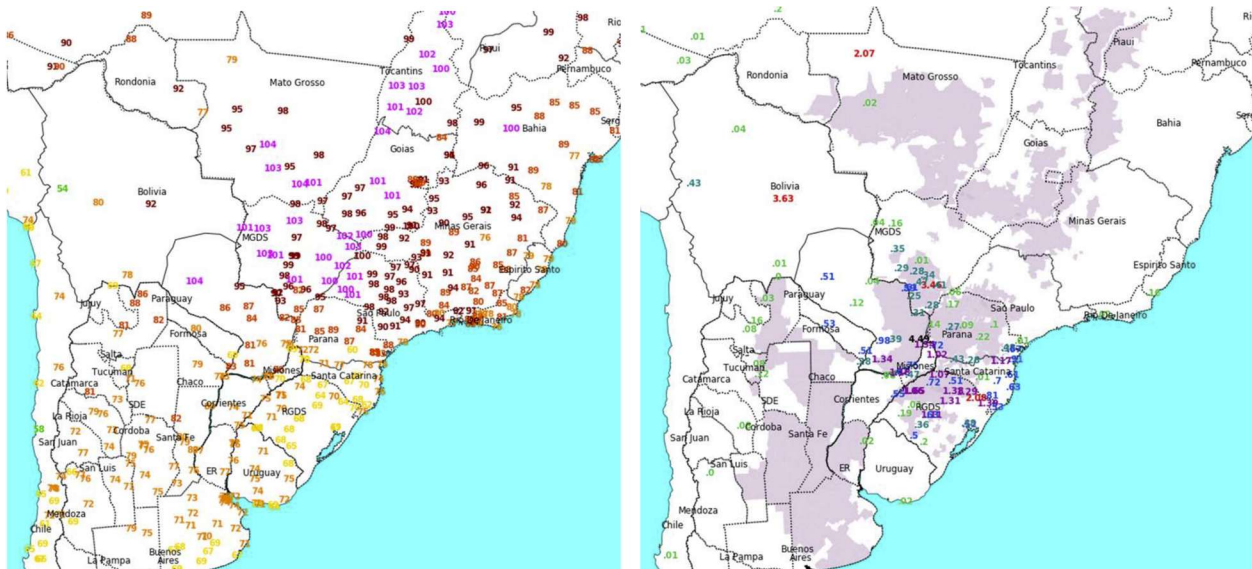


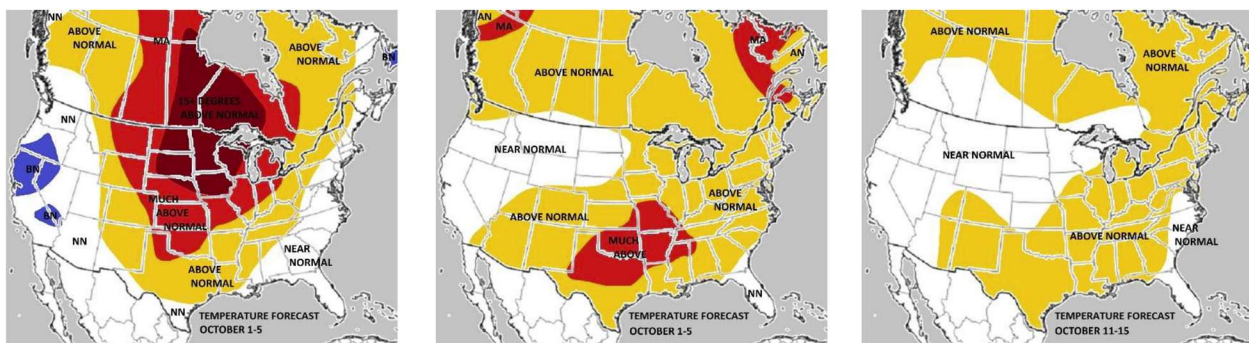
Weather

In South America, today's forecast continues to reinforce the outlook for an extended period of hot and dry weather in Northern Brazil, providing greater detail on its duration. The forecast now explicitly states that the dry spell will last for *at least* the next 10 days, with a significant portion of the region likely remaining dry well into the 11-15 day period. The outlook for intense heat is also confirmed, with temperatures expected to average over 5 degrees above normal for the next two weeks. The outlook for southern Brazil and Paraguay, while still adequate, has been tempered slightly. While the region will avoid any lengthy dry spells, conditions are now described as "decent" rather than "favorable," with rainfall totals expected to run somewhat below-normal in some areas. For Argentina, the forecast continues to show a beneficial dry period, adding more specific timing for the next chance of rain late Saturday into early Sunday.



High temperatures yesterday (left) and 18-hour rainfall through 1 AM CDT (right, soybean growing areas shaded)

In the US, the forecast for extreme heat across the middle of the country intensifies significantly. The first five days of October are now expected to be among the warmest ever recorded for the central/northern Plains and the central/western Corn Belt, with temperatures averaging 10-20+ degrees above normal. Numerous record highs are likely to be set from Thursday through Saturday as parts of the northwestern Corn Belt see temperatures run 15-25+ degrees above-normal. A cool-down is nowhere in sight for the 15-day outlook. While dry weather will continue to dominate the middle of the country through the weekend, today's forecast shows a notable wetter trend emerging for the 6 to 15-day period. This shift is most pronounced in the southern Plains, where the probability of receiving beneficial, above-normal rainfall in the second week is now quite high. The Corn Belt is also expected to see a more active pattern, with chances for at least near-normal rainfall during the October 6-15 timeframe. A new element in today's forecast is the expectation of strong winds, potentially over 40 mph, developing this weekend in the Plains and northwestern Corn Belt.



Grains

The September 1 Stocks Report and Small Grains Summary was generally bearish grains, with both corn and wheat stocks well above expectations as well as final wheat production. The bean numbers were neutral/mildly friendly, but weakness in grains, lack of any sort of progress with trade talks, and the imminent gov't shutdown weighed on beans as well.

Corn stocks came in roughly 200 milbus above trade ideas at 1532 milbus (1763 a year ago). There were ideas circulating that stocks could come in big given the early southern harvest, but the average trade estimate going in was 1337 milbus. They did raise 24/25 production by 25 milbus due to an increase in area. Fourth quarter feed/residual worked out to be about 200 milbus below year ago. Part of the miss definitely could've been new crop supplies mingled in, but this is now the 24/25 carryout. So...25/26 carry-in is bigger, and even with a lower yield (if we get one in Oct or, more likely, in Nov), the 25/26 b/s is just not that exciting. I am factoring in a reduction in use in addition to a reduction in yield. I'm including the S&D to reflect the 24/25 crop revision and larger carryout. The market actually took it pretty well, but am still expecting drifting/lower trade in the near term.

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)										
	18/19	19/20	20/21	21/22	22/23	23/24	24/25 MB	12-Sep 24/25 USDA	25/26 MB	12-Sep 25/26 USDA
Planted Acres	88.9	89.7	90.7	92.9	88.2	94.6	90.9	90.9	98.7	98.7
Harvested Acres	81.3	81.3	82.3	85.0	78.7	86.5	83.0	83.0	90.0	90.0
Yield (Bu/Ac)	176.4	167.5	171.4	176.7	173.4	177.3	179.3	179.3	181.3	186.7
Begin Stocks	2140	2221	1919	1235	1377	1360	1763	1763	1533	1533
Production	14340	13620	14111	15018	13651	15341	14892	14892	16324	16814
Total Supply	16508	15883	16055	16277	15067	16729	16679	16675	17881	18372
Exports	2066	1777	2747	2472	1662	2255	2850	2830	2740	2975
Feed Use	5429	5900	5607	5671	5486	5832	5476	5492	6100	6100
Food/Ind/Seed	6793	6286	6467	6757	6558	6879	6820	6820	6970	6980
Ind Use-Swtnr/Star	1090									
Ind Use-Bevg/Mfg A	150									
Ind Use-Fuel Alcoh	5378	4857	5028	5320	5176	5489	5450	5435	5600	5600
Food/Seed	240									
Total Usage	14288	13963	14821	14900	13707	14966	15145	15142	15810	16055
End Stocks	2221	1919	1235	1377	1360	1763	1533	1533	2071	2318
End Stks/Use %	15.5%	13.7%	8.3%	9.2%	9.9%	11.8%	10.1%	10.1%	13.1%	14.4%

Soybean stocks were reported at 316 milbus vs 323 expected. Last year's bean area was also tweaked higher with a slight upward revision in last year's crop. So, the residual was a bit bigger than expected, with lower stocks and a bigger crop last year. The USDA's balance sheet for 25/26 using the 316 milbus carry-in looks constructive, even with the 53.5 yield. I am using a lower yield for now. The big question market will likely still be exports if we don't see a material change in yield. Bean yields, while there have been a few poor ones, seem to be holding up much better than expected given the very dry Aug/Sept. Feels likely drifting lower trade in beans also, as no one thinks the carryout will be below 300 milbus for 25/26.

SOYBEANS: U.S. SUPPLY AND DEMAND									
	19/20	20/21	21/22	22/23	23/24	24/25 MB	12-Sep 24/25 USDA	25/26 MB	12-Sep 25/26 USDA
Planted Area	76.1	83.4	87.2	87.5	83.6	87.3	87.3	81.1	81.1
Harvested Area	74.9	82.6	86.3	86.2	82.3	86.2	86.2	80.3	80.3
Yield	47.4	51.0	51.7	49.6	50.6	50.7	50.7	52.1	53.5
Carryin	925	538	257	274	264	342	342	316	316
Production	3552	4216	4464	4270	4162	4374	4374	4182	4301
Imports	15	20	16	25	21	25	27	20	20
Total Supply	4492	4774	4737	4569	4446	4742	4744	4518	4637
Crush	2165	2141	2204	2212	2285	2445	2430	2540	2555
Exports	1679	2266	2152	1980	1700	1875	1875	1558	1685
Seed	97	101	102	72	75	70	70	73	73
Residual	15	9	5	41	44	36	53	29	37
Total Usage	3956	4517	4463	4304	4104	4426	4428	4200	4350
Carryout	538	257	274	264	342	316	316	319	286
Carryout % Use	13.6%	5.7%	6.1%	6.1%	8.3%	7.1%	7.1%	7.6%	6.6%

Wheat was also bearish. The trade was basically expecting no changes in the final crop, but it was up roughly 60 milbus from previous. HRW production was up 35 milbus with SRW up 14 and other Spring up 13. Stocks came in at 2120 vs 2043 expected, implying feed/residual use about 15-20 less than expected. The US wheat balance sheet was bearish already and this just adds to that sentiment. Tomorrow, I'll go over the wheat stocks estimates by class and the by-class S&D.

WHEAT: U.S. SUPPLY AND DEMAND (JUNE - MAY MARKETING YEAR)									
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 MB	12-Sep 2024/25 USDA	2025/26 MB	12-Sep 2025/26 USDA
Planted Area	45.5	44.5	46.7	45.8	49.6	46.3	46.3	45.3	45.3
Harvest Area	37.4	36.6	37.1	35.5	37.1	38.6	38.6	37.2	37.2
Yield	51.7	49.7	44.3	46.5	48.7	51.2	51.2	53.3	53.3
Carry-in	1080	1028	845	674	570	696	696	851	859
Production	1,932	1,820	1,646	1,650	1,804	1,979	1,979	1,985	1,985
Imports	104	100	96	122	138	149	149	120	120
Total supply	3115	2948	2586	2446	2512	2823	2824	2956	2963
Seed	62	64	58	68	62	62	62	64	62
Domestic Mill	962	961	971	972	961	982	969	975	972
Feed/Residual	95	85	88	78	86	103	109	100	120
Exports	969	994	796	761	706	826	826	905	900
Total Use	2088	2104	1913	1876	1815	1973	1965	2044	2054
Carry-out	1028	845	674	570	696	851	859	912	910
Carryout/use	49.2%	40.1%	35.2%	30.4%	38.3%	43.2%	43.7%	44.6%	44.3%

We could be going into a drifting quiet trade (even quieter, if that's possible). We likely won't get an Oct crop report and we won't have inspections, export sales, or NASS Progress reports. Once harvest reaches the halfway market, maybe the market can shift focus. The next item is likely that Northern Brazil needs their rainy season to start while Southern Brazil and Argentina are too wet.

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

I'd like to take some time to look back at September 1st Hogs & Pigs report from last week. Mike did a great job deep diving USDA's data on last Friday's morning comments, but I'd like to add some extra context. As he mentioned, USDA estimated the sow herd and the expected marketings to be much smaller than expected. USDA lowered these expected

production forecasts and made revisions to prior data points. The main revisions were to the December-February pig crop (now -2.3% vs. year ago compared to -0.2%) and the March-May pig crop (now -0.6% vs. year ago compared to +1.3%). Revisions were also noted in the June 1st breeding herd, as USDA lowered it 30,000 head compared to the previously released total. Revisions were expected by many industry insiders, mostly because of the wide spread disease issues causing death loss of market hogs from this past November through February.

September 1st USDA Hogs & Pigs Report

Released 09/25/25

50 STATES	USDA 2025	2024	25/24	5-YEAR AVG	2025/ 5-YEAR	TRADE AVG EST	TRADE RANGE	Approx* Kill Dates
ALL HOGS & PIGS	74,472	75,490	98.7%	75,822	98.2%	100.3%	99.5-101.1%	
BREEDING	5,934	6,044	98.2%	6,229	95.3%	99.5%	98.8-100.1%	
MARKET	68,538	69,447	98.7%	69,592	98.5%	100.3%	99.4-101.2%	
180 LBS & OVER	12,711	12,674	100.3%	12,452	102.1%	99.2%	97.7-100.0%	09/01-10/06
120-179 LBS	14,498	14,447	100.4%	14,521	99.8%	100.4%	99.2-101.6%	10/07-11/20
50-119 LBS	19,677	20,132	97.7%	20,243	97.2%	100.6%	99.7-102.4%	11/21-01/20
UNDER 50 LBS	21,662	22,194	97.6%	22,377	96.8%	100.5%	99.8-101.7%	01/21-03/31
PIG CROP JUN-AUG	34,078	34,981	97.4%	34,921	97.6%	100.4%	99.5-101.0%	
PIGS/LTR JUN-AUG	11.82	11.72	100.9%	11.33	104.3%	100.9%	99.9-101.4%	
SOWS FARROWING								
JUN-AUG ACTUAL	2,883	2,985	96.6%	3,084	93.5%	99.5%	99.3-99.7%	Dec-Feb
SEP-NOV/2nd Ints	2,855	2,925	97.6%	3,039	93.9%	100.5%	99.1-100.9%	Mar-May
DEC-FEB/1st Ints	2,824	2,831	99.8%	2,912	97.0%	100.3%	98.5-101.0%	Jun-Aug

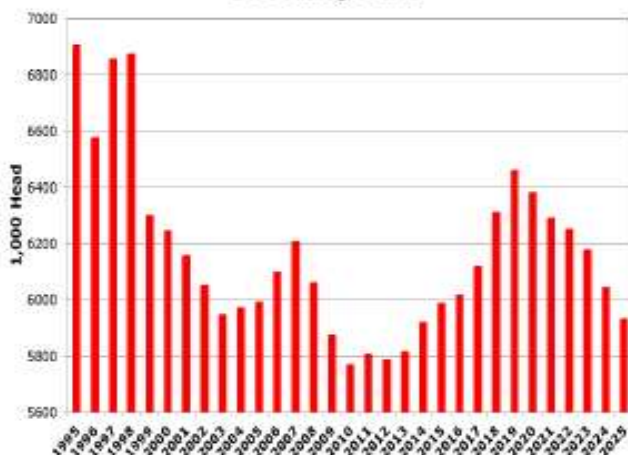
Numbers in 1,000 Hd

Source: USDA - NASS & Reuters Survey.

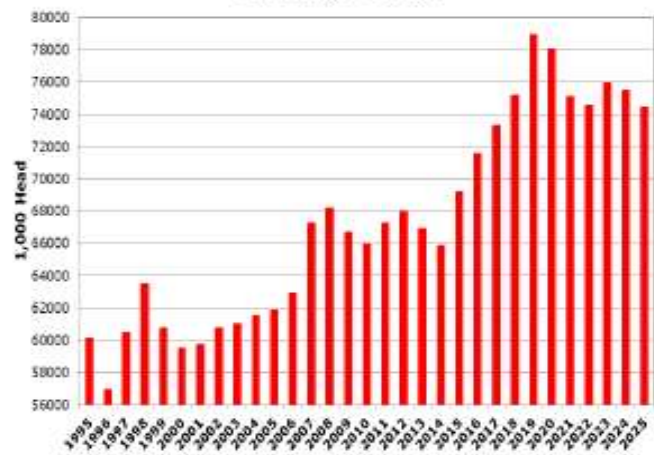
*kill dates follow; gestation 4 mths & mkt'd 6mths after farrowing

I would like to point out that this report will mark the lows for the US Breeding Herd and US Marketings for the foreseeable future. USDA will start to increase the breeding herd on the upcoming reports and will likely have to revise this report's data sometime later next summer when slaughter rates are over-performing their forecasts.

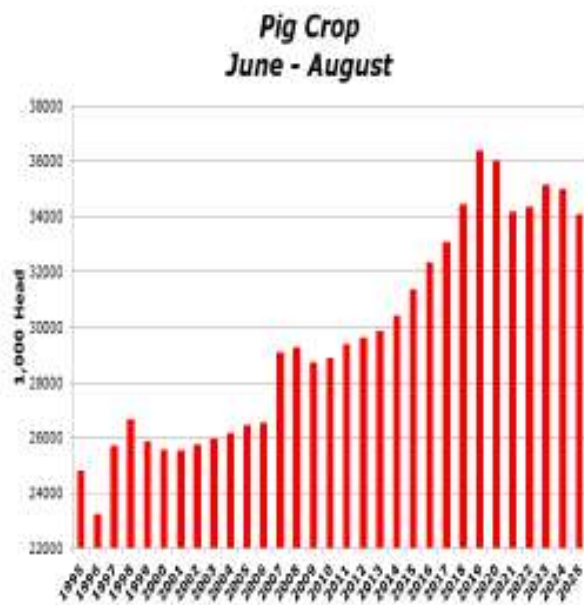
**September 1st Inventory
Breeding Herd**



**September 1st Inventory
All Hogs & Pigs**



Arguably, one has to begin to forecast an expansion in the hog herd, not a contraction. The trouble with USDA's process is that they will not likely let us know about this until this coming summer or next year at this time. By this time next year, I expect them to begin the process of revising data upwards, recognizing their error of forecasting a contraction in the herd when we are arguably expanding. This conflicting data will likely lead to increased speculative and index funds buying futures markets for all of 2026. Specifically, they should be willing to bid this market into new contract highs from now into early 2026. However, as we are trying to point out, from that point on, when it comes time to roll out of their longs and expect someone else to drive prices higher, they might find that they are the last ones at the party and no ride home. Larger supplies should be forecasted from June through December of 2026 not smaller. **Conclusion:** Do your own homework and expect to find the opposite of what you glean from this reports' forecasts.

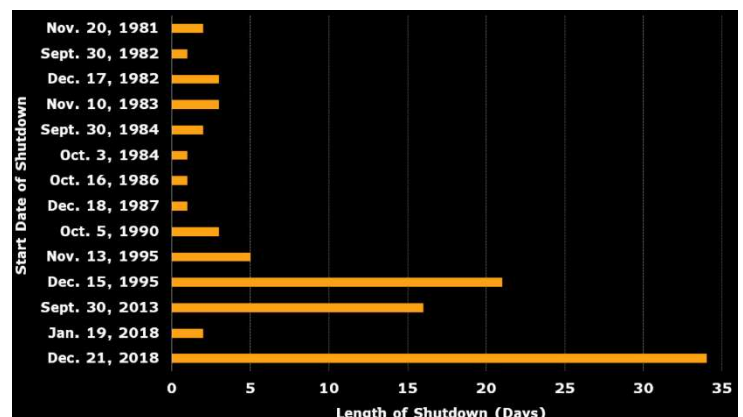


Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us or on Trillian at scott@nesvick.com.

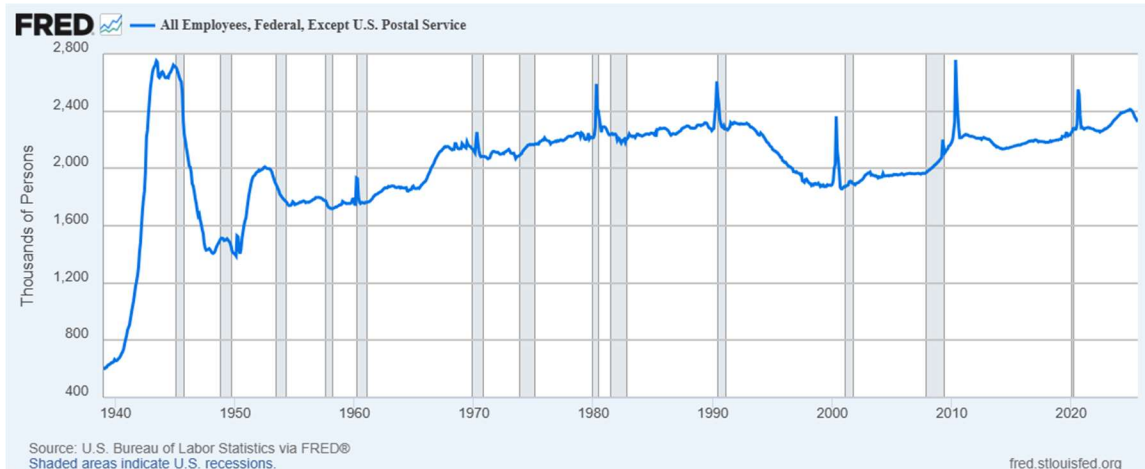
Financials

If you're reading this, that means the government has officially shut down. This is the 4th shutdown since 2000, and the 3rd that has occurred under a Trump Presidency (the first two both occurred in 2018, during his first term). While it's impossible to know how long this shutdown will last, many publications are working off the assumption that the government doesn't re-open for approximately 3 weeks. On Monday, we looked into the effects of a government shutdown on the agriculture industry; let's look at its other probable effects on the economy.

Similarly to my comments on Monday, almost all data that comes out of government agencies will be paused. This means reports such as Jobless Claims, Non-Farm Payrolls, and CPI will be delayed until after the reopening of the government. If the shutdown lasts as long as the one in 2018, the Fed may be flying blind, so to speak, at its next meeting on October 28-29.



A significant portion of government workers will be furloughed and programs will be paused, unless they are deemed to be essential. Workers in essential roles, such as those in the military and TSA, will be expected to continue doing their jobs, but will not receive pay during the shutdown. If the proportion of furloughed workers is in line with previous shutdowns, it is expected that approximately 750,000 government employees will be furloughed. Furloughed workers are typically counted as temporarily unemployed in the Monthly Household Survey, and these employees have traditionally all returned to work and received back pay once the government re-opens; in fact, after the 2018/2019 shutdown, Congress codified the retroactive pay for all essential and furloughed workers upon reopening of the government.



However, President Trump stated in a press conference Tuesday afternoon that “we can do things during the shutdown that are irreversible... like cutting vast numbers of people out... cutting programs that [Democrats] like.” If he follows through on these permanent job cuts and elimination of programs, we could see the real unemployment rate spike as much as 0.4% to a total rate of 4.7%, depending on the size of the cuts he chooses to make. Considering the federal workforce has already shrunk by 100,000 employees this year, we could be looking at a significantly smaller federal government at the end of this shutdown. This would have a negative impact on GDP, but would also reduce the fixed costs of the federal government and provide an opportunity to reduce national debt.

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) – Subject to Gov't Shutdown

- MBA Mortgage Applications – 6:00 AM
- ADP Employment Change – 7:15 AM
- US Manufacturing PMI – 9:00 AM
- EIA Energy Stocks – 9:30 AM

Thanks for reading,

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