

April 12, 2024

Weather

- Brazil's monsoon is definitely winding down and seasonal rains may already be over in Minas Gerais, Bahia and some neighboring areas
 - The most notable drier biased weather occurs in the April 20-26 period when mostly dry conditions are expected in center west, center south and north-eastern crop areas
- Center west and interior southern Brazil rain is expected in this first week of the outlook, but it looks a little lighter than that of Thursday and it is notably less than that of earlier this week
 - Rain is still expected in most of the dry areas of Mato Grosso do Sul, Parana and Paraguay, though not enough to improve subsoil moisture before the monsoon withdraws
- Argentina weather has not changed with a good mix of rain and sun likely; this weekend into early next week will be wettest in the south and east
- Russia's high pressure ridge that evolves next week will break down in the second week of the forecast and when it does there may be some rain in the Southern Region, eastern Ukraine and some northwestern Kazakhstan locations
 - Australia rain has been increased in Queensland and northeastern New South Wales Wednesday through Friday
- Frost and a couple of light freezes occurred this morning in South Africa, but the impact on crops should have very low
- Canada's Prairies are still advertised to get rain and snow early to mid-week next week with some of it heavy in the north and west while lightest in south-central Saskatchewan
- Upper U.S. Midwest will get significant rain mid- to late-week next week with some snow at the end of the event

- Central U.S. heat wave will last three days with 80s and 90s expected from Texas to South Dakota and southern Minnesota Saturday through Monday
- Much colder temperatures will occur in the north-central and eastern U.S. during the second half of next week and into the following weekend

News:

- **USDA reported private sale of 124,000 metric tons of soybeans for delivery to unknown destinations during the 2023/2024 marketing year.**
- Buenos Aires Grain Exchange lowered their 23/24 Argentina Corn harvest to 49.5 mmt, off -2.5 mmt from their previous outlook. They lowered their 23/24 Argentina Soybean harvest to 51.0 mmt, off -1.5 mmt from their previous outlook.
- China imported 5.54 MMT of soybeans last month, according to preliminary customs data, down nearly 20% from last year and the lowest for the month in four years. During the first quarter of 2024, China imported 20.83 MMT of soybeans, down 10.8% from the same period last year and a four-year low.
- China's exports dropped 7.5% from year-ago to \$279.68 billion in March, the biggest decline since August last year. Imports fell 1.9% to \$221.15 billion, the first decline since last November. That left China with a trade surplus of \$58.55 billion, the smallest since last October. China's trade surplus with the U.S. was \$22.94 billion in March.
- China imported 578,000 MT of meat during March, down 11.5% from last year. For the first quarter of this year, China imported 1.68 MMT of meat, down 270,000 MT (13.8%) from the same period last year. China doesn't break down meat imports by category in the preliminary data, but the decline is due to reduced pork arrivals.
- The Organization of the Petroleum Exporting Countries, in a monthly report, said world oil demand will rise by 2.25 million barrels per day in 2024 and by 1.85 million bpd in 2025. In contrast the IEA forecasts that demand growth in 2025 will edge down to 1.1 million bpd, with global GDP growth expected to remain steady and continued expansion of electric vehicle adoption.
- British wheat conditions are only 34% good to excellent conditions compared to 90% at this point last crop year due attributed to warm and wet conditions.

Technically Speaking:

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Market Fundamentals:

	<u>Mar 8th</u>	<u>Apr 11th</u>	<u>Mar 8th</u>	<u>Apr 11th</u>
Corn	22/23	22/23	23/24	23/24
Planted	88.2	88.2	94.6	94.6
Harvested	78.7	78.7	86.5	86.5
% Abandonment	89.2%	89.2%	91.4%	91.4%
Yield	173.4	173.4	177.3	177.3
Begin Stks	1377	1377	1360	1360
Production	13651	13651	15342	15342
Imports	39	39	25	25
Total Sply	15066	15066	16727	16727
Feed/Res	5487	5486	5675	5700
FSI	6558	6558	6780	6805
Ethanol	5176	5176	5375	5400
Total Dom	12045	12045	12455	12505
Exports	1661	1661	2100	2100
Total Use	13706	13706	14555	14605
Ending Stks	1360	1360	2172	2122

The USDA increased both the Feed/Residual and FSI (Ethanol) by 25 while leaving Exports alone. Although the consensus was that they had to raise their exports number keep in mind that they already have a healthy increase YoY. That doe does not mean they will not adjust that higher in the future but waiting is not unexpected. Ending Stocks were lowered by 50 to 2122. Even with possible further cuts down the road it will be hard to get below the 2-billion-bushel mark.

	<u>Mar 8th</u>	<u>Apr 11th</u>	<u>Mar 8th</u>	<u>Apr 11th</u>
<u>Soybeans</u>	22/23	22/23	23/24	23/24
Planted	87.5	87.5	83.6	83.6
Harvested	86.2	86.2	82.4	82.4
% Abandonment	98.5%	98.5%	98.6%	98.6%
Yield	49.6	49.6	50.6	50.6
Begin Stks	274	274	264	264
Production	4270	4270	4165	4165
Imports	25	25	30	25
Total Supply	4569	4569	4459	4454
Crush	2212	2212	2300	2300
Exports	1992	1992	1720	1700
Seed	97	97	102	100
Residual	4	4	22	13
Total Use	4305	4305	4144	4114
End Stks	264	264	315	340

The USDA lowered Import by 5 and Exports by 20 but left the Crush alone. With some other minor changes, the Ending Stocks increased by 25 to 340. It stands to reason that the Crush number gets increased down the line, but it will still leave a cumbersome number of bushels to overcome.

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	<u>Mar 8th</u>	<u>Apr 11th</u>	<u>Mar 8th</u>	<u>Apr 11th</u>
Wheat	22/23	22/23	23/24	23/24
Planted	45.8	45.8	49.6	49.6
Harvested	35.5	35.5	37.3	37.3
% Abandonment	77.5%	77.5%	75.2%	75.2%
Yield	46.5	46.5	48.6	48.6
Begin Stks	674	674	570	570
Production	1650	1650	1812	1812
Imports	122	122	145	140
Total Supply	2446	2446	2527	2522
Food	973	973	960	960
Seed	68	68	64	64
Feed and Residual	77	77	120	90
Total Domestic	1118	1118	1144	1114
Exports	759	759	710	710
Total Use	1876	1876	1854	1824
End Stks	570	570	673	698

The USDA lowered Imports 5 and Feed and Residual by 30 increasing the Ending Stocks by 25 to 698 million bushels. The biggest increase from a Class standpoint was an increase of 20 million bushels to the Ending Stocks for Hard Red Spring Wheat.

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World Corn Production

Country or Region	2022/2023 estimate	2023/2024 forecast	Change from March 8	Change from 2022/2023
----- Million Tons -----				
World	1,157.7	1,227.9	-2.4	70.1
United States	346.7	389.7	--	43.0
Foreign	811.0	838.2	-2.4	27.2
Argentina	36.0	55.0	-1.0	19.0
Brazil	137.0	124.0	--	-13.0
Mexico	28.1	23.3	-0.7	-4.8
Canada	14.5	15.1	--	0.5
European Union	52.3	61.0	0.9	8.7
Serbia	4.6	6.8	0.2	2.2
FSU-12	47.7	52.1	-0.4	4.4
Ukraine	27.0	29.5	--	2.5
Russia	15.8	16.6	--	0.8
South Africa	17.1	14.0	-1.5	-3.1
China	277.2	288.8	--	11.6
India	38.1	35.5	--	-2.6

The USDA did see some cracks in some Corn production worldwide attributed to weather. A small surprise was that they left Brazil alone at 124 mmt while local Brazilian estimates are near 110-112 mmt.



U.S. Domestic Consumption Summary

Item	2022/2023		2023/2024		
	Estimate	Change from March 8	Forecast	Change from March 8	Change from 2022/2023
<i>Crops and Products</i>					
Wheat (million bushels)	1,118	--	1,114	-30	-4
Rice (million cwt)	145.1	--	157.0	-5.0	11.9
Corn (million bushels)	12,045	--	12,505	50	460
Sorghum (million bushels)	102	--	75	--	-27
Barley (million bushels)	167	--	185	--	18
Oats (million bushels)	138	--	131	--	-7
Soybeans (million bushels)	2,313	--	2,414	-10	100
Soybean oil (million pounds)	26,609	--	27,200	--	591
Soybean meal (thousand s.t.)	38,402	--	39,025	--	623
Cotton (million bales)	2.05	--	1.75	--	-0.30
Sugar (thousand s.t., raw value)	12,589	--	12,555	--	-34
<i>Milk (billion pounds, fat basis)</i>	222.8	--	223.0	-1.6	0.3
<i>Meat (Billion pounds)</i>					
Beef	27.81	--	27.95	0.14	0.14
Pork	21.67	--	22.01	0.02	0.33
Broilers	38.81	--	39.75	0.35	0.93
Turkey	4.96	--	4.93	-0.02	-0.03
Total Meat	94.29	--	95.69	0.49	1.39



U.S. Export Summary

Item	2022/2023		2023/2024		
	Estimate	Change from March 8	Forecast	Change from March 8	Change from 2022/2023
<i>Crops and Products</i>					
Wheat (million bushels)	759	--	710	--	-49
Rice (million cwt)	64.3	--	91.0	3.0	26.7
Corn (million bushels)	1,661	--	2,100	--	439
Sorghum (million bushels)	109	--	245	--	136
Soybeans (million bushels)	1,992	--	1,700	-20	-292
Soybean oil (million pounds)	378	--	350	50	-28
Soybean meal (thousand s.t.)	14,664	--	15,800	--	1,136
Cotton (million bales)	12.77	--	12.30	--	-0.47
<i>Meat (Million lbs)</i>					
Beef	3,038	--	2,805	20	-233
Pork	6,818	--	7,340	210	522
Broilers	7,265	--	7,060	-105	-205
Turkey	489	--	520	--	31
Mature Chickens	21	--	25	7	4
Total Meat	17,635	--	17,755	132	120

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Price Summary

Item	2022/2023		2023/2024		
	Estimate	Change from March 8	Forecast	Change from March 8	Change from 2022/2023
<i>Crops and products</i>					
Wheat (\$/bu)	8.83	--	7.10	-0.05	-1.73
Rice (\$/cwt)	19.80	--	18.80	--	-1.00
Corn (\$/bu)	6.54	--	4.70	-0.05	-1.84
Soybeans (\$/bu)	14.20	--	12.55	-0.10	-1.65
Soybean oil (¢/lb)	65.26	--	49.00	--	-16.26
Soybean meal (\$/s.t.)	452	--	380	--	-72
Cotton (¢/lb)	84.80	--	76.00	-1.00	-8.80
<i>Livestock</i>					
Steers (\$/cwt)	175.54	--	185.01	2.51	9.47
Hogs (\$/cwt)	58.59	--	62.99	2.24	4.40
Broilers (¢/lb)	124.4	--	129.2	2.0	4.9
Turkeys (¢/lb)	140.1	--	104.3	-4.0	-35.8
<i>Dairy products</i>					
Cheese (\$/lb)	1.76	--	1.62	-0.09	-0.14
Butter (\$/lb)	2.62	--	2.92	0.13	0.31
Nonfat dry milk (\$/lb)	1.19	--	1.18	-0.03	**
Dry whey (\$/lb)	0.36	--	0.42	-0.03	0.06
<i>Milk classes</i>					
Class III (\$/cwt)	17.02	--	16.20	-0.95	-0.82
Class IV (\$/cwt)	19.12	--	20.40	0.30	1.28
All milk (\$/cwt)	20.48	--	20.90	-0.35	0.42

Yesterday's Trades: Corn – For 2023, bot 30% CN 450 calls at 15 5/8 (\$268.75 profit/contract) and Sold 15% CN at 440. Soybeans – For 2023, bot 15% SN 1240 calls at 11 5/8 (\$768.75 profit/contract). For 2024, bot 15% SX 1240 calls at 31 1/8 (\$593.75 profit/contract) and Sold 10% SX at 1162 ½.

ADVICE: No New Advice Pending Mid-day

COMMENTS: There was another small 125,000 sale of beans to unknown.

USDA's monthly look at supply and demand offered a few surprises, including the lack of changes to South America's crops. The April World Agricultural Supply and Demand Estimates (WASDE) showed larger wheat and soybean ending stocks, but smaller ending stocks for corn.

- USDA's estimates for corn, soybeans and wheat ending stocks all came in higher than what the trade expected. Corn ending stocks: 2.1 billion bushels, 50-million

bushels lower than last month. Soybean ending stocks: Up 25 million bushels to 340 million. Wheat ending stocks: 698 million bushels, up 25 million bushels.

- A cut in corn stocks was justified as we thought it could be larger. Ethanol usage suggests more increases in corn usage may be ahead. But ending stocks need to get below 2.0 billion and that may take a while without help from weather or USDA agreeing with estimates out of S America which are much lower than USDA.
- A cut in soybean exports was a surprise as it gave no support to US getting business out of S.A. Perhaps they see even lower overall demand. Crush could increase but getting carryout back below 300 is difficult without help from production from the N or S Hemispheres.
- Perhaps the market doesn't believe the report as prices are starting out robust this morning.
- We probably had the right idea early on yesterday to take profits where we did, but the reaction to the report was not anticipated. We'll watch the markets trade today and how we start the week on Monday. Let's hope this rally holds!

There will be continued talks regarding the USDA's approach to both the Brazilian and Argentina situation. Here are just a few differences between the USDA and local estimates for the two respective countries.

Brazil: USDA vs CONAB

- **USDA has soybean production at 155 mmt while CONAB is at 146 mmt.**
- **USDA has soybean exports at 103 mmt while CONAB is at 92 mmt.**
- **USDA has corn production at 124 mmt while CONAB is at 111 mmt**
- **USDA has corn exports at 52 mmt while CONAB is at 31 mmt.**

Further Examination of the Brazilian Corn crop: USDA initially pegged 2023/24 Brazil corn production at 129 mmt last May. That stood until Jan (127 mmt). Then to 124 mmt in Feb, where it has stayed since. CONAB said 119.8/119.4 mmt in Sep/Oct, and that number has slid every month since. Their biggest cut was about 4 mmt going from January to February.

Argentina: USDA vs Buenos Aires Grain Exchange

- **USDA has soybean production at 50 mmt while the BAGE is at 51 mmt.**
- **USDA has corn production at 55 mmt while the BAGE is at 49.5 mmt**

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	4/12/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	449 1/2	440	441	451	431		440 1/4
CZ24	474 1/4	465 1/4	466	475 1/2	456 1/2		468 1/4
SN24	1179 3/4	1163 3/4	1172 1/2	1189	1156		1203 1/4
SX24	1170 1/4	1156	1164 1/4	1179	1149 1/2		1167 1/4
SMN24	338.6	333.8	337.8	342.8	332.9		339.5
BON24	48.12	46.52	46.57	48.67	44.47		46.54
WN24	575	563	566 1/4	578 3/4	553 3/4	551 1/2	
KWN24	591 1/2	576 3/4	578 1/2	593 3/4	563 1/4	583 3/4	
MWN24	659 1/2	643 1/2	645 1/4	661 3/4	628 3/4		645 3/4
LCM24	174.450	171.925	173.900	176.925	170.875		178.675
LCV24	174.775	172.650	174.575	176.900	172.250		178.525
LHM24	106.675	105.075	105.800	107.600	104.000		101.600
LHV24	88.375	87.575	88.000	89.000	87.000		88.550
FCK24	238.850	234.675	238.150	242.525	233.775		248.275
CTK24	85.48	83.15	83.370	85.75	80.99		91.12
CTN24	87.30	85.12	85.250	87.63	82.87		91.61
SBK24	21.56	20.81	20.850	21.65	20.05		22.29
GCM24	2395.6	2343.1	2372.70	2425.70	2319.70	2199.2	
NRK24	17.25	16.75	16.87	17.41	16.34	16.420	
DJM24	38880	38472	38732	39160	38304		40002
CLK24	86.63	84.84	85.02	87.01	83.03	81.86	
NGK24	1.892	1.754	1.764	1.917	1.611		1.718
DXM24	105.31	104.820	105.065	105.76	104.38	102.983	
USM24	116 1/32	114 29/32	115 8/32	116 20/32	113 28/32		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.

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