

# Wheat Outlook

February 7, 2025

Volume 34, Number 12

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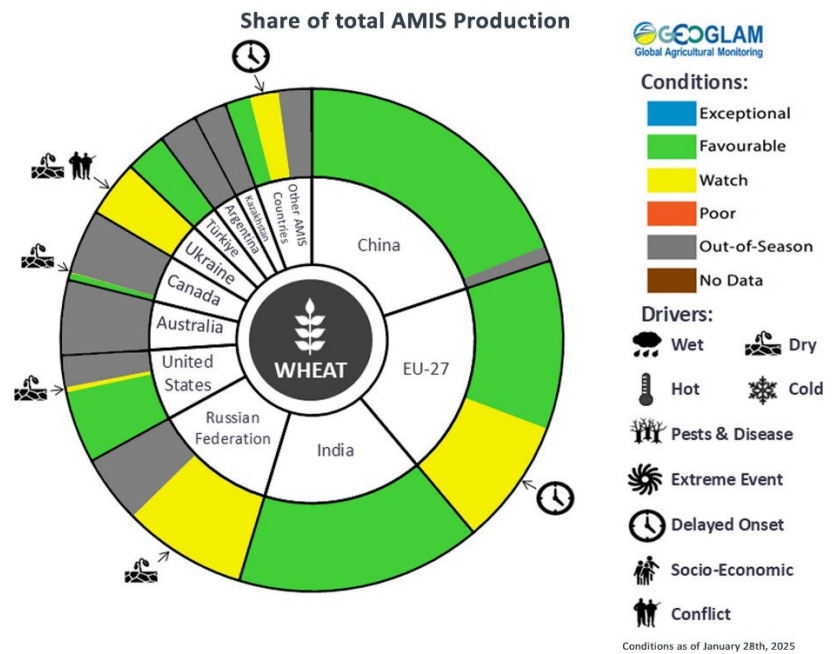
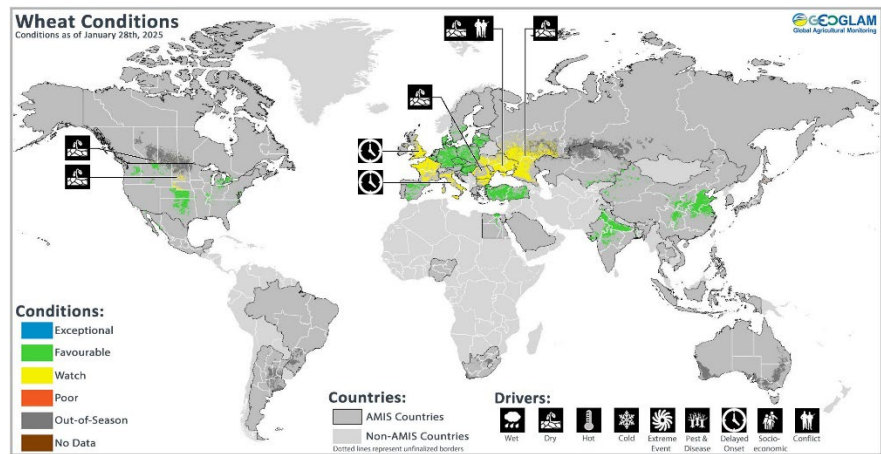
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## Market Situation

**Crop Progress and Condition.** The GEOGLAM Crop Monitor for wheat in late January (<https://www.cropmonitor.org/>) shows areas of concern across Europe, from the U.K. and France to Ukraine and Southern Russia.

It has not only been dry in Russia and Ukraine but also unseasonably warm, which raises concerns of a crop emerging from dormancy earlier than normal, increasing the risk for late-season freeze damage.

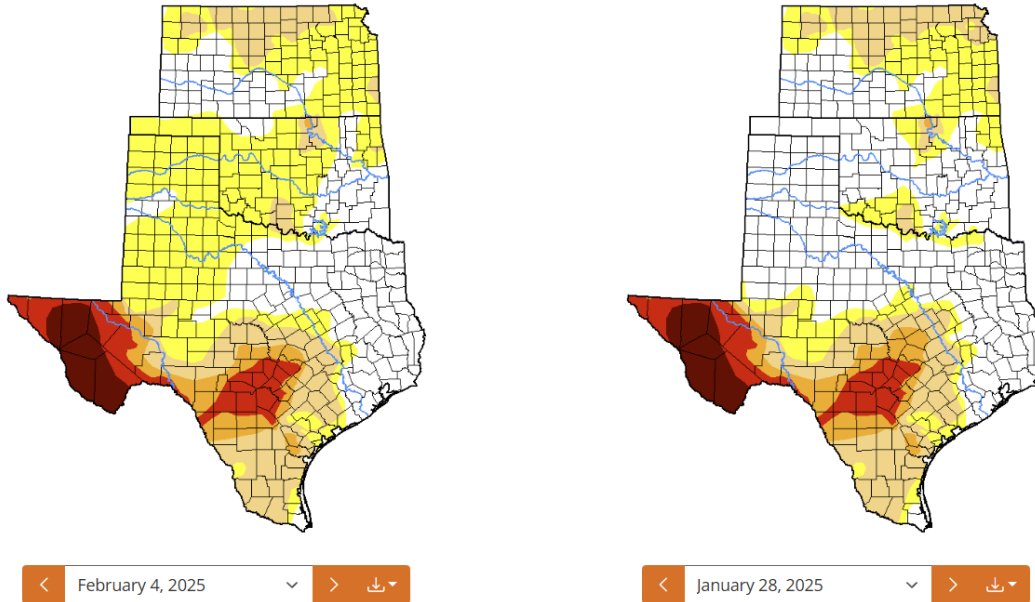


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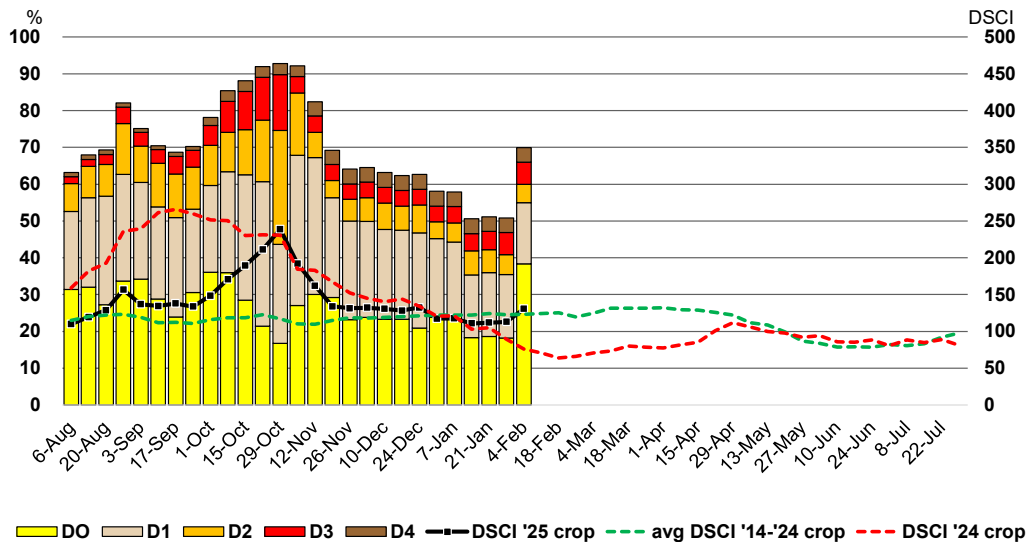
**Weather.** The drought severity index for the Southern Plains Climate Hub shows the area under drought expanding to 70% this week. Abnormally dry conditions spread across the Texas Panhandle and much of Oklahoma. The severity index is up 18 points to 131, back above the 123-point average and 76 (and falling) at this time last year.



Southern Plains Drought Monitor 2/4/2025

### 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

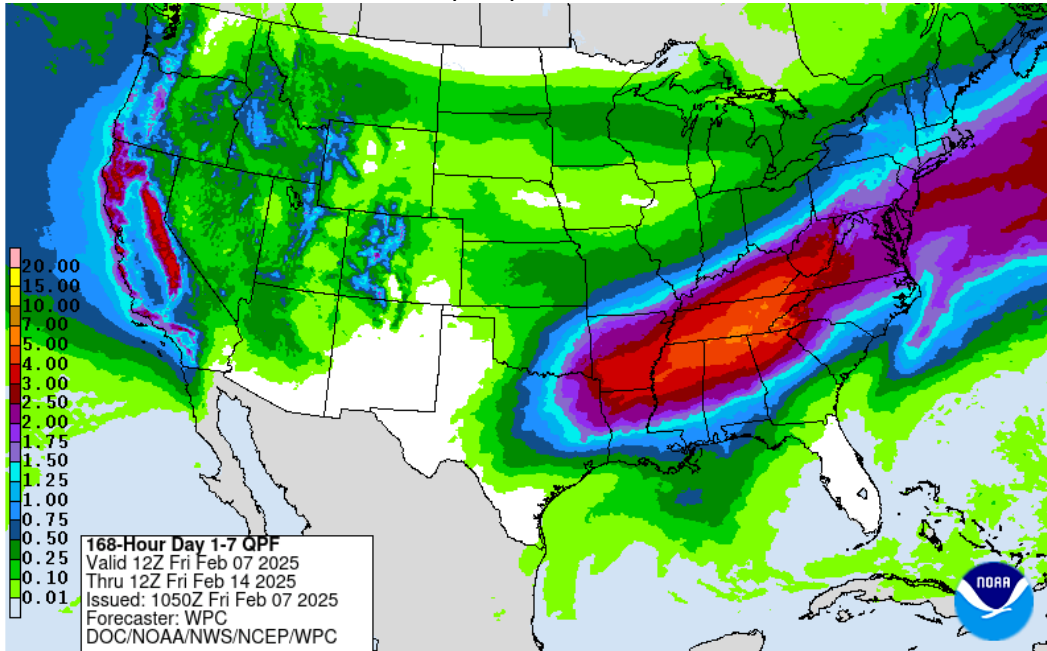
Drought Monitor, 2/6/2025, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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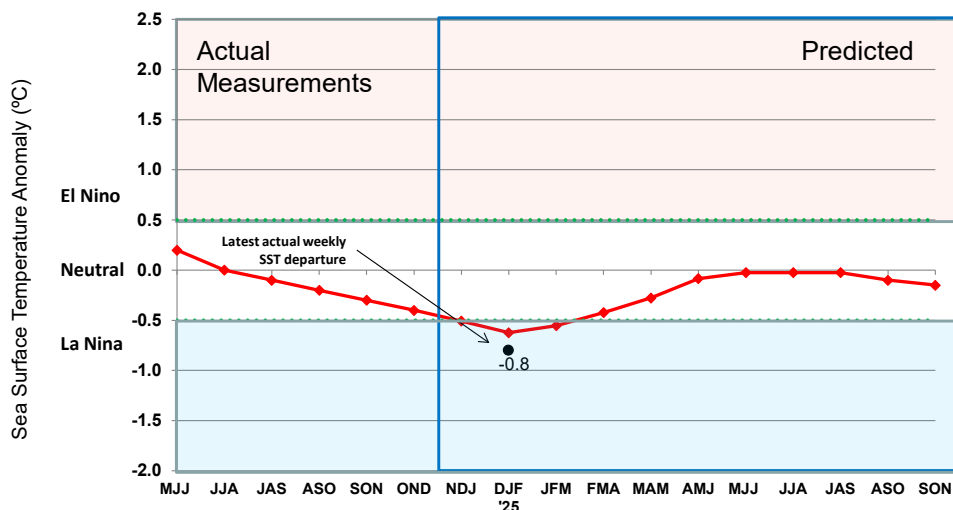
The seven-day precipitation forecast (2/7-2/14/2025) shows dry conditions continuing in the western Southern Plains, better moisture prospects east of I-35.



La Nina conditions are now present. The current sea surface temperature departure from normal this week is  $-0.8^{\circ}\text{C}$ . 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, February 3, 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/>

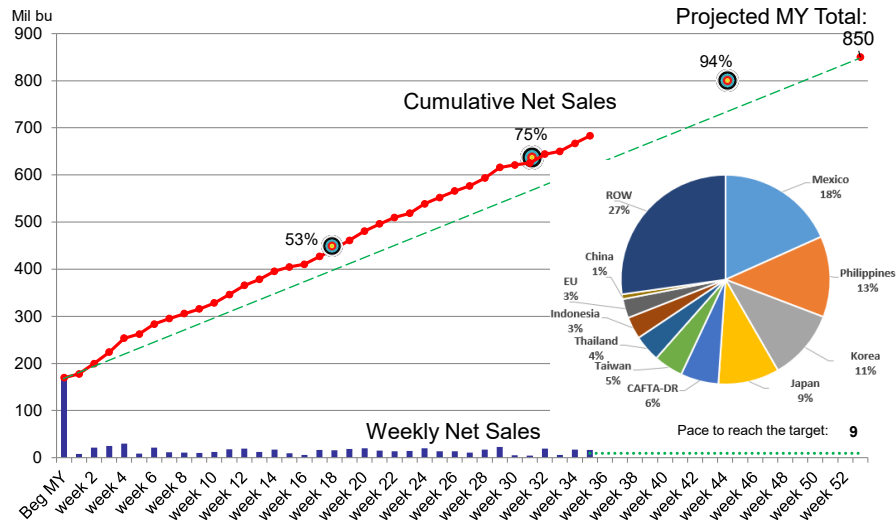
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**Grain Use.** All wheat export sales continue on pace to reach the 850 million bushel marketing year target. Sales for the week of January 30 were 16 million bushels, 4.5 million of that to Mexico. That brings the sales total for the marketing year to 672 million bushels, 81% of the expected total. 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

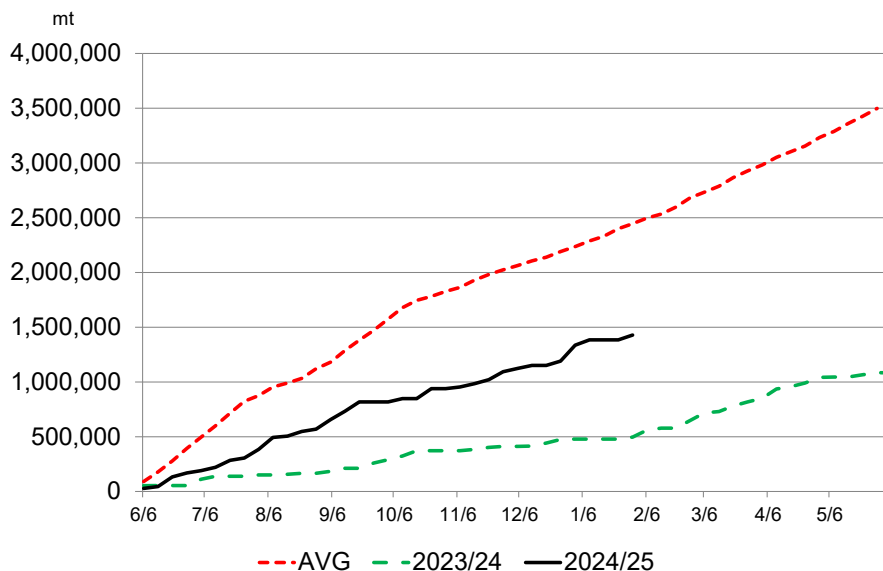


Export Sales Commitments reported for 1/30/2025: 16 million bushels (Mexico, 4.5 mil bu)  
 Total Export Sales Commitments this marketing year: 688 million bushels  
 81% of the 2024/25 MY Export Sales Target of 850 million bushels (January WASDE)  
 Normal pace of sales end of March: 94% (799 mil bu)

USDA, Foreign Agricultural Service: 2/6/2025

Wheat shipments out of the Texas Gulf last week were 45,000 metric tons. Shipments for the marketing year continue to run about half of normal.

## Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. *Grain Transportation Report*. January 30, 2025

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## Cash Wheat Prices, \$/bu.

	Nearby KC Futures	Avg TX cash elevator	basis	Houston Port	basis	Elevator to Export Spread
January 10	5.52	4.57	-0.95			
January 16	5.48	4.52	-0.96			
January 23	5.71	4.75	-0.96			
January 30	5.88	4.91	-0.97			
February 6	6.08	5.13	-0.95			
10-year avg			-0.45		0.75	-1.20

USDA, AMS, Market News: TX cash = average (North, Central, and South Panhandle); Houston Port, DTN

**Commitment of Traders.** Prices were higher across the board this week. Net longs were higher too but for different reasons. In Chicago wheat, Kansas City wheat, and soybeans traders exited both sides of the market, but by lowering the number of bets they hold for prices to down (short contracts) more than their reduction in bets that prices will go up (long contracts), net longs went up.

	Wheat--SRW				Wheat--HRW			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
1/7/2025	138,397	217,871	(79,474)	542.50	75,914	91,786	(15,872)	555.75
1/14/2025	138,772	220,981	(82,209)	546.25	73,855	94,599	(20,744)	560.75
1/21/2025	138,911	211,920	(73,009)	558.75	76,279	94,246	(17,967)	575.50
1/28/2025	133,872	224,983	(91,111)	554.25	73,431	97,581	(24,150)	561.00
2/4/2025	<u>130,876</u>	<u>198,231</u>	<u>(67,355)</u>	<u>577.00</u>	<u>69,771</u>	<u>83,735</u>	<u>(13,964)</u>	<u>594.75</u>
Change	(2,996)	(26,752)	23,756	22.75	(3,660)	(13,846)	10,186	33.75

Net longs in corn went up as speculators added to their long positions and lowered the number of short contracts held.

	Corn				Soybeans			
	Long	Short	Net Long	Price	Long	Short	Net Long	Price
1/7/2025	506,413	186,600	319,813	458.00	160,940	210,941	(50,001)	1011.50
1/14/2025	534,428	186,353	348,075	474.50	186,047	171,529	14,518	1047.50
1/21/2025	587,335	194,412	392,923	490.00	187,255	168,706	18,549	1067.25
1/28/2025	617,299	173,424	443,875	485.25	182,713	151,362	31,351	1045.00
2/4/2025	<u>626,001</u>	<u>163,620</u>	<u>462,381</u>	<u>494.50</u>	<u>182,119</u>	<u>144,953</u>	<u>37,166</u>	<u>1075.00</u>
Change	8,702	(9,804)	18,506	9.25	(594)	(6,409)	5,815	30.00

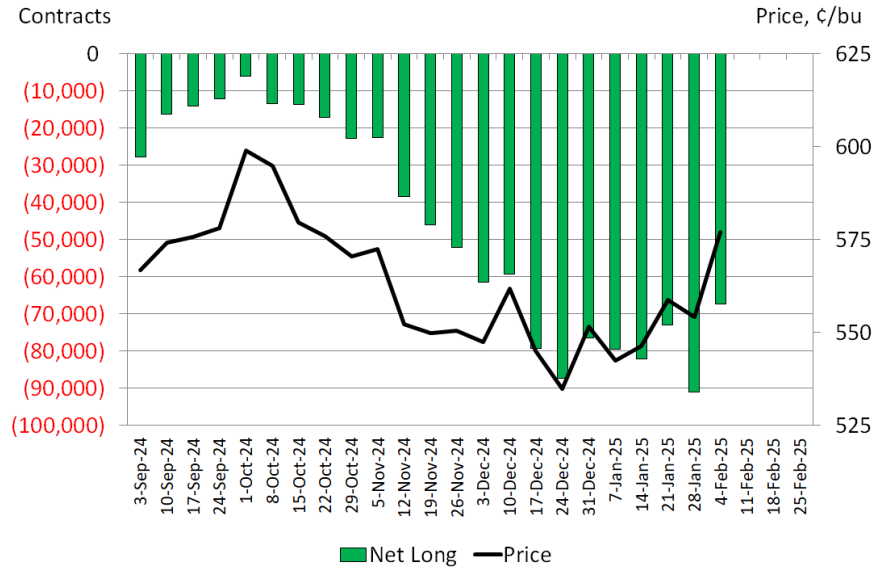
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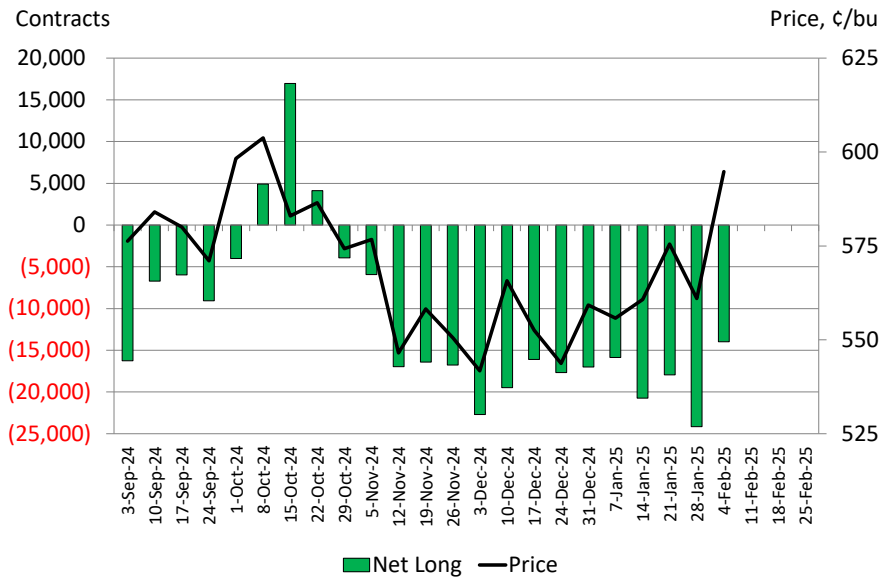


## Non-commercial Investment in CBOT Wheat, 2/4/2025



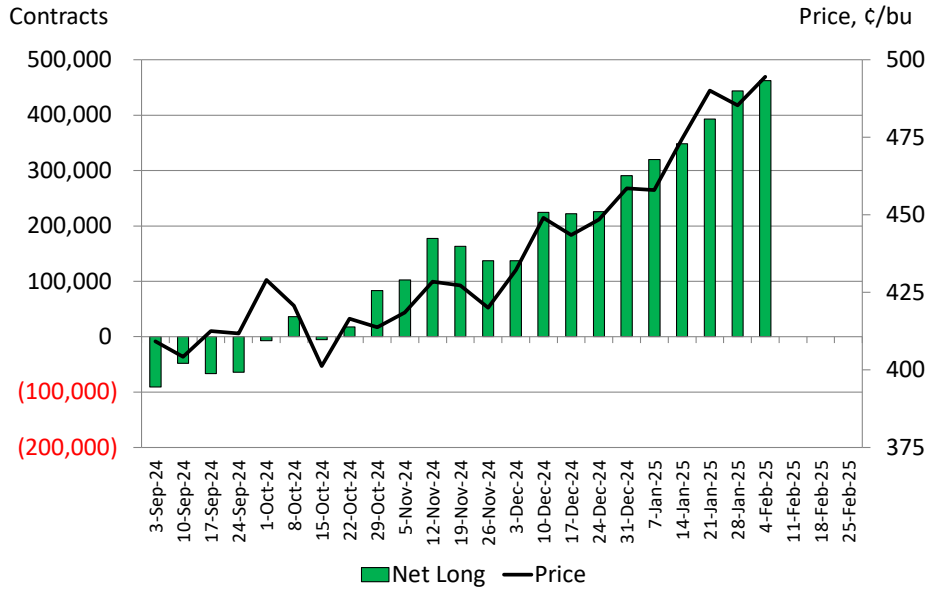
CFTC Legacy Report, Futures Only  
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

## Non-commercial Investment in KC Wheat, 2/4/2025



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

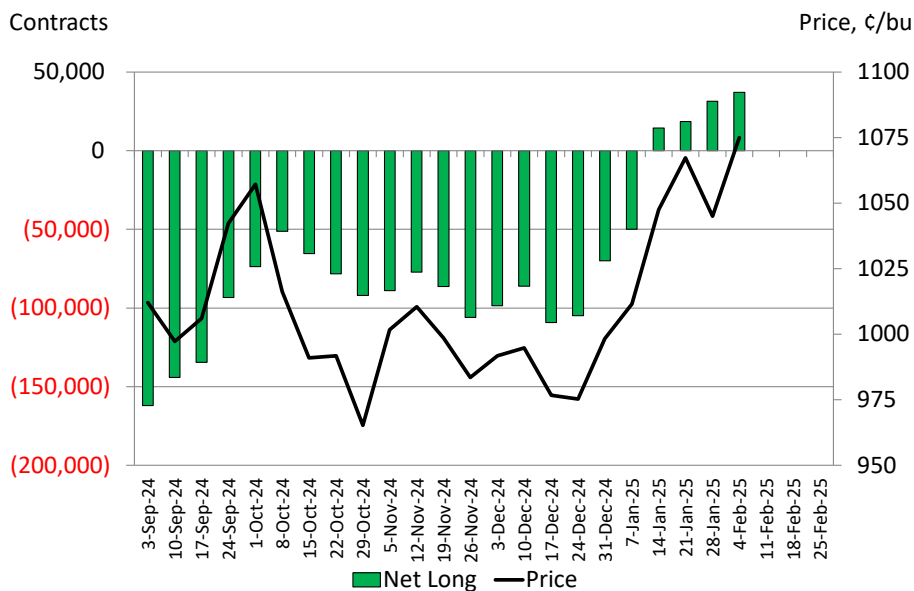
## Non-commercial Investment in Corn, 2/4/2025



CFTC Legacy Report, Futures Only

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

## Non-commercial Investment in Soybeans, 2/4/2025



CFTC Legacy Report, Futures Only

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

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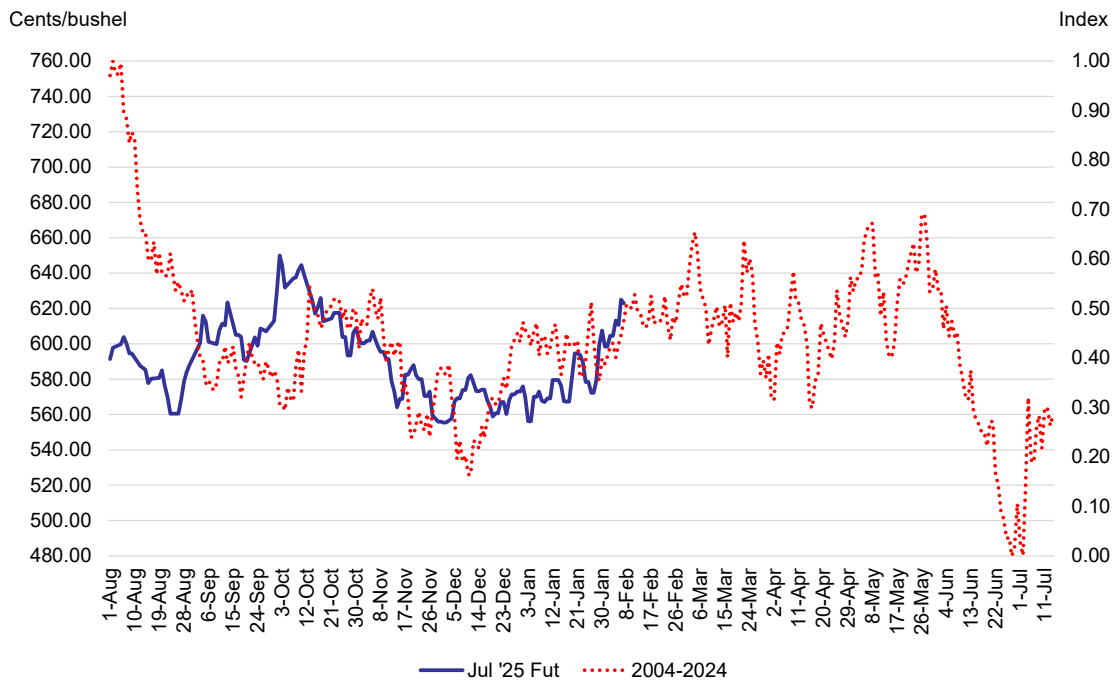
For February 4, based on whether the net long number (long contracts held minus short contracts held) is positive or negative and whether that net long number increased or decreased compared to the week before, speculators were:

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

### 2025 July KC Wheat Futures and Seasonal Index: 2004-2024





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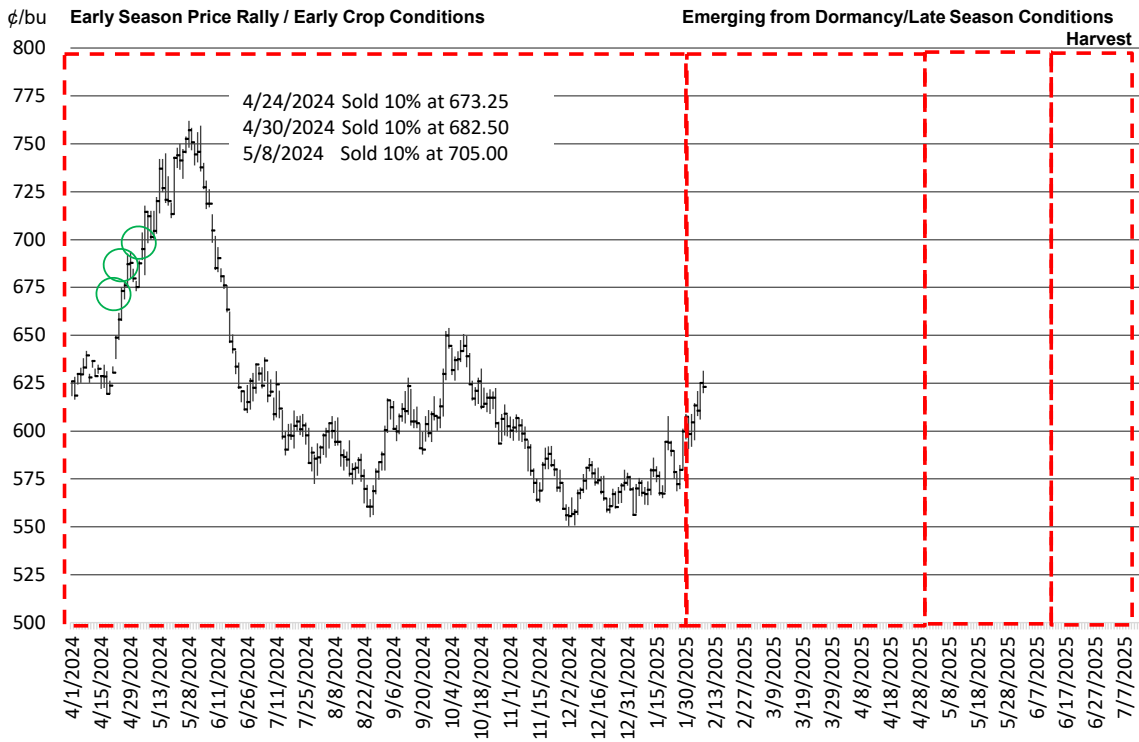
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**Wheat Marketing Plan.** For the 2025 wheat crop, I am 30% sold entering into the time frame when I look to add to sales.

## July 2025 KC Wheat and Marketing Plan



### Upcoming Reports/Events

February 11	WASDE Crop Production Short-term Energy Outlook, Energy Information Administration
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
March 31	Prospective Plantings Grain Stocks
April 23-24	Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco

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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](mailto:JMWelch@tamu.edu)

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