NESVICK TRADING GROUP, LLC

Friday, December 5, 2025
NTG Morning Comments
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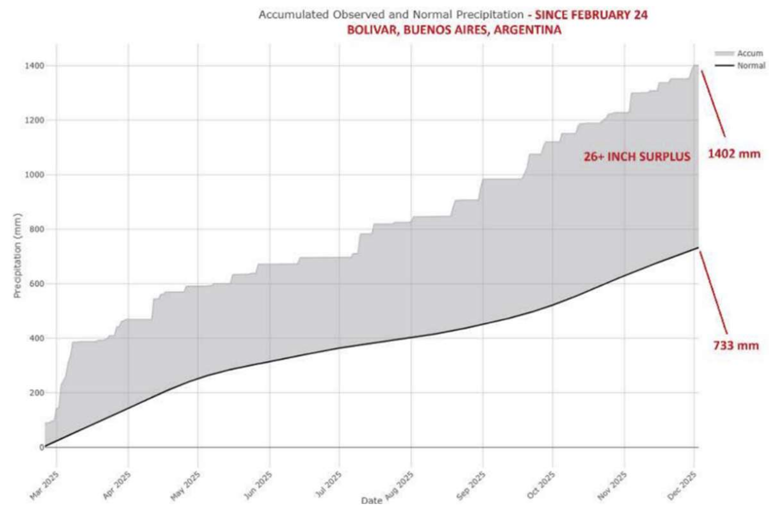
Weather

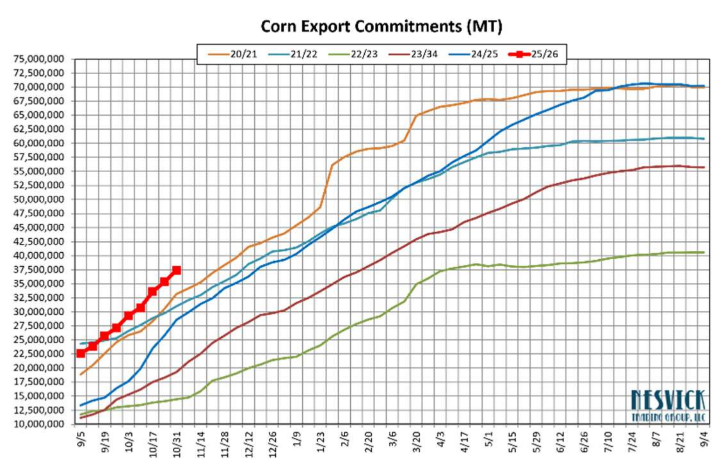
Northern soybean growing areas of Brazil remain in the midst of their wettest five-day stretch of the season, with the current forecast maintaining beneficial near- to above-normal rainfall totals of 4-7" over the next 15 days; widespread precipitation is verifying well, keeping soil moisture levels favorable for crop development. A notably wetter trend has emerged for Southern Brazil and Paraguay, where the return of rainfall is now targeted by Monday night, bringing improved 15-day totals of 2-4" to Rio Grande do Sul and even heavier 4-6" accumulations to northern areas like Paraná and southern Mato Grosso do Sul. In Argentina, the pattern remains largely unfavorable due to the persistence of "notable" heat in the 90-100 degree range through the weekend; while rain chances return Sunday, the confidence in significant volume is low, and most areas are still projected to receive below-normal precipitation of 1-2 inches over the 15-day period. This will be welcome in Buenos Aires, which continues to deal with excess precipitation. Bolivar, which is located in the worst precipitation problem area of BA, has seen a 26+ inch surplus of rainfall this year.



In the United States, the weather setup for the major cattle feedlot areas of the Southern Plains is described as "about as good as one could ever hope for" operationally, with temperatures moderating to above-normal levels by Saturday and "exceptionally dry" conditions persisting with zero precipitation forecast for the next 15 days. Meanwhile, the Corn Belt is enduring a bitter cold snap today with sub-zero readings reported this morning, though the pattern will shift to allow "clipper" systems to bring near-normal precipitation to northern areas while southern regions remain drier.

Grains

Couple things to touch on today. Corn was firm, possibly following China with Dalian continuing its move higher after consolidating last week. Bears can point to an unexciting balance sheet, but US corn remains the most competitive in the world and we continue to do business. Export sales commitments are the biggest ever for this time (actually a/o Oct 30, the latest sales report) at 37.4 mmt, up from 28.6 at the same time last year. Crop year exports were a record 2830 milbus last year, surpassing the previous record in 20/21 of 2747 milbus.



Turning to wheat, StatCan came out with updated production with total wheat at a record 39.95 mmt. This is up from 38 mmt expected, 36.6 mmt previous, and the USDA's 37 mmt. The USDA is going to have to raise Canada by 3 mmt, Arg by 3 mmt, Russia by 2-3, and the EU by 2 mmt in next week's WASDE (after raising world prod'n 13 mmt in the Nov report). Wheat broke early Thursday, but came back. For as bearish as the world numbers are, the market is struggling to stay under pressure. This could be due to corn and given we're already narrow historically. There has also been the talk of China buying. It hasn't been a ton, but could move the needle. In addition, there are reports that SRW area is down considerably which could tighten the SRW balance. The previous lowest SRW acreage was in 2019/20 at 5.2 mil. Last year, we planted 6.1 mil. Even just meeting the 5.2 mil, would tighten SRW to under 100 milbus. We will get the USDA first look at wheat seeding on Jan 12.

CANADA Wheat Balance(Aug-July Marketing Year)
(million tonnes/million hectares/tonnes hectare)

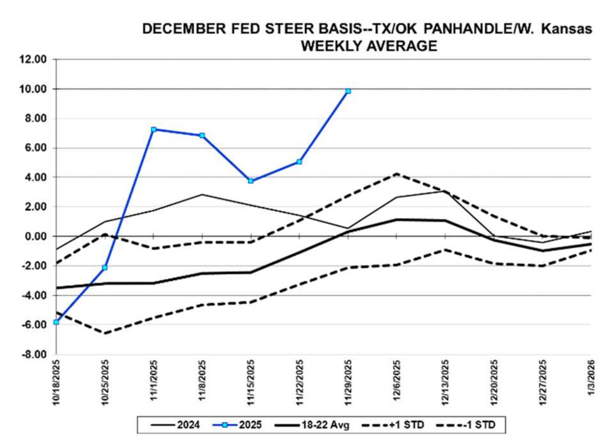
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
plt	9.4	9.1	10	9.96	10.11	9.46	10.28	10.94	10.77	10.89
Area Harvstd	9.2	8.9	9.9	9.9	10.0	9.2	10.0	10.8	10.7	10.8
Yield	3.45	3.41	3.25	3.26	3.52	2.35	3.47	3.05	3.36	3.70
Open Stock	5.1	6.6	6.5	6.2	5.0	6.0	3.7	3.6	4.6	4.1
Production	31.7	30.4	32.2	32.3	35.2	21.7	34.7	32.9	35.9	**40.0**
Imports	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Supply	36.9	37.1	38.7	38.5	40.2	27.7	38.4	36.6	40.5	44.1
Food/industry	3.4	3.6	3.8	4.0	3.8	4.0	4.0	3.7	4.0	4.0
Seed	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.2
Feed	5.6	4.0	3.7	5.0	2.4	3.8	4.2	2.0	3.0	3.5
Exports	20.3	22.0	24.0	23.5	27.0	15.2	25.6	25.3	28.4	29.0
Total Usage	30.3	30.6	32.5	33.5	34.2	24.0	34.8	32.0	36.4	37.7
Ending Stocks	6.6	6.5	6.2	5.0	6.0	3.7	3.6	4.6	4.1	**6.4**

US SRW Supply/Usage					USDA	USDA	MB	MB
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	105	85	99	90	126	127	127	131
Production	266	361	336	449	344	353	353	**296**
Imports	5	3	4	6	5	5	5	5
Total supply	376	449	439	545	474	485	485	433
Seed	13	13	14	11	12	12	13	13
Domestic Mill	148	154	163	158	153	152	160	155
Feed/Residual	61	71	65	91	67	70	50	30
Exports	69	112	107	158	117	120	145	150
Total Use	291	350	349	418	349	354	368	348
Carry-out	85	99	90	126	127	131	117	85

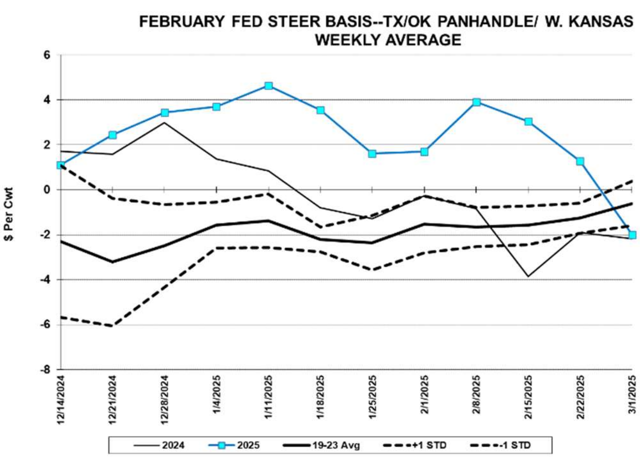
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

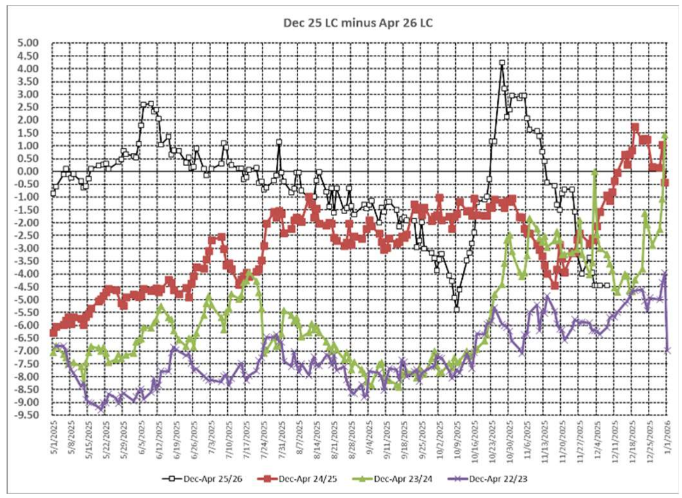
Livestock

The strong basis, which characterized the summer and early fall cash/futures relationship, carried deep into the fall, but may be transitioning to a more "normal" relationship. A flurry of political rhetoric, changes in trade policy, announced slaughter capacity reductions, and constantly recirculating "talk" of a change in border policy combined to crater LC futures; the December contract plunged from a $6 premium to cash in mid-October to a $10 discount at the end of November and dragged the cash market lower, as well. Despite the historically wide cash price spread from North to South, the historically tight fed supplies in the Southern Plains served as an anchor to temper further weakness in the cash market and underpinned the rebound in futures (and cash) heading into first notice on Monday. Typically cash ranges from a small premium to a small discount to LCZ during the delivery period.



Continuing declines in feedlot placements likely will slash fed cattle supplies heading into late winter and spring, which has helped push LCG and LCJ to premiums over both spot cash and LCZ. That more “normal” price structure may facilitate a more typical basis pattern with LCG ranging at a modest premium to cash rather than replicating last year’s strong discount.



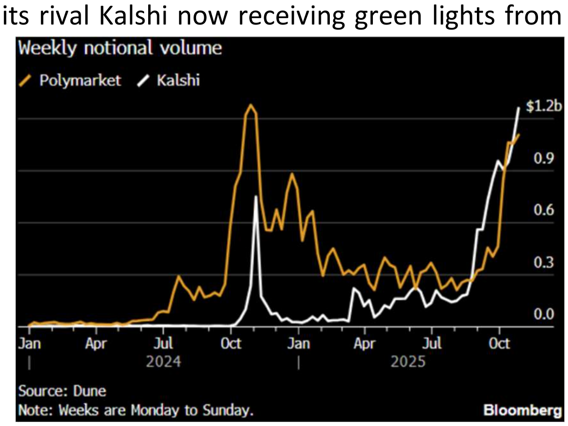


The LCJ/LCZ spread has retreated to a more typical relationship in early December. The relatively wide premiums on LCG and LCJ may be supportive to nearby cash and could risk incenting carrying cattle into January; typically, those spreads narrow heading into year-end.

Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Macro/Financials

As of Tuesday, December 3rd, Polymarket has officially re-entered the US market. After being pushed offshore by regulators in 2022, the platform is back on American soil with a new structure. This return is more than just a reopening; it signals maturation of the sector, with companies like Polymarket and its rival Kalshi now receiving green lights from federal regulators to operate exchanges where users can trade on event outcomes ranging from elections to economic indicators. The sector is clearly moving toward a more regulated, mainstream reality.



You can see the magnitude of this shift just by looking at the liquidity. We aren't talking about niche betting pools anymore—the volume has gone parabolic. Kalshi is clearing over $1.2 billion in weekly volume as we head into the end of the year, with Polymarket just behind. While the massive spike in Polymarket activity was obviously driven by the 2024 election, the fact that volumes have remained elevated and are climbing again provides evidence that this isn't just a one-off, but true market growth.

One of the biggest changes within these prediction markets is not the volume itself, but the fact that the world's largest financial newsrooms are now actively outsourcing their "truth" to these markets. In the last few days alone, we have seen a cascade of exclusive data partnerships that effectively legitimize prediction odds as a standard financial indicator, right alongside the 10-year yield. Kalshi has inked multi-year deals with CNN and CNBC to be highlighted on air, while Polymarket has focused more on the digital space and partnered with Yahoo Finance and X.

Ultimately, it seems like prediction markets are having a "Bloomberg Terminal" moment. These prediction markets are often pricing the news before the anchors can even read it. Just as the terminal showing bond yields became the standard for bond data, prediction markets are becoming the standard for pricing intangible risk.

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)

- PCE Index – 9:00 AM
- U. of Mich. Sentiment – 9:00 AM
- Commitment of Traders (10/28/2025) – 2:30 PM

Thanks for reading,

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