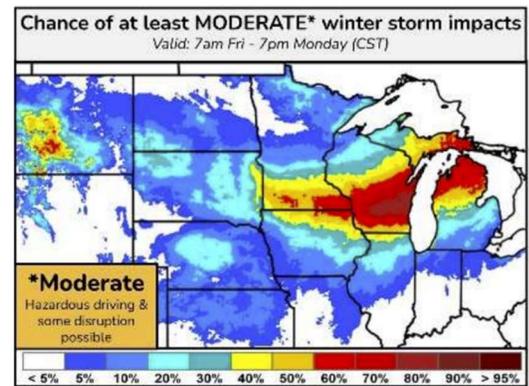


## Weather

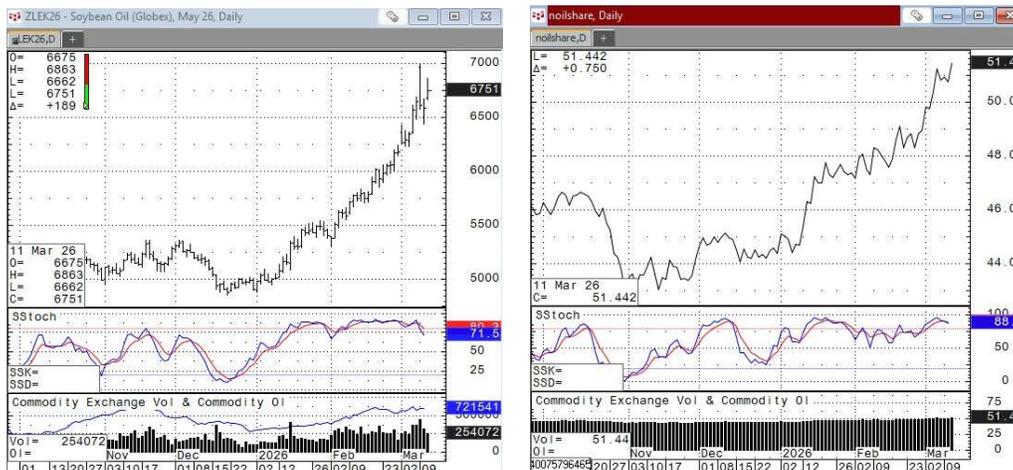
The forecast for northern Brazilian soybean and safrinha corn growing areas remains firmly established, with near to above-normal rainfall expected over the next 15 days carrying a bias towards the heaviest amounts in the southern parts of the region; this persistent moisture will continue to hinder soybean harvesting operations, but it provides a near-perfect setup for the newly planted safrinha corn acreage. In southern Brazil, the precipitation outlook for Rio Grande do Sul is now characterized as especially dry through Monday, with meager totals expected during the 1-5 day period before transitioning to modestly above-normal rainfall during the 6-10 and 11-15 day windows; however, the agricultural benefit of this delayed moisture for the stressed soybean crop is significantly diminishing as the season progresses, a situation further exacerbated by an approaching pattern of above-normal temperatures that will peak around March 16-17. Across Argentina, precipitation will remain largely absent for the remainder of the week, with meager totals under a half inch expected in the east, before a significant eastward expansion of moisture arrives Sunday night; this will initiate a widespread wet pattern that will deliver highly beneficial, above-normal rainfall to especially the southern half of the main growing area throughout the 6-10 and 11-15 day periods, effectively buffering the crop against a window of above-normal temperatures expected for March 15-17.

In the United States, a major winter storm will profoundly impact the northern Plains and northern Corn Belt through the weekend, driven by two strong clipper systems that will deliver accumulating snow measured in feet for areas like northern Iowa, southern Minnesota, and Wisconsin, alongside very strong winds that will create widespread blizzard conditions. Meanwhile, the outlook for the HRW wheat belt of the southern Plains remains exceptionally concerning, with an ongoing lack of significant precipitation now compounded by extremely strong winds and critical fire danger warnings across the region. This severe crop stress will be further exacerbated by extreme temperature volatility, featuring a notable shot of cold air that will drop lows into the teens for March 15-16, followed by a rapid transition to readings 15-25 degrees above normal during the 11-15 day period of March 18-22.



## Grains

Risk back on with crude and diesel firm and bean oil sharply higher out of the gate Tuesday night. There was a Bloomberg piece on what the proposed biofuel mandates may look like and it was friendly with a 5.4 bln mandate and a 70% reallocation of the SRE's. Bean oil finished 150 points higher after being up 275 Tues night. Oil share made new highs for the move and crush was firmer. It doesn't feel like there will be a quick resolution to the conflict in the Middle East. Even if there was an abrupt ending, it would likely still take a while to get everything flowing again.



BI Baselines – Excel Model Attached

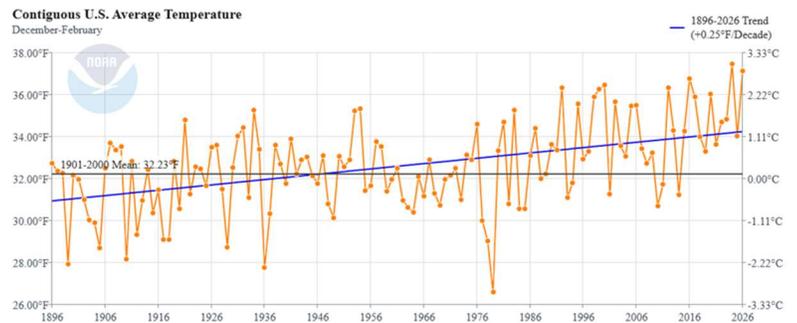
	2023	2024+	2025+	BI Baseline		EPA Proposal	
				2026	2027	2026	2027
<b>RVO Billion RINs</b>							
Cellulosic (D3+7)	0.87	1.02	1.19	1.30	1.36	1.30	1.36
Biomass-based diesel (D4)	4.66	4.87	5.36	8.85	8.95	7.12	7.50
Non-cellulosic advanced (D5)	0.60	0.66	0.78	0.60	0.60	0.60	0.60
Advanced biofuel (D3+4+5+7)	6.13	6.55	7.34	10.76	10.91	9.02	9.46
Conventional (D6)	15.49	15.05	15.01	15.00	15.00	15.00	15.00
Renewable fuel (D3+4+5+6+7)	21.62	21.60	22.35	25.76	25.91	24.02	24.46
Supplemental standard	0.25						
<b>D4 RIN Equivalence</b>							
	1.60	1.62	1.63	1.64	1.57	1.27	1.28
<b>2023-25 SRE Reallocation</b>							
Renewable fuel (D3+4+5+6+7)				75% Reallocation		50% Reallocation	
				2023 + 1/2 2024	1/2 2024 + 2025	2023 + 1/2 2024	1/2 2024 + 2025
				1.07	1.32	0.71	0.88
<b>Fuel Demand</b>							
EPA Projection	175.1	172.3	170.0			180.2	178.4
Actual/BI Baseline	180.8	180.7	179.8	180.2	178.4		
Small Refinery Exemptions		7.9	9.6	9.9	9.0	7.6	7.6
Fuel Demand Net of SRE	180.8	172.8	170.2	170.3	168.5	172.7	170.9
<b>Percentage Standards</b>							
Biomass-based diesel (D4)	2.58%	2.82%	3.15%	5.34%	5.49%	4.21%	4.51%
Renewable fuel (D3+4+5+6+7)	11.96%	12.50%	13.13%	15.75%	16.15%	14.32%	14.83%
Supplemental standard	0.14%						

Source: EPA, Bloomberg Intelligence

Bloomberg Intelligence BI

Corn rallied in sympathy with energies after having digested a great deal of producer selling recently. Thought I should highlight winter temps after the February data was released. February temps were the 4<sup>th</sup> warmest on record, putting this winter (Dec-Feb) at the 2<sup>nd</sup> warmest ever. The only warmer winter was 23/24 (2 years ago). Craig highlights that top 20 warmest winters nearly always lead to a warmer than normal summer. The exception was in 1992 after eruption of Mount Pinatubo. The next step is that history suggests it is very difficult to achieve an above normal corn yield when summer temps are above normal. This is just to highlight an array of factors that should keep risk premium in corn – risk of lower acres, risk of warm summer, risk of China needing feed grains, risk that energy prices stay elevated. Table courtesy of Craig.

National temperatures for the winter of 2025/26 (i.e. December 1, 2025 to February 28, 2026) ran 4.9 deg F above-normal to make it the 2<sup>nd</sup> warmest winter on record; only the winter of 2023/24 was warmer.



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

## Livestock

Key inputs in this week's fed cattle market are packer margins, capacity utilization, and basis.

Packer margins have posted a gigantic reversal from more than -\$300/head to now \$100+ in the black. That's bullish. We should see harvest levels increase as a result, and that will go a long way toward working through the front-end supply of very heavy northern cattle. This will be friendly the summer market.

Packer capacity utilization jumped sharply this week with one major plant being dark due to a union dispute – going from 75% to 80% industrywide. That works out to an increase from 36 to 38 hours. This has negatively impacted sentiment. However, 80% or 38 hours is still below optimal operating levels and doesn't give the packer any meaningful change in bargaining position.

Strong basis with a lower trending cash market could be enough for cattle feeders to become more motivated sellers. That's negative now but friendly later, in my view, as it cleans up the front-end supply going into the seasonal demand peak.

*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.*

## Energy

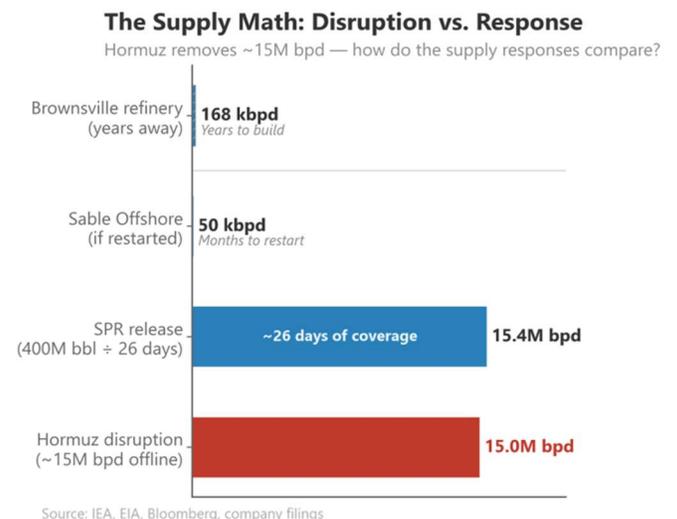
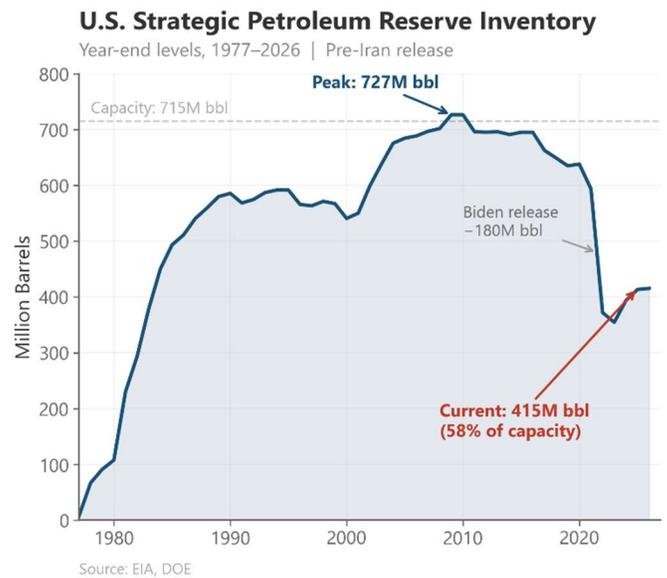
The IEA on Wednesday agreed to its largest-ever coordinated release of emergency oil reserves: 400 million barrels, more than double the 182 million released after Russia's invasion of Ukraine in 2022. It landed on the same day Trump announced the first new U.S. oil refinery in roughly half a century and the administration moved closer to invoking Cold War-era emergency powers to restart offshore production in California. Three supply responses in 24 hours, each on a completely different time horizon – and none of them fully close the gap that Hormuz has opened.

Four hundred million barrels is an enormous number in isolation, but the Hormuz closure is removing an estimated 15 million-plus barrels per day from world markets – roughly 26 days of coverage. The U.S. SPR sits at ~415 million barrels, just 58% of maximum capacity, and total IEA member stockpiles are around 1.2 billion; that means this single action will pull down about a third of what the industrialized world has on hand. The 2022 release stabilized prices partly because Russian crude never actually left the market – it got rerouted to India and China. This time, the barrels really aren't flowing.

The medium-term play is the Defense Production Act and Sable Offshore's Santa Ynez platforms off the Santa Barbara coast. A DOJ opinion concluded the DPA would preempt California state laws that have kept the complex shut since a 2015 pipeline rupture, and Sable says it could pump 45,000–55,000 barrels per day once operational. For California specifically, the math matters more than it looks – the state's refineries sourced 61% of their crude from foreign imports last year, ~30% of which transited Hormuz, and two refineries have closed in just the last six months. Onshore production has been in a 40-year decline, from over a million barrels per day in the early 1980s to 246,000 in late 2025. But nationally, 50,000 barrels per day against 20-million-plus in total demand is a rounding error — this is a California fuel-price story, not a global supply story.

The refinery – America First Refining, backed by Reliance Industries, 168,000 barrels per day at the Port of Brownsville – is the longest-dated of the three. It's a \$300 billion deal anchored by a 20-year offtake for 1.2 billion barrels of Permian shale crude, and no new U.S. refinery has been built since the 1970s, so the symbolism is real. But it won't process a barrel for years. This is structural positioning, not crisis response.

So, the supply-side response is real, but it's layered across time in a way that doesn't match the immediacy of the disruption. The SPR buys weeks, not months. The DPA buys California some marginal relief if Sable can actually restart – and that's a



meaningful "if" given the regulatory and legal history. The refinery is a bet on a future where U.S. energy independence looks different than it does today. Ultimately, it seems the expectation is that vessels will be able to flow freely within the next month, before the 400 million barrels of SPR oil runs out. If Hormuz reopens in the next few weeks, these moves look like smart contingency planning. If it stays closed through summer, the reserve arithmetic gets uncomfortable quickly, and there won't be much else that can be done to meaningfully improve the situation in the near term.

*Energy commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).*

### Today's Calendar (all times Central)

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Nat Gas Storage Change – 9:30 AM

Thanks for reading,

Zachary Davis

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