

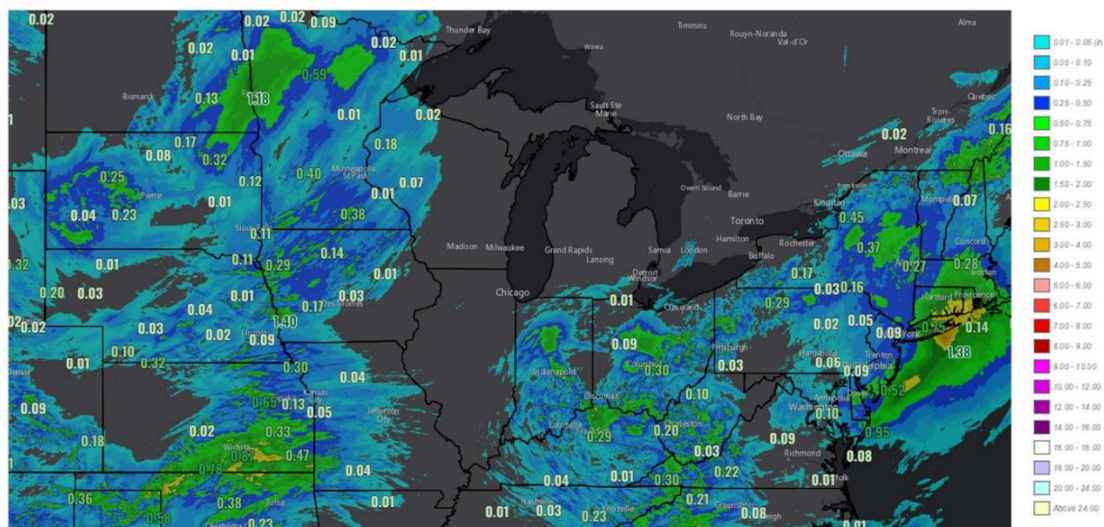
## Weather

Rainfall in the HRW wheat belt over the past 24 hours went about as expected; there were some nice rains in the south for areas that got under stronger storms but largely missing places like Goodland, Garden City, Dodge City, and Liberal (all places where rainfall over the past week was a MAJOR disappointment versus expectations). The rainfall forecast for the HRW wheat belt over the next 15 days is suggesting normal rainfall at best with a lot of the area running below normal (and could very well be driest, with respect to normal, in the same areas that saw especially light rains over the past week).

### ONE-WEEK RAINFALL TOTALS IN THE HRW WHEAT BELT

"Haves"		"Have Not's"	
Amarillo	0.66"	Salina	0.21"
Borger	1.09	Dodge City	0.23
Dalhart	0.65	Garden City	0.27
Guymon	0.98	Russell	0.36
Wichita Falls	1.16	Goodland	0.47
Clinton	1.84		
Gage	2.60		
Lawton	0.67		
Wichita	0.68		
Medicine Lodge	1.80		
Hill City	1.20		

Significant rains over the past 24 hours were recorded in eastern parts of the northern Plains. It was the area's first rain in a week or a little better. The area that had the biggest rains yesterday will start another 5-6 day period of dry weather on Saturday to allow for fieldwork to eventually get going again. The last couple days have not been wet in most of central/northern Illinois, Wisconsin and Michigan. Today through as late as Tuesday is not going to be all that wet in the eastern Corn Belt. "Maybe" this will allow for some fieldwork to get done in the near term, but clearly nothing that looks "widespread" in nature. While rains will not be "big" anywhere in the Corn Belt through most of Sunday, things will get wet again for Sunday night through Tuesday night with a BIG part of the region picking up rainfall amounts of more than an inch in that time frame. Beyond Tuesday, we will probably see mostly dry weather in the Corn Belt for Wednesday/Thursday (May 22-23), but models are coming into agreement on the threat of another notable storm in the region starting on May 24. Details of the rainfall forecast get "sketchy" after that, but there is ample evidence to suggest that the pattern would stay active in Week Two and thus still suggesting no "big" windows for fieldwork to get done.

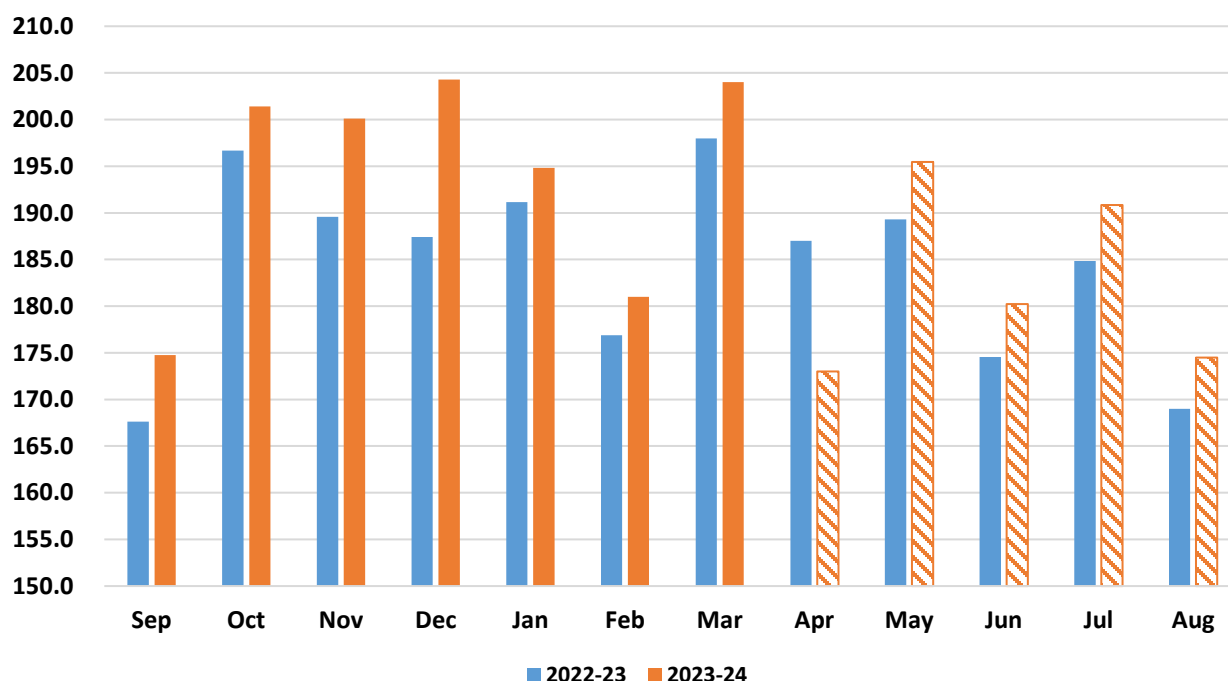


24-hour radar-estimated rainfall/24-hour rainfall totals through around 4 AM CDT today

## Grains

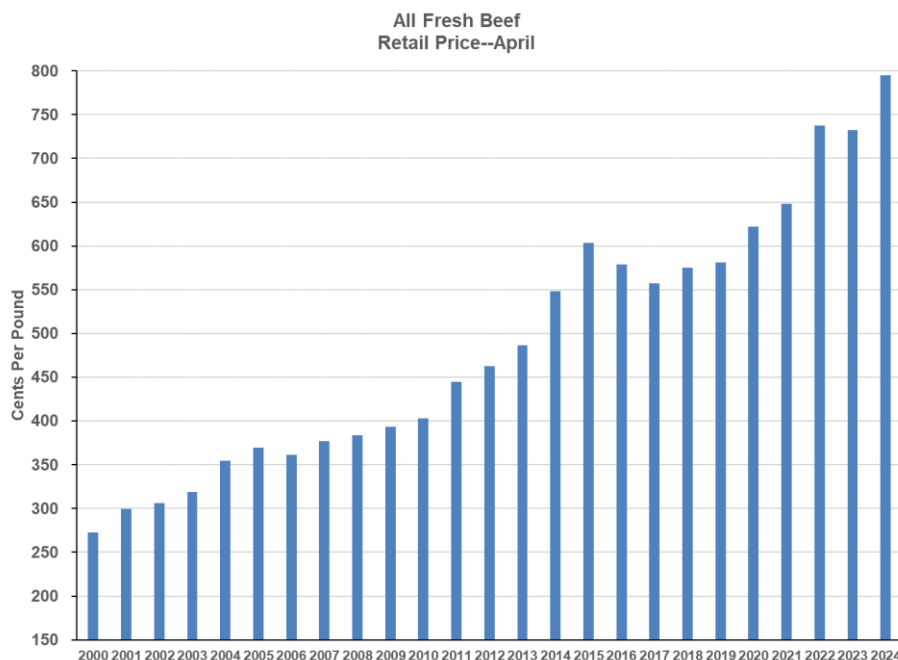
NOPA released their April crush number yesterday. Crush was surprisingly low at 166 mm bu which was ~19.5mm bu below the average Bloomberg estimate at 185.5mm bu and ~11mm bu below the low estimate at 177mm bu. Crushers took more seasonal downtime for above normal spring maintenance following record large crush rates in the first portion of the year. The crush number was a three year April low. It is difficult to estimate future monthly downtime but it appears that USDA was likely correct in not raising crush after the record output in March. Using simple arithmetic for future months, final projections will likely range between 2,270 and 2,300 depending on future monthly downtime. The below chart assumes total annual crush of 2,275 mm bu.

### U.S. Soybean Crush

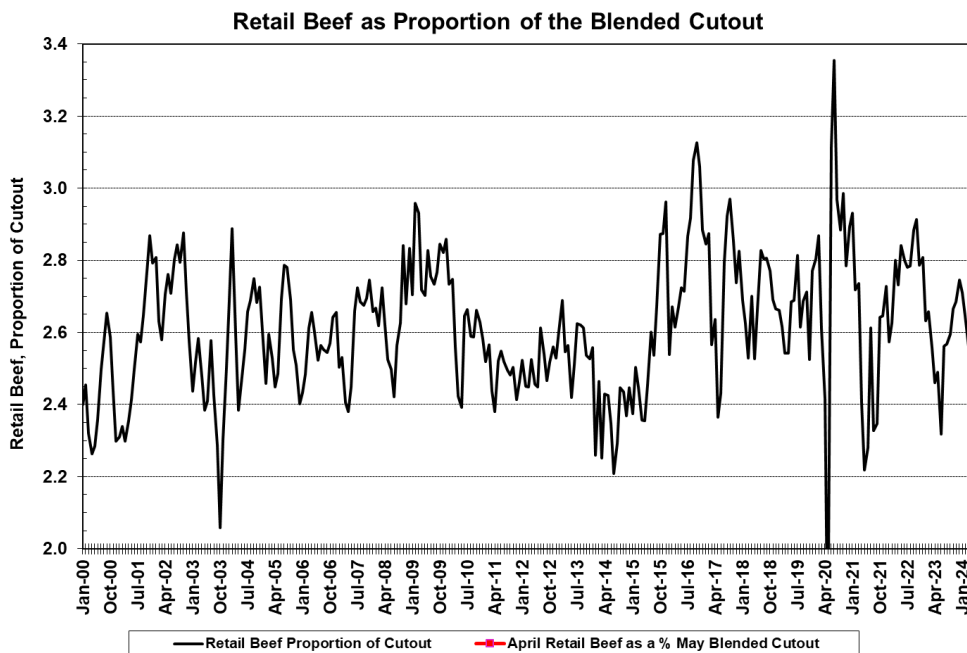


## Livestock

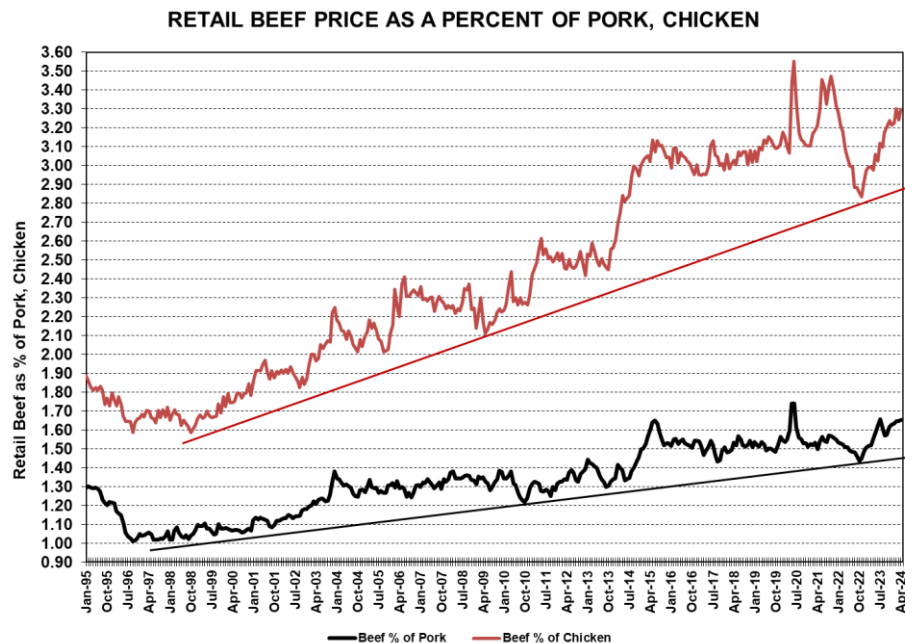
Retail beef prices continued to move higher during April, establishing a record monthly high, barely above the previous high posted last October, and for the month averaged 8.5% higher than a year earlier. The modest out-front purchases by retail and food service accounts earlier this year has transitioned into limited featuring and promotional activity, which in effect tends to boost average retail prices since a smaller proportion of sales are made at “special” prices. In addition, those higher prices also dampen sales volumes and may be an underlying factor prompting comments in several quarterly earnings reports, noting consumer push-back and lower foot traffic. Considering the volatility in cutout values since late winter, combined with the longer-term notion that beef production will be declining cyclically, there is little incentive for retailers to lower prices—rather, amid continuing inflation concerns the pressure may be for further price increases.



Although retail beef prices were record high in April, they do not appear historically high in relation to the cutout. And, that April record retail beef price is not high relative to an estimated cutout value for May—again the trajectory on retail beef prices is more likely higher than lower. Recognizing that smaller quantities of beef will be offered to consumers in the months and years ahead, some beef merchandisers may want to increase marketing margins (raise beef prices) to maintain the contribution to gross sales and operating income.



The rise in retail beef prices continues to outstrip increases for competing meats. Pork prices in April were reported slightly higher than a month earlier and about 2% higher than last year. Chicken prices, however declined from a month earlier and were about 2% lower than last year. For the year to date, beef prices are about 8.5% higher than last year while pork prices are about steady and chicken prices are slightly lower. The much larger YoY increase in beef prices continues to favor pork and chicken in the competitive challenge for the consumer meat dollar.



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

- Initial jobless claims – 7:30am
- Housing starts – 7:30am
- Philadelphia manufacturing index – 7:30am
- Various fed speakers

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](mailto: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.