

January 23, 2023

**Weather:**

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- **U.S. Delta is facing flooding rainfall over the next five days**
  - Rain totals of 3.00 to 6.00 inches and local totals of upwards to 10.00 inches are expected by Sunday
  - The area includes one of the nation's driest regions and will largely remove dryness from the region
- Moderate rain occurred Monday and overnight from eastern Texas to central Arkansas where rain totals varied from 1.00 to 3.00 inches
- **Argentina will continue to dry down for another week to ten days**, but rain potentials should rise in early February
  - Crop moisture stress will be greatest in central and southern Buenos Aires and central and southern La Pampa for a while especially in the late double cropped soybean areas where recently planting has left some crops with short root systems
- **Most of the Brazil will get rain** with moderate to heavy amounts in the north from Bahia and northern Minas Gerais to Tocantins and northern Goias
  - Sao Paulo, southwestern Minas Gerais, eastern Mato Grosso do Sul and southern Goias will receive lighter than usual rain, but showers will occur to maintain crop needs
- **Tropical Cyclone 07P has formed northeast of Queensland, Australia with landfall expected Thursday along the central Coast**
  - **This storm promises to bring dryness easing rain to interior eastern Queensland cotton, sorghum, peanut and other coarse grain and oilseed production areas**
    - Sugarcane will benefit as well
- Stormy weather in **northern Europe** will produce some strong wind rain and rough seas over the next couple of days
- **Southwestern and west-central Europe and North Africa** will be dry biased over the next ten days to two weeks
  - Drought will continue in southern Spain, portions of Morocco and northwestern Algeria
- **South Africa** will get timely rainfall, although western summer crop areas will need higher volumes of rain to maintain the best crop development potential
- **Western CIS** will continue to see waves of snow and some rain keeping spring flood potentials higher than usual
- India precipitation potentials remain poor as reproduction of winter crops approaches
  - Greater rain is needed to support reproduction

- **China weather will remain fine** along with most of Indonesia, Malaysia and southern and eastern Philippines
  - Northwestern Luzon Islands, Philippines is a little too dry
- **Canada's Prairies and the northern U.S. Plains will remain dry and warm biased** for the next ten days and possibly longer
- **West Texas** will get a little moisture soon, but not enough to seriously change the moisture profile
- **U.S. Midwest crop areas** will get enough moisture to maintain good field conditions except in the far northwest where there will be some need for spring precipitation ahead of planting

## News:

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- **Dr. Cordonnier maintains a lower bias toward Brazil's soybean and corn crops but kept both production estimates unchanged this week at 149 MMT and 115 MMT, respectively. He also kept his Argentine crop estimates at 52 MMT for soybeans and 56 MMT for corn. Cordonnier expects total South American production to rise 9.2% for soybeans and 0.5% for corn versus last year.**
- Surging freight rates for Black Sea sunflower oil cargoes passing through the Red Sea are likely to lower India's sunflower oil imports in the coming months, as importers switch to cheaper alternative vegoils, according to analysts.
- **Analysts with Cogo consultancy estimate Brazil's 23/24 second season Corn crop around 118.5 mln mt down from their first forecast at 129.6 mln mt.** The group said 5% lower planted acres, intense El Nino conditions and less farmer investment are reasons for the expected reduction.
- China's Ag Ministry announced plans to "guide" and encourage hog farmers to reduce capacity. The industry had an aggressive expansion period that ultimately led to oversupply and deep slump in prices.
- **S&P Global analysts is projecting US 2024 All Wheat planted acres at 47.23 mln acres, that total includes 34.43 mln winter wheat acres, 11.1 mln other spring wheat acres and 1.7 mln durum acres. They also estimate Corn planted acres at 93.0 mln acres, 2024 Soybean planted acres at 85.5 mln acres and 2024 all Cotton planted acres is projected at 10.675 mln acres.**
- **Farm Futures is projecting US 2024 All Wheat planted acres at 47.99 mln acres, that total includes 37.26 mln winter wheat acres, 9.055 mln other spring wheat acres and 1.676 mln durum acres. They also estimate Corn planted acres at 92.79 mln acres, and 2024 Soybean planted acres at 84.95 mln acres.**
- **ACREAGE ESTIMATES ABOVE** as a comparison for last year 2023 were Corn 94.641, Soybeans 83.60, Winter wheat 36.700 and hrsw 11.200 or 100,000 acres less for this year.
- Saudi Arabia's crude oil exports in November climbed to their highest level in five months and marked a third straight rise, data from the Joint Organizations Data

Initiative showed on Monday. Crude exports from the world's largest oil exporter rose 0.6% to 6.336 million barrels per day (bpd) from 6.297 million bpd in October.

- **Agriculture and Agri-Food Canada's preliminary projections for the 2024-25 marketing year call for wheat seedings** excluding durum to fall 2.9% from last year to 8.2 million hectares due to lower prices and relatively ample global supplies, though that would still be about 5% above the five-year average. **With yields expected to recover, assuming normal weather conditions, total wheat production is projected to rise about 1% to 27.9 MMT.**
- Australia is poised to produce much more wheat and other crops this year than previously thought after rainfall confounded expectations that an El Niño weather pattern would maintain dry and hot conditions, analysts and industry associations told *Reuters*. The weather turnaround has been striking, with the driest three-month period on record between August and October giving way to what some farmers say is their greenest summer in memory. **Australia's wheat production could reach roughly 30 MMT, according to Ole Houe at IKON Commodities in Sydney, instead of the 24 MMT to 25 MMT crop if weather had remained dry. The Commonwealth Bank forecast the wheat harvest at 31.4 MMT.** Remember the same thing happened to spring wheat last year in the N Plains---yields were much better than expectations and the wheat tour expected.

**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.

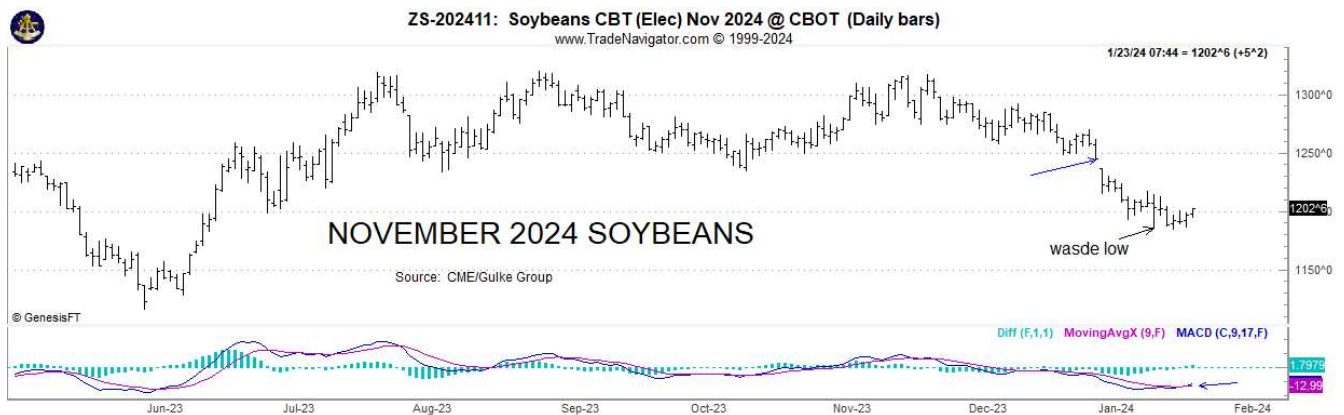
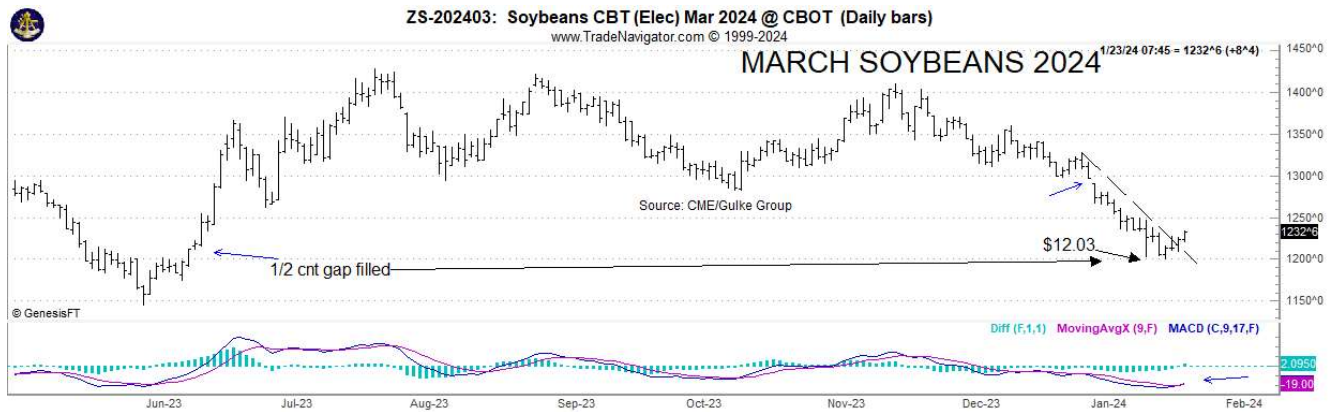
**GROUP RATES: Rooms for Tuesday-Friday will be \$299 + tax.** Available on days before and after the conference. In case you want to extend your stay: **Call the Omni at 1-800-843-6664 to make your room reservations and mention the Gulke Group.**

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## Technical:

### SOYBEAN DEVELOPMENTS



## Market Fundamentals:

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

**ADVICE:** no new advice pending mid-day. Media pundits still bent on selling rallies with specs largely short commodities. Tough to fight such psychology if we are pro-active so we'll see---coverages in new crop beans may be unwarranted---the special session on bio-fuels next month in Palm Springs very timely!!!!

**COMMENTS:** We cleared out all short old crop hedges except for wheat and left new crop 2024 hedges in place with still profits but given time,

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**recent price movements we may need to exit new crop as well. Delta for SX and CZ is about 50%. Spec table still largely short and needing a relative big move each day to change---**

**Fundamentally** we have stated that there is 4-5 mil-ac of corn that does not need to be planted and there is an underlying fundamental need (supply) for an increase of 4 mil-ac of soybeans. This premise is based on a not-so-good Brazilian soy crop and a yet unknown corn crop. The job of the market is to discover a price to accomplish this acreage in the US.

Yesterday pm S&P (old Informa before that Sparks Co.) revised their corn acres to a drop of only 1.641 mil-ac and lowered their increase in soybean acres to only + 1.90 mil-ac.; numbers that are unacceptably too high for corn to sustain a price over \$5 and to low in beans to keep beans under \$12 Mar—Nov. All wheat acres are down 2.35 from last year and cotton up 367 from last year helping to offset soy and corn changes.

Our Gulke Group cursory observations tend to validate the trend, but participation is just too low to make a decision. Without 75% participation versus a 25% currently, a single survey can have an abnormal influence. Observations generally in the media seem to resonate that corn did well in the weather market last year but not so in beans---thus a reluctance to switch, especially by larger farmers.

**TECHNICALLY** we made changes days ago in old crop grains and now soybeans are turning positive --- see SH and SX charts above--- The media is still bent on selling rallies so-----

**MEATS:** tentative with no real bullish conviction.

**EQUITIES:** In preparation for my presentation at the TP Conference in two weeks in KC, it appears a top for indices is in the making for March 2024.

**TP Conference:** If you are attending on Feb 5-7 in Kansas City, we'll be there. Jerry will be presenting Feb 7 in AM.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	1/23/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	448	444	445 3/4	450 1/4	441 1/4		466 1/4
CN24	466 1/4	462 3/4	464 3/4	468 3/4	460 3/4		490 1/2
SH24	1225 3/4	1209 1/2	1224 1/4	1241	1207 1/2		1297 1/2
SX24	1198 1/4	1187	1197 1/2	1209 1/4	1185 3/4		1227 3/4
SMH24	358.0	351.4	355.8	362.6	349.1		390.4
BOH24	48.26	46.77	48.16	50.15	46.17		47.98
WH24	600 1/4	587	596 1/2	610 1/4	582 3/4		605 1/2
WN24	616	604	612	624 1/2	599 1/2		626
KWH24	611 1/2	601	607	618	596		630 1/4
MWH24	703 1/4	694 3/4	700 1/2	709 1/2	691 1/2		713 3/4
LCG24	174.175	173.000	173.775	175.150	172.400	165.550	
LCM24	174.675	172.900	174.275	176.550	172.000	166.850	
LHG24	71.100	70.275	70.925	71.950	69.900		70.375
LHM24	92.000	91.125	91.775	92.850	90.700		91.325
FCH24	232.225	228.750	231.275	234.950	227.600		<b>229.925</b>
CTH24	84.99	83.54	84.830	86.48	83.18	81.56	
CTK24	86.00	84.50	85.860	87.41	84.31	82.41	
SBH24	23.74	23.42	23.500	23.87	23.13	21.00	
GCG24	2034.1	2017.4	2022.50	2039.70	2005.30	2066.4	
NRH24	17.69	17.51	17.56	17.77	17.35	17.540	
DJH24	38302.00	38048.00	38199	38473	37925	38084	
CLH24	75.46	72.56	74.76	77.86	71.66	<b>75.09</b>	
NGH24	2.187	2.114	2.125	2.213	2.037		2.477
DXH24	103.16	102.900	103.135	103.60	102.68	101.620	
USH24	121 5/32	120 4/32	120 23/32	122	119 14/32		123 22/32

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