NESVICK
TRADING GROUP, LLC

Thursday, July 31, 2025
NTG Morning Comments
www.nesvick.com

Weather

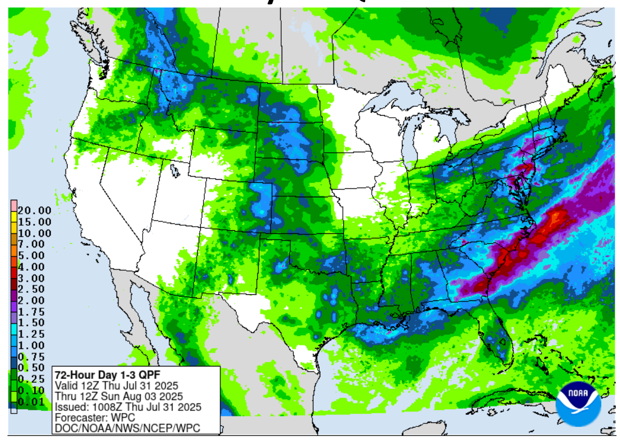
Rain chances will be limited across much of the Corn Belt over the next several days. Today's precipitation in eastern and southeastern areas will be modest, and most of central and eastern parts of the region will stay dry through at least the first five days of August, some spots even longer.

However, light to moderate rainfall is expected daily in far western and northwestern areas (especially South Dakota, Nebraska, and Kansas), with totals near to above normal.

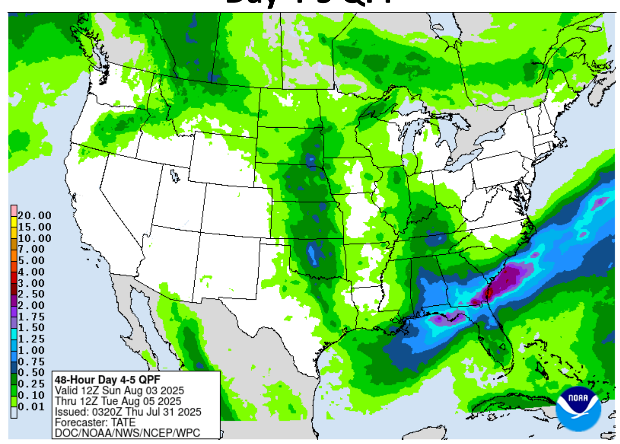
Around August 6, rain chances will expand across more of the Corn Belt as ridge-rider thunderstorms return, likely persisting through August 14. While models aren't showing significant totals yet, they often underestimate these events until closer in. July's rainfall provides a good example of what ridge-rider patterns can produce.

Cooler air reaches the southern parts of the Corn Belt today, with relief spreading into the Mid-South by tomorrow. The western Corn Belt may run up to 7°F below normal over the next five days. However, above-normal temperatures are expected to return across much of the region starting August 5 and persist through mid-month, generally 2–4°F above normal, while the southern Plains trend 4–6°F above normal.

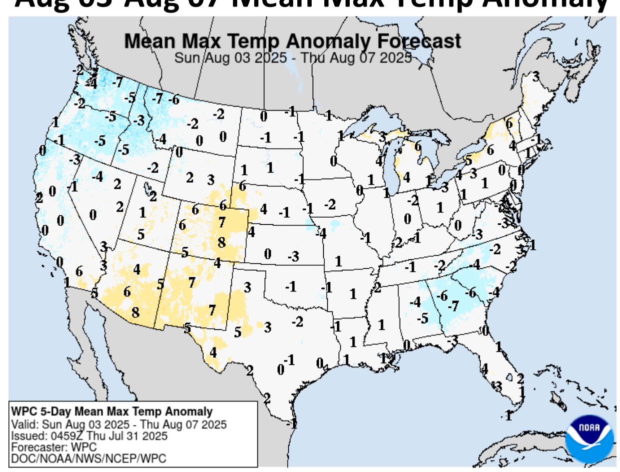
Day 1-3 QPF



Day 4-5 QPF



Aug 03-Aug 07 Mean Max Temp Anomaly

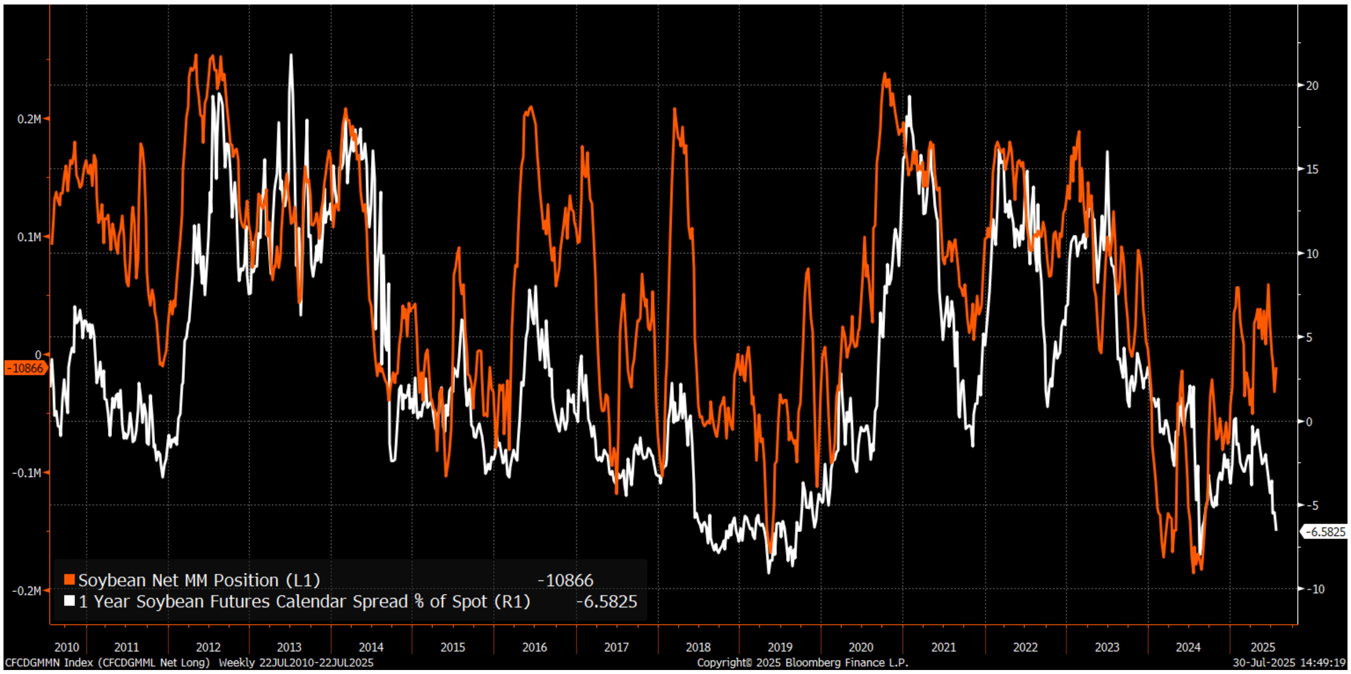


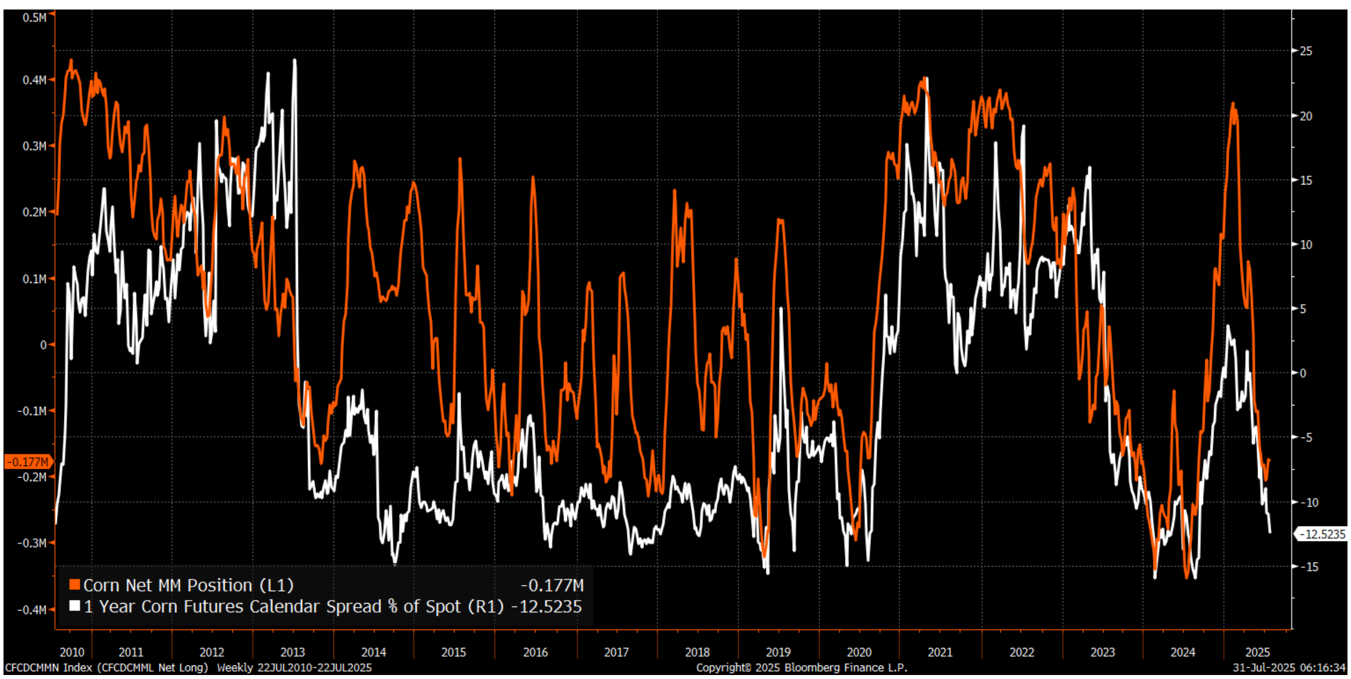
Grains

I don't have much this morning, it feels like the market is waiting for private yield estimates, which are set to be released next week: StoneX on Monday and Informa on Tuesday.

I've included two charts on the next page that highlight the relationship between managed money positioning and the 1-year futures calendar spread as a percentage of spot. In general, when the market moves into a carry, like we're seeing now in corn and soybeans, managed money tends to increase net short positions to take advantage of that carry.

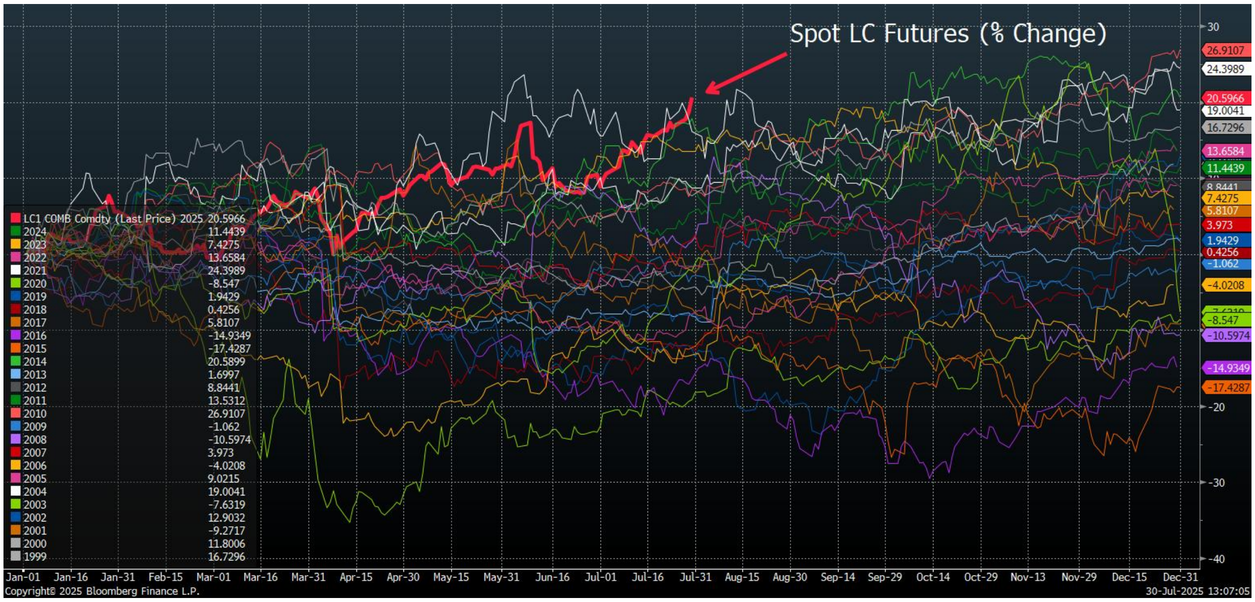
The first chart shows that this relationship is a bit out of sync for soybeans. Managed money is currently sitting near neutral, even as the calendar spread continues to widen. Could this open the door for more selling of beans? You could make a similar case for corn, that there's still room for additional shorts to bring positioning back in line with last year, but the disconnect seems more pronounced in soybeans.

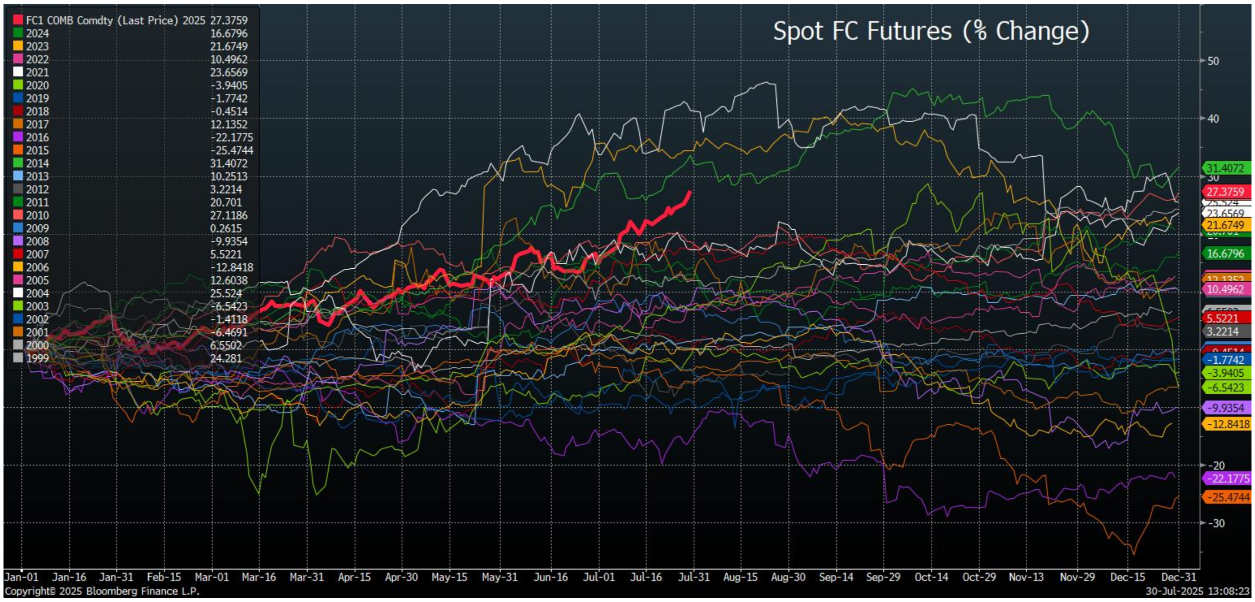




Livestock

I just wanted to take a moment to highlight the two charts below, showing year-to-date performance for spot Live Cattle and Feeder Cattle futures. Based on my dataset going back to 1999, LC is currently up roughly 20.5% YTD, the highest on record for this point in the year. FC futures are up roughly 27%, which ranks as the 4th strongest YTD performance since 1999. While somewhat arbitrary, it's worth noting that LC futures have never ended a year up more than 27% (2010), and the record for FC is 31% (2014).





Financials

The Fed held rates steady at the July 30 FOMC meeting, as expected. As we noted yesterday, the focus was on signals for September. The policy statement leaned dovish, citing moderated growth in the first half of the year, while Powell struck a slightly more hawkish tone in his press conference. As a result, markets have trimmed the odds of a September rate cut to 44% (down from 65% pre-meeting), the lowest since May, and are now pricing in a shallower overall rate cut path. That said, today's PCE data (due at 7:30 am CT) and tomorrow's NFP release could easily shift expectations. Survey estimates for PCE are shown to the right.

Separately, yesterday's ADP report included a breakdown of wage growth that I wanted to highlight quickly. In July, job-stayers saw annual wage gains of 4.4% while job-changers rose 7.0%, leaving the spread at just 2.6%, one of the narrowest since the pandemic recovery began. That spread tracks well with the JOLTS quits rate, which dipped to 2.0%, signaling fewer workers are leaving jobs voluntarily. Taken together, these trends suggest fading worker bargaining power and a labor market that's finding better balance.

Today's Calendar (all times Central)

- Export Sales – 7:30 am
- PCE – 7:30 am
- Jobless Claims – 7:30 am
- EIA Nat Gas Stocks – 9:30 am

Thanks for reading.

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

DISCLAIMER: