

March 22, 2024

Weather:

· **Welcome rain fell on many of the driest areas from Paraguay into Mato Grosso do Sul Thursday and at least temporary improvements in conditions for Safrinha corn resulted while a large part of the remainder of Brazil outside of some north-central and northeastern areas received rain as well.**

o The largest area of mostly dry weather occurred from Espirito Santo to north-eastern Minas Gerais to Bahia with north-central to northeastern to east-central Goias mostly dry as well.

o Rainfall totals across Brazil and Paraguay varied from 0.04 to 0.75 inch most often with several greater totals to 1.93 inches along with 2.60 inches in a part of west-central Sao Paulo and 2.76 to 3.62 inches in two northwestern Mato Grosso do Sul locations.

o High temperatures were in the 80s through the middle 90s Fahrenheit with some upper 90s in the southwest and in north-central Rio Grande do Sul and some middle 70s in southern and eastern Rio Grande do Sul.

Forecast Overview and Crop Impacts

· **A much drier weather pattern will occur through Sat., Mar. 30 in Rio Grande do Sul and conditions for fieldwork as well as for maturing rice will steadily improve.**

o Rain and delays to fieldwork will return Mar. 31-Apr. 5 and rice will be threatened by additional quality declines or damage if drier weather does not return soon.

· **Frequent rain and poor conditions for fieldwork will occur during the next week from Mato Grosso and northern Mato Grosso do Sul into western and southern Minas Gerais leaving saturated or nearly saturated soils and high productions potentials for Safrinha corn in advance of the dry season.**

• Rain Thursday and cooler temperatures during the next week will temporarily improve conditions for Safrinha corn from central and southern Mato Grosso do Sul into central and northern Paraguay.

o A drier weather pattern will occur through Sat., Mar. 30 drying out the soil and likely causing Safrinha corn to see increases in crop stress.

o Showers will return to the region Mar. 31-Apr. 5 and the resulting rain and additional rain in early April will be critical so that soil moisture is great enough to support Safrinha corn during the coming dry season.

§ Confidence is low for the details of the rain Mar. 31-Apr. 5 and a close watch on the period will be made.

• Northeastern Minas Gerais into central and eastern Bahia and Espirito Santo will see little rain through the next week and with topsoil moisture short in parts of the region some stress may occur while subsoil moisture should be great enough to prevent serious stress.

FOR THE US

• The Midwest will see regular rounds of rain and snow during the next two weeks with the moisture welcome in many western areas and while fieldwork will be slowed at times much of the precipitation should not be great enough to cause excessively muddy conditions in most areas.

o Soil moisture is low in many areas from eastern South Dakota to Iowa and eastern Nebraska and significant precipitation is needed before the summer crop planting season.

▪ Parts of the region will benefit from precipitation today before significant precipitation falls Saturday into early Tuesday inducing notable improvements in soil moisture with additional precipitation needed in the coming weeks to fully restore soil moisture.

o Snow is expected from central Iowa to Michigan today and most areas will receive 1 to 5 inches and locally more.

o A strong winter storm system will bring heavy snow and strong winds to the eastern Dakotas and Minnesota Saturday into early Tuesday where the blizzard conditions will cause travel days and could stress some livestock.

▪ Early indications suggest 10 to 17 inches snow and locally more will impact southeastern North Dakota and the northern two-thirds of eastern South Dakota to west-central and northwestern Wisconsin.

▪ Temperatures following the snow will often be too cold through the end of the month for quick melting of snow and eventual drying of the soil to take place and fieldwork is likely to be sluggish into at least early April.

• Temperatures will be much colder than normal to unseasonably cold during the next week in the northwest where highs in the middle 20s through the 30s will be most common while highs elsewhere

are highly variable ranging from the middle 30s to the lower 60s with some middle and upper 60s in the south.

News:

- **USDA reported private sales of 263,000 metric tons of corn for delivery to Mexico. Of the total, 173,000 metric tons is for delivery during the 2023/2024 marketing year and 90,000 metric tons is for delivery during the 2024/2025 marketing year.**
- According to Thursday's update from U.S. Drought Monitor, **Iowa is seeing one of its driest periods going into a growing season.** In its fourth year of drought, grain farmers preparing for planting next month are facing mandatory water restrictions and livestock producers are searching for supplies.
- Argentina's Buenos Aires Grains Exchange cut its forecasts for the 2023/24 season's corn harvest to 54 million metric tons, citing a February heat wave and damage from the spiroplasma bacteria. The exchange previously predicted a corn harvest of 56.5 million tons, which would have been a record high, but the new estimate would bring output below the 55.5 million tons produced in 2018/19.. The grains exchange maintained its soybean production forecast at 52.5 million tons for the country.
- Some 66% of French soft wheat was rated as in good or excellent condition by March 18, which remained stable from a week earlier but dropped from 94% a year ago, farm office FranceAgriMer said on Friday. The rating was the lowest for the time of year since 2020, when French wheat crops were affected by heavy rain during planting, data published by FranceAgriMer.
- Raizen, has explored locations in Brazil for an ethanol-based sustainable aviation fuel plant, aiming to build the world's second ethanol-to-jet fuel plant. The proposed project would produce at least 793,000 U.S. gallons per year of SAF using ethanol rather than biomass waste,
- The European Commission proposed today imposing tariffs on imports of grain from Russia and Belarus. If approved, tariffs will be 95 euros (\$102.8) per metric ton for cereals and 50% for oilseeds.

Technically Speaking:

Market Fundamentals:

IS THE WORLD UPSIDE DOWN?

Note my local N IL cash price quotes and basis moving forward. The crazy item is that corn for fall delivery is worth 40 cents more than currently. Thus, I can pay the 3 cents plus

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for commercial storage and sell/hedge for Dec and still make money (40 cent gain minus 21-25 cent storage for a 15 + benefit. Whereas not such a deal for soybeans for obvious reasons of supply out of S America. The safrinha corn will come on the market about the time we know the size of our crop---thus it seems the market is more concerned about what holds for the future of both US and S American corn crops??? This increases my thoughts of increasing soybean acres to 2/3 minimum from 50-50 and manage the risk in Dec futures and let the chips fall where they may in old crop. The spread from May-Dec could narrow and then July-Dec or widen while there doesn't seem to be the concern that there won't be enough corn next fall from all sources???? Those holding grain in commercial storage or farm storage if you have the same huge carry might think about things!

**Cash Bids as of March 21, 2024 5:31 PM Central Time
MAIN FARM**

CORN

Delivery	Futures Price	Futures Month	Futures Change	Basis	Cash Price
MCH	440'6s	@C4K	+1'6	-0.39	4.02
APR	440'6s	@C4K	+1'6	-0.37	4.04
MAY	440'6s	@C4K	+1'6	-0.37	4.04
JUN	454'0s	@C4N	+1'6	-0.41	4.13
FALL 24	476'6s	@C4Z	+2'0	-0.35	4.42

SOYBEANS

Delivery	Futures Price	Futures Month	Futures Change	Basis	Cash Price
MCH	1212'0s	@S4K	+2'4	-0.50	11.62
APR	1212'0s	@S4K	+2'4	-0.46	11.66
MAY	1212'0s	@S4K	+2'4	-0.43	11.69
JUN	1225'6s	@S4N	+2'4	-0.49	11.77
FALL 24	1204'2s	@S4X	+4'0	-0.45	11.59

Yesterday's Trades: No new trades.

ADVICE: No new advice but based on comments/analysis below, owning upside protection if don't cheaply is mounting--- Mid-day possible!

COMMENTS: Yesterday we remarked that for the week ending mid-day that prices hadn't risen enough to warrant a big setback, but that volatility was seemingly increasing ahead of the March 29th report, and then last night poof the air left soybeans and the soy complex in general and quite the opposite of Thursday am yesterday.

The debate lingers regarding S American crops especially Brazil. Here are some points based on info from boots on the ground and office observers.

- Parana down 30%
- Mato Grosso down 20% +

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- Mato Grosso Del Sol. down 15-20%

From our large 1.4 mil-ac source

- Yes, the numbers are true. I believe soybeans production in Brazil are at 152-153 (vs 155 USDA), and that includes the reductions you mentioned on Parana and Other states. I have an acreage number for soybeans in BR a bit bigger than USDA, that is why my final production is still not as low after all those yield reductions.
- We need rains for safrinha corn, the last two weeks were very hot and dry

From other research firms in US and abroad.

- In Brazil they see 145 mmt but everyone else sees 155+, which has been the case for some time—a big difference exists even in what last year's production was.
- The USDA via their WASDE said crop was bigger last year due to more acres planted which they then extrapolate to this year thus their unwillingness to decrease production as much as the Brazilian government.

From a price activity point of view

- **Nov beans were 90 cents off Feb 29 lows as of yesterday AM**
- **Dec corn up 23 cents off the major key reversal on Feb 27**
- **July wheat went up 30 cents off the major low on March 11th.**
- **Corn/bean up appreciably since our exiting hedges Feb 16; wheat about even**
- **Technically daily short term still positive even at post 8:30 downdraft but such a drop in beans and meal concerning with the US \$ screaming higher since March 1.**
 - **Weekly bias was turning up before today and continues triggering a positive bias and prices would have to collapse next week to turn back negative, putting even more interest on the report being a game changer. ---STAY TUNED FOR MID DAY TODAY OR FURTHER ADVICE MONDAY.**
 - **Monthly bias needs a close over \$12 SX and \$4.80 CZ which would be a close over Feb highs----**
 - **March 29 looks to be a major influence acreage and stocks standpoint as well as what USDA finally does with Brazil.**
 - **Acreage numbers range from -4 corn and +4 beans which would be construed as negative. We are more in the -2.5 corn and +2.5 beans.**

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	3/22/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	458 3/4	450 3/4	454	462 1/2	445 1/2		446 3/4
CZ24	480	473 1/2	476 3/4	483 3/4	469 3/4		467 1/4
SN24	1240	1218	1225 3/4	1248 1/4	1203 1/4	1175 3/4	
SX24	1216	1196 1/4	1204 1/4	1224 1/2	1184	1141 3/4	
SMN24	350.7	343.0	348.1	356.0	340.3	347.2	
BON24	50.27	48.92	49.35	51.20	47.50	48.36	
WN24	567 1/4	555 3/4	562	574	550	551 1/2	
KWN24	580 3/4	569	575 1/2	587 3/4	563 1/4	561	
MWN24	668 1/2	658	661 1/2	672 1/2	650 1/2		652 1/4
LCJ24	189.425	187.325	188.375	190.975	185.775		187.475
LCV24	187.625	185.500	186.175	188.500	183.850		185.450
LHJ24	85.625	84.525	84.900	86.200	83.600		85.625
LHV24	86.475	85.625	86.250	87.300	85.200		82.825
FCJ24	256.700	253.025	254.625	258.500	250.750	254.950	
CTK24	93.50	91.84	92.210	93.92	90.50	98.63	
CTN24	93.50	91.89	92.260	94.07	90.45	97.28	
SBK24	22.18	21.82	22.060	22.47	21.65		21.70
GCJ24	2225.3	2168.2	2182.80	2240.40	2125.20	2177.4	
NRK24	17.69	17.51	17.52	17.73	17.31		17.310
DJM24	40316.00	39948.00	40206	40594	39818	39491	
CLK24	81.92	80.3	81.07	82.89	79.25		81.22
NGK24	1.855	1.797	1.831	1.904	1.758	1.833	
DXM24	103.74	102.830	103.700	104.81	102.59	102.983	
USM24	119 20/32	118 19/32	119	120 9/32	117 23/32		118 31/32

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