

Weather

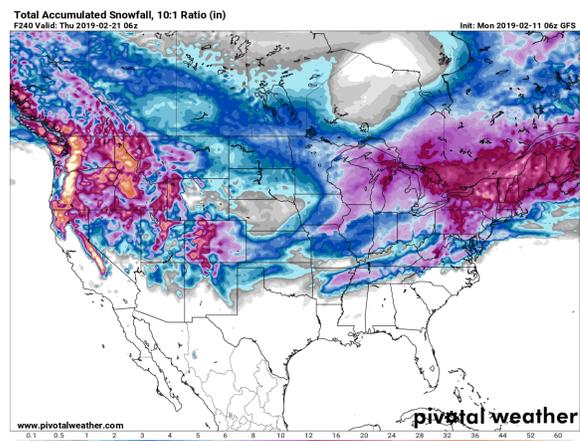
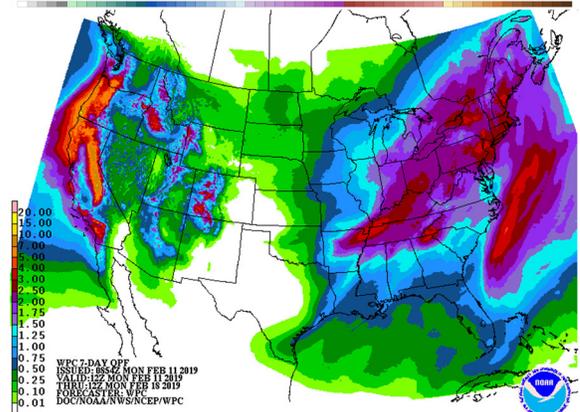
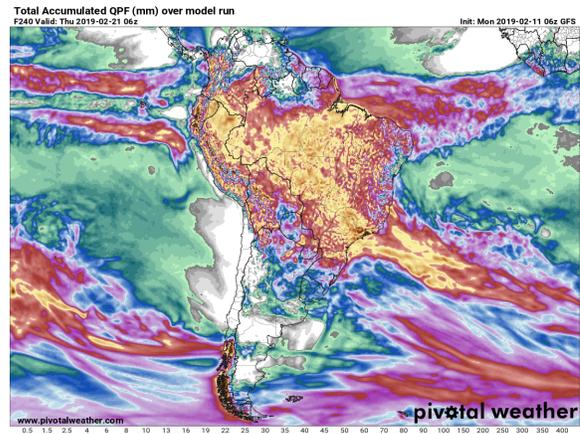
Rainfall in northern Brazil should average near to AN over the next two weeks with totals ranging from 3-7". The wettest part of the two week period will be the 6-10 day period where rains will be widespread throughout the area. In southern Brazil, look for near normal rainfall totals ranging from 3-5" during the next two weeks. This week should be the wettest portion of the two week forecast, with most of the area on tap to get 1.5-3.5". Rainfall chances will not completely shut off in the 6-10 and 11-15 day periods, but they will decline vs. this week. Heat will continue today but it should turn much cooler tomorrow and shouldn't be a factor for the remainder of the two week period.

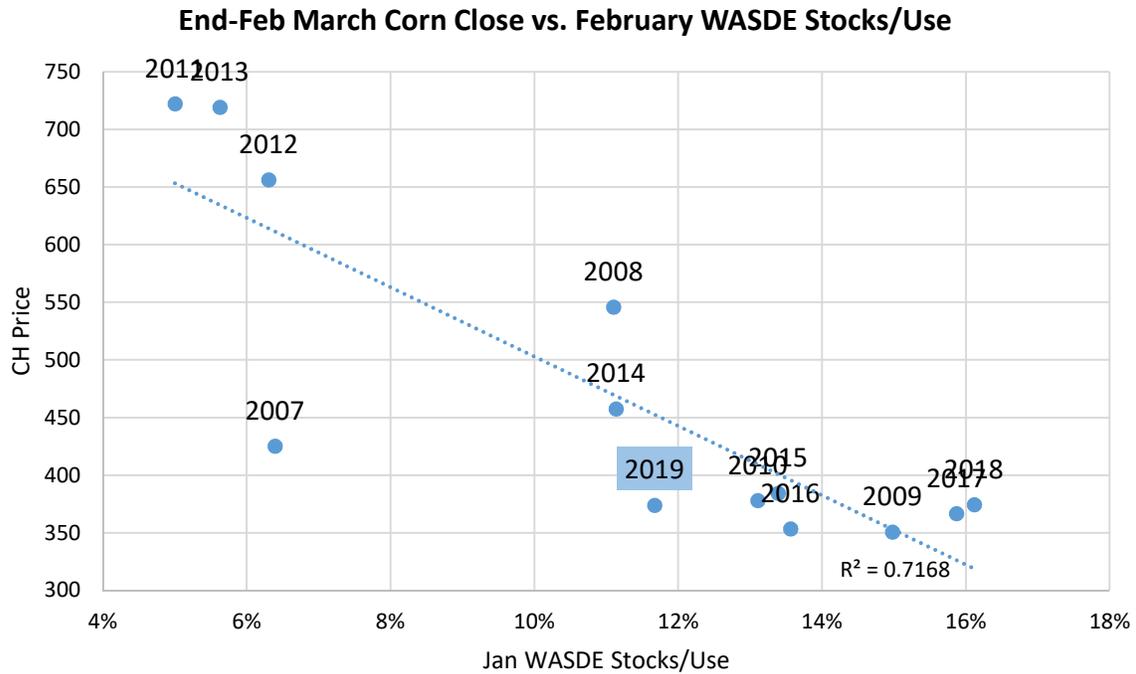
Argentina should see two week rainfall totals come in close to normal. Rainfall should range from 1.5-3.0" throughout the region. We should start to see thunderstorms move through the area today but tomorrow will kick off a period of mostly dry weather that will last through the middle of next week. There is very strong model agreement that rainfall should redevelop in the second half of next week. Temps will be fairly cool through most of the two week period.

In the US we continue to look at an active pattern for precipitation chances in the eastern half of the country. Over the next several days we should see active snowfall stretching from IA/MN across WI, IL, IN, MI, and portions of OH/IN. We should also see additional showers through the Delta and surrounding areas today before rainfall chances start to diminish a little bit for the remainder of the week. The pattern remains locked in place, however, with cool/cold weather to the northwest and warmer temps to the southeast that create a "battlezone" of air masses that should keep the active precipitation chances ongoing through the end of the two week period.

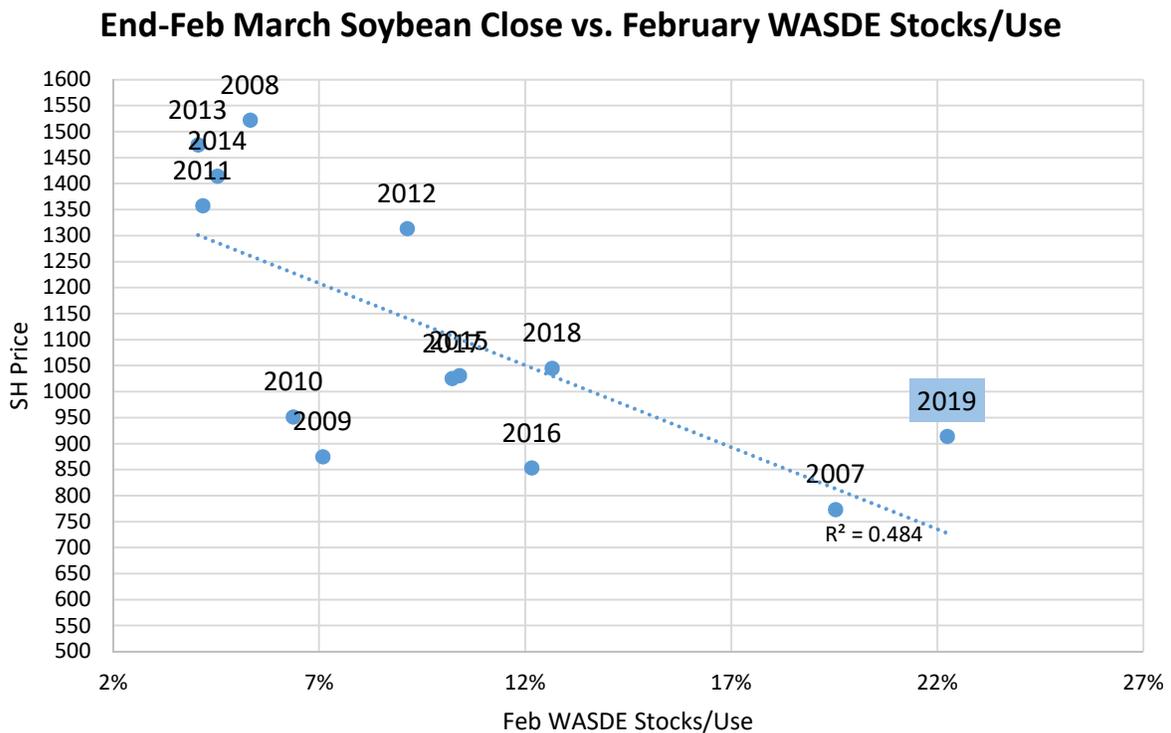
Crops

With the February reports out of the way I thought I would take a quick second this morning to look at some price scatters to see what we "normally" experience this time of year relative to the WASDE estimates. The charts are shown on the following page. The first chart takes the Feb WASDE S/U ratio for corn and plots it against the month-end price for CH. This year's current price is highlighted in blue. One could certainly make an argument that the corn market is perhaps a bit under-priced based on this scatter.





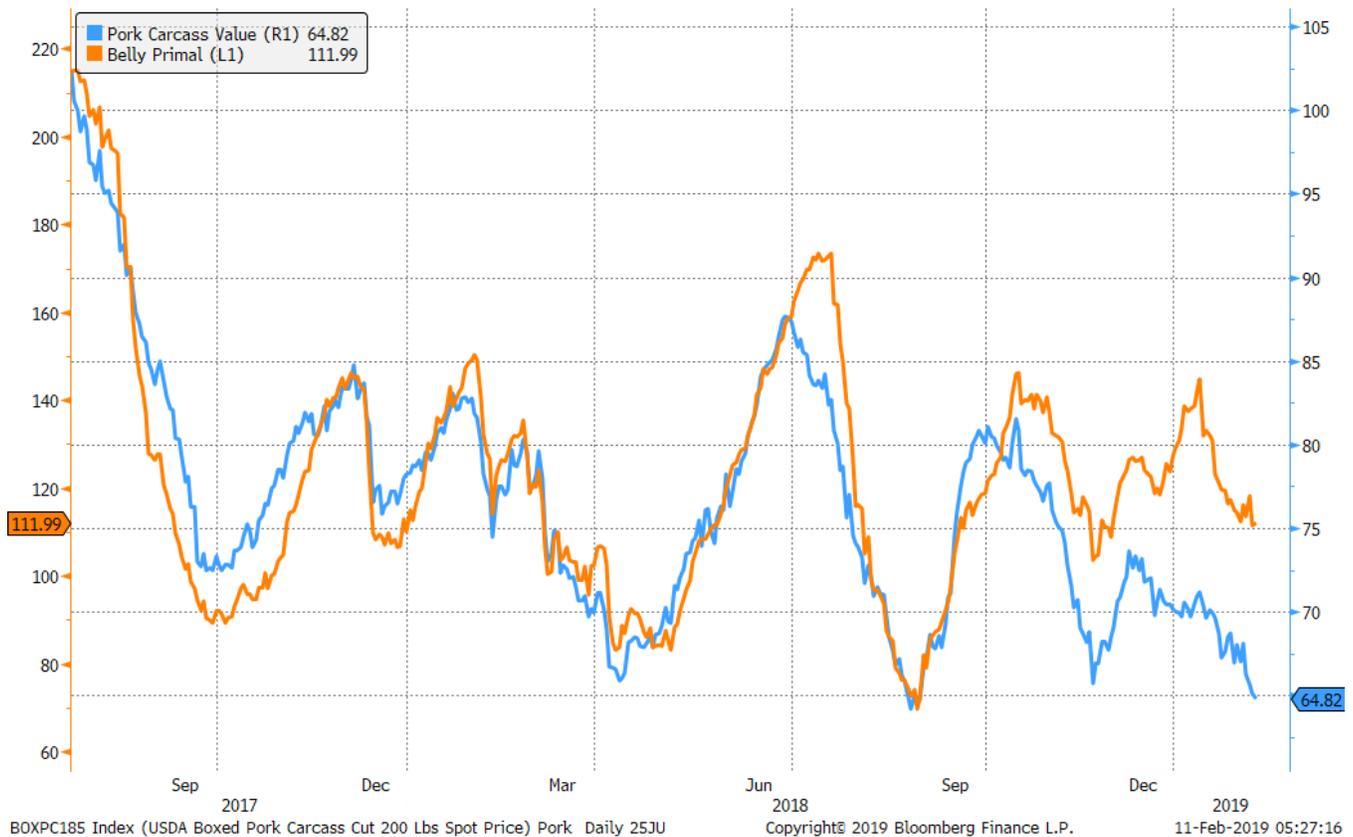
Below is the same chart, but using soybeans. No surprise here...it would certainly seem that soybean prices are over-valued relative to the Feb WASDE guesses.



No other point to make this morning. The markets are telling us they're pricing in a different reality than what WASDE is showing us.

Livestock

The pork carcass value continues to sink, hitting new lows on Friday. Seasonally it shouldn't surprise us to see the carcass value continue to drift lower through potentially the end of March. I would think that this should weigh on the cash index for hogs as well and of course the cash index remains well under the spot hog futures contract so, in theory, this should weigh on the board. Thoughts appreciated.



Nothing particularly new to report on cattle. Last week's kill was probably a little bigger than expected, though there is talk of some reductions this week. Cash trade last week was mostly 124 with some 125 reported. I don't have a good feel for volume at this point.

Financials

As you've likely heard by now, Congressional negotiations on the budget stalemate have gone nowhere so far and this risks yet another government shutdown. President Trump will go to a rally in El Paso today to try to bolster support for his border wall demands. We could get yet another temporary funding deal, but WH Chief of Staff Mulvaney over the weekend was on the talk shows suggesting the WH will not accept such a deal. Without a deal this week, the government will shut down again after Friday.

We have trade negotiations on the agenda for the next few days as Lighthizer and Mnuchin travel to Beijing. President Trump has already stated that there will be no deal until he is able to meet President Xi, and both parties have ruled out a meeting before the current March 1 deadline. There was a report over the weekend suggesting a possible meeting at Trump's Mar-a-Lago resort in FL at some point in March.

Otherwise, I don't see much new information to pass along this morning. US equity futures are higher at the time of writing. China returns from the Lunar New Year holiday and we'll get economic data from this this week that will be of interest. There are no major names reporting earnings in the US today.

Energy

Nothing new to report this morning. The UAE's oil minister was on TV this weekend giving an interview. He noted that OPEC+ compliance with the production cuts was "excellent". He said the OPEC+ production cuts, along with production losses in Libya, Venezuela, and Iran will help balance the market. He went on to say "we're not concerned about the price, we're not targeting any specific price" as if we're supposed to believe that. OPEC+ agreed to reduce production 1.2 mbpd starting Jan 1.

Today's Calendar (all times Central)

- Export Inspections – 10:00am

Thanks for reading.

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