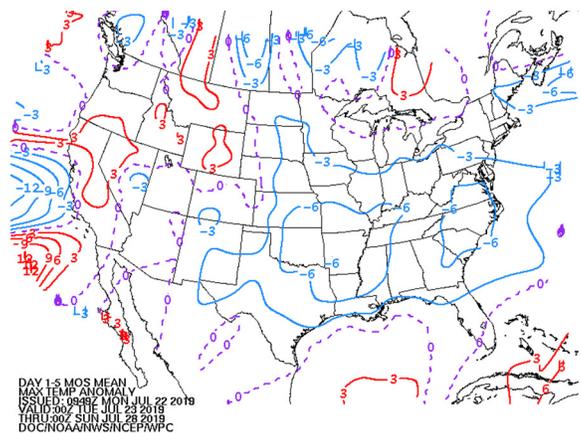
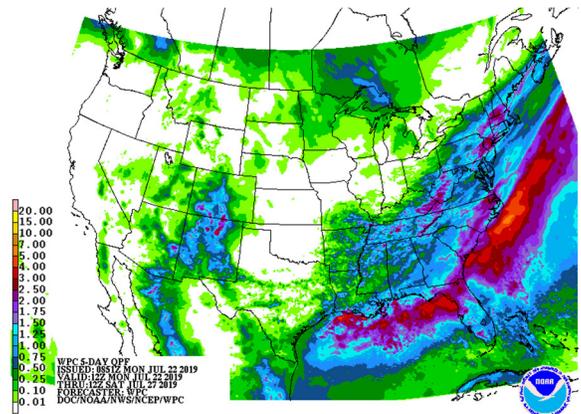


### Weather

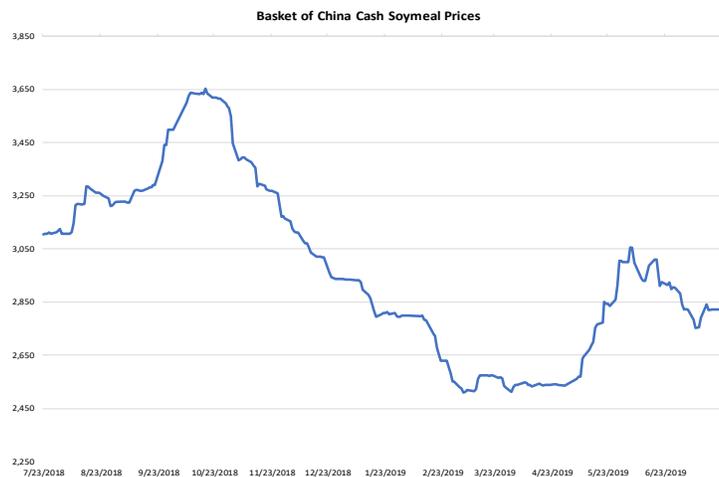
Weekend rainfall coverage in IA and IL was probably a bit of a disappointment, but elsewhere fairly solid rains were seen. There will be some additional rain today in southern portions of the Corn Belt with the remainder of the region dry. We should see mostly dry weather continue through Thursday. Starting on Friday we should see the pattern revert back to what we saw this past week, with a ridge of high pressure in the southwestern US and a flow of storms that should track through the Corn Belt. As we saw last week, it is basically impossible to pinpoint where these rains will fall even 24 hours in advance, so the models at this point in time are virtually of no use to us. What we do know is that rainfall chances should be on the increase again this weekend and into the 6-10 and 11-15 day periods. This should produce a mix of below/near/above normal rainfall totals, but exactly where is impossible to guess.

The second map at right shows the expected average departure from normal high temp over the next 5 days. As you can see, we're looking at a lot of relatively cool weather through the Corn Belt and southeastern US during this period. This should equate to highs in the 70s and 80s early this week and mostly 80s around mid week. The forecast for the 6-10 and 11-15 day periods has trended slightly warmer during the weekend, with some above normal readings looking possible. None of that heat, for now, looks extreme, but highs in the 90s in southern/southwestern portions of the Corn Belt should be pretty persistent.



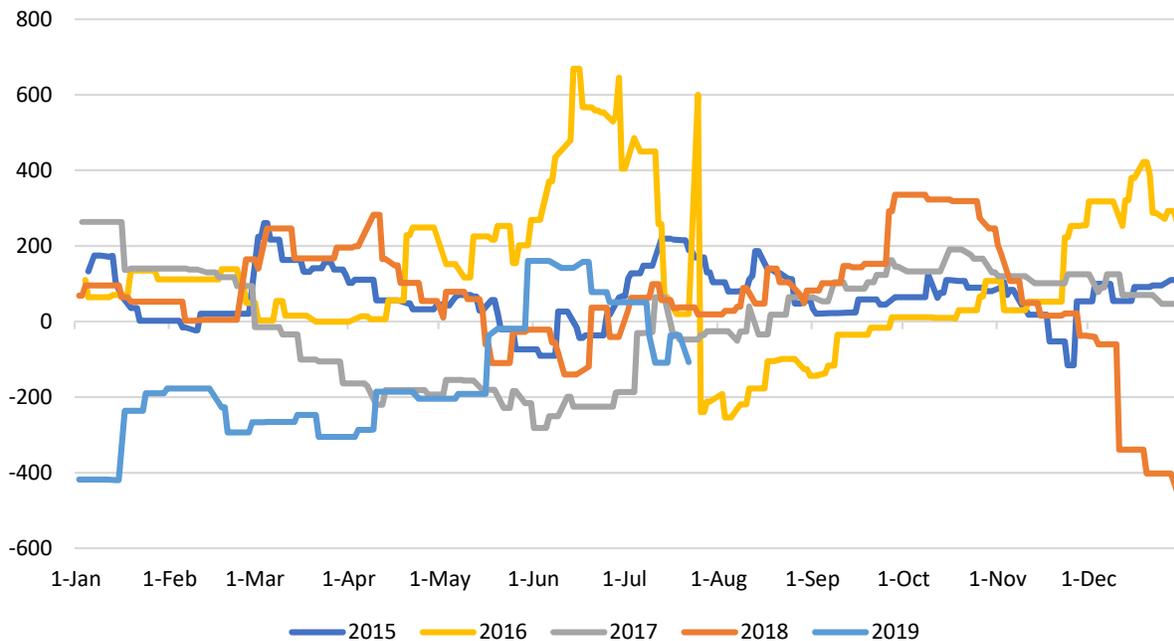
### Crops

There seems to be a lot of chatter about potential Chinese buying interest in US soybeans again. Going home on Friday I had heard nothing has happened yet, but more talk about “potential” during the weekend. The market appears unimpressed this morning and certainly in its defense we’ve been down this road too many times before to think this time is any different. Anyway, with the focus on Chinese buying back (for now) I thought we might look at Chinese cash prices this morning as that is something we haven’t covered in a while. The chart to the right shows a basket of several locations’ cash meal prices in China.



You can see we're off the lows from earlier this year but not exactly setting the world on fire either. If I were to post a picture of soyoil prices here it would look pretty similar...off the lows but just a modest bounce at best. The result on crush margins is fairly predictable. Shown below is JCI's estimate of soybean crush margins. You can see that we're well off the very low levels seen late last year and early this year. Crush margins briefly "spiked" into positive territory for a brief moment of time, but have since fallen off back into negative territory right now.

**JCI Estimate China Soybean Crush Margin**



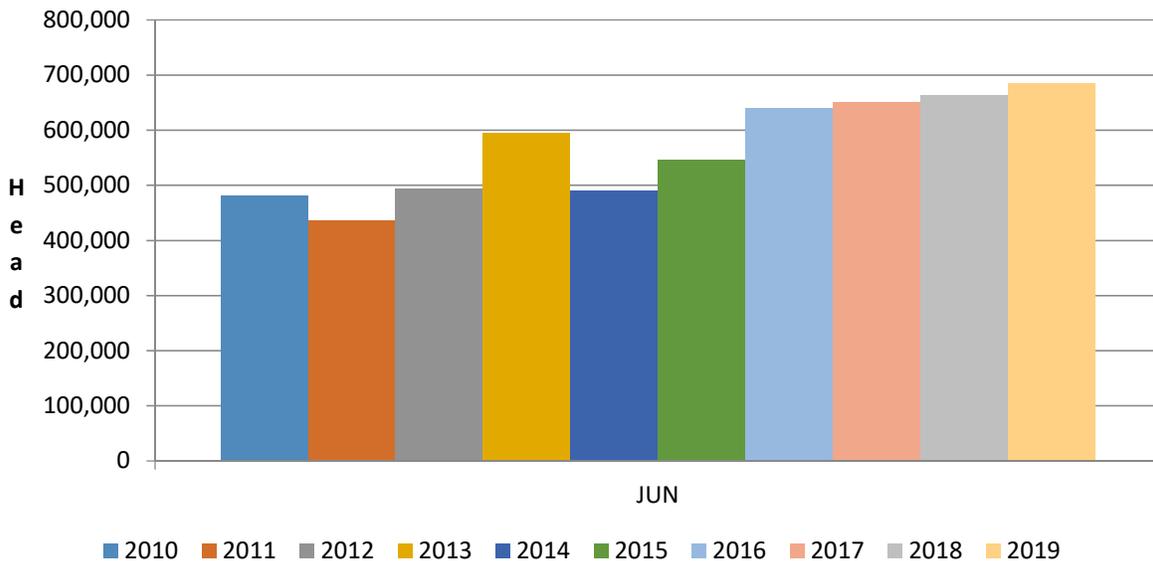
It would seem the health of the Chinese soy crushing industry is improved, but not exactly on firm footing at the moment. With such a loss in feed demand due to ASF, this is going to take some time. With that being the case, I would suspect that this latest round of "goodwill" will once again be a short-term purchase mainly focused on the SOEs buying for state reserves...if it actually happens.

**Livestock**

Somewhat surprisingly mundane numbers reported by USDA on Friday in both the Cattle Inventory and COF reports. Looking at the inventory figure first, the market usually doesn't put much stock into the July inventory report and I suspect that will be the case again this time. Still, what stands out to me is that most of the headline numbers appear to have turned out slightly smaller than expected. Cows for beef replacement were down 4% YOY vs. expectations for roughly down 2%. This shows that the cattle herd "cycle" is probably close to peaking. Can't really say the herd is shrinking yet of course but that we might be starting to turn in the other direction.

The on-feed report came in right inline with expectations and should have limited impact on the board as well. Though overall placements were down slightly, worth noting that heavy weight placements were higher YOY. This might produce some pressure on the front end of the board, though I would think that most were expecting that to be the case. Pasture conditions remain very good which increases the incentive to keep cattle on grass longer, which should mean placement weights trend higher.

**COF June Placements - Greater Than 800 lbs**

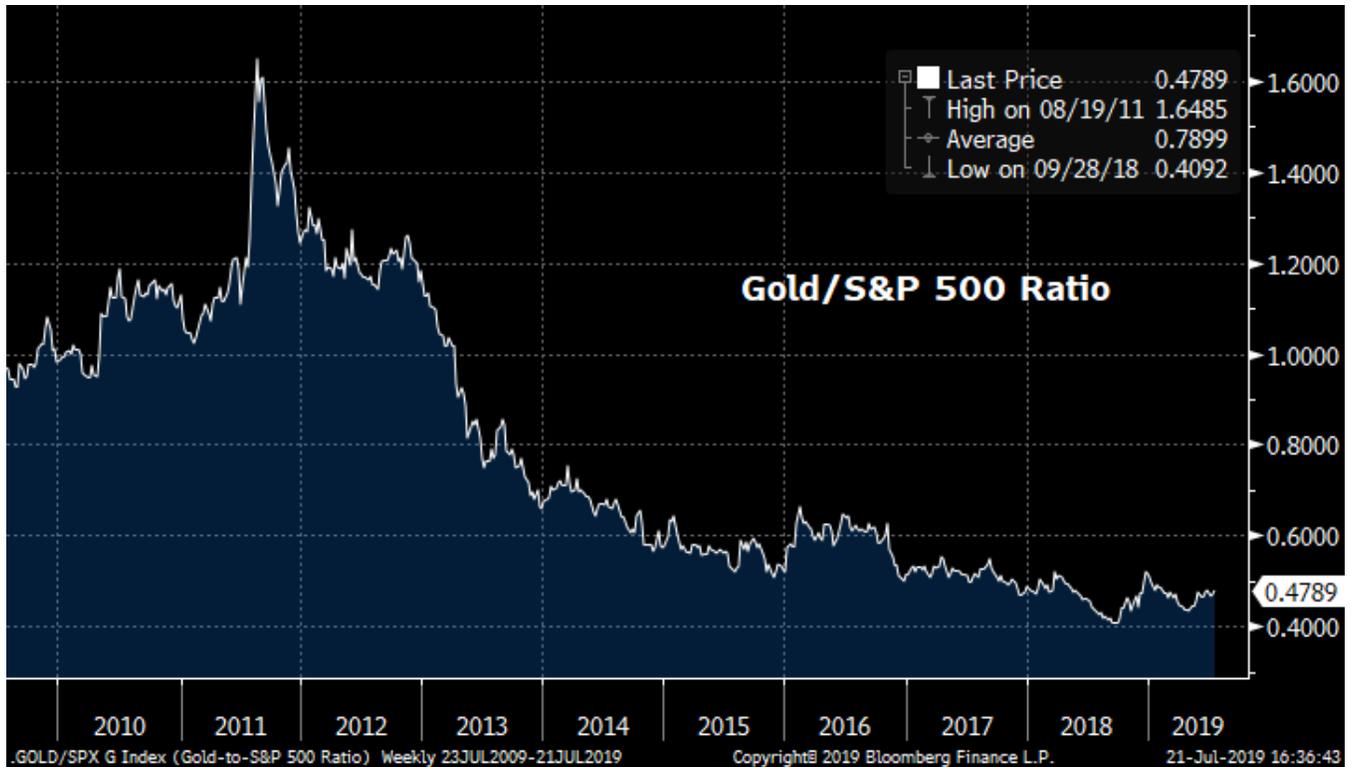


Nothing in Friday's numbers stands out to me as a major market influencer.

**Financials**

A fairly quiet overnight session with limited new information to trade. The market is supported by supposed hope for "progress" in US-China trade talks. As noted above there is a lot of "talk" about Chinese purchases of US ag products and that could lead to another face-to-face meeting between the two sides. That is a slightly supportive feature this morning. Otherwise, I don't see much new to report. Central bank talk will be very limited this week. Both the Fed and ECB are in their quiet periods ahead of policy announcements. No major economic data is due in the US this morning, with only the Chicago Fed index on tap. Only a handful of earnings releases are due today, with no major market-moving names. It is shaping up to be a fairly quiet session. We'll have to watch what oil does today and if there are any new headlines there (more on that below) but otherwise not a lot to discuss here.

Looking very quickly at gold once again this morning. Gold has rallied sharply in fairly quick order, leaving a lot of people wondering if they simply "missed out" on the gold move. Maybe...but relative to equity markets gold is still fairly low. The chart showing the gold/S&P ratio is shown below and you can see, relative to the stock market, gold has really moved very little since bottoming in late 2018. This view may or may not have any relevance, but for a gold bull that feels like he/she "missed out" on the move this might provide a little confidence. If the trillions in negative yielding debt around the world wasn't enough...



## Energy

Crude oil futures are sharply higher this morning as Iran has seized a British tanker in the Strait of Hormuz, another escalation in the region. UK officials are meeting to determine their next steps, with Foreign Sec Jeremy Hunt saying “further measures” will be taken this week. Such measures could include freezing Iranian assets and the UK could push the EU and maybe even UN for sanctions to be placed back on Iran. The timing is interesting as current PM May is due to leave office on Wednesday, so this catches the UK government in a bit of flux here. I may have missed it, but I haven’t seen much of an official US response to the incident yet.

In addition to the Iranian news, we also have stories out of Libya suggesting militants have shut down a major oil field in the country. This has reportedly removed about 290k bpd of production which would drop the country’s total production below 1 mbpd which would be the lowest in about five months. Information appears pretty limited on exactly what group shut down the production and how long it might remain offline.

## Today’s Calendar (all times Central)

- Chicago Fed Index – 7:30am
- Export Inspections – 10:00am
- Cold Storage – 2:00pm
- Crop Progress – 3:00pm

Thanks for reading.

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