

August 22, 2024

## Weather:

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· **Rain will be infrequent and often light through the next two weeks and much of the region will dry down considerably during the period, but late crop development should occur mostly favorably as the soil is moist enough in much of the region to support the needs of crops and most areas will not see more than brief periods of heat.**

o There are still some pockets of dryness, but these pockets are small and declines in yields that result from the dryness should not have a serious impact on total U.S. corn and soybean production.

§ Parts of the **southwestern Corn Belt** and **southeastern Ohio** have low enough soil moisture that some declines in yields should occur during the next two weeks.

· Rain advertised for Wednesday into Friday of next week should come too late to induce more than minor improvements in crop yields in most areas with confidence low for the details of that event.

o Warming will occur during the next couple days and much of the Midwest will be much warmer than usual this weekend into early next week when parts of the west-central and lower Midwest warm to the middle 90s with upper 90s in some west-central and southwestern areas Sunday and Monday.

§ Warming late this week into early next week will be beneficial in areas with maturing corn as the maturation process will be sped up.

## News:

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### Day 3 Comments from the Pro Farmer Crop Tour

- **Guthrie County, Iowa. 229 bpa.**
- **Just finished our sixth stop in northern Illinois today. Averaging 198.0 bushels/acre so far but fields have been variable. Beans continue to look pretty good across our route**
- **Stop 1 Woodbury Co IA. Stand issues again. Lots of flooded out spots in the area. 153.8**
- **Fremont County Iowa. Pod counts 793 and 2860 on 15" rows.**
- **Impressed by first 2 stops southwest of Decatur, IL. Estimated at 217.9 and 242.2**
- **First two stops in Fremont County Iowa. Corn ran 203 and 206 bpa.**
- **Stop 5 in Plymouth Co IA. Very similar to the last. Consistent, best ear count of the day but wind damage. 193.3**
- **Was out of service for a minute. Stop 4 in Plymouth Co IA. Pretty consistent corn but there is some wind damage. High ear counts 196.8**

- Thru 9 stops in crop districts 4 & 1 in central and northwest IL my route had an average soybean pod count in a 3'x3' square of 1174. Range of 673 to 1570. Fairly heavily podded crop on our stops but not huge. Soil moisture is adequate or ample.
- Thru 9 stops in crop districts 4 & 1 in central and northwest IL my route had an average yield of 204.3 bu per acre. Range of 142.8 to 260.5. Some really big yields along our route but also some that were disappointing. More variability than I expected.
- 6th stop Sioux Co IA. This corn has a ways to go. 175.8
- Strong results in western Iowa so far on my route (Sac/Ida/Woodbury Counties). 5-stop averages in this same area since 2021: corn (in bu/acre) 2024- 204.8 2023- 160.3 2022- 177.1 2021- 183.3
- After 11 samples collected in west central Iowa corn yield 207.36 BPA and bean pods in a 3' by 3' area were 967 pods. 1 sample ended up being in the flooded area of the Little Sioux River.
- Stop 7 in Sioux Co IA. Wind and hail damage. But, still pretty decent. 213.2
- 7 stops in Illinois crop districts 6 & 3. Pod counts ranged from 1116 to 2573.
- Stop 9 Lyon Co IA. Good stands/ear count. I haven't seen an ear worm in a while. 193.8
- Last stop of our tour was in McLean County Illinois. Grain length avg 7.7 inches. Rough estimate is 232 bu/a.
- Coming in hot with a 275 yield
- 14 stops in Illinois over last 2 days. Districts 3,4 and 5. Average corn yield of 186. Ran into some wind/green snap from earlier Derecho this summer. Excellent health. Very good crop but going to hard to get to 225 with issues that we have seen.
- USDA reported private sales of 198,000 tonnes of soybeans to China for 24/25 delivery, 105,000 tonnes of soybean cake and meal to Vietnam for 24/25 delivery, 110,490 tonnes of corn to Mexico for 24/25 delivery and 132,000 tonnes of corn to unknown destinations for 24/25 delivery.
- Japan's MAFF has bought a total of 81,442 metric tons of food-quality wheat from the United States and Canada in a regular tender that closed on 08/22.
- Grain traders report Thailand is believed to have purchased around 73,000 metric tons of animal feed wheat expected to be sourced from the Black Sea region in a deal.
- Grain traders reported a group of flour mills from South Korea bought an estimated 50,000 tons of milling wheat to be sourced from the US in an international tender.
- Germany's 2024 winter wheat crop is expected to fall about 15% on the year to about 18.03 million metric tons after crops suffered from poor weather including summer rain, the DBV association of German farmers said
- Scouts on day 3 of the Prom Farmer Crop Tour found an average corn yield of 204.14 bu. per acre in Illinois, up from 193.72 bu. per acre last year and the three-

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year average of 193.58 bu. per acre. Soybean pod counts in a 3'x3' square averaged 1,419.11 for Illinois, up from 1,270.1 last year and the three-year average of 1,266.70. In western Iowa, corn yields for Districts 1, 4 and 7 were 176.59 bu., 195.86 bu. and 191.59 bu. per acre, respectively, compared to 182.58 bu., 168.71 bu. and 184.84 bu. per acre, respectively, in 2023. The three-year averages for Iowa Districts 1, 4 and 7 are 182.55 bu., 183.54 bu. and 183.67 bu. per acre, respectively. Western Iowa pod counts for Districts 1, 4 and 7 averaged 1,108.76, 1,254.09 and 1,366.22, respectively, compared with 1,137.24, 1,120.30 and 1,170.28 in 2023. The three-year averages for Iowa Districts 1, 4 and 7 are 1,105.44, 1,201.49 and 1,253.91, respectively.

- [Canada's two largest railways, which account for nearly 80% of the national network, shut down early Thursday after failing to reach an agreement with the Teamsters Canada Rail Conference. The shutdown, involving over 9,000 employees at Canadian National Railway Co. and Canadian Pacific Kansas City Ltd., immediately disrupted North American supply chains that handle about C\\$1 billion \(\\$740 million\) in trade daily. The stoppage is set to cripple shipments of grain, potash and coal while also slowing the transport of petroleum products, chemicals, and autos.](#)
- Ethanol production jumped +2.5% from the prior week; the resulting 1.098 mil bbl/day rate would yield 323 million gallons of ethanol and consume 112 million bushels of feedstock. Over a marketing year, such a rate would consume 5.8 billion bushels of corn, which is above the current YTD grind average. Blender demand was weaker than we expected, falling -1.5%. Exports also rebounded less than expected, rising to 82k bbl/day vs. 71k last week (and 94k last year). Ethanol imports remained zero. All things considered, ethanol stocks did not build much, rising just +1% wk/wk to 23.57 mil bbl, or 990 million gallons. Regionally, ethanol stocks were sharply higher on the East Coast (prepping for Canadian rail strikes?) and modestly lower on the Gulf and West Coasts.
- Ford's recent decision to scrap plans for a fully electric SUV and postpone a next-generation electric pickup highlights a significant shift in its electric vehicle strategy to focus on focusing on hybrids and affordability. The company is set to absorb a substantial financial impact, with estimated losses of around \$1.9 billion. Additionally, Ford is reducing its capital expenditure on EVs, decreasing the proportion of its budget from 40% to 30%.
- The Bureau of Labor Statistics is facing renewed scrutiny over its data release practices after a delay in posting crucial revisions of U.S. jobs data online allowed at least three Wall Street firms — Mizuho Financial Group Inc., BNP Paribas SA, and Nomura Holdings Inc. — to obtain the information before it was officially available to the public. The BLS missed its scheduled 10 a.m. ET release time by over 30 minutes, during which time these firms managed to call the agency and receive the data.
- U.S. crude stocks, gasoline and distillate inventories all fell by more than expected in the week ending August 16 as demand and exports rose, the Energy Information Administration said. Crude inventories fell by 4.6 million barrels to 426

million barrels in the week ended August 16, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.7-million-barrel draw. Crude oil exports from U.S. ports averaged about 4.2 million barrels per day so far this year.

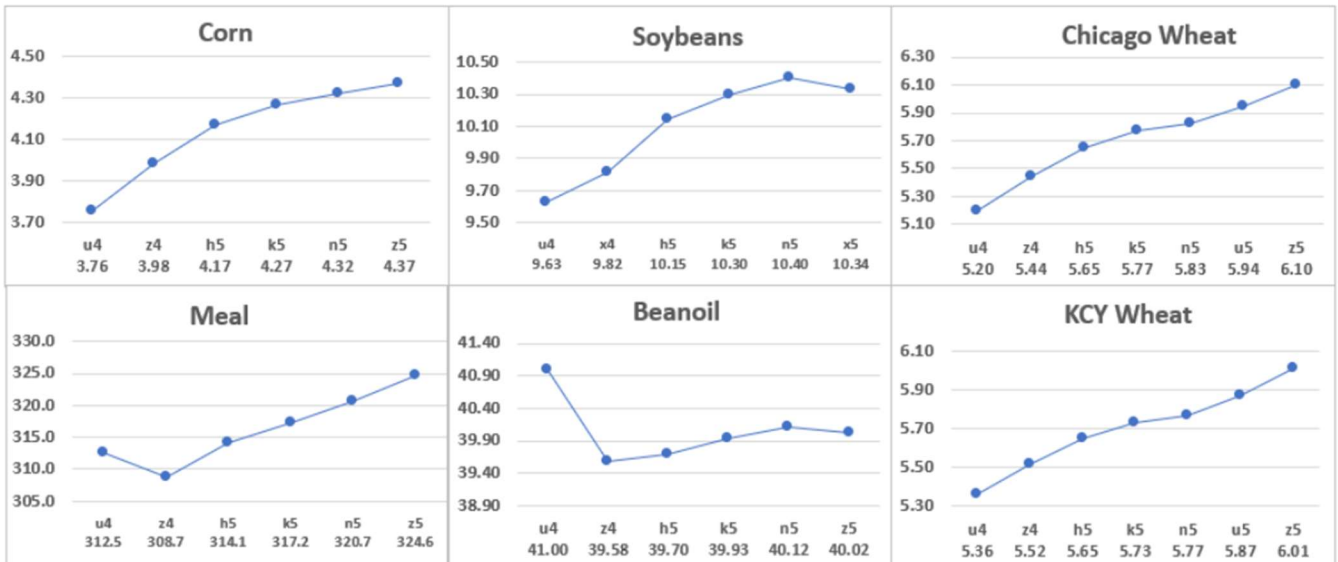
## Technically Speaking:

| Export Sales |           | 8/9/24 - 8/15/24 |           |       | Accum. Exports | Year Ago Accum. Exports | This Week YOY % change | Last Week YOY % change |
|--------------|-----------|------------------|-----------|-------|----------------|-------------------------|------------------------|------------------------|
|              | Estimates | Net Sales        |           |       |                |                         |                        |                        |
|              |           | 23/24            | 24/25     | 25/26 |                |                         |                        |                        |
| Wheat        | 250-500k  | n/a              | 492,700   | 0     | 9,420,700      | 7,175,700               | 31.29%                 | 31.88%                 |
| Corn         | 600k-1.3m | 119,100          | 1,291,200 | 0     | 55,935,600     | 40,526,000              | 38.02%                 | 37.65%                 |
| Beans        | 100k-1.7m | (43,700)         | 1,676,900 | 0     | 45,894,600     | 53,325,300              | -13.93%                | -13.40%                |
| Meal         | 50-750k   | (20,100)         | 136,400   | 0     | 13,829,500     | 12,736,200              | 8.58%                  | 9.36%                  |
| Soyoil       | 0-20k     | 10,500           | 100       | 0     | 231,200        | 129,800                 | 78.12%                 | 72.42%                 |
| Sorghum      |           | 6,900            | 65,000    | 0     | 5,858,100      | 2,766,800               | 111.73%                | 106.36%                |
| Beef         |           | 15,900           | 0         | 0     | 638,400        | 662,100                 | -3.58%                 | -4.22%                 |
| Pork         |           | 19,300           | 200       | 0     | 1,282,000      | 1,238,300               | 3.53%                  | 4.76%                  |
| Cotton       |           | 93,000           | 4,900     | 0     | 4,305,600      | 5,165,400               | -16.65%                | -17.83%                |

Source: USDA (FAS) - Gulke Group

**Wheat:** Net sales of 492,700 metric tons (MT) for 2024/2025 were up 45 percent from the previous week and 63 percent from the prior 4-week average. Increases primarily for the Philippines (116,000 MT), Mexico (110,500 MT), Vietnam (85,000 MT). **Corn:** Net sales of 119,100 MT for 2023/2024—a marketing-year low—were down 1 percent from the previous week and 57 percent from the prior 4-week average. Net sales of 1,291,200 MT for 2024/2025 were primarily for Mexico (873,400 MT), Guatemala (135,500 MT), Japan (93,000 MT), unknown destinations (89,300 MT). **Soybeans:** Net sales reductions of 43,700 MT for 2023/2024—a marketing-year low—were down noticeably from the previous week and from the prior 4-week average. Net sales of 1,676,900 MT for 2024/2025 were primarily for China (926,000 MT), unknown destinations (456,000 MT), Mexico (113,700 MT). **Soybean Cake and Meal:** Net sales reductions of 20,100 MT for 2023/2024—a marketing-year low—were down noticeably from the previous week and from the prior 4-week average. Net sales of 136,400 MT for 2024/2025 were primarily for Guatemala (35,100 MT), Colombia (35,000 MT), Mexico (28,100 MT), Morocco (19,000 MT).

## MARKET CARRIES—source Phillips Analytics



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## **Market Fundamentals:**

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**The U.S. Labor Department yesterday announced a significant downward revision in nonfarm payroll growth, adjusting the figures by 818,000 jobs.** This revision indicates that the U.S. economy created substantially fewer jobs than initially reported during this timeframe, knocking average monthly growth during that period from about 242,000 to about 174,000. The revision raises questions about the previously perceived strength of the U.S. labor market. Economists and analysts may need to reassess their views on the robustness of job creation during the revised period, which could influence broader economic forecasts and sentiment. If the labor market is cooling, this could boost the odds the Fed might consider more significant rate cuts to stimulate economic activity. **Recession concerns:** The revision could heighten concerns about a potential economic slowdown or recession. If job growth was weaker than initially reported, it might indicate underlying vulnerabilities in the economy that could lead to reduced consumer spending and slower economic growth.

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

**ADVICE: No new current advice changes---review more detailed comments below.**

**COMMENTS:** Export weekly sales are posted—note we have a week left in this marketing year. For the year, most export “sales” are higher than last year with soybeans down only 13%. USDA obviously uses the “trend” for corn to extrapolate that out into 2024/25 that starts September 1. Looking at it competitively we will likely see this trend projections continue. Also, the year’s results are X-China for the most part which is positive on the surface. Expectations are that China will continue to be largely absent; should China surprise, that could be a black swan event few are expecting meaning flexibility an issue this year.

- 198,000 metric tons of soybeans for delivery to China during the 2024/2025 marketing year
- 110,490 metric tons of corn for delivery to Mexico during the 2024/2025 marketing year
- 105,000 metric tons of soybean cake and meal for delivery to Vietnam during the 2024/2025 marketing year
- 132,000 metric tons of corn for delivery to unknown destinations during the 2024/2025 marketing year

Pro Farmer Tour continues. Jamie has tracked tweets on findings by participants and there seems to be a common thread.

- CORN findings don't support the big yields USDA sees in some states including IL, IA IN but does find the corn crop as being very good with final maturity potentially positively impacting yields--- so odds of less than 181 are in doubt on the surface but we are suspect of participants “underestimating” the low end!!!!
- SOYBEANS—the thread is that the soybean crop is better relative to corn (both good) and likely we have a “monster” soybean crop. This jives with what clients have told us from ND on south including the “I” states. We produce soybeans in

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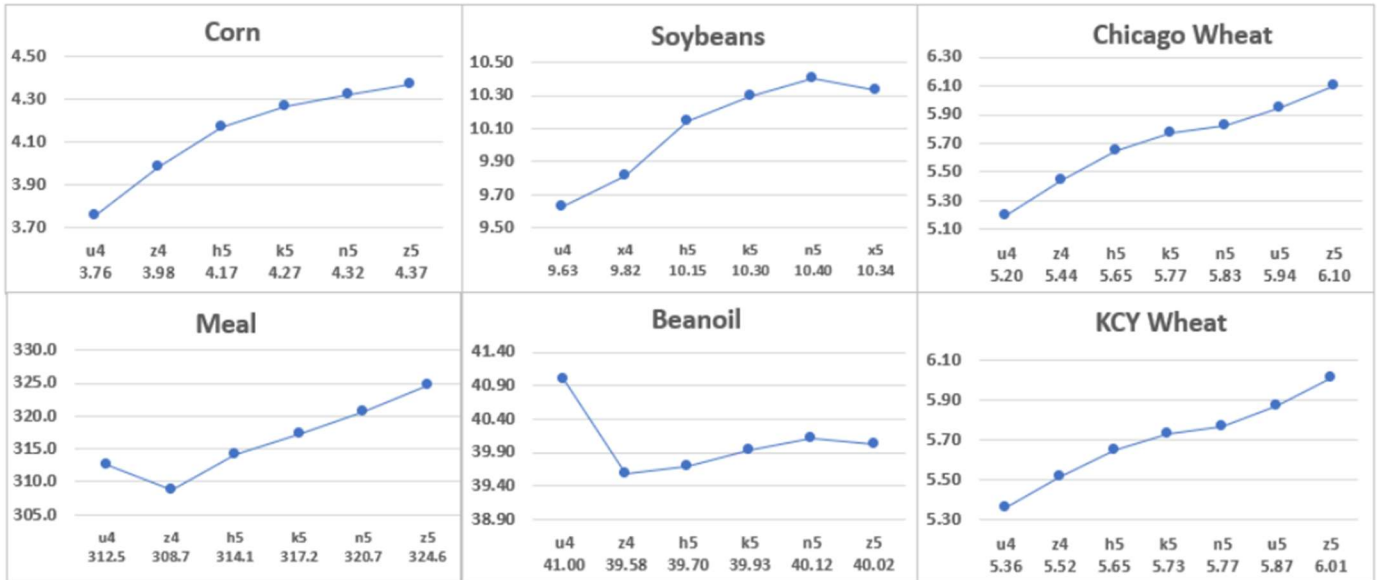
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nearly every state and a big crop must be widespread to accomplish and that seems like good odds. ANY increase in yields pushes ending stock higher unless/until China returns to US markets or South America has a crop problem in six months.

- WHEAT: The spring wheat crop (hrsw) is likely better than NASS expects--- excellent yield but test weight less than desired with some elevators refraining from taking it.
- HARVEST: Looks like corn will be spread out this fall with wet corn likely especially in northern areas as well as those areas where replant was evident.
  - Given the big carries in prices from Aug to Fall to Dec it may be feasible to “let it dry in the field longer than usual”. We in N IL will likely have that issue.
- MARKETING GRAINS: Our local elevators are playing games with corn prices for Aug and seemingly manipulating prices as if they are expecting big deliveries due to crop size--- immediate delivery better, all fall (Sept/Oct) worse than Dec better with Feb 1 barely returning storage if that. Beans are no better. So, looks like there could be a depressed market moving into harvest UNLESS farmers don't have the old crop to sell?? If you do, then taking advantage of good basis seems rationale. Here are the options in our area as an example for old crop 2023 corn in storage.
  - If you chose to keep corn in storage, you will be charged the minimum storage charges starting September 1<sup>st</sup>. You will receive an invoice for all unpaid storage charges from Feb 1, 2024, through Aug 31, 2024, plus minimum storage charges for Sept 1, 2024, through Jan 31, 2025.
  - If you want to keep your grain unpriced and do not want to pay the minimum storage, you can move your corn from storage to DP. You will receive an invoice for all unpaid storage charges from Feb 1, 2024, through Aug 31, 2024. Your DP corn will then accrue a monthly fee of 3.5 cents/bu beginning Sept 1, 2024. Please be aware that if you move the grain into DP, it must be sold in the nearby cash bid.
  - The 3 ½ cents DP means with March 18 cents better in futures the accumulated DP charges would be about 21 cent or nearly exactly what it would cost for paying minimum storage if one held until March 1. With barge freight looking better soon that would affect basis it appears the buyer is manipulating the situation in essence to say “sell it to me now and I'll hedge it off or just own it OR pay me the 21 cents min to store or DP for months---- so commercial storage is and always has been a losing proposition but on-farm storage needs to be managed as if we were mini-elevators. On-farm storage continues to be a profit enhancer if managed properly.
  - It appears that capturing the carry like we did last year will be necessary again for 2025.
  - It appears likely we will have to look at selling in the cash market, hedging in futures and selling far out calls with a combination of some or all those alternatives to eke out profitable price enhancements to make low prices more tolerable.



- Call it speculation or not but we speculate every year on getting a good crop. Until or unless we get market share back in corn (China), or develop our domestic use (ethanol increases, airline fuel, veggie diesel, feed & residual) it may be a long-drawn-out affair (deflation of our production) and thinking out of the box will be necessary.



- **WHEAT: WZ hit sell stops in the spec table increasing concerns as it closed in “new low close for past month. Mpls and KC also close and concerning.**
- **CORN: Dec flat after good start on Monday and is higher for the week.**
- **SOYBEANS—higher for the week as well**
- **Meats—LC, FC and Hogs seem to have made top with the start of a new leg lower are biased negative but remain volatile. Likely perspective on demand tainted by the 818,000 revision downward to jobs creating mentioned above.**
- **POLITICAL ECONOMICS** released by Harris has “taxing on unrealized paper profits on the wealthiest” on the table again for those with net worth over \$110 million. This and the ending of the Trump inheritance tax falling 50% in 2025 reverting to per-Trump era are concerns we need to re-address this winter after the election.
  - If you are interested in a Chicago December and/or February Winter Conference, voice your opinions.
  - It is difficult to imagine the worst-case outcome as there are as many rich Democrats as there are Republicans.
  - Raising capital gains tax to 44.6% is also on Harris’s agenda.
  - Unfortunately, the Trump tax situation **expires** on Dec 31, 2025, so renegotiating in Washington D.C will occur but likely slowly with 2025 starting out with taxes reverting to much higher levels for some.
  - The outcome of the election is VERY important to your economic future.

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| Gulke Group Spec Table Buy/Sell Stops |           |           |           | (*New Positions in BOLD) |          |                   |                |
|---------------------------------------|-----------|-----------|-----------|--------------------------|----------|-------------------|----------------|
|                                       | 8/22/2024 |           |           | Today's Stops            |          | Current Position* |                |
|                                       | High      | Low       | Close     | Buy                      | Sell     | Long              | Short          |
| CU24                                  | 378       | 374       | 375 1/2   | 380                      | 371      |                   | 374 1/2        |
| CZ24                                  | 400 1/2   | 396 1/2   | 398 1/4   | 402 3/4                  | 393 3/4  | 404 3/4           |                |
| SU24                                  | 966       | 955 1/2   | 963       | 974                      | 952      | 955 1/2           |                |
| SX24                                  | 984 3/4   | 974       | 981 1/2   | 992 3/4                  | 970 1/4  | 972 3/4           |                |
| SMV24                                 | 309.2     | 304.6     | 306.6     | 311.7                    | 301.5    | 320.4             |                |
| SMZ24                                 | 311.4     | 306.7     | 308.7     | 313.6                    | 303.9    | 321.3             |                |
| BOZ24                                 | 39.89     | 39.20     | 39.58     | 40.77                    | 38.39    |                   | 46.96          |
| WZ24                                  | 560       | 543       | 544       | 561 1/2                  | 526 1/2  |                   | <b>546 1/4</b> |
| KWZ24                                 | 565       | 548 3/4   | 551 3/4   | 568 1/2                  | 535      |                   | 563 3/4        |
| MWZ24                                 | 610       | 595 1/2   | 597       | 612                      | 582      | 612               |                |
| LCV24                                 | 175.750   | 173.725   | 174.625   | 176.850                  | 172.400  |                   | 178.400        |
| LCZ24                                 | 175.300   | 173.175   | 174.275   | 176.900                  | 171.650  |                   | 178.400        |
| LHV24                                 | 78.125    | 75.700    | 76.150    | 78.775                   | 73.525   | <b>77.450</b>     |                |
| LHZ24                                 | 69.275    | 67.500    | 67.875    | 69.850                   | 65.900   |                   | 67.625         |
| FCU24                                 | 236.225   | 233.325   | 239.250   | 242.350                  | 236.150  |                   | 256.950        |
| CTZ24                                 | 70.49     | 69.00     | 70.350    | 71.89                    | 68.81    | 68.47             |                |
| CTH25                                 | 71.71     | 70.40     | 71.620    | 73.13                    | 70.11    | 70.07             |                |
| SBV24                                 | 17.74     | 17.52     | 17.650    | 17.92                    | 17.38    |                   | 17.94          |
| GCZ24                                 | 2558.0    | 2528.2    | 2549.30   | 2579.60                  | 2519.00  | 2532.4            |                |
| RSX24                                 | 580.8     | 563.8     | 577.6     | 614.6                    | 540.6    |                   | 594.6          |
| DJU24                                 | 41097     | 40850     | 41006     | 41273                    | 40739    | 39873             |                |
| CLV24                                 | 74.16     | 71.46     | 71.93     | 74.83                    | 69.03    |                   | 75.11          |
| NGV24                                 | 2.364     | 2.271     | 2.314     | 2.422                    | 2.206    | 2.368             |                |
| DXU24                                 | 101.56    | 100.780   | 101.040   | 102.02                   | 100.07   |                   | 103.487        |
| USU24                                 | 125 18/32 | 124 17/32 | 125 12/32 | 126 21/32                | 124 3/32 |                   | 123 13/32      |

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