

June 26, 2024

Weather:

U.S. Midwest weather is still expecting a favorable mix of rain and sunshine over the next ten days

- **U.S. Delta and especially the southeastern states and the southern Plains will experience the most limited rainfall and temperatures will be warm to hot at times**
- **U.S. Far western states will continue dry for a while**
- Canada's Prairies will see a frequent succession of rain events separated by a little sunshine
 - Southwestern areas will receive the lightest rain for a little while longer
 - Degree day accumulations remain below normal and may raise some concern about crop maturity when the risk of autumn frost and freezes evolve
- Mexico drought remains significant in the west, central and north
 - Some relief is expected, although it may take a while for significant rain to evolve
- Central and interior western Europe will continue wet enough to slow farming activity at times in the next ten days
 - No excessive heat is expected, although warming is likely in the east and some highs in the 80s and 90s are likely to occur more frequently in the coming week
- Western CIS crop weather will trend drier and hotter this weekend through all of next week and into the following weekend
 - Some of the dryness in Russia's Southern Region and immediate neighboring areas is expected to expand to the north and west during the weekend and next week
- China's driest region in the North China Plain and lower Yellow River Basin is expecting rain
 - A first wave of rain from Henan and northern Anhui to northern Jiangsu, Shandong and Liaoning will produce 1.00 to 3.00 inches of rain Friday into the weekend
 - Other bouts of rain will impact all of the North China Plain and neighboring areas during the week next week and the following weekend
- India's monsoon will advance to the north favorably with many summer crop areas getting needed rain to support planting, emergence and establishment of summer crops
- Australia's winter crops will all have a good chance of getting at least some rain to support planting and establishment of winter wheat, barley and canola

News:

- Egypt's GASC announced they purchased 470,000 mt of Wheat at today's tender. The purchase included 180,000 mt of Romanian wheat, 180,000 mt of Russian wheat, 60,000 mt of Ukrainian wheat and 50,000 mt of Bulgarian wheat.
- A scientific institute in Argentina announced they've mapped the genome of the leafhopper insect. The discovery will help researchers understand the biology and evolution of the insect and hope to find methods to mitigate future outbreaks. The insect has spread a disease this season that stunts corn growth and is blamed for nearly 20% reduction Argentina's 23/24 corn crop output.
- Ahead of Thursday's quarterly USDA US hogs and pigs report, analysts are forecasting June 1, 2024, all hogs at 101% of the year earlier figure, that would be steady compared to the previous quarter. The kept for breeding estimate is expected at 97% and kept for marketing is expected at 101% of the year earlier level.
- **Russia's oil and gas revenue in June is set to rise by more than 50% year on year to \$9.4 billion, Reuters calculations showed, after a decrease in subsidies to refineries and reflecting the Russian economy's ability to limit the impact of sanctions.** These revenues have been the most important single source of cash for the Kremlin, accounting for around a third to a half of total federal budget proceedings for the last decade.
- Former Dutch prime minister Rutte was chosen as NATO secretary general. Rutte is described as fierce critic of Russia's Putin, and strongly backs Ukraine, and has in the past said the war Russia launched in Ukraine is far bigger than Ukraine itself, saying defeat of Russia on the battlefield is the only way to ensure peace in Europe.
- United Airlines Chief Sustainability Officer Lauren Riley emphasized the critical need for cooperation with the oil industry to make sustainable aviation fuel economically viable, citing the lack of infrastructure as a major hurdle in an interview with the Financial Times. **SAF, mainly made from recycled cooking oil and other sources like household waste, currently costs at least twice as much as traditional jet fuel.**
- **The Iowa Utilities Board approved the Summit Carbon Solutions pipeline allowing the company to use eminent domain to acquire land. Construction is slated to begin next year, aiming for operation by 2026.** The pipeline will transport liquified carbon dioxide from ethanol plants in Iowa and neighboring states to North Dakota. The approval is contingent on securing necessary permits in South Dakota and North Dakota. The pipeline will span over 2,000 miles, including nearly 700 miles in Iowa, with 75% of the Iowa route's landowners signing voluntary easement agreements. **Critics argue the pipeline benefits corporations at the expense of rural**

communities and poses safety risks without significantly reducing climate pollution.

Source: NASS and estimates by Reuters.

			<u>2024 US Plantings</u>	
	3/28/24 PLANTINGS Estimate	AVERAGE ANALYSTS' ESTIMATE	RANGE OF ESTIMATES	USDA FINAL 2023 PLANTINGS
Corn	90.036	90.353	89.000-91.300	94.641
Soybeans	86.510	86.750	85.500-87.500	83.600
Cotton	10.673	10.829	10.500-11.200	10.230
Oats	2.318	2.370	2.300-2.400	2.555
Sorghum	6.395	6.554	6.400-6.900	7.195
Rice	2.932	2.941	2.850-3.100	2.894
Barley	2.566	2.627	2.540-2.800	3.101
All Wheat	47.498	47.657	47.100-49.000	49.575
Winter Wheat	34.135	34.197	31.000-35.280	36.699
Spring Wheat	11.335	11.340	11.180-11.700	11.200
Durum	2.028	1.998	1.900-2.210	1.676

	<u>US QUARTERLY STOCKS AS OF June 1, 2024</u>			
	3/28/24 USDA Estimate	AVERAGE ANALYSTS' ESTIMATE	RANGE OF ESTIMATES	USDA June 2023 Estimate
Corn	8.347	4.873	4.675-5.013	4.103
Soybeans	1.845	0.962	0.861-1.015	0.795
Wheat	1.087	0.684	0.644-0.705	0.570

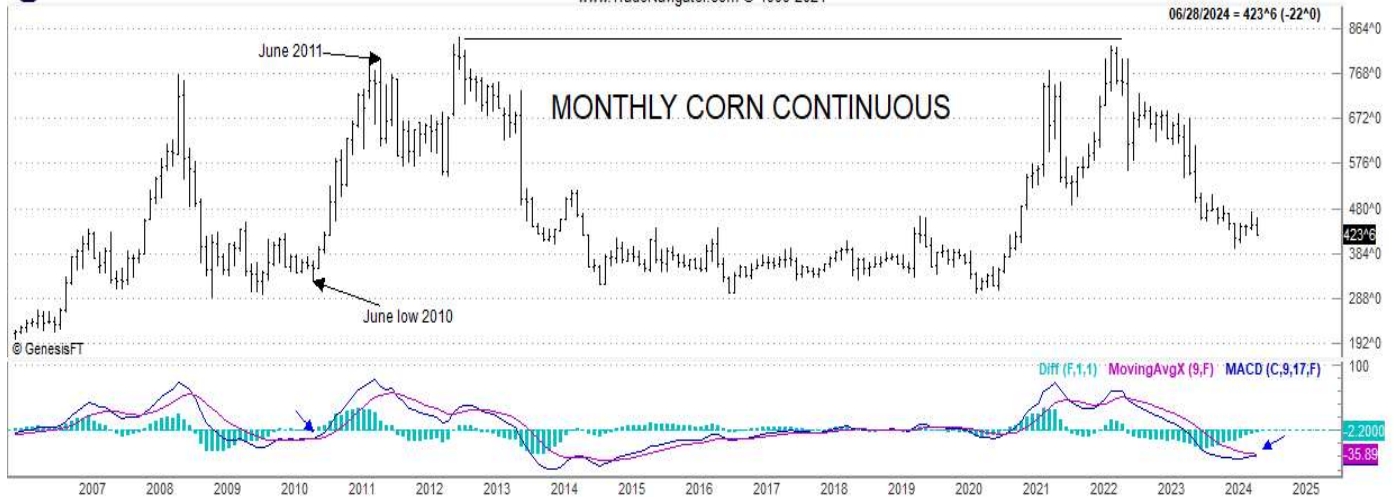
Technically Speaking:

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ZC-056: Corn CBT (Elec) Cont Exp @ CBOT (Monthly bars)

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Market Fundamentals:

Not to beat a drum to death especially when the market has already digested the information but keep in mind that many traders will at least at some level pay attention to the crop ratings and compared to last year at this time corn is 19% better than last year and the soybeans are 16% better in the G/E category. The numbers will go down as the crop damage from the rain, flooding and dam breaching is assessed but it is a lofty number compared to the numbers a year ago that produced arguably very good crops.

Yesterday there were rumors that someone in the US imported a barge of soymeal to the east coast. This needs to be a reminder that the US is uncompetitive and as fickle as these markets are that rumor is all it takes to completely turn around a previously very positive trading day. On Monday, analysts out said that the strength in the meal market is what prompted the soybeans strength, so it stands to reason that they also blamed soymeal for the down day yesterday. August Soymeal is basically in a sideways trading pattern stuck between the 50 and 100-day moving average as more information is needed. Product movement logistics are important here though.

November Soybeans look ominous at contract lows and lack of good information feels like bad information. We must face the fact that currently even at these prices we are just not competitive with SA. Where can we get some good information? Hopefully it will emerge in the stocks number but a concern there would be that it will have more of an impact on old crops while any increase in acres will be the focus on new crop. Just look at the spread action today and it will reveal that thought process. Hope is always a concern in the markets and if the average analyst is too low in their stocks guess the front month may have volatility on Friday. The other problem is that it is the end of the month and Friday is the first notice day so how will that be dealt with?

December Corn fills eerily like Soybeans and fundamentally I cannot find much new information to provide. A bright spot has been ethanol as margins have improved as price drops but is that

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really a bright spot? Export Inspections this week were good again and it does appear that we will meet the USDA's old crop projections or slightly exceed it but no real game changer seems in the wings that would alter stocks much. Moisture seems to accompany heat out into the 14-day outlooks. A few clients called asking why the market is discounting the corn acres that are under water and my comments was that those acres will be reflected in the harvested acres and that give the USDA ample time to "evaluate" them.

I would consider some profit taking here with the risk being that we have a repeat of the beginning of last month.

I am not sure I like selling calls with prices where they are but if you are bearish it will give you reduce some short-term exposure as we reassess the USDA report data and the early July action. We will discuss internally over the next few days and adjust accordingly. Stay tuned.

Yesterday's Trades: no new trades.

ADVICE: No New Advice.

COMMENTS:

Some important technical and fundamental prices that had formed over the last six months with seemingly solid resistance and areas that should have found support both again from a fundamental supply and demand situation and technically providing rationale to wait for Friday's report to make any new selling decisions. That was all destroyed yesterday as support levels gave way without much effort, on rains over areas that needed it while flooding perhaps a million acres that will likely show up as failed acres over time.

The market seemingly is saying that there is nothing in the offing, including Friday's report that will matter in the long run to get a significant recovery let alone a change in the long term 18-month downtrends. It is as if we have all the S American crops info we need as well as concerns for wheat in Russia let along implications of the on-going war and we have grown, harvested and put another record crop in the bin. It is difficult to find any year similar to where Ag grains and oilseeds were biased so negatively going into the June acreage/stocks report. The only one that comes to mind was in 2011. Prices slid down into the June 30th report only to reverse and put \$4.00 on the price.

Note today as back in 2011 the media was biased so negatively that projections of \$2.70 corn was in the offing. We even had clients call and ask what the heck we were thinking lifting hedges into what everyone knew was going to be a negative report. Also this month as in 2011 there was an odd circumstance where the monthly buy signal was close at hand. Just saying!!!

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	6/26/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CU24	440 1/2	429 1/4	431 3/4	443 1/2	420		439 1/2
CZ24	453	441	443	455 1/2	430 1/2		474 3/4
SQ24	1162	1140 3/4	1145 1/2	1167 1/4	1123 3/4	1159	
SX24	1131 1/2	1107	1111 1/2	1136 1/2	1086 1/2		1137
SMV24	344.0	335.8	339.3	348.0	330.6	342.4	
SMZ24	347.7	338.7	342.7	351.9	333.6	342.7	
BOZ24	43.95	42.70	42.82	44.57	41.07	43.84	
WU24	574 1/2	558 3/4	560 1/2	576 3/4	544 1/4		571
KWU24	591	579 1/4	581 1/2	593 3/4	569 1/4		587 1/2
MWU24	616 1/2	602	603 1/2	618 1/2	588 1/2		613 3/4
LCQ24	185.125	183.950	184.425	186.100	182.750	179.375	
LCV24	184.950	183.800	184.350	185.700	183.000	181.375	
LHQ24	88.675	86.400	86.750	89.225	84.275		86.725
LHV24	75.300	73.400	73.600	75.700	71.500		86.900
FCQ24	260.450	258.200	259.050	261.500	256.600	261.625	
CTZ24	75.18	72.90	75.070	77.40	72.74	73.34	
CTH25	76.47	74.31	76.420	78.78	74.06	76.45	
SBV24	19.75	19.22	19.490	20.07	18.91	19.58	
GCQ24	2349.7	2327.1	2331.40	2354.50	2308.30		2331.40
NRX24	15.67	15.65	15.59	15.64	15.54	15.670	
DJU24	39928	39393	39526	40081	38971	39524	
CLQ24	81.9	80.55	80.83	82.38	79.28	78.26	
NGQ24	2.951	2.831	2.863	2.998	2.728	2.946	
DXU24	105.43	105.030	105.285	105.89	104.69		103.487
USU24	120 20/32	119 27/32	120 5/32	121 6/32	119 4/32	118 30/32	

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