

Weather

A big part of Kansas received significant rain overnight, with the central third of the state still seeing an expansive area of considerable rain at the time of this writing. The 1.98" total recorded at Dodge City over the past 24 hours brings their cumulative rainfall total since June 1 to just over 17" (with the vast majority of that falling in June), which is about 180% of normal for that period. The rain in question should equate to some improvement in this week's Drought Monitor for the area, and note that northeastern Colorado, Nebraska, and northern/eastern Kansas will likely record additional decent rainfall over the next 24 hours.

Anyone in the Corn Belt stands a good chance of recording at least an inch of rain from today through the end of the weekend, and there will undoubtedly be sizable areas picking up 2+" totals. The most significant totals will be recorded tonight through Thursday night.

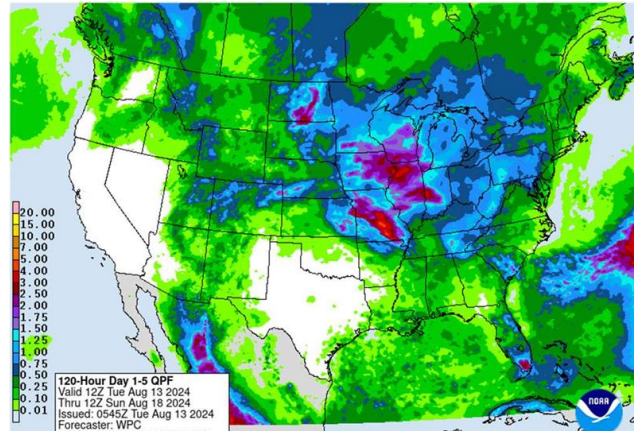
The following 15 days will be considerably warmer in the Corn Belt than recorded over the past five days. Still, weather models give us NO indication that heat will be anywhere close to "severe" for the duration of that time frame. Truly notable heat over the next 15 days in the middle third of the country will be confined to Texas and Oklahoma, where readings averaging 5+ degrees above normal in that period will equate to plenty of days with high temperatures climbing above the 100-degree mark.

Grains

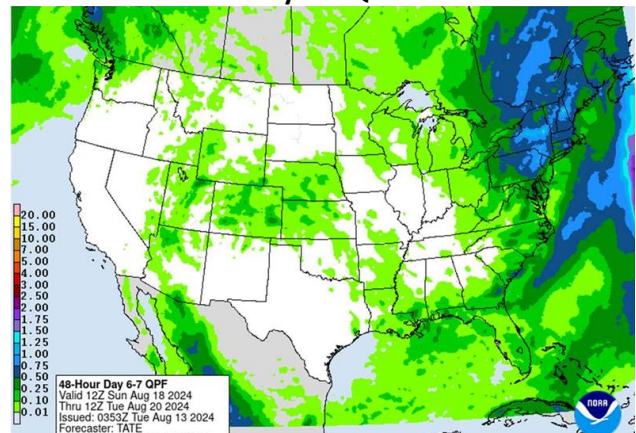
The revised acreage numbers for corn and soybeans were likely the big surprise for most in yesterday's August WASDE report. Reported FSA planted data (including failed acres) through August 9th totaled 89.1 MM (98.2% of WASDE) for corn and 86.0 MM (98.7% of WASDE) for soybeans. This likely suggests that the August acreage numbers are close to final, pending minor tweaks.

It was the fourth wettest April-May period on record for the Corn Belt, which likely contributed to the shifting of corn to soybean acres. 2024 was the largest soybean acreage increase from June to final, and it was only the second time that soybean acres increased, moving from June to final since 2012 (for purposes of comparison, I am assuming that August acreage is final). FSA data revealed only ~3.5 MM prevent plant corn and soybean acres, while many suggested the possibility of 4-6 MM.

Day 1-5 QPF



Day 6-7 QPF



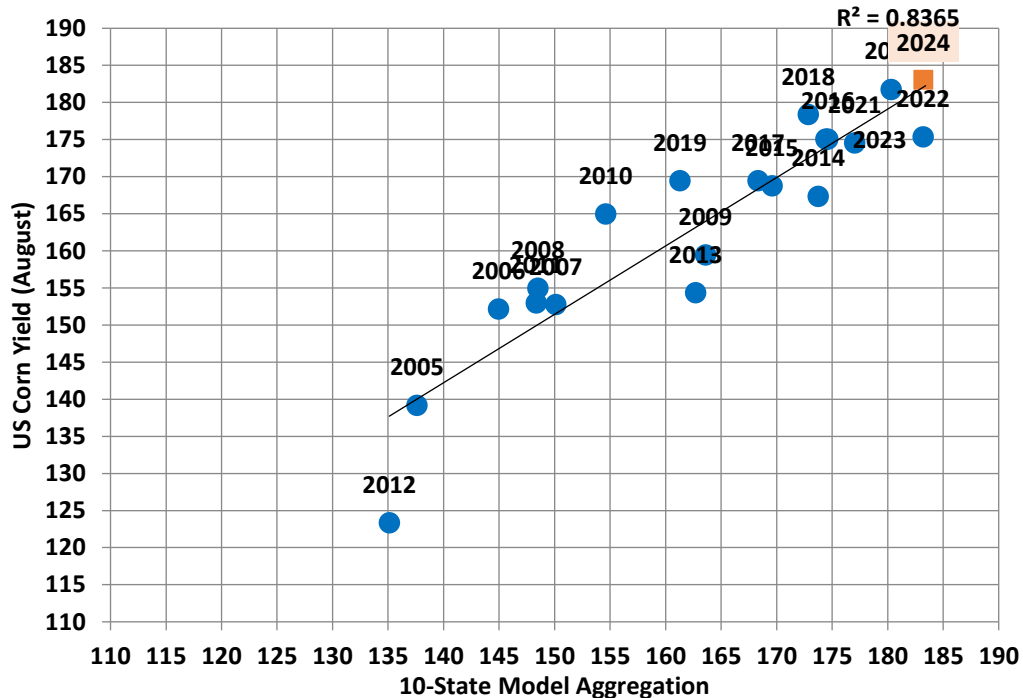
I thought reviewing data from our weather-based yield estimate model for corn would be valuable today. The model reviews ten variables to predict corn yield in 10-states:

- Trend
- July 1 conditions
- June/July/August/September temperature
- June/July/August/September precipitation

2024 Weather Model Estimate Corn Yield					
State	2023 Final	Pre-Plant	1-Jul	1-Aug	Aug WASDE
OH	198	186	182	174	188
IN	203	193	201	204	207
IL	206	211	213	226	225
WI	176	182	176	177	183
MN	185	194	185	186	185
IA	201	210	208	212	209
MO	153	166	178	188	181
SD	152	163	172	171	162
NE	182	193	196	198	194
KS	119	135	135	138	128

Through July, and utilizing the updated acreage data, the model estimated the national corn yield at 183.2, nearly identical to the August NASS estimate. The by-state projections are shown above relative to NASS's estimates.

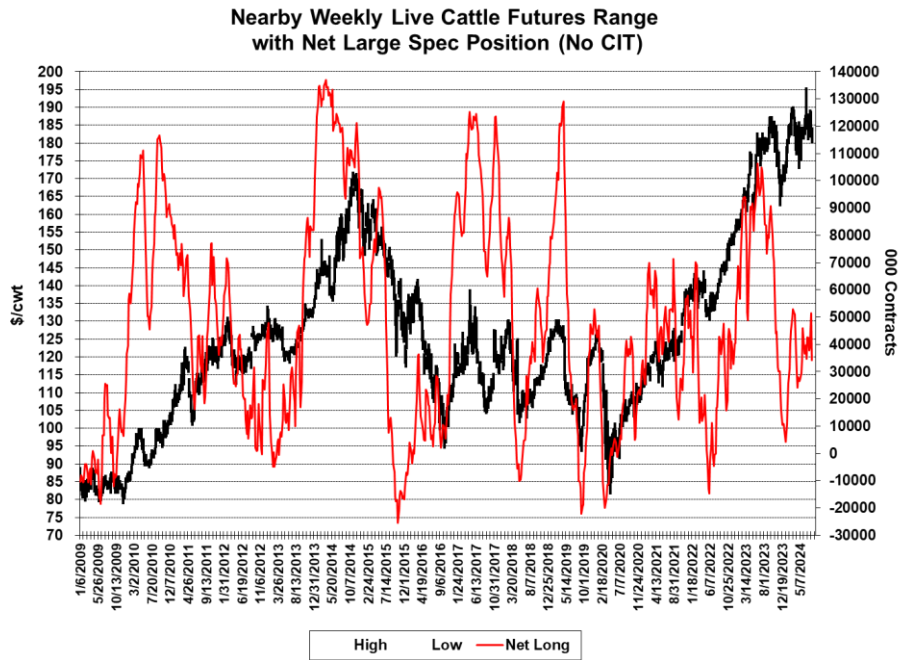
Model Implied US August Corn Yield $y = 0.922x + 13.147$



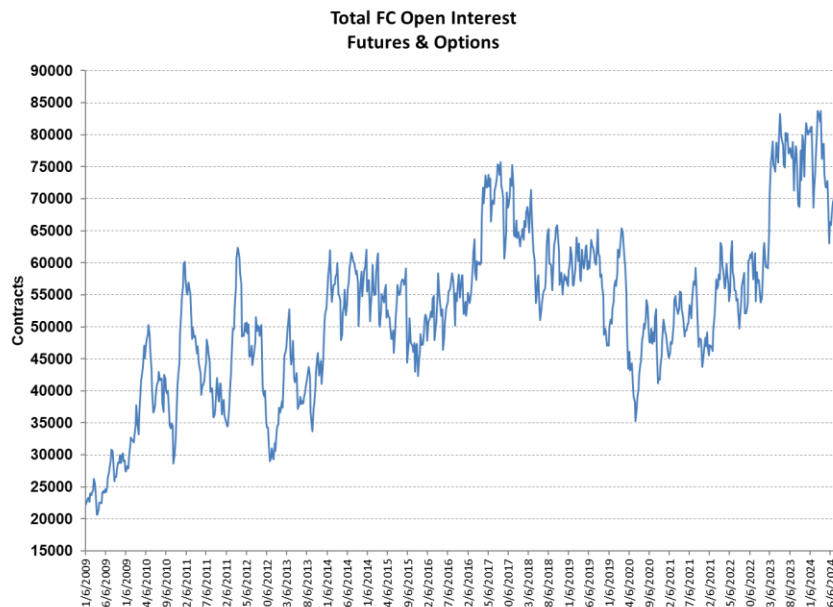
Livestock

Total open interest (futures and options) in cattle plunged by about 44,000 contracts during the week ended 8/6 and was followed by further modest declines in futures open interest during the remainder of the week. The large spec net long commitment dropped by about 17,000 contracts and was accompanied by a 19,000 contract decline in spread positions and a 1,900 contract decline in the commercial long. The large exodus of the long interest was balanced against a 15,000 contract decline in the commitment by the commercial short. While the

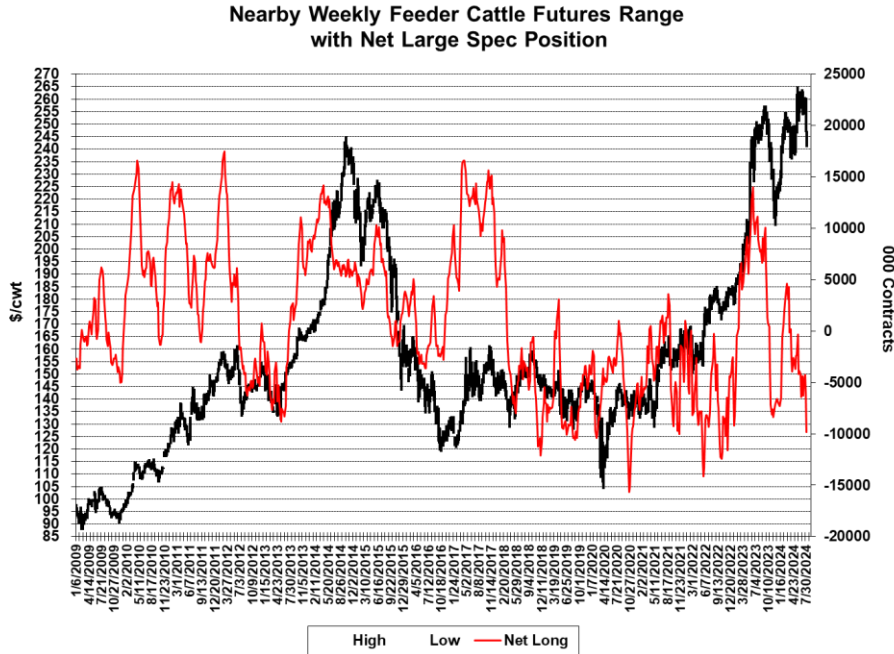
front end of the cattle strip is anchored to the cash market, the deferred strip has spiraled to a significant inversion, which contrasts sharply with the hefty price premium that existed last year. Futures are implying a cash market in the previous half of next year at \$175 or less, over \$10 below last week’s Southern Plains cash trade, despite prospects for significantly smaller beef production in 2025.



Open interest in feeder cattle climbed near 89,000 contracts in the latest COT report, up 14,000 contracts from a week earlier and a record high, which likely was extended throughout the week.

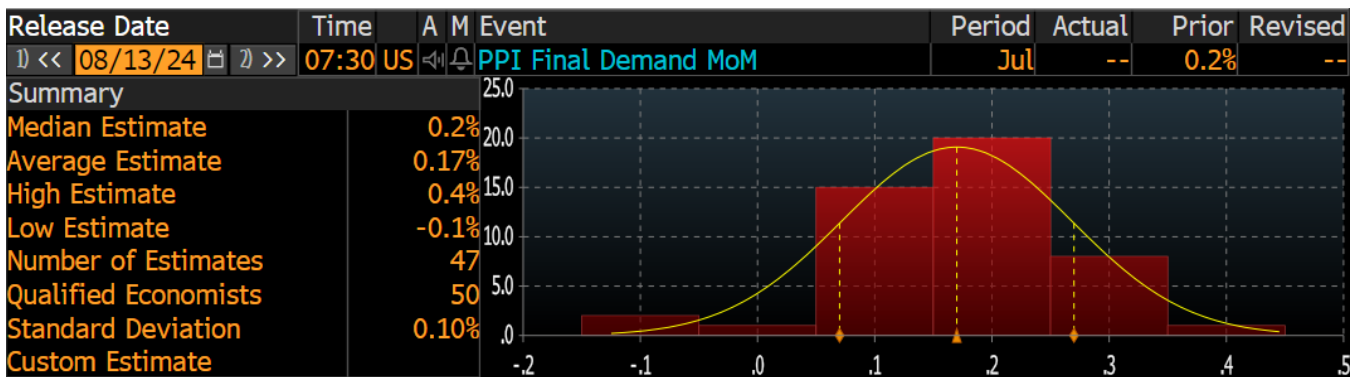


Coincident with the rise in feeder open interest, the large spec net short increased near 10,000 contracts. That's not a record net short, but it is historically large despite declining feeder cattle supplies and prospects for an even smaller beef cow herd at the beginning of 2025.

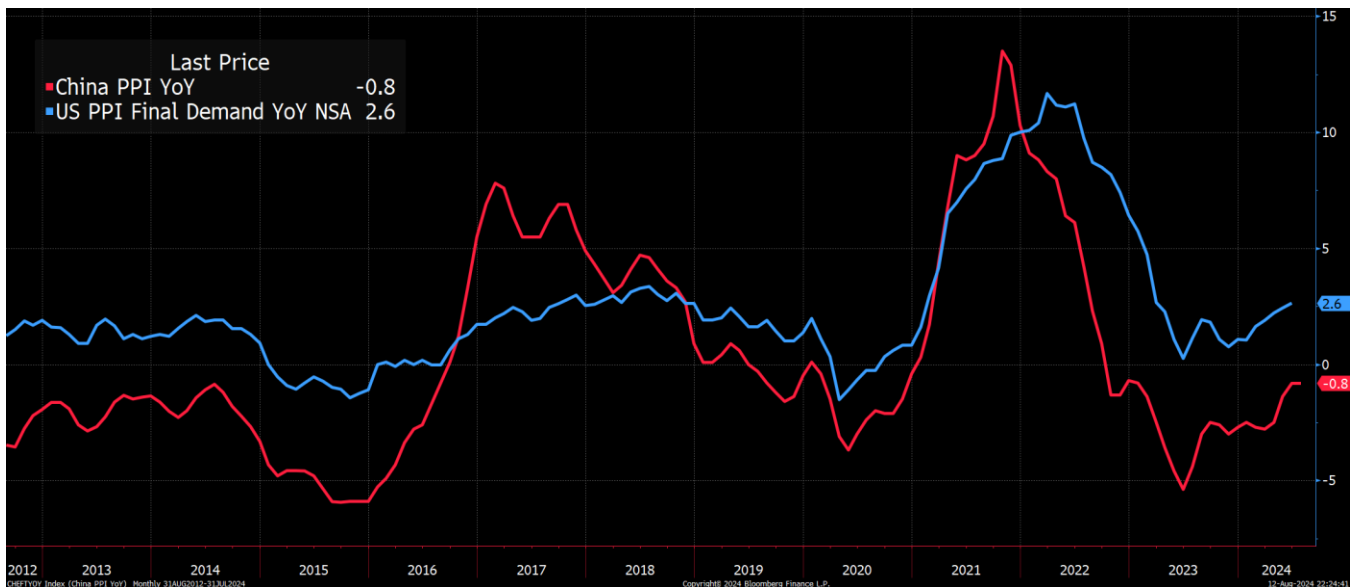


Financials

Today's big release is the PPI, which comes out at 7:30 a.m. The breakdown below shows the range of expectations.



The US PPI tends to follow China's PPI, and you can see the correlation from the chart on the next page. China's YoY PPI was down -0.8%, unchanged from the prior month. The median survey estimate calls for a slight decline in YoY US PPI, somewhat divergent from the results from China.



Today's Calendar (all times Central)

- CONAB – 7:00 am
- PPI – 7:30 am
- Various Fed speakers

Thanks for reading.

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