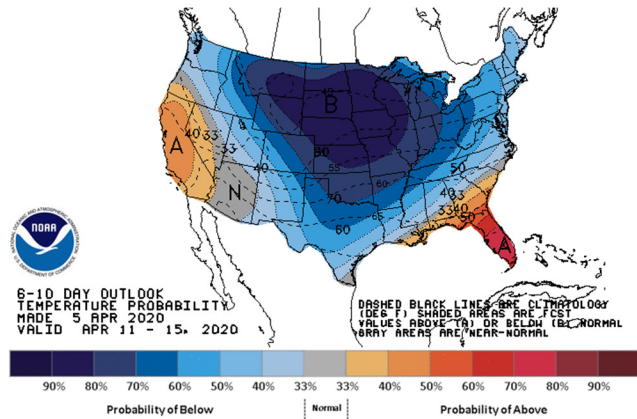


Weather

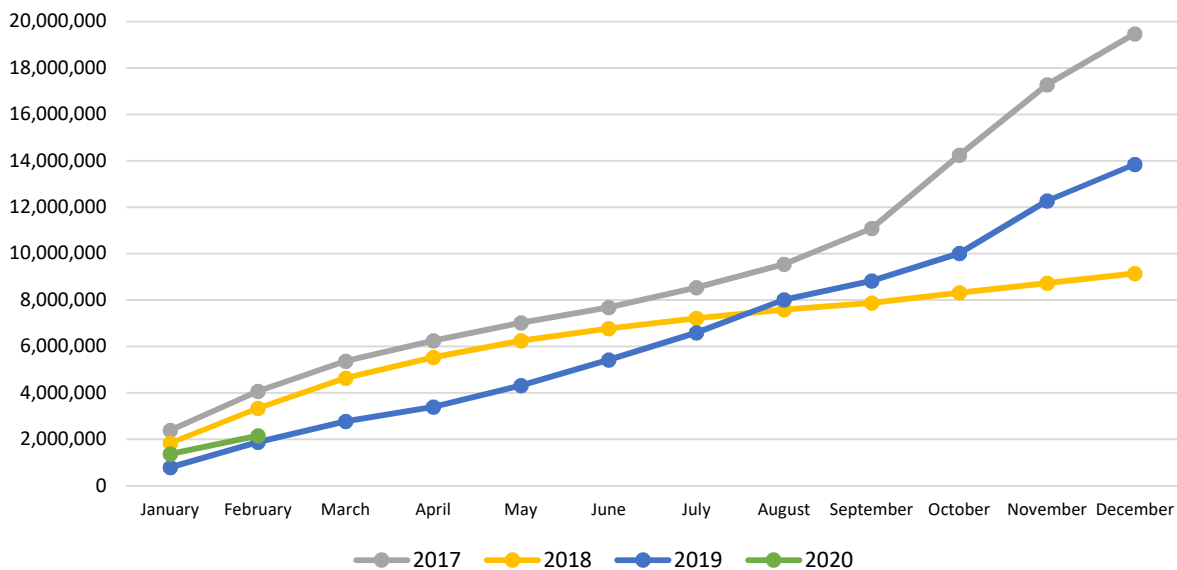
No huge changes to the forecast over the weekend. We've got largely dry conditions over the next week or so, with the only significant Corn Belt precip in the ECB. In Week 2, precipitation odds increase a bit but still don't look especially heavy. The main feature in the forecast this morning is the temperatures. Over the next few days we'll see above normal temps through most of the country, but this will shift dramatically colder in the 6-10 day period, as shown in the map. These cold temps will extend at least through the 11-15 day period and likely beyond. It will mean that, while limited, precipitation that falls in portions of the Plains and northern Corn Belt could fall as snow.



Crops

We got official Census trade numbers last week, and every month this year I figure it might be worth keeping an eye on the pace of total agricultural shipments to China. While we won't know for certain whether China is on pace to meet its tonnage requirements, following the dollar amounts should get us pretty close. In the chart below I'm taking the FAS's "agriculture total" exports from their GATS data system. This doesn't include everything that counts as agriculture in the trade deal. For example, ethanol is not included here. Still, this should cover most of what we're looking for so it should be a decent enough proxy.

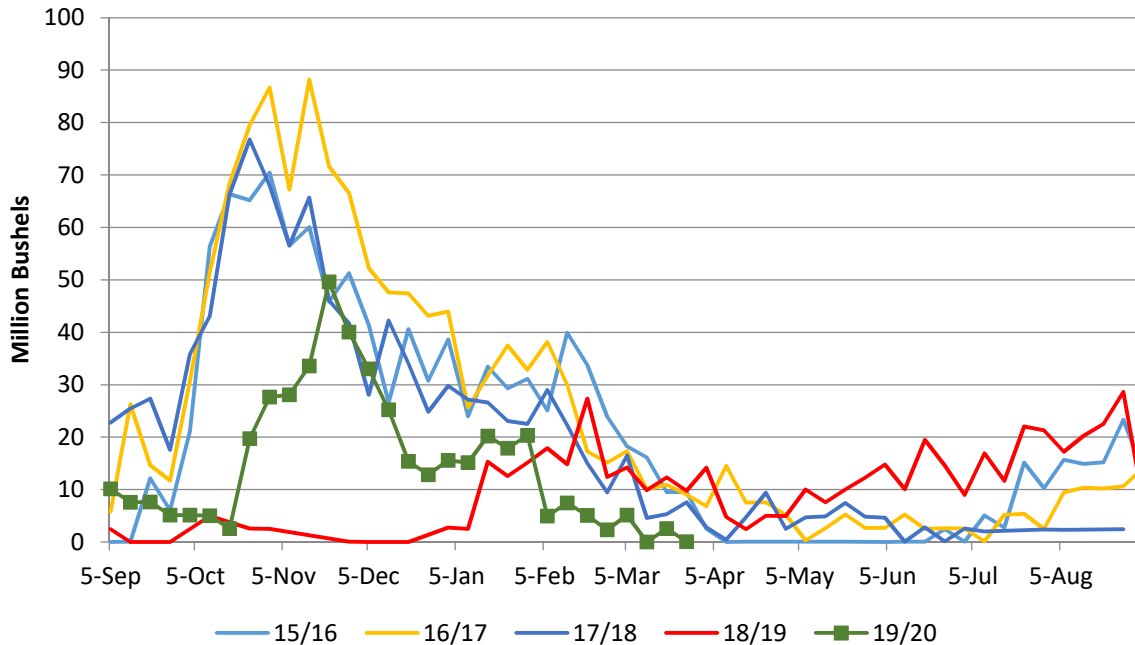
**FAS Agriculture Total Exports To China
 YTD Cumulative Totals**



Official data is only through Feb so we don't have much to work with yet. The good news is that we're running slightly ahead of last year...for now. The bad news is that we're nowhere near the 2017 "baseline" noted in the trade deal text. And even as it pertains to the good news, I don't think that will be the case much longer. Just

look at the chart showing weekly export inspections for soybeans. You can see that soybean inspections in March were teeny. Soybeans aren't the only thing we ship to China and solid pork exports might provide an offset, but the point remains that we're simply not shipping at an impressive rate in Q1 of 2020.

Soybean Export Inspections - China



Perhaps you've noticed that the recent corn business announced to China was mostly new crop sales. I also think that most of the soybean business we do going forward will probably be new crop business as well. I think the SOND period could feature very big shipments to China of corn, soybeans, etc. I just question whether it will be enough to reach those 2017 "baseline" levels. If that is correct, it will be interesting to see what happens in the framework of the agreement. Does the US raise a fuss? Is China given a pass due to Covid-19? It might be interesting. It also might all depend on who wins in November, too. Thoughts appreciated.

Livestock

I continue to hear more and more about plants running into issues with Covid-19. JBS plants at Greeley and Grand Island have reportedly seen several cases confirmed and it will be interesting to see how they are able to staff these plants. I've also heard of problems at a few pork plants as well, though right now as I look through my notes I can't seem to find the specific plants that I saw were affected. We definitely started to feel impacts at plants with last week's slaughter numbers. It would seem like we could see bigger impacts this week. I would think that this would be likely to weigh on the board further, at least initially, this week. We also have to note in the case of cattle that last week's cash volume was very light, likely resulting in a significant carryover volume into this week. That could weigh on cash trade this week. While the board is obviously trading well under cash already, that isn't necessarily helpful for the board.

Financials

The Trump administration seems to strike an optimistic tone in their latest press briefing on Covid-19 last night, and this has translated into a solid rally in equity markets overnight. Some of the recent data seems to support their case for optimism. The number of new cases in NY dropped slightly over the weekend, and Italy also reported a slowdown in new cases. Germany, France, and Spain also all reported fewer new cases. Of course that is all reason for optimism. I am wondering if we will see a “third wave” in the pandemic as the virus hits less-developed countries. Places like India, Latin America, and Africa all have very poor health care systems. India, in particular, of course has extremely high population density. While we should cheer the recent good news here in the US and Europe, let’s not forget that the virus has likely just gotten started in these less-developed countries and it could have even more devastating impacts there.

I don’t see any major economic data that will move markets today. The Fed will be performing various liquidity operations today so those might provide a further boost to markets. They also begin their dollar swap operations for foreign central banks today.

Energy

Crude oil futures are lower at the time of writing but the market is well off its lows. As you have heard by now, the “GLOPEC” meeting originally scheduled for today has been postponed until Thursday. This makes it an even more high-risk affair for oil market as we will likely get a make-or-break event for oil markets right in front of a 3-day weekend. There are still a lot of hurdles to overcome before we can even have the Thursday meeting. It sounds like the attempt is to make it a meeting of G20 energy ministers, which is probably an effort to “force” US involvement in the discussions and eventually into production cuts. I still question whether is any one individual or entity in the US with the legal standing to negotiate as a US “delegate”. Then there is the question of what level do the production cuts start from? The Saudis averaged production of roughly 10 mbpd in March but are now running around 12 mbpd. I guarantee you the Russians and the Saudis will have a different idea of from which level we should see a production cut. President Trump is doing his standard procedure and promising tariffs if no deal is reached. The bottom line is that this could be a hugely pivotal week for the oil market for years to come. Look for BIG volatility this week and make sure you have CYA trades on if you’re participating.

Today’s Calendar (all times Central)

- Export Inspections – 10:00am
- Crop Progress – 3:00pm

Thanks for reading.

David Zelinski

dzelinski@nesvick.com

901-766-4684

Trillian IM: dzelinski@nesvick.com

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