NESVICK TRADING GROUP, LLC

Thursday, September 18, 2025

NTG Morning Comments

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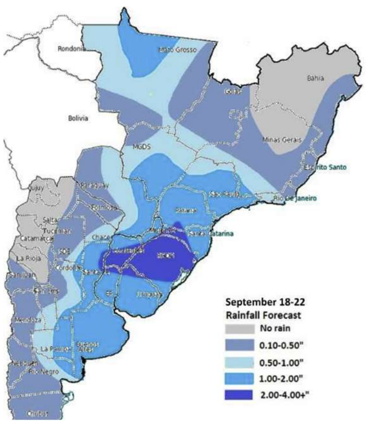
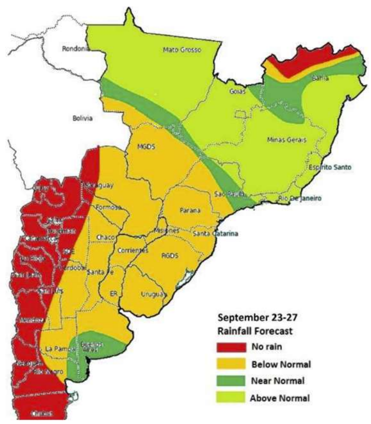
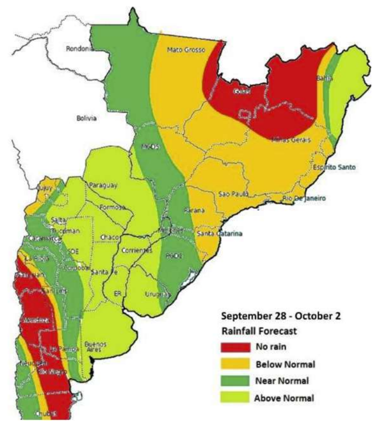
Weather

Not much has changed for rainfall in South America. Mato Grosso continues to be the only area of northern Brazil with any significant rainfall so far this week. Widespread rains across the region are still expected between September 22-26. Enough rain should fall in this time to initiate soybean planting outside of Mato Grosso before rains backing off to below-normal levels for the rest of the 15 day period. Southern Brazil and Paraguay will see significant rain this weekend, with most areas seeing 1-2” and some seeing as much as 2-3”. The area will be largely dry the rest of the 15 day period. Argentina is expected to receive heavy rain for the next 3 days, followed by a dry spell through the end of the day 10, and then above-normal rainfall in the 11-15 day period. Much of Argentina already has a pretty large precipitation surplus – Junin in Buenos Aires is 6+” over normal since August 15th.

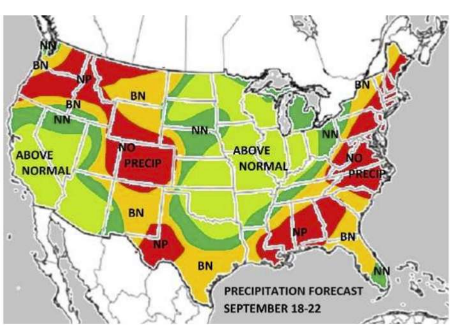


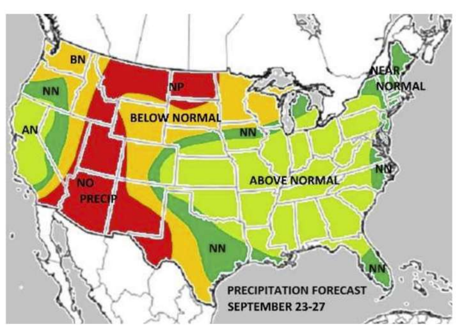


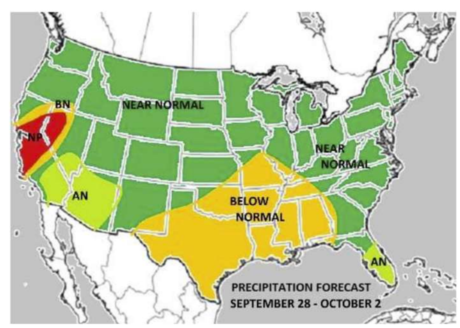


Temperature forecast is looking to be pretty consistent across South American growing areas. Expect warm-to-hot temperatures through this weekend, followed by a week of below-normal temps, and returning to normal to above-normal through the end of the month.

In the US, over the next week we should be able to track 1” rains across the entire corn belt. These rains are coming from an upper-level low-pressure system, which is hard for models to predict, but is the type of system to bring persistent rainfall. September 20-24 is still the best chance for decent rain in the Mid-South, and the low-pressure system over the corn belt should now bring more rainfall to this area as well. The Northern Plains are looking to have good rains in the next 24 hours before an extended dry period. The Southern Plains have seen good rains in the past day – and will continue to receive good rains through the 15 day period. It looks very favorable for winter wheat planting.







The temperature pattern for the US (and for most of North America, for that matter) remains warm or exceptionally warm for the duration of the current 15 day forecast. It is going to be a very late first freeze this year in most of the northern Plains and the Corn Belt.

Grains

Wednesday was a quiet session with everything setting back within recent ranges. Oil gave back all of Tues' gains and more with another drawn out process ahead of us with regards to the reallocation of the SRE's. It will likely be at least 2 months and could be longer until we have any answers. Meal gained on oil, but the nearby was the weakest – possibly a sign of nearby tightness getting resolved? Will have to watch basis, the west is still generally firmer.

Export sales this morning and the call between Trump/Xi is Friday. There are hints that Trump may be planning to go to Beijing. He likely won't go unless there is reason to believe some kind of deal can be made. Otherwise, the only thing to go on is yield reports. The two things that are standing out is variability and that corn is ready (shutting down) earlier than normal in some areas. Neither of those things equate to stellar yields. There were some pretty bad yields reported in far southeast IA – mainly due to rust. Sounds like a lot is depending on if and how many applications of fungicide were sprayed. Also heard some poor yields in far north central IA. There have been some better-than-expected yields also and beans seem to be better than corn in general.

Stats Can was out with updated production with all-wheat at 36.6 mmt. This compares to the USDA's forecast last week of 36.0 mmt. The USDA will need to raise with further increases in EU and Russia needed. World FOB levels have stabilized for the moment which has provided support. The short position in MATIF set another new record – 313 thousand ctrs. Something to keep an eye on if there are any crop issues or unexpected demand. Going to attach the wheat by-class S&D's as I didn't add them after the USDA report Fri. Here's my first look at the 26/27 balance sheets for reference – nothing too exciting to not at this point.

US Durum Wheat Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	42	27	24	28	21	28	28	42
Production	69	38	64	59	80	87	87	92
Imports	37	40	51	45	51	40	40	35
Total supply	148	105	139	132	152	155	155	170
Seed	2	2	3	3	3	3	3	3
Domestic Mill	88	79	85	83	88	85	85	85
Feed/Residual	3	-14	0	-2	14	5	5	5
Exports	28	14	23	27	19	25	20	20
Total Use	121	82	111	111	124	118	113	113
Carry-out	27	24	28	21	28	38	42	57

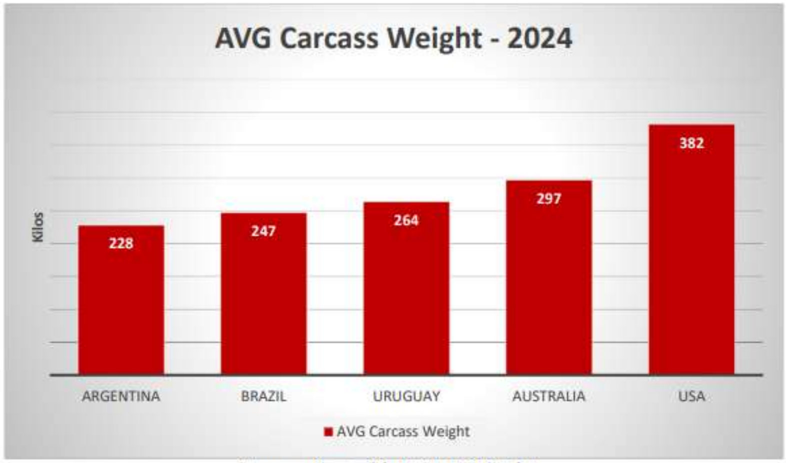
US White Wheat Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	95	70	54	74	85	80	80	93
Production	303	201	272	234	276	282	280	301
Imports	7	5	7	6	7	5	5	5
Total supply	404	276	333	314	368	367	365	399
Seed	6	5	6	6	6	6	5	5
Domestic Mill	85	83	85	84	84	85	85	85
Feed/Residual	-26	-14	-22	-12	-25	0	-15	5
Exports	270	148	190	152	222	190	197	185
Total Use	334	222	259	229	287	281	272	280
Carry-out	70	54	74	85	80	86	93	119

US HRS Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2025/26
Carry-in	280	235	142	155	190	218	218	204
Production	531	297	446	465	503	449	434	439
Imports	47	43	56	63	79	65	65	70
Total supply	858	575	644	683	772	732	717	713
Seed	17	12	17	15	15	16	17	16
Domestic Mill	263	245	266	253	258	260	255	255
Feed/Residual	59	-33	-8	-10	31	10	0	-5
Exports	284	209	214	235	250	240	241	230
Total Use	623	433	489	493	554	526	513	496
Carry-out	235	142	155	190	218	207	204	217
US SRW Supply/Usage					**USDA**	**USDA**	**MB**	**MB**
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	105	85	99	90	126	127	125	122
Production	266	361	336	449	342	339	339	335
Imports	5	3	4	6	5	5	5	5
Total supply	376	449	439	545	472	472	470	462
Seed	13	13	14	11	12	12	13	13
Domestic Mill	148	154	163	158	153	152	160	155
Feed/Residual	61	71	65	91	65	65	65	60
Exports	69	112	107	158	117	120	120	115
Total Use	291	350	349	418	347	349	358	343
Carry-out	85	99	90	126	127	122	112	119
US HRW Supply/Usage					**USDA**	**USDA**	**MB**	**MB**
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	506	428	356	223	274	398	398	391
Production	659	750	531	596	770	769	769	805
Imports	4	4	5	18	6	5	5	5
Total supply	1169	1182	892	837	1051	1172	1172	1201
Seed	26	26	29	27	26	26	26	26
Domestic Mill	377	411	374	384	387	390	390	400
Feed/Residual	-1	72	42	18	23	40	45	65
Exports	340	317	224	134	218	325	302	275
Total Use	742	826	669	563	654	781	763	766
Carry-out	428	356	223	274	398	391	409	435

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

Livestock

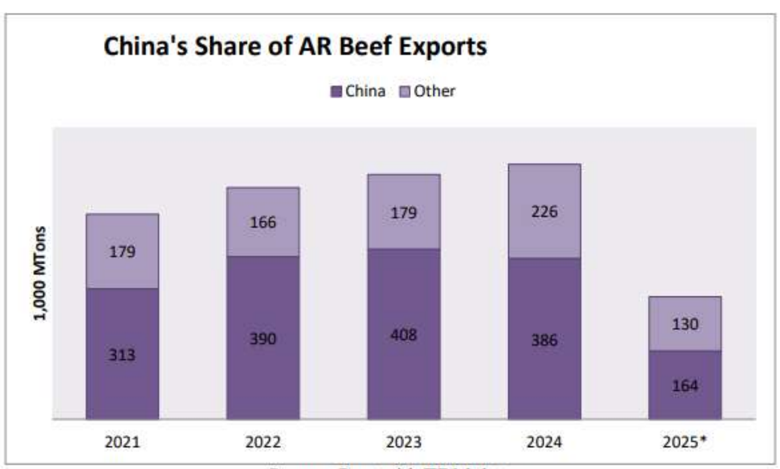
The USDA released the Livestock and Products Annual report for Argentina this week. Argentina is the fifth largest beef exporter in the world. In 2026, exports are forecast at 830,000, up +8% from the previous year, and the largest on record. These increases are driven by a competitive peso, improved margins and high world beef prices. China is the largest buyer of Argentine beef, with growing shipments to the United States and European Union. Production is estimated to remain stable at 3.2 million tons for the fifth year in a row mostly due to a stable calf crop. Cow-calf operations are not as efficient as here in the US and genetically lighter weight cattle impair the ability to grow production at this time. Changes are expected next year with traceability starting in January 2026 and mandatory carcass grading by mid-2026.



Source: Post with FAS, USDA data

Production for 2026 is estimated at 3.21 million tons down from 3.22 million tons in 2025 with slaughter at 13.7 million head and slightly heavier carcasses. Herd size remains stable at 51.8 million head which is the smallest since 2010 driven mostly by droughts and high female slaughter for China. Weaning rates average 70-80% in efficient areas like Buenos Aires but drop dramatically to 50-65% in the north where the environment is harsher. There are roughly 1,100 feedlots officially registered which supplied about 5 million head, or 35% of the total slaughter. Another 2.5 million head are finished on ranches or farms making the grain fed beef in total around 50%. The future industry focus is on heavier steers with better genetics and grading for export markets.

Exports are forecast at 830,000 tons for 2026 which is up 8% from 770,000 in 2025, with prices rising since April 2025. Composition of export shipments are 78% boneless frozen, 22% boneless chilled. The top markets include China which makes up 56% share, down from 63-70%; mostly frozen manufacturing beef, US is second by volume taking mostly frozen lean blocks, the EU ranks third and takes mostly high-quality chilled rump/loin, followed by Israel which has been growing taking mostly kosher forequarter and finally Chile importing chilled cuts. Potential live cattle exports in 2026 after ban lift by the Secretariat of Agriculture, but infrastructure/sanitary hurdles remain. Geopolitical factors such as the US tariffs on Brazilian beef and the US/China trade spat favor Argentina. The import market is very small at only 26,000 tons and mostly frozen boneless for burgers, Brazil is the main supplier, followed by Paraguay/Uruguay. Strong peso and high prices encourage this.



Source: Post with TDM data
* January-July 2025

The thing that sticks out to me about the Argentine market is beef exports are booming but production is expected to remain flat for the 5th year in a row…

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

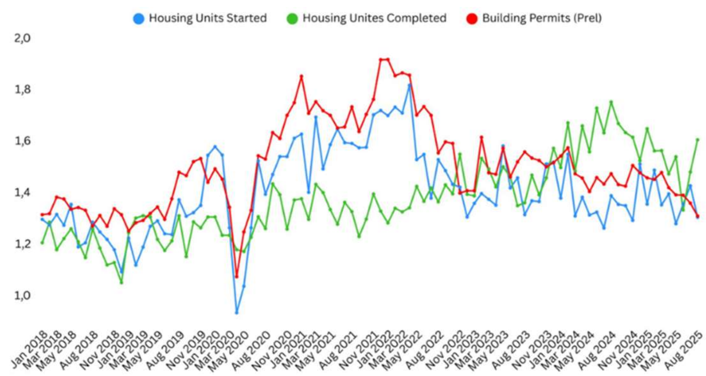
Financials

Latest U.S. housing data (Aug) came in yesterday:

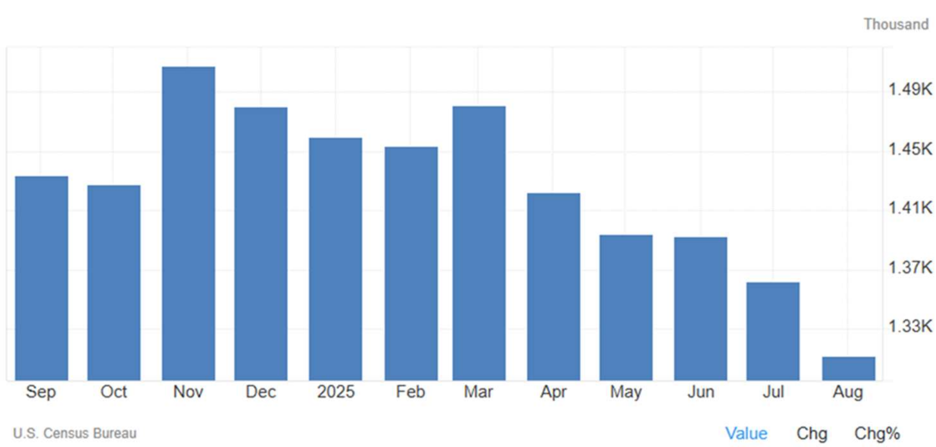
• Building Permits: 1.312M vs 1.370M est. (Prev 1.362M)

• Housing Starts: 1.307M vs 1.370M est. (Prev 1.429M)

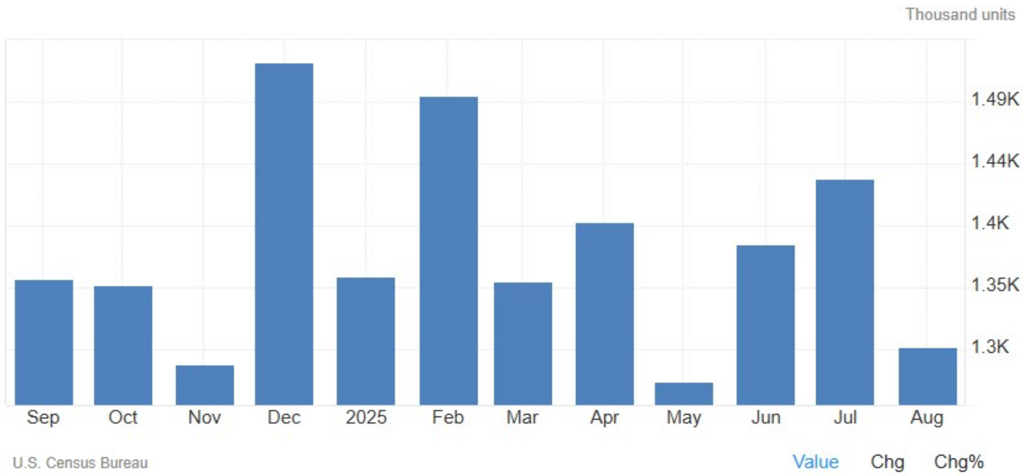
• MoM: -8.5% (Prev +3.4%) (that's 6% below August of 2024)

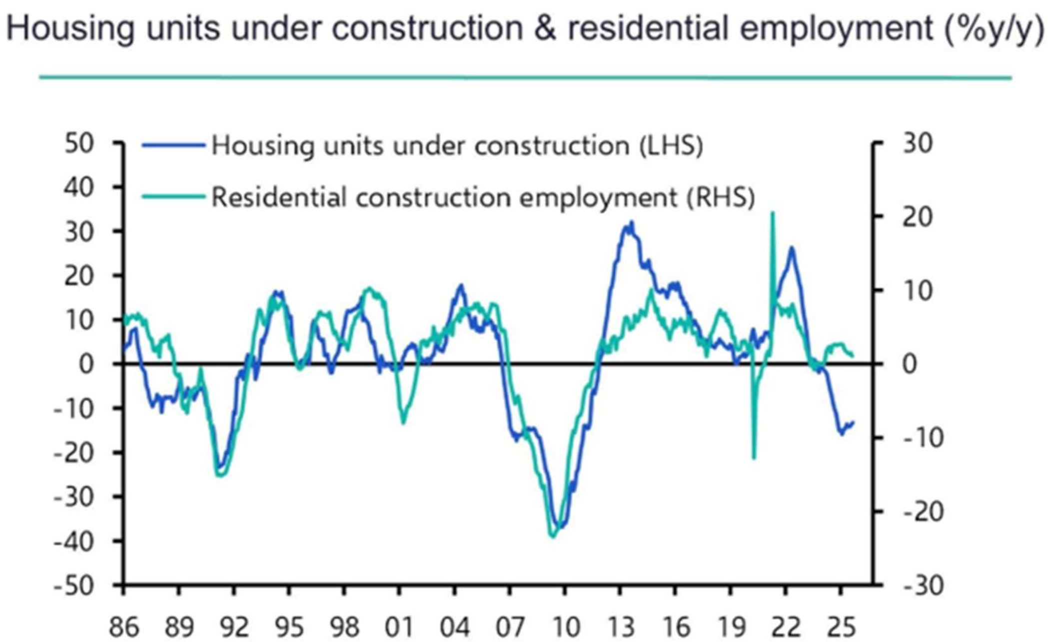


Building permits in the United States fell by 3.7% to a seasonally adjusted annualized rate of 1.312 million in August 2025, the lowest since May 2020 and below market expectations of 1.37 million. Single-family permits decreased by 2.2% to an annualized rate of 856 thousand, while permits for buildings with five or more units dropped by 6.7% to 403 thousand. Regionally, permits declined in the Northeast (-3.2% to 121 thousand), the Midwest (-9.5% to 200 thousand), and in the South (-6.9% to 691 thousand), but increased in the West (9.5% to 300 thousand). source: U.S. Census Bureau



US housing starts tumbled 8.5% month-over-month in August 2025 to a seasonally adjusted annual rate of 1.307 million units, down from a slightly revised 1.429 million in July and well below market forecasts of 1.37 million. That was the fourth-lowest reading since May 2020, underscoring persistent housing market weakness as a glut of unsold new homes and a softening labor market outweighed the relief from easing mortgage rates. By category, single-family starts—the largest segment of homebuilding—dropped 7.0% to 890,000 units, their weakest level since July 2024. Multi-family starts with five or more units plunged 11.0% to 403,000, a three-month low. Regionally, activity fell sharply in the South (-21.0% to 667,000 units) and Midwest (-10.9% to 220,000), while rebounding in the West (+30.4% to 313,000) and Northeast (+9.2% to 107,000). source: U.S. Census Bureau





Housing and employment continue to show signs of becoming a problem. At the time of writing this, we're about 4 hours away from the Fed decision and press conference. I've been reading more and more about how the Fed will be shifting their focus from inflation to employment. How much will we hear from Powell concerning a possible housing market crisis? To me, maybe I'm just not seeing it, I just feel like housing is on the back burner.

Financial commentary provided by Mark Sigman. For questions or comments, Mark can be reached by email at msigman@nesvick.com or on Trillian at msigman@nesvick.com.

Today's Calendar (all times Central)

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Natural Gas Storage Change – 9:30 AM

Thanks for reading,

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