

February 7, 2024

Weather:

WORLD WEATHER HIGHLIGHTS FOR FEBRUARY 07, 2024

- Central Buenos Aires received some additional significant rain overnight bringing two-day rain totals to the range of 0.80 to 3.86 inches which is the greatest rain since Dec. 26-28
- All of Argentina will get rain late this week into next week and it will bring relief to weeks of drying and the recent bout of extreme heat
 - Some follow up rain is also expected in the Feb. 15-21 period
- Southern Brazil's crop areas are drying down, but are not yet critically dry
 - Relief is expected next week with some relief in Mato Grosso do Sul expected over the next few days
 - Drying in southern Brazil could prove to be beneficial for soybean harvesting and maturation as well as Safrinha crop planting
- India's recent rain in the north and that which is expected again in east central areas this weekend should favor winter crops, although more moisture is needed especially in the western production areas
- Rain is still slated for southwestern Europe and northwestern Africa late this week and into the weekend bringing some much needed relief to persistent dryness, although more rain will be needed
- Cold surge in northwestern Russia will be non-threatening due to substantial snow cover
- Another stratospheric warming event seems to be getting under way and will peak late next week that could bring much colder air to parts of Northern Europe and parts of North America in March
- Queensland and northeastern New South Wales, Australia are advertised to experience net drying over the next ten days, despite a few showers and thunderstorms
- Western CIS remains in a wet bias with frequent snow and rain to continue over the next ten days
- China will be wettest in the far southeast part of the nation in this coming week and then some east-central areas may trend wetter in the Feb 15-21 period

News:

- Grain trade sources indicated around 50,000 mt of Brazil origin Soymeal was bought by Iran's state-run feed importer.
- Traders reported 100,000 mt of Durum Wheat was bought by Tunisia.
- **Crop Insurance Spring Price Update:** After 4 days the current Spring Price averages are as follows: Corn: \$4.77, Soybeans: \$11.75, Spring Wheat: \$7.12, Durum Wheat: \$8.22
- Top US Democrat leaders in the House of Reps say the US farm spending bill in negotiations must continue setting aside money for climate friendly farming and federal food stamp benefits.
- Several meteorologists say worldwide weather is expected to transition from a strong El Nino to La Nina in the later half or final quarter of 2024. Weather forecasters say its too early to predict the intensity or impact on crops. If the La Nina conditions are realized it could reverse the weather effects seen this year.
- Australia's sheep meat exports surged to a record high and beef shipments reached to their highest since 2019 last year. Shipments of beef increased to China, South Korea and the U.S., three out of four of Australia's main export markets. Aussie meat exports are likely to be even larger in 2024 thanks to low U.S. beef output and strong Chinese demand.
- **The CEO of Bunge commented that all regions, except for Argentina, are expected to see weakening soybean crush margins this year. The executive further said they expect the Brazil soybean production around the mid 150 mln mt level, and Argentina's crop around 50 mln mt. He also said that he expects during the first half of 2024 another 1.4 billion gallons of renewable diesel capacity to start up.**
- **U.S. crude oil exports to Asia tumbled to 1 million barrels per day in January, the lowest in over two years as high freight rates and more competitively priced Middle Eastern oils slashed shipments. A surge in supertanker freight rates made it expensive to ship to Asia at the start of the month, particularly to China.**
- **The U.S. Energy Information Administration cut its forecast for domestic oil growth in 2024 by 120,000 barrels per day to 170,000 bpd, sharply lower than last year's output increase of 1.02 million bpd. U.S. crude oil production will rise to 13.21 million barrels per day this year, the EIA said in its Short-Term Energy Outlook. It had previously projected that crude production would rise this year by 290,000 bpd.**
- House Ag Committee Ranking Member David Scott (D-Ga.) and Committee Democrats released memo outlining the essential principles the next farm bill should encompass to garner the backing of the House Democratic Caucus. The members stressed these principles focus on safeguarding historic climate investments and the Supplemental Nutrition Assistance Program (SNAP), a clear signal to Republicans who want to alter some of these programs. The Democratic principles assert that a strong, effective and bipartisan farm bill must address key objectives such as reducing hunger, supporting farmers, investing in sustainable agriculture, revitalizing rural America, lowering costs for farmers and families, promoting equity and supporting renewable and bioenergy initiatives. Comments: The partisan nature of this farm bill continues in both the House and Senate where conflicting issues over funding and farm bill policy matters have both chambers in a virtual holding pattern. The issuance of principles and "creative" ideas are what usually come near the beginning of a farm bill process, not when it should have been concluded already.

Source: WASDE and estimates by Reuters

U.S. GRAINS, COTTON & SOYBEAN COMPLEX CARRYOUT - 2023-24

	2/8/24	JANUARY	AVERAGE	RANGE OF	USDA
	USDA 2023-24	USDA	ANALYSTS	ANALYSTS'	2022-23
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATES	FINAL
CORN		2.162	2.146	2.065-2.212	1.361
SOYBEANS		0.280	0.284	0.245-0.310	0.268
WHEAT		0.648	0.647	0.625-0.662	0.582
SOYOIL		1.577			1.602
SOYMEAL		400,000			371,000
OATS		0.039			0.035
SORGHUM		0.022			0.024
RICE		43.5			30.3
COTTON		2.90			4.25

WORLD GRAINS, SOYBEAN & COTTON CARRYOUT - 2023-24 AND 2022-23

COMMODITY	2/8/24	JAN 2024	AVERAGE		2/8/24	JAN 2024
	2023-24	2023-24	ANALYSTS		2022-23	2022-23
	EST	EST	EST		EST	EST
WHEAT		260.03	260.48			271.56
CORN		325.22	324.02			300.56
SOYBEANS		114.60	112.48			101.87
SOYMEAL		15.42				13.70
SOYOIL		5.34				4.96
COTTON		84.38				83.22
RICE		167.25				175.81

ARGENTINA & BRAZIL - 2023-24 CORN & SOYBEAN ESTIMATES

COMMODITY	2/8/24	JAN 2024	AVERAGE	RANGE OF
	2023-24	2023-24	ANALYSTS'	ANALYSTS'
	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
ARGENTINA CORN		55.00	55.59	55.00-57.00
ARGENTINA SOYBEANS		50.00	50.84	50.00-52.00
BRAZIL CORN		127.00	124.32	121.00-127.00
BRAZIL SOYBEANS		157.00	153.15	148.00-157.00

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.

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Technical:

Market Fundamentals

Yesterday's Trades: No new trades.

ADVICE: No new advice

COMMENTS: Markets are or have broken through support that needs to hold for sure on a daily basis. For grains to do that sets up a dangerous situation going into a major WASDE report tomorrow AND weekly export sales. Market action (weak) suggest no big bullish surprise in export sales so that leaves WASDE to bail out a bad situation this early in the year—we'll play catch up if needed after report on Friday which could present a bounce after a bad 3-4 days.

Crop Insurance Spring Price Update: After 4 days the current Spring Price averages are as follows: Corn: \$4.77, Soybeans: \$11.75, Spring Wheat: \$7.12, Durum Wheat: \$8.22

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	2/7/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CH24	445 1/2	438 1/4	438 3/4	446 1/2	431		445 1/2
CN24	464 3/4	460	460 1/2	465 3/4	455 1/4		490 1/2
CZ24	480 3/4	476 3/4	477 1/4	481 3/4	472 3/4		474 1/2
SH24	1205 1/2	1193 3/4	1199 1/2	1211 3/4	1187 1/4		1205 1/2
SX24	1181 3/4	1174	1177 1/2	1185 3/4	1169 1/4		1186 3/4
SMH24	362.6	355.9	358.8	365.7	352.0		390.4
BOH24	46.26	45.33	45.94	47.37	44.51		47.98
WH24	597 1/2	588	595	605	585		601
WN24	608 3/4	601	605 3/4	614	597 1/2		616
KWH24	622 1/4	611 3/4	618 1/2	629 1/2	607 1/2		622 3/4
MWH24	698 3/4	690	693 1/4	702 1/2	684	698 3/4	
LCM24	183.725	180.350	183.125	187.000	179.250	166.850	
LCV24	185.950	183.975	185.675	187.850	183.500		184.100
LHM24	95.925	94.875	95.200	96.450	93.950		96.400
LHV24	84.050	83.350	83.975	84.875	83.075	83.325	
FCH24	247.100	242.125	246.675	251.850	241.500	246.400	
CTH24	87.83	86.95	87.540	88.62	86.46	86.24	
CTK24	88.65	87.88	88.400	89.22	87.58	87.32	
SBH24	23.92	23.02	23.560	24.51	22.61		23.67
GCJ24	2055.3	2038.8	2051.40	2068.40	2034.40	2044.6	
NRH24	18.58	18.34	18.58	18.85	18.31	17.540	
DJH24	38633.00	38367.00	38613	38899	38327		38334.00
CLH24	73.82	72.38	73.31	74.95	71.67	75.09	
NGH24	2.102	1.997	2.009	2.129	1.889		2.477
DXH24	104.45	103.995	104.030	104.69	103.38	101.620	
USH24	121 6/32	120	121	122 14/32	119 18/32	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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