

## Weather

Since the current “active” weather period returned to the Corn Belt about a week ago, rainfall has been underwhelming in southeastern Iowa, northern Missouri, and northern Illinois. Over the past 24 hours, only isolated areas in these regions saw more than half an inch, with most locations receiving just a few hundredths of an inch. While some rain may still fall through early tonight, much of the region will likely end up disappointed with totals. In contrast, southeastern Kansas into northern Oklahoma saw impressive rainfall over the past day, with widespread 2"+ totals and localized amounts over 5". Flood and flash flood warnings were common early today, but thankfully, dry weather is expected to settle in and last through much of Monday.

Once the current system moves out over the next 24–30 hours, rain chances will shut down across the southeastern Corn Belt, southeastern Plains, and Mid-South. A strong dome of high pressure will build across the eastern U.S. late this week and persist into next week, bringing notable heat through around June 27. These areas could return to a more favorable rain setup in the 11–15 day window as the ridge weakens.

Meanwhile, ridge-rider thunderstorms are expected to impact parts of the northwestern Corn Belt tomorrow night into Friday, with similar activity in the far north on Friday. Outside of that, the region looks dry into the weekend.

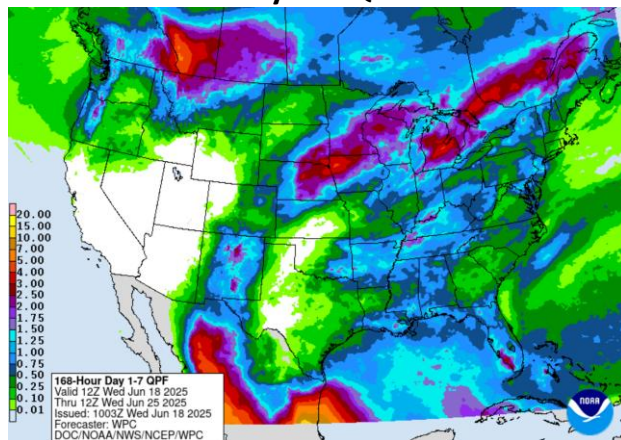
## Grains

Yesterday, I made the point that it’s difficult to form a strong opinion on corn and soybean yields until we have a better sense of weather conditions in July/August. That’s hardly a controversial statement, but I wanted to delve into it and explain why.

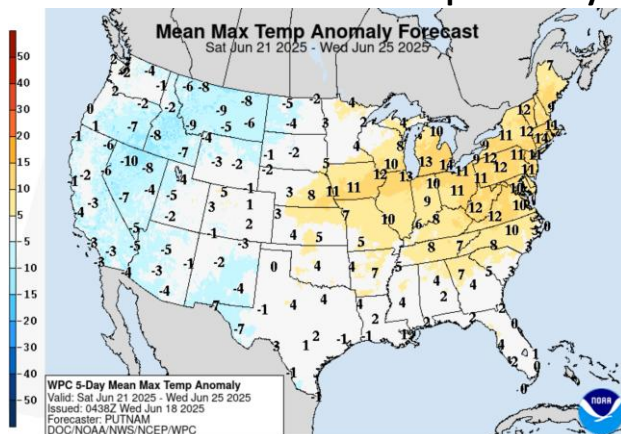
I’ll use corn as an example today, and we’ll review some scatters that illustrate the correlation between June precipitation and temperature anomalies in the Corn Belt vs. the final yield deviation from the Outlook Forum’s “trend” yield.

As you’ll see from the charts on the next page, there’s virtually no correlation between June temperatures and/or precipitation and final yield.

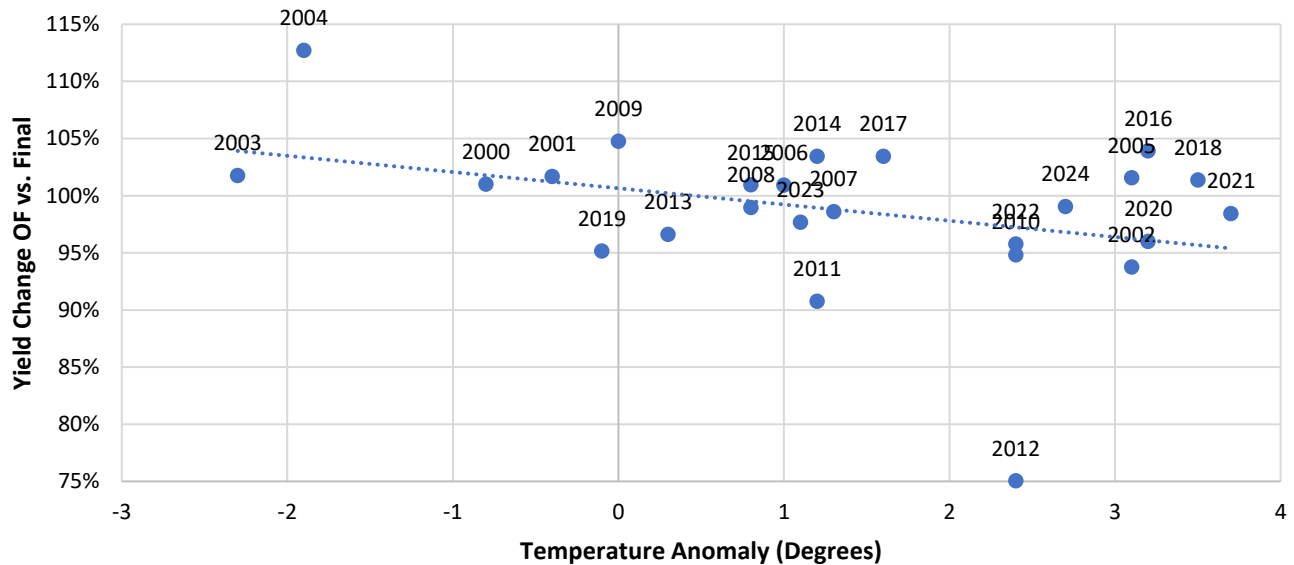
**Day 1-7 QPF**



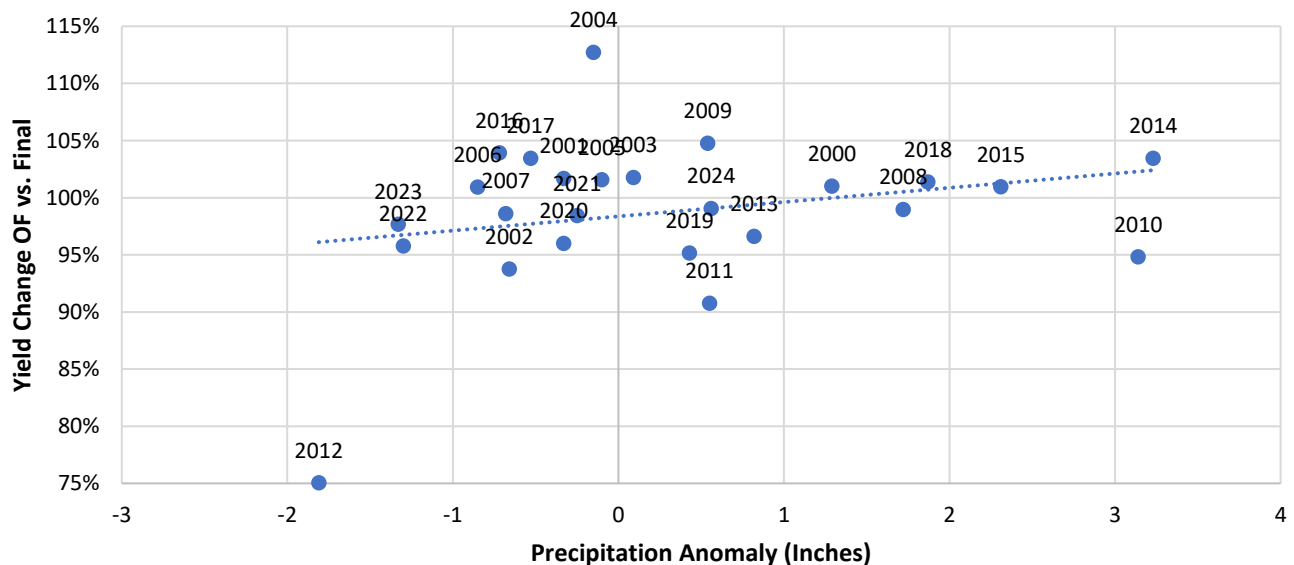
**June 21-25<sup>th</sup> Mean-Max Temp Anomaly**



**June Corn Belt Average Temperature Anomaly vs. Yield Deviation from Outlook Forum "Trend" Yield**  $R^2 = 0.1265$



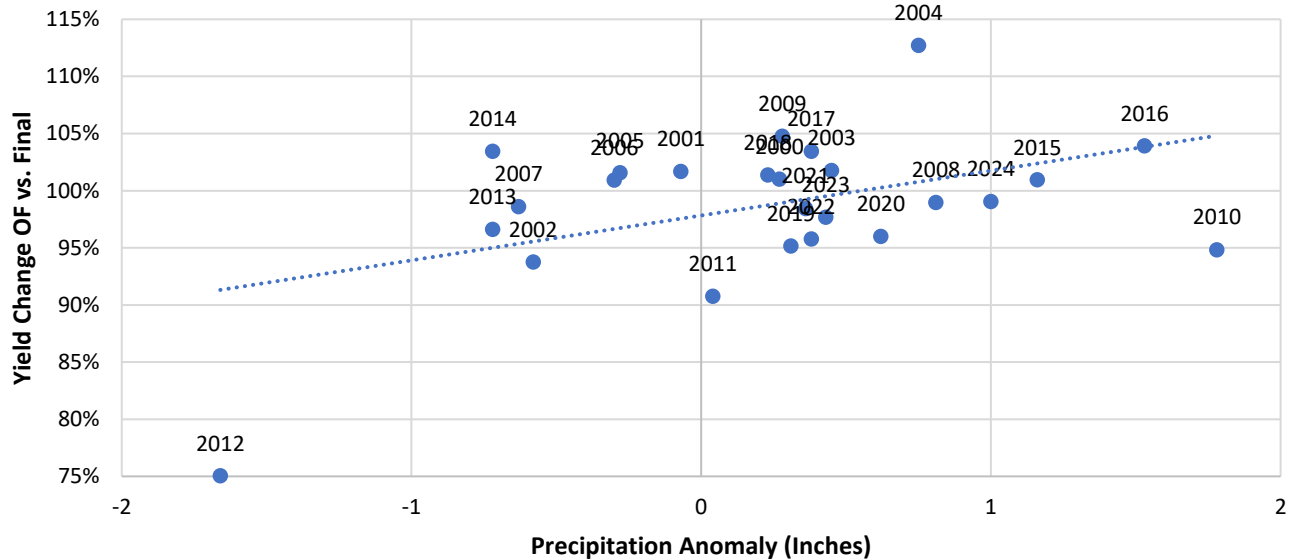
**June Corn Belt Precipitation Anomaly vs. Yield Deviation from Outlook Forum "Trend" Yield**  $R^2 = 0.0635$



With the above in mind, take a look at the following charts, which show July precipitation and temperature departures from average versus yield deviation from the Outlook Forum's trend. You'll notice the correlations improve noticeably once we move into July, especially with temperature. That's something to keep in mind as the extended forecasts start to give us a look at July.

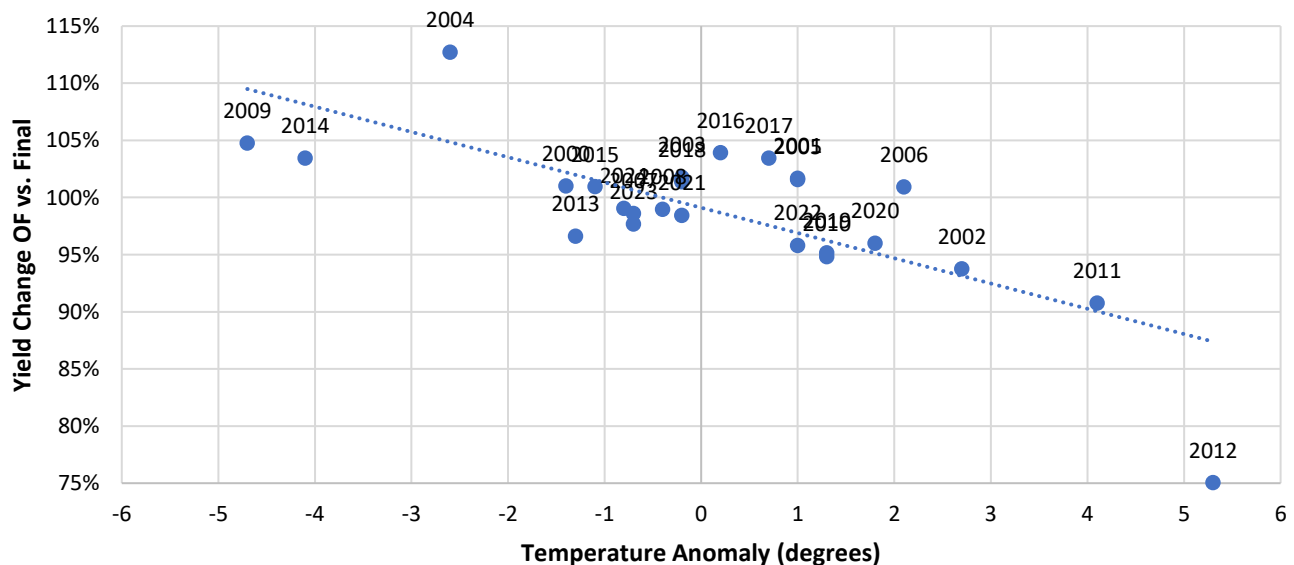
**July Corn Belt Precipitation Anomaly vs. Yield Deviation from Outlook Forum "Trend" Yield**

$R^2 = 0.2039$



**July Corn Belt Average Temperature Anomaly vs. Yield Deviation from Outlook Forum "Trend" Yield**

$R^2 = 0.5513$



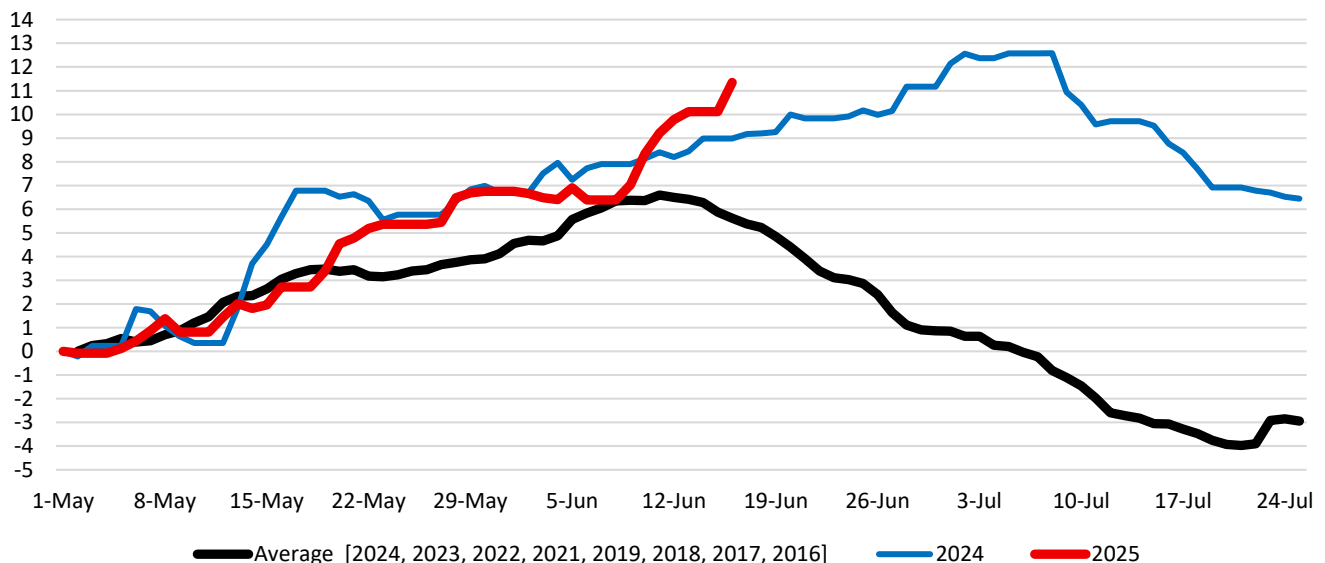
## Livestock

I wanted to quickly review a seasonal chart of the choice cutout this morning. The chart below shows the seasonal percentage change from May through July. The black line represents the average percentage change from 2016 to 2024 (excluding 2020 due to the COVID-19 pandemic).

As you can see, we're now past the point where choice values typically peak. However, the decline in steer and heifer slaughter has extended the rally in choice. Additionally, recent ICE raids may be contributing to concerns that slaughter levels will fall short of the available fed cattle supply.

Historically, prices have tended to peak around this time. While it's still possible for choice prices to rise into July, the downside risk now looks greater than the upside potential. If the choice starts to show weakness, could this coincide with a seasonal top in cash, as we've built a relatively sizable number of cattle on feed over 150 days? Thoughts appreciated.

**Choice Cutout Seasonal (% Change)**



## Financials

We have an FOMC rate decision today, but as the table to the right shows, the market is pricing in virtually no chance of a cut this morning. Currently, just 1.8 rate cuts are implied before year-end.

More significant than today's decision

will likely be the updated dot plot and Summary of Economic Projections. Based on recent comments from Fed officials, it seems likely they'll strike a more hawkish tone. Bloomberg expects the median participant to project

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
06/18/2025	-0.001	-0.1%	+0.000	4.329
07/30/2025	-0.145	-14.5%	-0.036	4.293
09/17/2025	-0.707	-56.2%	-0.177	4.152
10/29/2025	-1.185	-47.8%	-0.296	4.033
12/10/2025	-1.799	-61.4%	-0.450	3.879

only one rate cut for the remainder of 2025, below market expectations and likely a disappointment for those hoping for more easing.

### Today's Calendar (all times Central)

- Housing Starts – 7:30 am
- Building Permits – 7:30 am
- Initial Jobless Claims – 7:30 am
- EIA Energy Stocks – 9:30 am
- EIA Nat Gas Storage – 11:00 am
- FOMC Rate Decision – 1:00 pm

Thanks for reading.

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### Key Fedspeak Since May FOMC Meeting

Participant	Headline	Date
Waller	EXPECT TARIFF-DRIVEN INFLATION WILL NOT PERSIST	01-Jun
Daly	SEES PATH TO GOOD NEWS RATE CUTS LATER THIS YEAR	01-Jun
Daly	COMFORTABLE WITH PROJECTION FOR TWO RATE CUTS THIS YEAR	30-May
Harker	LATEST PCE DATA GOOD RELIEF BUT INCOMPLETE PICTURE	30-May
Harker	POSSIBLE, NOT CERTAIN FED TO FACE HIGHER PRICES, UNEMP.	05-Jun
Cook	TAKING PREEMPTIVE ACTION WOULD BE A MISTAKE	06-Jun
Cook	TARIFFS RAISE CHANCES OF JOB MARKET COOLING, HIGHER INF.	03-Jun
Jefferson	FED MUST BE OPEN TO 'ALL POSSIBILITIES' REGARDING RATES	03-Jun
Jefferson	RECENT INF. DATA CONSISTENT WITH PROGRESS TOWARD 2%	14-May
Barkin	APPROPRIATE TO WAIT AND SEE HOW POLICIES EVOLVE	19-May
Barkin	DATA SHOW ECONOMY ON SAME TRAJECTORY	27-May
Williams	PEOPLE ARE WAITING OUT POLICY UNCERTAINTY	27-May
Williams	PAST 5 YEARS CHANGED PEOPLE'S PERCEPTION OF INFLATION	27-May
Barr	WANT WHOLE CURVE OF INF. EXPECTATIONS 'WELL BEHAVED'	27-May
Barr	TARIFFS COULD CREATE PERSISTENT UPWARD PRESSURE ON INFL.	09-May
Bostic	DONT KNOW FINAL FORM OF TARIFFS, OR IMPACT ON ECONOMY	09-May
Bostic	HAVE TO WAIT 3-6 MONTHS TO SEE HOW UNCERTAINTY SETTLES	19-May
Goolsbee	STILL THINK THERE'S SPACE FOR ONE RATE CUT THIS YEAR	03-Jun
Goolsbee	WITHOUT TARIFFS, INTEREST RATES COULD COME DOWN	29-May
Kugler	RATE CUTS STILL POSSIBLE OVER 10-16 MONTH HORIZON	23-May
Kugler	MAJ. OF FED OFFICIALS WORRIED ABOUT INF. BEFORE GROWTH	05-Jun
Schmid	SEE INFL. RISKS NOW, EMPLOYMENT RISKS DOWN THE ROAD	05-Jun
Schmid	TARIFFS LIKELY TO DRIVE UP PRICES, UNCLEAR HOW MUCH	05-Jun
Musalem	OPTIMISTIC THAT ECONOMIC ACTIVITY CAN BE SUSTAINED	09-May
Musalem	MAY TOLERATE HIGHER INF. TO LESSEN EMPLOYMENT COST	09-May
Kashkari	INF. IS PRIORITY IF EXPECTATIONS THREATEN TO UNANCHOR	09-May
Kashkari	FAVORS MAINTAINING RATES UNTIL TARIFF CLARITY	27-May
Hammack	MAY TAKE 'MONTHS OR YEARS' TO CONCLUDE TRADE TALKS	27-May
Hammack	READY TO MOVE ON RATES WHEN THERE IS CLEAR EVIDENCE	09-May
Logan	WILL TAKE TIME FOR HARD DATA TO SHOW GOV POLICY CHANGES	09-May
Logan	IF HIGH INF. EXPECTATIONS GET ENTRENCHED, COSTLY TO FIX	29-May
Logan	MUST ENSURE ONE-TIME PRICE INCREASE NOT PERSISTENT INF.	02-Jun

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