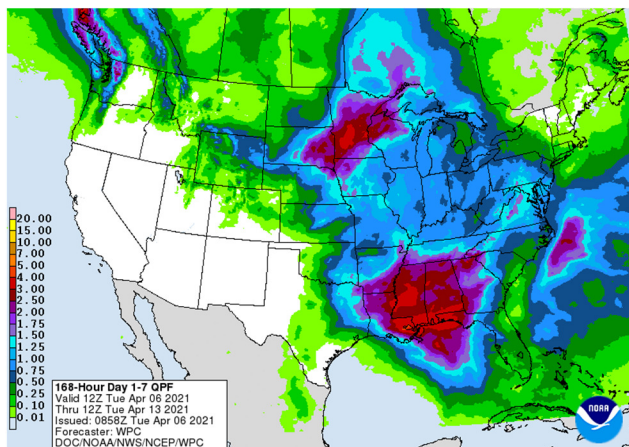


Weather

No huge changes to the forecast this morning. We've got a lot of active showers through the Corn Belt and southeastern US for the remainder of this week. The Corn Belt should then see drier conditions develop for the 6-10 and 11-15 day periods. Instead, for the 6-10 day period, better precipitation might be seen in the HRW belt. It is worth noting that during the spring, the computer models never seem to get a good handle on things, so don't be surprised to see significant changes from day-to-day going forward. We should continue to see above normal temps continue for the remainder of this week. We should then see a shift to below normal temps for the Week 2 period of the forecast.



Crops

We're not even a week past the prior USDA report and it is already time to start prepping for the next one. This Friday's WASDE release will be important as it will incorporate a lot of changes based on last week's reports. Today we'll get started by considering possible updates to the soybean balance sheet. I'll get right to the point below...

US Soybean Supply and Demand (Million Bushels/Million Acres)

	USDA 15/16	USDA 16/17	USDA 17/18	USDA 18/19	USDA 19/20	USDA 20/21 Mar	Possible? 20/21
Planted Acres	82.7	83.4	90.2	89.2	76.1	83.1	83.1
Harvested Acres	81.7	82.7	89.5	87.6	74.9	82.3	82.3
Abandoned Acres	1.0	0.7	0.7	1.6	1.2	0.8	0.8
Yield	48.0	52.0	49.3	50.6	47.4	50.2	50.2
Carryin (Sep 1)	191	197	302	438	909	525	525
Production	3,926	4,296	4,412	4,428	3,552	4,135	4,135
Imports	24	22	22	14	15	35	35
Total Supply	4,140	4,515	4,735	4,880	4,476	4,695	4,695
Crush	1,886	1,899	2,055	2,092	2,165	2,200	2,190
Exports (Census)	1,936	2,174	2,134	1,748	1,682	2,250	2,260
Seed	97	105	104	88	96	104	102
Residual	24	36	5	43	9	21	0
Total Use	3,943	4,213	4,297	3,971	3,952	4,575	4,552
Carryout (Aug 31)	197	302	438	909	525	120	143
Stocks/Use	5.0%	7.2%	10.2%	22.9%	13.3%	2.6%	3.1%

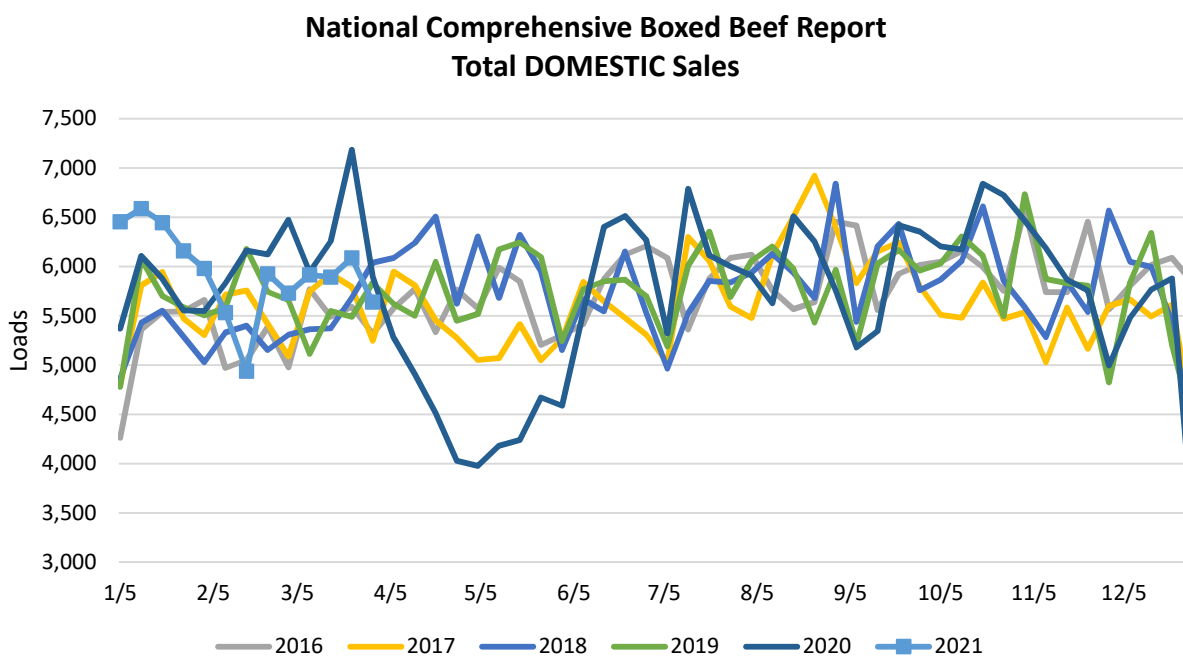
So let's talk details. The change in seed use is trivial but it's a simple calculation based on NASS's now-official acreage projection. The reduction in residual use accounts for the larger than expected Mar 1 stocks...and later this year we might see NASS revise last year's crop higher if the next few quarterly stocks figures confirm these supplies.

What hopefully sticks out the most in the above is the -10 mb I'm showing in crush and the +10 mb I'm showing in exports. I'm not getting stuck on the actual numbers, but I'm just trying to point out that I think WASDE can lower crush and use that to add a smidge to the export total. For crush, the Feb number was disappointing. It is also becoming clear that export demand for both meal and oil is running below the WASDE pace. WASDE should lower exports for both meal and oil and can offset those by lower production totals for each. This makes it fairly easy to cut their crush estimate. I'm guessing that such a small decrease in crush can support a modest increase to the export number. I will admit I don't know if WASDE will cut crush by 10 or 20 or whatever, but the bottom line is I think a reduction is possible and if it happens it will be pushed into exports.

I don't think we're going to get many fireworks in the world numbers this month. I think I could make the argument that WASDE might raise their Brazilian production figure modestly and could also post a modest decrease to their Argentine production figure. The net change is unlikely to be market moving. Thoughts appreciated.

Livestock

When looking at the Comp Beef report yesterday, the following chart stood out to me. This shows weekly domestic beef sales. I find it interesting that last week posted the weakest demand since the mid-Feb cold weather shut down earlier this year. I find it interesting that volume is not particularly strong despite ongoing strength in the cutout, strong packer margins, and indications for higher cash cattle trade this week. It is also worth noting that export loads last week were nothing special. Perhaps it is just a one-week blip, possibly influenced by the holiday. Still, if I wanted all the above mentioned trends to continue, I'd be hoping for a bit better beef movement, I think.



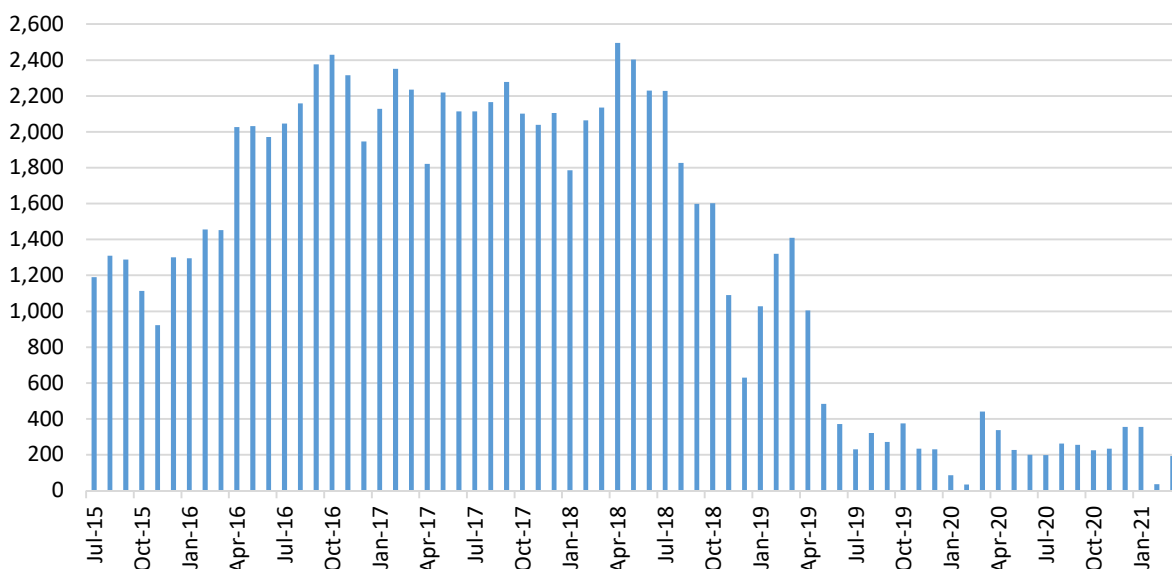
Financials

I don't see a lot of new information to pass along this morning. The one story that sticks out to me as I scan the news this morning is word from Bloomberg that the EU is hoping to have a majority of people immunized by the end of June. This comes supposedly from a EU memo that Bloomberg got their hands on. Germany, France, Italy, Spain, and the Netherlands supposedly will be in a position to vaccinate more than 55% of their total populations according to the report. This would be a huge relief to the market, which has struggled at times on the on-and-off lockdowns throughout Europe. Europe's poor vaccination effort, and the impact it has had on their local economy, has been a key reason for the dollar's bounce so far this year. The Euro is off about 4% vs the dollar YTD. If this memo can be believe, and who knows, it might prompt a reversal in the modest dollar strength we've seen over the past few months. Of course, this vaccination effort would still come too late to help with summer tourist season in some of the southern European countries.

Energy

Crude oil got beaten up yesterday. Some of the weakness was certainly Covid related, but later in the day I think we learned the true reason for the selling pressure. As you may have heard by now, apparently there will be some negotiations between US, EU, and Iranian officials later this week in Vienna. Up to this point, Iran has talked tough about not agreeing to any negotiations unless the US fully lifts all sanctions. To this point, the Biden administration has shown no willingness to do so. We'll see if any of that changes later this week. However, some analysts have suggested that the Biden administration might talk tough on sanctions but actually simply fail to enforce them, which could potentially allow for an increase in Iranian shipments. We'll need to keep an eye on the export totals in the coming months to see if there are any signs of such. As of now, Iranian exports continue to look very small. Then again, it is hard to know if we can trust the data with an obviously significant black market there. Oil futures are recovering at the time of writing this morning as newswires suggest there is little chance of a deal. Still something we should be keeping an eye on.

Iran Crude Oil Exports (1,000 bpd)



Today's Calendar (all times Central)

- EIA Short Term Energy Outlook – 11:00am

Thanks for reading.

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