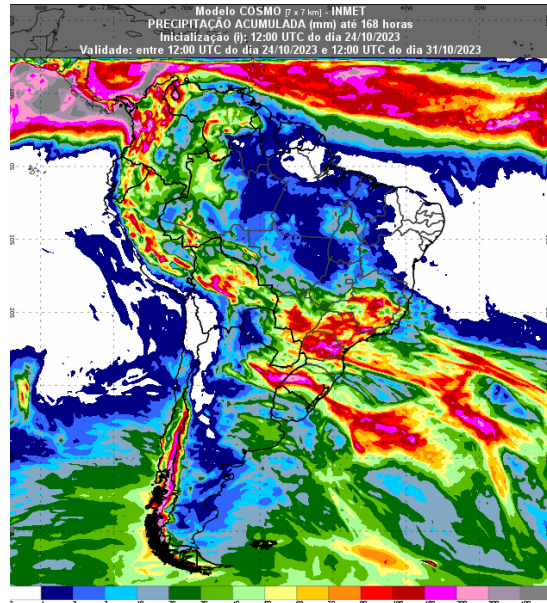


**Weather**

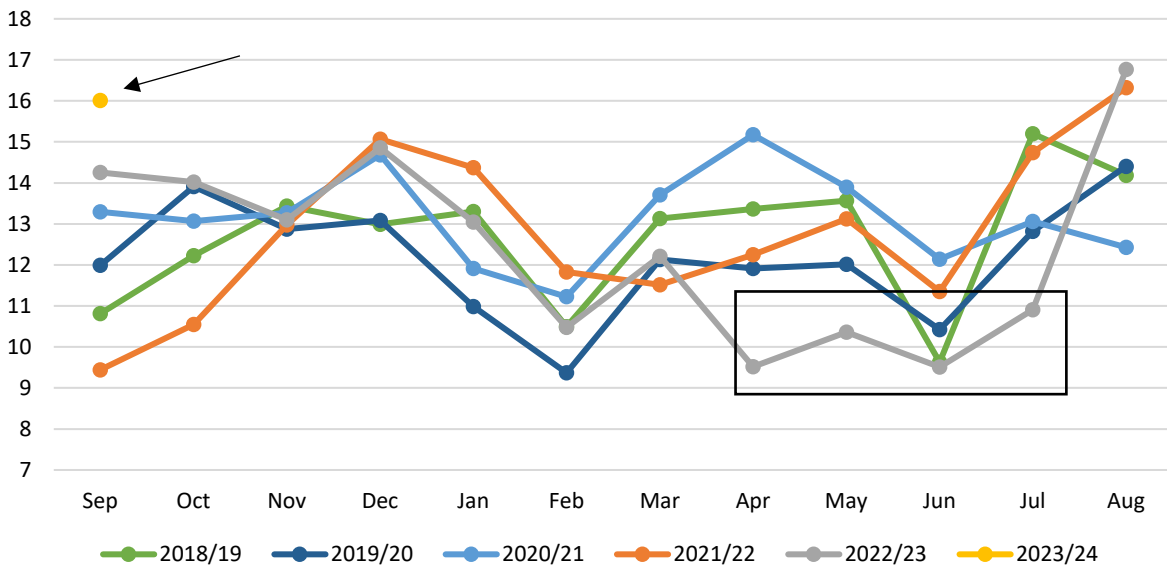
No big changes to the outlook. We should see daily chances for rainfall in northern Brazil, but even with that rainfall totals over the next two weeks will likely total not much better than near-normal. We've seen nice rains in the past 24-48 hours through Parana, MGDS, and Paraguay, which is very welcome as those areas had been dry. Southern Brazil will continue to see an active precipitation pattern with rainfall over the next two weeks coming in at well above normal levels. A few days of dry weather in Argentina before some rains return this weekend and into early next week. Overall, two week rainfall totals through Argentine growing regions will range from 1-2", which would equate to near normal levels. It should go without saying that it is likely that coverage of that type of rain won't be 100%, however.



**Crops**

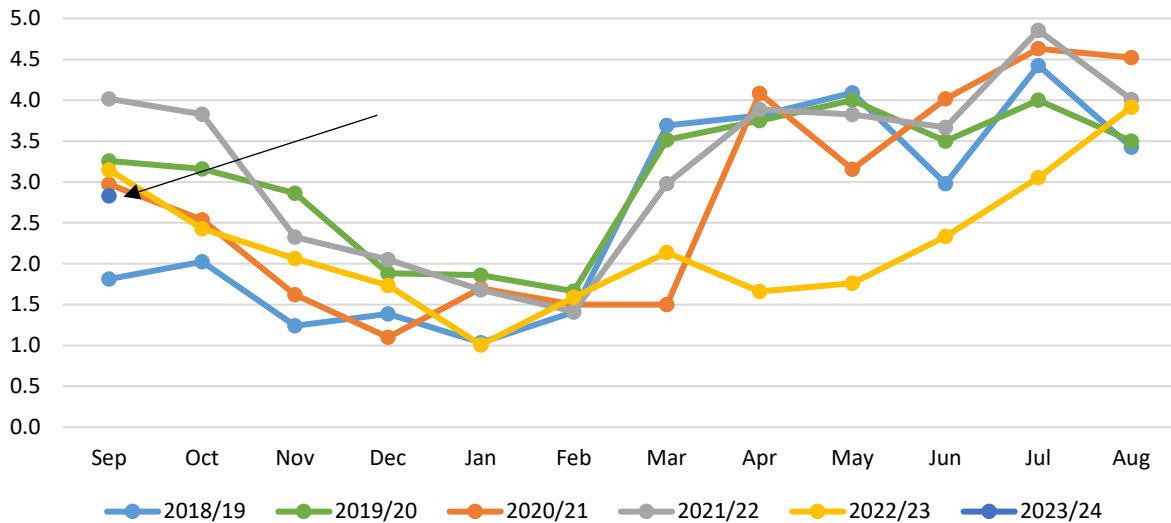
A quick update on corn trade this morning. The chart below looks at "Big 4" corn trade on a seasonal basis (US marketing year) over the past several years. The Big 4 are the US, Brazil, Argentina, and Ukraine. The first thing that stands out is shown in the box on the chart. A relatively weak pace of combined exports from Apr-Jul this year. However, exports in Aug & Sep have jumped significantly.

**Combined "Big 4" Corn Exports  
 US, Brazil, Argentina, Ukraine**



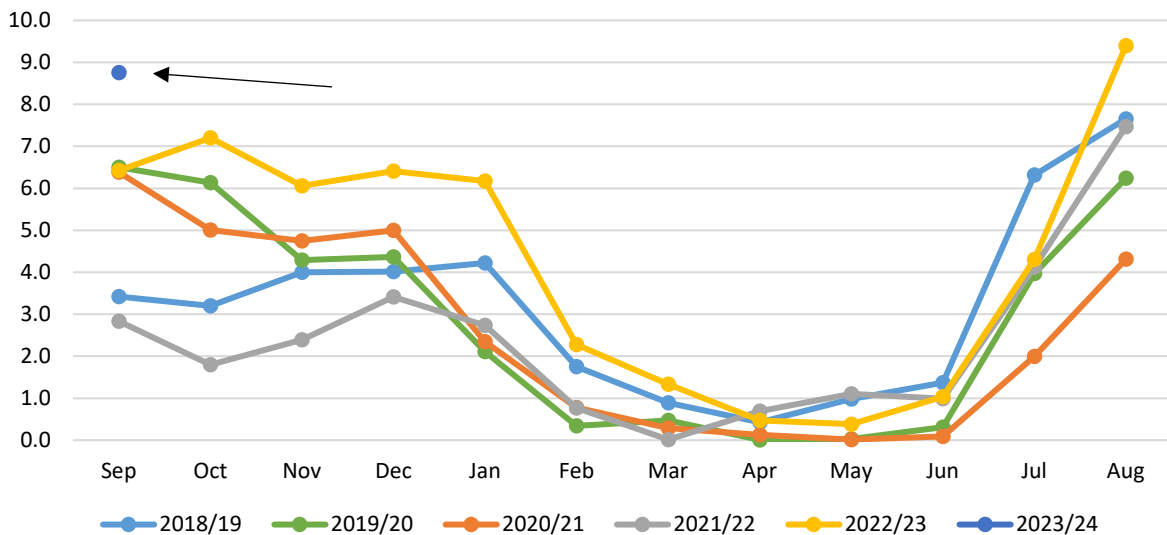
A lot explanation for both moves can be found with Argentina. You can see that spring exports out of Argentina did not seasonally pick up like they normally do. A lot of that is due to the short crop following last year's drought. However, exports in the past few months have picked up, and that is likely due to the government's offer of a special FX rate for corn exports.

**Argentina Corn Exports  
 US Marketing Year**



And exports out of Brazil in the past two months have smashed prior records.

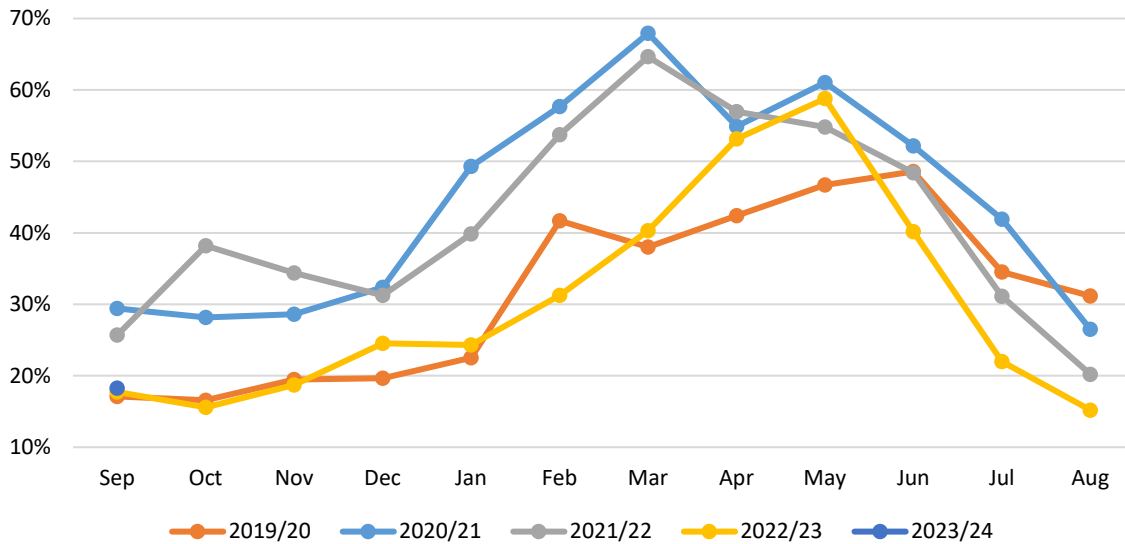
**Brazil Corn Exports  
 US Marketing Year**



With a very big crop in Brazil last year, it would make sense to expect that US exports as a share of the total would remain somewhat light. As shown below, this is typically the time of year that US exports are the lowest

as a percentage of the Big 4. The question I have is this: With a likely increase in Argentine production this year, how much of a boost will the US get in the spring? And, with Brazil's very large crop this past year, how long is the tail on those supplies. The combination of those two factors \*might\* keep US corn exports at a relatively small percentage of the total for longer than normal.

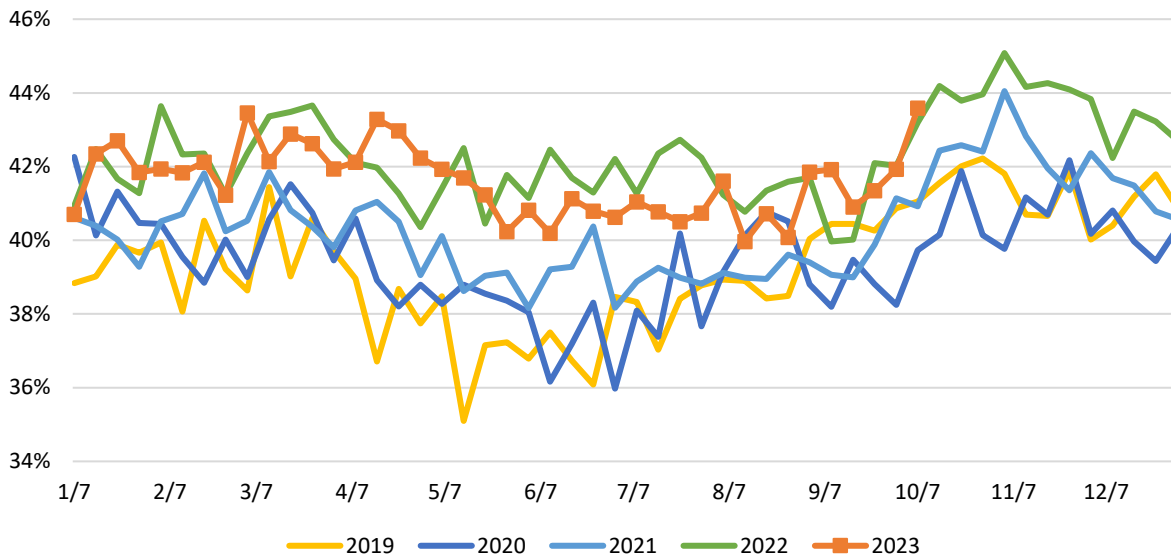
**US Corn Exports as % of "Big 4" Total Exports  
 US, Brazil, Argentina, Ukraine**



**Livestock**

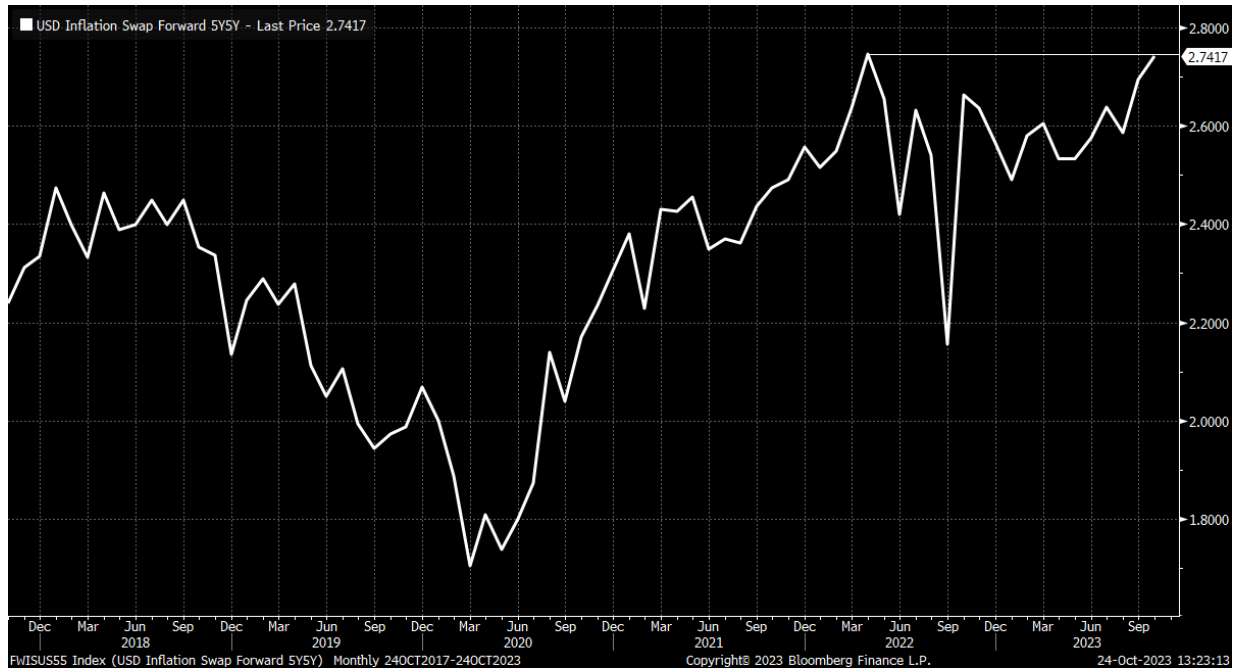
A bit dated here, but just adds to the storyline that we're still liquidating the herd here...

**Total FI Female Slaughter % of Total Cattle Slaughter  
 Heifers + Beef Cows**



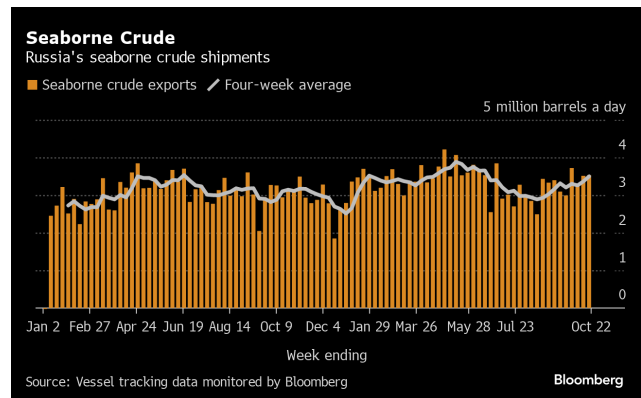
## Financials

I was flipping through charts yesterday and the following one caught my eye. Market-based pricing on inflation expectations through five years is on the verge of breaking out to new highs. This comes after last week's U of M Consumer Sentiment release showed that household survey expectations on inflation were rising as well. This comes as a bit of a surprise to me considering retail gasoline prices have fallen somewhat sharply during October. I do think it is something important to consider, however. Remember, the Fed isn't just looking at CPI but they also want inflation expectations to remain "anchored".



## Energy

An interesting article from Bloomberg yesterday highlighting a modest uptick in Russian crude oil exports in the past few weeks. According to Bloomberg, Russian oil exports were 3.53 mbpd in the week ending Oct 22, which is up about 20k bpd from the prior week. Exports are up about 610k bpd from the level seen about two months ago. Some are wondering if this is a sign that the Russians are starting to "cheat" vs their OPEC+ production target. The Russians themselves have stopped reporting official statistics on crude oil production, so analysts have turned to closely watching trade numbers to get a sense of what production might be. In Aug, the Russians announced an export target of 300k bpd below their May-June average until the end of the year. The Bloomberg export numbers shown above have been exceeding that pace for 6 of the past 9 weeks.



**Today's Calendar (all times Central)**

- New Home Sales – 9:00am
- EIA Petroleum Inventories – 9:30am
- Cold Storage – 2:00pm

Thanks for reading.

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