

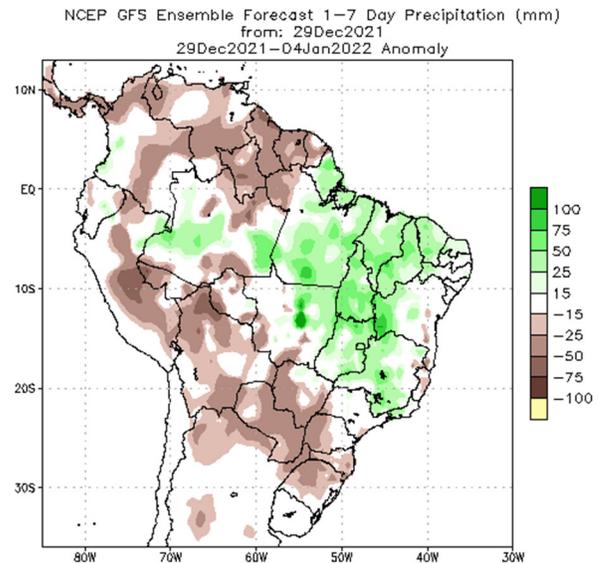
## Weather

No huge changes to the outlook this morning. Northern Brazil is still looking at mostly above normal precipitation over the next two weeks. Two week rainfall totals will likely range from 5-10". That much rain will prevent any above normal temps. Southern Brazil will see a daily chance for showers for much of the two week period, which is no change from yesterday's forecast. The best rains will likely fall during the 6-10 day period. Look for two week precipitation amounts of 2-4" for Parana and spots to the north. RGDS will see 1-2" totals during the same period. Temps should average above normal with the worst of that coming in the next few days. The improvement in rainfall chance later will keep temps from getting too high.

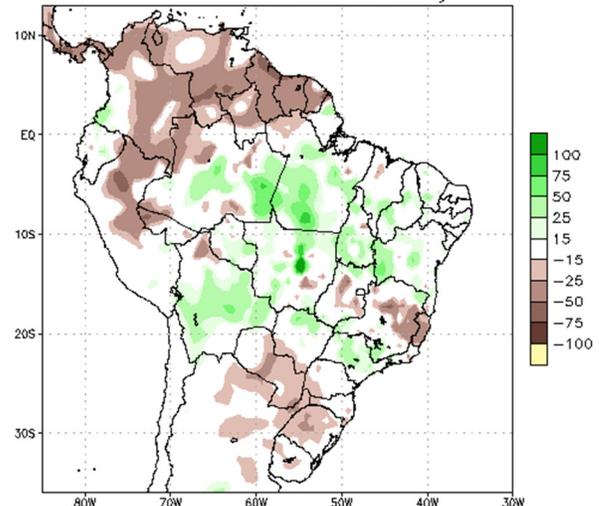
One could maybe call Argentina's forecast a smidge wetter this morning. There will be a daily threat of showers today through early next week. The best amounts will likely come late in that period. Amounts and coverage of rains won't be anything great and only a small portion of the region is likely to see 1" amounts or better. The remainder of the two week forecast period will again feature fairly limited rainfall totals, meaning a lot of 50% of normal precipitation or less for the two week period as a whole. Temps will be above normal with highs in the next few days especially hot. We should see several spots hitting 100+.

## Crops

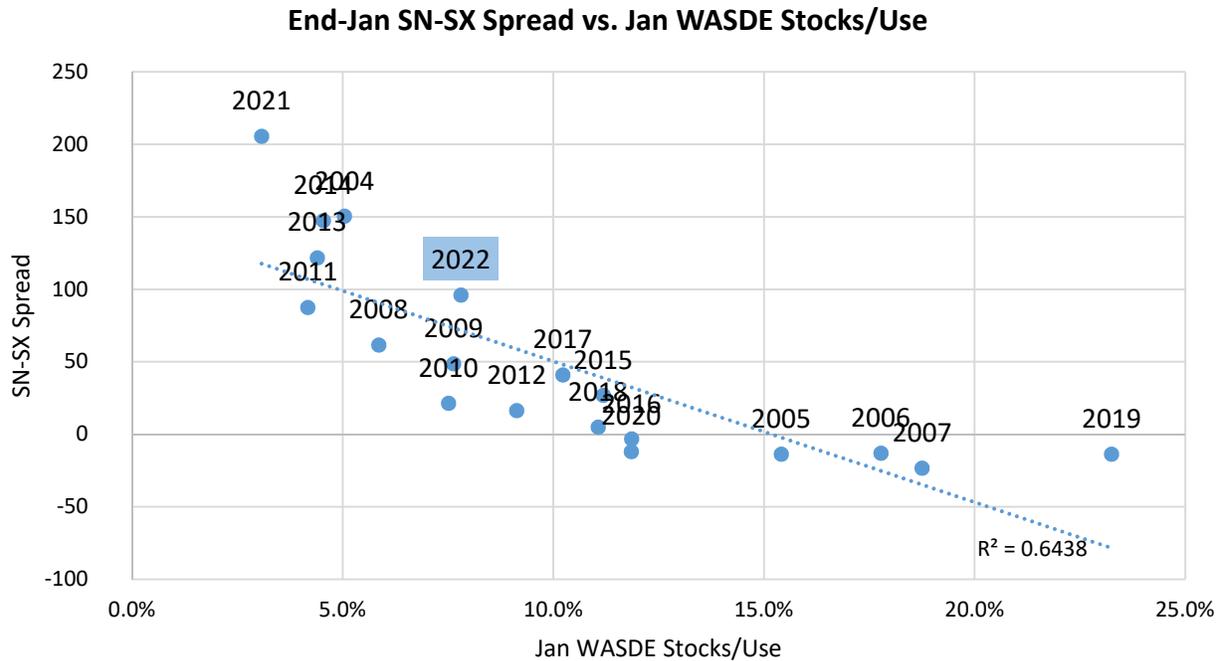
We (kinda) discussed calendar spreads yesterday so this morning I just want to post a quick scatter chart. The chart below compares the N/X soybean spread vs. the January WASDE stocks/use ratio. For the 2022 print, I've plugged in the December figure from earlier this month. Trading just under \$1, the N/X is certainly pricing in a tighter market than WASDE's latest. This is likely due to expectations for smaller South American production. However, I would caution that smaller production totals in South American don't necessarily mean an uptick in old crop soybean demand. Depending on the pace of demand out of China and the final Brazilian crop size, US exports could still be relatively light through the summer. A smaller Brazilian crop *might* simply mean less supplies to compete against US new crop.



Bias correction based on last 30-day forecast error  
 CPC Unified Precip Climatology (1991-2020)  
 NCEP GFS Ensemble Forecast 8-14 Day Precipitation (mm)  
 from: 29Dec2021  
 05Jan2022-11Jan2022 Anomaly



Bias correction based on past 30-day forecast error  
 CPC Unified Precip Climatology (1991-2020)



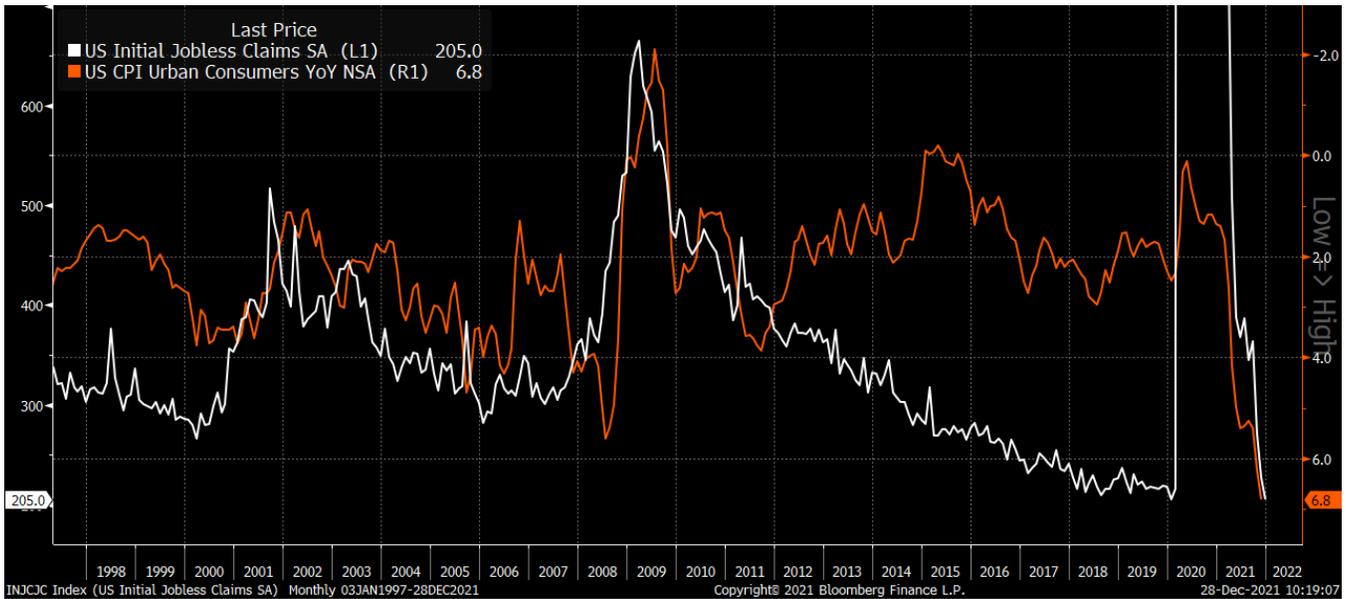
N/X is likely to remain bid until the final word is in on Brazil’s crop size...but I’d caution that the spread is getting a bit elevated in this area.

**Livestock**

Cash action so far this week has certainly been stronger than I would have anticipated. Yesterday we got some small reported trade of 140 and 222. I heard some rumors of 142 bids, but nothing appears to have traded there for now. After a few weeks of light cash volumes, it looks like packers have fallen a bit behind and are playing catch up. It doesn’t hurt that beef prices have been steady to higher in the past week or so despite some concerns for weaker prices. Volume so far this week has been fairly light...look for cash trade to remain firm as additional trade takes place.

**Financials**

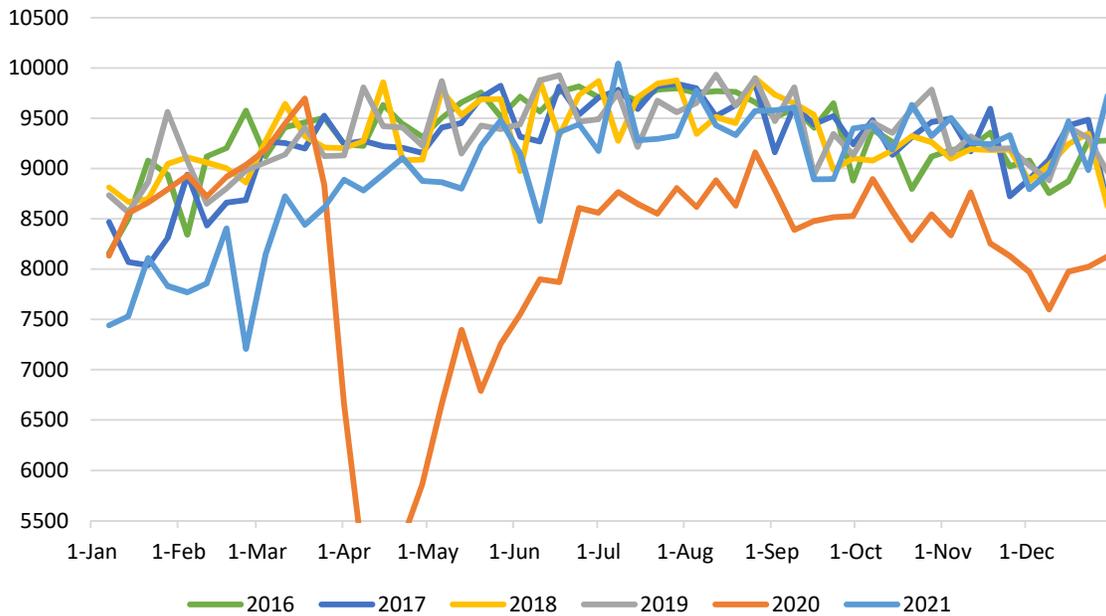
On tap today we have the weekly jobless claims numbers. I wanted to point out that low levels of jobless claims (a strong labor market) is certainly indicative of ongoing inflationary pressures. The chart below compares jobless claims (white line – left axis) vs CPI YOY (orange line – right axis inverted). You can see that generally speaking when jobless claims are high we have a disinflationary environment and when claims are low we have an inflationary environment. There is a stretch of time from 2012 to 2015 when that was not the case. At that time we were just coming out of the European debt crisis and in 2014 the oil market collapsed. Neither is an issue at present. So, the bottom line is that ongoing strength in the labor market should continue to keep inflationary pressures around.



### Energy

I found the chart on motor gasoline products supplied interesting. The chart follows below. Typically we see a modest decline in products supplied at the end of the year, but this year we've seen a pretty significant bounce. I wonder if this might have anything to do with people being less reluctant to travel via air these days but still willing to travel via auto? If so is this a signal of overall stronger gasoline demand going forward?

**EIA - Motor Gasoline Products Supplied**



**Today's Calendar (all times Central)**

- Jobless Claims – 7:30am
- Export Sales – 7:30am
- EIA Natural Gas Storage – 9:30am

Thanks for reading.

David Zelinski

[dzelinski@nesvick.com](mailto:dzelinski@nesvick.com)

901-766-4684

Trillian IM: [dzelinski@nesvick.com](mailto:dzelinski@nesvick.com)

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