

December 19, 2023

Weather:

- Brazil weather Monday continued drier and warmer biased
- Scattered showers and thunderstorms will be returning to Brazil crop areas during the balance of this week with sufficient rain to offer at least temporary relief from the recent days of hot, dry, weather
- Brazil's weather pattern will still not be "normal" during the next two weeks, though there will be a pattern of alternating rain and sunshine that may prove fruitful for crop development in areas with favorable soil moisture
 - Some of the driest areas will need a greater volume of rain to replenish soil moisture deep into the ground
- Argentina and southern Brazil weather will be favorably mixed over the next two weeks supporting good crop development
 - Recent excessive rainfall in Argentina should not be repeated again for a while and the topsoil will be given time to firm up
- China's cold wave will remain through the end of this week and then a notable warming trend is expected; no crop damage is expected because of snow cover in the coldest areas
- CIS weather will continue quite active with waves of rain and snow maintaining very wet conditions with significant runoff expected periodically through the winter where temperatures are above freezing
- Drought will continue in eastern and southern Spain, Morocco and northwestern Algeria at least into the early days of January
- Europe precipitation will be frequent and abundant across the central and northern parts of the continent during the next two weeks with Germany, Poland, Czech Republic and areas east into Belarus and northern Ukraine wettest
 - Net drying is expected in portions of southern Europe
- South Africa will continue to experience periodic rainfall with amounts and coverage lightest in western summer crop areas
- Eastern Australia will receive waves of rain for the next ten days bolstering soil moisture for sorghum, cotton and other summer crops
- U.S. precipitation will include waves of rain and some snow from the southern and central Plains into the Midwest
- Eastern parts of the Dakotas and Minnesota will get some rain and snow late this weekend into early next week
- Canada's Prairies and the northwestern U.S. Plains will be drier biased over the next ten days
- Waves of rain and mountain snow will impact the U.S. Pacific Coast States

- U.S. Delta and southeastern states will experience rain next week with net drying until then
- North America temperatures will be well above normal for the next ten days, although some cooling is expected in the far western states during the weekend end and next week

News:

- **USDA reported private sale of 132,000 metric tons of soybeans for delivery to unknown destinations during the 2023/2024 marketing year.**
- Central and northeastern production areas of Brazil faced extreme heat over the past week in combination with the extended dryness, adding to crop stress. As a result, Dr. Cordonnier cut his Brazilian crop forecasts 2 MMT for soybeans and 1 MMT for corn. He now forecasts Brazilian soybean production at 155 MMT and the corn crop at 117 MMT.
- In reaction to Monday's announcement by the Argentine government's intent to raise soybean product export taxes to 33% from the current 31%, the Argentina crush and export chamber of commerce declared the move as very bad news for the country's economy. They believe it punishes the country's main export center, and will limit forex flows and jeopardize the industry's employment. In 2022 the soy production exports brought in over \$18.5 billion of foreign currency.
- The U.S. is creating a multinational naval force called Operation Prosperity Guardian to protect merchant ships in the Red Sea, responding to Houthi rebel attacks that have jeopardized the Suez Canal's crucial role in global trade. This security operation will involve countries such as the UK, Bahrain, France, Norway and others.
- USDA announced that producers can now enroll in the Farm Service Agency's (FSA) Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs for the 2024 crop year. Producers can make election changes and enroll for the 2024 crop year from Dec. 18 through March 15, 2024.
- China's Sinochem Corp has bought a million barrels of Venezuelan crude oil for arrival in December, a rare purchase as the state oil and chemicals group capitalises on Washington's suspension of sanctions on the South American producer.

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**

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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.

ADVICE: Since Dec 1, July corn has lost about 6-7 cents, while July \$5.00 call premium has lost about 5 cents.

- July futures are trading +22 cents to March and about 40 cents over where CZ expired.
- My cash delivery is -51 Dec and March delivery is -37 March.
- Cost of commercial storage since Dec 1 is 23 cts to March 1
- **Sell the July \$5.10 calls at a premium of 23 cents on 15% of your production. Current price is 22 cents.**
 - If July is trading \$5.10 my cash price should rise 10-20 cents and I keep the 23 cents.
 - Should conditions change, I can exit the trade.
 - If conditions deteriorate more negatively, I may cover more inventory with worst case 100% of inventory.
- Same scenario works for soybeans—we sold beans in flash sale and beans down 15 on moisture for Brazil despite lowering estimates of the crop, wiping out yesterday's gains. Meal down \$6 and soy oil 50 pts---so much for the Christmas gift in bio-fuels

COMMENTS:

- Suez Canal causing disruptions in trade flow and supply chain.
- Panama Canal water level problems likely to continue for six months increasing shipping costs.
- Despite higher priced US beans vs Brazil for March delivery, Sino Grain (China government) reportedly buying US beans again recently likely for strategic reserves. With shipping logistics complicating things and US beans 85 cents higher priced than Brazil one would expect buying for March unlikely. Sino Grain has been in for US beans since November but rumors of buying more are currently seen puzzling as the trade seems to believe Sino will stop.
- The meats continued their firming yesterday.

Weather: A new wrinkle has entered the mix with models suggesting EL Nino has peaked and may lessen with time. Reliability of the models lessens beyond a 3-month perspective; however Drew Lerner has issued a report describing the process and possible reasons. A result could be for drier Midwest summer.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	12/19/2023			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	482 3/4	475 1/2	477	484 3/4	469 1/4		478 1/2
CN24	504 1/2	497 3/4	499 1/2	506 3/4	492 1/4		504 1/4
SF24	1328	1307	1327	1348 1/2	1305 1/2	1315 3/4	
SN24	1357 1/2	1340 3/4	1356 1/4	1373 1/2	1339		1369 1/4
SMF24	413.5	401.9	412.8	424.6	401.1	411.8	
BOF24	50.95	49.77	50.64	52.32	48.96		49.73
WH24	632	614 3/4	617	634 3/4	599 1/4	629 1/4	
WN24	646	631 1/2	633 3/4	648 3/4	618 3/4		633
KWH24	643 1/2	624	627 3/4	647 3/4	607 3/4		643
MVH24	730	719	721 1/2	733	710	733	
LCG24	171.000	169.400	169.625	171.425	167.825	165.550	
LCM24	172.000	170.575	171.025	172.950	169.100	166.850	
LHG24	72.450	71.000	71.575	73.225	69.925	68.625	
LHM24	93.800	92.575	93.325	94.750	91.900	91.175	
FCF24	225.000	221.400	223.175	226.975	219.375	214.075	
CTH24	80.12	79.05	79.100	80.37	77.83		80.69
CTK24	80.85	79.86	79.890	80.93	78.85		81.64
SBH24	21.99	21.25	21.310	22.10	20.52		27.40
GCG24	2048.0	2029.5	2041.00	2060.00	2022.00	2015.4	
NRH24	17.74	17.40	17.67	18.04	17.30	17.430	
DJH24	37772.00	37646.00	37678	37824	37532	36643	
CLG24	74.61	70.99	72.82	76.64	69.00	71.78	
NGG24	2.509	2.411	2.416	2.529	2.303	2.425	
DXH24	102.28	102.010	102.135	102.61	101.67		103.633
USH24	124 8/32	123	123 8/32	124 24/32	121 24/32	121 8/32	

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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