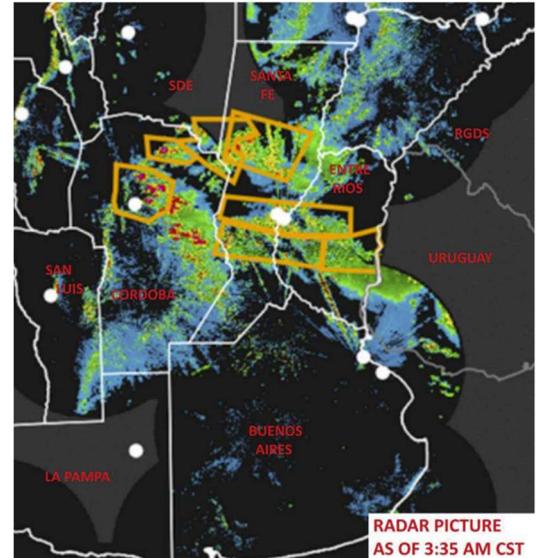
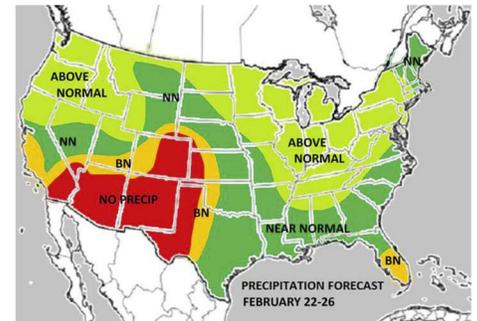
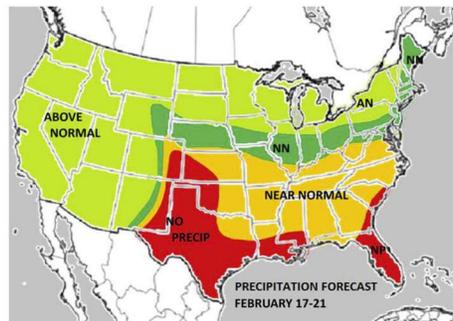
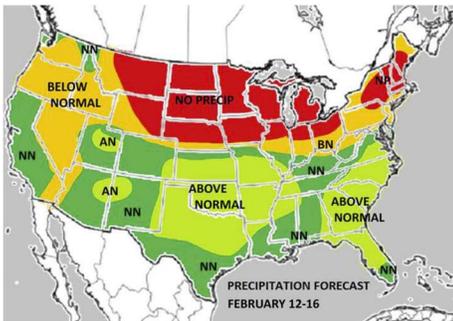


Weather

A significant drying trend has firmly established itself across northern Brazil, with the 1-5 day period now forecast to be the driest stretch of the next two weeks; precipitation will bottom out with widespread below-normal totals through Tuesday, creating an ideal window for soybean harvesting and safrinha corn planting before moisture increases again in the 11-15 day period. In Rio Grande do Sul, the near-term forecast has intensified, with the 1-5 day period now projected to be easily the wettest window, featuring significant to heavy rainfall totals particularly in the northern half of the state, while the 6-10 day period maintains the drier trend noted yesterday. The outlook for Argentina has also become more active, with extensive thunderstorm activity already impacting northern areas; the next 10 days will see at least normal to above-normal rainfall for all but the southern third of the growing region, with especially heavy totals targeting Entre Rios, Santa Fe, and northeastern Cordoba.



In the United States, the upcoming late-week storm system remains a key feature, bringing widespread rainfall of over an inch to the Mid-South and parts of the Southeast. However, the Western Corn Belt and Northern Plains will remain dry and exceptionally warm, with temperatures averaging 15-20 degrees above normal through the next week. Looking ahead, the 11-15 day period is signaling a potential pattern shift, with early indications favoring above-normal precipitation for the Northern Plains and Northeastern Corn Belt, though specific storm details remain uncertain.



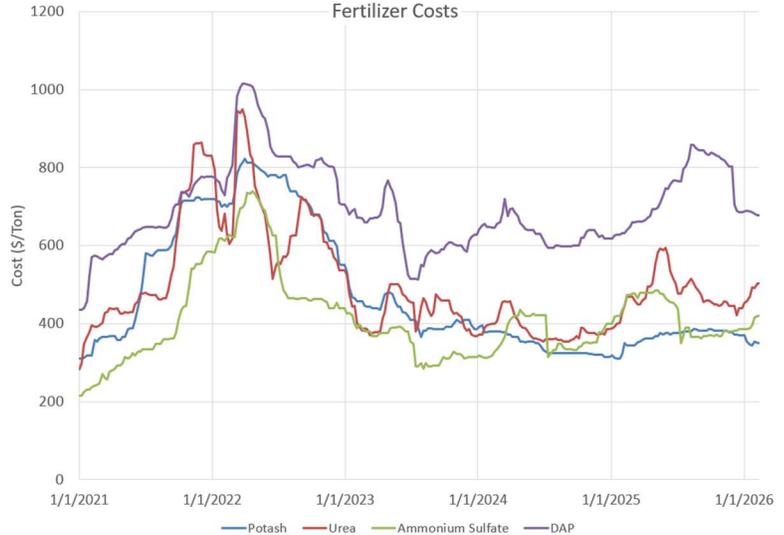
Grains

I came across an article summarizing the Q4 earnings call for fertilizer company Mosaic that I thought had some interesting information in it that I thought I'd look into and share with you. Mosaic saw a significant drop in demand for fertilizer products in North America during the fourth quarter, saying that the decline was "well beyond normal seasonal softness." They also called out especially challenging conditions for phosphate which resulted in a year over year sales decline of 20% due to its relatively higher price.

This earnings slump appears to be directly tied to the economic struggles that farmers have faced this crop season. Recent data has shown that farmer optimism is at its lowest since October 2024, with 59% of farmers surveyed expecting financial struggles over the next year. Additionally, records show that Chapter 12 farm bankruptcies were up 46% in 2025 compared to the previous year. Many farmers would normally either spray their fields with fertilizer immediately after harvest or purchase it in the winter and hold it until spring, but are now having to first wait to receive their checks from the USDA \$12 billion aid package to pay off outstanding debts before purchasing new fertilizer. These checks should be in their hands by the end of this month, at which point they will be able to complete their fertilizer purchases for the 26/27 crop

year. With this in mind, let's look at current costs of fertilizer to get an idea of what the US midwestern farmer may be paying as they prepare for planting.

As expected, based on Mosaic's earnings report, DAP (Diammonium Phosphate) is significantly more expensive than the other fertilizers listed. It also had increased in price the most during 2025, but it looks like the sales slump may have actually put downward pressure on the price, which is now down over 20% from its August 2025 highs, and the price is now effectively unchanged Y/y. On average, these four fertilizers have increased by approximately 14% since the beginning of 2025, and are 30% more expensive than 5 years prior. So, while these prices are currently below the spring/summer peaks of 2025, and well below the sky-high costs seen in 2022, it's pretty clear that the farmer is still likely to see a significantly higher bill for their fertilizer than they did for last year's crop.



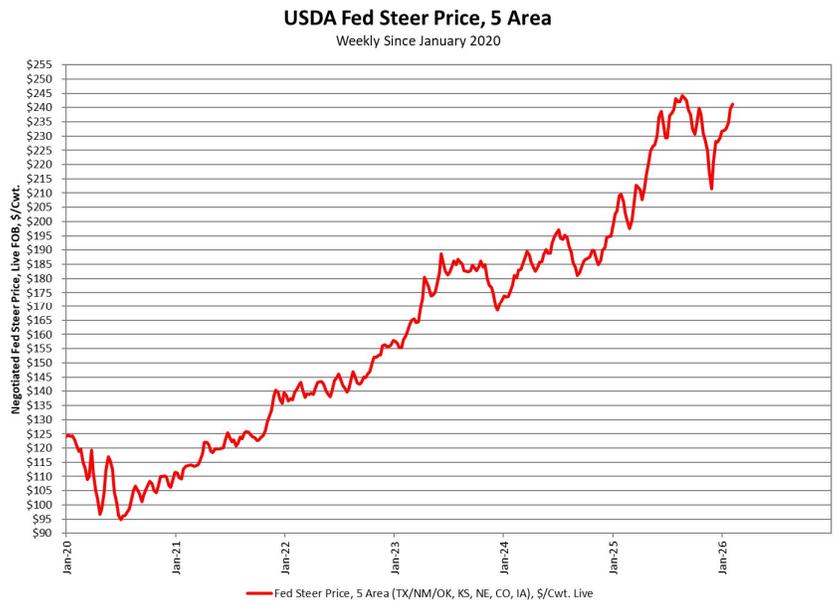
Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com or on Trillian at zdavis@nesvick.com.

Livestock

Fed cattle prices have been grinding higher all year and are now approaching last year's all-time highs. Tight supplies have been the driver, as cutout values have stagnated. Packer margins have been squeezed to record low levels in the process. The low placement numbers going back to last year, increasing days on feed, and poor replacement margins are all factors in low supply environment compounded by a low turnover rate. I'm inclined to believe that prices can indeed make new highs as the calendar moves past the soft late winter demand and into spring grilling season's stronger demand. Tight supply will still be an important input.

Deep red packer margins are the most obvious downside risk to fed prices. I firmly believe that there will be some drastic action to correct this unsustainable margin situation, I just don't know what or when. Any changes in packer behavior will be compounded by an under-hedged cattle feeder with some monster high break evens plus funds that have a very large net long position. This combination could trigger some sustained selling.

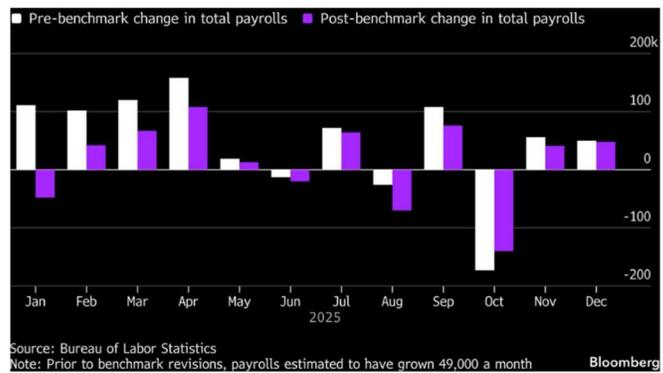
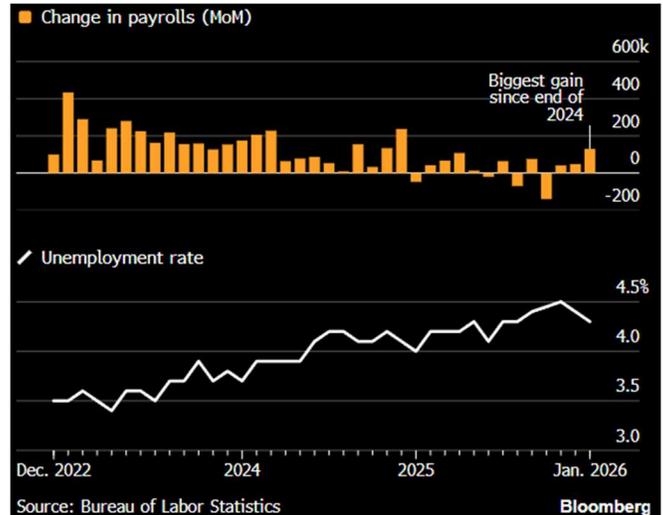
Livestock commentary provided by David Holloway. For questions or comments, David can be reached by email at david@holloway-trading.com or on Trillian at dholloway05@trillian.im.



Macro/Financials

Yesterday morning’s BLS Jobs report for January completely caught the market by surprise. For most of the week, the smart money was bracing for another round of weak numbers, especially after interviews with advisors from the Trump administration suggested things might be looking lean. Instead, the labor market essentially hit the gas pedal, with payrolls jumping by 130,000 – which is double what most people were looking for, and the biggest gain in over a year – and the unemployment rate actually ticked down to 4.3%. This report basically kills the chances of an imminent rate cut.

While the January numbers show significant promise for the economy looking forward, we have to look at the massive rug pull that happened with the 2025 revisions. We’ve seen the numerous downwards revisions to jobs numbers, but it turns out that last year even worse than we were led to believe by those original revisions, marking 2025 the weakest hiring year outside of a recession since 2003. We’re talking about a revised average of just 15,000 jobs a month for the whole year, compared to the previously reported average of 49,000 jobs per month; This effectively means that nearly 900,000 fictional jobs were wiped off the books. This helps explain why the Fed felt the need to cut rates three times at the end of 2025. The Bureau of Labor Statistics has adjusted its birth-death model to try and catch these shifts in real-time, so we (hopefully) don’t get these massive retrospective shocks again.



This data has sent a shockwave through the bond market, pushing the two-year Treasury yield to 3.5% as traders scramble to adjust their positions. The consensus for the first rate cut of 2026 has now moved firmly from June to July. It also puts the incoming Fed Chair, Kevin Warsh, in a really tight spot – while the administration wants to see global interest rates bottom out, this kind of labor strength gives the hawks on the committee all the ammunition they need to keep policy restrictive until they see more progress on inflation.

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)

- CONAB – 6:00 AM
- Export Sales – 7:30 AM
- Existing Home Sales – 9:00 AM
- Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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