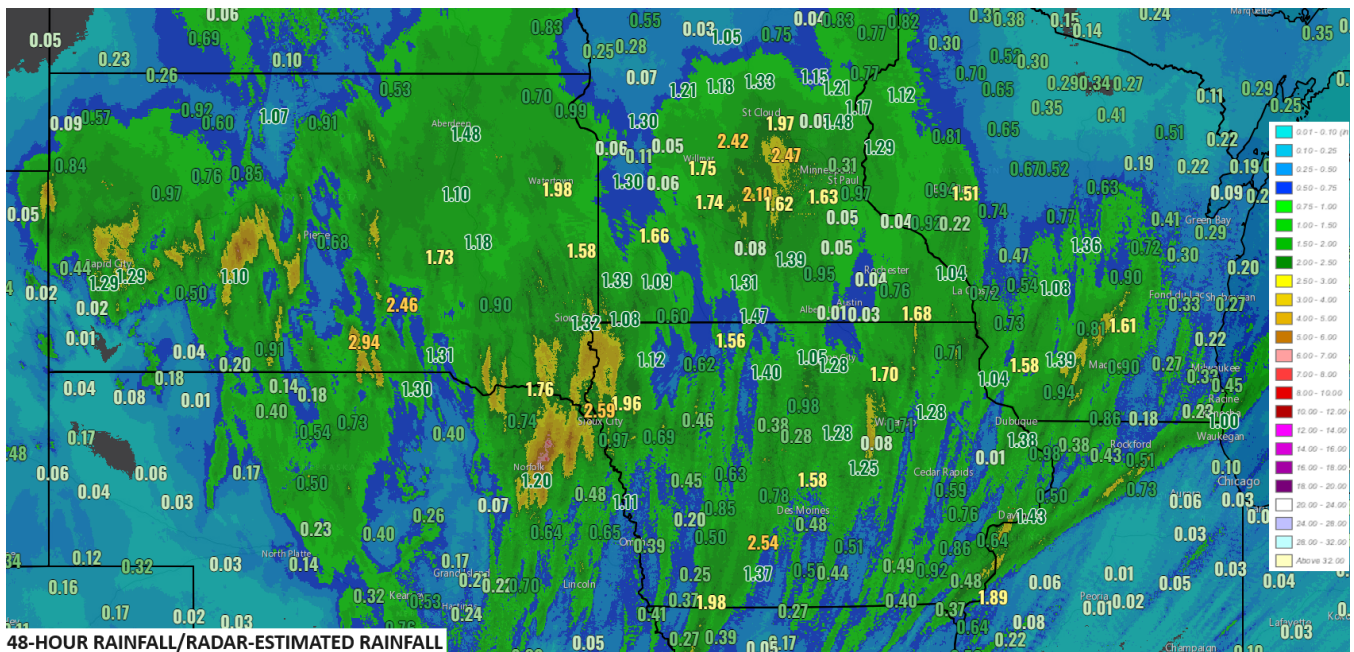


Weather

Drought problems in the western and northwestern Corn Belt improved over the last few days, considering the rain that has fallen over the past 24 to 36 hours. While the biggest rains from the current storm system have now ended, there will be additional rains in the Corn Belt over the next 48 hours with some areas forecast to receive over a half inch. Much more limited rains will be recorded in the Corn Belt for about a six-day period starting on Saturday, so it is likely that fieldwork will start again (though especially the first half of that period will feature temperatures running below normal). An active pattern then looks to return to the Corn Belt starting on April 25th, which that could last through the beginning of May (if not longer). Overall, drought concerns in the Corn Belt clearly look to be in decline as we get deeper and deeper into the planting season.

Drought concerns will continue to increase for the HRW wheat belt as western Kansas and nearby areas are looking at minimal rains for at least the next 10 days (nice rains on Saturday will impact just the far southern part of the HRW wheat belt; largely the same area that had good rains a week ago). There is still hope for beneficial rainfall in western Kansas as we get into the 11–15-day period.

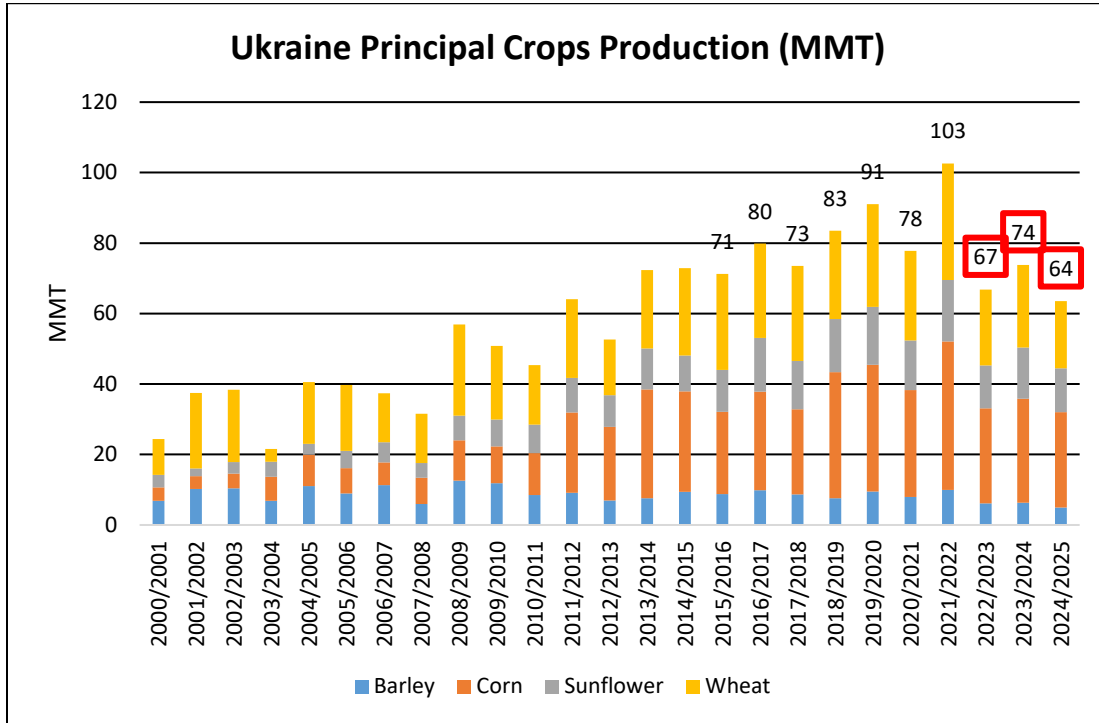
Welcome rains have fallen in recent days in southern safrinha corn areas of Brazil, but the 15-day forecast for all safrinha corn areas (both north and south) looks drier than normal with most days featuring no rain. Argentina and Rio Grande do Sul will record badly-needed dry weather for the rest of this week, but especially Rio Grande do Sul will turn wet again in the 6-10- and 11-15-day periods.



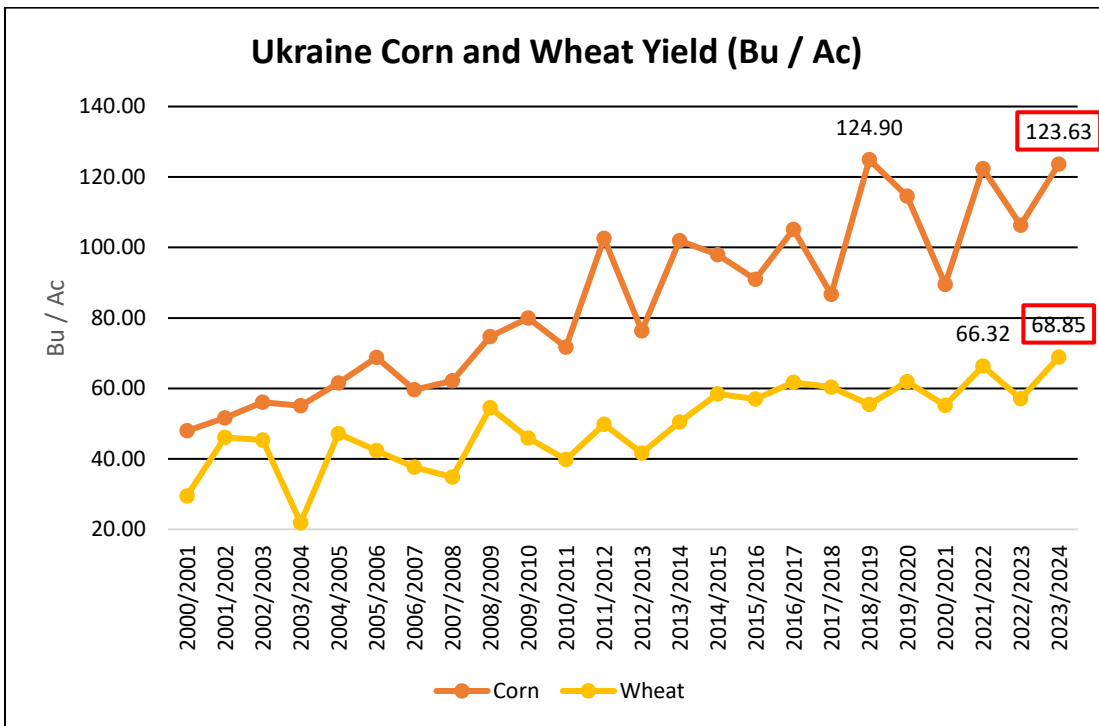
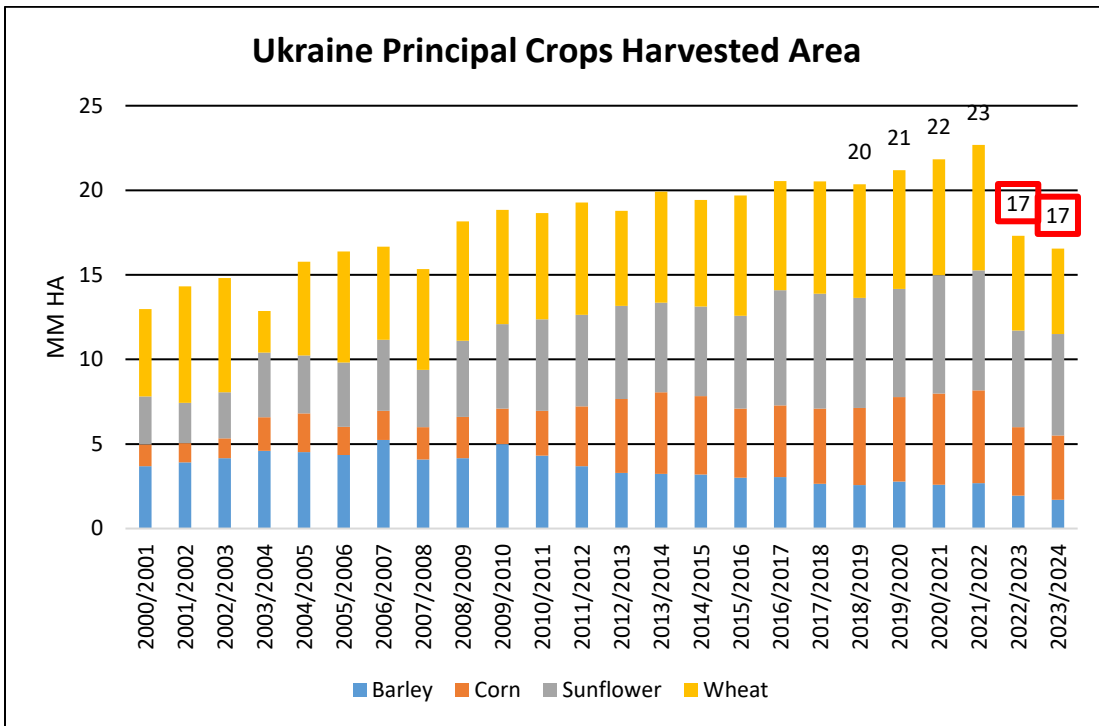
Grains

Ukraine’s farm ministry released its first official harvest forecast for the 2024/2025 crop year. The ministry expects 2024 principal crop production to fall by ~10% due to acreage loss from the ongoing effects of the Russian invasion of Ukraine. Production of the four principal crops (barley, corn, sunflower and wheat) are expected to be at its lowest level since the 12/13 crop year. Ukraine recorded record production in 21/22 at

103mmt for barley, corn, sunflower and wheat and have struggled to reach those levels since Russia invaded in February 2022.

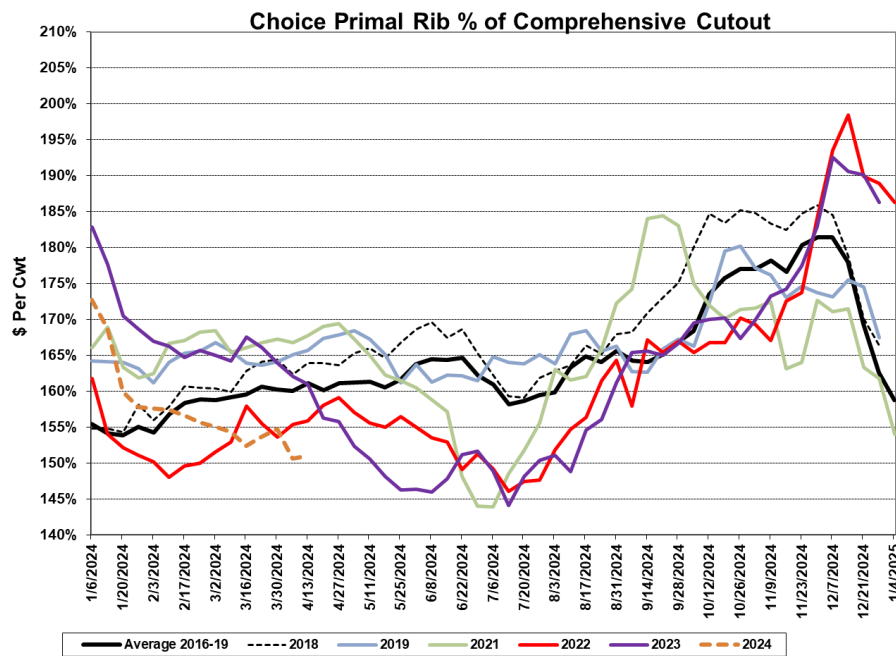


Principal crop harvested acres have fallen by ~25% since the invasion while yields have been at or just below record highs. Barley and wheat recorded record high yields last year while corn was just under. This could suggest that Ukrainian farmers only planted their highest yielding and most profitable acres. Financing can also be challenging during war time and another theory could be that only the best and most capitalized farmers were able to plant and harvest since the war started. It will be interesting to see if acres return post war and what the effects will be on exports. Exports have fallen by ~8% each year over the past two years and it is reasonable to assume that they will continue to fall in the 24/25 crop year.

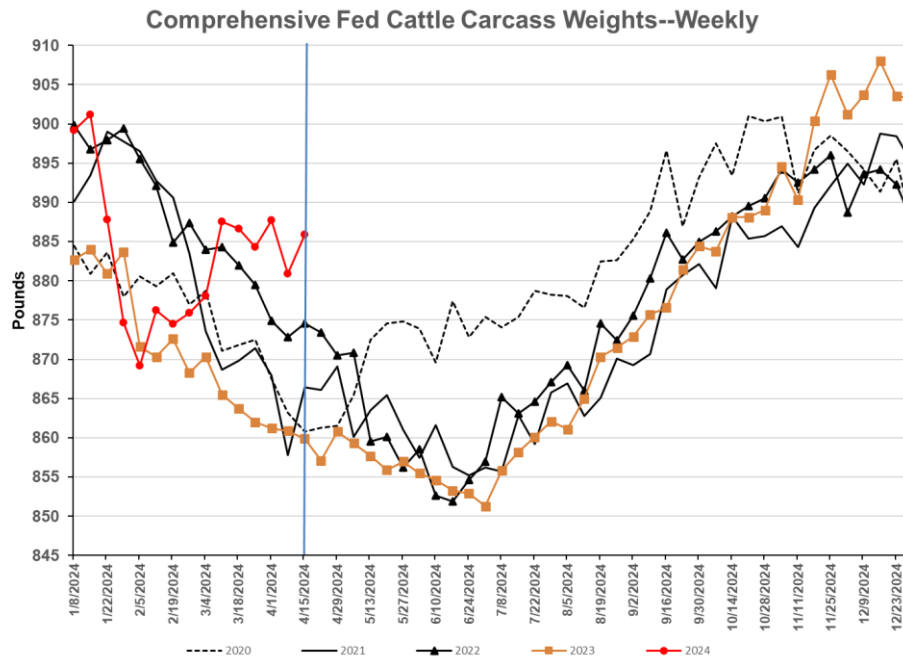


Livestock

Seasonal strength in beef cutout heading into the spring and early summer is often taken for granted, but concerns are escalating that this year’s price gains may be muted or even fail to materialize. That seasonal price strength typically revolves around seasonal demand strength, since fed beef production rises seasonally into the spring. And, that seasonal demand strength is closely tied to the seasonal demand for middle meats—ribs and loins. Since the beginning of the year, fed beef production is down about 1.5% from last year while the price of the Choice rib primal has averaged nearly 1% lower than last year. And, if inflation is taken into account the price short-fall is even more apparent. Another potential demand gauge is the comparison of the rib primal price to the overall cutout value—a stronger than average relationship would suggest that the rib primal is carrying more than its usual share of the total cutout value (strong demand), while a weaker than average relationship would mean the opposite (weak demand). While it may yet be premature to rule out some seasonal price strength, but current relationships are not encouraging.



The comprehensive fed cattle weights are issued about two weeks ahead of FI weights and are usually a good leading indicator of trend in FI weights, although magnitudes certainly vary. After posting a weekly decline in early April, the comprehensive weights rebounded last week and were about 26 pounds heavier than a year ago and likely will be followed by a less than seasonal decline into the late spring low. While last year’s weights were “light”, the large YoY increase is a proxy for front-end supplies and poses a challenge for cattle feeder leverage heading into a period of the year when leverage often erodes anyway.



Today's Calendar (all times Central)

- Crude Oil Inventories – 9:30am
- Various FOMC speakers

Thanks for reading.

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