NESVICK
TRADING GROUP, LLC

Wednesday, July 30, 2025
NTG Morning Comments
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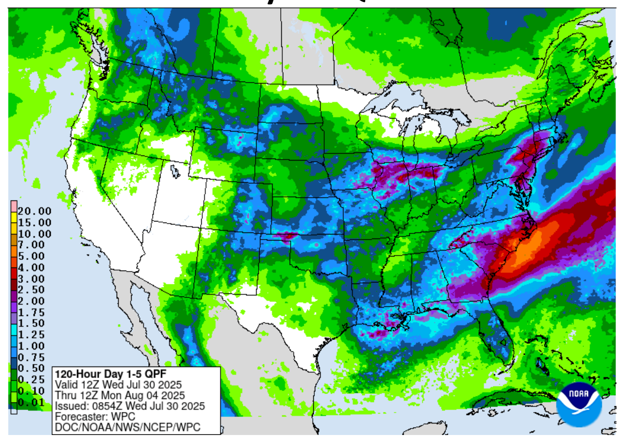
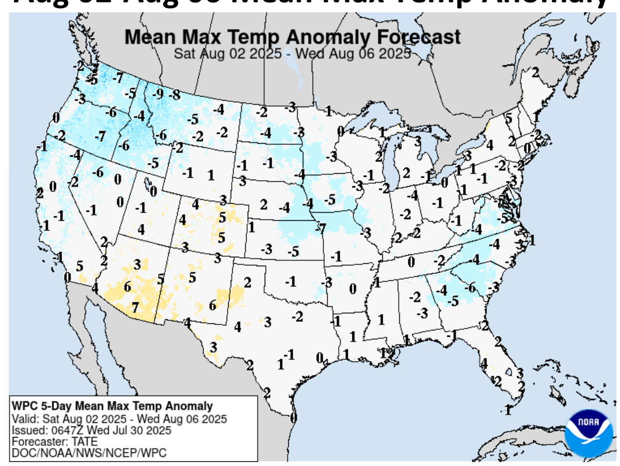
Weather

Rainfall over the past 24 hours was heaviest in northwestern Iowa, with totals as of 4:30 AM CDT including 2.41" at Boone, 2.75" at Cherokee, and 3.51" at Perry. The western Corn Belt continues to stack up impressive rainfall for July and the June–July period. Ames, IA is nearing 21" since June 1 (220% of normal), while Norfolk, NE approaches 16", more than double normal.

Day 1-5 QPF



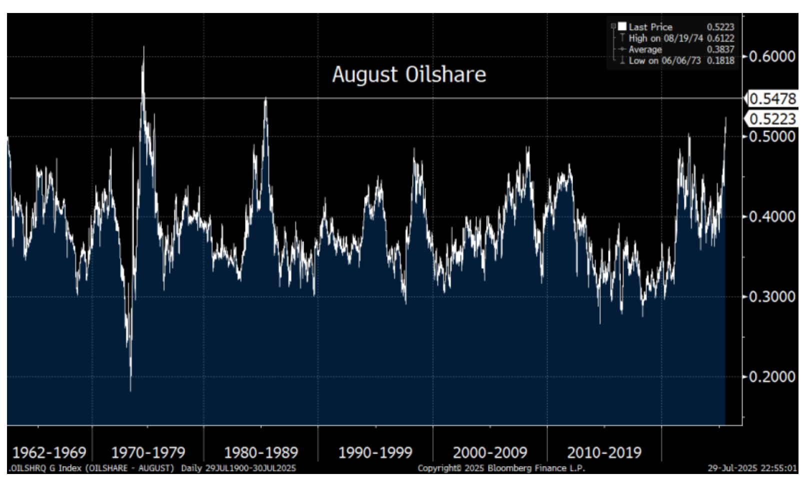
Aug 02-Aug 06 Mean Max Temp Anomaly



Additional rain today will target the heart of the Corn Belt, but only far western areas are likely to see precipitation through the first five days of August. By August 6, the entire region should return to rain chances as a classic ridge-rider pattern develops under west/northwest flow around a high-pressure dome in the Southwest. Models aren't overly wet, but that's typical for this setup.

Highs of 90–100°F will persist today south of I-70, while cooler air continues to spread north. By Saturday, above-normal temps will be limited to the far Southwest. Thursday through Monday still looks like the coolest stretch in the Corn Belt, with some western areas averaging up to 7°F below normal. Warmer weather returns August 5 and beyond, with temps forecast to run 2–4°F above normal in the Corn Belt and 4–6°F above normal in the southern Plains, nothing extreme, but notably warm for that period.

Grains

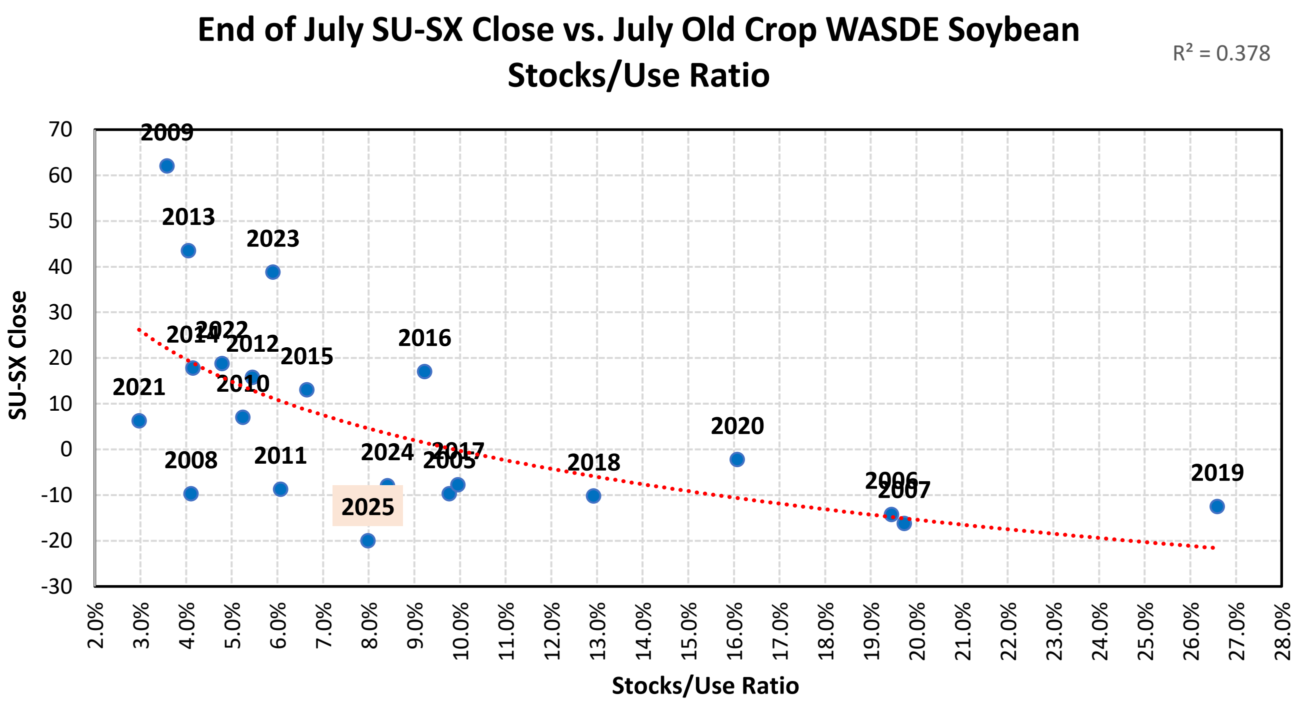


I wanted to start with a quick oilshare chart. Oilshare for the August contract continues to push multi-decade highs, reaching levels not seen since the 1980s. The next key resistance appears to be around the 55% mark.

We've talked about the CU/Z spread in recent weeks, and it continues to widen, now nearing 22 cents, or about 72% of full carry. Along those lines, I wanted to quickly highlight the Sep/Nov soybean spread, which has followed a similar path.

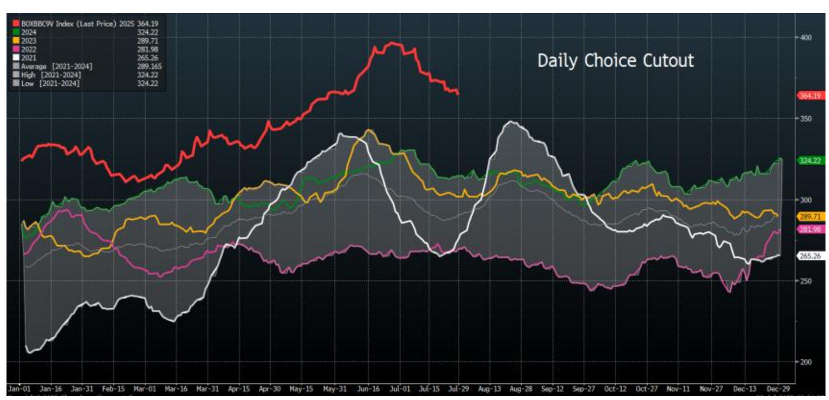
Take a look at the scatter below; it's not a perfect R^2, but at -20, SU is at its weakest level for this time of year in recent history, irrespective of a relatively tight stocks/use (at least on paper). Brazil continues to dominate global soybean trade, and a complete lack of Chinese commitments remains a headwind for future US exports. On top of that, there's increasing talk of above-trend yields, with ample moisture expected heading into August, the key development month for beans.

I don't have a strong trade opinion here. I'm not looking to press the spread much lower at these levels, but given the current fundamentals, it's also tough to make a compelling case for a bounce. Thoughts appreciated.

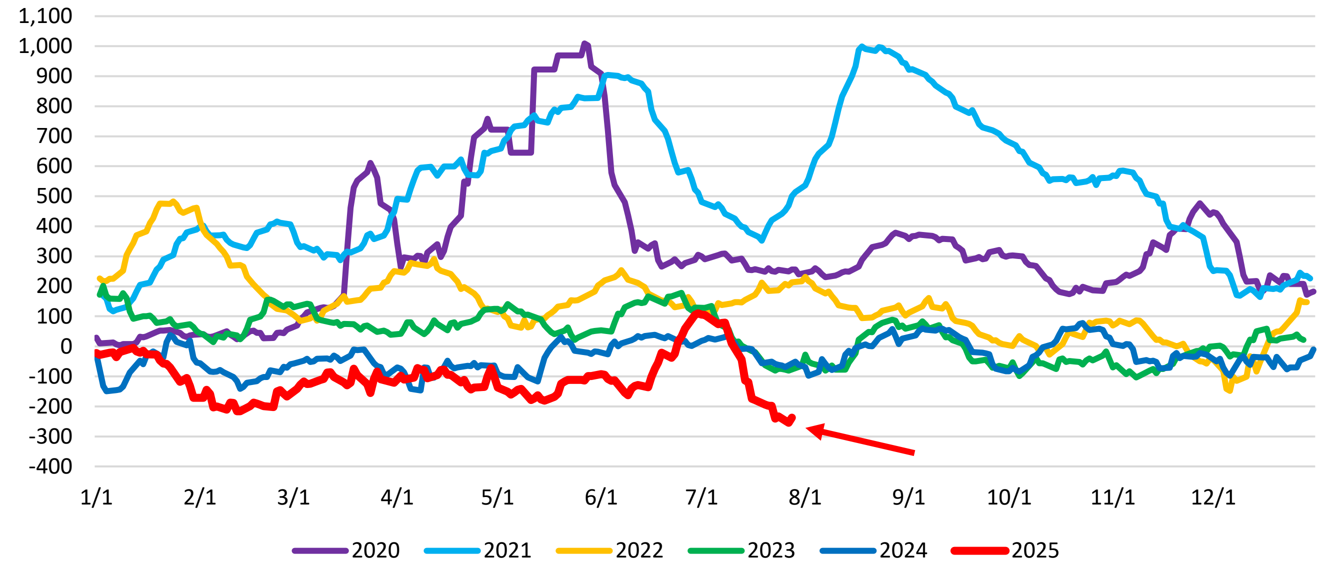


Livestock

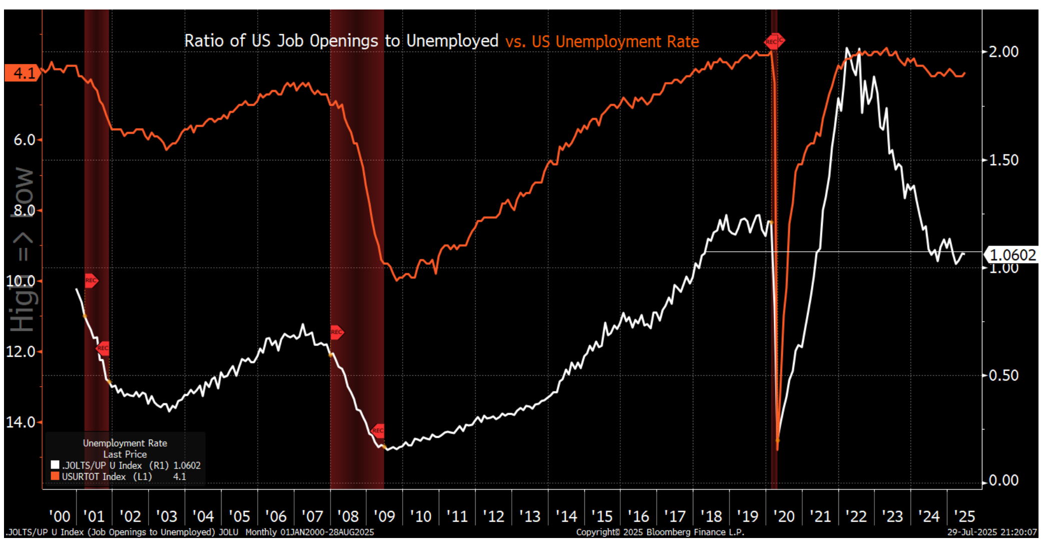
The chart on the following page is notable: beef packer margins continue to deteriorate. The Choice cutout has dropped about $32 since peaking at $397 in late June. According to HedgersEdge, packer margins have collapsed to around -$250/head. With beef prices under pressure, even with packers cutting kills, one would think that the depressed margins would limit potential upside in cash in the immediate future.



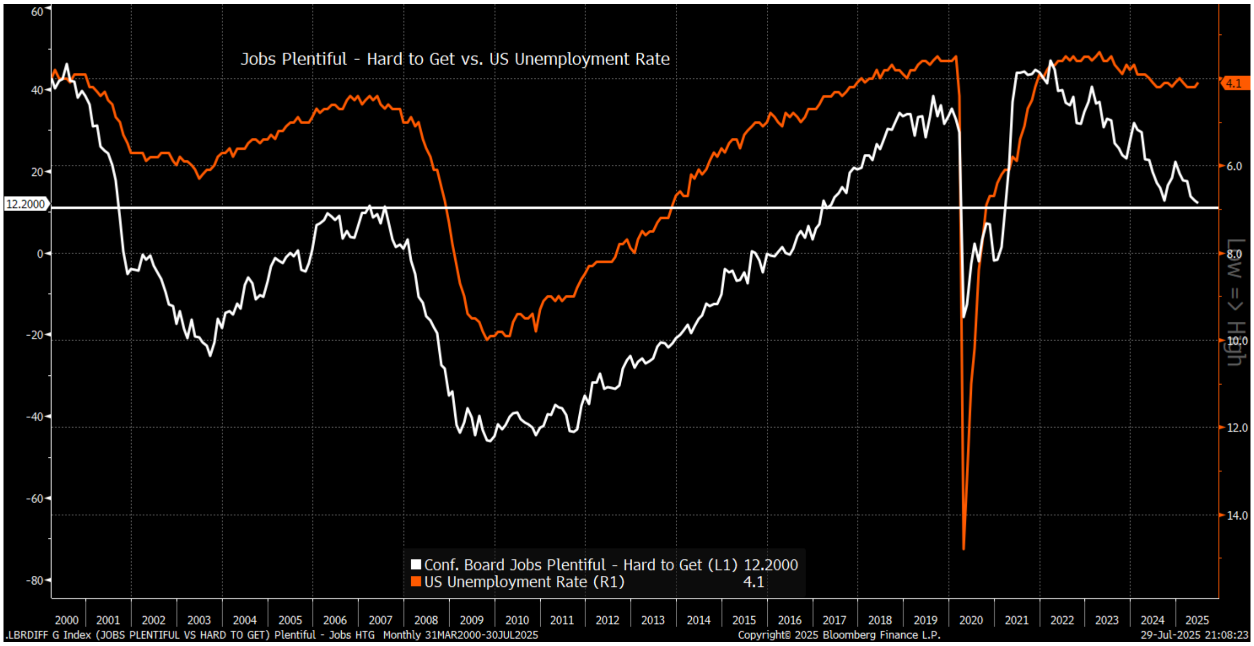
HedgersEdge Beef Packer Margin Estimate (USD / Head)



Financials



I just wanted to highlight two charts from yesterday's economic releases. Headline job openings from the JOLTS report came in below expectations at 7.437 million, compared to the consensus estimate of 7.5 million. The ratio of job openings to unemployed fell to 1.06, the lowest since 2018, pointing to rising labor market slack. The second chart on the next page shows the spread between the Conference Board's 'Jobs Plentiful minus Hard to Get' index, which reflects consumer perceptions of the labor market. This index subtracts the share of respondents who say jobs are hard to get from those who say jobs are plentiful, offering a real-time gauge of labor sentiment. It has now declined to 12.2, the lowest level since 2017. Taken together, these indicators reinforce the narrative of a cooling labor market and increasing slack.

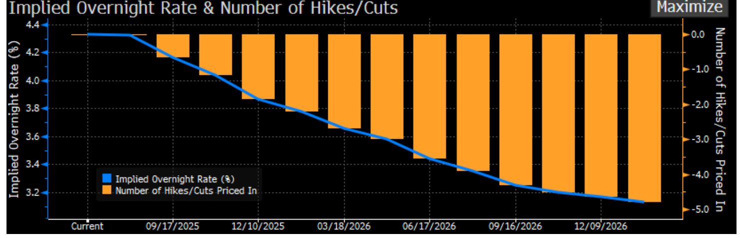


That brings us to today's key event: the FOMC rate decision. The WIRP screen currently shows just a 3% probability of a cut at this meeting. Attention is shifting to the more pivotal September meeting, where markets are pricing in a roughly 64% chance of a cut. Investors will be watching for any signs of dovishness that could hint at a move in September. June's dot plot revealed a divided committee, with nearly as many officials projecting one or no cuts as those expecting two or more. Since then, intermeeting data has shown some signs of tariff pass-through and a decline in the unemployment rate, developments that likely reduce the urgency to ease. Keep in mind, both the jobs report and PCE data are due over the next two days, and could heavily influence the Fed's next steps.

Region: United States » Instrument: Fed Funds Futures »
Target Rate 4.50 Pricing Date 07/30/2025
Effective Rate 4.33 Cur. Imp. O/N Rate 4.329

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
07/30/2025	-0.031	-3.1%	-0.008	4.321	0.250
09/17/2025	-0.670	-63.9%	-0.167	4.162	0.250
10/29/2025	-1.166	-49.6%	-0.292	4.038	0.250
12/10/2025	-1.843	-67.7%	-0.461	3.868	0.250
01/28/2026	-2.206	-36.3%	-0.552	3.778	0.250
03/18/2026	-2.700	-49.4%	-0.675	3.654	0.250
04/29/2026	-3.006	-30.6%	-0.752	3.578	0.250
06/17/2026	-3.545	-53.9%	-0.886	3.443	0.250
07/29/2026	-3.906	-36.1%	-0.976	3.352	0.250
09/16/2026	-4.314	-40.8%	-1.079	3.250	0.250
10/28/2026	-4.526	-21.2%	-1.132	3.198	0.250

Implied Overnight Rate & Number of Hikes/Cuts Maximize



Today's Calendar (all times Central)

- ADP – 7:15 am
- GDP – 7:30 am
- Pending Home Sales – 9:00 am
- EIA Energy Stocks – 9:30 am

- FOMC Rate Decision – 1:00 pm

Thanks for reading.
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