NESVICK
TRADING GROUP, LLC

Monday, June 16, 2025
NTG Morning Comments
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Weather

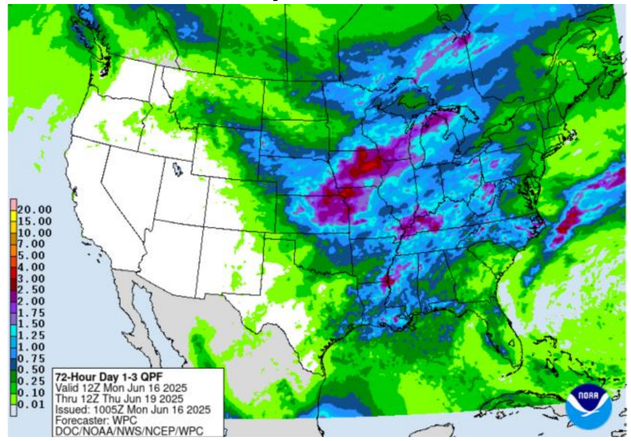
Scattered thunderstorms and severe weather are possible across parts of the Corn Belt each day through Wednesday, with localized heavy rainfall likely to occur. The best rain and coverage still looks most likely from late Tuesday through Wednesday night. Rainfall during this period will be especially beneficial in areas that have been drier this month, including eastern Nebraska, northern Kansas, southern and eastern Iowa, northern Illinois, and much of Wisconsin and Michigan.

June 19–22 now appears to be the driest stretch of the 15-day outlook, one day shorter than previously expected. During that period, a strong high-pressure ridge in the eastern and southeastern U.S. will push the main storm track north. Even so, northern areas, particularly Minnesota and Wisconsin, may still see active thunderstorm development on June 19–20.

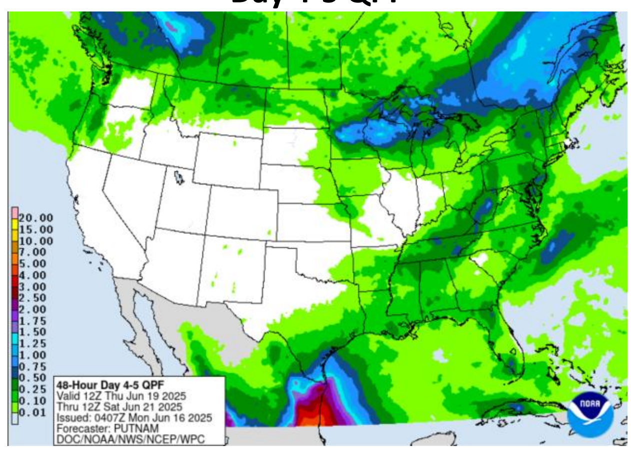
Yesterday's forecast had rain returning to the central Corn Belt around June 24; today's update moves that forward to June 23. Once storms return, model agreement is strong for an active, wet pattern through the end of the month, with widespread above-normal rainfall likely.

The most notable temperature trend will be the heat building in the Plains and western Corn Belt by Friday, expanding eastward through June 23. Temperatures will run 10+ degrees above normal for several days, with highs of 100–105°F in the HRW wheat belt and 90–100°F across much of the Corn Belt. A moderation in temperatures is expected in the Corn Belt starting June 23–24, as rain chances increase again.

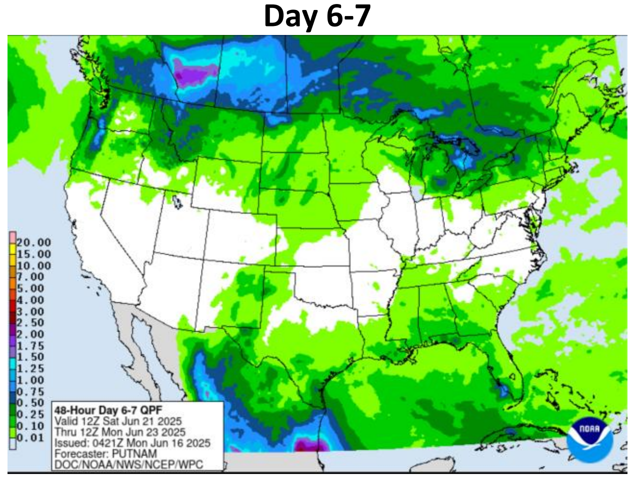
Day 1-3 QPF



Day 4-5 QPF



Day 6-7

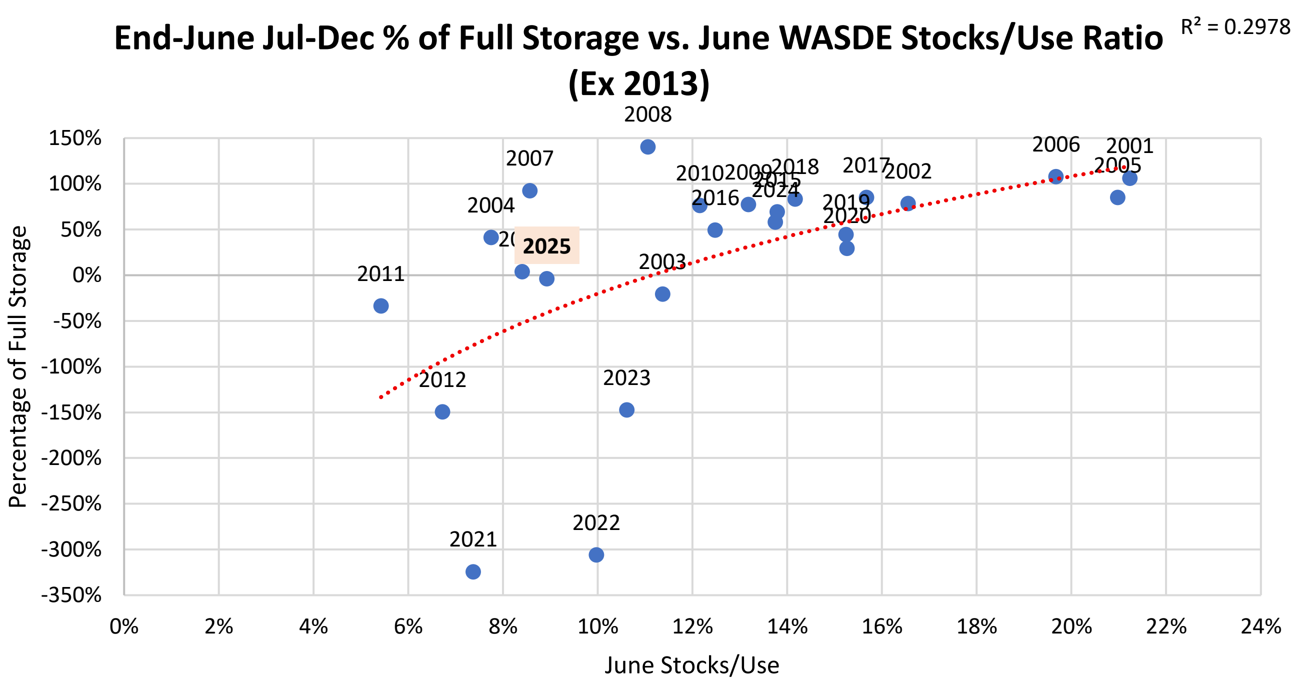


Grains

I got a few questions on old and new crop spreads following the latest WASDE release, so I figured it was worth a quick comment this morning.

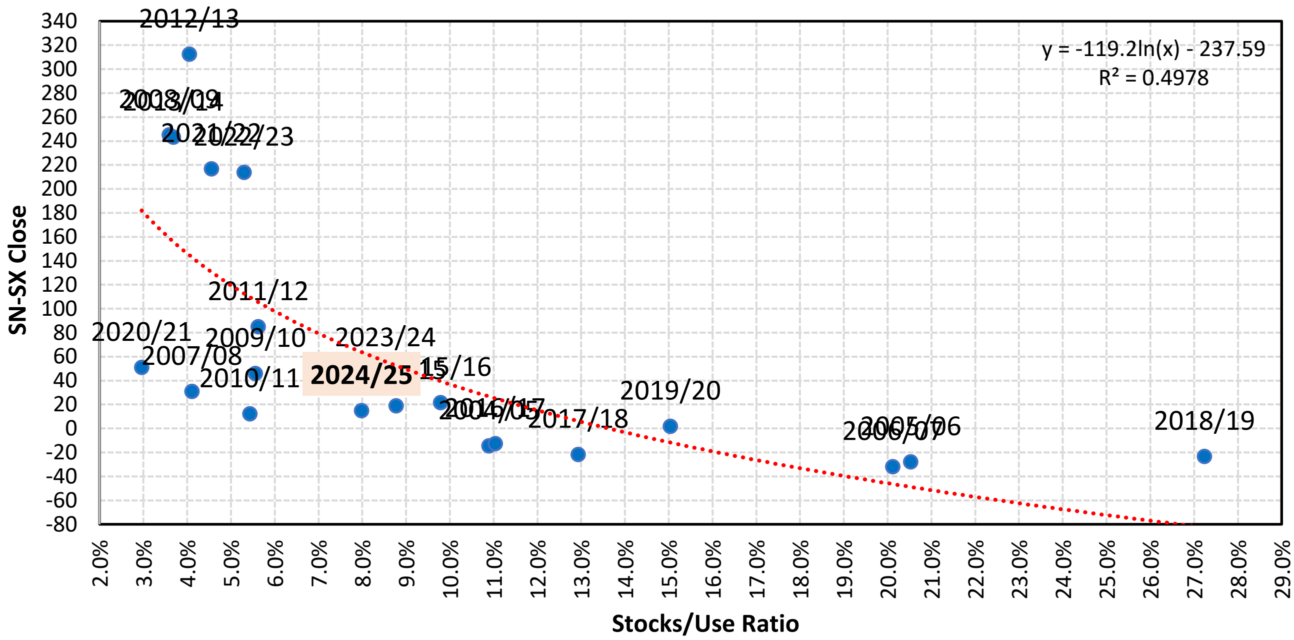
Up first is everyone's favorite trade: the July-December corn spread. The chart on the following page shows the July-December spread as a percentage of full storage versus the June WASDE stocks-to-use ratio. The top half of the chart reflects years when the market traded at a carry, while the bottom half shows inverted years.

You could argue that July is underpriced vs. December in 2025. However, there are past examples where a similar stocks/use ratio traded at comparable levels. Still, if you take the trendline as gospel, it implies we should be trading closer to an 11% stocks/use ratio, not the 8.9% currently shown. This discrepancy is fueling a growing debate: Was last year's crop larger than estimated, or is it just a function of the commercial having sufficient ownership? We'll likely get clearer answers when the June 1 stocks report is released at the end of this month.



The next chart looks at the July–November soybean spread. In this case, we're using the nominal spread value rather than the percent of full storage. Based on the stocks-to-use ratio, it appears that the N/X spread is trading near the bottom of the historical range you would expect based on the stocks/use ratio.

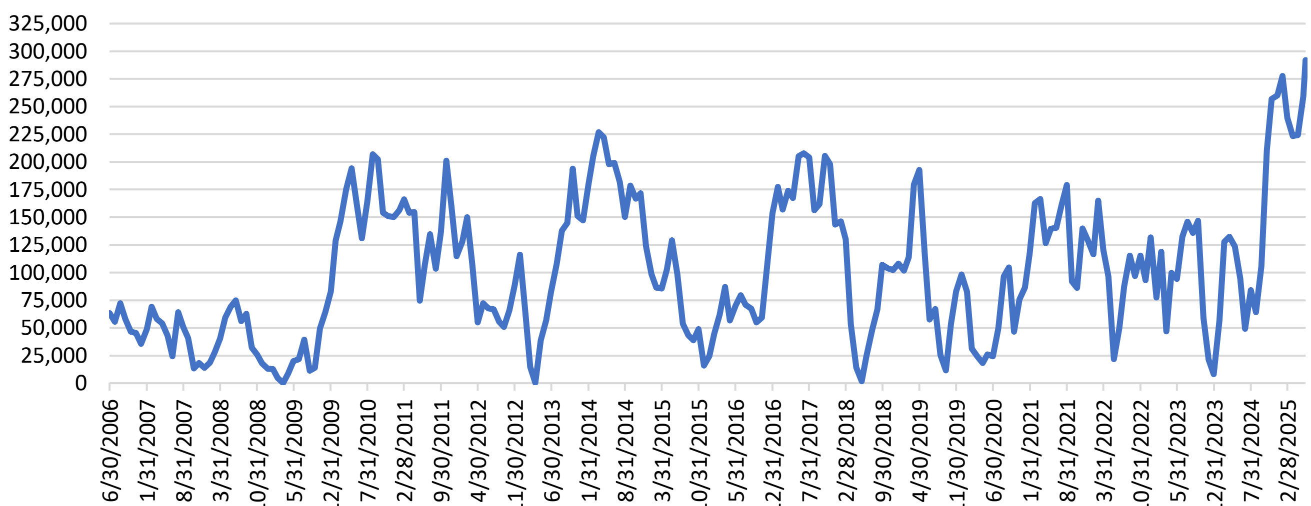
End of June SN-SX Close vs. June WASDE Soybean Stocks/Use Ratio



Livestock

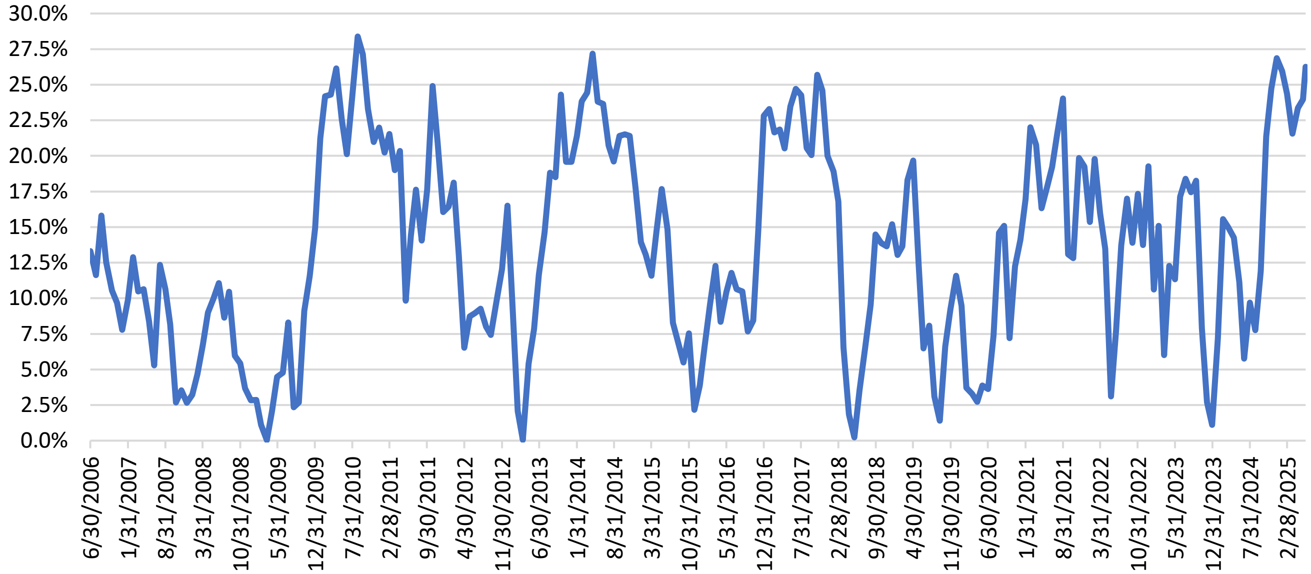
While speculative interest in feeder and live cattle has been widely discussed in recent weeks, the buildup in the hog market has flown somewhat under the radar (at least to me). As of June 10, funds added roughly 17,000 contracts, bringing their net long position in lean hogs to 118,000, which is approximately 89 percent of the record. Taken together, the combined net long fund position across live cattle, feeder cattle, and lean hogs just hit a new record high.

Combined Livestock (LH, LC, FC) Managed Money Net Position (Disaggregated F+O)



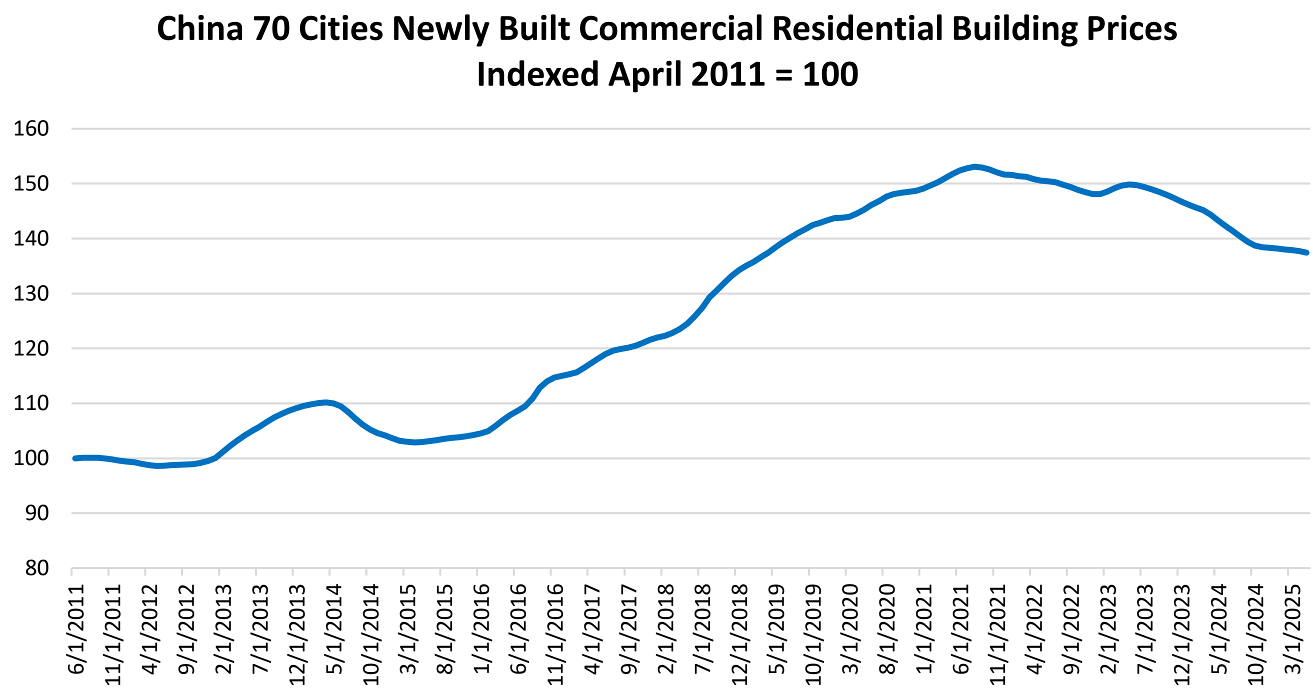
The next chart offers an alternate view of the previous data, showing combined lean hog, live cattle, and feeder cattle positioning as a percentage of open interest. While not a record, the chart suggests positioning is relatively stretched. It may not mean much in isolation, but it's worth keeping in mind if a catalyst emerges that prompts funds to scale back.

Combined Livestock (LH, LC, FC) Managed Money Net Position as a Percent of Open Interest (Disaggregated F+O)



Financials

We received another update yesterday on China's residential property values, which make up over 50% of urban household wealth. Of the 70 cities surveyed, prices declined year-over-year in 67. The chart shows month-over-month changes, with prices falling for 25 consecutive months. The cumulative decline, shown on the next page, indicates that valuations are down roughly 15% since the peak in 2021.



Today's Calendar (all times Central)

- Export Inspections – 10:00 am
- NOPA Crush – 11:00 am
- Crop Progress – 3:00 pm

Thanks for reading.

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