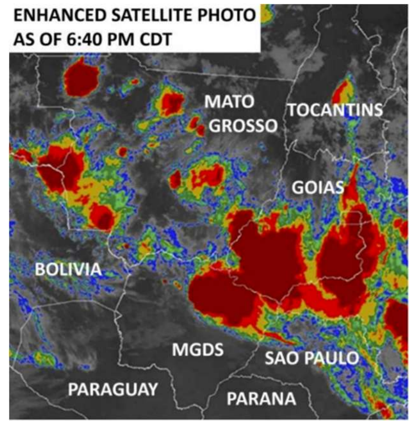
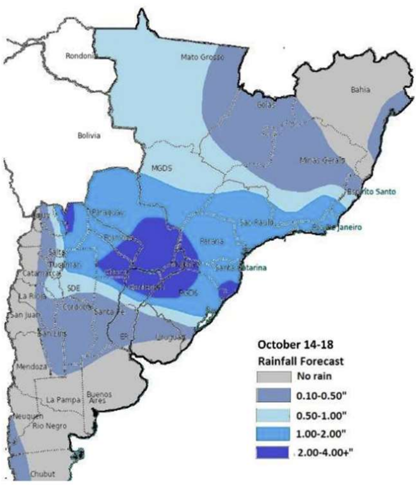
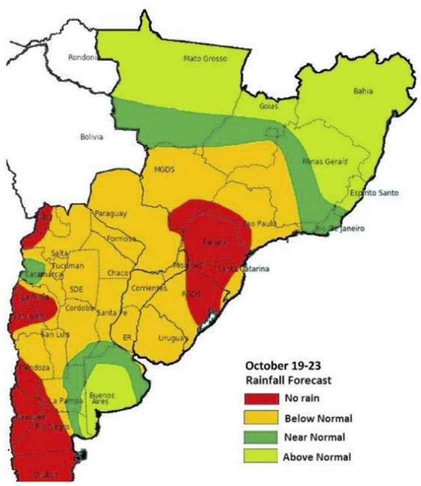
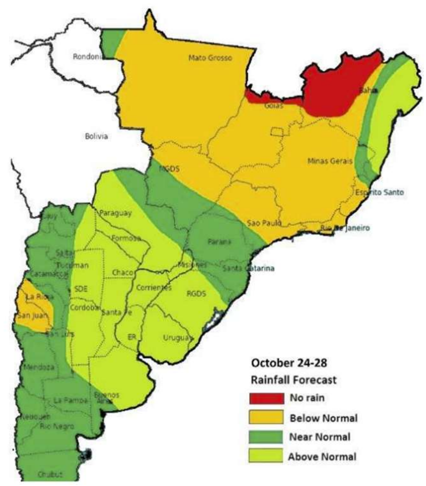
Weather



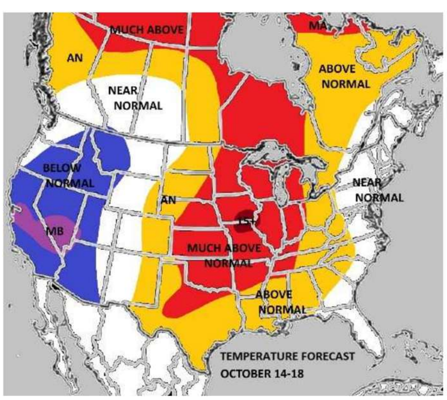
Rains were notable yesterday in northern Brazil, providing much-needed moisture, and the forecast calls for rains to continue “somewhere” in the region on a regular basis for about another week. The wettest period still looks to be October 18-22. The most significant change in the forecast, however, is a turn towards a much drier pattern for the region from October 23 onwards, with a lot of dry days and below-normal rainfall currently expected. For southern Brazil and Paraguay, conditions look very good for soybean growing; after drying out some in the near term, another round of rains is slated for tomorrow night into Saturday, and little heat is in the forecast. The outlook for Argentina remains unchanged, with below-normal rainfall expected for at least another week before a wetter pattern returns.

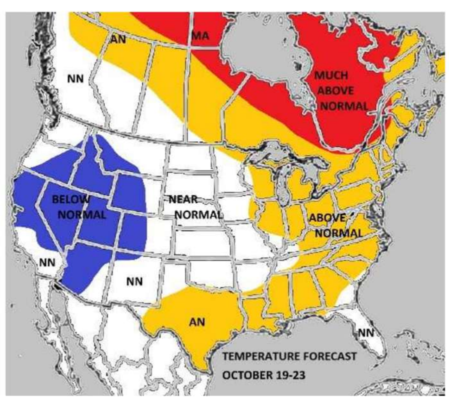


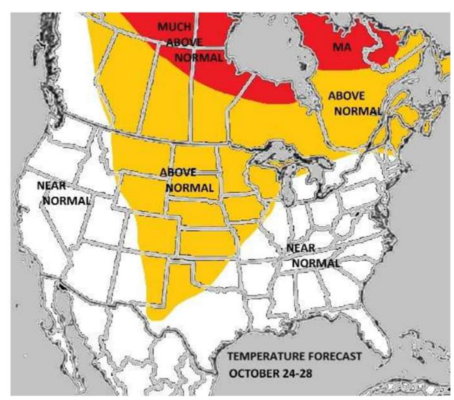




For the U.S., the theme remains consistent: dry weather will dominate the southeastern Corn Belt and Mid-South through Friday before rains arrive for the weekend. The southern Plains forecast has trended drier again, with 15-day rainfall totals now expected to run mostly below-normal, which is of some concern for the winter wheat crop. No cold weather is in sight; instead, a period of exceptional warmth begins tomorrow for the middle of the country, with temperatures forecast to run 10-15+ degrees above normal.







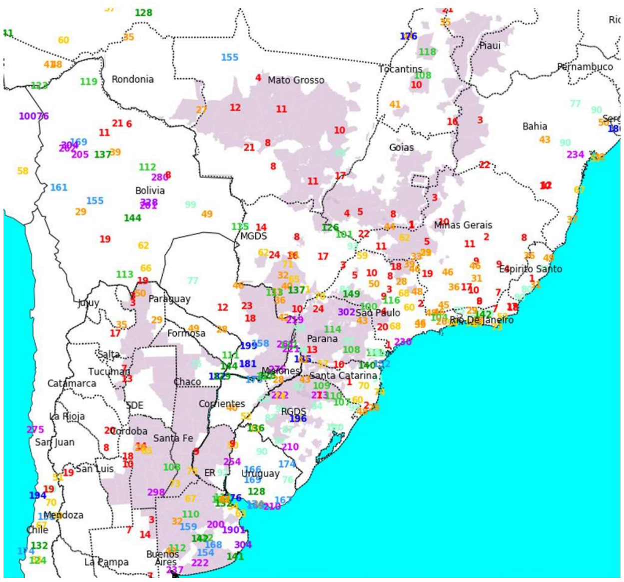
NESVICK TRADING GROUP, LLC

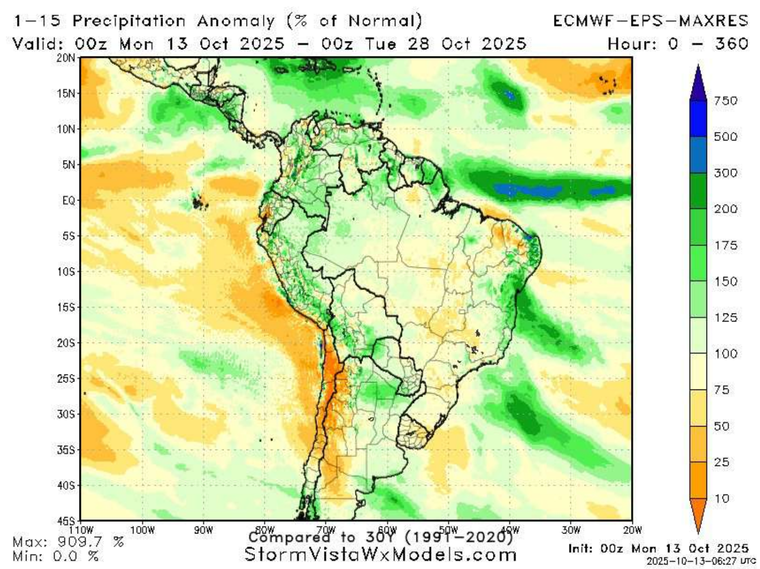
Tuesday, October 14, 2025
NTG Morning Comments
www.nesvick.com

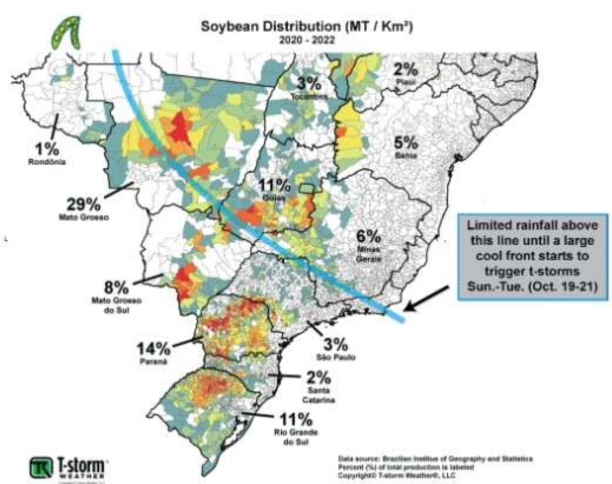
Grains

Quiet session Monday with Columbus Day delaying the one report we get – export inspections. Oil rallied back and beans saw some support. Trump tried to walk back his tweet from Friday saying all will be fine. It sounds like Trump and Xi may end up meeting at the end of the month, but obviously this could change at any time. Corn harvest is thought to be 40-45% complete with beans 65-70% done. We may need to see basis or spread improvement to get beans to move while there could be pressure from the remaining corn harvest as storage gets tight. Harvest weather is still generally favorable. Rain is forecast in the ECB/OH Valley on the weekend, which should help river levels.

Beans in Brazil are 14% planted, above year ago and average. Rains have been light in northern growing areas lately, with some decent rains Monday and in the forecast for the rest of this work-week. Better amounts are expected in the weekend through early next week. I think these rains will be important for the newly-planted crop. I'm attaching a % of normal rain map for the last 15 days (as of Monday afternoon) as well as a forecast map (% of normal) for the next two weeks. The forecast map is derived from the European Ensemble (which, as Craig mentioned this weekend, is starting to correlate much better with GFS than it has been in recent weeks). I think Argentina could still use drier conditions to deal with all the moisture it has already gotten. I also attached a map from T-storm. Hopefully the cool front this weekend will usher in those better rainfall amounts expected in the north.







China has more heavy rain coming for at least the next 5 days and may see some relief in the extended forecast. The government acknowledged the flooding, saying everything needs to be done to ensure timely harvest.

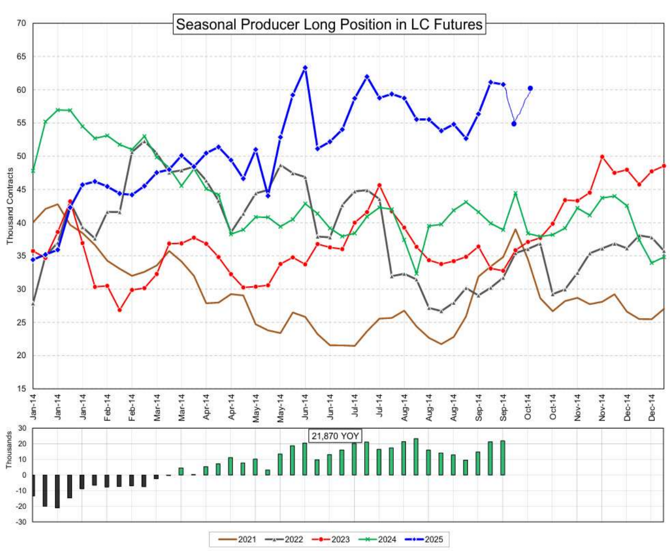
CONAB will be out this morning and there will be a NOPA report Wednesday. With the shutdown, inputs are light, so any suggestions for material would be appreciated.

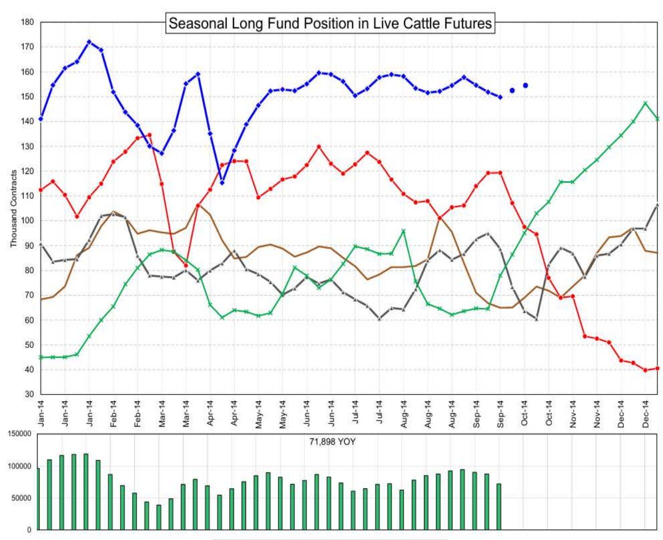
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

The seasonal bottom in cattle futures appears to have been hammered in during the early October options expiration. This seasonal trend typically lasts until the end of December. In 2014, however, prices peaked in early November. This seasonal low and options expiration in futures also conveniently priced all the commercial packers' October spot cash basis contracts, which were record large. New contract highs were made in all futures contracts last week, and have again this week. December Live Cattle futures have rallied $13 in seven days, breaking out of a two-month consolidation pattern at the $240 area, closing at roughly $245 on Monday. As the market climbs higher, the more volatile intra-day actions have become; $2.00 intra-day moves have become normal, similar to how $0.20 intra-day moves were normal years ago. As open interest has been falling, so too has daily liquidity. It is becoming harder to find true volume for trade unless prices move violently in one direction or the other. "Hunter-Killer" algorithms thrive in this environment, systematically racing all the orders they can see all day long. People's opinions with regard to valuations of cattle prices are also becoming more volatile and distorted by computerized flow models driving said valuations into the futures markets.

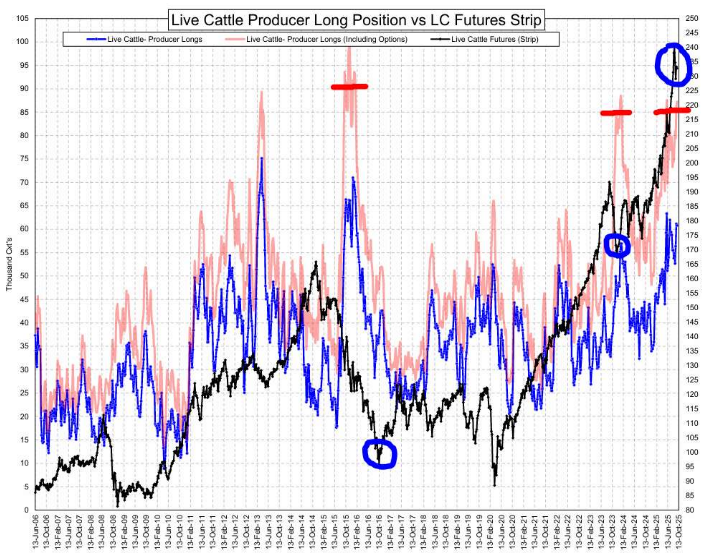
The core support for trade over the past 7-10 days has been the US feeder cattle supply and prices. Cash feeder price advances have been seemingly unstoppable. The Mexican border being closed has created a deficit of roughly 900,000 hd of cattle not available for placement into the US. This lack of supply is being met with the desire for the retention of heifers to grow the beef cow herd. As well, the feedyard's demand for placements has been strong. All three of these things have been competing with one another and driven feeder futures $25 higher in the past 7 days.

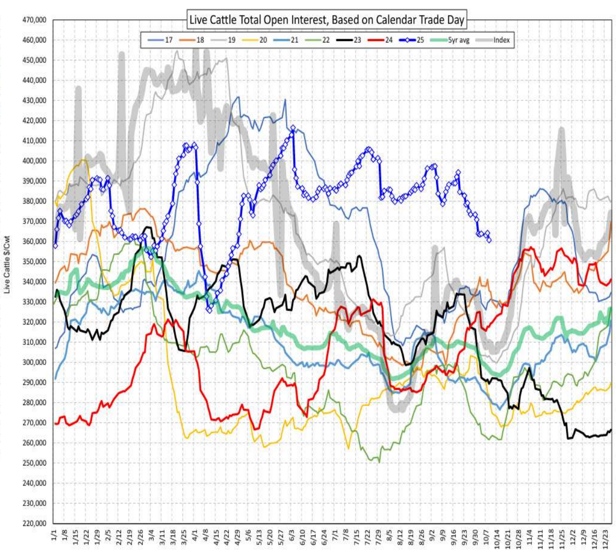




While the supply and demand components discussed above are the core support for trade, there is also another source of underlying support for the market: That support comes from the commercial long in futures. Commercial longs in futures (last reported data is before the gov't shutdown) stood at 60,000 contracts as of 9/23 and 85,000 when including options. This is important because the managed money positions saw very little change as the market chopped sideways from $230-$240 over the past 8 weeks. The last time the packer was this long was when prices were at $100 in 2016, and

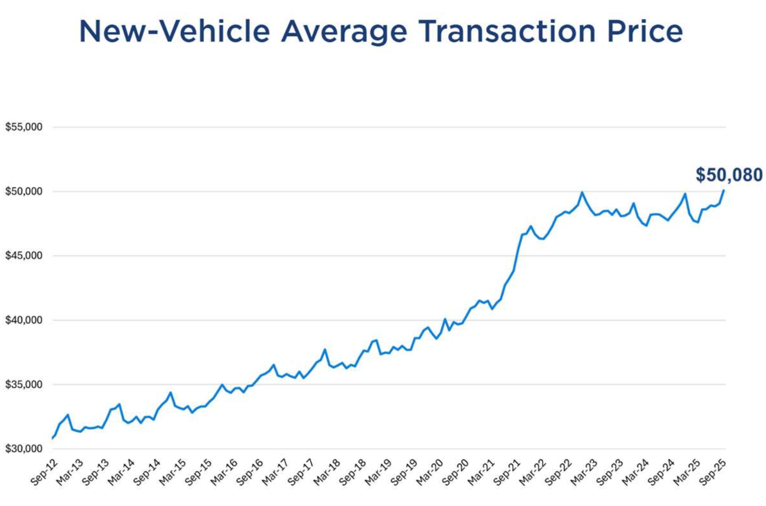
$170 in 2024. Today, cattle futures prices are at $245-$248. This large long position is acting like a squeeze on the short cattle feeders and anyone attempting to step in front of this freight train. The cattle feeders are short 185,000 futures, speculative shorts are short 25,000 futures, while packers are long 60,000 and speculative longs are long 155,000 futures. While these longs and shorts balance one another at 215,000 contracts the desire of the longs to never sell is driving price discovery. Interesting tidbit, looking at forward basis contracts, we find that packers are still bidding a positive basis for early 2026 trade versus a futures market that is a $10 premium to cash at $245-$248. This implies cash trade can be carried and contracted at $248-$251 today. This signals that packers should be willing to pay $240 today, $245 in 3 weeks, and $250 in 6 weeks (vs last week’s cash trade at $235). In my humble opinion, the market's movement over the coming months will be determined more by this commercial long than it will be the speculative funds.

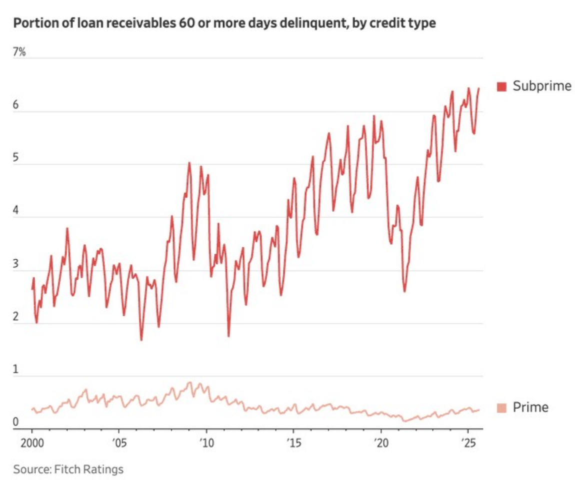




Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us *or on Trillian at scott@nesvick.com.*

Financials





A concerning and unsustainable divergence is becoming increasingly evident within the U.S. auto market. Analysis of recent data reveals a split reality: while the market's top end drives new vehicle transaction prices to unprecedented highs, the foundation shows signs of significant financial strain, with loan delinquencies for subprime borrowers reaching alarming levels.

The average sales price for a new vehicle has now surpassed $50,000 for the first time in history. The strong sales mix of luxury vehicles and higher-priced EVs is pushing the average upward, creating a perception of a robust market. EV sales this quarter have been abnormally high, as the end of this quarter also marked the end of the $7500 EV tax incentives; this certainly helped boost sales as people planning to purchase EVs scrambled to take delivery while they could still take the rebate.

However, with this positive sales price pattern, there lies a troubling counter-trend. The second chart shows inflating financial distress among more vulnerable consumers. The delinquency rate for subprime auto loans (borrowers with < 620 credit scores) has climbed to nearly 6.5%. In stark contrast, delinquency rates for prime borrowers remain stable and historically low. This trend presents a material risk. The combination of record-high vehicle prices and elevated interest rates is creating an affordability crisis for a significant portion of the population. The rising delinquency rate is a direct signal that a growing number of consumers are unable to sustain the debt taken on for these essential assets. While the high-end market currently propels the industry average, the instability at the subprime level serves as a critical leading indicator of potential, broader economic headwinds.

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)

- CONAB – 7:00 AM
- Export Inspections – 10:00 AM
- Crop Progress – 3:00 PM

Thanks for reading,

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