Nesvick Trading Group, LLC

Wednesday, December 3, 2025

NTG Morning Comments

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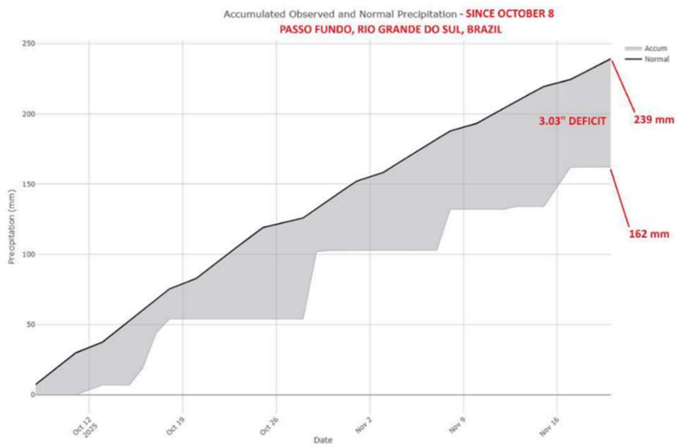
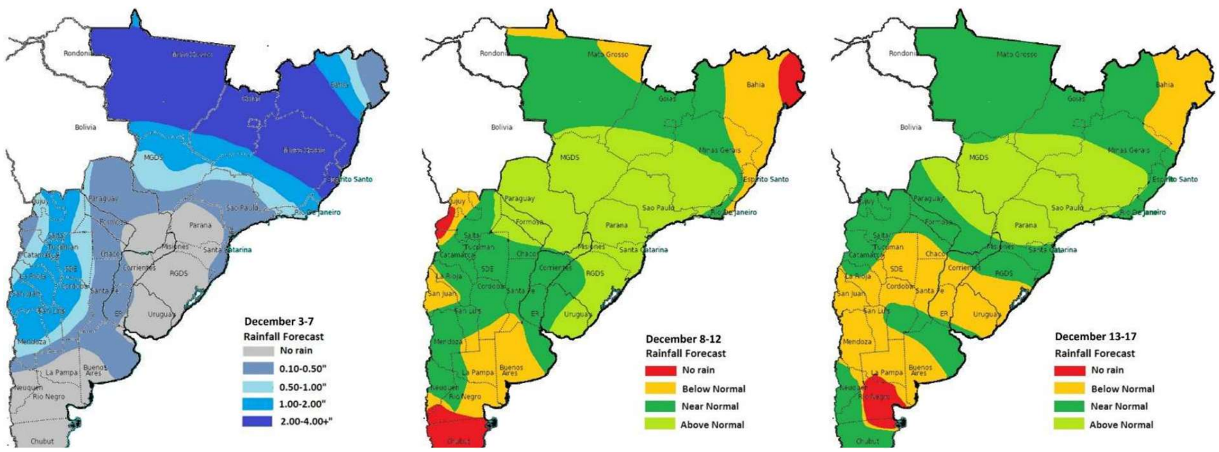
Weather

Today, the northern soybean growing areas of Brazil begin what is potentially the wettest 5-day stretch of weather recorded so far this growing season, with widespread rainfall totals of 2-4 inches and locally heavier amounts expected through the weekend; this ensures favorable moisture but stands in sharp contrast to the deepening deficits in Rio Grande do Sul. The southern state has not received appreciable rainfall since November 17 and is forecast to remain dry through Monday, exacerbating moisture shortages of over 3 inches while facing temperatures 5+ degrees above normal for the December 5-8 period. In Argentina, the immediate weather pattern remains stressful for early planted crops as dry conditions and widespread 90+ degree heat—running 5-7 degrees above normal—dominate the region through the weekend; while precipitation chances return early next week, the outlook does not indicate significant rainfall, suggesting soil moisture levels will likely remain below optimal thresholds.





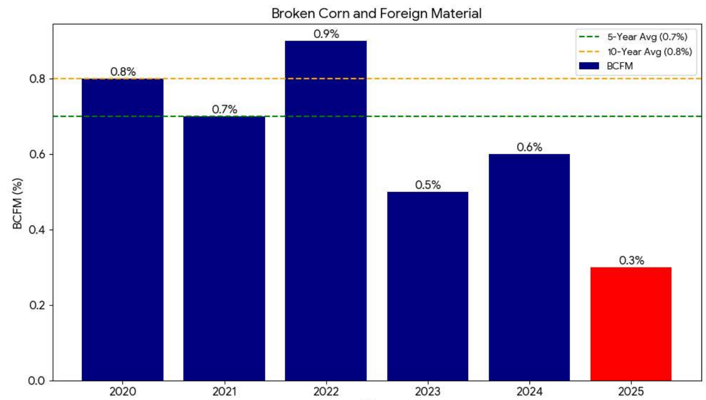
In the United States, a bitterly cold air mass is set to envelop the Corn Belt over the next 24 hours, driving temperatures 20-30 degrees below normal and likely establishing new records for lowest high temperatures on Thursday. Concurrently, the major cattle feedlot areas of the central and southern Plains are facing a "completely dry" 15-day forecast, with zero precipitation expected for the duration of the period as temperatures rebound to above-normal levels by the weekend.

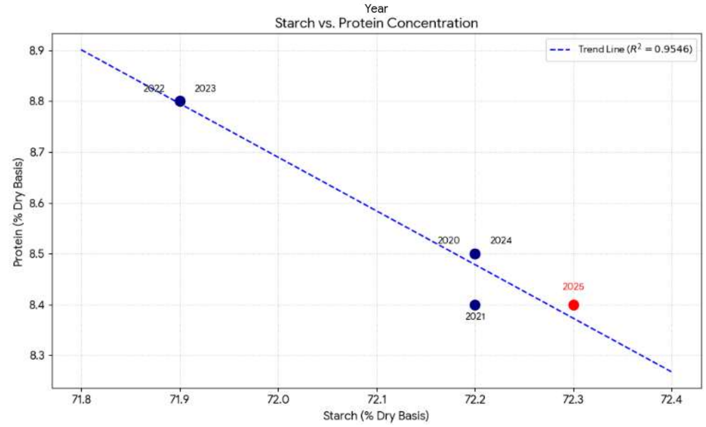
Grains

I'd like to quickly note the news that Putin issued warnings yesterday of "retaliatory measures" on ships from countries supporting Ukraine. This serves as a quick reminder that geopolitical risk is still very much a factor in the Black Sea.

With the release of the 2025/2026 Corn Harvest Quality Report from the U.S. Grains Council, we now have further evidence that the U.S. corn yield could very well be better than many in the market expected leading into the November WASDE. While the trade had been bracing for a yield drag—with expectations of the late-season dry spell limiting the yields for the crop—this data reinforces the USDA's record 186.0 bushel per acre projection. It helps explain the disconnect: the market bet that the dry finish would pull down yields, but the reality was that the crop's resilience—built on deep roots from a dry May—allowed it to pack on starch and density despite the weather. The result is a physically dense, high-volume crop that defied the normal "dry finish penalty."

From a composition standpoint, the starch levels of the grain are up to 72.3%, higher than the five-year average of 72.1%; additionally, the crop is physically pristine, with Broken Corn and Foreign Material hitting a fifteen-year low of just 0.3%. For the end-user, this crop composition heavily favors ethanol producers and wet millers due to its high starch concentration. However, feeders will need to make adjustments, as protein levels, which are inversely related to starch content, dipped to 8.4% compared to the 8.6% 5-year average. There are also some storage risks with this crop; despite the "clean" grade, nearly a quarter of the samples tested above 17.0 percent moisture. With smaller kernels, that is a recipe for distinct storage risks if bin management isn't tight. Ultimately, without a major surprise from the January WASDE, the data suggests that the US should still expect a record supply by a massive margin that will pressure prices lower, but the quality of the grain may support some premium due to increased demand from ethanol producers and wet millers.





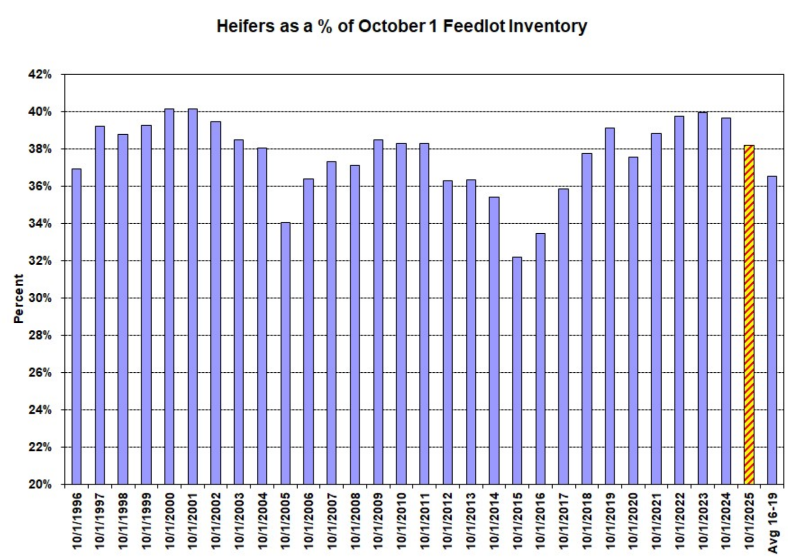
Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Livestock

The cattle market continued its sharp rebound yesterday, with feeder cattle touching limit up for a bit and live cattle futures extended gains after yet more confirmation of tightening fundamentals amongst a plant closure, the removal of tariffs and southern border reopening rumors. In the last 5 sessions fats rallied $15 off the low and feeders went up $30.

There is no near-term supply relief in sight. Feeder availability is at crisis levels post-Thanksgiving. Yesterday the feeder cattle index went up almost $12 to $330+ on its way to $335. There were some pretty lousy daily average prices last week, so those dropping off as we roll forward will benefit the index.

USDA data shows total receipts of feeder cattle going through auctions and direct trade for the year trail 2024 by over 670k head and the previous 5-year average by over 1.2 million. Placements are down over 1 million YTD through October, the second worst drop since 2015, due to both tight domestic supply and the lack of feeder cattle crossing over from Mexico. There has been some heifer retention noted, but it is nowhere close to 2014-2015. The heifer percentage in auction and direct volume ticked up slightly last week to 43%, but that's almost certainly a function of fewer steers being offered, not producers holding back heifers.



On the live cattle side, cash looks steady to higher this week. Packers don't appear to be as well positioned in the cash market as they would like to be for the next couple weeks of larger kills before the Christmas slowdowns and forward contracted numbers coming out of November into December are noticeably smaller than a month ago. That leaves the packer exposed if feedlots (especially in the south) decide to hold the line or push for another round higher. The north could also put their foot down and ask for more money since they will be able to deliver on the December contract next week which is currently $8-10 higher than cash was up there last week. It would make sense for them to deliver if they do not trade higher this week.

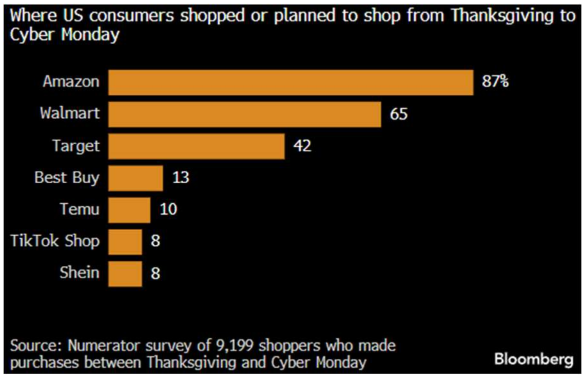
Bottom line: nothing in the data suggests any near-term relief on the supply side. Feeder cattle availability is tight, beef demand is good and packers still need to kill cattle. After the last month, this rally feels like it has legs into early 2026.

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.*

Macro/Financials

Now that the Black Friday/Cyber Monday shopping extravaganza has concluded, I thought we'd look at the data from this long weekend known for its big sales and in-store riots. If you look solely at the headlines, the event was a massive success. Cyber Monday set a new record with $14.25 billion in sales—a 7.1% jump from last year—while Black Friday wasn't far behind, bringing in $11.8 billion with even stronger growth of 9.1%. However, a lot of that growth appears to be driven by pricing rather than volume. For instance, while Mastercard reported a 4.1% increase in retail sales, that figure isn't adjusted for inflation. When you dig into the details, the data suggests that growth is actually being driven by higher prices rather than by consumers actually taking home more units. Additionally, survey data shows an that BNPL usage accounted for 11% of spending this Black Friday, and an additional ~56% of purchases were made on credit cards by consumers with no intention of paying off the full balances in the first month.

We are also starting to see the friction of trade policy hit the consumer. U.S. online sales growth actually lagged behind the global average this year for the first time ever—6% domestically versus 7% globally—which analysts are attributing to a "tariff-stung" U.S. shopper compared to Europeans benefiting from interest rate cuts. You can see this shift clearly in the cross-border logistics space: major players like Temu and Shein lost significant momentum this weekend (3% and 5% reductions from last year, respectively), heavily exposed to the closing of the tariff loophole on small packages. It's clear that the "buy cheap from overseas" valve is tightening.



Finally, we have to talk about the optical illusion in the physical stores. There were reports all weekend about packed malls, mostly driven by Gen Z shoppers turning out in droves. But walking around a store isn't the same as buying; that same demographic plans to spend 23% less this holiday season compared to last year, providing further evidence that we are looking at a "K-shaped" Christmas. The wealthy are spending robustly and driving headline numbers, while the mass-market consumer is pulling back, making the underlying demand picture much more fragile than the record-breaking totals suggest.

Macro/Financials 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)

- MBA Mortgage Applications – 6:00 AM
- ADP Employment Change – 7:15 AM
- S&P Global Services PMI – 8:45 AM
- ISM Services Index – 9:00 AM
- EIA Energy Stocks – 9:30 AM

Thanks for reading,

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