

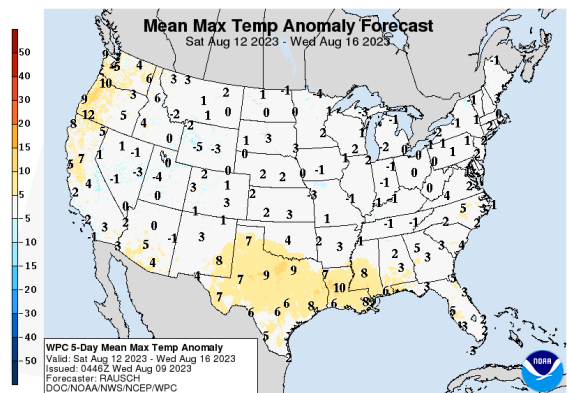
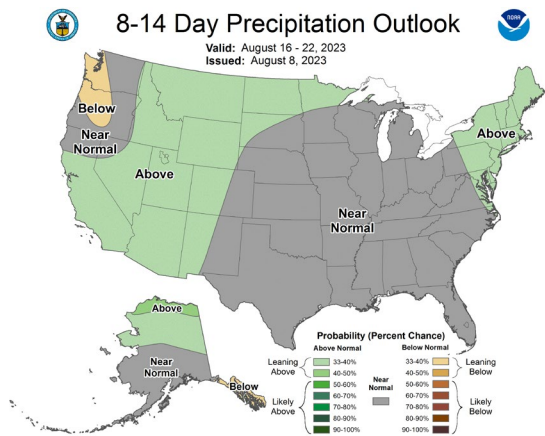
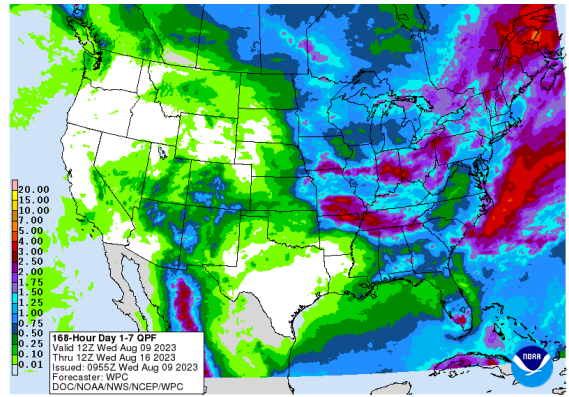
Weather

No big changes to the forecast this morning. We're still looking at probably 4 different storm systems impacting the Corn Belt over the next 10 days. Three of those will come within the next 5 days with one more in the 6-10 day period. You can see the first such system on the radar already this morning and this system should favor southern portions of the Corn Belt with the best amounts and coverage. Overall during the next 10 days we should expect that just about anyone in the Corn Belt will have a "chance" for 1" of rain. In reality, of course, there will inevitably be an area that gets missed or short-changed. Confidence in the 11-15 day forecast is very low this morning. You can see at the right the NWS is basically punting on its Week 2 forecast by showing near normal rainfall across most of the country. This is basically them admitting they have no idea what to expect.

No change in the outlook on temps. For the Corn Belt over the next 10 days there we should see mostly widespread near normal temps. Highs in the 80s should be seen in most portions of the Corn Belt. The computer models are hinting of warmer conditions during the 11-15 day period...or maybe a bit sooner. The models themselves are showing "big" heat, but they've been too hot all summer long. Still, it would seem likely to expect some above normal temps in the 11-15 day period. For TX and immediately surrounding areas, big heat will continue for the next two weeks with no shortage of 100F type highs.

Crops

We'll continue our look at US balance sheet today with a conversation on corn. Again, the yield projection is going to be the most debatable topic ahead of this Friday's report. I said last week I'm guessing something around a 175-176 bpa yield, so I'm splitting the middle in my balance sheet below. In the old crop balance sheet, I'm showing a token reduction to the ethanol grind. I'll concede there is a strong possibility that WASDE leaves this alone, but I think they *should* lower it. Otherwise, there probably won't be any changes to old crop demand levels. In the new crop balance sheet, the big adjustment will of course come with production. I've cut my F&R projection to offset the change I'm showing for production. The big debate to me will be whether or not they'll cut exports.



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

	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	89.7	90.7	93.3	88.6	88.6	94.1	94.1
Harvested Acres	81.3	82.3	85.3	79.2	79.2	86.3	86.3
Abandoned Acres	8.4	8.4	8.0	9.4	9.4	7.8	7.8
Yield	167.5	171.4	176.7	173.3	173.3	177.5	175.5
Carryin (Sep 1)	2,221	1,919	1,235	1,377	1,377	1,402	1,502
Production	13,620	14,111	15,074	13,730	13,730	15,320	15,150
Imports	42	24	24	25	25	25	25
Total Supply	15,883	16,055	16,333	15,132	15,132	16,747	16,677
Feed and Residual							
Total Feed and Residual	5,900	5,602	5,718	5,425	5,425	5,650	5,600
Food, Seed, and Industrial							
Corn for Ethanol Fuel	4,857	5,028	5,326	5,225	5,200	5,300	5,300
Other FSI	1,429	1,438	1,440	1,430	1,430	1,435	1,435
Total FSI	6,286	6,466	6,766	6,655	6,630	6,735	6,735
Total Domestic Use	12,186	12,068	12,484	12,080	12,055	12,385	12,335
Exports (Census)	1,777	2,753	2,471	1,650	1,650	2,100	2,050
Total Use	13,963	14,821	14,956	13,730	13,705	14,485	14,385
Carryout (Aug 31)	1,919	1,235	1,377	1,402	1,427	2,262	2,292
Stocks/Use	13.7%	8.3%	9.2%	10.2%	10.4%	15.6%	15.9%

The chart below is similar to what I showed for soybeans yesterday. Bottom line – current NMY commitments are running well behind what you’d normally associate with a WASDE export projection at this time. That being said, WASDE doesn’t have to change a thing. This might be left unchanged, but I think WASDE * should* lower corn exports.

WASDE August New Crop Corn Export Projection vs NMY Outstanding Sales

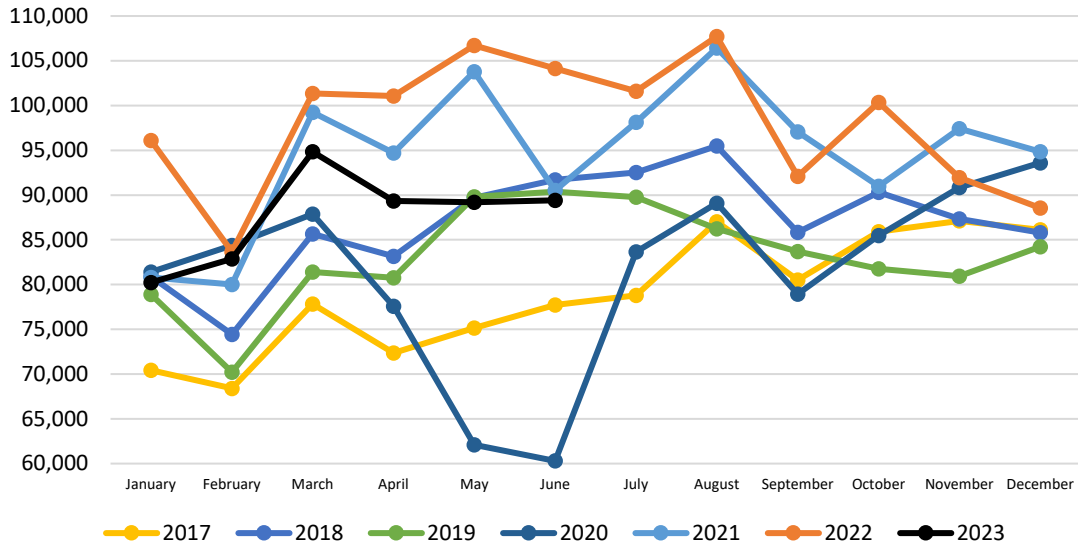
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24
End-July Sales	305	180	317	175	308	160	430	688	309	205
Aug WASDE	1,725	1,850	2,175	1,850	2,350	2,050	2,225	2,400	2,375	2,100
Sales % of WASDE	17.7%	9.7%	14.6%	9.4%	13.1%	7.8%	19.3%	28.7%	13.0%	9.8%
					Average	14.8%				
					Average Ex 19/20	15.7%				

In the world numbers, I don’t think we should expect any big adjustments. I will be interested to see if they raise Brazil old crop production. Last month they were 133 mmt....private estimates are running closer to 136 mt or more.

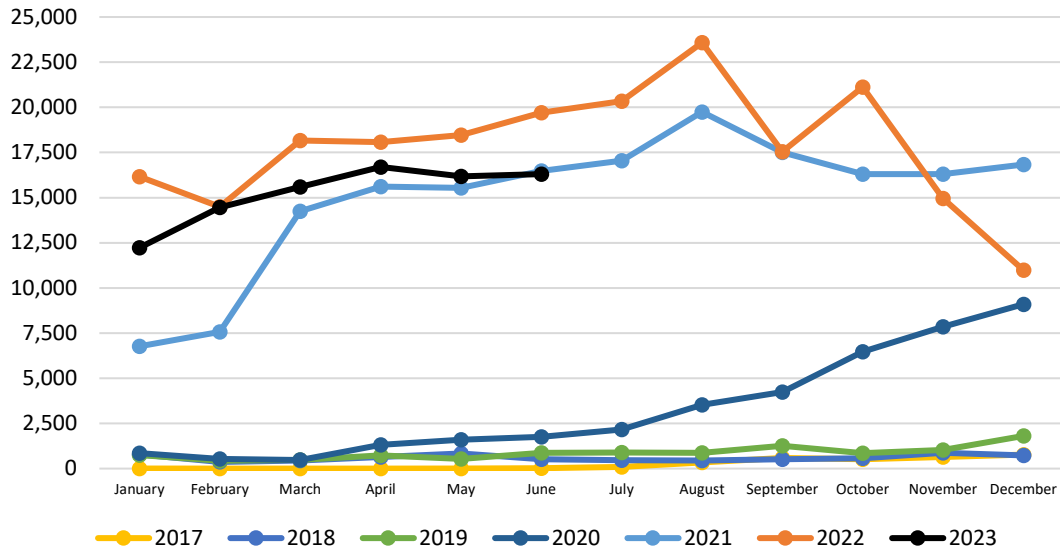
Livestock

Official Census trade numbers for June were released yesterday. A quick look at the beef stats this morning. Total US beef exports in June were 89k mt, which is basically the same as May but down from 104k mt last year. As shown in the chart below, this is one of the weaker readings we’ve seen in several years if you exclude 2020. China remains a big source of demand, accounting for roughly 18% of total shipments.

US Total Beef Exports

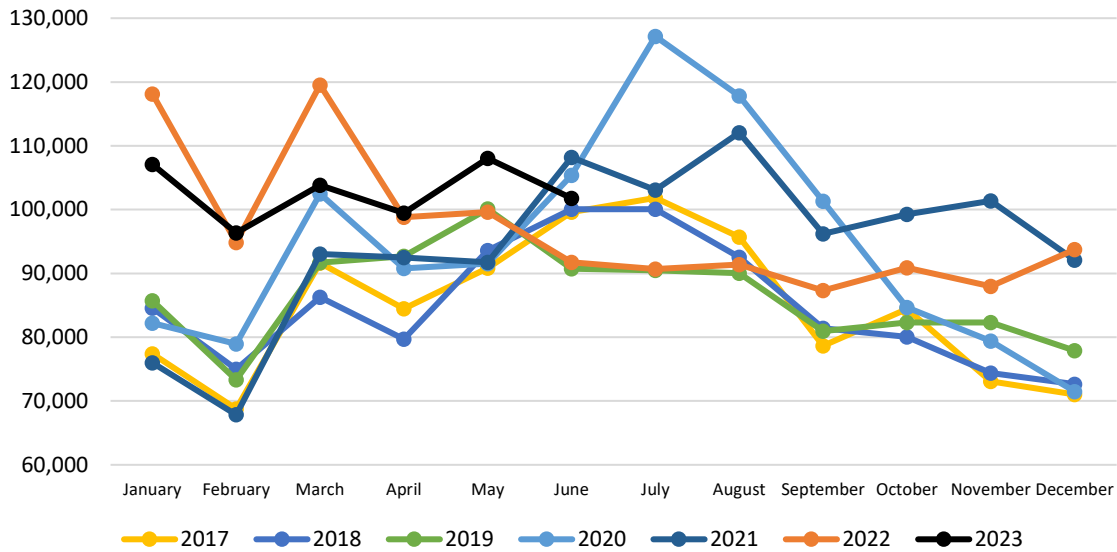


US Beef Exports to China

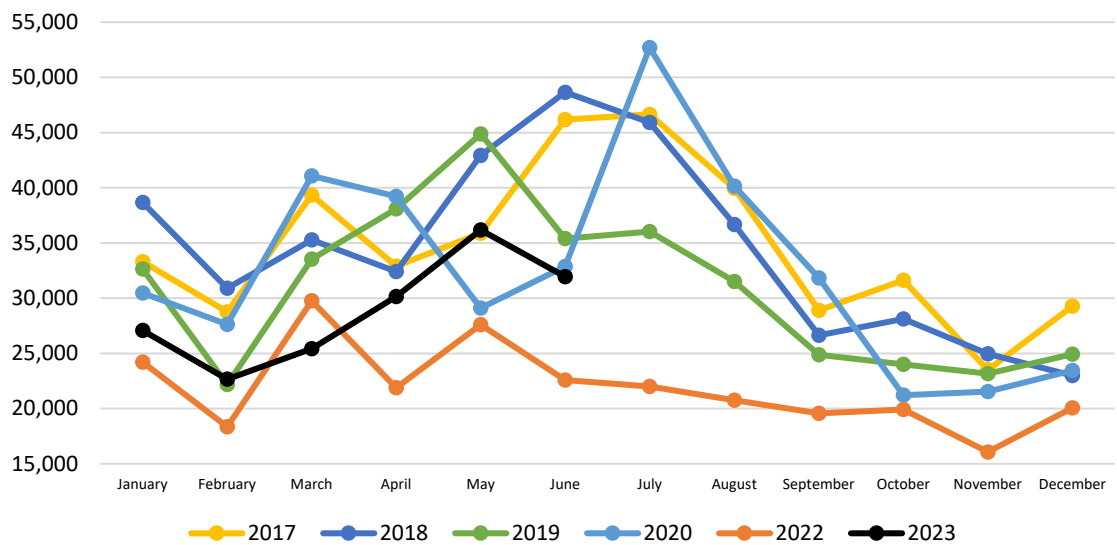


Exports, on the other hand, have been persistently strong so far this year. The chart of total imports follows on the next page. Imports of beef from Australia and New Zealand did dip a bit in June, however, so perhaps the quick recovery we've seen so far this year was a bit of a headfake. Something to keep an eye on.

US Total Beef Imports



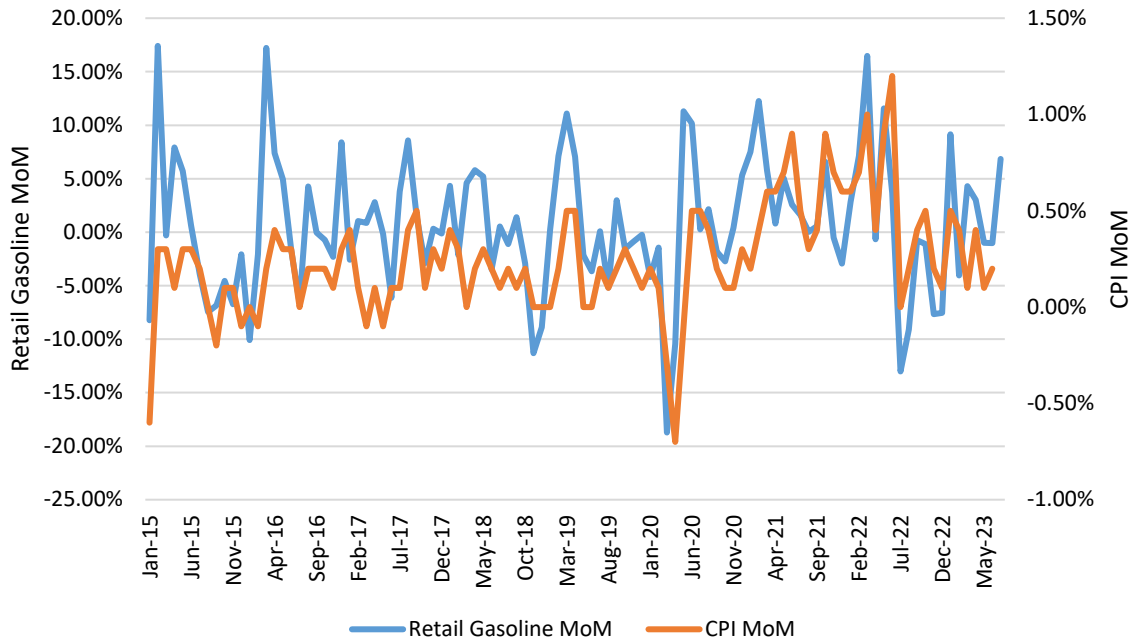
US Imports of Beef from Australia & New Zealand Combined



Financials

Tomorrow we get the monthly CPI release and to state the obvious...it's gonna be a big deal. Recent CPI releases have shown slowing inflationary pressures, but my guard is raised this month for a potential upside surprise. The chart below is our standard look of CPI vs retail gasoline prices. Retail gasoline was up almost 7% during the month of July. In theory, that would seemingly support a CPI print higher than the current consensus guesstimate of +0.2% MoM.

AAA Retail Gasoline vs. CPI



Again I will concede that singling out one bit of data as “the” point to watch can sometimes lead me astray. There is obviously a lot more in the CPI basket than gasoline. Still, I think the risk for tomorrow’s report is to the upside. Thoughts appreciated.

All that being said, I do see China’s inflation numbers reported overnight and wonder if they’ll “export deflation”. China’s CPI posted its first decline in more than two years at -0.3% YOY. PPI posted in negative territory for the 10th consecutive month at -4.4% YOY.

Energy

Yesterday the EIA released its monthly Short Term Energy Outlook. I don’t normally pay this much attention, but one particular note stood out. The EIA said: “As a result of higher expected well-level productivity and higher crude oil prices, we expect US crude oil production will average 12.8 million b/d in 2023 and 13.1 million b/d in 2024, **both annual records.**” (emphasis mine)

I just think that is an interesting point. We’ve seen and heard a lot of naysaying about US oil production prospects, but as I pointed out a week or two ago...US oil production levels just keep grinding higher. EIA is seeing new record levels for both this year and next. Has the death of US oil production been greatly exaggerated?

Today’s Calendar (all times Central)

- EIA Petroleum Inventories – 9:30am

Thanks for reading.

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