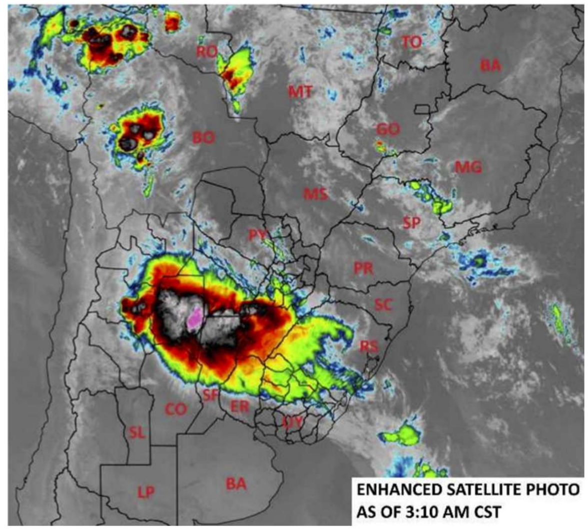
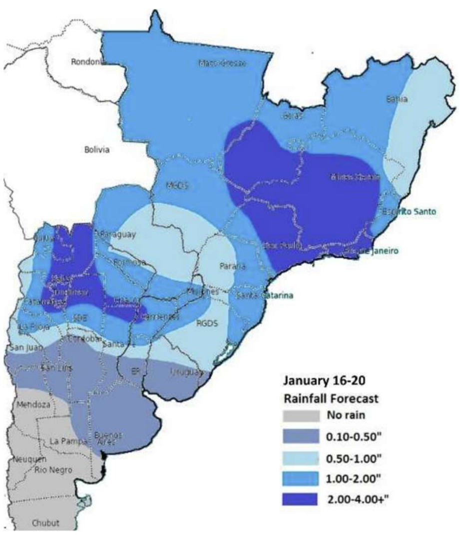
NESVICK
TRADING GROUP, LLC

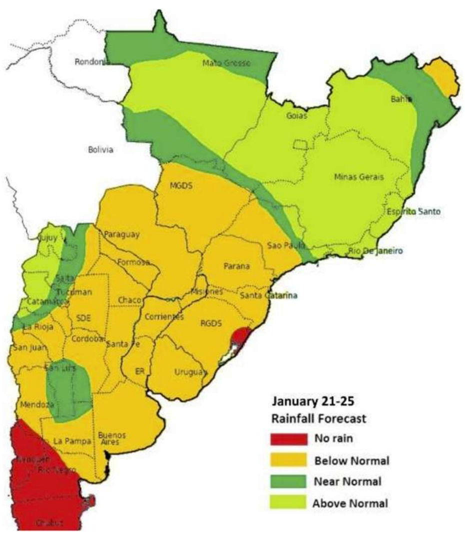
Friday, January 16, 2026
NTG Morning Comments
www.nesvick.com

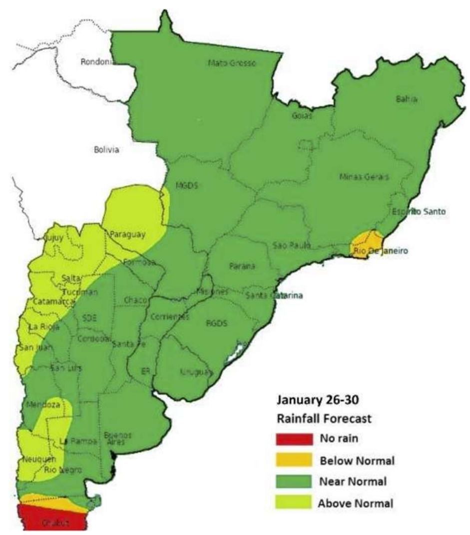
Weather

Rainfall across northern Brazil remains insignificant for the immediate term, but confidence is high for a shift to wet conditions during the January 19-23 window; widespread 2-4 inch totals (with localized amounts of 4-6 inches, especially in southern Minas Gerais) will effectively provide the "finishing touch" for soybean crops in Mato Grosso and Goiás before the pattern moderates. In southern Brazil and Paraguay, the forecast features a distinct precipitation window centered on the current Friday-through-Sunday timeframe where 0.75-1.50” totals will be common; while this is followed by a full week of dry weather, crop stress will be effectively mitigated by a lack of heat and a specific period of below-normal temperatures targeting January 19-22. Argentina faces a largely dry outlook for the central growing regions through at least January 23 as near-term rains are strictly confined to the far north; the primary weather risk for the region remains the return of heat (90-95+ degrees) during the January 24-29 timeframe.









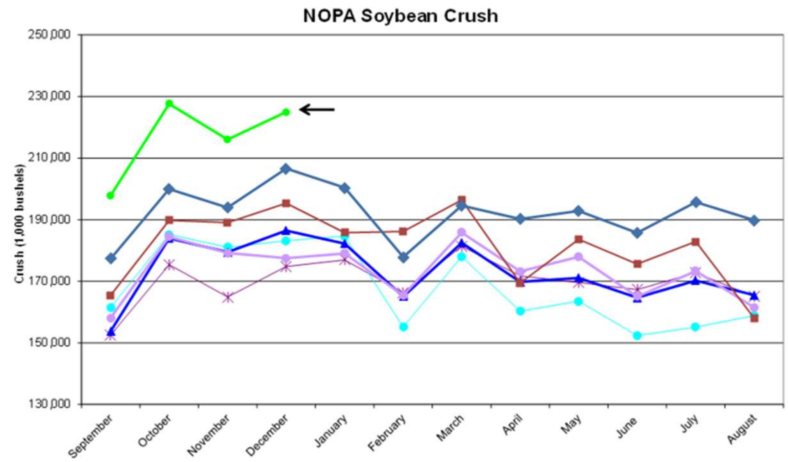
Grains

The bean report also leaned bearish with yield left at 53.0 (vs expectations for a slight decline) and a slight increase in area. Dec 1 stocks were 3290 milbus vs trade ideas of 3259. Slight increases in beg stocks and production and a 60 milbus reduction in exports more than offset a 15 milbus increase in crush. 25/26 ending stocks were raised to 350 milbus from 290 and compares to 325 last year. There are many in the trade that are still considerably lower on exports and higher on ending stocks fwiw. The only change of consequence in the world numbers was a 3 mmt increase in Brazil’s crop to 178 mmt from 175 mmt. Strange they raised Brazil bean but left Braz corn well below CONAB and others. Thursday CONAB was out and actually lowered their bean crop by 1.0 mmt to

SOYBEANS: U.S. QUARTERLY SUPPLY AND DEMAND

								MB
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
Sep 1 stks	438	925	538	257	274	264	342	325
Prod'n	4428	3552	4216	4464	4270	4162	4374	4262
Sep 1 supply incl imports	4880	4492	4782	4737	4570	4449	4746	4603
SON Crush	531	524	559	552	554	576	612	662
SON Exports	502	611	1089	861	802	712	831	460
SON Resid	101	105	188	188	192	160	202	191
SON Total Use	1134	1240	1836	1601	1548	1448	1645	1313
Dec 1 Stocks	3746	3252	2947	3137	3021	3001	3100	3290

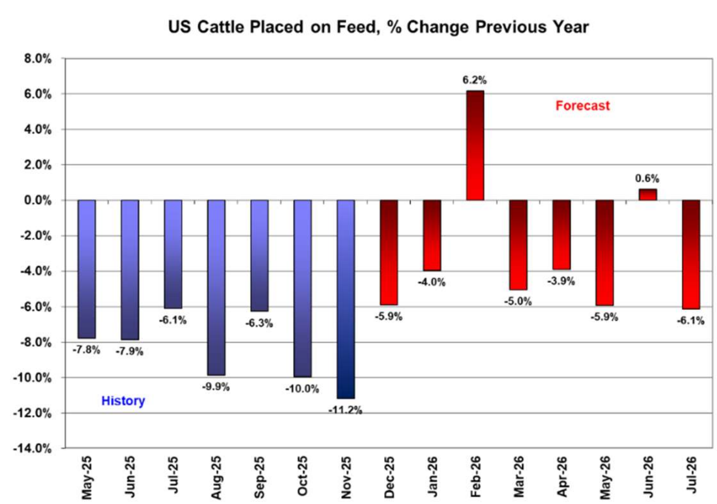
176.1 mmt. It felt Thursday like the trade may be on notice with Arg needing more rain. Especially with the unexpected reduction in Brazil from CONAB. NOPA came in in line with trade ideas right at 225 milbus. Oil stocks were slightly below the average trade ideas. Bean oil staged a sizable rally shrugging off bearish action and data in palm oil on hopes for a friendly biofuels policy. The action this week makes one wonder if the trade "knows" what is coming. The administration said Thursday that the biofuels mandates will be finalized in early March. Bean sales were solid at 2.1 mmt. Sideways trade is likely in the near term as South American weather is monitored – could go either way from current levels depending on direction of crop sizes.



SOYBEANS: U.S. SUPPLY AND DEMAND									
					12-Jan		12-Jan	Initial	Baseline
	21/22	22/23	23/24	24/25	24/25	25/26	25/26	26/27	26/27
				MB	USDA	MB	USDA	MB	USDA
Planted Area	87.2	87.5	83.6	87.3	87.3	81.2	81.2	85.0	85.0
Harvested Area	86.3	86.2	82.3	86.2	86.2	80.4	80.4	84.0	84.2
Yield	51.7	49.6	50.6	50.7	50.7	53.0	53.0	53.5	53.0
Carryin	257	274	264	342	342	325	325	327	350
Production	4464	4270	4162	4374	4374	4262	4262	4494	4465
Imports	16	25	21	29	29	25	20	25	20
Total Supply	4737	4569	4446	4746	4746	4612	4607	4846	4835
Crush	2204	2212	2285	2445	2445	2578	2570	2650	2640
Exports	2152	1980	1700	1882	1882	1605	1575	1750	1715
Seed	102	72	75	70	70	73	73	75	78
Residual	5	41	44	23	23	30	39	20	27
Total Usage	4463	4304	4104	4420	4420	4286	4257	4495	4460
Carryout	274	264	342	325	325	327	350	352	373
Carryout % Use	6.1%	6.1%	8.3%	7.4%	7.4%	7.6%	8.2%	7.8%	8.4%

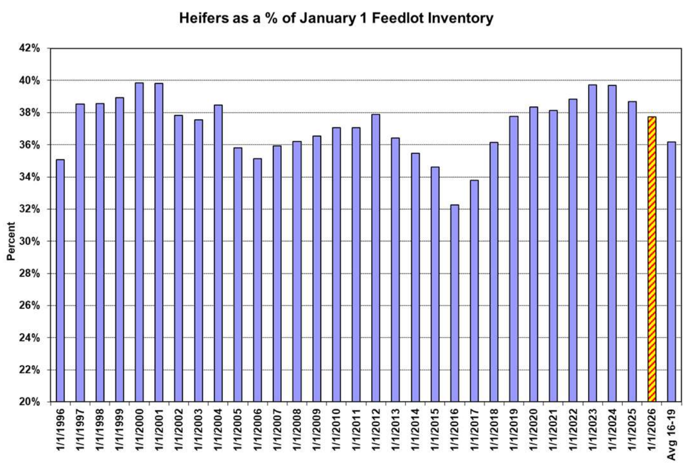
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

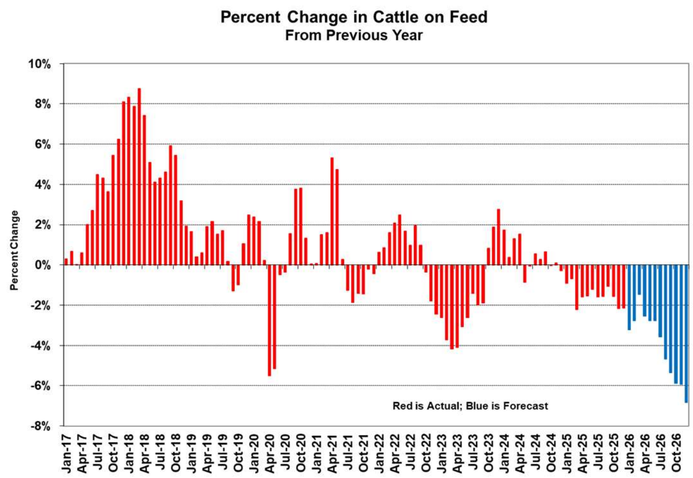
Livestock



Wrapping up 2025, December feedlot placements are projected near 94% of a year earlier, a less than seasonal decline from the small placements of a month earlier, but still the smallest for the month since 2017. Monthly placements have been below a year earlier every month since March, ten of the last twelve months, and for the year, dropped nearly 1.5 million head below a year earlier, posting the smallest annual placements since 2015. July-December feedlot placements are estimated more than 950,000 head below a year earlier, down more than 8% from 2024. Those smaller Jul-Dec placements will make up most of the fed market supply during the first half of 2026 with the largest year-over-year declines likely to occur during the first few months of the year. Still, smaller placements likely will remain a key characteristic of the feeding industry in the months ahead, which will continue to limit fed cattle supplies at least through mid-year and likely longer.

After beginning 2025 about 3% below a year earlier, the number of heifers in the feedlot inventory continued to shrink as the year progressed, slipping about 5% lower on July 1 and October 1. That pattern likely persisted through the fall months and the number of heifers on feed Jan 1 may post a slightly larger decline, suggesting at least a modest rise in heifer retention in the upcoming cattle inventory report.



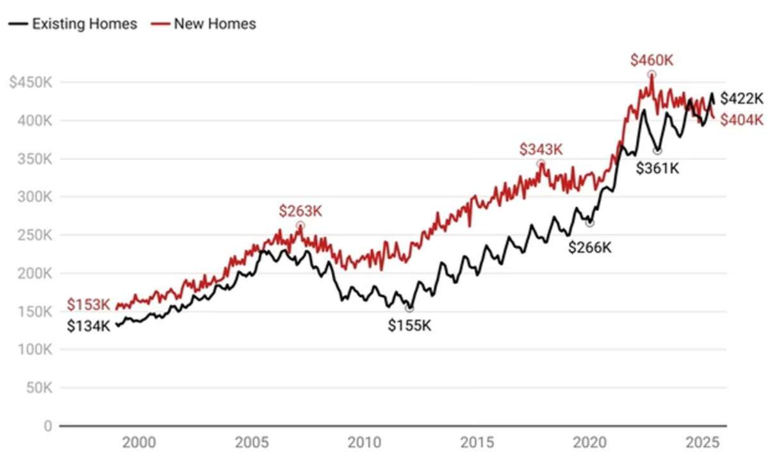


The January 1 feedlot inventory is estimated near 97% of last year, down about 400,000 head from a year earlier and the smallest for date since 2018. Although 2025 feedlot placements plunged nearly 1.5 million head or 7% below a year earlier, the much smaller decline in the Jan 1 feedlot inventory is testament to the much longer feeding regimes, resulting in record heavy carcass weights. Historically high replacement costs coupled with relatively low feed costs will sustain the trend toward heavier weights and seasonal changes in carcass weights likely will be much more muted than historical norms. Feedlot inventories are expected to trend seasonally lower into the spring with some of the largest year-over-year declines likely to be posted after mid-year.

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

Macro/Financials

There is an interesting trend in the housing market that I want to discuss today. We are seeing a historic inversion right now, where the median price of a new home has actually dipped below that of an existing one. This year, that gap widened to a record-breaking $28,000 discount at its largest—about 6.5% cheaper to buy new than used. To put that in perspective, we've only seen this price inversion in 10 months since 1999, and eight of those instances have happened just in the last year and a half. Usually, you pay a premium for brand new, but the current rate environment has completely broken that rule.



Median sales price in dollars
Chart: Realtor.com • Source: NAR/U.S. Census Bureau/HUD • Created with Datawrapper

The main culprit here is the "golden handcuffs" effect. Millions of homeowners are sitting on mortgage rates around 3% that they purchased during the peaks of the housing market post-Covid, so the idea of selling their house at a lower price *and* swapping that for a rate north of 6% or 7% is a non-starter. It would mean doubling their monthly payment just to move into a similarly-priced house. Because many homeowners don't *have* to sell, delistings have surged in the past several months while homeowners wait for more appealing market prices, choking off supply and keeping prices artificially high for the remaining existing homes that are for sale.

Builders, on the other hand, don't have the luxury of waiting it out. They have debt to service and crews to pay, so they have become the only real source of liquidity in the market. Additionally, they do not get any benefit from their houses while they are on the market; homeowners can continue to live in the house, or choose to rent it out. Builders see no income or benefit until the house is sold, so they are very motivated sellers. To get deals done, they are getting creative—slashing prices and, more importantly, aggressively buying down mortgage rates to make the monthly payments significantly cheaper than what you'd get on an existing home. We are also seeing some "shrinkflation" in housing, where builders are putting up smaller homes to keep that headline price attractive to more price-conscious buyers. Interestingly, even when you adjust for size, new construction is still cheaper, at roughly $219 per square foot versus $227 for an existing home.

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)

- NAHB Housing Market Index – 9:00 AM
- Commitment of Traders – 2:30 PM

Thanks for reading,

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

DISCLAIMER:

This communication is a solicitation for entering into derivatives transactions. It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.