NESVICK
TRADING GROUP, LLC

Monday, October 27, 2025
NTG Morning Comments
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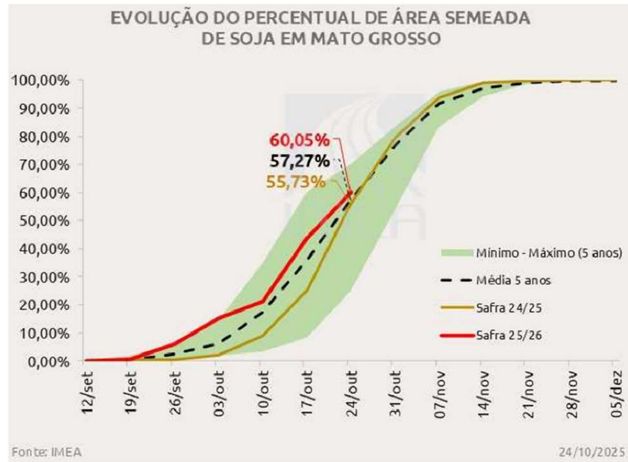
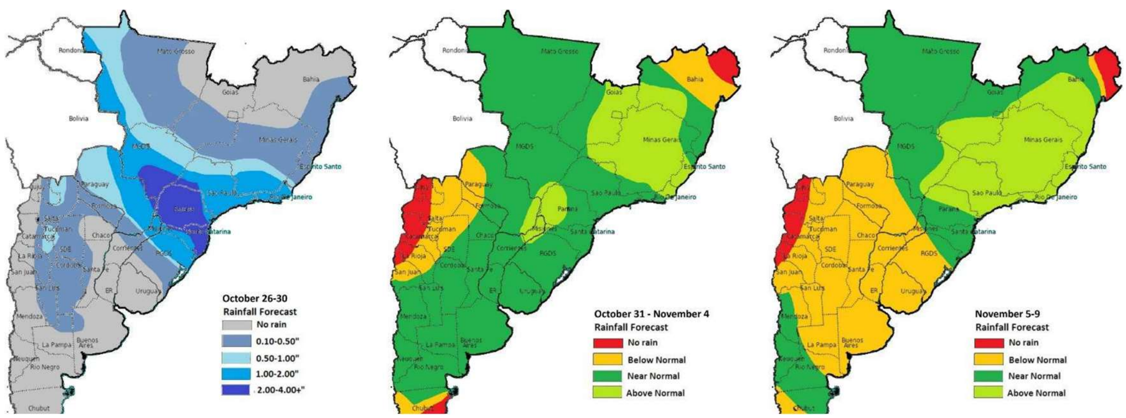
Weather

The new baseline forecast for South America shows a sharp contrast, with significant heat and dryness expected to persist in northern Brazil's soybean areas through Wednesday or Thursday. This pattern features temperatures 5-7 degrees above normal and highs over 100 degrees, which will stress early-planted crops and halt planting progress, which IMEA reported as 60.05% complete in Mato Grosso. This dry period is followed by a return to near to above-normal rainfall in the 6-10 and 11-15 day periods, which should support a resumption of planting. Conversely, southern Brazil and Paraguay are set to receive more big rains through Tuesday, with another wet system expected around November 2-5, maintaining an excellent start to the season. For Argentina, very little rain is expected this week, but the primary concern is a very cold 1-5 day period that brings a frost and light freeze threat to southern areas, especially on Tuesday morning.





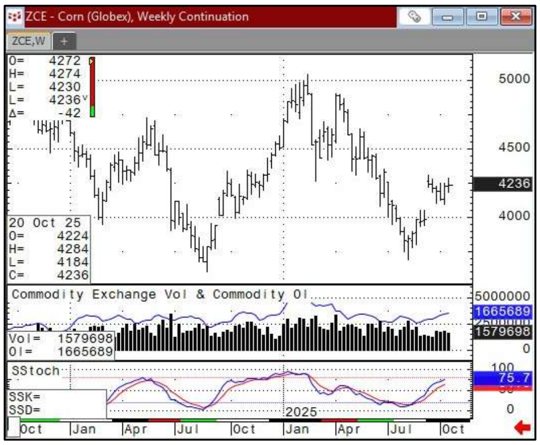
In the U.S., the dominant forecast theme is a widespread shift to a decidedly dry pattern for the 6-15 day period, but not before several regions see notable precipitation. The Corn Belt will see rain from tomorrow night through Thursday, which may cause brief harvest delays, but this is followed by a long period of very limited rain, providing a wide-open window for producers. The Mid-South will see significant and heavy rain through Wednesday, with some areas receiving 1.50-3.00 inches, which will halt fieldwork before its own lengthy dry period begins on Thursday. For the southern Plains, beneficial rains will continue through Tuesday before dry weather takes over on Wednesday for a lengthy stretch. The temperature forecast shows a clear split, with a warm bias in the west and a cool bias in the east; the Northern Plains will average a solid distance above-normal, while the Southeast is expected to remain especially cool, averaging 3-6 degrees below-normal and likely not seeing any warmer-than-normal days for the entire 15-day period.

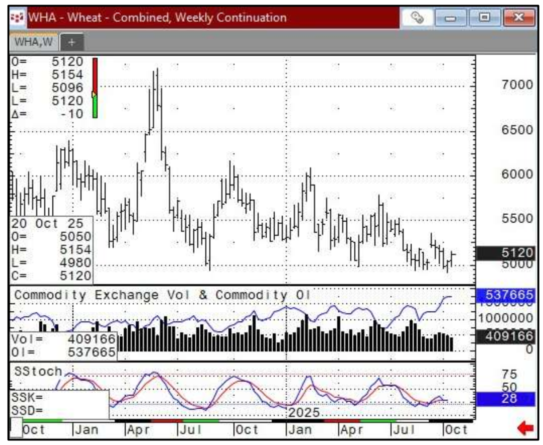
Grains

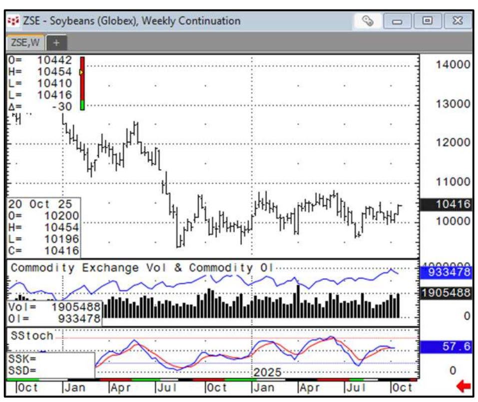
It was generally a firm week, with a post-harvest rally in beans and firming cash markets providing support. Corn rallied some, but then set back closing nearly unchanged for the week. Short covering was seen in wheat with Chgo up 8, KC up 10, and Mpls up 8 for the week. Beans rallied 20 cents lead by meal which was up $13/ton while oil was the back side, losing 75 points.

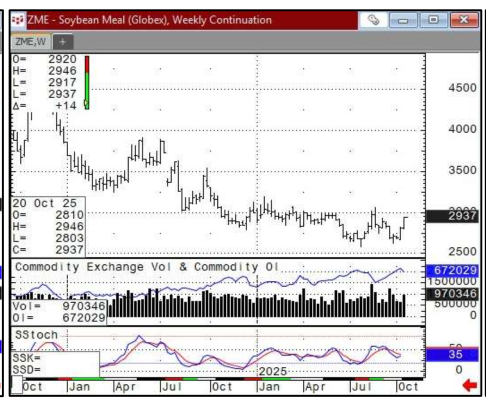
We are entering the 4th week of the gov't shutdown and at this point, the Nov crop report and WASDE are at risk. The general theme has continued with corn yields getting smaller and bean yields holding up much better, despite the dry conditions. Corn harvest should be roughly 75% done and we may start to see pressure as storage constraints are felt. US corn is still competitive and Ukraine offers have yet to surface with wet weather slowing their harvest.

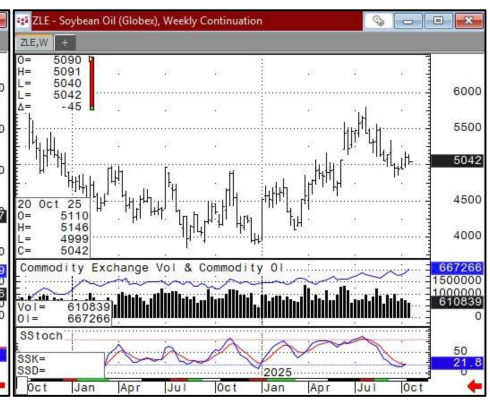
There were a lot of political posts and headlines creating cross-currents for trading. The meeting with Trump and Xi is supposed to take place Thurs AM in S Korea, which will be Wed evening our time. There were rumors of China buying US beans off the PNW late last week, which couldn't be confirmed. They also asked for wheat offers. Despite what happens at the meeting, US beans are mostly harvested and put away and both CIF and processor basis has been firming. There were some meal tickets canceled last week. Product demand is very strong and South American basis has also firmed on large bean export programs and weakening crush margins. Argentine elections will be watched closely over the weekend. Milei needs to maintain a majority or his reforms will be at risk. The peso has been under pressure over the last couple weeks leading up to the elections.







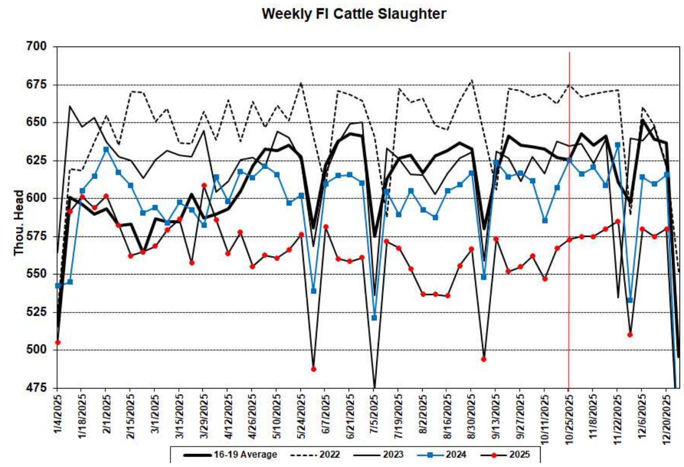




Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

Last week posted the largest weekly kill of 573,000 head since Labor Day, up 6,000 compared to the previous week, but still down 52,000 compared to last year amid the ongoing supply tightness. Front-end supply suggests volumes could stick around 560-580,000 in upcoming non-holiday weeks, though expect swings from margin tweaks and that brutal futures meltdown on Friday, live cattle hit limit down across the board, with Dec at $241.18 (off $5.60) and feeders down $9.25 to $361.03, triggering expanded limits today of $10.75 live cattle and $13.75 for feeder cattle. October total kill is tracking 8% below last year, with cow slaughter off 5% and fed down 8% year to date, total beef production now pegged at 25.12B lbs, -6% compared to last year. Cow kill pegged at 100,000 head this week, building toward a 103k-105k head pre-Thanksgiving peak as the fall cow run ticks up with feed costs. Fed slaughter around 464,000, but cash trade softened late in the week to $238-240 live and $370 dressed, $2 lower.



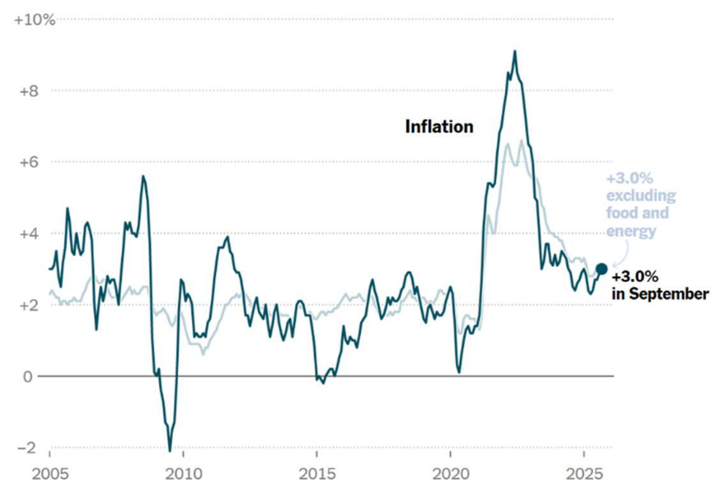
Trump's beef price comments mid-week sent traders into panic and demoralized futures, but packers still pushed slaughter despite flat to higher beef prices. Choice up $2.06 to $366.48/cwt, Select down $1.39 to $349.16. The big question is whether the current price retracement to the $230-$235/cwt level, which is squeezing packer margins, will ultimately force kill cuts, or if packers can instead source cheaper cash cattle to maintain profitability, despite the underlying supply floor that *should* be supporting prices. Looking ahead to this week, Trump will meet with China on Thursday. The Mexican Minister of Agriculture is coming to Washington to discuss the border, but no date has been set yet. It is also possible we get some news on a deal with Brazil after Trumps meeting with Lula over the weekend. Keep your head on a swivel as this market is sensitive to headlines while also keeping in mind that not a single one of these news stories will change the supply of cattle in the short term.

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

Metric	Actual	Estimate
CPI MoM	+0.3%	+0.4%
Core CPI MoM	+0.2%	+0.3%
CPI YoY	+3.0%	+3.1%
Core CPI YoY	+3.0%	+3.1%

The 2-week delayed September CPI report provided a clear "green light" for the Federal Reserve to continue its monetary easing cycle, as core inflation came in cooler than consensus. The Core CPI rose just +0.2% month-over-month (vs. +0.3% expected), with the year-over-year figure at +3.0% (vs. +3.1% expected). While many economic reports have been indefinitely paused during the government shutdown, September CPI was able to be released for this month because the data had already been collected before the shutdown started. It has already been announced that October CPI will likely not be released since the data has not been collected this month due to the majority of BLS employees being furloughed.



Year-over-year change in the Consumer Price Index. Source: Bureau of Labor Statistics. Keith Collins/The New York Times

The most significant development within the data was the deceleration in shelter costs; the Owners' Equivalent Rent (OER) component rose only +0.1%, its smallest monthly gain since January 2021. Given that shelter has been the primary driver of persistent inflation, this slowdown provides the Fed with quantifiable evidence that its policy is achieving the desired effect.

This report solidifies market expectations for a 25-basis-point rate cut at next week's FOMC meeting and increases the probability of an additional cut in December. The market reacted with risk-on behavior, as the data came in cooler than expectations effectively removed inflation as an immediate barrier to a more dovish policy stance.

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

- Durable Goods – 7:30 AM
- Export Inspections – 10:00 AM
- Crop Progress – 3:00 PM

Thanks for reading,

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