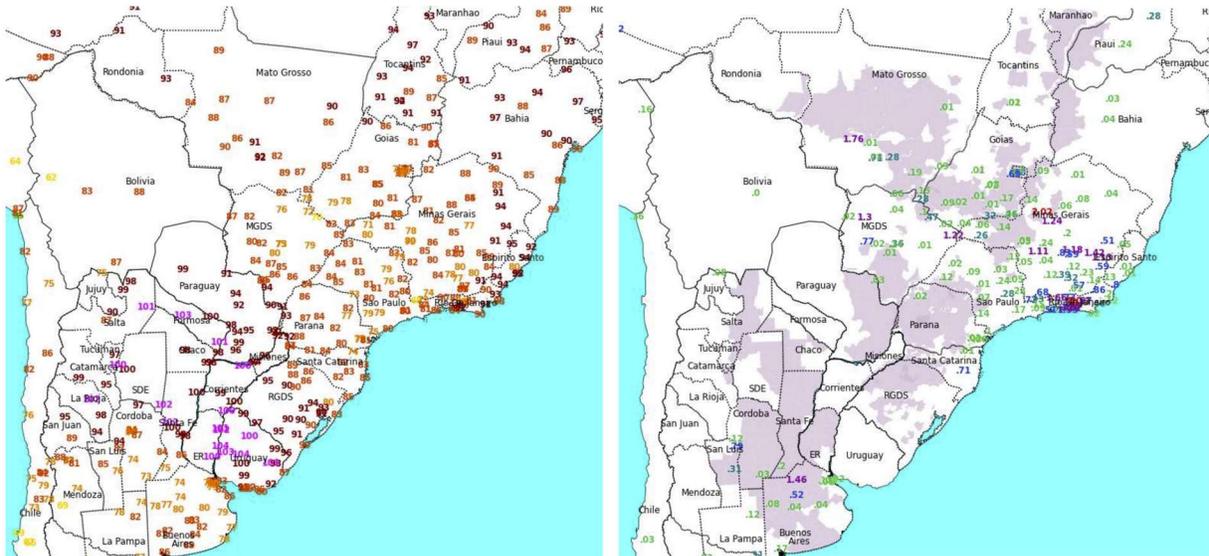
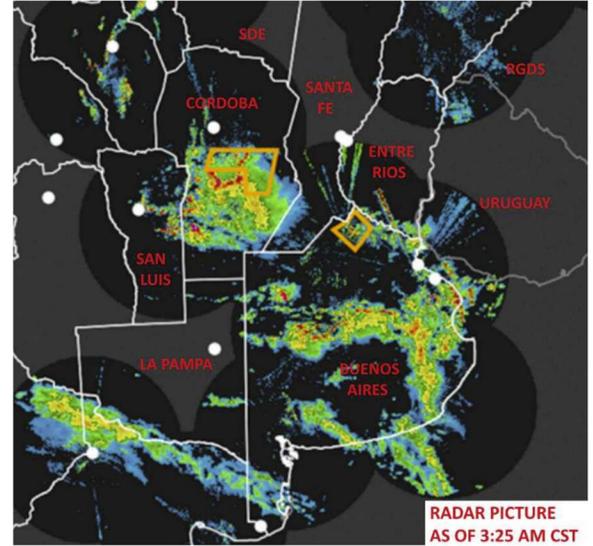


Weather

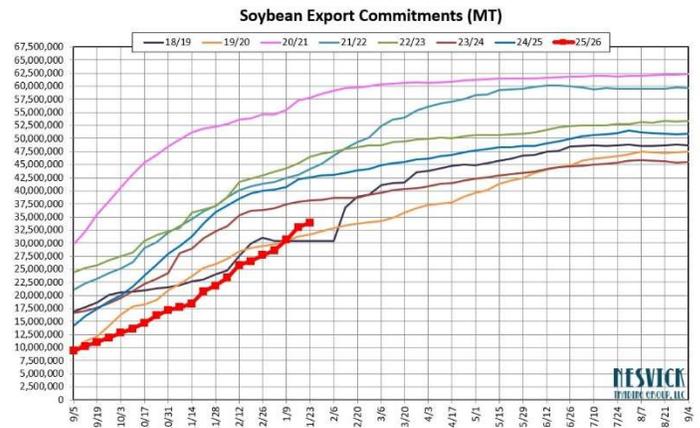
Rainfall across northern Brazil remains extensive through the near term and is still expected to continually impede soybean harvesting and safrinha corn planting; however, the Week Two outlook has solidified a drier trend with many areas now likely to see below-normal precipitation as fieldwork conditions finally improve. In southern Brazil, Rio Grande do Sul is entering its final 48 hours of extreme stress with 95-100 degree highs through Friday before rain chances return this weekend; while initial coverage remains scattered, confidence is high that significant, soil-moisture-recharging rains of 1.50-3.00 inches will target the state during Week Two. The wet pattern for Argentina has gained further momentum, with local rains since late Tuesday already totaling over 2 inches in parts of northern Buenos Aires and southern Santa Fe; this active cycle is forecast to encompass northeastern growing areas by Friday and peak with exceptionally heavy totals starting next Tuesday night, delivering 2-5 inches of beneficial moisture to the central and northern regions over the next 15 days.



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

Grains

Wasn't braced for that Wednesday. It felt so slow and the ag trade just felt demoralized. Although after I saw the headline there was a call between Trump and Xi, I mentioned to someone there could be headline risk. It actually ties into something was going to write about anyway. Someone pointed out to me this week that bean sales have edged higher than 18/19 and 19/20 – the two very slow years that we've been comparing this year to as far as soybean sales. In those years, crop year sales ended at 1753 and 1683 milbus respectively, making the USDA's forecast (and privates who are much lower) of 1575 milbus, look low. We



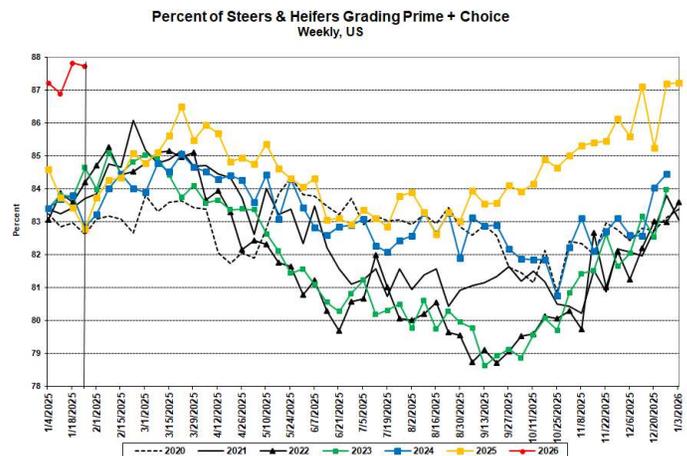
only need to do 200-250 tmt/week to reach the USDA's forecast. So I was already thinking that sales estimates will start to go back the other way. Then whammo, Trump tweets that China is going to buy 20 mmt US beans this crop year. They have bought the initial 12 mmt and I don't think anyone has 20 mmt in their matrix. Beans were up 48 cents at one point. If you just plug 20 mmt in the matrix for US to China and not change anything else (just for "what-if" purposes), my export number increases to 1880 milbus (basically last year's level and not a record by any means) and my carryout decreases to 53 milbus. Obviously other things will re-arrange if it is the case, but it shows the price risk and how tight it could be. The trade was obviously caught flat-footed with the headlines and this could change the dynamic going forward. There are some concerns about northern Brazil wetness and slow harvest/quality issues. They have a lot to push out the door. Rains began in the dry areas of Argentina Wed which is welcome, but continues to need to be monitored. Sales chart and "what-if" balance sheet attached.

SOYBEANS: U.S. SUPPLY AND DEMAND									
	21/22	22/23	23/24	24/25	12-Jan 24/25	25/26	12-Jan 25/26	Initial 26/27	Baseline 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	53	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	4572	4835
Crush	2204	2212	2285	2445	2445	2577	2570	2650	2640
Exports	2152	1980	1700	1882	1882	1880	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	4560	4257	4495	4460
Carryout	274	264	342	325	325	53	350	78	373
Carryout % Use	6.1%	6.1%	8.3%	7.4%	7.4%	1.2%	8.2%	1.7%	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.

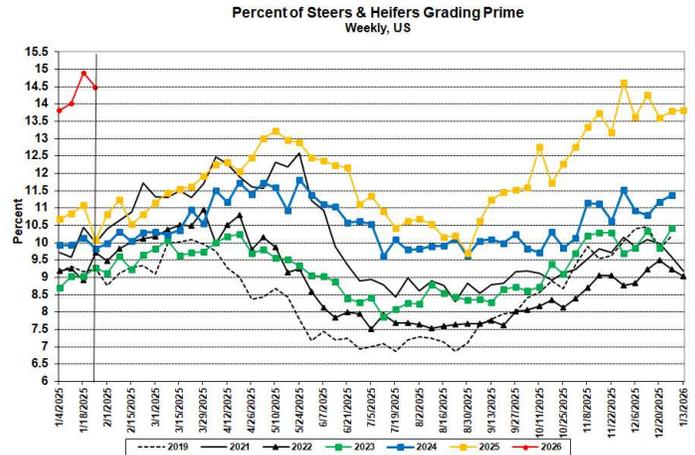
Livestock

The beef industry has been going through a massive structural shift these past several months, with genetic progress and aggressive feeding fundamentally changing our traditional seasonal spreads. The overall percentage of Choice + Prime beef that has trended significantly higher over since August, with the current ~87.5% sitting 3-5 percentage points higher than any of the previous Choice + Prime beef in the past 5 years. Prime-graded beef is currently sitting at 14.5%, compared to the previous highest percentage of prime beef being just 10% last year. This increase in prime beef actually means that prime beef is currently more common than select beef, which made up ~35% of beef through much of the 2000s. This increase in beef quality has led to a strong deterioration of Choice/Select spread recently.



This surge in high-quality beef is mostly thanks to better genetics and some big changes in how cattle are managed. The boom in "beef-on-dairy" crossbreeding—which CattleFax estimates will hit 5-6 million head by 2026—has started a steady new stream of high-marbling carcasses that don't really follow the old seasonal rules. As we know, feedlots are also

feeding longer than ever before, leaning into record-heavy weights. By keeping cattle on feed longer, producers are amping up that intramuscular fat. On top of that, the Mexican border closure due to screwworm has pulled lower-marbling Mexican feeder cattle out of the equation, especially in the South. Without those cattle and with more high-quality northern steers shipping south for harvest, the quality grades in the South have been pushed to some pretty exceptional levels. Looking forward, this new "genetic floor" could permanently shift the seasonality for the choice/select spread that we're used to seeing. While early February is usually the seasonal low for the C/S spread before it rallies for grilling season, the sheer amount of Choice beef out there could keep the spread tighter for longer than we would normally see.



Livestock 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.

Macro/Financials

Elon's companies have officially entered a new phase of convergence with the \$1.25 trillion merger of SpaceX and xAI. By folding his AI venture into the rocket company as a wholly-owned subsidiary, Elon is essentially building a vertically integrated "innovation engine" that spans from terrestrial large language models to orbital data centers. The strategic "why" here is a bet on space-based computation; Musk expects that within three years, launching a million satellites to run AI models in the cold, solar-drenched vacuum of space will be the most cost-efficient way to scale. This tie-up also effectively stabilizes xAI's balance sheet, using SpaceX's consistent revenue from its 9,000+ Starlink satellites to subsidize the AI startup's staggering \$1 billion monthly burn rate. While the companies will stay operationally separate to navigate defense-related ITAR regulations, the data pipeline is already opening up, with Starlink's updated privacy policy now allowing user emails and social media files to be shared with merged entities for model training.

On the financial front, we are looking at a capital raise designed to be the biggest IPO in history, with a target of \$50 billion. SpaceX is moving beyond a traditional Wall Street listing with many underwriters, including a roster of European and regional non-US banks. The goal is a truly global distribution of equity that mimics the scale of Alibaba's 2014 debut. Interestingly, this isn't just for the institutional heavyweights; there is a major push to earmark a significant portion of shares for retail investors, with Robinhood vying for a lead role in the syndicate. This has ignited a frenzy among Tesla shareholders, who now indirectly own 2% of the new SpaceX-xAI entity following Tesla's \$2 billion stake in xAI. These fans are already lobbying for priority access to the IPO, essentially viewing it as a "halo" benefit of their TSLA positions.

However, even with a projected public valuation of \$1.5 trillion, the entity isn't without its challenges. xAI is currently in a Texas federal court battle where it stands accused of systematically destroying evidence via auto-deleting messaging apps during its antitrust suit against OpenAI and Apple. Internally, the culture remains a high-pressure "burnout factory," with staff frequently posting about 30-hour shifts and sleeping in the office. While the IPO provides a lucrative stock-option carrot to retain talent at xAI, the opposite can be said of SpaceX; legacy SpaceX's shareholders are facing a dilution of 20-25%, which is a hard pill to swallow when acquiring a company with a higher monthly burn rate than total revenue.

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)

- Challenger Job Cuts – 6:30 AM
- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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