

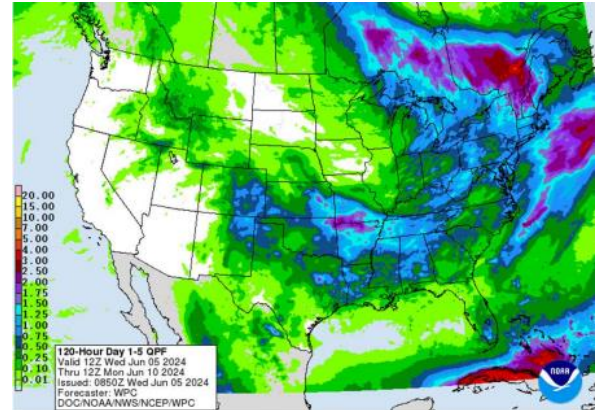
Weather

No major changes to the forecast since yesterday's discussion. Through at least June 13 (but probably longer than that for some areas), the weather pattern is going to feature limited/very limited rainfall in most of the Corn Belt and northern Plains. Only areas south of Interstate 70 in Missouri will be recording above-normal rainfall in that time frame with things looking especially dry in Minnesota, Iowa, western Wisconsin, and roughly the northern halves of Illinois and Indiana.

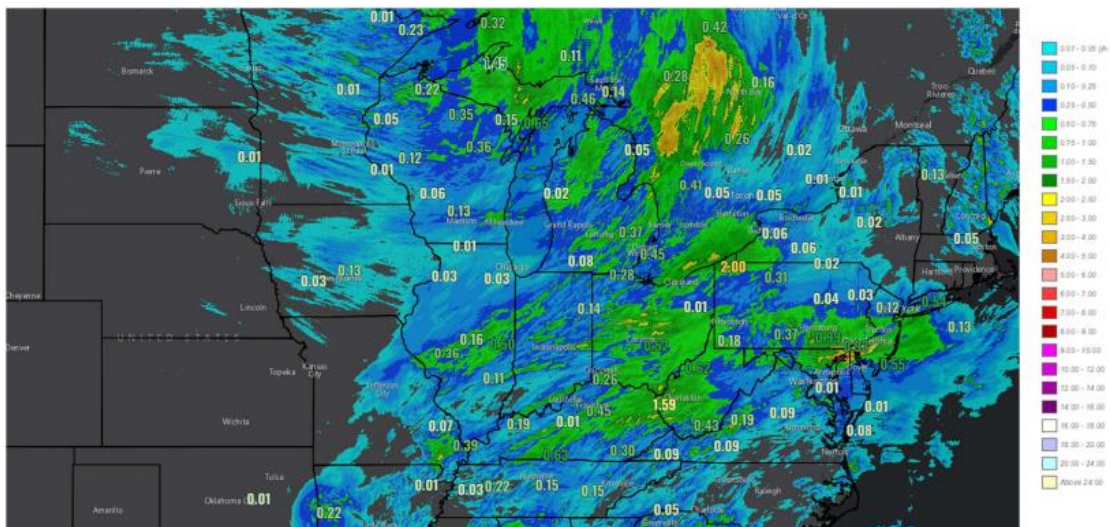
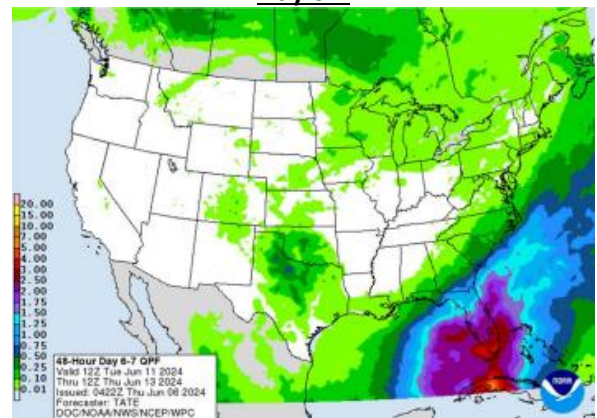
For around June 14-15 and into the 11-15 day period (which today covers June 16-20) rainfall chances in the Corn Belt increase again. Details are still uncertain, but models remain in agreement (and are consistent with yesterday) in showing some above-normal totals in the northwestern Corn Belt and northern Plains.

Tomorrow through Tuesday will be the coolest part of the current 15-day forecast, and in that period a lot of the eastern Corn Belt and nearby areas can run around 5 degrees below-normal. The Plains and western Corn Belt will really be warming up though by June 13, and much of the Nation will run above normal on temperatures for the 11-15 day period of June 16-20. Given the time of year, that should equate to some overnight highs of 70+ degrees and a lot of upper 80s to lower 90s for high temperatures.

Day 1-5



Day 6-7



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

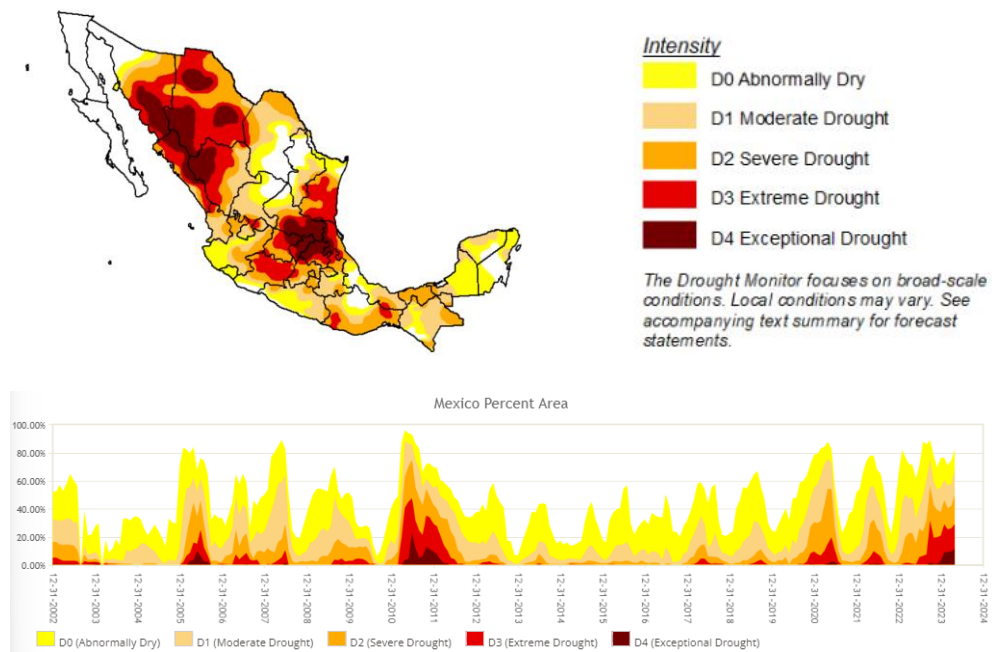
Grains

Mexico is currently in the midst of a serious drought which began with El Nino's development in 2023. As of April 30, ~82.5% of Mexico is at least abnormally dry while ~68% is located within a designated drought area. Since April 30 (the latest drought monitor shown on the right), conditions have not improved as most areas have received zero to very little rain (under one inch) while temperatures have been above average. With that in mind, it is expected that the drought monitor will show worsening conditions in May that could start to rival the 2010-2012 drought in which at its peak ~88% of the country was in a designated drought area.

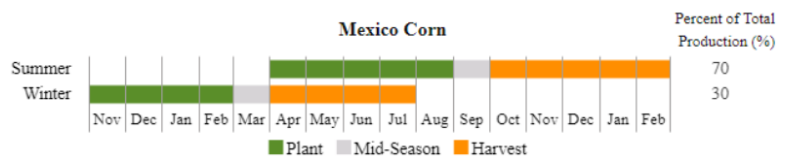
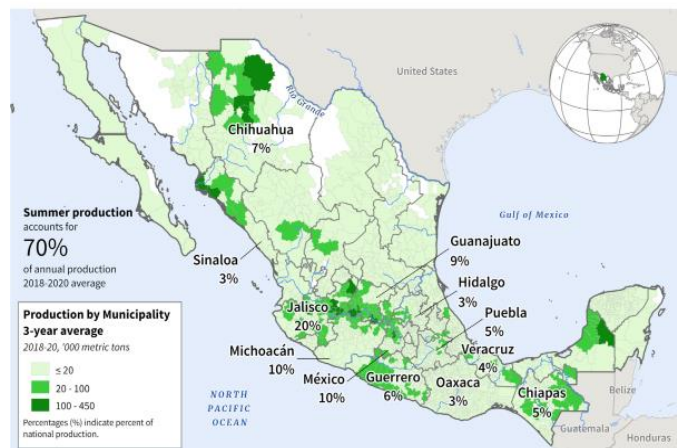
Mexico is in the midst of planting their summer corn crop which represents ~70% of their total corn production and there are concerns that production losses will occur if the continuing drought conditions do not change.

Mexican corn production has remained relatively flat over the last 15 years while consumption has grown more steadily over that time period due to increases in feed consumption. This means that Mexican corn production as a percentage of domestic consumption has trended lower which has forced Mexico to become increasingly reliant on corn imports, primarily from the US.

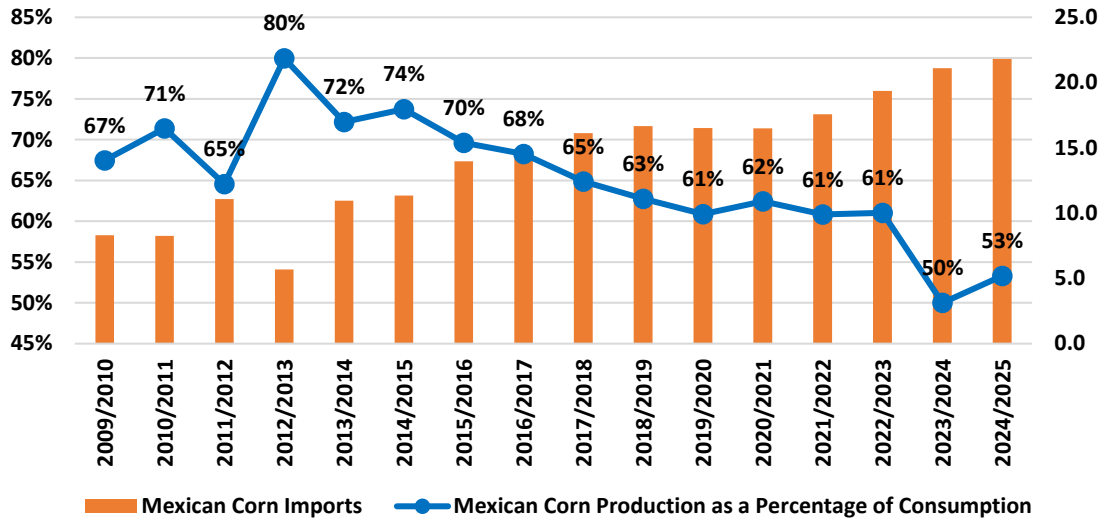
April 30, 2024



Mexico: Summer Corn Production

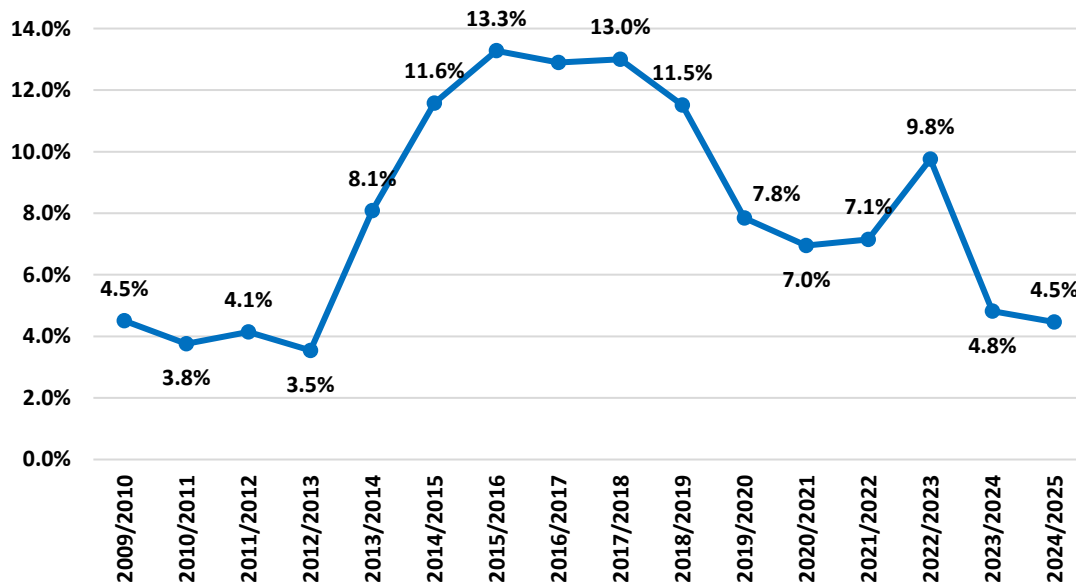


Mexican Corn Production as a Percentage of Domestic Consumption & Mexican Corn Imports (MMT)

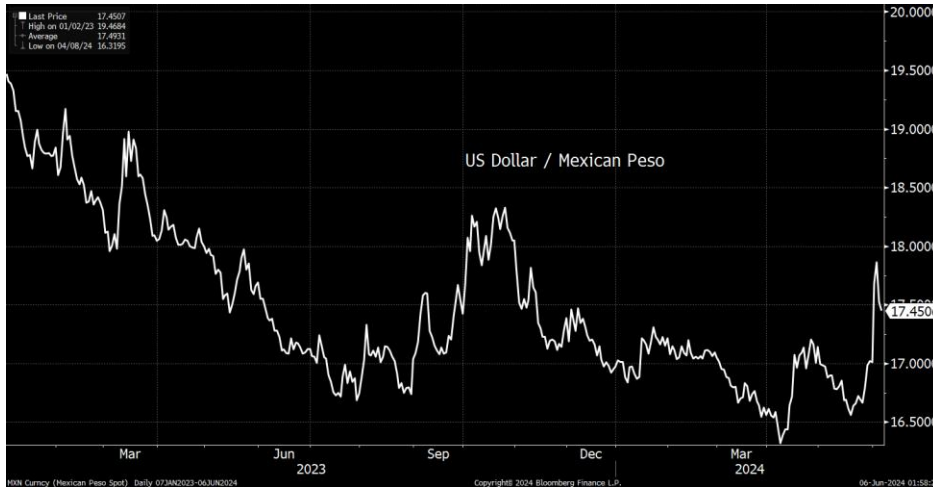


Per USDA, 24/25 Mexico corn stocks to use ratio is at its lowest levels since the 12/13 crop year, potentially signifying that any production losses will likely lead to or near a 1:1 increase in imports (probably from the US). Mexican corn production is a variable to follow in the coming months especially given the lack of Chinese demand for US grain.

Mexican Corn Stocks to Use Ratio

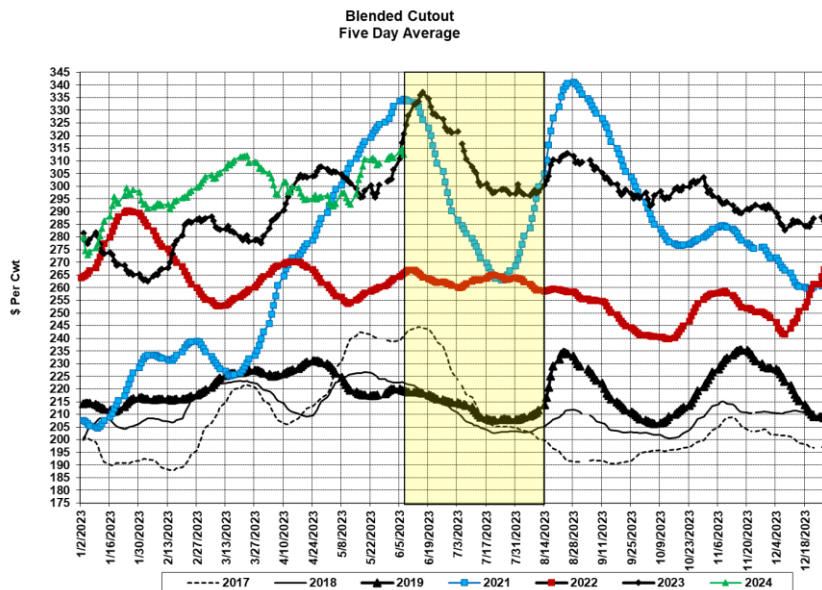


Another variable to follow related to this topic is the recent drop in the value of the Mexican Peso vs the US Dollar due to the recent election of Claudia Sheinbaum. If the weakness of the Peso continues that could potentially be a headwind for US grain exports to Mexico.

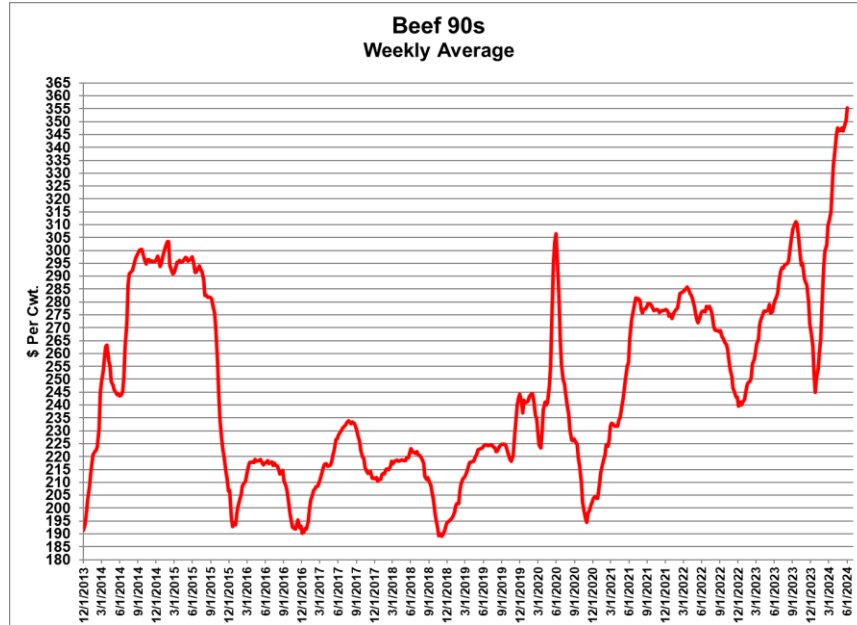


Livestock

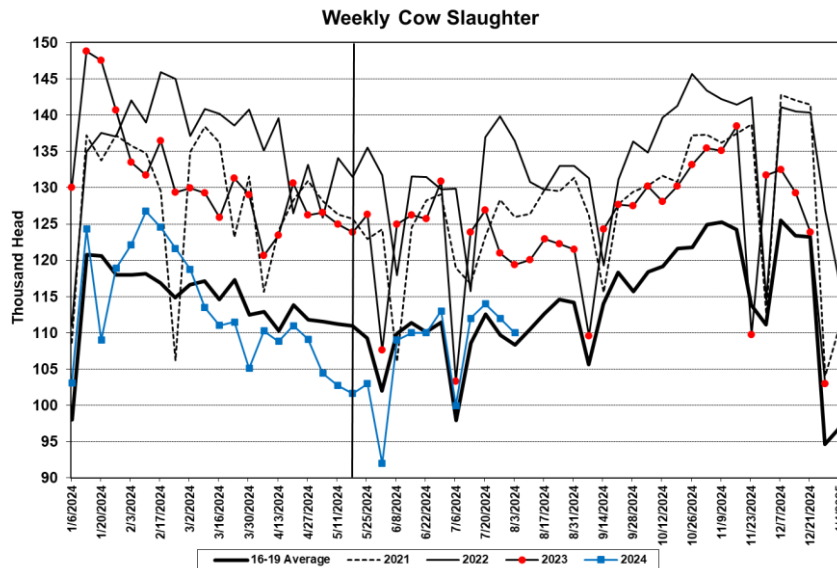
The blended cutout (a weighted average of Choice and Select sales) advanced from around \$295 in early May to what appears to be a seasonal peak in recent days near \$315—still well below the seasonal highs posted in 2021 and 2023. While that shortfall may ultimately prove to be a demand issue, the more likely explanation resides in the relative price levels during the first four months of the year. The record high beef prices earlier this year—significantly higher than either '21 or '23—likely discouraged retail and food service accounts from actively featuring and promoting beef merchandising efforts heading into the spring holidays. Absent those promotional efforts, the spring price peak barely exceeded the late winter record high near \$310. The seasonal tendency into late July and early August is lower—but just as the seasonal peak was tempered by earlier price levels, perhaps the summer decline will be tempered, too.



Domestic lean beef prices have been the spectacular performer during the first half of the year and posted a new daily high this week at \$360. That price strength, of course, is underpinned by the sharp decline in domestic production—the smaller cow kill. With ground beef values approaching the peaks of recent years, it remains to be seen whether those highs in turn cap the advance in lean beef. Amid the cyclically limited production in 2014 and 2015, the advance in 90s stalled near \$300 as ground beef values stalled. At any rate, a significant increase in lean beef production is doubtful.



Weekly cow kills have slipped to around 100-105,000 head—likely seasonal lows and far below last year. Kills are projected to range around 110,000 per week in June and July, but that may be a bit ambitious. Still, further significant seasonal declines this summer from recent levels also look doubtful.



Today's Calendar (all times Central)

- Exports sales – 7:30am
- Jobless claims – 7:30am
- US trade balance – 7:30am
- EIA nat gas storage – 9:30am

Thanks for reading.

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