

January 11, 2023

Weather:

- Bitter cold is expected in North America this weekend with extreme lows in Canada's western Prairies slipping into the -40s and -30s Fahrenheit
 - Extremes in the -30s and -20s are expected in Montana and far northwestern North Dakota with a few of readings in the lower -40s possible in the north-central Montana
 - Extremes in the -20s and negative teens are expected across the remainder of the northern Plains with negative teens expected in Minnesota
 - Subzero Fahrenheit temperatures are expected as far south as the Texas Panhandle and southern Oklahoma as well as northwestern Arkansas and southwestern Illinois
 - Livestock stress is expected resulting in lower milk production and poor weight gains as well as some potential for animal health issues
- Bitter cold in the U.S. Plains this weekend will advance into the Midwest this weekend and early next week, but the airmass will moderate and the Atlantic Coast States will turn colder, but not nearly as cold as areas in the central U.S.
- Recent GFS model runs are attempting to return colder than usual air to central Canada and the north-central United States during the last week of January – that is possible, although confidence is low on how significant that cold might be
 - The European Ensemble is not as cold
- A blizzard of significance is still expected in the Midwest Friday and Saturday causing many airport and road closures and a complete halt to commerce in and around the Great Lakes region and eventually (Saturday and Sunday) in eastern Canada
 - Power outages and death to humans and livestock will be possible
 - Water line breaks are expected as well
 - Tree damage will be significant in a few areas
 - Peak wind speeds will be 40-55 mph while sustained speeds are more 20-40 mph
- Another snow event is expected in the central Plains and across the lower Midwest, northern Delta and Tennessee River Valley Monday and Tuesday
 - Northeastern U.S. will be impacted by this storm mostly Tuesday
- Frost and freezes will impact the central and eastern Gulf of Mexico Coast states during mid- to late-week next week raising some concern for sugarcane in Louisiana and sugarcane and citrus in Florida, though early indications do not suggest any serious crop loss because of the cold; temperatures are not expected to get low enough for a serious production threat to Florida citrus, but some sugarcane will be impacted in Louisiana

- No changes in Brazil, Argentina, Uruguay or Paraguay weather during the next two weeks with a favorable mix of rain and sunshine
 - There is potential for lighter precipitation in northern Brazil late next week and into the following weekend, but this will be followed by timely rainfall to prevent any serious dryness issues from evolving
 - Bahia and northern Minas Gerais as well as northern Espirito Santo will experience net drying over the next two weeks
 - Relief from dryness is expected in southeastern Mato Grosso do Sul, Parana and Sao Paulo in the coming week, although some areas may still need greater precipitation to ensure dryness is put down
- South Africa, India, China and eastern Australia crop weather will remain favorable, although rain will be needed in India next month to support reproduction and Australia may need greater rainfall coverage and amounts later this month
- Morocco, southern Spain and northwestern Algeria will get some showers in the next two weeks, but greater rain will still be needed to ease long term dryness

News:

- **USDA reported private sale of 175,000 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.**
- Japan's Ag Ministry announced they purchased a total of 89,260 mt of Canadian and US origin mill grade wheat. The total included 31,830 mt of Canadian red spring, **29,350 mt of US HRW**, 17,235 mt of US DNS, and 10,845 mt of US white wheat.
- Grain trade sources on Thursday estimated between 250,000 to 350,000 mt of Durum Wheat was bought by Algeria in their tender that closed on Wednesday, from someone.
- On Thursday, China's Sinograin said they'll continue adding to government held Corn stockpiles from purchases of the 2023 harvest in the northeastern part of the country.
- The International Grains Council increased their 2023/24 global Corn crop outlook to 1.230 bln mt, up 7.0 mln mt over the prior outlook. They also increased their 2023/24 global Wheat crop outlook to 788 mln mt, up 1.0 mln mt over the prior outlook.
- **The Rosario Grain Exchange raised its Argentine 2023-24 corn production forecast by 3 MMT to a record 59 MMT. It raised the country's soybean crop forecast by 2 MMT to 52 MMT.**
- In the latest USDA attache report from Argentina, the post expects the 23/24 soybean crop production at 50.5 mln mt, up from the 20.5 mln mt expected in 2022/23 season.
- U.S. crude oil stockpiles rose unexpectedly last week and fuel inventories grew by more than expected, with distillates building to their highest level in over two years, the Energy Information Administration said on Wednesday. Crude inventories rose by 1.3 million barrels in the week ended Jan. 5 to 432.4 million barrels, the EIA said, compared with analysts' expectations in a Reuters poll for a 700,000-barrel drop.

- **The economic incentive to import oil from the U.S. Gulf Coast to Asia has closed as the cost of booking supertankers on the route has surged amid a jump in bookings for the vessels, traders said this week.** With the arbitrage for U.S. shipments closed, Asian refiners may make up some of the difference with similar Middle Eastern crude oil after top regional producer Saudi Arabia cut their sales prices for February, which is expected to carry over to other regional crudes.
- **The International Energy Agency (IEA) reported a significant increase in the deployment of renewable energy in the past year, primarily driven by China, which contributed to a 50% rise in global renewable energy capacity.** China more than doubled its solar capacity in 2023 and witnessed a 66% increase in wind power capacity from the previous year. The global growth, while promising, falls short of the UN-agreed target to limit global warming to 1.5°C compared to pre-industrial times. IEA Executive Director Fatih Birol emphasized the need for growth in emerging and developing countries, particularly in Africa, Latin America and other parts of Asia. IEA emphasized that fossil fuel demand needs to decline by 25% by the end of the decade to align with the goal of limiting global warming to 1.5°C, as outlined in the 2015 Paris Agreement. The current global temperature rise is already at least 1.1°C and 2023 was recorded as the hottest year on record.

Source: WASDE, NASS and estimates by Reuters.

U.S. 2024 WINTER WHEAT SEEDED ACRES

	1/12/24	AVERAGE	RANGE OF	USDA
	USDA 2024	ANALYSTS'	ANALYSTS'	2023
	ESTIMATE	ESTIMATE	ESTIMATE	SEEDING S
ALL WINTER WHEAT		35.786	34.450-39.400	36.950
HARD RED WHEAT		25.113	24.000-27.300	25.3
SOFT RED WHEAT		7.077	6.220-8.600	7.90
WHITE WINTER		3.595	3.400-3.760	3.73

U.S. GRAINS, COTTON & SOYBEAN COMPLEX CARRYOUT – 2023-24

	1/12/24	DECEMBER	AVERAGE	RANGE OF	USDA
	USDA 2023-24	USDA	ANALYSTS	ANALYSTS'	2022-23
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATES	FINAL
CORN		2.131	2.105	1.977-2.221	1.361
SOYBEANS		0.245	0.243	0.215-0.314	0.268
WHEAT		0.659	0.658	0.630-0.674	0.582
SOYOIL		1.577			1.602
SOYMEAL		400,000			371,000
OATS		0.039			0.035
SORGHUM		0.026			0.024
RICE		41.9			30.3
COTTON		3.10			4.25

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U. S. QUARTERLY GRAIN STOCKS AS OF DECEMBER 1, 2023

	1/12/2024	USDA	AVERAGE	RANGE OF	USDA
	DEC 1, 2023	SEPT 1, 2023	ANALYSTS	ANALYSTS'	DEC 1, 2022
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	EST
CORN		1.361	12.050	11.826-12.250	10.821
SOYBEANS		0.268	2.975	2.935-3.019	3.021
WHEAT		1.780	1.387	1.272-1.466	1.312
SORGHUM		0.024			0.160
OATS		0.075			0.0536
RICE	-	N/A			105.79

U.S. GRAIN & SOYBEAN PRODUCTION - 2023-24

	1/12/24	DECEMBER 2023	AVERAGE	RANGE OF	USDA
	USDA	USDA	ANALYSTS'	ANALYSTS'	2022-23
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATES	FINAL EST
CORN		15.234	15.226	15.086-15.370	13.730
SOYBEANS		4.129	4.134	4.074-4.270	4.276
OATS		0.057			0.058
SORGHUM		0.322			0.188
RICE		219.7			160.4
COTTON		12.78			14.47

U.S. GRAIN & SOYBEAN YIELD/ACRE - 2023-24

	1/12/24	DECEMBER 2023	AVERAGE	RANGE OF	USDA
	YLD/ACRE	YLD/ACRE	ANALYSTS'	ANALYSTS'	2022-23
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATES	FINAL
CORN		174.9	174.9	174.00-176.50	173.3
SOYBEANS		49.9	49.9	49.5-50.4	49.5
OATS		68.6			64.8
SORGHUM		51.4			41.1
RICE		7,707			7,383
COTTON		765			950

U.S. GRAIN & SOYBEAN HARVESTED ACRES - 2023-24

	1/12/24	DECEMBER 2023	AVERAGE	RANGE OF	USDA
	HARVESTED	HARVESTED	ANALYSTS'	ANALYSTS'	2022-23
	ACRES EST.	ACRES EST.	ESTIMATE	ESTIMATES	FINAL
CORN		87.1	87.036	86.600-87.200	79.2
SOYBEANS		82.8	82.757	82.300-83.000	86.3
OATS		0.8			0.9
SORGHUM		6.3			4.6
RICE		2.85			2.17
COTTON		8.02			7.31

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WORLD GRAINS, SOYBEAN & COTTON CARRYOUT - 2023-24 AND 2022-23

COMMODITY	1/12/24	DEC 2023	AVERAGE		1/12/24	DEC 2023
	<u>2023-24</u>	<u>2023-24</u>	<u>ANALYSTS</u>		<u>2022-23</u>	<u>2022-23</u>
	EST	EST	EST		EST	EST
WHEAT		258.20	258.09			269.85
CORN		315.22	313.03			300.10
SOYBEANS		114.21	111.58			101.92
SOYMEAL		15.75				13.74
SOYOIL		5.39				5.01
COTTON		82.40				82.83
RICE		167.76				174.74

ARGENTINA & BRAZIL - 2023-24 CORN & SOYBEAN ESTIMATES

COMMODITY	1/12/24	DEC 2023	AVERAGE	RANGE OF
	<u>2023-24</u>	<u>2023-24</u>	<u>ANALYSTS'</u>	<u>ANALYSTS'</u>
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
ARGENTINA CORN		55.00	54.78	53.00-56.00
ARGENTINA SOYBEANS		48.00	48.87	48.00-51.00
BRAZIL CORN		129.00	125.33	117.00-129.00
BRAZIL SOYBEANS		161.00	156.26	151.00-161.00

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:

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Market Fundamentals:

Export Sales		12/28/23 - 1/4/24				This Week	Last Week
	Estimates	Net Sales		Accum. Exports	Year Ago Accum. Exports	YOY % change	YOY % change
		23/24	24/25				
Wheat	200-500k	128,100	0	15,393,200	15,060,700	2.21%	1.97%
Corn	400k-1.0m	487,600	0	30,276,300	21,996,200	37.64%	37.02%
Beans	350k-1.0m	280,400	0	36,826,000	44,335,200	-16.94%	-16.10%
Meal	50-450k	65,400	800	7,213,400	6,203,200	16.29%	15.00%
Soyoil	0-10k	(1,500)	0	32,000	37,700	-15.12%	-9.70%
Sorghum		133,000	0	4,066,100	361,000	1026.34%	989.47%
Beef		12,200	0	132,200	157,100	-15.85%	-15.49%
Pork		23,300	0	254,000	208,600	21.76%	14.98%

Source: USDA (FAS) - Gulke Group

Wheat: Net sales of 128,100 metric tons (MT) for 2023/2024 were down 3 percent from the previous week and 77 percent from the prior 4-week average. Increases primarily for **China (137,200 MT)**, including 130,000 MT switched from unknown destinations), Egypt (70,000 MT). **Corn:** Net sales of 487,600 MT for 2023/2024 were up 33 percent from the previous week, but down 52 percent from the prior 4-week average. Increases primarily for Colombia (216,100 MT), Japan (152,500 MT), Mexico (121,000 MT). **Sorghum:** Total net sales of 133,000 MT for 2023/2024 were up noticeably from the previous week and up 54 percent from the prior 4-week average. The destination was **China**. **Soybeans:** Net sales of 280,400 MT for 2023/2024 were up 39 percent from the previous week, but down 74 percent from the prior 4-week average. Increases primarily for Japan (85,600 MT), **China (81,900 MT)**, Spain (70,700 MT), were offset by **reductions for unknown destinations (194,400 MT)**.

Yesterday's Trades: No new trades.

ADVICE: No new advice

COMMENTS: Mexico bought corn on a flash sale. The regular weekly export sales report was dismal again during holiday trading but the result so far this marketing year has soybeans behind and corn barely even with last year which was a week year so bottom line so far is disappointing.

Argentine crop estimates starting to show our suspicions being better than expected with soybeans now 52 mmt versus last year 20 and a normal 48 offsetting Brazil's drop---

The world bank released a global look at the economies and generally said the globe as a whole will show the slowest economic growth since 1997 with further

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concerns for the shipping channels further disrupting trade We rely on global demand (exports) for our Ag products!!

Weather is evolving in the US in line with wintery forecasts and extreme cold and isn't over yet---one would think some kind of concern for wheat in the US but little response. S America continues to support stable Brazil and better Argentina.

USDA Report tomorrow doesn't seem to have traders concern that it can be bullish so probably the best we can hope for is a non-event.

NEWS: look over the news section today as it has trade info and crop estimates with nothing suggesting a bullish scenario. Once again markets quickly evaporated overnight gains.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	1/11/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	461 3/4	454 1/2	459 1/2	467 1/4	451 3/4		466 1/4
CN24	483 1/4	477 1/4	481 1/4	487 3/4	474 3/4		490 1/2
SH24	1250	1235 1/4	1236 1/2	1251 3/4	1221 1/4		1297 1/2
SX24	1209 1/2	1200 1/2	1205 1/2	1215	1196		1227 3/4
SMH24	368.3	363.5	364.3	369.3	359.4		390.4
BOH24	48.80	48.01	48.25	49.54	46.96		47.98
WH24	612	603 3/4	610 3/4	619 1/2	602		605 1/2
WN24	632 1/4	625	631 3/4	639 1/2	624		626
KWH24	627	618 1/4	624 1/2	633 3/4	615 1/4		630 1/4
MWH24	708 1/2	702	707 3/4	714 3/4	700 3/4		713 3/4
LCG24	171.900	170.500	170.750	172.350	169.150	165.550	
LCM24	171.625	170.525	171.100	172.700	169.500	166.850	
LHG24	72.225	70.500	72.075	74.000	70.150	67.125	
LHM24	92.750	91.275	92.625	94.300	90.950		91.325
FCH24	226.925	224.600	226.125	228.650	223.600	223.125	
CTH24	81.10	79.92	80.180	81.56	78.80		80.69
CTK24	82.12	81.09	81.330	82.41	80.25		81.64
SBH24	21.94	21.36	21.410	22.04	20.78	21.00	
GCG24	2046.2	2025.9	2029.30	2050.10	2008.50	2066.4	
NRH24	17.61	17.45	17.50	17.69	17.31	17.540	
DJH24	37984.00	37698.00	37936	38242	37630		37608.00
CLG24	73.59	71.01	71.37	74.15	68.59		72.02
NGG24	3.226	2.956	3.039	3.324	2.754	2.734	
DXH24	102.36	102.060	102.085	102.59	101.59	101.620	
USH24	122 30/32	121 30/32	122 5/32	123 13/32	120 29/32		123 22/32

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.

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