Monday, December 22, 2025
NTG Morning Comments
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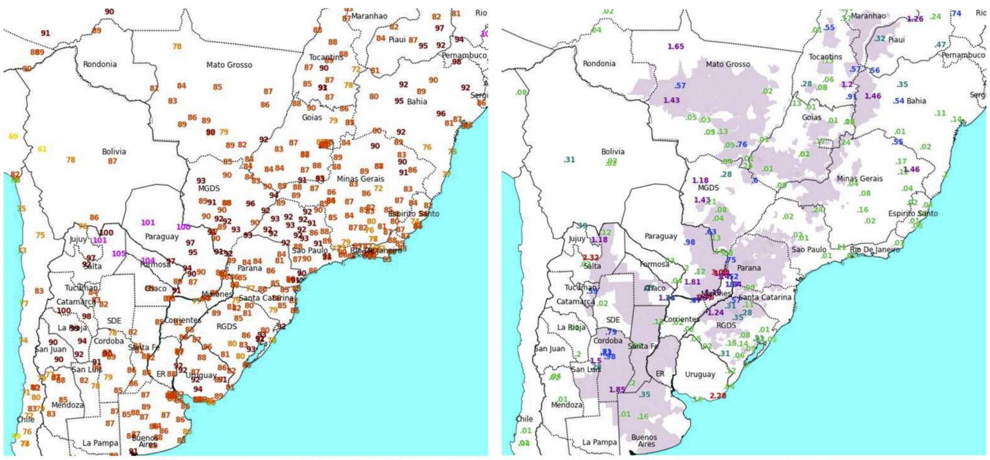
Weather

The forecast for northern Brazil continues to feature a sharp east-west split in the near term, with beneficial rains targeting western Mato Grosso while eastern zones like Minas Gerais and Bahia remain under a drier regime with rainfall running under 50% of normal for Week One; however, the outlook for a pattern shift remains firm, with moisture expected to expand significantly into these eastern areas during the Week Two period. In southern Brazil, Rio Grande do Sul is currently in the midst of a heavy rainfall event that will likely deliver 5-7 inches of accumulation through the next week, but this active pattern is forecast to abruptly shut down, leaving the state with below-normal rainfall for the 11-15 day period. Argentine moisture is heavily concentrated in the north this week with heavy totals, while the core growing regions in the south see limited moisture before the entire country trends drier for Week Two.

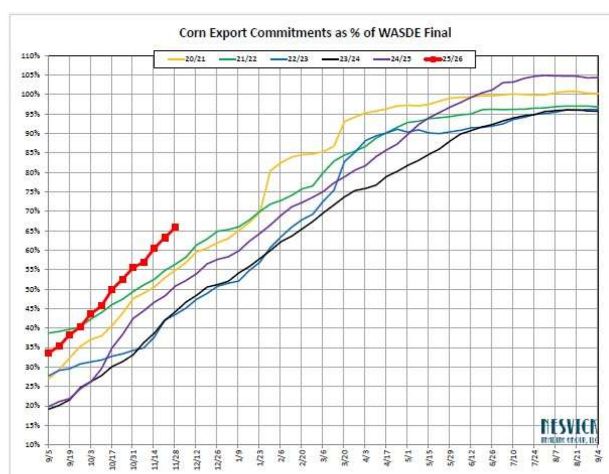


HIgh temperatures yesterday (left) and 18-hour rainfall through midnight CST (right, soybean areas shaded)

The U.S. outlook remains exceedingly dry for the Corn Belt and Southern Plains. Temperatures are set to surge, with widespread record highs expected from December 23-27 as readings average 20-30 degrees above normal across the Plains and Midwest; Christmas Day in particular looks to be a day in which a lot of record highs could be set, as readings reach the 60's an 70's for western and southern areas. However, a notable cooling trend is still projected to impact the eastern U.S. from December 28-31 before warmth likely rebuilds to start January.

Grains

Quick weekly recap and corn update. The week ended with corn up 3-4 cents, Chgo down 19-20, KC down 2, and Mpls up 3. Beans were down 26 with meal down $4 and oil down around 200 points. Corn was under pressure into early last week in sympathy with weakness in wheat but found support near 436 CH. There was talk that China was inquiring for corn off the PNW for the TRQ (tariff rate quota). Nothing could be confirmed but 7 cargoes for Mch-Apr were rumored. There were no daily sales confirmations either. China sniffing around for US corn would be significant. Their harvest issues and potential quality problems have been well documented, and it wouldn't be stretch for them to ramp up their import program again. US exports remain on pace to reach the USDA's 3200 milbus forecast. US corn remains competitive and Brazil has not

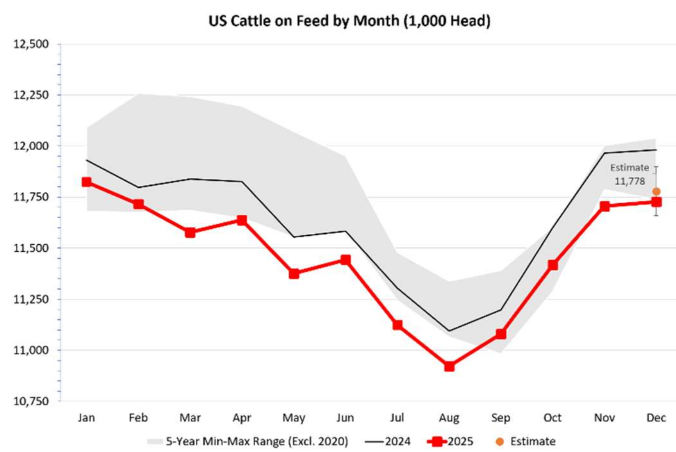


dominated like was expected despite a record crop. Discussing with a colleague this week, he suggested maybe 3000-3200 milbus is the new norm. Brazil has significantly expanded their ethanol use in the last 5-6 years and Ukraine's program has been hindered by years of war. In addition, this year Ukraine had a slow harvest and is still only 85% complete with up to 5 mmt expected to remain in the fields until the spring. The corn balance still isn't that exciting, but there could be a yield reduction in January. It was barely down in Nov, and I maintain the USDA is still too high in IA, IL, and IN (by how much remains to be seen). I don't think futures need to run away, but also likely don't need to break much. Wheat has found support near 500 for now, we are still competitive for export, the threat of China is around, and it is widely expected that we will lose 4-5 mil acres next 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

I want to take a few minutes to review the data from the December Cattle on Feed report that was released on Friday after the close. To start, let's look at the headline cattle on feed data; the total cattle on feed inventory for December 1 came in at 11.730 million head, or 97.9% of year-ago levels. This lands slightly below the average trade estimate of 98.3%. This figure represents the smallest December 1 on-feed inventory since 2017. The result was essentially neutral to slightly supportive, coming in near the lower end of the pre-report range of estimates (97.3% – 99.3%).



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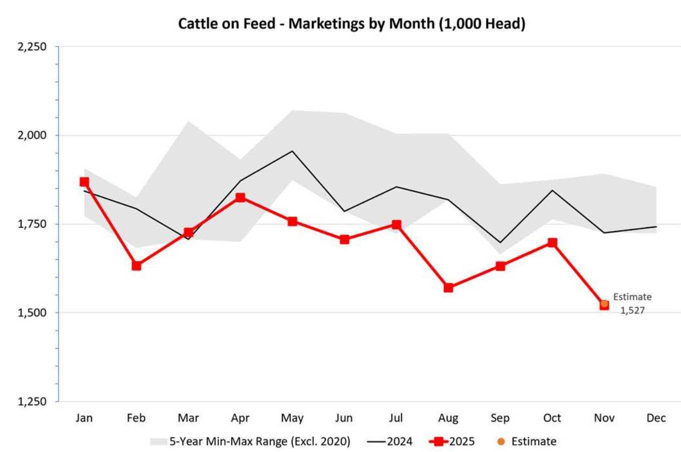
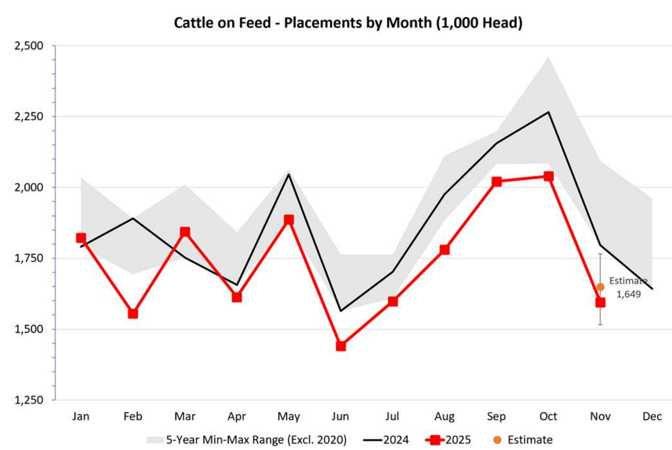


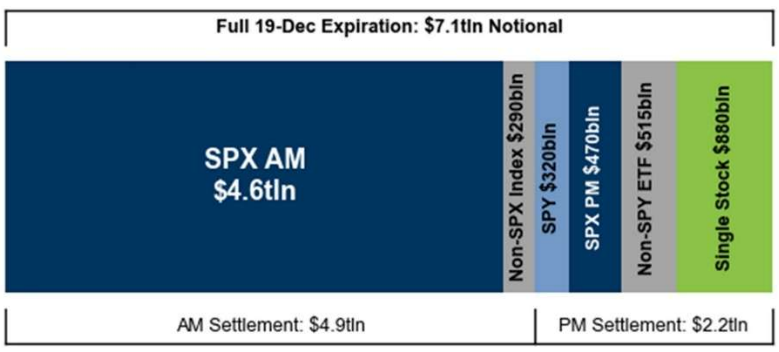


The most notable surprise in the report was Placements, which dropped to 1.595 million head, or 88.8% of last year, significantly missing the average trade expectation of 91.8%. This deviation provided the report's primary bullish signal, coming in well below even the lowest pre-report estimate of 84.4%. This marks the smallest November placement number since the late 1990s, suggesting a tighter supply pipeline than the market had anticipated.

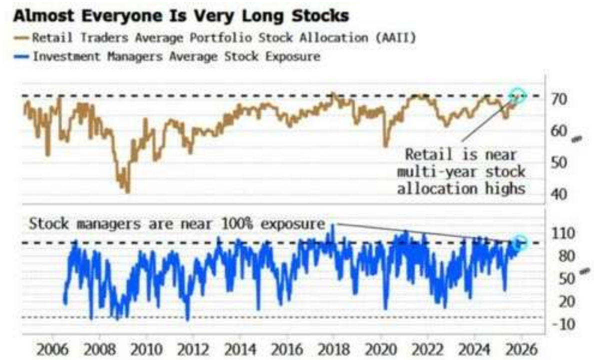
Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Macro/Financials

During Friday's session, the market saw over 26 billion shares trade hands—50% above the yearly average—driven almost entirely by the mechanics of a record $7.1 trillion options expiration. That massive buffer of open interest had been keeping volatility in check, but with those positions now cleared off the board, the mechanical safety net is gone. We are waking up today to a new market that has to trade without that liquidity crutch supporting it.



source: Goldman Sachs



Source: Bloomberg; Macrobond

The structural problem right now is that there's hardly anyone left to buy. Take a look at the charts: institutional managers are effectively 100% invested, retail exposure is back at multi-year highs, and we just saw a near-record $78 billion flow into equities last week. When the boat is this crowded, the risk is completely asymmetric. We are "priced for perfection" because the pool of potential new buyers is extremely scarce. Unless the market gets a genuine fundamental surprise, the fuel tank for a Santa Claus rally is looking dangerously empty.

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)

- Export Sales (10/4/25) – 7:30 AM
- Export Inspections – 10:00 AM

Thanks for reading,

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