NESVICK TRADING GROUP, LLC

Wednesday, April 8, 2026

NTG Morning Comments

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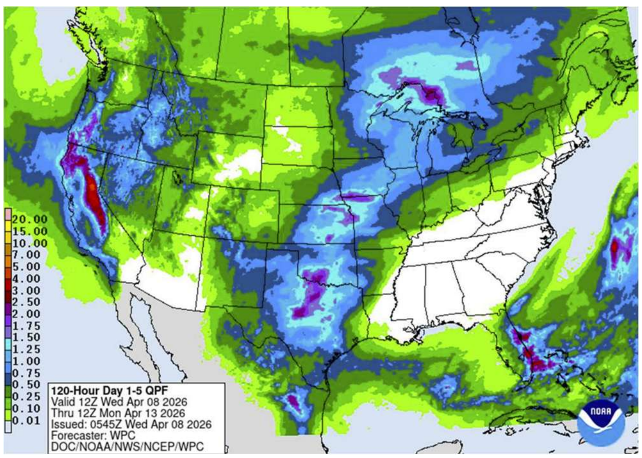
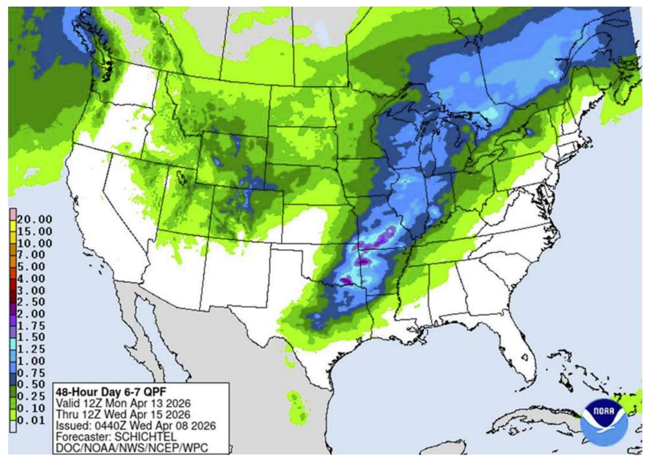
Weather

An active and highly beneficial precipitation pattern will initiate tonight with widely scattered thundershowers in the western Corn Belt and Hard Red Winter wheat areas of the Southern Plains, setting the stage for substantial moisture accumulation that extends through the 11-15 day period. This incoming rainfall, particularly targeting the Interstate 35 corridor and areas eastward, will significantly improve soil moisture profiles for winter wheat, though it carries a severe weather risk for the central Plains during the upcoming weekend. Accompanying this moisture is an exceptionally warm temperature regime peaking around April 12-13 with readings 10 to 20 degrees above normal, which will rapidly accelerate soil warming and promote early corn planting progress before a modest cooling trend arrives near April 15. In stark contrast, the Southeast and Mid-South face a concerning short-term moisture deficit as the forecast remains entirely dry through at least the 1-5 day period; while the Mid-South may see precipitation chances increase during Week Two, the Southeast will likely endure extended dryness that promotes rapid fieldwork but stalls early crop establishment.





Grains

Going to touch on a few items as the world is on the brink waiting for the arbitrary deadline Trump set. Tuesday's trade felt like risk off and we are very dependent on which way the macros are swinging. Crude made new highs overnight as did bean oil. Bean oil then set back taking beans, meal and corn with it. Wheat was firm relatively on crop ratings that were below expected and well below year ago. KC-Chgo unwound further as the dry western HRW areas have better chances for moisture over the next couple weeks (although middays were a bit drier). Attaching winter wheat ratings table for reference. KS, OK, CO, and MT dropped from last week with most HRW states below year ago. The upcoming rains are crucial. SRW ratings are mixed vs year ago (not extreme). The SRW issue is that SRW stocks can tighten just on lower area. Spring wheat was 2% seeded vs 3 ave and 3 last year. It is an active forecast for the N Plains.

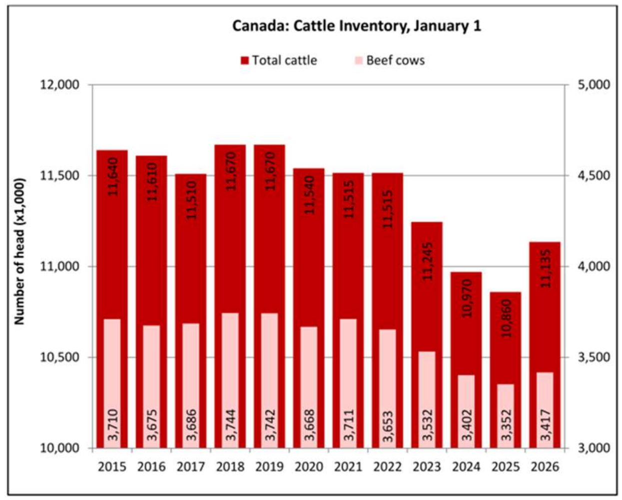
Winter Wheat Crop Ratings			
Good-Excellent/Fair/Poor-Very Poor			
	Apr 6, 2026	Mch 30, 2026	Apr 6, 2025
KS	38/38/24	40/38/22	51/32/17
OK	12/34/54	13/39/48	42/40/18
TX	17/32/51	14/34/52	26/34/40
CO	12/39/49	14/36/50	63/22/15
NE	19/38/43	9/40/51	37/30/33
MT	21/61/18	28/66/6	59/23/18
OH*	63/34/3	62/32/6	60/33/7
IL*	72/24/4	56/30/14	63/35/2
IN*	68/26/6	70/26/6	68/25/7
MO*	59/32/9	58/39/3	64/29/7
AR*	53/34/13	49/45/6	53/36/11
SD	32/45/23	31/52/17	18/44/38
Total*	35/34/31	48/35/17	48/31/21
*prevNov			

We have the April WASDE tomorrow, which usually isn't a huge report. We could see corn and bean balance sheets tighten a bit however. USDA may raise corn feed residual based on 2nd quarter implied use and exports could still be light. These may be offset by a reduction in ethanol. In the world numbers, the USDA could raise both Arg and Brazil corn crops. The US bean balance could tighten some as the USDA should raise crush. I don't think they will lower exports further in this report. The USDA is currently in the mid-range of Brazil bean crop estimates at 180 mmt and may leave alone this round. They lowered Argentine by 500 tmt in Mch, and while recent rains have improved the situation, they will most likely wait on further revisions. Am not expecting any changes of consequence in the wheat S&D's. The USDA will release new crop S&D's in May.

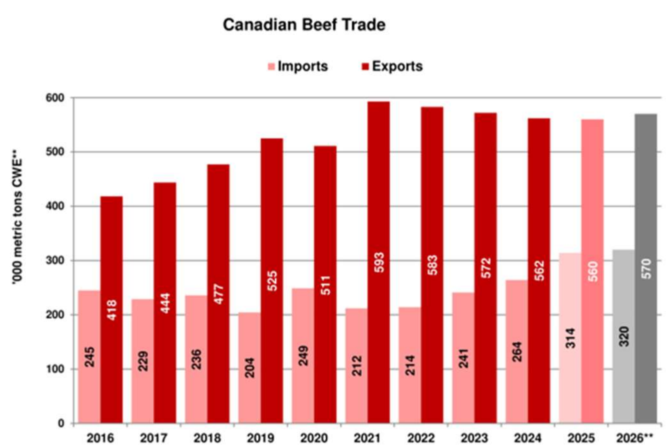
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

The USDA FAS semi-annual on Canada dropped this week, and the story is one of cautious optimism: the Canadian cattle herd has officially entered the consolidation phase and is positioned for a slow rebuild. Statistics Canada data confirms the total herd at 11.135 million head to start 2026, up 3% year-over-year, with the beef cow herd at 3.417 million (+2%) and 5% more heifers retained for breeding. Improved pasture conditions in 2025, strong calf pricing, and fewer concerns about feed availability have given producers enough confidence to hold back females rather than sending them to slaughter. How quickly consolidation turns into genuine expansion will depend on spring and summer moisture. In the meantime, the cross-border cattle trade continues to underscore just how integrated the Canadian and US industries are. Canada imported a record 547,000 head of US feeder cattle in 2025, with western feedlots filling pen space using cheaper US dairy steers and beef-on-dairy crosses. That number is forecast to decline to 445,000 in 2026 as high calf prices and thinning packer margins make importing riskier, but it will remain well above historical norms. Alberta fed steer prices hit C$302.73/cwt in January — nearly double the 2017-2021 average.



On the beef side, production is forecast at 1.3 MMT CWE, supported by 2% slaughter growth and heavier carcass weights that have been quietly offsetting tighter cattle supplies. The real headline is market access. China reopened to Canadian beef on January 15 after a three-year closure following an atypical BSE case, giving Canada an advantage over US beef, which remains locked out. Indonesia expanded access on February 23 to include over-thirty-month bone-in beef and offal. Both markets add meaningful carcass value, particularly for offal that has limited domestic demand. The US still absorbs 82% of Canadian beef exports, but the import side tells a more interesting story: Australia's share of Canadian beef imports surged to 21% in 2025 (from ~14% in 2024, an 83% volume jump), while the US share fell to 37%, well below the typical 50%+. High North American prices are pulling competitive Oceanian product into the Canadian market through CPTPP preferential access.



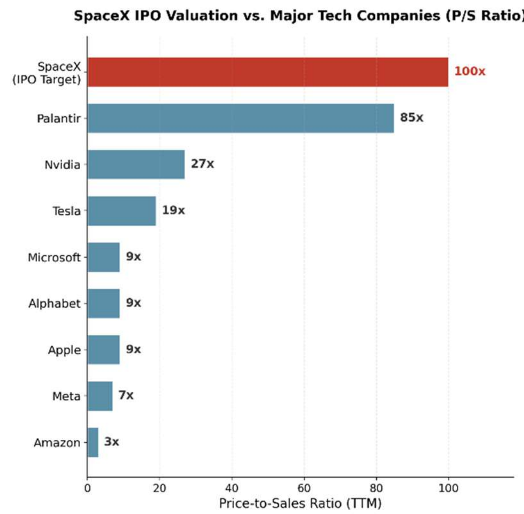
The swine sector is stable but quietly shifting. The herd is roughly flat at ~13.9 million head, but exceptional sow productivity drove a larger pig crop, and increased processing capacity utilization supports a forecast for 2% slaughter growth. Canada exports 60-70% of its pork production, and the destination mix has changed dramatically. Japan's share of Canadian pork exports climbed to 28% in 2025 from 19% in 2020, Mexico rose to 15%, and China collapsed from 42% to under 5% as the 25% retaliatory tariff imposed in March 2025 continues to weigh. The USMCA review looms over the deeply integrated cross-border hog trade, and the voluntary "Product of USA" label bears watching if US retailers and consumers start showing preference.

Canada is a step ahead of the US on the cattle cycle, the market access wins are real, and processing utilization is climbing. But the vulnerabilities are hard to ignore: only three large federal beef plants, 82% of beef exports flowing to a single market, a strengthening Canadian dollar pressuring export competitiveness, and a trade policy environment where the rules could shift in any direction. The rebuild is underway, but Canada's livestock sector remains tightly tethered to what happens south of the border.

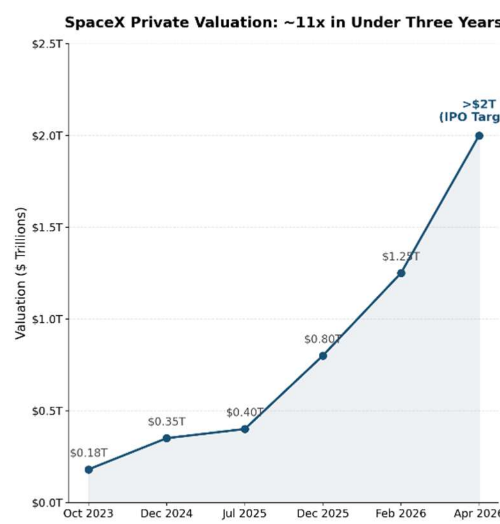
Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Macro/Financials

SpaceX is reportedly targeting a valuation north of $2 trillion for its IPO, up from $1.75T just a couple weeks ago and $1.25T in February. If the deal prices anywhere near that range, it would raise as much as $75 billion—more than 2.5x the record Saudi Aramco set in 2019 at $29.4 billion, and more than the $44 billion raised across all 202 US IPOs in 2025 combined. The company filed confidentially with the SEC and is aiming for a June listing with up to 30% allocated to retail. At $2 trillion on ~$20 billion in projected 2026 revenue, you're looking at roughly 100x trailing price-to-sales, a multiple that makes even Palantir's ~85x look restrained. And this comes just two months after SpaceX bolted on xAI in an all-stock deal, absorbing a business that's burning ~$1 billion a month and is expected to generate less than $1 billion in revenue this year.



To put the valuation in context: at $2 trillion, SpaceX would be larger than every S&P 500 company except Nvidia, Apple, Alphabet, Microsoft, and Amazon. But those companies trade at P/S ratios of roughly 27x, 9x, 9x, 9x, and 3x, respectively. SpaceX would enter the public markets at 100x, roughly 4x larger than Nvidia's multiple and 11x the Mag 7 median. The closest public comp is Palantir at ~85x, and even that's widely considered stretched. Tesla at its 2021 euphoric peak traded around 25–30x sales. SpaceX is asking for 3–4x that level on Day One. The private market has been willing to pay up – SpaceX's valuation has 10x'd in under three years – but public investors face quarterly earnings scrutiny, and a triple-digit sales multiple demands near-perfect execution across every segment, including a cash-burning AI subsidiary in a crowded field.



And it's arriving in a market that isn't exactly priced for disappointment. The CAPE ratio sits around 38, above the 2021 peak of 36.9 and more than double the long-term mean of 17. The equity risk premium is at 0.02%, functionally zero. I think the real question isn't just whether SpaceX clears at these levels – it's what happens to everything else. A $75 billion raise is not a rounding error; it's a gravitational event. That capital has to come from somewhere. Portfolio managers reallocating into SpaceX are, by definition, selling or not buying something else. If you add in the other mega-IPOs in the pipeline (OpenAI, Anthropic, Databricks), 2026 could see trillions in new tech market cap competing for the same pool of equity capital. If the deal reprices or the timeline slips, that tells you the market's willingness to pay for growth-at-any-price narratives has limits, even for the most dominant private company on the planet. Either way, the answer matters well beyond SpaceX.

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)

- MBA Mortgage Applications – 6:00 AM
- EIA Energy Stocks – 9:30 AM
- FOMC Meeting Minutes – 1:00 PM

Thanks for reading,

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