

February 1, 2023

Weather:

Good harvest weather in Brazil and planting 2nd crop of corn in northern areas while south turns drier. Argentina looks hot/dry for a week then rains come back—the key being if those rains materialize. The market believes they will at least today including thoughts that prices will be cheaper later.

Interesting that Minot, ND broke a high temp yesterday going back to 1931—I guess we had global warming then too???

News:

- **USDA reported private sale of 206,834 metric tons of soybeans for delivery to Mexico during the 2023/2024 marketing year.**
- Grain trade sources reported Turkey's state grain board sold 150,000 mt of Durum Wheat for export.
- USDA estimated there were 87.157 million head of cattle in the U.S. as of Jan. 1, down 1.684 million head (1.9%) from last year. The beef cow herd dropped 716,000 head (2.0%) to 28.233 million head. The 2023 calf crop was estimated at 33.593 million head, down 847,000 head (2.5%) from the previous year. The total cattle herd was the smallest since 1951 and last year's calf crop was the smallest in 82 years.
- **Soybean oil used to produce biofuels in the U.S. held at 1.062 billion lbs. in November, according to the Energy Information Administration. That marked the seventh straight month in which soyoil use for biofuels topped 1 billion lbs., something that hadn't happened prior to May 2023.**
- Ahead of today's monthly USDA crush report, analysts are forecasting the US December 2023 crush at 6.185 million tons. Last month's crush report showed 6.002 mln tons were processed in November. If the forecast number is realized that would be a record for any month. Analysts are forecasting end of December soyoil stockpiles at 1.76 bln lbs, that compares with the end of November figure at 1.592 bln lbs.

- India's finance minister said the country's ag sector will try and increase efforts to boost domestic oilseed production to offset high vegoil import prices. Last fiscal year the country spent \$20.8 billion on vegoil imports.
- Ukraine's list of "international sponsors of war" list has ruffled China's feathers. The Ukraine lists 14 Chinese companies as indirectly assisting or contributing to Russia's war efforts in Ukraine. Chinese officials have told Ukraine officials that the list could damage bilateral relations. Ukraine sources say China may link existing grain purchase agreements to their displeasure.
- Angry European farmers attempted to disrupt the European Parliament meetings today. Farmers threw objects, set fires and attempted to pull down barricades erected around the parliament buildings. Farmers from around the EU participated, they're saying their livelihoods are at stake from cheap imports, unfair overseas labor practices, high taxes and green rules are choking them.
- Tankers carrying Russian oil have continued sailing through the Red Sea largely uninterrupted by Houthi attacks on shipping and face lower risks than competitors, according to shipping executives.

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. **We've added a special session/discussion for Thurs pm on bio-fuels.** The conference will start at noon on Wednesday (Feb. 21) and conclude around noon on Friday (Feb. 23). Sign up by calling or texting Jamie at 707-365-0601. Call Jamie if you need a room.

Technical:

Market Fundamentals

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Cash Bids as of January 31, 2024 5:30 PM Central Time
MAIN FARM

CORN

Delivery	Futures Price	Futures Month	Futures Change	Basis	Cash Price
JAN	448'2s	@C4H	+0'4	-0.32	4.16
FEB	448'2s	@C4H	+0'4	-0.32	4.16
MCH	448'2s	@C4H	+0'4	-0.30	4.18
APR	458'4s	@C4K	-0'2	-0.41	4.18
MAY	458'4s	@C4K	-0'2	-0.38	4.21
FALL 24	480'0s	@C4Z	-0'2	-0.35	4.45

SOYBEANS

Delivery	Futures Price	Futures Month	Futures Change	Basis	Cash Price
JAN	1222'2s	@S4H	+3'4	-0.42	11.80
FEB	1222'2s	@S4H	+3'4	-0.42	11.80
MCH	1222'2s	@S4H	+3'4	-0.44	11.78
APR	1232'6s	@S4K	+5'0	-0.59	11.74
MAY	1232'6s	@S4K	+5'0	-0.47	11.86
FALL 24	1199'6s	@S4X	+2'4	-0.45	11.55

Export Sales 1/19/24 - 1/25/24

	Estimates	Net Sales		Accum. Exports	Year Ago Accum. Exports	This Week YOY % change	Last Week YOY % change
		23/24	24/25				
		Wheat	250-700k				
Corn	800k-1.4m	1,206,700	144,500	33,688,900	25,632,000	31.43%	35.07%
Beans	500k-1.1m	164,500	300	38,113,400	47,135,100	-19.14%	-18.33%
Meal	200-500k	494,200	700	8,312,800	7,035,000	18.16%	13.81%
Soyoil	(-2.5k)-2.5k	1,000	0	33,200	41,400	-19.81%	-20.69%
Sorghum		71,200	(118,700)	4,338,400	731,200	493.33%	587.47%
Beef		16,700	0	192,600	224,700	-14.29%	-11.82%
Pork		42,900	0	354,500	318,400	11.34%	8.35%

Source: USDA (FAS) - Gulke Group

Wheat: Net sales of 322,500 metric tons (MT) for 2023/2024 were down 29 percent from the previous week and 9 percent from the prior 4-week average. **Corn:** Net sales of 1,206,700 MT for 2023/2024 were up 26 percent from the previous week and 58 percent from the prior 4-week average. Increases primarily for Japan (503,800 MT), Mexico (372,300 MT), **South Korea (304,000 MT)**. **Sorghum:** Total net sales of 71,200 MT for 2023/2024 were up 18 percent from the previous week, but down 19 percent from the prior 4-week average. Increases were for China. Total **net sales reductions of 118,700 MT for 2024/2025 were for China**. **Soybeans:** Net sales of 164,500 MT for 2023/2024--a marketing-year low--were down 71 percent from the previous week and 64 percent from the prior 4-week average. Increases primarily for **China (134,800 MT)**, Egypt (123,000 MT), Mexico (109,500 MT), were offset by **reductions for unknown destinations (407,400 MT)**. **Soybean Cake and Meal:** Net sales of 494,200 MT for 2023/2024 were up 93 percent from the previous week and up noticeably from the prior 4-week average. Increases primarily for the Philippines (108,300 MT), unknown destinations (70,000 MT), Vietnam (50,400 MT), the Dominican Republic (38,800 MT), and Colombia (37,600 MT).

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Yesterday's Trades: No new trades.

ADVICE: None pending how markets react to this week's lows posted Monday and if price move below last month's lows. If the action earlier this week was a mere short covering and a head fake, future action will be obvious. Cattle inventory no surprise and still no obvious retention of heifers. Short term prices look concerning or at a minimum tentative. Post 8:30 reopening seemed to take news in stride???

COMMENTS: A new month and day-to-day volatility continues back and forth with overnight taking a hard hit. Fundamentally imports of beans into east coast still evolving while some hot/dry in Arg up front but promises of moisture a week off. But Feb gets us closer to make or break production in now both Brazil/Arg or status quo or to better yields than some private firms suggest. Firmer interest rates by Fed doesn't help commodities either.

READ MY LIPS: Fed Chair Powell put a March rate reduction basically to bed and likely trashed the expected 8 reductions for 2024, but left door open to a possible rate reduction in 2024. The NASDAQ was already short, and the DJIA posted a key reversal likely printing a top in the Dow. Last month we expected 2024 to post a new sell signal and so far that looks accurate if yesterday's lows don't hold or we see a failure at recent highs. The expectations of the financial bobble heads in the media who expected a quick drop in rates was suspect. He also put to rest ideas he is politically motivated---I doubt he wants his legacy to include support for presidential spending? **He also stated Fed funds likely stays 5-5.5 for some time which is what you should be getting on excess cash in your bank! Bank refinancing may be a negative black swan that lies ahead.**

FEB ACREAGE DEBATE:

CORN/BEANS: a big drop in US corn acres doesn't seem to be in the cards, and pending S American total bean crop, US may not need more bean acres---thus a picture can be painted for too much of everything and the excess gets carried into another year later. At an 80% insurance level, nothing looks exciting and the Feb ave likely won't/can't increase much unless huge price increase in next couple weeks.

EXPORT SALES: There were rumors of China gov (Sino) rolling purchases ahead due to cheaper Brz and weak demand; the report today did show a reduction in 400,000 mt of unknown destinations tempering sales, but regardless soybeans were terrible and a marketing year low and a concern for the next WASDE next week. Mexico did buy 200,000 tonnes soybeans in flash sale today.

BASIS: Note the basis in corn and beans in above quotes from local N IL buyer---basis widens out in April by 9 cents in corn and 17 cents in beans. Either it is manipulation or cash won't reflect the carry until up front--- We are in need of a crop problem in some

hemisphere. February will likely be the timeframe to make or break prices. **Bids are saying grains won't earn the carry!!!!**

NGAS: In his infinite wisdom Biden has decided to "pause" LNG export activity, sending bi-partisan moves to correct his ill-gotten onslaught on the cleanest of all energies just to buy a few "green votes. Regarding oils, soy oil weak and palm oil reversed with a vengeance last couple days with both affecting canola negatively.

Weather: Argentina, southwestern Brazil, Paraguay and Uruguay are dry for seven days and then rain evolves to bring some much-needed relief from recent heat and moisture stress. Hot temperatures are expected until rain evolves late next week. Northeastern Brazil will dry down in the coming ten days. Mato Grosso to Sao Paulo and Minas Gerais, Brazil will receive bouts of rain during the coming week to maintain a favorable crop development environment.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	2/1/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	448 3/4	443 1/4	448 1/4	454 1/4	442 1/4		445 1/2
CN24	467 1/4	462 3/4	466 1/2	471 1/2	461 1/2		490 1/2
CZ24	480 1/2	476 1/2	480	484 1/2	475 1/2		474 1/2
SH24	1223	1206 3/4	1222 1/4	1239	1205 1/2	1215 3/4	
SX24	1200 1/4	1187 3/4	1199 3/4	1212 3/4	1186 3/4	1194 1/2	
SMH24	369.7	359.0	368.3	379.2	357.5		390.4
BOH24	46.30	45.26	46.02	47.56	44.48		47.98
WH24	605	591 3/4	595 1/4	609	581 1/2		601
WN24	620	607 1/4	610 1/4	623 1/2	597		616
KWH24	630	617	622	635 1/2	608 1/2		622 3/4
MWH24	698	689 1/4	692 1/4	701 1/2	683		713 3/4
LCM24	179.600	178.650	178.875	180.325	177.425	166.850	
LCV24	183.225	182.350	182.875	183.950	181.800	182.850	
LHM24	98.350	97.050	97.900	99.400	96.400	92.850	
LHV24	83.775	83.150	83.650	84.475	82.825	83.325	
FCH24	241.550	239.550	240.150	242.350	237.950	236.125	
CTH24	85.37	84.50	85.170	86.24	84.10		84.81
CTK24	86.62	85.76	86.410	87.32	85.50		86.11
SBH24	24.18	23.77	24.130	24.59	23.67	21.00	
GCJ24	2074.6	2048.8	2056.80	2083.10	2030.50	2044.6	
NRH24	18.28	17.85	17.87	18.32	17.41	17.540	
DJH24	38720.00	38247.00	38280	38773	37787		38334.00
CLH24	78.11	75.52	75.85	78.64	73.06	75.09	
NGH24	2.158	2.037	2.100	2.236	1.964		2.477
DXH24	103.57	102.755	103.370	104.38	102.36	101.620	
USH24	123 4/32	121 13/32	122 11/32	124 10/32	120 12/32	120 26/32	

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