

CROP TALK MARKET UPDATE

Provided by

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RAIN MAKES GRAIN

The old saying that rain makes grain has never been truer than this year. The past couple of articles have focused on the potential of corn and soybeans, and last week we reviewed the latest USDA production estimates on soybeans, which pointed to lower soybean yields despite the potential for a record average yield. However, the latest USDA estimate for corn projects a record, with an astonishing average corn yield of 188.8 bushels per acre.

Spring wheat was much like soybeans in the latest USDA reports as spring wheat production was adjusted lower, but rather on lower anticipated yields. Montana faced dry conditions for much of the growing season, especially early, when yield potential is developed. However, rains across the northern plains have led to improved grain fill for areas that were planted later. The USDA reduced spring wheat estimated yield to 50 bushels/acre, down 1.7 bushels from previous estimates and down 2.5 bushels per acre from last year.

U.S. Wheat by Class: Supply and Use

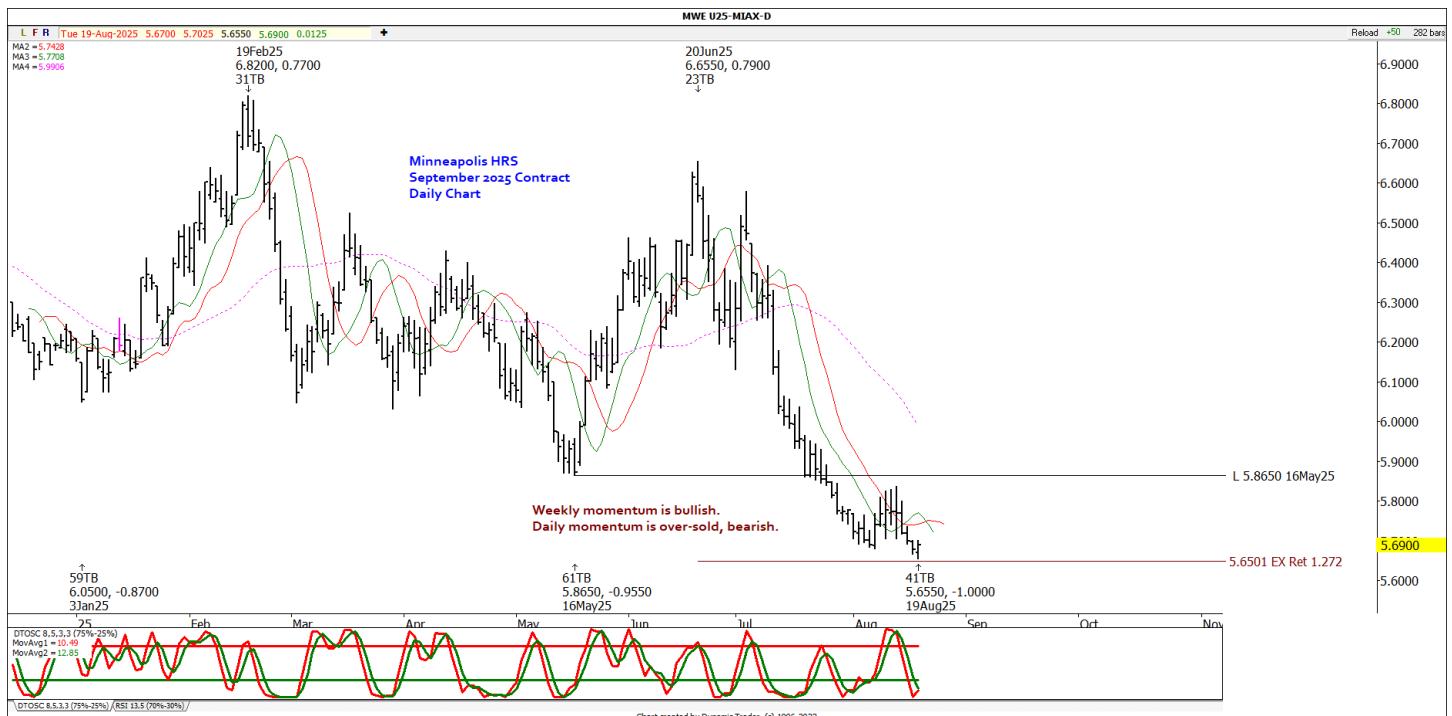
Year beginning June 1		Hard Red	Hard Red	Soft Red	Durum	Total			
		Winter	Spring	Winter					
<i>Million Bushels</i>									
2024/25 (Est.)	Beginning Stocks	274	190	126	85	21	696		
	Production	770	503	342	276	80	1,971		
	Imports	6	79	5	7	51	149		
	Supply, Total 3/	1,051	772	474	367	152	2,817		
	Food	387	258	153	84	88	969		
	Seed	26	15	12	6	3	62		
	Feed and Residual	23	31	65	-25	14	109		
	Domestic Use	436	304	230	65	105	1,140		
	Exports	218	250	117	222	19	826		
	Use, Total	654	554	347	287	124	1,966		
	Ending Stocks, Total	398	218	127	80	28	851		
2025/26 (Proj.)	Beginning Stocks	398	218	127	80	28	851		
	Production	769	449	-20	339	282	1,927		
	Imports	5	65	-20	5	5	120		
	Supply, Total 3/	1,172	732	-20	471	367	155	2,898	
	Food	390	260	-2	152	85	972		
	Seed	26	16	-5	12	6	62		
	Feed and Residual	40	10	-5	65	0	5	120	
	Domestic Use	456	286	-7	229	91	93	1,154	
	Exports	300	240	-7	120	190	25	875	
	Use, Total	756	526	-7	349	281	118	2,029	
	Ending Stocks, Total	Aug	416	207	-12	122	86	38	869
	Ending Stocks, Total	Jul	431	219	-12	117	93	30	890

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports.

Source: USDA, World Agricultural Supply and Demand Estimates, August 12, 2025.

The table above displays the latest figures for different classes of wheat from the August WASDE report. The highlighted section shows the spring wheat data, with the red numbers indicating changes from the July report. The decrease in yield estimates led to a 20-million-bushel drop in total production. The increase in production was partly offset by adjustments to domestic demand, and ultimately, the U.S. hard red spring wheat estimate was lowered to 207 million bushels, which is 11 million bushels less than the 24/25 carryover.

The spring wheat charts haven't shown much promise of a significant rally as we have continued to drop to new contract lows. The low put in on August 19th was exactly \$1 below the June 20th high and just shy of the 127.2% external Fib retracement of the move up from the May 16th low to the June high. The daily price action did result in a reversal bar to the upside, but we need to see a follow-through move higher, which has been hard to come by.

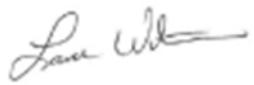


Source: E-signal, Dynamic Trader, August 19, 2025.

For many areas, this year has been full of surprises, and not all of them good, but there have been areas that have been mildly surprised by yields. This has been the case for northern Idaho and north central Montana, where spring wheat yields have been better than anticipated. North Dakota has faced rain as the spring wheat crop is maturing, which isn't different from what Montana producers have faced. This has led to some quality issues, but when it comes to futures prices, there will not be an adjustment for quality, as a bushel is a bushel until removed from the pipeline.

There hasn't been much positive news to support higher wheat prices, and producers have reached a point where hope is gone, with fear of lower prices taking hold. Fear often leads to panic selling or, for many, being forced to sell because they have no more on-farm storage space left, as they continue sitting on last year's supplies. This type of fear selling usually signals that the bottom is in, followed by a short covering rally. The USDA reports weren't bearish for the wheat complex, as stocks are tighter than previously estimated. Corn remains dominant and leads the other grains, and right now, we could see additional downside in corn as the crop tour nears confirmation of the increased corn yields the USDA released. Market fear has caused traders to hesitate to buy rallies, and they're also reluctant to add to short positions. Those who stored last year's crop, hoping for higher prices, are now being forced to sell the new crop at lower prices. The question is whether they will stay engaged in the market using available tools, or will they just cry in their beer?

Until next time,



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