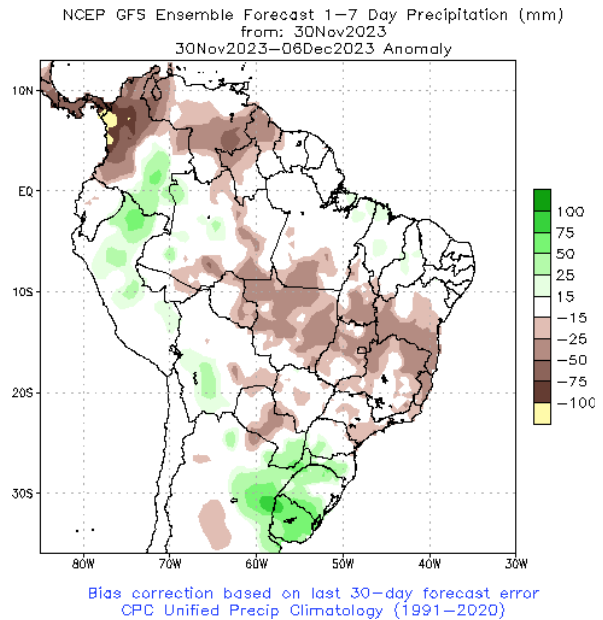


### Weather

No big changes. There will be a daily threat of rainfall in northern Brazil over the next two weeks. However, early next week and again in the 11-15 day period are the periods that will probably feature the best overall rainfall chances. Still above normal rainfall in RGDS in southern Brazil, but not the big flooding-type totals we've seen at times this year. Parana, MGDS, and Paraguay are looking at excellent conditions for the next two weeks. Radars in Argentina are showing rain moving through the region this morning. Rains will linger through the weekend in northern portions of the country. It won't be completely dry after that, but rain will become a bit more limited for about a week following this weekend. We should then see rainfall amounts start to improve again for the 11-15 day period.



### Crops

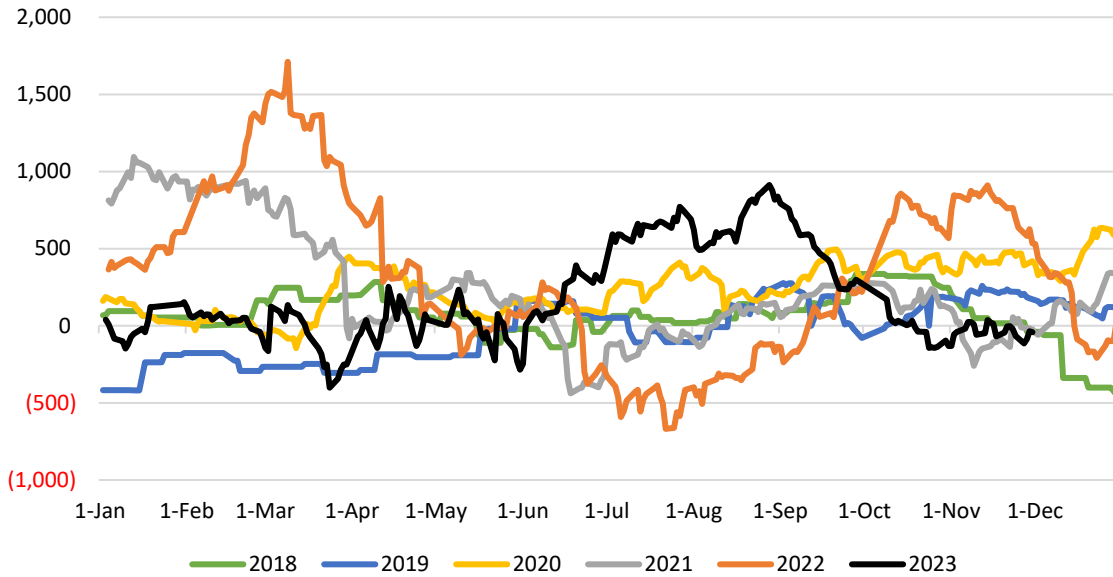
A quick look at Chinese meal prices this morning. The chart below is a basket of prices across China. Notice how meal prices have been dropping pretty steadily since the middle of the year. The meal price shown here is off about 20% from the peak this year and is down about 15% from where we started the year. However, to be fair, if I extended this chart back another couple of years you would see that today's meal price is still a fairly elevated level from a historical perspective.

**Basket of China Soybean Meal Prices (CNY/mt)**



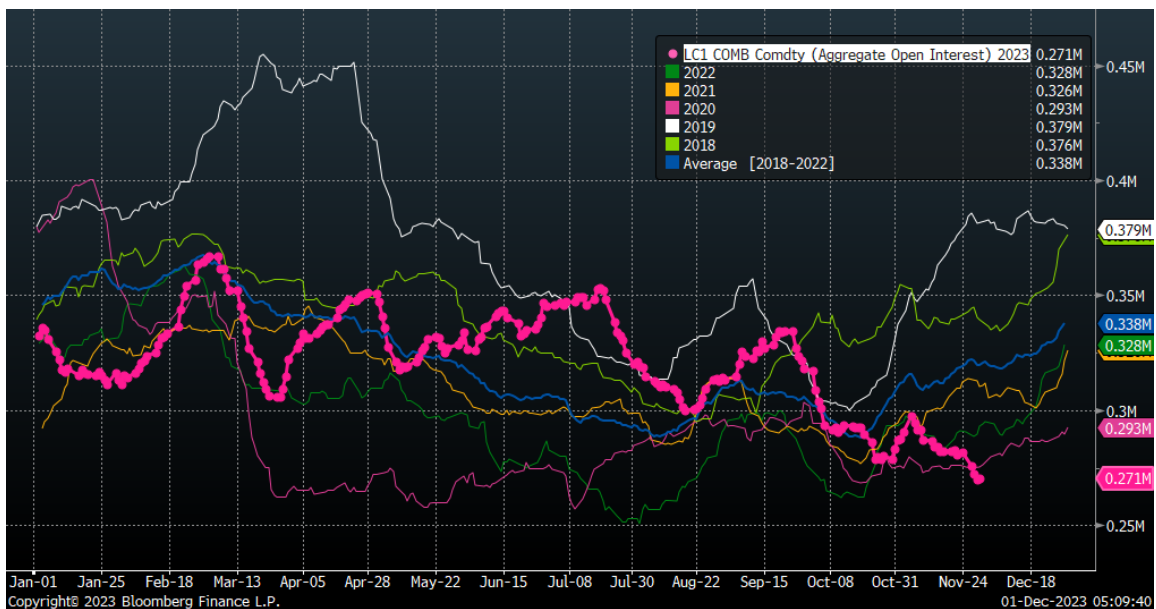
Below we have a quick breakdown on estimated crush margins, published by local Chinese firm JCI. Margins are slightly negative according to the JCI estimates, but nothing extreme. In related news, Sinograin appears to be back buying US PNW supplies, so don't be surprised to see a few additional flash sales reported in the coming days. But remember, Sino is the state stockpiler. They'll "rotate" those beans to crushers, so in theory this eventually means less of a pull from the private industry.

**JCI Estimated China Crush Margin (CNY/mt)**



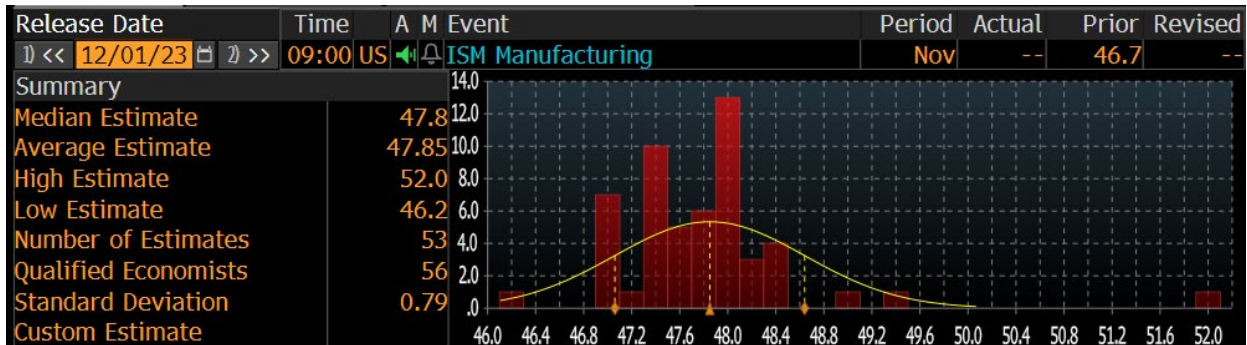
**Livestock**

Not that it necessarily means anything, but I find it interesting to see cattle futures OI on seasonal lows...



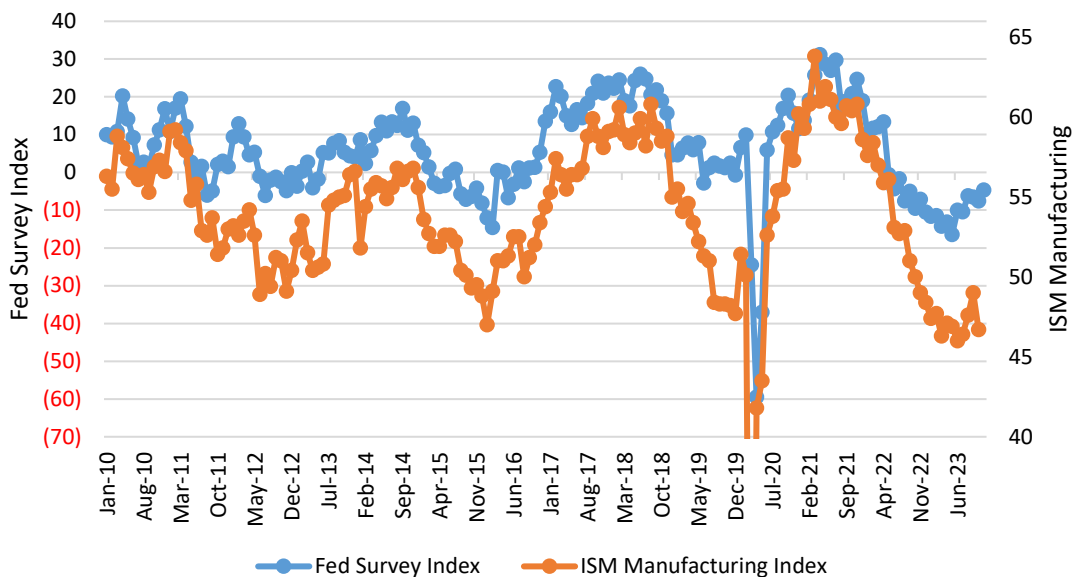
## Financials

The big economic release of the day is the ISM manufacturing index. The Bloomberg survey rundown is shown below. The median guess calls for an increase to 47.8 vs. 46.7 last month.



The expectation for an increase in the index makes complete sense to me. My composite of the regional Fed surveys also ticked slightly higher last month. However, note the chart below. I'm not sure why, but the comparison between the regional Fed manufacturing surveys and the ISM report has seen a growing divergence in recent months. I don't know how to explain it, but for now I just have to assume the regional Fed surveys are not a good indicator of what to expect from the ISM. I'll agree with the median guesstimate above for a modest uptick from last month, but confidence is very low.

Regional Fed Surveys and ISM



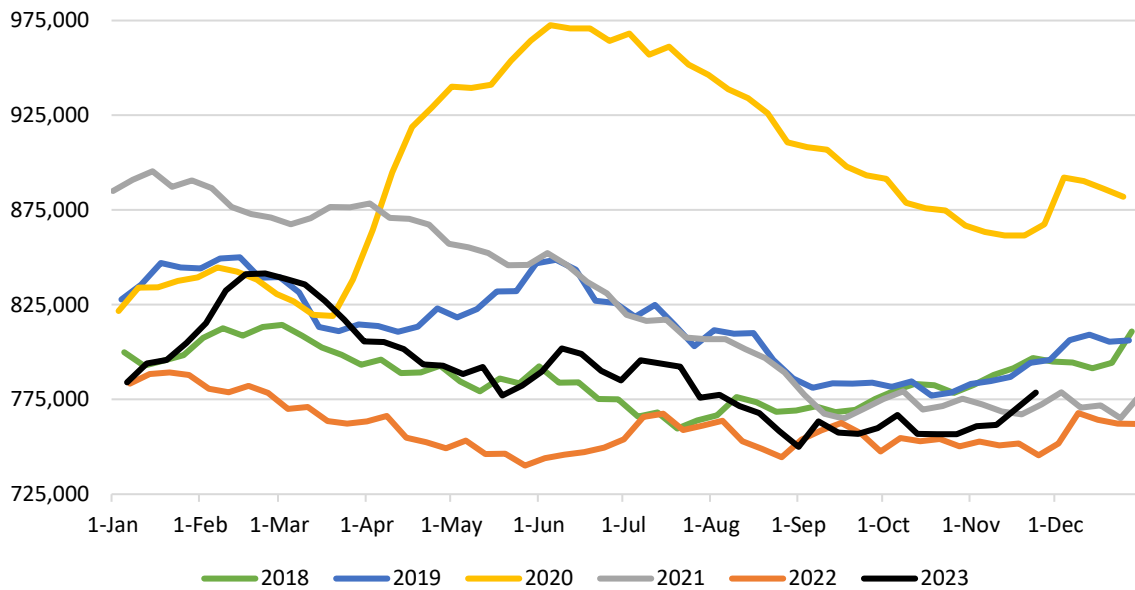
The other, and more important (probably), event of the day will be Fed Chair Powell. He actually speaks in two different events today, with the first coming around 10am CT. As noted yesterday, the market is pricing in a 25

bps rate cut by May 2024...but any adjustments in Fed-speak from Powell will definitely cause the market to reprice that...potentially violently. Be on guard today.

**Energy**

One quick chart today. The chart below looks at the combined level of commercial crude oil, gasoline and distillate inventories over the past several years. Keep in mind, this does not include the SPR. I simply want to point out this morning that, excluding the SPR, inventories are getting fairly close to levels seen at this time of year prior to the pandemic.

**EIA Combined Commercial Inventories  
 Crude Oil, Gasoline, Distillates**



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

- ISM Manufacturing Index – 9:00am
- Fed Chair Powell Speaks at 10:00am and 1:00pm
- Fats & Oils, Grain Crushing – 2:00pm

Thanks for reading.  
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