

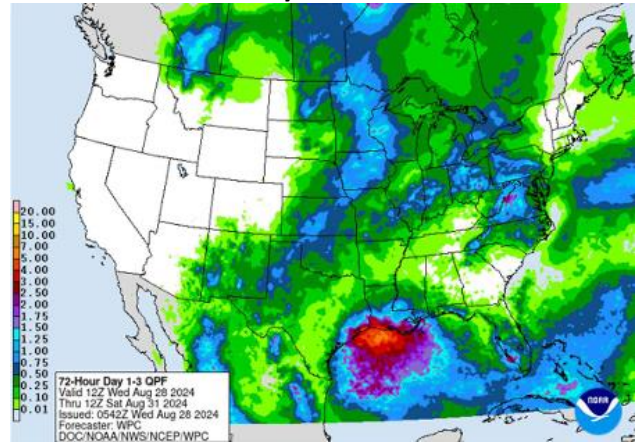
Weather

Over the past 24 hours, rainfall in southeastern Iowa, northern Missouri, northern Illinois, southern Michigan, and parts of northern Indiana was better than expected, at least with regard to coverage. Much of that area had at least 0.50-1.50” amounts. The critical time frame to monitor for rainfall in the Corn Belt in the near term (Days 1-3) still looks to be tomorrow afternoon through tomorrow night in the west, then one final threat for southeastern parts of the region for Friday afternoon and Friday night. Sizable parts of the region are expected to catch significant rains during those time frames.

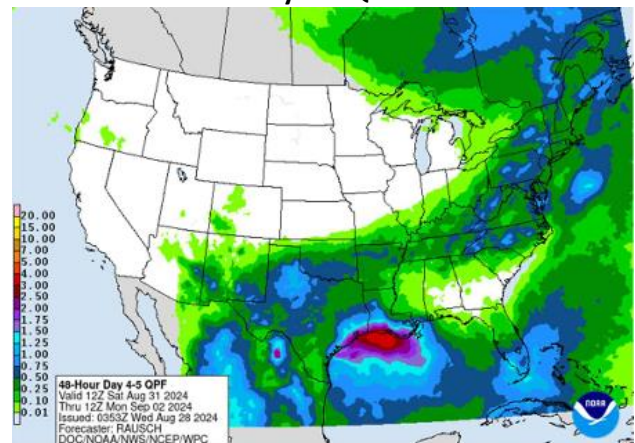
Places in the Corn Belt that are still in need of rainfall by Saturday morning will likely have to wait a long time to have a chance for “good” rains again. Dry weather that returns to the northwestern Corn Belt on Friday will cover the entire region by Saturday, and that dry weather will last through at least September 4. September 5 and beyond (with today’s 15-day forecast going through September 11) will run below (or even easily below) normal across the region.

Today will not be as warm as it was the last two days, and Friday may very well mark the last 90+ degree temperatures of this year for the region. The coolest weather for the next 15 days will target September 2-3, days when temperatures in the region will run a solid distance below normal.

Day 1-3 QPF

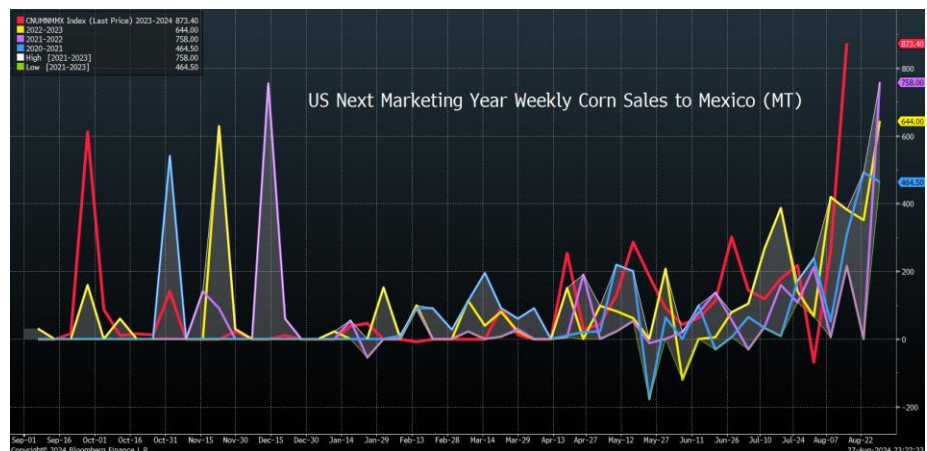


Day 4-5 QPF

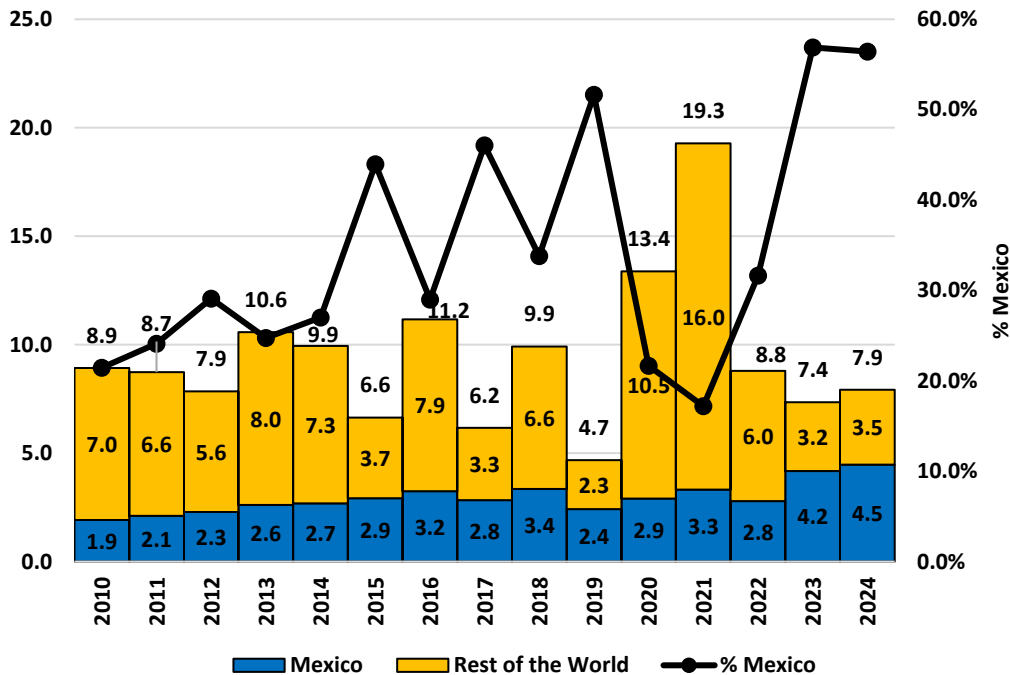


Grains

Mexico purchased ~128K MT of corn yesterday via a flash sale announcement. Mexico's corn demand continues to be impressive, and through the third week of August, NMY corn sales to Mexico have been record-high at ~4.5 MMT. Mexico is responsible for ~56% of total NMY US corn sales, which has helped substitute poor demand from China.



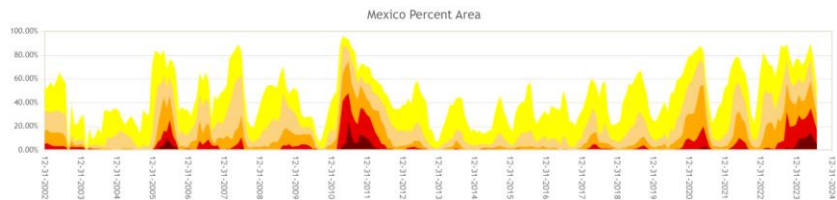
US Next Marketing Year Corn Sales to Mexico as of the Third Week of August (MMT)



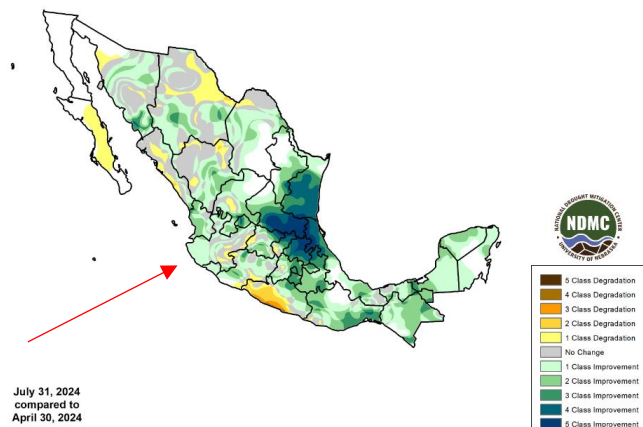
A significant catalyst for Mexico's corn demand has been an ongoing drought, which rivals the 2010 drought. Mexico has been fortunate to receive rainfall from tropical storms, alleviating some drought concerns along the eastern coast.

You'll notice from the picture on the bottom right that some areas have had a class 5 improvement in drought from the rainfall.

Unfortunately, the highest-producing summer corn state, Jalisco, responsible for 20% of summer Mexico corn production, has not greatly improved (red arrow). The western states of Michoacan, Mexico, and Guerrero have also maintained their drought conditions, which equate to another 25% of summer corn production. While the drought conditions have improved in some areas, they have largely missed the key producing corn states along

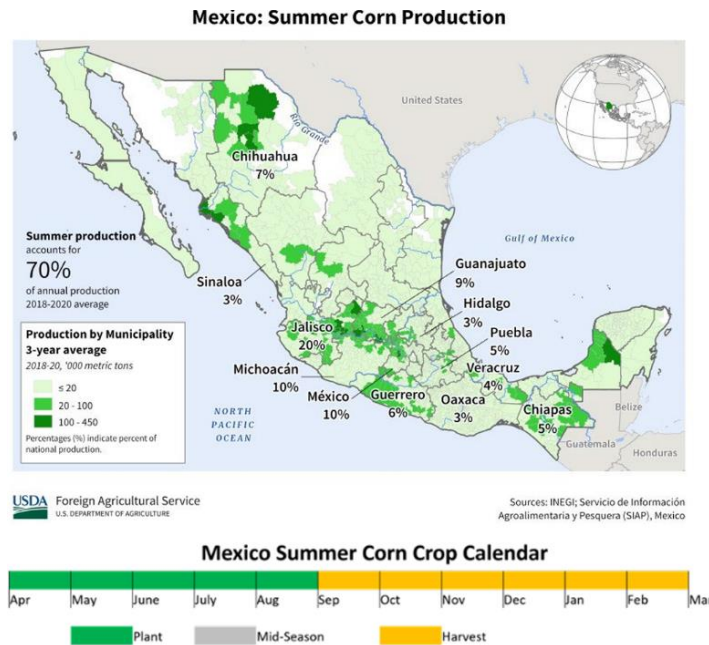


North American Drought Monitor Class Change - Mexico
 3 Month

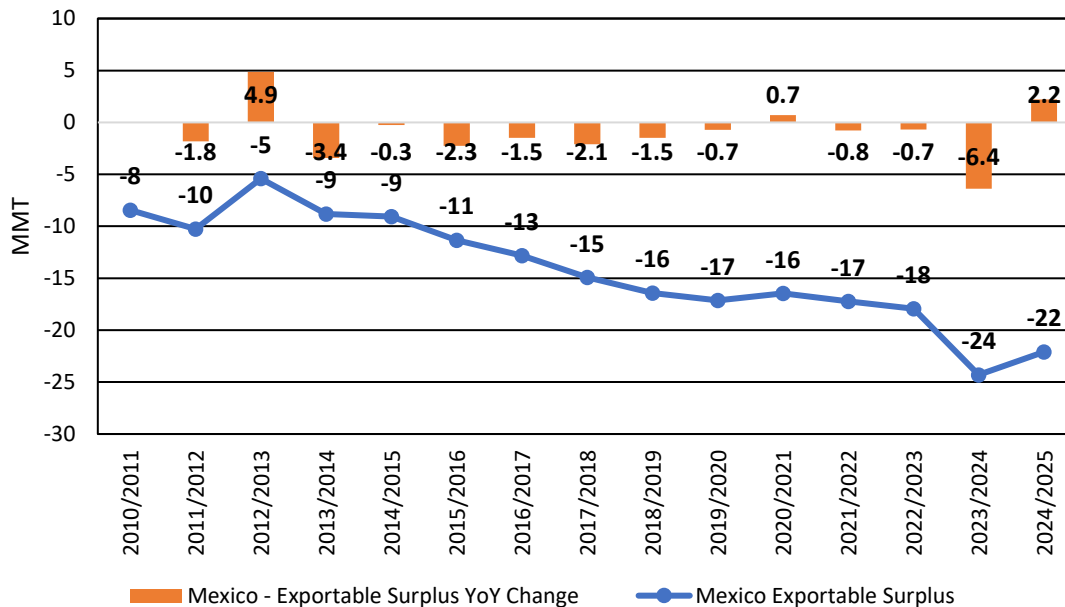


Mexico's western and central portions. The poor weather conditions should continue to support Mexico's demand for US corn in the immediate future.

From a longer-term perspective, Mexico's exportable surplus continues to trend downwards as production has remained relatively steady while demand for livestock and protein is increasing. Mexico's aversion to GMO products is a potential threat to US import demand, but until Mexico is in a position to be more self-sufficient, it seems unlikely that it will enact a ban on GMO corn in the near future.

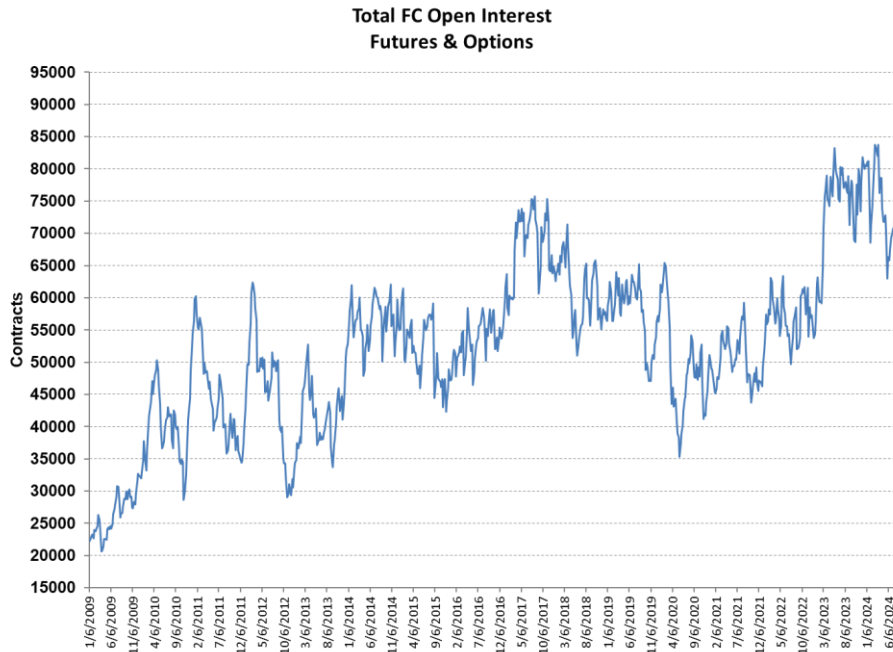


Mexico Corn Exportable Surplus & YOY Change

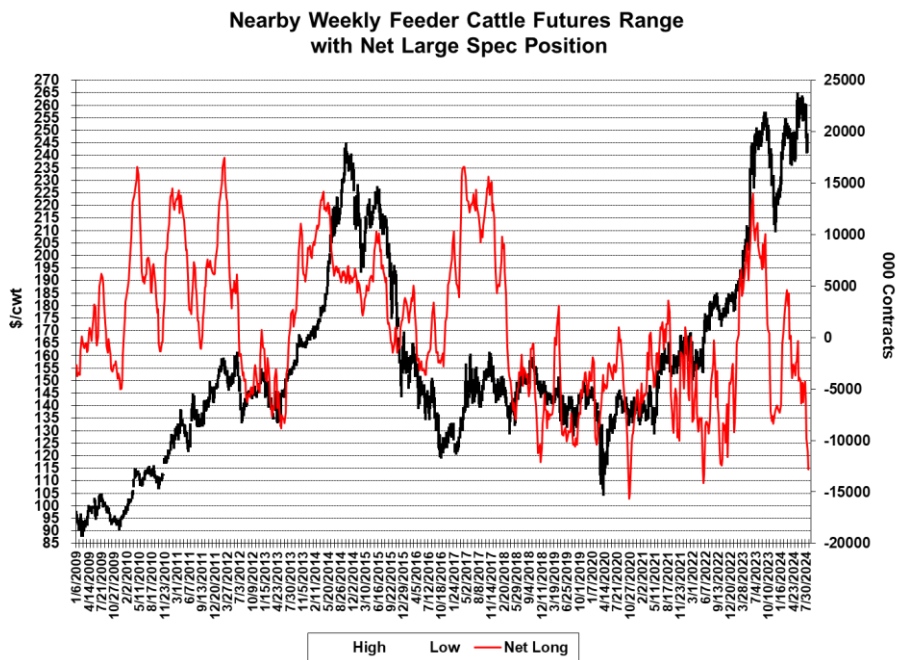


Livestock

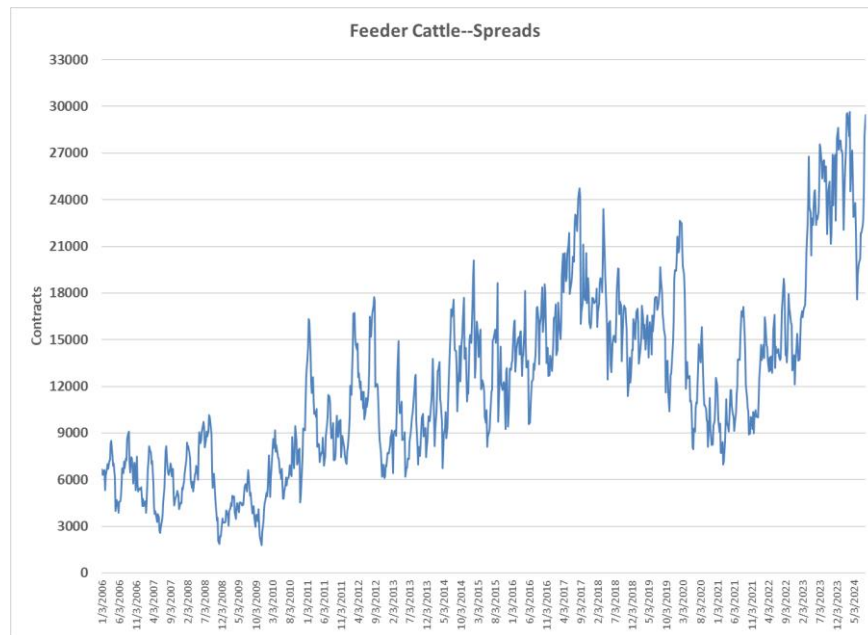
Total open interest in feeder cattle (futures and options) posted a new record high during the week ended 8/20, eclipsing the previous highs established in May of '23 and March of '24 and registered a large increase since the recent low near 63K at the end of May. Since futures open interest has recently ranged around 55K to 56K, much of the recent growth is from options.



Based on the Supplemental COT report, the large spec net short was nearly 13,000 contracts. Typically, the net short has not gotten much larger than 12-15,000 contracts and stands in sharp contrast to the large net long posted in 2014, 2015, and 2017 amid cyclically tight feeder cattle supplies—perhaps making the current large net short even more tenuous.



Along with the large net short, spreads have accounted for a significant portion of the recent rise in open interest. The feeder/fed spreads declined sharply from late March into late May amid the sharp decline in feeder prices, but those narrow spreads appear to have elicited some renewed interest, and feeders have begun to gain on feds again.



Today's Calendar (all times Central)

- EIA Energy Stocks – 9:30 am

Thanks for reading.

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