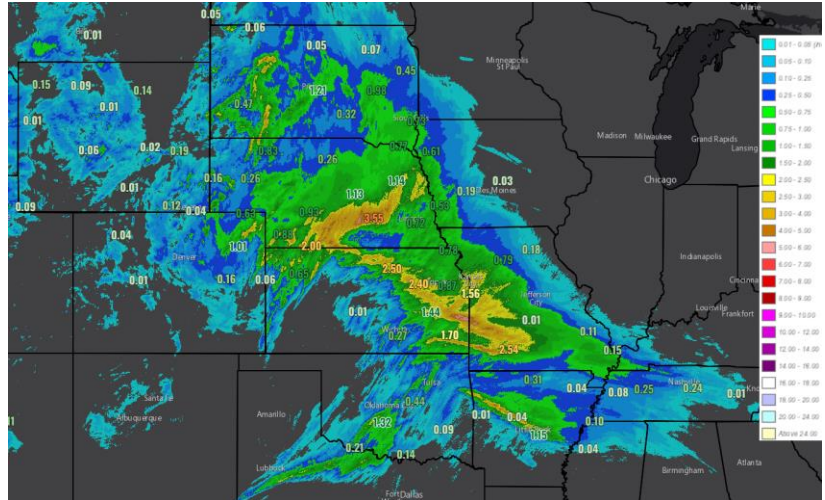


## Weather

Overnight rains have been heavy enough for a few counties in Nebraska to go under flood advisories and flash flood warnings, but the storm responsible for those rains is just the first of two that will impact the middle of the country through the end of the weekend. Severe weather and heavy rain will likely occur on every day for today through Sunday. The focus for the biggest rains over the next 72 hours will be for Iowa areas to the south. It is easily enough rain to shut-down fieldwork in the western Corn Belt (which has likely been BIG over the past six days, given dry weather during that time frame) but is also rainfall that put a big “dent” in long-term drought in that same area. Crops that have been planted will really benefit from the rain as well as very warm temperatures for the weekend; averaging 10-15+ degrees above-normal with some spots climbing above the 80-degree mark.



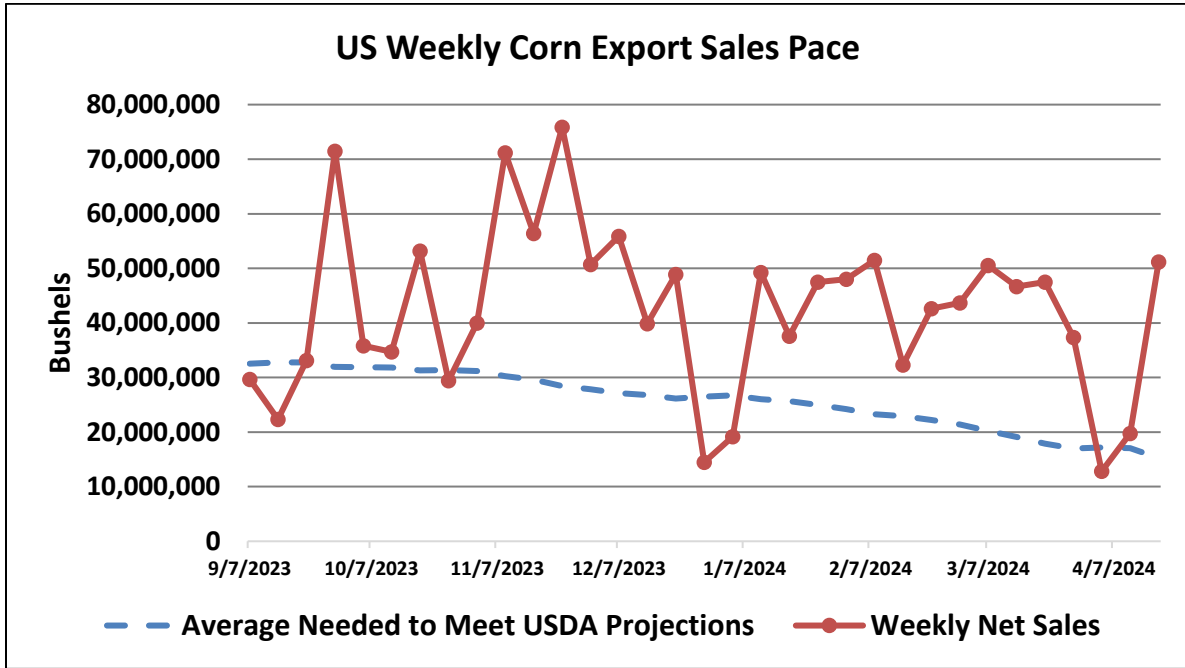
The past 24 hours was largely a “miss” for southwestern parts of the HRW wheat belt, and the storm for tomorrow in that area may produce a similar result. There is still long-term optimism for rain in that area though, with chances again by Wednesday and various additional chances for the rest of the 15-day forecast after that.

Much of the safrinha corn area of Brazil is going to see no rain for the next 15 days (and probably longer) while that same period is likely to produce flooding-type rains in Rio Grande do Sul to impact the soybean harvest there. Winter wheat areas of Russia are going to be well-above-normal on temperatures through Monday, but after that there is optimism for badly-needed rain to fall in the region.

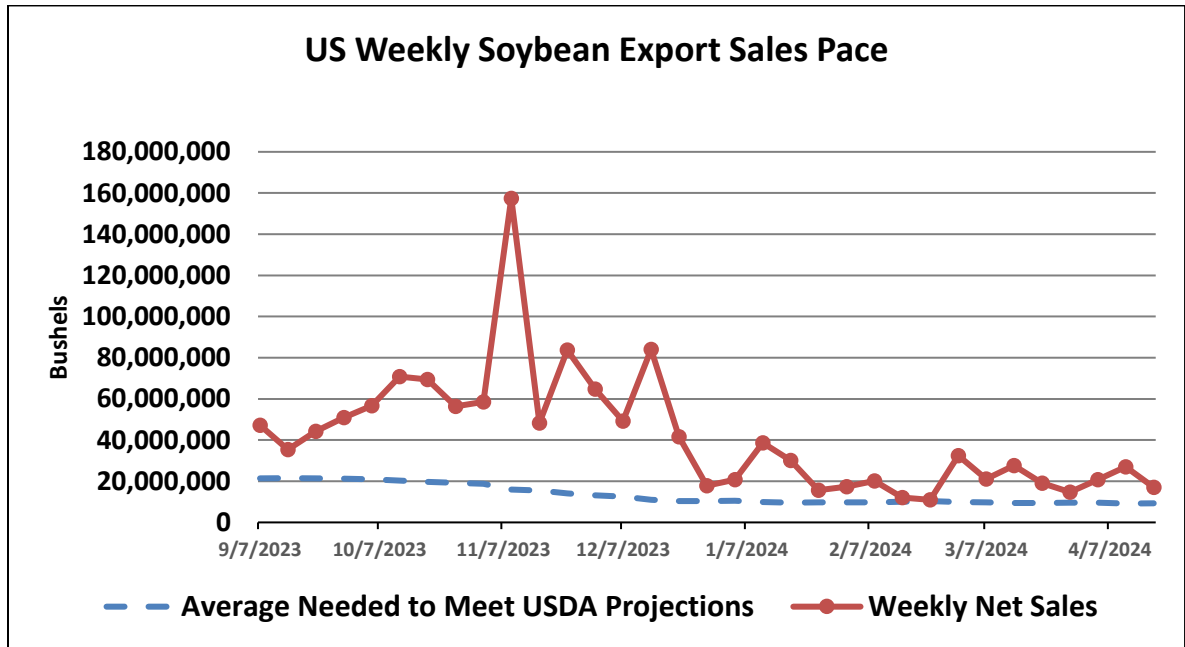
## Grains

2023/2024 U.S. corn commitments are currently 86% of USDA estimates. If all commitments are exported in the current crop year, then only sales of ~15.3k bushels per week will be required to meet USDA’s export projection of 2.1bn. Mexico remains the biggest buyer of US corn, purchasing ~25k bushels of US corn last week amid ongoing drought conditions that have reduced Mexican corn production by ~20% YoY.

Given the recent export pace, USDA could consider increasing their corn export assumption by 25-40mm bu. The US remains a competitive corn exporter with Argentina not selling much of their crop with harvest only about ~17% completed.

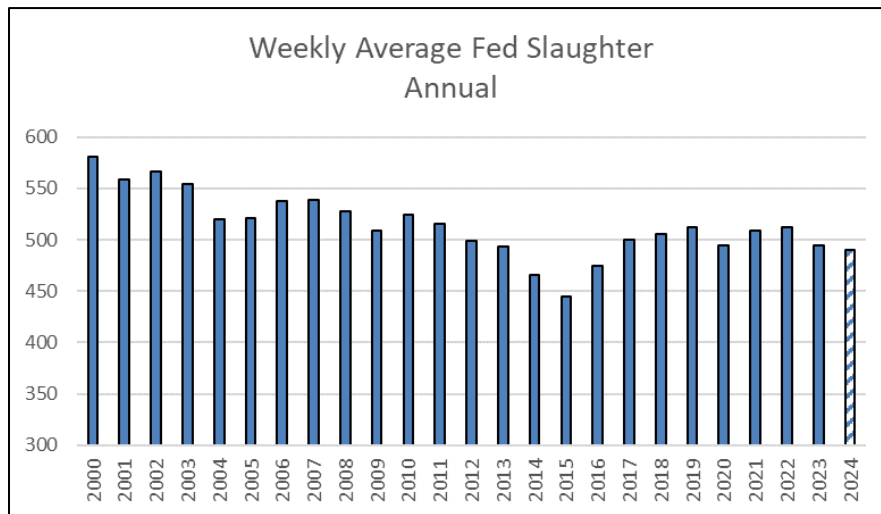


2023/2024 US soybean commitments are currently ~89% of USDA estimates and only ~9.2k bu of weekly sales are required to reach USDA’s 1.7bn estimate. The problem is that US soybeans are not competitive in the world market and discounts in Argentina (80 cents lower than the gulf) and Brazil (40-50 cents lower than the gulf) will limit US exports to regional locations like Canada and Mexico. US export sales will be likely be residual at best and it will be hard for USDA to maintain their export projection. Revisions of 30-50mm bu will likely be required.

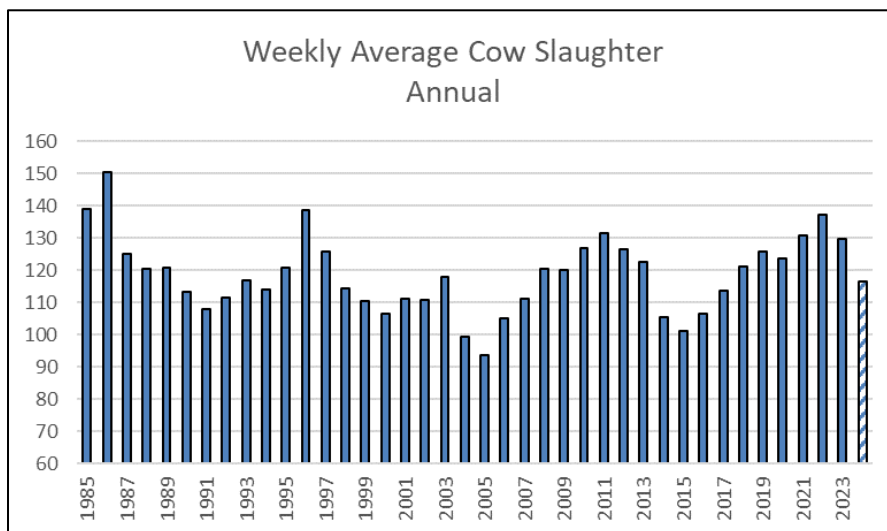


**Livestock**

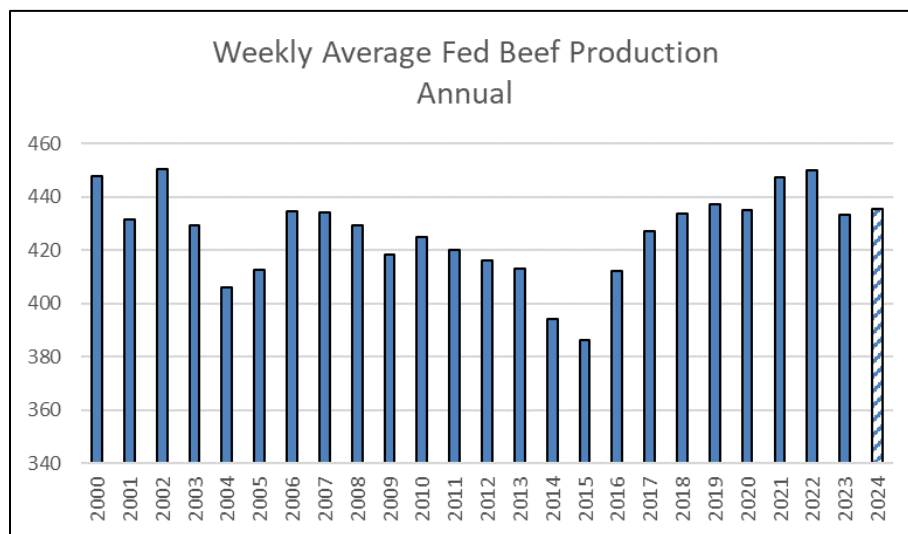
The much-anticipated supply-induced bull market in cattle and beef prices remains elusive. Despite the surge to then-record high fed cattle prices in 2023, which were eclipsed this spring, the necessary support from significantly smaller total and fed beef supplies has been lacking, leading to significant price retracements last fall and again this spring. Heading into the spring months feedlot inventories remain above a year earlier, underpinned by gains in heavier weight feedlot placements and slow marketing rates, suggesting that fed cattle slaughter through late summer and early fall will be close to year-earlier. For the year, weekly average fed cattle kills may average a mere 1% below last year.



Much of this year's decline in beef production will be concentrated in the lower cow kill, which may average 10% or more below last year and nearly 15% below two years ago. And, smaller volumes are likely next year and the year after.



Besides the modest projected 2024 decline in fed cattle slaughter, fed cattle carcass weights are expected to be record heavy, averaging near 1.5% higher than last year. Coupling the modest decline in fed slaughter with the heavier weights, weekly average 2024 fed beef production may be slightly larger than last year. In addition, 2024 beef exports likely will be smaller than last year, adding to the modest increase in fed beef output and little or no decline in per capita domestic fed beef supplies. Despite the delays, the longer-term cyclical decline in fed cattle and beef supplies is still very much in play--drought concerns are fading and forage supplies are improving; cow/calf returns have rebounded; and feed costs have declined. Heifer retention is expected to gain momentum this fall and much smaller fed and non-fed beef supplies are likely in 2025 and 2026—perhaps longer.



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

- PCE Price Index – 7:30am
- Personal Spending – 7:30am
- Michigan Inflation Expectations – 9:00am
- Michigan Consumer Expectations / Sentiment – 9:00am

Thanks for reading.

Evan Basse  
[evan@nesvick.com](mailto:evan@nesvick.com)  
 847-650-8002  
 Trillian IM: [evan@nesvick.com](mailto:evan@nesvick.com)  
 Bloomberg IB: [ebasse3@bloomberg.net](https://www.bloomberg.com/profile/person/111111111)

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