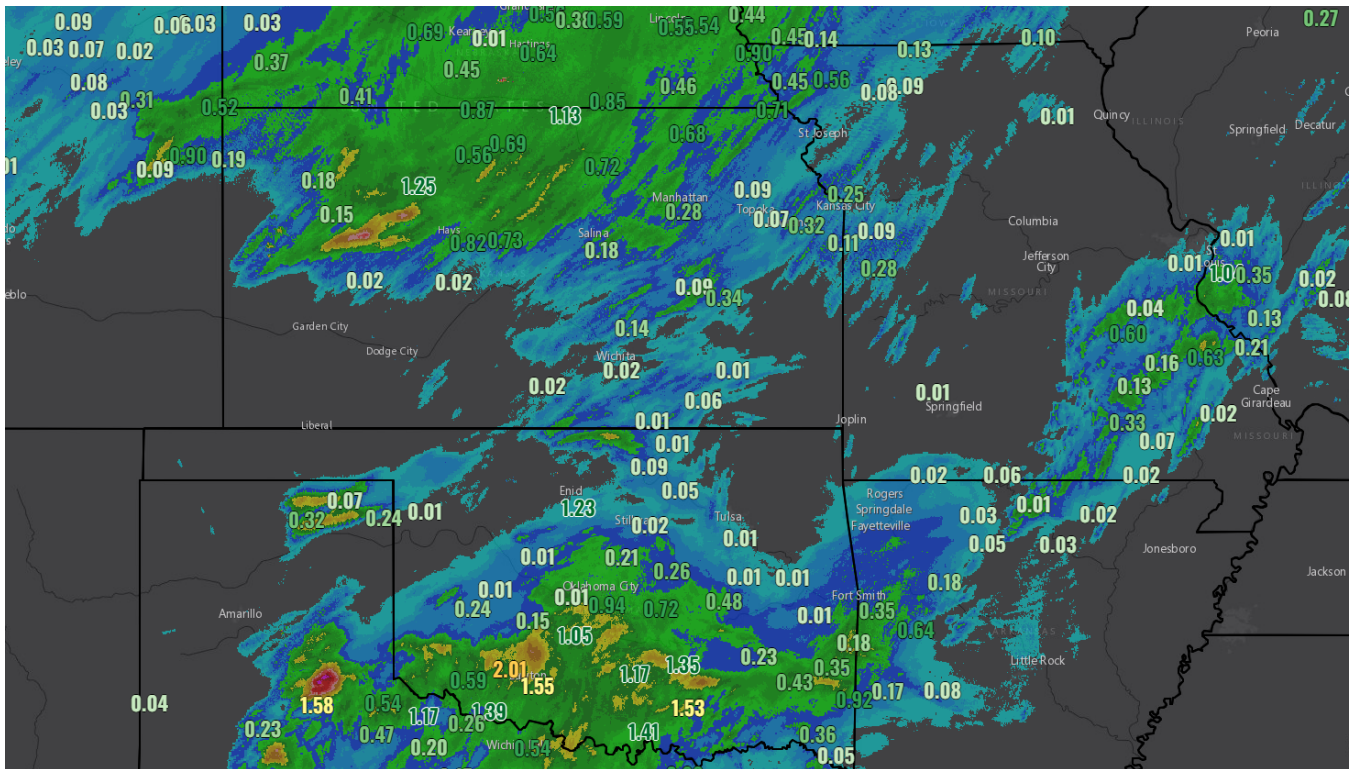


Weather

Bigger part of the wheat area of Kansas finally received notable rainfall over the past 24 hours, namely for places like Hill City, Hayes, and Russell where amounts were at least a half inch but a lot of area had over an inch. Southern parts of Oklahoma also had very good rains (for places like Altus, Fort Still, and Oklahoma City), and even parts of the eastern Texas panhandle had rain (more than a half inch reported at Childress). It will dry out in the HRW wheat belt for today and tomorrow, but the area does have legitimate chances for additional rainfall for tomorrow night into the weekend. In that time frame, only far western parts of the main growing area do not have a chance for at least a half inch of rain.

Rains will fall quite frequently in the Corn Belt over the next ten days, which will severely limit any chances to string together a multi-day period of fieldwork. Rain amounts look heaviest for today/tonight and again for Monday night into Tuesday (with severe weather a threat with the second weather system). At least all of this rain will make further big “dents” in drought conditions in western parts of the region...likely to the point where some areas will see long-term drought come to a complete end.

Safrinha corn areas of Brazil look hot and mostly dry for the next 15 days. Meanwhile, HISTORIC flooding is currently ongoing in the state of Rio Grande do Sul. We will discuss the implications of this in the next section.



Grains

Conab updated Brazilian soybean harvest progress through April 28th. Total progress is 90.5%, up from 86.6% last week but down from 93.7% last year. Maranhão (62.0% harvested), Santa Catarina (57.6%), and Rio Grande do Sul (60.5%) are the three states where meaningful harvest remains.

There has been a lot of recent discussion over the flooding that has occurred in Rio Grande Do Sol "RGDS". Areas in central RGDS have seen 15-20" of rain over the last seven days which has stalled harvest progress and raised questions over soybean quality and potential yield loss. The 15-day forecast is extremely wet with some areas projected to receive an additional 9-15 inches of rain.

Per Conab's latest figures, RGDS is projected to account for 15% (21.9mmt) of 23/24 Brazilian soybean production. 40% of soybeans still need to be harvested in RGDS and if flooding causes a 30-50% reduction in yield for the soybeans that have yet to be harvested, that would result in a 2.6-4.4mmt loss in total Brazilian soybean production. For the soybeans that do get harvested, there are concerns over quality and if they can even be crushed. While it is nearly impossible to predict or measure yield loss, traders should be aware of potential production declines due to excessive flooding in RGDS.

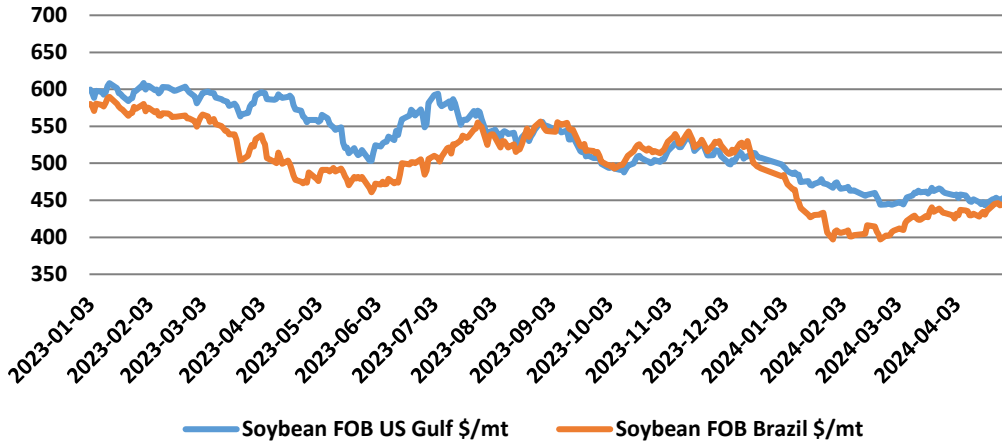
The gap between US soybean FOB prices and Brazilian FOB prices have shrunk in the recent months and they are much tighter than they were last May. As we have discussed in previous comments, there is a wide production range between USDA and Conab for Brazilian soybean production and the tighter cash market could suggest that soybean production isn't as spotty as USDA is suggesting. Thoughts appreciated.

Brazilian Soybean Harvest Progress: 04/28



State	Year		
	2023	2024	
	29/Apr	22/Apr	28/Apr
Tocantins	100.0%	93.0%	95.0%
Maranhão	74.0%	60.0%	62.0%
Piauí	97.0%	84.0%	88.0%
Bahia	96.0%	85.0%	93.0%
Mato Grosso	100.0%	99.5%	100.0%
Mato Grosso do Sul	100.0%	99.0%	99.5%
Goiás	100.0%	92.0%	96.0%
Minas Gerais	99.0%	92.0%	97.0%
São Paulo	100.0%	100.0%	100.0%
Paraná	98.0%	98.0%	99.0%
Santa Catarina	82.8%	54.3%	57.6%
Rio Grande do Sul	70.0%	47.0%	60.0%
12 States	93.7%	86.8%	90.5%

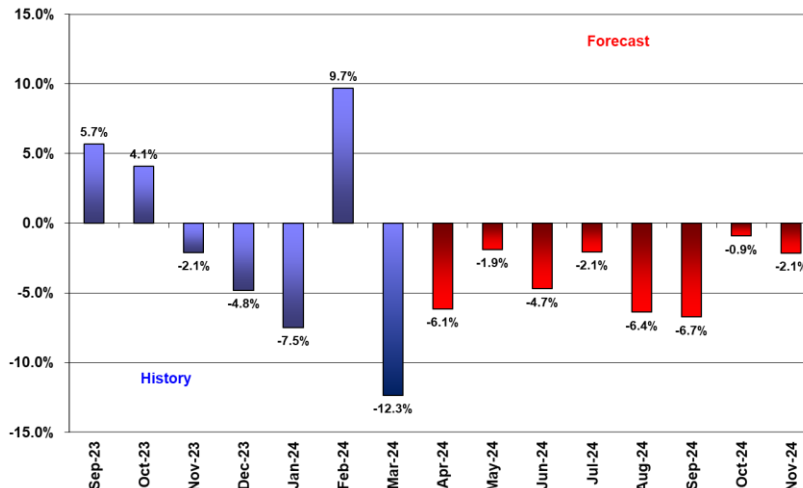
US FOB Soybean Prices vs Brazil FOB Soybean Prices (\$/mt)



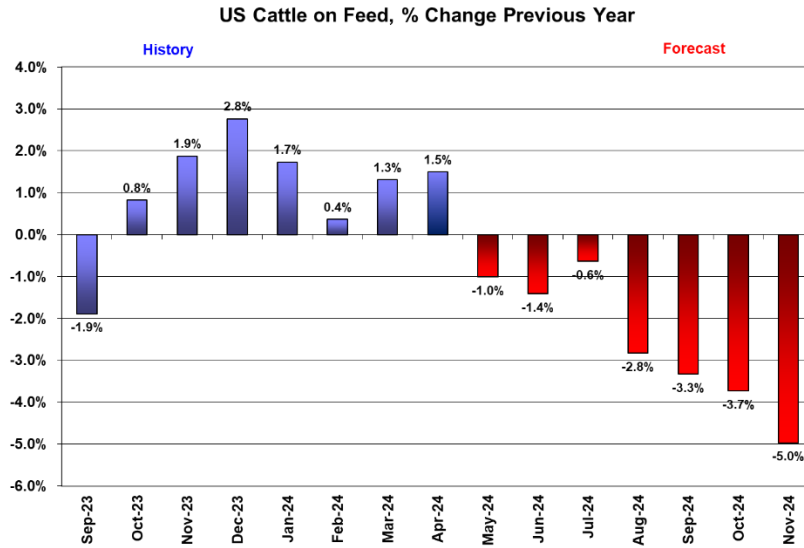
Livestock

Wide month-to-month swings have characterized feedlot placements in early 2024. While those wide swings could result in some subsequent bunching in fed cattle supplies or temporary pockets of limited availability, the market likely will even out those supplies in the months ahead. Much of the apparent variability in placements is related to the volume of lighter weight cattle in the placement mix and an absence of those cattle in one month can easily be compensated in later months. While total placements during the JFM quarter were 4% smaller than last year, placements over 700 pounds were only about 2% smaller and placements over 800 pounds were actually 1% larger than last year. However, smaller calf crops and shrinking feeder cattle supplies—accompanied by higher prices—likely will limit feedlot placements in the months ahead with more moderate monthly changes, but an extended string of declines.

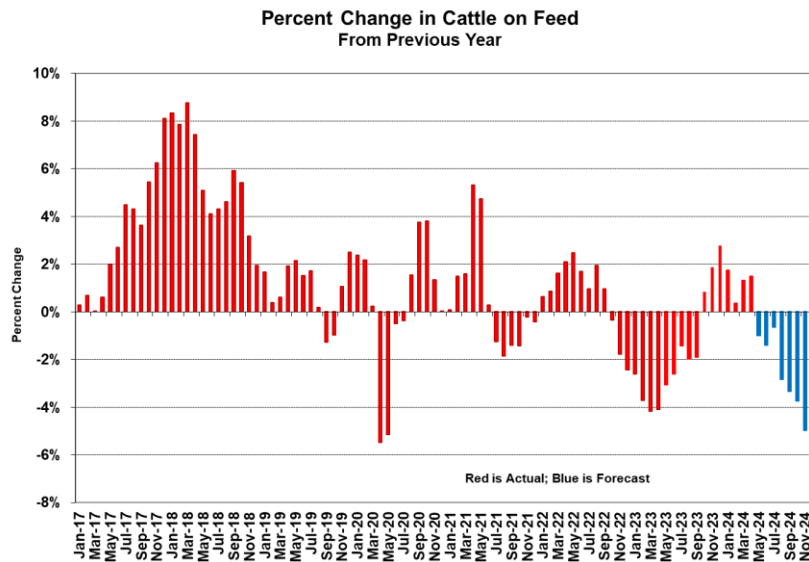
US Cattle Placed on Feed, % Change Previous Year



Following the larger feedlot placements last fall, the marketing pace has slowed, leading to larger feedlot inventories—ranging mostly 1-2% larger than a year earlier in recent months. Those larger inventories, coupled with recent heavier weight feedlot placements, suggest only modest, if any, declines in fed cattle supplies thorough late summer and early fall. However, as placements continue to slow and the large front-end supplies of fed cattle erodes, feedlot inventories will register significant seasonal and YoY declines in the months ahead.



And, from a longer-term perspective, feedlot inventories are expected to drop below a year earlier by May 1 and the string of monthly declines to follow may be measured in years rather than months, rivaling the string of increases posted during the 2017-2019 period or longer.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Initial Jobless Claims – 7:30am
- Trade Balance – 7:30am
- Nonfarm Productivity – 7:30am
- Factory Orders: 9:00am

Thanks for reading.

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