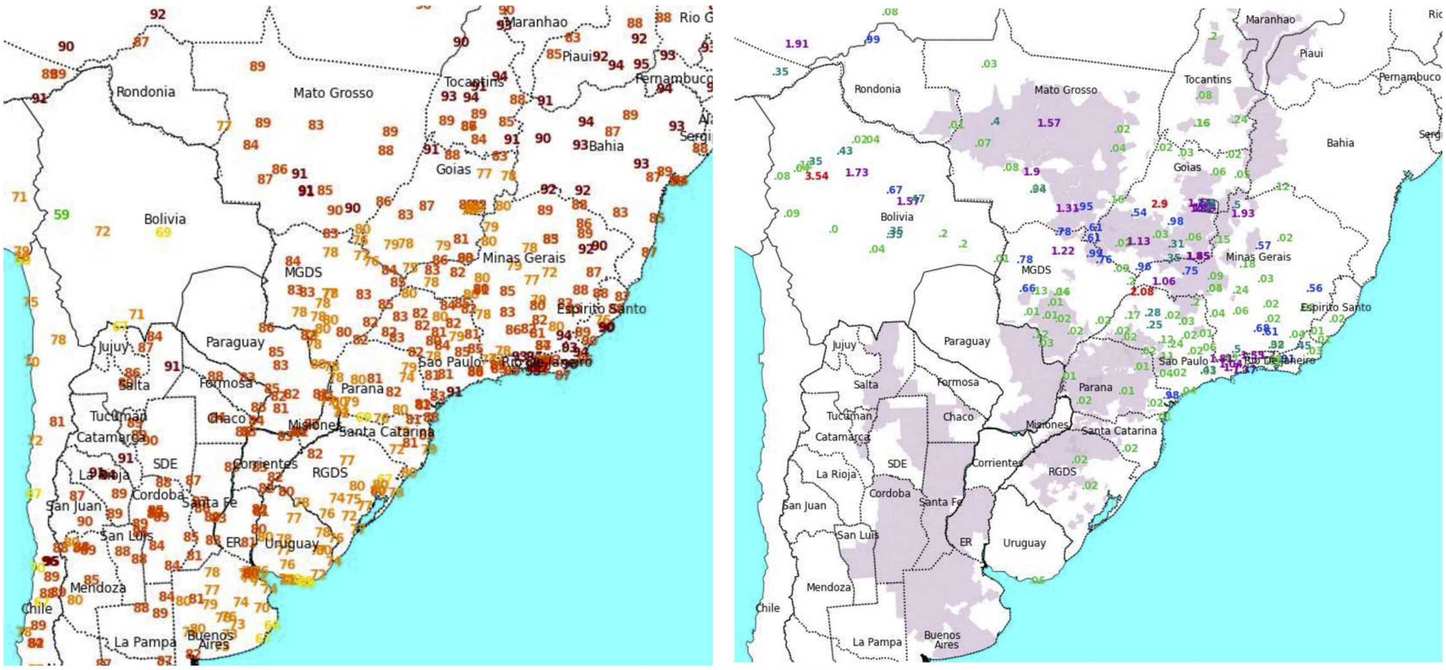
NESVICK
TRADING GROUP, LLC

Wednesday, December 17, 2025
NTG Morning Comments
www.nesvick.com

Weather

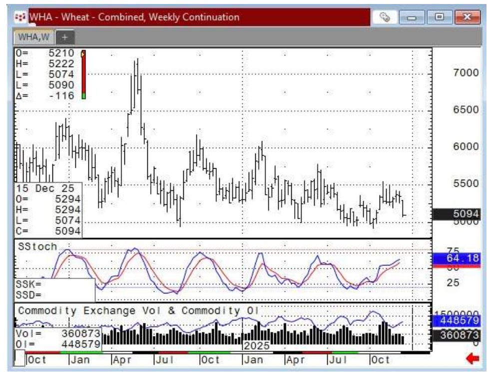
The forecast for northern Brazil continues to identify the current 1-5 day window as the peak for precipitation, with heavy, widespread rains targeting Mato Grosso and Goiás through the weekend; however, the longer-term outlook has trended drier, with significant rainfall in the 6-10 day period becoming increasingly confined to northwestern Mato Grosso while the rest of the region—particularly the east—sees a notable decline in activity. A drier pattern is now firmly established for southern Brazil and Paraguay and will persist through Saturday, but this respite is temporary as Rio Grande do Sul is confirmed to enter a decidedly wet pattern starting Sunday, initiating a multi-day period of significant moisture for the state that will extend through the end of the month. In Argentina, dry conditions will dominate until Friday night, when a frontal system will bring the best moisture of the 15-day forecast to the region; notably, the outlook following this weekend event shows a divergence, with southwestern areas turning dry again while northeastern growing regions continue to see frequent precipitation chances.

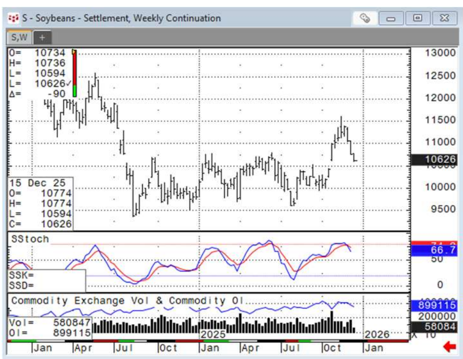


High temperatures yesterday (left) and 18-hour rainfall through midnight CST (right, soybean growing areas shaded)

Grains

Was a heavy day across the board Tuesday with oil leading and Chgo wheat making new lows. Oil followed through on the large NOPA oil stocks. Meal was firm early but couldn't hold higher with oil and beans down. Beans filled the gap from late Oct when the China deal was made. There is still a gap on the weekly chart. The nearby would need to go below 1045 to fill it. Elevator up, elevator down. It remains to be seen whether we can stabilize at these levels, but catalysts are lacking. The China buying remains slow and the buying we did have to the rest of the world has slowed considerably. Q1 exports are nearly half of last year and it will be very difficult to close that gap, especially once new crop SAm is available. SAm weather looks favorable overall. Southern Brazil and northern Argentina are on the dryish side but are still receiving at least light and timely rain. Chgo wheat made a new low as Russia and Ukraine got closer to a peace agreement. There was also talk of SRW washouts from China. The market had been taking all the negative supply increases fairly well, but maybe it's reckoning. The Chgo Dec contract went to 492 in October and KWZ traded 477 – the H's could be headed there.





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 enthusiastic fund participation in Live Cattle and Feeder Cattle futures this year isn't likely to be repeated next year. A few factors aligned to pave the way for abnormally strong commitment to large, long positions that increased on rallies and on breaks without hesitation. This pattern held until October. Key drivers behind the buying were the well-advertised bull supply story, strong beef demand that outperformed even the loftiest of expectations, the broader "inflation" trade, macro tailwinds, and of course a cash market that fanned the flames of technicals and flow. This resulted in a massive, combined LC + FC Managed Money net long position that was record large (+185k contracts, and +2.8 standard deviations).

What's expected to change?

First, the supply story is less compelling. Some very visible inputs are changing to a less bullish / more bearish slant. USDA will likely report a slight uptick in the US cattle inventory on January 30th. (See Dr. Sands' analysis in the 12/12/25 comments.) WASDE beef production estimates are still smaller for 2026 but have been trending higher (or, narrowing the gap to 2025). Carcass weights are heavier. Cattle and beef imports are expected to rise. Plant closures are an ever-present bearish risk.

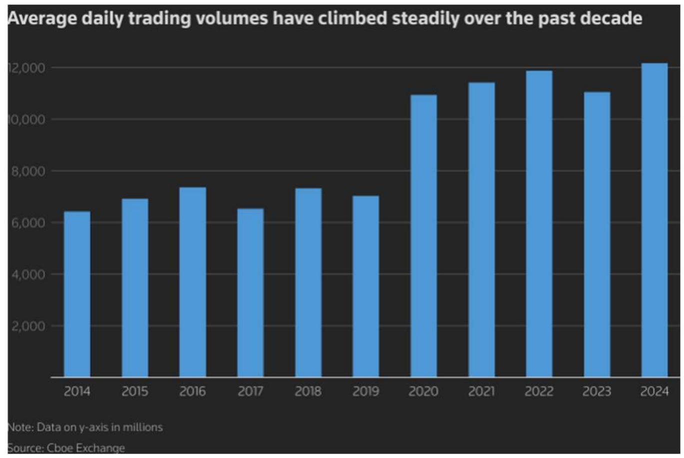
Second, beef demand growth is not expected to repeat. Demand erupted in such an uncontrolled fashion I can't make a strong case for it to happen for a consecutive year. My base case is for steady demand. The consumer is still spending but there are more cracks appearing.

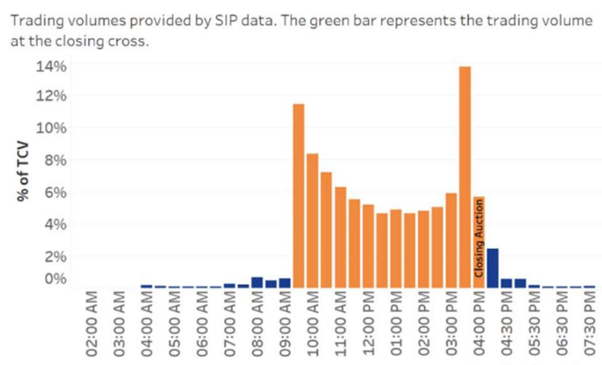
Third, sentiment has shifted. A broad segment of the industry believes a major top was made this year. Now the trade is mentally making the transition from buying breaks to selling rallies. The recent 20% price correction was the catalyst.

Make no mistake, I'm still a supply bull. Feedlot inventories will be small versus packing capacity and that's *the* key. Cash leadership is expected and will be an important factor to re-engage the funds in a meaningful way. That likely means strong basis levels and bull spreads could be key features. The fund feeding frenzy of recent months, though, is probably one for the history books.

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





Nasdaq made headlines this week with a filing to keep the lights on 23 hours a day, five days a week, aiming to launch a new 9:00 p.m. to 4:00 a.m. ET session by the second half of 2026. On the surface, it sounds like the obvious modern evolution to capture global demand and retail interest in this "always on" world. But when you peel back the layers, this looks less like a market improvement and more like a potential stressor on market integrity.

The primary concern is the quality of the market during these extended hours, and understanding that access to a market is not equivalent to a liquid market. By stretching volume across a 23-hour window, we aren't creating new liquidity in the overnight period; we're likely just spreading the overall liquidity thinner. This creates a fragile environment. If a major macro headline breaks at 2:00 a.m., the lack of depth means bid-ask spreads will blow out, leading to extreme volatility that doesn't necessarily reflect true fundamental value.

There is also a massive gap between what the exchange wants and what the industry actually needs. Wall Street banks—the ones who actually facilitate this trading—are already flagging this as a "nuisance" rather than an opportunity. For them, this is a cost center. It forces an operational arms race where firms have to spend billions on technology and staffing to manage risk during hours that likely won't generate enough revenue to pay for the light bill.

Ultimately, this proposal appears to cater largely to speculative retail flows and gamified trading behaviors rather than serving the needs of traditional investors. While the "plumbing" of the market—such as the SIP and DTCC—is being updated to support this move to round-the-clock trading by mid-2026, we must question whether continuous trading enhances market integrity or merely increases the noise-to-signal ratio. For the institutional investor, the 23-hour cycle likely represents a higher cost of doing business and a new vector for volatility, rather than a genuine improvement in market efficiency.

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

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com
Bloomberg IB: zrdavis@bloomberg.net