

Wheat Outlook

March 21, 2025

Volume 34, Number 20

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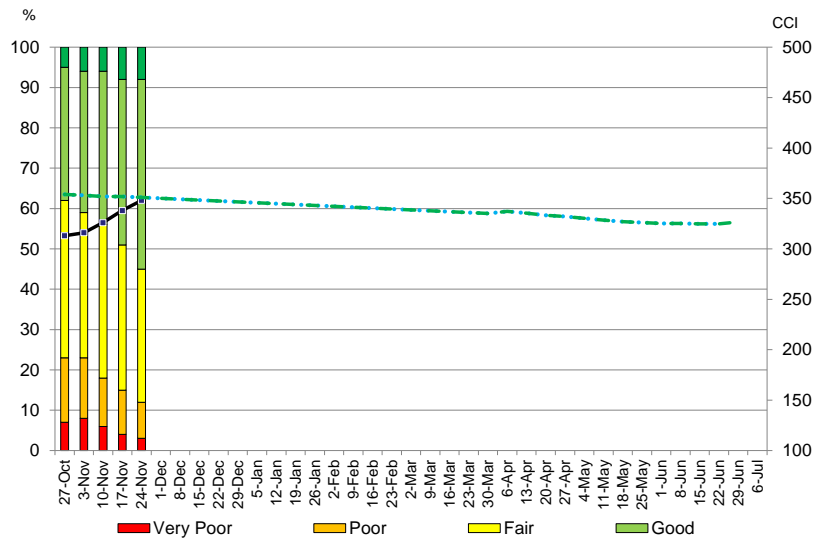
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Market Situation

Crop Progress and Condition. National winter wheat condition ratings will resume on April 7. Conditions were improving in late-November, and typically the crop condition index shows some decline from spring through harvest.

2025 U.S. Winter Wheat Crop Condition Ratings



USDA Crop Progress, November 25, 2024

Condition rating updates this week (% good and excellent and change from last report): Kansas 48%, -4; Oklahoma 46%, no change; Texas 28%, no change; Colorado 60%, -7.

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 8 | 350 | | | | |
| December 15 | 351 | | | | |
| December 31 | 333 | | | 362 | |
| January 19 | | | 322 | | |
| January 26 | | | 321 | | |
| February 2 | 339 | 317 | 311 | 346 | 332 |
| February 9 | | | 309 | | |
| February 16 | | | 300 | | |
| February 23 | | 307 | 304 | | |
| March 2 | 344 | 296 | 295 | 359* | 330 |
| March 10 | 337 | 323 | 282 | 359* | 330 |
| March 16 | 331 | 310 | 283 | 356 | 324 |

*End of February

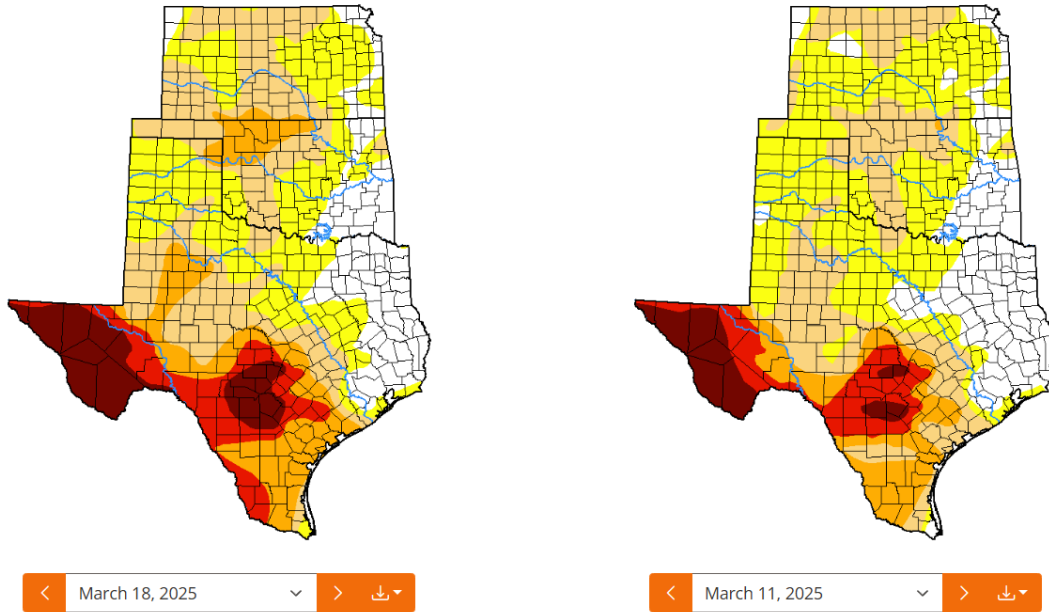
Southern Plains accounts for about 25% of national winter wheat production

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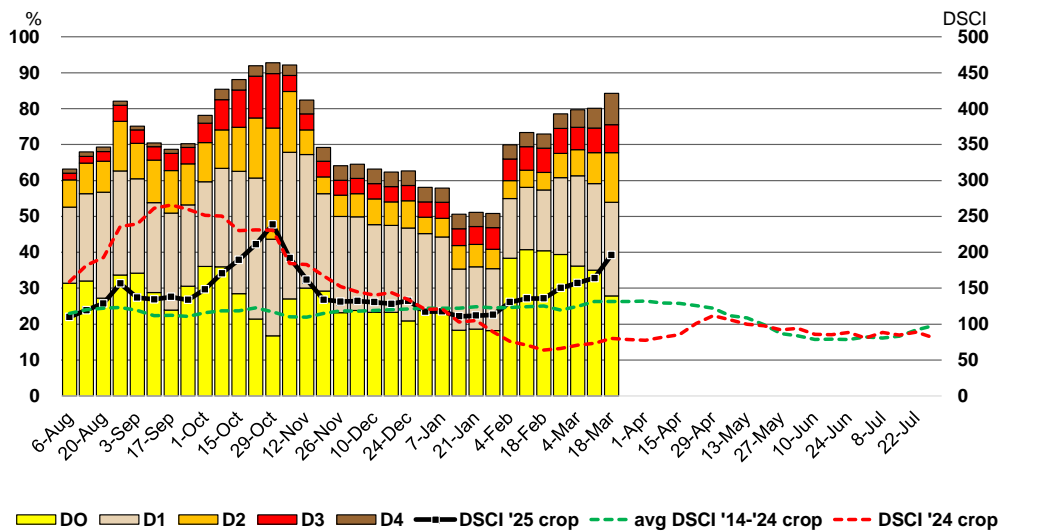
Weather. The area of the Southern Plains experiencing drought conditions increased 4% this week to 84%. The drought severity index increased 32 points to 196. The reading last year at this time was 80. The average for this week of wheat growing season is 132. Since the end of February, the area rated D3 (extreme) and D4 (exceptional) has increased from 11% to 17%.



Southern Plains Drought Monitor 3/18/2025

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

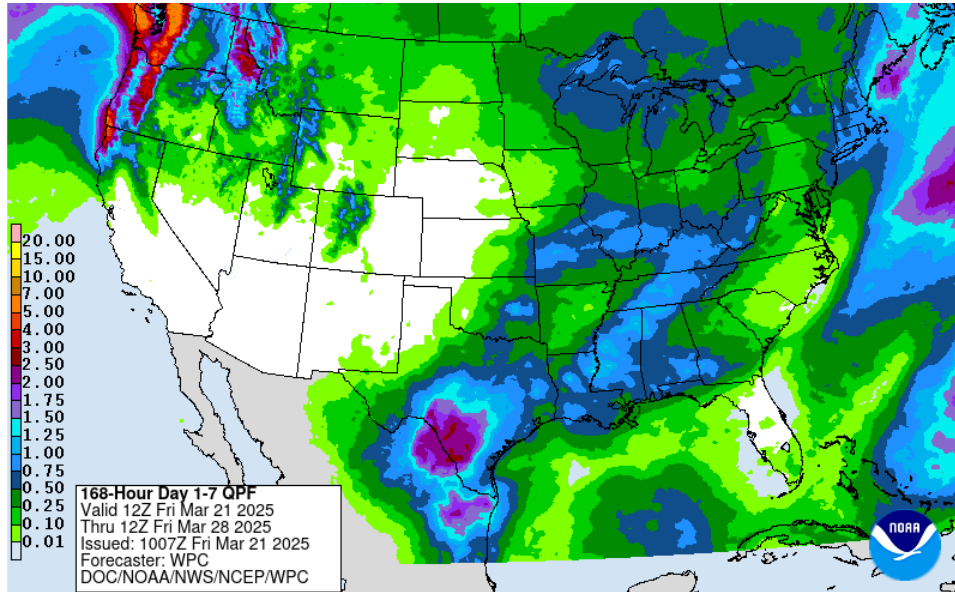
Drought Monitor, 3/20/2025, Southern Plains Climate Hub, <http://droughtmonitor.unl.edu/>

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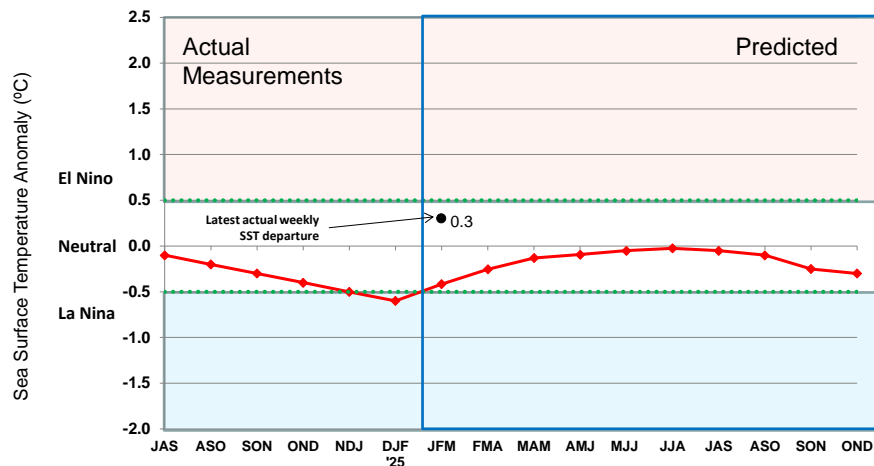
High wind and red flag warnings continue from Eastern New Mexico across most of west Central Texas. Highest rainfall potential the next 7 days covers the southeastern halves of Texas and Oklahoma (3/21-3/28/2025).



La Nina conditions are now present but we are past the low point of this current cycle. The current sea surface temperature departure from normal this week is +0.3°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: ENSO-neutral is favored to develop in the next month and persist through Northern Hemisphere summer (62% chance in June-August 2025).



El Niño/Southern Oscillation (ENSO) Diagnostic Discussion, March 17, 2025
http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/
Australian Bureau of Meteorology, <http://www.bom.gov.au/climate/enso/>

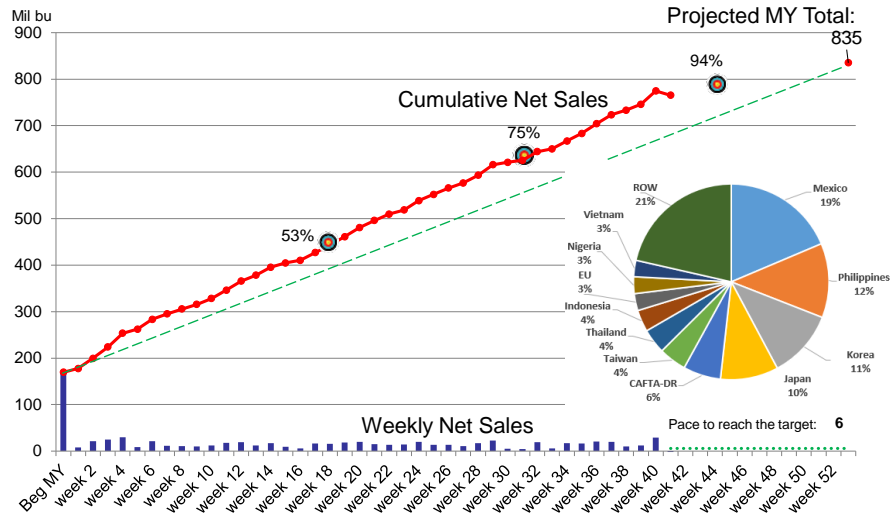
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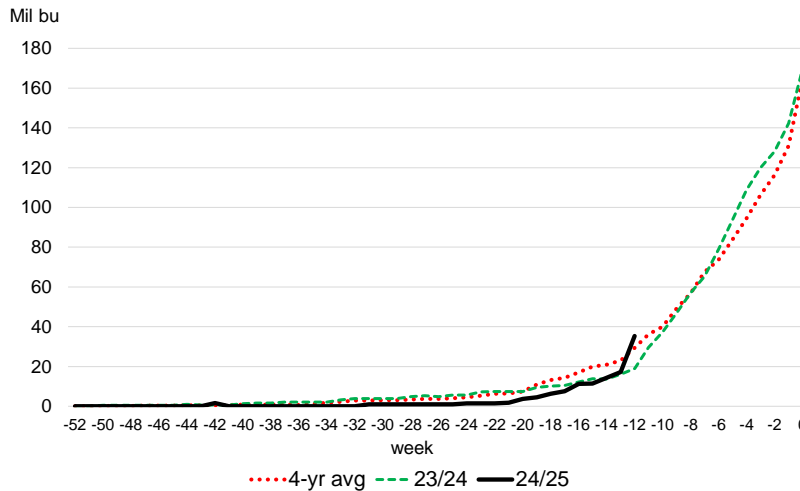
Grain Use. All wheat export sales for the week of March 13 were a -9 million bushels. Vietnam was the top buyer with 2.6 million bushels. Panama, the top buyer last week at 9 million bushels, cancelled sales of 10 million. Some of the cancellations were a shift from the current old crop marketing year to new crop (2025/26). This was the case for Mexico and the Philippines. All wheat sales commitments for next year were up 18 million bushels.

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



Export Sales Commitments reported for 3/13/2025: -9 million bushels (Vietnam, 2.6 mil bu; Panama, -10.0 mil bu)
 Total Export Sales Commitments this marketing year: 771 million bushels
 92% of the 2024/25 MY Export Sales Target of 835 million bushels (March WASDE)
 Normal pace of sales end of March: 94% (799 mil bu)
 USDA, Foreign Agricultural Service: 3/20/2025

All Wheat Export Sales Commitments Next Marketing Year



USDA, Foreign Agricultural Service: 3/20/2025

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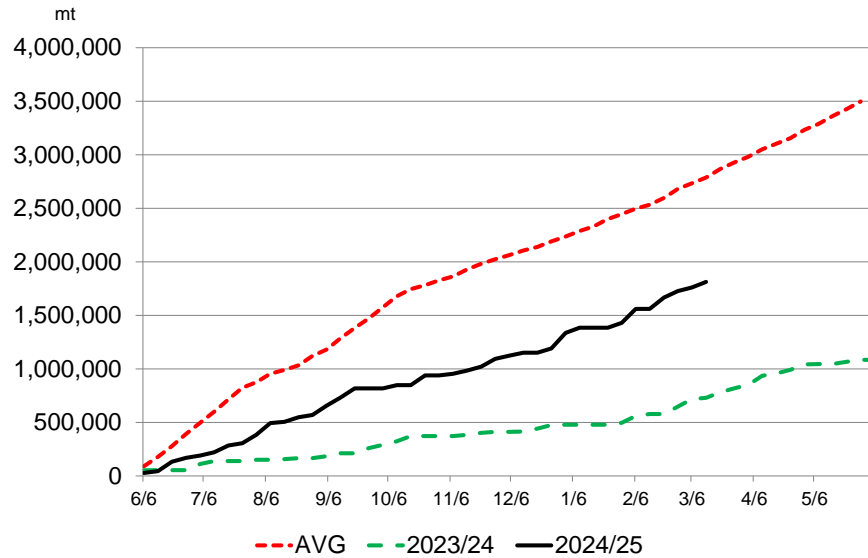
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Wheat inspected for export out of the Texas Gulf has increased over the last several weeks. Though still well below average, inspections are more than twice what they were last year at this time.

Wheat Inspected for Export, Texas Gulf



U.S. Dept. of Agriculture, Agricultural Marketing Service. *Grain Transportation Report*. March 20, 2025

Cash Wheat Prices, \$/bu.

| | Nearby KC Futures | Avg TX cash elevator | basis | Houston Port | basis | Elevator to Export Spread |
|-------------|----------------------|-------------------------|-------|-----------------|-------|------------------------------|
| February 20 | 6.08 | 5.13 | -0.95 | | | |
| February 27 | 5.71 | 4.77 | -0.95 | | | |
| March 6 | 5.66 | 4.60 | -1.06 | | | |
| March 13 | 5.88 | 4.85 | -1.03 | | | |
| March 20 | 5.87 | 4.84 | -1.03 | 6.42 | 0.56 | -1.58 |
| 10-year avg | | | -0.45 | | 0.75 | -1.20 |

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

Commitment of Traders. Speculative traders in the grain markets were mixed in their market outlook given repositioning reported in today's Commitment of Traders Report from the Commodity Futures and Trading Commission. Changes in positions in Chicago wheat, Kansas City wheat, and soybeans were primarily driven by traders getting out of the market, especially on the short side of the market (bets for lower prices). This moved net longs higher. Net longs were down in corn with traders getting in the market by adding to short contracts held.

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| | Wheat--SRW | | | | Wheat--HRW | | | |
|-----------|----------------|----------------|-----------------|---------------|---------------|---------------|-----------------|---------------|
| | Long | Short | Net Long | Price | Long | Short | Net Long | Price |
| 2/18/2025 | 127,440 | 164,212 | (36,772) | 604.75 | 58,070 | 60,119 | (2,049) | 627.25 |
| 2/25/2025 | 109,657 | 171,708 | (62,051) | 572.75 | 51,278 | 56,328 | (5,050) | 591.75 |
| 3/4/2025 | 116,367 | 201,209 | (84,842) | 536.75 | 50,098 | 77,673 | (27,575) | 548.50 |
| 3/11/2025 | 120,935 | 199,008 | (78,073) | 556.75 | 52,893 | 89,087 | (36,194) | 572.00 |
| 3/18/2025 | <u>116,964</u> | <u>193,443</u> | <u>(76,479)</u> | <u>565.00</u> | <u>55,013</u> | <u>84,666</u> | <u>(29,653)</u> | <u>606.25</u> |
| Change | (3,971) | (5,565) | 1,594 | 8.25 | 2,120 | (4,421) | 6,541 | 34.25 |

| | Corn | | | | Soybeans | | | |
|-----------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|
| | Long | Short | Net Long | Price | Long | Short | Net Long | Price |
| 2/18/2025 | 627,494 | 158,770 | 468,724 | 502.00 | 166,913 | 172,555 | (5,642) | 1038.50 |
| 2/25/2025 | 597,706 | 156,545 | 441,161 | 479.75 | 160,652 | 171,202 | (10,550) | 1031.25 |
| 3/4/2025 | 492,878 | 157,440 | 335,438 | 451.50 | 161,354 | 195,637 | (34,283) | 999.00 |
| 3/11/2025 | 449,005 | 180,648 | 268,357 | 470.25 | 165,758 | 177,898 | (12,140) | 1011.25 |
| 3/18/2025 | <u>441,602</u> | <u>202,226</u> | <u>239,376</u> | <u>458.75</u> | <u>167,323</u> | <u>175,600</u> | <u>(8,277)</u> | <u>1012.75</u> |
| Change | (7,403) | 21,578 | (28,981) | (11.50) | 1,565 | (2,298) | 3,863 | 1.50 |

For March 18, 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,
- less bullish corn, and
- less bearish soybeans.

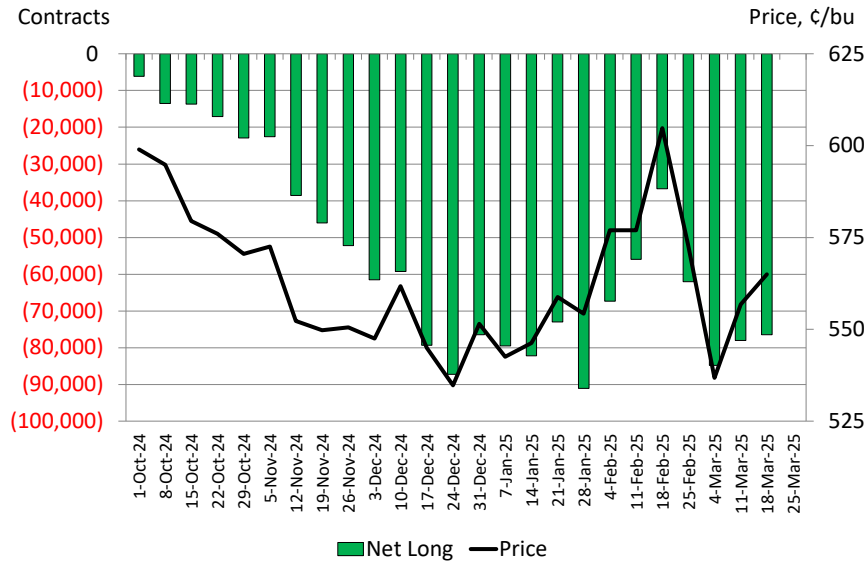
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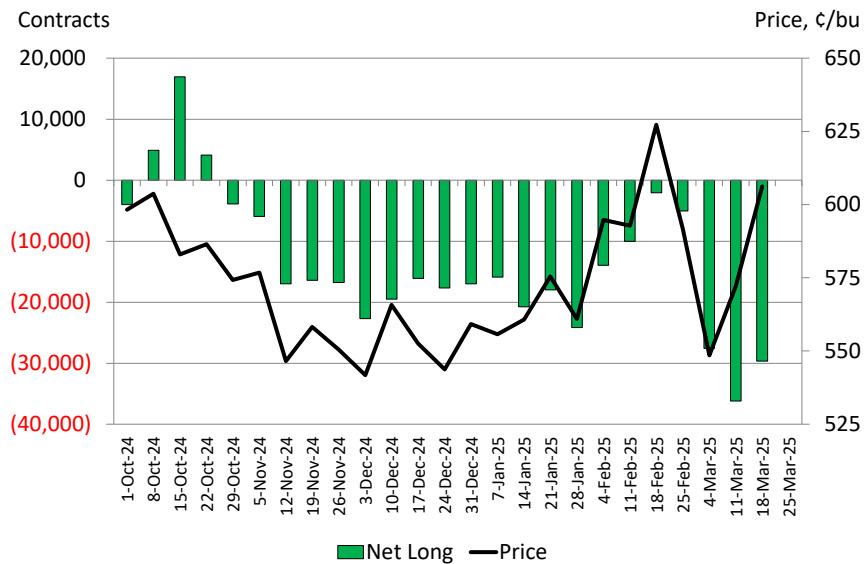


Non-commercial Investment in CBOT Wheat, 3/18/2025



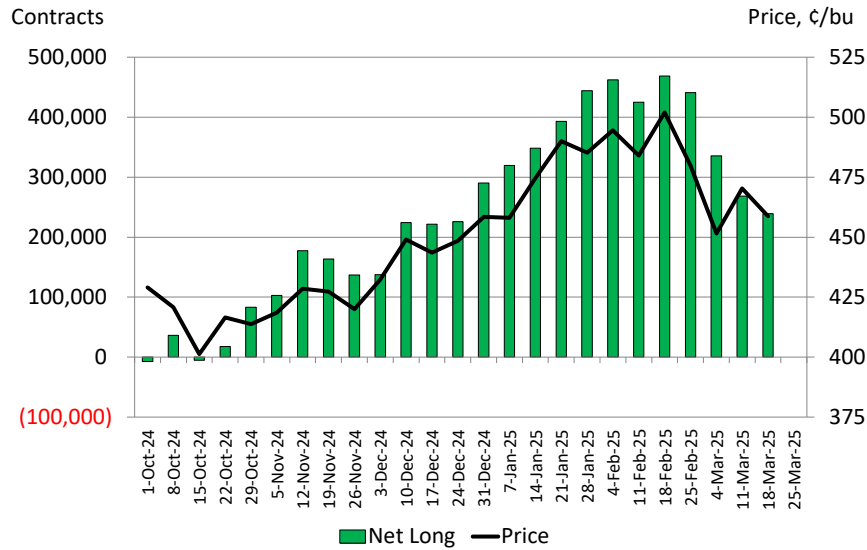
CFTC Legacy Report, Futures Only
<https://www.cftc.gov/MarketReports/CommitmentsofTraders/index.htm>

Non-commercial Investment in KC Wheat, 3/18/2025



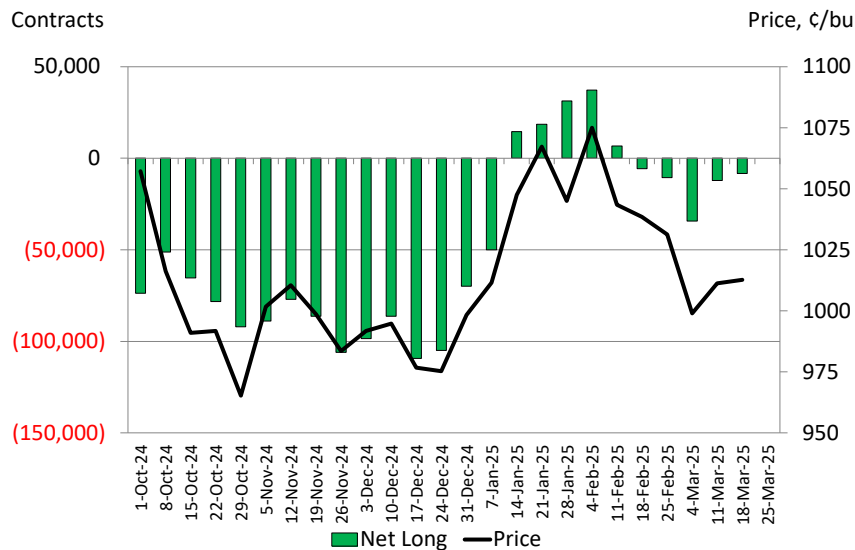
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Non-commercial Investment in Corn, 3/18/2025



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

Non-commercial Investment in Soybeans, 3/18/2025



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

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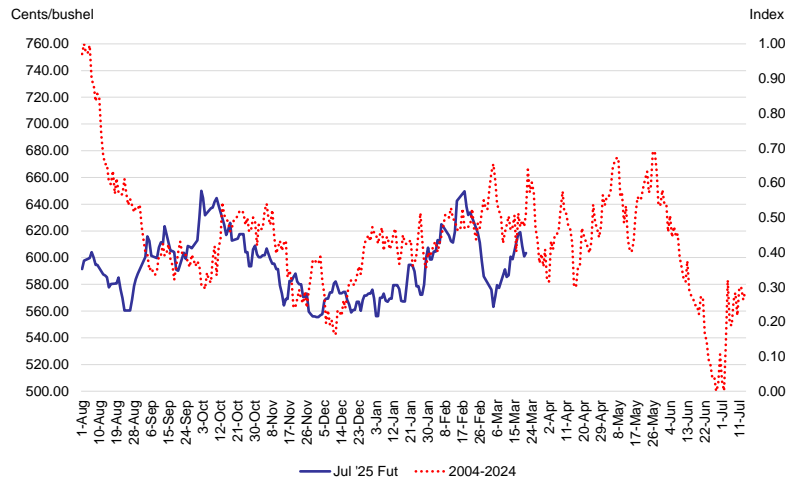
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Marketing Strategies

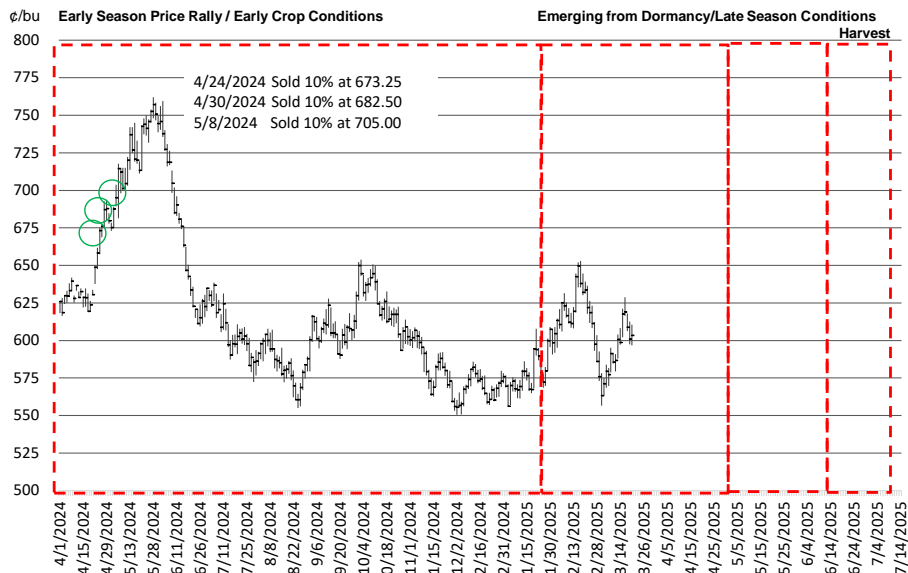
Seasonal Index. The seasonal index for the July Kansas City Wheat futures contract shows prices typically declining from August to the end of the calendar year. Prices tend to trend upwards in late-winter associated with crop condition concerns, topping out in February/March as the crop breaks dormancy. Another price rally in April/May is often associated with late-season weather risk before the seasonal price decline into harvest.

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



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



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Upcoming Reports/Events

| | |
|-------------|--|
| March 21 | Cattle on Feed |
| March 25-26 | Master Marketer: Building a Marketing Plan: Feed Grains, Waco |
| March 27 | Hogs and Pigs |
| March 31 | Prospective Plantings Grain Stocks |
| April 4 | Employment Situation March 2025, Bureau of Labor Statistics |
| April 7 | Crop Progress reports resume |
| April 8 | Short-term Energy Outlook |
| April 10 | Crop Production WASDE Consumer Price Index, Bureau of Labor Statistics |
| April 23-24 | Master Marketer: Building a Marketing Plan: Grain, Cotton, Livestock, Weslaco |

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