

## Weather

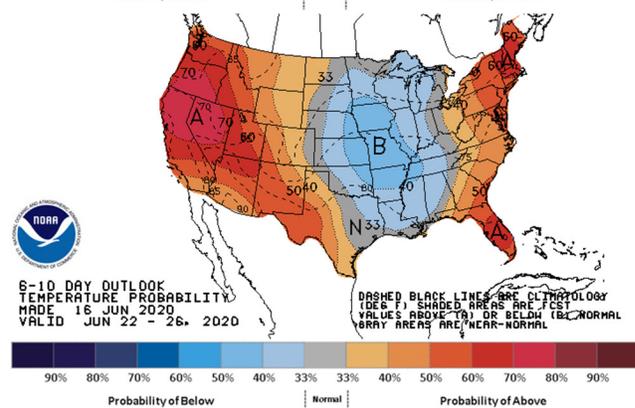
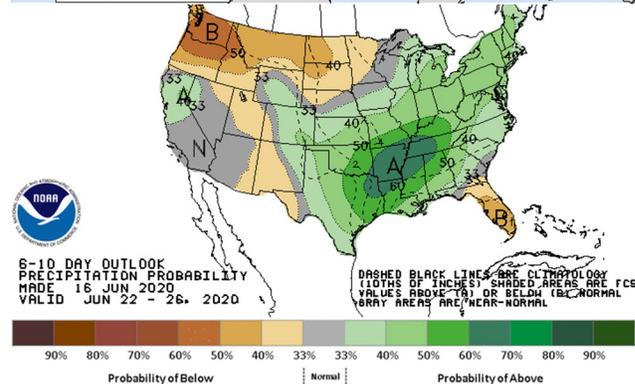
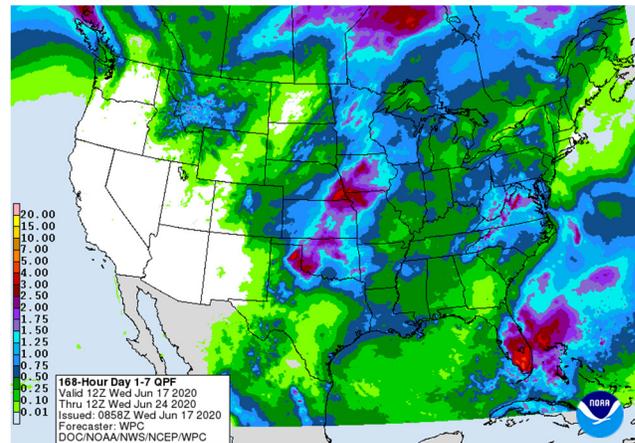
No major changes to the forecast overnight. The 7-day QPF map is shown at right. Rainfall chances should start to develop later today in the northwestern Corn Belt and spread through the WCB tomorrow. That will be followed by several days of scattered showers mainly favoring the WCB. It seems likely that the map at the right is overstating coverage of rainfall but at the same time it remains likely that localized rainfall totals will eventually turn out bigger in some areas. Even with the rainfall events so close, it is also worth noting there are some big model differences for these rains, so we can't call the map a high-confidence forecast. The model disagreement extends into the 6-10 day period, but for now it seems most are siding with the NWS that we should see active showers that favor southern and eastern portions of the Corn Belt during that period.

We'll see some warm temps through Friday in the Corn Belt with highs in the 80s and some 90s in the WCB. This weekend should see temps turn cooler and cool temps should be with us at least through the 6-10 day period. Look for warmer temps to return to the Corn Belt for the 11-15 day period with some widespread AN levels, but nothing extreme.

## Crops

I wanted to take a slightly more detailed look at Brazilian soybean supplies. In the past few weeks you've heard me mention that Brazilian exportable supplies will be largely exhausted by the time US new crop comes around, but I haven't gone into a ton of detail on that. While I wouldn't consider the breakdown below to be highly detailed either, I think this gives a good explanation of what we can expect going forward.

The table below looks at the past two years of Brazil's supply and disappearance. Note that I'm ignoring carry-in supplies here, but those are relatively insignificant figures anyway and shouldn't dramatically alter the thought process here. For both the 2018 and 2019 crops, you can see I'm taking a detailed look at monthly export and crush totals. For 2020, I'm using a crop size of 122 mmt because it splits the difference between Conab and USDA. We have semi-official numbers for Feb-May exports and crush, which is why I've separated those from the other months. You can then see I am going to assume an average crush pace of 3.5 mmt per month for the



next 8 months. To get WASDE’s crush projection you’d actually need to use a slightly higher figure. Finally, I’ve plugged in some estimates for JJA exports this year. Note that June exports so far are already on pace to exceed the June projection I’ve posted below.

	2018 Crop			2019 Crop			2020 Crop		
	Crop 122			Crop 119			Crop 122		
	Crush	Exports	Total	Crush	Exports	Total	Crush	Exports	Total
Feb	3.30	2.90	6.20	3.30	6.10	9.40	3.40	5.10	8.50
Mar	4.05	8.80	12.85	3.95	9.00	12.95	4.15	11.60	15.75
Apr	4.10	10.30	14.40	4.15	10.10	14.25	4.20	16.30	20.50
May	3.70	12.40	16.10	3.92	10.80	14.72	4.00	14.50	18.50
	Remaining Supply		72.45	Remaining Supply		67.68	Remaining Supply		58.75
Jun	4.00	10.40	14.40	3.98	9.10	13.08	3.50	<b>11.00</b>	
Jul	4.10	10.20	14.30	3.91	7.50	11.41	3.50	<b>8.00</b>	
Aug	3.90	8.10	12.00	3.85	5.30	9.15	3.50	<b>6.00</b>	
Sep	2.81	4.60	7.41	3.50	4.40	7.90	3.50		
Oct	2.67	5.40	8.07	3.60	4.90	8.50	3.50		
Nov	2.58	5.10	7.68	3.35	5.20	8.55	3.50		
Dec	2.34	4.20	6.54	3.05	3.40	6.45	3.50		
Jan	3.10	2.20	5.30	2.90	1.50	4.40	3.50		
Sum	25.50	50.20	75.70	28.14	41.30	69.44	28.00		
	Post-Aug Exports		21.50			19.40			<b>5.75</b>

The highlighted yellow 5.75 mmt figure at the bottom right indicates the “leftover” supplies available for export after August assuming the crop size, crush figures, and JJA exports. The actual number will be slightly larger due to the aforementioned carry-in supplies that have been ignored here. Even when accounting for that, you can see how that compares with Sep-Jan exports over the past two years. Simply put, Brazilian exportable supplies in the first half of the 20/21 US marketing year will be very small and this will put the US in its best position in years to capture world demand for soybeans.

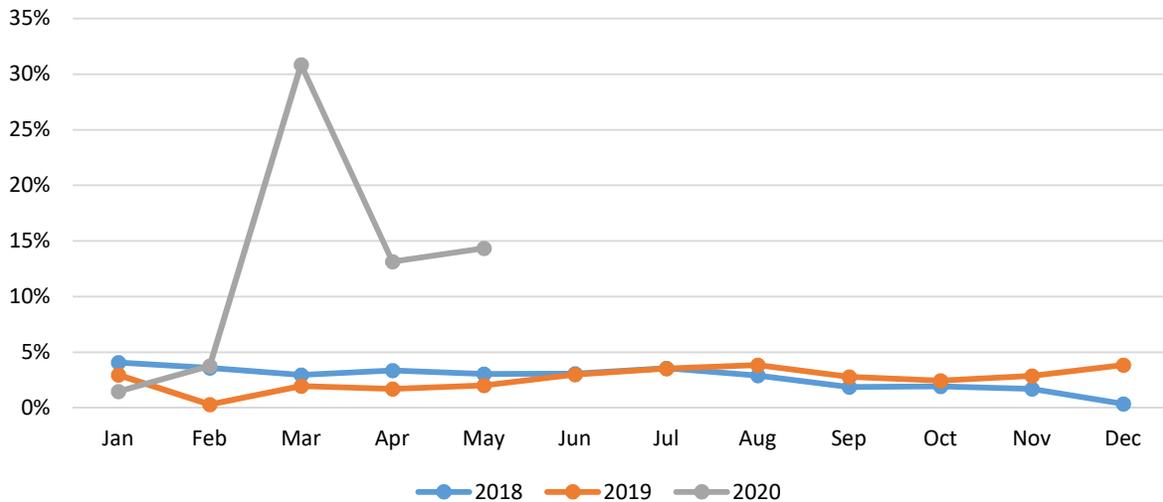
### Livestock

Some minor cash cattle trade yesterday, mostly \$100. I would still call the volume so far this week as minimal and not enough to truly “test” the market.

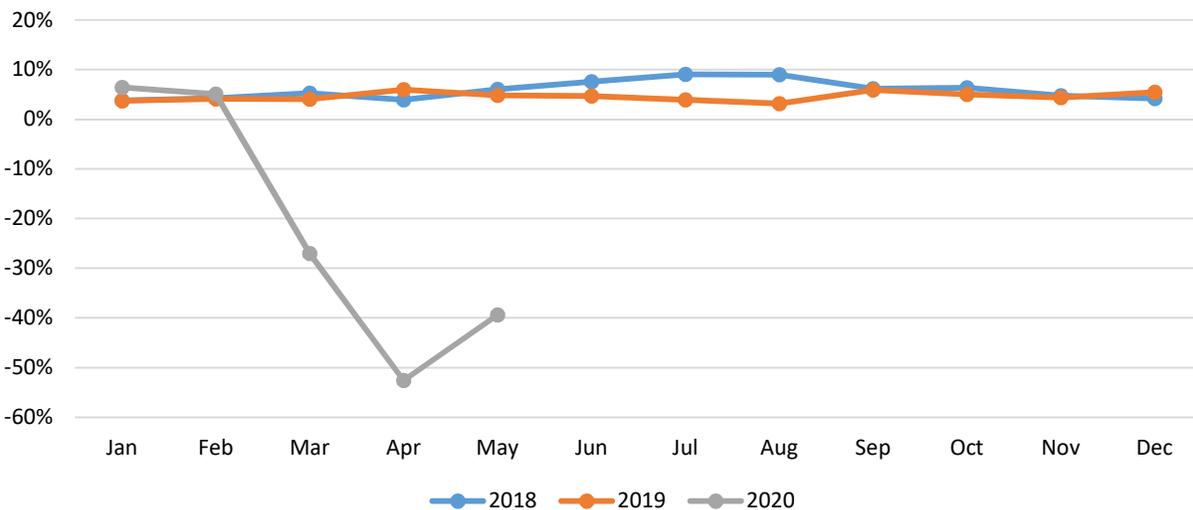
I thought it might be worth a quick moment to look at some of yesterday’s retail sales numbers in detail. The charts below don’t show any major surprised, but rather just reinforce what we’ve already known. The first chart shows US grocery store sales YOY. Obviously near the start of the Covid panic, we had the huge spike of hoarding in March. Since then, sales have tapered off a bit but clearly remain very well elevated vs last year. This isn’t all TP sales...clearly there remains a strong push towards more meals at home. This is also shown in the second chart, with looks at the YOY change in sales at food services and drinking places. A rebound vs year ago last month as we did get some reopening across various spots of the country. The reopenings will remain

inconsistent around the country and slow to develop, however. This should continue to push grocery store sales over restaurants for the foreseeable future.

**US Grocery Stores**  
**Seasonally Adjusted Sales % YOY**



**US Food Services and Drinking Places**  
**Seasonally Adjusted Sales % YOY**



**Financials**

No major new information to pass along this morning. US equity futures are higher at the time of writing and the dollar is stronger as well. The newsflow this morning is fairly quiet, and I'm thankful for that. Fed Chair Powell will be back with additional Congressional testimony today, though this should feature no changes vs his

comments from yesterday. Of greater interest to me will be testimony today from USTR Lighthizer. His prepared remarks are already available and he will apparently go into detail about reworking the US's commitment to the WTO's tariff commitments. It is no secret that most other countries charge much higher import tariffs than the US, and Lighthizer's prepared remarks go into several specific examples. In addition to his comments on the WTO, we'll of course be looking for some color on the commitments of the Phase 1 trade deal with China. Lighthizer's testimony will begin at 2pm CT.

Otherwise, I don't see much new to report today. No major market-moving economic data to point out.

### Energy

Interesting story from Bloomberg yesterday noting that Saudi oil shipments to the US have fallen off sharply so far in June. The article suggests that so far in June only one cargo has been shipped to the US which is the equivalent of 133k bpd. That compares to the peak in Saudi shipments in April of roughly 1.3 mbpd. Admittedly, there is still plenty of time in the month and there are also shipments that have left Saudi Arabia and haven't yet identified their destination. Still, this is a marked difference between two months ago and it should certainly have some impacts on US prices and spreads. Recall our note from yesterday showing the EIA's projections on US production levels for June and July. Lower production combined with lower imports should tighten US supplies on the margin. This could start to work off some inventory levels. It might also squeeze crack spreads tighter.

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

- EIA Petroleum Inventories – 9:30am
- Fed Chair Powell (again) – 11:00am

Thanks for reading.

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