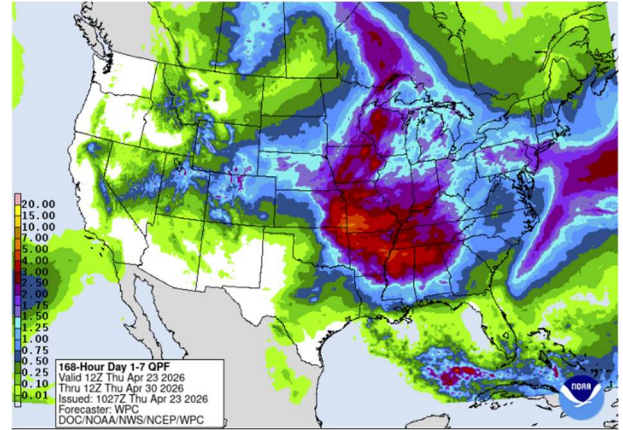


Weather

In the Corn Belt, planting operations will be abruptly halted as a line of strong and severe thunderstorms develops in the west this afternoon, which will be quickly followed by another precipitation event for the Sunday and Monday period that will deliver accumulating snow to the western northern Plains; however, the pattern will then starkly diverge, with the northwestern Corn Belt and northern Plains entering a dry period of nearly a week starting Tuesday while significant rains continue further south. Temperatures across the central United States remains warm today before a rain-enhancing battle zone of air masses establishes itself tomorrow, bringing an exceptionally cold threat to the northern Plains while warmth persists in the southeast, eventually transitioning to a below-normal temperatures for the entire region through early May. In the Hard Red Winter wheat belt, exceptional heat and red flag fire warnings are occurring today before eastern and northern areas finally receive critical, rainfall starting Saturday, with western Nebraska expected to record its best precipitation of the season, and the potential for widespread, significant precipitation across the broader region by next Thursday although the Texas and Oklahoma panhandles will likely miss the heaviest totals. The Mid-South will end its extended dry spell tomorrow as a remarkably wet pattern commences, with the most severe precipitation arriving during the final five days of April, ultimately delivering 3-5" of rainfall across the region through the opening week of May to completely reverse recent soil moisture deficits.



Grains

Relationships between soybeans and products have been pushed out of line this year by a combination of factors. Board crush margins are still hanging onto astonishing \$3+ levels.

A few key drivers:

- 1. Plenty of soybeans available.**
March 1 US stocks came in at 2,105 million bushels, the fourth highest ever, trailing only 2017/18, 2018/19, and 2019/20.
- 2. Soybean oil demand has been structurally revived.**
New RVO requirements will pull a record amount of soybean oil into biodiesel.
- 3. Argentina is behind.**
Since December, their crush is running roughly 1.5 MMT below last year, allowing the US to capture a larger share of global meal demand. Further, their harvest has been delayed by rains.
- 4. Domestic meal demand is strong.**
US soybean meal demand is up roughly 8% YTD.
- 5. Seasonal downtime.**
US crush is slowing for the first time this marketing year.

Bottom line:

There is no shortage of soybeans in the US—but we can't turn them into products fast enough to meet product demand. That's the disconnect.

Meal should gradually normalize. As Argentina ramps up, US meal exports will slow down, and availability improves into summer and more meaningfully into fall.

Oil is different. There is no clean near-term fix.

When policy creates demand, it comes with side effects. That's what we're seeing. The only real way to balance soybean oil is through higher US crush. Which sounds strange, because crush is setting records.

- YTD crush is up over 100 million bushels vs. last year
- Full-year pace looks closer to +185 million bushels (~+8%)
- Early ideas for 26/27 add another ~100 million bushels (~+4%)

Even that may not be enough to meet incremental biofuel demand.

Market behavior reflects this tension:

- Products are leading the rally (especially nearby)
- Bean spreads have softened
- Flat price soybeans remain rangebound

The market is struggling to price a complex where products are tight, but beans are not.

At some point, margins likely break from these historic levels. But right now, there's no clear catalyst for that in the near term. Maybe South American meal ultimately relieves the pressure, but it's too early to say with conviction.

So why don't beans just rally to catch up with products?

Because US soybeans aren't competitive globally.

And we simply can't crush everything domestically.

That leaves us with three paths over the next ~90 days:

1. **Demand surprise:**
Export business improves enough to tighten the old crop balance sheet
2. **Spreads do the work:**
Old/new spreads weaken as commercials resist carrying excess stocks into the new year - even with strong margins and bigger carryover needs (higher Sept crush)
3. **Flat price adjusts lower:**
Prices decline to stimulate demand

New crop outlook:

Planting has started fast. Some areas are wet, but it's too early to worry about that just yet.

I continue to think acreage comes in higher than March intentions, driven by:

- A slightly larger total acreage pie
- Marginal shifts from corn into soybeans

Exports:

US has shipped ~10.2 MMT to China so far this marketing year and still appears on track to reach ~12 MMT by May.

S&D:

No material changes this week.

US SOYBEAN SUPPLY & DEMAND

	23/24	April 24/25 USDA	25/26 Ditsch	April 25/26 USDA	26/27 Ditsch
Planted Area	83.6	87.3	81.2	81.2	86.0
Harvested Area	82.3	86.2	80.4	80.4	85.1
Yield	50.6	50.7	53.0	53.0	53.0
Carry-in	264	342	325	325	380
Production	4162	4374	4262	4262	4510
Imports	21	29	25	25	25
Total Supply	4447	4746	4612	4612	4915
Crush	2285	2445	2630	2610	2725
Exports	1700	1882	1500	1540	1600
Seed	75	70	73	73	73
Residual	44	23	29	39	37
Total Usage	4105	4421	4232	4262	4435
Carry-out	342	325	380	350	480
Stocks % of Use	8.3%	7.4%	9.0%	8.2%	10.8%

Grains commentary provided by Mark Ditsch. For questions or comments, Mark can be reached by email at mark@ditschtrading.com or on Trillian at mark@nesvick.com.

Livestock

I touched on the disease issues that have been plaguing the hog herd, but I found some more recent data and I thought I'd discuss in a little more detail. The headline from the latest Swine Disease Reporting System release is less about what's changing than what isn't. PRRSV positivity came in at 28.35% of cases tested in March, essentially unchanged from February. PEDV positivity on sow farms held at 16.25%, essentially flat from February's 16.08%, with no sign of relief from the elevated base I noted yesterday. PRRSV is running three standard deviations above the baseline in Iowa, Illinois, and North Carolina; and Illinois is flagged over the same threshold on PEDV and PDCoV as well. That's one state running three pathogens above the four-year baseline simultaneously. Flat doesn't mean normal here; it means the elevated levels are persisting.

The variant picture is where it gets more interesting. PRRSV 1C.5.32, the dominant sub-variant within the aggressive 1C.5 lineage that's been reshaping the landscape since 2020, accounted for 385 of the month's detections, dwarfing everything else. On a rolling 12-month basis, 1C.5.32 detections are up 150% versus the prior period, and the phylogenetic data shows the variant itself is now splitting into two distinct sub-groups with additional offshoots (1C.5.33 through 1C.5.38) emerging. The virus isn't slowing down, and it's diversifying while it spreads. Meanwhile, variant 1A.13.49 is drawing attention from veterinary advisors for causing significant morbidity and mortality in its own right, with new state-level detections popping up in Nebraska and Missouri in March.

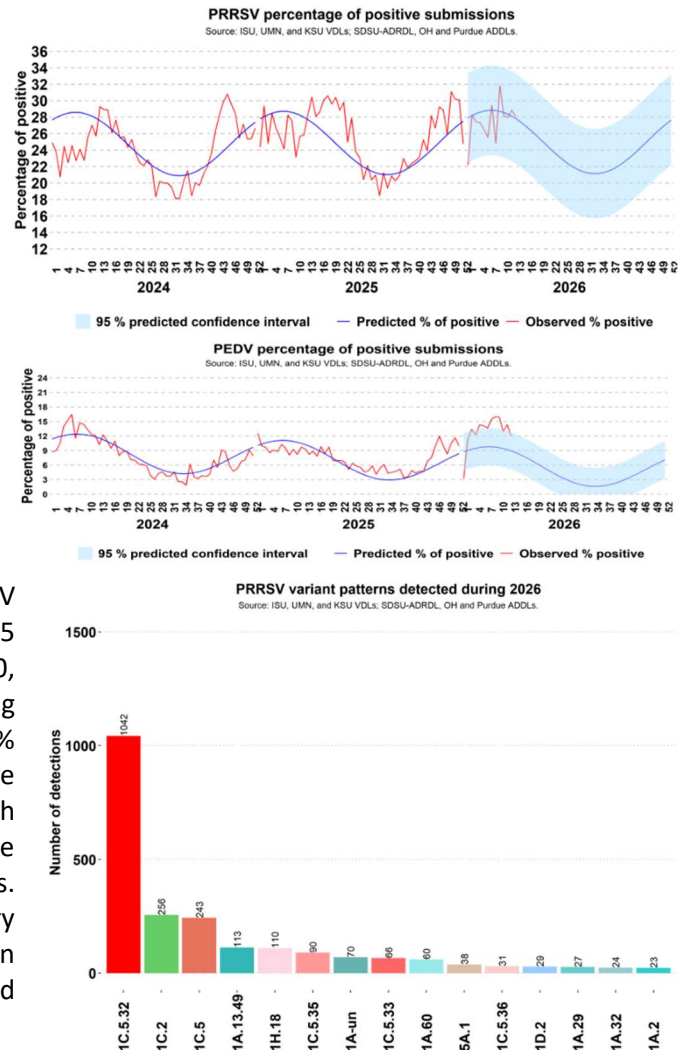
So, what does all this mean for the hog herd? PRRSV led all confirmed tissue diagnoses by a wide margin in March, 512 cases versus 242 for the next most common pathogen, with adult/sow PRRSV positivity at 24%. Combine that with PEDV holding elevated on the sow side and PCV3 climbing to 72% positivity in sows, and disease pressure on the breeding herd isn't easing heading into summer. A flat breeding herd starts to look like one replacing losses rather than genuinely expanding, and the deeper, longer seasonal supply decline I laid out yesterday still looks like the base case going into the back half of the year.

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

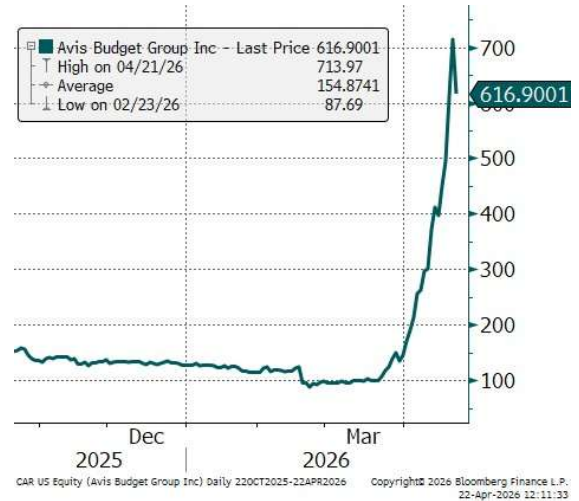
Avis Budget is up 500%+ in five weeks, with shares trading as high as \$714 against a Street consensus target of ~\$106. It's tempting to file this under "meme stock nonsense" and move on, but the mechanics behind this squeeze are worth discussing, because they expose a structural problem that hasn't been fixed.

Here's what actually happened. Two hedge funds, SRS Investment Management and Pentwater Capital, accumulated over 100% economic interest in CAR through a combination of outright share purchases and total return swaps. Between the two, they locked up ~82% of the free float. The swaps are the key detail: when a fund enters a total return swap, the



counterparty bank buys real shares to hedge, but those shares can still be lent to short sellers; this results in the possibility for multiple parties to have economic claims on the same underlying stock, and the reported float looks far more liquid than it actually is. Short interest sat at 54–62% of float heading into April. On paper, that’s manageable; in practice, with the real free float so thin, it was a trap.

I'd argue the most interesting part isn't the squeeze itself – it's what management is doing with it. Avis entered 2026 carrying \$25B+ in debt, a near-billion-dollar net loss, and barely \$500M in cash. They've now launched an ATM offering to sell up to 5 million shares into this rally, which at peak prices represents a \$2B+ equity raise. That's a company converting a market plumbing accident into a genuine balance sheet lifeline.



Five years ago, regulators pledged to close the disclosure gaps around swap-based ownership after Archegos blew up in a similar situation. If two funds can quietly accumulate a combined >100% economic interest via swaps without triggering meaningful disclosure, these gaps haven’t been closed, they’ve just been stress-tested again.

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
- Jobless Claims – 7:30 AM
- S&P Global PMI – 8:45 AM
- Nat. Gas Storage Change – 9:30 AM
- USDA Red Meat Production – 2:00 PM

Thanks for reading,

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