NESVICK TRADING GROUP, LLC

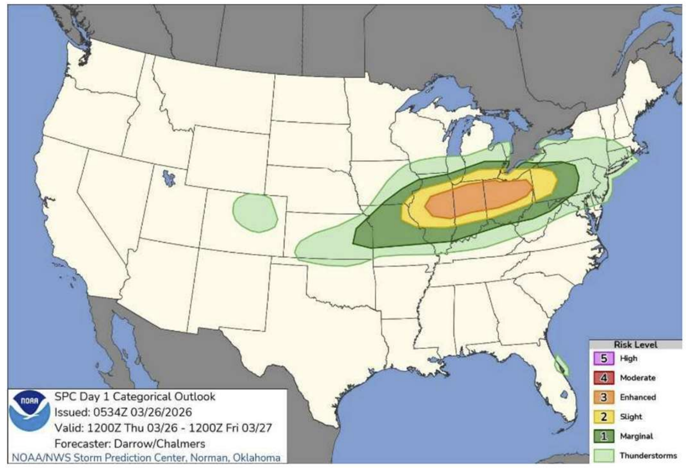
Thursday, March 26, 2026

NTG Morning Comments

www.nesvick.com

Weather

Severe thunderstorms will deliver 0.5-1.5” of precipitation to the eastern Corn Belt tonight, though the broader United States will remain exceptionally dry through the upcoming weekend. A major pattern transition commences Monday night, initiating a highly active and stormy period through the 11-15 day window that will deposit widespread totals of 2-4” across the central and eastern Corn Belt and Mid-South. Unfortunately, the forecast for the parched HRW wheat belt remains exceptionally poor, offering no assurances of relief as western Kansas, eastern Colorado, and the Texas and Oklahoma panhandles are expected to completely miss this upcoming moisture transition. This prolonged dryness is severely compounded by extreme heat, with temperatures threatening 100 degrees in the Texas panhandle today before another intense surge pushes readings 10 to 20+ degrees above normal from March 29 through March 31, guaranteeing further degradation of struggling winter wheat stands.



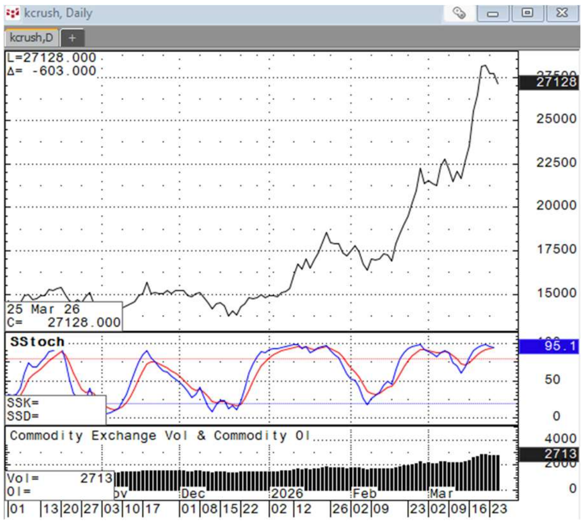
Severe weather outlook for today/tonight

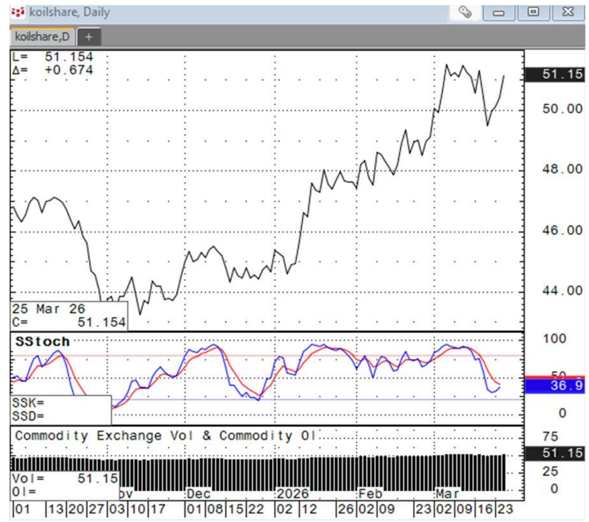
Favorable conditions remain entrenched across the northern soybean and safrinha corn areas of Brazil, where near-normal rainfall over the next fifteen days will provide ample opportunities for late soybean harvesting while supporting safrinha corn development. Conversely, a critical lack of soil moisture continues to threaten the safrinha corn crop in Paraná and southern Mato Grosso do Sul, as well-below-normal rainfall in Week One combines with persistent temperatures running two to four degrees above normal to exacerbate crop stress before moisture levels attempt to normalize in Week Two. In Argentina, the precipitation track has shifted, with heavy rainfall of two to four inches expected to saturate southern growing areas like Buenos Aires over the next ten days; however, the 11-15 day period will see these southern regions dry out as the moisture shifts northward. This incoming rain will be forced to combat severe evaporation rates, as a significant heat wave will push Argentine temperatures 10+ degrees above normal from March 29-April 3.

Grains

It was a tale of two sessions Wednesday with the overnight under pressure (talk of negotiations/ceasefire) with meal gaining on oil and grains under pressure. The day session Wed saw a sharp move higher in oil and wheat with KC leading and corn working higher as well. Strength in oil supported beans. The RVO is days away and Iran rejected ceasefire and crude crawled back. The EPA announced they would allow E-15 this summer to alleviate high gas prices, but the details said the waiver would be valid only from May 1-20. 20 days is the maximum length of these emergency fuel waivers, but the EPA can (and has in the past) issued consecutive 20-day waivers to extend the length of time under the waiver.

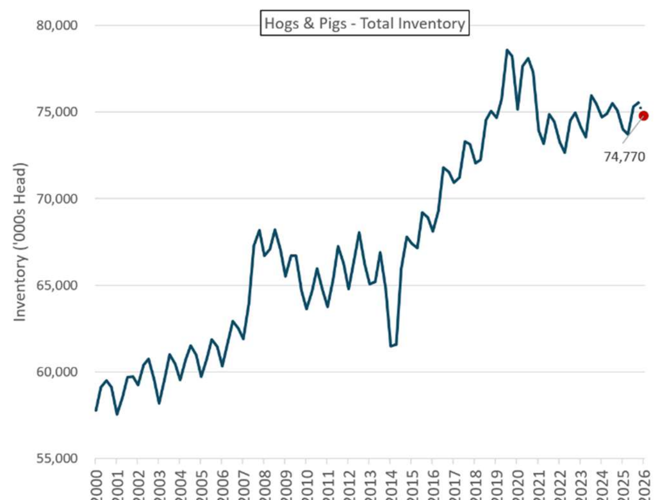
Thought we should revisit crush charts ahead of the RVO announcement as cash crush has neared $3.00/bushel in some spots. Nearby board crush is at $2.75/bu. We are likely going to have to keep crush margins robust to meet the biofuels quota (and at the same time create large import margins). Oil has been the focus much of the year but domestic meal disappearance and exports have been off the charts. Spreads inverted last week. There was talk this week that the EU may need to switch to US meal from SAm due to bunker fuel shortages (which could slow ship traffic even more). The longer this goes on, the more issues will be created. If crush slows meaningfully overall, it could be explosive for products. Late in the day session, it was announced that Trump will travel to China May 14-15. Having the definitive date announced put a further bid in everything with beans leading and trading as much 20 higher in the nearby (SN-SX gained 8-12 cents). The Brazilian Real has resumed strength and the Brazilian shipping line-ups for beans are 35-40% larger than at the same time a year ago which is also providing support in the complex.





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



USDA releases its quarterly Hogs & Pigs report tomorrow at 3pm ET, and the consensus heading in is that the US hog herd is growing, but not by much. The Bloomberg survey of nine analysts pegs the March 1 total inventory at 74.770 million head, up 1.0% from a year ago. If that's right, it would mark the second consecutive quarter of expansion after five straight quarters of y/y declines. The herd rebuild is underway, but the details suggest producers are being careful about it.

Start with the breeding herd, which the survey expects essentially flat at 5.970 million head, down 0.2% y/y. That's the most important number for anyone trying to figure out where this expansion is headed. Producers are growing output without adding sows, which means the growth is showing up entirely in market animals (+1.2%, 68.818 million head) and in productivity rather than in structural herd expansion. Pigs per litter are expected at 11.71, up 0.5%, and the pig crop is seen at 33.708 million head, up 2.2%. That pig crop figure is the largest y/y increase in the survey and the number most likely to move prices if it surprises in either direction. On farrowing, the Dec-Feb actual is expected up 1.7%, Mar-May intentions up 1.6%, and Jun-Aug intentions up 0.5%. The taper in forward intentions tells you producers aren't planning to push much harder into summer. The weight breakdown reinforces the near-term supply story: lighter-weight categories (<50 lbs and 50-119 lbs) are growing faster at +1.4-1.6%, while heavier categories are up ~0.9%, pointing to more hogs entering the pipeline over the next few months.

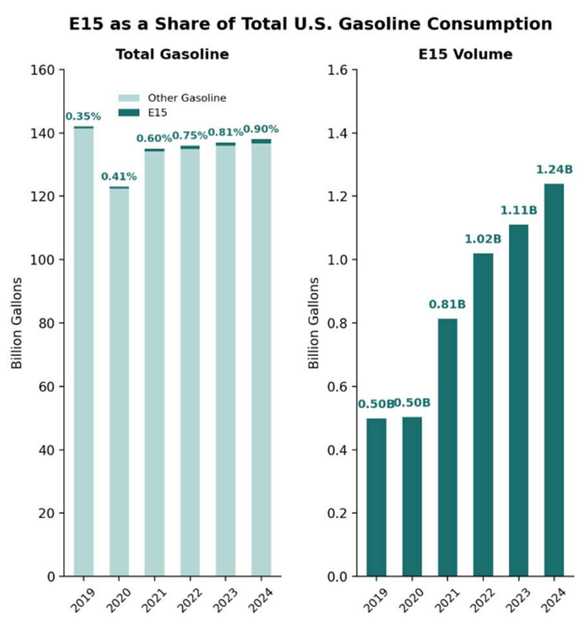
One thing worth noting heading into the number is that disease activity has been running above normal this winter. PEDv case positivity on sow farms hit 14.0% in January, the highest since 2022, and PEDv is the virus that kills nearly all infected newborn piglets. PRRSV is also elevated, with wean-to-market positivity up over 6 percentage points y/y. That doesn't mean the pig crop estimate is wrong, but it's a plausible reason the actual number could come in softer than expected, and it may explain why the breeding herd is flat: producers replacing losses rather than genuinely expanding.

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

The Trump administration announced yesterday that EPA will issue an emergency fuel waiver allowing nationwide summer sales of E15, the 15% ethanol gasoline blend that normally can't be sold from June through mid-September because it exceeds Clean Air Act volatility limits. The waiver takes effect May 1 and lasts 20 days, which is the maximum the Clean Air Act allows for a single emergency determination. The stated rationale is familiar: Middle East supply disruptions, reduced refining capacity, relief at the pump. The ethanol industry cheered, farm-state legislators applauded, and the headlines wrote themselves. But this isn't actually the first time we've used these waivers – it's the fifth summer in a row. The Biden administration issued the same emergency waiver from 2022-2024, and the Trump administration did it again last year. And even though the waiver is only currently set for 20 days, EPA can issue new waivers continuously to cover the entire summer season. Every 20 days, a fresh determination is made that "extreme and unusual" supply circumstances still exist. It's practically an annual regulatory ritual at this point, and this year's version is, once again, unlikely to meaningfully expand ethanol demand or lower fuel prices for the consumer.

Start with the geography. In 2024, EPA granted a permanent RVP waiver to eight Midwest states – Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin – allowing year-round E15 sales starting in 2025. These are the states where E15 infrastructure actually exists. Iowa and Minnesota alone account for a disproportionate share of national E15 volume, and Iowa saw E15 sales jump 44% in 2024 once regulatory certainty was locked in. So, for the core of the E15 market, the emergency waiver is redundant. It's solving a problem those states no longer have. Outside the Midwest, E15 remains a rarity. Nationally, E15 is only available at ~4,200 of the country's 150,000 gas stations, and estimated total E15 volume hit 1.24 billion gallons in 2024. That sounds like a lot until you compare it to the 135 billion gallons of gasoline the U.S. burns annually. E15 is still under 1% of the market. The waiver technically opens summer sales to the rest of the country, but without consumer awareness and without stations willing to invest in dedicated tanks and blender pumps, legal permission alone doesn't move gallons.



And that gets to the structural problem. The Clean Air Act caps emergency fuel waivers at 20 days, meaning EPA has to issue ~7 consecutive waivers to cover a single summer. Each renewal requires a fresh determination that "extreme and unusual" supply circumstances still exist. For a fuel blender or retailer weighing a six-figure infrastructure investment, that kind of regulatory uncertainty is a nonstarter. Minnesota's data shows that when E15 availability is guaranteed, summer sales per station actually run 17% higher than the spring months preceding them, due to normal seasonal driving demand. But "available pending a rolling 20-day emergency determination" is a hard pitch for a station owner in Virginia or Georgia who has never stocked E15 before. So while the waiver makes for a good headline, the practical impact on fuel supply and prices is marginal at best. If the administration and Congress are serious about expanding E15 beyond the Corn Belt, the answer isn't another emergency waiver. It's a permanent legislative fix to the RVP standard.

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)

- Export Sales – 7:30 AM
- Jobless Claims – 7:30 AM
- Nat Gas Storage Change – 9:30 AM
- Hogs and Pigs Report – 2:00 PM

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com
Bloomberg IB: zrdavis@bloomberg.net