NESVICK
TRADING GROUP, LLC

Wednesday, January 7, 2026
NTG Morning Comments
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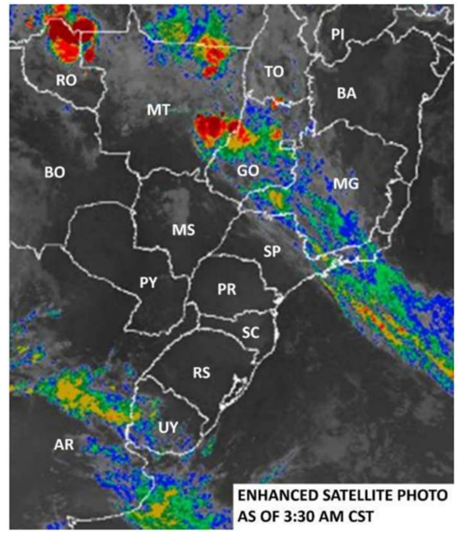
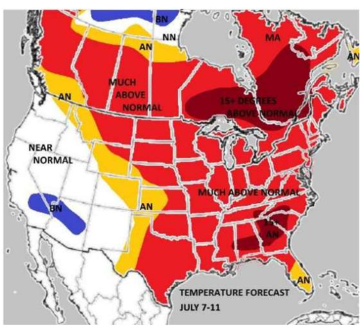
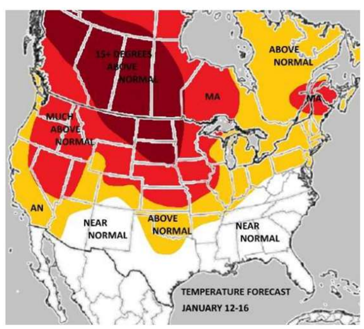
Weather

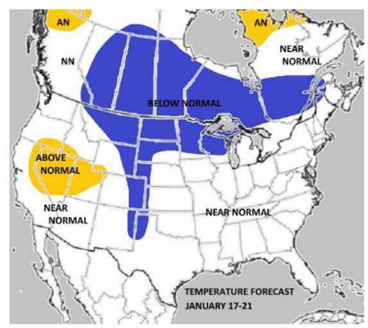


The immediate forecast for northern Brazil has trended significantly drier for the next five days, with widespread below-normal rainfall now confirmed for tomorrow through Monday; however, this is a temporary deficit as moisture levels are expected to recover to near-normal during the January 17-21 period without any threatening heat. Southern Brazil and Paraguay remain dry today but are poised for a significant pattern shift starting tomorrow, with widespread, regular rains commencing Friday and continuing through the 11-15 day period, maintaining near perfect growing conditions. In Argentina, the immediate outlook has improved with significant rainfall totals now confirmed for northern Córdoba and Santa Fe during the Thursday-Friday window; while the south must wait until January 13-15 for its best moisture, the long-term forecast has moderated slightly from yesterday's aggressive dryness, showing below-normal but not completely dry conditions for the 11-15 day period.

In the U.S., the major storm system impacting the Corn Belt and Mid-South remains on track to deliver significant moisture through Saturday, but the critical update is the confirmation that this is not the start of a sustained wet pattern; a rapid return to dryness is expected by January 11 and will persist through at least January 16. The temperature outlook continues to feature exceptional near-term warmth with daily anomalies of 15-25 degrees above normal, though models are now predicting a significant cold air intrusion starting approximately January 17, the severity and longevity of which remain to be determined.



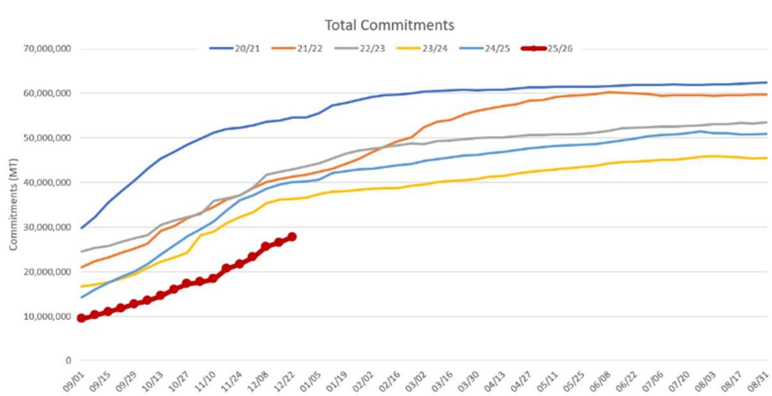


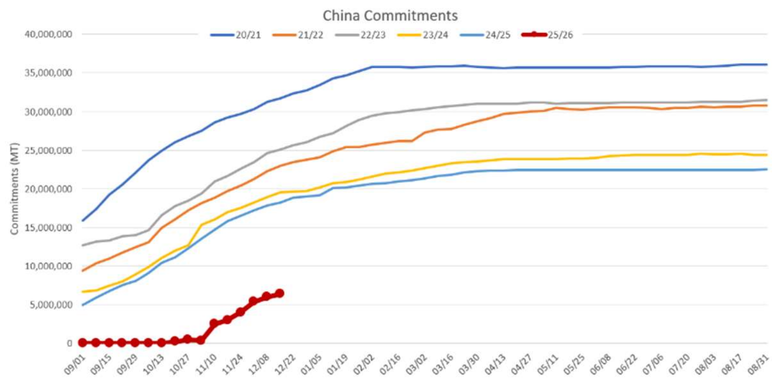


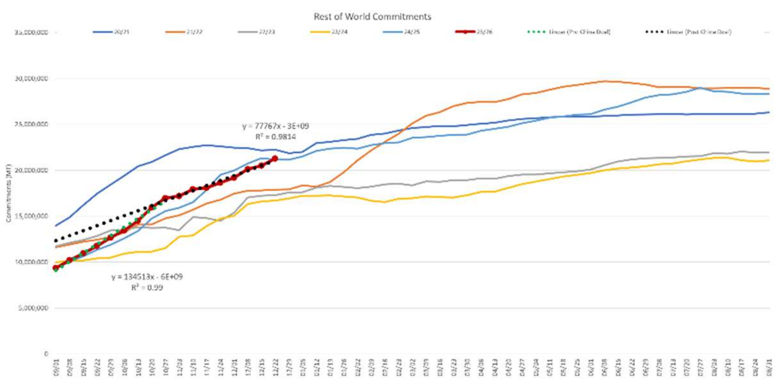
Grains

With South American weather showing very little to be concerned about in the lull between soybean planting completion and harvest start, and the WASDE with the final crop report scheduled for next Monday (1/12/2026), I figured I would take a closer look back into export sales commitments progression through the end of 2025 now that we're officially caught back up post-shutdown. Starting Thursday (1/8/2026), Export Sales reports will be back to their normal schedule.

Looking at the total commitments, the headline number is disappointing, as we are tracking well below the previous five crop years, unable to keep pace even with the lackluster 23/24 campaign. However, this aggregate number doesn't show that the market is split between a "missing giant" in China, where commitments are effectively non-existent relative to historical norms, and the Rest of World, where commitments are pacing near record highs for this point in the cycle and rivaling the robust program of 20/21.





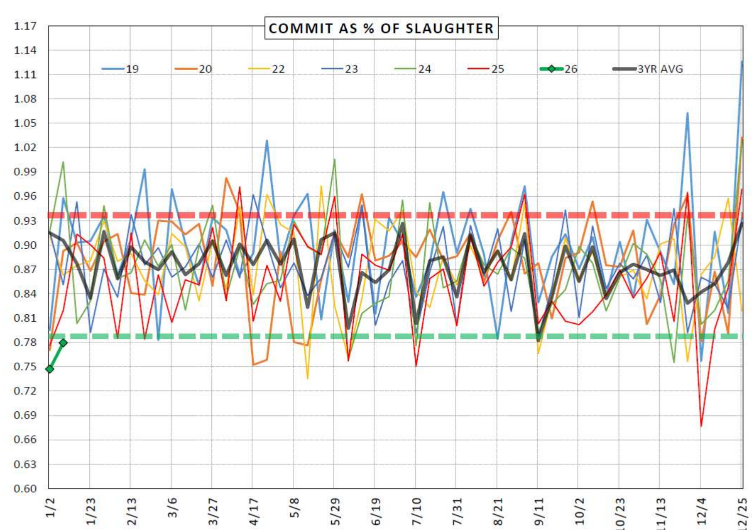


During the early part of this crop year, when China was largely absent from the US market due to the trade war, ROW commitments were actually picking up to perform above average for the past 5 years, taking advantage of the lack of competition. However, a shift occurred the moment the US and China reached an agreement and Chinese purchasing resumed – as China stepped back into the market to fulfill policy mandates, the pace of ROW sales immediately shifted, decelerating by approximately 40%. The deceleration is illustrated in the ROW Commitments chart by the two trendlines showing before and after the US-China deal was struck. This effect was driven by the board's rally on the news of the trade policy, which spiked soybean futures prices to ~$11.60 in mid-November. This rally rendered US-origin beans uncompetitive against South American supplies, effectively swapping out ROW demand for China demand.

Even after the China-deal slowdown, ROW commitments are currently sitting near their five-year peak for this point in the season, proving that demand outside of China has been about as robust as could possibly be hoped for. However, this strength is still insufficient to bridge the gap left by China. Current expectations peg total Chinese purchases of U.S. soybeans at just 12 million metric tons for this crop year—a fraction of their typical historical volume—and with commitments already accounting for over half of that quota, the runway for "catch-up" sales is rapidly disappearing. It is becoming increasingly difficult to construct a scenario where total commitments reach anywhere near a normal level, let alone the USDA's target. To complicate matters further, the window of opportunity is closing quickly; we are fast approaching the South American harvest, which is forecast to unleash a record glut of soybeans onto the global market. Once those supplies come online, the U.S. export program will face an even steeper competitive disadvantage, unless a major crop problem comes to pass in South America.

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



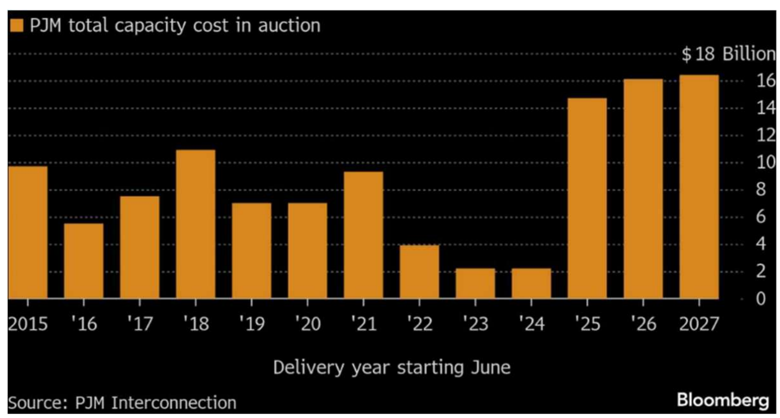
Was my target of 350 January Feeders too low? Looks like it. Last print of the index was 362.35. Before I make the jump to 370, lets see if we can hold 360 for a few days. There are only 15,000 total in the index and Monday accounted for 2/3 of it. This happens every year, everyone had 2 weeks off of buying cattle so sales start off really strong then peter out into expiration on January 29. Cash typically leads futures during this time, until about the 3rd week of January. I do think the futures try to make a run at the gap above 370 (373-376.75 in January) at some point before expiration. I am cautious though, because last time we got up that high we broke $50 in 9 days. Board has been trading higher every day for the past week, and has been higher 9 out of the last 10 days. It's about time for another border reopening rumor to surface. I still say it remains closed. Looking at fats, I think cash is steady to higher this week. Packer hasn't bought many the last couple weeks so it's a simple supply and demand equation. Forward contracts are bigger for January and February last year but not by much. The placed against supply for the first half of 2026 are very tight. The commited cattle as a % of slaughter is under 80% so I think the packer will need to buy cattle this week, even with the reduced kill. Kills in January will be smaller than the 575,000 I was thinking back in December because the packer will try to manage margin by putting a cap on the slaughter to force beef higher. I will get start to get bearish when we place fewer cattle than the previous year and I think we are still a long way off from that.

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.*

Energy

Let's take a break from Venezuela news to look into the recent move in the American nuclear energy space. On Monday, the Department of Energy announced a critical push to onshore the production of nuclear fuel, awarding $2.7 billion in contracts to industry leaders Centrus Energy, Orano, and General Matter. The funding is specifically targeted at building domestic capacity for low-enriched uranium and, crucially, High-Assay Low-Enriched Uranium (HALEU)—the specialized fuel required for the next generation of advanced reactors. While the DOE frames this move as a way to secure US access to this fuel and reduce reliance on Russian supply chains, the timing of this investment lines strongly correlates to a massive uptick in energy capacity needs due to an aging grid and skyrocketing demand from AI datacenters.

The energy producers in the power grid can't keep up with current demand. New data from PJM, the grid operator nearly 20% of Americans, shows that its energy costs have nearly gone up by an order of magnitude, with current capacity auctions reaching ~$333 per megawatt; as recently as 2023, the price was just $29/MW. These record prices result in a total cost of $16.4B/yr for homes and businesses. These skyrocketing prices indicate a severe deficit in available energy production. Goldman Sachs estimates that the overall-US grid is already 6.6GW short of its reliability targets, and these bottlenecks could massively hamper US dominance in AI before the end of the decade if capacity isn't dramatically increased.



This supply-demand imbalance provides a major reason for the US government to subsidize building out a domestic supply chain for nuclear power. With the major tech/AI companies heavily investing in vertically integrating into energy production and reopening shuttered nuclear facilities, this move helps to ensure that the companies will have stable access to the necessary fuel to keep these facilities online. And by investing in the production of HALEU, the DOE is prepping the supply chain for SMRs – the next generation of nuclear reactors.

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)

- MBA Mortgage Applications – 6:00 AM
- ADP Employment Change – 7:15 AM
- ISM Services Index – 9:00 AM

- JOLTS Job Data – 9:00 AM
- Factory Orders – 9:00 AM
- Durable and Cap. Goods – 9:00 AM
- EIA Energy Stocks – 9:30 AM

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com
Bloomberg IB: zrdavis@bloomberg.net