

## Weather

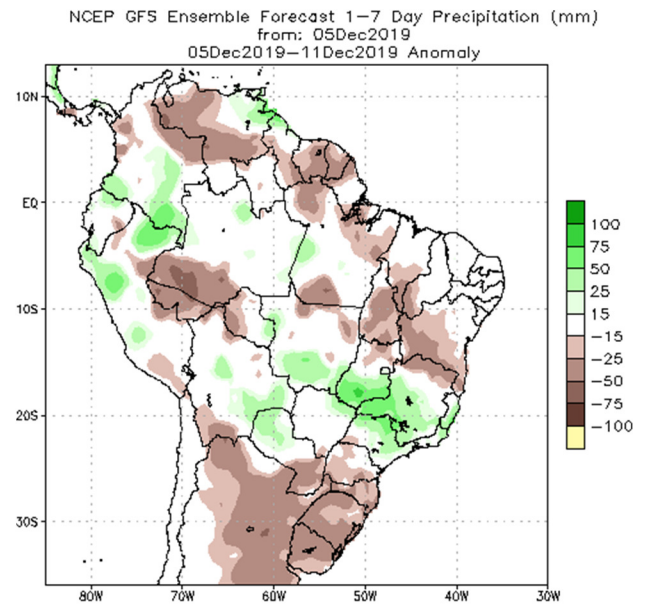
No big changes to the South American forecast this morning. Rainfall over northern Brazil will average near to slightly below normal over the next two weeks, with lower totals the further you go north. Look for rainfall amounts to range from 2-5" during this period. We will continue to see some above normal temps in northeastern areas over the next few days and at the end of the two week period it is likely those warm temps will spread further through the region and cover a bigger area.

Rainfall in southern Brazil should run mostly above normal with two week totals ranging from 3-5". The area should be dry today and tomorrow but significant rains will move into the area on Sunday and continue for a few days. Additional rainfall will be seen in the 11-15 day period. Temps will be cool today and tomorrow but we should start to see temps warm up next week with some AN readings developing (90+ highs) for a few days.

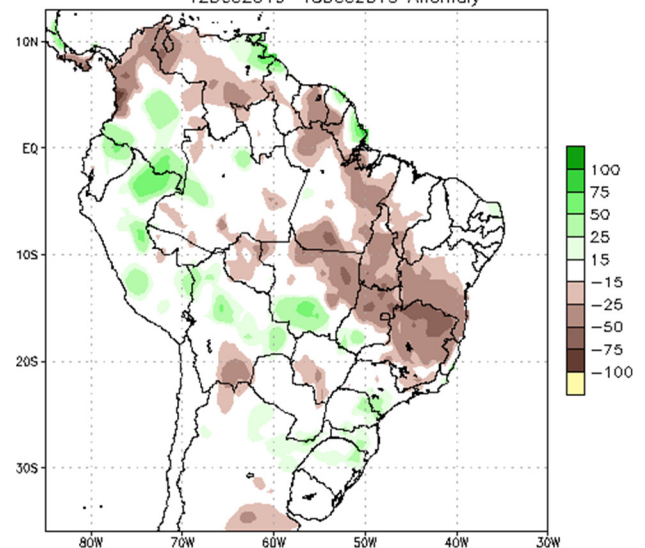
Argentine rainfall should average near to below normal in northern areas and completely below normal in southern areas. Two week rainfall totals will be 2-3" in the north and 1-2" in the south. Mostly dry conditions expected for several days with rains developing late next week favoring northern areas. Temps will be relatively cool today and tomorrow but we should see some warming temps next week with widespread 90s and some upper 90s and low 100s can't be ruled out. Temps would then likely cool off again as rainfall arrives.

## Crops

Just a few charts hoping to provide some food for thought this morning. Similar to what I presented yesterday for corn, I wanted to show total major exporter shipments of soybeans over the past several months. That chart is shown below. I think it is fascinating for what it does NOT show. Other than the trade war, what has been THE story of 2019? African swine fever with its impact on both pork production and meat prices and the *presumed* loss in feed demand due to that lost meat production. But look at the chart and please point to where any loss in meal demand is present...and for that matter on the corn chart presented yesterday. Global soybean exports have been essentially steady for the past year or so, with some strong figures here recently. That hardly points towards weak demand.

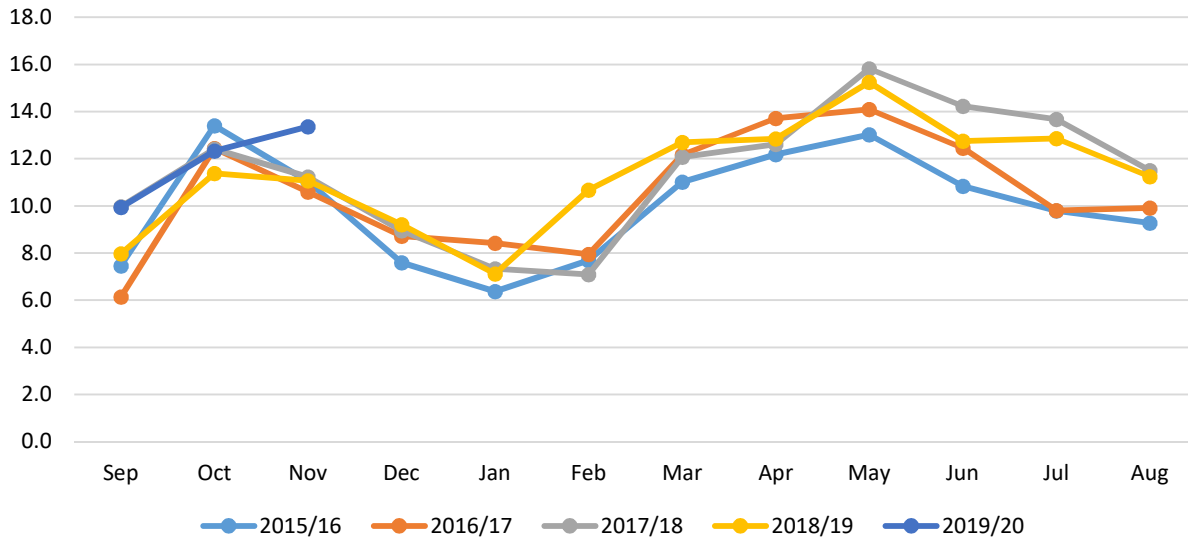


Bias correction based on last 30-day forecast error  
 CPC Unified Precip Climatology (1981-2010)  
 NCEP GFS Ensemble Forecast 8-14 Day Precipitation (mm)  
 from: 05Dec2019  
 12Dec2019-18Dec2019 Anomaly



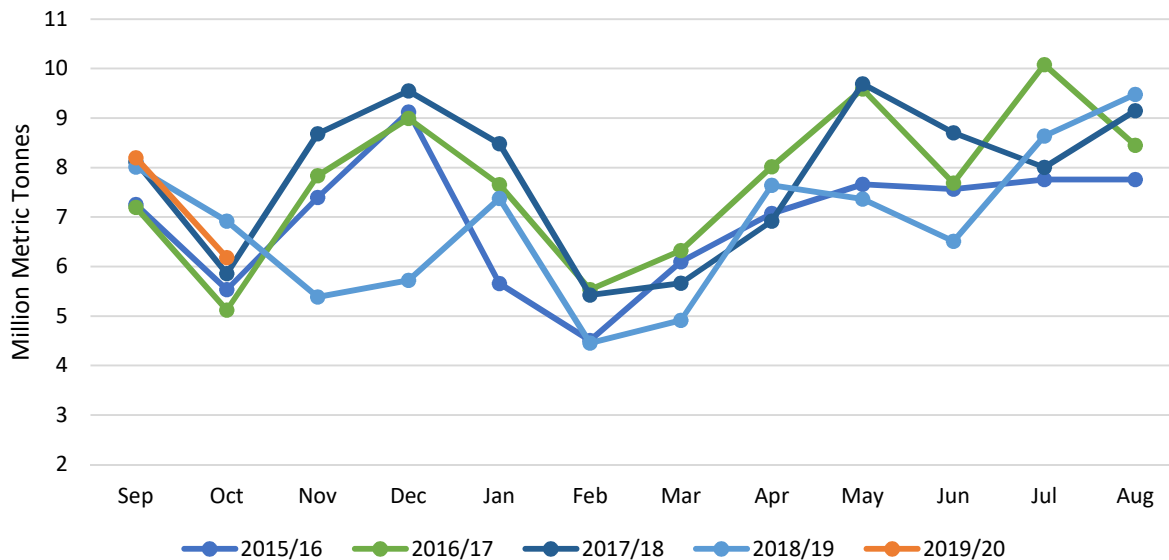
Bias correction based on past 30-day forecast error  
 CPC Unified Precip Climatology (1981-2010)

### Combined "Big 3" Soybean Exports US, Brazil, Argentina



Of course Chinese demand and their imports are down significantly over the past year. Chinese Customs numbers are shown below. In the 18/19 marketing year, Chinese imports were “only” 82.6 mmt which would be down almost 12 mmt YOY. But as shown above, total “Big 3” exports during that timeframe were basically unchanged. This suggests that demand outside of China has been exceptionally strong, doesn’t it? What happens as Chinese demand slowly starts to recover? Will demand ex-China decline as an offset, or have we simply developed a new “base level” of demand in these other destinations?

### China Monthly Soybean Imports (China Customs)

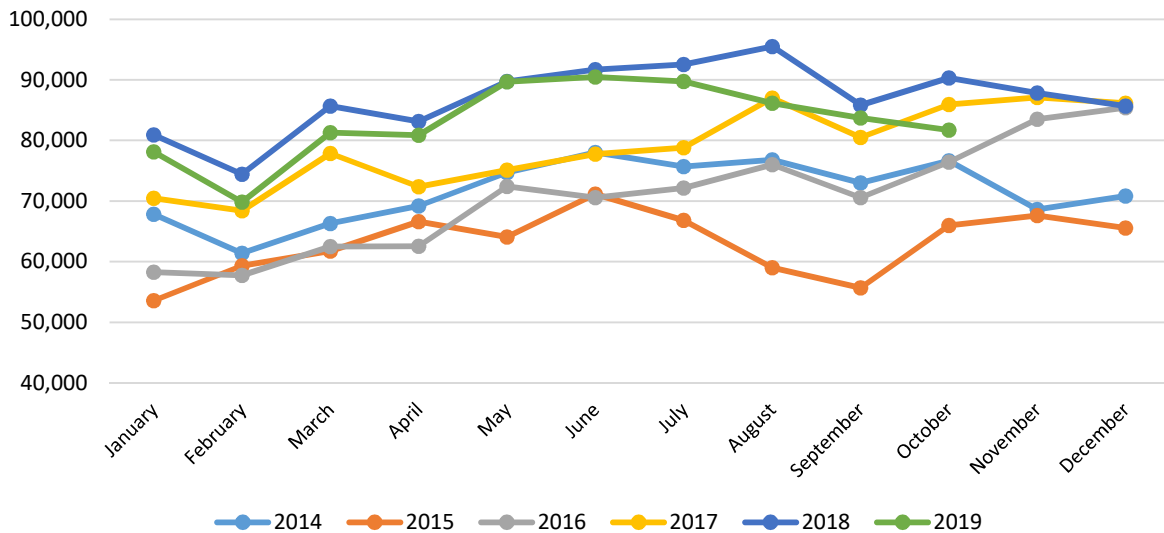


Thoughts appreciated...

## Livestock

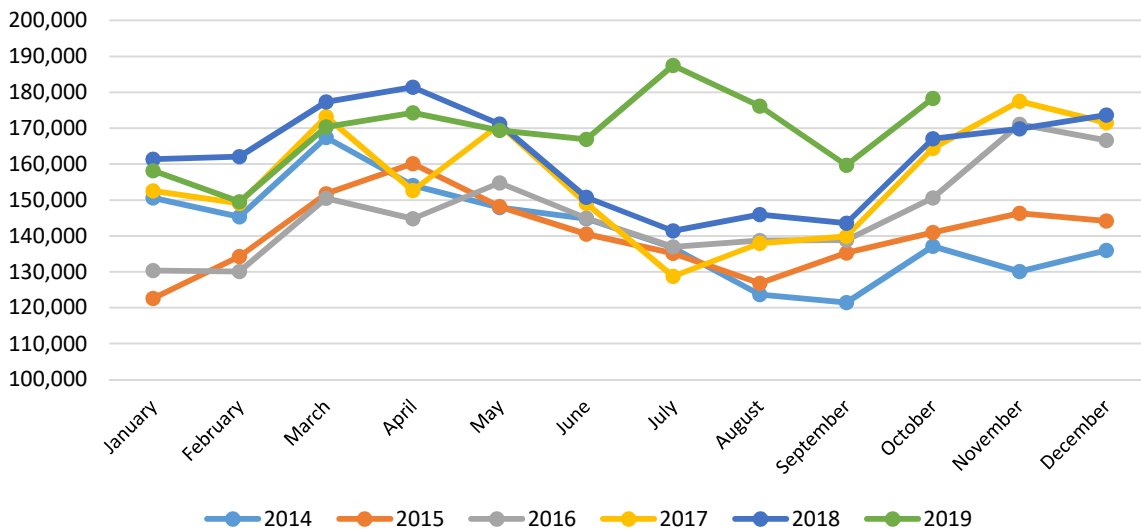
Official Census trade numbers were released yesterday. We'll simply look very quickly this morning at beef and pork export totals. US total beef exports totaled just under 82k mt. As you can see below that is the lowest level of exports since April and you can see we've been consistently trailing below year ago levels for almost the entirety of 2019.

### US Total Beef Exports

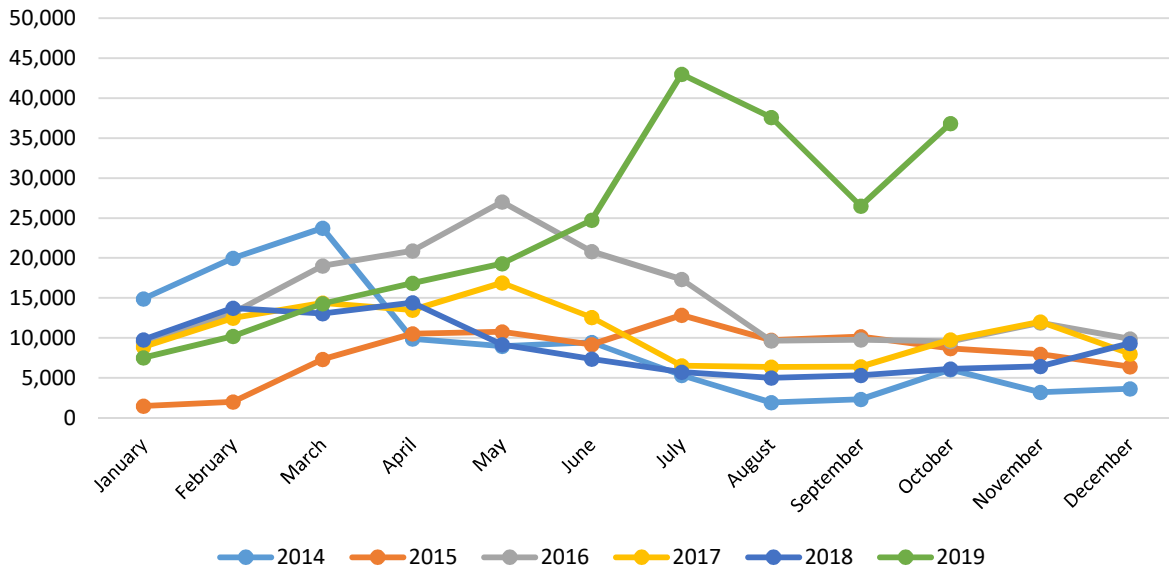


Pork exports in October were fairly solid. You can see in the chart below that Oct shipments were up sharply from Sep levels and we continue to exceed year ago levels. Obviously a big part of that is due to shipments to China, which is plotted on the second chart below. Though total pork exports are certainly “solid”, it really doesn't look like Oct shipments are anything exceptional relative to the past few years either.

### US Total Pork Exports



### US Pork Exports To China



### Financials

The main item on tap this morning will be the release of the NFP report. On Wednesday we saw an underwhelming ADP release, but as we've shown here many times there just isn't always a great correlation between the two. Today's NFP number is complicated by the resolution of the GM strike which, in theory, should inflate payroll numbers...just like it weighed on the October release (+128k). We also still have some impact of Census hiring to deal with. Bloomberg reports that November payrolls usually exceed the consensus expectation by an average of about 15k over the past 10 years.

Not a lot else to report overnight. There is a report saying China is "waiving tariffs on imports of US pork and soybeans". When reading the report, however, this simply sounds like someone saying they're simply doing what they already said they would do – allow for X amount of both products to be imported without tariffs. This doesn't seem like new information to me and is "headline spin" at its finest in my opinion. That said, it doesn't seem to be hurting sentiment this morning. German industrial production was released last night and it was weaker than expected. Following some decent economic numbers out of German recently this is a disappointment.

### Energy

Crude oil futures are steady at the time of writing this morning as the market is still a bit unclear on what OPEC is going to do. The headlines yesterday all seemed to suggest that the group had come to some sort of agreement that further production cuts were likely, but we still haven't received any official word of an actual agreement. It is also unclear from what level OPEC is "cutting". It almost sounds like OPEC wants to announce a "cut" to their production quota, but that would only be enough to work towards actual recent production levels (as the Saudis have been producing under their quota for a while). That obviously wouldn't be enough to really get the futures market excited. I would think that the futures market might be a bit vulnerable here as we're

trading near the top end of this year's trading range. It will really take something impressive from OPEC to push WTI to/above the \$60 mark.

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

- NFP – 7:30am
- U of M Consumer Sentiment

Thanks for reading.

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