

**February 2, 2023**

**Weather:**

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- Today's 06z GFS model run was wetter for the second weekend of the two week outlook from Mato Grosso do Sul into Sao Paulo and drier from western Parana and Paraguay into northern Rio Grande do Sul relative to the previous model run
- The 06z GFS model was also wetter in southern Argentina from San Luis and parts of Cordoba through northeastern La Pampa to Buenos Aires and Entre Rios late next week into the following weekend
- The ECMWF was wetter for northern Argentina and central and northern Paraguay during the second week of the forecast
- Overall, World Weather, Inc. believes there will be greater rain in northern Argentina late next week and into the following weekend, but not many other changes are anticipated. The greatest relief from Argentina dryness will occur late next week into the following weekend, though follow up moisture will be imperative. Some showers will occur during mid-month in Argentina and southern Brazil to improve the moisture profile, but a general soaking may be hard to come by
- Not much change occurred in the North America outlook through mid-week next week relative to that of Thursday's forecast with the Midwest and northeastern Plains dry along with the southwestern Plains
- A storm system is still slated for the U.S. Midwest during the second weekend of the two week outlook
- A new precipitation event impacts central hard red winter wheat areas during the second weekend of the forecast, but misses the southwestern Plains once again
- North America temperatures relax to a more typical El Nino bias in week two of the forecast and precipitation will also be more El Nino like with drier conditions resuming in the Midwest and northern Plains as well as Canada's Prairies while the southern U.S. see most of the precipitation

## News:

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- Grain trade sources reported 89,650 mt of US origin mill grade Wheat was bought by Taiwan Flour Millers' Assn.
- The U.S. ag attaché in Argentina projects the country's corn crop at 57 MMT, 2 MMT more than USDA's forecast last month, due mostly to larger planted area. The attaché forecasts the Argentine wheat crop at 15.4 MMT, 400,000 MMT higher than USDA, as yields were stronger than expected.
- Shippers say continued attacks on Red Sea shipping lanes have diverted grain vessels from the Suez Canal to routes around Cape of Good Hope. Analysts say around 7.0 mln mt of grain passes through the Suez Canal, but so far this week about 700,000 mt have rerouted.
- Thursday's USDA Fats & Oils: December 2023 Soybean crush 6.128 mln tons; expected 6.185 mln tons; December 2023 ending Soy crude oil stocks 1.823 bln lbs; expected 1.76 bln lbs.
- Weekly Buenos Aires Grain Exchange report pegged Argentina Soybean conditions at 36% good to excellent, 50% fair, and 14% poor, last week's conditions were 44% good to excellent, 48% fair, and 8% poor. They estimated the Argentina Corn planting progress at 98.4% complete, 7.085 mln hectares planted out of the 7.200 mln expected.
- The UN Food and Agriculture Organization global food price index dropped another 1.2% from December as decreases in the price for cereal grains and meat more than offset an increase in sugar, while vegeils and dairy were nearly unchanged. The January index was down 10.3% from last year and the lowest since February 2021. Compared to year-ago, prices declined 1.2% for meat, 17.8% for dairy, 18.6% for cereal grains and 12.7% for vegeils, while sugar prices rose 15.8%.

**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

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

**ADVICE:** A sideways to lower bias pricing allows call premiums to deteriorate even if prices don't. We'll add to short call options as follows for corn/beans and futures advice for wheat:

**Corn:** Sell the July 4.80 calls on another 10% of 2023 production—best can

**Soybeans:** Sell the July 12.60 calls on another 10% of 2023 production –best can.

**Canola:** Hedge 15% of 2023 production in July 2024 futures—best can.

**Wheat Chicago:** Place sell stops in July wheat at \$6.12 for 10% of 2023 and 2024 production for all classes.

**COMMENTS:** We still need responses of who will attend the Thursday night "mixer" at the Gulke Home during the Feb conference. Email jerry at [smsgulke@aol.com](mailto:smsgulke@aol.com) please!

**Soybeans March:** Have had a couple pricing milestones. The wasde report at 12.4675 high and 12.03 low followed by a key reversal low at 11.87 and a key reversal high of 12.4775. Now awaiting the Feb wasde on Feb 9<sup>th</sup>. The last two weeks have been dealing with S America and N America prospects. Feb 9<sup>th</sup> should offer more guidance. Both soy oil and meal suspect

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**Corn:** A range of 4.40—4.50 and change with 50 day at about 4.48 offering further resistance along with the wasde high of 4.60 all overhead headwinds with little chance of seeing US acreage dropping by the needed 4-6 mil-ac

**Wheat:** Has better numbers as wasde didn't have the effect on it that c/b did.

**Technically** all look positive on a daily basis. On a weekly basis, not as good with moves out of the above mentioned trading ranges dictating. Longer term, technical agree with the negative monthly fundamentals of corn and beans with wheat a little better.

**Crude Oil** turned negative this week in spite of Saudis not increasing production---they've been ahead of global economic usage concerns for some time---ever since Biden begged for oil. Diesel and gas both down 5 cents today

Economic news better to much better regarding the labor front in wages and numbers likely putting on hold any rate cuts until last ½ 2024 if then! The media continues to be shocked while not realizing what Trillions\$\$\$ added to an economy can do.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	2/2/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	448	443 1/2	447 1/4	452 1/4	442 1/4		445 1/2
CN24	466 3/4	462 1/4	466	471	461		490 1/2
CZ24	479 3/4	475 3/4	479	483 1/2	474 1/2		474 1/2
SH24	1221 3/4	1199 1/2	1203 1/4	1226	1180 1/2		<b>1205 1/2</b>
SX24	1199	1183	1185 1/2	1202	1169		<b>1186 3/4</b>
SMH24	370.4	358.8	361.7	373.5	350.0		390.4
BOH24	46.38	45.32	45.60	47.16	44.04		47.98
WH24	603	587	601 1/2	618	585		601
WN24	615	602 1/4	613 3/4	627	600 1/2		616
KWH24	624 1/2	613	620 3/4	632 3/4	608 3/4		622 3/4
MWH24	700 1/2	688	696	709	683		713 3/4
LCM24	181.325	179.100	181.125	183.850	178.400	166.850	
LCV24	185.500	183.075	185.150	187.775	182.525	182.850	
LHM24	97.975	96.325	97.200	99.050	95.350		<b>96.400</b>
LHV24	83.825	83.300	83.725	84.450	83.000	83.325	
FCH24	245.600	240.850	244.875	249.825	239.925	236.125	
CTH24	86.90	84.80	86.490	88.79	84.19	<b>86.24</b>	
CTK24	88.05	86.00	87.640	89.74	85.54	<b>87.32</b>	
SBH24	24.24	23.45	23.560	24.40	22.72		<b>23.67</b>
GCJ24	2083.2	2046.4	2072.70	2110.00	2035.40	2044.6	
NRH24	18.19	17.89	18.11	18.44	17.77	17.540	
DJH24	38661.00	38212.00	38625	39094	38156		38334.00
CLH24	76.95	73.7	73.82	77.27	70.37	75.09	
NGH24	2.168	2.033	2.050	2.200	1.900		2.477
DXH24	103.66	102.840	102.890	103.91	101.88	101.620	
USH24	124 24/32	122 15/32	124 1/32	126 18/32	121 16/32	120 26/32	

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