

# Wheat Outlook

January 17, 2025  
Volume 34, Number 6

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## Market Situation

**Crop Progress and Condition.** An update of winter wheat conditions was included in last week's "Crop Progress—State Stories" from USDA. For states that report over 1 million acres of winter wheat, conditions were generally favorable:

- **Colorado** (2.1 million acres), 12% of the crop is rated very poor and poor while 70% is rated good and excellent.
- **Kansas** (7.4 million acres) reports 16% very poor and poor and 47% good and excellent.
- **Montana** (2.25 million acres), 6% is very poor and poor and 42% good and excellent.
- **Oklahoma** (4.25 million acres) did not report wheat condition ratings but it was noted that the state received an average of 1.55 inches of rain and drought conditions were better than a year ago.
- **Texas** (5.8 million acres) wheat conditions were not updated but the report stated small grains were progressing well despite needing additional rain.
- **Washington** (1.85 million acres), good conditions were reported in the east central district and southeastern region.

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

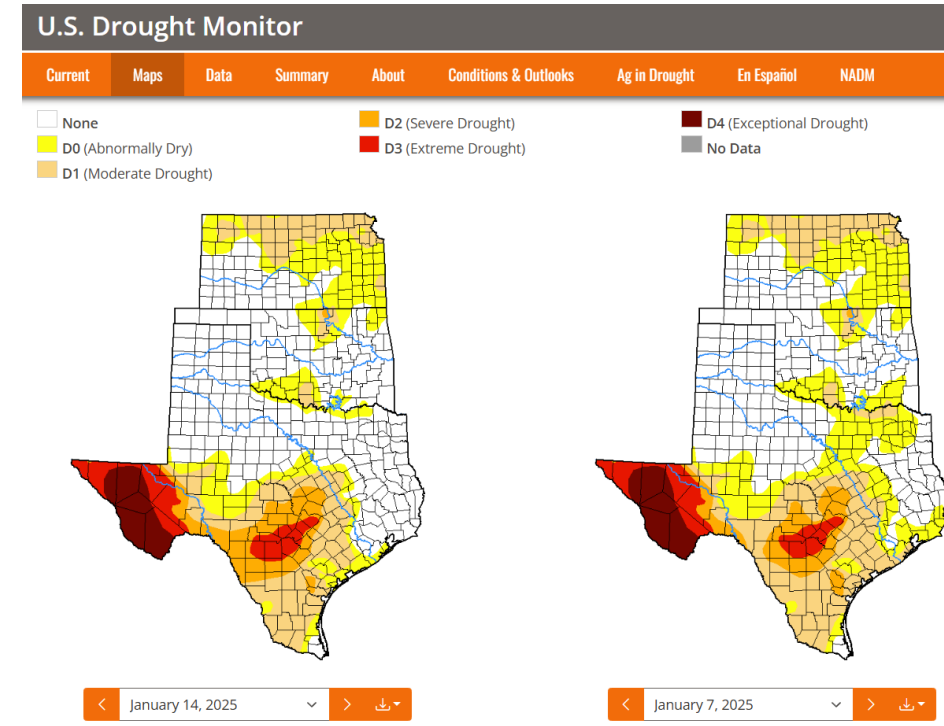
	Kansas, 55%	Oklahoma, 18%	Texas, 14%	Colorado, 13%	Index
October 27	317	285	285	321	307
November 3	316	302	271	335	310
November 10	337	305	289	331	324
November 17	343	320	327	356	338
November 24	349	336	337	364	347
December 1	348				
December 8	350				
December 15	351				
December 31	333			362	

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

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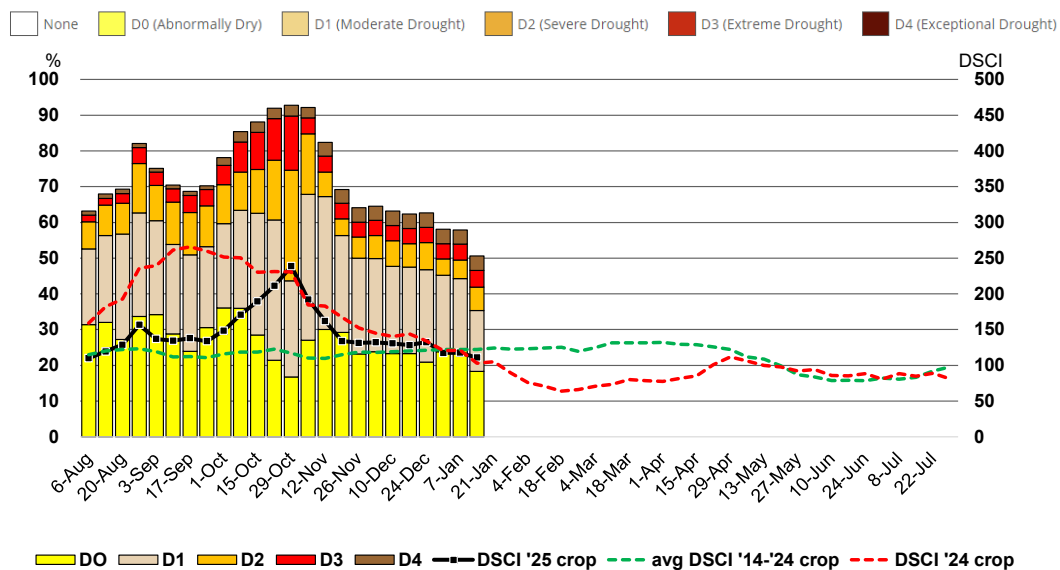
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**Weather.** The drought severity index for the Southern Plains Climate Hub shows conditions continuing to improve. The area under drought is down 7 points this week to 51%. The index on January 14 was 111. This compares to 103 last year and an average index reading of 122.



Southern Plains Drought Monitor 1/14/2025

### Drought Classification



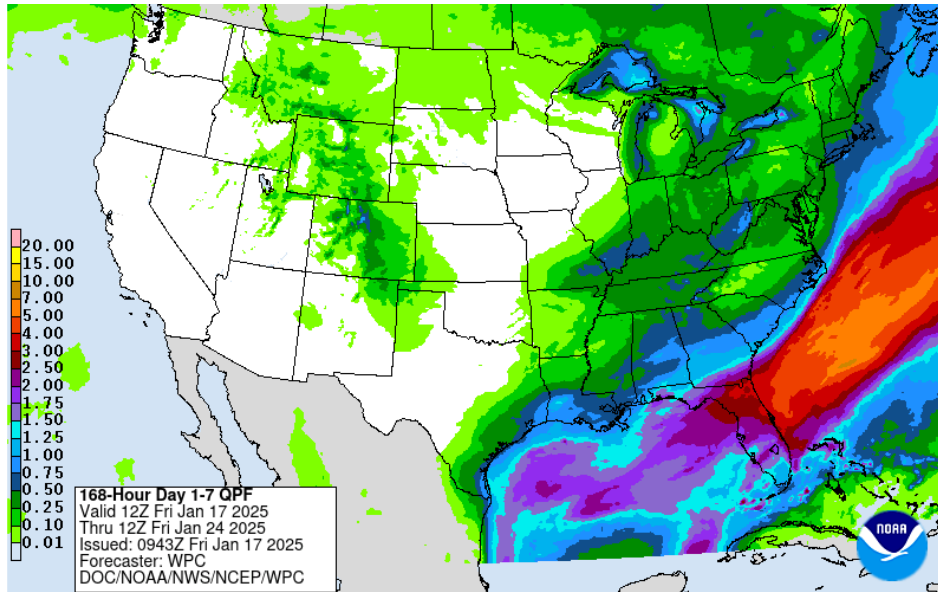
Drought Severity and Coverage Index (DSCI) = (D0\*1)+(D1\*2)+(D2\*3)+(D3\*4)+(D4\*5);  
min 0--no drought conditions reported; max 500--100% under exceptional drought conditions

Drought Monitor, 1/16/2025, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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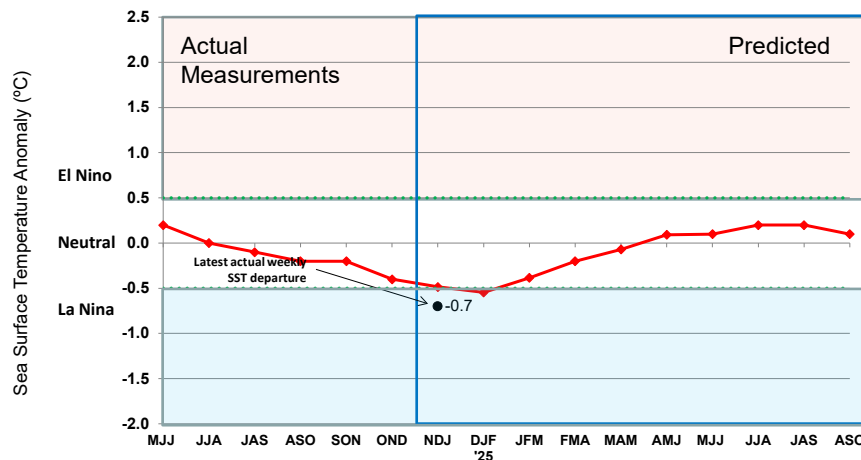
Precipitation in the 7-day forecast for the Southern Plains (1/17-1/24/2025) is heaviest in Southeast Texas. Snow showers are forecast for eastern Colorado, western Kansas, and the Texas and Oklahoma Panhandles this weekend and into Monday. Expected low temperatures Monday night are  $-5^{\circ}$  in Lamar, Colorado,  $0^{\circ}$  in Dodge City, Kansas, and  $8^{\circ}$  in Amarillo.



La Nina conditions are now present. The current sea surface temperature departure from normal is  $-0.7^{\circ}\text{C}$ . This La Nina is forecast to continue through February-April then transition back to neutral March-May.

### Oceanic Nino Index (ONI) ENSO Alert System Status: La Nina Advisory

CPC: La Niña conditions are present and are expected to persist through February-April 2025 (59% chance), with a transition to ENSO-neutral likely during March-May 2025 (60% chance).



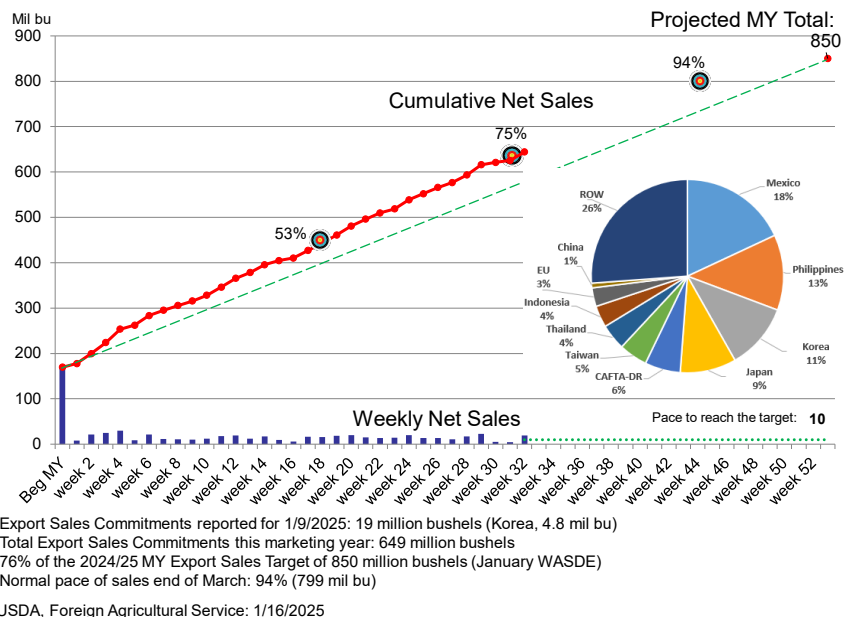
El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, January 13, 2025  
[http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/](http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/)  
Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/enso/>

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**Grain Use.** All wheat export sales picked back up this week with sales of 19 million bushels, 4.8 million of that to Korea. That brings the sales total for the marketing year to 649 million bushels, 76% of the projected target set by USDA. Normally, 94% of the marketing year total is on the books by the end of March.

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



## Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
December 19	5.43	4.49	-0.94			
December 26	5.52	4.57	-0.94			
January 2	5.52	4.58	-0.93			
January 10	5.52	4.57	-0.95			
January 16	5.48	4.52	-0.96			
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.** Though prices were higher across the board this week, there was a divergence of speculator positioning in the grain markets. Wheat traders generally added to bets for lower prices (took on more short positions) pushing net longs deeper in the negative category.

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	Wheat--SRW				Wheat--HRW				
	Long	Short	Net Long	Price	Long	Short	Net Long	Price	
12/10/2024	126,404	185,694	(59,290)	561.75	72,174	91,660	(19,486)	565.75	
12/17/2024	126,968	206,308	(79,340)	545.00	73,560	89,678	(16,118)	552.50	
12/24/2024	132,043	219,309	(87,266)	534.75	78,276	95,957	(17,681)	543.75	
12/31/2024	136,258	212,722	(76,464)	551.50	76,119	93,108	(16,989)	559.25	
1/7/2025	138,397	217,871	(79,474)	542.50	75,914	91,786	(15,872)	555.75	
1/14/2025	<u>138,772</u>	<u>220,981</u>	<u>(82,209)</u>	<u>546.25</u>	<u>73,855</u>	<u>94,599</u>	<u>(20,744)</u>	<u>560.75</u>	
Change	375	3,110	(2,735)	3.75	0	(2,059)	2,813	(4,872)	5.00

Net longs were higher in corn and beans as traders took on more bets that prices would go up (long positions). Net longs in corn are their highest since June 21, 2022 (380,169). Traders also got out of short positions in soybeans driving the net long calculation back into positive territory for the first time since December 19, 2023.

	Corn				Soybeans				
	Long	Short	Net Long	Price	Long	Short	Net Long	Price	
12/10/2024	465,806	241,383	224,423	449.00	160,946	247,162	(86,216)	994.75	
12/17/2024	454,635	232,787	221,848	443.50	156,034	265,363	(109,329)	976.75	
12/24/2024	461,845	236,170	225,675	448.50	159,460	264,378	(104,918)	975.25	
12/31/2024	493,433	202,918	290,515	458.50	161,103	231,021	(69,918)	998.25	
1/7/2025	506,413	186,600	319,813	458.00	160,940	210,941	(50,001)	1011.50	
1/14/2025	<u>534,428</u>	<u>186,353</u>	<u>348,075</u>	<u>474.50</u>	<u>186,047</u>	<u>171,529</u>	<u>14,518</u>	<u>1047.50</u>	
Change	28,015	(247)	28,262	16.50	0	25,107	(39,412)	64,519	36.00

For January 14, 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 bullish soybeans.

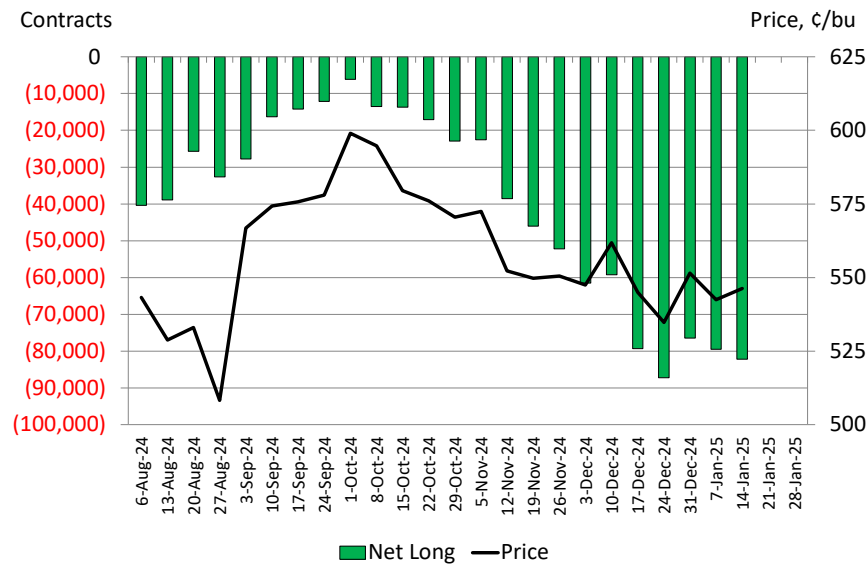
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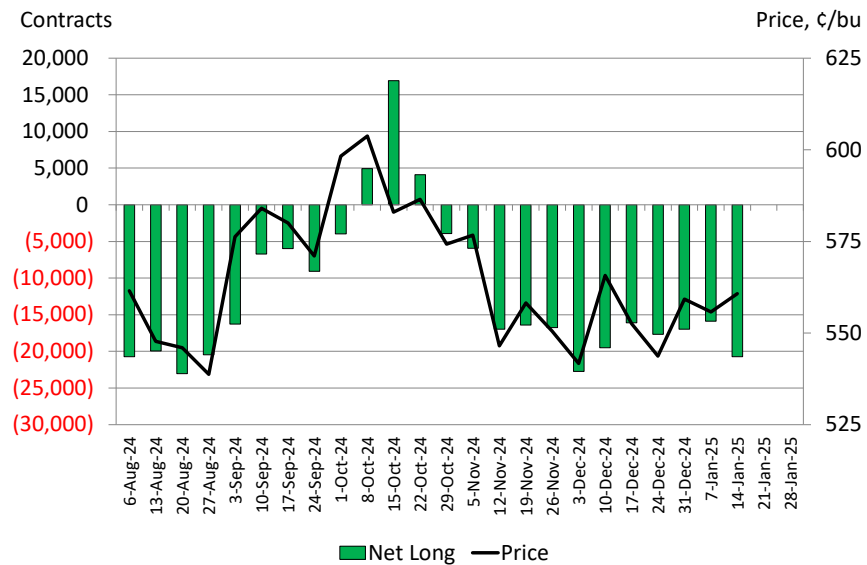


## Non-commercial Investment in CBOT Wheat, 1/14/2025



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

## Non-commercial Investment in KC Wheat, 1/14/2025



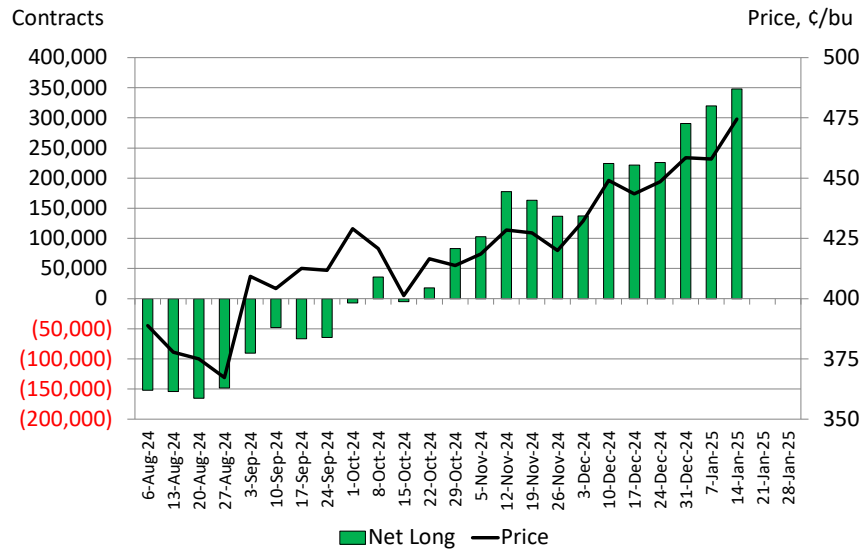
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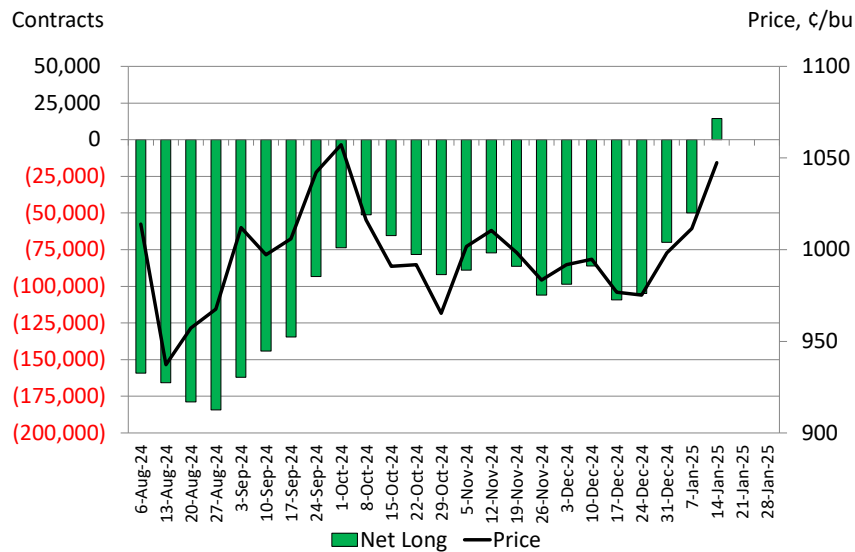


## Non-commercial Investment in Corn, 1/14/2025



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

## Non-commercial Investment in Soybeans, 1/14/2025



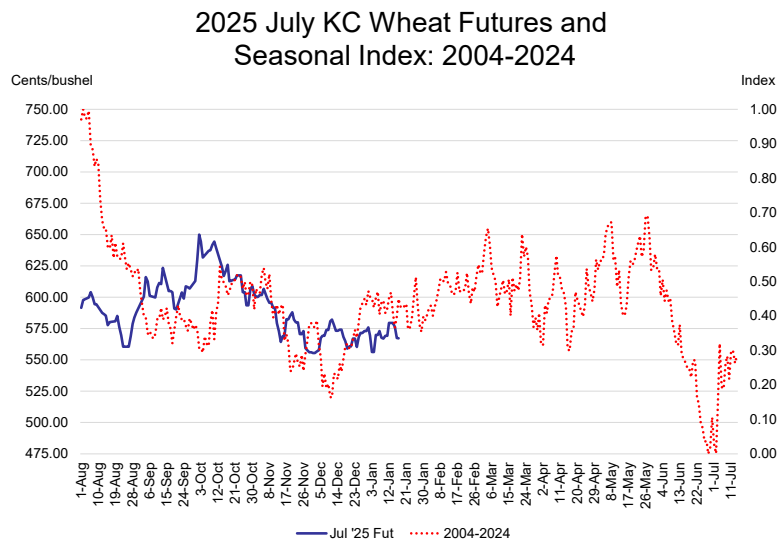
CFTC Legacy Report, Futures Only  
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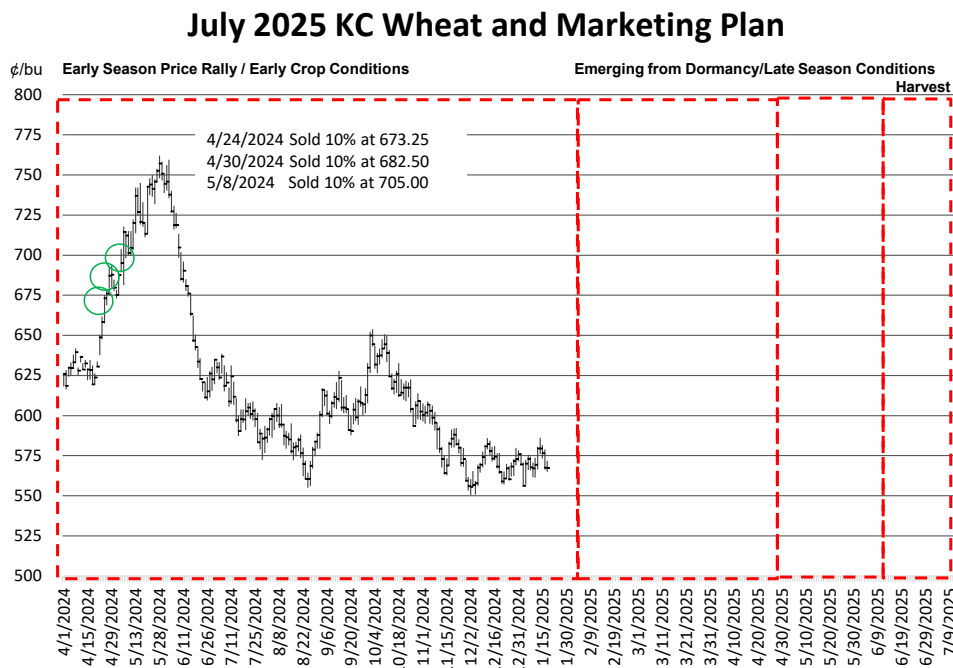
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## Marketing Strategies

**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.



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





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## Upcoming Reports/Events

January 24	Cattle on Feed
January 28-29	Federal Open Market Committee, Federal Reserve
January 31	Cattle Personal Consumption Expenditures Index (PCE)
February 11	WASDE Crop Production
February 12-13	Master Marketer: Building a Marketing Plan: Feed Grains, Amarillo
February 27-28	USDA Ag Outlook Forum Master Marketer: Building a Marketing Plan: Cotton, Lubbock
March 25-26	Master Marketer: Building a Marketing Plan: Feed Grains, Waco
April 23-24	Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco

### **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](mailto:JMWelch@tamu.edu)

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