NESVICK TRADING GROUP, LLC

Thursday, March 19, 2026
NTG Morning Comments
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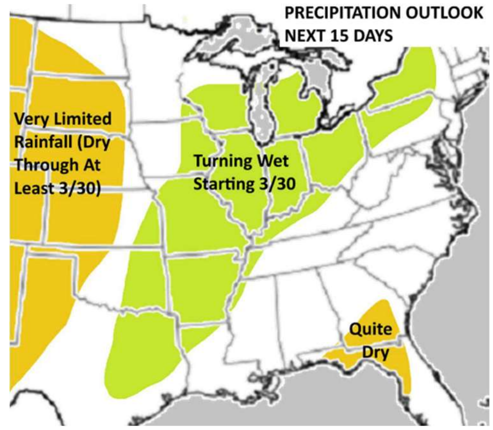
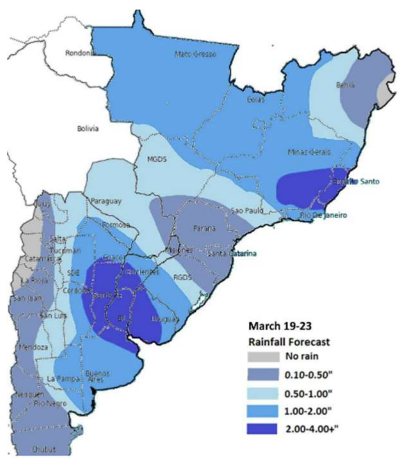
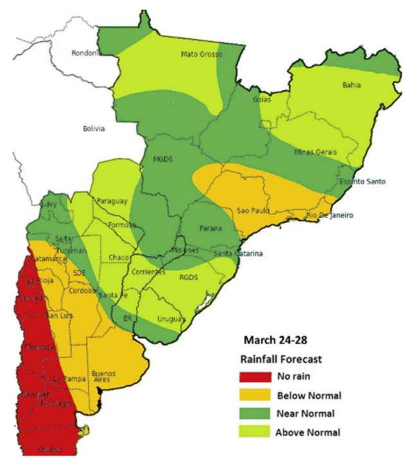
Weather



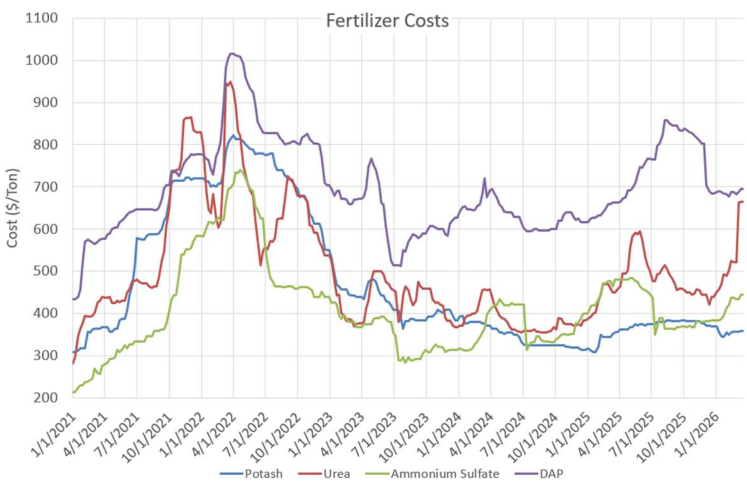
Across the United States, the meteorological setup for the HRW wheat belt remains exceptionally detrimental, as the region is forecast to stay completely dry through at least March 29, which will be severely compounded by record-setting heat persisting through the remainder of this week to aggressively exacerbate ongoing crop stress. In the Corn Belt, a profoundly dry pattern will dominate operations for at least another week before precipitation chances notably increase during the Week Two period, featuring a specifically wet transition beginning around March 30; this initial dry stretch will be accompanied by consistent and exceptional warmth concentrated in western areas over the next 15 days, keeping temperatures well above-normal. Finally, the Mid-South and Southeast regions have entered a decidedly dry pattern that will persist for at least the next 10 days, accompanied by a substantial warming trend initiating today and extending through the upcoming weekend before a brief cooling period arrives early next week.

The forecast for northern Brazilian growing areas maintains a generally favorable outlook featuring near to somewhat above-normal rainfall over the next 15 days, allowing soybean harvesting operations to proceed while sustaining adequate soil moisture for the developing safrinha corn crop. In southern Brazil, emerging dryness across Paraná and southern Mato Grosso do Sul combined with persistent above-normal temperatures over the next 15 days are beginning to generate active complaints regarding moisture stress on the safrinha corn crop; meanwhile, Rio Grande do Sul will remain mostly dry through Sunday before a notably wetter pattern delivers 2-4 inches of rainfall during the March 23 to April 2 period, though this moisture likely arrives too late to significantly improve late-planted soybean yields. For Argentina, significant and heavy rainfall events expected tonight through early Saturday and again late Sunday into Monday will successfully provide a very favorable finish to the growing season for both corn and soybean crops.





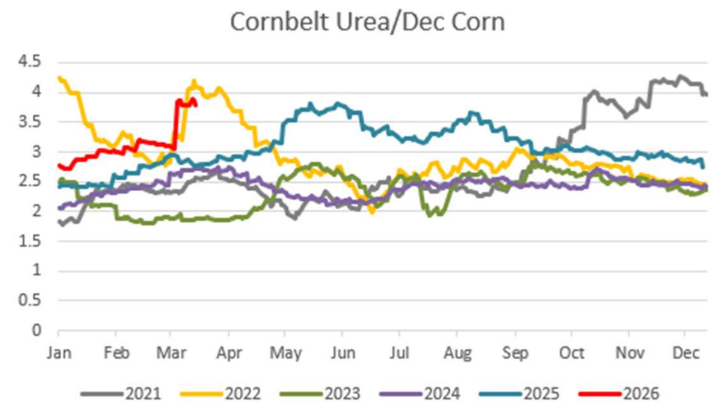
Grains



We talked about fertilizer a couple weeks ago as it we first started hearing about the rise in cost due to the conflict in Iran and the trade blockage in the Strait of Hormuz, but I wanted to revisit it now that we have some more data showing the price action over the last couple weeks. For all the talk about fertilizer prices skyrocketing, urea is really the only one that’s moving at all; potash, ammonium sulfate, and DAP have all been relatively steady since the conflict started. Strip away the broad-based panic framing and what you're left with is a urea story, not a fertilizer story.

The concentration makes sense when you look at the trade flows. The US still imports ~2.5M tons of urea annually against just 0.3M in exports — it's the single largest nitrogen import product by volume. And the source list reads like a Strait of Hormuz shipping manifest: Qatar, Saudi Arabia, Egypt, and Oman are all in top six US nitrogen import origins cumulatively, while China decided to almost completely cut off their fertilizer exports shortly before the conflict started. Meanwhile, the US has largely self-corrected its ammonia dependency, cutting net imports from 6.1M short tons in 2010 to just 0.7M in 2025 as domestic production expanded. Ammonia draws primarily from Trinidad and Canada, neither of which transits the Gulf. Potash is 87% Canadian. The disruption hitting the one major nitrogen product where the US remains heavily import-dependent, from sources that are directly exposed.

The timing compounds the problem. Urea imports peak now, in March and April, at 350,000–450,000 tons per month – roughly three to four times summer levels. Nitrogen is sprayed usually just before and/or just after the crop is planted, meaning that farmers would just now be taking delivery of their fertilizer. If farmers didn't have their order placed already, or if their contract was canceled because the supplier hasn't been able to get their urea imported, it could mean that he won't get fertilizer in time for planting. While urea is quite a bit cheaper than it was back in 2022, at the beginning of the Ukraine war, but corn prices are also quite a bit cheaper now than they were in 2022. Even if the farmer can get his hands on a urea contract in time for planting, the current ratio of the price of 1 ton of urea to 1 ton of December corn is very close to its most expensive, back at the beginning of the Ukraine war.



S&P Global came out with their acreage projections for this coming crop year at 95.2 million acres for corn and 85 million acres for soybeans. With corn prices that were already looking unprofitable going into the planting season following a year of struggle for the farmer, this drastic increase in urea price may be what pushes the farmer to reduce their corn crop even further than the estimates suggest. Additionally, any adjustment to corn acres as a result of urea prices won't be caught in the Prospective Plantings report, due at the end of March, because the surveys were conducted just as the conflict started and Urea prices spiked; we'll likely be waiting until June (or later) to really see how this story plays out.

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.*

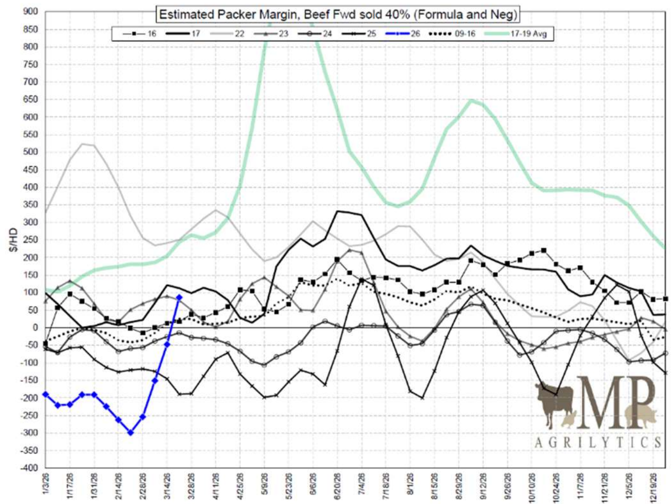
Livestock

While I'm sure almost everyone has heard that the union for the JBS packing plant in Greeley, CO officially went on strike this week, I figured I would take a minute to catch everyone up on what is going on with the strike.

To begin, it's extremely rare for packing plants to shut down for strikes in the US; the last strike was 40 years ago, in 1985-1986, at another JBS facility in Minnesota. That strike lasted nearly 13 months.

The UFCW Local 7 union officially gave notice on March 9th that 3,800 Greeley employees would be going on strike starting this past Monday (March 16th). This strike is currently only scheduled to last two weeks, but the union confirmed that it could be extended if an agreement is not met.

The entire meatpacking industry is currently under a regulatory spotlight, with the DOJ investigating it for anti-competitive behavior that increases consumer costs for beef, such as collusion and price manipulation. The union is arguing that not only is JBS squeezing the consumer for extra margin, but they are also underpaying employees and creating unsafe working conditions. The Greeley union refused to take the same national contract that was accepted at the other JBS plants last year, and as a result has been working without a new contract for over 8 months while negotiations were held. The union argued that they needed a greater wage increase than the standard contract due to their locally-higher cost of living, and citing JBS's global record profits in 2025. However, when the union held the vote to open the door to a strike in February, beef packers had been dealing with strongly negative margins off and on for over a year. This gave the union very little leverage over JBS in negotiations, as JBS doesn't necessarily want to run a plant that is losing money on every head it slaughters. JBS can hold out while margins are negative and run its lines at other plants until the union comes back to the table for a contract more agreeable to the company.

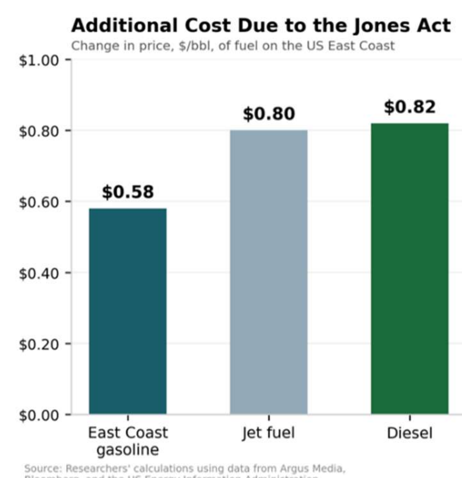


The math has slightly shifted in the last few weeks, as margins have climbed, and actually flipped positive this past week, to nearly $100 per head. However, many other plants are not anywhere near max capacity, and the cattle normally slaughtered at Greeley have been rerouted to other plants; as Ashley mentioned yesterday, there was actually higher slaughter last week, when Greeley shut down slaughter in preparation for the strike, than the previous week. Despite all the news stories about a loss of 6,000 head of daily capacity being lost with this strike, the supply of cattle right now is so small that the extra capacity isn't needed. If margins continue to grow, or at least stay consistently positive, JBS may have more reason to concede on some of their demands in order to reopen the plant; but at this moment, it seems to me that JBS still has the upper hand in this negotiation, and can rely on its other plants for slaughter until the union gives in. It isn't known how large the union's strike fund is, but they have $7.1 million in cash on hand; at roughly $2.3 million per week being disbursed in strike benefits, the union could theoretically last no more than a few weeks on strike before they would be forced to go back to the table and take whatever deal JBS gives them, unless UFCW International decides to kick in more money to keep the strike going.

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.*

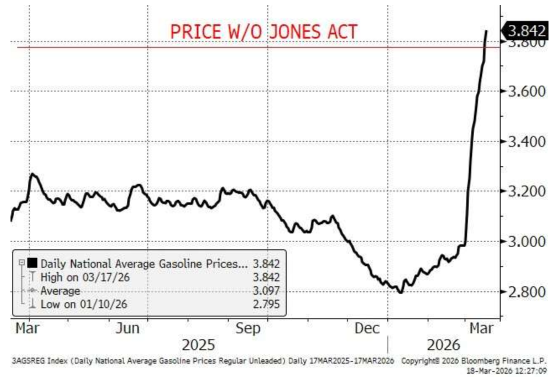
Macro/Financials

It currently costs three times more to ship a barrel of crude from Texas's Eagle Ford shale to New York than it does to ship it from Texas to Canada. This is entirely a function of the Jones Act, the 1920 maritime law requiring that any cargo moving between US ports travel on US-built, US-flagged, US-crewed vessels. The practical effect is that cheap gasoline refined on the Gulf Coast, where the vast majority of US refining capacity sits, often goes to Mexico instead of the Northeast because domestic waterborne shipping is prohibitively expensive. There's only one major pipeline connecting Gulf refineries to the most densely populated region in the country, and there are very few US-flagged tankers available to supplement it. So when Trump issued a 60-day waiver of the Jones Act on Wednesday, opening domestic routes to foreign-flagged vessels for oil; natural gas; gasoline; diesel; fertilizer; and coal, he was targeting a real bottleneck, just not the one that's actually driving prices right now.



The waiver could save East Coast motorists roughly 10 cents a gallon, per a JPMorgan estimate. That's not nothing, but it's modest against a backdrop where gas prices have surged ~$0.80/gallon in a month and WTI crude is trading around $100. While this will alleviate some supply constraints within the US, it will not lower prices at the pump by a noticeable amount for most people. The core problem remains what it's been since Feb. 28: ~15 million barrels per day blocked at Hormuz, the largest supply disruption in the history of the global oil market.

The waiver is one piece of a broader toolkit the administration is deploying – 172 million barrels from the SPR (part of a 400 million barrel coordinated global release), lifted sanctions on some Russian crude sales, pledged Navy escorts through Hormuz, and a promised reinsurance program for tankers. These are all supply-side levers, and they're all secondary to the fundamental constraint. If Hormuz access doesn't normalize, Brent isn't coming down to a level where 10 cents a gallon of Jones Act relief registers with anyone filling up their car. So, while the waiver addresses a real structural inefficiency, the timing may blunt the impact. A permanent repeal of the Jones act, however, would improve the ability and efficiency for the US to keep itself and its territories fully self-sufficient from an energy standpoint in the long term.



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Today's Calendar (all times Central)

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- New Home Sales – 9:00 AM
- Nat Gas Storage Change – 9:30 AM
- USDA Red Meat Production – 2:00 PM

Thanks for reading,

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