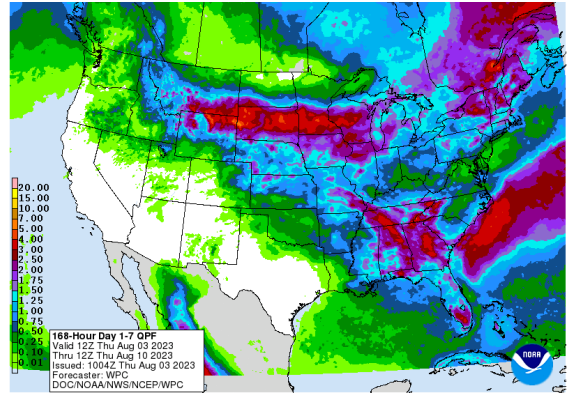


Weather

No changes to the overall outlook. An active pattern for precipitation chances over the next 10 days or longer. Big rains shown on the QPF at right. As usual, the QPF is likely overstating the coverage of these big rainfall amounts, but make no mistake there will be excellent rainfall chances through the next several days. The best chances for rains in the dry areas of the northwestern Corn Belt will come during the weekend. Those rains will be important as that appears to be the best opportunity for good rains in the current two-week forecast. Temps appear to be of no major concern for the Corn Belt. There will be some heat in KS, MO, and the Southern Plains, but most of the Corn Belt should enjoy near to slightly cooler than normal temps.

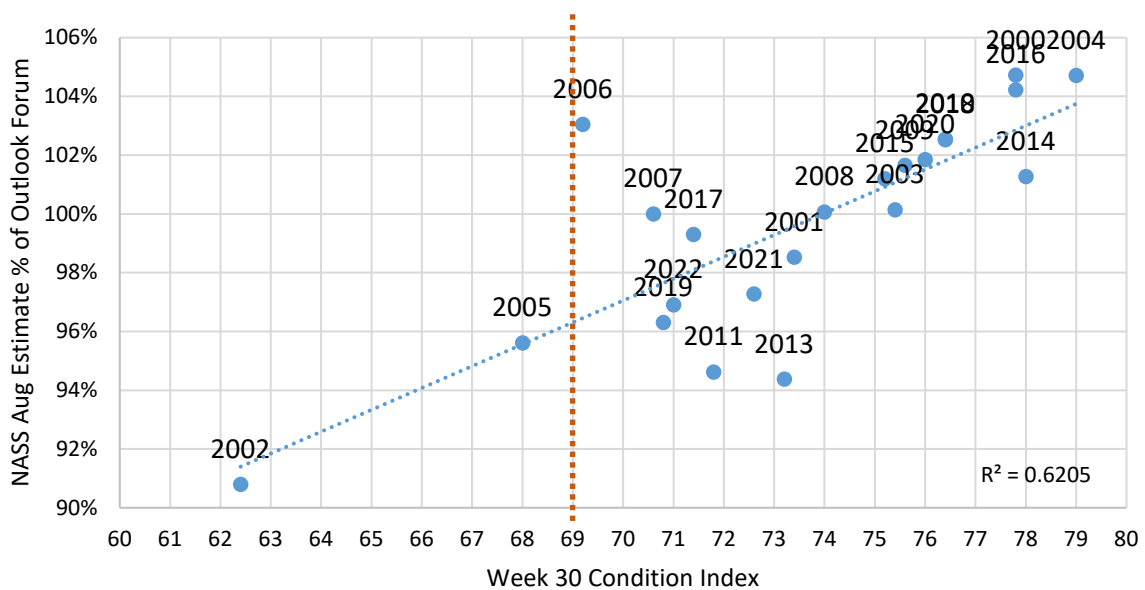


Crops

The Aug NASS Crop Production report looms late next week. Keep in mind that NASS no longer collects objective yield data for this report. This means they rely almost exclusively on their farmer survey which, in theory, should correlate somewhat well with condition ratings.

The chart below looks at the Week 30 (this past Monday) condition index vs the % of the trend yield in the Aug NASS report. For the trend yield, I'm simply using the Outlook Forum projection, which should be the same as the WAOB's weather-adjusted trend yield. The orange line on the chart indicates where this year's condition index lies. While there is some variability at times, I'd say this chart actually lines up fairly well. If we want to believe this chart, it would imply something close to 96% of trend yield.

NASS Aug Corn Yield Estimate vs. Outlook Forum "Trend" and Week #30 Condition Index

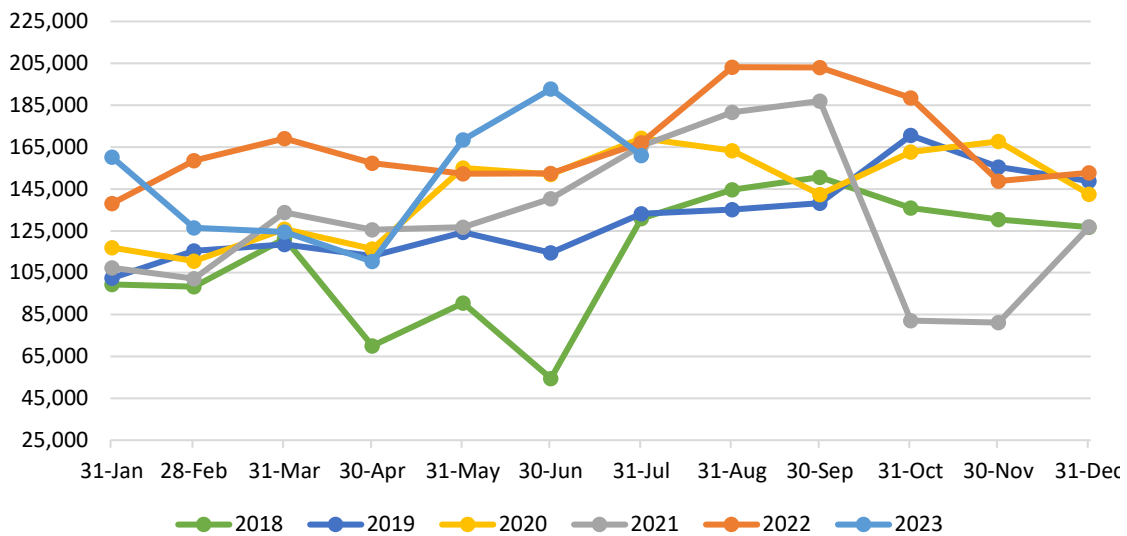


Remember, the starting point trend yield according to the USDA was 181.5 bpa. So based on the scatter above we should be looking for something around 174-175 bpa for a corn yield next week. That is lower than what was implied by Stone X yesterday, but recall from our discussion yesterday afternoon that StoneX has a recent tendency to be too big. I'm personally centering in on a yield around 175-176 bpa for next week.

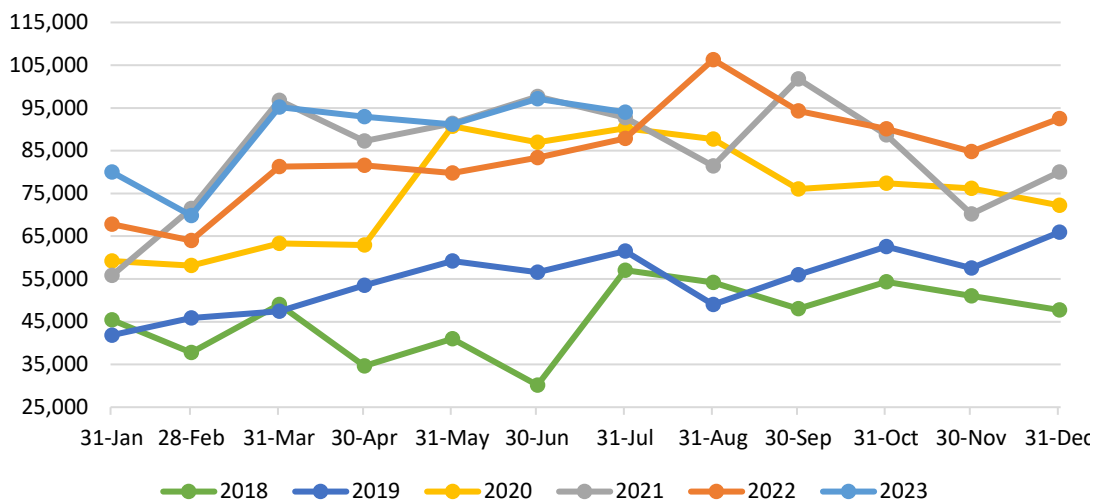
Livestock

Just a quick update on Brazil trade numbers. Charts on beef and pork exports follow below. July exports of both were down slightly from June, but both remain near the high side of the range. Strong Brazilian beef exports and improvements in Australian supplies remain a headwind for US beef export demand.

Brazil Beef Exports (metric tonnes)

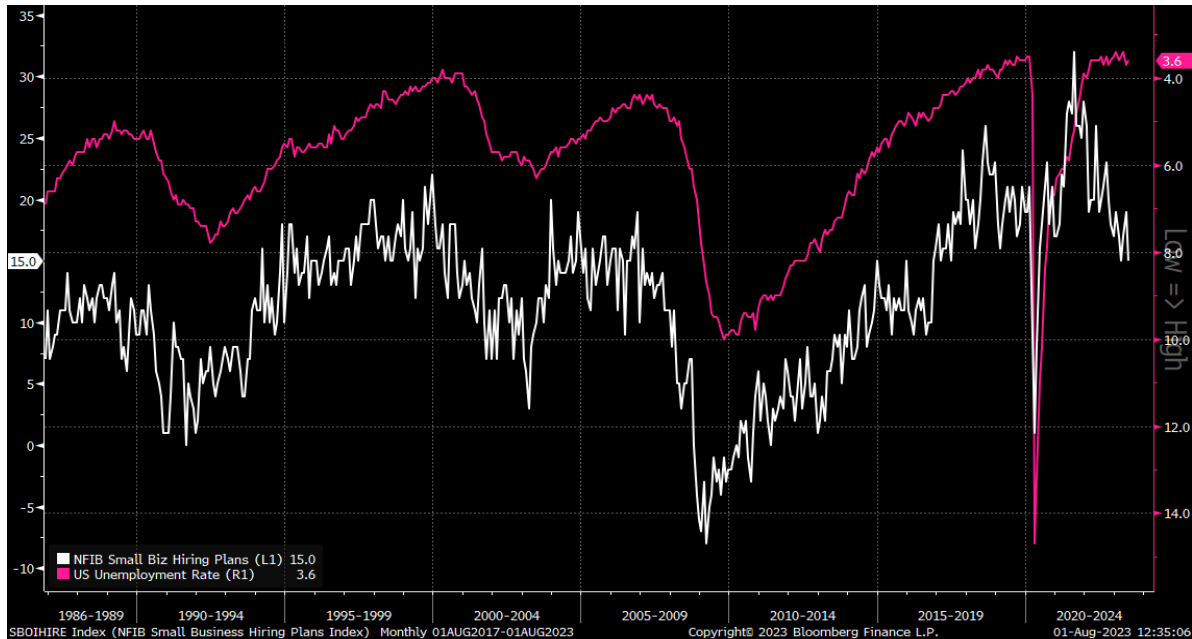


Brazil Pork Exports (metric tonnes)



Financials

I'll simply pass along another employment-related chart this morning ahead of the NFP release tomorrow. The chart below compares the NFIB's small business hiring plans index vs. the unemployment rate. The hiring plans index would certainly seem to indicate that the unemployment rate "should be" rising at this point...but this relationship has been seemingly broken for months now, so I'm not sure what to make of it. Clear as mud.



Yesterday's ADP release didn't help matters by, once again, coming in sharply higher than anticipated. I did some quick back-of-the-envelope math yesterday and found that the margin of difference between the ADP and NFP release using the ADP's new methodology is basically the exact same as it was before the new methodology (new methodology introduced in Aug 2022). Changing their data with the intent to more closely match the NFP number hasn't quite worked out yet....

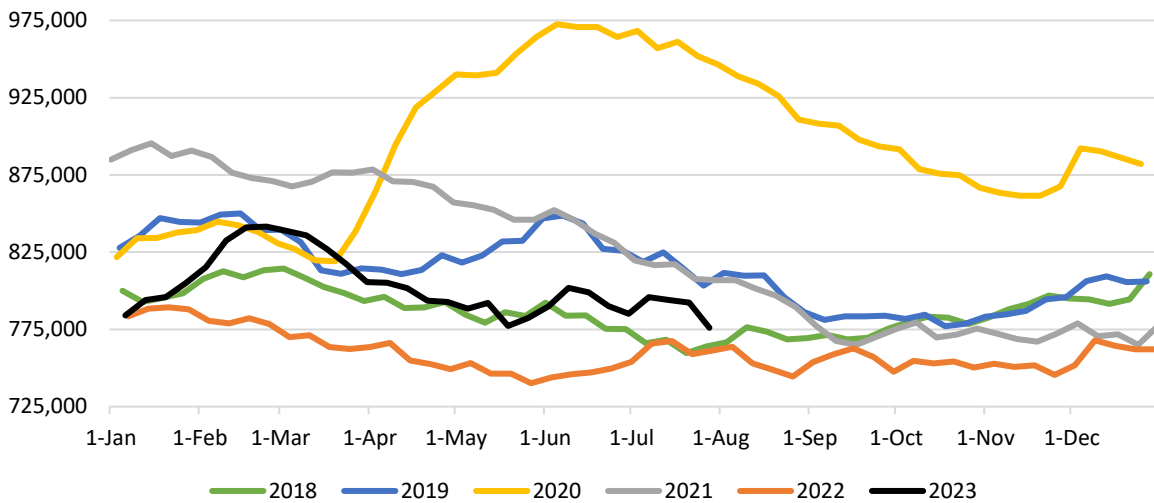
The big release today will be the ISM Services index. Expectations call for a slight cooling to 53.0 from 53.9 last month. Obviously, the US consumer remains very resilient...for now. Rundown of expectations below.



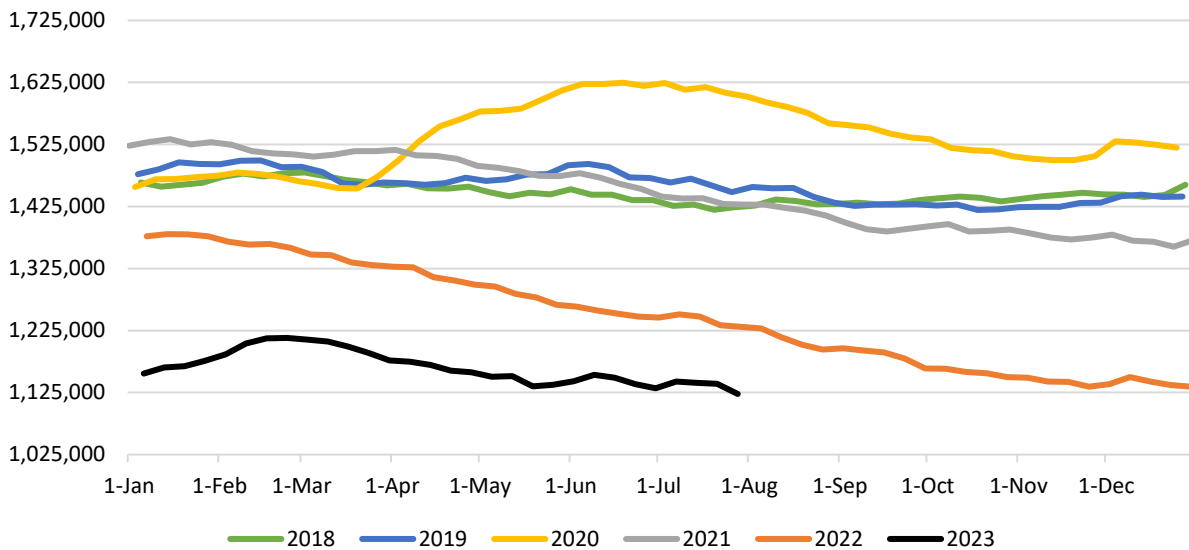
Energy

Quick look at inventories today following the record weekly drawdown in crude oil stocks reported yesterday. The first chart below looks at combined oil, gasoline, and distillate inventories when excluding SPR stocks. We had seen inventories increase late last year and early this year, but we're on the 2023 lows and not too far off from levels seen last year. The second chart looks at the same thing but this time I'm including SPR stocks. The SPR has been steady in the past few weeks, but with drawdowns YTD we're now looking at the smallest total inventory in a looooooong time.

**Combined Petroleum & Product Inventories
 Crude Oil (Ex SPR), Gasoline, Distillates**



**Combined Petroleum & Product Inventories
 Crude Oil (Including SPR), Gasoline, Distillates**



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Jobless Claims – 7:30am
- ISM Services Index – 9:00am
- Durable Goods Orders – 9:00am
- EIA Natural Gas Storage – 9:30am

Thanks for reading.

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