

### Weather

7-day QPF at right

Through the end of this week there are no major changes to report in the forecast. Clearly you can see at the right we're on tap for some big precipitation totals in the middle of the country this week. We should see major rainfall chances today and tomorrow favoring the Plains states and the WCB. We'll also see significant rainfall totals on Thurs/Fri as well. Another round of precipitation will move through the Plains and WCB on Sun/Mon as well. Overall the QPF (as usual) is probably overstating the coverage of the "big" rainfall totals, but there is no debating that we're going to see some very big precipitation this week.

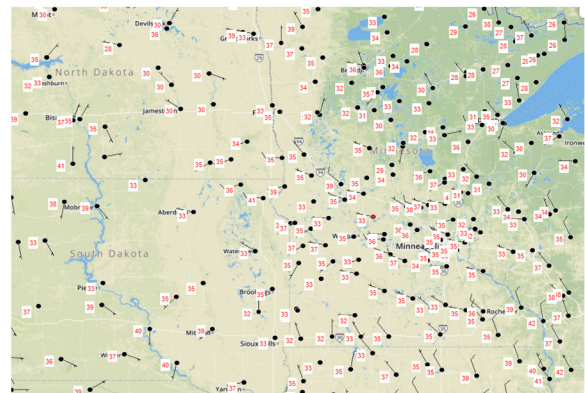
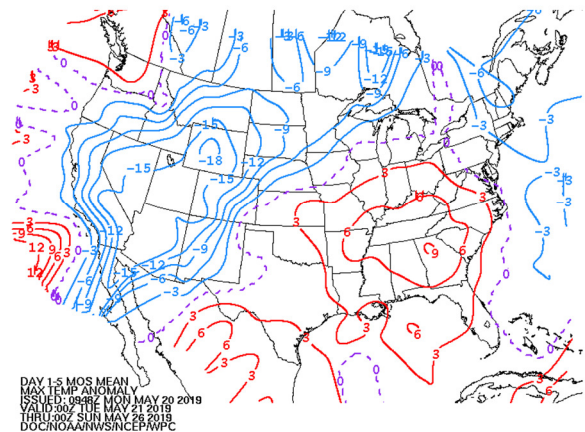
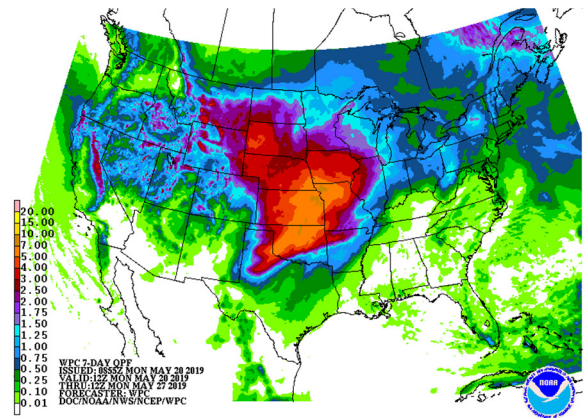
In addition to the rainy weather, the WCB and Northern Plains should see very cool weather over the next several days. The map to the right shows the max temp anomaly averaged over the next 5 days. You can see some portions of the Northern Plains will average 10F below normal for daily max temps. Note this morning we're seeing a lot of low temps in the 30s in the Northern Plains and there are probably a handful of spots at the freezing mark. I've included a map at the bottom right, though admittedly it is probably hard to read (zoom in if you can). Meanwhile, the ECB and especially the southeastern US will see above normal temps.

The extended outlook could be considered drier this morning. Starting around May 29, we should see the chances of very big rainfall totals like we're going to see this week diminish. That does not mean the forecast would be "dry", only that rainfall amounts during the 11-15 day period would probably average closer to normal vs. the well above normal levels we're seeing at present.

It sounds like most are calling for a corn planting progress figure near 50% for today's report. Gun to head, I'll go a little bigger with a 55% guess.

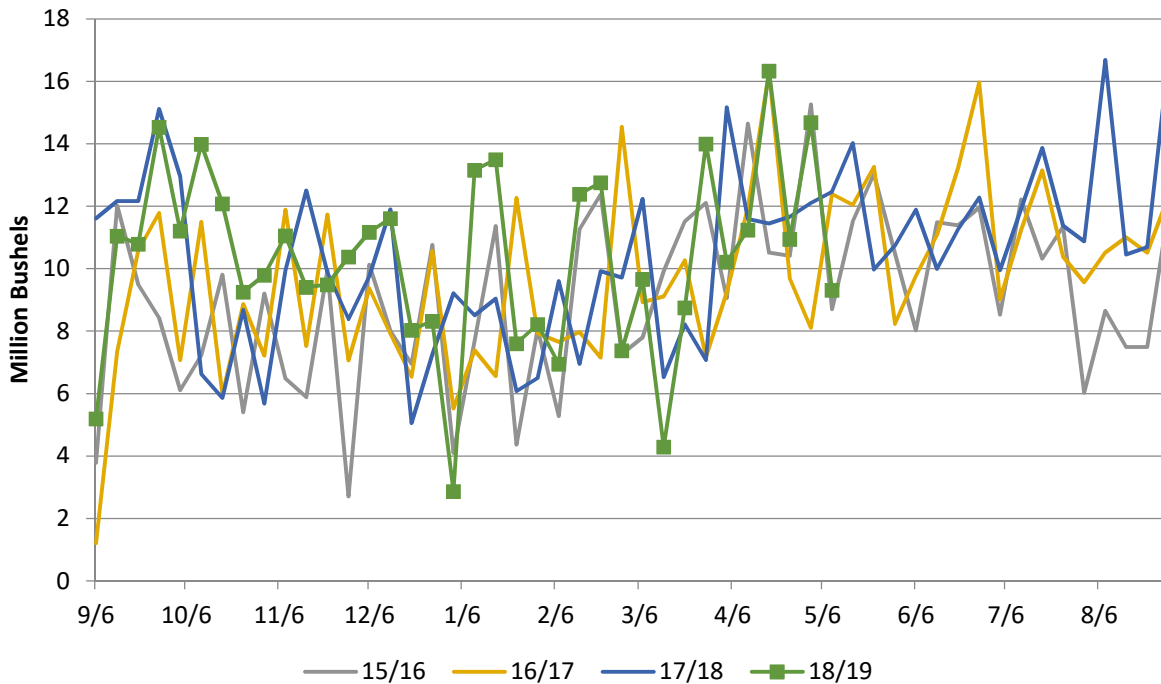
### Crops

President Trump tweeted over the weekend that ag tariffs on US products into Mexico and Canada have been removed. This is, of course, good news. We've specifically spoken about this having a potential impact on pork demand. I haven't really looked and corn exports to Mexico this year and thought I'd give it a quick look this morning to see if shipments this year had been lacking. You can see in the chart below that shipments to



Mexico this marketing year have been pretty inline with recent years. This should mean that we shouldn't expect any major uptick now that the squabble has been resolved.

**US Corn Export Inspections to Mexico**



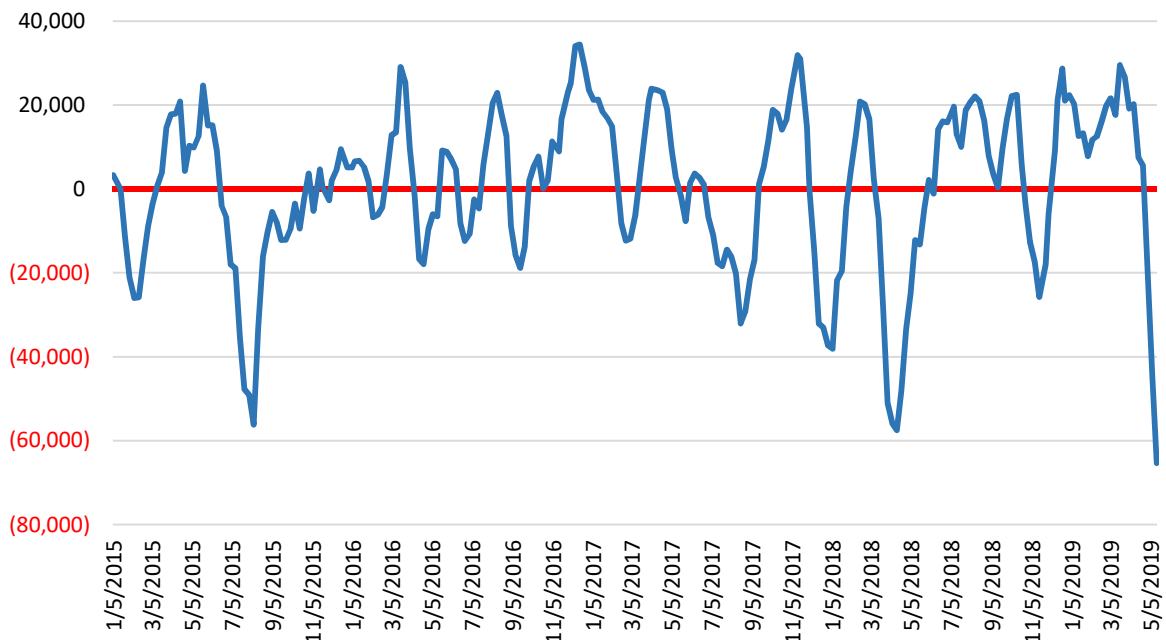
While we're looking at corn shipments here, I thought it would be worth a quick glance to see how we're shaping up on the marketing year. The breakdown below is something I've shown several times before. This shows the monthly Census export numbers over the past few years. I've totaled the Sep-May Census exports at the top. You'll see I have some assumptions in for Apr/May this year as those numbers are obviously not official yet. Separately below those figures I've got Jun-Aug export totals summed up. Below those figures, I have end-May outstanding sales. Remember this year's outstanding sales figure is among the lowest we've seen in a long time. I compare JJA shipments vs. end-May outstanding sales and come up with an average shipment total of roughly 119% of outstanding sales. Applying that our estimate for Sep-May shipments, we come up with a possible 18/19 export figure of 2,154 mil bu. I continue to believe WASDE needs to come down from their current 2,300 mil bu projection.

	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Sep	215	166	197	175	122	92	81	160	133	246	139	207
Oct	222	139	138	136	125	69	131	145	93	143	107	224
Nov	256	144	131	141	159	60	139	103	75	160	102	201
Dec	202	128	134	160	173	54	139	117	103	156	140	171
Jan	227	123	145	112	139	54	119	128	106	183	151	184
Feb	213	119	143	131	132	55	136	158	131	199	148	142
Mar	216	169	190	172	135	68	206	155	171	267	256	188
Apr	195	163	163	172	138	61	223	191	201	211	304	210
May	173	162	195	166	129	56	209	190	188	211	310	165
Sep-May	1,919	1,313	1,437	1,365	1,252	569	1,381	1,347	1,202	1,775	1,657	1,692
Jun	179	147	172	149	115	46	189	166	240	194	280	
Jul	163	201	185	165	95	60	179	200	232	187	266	
Aug	177	189	186	151	80	57	169	157	223	138	230	
JJA	519	536	542	465	291	162	537	523	695	518	777	
Out Sales	462	370	404	418	304	133	487	444	565	465	642	390
JJA vs. Sales	112%	145%	134%	111%	96%	122%	110%	118%	123%	112%	121%	
										Average	119%	462
										18/19 Result?		2,154

### Livestock

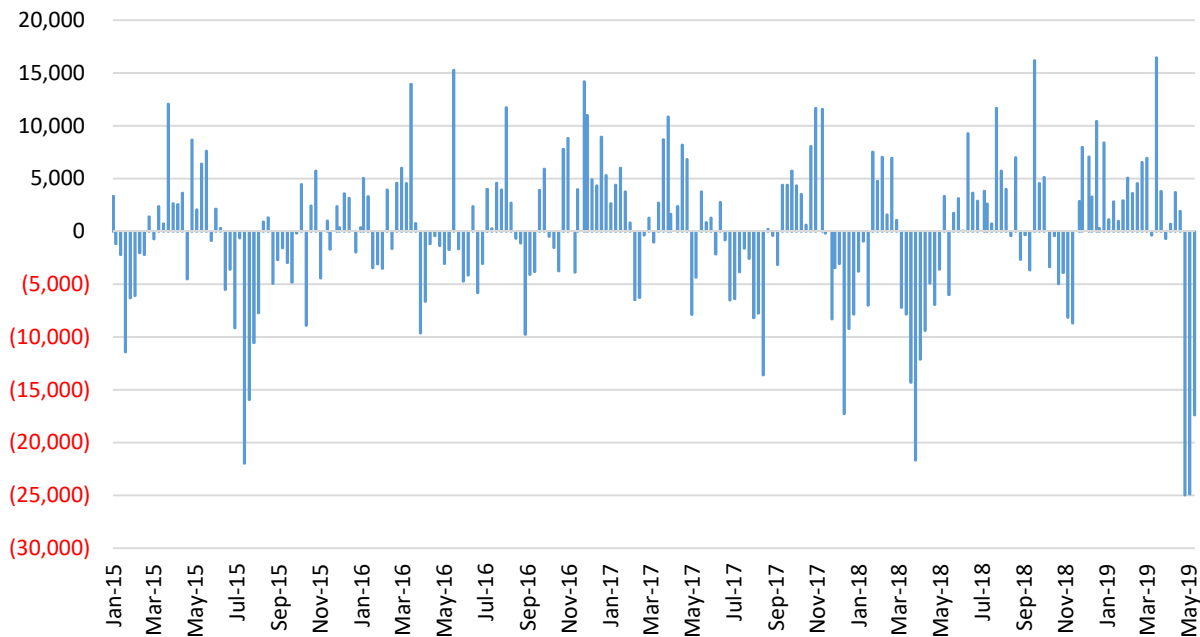
You might have already seen this over the weekend, but Friday's COT data showed that we have just experienced the biggest MM liquidation in live cattle during at least the past 5 years and probably longer than that. The chart below shows a running 4-week total of the net change in MM positions in LC. In the most recent 4-week period, net selling has totaled roughly 65k contracts. This is even bigger than the sell-off we saw last Feb/Mar.

Live Cattle - 4-Week Total Change in MM Net Position



Here is another way of looking at it...this breaks down the individual weekly net changes in MM positions for LC. You can see just how quickly the market has been sold off here. We've seen selling periods certainly last longer than this, but the prior two weeks basically tied for record net selling and this past week's net selling was not exactly small either. (sorry it is hard to make out individual weeks...trying to show a lot of data on one small chart)

**Weekly Net Change in MM Net Position - Live Cattle**



The bottom line here this morning is that the LC market's "excess" has likely be cleaned up here. That is not the same as saying we've bottomed...I don't know if that is the case or not and I'm open to your thoughts. But, cleaning up the excess spec length and moving towards improving trade relations with everyone except China is probably a good sign.

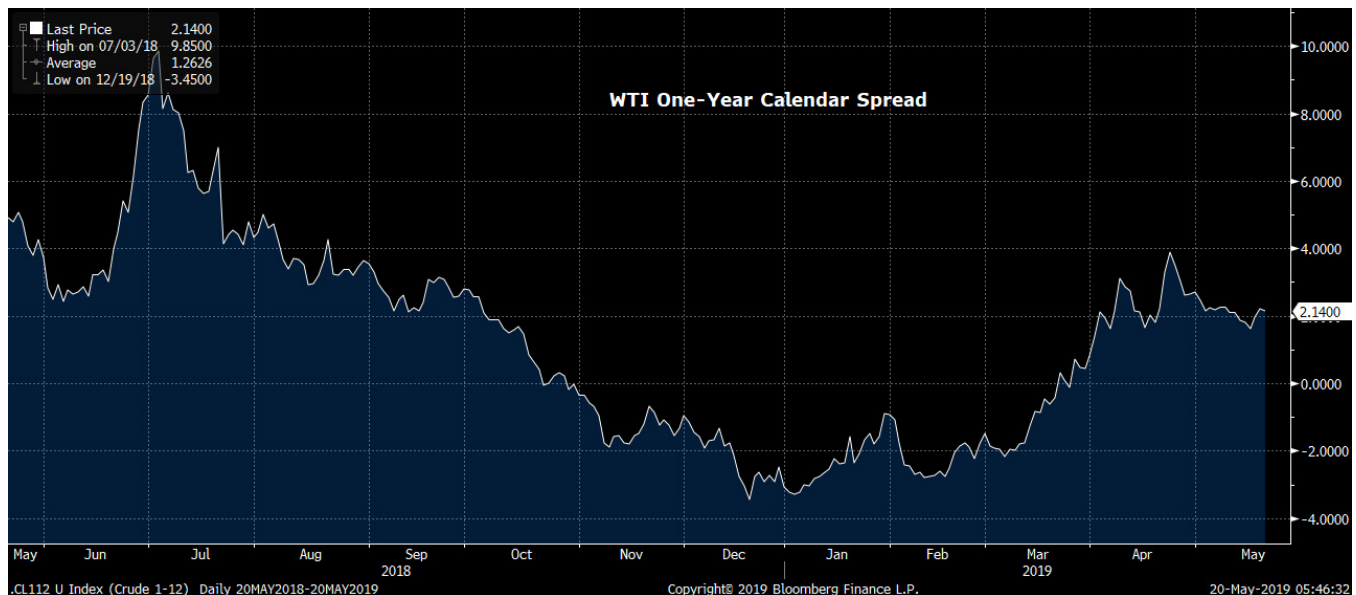
**Financials**

Nothing major to report from over the weekend. Most global equity markets are starting the week lower. Clearly the ongoing worsening in the war of words between the US and China is having an impact on sentiment overnight. The tech sector is now in the crosshairs of the trade war as the Trump administration has "blacklisted" Huawei meaning US companies can no longer supply hardware or software to the company. Google has already noted they will no longer do this business with the company. Other companies such as Intel and Qualcomm are also reportedly making changes. This will have big ramifications on the businesses of these companies and will definitely disrupt global tech supply chains. It will be interesting to see how foreign companies proceed here as well. Companies in Europe, as an example, would potentially be at risk of losing business in the US if they continue to work with Huawei.

Otherwise, I see little else to report this morning. Australia's election results over the weekend were a surprise and we're seeing a rally in the AD as a result. India will hold elections this week but it looks all but certain current PM Modi will win reelection.

## Energy

Crude oil futures are little changed at the time of writing this morning, but last night futures started much stronger. The OPEC+ meeting in Saudi Arabia over the weekend continued to show the group is committed to keeping supplies in check, and that likely helped support prices initially last night. Specifically, Saudi oil minister Al-Falih said the group would "stay the course" with their production caps. OPEC+, and specifically the Saudis and Russians, are certainly trying to micromanage oil supplies to keep prices from rallying too far and hurting demand but also to keep supplies tight enough that prices don't drop from here. So far it seems they're being successful. Keep an eye on the spreads here. Note below the one-year calendar spread in WTI remains inverted and is just slightly off its YTD highs. If we see that spread dip back to even or into a carry, it would imply OPEC is losing control on keeping supplies tight enough. If we see that spread invert further, it could mean OPEC is losing control on keeping prices in check to the point of demand destruction.



## Today's Calendar (all times Central)

- Chicago Fed Index – 7:30am
- Export Inspections – 10:00am
- Crop Progress – 3:00pm
- Several Fed speakers, including Fed Chair Powell this evening

Thanks for reading.

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