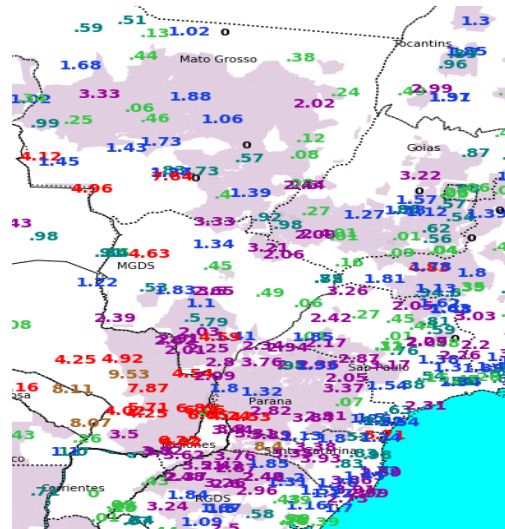


Weather

No changes to the forecast. The map at the right shows the precipitation totals in Brazil over the past 7 days. Note the widespread 1-2" amounts through northern growing areas. Northern Brazil will see some scattered showers for a few days then mostly dry conditions until about Dec 19. We should then see a meaningful uptick in rainfall chances for the 11-15 day period. Near normal precipitation for southern Brazil over the next two weeks, which should mean an end to concerns of too-wet conditions in that area. Rainfall will return to Argentina later today and there will be widespread 1" amounts. This event kicks off a period of wet weather for the area with the entire growing region potentially seeing several inches of rain over the next week or so

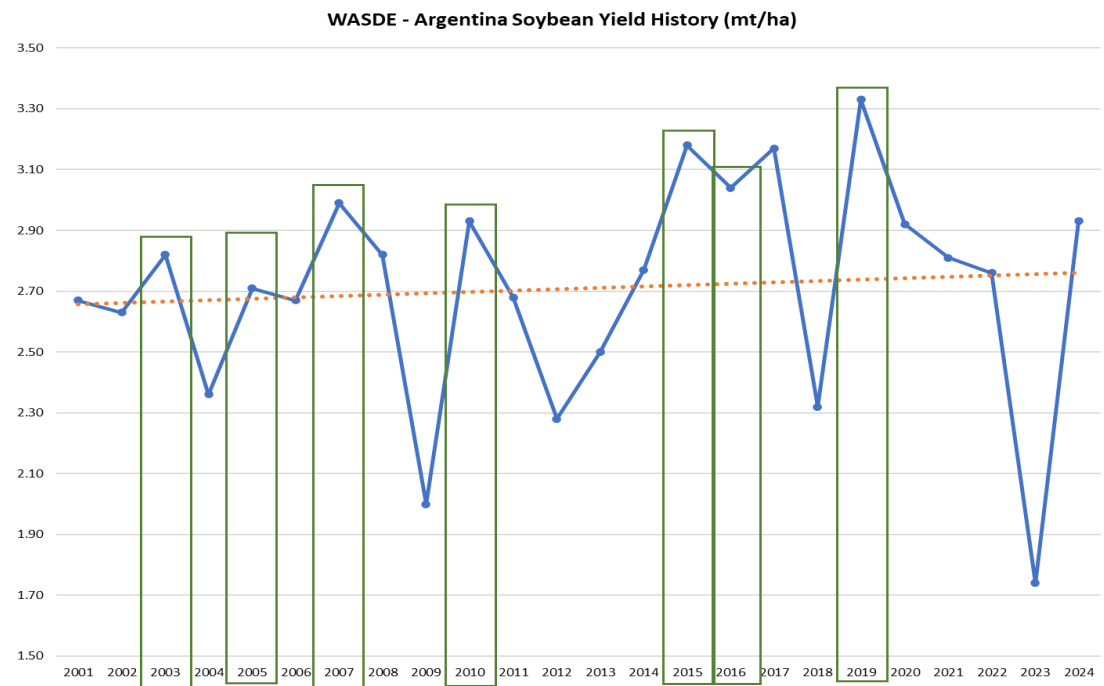


Crops

Following yesterday's look at the Brazilian pace of soybean demand, I thought it might be worth a quick rundown on the same thing for Argentina. WASDE hasn't adjusted any old crop Argentine production figures, but a quick review on demand and expectations in the months ahead is probably a good use of time this morning. The table below is similar to what I showed yesterday. This shows Argentine production and demand figures. The highlighted demand figures are my current baseline guesstimates for the upcoming several months.

Argentina Demand Pace Comparison										
	Carry-In	12.7	Carry-In	12.56	Carry-In	14.93	Carry-In	12.78	Carry-In	11.58
	2021 Prod	46.2	2022 Prod	43.9	2023 Prod	25.0	2024 Prod	48.0	2025 Prod	??
	Exports	Crush	Exports	Crush	Exports	Crush	Exports	Crush		
April	0.40	4.21	0.00	3.93	0.00	2.88	0.20	4.00		
May	0.90	4.30	0.20	4.41	0.56	3.49	1.00	4.50		
June	0.50	4.10	0.30	3.93	0.18	3.02	0.50	4.50		
July	0.80	3.86	0.40	3.49	0.04	2.55	0.50	4.00		
August	1.50	3.58	0.30	3.15	0.08	2.08	1.00	4.00		
Sums	4.10	20.04	1.20	18.91	0.86	14.02	3.20	21.00		
"Carryover"	34.76		36.35		25.05		36.58			
September	0.80	3.70	1.20	2.89	0.20	1.91	1.00	3.50		
October	0.40	3.34	2.10	2.90	0.62	1.86	1.00	3.50		
November	0.00	2.92	0.83	3.32	0.10	1.78	0.50	3.00		
December	0.00	2.96	0.01	2.62	0.10	1.30	0.50	3.00		
January	0.00	2.52	0.00	1.88	0.10	1.10	0.50	2.50		
February	0.00	2.64	0.00	1.55	0.10	1.00	0.50	2.50		
March	0.00	2.93	0.00	2.11	0.10	2.00	0.50	2.50		
Sums	1.20	21.00	4.14	17.27	1.32	10.95	4.50	20.50		

The first thing worth pointing out is the big impact that last year’s drought had on Argentine crush levels. You can see crush is off sharply compared to prior years. Exports are off as well, though obviously most of Argentina’s beans are crushed. Unlike with Brazil, there doesn’t appear to be anything that stands out in these demand figures that argues for an adjustment to production. Looking ahead to next year, you can see I’m simply plugging in the current WASDE production figure. With that sort of production, we can expect a big increase in crush and some gains in exports as well. It remains to be seen whether the new Milei administration will make adjustment to export tax policy or if a peso devaluation is forthcoming. I should also point out they my personal bias is the yield might prove to be a bit better than current projected. The chart below looks at Argentine soybean yield history and the highlighted years were El Ninos. Out of the past five El Nino events, four of them saw yields higher than the current WASDE projection. The fifth year was the same as the current WASDE estimate.



I saw the Reuters article at right posted on Twitter overnight. Looks like we might see some new policies announced fairly soon.

Livestock

This isn’t particularly price-sensitive info this morning, but it’s been a while since I looked at Brazilian meat trade numbers so I just wanted to take a quick look at that. Charts on Brazil beef and pork exports follow below. Beef exports started 2023 off on a somewhat slow note, but they’ve picked up around mid-year and have been fairly strong since. You can see a seasonally strong November export figure in the chart below. Pork

UPDATE 1-Argentina temporarily suspends grains export register - Reuters

11 Dec 2023 08:10:39 PM

Recasts and writes through

BUENOS AIRES, Dec 11 (Reuters) - Argentina on Monday temporarily suspended its grains export register - a move that comes one day before new President Javier Milei is set to announce a series of economic measures.

Milei was on Sunday inaugurated as president of Argentina, one of the world's leading grains exporters.

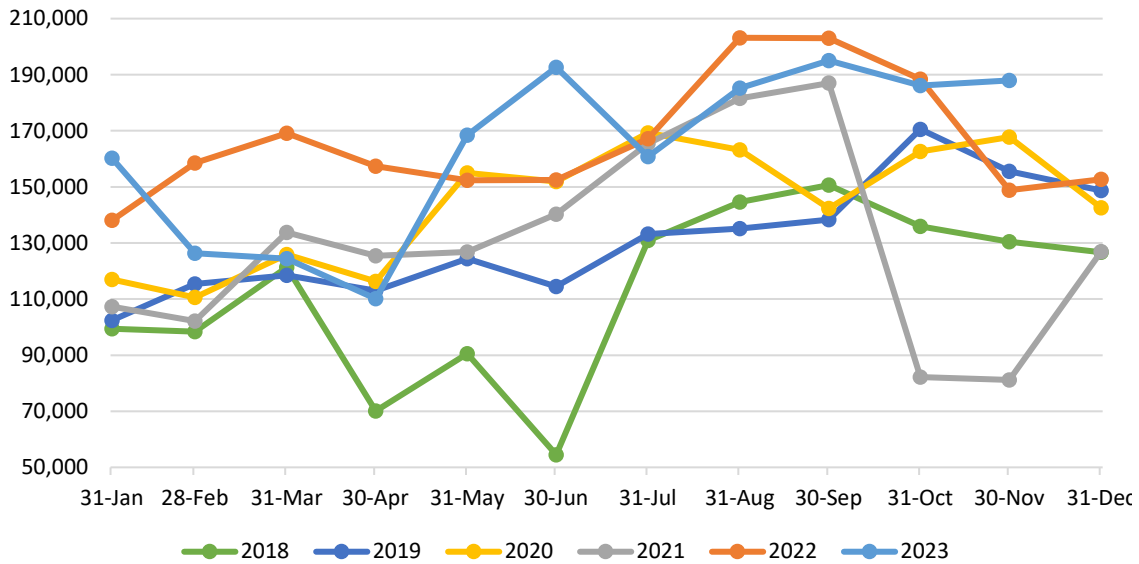
Gustavo Idigoras, head of the grains chamber CIARA-CEC, said the chamber had received an official communication on Monday afternoon about the suspension, which came into effect at 5 p.m. (2000 GMT) and will remain in force "until further notice".

Various Argentine governments have in the past suspended the grains register only to reopen it days after announcing economic measures.

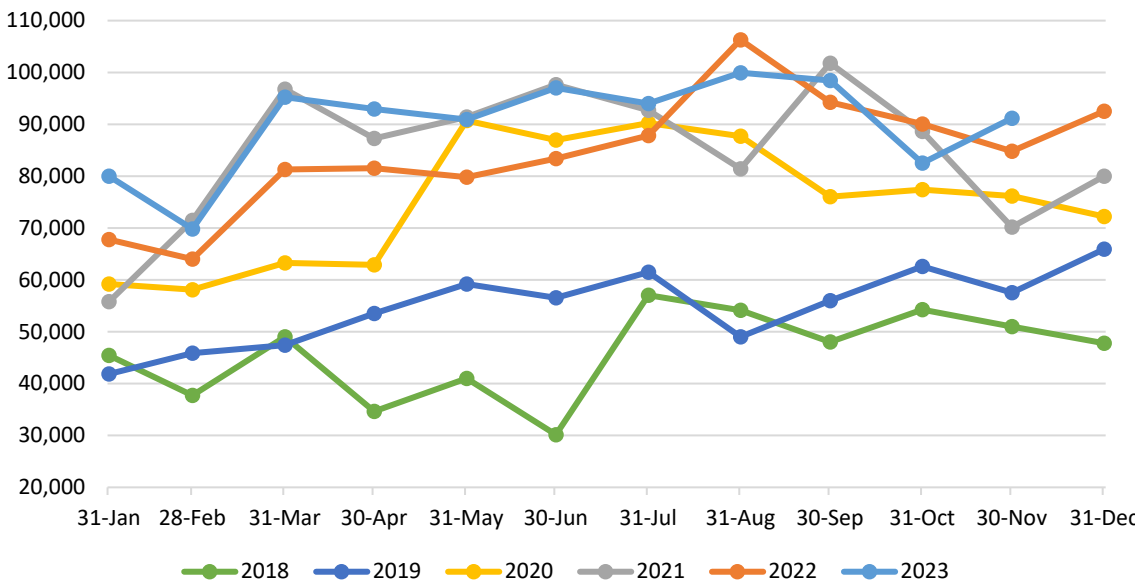
Milei's economic announcements are expected to include far-reaching fiscal changes and cuts to social spending. Markets are also speculating on a possible devaluation of the local peso.

exports have been running near monthly record highs for much of the year. Bottom line, Brazil continues to be a source of competition against US exports...and obviously is a significant source of US beef imports as well.

Brazil Beef Exports (mt)

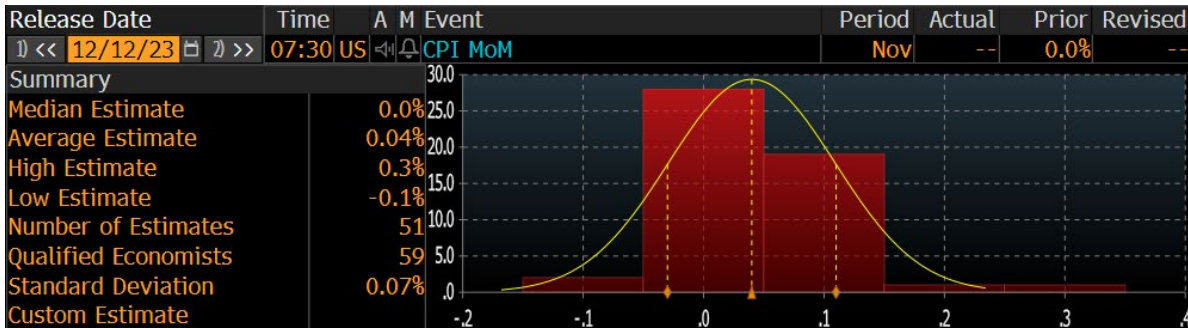


Brazil Pork Exports (mt)



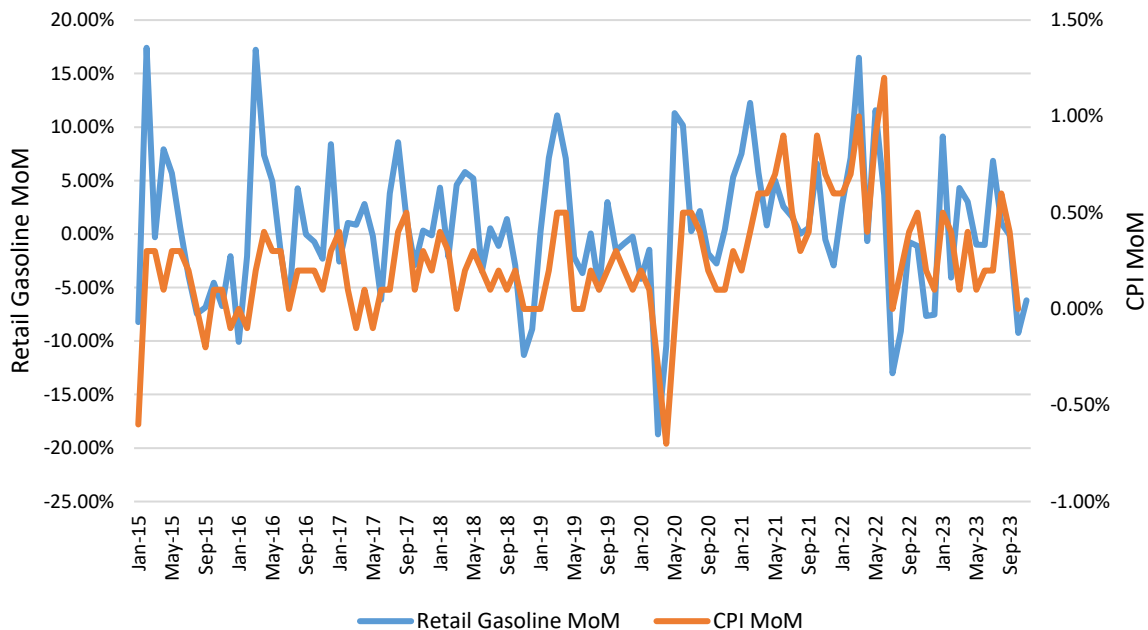
Financials

Important data this morning in the form of the CPI release. The breakdown of expectations is shown below. The median guesstimate is for another unchanged monthly figure, though you can see there is a slight bias for a slightly higher figure.

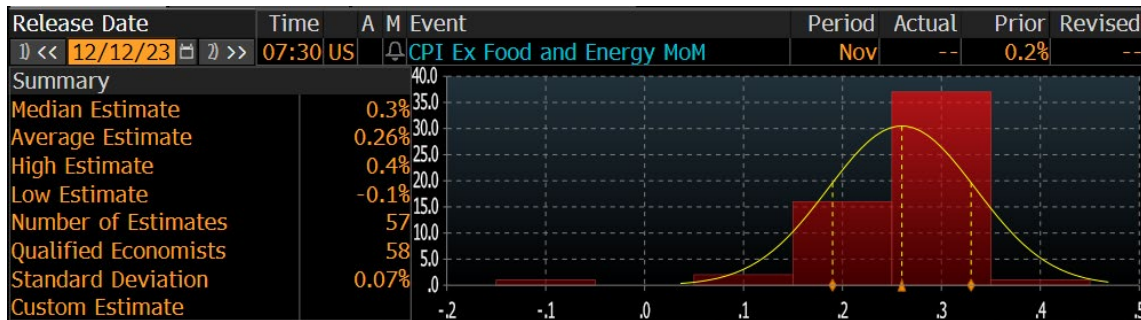


Below is our usual comparison of CPI MoM vs. the monthly change in retail gasoline prices. I know it is a bit foolish to rely on only one price when thinking about CPI, but you can clearly see there is a strong relationship here. Gasoline prices in November were down roughly 6%, which would presumably support the idea of another unchanged monthly CPI print today.

AAA Retail Gasoline vs. CPI

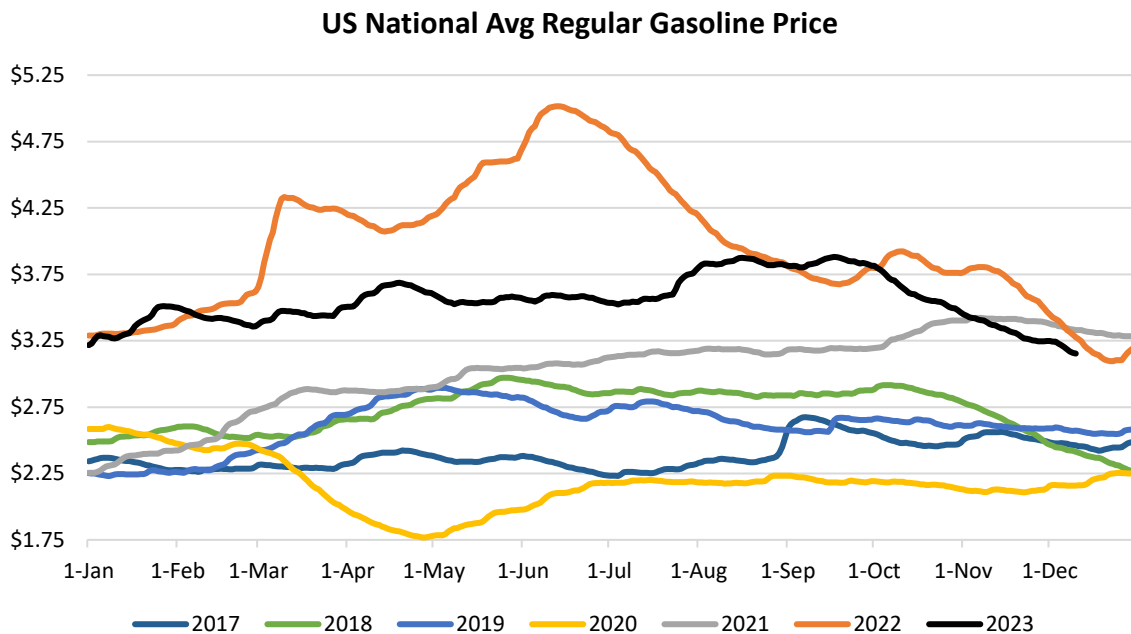


All that being said, it is probable the focus will be more on the core reading rather than the headline figure. Our view on gasoline prices is of no help to us on the core reading, so I don't have much value to add on this. The breakdown of the Bloomberg survey estimates is shown below.



Energy

The discussion above on gasoline prices made me think I should put a chart off gasoline prices in here. The chart below takes a seasonal view of the AAA national average price. You can see that we're below year ago levels but also below 2021 levels. At this pace, we might be looking at a sub-\$3 national average price before the end of the year. While that might sound "cheap", it is still elevated from pre-pandemic levels.



Today's Calendar (all times Central)

- CPI – 7:30am
- EIA Short Term Energy Outlook – 11:00am
- Monthly Budget Statement – 1:00pm

Thanks for reading.
 David Zelinski

dzelinski@nesvick.com

901-766-4684

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