NESVICK TRADING GROUP, LLC

Wednesday, December 10, 2025

NTG Morning Comments

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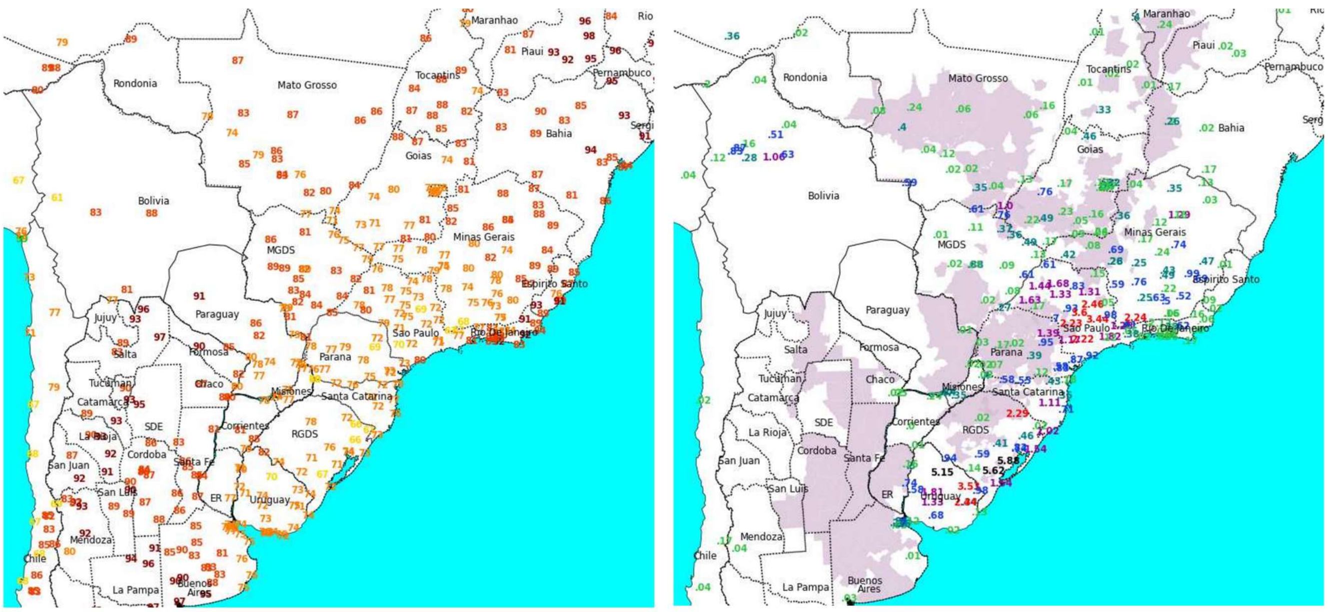
Weather

Northern soybean growing areas of Brazil are now entering the anticipated lull in precipitation activity, with rainfall totals likely capped at 1.00-1.50" for the period spanning today through the weekend; however, the longer-term outlook remains highly favorable with widespread above-normal accumulations still firmly targeted for the 11-15 day window of December 20-24. In southern Brazil, the heaviest rainfall has largely concluded for Rio Grande do Sul—where totals will remain under an inch for the near term—shifting the focus northward where "big" rains of 2-5" are forecast to impact Paraguay, Paraná, and southern Mato Grosso do Sul from late tomorrow night through Monday before a sharp drying trend establishes itself around December 16. In Argentina, the bulk of the growing region faces limited rainfall through Saturday accompanied by intensifying heat; while a "decent" rain event is targeted for Saturday night into Sunday, it will be followed by another extended stretch of especially dry conditions from December 15-20 and a return of above-normal temperatures starting December 18.



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

Grains

The USDA December WASDE was as expected for the most part, but with a friendly slant to the corn numbers. The USDA raised exports by 125 milbus to 3200 for 25/26 and lowered ending stocks by the same amount to 2029 milbus. If they reduce the yield in January, carryout will drop below 2000 milbus. They also lowered Ukraine's crop by 3.0 mmt to 29 mmt and lowered exports to 23.0 mmt from 24.5 mmt. They may have overshot lowering the crop, but their exports are definitely lagging. They left China imports at 8.0 mmt. World ending stocks are forecast to be down 14 mmt from 24/25. The market reacted accordingly with the nearby up 4-5 cents. We're still within the recent range though.

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)

	18/19	19/20	20/21	21/22	22/23	23/24	9-Dec 24/25 USDA	25/26 MB	9-Dec 25/26 USDA	Initial 26/27 MB	Baseline 26/27 USDA
Planted Acres	88.9	89.7	90.7	92.9	88.2	94.6	90.9	98.7	98.7	95.0	95.0
Harvested Acres	81.3	81.3	82.3	85.0	78.7	86.5	83.0	90.0	90.0	86.0	86.9
Yield (Bu/Ac)	176.4	167.5	171.4	176.7	173.4	177.3	179.3	182.4	186.0	183.5	182.0
Begin Stocks	2140	2221	1919	1235	1377	1360	1763	1532	1532	1965	2029
Production	14340	13620	14111	15018	13651	15341	14892	16427	16752	15781	15815
Total Supply	**16508**	**15883**	**16055**	**16277**	**15067**	**16729**	**16677**	**17984**	**18309**	**17771**	**17869**
Exports	2066	1777	2747	2472	1662	2255	2858	3100	3200	2800	3000
Feed Use	5429	5900	5607	5671	5486	5832	5466	6000	6100	6000	6000
Food/Ind/Seed	6793	6286	6467	6757	6558	6879	6821	6920	6980	7000	6975
Ind Use-Swtnr/Star	1090										
Ind Use-Bevg/Mfg A	150										
Ind Use-Fuel Alcoh	5378	4857	5028	5320	5176	5489	5436	5550	5600	5700	5600
Food/Seed	240										
Total Usage	**14288**	**13963**	**14821**	**14900**	**13707**	**14966**	**15145**	**16020**	**16280**	**15800**	**15975**
End Stocks	**2221**	**1919**	**1235**	**1377**	**1360**	**1763**	**1532**	**1965**	**2029**	**1971**	**1894**
End Stks/Use %	15.5%	13.7%	8.3%	9.2%	9.9%	11.8%	10.1%	12.3%	12.5%	12.5%	11.9%

The bean report was a tad friendly in that the USDA didn't lower exports as many were expecting. A reduction is definitely justified given the pace, but they likely held off with Trump running around touting big China purchases. Beans were under pressure almost the entire session on improved SAm weather (dryness rectified in the north and RGDS received very nice rains overnight), technical considerations, and long liquidation in beans and meal. Before the trade deal, we were doing sizable business to the rest of the world, but now that is shut off and we are doing only incremental business to China. More cargoes were done Tuesday, but the market is not reacting to China purchases any more. The USDA left China imports at 112 mmt. There were no real changes in the world numbers.

SOYBEANS: U.S. SUPPLY AND DEMAND

	19/20	20/21	21/22	22/23	23/24	9-Dec 24/25 USDA	25/26 MB	9-Dec 25/26 USDA	Initial 26/27 MB	Baseline 26/27 USDA
Planted Area	76.1	83.4	87.2	87.5	83.6	87.3	81.1	81.1	84.5	85.0
Harvested Area	74.9	82.6	86.3	86.2	82.3	86.2	80.3	80.3	83.5	84.2
Yield	47.4	51.0	51.7	49.6	50.6	50.7	52.5	53.0	53.5	53.0
Carryin	925	538	257	274	264	342	316	316	284	290
Production	3552	4216	4464	4270	4162	4374	4219	4253	4467	4465
Imports	15	20	16	25	21	29	25	20	25	20
Total Supply	4492	4774	4737	4569	4446	4746	4560	4590	4777	4776
Crush	2165	2141	2204	2212	2285	2445	2570	2555	2650	2640
Exports	1679	2266	2152	1980	1700	1882	1625	1635	1750	1715
Seed	97	101	102	72	75	70	73	73	75	78
Residual	15	9	5	41	44	32	9	37	20	27
Total Usage	3956	4517	4463	4304	4104	4429	4277	4300	4495	4460
Carryout	538	257	274	264	342	316	284	290	283	314
Carryout % Use	13.6%	5.7%	6.1%	6.1%	8.3%	7.1%	6.7%	6.8%	6.3%	7.0%

In wheat, the world numbers were bearish as expected with the USDA raising production by another 9 mmt. Arg was up 2 mmt, Austr 1, Canada 3, the EU 1.7, and Russia was up 1 mmt. They only raised ending stocks by 3.5 mmt, offsetting with increases in use. World stocks are forecast to be up 15 mmt from last year. They didn't make any changes in the US S&D. Some were expecting an increase in exports, particularly HRW, but they left exports at 900 milbus. They tweaked the by-class S&D's slightly with HRS ending stocks up 5 milbus and white down 5 milbus. Futures were torn between friendly corn numbers and the negative world stats and finished the day nearly unch.

WHEAT: U.S. SUPPLY AND DEMAND (JUNE - MAY MARKETING YEAR)

	2019/20	2020/21	2021/22	2022/23	2023/24	9-Dec USDA 2024/25	MB 2025/26	9-Dec USDA 2025/26	Initial MB 2026/27	Baseline USDA 2026/27
Planted Area	45.5	44.5	46.7	45.8	49.6	46.3	45.3	45.3	44.0	44.0
Harvest Area	37.4	36.6	37.1	35.5	37.1	38.6	37.2	37.2	36.2	35.8
Yield	51.7	49.7	44.3	46.5	48.7	51.2	53.2	53.3	53.4	50.8
Carry-in	1080	1028	845	674	570	696	851	851	850	901
Production	1,932	1,820	1,646	1,650	1,804	1,979	1,985	1,985	1,934	1,819
Imports	104	100	96	122	138	149	120	120	120	120
Total supply	3115	2948	2588	2446	2512	2823	2956	2955	2904	2840
Seed	62	64	58	68	62	61	64	62	63	59
Domestic Mill	962	961	971	972	961	969	975	972	980	974
Feed/Residual	95	85	88	76	86	117	75	120	75	100
Exports	969	994	796	761	706	826	992	900	1000	875
Total Use	2088	2104	1913	1876	1815	1972	2106	2054	2118	2008
Carry-out	1028	845	674	570	696	851	850	901	786	832
Carryout/use	49.2%	40.1%	35.2%	30.4%	38.3%	43.2%	40.4%	43.9%	37.1%	41.4%

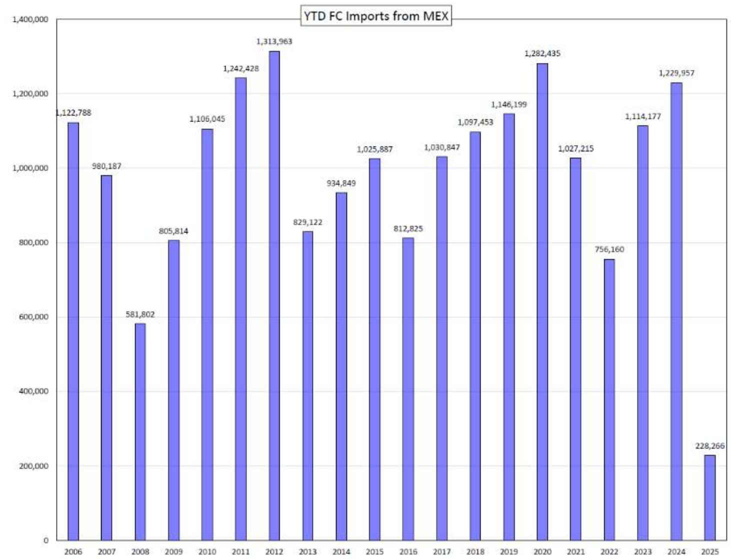
Other tidbits…Argentina lowered export taxes again early Tues am. This also weighed on beans and products. Beans will be lowered 2% to 24%, products 2% to 22.5%, corn 1% to 8.5%, and wheat 2% to 7.5%. KS issued crop ratings of 70% G/E, 25 Fair, and 5% P/VP vs 66/26/8 last week and 55/35/10 at the same time last year. The forecast is dry for the S Plains. Cold temps in Russia over the next week need to be monitored as it has been incredibly warm recently and there is no snow cover currently.

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 feeder cattle supply is extremely tight heading into 2026. The calf crop continues to shrink (the USDA is calling for another ~1% drop in 2025), the cow herd is the smallest it has been in over 70 years, and we have the smallest number of replacement heifers on record at less than 4 million head. While there has been some heifer retention, expanding the herd (and feeder cattle supply) will take time. In 2025, placements have been running anywhere from 2-8% below the previous year, and the latest Cattle on Feed report shows inventories are still slipping. The feeder cattle supplies outside feedyards are at historic lows, and there just aren't that many lightweight calves available to fill the wheat pasture and spring/summer grass slots. I know I sound like a broken record, but I continue to believe feeder cattle prices will be supported through next year and likely into 2027.

In the near term, however, volatility and headline risks will remain high. The real kicker is the Mexican border. With the New World Screwworm (NWS) issue keeping Mexican feeder cattle supplies locked out of the US, we are looking at roughly 850k head fewer imports this year and likely most of next year too. The Mexican border chatter will undoubtedly continue; yesterday saw USDA inspection of the port in Santa Teresa and the Mexican Ag Minister telling the press he sees a resumption of trade now that the NWS is "contained," claiming most cases are in the south. However, this ignores the case found in a feedyard just 120 miles south of our border last week. Note that he made similar claims a month ago, and it took about a week for Agriculture Secretary Rollins to reiterate that the US is not going to open the border. I am sticking to my guns: we are not opening the border yet. Though, at this point, I do wish we had a timeline for an eventual phased reopening so the market could price it in.

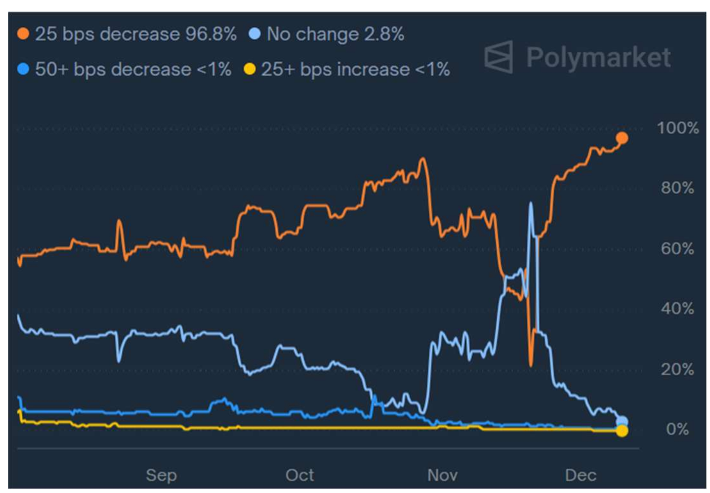


I would also offer a note of caution regarding the eventual reopening. Over the last year, Mexican producers have likely developed methods to feed these cattle domestically. Consequently, the inevitable reopening may be a disappointment for those hoping to be bailed out by a sudden flush of feeder cattle heading to the southern plains. I'm not sure what the final import number will be, but I doubt it returns to the normal ~1 million head anytime soon.

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

While the market has effectively priced in a 25-basis point reduction (to 3.5%-3.75%) at tomorrow's meeting – with odds currently sitting at ~97% on Polymarket– the headline rate move is the least interesting variable on the board. While the rate cut is all but guaranteed, the vote count could very well illuminate one of the most contentious FOMC meetings in years, with the high potential for a three-way fracture that exposes deep rifts inside the central bank.



On the dovish side, Governor Miran is expected to dissent in favor of a larger, 50-basis point cut. On the hawkish side, President Schmid is all but certainly going to vote for no cut to rates tomorrow, and President Musalem has indicated that he will likely join in this dissent. Towards the middle of these two groups are a group of seven committee members, led by Fed Chair Jerome Powell, who are likely to support a 25-basis point cut, but are also generally expected to signal a more hawkish desire for a slowdown or pause of rate cuts in 2026. Finally, Governor Bowman and President Collins have been hesitant on having any more rate cuts for the time; while it is generally expected that they vote with the majority for the 25-point cut, it is fully within the realm of possibilities that one – or both – of them ultimately decides to dissent for no rate cut.

This division within the Fed could very well cause significant market volatility; the Fed generally presents a mostly-united vote with their rate decisions, but tomorrow's vote is almost guaranteed to have at least a 9-3 split. The last time there were three dissents during a rate decision was 2019. And as I mentioned, Governor Bowman and President Collins may also dissent, bringing the final vote to an 8-4, or even a 7-5. The last decision with four dissents was in 1990, and five dissents during a vote is unprecedented in the modern history of the FOMC. Ultimately, while the 25-point cut is assured and may temporarily insulate the economy, the deep polarization of the committee—and the expected hawkish undertones of the decision—will likely foster significant market volatility in the long run.

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
- EIA Energy Stocks – 9:30 AM
- Fed Rate Decision – 1:00 PM

Thanks for reading,

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