

July 3, 2024

Weather:

U.S. MIDWEST

- *Heavy rain and some local flooding occurred in and near parts of northern Missouri Tuesday while rain fell from eastern Nebraska and eastern Kansas to west-central and northern Illinois and Wisconsin outside of northwestern areas with much of the rain falling on areas that already had moist soils.*
 - Rainfall totals in northern Missouri were 0.86 to 3.64 inch with some pockets of heavier rain suspected while eastern Iowa into nearby Illinois and Minnesota as well as southern Wisconsin received 0.87 to 2.07 inches with a few pockets of lighter rain.
 - Most other areas in the region described received 0.10 to 0.70 inch with local totals to 1.75 inches.
 - *Additional rain fell Tuesday night into this morning on the driest areas from east-central Missouri to central Illinois with rain extending into central Missouri and portions of northern Illinois.*
 - Estimated rainfall totals were 0.40-1.60" and locally more.
 - High temperatures from southeastern Nebraska and eastern Kansas to Illinois to Ohio and Kentucky were in the 80s and lower 90s Fahrenheit with a few middle and upper 90s from eastern Kansas to east-central Missouri.
 - Highs elsewhere were in the upper 60s and 70s with some lower 80s in the west and south and some lower to middle 60s in northern Wisconsin.
 - Lows this morning were in the upper 50s through the lower 70s with some middle 70s in the south and middle 50s in a few far northwestern locations and in a part of interior southwestern Iowa.
- Minor to moderate flooding was occurring along portions of the Middle Mississippi and Lower Missouri Rivers this morning with parts of the Mississippi River in eastern Iowa at major flood stage and additional increases in water levels are expected during the next week.
 - The Illinois and Ohio Rivers were below flood stage this morning and water levels will not change much through the next week.

Forecast Overview and Crop Impacts

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- ***The Ohio River Basin has missed much of the significant rain and increases in soil moisture seen in the remainder of the Midwest recently and multiple rounds of rain and through Monday along with mostly mild temperatures through the next week will improve conditions for crops and induce some increases in soil moisture.***
 - ***The remainder of the Corn Belt will also see multiple rounds of rain through Monday that will keep the soil moist and maintain high yield potentials.***
 - Temperatures will be near to below normal overall through the next week in central and western and near to above normal in easternmost areas with today warmest when the Ohio River Basin warms to the lower to middle 90s while highs in the middle 70s through the 80s are most common overall.
- ***A drier weather pattern will return Tuesday through July 17 and much of the Midwest will dry down significantly while soil moisture in place should support corn pollination and general crop development.***
 - ***There is some potential for warmer temperatures to return late next week into the following weekend increasing evaporation rates and raising the need for rain in the third week of the month to ensure production potentials remain high.***
 - The Ohio River Basin is not likely to receive enough rain through Monday to fully restore soil moisture and should be the first region to see short topsoil moisture return while some of the wetter areas in the western Corn Belt will initially benefit from the drying.

Precipitation Forecast Details

- Another round of rain will occur today into Friday when much of the region from eastern Kansas to southern Ohio and Kentucky receives 0.50-2.0" and locally more with similar totals from eastern South Dakota to central and northern Wisconsin.
 - Most other areas will receive up to 0.75" and locally more with a few locations left dry.
- Additional rain will begin in the west Saturday before spreading into much of the remainder of the Midwest Sunday into Monday and 80% of the Midwest will receive up to 0.75" of rain and locally more Saturday into Monday.
 - Eastern Nebraska to Wisconsin will be wettest and parts of the region will receive 0.50-1.50" of rain and locally more while the Ohio River Basin is driest.
- Showers will bring up to 0.50" of rain and locally more to 10-25% of the Midwest most days Tuesday through July 17 with northern and eastern areas wettest.

Temperature Forecast Details

- High temperatures today will be in the 80s and lower 90s with some middle 90s near and south of the Ohio River and some upper and a few middle 70s in the far northwest.

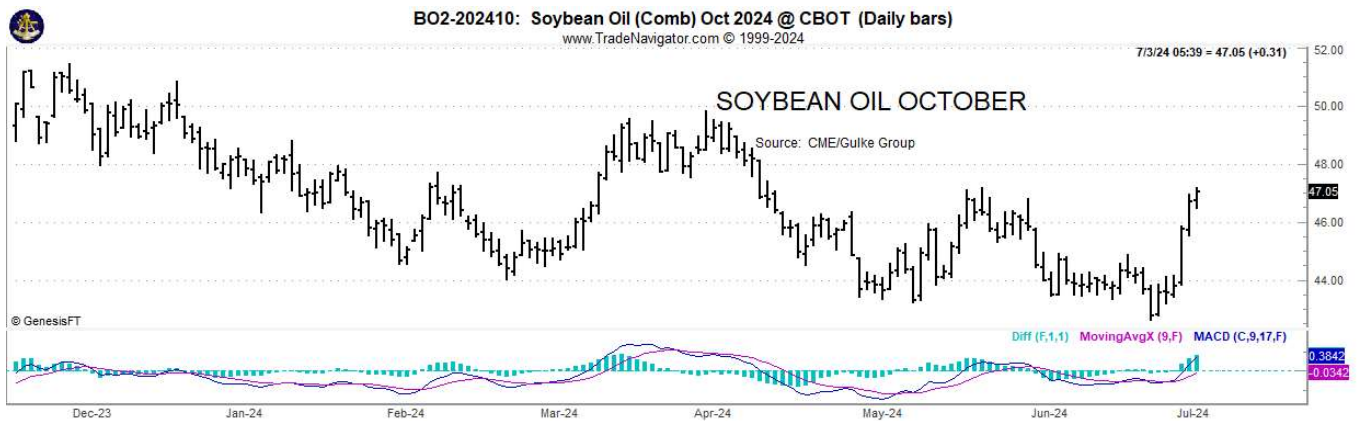
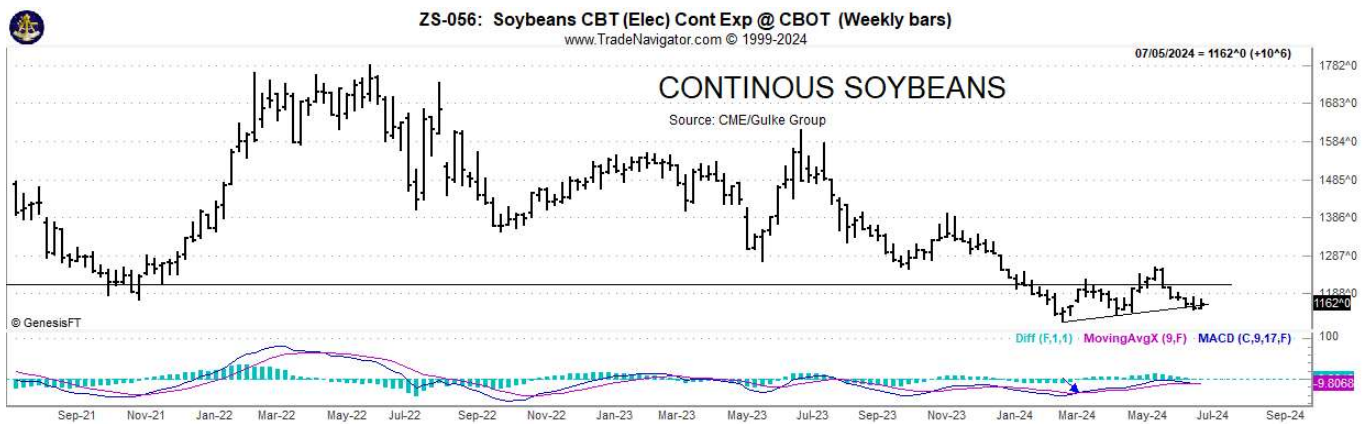
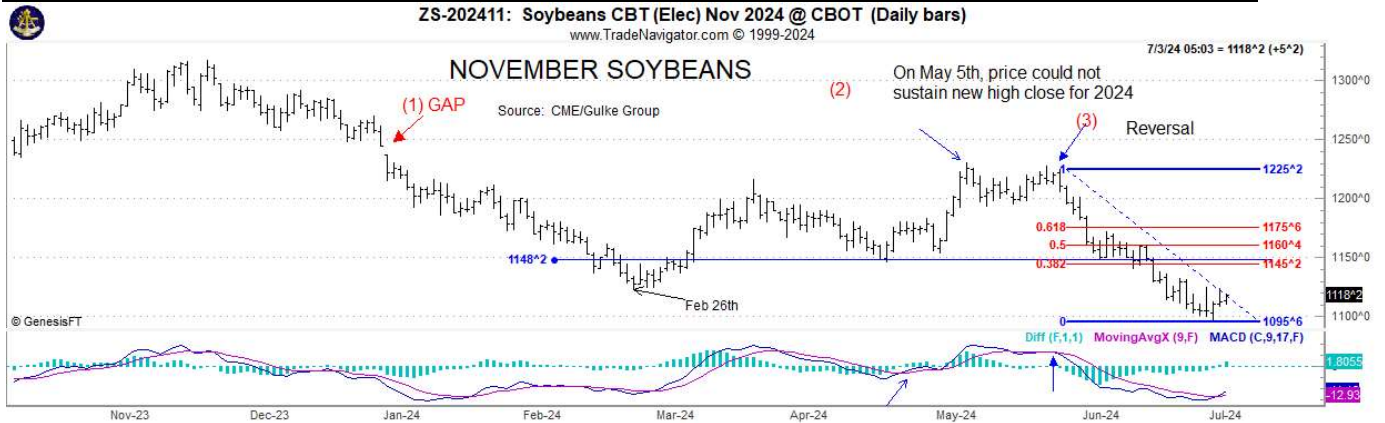
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- Highs Thursday and Friday will be in the middle 70s through the 80s with a few lower 90s in the south Thursday and some lower 70s and a few upper 60s in northern parts of the western Corn Belt each day.
 - Saturday through next Wednesday's highs will be in the upper 70s and 80s with a few lower 90s in the south Sunday and a few slower to middle 70s in the north-west most days.

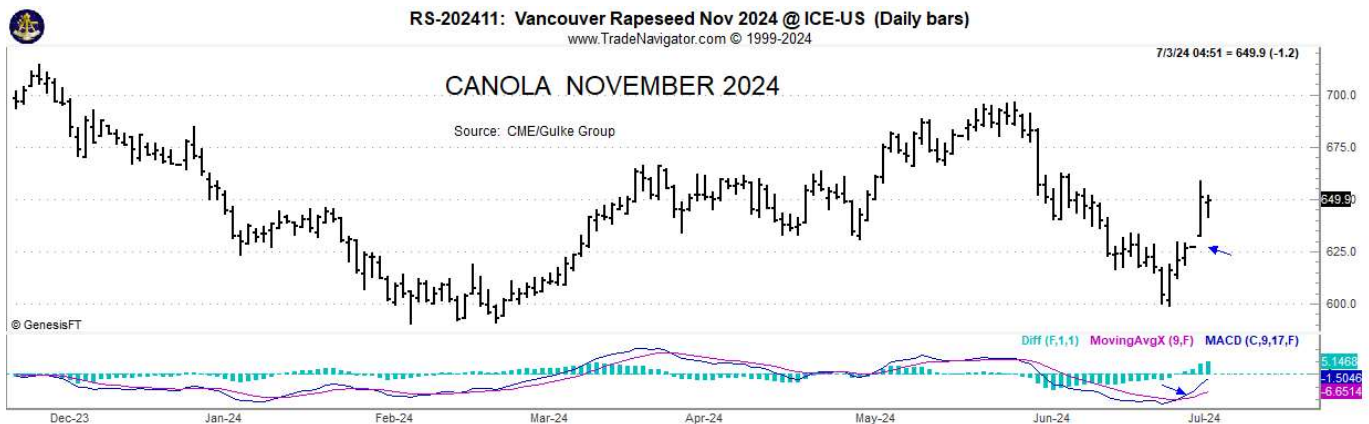
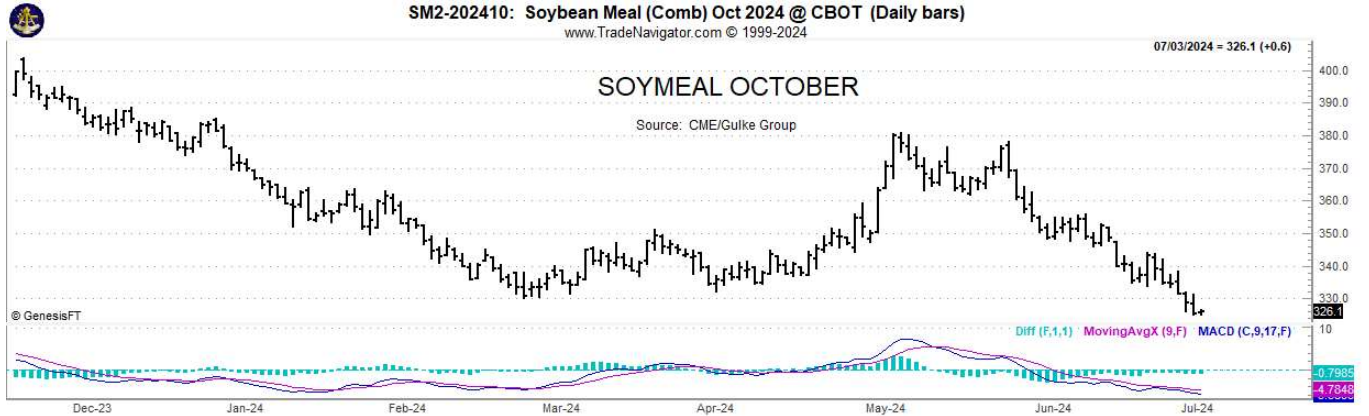
News:

- **USDA reported private sale of 110,100 metric tons of soybeans for delivery to unknown destinations. Of the total, 55,100 metric tons is for delivery during the 2023/2024 marketing year and 55,000 metric tons is for delivery during the 2024/2025 marketing year.**
- Grain trade sources reported 60,000 mt of South American Soybean Meal was bought by South Korea's Major Feedmill Group.
- **SovEcon analysts raised their 2024 Russian Wheat harvest forecast to 84.1 mmt from the prior estimate at 80.7 mmt.**
- Cargill officials say they plan on resuming slaughter at their partially damaged Dodge City, KS facility. The plant had a partial roof collapse over the weekend due to heavy rain.
- **As China's COFCO works on expanding a key Santos Brazil port terminal next year, they're forecast Brazil's 2024/25 corn and soybean harvests bigger than this year's crop. The company said their plans are to boost export capacity to around 14.0 mln mt per year from the current 4.5 mln mt, on the expectation that their grain business will grow "enormously" in Brazil.**
- **After finishing a second season Brazil Corn crop tour, analysts at AgroConsult Tuesday projected the 23/24 safrinha crop at 100.5 mln mt, up from their 96.7 mln mt estimate before the tour.** The group lowered their estimate of 23/24 Brazil corn exports to 42.1 mln mt from the prior marketing year's 54.7 mln mt. They note strong competition from Argentina and falling Chinese demand for the lower export expectations.
- **OPEC oil output rose in June for a second consecutive month**, a Reuters survey found, as higher supply from Nigeria and Iran offset the impact of voluntary supply cuts by other members and the wider OPEC+ alliance. The Organization of the Petroleum Exporting Countries pumped 26.70 million barrels per day last month, up 70,000 bpd from May, according to the survey.
- **The Civil Aviation Authority of China launched the country's first technical center for sustainable aviation fuel that focuses on standard setting and product research.** China is expected to unveil this year its policy on the use of SAF for 2030 that could spur billions of dollars of investment. **The country currently does not produce SAF commercially for domestic use.**

Technically Speaking:



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Market Fundamentals:

Soy Complex: Looking at the beginning of a new month for marketing direction especially as it relates to the one just expired (July vs June) can offer some guidance.

The historical chart observations show the importance of the first trading day of 2024 with a gap down. Support in late Feb on the perception of a price capitulation and a marketing low appears to have had a repeat again as another decision to hold or fold forced the end of last week along with the major crop report. The question now ask is “if there is any hope for soybeans”?

Looking at the chart below it looks like February 26th suggests a rally of some magnitude. Post the February 26th debacle, November soybeans rallied back nearly 2/3rds of the loss from Jan 2.

A meager 38%, a traditional % rally after a large loss would take soybeans back to retest the lows of mid-April (beginning of planting) and the first two weeks of June before collapsing once again. Expecting a repeat of a 2/3 recovery again may be too much to ask without an obvious weather-related problem or of finally seeing the USDA recognize a poorer crop in S America than they have previously admitted to.

The continuous price chart reflecting the lead contract traded is shown on a price chart. For example, March, then May then July and now August which shows the up-front demand. Oddly enough front months have been inverted to November’s harvest despite S America’s crop. July, in delivery, is 50 cents higher than November basically telling the holder of inventory to sell now or I’ll pay you less at harvest, yet the inversion continues. This inversion, opposite of what we saw in corn (in a carry market) has some global traders anxious for S American harvest to begin to weigh on spreads.

Is the crop overstated by the USDA in S America as most think or are farmers just not selling. Or is there an underlying potential that the crop yield for soybeans last year just wasn’t there and the inverted market is an indication. Nevertheless, prices are doing what they do best, seeking a level for competitive demand or reflecting the truth of real availability. The July 12 WASDE is another chance to reconcile differences. The June report last week dealt a devastating blow that may have discounted price quickly. A close over \$11.33 on July 5th would suggest best case production has been discounted and produce a weekly key reversal higher.

In the meantime, there may be optimism in the trade for some sort of weather premium coming back into the marketplace as July/Aug have historically had a bigger impact on yields than June.

Yesterday's Trades: no new trades.

ADVICE: No New Advice--- For reasons stated below, it is tempting to take profits in soybean hedges risking a close below \$11.00

COMMENTS: The focus today is on the soy complex! Wheat looks more positive technically like beans. Corn got the wind sucked out last week and looks like a pause in the making but weather is not threatening in the 10-day outlook. LC, LH and FC had a good day yesterday just when traders were getting cautious on demand.

PRICE ACTION: While the June report last week reaction was negative, an interesting development in new crop soybeans and the soy complex has occurred. Referencing the charts above:

- **SX completed a 4-week cycle down erasing the 12-week up move from Feb 28 to May 28th.**
- **SX has posted the first daily buy signal since the sell signal four weeks ago.**
- **SX tested the \$11 level, long considered a longer-term support.**
 - **WASDE found less planted**
 - **Dr. Cordonnier estimates 500,000 less harvested as well**
- **A 4-week retracement of first 38% to \$11.50 area seems reasonable even given the negative global fundamentals and China's non-involvement in US purchases for 2024/25 marketing year.**
- **Post July 4th action and the July 12 WASDE are key elements.**
- **The continuous soybean weekly chart that reflects up-front old crop demand has kept a positive bias for weeks and reflects a pretty strong 3-pt uptrend, as July futures in delivery has held the inverted soybean market surprisingly well, so far!**
- **The soy oil situation has been explosive since the first notice day. Canola and palm oil have also rallied. Maybe the edible oil fiasco has run its course, and the Dems or Reps will act????**
- **Soymeal has reflected and inverted market with July \$50 over October. Global traders expected July to succumb to Argentina supplies but it has been October future that have had a continuous down move—see chart above.**
- **If there is a concern, it is that the spec table is long oilseed complex**
- **WARNING: Don't drink a 5th on the 4th or you may not come forth on the 5th**

Gulke GroupSpec Table Buy/Sell Stops				(*New Positions in BOLD)			
	7/3/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CU24	413 3/4	405 3/4	408	416 1/2	399 1/2		416 3/4
CZ24	426 1/2	419 1/2	421 1/4	428 3/4	413 3/4		428 1/4
SQ24	1161 3/4	1143 3/4	1150 1/4	1168 3/4	1131 3/4	1159	
SX24	1124	1108 3/4	1113	1128 3/4	1097 1/4	1115 1/4	
SMV24	331.6	325.2	325.5	332.4	318.6	342.4	
SMZ24	334.9	327.9	328.3	335.5	321.2	342.7	
BOZ24	46.94	45.53	46.72	48.63	44.81	43.84	
WU24	590 1/4	578 1/2	581	593 1/4	568 3/4	576 3/4	
KWU24	598 3/4	588	592 1/4	603 1/2	581		577 1/2
MWU24	636 1/4	625 1/4	631	642 1/2	619 1/2	617	
LCQ24	185.475	184.350	185.100	186.725	183.475	179.375	
LCV24	185.725	184.250	185.650	187.325	183.975	181.375	
LHQ24	90.075	87.625	89.775	92.425	87.125	89.225	
LHV24	74.875	73.575	74.275	75.775	72.775	75.700	
FCQ24	261.600	257.450	261.100	265.450	256.750	261.625	
CTZ24	73.75	72.30	72.700	74.20	71.20		74.34
CTH25	75.29	74.04	74.390	75.84	72.94		75.63
SBV24	20.78	19.93	20.610	21.51	19.71	19.58	
GCQ24	2346.1	2327.4	2338.60	2357.80	2319.40	2341.2	
NRX24	15.34	15.26	15.26	15.38	15.15		15.350
DJU24	39694	39338	39688	40064	39312		39368
CLQ24	84.38	82.72	82.81	84.67	80.95	78.26	
NGQ24	2.484	2.415	2.435	2.519	2.351	2.946	
DXU24	105.74	105.360	105.375	105.96	104.80		103.487
USU24	117 1/32	116 9/32	116 21/32	117 21/32	115 21/32		119 4/32

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.

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