NESVICK
TRADING GROUP, LLC

Tuesday, January 6, 2026
NTG Morning Comments
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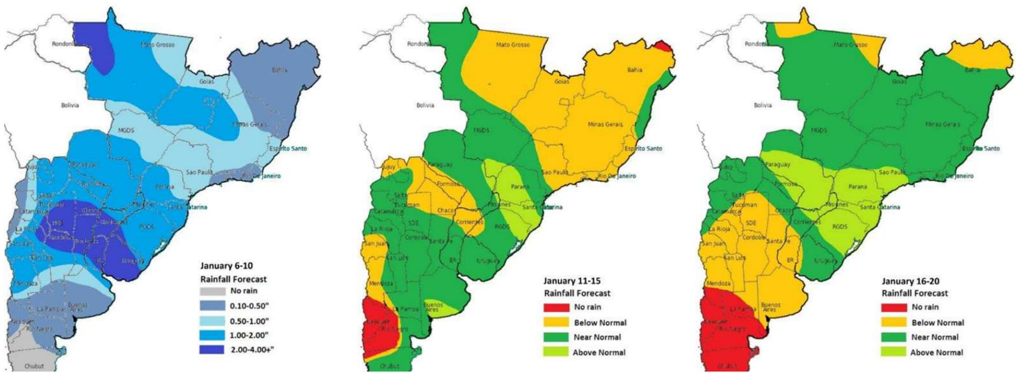
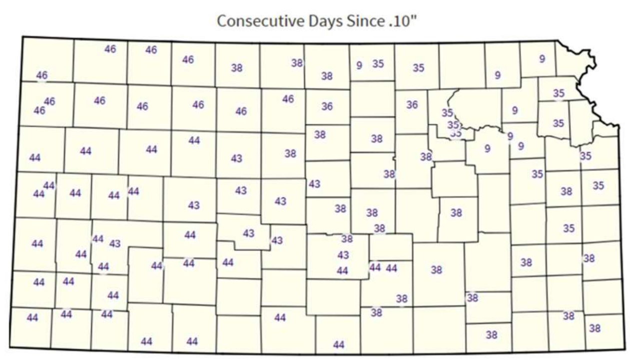
Weather

The forecast for northern Brazil remains favorable in the immediate term with significant rains continuing for another 2-3 days, but the outlook has clarified a distinct drier window for January 8-12 before moisture levels recover to near-normal in the January 16-20 timeframe. Southern Brazil and Paraguay face 48 hours of widespread dryness before a favorable pattern shift brings regular, beneficial rainfall starting Thursday in Rio Grande do Sul and expanding region-wide by the weekend. The most critical adjustment involves Argentina, where the 11-15 day forecast has trended clearly drier for the entire main growing region; while significant 1-4 inch rains are still confirmed for northern areas this Thursday-Friday and favorable moisture targets the south for January 13-15, the long-term outlook now suggests a rapid return to widespread below-normal precipitation.

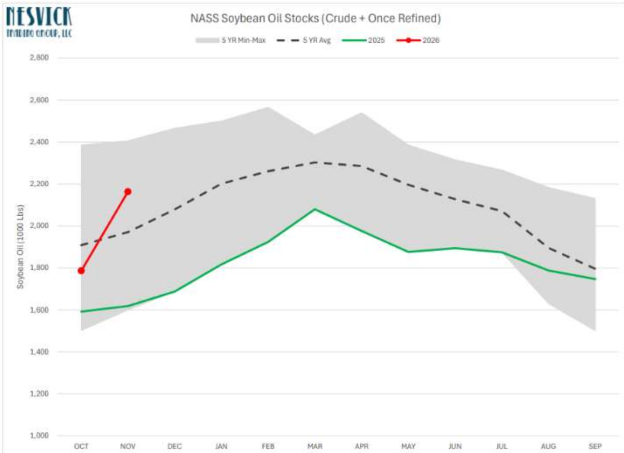


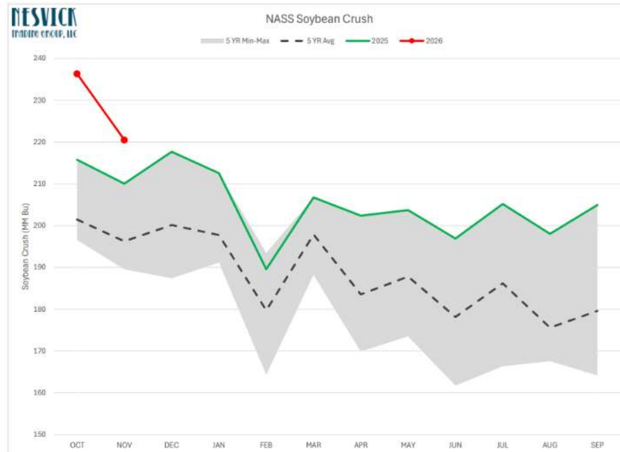
In the U.S., the exceptional warmth continues to dominate middle of the country in the near-term, with anomalies of 15-20+ degrees above normal, but model consensus has strengthened regarding a pattern flip, now specifically targeting January 17 as the potential onset of a significant cold air mass. The precipitation outlook for the Southern Plains feedlots has moderated; the incoming system is expected to be "starved" for cold air and lack major storm potential, though minor snow accumulations are possible on Friday before dry conditions reassert themselves for the 11-15 day period. Kansas has been well over a month without rain in the vast majority of the state, but a few spots may see a small amount of precipitation by tomorrow night through Friday.

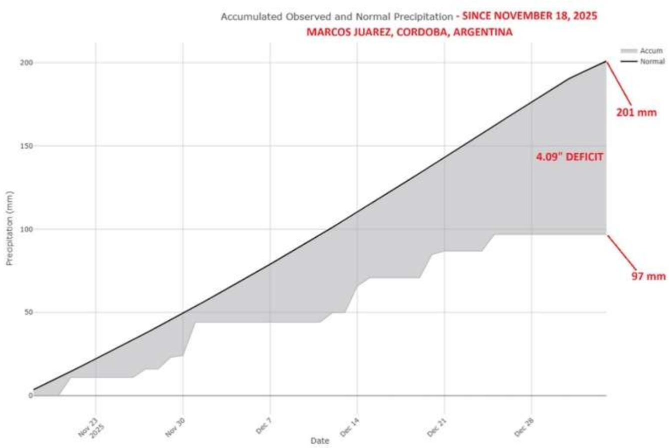


Grains

Going to touch on odds and ends/market action today and then focus on expectations for Monday's USDA's reports for the rest of the week. The Jan reports tend to set the tone to start the year and stocks reports in general are ripe for surprises. We also have final production and the first look at winter wheat area. This will be the first full week of trading in three weeks and hopefully market participation is back. There was talk of China buying beans for Mch/Apr out of both the Gulf and PNW, as much as 10 cargoes. It almost felt like new money entering the market Monday. The index rebalance will start Thursday. Mch beans made a low Friday of 1038 after a $1.10 break throughout December. Corn also tested the low end of the range. Monday's bounce was commodity wide and also seemed technical/structural. The capture of Maduro and strong rallies in Gold/Silver may have provided some support. I was expecting soybean oil to be down sharply after the NASS oil stocks (out Friday afternoon) showed the biggest jump ever from Oct to Nov even with a lower crush and a lower oil yield. First quarter crush totaled out at 662 milbus, up from 612 in Q1 last year. We are finally caught up with sales and CoT after yesterday. The sales for the w/e on Christmas day were slow all around. The forecast is more promising for rain in Argentina starting late this week/weekend and it will be important it verifies after the round of heat last week. The last meaningful rain was over two weeks ago. One last thing to note is the Brazilian real has turned higher in the last 2-3 weeks.







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

On December 31st, Chinese officials announced the details of their safeguard investigation. The result defined a new safeguard quota system effective 1/1/26. US beef has been banned since March 2025, when the Chinese government failed to renew US exporter licenses.

China's commerce ministry announced that the total import quota for 2026 for global beef supplies under its new safeguard measures is 2.688 mln mt, which compares to the imports in 2025 that will total 2.870 mln mt. Imports within the quota will continue at current tariff rates, while imports above the quota will be assessed an additional 55%. This will displace approximately 400,000 mt of the global beef trade.

CHINA BEEF IMPORTS with proposed 2026-2028 quotas

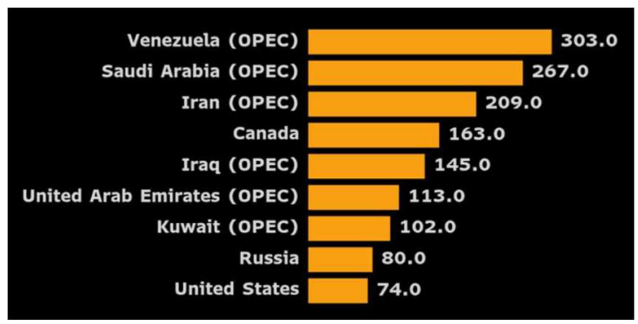
	Actual 2024	Actual 2025	Estimated 2026	Potential Over TRQ	TRQ 2026	TRQ 2027	TRQ 2028	Pre-trigger Tariff Rate	Post Trigger Tariff Rate
Brazil	1,340,000	1,400,000	1,400,000	294,000	1,106,000	1,128,000	1,151,000	12%	67%
Argentina	594,567	540,000	560,000	49,000	511,000	521,000	532,000	12%	67%
Uruguay	243,662	220,000	250,000	0	324,000	331,000	337,000	12%	67%
New Zealand	150,514	140,000	140,000	0	206,000	320,000	214,000	0%	55%
Australia	216,050	320,000	290,000	85,000	205,000	209,000	213,000	0%	1%
United States	138,112	50,394	0	0	164,000	168,000	171,000	12%	67%
Other	150,000	200,000	200,000	28,000	172,000	175,000	179,000	12%	67%
Total	**2,832,905**	**2,870,394**	**2,840,000**	**456,000**	**2,688,000**	**2,852,000**	**2,797,000**		

Brazil and Australia both have allocations that fall well short of their needs based on 2025 shipments and are the two countries most adversely affected. This excess tonnage that would have gone to China will be shifted to other markets around the world, mainly the US. This displacement could be as much as 600,000 mt based on 2025 export figures, as calculated by some, but in our estimates will be closer to 450,000 mt. This additional volume will ultimately flow into the US market and potentially put downward pressure on imported beef prices. This impact on prices may be felt as soon as May 2026, but will be most noticeable in the second half of the year, from June to December 2026. Assuming only 75% of this displaced volume moves into the US markets, this will act like increasing beef production by approximately 3%.

Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us *or on Trillian at scott@nesvick.com.*

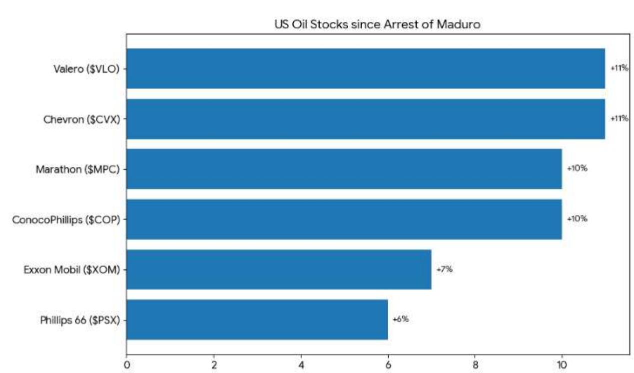
Macro/Financials

As I touched on yesterday, in the midst of the arrest of Venezuelan President Maduro, Venezuela's oil reserves will be a major economic factor to focus on going forward.



With its 303 billion barrels of proven oil reserves, Venezuela is the biggest fish in the energy pond; these reserves exceed those of Saudi Arabia (267 billion barrels) and are over 4x the reserves in the US (~74 billion barrels). But, as I also mentioned yesterday, there is a massive disconnect between having the oil and getting it out of the ground; under the Maduro regime, mismanagement and corruption drove production from a peak of nearly 4 million barrels per day (bpd) down to just 1 million bpd today. There isn't just a switch that can be flipped to return to this production peak either. Industry estimates suggest that just getting the oil infrastructure back to full capacity will take ~$100 billion and nearly a decade of work; this also doesn't account for transportation and logistics infrastructure that has deteriorated during this time. The vast majority of Venezuela's reserves are "extra-heavy" crude, which does not flow freely at ambient temperatures. To export it, you must import diluents (like light crude) to blend it down. Additionally, loading a supertanker now takes five days compared to the historical standard of one day – the infrastructure simply cannot keep up with their previous production peaks.

President Trump has stated that he expects U.S. oil companies will lead this reconstruction. The administration is banking on majors like Chevron (which is already operating there) alongside ExxonMobil and ConocoPhillips to do the heavy lifting. While the White House has a political timeline, these boards have a fiduciary one; after being burned by Venezuela's asset seizures in the early 2000s, they will certainly want to see strong protections for their investments before returning to the state. With that said, Venezuelan heavy crude could be just what the US refiners are looking for, as the Gulf Coast refineries were set up to process heavy crude, despite the US primarily producing light crude from fracking. This has forced these refineries to import heavier crude from Canada and Mexico, but US control over Venezuela's oil production would likely give these Gulf Coast refiners a cheaper option. The market seems to believe that US oil companies will ultimately take on this reconstruction opportunity, however, with energy stocks adding over $100B in market cap.



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)

- Purdue Agriculture Sentiment Index – 8:30 AM
- S&P Global Services PMI – 8:45 AM

Thanks for reading,

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