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TRADING GROUP, LLC

Thursday, October 9, 2025
NTG Morning Comments
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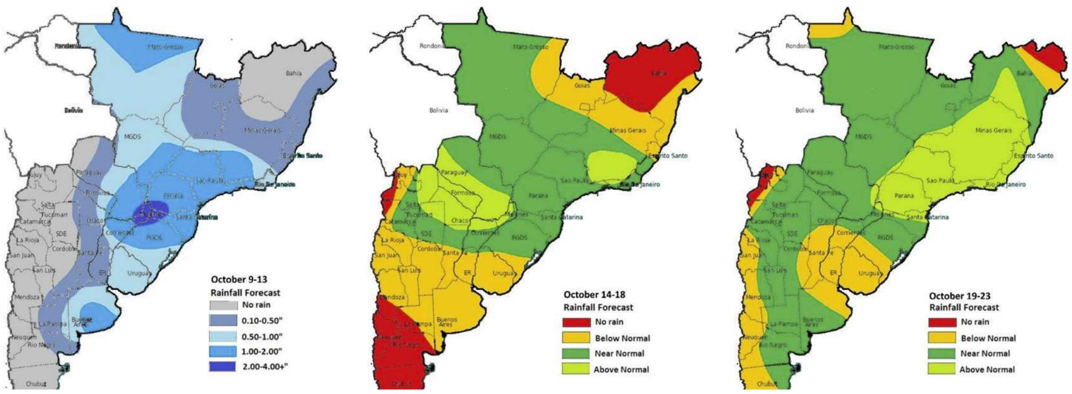
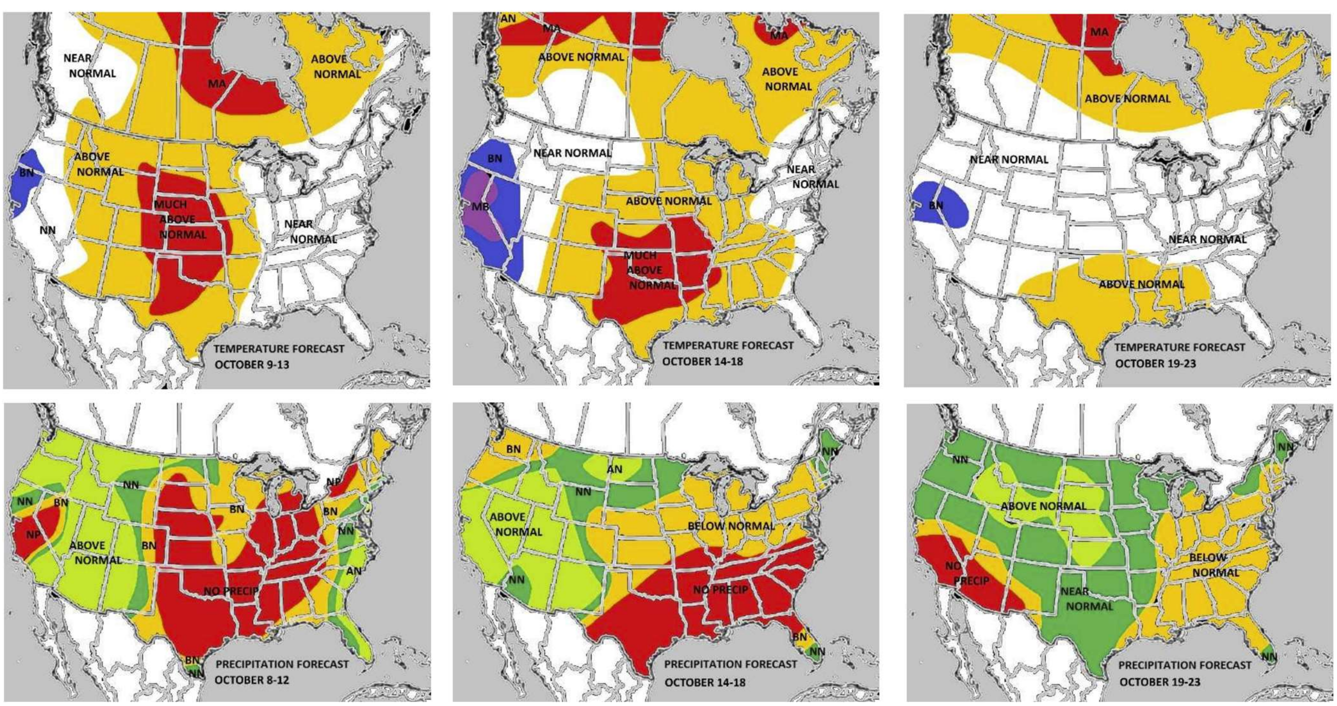
Weather

The South American forecast remains largely unchanged from yesterday. In northern Brazil, hot and dry conditions will persist through tomorrow before rains are expected to arrive over the weekend, which should allow for a gradual increase in soybean planting. For southern Brazil and Paraguay, the outlook remains quite favorable, with consistent near- to above-normal rainfall and no threatening heat in the forecast. In Argentina, the forecast continues to show a pattern of near- to below-normal rainfall for most growing areas, but the weekend system is still expected to bring the heaviest totals to the already-saturated province of Buenos Aires.



The outlook for the central U.S. continues to be dominated by a prolonged dry pattern, with today's forecast adding more emphasis on its severity. Rainfall over the next 10 days is expected to be especially limited for the southern Plains, southeastern Corn Belt, and Mid-South, with some areas from central Texas eastward to the lower Ohio River Valley potentially seeing no rain at all during that period. Weather models have slightly backed off the intensity of the warmth expected next week, though the period will still feature temperatures well above normal. There is also now potential for more widespread freezing temperatures in the Corn Belt during the 11-15 day period (October 19-23) as temperatures are forecast to return to more normal levels.

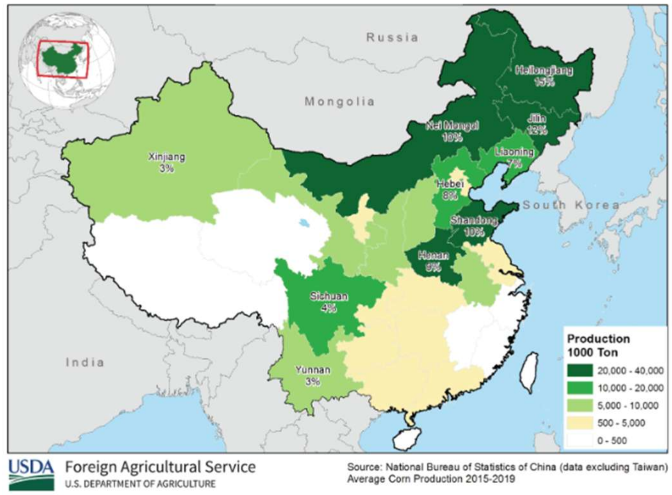


Grains

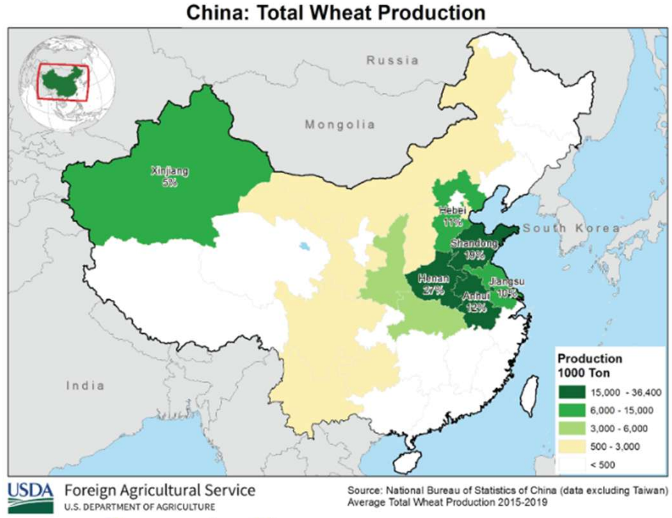
Going to touch on the China flooding today. Disclaimer – it is very difficult to trade a weather issue in China, as they have "record" crops every year, but it is something to keep in the back of your mind. Past 30-day rains in the North China Plain have been 200-500% of normal. This is coming at the time of corn harvest as well as winter wheat seeding. The kicker is that it is forecast to continue raining with additional 1-6" amounts coming over the next two weeks, easily 2-3 times their normal precipitation, and 5x normal rainfall in some areas. This is right in the heart of winter wheat area (roughly 65-70% of total area) and encompasses a good portion of the corn area (20-25%).

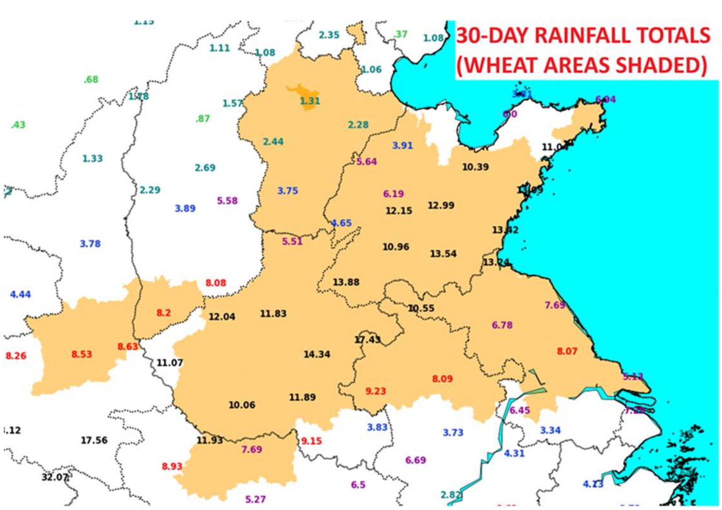
The USDA is forecasting 25/26 corn imports from China at 10 mmt vs 3 mmt in 24/25. China's gov't is forecasting 7 mmt and I am using 8 mmt although I really wasn't sure I believed it. Can't help but think that this type of excessive rain during harvest will cause some quality/quantity losses, and it makes it easier to buy into China having 7-10 mmt import needs. For the three crop years from 21/22 to 23/24, China imported 18.5-23.5 mmt. They will likely never acknowledge any crop issues. USDA is forecasting China wheat imports at 6 mmt in 25/26, up from 4.2 mmt last year. In wheat, the 3 years prior to last year ranged from 9.5-13.5 mmt. Any increases in import ideas in corn and wheat could change the world matrix fairly quickly. Even if they don't buy US, it could increase US exports to other origins.

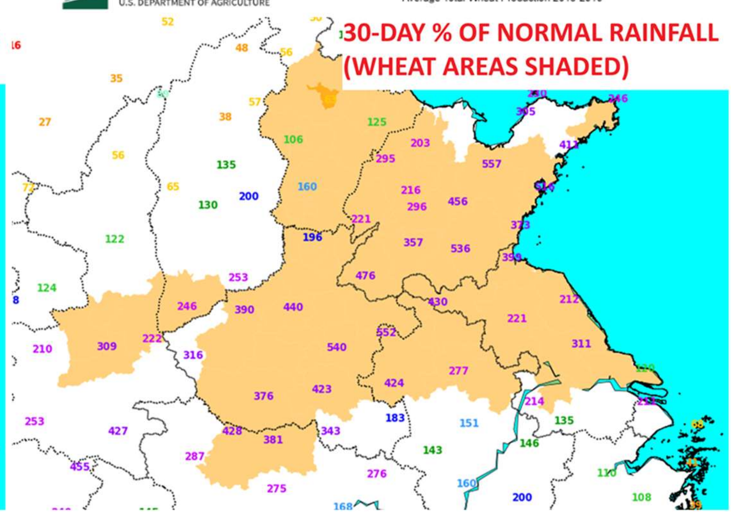
China: Corn Production

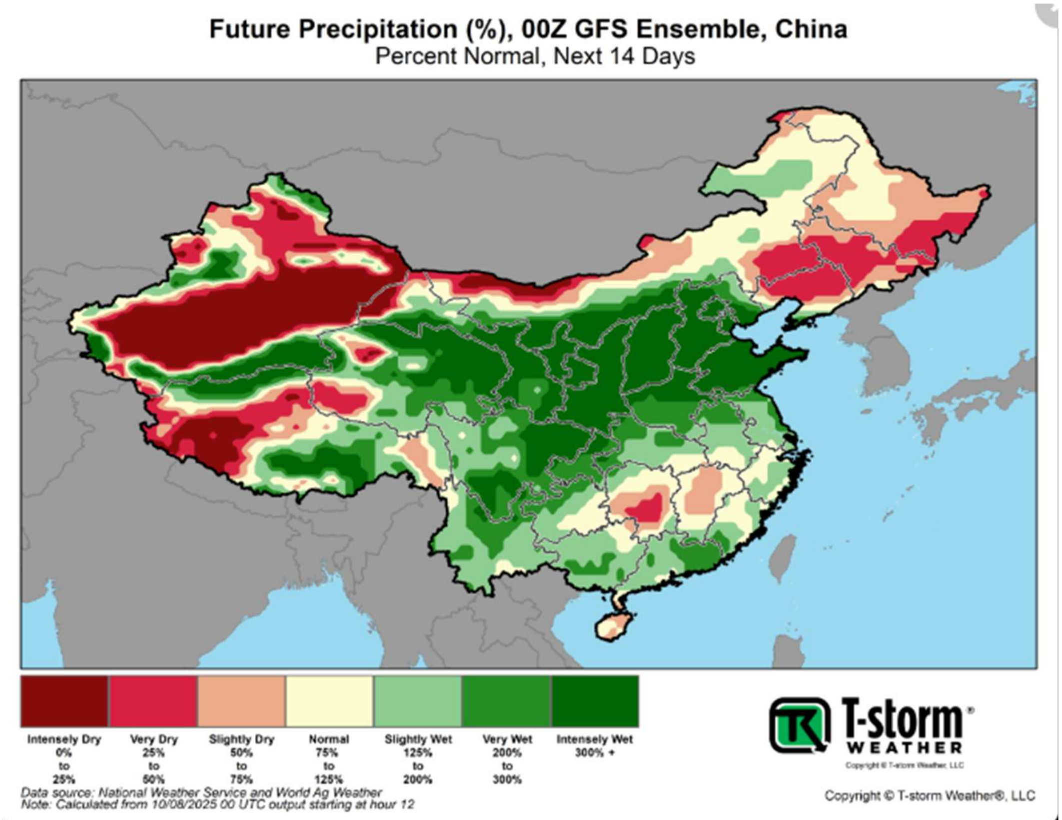


China: Total Wheat Production









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

Well, there is not much else to say about the cattle markets other than they had another monster day yesterday and a monster start to the week. The back end led the front, so bear spreads continue to work. While the front end does feel a little heavy, the long-term bullish thesis for fats and feeders remain intact for now.

Let's take a look at the weekly changes so far:

CME Futures	Wednesday Close	Friday Close	Change	% Change
October Live Cattle	233.85	231.02	2.83	1.23%
December Live Cattle	238.87	234.50	4.37	1.86%
February Live Cattle	242.22	236.82	5.40	2.28%
April Live Cattle	243.80	237.70	6.10	2.57%
October Feeder Cattle	369.50	357.17	12.33	3.45%
November Feeder Cattle	368.82	355.42	13.40	3.77%

February fats are 2.00 from contract highs, while April fats made a new contract high of 244 yesterday. On top of the impressive $12-13 rally in three days, October feeders made a new contract **and** a new all-time high for feeder cattle by 0.20 at 370.20 with an all-time record high close of 369.50. November feeders also made a new contract high at 369.50.

Wow.

Live cattle cash trade has been quiet to start the week, other than a rumor of $355 dressed that started on Tuesday and never came to fruition. The Fed Cattle Exchange, the internet auction held on Wednesdays, was 230 bid and 235 offered with no trades. I can't say that is surprising since October futures settled near 234. I do not expect deliveries quite yet unless someone in the north is in trouble. Cash last week was 230, so seems the board is pricing in something higher. I think they play the waiting game for now.

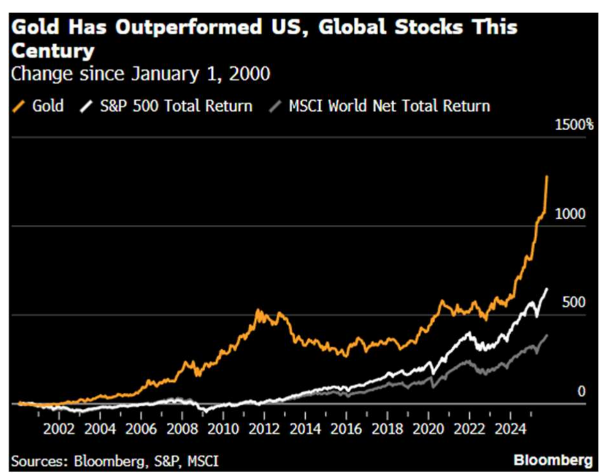
Looking at feeder cattle, the index should print somewhere near 366 this afternoon. The question is, does cash drag futures down, do the futures drag cash higher, or do they just stay disconnected and chop for now and converge in the last week? Today marks three weeks until October expiration. It does look like the lineup of auctions into expiration is going to be pretty good, with some of the more expensive sales on the docket for the last week. The seasonal increase in feeder cattle numbers has yet to put a damper on demand, but it has made buyers a little pickier on quality. I think we stay in the 362+ area on cash for now.

As usual, keep your head on a swivel for headlines, tweets, and rumors, as these markets are very sensitive to news up here on the moon.

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.*

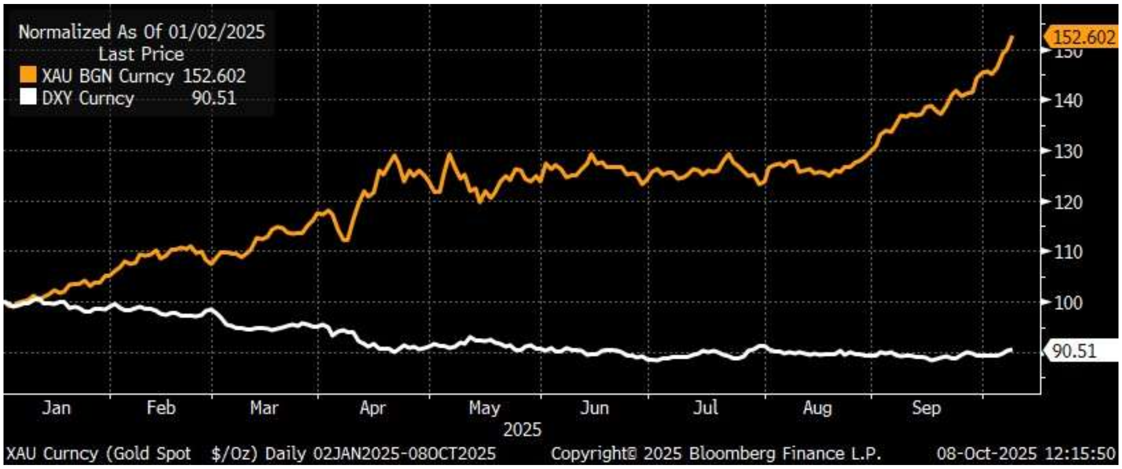
Financials

In significant market news yesterday, the spot price of gold surpassed the $4,000 per ounce milestone for the first time. This rally places the precious metal on a trajectory for its strongest annual performance since the 1970s. The year-to-date appreciation now exceeds 50%, with more than half of this gain occurring in the last two months alone. This recent surge concludes a doubling of its value from $2,000 in just under two years.



From a broader historical perspective, gold's performance is equally noteworthy. Since the beginning of 2000, gold has generated returns nearly double that of the S&P 500 index. This outperformance has become even more pronounced in the current year, with gold's gains approaching quadruple those of the S&P 500.

The price of gold has generally correlated with macroeconomic and political uncertainty or stress, and that seems to be holding true at the present. A primary driver is the heightened geopolitical and trade uncertainty due to the trade war, which has investors looking to increase allocations in traditional safe-haven, physical assets like gold. This uncertainty is only increasing with the government shutdown and the loss of key economic data that comes with it. Additionally, despite the S&P 500's steady march towards 7,000, many people are becoming increasingly uncomfortable with the circular investment patterns among AI companies that has driven much of the market's upward momentum; This is prompting diversification into other investments. Finally, underpinning these trends is an erosion of confidence in the U.S. dollar, which continues to enhance gold's appeal as a primary hedge against currency debasement—a dynamic clearly illustrated by its inverse relationship to the dollar this year.



Goldman Sachs raised their December 2026 target price to $4,900/oz, and many countries' central banks are starting to purchase significant amounts of physical gold. If the market is to be trusted and there are two more rate cuts coming in from the Fed before the end of the year, gold is likely to get another boost. And, while there are several analysts out there pointing out that gold is currently overbought from a technical perspective and that it should make a correction downwards in the near future, the medium-to-long-term outlook on gold seems to be extremely positive.

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

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Natural Gas Storage Change – 9:30 AM
- WASDE – 11:00 AM

Thanks for reading,

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