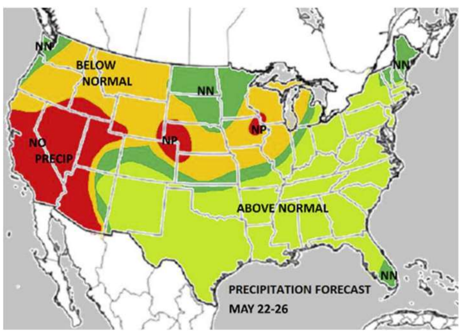
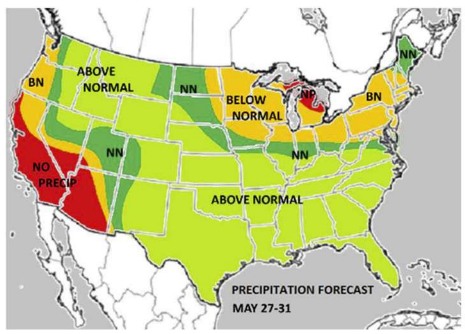
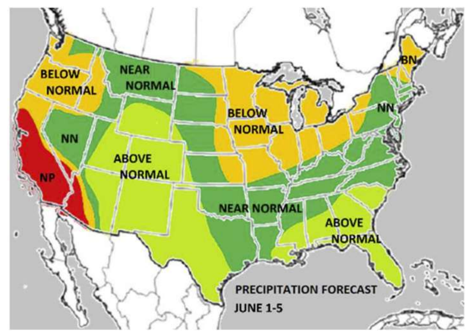
Weather

The 15-day forecast for the Corn Belt has introduced some drier trends overall, though the southeastern areas remain overly saturated and will likely face an extended period before fieldwork operations can safely resume. Similarly, the outlook for the Mid-South and Southeast has trended slightly drier compared to previous expectations; however, the pattern remains exceptionally wet and will still deliver substantial long-term drought relief alongside inevitable complaints of excessively wet conditions. In the HRW wheat belt, consistent rain chances maintain the potential for above-normal 15-day totals across the entire region, which remains highly beneficial for developing summer row crops and pastures despite being too late to salvage the damaged winter wheat crop. While western portions of the northern Plains spring wheat areas received highly beneficial precipitation over the past 24 hours, highlighted by 1.94 inches of rainfall at Dickinson, the broader 15-day forecast for the region maintains a near-normal to modestly below-normal outlook. Temperatures across the central and eastern portions of the country will remain near to below-normal through tomorrow before an exceptionally warm pattern emerges Sunday and beyond, driving temperatures 3-6 degrees above-normal in the northern Corn Belt and 6-10 degrees above-normal in the northern Plains, while persistent cloud cover and rainfall will definitively suppress any abnormal heat in the southern Corn Belt and further south through the opening five days of June.

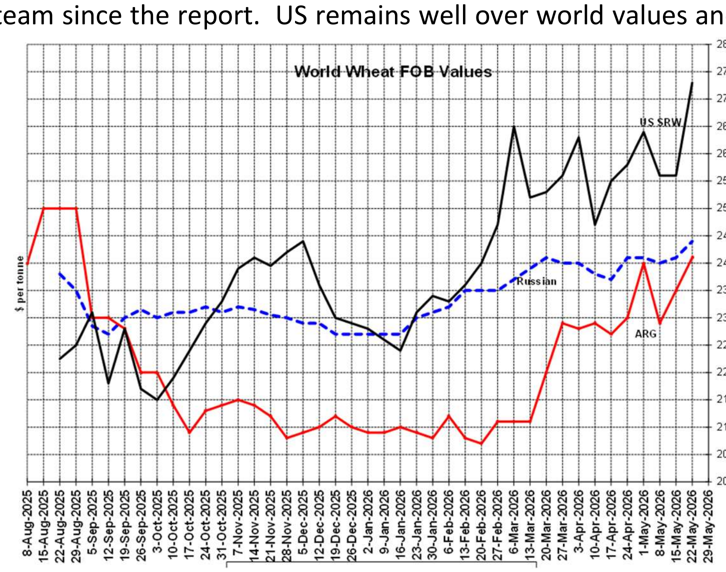






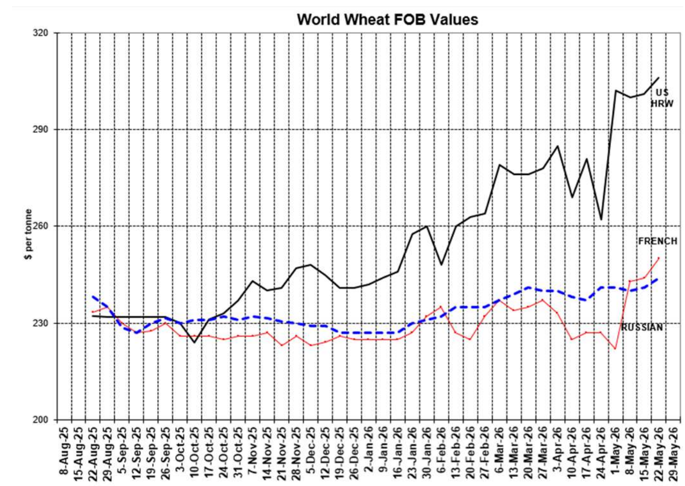
Grains

So far this week could have eaten you up. Had the big run-ups Monday on the China buying rumors. We have chopped around working lower ever since. Wheat has run out of steam since the report. US remains well over world values and harvest is about to start. See attached charts. Crude was all over the place – is the war on or off remains the question. Late in the session Thursday, there was an announcement that an agreement has finally been reached between the US and Iran with Pakistani mediation and equities, crude, gold and ags acted accordingly.



Board crush margins as well as oil share also remain below early May highs. RIN generation (D4) for April was released Thurs – 650.1 mln glns and was light vs expected (around 750 mln) and well below what is need to do to meet the mandate. This suggests the market still has a big job to do, but the market may flush if crude breaks further on a resolution.

The BACE raised both their corn and bean crop estimates. They forecast corn at 64 mmt – up from 61 previously, up from the 59 mmt from the USDA and still below Rosario that is at 68 mmt. For beans, they raised to 50.1 mmt from 48.6 mmt. The USDA is at 48 mmt and Rosario is at 50 mmt.

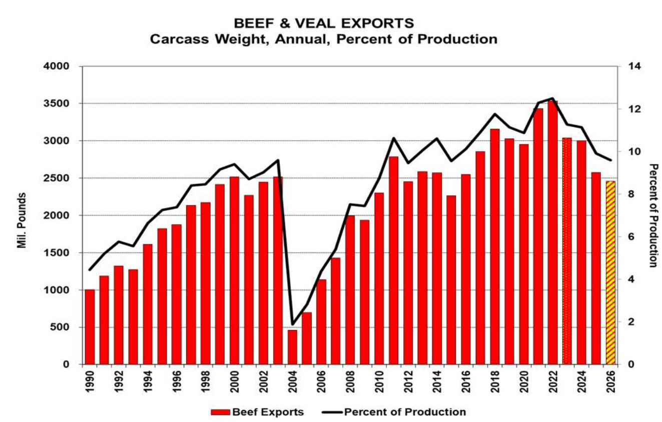


Corn Belt weather is generally favorable with possibly too wet in the southern ECB over the next couple weeks. This will need to be monitored for the completion of planting. The HRW areas are finally going to turn wetter which is likely too late and could cause issues during harvest. It is very difficult to be long this time of year if the weather is okay and the crop is in and it feels like the risks are skewing to the downside here. The main risks to the upside are new highs in crude (if resolution isn't finalized or isn't abided by) and/or China stepping in.

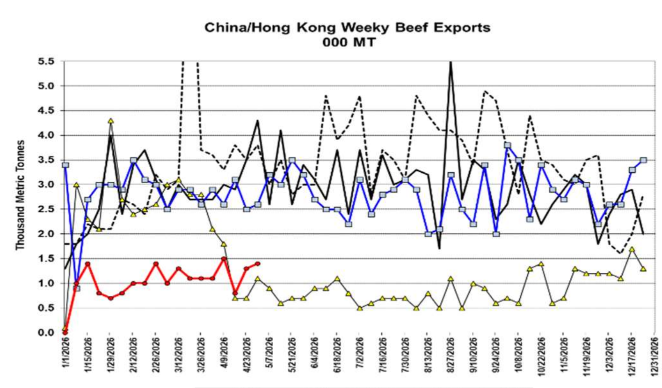
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

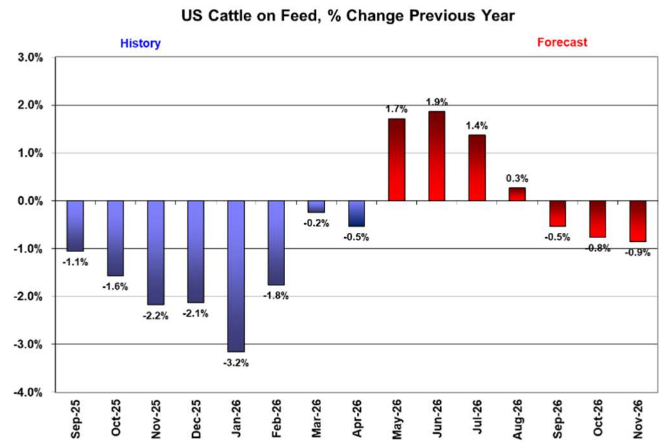
Policy discussions last week regarding the cattle and beef industry ranged from polar opposites, subjecting the industry to some wide swings in futures prices. At the beginning of the week, the White House fixation on record high retail beef prices culminated in an executive order removing the over-quota tariffs on imported beef, potentially facilitating larger beef imports, particularly from Brazil. The resulting plunge in cattle and feeder cattle futures ignited a protest from the cattle industry leading to the executive order being "delayed". At the other end of the spectrum, the late week summit in Bejing touted an agreement for China to purchase an additional $17 billion of US ag products—presumably including beef—which was followed by re-listing over 400 facilities eligible to export beef to China, which had been delisted early last year as the tariff war escalated. The resulting enthusiasm boosted cash and futures sharply higher to close the week.



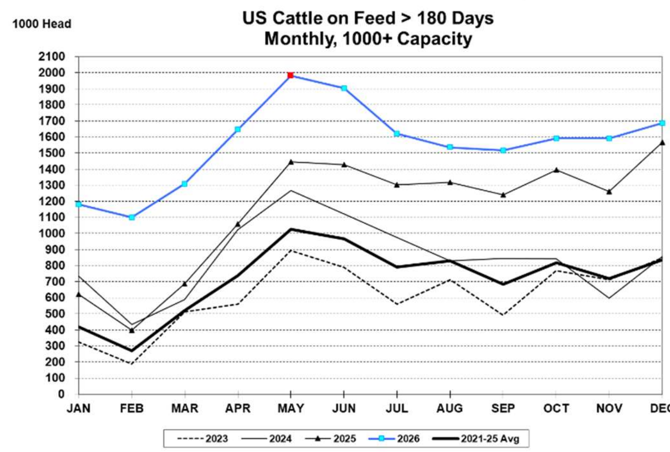
After reaching a record 3.5 billion pounds in 2022 and accounting for more than 12% of production, beef exports have been declining, slipping near 2.5 billion pounds in 2025 with further declines looming in 2026. JFM beef exports plunged 18% below a year earlier, but posted a more moderate 10% decline in recent weeks, suggesting that the projected 7% decline in tonnage and less than 9% of production in 2026 might be too optimistic, particularly in light of record high US beef prices and slowing world economic growth. Enter the China card. Beef exports to China peaked in 2022 at more than 630 million pounds, following the ASF outbreak which slashed domestic pork production. As Chinese pork production rebounded, US beef exports to China had slipped to 475 million pounds in 2024 and last year dwindled to about 150 million pounds amid the escalating tariff war and the cancellation of



plants eligible to ship to China. Through early May, US beef shipments to China/Hong Kong are down over 50%. Earlier this year, the Chinese ag ministry cautioned their hog industry regarding further expansion and implemented a TRQ structure to limit beef imports. Amid some apparent softening in the Chinese economy, the economic sign posts do not suggest a dramatic rebound in Chinese purchases of US beef.



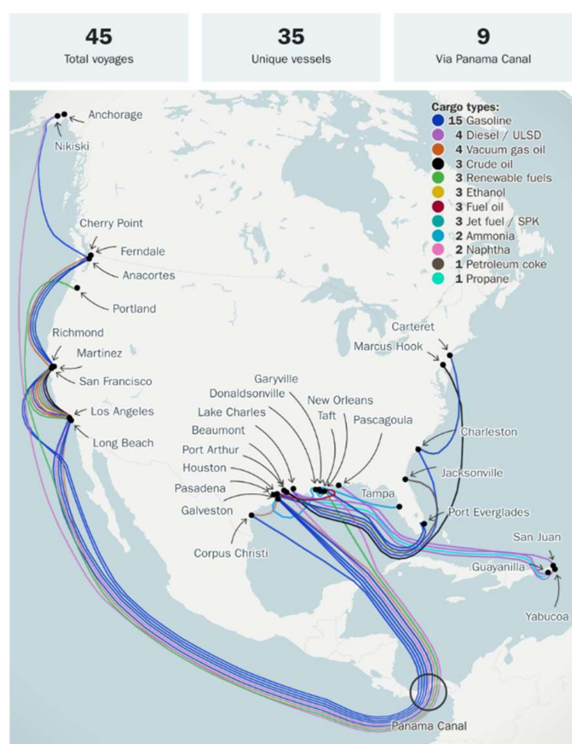
Switching gears, the Cattle on Feed report later today is expected to reveal the first year-over-year increase in monthly feedlot inventories since 2024—a stark contrast to the media mantra emphasizing record high beef prices and the smallest cattle inventory in decades. The larger feedlot inventory reflects the chronically slow marketing pace of recent months, coupled with only a modest decline in January-April feedlot placements. Besides the larger total feedlot inventory, a larger front-end supply--measured by the cattle on feed over 180 days—coupled with last year's small fed kills, odds suggest that fed cattle slaughter during the last half of the year may match or exceed a year earlier and with heavier carcass weights, fed beef production likely will be larger, as well.



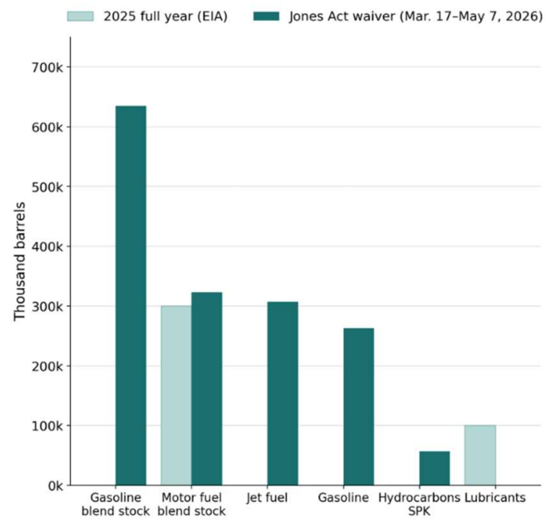
Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Macro/Financials

We haven't talked about the Jones act since the original 60-day waiver went into effect near the beginning of the Iran conflict. The administration has already extended its Jones Act waiver by another 90 days, so the relief now runs through an August 16 loading deadline. That has turned a routine emergency measure into something far more interesting: the longest, broadest suspension of the 1920 maritime transport law since 1950, and a rare real-world test of what intra-US shipping looks like when foreign vessels are allowed to compete. The Maritime Administration has been publishing voyage-level data on every cargo that moved under the waiver, and the early read is hard to ignore.



Start with the headline number. In the waiver's first 50 days, foreign-flagged tankers carried roughly 1.59M barrels of diesel and petroleum products from the Gulf Coast refining complex to the West Coast. For context, the same categories saw about 401,000 barrels move by water over all of last year, so we're talking ~4x the annual volume in under two months. The key point is that the Jones Act tanker fleet was still fully employed, so these foreign vessels weren't displacing American ships, they were supplementing them. That tells you the demand was there all along and the binding constraint was vessel availability, not a lack of willing buyers and sellers.



The granular stuff is arguably more telling. Puerto Rico took its first-ever bulk propane delivery, something that had been physically impossible because there isn't a single LPG tanker in the Jones Act fleet, which had forced the island to source from as far away as Chile. Three voyages moved anhydrous ammonia, a direct input cost for farmers heading into the season. And California turned out to be the single biggest beneficiary, tied to 21 of the 45 total voyages. We even saw Bakken crude reach a Pennsylvania refinery via Texas, which Phillips 66 flagged on its earnings call as domestic oil stepping in for imported supply.

This waiver exists because the conflict in the Middle East scrambled energy supply chains, and crisis-elevated prices make marginal voyages pencil out that wouldn't in calmer markets, so the data probably overstates what a permanent repeal would deliver in a normal year. The law's original purpose was sustaining a domestic merchant fleet and shipyard base for military sealift, and you can't lean on foreign tonnage indefinitely without eroding that. That being said, the Jones Act clearly also hasn’t provided enough value for new US ship production under the requirement; if it did, then we wouldn’t be in a situation where many parts of the country are highly reliant on imports for energy and other goods that the US produces in sufficient quantities to support domestic demand. Every barrel of Gulf fuel landing on the West Coast and every propane cargo reaching San Juan is a transaction the market wanted that the Jones Act was quietly preventing. When the waiver lapses after August 16 (assuming the waiver isn’t further extended), those flows largely stop, and the premium captive regions pay for water-borne goods comes right back.

Macro/Financials commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Today’s Calendar (all times Central)

- Cattle on Feed – 2:00 PM
- Cold Storage – 2:00 PM

Thanks for reading,

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