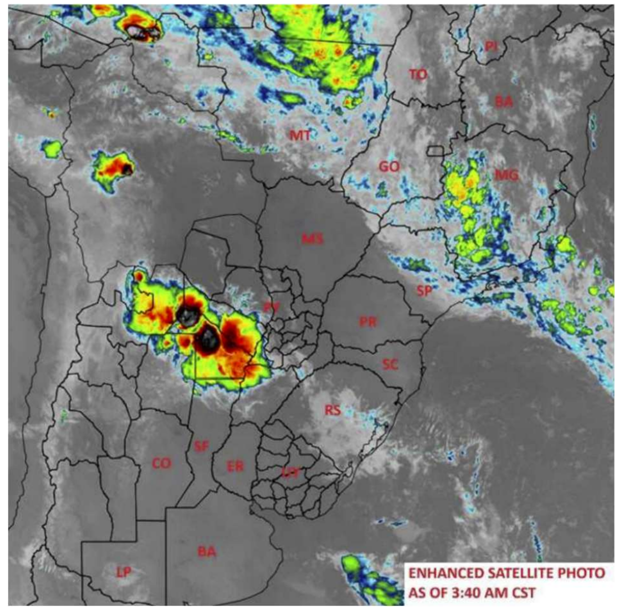
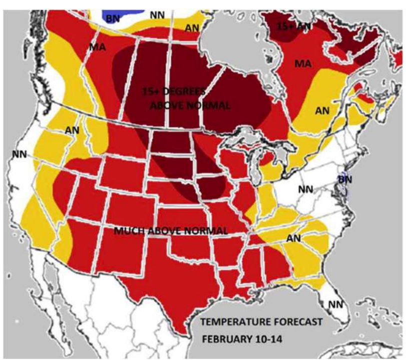
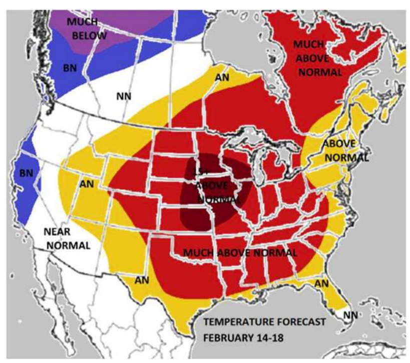
Weather

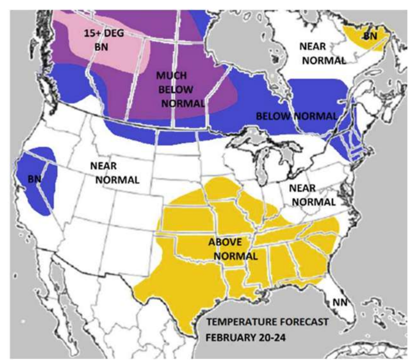


Rainfall across northern Brazil is entering a decisive drying trend, with precipitation totals for the February 12-17 window forecast to bottom out to well-below normal levels; this distinct window of limited moisture will provide optimal conditions for accelerating soybean harvesting and safrinha corn planting efforts across the region. Conversely, the beneficial pattern shift for Rio Grande do Sul is initiating 24 hours earlier than previously projected, with scattered rains developing today and evolving into a daily precipitation threat that is still expected to deliver widespread totals of 3-5 inches over the next 15 days. In Argentina, while substantial rains will target the northeastern growing areas through Saturday, the long-term outlook has shifted notably; the 11-15 day period is now trending drier with below-normal rainfall expected, making the accumulation of moisture over the next ten days critical for maintaining crop prospects before this drier regime returns.

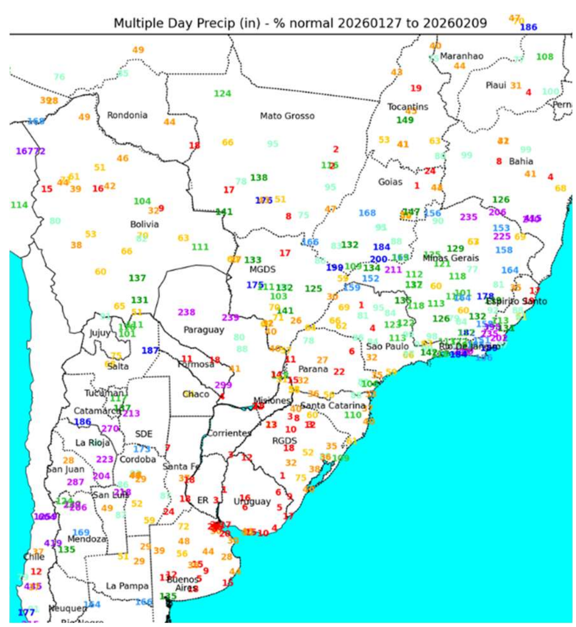
The forecast for the United States features a critical refinement regarding the late-week storm system, which is now projected to take a more southerly track Friday night into Saturday, favoring Oklahoma, Texas, and the southern Corn Belt with beneficial moisture while leaving hard red winter wheat areas in Nebraska and Kansas largely dry.



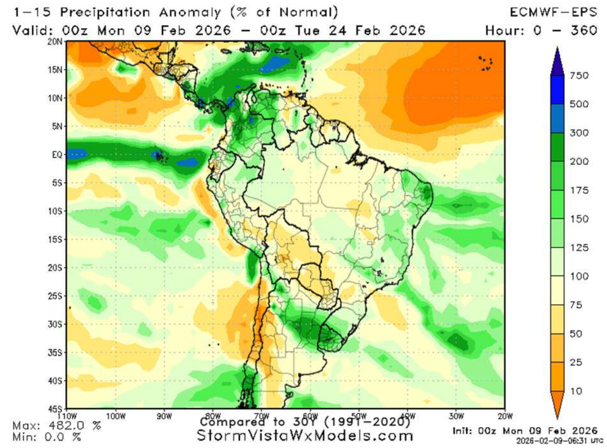




Grains



Just going to go over some tidbits/market action and final thoughts before the USDA report at 11 am. After giving back a fair amount on Friday, everything but oil was under pressure. Oil made new highs. There were details on the India trade deal that may have provided support, but it also just may have been expectations on biofuels that have been behind this push. There was a daily sales announcement of 264 tmt to China. The market tried to bounce on this, but mid-session, news wires reported that Bessent said (on Sunday talk shows) that China has completed their soybean purchases. Seems a strange thing to say after Trump's tweet last week. Not sure it was believed, as the market would have likely been down more. Only light rains fell in RGDS over the weekend, while central and north received additional 1-2" locally heavier rains. Arg was mostly dry with light showers forecast this week. I'm attaching the last two weeks percent of normal precip map (courtesy of Craig) along with the next two-week percent or normal rain forecast



map. It does look better for northern Arg and southern Brazil going forward and is expected to dry out some for northern Brazil for harvest, but it will be important that it verifies.

Zach went over the expectations for USDA – minimal changes are expected in US ending stocks. There won't be updated prod'n this report as the Jan was the final. We could see an increase in US crush. It will also be interesting to see if they leave bean exports at 1575 milbus. They likely will, as they just lowered, but it contradicts what Trump said last week about China buying. As noted, USDA could lower Argentine crops at least slightly, for both corn and beans. They raised Brazil beans a decent amount in Jan to 178 mmt, but they could edge higher. USDA remains the lowest out there for Brazil corn at 131 mmt, and an increase is warranted. CONAB will be out Thursday with their updates. For wheat, there is still room to raise both EU and Russian crops. Otherwise, no major changes are expected. US wheat exports could edge higher as we are still running above pace. Including pre-report balance sheets for reference.

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)

	18/19	19/20	20/21	21/22	22/23	23/24	12-Jan 24/25 USDA	25/26 MB	12-Jan 25/26 USDA	Initial 26/27 MB	Baseline 26/27 USDA
Planted Acres	88.9	89.7	90.7	92.9	88.2	94.6	90.9	98.8	98.8	94.0	95.0
Harvested Acres	81.3	81.3	82.3	85.0	78.7	86.5	83.0	91.3	91.3	85.0	86.9
Yield (Bu/Ac)	176.4	167.5	171.4	176.7	173.4	177.3	179.3	186.5	186.5	183.5	182.0
Begin Stocks	2140	2221	1919	1235	1377	1360	1763	1551	1551	2422	2227
Production	14340	13620	14111	15018	13651	15341	14892	17021	17021	15598	15815
Total Supply	16508	15883	16055	16277	15067	16729	16677	18596	18597	18045	18067
Exports	2066	1777	2747	2472	1662	2255	2858	3120	3200	3000	3000
Feed Use	5429	5900	5607	5671	5486	5831	5454	6130	6200	6000	6000
Food/Ind/Seed	6793	6286	6467	6757	6558	6880	6813	6924	6970	6975	6975
Ind Use-Swtnr/Star	1090										
Ind Use-Bevg/Mfg A	150										
Ind Use-Fuel Alcoh	5378	4857	5028	5320	5176	5489	5436	5552	5600	5650	5600
Food/Seed	240										
Total Usage	14288	13963	14821	14900	13707	14966	15125	16174	16370	15975	15975
End Stocks	2221	1919	1235	1377	1360	1763	1551	2422	2227	2070	2092
End Stks/Use %	15.5%	13.7%	8.3%	9.2%	9.9%	11.8%	10.3%	15.0%	13.6%	13.0%	13.1%

SOYBEANS: U.S. SUPPLY AND DEMAND

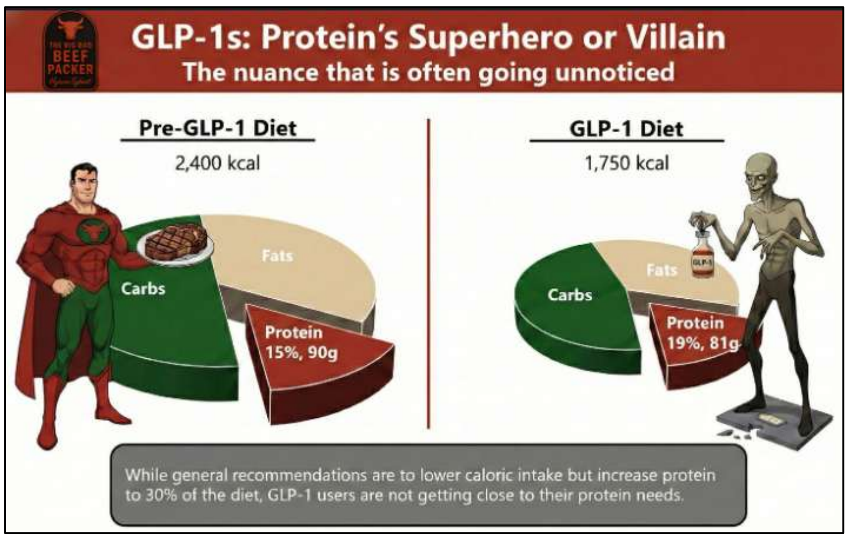
	21/22	22/23	23/24	24/25 MB	12-Jan 24/25 USDA	25/26 MB	12-Jan 25/26 USDA	Initial 26/27 MB	Baseline 26/27 USDA
Planted Area	87.2	87.5	83.6	87.3	87.3	81.2	81.2	85.0	85.0
Harvested Area	86.3	86.2	82.3	86.2	86.2	80.4	80.4	84.0	84.2
Yield	51.7	49.6	50.6	50.7	50.7	53.0	53.0	53.5	53.0
Carryin	257	274	264	342	342	325	325	237	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	4756	4835
Crush	2204	2212	2285	2445	2445	2577	2570	2650	2640
Exports	2152	1980	1700	1882	1882	1696	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	4376	4257	4495	4460
Carryout	274	264	342	325	325	237	350	262	373
Carryout % Use	6.1%	6.1%	8.3%	7.4%	7.4%	5.4%	8.2%	5.8%	8.4%

WHEAT: U.S. SUPPLY AND DEMAND (JUNE - MAY MARKETING YEAR)										
	2019/20	2020/21	2021/22	2022/23	2023/24	12-Jan USDA 2024/25	MB 2025/26	12-Jan USDA 2025/26	*Initial MB 2026/27*	*Baseline USDA 2026/27*
Planted Area	45.5	44.5	46.7	45.8	49.6	46.3	45.3	45.3	*44.9*	*44.0*
Harvest Area	37.4	36.6	37.1	35.5	37.1	38.6	37.2	37.2	*37.2*	*35.8*
Yield	51.7	49.7	44.3	46.5	48.7	51.2	53.2	53.3	*54.2*	*50.8*
Carry-in	1080	1028	845	674	570	696	855	855	*918*	*926*
Production	1,932	1,820	1,646	1,650	1,804	1,979	1,985	1,985	*2,019*	*1,819*
Imports	104	100	96	122	138	149	120	120	*120*	*120*
Total supply	**3115**	**2948**	**2588**	**2446**	**2512**	**2823**	**2960**	**2959**	***3057***	***2865***
Seed	62	64	58	68	62	61	62	61	*63*	*59*
Domestic Mill	962	961	971	972	961	969	975	972	*985*	*974*
Feed/Residual	95	85	88	76	86	113	80	100	*95*	*100*
Exports	969	994	796	761	706	826	925	900	*935*	*875*
Total Use	**2088**	**2104**	**1913**	**1876**	**1815**	**1968**	**2042**	**2033**	***2078***	***2008***
Carry-out	**1028**	**845**	**674**	**570**	**696**	**855**	**918**	**926**	***979***	***857***
Carryout/use	49.2%	40.1%	35.2%	30.4%	38.3%	43.5%	45.0%	45.6%	*47.1%*	*42.7%*

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

Pre-GLP-1, a typical diet is about 2,400 or more calories, with roughly 15% from protein, or about 90 grams. On GLP-1, the recommended diet is often around 1,500 calories, with 30% from protein, or about 115 grams. In reality, it's been found that the average GLP-1 user consumes about 1,750 calories, with 19% from protein, or roughly 81 grams.



So, while the percentage of calories from protein goes up, the total grams of protein consumed often goes down. In other words, "more protein" on GLP-1 usually means protein intake shrinks less than other food groups, not that absolute protein intake increases.

Conclusion: Even after several years of strong demand from the "protein revolution," wider GLP-1 use—especially as pill versions drive further adoption—will likely reduce total protein consumption rather than increase it.

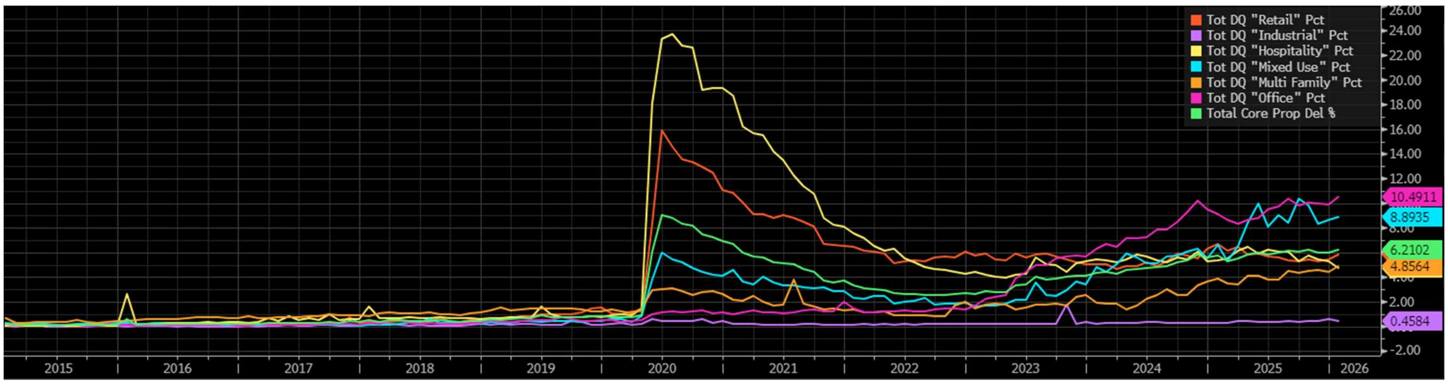
The GLP-1 story could be a protein-consumption powerhouse if users followed and implemented their doctors' dietary recommendations. In practice, however, many fall into a more "toddler-like" grazing pattern. GLP-1s have been an effective tool for managing weight, diabetes, and related conditions, but we should not confuse those health benefits with a positive economic impact on overall protein consumption.

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

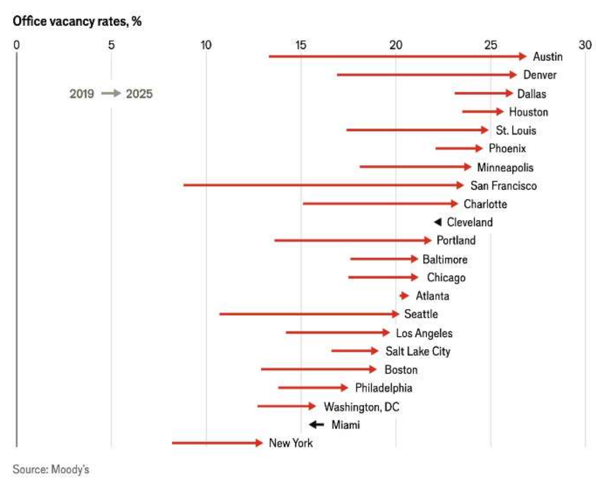
Delinquency rates on modern Commercial Mortgage-Backed Securities (CMBS) for office buildings have risen to a new record level of 10.5%. If you aren't sure what commercial mortgage-backed securities are, effectively they are just a bundle of loans for office buildings (or other commercial buildings) that are bundled together to form a single bond. The Great

Financial Crisis was driven by the failure of the similar residential mortgage-backed securities; movies like The Great Short give a great explanation of these securities, if you need a refresher. One big difference between these and a traditional bank loan, where you can sit down with your lender to work out a problem, is these securities are governed by rigid legal contracts. If the building's cash flow drops and the owner misses a payment, there's very little room for a "handshake deal". The loan is often marked delinquent and pulled from the bundle; this delinquent loan is then sold off to another lender (often at a discount) to pay back the security holders. This payment is disbursed based on the tranche of CMBS that was purchased: AAA bonds have the lowest interest rates but are the first to get paid back after a default, while B-rated bonds have the highest interest rates but are the last to get paid (highest risk of NOT getting paid).



It's worth noting that these aren't the risky, 80% LTV loans that you might be picturing; after the GFC, stricter underwriting standards were introduced with CMBS 2.0 (which is why the chart above only goes back to 2015), with the goal of insulating these securities from the same shocks as during the GFC. However, even as most other industries have stabilized at levels in the 4-6% delinquency range, we've seen offices building CMBS delinquencies shoot up into the double digits, even with these much more rigid underwriting practices.

The driver here is the persistent "Usage Gap." With hybrid work keeping national office vacancy near a 25-year high of 18.8%, even the best underwriting couldn't account for the current drop in property values. We're seeing this play out in real-time, even in "boom-belt" cities like Nashville. As an example of this, our own office building here was recently sold off (at a 62%, or $90 million, loss) and is slated for conversion into a hotel, forcing us to move our office to a new building.



Looking ahead, the pressure is only going to mount. We're facing a "Maturity Wall" of over $100 billion in CMBS loans coming due in 2026 alone. Most of these are 10-year loans originated back when rates were at rock bottom. Now, with property values down as much as 40-50% in many cities and refinancing costs much higher, a lot of owners simply can't find the cash to pay off the old loan and start a new one. Some projections suggest more than half of these maturing loans could fail to pay back at their end date, meaning the 10.49% rate we're seeing today is likely just the beginning of a much bigger problem for the office sector.

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
- Retail Sales Index – 7:30 AM
- WASDE Report – 11:00 AM

Thanks for reading,

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