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CROP TALK MARKET UPDATE

Provided by

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Carry in Wheat

There hasn't been much excitement in the wheat complex as harvest nears its final stages and producers try to decide whether to plant winter wheat. The nearby prices don't generate much enthusiasm for fall planting, but many areas have better planting conditions than they have seen in years. Outside of crop rotations, many producers rely on fall planting to reduce their spring workload, and logistically, it makes sense, along with the fact that winter wheat typically outyields spring varieties for most producers.

I will focus on the hard red winter wheat class, as it is the most widely produced winter wheat in the U.S. and also has the greatest carry. When we talk about carry, it is the difference between two contract months. If there is a greater price in the extended month versus the nearby month, it is a carry, meaning that the market is telling you that it wants you to store the wheat for a later date rather than deliver. If the nearby contract is priced higher than the following contract month, it is considered inverted, and the market is pushing for delivery rather than storage.

The August WASDE report pegged HRW wheat production at 769 million bushels, which is 1 million bushels less than the 24/25 production total. Export demand was bumped up to 300 million bushels versus last year's 218 million. Ending stocks for the 25/26 marketing year are estimated at 416 million bushels, and while we are expected to have lower production and increased demand, the reason for the increase in ending stocks is the carryover from the previous year. The increase in available stocks has led to weaker prices.

The nearby December HRW wheat futures price is at $5.11/bushel, which, coupled with a negative basis, doesn't bring any excitement about pricing current supplies, or fall planting, but looking out to December of 2026, the futures price is $5.90/bushel. $5.90 is not ideal, but as we know, all markets will cycle, and a rebound higher will likely take next year's prices back over $6.00.

The chart below is a weekly continuation chart of the December hard red winter wheat. The current bear trend has prices just above the 88.6% Fib retracement of the move up from the September 2, 2019, low to the May 16, 2022, high. While we are not at a Fib timing, this week is 6 years from the 2019 low. The 88.6% Fib retracement will bring support and may lead to a turn higher in this wheat market, although there isn't much bullish fundamental news to support a turn higher.

Source: E-signal, September 2, 2025.

I continue to hear of producers possibly cutting back on winter wheat acres due to low prices, while others are looking at increasing winter wheat acres due to the good planting conditions from recent rains. The question producers should be asking is, if I don't seed winter wheat, what is my alternative, and is that a profitable solution? This year, we had good pricing opportunities for pulse crops during planting, but due to increased acreage and decent yields, prices have been declining. Other cereal grain options, such as spring wheat, durum, or barley, are not showing signs of higher prices or declining supplies. Watching the extended months for contracting opportunities will reduce price risk for next year's winter wheat acres, and knowing that bear markets have long tails, we can deduce that we are not out of the woods of having low prices. In bear markets, some of our best prices come early, meaning that taking advantage of rallies at the end of the calendar year can be one of our best pricing opportunities and not only reduce risk but give a known floor for a portion of our production. That does not need to be the end of your marketing plan, as there is always the option to re-own on paper or buy calls if something changes in the market that indicates a bigger move to the upside than what was anticipated.

Until next time,

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