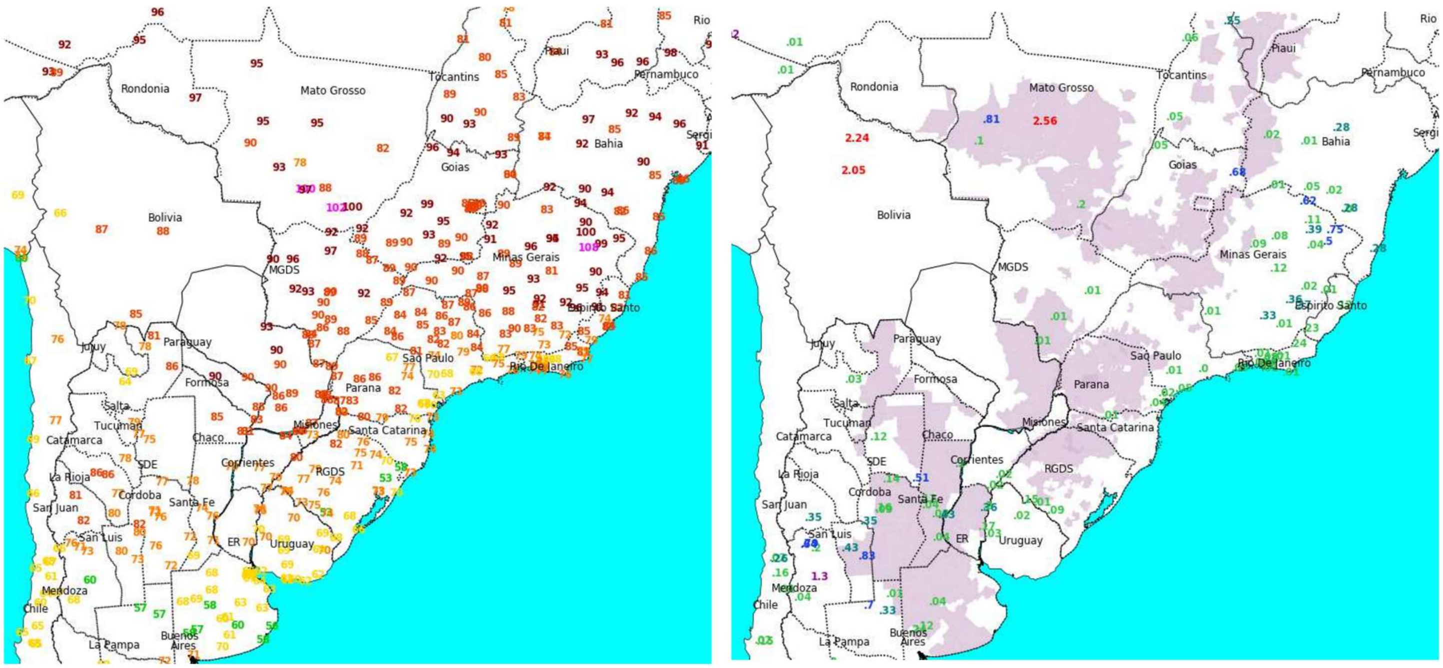
NESVICK
TRADING GROUP, LLC

Friday, November 7, 2025
NTG Morning Comments
www.nesvick.com

Weather

The big story in South America remains the powerful storm system that is moving into southern Brazil today, with heavy rains and severe weather still a good bet for much of Rio Grande do Sul. Growing conditions in the region remain extremely favorable, and the next significant wet period is already in the forecast for November 12-16. For northern Brazil, the forecast remains consistent, calling for a daily pattern of scattered thunderstorms to deliver near-normal rainfall totals of 2.50-5.00 inches; a significant rain was noted in the heart of Mato Grosso's soybean belt (Sorriso) overnight, but overall coverage remains the key issue. The much-needed drier pattern for Argentina is also holding steady, with an extended period of below-normal rainfall still expected to begin around November 12, which is critical for the water-logged areas of Buenos Aires.



High temperatures yesterday (left) and 18-hour rainfall totals through midnight CST (right, soybean growing areas shaded)

The U.S. forecast also remains locked in its two-phase pattern: an exceptionally dry period followed by a major cold shot and then a stormier pattern change. The primary dry period has been extended slightly, with completely dry conditions now expected through at least November 15 for the HRW wheat belt, western Mid-South, and the far western/southwestern Corn Belt. The season's first accumulating snow is still expected today and tomorrow for the northern Plains and northern Corn Belt. This precedes the "big cold" shot (10-15+ degrees below-normal) which remains firmly on track for Sunday through Tuesday (Nov 9-11). The subsequent turn to a stormier pattern is still expected around November 16, with models now suggesting two storms in the 11-15 day period, though it remains impossible to guarantee any moisture for the HRW wheat belt.

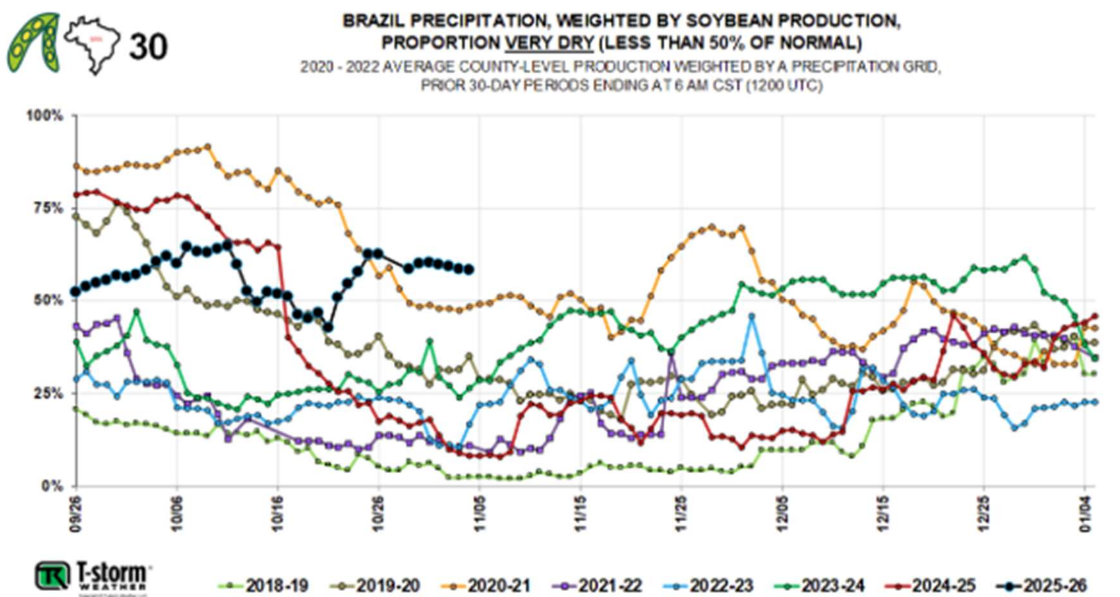
Grains

We saw sizable corrections in beans, meal and wheat, led by the nearby contracts – markets that have had the biggest moves. Corn tested the bottom of the range and oil was only slightly lower and gained on meal. It is unclear whether this is the start of a bigger move lower. Beans and wheat have priced themselves out of competitiveness and a correction was definitely in order. US corn has remained competitive and a deeper break may not be warranted especially with the crop report next week. There is still a faction of the trade in the 178-180 bu/a camp and I can't rule it out. The previous USDA forecast was 186.7 bu/a and something 180 or less could snug up the balance sheet.

For beans, the trade is expecting something similar to slightly lower than the USDA's Sept forecast of 53.5 bu/a. Assuming the yield, doesn't change too much, the biggest swing factor in the S&D will be the export number. There is a still a large range of ideas – from 1400ish to 1700ish. The difference in these will definitely move the dial. We need to get the gov't back to open to see where we're at and we need more confirmation from China about the tonnages reportedly agreed to. If the export number is anywhere near the top end of export ideas, the US balance sheet remains on the tight side and we can't afford any issues in SAm. Currently the central and northern areas still need additional rain. Goias has seen better rains this week and there are more scattered chances for the central and north (especially in week two), but the region is experiencing their driest start since 2015. I'm attaching a chart from T-Storm, LLC.

58% of expected soybean production in Brazil had under half of normal rainfall over the last 30 days, driven by 76% central and 85% north, which is likely marking the driest open to the season since at least 2015. Scattered to organized t-storms affect the region over the next 5 days as a quasi-tropical circulation and cold front converge, but with a fairly dry period to follow for the north half of the region, ultimately causing dryness to remain notable. Attention will then shift to a new cool front 10 to 15 days out that is probable to bring some rain, which may need to verify to limit concerns; check for updates each day.

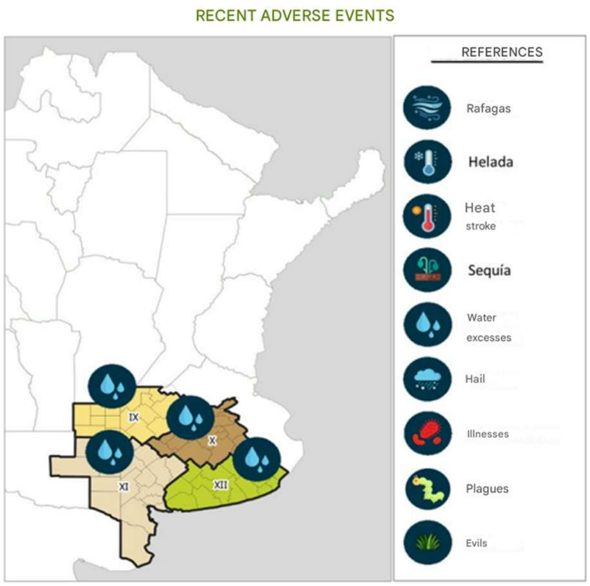
Otherwise, southern Brazil and Paraguay receive t-storms twice through Tue.-Wed. as two systems pass (heavy within the next 24 hours in Rio Grande do Sul, and then scattered within a wide area elsewhere tomorrow, and within a wide area Tue.-Wed.). A much drier period follows as surface-level high pressure envelops the region (and Argentina also turns much drier after some rain over the next 5 days).

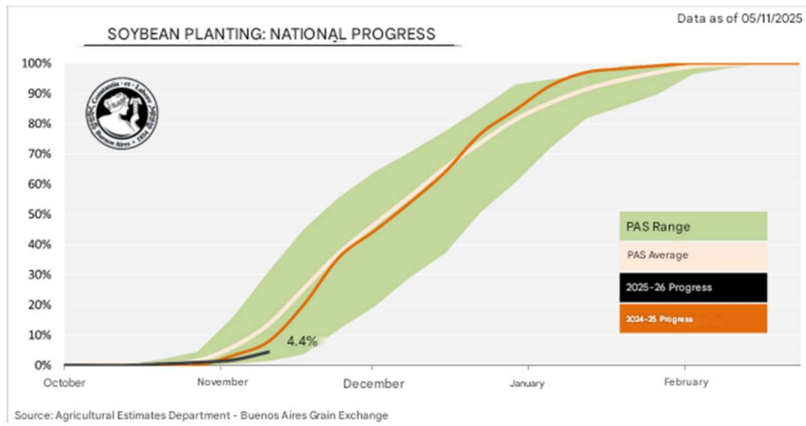


Data is developed with a proprietary Geographic Information System (GIS) analysis of IGBE and CPC data.

Year	Yield (MT / Ha)	Harvested Area (M Ha)	Production (MMT)	Yield, De-Trended To 2026* (MT / Ha)	Yield, Departure From Trend (MT / Ha)	Expected Production With 2026 Harvested Area (MMT)†
2018-19	3.360	35.900	120.5	3.683	+0.075	179.7
2019-20	3.450	37.200	128.5	3.727	+0.119	181.9
2020-21	3.510	39.800	139.5	3.740	+0.133	182.5
2021-22	3.120	41.800	130.5	3.304	-0.303	161.3
2022-23	3.630	44.600	162.0	3.768	+0.161	183.9
2023-24	3.350	46.150	154.5	3.442	-0.165	168.0
2024-25	3.570	47.400	169.0	3.616	+0.009	176.5
2025-26	3.590	48.800	175.0	3.590	-0.017	175.0

The forecast is drier in Argentina, and this needs to happen, particularly in BA. I'm attaching a map that Craig put out highlighting the areas with excessive moisture. It is early days for bean planting, but they are starting a bit behind average. There is plenty of time for these early issues to correct, but this is what bears monitoring currently. Everything went lower on the week after Thursday's moves and we'll see if we uncover additional selling today.



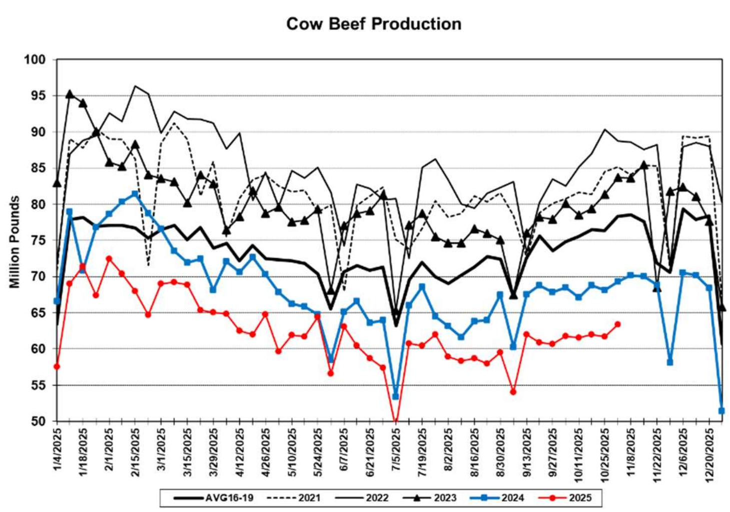


Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

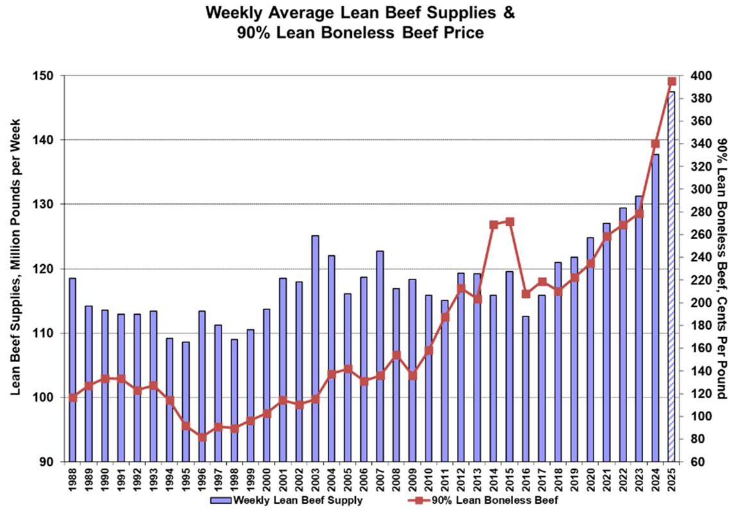
The policy uncertainty surrounding the threat of larger beef imports and the continuous speculation regarding imminent reopening the Mexican border to feeder cattle imports have continued to dominate the volatility in LC and FC futures. While neither can be discounted out of hand, the risk of the US cattle and beef markets being flooded with either imported beef or Mexican feeder cattle is not high. The specific conditions necessary to re-open the Mexican border have not been enunciated, but the political risk associated with the possibility of importing a hazardous foreign pest likely precludes a resumption "business as usual" feeder imports indefinitely.

At the other end of the spectrum, the current administration has been adamant about limiting foreign access to the US market, hence the widespread use of tariffs. Although "affordability" has risen on the scale of political concerns in recent weeks, the political risk of alienating a key constituency via beef imports, also appears high. It's readily apparent that a cattleman subjected to a significant financial loss in the wake of surging beef imports will remember it much longer than a consumer who pays 50 cents per pound less for hamburger.

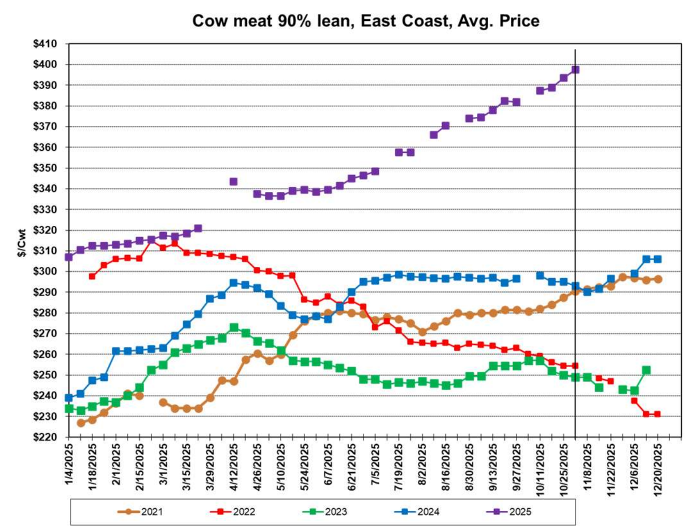


Aside from the political realities, US lean beef production has declined sharply in recent years as the cow herd declined, with 2025 lean beef production about 9-10% below last year and nearly 30% below 2022. And, as the transition continues from cow herd liquidation to expansion, domestic lean beef production will remain constrained.

To fill the void and fuel the continuing love affair with ground beef, US beef imports have escalated, reaching a record in 2023, followed by further increases of more than 20% in both 2024 and 2025. And, a further, more modest increase is likely next year. Most, but not all beef imports are lean manufacturing beef—much of the beef imported from Canada and Mexico, for example, are cuts or fat trim. Adjusting for those items, estimated domestic lean beef supplies have risen sharply over the past ten years. However, despite the rising lean beef supply, prices for both domestic and imported 90s have escalated to a succession or record highs, as well.



Declining cow slaughter and domestic lean beef production has underpinned the rise in lean beef prices, with domestic 90s likely to average near $4.00 per pound this year, up 16% or more from last year. However, despite rising imports and larger domestic lean beef supplies, prices for imported 90s have marched steadily higher, too, reaching near $4 at the end of October, only slightly below the value of domestic 90s. And, it wouldn't be unusual for domestic 90s to go discount to imported as cow slaughter peaks seasonally. The void created by declining domestic lean beef production has yet to be fully offset by larger imports. As China draws a larger share of South American beef to replace the absence of purchases from the US, the odds of a beef import surge depressing US beef and cattle prices is further diminished. Rather, the rise in lean beef prices has facilitated the inclusion of more boneless chucks and rounds in the grinding mix, supporting the fed beef and cattle markets.

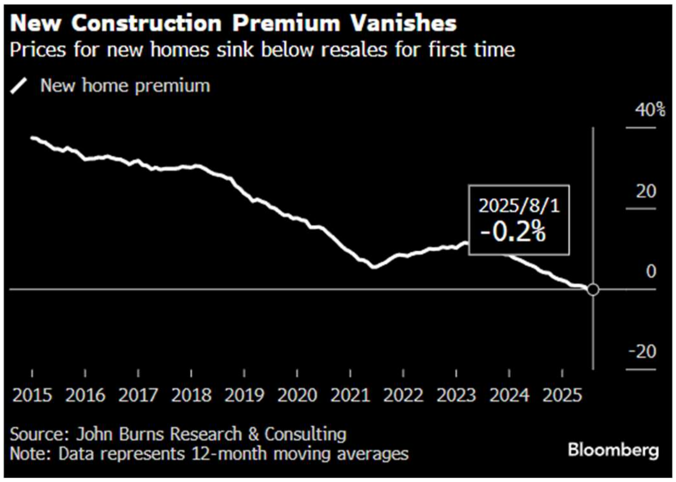


Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Financials

Recent data reveals a US housing market under significant stress, defined by a structural imbalance driven by a severe affordability crisis. The primary issue is a fundamental collapse in buyer demand. High prices and elevated mortgage rates have pushed homeownership out of reach for many, a fact demonstrated by the median age of first-time buyers surging to a new record high of 40 years old. This has created a clear and quantifiable imbalance in the market: as of June 2025, active sellers (1.94 million) outnumbered active buyers (1.45 million) by nearly 34%.

In response to this 500,000-person demand gap and a glut of "unsold inventory," homebuilders are resorting to costly incentives. These include perks like zero closing costs and heavy mortgage rate subsidies, with some offering introductory rates below 1% or fixed rates as low as 3.49% to lure buyers.



This strategy has resulted in a historic market inversion. The long-standing premium for new construction, which averaged 16% since 1973, has been completely erased. For the first time, data from July and August shows the price for a typical new home has fallen below that of an existing (resale) home. This low demand environment persists because the impact of these deep incentives is being offset by anxiety over job security, with year-to-date job cuts now exceeding 1 million.

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

- Non-Farm Payrolls – 7:30 AM
- U. Mich. Sentiment – 9:00 AM
- NY Fed Inflation Expectations – 9:00 AM

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com
Bloomberg IB: zrdavis@bloomberg.net