

December 4, 2023

Weather:

BRAZIL

Past Weather

- **Rain fell on much of Brazil and Paraguay during the weekend including many of the driest areas in northwestern Brazil and northern Minas Gerais while much of Bahia along with eastern Sao Paulo and south-central Minas Gerais were mostly dry.**
 - o Rain was greatest from Rio Grande do Sul to western Parana where most areas received 0.79 to 2.68 inches with some pockets of lighter rain and several totals of 2.84 to 4.41 inches in Rio Grande do Sul.
 - o Rainfall totals elsewhere varied widely and ranged from 0.16 to 1.30 inches most often with some pockets of lighter rain along with a number of greater totals to as much as 2.76 inches.

Forecast Overview and Crop Impacts

- **The driest areas in northwestern Brazil will see regular rounds of showers through the next two weeks and continued improvements in soil moisture and conditions for crops are expected with regular rain expected in Goias as well.**
- **Bahia into north-central and northeastern Minas Gerais and northern Espirito Santo will see infrequent and often light through early next week and conditions for crops will be mostly poor before showers increase Dec. 13-18.**
 - o A close watch will be made on the showers advertised for Dec. 13-18 and early indications suggest enough rain should fall to improve conditions for crops.
- **Southern and central Brazil and Paraguay will see regular rounds of rain through early next week that will keep fieldwork sluggish in many areas while**

maintaining ample soil moisture for crop development before less frequent rain Dec. 13-18 allows fieldwork to increase.

Precipitation Forecast Details

- Additional rain will fall on a large part of Brazil and Paraguay into Tuesday and areas from Paraguay and Rio Grande do Sul to Parana, Mato Grosso do Sul, and southern and western Mato Grosso will receive 0.50-1.75” and locally more with some pockets of lighter rain.
 - o Most other areas will receive up to 0.75” and locally more with parts of northern Brazil dry and Bahia into Espirito Santo driest.
- Wednesday through Friday’s rain will favor Paraguay and Rio Grande do Sul to Sao Paulo, Mato Grosso do Sul and Mato Grosso where most areas will receive 0.50-1.50” and locally more with some pockets of lighter rain along with heavier rain in parts of Paraguay.
 - o Lighter rain will extend into southern Minas Gerais while little rain falls elsewhere.
- Another round of rain will impact Paraguay and much of Brazil Saturday into Tuesday of next week and much of the region will receive 0.50-2.0” and locally more.
 - o A large part of central and eastern Bahia into north-central and northeastern Minas Gerais and northern Espirito Santo will be mostly dry.
- Rain Dec. 13-18 will favor northern Brazil while showers are less frequent elsewhere.

Argentina

- ***Much of Argentina received rain during the weekend with the driest areas in northwestern Argentina benefitting most from the rain while much of San Luis to La Pampa to western and south-central Buenos Aires was left dry.***
 - o Lowest temperatures Saturday and Sunday were in the upper 40s through the 60s with some lower to middle 70s in the north and some upper 30s to the middle 40s in the south.

Forecast Overview and Crop Impacts

- ***Argentina will see more sunshine than rain during the next two weeks and fieldwork should advance well around the rain while enough rain should fall to keep conditions for crops mostly favorable with a close watch on the rainfall distribution warranted for west-central and southwestern Argentina.***
 - o Subsoil moisture is mostly short in Cordoba, San Luis, and La Pampa and timely rain advertised for Friday night into Saturday and Dec. 12-13 will be

important in preventing the topsoil from drying out enough that crop stress quickly increases.

§ Soaking rain is not likely to be widespread and timely rain will soon be needed again.

News:

- **USDA reported private sale of 440,000 metric tons of soft red winter wheat for delivery to China during the 2023/2024 marketing year.**
- **USDA reported private sale of 267,044 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.**
- **USDA reported private sale of 183,000 metric tons of soybean cake and meal for delivery to the Philippines during the 2023/2024 marketing year.**
- **AgRural cut its Brazilian soybean crop estimate by 4.4 MMT to 159.1 MMT.** If the hot and dry conditions persist, the firm says additional cuts to crop size would be likely. AgRural estimated soybean planting was 85% done as of last Thursday, behind 91% on this date last year.
- South Korea said it will consult China to prevent disruption to urea supplies after Korean companies reported the material was taking longer to pass through Chinese customs on its way to the peninsula.
- Australia's ABARE projected 2023/24 Wheat production at 25.5 mln mt, that's off -37% from the 22/23 crop.
- Australia's ABARE projected 2023/24 Canola production at 5.5 mln mt, that's off -33% from the 22/23 crop. They projected 2023/24 Cotton production at 925,000 mt, that's off -26% from the 22/23 crop.
- Friday's USDA Fats & Oils: October 2023 Soybean crush 6.041 mln tons; expected 6.03 mln tons; October 2023 Soybean meal stocks 291,071 tons; October 2023 ending Soy crude oil stocks 1.505 bln lbs; expected 1.540 bln lbs
- Ukraine and Poland have agreed to some points that are pressuring border crossings, however the main demands of Polish truckers have not yet been addressed in talks. In response to the Polish border blockade, Ukraine data released Friday showed since the blockage started in early November, their cargo tonnage exports fell by -39% in October and have lower their imports by around 20%.
- **Stats Canada December 2023 Crop Output:**
 - Canola Output Estimate: 18.328 mln mt; expected 18.3 mln mt; Sept = 17.37 mln mt
 - Soybean Output Estimate: 6.981 mln mt; expected 6.8 mln mt; Sept = 6.72 mln mt
 - All Wheat Output Estimate: 31.954 mln mt; expected 31.1 mln mt; Sept = 29.83 mln mt
 - Durum Wheat Output Estimate: 4.045 mln mt; expected 4.1 mln mt; Sept = 4.06 mln mt
 - Spring Wheat Output Estimate: 24.762 mln mt; expected 24.0 mln mt; Sept = 22.64 mln mt
 - Corn for Grain Output Estimate: 15.076 mln mt; expected 15.0 mln mt; Sept = 14.93 mln mt

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 Wasmiller 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.

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.**

Technicals:



Market Fundamentals:

Yesterday's Trades: No new trades.

COMMENTS: Flash sales overnight: China bought 16 mb of soft wheat. Mexico bought 10 mb of corn. Philippines bought 183,000 mt of meal. USDA WASDE Report this Friday which seems earlier than usual. Usually not big changes in Dec but Brazil's crops will be highly anticipated.

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Markets are stronger wheat, meal with soybeans coming off overnight lows likely on flash sales news ---The spread between CZ and CH widened again after 1st notice day. Interesting development in corn –see chart today. Meats terrible!

TECHNICALLY: March Corn becoming front month in continuous charting ---see chart above---gapping higher above 50-day average. Also, as a result, continuous posted big weekly key reversal higher after testing former pre-post-harvest lows, similar to what happened Sept 1. We continue to look at far out selling of call options but technically we continue to wait as suspicion mounts over Brazil's bean and corn production. Spec table largely short---hitting buy signals would look promising for first full week of Dec.

WEATHER: Near normal conditions in Brazil and Argentina generally, although precap amounts are running less than normal in much of Brazil. The breakdown of high pressure aloft over central Brazil next week should open the door for deeper convection as mid-month approaches.

STATS CANADA: See news section—looks like a precursor of what we might expect for N Plains, corn/wheat/beans being better than expected. Not sure if NASS will address that until Jan 12 version?

NEWS TODAY—Brazilian crop dropped to 159 by firm with lower bias.

LIVESTOCK: LC/FC in freefall again today---hogs better—all this despite recent economic outlook better by media pundits.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	12/4/2023			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	489 1/2	478 3/4	484 3/4	496	473 1/2	483	
CN24	510	500 3/4	506	515 3/4	496 1/4	504 1/2	
SF24	1343 1/2	1323 1/2	1325	1345 1/2	1304 1/2		1330
SN24	1380 1/4	1365	1367	1382 3/4	1351 1/4		1369 1/4
SMF24	423.8	412.1	412.7	424.6	400.9		434.1
BOF24	52.45	51.37	51.45	53.03	49.87	52.84	
WH24	610	589	602 3/4	624 1/4	581 1/4		575 1/2
WN24	635	616	628 1/4	647 3/4	608 3/4		593 3/4
KWH24	648 3/4	631 1/2	646 3/4	664 1/2	629	619	
MWH24	733 1/4	718 1/2	730 1/4	745 1/2	715	727 3/4	
LCG24	172.425	168.925	169.125	172.825	165.425		171.900
LCM24	170.600	167.375	167.550	171.275	163.825		166.675
LHG24	72.000	69.800	70.100	72.500	67.700		73.125
LHM24	93.275	91.775	92.225	93.925	90.525		89.875
FCF24	221.450	213.925	214.425	222.150	206.700		236.600
CTH24	80.14	79.26	79.420	80.50	78.34		79.25
CTK24	80.69	79.90	80.120	80.96	79.28	81.69	
SBH24	26.17	24.95	25.090	26.36	23.82		27.40
GCG24	2095.7	2052.6	2091.10	2134.70	2047.50	2023.5	
NRH24	17.57	17.43	17.45	17.62	17.28		17.510
DJZ23	36338.00	35963.00	36303	36698	35908	33799	
CLF24	76.76	73.93	74.07	77.10	71.04		76.79
NGF24	2.844	2.754	2.814	2.919	2.709		2.842
DXZ23	103.67	103.050	103.155	103.97	102.34	103.510	
USH24	118 17/32	116 13/32	118 5/32	120 17/32	115 25/32	118 9/32	

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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