

Weather

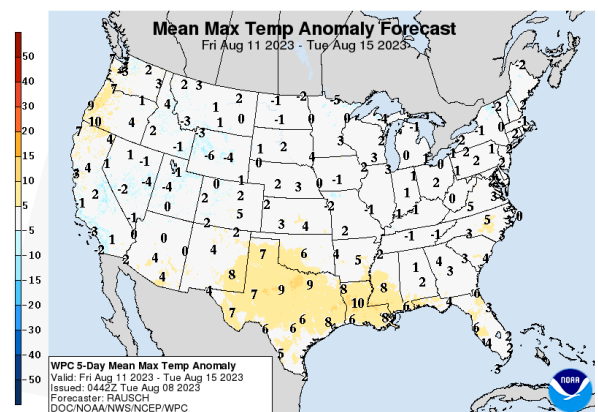
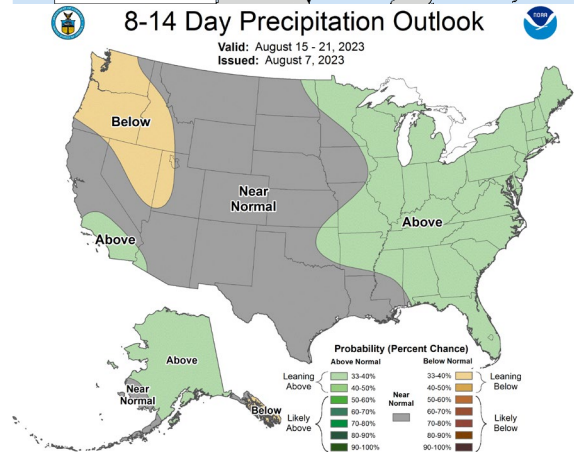
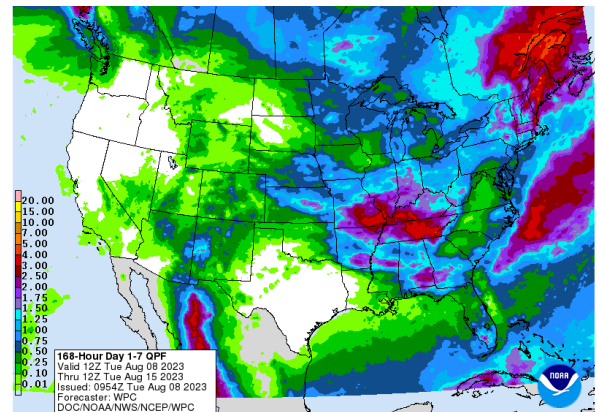
Nothing new to discuss with the forecast this morning. We should see about 3-4 rain systems move through the Corn Belt over the next ~10 days. The first of these systems will likely show up tonight. Anyone in the Corn Belt will have a chance for 1" of precipitation over the next 10 days, but as shown to the right it is likely to be southern and eastern portions of the Corn Belt that see the best amounts and coverage.

No major heat in the Corn Belt over the next two weeks. As shown in the map at the bottom right, we should see a lot of near normal temps through most of the Corn Belt over the next several days. It is only the southern US that is dealing with any meaningful heat at the moment, and that will likely remain the case through the duration of the two week forecast period. We could see modestly warmer temps in the Corn Belt for the 11-15 day period, but nothing extreme.

Crops

Today we'll start looking at expectations for WASDE US balance sheets. It should go without saying that new crop balance sheets will largely be dominated by changes to production totals. I've reviewed yields and production last week, so I won't be going into further details this week. I'm going to start by looking at soybeans today. Last week I suggested a yield range of 50.7-51.3 bpa...so for my balance sheet below I'm going to split the middle and assume a 51 bpa yield estimate.

Below is my baseline assumption for the WASDE soybean balance sheet. You'll notice I show no changes to the old crop demand figures. That is not meant to suggest that I think WASDE's numbers are spot-on, but rather I simply think they're close enough for now. I could see both crush and exports a smidge smaller in the end.



US Soybean Supply and Demand (Million Bushels/Million Acres)

	USDA 18/19	USDA 19/20	USDA 20/21	USDA 21/22	USDA 22/23 July	Possible? 22/23	USDA 23/24 July	Possible? 23/24
Planted Acres	89.2	76.1	83.4	87.2	87.5	87.5	83.5	83.5
Harvested Acres	87.6	74.9	82.6	86.3	86.3	86.3	82.7	82.7
Abandoned Acres	1.6	1.2	0.8	0.9	1.2	1.2	0.8	0.8
Yield	50.6	47.4	51.0	51.7	49.5	49.5	52.0	51.0
Carryin (Sep 1)	438	909	525	257	274	274	255	255
Production	4,428	3,552	4,216	4,465	4,276	4,276	4,300	4,217
Imports	14	15	20	16	25	25	20	20
Total Supply	4,880	4,476	4,761	4,738	4,576	4,575	4,575	4,492
Crush	2,092	2,165	2,141	2,204	2,220	2,220	2,300	2,300
Exports (Census)	1,748	1,679	2,261	2,158	1,980	1,980	1,850	1,825
Seed	88	97	101	102	97	97	101	101
Residual	43	11	1	1	23	23	25	25
Total Use	3,971	3,952	4,504	4,464	4,320	4,320	4,276	4,251
Carryout (Aug 31)	909	525	257	274	255	255	300	241
Stocks/Use	22.9%	13.3%	5.7%	6.1%	5.9%	5.9%	7.0%	5.7%

In the new crop portion of the balance sheet, it is obviously the production figure that will have the greatest impact. I am under no delusion that I have the scoop on what production will prove to be, so you'll need to plug in your own number and see how it jives with the demand projections shown. There is no reason to expect WASDE to adjust their crush projection unless the production figure proves to be much lower than what I show above. I can envision WASDE leaving exports alone as well, but you'll see I'm showing a token reduction in the baseline scenario above. I'm doing this because, even after last week's strong sales total, the pace of new crop export commitments is running well behind normal levels. Note the table below. For the August WASDE, new crop commitments are typically running around 22-23% of the WASDE projection. We're well below that level as of last Thursday. With my production level they might leave exports unchanged, but just know this is definitely a "relief valve" if they have to adjust to a smaller production figure.

WASDE August New Crop Soybean Projection vs NMY Outstanding Sales

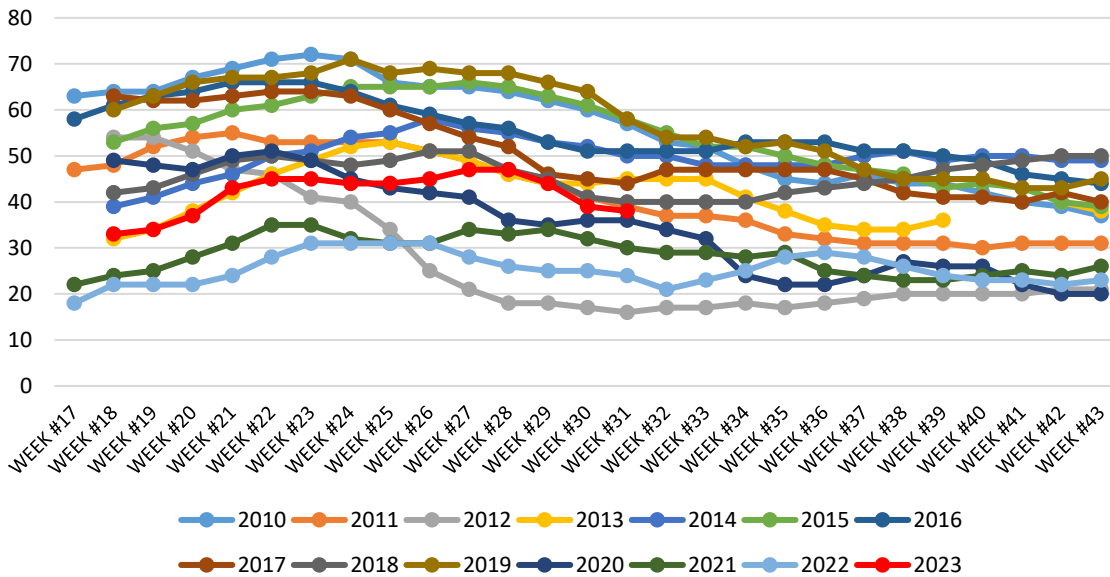
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
End-July Sales	670	355	431	252	429	144	596	417	601	318
Aug WASDE	1,675	1,725	1,950	2,225	1,700	1,650	2,260	2,055	2,155	1,850
Sales % of WASDE	40.0%	20.6%	22.1%	11.3%	25.3%	8.7%	26.4%	20.3%	27.9%	17.2%
				Average	22.5%					
				Average Ex 19/20	24.2%					

In the world numbers, WASDE needs to raise 22/23 China imports by 2-3 mmt, but not sure why that would matter to the market. There is some debate on whether they should raise Brazil exports, but I think they can leave that alone for now. Some also believe that some tweaks could be forthcoming on old crop Brazil and/or Argentine production levels...I have no value to add on those topics at this point.

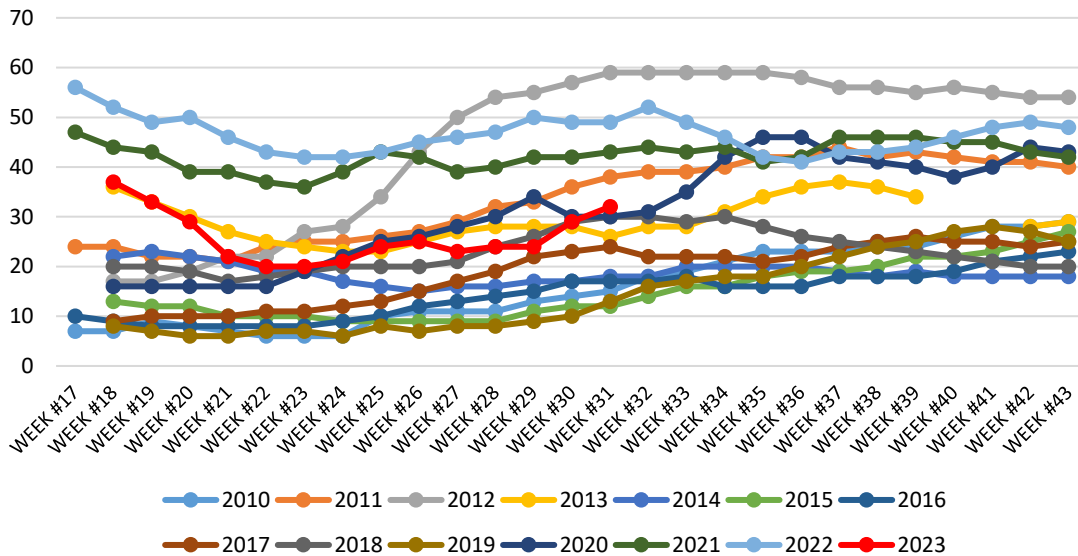
Livestock

We haven't looked at this in a while, so just a quick refresher. Pasture conditions have declined in recent weeks, but that is normal for this time of year. Conditions are basically around the middle of the pack when looking over the past decade or so...certainly better than year ago levels. The decline is most pronounced in the Southern Plains where we've seen a return of heat and dry weather. I'm hearing renewed complaints over water and grass in TX which is leading to early placements again.

US Pasture Conditions - Excellent & Good

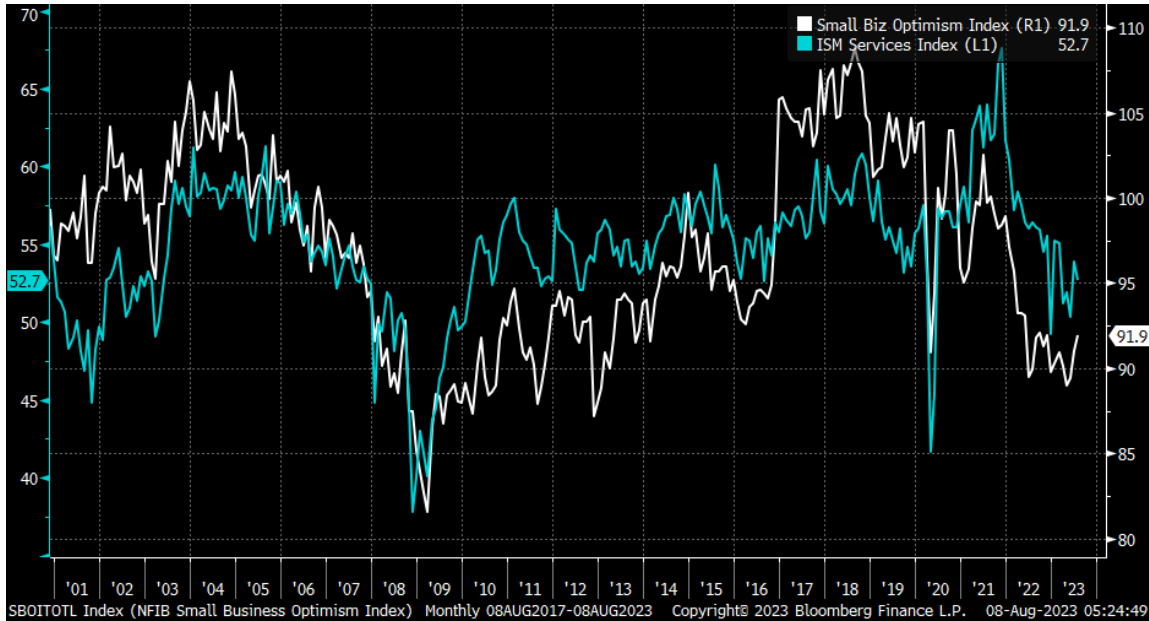


US Pasture Conditions - Poor & Very Poor

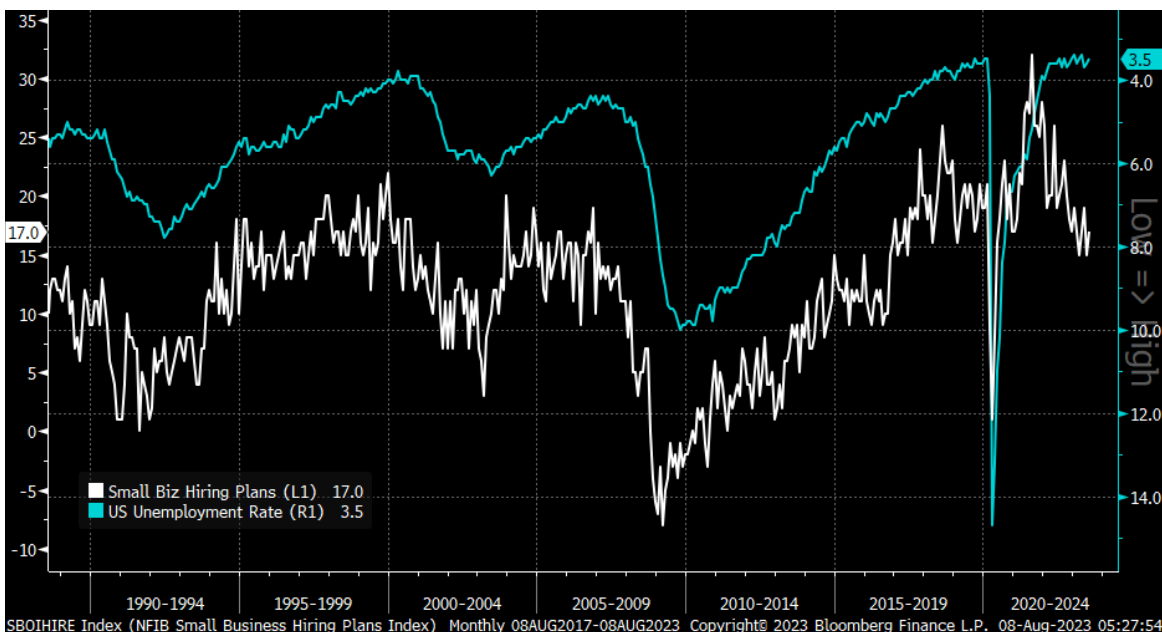


Financials

An early data release today in the form of the monthly Small Business Optimism Index. The index jumped to 91.9 vs 91.3 expected and 91.0 last month. This month's reading is the highest of the calendar year so far. As shown below the index and the ISM Services Index often move in the same direction, so if the small business index has bottomed, that is probably a good sign for US PMIs



The hiring plans index did tick slightly higher last month, but remains in a downtrend that would typically correspond to an increasing unemployment rate. Obviously that is not the case right now...



The other bit of news out this morning that is worth a quick mention is the story that Moody's has cut several US banks' credit ratings. Most of the banks that saw their ratings cut are smaller banks, but Moody's also put several big banks on a "negative outlook" meaning they could cut their ratings at some point in the near future. As shown at the right, the regional banking ETF has recovered roughly half its losses since the banking issues became headline news in early spring.

One more bit of overnight data...Chinese trade numbers were once again very weak. Exports were -14.5% YOY which is the worst decline since Feb 2020 (and we remember what was going on then). Imports were down 12.4% YOY. Both figures were weaker than expected.

The second chart at the right is something else to be aware of today. The Euro is sitting on a fairly important support level this morning. Not only are we on some important moving averages, but the uptrend since late last year is being tested as well. It seems every time we're down here we bounce, but something to keep an eye on in the next few days.

Energy

Random news that probably nobody finds interesting but me... the DOE reported yesterday that the SPR got its first inventory injection of the "refilling" move last week. The inventory was up 1 million barrels. Only about 200 more to go...

The chart at the right looks at spot WTI. Obviously ran into resistance late last week and has struggled a bit since. I suppose this makes a test of support at the 200-day MA a real possibility.

Today's Calendar (all times Central)

- Trade Balance – 7:30am
- EIA Short Term Energy Outlook – 11:00am
- A few Fed speakers in the morning

Thanks for reading.

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