

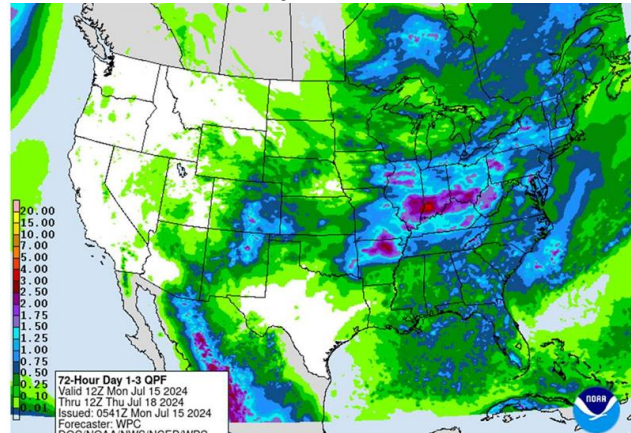
## Weather

Thunderstorms in eastern and northwestern parts of the Corn Belt will weaken and die out this morning. It is going to be scattered thunderstorms developing in Iowa for this afternoon that get all of the attention, as it looks like that activity will merge into a sizable thunderstorm complex this evening that will push across eastern Iowa, far southern Wisconsin, southern Michigan, and much of Illinois/Indiana during the evening/overnight hours. Thunderstorms that have been recorded in the northeastern Corn Belt over the past 24 hours have contained damaging winds in Ohio, Indiana, Illinois, Wisconsin, and Minnesota, but the activity for later this afternoon/tonight may feature the worst winds recorded so far.

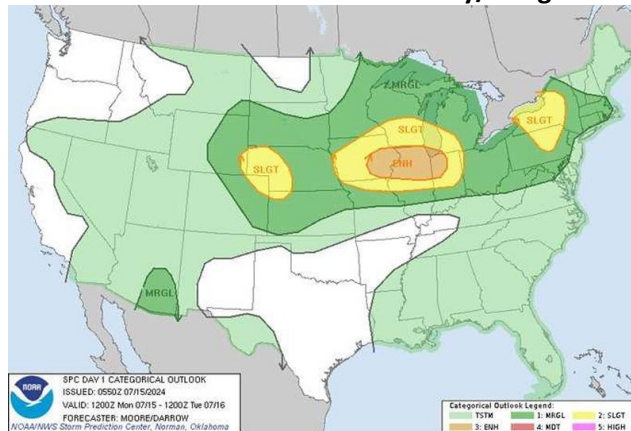
Heat is still going to be big in much of the Corn Belt today, but is expected to be confined to far southern areas southward by tomorrow and all of the southern Plains and Mid-South is much cooler by no later than Thursday. From that point through July 25 or even July 26, any abnormal heat throughout the middle third of the country will be confined to the northern Plains, with especially July 17-22 featuring big areas of below normal temperatures on a daily basis. Latest models continue to want to “tease” us with the return of heat for the end of the 11–15-day period...something we have seen the models suggest countless times during this growing season...and something that has failed to verify the vast majority of the time as weather models have persistently “overheated” their long-range forecasts this summer for the middle of the country.

The forecast continues to be very concerning for Ukraine/Russia summer row crops. Rainfall over the next 15 days is going to run below/well-below normal, with a big part of the area recording under 50% of normal rainfall for the duration of that period. In addition, we are still looking at plenty of heat, with nothing but above and much-above-normal temperatures across the area for the duration of the 15-day forecast. Additional 90+ degree highs have been recorded over the past three days and especially today through Friday looks even hotter as that period is going to feature a big part of the region running 10+ degrees above-normal on every day.

Day 1-3 QPF



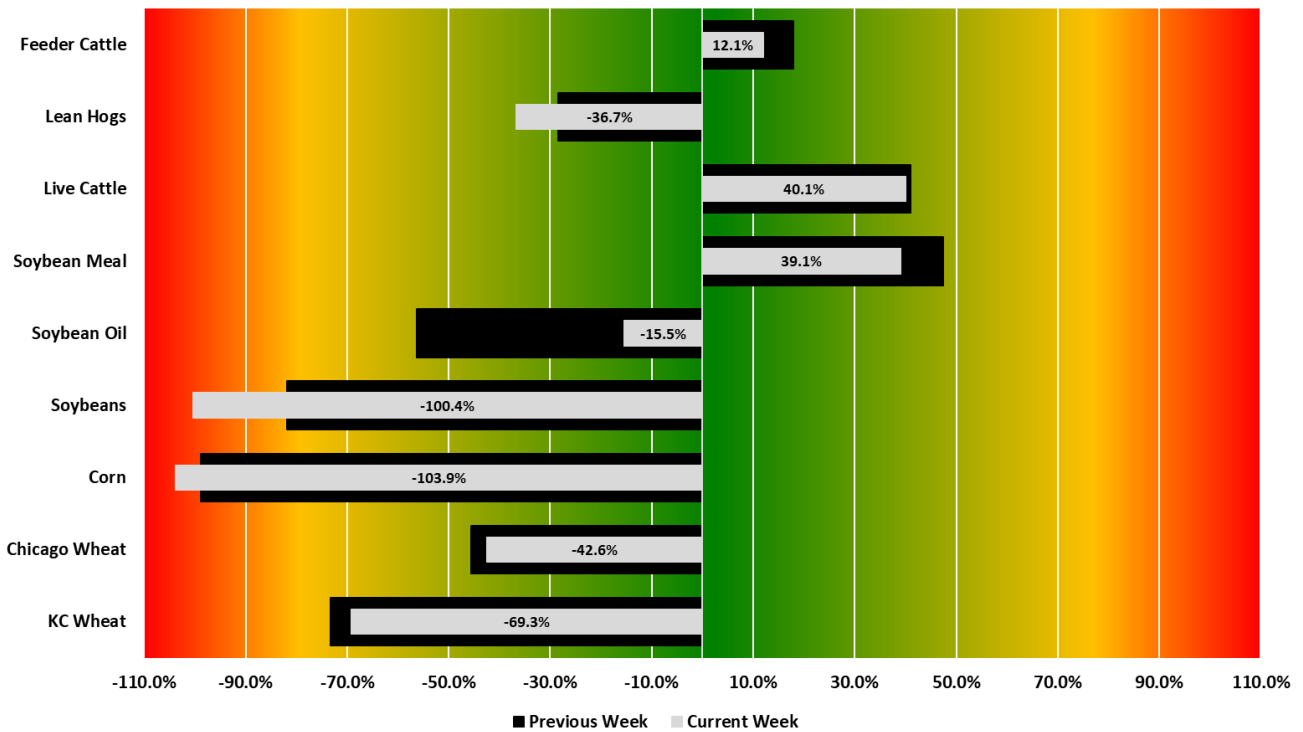
Severe weather outlook for today/tonight



## Grains

CFTC commitment of trader’s data showed that managed money held record short positions in both soybeans and corn through July 9<sup>th</sup>. Money managers sold ~17k contracts of corn last week bringing their net total to ~354k contracts (previous record was ~341k contracts) and sold 32k contracts of soybeans bringing their net total to ~173k contracts (previous record was ~172k contracts). Weather has been favorable and there hasn’t been at catalyst for funds to pare back their short positions. Funds may not cover their positions through the growing season but recent activity in soybean oil shows how quickly managed money can reduce a position. A trade war rumor between China and Indonesia caused funds to cover ~45k contracts last week.

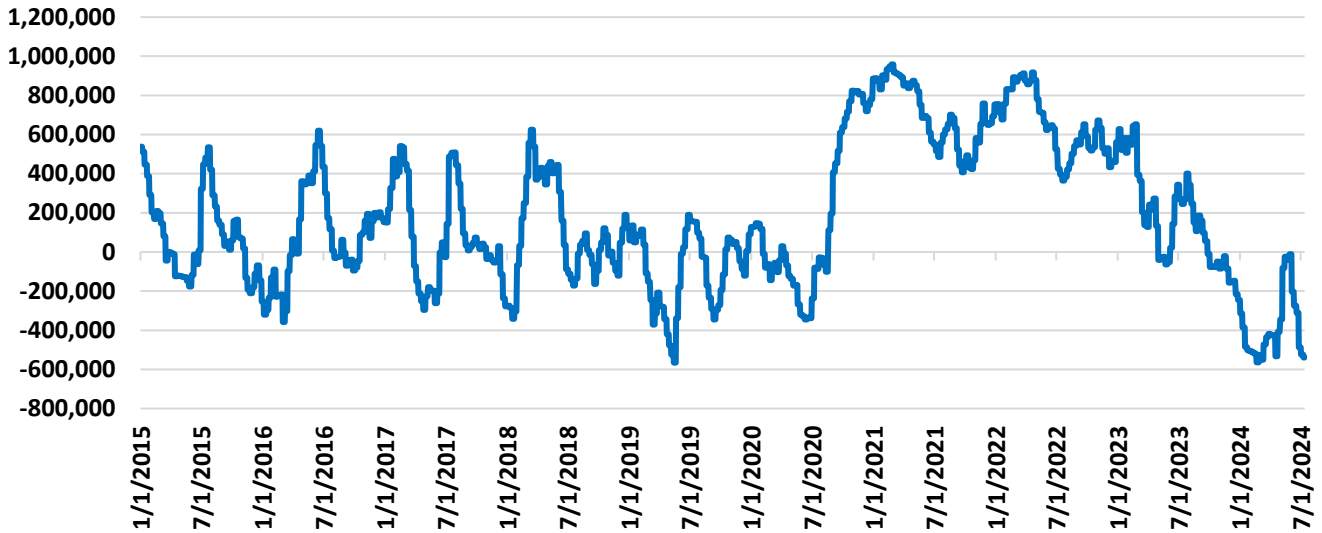
CFTC Money Managers' Futures & Options Combined Net Position (% of Historical Range)



Note: Above 100% denotes a record long position and below -100% denotes a record short position.

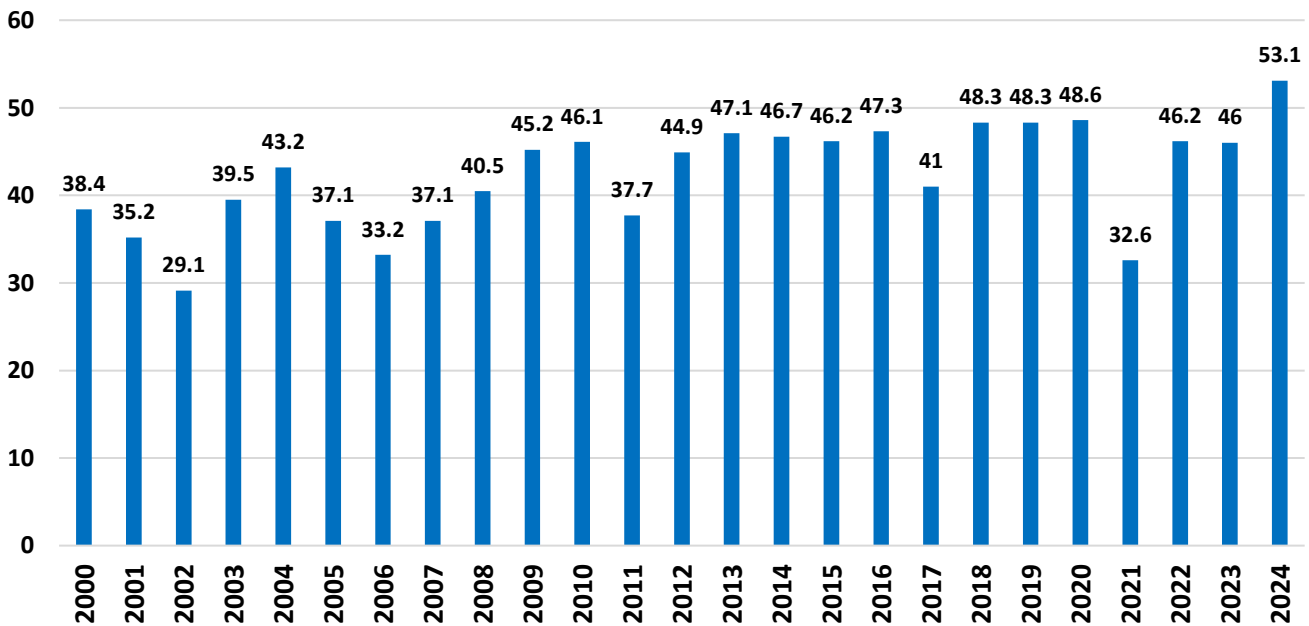
Considering the above, it should not be a surprise that combined managed money grain and livestock positions are near record short. Funds sold ~15k contracts across the products through July 9th and now hold a net short position of ~540k contracts. The record short position is ~566k contracts for all the combined products set in May of 2019.

### CFTC Money Managers Futures & Options Combined Net Position (Feeder Cattle, Lean Hogs, Live Cattle, Soybean Meal, Soybean Oil, Soybeans, Corn, Chicago Wheat, KC Wheat)



NASS estimated spring wheat production at 578mm bu, up 14% from last year and above all trade estimates. The national yield is expected to average 53.1 bu/ac which would be up by 7.1 bu from last year and a record yield by ~4.5 bu.

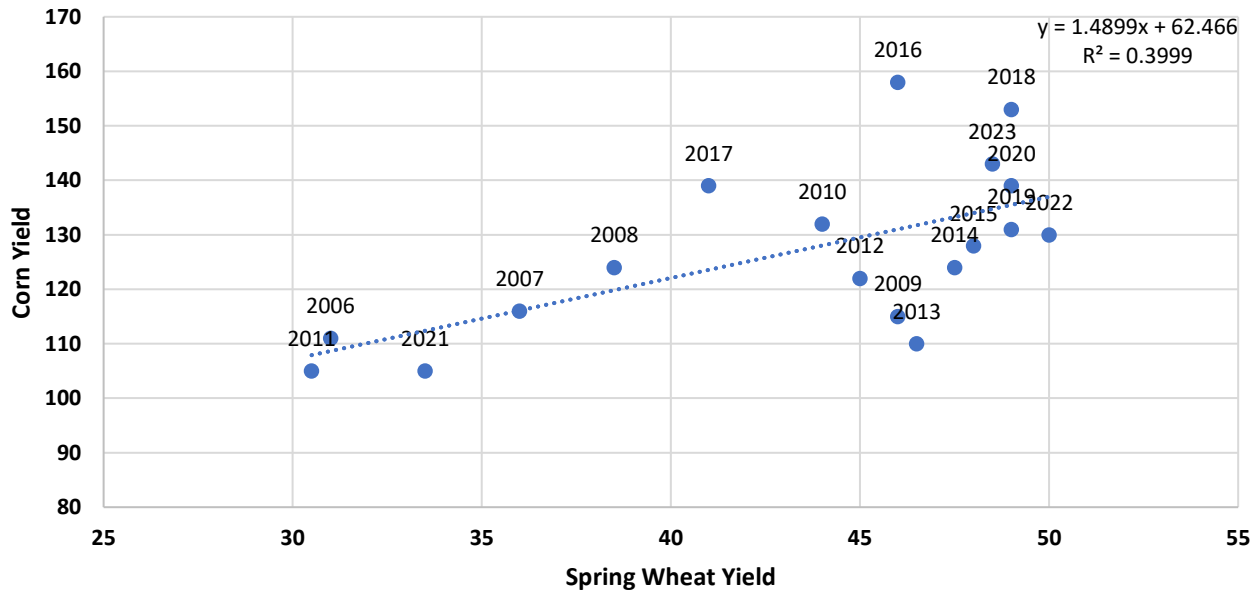
### US Spring Wheat (Excl Durum) Yield (Bu / Acre)



The record yields were not expected because the trade estimated that there would be some yield loss due to the flooding in the Plains / northwest Corn Belt (spring wheat is principally grown in North Dakota, Montana, and Minnesota). North Dakota and Minnesota are expected to produce ~70% of the US spring wheat in 2024.

If you extrapolate this to corn and soybeans it could mean that the flooding damage in the Plains / northwest Corn Belt was minimal. The below scatter shows the correlation between spring wheat yield and corn yield in the state of North Dakota. As you can see, it's not perfect but there is a relationship. NASS estimated North Dakota yield at 56 (6 bu above previous highs) while Minnesota's spring wheat yield was estimated at 63 which is not a record but was higher than last year by one bushel.

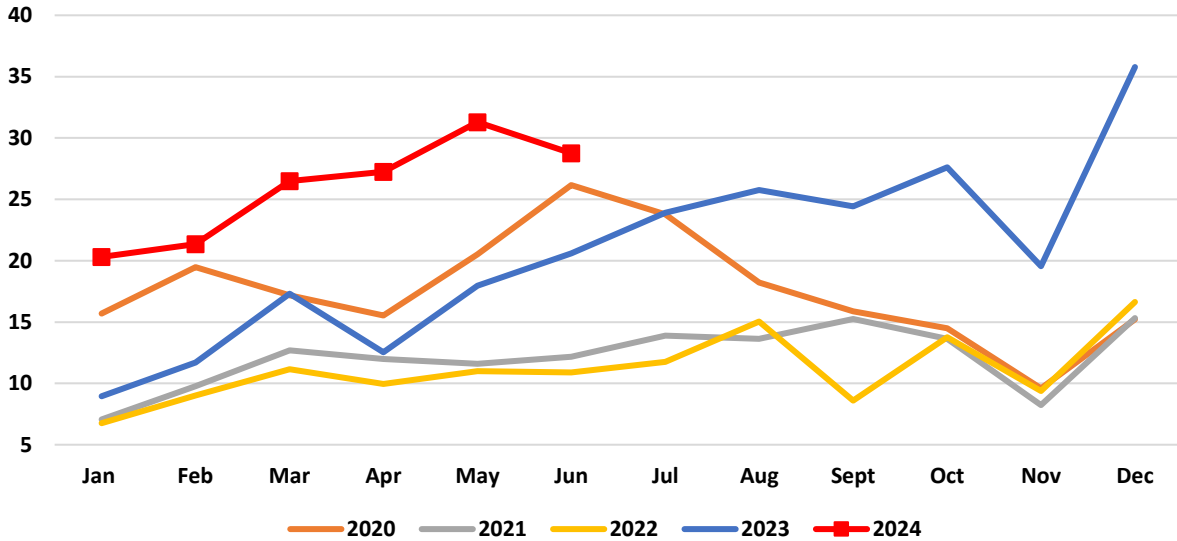
**North Dakota Spring Wheat Yield Vs Corn Yield (Bu / Acre)**



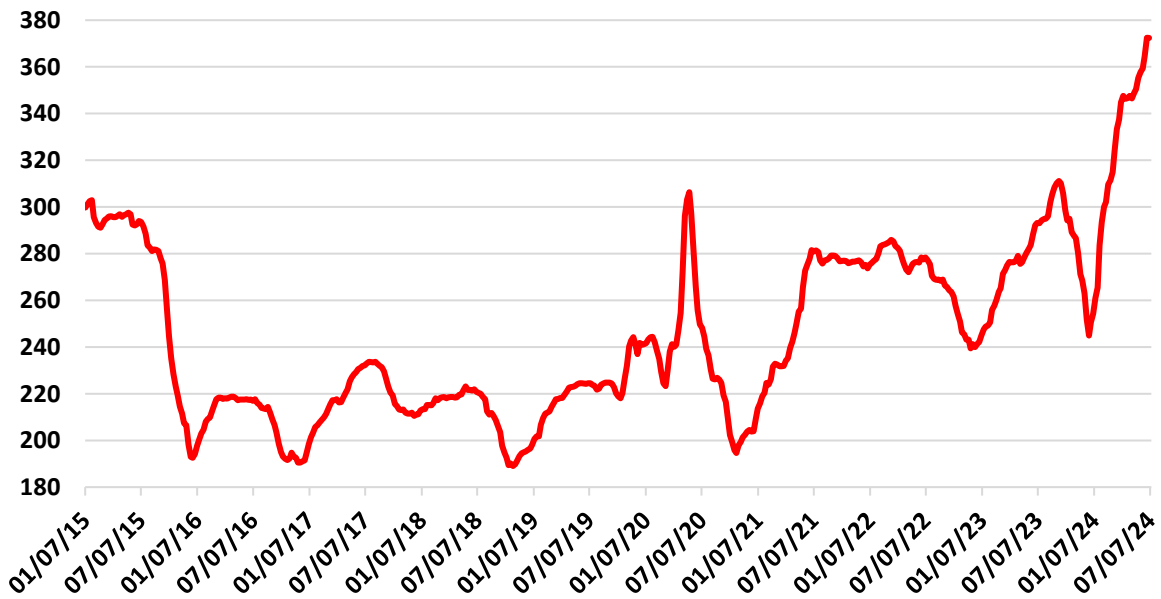
**Livestock**

Australian beef and veal shipments to the US in June totaled 28,700 metric tons, up 28% from last year and historically high for the period. A majority of the beef shipments to the US are lean beef trimmings (90s). Domestic 90s continued to escalate to ~\$370 as of last week while imported Australian 90s were reported near \$300 – about a \$70 discount. Amid the wide price spread, domestic users of lean beef will continue to seek lean beef trimmings from Australia.

**Australian Beef and Veal Exports to the US (1,000 Tons, Shipped Weight)**



**Weekly Average Beef 90s (\$ Per Cwt)**



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

- NY Empire State Manufacturing Index – 7:30am
- Export Inspections – 10:00am
- Powell Speaks – 11:00am
- Crop Progress – 3:00pm

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.