

**July 31, 2024**

## **Weather:**

---

- Rumors in the marketplace Tuesday suggested freezes coming to Argentina in the next week to ten days would be threatening to wheat
  - o That is completely false; Argentina crops have endured colder than usual weather this winter with frequent bouts of hard freezes and the frost/freeze season continues through September in a normal year
  - o There has not been enough warmth for a long enough period of time for significant new crop development and since much of the crop region has been persistently dry crops will have little incentive for developing during the warm periods without rain
  - o Argentina crops still have a good potential to perform well in the spring if there is more timely rain and a normal progression of warming in September and October
- U.S. National Hurricane center still says there is a 60% chance for tropical cyclone to form near the Bahamas and Florida in the coming week, but not in the next few days
- U.S. Climate Prediction center reiterated its expectations of a more active Tropical Atlantic Ocean beginning next week and becoming more significant in the following week
- **U.S. Midwest weather will remain favorably wet in the north and east through the next two weeks**
  - Southwestern U.S. Midwest and Delta may experience net drying for the next ten days raising a little concern over long term crop development, but conditions are still rated very good today
  - Canada's southwestern Prairies may benefit from some rain this weekend into next week; other areas in the Prairies will continue hurting for moisture, though temperatures will turn quite a bit cooler next week
  - No change in the drought status of the CIS will occur for the next week to ten days; warming late next week though may allow some of the dryness to expand north and westward once again
  - Europe weather will remain favorable for crop development and fieldwork despite some rainfall periodically
  - China will continue plenty moist and a little too wet for a while, but there is not likely to be much new flooding
  - Xinjiang, China has become hotter recently, but corn and cotton are not likely suffering from the change

- India needs a boost in rainfall in the far south and in the Ganges River Basin, although crop development so far this year has been fine
- Australia rainfall will continue most significant in the west while eastern areas slowly dry down
- South America weather remains mostly unchanged with a need for moisture in Argentina while good drying conditions in Brazil will support a quick finish to Safrinha harvesting

## News:

---

- **USDA reported private sale of 104,572 metric tons of corn for delivery to unknown destinations during the 2024/2025 marketing year.**
- Grain traders reported that around 65,000 mt of Brazil origin feed Corn was bought by Taiwan's MFIG---**and they want US military presence?**
- Grain traders say Australia's 24/25 wheat production prospects have improved with rainfall across much of the country. Some analysts are predicting production this season as high as 30 mln mt, last year production was 26.0 mln mt, and in the 22/23 season production was around 40.5 mln mt.
- China will issue 200,000 MT in sliding tariff rate cotton import quotas to non-state firms to meet the needs of the domestic textile industry, state planner National Development and Reform Commission said. The announcement didn't specify when the import quota will be issued. China issued 750,000 MT of such quotas in 2023.
- Ukraine grain group cut their 2024 Ukraine grain and oilseed production forecast to 71.8 mln mt from the previous 74.6 mln mt outlook. The group noted 2024 production is expected to include 23.4 mln mt of corn, 19.8 mln mt of wheat, and 4.95 mln mt of barley. On the oilseed side they expect 12.8 mln mt of sunseed, 4.8 mln mt of soybeans and 4.3 mln mt of rapeseed.
- Ukraine Ag Ministry data released Wednesday shows 24/25 marketing year July grain exports around 3.4 mln mt, well above the 2.2 mln mt in the year earlier period.
- An OPEC+ panel is unlikely this week to make any changes to its current deal to cut production and to start unwinding some cuts from October, despite recent sharp declines in oil prices according to Reuters.
- AmSpec Agri estimated Malaysian July 2024 palm oil product exports at 1.555 mln mt, up from June's 1.188 mln mt estimate.
- Sinograin announced it will continue scaling up its domestic wheat storage in major producing areas this year and will continue working with local governments and farmers to sell their grain.
- A letter from a dozen Senators, including Democrats and Republicans, urged Treasury Secretary Janet Yellen to ensure that only domestic ingredients can receive biofuels tax credits. The bipartisan push underscores the mounting pressure on the Biden administration to halt the flood of foreign used cooking oil that lawmakers say threatens American farmers and the intention of President Joe Biden's landmark climate law. "Allowing U.S. tax credits to fund the importation

**5Disclaimer: Commodity trading and other speculative/ hedging investment practices involve substantial risk of loss. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS when utilizing the commodities markets. Gulke Group and its officers, directors, employees and affiliates may take positions for their own accounts that are the same or that are different to the positions and to the contracts referred to herein. This material and any views expressed herein are provided for informational purposes only and should not be construed in any way as an endorsement or inducement to invest. Prices used in trade recommendations are already reflective of known information**

---

and use of foreign feedstocks to produce biofuels would put U.S. agriculture at the back of the line, while foreign agricultural producers are subsidized by U.S. taxpayers,” the letter stated. The senators are calling on Yellen to issue final guidelines for the Clean Fuel Production Credit, known as 45Z, under the Inflation Reduction Act before Jan. 1, when the tax incentive is set to take force. The lawmakers contend guidance for the current sustainable aviation fuel tax credit known as 40B, which expires at the end of this year, is flawed because no domestically produced ethanol can meet its requirements.

## **Technically Speaking:**

---

### **Market Fundamentals:**

---

#### **Yesterday's Trades: No New Trades**

**ADVICE: See comments below on first notice day for SQ**

**COMMENTS: Even a corn export to unknown can't/couldn't hold corn so far today and other market exhibit meager strength; perhaps the good news is markets are lower today so far.**

- 1<sup>st</sup> notice day today for August soybeans--- open interest is light. If short no delivery concerns (trading 23 cents off overnight highs today) but brokers get nervous with light trade. No reason for anyone to take delivery and our choice to be short Aug instead of Nov worked well. **ADVICE: take profits on any/all short Aug futures – we salvaged nearly \$1/bu on those hedges placed July 10<sup>th</sup> on 20% of 2024 crop. ADVICE: Exit all short SQ best can—believe it or not that massive SQ inverse to SX is now gone!!!! Global traders and some US are suggesting huge carryover expecting US exports too high and yields rising. We'll deal with the 20% hedge lifted in SQ later next month.**
- Corn looks competitive in global trade, yet a sale today has prices deteriorating again—odds are perspective of trade is US farmers holding 2024 stocks will sell at the bottom of the market????? Dec corn has broken \$4.03--\$4.04 support that has held for nearly all of July and now making new low near \$4.01 at the last day of the month just ahead of a new month Aug. Cash corn in N IL is now around \$3.65 delivered, \$3.50 net after trucking. Seems if there are massive stocks waiting in the wings, if it hasn't been sold by now it is questionable it will???? But speculation is there is a LOT of DP stuff that must move regardless of price?
- WHEAT: Talk of Argentine freezes affecting their crop are debunked by Drew as weather guys are now agronomists as well.

Gulke Group Spec Table Buy/Sell Stops				(*New Positions in BOLD)			
	7/31/2024			Today's Stops		Current Position*	
	High	Low	Close	Buy	Sell	Long	Short
CU24	396 3/4	387 1/4	388 3/4	398 3/4	378 3/4		398 3/4
CZ24	412 3/4	404	405	414 1/4	395 3/4		413
SQ24	1059	1023 3/4	1027 1/4	1063	991 1/2		1098 1/2
SX24	1042	1018 1/4	1021 1/4	1045 1/2	997		1054 1/4
SMV24	323.0	315.6	316.9	324.8	309.0		316.4
SMZ24	324.3	316.9	318.0	325.6	310.5		317.0
BOZ24	42.28	41.14	41.90	43.54	40.26		46.96
WZ24	554 1/4	541 1/2	549	562 1/4	535 3/4		549 1/2
KWZ24	569 1/4	551 1/4	566 1/4	584 3/4	547 3/4		563 3/4
MWZ24	609 1/2	595	603 1/4	618 1/4	588 1/4		613 3/4
LCQ24	187.925	186.775	187.700	189.350	186.050		187.000
LCV24	187.575	186.325	187.450	188.900	186.000		187.225
LHV24	75.600	74.150	74.775	76.425	73.125		77.050
LHZ24	68.250	67.050	67.625	69.025	66.225		67.625
FCU24	257.525	255.100	256.975	259.600	254.350		256.950
CTZ24	70.20	68.66	69.550	71.14	67.96		71.08
CTH25	71.84	70.40	71.180	72.82	69.54		72.86
SBV24	19.14	18.81	19.120	19.50	18.74	18.41	
GCZ24	2458.3	2421.5	2456.60	2493.90	2419.30		2425.50
NRX24	15.49	15.31	15.47	15.68	15.27	14.640	
DJU24	41095	40647	40959	41427	40491	40660	
CLU24	75.97	74.59	74.73	76.31	73.15		79.44
NGU24	2.135	1.991	2.126	2.285	1.967		2.074
DXU24	104.56	104.250	104.255	104.77	103.75		103.487
USU24	120 12/32	119 16/32	120 6/32	121 10/32	119 2/32		119 19/32

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 NO 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.

**5Disclaimer: Commodity trading and other speculative/ hedging investment practices involve substantial risk of loss. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RESULTS when utilizing the commodities markets. Gulke Group and its officers, directors, employees and affiliates may take positions for their own accounts that are the same or that are different to the positions and to the contracts referred to herein. This material and any views expressed herein are provided for informational purposes only and should not be construed in any way as an endorsement or inducement to invest. Prices used in trade recommendations are already reflective of known information**

