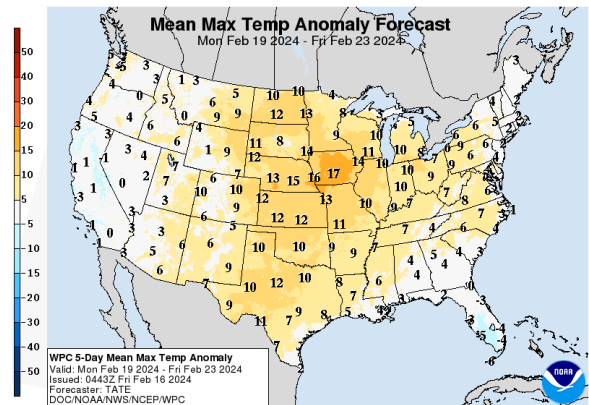


**Weather**

Widespread above normal rainfall over the next 10 days in northern Brazil. Near term rains in southern Brazil, dry in the 6-10 day, then rains again in the 11-15 day. Mostly dry in Argentina over next 5 days with mild temps. Nice rains to return for the Week 2 period. In the US, as you can see at the right we're looking at a lot of warm weather. Limited precipitation chances for the middle of the country over the next week.

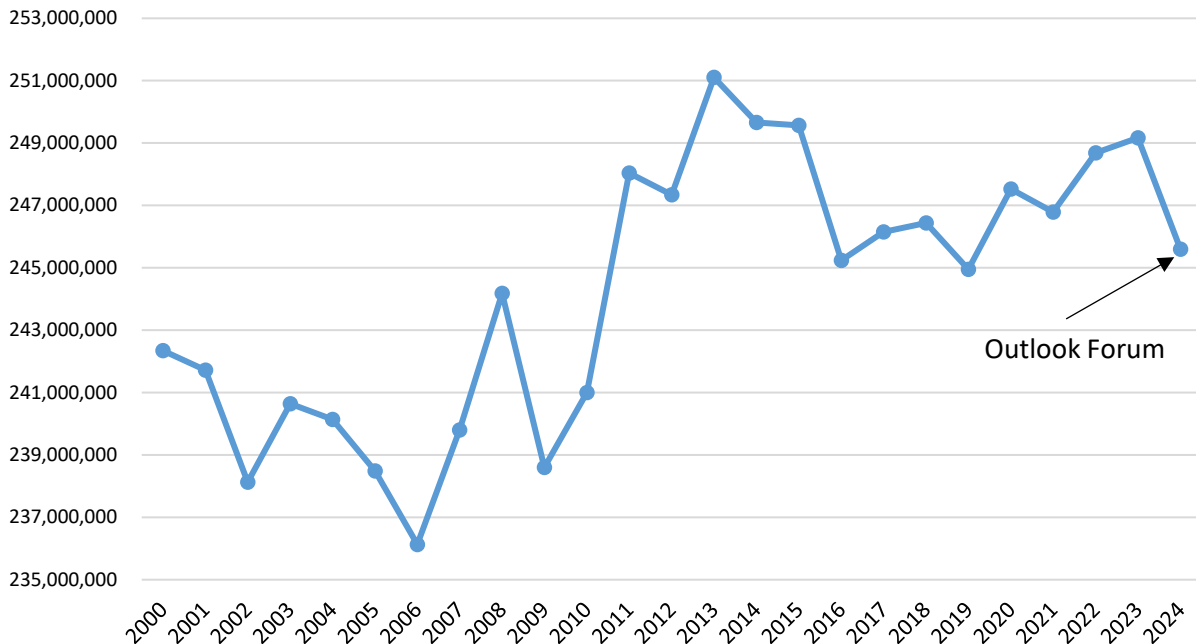


**Crops**

A quick recap of some of the Outlook Forum acreage numbers. I'll be completely honest...I don't spend a ton of time on acreage numbers. Acreage updates from USDA matter maybe 3 times a year...not worth a lot of my time. So, I'm certainly not an expert. That said, at this point in time there isn't too much to analyze. It is simply too soon to hold strong opinions on 2024 acreage.

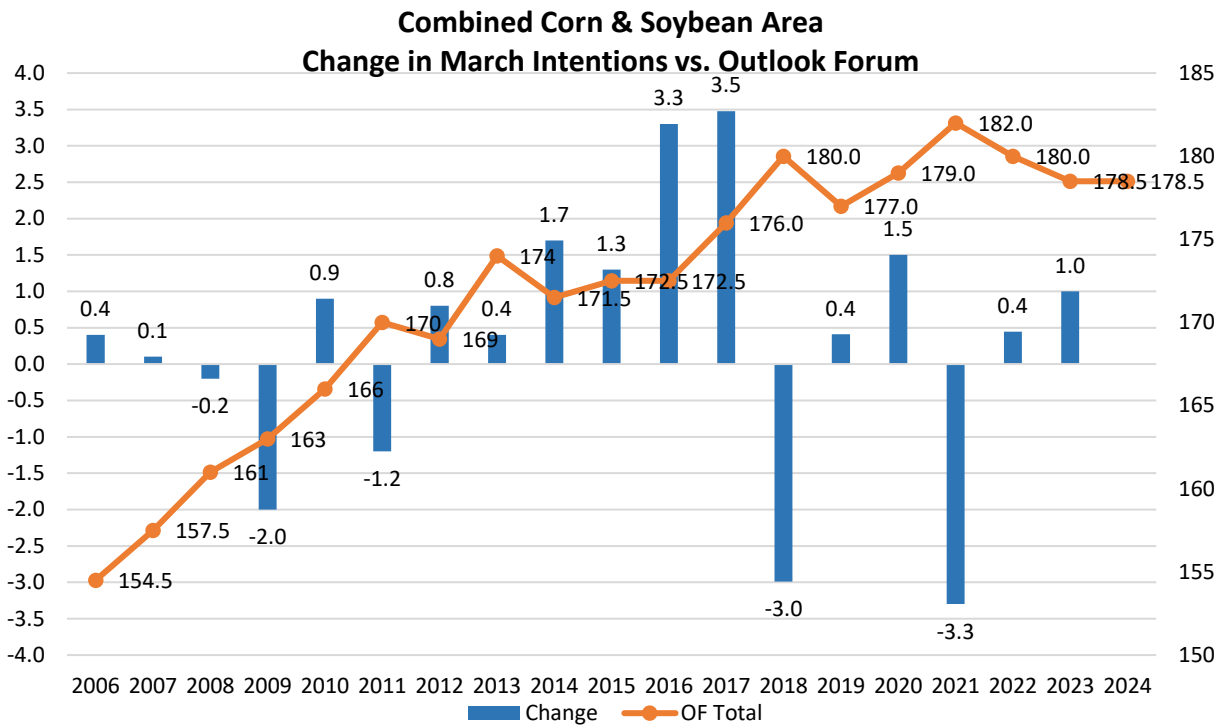
The chart below simply takes a history of the "major crop" planted area of the March Prospective Plantings report. For 2024, I'm throwing in yesterday's Outlook Forum's acreage estimates. This is a good way of comparing the OF vs. the past March PP reports. This year's proposed decline in planted area is pretty eye-catching. The overall acreage pie compared to last year's March report is down about 3.5 million acres YOY. About 1 million acres of that is corn. Soybean acreage, compared to last March, is steady. Cotton and wheat acres are both down a decent amount while rice and sorghum acres are expected to be higher.

**March Prospective Plantings Combined Acreage  
 Corn, Cotton, Rice, Sorghum, Soybeans, Wheat**



Overall, the Outlook Forum’s implied major crop planted area would be one of the lowest levels of *intentions* (based on the March report) in several years. The March report is just intentions, so obviously a lot of things change after March for a wide variety of reasons. I think it is interesting that USDA is starting from such a low level here.....

Looking specifically at corn and soybeans, I find it somewhat funny that the Outlook Forum’s planted area estimates for corn and soybeans are exactly the same as they were last year. The overall acreage pie combined to 178.5 million acres, which is slightly more than I assumed in my commentary from yesterday. The chart below shows that, generally speaking, the tendency is for the March Prospective Planting corn and soybean total to come in slightly higher than the Outlook Forum.



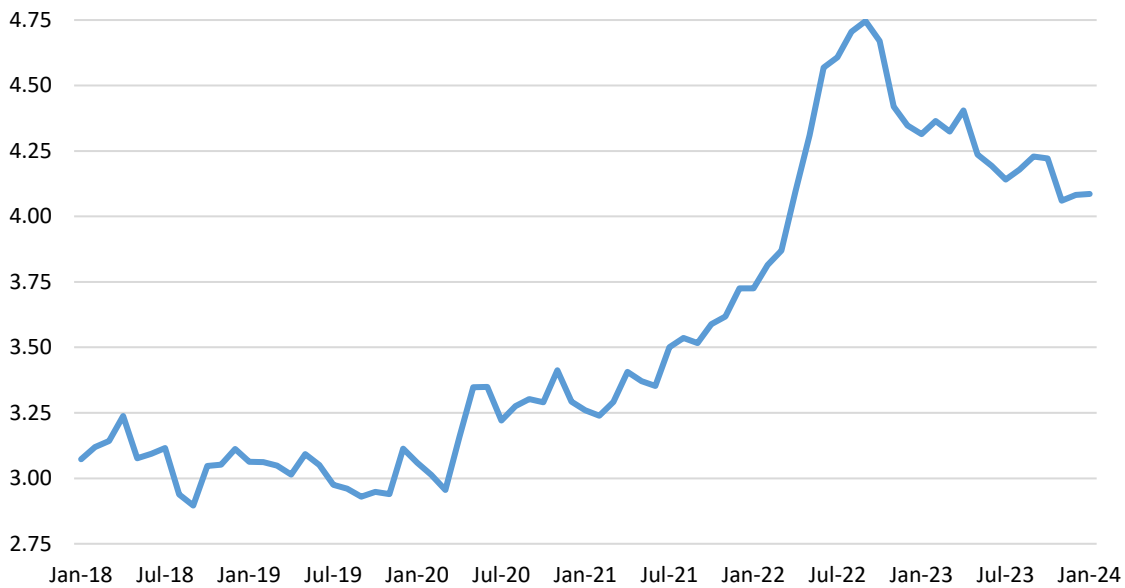
Of course, that being said, there are obviously two notable exceptions shown in the chart...2018 and 2021. In 2021 the Outlook Forum was showing a record planted area figure of 182 million, so it could simply be that the starting point was just too big. In 2018 the acreage total was also a new record for the time. Those big misses from the Outlook Forum could stem mainly from starting at an overly-aggressive level. Yesterday’s 178.5 million acreage total wouldn’t seem to be an aggressive starting point...from a historical perspective, anyway.

But like I said to start....there is really no reason to get worked up over these numbers at this point. My general bias has been that the futures market needs to discourage plantings...though obviously that is easier said than done. Thoughts appreciated.

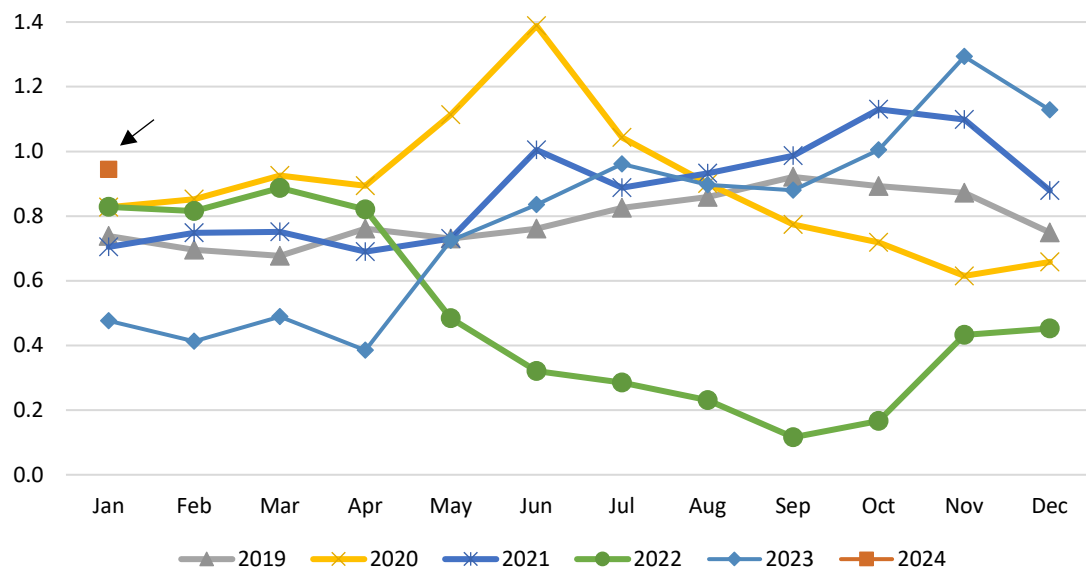
**Livestock**

A few more charts on retail meat prices below. First chart is simply chicken breast price. It was slightly higher last month, but the trend still clearly seems to be lower right now. The second chart looks at the spread between ground beef and chicken breast. The spread narrowed with ground beef lower and chicken breasts higher, but it remains very elevated. In theory, this could weigh on ground beef demand...though it doesn't seem like that it has been a big factor recently.

**Chicken Breast, Boneless, Per Pound, US City Avg**



**Ground Beef-Chicken Breast Retail Price Spread**



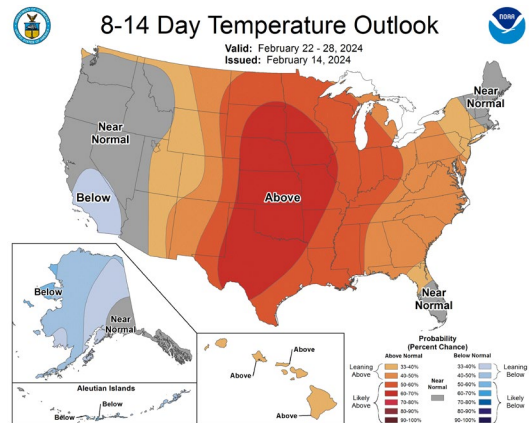
## Financials

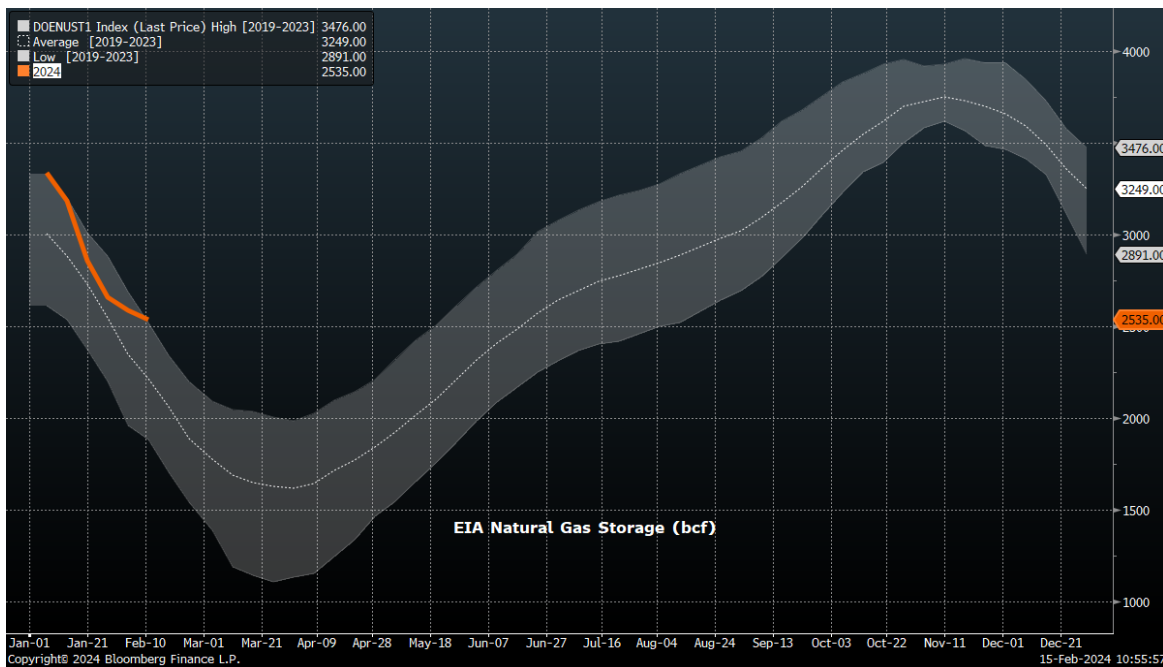
On deck today we've got the monthly PPI reading. This is unlikely to be quite as market-moving as CPI, though it still might make for an interesting morning. Last week China reported their PPI, which posted -2.5% YOY. As shown in the chart below, US PPI and Chinese PPI usually tend to move in similar fashions. US PPI might not be quite as volatile on the highs and lows, but there are some similarities. The -2.5% YOY reading out of China would seem to me to be fairly inline with the current expectations for +0.6% YOY for the US in Jan.



## Energy

EIA released its weekly natural gas storage report yesterday. As you can see from the chart on the next page, natural gas storage is roughly at its highest level for this time of year in the past 5 years. Actually, if I took it further back...the last time that natural gas stocks were bigger at this time of year was 2016. Given the look of the weather forecast, shown at the right, it would seem reasonable to me to expect that natural gas storage levels will likely be coming in well above the 5-year range in the weeks, if not months, ahead.





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

- PPI – 7:30am
- U of M Prelim Consumer Sentiment – 9:00am
- A few Fed speakers

Thanks for reading.  
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