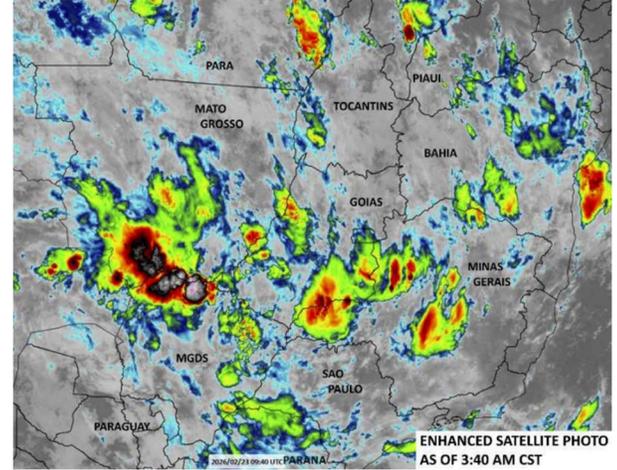
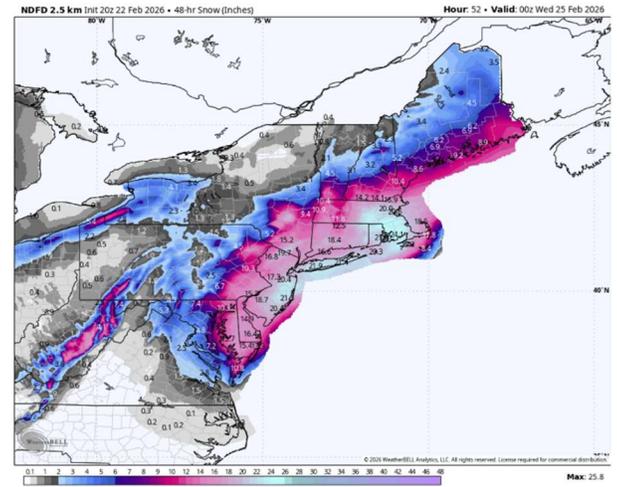


**Weather**

Rainfall will run well above normal over the next 15 days throughout northern soybean and safrinha corn growing areas of Brazil, with eastern regions like Minas Gerais and Bahia expected to record totals running more than double or triple their normal levels; these torrential rains will be heaviest in the 1-5 and 6-10 day periods before finally subsiding in the 11-15 day window, guaranteeing significant ongoing delays to soybean harvesting and safrinha corn planting progress. In southern Brazil, Rio Grande do Sul will receive beneficial moisture through Tuesday, but will quickly pivot to a remarkably dry pattern starting Wednesday that could last for ten days and stall further crop development. For Argentina, rainfall remains confined to western areas like Cordoba through March 2, placing a heavy reliance on existing soil moisture reserves for eastern crops until a much wetter, above-normal precipitation pattern expands across the entire growing region during the 11-15 day period.



The outlook for the United States remains defined by critical moisture deficits in the hard red winter wheat belt of the southern Plains, where completely dry weather is expected through at least March 2, maintaining a persistent wildfire threat and stressing dormant crops before minor precipitation chances finally return in the 11-15 day period. In the Corn Belt and Mid-South, a starkly dry pattern will dominate through Wednesday, but an active weather system arriving Thursday will mark the beginning of a significantly wetter regime; this will culminate in the 11-15 day period with above-normal precipitation targeting the Ohio River Valley with two to four inch totals that will rapidly elevate river levels. Temperatures across the nation will fluctuate wildly, with the current freezing conditions across the central Plains and western Corn Belt surging to 10 or more degrees above normal by Tuesday to rapidly melt recent snow cover, before trending sharply colder again for the northern Plains and Corn Belt heading into the first week of March.



**Grains**

The USDA Agricultural Outlook Forum opened the 2026 planting season with its first official acreage projections last week. But before the market anchors on those numbers, it's worth asking: how reliable has this forecast actually been? To find out, I looked at AOF corn and soybean estimates against the Prospective Plantings report, June Acreage Report, and final January WASDE. The short answer is that AOF's track record varies dramatically by crop — and for soybeans, it's been actively misleading.

For corn, AOF estimates come in roughly centered — no persistent lean in either direction — but it

**AOF Outlook vs. Final WASDE: 2010-2025**

Metric	Corn	Soybeans
Mean Bias (M acres)	-0.07	+1.04
Mean Absolute Error (M acres)	2.03	2.23
MAE as % of Avg Acreage	2.21%	2.70%
R <sup>2</sup> vs. January WASDE	0.38	0.67
Direction Accuracy (YoY)	8/15 (53%)	6/15 (40%)
2018-2025 Bias (M acres)	+0.25	+2.71
AOF Volatility vs. WASDE	~60%	~100%

compresses volatility by about 40%, meaning it structurally underreacts to big acreage swings. Its directional accuracy is a coin flip: over the past 15 year-over-year comparisons, it correctly called whether acres were going up or down only 53% of the time. The forecast has also gotten noisier since 2018, with the average miss widening from 1.5 million acres to 2.6 million. Treat the corn AOF as a soft center of gravity, not a hard number.

Soybeans are where the real caution is warranted. AOF has overestimated final soybean planted acres in all eight of the last eight years, by an average of 2.7 million acres. It doesn't dampen volatility the way the corn estimate does — it swings just as hard as realized data — but it's pointed the wrong direction 60% of the time. Paradoxically, soybeans boast a higher R<sup>2</sup> (0.67) than corn (0.38). This occurs because the AOF successfully tracks the decade-long uptrend in total acres, even as it completely fails to catch year-to-year variances. The persistent high-side bias traces back to 2019, with the first Trump Administration trade war and a high prevent-plant season, and the model appears to have never fully recalibrated. If that pattern holds, the market should be expecting fewer soybean acres than AOF is projecting, not more.

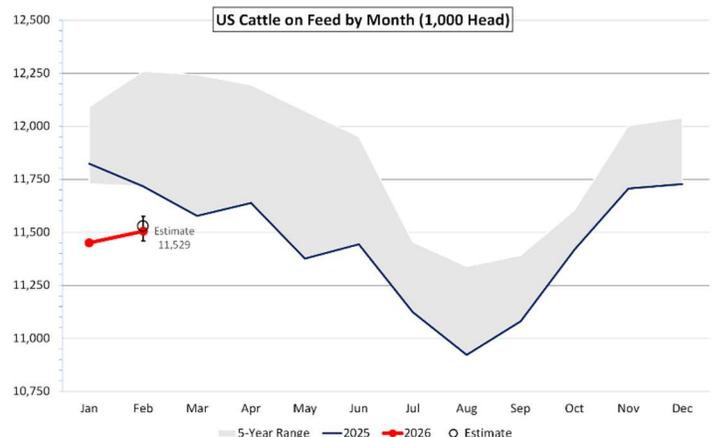
The March Prospective Plantings report will be the first real check on these numbers. Historically, it narrows the error significantly for both crops — but for soybeans especially, that's where the AOF overshoot tends to start correcting.

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

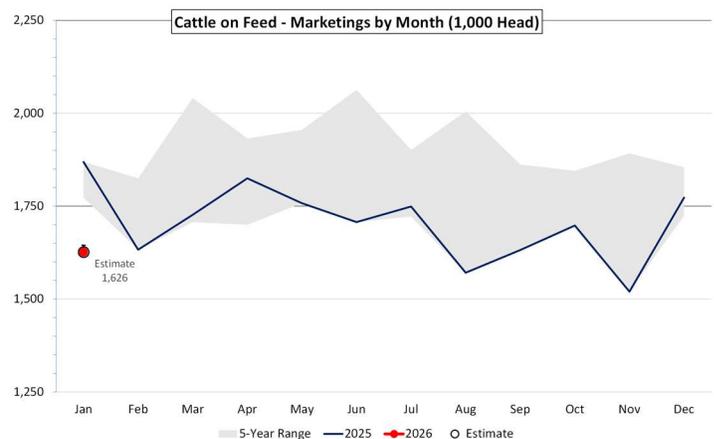
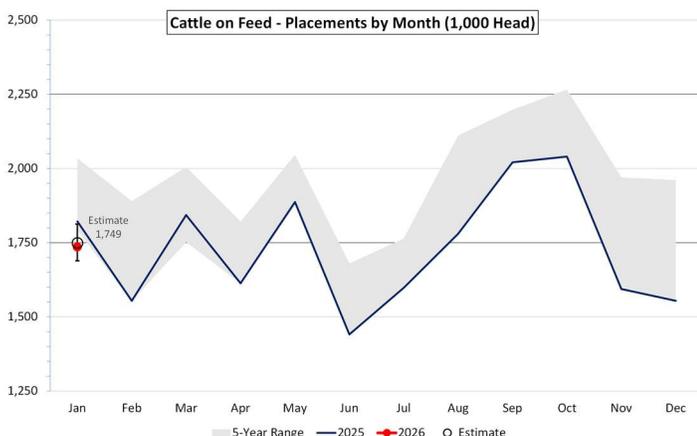
## Livestock

Friday's USDA Cattle on Feed report largely aligned with pre-report survey expectations, confirming a continued but modest tightening of feedlot inventories. The February 1 On-Feed total landed at 11.505 million head, or 98.2% of the previous year's volume. This actual figure came in slightly below the Bloomberg survey average expectation of 11.529 million head (98.4%), marking the smallest inventory for this date since 2017.

The primary driver for this marginally lower inventory was a lighter-than-anticipated placement rate. January placements totaled 1.736 million head (95.3% of last year), slipping beneath the 96.0% survey estimate. As previously analyzed, this establishes the smallest January placement volume since 2007. This persistent decline continues to be heavily influenced by record-high replacement costs and escalating break-evens, which are actively tempering cattle feeder interest.



volume since 2007. This persistent decline continues to be heavily influenced by record-high replacement costs and escalating break-evens, which are actively tempering cattle feeder interest.



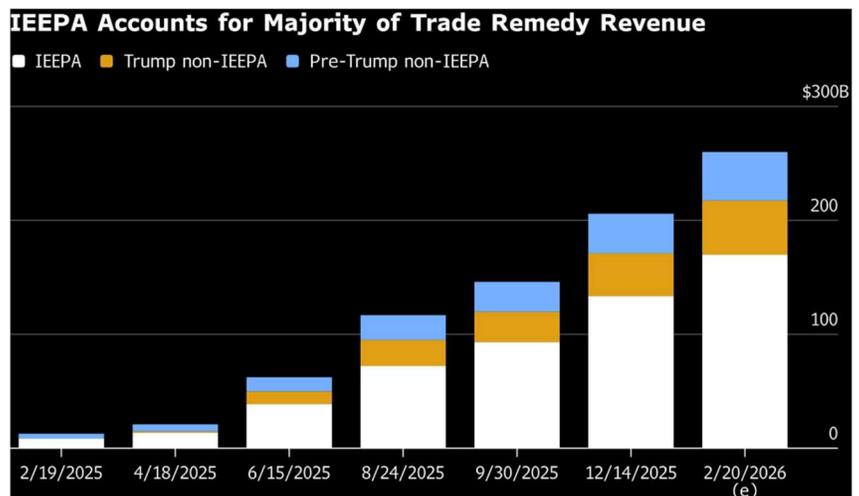
Most critically, the anticipated marketing bottleneck was perfectly realized in the data. January marketings arrived precisely at the survey's projected 87.0% of the prior year, totaling 1.626 million head. This chronically slow marketing pace, exacerbated by a lack of urgency from both packers and feeders, continues to sustain a large front-end supply of record-heavy cattle. Consequently, despite the historically low placement volumes, this sluggish turnover ensures that the overall decline in feedlot inventories remains much more modest than the placement data alone would suggest.

NESVICK TRADING GROUP, LLC		Cattle on Feed February 2026						
	Actual	Head	Survey Results			Previous		
			Average (%)	Range (%)	Avg Head (mln)	Month (mln hd)	Year (mln hd)	
On-Feed	98.2%	11.505	98.4%	97.8% - 98.8%	11.529	11.45	11.716	
Placements	95.3%	1.736	96.0%	92.7% - 99.5%	1.749	1.554	1.822	
Marketings	87.0%	1.626	87.0%	86.6% - 88.0%	1.626	1.773	1.869	

Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).

## Macro/Financials

We all saw the headlines on Friday: the Supreme Court seemingly dropped a massive wrench into the administration's economic machinery, ruling 6-3 to strike down the Trump Administration's use of the International Emergency Economic Powers Act (IEEPA) to impose sweeping global tariffs, which account for the majority of the tariffs that the administration has implemented. While this looks like it represents a significant legal defeat for the administration, assuming this marks a return to normalized trade policy would be a miscalculation.



The legal mechanism has shifted, but the administration's baseline objectives remain entirely intact. The White House is immediately pivoting to Section 122 of the Trade Act of 1974, which allows the President to unilaterally impose a global baseline tariff for a 150-day window without congressional approval. Concurrently, they planning to introduce sector-specific tariffs under Sections 232 and 301, specifically eyeing foreign autos with potential levies ranging from 15% to 30%. While the Supreme Court has been deliberating on the case of whether or not the IEEPA tariffs were allowed, the administration has had nearly 6 months to begin the investigations and processes required to re-implement tariffs through these other avenues. The reality is that the tariff wall isn't coming down; it's simply being reconstructed under different statutory umbrellas, brick by brick.

The most significant long-term financial story is the estimated \$170 billion in collected IEEPA tariffs and the chatter of massive windfall refunds coming to U.S. importers. My advice: don't hold your breath. The Supreme Court deliberately said nothing about what happens to tariffs already collected, kicking that issue down to the U.S. Court of International Trade. Over 1,500 companies have already filed suit, but the government will aggressively defend these funds. The Treasury is already telegraphing its defense, calling blanket payouts a "corporate boondoggle" and demanding intense, shipment-by-shipment proof that importers absorbed the costs themselves before writing a single check. Because of this, this litigation will likely take years to resolve. With this in mind, I don't think we should start to price in an immediate margin expansion for retailers or a sudden stimulus injection for the consumer.

There wasn't much of a reaction across any of the major markets beyond some early reactionary swings as the market attempted to price in the news; I think that the markets ultimately ending the day relatively unchanged shows that this ruling didn't change as much as it seemed like it might. The tariffs that were deemed unconstitutional have already been replaced with a new temporary blanket tariff, and more permanent tariffs seem likely to be implemented well before the expiration of the blanket tariff. Additionally, the question of refunds will likely go unanswered for years to come, leaving very little to price in for the meantime.

*Macro/Financials commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).*

### Today's Calendar (all times Central)

- Factory Orders – 9:00 AM
- Durable/Cap Goods – 9:00 AM
- Export Inspections – 10:00 AM

Thanks for reading,

Zachary Davis

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