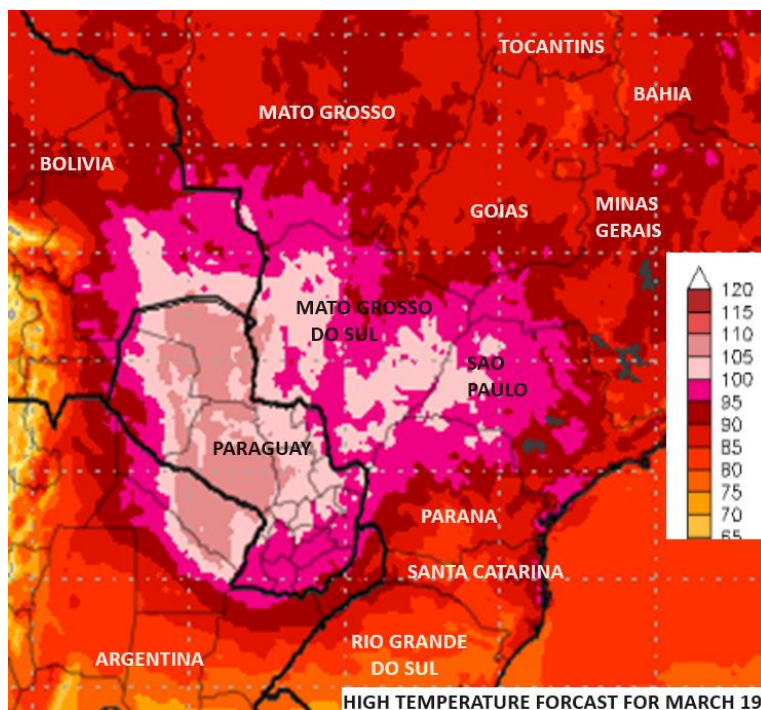


Weather

A lack of rain and increasingly hot temperatures is going to equate to a lot of stress on Safrinha corn in especially Parana and Mato Grosso do Sul (Brazil) in the near term. Those areas are looking at largely dry conditions into at least the weekend (some places a few days longer than that), and especially within about March 16-20 we are looking at 100+ degree high temperatures. The forecast does improve for Week Two though, with cooler (though still above-normal) temperatures and above-normal rainfall. It will be especially wet in South America over the next 15 days in eastern Argentina northward into Uruguay and Rio Grande do Sul (Brazil). It could get wet enough in those areas for some eventual complaints to be heard about “too wet” conditions.

In the U.S., welcome precipitation will fall in the drought areas of the western Corn Belt for tomorrow night/Thursday and again in the 11-15 day period, but amounts will not be heavy enough to make much of a dent in drought conditions. The next three days look to be especially warm, but temperatures will turn abruptly cooler for March 17 with the pattern through the rest of the 15-day forecast looking considerably cooler than anything recorded in the middle of the country since the middle of January.

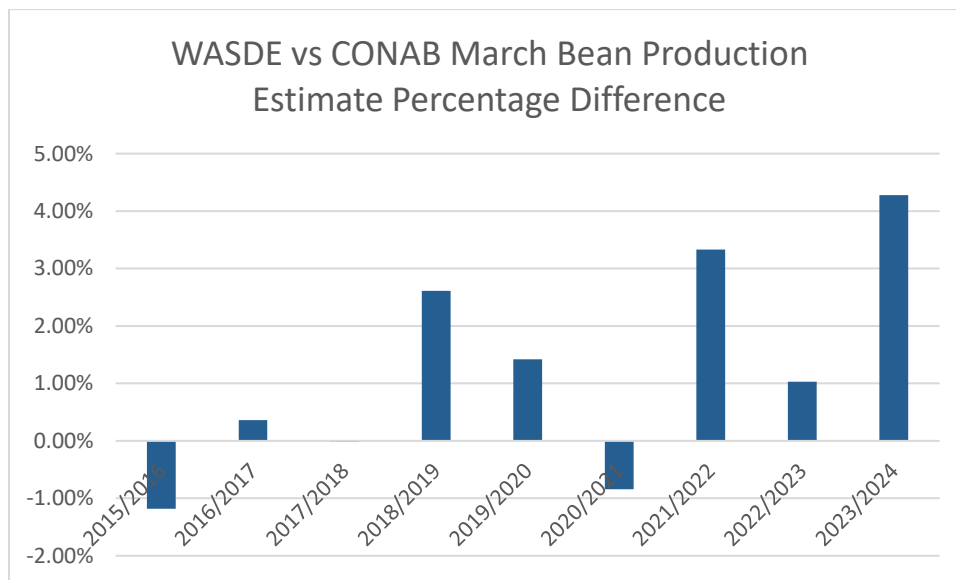


Crops

CONAB will release their report today at 7:00am. We briefly touched on this before but official estimates call for a ~1mmt reduction to soybean production and a ~2.2mmt increase to corn production.

2023-24:	Survey Results			Conab	Avg vs
	Avg	Low	High	Feb.	Prior
Soybean area (M Ha)	45.28	45.00	45.60	45.09	0.19
Soybean production (M tons)	148.37	147.30	149.26	149.40	-1.04
Soybean yield (k Kg/Ha)	3.282	3.233	3.312	3.314	-0.03
Corn area (M Ha)	21.02	20.30	23.24	20.44	0.58
Corn production (M tons)	115.90	113.20	120.82	113.70	2.21
Corn yield (k Kg/Ha)	5.519	5.199	5.608	5.561	-0.04

I went back and reviewed the March production soybean estimate percentage differences between WASDE vs CONAB since the 2015/2016 crop year. On a percentage basis, the 2023/2024 March production estimate range is the highest over that time period. Note, I am using last week's 155mmt estimate for WASDE and the current 148.37mmt March survey estimate for CONAB. The gap will narrow as we enter the summer months and more data becomes available but I am unsure if CONAB will increase their production or if WASDE will reduce theirs over that time period. Thoughts appreciated.



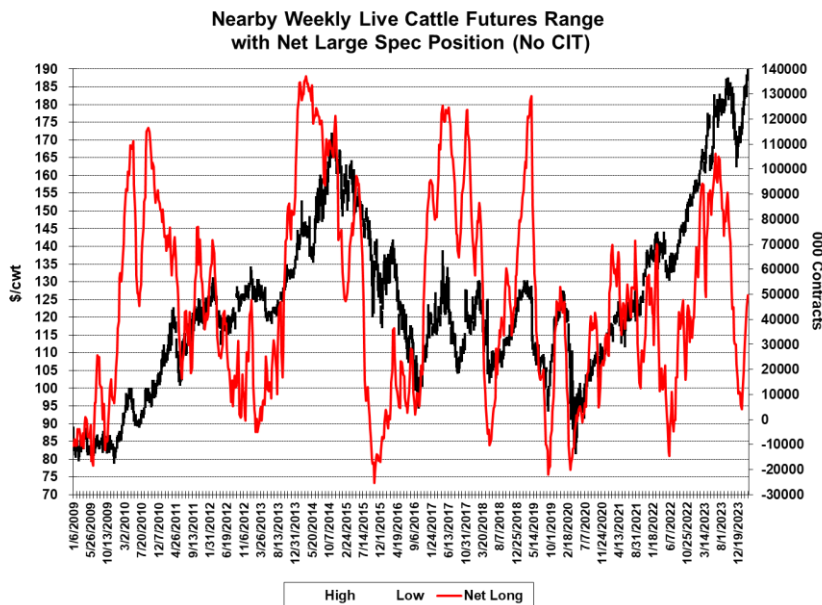
Switching gears...I wanted to highlight the below chart which shows historical soybean oil and palm oil spot futures spread. The spread is at its lowest level since May of 2022. Palm oil has rallied to its highest levels since July of 2023 due to the expanding use of palm oil within Indonesia and declining production due to seasonality. A tighter spread will generally put a floor on soybean oil prices.

It's also interesting to note the increased volatility which began in 2021 due to California enacting a carbon credit for renewable diesel. At that time, the market started to understand the draw of vegetable oils, used cooking oil, and animal fats.

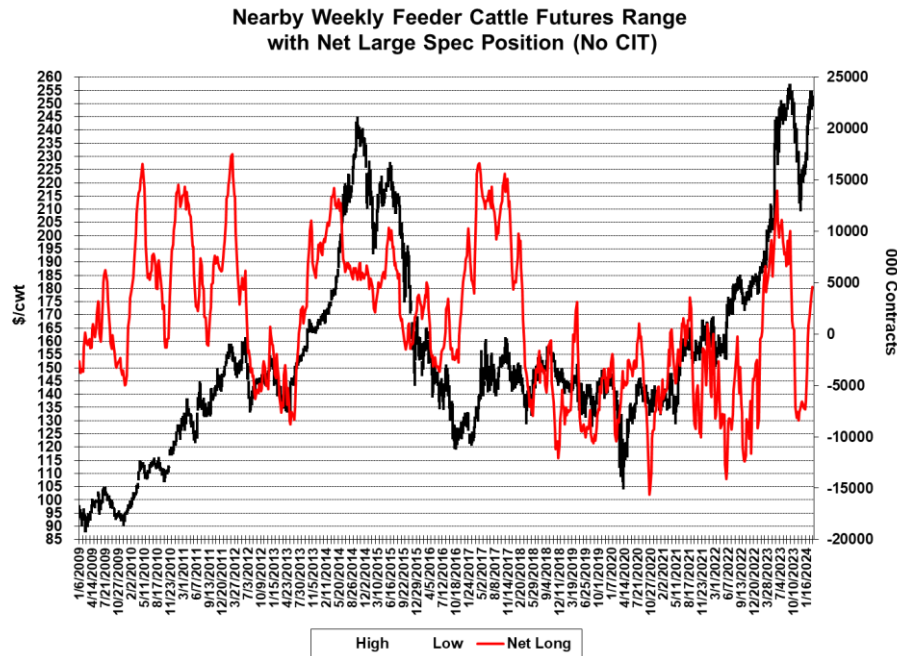


Livestock

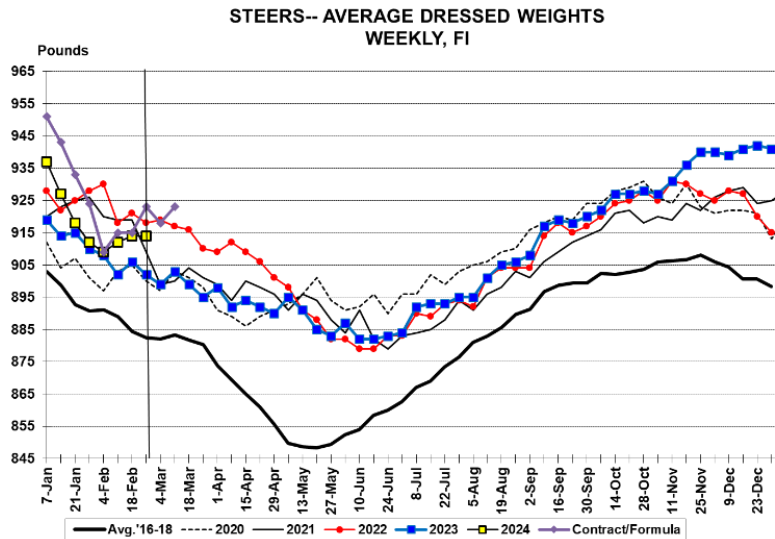
Amid expanding open interest, large speculative accounts continued to add to their net long positions in the most recent COT report. For the week ending 3/5, their net long commitment increased nearly 4,700 contracts, bringing the total increase since mid-January to more than 45,000 contracts. That's still far below recent seasonal peaks and suggests further increases are likely.



After covering their net short position in feeder cattle in late January, large speculative accounts have remained active buyers, adding more than 500 contracts to their net long position during the week ended 3/5, bringing their total net long commitment near 4,600 contracts. Amid the well-documented decline in feeder cattle supplies, coupled with prospects that heifer retention will escalate in the months ahead, expect the large spec net long to increase.



The weather-induced plunge in fed cattle carcass weights at the beginning of the year has been followed by a modest, but counter-seasonal rebound into late winter, which does not appear to have run its course. Contract / formula cattle represent the majority of weekly transactions and weights on those cattle are a leading indicator of FI weights, which are normally published a couple of weeks later. For recent weeks, contract / formula weights on steers have rebounded sharply from the early February lows and have preceded the subsequent rebound in FI steer weights. The rebound in contract / formula weights, resulting from improved feeding conditions and sharp cutbacks in slaughter rates, suggest FI steer carcasses may be near record heavy by late winter or early spring.



Today's Calendar (all times Central)

- CONAB report – 7:00am
- Core CPI – 7:30am
- 10-year note auction – 12:00pm
- API weekly crude oil stocks – 3:30pm

Thanks for reading.

Evan Basse
evan@nesvick.com
 847-650-8002
 Trillian IM: evan@nesvick.com

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and 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.