NESVICK
TRADING GROUP, LLC

Tuesday, October 21, 2025
NTG Morning Comments
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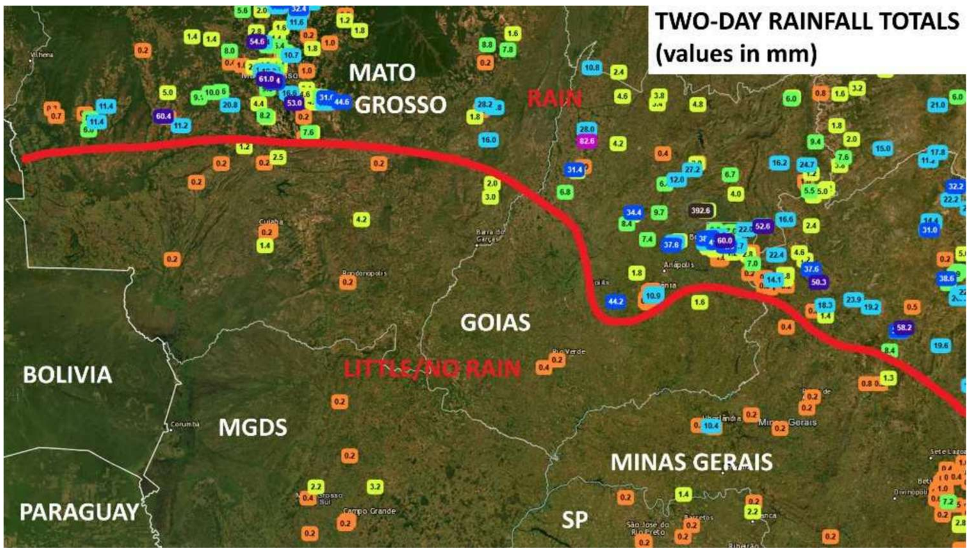
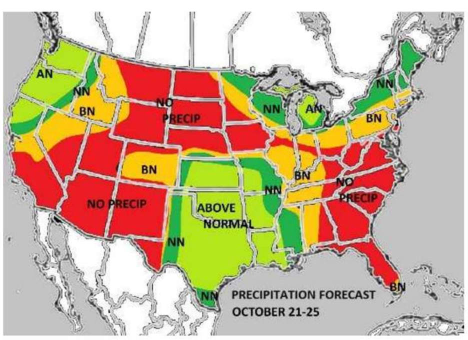
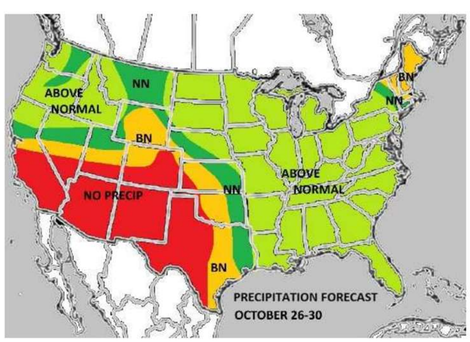
Weather

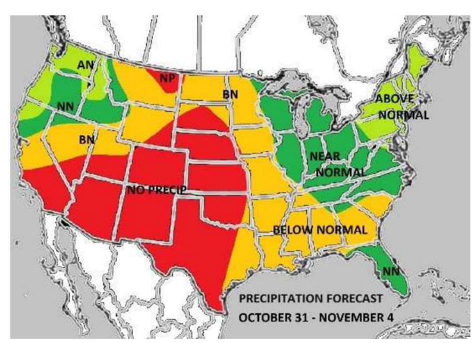
The forecast for northern Brazil confirms a significant dry period ahead, with well-below-normal rainfall expected for the next 10 days; most of the region will be completely dry for at least the next week before rains are forecast to return in the 11-15 day period. The favorable outlook for southern Brazil and Paraguay continues, with dry weather now expected to last through Saturday, allowing for a wide-open fieldwork window. This will be followed by a wetter pattern, with near to above-normal rainfall now forecast for both the 6-10 and 11-15 day periods. A widespread and significant rain event is still forecast for Argentina, now expected to begin tonight and last through Friday, delivering 1.50-2.50" to most areas before a return to limited rainfall.



The U.S. Corn Belt forecast remains on track for a mostly dry period through the upcoming weekend, providing a wide-open window for harvest operations. Cooler temperatures for the rest of this week are still expected to bring the first sub-freezing lows of the season to some areas. The focus remains on the major storm system, now targeting the October 27-28 timeframe, which is still expected to bring widespread rain and a high likelihood of very strong winds, though drier conditions are forecast to return in the 11-15 day period. The Mid-South will also be dry through Friday, but significant rain is expected from the end of this week into the weekend, with two rain threats forecast for Saturday through the 6-10 day period. This aligns with the southern Plains, which remains dry through Thursday before rain chances begin Thursday night, with some areas of Oklahoma, Texas, and the Mid-South potentially seeing 2-4" totals.



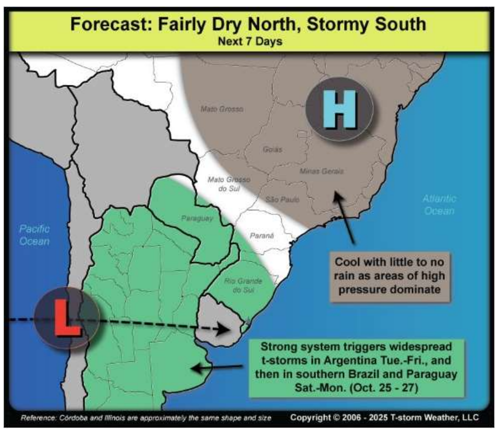


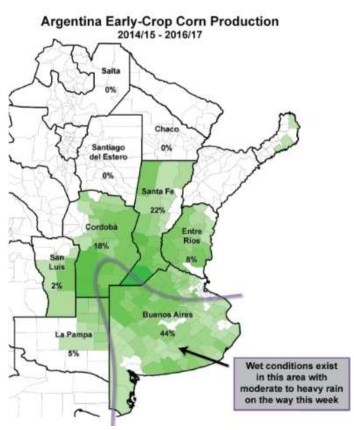


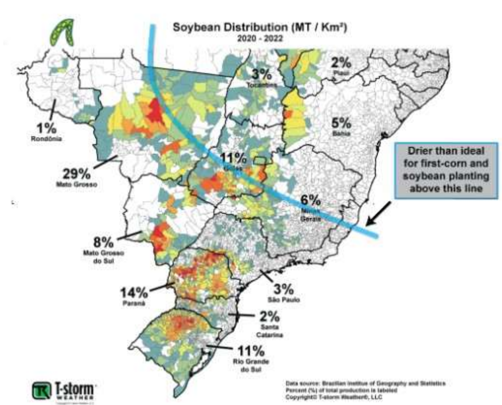
Grains

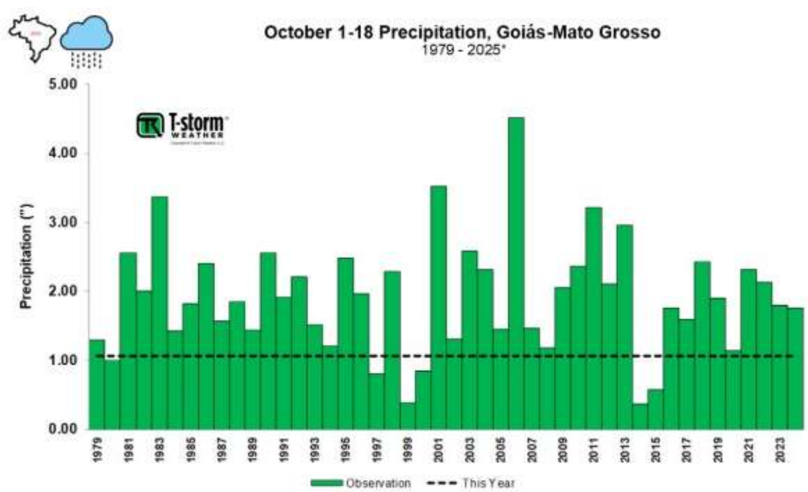
Looks like going to be more of the same this week with the meeting in South Korea between Trump and Xi getting closer and the government still shut down. There was some indication that maybe some progress could be made this week on opening the government. If it doesn't happen this week, the November crop report and WASDE is also at risk.

Between a post-harvest rally and short covering into this meeting, beans continued to rally. Domestic basis has been firm, both Gulf and interior, and beans are mostly going into storage off the combine. Sam meal premiums also firmed and we saw short covering in meal as well. It has been making the rounds that China still needs 8-10 mmt for the Dec/Jan slot. Maybe they have been holding back in case there is an agreement? With most having taken China to zero from the US, any purchases now would be friendly. Estimates for US harvest are 59% completion in corn and 74% in beans. Wheat seeding is thought to be 76% complete. This time last year, corn harvest was at 65% complete, soybean harvest was at 81%, and winter wheat was 73% seeded. In Brazil, bean planting is 23% complete, compared to 9% last year and 16% over the last 5 years, on average. Mato Grosso and Goiás had their driest first half of October since 2015. These northern areas received decent rains from the weekend, but are forecast mostly dry conditions until the end of the month. Argentina is expecting significant rains this week, which will be beneficial in most of the country but unwanted in Buenos Aires.









Data source: T-storm Weather
* data normalized to account for a downward trend over time.

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

Trump's Global Trade concerns over the past few weeks have expanded to include US beef prices. Last Thursday afternoon, Trump mentioned that "we have a trade deal on beef to help lower prices" and on Sunday night he added that "the plan involved importing more beef from Argentina". So today, let's look at the data and some potential scenarios for this deal.

Before we get into the scenarios, let's take a moment to refresh on how the beef industry and procurement operations run. US beef entities are heavily invested in quality control and food safety processes. The supply chains are designed around thorough inspections, detailed approvals, and follow-up auditing. Approving a new supplier (Argentina) into your supply chain will take a minimum of 3 months – and more realistically, 6 months – before measurable trade can begin. Because Argentine trade with the US is already allowed, one might assume this would be faster; however, limited TRQ quotas have restricted purchase volumes of Argentine product. As a result, most US buyers have not yet gone through the processes to approve Argentine beef suppliers and increase trade flows. This all compares to the already approved and substantial supply chain management that exists for Australian and (recently highly tariffed) Brazilian beef imports to the US. In summary, this all seems very similar to the US-China trade deals for grain – a big headline but with no real near-term solution.

U.S. Beef Tariffs and Quota for Argentine Beef:

Quota Volume: 20,000 metric tons (20,000,000 kg) of product weight. This quota runs from January 1 to December 31, 2025.

Covered HS Codes: Primarily under Chapter 2 of the Harmonized Tariff Schedule (HTS), including:0201 (fresh or chilled bovine meat): e.g., 0201.10.1010 (carcasses/half carcasses), 0201.20.1000 (other cuts with bone in). 0202 (frozen bovine meat): e.g., 0202.10.1010 (carcasses/half carcasses), 0202.20.1000 (other cuts with bone in).

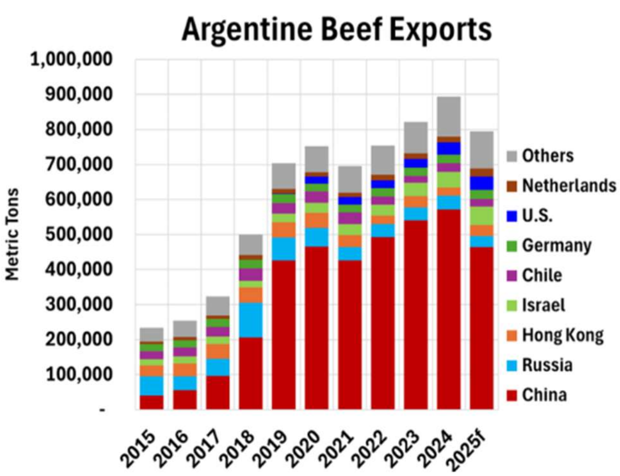
In-Quota Duty Rate: 4.4 cents per kilogram. This low rate applies to imports within the quota.

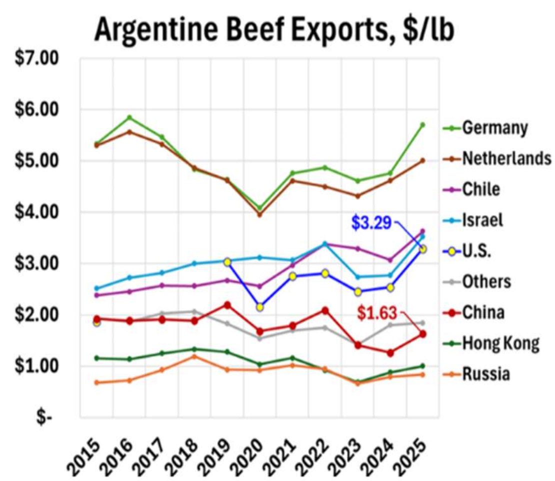
Over-Quota Duty Rate: 26.4% ad valorem (value-based). Imports exceeding the quota face this prohibitive rate to protect domestic producers.

Certification Requirements: All Argentine beef imports must include a valid e-CERT (electronic export certificate) issued by Argentina's authorities to qualify for the in-quota rate. The certificate must match the entry details, HTS code, and quantity,

There are two scenarios that we will consider for this trade deal:

1. Likely scenario: The removal of Argentina beef tariffs into the US would lead to ~30,000 MT per year in increased imports, doubling what they are currently bringing into the US in 2025. This increase of roughly 70,000,000 lbs is equivalent to 0.30% of US beef production or 2% of total US imports in 2025.
2. Less likely, more extreme scenario: The US removes the 20,000 TRQ limits and Argentina stopped selling beef to China. This would result in Argentine beef exports to the US increasing by 13x the expected 2025 levels, from 30,000 MT to 400,000 MT. US beef supplies would rise by some 370,000 MT, roughly 6% of the US beef production.

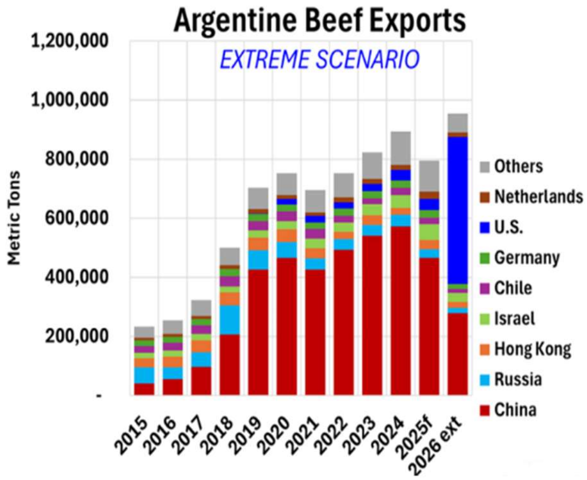




So, why Argentina? Argentina is the world's 6th largest beef producer and the 5th largest beef exporter. Argentina produces about 27% of the US production volumes by comparison. Approximately two-thirds of Argentine export volumes go directly to China. With the US and China in a trade war, it's clear Trump wants this beef diverted away from China. Argentina imports roughly 30,000 metric tons of beef to the US, which we defined above as being only 2% of the total US imports and only 0.3% of total US beef production. Like we mentioned above, Trump's is likely to double this quantity.

However, in the extreme possible example, total Argentina exports would jump dramatically under Trump's new deal. A zero tariff and no tonnage quota to the US would pull half of the existing market share from other export destinations. In this scenario Argentina beef exports would increase roughly 13x the expected 2025 levels. This increase would act like 6%

of US beef production and is, coincidentally, what the US is lacking from Brazilian beef imports today. This would replace the short falls in beef we are experiencing (and are expecting to continue experiencing) in the US. This scenario is possibly Trump's hope for this deal – cover the current beef shortfall and gain leverage in the trade war against China. However, if this does happen, Brazil would then likely shift their sales to China, which would negate any leverage we gain from taking the Argentine beef exports.



We have not seen the trade details of this "said deal" so we can circle back once those are defined. These data points are presented to you today so if/when we ever do see the trade details, we can understand them relative to this discussion today. Personally, I don't think Trump's main intention is "help bring down US beef prices." I believe he wants to take things away from China in order to gain negotiating leverage. If Trump wants to actually hurt China, he needs to allow more US beef trade with Argentina while also reducing the tariffs on Brazilian beef exports to the US. He has seen China engage South American on commodities as their answer in how to battle against his demands. So, it would seem natural for Trump to attempt to pull this away from China in order to gain the upper hand. As a result, there is little point solely going to Argentina for a beef trade deal, but could significantly strengthen the position of the US in the trade war when combined with Brazilian tariff reductions. Conversely, if Trump only uses Argentina as his planned attack he will fail as China will dig-in deeper with Brazil.

Weekly Beef Imports (by Country)

Totals by Origin

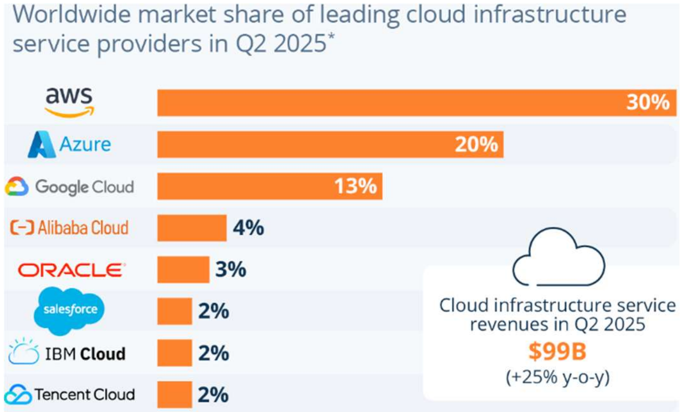
	This Week's Data							YOY Comparison			3 Week Avg			YTD			
	2020	2021	2022	2023	2024	2025	5YR Avg	WOW	YOY	vs 5yr	3Wk	3Wk LY	YOY	YTD 24	YTD 25	YOY	% of
Australia	5,880	3,353	2,478	5,637	8,927	9,709	5,255	-15%	9%	85%	10,034	8,953	12%	266,399	348,825	31%	26%
New Zealand	2,537	2,494	1,072	2,551	1,827	1,944	2,096	-2%	6%	-7%	2,499	2,317	8%	159,002	160,770	1%	12%
Canada	7,439	8,772	7,545	7,833	6,424	6,529	7,603	-5%	2%	-14%	6,612	6,330	4%	273,334	228,032	-17%	17%
Mexico	4,669	5,362	5,269	4,789	3,188	5,000	4,655	4%	57%	7%	4,688	4,109	14%	174,238	172,232	-1%	13%
Top 4	20,525	19,981	16,364	20,810	20,366	23,182	19,609	-8%	14%	18%	23,833	21,710	10%	872,973	909,859	4%	68%
Non Top 4	5,704	4,228	4,096	4,505	7,311	6,103	5,169	28%	-17%	18%	5,638	7,720	-27%	300,022	421,698	41%	32%
Brazil	2,232	1,993	1,520	1,861	3,901	2,731	2,301	18%	-30%	19%	2,229	4,096	-46%	152,150	238,347	57%	18%
Uruguay	1,242	516	899	817	962	1,094	887	160%	14%	23%	1,270	1,246	2%	71,025	94,366	33%	7%
Nicaragua	1,034	629	1,035	807	1,156	1,435	932	0%	24%	54%	1,313	1,146	15%	40,017	44,584	11%	3%
Costa Rica	133	221	137	121	242	129	171	102%	-47%	-24%	148	283	-48%	8,273	10,772	30%	1%
Japan	14	47	12	17	27	15	23	-12%	-44%	-36%	20	18	11%	1,126	1,923	71%	0%
Argentina	896	581	364	772	954	604	713	17%	-37%	-15%	624	860	-27%	23,840	28,933	21%	2%
Honduras	0	0	0	0	0	0	0				0	0		0	0		0%
Other*	153	241	129	110	69	95	140	#####	38%	-32%	33	71	-54%	0	0		0%
Total	26,229	24,209	20,460	25,315	27,677	29,285	24,778	-2%	6%	18%	29,471	29,430	0%	1,172,995	1,331,557	14%	
Total South Am	5,537	3940	3955	4378	7215	5993	5,005	26%	-17%	20%	5,585	7,630	-27%	295,305	417,002	41%	31%

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

Yesterday morning around 2:00 AM Central, Amazon Web Services started experiencing outages that quickly took down thousands of applications and websites. This outage provides an opportunity to analyze a critical, and often under-appreciated, systemic risk in the modern economy.

The disruption was not isolated to a few tech companies; it propagated across a vast array of sectors, halting or impairing operations at financial platforms, e-commerce sites, and critical productivity tools. This failure translates to an economic impact potentially in the billions of dollars in lost revenue, stalled supply chain logistics, and evaporated productivity – all in a single morning. The CrowdStrike outage last year and the AWS outage in 2021 similarly demonstrated the vulnerabilities and fragility created by consolidation of much of the internet into a handful of cloud providers. AWS is by far the largest of these services, holding a 30% market share of the total cloud infrastructure market and being used by at least 90% of Fortune 500 companies; so, when AWS has an unexpected outage, nearly a third of cloud-connected applications – often including critical systems for financial services, airlines, hospitals – go down with it.



While centralized cloud infrastructure offers significant operational and cost efficiencies, yesterday's failure underscores the immense financial and operational risk in this dependency. A single point of failure within this core infrastructure has proven its ability to cascade into a multi-billion-dollar disruption, representing a significant risk to economic output that could otherwise be mitigated by a decentralized foundation for cloud systems.

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)

- Non-Manufacturing Activity Index – 7:30 AM
- CPI - 7:30 AM

Thanks for reading,

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