

February 5, 2023

Weather:

- Stormy weather in California had a big impact on the state Sunday and overnight with 30-70 mph wind gusts in key urban and agricultural areas and rainfall of 2.00 to 6.00 inches with local totals approaching 8.00 inches along the west coast and 1.00 to 3.00 inches of moisture in the Sierra Nevada and Sacramento Valley
 - o Rain in the San Joaquin Valley was mostly 0.30 to 1.00 inch with a few 1.00 to 2.00-inch amounts in the west
 - o Flooding and wind damage has occurred along with landslides and power Outages
- Hot, dry weather dominated Argentina weather during the weekend further stressing crops and raising the potential for production cuts
- Showers of limited significance will occur in parts of Argentina early to mid-week this week that may help to reduce some of the stress and help buy a little more time for greater rain to evolve late this week and into next week
- Southwestern Brazil and Paraguay have been drying out as well, although subsoil moisture has most crops still in fair condition without much permanent production loss
- Mato Grosso do Sul will get some scattered rainfall this week to help ease its dryness, though more will be needed
- The remainder of Brazil crops will stay in good condition
- Northern U.S. Plains and southern Canada's Prairies will get some needed rain and snow during mid-week this week
- U.S. winter crop areas from Montana through Nebraska, Colorado and Kansas to the Delta and southeastern states benefitted from precipitation during the weekend with some areas in the central Plains getting up to 1.60 inches of moisture and greater amounts in the Delta

News:

- **USDA reported private sale of 155,000 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.**
- Strategie Grains suggested EU rapeseed production this year will fall by -7% to around 18.4 mln mt, attributing the decline to lower planted acres.
- Brazil's soybean harvest advanced to 16% done according to AgRural, the second fastest rate behind 19% on that date in 2018-19. Hot, dry weather in southern areas of the country pose a threat to later-maturing soybeans, and if they persist, could lead to further cuts to production. AgRural estimated

safrinha corn planting reached 27% completed which is the fastest rate in its data back to 2013.

- Federal Reserve Chair Jerome Powell confirmed in a Sunday interview on CBS' 60 Minutes the central bank's rate-setters still anticipate making approximately three quarter-point rate cuts in 2024. Although new projections are set to be released on March 20, **Powell stated that nothing significant has occurred since December that would prompt a dramatic shift in forecasts. He explained that if the economy were to weaken, the Fed could reduce rates sooner and more rapidly. Conversely, if inflation proves more persistent, rate cuts might be delayed and gradual. Powell emphasized the strength of the labor market and expressed optimism it would continue to perform well. His "base case" is that inflation will continue to decline in the first half of the year due to lower readings from the previous year.**
- Venezuela's exports of crude and refined products fell by 25% in January to some 624,000 barrels per day as power outages hit the main oil export terminal, according to vessel tracking data. The U.S. this week said it would reimpose energy sanctions in April if President Nicolas Maduro's administration does not stick to a deal to accept conditions for a fair presidential election.

Gulke Group 2024 Winter Palm Springs Conference Rancho Las Palmas in Rancho Mirage, CA on Feb. 21-23. 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.

Technical:

Market Fundamentals

Yesterday's Trades: **Corn** – For 2023, sol 10% CN 480 calls at 17 ¼. **Soybeans** – For 2023, sold 10% SN 1260 calls at 35 5/8. **Wheat** – For 2023 and 2024, sold 10% WN at 611 ¾. **Canola** – For 2023, sold 15% RSN at 607.5.

ADVICE: No new advice --- pending mid-day We added to coverage Friday---see above—and may have to do more. We'll see if there is any support today ---so far negative with dry weather in Arg having little effect.

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COMMENTS: Argentina in focus with heat (110+ in places) well in high 90's but rain is in forecast but amounts later this week Thurs—Fri still in flux –so major situation. The largest amounts of moisture was back after Christmas--- A 2nd system to follow but 1st system key. Brazil sees erratic coverage but basically no critical heat as in Argentina.

Flash sale of corn to Mexico--- Fed Powell continues to hint that there is no need to cut rates as economy humming along and well it should with the deficit spending still working through economy.

This week we are at the Top Producer Conference in KC—

We still need responses by PSprings attendees for attendance at Gulke home mixer????

Spec Table largely all short grains---- just FYI.

Future in better hands: My grandson Foxy Leavitt wrote a para on the Civil War: he said "It was US against US. Some wanted slavery, some did not. Thank you President Lincoln". Someone tell M Halley!!!!

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	2/5/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	448 3/4	442	442 3/4	450	435 1/2		445 1/2
CN24	467	461 1/4	462 1/2	468 3/4	456 1/4		490 1/2
CZ24	479 1/4	475 1/4	476 3/4	481 1/4	472 1/4		474 1/2
SH24	1208 1/4	1186 3/4	1188 1/2	1210 1/2	1166 1/2		1205 1/2
SX24	1188 3/4	1170 1/4	1171	1190	1152		1186 3/4
SMH24	365.5	356.1	356.8	366.4	347.3		390.4
BOH24	45.75	44.58	44.73	46.40	43.06		47.98
WH24	611 1/2	595 3/4	599 3/4	616	583 1/2		601
WN24	622 1/4	608 3/4	613	627	599		616
KWH24	634 1/2	618 1/2	625	641 1/2	608 1/2		622 3/4
MVH24	706 3/4	691 3/4	699 3/4	715 1/4	684 1/4		713 3/4
LCM24	182.200	180.925	181.775	183.550	180.000	166.850	
LCV24	185.925	184.825	185.400	186.700	184.100	182.850	
LHM24	97.825	97.100	97.500	98.425	96.575		96.400
LHV24	84.225	83.625	84.125	84.925	83.325	83.325	
FCH24	246.125	244.000	244.800	247.125	242.475	236.125	
CTH24	87.32	85.80	87.110	88.83	85.39	86.24	
CTK24	88.22	86.81	88.150	89.61	86.69	87.32	
SBH24	24.02	23.31	23.890	24.65	23.13		23.67
GCJ24	2074.7	2044.2	2055.80	2086.80	2024.80	2044.6	
NRH24	18.48	18.08	18.44	18.87	18.01	17.540	
DJH24	38892.00	38433.00	38765	39244	38286		38334.00
CLH24	74.52	71.79	72.28	75.21	69.35	75.09	
NGH24	2.100	2.021	2.079	2.173	1.985		2.477
DXH24	103.90	102.735	103.805	105.17	102.45	101.620	
USH24	124	121 19/32	121 29/32	124 18/32	119 8/32	120 26/32	

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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HYPOTHETICAL HEDGING POSITION MATRIX					2/5/2024									
2023 Corn - margin= \$1425					2023 SOYBEANS - margin= \$2500					2022 WHEAT - margin= \$2600				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)					Cash (futures price day of sale)					Cash (futures price day of sale)				
6/22/23	Sold CASH vs. CZ	621 1/2	\$8,199.16	5.0%	12/1/2022	Sold CASH vs. SX23	1387	\$874.16	15.0%	3/31/2022	Sold CASH vs. WN22	1021	\$11,299.16	10%
					1/4/2023	Sold CASH vs. SX23	1389 1/2	\$999.16	5.0%	6/17/2022	Sold CASH vs. WZ22	1076	\$17,349.16	10%
					1/5/2023	Sold CASH vs. SX23	1386 1/4	\$836.66	5.0%	9/2/2022	Sold CASH vs. WZ22	804	\$3,749.16	10%
	Total			5.0%	1/20/2023	Sold CASH vs. SX23	1352 1/2	(\$850.84)	5.0%	9/14/2022	Sold CASH vs. WZ22	860	\$6,549.16	20%
Futures/Options					Futures/Options					Futures/Options				
1/29/2024	Sold CN 480 calls(10%)	16 1/4	(\$72.59)	10.00%	3/13/2023	Sold CASH vs. SX23	1340 1/4	(\$1,463.34)	5.0%	9/16/2022	Sold CASH vs. WZ22	836 1/2	\$5,374.16	10%
2/2/2024	Sold CN 480 calls(10%)	17 1/4	(\$22.59)	10.00%	4/4/2023	Sold CASH vs. SX23	1317 1/4	(\$2,613.34)	10.0%	12/2/2022	Sold CASH vs. WH23	767	\$3,986.66	10%
	Futures/Options Hedged			20.0%	10/3/2023	Sold CASH vs. SF24	1290	\$4,174.16	10.0%	1/4/2023	Sold CASH vs. WH23	745 1/2	\$2,911.66	5%
	Total Hedged(Included CASH)			25.0%	11/8/2023	Sold CASH vs. SF24	1366	\$7,974.16	25.0%		Total			75%
2024 Corn - margin= \$1075					2024 Soybeans - margin - \$1725					2023 WHEAT - margin= \$2600				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
Cash (futures price day of sale)					Cash (futures price day of sale)					Cash (futures price day of sale)				
	Total			0.0%										
Futures/Options					Futures/Options					Futures/Options				
1/5/2024	Sold CZ 500 calls(15%)	36 1/4	\$321.16	15.00%	1/29/2024	Sold SN 1260 calls(10%)	36 3/4	\$202.41	10.0%	1/5/2024	Sold WN24 640 Calls	43 3/4	\$571.16	20.0%
1/29/2024	Sold CZ 500 calls(10%)	27 3/4	(\$103.84)	10.00%	2/2/2024	Sold SN 1260 calls(10%)	35 5/8	\$146.16	10.0%		Futures/Options Hedged			20.0%
	Futures/Options Hedged			25.0%		Futures/Options Hedged			20.0%		Total Hedged(Included CASH)			95.0%
	Total Hedged(Included CASH)			25.0%		Total Hedged(Included CASH)			100.0%					
End User Coverage - Corn					2023 Canola - margin = \$880CD					2024 WHEAT - margin= \$2400				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
1st Quarter 2024					Cash (futures price day of sale)					Cash (futures price day of sale)				
	Total			0.0%		Total			0.0%		Total			0%
2nd Quarter 2024					Futures/Options					Futures/Options				
	Total			0.0%		Futures/Options Hedged			0.0%		Total Hedged(Included CASH)			30.0%
	Total			0.0%		Total Hedged(Included CASH)			30.0%		Total Hedged(Included CASH)			55.0%
Live Cattle - margin = \$1600					2022 MN WHEAT - margin= \$3000					2022 KC WHEAT - margin= \$2400				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
Spring 2024					Cash (futures price day of sale)					Cash (futures price day of sale)				
	Total			0.0%		Total			0%		Total			0%
Fall 2024					Futures/Options					Futures/Options				
	Total			0.0%		Futures/Options Hedged			15.0%		Total Hedged(Included CASH)			15.0%
	Total			0.0%		Total Hedged(Included CASH)			15.0%		Total Hedged(Included CASH)			30.0%
Feeder Cattle - Producer - margin = \$2850					2023 MN WHEAT - margin= \$3000					2023 KC WHEAT - margin= \$2400				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
Spring 2024					Cash (futures price day of sale)					Cash (futures price day of sale)				
	Total			0.0%		Total			45%		Total			45%
Fall 2024					Futures/Options					Futures/Options				
	Total			0.0%		Futures/Options Hedged			20.0%		Total Hedged(Included CASH)			20.0%
	Total			0.0%		Total Hedged(Included CASH)			65.0%		Total Hedged(Included CASH)			65.0%
Live Hogs - margin = \$1600					2023 MN WHEAT - margin= \$3500					2024 WHEAT - margin= \$2600				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
4th Quarter 2023					Cash (futures price day of sale)					Cash (futures price day of sale)				
	Total			0.0%		Total			25%		Total			25%
1st Quarter 2024					Futures/Options					Futures/Options				
	Total			0.0%		Futures/Options Hedged			30.0%		Total Hedged(Included CASH)			55.0%
	Total			0.0%		Total Hedged(Included CASH)			55.0%		Total Hedged(Included CASH)			55.0%
2023 Cotton - margin = \$3500					2024 WHEAT - margin= \$2600					2024 WHEAT - margin= \$2175				
Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged	Date	Action	Price	Status	% Hedged
3/31/2022	Sold CASH vs. CTZ22	111.53	\$11,529.76	15%	1/4/2024	Sold WN24 640 Calls	37	\$233.66	20.0%					
8/17/2022	Sold CASH vs. CTZ22	112.50	\$11,917.76	15%	2/2/2024	Sold WN	611 3/4	(\$100.84)	10.0%		Total			0%
3/8/2023	Sold CASH vs. CTH23	82.89	\$1,021.76	10%		Futures/Options Hedged			30.0%		Total Hedged(Included CASH)			55.0%
4/4/2023	Sold CASH vs. CTN23	81.35	\$21.76	10%		Total Hedged(Included CASH)			55.0%					
4/20/2023	Sold CASH vs. CTK23	79.50	(\$850.24)	10%										
	Total			60%					0%					
2023 Cotton - margin = \$3500					Energy					Energy				
Date	Action	Price	Status	% Hedged	Date	Action	Contracts	Price	Status	Date	Action	Contracts	Price	Status
3/10/2023	Sold Dec Futures	80.20	\$541.76	10%										
4/4/2023	Sold Dec Futures	81.65	\$1,121.76	10%										
4/2/2023	Sold Dec Futures	80.62	\$709.76	10%										
8/2/2023	Sold Dec Futures	84.38	\$2,213.76	15%										
	Total			45%										
Livestock Trading Hours					Spec					Spec				
Mon - Fri	8:30 am to 1:05 pm CST	No Night Trading												
Grain Trading Hours														
Sun - Fri	7pm to 7:45am and 8:30am to 1:20pm CST													

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