

Weather

Before diving into the details, two broad points:

1. No major weather model currently supports the development of a feared high-pressure dome over the Corn Belt through the first two full weeks of July (covering the 15-day period).
2. Rainfall will ease compared to recent weeks, not a bold call, considering June has been quite wet and July typically trends drier.

Dry conditions will dominate most of the Corn Belt through tomorrow and Wednesday, with storms returning to the far northwest late Wednesday night. Scattered thunderstorms are expected through July 8, initially in the west/northwest, gradually shifting east/southeast. This setup still favors above-normal rain in western areas, though specifics remain uncertain.

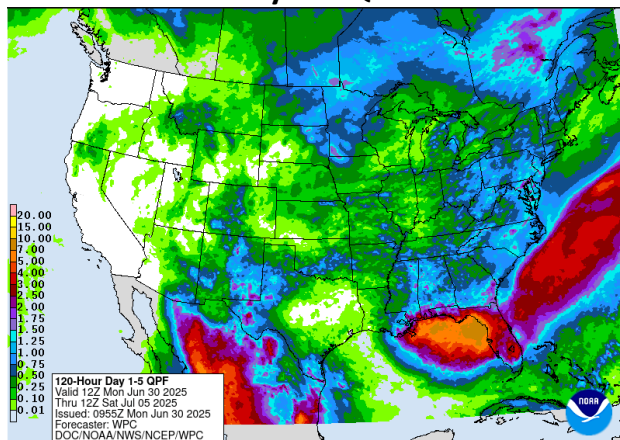
Confidence in the 11–15 day rainfall forecast remains low. A northwest flow aloft may allow for ridge-rider thunderstorms, but the European ensemble shows a drier, cooler bias that looks overdone for now.

As for temperatures, ideal pollination weather (below-normal readings) won't be seen anywhere in the major corn belt. July 2–9 still appears to be the warmest stretch, with highs commonly in the 88–93°F range, occasionally reaching 94–97°F, warm, but not extreme. More seasonal temperatures are still expected to return around July 10.

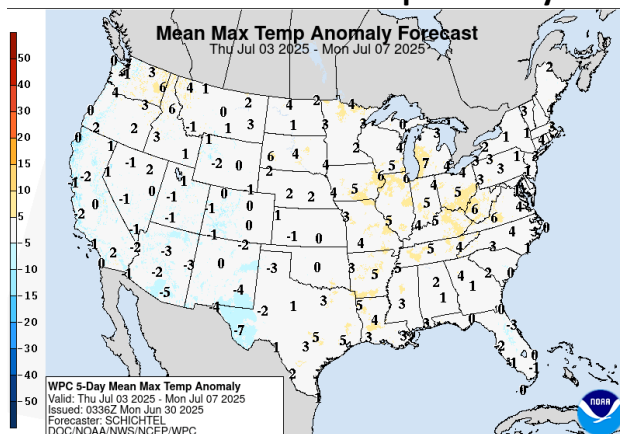
Grains

Today is the big day. The June Acreage and Stocks Report is arguably one of the three most important events of the year for the grain markets. In my view, the other two key dates are the September 1

Day 1-5 QPF



Jul 3-7 Mean Max Temp Anomaly



June Acreage Report and Quarterly Grain Stocks

June Acreage Survey (Million Acres)

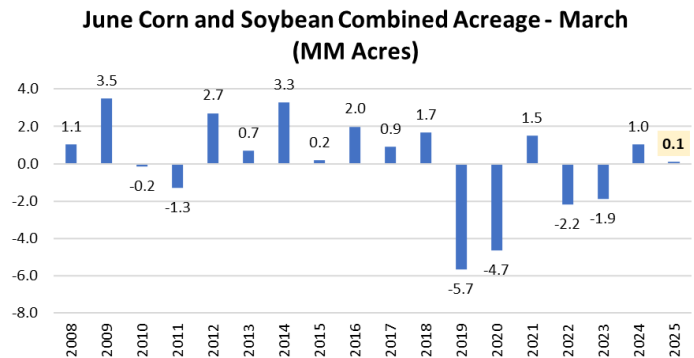
	Actual	Survey Estimates			March
		Average	Low	High	
Corn	_____	95.4	93.8	96.8	95.3
Soybean	_____	83.5	82.0	85.0	83.5
All Wheat	_____	45.4	44.5	46.1	45.4
Cotton	_____	9.7	8.8	10.2	9.9

USDA Quarterly Stocks (Million Bushels)

	Actual	Survey Estimates			USDA June
		Average	Low	High	24'
Corn	_____	4,625	4,459	4,798	4,997
Soybeans	_____	974	936	1,022	970
All Wheat	_____	836	805	852	696

Stocks Report and the January Crop Production Report. As most of you know, the June reports are notorious for delivering surprises, and it's easy to get blindsided.

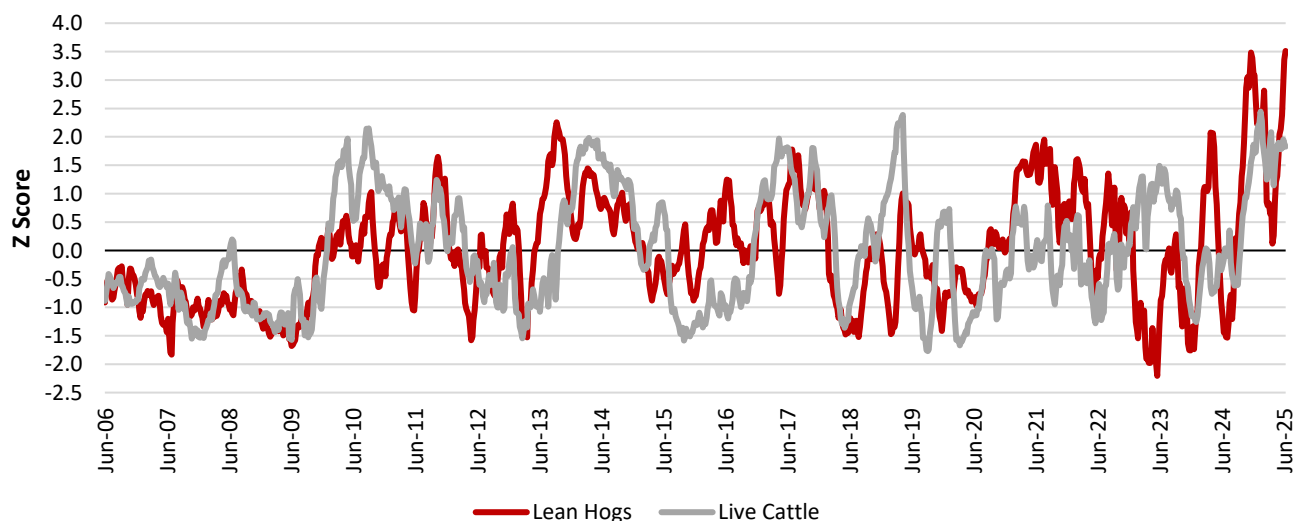
We've spent the past week preparing for today's release, and at this point, I don't have much more to add. That said, one thing that still "bothers" me is how widely expected a neutral acreage report seems to be (including by myself). Take a look at the chart to the right, which shows the expected change in combined corn and soybean acreage from March. The average estimate is just a 0.1 million acre increase, even though we typically see, at times, considerable revisions. Could we see a bearish or bullish surprise today? Thoughts appreciated, and good luck.



Livestock

We'll be reviewing Commitment of Traders data today. As of the week ending June 24, managed money net long positioning in lean hogs reached a new record high of ~134k contracts, surpassing the previous peak set in December of last year. The first chart below offers additional context by showing the Z-score (i.e., the number of standard deviations from the historical mean) for lean hogs and live cattle managed money positions. As shown, lean hogs are now positioned at approximately 3.5 standard deviations above the mean. In comparison, live cattle sit near 2.0 standard deviations, both indicating stretched long positions.

CFTC COT: Futures and Options: Net Managed Money Position Z Score (Number of Standard Deviations from the Mean)

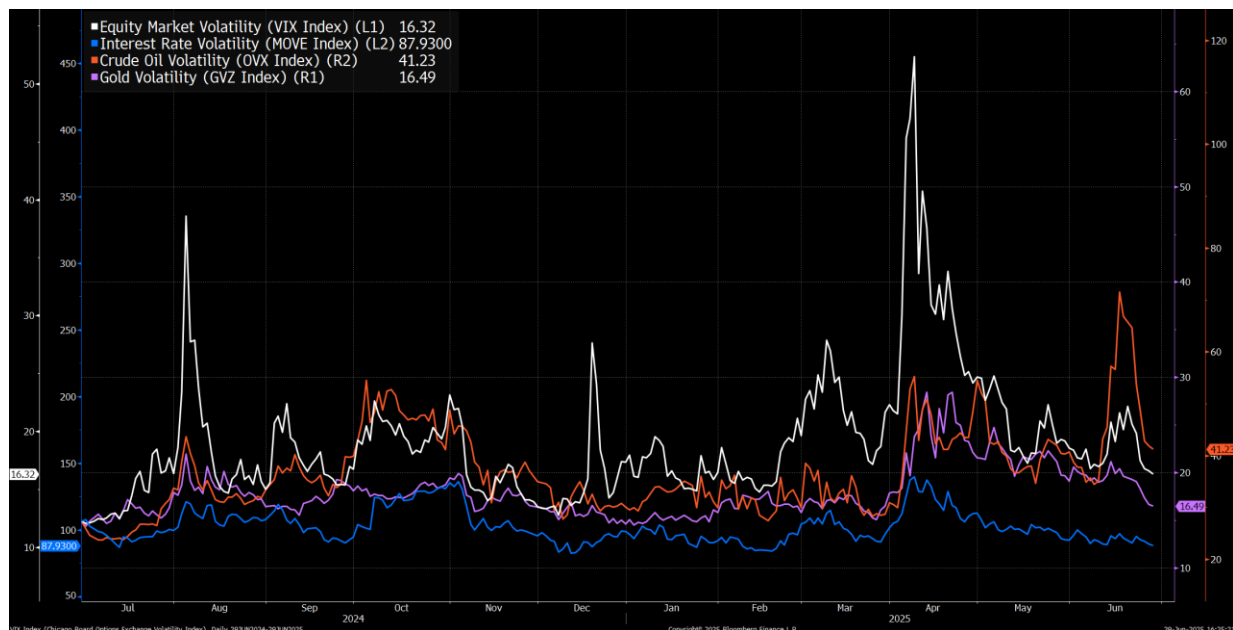


This disparity in speculative positioning prompted me to review the live cattle vs. lean hogs spot futures spread. The chart below highlights this relationship. After a significant correction, the spread appears to have found support around 98. Given the current positioning and recent correction, could this suggest that cattle are poised to start outperforming hogs? Thoughts appreciated.



Financials

We will review implied volatility across various asset classes. The chart below shows the implied volatility for equity markets (VIX Index), interest rates (MOVE Index), crude oil (OVX Index), and gold (GVZ Index).



What stands out is that, except for crude oil (which is elevated due to conflict involving Iran), volatility levels across these markets are now at multi-month lows. This broad decline suggests that markets are currently pricing in a relatively stable macro environment. That said, it's worth keeping in mind the potential for renewed volatility, especially with the upcoming tariff decision deadline (July 9th), ongoing trade policy uncertainty, and a self-imposed deadline to pass the "Big Beautiful Bill" (July 4th), all of which could shift sentiment.

Today's Calendar (all times Central)

- Chicago PMI – 8:45 am
- Export Inspections – 10:00 am
- Quarterly Stocks / June Acreage Report – 11:00 am
- Crop Progress – 3:00 pm

Thanks for reading.

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