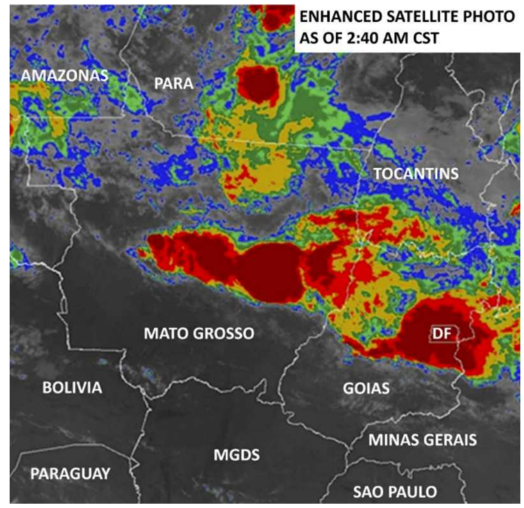
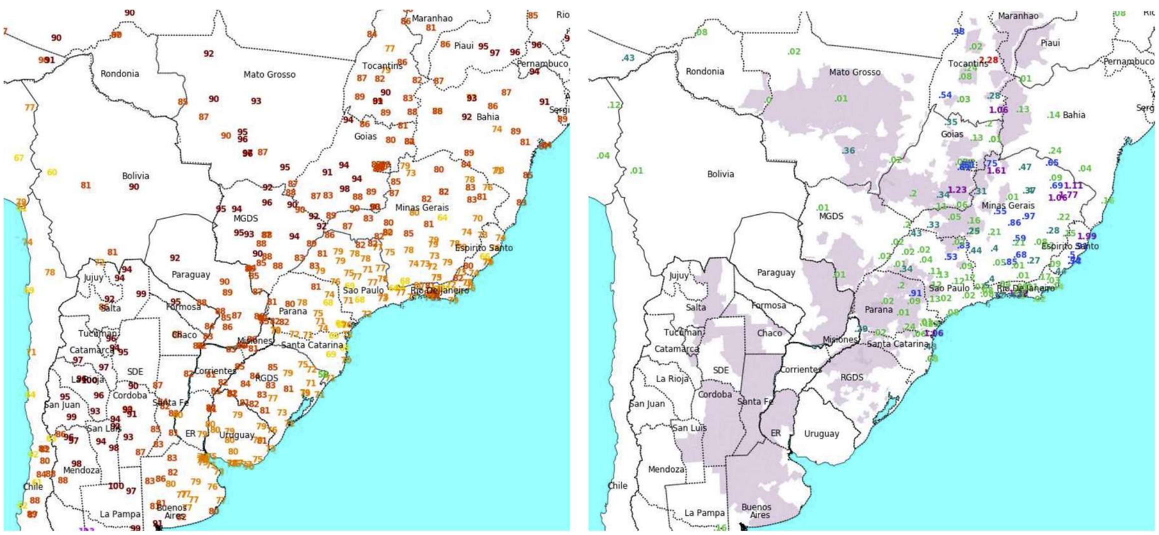
Tuesday, November 25, 2025
NTG Morning Comments
www.nesvick.com

Weather

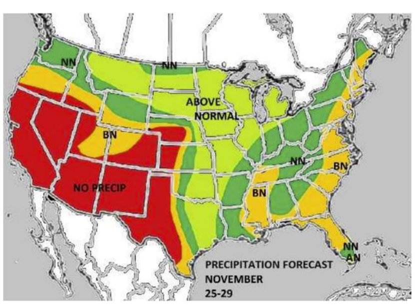
Satellite imagery this morning reveals intense, albeit isolated, thunderstorm activity over Mato Grosso and Goiás, setting the stage for a northern Brazilian weather pattern where precipitation coverage and intensity are forecast to steadily improve over time. The 15-day outlook for the region remains robust, with widespread rainfall totals of 4-7 inches expected to run near to above-normal, particularly during the 11-15 day period which is projected to be the wettest timeframe. Conversely, southern Brazil and Paraguay remain locked in a moisture-limited pattern; dry conditions will dominate through Saturday, with the only significant relief—forecasted at 1-2 inches—confined to the November 30-December 2 window before dryness returns. Argentina faces a similar outlook where "normal" rainfall is unlikely; the region will endure notable heat through Friday, followed by a brief window of welcome 1-2 inch rains on November 28-29, before returning to a heat-stressed pattern for December 4-9.

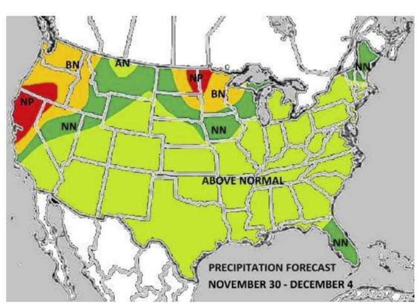


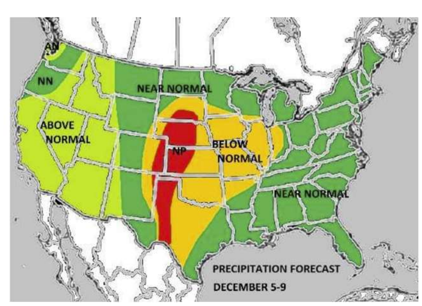


High temperatures yesterday (left) and 18-hour rainfall totals through midnight CST (right, soybean growing areas shaded)

Immediate winter storm warnings are currently in effect for the Northern Plains and northwestern Corn Belt, where increasing winds are expected to create blowing snow and blizzard-like conditions tonight into tomorrow. However, the most significant agricultural impacts remain targeted for the volatile November 28-December 3 period, which will feature a complex combination of heavy rainfall, severe weather potential starting late Saturday, and significant accumulating snowfall across the central US. This storm system will usher in an "especially impressive" cold air mass for November 30-December 4, with temperatures plummeting 10-15 degrees below normal across a vast area, though models continue to suggest a moderation back to seasonal norms during the 11-15 day period.







NESVICK TRADING GROUP, LLC

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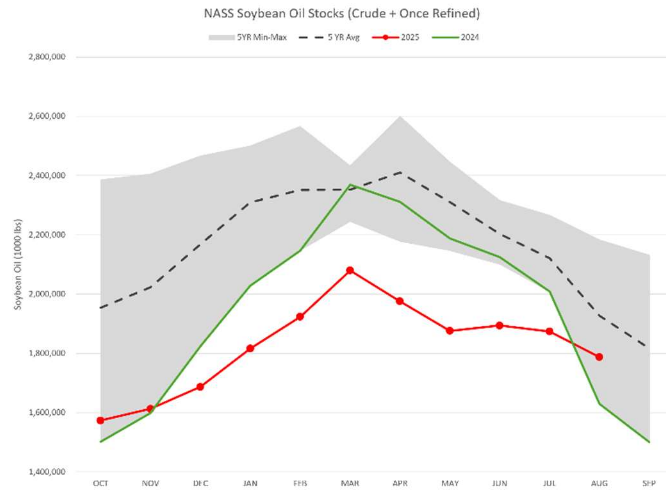
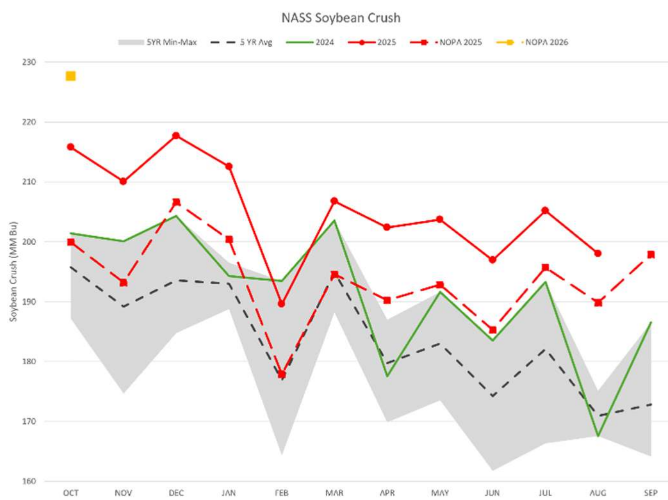
Grains





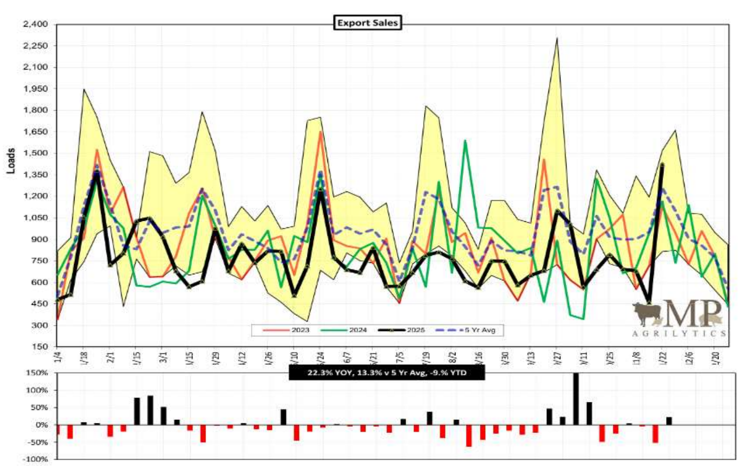
Friday's release of the NASS Fats & Oils data for August serves as the bottom of the 2024/25 marketing year just before the transition to new crop. The report confirms that in the second to last month of the season, the industry slowed to a crawl, with crush volume slipping below 170 million bushels and oil stocks deteriorating to a seasonal low near 1.75 billion pounds. This finalizes the "carry-in" baseline, proving that the market had almost no buffer left in the tank as the year closed.

This confirmed deficit from normal is the critical context for the NOPA data, which has been released through October. While the NASS data is currently only available through the August lows, the NOPA data (dashed red line) reveals that the industry immediately pivoted, with crush volume jumping to 197.8 million bushels in September before exploding to a record 227.6 million bushels in October (Orange Square).

The strategic takeaway is clear: The NASS report confirms we ended the old year on fumes, and the NOPA data illustrates that the industry is now running at full speed to refill the system. The market needs this immediate, V-shaped recovery just to stabilize the balance sheet.

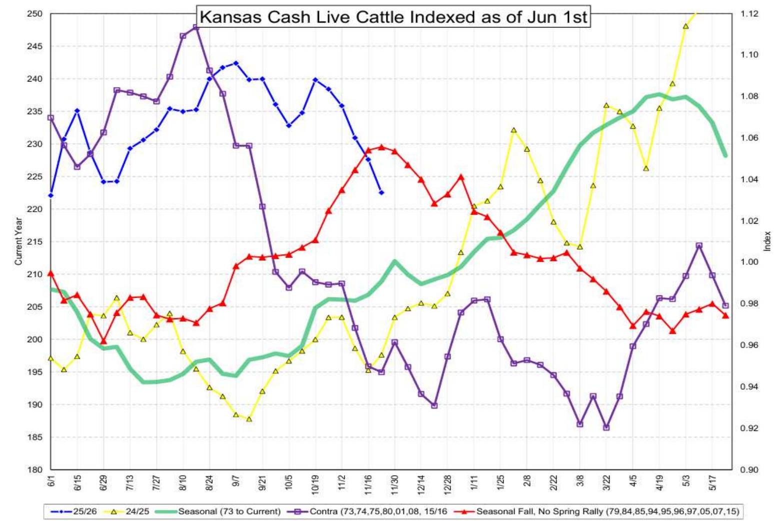
Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Livestock



Last week's Comprehensive Export Sales report showed exceptional volume, which some observers might interpret in isolation as a signal of increasing fundamental demand. However, the context suggests a different reality. This volume represents a reallocation of canceled domestic orders into the export market, rather than new organic growth. Specifically, a major packer received significant cancellations for chuck primal items from a food service entity for the remainder of 2025, necessitating a shift of this "meat block" into export channels. Understanding this redistribution is crucial for accurately interpreting the current trade flow.

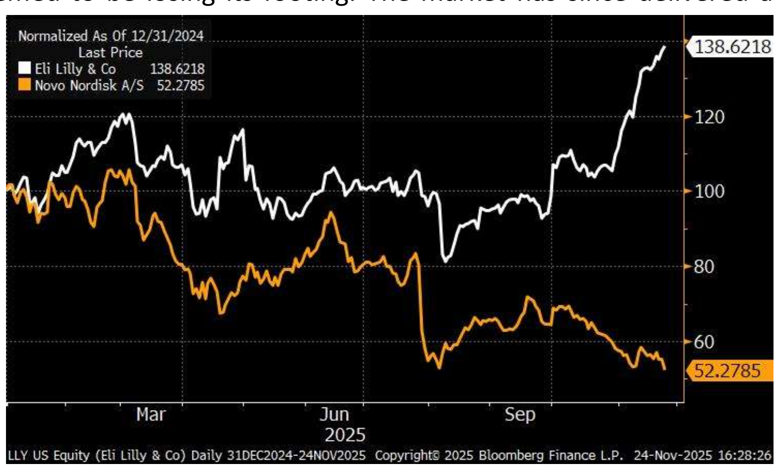
Regarding market structure, we have anticipated for months that the cattle market would likely exhibit contra-seasonal behavior as we moved through the fall of 2025—a pattern characteristic of most cycle turns. Current market action is confirming this shift. The chart below distinguishes between normal and contra-seasonal years to better illustrate potential trajectories. A critical factor we have emphasized since the spring of 2022 is the strategy of "adding days" to feedlot marketings, which effectively deferred roughly 1.4 million head annually into future windows. However, this aggressive strategy of feeding cattle to heavier weights has likely encountered a hard limit with the recent Tyson plant closures. Our concern is that these closures will compel feedlots to market a significant portion of this overfed supply. Facing potential discounts for overfat cattle and the hard stop of official plant closure dates in late January, feeders may choose to accelerate marketings immediately. This week's showlists increasing by 22,000 head may well be the first indicator of that trend.



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

The last time we discussed the race between Eli Lilly and Novo Nordisk, I noted that Lilly appeared far better positioned to navigate the new pricing landscape, while Novo seemed to be losing its footing. The market has since delivered a decisive verdict in agreement.



Eli Lilly has officially become the first healthcare company in history to cross the $1 trillion market cap threshold, driven by a 37% year-to-date rally. Wall Street is effectively betting that Lilly's superior supply chain and "best-in-class" efficacy data allow it to offset lower unit prices with massive volume expansion, particularly with its oral obesity candidate projected to generate $40 billion in peak annual sales. To further bolster Lilly's lead, its pill is also more convenient than Novo's offerings, in that it is taken orally and does not have to be administered while the user is fasting.

Conversely, Novo Nordisk is floundering; the Danish firm is on track for its worst trading year on record, with its value more than halving as it struggles with pipeline failures and execution errors. The market is punishing the Danish firm for a lack of operational agility; unable to match Lilly's execution in the core obesity segment, Novo's pivot to secondary indications like Alzheimer's has failed to deliver in a pair of long-term studies, removing its alternate growth premium chance from its valuation. Its proposed oral pill is less effective than its injectable and must be taken while fasting, making it much less compelling than the Lilly weight-loss pill, and even less compelling than Novo's own injectable products. The macro takeaway is clear: in a policy-driven deflationary environment, capital flees to the leader capable of scaling next-generation technology – in this case, Lilly's new oral pills – rather than the incumbent defending expensive and complicated legacy injectables.

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 Employment Est. – 7:15 AM
- Export Sales (10/9/2025) – 7:30 AM
- Retail Sales Index – 7:30 AM
- PPI – 7:30 AM
- FHFA House Price Index – 8:00 AM
- S&P Cotality Index – 8:00 AM
- Pending Homes Sales – 9:00 AM
- Commitment of Traders (10/14/2025) – 2:30 PM

Thanks for reading,

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