NESVICK TRADING GROUP, LLC

Monday, March 9, 2026

NTG Morning Comments

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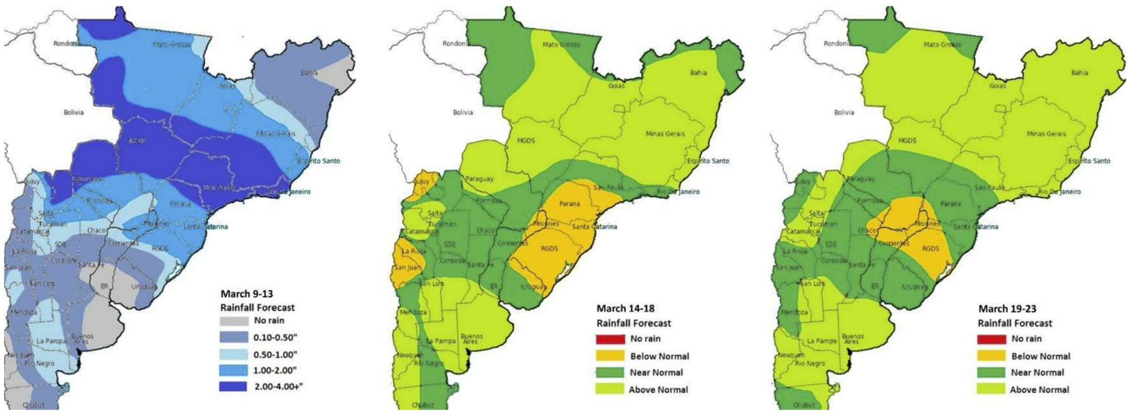
Weather

Rainfall of at least near-normal to notably above-normal amounts will fall across northern soybean and safrinha corn areas of Brazil over the next 15 days, with the heaviest totals targeting southern Mato Grosso and southern Goiás; this consistent moisture will undoubtedly slow the current soybean harvesting pace and delay safrinha corn planting, though it remains a perfect setup for safrinha acreage already in the ground. Conversely, the pattern for Rio Grande do Sul remains concerning, with mostly below-normal precipitation expected over the 15-day window, ensuring that soybean yields will continue to be hurt following a dry February. In Argentina, the forecast remains beneficial for late-planted corn and double-crop soybeans, with 15-day rainfall amounts running near normal and the most robust totals favoring western areas like Córdoba, while any notable heat will be confined to the 6-10 day period of March 15-18.



The precipitation outlook for the HRW wheat belt remains exceptionally pessimistic for the next 15 days, with widespread below-normal amounts expected and large portions of western Kansas, eastern Colorado, and the Texas and Oklahoma panhandles likely recording zero moisture, offering no relief to struggling crops. In the southeastern Corn Belt and Mid-South, significant thunderstorm activity will arrive Tuesday night into Wednesday, bringing 0.5-1.50" of rain and severe weather threats before conditions dry out significantly for the 6-10 day period and beyond. Meanwhile, starting Thursday and persisting through the 6-10 day period, a series of clipper systems will impact the northern Plains and northern Corn Belt; while melted precipitation will be light, these systems will generate accumulating snow and localized blizzard conditions due to strong winds. Temperatures will be exceptionally warm across the Corn Belt through Tuesday, with readings 15-25 degrees above normal driving record highs, before much colder air plunges southward, resulting in much-below-normal temperatures for the region during the 6-10 day period of March 15-19.

Grains

The March WASDE report comes out tomorrow (3/10, 11:00 AM Central), so I thought we should take the time to review the survey estimates going into the report.

25/26 USDA US Ending Stocks (MM Bu)

	USDA March Ending Stocks	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA February Ending Stocks
Corn	________	2,131	2,077-2,247	2,127
Soybeans	________	346	265-375	350
Wheat	________	926	900-956	931
Cotton*	________	4.36	4.20-4.42	4.40

*in Millions of Bales

Let's start with a quick look at US ending stocks. Much like last month, there isn't a whole lot interesting to say here. Corn stocks are expected to come back up by a few million bushels to 2,131 MM Bu. Soybeans, wheat and cotton are all expected to drop slightly. This lack of movement in ending stocks expectations is also in line with my own thoughts, as we still haven't gotten any major change to demand. In my mind there are three demand factors that could move these ending stocks numbers:

1. China purchasing 8 MMT of soybeans – Trump and Xi are still set to meet at the end of March/beginning of April, but this meeting may very well get canceled if there is still conflict in Iran.

2. Biofuels Mandate – The RVO program is set to be released to the public no later than March 30, with a widely anticipated announcement date of March 13. If the rules match consensus expectations, there will be increased demand for soybean oil for biofuels blending.
3. Year-round E15 – There is growing political desire to allow year-round E15 sales at the pump, which would create greater demand for corn; this is expected to be an allowance for up to E15 at the pump, not a mandate.

None of these three factors look like they will significantly reduce ending stocks at this point, however. The meeting in China is looking less and less likely the longer the Iran conflict continues; even if the meeting happens and China agrees to purchase the 8 MMT, it would not be a net increase to demand. Additionally, ethanol and soybean crush plants are already running near maximum capacity, so any regulation change that increases ethanol or soybean oil demand will be pushed until new capacity is brought online.

We've been hearing a lot more about South American production estimates over the past month as Brazil has gotten into the bulk of soybean harvest and safrinha corn planting. Similar to what we've seen from most of the private estimates, Brazil and Argentina soybean production is expected to be lowered slightly due to the dry weather experienced across Rio Grande do Sul and most of Argentina. Brazil is ahead of normal planting pace for the safrinha corn crop, and production is expected to increase by 1 MMT to 132 MMT.

USDA World Production Estimates (MMT)

2025/2026

	March USDA Estimate	February USDA Estimate	Average Guess
Argentina Corn		53.00	52.90
Brazil Corn		131.00	132.00
Argentina Soybeans		48.50	48.30
Brazil Soybeans		180.00	179.40
World Soybeans Stocks		125.51	125.00
World Corn Stocks		288.98	289.50
World Wheat Stocks		277.51	277.50
World Cotton Stocks*		75.11	74.80

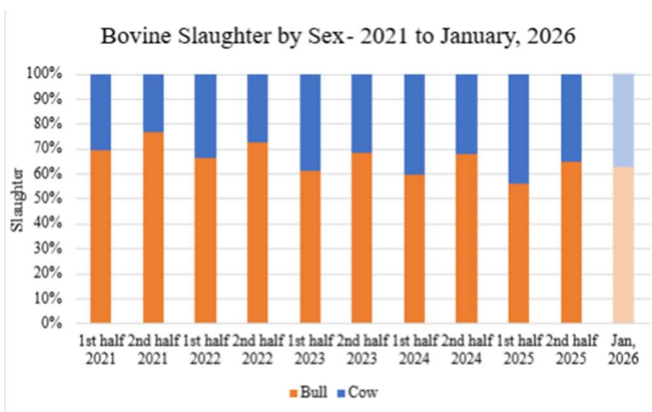
**in Millions of Bales*

Finally, world stocks are expected to be relatively unchanged across the board. This expectation makes complete sense to me; without any new information (yet) that affects supply or demand for these products, there isn't any real reason for USDA to adjust their ending stocks this month. Next month, after we are able to digest the RVO/biofuels mandates and have a better idea about if China will buy more soybeans during this crop year, this might all change significantly; but for the time being, I don't think there will be any major adjustments with the March report.

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

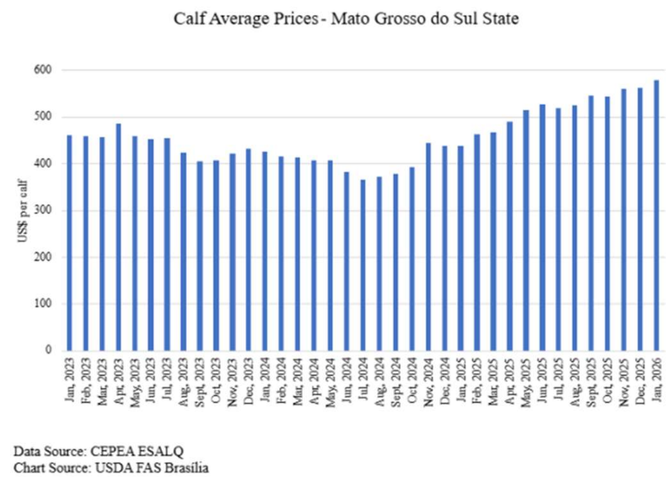
The USDA FAS semi-annual on Brazil came out Tuesday, and the headline is one that matters for global beef: the Brazilian cattle cycle is turning. After years of aggressive herd liquidation – cow slaughter reached 39.5% of total slaughter in 2025 – producers are finally starting to retain females for breeding. By January 2026, that share has started to turn back towards 37.5%, and calf prices climbed 27% over the course of last year. When the world's largest beef exporter begins pulling supply off the market, it's worth paying attention.



Data Source: Brazilian Ministry of Agriculture and Livestock
Chart Source: USDA FAS Brasilia

The numbers tell a clear story of contraction. Brazil's herd is forecast at 177.4 million head, down from ~187 million in 2025, with total slaughter expected to fall 2% to 50.2 million head. Beef production is pegged at 12.45 MMT CWE – also down 2% – which puts Brazil within just 12,000 MT of the United States as the world's largest producer. Fed cattle prices rose ~19% in 2025, and confined feeding expanded 16% as producers try to squeeze more weight out of fewer animals, but confinement is still a small share of total production so the tightening has room to run.

What makes the timing particularly interesting is the trade backdrop. Brazil's three largest beef export destinations – China, the US, and Mexico – are all imposing new restrictions simultaneously. China's safeguard TRQ caps Brazilian imports at ~1.1 million MT, roughly half of 2025 volumes, with a 55% surcharge above quota. Mexico slashed its quota to 70,000 MT – less than half of last year's ~160,000 MT in exports. And in the US, a new deal granting Argentina 100,000 MT of duty-free access threatens to displace Brazilian frozen trimmings, which account for 75% of Brazil's beef shipments north. Total exports are forecast down 5% to 4.15 MMT CWE.



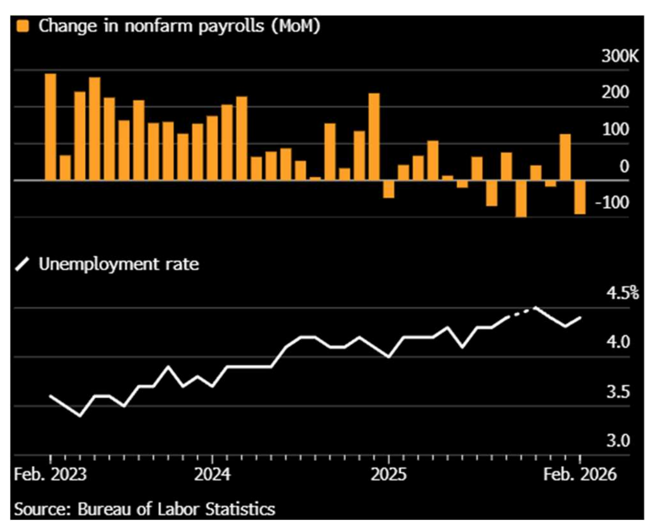
Domestically, consumers are already rotating away from beef. Household debt is near record highs at ~50% of annual income, retail beef prices climbed across almost every cut in 2025, and pork is the clear beneficiary – per-capita consumption hit a record 20.2 kg last year, production is up 3%, and pork exports are forecast to rise 7% to a record 1.83 MMT CWE. The Philippines has quietly surpassed China as Brazil's top pork destination, taking 25% of total exports as it deals with its own ASF challenges.

So, the setup is a world where the largest beef exporter is pulling back supply just as its key markets are pulling up the drawbridge. Brazil accounts for ~26% of global beef production, and a third of that typically flows to export. If retention deepens and the quota walls hold, the supply cushion that Brazilian beef has provided, particularly to the US frozen trim market, starts to thin in a meaningful way.

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

The BLS dropped a -92,000 payrolls print Friday morning, well below the +55,000 consensus and the third negative month in the last five. Unemployment ticked up to 4.4%, participation slipped to 62%, and the "stagflation" headlines started writing themselves before the markets even digested the number. I think the reaction is a bit ahead of the data, but only a bit; this report landed into a macro backdrop that makes it genuinely hard to dismiss.



The labor deterioration isn't just a one-month story. The three-month payrolls average is running at +6,000 and the six-month average has been negative for the fourth time in five months. And the breadth underneath January's +130,000 – which looked decent at the time – was already awful: health care and social assistance accounted for 95% (124,000) of those jobs. That same sector then lost 28,000 in February when the Kaiser Permanente strike sidelined ~30,000 workers. Back out the strike effect and you're still looking at a negative print, but the more important point is that the one engine keeping payrolls positive just stalled. A labor market that was being called "resilient" six months ago is quietly rolling over, and the participation rate falling to 62% alongside it suggests some workers aren't even bothering to look anymore.

Here's where it gets challenging for the Fed: the inflation pipeline is loading at the same time. Average hourly earnings came in at +0.4% month-over-month and +3.8% year-over-year, both above forecast. Brent is above $92 with Hormuz traffic still effectively at zero. A 10% global tariff under Section 122 went live two weeks ago, 25% on Canadian goods hit last Tuesday, and none of that has shown up in the CPI yet – the January print at 2.4% headline and ~2.5% core is backward-looking by definition. Some analysts are expecting that inflation may exceed 4% by year-end once tariff, energy, and fiscal effects layer through. The current inflation data looks manageable, but the forward-looking indicators do not.

The FOMC meets March 17–18, and the policy dilemma is about as clean as it gets. Two members dissented in January wanting a 25bp cut – when the data was better. Payrolls are now negative, unemployment is rising, and the labor-market case for easing is objectively stronger than it was six weeks ago. But cutting while already seeing signs of rising inflation could magnify the issue. The dual mandate is pulling in opposite directions simultaneously, and there's no trick to reconcile "we need to support employment" with "we can't let inflation expectations de-anchor."

So the most likely outcome in March is another hold and an attempt to talk both sides. But the longer payrolls stay negative while input costs rise, the less sustainable that posture becomes. The March 11 CPI is the next decision point; if it comes in hot, the hawks lock the door on cuts for the foreseeable future. If it stays tame, the doves will push hard. Either way, the Fed is being forced to choose which half of the mandate it prioritizes, and that choice will shape the rate path for the rest of 2026.

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 Inspections – 10:00 AM

Thanks for reading,

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