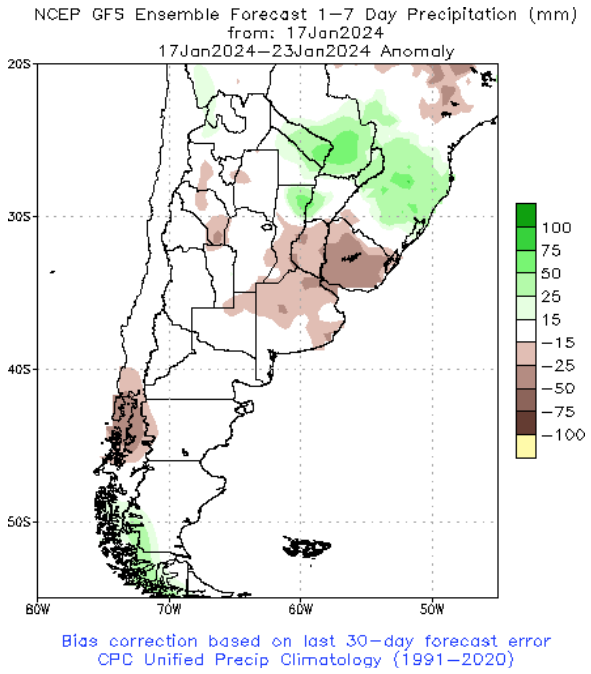
NESVICK
TRADING GROUP, LLC

Thursday, January 18, 2024
NTG Morning Comments
www.nesvick.com

## Weather

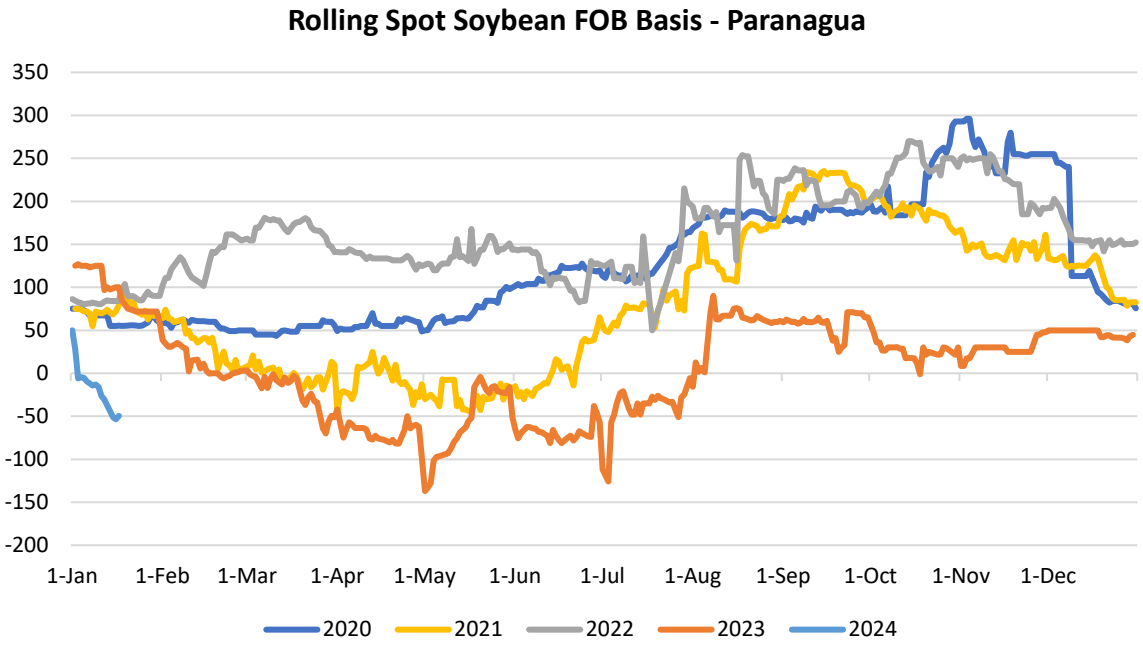
No big changes to discuss. Dry weather in northern Brazil for a few days but wetter next week and for the remainder of the two week forecast. Southern Brazil will see some nice rains through early next week but will see some below normal rainfall for the second half of the 15-day period. Almost completely dry conditions for Argentina for the next 10 days, with some above normal temps during that timeframe as well. Some hopes for a modest uptick in rainfall chances for the 11-15 day period, but nothing to be confident in right now.




No changes for the US. We've got a few more days of very cold weather but we should start to see warmer temps early next week. This will quickly make way to some widespread above normal readings. Big precipitation in the Mid-South and eastern portions of the Southern Plains.

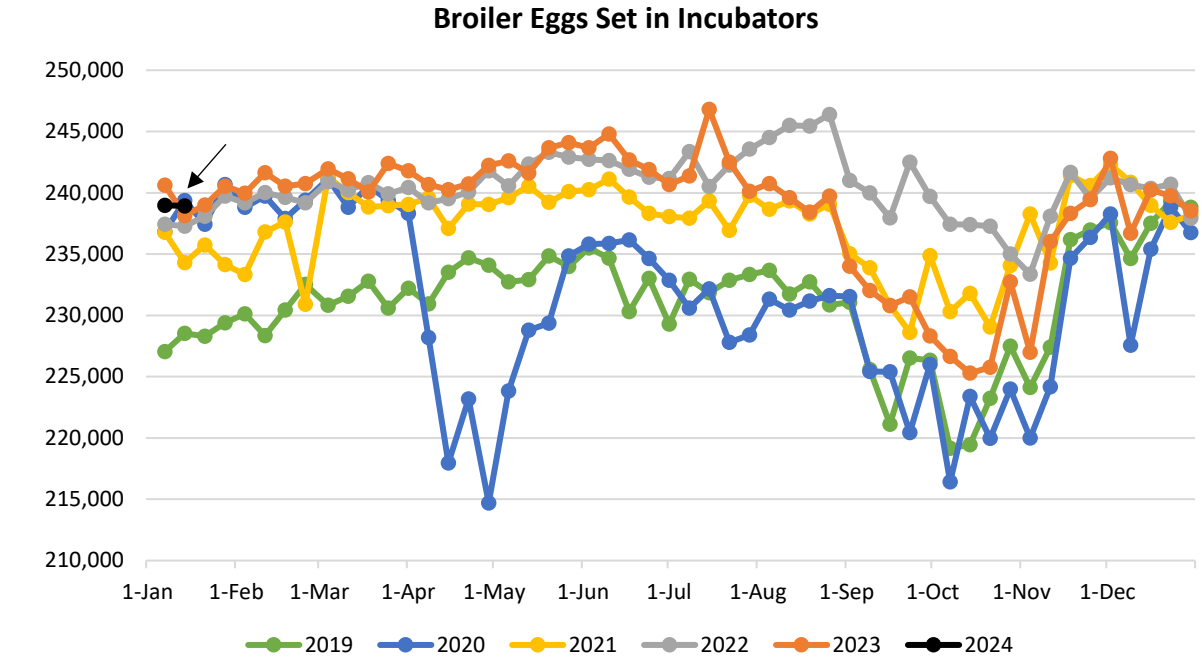
## Crops

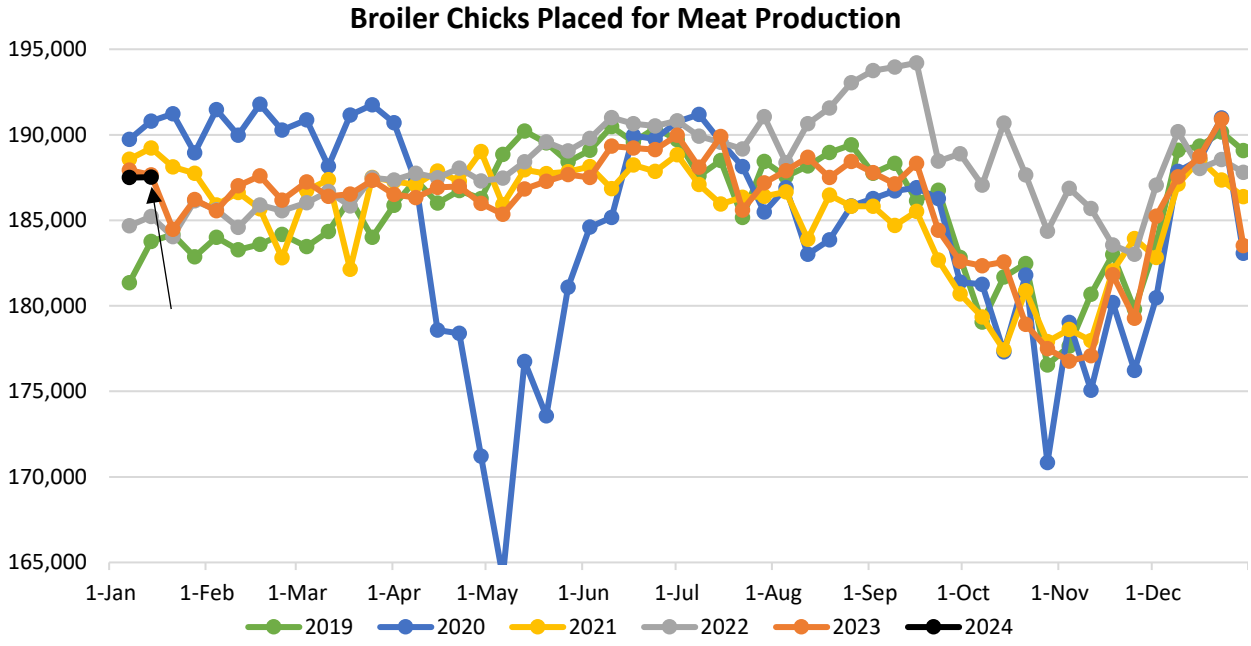
A very quick note this morning, really just one chart. The chart below shows rolling spot FOB basis for soybeans at Paranagua. I only have one point here this morning. If the Brazilian soybean crop is such a disaster this year, someone forgot to pass that scoop along to the cash market…



## Livestock

If I'm being honest, I'm feeling a bit uninspired about writing on livestock markets here. I couldn't think of anything this morning…so I'm simply going to update with the latest Broiler Hatchery update. This is worth keeping a casual eye on…I typically give it a look once a month or so. Eggs set and chick placements are basically steady with year ago levels.



## Financials

I don't have much to say here this morning either. I guess I have some writer's block today. Anyway, the equity market has been a bit soft these past few days and SPX is now a little lower on the year now after yesterday's weakness. That being said, it doesn't seem like it has been very disorderly. Look at the chart at the right showing VIX. We've bounced up to moving averages and that is all. No big surge in vol on the recent break, so clearly no panic implied by markets here. Just a quick and orderly drawdown so far. Depending on your bias, and further correction might make for a solid buying opportunity.


## Energy

The IEA was out with their monthly oil outlook report overnight. The main headline that seems to be catching attention is that the IEA said oil markets are "reasonably well-supplied" for 2024. They increased their projection for supply growth outside OPEC to 1.5 mbpd primarily due to increases from the US, Canada, Brazil, and Guyana. One important bit from the report – IEA said that the OPEC+ group would need to extend their current production cuts "beyond their scheduled expiry in March to prevent global inventories from piling up through the year". On top of all of this, they cut their outlook for oil demand growth to 1.2 mbpd, but it would still average a record of 103 mbpd. They cited "macroeconomic headwinds" and growing demand for electric vehicles as reasons for the demand cut. OPEC's oil demand growth projection (released earlier this week) was almost twice the level of the IEA's estimate.

## Today's Calendar (all times Central)

- Housing Starts – 7:30am
- Jobless Claims – 7:30am
- EIA Natural Gas Storage – 9:30am
- EIA Petroleum Inventories – 10:00am

Thanks for reading.

David Zelinski
dzelinski@nesvick.com
901-766-4684

buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.