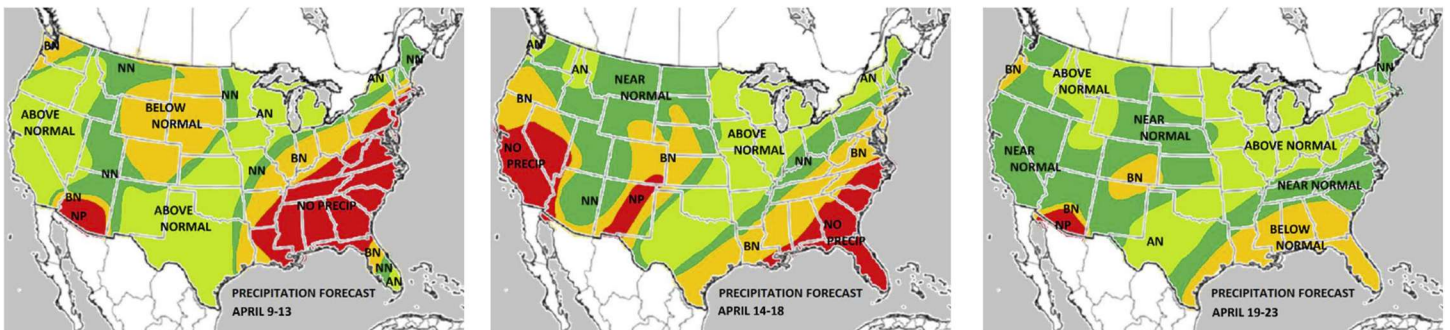


Weather

The temperature outlook for the middle of the country has trended significantly hotter compared to previous expectations, introducing a six-day window of exceptional warmth that will rapidly accelerate soil warming and early corn planting progress across the Corn Belt and central Plains. Temperatures are forecast to surge 10-15 degrees above normal by Saturday in the central and northern Plains before shifting eastward on Sunday, with forecast models trending much warmer today specifically for the April 14-15 timeframe to prolong the heat anomaly before any notable cooling arrives around April 18. Accompanying this extended warmth is an active and highly beneficial precipitation pattern initiating late today in the heart of the Corn Belt and continuing through the weekend in the Hard Red Winter wheat belt of the southern Plains, with widespread totals of 0.75" and 2" in eastern areas. While precipitation across the northern Plains will predominantly fall as rain over the next 15 days to support moisture reserves, forecast models are currently monitoring the growing potential for a significant late-season snow event during the late 11-15 day period. In stark contrast, southern and southeastern areas now expected to remain completely devoid of rainfall for at least another ten days and tracking below normal through the entirety of the 11-15 day period; while northern areas of the Mid-South may see rain return in Week Two, the broader southeastern dryness will facilitate a rapid planting pace while simultaneously stalling early crop establishment and stressing shallow-rooted plants due to critically low topsoil moisture.



Grains

USDA releases the April WASDE at 11:00 this morning, and the expectations for the report are pretty uneventful. Across all four major commodities, analyst averages land within a rounding error of March's numbers — US corn ending stocks at 2,131 million bushels versus 2,127, soybeans at 349 versus 350, and cotton at 4.36 million bales versus 4.40. The only line item showing any real directional lean to speak of is wheat, where the average guess sits at 923 million bushels versus March's 931. There's a reason for that quiet, though: April is the last WASDE before May's report introduces the first 2026/27 new-crop balance sheets. The market's attention has already drifted forward, and USDA tends to make minimal adjustments to old-crop estimates this late in the cycle unless the data forces their hand.

The wheat number is worth pausing on, though, because the fundamental backdrop has deteriorated meaningfully since these balance sheets were last updated. Winter wheat conditions came in at just 35% Good/Excellent in this week's Crop Progress report of the season, down 13 points from this time last year. That kind of early-season stress across the heart of HRW country raises real questions about yield potential heading into jointing and heading — but the April WASDE is a demand-and-stocks report, not a production report, so today's number is more likely to reflect trade flow adjustments than any weather-driven supply revision. The production reckoning, if it comes, is a May and June story. And when it does arrive, it'll land alongside Prospective Plantings data that pegged 2026/27 all-wheat acres at 43.8 million — the lowest since USDA started keeping records in 1919.

25/26 USDA US Ending Stocks (MM Bu)

	Average of Trade Analyst Estimates	Range of Trade Analyst Estimates	USDA March Ending Stocks
Corn	2,131	2,052-2,267	2,127
Soybeans	349	315-375	350
Wheat	923	890-941	931
Cotton*	4.36	4.00-4.50	4.40

*in Millions of Bales

The more interesting question might be what USDA doesn't change. On soybeans, crush pace through February is running 8.3% ahead of last year and May crush margins are flirting with all-time highs, which gives USDA plenty of room to bump the crush estimate up to at least 2,600 million bushels; but export commitments are tracking 18% behind year-ago levels, and shipments are at their third-lowest point since 2000. Those two forces will likely offset in the USDA ending stocks math, which is probably why the trade sees the bottom line holding at ~350 milbus. On corn, USDA still has record feed and residual use at 6.2 billion bushels despite cattle-on-feed numbers that don't fully support it, and ethanol grind through February is running behind pace. Meanwhile, export commitments are 29% ahead of last year. Internal shifts, but a steady bottom line.

On the world production side, South American estimates are expected to hold roughly steady — Brazil corn at 132.5 MMT versus 132.0 in March, Argentina corn at 52.1 versus 52.0, Brazil soybeans at 179.9 versus 180.0, and Argentina soybeans at 48.1 versus 48.0. No fireworks there, but the global stocks picture those production numbers feed into is worth paying attention to. World corn ending stocks, even with the expected modest increase to ~293 MMT, would still represent the tightest reserves in over a decade, while world soybean stocks at ~125.5 MMT would be the largest on record. That's a striking divergence, and it's worth keeping in mind as we head into new-crop season. Today's report probably won't move markets much, but it sets the baseline that May's new-crop debut will be measured against.

USDA World Production Estimates (MMT)			
2025/2026			
	April USDA Estimate	March USDA Estimate	Average Guess
Argentina Corn	52.00	52.00	52.10
Brazil Corn	132.00	132.00	132.50
Argentina Soybeans	48.00	48.00	48.10
Brazil Soybeans	180.00	180.00	179.90
World Soybeans Stocks	125.31	125.31	125.50
World Corn Stocks	292.75	292.75	293.20
World Wheat Stocks	276.96	276.96	277.40
World Cotton Stocks*	76.39	76.39	76.25

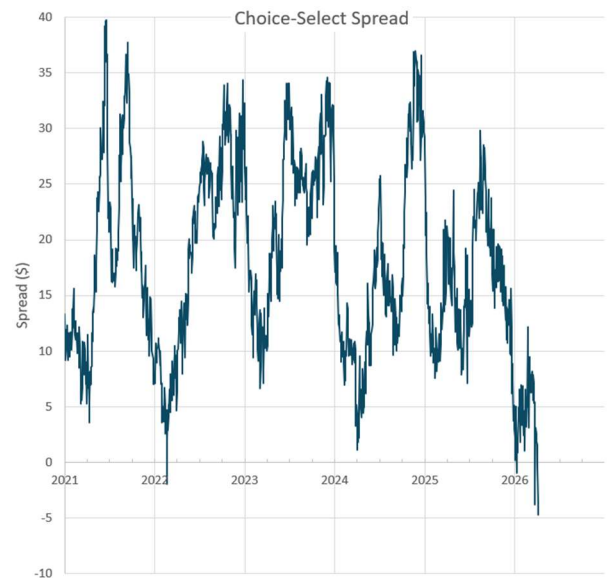
*in Millions of Bales

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

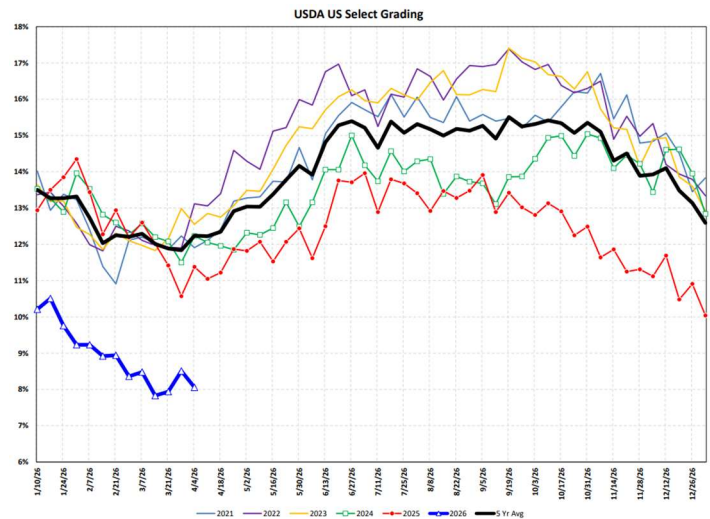
Select boxed beef is trading at a premium to Choice, and it's not a one-day anomaly. The spread first flipped negative in late March, with Choice dipping to a \$3.80 discount to Select, and after a brief normalization around the first of April it's inverted again. Yesterday's cutout had Choice at \$381.53 versus \$386.26 for Select, a spread of -\$4.74. For context, the Choice/Select spread has averaged roughly \$15/cwt over the past two years. When a relationship that stable doesn't just compress but fully inverts, something structural is moving underneath it.

The supply story is straightforward. The quality grade mix in 2026 has shifted dramatically: Prime grading is running above 15%, roughly 5 points over the five-year average, while Choice holds steady in the mid-74% range. That math comes directly out of Select's hide. Select grading hit a record low of 7.9% in March, down from 12% a year ago and well below the ~13% five-year norm. There is simply a lot less Select beef being produced. And there are buyers – institutional accounts, school lunch programs, price-driven foodservice operators – who maintain standing orders for Select product specifically because it ran at that reliable discount to Choice. When supply gets tight enough that the discount evaporates, those buyers don't just switch to Choice; they bid Select up. But there's a demand-side angle too, and it centers on the rib. Choice rib primals have been a conspicuous underperformer since last fall, and the weakness accelerated this week,



with Choice rib primals dropping sharply. So there's a double squeeze: shrinking Select supply is pulling Select cutout values higher, while rib weakness is dragging Choice values lower from the inside. The spread isn't just compressing from one direction — it's getting hit from both sides.

There is also a seasonal element here. The Choice/Select spread tends to bottom in Q1 nearly every year – carcass quality grades peak through the winter feeding months, and grilling season demand for Choice middle meats hasn't kicked in yet. The pattern is visible across the last five years, with the spread regularly compressing toward the low single digits in late winter before widening back out into summer. What makes 2026 different isn't the timing of the low, it's the depth. The structural grade shift has pushed the normal seasonal trough past zero and into outright inversion.

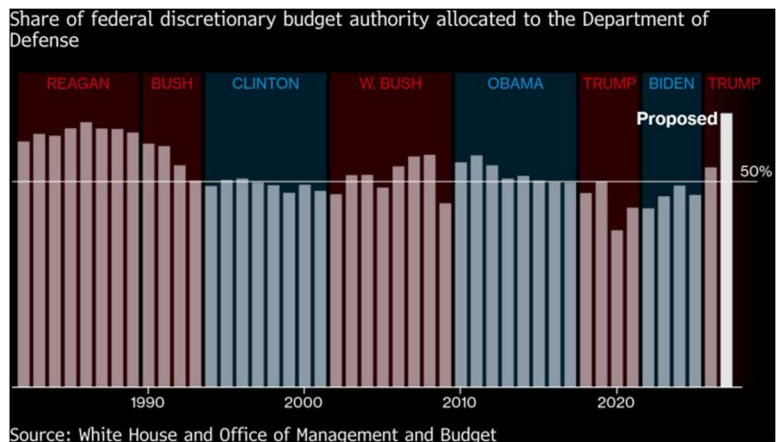


So where does this go? If the grade mix stays this skewed – and there's no obvious reason it reverses given the genetics and nutrition programs driving the Prime/Choice shift – the Select supply squeeze has legs. The seasonal pattern says the spread should improve from here as rib demand picks up into grilling season. But if rib demand stays soft while Select remains pinched, this inverted spread could persist longer than anyone expects. The industry spent two decades breeding toward higher quality grades, and it worked. When 92% of your product grades Choice or better, the 8% that doesn't becomes increasingly scarce by definition.

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

The White House dropped its FY2027 budget on Friday, and the headline everyone latched onto was the \$1.5 trillion defense request – a 44% increase that the administration itself compared to pre-WWII mobilization levels. That's a striking number, and it's worth discussing, but the more interesting story is what the budget quietly left out: for the first time in decades, the White House didn't publish 10-year deficit projections. When an administration that's been loudly promising fiscal discipline decides not to show you the long-term math, it's worth taking a deeper look.



The near-term math they did publish doesn't look good for those who would like to see the deficit shrink. The budget projects a \$2.2 trillion deficit in FY2027 – \$400B higher than 2025. The \$73 billion in non-defense discretionary cuts (a 10% trim spread across civilian agencies, with the heaviest hits at the SBA, NSF, and EPA) doesn't come close to offsetting the defense surge, and the budget doesn't touch mandatory spending at all. Social Security, Medicare, and Medicaid (~\$4.8T next year) are on autopilot, while interest on debt adds another \$1.1 trillion. CBO's baseline already had deficits exceeding \$3 trillion by 2036 and debt-to-GDP hitting 120%, and that's before the new defense increases are layered in.

So how does the White House square this? Mostly through assumptions. The budget projects 3.1% real GDP growth this year and averages 3% over the next decade, despite CBO projecting 1.8% and the Fed's long-run estimate at 2.0%. It bakes

in \$464 billion in tariff revenue, a 138% increase from last year, despite the Supreme Court striking down the emergency tariff authority in February. Additionally, Trump floated a fraud crackdown led by Vance as a path to balance.

Ultimately, with this budget, the deficit widens, Treasury supply increases, and the Fed gets no help. The budget's own interest rate assumptions (the 10-year declining to 3.7% this year and 3.3% by 2030) already look disconnected from reality with the 10-year sitting at ~4.3% and war-driven inflation pressures still building. Congress will likely ignore most of this, just as they ignored the more aggressive FY2026 version, but the trajectory is clear: bigger deficits and more issuance will continue, with no appetite for the entitlement reform that would actually move the needle. The bond market will eventually have to price that in.

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)

- Export Sales – 7:30 AM
- GDP – 7:30 AM
- Jobless Claims – 7:30 AM
- PCE Price Index – 7:30 AM
- Personal Income/Spending – 7:30 AM
- Nat Gas Storage Change – 9:30 AM
- WASDE – 11:00 AM

Thanks for reading,

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