

**March 6, 2024**

## **Weather**

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Again very little change occurred overnight

- Southern Argentina is advertised to get some welcome rain showers and thunderstorms briefly late this week and more significantly late Sunday into early next week. The remainder of Argentina is expected to be favorably moist with alternating periods of rain and sunshine likely
- Brazil's drier areas in the southwest and interior south will get rain a little more often and a little more significantly next week, but it will continue erratic and often light this week while temperatures are above normal
  - o Crop moisture stress will be rising in the driest areas from Mato Grosso to western Parana and western Sao Paulo
  - o Next week's rain will be welcome and good for crops, but subsoil moisture will likely stay low
- Southern Indonesia may experience localized flooding next week. Peninsular Malaysia is drying out. Mainland areas of Southeast Asia and the Philippines will experience restricted rain for ten days
- Eastern Australia will be dry with well above normal temperatures in the southeast during the next ten days
- Canada's Prairies and much of the U.S. Plains will not get much "significant" precipitation in the next ten days, although snow will fall in the southeastern Prairies today
- U.S. Midwest, Delta and southeastern states will receive waves of rain over the next two weeks keeping the soil wet
- Heavy coastal rain and mountain snow will prevail from northern California to the British Columbia, Canada coast

## News:

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- Nonghyup Feed bought 133,000 mt of feed Corn, they had been seeking up to 138,000 mt.
- Indonesia Palm Oil Association told conference attendees they believe 2024 Indonesian palm oil exports will fall to 29.50 mln mt in 2024 compared to last year's 30.25 mln mt. However, they see domestic production up +2.3% to around 54.4 mln mt, however domestic consumption will rise on higher demand for biodiesel feedstock. The group is forecasting 2024 ending stocks at 5.25 mln mt.
- Palm olein imports by China could plunge in 2024 as the most widely used edible oil loses pricing edge over rival soyoil. "If we assume the current palm oil/soyoil spread in both cash and futures forward market stays throughout the year, 2024 olein import could drop to 3.1 MMT from 4.2 MMT in 2023," Ryan Chen, a director at Cargill Investments (China) Ltd, said at an industry conference in Kuala Lumpur. However, palm oil's premium over soyoil and sunflower oil is expected to wear off by early May at the latest, as their prices are also expected to rise, industry analyst Thomas Mielke said. Oil World said global palm oil exports are likely to fall 2.5 MMT to 51 MMT in the 2024 crop year.
- Rainfall in Argentina is set to become less frequent as the El Nino weather phenomenon subsides, giving way to a drier autumn and the possibility of a La Nina climate pattern, the Buenos Aires Grain Exchange said. El Nino is in its "dissipation stage," which will "give way to the development of a new state of the climate system," the exchange said in its monthly climate report. However, impacts from the transition may not happen until after this year's soybean and corn crops are harvested.

## Snippet from Fed Chair Powell's Prepared Monetary Policy Report to Congress:

### Current Economic Situation and Outlook

Economic activity expanded at a strong pace over the past year. For 2023 as a whole, gross domestic product increased 3.1 percent, bolstered by solid consumer demand and improving supply conditions. Activity in the housing sector was subdued over the past year, largely reflecting high mortgage rates. High interest rates also appear to have been weighing on business fixed investment.

The labor market remains relatively tight, but supply and demand conditions have continued to come into better balance. Since the middle of last year, payroll job gains have averaged 239,000 jobs per month, and the unemployment rate has remained near historical lows, at 3.7 percent. Strong job creation has been accompanied by an increase in the supply of workers, particularly among individuals aged 25 to 54, and a continued strong pace of immigration. Job vacancies have declined, and nominal wage growth has

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been easing. Although the jobs-to-workers gap has narrowed, labor demand still exceeds the supply of available workers. The strong labor market over the past two years has also helped narrow long-standing disparities in employment and earnings across demographic groups.

Inflation has eased notably over the past year but remains above the FOMC's longer-run goal of 2 percent. Total personal consumption expenditures (PCE) prices rose 2.4 percent over the 12 months ending in January. Excluding the volatile food and energy categories, core PCE prices rose 2.8 percent, a notable slowing from 2022 that was widespread across both goods and services prices. Longer-term inflation expectations appear to have remained well anchored, as reflected by a broad range of surveys of households, businesses, and forecasters, as well as measures from financial markets.

### **Monetary Policy**

After significantly tightening the stance of monetary policy since early 2022, the FOMC has maintained the target range for the federal funds rate at 5-1/4 to 5-1/2 percent since its meeting last July. We have also continued to shrink our balance sheet at a brisk pace and in a predictable manner. Our restrictive stance of monetary policy is putting downward pressure on economic activity and inflation.

We remain committed to bringing inflation back down to our 2 percent goal and to keeping longer-term inflation expectations well anchored. Restoring price stability is essential to set the stage for achieving maximum employment and stable prices over the longer run. To conclude, we understand that our actions affect communities, families, and businesses across the country. Everything we do is in service to our public mission. We at the Federal Reserve will do everything we can to achieve our maximum employment and price stability goals.

Source: WASDE and estimates by Reuters.

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

	<b>FEBRUARY</b>	<b>AVERAGE</b>	<b>RANGE OF</b>	<b>USDA</b>
	<b>USDA</b>	<b>ANALYSTS</b>	<b>ANALYSTS'</b>	<b><u>2022-23</u></b>
	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATES</b>	<b>FINAL</b>
<b>CORN</b>	<b>2.172</b>	<b>2.159</b>	<b>2.075-2.250</b>	<b>1.361</b>
<b>SOYBEANS</b>	<b>0.315</b>	<b>0.319</b>	<b>0.295-0.350</b>	<b>0.268</b>
<b>WHEAT</b>	<b>0.658</b>	<b>0.657</b>	<b>0.648-0.692</b>	<b>0.582</b>
<b>SOYOIL</b>	<b>1.577</b>			<b>1.602</b>
<b>SOYMEAL</b>	<b>400,000</b>			<b>371,000</b>
<b>OATS</b>	<b>0.039</b>			<b>0.035</b>
<b>SORGHUM</b>	<b>0.022</b>			<b>0.024</b>
<b>RICE</b>	<b>42.5</b>			<b>30.3</b>
<b>COTTON</b>	<b>2.80</b>			<b>4.25</b>

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

<b>COMMODITY</b>	<b>FEB 2024</b>	<b>AVERAGE</b>	<b>FEB 2024</b>
	<b><u>2023-24</u></b>	<b>ANALYSTS</b>	<b><u>2022-23</u></b>
	<b>EST</b>	<b>EST</b>	<b>EST</b>
<b>WHEAT</b>	<b>259.44</b>	<b>259.12</b>	<b>271.21</b>
<b>CORN</b>	<b>322.06</b>	<b>320.39</b>	<b>300.25</b>
<b>SOYBEANS</b>	<b>116.03</b>	<b>114.27</b>	<b>103.57</b>
<b>SOYMEAL</b>	<b>15.15</b>		<b>13.64</b>
<b>SOYOIL</b>	<b>5.34</b>		<b>4.94</b>
<b>COTTON</b>	<b>83.70</b>		<b>82.97</b>
<b>RICE</b>	<b>167.18</b>		<b>176.35</b>

### **ARGENTINA & BRAZIL - 2023-24 CORN & SOYBEAN ESTIMATES**

<b>COMMODITY</b>	<b>FEB 2024</b>	<b>AVERAGE</b>	<b>RANGE OF</b>
	<b><u>2023-24</u></b>	<b>ANALYSTS'</b>	<b>ANALYSTS'</b>
	<b>ESTIMATE</b>	<b>ESTIMATE</b>	<b>ESTIMATE</b>
<b>ARGENTINA CORN</b>	<b>55.00</b>	<b>55.00</b>	<b>54.00-57.00</b>
<b>ARGENTINA SOYBEANS</b>	<b>50.00</b>	<b>50.23</b>	<b>50.00-52.00</b>
<b>BRAZIL CORN</b>	<b>124.00</b>	<b>121.95</b>	<b>118.00-125.00</b>
<b>BRAZIL SOYBEANS</b>	<b>156.00</b>	<b>152.28</b>	<b>148.00-156.00</b>

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## Technically Speaking:

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## Market Fundamentals:

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

**ADVICE:** No new advice---

**COMMENTS:** No news of significance to support grains at mid-week. The trade estimates regarding Friday's WASDE report will likely continue the theme of too much of everything even with an aggressive lowering of USDA's estimate of Brazil's soybean crop by 4mmt. Wheat has fallen into new lows and looks negative again. The soy complex has pressure on meal, soybeans but soy oil higher---see news for more details. Were it not for the potential for a surprise on Friday, we would likely chose to re-add short calls but we will wait another day and/or through the report Friday. A lower or sideways trading affair would further deteriorate call option premiums. Agriculture in general needs a friendly event especially if overall economy stalls in 2024—see equity comments below.

**MEATS** stable and Cotton getting action again in July but not Dec.---No new advice.

**EQUITIES:** In December we suggested March would be a significant time frame for a top in equities. Yesterday looks like that time is at hand but more action is needed ---an attack on recent highs and subsequent failure would add to the premise. At any rate, certainly time to be diligent as significant reversals are starting to develop and its only March 6<sup>th</sup>. **It is rare if at all that we see the Ag and general economy both in retreat. Ag is already in the cellar and equities have been flying high.**

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	3/6/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	441 3/4	436 1/4	437 1/2	443 1/2	431 1/2		490 1/2
CZ24	463 1/4	458	459 1/4	465	453 1/2		456 3/4
SN24	1168 1/4	1157 1/2	1159	1170 1/4	1147 3/4	1175 3/4	
SX24	1148 3/4	1139 3/4	1144 1/4	1153 3/4	1134 3/4	1141 3/4	
SMN24	336.3	332.4	333.1	337.2	329.1	341.6	
BON24	45.94	45.15	45.47	46.76	44.18		46.39
WN24	568 3/4	551 3/4	555 3/4	573 1/4	538 1/4		566 3/4
KWN24	568 1/2	555 3/4	557 3/4	571	544 1/2		562 3/4
MWN24	665 1/4	652	657 1/2	671 1/4	643 3/4		655
LCJ24	188.500	186.550	188.000	190.450	185.550	187.750	
LCV24	186.125	184.875	186.025	187.475	184.575		184.100
LHJ24	86.350	84.625	85.175	87.100	83.250	85.225	
LHV24	86.200	85.625	86.150	86.925	85.375		82.825
FCJ24	257.600	255.400	257.175	259.575	254.775	257.550	
CTK24	95.35	93.14	94.240	96.50	91.98		96.27
CTN24	94.14	92.23	93.070	95.18	90.96		94.34
SBK24	21.16	20.53	20.870	21.55	20.19		22.24
G CJ24	2150.5	2118.5	2136.30	2168.80	2103.80	2017.7	
NRK24	18.42	18.09	18.11	18.46	17.75	18.550	
DJH24	38995.00	38478.00	38607	39144	38070		<b>38783.00</b>
CLJ24	79.49	77.52	78.15	80.32	75.98	79.80	
NGJ24	2.009	1.890	1.957	2.091	1.823	1.928	
DXH24	103.90	103.520	103.740	104.32	103.16		104.080
USM24	121 9/32	119 16/32	120 27/32	122 28/32	118 26/32	118 24/32	

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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