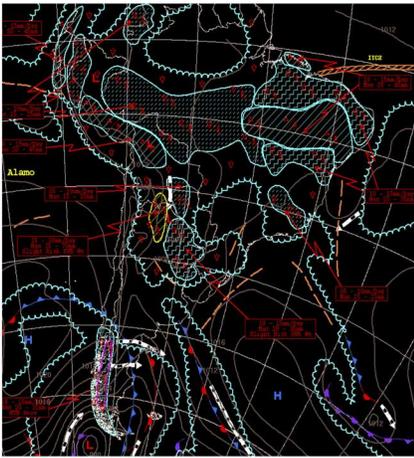


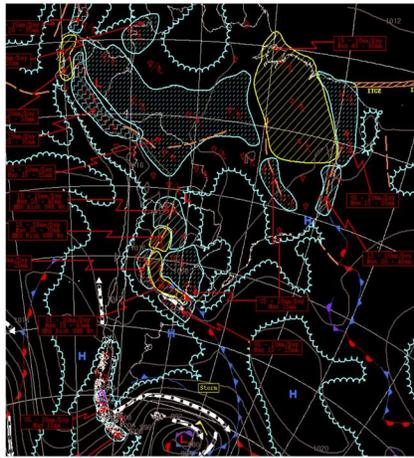
Weather

The South American forecast centers on eastern and northeastern Brazil, where heavy thunderstorm activity is expected to strengthen, pushing daily rainfall totals to 3-4" inches by Wednesday and Thursday. This volume of water will likely cause localized disruptions to ongoing soybean harvesting and any early safrinha corn planting operations. While central and eastern Brazil will experience reliable maximum rainfall of 1.5-2" inches in the near term, the broader atmospheric profile reveals a distinct pocket of notably drier air settling over northwestern Brazil. Meanwhile, widespread daily thunderstorms will persist across the Amazon Basin, driven by abundant moisture and daytime heat, yielding 2.0-2.75" of precipitation – particularly around MaToPiBa and northwestern Mato Grosso. For Argentina, the forecast indicates a highly active pattern anchored by a stationary front establishing near Buenos Aires and Uruguay by Wednesday. This boundary will significantly enhance moisture levels, delivering repeated daily rainfall amounts of 2-2.75" across northern and north-central Argentina. Furthermore, an advancing upper-level system will maintain a persistent risk for strong to severe storms across these primary regions through the end of the week, a pattern that should maintain adequate soil moisture for late-developing crops but may temporarily halt fieldwork.

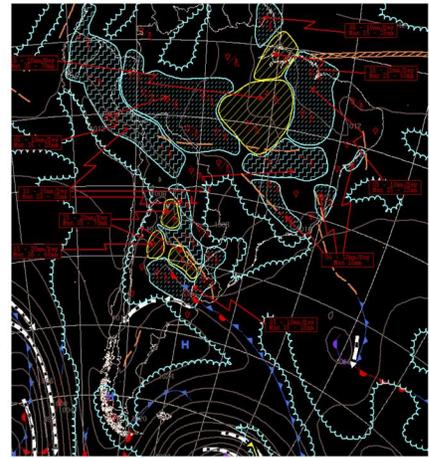
Day 1



Day 2



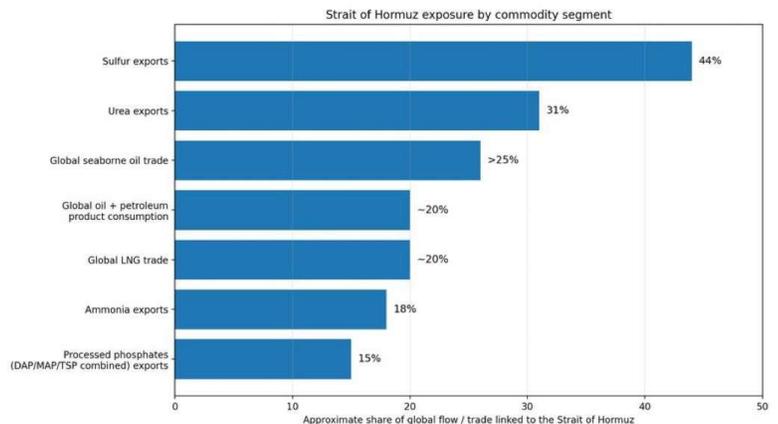
Day 3



Grains

There's been a lot of talk about the crude oil and nat gas disruptions and price spikes due to the conflict in Iran, but there's another industry that is even more exposed to this event than energy: fertilizer. The Gulf region handles a staggering share of global fertilizer trade: ~44% of seaborne sulfur, ~31% of urea, ~18% of ammonia, and ~15% of phosphates. This disruption is also hitting at the worst possible time for North American farmers, who are gearing up for spring fertilizer applications before planting right now.

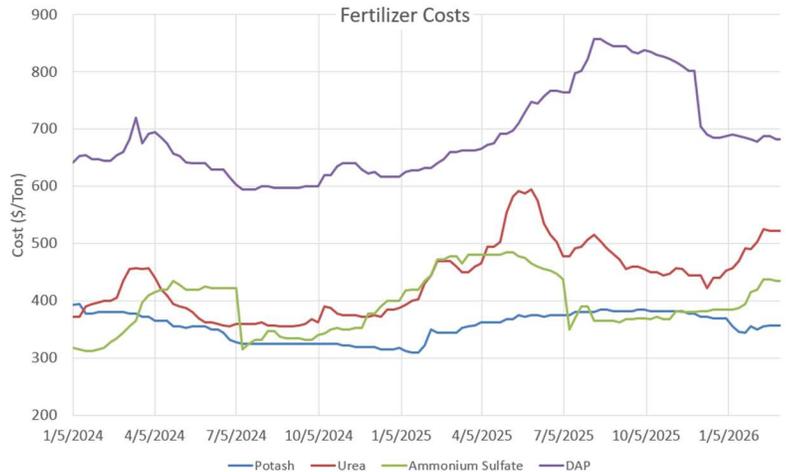
To make matters worse, this disruption in the Strait of Hormuz is a supply shock hitting a market that was already tight. Fertilizer prices were already running hot before the Iran conflict erupted — urea was up ~14% year-over-year heading into March, and DAP had been on a significant run through mid-2025 before pulling back. In the midst of this conflict, Egyptian granular urea jumped from \$490/mt to \$620/mt. Algerian urea spiked to \$630/mt. New Orleans barge prices for urea — the most widely used nitrogen



Energy categories use U.S. EIA 2024 / 1Q25 transit estimates. Fertilizer-linked categories use 2025 industry analyses citing CRU/Kpler on exports shipped from producers in the Arabian Gulf west of Hormuz. Fertilizer figures are best treated as exposure proxies, not the same ship-tracked precision as EIA oil/LNG data.

fertilizer headed to US corn fields — surged \$70/st in a single session, with warnings of "potentially hundreds of dollars per ton" more to come. Some inland suppliers have stopped offering altogether.

The disruption has already crossed from "risk" into something more concrete. Saudi suppliers issued force majeure notices to Thai urea buyers, effectively voiding contracts. Underwriters are canceling vessel coverage as of March 5, which could shut down shipping through the strait regardless of what the military situation looks like. Qatar shut down production at the world's largest LNG export facility after an Iranian drone attack — and Qatar supplies ~11% of global urea exports. In Poland, Grupa Azoty — the EU's second-largest nitrogen fertilizer producer — stopped taking new March orders entirely, citing the "unstable geopolitical situation." Even if the strait technically remains navigable, Scotiabank's Ben Isaacson noted that freight insurance costs alone could make transit "economically unviable."



The US is more exposed than usual at this point in the season given higher import demands, but the pain is global. India's urea production is expected to take a hit from Qatar's LNG shutdown. China and Indonesia face acute sulfur shortages — Middle Eastern suppliers account for more than half of China's sulfur imports, and sulfur represents over 40% of Indonesia's nickel MHP production costs. Alternative sources like Canada simply can't fill the gap at scale.

So, here's the problem: even a short-duration conflict leaves lasting damage. Contracts have been voided, insurance markets are repricing, and supply chains are being rerouted in real time. If the Hormuz disruption persists and farmers are unable to get their hands on fertilizer, we could see a higher-than-expected shift from corn to soybeans, and would create more concern for the corn crop that is planted.

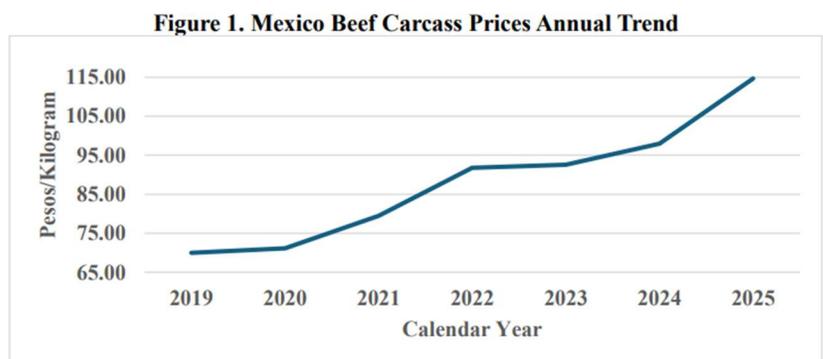
Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com or on Trillian at zdavis@nesvick.com.

Livestock

Once again, I will discuss something other than the US cattle markets as my opinion has not changed. April fats are 11 under last week's cash when they are usually 2-4 over. March feeders are 15 under cash, a record discount.

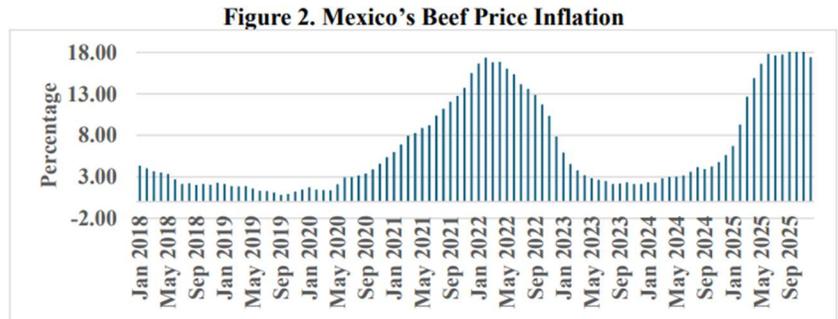
The USDA FAS Mexico Livestock Semi-Annual Report was released on Friday and it covers cattle, beef, swine, and pork sectors, with forecasts based on stuff like disease outbreaks and trade hiccups.

Starting with cattle: Production's staying flat at about 8.4 million head for the calf crop in 2026. They've been hit hard by droughts, diseases, and especially the New World Screwworm (NWS) issue, which shut down live cattle exports to the US. That means over a million head that would've gone north are now heading to domestic feedlots. Slaughter's expected to jump 5% to 7.23 million head, as ranchers pivot to local markets. Imports are way down to just 10,000 head due to tighter biosecurity, and exports? Zero for 2026, thanks to the ongoing border closure.



Source: Post estimate with data from Agricultural and Fisheries Information Service (SIAP)

On beef: Production's up 6% to 2.3 million metric tons (MMT) carcass weight equivalent (CWE), mostly because those retained cattle are getting slaughtered domestically at higher weights. Consumption's also rising 6% to 2.31 MMT CWE, helped by softer retail prices from the extra supply, a 13% minimum wage hike boosting buying power, and booming tourism driving demand in hotels and restaurants. Imports are forecast to climb 5% to 345,000 MT CWE, with the US and Canada filling premium gaps, while Brazil chips in despite new quotas. Exports? Up 6% to 335,000 MT CWE, mainly to the US where their herd's low, and maybe more to Japan.



Source: National Institute of Statistics and Geography (INEGI)

Switching to swine: The pig crop's growing 2% to 20.55 million head, thanks to better genetics fighting off diseases like PRRS and PED, plus stable feed costs from good corn access. Slaughter's up 3% to 18.2 million head. Pork production rises 3% to 1.41 MMT CWE, driven by vertical integration and demand for cuts in fancy spots, pork is stepping in where beef is pricey. Consumption jumps 5% to 2.9 MMT CWE, with folks substituting for expensive beef and tourism fueling traditional dishes. Imports are up 4% to 1.66 MMT CWE (mostly US and Canada, some Brazil), covering 57% of needs, while exports drop 13% to 170,000 MT CWE as they focus on home demand.

Bottom line: NWS border closure is forcing a massive pivot: cattle stuck home means more beef supply and softer prices, while pork rides genetics and substitution trends to record protein availability. New import quotas on non-FTA countries (like Brazil) tighten a bit, but anti-inflation decrees keep channels open. Mexico's protein sector is booming domestically despite the chaos.

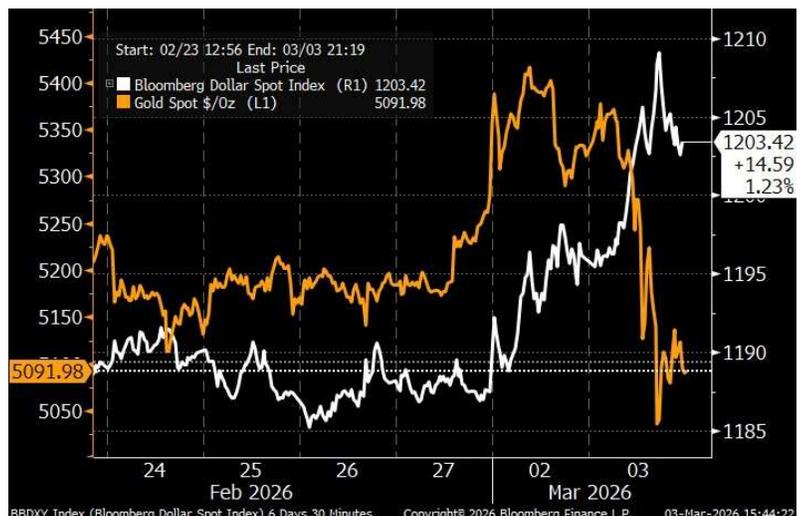
Livestock commentary provided by Ashley Lowe. For questions or comments, Ashley can be reached by email at ashley@nesvick.com or on Trillian at ashley@nesvick.com.

Macro/Financials

A little more Iran conflict discussion. This type of event normally sends investors running straight into traditional safe havens. But instead of a flight to safety, we got a historic unwinding. Gold slumped more than 6% – with spot prices dropping 3.6% to ~\$5,131 – while silver plunged 7.0%. Meanwhile, the Bloomberg Dollar Spot Index staged its biggest two-day rally in nearly a year, advancing 1.5% this week. It's a jarring contradiction – the world is getting more dangerous, yet most normal hedges are getting crushed.

The market was caught badly offside. Heading into the US-Israeli strikes on Iran, traders held ~\$19 billion in short-dollar positions in the derivatives market, matching the peak levels seen last year. The "debasement" thesis – fiscal deficits, trade wars, threats to Fed independence – had become something close to consensus. Well, that trade just got (at least temporarily) blown up. Risk reversals have flipped to their most bullish on the dollar since June 2024, the euro has slid to its weakest level since November, and nearly all 16 major currencies tracked by Bloomberg fell this week.

So why is the dollar rallying while gold – the other traditional haven – drops 6%? As I already said, this



is a real shift from how these crises used to play out. The US is now a net energy exporter. A supply shock through the Strait of Hormuz that pushes Brent above \$85 devastates Asia and Europe – both net importers – but actually reinforces the dollar's relative position. A decade ago, when the US was still importing the majority of its crude, the dynamic ran in the opposite direction. Meanwhile, gold is getting hit from every angle: the stronger dollar, Fed rate expectations of at least one cut this year, and forced selling as equity losses trigger margin calls across portfolios. Silver's plunge was even more violent than gold's, and physical flows seized up entirely after the UAE closed its airspace, grounding shipments of bullion through Dubai. The 2022 Ukraine playbook is instructive here – the war initially boosted gold, but once the Fed started hiking aggressively in response to the inflationary fallout, gold weakened for the rest of the year. The same sequence may be starting now.

The dollar's strength here isn't really about the dollar – it's a measure of how exposed everyone else is. If the Hormuz disruption persists and energy-driven inflation forces the Fed to hold rates steady or even hike, that feedback loop – supply shock, higher prices, hawkish Fed, stronger dollar – becomes self-reinforcing and very difficult for risk assets to escape. I'd be watching the rate market more closely than the headlines at this point. The insurance and shipping markets have already priced this conflict as real; the question now is whether the Fed funds futures follow them.

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
- ADP Employment Change – 7:15 AM
- S&P Global PMI – 8:45 AM
- ISM Services Index – 9:00 AM
- EIA Energy Stocks – 9:30 AM
- Fed Beige Book – 1:00 PM

Thanks for reading,

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