

## Weather

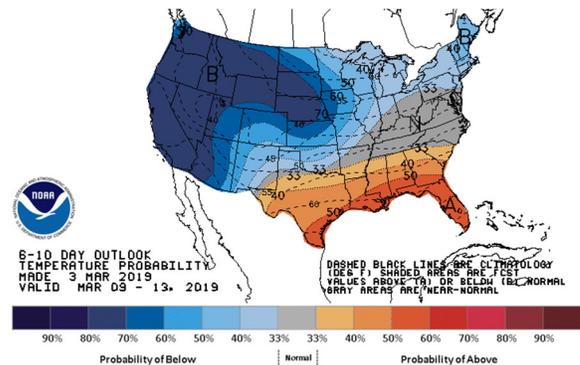
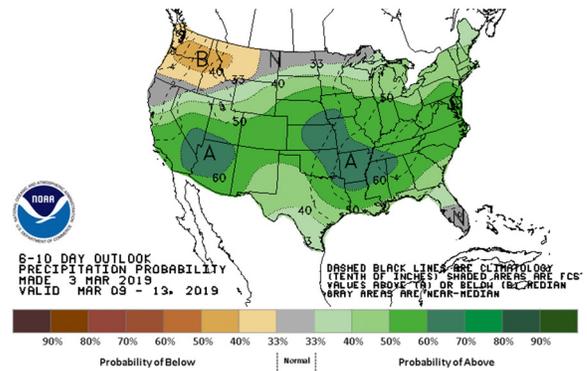
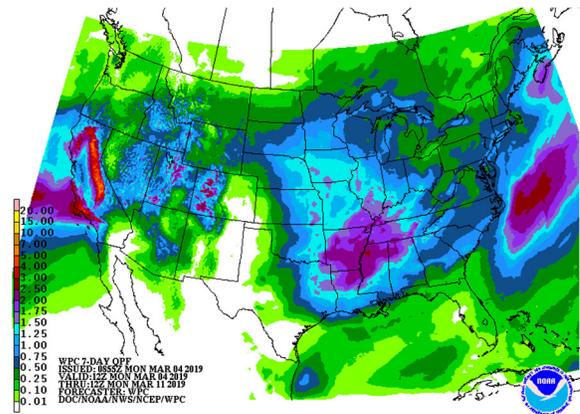
Brazil should see near normal precipitation over the next two weeks. Northern areas should see totals range from 2.5-5.0" during this period, with regular rains spread out during the next two weeks. Southern areas should see similar 2.5-5.0" amounts over the next two weeks. While dry conditions will be seen today, we should see rains start to develop in the south tomorrow and this should kick off a period of daily rainfall in the area through this weekend. Drier conditions in the south would eventually be seen by the 11-15 day period. Temps in the north will continue to average AN, but nothing major. Near to mostly BN temps expected in the south.

Argentina should see two week rainfall totals run near to above normal. Rainfall amounts should range from 2-4" in northern areas with .75-2.0" in southwestern areas. We've seen big rainfall totals since yesterday afternoon and activity is continuing this morning. There will be another threat of rainfall this Thurs/Fri that should bring big and widespread rainfall amounts. Rainfall is expected to be light during the 6-10 and 11-15 day periods. Temps should be relatively cool.

No changes to the US forecast. The same pattern appears to be locked into place for at least the next 10 days. We'll see widespread BN temps across most of the country during this period. The southeast appears to be the area that will catch the heaviest precipitation totals as indicated in the map at the top right. Most of the rain in the map at the top right comes later in this week, however, so at least the area will see a few days of limited precipitation before it gets hit again. I haven't included a map of snowfall projections today, but it appears very likely that, in addition to the big rainfall in the southeast, this weekend will bring chances for additional heavy snowfall through the Northern Plains and surrounding areas. Temps will be the coldest over the next few days with the Northern Plains seeing temps 25-30F below normal at times. We *might* see a slight moderation in the cold temps in the 11-15 day period, though temps should still average BN at that time as well.

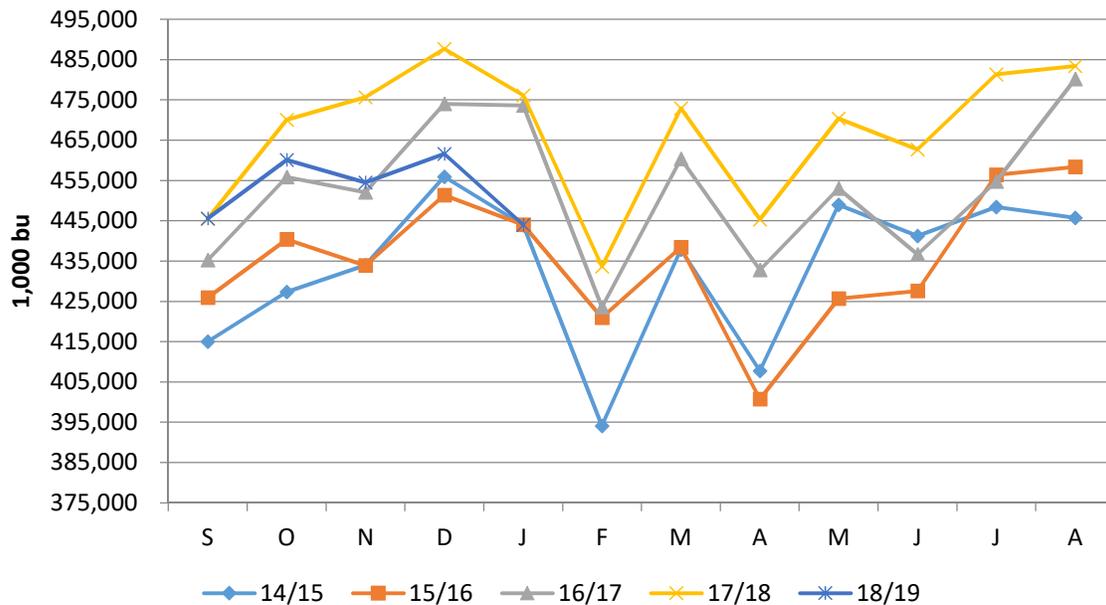
## Crops

I think we're finally caught up in terms of Grain Crushing and Fats & Oils reports as of Friday's release. NASS reported January Grain Crushing on Friday, and the corn grind for ethanol continues to underwhelm. The weekly EIA production figures haven't been especially impressive, but the official corn grind has still managed to



come in below even those low expectations. The January corn grind was estimated at just 444 mb, compared to 462 mb in December and well below last year's 476 mb. As shown in the chart below, we simply haven't come close to last year's production pace so far this 18/19 season. Importantly, in order to meet the WASDE projection for the corn grind we'd need to see monthly consumption average higher than we did from this point forward last year. That seems fairly unreasonable at this point in time, and I wouldn't be surprised to see WASDE post yet another decline in their corn grind estimate on Friday.

**Monthly Corn Grind for Ethanol Comparison**

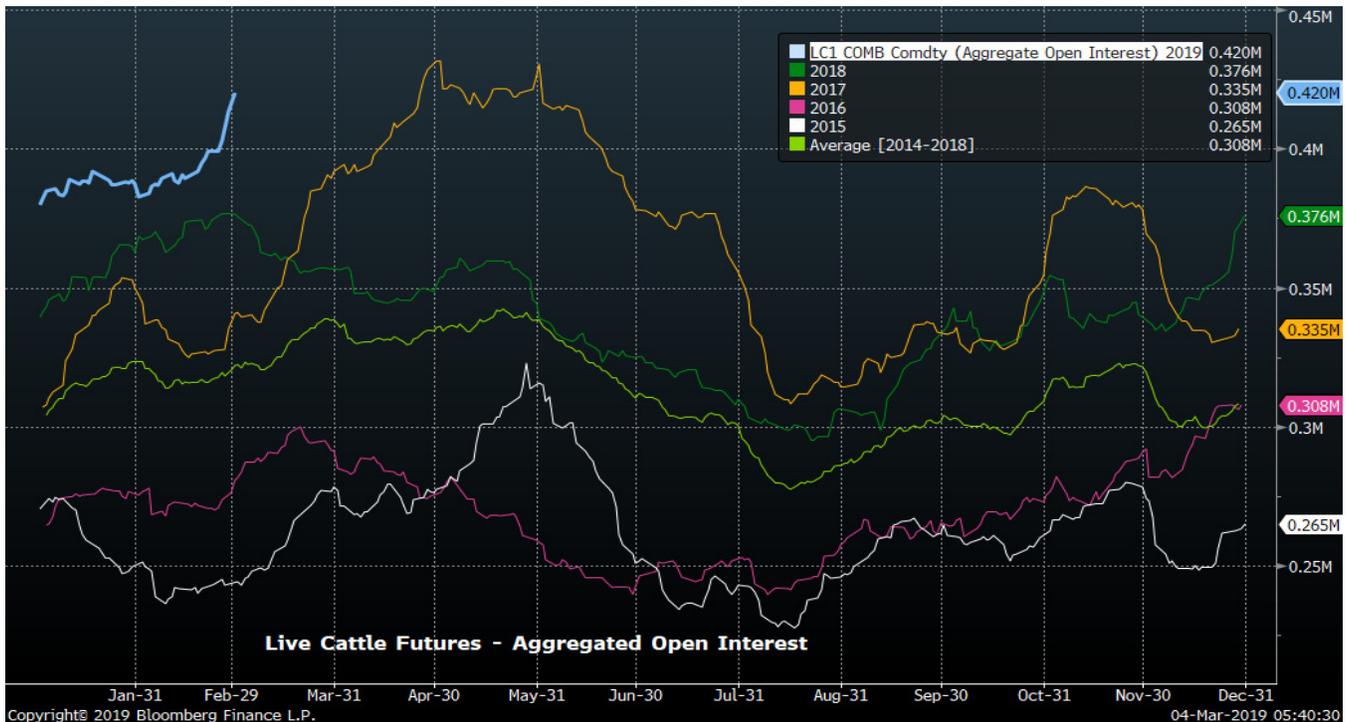


The Fats & Oils report didn't contain any major surprises considering we've already seen the NOPA figures. The crush was roughly 182.9 mb, which is yet another official monthly record. Based on the pace of crush so far, it wouldn't surprise me to see WASDE add to their 18/19 crush total again this Friday. Meal yield continues to underwhelm, and this month's was actually the lowest of the marketing year so far. WASDE likely needs to come down further on their implied meal yield, so it'll be interesting to see how they move the pieces around in their balance sheet to make everything work. The implied domestic meal disappearance was actually pretty light from this report...but then again the implied data from last year's report for this month was exceptionally high so perhaps it's just a quick in the data. Still, MYTD domestic meal disappearance is now running below last year vs. projection calling for a 3% increase YOY. Something to keep an eye on in the reports to come.

**Livestock**

It seems like some decent volume of cash trade last week, though we won't know for sure until today's data release. A lot of trade took place at 128 on Friday. While higher than the prior week, it seems the bulls were a bit disappointed in that action. I suppose the fact that the packer bought next to nothing the prior week had them believing they'd have to chase the market sharply higher last week?

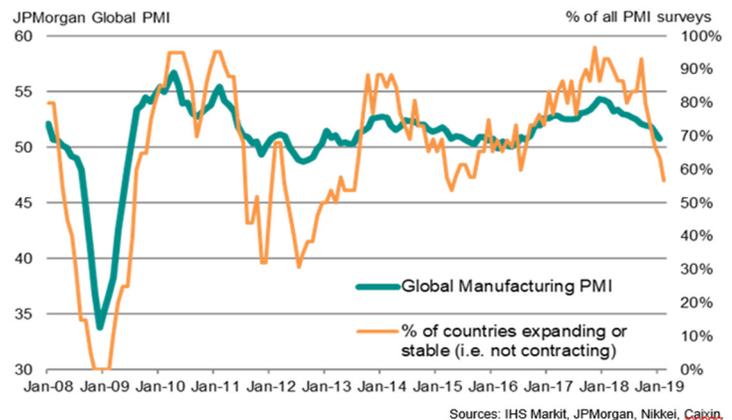
The chart below shows a seasonal look at aggregated open interest in LC futures. You can see that we're very quickly approaching the highs posted in spring 2017, which from what I can tell appears to be the all time highs. The combined MM and index trader net position in LC is also near record long right now. Something to be aware of...



### Financials

Another risk-on type of morning as reports were spread yesterday about a trade deal being very close. I don't have any value to add in terms of analysis on that...we'll just see what happens. This seems to be the driving force behind the overnight price action. Markit updated data on their global PMI figures overnight. They noted global manufacturing PMI fell to a 33-month low in February. They showed 13 out of 30 countries are now posting manufacturing PMIs below the 50 level, and the overall global PMI is just barely above 50 itself. The trade situation is clearly a major issue, as they report that manufacturing exports declined in 12 of the 29 countries they track. Germany posted the biggest decline.

### Global manufacturing PMI surveys



The National People's Congress will kick off in Beijing tomorrow, and this will give us a look at how the Chinese government is planning to tackle the slowing economic growth. We've already seen reports of additional fiscal stimulus and plans to cut taxes for manufacturers. This event might produce some interesting headlines in the context of the ongoing trade negotiations.

## Energy

Crude oil futures are slightly higher at the time of writing this morning, likely swept up in the risk-on attitudes of the evening. Otherwise, I don't see anything major to report. In Canada, it sounds like plans for additional pipelines hit snags late last week and will be delayed. This clearly doesn't help the oversupply situation in Alberta. Nigeria is dealing with reduced exports temporarily, though Shell is reporting this is not due to sabotage. Last Friday Baker Hughes reported a decline in US rig counts, with rigs in the Permian falling to their lowest level since May.

## Today's Calendar (all times Central)

- Construction Spending – 9:00am
- Export Inspections – 10:00am

Thanks for reading.

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