

March 11, 2024

Weather

- **Brazil's center west and interior south is still drier biased today relative to that of Friday, but no change occurred overnight**
 - **Crop moisture stress will be on the rise into late month**
 - Temperatures will be warmer than usual while rainfall is well below average
 - Areas included are; Mato Grosso do Sul, southern Mato Grosso, northwestern Parana and western Sao Paulo
 - Today's model data has introduced rain for these areas after March 20
 - Eastern Sao Paulo and southern Minas Gerais will also experience net drying, although their moisture provide is not already low like it is farther to the west – at least not now

- **Brazil weekend rain** was greatest from far easternmost Mato Grosso through Goias to southern Minas Gerais and northeastern Sao Paulo as well as in Rio Grande do Sul and Santa Catarina where 1.00 to 2.00 inches of rain resulted with a few lighter and a couple of greater amounts
 - **Heavier rain fell in central Rio Grande do Sul** where one location reported 5.59 inches and
 - Net drying occurred elsewhere in the nation; including Mato Grosso, Mato Grosso do Sul, northwestern Parana and from northern Minas Gerais to Bahia

- **East-central Argentina, Uruguay and southern and western Rio Grande do Sul will experience waves of moderate to heavy rain in the next ten days leading to eventual flooding**
 - **Uruguay is now suggested to be most impacted**
 - **Rice quality declines are likely since rice is maturing and being harvested in some of the impacted area**
 - **There is potential for some rice production cut if the flooding rain becomes serious and/or the frequent rain lasts too long**
 - Most summer coarse grain and oilseed crops will “weather” the situation relatively well, but some crop damage is possible in low lying areas
 - Sunseed quality could be compromised in a few areas

- **Southwestern Argentina** may experience a few pockets of dryness that may be threaten to a few crops during the next couple of weeks while the remainder of the nation gets rain
- **Weekend rain fell in most of southern Argentina**, although amounts were frequently light
 - **Some moderate rain fell from east-central La Pampa into central Buenos Aires resulting in a net increase in soil moisture**
 - Rain totals in this region ranged from 1.00 to 2.25 inches with a few greater amounts
 - Far northern Argentina was dry as were areas from southern Santiago del Estero into northern Cordoba and in far southernmost La Pampa and Buenos Aires
- **Weekend temperatures** were very warm from northern Argentina through Paraguay into center west Brazil where 90s Fahrenheit were common and a few readings over 100 occurred in northern Argentina and Paraguay
- **Temperatures in southern Brazil, Paraguay and northern Argentina will be above to well above normal over the next ten days** keeping evaporation rates strong between rain events
- **South America crop weather over the next ten days** will be mostly good in Argentina and northern and eastern Brazil. However, too much rain from east-central Argentina into Uruguay and southern Rio Grande do Sul could induce some flooding and threaten rice and a few other crops. In the meantime, dryness in center west and interior southern Brazil may eventually lead to depleted soil moisture and greater crop stress, but that will take a while to evolve giving marginally favorable soil moisture today. The reduction in rainfall advertised for the next ten days raises concern over crop development potential and greater plant stress as the rainy season winds down in early April.
- **U.S. weather will disfavor significant precipitation events in the northern Plains and upper Midwest for the next ten days**, although a few very brief and light events will be possible

News:

- **USDA reported cancellation of private sale of 264,000 metric tons of soft red winter wheat for delivery to China during the 2023/2024 marketing year.**
- Grain trade sources reported 150,000 mt of Turkish Durum Wheat has been provisionally sold for export.

- The Malaysian Palm Oil Board released February palm oil market statistics and Production in February was estimated at 1.259 mln mt, that was below analysts expectations at 1.318 mln mt. January 2024 output was 1.402 mln mt, and Feb 2023 output at 1.253 mln mt. They estimated end of February stockpiles at 1.919 mln mt, that was above analysts expectations at 1.905 mln mt. January 2024 ending stocks were 2.020 mln mt, and end of Feb 2023 at 2.119 mln mt.
- Russian media on Monday reported the Kremlin has moved to temporarily ban the export of Rapeseed until August 31, 2024. The previous ban ended Feb 29, 2024.
- The U.S. exported 587.8 million lbs. of pork during January. While that was down 56.1 million lbs. (8.7%) from December, which was the highest monthly tally since May 2021, pork shipments increased 32.0 million lbs. (5.8%) from January 2023. USDA raised its 2024 pork export forecast and now expects a 4.8% increase to 7.130 billion pounds. Beef exports totaled 232.6 million lbs. during January, down 19.8 million lbs. (7.8%) from December and 10.0 million lbs. (4.1%) less than last year. USDA forecasts beef exports will fall 9.1% from last year to 2.785 billion pounds.
- Saudi Arabia's state-owned oil giant Aramco boosted its dividend despite net profit falling 24.7% to \$121.3 billion in 2023 on lower oil prices and volumes, showing the state's continued reliance on oil revenue as it seeks to diversify. The profit, down from \$161.1 billion in 2022, was still the company's second highest on record, Aramco said on Sunday as it reported total dividends for the year of \$97.8 billion, up 30%. Oil revenues made up 62% of total state revenues last year.
- Poland's prime minister pledged to reduce a grain surplus on the domestic market at talks with farmers on Saturday, but union leaders said they were pressing on with weeks of protests. "The premier told the farmers there will be money available to take several million tons of grain off the market," said Deputy Agriculture Minister Michal Kolodziejczak. But Tomasz Obszanski, leader of the NSZZ RI Solidarnosc union for individual farmers, said after the meeting the protests would continue and would be stronger. "In reality we left the meeting with nothing," he said.
- **Stats Canada Planting Intentions - March 2024:**
 - 2024 All Wheat Planting Intentions: 27.045 mln acres; expected 26.7 mln acres; 2023 = 27.028 mln acres
 - 2024 Durum Wheat Planting Intentions: 6.344 mln acres; expected 6.1 mln acres; 2023 = 6.034 mln acres
 - 2024 Spring Wheat Planting Intentions: 19.235 mln acres; expected 19.3 mln acres; 2023 = 19.475 mln acres
 - 2024 Canola Planting Intentions: 21.394 mln acres; expected 21.6 mln acres; 2023 = 22.082 mln acres
 - 2024 Soybean Planting Intentions: 5.582 mln acres; 2023 = 5.6 mln acres
 - 2024 Barley Planting Intentions: 7.134 mln acres; expected 7.0 mln acres; 2023 = 7.321 mln acres
 - 2024 Corn Planting Intentions: 3.885 mln acres; expected 3.7 mln acres; 2023 = 3.825 mln acres
 - 2024 Oats Planting Intentions: 3.072 mln acres; expected 3.3 mln acres; 2023 = 2.527 mln acres

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- 2024 Flax Planting Intentions: 0.510 mln acres; expected 0.58 mln acres;
2023 = 0.609 mln acres

Technically Speaking:

Market Fundamentals:

Yesterday's Trades: End Users – For Q2 and Q3, bot 15% CK 430 puts at 12 ½ (\$193.75 profit/contract) and sold 35% CK at 435 ¾ (\$375 profit/contract). **Cotton** – For 2022, sold 40% in CASH vs. July at 94.50. For 2023, sold 10% in CASH vs. July at 94.50. **Spec** – Sold CK at 435 ¾ (\$375 profit/contract).

ADVICE: Friday ended the last hour with a flurry of acceleration surprising many who thought the post report trading was over by 11:30. As we have so often said it isn't what a report says as much as how the market reacts. Media opinion had it that it was a change in drier weather forecast that did the trick? Another 235,000 of SRW cancelled by China – those cancellations were rumored to be taking place last week. Wheat is down while other grains recovering nicely post 8:30 which is usually volatile. While there are a lot of doubters when markets rise in an overwhelmingly bearish situation we are reminded it is a futures market.

COMMENTS: Markets looked much better after Friday's late response and an overnight reset is not unusual. We should be able to find a low for the beginning which will serve as support. With all the negative vibes in the media, we'll likely be plagued with farmer selling as a lot of advisories and producers want to sell the first good rally. The spec table is largely long with exception of bean oil, and FC and Oct hogs, and stock indices. We were negative last week the stock market and discussed the merits of buying a put option.

MEATS: We've wondered about the well advertised shortage of beef and now this: Beef imports were a record 500 mlbs in January versus 300 million in a more typical month. Tariff fees have been triggered on Brazil already with 150 mlbs shipped in January. So imports will slow going forward. Pork & poultry as well as imported beef are substitutes.

ECONOMICALLY, Michael Drury began with his weekly comments with: We have been far more optimistic than the consensus during the entire post-Covid period – expecting more growth and less inflation. Given that, one would expect that another booming employment report, with a stunning 275,000 new hires – the third consecutive month well over 200,000 (indeed, averaging 265,000 after six months of averaging 205,000) – would reinforce our upbeat view. It did not! Rather, we believe the report reveals the rising degree of uncertainty about the

direction of the economy over the remainder of 2024 and into 2025. In fact, the US employment report reinforces the international ISM and PMI readings, which show less upside to the manufacturing cycle than we have expected, leading us to temper our views on global growth. Bottom line, the conflicting details in the jobs reports, the mixed implication from other recent data, and the widely divergent views on upcoming policy all leads us to worry more about late 2024 and the coming post-election year. We still see growth above potential in 2024 – but it is looking tougher.

The report ended with this paragraph: Bottom line is we don't know – and we think anyone being honest would admit that they might hope or want but they don't know. The Street wanted seven eases back in October – but in the end they didn't need it, and now more and more don't care. That is not likely to be true of the Presidential and Congressional outcome. Indeed, a Trump victory might mean as much for the FOMC as it has meant for the Supreme Court. A flip in both the House and the Senate – which many political prognosticators see as a credible option – may keep government divided, but it will provide Trump with a far easier path to advice and consent on appointments. Especially with McConnell out of the way. Nor does a Biden victory assuage all uncertainty, as his age, health, and successor will all remain issues if he wins. Like Socrates, with regard to 2025, what we know is that we don't know – and will act accordingly in trying to predict with a foggy crystal ball.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	3/11/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	452	443	451 3/4	461 1/4	442 1/4	446	
CZ24	472	464 3/4	472	479 3/4	464 1/4	465 1/2	
SN24	1196 1/4	1164 3/4	1195 1/2	1227 1/2	1163 1/2	1175 3/4	
SX24	1175	1146 1/4	1173 3/4	1203	1144 1/2	1141 3/4	
SMN24	345.0	334.2	344.5	355.5	333.6	341.6	
BON24	47.31	45.51	46.65	48.95	44.35		46.39
WN24	554	537 3/4	550 1/4	567	533 1/2	551 1/2	
KWN24	575 1/2	557 3/4	574 1/4	592 1/2	556	561	
MWN24	668	652 1/2	666 1/4	682 1/4	650 1/4	658 3/4	
LCJ24	189.950	187.125	187.600	190.925	184.275	187.750	
LCV24	187.650	185.375	185.550	188.025	183.075	186.675	
LHJ24	85.100	84.100	84.375	85.575	83.175	85.225	
LHV24	86.125	85.175	86.075	87.225	84.925		82.825
FCJ24	258.325	253.700	254.100	258.925	249.275		253.750
CTK24	101.50	95.28	95.280	101.55	89.01	98.63	
CTN24	99.85	93.78	93.920	100.19	87.65	97.28	
SBK24	21.40	21.01	21.150	21.59	20.71	21.55	
GCI24	2203.0	2161.2	2185.00	2227.30	2142.70	2017.7	
NRK24	18.01	17.78	17.88	18.15	17.62	18.550	
DJH24	39008.00	38630.00	38756	39154	38358		38783.00
CLJ24	79.99	77.56	78.01	80.64	75.38	79.80	
NGJ24	1.837	1.755	1.805	1.902	1.708		1.852
DXH24	102.87	102.300	102.720	103.49	101.96		104.080
USM24	122 9/32	121 2/32	121 16/32	122 31/32	120 1/32	118 24/32	

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