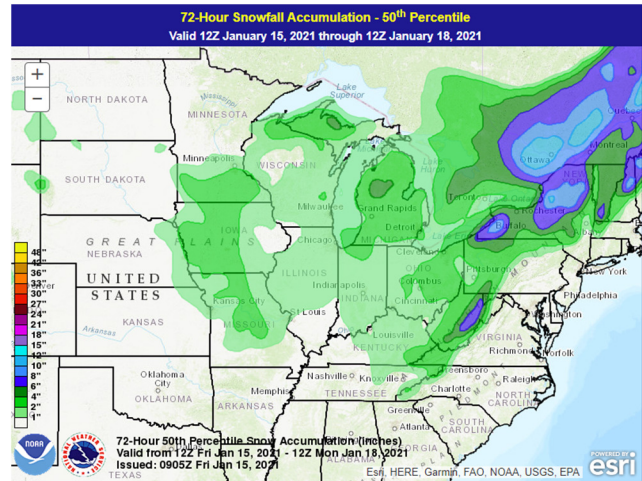


Weather

No changes in the forecast. Northern Brazil will see near to below normal rainfall over the next two weeks. Best totals in the 1-5 day period with lesser amounts after that. Southern Brazil should see mostly above normal rainfall over the next two weeks with an especially active precipitation pattern kicking off this weekend and lasting through mid-next week. Argentina should see showers today and tomorrow with mostly dry conditions for the remainder of the 10 day period. Rainfall chances will return in the 11-15 day period. Ongoing snowfall chances in the US Corn Belt and Northeast.



Crops

I'm not much of a technician and I spend almost all of my time tracking fundamentals, but since it's a Friday I figured we could take things easy and simply look at a few charts. As prices move higher, I don't want to miss any technical signals because I'm blinded by my fundamental biases. First chart, the weekly corn continuation chart. I don't know if this massive gap from 2013 matters a ton or not. That was left after a massive old/new crop spread roll. We're running into this area now, and I do suspect it might be a line of resistance in the short term.



Next chart on following page shows spot KC wheat on a weekly continuation. I've got the fib retracement levels on the chart, and I think it is worth noting we've pushed through the 50% retracement to those old 2014 highs this week. Next "real" line of resistance, in my opinion, would be around the 700 level.



Spot BO weekly continuation below. We broke major downtrend resistance in 2020, but we seem to have run into a minor speedbump here near the 45 level.

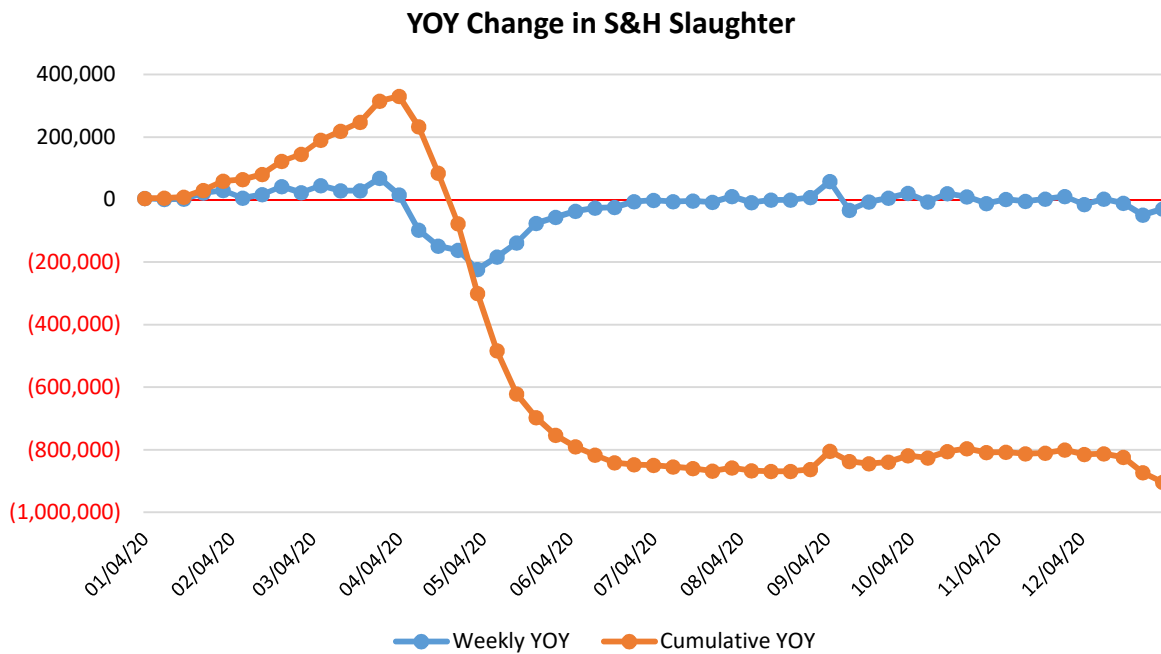


Last one, and I have to include soybeans here. Instead of doing the spot continuation, however, I'm doing a rolling continuation of only the November contract. You can see we've run into a potential resistance point here just under the \$12 level. Assuming this level is eventually cleared, the next stop should be \$13. Please let me know if there is anything you've noticed in the charts that sticks out.



Livestock

Just one random chart this morning. It doesn't necessarily show anything we don't already know, but sometimes an obvious reminder is useful. The chart looks at the weekly cattle slaughter levels over 2020, now that the official kill numbers are finalized. What I guess stands out to me is that, after the Covid disruptions finally normalized around June we still never made *any* headway in eliminating the backlog of cattle. In fact, in the final weeks of the year, we fell behind further on the slaughter pace and finished roughly 903k less than 2019.



I guess I don't have a point today, other than I was a little surprised we never picked up even a little later in the year. In the second half of the year, once the Covid mess was mostly behind the slaughter industry, we just simply churned out the same numbers as the prior year. Of course placement numbers were down sharply during the Covid problems, so that definitely alleviated some of the supply issues over time. Of course that raises another question...whether or not we have a backlog of feeders due to hit us at some point this year. And obviously the drought hasn't gone away either. If those "lost" feeders start to show up or if grass eventually becomes a problem, we might have some tough times ahead again for the board. It does make me scratch my head a bit at the calendar spreads...J/Q certainly looks too narrow if either of those scenarios are realized.

Financials

Not a ton of "new" stuff to talk about this morning. The Biden team announced their first crack at stimulus plans last night, and it was mostly full of stuff that you'd expect. Also unsurprisingly, Republicans are back to pretending about government spending now that a Democrat is in office. The Biden plan includes a federal minimum wage of \$15/hr, which is sure to create some controversy. It also provides federal aid to state and local governments. Republicans will almost surely fight back on those issues, but Biden will have Congressional majorities and, more importantly, the media's support in winning the war of public opinion. And, even if he still can't get those items passed in the stimulus bill, Biden could throw them into an ordinary budget bill and it would be able to be passed with only 50 votes. Team Biden is also promising another, bigger, stimulus package to be revealed next month.

Some minor economic releases due today, with retail sales the most likely to be able to move markets. We also unofficially kick off quarterly earnings today, with releases due from JPM, C, and WFC this morning. Over the weekend we will get data on Chinese GDP.

Energy

Oil is trading lower this morning inline with the overall risk-off tone to markets at the time of writing. The Biden stimulus plan seems a bit underwhelming and markets have been riding a wave of speculation that is sure to eventually leave at least a temporary hangover. On tap next week we will have the monthly IEA outlook, and it will be interesting to see their take on the state of inventory drawdowns. There is a problem on a Nigerian pipeline reported overnight, but that sort of thing seems to happen all the time and the market seems unconcerned.

Today's Calendar (all times Central)

- PPI – 7:30am
- Retail Sales – 7:30am
- Industrial Production – 8:15am
- U of M Consumer Sentiment – 9:00am

Thanks for reading.

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