

**January 22, 2023**

**Weather:**

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- Argentina is slower in getting significant rain to fall again relative to the outlooks on Friday
- Europe is a little drier and warmer than advertised Friday
- A tropical cyclone is expected to evolve northeast of Australia early this week and move inland through the central Pacific coast of Queensland before stalling briefly over central Queensland and then moving southeast into the heart of summer crop areas in the state late this week into next week
- North Africa and much of southern Spain will be dry this week
- South Africa is advertised to receive less rain over the next ten days compared that advertised Friday
- A larger part of the central U.S may experience freezing rain and freezing drizzle early this week

**WEATHER TO WATCH**

- **Argentina continued drying during the weekend and the trend will continue for at least one more week**
  - Concern will rise over drying in central and southern Buenos Aires and central and southern La Pampa where topsoil moisture is already short to very short
  - Drying is also becoming significant in Santiago del Estero, central and northern Chaco as well as central and northwestern Formosa
  - Subsoil moisture on Friday was still rated favorably in the southern and far northern most portions of Argentina where the topsoil was already limited
  - Crop moisture stress will be on the rise across far northern and southern Argentina this week
    - That makes rain for next week of critical importance for maintaining good production potential
    - No yield loss is likely because of dry weather this week, but timely rain must occur soon thereafter
- **Brazil rainfall in the next two weeks will be most concentrated on center west, northern center south and northeastern parts of the nation where sufficient rain will fall to support normal crop development**

## News:

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- China's National Grain Trade Center on Monday reportedly sold 11,142 mt of Wheat at their state reserve auction on January 17th. The total sold was only 55.2% of the volume offered in the open market.
- Friday's USDA Cattle On Feed January 1: 102%; estimate 102%; prior month 103%; Cattle Placements during Dec: 96%; estimate 95%; prior month 98%; Cattle Marketings during Dec: 99%; estimate 99%; prior month 93%
- Safras Mercado analysts estimated the 23/24 Brazil soybean harvest at 5.1% complete, that is well ahead of the 1.7% pace seen in the year earlier week.
- AgRural pegged 23/24 Brazil first season Corn harvest progress at 7.9% of the planted area. The 23/24 Brazil center-south corn planting progress was 5% of the expected acreage. They estimated the 23/24 Brazil soybean harvest at 6% of the planted area.
- China's soybean imports from Brazil in 2023 jumped 29% from the prior year to 69.95 MMT. Imports from the U.S. fell 13% to 24.17 MMT. Brazil's market share grew to 70%, while the U.S. share shrank to 24%. China's soybean imports in the first quarter are forecast to slow by about 20% from a year earlier to 18.5 MMT, according to a Reuters survey, after a record slaughter shrank pig herds.
- Russian energy company Novatek said it had been forced to suspend some operations at a huge Baltic Sea fuel export terminal due to a fire started by what Ukrainian media said was a drone attack. The giant complex is used to ship oil and gas products to international markets.
- China's major state-owned banks moved to support the yuan on Monday, tightening liquidity in the offshore foreign exchange market while actively selling U.S. dollars onshore. The goal was to prevent the yuan from falling too fast as China's A shares plunged, said one of the sources, with the benchmark Shanghai Composite index posting its biggest one-day drop since April 2022 on Monday, down 2.7%.

**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 on bio-fuels will be on Thursday 1:30-3 pm

**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. **Call the Omni at 1-800-843-6664 to make your room reservations and mention the Gulke Group.**

## Technicals:

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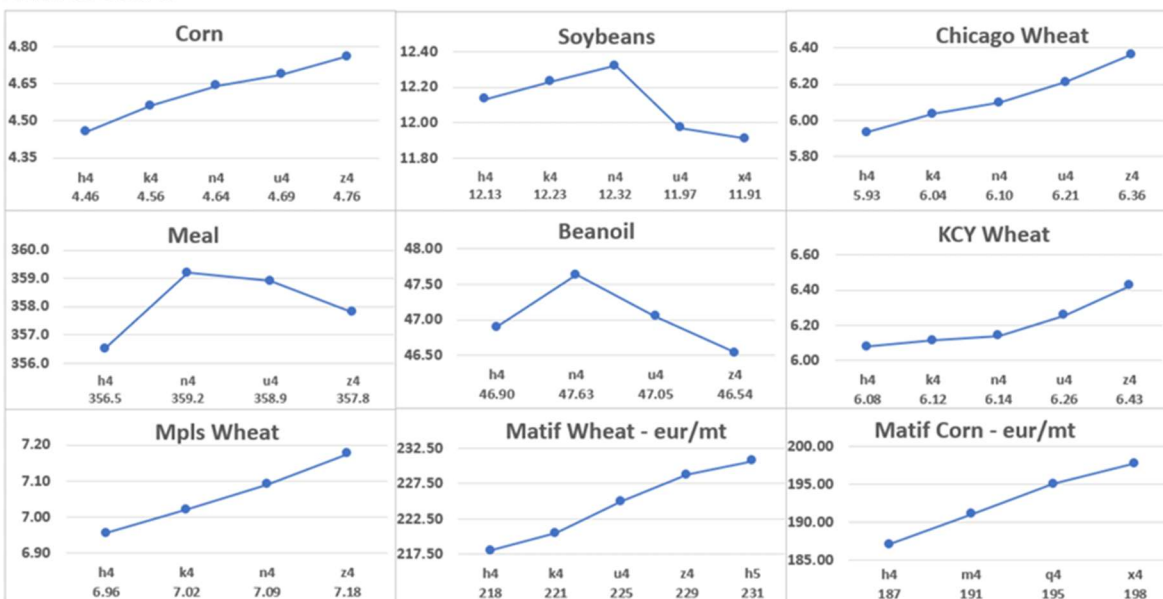
## Market Fundamentals:

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### Futures Curve:



**Yesterday's Trades:** No new trades.

**ADVICE:** No new advice.

**COMMENTS:** Not a lot of market moving news except for wars. China's economy still in question. Only trade in town seems to be capturing the large carry in grains, but not so much in beans any more as Brazil's basis collapsed due weak demand sources say. A cursory look at the carry calculations below and futures curve above show where we are. Not a lot of opportunity unless it is to capture the carry. At some point selling futures AND calls may be in the offing!

Markets trying to hold last week's lows but meal is not doing well. If the soy oil demand holds it means supply of meal grows and soy oil has to shoulder bean prices.

### MARKET CARRY:

|                   | H           | N           | U          | Z/X         | H          |
|-------------------|-------------|-------------|------------|-------------|------------|
| <b>CORN</b>       | <b>446</b>  | <b>464</b>  | <b>468</b> | <b>475</b>  | <b>487</b> |
| <b>BEANS</b>      | <b>1216</b> | <b>1235</b> |            | <b>1193</b> |            |
| <b>Cost/Store</b> | <b>.035</b> | <b>.14</b>  |            | <b>.35</b>  | <b>.57</b> |

### Calculations:

- It would cost about 14 cents to store corn to July for an 18 cent gain, net 4 cts.
  - A \$4.70 call is 23 cts—so selling call premium + 4 cts = 27 cts net

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- Storage is an expense so @tax costs is about 30% less.
- Interest costs are also an expense; at 8% @tax is about 5.6%/yr or about 2 cts/month (cash flow) for corn 5 ½/mth cts for beans.

**SPEC TABLE: Buy stops in C/S/W are above Friday's closes by 7, 14, 13 respectfully and would mean penetrating overhead resistance of \$4.50 corn, \$12 beans and \$6 wheat.**

**Cattle on feed about as expected.**

- Friday's USDA Cattle On Feed January 1: 102%; estimate 102%; prior month 103%; Cattle Placements during Dec: 96%; estimate 95%; prior month 98%; Cattle Marketings during Dec: 99%; estimate 99%; prior month 93% Both steers and heifers on feed Jan 1 were 2% higher than a year ago; no sign of heifer retention yet.

| Gulke Group Spec Table Buy/Sell Stops |           |           |          | (*New Positions in BOLD) |           |                   |           |
|---------------------------------------|-----------|-----------|----------|--------------------------|-----------|-------------------|-----------|
|                                       | 1/22/2024 |           |          | Today's Stops            |           | Current Position* |           |
|                                       | High      | Low       | Close    | Buy                      | Sell      | Long              | Short     |
| CH24                                  | 449 1/2   | 443       | 445 1/2  | 452 1/2                  | 438 1/2   |                   | 466 1/4   |
| CN24                                  | 468       | 462 1/4   | 464 1/4  | 470 1/2                  | 458       |                   | 490 1/2   |
| SH24                                  | 1227      | 1210 3/4  | 1213 1/4 | 1230                     | 1196 1/2  |                   | 1297 1/2  |
| SX24                                  | 1200 1/2  | 1189      | 1191 1/4 | 1203 1/4                 | 1179 1/4  |                   | 1227 3/4  |
| SMH24                                 | 365.7     | 356.0     | 356.5    | 366.4                    | 346.7     |                   | 390.4     |
| BOH24                                 | 48.12     | 46.76     | 46.90    | 48.76                    | 45.04     |                   | 47.98     |
| WH24                                  | 598       | 584 3/4   | 593 1/4  | 607                      | 579 1/2   |                   | 605 1/2   |
| WN24                                  | 614 3/4   | 603 3/4   | 609 3/4  | 621 1/4                  | 598 1/4   |                   | 626       |
| KWH24                                 | 617 1/4   | 604       | 608      | 621 3/4                  | 594 1/4   |                   | 630 1/4   |
| MWH24                                 | 700       | 686 1/4   | 695 1/2  | 709 3/4                  | 681 1/4   |                   | 713 3/4   |
| LCG24                                 | 174.975   | 173.875   | 174.375  | 175.675                  | 173.075   | 165.550           |           |
| LCM24                                 | 174.700   | 173.850   | 174.325  | 175.675                  | 172.975   | 166.850           |           |
| LHG24                                 | 71.250    | 70.625    | 70.750   | 71.575                   | 69.925    |                   | 70.375    |
| LHM24                                 | 92.075    | 91.250    | 91.650   | 92.675                   | 90.625    |                   | 91.325    |
| FCH24                                 | 233.350   | 231.525   | 231.950  | 233.975                  | 229.925   | 223.125           |           |
| CTH24                                 | 84.72     | 82.31     | 83.950   | 86.56                    | 81.34     | 81.56             |           |
| CTK24                                 | 85.53     | 83.18     | 84.890   | 87.29                    | 82.49     | 82.41             |           |
| SBH24                                 | 23.75     | 23.04     | 23.570   | 24.33                    | 22.81     | 21.00             |           |
| GCG24                                 | 2041.9    | 2022.2    | 2029.30  | 2049.50                  | 2009.10   | 2066.4            |           |
| NRH24                                 | 17.72     | 17.56     | 17.64    | 17.83                    | 17.44     | 17.540            |           |
| DJH24                                 | 38133.00  | 37597.00  | 38045    | 38601                    | 37489     | <b>38084</b>      |           |
| CLH24                                 | 74.63     | 72.99     | 73.25    | 75.09                    | 71.41     |                   | 72.52     |
| NGH24                                 | 2.421     | 2.237     | 2.252    | 2.451                    | 2.053     |                   | 2.477     |
| DXH24                                 | 103.33    | 103.010   | 103.025  | 103.54                   | 102.51    | 101.620           |           |
| USH24                                 | 120 13/32 | 119 10/32 | 120      | 121 11/32                | 118 21/32 |                   | 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.

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