

Weather

Heavy rain began yesterday evening across the northwestern Corn Belt. Radar estimates suggest that many areas received 2 inches or more of rainfall, particularly in parts of Iowa, Missouri, and Wisconsin. These regions had previously recorded less than 75% of normal rainfall this month.

More heavy rain is expected over the next three days in the northwestern Corn Belt. The Iowa–Minnesota border may see the heaviest totals, but other parts of Iowa, eastern Nebraska, northwest Missouri, and Wisconsin are also likely to receive significant amounts. Flooding could become an issue in areas hit hardest.

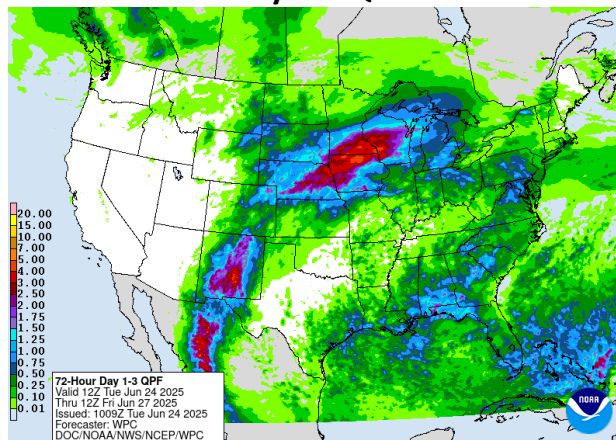
Meanwhile, areas farther southeast, including central and southern Missouri, Illinois, and southern Indiana, will likely see little to no rain through midweek. As the current trough-west/dome-east pattern begins to flatten late this week, rain chances should gradually expand into southeastern areas. However, forecast confidence remains low beyond Friday. The expected northwest flow aloft favors multiple rounds of ridge-riding thunderstorms, but weather models will struggle to pin down details until we're closer to the timeframe.

High temperatures above 90°F will remain widespread across the southeastern Corn Belt through Thursday, with some areas likely remaining hot into the weekend. The hottest part of the 15-day forecast appears to fall within the remainder of June, while temperatures in early July are expected to trend closer to normal, though there is no indication of below-normal readings anywhere.

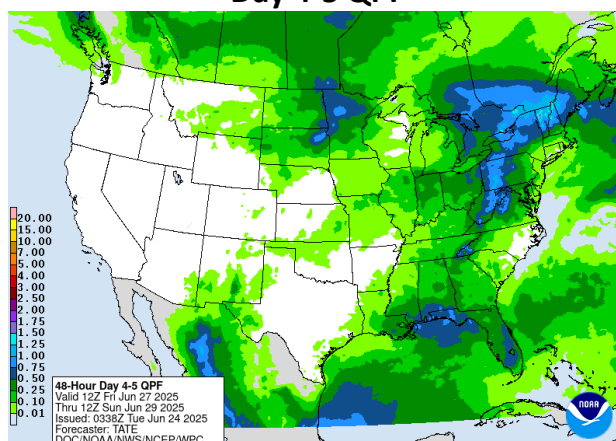
Grains

We'll now turn our attention to the quarterly stocks estimates, beginning with corn. As usual, we can get reasonably close on trade using census data for March and April, along with inspection data for May. The FSI total should also be fairly accurate, supported by official corn grind figures for two months and weekly ethanol production data from EIA for May. That leaves feed and residual, which is always a wild card. However, note my expectation to the right:

Day 1-3 QPF

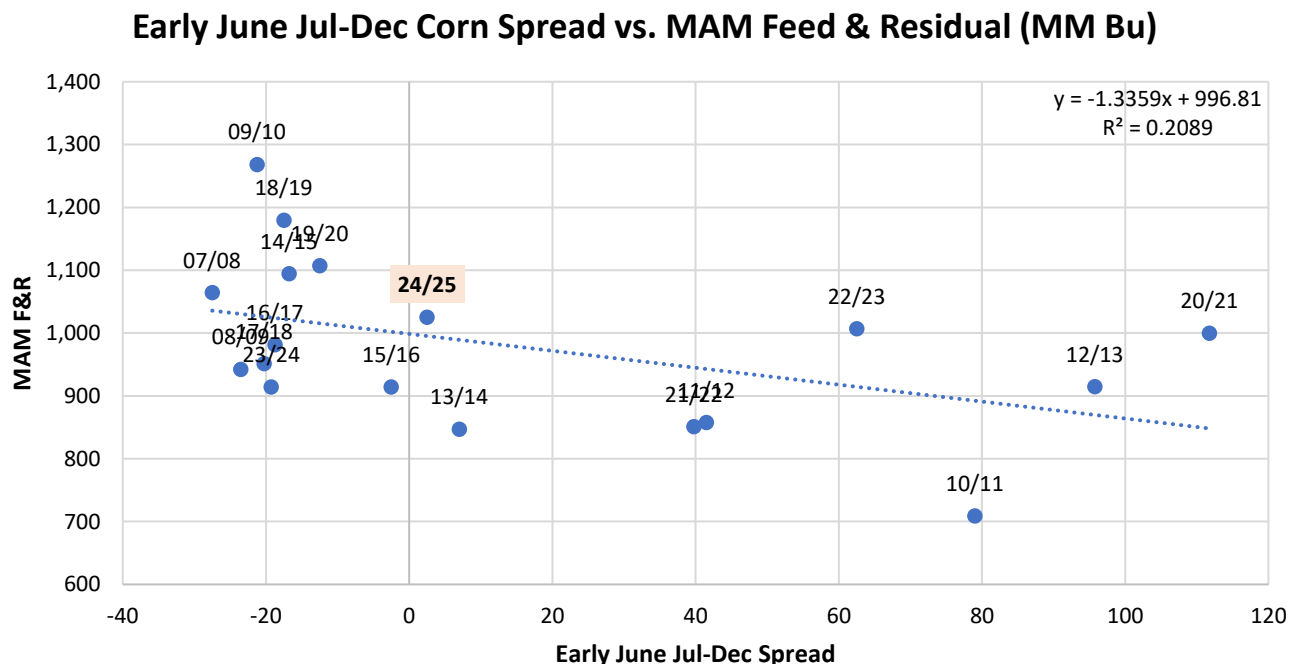


Day 4-5 QPF



US Corn Quarterly Supply and Demand (Million Bushels)						
	19/20	20/21	21/22	22/23	23/24	24/25
March-May						
Beginning Stocks	8,299	7,807	7,757	7,396	8,352	8,151
Imports	9	7	5	10	7	7
Total Supply	8,309	7,814	7,762	7,406	8,360	8,158
Feed & Residual	1,107	1,000	851	1,007	914	1,025
Food/Alc/Ind	1,333	1,645	1,683	1,634	1,702	1,695
Seed	28	29	26	30	26	30
Exports	604	1,029	854	632	721	880
Total Use	3,072	3,703	3,413	3,303	3,363	3,630
Stocks (Jun 1)	5,237	4,111	4,349	4,103	4,997	4,528

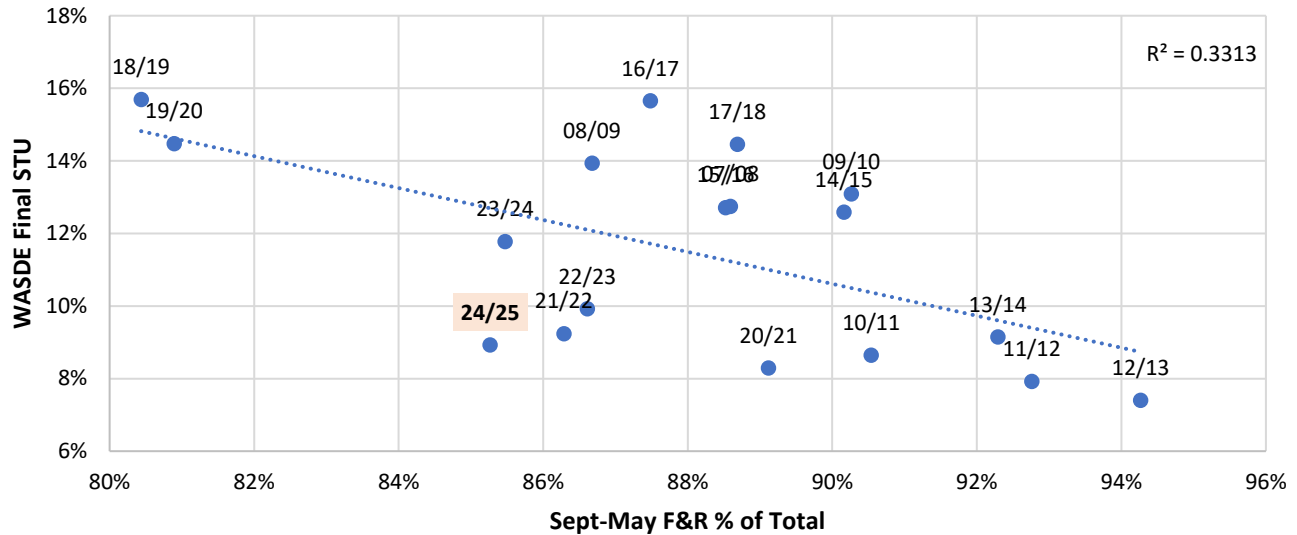
We'll review a few scatters to help justify my estimate for feed and residual. Spreads, specifically the July–December, have at times provided some insight into estimating March–May F&R. I'll admit the correlation isn't particularly strong, but as you can see, my estimate roughly aligns with what the spread would suggest based on its levels in early June.



The next scatter on the next page places my F&R estimate in the context of the overall expected corn supply. The chart compares September–May F&R as a percentage of total F&R against the USDA's final corn stocks-to-use ratio. As shown, in tighter years, the Sep–May F&R typically accounts for a larger share of the final. For context, I'm using USDA's latest stocks-to-use ratio and F&R estimate for the 2024/25 data point.

However, as the scatter on the next page illustrates, my estimate assumes Sep–May accounts for only 85% of total F&R, an outlier given a ~9% stocks-to-use ratio. My MAM F&R estimate could end up being incorrect, but if it's reasonably close, it may indicate that USDA's final F&R estimate could be too large and/or the stocks-to-use ratio is too tight. Thoughts appreciated.

Sept-May F&R % of Total vs. WASDE Final Corn STU

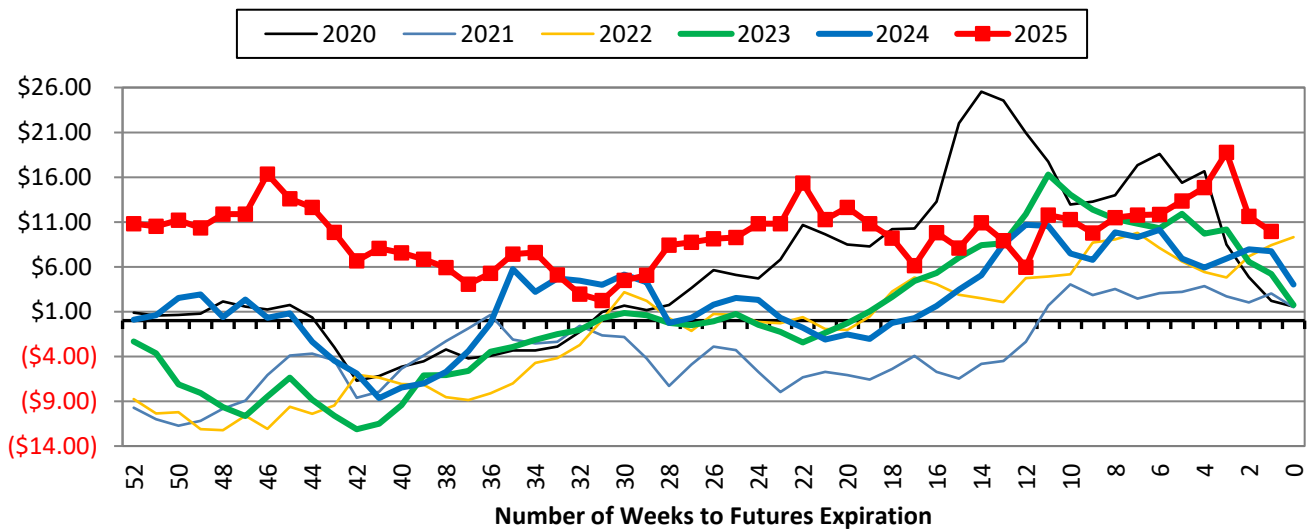


Livestock

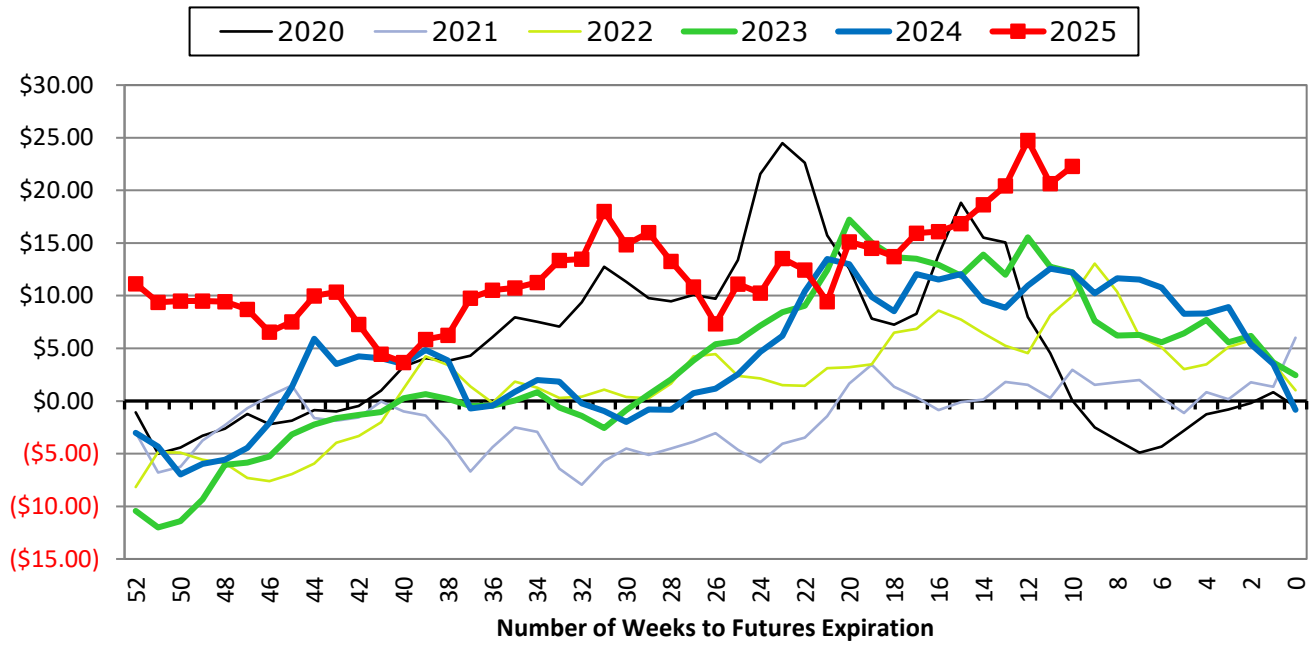
Let's quickly check back in on live cattle basis this morning. As of last week, the five-area average steer price was \$234.88, down about \$4 from the prior week.

Looking at the charts below, June has narrowed somewhat as we approach expiration at the end of the month, but it remains historically high. Deferred contracts for August and October, shown on the following pages, continue to price in a break in cash of more than \$20.

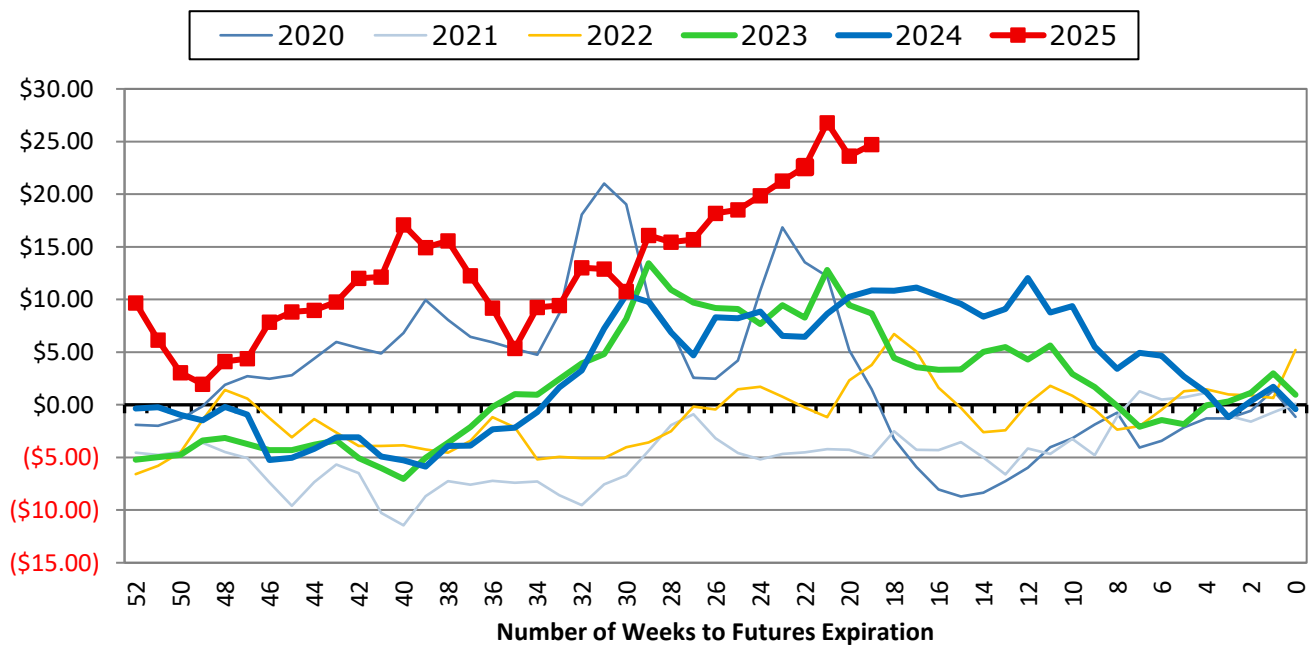
June Live Cattle Basis



August Live Cattle Basis

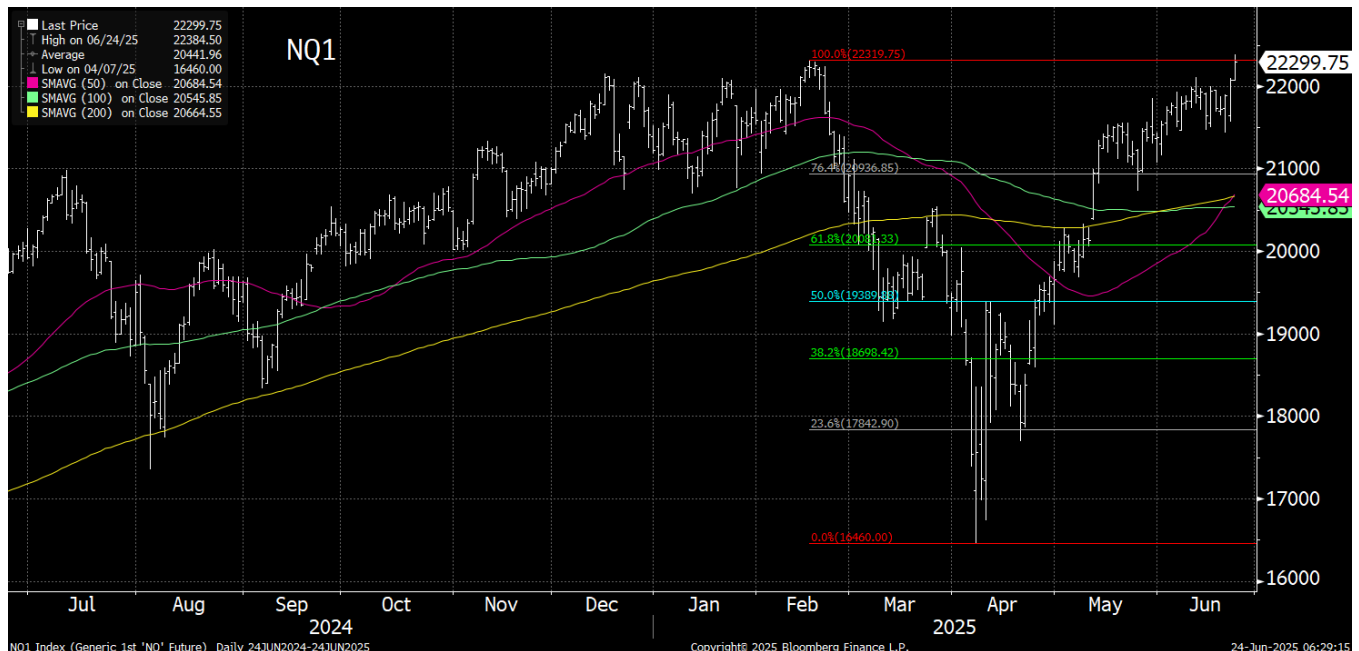


October Live Cattle Basis



Financials

A ceasefire agreement between Israel and Iran, brokered by President Trump, was reached last night. However, by early this morning, both countries appeared to have violated the agreement, with each launching additional attacks. Trump continues to play peacemaker and calls for an immediate ceasefire and as of writing, crude oil continues to erode it's "war premium" while equities are near their highs on the session. Note the Nasdaq futures chart below which shows that futures are on the cusp of fully retracing the highs scored in late February.



Today's Calendar (all times Central)

- Housing Price Index – 8:00 am
- Consumer Confidence – 9:00 am
- Powell Speaks – 9:00 am

Thanks for reading.

Evan Basse

evan@nesvick.com

847-650-8002

Trillian IM: evan@nesvick.com

Bloomberg IB: ebasse3@bloomberg.net

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