

**July 18, 2024**

# ****Weather:****

**WORLD WEATHER HIGHLIGHTS FOR JULY 18, 2024**

·         No tropical cyclones are present in the world today, although the environment is becoming more favorable for tropical cyclone development in the western Pacific and East China Sea for this weekend and next week; China may be threatened initially by the expected storms

·         Additional heavy rain in parts of Henan, southern Shandong and northern Jiangsu, China Wednesday continued flooding in the region

·         Dry areas in northern parts of the North China Plain and Inner Mongolia should get needed rain late this weekend and especially next week

·         Central India is still expecting significant rain later today that will last at least a week that will saturate the ground and eventually induce some flooding

·         Europe weather is expected to be favorably mixed with periods of rain and sunshine in the next ten days

o   Some relief from dryness and heat is expected in southeastern Europe periodically late this week into next week, but a general soaking rain is unlikely for a while

·         Dryness from eastern Ukraine in western Kazakhstan and areas north into the middle Volga River Basin will prevail through the weekend and then there will be some “gradual” increase in showers that may “eventually” bring some relief to the region

o   Most of the serious crop and livestock stress has been confined to eastern Ukraine, Russia’s Southern Region and western Kazakhstan

·         Argentina is still expecting showers later this week into next week that will improve soil moisture for winter wheat and barley

·         Brazil will experience net drying during much of the coming ten days supporting good Safrinha harvest and maturation conditions

·         No changes in Australia, Africa or Mexico

**·         U.S. weather will be driest in the central and eastern Midwest through Monday while rain develops in the far western Corn and Soybean Belt Friday into the weekend**

**·         U.S. Delta, southeastern states and the southeast half of Texas will trend wetter next week**

**·         Western U.S. and much of the Canada Prairies will be dry biased and warm to hot over the next ten days**

# News:

* **USDA reported private sale of 510,000 metric tons of soybeans for delivery to unknown destinations during the 2024/2025 marketing year along with announcing another private sale of 150,000 metric tons of soybean cake and meal for delivery to unknown destinations during the 2024/2025 marketing year.**
* Japan's AG Ministry on Thursday announced they bought a total of 115,208 mt of Canadian and US wheat.  The total included 59,890 mt of Canadian red spring, 29,390 mt of US white, 13,638 mt of US DNS, and 12,290 mt of US HRW wheat.
* On Wednesday, trade sources estimated some 40,000 mt of US origin mill grade Wheat was purchased by South Korean flour mills. The grain is for shipment in the first half of October, a number of varieties were purchased.
* Trade sources say Algeria's has bought around 700,000 mt of mill wheat today. Origins are said to be of Black Sea, including Ukraine, Russia, and Bulgaria. The grain is for shipment in either the first half or last half of September, or August if from Australia or South America.
* **China’s exports of urea plummeted to 140,000 MT during the first half of this year, down 86.2% from the same period last year.** Exports of di-ammonium phosphate (DAP) during the January to June period dropped 37% from a year ago to 1.51 MMT, while mono-ammonium phosphate (MAP) exports were virtually unchanged at 930,000 MT.
* **Senate Minority Whip John Thune (R-S.D.) anticipates the new farm bill will be completed in 2025.** Speaking at a CNN/Politico event during the Republican National Convention, Thune, who aims to become the GOP Senate leader, expressed doubts about finishing the bill this year. He emphasized its importance to his state’s economy but acknowledged significant differences that will likely delay its completion until next year.
* International Grains Council raised their 24/25 global Corn production outlook by 2.0 mln mt to 1.225 billion mt and raised their 24/25 global Wheat production outlook by 8.0 mln mt to 801 million mt.
* India is likely to cut the floor price for basmati rice exports and replace the 20% export tax on parboiled rice with a fixed duty on overseas shipments, government sources told Reuters. India is expected to lower the minimum export price for basmati rice to $800.00 to $850.00 per metric ton from $950.00 a ton currently to boost shipments. New Delhi would also review the export ban on non-basmati white rice after assessing the progress of rice planting, the sources said. The country’s rice stocks at state warehouses jumped to 48.51 MMT as of July 1, the highest ever for the month and nearly 19% more than last year, according to the Food Corporation of India.
* Buenos Aires Grain Exchange report suggested over the coming days cold temperatures will pull back from the country's main growing regions.  However, little precip is expected although light snow showers are still a possibility.  After the respite another cold front is expected to pass through most ag areas albeit not as cold as previous snaps.
* **The ethanol side of the EIA weekly report showed Ethanol production on jumped +5% from the prior week. The resulting 1.106 mil bbl/day rate would yield 325 million ethanol gallons on the week, consuming 112 million bushels of feedstock.  Over a marketing year, that rate would utilize over 5.8 billion bushels of corn, which is substantially above the YTD grind average.**  Blender demand fell -4%, which was more than we expected and likely represents a combination of post-holiday influences and the hurricane.  Ethanol exports were also much lower due to the hurricane, falling to 70k bbl/day versus 182k last week.  There were no imports reported.  So, despite a large rise in production and steep drop in demand, ethanol inventory still declined -1.9% on the week vs being almost flat the prior week.
* **Chinese June Customs Data:**
	+ 2024 Corn imports at 920,000 mt, that's off -50% from the year ago month.  Year to date imports have totaled 11.05 mln mt, that's off -8.2% from the year earlier period.
	+ 2024 Wheat imports at 1.19 mln mt, that's up 44% from the year ago month.  Year to date imports have totaled 9.28 mln mt, that's up 16% from the year earlier period.
	+ 2024 Barley imports at 820,000 mt, that's off -27% from the year ago month.  Year to date imports have totaled 8.48 mln mt, that's up 66% from the year earlier period.
	+ 2024 Sorghum imports at 930,000 mt, that's up 61% from the year ago month.  Year to date imports have totaled 4.58 mln mt, that's up 106% from the year earlier period.
	+ 2024 Pork imports at 90,000 mt, that's off 33% from the year ago month.  Year to date imports have totaled 51,000 mt, that's off -45% from the year earlier period.

# Technically Speaking:

# Market Fundamental

**WASDE SHOCK:** The media was reflecting surprise that the USDA came up with more 2023/24 usage for both Feed & Residual and Exports all of a sudden and by a significant amount. This lowered corn ending stocks and was reflected in the new marketing year 2024/25 currently being grown. We addressed this on April 2 as to suspicion that stocks then were overstated by about 700 mil-bu. USDA has slowly whittle down that number with last week another example increasing F&R 75 mb and exports 75 mb. WASDE will say they are data driven and report what are facts, not inuendo.

In a personal meeting with WASDE some years ago I was told directly by Jerry Bange. then head of the agency. that “they report on facts not inuendo or speculation; that is your job Jerry not ours”. Yet in the fine print of last week’s WASDE they mentioned that “due to the low prices of corn, more feed will be used”; they in fact speculated on the future feed bias. Their explanation for increasing exports was due to the on-going weekly inspections reports rising over last year and again speculated it will improve even further for 2023/24 and continue into 2024/25 balance sheet as will feed. **Here comes the rub!!!**

Thinking out of the box, what do we think would have been the low end of prices in our price discovery system had the current information been stated or speculated six months ago projecting lower carry-out stocks all this time? What would have been the price of corn received whether one sold at the top or into Feb 26, June 28 or even until Sept 28th when USDA may reconcile more. The advantages of tighter stocks than calculated in S/D tables are obvious; the shortfall in gross income received can be estimated as well!

Humans make estimates and mistakes; we all make them. But when religious-type numbers are released the world trades accordingly and a price is discovered based on those fundamental facts especially when stated by USDA**. If USDA is going to speculate on higher feed demand, why not speculate sooner than later?**  Once the ship/semi load of corn has sailed, lost income opportunities are also gone. To find out on September 30th that demand was better than expected or that the stocks just weren’t there, and on-farm stocks are/were possibly fraught with error, it is too late. If there is a further reconciliation on September 30 as I suspect, there must be an explanation. If I am wrong and old crop supplies continue to increase, then so-be-it. Like Jerry Bange told me a decade or more ago, my job is to estimate, their (WASDE) job is to state facts. Think what prices would have been the second quarter of 2024 had we seen 700 mil-bu less stocks at the end of the marketing year than what was stated April 12th considering the S American critical growing period.

The huge variability of basis in N IL of -32 in corn versus +40-50-60 in IA where huge on-farm stocks are supposedly held, +80 in parts of KS and +$1.20 in TX along with end users saying they can’t find corn may explain in part the 700 mil-bu dilemma discussed above? Unfortunately, we will find in a situation (as my father would say) “too soon wrong, too late smart”.



**Yesterday’s Trades: No New Trades**

**ADVICE: No new advice---soy complex still under pressure and corn is this morning. Each new low give and opportunity for buying to come in and a reversal in the downtrend to occur; yet today any rally is feeble and met with selling.**

**COMMENTS: Flash sale this AM:** 510,000 metric tons of soybeans for delivery to unknown destinations during the 2024/2025 marketing year. 150,000 metric tons of soybean cake and meal for delivery to unknown destinations during the 2024/2025 marketing year. This is not included in the weekly exports released 7:30 am today shown above, yet soybean complex prices didn’t react much—and post 8:30 am even weaker.

The excellent basis in the WCB and difficulty in sourcing corn continues to beg the question of “where are all those stocks”. A re-discussion on WASDE’s sudden increase in usage is discussed above –it came after the stocks report the end of June which is interesting. It is like there was a sudden discovery that the balance sheet may have had a question? Marketing is difficult enough without having to suspect the S/D. If USDA is going to speculate on the future, perhaps doing it sooner rather than later would help us all. We continue to hear that there is questionable looking corn in northerns and the IA sect of Ag on the radio this morning addressed that issue in parts of IA and we hear it is evident in MN and eastern ND as well----COMMENTS?

There is some speculation that a lot of DP corn/beans are sitting waiting for that cut-off date perhaps mid-next month? The speculates that the grains are coming to market about the time new crop harvest starts and all the while S America is selling competitively. Yet today we see the biggest sale of beans in a while along with more soymeal.

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RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH RE 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. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THES IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. THE GULKE GROUP HAS HAD LITTLE OR N\O EXPERIENCE IN TRADING ACTUAL ACCOUNTS FOR ITSELF OR FOR CUSTOMERS. BECAUSE THERE ARE NO ACTUAL TRADING RESULTS TO COMPARE TO THE HYPOTHETICAL PERFORMANCE RESULTS, CUSTOMERS SHOULD BE PARTICULARLY WARY OF PLACING UNDUE RELIANCE ON THESE HYPOTHETICAL PERFORMANCE RESULTS. This composite performance records are hypothetical and are used as a guide for position tracking purposes. Execution prices are an average execution price of the first ten trades recorded after advice has been posted and commonsense. In the event less than 10 trades are executed, prices will be determined by looking at fills, in relation to when the advice was given to clients, and a commonsense price will be determined. If no trades are executed, prices are determined by looking at a 1 min chart to determine the tracking price. The closing price on the previous day is used to determine the P/L listed in the Morning Comments and are net of average round turn commissions of $33.00 for futures and $36 for options and round turn fees of $5.34 for grains and $5.50 for livestock (these fees may change at any time by the CME). One of the limitations of a hypothetical composite performance records is that client decisions relating to the recipient’s advice may or may not elect to act upon such advice and timing of execution by clients of advice may create a difference in the execution price represented in the matrix below. Therefore, composite performance records may differ which may materially affect trading results.

