

**March 14, 2024**

## **Weather**

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- Rain was advertised by most computer forecast models in the drier areas of interior southern Brazil for the latter part of next week with 0.50 to 1.50 inches suggest. Drier weather is quick to resume following the event
- No significant changes were noted in other parts of Brazil, Argentina or Uruguay
  - o Concern remains over the potential for the potential for rice quality declines in eastern Argentina, Uruguay and far southern Brazil because of frequent rain during the next ten days
- South Africa is advertised wetter today relative to that of earlier this week in many of its summer crop areas beginning in the east during mid-week next week and reaching western areas late next week
  - o World Weather, Inc. believes some of the advertised rain was overdone – especially in the west
- 06z GFS model run removed rain from Algeria and added it to Morocco during mid- to late-week next week
- 00z GFS model run was wetter for areas from South Dakota and Nebraska to the Great Lakes region March 23-29 with three disturbances suggested
- Colder air moving through Canada's Prairies and into the northern U.S. Plains late next week and into the following weekend produces waves of snow, although some of that advertised today by the GFS model was overdone
- West Texas has opportunity for rain this weekend and for a little while next week, although resulting amounts will be light
- No change in the expected rain in South Texas, the Texas Coastal Bend, or eastern Mexico expected mostly next week

## **News:**

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- **USDA reported private sale of 100,000 metric tons of corn for delivery to Mexico during the 2023/2024 marketing year.**
- Japan's Ag Ministry bought 114,305 mt of Australian, Canadian and US origin wheat at their regular tender that closed today. The total purchase included 28,010 mt of Aussie white, 25,400 mt of Canadian red spring, 39,785 mt of US HRW, 13,920 mt of US DNS, and 7,190 mt of US white wheat.
- Ahead of tomorrow's NOPA monthly soybean crush report analysts are forecasting the US February crush at 178.06 mln bushels, that compares with last month's 185.780 mln bushels. End of February soyoil stockpiles are forecast

by analysts at 1.59 billion pounds, that compares with end of January stocks at 1.507 bln lbs. Soyoil stocks at the end of February 2023 was 1.809 bln lbs.

- Russian media, citing IKAR data, reported the consultancy expects the 2024/25 Russian grain harvest at 147.0 mln mt, that includes 93.0 mln mt of wheat. For comparison, the 23/24 grain harvest is seen at 144.0 mln mt, and wheat harvest was 91.6 mln mt.
- German farmer cooperative estimated the country's 2024 Rapeseed crop production at 3.93 mln mt, off -6.9% from last year's crop.
- Rabobank commodity analysts said Australian farmer input costs of fertilizers and other agriculture chemicals should fall by -20% for the 24/25 season, offsetting the 6% expected decline in grain prices, helping Australian farmer margins recover. The shift will likely push farmers to favor wheat over canola crops.
- The Rosario Grain Exchange slightly raised their 23/24 Argentina Soybean harvest forecast to 50.0 mln mt from the previous 49.5 mln mt estimate. They kept their 23/24 Argentina Corn production forecast unchanged at 57.0 mln mt but warned of a potential impact from corn stunt disease.
- Trade sources cited by Reuters say around 1.0 mln mt of Australian wheat purchases have been canceled or delayed from the 1Q 2024 to the 2Q and 3Q of 2024.
- U.S. crude oil stockpiles fell unexpectedly last week as refineries ramped up processing while gasoline inventories slumped as demand rose, the Energy Information Administration said. After six straight weeks of builds, crude inventories fell by 1.5 million barrels to 447 million barrels in the week ended March 8, the EIA said, compared with analysts' expectations in a Reuters poll for a 1.3-million-barrel rise.

Export Sales

3/1/24 - 3/7/24

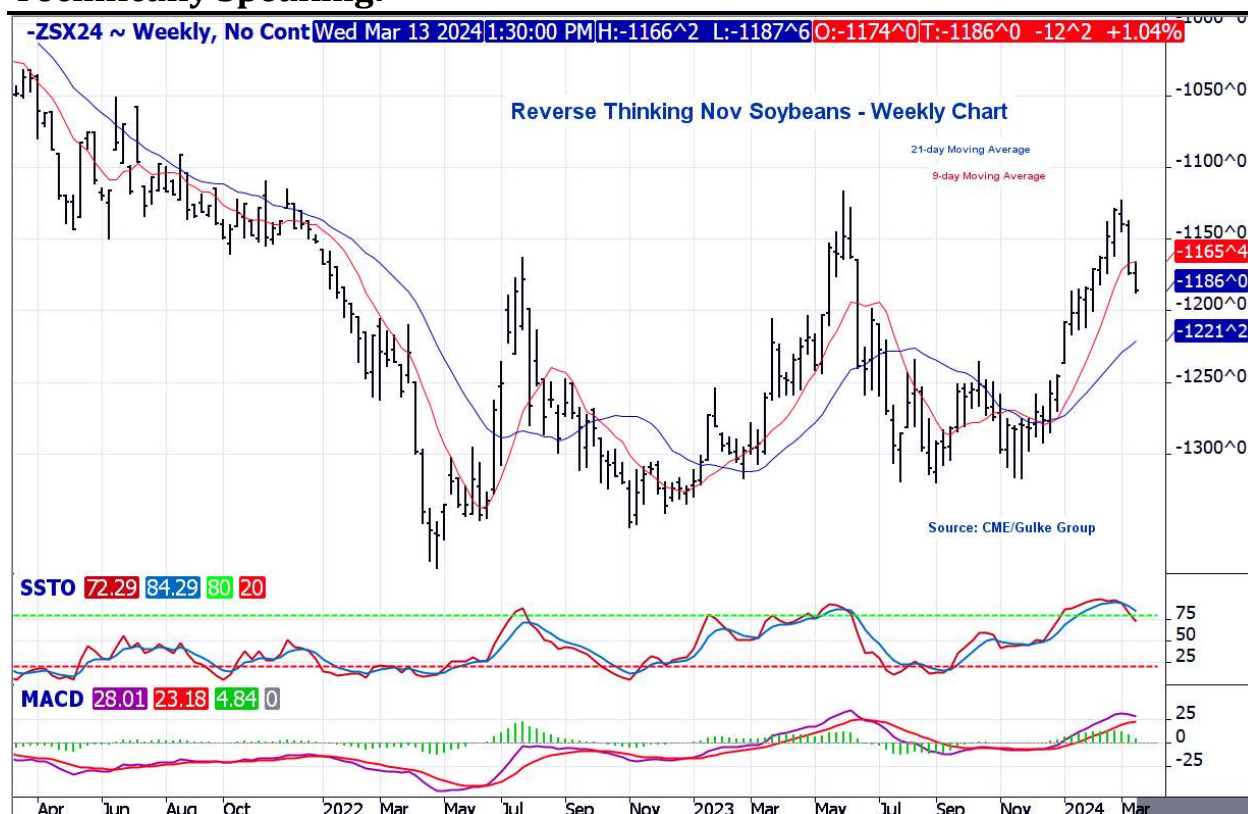
|         | Estimates        | Net Sales |        | Accum.<br>Exports | Year Ago<br>Accum.<br>Exports | This<br>Week<br>YOY %<br>change | Last<br>Week<br>YOY %<br>change |
|---------|------------------|-----------|--------|-------------------|-------------------------------|---------------------------------|---------------------------------|
|         |                  | 23/24     | 24/25  |                   |                               |                                 |                                 |
|         |                  |           |        |                   |                               |                                 |                                 |
|         | <b>(-200k)-</b>  |           |        |                   |                               |                                 |                                 |
| Wheat   | 600k             | 83,800    | 81,300 | 18,501,700        | 17,738,200                    | 4.30%                           | 5.94%                           |
| Corn    | 800k-1.5m        | 1,283,400 | 0      | 40,510,900        | 31,832,800                    | 27.26%                          | 27.99%                          |
| Beans   | 250-850k         | 376,000   | 94,300 | 39,666,000        | 49,325,300                    | -19.58%                         | -18.98%                         |
| Meal    | 150-500k         | 209,500   | 96,300 | 9,826,000         | 8,265,500                     | 18.88%                          | 19.53%                          |
| Soyoil  | <b>(-1k)-25k</b> | 11,200    | 6,900  | 72,600            | 63,200                        | 14.87%                          | 3.37%                           |
| Sorghum |                  | 5,700     | 0      | 4,936,700         | 1,501,400                     | 228.81%                         | 308.15%                         |
| Beef    |                  | 11,200    | 0      | 279,900           | 316,200                       | -11.48%                         | -9.95%                          |
| Pork    |                  | 24,900    | 0      | 550,000           | 532,700                       | 3.25%                           | 12.49%                          |

Source: USDA (FAS) - Gulke Group

**Wheat:** Net sales of 83,800 metric tons (MT) for 2023/2024--a marketing-year low--were down 69 percent from the previous week and 71 percent from the prior 4-week average. Increases primarily for Mexico (159,100 MT, including decreases of 11,000 MT), the Philippines (49,200 MT), Japan (24,700 MT), were offset by **reductions for unknown destinations (169,000 MT) and China (120,100 MT)**. **Corn:** Net sales of 1,283,400 MT for 2023/2024 were up 16 percent from the previous week and 19 percent from the prior 4-week average. Increases primarily for Japan (346,100 MT), Mexico (223,000 MT), **Taiwan (191,900 MT), China (133,000 MT)**, and Saudi Arabia (132,400 MT). **Soybeans:** Net sales of 376,000 MT for 2023/2024 were down 39 percent from the previous week, but up 55 percent from the prior 4-week average. Increases primarily for **China (256,100 MT)**, Germany (142,700 MT), were offset by **reductions for unknown destinations (310,800 MT)**. **Soybean Oil:** Net sales of 11,200 MT for 2023/2024 were down 62 percent from the previous week, but up 67 percent from the prior 4-week average. Increases were reported for Mexico (7,000 MT) and Canada (4,200 MT). Total net sales of 6,900 MT for 2024/2025 were for Mexico.

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## Technically Speaking:



### ARE SOYBEANS SPEAKING

If markets could speak, perhaps like a human, it might make things a lot easier. Perhaps AI (artificial intelligence) will make that possible. Until then, I must continue to rely on my own AI to glean some market-speak items that I find interesting.

- 1) Soybean prices (using new crop Nov chart below as a reference) were already signaling a belief that the Jan 12 WASDE report could see a decrease in demand affecting our carryout this year as November gapped lower to start the new year.
- 2) The WASDE report the following week not only validated the down gap but ended that day Jan 12 at \$11.86 versus the high to end 2023 of \$12.70 and well below the Nov high of \$13.17.
- 3) The Feb WASDE just added insult to injury by adding another leg lower into the end of February posting another new low of about \$11.22, ironically just above the \$11.22 posted the first week of June.
- 4) Subsequently the March WASDE was viewed as more ho-hum of a report such that a lot of early conclusions were posted as a do-nothing event before the market actually closed.
- 5) What happened was a let surge to close impressively higher for the week and has extended gains this week as well.
- 6) The chart below shows the first weekly close above the previous week's range since the top since November, and is turning the 3,5,9-week averages long if prices don't collapse in the next two days.

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If I may, let me put into Soy-speak what the price action is saying to me.

I (Nov soybeans) were saying they I had to get cheaper in order to compete with the falling basis in Brazil that was making US sourcing of beans very difficult. In fact, Brazil was so cheap that I felt I had to go even lower and lower and lower falling nearly \$2/bu in the three months since November ending the last week of February.

The culmination of having to fix the futures price on basis contracts on old crop stored beans adding to the negative psychological impact of the gross income falling \$200/ac (really net income) flushed out the weak longs and put pressure on the bears who were caught with their pants down 66 cents ago.

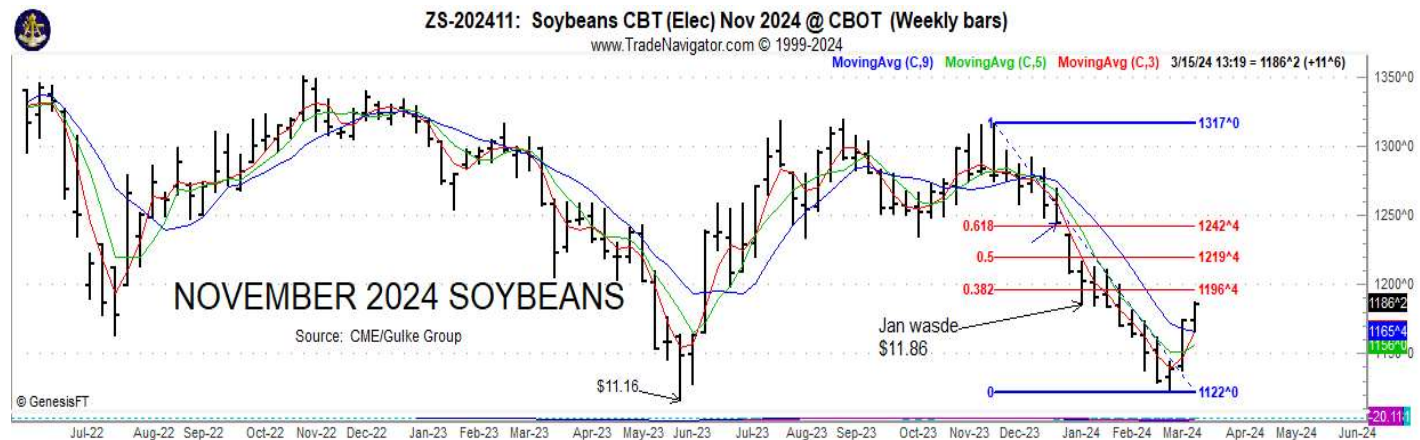
The price action in November beans (old crop as well) posted the first weekly close over the previous week since it posted a weekly key reversal down back in November to indicate the party was over for soybeans then. Then is then and today is a new view given market action.

The February high of \$12.00 just happens to be the first line of resistance from a psychological standpoint as traders like round numbers and represents a 38% retracement of the whole \$2 move lower since November. Rumor has it the Brazilian farmers have been slow to sell their new crop and likely got caught in the downdraft thinking it wouldn't end, helping to cause their own basis collapse and making China that much happier.

There are a couple of soy-speak points I have learned from that crop.

- A fool and his money are soon parted. This begs the question of who the fool is/was, the bear who couldn't see the forest for the trees or the farmer/producer who did hold his inventory through the malaise we call "price discovery".
- In a new calendar year where so much is going on, if soybeans can close above the previous month's high, we may be on to something. November soybeans are only 16 cents away, hardly a big daily move.

I hope this discussion was helpful in forming your own decision-making process. If not, turn the price chart upside down and decide what that tells you--- reverse thinking of sorts, something the new AI hasn't figured out yet, but I have used that methodology for years.



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## Market Fundamentals:

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### Cash Bids as of March 13, 2024 5:31 PM Central Time MAIN FARM

#### CORN

| Delivery | Futures Price | Futures Month | Futures Change | Basis |
|----------|---------------|---------------|----------------|-------|
| MCH      | 441'2s        | @C4K          | -0'4           | -0.39 |
| APR      | 441'2s        | @C4K          | -0'4           | -0.39 |
| MAY      | 441'2s        | @C4K          | -0'4           | -0.39 |
| JUN      | 453'4s        | @C4N          | -0'2           | -0.41 |
| FALL 24  | 473'0s        | @C4Z          | +0'2           | -0.35 |

#### SOYBEANS

| Delivery | Futures Price | Futures Month | Futures Change | Basis |
|----------|---------------|---------------|----------------|-------|
| MCH      | 1196'6s       | @S4K          | +0'6           | -0.48 |
| APR      | 1196'6s       | @S4K          | +0'6           | -0.48 |
| MAY      | 1196'6s       | @S4K          | +0'6           | -0.46 |
| JUN      | 1210'2s       | @S4N          | +1'6           | -0.54 |
| FALL 24  | 1186'0s       | @S4X          | -1'2           | -0.45 |

### Cash Bids as of December 5, 2023 5:31 PM Central Time MAIN FARM

#### CORN

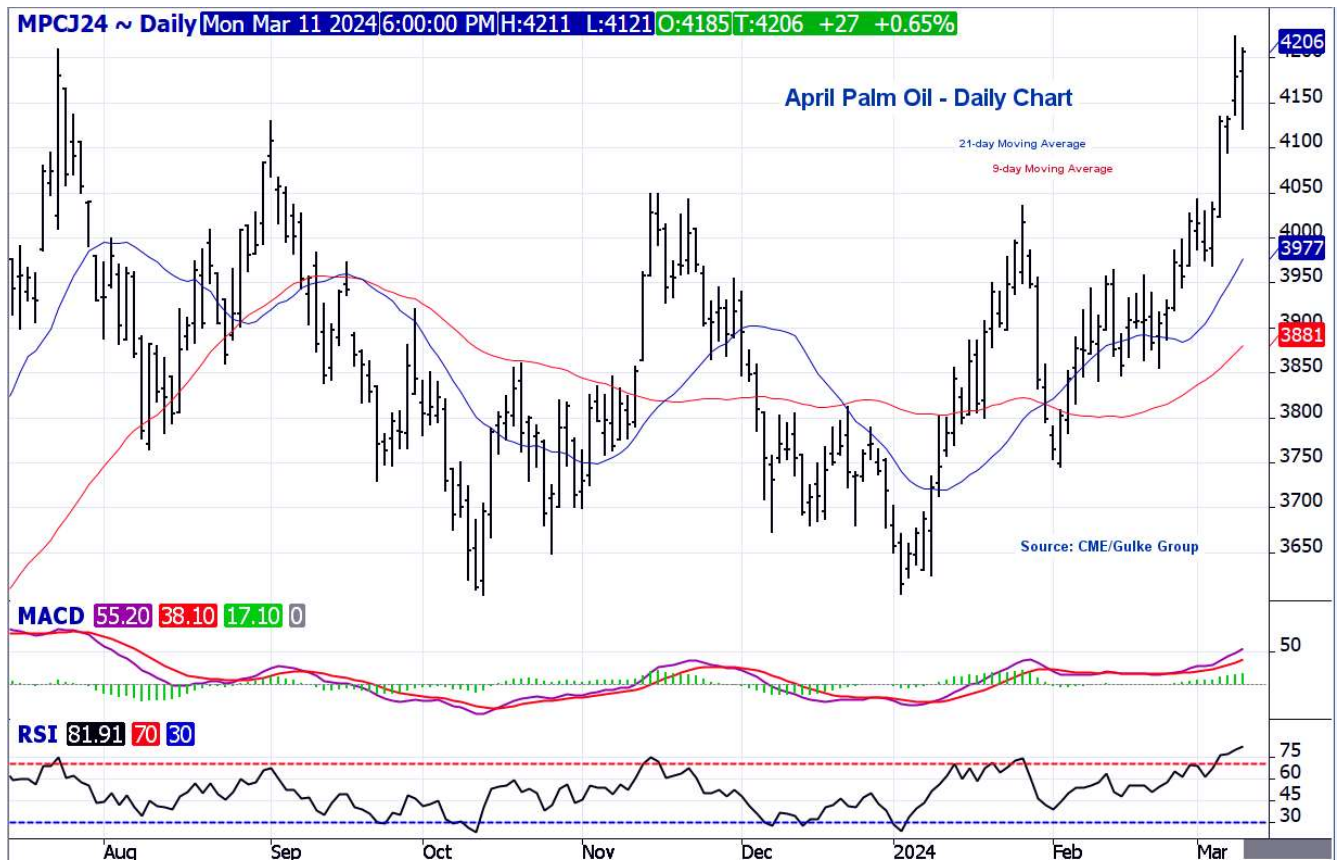
| Delivery | Futures Price | Futures Month | Futures Change | Basis | Cash Price |
|----------|---------------|---------------|----------------|-------|------------|
| DEC      | 490'4s        | @C4H          | +5'0           | -0.51 | 4.40       |
| JAN      | 490'4s        | @C4H          | +5'0           | -0.51 | 4.40       |
| FEB      | 490'4s        | @C4H          | +5'0           | -0.48 | 4.43       |
| MCH      | 490'4s        | @C4H          | +5'0           | -0.42 | 4.49       |
| FALL 24  | 515'6s        | @C4Z          | +2'4           | -0.35 | 4.81       |

#### SOYBEANS

| Delivery | Futures Price | Futures Month | Futures Change | Basis | Cash Price |
|----------|---------------|---------------|----------------|-------|------------|
| DEC      | 1305'4s       | @S4F          | -0'6           | -0.74 | 12.32      |
| JAN      | 1305'4s       | @S4F          | -0'6           | -0.55 | 12.51      |
| FEB      | 1326'4s       | @S4H          | 0'0            | -0.63 | 12.64      |
| MCH      | 1326'4s       | @S4H          | 0'0            | -0.55 | 12.72      |
| FALL 24  | 1273'4s       | @S4X          | +0'4           | -0.45 | 12.29      |

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

**ADVICE:** No new advice---the soy complex looks compelling, but we are still long some old crop and all of new crop. Corn is acting just as compelling, with both weekly looking suspicious that the trend going forward will be better than the last 3 months. Our bias is still positive as depicted by lack of selling shown in matrix, however the spec table is all long. If there is no appreciable setback going into Friday then we indeed are on to something.

### COMMENTS:

**EXPORT SALES:** Poor soybeans, wheat cancellations we know were coming but poor anyway with corn good and ahead of last year as we still have a window of opportunity to be competitive, but too much corn on hand. Meal good as we gain from Arg bad crop last year. Meats ok. So that still leaves S American crops and weather.

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**Price Action (charts): Interesting to say the least as we recover some from Mar 1. Focusing on soybeans and upside-down weekly chart is included above with some excerpts from yesterday's DTN column. Most DTN readers are probably confused but long time Gulke Group clients should recognize the process of looking at price action for another sense of reality. So, look at the chart and ask yourself if you'd like to be long that market ---again it is upside down and a chart showing that is there as well---pick your poison but this is just another rationale for our GGroup outlook at least short term as it pertains to being largely unhedged.**

**Ever since our decision to lift some short position on Feb 16, the market has traded first erratically and then looking better in March except for wheat. Both corn and soybeans are higher than Feb 16<sup>th</sup> with weekly indicator nervously trying to post a weekly buy signal---either this week tomorrow or a week thereafter.**

**Thus, our caution to sell into the first rally ---we are obviously not in sink with the rest of the advisories, but so be it for now! We've also included a Palm Oil chart above----as we suggested in Psprings conference—"Something is going on"!!**



| Gulke Group Spec Table Buy/Sell Stops |           |          |          | (*New Positions in BOLD) |           |                   |          |
|---------------------------------------|-----------|----------|----------|--------------------------|-----------|-------------------|----------|
|                                       | 3/14/2024 |          |          | Today's Stops            |           | Current Position* |          |
|                                       | High      | Low      | Close    | Buy                      | Sell      | Long              | Short    |
| CN24                                  | 456 1/2   | 450 1/4  | 453 1/2  | 460 1/4                  | 446 3/4   | 446               |          |
| CZ24                                  | 474 1/2   | 469 1/4  | 473      | 478 3/4                  | 467 1/4   | 465 1/2           |          |
| SN24                                  | 1212 1/2  | 1196 1/2 | 1210 1/4 | 1226 3/4                 | 1193 3/4  | 1175 3/4          |          |
| SX24                                  | 1187 3/4  | 1175 1/2 | 1186     | 1198 3/4                 | 1173 1/4  | 1141 3/4          |          |
| SMN24                                 | 343.1     | 336.5    | 340.4    | 347.2                    | 333.7     |                   | 337.1    |
| BON24                                 | 49.34     | 48.04    | 49.10    | 50.90                    | 47.30     | 48.36             |          |
| WN24                                  | 566 3/4   | 550 3/4  | 558 1/4  | 574 3/4                  | 541 3/4   | 551 1/2           |          |
| KWN24                                 | 590 1/4   | 575 1/4  | 579 1/2  | 595                      | 564       | 561               |          |
| MWN24                                 | 678 1/2   | 665 1/4  | 667 1/2  | 681 1/4                  | 653 3/4   | 658 3/4           |          |
| LCJ24                                 | 190.000   | 188.050  | 189.925  | 192.375                  | 187.475   | 187.750           |          |
| LCV24                                 | 187.200   | 185.725  | 187.125  | 188.800                  | 185.450   | 186.675           |          |
| LHJ24                                 | 85.025    | 83.925   | 84.875   | 86.175                   | 83.575    | 85.250            |          |
| LHV24                                 | 86.750    | 86.000   | 86.600   | 87.550                   | 85.650    |                   | 82.825   |
| FCJ24                                 | 255.925   | 253.625  | 255.850  | 258.350                  | 253.350   | 254.650           |          |
| CTK24                                 | 96.23     | 94.52    | 94.900   | 96.66                    | 93.14     | 98.63             |          |
| CTN24                                 | 95.50     | 93.96    | 94.340   | 96.08                    | 92.60     | 97.28             |          |
| SBK24                                 | 22.18     | 21.36    | 21.930   | 22.80                    | 21.06     | 21.55             |          |
| G CJ24                                | 2185.6    | 2161.3   | 2179.60  | 2204.40                  | 2154.80   |                   | 2173.90  |
| NRK24                                 | 17.99     | 17.84    | 17.98    | 18.16                    | 17.79     | 18.550            |          |
| DJH24                                 | 39227.00  | 38950.00 | 39067    | 39364                    | 38770     |                   | 38783.00 |
| CLJ24                                 | 79.9      | 77.57    | 79.72    | 82.25                    | 77.19     | 79.80             |          |
| NGJ24                                 | 1.717     | 1.651    | 1.658    | 1.739                    | 1.577     |                   | 1.852    |
| DXH24                                 | 103.00    | 102.645  | 102.790  | 103.35                   | 102.24    |                   | 104.080  |
| USM24                                 | 121 5/32  | 120 4/32 | 120 8/32 | 121 17/32                | 118 31/32 | 118 24/32         |          |

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