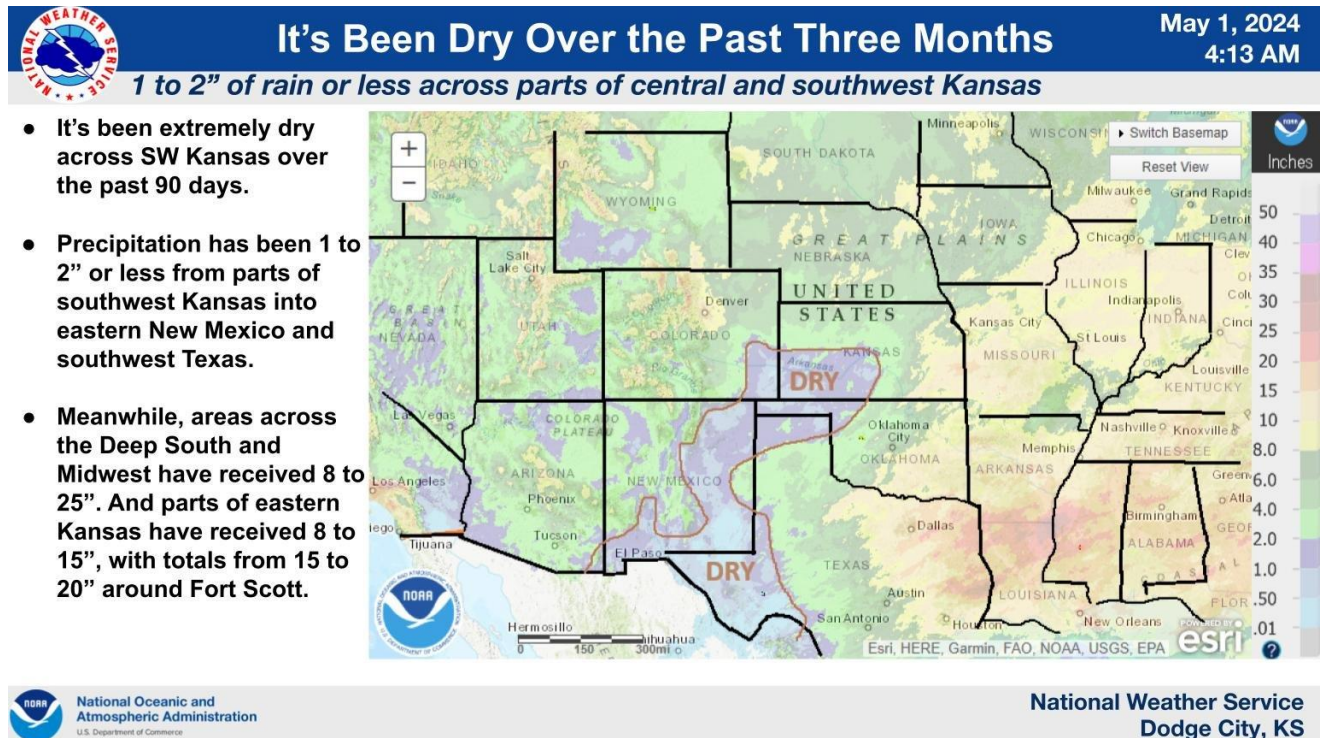


Weather

The below graphic was presented yesterday by the National Weather Service in Dodge City, KS to highlight how dry it has been over the past three months in their area as well as places to the west and south. Rainfall at Dodge City was just 0.02" for the entire month of April; that ties 1909 as the driest April ever recorded at that location. Dryness like that will need multiple rain events to be corrected, but at least there is hope for rainfall in the forecast for the HRW wheat belt in the near term. A lot of the area is under a slight or even enhanced risk of severe weather for late today into tonight, and rainfall chances in the area may be even be better for Friday night and into the weekend. For the duration of the next five days, only far southwestern Kansas, southeastern Colorado, and western parts of the OK/TX panhandles may see rainfall amounts stay under a half inch, with a big part of the HRW wheat belt seeing amounts of more than inch.

Frequent rains are forecast for the northern Plains and Corn Belt for the next week or a little longer (probably heaviest for tonight into tomorrow night and again for about Monday); above-normal amounts are expected on a widespread basis and thus opportunities for fieldwork will stay very limited.

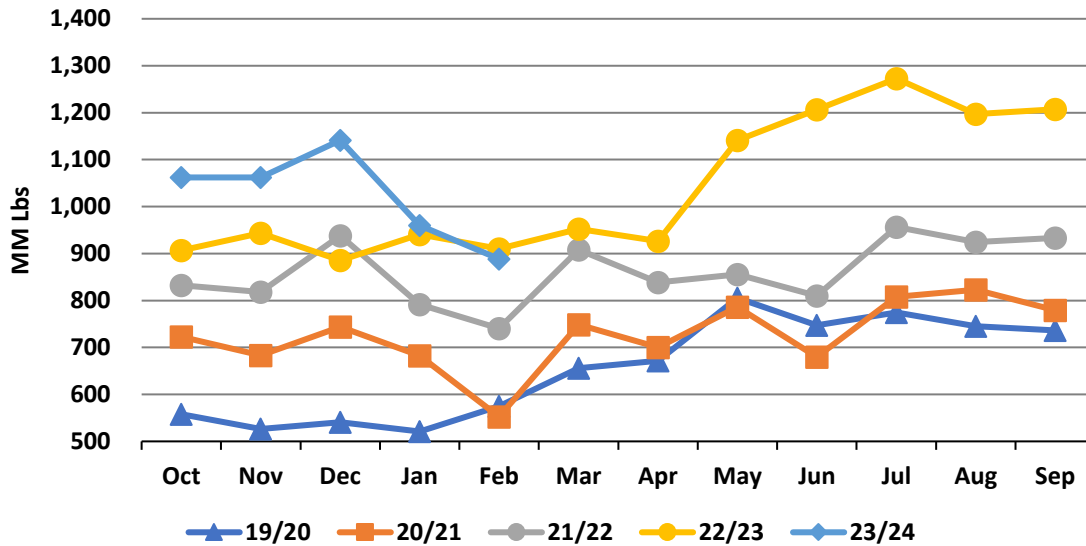
Safrinha corn areas of Brazil are hot with largely no rain over the next 15 days. Meanwhile, HISTORIC flooding is ongoing right now in the state of Rio Grande do Sul with still more BIG rains to fall in the near term; there is still a decent percentage of the soybean crop left to be harvested in that state.



Grains

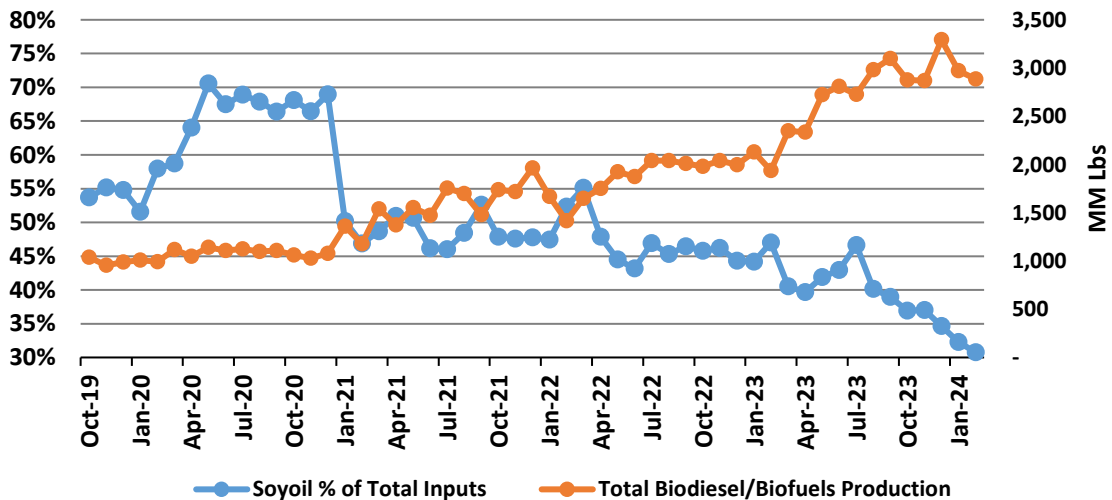
EIA released their biofuel production numbers yesterday. The latest numbers are from February. Total soyoil inputs to biodiesel/biofuels were sharply lower compared to January but February has historically marked seasonal lows for the crop year.

Soyoil Inputs to Biodiesel/Biofuels



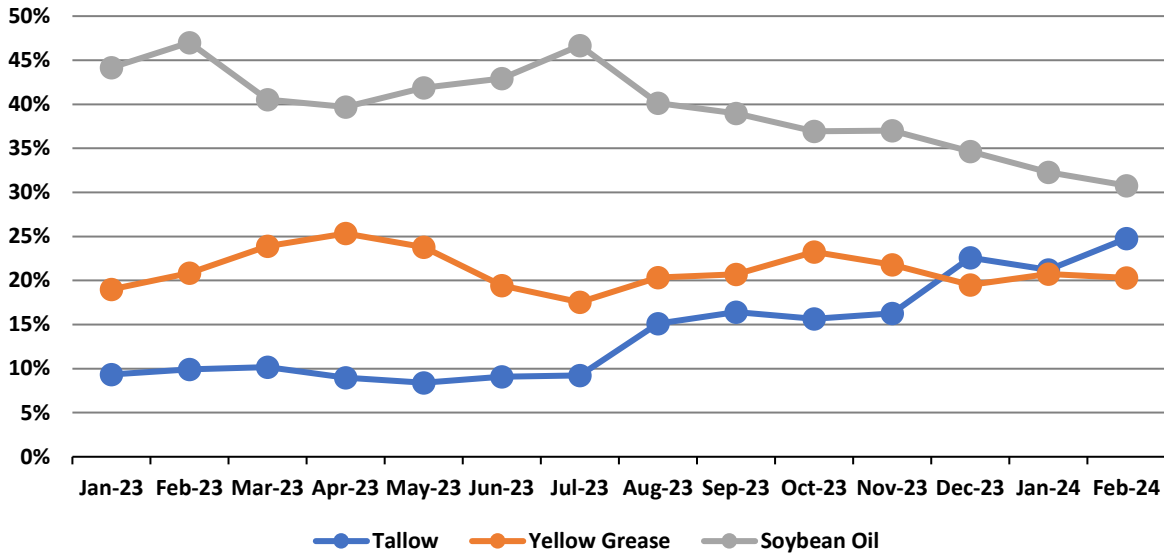
Soybean oil as a percentage of total inputs to biodiesel/biofuels continued to decline due to the increased usage of tallow (beef) and yellow grease. Tallow usage has increased from 130mm lbs in February 2022 to over 715mm lbs as of February 2024, a 450% increase. Total biodiesel/biofuel production continues to trend higher but the percentage of soyoil inputs has declined over that same period. Tallow and yellow grease receive higher carbon credits in California which has made soyoil the residual input for biodiesel/biofuel production.

Soyoil (% of Total) Inputs to Biodiesel/Biofuels vs Total Biodiesel/Biofuel Production



As a production of biofuels, tallow usage has increased from 9% in July of 2023 to 25% in February 2024 while soybean oil has declined from 44% to 31% over that same time period. Yellow grease has trended relatively flat at around 20 to 25%.

Production of Biofuels (% of Total)

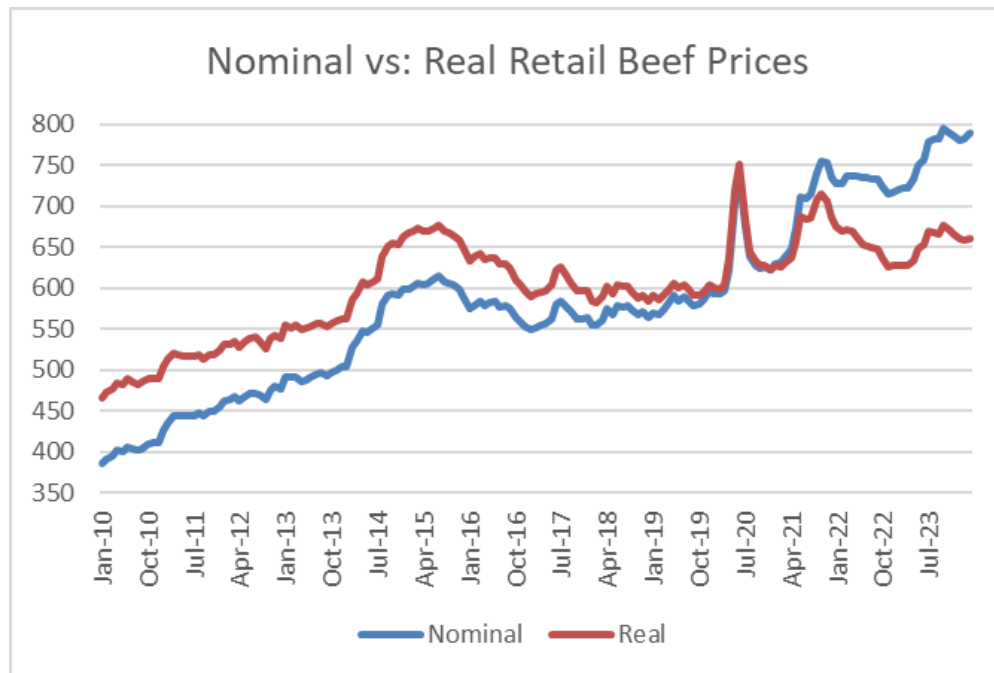


Soybean oil has received a lot of attention in the markets over the last few days amid a flurry of news. Cargill registered 1,873 contracts of soy oil for delivery on Monday, crushers were striking in Argentina (lasted two days and was resolved last night) and the Greet model was released yesterday afternoon. The flurry of information has resulted in soybean oil trading at its lowest price since January of 2021.



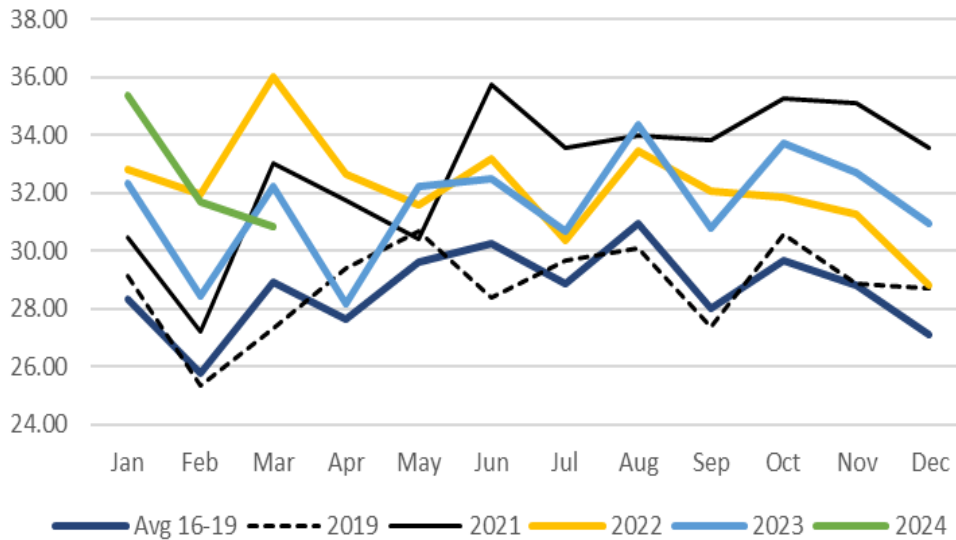
Livestock

The post-pandemic surge in retail beef prices has been well noted—perhaps partly a reflection of strong demand from consumers basking in the rise of discretionary spendable income resulting from the broadly distributed stimulus funds and the cost induced price increases related to higher labor, transportation, energy, packaging costs, etc. Retail beef prices pre-pandemic ranged mostly in the \$5 to \$6 range noted by the blue line--nominal retail beef prices--in the following chart. Post-pandemic prices surged to recent levels just below \$8 per pound. At least a portion of that price surge is due to the overall effect of inflation on virtually all goods and services. In such an inflationary environment it's difficult to ascertain whether price increases are due to inflation or strong demand. A more accurate demand picture can be achieved by deflating prices—the red line, real retail beef prices. The “real” retail beef series is deflated by the CPI and expressed in constant 2019-2021 dollars = 100. The effect of that conversion is to “inflate” historical nominal prices to the 2019-21 base and to “deflate” more recent nominal prices to the same base period. The real retail beef prices suggest a significant portion of the price increases the last few years may be more the result of inflation rather than surging demand.



One approach to assessing recent beef demand and demand changes is to calculate real per capita consumer expenditures on beef—that is real retail prices X per capita disappearance/consumption. The rising real expenditures on beef during 2021 and 2022 is generally consistent with strong/growing beef demand, while that demand growth appeared to stabilize in 2023. But, following a strong start at the beginning of 2024 real per capita expenditures on beef has slowed—particularly during March. That apparent erosion in demand coincides with recent mounting concerns regarding the seasonal under performance of cutout values, specifically the middle meats, and comments from a number of retail and food service CEO’s and CFO’s during earnings reports regarding consumer push-back. April retail prices will be released later this month and real expenditures compared to last month and last year may shed more light on beef demand.

Real Per Capita Beef Expenditures



Today's Calendar (all times Central)

- Nonfarm Employment Change – 7:15am
- Manufacturing PMI – 8:45am
- ISM Manufacturing PMI – 9:00 am
- ISM Manufacturing Prices – 9:00am
- JOLTS – 9:00am
- Crude Oil Inventories – 9:30am
- FOMC Statement / Rate Decision – 1:00pm

Thanks for reading.

Evan Basse
evan@nesvick.com
 847-650-8002
 Trillian IM: evan@nesvick.com
 Bloomberg IB: ebasse3@bloomberg.net

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.