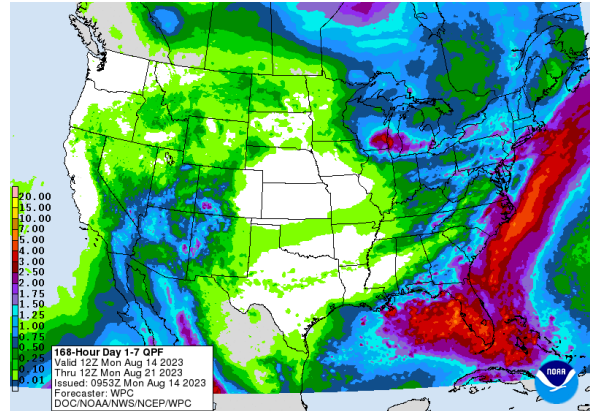
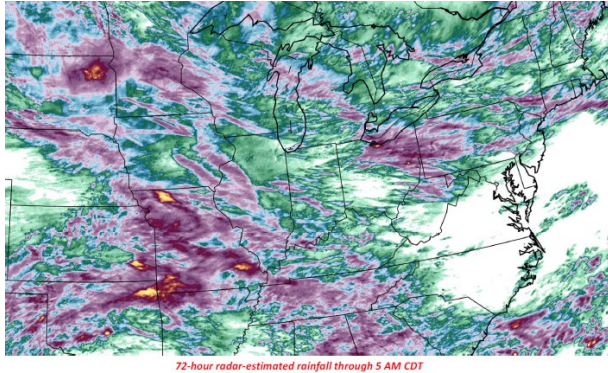
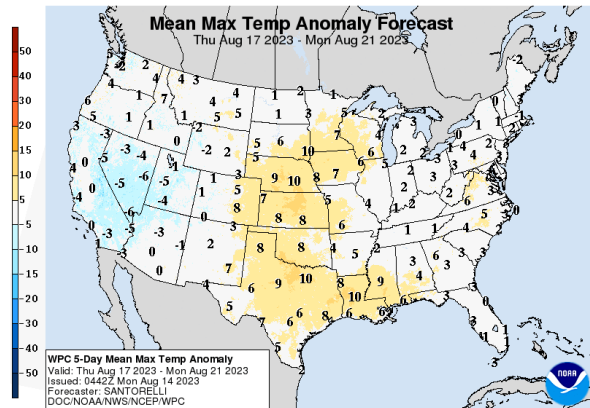


## Weather



The map immediately above shows 72-hour rainfall totals for the Corn belt. It might be hard to tell unless you zoom in, but rainfall amounts and coverage were pretty solid (imho) over the weekend. Now with that rainfall behind us, we're transitioning into a period of mostly dry conditions for the Corn Belt. The map at the top right shows rainfall totals for the next week will be pretty meager in most of the Corn Belt. A lot of that rain shown near the Great Lakes will fall today. Dry weather for the Corn Belt will likely continue through the middle of next week. At that point we should return back to the pattern we've seen most of the summer, which means it's going to be difficult to pinpoint exactly where the best rainfall chances might be when the rains return.

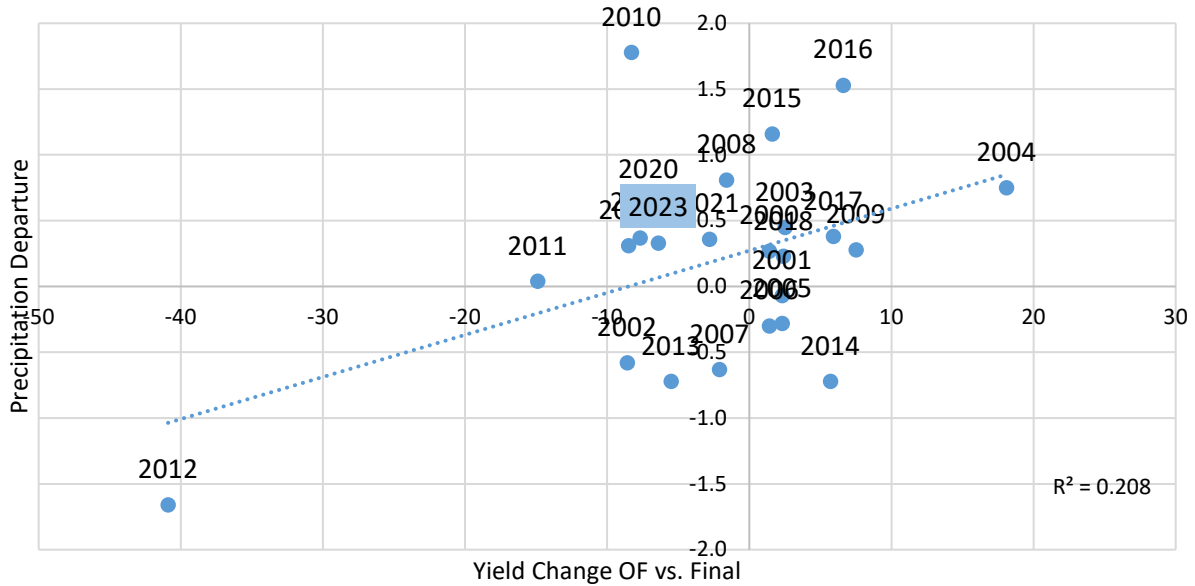


At least initially, this dry weather should be met with very cool temps through the Corn Belt. We should see highs in the 70s and 80s through Friday. We should see some hot temps creep into the Corn Belt early next week, however, with highs in the 90s and some areas could certainly see some upper 90s. Models are consistent in showing this hot weather as lasting only a few days, however. As rainfall chances should improve later next week, temps should also cool off a bit.

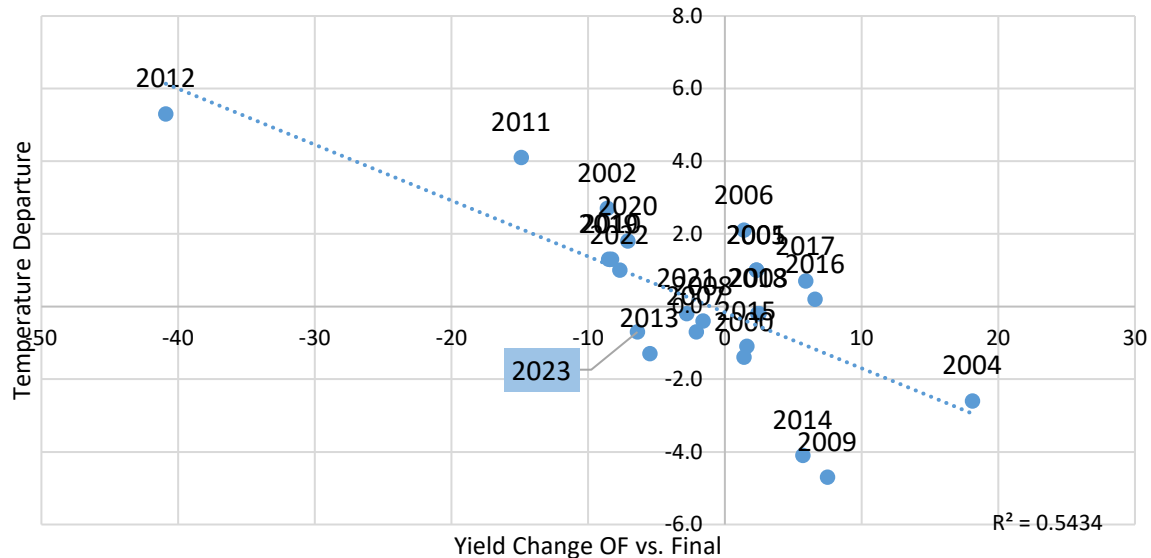
## Crops

I thought I'd compare the Aug NASS corn yield estimate against some official weather data so far this summer. The two scatter charts below plot the difference vs. trend yield based on July precipitation deviation from normal and July temperatures deviation from normal. You can see the precipitation chart doesn't show much of a correlation vs. deviation from trend yields. If I removed 2012 from the chart, it would look even worse. I intentionally wanted to keep 2012 in the mix, however, because of all the talk earlier in the season about how condition ratings were the worst since 2012. The second chart shows July temps vs. deviation from trend yields and the correlation is a good deal better here. Hard to argue with what the USDA has given us at this point in my opinion. Obviously there is still time to improve or detract from yields.

**July Corn Belt Departure From Normal Precipitation vs. Yield Deviation from Outlook Forum Trend**

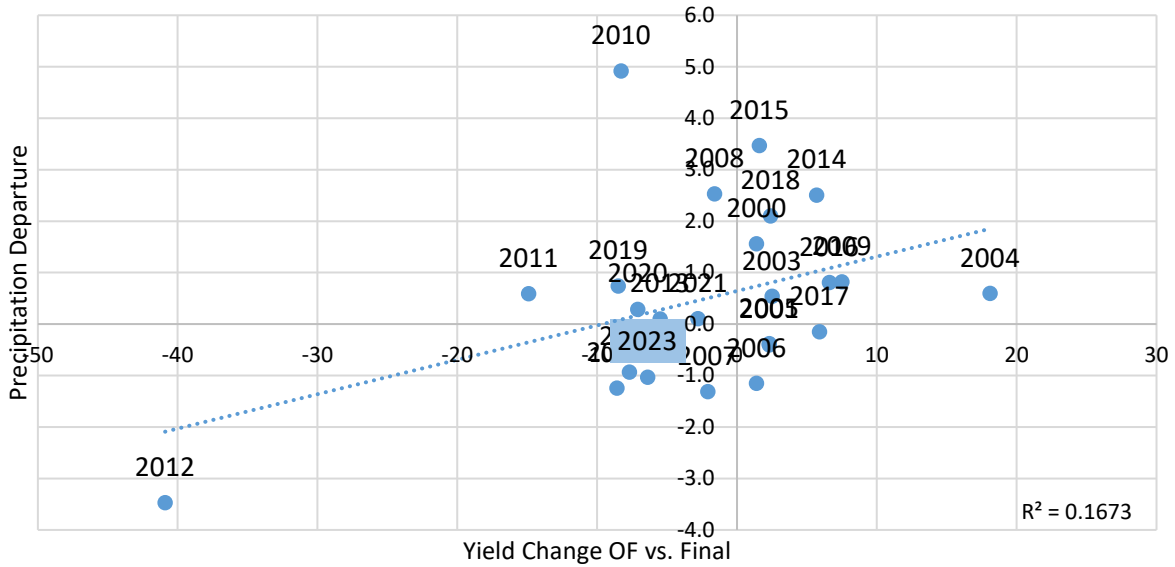


**July Corn Belt Departure From Average Temperature vs. Yield Deviation from Outlook Forum Trend**

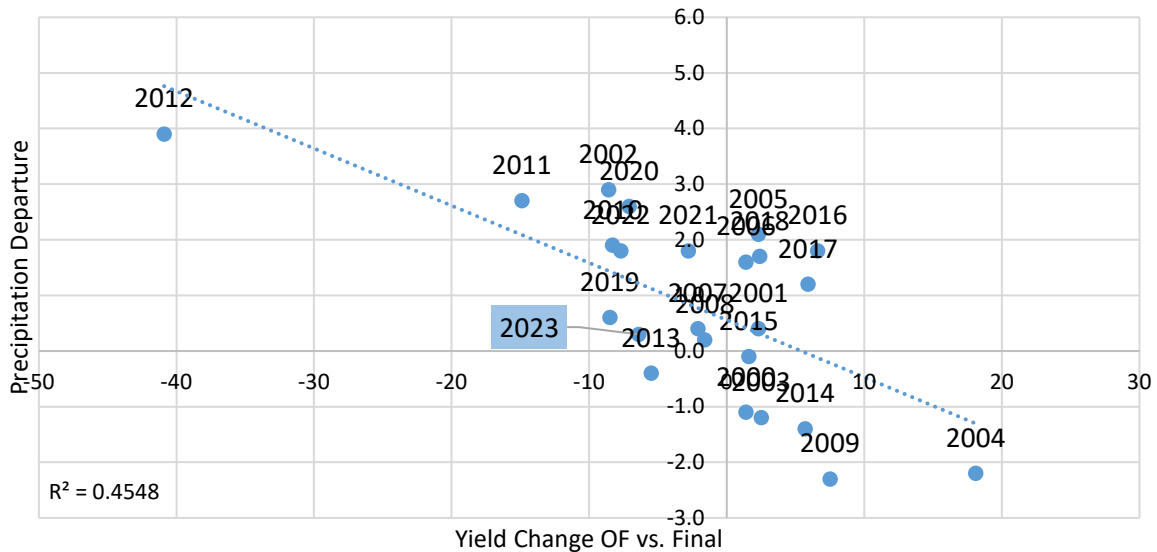


I'm sure some readers will object to only using July weather data when June was certainly a bit more challenging. For those readers, the following charts combine June and July departure from normal on precipitation and temps. The outcome is basically the same here, however. I find it difficult to be very hard on the USDA with their initial yield guesstimate.

**Combined June & July Corn Belt Departure From Normal Precipitation vs. Yield Deviation from Outlook Forum Trend**



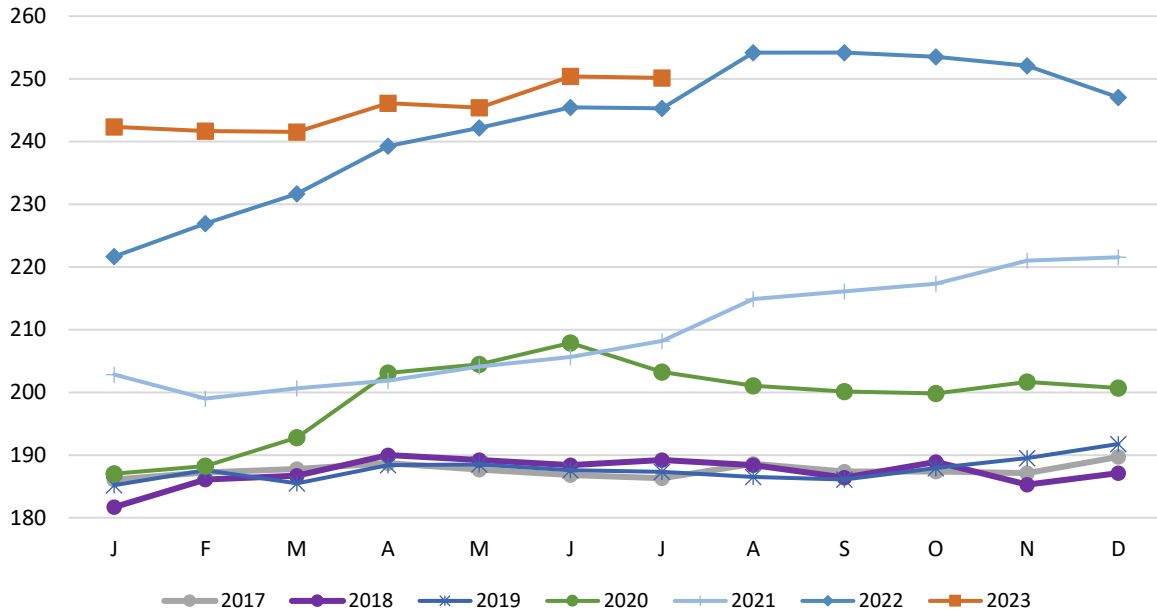
**Combined June & July Corn Belt Departure From Average Temperature vs. Yield Deviation from Outlook Forum Trend**



**Livestock**

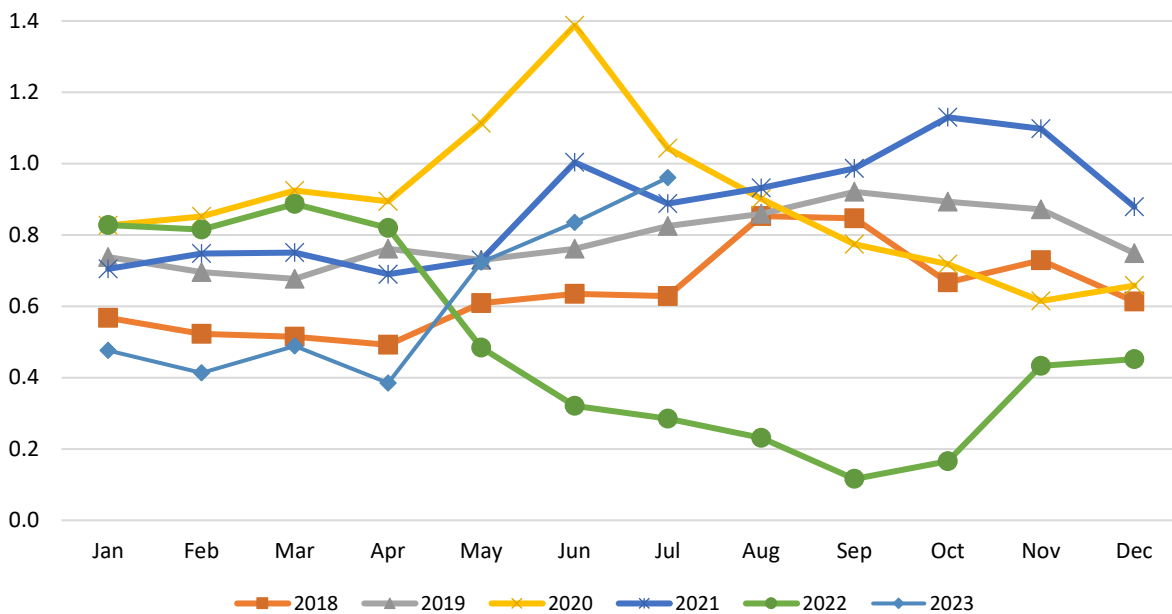
A few more tidbits from the USDA’s data on retail meat prices this morning. The chart below looks at the retail broiler composite. While off the highs of last summer/fall, we’ve been moving higher again in the past several months and are nearly back on the highs.

**USDA Retail Broiler Composite (Cents/lb)**



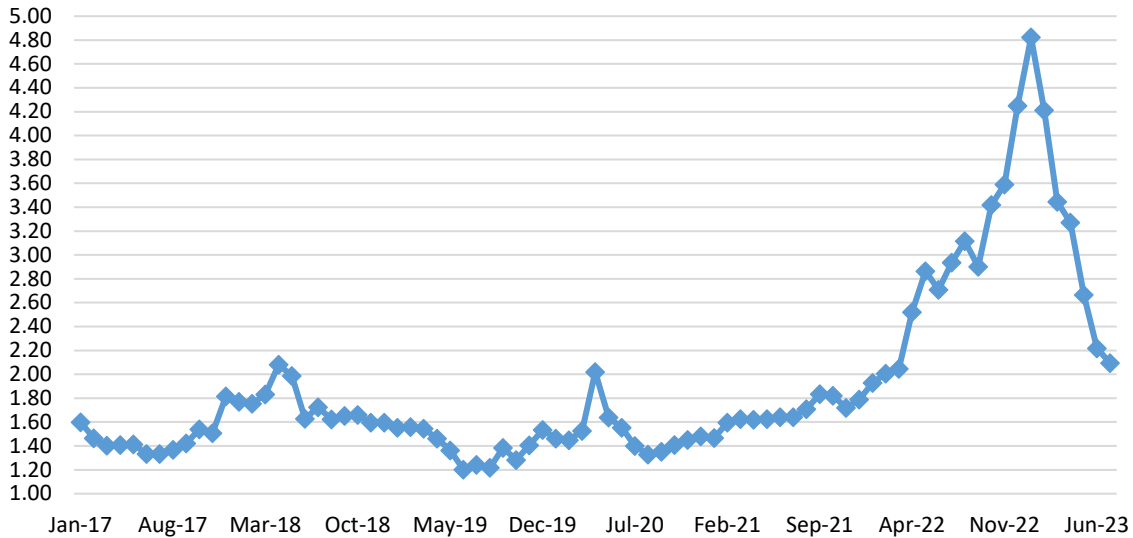
Though the broiler composite is moving higher, chicken breasts have actually retreated modestly. This now has the ground beef – chicken breast spread back out close to the highs. On the margin, this should weigh on beef demand modestly....in theory.

**Ground Beef-Chicken Breast Retail Price Spread**



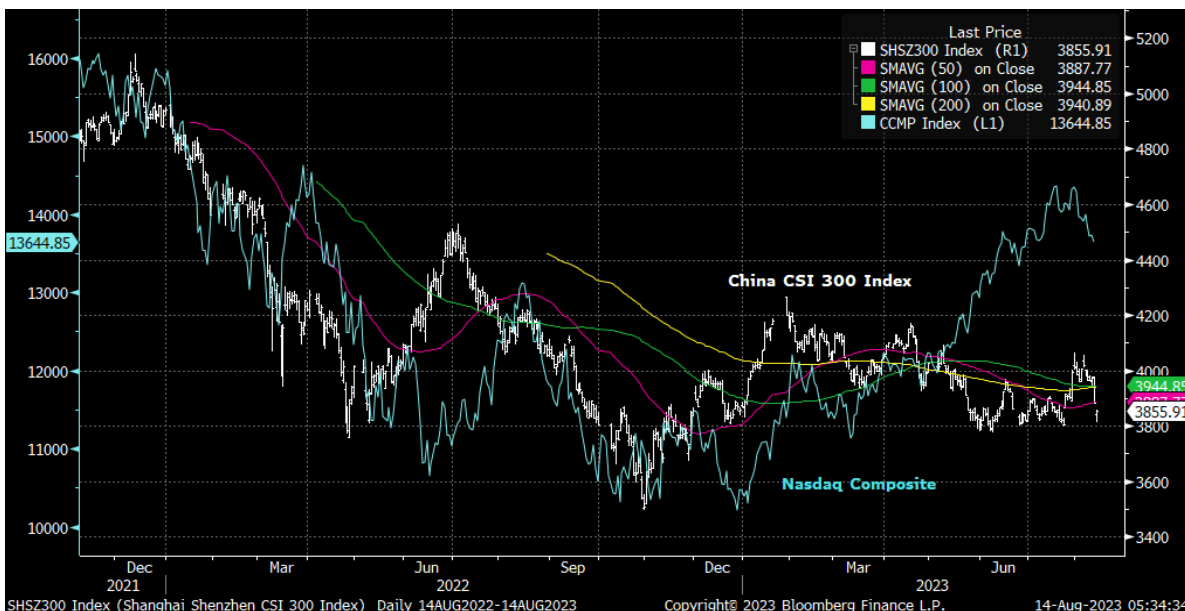
Egg prices have virtually round-tripped...

Eggs, Grade A, \$/Dozen, US City Avg



## Financials

I don't have much to pass along this morning. All eyes seem to be on China, where several major property development companies appear at risk of default. What is more interesting is that a private wealth management company in China had missed payments on some investment products, and this seems to have caught Beijing's attention and they've announced they will create a group to examine what is going on. Chinese equities gapped lower overnight but managed to close near their highs. The chart below compares the CSI 300 index vs. the Nasdaq. They've generally followed along in the same direction over the past few years, though in recent months US equities have obviously been very strong while Chinese equities have mostly given up their YTD gains.



I won't claim to know what to expect from the Chinese equity market, but it'll be something to keep an eye on in terms of overall risk sentiment in the weeks ahead. No major economic data on tap today. Tomorrow we get retail sales. Later in the week we get the FOMC minutes.

### Energy

The national average for regular retail gasoline hit a new YTD high over the weekend. Note the white line in the chart below. Clearly still well off the 2022 highs, but a pretty constant grind higher so far this year. The blue line shows the national average for diesel. That is well off it's 2022 highs as well, but look at the very sharp rally in recent weeks. For gasoline, you can basically plot the SPR sales against the gasoline prices below and can see how the SPR sales weighed on prices. The diesel declines lasted longer, but maybe that has run its course too? Definitely going to be interesting to watch here as we move into an election year...



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

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

Thanks for reading.

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