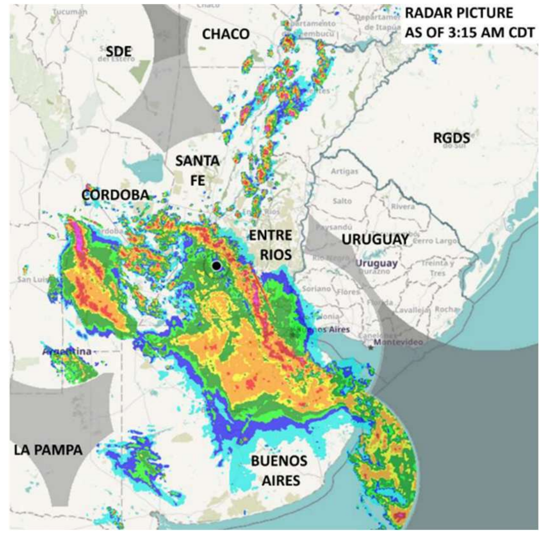
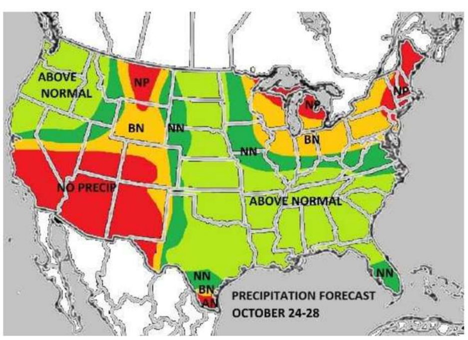
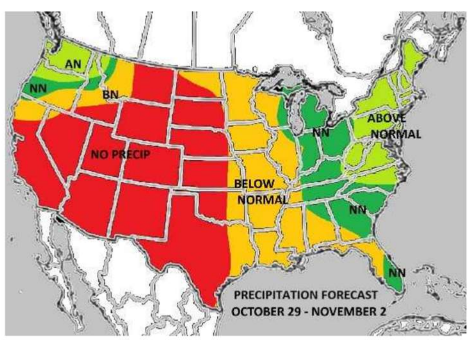
Weather

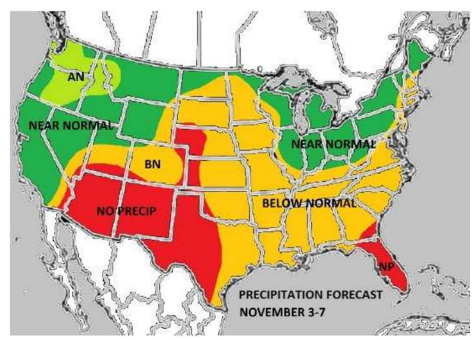
The forecast for northern Brazil's soybean areas remains centered on a significant dry period, which is now expected to last through next Wednesday, forcing already-planted crops to rely on existing moisture before at least near-normal rains return in Week Two. The situation in southern Brazil and Paraguay remains favorable, with the next significant rain event still on track for late tomorrow through Tuesday; however, rainfall expectations for this system have increased to widespread 1.50-2.50" totals. In Argentina, the ongoing significant rain event will continue through tonight, further worsening excess moisture problems in Buenos Aires. This will be followed by a week-long dry period starting tomorrow, but the forecast now includes a significant cooldown with the potential for frost or a light freeze in southern Buenos Aires around October 28-29.



The U.S. Corn Belt continues to benefit from a wide-open harvest window, with dry conditions expected to dominate through the weekend, allowing rapid progress across the region. This dry weather pattern is coupled with significantly cooler temperatures, bringing the first widespread freeze of the season this morning, with more areas seeing lows below 32 degrees and additional freezes likely in the central and eastern Corn Belt through the weekend. The storm system previously forecast for October 27-29 continues to trend much weaker and is no longer anticipated to be a major event, reinforcing expectations that dry conditions will quickly return and allow the harvest to conclude with minimal interruption. While the Corn Belt remains dry, a significant rain event is forecast to begin in the southern Plains tonight, lasting through October 28 and spreading into the Mid-South for the weekend; beneficial totals exceeding 2 inches are expected across southeastern Kansas, eastern Oklahoma, eastern Texas, and much of Louisiana, providing crucial moisture before a decidedly dry pattern sets in for these regions starting mid-week next week.





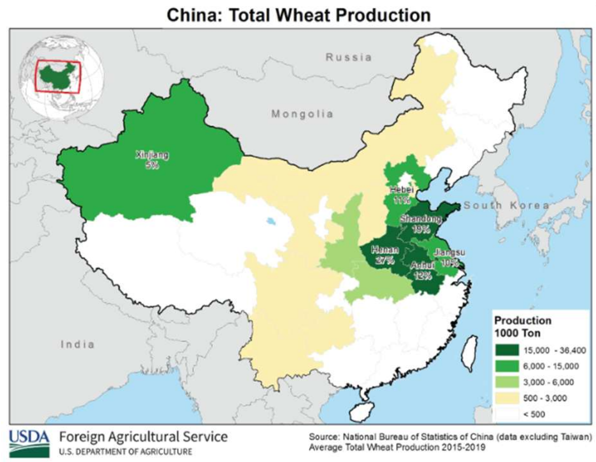


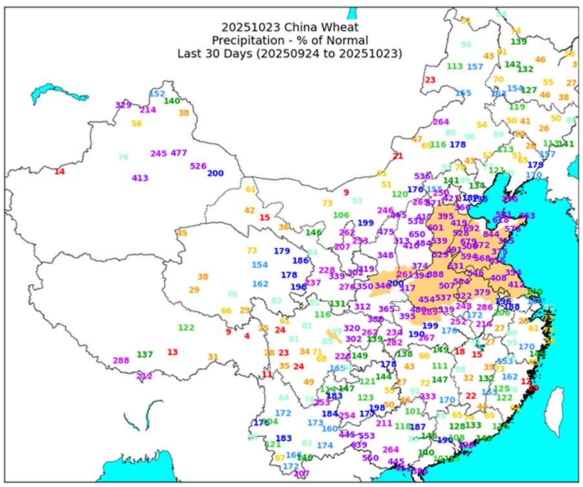
Grains

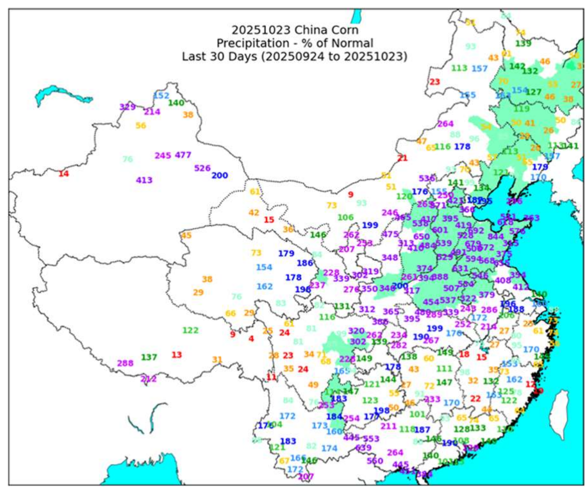
I wrote a piece on wheat earlier in the week with a bearish slant, and futures have since rallied off the lows. We have seen short covering in all three US markets as well as Matif this week. On paper, wheat is quite burdensome, and Southern Hemisphere crops are getting bigger and are about to be harvested. Argentine wheat is roughly $20/ton below Russian. Is it possible that Argentina isn't concentrating on wheat sales right now as they have these bean sales to China to execute?

There was talk this week that China was asking for wheat offers from various origins, including the US. There was no confirmation that anything was bought. I am wondering if they are concerned about their flooding issues. Rains have stopped, but the last 30 days saw precipitation 400-600% of normal. Wheat seeding is normally complete by the end of October, but Henan province (the largest wheat producing province – 27% of prod'n) is thought to be only 10-15% seeded.

Typically, China doesn't even acknowledge weather threats/issues, but they have been talking about it this week. There are also concerns about getting the corn crop harvested and major quality issues including mold. It is thought that they have been stockpiling beans and were "prepared" for a trade war. But it's hard for even China, who tries to manipulate the weather, to fight a flood of this proportion. It's quite difficult to time a trade around this kind of issue, but wheat markets remain short and there are likely some shorts trapped below the market, particularly in Mpls where open interest continues to build. I am attaching some maps and a China wheat S&D. 26/27 is a "what-if" scenario. I assumed a 3-mil hectare reduction in area just to see how it balanced. I plugged in 15 mmt imports and stocks were still drawn down by 19 mmt.







CHINA Wheat Balance (July-June Marketing Year) (million tonnes/million hectares/tonnes hectare)												
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
plt area	24.3	24.2	24	24	24	24	24	23	23	23.2	23.2	**20**
Area Harvstd	24.1	24.0	23.9	23.9	23.9	23.9	23.9	22.5	22.5	23.0	23.0	**19.0**
Yield	5.50	5.55	5.62	5.50	5.59	5.62	5.73	6.12	6.07	6.09	6.09	*6.05*
Open Stocks	79.1	97.0	114.9	131.2	139.8	151.7	147.4	136.8	138.8	134.5	127.8	*124.8*
Production	132.6	133.3	134.3	131.4	133.6	134.3	136.9	137.7	136.6	140.1	140.0	**115.0**
Imports	3.5	4.4	4.0	3.2	5.4	10.5	10.5	13.3	13.6	4.2	6.0	**15.0**
Total Supply	215.2	234.7	253.2	265.8	278.7	296.4	294.8	287.8	289.1	278.7	273.8	*254.8*
Food	101.5	102.1	103.4	105.0	107.0	110.0	119.0	115.0	116.6	117.0	117.0	*117.0*
Feed	16.0	17.0	17.6	20.0	19.0	38.0	38.0	33.0	37.0	33.0	31.0	*31.0*
Exports	0.7	0.7	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0	1.0	*1.0*
Total Use	118.2	119.8	122.0	126.0	127.1	149.0	158.0	149.0	154.6	151.0	149.0	*149.0*
Ending Stocks	97.0	114.9	131.2	139.8	151.7	147.4	136.8	138.8	134.5	127.8	**124.8**	**105.8**

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 next monthly Cattle on Feed report was scheduled to be issued later today, but joins a growing list of reports which have become 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, along with a continuing slide in marketings, leading to a seasonal rise in feedlot inventories. September placements likely posted a seasonal increase from a month earlier and is projected near 91% of last year's active placement pace. September feedlot marketings are projected at a historically small 96% of last year's modest sales, but benefitted from one additional business day during the month. Adjusted for that difference, the marketing pace again notched a record low sales pace, near 9% below a year earlier, about matching the slow marketing pace of recent months. The October 1 feedlot inventory is seasonally larger than month earlier, projected near 98% of last year, but still nearly 4% larger than the 2016-19 average.

Cattle on Feed

	Actual	MBS Research	Trade Average*	Range
October 1 Cattle on Feed		98	98.1	97.4 - 98.4
September Placements		91	91.4	88.1 - 94.0
September Marketings		96	96.0	93.0 - 96.9

* Expana Markets

Policy uncertainty has been a major element behind the volatility in LC and FC futures during the past week, culminating in two limit down moves, which likely has spurred a portion of the net futures length to head for the door—and may discourage a return, at least immediately. Total open interest has declined, but the absence of the COT data hampers assessment of positioning.

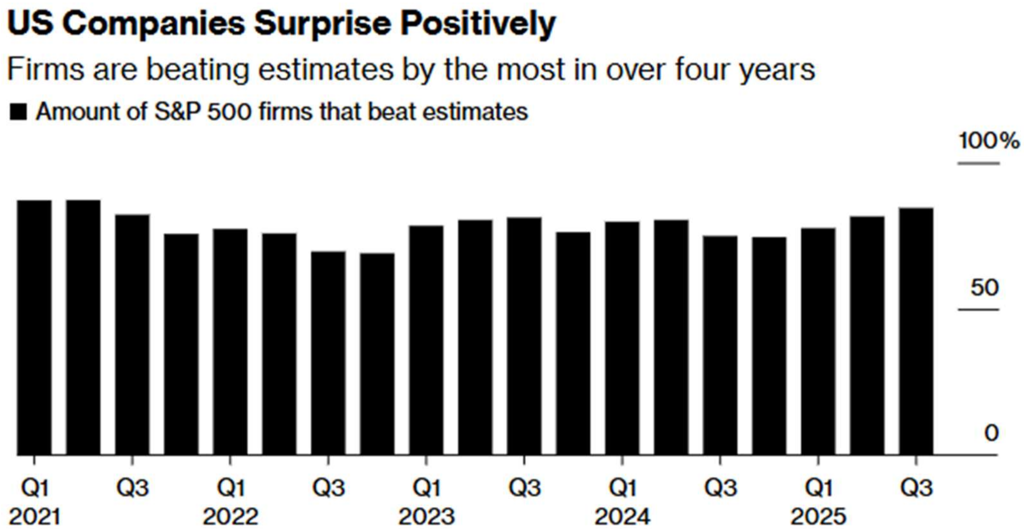
Discussion of administration's desire to lower beef prices to consumers while supporting the cattle sector is a tricky balancing act, at best. Lowering beef prices, via larger imports for example, would remove dollars from the US marketing channel, leaving fewer total dollars to be shared within the industry and therefore likely hampering the financial ability or willingness of the industry to expand.

Total beef imports have escalated sharply, reaching near 4.6 bil pounds last year and may total near 5.6 bil this year, up nearly 20% from a year ago. The surge in imports is largely an attempt to offset the short-fall in domestic lean beef production, which this year is about 12% smaller than last year and over 30% below the record output in 2022. Imports in 2024 were about 17% of total US beef production and this year may climb above 21%. Most of the imported beef is lean manufacturing beef used in ground and processed products and adds value to the fat trim from the fed cattle sector.

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

I've spent the past several days talking about market risks in the form of different types of loan delinquencies. Today, I'm going to share a signal of further strength in the market. The Q3 2025 earnings season is showing exceptional early strength, on pace for the best corporate results since 2021. With 17% of the companies in the S&P 500 having reported as of October 21, nearly 85% of firms have surpassed both revenue and profit estimates. This is particularly noteworthy, as it comes against elevated expectations from analysts going into the reporting period.



This strong corporate performance seen in the start of the earnings reports is providing a key source of market confidence, particularly given the economic data "vacuum" caused by the US government shutdown. It also illustrates a pattern of consumer resiliency, even in the face of increased prices. Trade tensions, consumer debt, and a weak job market are still causes for concern with the overall state of the market; however, assuming the other 83% of the firms in the S&P 500 continue this earnings pattern, this data should bring some renewed confidence into the market.

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)

- CPI – 7:30 AM
- Manufacturing and Services PMI – 8:45 AM
- New Home Sales – 9:00 AM
- U. of Mich. Sentiment – 9:00 AM
- KC Fed Services Activity – 10:00 AM
- Cattle on Feed – 2:00 PM
- Cold Storage – 2:00 PM

Thanks for reading,

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