NESVICK TRADING GROUP, LLC

Friday, October 17, 2025
NTG Morning Comments
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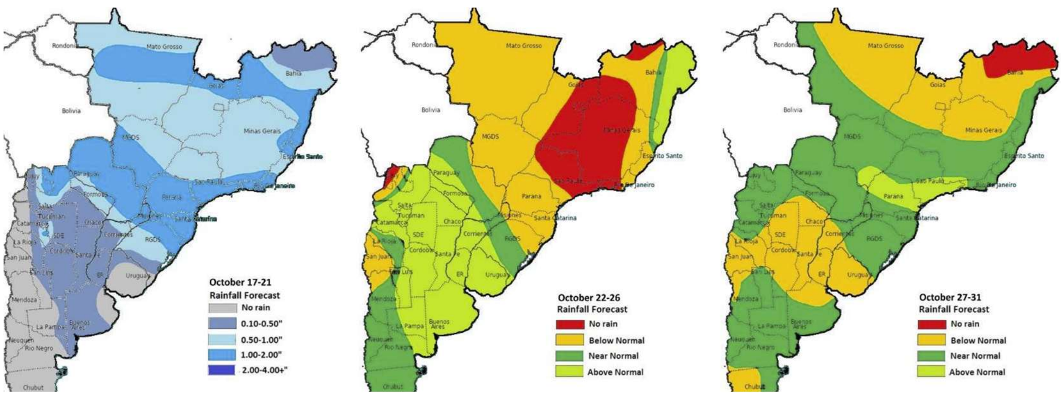
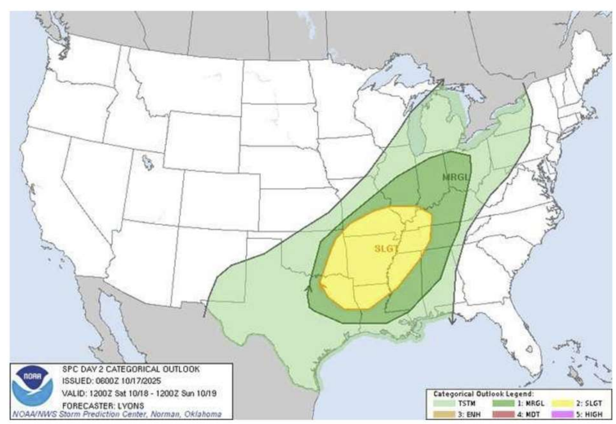
Weather

Rains will be a regular feature across northern Brazil's soybean belt for the next 5-6 days, providing beneficial moisture for planting. This includes the first significant rain event of the season for the MaToPiBa region, where amounts could be more than double normal levels. However, this is not the start of a sustained wet pattern; a major downturn to very dry, below-normal conditions is still expected from October 23-27. For southern Brazil and Paraguay, significant rains are occurring now through early tomorrow before a dry period begins that will last through October 25. With no heat and a cool period forecast for October 19-23, growing conditions there are considered near-perfect. The forecast for Argentina remains largely unchanged, with limited rainfall expected through next Tuesday. The wettest period is forecast for October 23-27, which should bring widespread above-normal rainfall before conditions dry out again in the 11-15 day period. Temperatures will be notably warm for October 21-24.



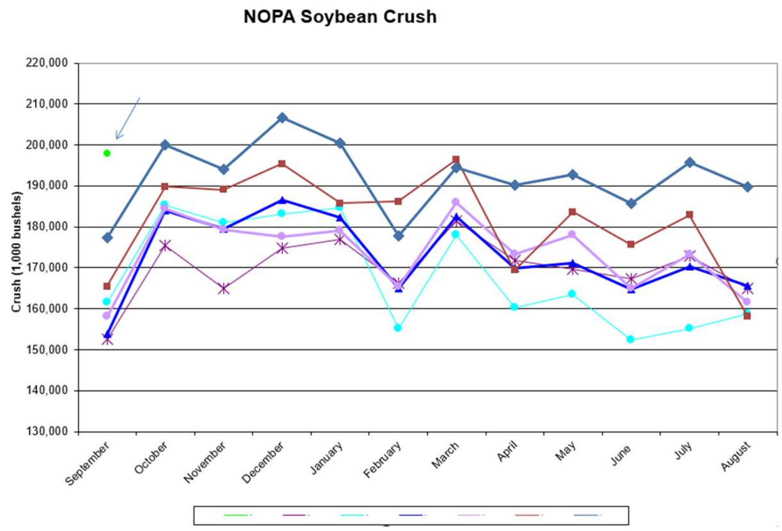
The U.S. forecast this morning has turned its focus for weekend rainfall towards the eastern Corn Belt and the Mid-South. Coverage of rain in these areas is expected to be near 100%, with some especially big totals possible in the eastern Corn Belt where amounts could locally exceed two inches. The Mid-South also faces a threat of severe weather for Saturday and Saturday night. Meanwhile, the western Corn Belt will see limited additional near-term rains. Following the weekend system, a period of about a week of very limited rainfall is expected to begin on Monday for the middle of the country. The southern Plains winter wheat areas remains largely dry for the next week, though there is some optimism for better rain chances in the 11-15 day period. Looking further out, a key change in the forecast is the potential for a big storm system to impact the middle of the country around October 27-28. While details are uncertain, this storm could bring significant rain and the potential for very strong winds. Finally, the forecast remains devoid of any cold weather. Exceptional warmth will continue for the rest of this week, with large parts of the central U.S. running 10-15+ degrees above normal.

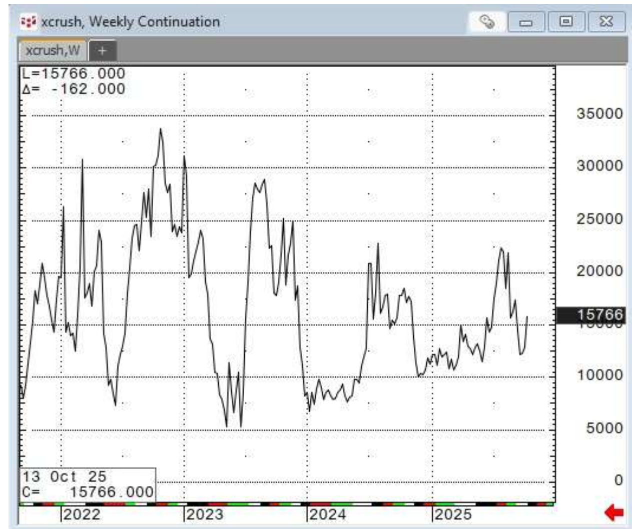


Severe weather outlook for tomorrow/tomorrow night

Grains

Going to look closer at the bean market. Nov has traded near 10.00 a number of times in the last week, but has since bounced. It set back Thurs after nearing 10.20. We are still in a sideways range, but I am trying to get some perspective on the big picture. NOPA crush came in well above trade ideas Wed (only LaSalle was close). It was a record by 20 milbus for the month of September. Product demand has also remained very strong. US crush margins are well off the highs seen this summer, but remain at a very healthy level around $1.58/bu.





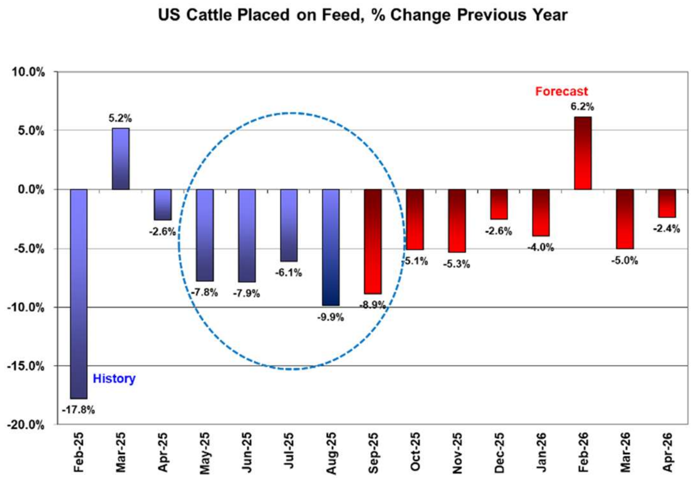
US harvest is likely nearing 75% complete and producers have been storing off the combine. We didn't get an Oct crop update or WASDE from the USDA, but the USDA showed production down 2 mmt from last year while some private estimates with a yield near 52 bu/a are down 6 mmt (using metric tons for easy of SAm/world trade discussion). USDA has exports down 5 mmt while I'm using down 10 mmt and others are down 15-16 mmt. USDA has 25/26 crush up 3 mmt. Most have Brazil production up 6-7 mmt although Craig is using a crop of 162.5 mmt, down 9 mmt (based on analogs in weak La Nina years). Given Brazil's exports are expected to be up 8-10 mmt, their crush is likely to be unchanged year on year. Most in the trade are expecting Arg production to be down 2-3 mmt (with corn up considerably). Given the flurry of Arg exports to China, their exports should be up roughly 5 mmt and I am penciling their crush up 1.0 mmt. I have world trade up 4 mmt. So…big three – total production up 2 to down 2, unless we go with Craig's down 9 mmt, then the three-country total would be down roughly 13-18 mmt. Total 3 country crush up 4 mmt and total 3 country exports down 4 to up 10 mmt.

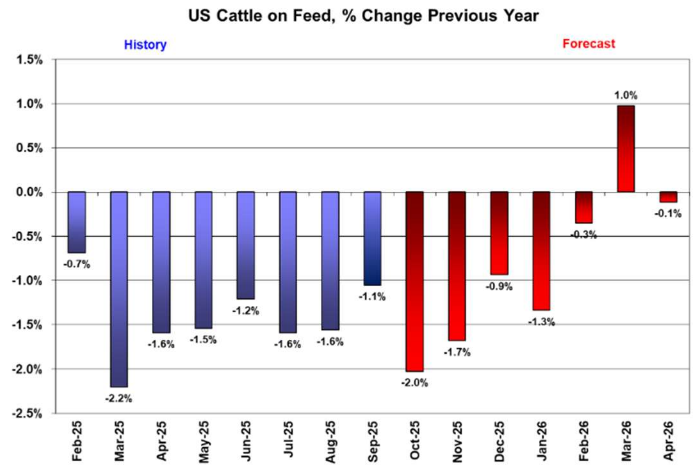
I realize it's an inexact science with different crop years, but given the product offtake we have seen and the likely increases in biofuels usage around the world, this doesn't seem to be adding up. Even most pessimistic exports forecasts down 2 total (US down 15, Brazil up 8, Arg up 5) and crush up 4 mmt, that doesn't leave a lot of room for error in production. US crop still isn't known, and it's not a given we get the big up in Brazil. I guess my point is, we will likely need the big up in Brazil and I don't think a crop near Craig's 162.5 mmt was on the trade's radar.

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

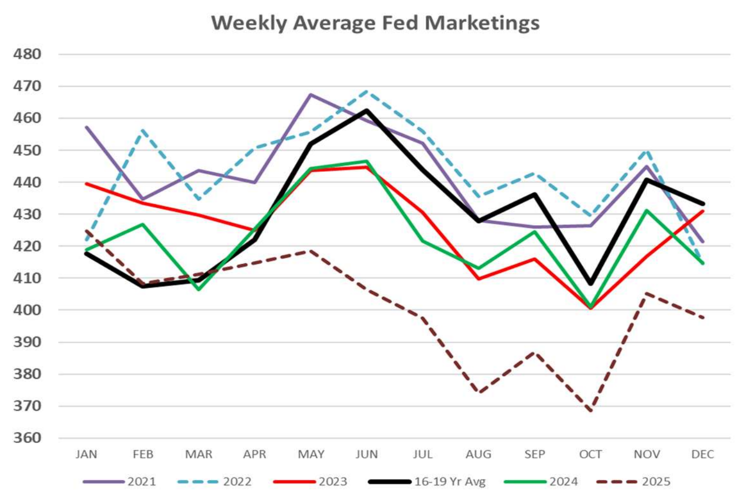
The USDA's next monthly Cattle on Feed report is scheduled to be issued on Friday, October 24, but this report is increasingly likely to join a growing accumulation of other economic reports as casualties of the continuing government closure. However, when the data is released, it's expected to indicate another in a growing string of smaller monthly feedlot placements. September placements likely increased seasonally from the small volumes of a month earlier, but is projected near 91% of last year's active placement pace and remains well below the 2016-19 average. Since May, feedlot placements are down about 8%, nearly 775,000 head, building expectations for much smaller fed cattle supplies (and higher prices) later this fall and into early 2026.





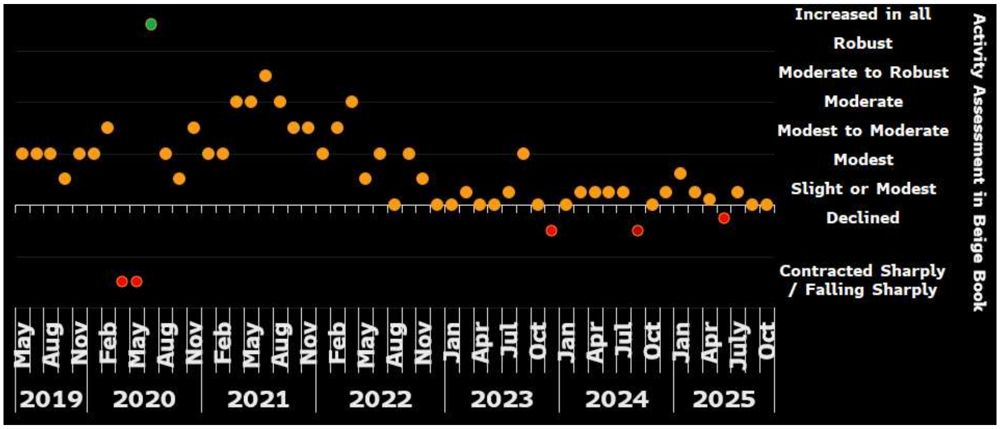
However, the smaller feedlot placements have yet to materialize in significantly smaller feedlot inventories. "Buy and hold" may be a successful equity investment strategy, but there is some doubt regarding its success in cattle feeding. The feedlot inventory has ranged about 1-2% smaller than a year earlier—a much smaller decline than might be anticipated in the wake of the plunge in feedlot placements. The divergence between feedlot inventories and placements reflects the fact that the decline in placements has been nearly matched by a similar short-fall in fed cattle marketings and slaughter; weekly fed cattle marketings and slaughter during September is estimated down 9%. The incentives for the cattle feeder to extend days on feed and add weight is still very apparent. As a result, the marketing pace has plummeted and feedlot inventories have been supported by a growing front-end supply of record heavy cattle.

Feedlot marketings as a percent of previous placements or feedlot inventories has been historically small since early spring and persisted through the summer. August and September marketings slipped to a record low, under 14.5% of the inventory, culminating in record small weekly fed marketings/slaughter and is on track to maintain that slow pace in October. Because of the slow marketing pace, the number of long-day cattle on feed will be extended into the fall months. For October 1, the on-feed inventory over 150 days is estimated nearly 525,000 head or over 21% larger than a year earlier; and is record large for the date. And, little relief is likely heading into year-end. Those cattle--likely at heavier marketing weights --will provide the bulk of fed beef tonnage through the balance of this year and into early 2026. The resulting fed cattle supplies and fed beef tonnage likely will decline less in the months ahead than the recent declines in feedlot placements suggest.



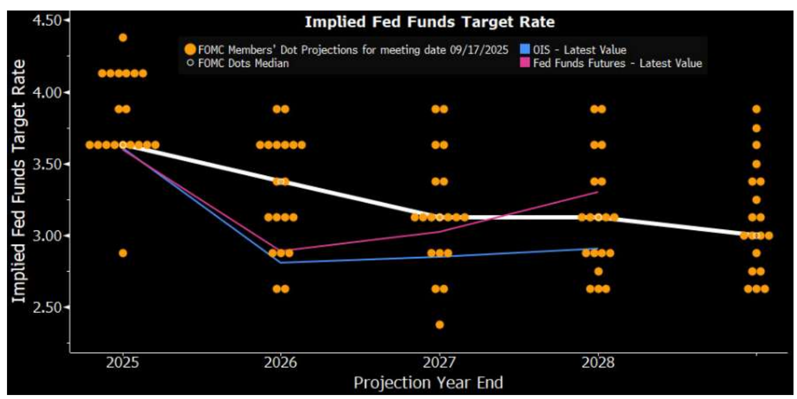
Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Financials



The Federal Reserve appears set to continue cutting rates, but officials are split on how quickly they should move. The Beige Book was released Wednesday (10/15) but offered little clarity, presenting a muddled economic picture where wealthy consumers are still propping up growth, while lower- and middle-income households are pulling back and hunting for discounts. This backdrop of conflicting data is fueling a debate within the Fed. Governor Christopher Waller represents the cautious camp, arguing for a careful quarter-point cut at a time, allowing the Fed to assess new data as it comes in. On the other side, Governor Stephen Miran is pushing for a more aggressive half-point cut, contending that escalating US-China trade tensions create significant "downside risks" that demand a more urgent and rapid policy response.

For now, the cautious approach seems poised to win out, with a quarter-point cut at the October 28-29 meeting looking very likely. Fed Chair Powell has signaled this path, and even Governor Miran concedes it's the most probable outcome. The real question is what happens next. The debate between Waller's "wait-and-see" stance and Miran's readiness for more decisive action will be settled by incoming economic data, particularly on the labor market and trade fronts. This means markets will be watching those releases closely, as they will heavily influence the direction of Fed policy for the rest of the year.



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Today's Calendar (all times Central)

- Housing Starts/Building Permits – 7:30 AM

Thanks for reading,

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