

Weather

No change in the South American forecast. Rainfall through northern Brazil will average mostly below normal over the next two weeks. Much of the area will see 2-4" rainfall totals during that period, but northeastern areas will see lower totals. The 6-10 day period will likely be slightly wetter than the current 1-5 day period. The 11-15 day period will probably be slightly wetter than the 6-10 day period, but still an easy call to go for BN precipitation across all periods. No major heat is expected, but highs in the low 90s will be seen at times.

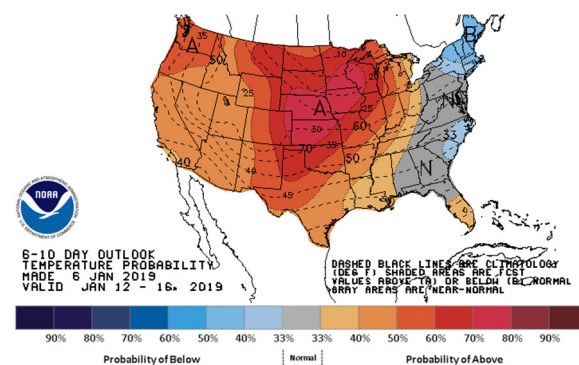
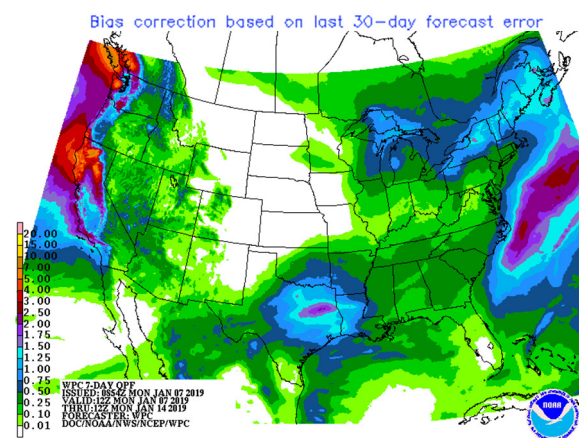
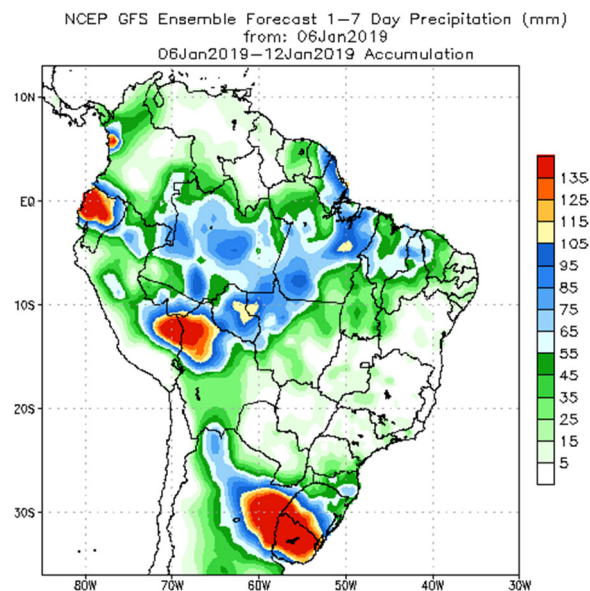
Two week rainfall totals in southern Brazil will average above normal in RGDS and near normal elsewhere. RGDS should see 5-9" rainfall totals during this period while other areas should see 2-4" amounts. RGDS should see near daily rainfall chances during the next two weeks. For the rest of the region, this week will likely see limited rainfall chances with better chances in the 6-10 and 11-15 day periods. No extreme heat is expected.

Argentina should see two week rainfall totals that average below normal in southwestern areas and above normal in other growing regions. Two week totals in northern Cordoba, Santa Fe, and Entre Rios could range from 5-12" with lesser 2-4" totals in central areas and 1-2" for southern areas. Mostly dry conditions are expected today and tomorrow with rains returning later tomorrow through Thursday. Temps should average near to below normal at most times.

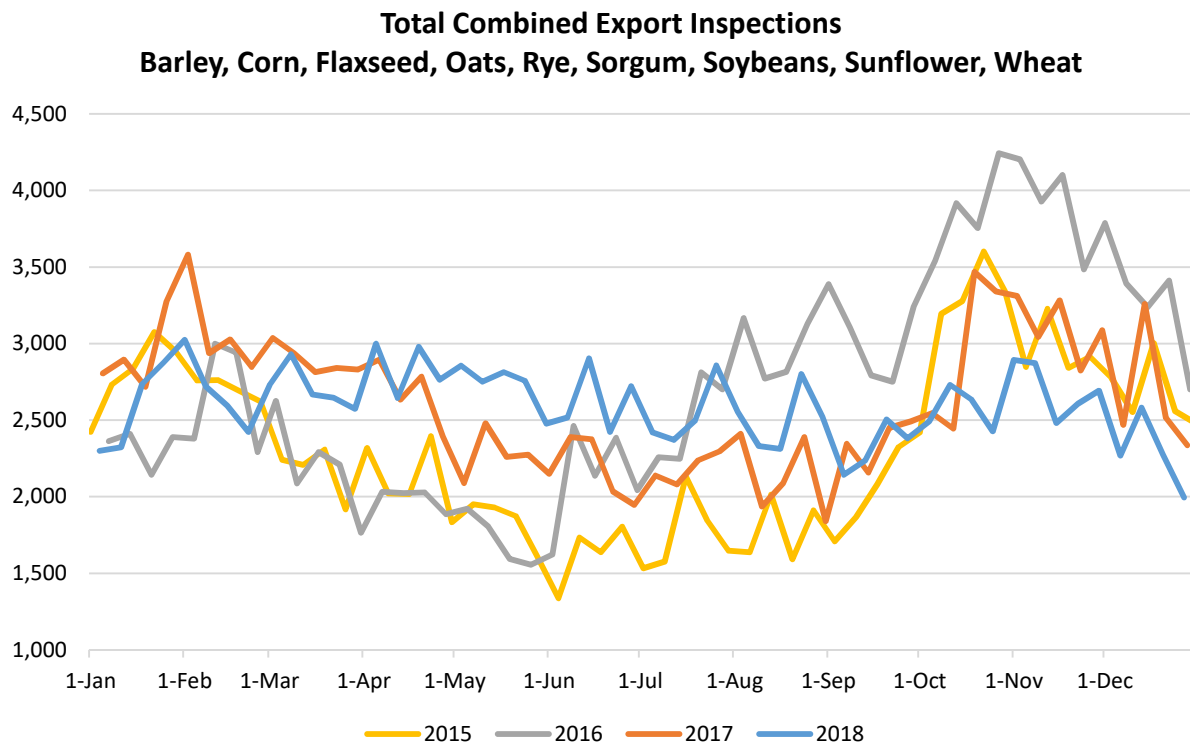
The US Plains should see limited precipitation chances in the next 10 days. There will be some chance for precipitation for Thurs night, but this will likely be east of major feedlots. Additional light precipitation will be seen on Sunday but again likely not a direct hit on feedlot areas. There is some chance for a winter storm in the 11-15 day period but too soon to know specifics. Look for mostly warm weather during the next two weeks.

Crops

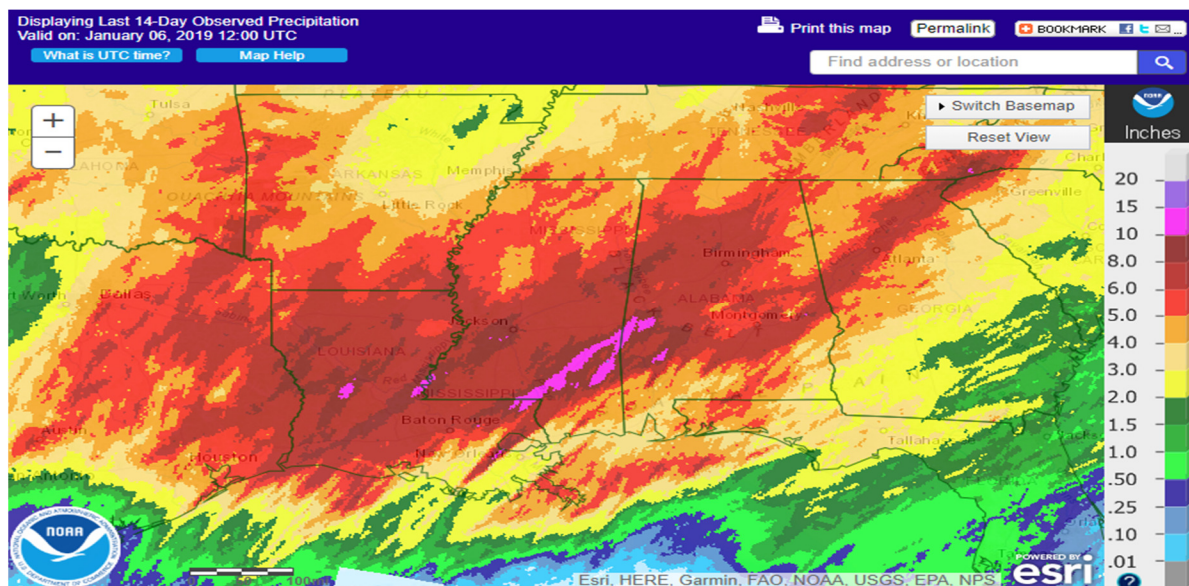
The weekly inspections data is one of the bits of information we still get during the government shutdown. Last week's data was interesting as it showed the combined total of inspections was the lowest figure for all of 2018.



As you can see below, typically inspections bottom seasonally during the summer and surge in the fall for reasons that should be obvious. This year, thanks in large part to the trade war, there has been no fall surge.



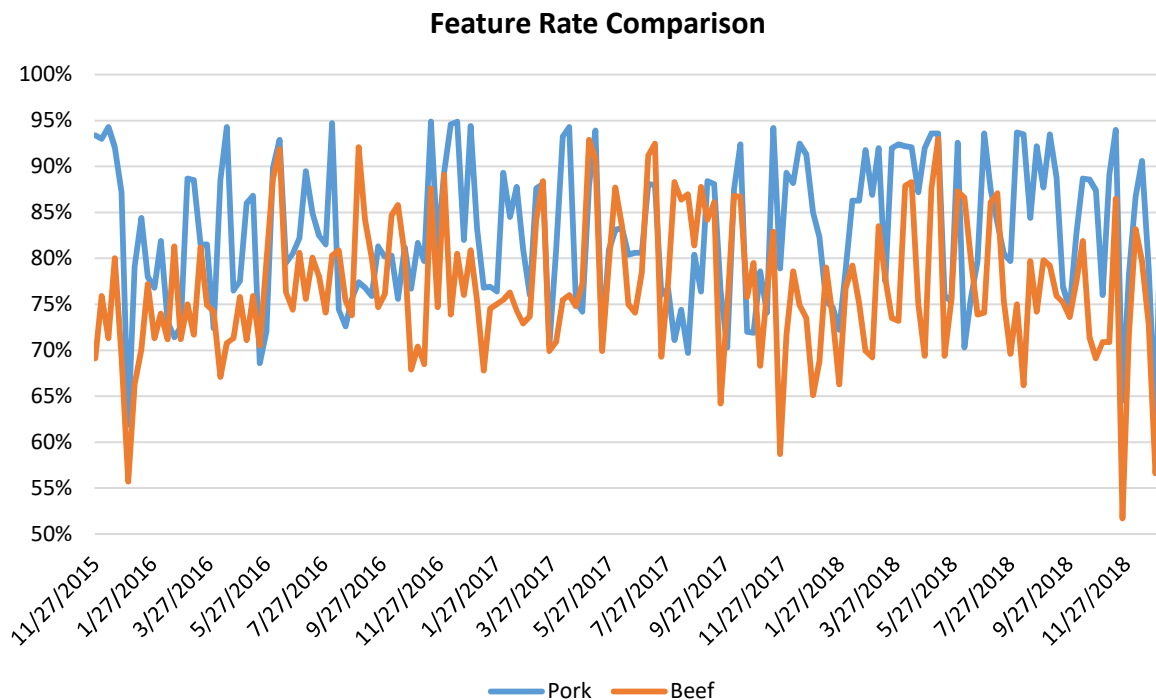
In addition to the overall lack of demand for US products, poor weather conditions at the Gulf have been slowing loadings. The graphic below shows two week precipitation totals in the area. Last week's and today's inspection total should be affected by the rainy weather, high water levels, and fog in the area.



Bottom line – don't be surprised by another sluggish week of inspections when the data is released later this morning.

Livestock

One of the bits of information I'm surprised we're still getting from the government is the weekly recap of retail features for pork, beef, and chicken. You can see below that pork features in the last week were in the upper part of the usual range while beef features were a bit light relatively speaking...



Last week's cash trade has to be something of a disappointment. Most were looking for higher trade and it looks like at beset it was steady with the prior week. I don't have a good feel for volume...we'll get the weekly MPR data later today and should know then. Following the break on the board last week, we're now looking at positive basis which might mean the hedged cattle get moved "easier", I suppose.

Speaking of the break on the board, last week's price action produced a nasty outside reversal on the weekly chart...wonder if that gets the attention of MM??

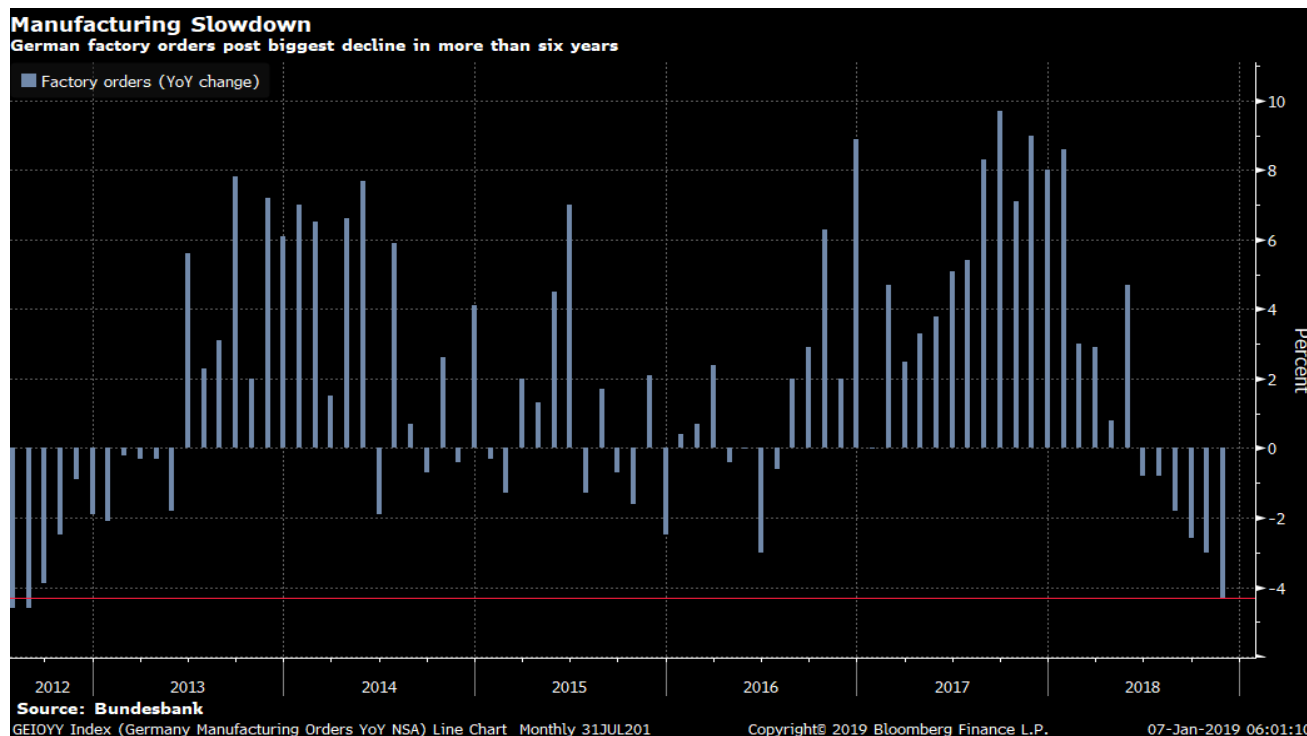
Financials

Nothing but seemingly positive headlines coming from the ongoing US-China trade talks in Beijing. The talks are being held between mid-level government representatives, but Chinese Vice Premier Lie He did make an unexpected appearance at the meetings briefly. No actual deal is expected to come from these meetings, but considering the political and economic pressure both sides are feeling it seems reasonable to assume this will help lay the groundwork for an eventual deal before the March 1 deadline.

In the US, despite additional negotiations over the weekend no deal has been found on border wall funding and thus the government remains shut down. At the time of writing it seems there are no additional negotiations on the schedule right now. One possible way around getting Congressional approval for border wall funding is for President Trump to declare a national emergency on the matter. Of course this will stir up a number of legal battles and who knows what sort of bad precedent this might set...but this is where we are...

One thing that has been kinda nice in the past few weeks is that we've heard very little about Brexit but expect that to change going forward. We only have three months before the UK is scheduled to leave the EU with no deal in place. PM May is still trying to get her agreement through Parliament and expectations are for a vote next week. Look for the BP to be especially volatile leading up to the vote.

World equity markets are mixed this morning. Asian shares were slightly higher while European markets are mostly lower and US futures are slightly lower at the time of writing. More weak economic data out of Europe overnight with German factory orders falling 4.3% YOY for its weakest reading since 2012. No other major economic data out overnight. Later this morning we'll get the ISM services index which will be very closely watched.



Energy

Over the weekend, GS cut their forecast for oil prices. GS is now forecasting that Brent will average \$62.50/bbl this year vs. their prior estimate of \$70/bbl. WTI is forecast to average \$55.50/bbl vs. the prior forecast of \$64.50/bbl. It sounds like Soc Gen followed suit with lower price projections of their own. GS says the market is starting 2019 better supplied than last year thanks to the big surge in OPEC production in late 2018. They also say that pipeline constraints in the Permian are expected to clear up faster than they had previously projected.

Their report noted “We expect that the oil market will balance at a lower marginal cost in 2019 given higher inventory levels to start the year, the persistent beat in 2018 shale production growth amidst little observed cost inflation, weaker than previously expected demand growth expectations (even at our above consensus forecasts) and increased low-cost production capacity”.

Today’s Calendar (all times Central)

- ISM Services Index – 9:00am
- Export Inspections – 10:00am

Thanks for reading.

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