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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

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- 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 nonclients. 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**

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
- <u>Sell the July \$5.10 calls at a premium of 23 cents on 15% of your production.</u> <u>Current price is 22 cents.</u>
 - 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 biofuels

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 Grou	pSpec Table Bu	y/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			
MWH24	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				
NGC24	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.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THES IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS. AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

THE GULKE GROUP HAS HAD LITTLE OR N\O EXPERIENCE IN TRADING ACTUAL ACCOUNTS FOR ITSELF OR FOR CUSTOMERS. BECAUSE THERE ARE NO ACTUAL TRADING RESULTS TO COMPARE TO THE HYPOTHETICAL PERFORMANCE RESULTS, CUSTOMERS SHOULD BE PARTICULARLY WARY OF PLACING UNDUE RELIANCE ON THESE HYPOTHETICAL PERFORMANCE RESULTS. This composite performance records are hypothetical and are used as a guide for position tracking purposes. Execution prices are an average execution price of the first ten trades recorded after advice has been posted and are net of average round turn commissions of \$33.00 for futures and \$36 for options and round turn fees of \$5.24 for grains and \$5.40 for livestock. In the event less than 10 trades are executed, prices will be determined by looking at fills, in relation to when the advice was given to clients, and a commonsense price will be determined. The closing price on the previous day is used to determine the P/L listed in the Morning Comments. One of the limitations of a hypothetical composite performance records is that client decisions relating to the recipient's advice may or may not elect to act upon such advice and timing of execution by clients of advice may create a difference in the execution price represented in the matrix below. Therefore, composite performance records may differ which may materially affect trading results.

	HYPOTHETICAL HEL - margin= \$1625				12/19/2023 2023 SOYBEANS - margin= \$2500					2022 WHEAT - margin= \$2450					
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedg	
		Price	Status	% Heagea			Price	Status	% Heagea			Price	Status	% Heag	
	res price day of sale)	004.4/0	A0 400 00	5.00/		es price day of sale)	4007	0074.00	45.00/		s price day of sale)	4004	A44 000 00	4000	
0/22/23	Sold CASH vs. CZ	621 1/2	\$8,199.26	5.0%		Sold CASH vs. SX23	1387	\$874.26	15.0%		Sold CASH vs. WN22	1021	\$11,299.26	10%	
						Sold CASH vs. SX23	1389 1/2	\$999.26	5.0%	6/17/2022	Sold CASH vs. WZ22	1076	\$17,349.26	10%	
		Total		5.0%	1/5/2023	Sold CASH vs. SX23	1386 1/4	\$836.76	5.0%	9/2/2022	Sold CASH vs. WZ22	804	\$3,749.26	10%	
Futures/Op	otions					Sold CASH vs. SX23	1352 1/2	(\$850.74)	5.0%	9/14/2022	Sold CASH vs. WZ22	860	\$6,549.26	20%	
				10.00%	3/13/2023	Sold CASH vs. SX23	1340 1/4	(\$1,463.24)	5.0%	9/16/2022	Sold CASH vs. WZ22	836 1/2	\$5,374.26	10%	
					4/4/2023	Sold CASH vs. SX23	1317 1/4	(\$2,613.24)	10.0%	12/2/2022	Sold CASH vs. WH23	767	\$3,986.76	10%	
	Futures/Options Hedged			10.0%		Sold CASH vs. SF24	1290	(\$1,888.24)	10.0%	1/4/2023	Sold CASH vs. WH23	745 1/2	\$2,911.76	5%	
	Total Hedged(included C	ASH)		15.0%	11/8/2023	Sold CASH vs. SF24	1366	\$1,911.76	25.0%			Total		75%	
End User C	Coverage - Corn						Total		80.0%	Futures/Opti	ons				
Date	Action	Price	Status	% Hedged	Futures/Op	tions									
1st Quarter	2024	1.16	1.1.1.1	and the second							Futures/Options Hedged			0.0%	
											Total Hedged(included CA	SH)		75.0%	
		Total		0.0%		Futures/Options Hedged			0.0%	2023 WHEAT	- margin= \$2450				
2nd Quarte	r 2024					Total Hedged(included CAS	SH)		80.0%	Date	Action	Price	Status	% Hedge	
					2024 Sovbe	ans - margin -				-	s price day of sale)				
		Total		0.0%	Date	Action	Price	Status	% Hedged	9/30/2022	Sold CASH vs. WN23	906	\$13,186.76	15%	
3rd Quarter	r 2024	Iotai		0.070	Futures/Op		1100	otatus	/o neugeu	12/2/2022	Sold CASH vs. WN23	785 1/2	\$7,161.76	10%	
oru Quarter	2024	-			rutures/Op					12/2/2022	OUID OMOTT VS. WINZO	Total	\$1,101.10	25%	
		Total		0.0%		Futures/Options Hedged	-		0.0%	Eutorenio. "		IOCAI		25%	
	0004	Iotal		0.0%						Futures/Opti	ons				
4th Quarter	72024	-				Total Hedged(included CAS	6H)		0.0%						
						a - margin = \$880CD	1				Futures/Options Hedged			0.0%	
		Total		0.0%	Date	Action	Price	Status	% Hedged		Total Hedged(included CA	SH)		25.0%	
Live Cattle	- margin = \$1600				Cash (futur	es price day of sale)				2022 KC WH	EAT - margin= \$2550		Status	% Hedge	
Date	Action	Price	Status	% Hedged	3/31/2022	Sold CASH vs. RSX22	964.00	\$1,017.76	15%	Date	Action	Price			
Spring 202	4				1/19/2023	Sold CASH vs. RSH23	825.20	\$691.36	10%	Cash (future:	s price day of sale)				
					3/8/2023	Sold CASH vs. RSH23	834.90	\$846.56	35%	3/31/2022	Sold Cash vs. KWN22	1040	\$8,599.26	10%	
		Total		0.0%	6/23/2023	Sold RSX	710.00	\$155.36	15%	6/17/2022	Sold Cash vs. KWZ22	1141	\$13,524.26	10%	
Fall 2024							Total		75.0%	9/2/2022	Sold Cash vs. KWZ22	878	\$374.26	10%	
					Futures/Op	tions				12/2/2022	Sold Cash vs. KWH23	872	\$2,886.76	10%	
		Total		0.0%						1/4/2023	Sold Cash vs. KWH23	838 1/2	\$1,211.76	5%	
Feeder Cat	ttle - Producer - margin = \$		1			Futures/Options Hedged			0.0%			Total	•1,	45%	
Date	Action	Price	Status	% Hedged		Total Hedged(included CAS	24)		75.0%	Futures/Opti	ane				
		TILCE	Status	/o i leugeu	2023 Canol	a - margin = \$880CD	nıı		10.070	i utures/opu					
Spring 2024	4	-			-	a - margin - aooucu	Datas	04-4	0/ Lladuad		Future (Ontine a Under d			0.00/	
					Date		Price	Status	% Hedged		Futures/Options Hedged			0.0%	
-		Total		0.0%	Cash (futur	es price day of sale)			0.00/	0000 1/0 1001	Total Hedged(included CA	SH)		45.0%	
Fall 2024							Total		0.0%		EAT - margin= \$2550				
					Futures/Op	lions	-			Date	Action	Price	Status	% Hedge	
		Total		0.0%							s price day of sale)	-			
	- margin = \$1600					Futures/Options Hedged			0.0%	9/30/2022	Sold CASH vs. KWN23	952	\$7,099.26	15%	
Date	Action	Price	Status	% Hedged		Total Hedged(included CAS	SH)		0.0%	12/2/2022	Sold CASH vs. KWN23	861	\$2,549.26	10%	
4th Quarter	r 2023				2023 MN W	HEAT - margin= \$3000						Total		25%	
					Date	Action	Price	Status	% Hedged	Futures/Opti	ons				
		Total		0.0%	Cash (futur	es price day of sale)									
1st Quarter	2024				9/30/2022	Sold CASH vs. MWU23	944	#VALUE!	15%		Futures/Options Hedged			0.0%	
					12/2/2022	Sold CASH vs. MWU23	906 1/4	#VALUE!	10%		Total Hedged(included CA	SH)		25.0%	
		Total		0.0%			Total		25%	Energy		1			
2022 Cotto	n - margin = \$3500				Futures/Op	tions				Date	Action	Contracts	Price	Status	
Date	Action	Price	Status	% Hedged	. atarosiop		-			5400		Sondacto	1100	Juno	
	Sold CASH vs. CTZ22	-		% Hedged		Futures/Options Hedged			0.0%	Spec					
		111.53	\$11,529.76	15%				-			Astian	Contract	Deine	04-4	
	Sold CASH vs. CTZ22	112.50	\$11,917.76	15%		Total Hedged(included CAS	SH)		25.0%	Date	Action	Contracts	Price	Status	
	Sold CASH vs. CTH23	82.89	\$1,021.76	10%		HEAT - margin= \$3000	1					-			
	Sold CASH vs. CTN23	81.35	\$21.76	10%	Date	Action	Price	Status	% Hedged						
4/20/2023	Sold CASH vs. CTK23	79.50	(\$850.24)	10%		es price day of sale)					Livestock Trading Hours				
			Total	60%		Sold CASH vs. MWU22	1040	\$5,661.76	10%	Mon - Fri	8:30 am to 1:05 pm CST	No Night Tr	ading		
2023 Cotto	n - margin = \$3500				6/17/2022	Sold CASH vs. MWZ22	1188 3/4	\$12,424.26	10%		Grain Trading Hours				
Date	Action	Price	Status	% Hedged		Sold CASH vs. MWZ22	896	(\$2,213.24)	10%	Sun - Fri	7pm to 7:45am and 8:30am t	o 1:20pm CS	T		
	Sold Dec Futures	80.20	\$541.76	10%		Sold CASH vs. MWH23	928	\$4,086.76	10%						
	Sold Dec Futures	81.65		10%		Sold CASH vs. MWH23	903	\$2,836.76	5%						
	Sold Dec Futures	80.62	\$709.76	10%			Total		45%						
	Sold Dec Futures	84.38	\$2,213.76	15%	Futures/Op	tions	roui								
01212023	OUR DECT URIES	04.00	52,213.70 Total	45%	i uturesiop		+								
-	1	1	TOtal	40%			+								
						Futures/Options Hedged Total Hedged(included CAS			0.0% 45.0%						