NESVICK
TRADING GROUP, LLC

Wednesday, November 12, 2025
NTG Morning Comments
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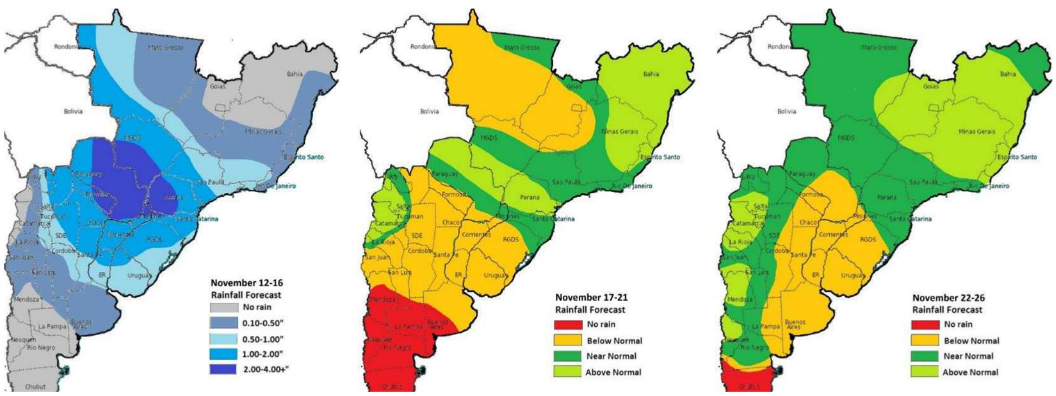
Weather

The forecast for South America has seen a significant change for northern Brazil, which is now expected to see poor rainfall coverage and amounts during Week One. This dryness will be especially pronounced in the MaToPiBa region, central/northern Goias, and eastern Mato Grosso, with many areas seeing under 0.50 inches. This dry week coincides with a notable warm-up beginning Friday, with temperatures running 5-7+ degrees above-normal and the hottest conditions expected in these same dry areas. The rainfall setup is forecast to improve dramatically for Week Two, with near to above-normal amounts returning. Conversely, southern Brazil and Paraguay are in their wettest 5-day stretch, with heavy rains of 2-4 inches expected from today through the weekend. This will be followed by a shift to below-normal rainfall in the 6-10 and 11-15 day periods. The outlook for Argentina remains below-normal for precipitation, which is especially welcome news for water-logged Buenos Aires.



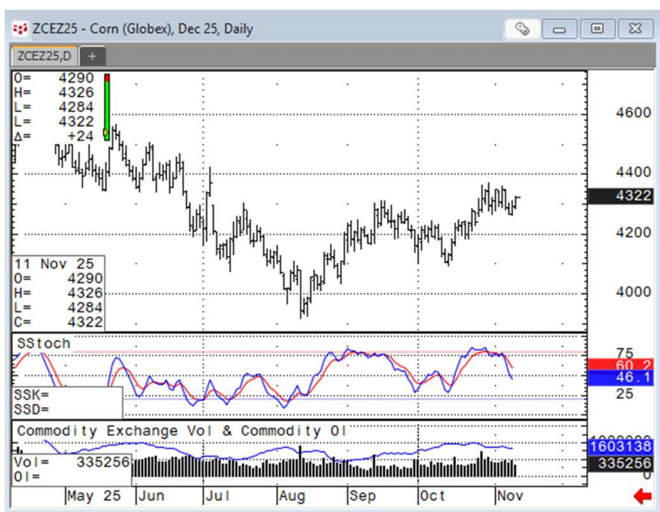
The most significant change in the U.S. forecast is a delay in the anticipated stormy pattern. The Corn Belt, Plains, and Mid-South will remain largely dry through Saturday. The first round of precipitation, previously expected this weekend, has now been pushed back to Monday, November 17. Consequently, any optimism for significant moisture in the southern Plains winter wheat areas has also been delayed and is now relegated to Week Two. Model agreement on how this stormy pattern evolves after Monday remains highly uncertain. The other major story is temperature; the recent abnormal cold is over and will not be seen for at least the next 15 days. Instead, a week of above and much-above-normal temperatures begins today, with averages expected to run 7+ degrees above-normal for the southern Plains and Mid-South.

Grains

Will spend the next few days going over pre-report expectations, starting with corn. The average trade guess for corn yield is 184 bu/a, down from the Sept forecast of 186.7 and from Informa/Stone X at 185.5-186. I still think the risk is something closer to 180 bu/a. The average guess for 25/26 c/o is 2136 milbus, nearly unch from 2110 in the Sept report, which was before the stocks report. Recall Sept 1 stocks (24/25 ending stocks) were 1533 – considerably higher than previous 24/25 c/o forecasts of 1325. So… raising 25/26 carry-in to 1533 would result in ending stocks of 2318 milbus. The average trade estimate is expecting the lower yield to offset the stocks increase. A decrease in yield/production would warrant a reduction in feed/residual. Initially I had thought the USDA was too high on their export forecast, but with shipments running 66% above year ago, I am not expecting a reduction in this report. US competitiveness is expected to wane in the near term as Brazilian values move lower and Ukrainian offers increase. This has not started as quickly as expected and it will be very helpful to get caught up on export sales (hopefully next week?). Here's the corn S&D for review under a few different scenarios. It remains difficult to really tighten the balance sheet even with the low-end yield. Nonetheless I wouldn't be surprised if we test the high end of the recent range going into Friday. In 2010 (I know I'm the only one who thinks it could be a similar year), from Sept to Oct to Nov, the USDA lowered yields from 162.5 to 155.8 to 152.8 bu/a. That's a 6% reduction from Sep to Nov. A similar reduction this year would be 175.5 bu/a. I do think some of the better yielding states can offset some of the losses (if there are any) in IA and IL and am not expecting 175, but just throwing it out there.

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)										
				12-Sep			12-Sep		Scenario 1	Scenario 2
	22/23	23/24	24/25	24/25	24/25	25/26	25/26	25/26	25/26	25/26
			MB	USDA	USDA	MB	USDA	USDA	Ave Trade	Low Yield
				Actual	Adj		Actual	Adj	Est	
Planted Acres	88.2	94.6	90.9	0.0	90.9	98.7	98.7	98.7	98.7	98.7
Harvested Acres	78.7	86.5	83.0	90.9	83.0	90.0	90.0	90.0	90.0	90.0
Yield (Bu/Ac)	173.4	177.3	179.3	179.3	179.3	180.9	186.7	186.7	**184.0**	**179.0**
Begin Stocks	1377	1360	1763	1763	1763	1533	1325	1533	1533	1533
Production	13651	15341	14892	14867	14892	16286	16814	16814	16568	16104
Total Supply	**15067**	**16729**	**16679**	**16650**	**16675**	**17844**	**18165**	**18373**	**18126**	**17662**
Exports	1662	2255	2850	2830	2830	2975	2975	2975	2975	2975
Feed Use	5486	5832	5476	5675	5492	6000	6100	6100	**6035**	**5900**
Food/Ind/Seed	6558	6879	6820	6820	6820	6920	6980	6980	6980	6980
Ind Use-Swtnr/Starch										
Ind Use-Bevg/Mfg Alcohol										
Ind Use-Fuel Alcoh	5176	5489	5450	5435	5435	5550	5600	5600	5600	5600
Food/Seed										
Total Usage	**13707**	**14966**	**15145**	**15325**	**15142**	**15895**	**16055**	**16055**	**15990**	**15855**
End Stocks	**1360**	**1763**	**1533**	**1325**	**1533**	**1950**	**2110**	**2318**	**2136**	**1807**
End Stks/Use %	9.9%	11.8%	10.1%	8.6%	10.1%	12.3%	13.1%	14.4%	13.4%	11.4%

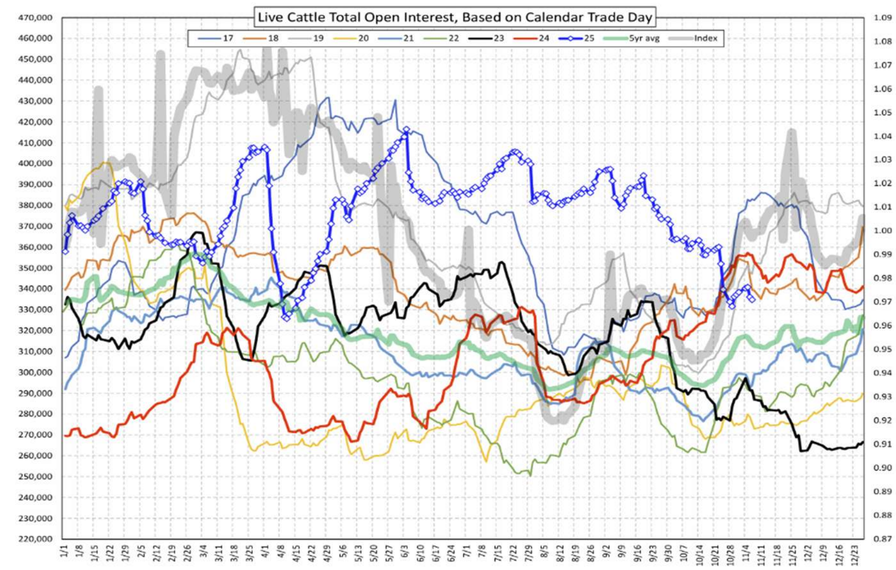
In the world numbers, the USDA is well below the industry for SAm new crop at 131 mmt for Brazil and 53 mmt for Arg. Most are 139-140 mmt for Brazil and 58-60 mmt for Arg. We will get a CONAB on Thurs. China's gov't was out this week with 25/26 revised prod'n of 300 mmt and imports of 6 mmt. This compares to the USDA in Sept of 295 mmt and 10 mmt. We still don't know the extent of quality and/or quantity damage from the flooding during their corn harvest, but it seemed odd for China to raise their crop projection ("everything is fine").



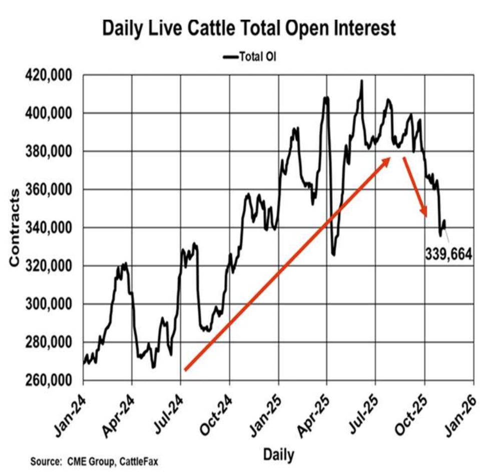
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

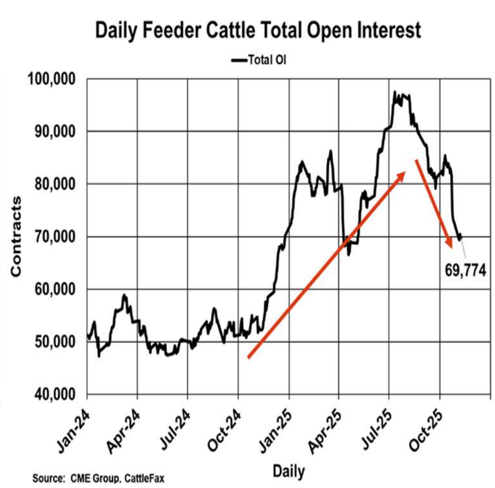
Livestock

Open interest in Live Cattle futures appears to have stabilized in the awake of recent price declines. We haven't had any reports from the CFTC since the government shutdown to be able to ascertain what exactly has occurred. However, we speculate that the OI drop during September seemed to come from commercial and speculative short covering. It was well advertised that bankers were blowing some hedgers out of shorts that could not meet margin calls while others were willing buyers worried about cash prices easily being $250-$260 into November as the market surged into new contract highs. As well, there was a large drop in market (bear) spread positions during this time frame. We think that that combination of the above things accounted for this first 40,000 contract decline in open interest and this was all before prices peaked in the middle of October. Once the market peaked on October 16th open interest has dropped another 25,000 contracts. This appears to be the combination of managed money long liquidation as well as possible commercial long liquidation. Typical cattle trade, both sides of the market lose as one group of orders misses the other group of orders. Now that the government has reopened we are anxious to get an update from the CFTC to better define what each category of the commitment of traders has been up to.



The growth in open interest started back in the spring of 2024 at 280,000 contracts and peaked at 420,000 contracts in the spring of 2025. The most recent peak in the middle of October was roughly 360,000 contracts and stands at just under 340,000 contracts today. Open interest appears to have stabilized now with futures finding their lows this week at 218.00. If this recent low holds we should expect to see open interest trend sideways into the end of the year. Risk is that the market finds another collapse in prices, if that happens it would be because both managed money longs and commercial longs are getting forced out of their positions. That would drive open interest back to where it started from at 280,000 contracts.

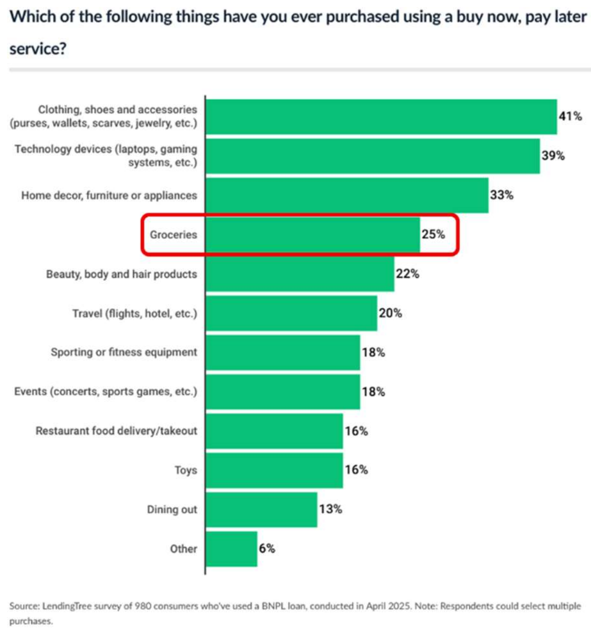




Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us *or on Trillian at scott@nesvick.com.*

Financials

Affirm's strong quarterly earnings last Thursday, which highlighted a 24% year-over-year growth in active consumers, presents a concerning signal for the broader U.S. economy. While this performance is a bullish indicator for Affirm and the Buy Now, Pay Later (BNPL) sector as a whole, a deeper analysis of the underlying drivers suggests this growth is a symptom of significant – and rising – consumer stress.



This growth in BNPL companies isn't occurring in a vacuum. It is accelerating while the U.S. personal savings rate remains near historic lows (4.6% as of August) and credit card balances have simultaneously surged to their new record highs of $1.23 trillion. This data indicates the consumer's primary financial buffers, both cash savings and traditional credit, are exhausted. Additionally, recent studies show a sharp increase in consumers using BNPL for non-discretionary, essential items, with some reports indicating as many as 25% of users have financed groceries. This shift from discretionary spending towards essential financing is a significant red flag. It confirms that the growth in BNPL is increasingly driven by consumer stress rather than mere preference. This behavior is a short-term coping mechanism for consumers who can no longer afford to purchase necessities upfront.

This behavior – financing food and essentials through BNPL services – indicates a consumer has reached their financial limit, and a severe contraction in total spending will likely follow. While Affirm's recent performance is a testament to how well it is currently underwriting these loans, its growth is built on an increasingly unstable foundation of borrowers. The strength in its earnings is not a sign of economic health or of changing consumer preferences for discretionary purchases, but rather a leading indicator of a deteriorating consumer balance sheet and a high risk of a rapid pullback in consumer demand. Affirm and other BNPL companies are currently keeping low default rates, but this could unravel quickly with any further economic headwinds.

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

- MBA Mortgage Applications – 6:00 AM

Thanks for reading,

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