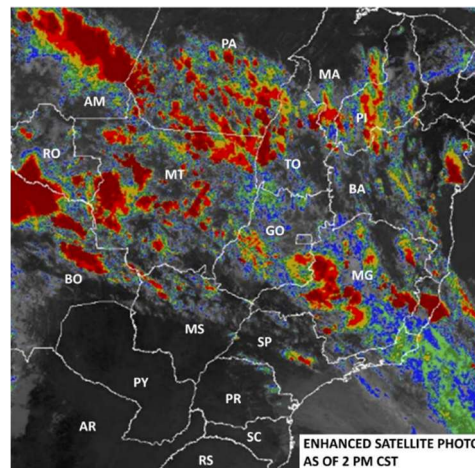
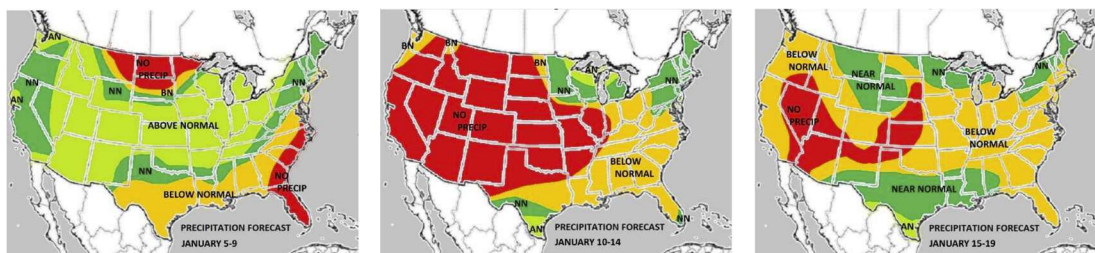


### Weather

After significant rainfall this weekend, the immediate 1-5 day period features the heaviest rainfall of the entire forecast for northern Brazilian soybean areas, particularly in Mato Grosso, before the pattern shifts to a drier below-normal trend for the 6-10 and 11-15 day periods; however, this reduction in moisture is not accompanied by any threatening heat as temperatures remain consistently near normal. Conversely, southern Brazil and Paraguay will see limited moisture in the short term before significant, above-normal rainfall returns for the 6-10 and 11-15 day periods, maintaining excellent growing conditions without any heat stress. In Argentina, dry conditions will dominate the vast majority of the corn and soybean belt through Wednesday, but this is mitigated by unseasonably cool temperatures; a favorable shift brings significant rainfall to northern Córdoba and Santa Fe starting Thursday, with moisture coverage expanding to southern growing areas like Buenos Aires during Week Two.



The most significant forecast change involves the Southern Plains feedlots, where confidence in a dry outlook has degraded; the forecast now leans toward the European model's wetter solution for the Thursday-Friday timeframe, contradicting previous expectations of completely dry conditions. Additionally, the intensity of the near-term warmth has been upgraded to "exceptional," with temperature anomalies of 10-20 degrees above normal dominating the work-week and effectively pushing any potential return of significant cold air back to the very end of the 11-15 day period.



### Grains

The USDA finally released the details of the Farmer Bridge Assistance Program (FBA) on Wednesday afternoon, which will be disbursing \$12 billion to support American farmers. Looking at how this payout will be split, rice producers are set to receive the highest payments of \$132.86 per acre, while the lowest payments of \$8.05 per acre will go to flax producers. Corn and soybean farmers will see \$44.36 and \$30.88 per acre, respectively. The payments are capped at \$155,000 per entity, and only farms with less than \$900,000 in adjusted gross income are eligible. These payments are expected to be delivered to farmers before spring planting.

While these payments will be helpful for farm cash flows, many farmers have expressed frustration at the relatively low payments for corn, soybeans, and wheat; these farmers don't expect the payments to make them whole due to the low crop prices and high input costs. Purdue's Crop Cost and Return Guide for 2025 estimates that total variable costs are as high as \$348/ac for soybeans and \$690/ac for cont. corn in average productivity soil; on top of these variable costs, land rent is estimated at \$203-\$316/ac, depending on soil quality. With roughly half of corn and soybean acres being leased, these rent farmers are going to have an extremely hard time ending this crop year in the black. The high payment rates for cotton will provide some stability to cotton

#### Commodity, Per Acre Payment Rates:

- **Rice:** \$132.89
- **Cotton:** \$117.35
- **Oats:** \$81.75
- **Peanuts:** \$55.65
- **Sorghum:** \$48.11
- **Corn:** \$44.36
- **Wheat:** \$39.35
- **Chickpeas (Small):** \$33.36
- **Soybeans:** \$30.88
- **Chickpeas (Large):** \$26.46
- **Safflower:** \$24.86
- **Lentils:** \$23.98
- **Canola:** \$23.57
- **Mustard:** \$23.21
- **Barley:** \$20.51
- **Peas:** \$19.60
- **Sunflower:** \$17.32
- **Sesame:** \$13.68
- **Flax:** \$8.05

farmers and provide extra incentive for those farmers in the Mid-South to continue planting cotton, rather than rotating those acres to corn or soybeans.

Despite these new details for the FBA program, the South American crop potential and the quantity of China's US soybean purchases (or lack thereof) are continuing to drag grains downward. With South American weather largely looking good through December, there is limited time left for a major crop problem to rally grain prices. While China has been purchasing US soybeans again for the past few months, the total purchases only amount to 6-8 million tons, just 50%-66% of the 12mmt that the US says has been agreed to by Beijing; current soybean commitments to China for this crop year are showing as just over 6mmt, and just ~4.4mmt in the Flash Export Sales figures.

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

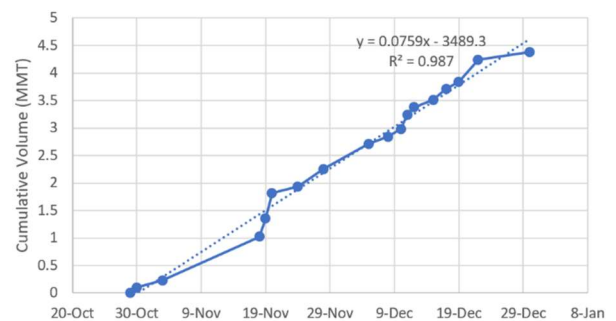
## Livestock

A recurring lament in the ag media during the past year—which likely will be repeated several more times in the weeks ahead—the US cattle inventory is the smallest since 1951. Apparently, that's supposed to signal that US beef production is comparably small and pose as justification for record high beef prices. But, as Paul Harvey might have said, there is much more to the story. The cattle inventory stood at about 82 mln head in 1951 and grew to a peak over 132 mln in 1975. That peak inventory generated about 25.7 bln pounds of beef in 1976. At the beginning of 2025 the cattle inventory stood at 86.7 mln head and produced nearly 26 bln pounds of beef—about the same quantity of beef with 33% fewer cattle—a massive increase in efficiency orchestrated within the cattle industry! At the very least, the industry deserves a Gold Star from the environmental activists proclaiming cow farts are ruining the planet. That's beside the point, however.

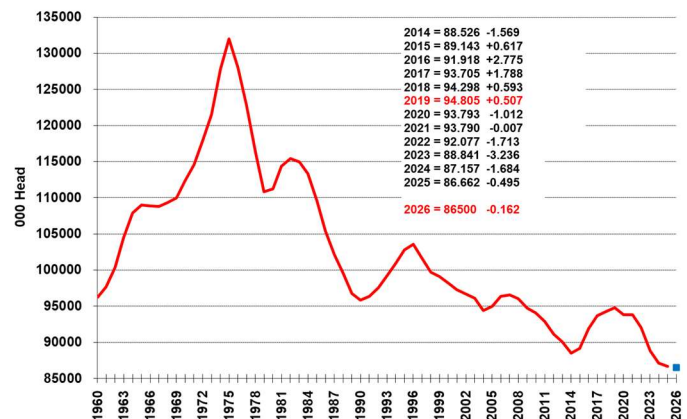
Not only is the industry much more efficient, but the quality of the product has improved, too. Grading is seasonal, but the percentage of Choice and better fed cattle in the slaughter mix has been the same or higher during every week of 2025 and in recent weeks has ranged around 86%. For the year, Ch+ will average over 84%, up from 79.6% in 2019 and 74.2% in 2015. The higher quality measures, Choice and better or upper 2/3rds of Choice, likely has contributed to strength in beef demand in recent years and will continue to be sought.

Given the steady improvement in quality over time, one concern is that grid programs in the years ahead may seek to standardize the expectations for higher quality grades—will require further increase in quality to earn smaller premiums—likely resulting in smaller premiums for the cattle feeder. On a related issue, large quality premiums are often viewed as

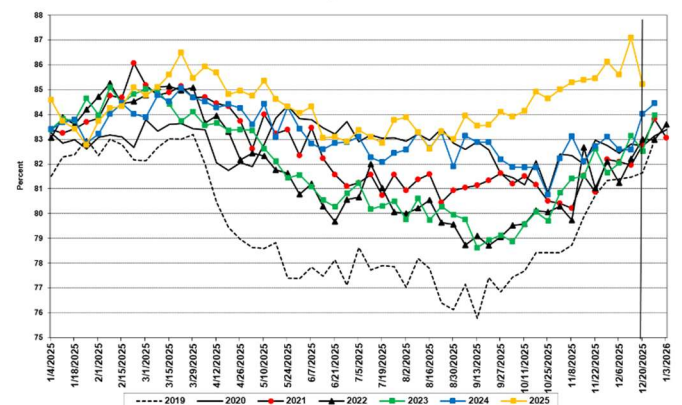
Cumulative Flash Export Sales Volume to China



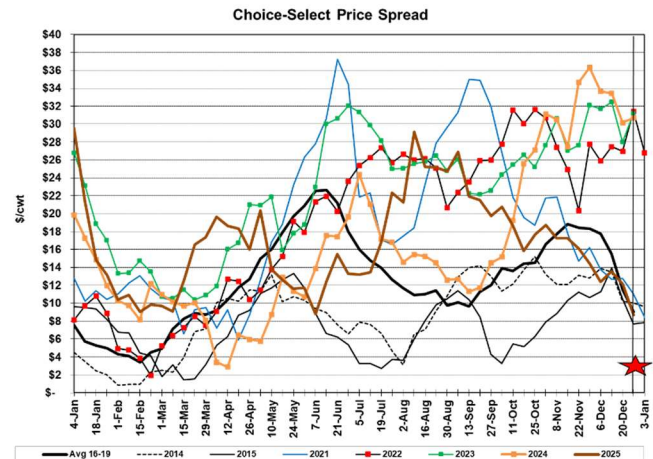
January 1 Cattle Inventory



Percent of Steers & Heifers Grading Prime + Choice Weekly, US



a proxy for beef demand, while at the same time the increase in quality production likely would lead to smaller average premiums. There is little doubt that quality premiums have declined sharply in recent weeks—the Ch/Se spread has collapsed to under \$5 in late December from \$28-\$30 the last couple of years and the Prime premium has slipped to around \$30 from around \$55 at this time last year. While the jury is still out on the cause/effect—do the smaller premiums signal a potential demand issue, or do they simply reflect the changing quality structure of the industry? At any rate, those smaller premiums translate into fewer \$ for the cattle feeder.



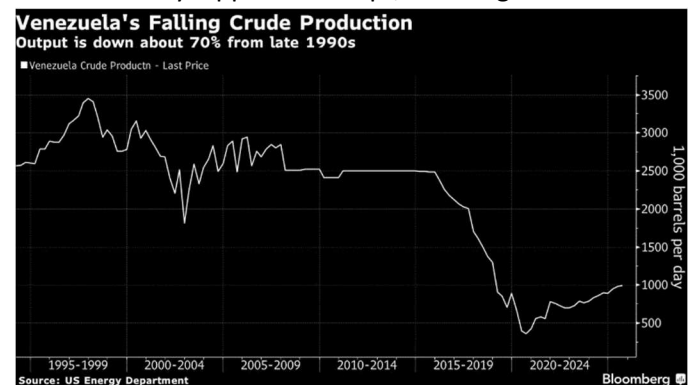
*Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at [msands@nesvick.com](mailto:msands@nesvick.com) or on Trillian at [miksan66@trillian.im](mailto:miksan66@trillian.im).*

## Macro/Financials

This weekend's news of the US extraction of Nicolás Maduro was a massive geopolitical and macro-economic shift; while the headline is obviously political—with U.S. forces capturing Maduro near Caracas and transferring him to New York—there are significant financial implications tied to these events that I want to take some time to dissect. Due to the breadth of potential outcomes and the fact that events are still unfolding from Maduro's capture, I will likely take the opportunity to break this topic down over a few days.

The operation itself took place late Saturday night when U.S. forces launched a targeted raid on a guarded military base near Caracas. In a stunning move, they captured Maduro and his wife and immediately transported them to a holding facility in New York to await trial. In the power vacuum, Delcy Rodríguez has stepped in as acting president. While she has historically been a staunch ally of the former regime and a former oil minister herself, her initial stance has been surprisingly pragmatic. Instead of doubling down on conflict, she has effectively flipped the script, reaching out to the U.S. with an invitation to collaborate and signaling a willingness to work on a shared agenda rather than fight the transition.

This cooperation is critical because the disconnect between Venezuela's potential and its current reality is staggering. The country sits atop the world's largest confirmed oil reserves, yet years of corruption and mismanagement under Maduro's watch have left the infrastructure in tatters. As a result, actual oil production has plummeted to a mere fraction of its historical peak, leaving a massive gap between the country's geological wealth and its ability to get barrels to market.



Stepping back, the market's reaction highlights three distinct themes. First, the muted reaction in crude oil prices confirms that the current global supply surplus is effectively acting as a buffer against geopolitical risk premiums; the market is simply unimpressed by the immediate supply threat. Second, the financial sector is already pricing in a favorable regime change, with Venezuelan sovereign bonds rallying sharply on speculation of debt restructuring. Finally, this event marks a potential pivot toward explicit resource nationalism, where major powers may increasingly prioritize direct physical control over commerce and commodities—a trend that could redefine global trade flows in the coming years.

*Macro/Financials commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).*

### Today's Calendar (all times Central)

- Export Sales (12/25/2025) – 7:30 AM
- ISM Manufacturing Index – 9:00 AM
- Export Inspections – 10:00 AM

Thanks for reading,

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