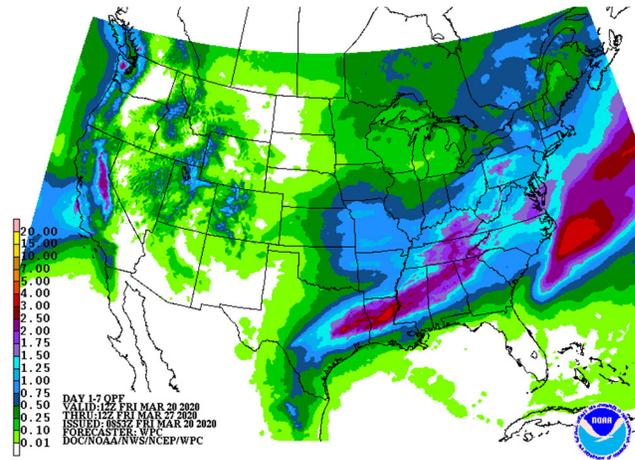


### Weather

No big changes to the forecast this morning. The bottom line is we should see near to above normal precipitation across most of the Corn Belt over the next two weeks. The favored area for rains will be eastern portions of the Corn Belt. The Northern Plains area will not see all that much precipitation relative to normal. Temps will turn colder this weekend but will turn warmer again on Monday and we should see mostly near to above normal temps for the remainder of the two week period.



### Crops

We've seen newswires confirm our suspicions about Chinese purchases of soybeans, corn and HRW over the past 24 hours. Whatever the newswires are reporting for quantities, you can probably be sure that the actual amounts are something bigger. So this is certainly good news and combined with the bounce in equity markets it allows for a relief rally for CBOT ags. One question we should ask ourselves is whether or not the renewed export demand has any staying power. Obviously the Chinese government can buy whatever they want, whenever they want as part of the trade deal. But ignoring that for a moment, how do US prices stack up against competitors after the break?

Below is a breakdown of estimated landed values of US corn to Japan. Again we're not making this too complicated...simply taking the board and CIF and freight values and making a comparison. You can see that on the break in corn prices in the US we've once again moved slightly under Argentine levels in the spot market. This should continue to support corn business in the short term. Note the Brazilian offers starting in June, however. As we move closer to safrinha corn harvest, it still appears that Brazil will take control of the global corn export market again this summer. The US still has a window of opportunity here, but assuming we don't run into crop problems in Brazil that window will be shut by June.

USG Values					Brazil Paranagua Values				Argentina	
	Apr	May	Jun	Jul		Jun	Jul		Apr	
CIF Value	52	53	51.5	49	Paper Premium	50	55	Basis	84	
Assumed FOB Prem					Assumed FOB Prem			Assumed Fob Prem		
CBOT Futures	350.25	350.25	355.75	355.75	CBOT Futures	355.75	355.75	CBOT Futures	350.25	
	CK	CK	CN	CN		CN	CN		CK	
USD/MT Conversion	\$ 158.36	\$ 158.75	\$ 160.33	\$ 159.34	USD/MT Conversion	\$ 159.74	\$ 161.70	USD/MT Conversion	\$ 170.96	
USG-Japan Pmax	42.9	42.9	42.9	42.9	Santos-China Pmax	25.5	25.5	Arg-China Smax	33.65	
Total Landed Ex-Tax	\$ 201.26	\$ 201.65	\$ 203.23	\$ 202.24	Total Landed Ex-Tax	\$ 185.24	\$ 187.20	Total Landed Ex-Tax	\$ 204.61	

On the following page I have a similar breakdown for soybeans. Again, I'm trying to keep things pretty simple here. I am not even accounting for the quality premium that Brazilian soybeans typically hold over US. You can see in this breakdown that despite the break in US prices and rallies in Brazilian premiums, Brazilian soybeans remain priced well under US levels to China. The recent soybean business to China, as I understand it, is mainly just some "fill-in" type of business and is likely not a big quantity. For now, Brazil is priced well under US levels through the summer, so it is difficult to be optimistic for significant soybean demand in the months ahead.

USG Values	Apr	May	Jun	Jul	Brazil Santos Values	Apr	May	Jun	Jul
CIF Value	52.5	53	51.5	53	Paper Premium	70	65	69	75
Assumed FOB Prem	5	5	5	5	Assumed FOB Prem				
CBOT Futures	853	853	858	858	CBOT Futures	853	853	858	858
	SK	SK	SN	SN		SK	SK	SN	SN
USD/MT Conversion	\$ 334.55	\$ 334.74	\$ 336.02	\$ 336.57	USD/MT Conversion	\$ 339.14	\$ 337.31	\$ 340.61	\$ 342.82
USG-China Pmax	41.65	41.65	41.65	41.65	Santos-China Pmax	25.5	25.5	25.5	25.5
Total Landed Ex-Tax	\$ 376.20	\$ 376.39	\$ 377.67	\$ 378.22	Total Landed Ex-Tax	\$ 364.64	\$ 362.81	\$ 366.11	\$ 368.32

### Livestock

I think the chart below basically says it all for the LC action we've seen over the past week or so. It shows aggregate futures open interest over the past several years, and you can see over the past several sessions we've seen massive liquidation of open interest in LC. Have we hit rock bottom and has the liquidation run its course? Who knows? All I do know is the board remains a huge discount to cash and on the margin that should support the board in the absence of panicked liquidation.

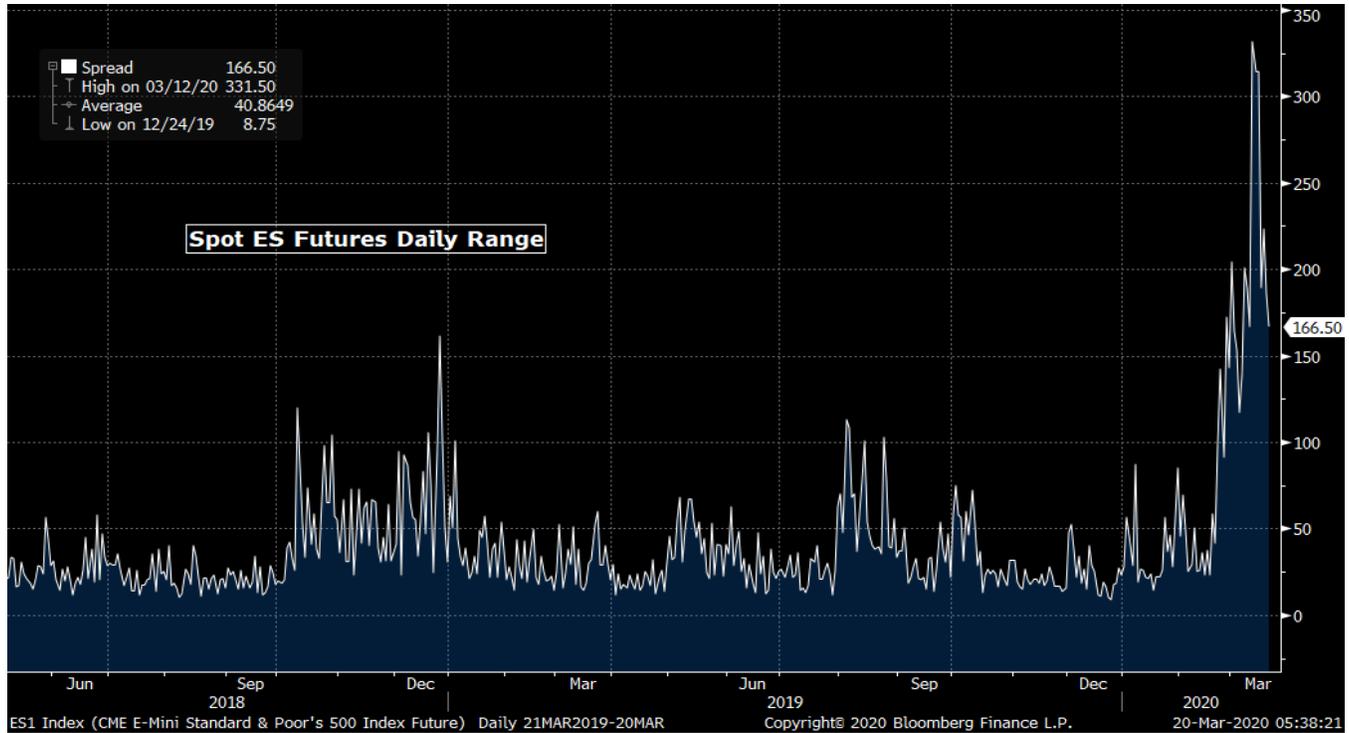


On tap today we have the monthly COF report. I have the Bloomberg survey of expectations shown to the right. Our friend Mike Sands would have placements slightly lower than the average guess, down almost 10% YOY. His expectations for the other main categories would be relatively close to what is shown at the right.

Survey Summary:	Survey Results			Survey Avg	USDA Yr-ago
	Avg	Low	High	Mln Head	Mln Head
Cattle On Feed (March 1)	0.4%	-0.3%	2.0%	11,841	11,796
Placements (Feb.)	-6.9%	-11.0%	-2.9%	1,729	1,857
Marketings (Feb.)	5.4%	3.0%	6.2%	1,774	1,683

## Financials

I just thought the following chart was interesting, though it doesn't really "help" with anything. This simply shows the daily range in spot ES futures by taking the daily high and subtracting the daily low. The wide swings in price levels we've seen over the past month are unlike anything we've seen in several years. I'm sure the CME is loving it.



As for today's newsflow, I don't see any truly "good" news to report to explain the market strength. Yesterday's release of jobless claims showed an uptick and I think that is just getting started. I have talked to two operators of restaurants yesterday afternoon and one let go of most of their staff yesterday and the other is doing it today. The job losses are going to start coming fast and hard I fear. We now have the state of CA ordering its residents to go into "home isolation" and apparently businesses deemed "non-essential" will be shut. If I were a business owner in CA, I think I would deem my business "essential" to me and my family. I am no attorney, but I'd love to have a discussion on the actual legality of these measures.

Gotta love these articles showing various US Senators selling stocks following meetings on coronavirus. Obviously it comes as no surprise, but geez. No major economic data is due today. We have existing home sales but that data is stale and I doubt it will move markets much.

## Energy

Crude oil futures continue their bounce at the time of writing this morning. Yesterday we got our first look at initial support measures for the US oil industry. The government is planning to buy an initial 30 million barrels of oil for the SPR in May and June and could buy 77 million barrels in total. The SPR purchases are interesting because just a few weeks ago we were talking about SPR sales in an effort to pay for various things in the

budget. Obviously we've switched the entire opposite direction and nobody cares about deficits at this point. There is also talk that the Trump administration could eventually ask Congress for as much as \$20B to buy oil for the SPR. I don't know where that number comes from...at current prices it would buy far more oil than there is capacity in the SPR right now.

There is also talk that the state of Texas could ask the federal government to join in negotiations with Russia and the Saudis to work toward an agreement on production levels. That idea totally blows my mind and I can't believe anyone in the US is suggesting such an idea. I guess I'm old fashioned, but the idea of "teaming up" with Russians and OPEC (the Saudis) to agree on an oil production cap seems like the most un-American thing I've heard in a while.

#### Today's Calendar (all times Central)

- Existing Home Sales – 9:30am
- Baker Hughes Rig Count – 12:00pm
- Cattle on Feed – 2:00pm

Thanks for reading.

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