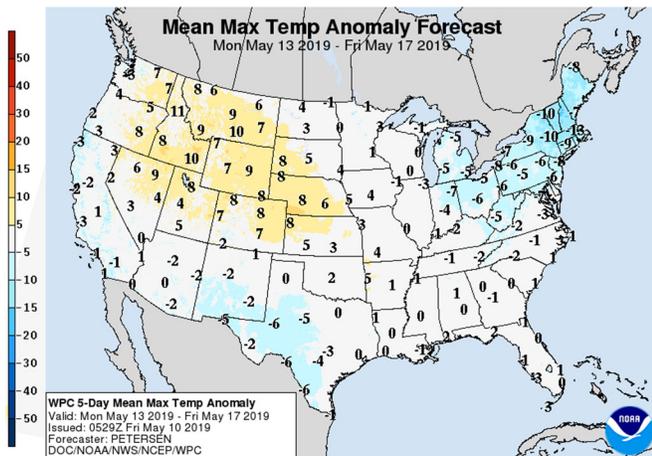
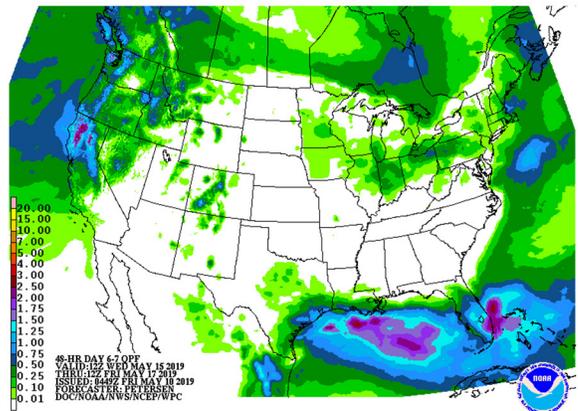
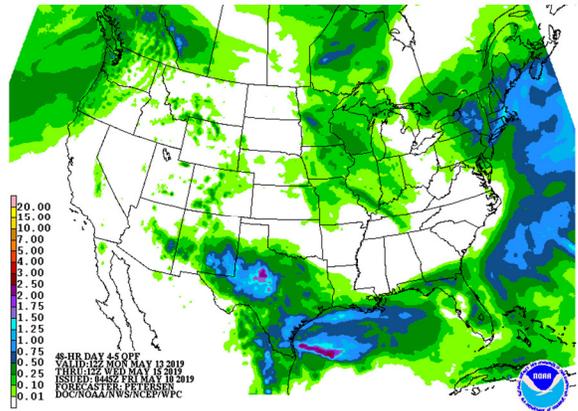
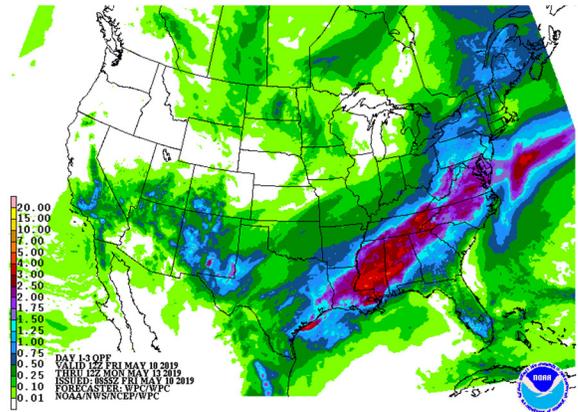


Weather

At right: Days 1-3, 4-5, and 6-7

We have entered the long-discussed period of drier weather for the Corn Belt. Rains ended in the WCB earlier yesterday and have mostly pushed out of the ECB overnight. For the next week or so, the majority of the Corn Belt is on tap for mostly BN precipitation. However, as you can see from the maps to the right, that does not mean it will be completely dry this upcoming week. Southeastern portions of the region will see chances for rainfall tomorrow and tomorrow night, and the forecast for those rains is definitely wetter than it was 24 hours ago. Still, coverage will be spotty so not everyone in this area will see rain. Tues/Wed will be another chance for some scattered and light rains in the region, though again this won't be a "big" rain maker. We should start to see rainfall pick up on Friday night in the Corn Belt and that should kick off a period of wetter conditions that will last through the 11-15 day period and possibly beyond.

The forecast has turned a bit warmer for the middle of the country. Note below, with some AN temps possible in the Central Plains during the 3-7 day period. However, we've still got some cold conditions this morning in the Northern Plains and colder weather is expected to reassert itself in the 11-15 day period.



Crops

I spent the last several days going over expectations for today's WASDE report. I won't rehash all of that now, but here are the main bullet points:

- Though most seem to disagree, I do not think WASDE will make any adjustment to their corn yield despite the slow planting pace so far.
- I honestly can't think of much supportive we're going to get from WASDE. Demand cuts should be seen across corn, soybean, and wheat balance sheets.
- 19/20 World production numbers are likely to be up YOY in a lot of cases, which should lead to growth in world ending stocks.

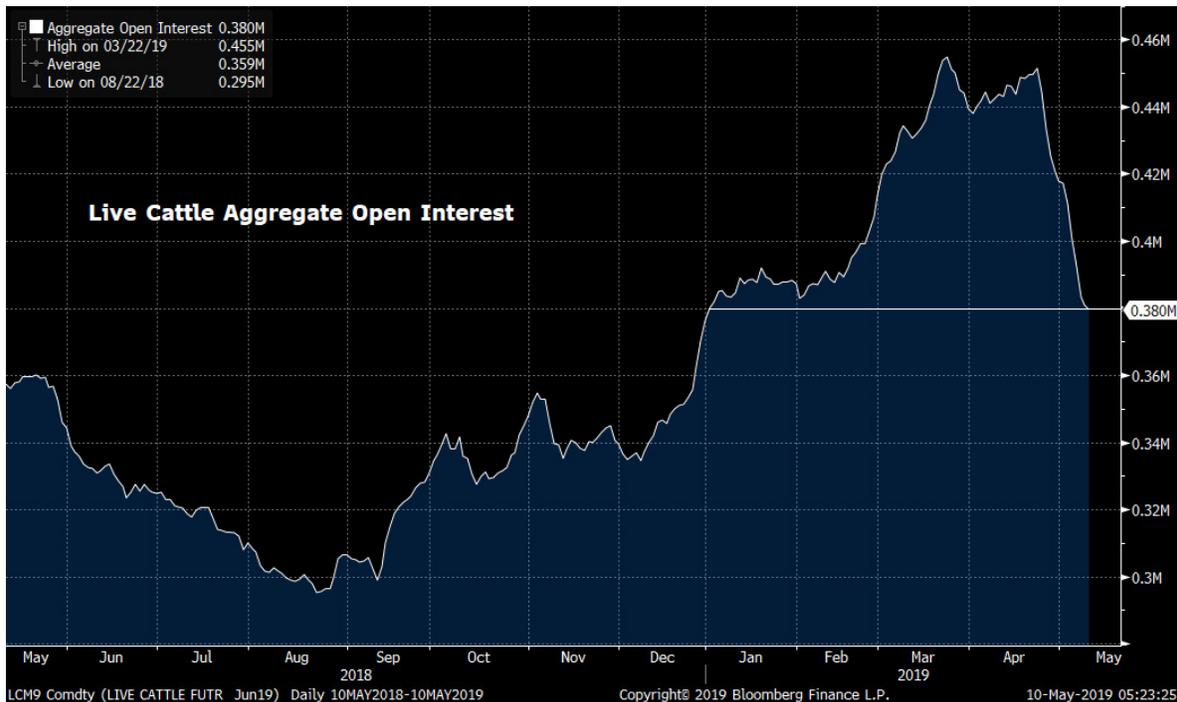
Bottom line – I don't think there is a ton of potential for a lot of supportive news from WASDE today. Maybe some support to wheat if the SRW turns out a little smaller than expected?? No supportive news on the US-China trade dispute either. The read on negotiations yesterday was that virtually no progress was made. Apparently there will be a phone call between Presidents Trump and Xi, but I'm not sure when. Even if there is a "deal" made this weekend – this is a problem that is not going to go away. What I mean by that is – even with a deal the two sides have clearly shown they're in direct competition with each other. Just look at the 5G situation...these two countries are going to be going head to head over a lot of issues over the coming years. This trade situation, even if resolved today, is very likely to dissolve into chaos again in the not too distant future. I think we need to accept the idea that this change in overall policy will have a big impact on trade for a long time regardless of the near term outcome of negotiations.

As noted above we've got some near term drier weather in the forecast with some warmer temps. Both are clearly welcome, but it doesn't sound like they're going to stick around a long time with a bit upturn in precipitation expected at the end of next week. I think this is one issue that might stick with us a little while and might have the potential to produce some price upside. It is one thing to get the crop planted, but if you're just going to follow behind planting with a wall of water it obviously still isn't an ideal situation. Once the WASDE and current trade negotiations are behind us, we should see focus shift back towards weather. In my humble opinion, the weather doesn't look particularly favorable at the moment but we'll see.

Sorry for the short note this morning, but light on words today...

Livestock

A friend sent me a note yesterday pointing out something I thought worth sharing. He showed that aggregate open interest in LC has now dipped back down to the same level we had at the start of the year. The chart is shown below. To end 12/31/18, total LC open interest was roughly 376k contracts. OI peaked on 3/22/19 at just under 455k contracts, or roughly an increase in OI of just under 80k contracts. And after all of that, as of yesterday we're right back down to 379k of OI. Keep in mind that was a new record high for total OI as well. Yes, I know none of this is particularly useful, but I simply found it interesting enough to pass along on a Friday.



Financials

Nothing new to report. As noted above, no progress seems to have been made on trade negotiations yesterday evening. US tariffs have now officially been increased, though remember there is some wiggle room for product that is in transit right now. That buys a little more time for negotiations. Chinese equity markets initially got hit hard, but reports suggest state-backed funds were active buyers to support the market and the Shanghai Composite actually closed sharply higher. We now wait to see what sort of retaliation will come from the Chinese side.

Energy

Crude oil futures are posting modest gains at the time of writing this morning. Oil tanker tracking services are reporting that Iranian shipments of crude oil have fallen off sharply this morning. So far, according to a Bloomberg report, not one ship has been noted leaving Iran's oil terminals for foreign ports. This would seem to indicate that the recent buyers of Iranian crude oil are, for now, not taking chances with the threat of US sanctions. The story does not that some ships have not sent tracking signals for several days so there is definitely going to be a black market here. Still, for now it would seem the US's moves are having the desired effect.

Today's Calendar (all times Central)

- CPI – 7:30am
- WASDE – 11:00am
- Baker Hughes Rig Count – 12:00pm
- Several Fed speakers

Thanks for reading.

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