

## Weather

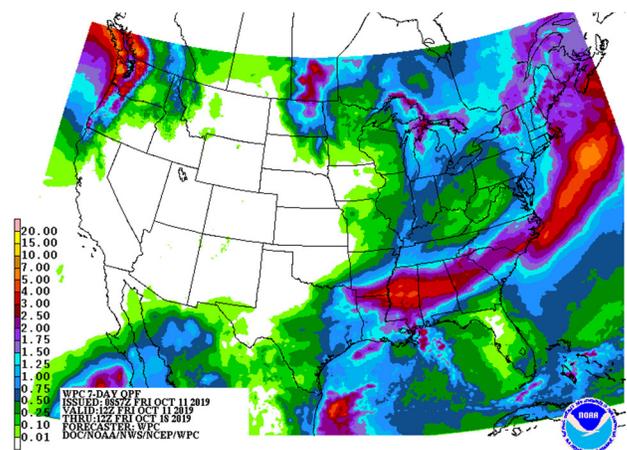
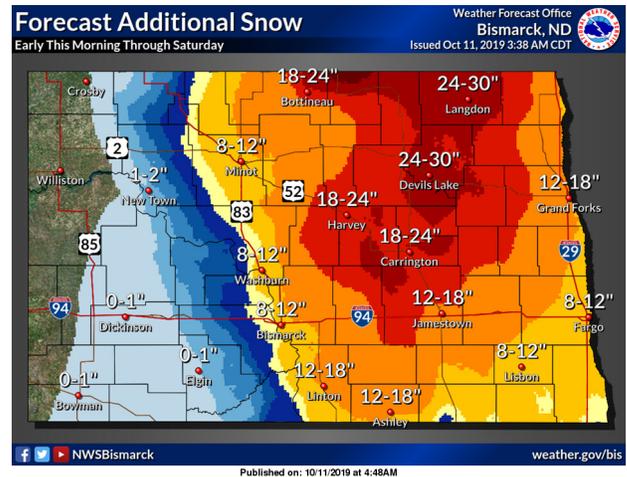
The map to the right is from the Bismark, ND NWS office and it details the latest projection on snowfall through tomorrow in the area. Obviously there will be some significant accumulations that stretch into western MN and northeastern SD, but clearly ND is ground-zero for the big blizzard we're fearing here. Blizzard warnings are posted throughout the region and we'll just have to wait and see if the storm proves to be as potent as projected. Keep in mind that ND will remain below freezing for several days beyond the snow event, so this snow isn't going to melt very quickly.

The second map at the right shows the 7-day QPF and as you can see we're looking at a lot of dry weather in the week ahead. The rains shown in the ECB and of course what is shown in ND is coming in the next 24 hours, so beyond that we're looking at roughly 6 days of completely dry weather across a large majority of the Corn Belt. Again this comes after a lot of precipitation over the past few weeks and temps will be cool which won't allow for quick drying, but this is still somewhat good news for harvest advancement in a lot of areas. However, starting next weekend we should probably see rainfall chances return to the Corn Belt and this should continue for several days beyond that. We should see a lot of widespread .75-1.5" amounts with locally heavier totals. Note that rainfall chances will be returning to the Northern Plains (ND, northern MN, portions of SD) during this timeframe as well though the amounts seen probably won't be as heavy as what is experienced further south.

## Crops

Some big weather moving in to the Northern Plains and Corn Belt as I type, with blizzard warnings in effect in ND and freeze warnings all over the place. As I look on the weather maps this morning I see a hard freeze dipping as far south at the OK Panhandle, and tomorrow those freezing temps should push further east (though probably won't be as far south). I thought I'd take a quick look at what could possibly be harmed from the freezing temps.

Admittedly, I'm no agronomist so I am probably not the most qualified to answer what sort of yield damage can be done at this time of year and with the current state of maturity of crops. Not to let my lack of qualifications get in my way, I did what any good "analyst" should do and Googled crop losses from freeze and found a few articles on which to base my math. Both articles, one from the Univ of Nebraska and another from Pioneer, implied both corn and soybeans could be looking at yield reductions of 10-15% in some crops due to a hard freeze at this point.



The breakdown below is my very rough attempt to quantify this. The math is easy. I'm taking Monday's maturation level and adding a guess for perhaps what we could maybe expect at this time. Then I'm taking yesterday's acreage estimate and determining how much area is already "safe" and what isn't and then I'm accounting for a yield reduction of 12% (between 10-15%, as noted above) based on yesterday's yields for the acreage that might be at risk.

	Corn Mature	+1 Week	Harvested Area	Yield	Bushels At Risk??
CO	65%	85%	1,260	144	3,266
MN	39%	65%	7,310	173	53,114
ND	22%	35%	3,310	146	37,694
SD	36%	50%	4,860	154	44,906
IA	52%	70%	13,100	192	90,547
KS	84%	95%	6,000	136	4,896
WI	30%	50%	2,840	163	27,775
					<b><u>262,199</u></b>
	Dropping Leaves	+1 Week	Harvested Area	Yield	Bushels At Risk??
MN	80%	95%	6,820	44	1,800
ND	92%	98%	5,550	35	466
SD	78%	90%	3,560	43	1,837
IA	68%	80%	9,130	53	11,613
KS	63%	80%	4,540	43	4,685
WI	60%	80%	1,730	46	1,910
					<b><u>22,312</u></b>

Admittedly this is probably a dramatic oversimplification of what is possible. In no way do I think this should be taken to heart exactly as shown. It is just one attempt to look at what might be at risk here. Interestingly, the corn number does match up with other estimates from other analysts I've seen. The soybean number I'm showing here is a bit smaller than some estimates I've seen, but again – nobody really knows.

Keep in mind that this only looking at damage from potential widespread freezing temps. I don't have any idea how to quantify what might or might not be lost from FEET of snow through ND and immediately surrounding areas.

Thoughts appreciated.

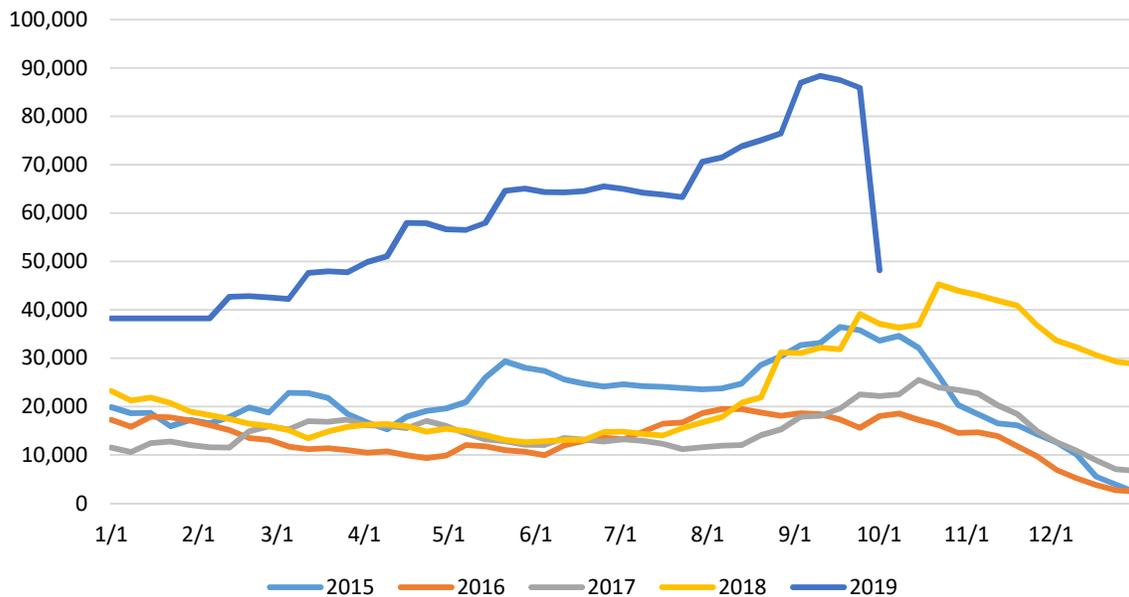
### Livestock

No significant cash cattle trade to speak of yesterday. In fact, I've hardly heard of any serious bids. The general consensus seems to be that cash should be firmer vs. last week. We'll see how things shape up today.

I was a bit surprised to see the big cancellation in beef sales to Hong Kong yesterday, but as I've looked more closely at the data I really should not have been. The chart below shows a history of outstanding sales to Hong

Kong over the past few years. At roughly 90k mt before the cancellation, it was looking very unlikely that this was going to actually ship. I'm not exactly sure how or what went wrong in these sales, but it is plain to see something was goofed up here. I guess my question at this point is whether or not we should expect any further cancellations to Hong Kong. The current outstanding sales total, as shown below, can still be described as elevated.

**Beef CMY Outstanding Sales to Hong Kong**



**Financials**

Lots of optimism in markets this morning. At the end of the day yesterday President Trump said trade negotiations went “very well” yesterday and he will be meeting Chinese Vice Premier Liu He later today around lunch time. As noted yesterday, it seems fairly “easy” that a face-saving mini-deal could be agreed upon, where China agrees to some commodity purchases and to maintain the CNY level (which is good for them anyway) and in return the US cancels the upcoming tariff increases and gives very limited relief on Huawei or something similar. It seems almost too easy they could agree to this so it makes me nervous. If that sort of mini-deal were to actually happen, it would definitely give markets, from equities to soybeans, a jolt in the arm. Obviously it wouldn't mean the end of the trade war and there will once again be a time when some tough decisions will need to be made but for now it seems both sides would be happy for this sort of “truce”. We'll see what happens, but clearly optimism is running high and that President Trump is meeting with Liu He is a good sign.

There is also optimism in Europe this morning that a Brexit deal can possibly be reached. The meeting yesterday between UK and Irish officials apparently went well and the BP is trading very strongly since those headlines hit. To be honest, however, for now all we've heard are comments from politicians noting that a “pathway to a possible deal” has been found – we have no idea what new compromises have been made. That of course has to make one nervous about getting too optimistic here, but for now let the good times roll.

We have some consumer sentiment data on tap today and that will certainly be worth watching, but again today we're just slaves to the headlines from DC. Good luck today.

## Energy

Crude oil futures are trading sharply higher this morning as we have Middle East tensions resuming this morning. An Iranian oil tanker was reportedly attacked in the Red Sea overnight. Reports have indicated the tanker was hit with two different missiles, and as you can see from the map the Iranians are clearly implicating the Saudis as the source of the attack. After initially reporting the spill from the tanker had been halted, it sounds like right now there is still oil leaking from the vessel into the Red Sea. We'll see how this story develops but it is certainly another issue in the Middle East that could keep a floor under crude oil prices.



## Today's Calendar (all times Central)

- U of M Consumer Sentiment – 9:00am

Thanks for reading.

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