

### Weather

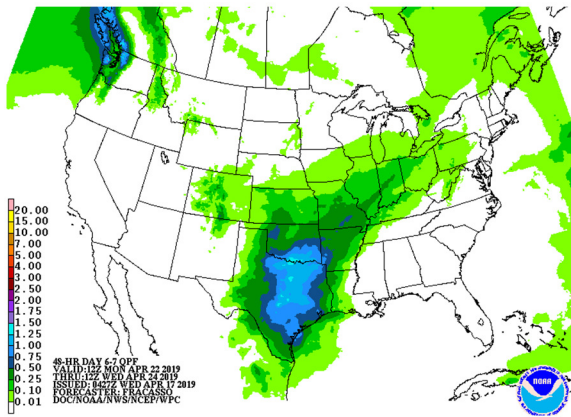
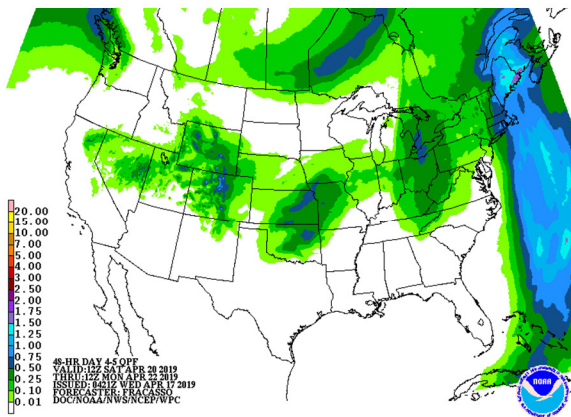
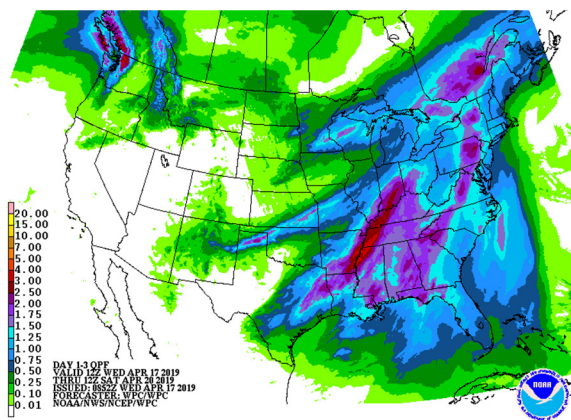
Days 1-3, 4-5, and 6-7 to the right.

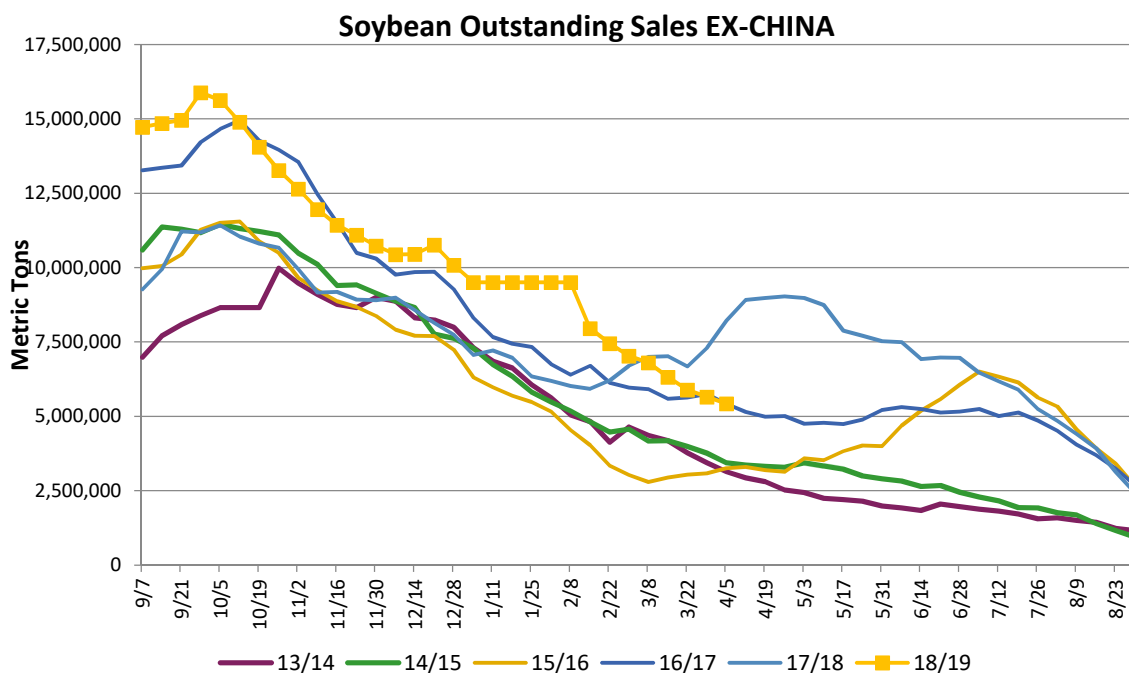
No major changes to discuss this morning. There is some light rainfall activity in the Northern Plains this morning and this should continue to develop and spread northeastward from there. Later this afternoon we will see an area of rain and thunderstorms develop west of the MS River and these will push eastward into the evening hours. There will be some severe weather from this event and there will be some locally heavy totals posted. Rainfall tomorrow will likely favor the Delta with the best amounts and coverage but areas in the ECB will see rainfall chances as well (especially in the south). Note again, however, that rainfall totals in the WCB should be fairly light with most areas seeing around .5" and some areas likely to get completely missed. Rainfall totals in the ECB should range from .5-1.5" with some locally heavier totals expected. Beyond the next few days, the rainfall forecast is a bit of a question. You can see the WPC's forecast for the next main rain event in the map at the bottom right. The WPC is siding with the European model in keeping the rainfall skewed to the southern US. The GFS model would have better rains further north. The bottom line is that both the 6-10 and 11-15 day periods shouldn't be "dry" and should feature rainfall chances, but we're probably not looking at "huge" rainfall amounts either.

We should see a lot of warm temps over the next few days, though we might see briefly cooler temps tomorrow and into the weekend. A lot of near normal temps next week and some potential for AN temps later next week and beyond.

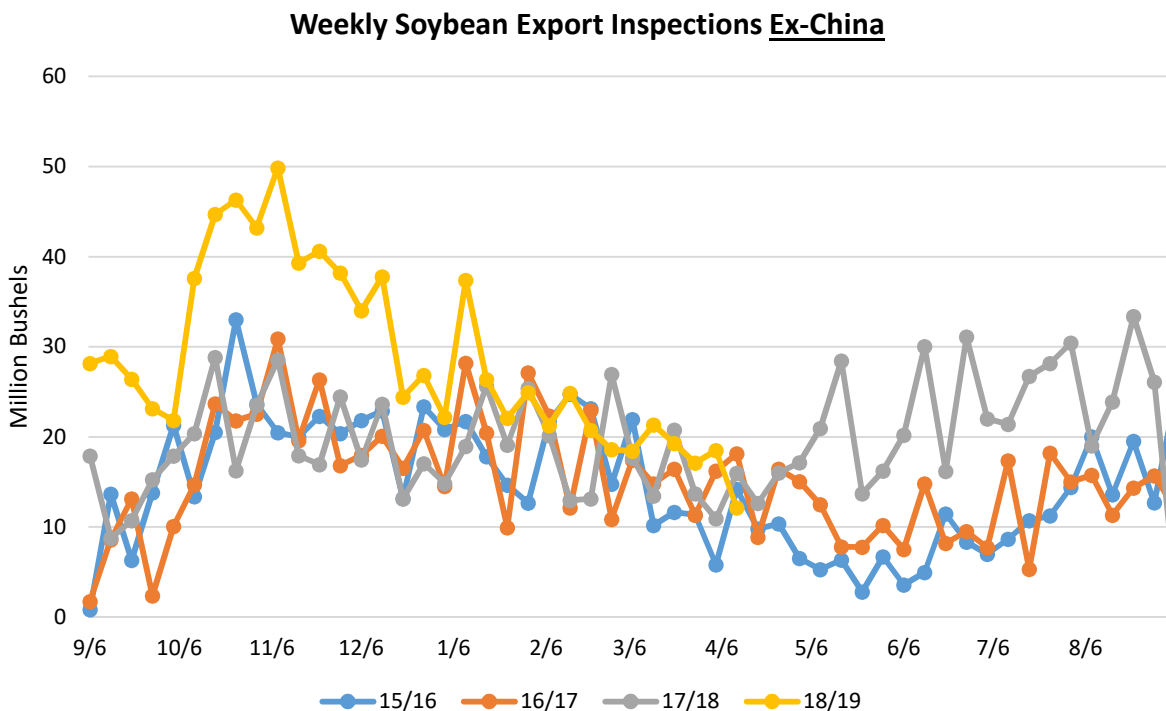
### Crops

Just some food for thought on US soybean exports. The chart below looks at soybean outstanding sales to all destination except China. You can see sales ex-China this year started off very strong, for obvious reasons. Note in the past few years that these ex-China sales have been a nice little "bonus" of activity for the tail end of the US marketing year. However, we've seen those sales taper off sharply recently and given the current FOB price comparisons it appears likely that most global demand has its attention turned to South America at the moment.





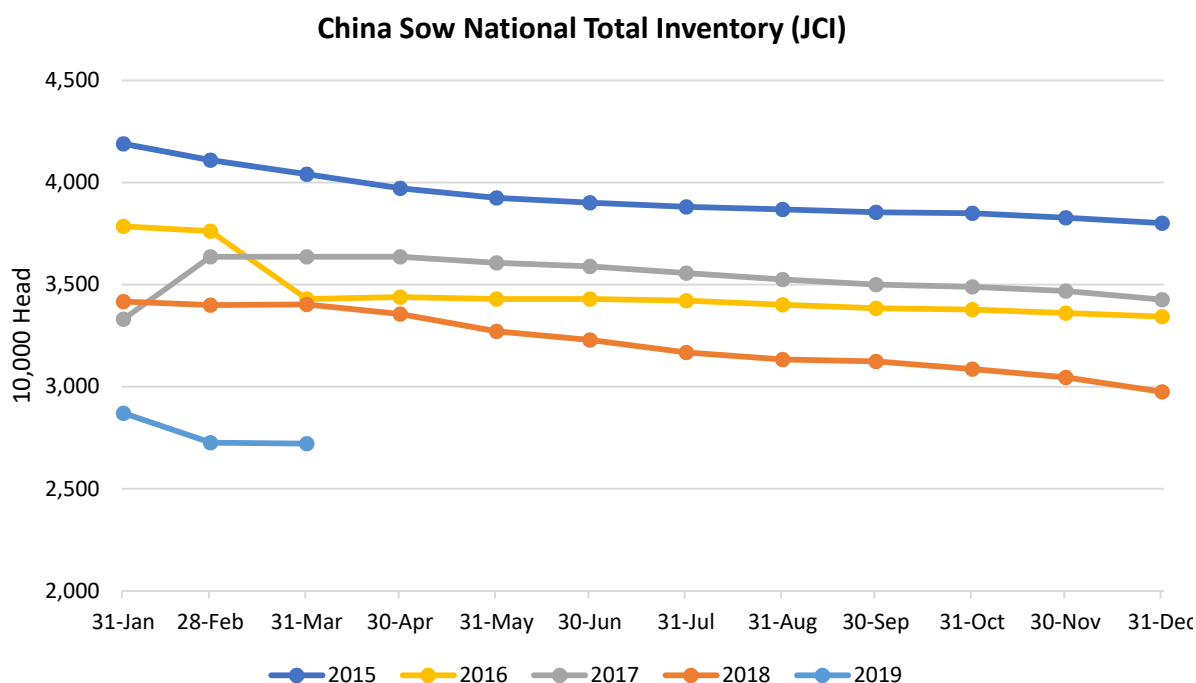
The second chart here looks at weekly inspections after stripping out China. Nothing especially “new” with this, it only serves to back up the above claim that this late-season non-Chinese business has provided a solid boost to export demand late in the season.



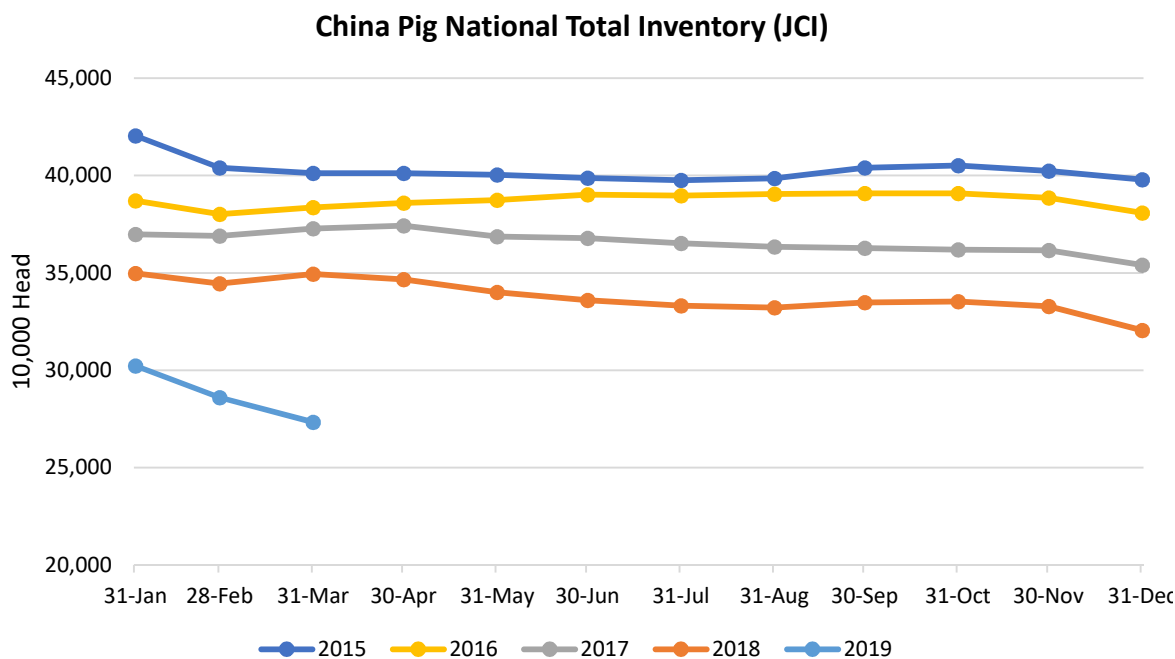
With outstanding sales likely dropping fast, look for inspections ex-China to run well below levels seen over the past few years. With US soybeans mostly uncompetitive against South America, this will require *additional* politically-motivated purchases from the Chinese in order to reach WASDE projections. I am not optimistic on that front, as any additional purchases from China (regardless of motivation) would seem to be more likely for the new crop period. With that in mind, I think WASDE is looking too big with their export projection. I think they will be reluctant to drop it soon, but strong odds favor something smaller in my opinion. In fact, I think we might all be revisiting ideas of a 1 billion bushel carryout again in the not too distant future.

## Livestock

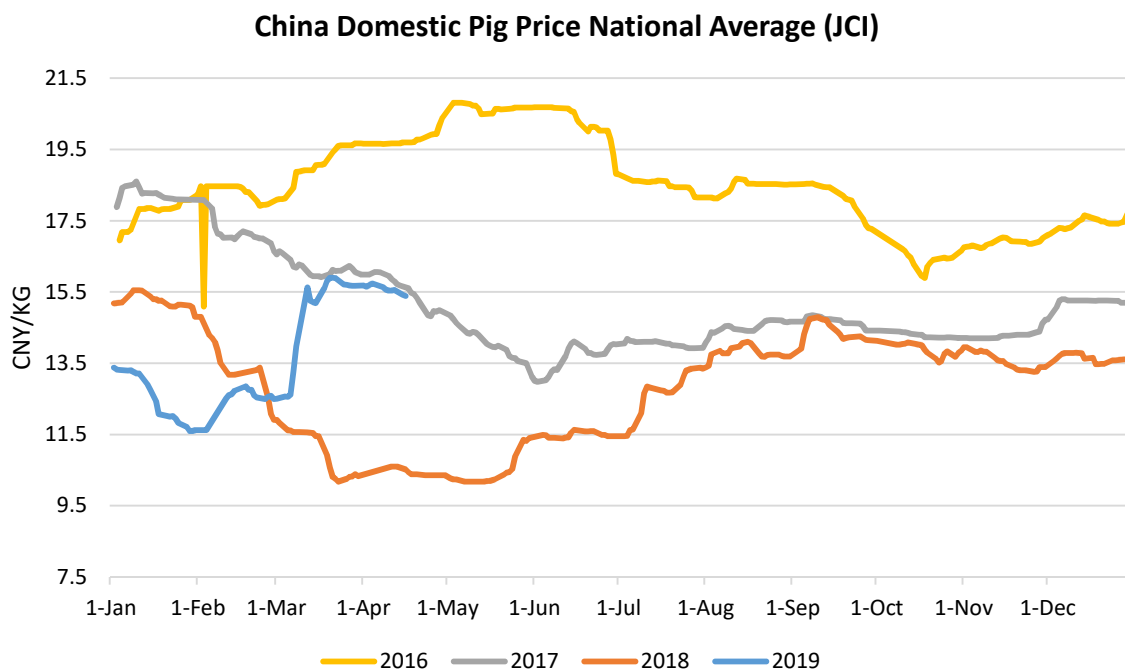
I haven't done this in a while, but just a quick few charts to look at the pork situation in China. Obviously our information is not as good as we might like, but I'll share what I have and hope it helps paint the picture. First up, the monthly sow inventory provided by JCI. Here you can see the March figure was "only" down a little vs. end-Feb, but the fact that it is down at all just tells us that liquidation is ongoing.



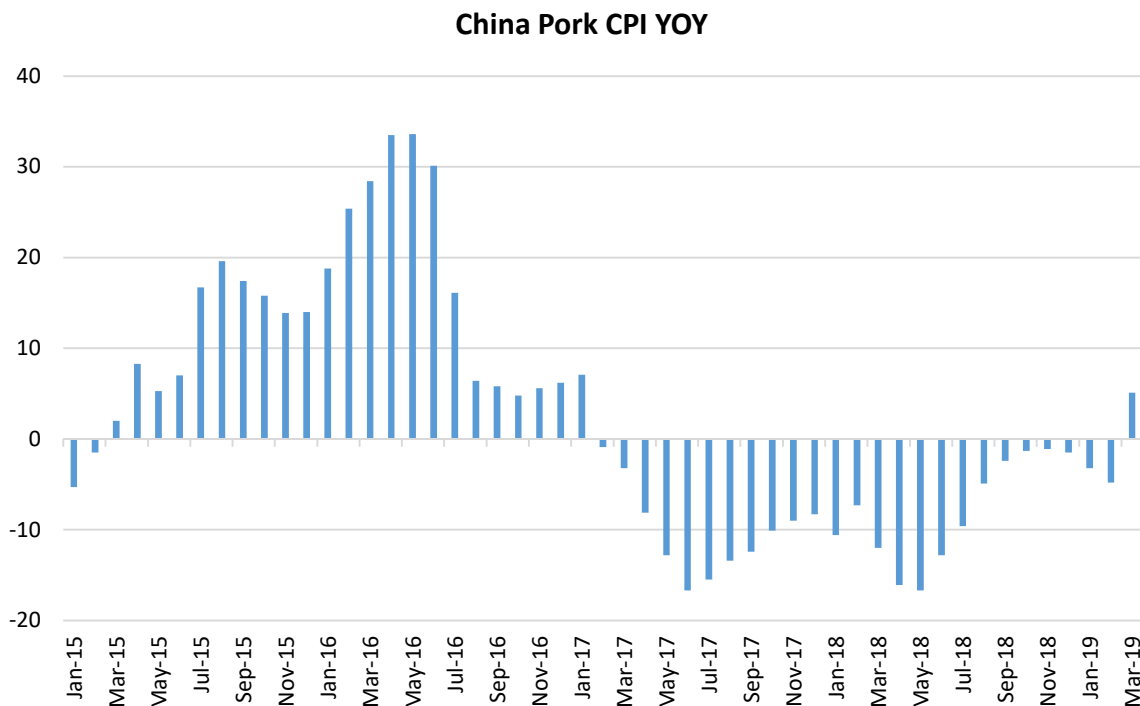
The rate of decline in pig numbers has accelerated in recent months...



Pig prices have rallied off their lows in the past month or two in response to the rapid decline in inventories shown above. Still, I think it is worth pointing out that with those types of inventories we might otherwise expect record pig prices and clearly that is not what we have today. This tells me that demand for the pigs is low as fear of the disease remains a big issue.



This one is interesting....China pork CPI YOY. Chinese pork prices cratered initially in 2017 as we saw massive expansion in pork production. 2018 prices were under pressure as we saw a combination of herd liquidation and lower consumer demand, both due to ASF. Interesting to see that the latest reading on CPI has jumped higher YOY. Admittedly it is comparing against a soft patch in 2018, but I wonder if this shift in CPI is a potential turning point in how the government responds to the situation???



Like I said, nothing particularly new here. ASF continues to wreak havoc on the Chinese pork industry. Certainly no signs of stabilization that I can see for now...

## Financials

World equity markets and US futures are higher this morning as Chinese economic data did not disappoint overnight. This is also leading to some modest weakness in the DX at the time of writing. China's GDP was +6.4%, matching the prior quarter and beating expectations for +6.3%. Industrial production was +8.5%, sharply higher than expected and retail sales were +8.7%. Already this morning I'm seeing articles suggesting these numbers give the Chinese greater leverage in their negotiations with the US going forward. The real question in my mind is whether the Chinese authorities will continue to pump stimulus into the economy? If so, look for continued strength in these Chinese figures.

On tap in the US today we have the monthly trade balance update which, as always, should be interesting. We have earnings reports from MS and AA today as well.

## Energy

It's a risk-on morning following the Chinese data, and that means crude oil is higher. Oil prices continue to simply grind slowly higher as the Saudi-led production cuts continue to curtail supplies. US production remains strong, but logistical constraints don't allow the US to offset all of the OPEC production cuts. The question now is, how high do the Saudis really want to push the price? The Saudis have cut production by a lot more than they are technically required to do under the quota system, so they could raise production and still not risk breaching the agreement.

## Today's Calendar (all times Central)

- Trade Balance – 7:30am
- EIA Petroleum Inventories – 9:30am
- Fed Beige Book – 1:00pm

Thanks for reading.

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