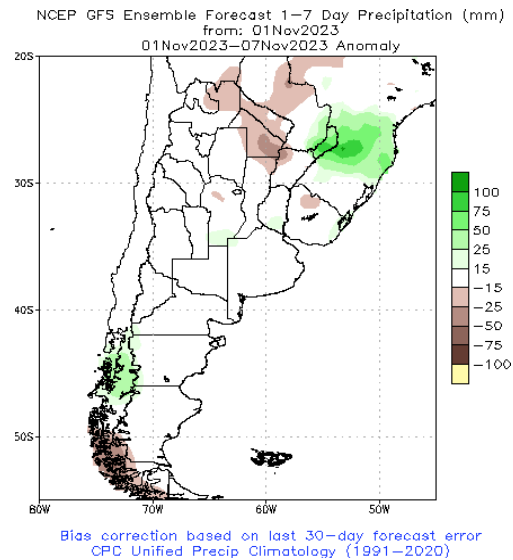


Weather

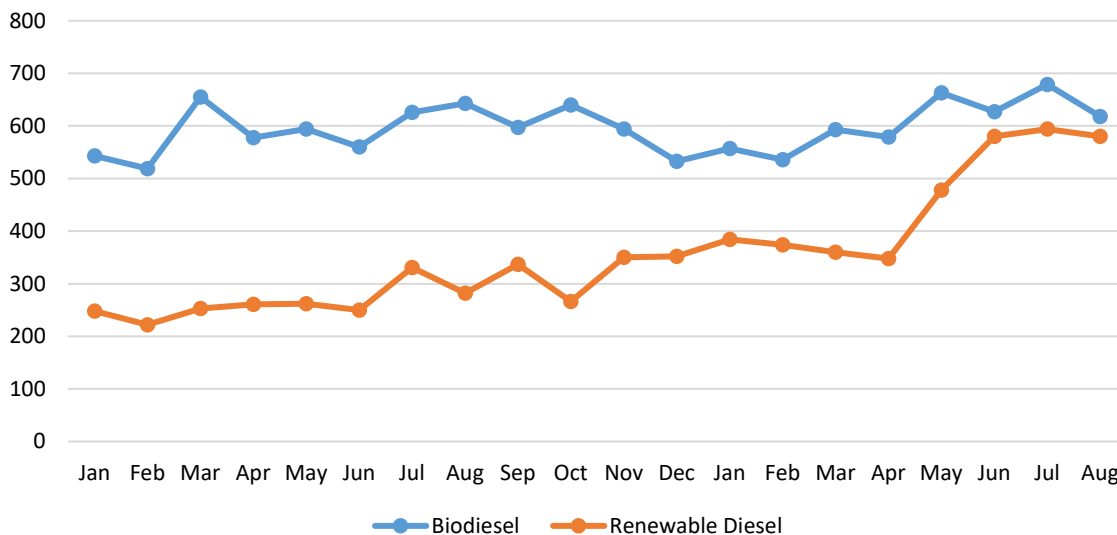
No big changes to the outlook. Not a very wet pattern for northern Brazil, though there should be near-daily chances for showers. Though showers will be persistent, the rainfall amounts will generally run below normal over the next two weeks. Heavy rain in southern Brazil over the next 24-48 hours, but after that they should see a very welcome stretch of 5-6 days of mostly dry weather. Active precipitation will return in the Week 2 period, however. There are nice rains falling Argentina in the past 24 hours. We should see on-and-off rainfall over the next two weeks. Rainfall totals will generally average somewhere around near-normal. This should maintain a mostly positive outlook for early crop conditions for the moment. Still cold temps through the end of this week.



Crops

Earlier this week the EIA released Aug data on soyoil use in biofuels. The chart below shows the breakdown in soyoil use in traditional biodiesel vs renewable diesel. Off the recent highs in each, but still pretty solid consumption. One thing I think is interesting....EIA has apparently listened to my whining and is now showing a breakdown of biodiesel vs renewable diesel consumption for both canola and corn oil as well. While I'm grateful for that, they are not giving a historical lookback at prior months, so that data isn't especially helpful yet.

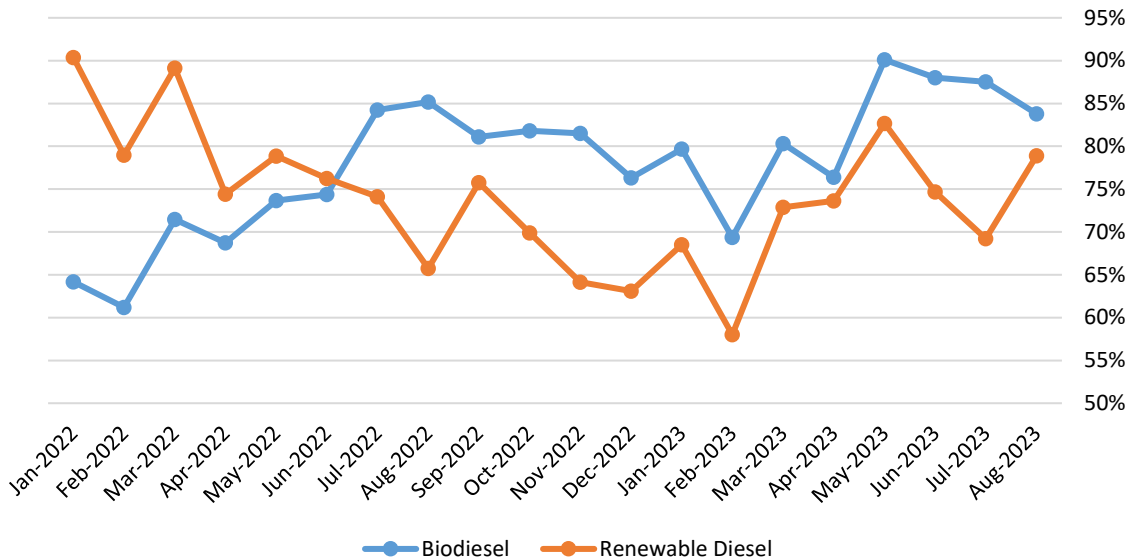
Soyoil Consumption for Biodiesel vs. Renewable Diesel (Mil Lbs)



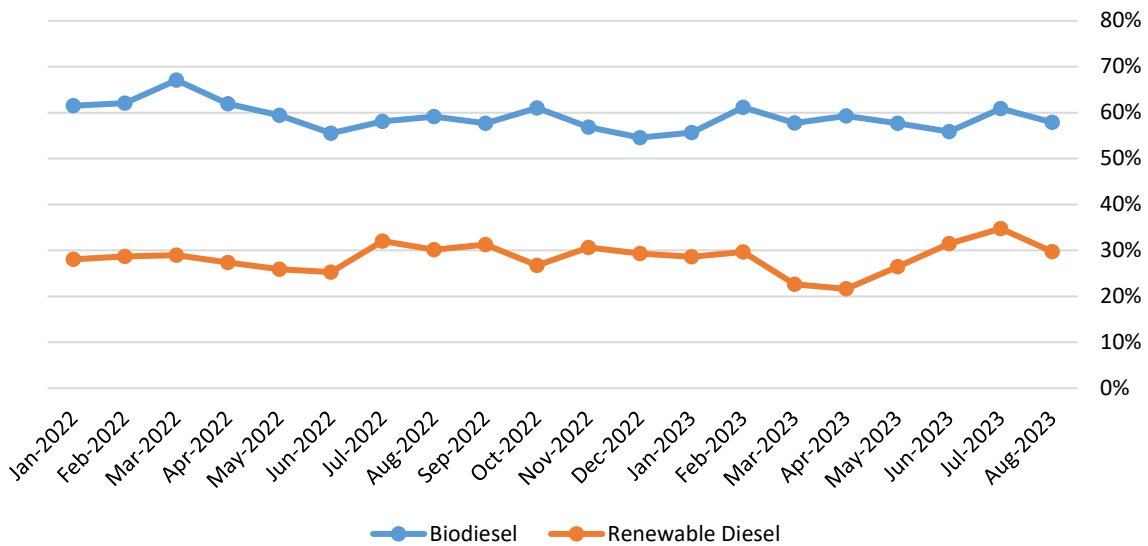
The first chart below looks at capacity utilization for both biodiesel and renewable diesel. Nothing new to report there. The second chart looks at the estimated production that used soyoil as a feedstock. I do find it interesting that soyoil is "only" representing about 30% of the total feedstocks at this point in time for

renewable diesel. This is certainly a good deal lower than I had penciled in for some of my projections in the early stages of renewable diesel demand.

Estimated Production Capacity Utilization



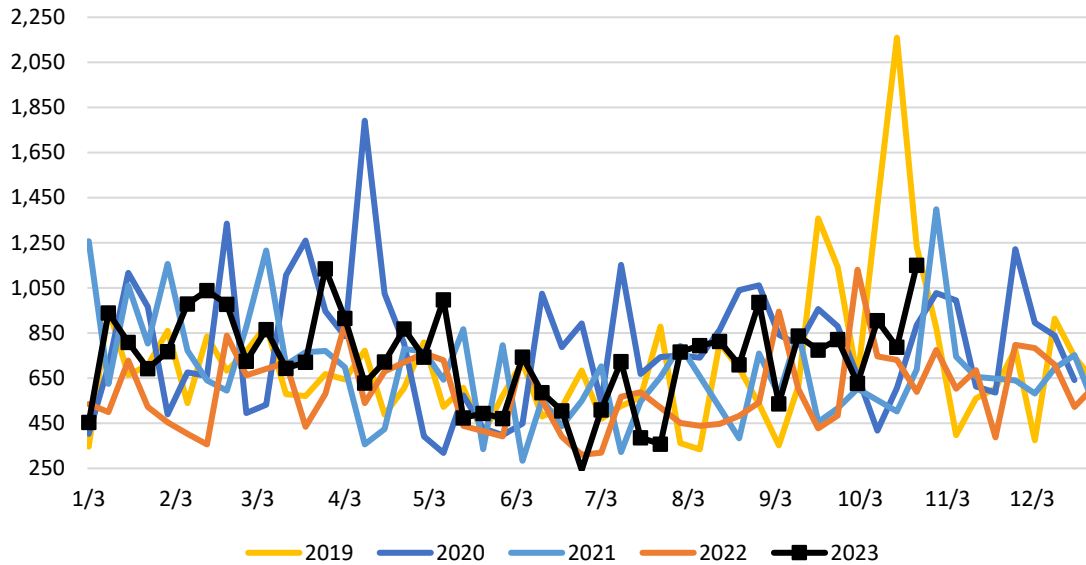
Percentage of Production Using Soyoil as Input



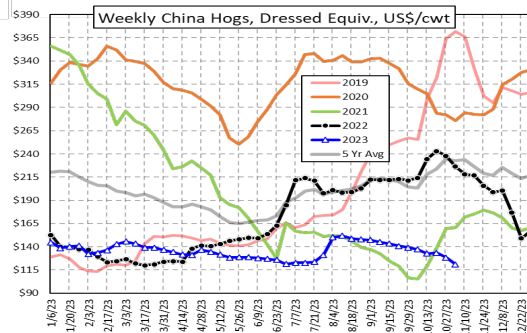
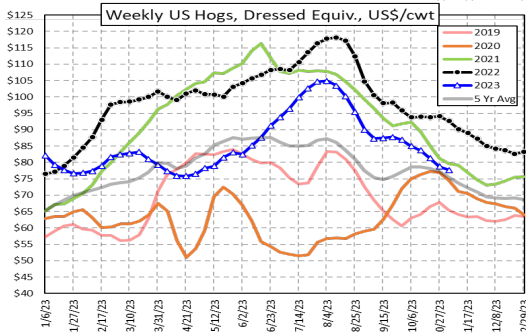
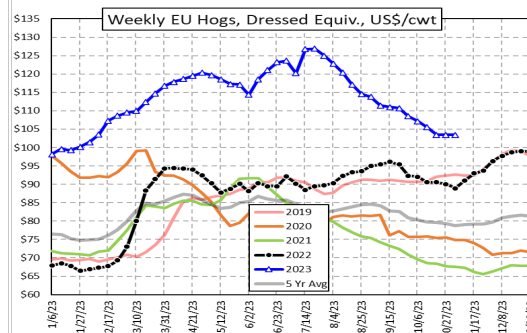
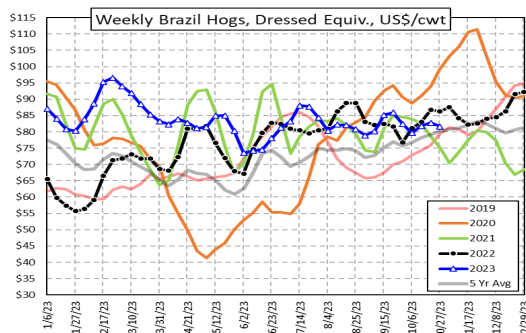
Livestock

Export sales report on tap today. I just want to quickly point out the USDA’s FOB plant report number on loads sold for export, which was reported on Monday. You can see in the chart below the USDA posted a pretty big load count for exports last week. We have learned that this doesn’t necessarily translate into a big number on the FAS’s Thursday export sales report, but it doesn’t hurt. Something to be mindful of before the report, I guess...

National Weekly Pork FOB Plant Report Loads Sold For Export



The charts below are courtesy of our good friends at MP Agrilytics. This shows a comparison of hog prices from various production zones around the world. This isn't a pork price comparison, so not exactly apples-to-apples, but still this would seem to suggest that the US is fairly well-positioned to earn export business to the extent the demand is there and the freight is favorable. Thoughts appreciated.



Financials

Some big price swings following the FOMC statement and press conference yesterday. As usual, this is probably less about what was said and more about how people were positioned going into the report. I just want to glance at a few charts this morning.

The first chart is US 2Y yields. A lot of excitement here after Druck said he had built a big long position. Yields have dropped below 5% but note this is a level from which they've bounced before and they're finding potential support at the 100-day MA. In order for me to be convinced yields are truly going to move higher, I need to see a decisive breakdown below this 100-day.

The second chart at the right is the spot DX. I've made a lot of noise about it potentially breaking out above the 107 level and I've been dead-ass wrong about that. We're seeing a sharp sell-off since the FOMC statement, however the DX (along with other major FX charts) is still sitting comfortably inside the recent consolidation. While it is certainly a failure to breakout again, it is not the same as saying the DX is posting some sort of important downward move. We're still likely to bounce around in this consolidation until something happens to force a change.

I could also post a chart of the ES here this morning, but in the interest of space I'll leave it out. But the bottom line there is that the rally we've seen over the past few sessions has brought us back to the 200-day MA, which should serve as resistance. We're trading through it at the time of writing this morning, but I wouldn't call it decisive at this point in time.

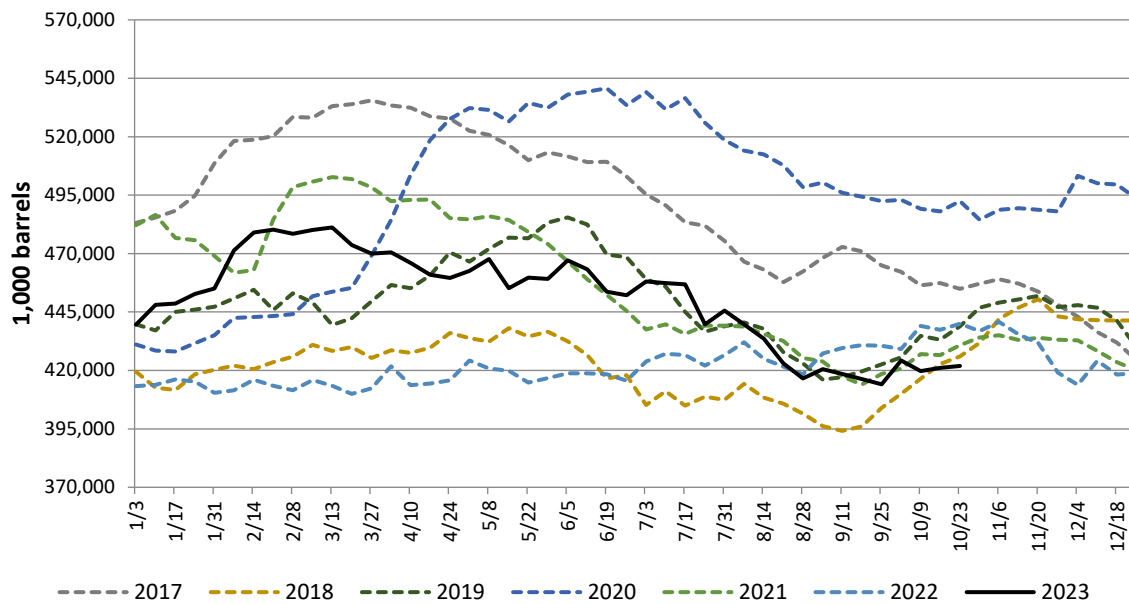
I guess my only point this morning is that the very big price action we've seen since the FOMC release yesterday hasn't truly accomplished anything significant on the charts. It seems to me that the charts have all corrected to key technical levels worth watching, but nothing has changed....yet. Remember, we do get NFP tomorrow morning...that might be the trigger for some breakouts...or not. Good luck.



Energy

I might have shown this same chart last week, but I think it is worth noting that we’re now looking at the seasonally lowest commercial crude oil inventory in several years right now. Obviously not quite to the 2018 or even 2022 lows, but pretty close to 2022. I guess more importantly it is more noteworthy that we’re not getting a typical year-end bounce in crude oil stockpiles. In most years, inventories typically gain a bit in the fall, but this year they’re simply holding steady. I’m not sure what that means going forward but worth keeping in mind...

Weekly Crude Oil Stocks Annual Comparison



Today’s Calendar (all times Central)

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

Thanks for reading.

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