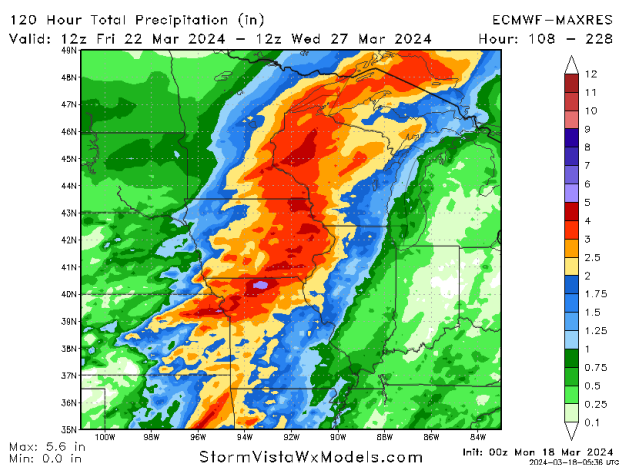


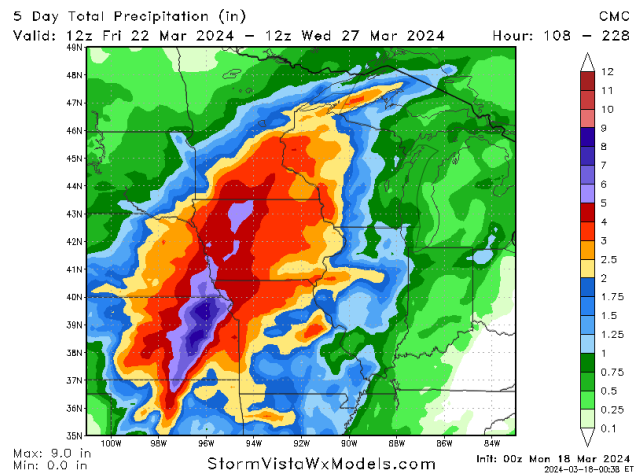
Weather

Everything points to a major storm system impacting the middle of the United States starting on March 24 and extending through as late as March 26. Unlike the storm of last week, this storm has a strong potential of providing precipitation totals heavy enough to put a notable “dent” in current drought conditions in the western Corn Belt. There is still a lot of uncertainty in the detail due to the fact that the storm is 6-8 days away. However, I do think that it is notable that the overnight European and Canadian operational models both showed a similar evolution of the storm, and one can see from the two graphics that both models suggest heavy totals in the western Corn Belt. For more northern parts of the Corn Belt and (especially) the northern Plains, this could fall as snow and blizzard conditions are very possible.

European Model



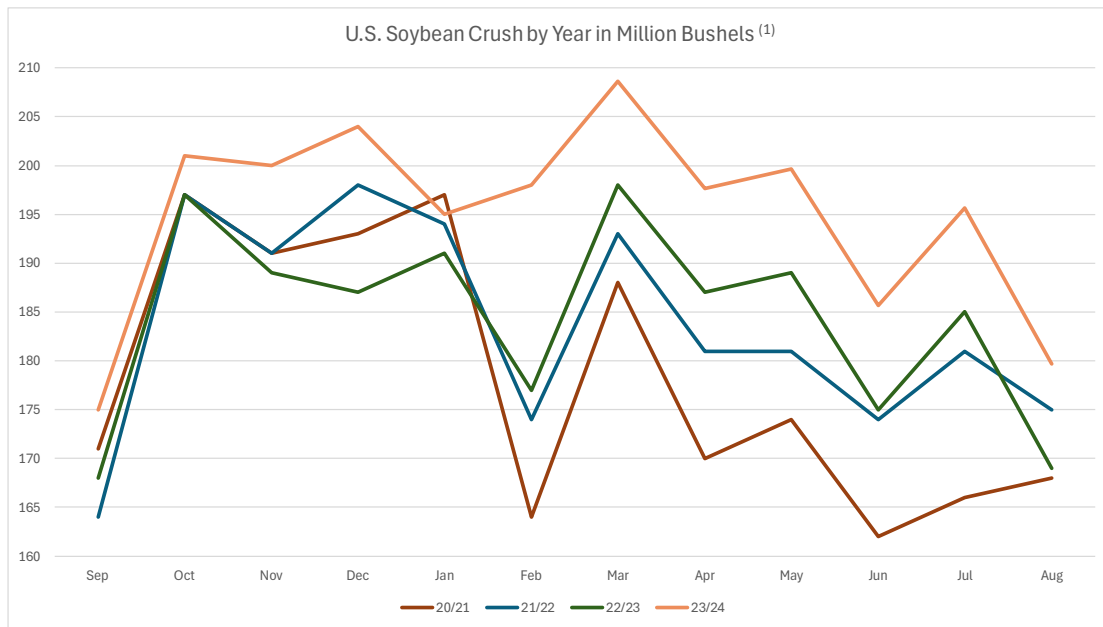
Canadian Model



Meaningful rains were recorded over the weekend in Brazil for much of the Safrinha corn areas of Parana and southern Mato Grosso do Sul; Safrinha corn areas further north (in Mato Grosso and Goias) are expected to record very nice rains in the 6–10-day period. Rio Grande do Sul is likely to see severe weather and heavy rains for Wednesday night, but a (welcome) much drier pattern is forecast for Thursday and beyond. A lot of Argentina is very wet right now and will see additional rain through Wednesday, but welcome drier weather will start on Thursday.

Crops

National Oilseed Processors Association (NOPA) released February’s crush and oil stocks data on Friday. NOPA reported actual crush of 186.19mm bu (179.17mm bu estimate) and actual oil stocks of 1,690mm lbs (1,584mm lbs estimate). Soybean crush exceeded estimates by ~7mm bu in February and is currently outpacing USDA’s estimate of 2,340mm bu for crop year 2023/2024. Through the first half of crop year 2023/2024, the crush rate is 64mm bu ahead of crop year 2022/2023. Assuming crush rates maintain the same rate through the second half of the year, it would suggest that USDA is underestimating their annual crush by ~40mm bu. As a caveat, February had an extra day relative to last year (leap day) which explains some YoY deviation and is a reasonable explanation to argue that annual crush is only overstated by 30-35mm bu instead of 40mm bu.



Note (1): 23/24 March through August are estimates based on current crush pace.

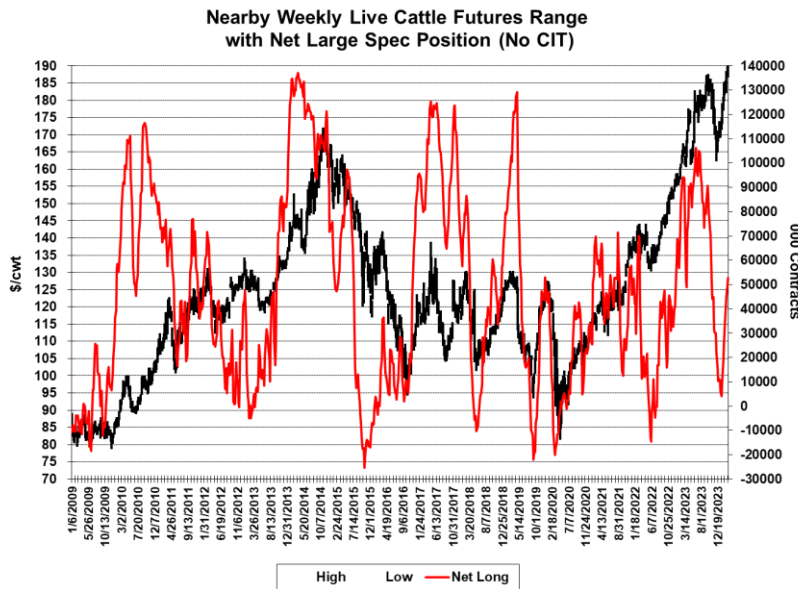
Crush demand has increased in the recent year due to the export demand for meal and increased reliance on biofuels due to ESG policies that offer subsidies. This has led to investment in new U.S. crush processing facilities. Specifically, there is a new plant in Alta, Iowa called Platinum Crush that is opening in May of this year and has capacity for 110k bu / day. The additional production from the plant was not factored into the above estimates which could suggest that an upward revision of 40mm bu from 2,300 to 2,340 is a conservative conclusion.

USDA U.S. soybean export demand is likely overstated due to current cash prices and China's preference for South American over U.S. beans. Current South American soybean basis prices are ~\$1.30 / bu below the U.S. Gulf. It's reasonable to expect that USDA will revise U.S. export demand down by 30-50mm bu which would result in a net unchanged soybean balance sheet if crush production increases by a similar amount. It will be interesting to monitor crush rates over the next few months to if they can maintain the current pace.

	2023/2024		
	USDA March	Estimate	Diff
Planted Acres	83.6	83.6	0.0
Harvested Acres	82.4	82.4	0.0
Abandoned Acres	1.2	1.2	0.0
Yield	50.6	50.6	0.0
Carryin (Sep 1)	264	264	0
Production	4,165	4,165	0
Imports	30	30	0
Total Supply	4,459	4,459	0
Crush	2,300	2,340	40
Exports (Census)	1,720	1,680	(40)
Seed	102	102	0
Residual	22	22	0
Total Use	4,144	4,144	0
Carryout (Aug 31)	315	315	0
Stocks/Use	7.6%	7.6%	0.0%

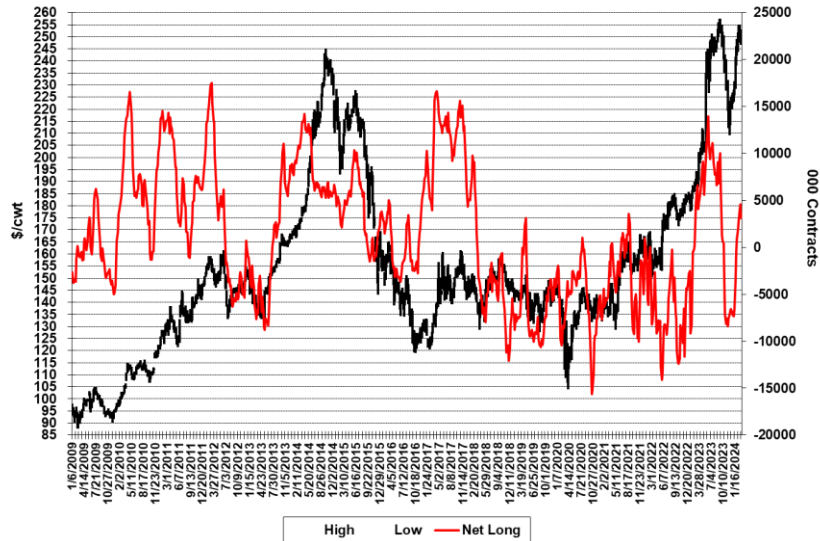
Livestock

During the week ended March 12th total open interest in cattle (futures and options) declined about 1,300 contracts from a week earlier. Much of that decline was related to the roll of index funds out of the April contract into more deferred positions—a decline in open interest is not unusual for a roll period, but generally increases again once the “official” roll is completed. Despite the modest decline in total open interest, the net long position commanded by large speculative accounts continued to increase, by nearly 3,300 contracts, to a net long near 53,000 contracts, up nearly 49,000 contracts since mid-January. Still, despite that increase, much more is possible with recent seasonal peaks reaching the 120-130,000 contract area likely providing additional support for futures prices.



Total open interest in feeder cattle declined about 600 contracts during the week ended March 12th and the large speculative net long slipped nearly 1,500 contracts to a 3,100-contract net long position. From Tuesday to Friday, open interest in feeder cattle futures declined an additional 2,100 contracts, suggesting that the large spec net long position may have shrunk further at the end of the week. Still, that decline likely is temporary—seasonal peaks in the large spec net long have often reached near 15,000 contracts—suggesting much more buying interest is still on the sidelines.

Nearby Weekly Feeder Cattle Futures Range
 with Net Large Spec Position (No CIT)



Today's Calendar (all times Central)

- Housing starts – 7:30am
- Export inspections –11:00am
- API crude oil stocks – 3:30pm

Thanks for reading.

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