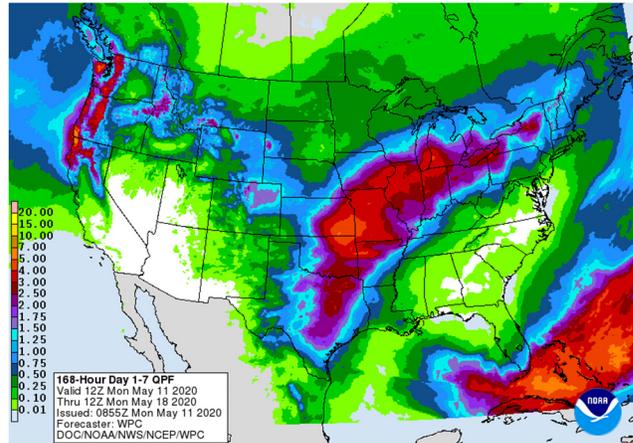
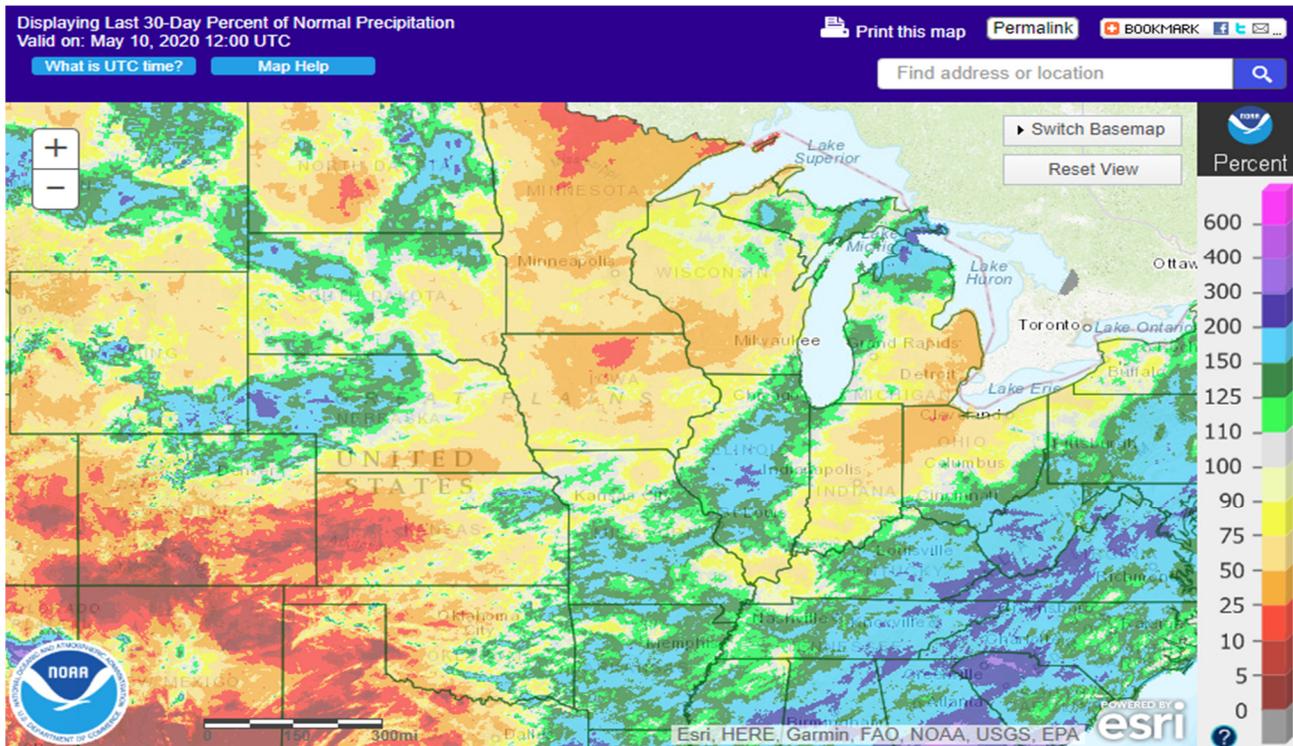


Weather

No big adjustments to the forecast over the weekend. We have been noting a shift to a more active precipitation pattern for a few days, and you can clearly see that is still in the cards with the 7-day QPF at the right. Today and tomorrow precipitation should mainly favor the Southern Plains. The rainfall shown for the Corn Belt should fall mainly for Wednesday and beyond. Above normal precipitation chances should continue through the 6-10 and 11-15 day periods. Temps should continue to average well below normal for a few more days, with several more days of possible sub-freezing lows through a big portion of the Corn Belt. We should see temps start to warm up on Thursday and will quickly work into an above-normal temperature regime for eastern portions of the country.



The map below shows the 30-day percent of normal precipitation across the country. Note the looming uptick in precipitation chances is probably a welcome event for much of the growing region. Aside from central IL, a lot of the Corn Belt and surrounding area has seen fairly dry conditions during this period.



Crops

Last but not least, we're taking a quick look at balance sheet expectations for soybeans this morning. Looking at old crop, I'm not expecting a ton of change. I think, for now, WASDE will leave their crush projection alone. There is an argument based on the pace of crush that it could be increased, but there is also an argument based on margins and the outlook on product demand that it could be lowered. Neither argument has me convinced and I'd bet WASDE would fall in the same camp. That makes me think WASDE will be unchanged on crush. For exports, the pace of shipments and sales continues to disappoint relative to WASDE's prior projection. There is little doubt to me that exports will be cut, but the debate is by how much? In my baseline scenario below, I've cut exports 50 mil bu, but I believe there is a chance the cut could be as large as 75 mil bu.

US Soybean Supply and Demand (Million Bushels/Million Acres)

	USDA 15/16	USDA 16/17	USDA 17/18	USDA 18/19	USDA 19/20 Apr	Possible 19/20	OF-Implied 20/21	DZ Guesses
Planted Acres	82.7	83.4	90.2	89.2	76.1	76.1	83.5	83.5
Harvested Acres	81.7	82.7	89.5	87.6	75.0	75.0	82.7	82.7
Abandoned Acres	1.0	0.7	0.7	1.6	1.1	1.1	0.8	0.8
Yield	48.0	52.0	49.3	50.6	47.4	47.4	49.8	49.8
Carryin (Sep 1)	191	197	302	438	909	909	530	530
Production	3,926	4,296	4,412	4,428	3,558	3,558	4,118	4,118
Imports	24	22	22	14	15	15	15	15
Total Supply	4,140	4,515	4,735	4,880	4,482	4,482	4,663	4,663
Crush	1,886	1,899	2,055	2,092	2,125	2,125	2,130	2,130
Exports (Census)	1,936	2,174	2,134	1,748	1,775	1,725	2,050	2,050
Seed	97	105	104	88	97	97	134	100
Residual	24	36	5	43	5	5	-	35
Total Use	3,943	4,213	4,297	3,971	4,002	3,952	4,314	4,315
Carryout (Aug 31)	197	302	438	909	480	530	349	348
Stocks/Use	5.0%	7.2%	10.2%	22.9%	12.0%	13.4%	8.1%	8.1%

In my 20/21 baseline, I have to say I can't find much argument against the Outlook Forum's assumptions. I mean, yes...I could make some tweaks here and there. But the bottom line is those projections seem pretty reasonable as a starting point. I think in the end, exports could/should prove larger than shown but I also don't see much of a reason to expect something bigger from WASDE right now.

Comparing the above to the survey guesses...you'll see I'm above consensus on old crop ending stocks yet still below consensus on the new crop ending stocks. Which one will matter to the market? Thoughts appreciated.

Livestock

We got additional 115 trade across the country on Friday, with most packers apparently participating. It will be interesting to see what sort of volume we see on today's MPR rundown, but it seems likely that this is the best negotiated trade volume we've seen in at least a month. The debate now centers on what to expect for cash trade this week. We saw a nice jump in kill last week, though we're still backing up cattle at that sort of pace. Still, with huge packer margins and a lot of pressure from the government, it seems likely we could expect at least steady prices this week. It will be interesting to see what the cutout does this week. Prices continued to rally into the end of last week but the pace of the advance started to slow down considerably. I wonder if the

rally in the cutout is starting to run out of gas at these lofty levels? Even if so, I personally don't expect a dramatic rollover in beef prices...yet. Or, I should say, it seems that a lot of the industry is still short-bought on beef so that could keep any decline in beef prices from becoming completely disorderly for a bit.



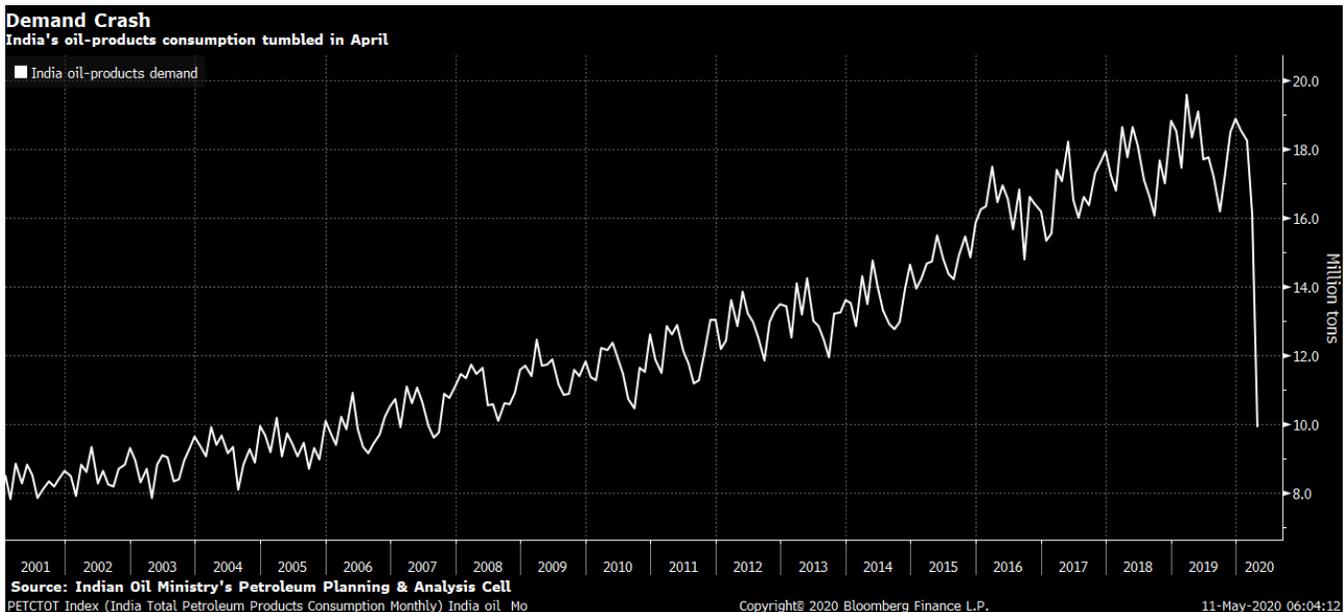
Financials

There isn't a ton new to discuss this morning. You can see the markets overnight are posting a somewhat risk-off session thus far. Despite the risk-off tone, Treasury futures are weaker as well. There isn't much news to discuss. Getting a lot of media attention is the fact that several people near to the Oval Office have tested positive for the coronavirus, but Trump and Pence for now continue to test negative so we'll just have to keep a close eye on this. Most virus-related headlines seem to imply improving numbers, especially out of Europe. An exception would be South Korea where a surge in cases is being reported. The good news, I suppose, is that this appears to be linked to one location. The risk-off tone is a bit perplexing to me considering China's central bank appears to be promising more stimulus measures to come. There is word that a Chinese city on the border with North Korea has been put on a lockdown, which I suppose is raising concerns about secondary waves of the virus. I would counter that by pointing out that it is unlikely that North Korea ever had the virus even remotely close to contained.

There is virtually no major economic data on the calendar today. A few Fed speakers will have some comments today.

Energy

No major new information to pass along today. Oil is caught up in the risk off tone along with everything else. I suppose this is on concerns of the virus reemerging after the reopening of the economies, leading to another hit to oil demand. News out of India over the weekend shows how badly oil demand has been hit. India is the world's second largest oil importer, and monthly data shows petroleum product demand in April was down roughly 46% YOY. Oil product consumption was the lowest since Sept 2007.



Today's Calendar (all times Central)

- Export Inspections – 10:00am
- Crop Progress – 3:00pm

Thanks for reading.

David Zelinski

dzelinski@nesvick.com

901-766-4684

Trillian IM: dzelinski@nesvick.com

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