

November 29, 2023

Weather:

- Net drying is expected in center west, portions of center south and northeastern Brazil through Saturday
- Center west, northern center south and a few interior northeastern Brazil crop areas will get rain Sunday into Tuesday or Wednesday of next week that will offer relief from this week's drying, but some areas will not get the kind of boost in soil moisture that is needed to carry crops for an extended period of time without routinely occurring rainfall
 - Showers are expected periodically through mid-December, but the volume of rain is expected to be below normal and it will be imperative that the driest areas get frequent showers that great enough to support ongoing crop development
 - Rainfall will be below normal through December, but "normal" rainfall in Brazil at this time of year is more than what most crops need and so there is potential that even with below normal rainfall there may be enough moisture to support crops
 - Normal "monsoon" weather is still not occurring in Brazil, but showers and thunderstorms are expected periodically
- Recent rain and soil moisture improvements in Goias, Mato Grosso do Sul and eastern Mato Grosso will help buy some time for crops this week putting off the greatest stress until rain follows up Sunday into early next week
 - There are areas in Mato Grosso, though, and parts of the northeast of Brazil that will be stressed this week because of limited soil moisture and little to no rain through Saturday
- Brazil temperatures will be warmest and most above normal through Saturday and then a little cooler Sunday into next week
- Argentina will see a good mix of rain and sunshine over the next two weeks minimizing concerns over dryness in portions of the west and south, although western areas will need greater rain
- Eastern Australia's wet biased weather should end today and be followed by more infrequent showers of light intensity during the balance of the coming two weeks
 - Recent rain has been ideal for summer crop planting, emergence and establishment
- Western Australia will remain mostly dry and very warm to hot, although a few showers will occur infrequently.

- Drying in southeastern Australia will reduce the concern over unharvested wheat, barley and canola quality after recent rain
- Europe and the western CIS will remain in an active weather pattern, though the intensity and frequency of storm systems will slowly decrease this weekend into next week
- Additional heavy snow, some rain and strong wind speeds are expected in southwestern Russia and a few northwestern Ukraine locations this week
- France winter crops may not be as well established as they should be and some planting remains to be completed
- China weather remains favorable for this time of year
- Waves of precipitation are likely in the lower and eastern U.S. Midwest late this week and into the weekend with some of that impacting the Delta and southeastern states; the southeastern states will become wetter next week easing drought conditions
- Much of the U.S. Plains, upper Midwest and Canada's Prairies will be dry biased over the next ten days along with central and southern California into the southwestern desert areas

News:

- Grain traders estimated 65,000 mt of feed Corn was bought by Korea Feed Association. Origins accepted included the US, South America or South Africa.
- Grain analysts in Australia suggested heavy rains that hit southeastern Australia wheat growing regions damaged more than 100,000 mt of production, and **likely have turned over 1.0 mln mt of wheat into lower quality feed wheat**. The untimely rains and damaging winds are likely to continue as wheat harvest continues.
- In a move to offset drought affected domestic wheat production, Morocco's government will subsidize up to 2.5 mln mt of soft Wheat imports between Jan 1, 2024 to April 30, 2024.
- A severe storm in the Black Sea region has disrupted up to 2 million barrels per day (bpd) of oil exports from Kazakhsan and Russia, according to state's officials and port agent data.
- USDA Ag Sec Vilsack announced an initial \$300 million program will begin accepting applications to help U.S. agriculture exporters break into new markets. The new program will provide over \$1.2 billion in funding over five years to non-profit U.S. agricultural trade groups, State Regional Trade Groups (SRTGs), U.S. agricultural cooperatives, and other state agencies to help them tap new markets.

Gulke Group 2024 Winter Palm Springs Conference Rancho Las Palmas in Rancho Mirage, CA on Feb. 21-23. Current speakers include Drew Lerner on Weather, Roger Wallace on Livestock, Jamie Wasemiller on insurance, Michael Drury on economy and Jerry Gulke. New Addition: Brian Phillips has agreed to preset his views via computer.

The conference will start at noon on Wednesday (Feb. 21) and conclude around noon on Friday (Feb. 23). The fee is \$695 for the conference for clients and \$2000 for non-clients. A second person within the household/company \$555. Sign up by calling or texting Jamie at 707-365-0601.

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GROUP RATES: Rooms for Tuesday-Friday will be \$299 + tax. Available on days before and after the conference. In case you want to extend your stay: **The cut-off date is January 16, 2024. Call the Omni at 1-800-843-6664 to make your room reservations and mention the Gulke Group.**

Technical:

Market Fundamentals:

Yesterday's Trades: No new trades.

COMMENTS: More volatility and widening of calendar spreads.

- There is a 40-cent spread between CZ and CN and my local elevator was still pricing off CZ---if we were inverted you can be sure they would price off of CH meaning paying less. So, either corn demand is terrible from a river export standpoint (Gulf) or futures system doesn't work anymore. Certainly, one has to wonder if corn will be worth 40 cents more July 1??? For example, futures are 24 cents higher for CH than current CZ but cash for CH is only 18 cents better.
- Soybeans still have a story, and it is getting easier to hear of not how good the Brazilian crop is for soybeans AND corn but how much to trim. Odds are reality is about 156-157 to even 155 mmt and corn affected not only by price (it is not profitable in Brazil) but by trimming acres as well.
- Wheat is beginning to find a minor story as rumors of China buying cargoes of HRW.

ADVICE: Get used to the idea of selling out of the money call options for the premium. If corn is to rally it will need to see front month activity (demand). That could happen but so far, no real evidence especially from China. The soybean story includes the crush situation that suggests soy meal teetering on whether to go higher or fall off the shelf. Wheat we still have wheat from last year to sell after very good cash sales earlier as well as hedge profits; in fact, wheat hedges were the best profiler due to months ago prices being much higher.

In the meantime, price discovery continues meaning corn buying demand at lower prices but huge carry just in case. If you are an on-farm storage person and don't use futures to lock in the spread or don't like selling calls---let me know your strategy other than hold and

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wait. Other areas of the US have much better bids as we in N IL have one ethanol plant nearby giving local buyers a license to steal as the Gulf or Great Lakes doesn't have the export demand—thus Safrinha corn very important. Traditionally in normal circumstances the word was to buy the day after first notice—we'll see.

MEATS: LC and FC ripped the heads off the short sellers yesterday---huge losses by some traders. Hogs trying to get some respect. Interesting that even an abundance of \$4 corn isn't stimulating expansion??

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	11/29/2023			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	476 3/4	471	473 1/2	479 3/4	467 1/4		486 1/4
CN24	497 3/4	493 1/2	495 3/4	500 1/2	491		496
SF24	1350	1329 1/2	1346 1/2	1367 1/2	1325 1/2	1365 1/2	
SN24	1387 1/2	1367 3/4	1383 3/4	1404	1363 1/2	1381 1/2	
SMF24	441.2	430.1	430.5	441.8	419.3		434.1
BOF24	53.11	51.14	52.94	55.41	50.47	52.84	
WH24	574	557 1/4	572	589 1/4	554 3/4		575 1/2
WN24	603 1/4	586 1/2	601 3/4	619	584 1/2		593 3/4
KWH24	619 1/2	595	617 3/4	642 3/4	592 3/4	619	
MWH24	716	702	713 1/4	727 3/4	698 3/4		714
LCG24	173.700	169.350	172.825	177.375	168.275	172.925	
LCM24	171.200	167.025	170.675	175.350	166.000		166.675
LHG24	69.525	65.800	69.025	72.950	65.100		73.125
LHM24	91.300	89.350	90.525	92.675	88.375		89.875
FCF24	221.050	212.725	221.050	229.575	212.525		236.600
CTH24	80.17	78.86	79.600	81.11	78.09		79.25
CTK24	80.82	79.44	80.240	81.67	78.81	81.69	
SBH24	27.25	26.80	26.990	27.49	26.49		27.40
GCG24	2064.2	2031.6	2062.60	2095.70	2029.50	2023.5	
NRH24	17.59	17.39	17.61	17.84	17.38		17.510
DJZ23	35548.00	35319.00	35445	35694	35196	33799	
CLF24	77.02	74.64	76.41	78.99	73.83		76.79
NGF24	2.992	2.786	2.837	3.058	2.616		2.842
DXZ23	103.23	102.515	102.645	103.56	101.74		105.430
USH24	116 21/32	115 20/32	116 13/32	117 22/32	115 4/32	114 29/32	

RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM.

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