

Weather

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

No major changes to the forecast this morning. We have a small area of showers on the radar this morning in IA, MN, and WI which should die out later this morning. Look for a redevelopment of rainfall in parts of IA by mid-afternoon and for that activity to spread during nighttime hours over more of IA, MO, northern IL, southern WI, and MI. Only limited rainfall activity is expected during the weekend, but we could see showers redevelop in northwestern areas Sunday night. Beyond that, it is really hard to have certainty on what to expect. There will be scattered showers around on an almost daily basis next week, but predicting exactly where and how much rain will fall remains very difficult. You can see again that the WPC seems to be focusing the best chances for heavy rain along the IA/MN border with their projections at the right.

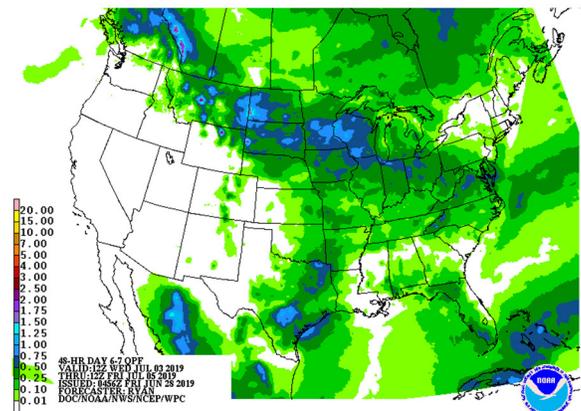
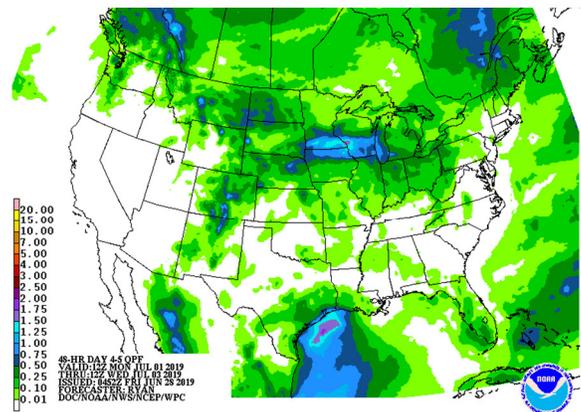
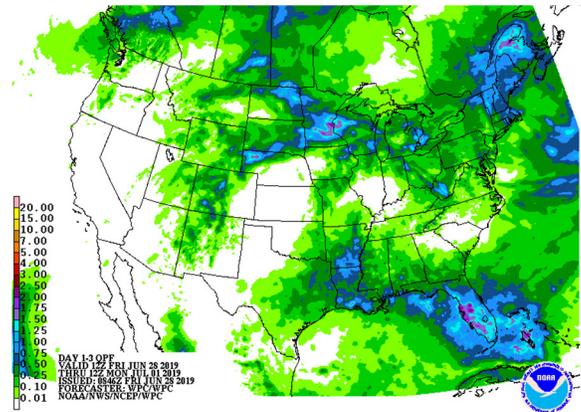
We should see AN temps today and through the weekend with a lot of upper 80s and low 90s. Temps should cool slightly next week but still mostly near normal.

Crops

A big day of reports so I won't muddy the waters with any new observations. I'll just simply recap my thoughts and be on my way.

Corn area- I went through the state level breakdown in Monday's commentary. That seemed to point, in my opinion, that a "minimum" cut to corn area would be something near 5 million acres vs the March intentions. The Bloomberg survey guess is calling for about 5.75 million acres less. That average guess seems pretty reasonable to me considering there is really no way NASS could truly know what was going to get planted in early June. Gun to head, I suppose there is chance for a bigger than expected cut in acreage...but I'd be lying if I implied even the faintest amount of confidence. The fact that the survey was taken in early June when a lot of questions remained leaves a lot of doubt into how NASS will handle things.

Soybean area – This is even more of a guessing game than the corn figure. The Bloomberg survey average guess basically calls for an unchanged figure. At face value, I don't have a major argument against that. At this point I think the *reality* is that we're losing soybean area but whether or not this is reflected in today's report is another story completely. In the past when we've seen cuts to corn area we have seen increases to soybean area. Is



that possible here today? Well, considering this is all info as-of early June I'd say yeah...its *possible*. Unlikely maybe, but possible. The soybean number to me today is a total coin-flip. No opinion.

Corn stocks – I reviewed this in Wednesday's comments. Bottom line is that the Bloomberg survey's average guess of 5,335 mil bu would imply a *sharply* lower annual F&R figure than WASDE has been printing. That isn't impossible, but I'll take a low-confidence under vs. the average guess.

Soybean stocks – Probably the least likely number that is going to shock us today. We basically "know" crush and trade for the quarter, leaving us guessing on seed and residual. While there is always the chance for a surprise, I think the Bloomberg survey's guess of 1,865 mil bu is a pretty good one. I would probably take the over vs. that guess, but not by enough to swing price action.

Wheat stocks – This will finalize 18/19 ending stocks. The Bloomberg survey is calling for stocks of 1,089 mil bu which would be down vs. the WASDE ending stocks guess of 1,099 mil bu. Considering what we think we "know" about other demand inputs, it would seem the market is looking for bigger wheat feeding during the quarter than WASDE has been assuming. I have to lean on the side of WASDE here, as any noticeable increase in wheat feeding isn't likely until the summer quarter. With that in mind, I'll take a low-confidence over vs. the average guess today.

I'm sure I'm forgetting to mention something...but I'm just going to wrap it up here today. Good luck.

Livestock

A negative Hogs & Pigs report released yesterday afternoon. A breakdown of the figures is shown to the right. In addition to the larger than expected totals in yesterday's breakdown, prior figures were also revised modestly higher. This should at least partially explain some of the recent surge in slaughter and the resulting counter-seasonal weakness in the pork cutout. As Mike Sands points out – the bottom line is this report points to both larger than expected slaughter hog supplies for the remainder of the calendar year (at least).

	June	March	June		BN Survey
	2019	2019	2018	YOY%	YOY%
Hogs and Pigs	75,520	75,026	72,866	3.6%	2.6%
For Breeding	6,410	6,349	6,320	1.4%	1.6%
Market	69,111	68,678	66,546	3.9%	2.7%
Under 50 lbs	22,019	21,656	21,327	3.2%	1.9%
50-119 lbs	19,606	19,039	19,083	2.7%	2.2%
120-179 lbs	14,427	15,058	13,988	3.1%	2.7%
Over 180 lbs	13,059	12,925	12,147	7.5%	4.6%
Pig Crop	34,177	33,427	32,942	3.7%	1.9%
Pigs per Litter	11.00	10.70	10.63	3.5%	0.9%
Sows Farrowing	3,108	3,123	3,100	0.3%	1.3%
Farrow Intentions:					
Next quarter	3,185	n/a	3,200	-0.5%	0.9%
In 2 quarters	3,175	n/a	3,174	0.0%	1.8%

There has been "some" cash cattle trade on a daily basis so far this week, but I haven't ever got a good feel on volume. It has seemed pretty quiet so far, so maybe things will pick up a little today. That said, packers are obviously buying for a short week next week so maybe not. Trade so far this week has seemed to be in the 108 area for the most part, meaning basis against LCQ is still fairly strong.

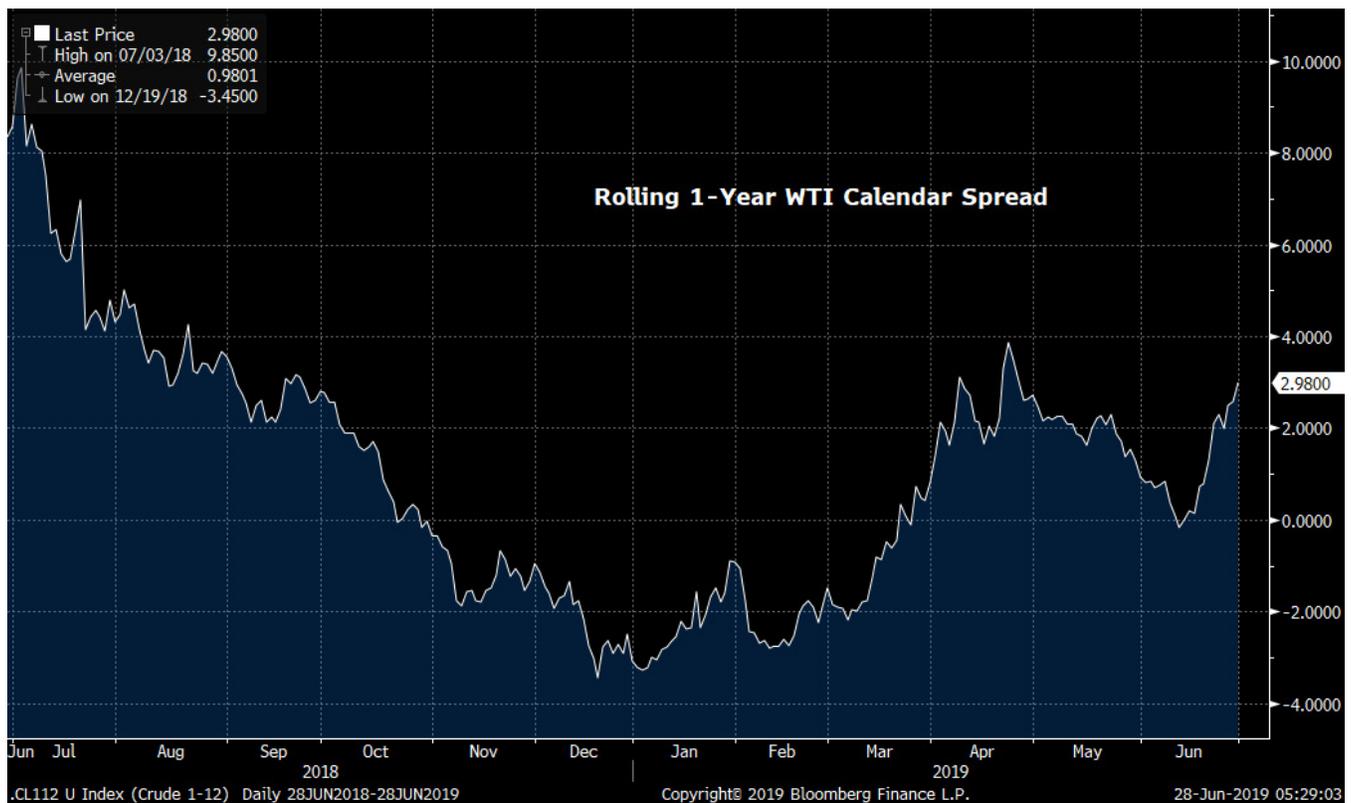
Financials

Fairly quiet overnight in terms of news flow. The G20 summit has started, and newswires report that President Trump has met with India's Modi and Japan's Abe and has promised to work on trade deals with both. The scheduled meeting with Chinese President Xi isn't until tomorrow but the two main trade negotiators, Lighthizer and Liu He, have apparently already met. In overnight economic data, Eurozone inflation was unchanged at

1.2% in June according to the flash estimate this morning. This morning we'll get the Fed's preferred measure of inflation, the PCE deflator, which is expected to come in at 1.5% (unchanged from last month). The relatively low rates of inflation should only continue to point towards both the ECB and Fed maintaining looser monetary policy.

Energy

WTI futures are hanging out in that \$59-60 area I identified earlier in the week as a key resistance area. We'll see if any G-20 headlines over the weekend can produce any positive momentum to burst through this level. One thing that does appear to be positive is that the calendar spreads have bounced back to life as well. The chart below shows the rolling one-year WTI calendar spread. You can see that the spread bottomed recently right at even, maintaining the inverted curve structure. This seems like a modestly supportive signal for potential flat price strength.



Today's Calendar (all times Central)

- PCE Deflator – 7:30am
- U of M Consumer Sentiment – 9:00am
- Acreage, Quarterly Stocks – 11:00am
- Baker Hughes Rig Count – 12:00pm

Thanks for reading.

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