

**July 8, 2024**

**Weather:**

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**WORLD WEATHER HIGHLIGHTS FOR JULY 8, 2024**

- Hurricane Beryl moved inland the upper Texas coast early this morning
  - The storm's path was adjusted during the weekend taking the storm out of South Texas and the Texas Coastal Bend as was predicted Friday – the change has greatly reduced the potential impact from the storm on agriculture
- U.S. weather in key grain and oilseed production areas still looks favorable during the next ten days to two weeks with timely rain and no extreme heat
- Extremely hot conditions did occur during the weekend in California, the Pacific Northwest and the southwestern desert region
  - Extreme highs reached 119 in northern California, 123 in southern California and 105 in the Yakima River Basin
  - These temperatures were brutal on livestock and crop development
    - Reduced milk production is expected from California this month because of the heatwave and if the heat prevails too long there may be some negative impact on fruit and vegetable production
- Russia's Southern Region, eastern Ukraine and the lower Volga River Basin along with western Kazakhstan will be dry and very warm to hot this week stressing crops and livestock and accelerating the region's drying trend
- Weekend highest temperatures in Russia's Southern Region varied from 100 to 108 degrees Fahrenheit (38-42C)
- Southeastern Europe was also experiencing dry and warm biased weather during the weekend and that may prevail for much of the coming ten days depleting soil moisture and increasing the potential for livestock and crop stress
- Frequent rain in parts of the U.K., France, Germany and Poland will raise some concern over the harvest of winter crops and a possible decline in crop quality
- Too much rain is expected between the Yellow and Yangtze Rivers in China in the next ten days resulting in some potential for rice and a few other crops to be damaged
- Greater rain in the North China Plain next week should bring some welcome relief after recent drying, although confidence is not high
- India's monsoon will produce an above average amount of rain across central and northeastern parts of the nation this week resulting in saturated soil and possible local flooding

- Brazil will be wetter than usual from Mato Grosso do Sul to Sao Paulo, Parana, Santa Catarina and northern Rio Grande do Sul in the coming week resulting in delays to farming activity as well as a slowing of Safrinha corn maturation and harvest progress
- Argentina will be dry for the next ten days supporting all kinds of fieldwork, but the need for winter crop moisture will steadily rise
- Australia will continue to get timely rainfall during the next ten days supporting its wheat, barley and canola establishment
- Canada's southwestern Prairies are expecting dry and very warm to hot weather later this week into next week
- Northern and eastern parts of Canada's Prairies are likely to see strong to severe thunderstorms during the latter part of this week, the weekend and next week

## News:

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- **USDA reported private sale of 135,636 metric tons of corn for delivery to unknown destinations. Of the total, 50,800 metric tons is for delivery during the 2023/2024 marketing year and 84,836 metric tons is for delivery during the 2024/2025 marketing year.**
- **AgRural analysts estimated center-south Brazil second season Corn harvest at 63% complete, up from 49% in the prior week, and well ahead of the 26% pace in the year earlier week.** Above average temps and dry weather have helped farmers harvest operations. The harvest was most advanced in Mato Grosso and Parana.
- In the latest USDA attache report from China, the post there is forecasting that country's 24/25 MY soybean production at 19.6 mmt, and 24/25 rapeseed production is seen at 15.8 mmt on slightly higher acres and yields. It kept their 24/25 marketing year soybean imports unchanged at 103 mmt.
- **Sinograin execs were admonished by Chinese state media for allegedly using fuel tankers to transport cooking oil, setting off worries of contamination. Local media say the tanker use is an "open secret" and was not cleaned between fuel and cooking oil shipments.**
- **The Rosario Grain Exchange projects 2024 Argentina's beef consumption will fall to its lowest level since record keeping was started in 1919. They expect only 44.8 kg of consumption, below the historical average around 73 kg.** Consumption is said to have taken a hit due to hyperinflation, recession and the rise of poverty. While cheaper alternatives like pork and chicken have seen upticks, overall animal protein consumption is forecast 9% lower this year versus last year, and at its lowest since 2011.
- The U.S. exported 258.9 million lbs. of beef during May, down 589,000 lbs. (0.2%) from April and 7.8 million lbs. (2.9%) less than last year. Pork exports totaled 584.7 million lbs., down 71.2 million lbs. (10.9%) from April and 35.0 million lbs. (5.7%) less than last year. According to the U.S. Meat Export Federation, the value of beef

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exports totaled \$902.4 million in May, the highest since June 2023, while the value of May pork exports at \$715.8 million fell 2%. Through the first five months of the year, beef exports totaled 1.251 billion lbs., down 64.5 million lbs. (4.9%) from the same period last year. Pork shipments through May reached 3.043 billion lbs., up 171.0 million lbs. (6.0%) versus the first five months of 2023.

## **Technically Speaking:**

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### **Market Fundamentals:**

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The main driver of the market this time of year is weather related and although there are some areas that are experiencing flooding along with some heat in the forecast if appears that the wetter areas will look to dry out some while the dry areas are going to get some moisture at least in the short-term. In other words, the weather outlook is favorable.

There is a lack of fundamental information out there that can help support a market that is dealing with favorable weather conditions. In fact, at least for today the information circulating is not supportive of prices, especially on the soybean side. Perhaps the biggest gut check is that the USDA attache to China is forecasting Chinese soybean imports at 103 mmt for 24/25 vs the current USDA projection of 109 mmt. While this should not be a huge surprise it is just another reminder that the Chinese business is not there, and they continue to refute that marketplace that assumes their lack of business is coming. The Malaysian Palm Oil markets are also closed today due to a holiday which creates another gap in information.

In corn we did get a flash sale today for about 135,000 metric tons of corn to unknown destination. We need to see more of that to get the markets speculating that exports could continue to justify a rise if exports from the USDA down the road. The demand side of the equation is going to be very important moving forward as there is chatter out there already that the USDA's current projections of a 181 bu national average is a distinct possibility. As talked about in the news section Brazil's second crop corn harvest (usually exported out of the country) is way ahead of last year's pace which just adds available grain into the pipeline.

**Yesterday's Trades: no new trades.**

**ADVICE: No New Advice.**

**COMMENTS:**

There was debate as to potential yields given some late planting and flooding, but market may assume we're moving solidly above 180 now for corn, and 52 for beans. Odds are the USDA won't go there in the July WASDE but wait until August to do so if there is still evidence. Having kicked the can down the road, if there is sufficient information for USDA to cut Brazil and Argentine crops this week, they can do so and not create a bullish scenario given good crops in US.

We have the crop ratings report today and any impact due to the hurricane to absorb but today the market seems content that there is little to help demand with China even absent in Brazil.

No new advice as the collapse today means we wait through today's news on crop conditions. So far, the weather guys missed drastically the heat that was assumed to be here along with dryness unless the extremes in the ECB will be dealt with in the report today.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	7/8/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CU24	412 1/4	405	410 1/2	418 1/4	402 3/4	<b>411 3/4</b>	
CZ24	425 3/4	419 1/2	424	430 3/4	417 1/4	<b>425 1/2</b>	
SQ24	1169 3/4	1150 1/2	1166 1/4	1186	1146 1/2	1159	
SX24	1133 3/4	1114	1129 3/4	1150	1109 1/2	1115 1/4	
SMV24	332.0	325.3	329.7	336.9	322.5	342.4	
SMZ24	334.7	328.5	332.5	338.9	326.2	342.7	
BOZ24	48.89	47.19	48.70	50.90	46.50	43.84	
WU24	592 1/4	578 1/2	590 1/2	604 3/4	576 1/4	576 3/4	
KWU24	600 1/2	586 1/4	599	613 3/4	584 1/4	<b>599</b>	
MWU24	634 3/4	623	633 1/4	645 1/2	621	617	
LCQ24	188.250	185.650	186.425	189.525	183.325	179.375	
LCV24	188.550	186.400	187.175	189.525	184.825	181.375	
LHQ24	90.750	88.650	89.175	91.475	86.875	89.225	
LHV24	74.675	72.975	73.475	75.375	71.575	75.700	
FCQ24	263.750	261.250	261.475	264.175	258.775	261.625	
CTZ24	72.61	70.83	70.980	72.81	69.15		74.34
CTH25	74.26	72.60	72.710	74.57	70.85		75.63
SBV24	20.67	20.08	20.140	20.78	19.50		<b>20.20</b>
GCQ24	2401.5	2356.0	2397.70	2443.70	2351.70	2341.2	
NRX24	15.21	14.80	14.80	15.24	14.36		15.350
DJU24	39781	39488	39695	40008	39382		39368
CLQ24	84.52	83.02	83.16	84.86	81.46	78.26	
NGQ24	2.440	2.315	2.319	2.459	2.179		<b>2.333</b>
DXU24	104.86	104.500	104.560	105.12	104.01		103.487
USU24	118 30/32	117 2/32	118 26/32	120 30/32	116 22/32	117 21/32	

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