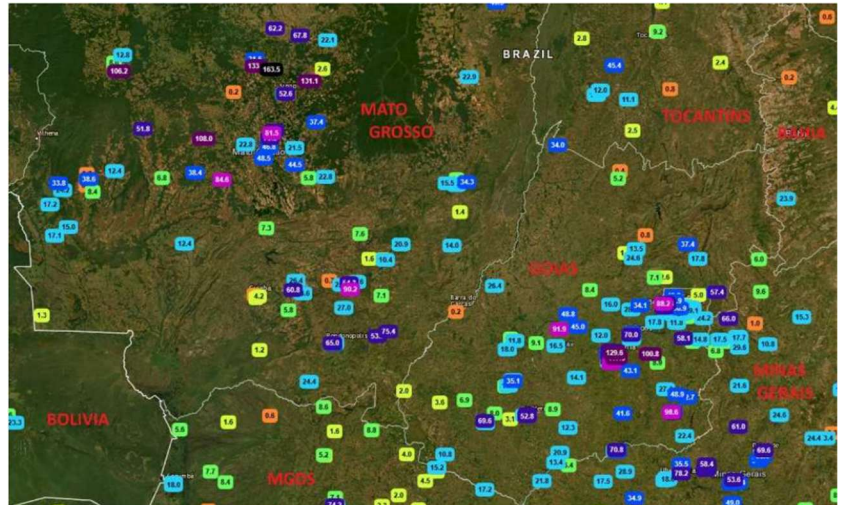


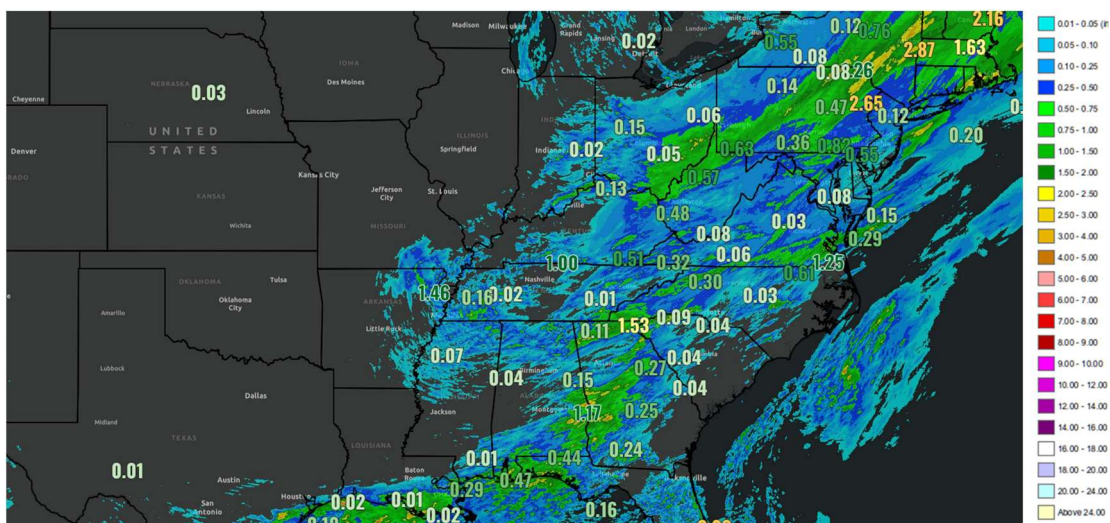
Weather

Northern Brazil rainfall over the past week has been significantly higher than was suggested by the GFS model ensemble, but continues to be projected to experience significantly dry conditions over the next 15 days, with rainfall totals expected to be less than 50%, and in some areas less than 25%, of normal. This lack of moisture will create stress for any soybeans that have already been planted, as they will have to germinate and survive on the current moisture in the soil. Conversely, conditions in southern Brazil and Paraguay are expected to be favorable for soybean planting and early growth, with a dry period through tomorrow giving way to good rainfall between September 28 and October 2. Argentina is forecasted to receive rain late today and tonight before another extended dry period begins tomorrow and lasts through next week.



One-week rainfall (values are in millimeters)

In the US, radars have been quiet throughout the middle third of the country early on this Friday, and we are going to see A LOT more mornings just like that coming up. The Corn Belt, Mid-South, and southern Plains are all forecasted to see significantly-below-normal precipitation, which will favor rapid harvesting of summer row crops and planting of winter wheat. This pattern raises two primary concerns: the potential for a rapid decline in river levels and the risk of harvesting corn and soybeans at very low moisture levels, which could negatively impact national yield totals in a scenario similar to 2024. Temperatures are expected to be well above normal, with next week temperatures averaging 10-15 degrees above normal, no freeze in sight for the Corn Belt, and an exceptionally delayed first freeze likely for the northern Plains. The tropical system mentioned yesterday is currently near Hispaniola and could intensify, potentially impacting the Carolinas early next week, though its track remains highly uncertain. It is expected to be categorized as a tropical depression over the weekend.



24-hour rainfall/24-hour radar-estimated rainfall through around 5 AM CDT

Grains

I'm worn out on the Arg news. They fulfilled the \$7b sales limit within 3 days (was \$7b or until Oct 31st, whichever came first). In the first two days, 2.7 mmt beans were sold, 4.7 mmt meal, 1.0 bn oil, 1.0 corn, and 1.8 wheat. The market absorbed it fairly well. Meal seemed to feel it the most with the Oct briefly trading an inverse early in the week and now back to \$6.00 carry. South American meal basis was down sharply. There has been a lot of blowback on the Argentina export tax break and tariffs/trade, with regard to US farmers getting the short end of the stick. President Trump said Thursday that the US will distribute aid to farmers.

Let's look at expectations for the Stocks report Tuesday and the Small Grains Summary (final wheat production) from the USDA. It will be the final wheat production estimates from the USDA, and very little change is expected. I thought maybe HRS could be down slightly – 467 milbus vs the USDA's previous 484 milbus. All wheat is expected at 1925 milbus (1927 previously) with all winter at 1354 milbus (1355 previously). The average trade guess for September 1st wheat stocks is 2043 milbus, up from 1992 year ago. My estimate is 2046 – see table.

US Wheat Production						
million bushels						
	MB	Informa	Ave trade est	USDA Aug 12	USDA July	Year Ago
HRW	755	#N/A	756		755	770
SRW	337	#N/A	337		337	342
White	254	#N/A	252		254	236
Winter Total	1345	1327	1344		1345	1348
Oth spring	467	471	497		504	542
Durum	80	76	80		80	80
All Wheat	1892	1874	1922		1929	1971

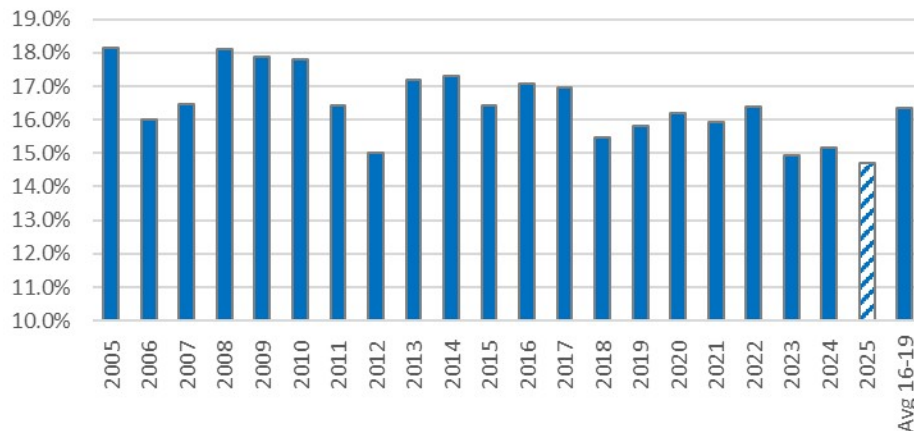
The Sept. 1 estimates for corn and beans are essentially 24/25 ending stocks. The trade is expecting the USDA to slightly increase last year's corn crop to 14885 milbus, from 14867. The average trade estimate for corn stocks (24/25 c/o) is 1337 milbus, which compares to the USDA forecast of 1325 in the Sep 12 report. I am using 1304. The trade is not expecting any change in last year's bean crop of 4366 milbus. Sept. 1 stocks are expected at 323 milbus vs the USDA's 330 in the last WASDE. I am at 312 milbus.

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

Livestock

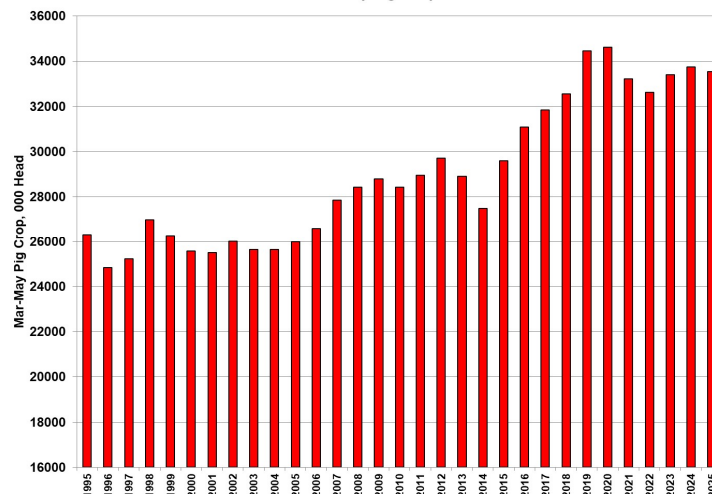
Confirmed in last week's USDA Cattle on Feed report, fed cattle marketings during August plunged 14% below a year earlier, although feedlot inventories at the beginning of the month were only 2% smaller than a year earlier. True, part of the marketing short-fall was due to one less business day during the month; but adjusted for that difference, fed cattle marketings were still 10% below last year and record small for August. The slow marketing pace has been readily apparent since early spring and looks like it has continued through the summer with September weekly marketings/fed slaughter also estimated near 9% below last year and record small for September. Despite the continued smaller feedlot placements, the estimated number of cattle on feed over 150 days on October 1 is record large, near 525,000 head, or 21% larger than last year. Those larger front-end supplies, at record heavy carcass weights, will be a challenge to the market leverage cattle feeders have exerted in recent months.

Marketings as % of COF
 September

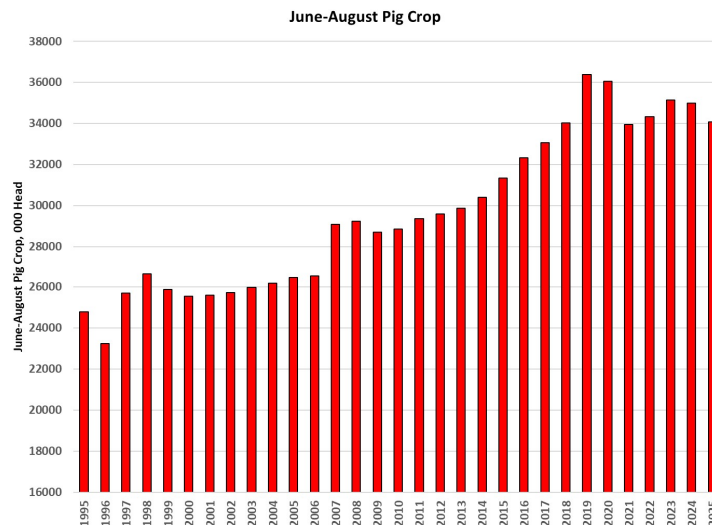


And, it isn't just cattle marketings and slaughter that have fallen short of expectations. But, in the case of hogs it's become more apparent that the supplies just weren't there. The Dec-Feb pig crop was initially reported about unchanged from a year earlier, but as the spring and summer months unfolded and hog slaughter averaged near 2.5% below a year earlier, skepticism mounted. In yesterday's quarterly Hogs and Pigs report, the Dec-Feb pig crop was revised down by more than 700,000 head to 2.3% below a year earlier; certainly more consistent with the already-experienced short-fall in JAS slaughter. Furthermore, the Mar-May pig crop was also revised lower, by 621,000 head, from a 1.3% increase to a .6% YoY decline. That smaller Mar-May pig crop translates into fewer hogs available during the OND quarter; the downward revision in the pig crop is roughly equivalent to around 48,000 head fewer per week available this fall.

Mar-May Pig Crop



Besides the downward revision in the Mar-May pig crop, the September 1 breeding herd and market hog inventory were reported well below trade expectations and the June-August pig crop at a little over 34 mln head is more than 900,000 or 2.6% smaller than a year earlier. These hogs will provide the bulk of slaughter hog supplies in late fall and winter, about 70,000 per week fewer than last year. In summary, the Dec-May pig crop is now estimated near 1.3 mln head smaller than earlier reported and is followed by a more than 900,000 head YoY decline in the Jun-Aug pig crop.



Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com or on Trillian at miksan66@trillian.im.

Financials

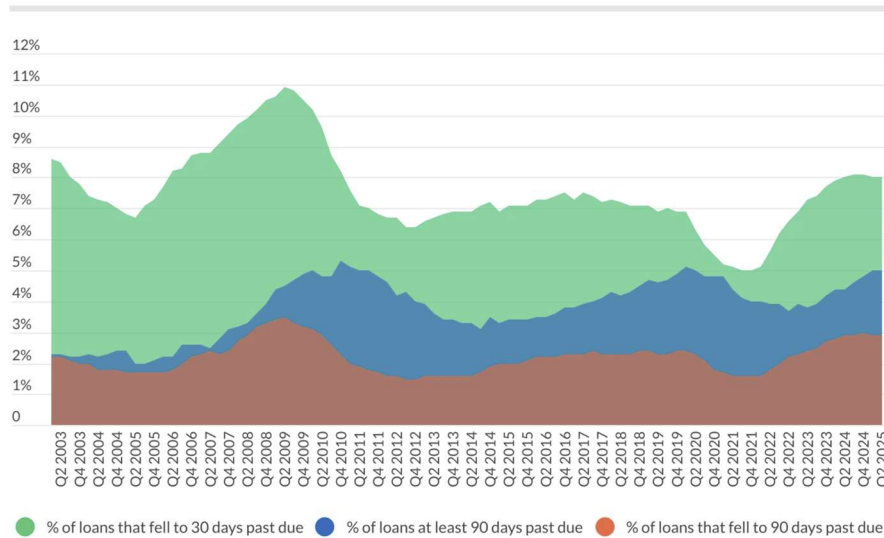
Have auto companies pushed new car prices too high? On Tuesday, Ford announced that they will be trialing a new special financing offer on the F-150 for the next month: Sub-prime borrowers will be eligible for Ford's best interest rates on loans extending up to 84 months. This comes on the heels of their announcement that their F-series pick up sales declined 3.4% YoY in August.

The cost of vehicles has risen by approximately 30% in the past 5 years; and with those cost increases, many automakers were seeing record profits. Car buyers have resorted to taking on increasingly long loan terms to keep these increasingly expensive vehicles within their monthly budgets, with the average car loan at nearly 70 months and 84-month loans making up over 22% of all new car financing. However, further extending terms in order to lower monthly payment seems to be facing consumer resistance, as Q3 new vehicle sales are now projected to be down over 1 million cars compared to last quarter, and down nearly 27% YoY.

With their new financing offer directed at sub-prime borrowers, Ford has demonstrated that it no longer has confidence that the affluent, prime-credit buyer is buying in sufficient quantities to meet their targets, and it is willing to take on additional risk to push sales of their ever-important F-150 higher into the end of the quarter. They are also willing to take lower profit margin, as sub-prime borrowers paid an average interest rate as high as 16% for new vehicles in Q2, compared to ~5% interest paid by higher-credit purchasers. It's not just Ford willing to take on this increased risk and lower profit either, as the percentage of new car purchasers with sub-prime credit has reached 13.3%, it's highest since August 2018. And, with auto loan delinquency rates at their highs since the Great Recession, the risk they're taking is real.



Auto loan delinquency rates (percentage of outstanding debt)



Financial commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com or on Trillian at zdavis@nesvick.com.

Today's Calendar (all times Central)

- Personal Income/Spending – 7:30 AM
- PCE Price Index – 7:30 AM
- U. of Mich. Consumer Sentiment – 9:00 AM
- Kansas Fed Services Activity – 10:00 AM
- Cold Storage – 2:00 PM

Thanks for reading,

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