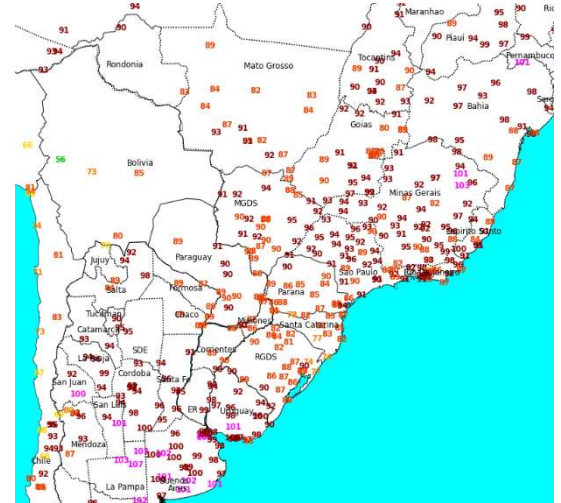
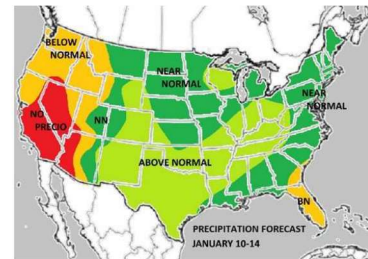
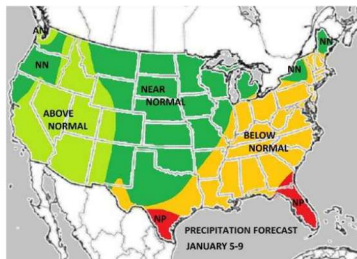
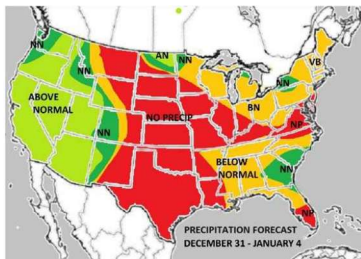


Weather

The wettest stretch of weather for northern Brazil remains centered on the January 2-6 window, where widespread above-normal rainfall will produce totals of 2-4 inches; however, the updated 11-15 day forecast for January 10-14 now explicitly calls for a reversion to below-normal accumulation, with totals likely staying under an inch across central and eastern growing areas. Conversely, the outlook for southern Brazil and Paraguay remains highly favorable, with another 1-2 days of notable rainfall expected before the region transitions into a dry and mild pattern for the opening week of January, followed by a second solid precipitation event projected for the 11-15 day period. In Argentina, the immediate concern is the persistence of widespread 95-105 degree heat through Thursday combined with a complete absence of rainfall for at least another eight days; while precipitation chances are confident to return starting January 8 and extending into the 11-15 day period, the expected amounts are decent but not sufficient to fully eliminate soil moisture deficit concerns. The chart shows yesterday's (12/30) high temperatures across the continent.



In the United States, confidence is high for a continued pattern of extensive dryness and record-breaking warmth across the Plains and western Corn Belt through January 6, where temperatures are forecast to run 20 degrees or more above normal. A significant shift is in the forecast for the Week Two period of January 7-14, where models now suggest the development of a notable storm system around January 8-9 that could deliver substantial rainfall totals specifically to the southeastern Corn Belt and the Mid-South. Additionally, while the near-term is dominated by exceptional warmth, new indications suggest a potential pattern flip that could bring notably colder weather back to the central and eastern US specifically late in the 11-15 day period.



Grains

Very quiet again Tuesday which is expected all week. The first trading day of the new year is officially Friday, but most likely won't return fully until Monday the 6th. Wanted to look at winter wheat acres again as am hearing Midwest SRW area may be down 20% or more. HRW area is expected to be nearly unchanged. The southern plains had very favorable moisture at the time of seeding. Am attaching my state-by-state forecasts for the main HRW and SRW states. KC has gained further on Chgo since we last visited the topic (and after spending months "under" Chgo). I am not sure it is sustainable however without a HRW crop issue or China in a hard wheat buying program as the HRW balance is expected to remain quite comfortable while the SRW crop could be quite small if the area is down as forecast. We will get the first look at winter wheat acres in the Jan 12 report.



U S WINTER WHEAT PRODUCTION									
	2025 USDA					2026 MB			
	Plant	Hvst	Yield	Prod		Plant	Hvst	Yield	Prod
Central/Southern Plains HRW	21255	15,444	44.4	686		21370	14,820	44.2	655
Colorado	2100	1,870	38	71		2250	1,850	40	74
Nebraska	950	805	47	38		850	810	40	32
New Mexico	365	150	31	5		360	115	12	1
Kansas*	7300	6,800	51	347		7300	6,700	51	342
Oklahoma*	4150	2,800	38	108		4200	2,750	38	105
South Dakota	780	630	50	32		800	650	46	30
Texas*	5500	2,300	37	85		5500	1,850	37	68
Wyoming	110	89	30	3		110	95	31	3
Midwest SRW	3140	2,670	85.6	228		2445	2,100	85.0	178
Illinois*	780	700	88	62		600	570	87	50
Indiana	320	240	89	21		220	180	87	18
Iowa*	0	0	40	0		0	0	40	0
Ohio	570	530	88	48		425	375	88	32
Missouri*	640	460	80	37		550	400	78	31
Michigan*	530	450	90	44		400	375	91	34
Wisconsin*	300	250	78	19		250	200	78	18
Delta/South SRW	1365	895	72.8	65		1170	840	72.7	61
Alabama	110	60	71	4		100	65	75	5
Arkansas	110	70	57	4		100	65	62	4
Florida	0	0	30	0		0	0	30	0
Georgia	165	65	66	4		130	60	61	4
Kentucky*	490	330	81	27		400	300	82	25
Louisiana*	0	0	65	0		0	0	65	0
Mississippi	65	45	60	3		60	40	55	2
South Carolina	80	60	60	4		80	60	58	3
Tennessee	345	265	74	20		300	250	73	18

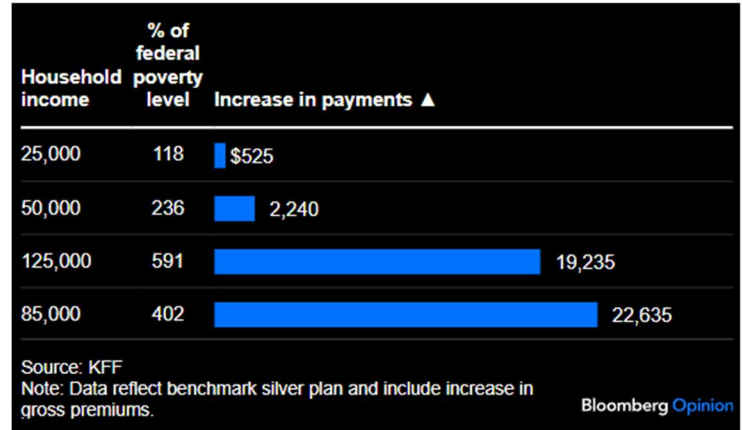
U S SRW Supply/Usage						U S D A	U S D A	MB	MB
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	158	105	85	99	90	126	127	127	127
Production	240	266	361	336	449	344	353	353	308
Imports	4	5	3	4	6	5	5	5	5
Total supply	402	376	449	439	545	474	485	485	440
Seed	11	13	13	14	11	12	12	11	13
Domestic Mill	148	148	154	163	158	153	152	160	160
Feed/Residual	46	61	71	65	91	67	70	50	30
Exports	92	69	112	107	158	117	120	137	140
Total Use	296	291	350	349	418	349	354	358	343
Carry-out	105	85	99	90	126	127	131	127	97
U S HRW Supply/Usage						U S D A	U S D A	MB	MB
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2025/26	2026/27
Carry-in	516	506	428	356	223	274	398	400	436
Production	845	659	750	531	596	773	804	804	776
Imports	2	4	4	5	18	6	5	5	5
Total supply	1363	1169	1182	892	837	1054	1207	1210	1217
Seed	24	26	26	29	27	26	26	26	26
Domestic Mill	378	377	411	374	384	387	390	390	400
Feed/Residual	78	-1	72	42	18	26	40	30	45
Exports	376	340	317	224	134	218	325	328	335
Total Use	856	742	826	669	563	657	781	774	806
Carry-out	506	428	356	223	274	398	426	436	411

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.

Macro/Financials

Along with the festivities of New Year's Eve, the end of 2025 will also mark the end of the Covid-era expanded healthcare subsidies, due to Congress not coming to a *resolution* (pun intended) on how to approach new healthcare policy.

Prior to the pandemic, subsidies cut off entirely for households earning above 400% of the federal poverty level. The Inflation Reduction Act temporarily replaced this "cliff" with a taper, allowing benefits to decrease gradually as income rose. The end of these subsidies will bring back the subsidy cliff, dramatically increasing the cost of healthcare premiums for millions of Americans. Those earning just over the 400% limit (roughly \$85,000) will be the most affected, with average annual premiums for a 60-year-old couple at this income level to increase by \$22,635. Roughly 20 million people will face higher costs, with average premiums expected to double in the new year; additionally, another ~4 million people are expected to drop coverage altogether due to the increased cost.



While there are several arguments to be had against the existence of these expanded subsidies, or even having these subsidies at all, I do think that the return of a subsidy cliff for healthcare premiums disincentivizes several behaviors that generally benefit society and the market as a whole. For one, people who are close to this income threshold will effectively be penalized for trying to work harder or get a higher paying job, as they will be on the hook for significantly higher healthcare premiums upon breaking past \$85,000 per year, making them potentially worse off than they were before. You will also generally see younger, healthier people dropping their insurance first, leaving the insurers with a smaller pool of older, sicker people; this means increased risk for the insurer, which will likely result in even higher costs for everyone.

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 (12/18/25) – 7:30 AM
- EIA Energy Stocks – 9:30 AM
- Nat. Gas Storage Change – 11:00 AM
- Commitment of Traders (12/23/2025) – 2:30 PM

Hope you have a Happy New Year's,

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