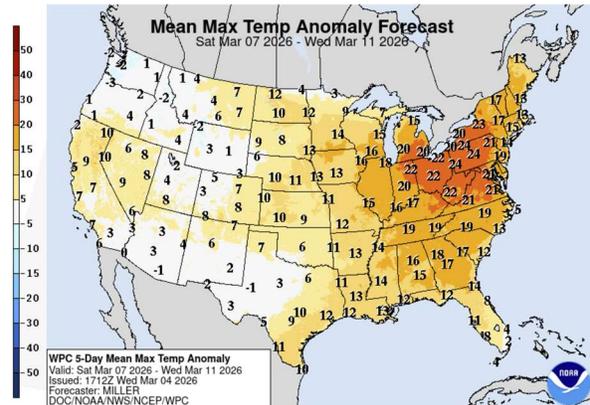
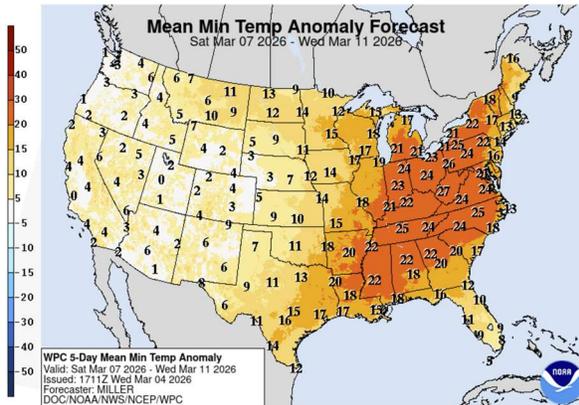
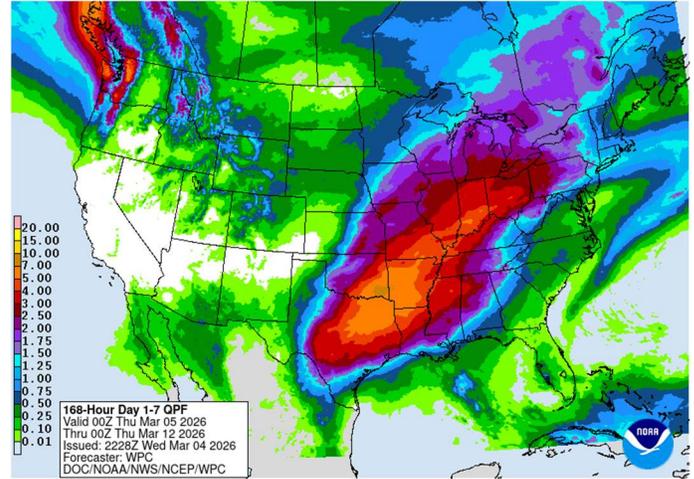


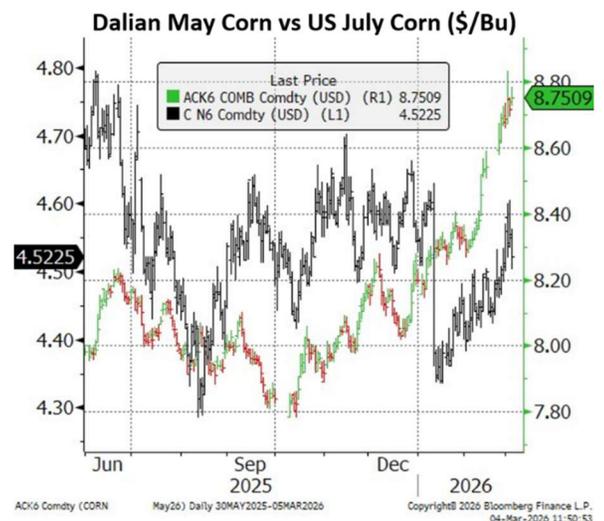
Weather

The primary US weather focus is a multi-day severe storm and heavy rain event taking shape across the south-central states into next week, bringing serious risks for localized flooding and field washouts. A massive corridor stretching from East Texas through the Tennessee and Ohio Valleys expects 3-5" of rain, with localized totals potentially exceeding 7". Storms repeatedly tracking over the same areas will build a severe excessive runoff threat over the south-central Plains and Lower Mississippi Valley through the weekend, likely halting early fieldwork and equipment movement. Further north, fast-moving systems will drag precipitation and gusty winds across the region. Cold air in the north-central states may bring snow to the northwestern edges of these fronts. Concurrently, a strong Southeast high-pressure system will drive intense, unseasonable heat across the central and eastern US. Mean temperatures will surge 15 to 25 degrees above normal for both highs and lows, with peak temperatures pushing 20 to 30 degrees above normal. This extreme warmth will push the 80s as far north as the Ohio Valley and Mid-Atlantic, likely shattering daily records and rapidly accelerating soil warming.



Grains

Going to take Zach's fertilizer piece and look closer at balance sheet implications of lower corn acres and the corn market in general. After record corn area last year, the market has been fully expecting a reduction in corn this year and more bean acres (which may be needed depending on China demand). At the Outlook Conference, the USDA pegged 26/27 corn acres at 94.0 mil, down from 98.8 last year. Now, with the Iran conflict, as Zach pointed out, fertilizer prices are rising even more and the market may be contemplating corn acres 93.0 mil or less. On acres alone, the new crop balance sheet is expected to tighten and that is with a trend type yield. I'm throwing a couple of scenarios to highlight how precarious the 26/27 balance sheet is with lower acres and a lower-than-expected yield. Even the best-case scenario is not that bearish and is flat from my 25/26 ending stocks forecast. In addition, the forecast for the Delta, ECB, and southeast is quite wet with flooding potential and could also affect corn planting.



There are a couple other things to consider in corn currently that could provide support. First, the forecast is still wet in central/northern Brazil and there is potential for safrinha area to be down. Their optimal planting date has passed. Second, Dalian corn has had a big move up this week and warrants notice. Their quality issues from wet the harvest have not gone away and they have been importing sorghum. It remains in the back of my mind that they may need sizable corn imports. This could be very friendly whether US was included or not. Including a chart of Dalian corn with our July futures overlaid.

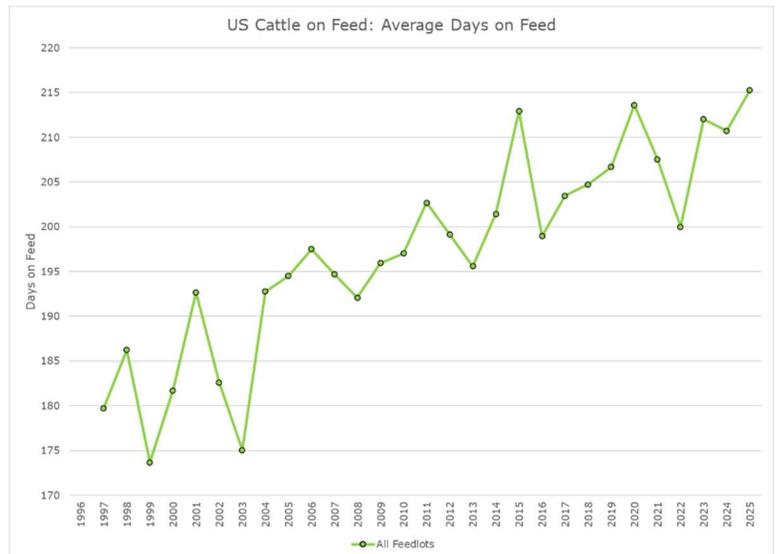
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com or on Trillian at megan@nesvick.com.

Livestock

Slowing feedlot turnover rate has been an important cattle market price input in recent years. Simply put, for the same feedlot inventory there are fewer cattle to sell. Several factors are at play – including smaller herd size, genetics, increased beef x dairy cattle in the mix, deeply negative replacement break-evens, and cheap cost of gain vs. sales price.

Using the USDA data from the February CoF report, we can calculate the average days on feed in total and by feedlot size. The chart below shows the industry as a whole, but the data by feedlot size is largely consistent with the total.

For example, with the current 11.5M head currently on feed the math looks like this:



When the average was about 180 days on feed, 11.5M on feed would produce about 23.3M fed cattle for slaughter per year. (11.5 M head / 365 days = 2.01 turns per year X 11.5M inventory = 23.3M marketed). Today, the average is around 215 days on feed but yields only 19.5M, a reduction of 3.8M per year or just over 73,000 per week! That’s a 16% decrease.

There will be times when market conditions spike the turnover rate and that will be negative prices in the short term. More cattle will come than expected for any given feedlot inventory level as they turn faster. But in general, the bigger picture is for more days and not less.

Livestock commentary provided by David Holloway. For questions or comments, David can be reached by email at david@holloway-trading.com or on Trillian at dholloway05@trillian.im.

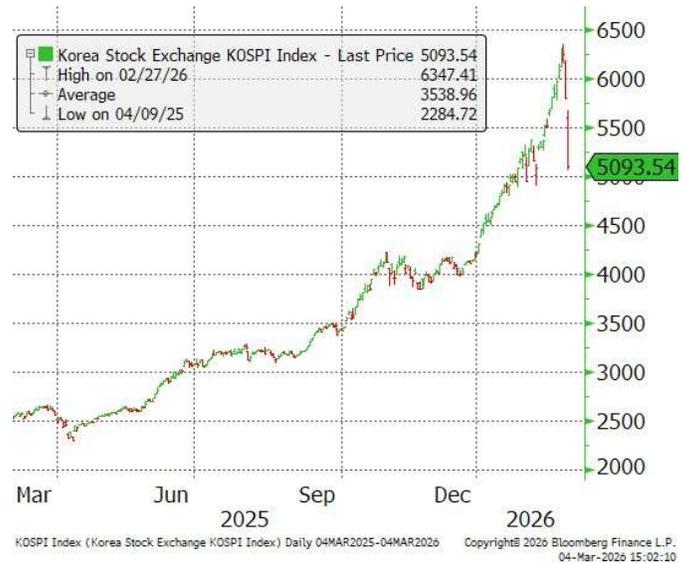
Macro/Financials

Yesterday I wrote about the dollar's surge — the \$19B short squeeze, the "debasement" thesis getting hammered, and how the US's position as a net energy exporter has turned the Hormuz disruption into a relative tailwind. The flip side of that trade is playing out in real time in Seoul, and it's a dramatic illustration of just how asymmetric this energy shock has become.

The KOSPI (South Korea’s stock exchange) index fell 7% on Tuesday and another 12% on Wednesday — only 10 stocks finished positive — erasing ~\$625B in market value in what became the worst two-day loss globally. The KOSPI Volatility Index spiked to its highest level since the 2008 financial crisis. The won dropped 3.3% against the dollar on Tuesday alone, the largest single-day move since 2009. Few countries in the world are as dependent on imported oil and gas as Korea, and a supply shock through Hormuz hits their economy with the same force that it reinforces ours.

What made the crash so violent wasn't just the energy exposure — it was the positioning. Korea's 14 million retail investors, the so-called "ants," had pushed margin debt to a record 32 trillion won (~\$21B), turning the market into a leveraged momentum trade built around AI and memory chips. The KOSPI was the world's top-performing benchmark heading into this week. President Lee Jae Myung had put his own apartment up for sale to buy stocks. Brokers were already halting new margin loans before the strikes even happened.

Here's the part that makes this story almost too clean: in December, the Korean government launched the Reshoring Investment Account — a tax incentive designed to get retail investors to sell their US stock holdings, convert the proceeds to won, and reinvest in Korean equities. The program offered a 100% capital gains tax exemption for anyone who moved their money in Q1. So, the government was actively funneling domestic capital into the wrong side of the energy-dependence trade, right at the top. Meanwhile, foreign institutional money was doing the exact opposite — dumping \$13.7B in Korean stocks in February, the largest monthly outflow on record, followed by another \$3.1B so far in March. Domestic traders were being lured in while international money headed for the exits.



The feedback loops here mirror the dollar story exactly, just running in reverse. In the US: supply shock, better terms of trade, hawkish Fed, stronger dollar. In Korea: supply shock, worse terms of trade, energy-driven inflation, and a central bank that may be forced to tighten into a crash. The BOK's governor seat turns over in April, and most candidates to replace him lean hawkish on financial stability — which would tighten the vise on leveraged retail positions even further. Even after the 18% drawdown, the KOSPI still sits ~35% above its 200-day moving average. If the Hormuz disruption persists and forces the BOK's hand before positioning clears, the unwind has much further that it could go.

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)

- Challenger Job Cuts – 6:30 AM
- Export Sales – 7:30 AM
- Nonfarm Productivity – 7:30 AM
- Jobless Claims – 7:30 AM
- Nat Gas Storage Change – 9:30 AM

Thanks for reading,

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