NESVICK TRADING GROUP, LLC

Wednesday, June 25, 2025
NTG Morning Comments
www.nesvick.com

Weather

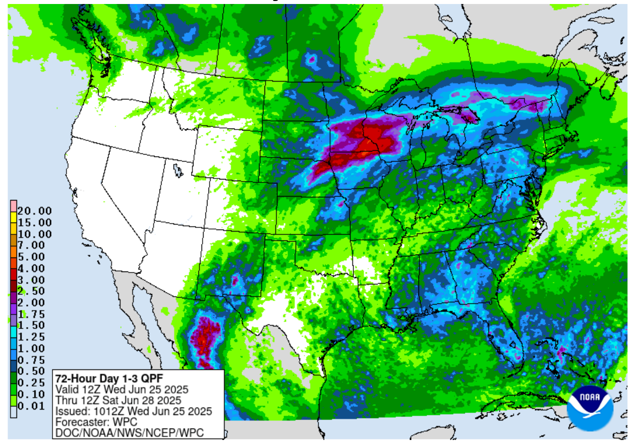
So far this week, flooding-type rains in the northwestern Corn Belt have been limited to the Iowa-Missouri border area, where radar estimates and confirmed totals show 6 to 8+ inches. Flood warnings remain in effect for several counties in northwestern Missouri. Fortunately, early Wednesday rain in the Corn Belt fell north of this region.

Looking ahead, two more days of heavy rain are expected in the northwestern Corn Belt, with most forecasts indicating the rain will shift north of the areas hardest hit so far this week. Northeastern Nebraska, northern Iowa, southern Minnesota, and much of Wisconsin appear likely to be impacted. Conditions should dry out in the northwestern Corn Belt by Friday, while rain chances increase for the eastern and southern parts of the region. However, Friday marks the point where rainfall forecast confidence begins to drop, and that uncertainty persists through the 15-day outlook.

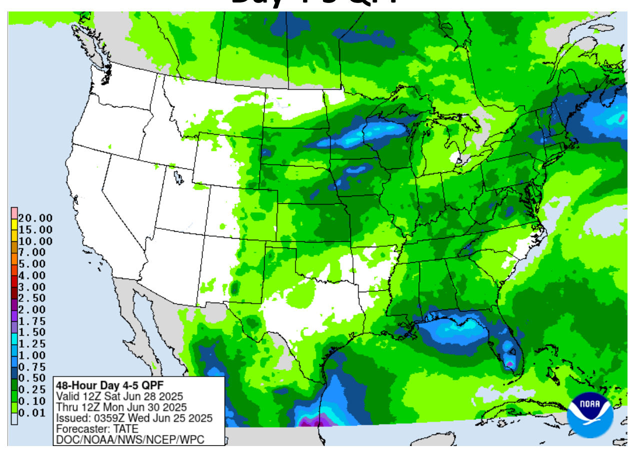
A significant rain event is anticipated from late Sunday into Monday, though models currently disagree on where the heaviest rainfall will occur. After Monday, a dominant northwest flow aloft could support multiple rounds of “ridge-rider” thunderstorms, though as usual, model forecasts become unreliable more than a couple of days in advance under this setup. The 11–15 day forecast is trending wetter for the Corn Belt, but confidence in that outlook remains low.

While several record highs have been set in major Northeast cities over the past few days, most of the heat-related records in the Corn Belt and surrounding areas have involved unusually warm overnight lows. The worst of the heat in the current 15-day forecast still appears confined to the remainder of June, with a return to more seasonable, though not cool, temperatures expected for at least the first week of July.

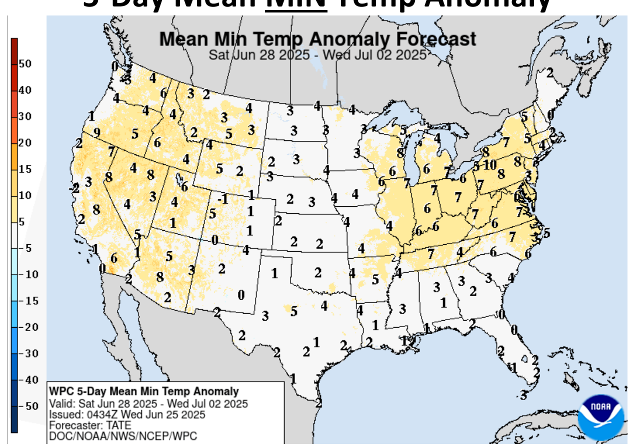
Day 1-3 QPF



Day 4-5 QPF



5-Day Mean MIN Temp Anomaly



Grains

We'll continue preparing for the June 1 quarterly stocks report. As always, we can get reasonably close on imports and exports, given that we have Census data available for March and April. The same applies to crush, with official numbers through April and NOPA data for May.

US Soybean Quarterly Supply and Demand (Million Bushels)						
	19/20	20/21	21/22	22/23	23/24	24/25
March-May						
Beginning Stocks	2,255	1,562	1,932	1,687	1,845	1,910
Imports	4	4	4	6	9	6
Total Supply	**2,259**	**1,566**	**1,936**	**1,693**	**1,853**	**1,916**
Crush	555	532	555	574	573	613
Exports	243	182	331	243	229	260
Seed, Feed, Residual	79	83	82	80	82	78
Total Use	**877**	**797**	**968**	**896**	**883**	**951**
Stocks (Jun 1)	**1,381**	**769**	**968**	**796**	**970**	**965**

Of course, that leaves us with seed, feed, and residual as the primary area of uncertainty. My current expectation assumes 78 million bushels in that category, which equates to roughly 68% of the currently projected full-year seed/feed/residual total. This leaves us with June 1 stocks at 965 million bushels. The average Bloomberg estimate pegs June 1 soybean stocks at 974 million bushels, so my figure is just slightly lower than the average trade guess.

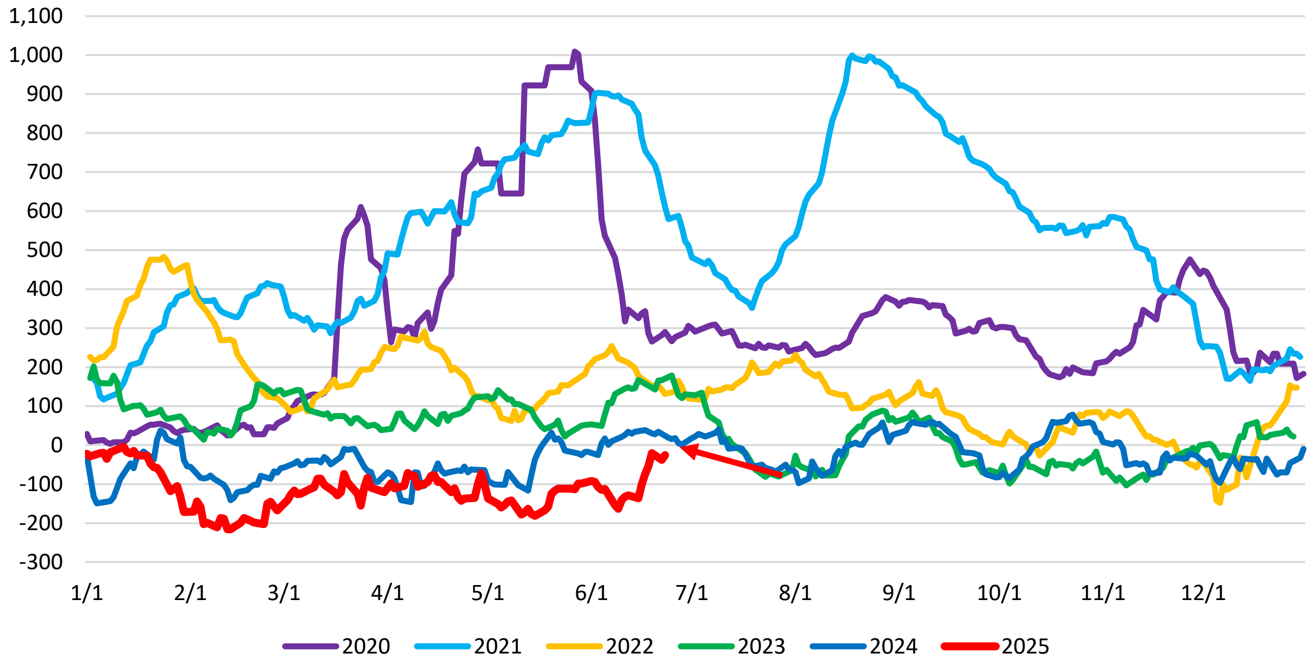
Livestock

The august cattle chart is worth mentioning briefly, as we appear to be approaching a potential inflection point. Over the past two sessions, prices have tested, but failed to break below, the 50-day moving average. Assuming support hold, this could help reestablish upward momentum.

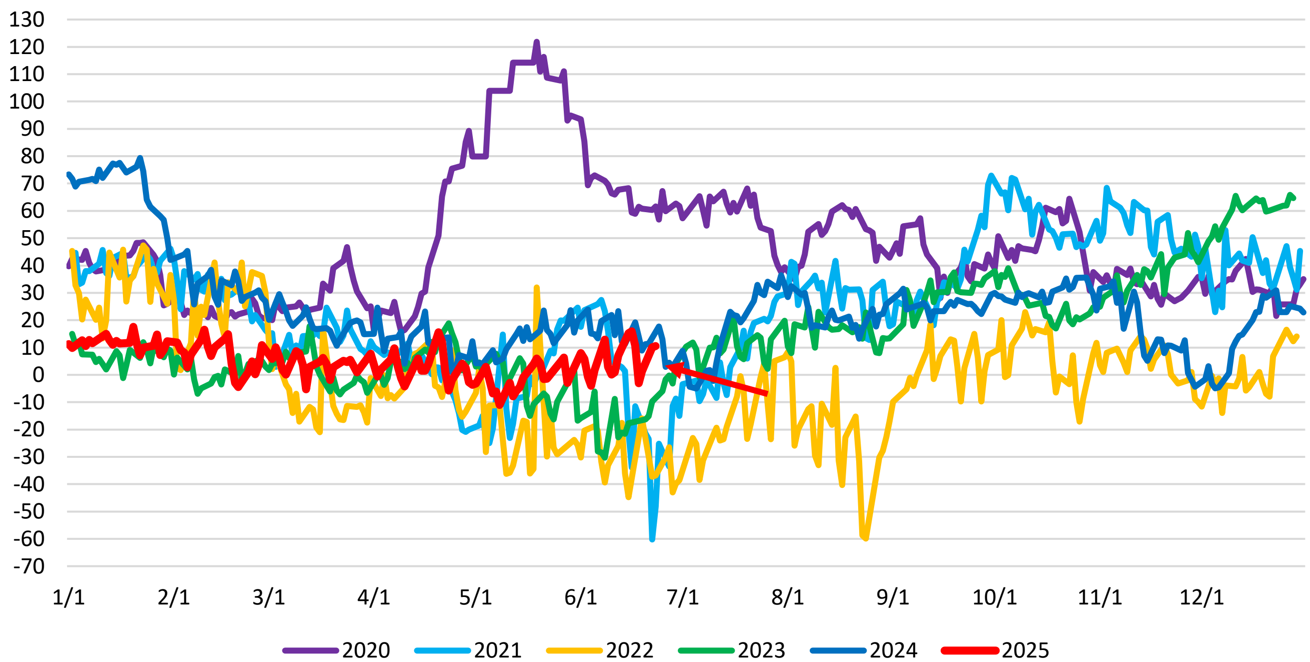
Today, we'll take a quick look at beef and pork packer margins using estimates from HedgersEdge. Note the two charts on the next page. With seasonal strength in beef prices, packer margins have improved, now approaching their highest levels since earlier this year, though they still remain in negative territory.

In contrast, pork packer margins have been relatively stable, hovering near historical averages for most of the year (excluding 2020 due to COVID).

HedgersEdge Beef Packer Margin Estimate (USD / Head)

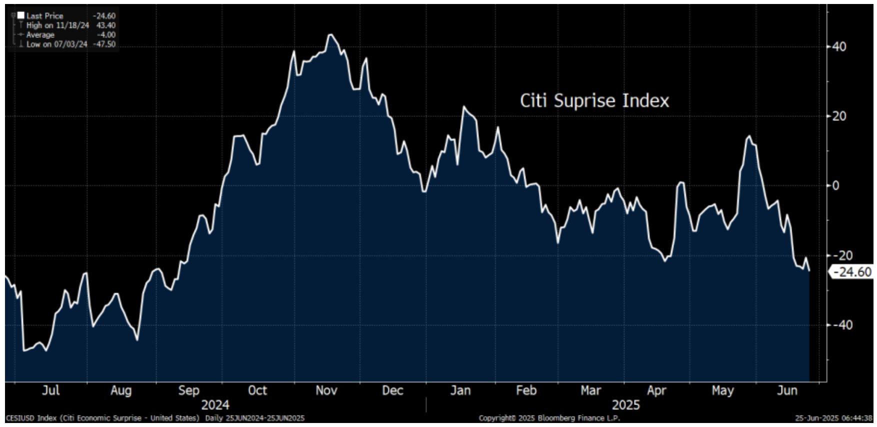


HedgersEdge Pork Packer Margin Estimate (USD / Head)



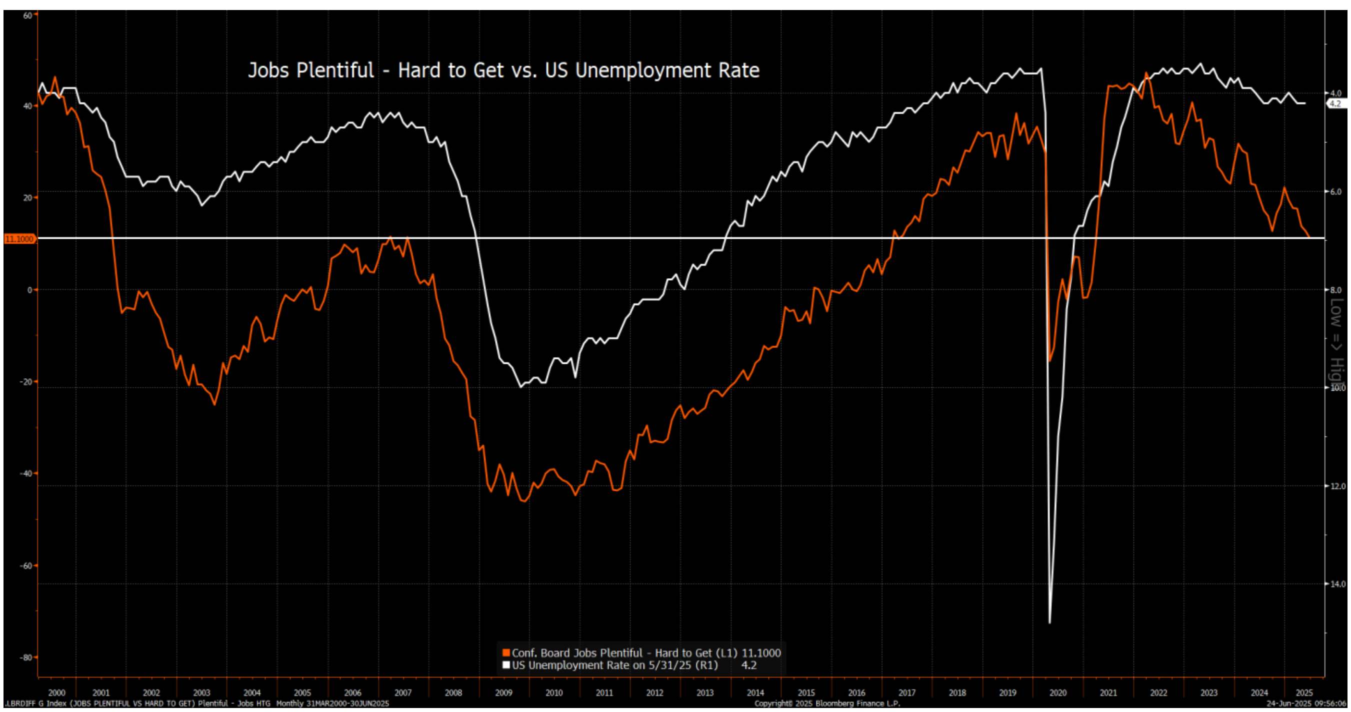
Financials

Even as equity markets hit new highs yesterday, it's worth noting the recent string of negative economic data. Take a look at the chart to the right, which shows the Citi Economic Surprise Index; it recently hit its lowest level since the fall of last year. Although this the index can be somewhat volatile, note the downward trend over the past month.



Yesterday, consumer confidence continued its negative trend, dropping to 93.0, below all estimates and down from 98.4 in the previous month.

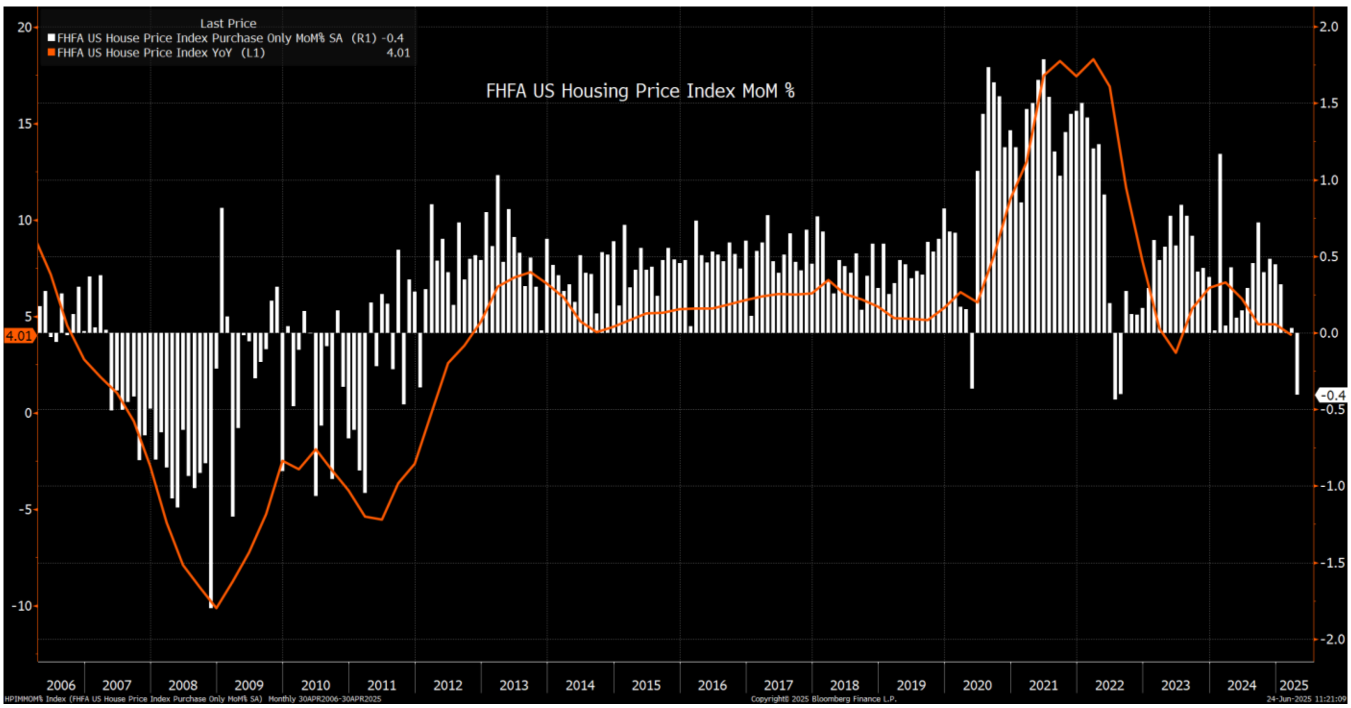
One notable detail in the consumer confidence report was the jobs plentiful minus jobs hard to get spread, which just dropped to its lowest level since 2020. In the survey, respondents are asked whether they believe jobs are currently plentiful or hard to get. a gauge of perceived labor market strength. For context, a declining or negative spread typically reflects softening in the labor market and may signal a potential rise in the unemployment rate.



I also found it notable that shelter posted deflationary readings in April, based on data released yesterday. Both the FHFA House Price Index and the Case-Shiller Home Price Index showed negative month-over-month readings, signaling a softening in housing prices.

As you likely know, the FHFA index captures home price trends for properties financed with conforming loans (i.e., backed by Fannie Mae and Freddie Mac), which generally reflects the lower to middle tiers of the market. In contrast, the Case-Shiller index focuses on repeat sales of homes in major metro areas, often skewing more toward higher-priced segments.

Given that shelter accounts for ~40% of core CPI and tends to lag real-time housing market trends, these declines reduce some of my concern about persistent inflation pressures



Today's Calendar (all times Central)

- New Home Sales – 9:00 am
- EIA Energy Stocks – 9:30 am
- Cold Storage – 2:00 pm

Thanks for reading.

Evan Basse
evan@nesvick.com
847-650-8002
Trillian IM: evan@nesvick.com
Bloomberg IB: ebasse3@bloomberg.net