

January 17, 2023

Weather:

- Additional freezes occurred overnight in South Texas and Louisiana
- Temperatures were below zero Fahrenheit this morning in Tennessee and Kentucky where heavy snow accumulated during the long holiday weekend
- One more surge of bitter cold is moving into the U.S. from Canada late this week and during the weekend with snow to precede the cold
- Rainy weather is likely in the southeastern U.S. Plains, Delta and lower eastern Midwest as warming evolves late this weekend and especially next week and the following weekend
 - o Texas Blacklands, Coastal Bend and Delta will become much wetter
- Canada and the U.S. will become much warmer next week
- Argentina will experience dry biased weather for the next ten days and possibly two weeks except for some rain in the far north
 - o Crop moisture stress may evolve in the far south as time moves along
- **U.S. temperatures will trend much warmer next week and Canada's Prairies will already be warming this weekend**
 - o Above normal temperatures are expected in both countries next week

News:

US crushers processed the **largest monthly volume of soybeans on record in December** and a 10% jump for the year, driving soyoil stocks higher, estimates from the National Oilseed Processors Association (NOPA) showed Tuesday.

- Traders on Wednesday revised estimate of Algeria's wheat purchase to around 900,000 mt, last Tuesday estimates were around 600,000 mt. While some Russian origin wheat was expected the bulk of purchases were from France, and Black Sea origins of Bulgaria and Romania.
- Grain trade sources indicate Jordan's state grain buyer purchased a 120,000 mt of optional origin, hard mill grade Wheat at today's tender.
- Tuesday's NOPA December 2023 US Soybean Crush: 195.328 million bushels; expected 193.1 mln bu.; prior month 189.04 mln bu; December 2023 US Soyoil Stocks: 1.360 billion lbs; expected 1.29 bln lbs; prior month 1.214 billion lbs.

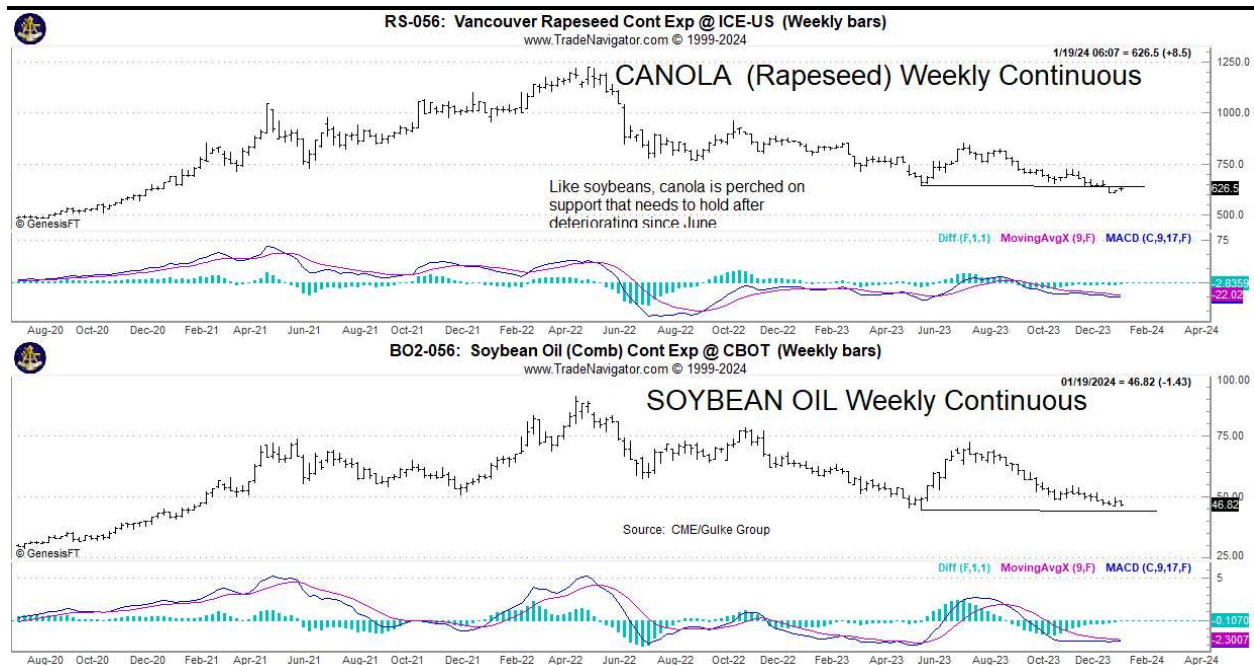
- France AgriMer raised their ending 23/24 corn stockpiles forecast to 2.18 mln mt up from the previous outlook at 2.00 mln mt last month, if realized it would be 32% more than at the end of last season. They raised their ending 23/24 soft wheat stockpiles forecast to 3.44 mln mt up from the previous outlook at 3.22 mln mt, if realized it would be nearly 35% higher than at the end of last season.
- China produced a record 57.94 MMT of pork in 2023, official data showed, after farmers ramped up slaughter during the last quarter to cut losses amid an oversupply of pigs. Annual pork output expanded 4.6% from the previous year, as slaughter rose 3.8% to 726.62 million head. Pork production in the fourth quarter totaled 14.93 MMT, up 7% from the same period in 2022. China's beef output rose 4.8% to 7.53 MMT, poultry meat production rose 4.9% to 25.63 MMT and mutton increased 1.3% to 5.31 MMT in 2023.
- China's troubled property market ended last year with the worst declines in new home prices in nearly nine years, despite government efforts to prop up the sector. New home prices in December logged their steepest drop since February 2015, while property sales measured by floor area fell 23% in December from a year earlier. Property investment by developers in December fell at the fastest annualized clip since at least 2000. For 2023, property investment dropped 9.6%, roughly the same as the slide in 2022.
- Polish truckers and the government signed an agreement earlier today to suspend trucker blockades of the Ukraine border crossings until after March 1st. Ukraine border agents on Tuesday confirmed Polish truckers have removed their blockades, and passage in both directions is returning to normal. Poland's new prime minister is reportedly seeking to find a solution to its grain dispute with Ukraine. The newly installed prime minister is seeking to use a licensing agreement that Bulgaria and Romania used with Ukraine, as a blueprint for Poland's solution to the issue.
- China's genetically modified seed manufacturer, Beijing Dabeinong Technology, on Wednesday suggested over the next 3 to 5 years GMO crop penetration could reach 85%, after opening up GM commercial crop planting this year. However, market analysts say the Chinese government will tightly control GM planting and expect any roll out to be slow.

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.

A special session has been added for Thursday pm after lunch addressing the reformulated bio=diesel situation. **The conference will start around noon on Wednesday (Feb. 21)** and conclude around noon on Friday (Feb. 23). 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.**

Technical:



Market Fundamentals:

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT
REPORTED IN WEEK ENDING JAN 11, 2024
-- METRIC TONS --

GRAIN	WEEK ENDING 01/11/2024	WEEK ENDING 01/04/2024	WEEK ENDING 01/12/2023	CURRENT MARKET YEAR TO DATE	PREVIOUS MARKET YEAR TO DATE
BARLEY	0	0	0	1,614	1,855
CORN	875,621	1,092,362	779,788	13,918,431	10,782,138
FLAXSEED	0	0	0	0	200
MIXED	0	0	0	24	0
OATS	0	0	0	3,794	6,486
RYE	0	0	0	72	0
SORGHUM	296,128	175,237	2,708	2,539,774	421,054
SOYBEANS	1,264,468	1,040,628	2,191,669	25,576,844	32,431,040
SUNFLOWER	0	0	0	4,109	2,160
WHEAT	234,205	501,910	325,667	10,377,165	12,427,689
Total	2,670,422	2,810,137	3,299,832	52,421,827	56,072,622

CROP MARKETING YEARS BEGIN JUNE 1 FOR WHEAT, RYE, OATS, BARLEY AND FLAXSEED; SEPTEMBER 1 FOR CORN, SORGHUM, SOYBEANS AND SUNFLOWER SEEDS. INCLUDES WATERWAY SHIPMENTS TO CANADA.

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Yesterday's Trades: Corn – For 2023, bot 15% CN 500 calls at 15 1/8 (\$268.75 profit/contract) and bot 15% CN 510 calls at 12 3/4 (\$512.50 profit/contract). **Soybeans** – For 2023, bot 20% SN 1340 calls at 22 5/8(\$1293.75 profit/contract).

Current options prices are about 2 cents less in corn and 3-4 less in soybeans.

ADVICE:

COMMENTS:

- Weather is wintery in US with the cold spell in the south the 3rd such occurrence in last four years under global warming.
- Spec table is short grains with another day lower today---note where grains are last short from and reference current prices.
 - We took profits in some short calls yesterday---profits go towards the “carry” and to pay for “on or off farm storage” –see trades above.
 - The six-month sideways range in corn continues while wheat has been slightly higher, and soybeans continue to deteriorate—all are in jeopardy of failing at support while Brazil’s crops get smaller and weather premiums fall as does basis in Brazil.
 - The trade opinion on the market is either solidly negative, or no opinion at all. Months of choppy, trendless, disappointing markets breeds complacency and wears out traders with firm attitudes. Capturing the carry has continues to benefit and we may have to re-enter that scenario in corn and beans.
 - GRAINS NEED TO CLOSE HIGHER FOR THE WEEK.
 - Corn basis in N IL has narrowed 14 cents since end of Dec., still -37
- Price action still negative with last Friday’s lows acting like a magnet—with soybeans turning negative on a weekly basis (see chart above), forcing us to re-enter action to capture the carry regardless of Cordonnier and others below 150 mmt now---or 12 mmt (450 mil-bu) less than three months ago.
- Grain inspections chart above show beans well behind last year and corn ahead of last year but last year was poor.
- We’ll end our acreage survey today—so get it in today.
 - If there is a trend to appreciably change acres it is important to get heads up.
- A special session on “veggie diesel” was added in PSP Conference—charts of Canola and soy oil above show the discrepancy in the deterioration of the soy and oil complexes with what is perceived as impossible to support crushing ideas ---
- **The Stock Market Index turned negative the last week of Dec and remains so--- offering a buy for the bulls or a precursor of things to come.**
 - **China’s economy big problem –see news and globally the US is the best but we sell our surplus production Ag to the world**

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	1/17/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	451 1/4	442	443 1/2	453 1/4	433 3/4		466 1/4
CN24	471 1/2	462 3/4	464	473 1/4	454 3/4		490 1/2
SH24	1237 3/4	1220 3/4	1227 1/4	1244 3/4	1209 3/4		1297 1/2
SX24	1213	1196 1/2	1201 1/4	1218 1/4	1184 1/4		1227 3/4
SMH24	371.7	363.2	371.1	379.8	362.5		390.4
BOH24	48.59	47.22	47.25	49.12	45.38		47.98
WH24	602 1/4	576 3/4	582	608	556		605 1/2
WN24	623 1/2	600 3/4	605 1/4	628 1/2	582		626
KWH24	622 1/2	600 1/4	601 1/2	624 1/4	578 3/4		630 1/4
MWH24	703 3/4	689	690 3/4	706	675 1/2		713 3/4
LCG24	173.475	171.350	173.125	175.450	170.800	165.550	
LCM24	172.750	171.025	172.175	174.400	169.950	166.850	
LHG24	71.850	70.125	70.775	72.700	68.850		70.375
LHM24	92.525	91.475	92.050	93.300	90.800		91.325
FCH24	229.750	226.875	228.825	231.900	225.750	223.125	
CTH24	81.52	80.68	81.330	82.37	80.29	81.56	
CTK24	82.50	81.74	82.280	83.09	81.47	82.41	
SBH24	22.64	21.85	22.520	23.36	21.68	21.00	
GCG24	2062.8	2027.6	2030.20	2065.90	1994.50	2066.4	
NRH24	17.75	17.51	17.56	17.83	17.29	17.540	
DJH24	37830.00	37388.00	37553	38015	37091		37608.00
CLG24	73.56	71.23	72.40	74.93	69.87		72.02
NGG24	3.189	2.822	2.900	3.282	2.518		3.049
DXH24	103.18	102.495	103.090	103.97	102.21	101.620	
USH24	123 3/32	120 27/32	121 2/32	123 18/32	118 18/32		123 22/32

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