

Weather

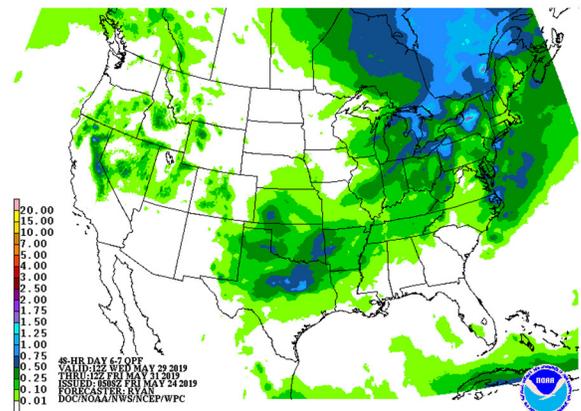
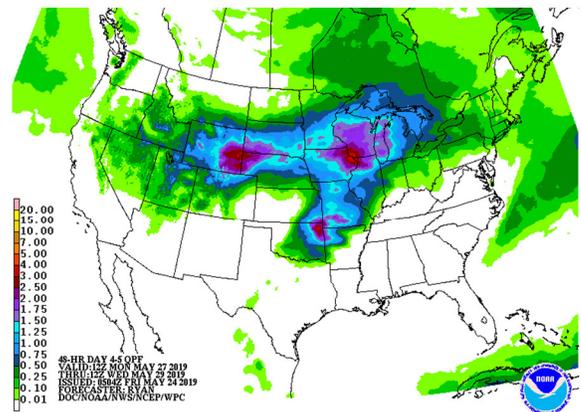
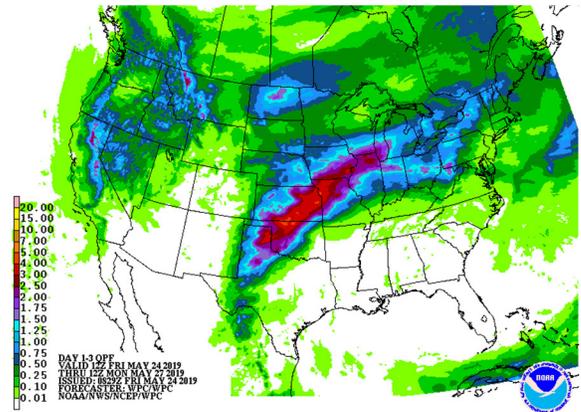
Maps at right show: Days 1-3, 4-5, and 6-7

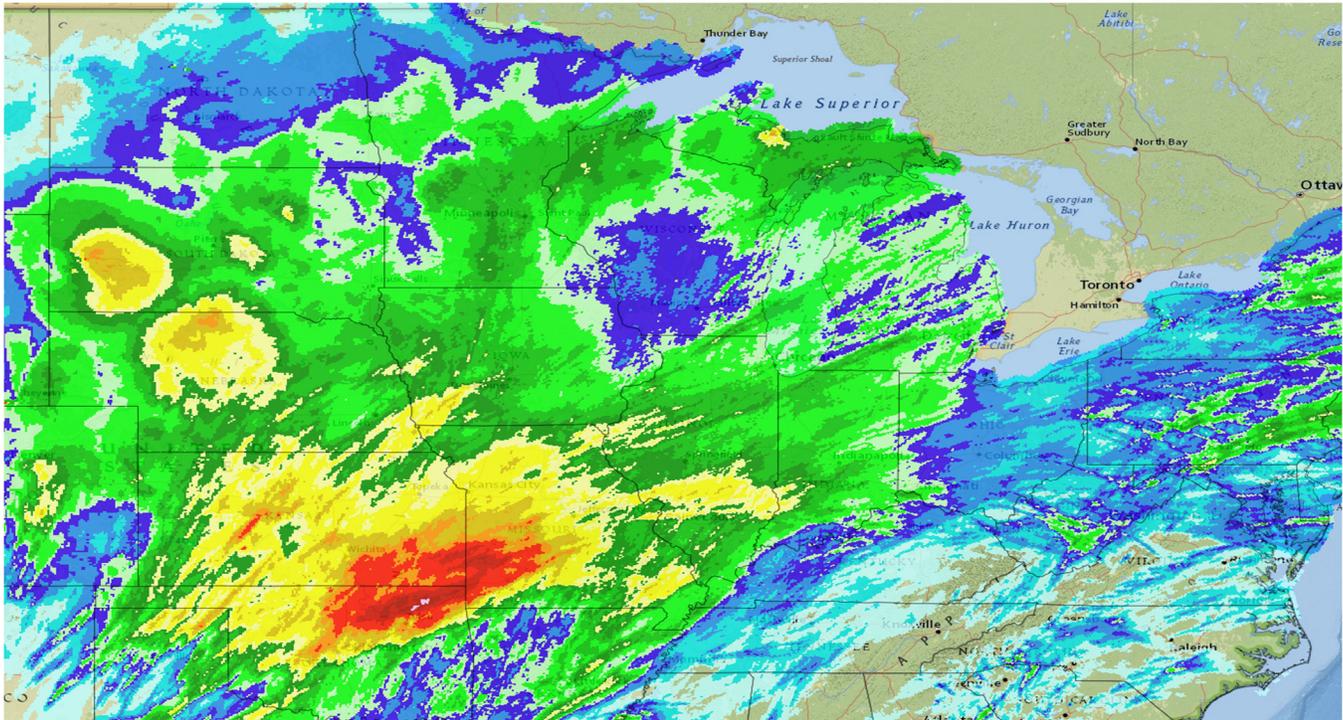
No major changes to the forecast this morning. The Corn Belt is looking for daily chances for rainfall to continue through probably Wednesday of next week. Clearly on some days some of that precipitation will be very heavy. The SPC is forecasting severe weather in western and southwestern portions of the Corn Belt today, for example. Through next Wednesday, only extreme southeastern portions of the Corn Belt (near the OH River) will not see at least 1" of rain with most areas seeing 1-2" amounts and certainly there will be some areas that see heavier totals. The weather pattern for May 30 and beyond remains a bit more questionable. There is good consensus that the "big" rainfall we've seen lately will subside at that point, but that doesn't mean the region will turn completely dry. For example, note the map at the bottom right starts that period of "less rainfall" but it clearly isn't completely dry. Right now the forecast calls for a lot of near normal to maybe some AN rainfall in the 6-10 day period. The 11-15 day period, for now, calls for more of the same but the GFS model overnight did go much wetter in that timeframe (though forecasters seem to be dismissing it for now).

No change for temps. We'll see a lot of highs in the 70s and 80s for a big portion of the Corn Belt through early next week. We'll see some cooler weather develop mid next week favoring northern and northwestern areas. A warming trend would then reassert itself in the early stages of June. Note that extreme heat is still in the forecast for the southeast. We'll see highs in the 90s today and we should see some 100s develop on a daily basis for the remainder of May. Locally temps could get to 105 or possibly more. There will be some rainfall chances in southeast in the Week 2 period, which should help cool temps down a bit at that time.

Crops

Let's consider what planting progress on corn might be on Tuesday's Crop Progress report. Before we can do that, we have to look at precipitation has done this week. The map below shows 5-day radar estimated precipitation totals. Essentially, this should basically cover the period since the numbers for last week were compiled...





I think it is important to note that the rainfall on the map above has been spread out throughout the week so far. There has been rain falling somewhere in the Corn Belt on a daily basis so far this week. Looking for some spots that might have made some progress – KY instantly pops out to me on the map. NC and TX as well. Some parts of TX might have also made some progress. Other areas where progress might have been decent – PA and portions of northern ND. Maybe parts of OH and parts of WI? Elsewhere, it is really hard to be optimistic for planting progress. Obviously we’ll always see *some* progress, but probably not a lot.

The breakdown to the right shows my **optimistic** guesses for corn planting on Monday. I’m intentionally stretching progress as high as I feel comfortable here. Starting from the top:

CO – note on the map that the northeast corner of the state, where a lot of the corn is planted got a good deal of precipitation (some snow) so this might be too big

	2018 Acres	Last Week	% Complete	Acres Planted	% of Total
CO	1,470	63%	70%	1,029	1%
IL	11,000	24%	34%	3,740	5%
IN	5,350	14%	24%	1,284	2%
IA	13,200	70%	78%	10,296	13%
KS	5,450	61%	65%	3,543	4%
KY	1,340	71%	88%	1,179	1%
MI	2,300	19%	28%	644	1%
MN	7,900	56%	65%	5,135	6%
MO	3,500	62%	66%	2,310	3%
NE	9,600	70%	75%	7,200	9%
NC	910	93%	99%	901	1%
ND	3,150	42%	50%	1,575	2%
OH	3,500	9%	19%	665	1%
PA	1,350	42%	55%	743	1%
SD	5,300	19%	25%	1,325	2%
TN	740	85%	95%	703	1%
TX	2,200	92%	96%	2,112	3%
WI	3,900	35%	50%	1,950	2%
US	82,160			46,333	56.39%

- IL- I've given them 10 points of progress just because. Is that really feasible considering the widespread rainfall this week?
- IN – Same as IL
- IA – Same there...lots of rainfall this week
- KS – BIG rains there this week, probably very little done
- MI – I gave them 10 points of progress but not sure why
- MN – Some northern portions of the state probably got something done?
- MO – Same boat as KS, probably very little done
- NE – Same boat as IA, though some portions in the east might have done something
- NC – Dry and should be wrapping up
- ND – I might actually be too low here? Precipitation this week wasn't too heavy, but I'm also not sure the drying conditions were the best.
- OH – Tough decision here. I gave them 10 points but I think I could make an argument for both more or less.
- PA – Another tough one, but I went optimistic with 13 points. Clearly some rainfall this week but warmer temps likely allowed for some progress
- SD – I gave 6 points here but that seems hopeful. Pretty widespread rainfall throughout the week
- TN – Should be close to wrapping up
- TX – Same as TN
- WI – I gave them 15 points of progress. Might be aggressive but we'll see.

Adding it all up you see I'm coming up with 56-57% planting progress on Monday. Looking at the data since 1990, this would easily be the slowest planting progress during that timeframe. The slowest for Week 21 since 1990 would be 1995 with 71% complete. And remember, especially in states like IL, IN, and IA, I'm being optimistic with my guesses above. Though its my number, I'd probably still bet the under.

While we're at it, let's look forward to the following week. We should have active precipitation continue next week until at least Wednesday before "less rainfall" (note, not "dry") develops in the Corn Belt. Will the following week's progress be significantly better? On June 2 will we still have 20%+ of the Corn Crop left to plant?

Livestock

We have the COF report due this afternoon. A breakdown of the headline expectations is shown to the right. As usual, I'll lean on my friend Mike Sands this morning to lend his thoughts. You'll note to the right I've included a column showing his best guesses for today's report. The comments below are his thoughts:

	Cattle on Feed		
	Avg. Guess	Range	MBS
On-Feed	102.9%	102.1-103.8%	102.2%
Placements	113.5%	108.6-118.9%	108.8%
Marketings	106.6%	105.9-107.1%	107.0%

The transition from year-over-year declines in feedlot placements to year-over-year increases, which began in February, likely gathered momentum in April, boosting feedlot placements well above last year – not record large, but close. At the same time, April marketings accelerated well above last year's place – mostly related to one additional business day during the month. The combination of larger placements and marketings likely will pare feedlot inventories modestly from a month earlier, but will remain above year earlier; pointing to larger fed cattle supplies this summer and early fall. Despite adverse feeding conditions in some areas, larger supplies of

feeder cattle with favorable opportunities to garner a hedge margin, continued to spur placement interest in April, boosting placements near 109% of last year. Although April marketings are projected near 107% of last year, after adjusting for fewer marketing days, the marketing rate during the month slipped near 102% of last year. The April 1 feedlot count is projected near 102% of last year, a less-than seasonal decline from the previous month and more than 15% of the 2012-16 average, climbing to a record large April 1 count.

As you can see in the chart, there is a very wide range of expectations for placements, but Mike seems to find himself on the low end of expectations. If Mike is correct, we might see some upside to LC futures early next week. I'm also already hearing that placements so far this month are running under year ago levels which might prove to be supportive to the board at some point in the future.

Financials

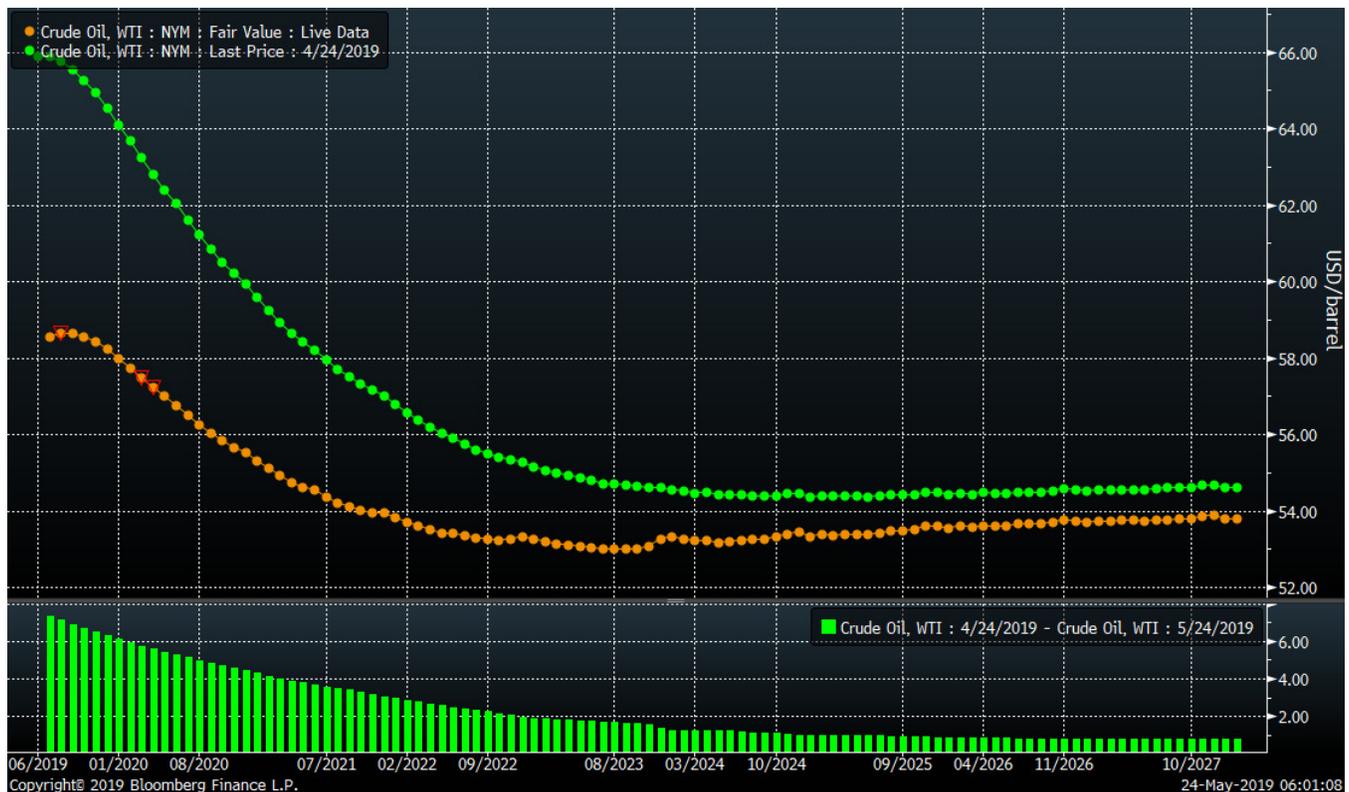
A bit of a relief rally in "risk" this morning, with equity futures higher and bonds lower. Though you've likely noticed recently that I've been a bit of a dollar bull, I must admit that yesterday's price action in the dollar has me a bit uneasy this morning. We saw a nasty outside reversal in the DX yesterday after posting a potential breakout. Not the price action a dollar bull wants to see. The DX is weaker again this morning and it wouldn't surprise me to see it move and test some support levels below. Keep an eye on that chart, and note that several of the other FX pairs might be looking for their own tech points to test here. The chart of ES is also interesting to look at here...posted below. We've found support in this 2800 area, which shouldn't come as a surprise considering it has been an area of importance going back to late last year. I don't have a lot of value to add looking at this chart other than to point out that the move away from this level (up or down) isn't likely to be minor.



No major news to report from overnight. We finally have the official word that UK PM May will be stepping down on June 7. This comes as no surprise as its been talked about all week. It will be interesting to see who takes her spot. The Trump administration is looking at pushing tariffs on countries they deem to be undervaluing currencies...which in today's world means – everybody?

Energy

Crude oil futures got hammered yesterday, spot WTI trading through the 200-day MA but finally finding support at the 100-day MA near \$58. For now that level is holding at the time of writing this morning. It seems the crude oil market is caught between several different stories. On one hand, you have tightening global supplies (in theory) due to the Iranian sanctions and the Venezuelan mess. On the other hand, we have questions regarding global economic growth and we're also seeing US inventories build sharply. For the moment, it seems those fears over the economy and the focus on US supplies are winning the day. Note the chart below which shows the crude oil curve now (orange dots) vs one month ago (green). The inverse has narrowed *dramatically* over the past month, showing the market's fears over tight supplies have been alleviated to a degree. Still, there is a long way yet to go before the curve is flat...and thus there could be a lot more left to the downside in spot futures.



Today's Calendar (all times Central)

- Durable Goods – 7:30am
- Baker Hughes Rig Count – 12:00pm
- Cattle on Feed – 2:00pm

Thanks for reading.

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