

July 10, 2024

Weather:

- Very little change occurred overnight and the world's weather anomalies are unlikely to change much in the coming ten days
- Drying and crop moisture and heat stress are expected from southeastern Europe through Ukraine and Russia's Southern Region to the Ural Mountains region during the coming ten days
 - Quick drying and heat will lead to crop and livestock stress
- Northern Europe will become wet again late this week into next week slowing the harvest of winter crops from the U.S. and North Sea region into the heart of Germany, northern and eastern France and Poland possibly raising some crop quality issues
- Welcome drying occurred in parts of Henan and Shandong Tuesday after excessive rain fell in the previous week resulting in some significant flooding
- Rain will return to the North China Plain as well as Henan and Shandong late this weekend and next week with some local flooding possible once again as well
 - Northern parts of the North China Plain and Inner Mongolia are still dry and the coming rain will be welcome
- East-central China will experience some heavy rainfall over the next few days possibly inducing a little flooding from Sichuan to southern Jiangsu
- India's monsoon will continue most active in central and northeastern parts of the nation during the next ten days with some flooding expected
 - Greater rain is needed in Pakistan, northwestern Rajasthan, Punjab and northwestern Gujarat, India
 - Areas from Telangana and eastern Maharashtra into Madhya Pradesh may experience some excessive rain and flooding over the weekend and especially next week
- Remnants of Hurricane Beryl produced heavy rain from Parts of southeastern Missouri to Michigan Tuesday and overnight with 1.00 to 4.00 inches and some local totals over 5.00 inches resulting in local flooding, but very little – if any – crop damage
- U.S. Midwest and northern Plains weather is expected to trend drier for a little while in the coming five days with much warmer temperatures this weekend next week accelerating the drying trend and stressing livestock in the Plains
- Heat stress will be an issue this weekend and next week for the U.S. Great Plains and a part of the southwestern Midwest due to high relative humidity and very warm temperatures
 - Livestock stress is expected due to high humidity and warm temperatures

- **Net drying is expected from South Dakota to Kansas and Missouri in the coming week to ten days**
- West Texas will receive a few showers and thunderstorms over the next ten days and temperatures will be seasonable
- A good mix of weather is expected in the U.S. Delta and southeastern states over the next ten days
- **Southwestern Canada's Prairies will become too dry and hot over the next ten days raising concern for long term crop development**
- Strong to severe thunderstorms may soon erupt in the remainder of Canada's Prairies
- North Africa harvest weather will continue very good
- Australia weather remains favorable for establishing winter crops
- Southwestern parts of South Africa will get timely rain for better winter crop establishment
- Rain is still slated for interior southern Brazil during the coming week slowing Safrinha corn maturation and harvest progress and disrupting late season wheat planting in a few areas

News:

- **USDA reported private sale of 132,000 MT of soybeans for delivery to China during MY 2024/2025.**
- Japan's Ag Ministry on Wednesday bought 17,810 mt of feed grade Wheat at their SBS tender today, they had been seeking up to 65,000 mt.
- The Malaysian Palm Oil Board said end of June stockpiles were 1.83 mln mt, up +4.4% over the prior month's ending stocks. Exports in June were estimated at 1.21 mln mt, that was off -12.8% from May's export volume. The association estimated June crude palm oil production at 1.62 mln mt, that was off -5.2% from May.
- Chinese state media reported China will partner with Brazil to set up a pilot beef traceability plan. They are seeking to discuss methods for transparency in the beef supply chain.
- India's government is planning on selling state held wheat reserves to bulk users such as flour millers and biscuit manufacturers starting in August. The grain price is expected to be around \$279/mt that's -12% lower than open domestic market prices. However, the quantity offered for sale hasn't been finalized yet.
- Global oil demand will outpace supply next year, the U.S. Energy Information Administration said reversing a prior forecast for a surplus. The change came after OPEC and its allies extended most of their deep oil output cuts into next year at a meeting last month.

Technically Speaking:

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Market Fundamental

Thinking that there might be a new trend in soybeans post acreage report last week turned out to be half right. However, the new trend turned out to be a more accelerated downtrend than the one in place, thanks to hurricane weather.

There was indeed a post-June 28th rally last week of 20 cents and back above the Feb 28th lows which had been a targeted point with good weather. In fact, November exceeded that level and traded above the previous week's high, but failed to close there. Then along came the remnants of the hurricane with moisture in the areas that needed it and prices fell 54 cents the first two days of this week and now give the appearance of a capitulation.

Such a quick and decisive move can be perceived as price seeking a new level from what could now be construed as a price-negative July 12th WASDE report. If this were the first week of August, the action would likely be more convincing as yields are presumably made in August for soybeans. Corn did get a lot closer to being made or at least we are fairly certain now of acres and yield.

The chart below is a chart depicting current November SX futures and then changing the futures to the next year's SX futures. The chart below goes as far back as 1977 to the current November futures and reflects new crop SX only. So, in November 2024 it will start to reflect SX 2025. Some interesting points of interest can be gleaned from the chart below.

Note the significance of \$9.00 for so many years. A price above \$9 was fundamentally unsustainable for decades, save for an occasional drought. It was not until 2005 in the aftermath of then President Bush essentially telling China if you won't buy our corn, we will burn it! Thus, acres went from beans to corn and the ethanol revolution is history. Once exceeding \$9 by a wide margin the world needed to pay \$9/bu just to keep acres a viable alternative.

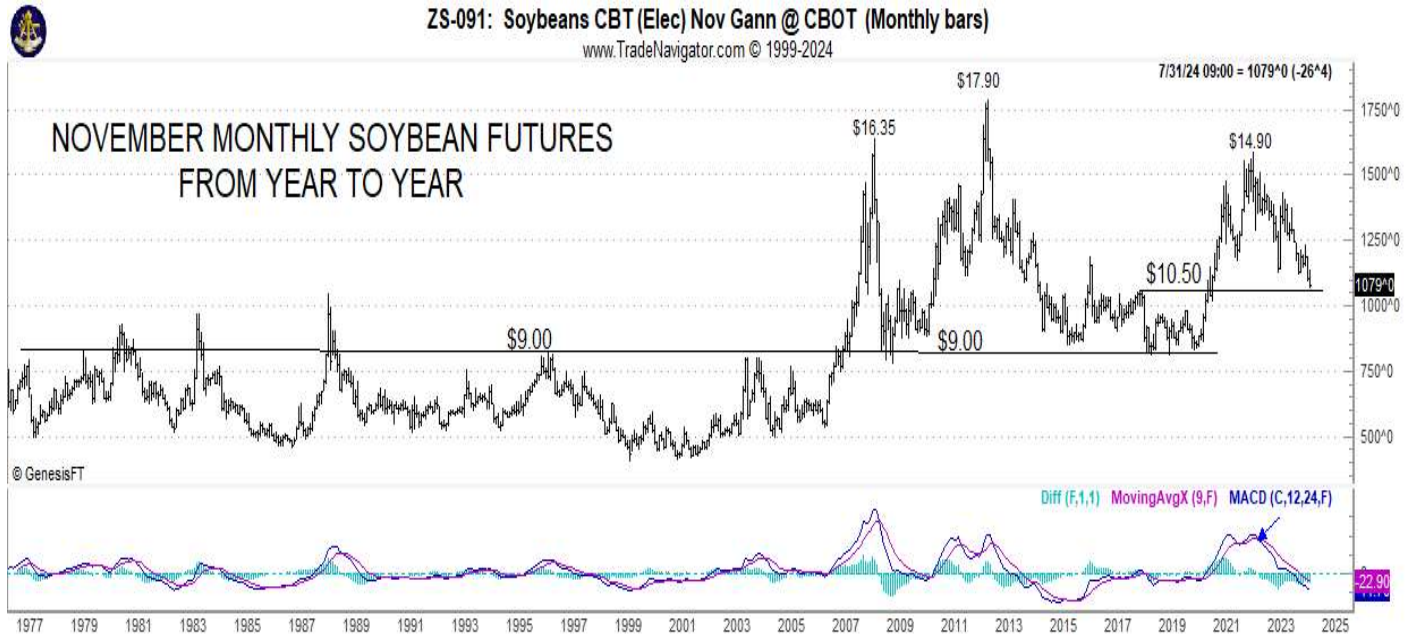
The quick rally to \$16.30 in three years brought competition from S America and the \$17 market in 2012 was brought about by a drought, not by excessive demand. The rally in 2022 10 yrs later did not exceed \$14.90 or even come close to \$17 suggesting \$15.00 beans were not yet needed but insured Brazil would be around in the future.

Sustaining a level above \$10.50 for two years made that \$10.50 level a line in the sand for the longer term. Soy diesel, then veggie-diesel was supposed to have created a demand situation for soy oil that writers wrote that there weren't enough soybeans grown in ND to meet the demand by new crushing plants built or in planning stages. Now we have excess capacity for the government mandated demand. Without the government subsidies, veggie-diesel could not and will not compete with diesel derived from fossil fuels (we pointed that out in PSprings/Feb). Alternative feedstocks for bio-diesel are being imported

without restraint from China and Brazil (edible oils) significantly impacting our soybean oil usage. Who in Congress on both sides of the aisle is allowing this?

So, this year SX24 is back to within 25 cents of not only a major price point but a major fundamental usage point as to whether this administration or any other one will allow imports to continue. Perhaps this proves again that government interference may be good short-term but when distorting demand, it is a temporary thing! Perhaps WASDE on Friday will address the issue??? China bought soybeans for the new crop year 2024/25 and bottom line it is in China's best interest for a stable global soybean price to insure sufficient acres. The debacle in prices contrary to popular belief would happen puts financial pressure on Brazil/Argentina as well.

We have seen once again what government involvement does to prices----good news short term that raised prices of everything and inviting competition and then poof!



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Yesterday's Trades: no new trades.

ADVICE: No New Advice—PENDING MID DAY.

COMMENTS: The spreaders are at work today but in corn. Our long-standing focus was the huge carry from cash corn to Dec and that it would come together—it's just that Dec fell faster than old crop and the futures carry has dropped while basis for old crop gained on new. Today Sept is gaining on Dec in obvious form. Traders suggest that end users won't buy Sept futures since new crop corn will be available in the cash market in Sept. However here is the dilemma:

USDA's stocks report showed big increases in on-farm storage of corn and traders are concerned that old AND new crop will come to market nearly the same time, YET basis in WCB, especially IA which is supposed to be holding huge on-farm stocks, is jumping to where cash delivery is reported to be 45-50-60 over while basis in N IL is 36 under????? Inquiring minds want to know!

The spreading is affecting corn today like what it was doing for old crop beans vs new crop with the huge inverse. Something is screwy and it is doubtful USDA/NASS will touch that issue Friday—but we never know.

What to do? We'll let this market trade today as corn is well off its lows and CU is trading higher. A good basis is a gift it seems! SX24 is near support (see chart and discussion above (read it)). A sideways market(s) will suck premium out of calls so selling calls for the premium is still a valid focus---in fact, any old crop should be considered as new crop available on Sept 1 given the carry etc. This gives buyers who are short bought some grief I suspect.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	7/10/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CU24	398 3/4	391 3/4	394	401 1/2	386 1/2		402 3/4
CZ24	412 3/4	406 1/4	408 1/2	415 1/2	401 1/2		417 1/4
SQ24	1153	1128 1/2	1131 1/4	1156 1/4	1106 1/4		1146 1/2
SX24	1101	1077 1/2	1080	1104	1056		1109 1/2
SMV24	320.0	315.3	316.1	321.3	310.9		322.5
SMZ24	322.7	317.8	318.7	323.8	313.7		326.2
BOZ24	48.23	46.20	46.31	48.84	43.78		46.96
WU24	578 3/4	569 1/4	572	582	562		576 1/4
KWU24	586 3/4	576 3/4	577 3/4	588 1/4	567 1/4		584 1/4
MVU24	623 3/4	613 1/2	617 1/2	628 1/4	606 3/4		621
LCQ24	185.750	180.825	182.350	187.775	176.925	179.375	
LCV24	186.450	181.725	183.300	188.225	178.375		184.825
LHQ24	90.250	88.300	88.400	90.550	86.250	89.225	
LHV24	72.800	70.700	70.775	73.075	68.475	75.700	
FCQ24	260.825	254.775	255.725	261.975	249.475		258.775
CTZ24	71.40	70.48	70.550	71.52	69.58		74.34
CTH25	73.17	72.32	72.410	73.46	71.36		75.63
SBV24	20.31	19.61	19.620	20.37	18.87		20.20
GCQ24	2378.3	2356.0	2371.50	2394.30	2348.70	2341.2	
NRX24	15.15	14.83	14.83	15.18	14.47		15.350
DJU24	39818	39450	39596	39984	39208		39368
CLQ24	82.48	81.25	81.41	82.84	79.98	78.26	
NGQ24	2.448	2.331	2.344	2.476	2.212		2.333
DXU24	104.89	104.625	104.805	105.27	104.34		103.487
USU24	118 30/32	118 1/32	118 14/32	119 19/32	117 9/32	117 21/32	

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