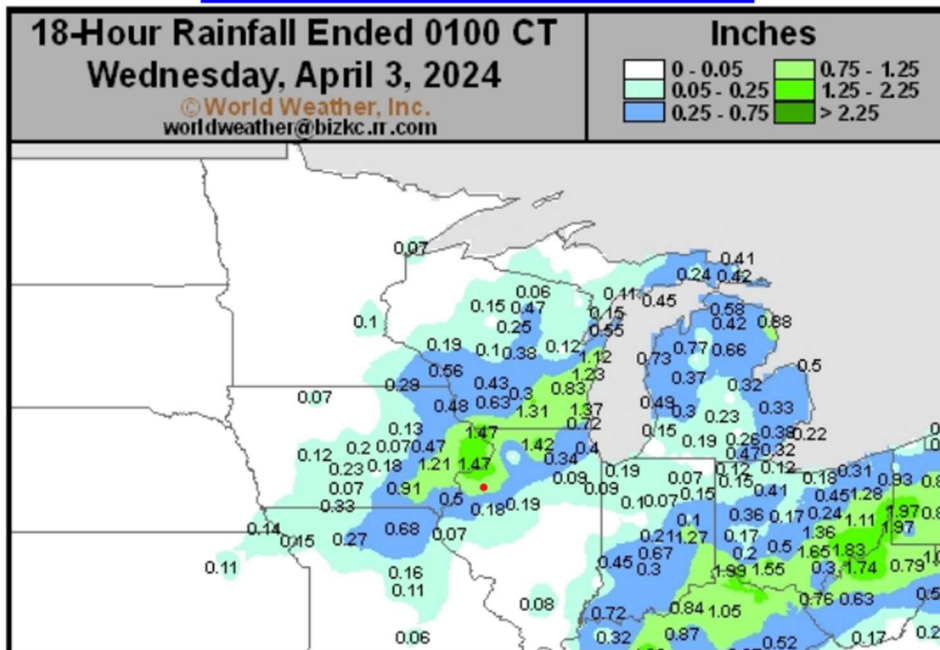


April 3, 2024

Weather:

U.S. MIDWEST PRECIPITATION



- Not many changes overnight
- Less rain was suggested for the southwestern U.S. Plains next week as the April 8-10 storm was shifted to the north. Rain still occurs, though now mostly from southeastern Colorado to eastern Nebraska and Iowa instead of from the Texas Panhandle to Iowa as noted Tuesday
- U.S. Delta is wetter today relative to that of Tuesday with excessive rain suggested for mid-week next week
- **Southern Alberta and far western Saskatchewan, Canada are advertised to get some beneficial rain and snow Thursday through Sunday**

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- Additional rain is advertised for western Canada's Prairies after mid-April – confidence in this change is low
- **Eastern Canada Prairies, North Dakota and northern Minnesota do not get much precipitation for at least ten days**
- West and South Texas do not get much precipitation for the next ten days
- Mexico drought gets no relief for at least ten days and probably two weeks
- Portions of the U.S. Central Plains are expecting some moisture in the next ten days from two storm systems producing varying amounts of moisture
- Mato Grosso do Sul, Parana, Sao Paulo and southern Minas Gerais, Brazil are advertised mostly dry through Monday
 - Some rain occurs after that offering some relief to previous drying, though the subsoil will not likely be replenished with much moisture
- **Rain falls favorably in all other areas of Brazil during the next ten days**
- West-central and southwestern Argentina get restricted precipitation over the next ten days

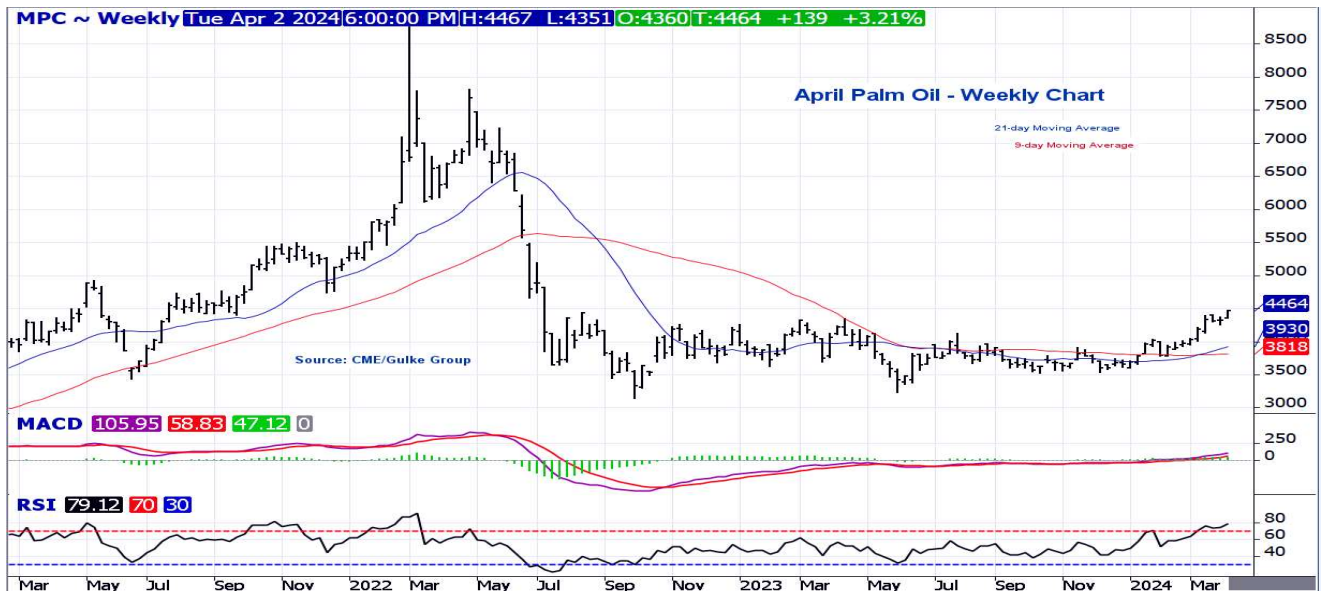
News:

- India's Solvent Extractors Association said the country's 2024 rapeseed and mustard production is expected to rise by 7% from last year to 12.09 mln mt this year. If realized that would be record production. The group noted most of the production was due to a 5% rise in planted acres.
- **A Ukrainian drone struck Russia's third-largest oil refinery on Tuesday about 1,300 km (800 miles) from the front lines, hitting a unit that processes about 155,000 barrels of crude per day, though an industry source said strike caused no critical damage.** A Ukrainian intelligence source said Ukraine hit the primary refining unit at the oil refinery in Russia's highly industrialized Tatarstan region and caused a fire.
- The ag attaché in China projects the country's corn production will increase 2.4% to 296 MMT this year amid an expected increase in yields and slightly larger planted area. The post projects China's wheat production will rise 1% to 138 MMT on an expected rise in yields and steady planted area. **China's corn imports are forecast to decline 3 MMT to 20 MMT in 2024-25**, while wheat imports are likely to be steady at 10 MMT. The attaché projects China will import 7.5 MMT of sorghum in 2024-25, unchanged from the current

marketing year. **They further noted the post expects a decline in feed demand from pork and poultry producers.**

- Gas storage for the EU at the end of March, considered the end of the winter season by the industry, stood at 58.72% full, according to industry body Gas Infrastructure Europe. That is about 3% higher than the previous high set last year. **As the EU refills its storages over the summer, analysts warn the bloc may need to scale back imports of liquefied natural gas in the coming months to avoid capacity filling too early.**
- **The largest US egg producer in the United States, Cal-Maine, has reportedly culled around 3.5% of its flock and has temporarily shuttered the operation in Texas.** The move comes after avian flu was found at their Texas facility. An estimated 1.6 million layers and around 337,000 pullets were culled. The cull was the second largest cull in the US since an estimated 2.6 million birds were destroyed at an Ohio egg farm back in December 2023.

Technically Speaking:



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B02-056: Soybean Oil (Comb) Cont Exp @ CBOT (Weekly bars)

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Market Fundamentals:

SOMETHING TO PONDER

The Acreage and Stocks Report last Thursday a bullish surprise in the corn arena that was welcome for at least a short period of time. For months we've mentioned the fact that we needed to trim about 6 mil-ac off corn plantings. The planting intentions to corn came in at the low end, a little under 90 mil-ac. In addition, total planted acreage to all crops was down. My friend Roger W raised the question.

The carry-out of corn (ending stocks) as of September 1, 2023 (2022/23 marketing year) was 1.360 bil-bu, call it 1.4. The estimated crop for 2023 was 15.336 for a total supply Sept 1, 2023, of 16.7 bil-bu. available for usage in the new marketing year 2023/24 (the one we are in now) or about 1.7 bil-bu more than the total supply available at the beginning of the 2022/23.

Interestingly the stocks reported on March 1 last year were about 7.4 bil-bu yet the stocks reported last Thursday for March 1st of this year were 8.35 bil-bu or only 1.0 bil bu more when in fact we started 2023/24 with 1.7 bil-bu more supply. It seems in the first 6 months of this marketing year we disappeared 700 mil-bu more than last year.

We've been watching the grain inspections weekly report (actual corn moving off our shores) and have been reporting it periodically in this column. Note corn disappearance (exports) are running 6.5 mmt more than last year (260 mil-bu). We knew that was likely as corn was a lot cheaper.

Let's assume we have used 50 mil-bu more for ethanol and we fed 50 mil-bu more due to cheap prices, and thus we can logically explain a 360 mil-bu disappearance. Where did the other 340 mil-bu go ($700 - 360 = 340$)?

Did, like most people think, NASS overestimated yields in their Jan 12, 2024, final analysis? If so, it would explain about 3.9 bu on the 86.5 mil-ac harvested. Put another way, did

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NASS overestimate the final 177 yield, and should it have been 173.4 as was fully expected by most producers and analysts?

There seem to be questions that will need to be answered. With a record yield yet no noticeable piles of grain after harvest and basis tight (positive) in many parts of the US, one must wonder if there is indeed an error; how will NASS tap dance around this one in the April or May WASDE? Furthermore, if indeed yields were not as high as stated for corn, what does that portend to estimates for 2024/25 crop?

If there is an explanation for the 350 mil-bu disappearance so far, what will the whole year be? Let's for kicks just say it is 500 mil-bu and the carryover isn't 2.23 bu-bu as calculated but 1.9 or less. If so, NASS put an un-necessary hurdle of perhaps 50 cent/bu for corn that we were denied in true price discovery or about \$7.0 billion in net income. Of course, it is an election year and we do have seemingly runaway food inflation! Perhaps there is an obvious explanation that we are missing?

Yesterday's Trades: No new trades.

ADVICE: No new advice---keep long wn/short call spread---about breakeven now. Corn and beans supportive so far mid-week--- daily precarious so keep short calls we put on last week. No advice in meats--- LC and FC still short from mid-Feb and hogs surging higher in spite of China rhetoric. Grains obviously volatile but this is an important time as we transition from winter to spring weather making forecasts difficult beyond 8 yrs.

COMMENTS: There is not much new news today as markets continue their choppy and volatile ways as more time passes and weather becomes more important to planting in US. Lots of water in eastern corn belt (ECB) voiding the WCB -see map in weather section. Cool and wet for a while and one must wonder if early planting is yet in vogue? We'll know in another 4-5 weeks as we'll be largely on our way to completion in many parts or should be.

Interest rates on the rise with Fed Funds rates at 5.3% which is what should be paid on larger checking accounts --- if your bank is not paying you 5%, time to complain.

Global stuff still in disarray with China pushing to delay corn imports--- which impacted prices yesterday supposedly and turning short term rather negative.

Some major analysts continue to lower Brazil production period.

April WASDE next week will be interesting as a lot of questions remain unanswered by USDA, one of which is the seemingly disappearance of more corn than one would expect in the stocks report last week--- see discussion above.

SHORT TERM:

CORN: General trader bias is that there is plenty of corn to get us by until we harvest and regardless of Safrinha concerns, no reason for concern. AGAIN, there is a big enough carry from now to fall of 40 cents in the cash market to keep hedges bias to Sept to Dec and still pay for storage commercially or to add to on farm benefit.

SOYBEANS: Stocks adequate and demand insufficient to get concerned—still some global influence that crop is 155 not 145 as Cordonnier thinks.

SOY COMPLEX: Meal negative and anything biofuel based supportive as biofuels may become a necessity as global crude demand steady to growing while OPEC+ (including Russia) cuts or doesn't increase. Crude could derail Fed's fight on inflation thanks to the "destroy fossil fuels attitude" of Administration.

NOTE THERE ARE WEEKLY CHARTS FOR PALM OIL AND SOY OIL: Palm has been long for some time and is approaching overbought while soy oil is a few weeks on the long side--Canola, not shown, is like soy oil, just into a weekly long bias. Just saying!!!!

WHEAT: Risk on today as wheat gaining back some losses with global politics seemingly heating up—short term bias still positive with gains today.

ENERGIES: Crude now well above where the administration said it would replace strategic reserves but said a month ago they would complete refilling by fall--- timing is everything.

ECONOMICALLY: From Jerry's point of view the markets have topped and are turning over---and we are seeing more fundamental info coming out of the media well after signals said beware. Tesla in trouble---China will lower EV's enough to make US built a poor investment while our administration watches like deer in the headlights similar to what other adm have done.

The ISM non-manufacturing number out today helping stocks a little as prices paid has dropped and non-inflationary. Weaker in services however but no recession indication. Hiring still strong in non-manufacturing with Leisure up 63,000, construction up 33,00, financial and health services up 33,000. Minimum wage went to \$20/hour in CA for "certain fast food affiliated jobs" while it is \$7.50 in IA. Statistics showing those who change jobs do so with an average of a 10% increase in wages---- wage inflation is till #1 problem!!!! Small business, which accounts for about 1/3 of jobs is falling in jobs!

The relationship in Agriculture between US and China worse than when we had Trump tariffs or maybe because of past tariffs. Biden hasn't dropped that ball.

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Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	4/3/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	450 1/4	439 1/4	441	452 1/2	429 1/2		440 1/4
CZ24	475 1/2	466	468	478	458		468 1/4
SN24	1212 1/2	1184 3/4	1187 3/4	1216	1159 1/2		1203 1/4
SX24	1194 1/2	1174 1/4	1177	1197 3/4	1156 1/4	1191 3/4	
SMN24	338.0	331.1	332.1	339.2	325.1		339.5
BON24	50.27	48.75	49.15	51.17	47.13	48.36	
WN24	577 3/4	560 1/2	561 3/4	579 1/2	544	551 1/2	
KWN24	573 3/4	556 3/4	557 1/2	575	540		562 1/2
MWN24	651	635 3/4	637	652 3/4	621 1/4	665	
LCM24	177.500	174.450	176.375	179.925	172.825		178.675
LCV24	177.275	174.725	176.100	178.850	173.350		178.525
LHM24	104.800	102.900	103.725	105.825	101.625		101.600
LHV24	88.500	87.950	88.225	88.975	87.475	87.350	
FCK24	246.200	241.400	244.850	249.850	239.850		248.275
CTK24	92.90	90.70	90.810	93.06	88.56		91.12
CTN24	93.42	91.59	91.710	93.74	89.68		91.61
SBK24	22.91	22.27	22.320	23.01	21.63		22.29
GCM24	2301.9	2267.1	2300.40	2335.70	2265.10	2199.2	
NRK24	16.37	16.06	16.08	16.42	15.74		17.310
DJM24	39805.00	39368.00	39508	39965	39051		40002.00
CLK24	85.5	83.85	85.15	87.00	83.30	81.86	
NGK24	1.881	1.778	1.862	1.980	1.744		1.718
DXM24	104.84	104.420	104.525	105.15	103.91	102.983	
USM24	118 26/32	117 5/32	117 23/32	119 20/32	115 26/32		118 31/32

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.

ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THES IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS.

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day is used to determine the P/L listed in the Morning Comments and are net of average round turn commissions of \$33.00 for futures and \$36 for options and round turn fees of \$5.34 for grains and \$5.50 for livestock (these fees may change at any time by the CME). One of the limitations of a hypothetical composite performance records is that client decisions relating to the recipient's advice may or may not elect to act upon such advice and timing of execution by clients of advice may create a difference in the execution price represented in the matrix below. Therefore, composite performance records may differ which may materially affect trading results.

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