

Weather

The Corn Belt is expected to remain active over the next 15 days with multiple ridge-rider or “ring of fire” thunderstorm threats. Week One will feature a westerly flow, with a dome of high pressure centered over the Mid-South. In Week Two, the flow shifts northwesterly as the ridge drifts toward the Colorado–New Mexico border.

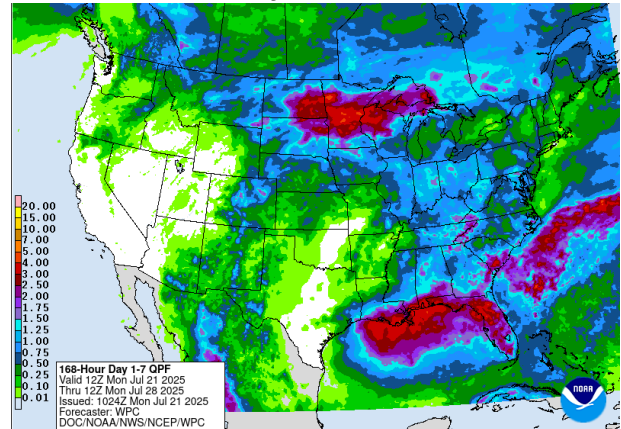
Showers early Monday in Missouri and southern Illinois will fade quickly. Rainfall through Wednesday night will target western and especially northwestern areas, before storms shift into the central Corn Belt Thursday through the weekend. Most areas have a strong chance for meaningful rainfall in Week One, with pockets of heavy totals likely.

Week Two details remain uncertain, but the northwest flow should continue to support multiple chances for ridge-rider thunderstorm activity.

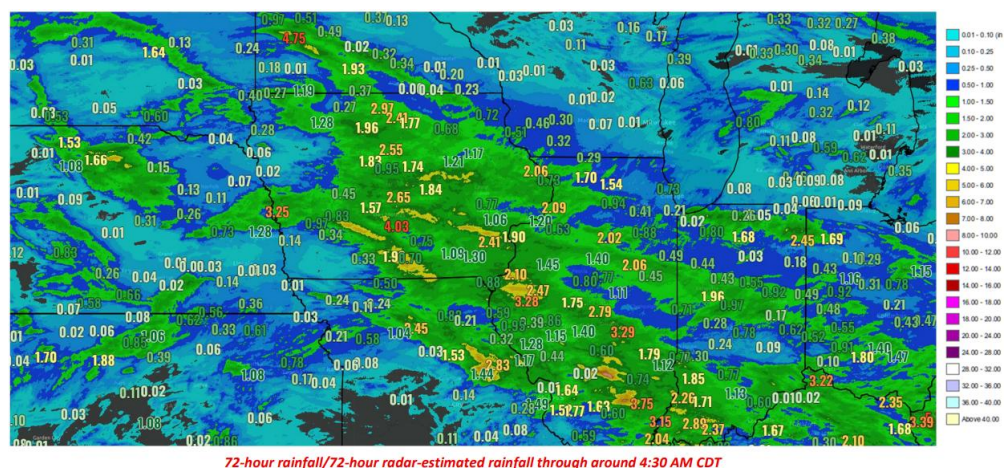
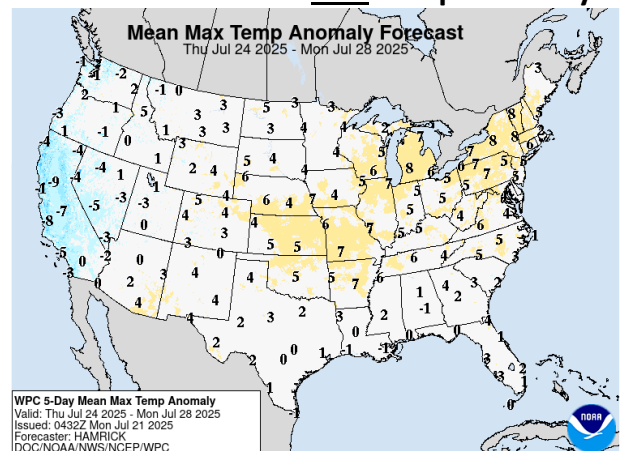
Heat advisories are expanding across the central U.S. The peak heat for the Corn Belt is expected from tomorrow through July 29, with temperatures averaging 4–6°F above normal, significant given it aligns with the climatological peak of summer. The most intense daytime highs will focus on Kansas, Missouri, and surrounding areas, while much of the region will experience warm nights, with lows often above 70°F, and occasionally above 75°F.

Temperatures are forecast to moderate to near-normal levels by late July into early August, for at least the eastern half of the Corn Belt.

Day 1-7 QPF



Jul 24-Jul 28 Mean Min Temp Anomaly

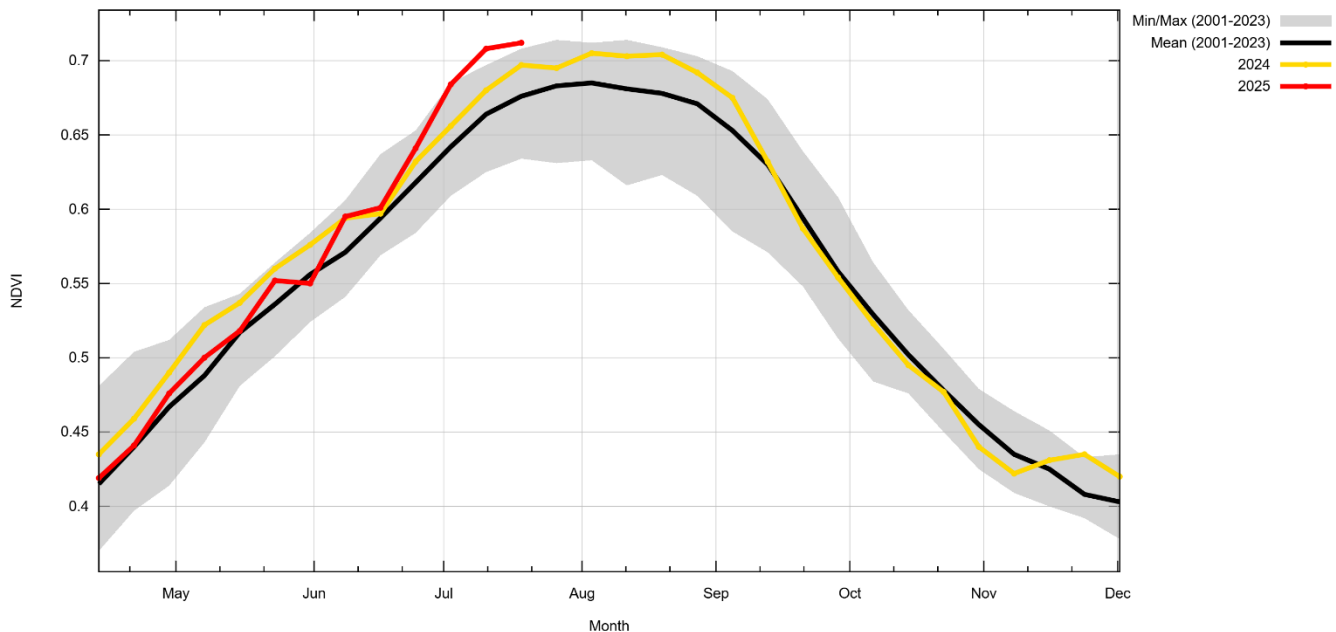


72-hour rainfall/72-hour radar-estimated rainfall through around 4:30 AM CDT

Grains

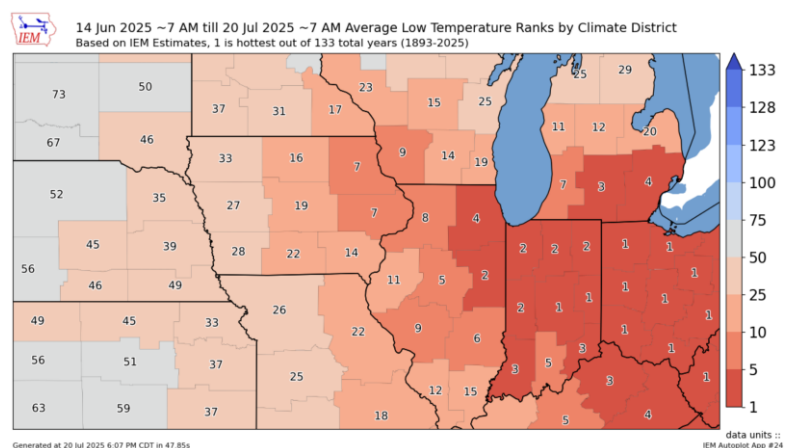
I'm struggling to get a clear sense of what this year's corn yield potential might be. On one hand, crop conditions are the second-best for mid-July in the past decade. Additionally, while NDVI isn't a perfect metric, it is currently at record-high levels for corn areas in the U.S. (see the below). Taken together, these indicators suggest that we're on track for a record corn crop (and possibly by a wide margin).

Plot 1. Seasonal Time Series for Terra MODIS 8-day NDVI / IFPRI SPAM 2010 v1 Corn / United States



On the other hand, we know that temperature is the key weather variable influencing corn yield, and so far, it's been a warm summer. June temperatures across the Corn Belt averaged 2.7°F above normal, and July is also shaping up to finish well above average. Our good friend Craig Solberg shared some excellent analysis last week, highlighting that we've never had a record corn crop, or even an above-trend yield, when summer temperatures (June through August) average 2°F or more above normal. If August continues this

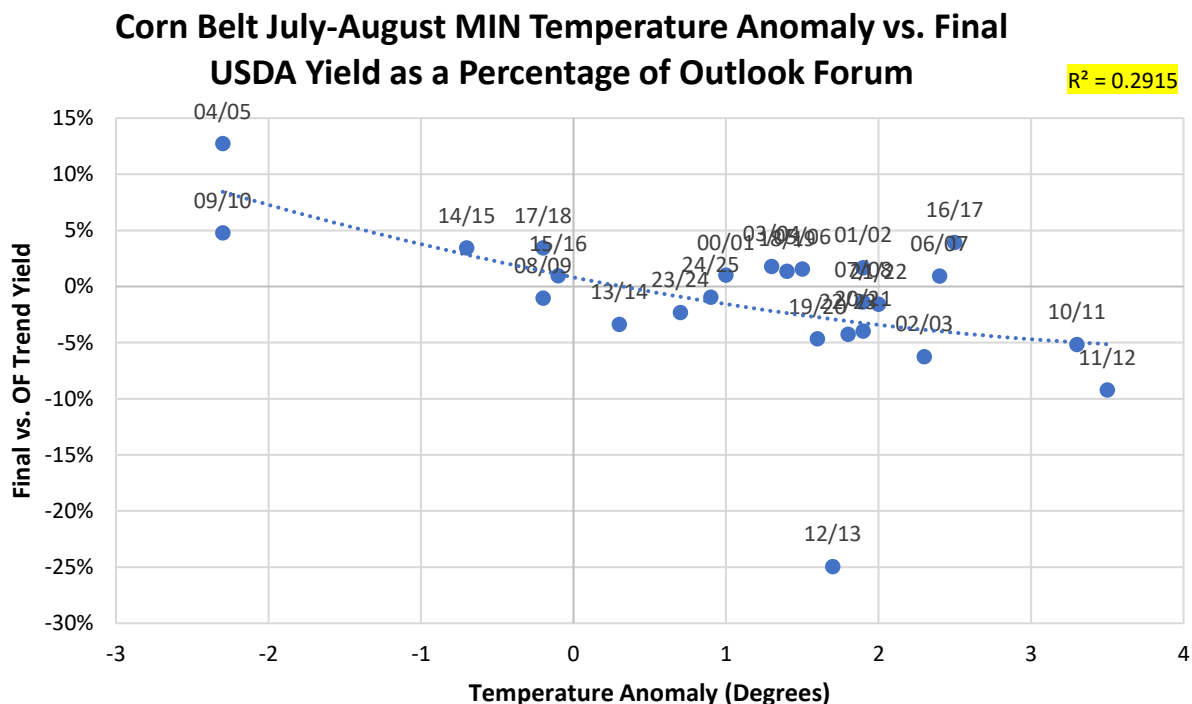
warm trend, it's conceivable that the 2025 summer will average at least two degrees above normal. If history is any guide, that would suggest a sub-trend yield. However, this year may be more nuanced, as the heat has been driven more by elevated nighttime temperatures than by extreme daytime highs. See the chart above, which has been passed around Twitter in recent days, and shows that we've had the warmest minimum temperatures on

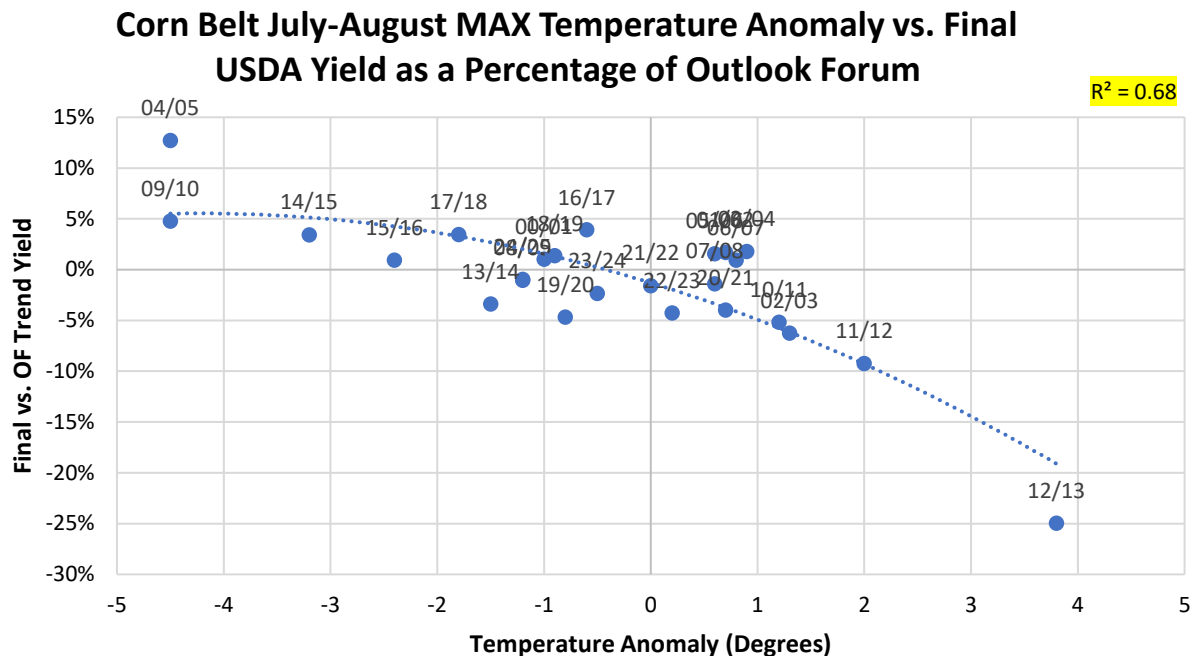


record in large areas of the Corn Belt over the past month or so. These conditions are expected to persist through at least the end of July for the entire Corn Belt.

With that understanding, I wanted to take a look at a few scatters below to test the impact of minimum vs. maximum July-August temperatures on corn yields and see if there's a noticeable difference in correlation. The charts below show the Corn Belt July-August minimum and maximum temperature anomalies plotted against the final USDA yield as a percentage of the Outlook Forum's "trend" yield.

I'm certainly not an agronomist, but what I find interesting is that the R^2 is noticeably stronger for the maximum temperature anomaly compared to the minimum. Additionally, there have been numerous years where minimum temperatures were above average, and we still posted an above-trend yield. With that in mind, my personal bias is that a trend-to-above-trend yield is still in play, given the relative influence of maximum vs. minimum temperatures. However, I'd greatly appreciate any thoughts or insights.





Livestock

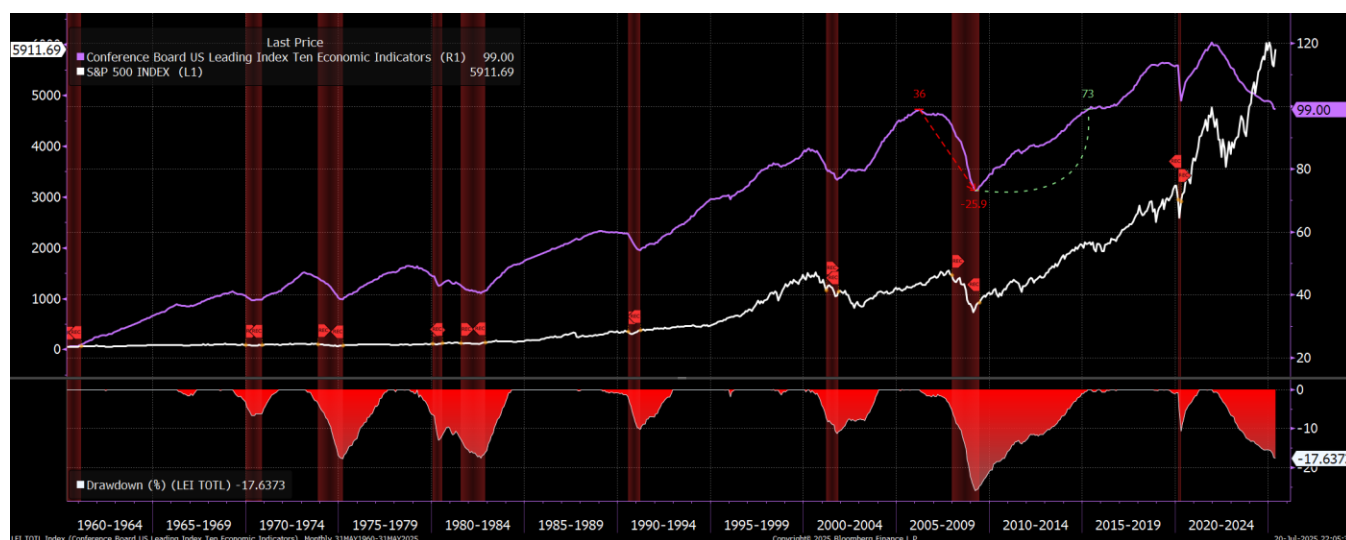
We've already discussed that managed money continues to hold sizable positions in the livestock markets, and that remained true in the latest COT report through July 15th. However, what I want to highlight briefly is the behavior of index positioning, which has been relatively choppy but is quietly grinding higher, now approaching levels we haven't consistently seen since the 2018–2020 period. While it's not a parabolic move, the steady climb suggests a broader re-engagement from long-only funds, possibly tied to inflation hedging, spurred on by tariff concerns, or a constructive view on livestock markets.



Financials

There are no major economic releases this morning. However, we will get the Conference Board's Leading Economic Index, which is worth a casual look. The LEI combines a range of economic indicators and is often viewed as a signal of future growth or weakness. Historically, it's been a useful tool for spotting larger market corrections.

What stands out now is that the LEI has been consistently trending lower, even as equities have remained resilient. We're also approaching the second-deepest drawdown in the index since the 2007 recession. While recession probabilities still appear relatively low, the recent market exuberance doesn't seem to be driven by stronger data, if anything, the data continues to come in as expected or softer.



Today's Calendar (all times Central)

- US Leading Index – 9:00 am
- Export Inspections – 10:00 am
- Crop Progress – 3:00 pm

Thanks for reading.

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