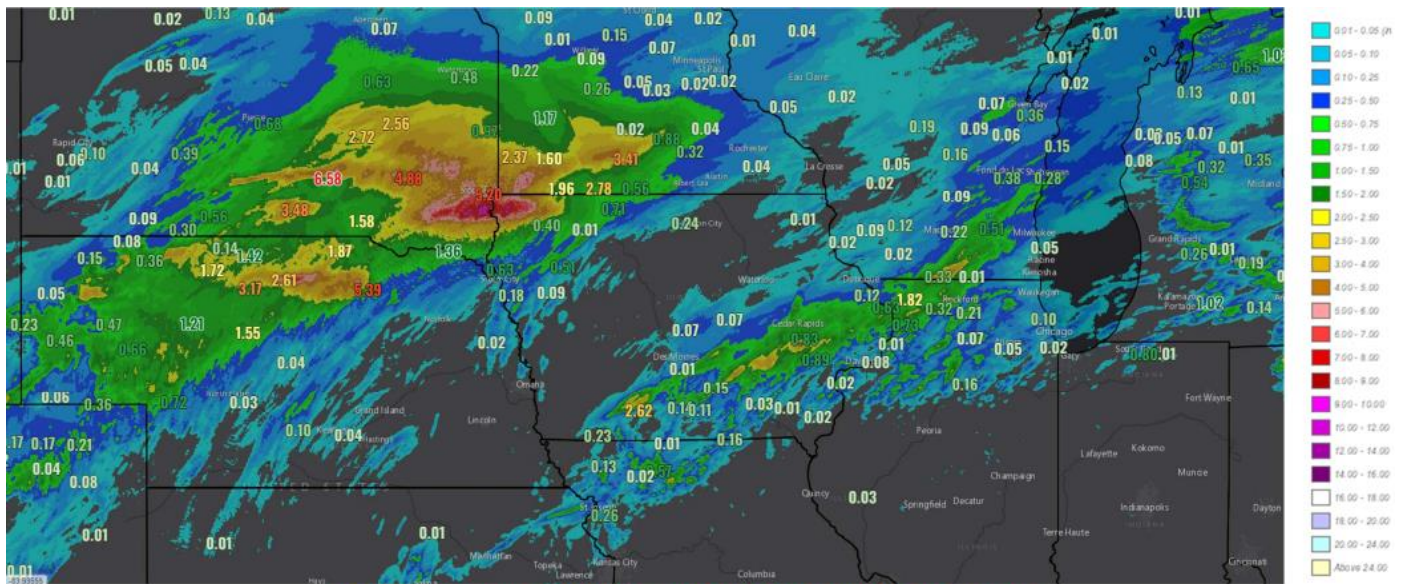
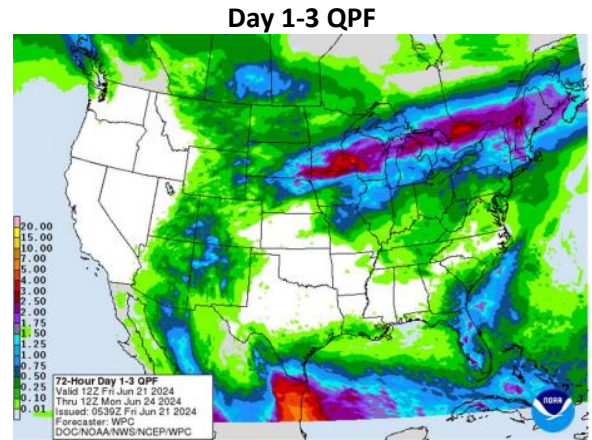


Weather

All or parts of 18 different counties in South Dakota, Nebraska, Minnesota, and Iowa were under flash flood warnings early this morning due to heavy overnight rains that are still falling. Much of the same area will see additional very heavy rain for late today into early tomorrow as well.

We will see a few spots in the southeastern Corn Belt reach 95 degrees or a little higher for today and tomorrow; enough to set records in isolated locations (probably more record-warm lows set than record highs). Monday and (especially) Tuesday will be two other especially hot days in the near term. It will turn cooler for June 26-28, but it remains a situation where something remotely close to a “cool” pattern for the region is out of the question; most days are going to feature temperatures running a solid distance above normal. Heat is going to be especially oppressive over the next 15 days for the southern Plains and Mid-South; places that are normally hot this time of year, but readings running 3-5+ degrees above-normal on average (and quite consistent over the next 15 days) have to be considered as quite notable.

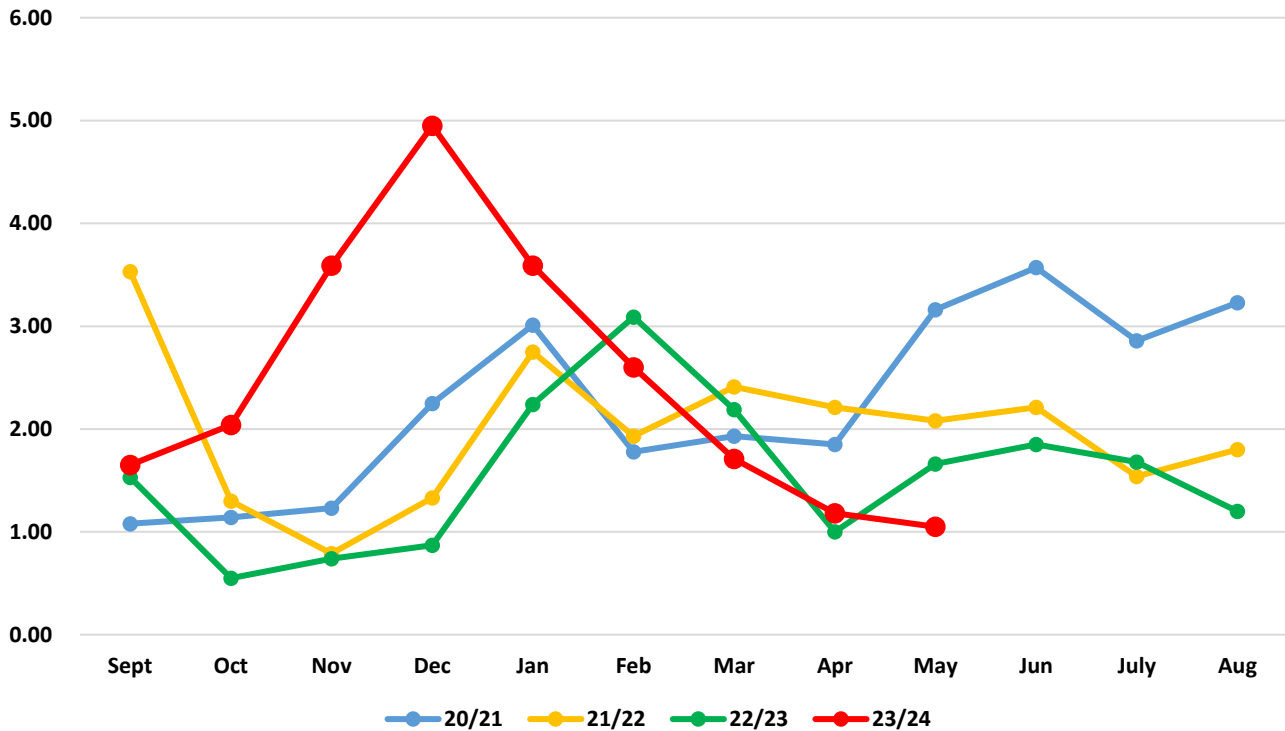


24-hour radar-estimated rainfall/rainfall totals through around 4 AM CDT today

Grains

China corn imports were reported at 1.05mm tons for the month of May which is a four year low for the month and represents an 11% MoM decline. Imports were record large for months November through January due to cheap Brazilian corn but have established a disappointing trend for months March through May. Brazil is just starting to harvest their safrinha corn crop so it will be interesting to watch if China resumes their buying in the summer months.

China Corn Imports (MMT)

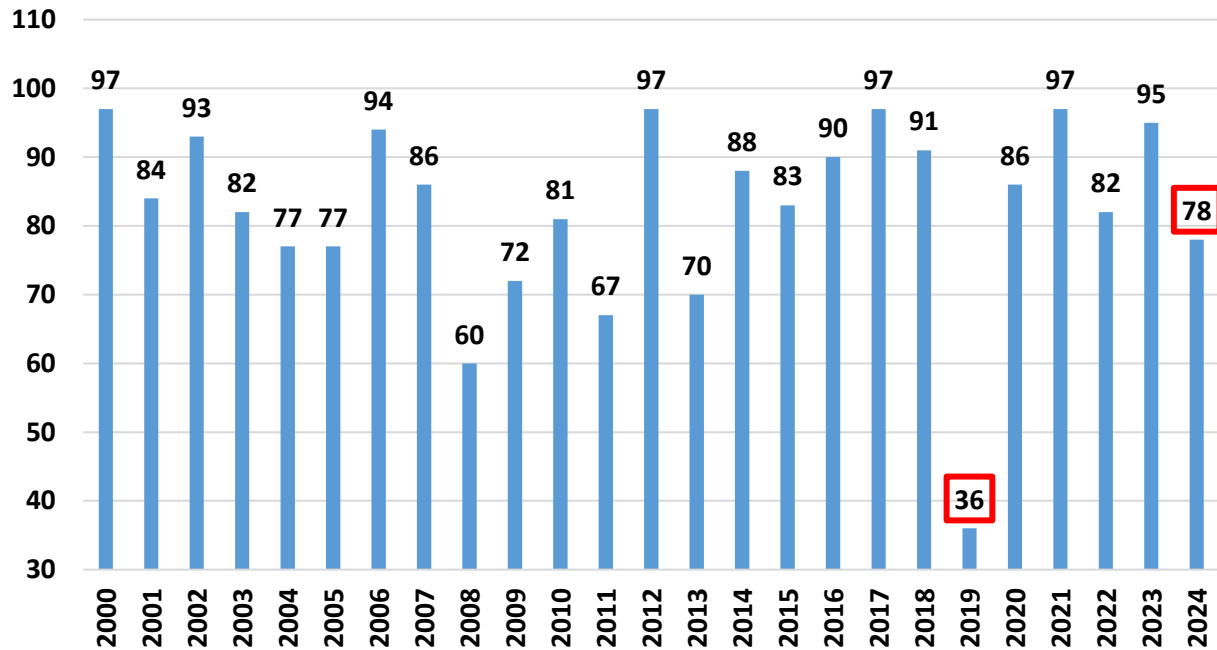


Week #24 soybean emergence showed that most states were above the 5-yr average (2019-2023) which suggests that the US soybean crop is developing faster than “normal”. It’s interesting to note that 2019 is skewing the 5-yr average down due to the massive spring flooding that delayed planting into late June. The table to the right attempts to show a different perspective by recalculating the 5-yr average by removing 2019. When doing so, it shows that nearly every state is trailing behind the new the 5-yr average. The charts for South Dakota and Wisconsin on the next page show how much of an outlier 2019 was for those states and suggests that 2024 is slightly behind the emergence pace of recent years.

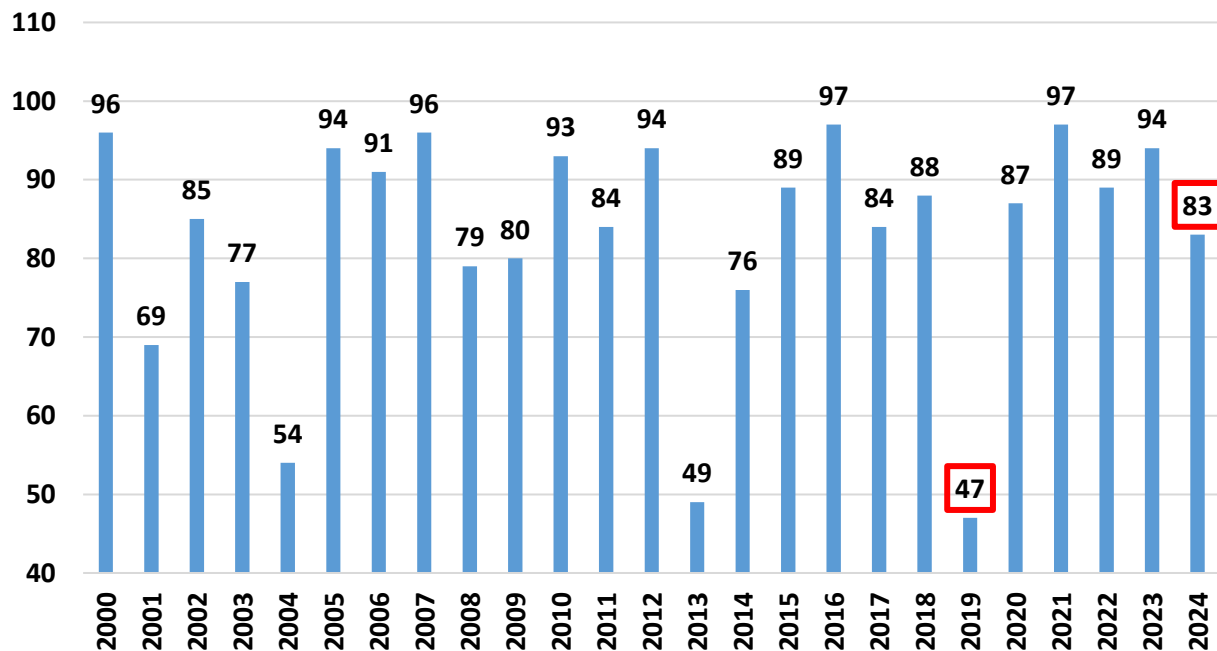
Soybean Emergence: Week #24					
	2024	5-Yr Avg ⁽¹⁾	Vs	5-Yr Avg ⁽²⁾	Vs
Illinois	85	83	2	92	(7)
Iowa	86	89	(3)	95	(9)
Minnesota	79	90	(11)	95	(16)
Nebraska	90	90	(0)	95	(5)
South Dakota	78	79	(1)	90	(12)
Wisconsin	83	83	0	91	(8)
Ohio	85	74	11	86	(1)
Michigan	82	79	3	87	(5)
Indiana	88	80	8	92	(4)
US Total	82	80	2	87	(5)

Note (1): Assumes straight line average of 2019-2023. USDA 5-yr avg may vary.
 Note (2): Assumes straight line average of 2018-2023 (excludes 2019).

South Dakota Soybean Emergence for Week #24 (%)

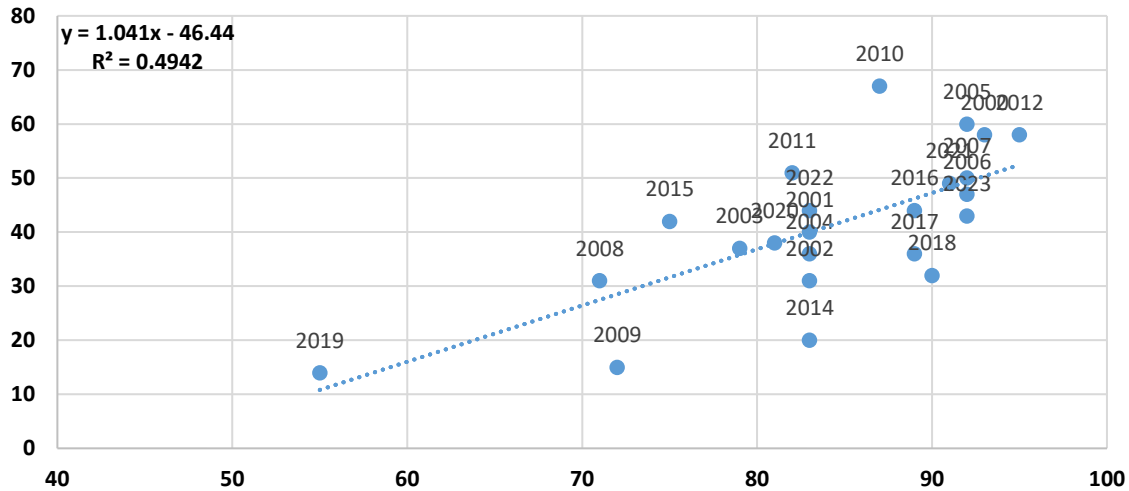


Wisconsin Soybean Emergence for Week #24 (%)



Week #24 soybean emergence isn't correlated to yields but there is a correlation between week #40 soybean harvest progress (first week of Oct):

Week #24 Soybean Emergence and Week #40 (First Week of Oct) Soybean Harvest Progress



What's the point? Well, it appears that the market is assuming that the crop is progressing at or above normal pace but in reality, there could be additional risk from a slower than normal emergence. The crop is developing later in the summer which could bring more adverse weather into play or potentially effect harvest timing. Obviously, there is a lot of time and variables in play but it's something to monitor as we move through the growing season. Thoughts appreciated.

Livestock

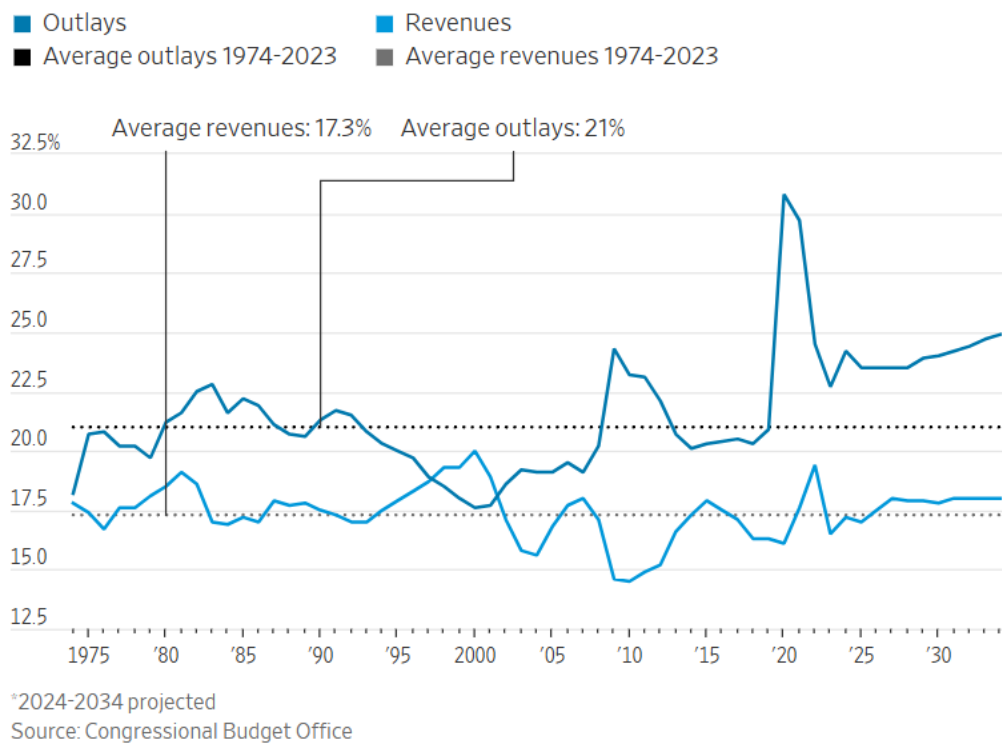
The USDA's monthly Cattle on Feed report is scheduled for release this afternoon at 2pm CDT and is expected to indicate feedlot placements and marketings during May about the same as last year, along with a smaller June 1 feedlot count. May placements are projected near 100% of last year's modest volume, about 4% below the 2016-19 average, but a seasonal increase from a month earlier, and the largest May volume since 2020. May feedlot marketings are projected near 100% of last year sales and similar to the historical average. With net feedlot placements slipping well below projected marketings, the estimated June 1 feedlot inventory is near 99% of a year earlier, a small decline from a month earlier, but still the smallest June 1 count since 2017.

Cattle on Feed				
	Actual	MBS Research	Trade Average	Range
June 1 Cattle on Feed		99	98.9	98.3 - 99.4
May Placements		100	98.3	95.0 - 102.4
May Marketings		100	100.3	99.3 - 101.2

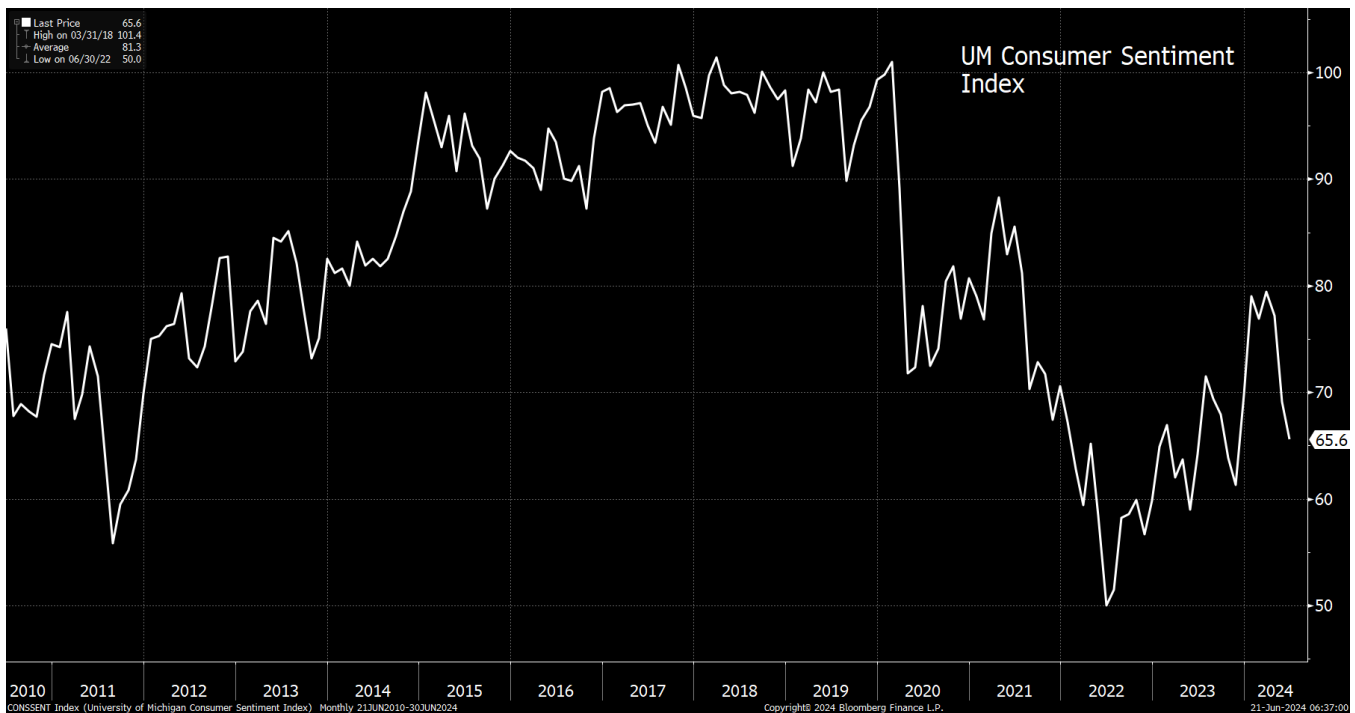
The Congressional Budget Office issued a revised 10-year budget forecast earlier this week and the implications are sobering; -- this year's budget deficit is projected at nearly \$2 trillion, up \$400 billion from its February forecast and \$300 billion larger than last year's deficit. And, CBO says deficits will stay this large for years. Note the widening divergence between revenues and expenditures projected in the following chart with expenditures projected to reach 24% of GDP this year and average over 24% for the next decade while revenues average around 17.5% of GDP. Among other things, interest expense next year is projected at more than \$1 trillion, exceeding the \$964 billion for defense. With fiscal and monetary policy at cross purposes—restrictive monetary policy, elevated interest rates, intended to slow economic activity, while stimulative fiscal policy, elevated spending, spurs economic activity—suggesting lowering inflation rates will remain a challenge.

The Ominous U.S. Fiscal Trend

Revenues and spending as a share of GDP, 1974-2034



Keeping with the macro theme, the University of Michigan consumer sentiment index at the beginning of June plunged to the lowest level since late last year while inflation expectations ticked higher. With consumers accounting for most of the US economic activity, the declining sentiment may be precursor to reduced spending and reduced economic activity, not a robust indicator for meat demand in general or beef in particular.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Manufacturing PMI – 8:45am
- Services PMI – 8:45am
- Existing Home Sales – 9:00am
- EIA Nat Gas Storage – 9:30am
- Fed Monetary Policy Report – 10:00am
- COF – 2:00pm

Thanks for reading.

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