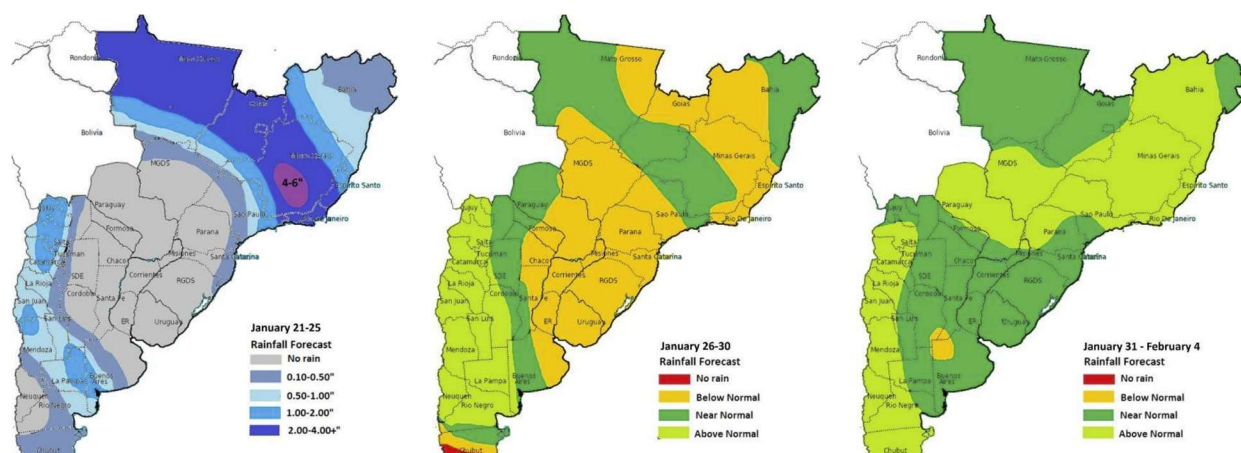


## Weather

The forecast for South America remains highly consistent with previous expectations, featuring a stark divide in precipitation patterns; northern Brazilian soybean areas are locked into an impressive wet period through the weekend where widespread 2-4" rainfall totals (with locally heavier amounts of 4-6" in southern Minas Gerais) will likely spark harvest delay complaints before conditions moderate in the 6-10 day window. Conversely, the outlook for southern Brazil and Paraguay continues to feature acute dryness through at least January 28, creating a critical window where crop stress could intensify as widespread 90-100 degree heat returns for the January 26-30 timeframe. In Argentina, the precipitation bifurcation persists; while western areas will see significant moisture, the key eastern corn and soybean growing regions are forecast to remain dry with below-normal rainfall for the next 15 days, a situation exacerbated by a notable period of heat targeting January 24-27 with highs reaching 95-100+ degrees.

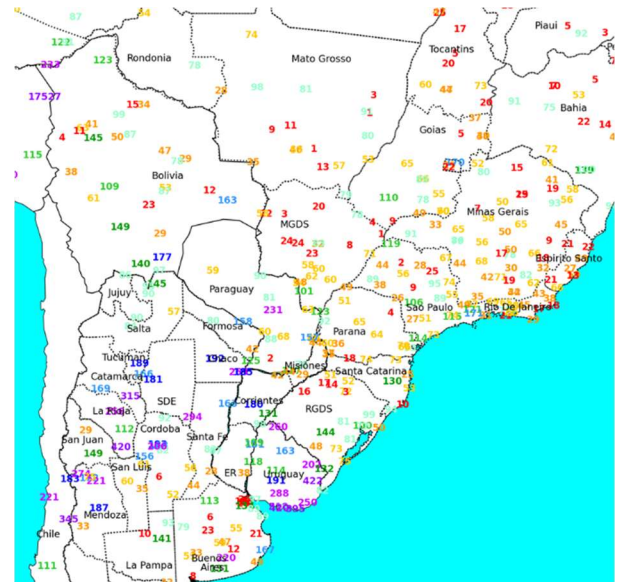
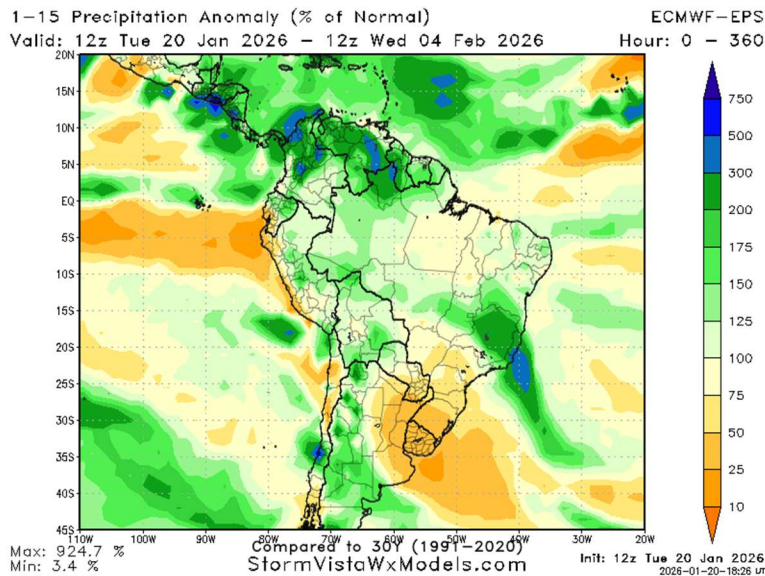


In the United States, the major winter storm targeting the Mid-South and Southeast for the January 23-25 period has prompted the issuance of winter storm watches, with updated forecasts highlighting a particularly "messy" potential for simultaneous significant ice (>0.25") and heavy snow (>8") accumulations in areas like eastern Oklahoma, southern Arkansas, and northern Mississippi. This storm will be accompanied by a bitter cold outbreak for January 23-27 that will dominate the central and eastern U.S., driving low temperatures to -30 degrees in the northern Plains and potentially below zero in southern winter wheat areas where snow cover is minimal.

## Grains

Just going to touch on a bunch of items after the holiday weekend. Saw mixed trade Tues with grains under pressure and beans trading both sides (finishing lower) with products taking turns leading. Oil has been supported by hopes of a higher biofuel mandate. More details are expected by Feb 2. After the break from last Mon's report, beans seemed to have found support roughly \$1.30 off the Nov highs. It remains to be seen whether can rally much, but the risks are much more balanced at current levels. The market is still holding modest length. China has fulfilled the 12 mmt buying that was talked about. They also are expected to buy 25 mmt a year for 3 years on top of that which would be significant. It was never confirmed from Chinese officials however. The Supreme Court did not rule on the tariffs again Tuesday and the next chance is Feb 20<sup>th</sup>. Direction going forward will depend on a combination of export ideas and SAm crop prospects. The market may be wanting to see additional rain in Arg. The next 10 days are expected to be mostly dry with rain chances in the 11-15. This was the case last week – keeps getting pushed in to the future and there is some heat forecast this week. Southern Brazil is also dry for the next 10 days. If the market is concerned about Argentine crop prospects/weather, meal should be the leader. By the end of the day, meal was higher and oil lower. Corn traded around unchanged. The bigger supply has taken the wind out of the sails, but the US is still the most competitive which should continue to provide underlying support. That, and producer selling has dried up. Wheat was weaker with Argentina

reportedly getting the Algeria business at a low price. Argentina has their biggest supply ever and this should pressure the market over time. However, need to monitor the Ukr/Russia situation which continues to get worse with Ukraine's infrastructure taking a big hit. Also have the Greenland issue and additional tariffs threatened on the EU. There are a lot of moving parts and not a lot to really latch onto for sustained direction. I'm attaching maps of the past two weeks (% of normal rain) for South America and the European model forecast of the next two weeks (% of normal rain).

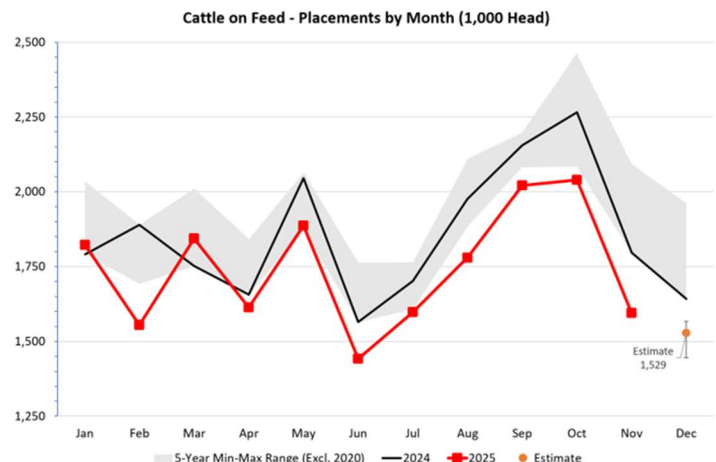


Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at [megan@bockentrading.com](mailto:megan@bockentrading.com) or on Trillian at [megan@nesvick.com](mailto:megan@nesvick.com).

## Livestock

The USDA is scheduled to release its initial Cattle on Feed report for 2026 this Friday, January 23. Expectations are set for a continued trend of smaller feedlot placements and tightening inventories, though a calendar-driven rise in marketings may obscure the underlying sluggishness of the processing pace.

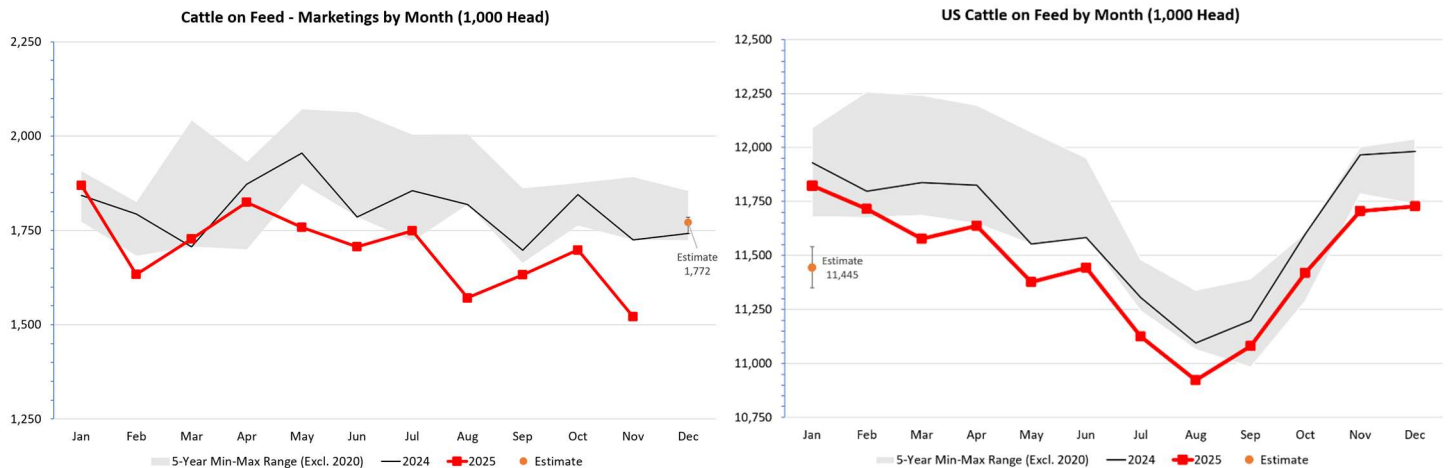
	*Convenience Table*			Cattle on Feed	
	January 2026			January 2026	
	Average (%)	Range (%)	Avg Head (mln)	Month (mln hd)	Year (mln hd)
On-Feed	96.8%	96.0% - 97.6%	11.445	11.727	11.823
Placements	93.1%	88.0% - 95.4%	1.529	1.595	1.642
Marketings	101.7%	100.0% - 102.5%	1.772	1.521	1.742



Survey average estimates, collected by Bloomberg, anticipate December placements at 93.1% of a year ago, or 1.529 million head. If realized, this would represent a continuation of the seasonal erosion in placement totals, marking the smallest December volume since 2017. It is critical to note that July-December feedlot placements are estimated to be

down more than 950,000 head compared to the previous year. This substantial decline in the latter half of 2025 will define the fed cattle supply picture for the first half of 2026, keeping supplies strictly limited through at least mid-year.

Estimates peg December marketings at 101.7% of last year, totaling 1.772 million head. While this appears to be a year-over-year increase, the figure is heavily distorted by the calendar; December 2025 contained one additional business day compared to December 2024. When adjusting for this difference, the underlying marketing pace actually remained approximately 3% below year-ago levels, consistent with the sluggish pace observed in recent months. This chronic divergence—where placement declines (down ~8% over six months) far outpace inventory declines—is a direct result of longer time on feed, which continue to support record-heavy carcass weights.



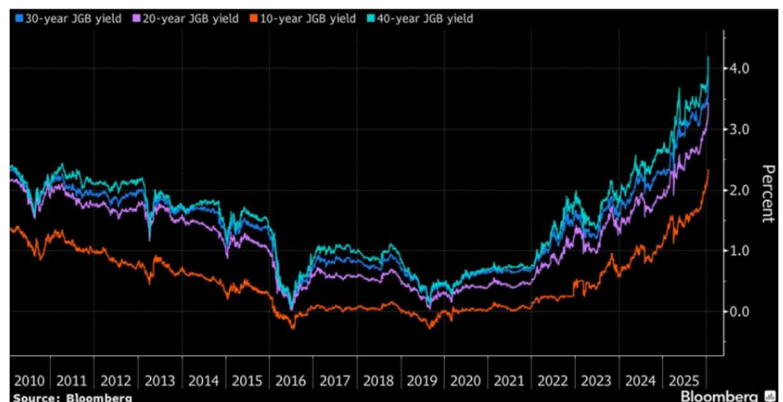
Consequently, the January 1 Cattle on Feed inventory is projected at 96.8% of the previous year, or 11.445 million head. While this would be the smallest inventory for this date since 2018, the contraction is less severe than the drop in placements would suggest. Looking forward, we are closely monitoring the heifer mix; the number of heifers on feed is expected to slip below 38% of the total inventory, a low not seen since 2018. This metric, combined with lower feed costs and improved pasture conditions, suggests we may finally be seeing a modest rise in heifer retention.

*Livestock 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).*

## Macro/Financials

After decades of deflation and economic stagnation in Japan, a historic jump in Japanese interest rates has effectively broken the seal on global bond yields, creating a ripple effect that is shaking up asset classes everywhere. What started as a local political maneuver has spiraled into a worldwide liquidity event.

The catalyst for yesterday's sudden selloff was a fiscal shock delivered by Japanese Prime Minister Sanae Takaichi. Japanese bond prices have been steadily climbing since November, when Takaichi announced a \$135 Billion spending package. In a bid to secure a larger majority for her political party, she has now called a snap election for February 8th and pledged to suspend the sales tax on food – a massive, unfunded tax cut expected to cost around ¥5 trillion annually – if she is reelected and her party expands their slim majority. Due to concern for the country's stability and fiscal discipline, investors have quickly moved to sell



off Japanese government bonds and recent bond auctions have failed to gain sufficient interest from investors. This has sent Japanese bonds rocketing, with US Treasury Secretary Bessent noting a “six-standard-deviation move in 10-year bonds over the last two days” and the 40-year JGB yield above 4% for the first time in history.

This panic is spilling directly into the US market, effectively flipping the traditional safe haven playbook on its head. Instead of flocking to US Treasuries during this crisis, investors are treating them as a source of cash. However, as Japanese yields have risen, it has caused the yen carry trade to unwind, effectively forcing Japanese institutions to sell their foreign assets to cover margins. With Japanese holding \$1.2 trillion in US Treasuries, more than any other country, their liquidation creates massive volatility. We are seeing a breakdown in the usual risk-off correlation, with the 30-year yield spiking to nearly 4.92%. US Treasuries are currently the piggy bank everyone is raiding, so expect the chop to continue until the Bank of Japan steps in with their emergency bond-buying operations to stop the bleeding.

*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)

- MBA Mortgage Applications – 6:00 AM
- Construction Spending (Sept & Oct) – 9:00 AM
- Pending Home Sales – 9:00 AM

Thanks for reading,

Zachary Davis

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