NESVICK TRADING GROUP, LLC

Monday, August 18, 2025
NTG Morning Comments
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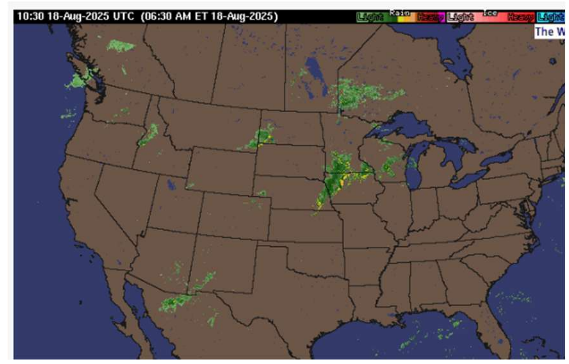
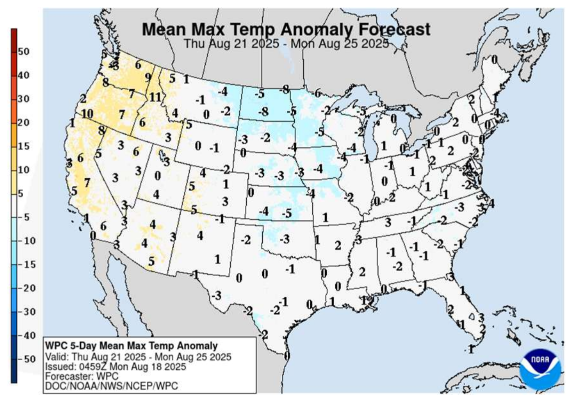
Weather

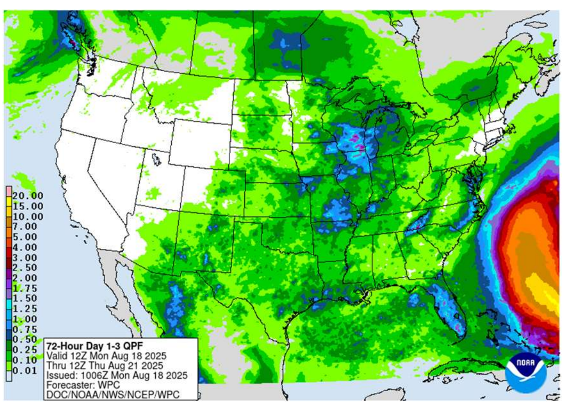


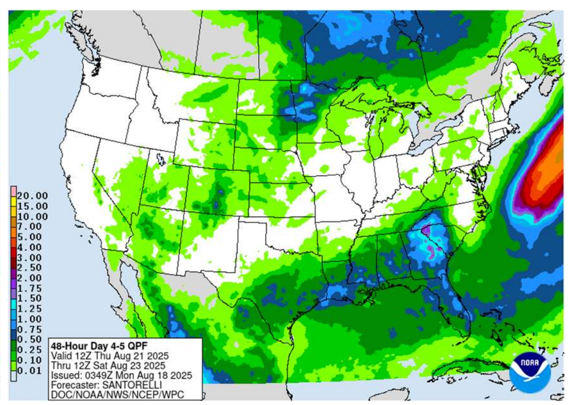
Unexpected rains fell in northeast IA, northeast IL, and northwest IN over the weekend. Big rains were as forecast in MN. Light rain is forecast in IA Mon (can see on radar) with scattered rains in IL Tues. Then mostly dry conditions are expected until the 27th in the west and 28th in the ECB.

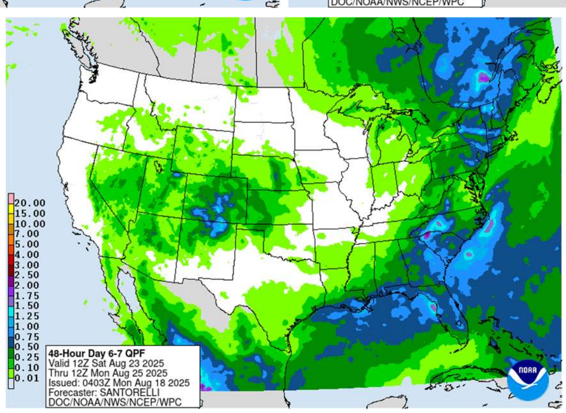


Temps were hot as expected over the weekend. Overnight lows were impressive with Omaha reaching 81 degrees at 5 am today and Ames at 79. Warm temps are still expected into Wed – 5 degrees above normal (some as much as 10 degrees above). Temps should then moderate to normal/below normal through the rest of the month. The coolest period should be Aug 24-27th.

The Mid-South is still not expected to receive the rains it needs with very little expected over the next 10 days. Wetter trends are possible in the 11-15. Regular/normal-ish rain is expected to continue over the next couple weeks in the N Plains. The S Plains should be dry for the first week with rain expected in the second week.

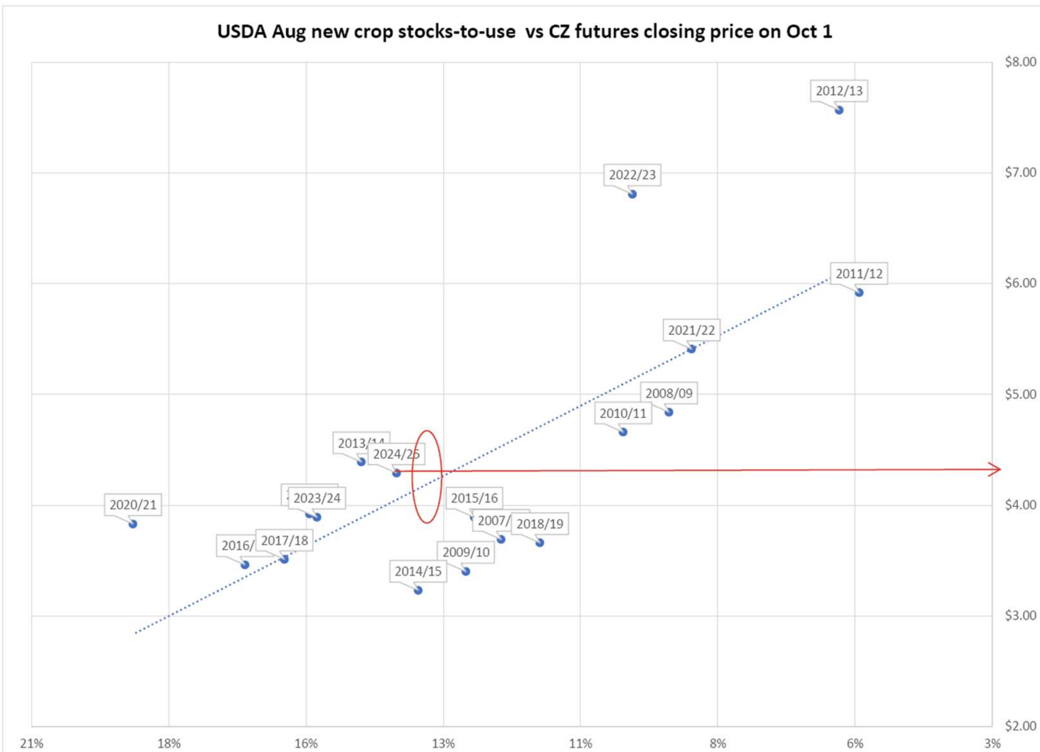




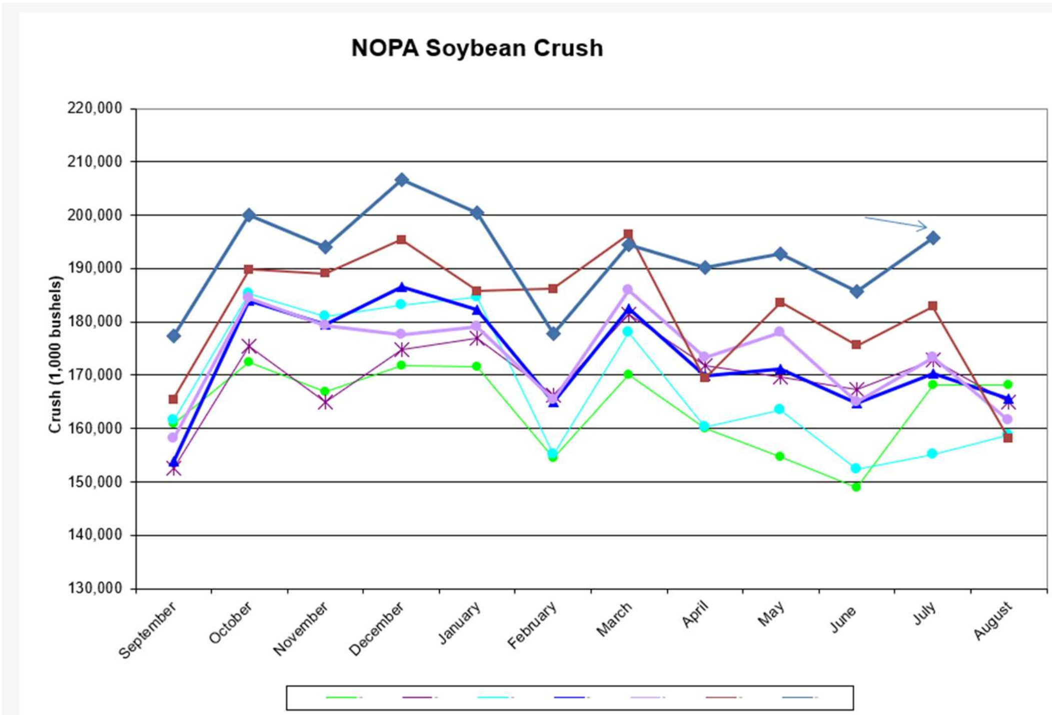


Grains

I'm going to look at a corn scatter to try to get a sense of "value" and touch on the NOPA crush report. I'm including a chart of August stocks-to-use forecasts from the USDA vs the closing price of CZ on the first of October. Last year, the USDA forecast stocks-to-use in the August WASDE at 13.9% (in Sept they put out 13.7%). At the risk of beating a dead horse, even with a massive crop, the USDA forecast stocks-to-use at 13.3% this week. Last year on Oct 1, CZ was at $4.29 and went to $4.43 in Dec. The low was $3.85 around the Aug report. We touched $3.92 this week and tested the level a couple of times before bouncing. Given market structure, ongoing strong exports, the US still being competitive (was supposed to be Brazil's turn by now), and the dry/warm finish we are seeing, futures could have a bit more upside in the near term.



July NOPA crush came in well above the high end of trade ideas at 195.7 milbus – a record for July. Oil stocks were barely higher than June despite 10 milbus more crushed. Meal production remained massive, and it appears we cleared it given the nearby tightness. We're clearing massive amounts of product and crush is in the midst of seasonal downtimes. Crush margins have dropped considerably from early Aug highs. Oil share has corrected from lofty levels and flat price oil has leaked. Meal has had a short-covering rally while basis continues to firm and the market is still carrying a sizable short. CIF bean basis is weak and the US is very competitive vs Brazil. We should be doing every pound of non-China biz. None of this sounds bearish to me.



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

Livestock

The much-anticipated press conference with US Secretary of Agriculture Brooke Rollins, alongside Governor Greg Abbott of Texas, announced a five-pronged USDA initiative to combat the New World Screwworm (NWS), but made no mention of reopening the Mexican border. The USDA is collaborating with federal agencies, state government and the private sector to address the issue. Key partners include the FDA to fast-track animal drug development for NWS prevention and treatment, the EPA and department of energy for pest control technology and US Customs and Border Protection to strengthen border security.

Immediate actions include:

1. **Innovation for Eradication:** The USDA is investing up to $100 million in technologies to enhance sterile insect techniques (SIT), develop new traps, lures, and therapeutics, and scale up sterile fly production to combat NWS effectively.
2. **Domestic Sterile Fly Facility:** A new facility in Edinburg, Texas, at Moore Air Force Base, will produce 300 million sterile flies weekly, reducing U.S. reliance on foreign facilities in Panama and Mexico. This complements international efforts to push NWS back toward the Darien Gap.
3. **Wildlife Migration Prevention:** The USDA is expanding its "Tick Riders" mounted patrol and hiring additional staff for border surveillance. Detector dogs will be trained to identify NWS infestations in livestock and wildlife at border crossings, working with the Department of the Interior and Customs and Border Protection.

4. **Collaboration with Mexico:** The USDA's Animal and Plant Health Inspection Service is partnering with Mexico's SENASICA to contain NWS south of the border through enhanced surveillance, case reporting, and restricted animal movement, informing future trade decisions.
5. **Food Safety Assurance:** The USDA's Food Safety and Inspection Service ensures no NWS cases have been detected in U.S. animals, maintaining rigorous inspections at slaughterhouses to protect the food supply.

While these are all critical steps to make an attempt at preventing NWS from entering the US, I still think a case on US soil is imminent and the border will not reopen until there is proof NWS can be quickly identified, quarantined and treated. One main concern I have is whether or not media stories about a flesh-eating parasite in beef cattle specifically effects perception of the safety of our food supply going into the end of the year when beef demand is typically robust. Only time will tell, bird flu is the most recent thing we have to compare against and it doesn't seem like that did much of anything to put a damper on beef demand. I certainly hope the media spin on NWS is more about how easily detectable and treatable the pest is; but perception of the American consumer is reality, and if you know nothing, you are capable of believing anything.

Looking ahead to this week I will be focused on whether or not the board follows through on the rally from Friday. Beef cutout is around $400 and packer margin improved. Cash cattle trade was light at steady-ish prices. There is a question whether the packer didn't buy cattle because they didn't need that many or the packer didn't buy cattle because the feeder wouldn't sell them at steady prices. My ear is to the ground for a steady bid early in the week which will confirm the packer needs cattle. Feeder demand in the sale barns was good Friday and over the weekend, although the index is expected to print $2ish lower Monday afternoon due to large direct trade volume at lower prices in Texas. I still think the feeder index is headed toward $350.

Livestock commentary provided by Ashley Lowe. For questions or comments, Ashley can be reached at ashley@nesvick.com or on Trillian at ashley@nesvick.com.

Today's Calendar (all times Central)

- Crop Export Inspections – 10:00 AM
- Crop Conditions – 3:00 PM

Thanks for reading.

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