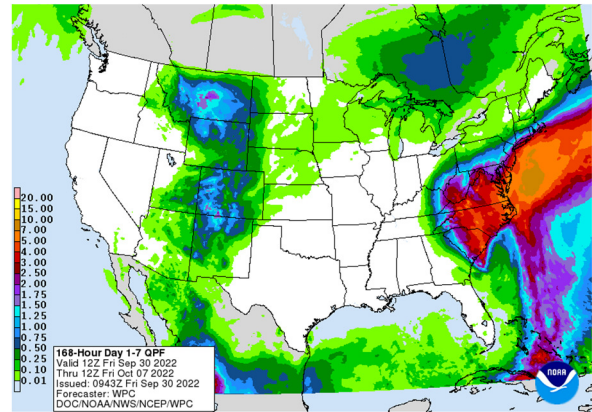


Weather

No change to the US weather forecast. As you can see to the right, the middle of the country is looking at virtually no precipitation over the course of the next week. The Corn Belt area could potentially see a modest uptick in rainfall chances for the 11-15 day period, but even that doesn't look especially impressive. There are no changes of significance to the forecast for South America either. Central and northern Brazil should see solid rainfall chances for the next ~10 days, but RGDS in southern Brazil should be short-changed.



Crops

Not much else to discuss today. We've gone over all my expectations for today's reports during the past week. Here is a quick rundown of the bottom line expectations:

- I'd expect that wheat production comes in *slightly* smaller than the prior USDA estimate and smaller than the average guess. Not by an amount that should be of big concern to the market, however.
- I view the average guess for Sep 1 soybean stocks to be entirely reasonable. Obviously one can never have a ton of confidence in guesstimates on quarterly stocks, but I can't find a strong argument against what is shown at the right.
- The same can be said for Sep 1 corn stocks. I can't find a huge disagreement with the average guess shown at the right. However, I have noted a solid tendency for stocks to prove slightly bigger than expected in years of "tight" stocks/use. I'm betting the over vs. the average guess but it is a low confidence bet.
- I'm betting the under on wheat stocks, but that is primarily due to my call for slightly smaller production.

Good luck today.

Livestock

Not much to discuss today. Cash trade this week has been active with KS/TX trade mostly at 143 and NE trade mostly at \$145. It seems likely most of the work has been done for the week. The early calls for next week's cash trade are slightly higher. Beef continues to push slightly lower. With ongoing issues with grading, interesting to see the choice-select spread gradually widening in the past few weeks. That spread is pushing into some seasonally strong territory.

Sep 1 2022 Grains & Soybean Stocks (Million Bushels)

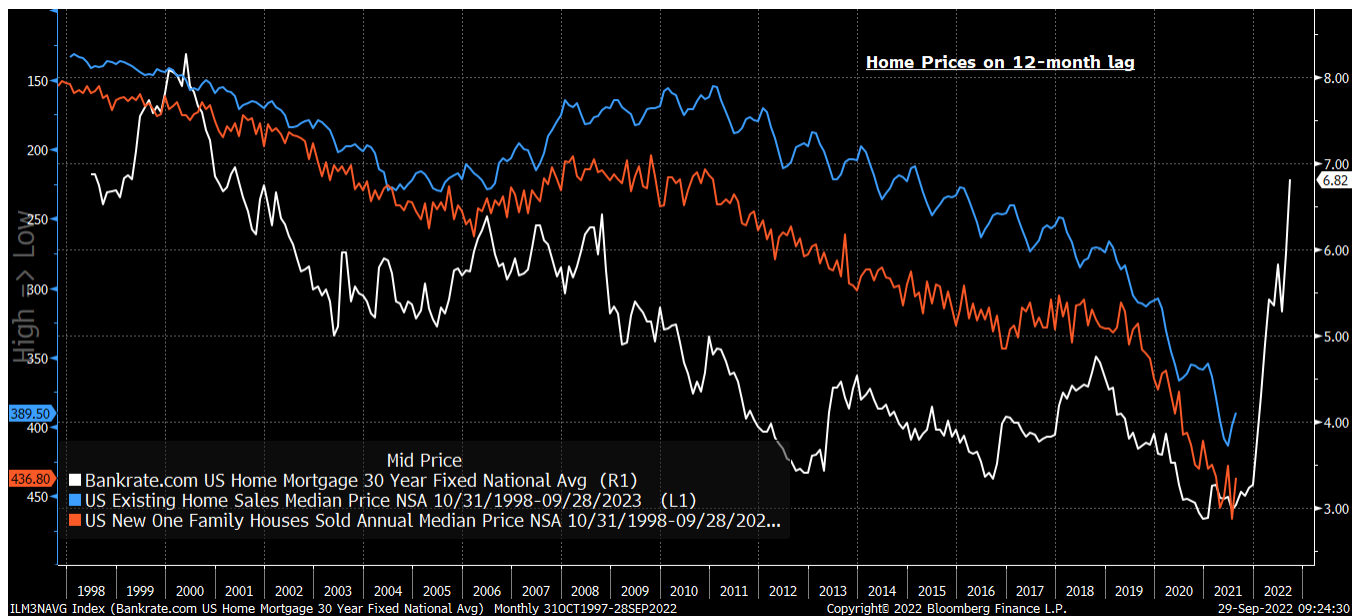
	Average Analyst Estimate	Range of Estimates	Sept WASDE Ending Stocks
Corn	1,495	1,095-1,633	1,525
Soybeans	243	215-275	240
Wheat	1,793	1,663-1,950	NA

USDA 2022 All-Wheat Production (Million Bushels)

	Average Analyst Estimate	Range of Estimates	USDA August Estimate
All Wheat	1,784	1,750-1,806	1,783
All Winter	1,193	1,165-1,205	1,198
HRW	573	555-590	576
SRW	379	365-390	381
Spring	516	503-540	512
Durum	74	68-77	74

Financials

Just a chart to serve as food for thought today. The white line shows the national average of a 30Y fixed mortgage rate. Unfortunately my data only goes back to the late 90s. The blue and orange lines shows existing and new homes median prices, respectively. Note that I've lagged the data on home prices by 12 months. With such a huge surge in mortgage prices rates in the past several months, we should be expecting a big hit to not only home sales but also price levels. It should go without saying that such a development, if realized, would have profound widespread impacts on the US economy and consumer sentiment.



Actually, one more chart...one I pulled off Twitter yesterday. It is simply another way of looking at the housing affordability issue. The chart at the right shows what price house you could buy assuming a \$2,500 monthly mortgage payment and 20% down with the average 30Y mortgage rate. Quite a sharp decline in the past year.

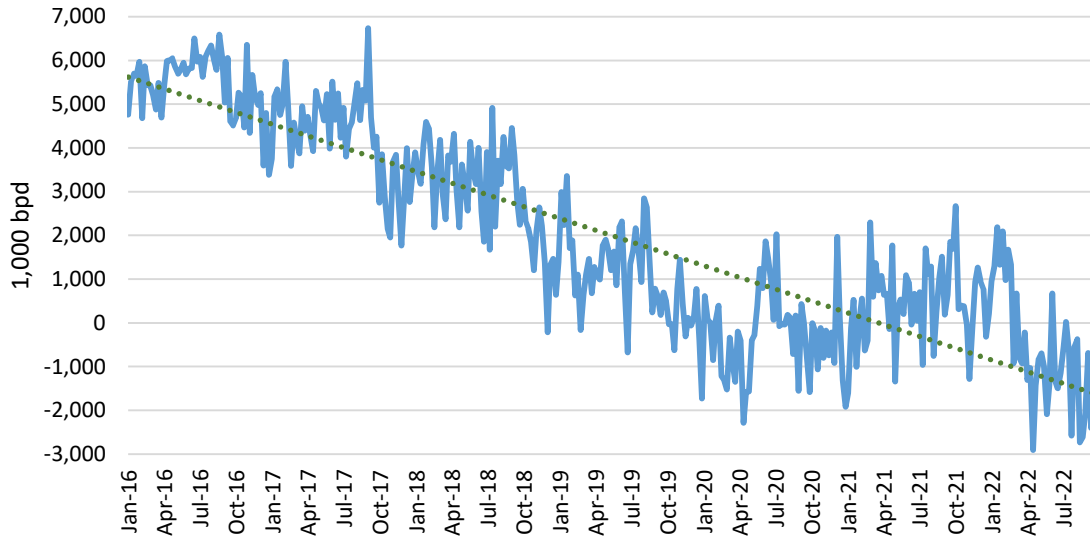


Energy

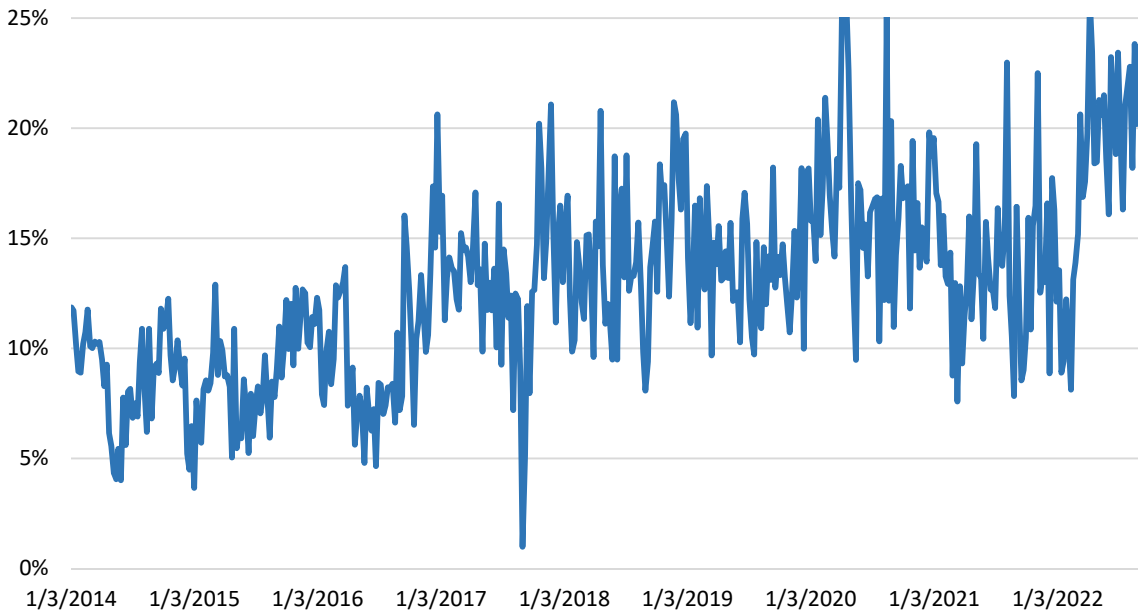
A few more charts from Wednesday's EIA data dump this morning. I continue to want to point out the strong pace of US petroleum and petroleum product exports. This is shown by the two charts below. The first chart shows net imports of oil and petroleum products. You can see that we've got negative imports, which of course means net exports. Last week wasn't quite a record but pretty close, and we've been hovering around these record levels for a while now. The second chart looks at the total US petroleum and petroleum product exports as a percentage of US domestic

petroleum products supplied. We're now consistently exporting the equivalent 20-25% of total US domestic demand. That's a huge figure, and up substantially from mostly 10-15% before the pandemic.

**US Total Petroleum Net Imports
 Crude Oil & Refined Petroleum Products**



US Petroleum Product Net Exports as % of US Total Petroleum Products Supplied



Today's Calendar (all times Central)

- PCE Deflator – 7:30am
- U of M Consumer Sentiment – 9:00am
- Quarterly Stocks, Small Grains Summary – 11:00am
- Several Fed speakers throughout the day

Thanks for reading.

David Zelinski

dzelinski@nesvick.com

901-766-4684

Trillian IM: dzelinski@nesvick.com

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.