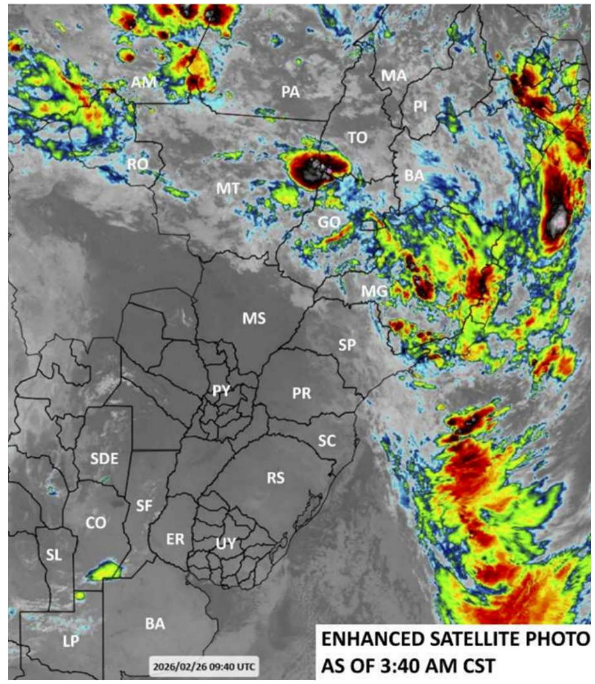
Weather

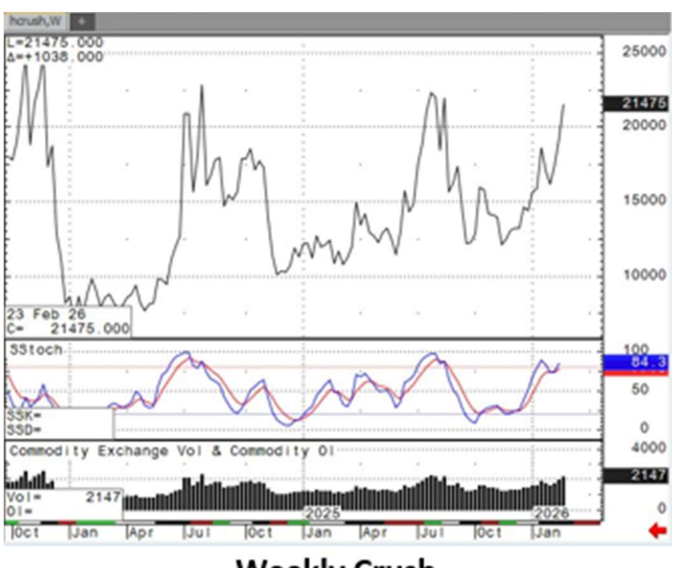
The primary evolution in the South American forecast centers on northern Brazil, where the duration of the exceptionally wet pattern has noticeably contracted; while heavy, above-normal rainfall will continue to severely disrupt soybean harvesting and safrinha corn planting across eastern areas for at least another week, these torrential rains are now expected to subside during the 6-10 day window rather than extending deep into the 11-15 day period. In southern Brazil, the outlook remains firmly anchored in a critically dry pattern for Rio Grande do Sul, with virtually no precipitation expected for the next ten days, guaranteeing acute moisture stress for late-season crop development as temperatures transition from near-term cooling to an unseasonably warm pattern by March 3. For Argentina, the forecast is entirely unchanged and remains heavily bifurcated in the near term, with immediate precipitation strictly confined to Cordoba through Sunday before an active weather system expands eastward on Monday to deliver widespread, above-normal moisture across the entire growing region for Week Two.



ENHANCED SATELLITE PHOTO AS OF 3:40 AM CST

Grains

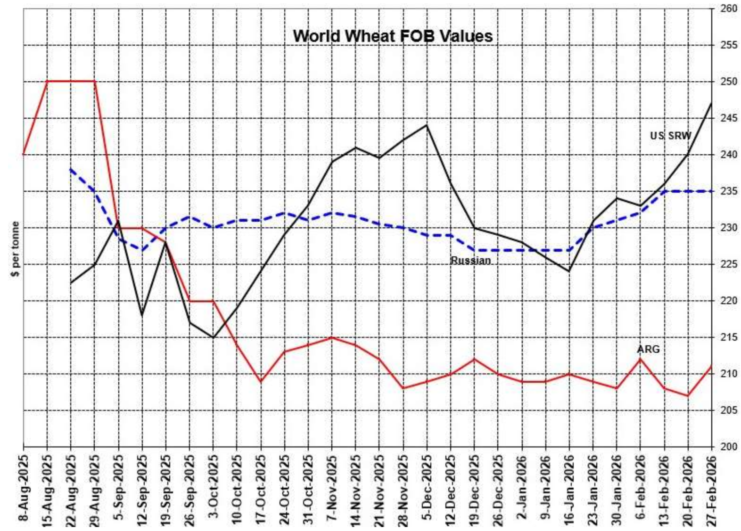
It was kind of a strange session Wednesday in the aftermath of the SOTU. President Trump talked about tariffs and the ruling, but nothing specific about China and soybeans or imports of any kind. He talked about energy and natural gas, but nothing about biofuels policies. Everything rallied Tuesday night (not sure if correlated to the SOTU), but set back by morning. For whatever reason, meal ended up having a big day (likely since I highlighted oil). Meal tightness is showing up in the ECB again and meal use has been off the charts, but not sure of the specific catalyst for Wed's strength. Funds have been fairly flat meal while short covering in oil and building longs in beans. Wire services reported that the EPA is sending the 2026 biofuels quotas to the White House on Wednesday. Given we have rallied 12 cents since the beginning of the year on the rumors, even a bullish report response could be muted. Or it could be a "sell the fact" response. At least there will be no more waiting (fingers crossed).



Weekly Crush

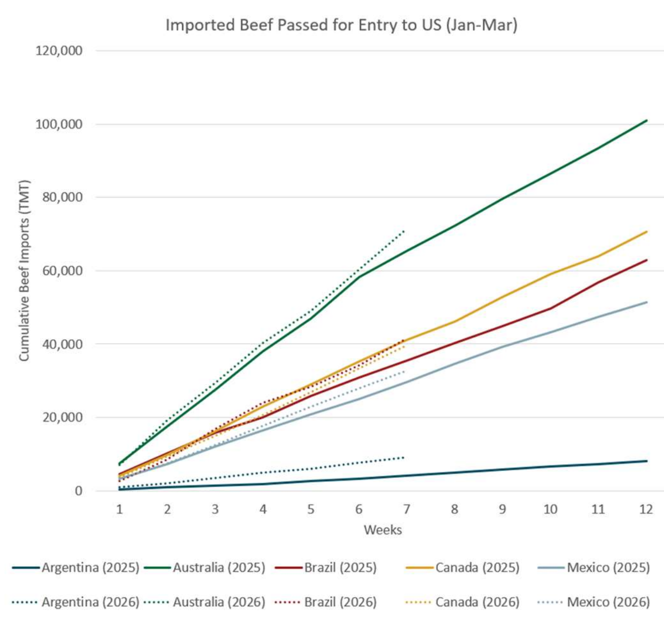
Wheat was under relative pressure. After early follow through higher Monday, futures have turned weaker, although spreads continue to narrow into FND for March. Better rain is forecast for the S Plains by mid-next week. US origin remains well above the competition, but that has been the case for a while. I am expecting a further set back in wheat after first notice day if better rains are still forecast next week. Monthly crop ratings will be out next week for some states and could show a further decline. However, we would likely need a major production issue or a major rally in corn to resume strength.

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

One of the big questions I had when President Trump announced the new global 10% tariff, which replaces the IEEPA tariffs for the next 150 days, was how this will impact beef imports. As we all know, the Trump Administration has been very focused on lowering beef prices for the consumer, while adding a 10% tariff to all beef imports would actively contradict that. Fortunately, there was a clear answer to this question: on the White House Presidential Actions page regarding this tariff, it states that this 10% tariff "shall not apply to… certain agricultural products, including **beef**, tomatoes, and oranges."



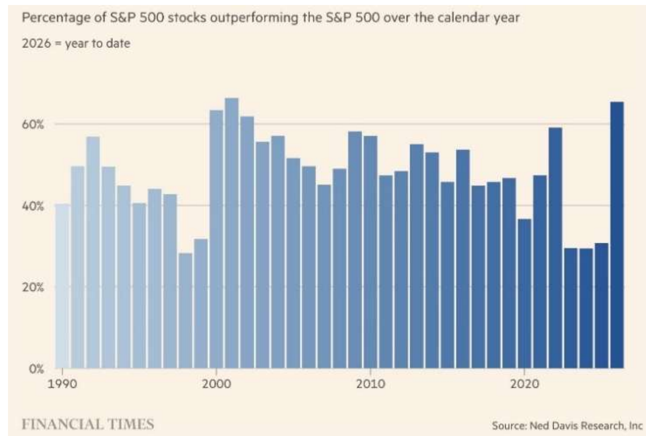
With this in mind, we should expect no real adjustments to the expected beef imports due to this tariff change, although there are some differences to keep in mind compared to last year. For one, there was the official adjustment of the Argentina TRQ from 20 tmt up to 100 tmt; as a result of this change (and of China's reduction to the amount of Argentine beef they will accept), Argentina has already exported over 9 tmt of beef to the US – over half of the previous quota for the entire year, and 120% more than they had exported by this week last year. The "Other Countries" TRQ, of which Brazil takes the lion's share, was reduced from last year's 65 tmt to 52 tmt this year; this is due to the UK trade deal which gave 13 tmt of this quota to the UK. Brazil filled the 52 tmt limit in the first 6 days of 2026, so all countries who fall under that limit will be subject to a 26.4% tariff going forward. There has yet to be any US imports of UK beef this year, so we will have to wait and see if anything comes from that UK-specific TRQ. Australia, which has by far the largest total beef quotas at ~450 tmt (378 tmt for the WTO quota and an additional 71 tmt for AUSFTA), has shipped ~10% more beef YTD than last year. They did reach their quota last year, so I'd expect the same to occur this year.

Ultimately, we are currently seeing a ~10.5% increase in total imported beef passed for entry into the US in 2026 compared to 2025, at a total of 252 tmt year-to-date. This equates to roughly 2% of last year's total US beef production, or 15.5% of US beef production by this point in the year. With the current TRQs in place for 2026, we can really only expect an extra

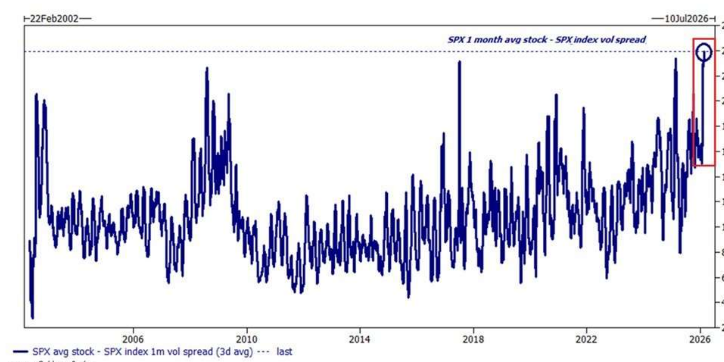
~67 tmt of beef imports (assuming Argentina fills the 100 tmt quota but there are no meaningful imports from the UK), which I don't believe will meaningfully assist in bringing prices of beef down any more than last year.

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



For the past several years, the S&P 500's rally has been powered by a remarkably narrow group of stocks. The Mag 7 drove the lion's share of index returns from 2023 through 2025, a period where only ~30% of S&P 500 constituents actually managed to outperform the broader index. It was one of the most concentrated markets since the late 1990s. Now, with Mag 7 earnings growth decelerating to their slowest pace since Q1 2023 and five of the seven in negative territory year-to-date, you'd expect the index to be struggling. Instead, something unusual is happening: more than 65% of S&P 500 stocks are currently outperforming the index – the highest level in history.



That stat on its own is noteworthy, but it gets more interesting when you pair it with the fact that the 1-month realized volatility of the average S&P 500 stock relative to index volatility has surged to 24 points – the highest spread on record. Meanwhile, the S&P 500 itself has traded in a 2-month closing range of just 3.7%, less than half the 20-year median of 8.6% and one of the tightest ranges in history. The VIX sits at ~20, but Goldman notes that institutional activity (including selling and shorting) is more consistent with a VIX reading of 35. The index is telling you everything is fine, but the stocks inside it are telling a very different story.

These two charts are showing the same thing from different angles. Breadth is surging because individual stocks are making massive moves in opposite directions, but they're canceling each other out at the index level. Energy is up ~21% year-to-date. Tech is down ~4.4%. A total of 117 S&P 500 stocks have gained or lost more than 20% this year, while the index has barely moved. The average stock moved 10.8% over the past month. The Cboe S&P 500 Dispersion Index puts the current reading in the 99th percentile over the past 30 years. The calm surface and the chaos underneath aren't contradictions — they're the same phenomenon. The index looks flat precisely because the enormous moves are offsetting each other.

Most of Wall Street is looking at this movement as a healthy rotation, with Goldman, Morgan Stanley, and JPMorgan all explicitly calling for a broader market in 2026, and are recommending equal-weight, small-cap, and value tilts. Lisa Shalett at Morgan Stanley called it "healthy de-concentration." And there's a reasonable case for that – the broadening of the index is happening via the other 493 stocks strengthening, not via the Mag 7 collapsing. Additionally, rate cuts (markets are pricing 88%+ probability of two 25bp cuts this year) disproportionately benefit the small- and mid-cap companies, the ones leading this rotation. That said, if this were to go the other way, I think private credit market could be at the center of it. Blue Owl Capital suspended quarterly redemptions on its retail private credit fund on February 20 – CNBC called it a "canary in the coal mine." Roughly 15% of private credit borrowers can no longer fully service their interest payments. Tech-heavy private credit portfolios are seeing spreads widen by ~110 basis points even as broad high-yield spreads sit near historically tight levels. The equity index says nothing is wrong, but credit market is starting to quietly disagree. That tension – combined with a 99th-percentile dispersion reading that has historically been a 2-3 month leading indicator for dislocations – is the thing I'd keep an eye on.

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)

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Nat. Gas Storage Change – 9:30 AM

Thanks for reading,

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