

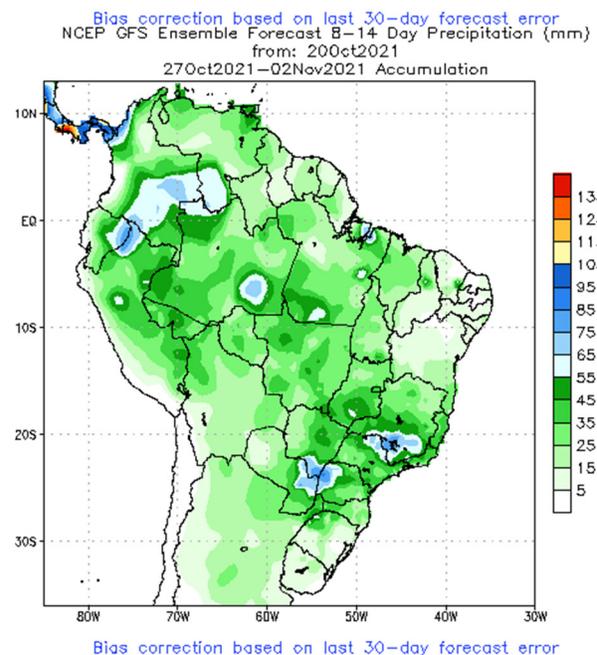
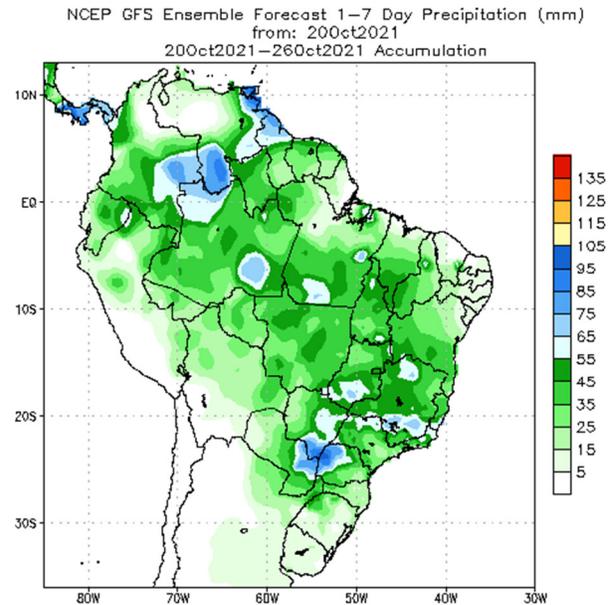
Weather

No changes to the South American outlook this morning. We'll see active showers over northern Brazil over the next two weeks which should be easily enough to allow for widespread planting. Two week totals should range between 5-6" in most areas, with northeastern portions of the county potentially seeing heavier amounts. Southern Brazil will see mostly dry conditions today and tomorrow. We should then see showers return tomorrow night and continue through the weekend. Rainfall totals will range from .5-1.5". We should see a return of dry conditions starting early next week and it should continue for several days. Overall, most of this area should see near to below normal rainfall for the two week period total. Argentina will see some rains tonight and tomorrow but rainfall totals will be light and some areas will be completely missed. The 11-15 day period is the wettest timeframe of the two week forecast. Even then, rainfall totals will probably not be better than 1" and coverage is still uncertain. Temps will start to creep to above normal levels with highs into the 90s.

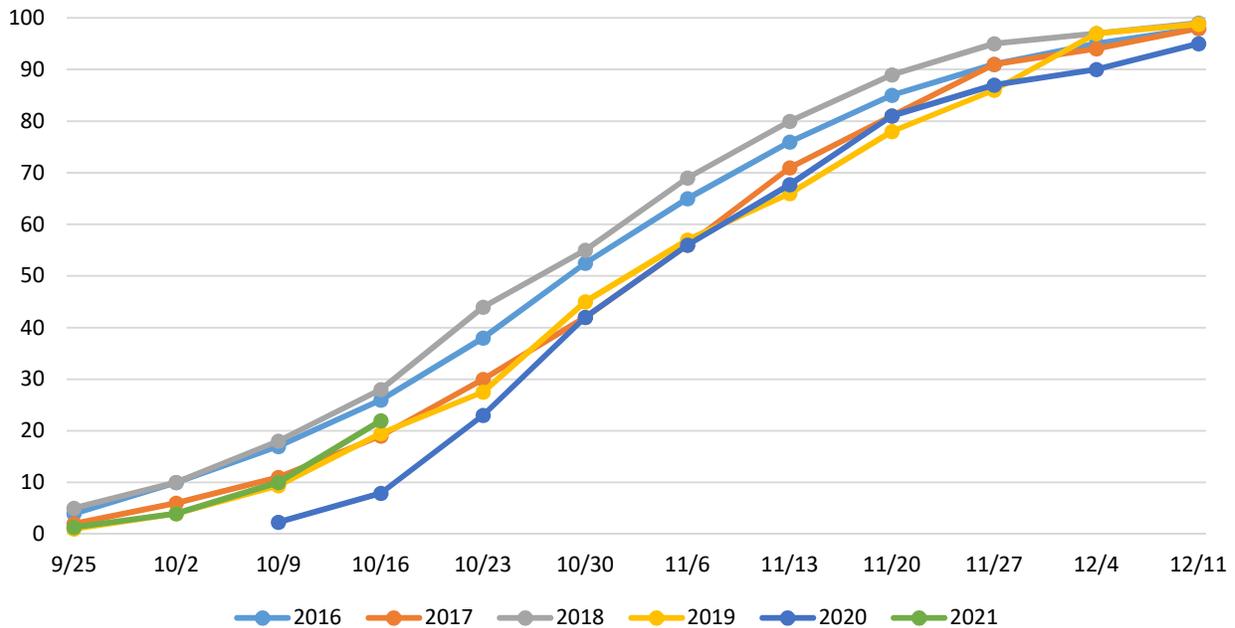
Not much precipitation for the Corn Belt and Plains in the next few days, but later on Sunday we should start to see some rains develop for the Corn Belt and that will kick off a period of a few days with active precipitation for the eastern third of the country. The best of the precipitation will fall east of most of the HRW Belt.

Crops

I just want to take a quick look at Brazil soybean planting progress this morning. A chart showing the past few years of Brazil planting progress is shown below. So far, planting progress maybe a little above average, but not to a huge degree. However, what is very noticeable is that planting progress is moving much faster than last year. Additionally, the way the forecast looks right now it seems likely that planting progress should move at a fairly solid pace in the coming weeks as well.



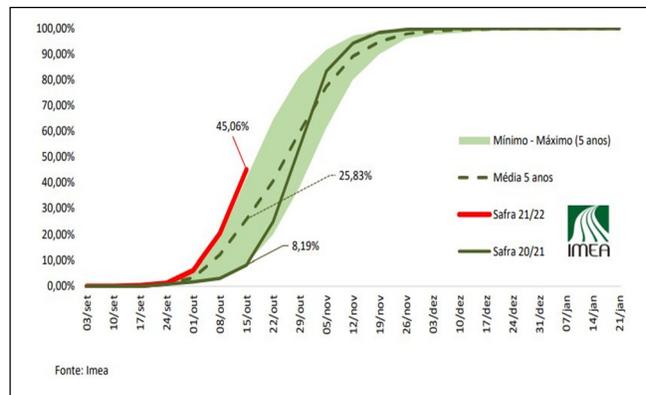
Brazil Soybean Planting Progress



The chart at the right is another view, this time showing only the state of MT, which of course is the biggest soybean producer in the country. Here you can see very strong planting progress thus far, running well ahead of average and especially far ahead of last year's pace.

What is the point in bringing this up? It should go without saying the faster the crop gets planted, the faster we typically get new crop supplies. The sooner that Brazilian new crop supplies are available, the smaller the US export window might prove to be.

Right now, US export commitments are almost 17 mmt below year ago levels compared to the WASDE marketing year projection which calls for only a 4.8 mmt YOY reduction. Last year's exports were supported by the slow start to the Brazilian export program, this year we could see the exact opposite...meaning we could fall even further behind.



Livestock

Some modest cash activity has taken place so far this week, but I don't really get the sense we've truly set the market yet. Beef was a little lower yesterday, but nothing major. Still feels to me we're in the process of rounding out a seasonal bottom here.

I saw an unintentionally funny article the other day regarding soybean meal. The article suggested that part of the reason for the soybean meal rally was due to a “hot” chicken market. Apparently weight-loss hopes are driving big chicken demand, which is driving big meal demand? A portion of the article is shown to the right to prove I’m not making this up. I bring this up in the livestock section because it is a decent reason to look at the broiler hatchery report released yesterday. While chicken demand probably is very robust, we can’t claim that the number of birds is anything special. The chart below shows weekly chicken placements. For most of 2021, aside from the YOY comparisons during peak-pandemic, we’ve been running modestly below year ago levels. If the chicken market is “hot”, its likely due to disappointing production levels...not weight-loss ambitions.

Soybean Meal Jumps Most in Two Months Amid ‘Hot’ Chicken Market

- Gain follows bearish bets hitting a 15-month high last week
- Soybeans on best run in three weeks amid export demand uptick

By Kim Chipman

(Bloomberg) -- Soy meal emerged from a price slump to surge the most in eight weeks amid signs of robust demand for chicken feed.

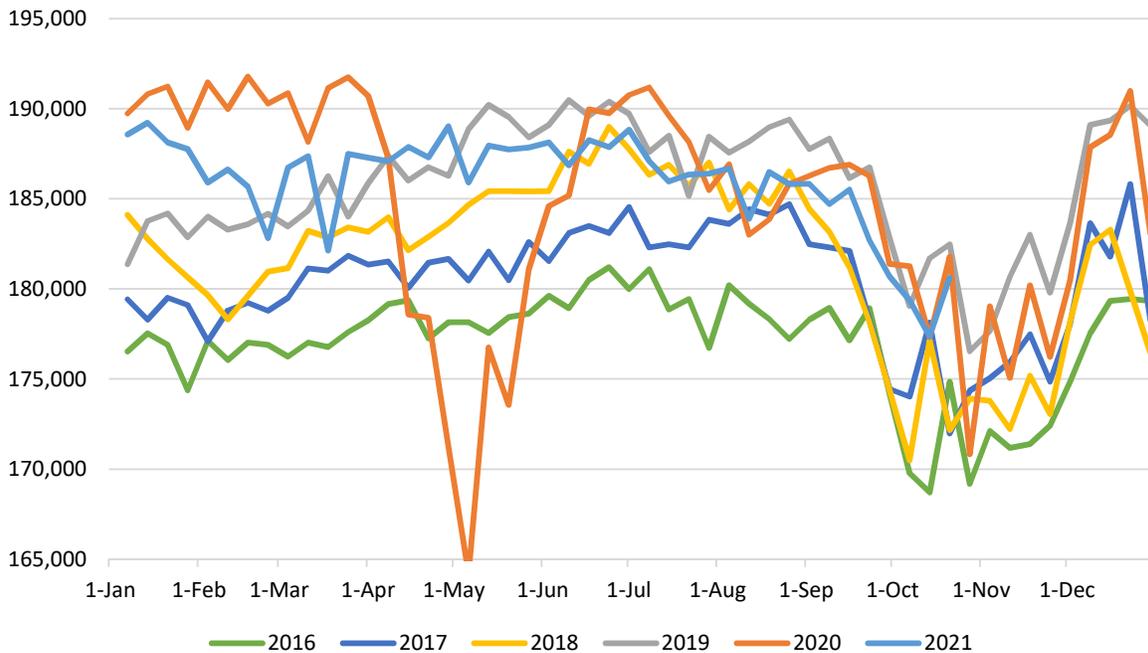
America’s appetite for chicken dinners has stayed strong as the pandemic-era trend of dining at home persists. That’s boosting the need for soy meal to nourish poultry flocks.

“The chicken market is hot,” Farm Futures analyst Jacqueline Holland said in an email on Tuesday.

Demand is likely to continue as the holiday season nears. Chicken is seen as a healthy food option.

“Everyone makes their weight loss resolutions at New Years and as a result, chicken demand jumps higher,” Holland said.

Chick Placements for Meat Production



Financials

We’ve got some modest “turnaround” action going early this morning following the sharp rally in “risk” over the past few days. Equities are slightly lower, the dollar is higher, and several key commodities are lower.

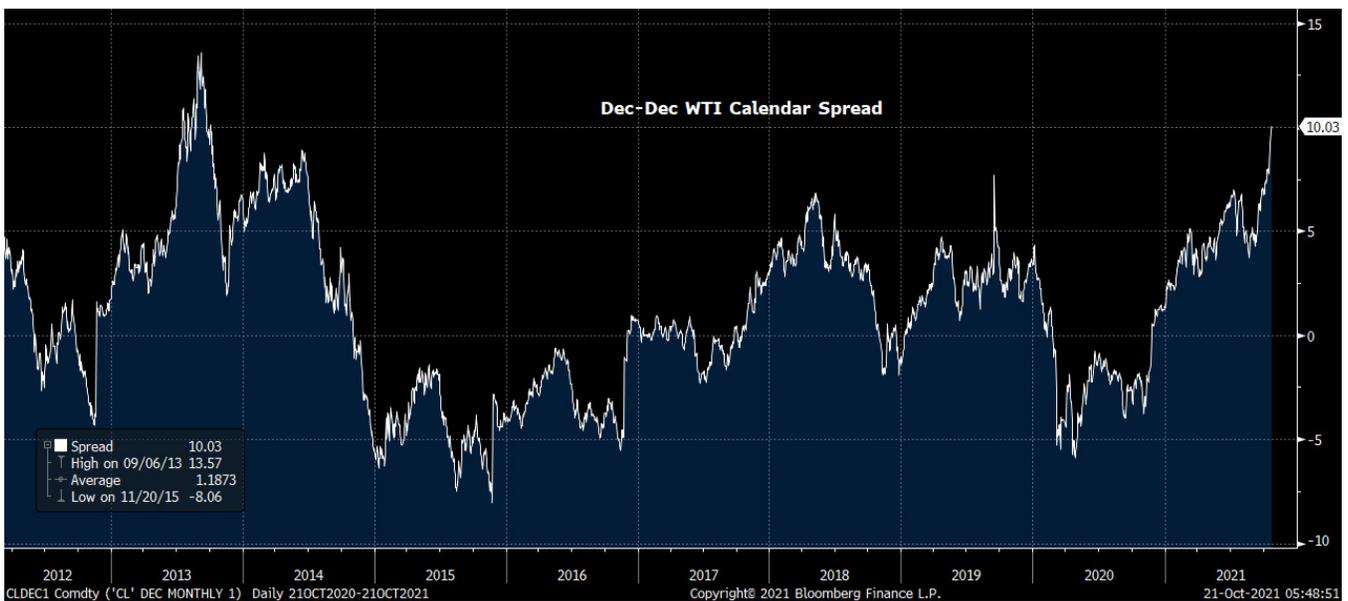
I think the chart on the following page is interesting. A friend passed along a version of it to me yesterday. The top panel is simply the S&P 500 with its 200-day MA. The bottom panel shows the percentage of index members trading above their individual 200-day MAs. I find it interesting to that the overall index is within

spitting distance of new record highs and really not close at all to its 200-day MA, but the level of individual index members above the 200-day MA is near the lowest we've seen all year.



Energy

Presented with little comment...chart below is the rolling continuation of the Dec-Dec spread in WTI. This is only the third time in history the spread has been greater than \$10/bbl inverted. That last time in 2013, we were looking at \$100 spot WTI.



Today's Calendar (all times Central)

- Jobless claims – 7:30am
- Export Sales – 7:30am
- Existing Home Sales – 9:00am
- EIA Natural Gas Storage – 9:30am

Thanks for reading.

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