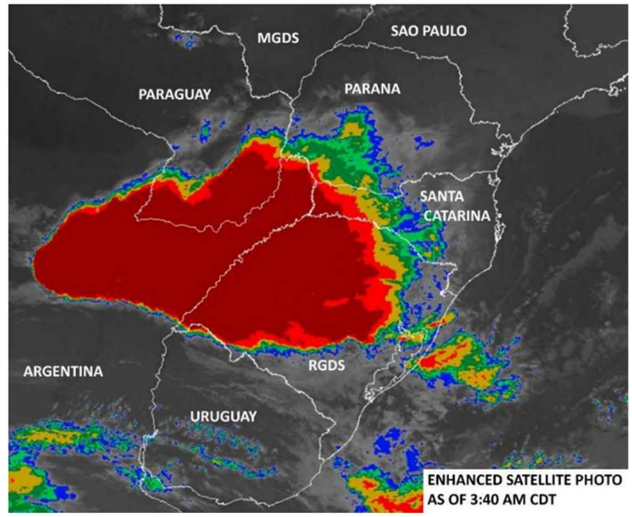
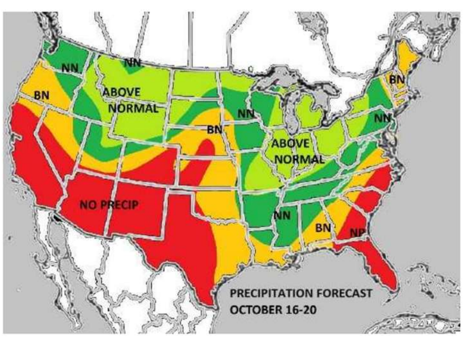
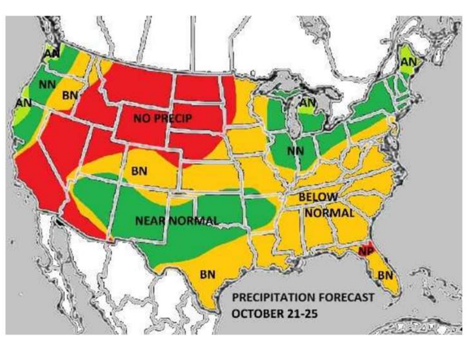
Weather

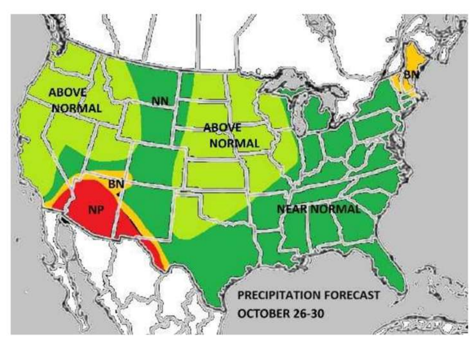


The forecast for northern Brazil continues to show a period of regular rainfall through about October 22, with the best chances for moisture during the October 18-22 timeframe. This will be beneficial for planting progress. The forecast also continues to expect a sharp turn to a much drier and below-normal rainfall pattern for the region from October 23 onward. For southern Brazil and Paraguay, big rains are expected through Saturday, which, combined with a lack of heat and a cool period from October 18-22, keeps conditions in that region looking near-perfect. This satellite photo shows the early stages of this big rain. The forecast for Argentina remains consistent, calling for mostly below-normal rainfall for another week before turning quite wet in the week two period. Buenos Aires is once again likely to get some of the heaviest totals.

In the U.S., the pattern remains largely unchanged for the next week. The southeastern Corn Belt and Mid-South will be dry through Friday before rains move in for the weekend, bringing a threat of severe weather to the Mid-South on Saturday. The Southern Plains winter wheat areas continue to look mostly below-normal on rainfall for the next 10 days, but there is now some optimism for better rain chances in the 11-15 day period. The most significant change in the domestic forecast is for the extended range; after a dry week next week for the middle of the country, models are now showing wetter trends for the 11-15 day period with the potential for a notable storm. Finally, the outlook still shows no signs of cold weather, with exceptional warmth (10-15+ degrees above normal) expected for the rest of this week across the middle of the country.





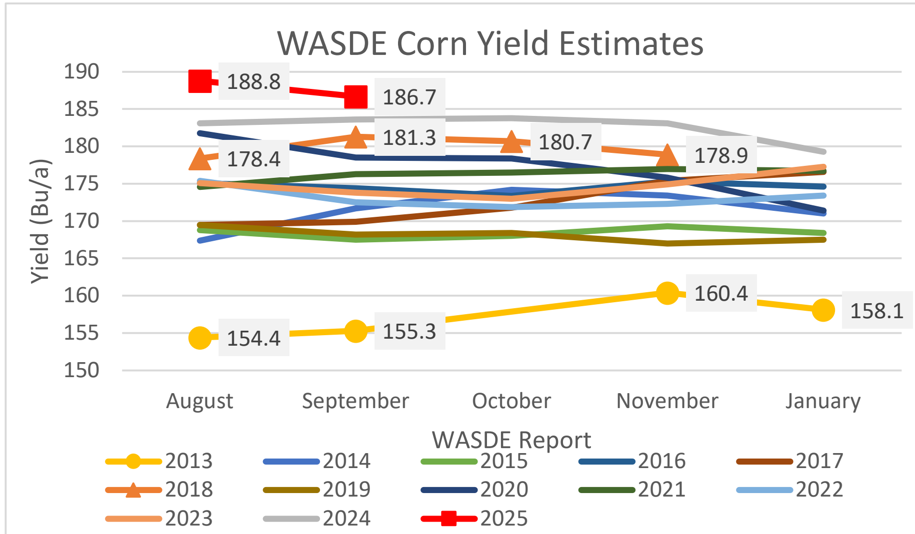


Grains

The current federal shutdown is now tied for the third-longest duration shutdown in US history, with current prediction market odds at a coin flip for whether or not this shutdown becomes the longest ever. With this in mind, I was curious how a 35-plus-day shutdown may impact the grains market.

Obviously, we've already missed a number of reports, including Crop Progress and Conditions, Commitment of Traders, and the October WASDE. The October WASDE has been an especially critical loss so far, as it would have provided the first real harvest data from the NASS sample plots. During the 2013 shutdown, we also missed the October WASDE, but had reopened on 10/16; This provided the USDA sufficient time to conduct surveys and collect data for the November WASDE report to be released, and the USDA added the extra detail of the October WASDE into this release. If the current shutdown continues much longer, we could see a different outcome this time around. The November surveys are usually conducted in the last week of October, so for a November WASDE release to happen, we tentatively need a government reopening no later than October 24th. If Congress is not able to reach an agreement by that date, we could very well be stuck without a report until January, as there is generally no corn/soybean survey for the December WASDE.

With the hot and dry finishing weather we've had, there are many people expecting somewhat lower yields than were reported in the August and September releases, but without any empirical data there hasn't been much of a catalyst for the market. If we have to wait until the January WASDE for new data, any changes to yield estimates from the September report will accumulate unreported for months. This increases the risk of a sharp market correction from a single, larger revision, much like the 5.1 bu/a jump in the 2013 corn yield estimate that followed the missed October report.



Grains 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.*

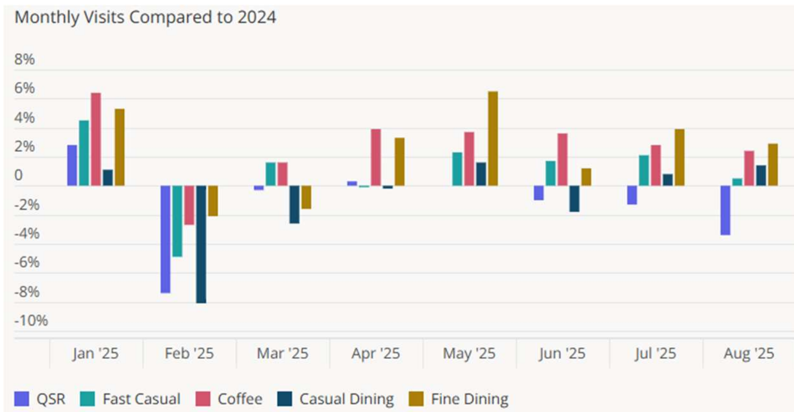
Livestock

The cattle market took a bit of a breather yesterday after the impressive rally that started earlier this month. Since October 1, the change from low-to-high is +13.30 in December live cattle and +25.78 in November feeders – in just 11 trading days. If you look further down the curve, change from low-to-high during the same time period for April live cattle is +13 and January feeders is +28.53. Maybe the discount on deferred feeder cattle was too cheap? The futures curve has done a decent job of narrowing the spreads as November-January went from way too wide at 7.00+ to under 3.00, and I still expect it to narrow more as we work our way through the calendar. Open interest and volume are building for 2026 in both live and feeder cattle. In the last week, both January and March feeders have added 3,500 and 2,200 contracts, respectively. Looking at the rest of the week, live cattle cash should trade dollars higher than last week's $232-235 and the feeder index should print somewhere around $375. Are October feeder futures a little ahead of themselves for the moment or will cash catch up in the next two weeks into expiration? I don't know that answer. I wish I did.

The cattle on feed report on the docket for next Friday will most likely be delayed because of the government shutdown, so we are left to fly blind for the time being. I'm not sure how widely its known that there most likely wont be a report, but markets do not like uncertainty so that could be something to watch for next week.

Livestock commentary provided by Ashley Lowe. For questions or comments, Ashley can be reached by email at ashley@nesvick.com *or on Trillian at ashley@nesvick.com.*

Financials



Quick-service (QSR) and premium fast-casual segments are currently facing significant headwinds. Weaker-than-expected results from brands like Chipotle and CAVA highlight a shift in consumer spending. This is not merely a case of consumers trading down between restaurants; rather, it is an exodus toward more affordable meal options at grocery stores, dollar stores, and convenience stores, which have become direct competitors for lunch and dinner spending. Casual dining has also captured more of the market from QSRs through heavily-marketed compelling value promotions, such as the Chili's "3 for Me" deal. When QSRs are nearing the same price as casual sit-down dining locations, we're seeing the customer with lower discretionary income prefer the extra service and higher-quality food provided at the casual restaurant over the speed and convenience of the QSRs.

Conversely, growth in monthly visits to fine dining locations have outperformed other restaurant categories throughout much of the year, as affluent customers have generally continued to grow their wealth in recent years while less-affluent consumers have felt the squeeze of rising costs.

Ultimately, this divergence within the dining sector serves as a key signal for the state of consumer discretionary spending. For at least the near term, it seems the companies best positioned to thrive will be those catering to the affluent customer and those that can master the art of delivering a strong, clear value to the customer.

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

- Retail Sales – 7:30 AM
- PPI – 7:30 AM
- Jobless Claims – 7:30 AM
- Natural Gas Storage Change – 9:30 AM
- EIA Energy Stocks – 11:00 AM

Thanks for reading,

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