

### Weather

An arctic air mass will dominate the central and eastern parts of the Nation on Thursday/Friday and will continue until December 4. Big areas will run 10-15+ degrees below normal every day. The Plains and western Corn Belt will warm up for December 5 and beyond, but eastern parts of the Nation look to stay below normal through Day 15 (December 10).

There will probably be areas of significant rain every day for the next 15 days in the northern soybean-growing regions in Brazil. The lightest rains will be in the 1–5-day period (1–2-inch amounts mainly confined to Mato Grosso and Goiás), followed by more considerable rains in the 6-10- and 11-15-day periods.

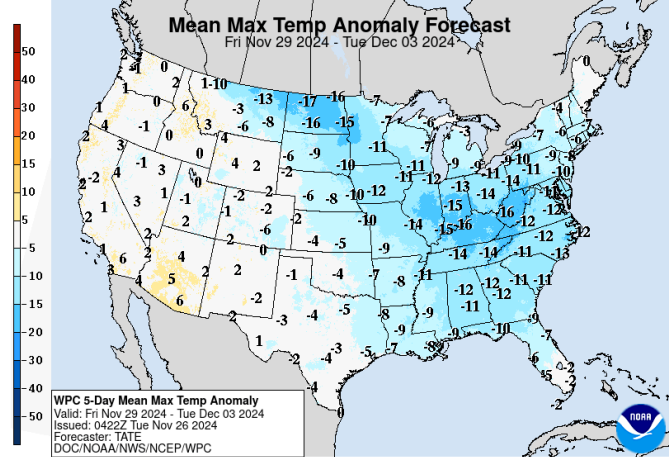
Some stress will continue into tomorrow for soybean areas of southern Brazil (as well as Paraguay), with things staying dry and temperatures being 90-95+ degrees. There is certainly no shortage of rain for Thursday and beyond, though; it will be above normal on a widespread basis, and some heavy totals can eventually be recorded.

Far northern and far southern parts of the Argentine growing area are seeing rain early this Tuesday (see picture to the right); it is probably quite heavy in the north. Rains are likely to fall somewhere in Argentine wheat/corn/soybean growing areas today through the coming weekend, and especially the northern half of the main growing area is favored for additional very significant amounts. A drier pattern will then take hold for around December 2 and the rest of the 15-day forecast period.

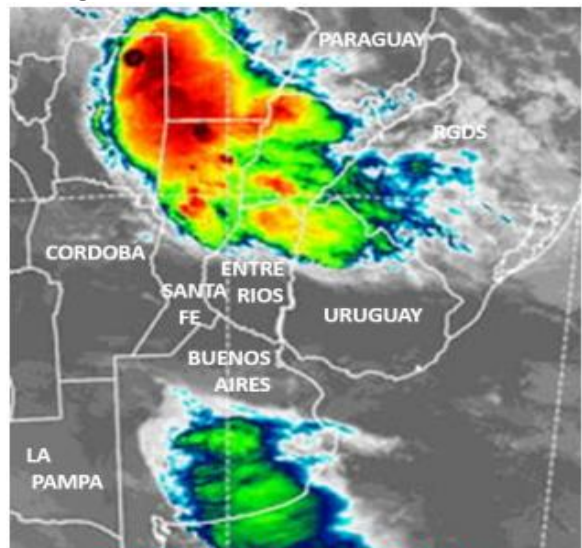
### Grains

One thing I neglected to mention during yesterday's discussion on ethanol margins is that US ethanol exports have been substantial for the year. Ethanol exports were record-high at 29.6 million barrels from January through August, a 38% increase from last year. Canada was the leading importer of US fuel ethanol from January through August 2024, accounting for ~35% of total exports, followed by the UK (~13%) and India (~10%).

**Mean Max Temp Anomaly (Nov 29-Dec 03)**

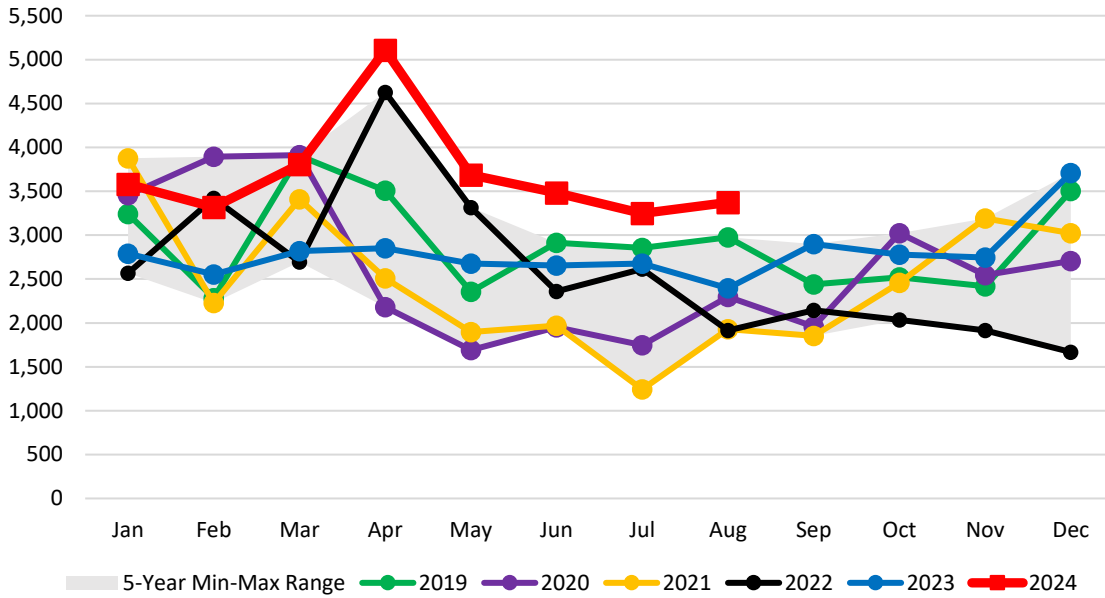


**Argentina Satellite Photo as of 3 AM CST**



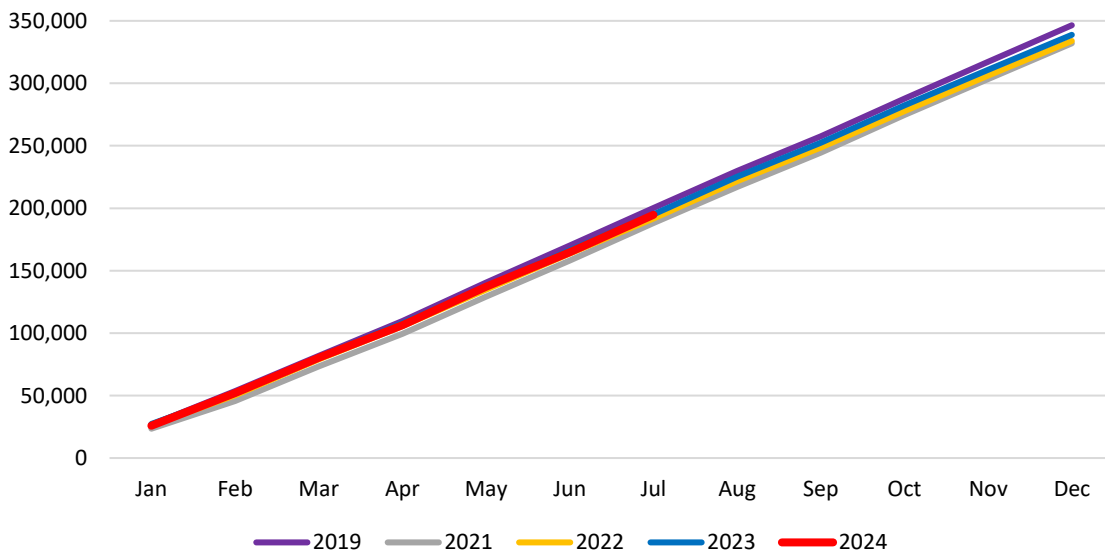
*Enhanced satellite photo as of 3 AM CST*

### US Exports of Fuel Ethanol (1,000 Barrels)



The next chart looks at cumulative domestic ethanol consumption. It's hard to make out individual years because domestic ethanol consumption has been relatively stable and consistent. If we assume the domestic ethanol market is mature, future growth in the ethanol industry must come from exports. Ethanol exports are likely too small to make a substantial difference in ethanol demand but, assuming the trajectory continues, ethanol exports will become increasingly more important in determining the price of ethanol and corn.

### US Cumulative Domestic Fuel Ethanol Consumption (1,000 Barrels)



Overnight, Trump announced that on Day 1 of this presidency (January 20), he'll impose 25% tariffs on imports from Mexico and Canada and an additional 10% on China. Soybean oil was the big winner overnight as the tariffs are expected to disrupt used cooking oil imports from China and canola oil imports from Canada.

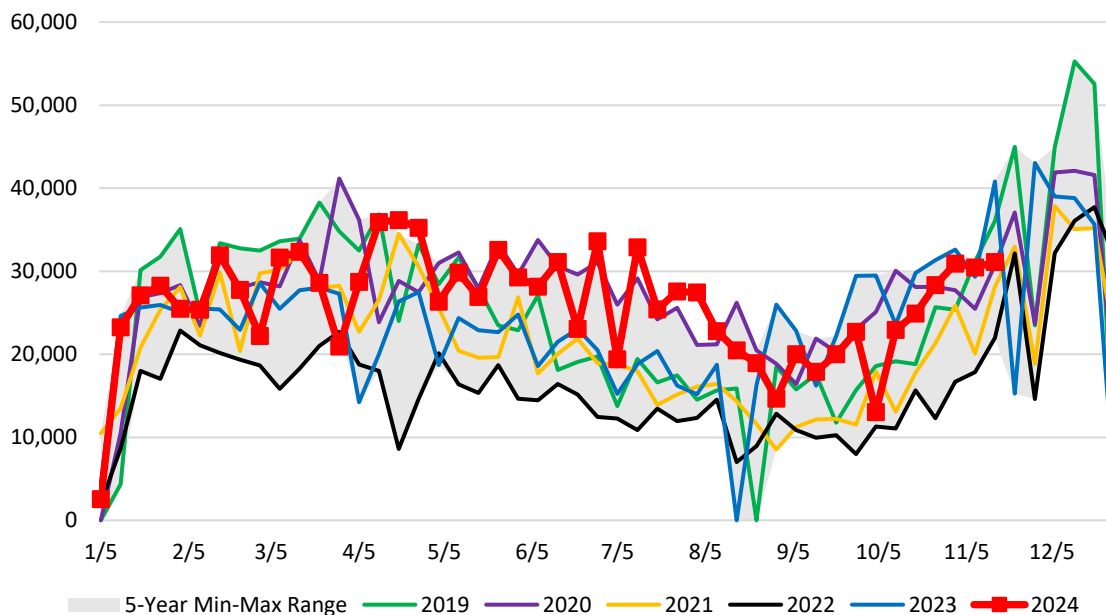
### Livestock

The big livestock news story that we have to mention this morning is that the USDA temporarily suspended feeder cattle imports from Mexico after detecting a Screwworm case at a southern Mexico checkpoint close to the border with Guatemala. There has been little information about when the suspension could be lifted, but, in all likelihood, this will be a multi-week process to investigate and determine the breadth of the issue. There is some speculation that it will take at least three weeks to conduct the investigation and remove the suspension, but there is no specific timeline, as far as I know.

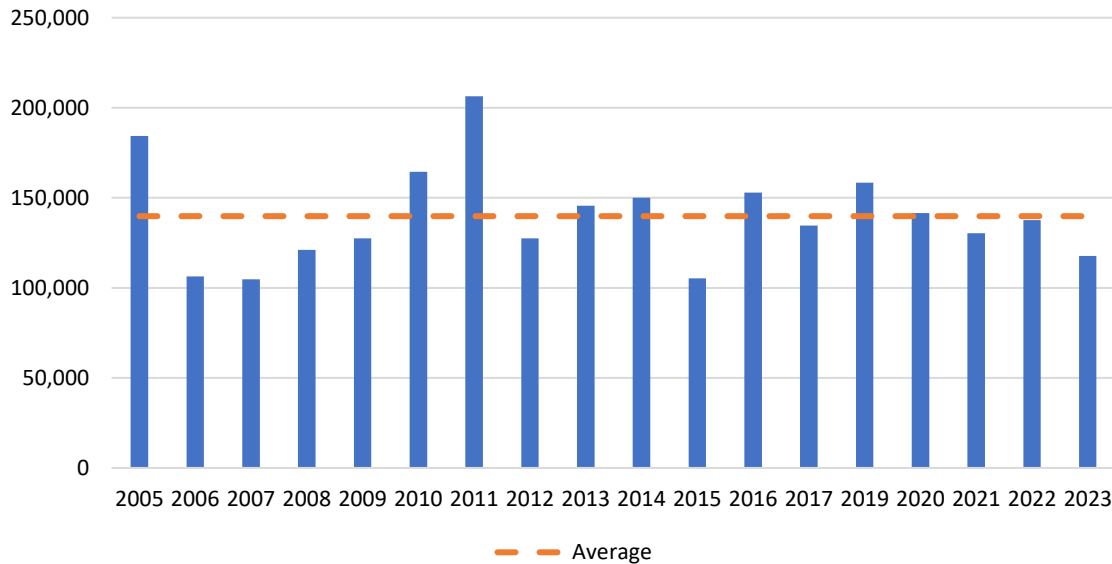
For the year, the US has imported ~1.2 million head of feeder cattle, and seasonally speaking, we are entering the time of the year when feeder cattle import totals can be significant. Considering the weakness of the Peso and the ongoing drought (in some areas), it was speculated that there would be considerable totals for the remainder of the year. Since 2005, the US has averaged 140k head of imports during the last four weeks of the year, so it's fair to assume that each week roughly equates to a loss of 35k head.

It is worth noting that most of the cattle that come through the border are on the lighter side (~300-500 pounds) and would require some backgrounding program to get them to ~700 pounds+. The point is that depending on the duration of the suspension, the disruption of feeder cattle imports may not directly slow down placements in the immediate future as the imported cattle were, in all likelihood, not going to go directly to the feedlot. Thoughts are appreciated if I am missing something.

### US Imports of Mexican Feeder Cattle

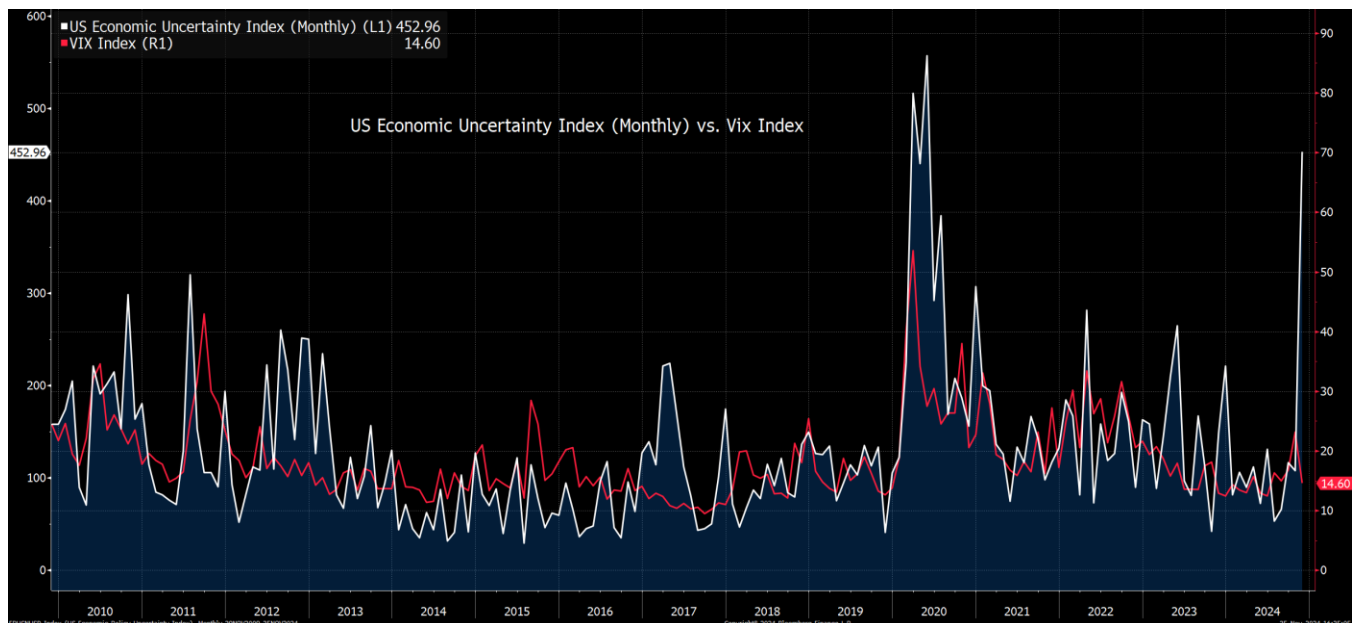


## December Feeder Cattle Imports from Mexico



### Financials

We are going to review the US Economic Policy Uncertainty Index this morning. The index monitors and counts news articles that contain specific words associated with economic uncertainty. I am using monthly numbers as the index can be a volatile dataset. The chart below plots the uncertainty index (white line) against the VIX index (red line). Broadly speaking, there tends to be a correlation between the two, but as you can see, the uncertainty index has skyrocketed recently on inflation and tariff concerns while the VIX Index (red line) has retreated. The recent spike of the uncertainty index might suggest that the VIX is too low.



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

- FHFA Housing Price Index – 8:00 am
- New Home Sales – 9:00 am
- Conf. Board Consumer Confidence – 9:00 am
- FOMC Meeting Minutes – 1:00 pm

Thanks for reading.

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