

# Wheat prices up amid war, expanding drought

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A head of wheat nearing summertime harvest. Credit: Laura McKenzie/Texas A&M AgriLife Marketing and Communications

Wheat prices are high, and weather and market factors could make the crop an attractive option for Texas growers coming out of a severe

drought, according to a Texas A&M AgriLife Extension Service expert.

Mark Welch, AgriLife Extension grain economist, Bryan-College Station, said uncertainty about accessibility to wheat around the globe has driven prices skyward, and emerging drought in wheat-producing areas of the U.S. could add to that trend. Recent rainfall across many parts of the state improved conditions for Texas wheat, Welch said. Some areas had adequate planting moisture following widespread August rains, but other areas remained too dry to support crop establishment or to plant.

Some producers "dusted" crops in, planting seeds into dry soil, and hoped for rain, while others waited for moisture. The recent moisture could boost plantings, seed germination and crop establishment.

Most Texas wheat is planted for dual-purpose—cool-season grazing and grain—or for [grain production](#), Welch said. The value of wheat as a forage, either for grazing, hay or wheatlage, and as a grain crop could make the crop very attractive to producers this season.

Welch said planted wheat acres typically trend upward following cotton abandonment, which was widespread this year due to drought. Wheat is also a relatively flexible crop when input costs like fuel and fertilizer are high.

He said producers can plant the crop into the first part of December, let fields establish and wait until January or early February to invest money in fertilizer.

"Conditions look much better after much of the Texas wheat country got a drink," he said. "The moisture could boost establishment and set it up for winter, and between that potential and the market conditions, wheat could be an interesting crop for a lot of producers."

Welch said Texas wheat producers could have an opportunity due to [high prices](#) and uncertainty surrounding U.S. and global supplies.

Moisture levels worsened in other U.S. wheat-producing regions as they improved in Texas, Welch said. Large swaths of Kansas, Oklahoma and southeastern Colorado are experiencing extreme to exceptional drought, [according to the U.S. Drought Monitor](#), and most fall planting windows for crop insurance in those areas have passed.

"If those areas do not get moisture, it creates a big question for U.S. winter wheat production, and that could mean better prices for Texas wheat producers," he said.

Wheat prices are already historically high, Welch said. The October cash price for Texas wheat is \$9 per bushel compared to the same time last year when bushel prices reached \$8. Wheat prices hit \$11 per bushel in June, compared to October 2019 when a bushel of Texas wheat was \$4.

The pandemic impacted wheat prices to a degree, but the Russia-Ukraine conflict has been the primary factor driving wheat prices upward, Welch said. The two countries account for around 30% of global wheat production, and the uncertainty of war has weighed on the market.

Welch said news that Russia may not extend an agreement that allowed Ukraine to export wheat created a price spike in the global market and injected more uncertainty. At the same time, Russia is reporting a record wheat crop.

Other wheat exporting nations like Australia and Canada have also reported strong production numbers, though European production was expected to be down compared to last year. Overall, global wheat production is expected hit an all-time high in 2022.

"It's not a supply problem; it's an access problem," Welch said. "The uncertainty around exports and how grain flows are important. If the Russia-Ukraine war went away, I think [wheat](#) prices would fall significantly overnight. But the Russians control the Black Sea, and Ukraine is down on plantings and harvest. They don't have access to fields or storage facilities, and Russia is looking at a bumper crop. All of it ties to the uncertainty of conflict."

Provided by Texas A&M University

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