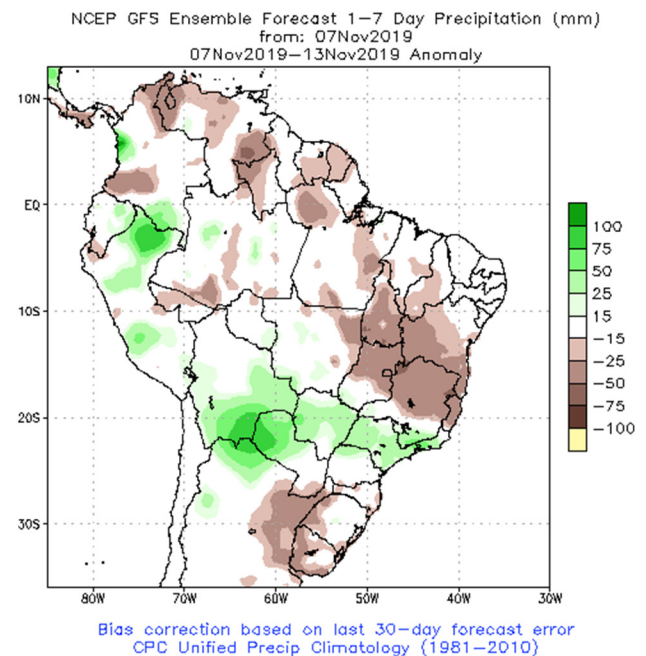


## Weather

No change in the forecast for Brazil. Brazil should see daily chances for showers over the next two weeks. The biggest rainfall and coverage will probably favor the central portions of the country, with northeastern portions of the country seeing the lightest amounts and lowest coverage. Overall, over the course of the next two weeks rainfall amounts should mostly average near normal in most cases, with the northeast again being an exception. Temps should be fairly hot over the next few days through central portions of the country but it should cool down a bit by the 6-10 day period.

The forecast for Argentina appears to have added some rainfall threats overnight. Now most of the growing region could see near normal rainfall totals over the next two weeks. Look for some decent rains to fall Mon/Tues in major production areas. Rainfall amounts will decline in the 6-10 day period but additional decent rainfall totals could be possible in the 11-15 day period. There will be some temporary heat at times next week but otherwise the forecast doesn't call for anything major.



## Crops

We've spent the week going through the various items to consider for today's USDA report. There is little more I can say at this point. For a complete review of my expectations, please review all the commentaries I've sent this week. For a quick rundown:

- I expect the soybean yield to be near market expectations – slightly lower than last month. I think there is risk for something smaller than expected, but the slow harvest progress has me leaning conservative. Demand expectations are likely to be unchanged. As shown yesterday, export commitments are right near year-ago levels. There might be some downside risk to the crush figure, but that won't be anything major.
- The case for a higher or lower corn yield (vs last month) appears to be a coin-flip to me. Condition ratings posted a modest increase and FC Stone even raised their yield projection vs. last month. That said, I find my bias falling with those calling for a decline. Even then, I think the average guess calling for a ~1 bpa decline (as shown below) might be too pessimistic and there is some upside risk to the corn production number. I don't anticipate many changes to demand other than what would be necessary based on the production change.
- The WASDE wheat analyst probably could have taken the month off. I simply don't see any important changes to the US balance sheet today. There should be some changes to world production number, such as lower estimates for Argentina and Australia. I don't expect many fireworks for wheat.

## USDA Corn and Soybean Production

	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA Oct Estimates
Corn Yield	167.2	164.5-170.0	168.4
Corn Crop	13,604	13,030-13,786	13,779
Soybean Yield	46.6	45.5-47.6	46.9
Soybean Crop	3,513	3,441-3,609	3,550

## USDA Ending Stocks

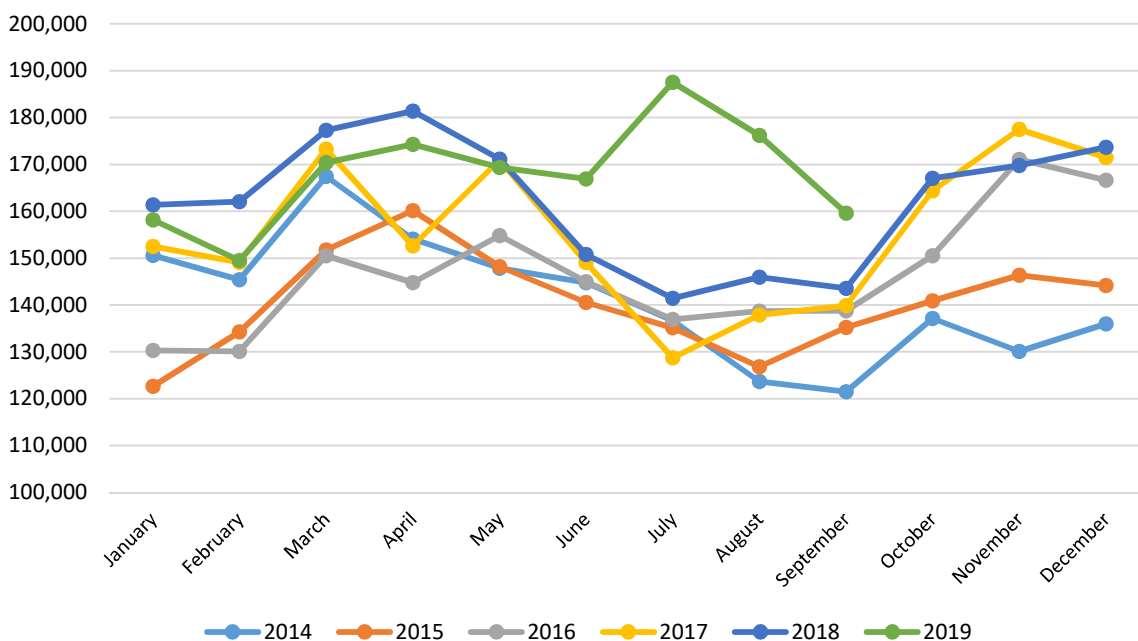
	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA Oct Estimates
Corn	1,800	1,479-2,065	1,929
Soybeans	432	330-521	460
Wheat	1,030	958-1,078	1,043

Good luck today.

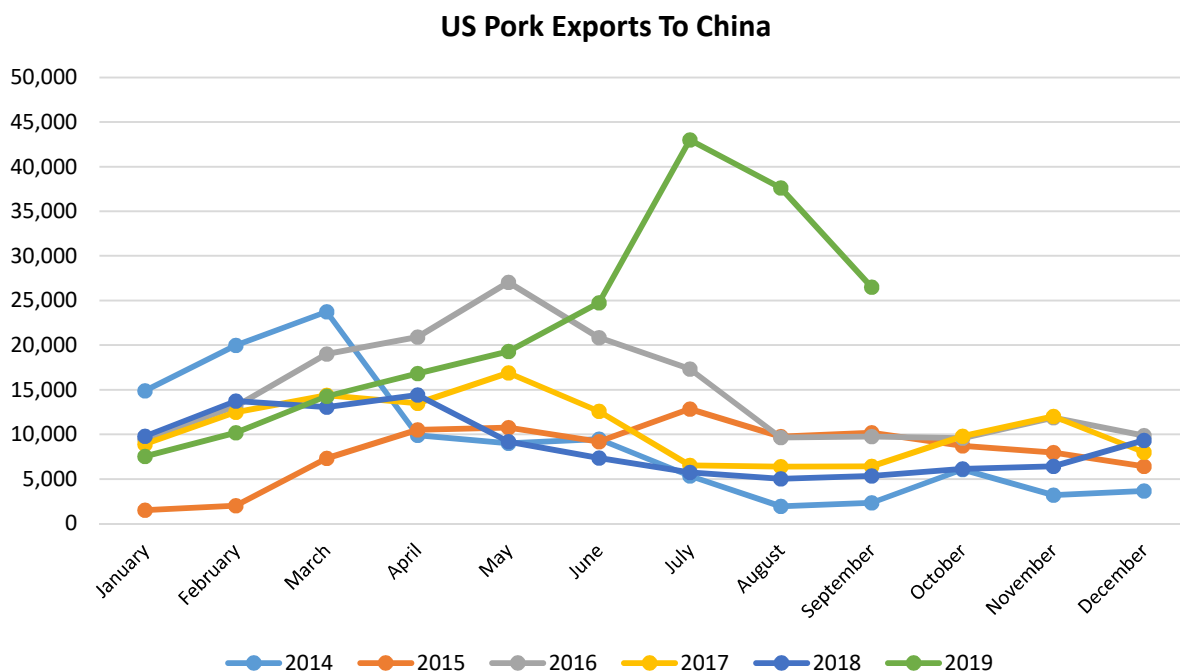
## Livestock

Looking quickly at US Census pork trade for the month of September. As the chart below shows, September proved to be a fairly lackluster month for US exports. After scoring some very impressive counter-seasonal big numbers in JJA, Sep was “big-ish” too but still the smallest US export total since February.

## US Total Pork Exports



As I'm sure you would probably imagine, a large part of the decline in the US total comes from a decline in shipments to China. China wholesale pork prices are up roughly 45% since the end of Sep, so perhaps we see demand improve again going forward?



## Financials

Relatively quiet markets at the time of writing this morning. We've seen a higher week in US equity futures with new highs being posted. Futures are a touch softer this morning, but nothing major. There isn't any major news. Obviously the market will be very focused on tracking any trade-related headlines closely. Peter Navarro poured some cold water on emotions saying there is not yet a deal in place to rollback existing tariffs. I'm not sure anyone listens to him anymore.

In overnight news, China released official trade data for October. Their exports were down from year ago levels, but a little less than expected. Imports were down as well, marking the sixth straight month of YOY declines in imports. China's trade surplus with the US was \$26B in Oct. Exports to the US are down 11% YTD.

Not much on tap for today. No major earnings releases are pending and the economic data of the day is not going to push markets around. We do have some Fed officials speaking and that always holds some market-moving potential. Note the market is only pricing in an 8% chance for a rate cut in December...which means it isn't happening.

## Energy

Though not necessarily moving to the futures market, I find the story out of Brazil this week fairly interesting. The Brazilian government intended to auction off rights to major oil deposits earlier this week, hoping it would

bring big international oil majors into the country and produce some big money. Instead, state-owned Petroleo Brasileiro did most of the bidding and the international oil majors stayed away. This is part of the reason the BRL has been hit hard this week after strengthening after the pension reform passed. This is being billed as a vote of no-confidence for investing in Brazil, and it already seems to be prompting some soul-searching in at least some government officials. Keep in mind that Brazil is expected to be a source of oil production growth in the years ahead. Nothing like what is expected in the US, but still growing production. It will be interesting to see if lack of investment hampers this at all.

#### Today's Calendar (all times Central)

- U of M Consumer Sentiment – 9:00am
- WASDE & Crop Production – 11:00am
- A few Fed speakers

Thanks for reading.

David Zelinski

[dzelsinki@nesvick.com](mailto:dzelsinki@nesvick.com)

901-766-4684

Trillian IM: [dzelsinki@nesvick.com](mailto:dzelsinki@nesvick.com)

Bloomberg IB: [dzelsinki2@bloomberg.net](mailto:dzelsinki2@bloomberg.net)

#### **DISCLAIMER:**

**This communication is a solicitation for entering into derivatives transactions.** It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.