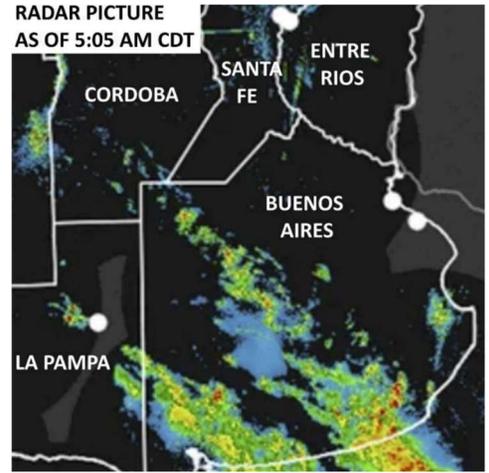
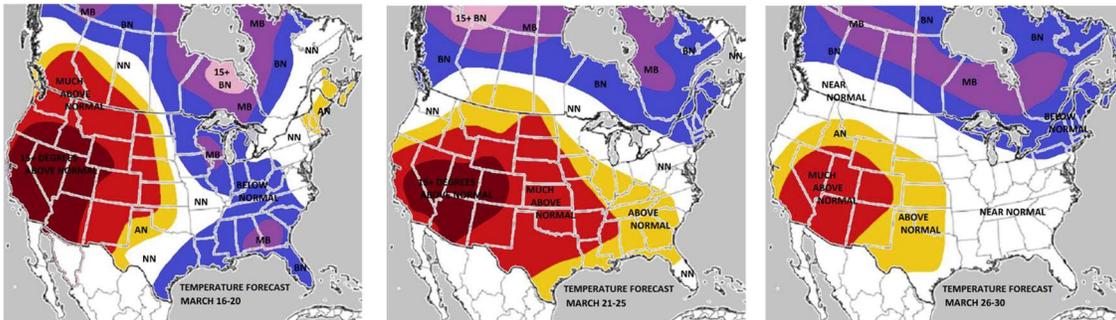


Weather

The forecast for northern Brazilian soybean and safrinha corn growing areas maintains a heavily saturated trajectory, with near to above-normal rainfall prioritizing southern states like Mato Grosso, Goiás, and Minas Gerais where 3-5" accumulations are expected over the next 15 days; this consistent moisture will undoubtedly hinder ongoing soybean harvesting operations while establishing near-perfect conditions for the recently planted safrinha corn crop. In southern Brazil, the precipitation outlook for Rio Grande do Sul remains somewhat pessimistic with rainfall running near-normal at best accompanied by an unfavorable shift to temperatures averaging 3-5 degrees above-normal, which will continue to severely stress the developing soybean crop. For Argentina, a widespread wet pattern will emerge over the 1-10 day period, delivering highly beneficial rainfall accumulations of 4-6 inches directed towards Buenos Aires.



In the United States, the historic blizzard profoundly impacting the northern Corn Belt will wind down tonight, giving way to an exceptionally dry pattern extending through the 6-10 day period across the majority of the region; this dry stretch will be initially accompanied by a notable shot of cold air dropping readings 15 to 25 degrees below normal during the 1-5 day period before a rapid transition to notable warming yielding temperatures 15-25 degrees above-normal for the western Corn Belt during the 6-10 day window. Meanwhile, the outlook for the HRW wheat belt of the southern Plains remains exceptionally concerning with an ongoing lack of significant precipitation compounded by extremely strong winds generating blowing dust through the 1-5 day period. This severe crop stress will be further exacerbated by extreme temperature volatility, featuring single-digit lows early in the 1-5 day period followed by a rapid transition to record-setting 90-95 degree highs during the 6-10 day period. Finally, severe thunderstorms traversing the Mid-South during the initial 1-5 day period will quickly yield to a completely dry pattern through the 6-10 day period alongside record-low freezing temperatures by Tuesday.



Grains

With crude oil back above \$100/barrel for the first time since 2014, it's worth asking what that kind of energy environment has historically meant for crop prices. The short answer: a lot. Since 2000, there have been roughly 1,160 trading days where crude settled above \$100. On those days, corn averaged \$6.22/bushel, soybeans averaged \$14.10, and wheat averaged \$7.44. The correlations between Brent crude and all three crops' prices are strong, at roughly ~0.80 for each.

The linkages are straightforward. Higher crude raises input costs across the ag complex – diesel, freight, and especially nitrogen fertilizer, which is energy-intensive to produce. On the demand side, elevated crude improves ethanol and biodiesel margins, pulling more corn and soybean oil into the biofuel pipeline. And there's a broader macro channel: crude spikes tend to coincide with dollar weakness and generalized commodity inflation, which lifts the entire complex.



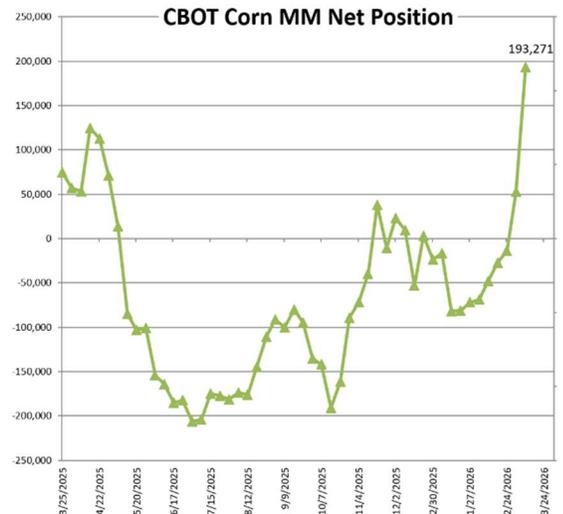
But the current setup differs from prior \$100+ crude episodes in some important ways. In 2008 and 2012 – the two most dramatic crop price spikes of the last 25 years – crude was only one part of the story. Global grain stocks-to-use ratios were near 40-year lows, the U.S. ethanol mandate was still ramping aggressively, and severe droughts (the 2012 Midwest drought, the 2008 global weather disruptions) were actively destroying supply. Crude above \$100 was throwing gasoline on a fire that was already burning. Today, the starting point is different; U.S. corn ending stocks sit around 2.1 billion bushels – not tight. The ethanol grind is mature at roughly 5.4 billion bushels annually, rather than the strong growth period during earlier crude spikes. Higher crude improves margins, but it won't create the same demand shock it did during the RFS ramp. Brazil is producing north of 150 million metric tons of soybeans, versus 67–82 MMT during the 2011–2012 spike. The global supply backdrop is simply more cushioned than it was in prior triple-digit crude environments. The one channel that's arguably stronger now than in previous episodes is renewable diesel. With the significant expansion of biofuels capacity over the past several years, there is now a more direct linkage between crude oil and soybean oil economics that didn't meaningfully exist in 2008 or 2012. If crude sustains above \$100, soybean oil may be the crop complex's most responsive transmission mechanism this time around.

The nature of the shock matters too. The 2011–2014 stretch of \$100+ crude was a demand-driven equilibrium – global growth supported those prices for years. A Hormuz-related supply disruption could resolve in weeks or persist for months; the market doesn't know yet. If the disruption doesn't show the market a clear sign that it is coming to an end soon, we may see crop prices continue to climb. This could very well be why we've seen managed money quickly covering shorts and expanding long positions over the last couple weeks.

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.

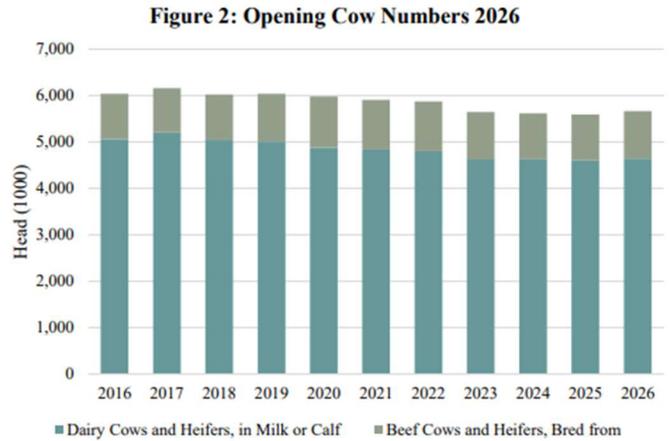
Livestock

The USDA FAS semi-annual on New Zealand came out this week, and after four straight years of herd contraction the cattle numbers are finally turning around – total stocks up to 9.84 million head, with dairy cows rising 1% and beef cows up 3%, the first simultaneous increase in both since 2019. The drivers are straightforward: record farmgate prices (prime steer at NZ\$10.88/kg CWE, the highest on record), a weak NZD trading around USD\$0.60, interest rate relief from RBNZ cuts since mid-2024, and a coalition government that's been systematically unwinding environmental constraints on the sector. But what makes New Zealand's beef story distinct from every other exporter right now is the dairy-beef integration – roughly

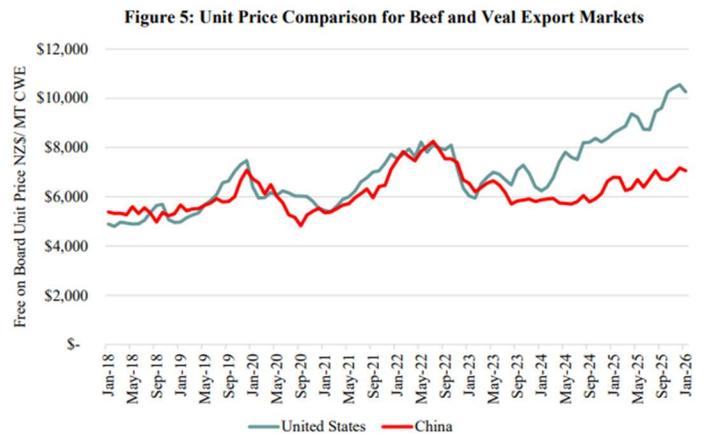


60–70% of annual beef slaughter originates from the dairy herd – and right now, a structural policy shift is reshaping what that supply chain actually produces.

The rebuild is good news for 2027 and beyond, but in the near term it's constraining supply. MY 2025 production fell to ~674,000 MT CWE, the lowest since 2018, as producers held cows through peak culling months rather than sending them to slaughter. April and May – when dairy producers typically cull after drying off and beef producers market cows post-weaning, historically accounting for 35% of total cow kill – came in well below the seasonal range. Heifer retention ticked up for the first time since 2013. Processors reported procurement challenges. Imported feed volumes surged to support the retained animals – PKE up 25%, DDGS up 36%, soybean meal up 23% – mostly consumed by the dairy industry. The herd is being rebuilt, but the cost is a year of tight slaughter and reduced exportable supply.



Where the tightness hasn't hurt is on the revenue side, and that's almost entirely a U.S. story. The United States accounted for ~40% of NZ beef and veal exports in MY 2025, with 92% of that volume consisting of lean grinding beef supplying QSR chains. Average export unit values to the U.S. hit NZ\$9,241/MT CWE; that is up 22% year-over-year and 45% above FOB pricing to China as of January 2026, and the weak NZD amplifies the spread further. The US decision in November 2025 to exclude beef from broader tariffs on NZ goods was a tailwind, and the existing U.S. TRQ of 213,402 MT hasn't been binding since 2015. Meanwhile, exports to China dropped ~25% YoY as economic headwinds and cheaper South American competition pulled volumes away. NZ isn't losing China by accident – it's voluntarily redirecting product toward the market paying a 45% premium. The new China safeguard TRQ gives NZ a 206,000 MT quota at 0% under the FTA, comfortably above historical volumes, so that door does stay open if the math changes.



New Zealand finds itself in an unusual position for a 700,000 MT CWE producer: tight supply, record prices, and a herd that's finally growing – but the story isn't really about volume. NZ ships ~90% of its beef offshore and only ~10% is consumed domestically, down from ~20% a decade ago as rising retail prices push consumers toward poultry. The sector is built for export, and right now the export economics are as good as they've been – a weakening currency, preferential trade access across key markets, and a U.S. market that can't get enough lean grinding beef while its own herd rebuilds. The question looking forward is whether the retention cycle and dairy-beef transition translate into meaningfully higher exportable supply by 2027, or whether NZ remains a high-value, volume-constrained origin that punches above its weight on price but can't materially move the needle on global trade flows.

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.

Energy

While most people have been watching Brent or WTI crude futures prices, the spread between physical Dubai crude and its paper equivalent has exploded. Dubai fair value spiked to \$138.54 last week while Brent sat at \$100.46, a ~\$38 premium

that reflects something futures markets alone aren't capturing: the physical barrels that actually transit the Strait of Hormuz are being priced for genuine scarcity, not just geopolitical anxiety.

That divergence is the tell. Brent has surged 40% since late February, and the headline number looks dramatic enough. But Brent is a global benchmark absorbing the broad risk premium without being directly tethered to Hormuz transit. Dubai crude is the pricing reference for the ~18–20 million barrels per day of crude and products that flowed through the strait before the conflict began February 28. When the physical premium for a Dubai cargo over futures jumps from \$4 to nearly \$38 – the widest since Russia's invasion of Ukraine – the market is telling you real barrels are disappearing faster than alternative routes or SPR releases can replace them.

Traders appear to be taking some comfort from the IEA's record 400-million-barrel stockpile release and the diplomatic signals coming from both Washington and Tehran. But the current issues can't be solved by political rhetoric that's disconnected from conditions on the ground, nor by a stockpile release that probably won't put enough oil where it's actually needed – in Asia. Rerouting through Saudi Arabia's Red Sea port and the UAE's Fujairah terminal helps at the margin, but it's a fraction of what Hormuz normally handles. And even Fujairah took a hit last week when a drone strike temporarily halted loading operations.

This dynamic should look familiar. Last year's silver squeeze followed the same script – physical premiums blew out over futures, the curve flipped into backwardation, and lease rates spiked to 40% as traders scrambled for actual metal. Paper markets insisted the system would hold; physical markets had already moved on. Different commodity, same lesson: when real supply tightens, paper is the last to know. The spread between physical and futures is the variable to watch from here. If it compresses, the market is gaining confidence that flows will normalize. If it widens, the physical shortage is deepening, and futures could have more catching up to do.

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)

- NAHB Housing Index – 8:15 AM
- Export Inspections – 10:00 AM
- NOPA Crush – 11:00 AM

Thanks for reading,

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