

## Weather

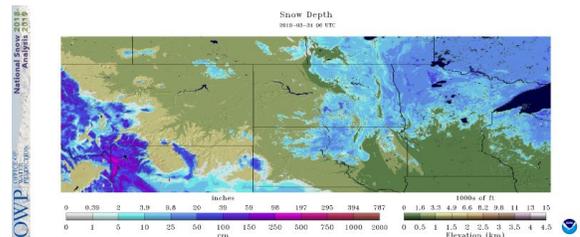
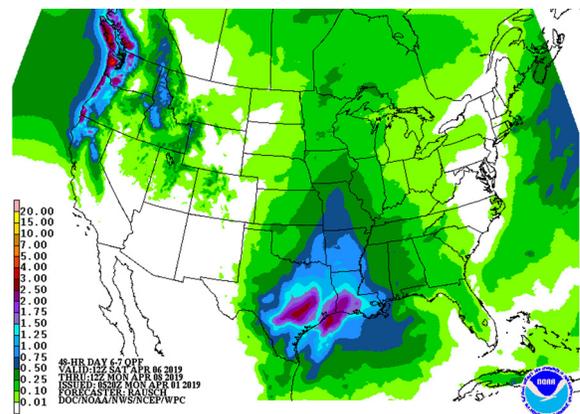
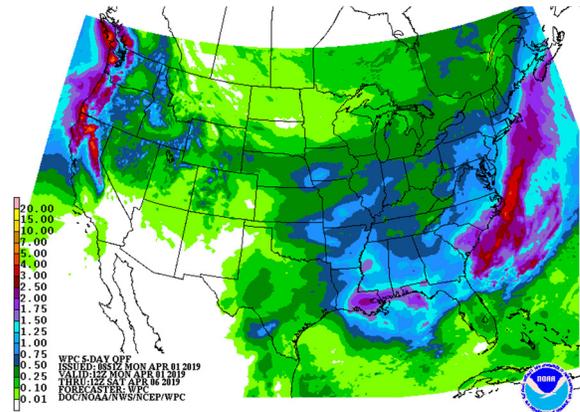
Mostly dry conditions today and tomorrow through the Corn Belt. We should see a system move through the Corn Belt on Wed/Thur, with rainfall amounts favoring central and southern portions of the area. The Dakotas, MN, WI, northern IA, and MI should see only limited precipitation. Other areas will see .25-1.0" amounts. Dry conditions will then return on Fri/Sat, with another system likely to move through Sun/Mon. This would probably be capable of putting down similar rainfall totals as the first system. The extended outlook calls for a continuation of the active patten, with probably at least two more systems before the end of the 11-15 day period. For the two week period as a whole, a large portion of the Corn Belt should see 1.0-2.5" rainfall totals with some locally heavier totals likely in southern portions of the region.

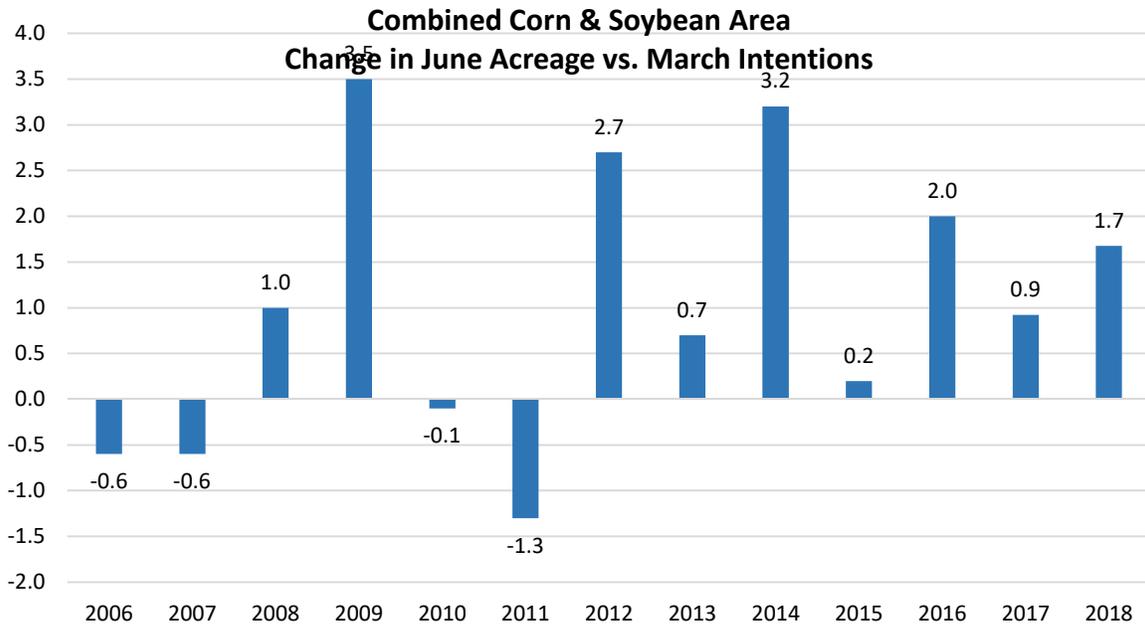
Cool temps over the next several days. A lot of highs in the 40s and 50s through the Corn Belt during the first half of the week. We'll see temps warm up starting on Friday and will be AN for a few days before cooling to BN levels again during the 11-15 day period.

## Crops

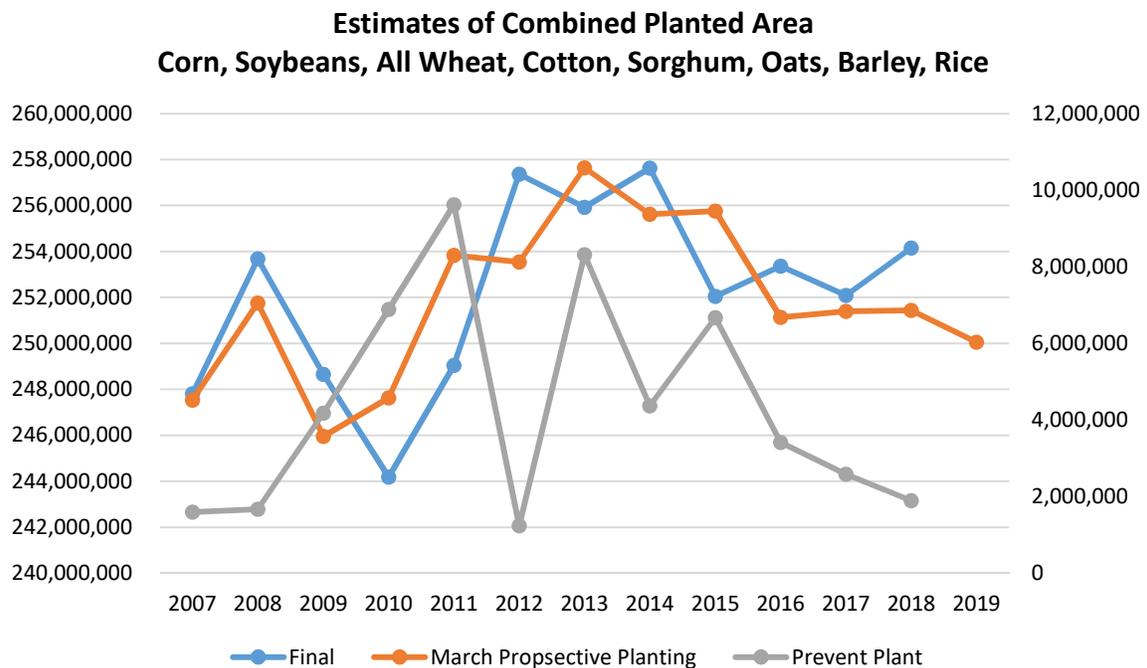
Even after thinking about it all weekend, I don't have much value to add on the miss in corn stocks on Friday. There are a large number of theories to explain the miss, and I guess I believe it is probably a combination of several of those that is the true answer. Yes, there were a few respondents on the survey that had numbers similar to what we saw, but based on those respondents' guesses on other numbers I'm more willing to think they were more lucky than smart.

As for acreage, I've heard a very similar refrain from several people since the report release. It seems to be a very consensus viewpoint that acreage will decline from this point forward, most notably in corn of course. Well of course we have to be mindful of the current weather situation. Saturated soils with more rainfall on tap will of course keep near term planting progress at a near standstill. However, history is not on the side of those hoping for acreage reductions from the March Planting Intentions report. Note the chart below that shows the combined corn/soy area change from March Planting Intentions to the June Acreage report. In most years we see an increase, and even in years where declines are seen they have been very modest.





The overall acreage pie presented to us by NASS on Friday is also the smallest we've seen in several years. Note the chart below. Total acreage shown on Friday is a full 4.2 million below last year's final acreage count. In my opinion, it would appear NASS is already factoring in a modestly above average prevent plant figure for this year, making "notable" declines from here slightly more difficult.

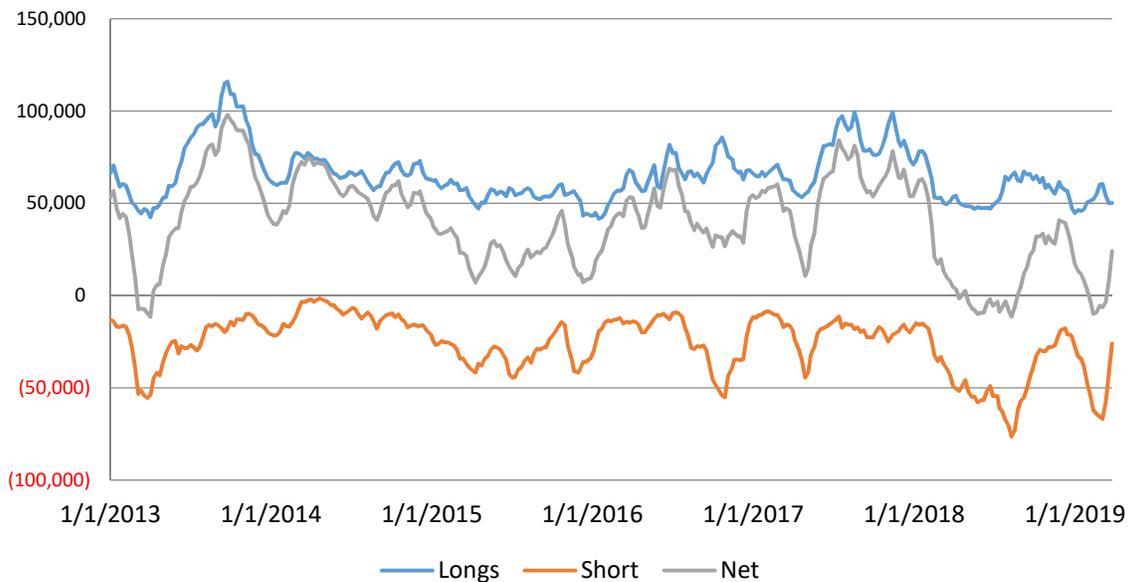


I'm not saying the acreage estimates can't go lower...I'm simply saying they don't normally. We'd need to see some very adverse weather for the hopes of smaller acreage to be realized.

### Livestock

I pointed this same thing out last week, but I feel like it is interesting enough to point out again this week. The gross and net MM positions in hogs is shown below. Clearly we've seen a lot of buying in the hog market over the past two weeks, but again note how this is all been short covering. The actual gross MM long position in hogs is still hanging around its lowest level in several years. Rather than new longs entering the market, we've simply seen the gross short position cover from a near record short level to a much more near-neutral level. I'm not sure why, but I find this action pretty fascinating. I would have thought for sure we'd have MM longs chasing this performance higher, but no.

**Lean Hogs - Managed Money Position Breakdown**



### Financials

US equity futures are sharply higher in overnight trade, thanks in large part I believe to favorable economic data out of China. The official manufacturing PMI improved back into expansionary territory to 50.5 from 49.2 (contraction) last month. This is leading many to believe/hope that the Chinese government stimulus measures are finally starting to pay off and that we might be seeing a bottom in Chinese economic activity. If that hope proves to be true, it clearly would provide a shot in the arm for the rest of the global economy. Unfortunately not all the rest of the economic data released overnight was favorable. Germany's manufacturing PMI fell even further to 44.1, well into contraction territory. French manufacturing was also worse than expected falling to 49.7. Manufacturing in Europe's two biggest economies is now in contraction...hardly a good sign. Despite this, the good news from China seems to be lifting spirits this morning. The Euro is stronger against the dollar and bond yields are higher (including bunds) as equities rally around the world. In the US we have an extremely busy

week of economic data on tap. Today gets us kicked off with retail sales and ISM manufacturing. We also have Chinese officials visiting the US this week for additional trade negotiations.

### Energy

Crude oil futures are higher this morning thanks to the risk-on attitude inspired by China's economic data. Otherwise, I see no major new information to pass along this morning. Russian and Iranian oil ministers are set to have a meeting today, so we might get some interesting headlines later today. Wires are reporting they will discuss extending the current production caps, to which Iran is currently exempted.

### Today's Calendar (all times Central)

- Retail Sales – 7:30am
- ISM Manufacturing Index – 9:00am
- Export Inspections – 10:00am
- Fats & Oils, Grain Crushings – 2:00pm
- Crop Progress – 3:00pm

Thanks for reading.

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