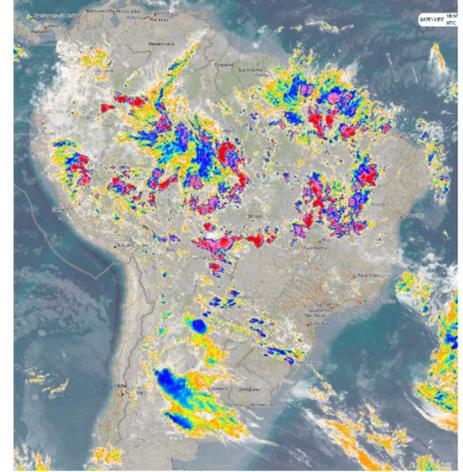
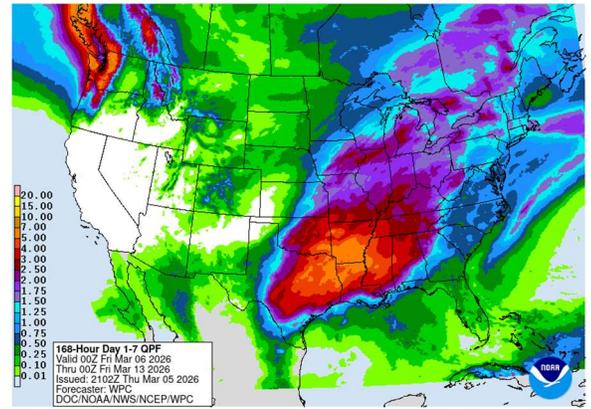


Weather

The South American forecast continues to feature significant moisture convergence, but guidance has aggressively concentrated the most extreme rainfall across northern Brazil over the next 24 hours. Models are now projecting a localized pocket of over 5" in this region, which will almost certainly cause disruptions to ongoing soybean harvesting and safrinha corn planting operations before accumulation amounts lower over the weekend. Further south, the highly active pattern for Argentina is now characterized by a defined cold front expected to progress through the region into Uruguay Friday into Saturday. Fueled by low-level troughs, this system will deliver 3-day accumulations of up to 4" across north-central Argentina to significantly bolster soil moisture reserves for late-developing crops, although likely temporarily halting regional fieldwork.



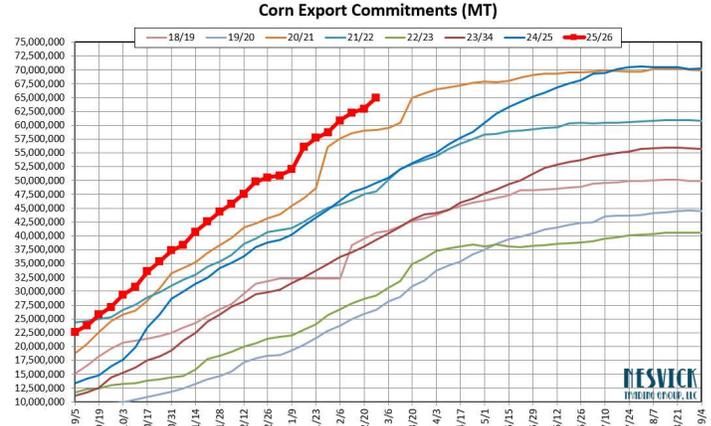
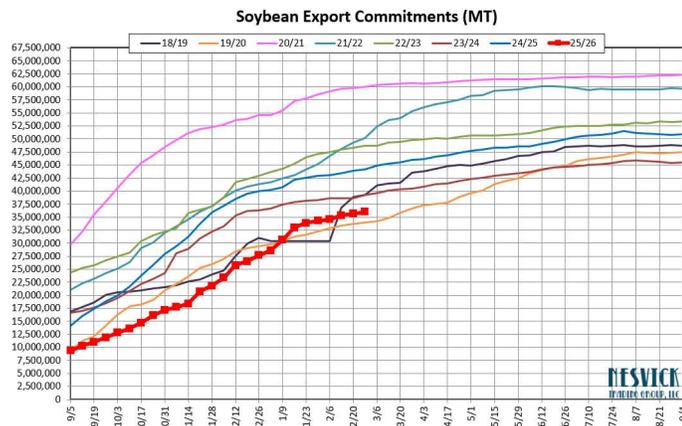
The US forecast remains firmly anchored by a protracted, multi-day heavy rain and flooding event unfolding from the south-central Plains through the Lower Mississippi Valley and into the east-central states this weekend into next week. This repeating thunderstorm activity will generate building runoff threats, which will definitively halt early fieldwork and equipment movement across these key regions. Concurrently, an amplified Southeast upper ridge will drive exceptional spring-time warming across the central and eastern US, with mean temperatures surging 20-30 degrees above average. This extreme heat will push 80-degree high temperatures as far north as the Ohio Valley and Mid-Atlantic, rapidly accelerating soil warming but potentially causing early stress, while cold air intrusions on the northern periphery will support broad snow accumulation and high winds from the Cascades through the northern Plains.



Grains

Strong day Thursday with the exception of meal following energy rallies with soybean oil making new highs and closing over 200 points higher in the nearbys. The heating oil rally makes the bean oil rally look tame. Corn moved to new highs for the move too and wheat recovered with KC leading. Russia struck Odessa again and nothing is stabilizing in the Mid-East (actually intensifying). Sales were rather ho-hum aside from corn – 2.0 mmt – nearly three times the needed amount to meet the USDA’s crop year forecast of 3300 milbus. The market has absorbed a decent round of selling out of S Am as the Brazilian real was under pressure this week. As long as the China meetings are on, it’s hard to see beans breaking much and there is technical momentum. Who knows what will happen in the world over the weekend, but the USDA will be out Tuesday with updated US and world S&D’s. Little change is expected to the bottom line in US balance sheets. They should raise US crush and may lower ethanol use. They could bump up bean exports but am not holding my breath. They also could lower the Brazil bean crop to 178 mmt but they just raised it to 180 mmt in Feb, so most likely will do nothing. The bigger reports are stocks and acreage at the end of the month which usually set the tone for the growing season. There are a lot more factors going on this year however and the Trump/Xi meetings could overshadow the reports (if takes place).

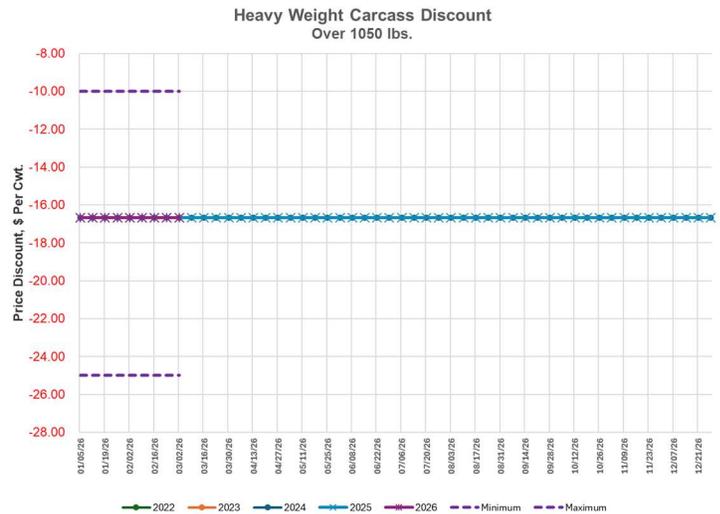




Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com or on Trillian at megan@nesvick.com.

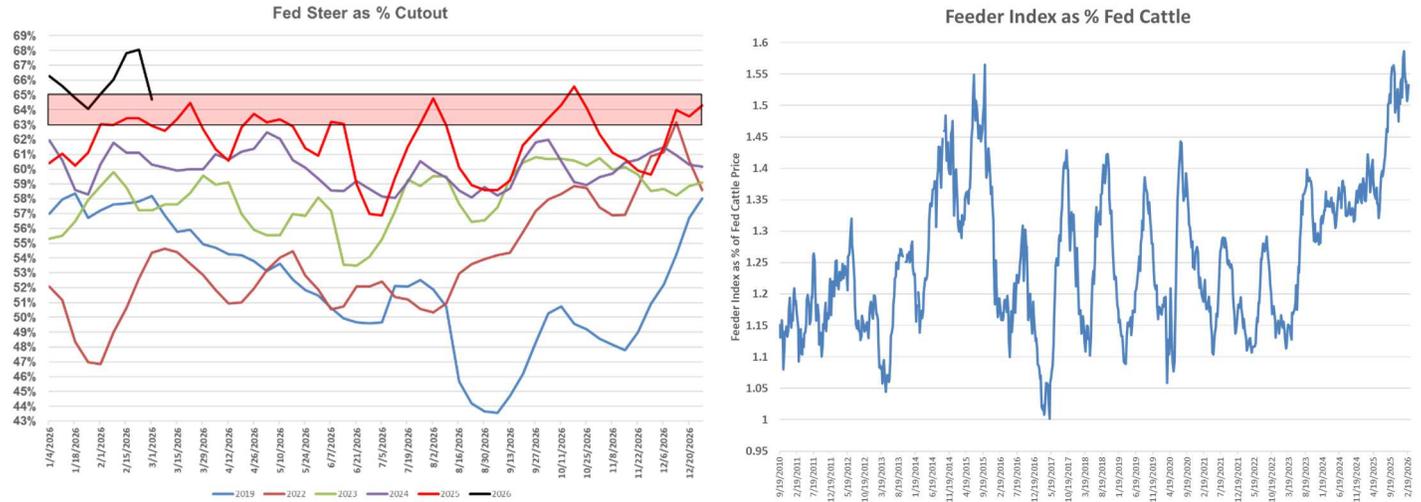
Livestock

Fed cattle carcass weights have been trending higher . . . forever. The long-term trend is a little over 5 pounds per year. However, fed weights increased an average 22 pounds or 2.5% in 2024 and followed that up with a 24 pound or 2.7% increase last year. Through the first eight weeks of this year, fed weights are up another 27 pounds or 2.9% from the same time last year. Not too surprising that such large weight increases over a relatively short time horizon creates some logistical issues within the industry, all the way from accommodating the larger animals at the slaughter plant to dealing with heavier box weights and larger cut sizes at retail and foodservice. Discount schedules are employed to penalize carcasses that are too heavy or too light. The discounts on heavy carcasses likely varies from packer to packer and across a relatively wide weight range. The discount schedule reported by USDA peaks at weights over 1050 pounds and ranges from \$10 per cwt to \$25 per cwt and has averaged near \$17 for several years. Seasonally, carcass weights typically peak



in the fall or early winter and trend lower into late spring. As a result, increasing weight discounts from the current schedule is probably more likely this fall.

Fed cattle prices have increased relative to cutout values as fed cattle inventories and marketings have declined—a crude measure of cattle feeder leverage. Although there is significant seasonal variation, it's been difficult in recent months to sustain the fed market above 63-65% of the cutout. This relationship suggests a blended cutout at \$390 or better would be necessary to support a fed market above \$250—still a challenge on both counts.



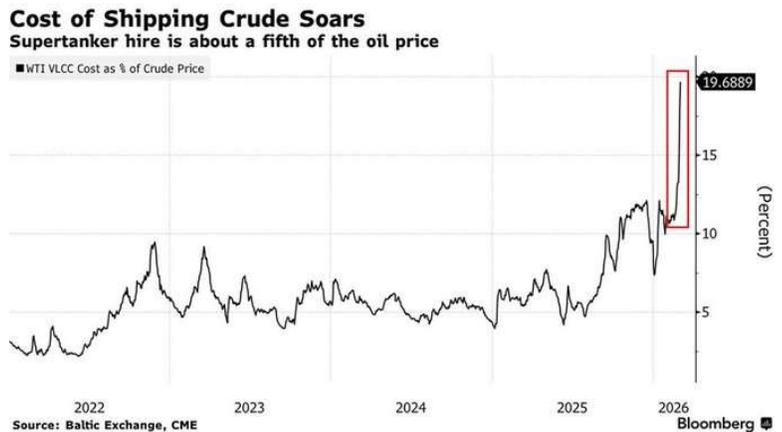
At the other end of the spectrum, feeder cattle prices have been rising relative to the fed market—again not surprising as feeder supplies tighten. Historically feeder prices often range from around 110% to 140% of the fed market with cyclical tops ranging around 150-155%. Again, there is a lot of seasonality involved, but feeder prices consistently above \$380 would need to be underpinned by a fed market above \$250—also looks like a challenge at the moment.

Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com or on Trillian at miksan66@trillian.im.

Energy

It now costs over \$29 million to hire a supertanker to move 2 million barrels of crude from the US Gulf Coast to China. That's an all-time high, and it works out to ~\$14.50 per barrel, or roughly 20% of the oil price at current WTI levels. For context, that ratio was ~5% back in August. Shipping costs as a share of crude value have quadrupled in a matter of months, and most of the move has come in the last two weeks alone.

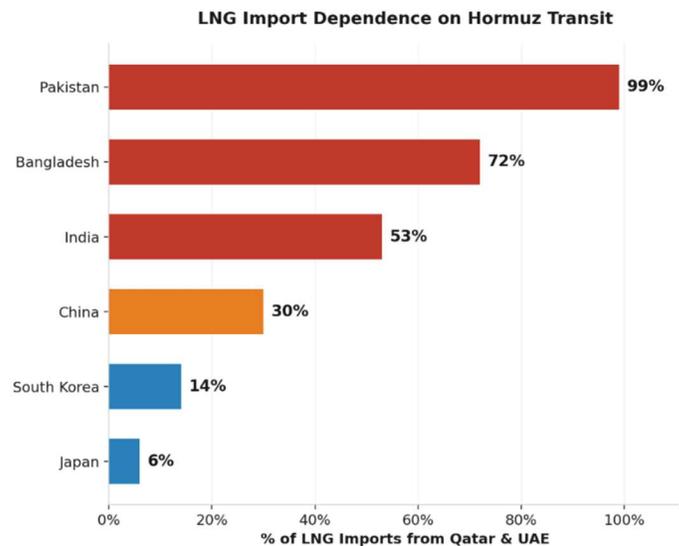
Everyone's focused on Brent, which is up ~10% since the strikes began and sitting around \$80. Some analysts are calling for \$100 if the Hormuz closure drags on. But crude futures are arguably the calmest part of this picture. The freight and physical markets are flashing something much more severe. VLCC rates from the Middle East to China hit \$423,736 per day on Monday, an all-time high. LNG shipping rates have surged 750%, from \$40,000 to \$300,000 per day. Maritime insurers have pulled war risk cover for vessels operating anywhere near the Gulf, and South Korea's maritime ministry told its shippers to stay out of the region entirely. President Trump says the US will



begin to provide insurance for tankers traveling through the Strait, and is looking into escorting the tankers with Naval ships, to resume “the free flow of energy to the world.” The tanker crews must be willing to traverse the Strait to restart the flow, however, which is a risk that not many have taken so far.

Qatar halted LNG production after drone strikes hit Ras Laffan and Mesaieed. Refiners from Japan to Indonesia began cutting run rates and suspending exports. And as of yesterday, Bloomberg reported that China's NDRC ordered its top refiners to immediately halt all diesel and gasoline exports and cancel existing contracts. China is Asia's third-largest fuel exporter behind South Korea and Singapore, but when the world's largest crude importer starts hoarding refined products six days into a crisis, it tells you something about how Beijing is assessing the duration of this disruption. They get ~40% of their oil through Hormuz and buy over 80% of Iran's crude.

In the meantime, Japan and South Korea have roughly 2 to 4 weeks of LNG reserves. Pakistan gets 99% of its LNG from Qatar and the UAE, both of which transit Hormuz. Bangladesh gets 72%. These aren't countries with deep buffers or easy alternatives. If this closure stretches from days into weeks, the constraint stops being price and starts being physical availability. Brent at \$80 – or even \$100 – doesn't capture that, but the freight market is starting to price it in.



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.

Today's Calendar (all times Central)

- Retail Sales – 7:30 AM
- Nonfarm Payrolls – 7:30 AM

Thanks for reading,

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