NESVICK TRADING GROUP, LLC

Friday, February 6, 2026

NTG Morning Comments

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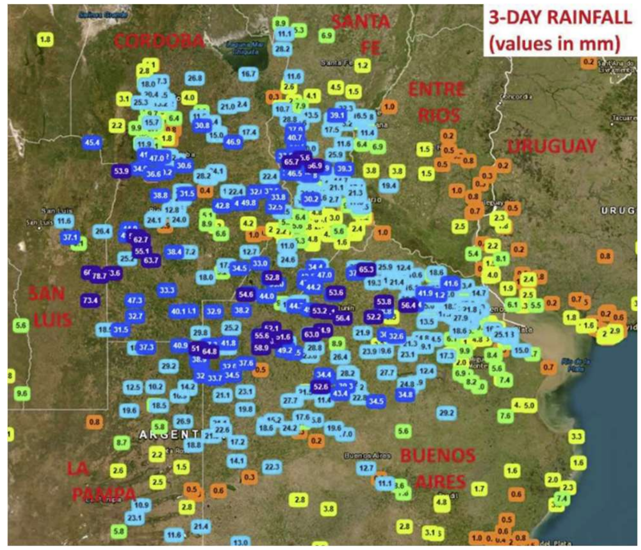
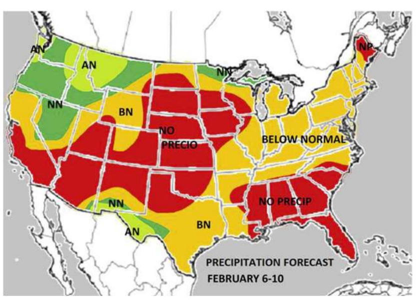
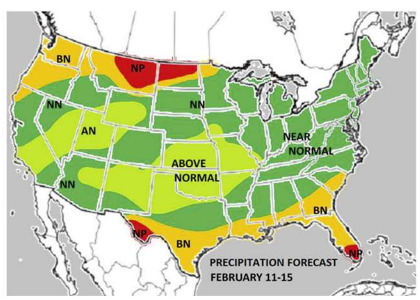
Weather

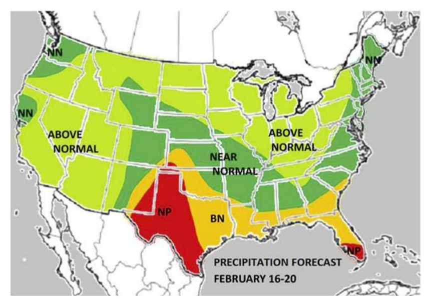


Rainfall in northern Brazil remains intense through the near term, with an additional 2-4 inches forecast across Mato Grosso, Goiás, and Minas Gerais through Tuesday; however, fieldwork conditions are set to improve significantly thereafter as the 6-15 day period is now characterized by near to below-normal rainfall. In southern Brazil, the critical moisture deficit in Rio Grande do Sul persists through today, but a favorable pattern shift is confirmed for the weekend; while near-term rains remain scattered, confidence is high that significant moisture, potentially double the normal levels, will target the state in the 11-15 day window to provide long-term soil moisture relief. The wet pattern for Argentina remains firmly in place following a highly beneficial three-day rain event that delivered widespread moisture; while a brief dry spell occurs through Sunday, a sustained wet pattern resumes Tuesday night, with 15-day rainfall totals now projected to reach 2-6 inches across the bulk of the central and northern growing regions.

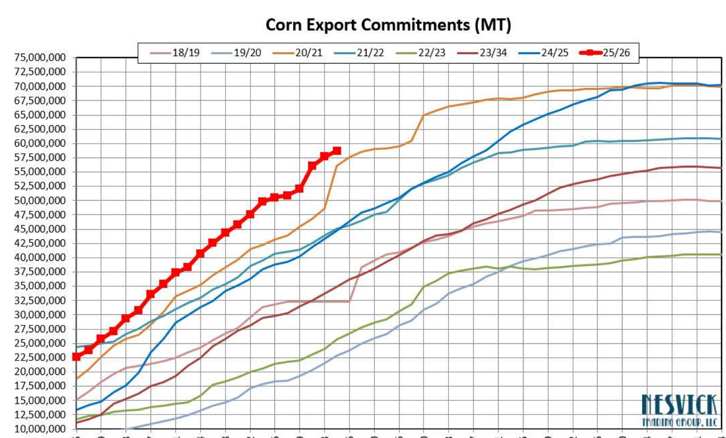
The United States is bracing for a period of extreme temperature volatility, with a bitterly cold weekend in the East featuring anomalies of 20+ degrees below normal before unseasonable warmth returns by Wednesday to dominate the middle of the country through mid-month. Precipitation remains exceptionally limited for the next five days, particularly in the Southern Plains feedlot areas and western Corn Belt, though a shift toward a more active pattern is still anticipated for the 11-15 day period with the potential for multiple storm systems.



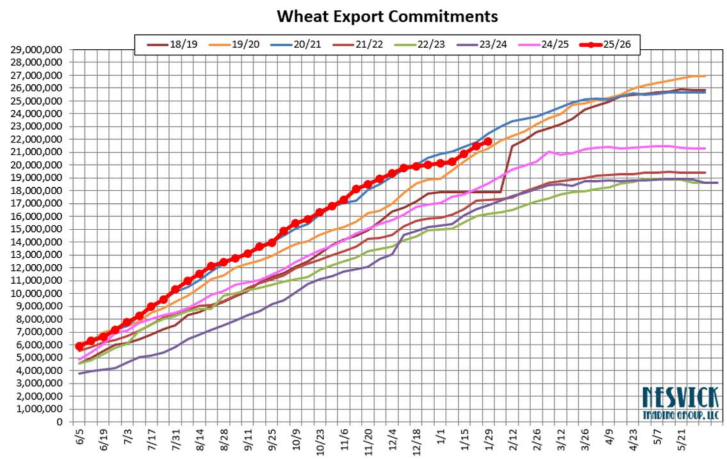


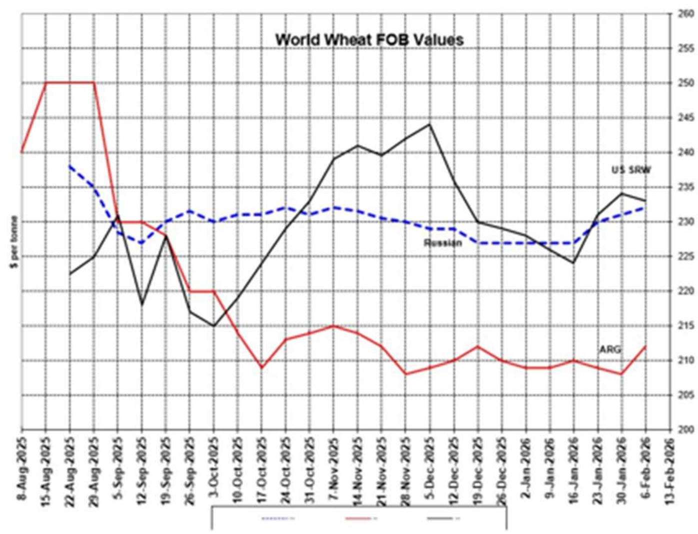


Grains



Grains played a bit of catch-up on Thursday and beans and meal followed through while oil set back a bit. The market is justified in adding risk premium in beans. If China does buy another 8 mmt of US, we will need to shut off to other destinations (shouldn't be hard given the price differential) and slow the crush, as well as add more than 4 mil acres this spring. Corn rallied in sympathy, but if beans need more than 4 mil acres, corn could lose more, putting us in a situation where we will be more sensitive to weather during planting, growing, and harvesting. Wheat fundamentals are about as bearish as they can get. World production and stocks go up every month. But for whatever reason, futures aren't going down and charts look rather constructive while funds continue to hold sizable shorts. Matif has also been working higher (and short covering). There are winterkill risks in the US as well as the EU/FSU. US winter wheat ratings for February were out this week and were a mixed bag. Black Sea values have hung around $228-230 FOB, but are inching higher and they usually set the tone. Argentine has massive supplies and is priced below corn – but it may be for a reason. Recent reports indicate new crop is not food grade quality, so it may be more of a factor in feed grains (less pressure on wheat). US export sales have continued to be better than expected. That goes for corn as well.



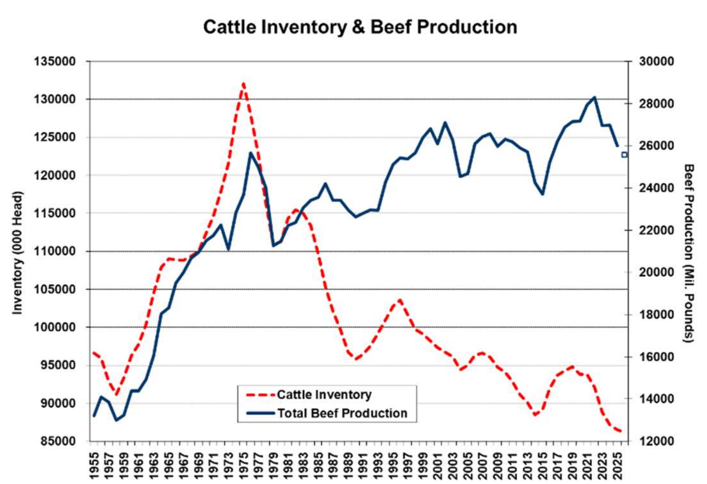


Winter Wheat Crop Ratings			
Good-Excellent/Fair/Poor-Very Poor			
	Feb 3, 2026	Jan 6, 2026	Feb 2, 2025
KS	61/29/10	60/31/9	50/36/14
OK	23/47/28	31/51/18	40/39/21
TX	13/38/39	20/42/38	37/34/29
CO	57/31/12	43/44/13	57/29/14
NE	24/39/37	40/42/18	25/41/34
MT	19/59/22	26/56/18	57/22/21
IL	67/27/6	64/33/3	65/34/1
OH	55/41/4	60/38/2	#N/A
SD	36/51/13	37/54/9	25/47/28

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.*

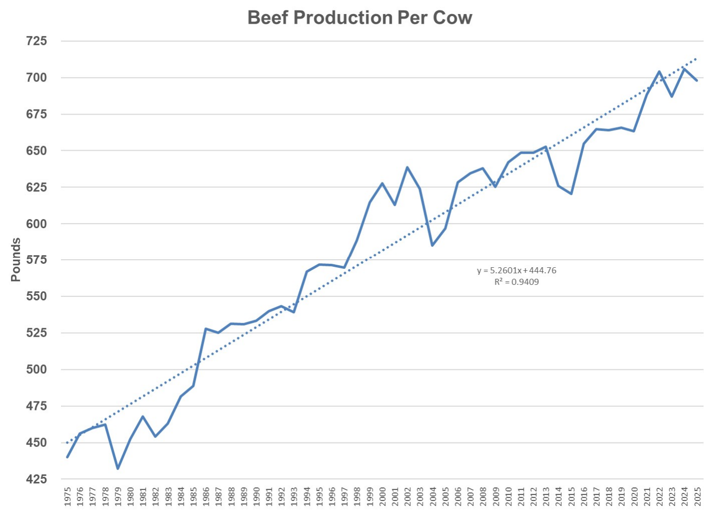
Livestock

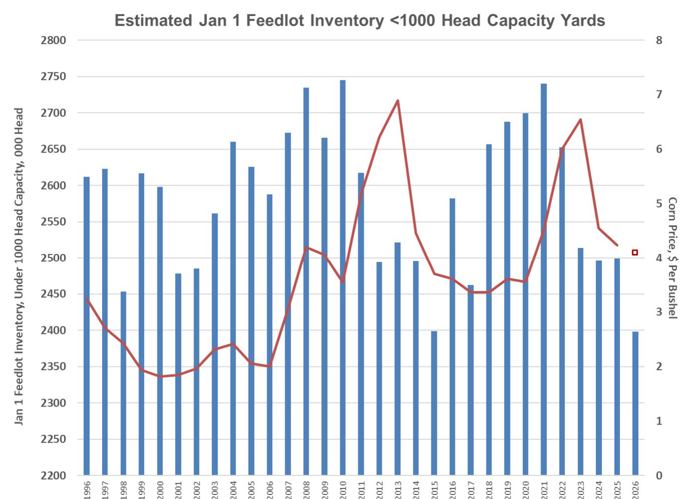
USDA's January 1 Cattle report revealed modest downward revisions in several 2025 inventory categories, accompanied by an even smaller total inventory and cow herd to begin 2026. As a result, any modest herd growth during the coming year will come from a lower initial starting point than suggested by earlier reports and hinting that beef production likely will remain constrained through 2027.



The smaller 2026 inventory estimates unleashed yet another round of media headlines proclaiming "The smallest cattle inventory . . . cow herd . . . calf crop . . . in decades!" While true, a smaller cattle inventory is more likely than not, having trended irregularly lower from the 1975 peak at 132 million head with January 1, 2026 slipping to 86.2 million head—only fractionally smaller than a year ago, but 35% below the 1975 peak. In contrast, beef production has been trending irregularly higher since the early 1980s. In fact, 2025 beef output, near 26 bil pounds, was larger than the 1975 production and was drawn from a 45 mil head or 35% smaller inventory.

After slowing in recent years, beef production per cow has again accelerated, ranging around 700 pounds, about 55% larger than during the peak inventory years in the 1970s. As a few more heifers are diverted from the slaughter channel back to the cow herd, production per cow may slip over the next couple of years, but the long-term uptrend likely remains intact. Still, some biological limits likely loom . . .?

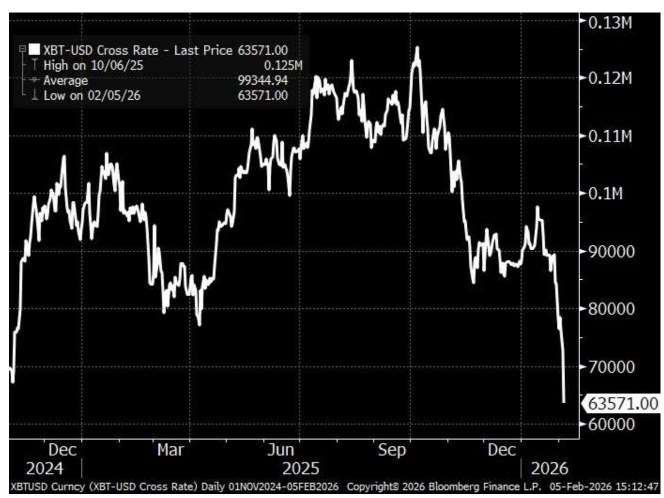




The monthly Cattle on feed reports focus on feedyards over 1000 head capacity, but at the beginning of each year USDA provides an estimate of total cattle on feed, which can provide a snapshot of the number on feed in the under 1000 head capacity yards—smaller farmer/feeders. In recent years, that inventory has ranged from around 2.4 million head to peaks around 2.75 million and generally varies inversely with corn prices. Typically, "low" corn prices stimulate some additional feeding interest from the farmer/feeder, while "high" corn prices do just the opposite. Somewhat surprising, "low" prices the last couple of years, along with this year's WASDE crop-year estimate at $4.10 per bushel, has yet to spur much feeding interest—the inventory in the small yards slipped to a historical low slightly below 2.4 million head—perhaps hampered by record high feeder cattle and calf prices. That smaller farmer/feeder inventory likely poses less of a "heavy weight" cattle risk in the summer or early fall when these calves likely come to market.

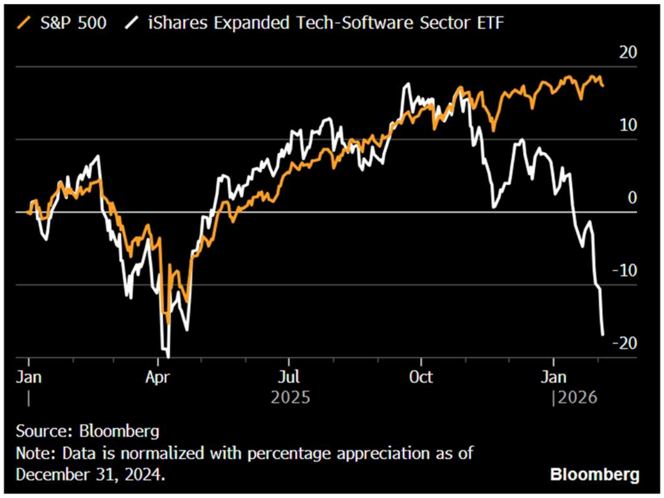
Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Macro/Financials



We just talked about Bitcoin and MSTR the other day, but things have moved enough that I want to give a quick update. I mentioned that BTC at $74.5k on Tuesday put MSTR under water on their holdings; As I'm writing this on Thursday afternoon, BTC is below $64k. BTC is now down roughly 50% from its peak last October, and has erased all its gains since President Trump was elected. This has led MSTR stock price to fall another $20 to $109, and pushed their mNAV against diluted shares down from 0.91 to 0.86. These declines have forced investors to increasingly unwind their leveraged positions, reinforcing the declines even further.

I also wanted to quickly touch on tech and software company stocks, which have gone from some of the strongest performers for the past 2 decades to some of the biggest losers of 2026, so far. The Software sector ETF (IGV) has plunged to its lowest levels since last April, wiping out nearly $1 trillion in value over just the past seven days. Much of this panic stems from the release of Anthropic's new AI tools, which investors fear will fundamentally undercut the "per-user" business models of legacy firms. This has triggered a major selloff, pushing over $17.7 billion in software loans into distressed territory and forcing a broad de-risking across tech benchmarks. As negative momentum builds on itself, we are seeing the market sentence these companies before they've even had a chance to report a miss in earnings. Much of the Mag 7 and other tech stocks are also rapidly selling off, as nearly everyone in the AI race has outpaced their spending estimates building out data centers for AI products that have so far showed little opportunity to scale profitability.



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)

- U. Mich. Sentiment – 9:00 AM

Thanks for reading,

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