NESVICK
TRADING GROUP, LLC

Friday, July 11, 2025
NTG Morning Comments
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Weather

Radar shows widespread rainfall of 0.50–2.00+” across recently dry northern Illinois, with confirmed totals of 2.64” in the Quad Cities, 1.34” in Rockford, and 1.71” in Chicago. Northeastern Nebraska also saw heavy rain, with over 2.50” in both Norfolk and Wayne. In Iowa, rain is becoming excessive, triggering flash flood warnings early Friday and flood watches across central/southern Iowa, eastern Nebraska, and northwestern Illinois.

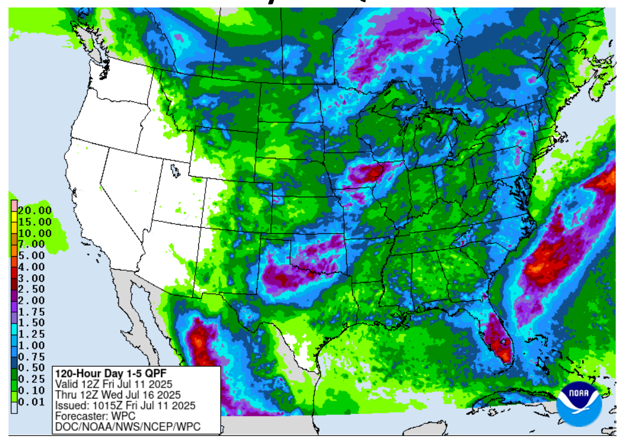
More rain is expected today and tomorrow, followed by a brief lull Sunday–Monday. A stronger system arrives late Tuesday through Thursday. While the eastern Corn Belt may stay drier in the short term, the July 16–17 system offers hope for improvement, supporting above-normal precipitation in the latest 6–10 day outlook.

Models consistently show a northwest flow aloft dominating Week Two, favoring "ridge-rider" thunderstorm activity. However, specific rainfall details remain uncertain this far out.

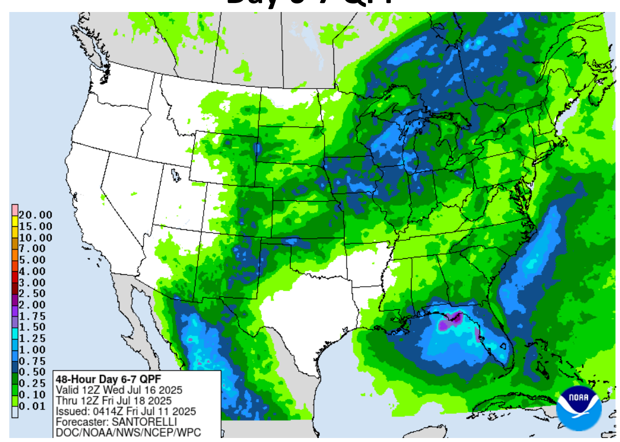
Heat peaked yesterday in Kansas and nearby areas, with highs topping 100°F. Today will be slightly cooler (90–95°F), with similar warmth extending into the southern Corn Belt. July 14–15 brings more above-normal temps (upper 80s to low 90s), followed by a notable cool-down starting July 16.

Ensembles suggest a warm-up in the July 21–25 window, but not extreme. However, with the MJO expected to shift strongly into Phase 6 by July 19–20, typically a signal for below-normal summer temps, confidence in prolonged warmth is low. Interestingly, the overnight European model hints at another strong cool surge around July 22–25.

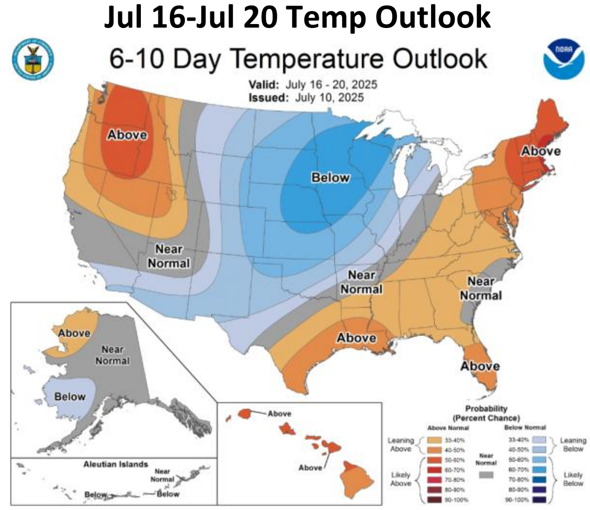
Day 1-5 QPF



Day 6-7 QPF



Jul 16-Jul 20 Temp Outlook



Grains

It’s report day, with the July WASDE set to be released at 11:00 a.m. CST. I’ll go over some soybean balance sheet thoughts ahead of the release, though overall, I don’t anticipate any major surprises outside of a few known adjustments.

Old Crop:
I left crush and exports unchanged. Based on the latest data, I don't see a compelling reason to make adjustments at this stage. Official crush through May is up 6.3% year-over-year, versus a full-year estimate of 6.1%. That feels in line. Export figures look to be within ±10 million bushels of the current estimate. The only tweak I made was to the residual, which I lowered by 20 million bushels in response to the latest stocks report.

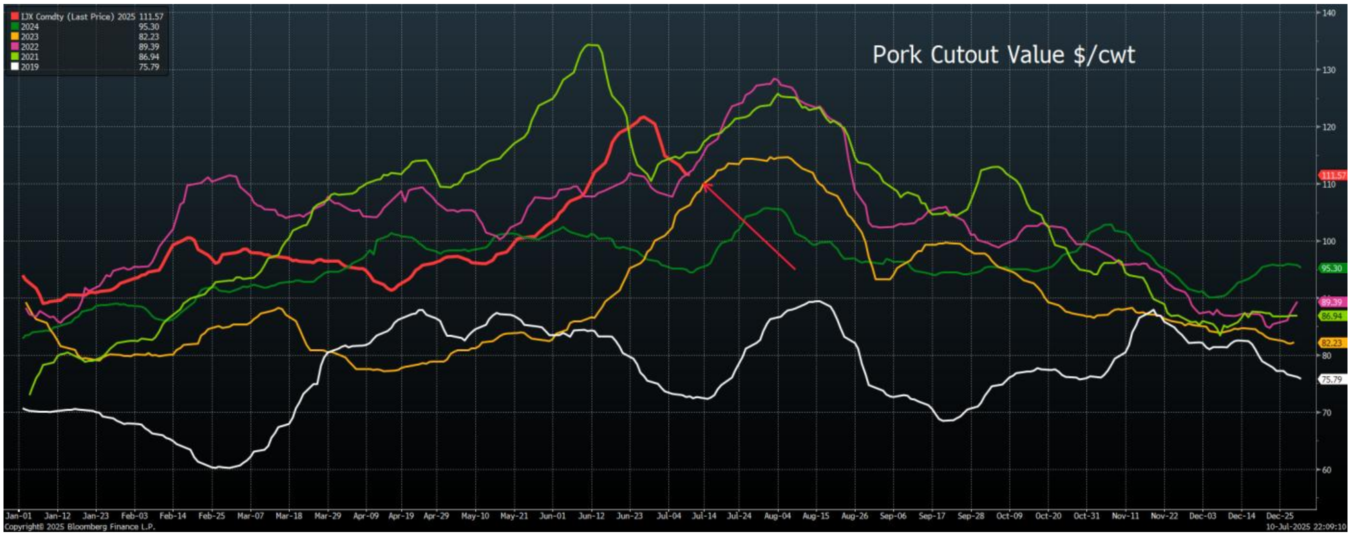
New Crop:
I incorporated the acreage changes from the June 30 report, adjusted beginning stocks accordingly, and increased crush by 20 million bushels to reflect the updated RVO mandate. That should, in theory, push crush toward 2,510–2,520 million bushels. The biggest question mark remains exports. We still don't have a trade deal with China, and in the absence of one, there's meaningful downside risk here. That said, I wouldn't be surprised if USDA punts on any significant changes for another month. For reference, USDA *did* cut exports by 250 million bushels back in July 2018 during the initial China trade dispute, so it's not out of the question that they act this month.

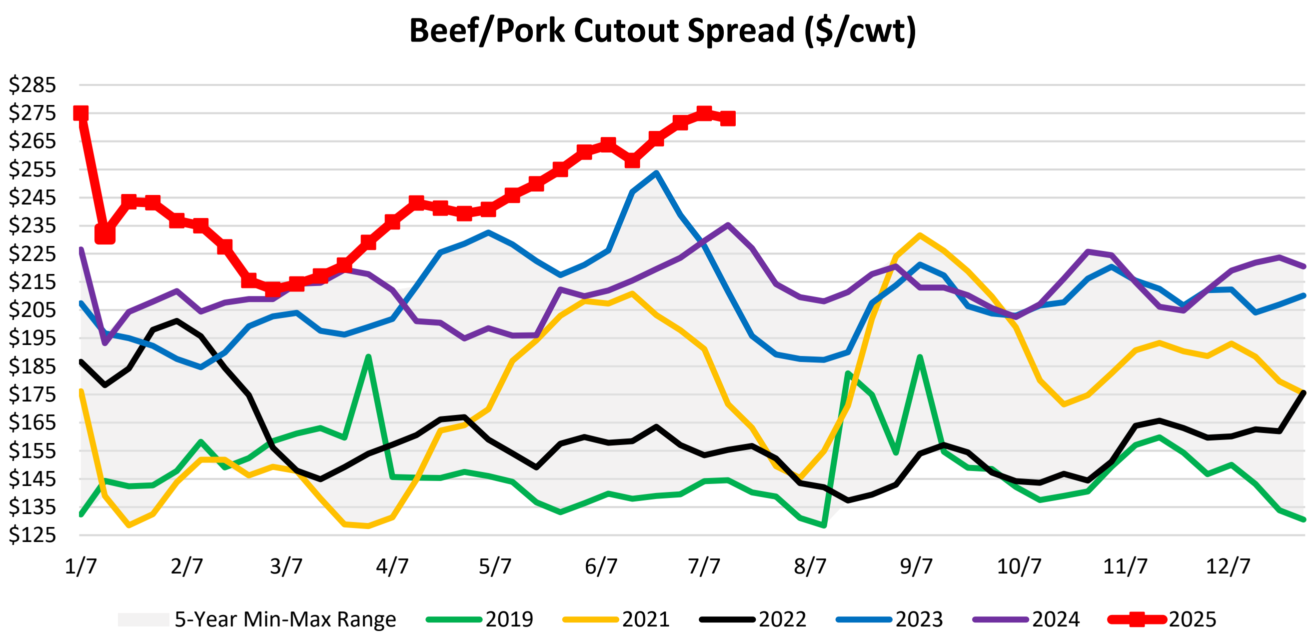
On the global front, the only adjustment I could realistically see is a 1 mmt upward revision to Argentina's production. Otherwise, I don't expect much movement.

U.S. Soybeans Supply and Demand Estimates (Million Bushels / Million Acres)						
	USDA 2022/23	**USDA** 2023/24	**USDA** 2024/25 June	**EB** 24/25 July	**May** 25/26 June	**EB** 25/26 July
Area Planted	87.5	83.6	87.1	87.1	83.5	83.4
Area Harvested	86.2	82.3	86.1	86.1	82.7	82.5
Abandoned	1.3	1.3	1.0	1.0	0.8	0.8
Yield	49.6	50.6	50.7	50.7	52.5	52.5
Beginning Stocks (Sep 1)	274	264	342	342	350	370
Production	4,270	4,162	4,366	4,366	4,340	4,333
Imports	25	21	25	25	20	20
Total Supply	4,569	4,447	4,734	4,734	4,710	4,723
Crushings	2,212	2,287	2,420	2,420	2,490	2,510
Exports	1,980	1,695	1,850	1,850	1,815	1,815
Seed	75	78	72	72	73	73
Residual	39	45	42	22	37	37
Total Use	4,306	4,105	4,384	4,364	4,415	4,435
Ending Stocks (Aug 31)	264	342	350	370	295	288
Stocks/Use	6.1%	8.3%	8.0%	8.5%	6.7%	6.5%

Livestock
The pork cutout value has shown consistent weakness over the past two weeks after a stretch of considerable strength since May. In contrast, the choice cutout had largely treaded water since the end of June but is now starting to show some weakness. With packer kill cuts in cattle, the choice cutout held up longer than seasonality would suggest.

Given some recent large moves in both cutouts, it prompted me to take another look at the choice–pork cutout spread. There's been very little weakness in this spread since March, and as a result, we've been sitting at record-high levels. With the spread nearly $38 above last year—and in a period when it typically narrows—does this suggest pork could start gaining on choice?





Financials

The tariff headlines continued to roll in yesterday evening, as Trump announced a new 35% tariff on goods from Canada starting August 1. However, the tariff exemption for USMCA goods still applies. In addition, Trump indicated he plans to impose 15% or 20% blanket tariffs on all remaining countries, and suggested the EU would also be receiving letters today notifying them of new tariff rates. Equity futures are lower on the news. We don't have any economic releases this morning, so tariff rhetoric will likely dominate the price action.

I don't have much new information to pass along this morning, but one thing that's caught my attention is the chart below showing the Russell 2000 / S&P 500 ratio. Since peaking in 2014, the ratio has largely been in freefall, meaning the S&P has been consistently gaining on the Russell 2000. That's mostly because big tech has driven the bulk of S&P gains, while small caps tend to be more sensitive to borrowing costs.

That said, over the past few months, the ratio has quietly moved up to its highest level since April and just broke through its 50- and 100-day moving averages. With levels still holding near 20-year lows, could this finally be an opportunity for small caps to start gaining on large caps?

Today's Calendar (all times Central)

- WASDE & Crop Production – 11:00 am

Thanks for reading.
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