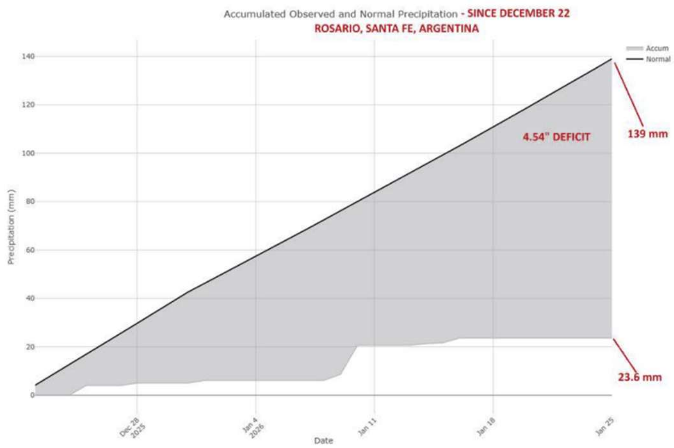
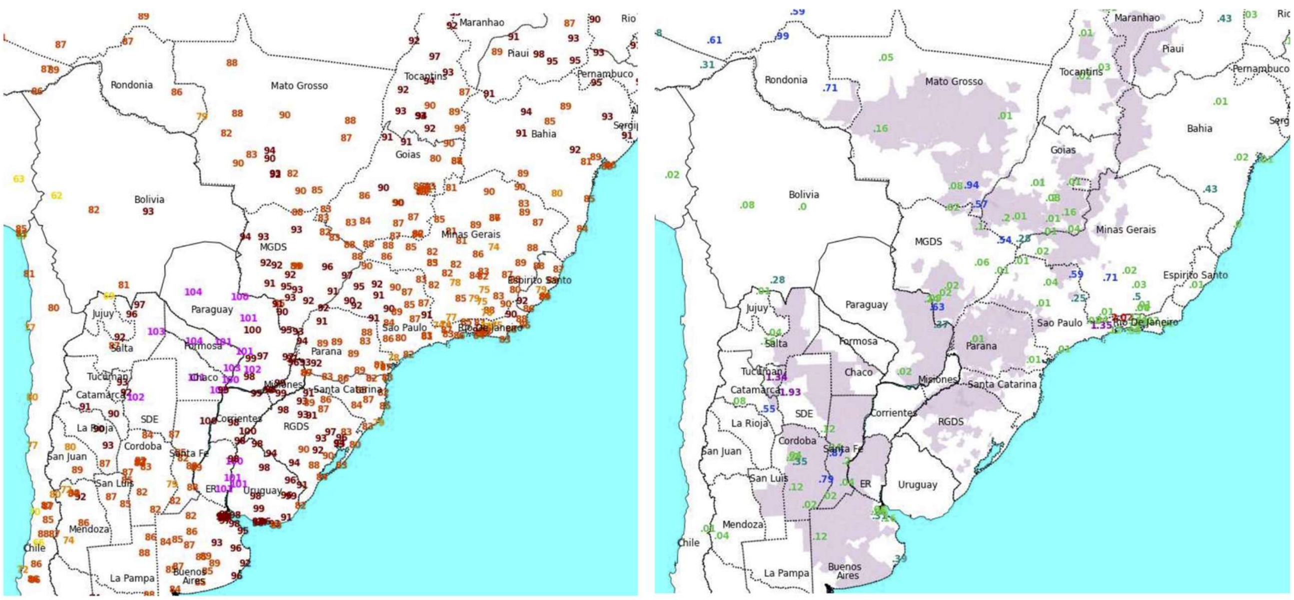
Weather

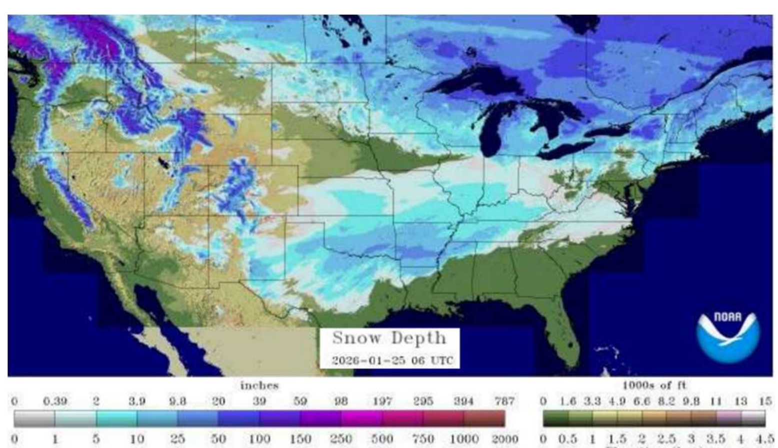
Rainfall in northern Brazil will maintain a near to above-normal pace for the duration of the 15-day outlook, with the most intense activity targeting southern Minas Gerais and Goiás in the 6-10 day period (February 1-5), a pattern that will likely continue to impede soybean harvest progress in Mato Grosso where completion has reached 13.88%. The outlook for southern Brazil has improved slightly regarding timing; while stressful heat with temperatures of 90-95 degrees will dominate through Wednesday, precipitation is now forecast to return to Rio Grande do Sul by Thursday—earlier than previously expected—and remain fairly regular through February 10. The precipitation disparity in Argentina remains entrenched for the next week, confining beneficial moisture to western areas like Córdoba and La Pampa while eastern growing regions such as Entre Rios and Santa Fe face continued moisture deficits and 90-degree heat until the pattern finally shifts in the 11-15 day period.



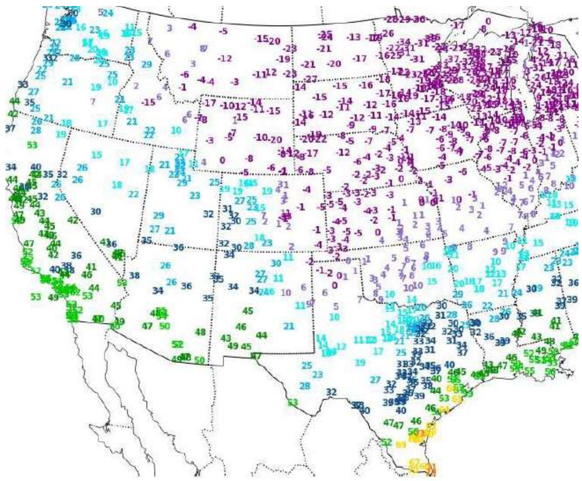


High temperatures yesterday (left) and 18-hour rainfall through midnight CST (right, soybean areas shaded)

Grains



Feels like a lot was going on, but it was mostly on the other side of the screen. We had the ice storm/snow storm in the south, and severely cold temps everywhere. It was pretty much exactly as forecast. A cold pattern is set in, especially in the east, with one more extreme bout of cold forecast late this week. Winterkill may have occurred in some northern HRW areas where snow was absent/minimal and also in northern SRW before the snow. It won't be evident until the spring and would likely be a small reduction in overall production. Wheat had short covered into the weekend, and it was a sell the fact type of trade after the Sunday night open. US wheat, particularly HRW, is priced well over other origins and could retrace recent gains. SAm weather was as forecast as well with north and west areas of Arg receiving rain. Areas to the south and east should remain warm and dry for at least another week, which remains a concern. Beans, meal, and oil started firm Sun, but didn't hold. SAm basis was under pressure the last few days. Oil gained on meal with firm diesel and the looming biofuels policy providing support. The big moves were in metals with Gold and Silver into rare air with huge moves higher (blow off?). The dollar was under pressure. Ags continue to underperform - chart attached. There is a Fed meeting Wed and also the possibility of another gov't shutdown by the end of the week with the budget resolution due (which the Democrats may be looking to stall). Brazil's harvest is underway (5% with Mato Grosso ahead of year ago), and if there is no ongoing threat in Argentina (not out of the woods yet), we will likely drift lower as SAm supplies weigh.

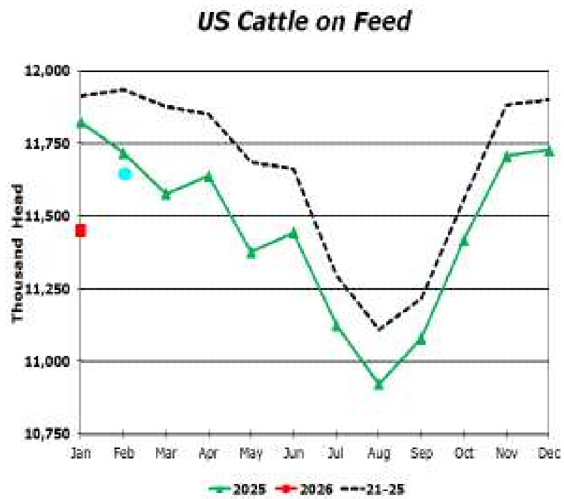


Low temperatures through 6 AM CST on Saturday (above)

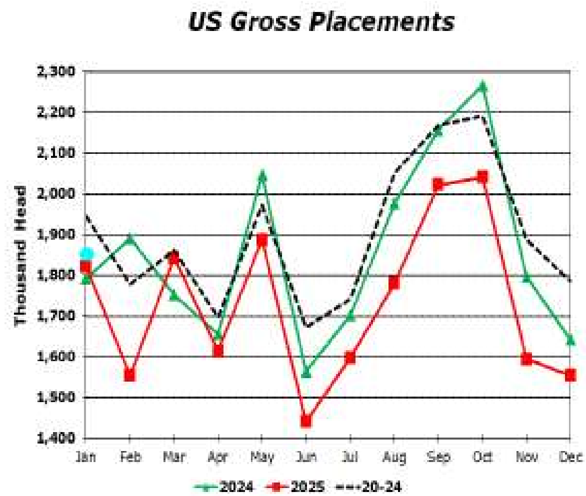
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

There was a plant fire on Monday morning at a cow plant in Booker, Texas. We do not yet have details on the extent of the damage, but we wanted to note that the plant's capacity is estimated at 750 head per day. Separately, the winter storm that moved through the country this weekend brought large-scale ice storms to many states. Fallen trees and downed power lines are common in areas like Nashville, TN, where homes and businesses remained without power through Monday. Transportation was halted in many critical cities and highways, making it difficult for trucks and products to keep moving through the supply chain. This storm couldn't have come at a worse time for consumers who are struggling financially and waiting for end-of-month paychecks. That said, consumers were seen clearing out shelves at most retail stores in the affected areas. This hoarding is supportive of prices from last Friday through early this week as buyers look to restock; however, in the coming days and weeks, consumers are not likely to return to stores for their normal shopping. Additionally, lost restaurant sales are simply gone. This is expected to have a negative effect on the cutout value in the coming weeks.



The charts below show both the most recent USDA Cattle on Feed (COF) reports as well as my estimates for the next report due out in late February. As you can see, marketings will continue to be challenged as the Tyson plant closures start to affect the data. Placements were stronger than expected, with cattle noted to be coming off wheat early; this means total COF as of February 1st will likely be back up to 99% vs year-ago levels. I generated these estimates based on the most recent Cattle Fax data—though as we all know, that data can be misleading. I wanted to provide this while we wait for Mike's forecasts and opinions on the matter, knowing full well we always revert to Mike's forecasts as the gospel for all things data.

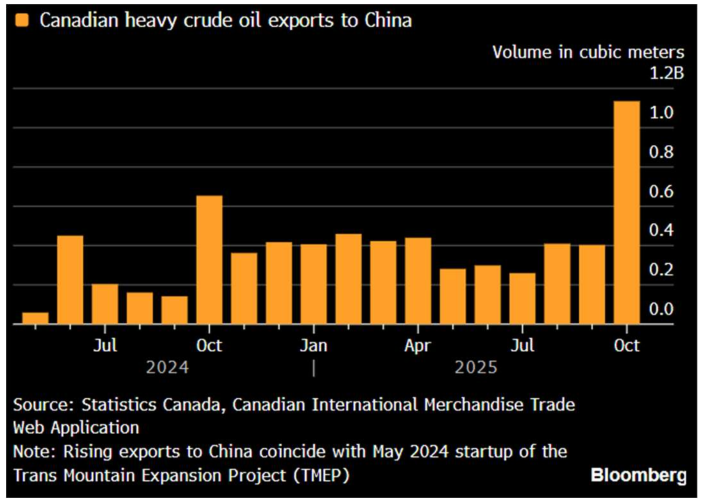


Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us *or on Trillian at scott@nesvick.com.*

Macro/Financials

A new potential geopolitical risk is churning in North America as Canada executed a sharp strategic pivot away from the U.S. hardline stance on China. In a move characterized by Treasury Secretary Scott Bessent as an "about-face", Prime Minister Mark Carney struck a deal with Beijing that effectively swaps market access for agricultural relief. Specifically, Canada has agreed to allow a quota of 49,000 Chinese electric vehicles into the country annually at a standard tariff rate of approximately 6%, removing the 100% surtax that had previously aligned Canadian policy with Washington. In exchange, China is slashing tariffs on Canadian Canola from over 80% to approximately 15% and suspending duties on other farm products. This "EVs-for-Canola" quid pro quo, alongside a new energy pact leveraging the Trans Mountain pipeline to divert oil exports to Asia, signals that Ottawa is prioritizing immediate economic relief over maintaining a unified front with the US.

The U.S. response was immediate, with President Trump threatening a 100% tariff on all Canadian goods entering the United States if the deal proceeds, stating that China would "eat Canada alive." The Trump administration views Canada's move not just as independent policy, but as the creation of a "drop off port" for Chinese goods to bypass U.S. defenses



and enter the North American supply chain. This escalation injects severe uncertainty into the upcoming USMCA mandatory review scheduled for this summer. While the immediate impact is bullish for Canadian Canola futures due to restored market access, the broader macro risk is substantial. The diversification of energy flows is already materializing: Canadian heavy crude exports to China surged 84% in a single year following the opening of the expanded Trans Mountain pipeline, confirming Washington's fears of a structural pivot. Traders must now price in a non-zero probability of a "thickened" U.S.-Canada border, where a 100% U.S. tariff would shatter the deeply integrated North American auto and energy supply chains. With this being said, Canadian Foreign Minister Anita Anand has since responded to President Trump, saying that "Canada and the US still have a strong [trade] relationship" but "trade diversification is fundamental to… protect and empower the Canadian economy."

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)

- ADP Weekly Employment Change – 7:15 AM
- FHFA House Price Index – 8:00 AM
- S&P Cotality House Price Index – 8:00 AM
- Richmond Fed Manufacturing Index – 9:00 AM
- Conf. Board Consumer Confidence – 9:00 AM
- Dallas Fed Services Activity – 9:30 AM

Thanks for reading,

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