

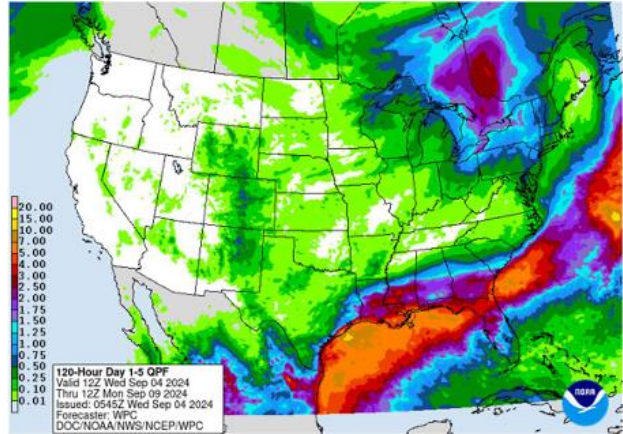
Weather

Dry is the only way to describe the current weather pattern for the Plains, the Corn Belt, and northern parts of the Mid-South. The collective area is looking at under 50% of average rainfall over the next 15 days, with a significant part under 25% and a small area at under 10%, and likely a situation where there can be completely dry areas for the 15-day time frame. Conditions for crop dry-down and early harvesting will be close to optimal, but crops that could still use rain will suffer, and water levels on the Mississippi River will be in rapid decline.

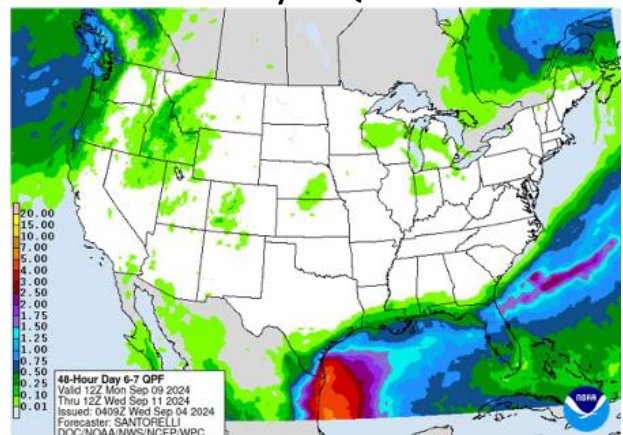
Southern parts of the Mid-South and Southeast are the only areas of the Nation that are truly in a wet pattern over the next 15 days, though for southern parts of the Mid-South, a lot of that rain will fall over the next three days. There are still no assurances that any rain will be related to tropical weather systems. NHC is monitoring three disturbances in the Caribbean and Atlantic but gives no more than a 30% chance of development over the next week.

September 6-9 still looks to be the coolest part of the 15-day forecast for the Corn Belt and nearby areas, with large areas running more than 10 degrees below average on at least a couple of days in that time frame. There can be isolated spots in the eastern Dakotas and roughly the northeastern third of the Corn Belt that can reach the upper 30s for lows for the coming weekend, but we will be a long way from any damage potential to corn and soybean crops. A decidedly warmer-than-normal pattern is shown by all models for Week Two, with no sign of that breaking even at the end of the 15-day forecast. There is no threat of a freeze for the Corn Belt, northern Plains, and even Canadian prairies through September 18 and probably a lot longer than that.

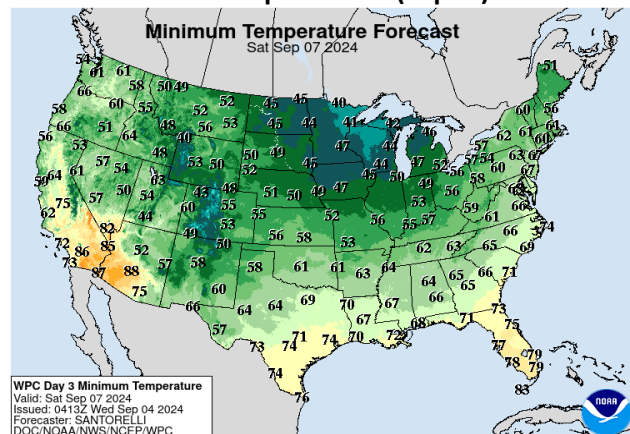
Day 1-5 QPF



Day 6-7 QPF



Min Temp Forecast (Sept 7)



Grains

We'll review corn and soybean landed values from the US Gulf and Brazil Paranagua to China. The comparison is in the table below. In corn, Brazil corn is cheaper into China through September before the US becomes the more affordable option in October and after that. Brazil's advantage for this time of the year isn't necessarily atypical but is noteworthy. It's unclear when/if China will show up to the market, but that could be after their harvest, assuming they want to support their domestic prices.

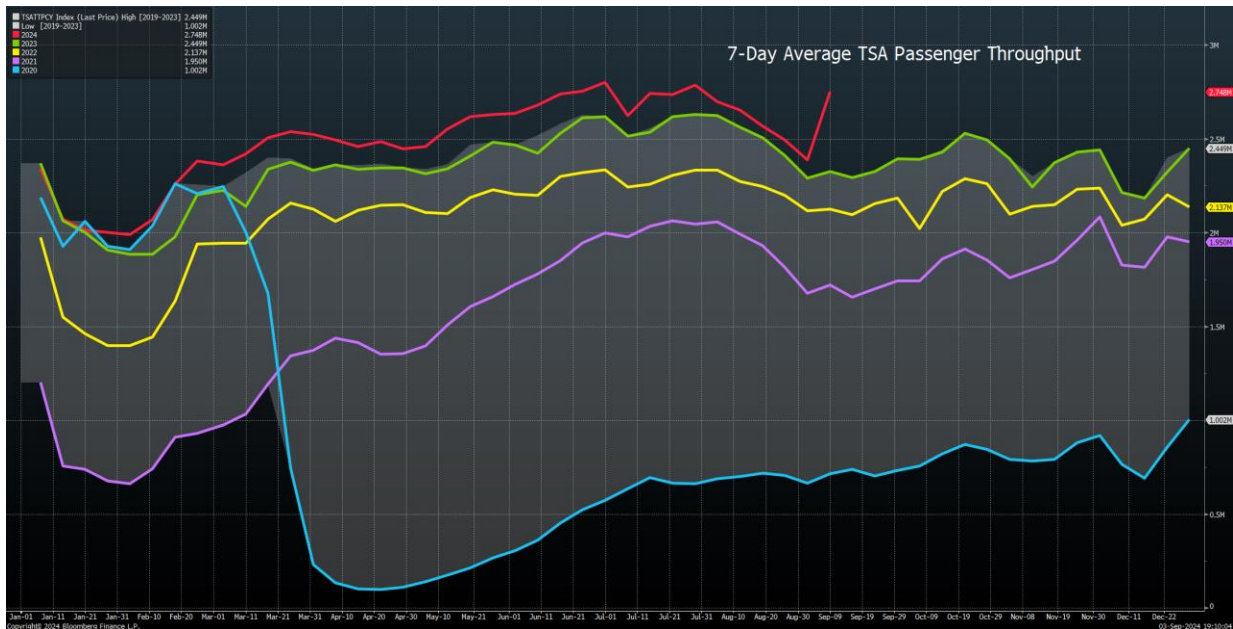
In soybeans, I am still showing that the US has a competitive advantage through the remainder of the year. China has recently done some business for Brazilian soybeans, which may imply that China is willing to pay a premium to avoid the US. The potential logistical issues with the Mississippi River are something to continue to monitor. River levels remain a concern, with very little rain forecast ahead. The low river levels will cause barge rates to increase, which will eventually be passed through to CIF values, potentially causing the US soybean price advantage to China to be reduced.

Landed Value Comparison (Corn)									
US Gulf					Brazil Paranagua				
	Sept (u)	Oct (z)	Nov (z)	Dec (z)		Sept (u)	Oct (z)	Nov (z)	Dec (z)
CBOT Futures	386.25	408.5	408.5	408.5	CBOT Futures	386.25	408.5	408.5	408.5
FOB Basis	66	83	71	80	Premium	78	104	113	119
USD/MT	\$177.90	\$193.49	\$188.62	\$192.21	USD/MT	\$182.82	\$201.56	\$205.30	\$207.47
USG-China Pmax	48	48	48	48	Santos-China Pmax	42	42	42	42
Landed (ex-tax)	\$225.90	\$241.49	\$236.62	\$240.21	Landed (ex-tax)	\$224.77	\$243.51	\$247.25	\$249.42

Landed Value Comparison (Soybeans)									
US Gulf					Brazil Paranagua				
	Sept (u)	Oct (x)	Nov (x)	Dec (f)		Sept (u)	Oct (x)	Nov (x)	Dec (f)
CBOT Futures	997	1008.5	1008.5	1025.5	CBOT Futures	997	1008.5	1008.5	
FOB Basis	74	72	68	35	Premium	146	146	165	
USD/MT	\$393.57	\$397.11	\$395.59	\$389.48	USD/MT	\$420.12	\$424.35	\$431.19	
USG-China Pmax	48	48	48	48	Santos-China Pmax	42	42	42	
Landed (ex-tax)	\$441.57	\$445.11	\$443.59	\$437.48	Landed (ex-tax)	\$462.07	\$466.30	\$473.14	

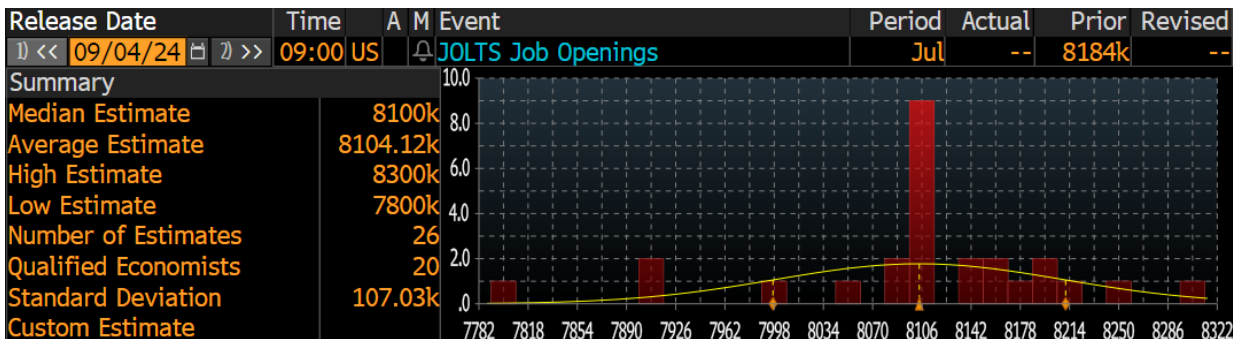
Livestock

Consumer demand for beef continues to be a hot-button item. Some cracks have shown, but there hasn't been a substantial drop-off in demand yet. One data point that suggests the consumer is as strong as ever is the 7-day average TSA passenger throughput shown in the chart on the next page. It shows that passenger air travel continues to be at the top of the 5-year range and recently spiked higher at the last release, which certainly doesn't support the idea that the consumer is cutting back.

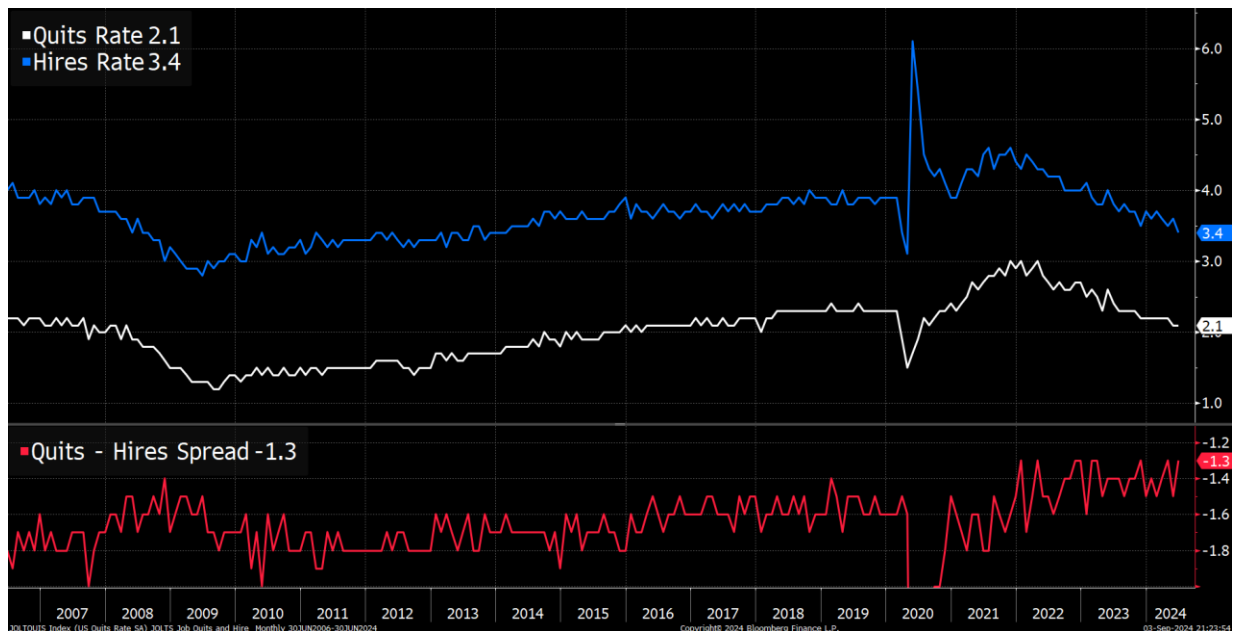


Financials

Factory Orders and JOLTS Job Openings are this morning's important economic releases. JOLTS releases can be volatile, as noted by the wide range of survey guesses below.



JOLTS job openings provide a sense of the current labor market conditions in an environment where the Fed will likely put a higher weight on the employment component of its dual mandate. The chart on the following page shows the hires rate and quits rate from JOLTS numbers. Both numbers have steadily declined, suggesting that the labor market is loosening. Workers feel less confident in finding a new job to quit their current role. Less quitting typically equates to less hiring, as fewer new positions exist. The quits-hires spread continues to hover around recent highs, which implies that job openings should be moving lower, and that has been the trend in the recent data and consistent with the average survey guesses for today's release.



Today's Calendar (all times Central)

- Trade Balance – 7:30 am
- Factory Orders – 9:00 am
- JOLTS Job Openings – 9:00 am
- Beige Book – 1:00 pm

Thanks for reading.

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