

Weather

Rainfall in northern Brazil over the next two weeks should average near normal with amounts ranging from 4-6". We should see fairly light rainfall over the next week or so, especially in extreme northeastern areas. We should see rainfall totals pick up substantially in Week 2 of the forecast period. Temps should run above normal over the next week with a lot of highs into the mid 90s and maybe slightly higher. As rainfall chances improve next week, temps should cool off a bit.

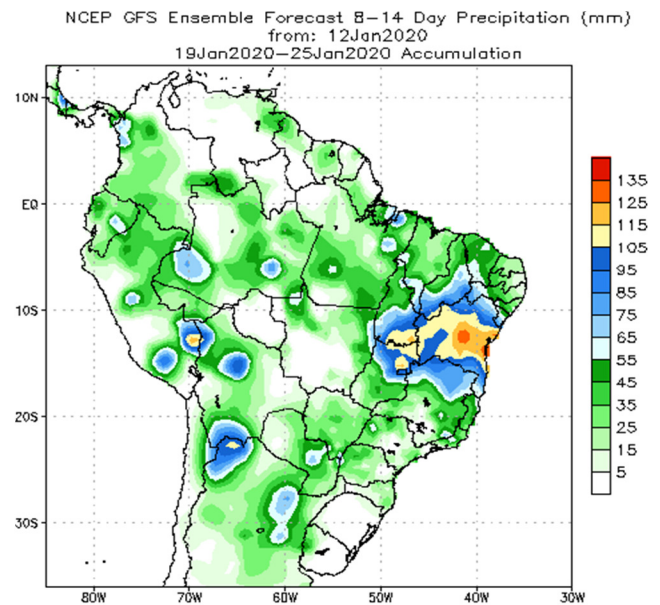
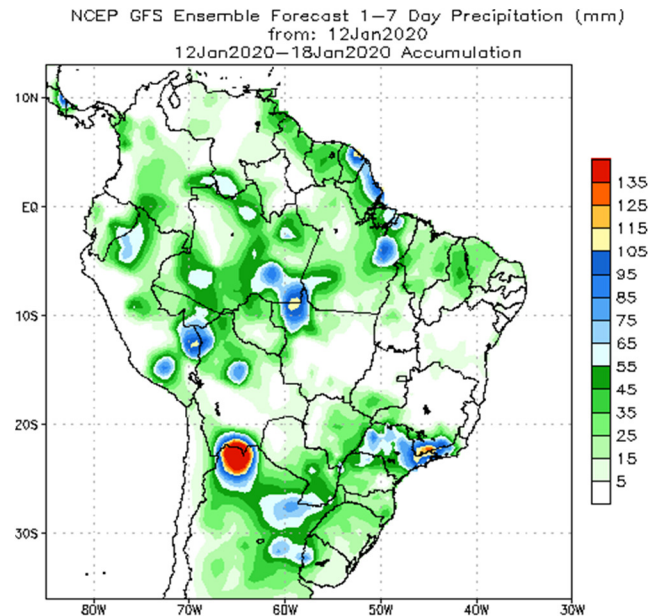
Rainfall in southern Brazil over the next two weeks will average near to below normal. Rainfall totals in RGDS over that period should be 1.5-2.5" and a little north we should see 2.5-3.5" in Parana. The majority of these rains will probably fall in the next 5 or so days, with rainfall chances beyond that looking pretty minimal. Temps should be in the 90s over the next few days but should turn much cooler later in the week and remain cooler for the duration of the two week period.

Argentina should see rainfall average near to below normal over the next two weeks. Southern areas should see rainfall amounts of 1-2" with 2-3" probably in northern areas. The best rains will fall in the next few days, with mostly below normal precipitation expected in the 6-10 and 11-15 day periods. Heat should not ever be a problem for Argentina, though the highs will reach low 90s for today and tomorrow. Cooler conditions will be seen beyond that.

Some active precipitation over the next week or so in the US. The main item to keep an eye on this week is a potentially significant snowfall through portions of the northwestern Corn Belt and northern Plains starting on Thursday night. It looks like most of the snow should miss most of the feedlot areas, but perhaps some portions in NE will be affected.

Crops

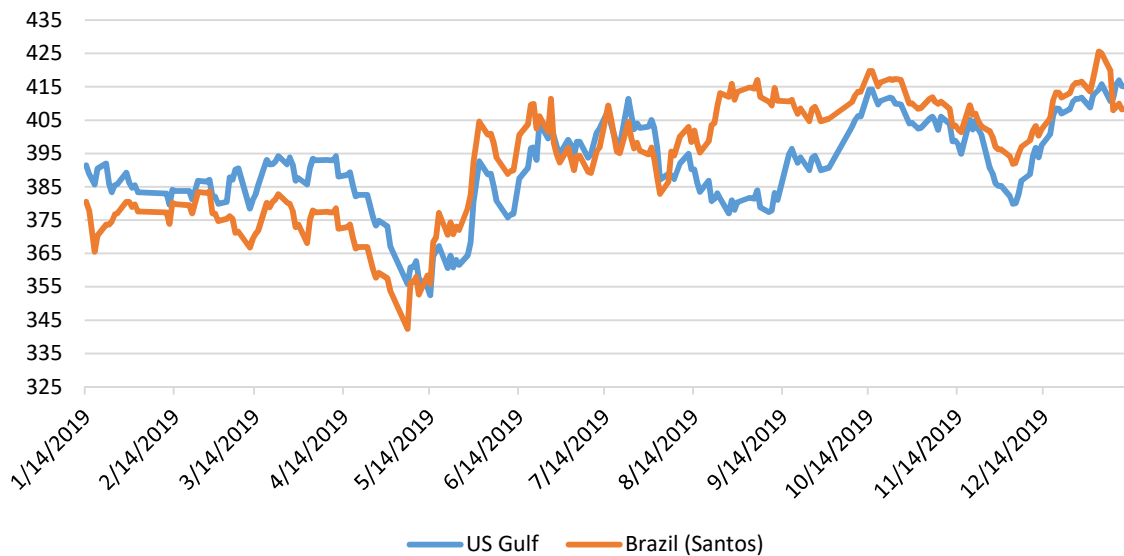
Well, we have the US-China trade deal signing on tap this week. On one hand, we could maybe argue that this should be great news for the markets here and that prices could rally simply on improved sentiment following the deal signing. Of course the other argument is that this could prove to be a "sell the news" situation, as the



market has already rallied on the deal being announced and this shouldn't mean much to prices. I'll concede I'm torn on what to expect this week.

In the case of soybeans, if we're expecting an "immediate" uptick in business we're asking the Chinese to ignore the economics of soybean purchases for the moment. The chart below looks at the landed prices to China of soybeans from both the US and Brazil. You can see that recently Brazilian values have turned cheaper than US soybeans. Considering harvest in Brazil is quickly approaching, it seems reasonable to believe that Brazilian prices are likely to remain a discount to US levels for a while going forward...as they do seasonally at this time of year. Simply put, this is not typically the time of year we would do big soybean business with China, so I'm not entirely sure why we're expecting something immediate this year.

**Soybeans Delivered to China Comparison
US vs. Brazil**



Additionally, the situation in China is worth keeping an eye on. Estimated crush margins are still positive for the moment, but look at what meal prices have been doing lately. Meal prices have been relentlessly straight down for months. This would seem to imply that any hope we have had for some sort of recovery in feed demand is simply not happening right now. Soyoil values in China are very strong, which for now is allowing crush margins to maintain a modest degree of profitability. But if you're a privately-owned crusher in China and you're just barely hanging on to a profit right now, are you going to go out of your way to pay *more* for soybeans than you truly need to?

China Soymeal Prices (CNY/mt)



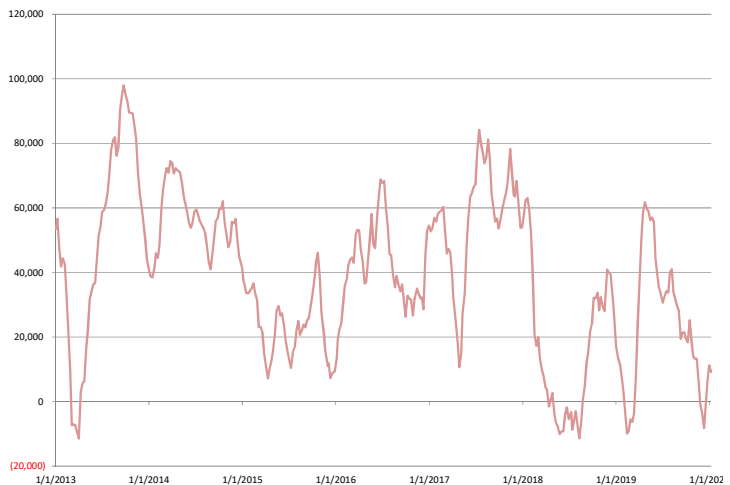
I guess my point this morning is that I'm a bit skeptical that we will see an immediate surge in soybean sales to China simply on account of signing the trade deal this week. Prices favor Brazilian supplies right now, and crush economics are not favorable enough to ignore what the market is telling you to do at the moment. Of course I could be completely wrong about this and the government might "encourage" buyers to take out of the US anyway. That said, I think for now there are other products that might be a better option for Chinese importers than soybeans. We'll look at corn tomorrow as an example.

Livestock

Nothing in Friday's COT numbers stood out to me as something to get worked up about. The MM net long position in cattle is fairly sizeable, but hardly anything close to a record. Positioning in hogs continues to look uninspired

It'll be interesting to see the MPR volume totals when released by USDA later this afternoon. It really doesn't sound like cash cattle traded much last week. To the best of my knowledge going home on Friday, virtually nothing had traded in the south and northern volume was pretty light as well. This will of course lead us into the debate over who has the greater leverage heading into this week's

Lean Hogs - Managed Money Net Position



cash action. I honestly don't have a clue on that question, so any and all thoughts would be welcomed. Otherwise, I don't have much to report here this morning.

Financials

I thought I would share a few tidbits from a very interesting WSJ article I saw on Friday. The article is titled *Money-Losing Companies Mushroom Even as Stocks Hit New Highs*. The article is really interesting I would recommend looking it up if you have a WSJ subscription. The article notes there are a lot of high-profile companies that are big money losers. They note TSLA and GE as the two most valuable companies that currently lose money. They point out that the percentage of listed companies in the US losing money over the past 12 months is just under 40%...which is a mind-blowing number in my opinion. According to the article this is the highest level since the late 90s outside of recession periods. The chart to the right is pulled from the article and this shows that the percentage of listed companies that has lost money over a 3 year period is roughly 27% right now. You can see that is a higher level than seen right before the prior two recessions. The second chart at the right shows the percentage of IPOs that are money losing is also not far from the highest levels on record. While I don't want to be one of those guys calling for a top in the equity market, I do think these sorts of statistics are definitely something to keep in mind with the equity market sitting at all-time highs.

Otherwise, I don't have much new to pass along this morning. Obviously this week we have the US-China trade deal signing and this could certainly help sentiment...or is it a "sell the news" event? No major economic data releases on tap today, but we will get the Treasury's monthly budget statement this afternoon and I think the US fiscal situation will soon become a market-influencer so I'll be keeping an eye on this.

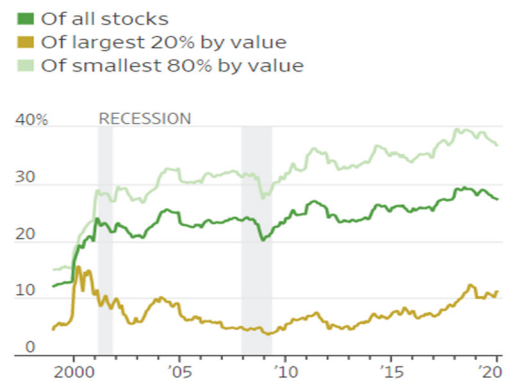
Energy

Crude oil futures are steady at the time of writing this morning. I don't see any major new information to pass along this morning. The situation surrounding protests in Iran has turned highly volatile, and President Trump took to Twitter over the weekend to voice support for the protesters and to warn the Iranian government not to come down too hard on the protesters. One has to wonder if this is something of a "red-line" for President Trump that might invite military action if the government were to really crack down on the protests? Outside of the Middle East, it looks like the situation in Libya has improved somewhat. A cease fire between two major groups has gone into effect. We'll see how long it can last but for now it is certainly good news.

Money-Losing Propositions

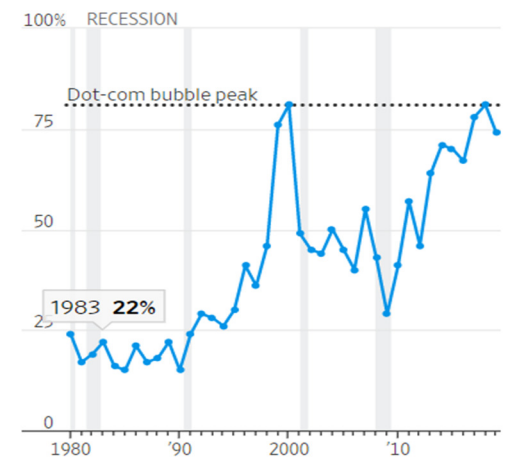
Far more small companies are persistently lossmaking.

Proportion of U.S. listed companies* reporting loss for three years



*Market value above \$10 million
 Source: Societe Generale/Quant Research

Proportion of U.S. IPOs that are lossmaking



Note: Excludes IPOs below \$5 a share, funds, ADRs, SPACs, REITs, partnerships and bank stocks.
 Source: Prof. Jay Ritter, University of Florida

Today's Calendar (all times Central)

- Export Inspections – 10:00am
- Monthly Budget Statement – 1:00pm

Thanks for reading.

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