NESVICK TRADING GROUP, LLC

Friday, October 3, 2025
NTG Morning Comments
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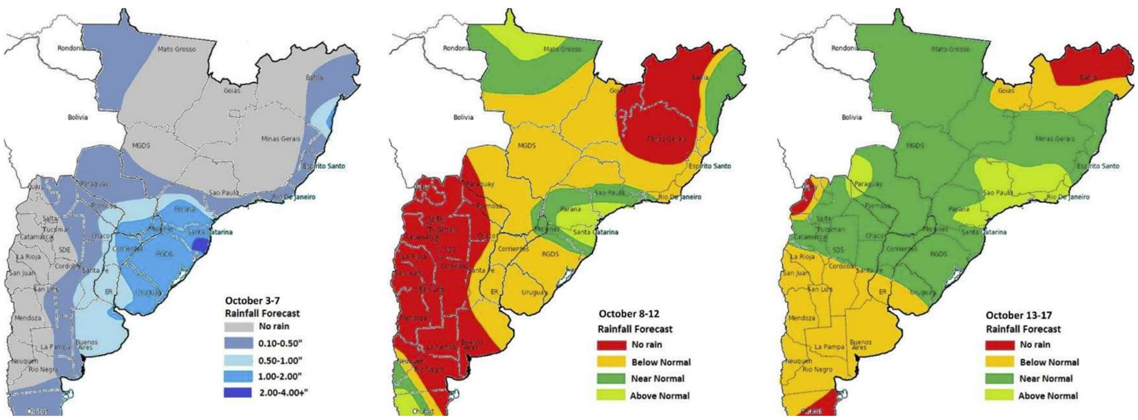
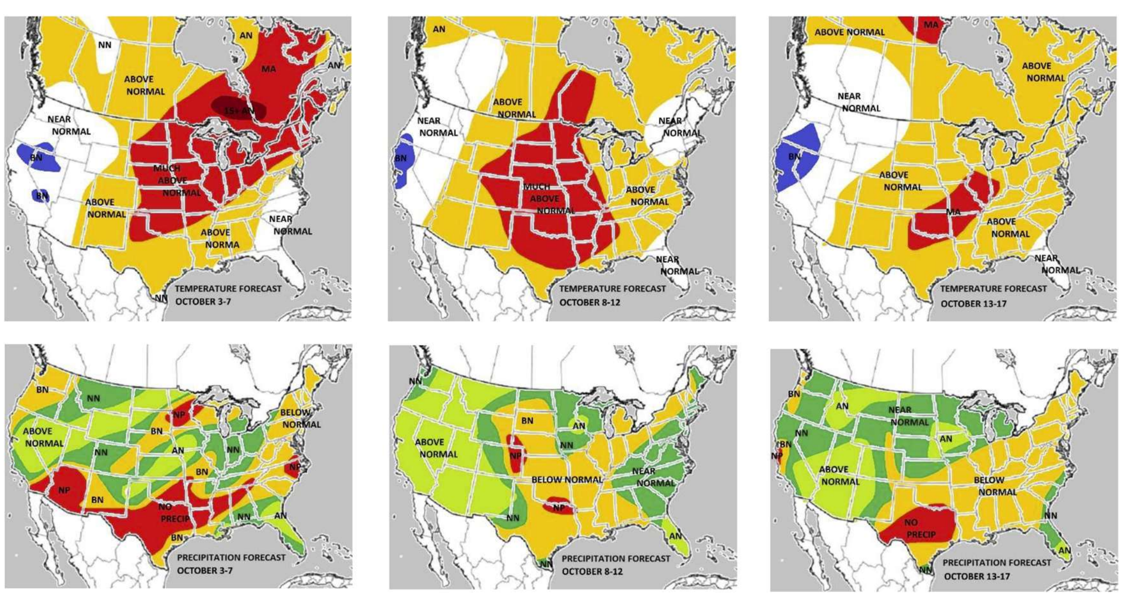
Weather

In South America, the forecast for northern Brazil continues to show a standstill in soybean planting for another 7 to 10 days due to dry conditions and significant heat. The key development in today’s outlook is that models are now more convinced that a break in this pattern will occur around October 12, bringing a return to a more normal rainfall pattern that should allow planting to resume. Temperatures are also expected to moderate with the arrival of these rains. The outlook for southern Brazil and Paraguay remains consistent, with a "decent but not wet" pattern expected and no lengthy dry periods forecasted. For Argentina, this weekend’s rain remains the only notable chance for the next 10 days. However, today's report adds important context that current soil moisture is excellent, evidenced by corn planting already reaching 19.8% and wheat yields projected to be near record levels.

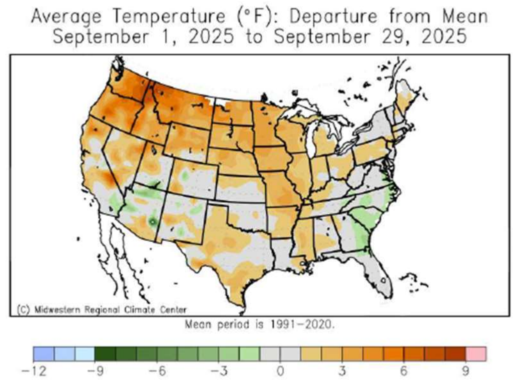


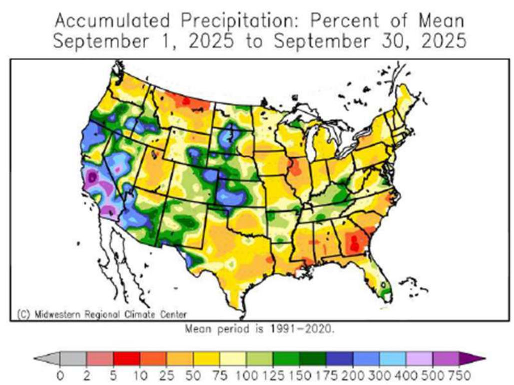
In the US, the near-term forecast for the Corn Belt is extremely detrimental for crops. The combination of completely dry weather, extreme heat with temperatures 10-25+ degrees above normal, and strong winds gusting over 40 mph will persist through the weekend. The outlook for rain in the 6-15 day period has trended slightly drier this morning than the past few days have suggested. There should be little concern of this pattern causing any harvest delays, but it will also do little to improve river levels. The most significant forecast change is a reversal on yesterday’s temperature outlook for next week. The cool shot forecasted yesterday is now trending significantly warmer; this is more in-line with what the models suggested before yesterday. While the northern Plains may still see some sub-freezing lows, the Corn Belt may now escape a freeze entirely. Following this brief cool-down, a significant warming trend is expected to return, meaning the Corn Belt is still not close to its first widespread freeze of the season.



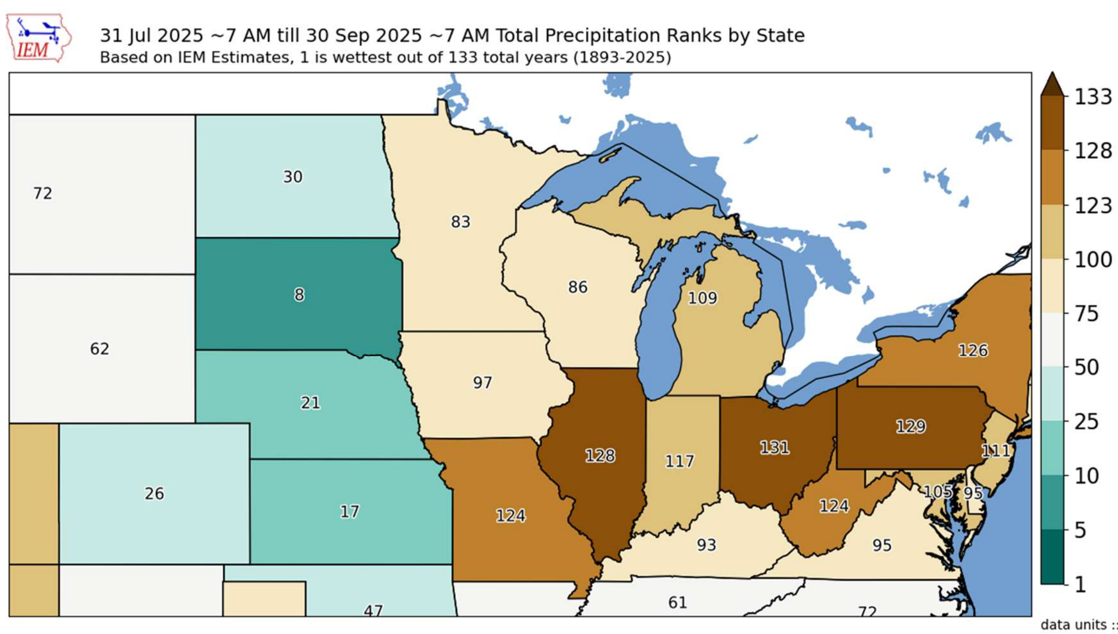
Grains

The bounce continued Thursday, with beans and meal leading while oil took a back seat. We had no export sales report, but we may have run out of selling. The tone was so bearish on report day, which was exacerbated with the gov't shut down. There has been managed money buying into the dearth of selling. The Trump/Xi meeting is the one that has been planned all along at the APEC meeting in Korea.





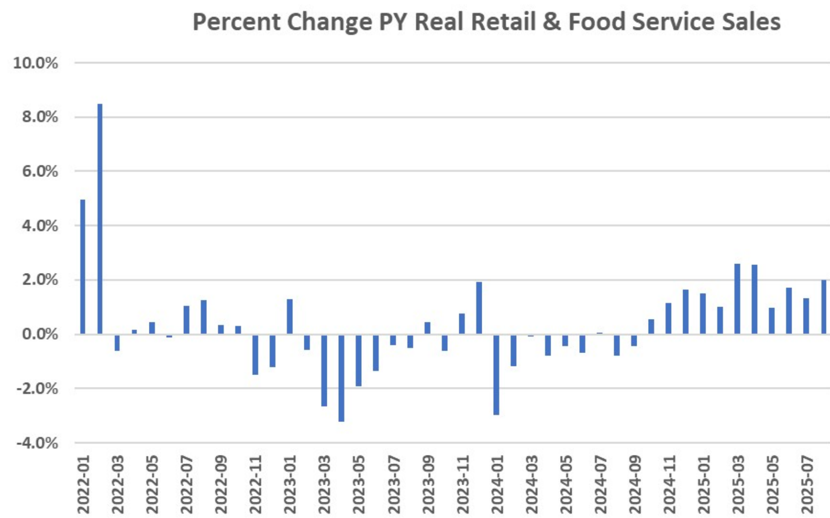
S&P Global (previously Informa) released their updated yield forecasts with corn at 185.5 bu/a, down from 186.0 previously and from the USDA's 186.7. This still isn't as low as some in the market near 181-183 bu/a. They lowered beans to 53.0 from 53.5 previously and the USDA's 53.5. This is in line with expectations. I'm attaching the percent of normal maps for September temperatures and precipitation, as well as the Aug-Sep precipitation rankings out of 133 years. IL and OH were 128 and 131 driest out of 133 years. So far, the bean yields do seem to be holding up very well considering the dryness and the heat of September, but time will tell. At face value, the USDA b/s is supportive – carryout is under 300 milbus with the revised carry-in. The elephant in the room has been the export number and whether China ever returns for US beans. If the trade starts to believe they will, we could see additional strength on short covering/getting long. Trump said there would be a big announcement for producers on Tues and that soybeans would be a major topic of discussion at the APEC talk.



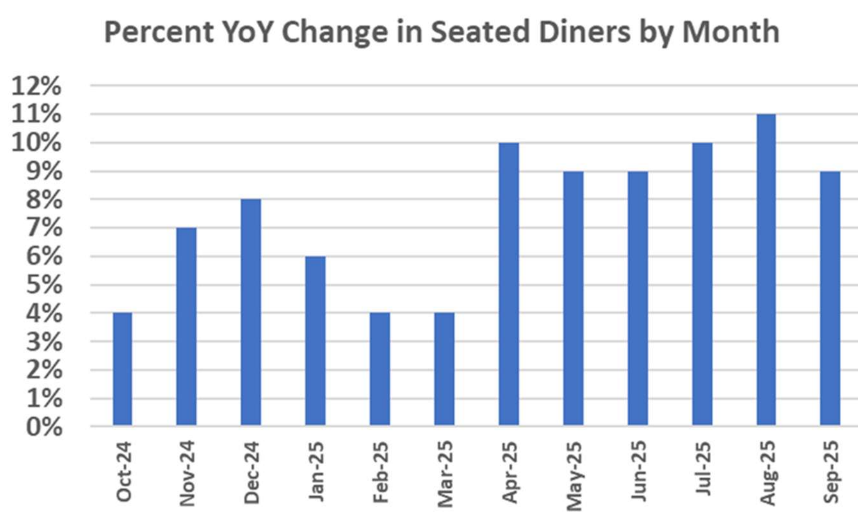
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

Consumer spending accounts for two-thirds or more of total US economic activity, followed by smaller shares related to business investment, government spending, and net trade. While all categories are important, consumer spending clearly dominates and changes in that category carries an outsized relevance to economic growth. Consumer spending, in turn, likely will be heavily influenced by employment and earnings. While employment growth has slowed and unemployment has ticked higher, (September employment and earnings data are casualties of the government shutdown) real (inflation adjusted) retail sales have ranged around 2% this year, a significant increase from the lackluster changes during much of the 2022-2024 period.

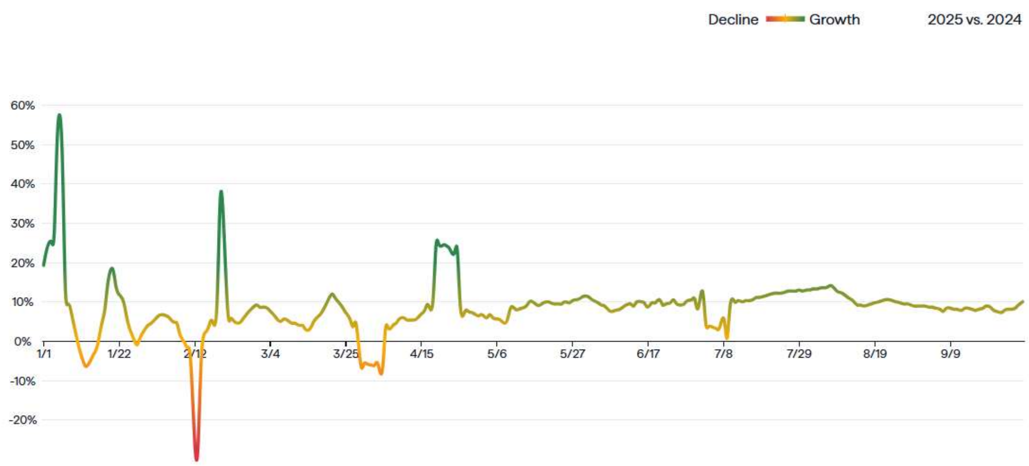


Several consumer-facing entities in recent quarterly reports have lamented some erosion in consumer traffic. But, at the same time, many of those same entities have also reported higher sales revenues, suggesting that higher prices have more than offset fewer customers—about what would be expected for items with an inelastic demand. Food service reportedly accounts for something over 50% of total beef sales. And, by one measure at least (Open Table), the number of seated diners at restaurants have ranged 9-10% higher than during the same period a year earlier—a marked improvement from late 2024 and early 2025. Combining the more recent larger customer counts with the higher menu prices and higher revenues will follow.



While more recent customer count data suggests some modest erosion in growth rates from summer into early fall, much of that erosion appears to be seasonal, perhaps associated with back-to-school routines and paying off summer vacation bills. At any rate, consumer spending, food service sales, and seated diner counts have yet to reveal significant demand issues associated with meat, in general, or beef in particular.

Percent Change in Seated Diners; 2025 vs: 2024

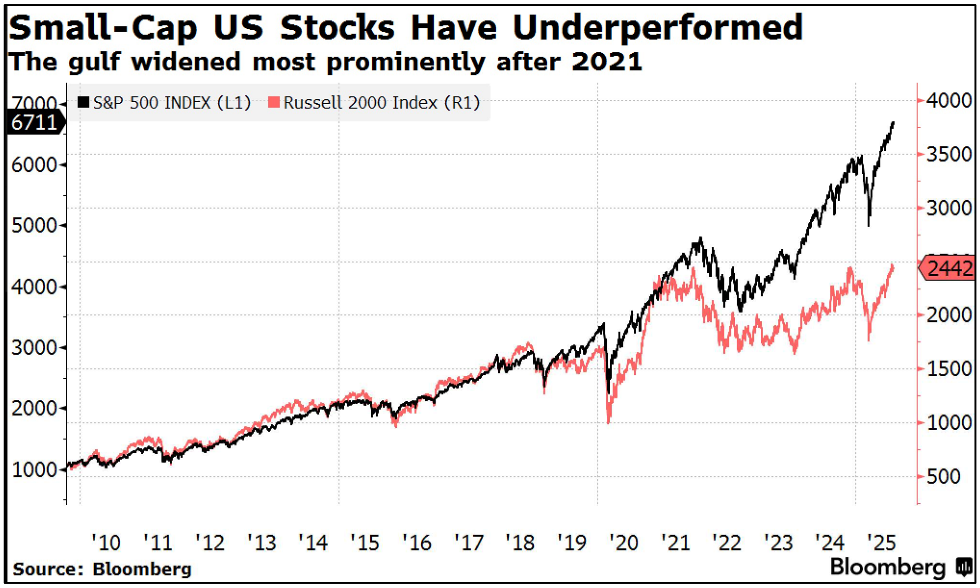


Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Financials

One of the most common pieces of investment advice is to diversify and hold for the long term. In recent years, it seems more and more people are listening to this advice, because passive investing has become increasingly popular. In fact, Bloomberg Intelligence estimates that 52%, or $15.4 trillion, of the nearly $30 trillion invested in US stocks and bonds markets is passively invested. With that in mind, what does it mean for the market when over half of investments are passive?

Most think that passive investing has little effect on the market; this is not the case. Passive investors are simply automatically adding money to their investment portfolio on a consistent basis. This means that there is a constant stream of money that is being added to the market, regardless of price. This creates upward momentum on the market, even as P/E ratios go up. This has worked pretty well for investors, with the S&P 500 returning nearly 900% since the lows of the Great Recession, but leaves less room to use value-based trade strategies. It has also caused large-cap stocks to outperform small-cap stocks, especially in more recent years as people have increasingly put the majority of their investments into S&P 500-tracking ETFs.



However, this upward momentum only holds up as long as people are employed (and generally employed full-time, not underemployed) and able to continue these automatic payments into their 401k or other investment accounts. If a large number of people stop their passive investments, the market could quickly correct lower. This correction will have a much larger magnitude than it would have without such a prominent passive investment strategy. And, because this won't happen until passive investment flow declines, this market drop will likely lag a recession rather than signaling the beginning of the recession.

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)

- Nonfarm Payrolls – 7:30 AM
- SP Global PMI – 8:45 AM
- ISM Services Index – 9:00 AM

Thanks for reading,

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