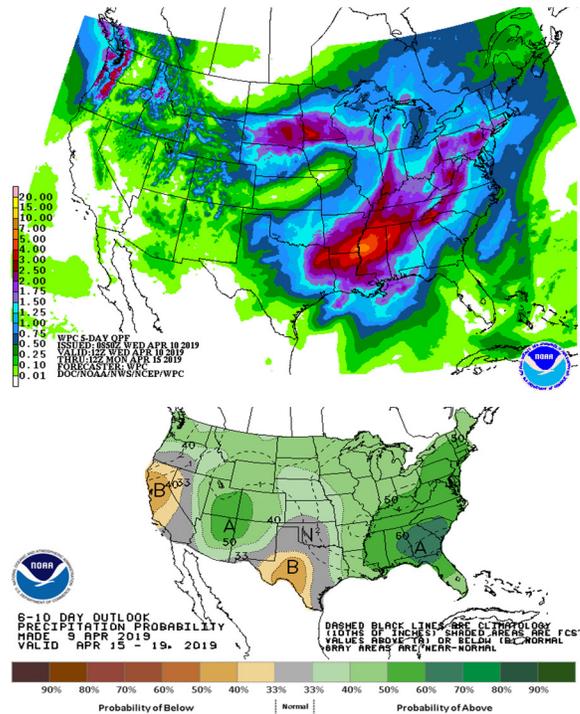


Weather

No change in the forecast. Heavy precipitation is expected in the northwestern CB today and tomorrow, and a lot of that will be snow in a major blizzard. Rainfall in the ECB will be seen mainly tomorrow (with some severe weather) and that area will see additional precipitation during the weekend as well. Most of the rainfall shown in the Delta and surrounding areas will be seen Friday and into the weekend. One modest change in the forecast this morning is the addition of a bit more rain in the Southern Plains. We should see a decent bit of clear weather early next week but model agreement is good that the next rain event will develop mid next week. This looks more likely to take a slightly southern track, impacting the Delta and southern and eastern portions of the Corn Belt more than the north.

Big difference in nearby temps with warmth in the southeast and colder temps moving in northwest. Look for mostly near to BN temps for the remainder of the two week period.

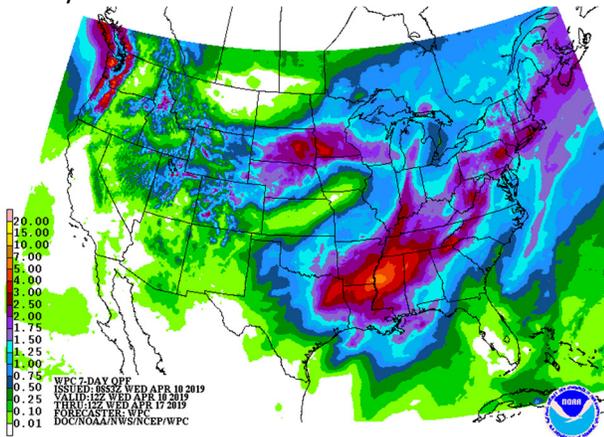


Crops

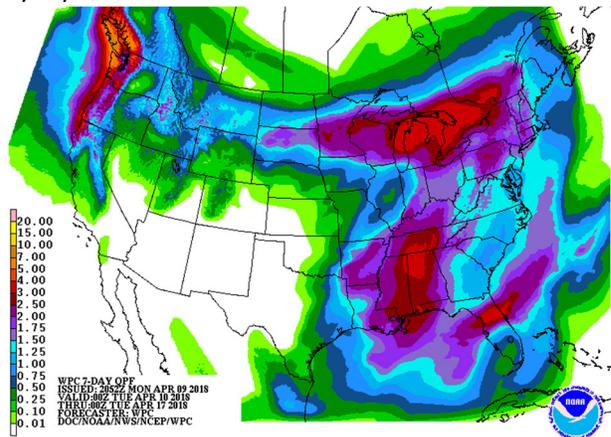
Obviously there is a lot of hype behind the spring weather right now. I believe that is the reason we bounced so quickly following yesterday's seemingly bearish report... traders were looking to cover shorts on the bearish report due to concerns over the wet weather. This morning I again want to make the simple point that it is still very early to be trying to rally concern about corn planting through the Corn Belt.

Consider this morning's 7-day QPF vs. the same date last year:

Today:

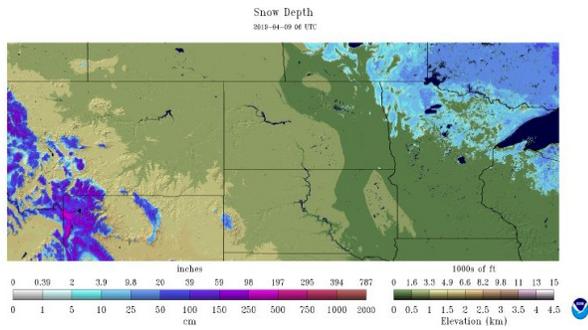


4/10/18:

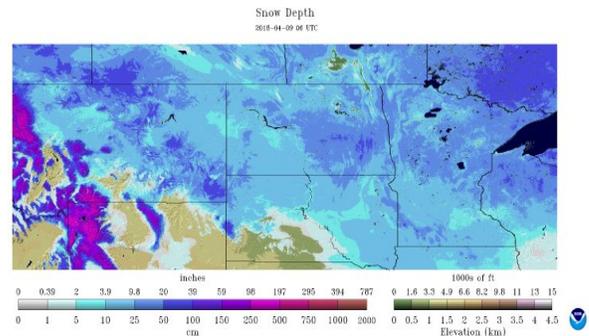


More similarities than differences there if you ask me. Yes some areas this year are expected to see heavier rainfall during the period than last year, but I'd say they're pretty similar. You might argue "yeah, but that wasn't a potential blizzard through SD/MN last year either". That's a good and fair point, but let's look at a YOY comparison on snowcover in the Northern Plains as well.

Today:



4/9/18:



So yes, we have a significant snow event in the forecast this year, but last year we still had significant snowcover over arguably a bigger area.

I'm not trying to make the argument that we won't have planting delays and that we won't see a spring rally in prices. Both are *possible*. I'm simply making the point that we were saying all those same things at this time last year and yet crops got planted (mostly) on time and we had the smallest Prevent Plant acreage in 2018 that we've seen in quite some time.

Be ready for planting problems....but don't count on them as part of a plan.

Livestock

First, just remember that we will have expanded limits in hogs today. Second, looking through the end of day synthetic prices I've seen, they would imply an initial 50-75 lower on the open this morning. I got asked a few times yesterday why hogs were getting hammered and I didn't really have an answer. I would only say that the hog market is trading a "mania" right now regarding ASF and what it might mean for export demand. That will lend itself to highly volatile and erratic trade. Pork prices continued grinding higher yesterday, fwiw...

No deliveries on LCJ again. We've seen very small cash trade develop so far this week with some 124 reported in KS (basically unch from last week) and some 126 in NE (I honestly can't remember how that compares to last week). Clearly the blizzard through SD and surrounding areas is not what anyone in that area wants to see right now. Beef prices continue to trade steady to higher, defying the usual tendency for weaker prices at this time of year.

Financials

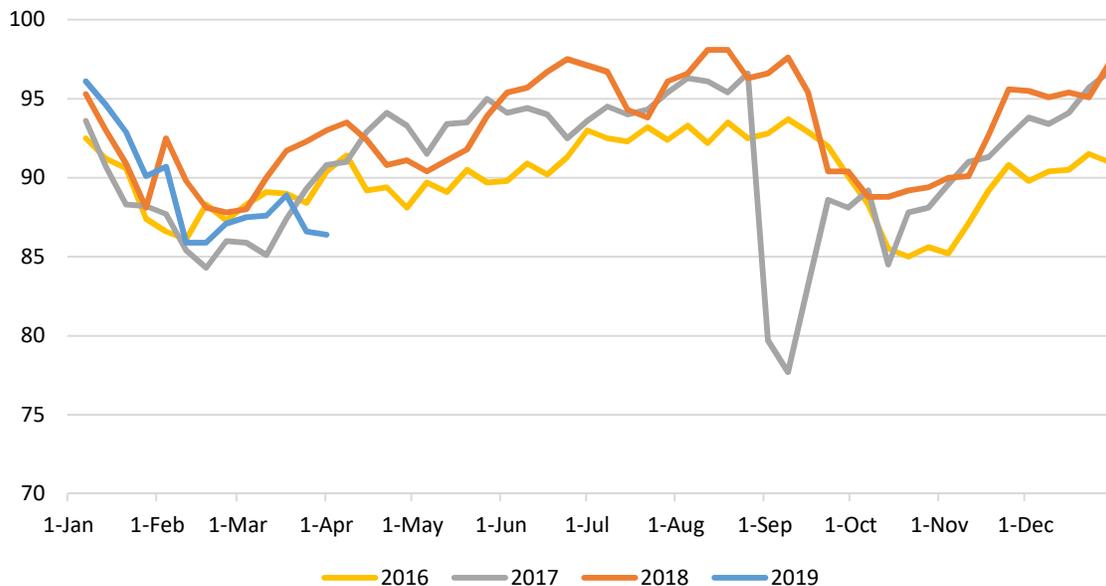
The headline event of the morning will likely be the ECB policy announcement. No major fireworks are expected in the official policy statement, as there is virtually zero chance the ECB makes an interest rate change. However, ECB President Draghi will take the stage for a press conference later and he will be grilled on forward

guidance. There is a lot working against the ECB right now. Italy and Germany both are nearing outright recession. "Tariff-Man" Trump is threatening tariffs against the EU. Inflation is nowhere to be seen. And the ECB already decided to announce an end to asset purchases. It would seem highly likely that all of this forces Draghi to maintain a very dovish tone. The ECB isn't the only major central bank to hit the tape today – the minutes from the latest FOMC meeting will be released this afternoon as well. Otherwise, there doesn't appear to be anything new going on today. Brexit will remain in focus with the EU expected to officially offer the UK a 12 month extension to the Brexit negotiations.

Energy

Crude oil futures are higher yet again this morning, trading near a 5-month high. The API report on inventories yesterday afternoon is providing some modest support. Though the report showed a larger than expected build in US crude oil stocks (+4.1 mil), it also showed significantly larger drawdowns in products. Gasoline inventories were down 7.1 million and distillates were down 2.4 million. It will be interesting to see if today's EIA release indicate similar figures. US refinery utilization rates over the past few weeks have been very low, especially compared to last year. We're leading into the summer driving season and these refinery utilization rates seasonally increase from here. Not sure if there is a specific reason for the slow runs here, but if they increase as they normally do that could potentially cap gasoline upside from here.

US Refinery Utilization



Today's Calendar (all times Central)

- CPI – 7:30am
- EIA Petroleum Inventories – 9:30am
- FOMC Minutes – 1:00pm
- US Treasury Monthly Budget Statement – 1:00pm

Thanks for reading.

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