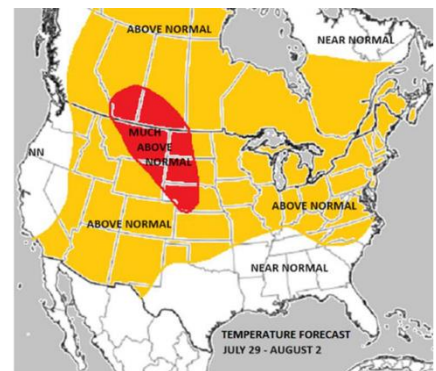
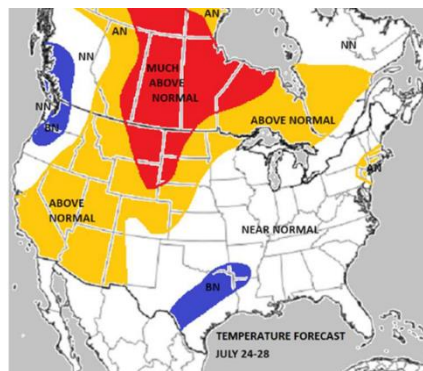
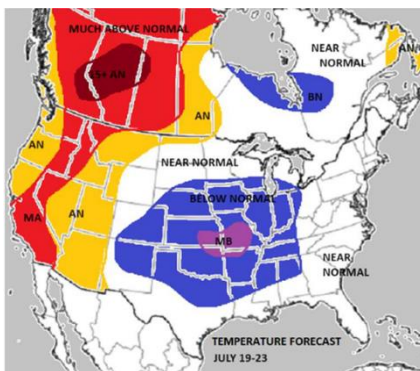
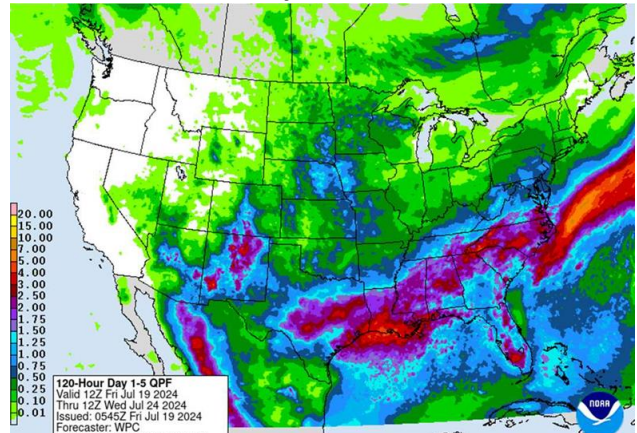


Weather

A lot of the far western Corn Belt has really been drying out as of late. Most of the rain that has fallen this month in that area was confined to July 1-2; since that time, rainfall has been quite meager with most places recording well under a half inch (and no rain for better than a week). With that in mind, the rains that will fall for especially later today into tomorrow have to be considered as very beneficial; look for especially eastern Nebraska and western Iowa to see plenty of places picking up an inch or more.

Outside of the northern Plains, a complete lack of abnormal heat remains in the forecast throughout the middle of the country through July 26. Especially cool (with respect to normal) will be the southwestern Corn Belt, the central/southern Plains, and western parts of the Mid-South where temperatures in that period will average 5-7+ degrees below normal. Weather models remain rock-solid in their consistency and in their agreement that above-normal temperatures will return to all of the Plains and all of the Corn Belt for July 27 and beyond (with today's forecast going through August 2).

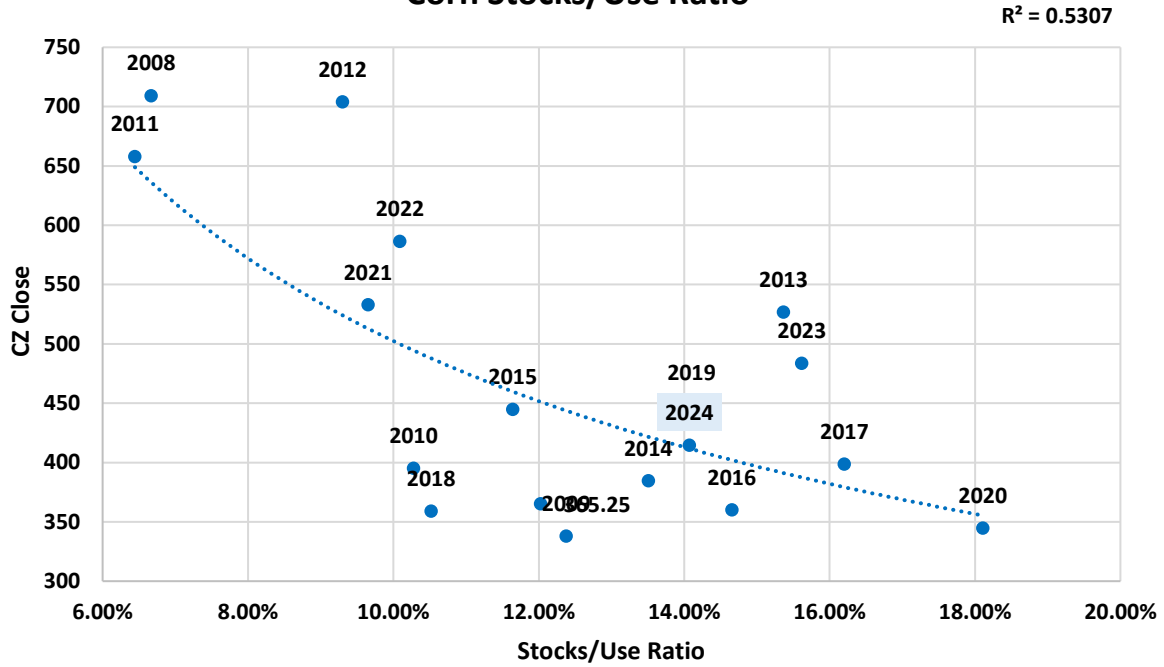
Day 1-5 QPF



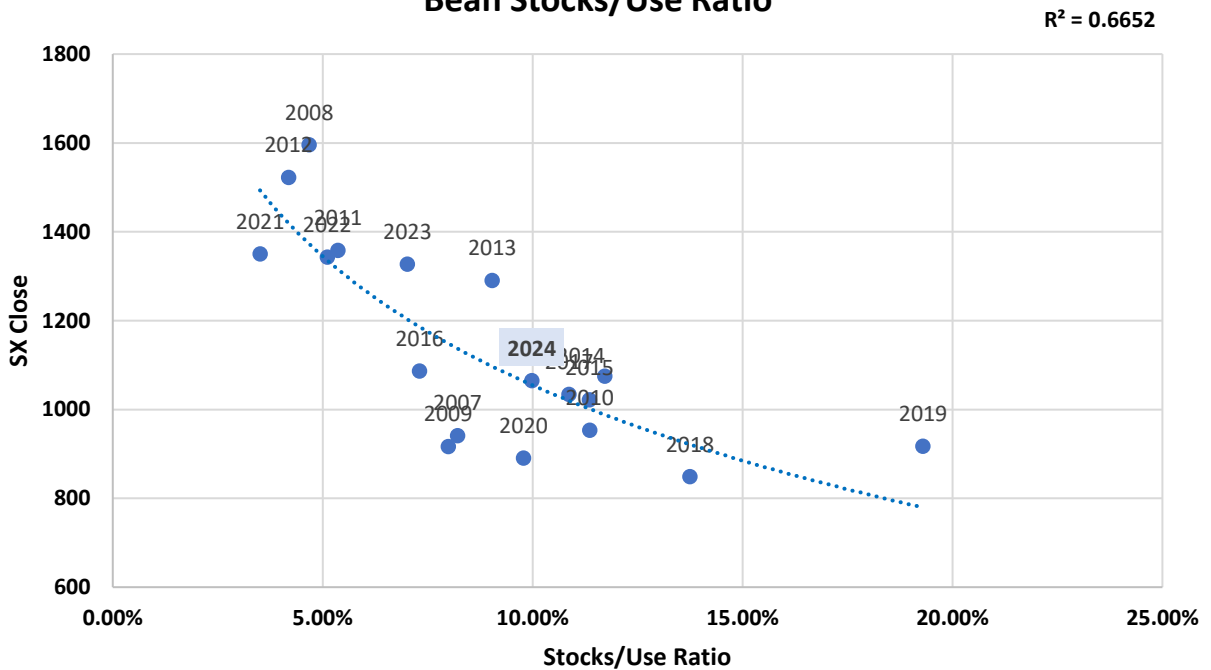
Grains

I've received a few requests to review the stocks to use ratio vs price scatter for corn, soybeans and KC wheat. We are going to review those regressions today. The scatters on the next pages look at the July WASDE new crop stocks/use ratio vs the closing price on the July WASDE release day. The scatters for corn and soybeans suggest that those markets are fairly priced (as of the report day). The market has "done its job" over recent weeks in lowering prices to a fair level. Something to note is that is that low STU ratios create more price sensitivity and high STU ratios create less price sensitivity. Using corn as an example, you'll notice that the corn STU is in the bottom third of the distribution. It will take a 4% increase in STU to lower prices by ~50 cents when the same percentage increase going from 10% to 14% in STU resulted in ~\$1.00 price move. Said differently, it will be more challenging to substantially lower prices moving forward in the corn market. Thoughts appreciated.

**July WASDE Release Day CZ Close vs July WASDE New Crop
 Corn Stocks/Use Ratio**

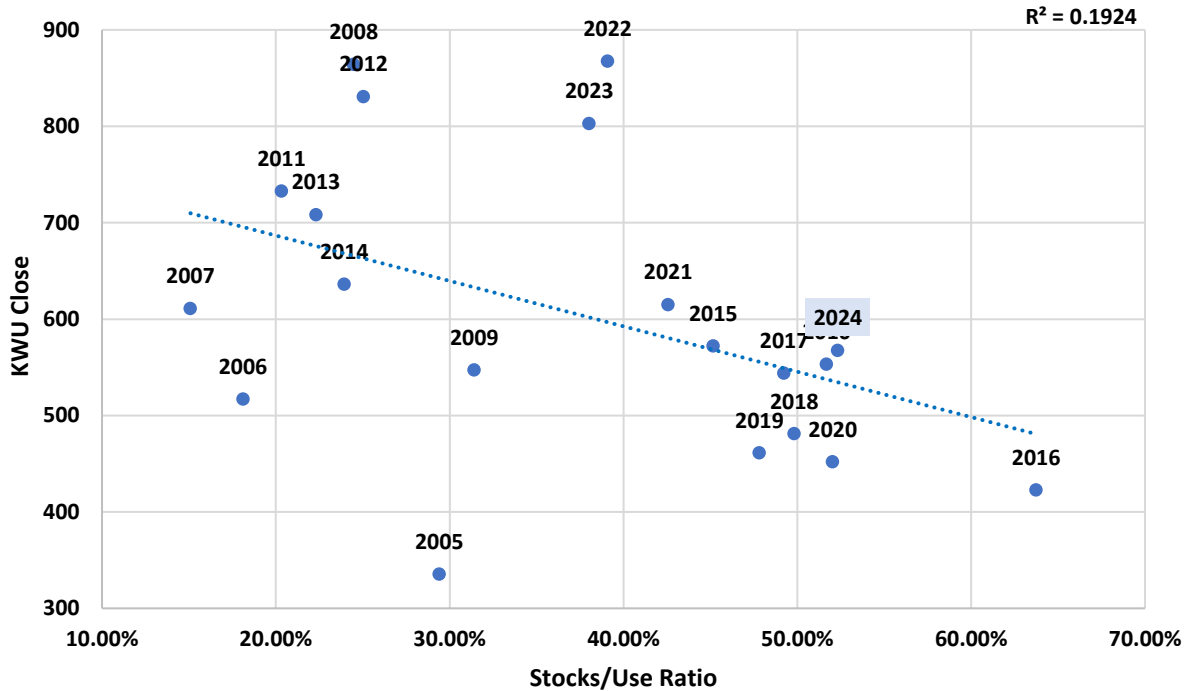


**July WASDE Release Day SX Close Vs July WASDE New Crop
 Bean Stocks/Use Ratio**



There really isn't much of a correlation for KC wheat, which could potentially suggest that prices are more sensitive to the world S&D vs the US'.

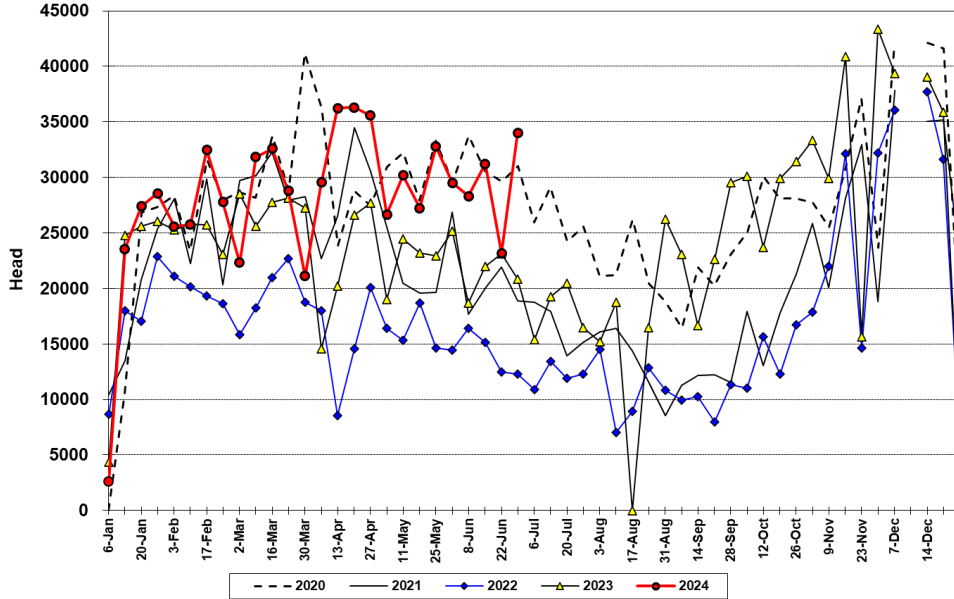
**July WASDE Release Day KWU Close vs July WASDE New Crop
 KW Stocks/Use Ratio**



Livestock

Feeder cattle imports from Mexico have been ratcheting steadily higher in recent years and averaged near 28,000 head per week since the beginning of 2024, up from less than 23,000 per week during the same time period in 2023 and 16,600 per week in 2022; an increase of 22% from last year and nearly 69% from two years ago. Many of these imports enter at relatively light weights and serve as a valuable source for grazing and other backgrounding programs before moving on to US feedyards. Record high US feeder cattle and calf prices along with a strong dollar are drawing feeder cattle and calves north, but have also been boosted by persistent drought.

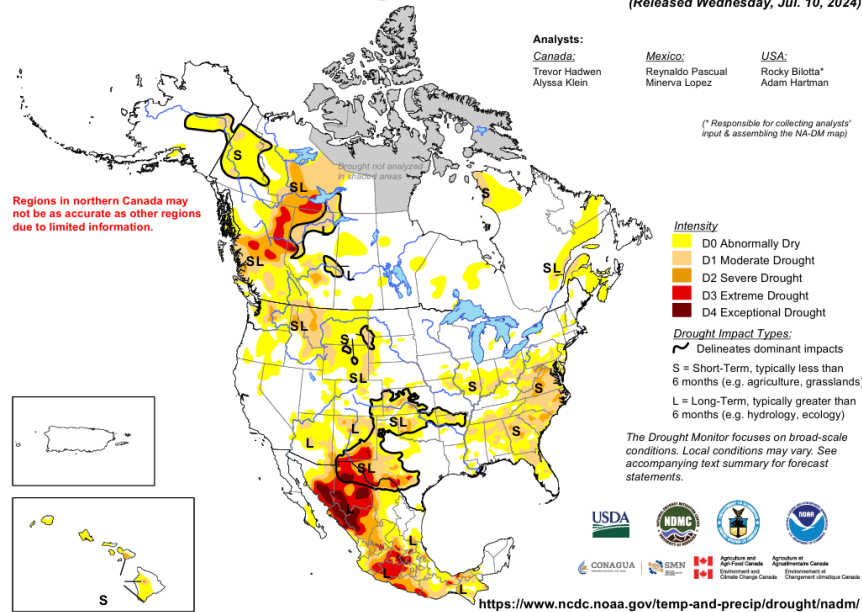
FEEDER CATTLE IMPORTS FROM MEXICO WEEKLY



In recent weeks, dry conditions have become more problematic in the US Southeast and Pacific Northwest and the drought in the Southwest has intensified and extends south across a significant portion of Mexico. Note, that the below drought monitor does not include rainfall from Beryl which provided some relief.

North American Drought Monitor

June 30, 2024
 (Released Wednesday, Jul. 10, 2024)

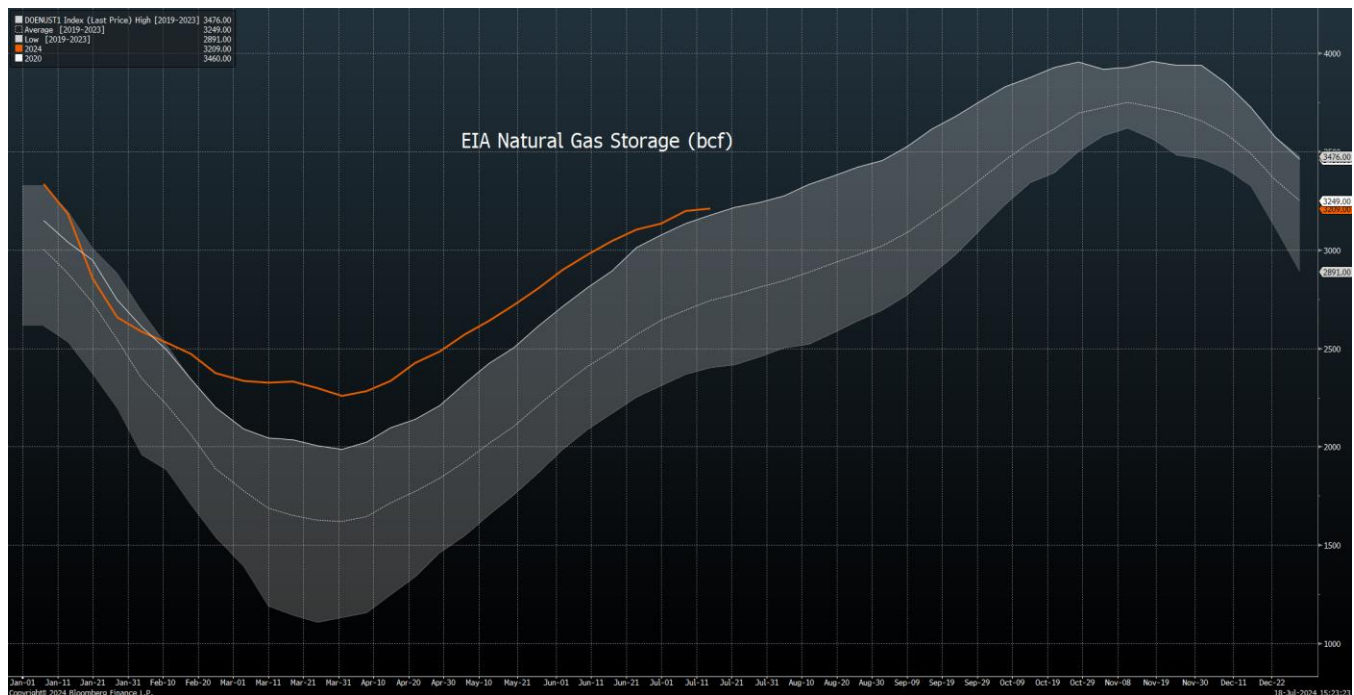


As a reminder, the July 1 Cattle on Feed report comes out at 2pm CT today. The average survey guesses are to the right. Good luck on the report today.

	Survey Results			Survey avg	USDA Yr-ago
	Avg	Low	High	Mln Head	Mln Head
Cattle on Feed (July 1)	1.0%	0.1%	1.7%	11.358	11.243
Placements (June)	-3.9%	-10.1%	0.7%	1.613	1.679
Marketings (June)	-8.3%	-10.0%	-5.5%	1.794	1.957

Energy

EIA released its natural gas storage report yesterday. As you can see from the chart on the next page, natural gas storage is at its highest level in the past five years. You'll have to go back to 2016 to see a higher level of storage for this time of the year.



Today's Calendar (all times Central)

- COF – 2:00pm
- Various Fed speakers

Thanks for reading.

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