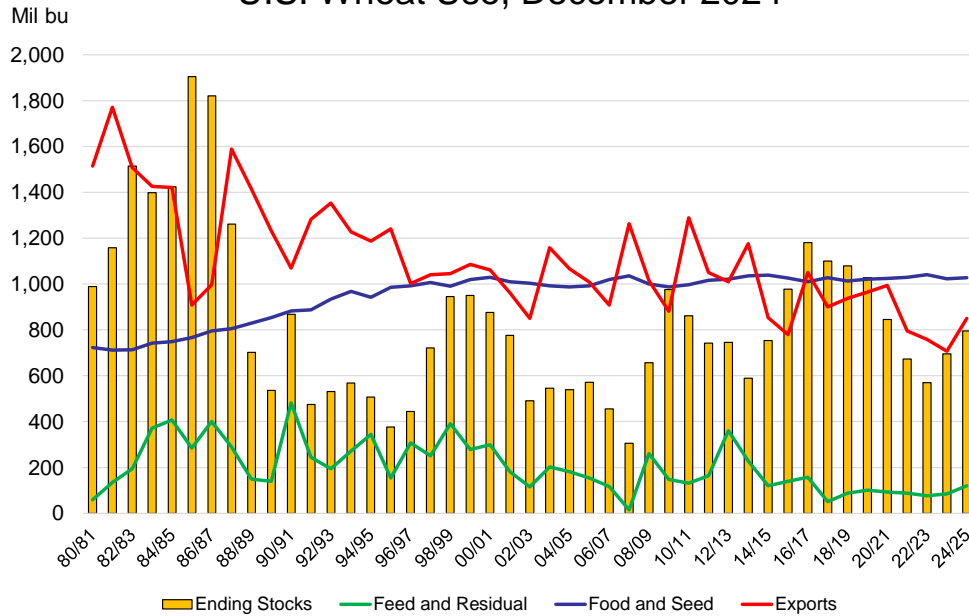
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U.S. Wheat Use, December 2024



USDA, WASDE, 12/10/2024

WORLD WHEAT		MMT								
Marketing Year		Beginning Stocks	Production	Imports	Feed Use	Total Use	Exports	Ending Stocks	Stocks to Use	Days on hand
2014/15		197.70	730.41	159.38	132.37	700.51	164.22	222.76	0.3180	116.1
2015/16		222.76	738.14	169.78	141.27	713.11	172.58	244.99	0.3436	125.4
2016/17		244.99	756.31	179.67	147.49	734.50	183.49	262.99	0.3580	130.7
2017/18		262.99	763.05	181.13	146.48	740.59	182.47	284.10	0.3836	140.0
2018/19		286.98	730.90	171.12	139.20	734.72	173.67	283.16	0.3854	140.7
2019/20		280.77	762.33	187.39	139.22	748.31	194.88	299.22	0.3999	145.9
2020/21		299.66	774.41	194.80	163.70	787.74	203.35	286.33	0.3635	132.7
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
2024/25	November	266.25	794.73	210.01	152.90	803.41	214.67	257.57	0.3206	117.0
2024/25	December	267.41	792.95	209.55	152.60	802.47	213.65	257.88	0.3214	117.3
	Net Change	1.16	(1.78)	(0.46)	(0.30)	(0.94)	(1.02)	0.31	0.0008	0.28
	% Change	0.44%	-0.22%	-0.22%	-0.20%	-0.12%	-0.48%	0.12%	0.24%	0.24%

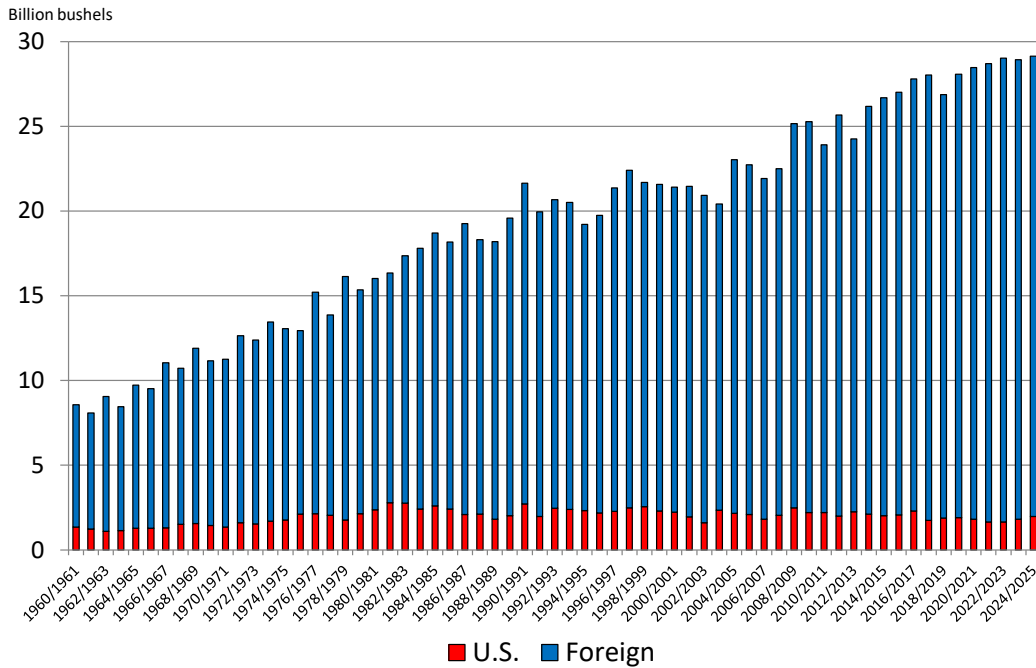
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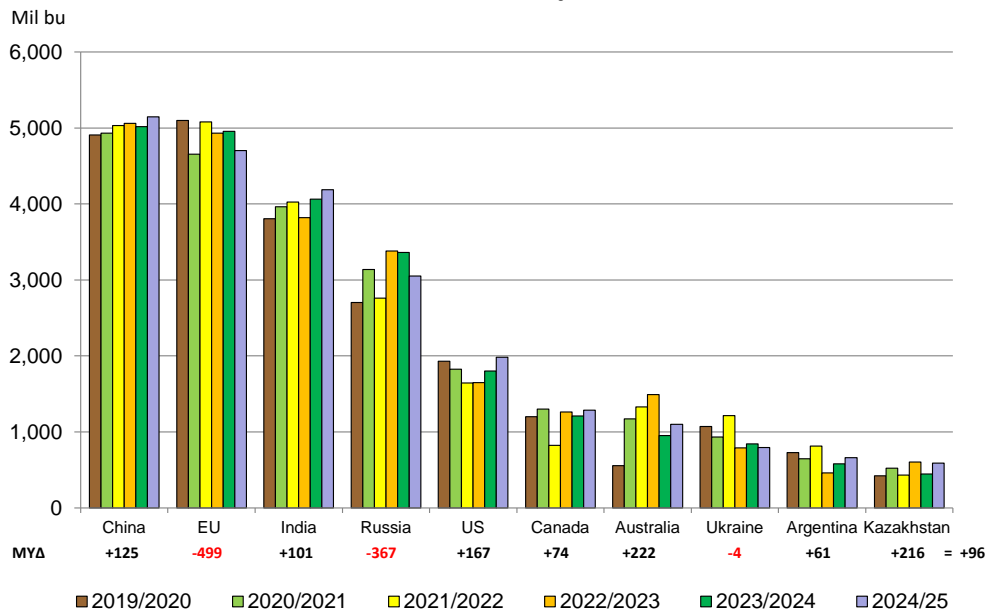


World Wheat Production



WASDE 12/10/2024

Wheat Production, Major Contributors



WASDE, 12/10/2024

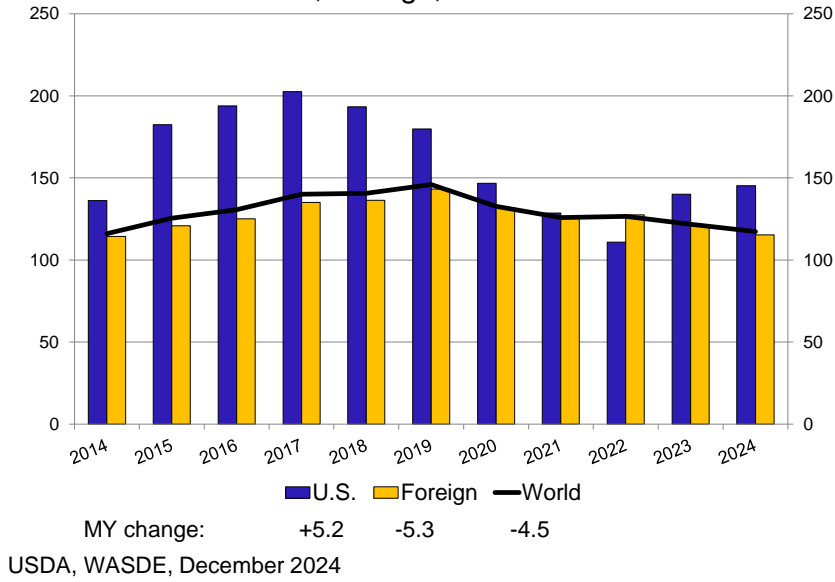
80% of global wheat production

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



Crop Progress and Condition. USDA has suspended national crop condition reports until next April but will provide updates on wheat conditions in selected states until then. Kansas wheat conditions on December 8 showed 10% rated very poor and poor; 55% good and excellent. This resulted in a crop condition score of 350, up from 348 the week before and 349 in late November.

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
November 3	316	302	271	335	310
November 10	337	305	289	331	324
November 17	343	320	327	356	338
November 24	349	336	337	364	347
December 1	348				
December 8	350				

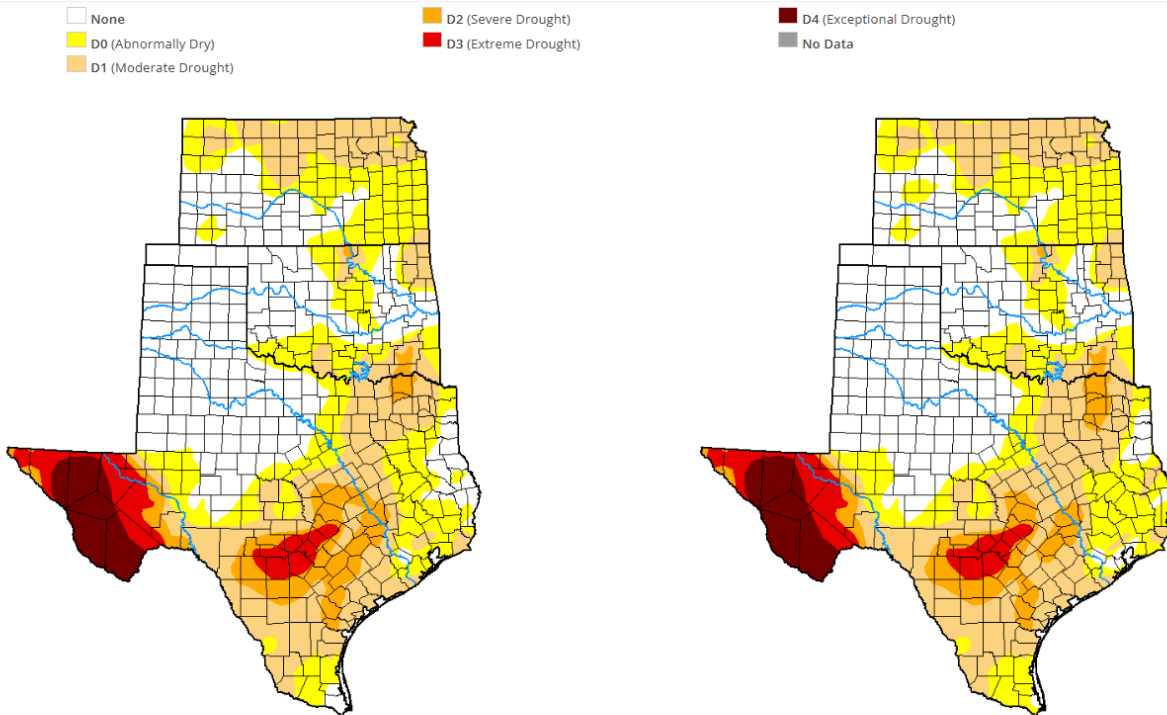
Southern Plains accounts for about 25% of national winter wheat production

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Weather. The drought severity index for the Southern Plains Climate Hub shows conditions about the same as last year and near the 10-year average. For the week, the area impacted by drought is down from 65% to 63%. The index is down from 132 to 131.

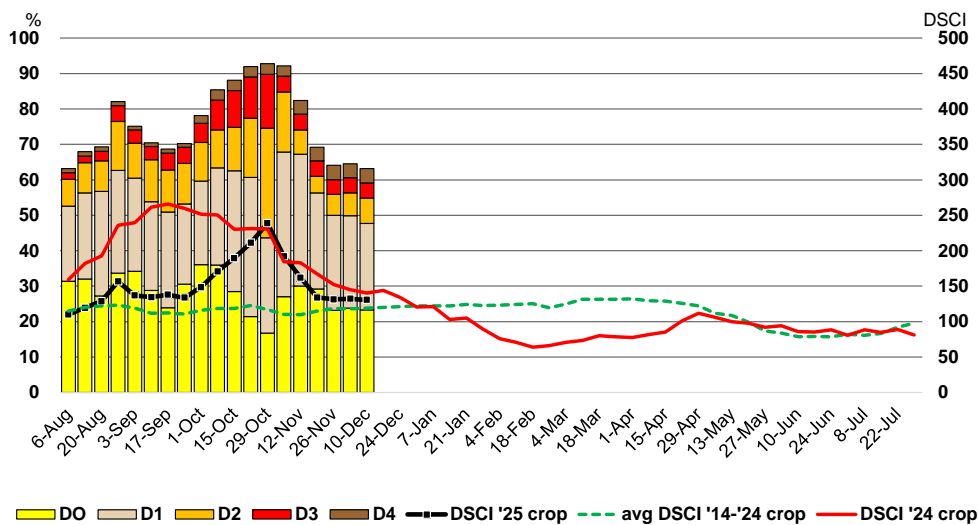


December 10, 2024 | December 3, 2024

Southern Plains Drought Monitor 12/10/2024

Drought Classification

None D0 (Abnormally Dry) D1 (Moderate Drought) D2 (Severe Drought) D3 (Extreme Drought) D4 (Exceptional Drought)



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

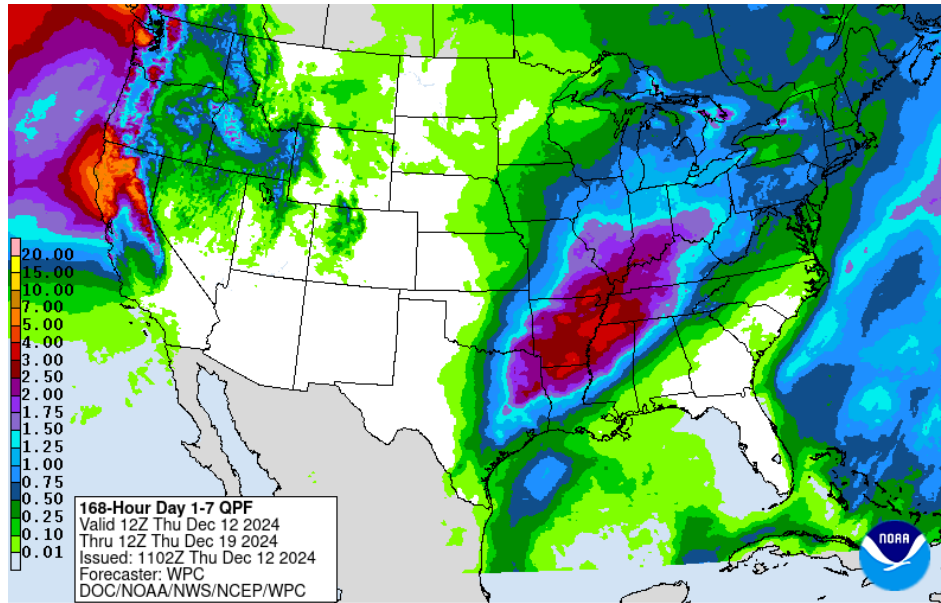
Drought Monitor, 12/12/2024, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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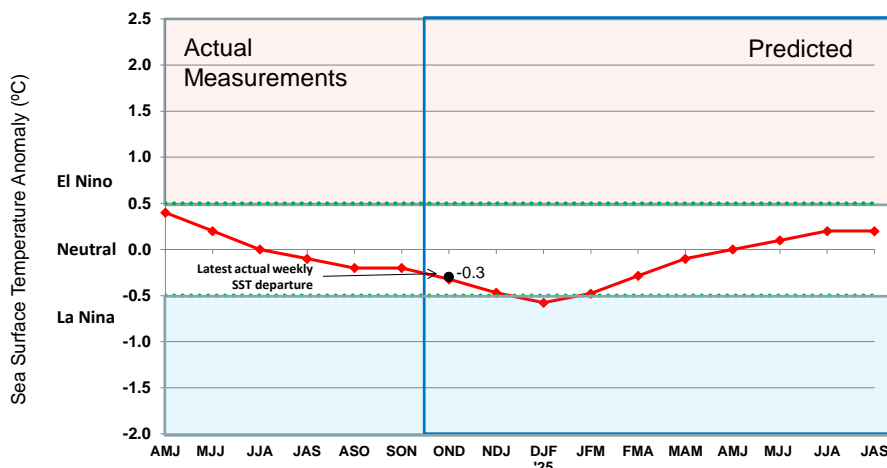
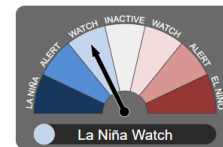
A mostly dry week ahead is the forecast for most of the Southern Plains the next 7-days (12/12-12/19/2024). Good moisture prospects for drought impacted eastern regions of Oklahoma and Texas.



Sea surface temperatures in the eastern Pacific are running -0.3°C below normal this week. For September/October/November, the deviation was steady at -0.2 . The Oceanic Niño Index is currently neutral with a forecast for La Niña conditions to develop in the current October-December period. 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: La Niña is most likely to emerge in October-December 2024 (57% chance) and is expected to persist through January-March 2025.



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, December 9, 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
November 7	5.69	4.76	-0.93			
November 14	5.33	4.40	-0.93			
November 21	5.56	4.62	-0.93			
December 5	5.53	4.49	-1.04			
December 12	5.63	4.69	-0.94			
10-year avg			-0.44		0.78	-1.22

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 positioning in numbers reported by the Commodity Futures Trading Commission’s Commitment of Traders for December 3. Dominating the wheat markets were traders adding to their short contracts held--bets for lower prices.

In corn, traders increased bets on both sides of the market with the addition of long positions exceeding that of the increase in short positions. For soybeans, the decrease in net longs was driven by a decrease in short contracts held, traders getting out of bets that prices would go lower.

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
11/5/2024	104,711	127,252	(22,541)	572.50	64,600	70,550	(5,950)	576.75
11/12/2024	105,967	144,496	(38,529)	552.25	63,586	80,560	(16,974)	546.50
11/19/2024	116,397	162,436	(46,039)	549.75	68,406	84,820	(16,414)	558.25
11/26/2024	119,626	171,818	(52,192)	550.50	66,990	83,751	(16,761)	550.50
12/3/2024	125,216	186,753	(61,537)	547.50	68,706	91,418	(22,712)	541.75
Change	5,590	14,935	(9,345)	(3.00)	1,716	7,667	(5,951)	(8.75)

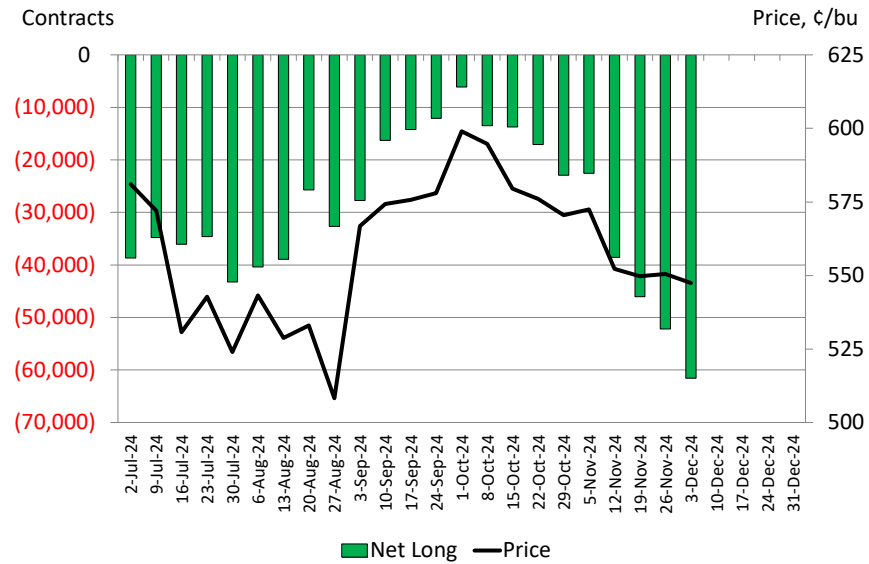
	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
11/5/2024	422,877	320,229	102,648	418.50	151,032	240,015	(88,983)	1001.75
11/12/2024	434,784	257,138	177,646	428.50	161,342	238,455	(77,113)	1010.50
11/19/2024	418,990	255,689	163,301	427.25	168,134	254,465	(86,331)	998.50
11/26/2024	399,710	262,841	136,869	420.00	159,925	265,862	(105,937)	983.50
12/3/2024	404,920	267,692	137,228	432.25	158,897	257,381	(98,484)	991.75
Change	5,210	4,851	359	12.25	(1,028)	(8,481)	7,453	8.25

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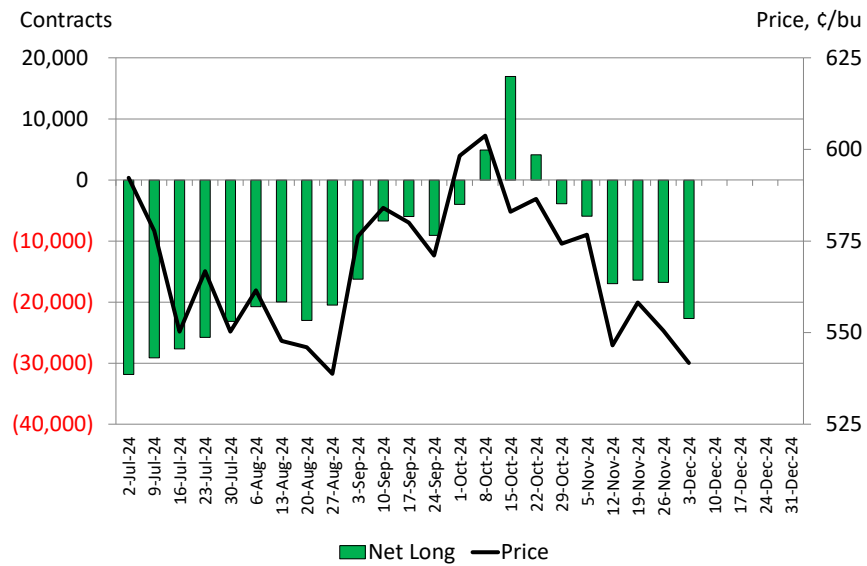
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Non-commercial Investment in CBOT Wheat, 12/3/2024



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

Non-commercial Investment in KC Wheat, 12/3/2024



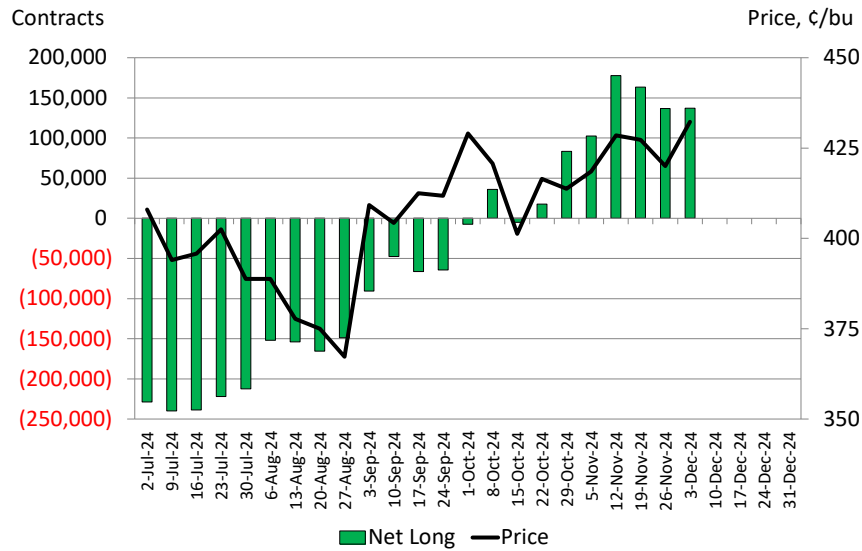
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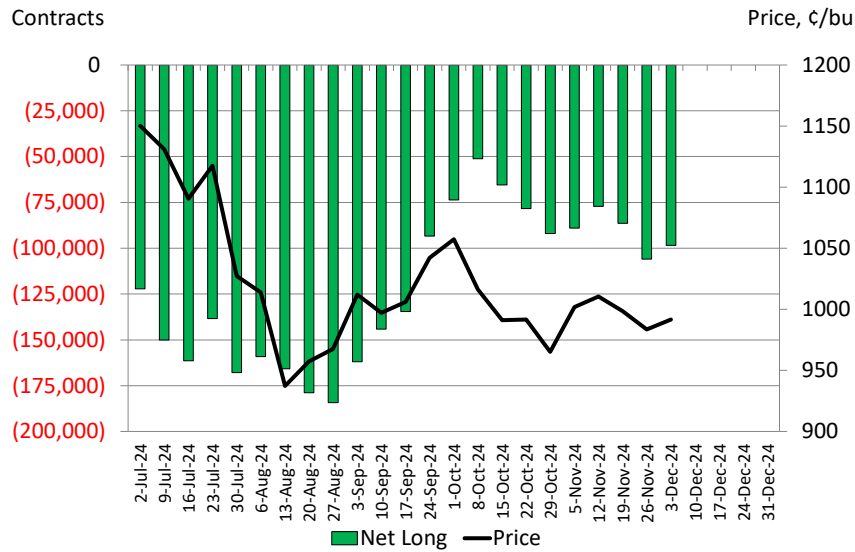
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Non-commercial Investment in Corn, 12/3/2024



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

Non-commercial Investment in Soybeans, 12/3/2024



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

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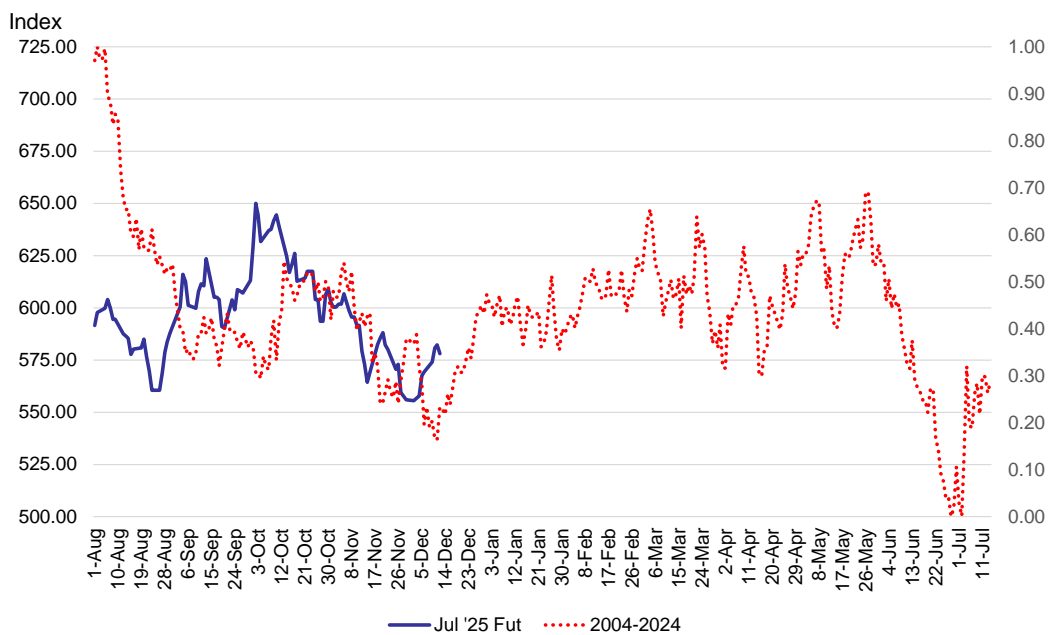
For December 3, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

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

Marketing Strategies

Seasonal Index. The seasonal index for the July Kansas City Wheat futures contract shows prices typically declining 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 Seasonal Index 2004-2024



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

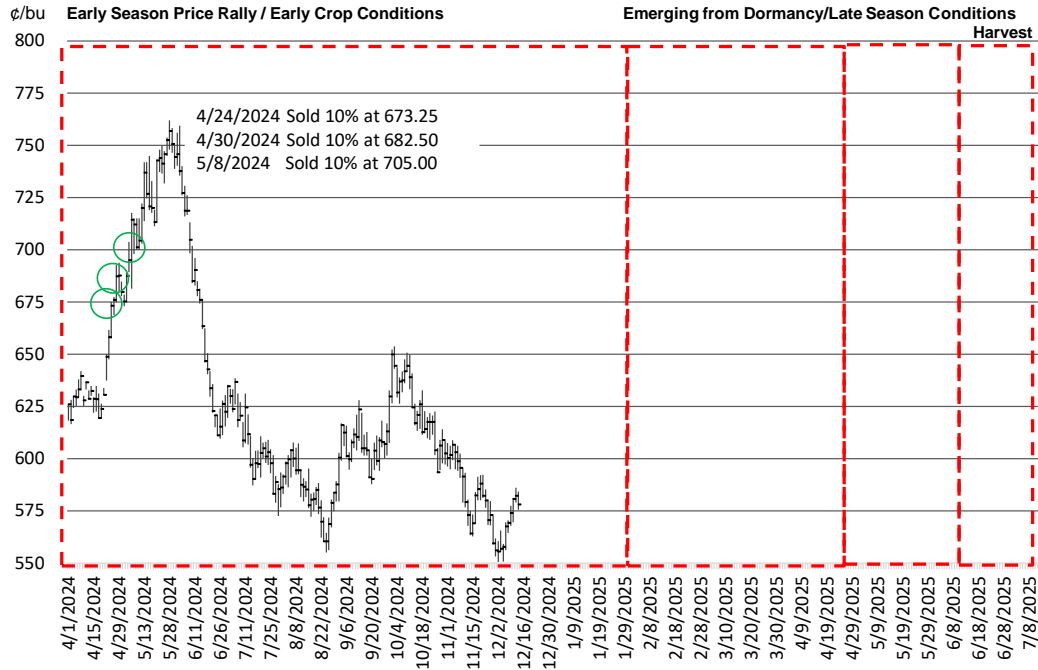
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July 2025 KC Wheat and Marketing Plan



Upcoming Reports/Events

December 17-18	Federal Open Market Committee, Federal Reserve
December 19	Gross Domestic Product, 3rd Quarter 2024 (Third Estimate)
December 20	Cattle on Feed Chickens and Eggs
December 23	Hogs and Pigs
January 5-11	The Executive Program for Agricultural Producers (TEPAP) San Antonio, Texas
January 10	Crop Production WASDE Grain Stocks Winter Wheat/Canola Seedings December Employment Situation, Bureau of Labor Statistics
January 15	Consumer Price Index

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