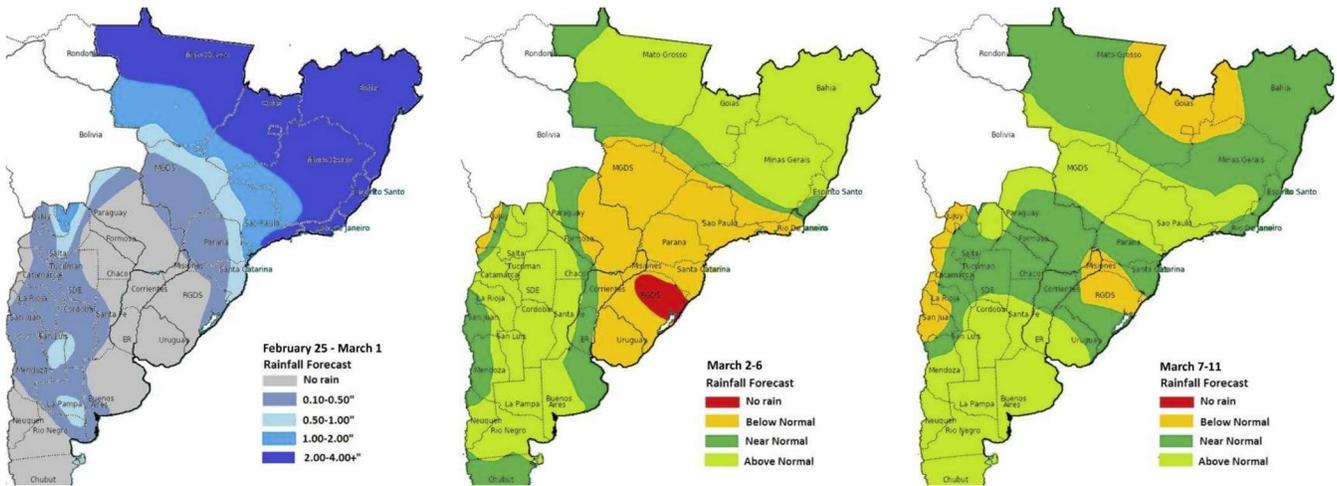


Weather

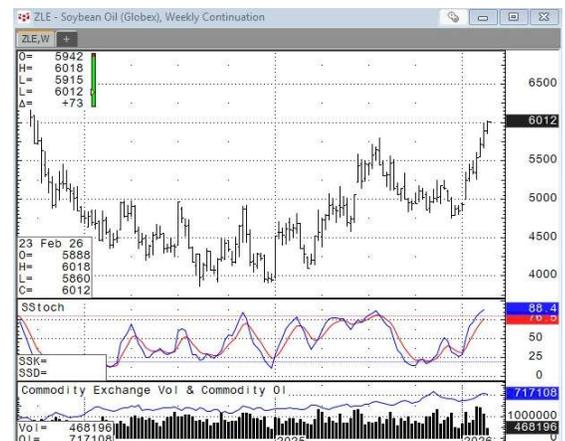
Precipitation will run well above normal across the northern soybean and safrinha corn growing areas of Brazil for the next ten days, with regions including Minas Gerais, Bahia, northeastern Goiás, eastern Maranhao, and southern Piaui expected to record torrential totals of three to six inches and localized amounts exceeding seven inches; this double to triple normal rainfall will maintain severe logistical delays for soybean harvesting and safrinha corn planting operations before the pattern finally moderates to near-normal accumulations of under one inch during the 11-15 day period of March 7-11. In southern Brazil, a critical ten-day period of completely dry weather begins today across Rio Grande do Sul, threatening to significantly stall late-season crop development, although the immediate stress will be temporarily mitigated by below-normal temperatures through Friday before unseasonable warmth returns for the 6-10 and 11-15 day windows. For Argentina, immediate precipitation of 0.25 to 0.75 inches will remain strictly confined to Cordoba through Sunday under below-normal temperatures, but the forecast confidently transitions to a much wetter regime as an active weather system expands across the entire growing region to deliver widespread above-normal rainfall in Week Two.



The forecast for the United States features a highly active and stormy pattern set to dominate the central and eastern regions through the first eleven days of March, with precipitation totals broadly reaching two to four inches and localized areas expecting four to six inches, which will rapidly elevate water levels across the Ohio River Valley and Mid-South. Conversely, the hard red winter wheat belt of the southern Plains faces acute short-term stress as completely dry weather through March 2 combines with extreme temperature anomalies; daily highs are surging 15 to 20 or more degrees above normal, setting records in the 80s across areas like Amarillo and Dodge City, maintaining a severe wildfire threat before a transition to widespread above-normal precipitation exceeding a half-inch finally arrives during the 11-15 day period.

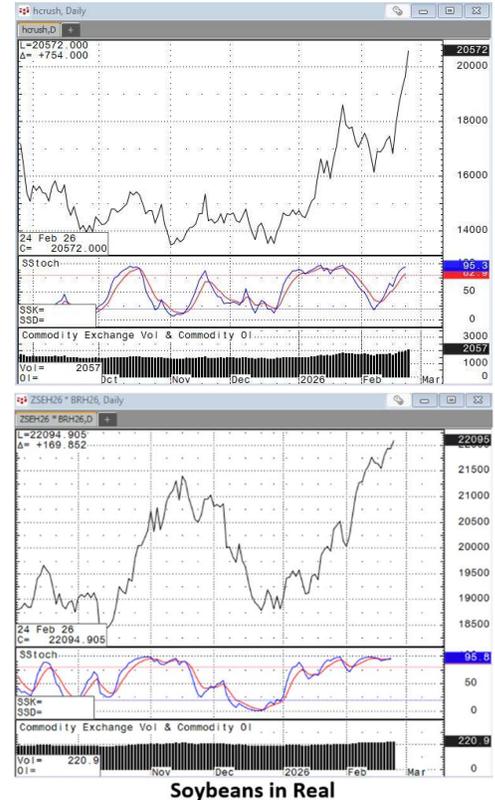
Grains

We saw follow through strength in oil Tuesday on reports that the new biofuel policy would switch to a gallon mandate from a RIN mandate. The switch is mainly because the half-RIN measure on imports is expected to be cut and/or delayed. We are still waiting on official word on all of this but the market is obviously expecting something friendly (and the Outlook Conference balance sheet more or less confirmed a massive increase in biofuel use was forecast). Diesel made new highs which was also supportive. Oil provided support to beans and meal held up as well. The Brazilian real continues to firm. Crush margins continued to firm, making new highs for the move. After the last NOPA report, it was pretty



clear that the USDA needs to raise crop year crush. While crush ideas are increasing, the 25/26 balance sheet will really come down to exports. I maintain that regardless of whether China buys all of the additional 8 mmt, the USDA is still too low at 1575. I am using 1696 milbus, but acknowledge, 1650 may be more realistic. Even so, the balance sheet is fairly tight, which rolls into 26/27, and I maintain we need to gain at least 4 mil acres and not have a weather issue. That said, the market has built a fairly sizable long in a short time and we may need confirmation of sales to China to rally further.

SOYBEANS: U.S. SUPPLY AND DEMAND									
	21/22	22/23	23/24	10-Feb		10-Feb		26/27	Outlook
				24/25	24/25	25/26	25/26	26/27	26/27
				MB	USDA	MB	USDA	MB	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	84.0
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	204	350
Production	4464	4270	4162	4374	4374	4262	4262	4494	4450
Imports	16	25	21	29	29	25	20	25	20
Total Supply	4737	4569	4446	4746	4746	4612	4607	4723	4821
Crush	2204	2212	2285	2445	2445	2610	2570	2660	2655
Exports	2152	1980	1700	1882	1882	1696	1575	1750	1700
Seed	102	72	75	70	70	73	73	75	79
Residual	5	41	44	23	23	30	39	20	30
Total Usage	4463	4304	4104	4420	4420	4410	4257	4505	4464
Carryout	274	264	342	325	325	204	350	219	355
Carryout % Use	6.1%	6.1%	8.3%	7.4%	7.4%	4.6%	8.2%	4.9%	7.9%



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.

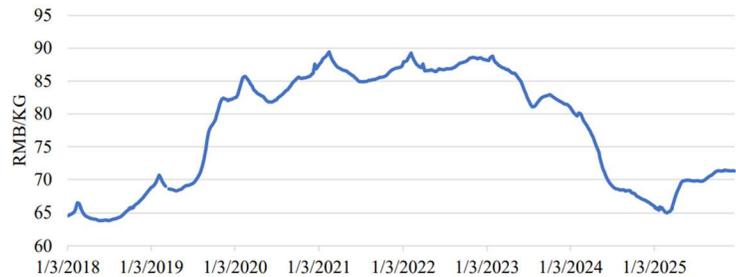
Livestock

I will try something different today as I'm fairly certain you, dear reader, already know my opinion on the US cattle markets. Still friendly.

The latest USDA FAS China Livestock Semi-Annual was released Friday. Bottom line? China's market is staying tough for us exporters in 2026. Weak demand, domestic oversupply, and fresh trade barriers are slamming the brakes on imports.

Cattle & Beef: Herd liquidation continues. Breeding cows are stuck low, calf crops shrinking, and slaughter-ready animals drying up. USDA sees beef production dropping in 2026 after a small 2025 bump from herd culling. Imports? They're getting capped hard. New tariff-rate quota safeguard kicked in Jan 1 with country-specific limits plus 55% extra duty on anything over quota. Total beef imports forecast to fall further from already-soft 2025 levels. High-end HRI demand is still in the tank; restaurants downgraded or dropped premium cuts last year and aren't reversing course. U.S. beef? Forget volume or any help from Chinese imports due to elevated tariffs, registration headaches, and that 10% reciprocal tariff still biting. We're basically inventory draw-down only.

Chart 1. China: National Average Beef Price



Source: MARA

China's official data also showed that total cattle inventory declined in 2025¹, which continues to pressure the production base. Because this sector remains dominated by small- and medium-scale producers with stable calving rates and no significant management changes, production efficiency is unlikely to offset this trend. Post estimates that reduced breeding cow availability rather than changes in production efficiency will drive the projected decline in cattle production in 2026.

Swine & Pork: More stable, but not bullish. Sow herd trimmed, yet big integrators are squeezing out better numbers so total production holds flat. Slaughter up a touch, carcass weights down on government weight-control rules which nets a steady as she goes output. Pork imports slide modestly; plenty of cheap local fresh pork flooding the market, consumers pinching pennies and subbing for other protein such as eggs/tofu. Anti-dumping duties on EU pork (4.9–19.88% for 5 years) just hit Dec 1 which raises their landed cost and should open a tiny window for other suppliers, but overall import demand stays weak.

Tariffs Snapshot: Some good news, the 10-15% retaliatory tariffs on 740 ag products (including beef/pork) got pulled Nov 10. But the 10% across-the-board reciprocal tariff on ALL U.S. goods stays. Section 301 exclusion process still alive through Dec 2026, so smart importers can apply for relief on the old retaliation layers. Net effective rates on U.S. beef still 22–35%, pork 22–55% depending on cut. Ouch.

Takeaway: China ain't buying big in '26. Domestic supply is loose, consumers cautious, and policy is all about protecting local producers. U.S. beef stays high-end only where quality wins despite price. Pork has even less runway. Watch Hong Kong for live swine and pork exports, they're the only bright spot growing modestly.

Livestock commentary provided by Ashley Lowe. For questions or comments, Ashley can be reached by email at ashley@nesvick.com or on Trillian at ashley@nesvick.com.

Macro/Financials

Back in November, I flagged a growing imbalance in the housing market: active sellers outnumbered active buyers by about 34%, a gap of roughly 500,000 people. At the time, I called it a "clear and quantifiable imbalance." A few months later, that imbalance has blown out to a new record – sellers now outnumber buyers by 44%. To put numbers on it, there are nearly 2 million active sellers competing for a shrinking pool of roughly 1.3 million active buyers. The gap isn't closing; it's accelerating.

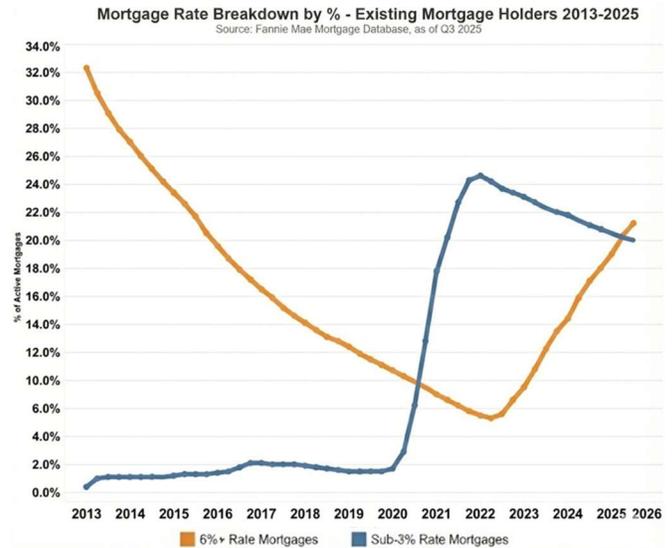
What's driving this trend? The average existing homeowner with a mortgage is currently paying around \$1,953 per month; If that same homeowner were to sell today and buy a similarly-priced home at current rates, their monthly payment would jump to roughly \$2,722 – nearly \$770 more per month. That's not a minor inconvenience; that's an extra car payment on top of the housing payment they already have. For millions of homeowners sitting on rates in the 3% range from the post-COVID refi boom, selling their house to take on a rate north of 6% is simply a non-starter. Exacerbating this struggle, their current house has likely lost value since they bought it. This lock-in has consequences on both sides of the market. On the supply side, the homeowners who do list tend to price aggressively because they need a strong enough return to justify giving up their low rate – which keeps asking prices elevated. On the demand side, those elevated prices, combined with mortgage rates that have only recently dipped back toward 6%, are keeping potential buyers on the sidelines. The result is a market with plenty of "For Sale" signs but very few transactions.

The broader data confirms this. Existing home sales in January came in at a seasonally adjusted annual rate of just 3.91 million – down 8.4% from December and 4.4% below January of last year. Pending home sales, which serve as a leading indicator for future closings, also slipped 0.8% in January. On the builder side, sentiment continues to deteriorate: the NAHB Housing Market Index fell to 36 in February, its lowest reading since September, and 65% of builders are still offering incentives like rate buydowns and closing cost assistance to move inventory. New home sales in December came in at an annualized rate of 745,000 units, and while that beat expectations, inventory sits at 7.6 months of supply – well above the



6-month level that's generally considered balanced. And as I noted back in January, builders have increasingly turned to "shrinkflation," putting up smaller homes to keep that headline price attractive.

Looking ahead, there are early signs that the lock-in effect could begin to weaken — slowly. The share of outstanding mortgages with rates above 6% recently overtook the share with rates below 3% for the first time since 2015. As more of the mortgage universe shifts into higher-rate territory, the financial penalty of selling becomes less severe for a growing slice of homeowners. But "growing slice" is not the same as "most." The bulk of the market is still locked in, and even if 30-year rates settle into the mid-to-high 5% range, the math still doesn't pencil for someone paying 3%. And until rates come down meaningfully or something else forces sellers to accept lower prices, the record gap between buyers and sellers is likely to persist well into the year.



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)

- MBA Mortgage Applications – 6:00 AM
- EIA Energy Stocks – 9:30 AM

Thanks for reading,

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