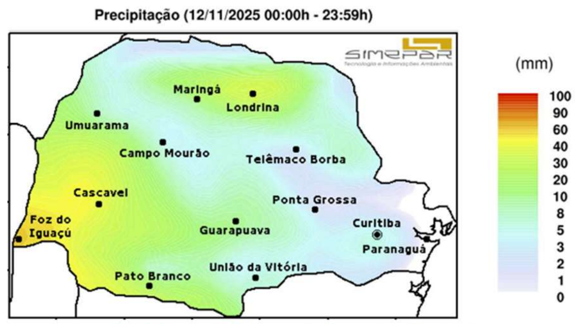
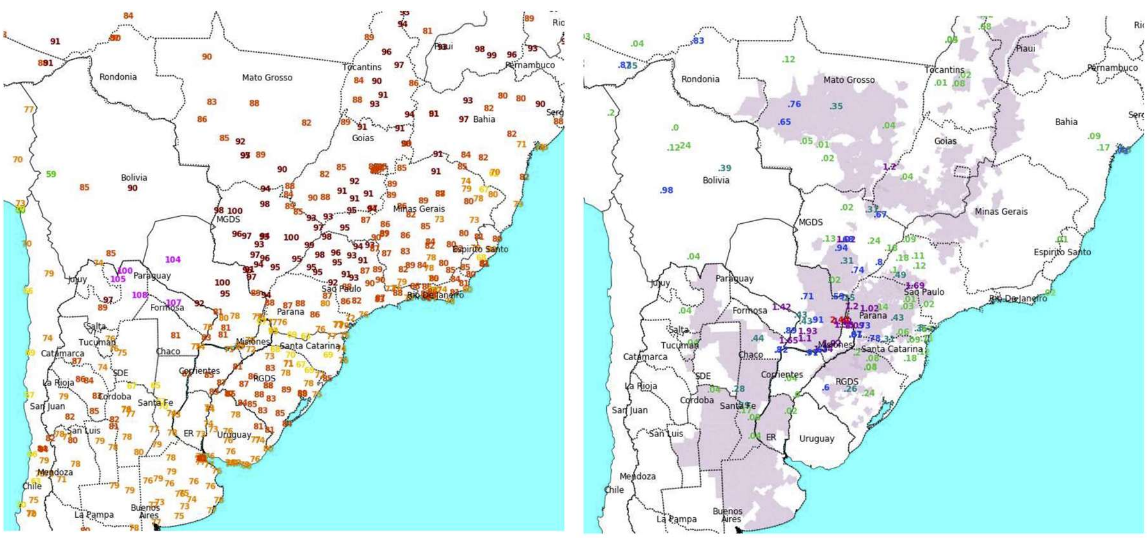
Weather

The forecast for South America highlights a sharp contrast in regional precipitation trends over the immediate term. Northern Brazil is currently entering the single driest portion of the 15-day forecast period, with significant rainfall confined strictly to western Mato Grosso through Tuesday. This dry spell is particularly acute for northern Goiás, northwestern Minas Gerais, and the MaToPiBa region—areas that will see virtually no rain during this window while simultaneously enduring temperatures averaging 5-7 degrees above normal. A pattern shift is projected for Wednesday, November 19, when coverage expands, leading to widespread near-to-above normal amounts in Week Two. Conversely, Southern Brazil and Paraguay are currently experiencing their wettest stretch of the forecast, with storm totals of 2-4 inches expected through the weekend. However, this region will flip to a notably dry pattern starting Monday, November 17, lasting through roughly Saturday, November 22. Argentina continues to see a benign, below-normal rainfall pattern, which remains favorable for the water-logged Buenos Aires region.



Rainfall yesterday in Parana (values are in millimeters)



High temperatures yesterday (left) and 18-hour rainfall totals through midnight CST (right, soybean growing areas shaded)

The outlook for the United States continues to expect to see rains across the country starting early next week and continuing through, and maybe beyond, the end of the 15-day period. While light rains are expected to begin in the Corn Belt on Monday, the potential for a truly "notable" storm system does not materialize until Wednesday, November 19. This mid-week system is expected to initiate a volatile period with multiple storm threats. The Mid-South and Ohio Valley are projected to receive the heaviest rainfall totals and face renewed severe weather risks. Unfortunately, any optimism for beneficial moisture in the drought-stricken HRW wheat belt of the southern Plains remains entirely relegated to the Week Two period. The temperature forecast has intensified further, with readings now projected to be exceptionally warm; the Plains, southwestern Corn Belt, and Mid-South are forecast to average 10-15 degrees above normal over the next ten days, preventing any winter-like cold from entering the picture for the foreseeable future.

Grains

Let's look at beans ahead of the crop report and WASDE tomorrow. The average trade estimate for yield is 53.1 bu/a, down slightly from 53.5 in Sept. 25/26 ending stocks are expected at 304 vs 300 milbus in Sept. The Sept 1 stocks report lowered 24/25 ending stocks by 14 milbus, and with a lower yield, and nearly unchanged 25/26 carry out forecast, the trade is implying a 50 milbus reduction in use. The reduction is likely in exports, but I am wondering if the gov't is going to reduce exports right after this "tremendous" trade deal. Based on shipments however, they would be justified and the initial buying reports have died out. If they don't lower use and they do lower yield, the US balance sheet will look pretty tight. Even 300 milbus isn't bearish. The bearish surprise would be if they raise the yield and lower exports. I am not sure the market is set up for that after the short covering rally we have seen (funds should have considerable length now).

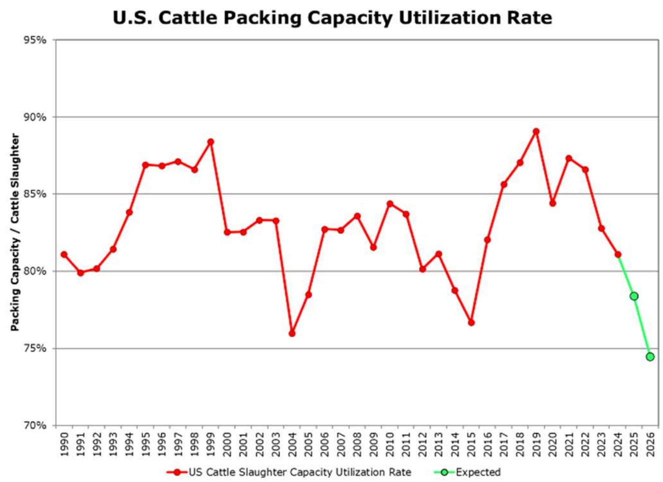
SOYBEANS: U.S. SUPPLY AND DEMAND									
	22/23	23/24	*24/25 MB*	12-Sep *24/25 USDA*	*25/26 MB*	12-Sep *25/26 USDA Actual*	USDA *25/26 Sept Adjusted*	Scenario *25/26 Ave yield est*	Scenario *25/26 High yield*
Planted Area	87.5	83.6	*87.3*	*87.3*	*81.1*	*81.1*	*81.1*	*81.1*	*81.1*
Harvested Area	86.2	82.3	*86.2*	*86.2*	*80.3*	*80.3*	*80.3*	*80.3*	*80.3*
Yield	49.6	50.6	*50.7*	*50.7*	*53.1*	*53.5*	*53.5*	*53.1*	*54.0*
Carryin	274	264	*342*	*342*	*316*	*330*	*316*	*316*	*316*
Production	4270	4162	*4374*	*4366*	*4263*	*4301*	*4301*	*4266*	*4336*
Imports	25	21	*25*	*27*	*20*	*20*	*20*	*20*	*20*
Total Supply	4569	4446	*4742*	*4736*	*4598*	*4651*	*4637*	*4602*	*4672*
Crush	2212	2285	*2445*	*2430*	*2550*	*2555*	*2555*	*2555*	*2555*
Exports	1980	1700	*1875*	*1875*	*1685*	*1685*	*1685*	*1685*	*1650*
Seed	72	75	*70*	*70*	*73*	*73*	*73*	*73*	*73*
Residual	41	44	*36*	*31*	*29*	*37*	*37*	*37*	*37*
Total Usage	4304	4104	*4426*	*4406*	*4337*	*4350*	*4350*	*4350*	*4315*
Carryout	264	342	*316*	*330*	*262*	*300*	*286*	*252*	*357*
Carryout % Use	6.1%	8.3%	*7.1%*	*7.5%*	*6.0%*	*6.9%*	*6.6%*	*5.8%*	*8.3%*

In the world numbers, the USDA in Sept, was in line at 48.5 mmt on Arg new crop and at the low end of trade ideas at 175 mmt for Brazil. In the Sept report, the USDA forecast 25/26 China imports at 112 mmt and 24/25 at 106.5 mmt. This week, China's gov't revised last year's to 109.4 mmt and forecast this year's imports at 95.8 mmt. The USDA should revise last year's and it will be interesting to see what they do with 25/26.

Unless the yield is outside of the 53-54 bu/a range, the swing factor in the US balance sheet and determinant of direction should be the US export pace and how much we sell to China. The China buying has seemed to come to a halt (and didn't seem very substantial initially), but the momentum has continued despite US beans not only not being competitive to China, but now is the least competitive to all destinations. Possibly we are trading 250-300 milbus c/o ideas, in which these price levels are justified. I do think we would need a SAm weather issue and/or the China 12 mmt purchases to maintain/sustain these levels.

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



Looking from a 100,000 foot view for cattle today to avoid the short-term chaos. There likely won't be enough fat cattle to go around next year and that's bullish. With no change in packing capacity and a smaller feedlot inventory, capacity utilization will fall to the lowest levels in my data going back to 1990. Packers continue with large capex and make public statements about their commitment to the business, so I'm left concluding higher fed cattle prices are yet to come as they scramble to own enough inventory to run high fixed cost plants as efficiently as possible.

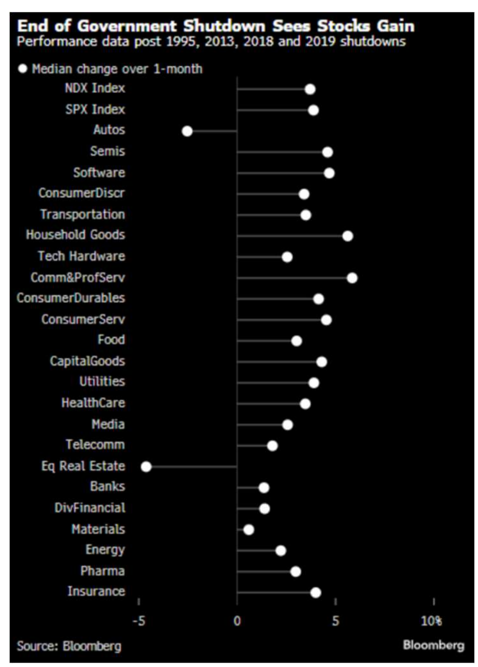
That's not to say that the market can't go lower on other fundamental, technical, or structural factors in the meantime. Seller sentiment has soured, more demand headwinds are noted, and I'm not convinced the fund exit is over – all reasons to be cautious in the short term. In fact, the lower the market goes now is arguably more bullish down the road.

A key risk is a spike in feedlot turnover rate. I don't see that as likely, but in the event that it does happen, it would mean a lot more fat cattle on the market at a time when the placed against numbers are falling sharply. The net effect would be a larger supply than the market has priced in and yield substantial pricing power back to the packer, in turn taking the market lower still.

At the end of the day, there's a strong case to be made for higher fed prices over time due to too many shackles chasing too few cattle until something significant changes. Simply, there just won't be enough cattle to go around.

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



After 43 days of shutdown, Congress has finally reached an agreement to reopen the federal government, which President Trump immediately signed. While this resolution removes a layer of headline risk, the market now faces a different challenge: a rapid compression of delayed economic data. Over the coming week or so, you can expect a deluge of backlogged data as the government catches back up after six weeks of shutdown.

Despite the uncertainty of the last six weeks, the market has remained resilient. The S&P 500 actually gained approximately 2% during the shutdown period, and the Dow Jones Industrial Average has recently touched all-time highs on the news of the imminent end to the shutdown.

Looking at historical precedence, the end of a shutdown has typically served as a bullish catalyst for the market. Median performance following the shutdowns of 1995, 2013, 2018, and 2019 shows a distinct upward trend across most sectors in the month following reopening. Technology, Semiconductors, and Software have historically led these rallies, showing significant median gains. This aligns with the current market structure, where big tech and AI have continued to drive the indices upward. Real Estate and Autos are the only significant laggards in this historical post-shutdown dataset, showing median declines.

History suggests the removal of shutdown uncertainty supports equities. However, it's worth noting that there are still several variables to keep you eyes on that could hurt market performance in the coming weeks. These include increasing concern about AI companies and their circular investments; the potential also exists that worse-than-expected economic data could lead the Fed's December rate decision towards no additional cut. Additionally, this agreement to reopen the government is only a temporary spending bill extending through January 30th (although some critical agencies received full year funding), and we could very well go through another shutdown, or at least a threat of one, come the end of January.

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

- CONAB Crop Production – 6:00 AM
- Jobless Claims – 7:30 AM
- CPI – 7:30 AM
- EIA Energy Stocks – 11:00 AM

Thanks for reading,

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