

**February 29, 2024**

## **Weather:**

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- **ECMWF and GFS models both agree that week two will be wetter in Brazil's driest areas, although the GFS is too wet**
- U.S. Plains and western Midwest are wetter today than advertised earlier this week
  - Some of this increase was needed, but the high Plains should miss much of the precipitation
- West Texas precipitation should be quite limited in the next two weeks, although a few spotty showers will be possible
- Central and eastern Midwest rainfall is advertised to be significant enough next week and in the following weekend to bolster soil moisture favorably for use in the spring
- Canada's eastern Prairies snowstorm for this weekend is still in place today with substantial snowfall slated for eastern Saskatchewan and Manitoba
  - The snow will be wet and should add moisture to the soil when the ground thaws, although some of the melting snow will runoff after recent cold put some frost back into the topsoil
  - Southwestern parts of the Prairies are unlikely to get much "significant" precipitation, although some light amounts are expected

## **News:**

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- The Buenos Aires Grain Exchange suggested near term heavy rains will provide moisture to most of Argentina's growing regions. The southwestern growing regions however will see minimal rains, less than 0.4 inch. The country's corn and soy crops are set to begin harvest in April. The corn harvest is forecasted at 56.5 mln mt, and the soy harvest is projected at 52.5 mln mt.
- Ahead of Friday's USDA January 2024 monthly soybean crush report, analysts are expecting 5.89 mln tons crushed that compares with last month's

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record 6.128 mln ton crush. End of January soyoil stockpiles are seen at 1.98 billion pounds, up from last month's 1.828 bln lbs.

- Australian weather bureau forecasters suggested the March - May 2024 period could potentially see a drier and warmer period and on its way to the third warmest summer on record.
- The USDA is projecting U.S. agricultural exports in fiscal year (FY) 2024 at \$170.5 billion, up \$1.0 billion from the November forecast. Exports of livestock and dairy, as well as grains and feeds, lead the increase, which more than offset reductions in oilseeds and products. Overall grain and feed exports are projected at \$38.2 billion, up \$700 million from November, as higher exports of corn, sorghum, rice, and feeds and fodders more than offset moderately lower wheat exports. Oilseed and product exports are forecast at \$36.2 billion, a \$1.0-billion reduction from the previous quarter, almost entirely due to lower soybean volume and unit values resulting from increased South American competition. U.S. Beef exports at \$700 million higher on tight domestic supplies and rising unit values. Pork exports are raised \$600 million based on higher prices and robust shipments to North American markets. China is forecast to remain the largest market for U.S. agricultural exports at \$28.7 billion, an \$800-million reduction from the previous forecast, largely due to strong South American competition on soybeans and corn.
- Poland's Prime Minister Tusk said the Warsaw government won't rule out banning Russian agricultural product imports. Tusk suggested Russian and Belarus imports, in addition to Ukraine ag product imports, were also distorting the Polish market.
- Russian media, citing the country's ag minister, reported the Kremlin is no longer interested in renewing the UN backed Black Sea grain deal because it has its own grain export capabilities.
- Six tankers with Russian oil in ships sanctioned by the United States were sailing to Chinese ports this week, but it wasn't clear if they would be allowed to discharge, according to LSEG, Kpler, Vortexa shipping data and two industry sources. Were China to buy oil in the tankers it would help alleviate one of the worst gluts of Russian oil in the last two years caused by payment issues amid Western sanctions imposed on Russia due to its military actions in Ukraine.
- Fresh U.S. sanctions on Moscow threaten to dent Russian oil sales to India, the biggest buyer of Russian seaborne crude, and complicate efforts by Indian state refiners to secure annual supply deals.
- Lawmakers reached a short-term spending agreement to prevent a gov't shutdown, extending funding until March 8 for six agencies (including USDA, Justice, Commerce, Energy, Interior, Transportation and Housing and Urban Development) and until March 22 for the remainder. This continuing resolution provides more time for leaders to negotiate a comprehensive funding deal. While the stopgap spending legislation is expected to receive support from House Democrats and Senate leadership, it may face opposition from

conservative Republicans. Both chambers still need to vote on the proposal, which would be the fourth stopgap spending measure passed for fiscal year 2024. The House could vote on the continuing resolution as soon as today. Despite progress, the path to long-term funding remains uncertain, with this being the fourth extension since the original deadline last September.

## Technicals:

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If May corn closes Friday above 434 it will be a weekly key reversal higher  
 If Dec corn closes Friday above 463 ½ it will be a weekly key reversal higher  
 If May kc closes Friday above 590 it will be a weekly key reversal higher.  
 If June cattle closes below 182.50 it will be a weekly key reversal lower.  
 If April crude closes over 78.92 it will be a weekly key reversal higher.  
 If April RBOB closes over 2.5697 it will be a weekly key reversal higher.

## Market Fundamentals:

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Export Sales		2/16/24 - 2/22/24				This Week	Last Week
	Estimates	Net Sales		Accum. Exports	Year Ago Accum. Exports	YOY % change	YOY % change
		23/24	24/25				
Wheat	200-600K	327,300	(5,200)	18,163,200	17,134,700	6.00%	5.85%
Corn	600k-1.4m	1,082,300	165,000	38,117,800	29,238,000	30.37%	29.31%
Beans	100-600K	159,700	0	39,023,500	48,693,200	-19.86%	-19.68%
Meal	250-600K	456,200	6,400	9,458,800	7,735,600	22.28%	19.19%
Soy oil	(-2.5k)-15k	3,000	0	32,200	52,000	-38.08%	-42.63%
Sorghum		445,500	0	4,851,400	1,052,800	360.81%	340.59%
Beef		12,200	0	254,700	292,800	-13.01%	-14.89%
Pork		32,400	0	488,600	475,000	2.86%	2.72%

Source: USDA (FAS) - Gulke Group

**Wheat:** Net sales of 327,300 metric tons (MT) for 2023/2024 were up 40 percent from the previous week and 2 percent from the prior 4-week average. Increases primarily for Japan (88,700 MT).  
**Corn:** Net sales of 1,082,300 MT for 2023/2024 were up 32 percent from the previous week, but down 5 percent from the prior 4-week average. Increases primarily for Mexico (423,700 MT), Japan (326,800 MT), Colombia (153,200 MT), **South Korea (133,900 MT)**.  
**Sorghum:** Net sales of **445,500 MT** for 2023/2024--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases were reported for **China (380,500 MT)** and unknown destinations (65,000 MT).  
**Soybeans:** Net sales of 159,700 MT for 2023/2024 were up noticeably from the previous, but down 30 percent from the prior 4-week average. Increases primarily for **China (154,800 MT)**, the Netherlands (142,700 MTT), Mexico (111,600 MT), **South Korea (60,500 MT)**, were offset by **reductions for unknown destinations (392,600 MT)**.  
**Soybean Cake and Meal:** Net sales of 456,200 MT for 2023/2024 were up noticeably from the previous week and up 54 percent from the prior 4-week average. Increases primarily for the Philippines (235,100 MT), Mexico (99,300 MT).  
**Pork:** Net sales of 32,400 MT for 2024 were up 12 percent from the previous week, but down 11 percent from the prior 4-week average. Increases primarily for Mexico (14,500 MT), **South Korea (5,200 MT)**, Canada (3,500 MT), Japan (3,500 MT).

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**Yesterday's Trades: End Users** – For Q2 and Q3, bot 35% CK at 428 ¼ and sold 15% CK 430 puts at 16 ¼. **Spec** – Bot 1 CK at 428 ¼ and bot 1 CZ at 463 ¼.

**ADVICE: No new advice – We took some action yesterday at mid-day advice---suffice for now as we need to see it extend. Holding gains for the week would improve outlook.**

**COMMENTS:** For the 4 days this week as of yesterday corn saw nearly a 20 cents move off the reversal low of Monday. A setback of some magnitude would be expected, but the market is trying to respect the corn action, even for new crop December. Corn rose without the help of wheat which was down yesterday. Basis in S America improve and US still has an edge.

Soybeans and the complex continue negative to neutral. Export sales report this morning continued very weak. Basis is better in Brazil but we are still non-competitive.

**WEATHER:** Drew Lerner hinted at the conference last Thursday of potential heat next summer for the Midwest and has seemed to be a little more concerned in his recent written report; more on that next week. Moisture in Brazil next two weeks needs to replenish moisture in time for monsoons to normally stop or the monsoon extended—again timing is an issue for Safrina crop.

**MEATS:** As discussed last Friday am at the conference, the LC and FC looked suspect (negative) and continue today with the pure technical picture suggesting an opportunity for bulls to buy cheaper or we just need a reset. Hogs continue stable to higher.

**SPRING CONFERENCE:** We need some idea of interest in a day or day and a half conference in west Chicago suburbs. **Easter comes early this year, so March 29<sup>th</sup> is Good Friday making any meeting occurring the latter part of the first week of April, perhaps the 4<sup>th</sup>--- if there is interest, let us or the brokerage folks know please.**

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	2/29/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	442	434 1/4	440 1/4	448 1/2	432		490 1/2
CZ24	464 1/2	458 1/2	463 1/4	469 3/4	456 3/4		456 3/4
SN24	1161	1144 3/4	1155 3/4	1172 1/2	1139		1184 3/4
SX24	1139 1/2	1125	1135	1150	1120	1141 3/4	
SMN24	333.2	327.8	330.8	336.4	325.3	341.6	
BON24	46.13	45.34	45.58	46.87	44.29		46.39
WN24	586 3/4	575 1/4	578 1/2	590 1/2	566 1/2	575	
KWN24	576 3/4	565	570 1/4	582 1/2	558	568 3/4	
MWN24	667	658 3/4	660 3/4	669 1/2	652	671 1/2	
LCJ24	187.700	185.900	186.125	188.425	183.825		187.550
LCV24	186.000	184.325	184.850	186.725	182.975		184.100
LHJ24	87.200	85.750	86.000	87.650	84.350	85.225	
LHV24	85.200	84.500	84.850	85.750	83.950		82.825
FCJ24	258.800	254.400	255.100	259.700	250.500		<b>255.775</b>
CTK24	103.80	98.35	101.080	106.58	95.58	87.32	
CTN24	102.68	97.19	99.720	105.41	94.03	94.43	
SBK24	22.88	22.55	22.690	23.07	22.31		22.24
GCJ24	2047.4	2033.4	2044.40	2058.90	2029.90	2017.7	
NRK24	18.49	18.25	18.38	18.65	18.10		18.250
DJH24	39002.00	38789.00	38993	39226	38760	38785	
CLJ24	79.62	77.78	78.54	80.58	76.50		76.72
NGJ24	1.906	1.782	1.885	2.024	1.746		1.701
DXH24	104.17	103.750	103.870	104.49	103.25		104.080
USH24	118 31/32	118 9/32	118 24/32	119 22/32	117 26/32	119 8/32	

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