

December 16, 2023

Weather:

- Bitter cold continues to push into China and by mid-week subzero degree Fahrenheit lows will reach into the east-central provinces, but snow will cover the ground to protect wheat and rapeseed
- Heavy rain fell during the weekend along the middle and lower U.S. Atlantic Coast causing some local flooding from Florida to eastern North Carolina
 - The storm will move farther up the North America coast today into Tuesday with a blizzard likely in eastern Quebec, Canada
- Waves of rain and mountain snow are expected in California and this week with drier weather next week
- A new central and eastern Midwest and central and southern Plains storm is expected late this week into the Christmas Holiday
- Canada's Prairies and the northwestern U.S. Plains will not experience much precipitation for a while
- Argentina received heavy rain in Buenos Aires and La Pampa during the weekend raising concern over unharvested winter wheat and barley conditions
 - Additional rain of lighter intensity and lower frequency will occur in the next couple of weeks
- Brazil dryness and heat during the weekend and that expected today will deplete soil moisture and increase crop stress in the drier areas of the north
- Brazil rainfall will resume during mid-week this week and continue periodically through the next ten days providing timely rainfall to many crop areas and offering relief from the recent dryness and crop stress
- Brazil temperatures will trend cooler this week as rain increases
- Timely rain in Argentina, southern Brazil, Paraguay and Uruguay in the next ten days will be good for most summer crops
- South Africa and eastern Australia are also expecting timely rainfall during the next two weeks, although western summer crop areas in South Africa will need more rain
- India's weather will be tranquil for a while, although excessive rain fell in the southern tip of the nation during the weekend with up to 18.27 inches noted in southern Tamil Nadu
- Tropical Depression Jelawat produced some heavy rain in northeastern Mindanao, Philippines Sunday with a few totals approaching 8.00 inches
 - The depression will move through Mindanao today and should dissipate as a tropical cyclone while moving through southern parts of the South China Sea during mid- to late week this week
- Heavy rain fell along the Vietnam Coast during the weekend and much more is expected this week

- Waves of rain and mountain snow will occur in northern and central Europe this week while the south is drier biased
- Most CIS winter crop areas will experience waves of snow and rain during the next ten days to two weeks while temperatures are warmer than usual; some snowmelt is expected in southern areas
- Brazil coffee areas will get timely rainfall in the next two weeks
- Indonesia, Malaysia and Philippines rainfall should occur relatively well in the next two weeks

News:

- Trade sources indicated 1.353 million metric tons of Wheat was bought by Saudi Arabia's food security authority in a tender that closed late last week. While Russian origin wheat is expected for the bulk of the purchases, other origins include the EU, Black Sea area, Australia, North and South America.
- Friday's NOPA November 2023 US Soybean Crush: 189.04 million bushels; expected 185.98 mln bu.; prior month 189.774 mln bu; November 2023 US Soyoil Stocks: 1.214 billion lbs; expected 1.138 bln lbs; prior month 1.099 billion lbs.
- Chinese customs data estimated November 2023 Sorghum imports at 540,000 mt, that was up 8.6% from the year ago month; Jan-Nov imports totaled 4.87 mln mt, off -51.5% from the same period in 2022. They estimated November 2023 Pork imports at 90,000 mt, that was off 48.1% from the year ago month; Jan-Nov imports totaled 1.46 mln mt, off -6.3% from the same period in 2022. They estimated November 2023 Wheat imports at 660,000 mt, that was off -34.4% from the year ago month; Jan-Nov imports totaled 11.49 mln mt, up +29.4% over the same period in 2022.
- Many shipping companies have suspended cargoes through the Red Sea after missile attacks by the Houthis, an Iran-backed Yemeni militant group. The attacks are a mark of the group's intensifying assaults on the shipping lane. The Houthis claim to target ships heading toward Israel. One-tenth of globally traded seaborne oil transits through the Bab al-Mandeb strait, a narrow waterway between Yemen and the Horn of Africa.
- Russia said on Sunday it would deepen oil export cuts in December by potentially 50,000 barrels per day or more, earlier than promised, as the world's biggest exporters try to support the global oil price. Saudi Arabia and Russia, the world's two biggest oil exporters, called in December for all OPEC+ members to join an agreement on output cuts after a fractious meeting of the producers' club.
- Fertilizer company executives are saying Brazil farmers have been pushing off fertilizer purchases due to drought conditions. They noted typically, if Brazil farmers miss their ideal second season corn planting window in January and February, fertilizer purchases decline on lower acres.
- Safras y Mercado analysts are projecting the 23/24 Brazil Corn harvest at 129.16 mln mt., lower than USDA's current outlook

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.**

Technical:

Market Fundamentals:

FRIDAY'S NEWS –source DTN:

U.S. farmers and ethanol producers will be a key cog in the growth of the sustainable aviation fuel industry for the foreseeable future after the U.S. Department of Treasury announced Friday it will use a modified version of a popular greenhouse gas (GHG) emissions model to determine how it allocates tax credits in the Inflation Reduction Act.

Using the **Greenhouse Gases, Regulated Emissions and Energy Use in Technologies, or GREET, model** will allow the Treasury to accurately determine ethanol's carbon footprint. Because the model uses the latest real-world data on corn ethanol, sustainable aviation fuel (SAF) produced using corn ethanol as a feedstock would qualify for the tax credits.

NEW GUIDELINES "Under the guidance issued today, numerous fuels will qualify for the credit, including valid biomass-based diesel, advanced biofuels, cellulosic biofuel or cellulosic diesel that have been approved by EPA under the Renewable Fuel Standard," the Treasury Department stated in a news release. "Fuels that achieve a 50% or greater reduction in lifecycle greenhouse gas emissions under the most recent Carbon Offsetting and Reduction Scheme for International Aviation standard will continue to qualify under today's guidance."

Along with that, the Treasury stated EPA, DOT, USDA and DOE are announcing commitments to release an updated version of DOE's GREET model by March 1, 2024. Pending further guidance from the Treasury Department, "the updated GREET model will provide another methodology for SAF producers to determine the lifecycle GHG

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emissions rates of their production for the purposes of qualifying for the SAF credit for SAF sold or used during calendar years 2023 and 2024."

The Treasury Department stated the updated model will incorporate "new data and science, including new modeling of key feedstocks and processes used in aviation fuel."It will also integrate other categories of "indirect emissions like crop production and livestock activity, in addition to best available science and modeling of indirect land use change emissions."

The update to GREET also will integrate key greenhouse gas emission reduction strategies such as carbon capture and storage, renewable natural gas, renewable electricity and climate-smart agriculture practices. The tax credit incentivizes the production of SAF that achieves a lifecycle greenhouse gas emissions reduction of at least 50% as compared with petroleum-based jet fuel.

SAF producers are eligible for a tax credit of \$1.25 to \$1.75 per gallon. SAF that decreases GHG emissions by 50% is eligible for the \$1.25 credit per gallon amount, and SAF that decreases GHG emissions by more than 50% is eligible for an additional \$0.01 per gallon for each percentage point the reduction exceeds 50%, up to \$0.50 per gallon.

AG, BIOFUELS REACTION It was an early Christmas present for the agriculture and biofuels groups that had lobbied for the use of the GREET model. Friday's announcement is a key moment for domestic biofuels production to develop the SAF industry.

"Given that GREET was created by the U.S. government and is widely respected for its ability to measure reductions in greenhouse gas emissions from the farm to the plane, we are encouraged that Treasury will adopt some version of this model," said Harold Wolle, Minnesota farmer and president of the National Corn Growers Association. "At the end of the day, we are eager to help the aviation sector lower its carbon footprint and we look forward to working with the involved agencies over the coming months to ensure the final model helps us achieve that goal."

GREET was developed by the U.S. Department of Energy to measure greenhouse emissions from the field to the car or plane. Brian Jennings, CEO of the American Coalition for Ethanol, said the Biden administration's decision could be a pivotal moment for the ethanol industry.

"Treasury's decision will enable corn ethanol to emerge as a significant SAF feedstock in the years to come and fulfill President Biden's pledge that farmers would be providing 95% of SAF in the next 20 years," he said. "No one in the Biden administration has a stronger grasp on the need for lifecycle modeling to reflect the best available science than U.S. Secretary of Agriculture Vilsack and we applaud his leadership and efforts by the department to help fortify the GREET model to satisfy any questions about whether it is a similar methodology to the CORSIA model."

Jennings said allowing the use of GREET for the 40B SAF credit is "consistent with the statutory requirement" for the Treasury to use GREET for the 45V clean hydrogen credit and 45Z clean fuel production credit.

DECISION SIGNIFICANCE Geoff Cooper, president and CEO of the Renewable Fuels Association, said it was difficult to overstate the significance of the decision. "This is a pivotal moment for the future of sustainable aviation fuels," he said. "While there are important carbon modeling updates and details that still need to be worked out, we are cautiously optimistic that today's guidance could open the door to an enormous opportunity for America's farmers, ethanol producers and airlines. The Biden administration is recognizing that the best way to meet ambitious SAF targets is to maximize marketplace flexibility, make use of existing low-carbon fuel assets, and stimulate innovation and competition across the entire supply chain." Until other SAF technologies become available, ethanol is one of the few readily available options. Michael McAdams, president of the Advanced Biofuels Association, said the guidance provides flexibility for biofuels producers' involvement in SAF.

"Recognizing that a one-size-fits-all approach is impractical, the Biden administration's acknowledgment of this reality is crucial for achieving significant carbon reductions in air travel," McAdams said. "The ABFA has continuously fought to extend SAF tax credits and to increase the Renewable Fuel Standard. As the name suggests, SAF is the most viable sustainable aviation fuel option to reach our shared goal of net-zero emissions by 2050 and demonstrates why we need an all-of-the-above climate strategy."

Growth Energy CEO Emily Skor said she was cautiously optimistic about the Treasury announcement. "In an important first step, the Biden administration has recognized the merits of using the GREET model in its guidance for eligibility in the 40B sustainable aviation fuel tax credit," she said in a statement. "America's biofuel producers and their farm partners continue to innovate with myriad technologies that are further reducing the carbon intensity of low-carbon bioethanol, and we are ready to lead the aviation sector into a lower-carbon future. This guidance signals our potential ability to participate in the SAF market."

Yesterday's Trades: No new trades.

COMMENTS: NO NEW ADVICE—markets act tentatively encouraged by good news then lacking commitment--- traders reluctant to take any position for a long-term buying weakness and selling profit opportunities on rallies. We'll continue to monitor technical trading as things evolve for now into holiday trading. The N and S Hemispheres obviously important making acreage in US just as important---

Our Client Acreage Survey is up and running and reading for input!

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Weather: Big rains along east coast from FL to Main with wind as well. Midwest looks warm and some rains on tap for week ahead with N Plains into Canada pretty tranquil with

Rio Grande de Sol and Santa Catarina some rains with drier and hot elsewhere but by the this time next week some 1-3 in rains over a wide area advertised, with again some pockets not getting rain. Wet in Argentina affecting unharvested wheat.

So still some weather concerns in S America but seem to be less dry with better coverage starting by the weekend.

MARKETS:

SOY OIL: The media terms the news Friday as a “an early Christmas gift to farmers”-- - see above new release on biofuels for aviation”. Soy oil reversed Friday nicely and continues positive today attempting to put the lows in behind US. At the same time

SOY MEAL is attempting to gain but spreading likely to pressure meal. **SOYBEANS** positive as a result of biofuels news and SINO (China government) recent buying for reserves unknown if done or not as S American origins down the road are much more competitive in the medium term while biofuels gains demand.

LIVESTOCK: More comments surfacing that the downtrend in LC and FC has been broken with a recovery of some magnitude, maybe 50%, in play.

The Spec Table is mixed with meats positive and grains negative---just FI.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	12/18/2023			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	484	477 3/4	483	489 3/4	476 1/4		478 1/2
CN24	505 1/2	500 1/4	504 3/4	510 1/2	499		504 1/4
SF24	1320 1/2	1304	1315 3/4	1332 3/4	1298 3/4	1315 3/4	
SN24	1356 1/2	1339 1/2	1350	1367 1/2	1332 1/2		1369 1/4
SMF24	406.5	400.5	405.6	411.8	399.5		434.1
BOF24	50.15	48.59	49.99	52.05	47.93		49.73
WH24	630	610 3/4	629 1/4	649	609 1/2	629 1/4	
WN24	644 1/4	627 1/2	644 1/4	661 1/2	627		633
KWH24	643 1/2	631 1/4	642 3/4	655 1/2	630		643
MWH24	731 1/2	717 1/4	730 3/4	745 1/2	716	733	
LCG24	169.750	166.925	169.350	172.375	166.325	165.550	
LCM24	170.375	167.875	170.050	173.050	167.050	166.850	
LHG24	71.975	69.475	71.900	74.600	69.200	68.625	
LHM24	93.275	91.475	93.200	95.200	91.200	91.175	
FCF24	221.500	218.200	220.900	224.400	217.400	214.075	
CTH24	81.50	79.83	79.930	81.80	78.06		80.69
CTK24	82.20	80.60	80.690	82.34	79.04		81.64
SBH24	22.59	21.75	21.990	22.88	21.10		27.40
GCG24	2059.6	2029.2	2032.50	2063.40	2001.60	2015.4	
NRH24	17.54	17.30	17.42	17.69	17.14	17.430	
DJH24	37784.00	37524.00	37661	37941	37381	36643	
CLF24	72.22	70.3	71.43	73.55	69.31	71.85	
NGF24	2.544	2.380	2.491	2.670	2.312	2.501	
DXH24	102.27	101.465	102.230	103.23	101.23		103.633
USH24	124 9/32	123 1/32	123 25/32	125 9/32	122 9/32	121 8/32	

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