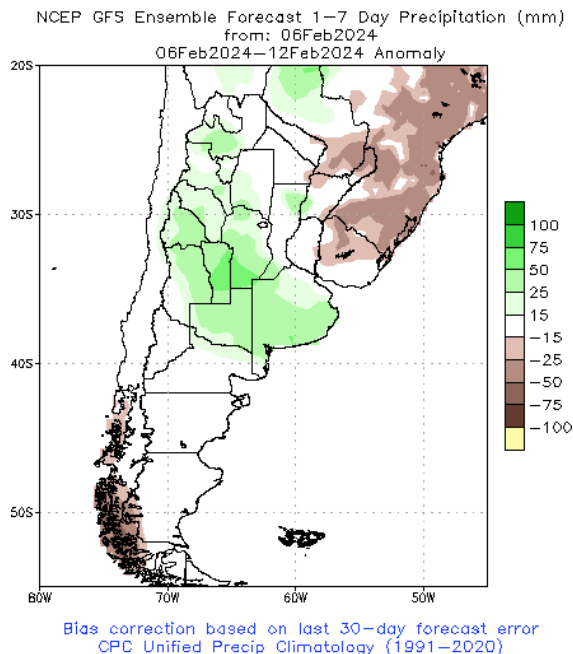


Weather

No big changes. Northern Brazil should see mostly near normal rainfall totals over the next two weeks. The 6-10 day period will feature below normal rainfall, but it won't be completely dry during that stretch. Southern Brazil should see rains move into RGDS by Mon/Tue and model agreement is excellent for above normal rainfall for the remainder of the 15-day forecast period. The key growing areas in Argentina will be dry again today, but rains should start to develop tonight and this should kick off a period of much better rainfall chances. 15-day rainfall totals should range from 3-5" through these key growing areas. Temps will likely average above normal, but not nearly as hot as we've seen over the past week or so. Precipitation in the US will focus on the southeastern corner of the country.



Crops

A very boring and quick comment this morning. We have to review the wheat balance sheet ahead of Thursday's WASDE, but it should probably come as no surprise that it is unlikely that we should expect any big changes. The Bloomberg survey average guess calls for an unchanged carryout, and that is what I'm showing below as well. However, you'll see I'm flagging two items to keep an eye on. The most obvious is exports, where the pace of commitments is strong enough to potentially argue for some upside. That being said, that hasn't changed since last month's WASDE release so I'm not sure if there is anything new this month to change WASDE's mind. While I'm not sure it is the most likely outcome, don't be surprised to see a token increase to the wheat export figure tomorrow. Additionally, I'm also flagging the feed and residual estimate. This isn't a month where we typically see F&R adjustments, but I'm flagging it because it seems to me that they're possibly too high here. Last month's quarterly stocks figure would potentially imply something lower...though admittedly there is a lot of volatility around quarterly stocks so maybe I'm making something of nothing.

US All-Wheat Supply & Demand Estimates (Million Bushels/Million Acres)

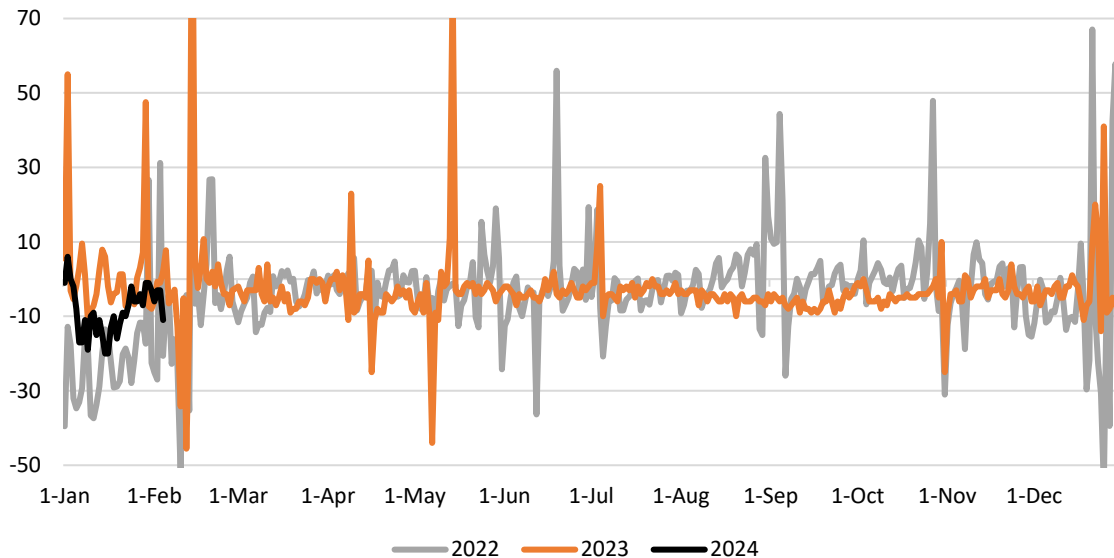
	USDA 20/21	USDA 21/22	USDA 22/23	USDA 23/24 Jan	Possible? 23/24
Carryin (Sep 1)	1,028	845	674	570	570
Production	1,828	1,646	1,650	1,812	1,812
Imports	100	96	122	145	145
Total Supply	2,957	2,588	2,446	2,527	2,527
Food Use	961	971	973	970	970
Seed	64	58	68	64	64
Feed & Residual	95	88	77	120	120
Total Domestic	1,120	1,117	1,118	1,154	1,154
Exports	992	796	759	725	725
Total Use	2,111	1,913	1,876	1,879	1,879
Carryout (May 31)	845	674	570	648	648
Stocks/Use	40.0%	35.2%	30.4%	34.5%	34.5%

The world numbers likely won't have much excitement either. We're still a couple of months away from the new crop WASDE update. Until then, there isn't likely to be much change in the old crop numbers.

Livestock

This is something I haven't looked at in a while. The chart shows the OpenTable data on US seated diners on a YOY percentage change basis. This chart got passed around a lot during the Covid lockdowns, but I haven't paid it a ton of attention since. I happened to glance at it yesterday and figured it was worth a quick mention this morning. Your eyes are probably drawn immediate to the 2024 line (black) and you can see that so far this year we're consistently running below year ago levels in terms of seated diners. But also look at the second half of 2023. Tothor than some volatility surrounding the timing of holidays, 2023 saw fairly consistent lower volume of diners as well. It also makes me think of some of the comments from MCD executives on their call earlier this week. MCD CEO Chris Kempczinski said, among other things, "Eating at home has become more affordable...the battleground is certainly with that low-income consumer." Just a little food for thought...no pun intended.

OpenTable US Seated Diners YOY % Change

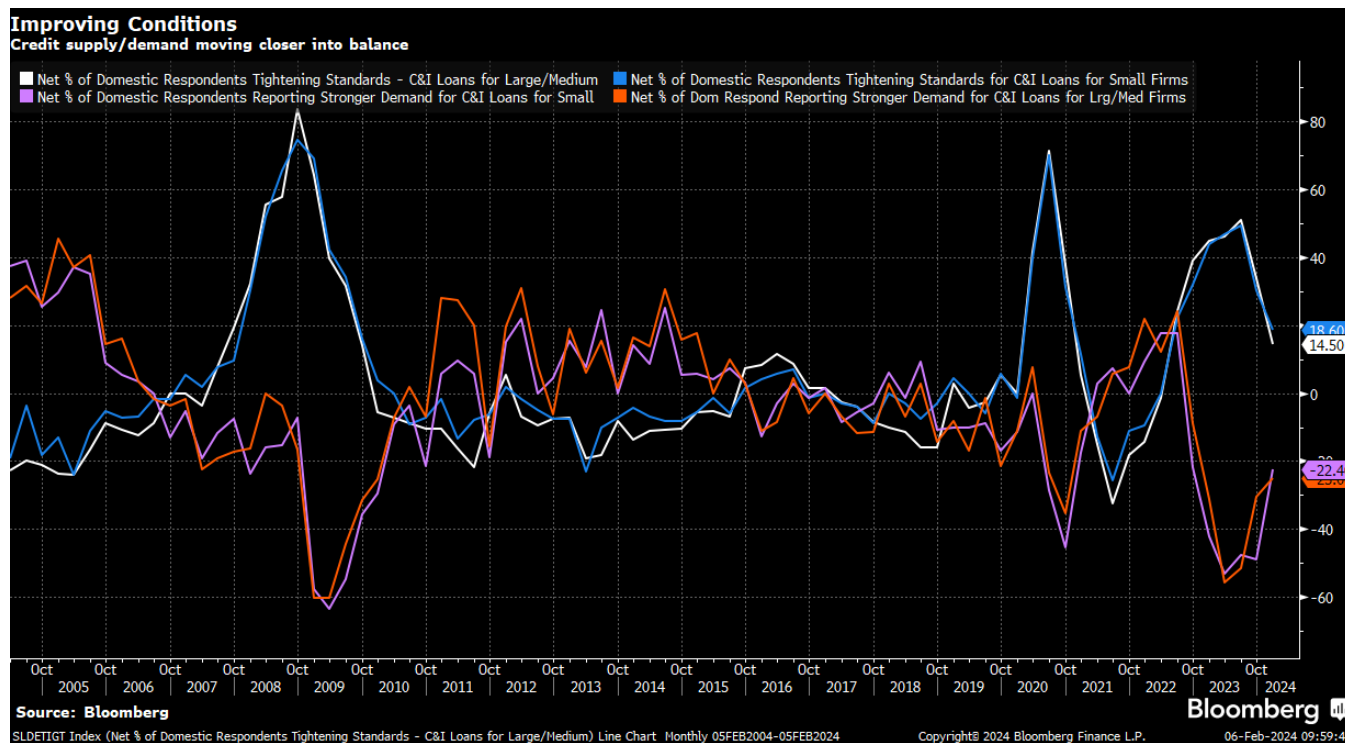


Financials

Not a lot of new-news to pass along. We're in between major data releases. Outside of a surprise headline somewhere, the next big ticket item on the calendar is the CPI release and that isn't until next Tuesday. Markets are probably just biding time until then.

That being said, one thing we did get yesterday was the Fed's quarterly Senior Loan Officer Opinion Survey. This is never much of a market mover, but will get some attention this year due to the focus on financial conditions. As you can see in the chart that follows on the next page, financial conditions have loosened considerably over the past quarter. Only ~15% of banks reported tighter lending standards to large/medium-sized firms, which is down from ~34% in the prior quarter. The chart also shows that the number of respondents reporting stronger demand for loans is improving (though it remains negative). The Fed last year suggested that tighter lending

standards would potentially do some of their work for them, so on the margin this loosening in standards is worth noting.



Energy

The weekly inventory numbers are due this morning. Expectations call for oil stocks to increase 2.1 million barrels. Yesterday’s API release showed an increase of 674k barrels. The API showed an increase in gasoline stocks of 3.65 million and a decrease in distillates of 3.7 million.

An interesting line from the EIA’s Short Term Energy Outlook (released yesterday):

We estimate that US crude oil production reached an all-time high in December of more than 13.3 million barrels per day (b/d). However, crude oil production fell to 12.6 million b/d in January because of shut-ins related to cold weather. We forecast production will return to almost 13.3 million b/d in February but then decrease slightly through the middle of 2024 and will not exceed the December 2023 record until February 2025.

I just find it interesting that the EIA is looking for oil production to decline through most of this upcoming year...

Today’s Calendar (all times Central)

- Trade Balance – 7:30am
- EIA Petroleum Inventories – 9:30am
- Several Fed speakers throughout the day

Thanks for reading.

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