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TRADING GROUP, LLC

Tuesday, December 16, 2025
NTG Morning Comments
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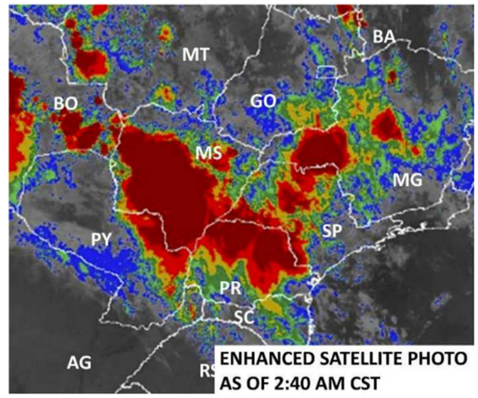
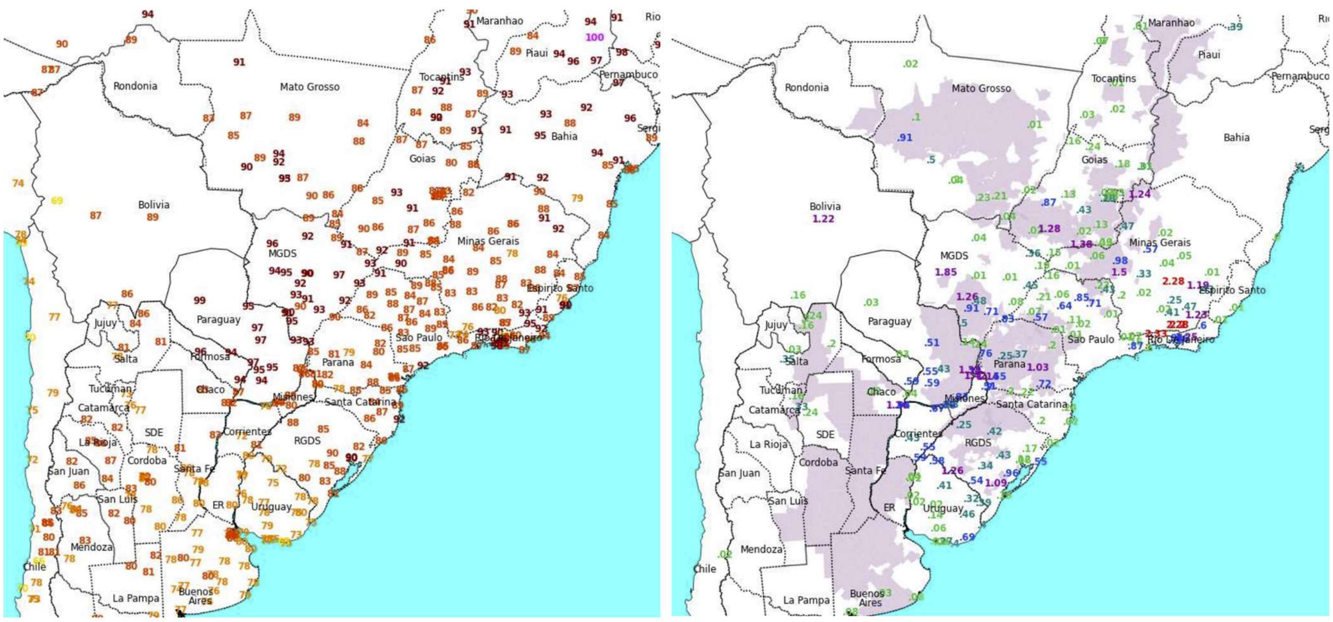
Weather

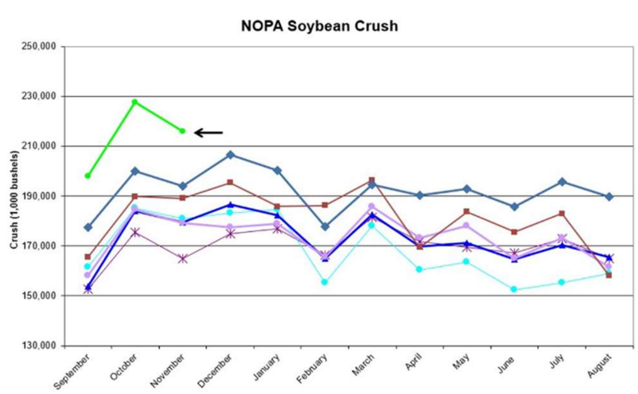


The rainfall outlook for northern Brazil remains heavily weighted toward the near term, with the wettest 5-day stretch of the forecast expected to occur through the end of the current week; widespread totals of 2-4" are anticipated, with Mato Grosso specifically targeted for very wet conditions that will persist into the 6-10 day period. Conversely, eastern growing regions are projected to see a significant decline in precipitation coverage during that same 6-10 day window, marking a distinct shift in moisture distribution across the northern belt. In southern Brazil and Paraguay, the recent active pattern is clearing out later today, initiating a drier window that will last through Friday; however, the long-term outlook remains that rainfall coverage expands significantly again in the 6-10 and 11-15 day periods, with Rio Grande do Sul likely serving as the focal point for the heaviest anomalies. Argentine growing areas face a similar near-term dry spell through Friday, but models continue to identify Friday night through December 22 window as the best opportunity for precipitation in this 15-day window. The chilly weather in the area will give way to above-normal temperatures from December 18-25.



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

Grains



Under pressure early Monday with beans close to filling the gap (the May contract did fill it). The CoT as of Nov 18, showed funds were long 230k ctrs of beans, which was right around the high of 1160-1170 in SF. It also showed that funds in corn went from 40k short to 38k long that week. Everything except wheat closed off the lows with a possible peace deal between Russ/Ukr weighing. South American basis firmed quite a bit on our break last week in beans, meal, and oil. Meal was the firmer product and seems to have found support near $300. Oil was under pressure as NOPA oil stocks were bigger than expected and the biofuels policy is still on hold until at least next year. NOPA crush for November was below expectations for the first time in a while at 216 milbus vs trade ideas near 220-221. Was still well above the 194 milbus in November last year. Q1 crush should end up near 667 milbus vs 612 last year.

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

It is time to recap the volume of feeder cattle trade moving through the respective Mexican border crossings. Looking at the 2024 data, we are missing 1.2 million head of cattle in our placement data for 2025, with the majority of this deficit occurring in Texas. It makes little sense to outline the specific 2025 data, as the volume has been so negligible, so I will omit that.

To be clear, we have noted since the summer of 2024 that the Mexican cow herd was undergoing significant liquidation. Hard estimates from "boots on the ground" in early February 2025 confidently pinned the herd reduction at 30% due to extreme drought. Consequently, we projected that only 950,000 head of feeder cattle would be available for the 2025 supply. That figure is likely even smaller today given the prolonged border closure. My point is that we must stop discussing 1.2 million head of Mexican feeder supplies and acknowledge the reality: we are looking at 600,000 to 900,000 head at most.

2023

		Steers	Heifers (Spayed)	Total	Share	High Wk	Avg/Wk
Santa Teresa	NM	343,475	182,256	525,731	42.7%	17,807	10,308
Douglas	AZ	134,768	47,232	182,000	14.8%	9,566	3,755
Nogales	AZ	134,871	21,343	156,214	12.7%	7,030	3,390
Columbus	NM	85,385	46,768	132,153	10.7%	6,782	2,697
Presidio	TX	68,517	26,719	95,236	7.7%	5,088	2,083
Pharr/Hidalgo	TX	33,222	7,466	40,688	3.3%	1,890	933
Colombia Bridge	TX	29,056	6,206	35,262	2.9%	2,166	824
Laredo	TX	11,068	2,416	13,484	1.1%	1,313	352
Del Rio	TX	15,746	4,833	20,579	1.7%	2,396	462
Eagle Pass	TX	22,053	8,567	30,620	2.5%	1,888	752
	Total	**878,161**	**353,806**	**1,231,967**		**55,926**	**25,557**

2024

		Steers	Heifers (Spayed)	Total	Share	High Wk	Avg
Santa Teresa	NM	289,892	203,002	492,894	40.1%	15,444	10,487
Douglas	AZ	119,138	77,329	196,467	16.0%	9,160	4,465
Nogales	AZ	116,287	44,436	160,723	13.1%	6,850	3,676
Columbus	NM	80,132	57,272	137,404	11.2%	5,240	3,123
Presidio	TX	83,297	48,637	131,934	10.7%	5,562	2,999
Pharr/Hidalgo	TX	21,655	11,380	33,035	2.7%	1,544	763
Colombia Bridge	TX						
Laredo	TX	21,740	8,982	30,722	2.5%	2,015	837
Del Rio	TX	20,032	6,526	26,558	2.2%	1,793	575
Eagle Pass	TX	13,996	6,224	20,220	1.6%	1,605	551
	Total	**766,169**	**463,788**	**1,229,957**		**49,213**	**27,476**

The Trump administration claims it will reopen the border using a science-based protocol for treating and preventing cases, implemented via a slow and gradual opening. To define "gradual," let's assume the volume needs to remain under 70% of the total. If we look at the top four crossings in the northernmost areas—Nogales, Douglas, Santa Teresa, and Columbus—they represented 80% of the total volume through 2024. This exceeds a reasonable definition of "gradual." Therefore, it would make more sense for the administration to focus on Nogales, Columbus, and Santa Teresa. These three crossings represent only 65% of the total and are likely where the reopening efforts will concentrate. Inspections of these facilities were conducted last week, but sources close to the situation suggest the administration is not yet ready to reopen the border; it could be well into spring before we see any cattle crossing. Only time will tell, but this data is critical to have at our fingertips in the event the market hears news before year's end.

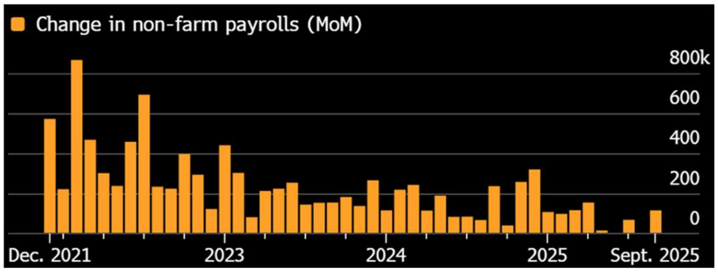
Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us *or on Trillian at scott@nesvick.com.*

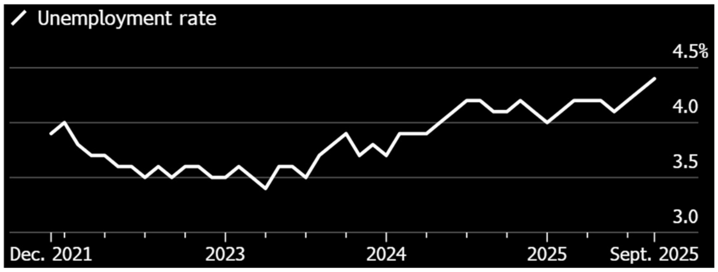
Macro/Financials

Tomorrow's release from the Bureau of Labor Statistics will be anything but normal. Following the record-long government shutdown, we are set to receive a "double-header" report containing establishment survey (payroll) data for both October and November. However, traders should approach these headline numbers with a high degree of skepticism, as the data is heavily distorted by technical factors.

The most critical anomaly is the loss of the October unemployment rate data. Because household data could not be collected retroactively, October remains a "blind spot" in the official record. Furthermore, the October payroll figure is expected to be flat (or even go negative), largely due to 144,000 government workers who accepted deferred resignations. This is a bureaucratic distortion rather than a clear signal of private-sector labor destruction.

Moving past the October noise to the November data, the consensus estimates suggest a modest addition of 50,000 jobs, but the unemployment rate is expected to tick up to 4.5%—its highest level since 2021. This divergence warrants close attention, as a confirmed rise in unemployment would provide another signal of a softening labor market distinct from the temporary effects of the shutdown. Additionally, given the "technical issues" cited by Fed officials regarding seasonality and late data collection from the BLS, the Federal Reserve may place less weight on this report than usual.





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)

- ADP Employment Estimate – 7:15 AM
- BLS Jobs Report (Oct. & Nov.) – 7:30 AM
- Retail Sales – 7:30 AM
- S&P Global Manufacturing PMI – 8:45 AM

Thanks for reading,

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