

**May 31, 2024**

**Weather:**

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- Not many changes occurred around the world overnight
- Hot temperatures are expected to build in the western part of the United States next week into the following weekend
  - Temperatures in the 90s are expected far to the north into the Pacific Northwest stressing livestock and some crops
  - Some of the heat advertised in the western U.S. may shift to the Great Plains in week two and three
- U.S. crop weather will be wet biased for the coming week especially in the southern Plains and east into the Delta and Tennessee River Basin drier in weeks two and three
  - Lighter and less frequent rain may also impact a part of the Midwest in the second week of June, although completely dry weather is unlikely
- West Texas cotton, corn and sorghum areas will benefit from rain expected through the weekend
- South Texas and the Texas Coastal Bend area will remain quite dry
- Europe will remain wet in central areas with some expansion to the east
- Dryness remains from eastern Ukraine through Russia's Southern Region to western Kazakhstan
- China's North China Plain is expected to remain drier than usual for the next ten days
- Australia's forecast is still promoting some timely rainfall for the planting of wheat, barley and canola in the west and south-central crop areas
- Argentina will continue to experience drier than usual weather, although the environment will be good for autumn planting and summer crop harvesting
- Southern Brazil will continue to dry down for the next ten days
- Central America will experience greater rainfall and a wet pattern will also continue in northern South America
- Mexico drought will continue in this coming week, but some increase in southern and east-central rainfall is expected in the second week of the two week forecast
- Northern India will cool down this weekend into early next week
- Monsoonal rain in India will be a little erratic and lighter than usual for a short period due to the passing MJO event

## **News:**

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**May 30 (Reuters) - Little to no ethanol will qualify for U.S. sustainable aviation fuel (SAF) subsidies under a new [pilot program](#) by President Joe Biden's administration, which toughened climate requirements at the last minute, according to a Reuters review of government data and people familiar with the matter.**

The issue could hurt the biofuel industry, which sees SAF as [ethanol's best chance at growth](#) since electric cars have cut into its market as a gasoline additive. It could also hinder Biden's goal of producing 3 billion gallons of SAF by 2030. [He once promised](#) 95% of SAF - a biofuel that can be made from oils, waste, or grains - would come from farmers.

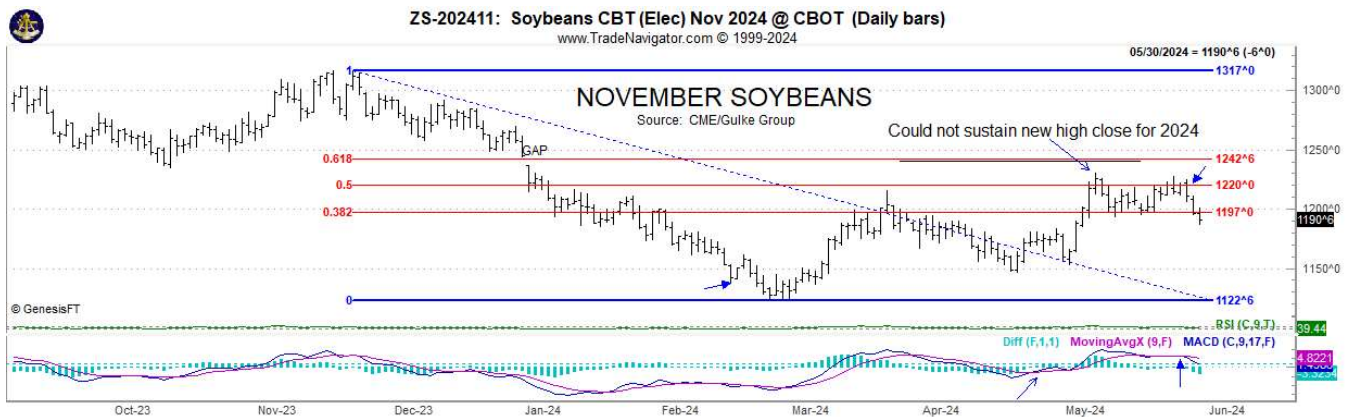
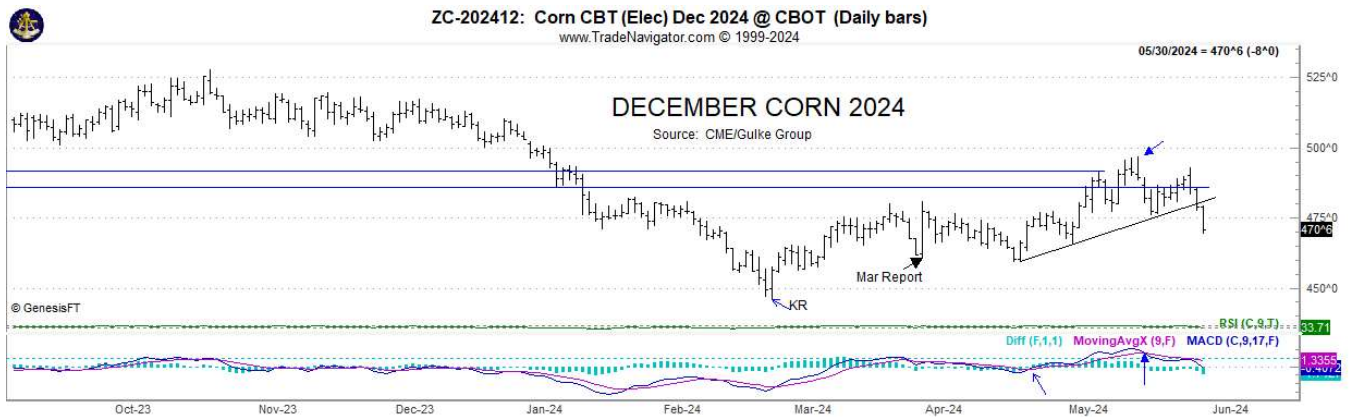
Details about how little ethanol will qualify for the subsidies under the pilot program, and how the requirements were raised at the final hour, have not previously been reported. At issue is a \$1.25/gallon production tax credit embedded in the 2022 Inflation Reduction Act reserved for SAF that demonstrates a 50% reduction in lifecycle greenhouse gas emissions compared to regular jet fuel.

Under the pilot program finalized on April 30, ethanol producers seeking to claim that credit must verify their corn comes from farms using three climate-friendly farming practices in tandem: not tilling the soil, planting cover crops, and using higher efficiency fertilizers.

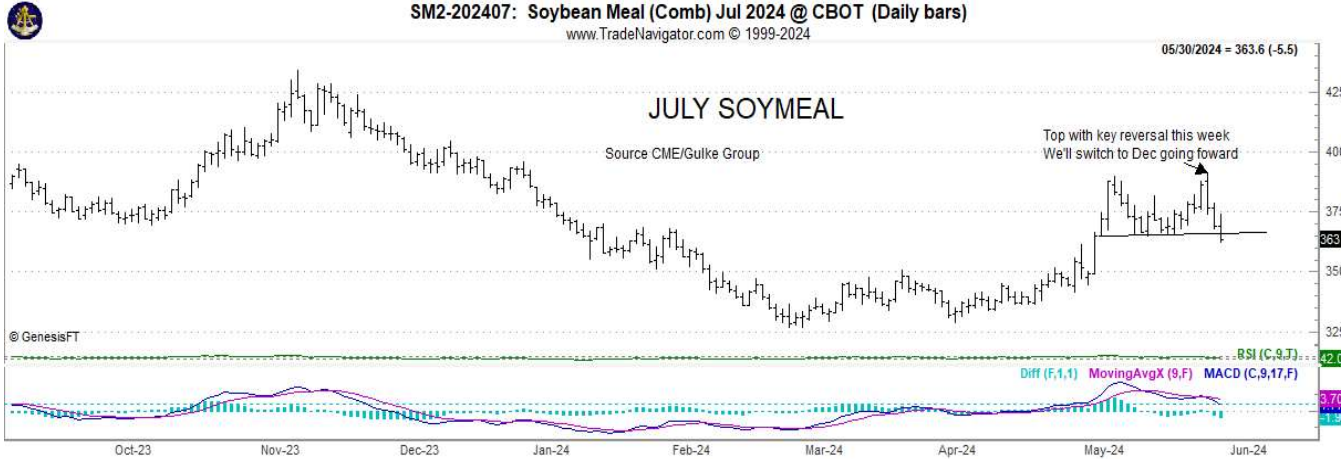
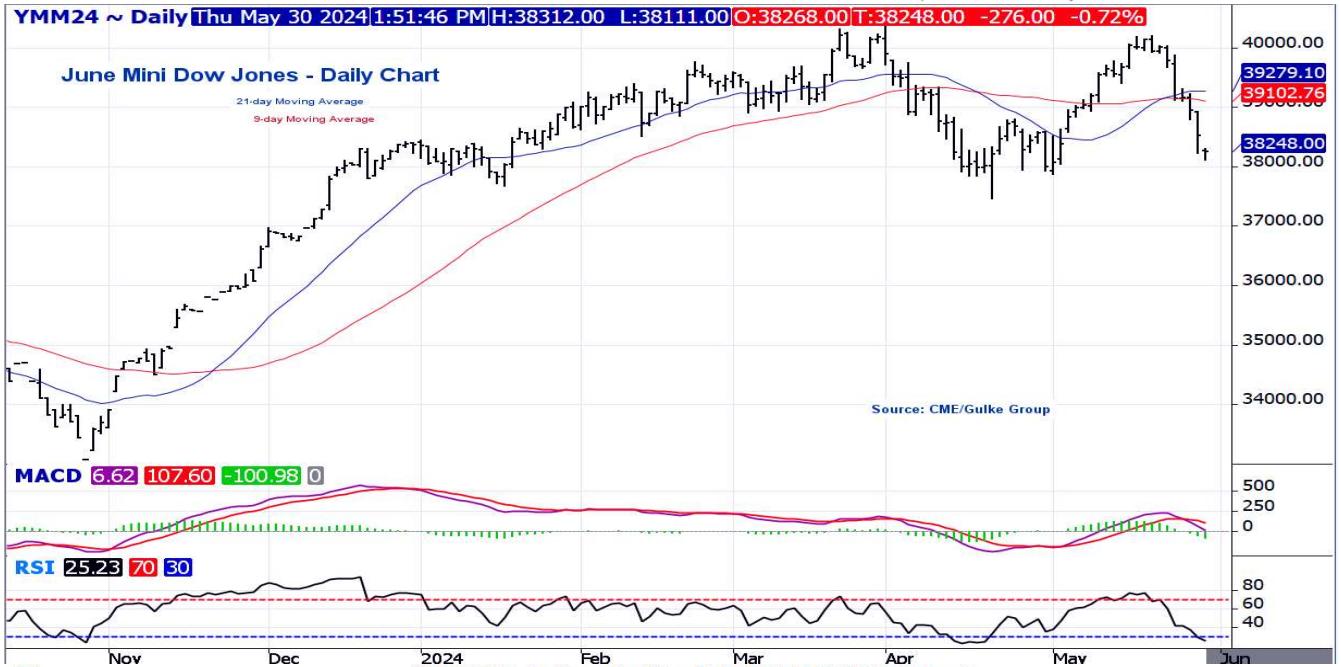
- Buenos Aires Grain Exchange kept their 23/24 Argentina Corn production steady at 46.5 mln mt. They estimated Argentina Corn crop conditions at 11% good to excellent, 42% fair, and 47% poor to very poor, that compares with last week's 11% good to excellent, 50% fair, and 49% poor to very poor.
- Buenos Aires Grain Exchange kept their 23/24 Argentina Soybean production estimate steady at 50.5 mln mt. They estimated Argentina Soybean crop conditions at 22% good to excellent, 48% fair, and 30% poor to very poor, that compares with last week's 25% good to excellent, 47% fair, and 28% poor to very poor.
- OPEC+ is working on a complex deal to be agreed at its meeting on Sunday that will allow the group to extend some of its deep oil production cuts into 2025, three sources familiar with OPEC+ discussions said.
- The condition of French soft wheat continued to deteriorate last week as wet weather persisted. France's ag ministry rated 61% of the country's soft wheat crop as good or excellent as of May 27, down two percentage points from the previous week. That's the lowest rating for this date since 2020. The good/excellent rating for winter barley fell to 64% from 66% a week earlier. The durum wheat rating was unchanged at 64%.

- The North Dakota Supreme Court ruled in favor of Summit Carbon Solutions, allowing the company to access land for survey purposes without landowner permission.** This decision supports a lower court ruling, affirming that survey access does not equate to an easement. Summit seeks property easements for a five-state carbon capture pipeline, securing over 80% of the North Dakota route through voluntary agreements. However, some landowners have resisted. The court ruled landowners could take legal action if Summit's activities cause damage or unreasonable interference. The North Dakota Public Service Commission, which denied Summit's permit last year, is reconsidering the application after allowing Summit to address its concerns.

## Technically Speaking:



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## Market Fundamentals:

Export Sales		5/17/24 - 5/23/24					
	Estimates	Net Sales		Accum. Exports	Year Ago Accum. Exports	This Week YOY % change	Last Week YOY % change
		23/24	24/25				
Wheat	100-500k	(60,900)	381,700	18,873,200	18,630,900	1.30%	0.49%
Corn	600k-1.4m	810,100	187,800	50,087,400	38,166,200	31.23%	29.75%
Beans	300-700k	329,400	6,900	43,211,000	50,963,300	-15.21%	-15.65%
Meal	200-550k	265,500	20,200	12,074,500	10,969,600	10.07%	11.78%
Soyoil	0-15k	10,200	0	141,300	126,600	11.61%	5.05%
Sorghum		61,600	0	5,223,000	1,776,900	193.94%	213.59%
Beef		15,700	0	456,000	487,200	-6.40%	-6.14%
Pork		44,400	100	915,600	933,700	-1.94%	-3.32%
Cotton		222,600	78,100	12,227,300	13,030,600	-6.16%	-5.94%

Source: USDA (FAS) - Gulke Group

**Wheat:** Net sales reductions of 60,900 metric tons (MT) for 2023/2024 were down noticeably from the previous week and from the prior 4-week average. Net sales of 381,700 MT for 2024/2025 primarily for unknown destinations (82,100 MT), Brazil (60,000 MT), Indonesia (55,500 MT), Japan (48,000 MT), and Mexico (47,000 MT). **Corn:** Net sales of 810,100 MT for 2023/2024 were down 11 percent from the previous week and 2 percent from the prior 4-week average. Increases primarily for Mexico (382,500 MT), Spain (165,000 MT), Japan (125,800 MT), **China (67,200 MT)**. **Soybeans:** Net sales of 329,400 MT for 2023/2024 were up 18 percent from the previous week, but down 5 percent from the prior 4-week average. Increases primarily for **unknown destinations (147,800 MT)**, **China (71,100 MT)**. **Soybean Cake and Meal:** Net sales of 265,500 MT for 2023/2024 were up 83 percent from the previous week and 35 percent from the prior 4-week average. Increases primarily for Colombia (50,500 MT), Vietnam (50,000 MT), Mexico (46,500 MT), Morocco (40,900 MT), and the Dominican Republic (30,000 MT). **Pork:** Net sales of 44,400 MT for 2024 were up 69 percent from the previous week and from the prior 4-week average. Increases were primarily for Mexico (23,200 MT), Australia (6,100 MT), Japan (3,600 MT), Canada (2,600 MT), and China (2,400 MT).

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## Yesterday's Trades:

**Corn** - For 2023 and 2024, sold 15% CZ 480 calls at 28 ½.

**Soybeans** - For 2024, sold 15% SX 1220 calls at 45 7/8.

**Wheat (all classes)** - For 2023, sold 20% in CASH vs. July at WN - 678 ¼, KWN - 711 ½, and MWN - 742 ½. For 2024, sold 15% in CASH vs. Dec at WZ - 723 ½, KWZ - 742 ¼, and MWZ - 765.

**Canola** - For 2023, sold 40% in CASH vs. Nov at 681. For 2024, sold 15% in CASH vs. Nov at 681.

**Cotton** - For 2023, sold 15% in CASH vs. July at 77.71.

**Response to advice was ok as we kept risk out of volatile futures and into short calls and cash sales. Odds are clients are sold out of cash already???**

**ADVICE:** No new advice---markets holding overnight gains pretty well. Biden pulled the rug out of ethanol for airline fuel—see news. Key today is to hold gains but likely they will be pared during the day? A new month ahead as we see the spec table now leaning short. Stay tuned.

**COMMENTS:** we'd expect some end-of-month recovery as prices have dropped significantly recently. The technical picture negative going into important growing weather—see charts above!! -It is important for grains to hold yesterday's lows. The market pretty much wiped out the gains for May in last few days. The stock indices are on the defensive again but end of month could create volatility but with the stock market still high, difficult to ascertain except trend is no longer up. Updated charts show the damage that was done!

**EXPORT SALES:** Export sales for the week ended May 23<sup>rd</sup> are included in the table above. Old crop corn and soybean sales were as expected; new crop sales were disappointing, particularly for soybeans. Beef sales were moderate- 35 mlbs and shipments of 35 mlbs. The usual buyers were noted, including about 6 mlbs for China.

Pork sales were active- 98 mlbs with Mexico accounting for about 50% of the business. Shipments were 76 mlbs.

**Weather:** Briefs in weather section above with not much change since yesterday. Hotter in west moving east so call it warm to hot in places. Some areas need the heat to dry out, otherwise with base of moisture likely good for crop with wheat areas getting moisture. Call weather outlook neutral to bearish.

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	5/31/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CN24	457	447 1/2	448 3/4	458 3/4	438 3/4	464 3/4	
CZ24	479 1/2	469 3/4	471	481 1/4	460 3/4		470 1/4
SN24	1220	1207 1/4	1209 3/4	1223	1196 1/2		1232 1/2
SX24	1201	1187	1190	1204 1/2	1175 1/2		1209 1/4
SMN24	374.1	362.3	363.6	375.6	351.7		374.6
BON24	45.90	44.91	45.72	47.21	44.23		43.30
WN24	693 3/4	673 1/4	681	702	660		674 1/2
KWN24	720 1/2	704	709 1/2	726 1/2	692 1/2	583 3/4	
MWN24	752 1/4	739	742	755 3/4	728 1/4	649 1/4	
LCQ24	180.500	178.500	179.775	182.275	177.275		179.600
LCV24	182.700	180.825	182.125	184.200	180.050		182.825
LHN24	97.525	95.875	96.950	98.800	95.100		96.325
LHV24	82.675	81.800	82.425	83.500	81.350		86.900
FCQ24	260.975	257.000	259.075	263.250	254.900		260.075
CTN24	82.17	77.21	77.760	82.92	72.60		78.65
CTZ24	78.43	75.56	76.510	79.43	73.59		76.60
SBN24	18.37	18.15	18.190	18.46	17.92		18.41
GCQ24	2373.7	2343.3	2363.70	2394.60	2332.80	2379.3	
NRN24	17.91	17.73	17.83	18.04	17.62		18.660
DJM24	38312	38111	38231	38452	38010		39925
CLN24	79.42	77.63	77.91	79.90	75.92	79.82	
NGN24	2.682	2.562	2.572	2.707	2.437		2.689
DXM24	105.14	104.575	104.695	105.46	103.94	105.050	
USU24	115 23/32	114 19/32	115 17/32	116 29/32	114 5/32		115 28/32

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