Tuesday, November 18, 2025

NTG Morning Comments

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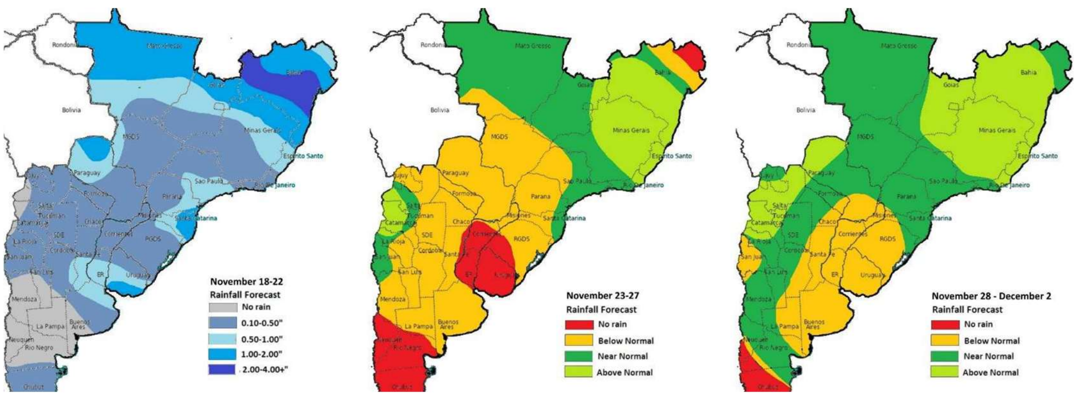
Weather

The forecast for northern Brazil remains on track for a significant shift to a wetter pattern starting tomorrow in the MaToPiBa region, with 15-day rainfall totals of 3-5+ inches expected to eliminate remaining dryness concerns; heat will linger through Saturday before moderating. In southern Brazil and Paraguay, the outlook for a drier pattern over the next five days is viewed as a welcome respite following extreme rainfall, with reports indicating locations like Londrina have received over 19 inches since October 1. Similarly, the forecast for Argentina remains near- to mostly below-normal for rainfall, which is favorable for the flooded areas of Buenos Aires—where impacted acreage estimates have risen to 5.8 million hectares—but implies a full week of complete dryness for the broader growing region starting Friday.



An active weather pattern has initiated across the Corn Belt, but the most significant agricultural impact is the highly beneficial outlook for the Southern Plains HRW wheat belt, where a series of slow-moving systems will deliver above-normal precipitation starting tomorrow night. The target area for the heaviest precipitation—potentially including severe weather—remains the Mid-South and Ohio Valley, while the Northern Plains appears likely to be short-changed on moisture during this active stretch. The temperature forecast maintains a warm bias through November 26, but confidence is increasing in a sharp transition to much colder conditions by November 28, with AI models reinforcing the potential for a major winter storm in the 11-15 day period.

Grains

Going to do a deeper dive into the numbers from Friday and put out balance sheets. Will look at corn and beans today and wheat Wed. I was surprised the corn yield didn't come down more, but I am not going to fight it too much. We won't get another update until January and we will likely get a reduction, but not sure anything near or below 180 bu/a is in the cards anymore. I maintain that the USDA is too high on IA and IL. The USDA forecast IA at 216 bu/a, up from 211 last year and a new record. They forecast IL at 221, up from 217 last year. I am using 200 and 211 respectively. I am higher than the USDA in MN and lower in OH. Otherwise, I adopted their yields, and came out at 182.4 bu/a for a nat'l ave (USDA 186). The USDA raised exports by 100 milbus and left everything else unchanged. I am not ready to raise exports when Brazilian and Ukrainian offers are expected to pressure the market in the near and medium term. I am also 100 milbus lower on feed use. However, neither my, nor the USDA balance sheet really

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)										
	18/19	19/20	20/21	21/22	22/23	23/24	12-Sep 24/25 USDA	25/26 MB	12-Sep 25/26 USDA	Initial 26/27 MB
Planted Acres	88.9	89.7	90.7	92.9	88.2	94.6	90.9	98.7	98.7	95.0
Harvested Acres	81.3	81.3	82.3	85.0	78.7	86.5	83.0	90.0	90.0	86.0
Yield (Bu/Ac)	176.4	167.5	171.4	176.7	173.4	177.3	179.3	182.4	186.0	183.5
Begin Stocks	2140	2221	1919	1235	1377	1360	1763	1532	1532	2089
Production	14340	13620	14111	15018	13651	15341	14892	16427	16752	15781
Total Supply	**16508**	**15883**	**16055**	**16277**	**15067**	**16729**	**16675**	**17984**	**18309**	**17895**
Exports	2066	1777	2747	2472	1662	2255	2830	2975	3075	2800
Feed Use	5429	5900	5607	5671	5486	5832	5492	6000	6100	6000
Food/Ind/Seed	6793	6286	6467	6757	6558	6879	6821	6920	6980	7000
Ind Use-Swtnr/Star	1090									
Ind Use-Bevg/Mfg A	150									
Ind Use-Fuel Alcoh	5378	4857	5028	5320	5176	5489	5435	5550	5600	5700
Food/Seed	240									
Total Usage	**14288**	**13963**	**14821**	**14900**	**13707**	**14966**	**15143**	**15895**	**16155**	**15800**
End Stocks	**2221**	**1919**	**1235**	**1377**	**1360**	**1763**	**1532**	**2089**	**2154**	**2095**
End Stks/Use %	15.5%	13.7%	8.3%	9.2%	9.9%	11.8%	10.1%	13.1%	13.3%	13.3%

gets tight, hovering around 2000-2100 milbus. In the world numbers, they left Brazil corn at 131 for new crop (well below industry) and left Arg at 53 mmt. They did raise Brazil's old crop by 1 mmt to 136, but remains below CONAB's 139.7 mmt. They lowered China imports to 8 mmt from 10 mmt while the Chinese gov't is at 6 mmt.

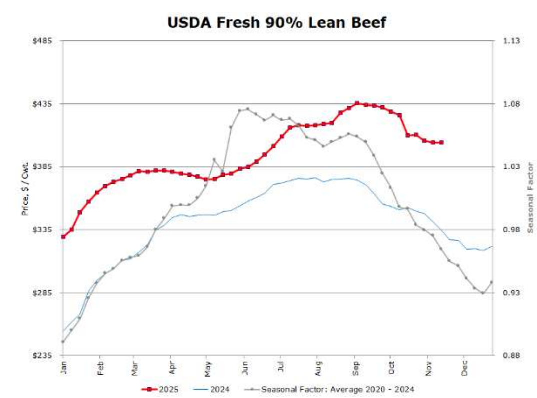
In beans, I am also using slightly lower yields in IA, IL, IN, and OH, and adopted the USDA for the remaining states (some of which were lower than what I had plugged in, which took my nat'l down to 52.3 bu/a). Last year there was a sizable yield drop from Oct to Jan (2.4 bu/a). I'm not expecting that much as pod weights are already low. The balance sheet looks quite tight however if we get to the low 52's. I lowered exports to make it balance. Oct NOPA Monday was well above even the highest trade guess. The USDA made no changes in the new crop world numbers with Brazil on the low end 175 (CONAB 177.6) and Arg in line 48.5 mmt. They raised China's old crop imports to 108 mmt from 106.5 and left new crop at 112 mmt (their gov't is at 95.8 mmt). There was talk China bought 10-20 cargoes of US beans Monday. I had thought maybe we could set back this week, but with China or even the threat of China in the market, it will be very difficult to be short.

SOYBEANS: U.S. SUPPLY AND DEMAND

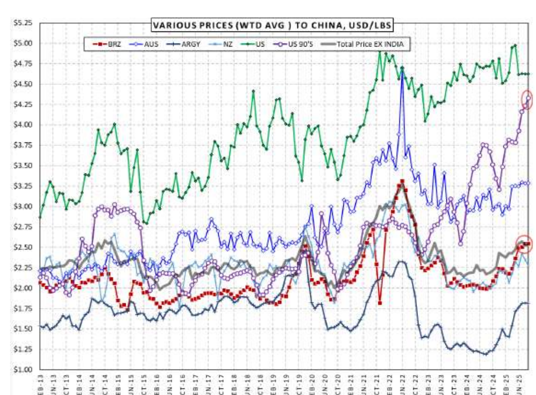
	19/20	20/21	21/22	22/23	23/24	14-Nov 24/25 USDA	25/26 MB	14-Nov 25/26 USDA	Initial 26/27 MB
Planted Area	76.1	83.4	87.2	87.5	83.6	*87.3*	*81.1*	*81.1*	*84.5*
Harvested Area	74.9	82.6	86.3	86.2	82.3	*86.2*	*80.3*	*80.3*	*83.5*
Yield	47.4	51.0	51.7	49.6	50.6	*50.7*	*52.3*	*53.0*	*53.5*
Carryin	925	538	257	274	264	*342*	*316*	*316*	*287*
Production	3552	4216	4464	4270	4162	*4374*	*4203*	*4253*	*4467*
Imports	15	20	16	25	21	*27*	*20*	*20*	*20*
Total Supply	4492	4774	4737	4569	4446	*4744*	*4538*	*4590*	*4774*
Crush	2165	2141	2204	2212	2285	*2445*	*2570*	*2555*	*2650*
Exports	1679	2266	2152	1980	1700	*1875*	*1600*	*1635*	*1750*
Seed	97	101	102	72	75	*70*	*73*	*73*	*75*
Residual	15	9	5	41	44	*37*	*9*	*37*	*20*
Total Usage	3956	4517	4463	4304	4104	*4427*	*4252*	*4300*	*4495*
Carryout	538	257	274	264	342	*316*	*287*	*290*	*280*
Carryout % Use	13.6%	5.7%	6.1%	6.1%	8.3%	*7.1%*	*6.7%*	*6.8%*	*6.2%*

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

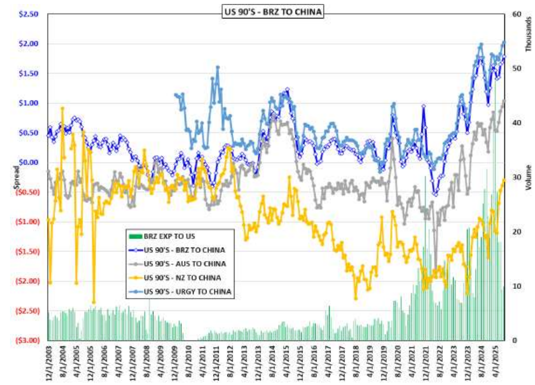


With the changes announced to reciprocal tariffs on Friday (11/14) it is necessary to re-evaluate the value of 90% lean trimmings from the various countries that bring their production into the US. The administration has taken Australian and Argentine tariffs to 0%, which were previously 10%. For Australia, this is a direct price reduction; US all-in prices for Australian 90s over the past 3-4 months have been approximately $3.90, and this is now effectively $3.50. Argentina has the most to profit, with prices below those of Brazil and the ability to bring in 60,000 MT more volume, but this is constrained by the need to increase plant approvals and certification from US buyers. Until these new certifications are completed, Argentina might only be able to increase its volume from 20,000 MT to 40,000 MT.



Brazil is the focus and remains the most complex case. Friday's announcement reduced the 10% reciprocal tariff to 0%, however, the 40% special tariff remains. Brazil's prices are roughly $2.50 today, which means that before Friday, this meat block cost importers approximately $4.50. After Friday's 10% reduction, those prices fall to $4.05. On January 1st, however, the TRQ quota for Brazil will reset and pull another 26.4% off these prices, making Brazil's costs roughly $3.50. It is also important to note for future planning that once the 40% special tariff is removed—pending the upcoming Supreme Court decision—Brazil's prices will be approximately $3.15, assuming the 26.4% TRQ tariff over 65,000 MT remains in effect.

All of the above math implies that imports should surge from current levels into Q1 of 2026, though the exact figure will be determined by demand. We must be mindful that in early 2025, buyers were short-bought and trying to build inventory, fearing tariffs were coming and prices would surge to $5.00. Prices only made it to $4.50 in 2025 despite these fears. Now that the tariffs are clearly going away, it would only make sense that prices should retrench. In early 2025, prices were on average $3.80 amid that excess hoarding; this would seem to be our first objective for prices in the coming months. Further declines will come, but only after the special tariffs are removed.



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

Recent reports for the Cass Freight Index data illustrate a concerning weakness in the U.S. goods economy. Shipment volumes have now fallen to their worst October levels since 2009, with the historical index value approaching the lows of the 2009 financial crisis and the 2020 pandemic.

The Cass Shipments Index shows that October shipments fell 7.8% YoY, a significant acceleration from the 5.4% YoY decline recorded in September. Despite this collapse in shipment volume, the Cass Expenditures Index (which measures total freight spend) was down only 0.2% y/y. This disconnect implies that while physical demand is deteriorating rapidly, underlying freight rates remain stubbornly high, estimated at 8.2% above last year. This analysis is supported by the truckload (TL) linehaul index (which measures freight costs excluding fuel), which rose 3.0% y/y.

Further indicators from Cass confirm this decline in shipments is due to demand-side weakness. Despite a significant reduction in trucking capacity due to carrier bankruptcies and extremely low operating margins, the Outbound Tender Rejection Index remains low, at approximately 5.5-6.0%. This signals that capacity is loose, as carriers are rejecting few loads. The Contract Load Accepted Volume index also continues to track significantly below 2023 and 2024 levels, confirming the drop in demand. Cass has issued a forward-looking warning that if typical seasonal trends hold, November shipments could see a 10% y/y decline. This data points to a deepening recession for the freight industry, which has historically served as a significant leading indicator of broader economic stress.

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)

- ADP Weekly Unemployment – 7:15 AM
- NAHB Housing Market Index – 9:00 AM
- Factory Orders/Durable Goods – 9:00 AM

Thanks for reading,

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