NESVICK TRADING GROUP, LLC

Wednesday, October 8, 2025
NTG Morning Comments
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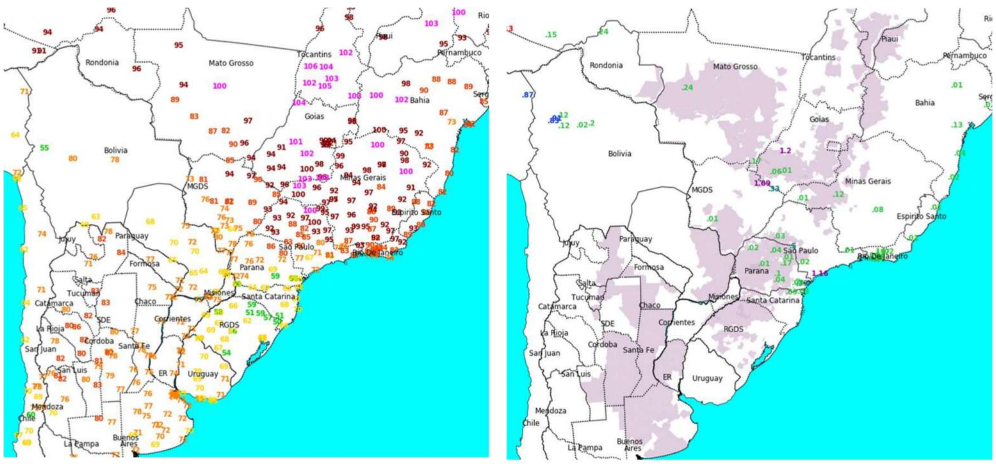
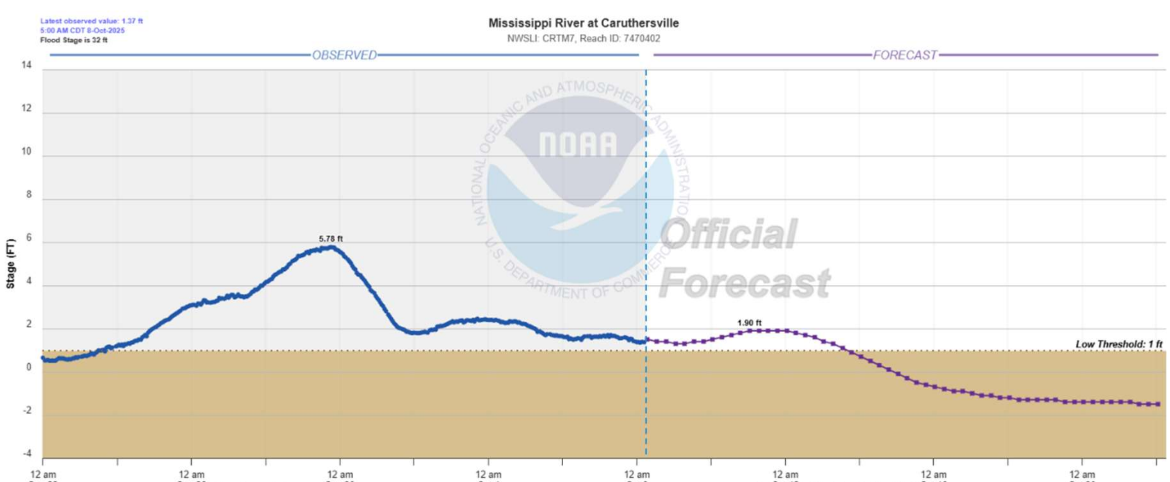
Weather

The forecast for northern Brazil continues to show hot and dry conditions persisting through Friday before beneficial rains arrive for the weekend through the end of the 15 day period to re-initiate widespread planting. While the overarching forecast is unchanged, there was a surprising, isolated 1+ inch rainfall event near the Mato Grosso/Goias border area yesterday. The favorable outlook for southern Brazil and Paraguay is confirmed, with consistent, near- to above-normal rains and no notable heat expected in the 15-day forecast. The most significant new information from South America is a report from the Buenos Aires Grain Exchange detailing the impact of recent flooding in Argentina. The report estimates 4.3 million hectares have been impacted in the province of Buenos Aires, with 900,000 hectares completely underwater. While the forecast for below-normal rainfall in other parts of Argentina is welcome, the 1+ inch rains expected for the already saturated Buenos Aires region this weekend are a concern.



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

Today's report provides more clarity on the impact of the recent heavy rains across the central U.S. The rainfall has been significant enough that a near-term increase in Ohio and Mississippi River levels is now likely to be "quite significant". However, this improvement will be short-lived, with the Mississippi still expected to fall below the "low threshold" in the coming days. Dry conditions that begin today in the southeastern Corn Belt and the Mid-South are expected to last for at least the next 10 days. Furthermore, the rainfall outlook for the southern Plains has trended drier, with mostly below-normal amounts now expected over the next 15 days. On the temperature front, the first sub-32 degree readings of the season were recorded in the Corn Belt this morning in southern Minnesota. Despite this, the overall pattern remains abnormally warm, with an especially warm period still forecast for October 12-16, when temperatures are expected to average 10+ degrees above normal in the western Corn Belt.



Grains

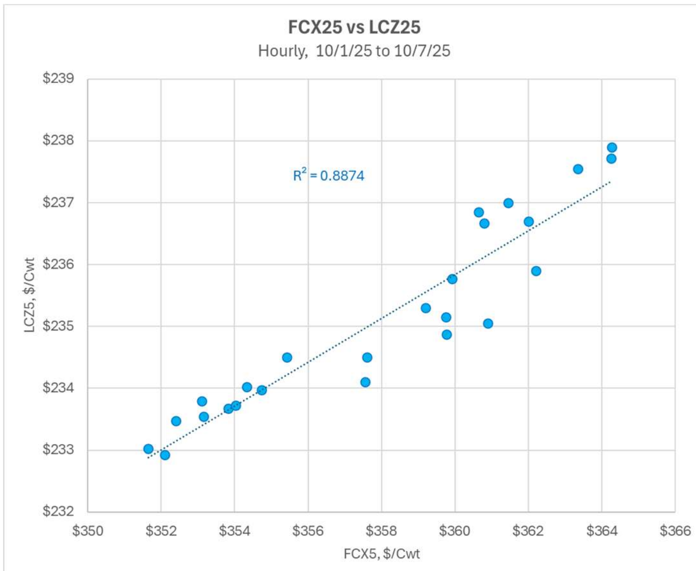
Bean harvest is thought to have hit the halfway mark, with ideas ranging up to 60% complete. We had a completely hot and dry week last week – many areas seeing the hottest ever start to Oct (or at least in the last 133 years). I had thought the break into early October was the lack of China and the 3-day selling spree in Argentina. I am not sure we have felt much harvest pressure yet and now it's likely past halfway complete. Looking at Zachary's storage report from Tuesday morning, we obviously have an issue coming, and corn harvest still has a way to go (estimated to be roughly 25-30% complete).

A colleague piqued my attention yesterday – highlighting bean spreads. Both CIF and interior bean basis has firmed over the last few days. I realize the bearish sentiment is strong and most expect much lower exports and, subsequently, lower prices. We've basically been in a sideways range for months. I just wonder if spreads and basis need to firm some to get beans moving. We have formidable product demand and strong crush margins. We don't have China, but US beans are cheapest, and we should be doing nearly every pound of the ROW business. We won't have an October WASDE report this week, but the survey trade estimates were for a 185.0 corn yield and a 53.2 bean yield. In the October report last year, the USDA lowered bean yield marginally – 53.1 bu/a from 53.2 in September, and forecast 24/25 ending stocks at 550 milbus. They were using 1850 exports while private estimates were closer to 1750 w/carryout near 650. Harvest was 47% complete as of 10/6/2024. CIF had a big run this time last year, which I do not expect this year, but I do wonder if spreads can come in some to get beans moving. The SX-SF was near 17-18 carry at this time last year and (Tuesday ranged from 18.0 carry to 16.75 carry). It narrowed to 7 carry by mid-to-late October last year. Food for thought given the lack of inputs and small daily trading ranges.

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

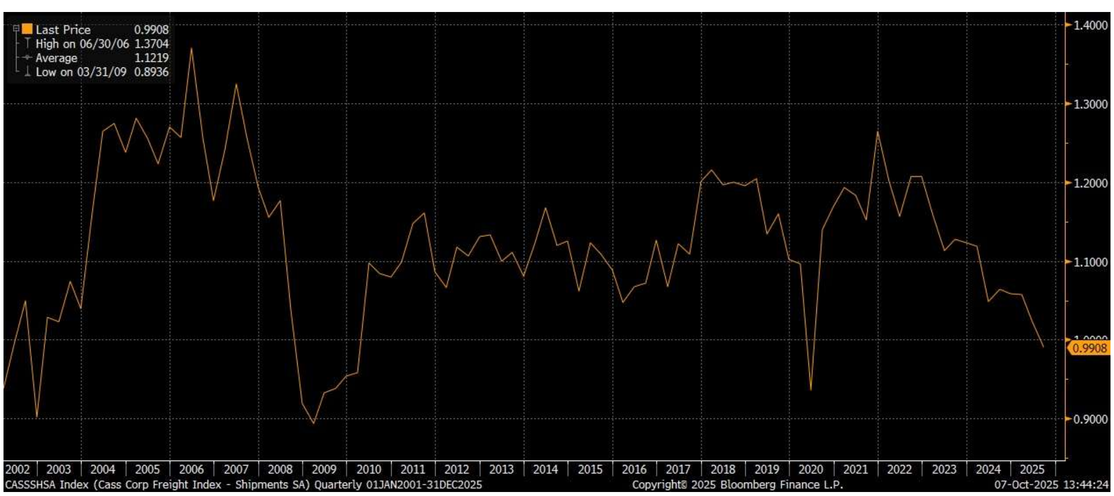
I'm left wondering what's firmed up the cattle complex this week after feeling a little bearish at the end of last week. The answer may lie in Feeder Cattle futures that have rallied 4% ($13.65/cwt) in 3 sessions. The reason is open for debate, but has to be partially rooted in the latest NWS in Mexico story that further diminishes hope of the border re-opening anytime soon. In the Live Cattle futures, the lack of fresh inputs has allowed the tail to wag the dog, and fats have rallied on the Feeder Cattle news. In fact, the hourly correlation has been in the high-80% range in recent days.



Livestock commentary provided by David Holloway. For questions or comments, David can be reached by email at david@holloway-trading.com *or on Trillian at dholloway05@trillian.im.*

Financials

The Cass Freight Index (seasonally adjusted), which tracks the volume of goods being shipped across North America, has fallen below its baseline value (1.00) to 0.9908 for the first time since 2020. This index is a commonly used indicator of economic strength, with values above the baseline considered to indicate economic expansion, and values below baseline to indicate contraction. The 2001 recession, the Great Recession of 2008, and the COVID-19 pandemic are the only other times that the index has dropped below 1.00 before August 2025.



There are several likely drivers of this downturn. The most significant factor is relatively-high interest rates, which, in addition to increasing prices, have slowed spending from both businesses and consumers. The slower decline in the index, compared to previous drops, makes me think that at least part of this slowdown in shipping stems from a correction to over-ordering later in the pandemic; companies compensated for shortages with above-normal inventory stocking when scarce goods were available, which led to many businesses having excess inventories to draw down, therefore reducing shipping. Finally, the trade war and its tariffs have not only made many goods more expensive – and therefore, less demanded by consumers – but have also created uncertainty in the market. Many companies have put off major investments into new products or in facility/machinery upgrades until they feel more stability. Relatively-high interest rates, in addition to increasing prices, have also slowed spending from both business and consumers. Regardless of the cause, this drop in the index appears to be another signal of, at the very least, an economic contraction in the market.

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)

- MBA Mortgage Applications – 6:00 AM
- EIA Energy Stocks – 9:30 AM
- FOMC Meeting Minutes – 1:00 PM

Thanks for reading,

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