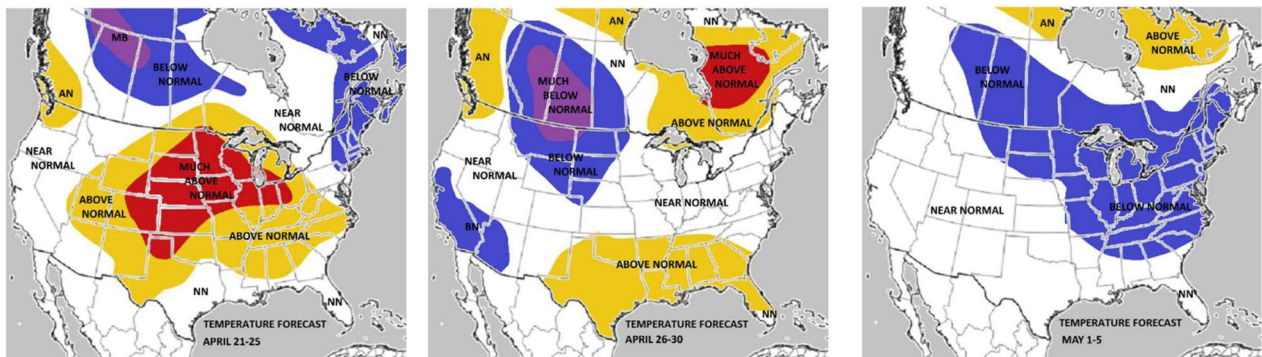


Weather

A mostly dry pattern will persist through early Thursday across the Corn Belt, allowing for a massive push in planting progress before a significantly active pattern returns to deliver widespread precipitation for the Thursday night through Tuesday period; however, the wettest conditions for the northern Plains have now shifted to target the last five days of the month, with some precipitation likely falling as snow. Temperatures across the central United States will feature an exceptionally warm pattern with highs in the 70s and 80s through Thursday before a stark division creates a battle zone of air masses, bringing an exceptionally cold threat to the northern Plains and western Corn Belt for the April 24-28 period while warmth clings to the southeast. In the Hard Red Winter wheat belt, severe growing conditions will persist through Friday with temperatures running 10-15 degrees above normal and far western areas facing red flag fire warnings; critical relief remains forecasted to arrive starting Saturday and extending into early May with over an inch of rainfall expected to alleviate crop stress. The Mid-South will remain dry through Thursday before a badly-needed wet pattern commences on Friday, delivering 2.5-4 inches of rainfall through the 15-day period to successfully reverse recent soil moisture deficits.

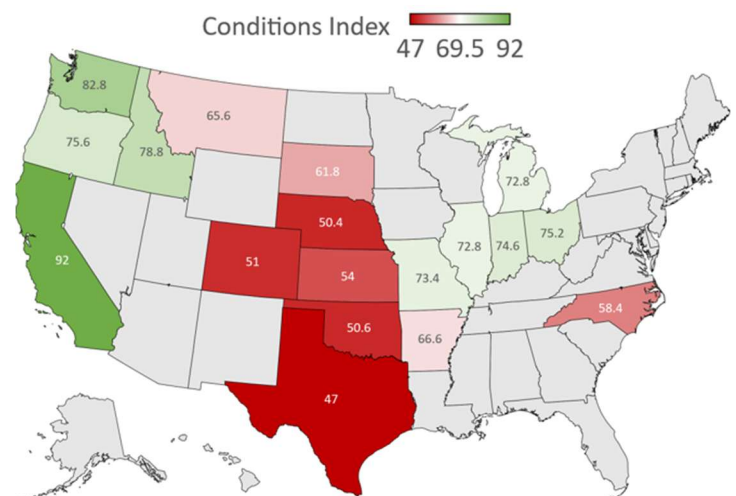


Grains

As we expected based on the drought monitor and the extremely dry forecast, winter wheat conditions have continued to rapidly deteriorate. The analyst survey before the report expected 34% Good/Excellent conditions for the winter wheat crop, but it came in even lower, at 30%; this was below all estimates and is down from 34% last week. The national winter wheat condition index shows the crop at 58, a 1 point drop from last week and 7 points lower year-over-year and compared to the 5-year average.

The winter wheat conditions are the worst in the plains, where the drought conditions have been the most persistent. Conditions in Oklahoma, Kansas, Nebraska, and Colorado have fallen to the low 50s, while Texas conditions have stayed steady with 47 points in the index. The corn belt states and Pacific Northwest have much higher overall ratings, with the corn belt in the low-to-mid 70s and the PNW in the upper 70s to lower 80s.

With the winter wheat conditions continuing to degrade over the last several weeks, I wanted to see what the impact of these conditions may be on the final crop at harvest. The short answer to that question – the weather that has caused these poor conditions doesn't actually seem to have a statistically significant impact on the final crop, at least not at this point in the crop year. While the general consensus is that the final production number has been harmed by this weather, which has forced the winter wheat to mature prematurely – heading is currently nearly 30% ahead of the 5-year average



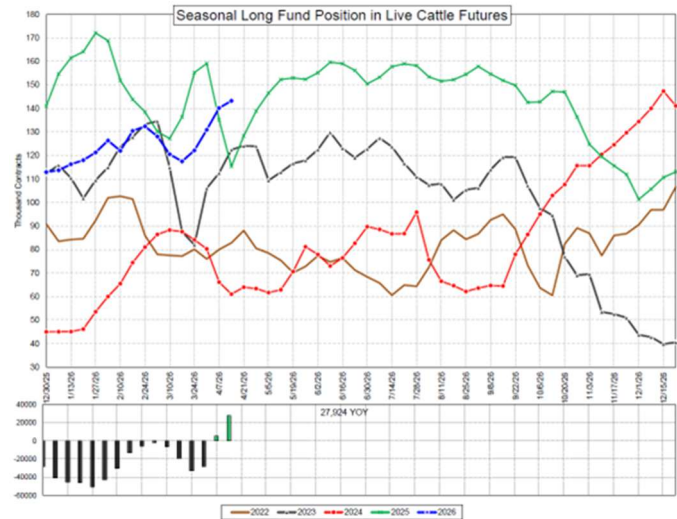
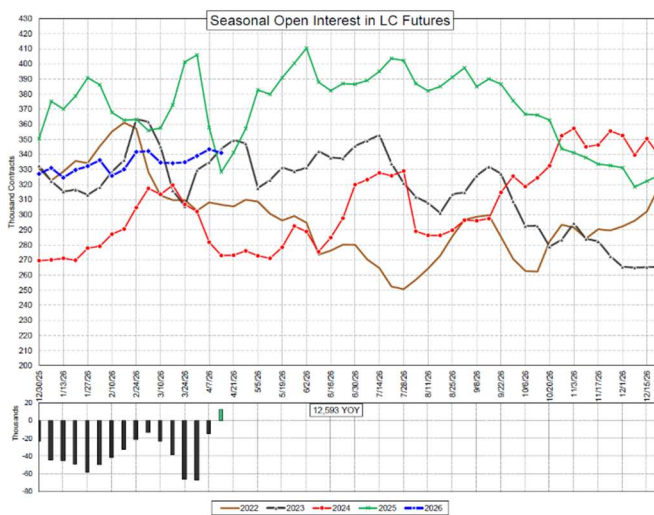
for this week – it’s also clear that the Week #16 crop condition has very little correlation with the final crop yield, with an R^2 of just 0.07 for the regression.

Much of the plains is expected to receive 1-2” of rain over the next 15 days, which equates to between 50% and 100% of the average total April precipitation for much of the region. This rainfall, if it actually materializes in the forecasted quantities, would go a long way towards improving the wheat conditions over the next several weeks. This rainfall being realized could also cause a retracement of some of the rally that wheat futures have seen as the drought extended.

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

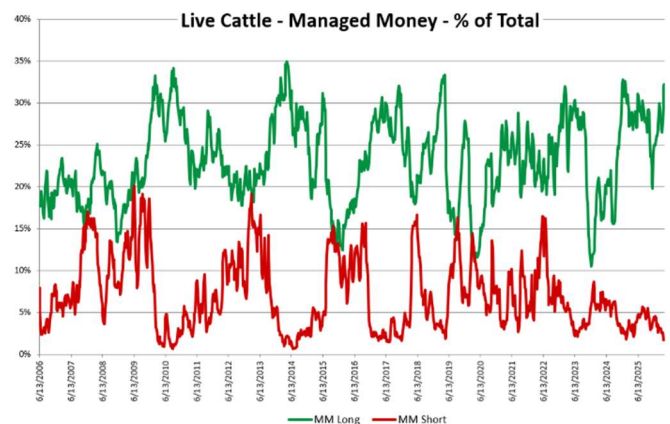
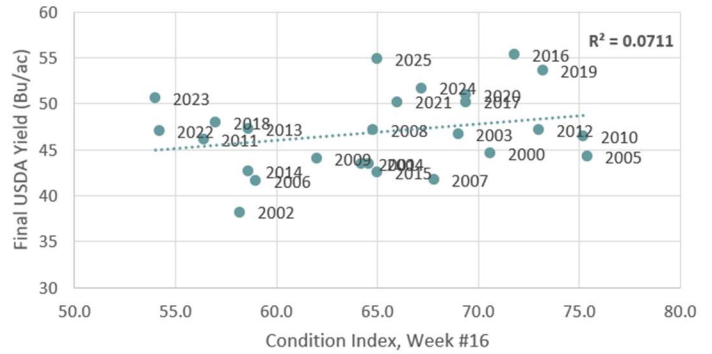
Open interest remains largely unchanged from year-ago levels and has been relatively stagnant over recent months. At first glance, this may suggest a lack of meaningful market activity. However, a closer examination of positioning reveals a markedly different dynamic.



While aggregate open interest appears stable, the composition of market participants has shifted significantly relative to historical norms. Managed money long positions currently stand at approximately 145,000 contracts, representing 33% of total open interest. Commercial participants have largely taken the opposing side of this activity. Commercial longs have been reduced, while commercial shorts have increased, reflecting expanded hedge coverage, particularly among cattle feeders seeking price protection.

From a fundamental standpoint, several supply-side indicators remain supportive of higher prices. However, this bullish backdrop is being counterbalanced by emerging demand-side

Week #16 Condition Index vs. Final Yield



headwinds. Packers have begun scaling back slaughter rates as boxed beef demand has underperformed expectations. Elevated retail prices, potentially reinforced by broader consumer cost pressures including fuel, may be constraining demand relative to typical seasonal patterns.

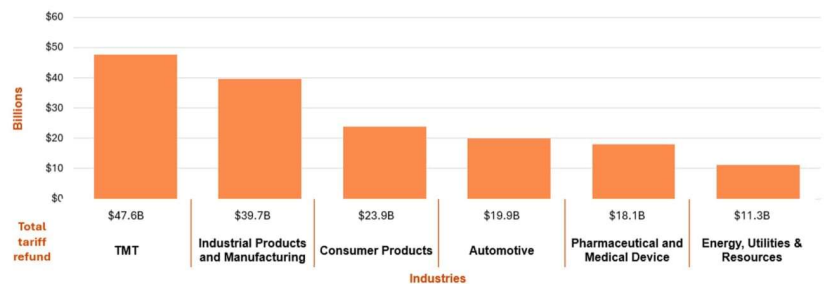
Speculative order flow in the futures market has historically demonstrated the capacity to amplify price movements beyond what underlying cash fundamentals might justify. Given the current concentration of speculative positioning, it is prudent to view this concentration as a key driver of both directional price action and spread behavior moving forward. Additionally, elevated speculative participation often coincides with reduced market liquidity and heightened execution risk. This environment can lead to exaggerated price swings and increased slippage. The sharp \$5.00/cwt price movement observed within minutes last Friday may serve as an early indication of the type of volatility that could become more frequent, rather than an isolated event. Despite these conditions, implied volatility in the options market appears relatively low, particularly when considered against the backdrop of extreme speculative positioning in futures.

Livestock commentary provided by Scott Shepard. For questions or comments, Scott can be reached by email at scott@mnrcapital.us or on Trillian at scott@nesvick.com.

Macro/Financials

The government officially opened the floodgates on Monday, launching a refund portal to begin returning over \$166 billion in IEEPA tariffs that the Supreme Court struck down in February. More than 330,000 importers paid duties on 53 million+ shipments over the past year, and thousands rushed to file claims on day one. Roughly 56,500 importers representing ~\$127 billion had already completed the steps to receive electronic refunds, and payouts should land within 60-90 days of claim acceptance. Interest alone is accruing at ~\$22 million per day on the outstanding balance, so the government has every incentive to move quickly.

Figure 2: Top industries – total potential tariff refund by industry



The obvious question is what this means for the broader economy. On the surface, \$166 billion flowing back into the private sector sounds stimulative, and it will certainly flatter earnings in whatever quarters the refunds land. Technology and Industrial companies are expected to gain the largest shares of the refunds. Companies will book these as one-time gains or reductions in cost of goods sold, and headline EPS numbers will get a temporary lift that has nothing to do with underlying operating performance. Investors should be stripping those out, but not everyone will, and the headline prints will look better than reality for a quarter.

The more interesting, and arguably more consequential, dynamic is what happens downstream after the refunds are processed. Only importers of record are eligible for refunds, not consumers. And while FedEx has pledged to pass refunds along to its customers and Costco has hinted at lower prices, the vast majority of companies have made no such commitment. There's no legal obligation to share the proceeds, and given that tariff costs were blended into pricing alongside supply-chain disruptions, currency moves, and margin adjustments, determining who is owed what is practically impossible. Class-action suits are popping up – one against EssilorLuxottica over Ray-Ban pricing, another targeting FedEx – but those will take years to resolve. In the meantime, prices came up and they're going to stay up. That's a permanent step-up in the prices, leaving consumers footing the bill for tariffs that were ruled illegal, while the companies that collected higher prices pocket the refunds.

Companies aren't likely to reinvest or spend those refunds aggressively either. New tariffs, using other frameworks that are more solid than the IEEPA powers, are expected to be initiated at similar levels by July. Businesses are getting cash back with one hand while bracing for the next round of duties with the other. That limits the stimulative effect

considerably. Most firms will sit on the money as a buffer against whatever comes next, which means this doesn't meaningfully boost hiring, capex, or growth. It's a one-time liquidity event that quietly transfers wealth back to corporations before they once again get absorbed by the next policy shock.

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)

- ADP Weekly Employment Change – 7:15 AM
- Retail Sales – 7:30 AM
- Pending Home Sales – 9:00 AM

Thanks for reading,

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