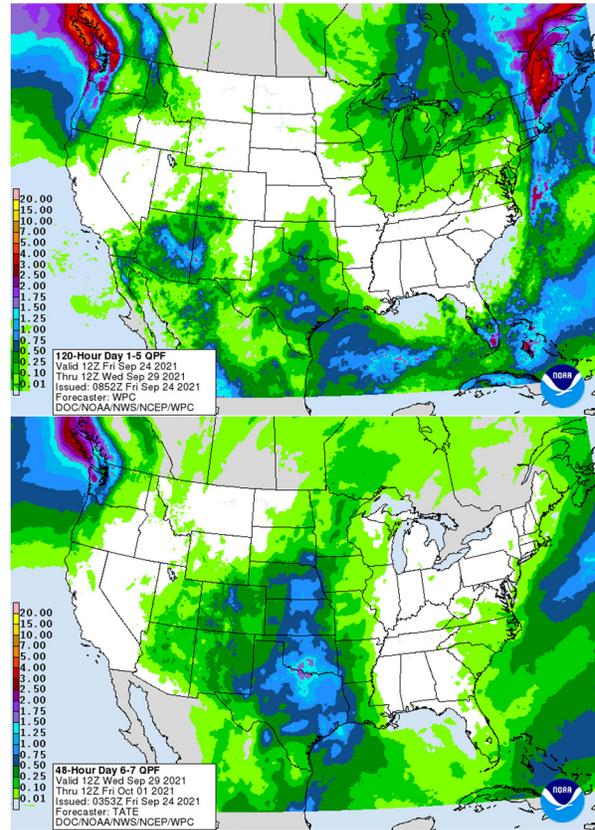


Weather

The first map at the right shows the Day 1-5 QPF, and you can see that very limited precipitation is expected across the large majority of the country. However, you do see some rains developing in the Southern Plains late in the period, and the Day 6-7 map below shows how rain will expand through the region. Some rains will linger a bit beyond this forecast map, but by the time the 11-15 day period rolls around we should be looking at widespread limited precipitation odds for the majority of the country. Temps should mostly average above normal for the next two weeks across the majority of the country. Still no threat of a major freeze event in the Northern Plains.



Crops

Before going into my expectations for next week's Sep 1 stocks numbers, I thought maybe a quick look at a history of the numbers vs. the newswire guesses might be helpful. After compiling the data yesterday, I unfortunately realized that there isn't a ton to learn from most of this information. For example, I have breakdowns on soybean wheat Sep 1 stocks vs. the newswire surveys below. There doesn't seem to be any sort of rhyme or reason behind the differences.

Generally speaking, one could perhaps say that soybean stocks typically come in a little smaller than expected and wheat stocks come in a little bigger than expected. Otherwise, however, I've had a hard time finding any sort of pattern.

	Soybeans					Wheat			
	Actual	Expected	Diff	% Diff		Actual	Expected	Diff	% Diff
2010	151	151	0	0%	2010	2,459	2,440	19	1%
2011	215	225	(10)	-4%	2011	2,147	2,035	112	6%
2012	169	132	37	28%	2012	2,103	2,281	(178)	-8%
2013	141	124	17	14%	2013	1,855	1,913	(58)	-3%
2014	92	126	(34)	-27%	2014	1,914	1,880	34	2%
2015	191	208	(17)	-8%	2015	2,089	2,157	(68)	-3%
2016	197	200	(3)	-2%	2016	2,527	2,438	89	4%
2017	301	339	(38)	-11%	2017	2,253	2,203	50	2%
2018	438	398	40	10%	2018	2,379	2,344	35	1%
2019	913	981	(68)	-7%	2019	2,385	2,319	66	3%
2020	524	578	(54)	-9%	2020	2,159	2,240	(81)	-4%
2021	-	-	-	-	2021	-	-	-	-

When looking at the comparison of guesses vs. actual stocks numbers in corn, there does appear to be a *modest* tendency. At first glance, the rundown of differences appears random, but notice at the right I've added a column showing the Sep WASDE stocks/use ratio for each year. The Sep WASDE is obviously out before the Stocks report itself, so this is the final WASDE estimate before we truly know the ending stocks figure. In most recent years, the actual Sep 1 stocks figure has been lower than expected. However, in 4 out of the 5 years that WASDE published a stocks/use ratio at or below 10%, the final Sep 1 stocks figure proved to be larger than expected. The exception was 2012...and I think we all know that year had its own special circumstances. This year's WASDE stocks/use estimate sits near 8%, so could we be perhaps expecting something too low again? We'll actually talk about this possibility a little more next week as we get into the analysis on stocks figures. Thoughts appreciated.

	Corn Sep 1 Stocks				WASDE
	Actual	Expected	Diff	% Diff	S/U
2010	1,708	1,407	301	21%	10%
2011	1,128	948	180	19%	7%
2012	988	1,126	(138)	-12%	10%
2013	824	681	143	21%	6%
2014	1,236	1,185	51	4%	9%
2015	1,731	1,739	(8)	0%	13%
2016	1,738	1,754	(16)	-1%	13%
2017	2,295	2,346	(51)	-2%	16%
2018	2,140	2,010	130	6%	13%
2019	2,114	2,418	(304)	-13%	17%
2020	1,995	2,266	(271)	-12%	17%
2021					8%

Livestock

Not much to say here this morning. We have two big reports on tap this afternoon that will certainly impact price action for both cattle and hogs. Expectations for both are posted at the right. In front of these reports today, I don't expect any huge price swings. I'm looking for a choppy and quiet session. In terms of fundamental news, cash trade in cattle is mostly wrapped up for the week. Volume appears to be relatively routine compared to recent levels. Hearing that National's Liberal plant was down yesterday and will be down again today and tomorrow. These ongoing slaughter issues continue to plague the industry. Meanwhile, the seasonal dip in beef prices continues. It probably has another week or so to go before rounding out.

	Survey Results			Survey avg	USDA Yr-ago
	Avg	Low	High	Min Head	Min Head
Cattle on Feed (Sept. 1)	-1.8%	-3.0%	-0.1%	11.187	11.394
Placements (Aug.)	-0.9%	-6.3%	2.8%	2.038	2.057
Marketings (Aug.)	0.0%	-0.6%	1.4%	1.893	1.892

Summary:	All Hogs	Kept for	Market
	& Pigs	Breeding	Hogs
Survey Avg (YOY%)	-1.7%	-1.1%	-1.8%
Calculated Avg (mln head)	77.069	6.261	70.832
USDA Yr-Ago (mln head)	78.434	6.333	72.101

	Market Hog Weights in Pounds			
	Under 50	50-119	120-179	180+
Survey Avg (YOY%)	-1.7%	-1.7%	-1.9%	-2.0%
Calculated Avg (mln head)	22.755	20.671	14.585	12.802
USDA Yr-Ago (mln head)	23.144	21.020	14.867	13.069

	Pig	Pigs/Litter	Farrowing	Intentions to Farrow	
	Crop	(number)	June-Aug	Sept-Nov	Dec-Feb
Survey Avg (YOY%)	-3.4%	0.4%	-3.7%	-1.4%	-0.1%
Calculated Avg (mln head)	34.837	11.10	3.139	3.099	3.037
USDA Yr-Ago (mln head)	36.056	11.06	3.260	3.142	3.041

Financials

The one thing that really caught my eye in yesterday's price action was the 10Y chart. The chart follows on the next page. You can see that 10Y yields absolutely ripped through several different resistance levels yesterday. The 100 & 200 day MAs were left in the dust and we pushed above a recent high as well. At the time of writing this morning, the 10Y yield has calmed down a bit and is flirting again with the 100-day MA, this time as support. I'll be keeping a close eye on this chart in the coming days as it could be a leading indicator for price action in other markets.



Another chart to keep an eye on...spot ES. We came within a few points of filling the gap left from Sunday night's open. We might be able to say that's "close enough". We've fallen modestly lower overnight with some minor risk-off sentiment and we're now back down below the 50-day MA. Despite the sharp rally on Wed/Thu, I'm not entirely convinced the equity market is in the clear. I'll be closely watching this too...and of course these two charts are definitely tied together.



Interesting newsflow out of China again this morning. The Evergrande situation seems far from resolved, with some investors still hearing no word on interest payments. The Chinese government has also decreed that all crypto transactions are illegal. Bitcoin and other cryptos are trading lower on the news, as you'd imagine. One thing to keep an eye on over the weekend is German elections. This will mark the end of Angel Merkel's run as chancellor. Right now, it is looking like it will be a weak coalition of three parties that will end up running the German government, but there is always the possibility for a surprise.

Energy

Bloomberg is reporting that they've seen an internal document from OPEC (I wonder how that happened) which states that OPEC believes global oil markets could be tightened by the shortfall in natural gas. OPEC is expecting some utilities to switch to petroleum for power generation rather than use natural gas due to the shortage. This could boost global consumption by an additional 370k bpd. The document suggests if this scenario would play out, it could mean that oil inventories in developed nations could fall to 39 million barrels below average vs. their current assumption of 17 million below average.

Today's Calendar (all times Central)

- New Home Sales – 9:00am
- Fed Chair Powell & others speak – 9:00am
- Cattle on Feed, Hogs & Pigs – 2:00pm

Thanks for reading.

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