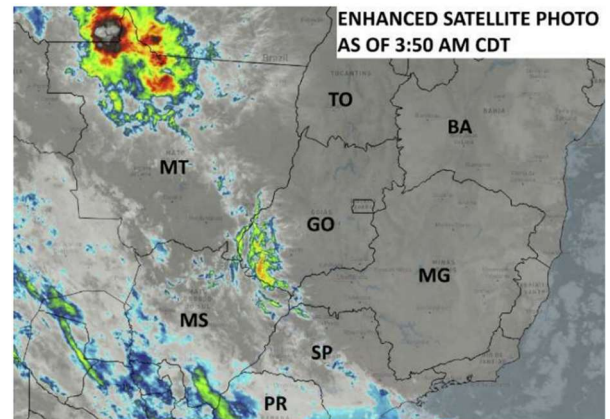
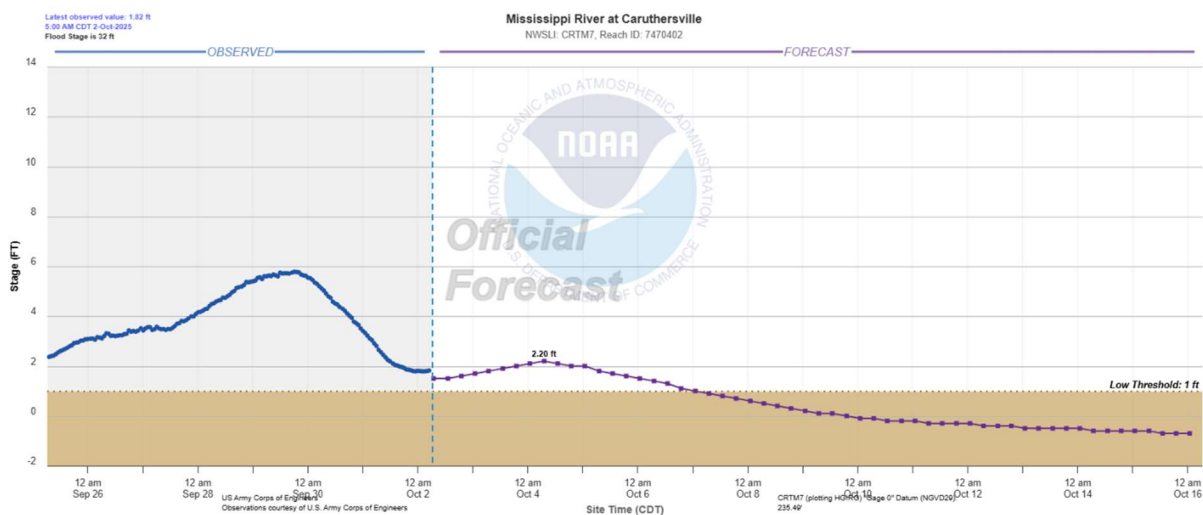


Weather

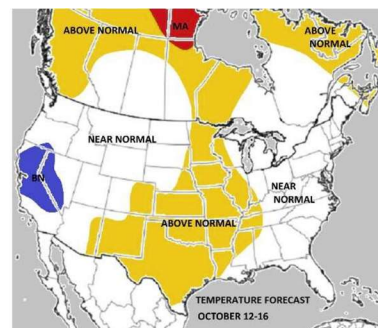
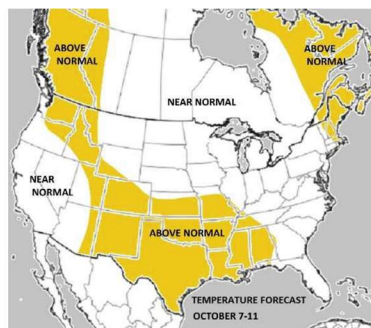
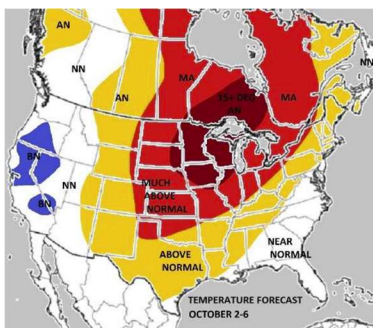
In South America, the forecast continues to confirm at least another ten days of predominantly dry weather for the northern soybean growing areas of Brazil. Temperatures are likely to reach their peak intensity between October 6-10. For the 11-15 day outlook, the GFS and European models have begun to diverge; Craig slightly favors the wetter European ensemble in his forecast, but rainfall is still expected to be below normal. This suggests limited soybean planting may resume late in the period, unless rains increase. For southern Brazil and Paraguay, the pattern remains decent but not overly wet, with 15-day rainfall totals running near- to sub-normal. A brief period of significant heat is expected for this region around October 4-6. Argentina's outlook is also stable, with its primary rain chance in the next ten days occurring this weekend. Following that rain, a period of chilly temperatures is expected from October 6-8.



Across most of the US, a combination of dry conditions, exceptional heat, and strong winds is expected through the weekend. This combination is expected to cause moisture levels in crops ready for harvest and water levels on rivers to free-fall. While a more active pattern is still expected for the 6-15 day period in the Corn Belt, it is far from being a wet pattern, and is not expected to help much with the crop moisture or the river levels.



The most significant change from yesterday is a major shift in the 6-10 day temperatures. A push of cool air is now expected to arrive in the northern Plains and northwestern Corn Belt on Tuesday, spreading east and southeast through Thursday. While not a "super" cold air mass, it will likely be enough to bring the first sub-freezing low temperatures of the season to parts of the northern Plains and northern Corn Belt.



Grains

Was just going to focus on wheat and the StoneX estimates, but need to touch on the price action and headlines from Wednesday. Everything made new lows early and then started creeping higher. Oil was the first to turn, based on higher palm markets and friendly longer-term outlooks for palm. There may have been some new money entering the markets for the new month, and stuff started creeping higher. Then beans spiked on Trump tweeting about meeting Xi in a month to discuss soybeans. I am not clear if this meeting is the one we already knew about. Algos latched on and beans went from 994 up to 1020. I had thought we would see drifting trade, since that's what I recall from the last shutdown, but we may see more action like this given headlines/tweets will be given more importance.

After the close, Stone X released their updated production estimates. S&P Global should be out in the next couple days. These private estimates will likely be given more importance as well, since we likely won't have anything from the USDA until Nov 10. They lowered the corn yield to 185.9 bu/a from 186.9 previously and raised the bean yield to 53.9 from 53.6 previously. The USDA is at 186.7 and 53.5 respectively. Both of these read negative. It will be difficult to tighten the corn balance sheet now even if the yield is 180. Beans are going to come down to China and whether they return. If the market thinks they will, we could bounce, but we have to wait a month for the meeting and then it's likely more waiting. Maybe China will just sneak in and buy some while the gov't is not reporting.

I went through all the wheat data more closely Wednesday and adopted the updated percentages the USDA reported in the Small Grains Summary. Here are my Sep 1 stocks by class estimates (see table). My pre-report all wheat estimate was 2046 milbus vs 2120 reported. The USDA only breaks out durum in this report. They should break down the other classes in the coming weeks, but not sure when that will be with the shutdown. My durum estimate was close. White came in less than I expected while HRS, HRW, and SRW were bigger than my pre-report estimates. I lowered feed/residual in HRS, HRW, and SRW and raised white. My overall feed number is now lower. I'm putting in my updated all-wheat S&D as well as the by-class S&D's. None of the classes are constructive and HRW remains burdensome. There are indications, however, that world values (particularly Russian) are stabilizing, which will need to be monitored as Russia has been the driver in recent years.

U.S. Sept 1 Wheat Stock Estimates By Class						
	White	HRS	HRW	SRW	Durum	Total
2021 actual usda	194	385	848	195	46	1668
2022 actual usda	256	486	702	280	54	1778
2023 actual usda	219	483	652	368	51	1780
2024 actual usda	268	521	816	320	67	1992
2025 pre-usda estimate	276	483	895	322	70	2046
2025 post-usda estimate	252	523	921	353	71	2120

WHEAT: U.S. SUPPLY AND DEMAND (JUNE - MAY MARKETING YEAR)										
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2024/25	2025/26	2025/26	Initial MB
						MB	12-Sep USDA	MB	12-Sep USDA	
Planted Area	45.5	44.5	46.7	45.8	49.6	46.3	46.3	45.3	45.3	45.0
Harvest Area	37.4	36.8	37.1	35.5	37.1	38.6	38.6	37.2	37.2	36.7
Yield	51.7	49.7	44.3	46.5	48.7	51.2	51.2	53.3	53.3	53.8
Carry-in	1080	1028	845	674	570	696	696	851	859	937
Production	1,932	1,820	1,646	1,650	1,804	1,979	1,979	1,985	1,985	1,973
Imports	104	100	96	122	138	149	149	120	120	120
Total supply	3115	2948	2588	2446	2512	2823	2824	2956	2963	3030
Seed	62	64	58	68	62	62	62	64	62	61
Domestic Mill	962	961	971	972	961	962	969	975	972	980
Feed/Residual	95	85	88	78	86	103	109	75	120	130
Exports	969	994	796	761	708	826	826	905	900	860
Total Use	2088	2104	1913	1876	1815	1973	1965	2019	2054	2031
Carry-out	1028	845	674	570	696	851	859	937	910	999
Carryout/use	49.2%	40.1%	35.2%	30.4%	38.3%	43.2%	43.7%	46.4%	44.3%	49.2%

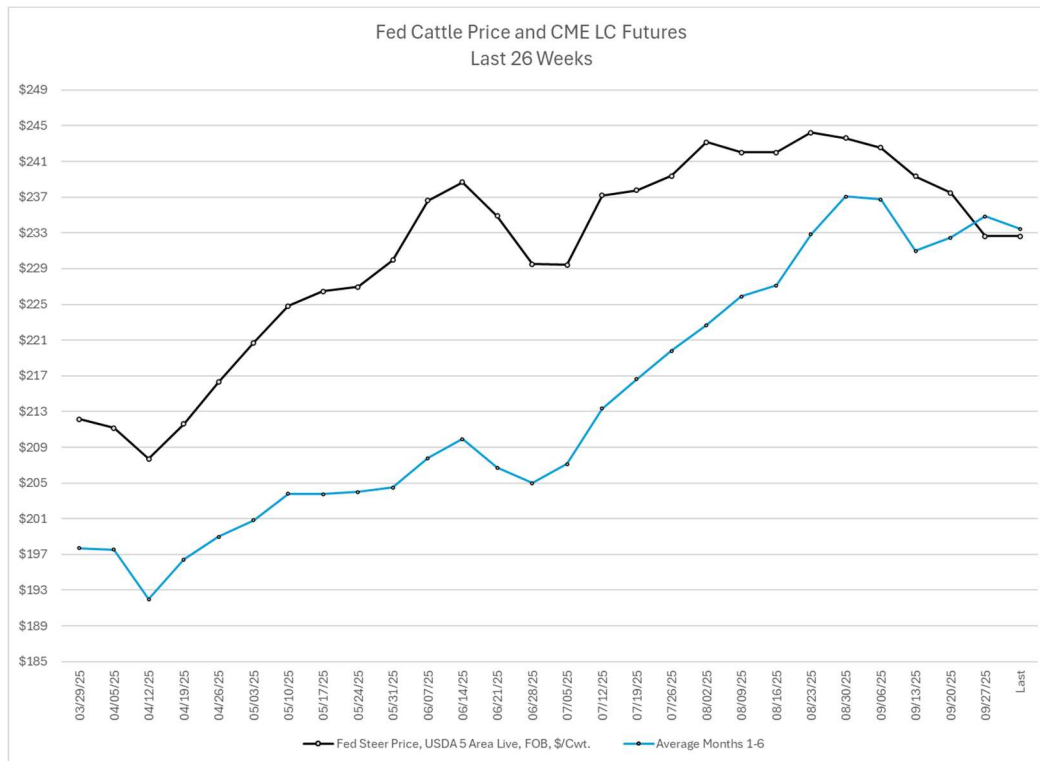
US Durum Wheat Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	42	27	24	28	21	28	28	41
Production	69	38	64	59	80	87	86	92
Imports	37	40	51	45	51	40	40	35
Total supply	148	105	139	132	152	155	154	168
Seed	2	2	3	3	3	3	3	3
Domestic Mill	88	79	85	83	88	85	85	85
Feed/Residual	3	-14	0	-2	14	5	5	5
Exports	28	14	23	27	19	25	20	20
Total Use	121	82	111	111	124	118	113	113
Carry-out	27	24	28	21	28	38	41	55
US White Wheat Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	95	70	54	74	85	80	81	80
Production	303	201	272	234	276	282	281	301
Imports	7	5	7	6	7	5	5	5
Total supply	404	276	333	314	368	367	367	386
Seed	6	5	6	6	6	6	5	5
Domestic Mill	85	83	85	84	84	85	85	85
Feed/Residual	-26	-14	-22	-12	-25	0	0	5
Exports	270	148	190	152	222	190	197	195
Total Use	334	222	259	229	287	281	287	290
Carry-out	70	54	74	85	80	86	80	96
US HRS Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2025/26
Carry-in	280	235	142	155	190	218	220	242
Production	531	297	446	465	503	449	460	439
Imports	47	43	56	63	79	65	65	70
Total supply	858	575	644	683	772	732	745	751
Seed	17	12	17	15	15	16	17	16
Domestic Mill	263	245	266	253	258	260	255	255
Feed/Residual	59	-33	-8	-10	31	10	-10	-5
Exports	284	209	214	235	250	240	241	230
Total Use	623	433	489	493	554	526	503	496
Carry-out	235	142	155	190	218	207	242	255
US SRW Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	105	85	99	90	126	129	127	138
Production	266	361	336	449	344	353	353	335
Imports	5	3	4	6	5	5	5	5
Total supply	376	449	439	545	474	488	486	478
Seed	13	13	14	11	12	12	13	13
Domestic Mill	148	154	163	158	153	152	160	155
Feed/Residual	61	71	65	91	65	65	50	60
Exports	69	112	107	158	117	120	120	115
Total Use	291	350	349	418	347	349	343	343
Carry-out	85	99	90	126	129	138	143	135
US HRW Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	506	428	356	223	274	401	400	428
Production	659	750	531	596	773	804	804	805
Imports	4	4	5	18	6	5	5	5
Total supply	1169	1182	892	837	1054	1209	1209	1238
Seed	26	26	29	27	26	26	26	26
Domestic Mill	377	411	374	384	387	390	390	400
Feed/Residual	-1	72	42	18	23	40	30	65
Exports	340	317	224	134	218	325	327	300
Total Use	742	826	669	563	654	781	773	791
Carry-out	428	356	223	274	401	428	436	447

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

LC forward curve: Inverse to carry. What changes could be coming? LC futures have traded a very strong basis for months, but that has come to an end and leaves me wondering what could it mean to the futures?

Commercial hedgers have carried a larger than normal long position that could now be at risk, given the lack of basis incentive to hedge a physical short. Funds have carried a large net long with much of the length sitting farther back in the curve than normal due to very favorable roll yield advantage that has now disappeared. It seems without some fresh bullish inputs, the market structure has less appeal for long exposure than in recent months.

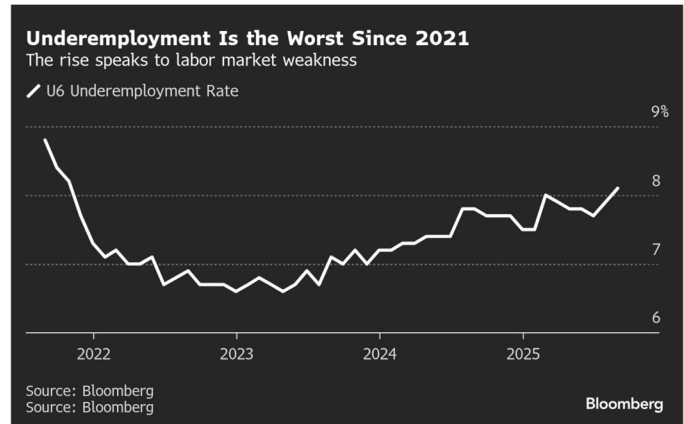


Livestock commentary provided by David Holloway. For questions or comments, David can be reached by email at david@holloway-trading.com or on Trillian at dholloway05@trillian.im.

Financials

ADP's Private Payroll numbers came in yesterday morning down 32k jobs in September, a full 86k lower than expectations. They also revised August payrolls to be 3,000 lower. ADP recalibrated their data based on the quarterly BLS Census of Employment and Wages for this September report; this resulted in a 43k reduction compared to the pre-recalibration analysis for September. This means that, by the old analysis method, the month would have come in slightly positive, rather than 32k negative. As a reminder, for the length of the federal government shutdown, we will not receive any BLS payroll numbers, so this is some of the only info that we may see for some time.

This comes in as we're also continuing to see a 'low hire-low fire' labor market, which is leaving people increasingly unemployed or underemployed as they look for new work. Underemployment is at the highest level seen since the tail-end of the pandemic in 2021.



As I mentioned yesterday when discussing the potential effects of the shutdown, Trump has stated multiple times in the past few days that he is considering using the shutdown as a way to cut federal programs and shrink the size of the federal government. Yesterday afternoon, Office of Management and Budget Director Russ Vought told House Republicans that these program cuts and layoffs “will begin within two days.” ADP doesn’t include public-sector jobs in their report, but based on these comments, I think it’s fair to expect the next Non-Farm Payroll numbers that we see from the BLS after the re-opening of the government to come in even lower.

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) – Subject to Gov’t Shutdown

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Durable Goods – 9:00 AM
- EIA Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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