

January 16, 2023

Weather:

- **Hard freezes occurred in South Texas and southern Louisiana this morning damaging fruit and vegetable crops**
 - Citrus areas in Texas were probably not cold enough to induce widespread serious damage as long as irrigation systems were used to help protect the crop; however some negative impact was suspected
 - Sugarcane in both Texas and Louisiana was nipped by the cold and another night of damaging cold is expected tonight
- **Florida citrus and sugarcane areas** will be spared any damage as temperatures stay above the damage threshold the next few nights
- **Minimal snow cover during the holiday weekend in the northwestern U.S. Plains may have damaged wheat in Montana, western North Dakota and northwestern South Dakota**
- Snow free areas in southern Kansas, the Texas Panhandle, Oklahoma Panhandle, southwestern Oklahoma and north-central Texas were not likely cold enough for a long enough period of time for serious wheat damage, though an assessment will have to be made when warmer weather returns over damage
- Heavy snow fell Monday across the region from northern Arkansas to Kentucky and Tennessee with 2-9 inches resulting
- Central portions of the U.S. Delta reported light snow and a wintry mix of precipitation types occurred in the lower Delta
- Friday and Saturday's blizzard in the **U.S. Midwest** left behind up to 15 inches of snow from southeastern Iowa to southern and eastern Wisconsin, western and northern Michigan and northern Illinois with local totals 18 inches in eastern Wisconsin
- Chester, Montana reported an unofficial low of -54 Fahrenheit during the weekend
- Other Montana lows were in the -40s and -30s Fahrenheit with -20s and negative teens in the remainder of the northern Plains and upper Midwest
- Subzero degree Fahrenheit lows were noted as far south as central Oklahoma, northwestern Arkansas, southern Illinois, interior southern Indiana and northwestern Ohio
- Rain and snow in the southeastern U.S. further bolstered topsoil moisture
- **West Texas** will be dry for another week, but may get some needed moisture in the second half of next week
- Southern California and the southwestern desert areas of the U.S. will get rain Sunday through Tuesday
- Eastern Texas, the Delta and the lower and eastern U.S. Midwest will also trend wetter in the middle to latter part of next week

- **Southern and far northwestern Argentina** will experience net drying over the next ten days leading to a rising need for rain
- All **Brazil agricultural areas** will get rain at one time or another during the next ten days, although drying will continue into Saturday in Mato Grosso do Sul, southern Mato Grosso and areas northeast to Bahia and northern Minas Gerais where some of these areas were already drying down during the long weekend
- Waves of rain and snow are expected in the **western CIS** over the next ten days maintaining deep snow cover in some areas and saturated field conditions in other areas
- **Europe and the western CIS** will experience much warmer temperatures later this week into next week
- **China** will see rain and snow from east-central through southwestern parts of the nation in the coming ten days
- **Drought relief will be limited in eastern Spain and northwestern Africa**, but some rain is possible in southern Spain and Morocco later this week and early in the weekend; much more rain will be needed to end drought
- **Eastern Australia** rainfall will continue sporadic and light leaving some summer grain, oilseed, cotton and sugarcane areas in need of more moisture
- **South Africa** will continue to get a good mix of rain and sunshine
- **Indonesia, Malaysia and southern and eastern Philippines** will continue to see frequent rain
- **Coffee and cocoa areas of West Africa** will be seasonably dry with no excessive Harmattan wind, although temperatures will be warm

News:

- **USDA reported private sale of 126,700 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.**
- AgRural analysts lowered their 23/24 Brazil soybean production forecast to 150.1 mln mt down sharply from their December outlook at 159.1 mln mt. A Mato Grosso farmer group is forecasting the region's 23/24 Soybean production at 35.75 mln mt, that's off from the 36.15 mln mt in their December forecast, and off by 9.56 million metric tonnes from the previous crop season.
- Analysts with Safras Mercado earlier today estimated Brazil's nationwide soybean harvest at 2.1% complete. They estimated 0.4% of Brazil's second season Corn crop has been planted so far.
- At least six more oil tankers were steering clear of the southern Red Sea on Monday, as disruptions increase on the vital route for energy shipping in the wake of U.S.-led strikes against Houthi targets in Yemen. Following the U.S. and British strikes, the U.S.-led Combined Maritime Forces based in Bahrain on Friday warned all ships to avoid the Bab al-Mandab Strait at the south end of the Red Sea for several days,
- After China hit a record hog slaughter, in turn shrinking the hog herd, traders and analysts expect Soybean demand in the 1Q 2023 to falter by around 20%. Analysts say China's 1Q 2024 imports will average around 18.5 mln mt compared to the 23.1 mln mt in the first quarter of 2023.

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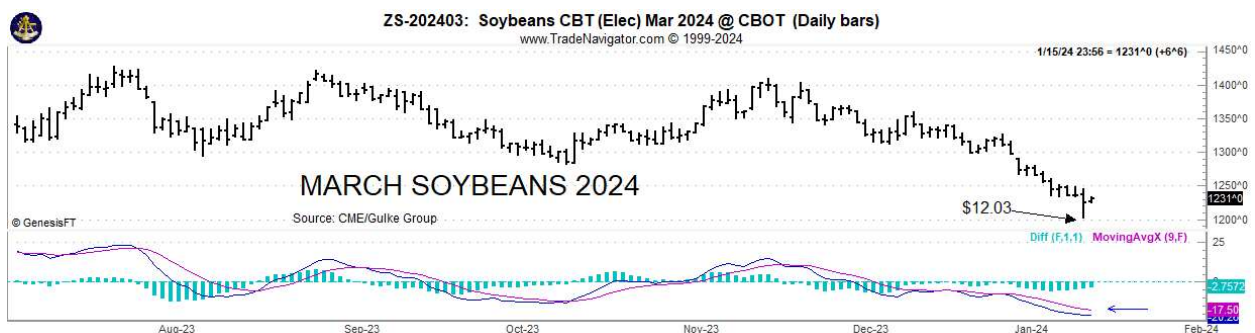
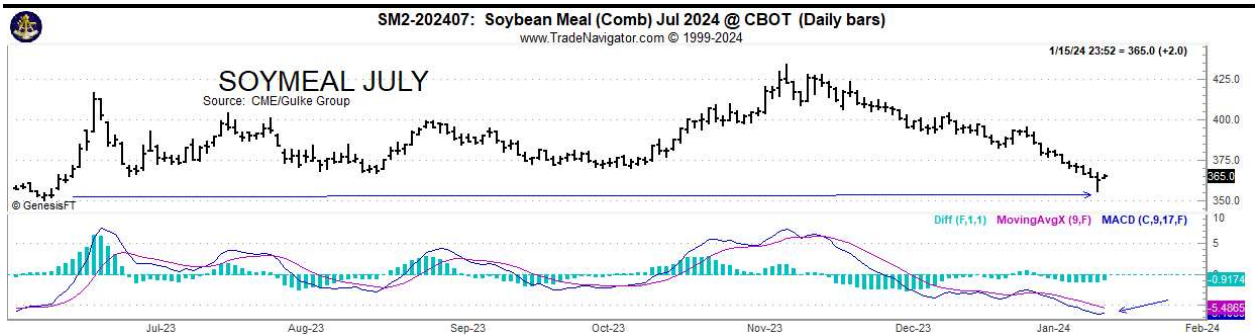
- Eastern nations within the European Union are demanding the bloc impose import duties on Ukraine grains, expressing concerns about unfair competition from the war-ravaged nation. The six nations seeking the import duties produce significantly more grains than they consume and are key for the EU bloc's strategic food safety.

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.

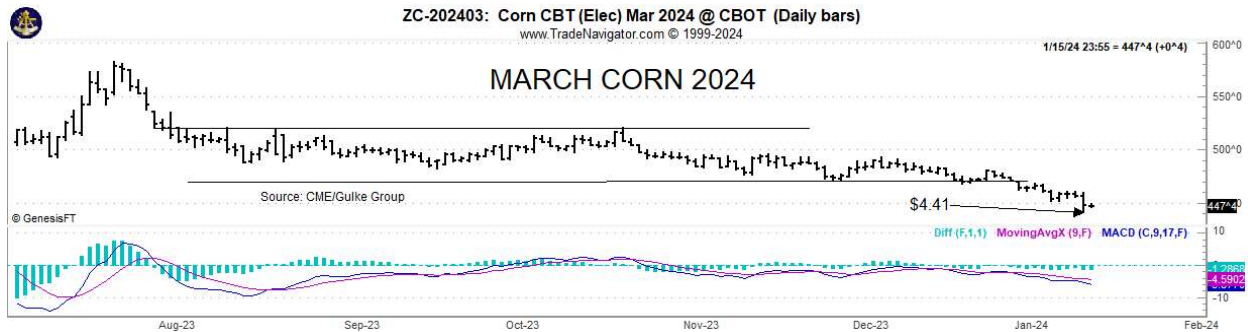
The conference will start at noon on Wednesday (Feb. 21) and conclude around noon on Friday (Feb. 23). The fee is \$695 for the conference for clients and \$2000 for non-clients. A second person within the household/company \$555. Sign up by calling or texting Jamie at 707-365-0601.

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: **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:

Yesterday's Trades: No new trades.

FEBRUARY CONFERENCE: We will plan to hold a special session dealing with bio-fuels especially and discussing the situation with reformulated diesel in light of crush capacity exceeding EPA mandates. We'll discuss the Scott Erwin recent presentations with our friend Eugene Nichols (ND oil) offering the political reality concerning new crushing capabilities being built.

ADVICE: I'm inclined to take a breather in short calls and take the quick profits in some—We'll concentrate on soybeans and corn first as we yet to have a good signal in wheat. - **So, we'll exit all short July call options for 2023 crops corn/beans.** We'll hold all short July \$6.40 for all wheat classes and years---we'll hold 2024 corn/bean coverage for a bit to see how market trades.

All this with the idea that the volatility Friday was a shot over the bow that lows were printed in beans, and corn for now but still a concern we still need to see corn acres drop 4 mil at least unless the Safrina crop deteriorates significantly.

The trade has a lot to deal with after the WASDE Report on Friday and the volatile reaction, especially in the soybeans, oil and meal. Cordonnier keeps lowering Brazil beans now under 150 mmt. The increase in US carryover compares to a 1 mmt reduction in Brazil, so needed to be put in perspective which the market did with a 20 cent rally off lows on Friday and a +10 overnight. This makes Friday's lows critical as they have been for months with beans \$12.00 and corn \$4.40. All this in a backdrop of a new twist with shipping problems seeming escalating.

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OPTIONS: WN delta .50, CN delta .30-.36, SN .35, SX .46, CZ .45. A .33 delta suggests a 1 cent move in the option for each 3 cent in the futures.

SPEC TABLE 100% short after Friday ---20 -40 cents away—so some consolidation expected.

COMMENTS: A look at the TP column that went to press a couple days before the Jan 12 USDA Report <https://www.agweb.com/markets/market-analysis/price-outlook-2024-new-reality> Note the lows in CH and SH came within pennies of those pointed out in the column above and our long standing monthly chart targets going back a year ago.

WEATHER: Potential damage to wheat's nine lives suggested in weather comments today. Southern and far northwestern Argentina will experience net drying over the next ten days leading to a rising need for rain All Brazil agricultural areas will get rain at one time or another during the next ten days, although drying will continue into Saturday in Mato Grosso do Sul, southern Mato Grosso and areas northeast to Bahia and northern Minas Gerais where some of these areas were already drying down during the long week-end

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	1/16/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	460	441	447	466 1/2	427 1/2		466 1/4
CN24	480 1/4	463	468 1/4	486	450 1/2		490 1/2
SH24	1246 3/4	1203	1224 1/4	1268 1/2	1180		1297 1/2
SX24	1214	1186	1201 1/2	1230	1173		1227 3/4
SMH24	364.8	353.4	362.1	373.7	350.6		390.4
BOH24	49.65	47.70	48.25	50.70	45.80		47.98
WH24	611 3/4	587 1/4	596	621	571		605 1/2
WN24	632	610	618 1/2	641	596		626
KWH24	622 1/2	607	615 1/4	631 1/4	599 1/4		630 1/4
MWH24	705 1/2	693 3/4	699 1/2	711 3/4	687 1/4		713 3/4
LCG24	172.625	171.050	171.375	173.150	169.600	165.550	
LCM24	172.625	171.025	171.625	173.725	169.525	166.850	
LHG24	72.600	71.275	71.900	73.425	70.375	67.125	
LHM24	92.625	91.725	92.450	93.550	91.350		91.325
FCH24	229.600	225.675	227.700	231.825	223.575	223.125	
CTH24	82.22	81.06	81.310	82.67	79.95	81.56	
CTK24	83.03	82.00	82.290	83.37	81.21	82.41	
SBH24	21.95	21.56	21.610	22.05	21.17	21.00	
GCG24	2067.3	2033.1	2051.60	2086.30	2016.90	2066.4	
NRH24	17.71	17.50	17.67	17.91	17.43	17.540	
DJH24	38031.00	37651.00	37792	38192	37392		37608.00
CLG24	75.25	72.36	72.68	75.77	69.59		72.02
NGG24	3.377	3.102	3.313	3.603	3.023	2.734	
DXH24	102.32	101.815	102.175	102.88	101.47	101.620	
USH24	123 13/32	122 9/32	122 28/32	124 8/32	121 16/32		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.

THE GULKE GROUP HAS HAD LITTLE OR NO 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.

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