Thursday, February 19, 2026

NTG Morning Comments

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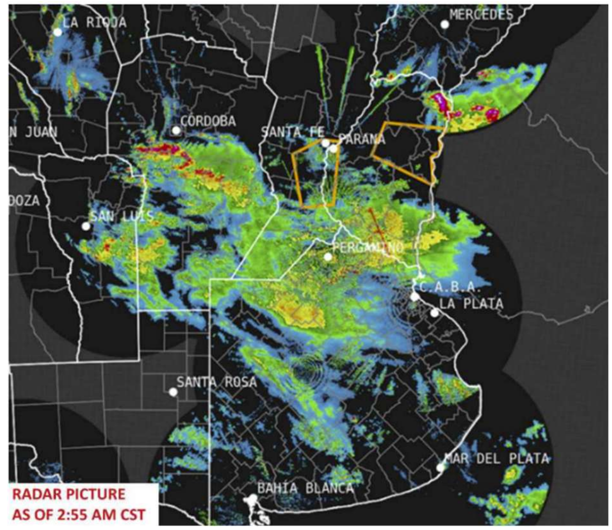
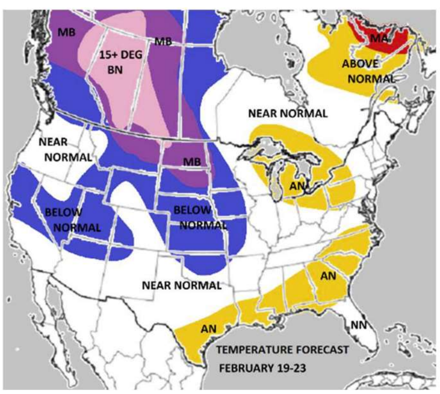
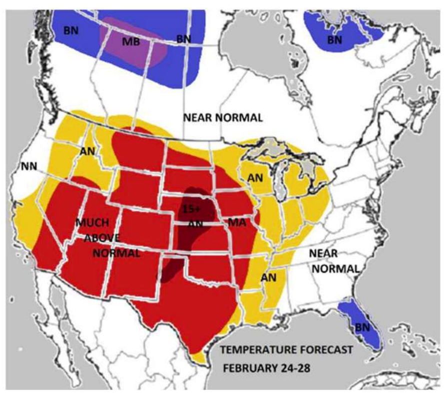
Weather

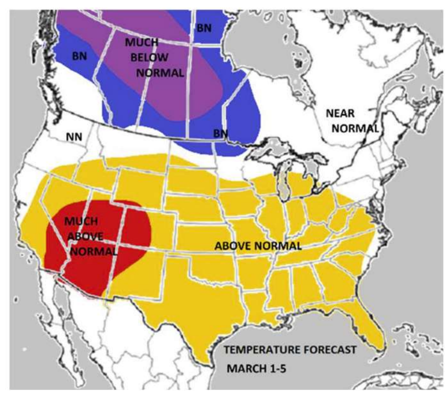
The forecast for northern Brazil confirms a decisive shift to an exceptionally wet pattern, with 15-day rainfall totals projected to reach 4 to 8 inches and localized areas in Minas Gerais and Bahia expected to receive up to three times their normal precipitation; this excessive moisture will undoubtedly cause delays to soybean harvesting and safrinha corn planting progress across the region. In southern Brazil, Rio Grande do Sul will benefit from 1 to 3 inches of moisture through Tuesday to further stabilize crop development, but the long-term outlook has trended notably drier, with Week Two precipitation now expected to run near to below-normal. The most significant forecast alteration is in Argentina, where the upcoming weekend storm system is now looking much less impressive than previously modeled, and the region is expected to enter a largely dry pattern from Monday through the end of the month, placing increased importance on current soil moisture reserves to sustain crops before rain chances potentially return in the 11-15 day window.



The United States forecast remains dominated by a critically dry pattern for the hard red winter wheat belt in the southern Plains, where virtually no precipitation is expected through the end of the month; this extreme dryness, combined with strong winds and low dew points, is driving expanding red flag warnings and exceptional fire danger today from the Plains eastward into southwestern Missouri. Temperatures will plunge to much-below-normal levels across all areas east of the Rockies by Sunday, before a rapid pattern reversal restores above-normal warmth to the entire Nation by February 26.







Grains

NOPA oil stocks came in well above trade expectations (Tuesday's report) and spreads set back after the data was released. Then after the close Tuesday, speculation that the EPA would release their biofuel blending quota proposals to the White House this week started making their way into the news. This is the guidance the market has been waiting for, and there will be a 30-day period before it would go into effect. The market had a strong reaction in the night session and made new highs for the move. Spreads also reacted. D4 Rins are at 2-year highs and diesel was firm. The quotas that were introduced in Jun were 24.02 bln glns for 2026 and 24.46 for 2027 vs 22.33 in 2025 including a target of 5.61 bln glns for bio-based diesel (well up from 3.35 in 2025). 5.61 is likely the high end

with reports that the EPA is weighing a range of 5.2-5.6 bln glns. Given the pace of crush thus far into the marketing year, it is clear that USDA is too low with their crop year crush forecast at 2570 milbus. It will likely end up close to 2600 milbus or higher and that is before we know what the market will need for soybean oil/biofuel. The uncertainty around escalating tensions in the Middle East (despite the Iran talks that reportedly went well) also provided support. Soybean oil futures set back slightly mid-session, but finished firm and with Oilshare in new highs for the move as well.

The USDA Outlook Conference will take place today and tomorrow with USDA's updated balance sheets out this am. The trade is expecting corn acres at 94.9 mil (baseline was 95.0) and 26/27 ending stocks at 1978 milbus (vs USDA's 2127 for 25/26). Bean acres are expected at 84.9 mil (baseline 85.0) with ending stocks expected at 349 milbus (nearly unch from USDA's 350 this year). I will update balance sheets tomorrow am based on the Outlook numbers.

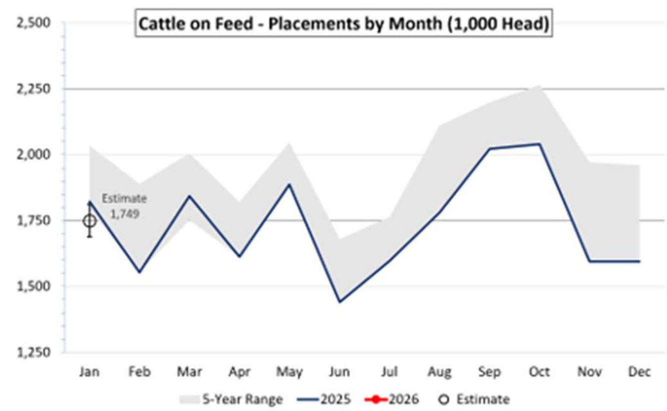
Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Livestock

The USDA is scheduled to release its February Cattle on Feed report this Friday, February 20. Expectations are set for a continuation of the tightening inventory trend, though a record-slow marketing pace is increasingly defining the supply picture as we head into late winter.

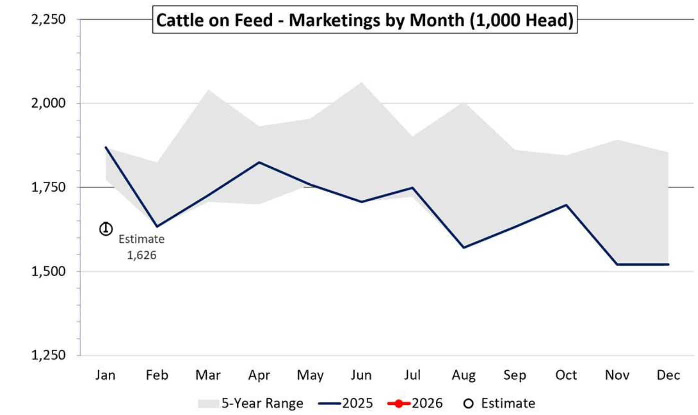
NESVICK TRADING GROUP, LLC
Convenience Table
Cattle on Feed
February 2026

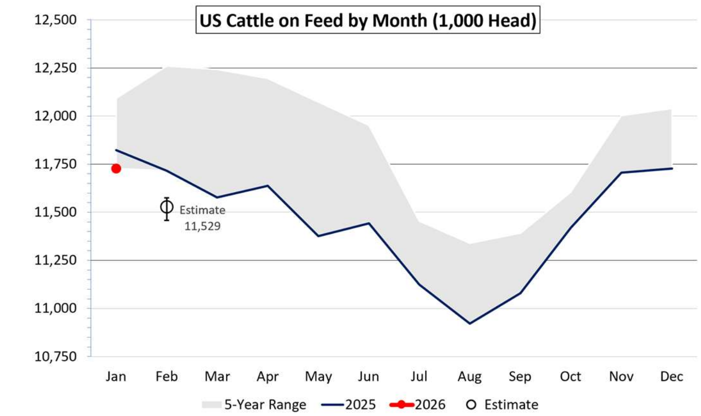
	Survey Results			Previous	
	Average (%)	Range (%)	Avg Head (mln)	Month (mln hd)	Year (mln hd)
On-Feed	98.4%	97.8% - 98.8%	11.529	11.450	11.716
Placements	96.0%	92.7% - 99.5%	1.749	1.554	1.822
Marketings	87.0%	86.6% - 88.0%	1.626	1.773	1.869



Survey average estimates, collected by Bloomberg, anticipate January feedlot placements at 96.0% of a year ago, or 1.750 million head. If realized, this would represent the smallest January placement volume since 2007, paring the monthly total to roughly 11% below the 2016-19 average. This persistent decline is driven by record-high replacement costs and escalating break-evens, which continue to temper cattle feeder interest despite lower feed costs.

Estimates peg January marketings at 87.0% of last year, totaling 1.627 million head. While hampered by one less business day, the adjusted pace remains historically slow—9% below a year earlier and 8% under the 2016-19 average. This "chronically slow" marketing pace, along with a lack of urgency from both packers and feeders, has sustained a large front-end supply of record-heavy cattle. Despite the drop in placements, the sluggish turnover means that the decline in feedlot inventories (down ~200,000 head) is much more modest than the decline in placements would suggest.



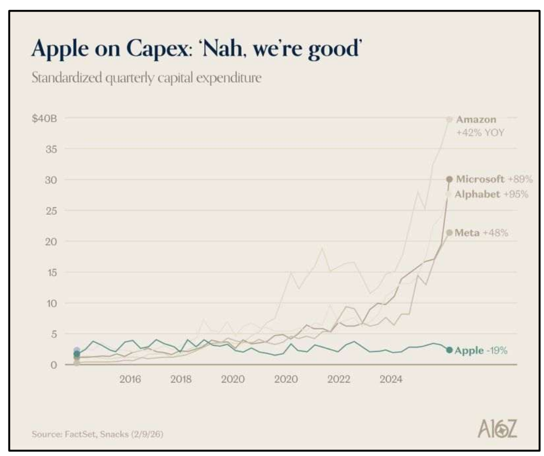


Consequently, the February 1 Cattle on Feed inventory is projected at 98.4% of the previous year, or 11.526 million head. While this inventory is slightly larger than a month earlier, it would mark the smallest inventory for this date since 2017. Looking ahead, we continue to monitor the heifer mix; heifers on feed at the start of 2026 composed more than 38% of the inventory, suggesting that despite a modest rise in retention, the industry is currently characterized by herd stability rather than aggressive growth.

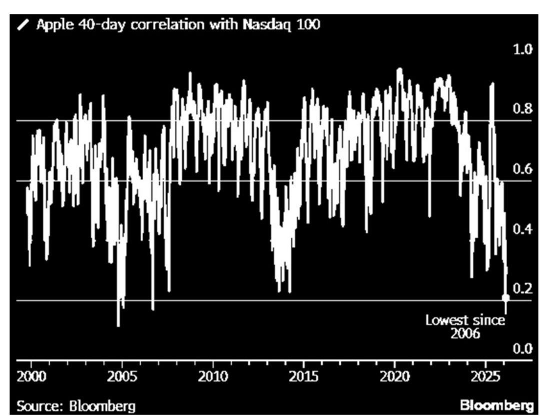
Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Macro/Financials

I actually quickly talked about this a couple months ago (December 29th, to be exact), but it seems like a lot of people have latched onto Apple's lack of AI infrastructure spending in the past couple days, so I thought I would take another look and share my findings with you all.



We've been talking for months about the incredible uptick in capital expenditures due to AI infrastructure build-outs for months. Amazon spent nearly 60% more on capex in 2025 ($132B) than they did in 2024 ($83B), and are anticipating increasing spending another 50% to $200B in 2026. We talked last week about Google's debt issuance, including rarely seen century bonds, to raise another $32B to be used toward data center expansion and other AI-related projects. What has Apple done during this same period? They've actually lowered capex by 19% in the last quarter.



Now, there's a lot of discussion as to where this leaves Apple – some think they missed the boat on AI, and others think they're playing a game of 4-D chess and will leapfrog the competition without participating in this early-stage AI arms race. Interestingly, as a result of this divergent strategy, Apple's stock is also decoupling from the Nasdaq 100, showing the lowest correlation to the index since 2006. This shows that not only is the company using a different strategy as the whole world is transitioning into this "AI era," but that the market recognizes this difference and is treating Apple differently than the other Mag 7 tech companies as a result.

It's hard to know for sure how this will all play out. I can certainly see a future where Apple's refusal to make these early investments could shoot them in the foot, slowly pushing the company into irrelevancy at some point in the future. However, its current strategy of licensing market-leading models and leasing top-of-the-line hardware space from Google seems to be a very advantageous plan for Apple. They can control the consumer-facing interface, where they excel, and slowly and flexibly grow their own AI capabilities as the segment matures, while Google is stuck with the infrastructure costs and hardware that will limit its own flexibility to react if the AI market makes a major pivot.

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Today's Calendar (all times Central)

- USDA Acreage Outlook – 6:00 AM
- Jobless Claims – 7:30 AM
- Pending Home Sales – 9:00 AM
- Nat. Gas Storage Change – 9:30 AM
- EIA Energy Stocks – 11:00 AM
- USDA Red Meat Production – 2:00 PM

Thanks for reading,

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