

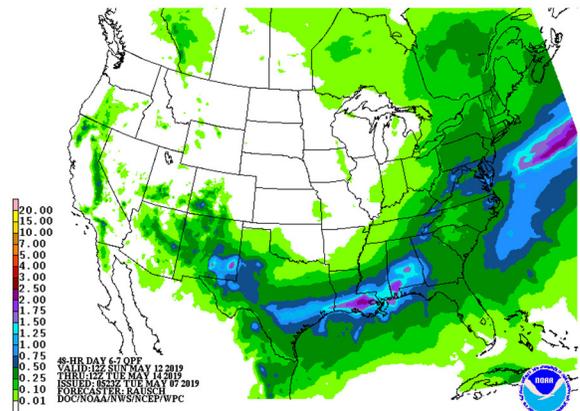
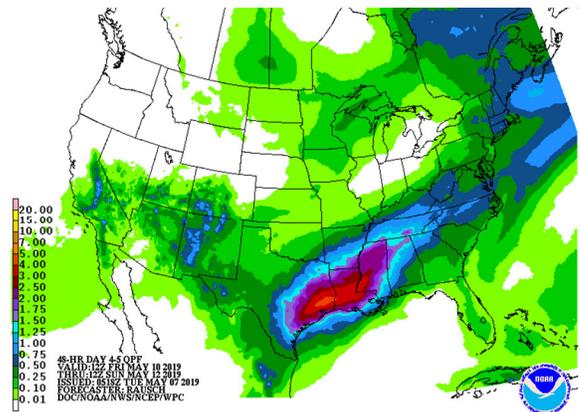
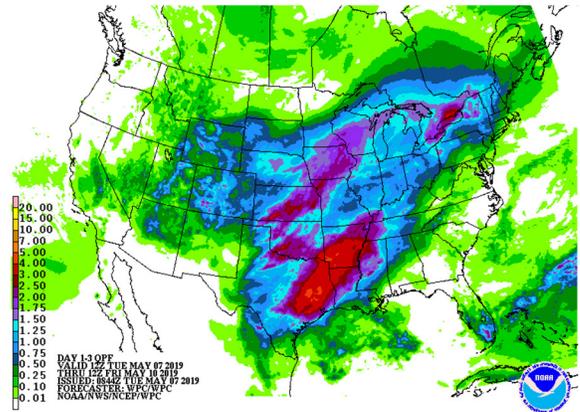
Weather

At right: Days 1-3, 4-5, and 6-7

No major changes to note in today's forecast. The next three days will feature active precipitation through the Corn Belt. You can see some activity already on the radar this morning in the KS/MO area. The rain will slowly spread from west to east over the next few days. WCB areas will be mostly dry on Thursday while rains will linger in the ECB at that time. Only scattered showers are expected to close the week. You can see in the map at the bottom right, showing days 6-7, that mostly clear conditions are expected in the Corn Belt at that time. Indeed, mostly BN precipitation chances are seen during the 6-10 day period and we should see near normal temps for a large portion of the region at that time as well. That will clearly be one of the best opportunities for planting progress this spring. How long that is able to remain the case is questionable. The 11-15 day maps this morning are showing the same features that produced heavy rainfall earlier this month. Expectations are for rainfall in the 11-15 day period to average near to mostly AN through much of the Corn Belt. Temps would also likely turn cooler again during that period in northwestern portions of the region.

Crops

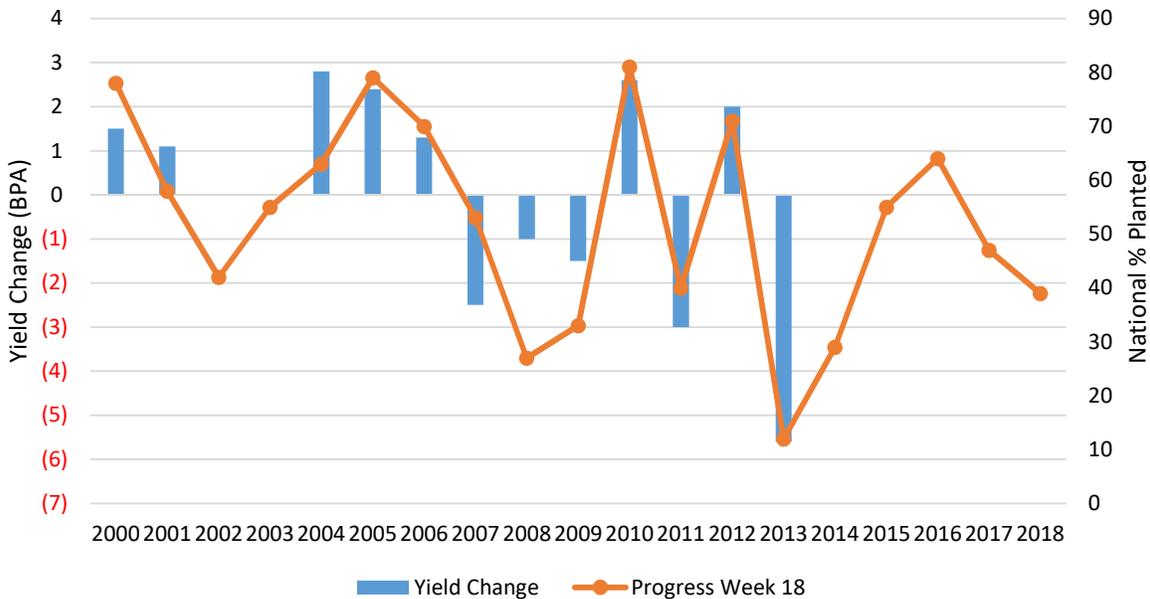
WASDE on tap Friday, and of course this will be the first "official" installment of new crop 19/20 balance sheets. One hot topic of debate over the past week is whether or not WASDE will choose to lower the corn yield projection based on the slow planting pace so far this season. There is a precedent for this of course, with most pointing out 2013 as a year with slow planting progress and a significant 5+ bpa reduction in the national average yield projection from the February Outlook Forum to the May WASDE along with the slowest planting progress we've seen in recent years.



That being said, I'm inclined to think WASDE likely holds put for now. The chart below takes a look at the history of the Outlook Forum vs. May WASDE yield changes since 2000. Also plotted on the chart is the Week #18 planting progress for each year. You can see that WASDE had a very standard practice of adjusting yield estimates based on planting progress during the stretch from 2000-2013. In years of quick progress, WASDE would raise the yield projection (including 2012) and in years of "slow" progress WASDE would lower the yield estimate. Note however, that all ended with 2013. Despite up-and-down planting progress since 2014

(including last year’s relatively slow pace) we’ve seen WASDE maintain the trendline yield estimate in May in the past few years.

**Change in US National Corn Yield Projection
 February Outlook Forum vs. May WASDE**



My bias is that, starting in 2014, WASDE has simply adopted a policy of not trying to “micro-manage” yield potential this early in the season. Obviously there is a long summer to go, and I simply think WASDE is content to take a wait-and-see approach to things to start with in May. With that in mind, I believe the Outlook Forum yield estimates will be unchanged in the May WASDE we get on Friday despite the slow planting progress.

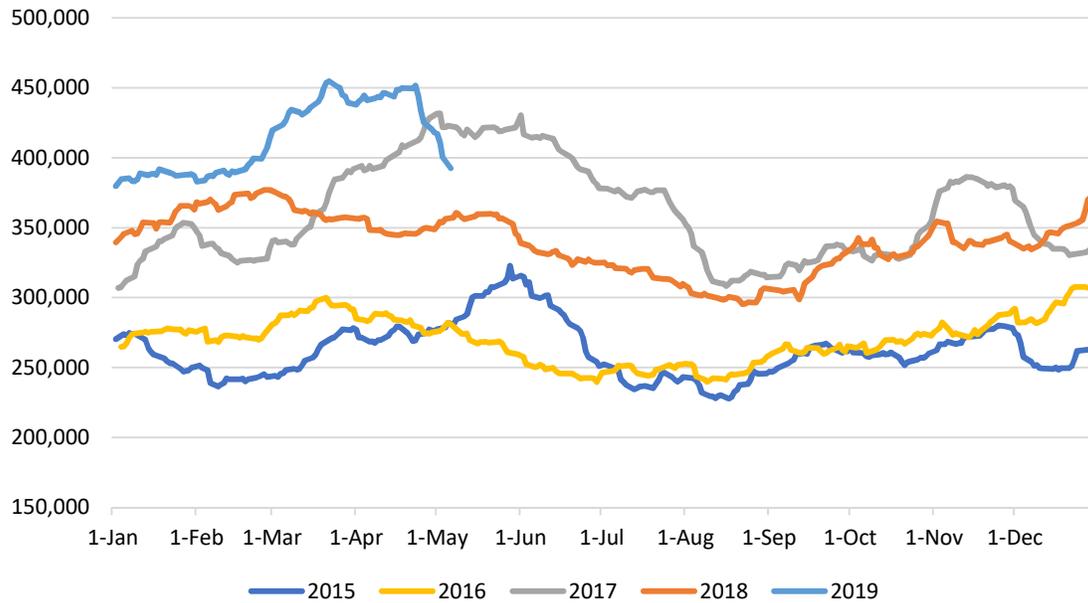
FWIW, the history since 2000 would show that WASDE keeps the trendline soybean yield figure from the Outlook Forum 100% of the time.

Livestock

Nothing unexpected in the weekly cattle data released yesterday. MPR cash cattle volume was big, as expected. Despite the volume, however, it doesn’t feel like the packer is necessarily sitting on a lot of inventory considering the big kills we’re expecting here in the short term. Early calls for this week’s cash trade are lower. Our friends at MP Agrilytics say initial packer bids could start \$3-4 under last week’s trade

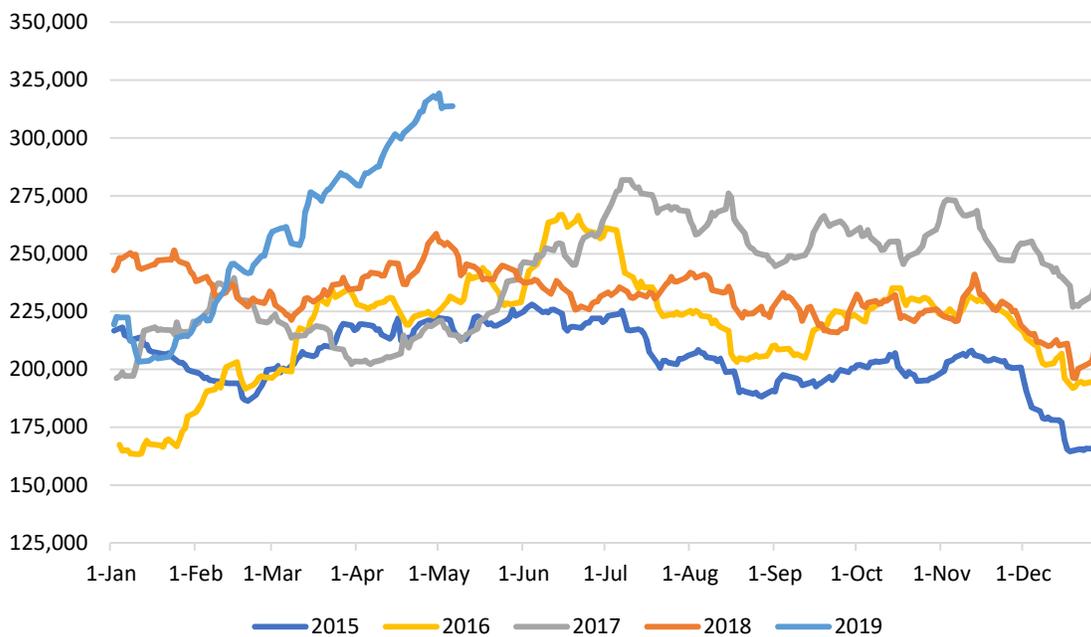
Again looking at LC spec positioning this morning, but this time from the viewpoint of total open interest. The chart below takes a seasonal view of LC total futures open interest, and you can see we’ve seen OI come down sharply on the break in prices. Between 4/22 and yesterday, total futures open interest is down almost 60k contracts.

LC Aggregate Futures Open Interest



Interestingly, though LH futures have also sold off pretty aggressively, open interest there has been slower to show a big move. Obviously yesterday we saw futures lock limit down pretty quickly, limiting the ability to liquidate futures. Still, this would imply to me that the cattle market is “cleaner” than hogs for the moment.

LH Aggregate Futures Open Interest



Financials

All things considered, overnight action has been fairly quiet. US equity futures are lower at the time of writing, but basically steady from their opening level. Obviously futures gapped lower on the reopen yesterday afternoon following the statements from USTR Lighthizer and Treasury Sec Mnuchin that tariffs would indeed be upped on imports of Chinese products at 12:01am Friday morning. Still, the Chinese trade team is coming to the US despite the threat and even Chinese Vice Premier Lie He is coming. This still gives some hope that a deal, or at least a delay on the new tariff threat, might be reached. We'll see. As this new tariff threat seemingly comes from Lighthizer himself rather than Trump just spouting off on Twitter, I have to give it more credibility.

Otherwise, not much new to report today. No major economic data is due today. No major earnings releases either, though LYFT will report after the close and that will probably garner some attention.

Energy

Crude oil futures are slightly lower at the time of writing this morning. This is largely due to the overall risk-off tone in markets due to the trade fears, but there is also a report suggesting the Saudis are offering more oil to Asia in June. Saudi Aramco will sell cargoes on top of scheduled long-term contracts to Asian buyers in an attempt to fill a supply squeeze with US sanctions on Iran and Venezuela. The additional cargoes will come with a price though, as the premium to the Middle East benchmark was raised to its highest level in 11 months. That higher cost is not likely to deter buyers as importers have been asking for additional crude for months now.

Today's Calendar (all times Central)

- JOLTS Job Openings – 9:00am
- EIA STEO – 11:00am

Thanks for reading.

David Zelinski

dzelinski@nesvick.com

901-766-4684

Trillian IM: dzelinski@nesvick.com

Bloomberg IB: dzelinski2@bloomberg.net

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any,

referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.