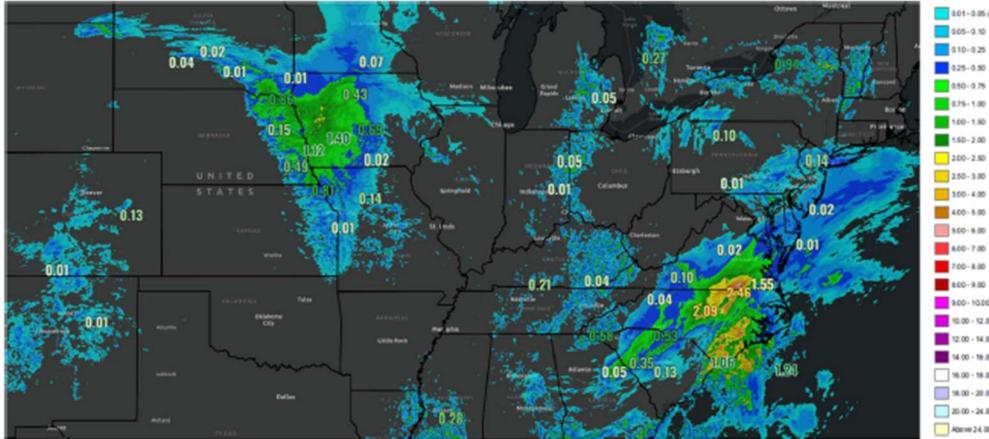


Weather

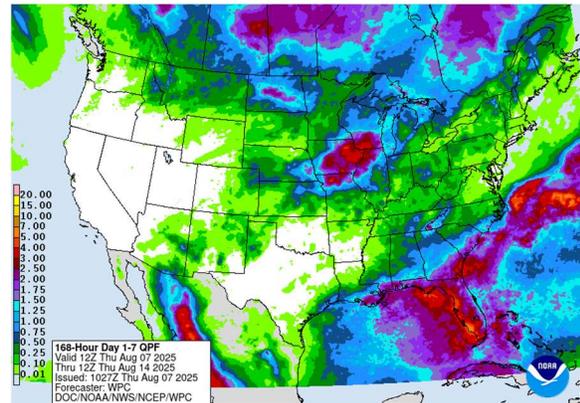
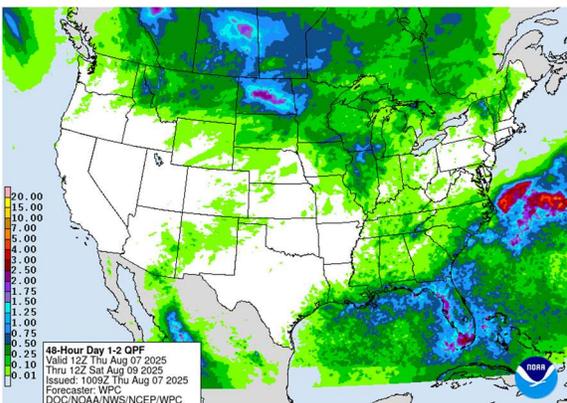
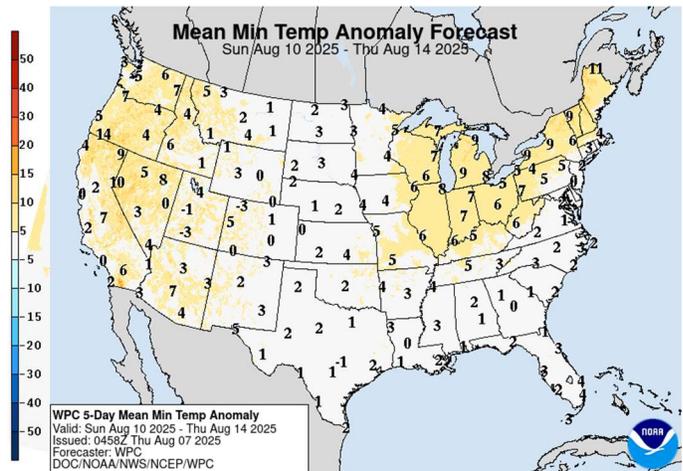
The past 24 hours saw rain in western IA. Widely scattered showers are expected tomorrow, with an organized rain event, mainly in IA/IL and surrounding areas, between Saturday and Monday. The Northern Plains will also be wet in the near term as well as extended forecasts.



Temperatures should average 3-7 degrees above normal over the 15-day forecast period, with today's maps a touch warmer. High 80's/low 90's are expected with 70+ degree lows. The warmest days should be tomorrow and Aug 13-15.

The forecast remains difficult next week with numerous chances for ridge-rider rains. The difficulty lies in where these rains may fall, but significant amounts can't be ruled out.

The Mid-South should stay dry through at least Monday with low confidence rain chances in the 6-15 day period.



Grains

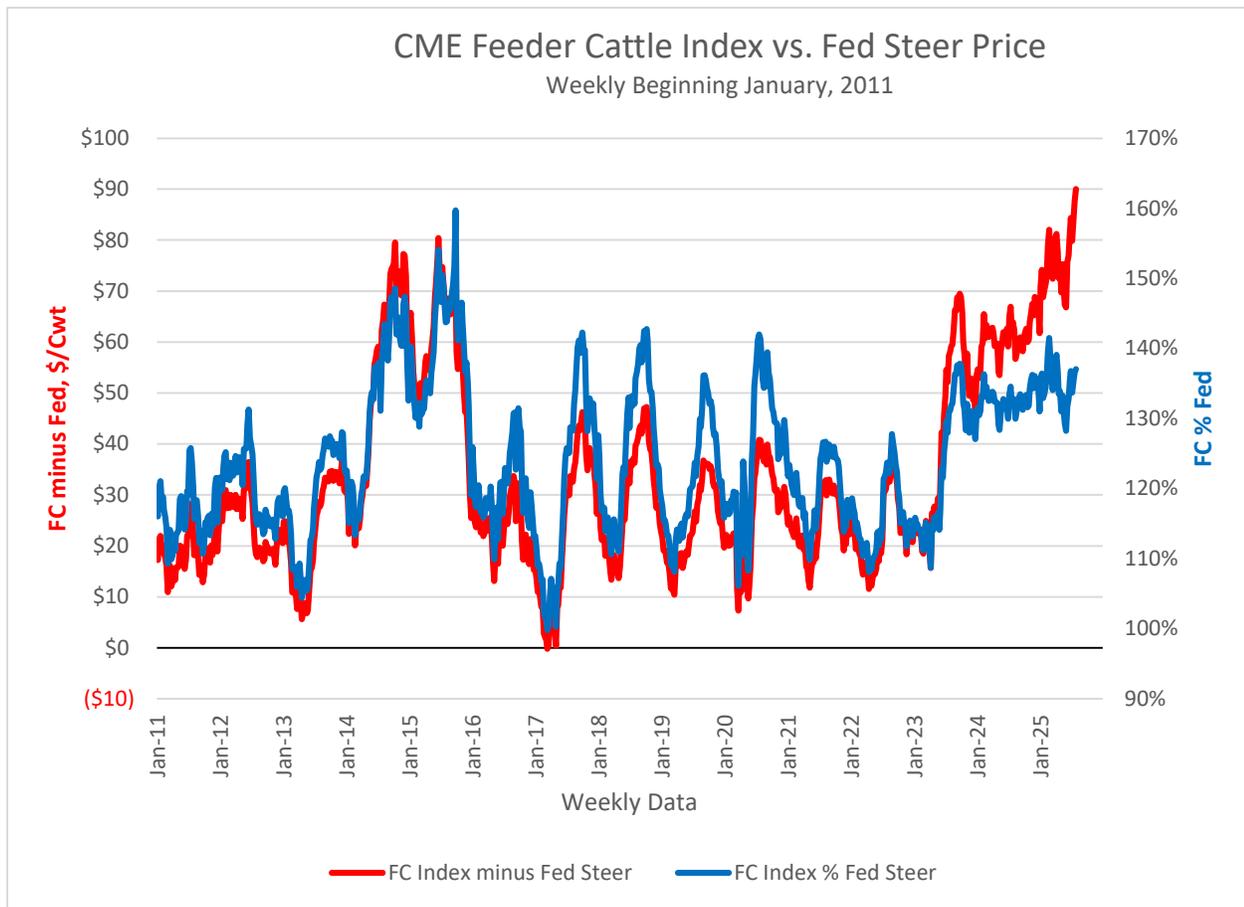
Let's look at the bean balance sheet ahead of the USDA Tuesday. I plugged in 53.5 bu/a for the August S&D with a couple different export scenarios. The trade is expecting an increase in yield which is hard to argue given the "greenhouse" weather thus far and price action. But, could they just leave it at 52.5? It's still a record yield and above last year's 50.7 bu/a. Crop ratings are currently only slightly better than year ago at 69% G/E vs 68% at the same time last year. Now last year did turn dry in Aug, which doesn't seem to be the case given current forecasts. For one demand scenario I left exports at 1745 milbus - the USDA forecast in July. The trade deadline for a China deal is Aug 12 (day of report) and apparently, they are "close" to a deal. Who knows what will happen (the deadline could get pushed again), but is the gov't really going to assume no deal?? I also plugged in 1550 milbus exports as many in the private trade are assuming something in that area or lower. The range of stocks-to-use estimates is currently 7%-14+%. Last year in the Aug report, the trade was expecting a 52.5 bu/a yield and the USDA raised acreage as well as forecasting a 53.2 yield. They forecast a carryout of 560 milbus (12.8% stocks-to-use). The market broke hard with a low a few days later at 9.55 SX. Currently SX is making new lows (9.82 at time of this writing). If we are indeed in the second scenario with a 14% stock-to-use coming (or higher), the market is justified at current levels and likely works to the low 900 level or high 800. That said, current expectations are very bearish (damn near feels like death) heading into the report and I am wondering what is priced in already. Not looking for many changes in the world numbers – USDA could be high on overall China demand for 25/26 at 112 mmt with privates in the 108-110 range.

SOYBEANS: U.S. SUPPLY AND DEMAND											
	19/20	20/21	21/22	22/23	11-Jul 23/24 USDA	24/25 MB	11-Jul 24/25 USDA	25/26 MB	11-Jul 25/26 USDA	Aug USDA? 25/26 USDA	Aug USDA? 25/26 USDA
Planted Area	76.1	83.4	87.2	87.5	83.6	87.1	87.1	83.4	83.4	83.4	83.4
Harvested Area	74.9	82.6	86.3	86.2	82.3	86.1	86.1	82.5	82.5	82.5	82.5
Yield	47.4	51.0	51.7	49.6	50.6	50.7	50.7	52.7	52.5	53.5	53.5
Carryin	925	538	257	274	264	342	342	358	350	350	350
Production	3552	4216	4464	4270	4162	4366	4366	4347	4335	4414	4418
Imports	15	20	16	25	21	20	25	20	20	20	20
Total Supply	4492	4774	4737	4569	4446	4729	4734	4725	4705	4784	4788
Crush	2165	2141	2204	2212	2285	2422	2420	2530	2540	2540	2540
Exports	1679	2266	2152	1980	1700	1847	1865	1652	1745	1745	1550
Seed	97	101	102	72	75	78	72	75	73	73	73
Residual	15	9	5	41	44	24	27	25	37	37	37
Total Usage	3956	4517	4463	4304	4104	4371	4384	4282	4395	4395	4200
Carryout	538	257	274	264	342	358	350	444	310	389	588
Carryout % Use	13.6%	5.7%	6.1%	6.1%	8.3%	8.2%	8.0%	10.4%	7.1%	8.8%	14.0%

Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached at megan@bockentrading.com or on Trillian at megan@nesvick.com.

Livestock

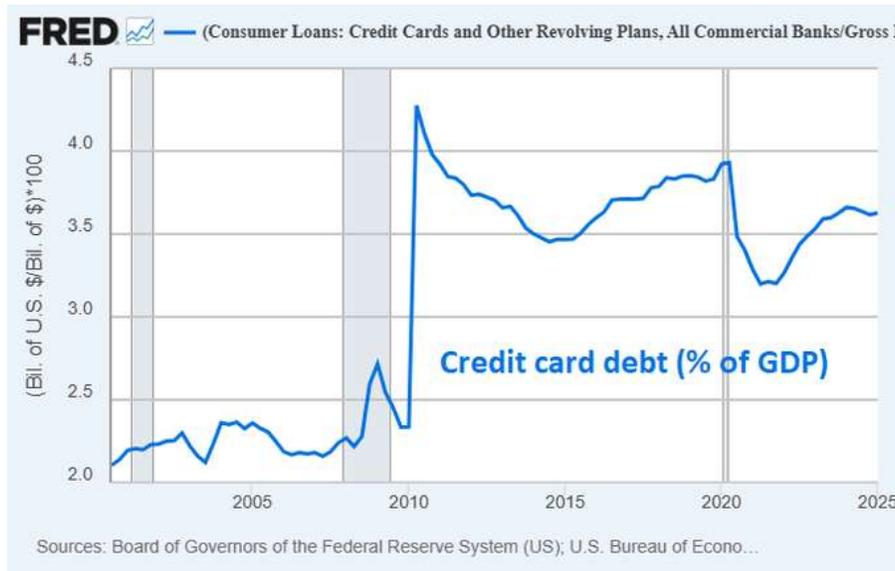
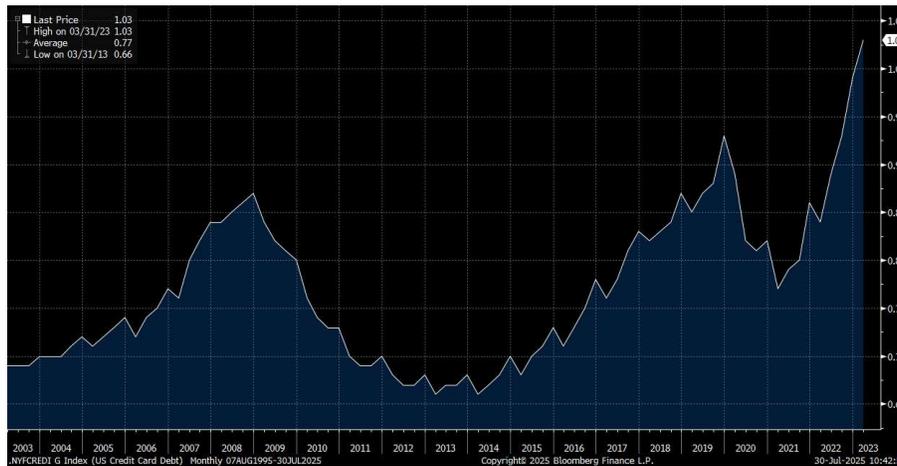
Is the record high feeder vs fat spread sustainable? On an absolute basis, the spread is at record levels (red line in the chart). However, on a percentage basis (blue line) the spread is on the higher end of historical ranges but not extreme. Pick almost any combination of FC and LC futures spreads and the conclusion is the same. Two main factors are in play. Unprecedented levels of cattle feeding profitability (in both magnitude and duration) have been a strong tail wind. Second, too many empty feedlot pens vs. available feeder cattle supply has contributed as well. With some heifer retention beginning, the excess pen capacity will get worse. Key downside risks to the spread are the approaching (and consistent) seasonal top in feeder cattle, a Managed Money position that's 3.7 standard deviations long, and feeder purchase break evens that are deeply negative vs deferred LC futures.



Livestock commentary provided by David Holloway. For questions or comments, David can be reached at david@holloway-trading.com or on Trillian at dholloway05.

Financials

If one is a browser of X.com, there are plenty of posts regarding the relative indebtedness of the US consumer. There have been plenty of posts about BNPL (buy now pay later) as well as credit card debt. While I was unable to find concrete data on BNPL, the credit card data is much more accessible. As you can see in the chart on the left, credit card debt continues to surge to a record \$1 trillion. However, when you deflate total credit card debt by GDP (right chart), it paints an entirely different picture. I am not trying to intimate that there are no issues present in any part of the economy. While I can't prove it empirically, it does seem that the US is dealing with "haves and have nots."



Financials commentary provided by Stephen Davis. For questions or comments, Stephen can be reached at sdavis@daviscomllc.com or on Trillian at sdavis@nesvick.com.

Today's Calendar (all times Central)

- Export Sales – 7:30 AM
- PCE – 7:30 AM
- Jobless Claims – 7:30 AM
- EIA Nat Gas Stocks – 9:30 AM

Thanks for reading.

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