NESVICK
TRADING GROUP, LLC

Monday, October 20, 2025
NTG Morning Comments
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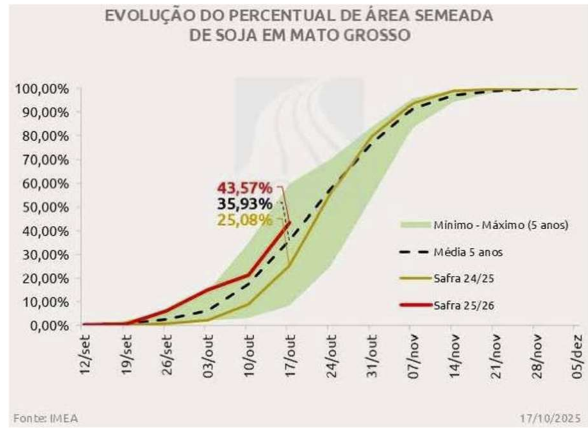
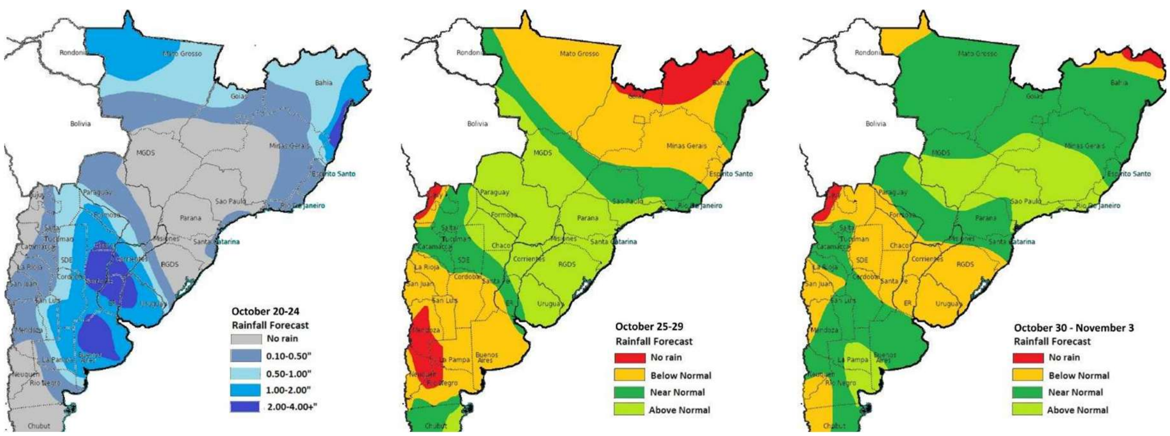
Weather



Northern Brazil will see additional beneficial rains through Tuesday, supporting the rapid soybean planting pace which continues to run well ahead of the 5-year average. Soybean planting in Mato Grosso was 43.57% done as of this past Friday according to IMEA. This compares with 25.08% last year and a 5-year average of 35.93%. Soybean planting across all of Brazil was 23.27% done as of this past Friday according to Pátria Agronegócios, compared to 9.33% last year and a 5-year average of 16.20%. However, a significant drier period is forecast to begin Wednesday, with very limited to no rain expected for about a week across key areas like Mato Grosso and Goiás. This dry spell will test soil moisture, but the forecast calls for rains to return to near-normal levels going into the start of November. Conditions in southern Brazil and Paraguay remain favorable, with soil moisture already rated good to very good. A dry pattern through Friday will allow for a wide-open fieldwork window, followed by a beneficial wet period from October 25-27 that should bring 1-2" of rain. Argentina will be dry through early Tuesday, followed by a significant, widespread rain event later Tuesday through Friday, which is expected to deliver 1.50-2.50" to most of the region, before a return to limited, below-normal rainfall.

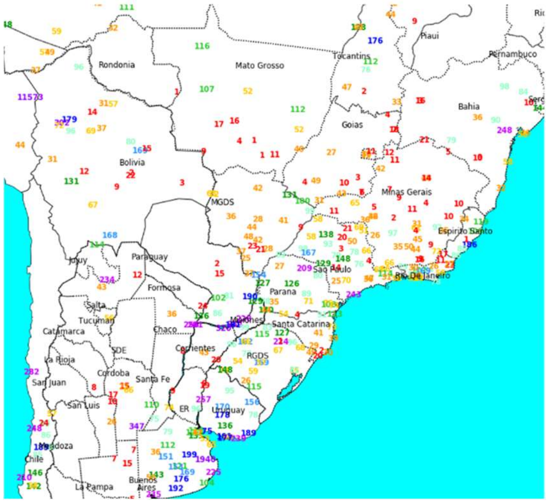


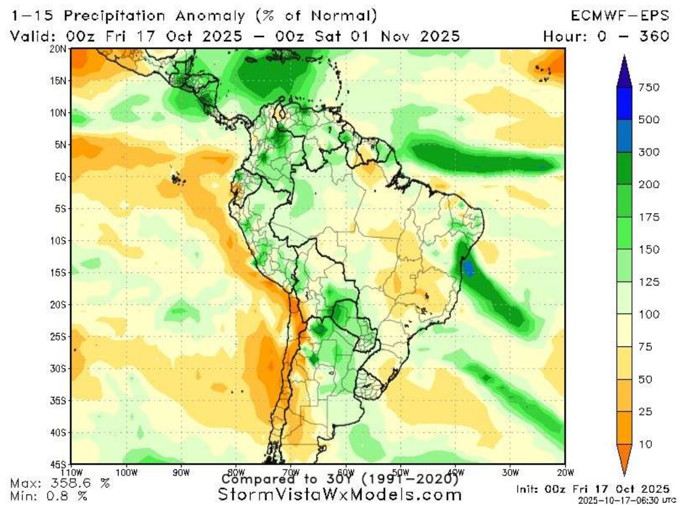
After some large rains this weekend, the Corn Belt is looking to be mostly dry through next weekend, providing a decent opening to resume harvest operations. Temperatures will be cool for October 21-25, with the potential for sub-freezing temperatures in many areas. A big storm system is forecast to impact the region around October 26-29, which is expected to bring widespread rain and very strong, damaging winds. This system is not seen as the start of a new wet pattern, as drier conditions are expected to return for the 11-15 day period. The Mid-South will also be dry through Thursday, but is expected to see two notable threats of rain within the 6-10 day period of October 24-28, before drying out again. For the southern Plains, the forecast remains dry through Thursday, but beneficial rain chances for winter wheat are expected from Thursday night through 10/28, with 1+" totals possible for eastern Kansas and Oklahoma, before the 11-15 day period looks dry again.

Grains

Let's look at corn today and touch on South American weather and weekly changes. For the week, corn was up 10 cents, wheat was up 6 in Chgo, 7 in KC, and down a couple cents in Mpls. Beans were up 12, with meal up 6 bucks and oil up roughly 115 points. Corn spreads narrowed. There were showers across Mato Grosso this past week but amounts were fairly light. However, Northern Brazil started to get better rains over the weekend that will continue through the next few days before the pattern turns drier again. I think the market will appreciate the more-normal rains expected in November.

I'm attaching the past 2 weeks % of normal rain and the European ensemble forecast for the next 2 weeks, which takes us into November.

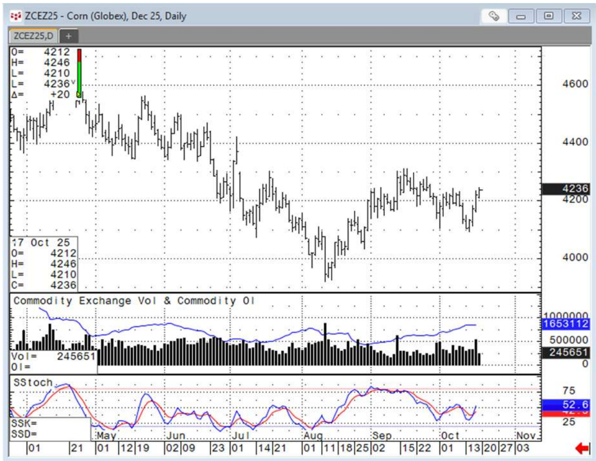




There continue to be reports of corn yields down as much as 20-30% from earlier yields (and year ago) – particularly in IA and the WCB. I had been using a national yield of 182.3 bu/a since before the shutdown, but there has been some talk of yields under 180 bu/a. USDA's previous was 186.7 bu/a and a reduction of this size, while doesn't exactly make the balance sheet tight, would garner a reaction from the trade. In addition, most in the trade are forecasting use, particularly exports, to be down as well. US and Arg corn remain the cheapest origins. Brazil remains $6-8/ton above and Ukraine has yet to offer new crop. CIF basis has firmed this week. When we finally get government data, it seems there will have been a bit of corn business done. The producer isn't selling (yet). Another issue to keep in the back of our minds: there was likely quality and quantity lost in China from the excessive rains/floods. If we ever play nice again with China (there were positive remarks made by Bessent and Trump near the close Fri), they may have import needs and USDA's export forecast may not be that far off. Based on the scenarios in my balance sheet, I don't think futures need to go down much right now, and could even work higher.

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)

	18/19	19/20	20/21	21/22	22/23	23/24	24/25 MB	12-Sep 24/25 USDA	25/26 MB	12-Sep 25/26 USDA		25/26 SCENARIO	25/26 SCENARIO
Planted Acres	88.9	89.7	90.7	92.9	88.2	94.6	90.9	90.9	98.7	98.7		98.7	98.7
Harvested Acres	81.3	81.3	82.3	85.0	78.7	86.5	83.0	83.0	90.0	90.0		90.0	90.0
Yield (Bu/Ac)	176.4	167.5	171.4	176.7	173.4	177.3	179.3	179.3	182.3	186.7		180.0	177.5
Begin Stocks	2140	2221	1919	1235	1377	1360	1763	1763	1533	1533		1533	1533
Production	14340	13620	14111	15018	13651	15341	14892	14892	16416	16814		16200	15969
Total Supply	**16508**	**15883**	**16055**	**16277**	**15067**	**16729**	**16679**	**16675**	17974	18372		17758	17527
Exports	2066	1777	2747	2472	1662	2255	2850	2830	2740	2975		2875	2975
Feed Use	5429	5900	5607	5671	5486	5832	5476	5492	6100	6100		6000	6100
Food/Ind/Seed	6793	6286	6467	6757	6558	6879	6820	6820	6970	6980		6980	6980
Ind Use-Swtnr/Star	1090												
Ind Use-Bevg/Mfg A	150												
Ind Use-Fuel Alcoh	5378	4857	5028	5320	5176	5489	5450	5435	5600	5600		5600	5600
Food/Seed	240												
Total Usage	**14288**	**13963**	**14821**	**14900**	**13707**	**14966**	**15145**	**15142**	15810	16055		15855	16055
End Stocks	**2221**	**1919**	**1235**	**1377**	**1360**	**1763**	**1533**	**1533**	2164	2318		1903	1472
End Stks/Use %	15.5%	13.7%	8.3%	9.2%	9.9%	11.8%	10.1%	10.1%	13.7%	14.4%		12.0%	9.2%



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.*

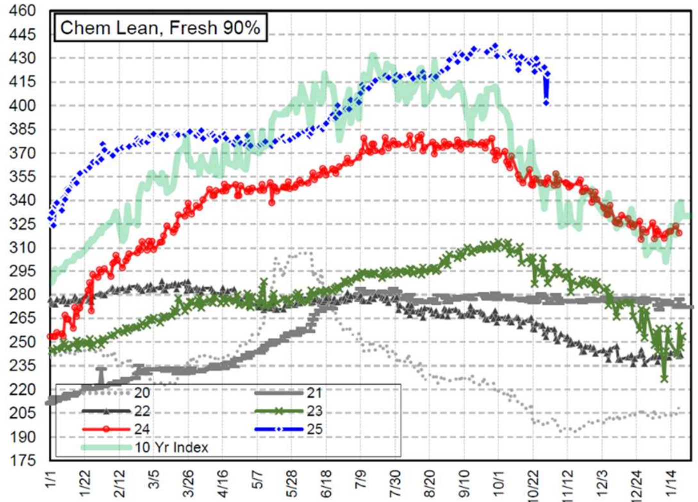
Livestock

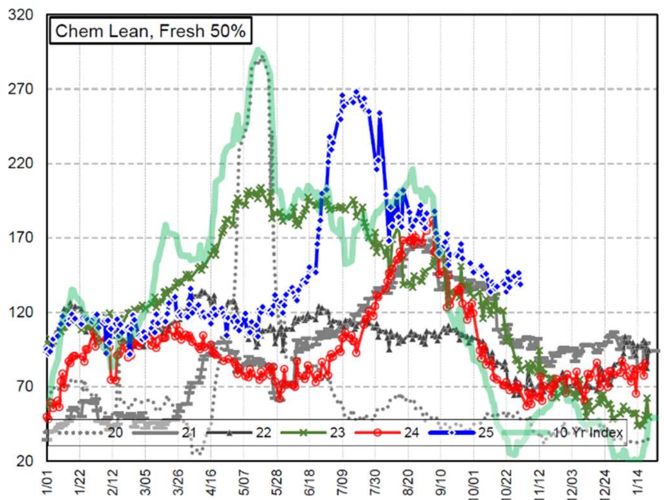
Cattle futures experienced a sharp decline on Friday, marking a stark reversal from the market's recent bullish run. Live cattle futures fell from $4-7 while feeder cattle plunged down the limit of $9.25 for all months except for October. Friday erased much of the week's prior gains and sent shockwaves through the livestock sector, driven primarily by political rhetoric. The immediate catalyst was a statement from President Donald Trump, who announced that his administration was actively working on a "deal" to lower beef prices, invoking his self-proclaimed "magic" to make it happen. In a Thursday afternoon release, Trump highlighted high beef costs as a consumer pain point, signaling potential interventions amid record-high retail prices. The president's comments ignited fears and rumors of policy measures that could flood the market with cheaper imports or impose price controls, undermining the tight domestic supply narrative that had propelled prices to all-time highs. Feeder cattle, more sensitive to supply expectations, bore the brunt, with limit losses reflecting traders' bets on increased competition from abroad, such as easing tariffs on Brazil or Argentina lean beef imports. There has not been anything official released with any details of the "deal" to lower beef prices.

U.S. cattle inventories remain critically low at 86.7 million head, the smallest since 1950. Beef production forecasts for 2025 were trimmed slightly to 25.8 billion pounds. Seasonal grilling demand had waned post-summer as it does every year, and wholesale boxed beef values dipped to the $360s. Trump's remarks overshadowed these supports, triggering algorithmic selling and long liquidation, with total open interest dropping over 5,000 contracts.

Cash markets showed resilience – cash traded in both the north and south at $240-241 – but futures ignored the news. Today, expanded trading limits ($10.75 for live cattle, $13.75 for feeders) could exacerbate swings, but bulls may regroup if no concrete policies emerge.

Friday's drop was less about fundamentals eroding and more a knee-jerk response to political uncertainty, exposing the market's frothiness after months of gains.





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

Recent disclosures from regional lenders have amplified market concerns over the financial stability of the sector, sparking a significant sell-off in banking ETFs. The core of this anxiety stems from a $50 million loan charge-off at Zions Bancorporation and related fraud allegations at Western Alliance, which the market is interpreting as a potential signal of deeper, systematic underwriting problems. Regional bank portfolios are holding a very high concentration of Commercial Real Estate (CRE) loans, comprising approximately 44% of their portfolios versus just 13% for larger institutions.

This high concentration is colliding with recent market events causing investor concerns of poor loan practices. With the bankruptcies of Tricolor and First Brands, JPMorgan CEO Jamie Dimon warned that "when you see one cockroach, there are probably more.” Office loan delinquencies have reportedly hit 10.4%, a level approaching 2008 crisis peaks. Furthermore, over $1 trillion in CRE loans must be refinanced by year-end, creating a formidable "maturity wall" in a high-interest-rate environment. This combination of factors—high concentration, rising delinquencies, and now allegations of fraud—presents a significant systemic risk. It suggests that "extend and pretend" loan restructuring strategies may be failing to mask the underlying deterioration in asset quality. While the banks involved have framed these fraud cases as "isolated incidents," and some analysts maintain that reserves are sufficient, these events and data points could be pointing to more cockroaches lurking just beneath the surface in the regional banks.

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 Inspections – 10:00 AM
- Crop Progress – 3:00 PM

Thanks for reading,

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