NESVICK
TRADING GROUP, LLC

Monday, February 9, 2026

NTG Morning Comments

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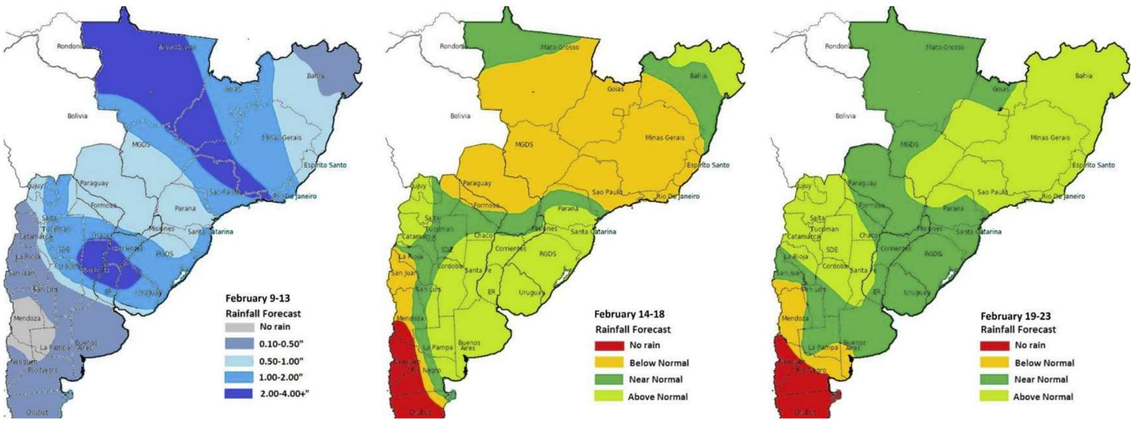
Weather

Intense rainfall of 2-4 inches will dominate the 1-5 day period across Mato Grosso, southern Goiás, and southern Minas Gerais, continuing to slow the soybean harvest and safrinha corn planting efforts in the near term; however, a distinct pattern shift to significantly drier conditions (rainfall under 25% of normal) is forecast for the 6-10 day period, which will allow fieldwork to accelerate rapidly after Wednesday. In contrast, Rio Grande do Sul and Argentina will see a brief period of dryness and heat (highs targeting February 11-12) before a major pattern change delivers substantial, widespread moisture starting Wednesday. The forecast for the 6-10 day period looks exceptionally wet for these southern regions, with Rio Grande do Sul targeting 3-5 inches and northeastern Argentina seeing totals of 5-6+ inches, effectively eliminating immediate moisture deficits but likely pausing field operations due to excess saturation.



The immediate forecast for the U.S. remains characterized by exceptional dryness and unseasonable warmth, with the vast majority of the Corn Belt, Mid-South, and Plains remaining precipitation-free through at least Tuesday or Wednesday. Temperatures are projected to surge to 10-20 degrees above normal across the central U.S. through February 19, with daily records likely in the Plains; this warmth will eliminate snow cover and rapidly dry soils before the pattern turns active late in the week. A notable storm system is projected to impact the Mid-South and southern Corn Belt by the weekend of February 14-15, marking the transition to a stormier Week Two configuration that favors above-normal precipitation for the Northern Plains and Upper Midwest. While the 11-15 day period maintains the overall warm bias, model guidance suggests a potential trend toward colder conditions returning for the final week of February.

Grains

We are now just one day away from the February WASDE (2/10, 11:00 AM Central), so I thought we'd take a minute this morning to look over the analyst survey estimates as we head into the report. Last month's WASDE came with several other major US crop reports (Quarterly Grain Stocks, Wheat Seedings, and the Final Crop Production report for the 25/26 crop year), but the February WASDE is relatively tame in comparison.

Let's start by quickly looking at US ending stocks. There isn't too much interesting to say here, so I won't spend a lot of time on it. Ending stocks are expected to drop a touch for corn, soybeans, and wheat; Cotton is expected to come just a tad higher compared to the January estimate. This is all pretty much in line with what I expected, as the supply side of this equation is pretty settled after the January final crop production numbers, and there hasn't been any major demand story just yet. If we find out that China is actually going to purchase another 8 MMT of soybeans (20 MMT total) during this crop year,

25/26 USDA US Ending Stocks (MM Bu)

	USDA February Ending Stocks	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA January Ending Stocks
Corn	______	2,215	2,022-2,315	2,227
Soybeans	______	348	265-375	350
Wheat	______	918	876-933	926
Cotton*	______	4.21	4.10-4.40	4.20

*in Millions of Bales

then we will definitely see a significant downward movement to the soybean ending stocks. Biofuels and/or E15 rules could also change the demand side of the stocks equation, but probably not by much in this crop year, as even very favorable rulings towards domestic feed stock usage for these programs doesn't mean much while ethanol and crush plants are already running near capacity.

Production estimates are slightly more interesting, if only because we are starting to get South American yield and production numbers from crop tours and early harvesting. Argentina's corn and soybean production numbers are both expected to come down some due to the very dry weather that they've had for the past several weeks. The opposite is true for Brazil, where both the corn and soybean production numbers are expected to come in a good bit higher than last month. The vast majority of Brazilian growing regions have had favorable weather for most of this soybean growing season and into the beginning of the safrinha planting period. Several groups are calling for even higher soybean production numbers (>180 MMT) compared to CONAB's and the USDA's current estimates, so it would be quite surprising for the USDA to not come in with something above their January estimate of 178 MMT.

	USDA World Production Estimates (MMT) 2025/2026		
	February USDA Estimate	January USDA Estimate	Average Guess
Argentina Corn	________	53.00	52.80
Brazil Corn	________	131.00	132.30
Argentina Soybeans	________	48.50	48.10
Brazil Soybeans	________	178.00	179.20
World Soybeans Stocks	________	124.41	125.40
World Corn Stocks	________	290.91	291.10
World Wheat Stocks	________	278.25	278.60
World Cotton Stocks*	________	74.48	74.56

**in Millions of Bales*

Much like USDA ending stocks, there isn't much of a story in World Ending Stocks. Stocks for soybeans, corn, wheat, and cotton are all expected to come in higher than last month. The expected adjustments in corn and soybeans look to primarily be based on supply-side changes, as the guesses closely follow the expectations for Argentina and Brazil crop production. I've also provided the full convenience table for the February WASDE in a separate attachment to this email.

Grains 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.*

Livestock

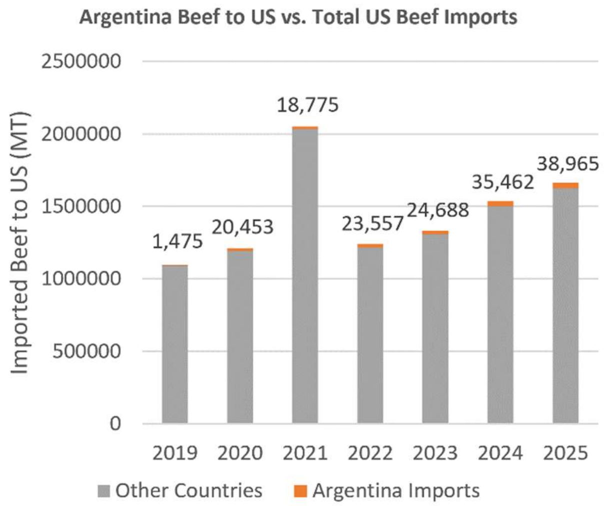
Thursday afternoon at the National Cattlemen's Beef Association conference here in Nashville, Health Secretary Robert F. Kennedy Jr. spoke about the need for greater domestic beef production, and mentioned that the US has reached a deal with Argentina in which the Tariff-Rate Quota (TRQ) for Argentinian beef will be expanded from 20,000 MT to 100,000 MT. News came out on Friday that Trump has signed an Executive Order to make this TRQ change official.

Maybe this all sounds familiar to you; that would be because we had a very similar conversation about this back in October, when the Trump Administration announced a new trade framework with Argentina that included bringing their TRQ on beef up from 20,000 MT to 80,000 MT. However, this change in beef TRQ never actually made it into the official revisions of the US tariff records, despite these records having been updated 10 times since the October announcement.

We discussed the reasoning behind the Trump Administration's move to increase Argentina's beef quota back in October, but let's quickly revisit it here. There are two main objectives that are being addressed with this change:

1. Trump believes that beef prices are unaffordable. Increasing the of beef should lower prices for Americans.
2. Trump wants to minimize China's control on North and South America. Diverting Argentinian beef from China to the US is a way to reduce Argentina's dependency on Chinese purchases, which currently account for ~2/3 of Argentine beef exports.

Assuming Argentina chooses to export the full quota amount to the US, an extra 100,000 MT is only the equivalent of roughly 0.75% of US beef consumption. As it would most likely come to the US primarily as ground beef, it may reduce prices for QSRs, but these savings will probably will not be noticeable to the consumer. As for affecting Chinese imports of Argentine beef: the new 80,000 MT of beef going to the US would almost certainly have to come from the share of beef that has been going to China in previous years. However, China's recent adjust to their own beef quotas actually limits Argentine beef imports to 511,000 MT; this represents a 50,000-100,000 MT reduction in Argentine beef compared to recent years. Because of this, Argentina is probably very happy to allow the US to take the beef that would have been left without a Chinese buyer due to this quota.

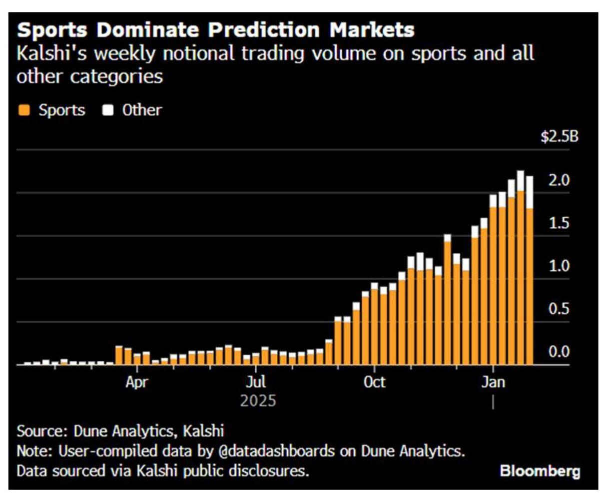


With all this said, the other challenge that we noted back in October for this deal was the lack of beef suppliers in Argentina approved to sell beef to the US. With the currently approved suppliers and the previous tariffs, the most beef that Argentina exported to the US was just under 39,000 MT. This approval process generally takes 3-6 months, meaning that this beef could still be a ways away from landing in the US and making its way into the hands of consumers. However, it is possible that in the past 3-4 months, US buyers have been doing the background work to get these producers approved and supply chains ready for the quota to be lifted. If this is the case, we could see this beef flow into the US much sooner, although at 100,000 MT, these imports will still only constitute a small sliver of the total US beef imports.

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

With the average ticket selling for over $8,200, I'm pretty sure that most of you, like me, watched the Super Bowl last night from the couch. I think it's also pretty safe to assume that a big chunk of you also placed bets on the game. With that in mind, lets look at how things have been changing in the sports betting industry, especially as prediction markets have taken a chunk of their business.



We're seeing a massive disruption in the industry as prediction markets like Kalshi and Crypto.com aggressively move onto the turf of traditional sportsbooks. In January alone, Kalshi saw 3 million app downloads—more than four times the tally of DraftKings or FanDuel. Unlike traditional sportsbooks that set odds and bet against you, these exchanges operate like a financial market, with bettors on both sides of the bet. This model has attracted professional bettors, who have shifted millions of dollars into these markets, because, unlike sportsbooks, these exchanges don't limit your bets or ban you for being too successful.

This shift has triggered a significant regulatory turf war. Because these markets are classified as "event contracts" instead of "bets," these platforms are operating under the federal oversight of the CFTC rather than state gaming commissions. This allows them to offer these bets in all 50 states, effectively making an end-run around states where sportsbooks remain illegal. The financial stakes are high: traditional sportsbooks pay steep state taxes—up to 51% in New York—while these federal exchanges currently avoid that burden. While many people look at these prediction markets as signals for economic and political events, sports betting actually makes up the vast majority of the trading volume on Kalshi.

Ultimately, regular sportsbooks and casinos aren't going anywhere anytime soon, with forecasts suggesting that Americans bet as much as $1.76 billion on the Super Bowl with traditional and online casinos/sportsbooks, almost 30% more than last year. However, with prediction markets estimated to have attracted $630 million in bets on the Super Bowl, there is no denying that they are cutting into the traditional casino's userbase and collecting new customers that the casinos couldn't serve. Whether the NFL and state regulators can – or if they even want to – reel this in remains to be seen, but the terrain of the industry has clearly rapidly shifted with the introduction of these prediction markets.

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)

- Export Inspections – 10:00 AM

Thanks for reading,

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