

April 4, 2024

Weather:

- Not many changes overnight
- Less rain was suggested for U.S. hard red winter wheat areas relative to earlier this week
- Heavy rain is still suggested for the U.S. Delta during mid-week next week
- Welcome rain and snow are occurring today and Friday in southern Alberta and far southwestern and west-central Saskatchewan improving topsoil moisture
- Mexico remains in a serious drought
- No changes in Brazil or Argentina weather was noted overnight
- Australia will continue to get significant rain today into Saturday in Queensland and northeastern New South Wales
- No serious changes were noted in China, the western CIS or most of Europe

News:

- **USDA reported private sale of 152,404 metric tons of soybeans for delivery to Mexico during the 2023/2024 marketing year.**
- Japan's Ag Ministry bought 113,535 mt of Australian, Canadian and US origin mill grade Wheat. The purchase included 30,345 mt of Australian white, 25,300 mt of Canadian red, 42,050 mt of US DNS and 15,480 mt of US white wheat.
- Brazil soy exports are projected to reach 10.65 MMT in April versus 14.05 MMT in the same month a year ago, while soymeal exports are expected at 2.31 MMT, up from 1.74 MMT in April 2023.
- Argentina grain export chamber, CIARA-CEC, estimated the country's March farm exports rose +22% from the year ago month to \$1.5 billion. Analysts noted since the Argentina president devalued the country's currency, grain export revenues have surged, up 61% from the year ago month.

- **Phillips66 execs say they expect their San Francisco refinery to ramp up renewable diesel production to 50,000 bpd by the end of the 2Q 2024, that refinery is currently producing around 30,000 bpd. Execs further say the Rodeo refinery will start producing "sustainable aviation fuel" in the 2Q of 2024.**
- Datagro analysts lowered their 23/24 Brazil soybean crop at 146.3 mmt off -1.0 mlmt from their previous forecast and compared to the USDA at 155 mmt. They expect the 23/24 Brazil corn crop at 114.9 mmt vs 124 mmt by the USDA.
- A meeting of top OPEC+ ministers kept oil supply policy unchanged and pressed some countries to increase compliance with output cuts, a decision that spurred international crude prices to their highest in five months at nearly \$90 a barrel.
- China's customs data for January and February pegged overall grain imports at 13.36 mln mt, up +29.6% over the January - February 2023 period. February 2024 grain imports were 6.76 mln mt, up +20.8% from the year earlier month.
- Russian grain export trade sources say the Russian government seems to widening their probe into grain export quality. Sources say Russia has halted some of Aston's grain export shipments. The government hasn't issued Aston phytosanitary certificates for two vessels. Russia ag watch dog says they've received increased complaints from receiving countries over imported grain quality. TD RIF last week said they've had grain exports halted by the Russian government, roughly 400,000 mt. In response, Aston issued a statement saying their exports are operating normally, fulfilling their export sales fully and on time.
- Amid high crude oil prices President Biden's administration has cancelled plans announced last month seeking to purchase up to 3.0 mln barrels of crude for the US Strategic Petroleum Reserve. Those barrels were to be delivered in August and September 2024.
- **Weekly EIA Petroleum & Ethanol Inventory Comment:**
 - o **Ethanol production jumped nearly +2% wk/wk to 1.073 mil bbl/day, which would yield 315 million gallons of ethanol on the week and consume over 109 million bushels of total feedstock. Over a marketing year, it would utilize 5.7 billion bushels of corn, which is above USDA estimates and the 23/24 YTD average grind.** There were no imports reported. Weekly ethanol exports remained low, dipping further to 71k bbl/day vs. 84k last week (trend is roughly 120k). Blender demand did rebound in-line with expectations, rising nearly +4% wk/wk to the highest levels of the calendar year to date. Ethanol stocks built by +1.2% to 26.4 mil bbl.
 - o **Crude Oil inventory unexpectedly added +3.8 million barrels, including another small (+0.6 million) SPR build.** The products did see the expected draws; gasoline stocks declined -4.3 million, and distillate stocks slipped -1.3 million barrels. Stocks in those three categories still managed to net out to a ~2 mil net draw, though this lagged API expectations for a -6 mil net draw.

Technically Speaking:

Export Sales

3/22/24 - 3/28/24

	Estimates	Net Sales		Accum. Exports	Year Ago Accum. Exports	This Week YOY % change	Last Week YOY % change
		23/24	24/25				
		Wheat	(-25k)-700k				
Corn	800k-1.5m	948,000	11,400	43,851,200	37,211,700	17.84%	19.29%
Beans	300-800k	164,200	0	40,549,200	49,906,200	-18.75%	-18.90%
Meal	100-400k	202,200	32,600	10,398,800	9,009,900	15.42%	16.34%
Soyoil	(-2.5k)-15k	3,100	0	83,600	103,600	-19.31%	5.79%
Sorghum		11,400	0	5,035,800	1,499,700	235.79%	235.04%
Beef		18,700	0	322,200	359,500	-10.38%	-12.25%
Pork		28,700	0	667,800	654,300	2.06%	6.32%
Cotton		84,900	22,900	10,889,500	11,620,900	-6.29%	

Source: USDA (FAS) - Gulke Group

Wheat: Net sales of 16,100 metric tons (MT) for 2023/2024 were down 95 percent from the previous week and 89 percent from the prior 4-week average. Increases primarily for **China (74,800 MT)**. **Corn:** Net sales of 948,000 MT for 2023/2024 were down 21 percent from the previous week and from the prior 4-week average. Increases primarily for Japan (339,900 MT), Mexico (216,500 MT), Colombia (150,400 MT), South Korea (149,200 MT), and Taiwan (109,800 MT). **Soybeans:** Net sales of 194,200 MT for 2023/2024 were down 26 percent from the previous week and 54 percent from the prior 4-week average. Increases primarily for **China (153,900 MT)**, Egypt (97,000 MT), the Netherlands (57,500 MT), were offset by **reductions primarily for unknown destinations (235,000 MT)**. **Pork:** Net sales of 28,700 MT for 2024 were down 48 percent from the previous week and 24 percent from the prior 4-week average. Increases primarily for **Mexico (23,000 MT)**, South Korea (3,000 MT). **Cotton:** Net sales of Upland totaling 84,900 RB for 2023/2024 were down 14 percent from the previous week, but up 4 percent from the prior 4-week average.

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Yesterday's Trades: No new trades.

ADVICE: No new advice in grains or livestock pending a mid-day---- Cotton is now below 50-day average yesterday and as follow-through today—we may have to add to coverages is it can't find a bid soon.

COMMENTS: Weather- cold, snow and rain has turned Midwest back to wintry but mild temps ahead with more chance of rain as we transition in a manner not expected two-three weeks ago when field work went wild. We've had nearly 5 inch of rain in N IL since March one and now worked ground is like mud—should have known.

After a sense of concern by weather guys for Brazil for SA crop weather it looks good currently. Another firm lower production however and there are many private firms now at great odds with the US.

Corn seems like a trading affair--- demand looks ok and we see rationale for carryover to be trimmed via ethanol, and feed usage. Our noted discrepancies in stocks of corn as mentioned yesterday is still a question as we've seen changes, updates in revisions by the USDA in years past so we'll see. While there always seems to be questions regarding political motivations to skew data especially in an election year, we doubt that is the case but math error are human and NASS has had a history of revisions based on the best intentions, which resulting in price discovery that negatively influenced prices regardless. Humans make errors even under the best of intentions. So, we will see.

Ethanol usage—see News Section --- could imply a 4 ½ % increase over last year and exports could be on track for an increase taking carryout maybe just under 2.0 bil-bu for this marketing year. However, just a hypothesis doesn't seem to agree with the market bias yet. Call it a trading affair for corn, wheat with soybeans negative and perhaps more negative as Argentina starts selling this year's crop. Market bouncing off pre-report levels. Sideways to a slight positive bias to corn and maybe wheat but soybeans and cotton weak.

Export sales were rather bland with 7 mb wheat, 38 mb corn & 7 mb soybeans. Corn export shipments topped 60 mb, which keeps the potential for over 700 mb to be shipped this quarter.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	4/4/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	446 1/2	439 3/4	445	452 1/4	437 3/4		440 1/4
CZ24	472 1/4	466 1/2	471 1/4	477 1/2	465		468 1/4
SN24	1200	1182 1/4	1195 1/4	1213 1/2	1177		1203 1/4
SX24	1189 1/2	1172	1184 3/4	1202 3/4	1166 3/4	1191 3/4	
SMN24	334.9	328.9	333.6	339.8	327.5		339.5
BON24	49.82	48.82	49.37	50.87	47.87	48.36	
WN24	575 1/2	557 1/4	572 1/4	591	553 1/2	551 1/2	
KWN24	574 1/4	553 3/4	572	593	551		562 1/2
MWN24	654 1/4	635	647 3/4	667 1/2	628	665	
LCM24	176.775	173.750	175.600	179.125	172.075		178.675
LCV24	176.325	173.625	175.375	178.275	172.475		178.525
LHM24	105.725	104.000	104.750	106.675	102.825		101.600
LHV24	88.750	88.000	88.575	89.525	87.625	87.350	
FCK24	245.250	240.375	242.575	247.650	237.500		248.275
CTK24	91.15	88.86	88.980	91.32	86.64		91.12
CTN24	92.06	90.08	90.180	92.36	88.00		91.61
SBK24	22.63	22.04	22.220	22.86	21.58		22.29
GCM24	2320.7	2285.7	2320.70	2356.20	2285.20	2199.2	
NRK24	16.60	16.02	16.51	17.12	15.90	16.420	
DJM24	39634.00	39345.00	39482	39791	39173		40002.00
CLK24	86.2	84.85	85.43	86.98	83.88	81.86	
NGK24	1.906	1.836	1.841	1.926	1.756		1.718
DXM24	104.59	103.970	103.990	104.81	103.17	102.983	
USM24	118 1/32	116 24/32	117 25/32	119 10/32	116 8/32		118 31/32

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