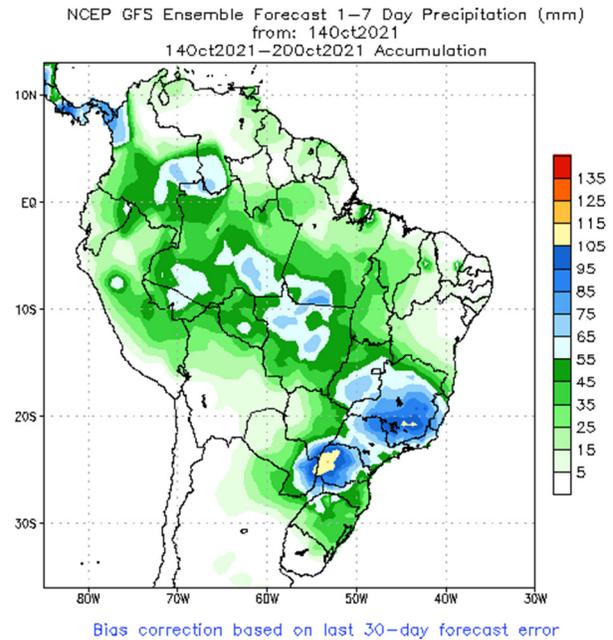


Weather

We've seen some rains develop in the past 24 hours in northern Brazil, and the forecast calls for additional significant rains to come in the next two weeks. Over that timeframe, rainfall should at least average near normal and in some instances should average above normal. This is certainly enough moisture to allow soybean planting efforts to intensify. Rainfall totals over the next two weeks will likely range from 3-6". Southern Brazil will see heavy rainfall again today, but should kick off a period of limited rainfall starting on Sunday. Rainfall will then increase again for the 11-15 day period. Argentina will see mostly dry weather through next Thurs. Rains will be possible after that, but even then should be fairly light. Limited rainfall potential will the return for the remainder of the two week period.



Crops

The weekly export sales report will be out this morning. It seems likely we should expect another week of relatively light sales. For soybeans, the Chinese were on holiday for much of the reporting period. For corn, as shown below, the US remains largely uncompetitive to Asian markets. The breakdown shows FOB basis and freight levels from the US, Brazil, and Argentina into Asia. As you can clearly see, US total "landed" values are much higher than both Brazil and Argentina for the next several months. There are a few items I'm leaving out of this calculation, but this should be "close enough" for our analysis this morning. The US has done some recent export business to captive markets like Mexico, but otherwise it looks like corn sales will likely remain under pressure.

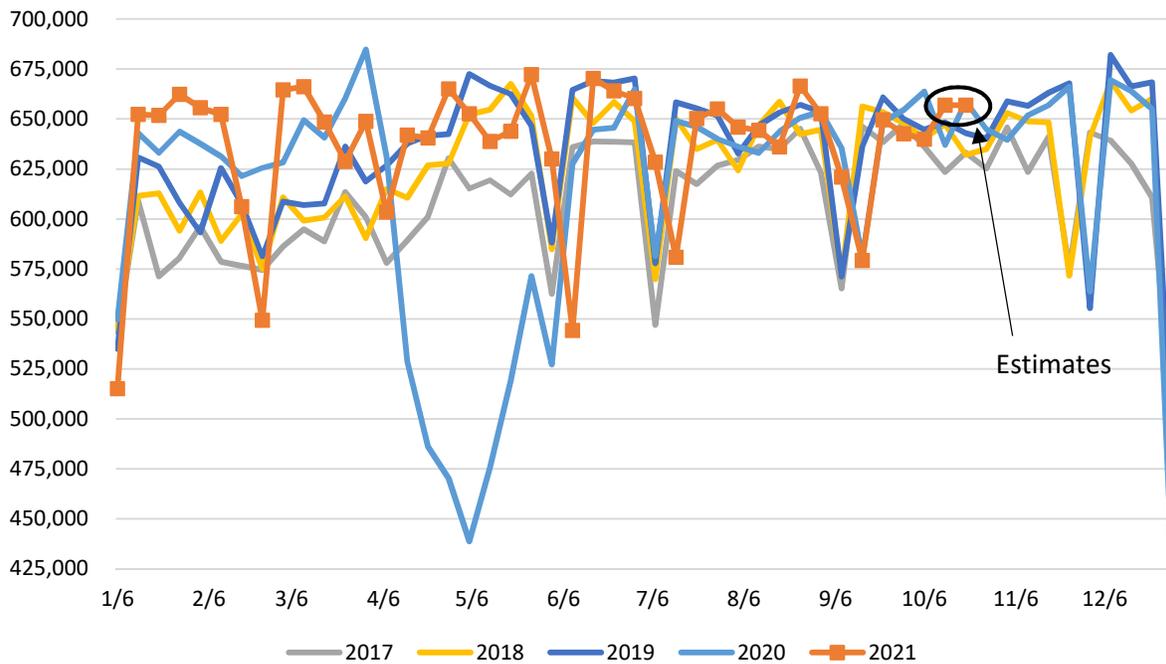
Landed Value Comparison											
USG Values	Oct	Nov	Dec	Jan	Brazil Paranagua Values			Argentina			
					Oct	Nov	Dec	Oct	Nov		
FOB Basis	168	159	142	122.5	Paper Premium	152.5	147.5	151	Basis	91.9	94.25
CBOT Futures	522.5	522.5	522.5	531.5	CBOT Futures	522.5	522.5	522.5	CBOT Futures	522.5	522.5
	CZ	CZ	CZ	CH		CZ	CZ	CZ		CZ	CZ
USD/MT Conversion	\$ 271.84	\$ 268.29	\$ 261.60	\$ 257.47	USD/MT Conversion	\$ 265.73	\$ 263.77	\$ 265.14	USD/MT Conversion	\$ 241.88	\$ 242.80
USG-China Pmax	82.3	82.3	82.3	82.3	Santos-China Pmax	68.3	68.3	68.3	Arg-China Smax	73.8	73.8
Total Landed Ex-Tax	\$ 354.14	\$ 350.59	\$ 343.90	\$ 339.77	Total Landed Ex-Tax	\$ 334.03	\$ 332.07	\$ 333.44	Total Landed Ex-Tax	\$ 315.68	\$ 316.60

Livestock

Not much new to report today. Some additional cash trade yesterday with most of the action near 125. This week's cash trade volume should be fairly large, which marks a third consecutive week of some big cash trade. At the same time, this week's kill is on pace to roughly match last week's relatively impressive run. The chart

below looks at official weekly cattle slaughter numbers. The most recent two weeks are merely estimates, but you can see the kills have been the best we've seen in a while. With the cash trade totals we've seen lately, it would seem to imply that packers might be confident they can keep these kills up now. Have we seen the worst of the slaughter problems? Beef prices are weaker again this week, but we're near the point seasonally that we might expect prices to bounce a little. If beef stabilizes/bounces here and if the packer is buying for more consistent kill levels going forward, cash cattle could have some upside going forward.

Weekly Cattle Slaughter - Official Data



Financials

Another risk-on type of session this morning. The chart at the right is simply spot ES futures. It really looks like the chart has finally definitively rejected breaking down below the 100-day MA and the short downtrend that we've seen since early Sep looks like it is busted as well. Perhaps this could lead to a test of the prior highs? A lot of that will depend on upcoming data, of course, but the bottom line is that the technicals certainly look much improved after yesterday's strong session. This week's earnings releases have been mostly supportive so far. The big banks have all reported solid numbers, and GS is on tap today. In economic data, we have retail sales and the U of M consumer sentiment numbers to watch.



Energy

We know that WTI futures have broken through important resistance near the \$80 level. Another level to watch is shown below in the weekly continuation chart of Brent crude oil. While WTI is through its 2018 highs, Brent has not yet cleared that hurdle...but is getting close. If this resistance point is cleared, it would seem to be a signal the market is ready to test triple digits again.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Retail Sales – 7:30am
- U of M Consumer Sentiment – 9:00am

Thanks for reading.

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