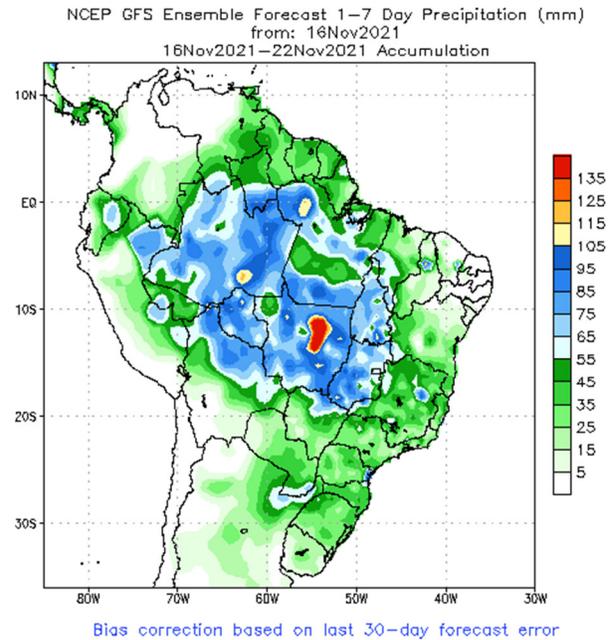


Weather

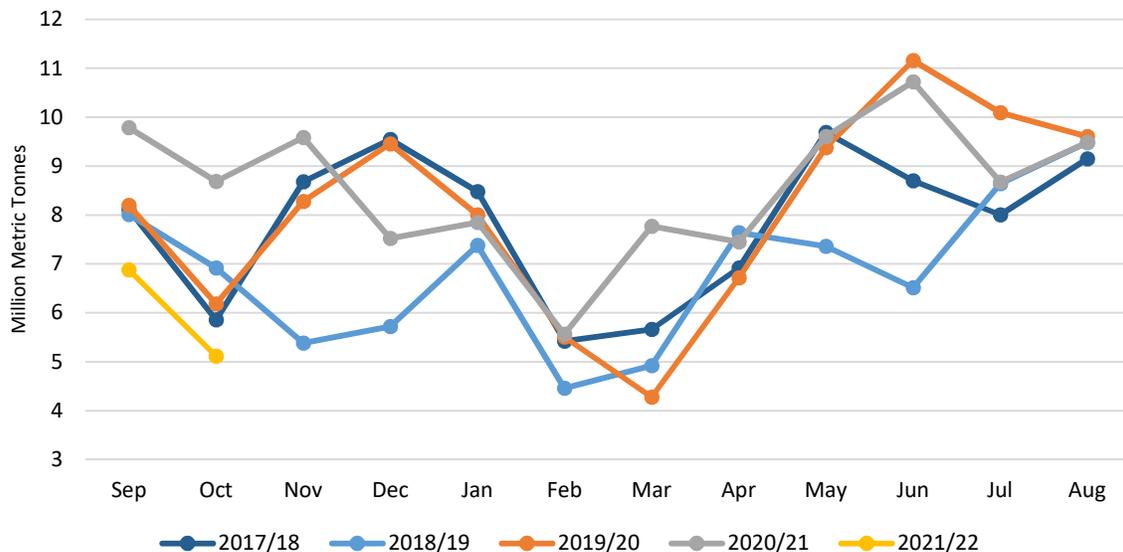
Nothing new in the forecast. Northern Brazil will continue to experience very good conditions with widespread above normal rainfall over the next two weeks. Southern Brazil has some additional rainfall today with additional rainfall (near normal) in the 6-10 day period. No major heat anywhere in Brazil over the next two weeks. Argentina is looking at relatively dry two week period, but they're coming off some good rainfall so it shouldn't be too big of a concern for now. Temps relatively mild over the next two weeks, though there will be some brief heat possible into the mid 90s for early next week.



Crops

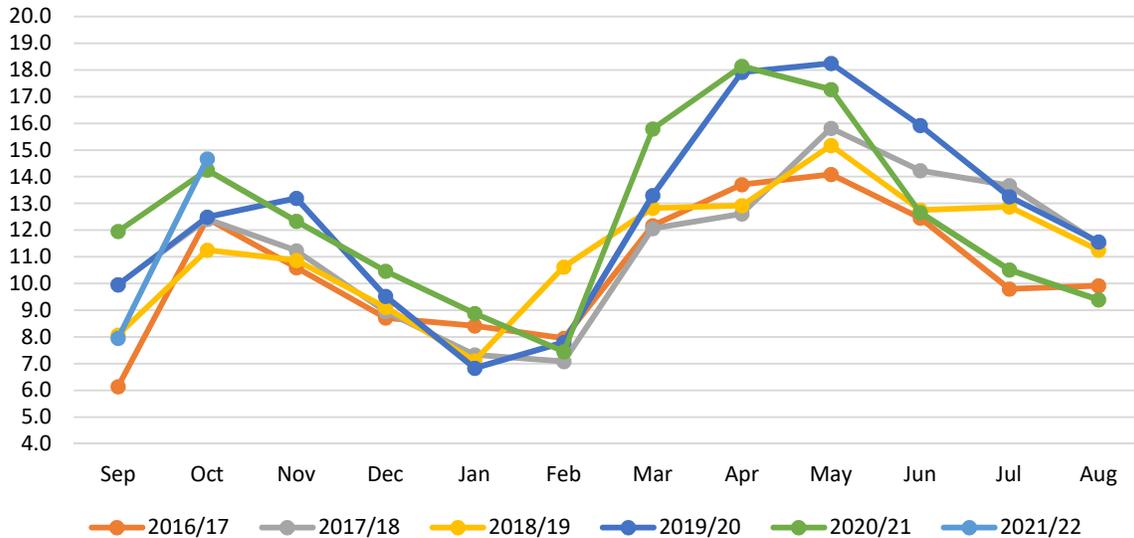
Looking at global wheat exports yesterday reminded me I haven't kept up on the pace of trade for soybeans and corn recently either. Today I'll take a quick look at global soybean shipments and tomorrow we'll look quickly at corn shipments. Obviously when looking at global soybean trade, we should probably start with China. The chart below shows monthly Chinese soybean imports. So far 21/22 (US marketing year) stands out as a pretty negative outlier. Then again, we know that US shipments in Sep were very poor due to hurricane related damage. Keep in mind the Oct number shown below is a preliminary, unofficial, estimate.

China Monthly Soybean Imports (China Customs)



We should see Chinese soybean arrivals really pick up for Nov and Dec. Note the chart below. US shipments have obviously rebounded and Brazil remains involved. Even Argentina pushed out a few soybeans in October.

**Combined "Big 3" Soybean Exports
 US, Brazil, Argentina**



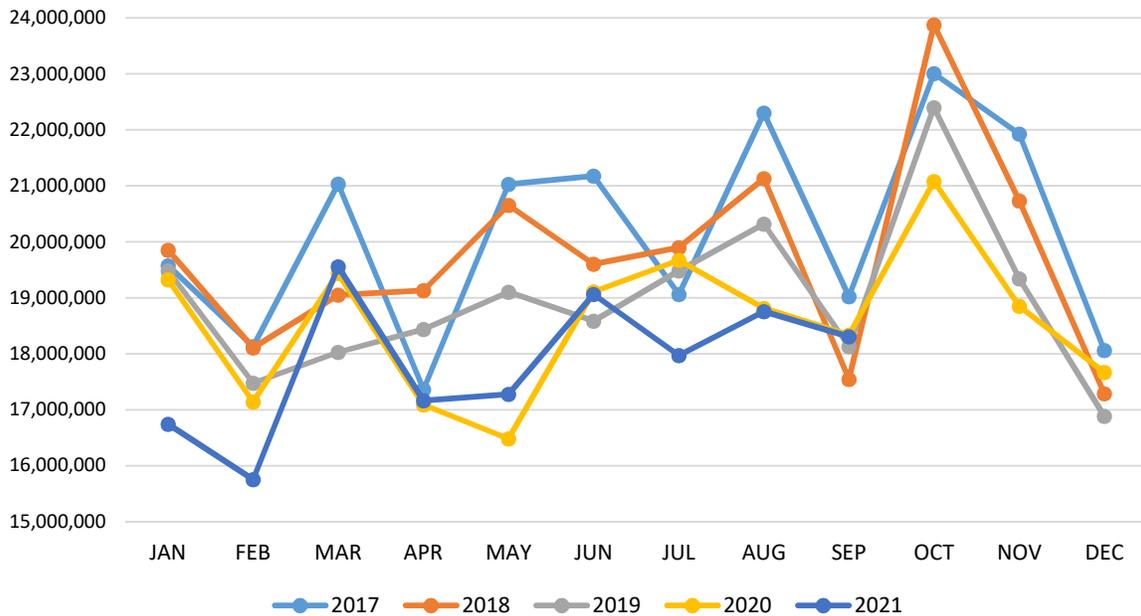
US shipments have remained very strong so far here in November. However, the level of outstanding export sales is really started to rollover. Anecdotally, I'm hearing of US exporters being worried of unused capacity. After this month is over, I'd expect that global shipments will follow the typical pattern lower into Jan. After that, it will be Brazil's market.

Livestock

Over the past week or so, I've had a lot of friends ask me about this "turkey shortage" problem. I don't watch much news outside of market-related stuff, so I hadn't heard that a lot of news is noting a possible shortage in Thanksgiving turkeys this year. Friends have been asking me if it is serious, and unfortunately I had to admit I didn't know. With no futures market for turkeys or poultry in general, I don't keep a close eye on production or slaughter rates. I thought we could take a quick moment to look at this this morning.

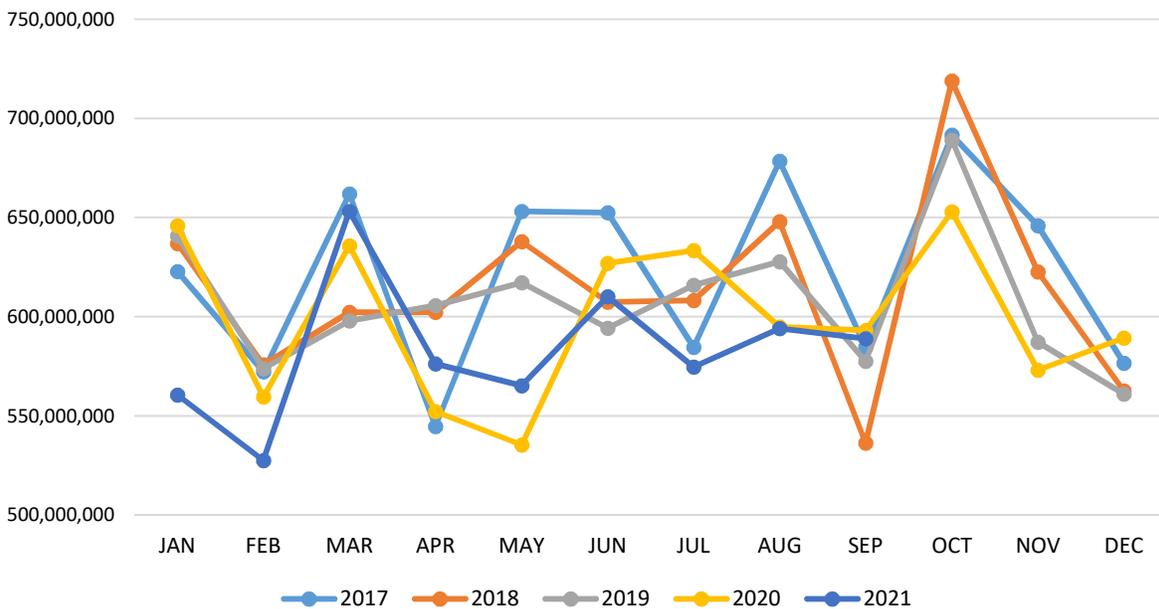
The first chart below shows the monthly turkey slaughter by head. So far in 2021 we're definitely running below average, though the difference YOY isn't massive. The YTD slaughter by head through September is "only" 2.9% below the 2020 level. Obviously October is the big month for turkey slaughter ahead of Thanksgiving, and unfortunately we don't have an "official" report on the kill yet. However, we do get a weekly (Thur) slaughter estimate. If I simply compare the weekly totals for October this year vs. last year, it makes the case that this year's October turkey kill should come in under last year...perhaps by about 5% or so.

Turkey Slaughter, Head

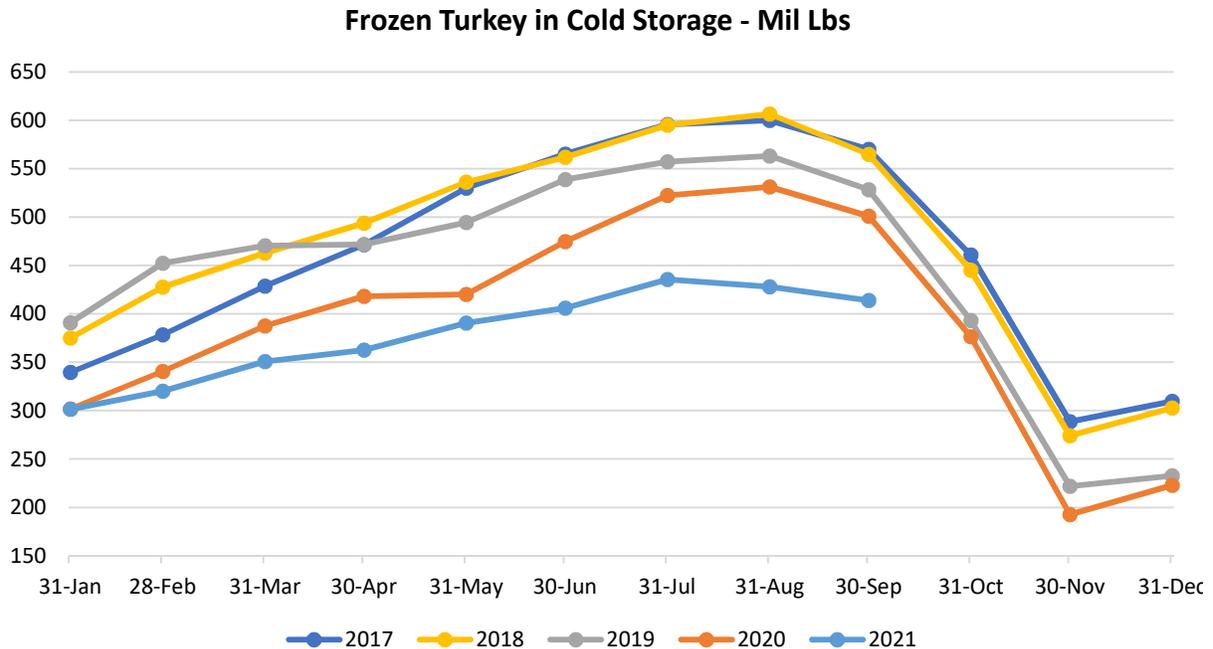


This chart looks at the same monthly report but shows the official data on pounds of production on a live basis. Through September, we're running about 2% under year ago levels. With a guesstimate for a smaller October kill, we should probably expect that gap to widen a little when the official data is released.

Turkey Slaughter - LBs, Live Basis



Finally, let's look at cold storage numbers. The chart below should come as no surprise. Obviously we saw inventories decline last year and with the lower production figures this year we have not seen the normal build in stocks ahead of Thanksgiving.

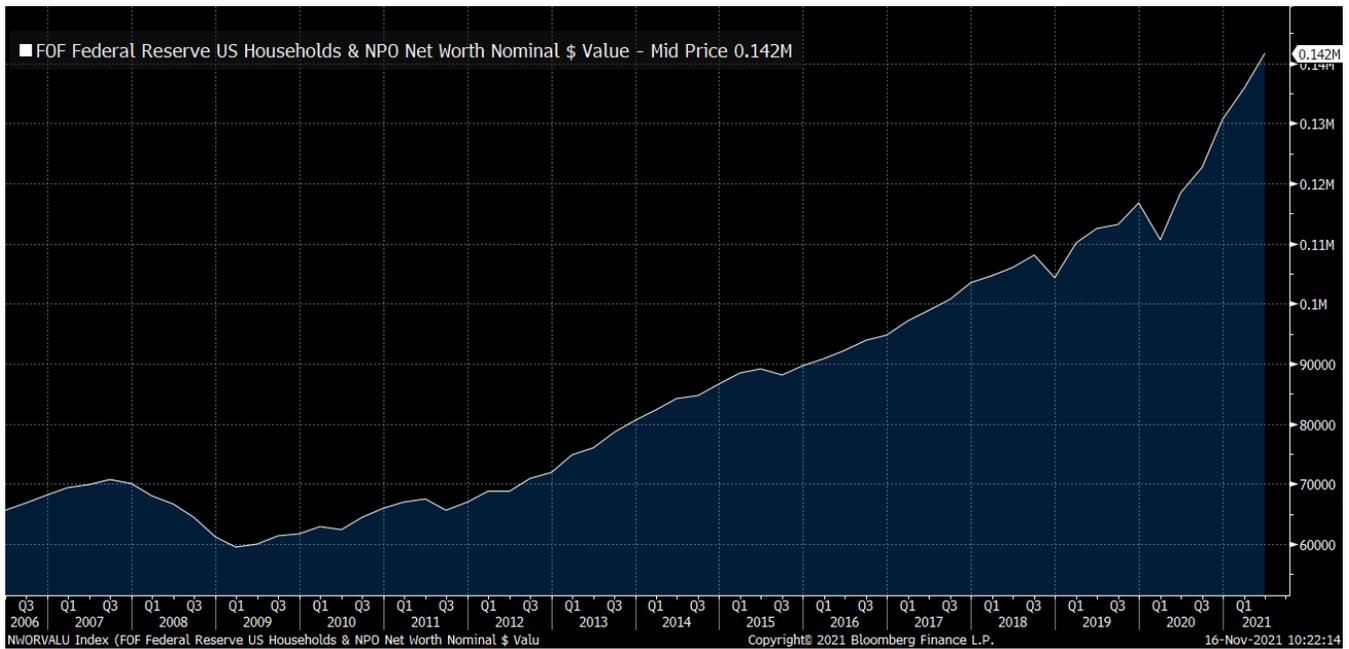


So...there is definitely a case to be made that Thanksgiving turkey supplies will be a bit tighter than normal this year. I don't think that is the same thing as having a "shortage". The Zelinski family turkey has been secured with no grocery store fist-fights. I have not heard of any of my friends mentioning any problems with turkey acquisition either. Is anyone seeing any "shortage" in their local grocery stores?

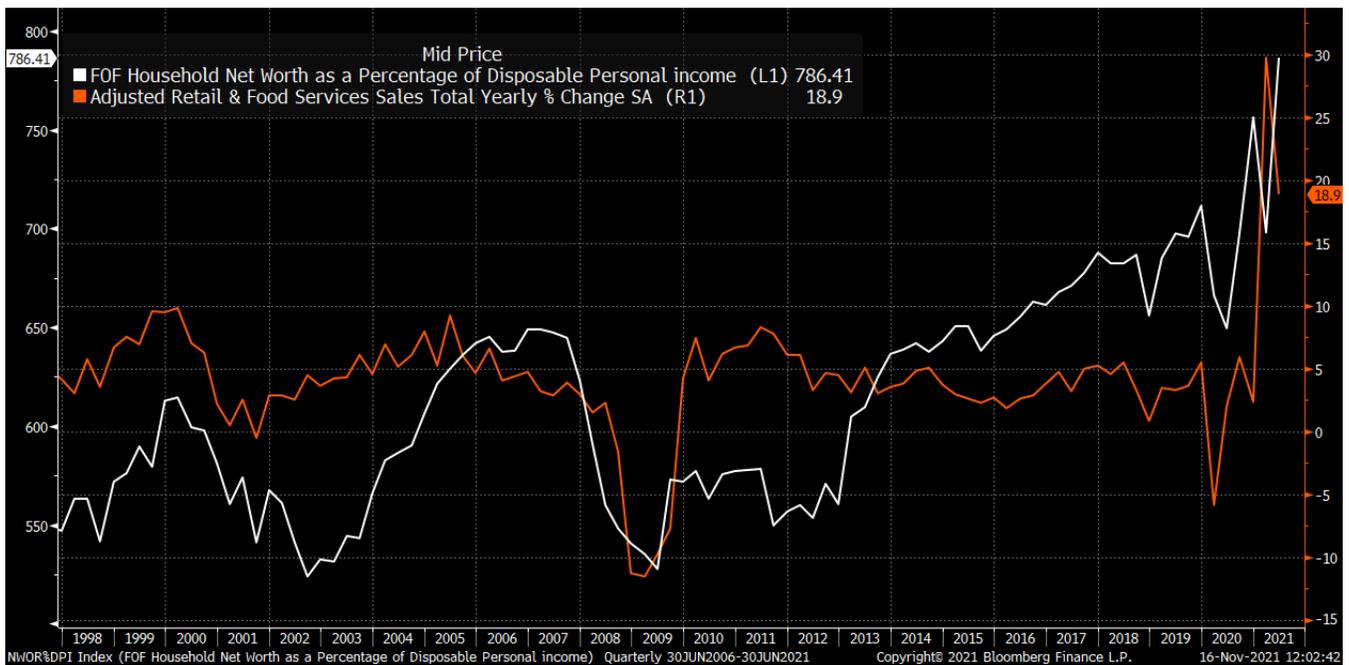
Financials

Nothing special in today's news. European Covid infections continue to increase, which is (once again) prompting all sorts of political reactions. President Biden said yesterday we'd hear something about the Fed Chair pick "in about four days"...so I guess that means sometime this weekend?

A somewhat random chart, but worth thinking about. The chart below shows the Fed's estimate of totals US household net worth. What stands out to me was how quick and minor the pandemic-induced decline was, and how huge the surge in total household net worth has been since. Since the end of 2019, before the pandemic, US household net worth has increased almost \$25T. To put that in perspective, it took basically 9 years after the 08/09 financial crisis to add \$25T in total household net worth relative to the 2007 high. This huge, and sudden, surge in net worth is either going to get spent or invested, right?

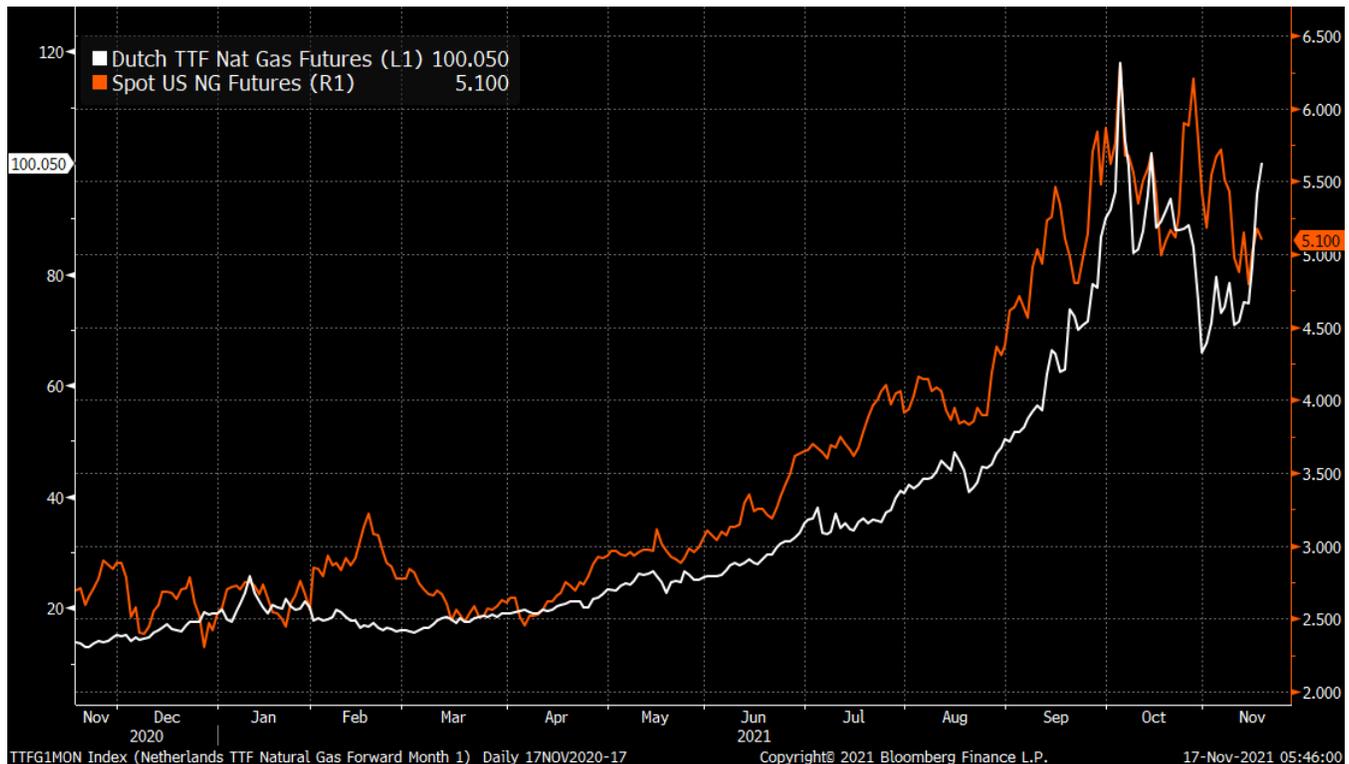


As a matter of fact, household net worth as a percentage of disposable income does actually correlate decently with retail sales, as shown below. This would seemingly argue for ongoing strength in retail sales.



Energy

European natural gas markets are popping again. In the past two days, Dutch TTF is up +20%. German regulators have now halted the approval process for the Nord Stream 2 pipeline out of Russia, which of course will tighten natural gas supplies around Europe. It also sounds like Belarus has stopped some gas flows into Europe on a pipeline that runs through its territory...likely in response to the migrant situation. The chart below compares Dutch TTF futures vs US NG futures. For now, US futures remain quiet. If European markets make a run back to the highs, however, I doubt US markets will just watch.



Today's Calendar (all times Central)

- Housing Starts – 7:30am
- EIA Petroleum Inventories – 9:30am
- Several Fed Speakers

Thanks for reading.

David Zelinski

dzelinski@nesvick.com

901-766-4684

Trillian IM: dzelinski@nesvick.com

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