

## Weather

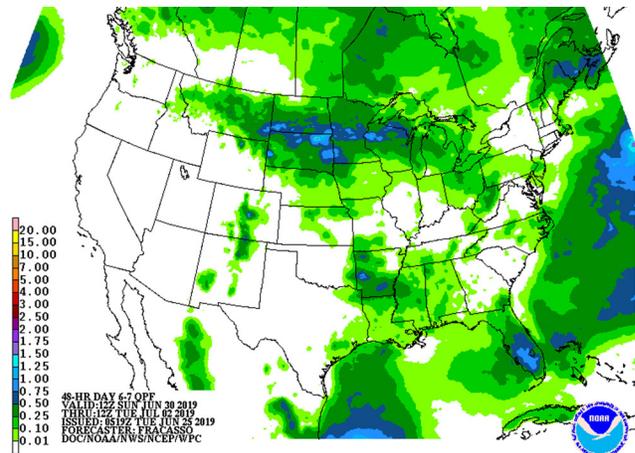
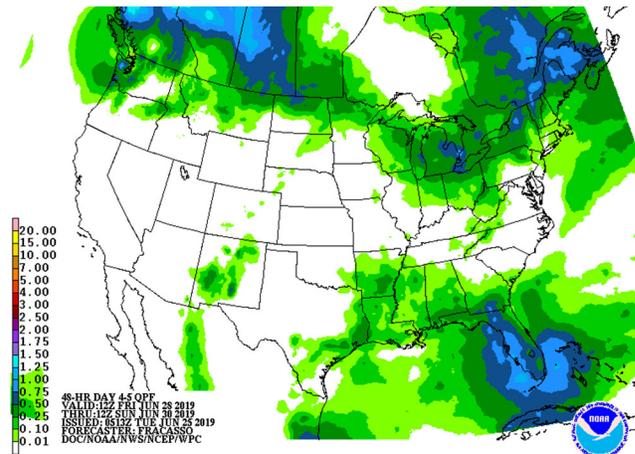
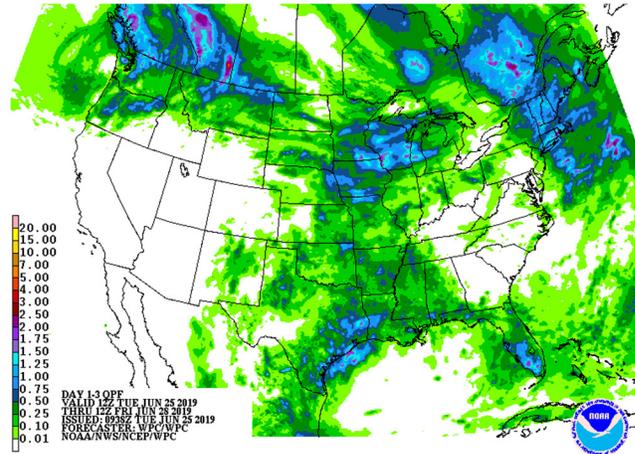
Maps to right: Days 1-3, 4-5, 6-7

No major changes to the forecast this morning. It is going to be a week of very scattered shower activity through the Corn Belt. Predicting where exactly and when these showers will develop will be difficult, so don't consider the maps at the right to be perfect. The bottom line is that we should see daily rainfall chances through the Corn Belt during the work week. These rainfall chances should be fairly scattered and mostly light but there will be some severe weather at times that will lead to localized heavy rainfall accumulations. You can see some showers on the radar this morning in NE/IA, but those should die out early this morning. Later this afternoon we should see some additional rains develop and the best coverage and amounts will likely be near the IA/MO border. Similar situations will be seen daily through Friday. The weekend might see less rain as the ridge of high pressure intensifies and pushes rainfall chances further north, but even on that there is limited model agreement.

Temps should be near/below normal today but should be near/above normal tomorrow. This near/above normal temp regime should remain in place through at least mid-next week. This is unlikely to result in any extreme heat, however, with highs mostly in the upper 80s to low 90s.

## Crops

Just a quick update on acreage remaining to be planted. I expected yesterday to be the last corn planting progress figure we got for the year, but it appears NASS is going to report one more corn planting progress figure next week. Vs. the March intentions, corn has a little more than 3 million acres remaining to be planted. We're now roughly 20 days past the initial prevent plant date in the eastern Corn Belt, which makes me wonder why bother reporting another week of progress at this point? It's basically the same story in soybeans now. We're behind the initial prevent plant date throughout the Corn Belt, though obviously not to the extreme level as with corn. We've got almost 12 million acres remaining to be planted with



almost 8 million of that sitting in water-logged IL, IN, MI, MO, and OH. The threat of soybean acreage losses now has to be taken very seriously...if you weren't taking it seriously before.

Corn	2019 Intentions	6/16/2019			6/23/2019		
		% Complete	Acres Planted	Acreage Remaining	% Complete	Acres Planted	Acreage Remaining
CO	1,430	93%	1,330	100	95%	1,359	72
IL	11,200	88%	9,856	1,344	92%	10,304	896
IN	5,500	84%	4,620	880	91%	5,005	495
IA	13,600	98%	13,328	272	100%	13,600	0
KS	5,700	96%	5,472	228	99%	5,643	57
KY	1,430	97%	1,387	43	100%	1,430	0
MI	2,350	84%	1,974	376	91%	2,139	212
MN	8,000	99%	7,920	80	100%	8,000	0
MO	3,500	89%	3,115	385	92%	3,220	280
NE	9,700	98%	9,506	194	100%	9,700	0
NC	970	100%	970	0	100%	970	0
ND	4,050	98%	3,969	81	99%	4,010	41
OH	3,500	67%	2,345	1,155	80%	2,800	700
PA	1,370	94%	1,288	82	96%	1,315	55
SD	6,000	78%	4,680	1,320	95%	5,700	300
TN	850	100%	850	0	100%	850	0
TX	2,150	100%	2,150	0	100%	2,150	0
WI	4,050	87%	3,524	527	93%	3,767	284
US	85,350		78,283	7,067		81,960	3,390

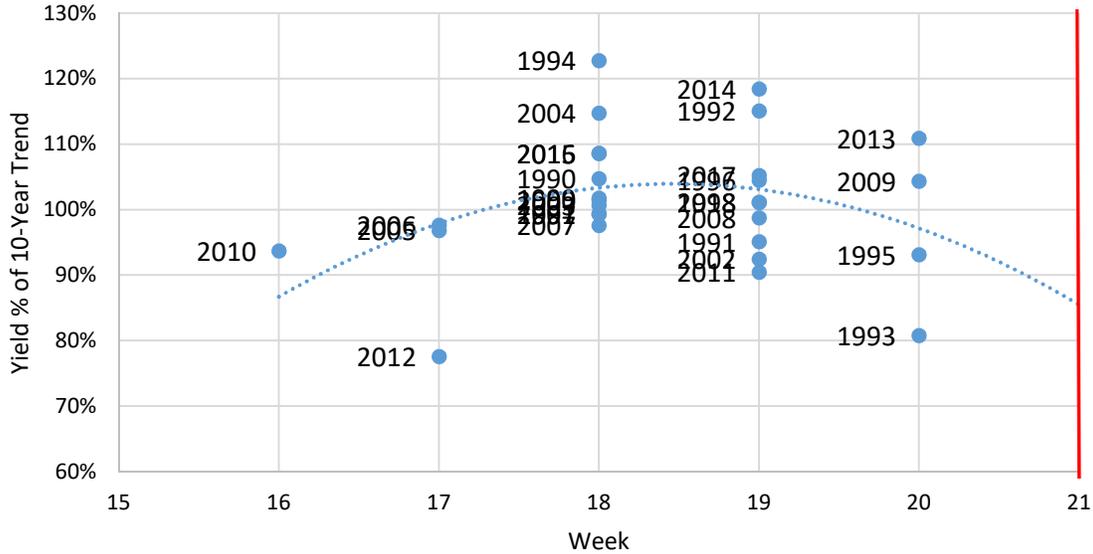
  

Soybeans	2019 Intentions	6/16/2019			6/23/2019		
		% Planted	Acres Planted	Acreage Remaining	% Planted	Acres Planted	Acreage Remaining
AR	3,100	79%	2,449	651	89%	2,759	341
IL	10,500	70%	7,350	3,150	79%	8,295	2,205
IN	5,700	64%	3,648	2,052	75%	4,275	1,425
IA	9,400	89%	8,366	1,034	95%	8,930	470
KS	4,950	74%	3,663	1,287	84%	4,158	792
KY	1,750	74%	1,295	455	80%	1,400	350
LA	1,130	98%	1,107	23	99%	1,119	11
MI	2,200	53%	1,166	1,034	69%	1,518	682
MN	7,300	94%	6,862	438	98%	7,154	146
MS	2,000	91%	1,820	180	96%	1,920	80
MO	5,500	57%	3,135	2,365	66%	3,630	1,870
NE	5,400	91%	4,914	486	96%	5,184	216
NC	1,550	74%	1,147	403	82%	1,271	279
ND	6,500	96%	6,240	260	98%	6,370	130
OH	4,950	46%	2,277	2,673	65%	3,218	1,733
SD	5,200	70%	3,640	1,560	84%	4,368	832
TN	1,500	85%	1,275	225	90%	1,350	150
WI	2,150	77%	1,656	495	88%	1,892	258
US	80,780		62,010	18,770		68,810	11,970

It remains too early to make any strong determinations on yield potential, but one's guard has to be raised with the condition ratings at this point. As shown below, one can definitely make the argument that the slow pace of

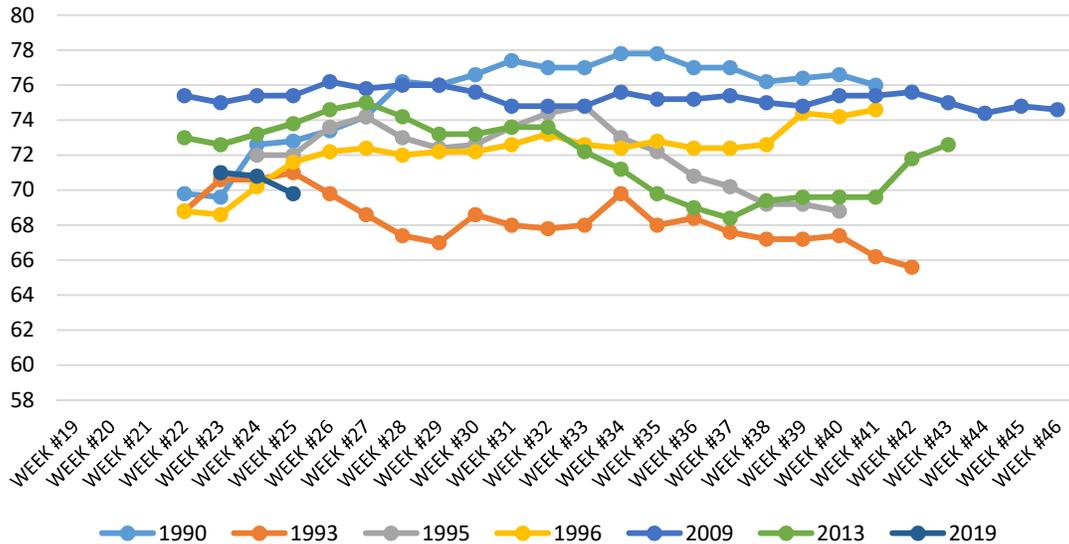
planting doesn't necessarily mean we're due for a below-trend yield. Slow corn planting progress in 2009 and 2013 both did not lead to below trend yields.

**US Total Week of 50% Planted vs. % of Trend**



However, note the difference in condition ratings in 2009/2013 vs 1993/1995 and then compare that vs. this year's condition ratings. I've also thrown in a few other "slow" planting years on the chart below. The point here is that condition ratings will be what I'm watching going forward. The debate on acreage will be "tabled" after Friday. It won't be finalized, but we just won't have any new inputs until August. The debate on yield, however, is just getting started.

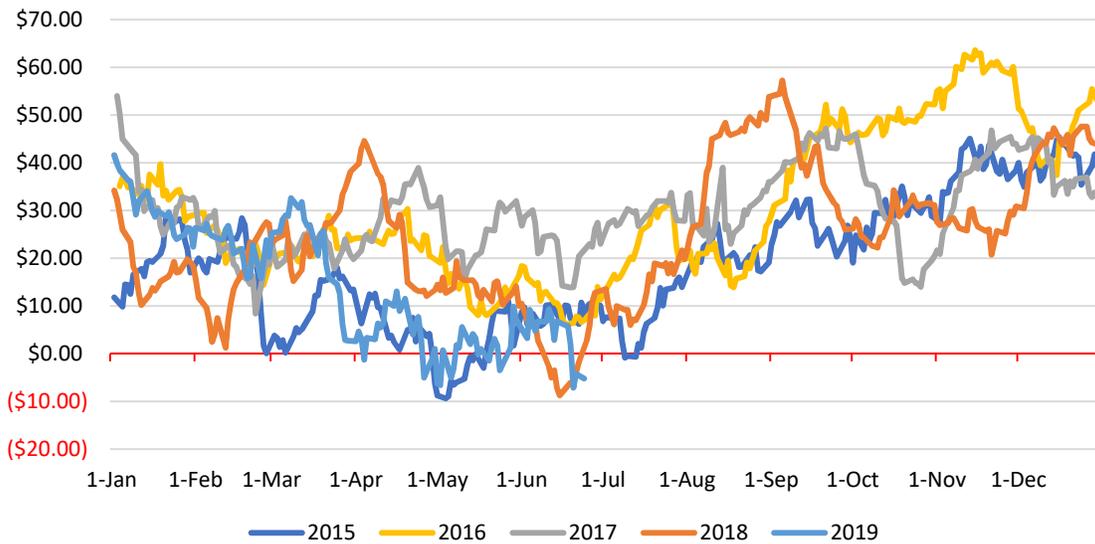
**Corn Condition Index Comparison**



**Livestock**

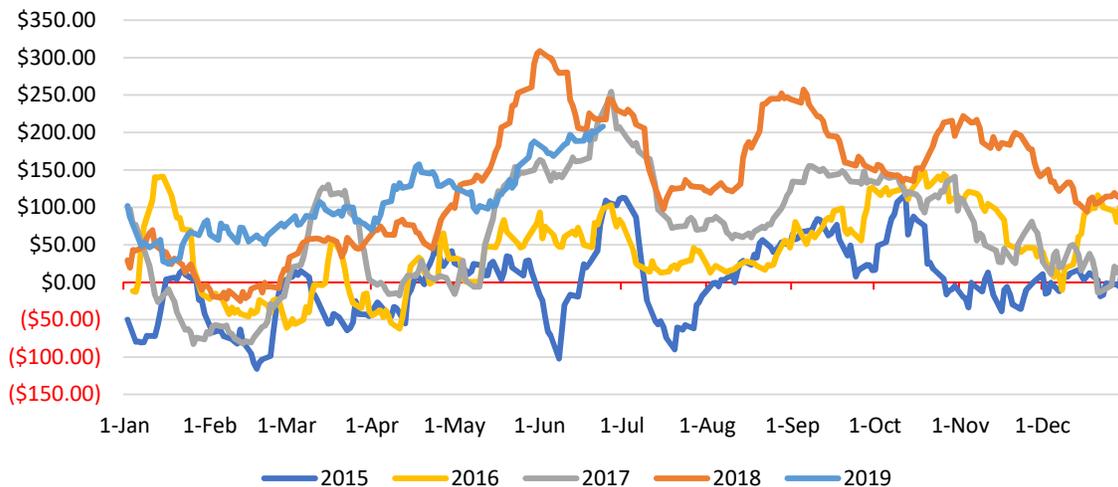
It dawned on me yesterday that we haven't looked at packer margins in a while here. I was especially interested in looking at pork packer margins considering the counter-seasonal weakness in the pork cutout recently. It really came as no surprise to see pork packer margins on their dead-ass lows here. Note, however, that seasonally we should start to see some improvement in margins going forward. Considering the pork cutout has trended counter-seasonally a lot this year, I don't know whether to have any faith in that right now or not.

**HedgersEdge Estimated Pork Packer Margin**



We have quite the opposite situation in the beef industry right now. As shown below, estimated packer margins are the best so far of 2019 and for now appear to be following their typical seasonal patterns. We typically see packer margins start to erode in the month of July, but considering the overwhelming pessimism towards near term cash cattle prospects, I wonder if that will be the case this year?

**HedgersEdge Estimated Beef Packer Margin**



## Financials

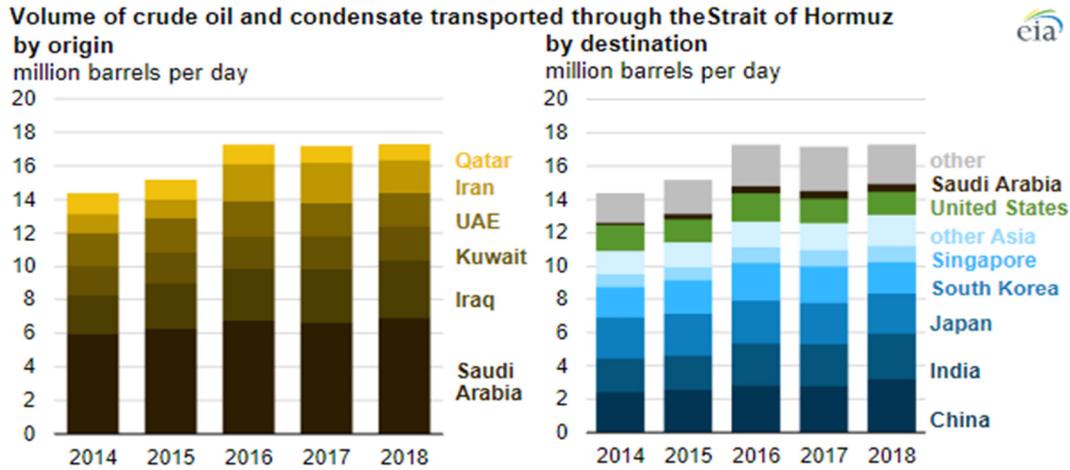
No major new information to pass along this morning. I don't see any major economic data releases from overnight. The main news headlines this morning remain Iran and Trump-Xi...so nothing new there. US equity futures are slightly lower at the time of writing. Gold continues to rip higher along with Bitcoin. Bitcoin is actually in a pretty interesting spot here. Note the chart below...at the time of writing this morning we're right at the 50% retracement back to the late 2017 highs. It'll be interesting to watch going forward.



On tap today we have data on new home sales and consumer confidence. Of more importance will be Fed Chair Powell who will be speaking this afternoon.

## Energy

With a timely update, yesterday EIA issued a short report on the Strait of Hormuz calling it “the world’s most important oil transit checkpoint”. The EIA noted that in 2018 roughly 20.7 mbpd of crude oil moved through the Strait of Hormuz and there are limited options to bypass the area. According to EIA, “only Saudi Arabia and United Arab Emirates have pipelines that can ship crude oil outside the Persian Gulf and have the additional pipeline capacity to circumvent the Strait of Hormuz”. However, EIA notes that the available pipeline capacity is only 3.8 mbpd...not very close to the 20.7 mbpd moving through the Strait during normal times. The most interesting part of the report, in my opinion, is the note that 76% of the crude oil that moved through the Strait of Hormuz goes to Asian markets. By comparison, oil from the Strait of Hormuz accounted for “only” 18% of total US crude oil and condensate imports in 2018.



Source: U.S. Energy Information Administration, based on tanker tracking data published by ClipperData, Inc.

In 2018, the United States imported about 1.4 million b/d of crude oil and condensate from Persian Gulf countries through the Strait of Hormuz, accounting for about 18% of total U.S. crude oil and condensate imports and 7% of total U.S. petroleum liquids consumption.

**Today's Calendar (all times Central)**

- Richmond Fed Index – 9:00am
- New Home Sales – 9:00am
- Consumer Confidence – 9:00am
- Several Fed Speakers – including Fed Chair Powell

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