

May 24, 2024

Weather:

- Russia's blocking weather pattern is still expected to break down later next week and give way to weak high pressure ridge that will progress to the east
 - o Some showers will develop on the back side of the ridge, but rainfall in key crop areas that have been driest is not likely to be great enough for a serious change in crop or field conditions
- Western CIS temperatures will be rising above normal inducing faster drying rates between rain events and stressing crops in the driest areas
- Russia's eastern New Lands will see frequent bouts of frost and freezes in this coming week further delaying the planting and development of spring wheat, sunseed and other crops
 - o Warming is expected in the second week of the outlook
- North China Plain rainfall will continue restricted over the next ten days resulting in some increasing concern over dryness in several rain-fed coarse grain and oilseed production areas during the next couple of weeks
- Western Australia is still expected to receive some needed moisture for wheat, barley and canola planting in early June
- Eastern Australia will get some light showers during the second half of next week and the moisture will be good for winter crops, although more rain will be needed in Queensland
- A tropical cyclone developing in the Bay of Bengal is expected to make landfall late this weekend near the West Bengal/Bangladesh border where heavy rain and flooding are expected through the first part of next week
- Pre-monsoonal precipitation in southern India is expected to be restricted next week because of the tropical system in far eastern parts of the nation
- Less frequent and less significant rain is expected in far southern Brazil during the next two weeks, although there will still be some brief periods of rain impacting Rio Grande do Sul
 - o Mato Grosso do Sul will get some brief showers today into Saturday offering a little relief from recent drying
- Central Europe will continue wet through Monday before shifting to the east and bringing some relief to recent dry and warm weather from Ukraine and the Balkan Countries to the Baltic States
- Western Europe weather will improve during the next week to ten days with less rain and some warming gradually

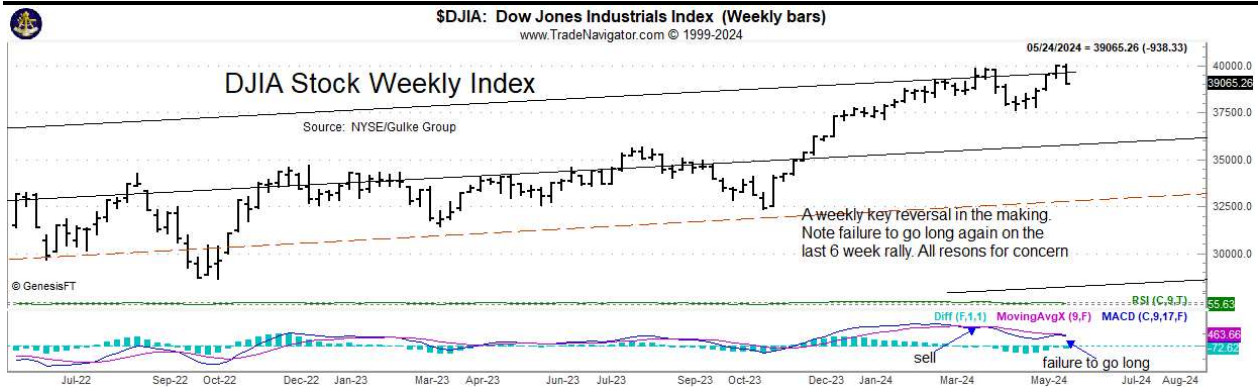
- U.S. Midwest stormy weather this weekend into early next week may generate some hail and wind damage to a few agricultural areas
- U.S. Midwest planting delays are expected in the coming week due to more frequent and more significant rainfall
 - o Conditions should improve late next week and through the first full week in June as rain frequency and intensity decreases.
- U.S. west-central and southwestern Plains rainfall during mid-week next week, again possibly in the following weekend and one more time June 3-5 will raise soil moisture for summer crops, but the precipitation may fall too late of many winter crops
- West Texas cotton, corn and sorghum will benefit from rain during mid-week next week and possibly periodically in the follow seven days
- Oklahoma rainfall in the second week of the outlook may be overdone in the computer forecasts today, but if it verifies there may be a threat to wheat and canola quality
- Portions of South Texas and the Texas Coastal Bend regions will continue missing rain for a while
- U.S. Gulf of Mexico Coast region will be drier than usual through the next ten days

News:

- Grain traders say Nonghyup Feed bought around 137,000 mt of either South American or South African origin corn.
- Buenos Aires Grain Exchange Thursday kept their 23/24 soybean production estimate steady at 50.5 mln mt. They estimated the Argentina Soybean crop conditions at 25% good to excellent, 47% fair, and 28% poor to very poor, that compares with last week's 24% good to excellent, 48% fair, and 28% poor to very poor.
- Buenos Aires Grain Exchange Thursday kept their 23/24 Corn production steady at 46.5 mln mt. They estimated the Argentina Corn crop conditions at 11% good to excellent, 50% fair, and 49% poor to very poor, that compares with last week's 14% good to excellent, 40% fair, and 46% poor to very poor.
- Russia, in a rare admission of oil overproduction, said overnight that it exceeded its OPEC+ production quota in April for "technical reasons", a surprise move that analysts and industry sources say shows Moscow faces challenges in curbing output.
- Analysts expect USDA's Cattle on Feed Report this afternoon to show the large feedlot (1,000-plus head) inventory under year-ago levels for the first time in eight months. Based on a *Reuters* poll, USDA is expected to report the May 1 feedlot inventory down 0.8% from last year, while April placements are seen falling 6.1% and marketings rising 9.8%. Cold Storage Report is also out this afternoon. The five-year average is a 21.6-million-lb. decline in beef stocks and a 18.8-million-lb. rise in pork stocks during the month.
- Group of Seven (G7) trade ministers are debating China's industrial overcapacity, which U.S. Treasury Secretary Janet Yellen says is pumping cheap exports onto the global market. Other G7 members joining the call for China to rein in overcapacity,

with France's finance minister said there needs to be a clear assessment of overcapacity in China and of the "most efficient tools" to address the issue. He said the International Monetary Fund could be involved in the analysis.

Technically Speaking:



Market Fundamentals:

Yesterday's Trades: No new trades.

ADVICE: No new advice. It is often dangerous to make new decisions ahead of a 3-day weekend especially this time of the year. Weather can change.

COMMENTS: Weather key and of interest to the market—see more detailed weather above as we head into a 3-day weekend. Of some longer term outlook, some forecasters suggesting we turn abruptly drier last half of June while others think hot and wet?????

The following is likely more than you want to know and can be confusing, but if you have an interest---read on!

Spreads and Such: The recent strength in wheat is affecting the spreads between Chicago, Mpls and KC with Chicago on the defensive (Russia grows the KC and Mpls premium varieties). If Russia's crop approaches 80 mmt, they will likely curb exports bringing more interest to US. Those that like to look at all types of spreads may modify their view whether it is wheat vs corn as indicator of feed demand moving more to corn as well as old crop vs new crop corn and bean spreads affecting demand outlook, with cash prices also an influence versus futures. Often complex and volatile which makes the resultant technical action more relevant. The short meal/long soy oil conviction turned into a malaise as the big meal supply hasn't yet developed out of Argentina YET! **It is interesting to note that soy oil**

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peaked two year's ago at perhaps the highest hype of not having enough soy oil to meet biofuels demand and have since lost ½ of their value dropping from a record high of over 90 cts/lb to a low of near 41 cts last month!

July futures are in a position to be concerning as it should or should have become an inflection futures and is representative of old crop vs new crop. The carry of CN to CZ for example has narrowed. The actual inverse now of SN to SX is another. Both are getting the attention of the trade and traders causing them some confusion. When things don't go the way of conventional wisdom, questions arise. **The technical action indicated "something is screwy" with price discovery LONG BEFORE today's current situation became obvious.**

The Stock Market (see DJIA chart above): Action in the DJIA, NASDAQ and S&P 500 became more interesting. Invidia seems to be the one stock on which bullishness is/was hanging. This week's action and this month's action has become somewhat like the Ag Commodity action. Week's, if not months ago, we posted the chart that showed the huge divergence of our Ag Index as apposed to the NASDAQ and Toll Brothers (which reflects housing and an indicator of economic activity). That chart revealed an out of whack divergence. The stock indices indicated "something is wrong" some time ago with the media hype vs reality---as early as Jan but by Feb 15 with an eye on March as a month to watch and it has turned out that way with Mar 1 bottoming action in grains and March in the stock market posting new highs and a weekly reversal in April. This week has seen more of the same for stocks as the indices have tried to make new highs that have not been sustainable on a weekly basis while Ag commodities have left February lows in the dust. Equities have not turned negative from a monthly basis like they have weekly, but commodities have seen increased odds of monthly turning biased positive---Monthly takes time, sometimes months, so weekly is a better short/medium term indicator to watch. On a daily basis all indices are threatening daily sell signals again.

We are still of the belief to be concerned that those in the stock market are naïve when it comes to the plight of the middle class or especially and/or those that are not owners of equities and assets in general outside of homes; similar to how those who owned the stock market missed it in 1929. If you own assets that have appreciated, or the stock market you likely feel good, but those that do not, do not. Who will be a buyer if the seller decides to take profits or sell those assets? Inflation is another form of a tax!

MEATS have been interesting and confusing beasts with outlook reflecting eventual very tight supplies of beef which prices already reflect that outlook, yet from a long term monthly standpoint price action seems to indicate those highs are unsustainable—meaning more time and data is needed.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	5/24/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	467 1/4	458 1/2	464	473 1/4	454 3/4	464 3/4	
CZ24	489	481	486 1/2	495	478	488	
SN24	1258 1/4	1236	1239 1/4	1262	1216 1/2	1226 1/2	
SX24	1228	1212 3/4	1216	1231 3/4	1200 1/4	1177 3/4	
SMN24	382.0	374.6	376.7	384.3	369.2	342.8	
BON24	46.48	45.11	45.19	47.06	43.32		43.30
WN24	702 1/2	682 1/2	698	718 1/2	677 1/2	624 3/4	
KWN24	715 1/4	690	710 3/4	736 1/2	685	583 3/4	
MWN24	747 1/4	730 3/4	744	761	727	649 1/4	
LCM24	184.675	183.200	183.525	185.500	181.550	178.550	
LCV24	185.100	183.900	184.075	185.475	182.675	179.400	
LHM24	96.000	94.325	94.525	96.400	92.650	99.600	
LHV24	83.700	82.700	82.975	84.175	81.775		86.900
FCQ24	263.375	260.925	261.450	264.100	258.800	255.225	
CTN24	82.60	78.36	81.720	86.16	77.28	78.31	
CTZ24	79.20	76.37	78.620	81.50	75.74	75.59	
SBN24	18.57	18.23	18.260	18.65	17.87	18.57	
GCM24	2385.7	2328.1	2330.00	2388.10	2271.90		2394.90
NRN24	19.01	18.38	18.49	19.14	17.83		18.660
DJM24	39882	39114	39153	39941	38365		39925
CLN24	78.66	76.43	76.87	79.30	74.44		79.58
NGN24	3.161	2.896	2.923	3.203	2.643	2.789	
DXM24	105.04	104.475	104.965	105.73	104.20		105.330
USM24	117 21/32	116 15/32	116 26/32	118 8/32	115 12/32	115 3/32	

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