Thursday, December 18, 2025
NTG Morning Comments
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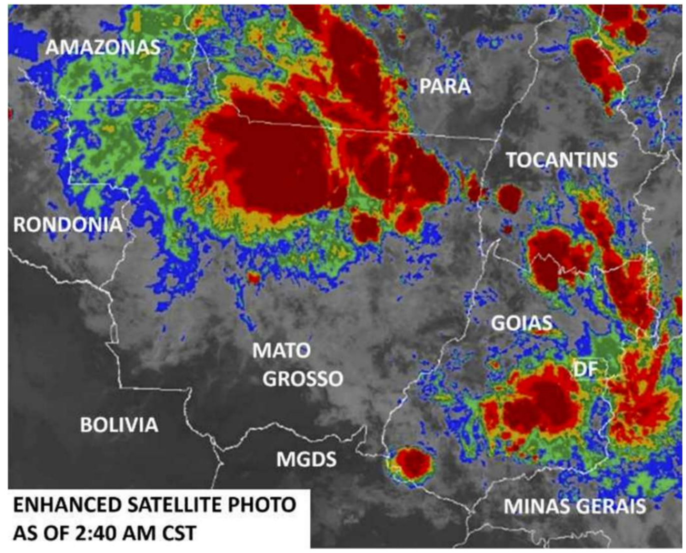
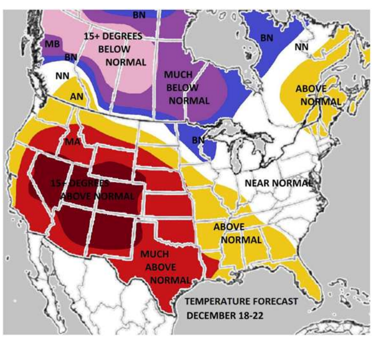
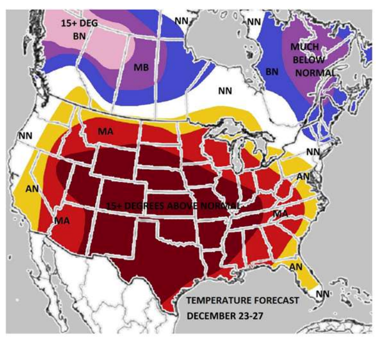
Weather

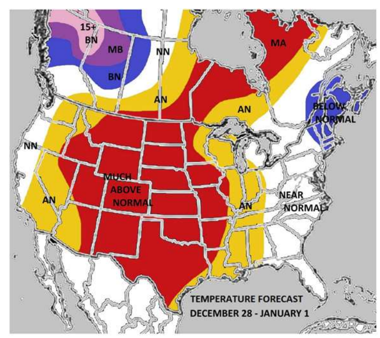
The rainfall outlook for northern Brazil remains consistent, with the heaviest precipitation concentrated in the current 1-5 day window; however, the forecast for the 6-10 and 11-15 day periods has trended decisively drier, with rainfall coverage expected to diminish significantly across the region to near or below-normal levels. In southern Brazil and Paraguay, the current dry spell will persist through Saturday as expected, but the pattern will shift abruptly on Sunday as Rio Grande do Sul enters a period of multiple significant rainfall rounds that will continue through the end of the month. Argentine growing areas are also dry in the immediate term, but a frontal passage will deliver beneficial moisture Friday night into the weekend; following this event, a distinct divergence remains in the forecast, with southwestern areas drying out again for Monday and beyond while northeastern regions continue to see frequent precipitation chances.



In the US, while the long-term warm and dry trend across most of the country remains locked in, the immediate concern is a severe wind event impacting the central and northern Plains today with gusts reaching 80 mph that will disrupt livestock operations and transportation.; there are high wind warnings, high fire danger warnings, winter weather advisories, and blizzard warnings in effect across the region.

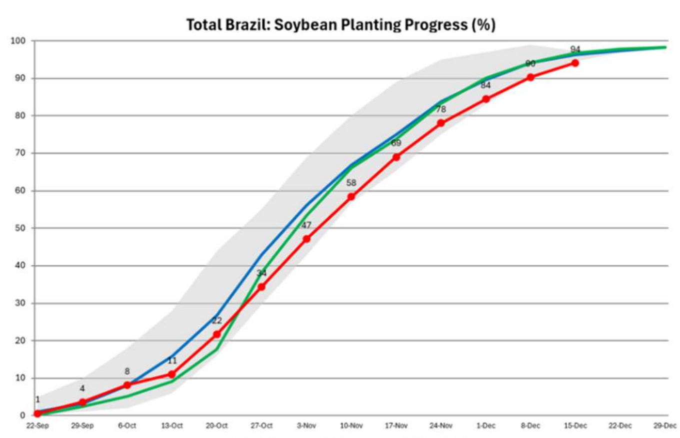




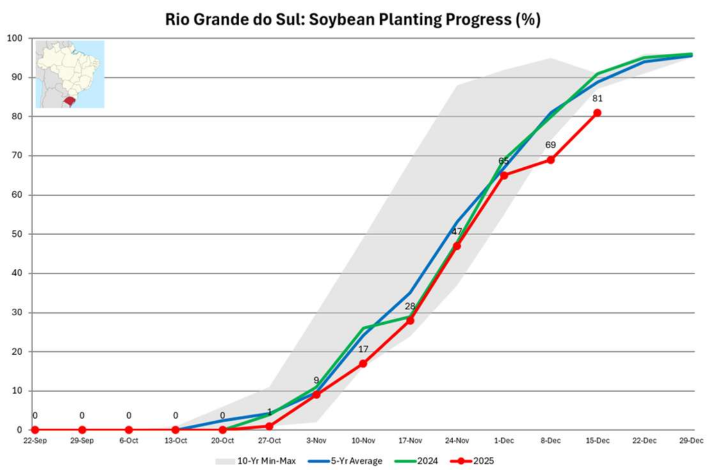


Grains

As planting nears completion in Brazil, I thought we'd take the time to take a closer look at current planting progress and crop conditions in South America. Overall planting in Brazil reached 94.1%, per CONAB, as of December 13; this is up nearly 4% from the previous week, but trails last year (96.8%) by 2.7% and the 5-year average (96.3%) by 2.2%. So, where is planting behind schedule? The states of Minas Gerais, São Paulo, Mato Grosso, MGDS, and Paraná are all estimated to have completed planting, while Bahia and Goiás are both estimated at 97% complete. Rio Grande Do Sul is lagging far behind normal; the state has completed 81% of its planting, which is down 10% from last year's progress and nearly 8% lower than the 5-year average (88.8%). This represents the slowest pace for RGDS in

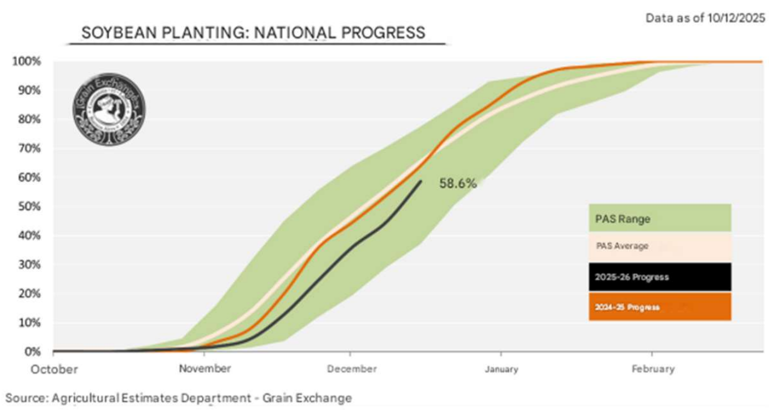


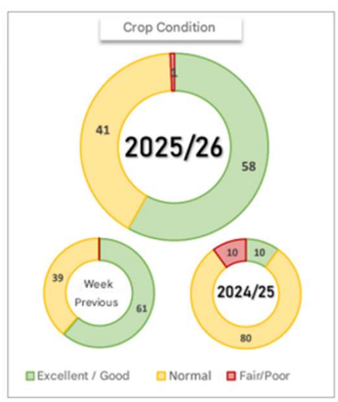
at least five years. RGDS has been relatively dry through much of the planting season, but is transitioning to a decidedly wet pattern through the end of the month; this rainfall should greatly assist the state in the completion of its planting.

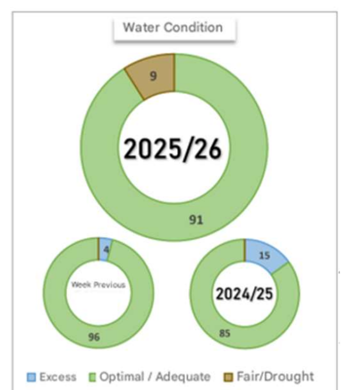


While planting is being completed, there is already significant growth in the earlier-planted crops. CONAB estimates that nearly 39% of the soybean crop has entered flowering or grain filling stages, so consistent precipitation will become even more important. The precipitation in the vast majority of the country is seen as favorable, with CONAB only pointing out Maranhão as experiencing any crop development restriction due to lack of rainfall.

Moving to Argentina, planting has accelerated to 58.6% complete, as of Dec. 11, up 14 percentage points from the previous week (44.7%) and narrowing the gap to last year's planting progress to 5%. Crucially, the crop seems to be advancing rapidly without stress; 97% of the implanted crop is rated Normal to Good, while 91% of the area reports Adequate to Optimal soil moisture. Early-planted lots (First Crop) in the Core North and South regions have already begun reproductive stages (R1) under optimal moisture. Meanwhile, second crop planting has reached 25% completion. While minor delays persist in Central Buenos Aires due to muddy fields, the broader national profile indicates a stable production base.





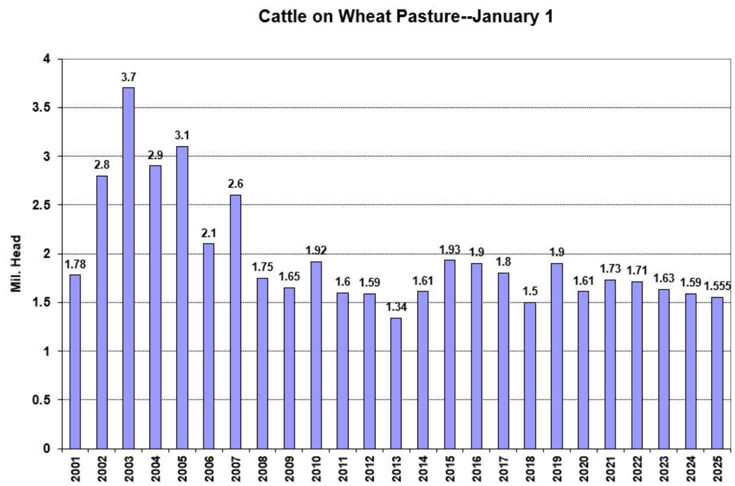


Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Livestock

This fall has been tougher than average for cattle on wheat pasture in the Southern Plains of Oklahoma, the Texas Panhandle, and Kansas. USDA reports, auction data, and anecdotal evidence agree that the overall picture shows fewer cattle grazing on small-grain pasture compared to both last year and the previous 10-year average. The issue originated with weather conditions spanning last summer into early fall; while the Panhandle remained dry, northern Oklahoma and southern Kansas experienced excessive moisture. Consequently, some wheat areas were planted late, which pushed turnout dates back and limited stocking rates. While rains in November provided some late-season growth in parts of southern Oklahoma and the Panhandle, it was too late for a meaningful recovery, forcing some producers to supplement feed or skip turnout altogether.

Economics also played a critical role in the reduced stocking density. Stocker calves have remained expensive throughout the year, with 500–600 lb calves trading at $350–400 or more in Oklahoma auctions—sharply higher than previous years due to the systemic tightness in calf supply. Simultaneously, KC Wheat prices have trended lower, dropping $0.50–0.60 from the beginning of August to the end of October. Combined with high input costs, producer margins were squeezed significantly. The $75 break in the cattle market in October further discouraged participation; many producers attempted to wait for a market floor, and by the time they re-entered the market, the optimal window for wheat turnout had closed.

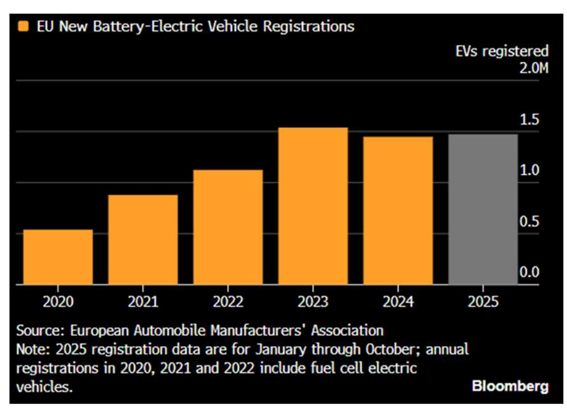


As a result, auction volumes in Oklahoma and Texas for lightweight cattle suitable for wheat ran 15–25% lower this fall compared to last year. Anecdotal reports suggest producers are either stocking at lower densities or moving cattle earlier than planned. While wheat pasture remains the most cost-effective gain available when accessible, the combination of weather delays, high replacement costs, and tight supply has resulted in noticeably fewer cattle on wheat this year. While favorable winter moisture could aid spring graze-out numbers, the January 1 Cattle Inventory report will likely reflect this reality, coming in well under the 1.55 million head posted last year.

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

There have been several announcements this week signaling a significant shift in focus for the automotive industry worldwide. For nearly a decade, auto makers and governments have been telling the consumer that electric vehicles are the future, with many of them targeting goals of a total transition from ICE (gasoline) vehicles to EVs in the 2030 to 2035 timeframe.



This timeline has hit a significant roadblock, however – waning consumer demand. Automakers invested heavily into new EV platforms based on the government-mandated timelines for the transition away from fossil-fuel powered cars, but have found that many consumers are unwilling to deal with the downsides of these 1st generation EVs (limited range, slow charging times, sparce availability of public chargers, etc.). On top of the day-to-day downsides of EVs, the vehicles also cost, on average, 27-30% more than the equivalent gas-powered vehicle; many jurisdictions have also recently removed tax incentives and rebates for purchasing EVs, making them even more expensive for the consumer. These factors have kept US EV sales from keeping up with lofty automaker projections, and EU sales have actually completely stagnated since their 2023 sales peak.

So, what has been the results of this waning consumer demand for EVs? 11 out of 16 planned battery plants in the EU have either been canceled or delayed. Additionally, Ford has announced they no longer plan to produce large EVs (like the F-150 Lightning), have sold the battery-production portion of their new Blue Oval City plant outside Memphis and plan to reuse the rest of the facility to assemble gas cars, and have taken a $19.5 billion writedown due to its move away from EV production. GM also recently incurred $1.6 billion in charges tied to cutting back EV capacity. Both of these automakers are now shifting to invest heavily into hybrid technology. And, the EU has announced a major revision to its emissions requirements, dropping the 2035 target from a 100% reduction to 90%. Crucially, this new rule explicitly allows for the use of renewable fuels and biofuels to bridge the 10% gap. While this still limits the market share of traditional ICE vehicles, it shows that the EU is beginning to recognize its misstep with the original requirements and is at least somewhat willing to adapt to where the consumer and vehicle technology actually stand.

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 (11/27) – 7:30 AM
- Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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