December 13, 2023

Weather:

- U.S. hard red winter wheat areas and West Texas cotton country as well as much of Texas will benefit from rain today into Friday
    - Relief from long term dryness is expected with 0.50 to 1.50 inches of rain common and 1.50 to 3.00 inches in parts of Texas from the eastern Panhandle to north-central parts of the state and in western Oklahoma
- Dry weather in the northern U.S. Plains, Canada's Prairies and the Midwest in the coming week to ten days will have a low impact, although moisture will be needed in some of these areas prior to spring to ensure good planting potentials in the spring
- Temperatures in North America will be quite warm over the next ten days
- Bitter cold in the CIS New Lands is shifting to China, but no crop damaging cold is expected in China due to snow cover in winter crop areas
- Waves of significant snow and rain will impact the western CIS (western Russia, northern Ukraine and eastern Belarus) during the next ten days to two weeks resulting in a possible rise in spring flood potentials
    - Soil moisture is already excessive and snow depths are above average in much of the region
    - New snowfall of 6 to 12 inches is expected in the coming week and 12-20 inches over the next ten days
- Eastern Australia summer crops will see increasing rainfall next week after several days of erratic rainfall and net drying
- Victoria and South Australia weather will improve over the next ten days after recent heavy rain delayed harvesting of winter crops and raises concern over crop quality
- Europe weather will stay abundantly moist for the next ten days, although the heavier rain events will become more infrequent
- Eastern and southern Spain, southern Portugal and Morocco remain too dry with little opportunity for change in the next ten days
- Argentina will see a good mix of weather over the next two weeks supporting most crops in a favorable manner
    - Northeastern crop areas may trend a little too wet in this next week to ten days with more than 8.00 inches possible by this time next week in Entre Rios and immediate neighboring areas
    - Much needed and welcome rain is expected in La Pampa and Buenos Aires for summer crops, but the moisture may raise a little concern over winter grain quality
- Southern Brazil rainfall is expected to be favorably mixed over the next two weeks

- Center south, center west and northeastern Brazil will be experiencing a net drying bias into next week, but rain in the following week should offer some welcome relief from moisture stress in the driest areas
- South Africa rainfall is expected to be timely and beneficial in its summer crop areas
- Most of India's rain will be in the far south during the next week to ten days
- Tropical Cyclone Jasper was moving inland today north of Cairns, Queensland without much impact other than some strong wind speeds and heavy rain; little damage of significance is expected to sugarcane

News:

- **USDA reported private sale of 125,000 metric tons of soybeans for delivery to unknown destinations during the 2024/2025 marketing year.**
- Trade sources reported around 60,000 mt of feed Wheat was bought by Major Feedmill Group in a privately negotiated deal. **All origins accepted except from Argentina, India, Pakistan and Russia.**
- Grain trade sources indicated between 910,000 to 930,000 mt of mill grade Wheat was bought by Algeria's state grain agency. Origins were said to be optional, **but much of the grain is seen coming from the Black Sea, especially Bulgaria and Romania.**
- In a statement released by Argentina's central bank Wednesday, they said they will hold the key interest rate steady at 133% but shift to a new "crawling peg" that will lower the peso by 2% each month after a sharp devaluation of 54% to 800 per dollar.
- The central bank further said all monetary policy tools will be used to achieve monetary stability and reduce inflation.
- France's ag ministry increased its forecast for 2023-24 wheat exports outside the EU by 100,000 MT to 10.2 MMT, which would be 0.4% above last year. The forecast for exports within the bloc was trimmed 10,000 MT to 6.69 MMT, though that would still be 4.8% higher than 2022-23.
- China's customs authority updated its list of approved meat exporters, which included the re-listing of three Australian meat plants. That's the latest sign of improving trade relations between the two countries.

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. 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:

Not good IF trade continues to sell the status quo.

Market Fundamentals:

ADVICE: Media-speak believes with Dec formally going off the board tomorrow, March corn/wheat will go after the lows made by Dec and thus widen the carry partially justifying poor cash basis and lack of demand no matter how much we sell.

We've discussed short calls for the premium carry seemed appropriate as "a no other recourse" and to wait out time, but we'll wait for prices to "close below" today's lows before acting formally. For those who do their own decision-making markets still volatile with psychological bias negative Ag in general.

The Meal/Oil spread continues to unwind with meal threating to collapse further. Market psychology being what it is, there doesn't see to be any urgency to cover end user needs UNLESS we see a convincing reversal(s) or things just-get-too-cheap**. As mentioned, our early acreage survey may be critically timed this year as it is dry in places and fertilizer (N) is dropping in price. The Goal is to have it out tomorrow for weekend response.**

COMMENTS: Flash sale again of 125,000 beans to unknown. Fed Chair speaks on inflation/interest rates today. Media analysts think we are winning the battle on inflation but 10 yrs of free money doesn't end quickly, without "excesses" being wrung out of the economy. **Seems "time" is needed to see how re-financing plays out when due. Anyone who has cash (savings and retained earnings) in the bank got a huge raise in income through higher rates after what seemed like living through near zero returns for a decade.** They paid a price, and the opposite seems valid now. **Rates high and longer seems like Powell's plan!**

Dec futures go off the board tomorrow---so those who think we were/are still trading (low volume0 Dec will have no choice but to deal with March 20 over Dec expiry.

MEATS: A volatile bottom picking process as plenty of meat for 60-90 days and media believes inflation on the mend.

S AMERICAN WEATHER BRIEFS:

- **Northern Brazil rainfall** advertised by the computer forecast model runs today was reduced over that of Tuesday
    - The reduction was greatest in next week's rain event from Bahia and Minas Gerais to Mato Grosso where the change was necessary
        - Too much rain was advertised Tuesday and today's forecast is better, but it may still be a little too wet
        - Look for additional reductions in second week rainfall in future model runs

- **Rain in Brazil was limited Tuesday** and it will remain limited in the center west, center south and northeastern crop areas through the weekend
    - Net drying will improve some crop areas that have had routine rainfall recently, but some of the driest areas of the northeast and that in Mato Grosso will experience a higher level of crop stress putting pressure on next week's rain event

- **Southern Brazil and Paraguay weather will be favorable for summer crop development over the next couple of weeks**, although some areas will stay wet because of frequent rainfall
    - Portions of western and southern Rio Grande do Sul and Uruguay may be a part of the excessively wet region, but the impact should be low on most crops
        - Rice is produced abundantly in southern Rio Grande do Sul

- **Heavy rain has already begun to fall across northeastern and east-central Argentina where excessive moisture is expected over the next few days**
    - Rainfall through dawn today had already reached over 6.00 inches in a couple of locations in central Santa Fe and reached 1.00 to more than 3.00 inches in many other areas
    - Rain totals by the end of the weekend will surpass 8.00 inches and some areas and will end up with more than 10.00 inches by the end of next week
    - Flooding is expected, although most crop areas will handle the situation relatively well

- **Southwestern Argentina** will also begin to receive rain of significance this weekend into Monday with 1.00 to 3.00 inches and local totals to 5.00 inches possible from La Pampa through Buenos Aires
    - Some local flooding is expected in this region as well
    - **Crop damage should not be high, but there will be a growing level of concern over unharvested wheat and barley quality**
    - Drier weather expected next week will prove to be very important in protecting small grain quality
    - **The moisture will be good for summer crop development, although some slowing of summer crop planting is likely**

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	12/13/2023			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	488	481 3/4	485 1/4	492	478 1/2	483	
CN24	508 3/4	503 1/2	506	511 3/4	500 1/4		504 1/4
SF24	1344	1320 1/2	1323 3/4	1347 3/4	1299 3/4	1315 3/4	
SN24	1375 1/2	1356 1/2	1362	1381 1/2	1342 1/2		1369 1/4
SMF24	417.7	408.7	410.3	419.5	401.2		434.1
BOF24	51.75	50.05	50.42	52.62	48.22		49.73
WH24	628 3/4	608 1/4	625 1/2	646 1/2	604 1/2		615
WN24	644 3/4	624 1/2	642	662 3/4	621 1/4		633
KWH24	662 1/2	630 1/4	656 3/4	689 1/2	624		643
MWH24	734	710 1/4	729 1/2	753 3/4	705 1/4	**733**	
LCG24	169.125	166.100	168.600	171.825	165.375	165.550	
LCM24	169.725	166.700	169.475	173.000	165.950	166.850	
LHG24	68.625	66.800	68.250	70.275	66.225		73.125
LHM24	91.050	90.450	90.650	91.450	89.850		89.875
FCF24	219.775	215.300	219.250	223.925	214.575	214.075	
CTH24	82.36	80.60	81.050	83.01	79.09		**80.69**
CTK24	82.85	81.30	81.800	83.40	80.20		**81.64**
SBH24	22.66	21.48	22.590	23.82	21.36		27.40
GCG24	2012.5	1992.3	1994.70	2015.40	1974.00		2047.50
NRH24	17.28	17.13	17.14	17.32	16.96	17.430	
DJH24	37030.00	36758.00	36967	37259	36675	36643	
CLF24	71.96	68.22	68.61	72.55	64.67		**69.66**
NGF24	2.461	2.276	2.311	2.511	2.111		2.842
DXH24	103.70	103.035	103.415	104.28	102.55		103.633
USH24	120 9/32	118 25/32	119 16/32	121 8/32	117 24/32		118 27/32

HYPOTHETICAL HEDGING POSITION MATRIX

12/13/2023

Date	Action	Price	Status	% Hedged
2023 Corn - margin= $1625				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
6/22/23	Sold CASH vs. CZ	621 1/2	$7,911.76	5.0%
		Total		5.0%
Futures/Options				
				10.00%
	Futures/Options Hedged			10.0%
	Total Hedged(included CASH)			15.0%
End User Coverage - Corn				
Date	Action	Price	Status	% Hedged
1st Quarter 2024				
		Total		0.0%
2nd Quarter 2024				
		Total		0.0%
3rd Quarter 2024				
		Total		0.0%
4th Quarter 2024				
		Total		0.0%
Live Cattle - margin = $1600				
Date	Action	Price	Status	% Hedged
Spring 2024				
		Total		0.0%
Fall 2024				
		Total		0.0%
Feeder Cattle - Producer - margin = $2850				
Date	Action	Price	Status	% Hedged
Spring 2024				
		Total		0.0%
Fall 2024				
		Total		0.0%
Live Hogs - margin = $1600				
Date	Action	Price	Status	% Hedged
4th Quarter 2023				
		Total		0.0%
1st Quarter 2024				
		Total		0.0%
2022 Cotton - margin = $3500				
Date	Action	Price	Status	% Hedged
3/31/2022	Sold CASH vs. CTZ22	111.53	$11,529.76	15%
8/17/2022	Sold CASH vs. CTZ22	112.50	$11,917.76	15%
3/8/2023	Sold CASH vs. CTH23	82.89	$1,021.76	10%
4/4/2023	Sold CASH vs. CTN23	81.35	$21.76	10%
4/20/2023	Sold CASH vs. CTK23	79.50	($850.24)	10%
			Total	60%
2023 Cotton - margin = $3500				
Date	Action	Price	Status	% Hedged
3/10/2023	Sold Dec Futures	80.20	$541.76	10%
4/4/2023	Sold Dec Futures	81.65	$1,121.76	10%
4/2/2023	Sold Dec Futures	80.62	$709.76	10%
8/2/2023	Sold Dec Futures	84.38	$2,213.76	15%
			Total	45%

Date	Action	Price	Status	% Hedged
2023 SOYBEANS - margin= $2500				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
12/1/2022	Sold CASH vs. SX23	1387	$874.26	15.0%
1/4/2023	Sold CASH vs. SX23	1389 1/2	$999.26	5.0%
1/5/2023	Sold CASH vs. SX23	1386 1/4	$836.76	5.0%
1/20/2023	Sold CASH vs. SX23	1352 1/2	($850.74)	5.0%
3/13/2023	Sold CASH vs. SX23	1340 1/4	($1,463.24)	5.0%
4/4/2023	Sold CASH vs. SX23	1317 1/4	($2,613.24)	10.0%
10/3/2023	Sold CASH vs. SF24	1290	($1,725.74)	10.0%
11/8/2023	Sold CASH vs. SF24	1366	$2,074.26	25.0%
		Total		80.0%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			80.0%
2024 Soybeans - margin -				
Date	Action	Price	Status	% Hedged
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			0.0%
2022 Canola - margin = $880CD				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
3/31/2022	Sold CASH vs. RSX22	964.00	$1,017.76	15%
1/19/2023	Sold CASH vs. RSH23	825.20	$691.36	10%
3/8/2023	Sold CASH vs. RSH23	834.90	$846.56	35%
6/23/2023	Sold RSX	710.00	$155.36	15%
		Total		75.0%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			75.0%
2023 Canola - margin = $880CD				
Date		Price	Status	% Hedged
Cash (futures price day of sale)				
		Total		0.0%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			0.0%
2023 MN WHEAT - margin= $3000				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
9/30/2022	Sold CASH vs. MWU23	944	$9,524.26	15%
12/2/2022	Sold CASH vs. MWU23	906 1/4	$7,636.76	10%
		Total		25%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			25.0%
2022 MN WHEAT - margin= $3000				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
3/31/2022	Sold CASH vs. MWU22	1040	$5,661.76	10%
6/17/2022	Sold CASH vs. MWZ22	1188 3/4	$12,424.26	10%
9/2/2022	Sold CASH vs. MWZ22	896	($2,213.24)	10%
12/2/2022	Sold CASH vs. MWH23	928	$4,086.76	10%
1/4/2023	Sold CASH vs. MWH23	903	$2,836.76	5%
		Total		45%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			45.0%

Date	Action	Price	Status	% Hedged
2022 WHEAT - margin= $2450				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
3/31/2022	Sold CASH vs. WN22	1021	$11,299.26	10%
6/17/2022	Sold CASH vs. WZ22	1076	$17,349.26	10%
9/2/2022	Sold CASH vs. WZ22	804	$3,749.26	10%
9/14/2022	Sold CASH vs. WZ22	860	$6,549.26	20%
9/16/2022	Sold CASH vs. WZ22	836 1/2	$5,374.26	10%
12/2/2022	Sold CASH vs. WH23	767	$3,986.76	10%
1/4/2023	Sold CASH vs. WH23	745 1/2	$2,911.76	5%
		Total		75%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			75.0%
2023 WHEAT - margin= $2450				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
9/30/2022	Sold CASH vs. WN23	906	$13,186.76	15%
12/2/2022	Sold CASH vs. WN23	785 1/2	$7,161.76	10%
		Total		25%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			25.0%
2022 KC WHEAT - margin= $2550			Status	% Hedged
Date	Action	Price		
Cash (futures price day of sale)				
3/31/2022	Sold Cash vs. KWN22	1040	$8,599.26	10%
6/17/2022	Sold Cash vs. KWZ22	1141	$13,524.26	10%
9/2/2022	Sold Cash vs. KWZ22	878	$374.26	10%
12/2/2022	Sold Cash vs. KWH23	872	$2,886.76	10%
1/4/2023	Sold Cash vs. KWH23	838 1/2	$1,211.76	5%
		Total		45%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			45.0%
2023 KC WHEAT - margin= $2550				
Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)				
9/30/2022	Sold CASH vs. KWN23	952	$7,099.26	15%
12/2/2022	Sold CASH vs. KWN23	861	$2,549.26	10%
		Total		25%
Futures/Options				
	Futures/Options Hedged			0.0%
	Total Hedged(included CASH)			25.0%
Energy				
Date	Action	Contracts	Price	Status
Spec				
Date	Action	Contracts	Price	Status
	Livestock Trading Hours			
Mon - Fri	8:30 am to 1:05 pm CST	No Night Trading		
	Grain Trading Hours			
Sun - Fri	7pm to 7:45am and 8:30am to 1:20pm CST			