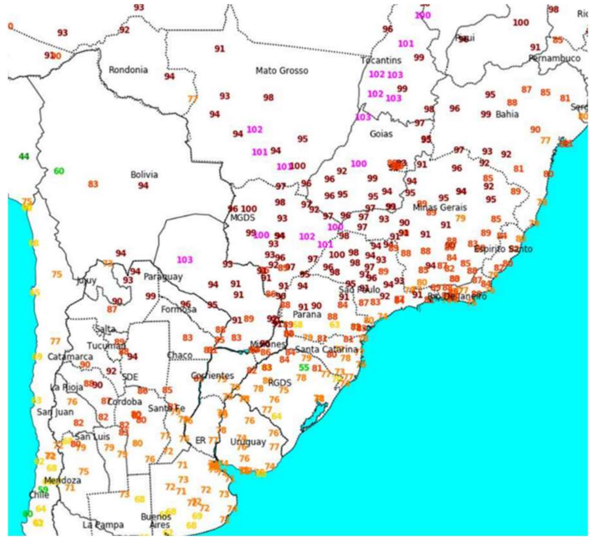
NESVICK
TRADING GROUP, LLC

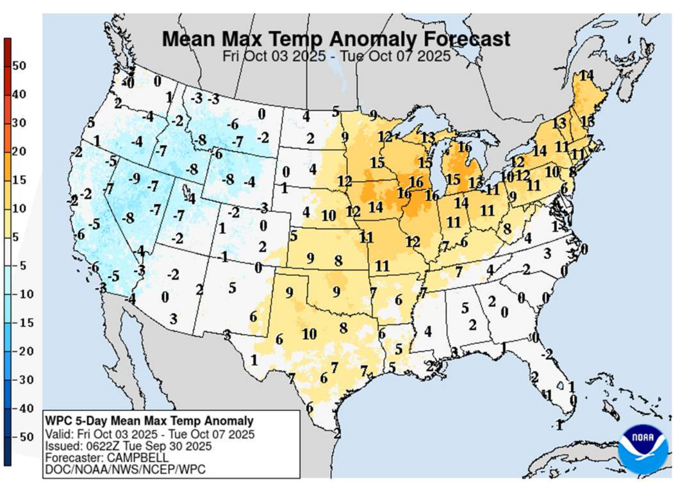
Tuesday, September 30, 2025
NTG Morning Comments
www.nesvick.com

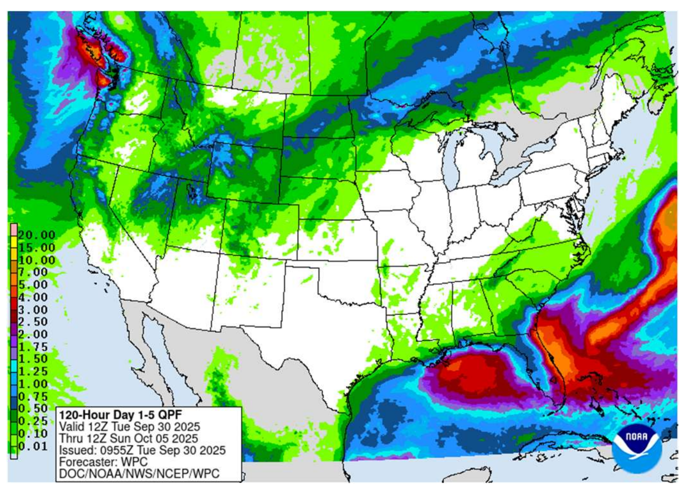
Weather



In South America, today's forecast confirms below-normal rainfall dominating the next 15 days in Northern Brazil and most areas staying completely dry through at least October 10. This dryness is amplified by impressive heat, with widespread high temperatures of 95-105 degrees expected to stress the crop. Conversely, the outlook for southern Brazil and Paraguay soybean planting and early growth remains favorable, as significant thunderstorm activity developed overnight as expected, and while the forecast isn't "wet" through the remainder of the 15 days, they will see consistent rains throughout the region. Meanwhile, growing areas in Argentina are experiencing a beneficial period of dry weather that is expected to last through early Saturday following its recent heavy rains. After some light rain this weekend, another dry spell is forecast to begin.

In the US, the Corn Belt and Mid-South have both been extraordinarily dry since the beginning of August, and this dryness has almost certainly affected the crop. Last year, the extremely dry conditions were a major factor behind production losses in corn and soybeans, and this year will likely have similar losses as a result of the extended dryness. The heat across the country is expected to persist through the 15-day forecast, with large parts of the middle of the country seeing 10-15 degrees above normal temperatures over the next week, and some areas even expected to see temperatures 20-25 degrees above normal. Expect to see lots of record highs for this time of year in the corn belt. There is no threat from the tropical storms approaching the east coast, as neither Humberto or the soon-to-be Hurricane Imelda are expected to make landfall; The Carolinas, which were originally the area of concern for these storms, aren't even expected to receive any excessive rains from these storms.

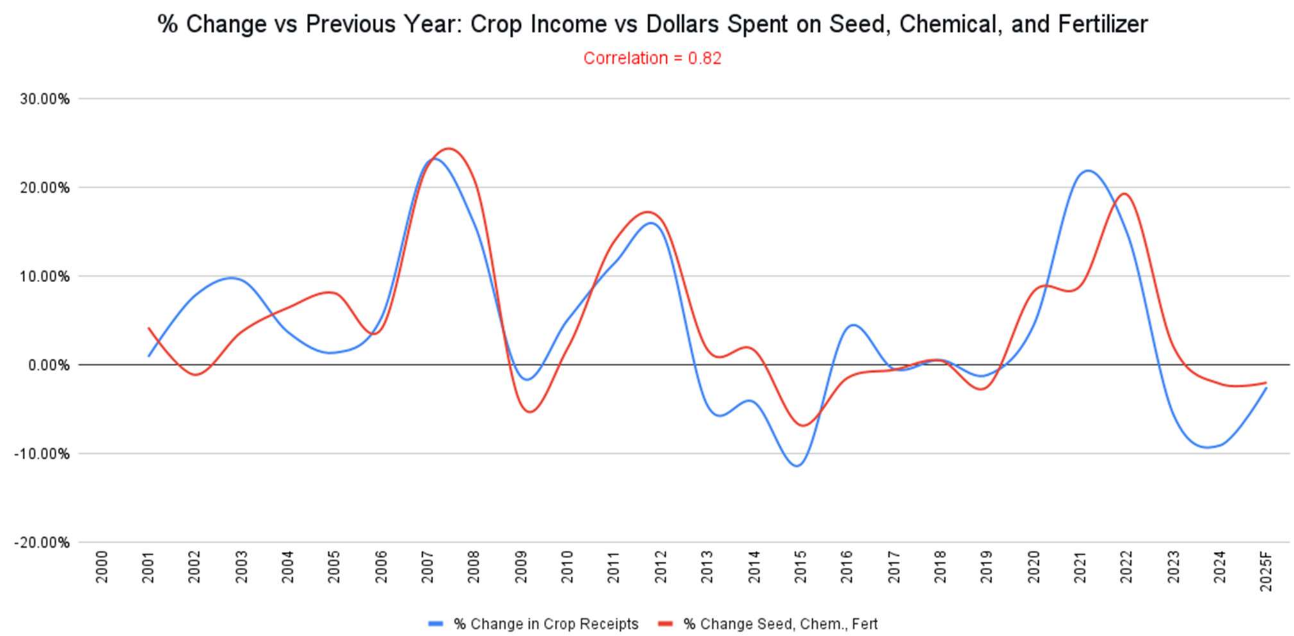




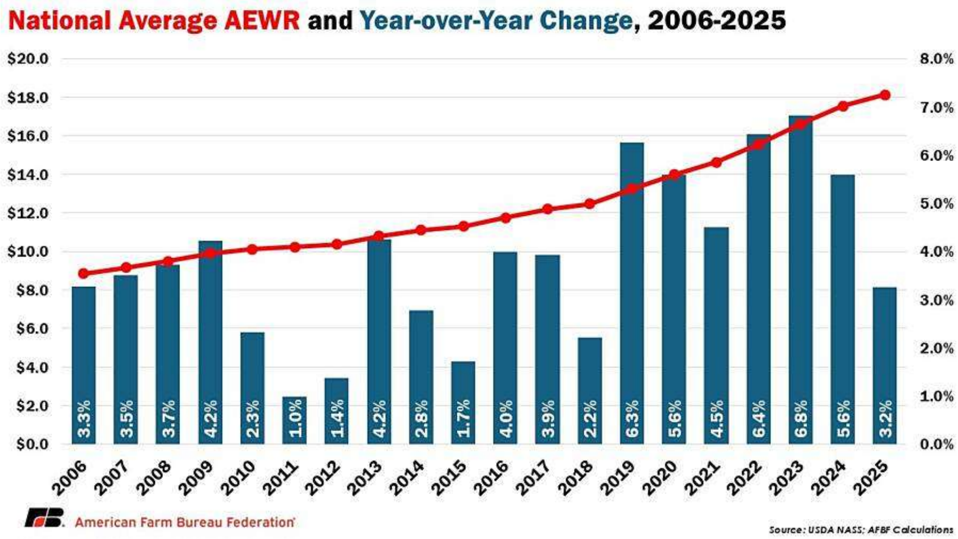
Grains

Last Thursday, Secretary of Agriculture Brooke Rollins spoke in Kansas City, MO, about the challenges that American farmers and ranchers and the Administration's commitment to providing support. While the government is already providing support through ECAP payments and international food assistance purchases, Secretary Rollins and the USDA have given some more ways that they expect to help US producers through this challenging market.

The most significant way that Secretary Rollins plans to help farmers is through the signing of a Memorandum of Understanding (MOU) representing the commitment of both the USDA and the Department of Justice to investigate farm input and equipment suppliers for antitrust violations. In the past 10 years, the market of agricultural input producers has seen significant consolidation. A series of large acquisitions and mergers in 2017 and 2018 led to the seed and chemical sectors being dominated by four large, vertically-integrated companies. This oligopoly in the industry has led to reduced competition in the market and, as a result, increased costs for the farmer. For example, a 2023 study found that 72% of corn seeds were supplied by only two companies. As shown in the chart to the right, as farmers' revenues increase, suppliers raise prices to capture a significant portion of that gain. However, when farm revenues fall, these input costs tend to remain 'sticky' and do not decline at the same rate, squeezing farmer profit margins.



The USDA has also committed to working with the Department of Labor and the DHS to adjust regulations for the H-2A program to lower the cost of securing seasonal labor. Labor costs on farms have increased by 47% since 2020, based largely on the inflated Adverse Effect Wage Rates set by the Department of Labor. This has particularly affected smaller farms, who often do not have the capital to pay the rapidly-increasing application fees.

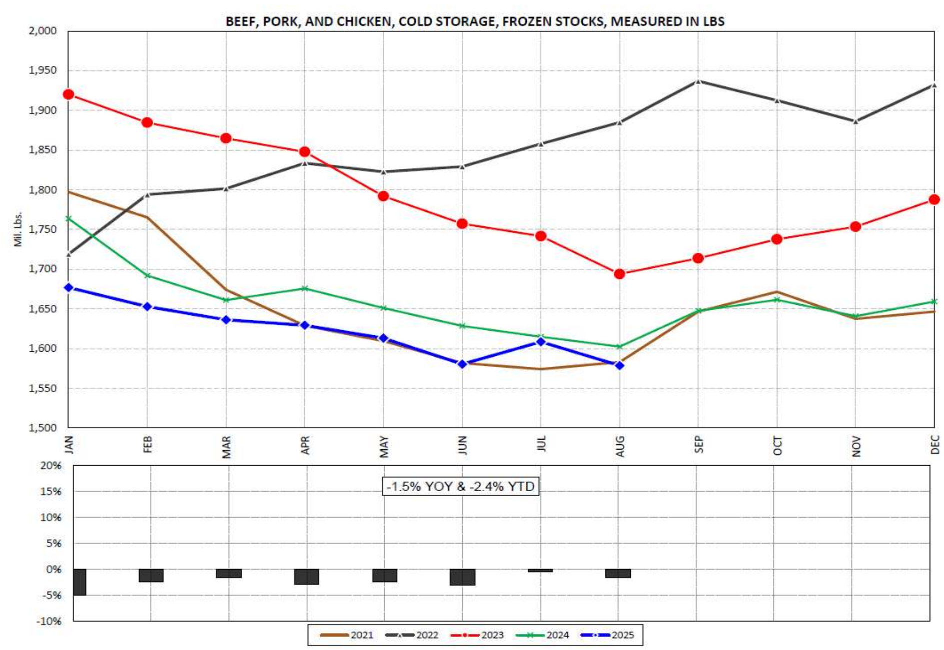


The farmer has been caught between economic pressures on both sides, with oligopolies of agricultural inputs and equipment raising prices to protect and expand their profit margins while simultaneously forcing the farmer to bear almost all the risk of the crop market volatility. Payments and subsidies may help the farmer get by in the short term, but a true commitment by the USDA and DOJ to restore the free market in agricultural inputs, equipment, and labor would help bring long-term stability and economic incentive back to the farmer.

Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

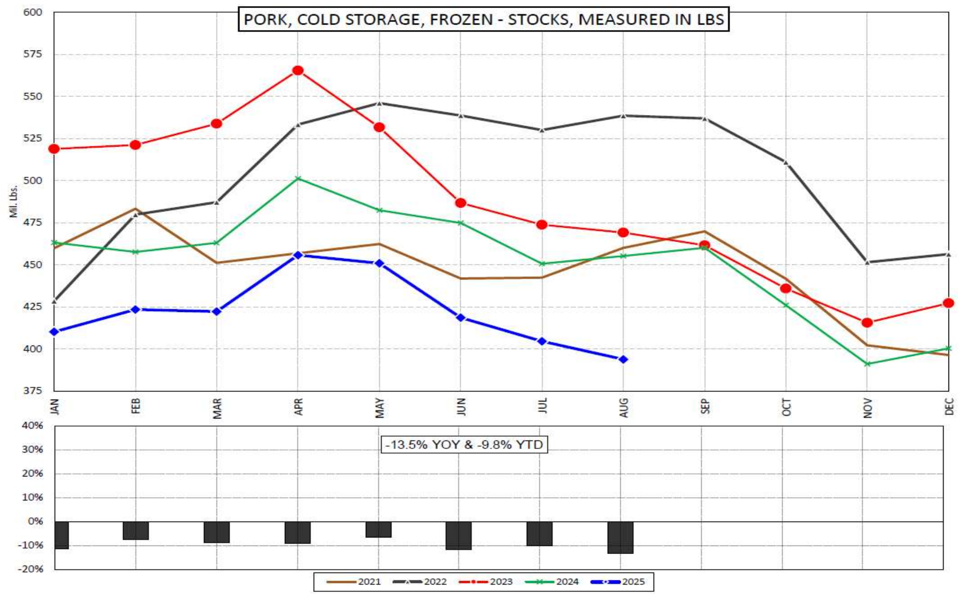
Livestock

Cold Storage facilities in the US are used to quantify the trade flow between US exports leaving the country and US imports entering the country. Beef has seen a dramatic increase in imports while exports are slowing at the same time. Pork has seen a trend of declining exports, mainly from China, in recent years. Poultry exports have been growing, hence why poultry stocks are in the freezer.

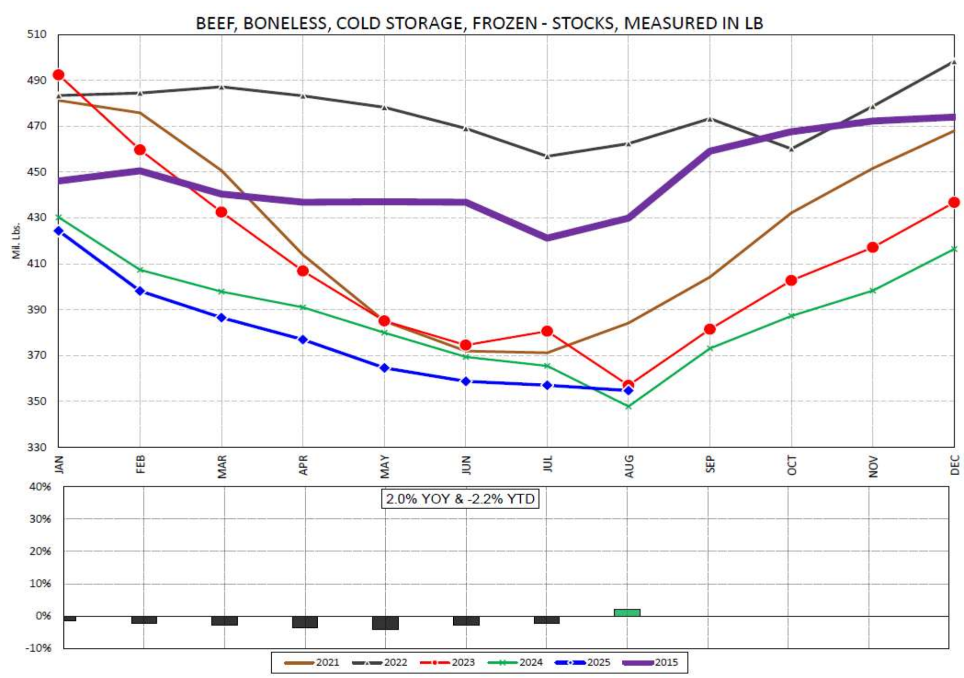


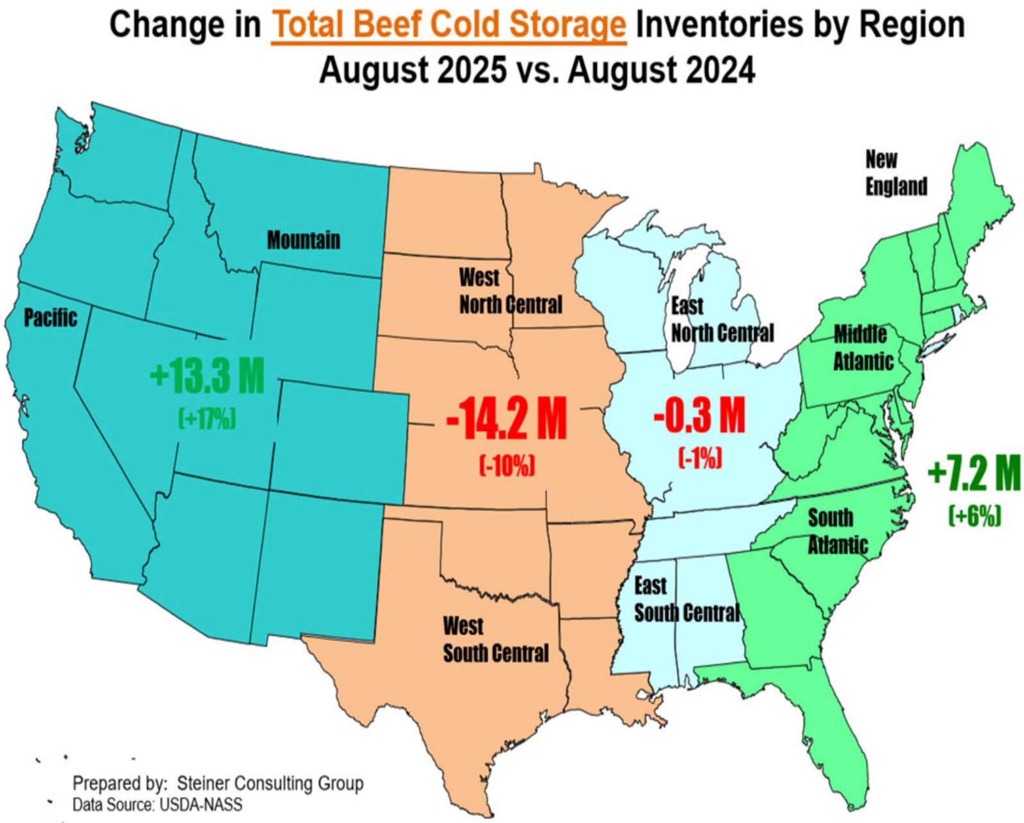
ALL PROTEIN in cold storage at the end of August was 1.579 billion pounds, 1.5% lower than 2024, 11.6% below the five-year average. This is the lowest August inventory since 2014 and 2010. High prices have slowed exports and prompted users to draw down stocks.

PORK in cold storage totaled 393.9 million pounds, 13.5% lower than 2024 and 22.5% lower than the five-year average. Lower export patterns, primarily with China, have led to a lack of pork in the freezer. Additionally, with the growth of the OTC forward pricing markets, end-users can buy hams using financial swaps, which eliminates the need for storage facilities and the cost of carry, including higher interest rates. The total OTC trade on hams is likely 25,000,000 lbs and growing. This reduces the number of hams that would normally be bought and stored as a hedge and puts them into the formula spot pork trade, offsetting this financial swap.



BEEF in cold storage increases slightly during August but remains 9.9% below the five-year average. Storage location is notable, with more supply positioned along the coasts where importers have been building inventory. Bone-in cuts, which would normally include bone-in rib roasts accumulated for the holidays, were 39.1 million pounds, 4.2% lower than last year. Sharply higher prices (+30%) likely limited the flow of product into the freezer in August. Inventories typically increase in Sept/Oct, driven by demand for the holiday ribs as well as Brazilian lean coming to the US staging for the drop in TRQ quota tariffs on January 1st.

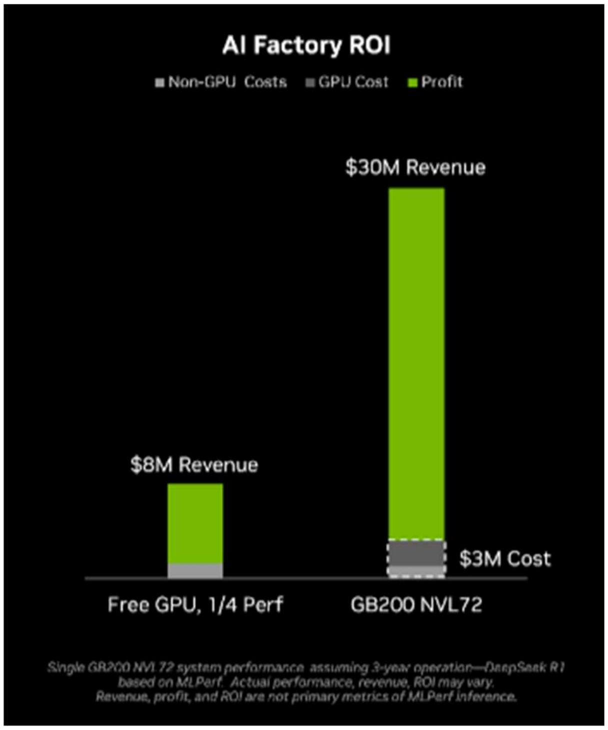




Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us or on Trillian at scott@nesvick.com.

Financials

Nvidia CEO Jensen Huang recently made a striking claim: a competitor's AI infrastructure would be a worse investment than Nvidia's latest GB200 system, even if the competitor's chips were free. He argued the opportunity cost of using less efficient hardware could reach $22 million over three years.



This assertion was based on a comparison where the competing system had only 25% of the performance per watt. While you cannot take any company's marketing metrics as absolute truth, and rivals like AMD and Google appear to be closing the performance gap at the individual chip level, there is significant evidence they are far from matching Nvidia's total-system efficiency. Nvidia's core strategy is no longer just selling chips, but delivering entire, pre-configured server systems. This "whole-stack" approach allows them to fine-tune performance and power efficiency to a degree that companies buying individual components cannot easily replicate.

What this means for the market: This system-level dominance creates a powerful, self-reinforcing moat. Every company that invests in an Nvidia system to maximize revenue potential also becomes more deeply entrenched in its ecosystem of tools and software, such as CUDA. While AMD has announced plans to sell full AI systems next year to counter this, Nvidia's lead continues to grow daily.

For now, it may appear that capital is simply circulating between AI startups and Nvidia. However, these investments from Nvidia to AI companies ensure that any future profitability these AI companies achieve will be built upon Nvidia's infrastructure. Should these AI companies reach profitability, Nvidia's valuation is positioned for further significant growth.

Financial commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Today's Calendar (all times Central)

- House Price Index – 8:00 AM
- JOLTS Jobs Report – 9:00 AM
- Conf. Board Consumer Confidence – 9:00 AM
- Small Grain Report – 11:00 AM
- Quarterly Stocks – 11: 00 AM
- **Deadline for Gov't Spending Bill – 11:59 PM**

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com

Bloomberg IB: zrdavis@bloomberg.net

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.