NESVICK
TRADING GROUP, LLC

Thursday, December 4, 2025
NTG Morning Comments
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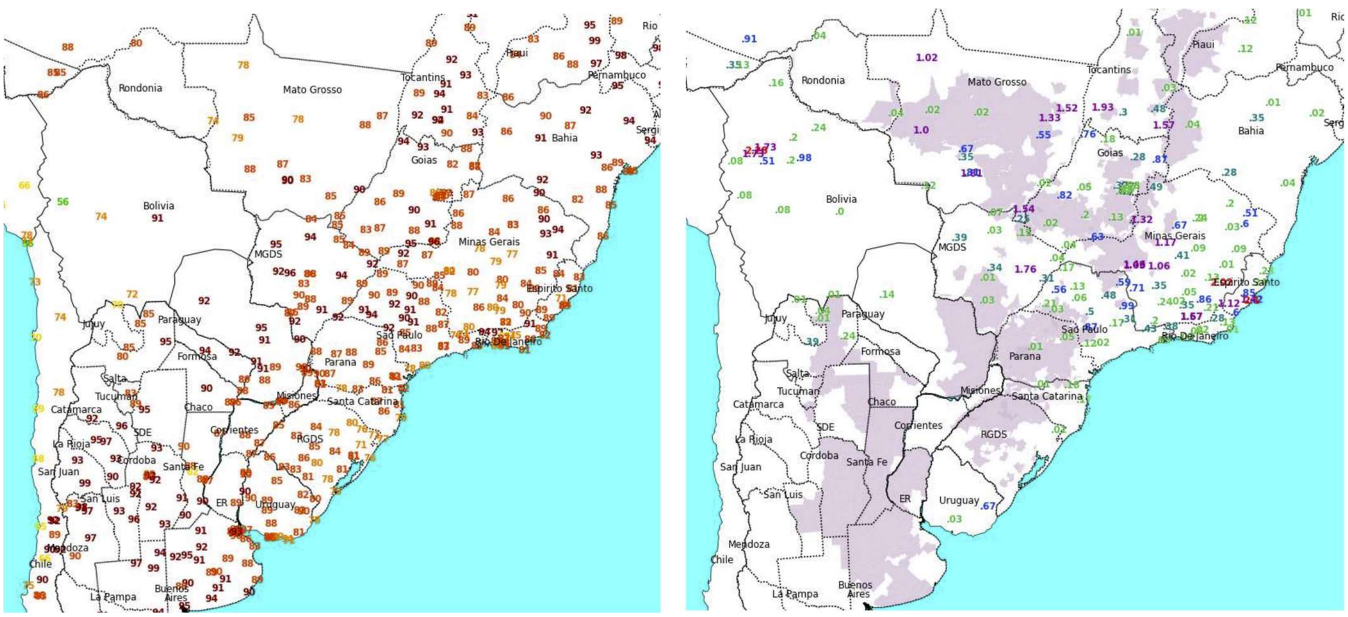
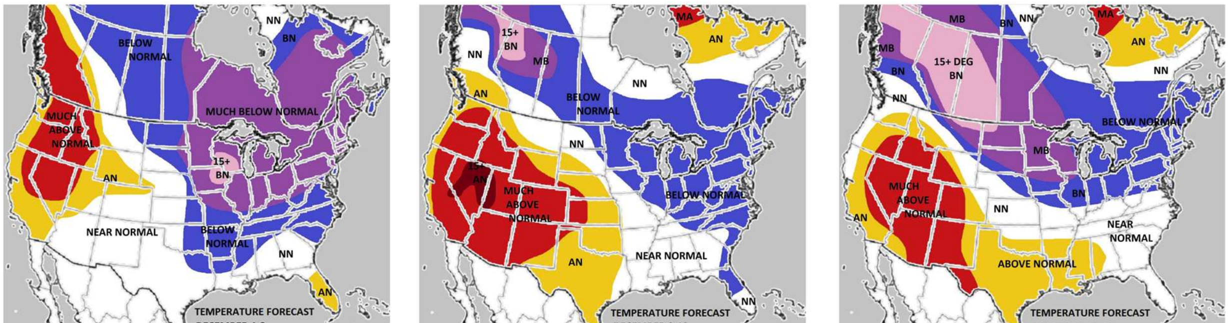
Weather

The beneficial rainfall pattern for northern soybean growing areas of Brazil is verifying as anticipated, with numerous locations recording over an inch of precipitation yesterday to initiate what remains the wettest five-day stretch of the growing season; the 15-day outlook continues to project near-to-above normal totals that will support crop development. A critical improvement has emerged in the forecast for Southern Brazil and Paraguay, where the return of significant rainfall is now modeled to begin on Monday—a full day earlier than previously expected—bringing widespread, beneficial 1-2” totals to the drought-stressed state of Rio Grande do Sul during the December 8-12 period. Conversely, the outlook for Argentina has widespread 90-degree heat persisting through the end of the week and no indication of "big" rainfall events at any point in the 15-day period, ensuring that soil moisture levels will continue to decline as above-normal temperatures return in Week Two. This is likely positive for water-logged Buenos Aires, but negative for most of the rest of the state, which has received much less rainfall.



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

In the United States, a bitter cold air mass will envelop the Corn Belt tonight and tomorrow, driving temperatures into the single digits and sub-zero range, which will challenge livestock management and logistics in snow-covered areas. While this cold snap is acute, the most significant long-term agricultural feature is the "exceptionally dry" forecast for the cattle feedlot areas of the Southern Plains. Outside the unexpected light snow that occurred overnight in the area, the Southern Plains continue to be projected to receive zero precipitation over the next 15 days while temperatures rebound to above-normal levels by Saturday.



Grains

Lower trade across the board Wednesday with meal gaining on oil. The catalyst for the rallies on Tues was threatening rhetoric from Putin after a tentative peace deal was in place. After 5 hour talks on Tues with a US team, things seemed more conciliatory again, market gave back gains and more. For the lack of much else going on, I decided to look at years where Mch corn made new highs in Nov and see what the market did in Dec. Going back to 2010, there were 5 years where CH made a new high in Nov and all but one of them made another new high in December. The only year it didn't, 2010 (10/11), it only missed by 3 cents. Table below. Obviously this isn't an exact science, but I found it interesting. US corn is still the most competitive in the world and we have potential China quality issues, which could be a catalyst, or SAm weather if southern Brazil and northern Arg turn dry.

Years where CH made a new high in Nov

Year	Crop Year	C/O	Stks-use	Nov high	Dec high
2025	2025/26	2154	13.3%	$4.57	??
2022	2022/23	1360	9.9%	$5.98	$6.15
2021	2021/22	1377	9.2%	$4.34	$4.85
2015	2015/16	1739	12.7%	$4.00	$4.17
2011	2011/12	989	7.9%	$6.17	$6.30
2010	2010/11	1178	8.7%	$4.24	$4.21

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

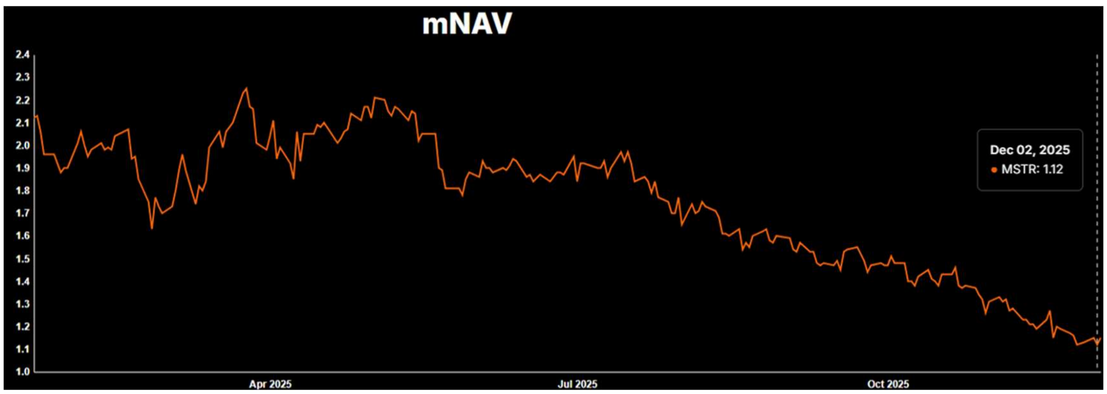
In LC (and FC) futures, the huge daily price swings are causing some traders to step back from the market. One measure, the Average True Range, has roughly doubled since mid-October from about $3 to about $6 now (blue line in the chart below). This also coincided with options volatility blasting into the high 20s/low 30s for the first time in years. Mathematically, this affects VAR and other risk metrics in a negative way. In one sense, this reduced participation creates a circular loop of wider ranges with more intraday volatility and air pockets as orders miss each other. The large amount of new and important political, fundamental, and technical inputs ***all compressed into a small-time frame*** was the main driver of the change. The upcoming year end, holidays, and the blind spot left by lagging CFTC COT data isn't going to help. Patience can be your best friend in this environment.

Livestock commentary provided by David Holloway. For questions or comments, David can be reached by email at david@holloway-trading.com *or on Trillian at dholloway05@trillian.im.*

Macro/Financials

Monday's "risk-off" wash-out had Bitcoin diving toward $83,000 and Strategy Inc. (MSTR) shares collapsing more than 60% from their recent highs. On the surface, Tuesday's rally appeared to provide some relief: Bitcoin reclaimed the $91,000 level and Strategy shares bounced to ~$181. However, while the prices recovered, the financial strategy did not.

The structural damage is visible in the company's mNAV (Market Net Asset Value) premium. On Monday, the selloff compressed this key ratio to 1.15. Paradoxically, Tuesday's rally actually worsened the situation. Because the stock price recovery lagged slightly behind the underlying Bitcoin gains, the premium compressed further to 1.12.



To understand why this is critical, we have to look back at the October peak. When Bitcoin was at $126,000 and the stock was near $360, Strategy Inc. was trading at an implied mNAV of ~1.5. That massive premium was the engine of their entire model—it allowed them to execute a financial arbitrage, issuing expensive stock or convertible bonds to buy cheaper Bitcoin, which profitably increased the value of the shares. Strategy's CEO Michael Saylor has famously (infamously?) described this strategy as an "infinite money glitch."

That engine has now shown signs of stalling. At a ~1.12 ratio, the stock is no longer acting as a leveraged growth vehicle; it is trading merely as a proxy for the Bitcoin it holds. The company announced that it has built a defensive wall—a $1.4 billion reserve to cover dividend and interest payments for the next 21 months—to prevent immediate liquidity issues, but this doesn't solve the core problem. If volatility returns and the mNAV slips below parity (1.0), the company loses its ability to fund itself. In that scenario, the risk is that they transition from being a guaranteed buyer of Bitcoin to a forced seller, right when the market can least afford it.

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)

- Jobless Claims – 7:30 AM
- Export Sales (10/30/2025) – 7:30 AM
- Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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