

Weather

Any rain that falls in the Corn Belt from today through the daytime on Saturday will be inconsequential, so let's focus on the next threat of rain for Saturday night into Sunday (Day 4-5). That rain will be via a weak upper-level trough of low pressure, and those rains will be focused on Missouri, extreme southeastern Iowa, far southwestern Indiana, and Illinois; a few spots will be able to see amounts of more than a half inch.

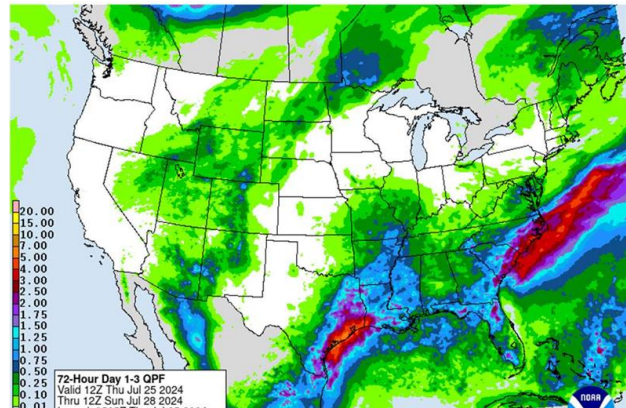
The focus of the most notable rains coming up for the Corn Belt looks to be for later Sunday/Sunday night through about August 1, and the bulk of that activity will be via "ridge-rider" thunderstorms. The period remains too far away for the models to know precisely what will happen. The expectation is for multiple rounds of thunderstorms where sizable areas see significant/very significant totals. It still looks like eastern/northeastern areas will be favored for the best amounts/coverage versus western/southwestern regions.

Once above-normal temperatures become established everywhere in the Plains and Corn Belt by no later than Monday, there are still no indications of any significant moderation in that temperature regime through the end of the 15-day forecast (i.e., through August 8). Today's overall temperature forecast is maybe a touch cooler than shown yesterday but there will still be a huge area of much-above-normal temperatures for the 11-15 day period.

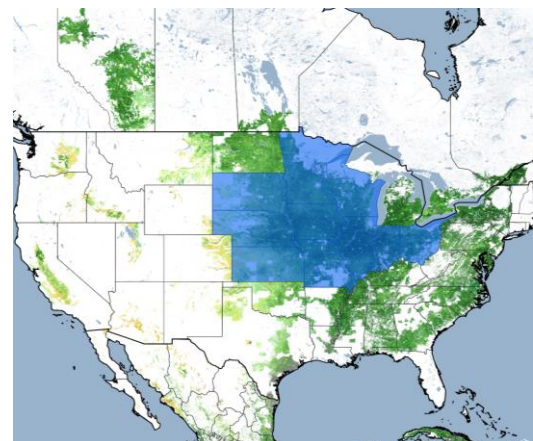
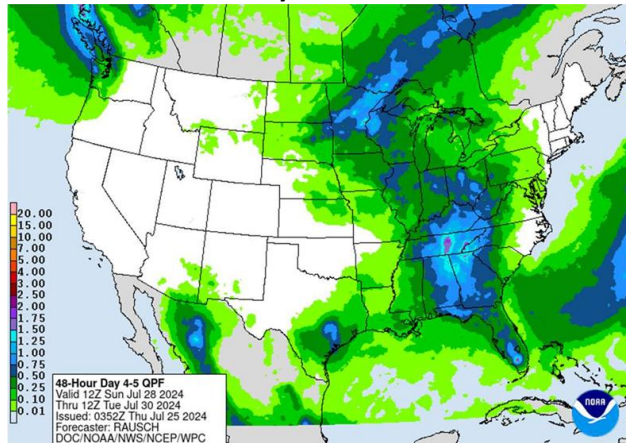
Grains

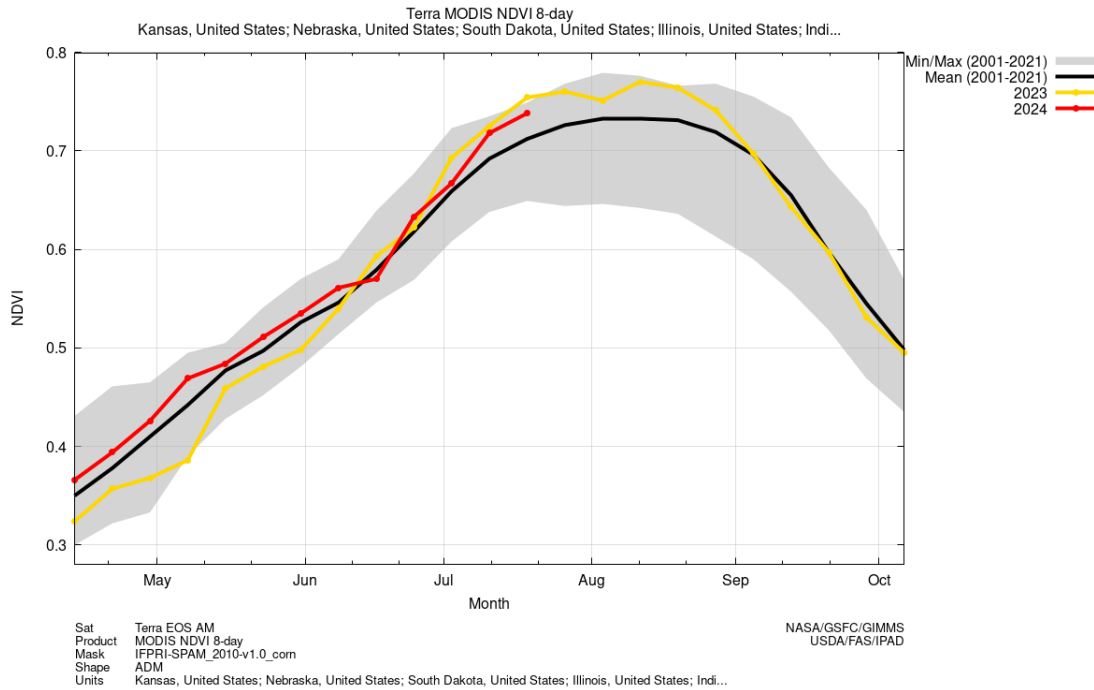
Today, we will review the normalized difference vegetation index ("NDVI") for the Corn Belt. NDVI utilizes satellite imagery to measure crop health. Values range from -1 to 1, where values above 0.6 indicate dense green vegetation. In the latest run, which takes us through July 18th, the NDVI for major producing corn states (isolating corn cropland) is 0.74. The picture to the right shows the states used for the NDVI calculation. Interestingly, the 2024 NDVI is below last year's for the same period.

Day 1-3 QPF



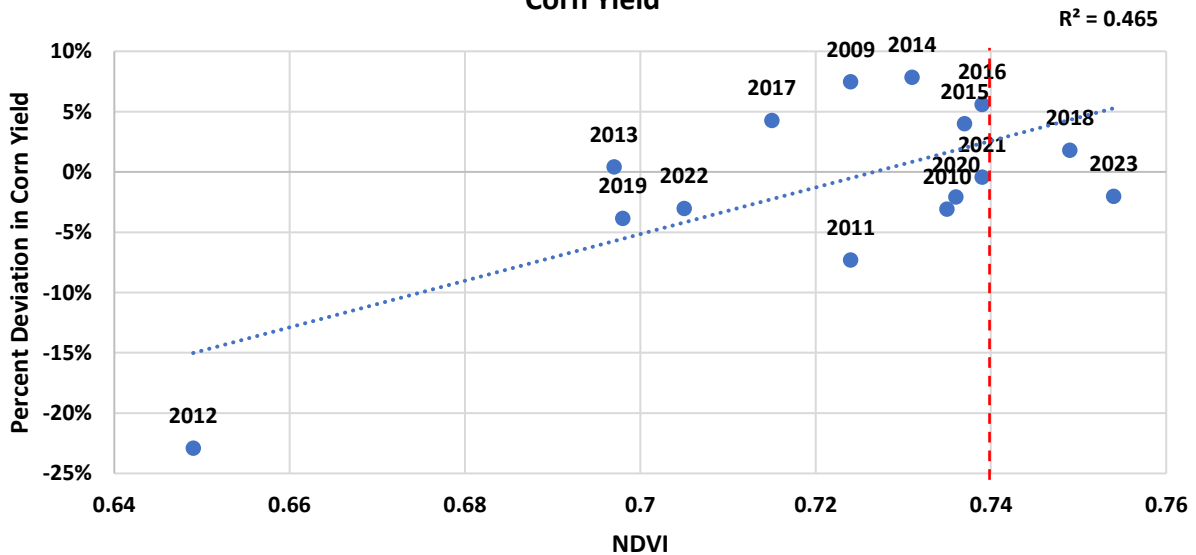
Day 4-5 QPF



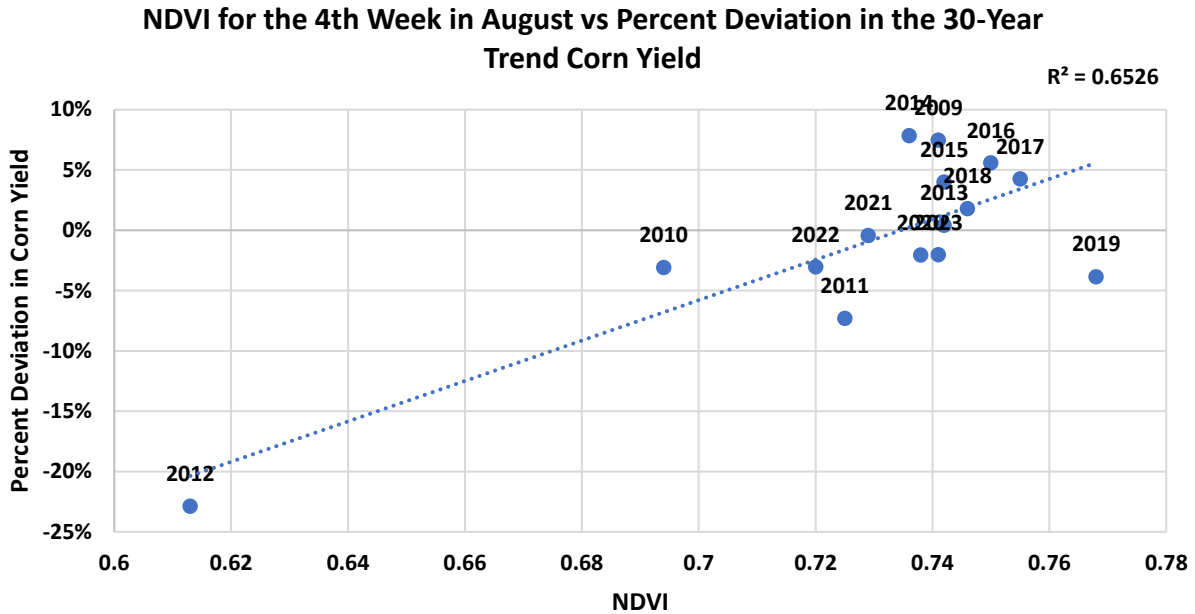


The NDVI for this time of year doesn't correlate too well with final yield, but it acts as another tool outside of crop conditions to estimate yield. One could argue that NDVI performed better than crop conditions last year, as national condition ratings were at the bottom of the 10-year range for most of the year, while NDVI suggested that the corn crop was average to above average. Pairing crop conditions and NDVI is helpful to get a weekly update on crop health.

**NDVI for the 3rd Week in July vs Percent Deviation in the 30-Year Trend
 Corn Yield**

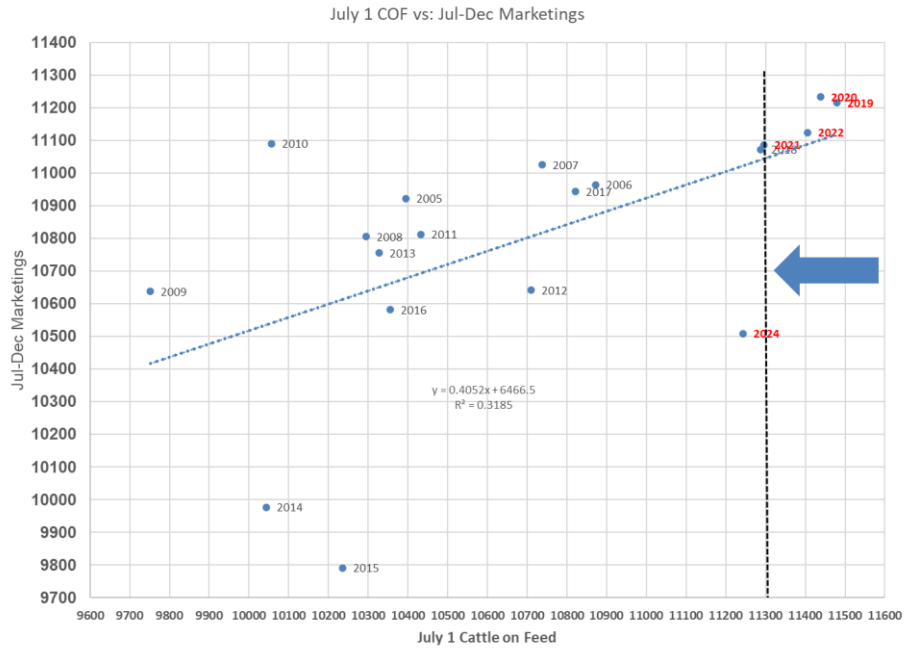


The correlation between NDVI and yields improves as you get closer to harvest, but it is still not a perfect indicator. Both NDVI and conditions suggest that the 2024 corn crop is above average at this time.

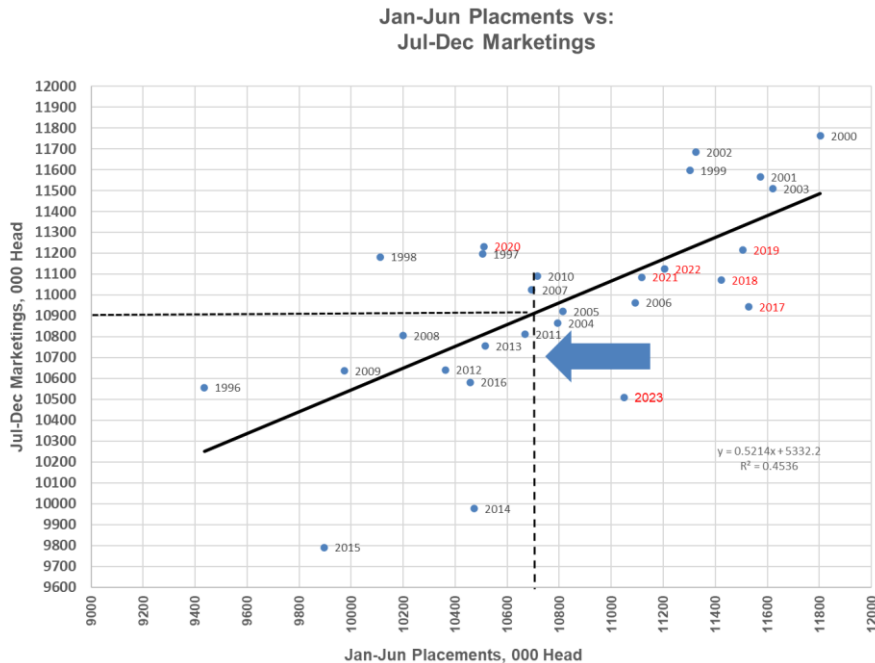


Livestock

The July 1 feedlot inventory was reported to be near 11.3 million head or about 1% larger than last year (an increase of only 60,000 head). That modest increase, coupled with the smaller January-June total placements and extended days on feed, entertains the notion that fed cattle marketings could be smaller than last year—more than 600,000 head smaller than a year earlier and the smallest since 2014 and 2015. However, the July 1, 2023 feedlot count was only about 160,000 head smaller. Based on the historical relationship, last year’s Jul-Dec marketings are an obvious outlier—at least 300-400,000 head smaller than the typical variation around the long-term relationship suggested. Much of that shortfall in last year’s marketings was related to the lower placement weights and incentives to add days on feed, which were enabled by tight packer margins and limited slaughter rates to support beef prices. Conservatively, Jul-Dec marketings are projected to be about 2% larger than last year, near 10.7 mil head. And, if weights range about 2% heavier, fed beef tonnage could easily exceed the same period in 2023 by 4% or more.



Similarly, Jan-Jun placements near 10.7 mil head, about 3% below last year, has spurred expectations of smaller Jul-Dec marketings. Again, last year's Jul-Dec marketing shortfall is obvious. Considering that placement weights during the first half of the year were heavier than last year and placements weighing over 800 pounds were slightly larger than last year. In addition, carcass weights are currently running more than 3% above last year, suggesting lower odds that days on feed can be extended by the same magnitude as they were last year. Projected marketings near 10.7 mil head, up 2%, is more consistent with historical averages.



Today's Calendar (all times Central)

- Export Sales – 7:30am
- Jobless Claims – 7:30am
- Durable Goods Orders – 7:30am
- GDP – 7:30am
- EIA Natural Gas Storage – 9:30am
- Cold Storage – 2:00pm

Thanks for reading.

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