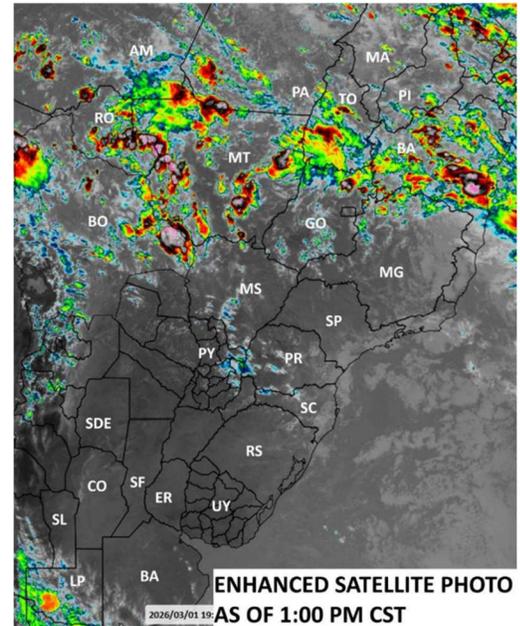


Weather

The weather pattern for northern soybean and safrinha corn growing areas of Brazil remains exceptionally active, with eastern areas such as northern Minas Gerais and the MaToPiBa region expecting above-normal rainfall heavily concentrated in the 1-5 day period; these torrential amounts will maintain logistical delays for soybean harvesting and safrinha corn planting before subsiding for the 6-10 and 11-15 day periods. In southern Brazil, Rio Grande do Sul will remain critically dry through Thursday, further supporting the commencement of the local soybean harvest, before a notable shift brings above-normal rainfall exceeding one inch during the 6-10 day period. For Argentina, badly needed thunderstorms will spread across the main corn and soybean growing areas from late Monday through early Tuesday, which should effectively alleviate the recent moisture deficits and stabilize crop conditions, followed by cooler temperatures for the March 5-9 timeframe.

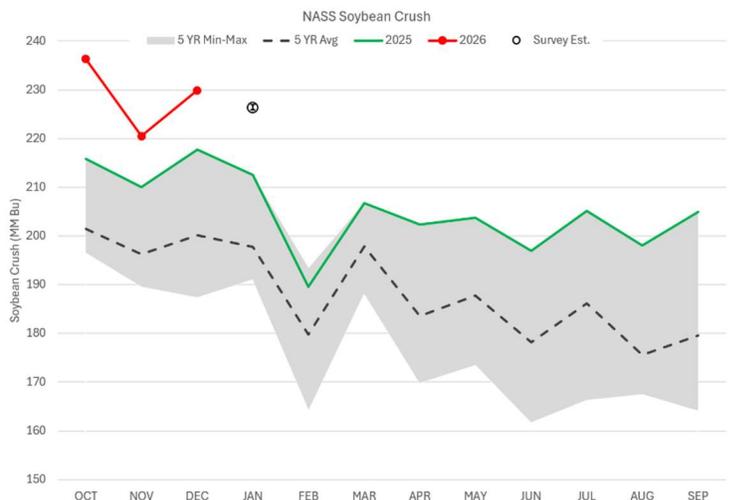


An exceptionally active and wet pattern is taking hold across the central and eastern United States for the opening half of March, with 15-day precipitation totals of 2-4 inches or more expected to generate eventual flooding concerns for the southeastern Corn Belt and Mid-South regions. Temperatures will surge to much-above-normal levels from Monday through March 10, frequently running 15 to 20 degrees above normal across the Plains and western Corn Belt, before a sharply colder air mass settles over the center third of the Nation during the 11-15 day period and potentially introduces a major winter storm threat. In the Southern Plains winter wheat areas, the precipitation forecast has trended notably drier, with western Kansas and the Oklahoma and Texas panhandles now expected to record under an inch of moisture over the next 15 days, limiting the potential for significant crop improvement. The Northern Plains will remain dry through Thursday while benefiting from the exceptional warmth, though precipitation chances and below-normal temperatures will return for the 11-15 day period.

Grains

With the release of both the NASS Grain Crushings and the Fats and Oils reports for the month of January set to release this afternoon at 2:00PM Central, I thought we should go ahead and take a look at the expectations for the reports.

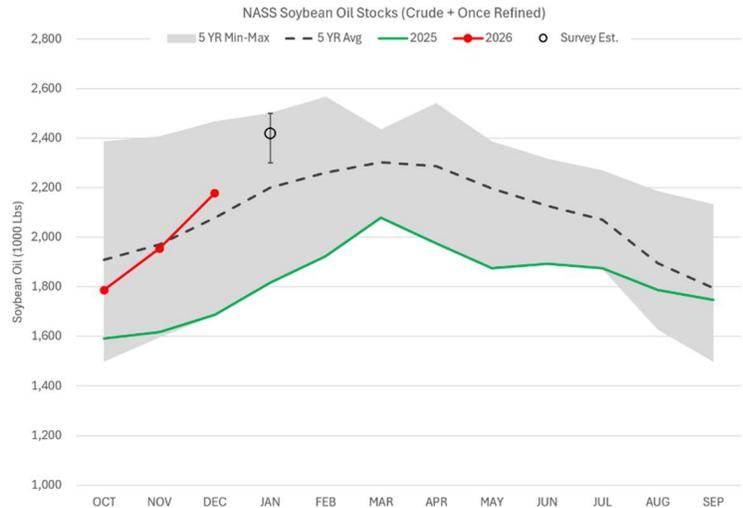
The January NASS crush survey average came in at 226.3 million bushels, with estimates ranging from 225.9 to 227.0 million bushels and a median of 226.2 million bushels. If realized, this would be the largest January crush on record and the third largest crush for any single month ever. Comparing this to earlier data, the survey average is slightly below (-1.5%) December's 229.8 million bushel NASS crush, but continues the pattern we've seen all crop year of running well above prior-year levels; the January 2025 NASS crush came in at just 212.5 million bushels, putting the expected year-over-year increase at a robust 6.5%.



With NOPA already reporting 221.564 million bushels for January, the survey average implies roughly 4.7 million bushels of non-NOPA crush. NOPA estimates that its members account for approximately 97% of U.S. crushing capacity, which would imply a total crush around 228.4 million bushels if you simply gross up the NOPA number (221.564 / 0.97). That's a touch above the high end of the survey range,

so the analyst estimates are implying a slightly smaller non-member share than normally would be expected. That's not unreasonable given the expansion in NOPA-member capacity over the past year, and given that January's harsh winter weather in the southern U.S. may have disproportionately affected smaller, non-member operations.

On the oil stocks side, the average estimate from four analysts comes in at 2.418 billion pounds, with a range of 2.300 to 2.500 billion pounds and a median of 2.435 billion pounds. This would represent an 11.0% increase from December's 2.179 billion pounds and a 33.1% surge from January 2025 stocks of 1.817 billion pounds. NOPA member oil stocks were already reported at 1.900 billion pounds — the highest since April 2023 — and came in 232 million pounds above the average survey guess and 150 million pounds above even the highest estimate. The fact that NOPA stocks surprised so significantly to the upside suggests there may be upside risk to the NASS oil stocks number as well.



For the Grain Crushings report, the survey average for January corn for ethanol use comes in at 483.3 million bushels, with a tight range of 482 to 485 million bushels. That would be down a touch from December's 488.3 million bushels (-1.0%) and up 3.3% from the 467.9 million bushels ground in January 2025.

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.

Energy

Since I'm sure that everyone has seen the news this weekend about the conflict in Iran, I thought I'd take a minute to discuss how this is affecting oil prices and trade. Brent spiked 13% at Monday's open before settling back to ~\$77 — up about 6% on the day — and that intraday range tells you everything about where the oil market's head is at right now. The initial panic reflected what is, on paper, one of the most severe supply disruption scenarios imaginable: a functional shutdown of the Strait of Hormuz, the chokepoint that handles ~32% of all seaborne crude oil and roughly a fifth of global LNG. The fadeout reflects the fact that, so far, no actual oil production or export infrastructure has been confirmed damaged. This is a market pricing fear, not physical loss — but the distinction may not matter much if the strait stays closed.



And that's the thing — it doesn't take a formal Iranian naval blockade to disrupt Hormuz. Shipowners have effectively done it themselves. After the US declared a maritime warning zone and Iran claimed attacks on three tankers Sunday, tanker traffic through the strait has all but halted. You've got a de facto closure driven by insurance premiums and risk aversion, rather than blockades or missiles. The ~16.7 mb/d of crude and condensate that normally transits the strait isn't flowing. There are bypass options, but the math isn't encouraging. Saudi Arabia's East-West Pipeline has a 5 mb/d

nameplate capacity, but incremental rerouting is realistically only 1.5–2.0 mb/d above current flows. The UAE's Habshan-Fujairah line adds another 1.5 mb/d. Total Middle East crude currently bypassing Hormuz sits around 3 mb/d. That's a fraction of what the strait normally handles, and Kuwait, Qatar, Bahrain, and most of Iraq's exports have no alternative route at all.

The majority of Wall Street estimates for where Brent goes from here range from \$80-90, but some are calling for prices as high as \$120; however, they all share the same key questions about duration. Citi's base case assumes Iranian leadership changes or US de-escalation within 1–2 weeks. Trump, meanwhile, told the New York Times he intends to sustain operations for four to five weeks. OPEC+ agreed Sunday to add 206,000 b/d in April, which is roughly 1.2% of what transits Hormuz on a normal day. Until tanker traffic actually resumes, that kind of incremental supply is a rounding error against the disruption the market is trying to price.

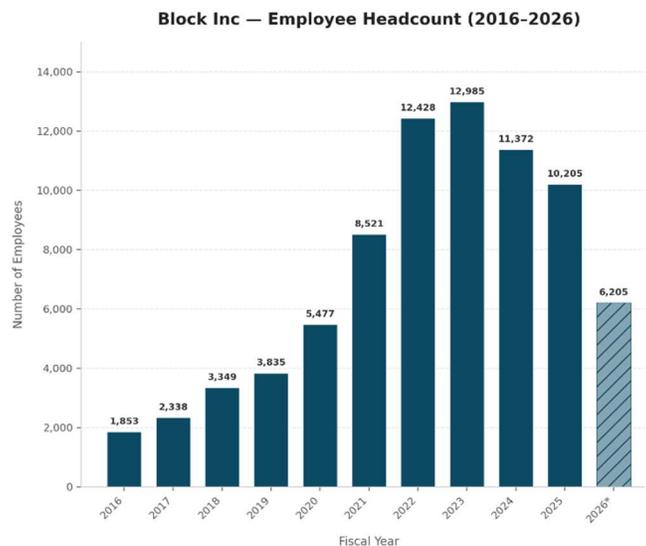
Energy commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com or on Trillian at zdavis@nesvick.com.

Macro/Financials

I originally had a piece slated for this morning about how the ongoing AI advancements are making it harder for recent graduates to find jobs. But I guess you'll have to wait until tomorrow to read that, because today I want to talk about the layoffs at Block Inc. Jack Dorsey, co-founder of Block (also the co-founder and ex-CEO of Twitter), announced on X that the company will be cutting its headcount by nearly half due the efficiency gains from AI tools. While the advancement in AI has, no doubt, created a massive productivity and efficiency boost, I believe that this layoff actually has very little to do with AI.

Looking at their full-time employee headcount over time, you can see that the company over tripled its number of employees in the 3 years between the end of 2019 and the end of 2022. This time period was one of massive structure changes and several large acquisitions for the company; the company split its Square and Cash App services into two separately-run businesses while also purchasing Tidal (music app), Afterpay (BNPL), and Weebly (web-hosting service). To add to all of the other things they had going on, they also spun up Bitkey (Bitcoin hardware wallet) and Proto (Bitcoin mining system), and started massively investing into Bitcoin itself. Clearly, this is a company (or a founder) that had a lot of different ambitions and started pulling in a lot of different directions, which resulted in the hiring of a lot of people.

Block clearly realized that they had grown too fast post-Covid, and started debloating the company in 2024, winding down much of their cryptocurrency business, scaling back budgets for their other businesses, and reducing headcount by 2,700. The 4,000-person layoff that Dorsey announced last week seems to just be a continuation of this trend, bringing headcount roughly back to 2020 levels. For a company that manages a suite of mature software tools, I don't think it's an unreasonable assumption that the majority of the business functions could be consolidated into a single structure with multiple products, rather than running each product as its own separate business. Jack Dorsey also has a history of over-hiring. Twitter, at the time of Elon Musk's purchase in 2022, had over 8,000 employees, half of which had been hired in the previous 3 years. Musk cut nearly 80% of Twitter's headcount in the first few months of ownership; and while that move was too aggressive and resulted in a few issues early on, the company quickly stabilized at ~2,800 employees – a third of its purchase size.



While I don't think this layoff has much of anything to do with AI, and a lot more to do with right-sizing the company, I think that a lot of other company's will be closely watching Block for the next several months to see the outcome of this strategy. Based on the 20% after-hours stock increase from this announcement, we may very well see this strategy used as a playbook by other companies in the coming months as they look for a positive spin for layoffs.

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)

- S&P Global PMI – 8:45 AM
- ISM Manufacturing – 9:00 AM
- Export Inspections – 10:00 AM
- Grain Crushings – 2:00 PM
- Fats and Oils – 2:00 PM

Thanks for reading,

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