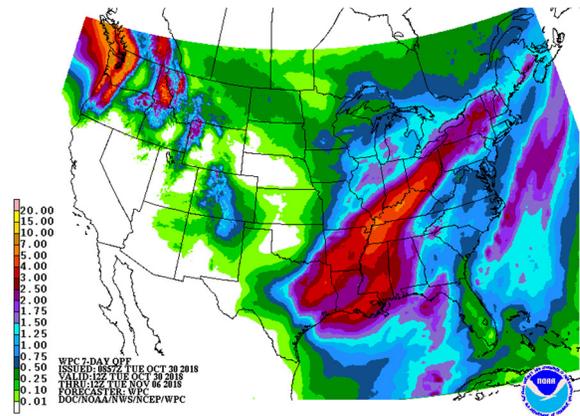
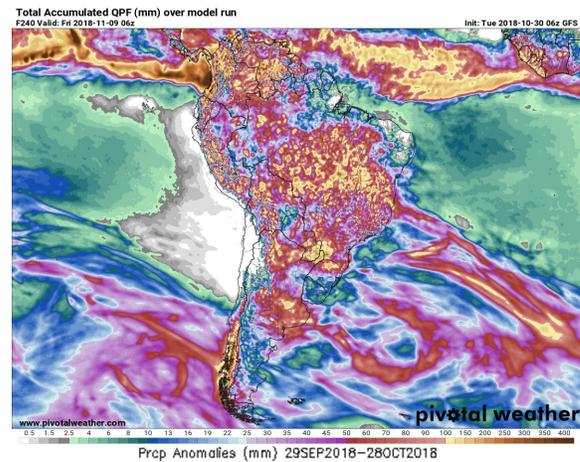


Weather

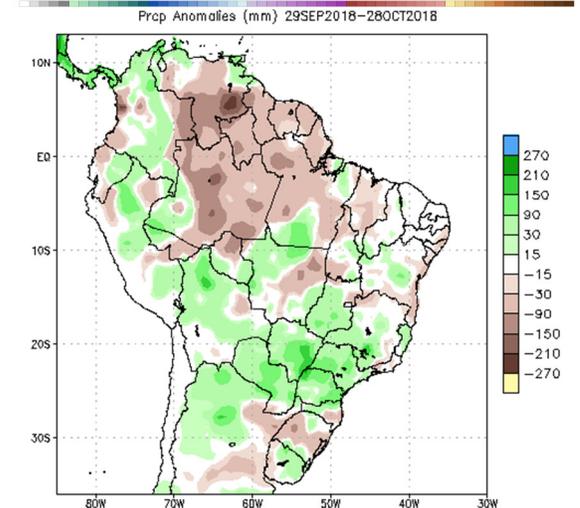
No changes to the outlook this morning. The 7-day US QPF is shown to the right and you can see we're looking at some significant precipitation stretching across the eastern half of the US. The western portions of the Corn Belt, however, should see fairly limited rainfall during this period. The 6-10 day period should feature fairly widespread chances for AN precipitation across the entire Corn Belt, but keep in mind normal precipitation is not huge at this time of year so we're not talking about really big amounts. Temps should generally average fairly close to normal over the next two weeks.



No changes to note in South America. We should see two week rainfall totals average close to normal through northern portions of Brazil. Rainfall amounts should range from 2-5" though lighter amounts will likely be seen in extreme northeastern areas. The lightest rainfall totals will be seen in the 1-5 day period with heavier amounts likely in days 6-10 and 11-15. No major heat is expected.



Southern Brazil should see rainfall amounts over the next two weeks average near to above normal. A majority of the region will see rainfall totals of 2-4" during this period but a stretch of RGDS, Santa Catarina, and southern Parana will have chances for heavy 4-8" amounts. Rains will be significant in days 1-5 and 11-15, with a bit less activity in the 6-10 day period.



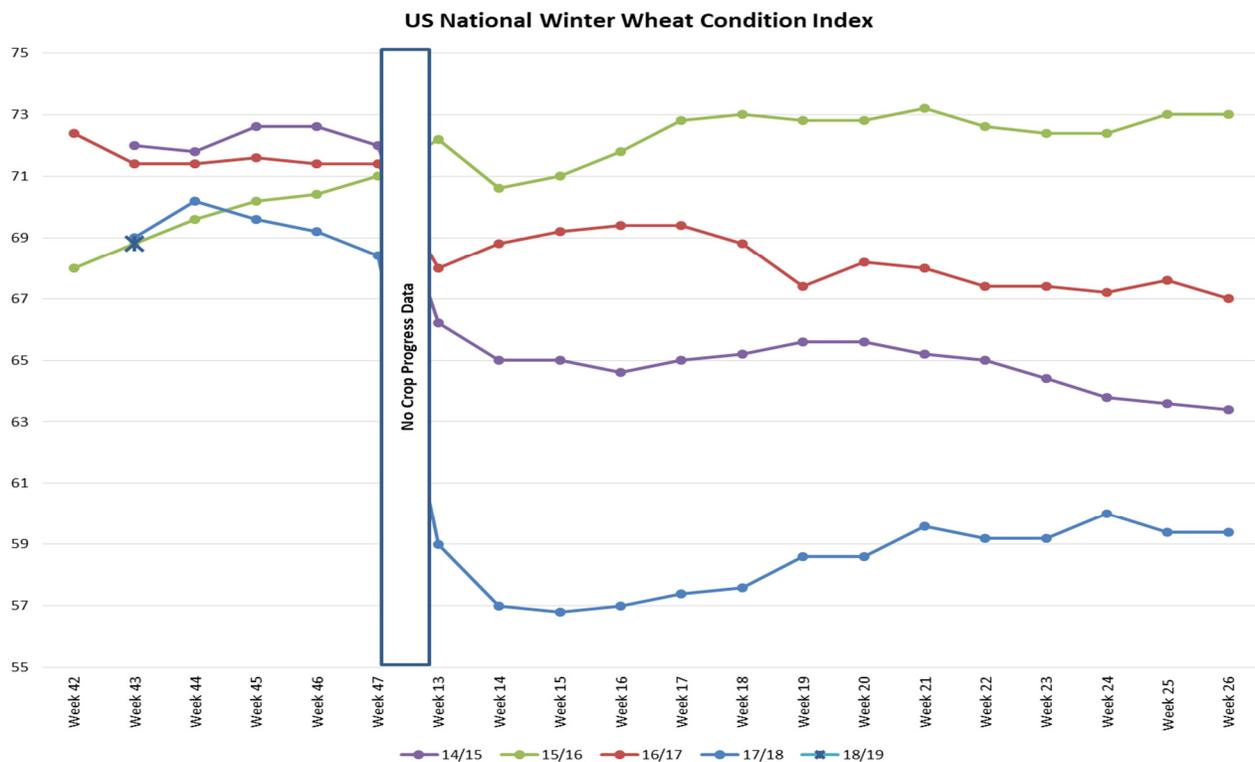
Argentina should see near normal rainfall totals over the next two weeks. Rainfall totals during this period should range from 2-4" and be pretty widespread through the region. There is active rainfall ongoing in Argentina this morning and this will continue for a while longer today. The next big rainfall chances should come during the 6-10 day period and will likely persist into the 11-15 day period. Temps should remain fairly mild.

Data Source: CPC Unified (gauge-based & 0.5x0.5 deg resolution) Precipitation Analysis Climatology (1981-2010)

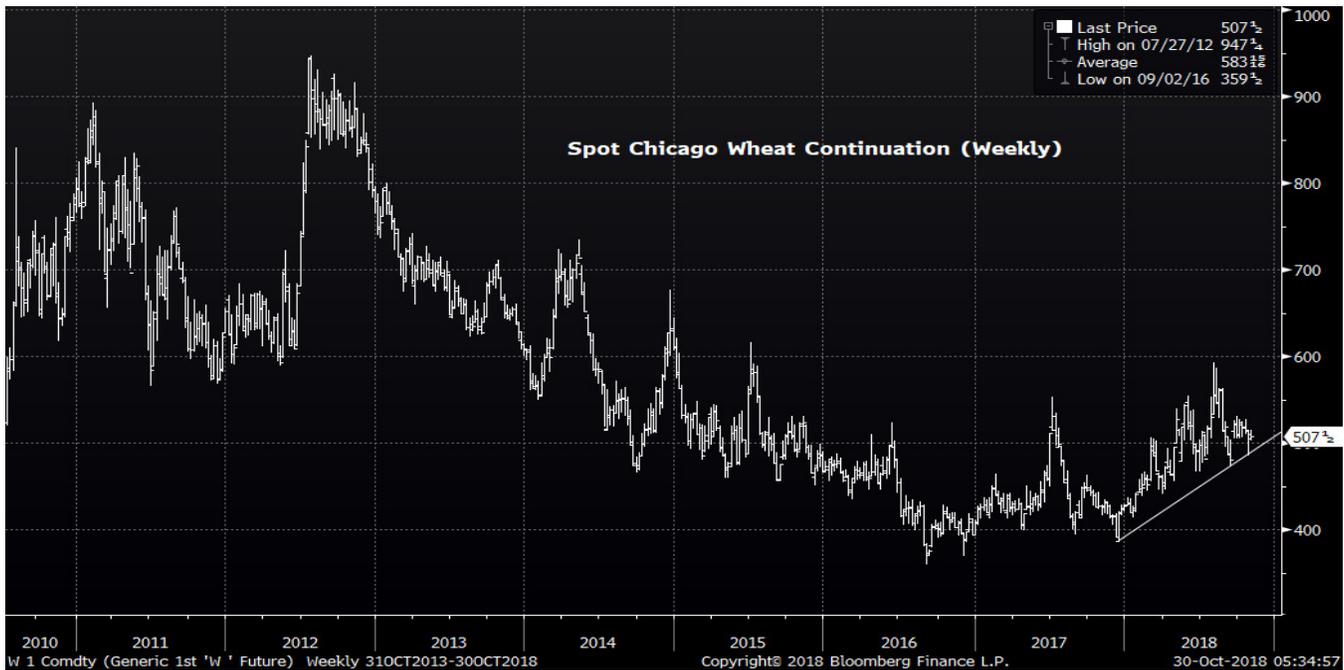
The map to the immediate right shows the 30-day precipitation anomaly, and while there are portions of the region that have seen BN precipitation a lot of that area is also favored for good rainfall over the next two weeks. I still view the current situation in South America as a very solid start.

Crops

The initial breakdown of winter wheat conditions came in a little smaller than expected, and certainly smaller than I would have expected. The rating level is actually a smidge lower than the starting point of last year, though obviously last year we saw conditions dramatically worsen during dormancy so the comparison isn't really helpful at this point in time. Looking at the by-state breakdown, I would estimate that roughly 50% of the HRW crop is rated G/E, compared to 49% last year. I have 64% of the SRW crop rated G/E this year compared to 70% last year, and white wheat condition levels are down vs. year ago levels as well. I think that is worth noting that conditions in the HRW belt are actually up vs. last year.



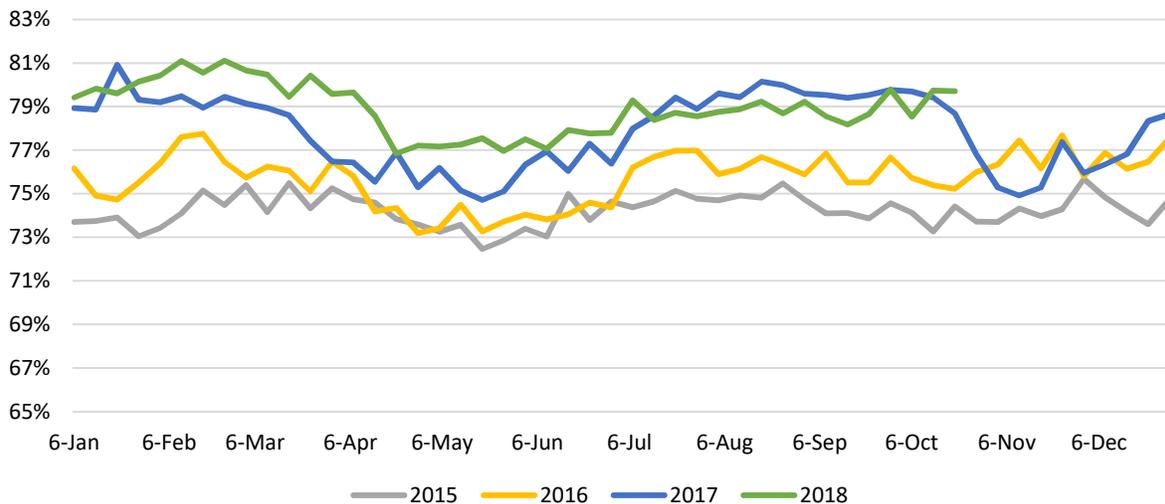
Despite the wild price action of the past week, wheat futures really haven't gone anywhere. It still appears to me that the charts are clinging desperately to technical support near these levels. It may sound crazy considering some of the global production losses we've experienced (Australia, etc), but looking at the chart below it doesn't look like a major stretch to say that a breakdown below the \$5 level and the recent trendline could imply another test of \$4...I think that's an easier argument to make than a test of the \$6 high anyway...



Livestock

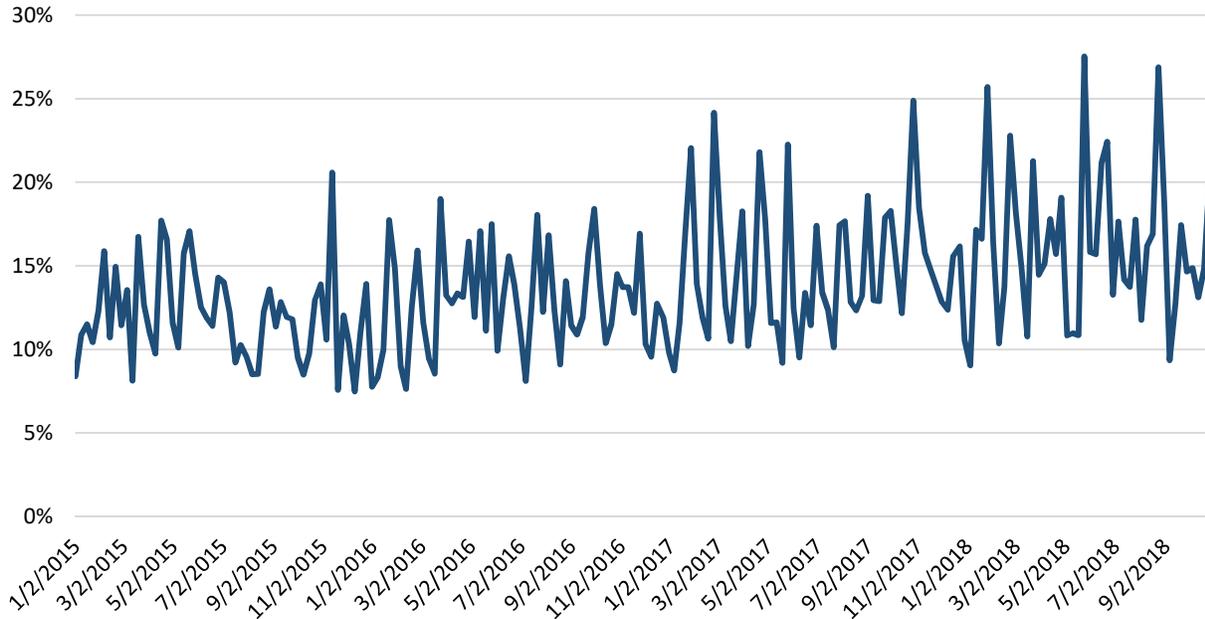
Just a few observations after looking through all the weekly data released yesterday. Though beef grading doesn't typically play a big impact in price action, I think it is interesting to look at the YOY comparison at this point in time. If you recall, this is when we ran into the grading camera problems briefly last year and we saw choice grading decline sharply for a short period of time. Though beef prices didn't seem to react a ton, we saw a very sharp rally on the LCZ7 board at this time last year. I can't say for sure if that rally was sparked by the grading issue, but I do remember it being a very widely discussed issue...one that clearly won't be present this year.

Percentage of S/H Carcasses Graded Choice or Prime



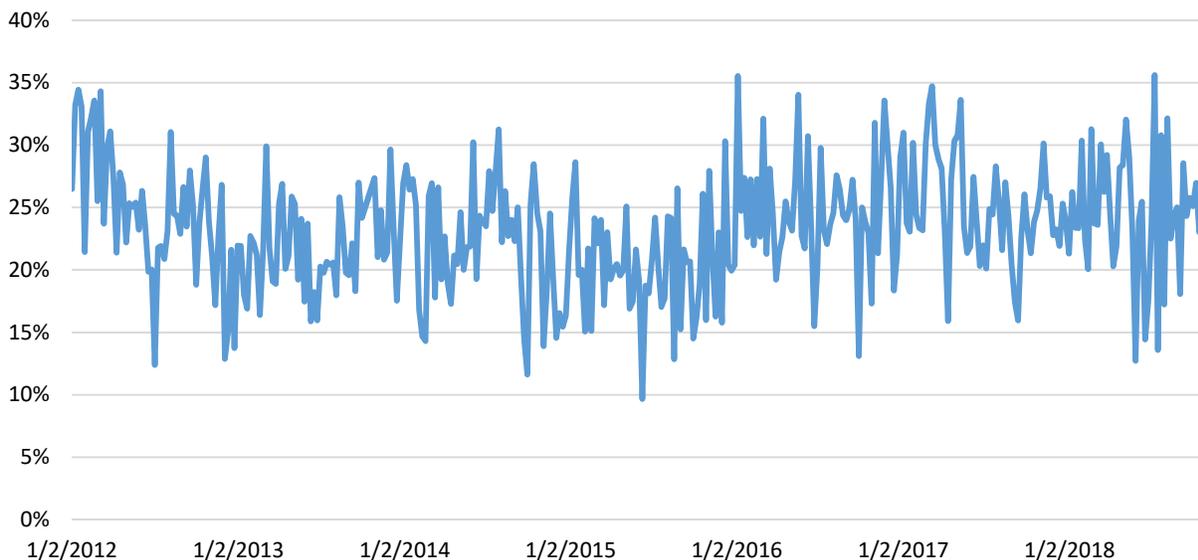
Nothing major stood out from the comprehensive beef report in terms of total volume. However, I did notice a solid uptick in export sales as shown below. Look for a solid export number from the Thursday FAS report.

Total Beef Export Sales as % of Domestic Sales



It was not a surprise to see big MPR volume for last week. I did think it was worth noting that the negotiated portion of the trade as a percent of total was on the high end of its recent range. Negotiated trade accounted for more than 30% of volume last week, as shown below. Seems the early call for this week is for another \$1-2 higher in cash trade this week.

Negotiated Cash Trade As % of Total Volume



Financials

After a bit of a fake-out late last week, it would appear we're seeing a definitive breakout in the Bloomberg trade-weight dollar index this week. The ICE DX futures contract has not quite posted a breakout just yet, however. A breakout at these levels certainly would seem to imply that a test of the recent early-2017 highs could be in the cards. The overnight impetus for the dollar strength was poor GDP data out of Europe. Eurozone GDP missed expectations expanding only +0.2% in Q3, matching the weakest level in four years. We have to keep in mind that this number doesn't include complete German data, and my understanding is that the complete German data *might* lead to an eventual lower revision. Italy stood out as a weak spot in the GDP numbers, posting 0.0% stagnation in Q3.

Lots of big earnings reports to chew through today including KO, GE, and PFE...but THE headliner will of course be FB which posts earnings after the bell this afternoon. It also appears that AAPL will host a product launch later today, which of course could drive its price action. There is no big economic data out today other than consumer confidence, but the remainder of the week should be very active both in the US and internationally.

Energy

A Bloomberg article citing analysts at Bernstein says OPEC oil exports in Oct are likely to fall to 24.8 mbpd which would be the lowest monthly total since April 2017. The report notes that the decline was partly due to Iran but declines were also seen from Venezuela and Libya. Iran's shipments were their lowest since March 2016 at 1.7 mbpd according to the report.

Separately, the head of the IEA continues to sound alarm bells about the potential tightening of supply saying next month will be "challenging" for oil markets despite being currently well supplied. He said he expects to see US shale export growth continue after pipeline expansions are completed over the next 6-8 months.

Today's Calendar (all times Central)

- Consumer Confidence – 9:00am

Thanks for reading.

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