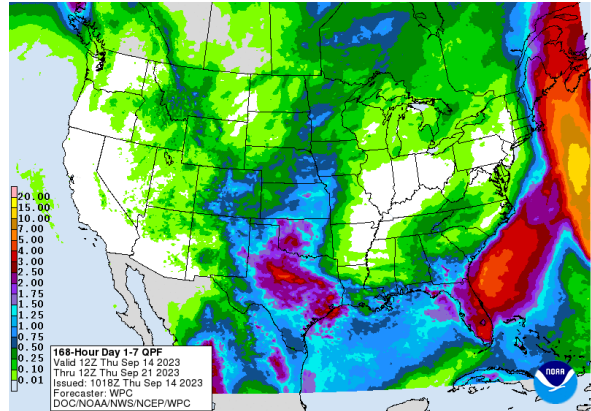


Weather

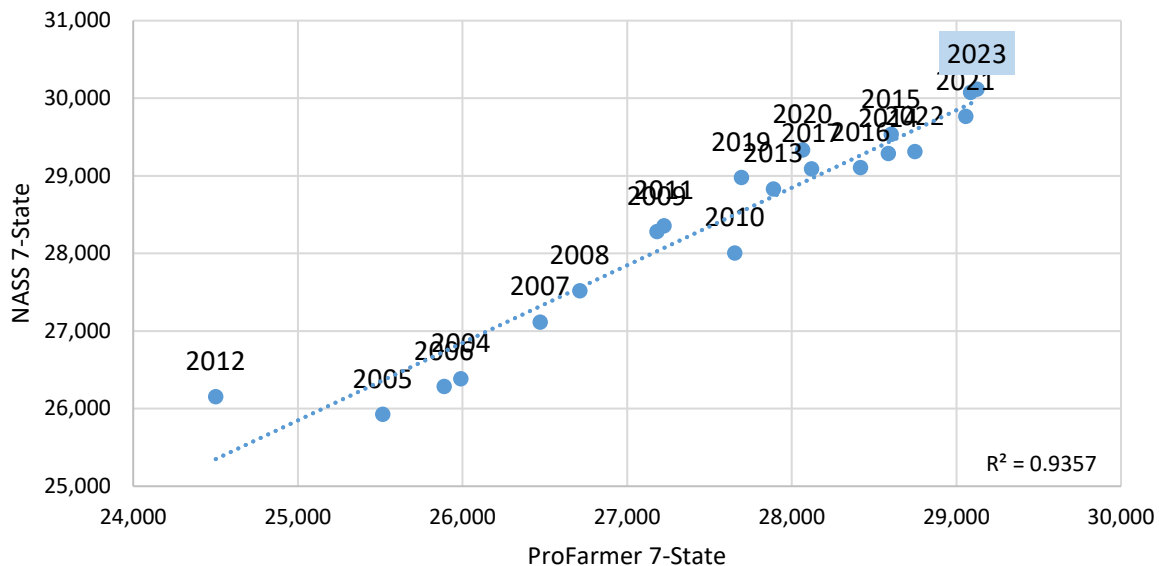
No big changes. We're looking at several more days of mostly dry weather or only light and scattered rainfall through the Corn Belt. Around the middle of next week we should see precipitation chances increase in the Corn Belt, though the best activity will remain west of the MS River. I still believe this is marginally positive for the crops. The big rains in the HRW Belt will obviously be beneficial for the dry soils in that region. No change in the outlook on temps. There are some 30s for lows this morning, but nothing widespread and nothing in key crop areas. Temps should turn warmer than normal next week which should mean no widespread frost/freeze threat for the duration of the two week forecast period.



Crops

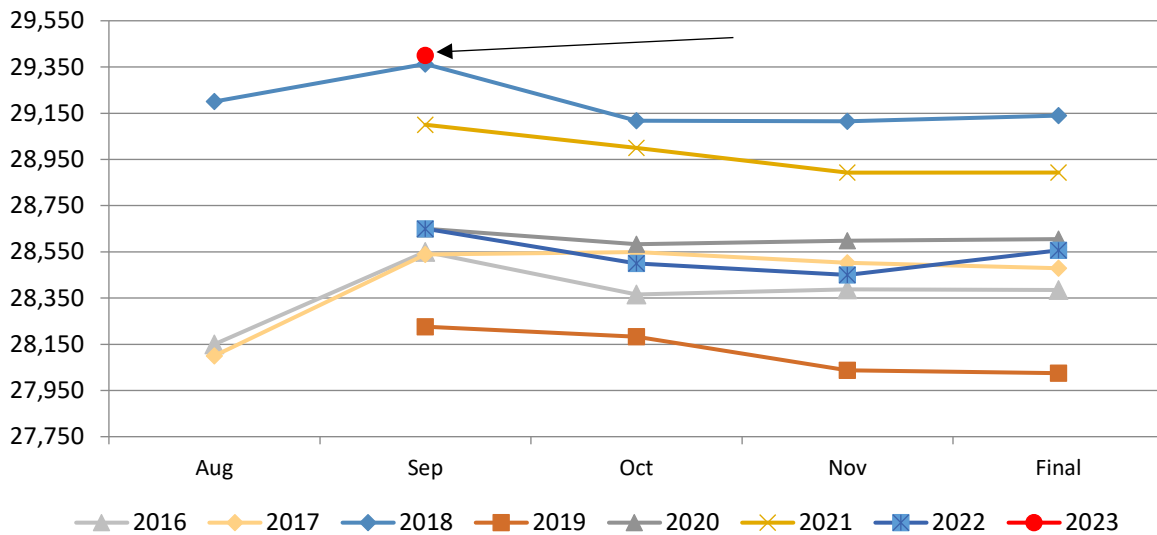
It was pointed out to me yesterday that some random bro was having a conniption on Twitter (I'll never call it X) yesterday saying "there is no way the US government has any idea how many ears are out there". For starters, I'll never understand why some people take USDA reports and figures so personally. The gang at NASS, and the USDA in genera,l are just imperfectly doing the best they can...same as me. Secondly, USDA has access to a lot more data than the rest of us, so I personally try to avoid suggesting that I know better than NASS when it comes to crop projections. Lastly, and most importantly, ProFarmer just went out and took thousands of samples of ear counts...I don't recall any conniptions about the numbers they reported. And NASS's ear count estimate lines up exactly where you might expect based on the PF tour numbers.

ProFarmer 7-State Ear Count vs. NASS 7-State Ear Count (Sep)



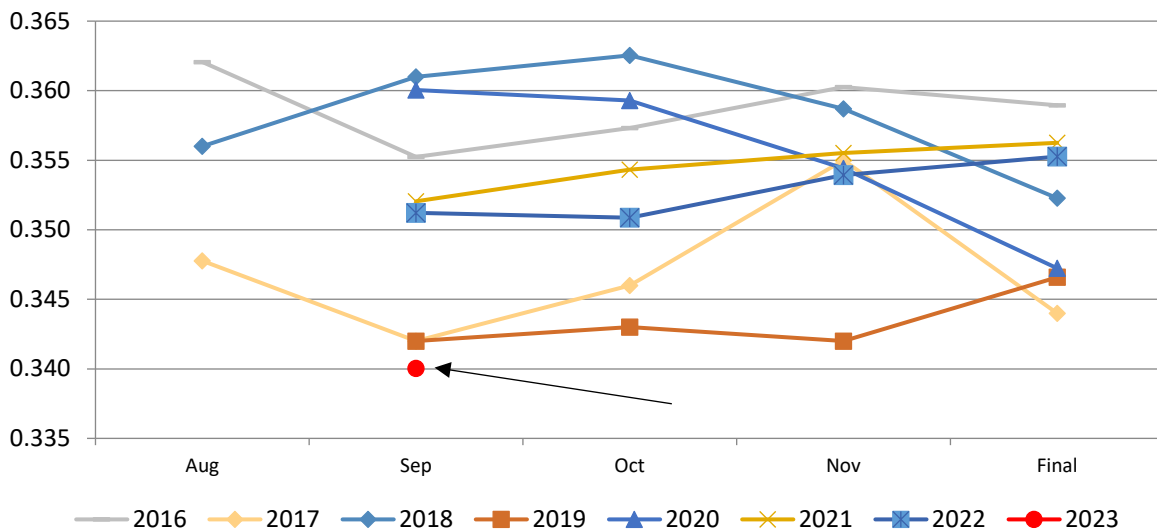
So, I'm not sure what the fuss is about. That being said, I do wonder if my new friend knows there is a modest tendency for ear counts to decline a bit as the season progresses. Note the chart below. Remember, NASS stopped reporting ear counts in the Aug report a few years ago...and the reason should be obvious. From Sep-forward, there is a modest tendency for a slight reduction in ear counts.

**NASS Objective Yield Data
 10-State Corn Ear Counts**



The potential for a slight reduction in ear counts does mean a possible lower yield in reports to come. However, I would point out that the NASS implied ear weight this month is historically low. See below.

**NASS Objective Yield Data
 10-State Ear Weight Progression**

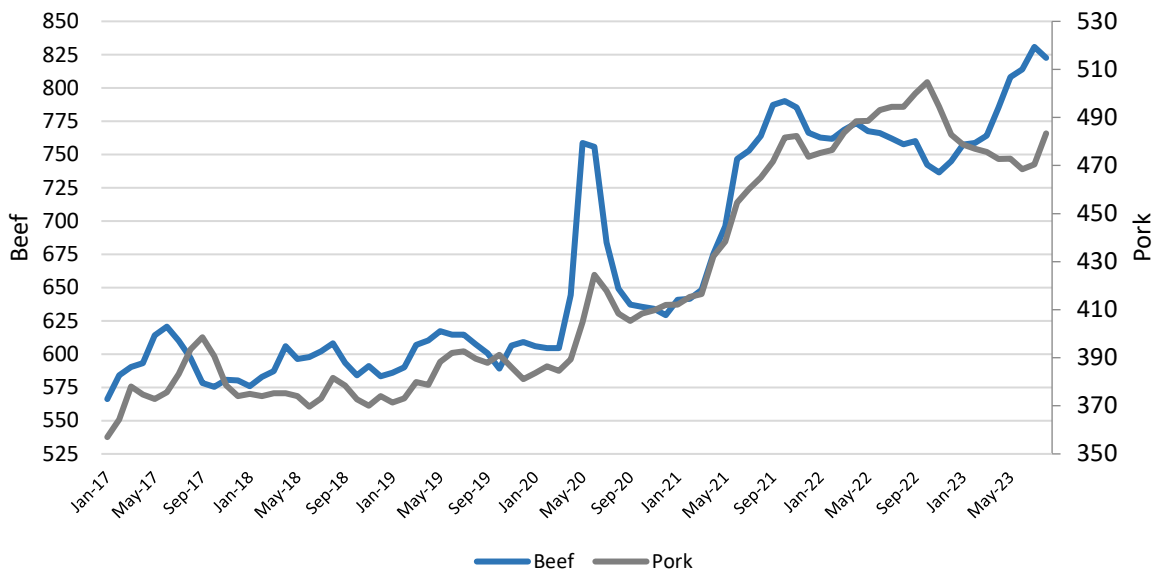


There is clearly no solid tendency for ear weights to move up or down from here. However, I would simply point out that last year saw ear weights move higher over the course of the year despite the fact that conditions ratings were similar to this year (at present) and moved lower through harvest. I have no true point to today's comments other than to suggest that arguing about NASS's objective yield observations is a pretty big waste of time.

Livestock

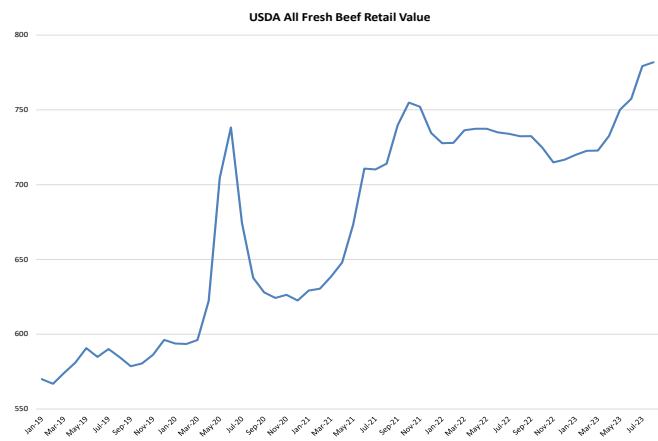
We'll look at the USDA estimates of retail meat prices today. The chart below is our typical view on beef and pork retail averages. The retail average for pork moved higher last month though it remains well off the highs from the middle of last year. The overall beef retail average dipped lower last month for the first time in a long while.

US Retail Price Averages

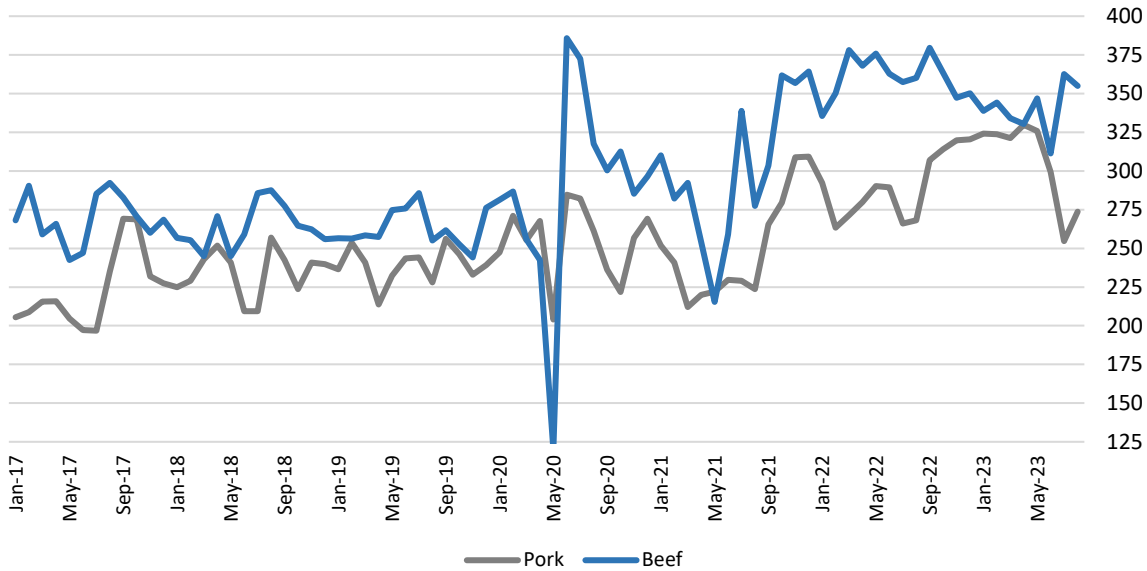


One thing that I do want to point out on the beef price is that, while the overall retail average beef price was slightly lower last month, the price of "all fresh" beef pushed into a new record high last month. This is shown in the chart to the right.

The chart on the following page shows the retail-wholesale spread for both beef and pork. The bottom line is the retailer continues to do well in both meats. The margins aren't quite on the highs, but beef is pretty close. And while pork is a meaningful level off the highs, the pork margin is still a meaningful amount above the multi-year average.

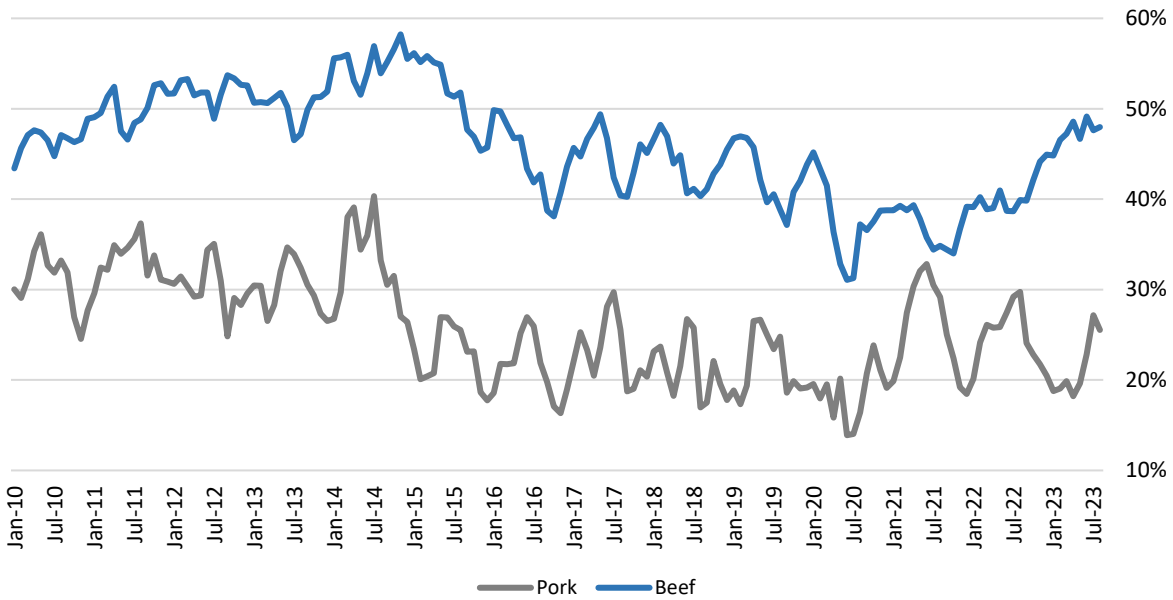


USDA Retail-Wholesale Price Spread



The “farmer’s share” of the retail beef price is still very strong compared to recent years.

USDA Estimate of "Farmer's Share" of Retail Value

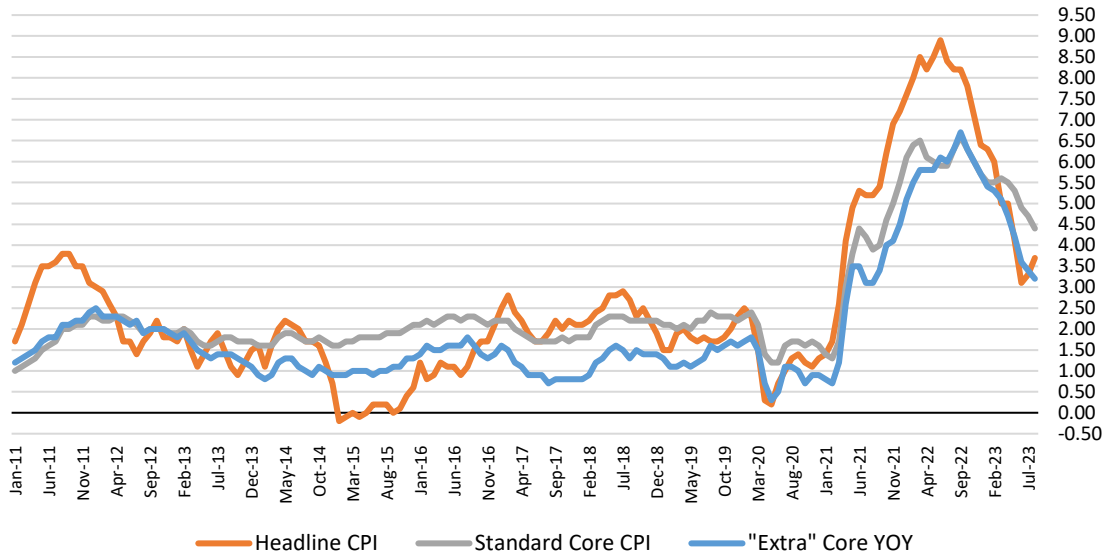


Financials

The CPI numbers yesterday were mostly inline with expectations. Yeah, the MoM core CPI figure was rounded-up a little higher than expected, but nothing that should dramatically affect market sentiment. One thing that I

liked looking at yesterday was the chart below. This shows various measures of CPI produced by BLS. The orange line shows the headline CPI number. Yest, a modest uptick last month will be getting some attention. However, note that the Core CPI continues to work its way lower, and I think that will be the focus of the Fed going forward. While still above their stated target, they can continue to claim they're making progress toward the goal as long as core CPI continues to work lower. The blue line is something I'm calling "extra core". This is the BLS measurement of CPI they came up with during the pandemic to strip away a lot of the pandemic-impacted price increases. This measure is "all items less food, shelter, energy, and used cars & trucks". This also continues to trend lower. Overall, I don't see anything that will be raising alarm bells at the Fed from this month's release. That being said, gasoline prices so far this month are being "sticky" which might support another round of upside to the headline figure next month. We'll see...

Various BLS CPI Measures



Energy

The chart at the right seemed to get some attention following the EIA inventory release yesterday. While total US oil stocks were up solidly last week, you can see that stocks at the Cushing, OK delivery point are nearing the lows from the past several years. In theory, this could be a supportive feature for WTI calendar spreads. For example, in mid-2022 when Cushing stocks were on their recent lows, the spot (1st month – 2nd month) WTI spread blew out to \$3.50 over at one point. So that is definitely something to keep an eye on if you're trading WTI futures here.



Today's Calendar (all times Central)

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

Thanks for reading.

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