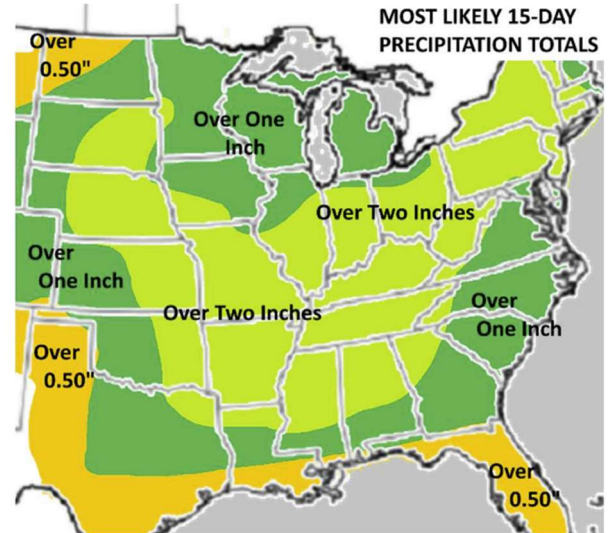


## Weather

In the Corn Belt, recent rains have abruptly halted planting progress in states like Iowa and Missouri, and while eastern areas see precipitation today, a widespread significant rain event will cross the entire region from Sunday night into Monday night; however, the pattern will then turn notably drier for Tuesday through May 4, alleviating immediate planting delay concerns. Temperatures will maintain a stark battle zone through April 29, featuring a very cold pattern in the northern Plains and northwestern Corn Belt while the central and southeastern areas remain exceptionally warm, before a uniformly cooler air mass engulfs the entire region for the April 30 to May 2 period. In the Hard Red Winter wheat belt, critical drought-easing rainfall will arrive this weekend, strongly favoring Nebraska and northeastern Kansas, followed by a second notable precipitation threat around Thursday, April 30, though the Texas and Oklahoma panhandles will completely miss these moisture events. The Mid-South begins a remarkably wet pattern today that will extend through the opening week of May, delivering the region's most significant rainfall in months to successfully reverse severe soil moisture deficits.



## Grains

Going to look at corn and try the format Mark used yesterday when looking at beans and products.

### **Key drivers:**

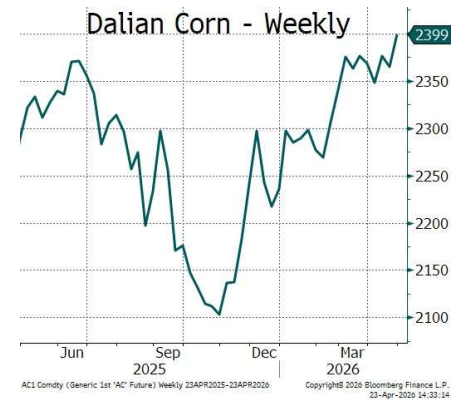
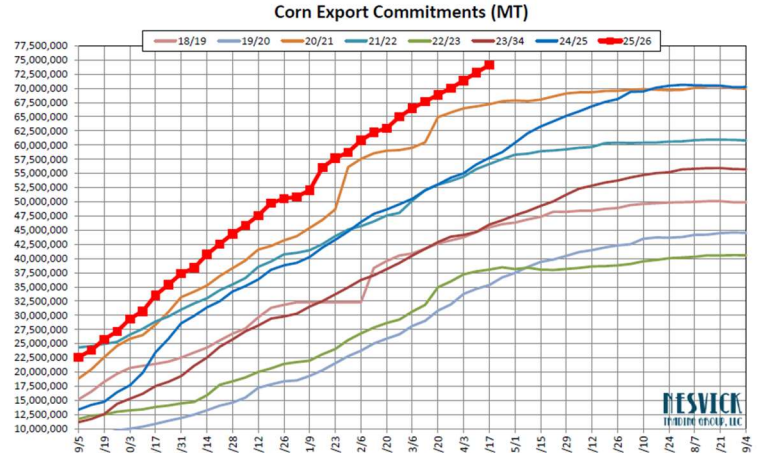
- US export demand continues very strong.
- Argentina is the only real competition – Brazil has remained uncompetitive as has Ukraine.
- Tied to energies and Iran headlines.
- Acres ideas (less in June?).
- Not much room for yield issue in the US balance sheet.
- SAm crop size -
  - The attaché to Argentina came out this week and raised the corn crop forecast to 61 mmt, which compares to the USDA at 52 mmt – by far the lowest estimate out there. Last week the Rosario exchange issued a 67 mmt crop forecast – a 15 mmt divergence from the USDA! I am using 61 mmt and think the USDA needs to come up – likely in May.
  - Brazil crop ideas 132 (USDA again low end) to Safras high end (142.9). Conab 139.6 mmt. But there is safrina risk (biggest portion of crop).

### **Bottom line:**

- Comfortable US stocks, record Arg crop likely, but US demand remains strong, and the US producer not selling here.

**Main risk factors:**

- US acres lower.
- Risk of warm summer following warm winter (caveat is typically El Niños are favorable for US summer weather).
- US producer focusing on planting beans first. Wet forecast next 10-14 days.
- Potential for smaller Ukraine / EU crops due to fertilizer and diesel issues.
- China needs larger corn imports following the flooding at last year's harvest.
  - Dalian in new highs and US cheapest landed origin excluding taxes.
- Dry season setting in early in Brazil. Craig put out a special report highlighting similarities to 2021 and how the dryness started in Brazil – USDA was forecasting Brazil crop of 109 mmt in April in 2021 and ended up at 87 mmt. **IF** this year is completely similar, equivalent production would be 113 mmt, but at this time Craig is forecasting a crop of 127.2 mmt.
  - I have been using 3125 milbus for next year's US exports, but if there is an issue similar to 2021, both old and new could be considerably higher especially with the ever-increasing ethanol component in Brazil's use.
  - Using Craig's Brazil crop (which isn't the worst case), 61 mmt in Arg, and 1.0 mil less planted acres, my 26/27 carryout is 1550 milbus with a 183 yield (what most are currently using).



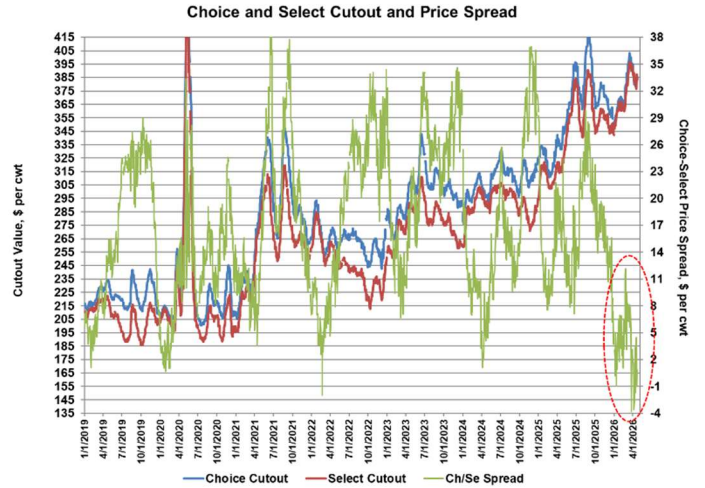
**There are a number of factors in play currently, but going over the risk factors, upside risks seem greater than downside currently. At minimum, need to maintain risk premium until planting is further along and acres are better known.**

CORN: U.S. SUPPLY AND DEMAND (September - August Marketing Year)										
	19/20	20/21	21/22	22/23	23/24	9-Apr 24/25 USDA	25/26 MB	9-Apr 25/26 USDA	26/27 MB	Outlook 26/27 USDA
Planted Acres	89.7	90.7	92.9	88.2	94.6	90.9	98.8	98.8	94.3	95.3
Harvested Acres	81.3	82.3	85.0	78.7	86.5	83.0	91.3	91.3	86.3	87.1
Yield (Bu/Ac)	167.5	171.4	176.7	173.4	177.3	179.3	186.5	186.5	183.0	183.0
Begin Stocks	2221	1919	1235	1377	1360	1763	1551	1551	2032	2127
Production	13620	14111	15018	13651	15341	14892	17021	17021	15797	15938
Total Supply	15883	16055	16277	15067	16729	16677	18596	18597	17854	18091
Exports	1777	2747	2472	1662	2255	2858	3450	3300	3330	3100
Feed Use	5900	5607	5671	5486	5831	5454	6248	6200	6000	6000
Food/Ind/Seed	6286	6467	6757	6558	6880	6813	6866	6970	6975	6970
Ind Use-Swtn/Starch										
Ind Use-Bevg/Mfg Alcohol										
Ind Use-Fuel Alcohol	4857	5028	5320	5176	5489	5436	5504	5600	5650	5600
Food/Seed										
Total Usage	13963	14821	14900	13707	14966	15125	16564	16470	16305	16070
End Stocks	1919	1235	1377	1360	1763	1551	2032	2127	1549	2020
End Stks/Use %	13.7%	8.3%	9.2%	9.9%	11.8%	10.3%	12.3%	12.9%	9.5%	12.6%

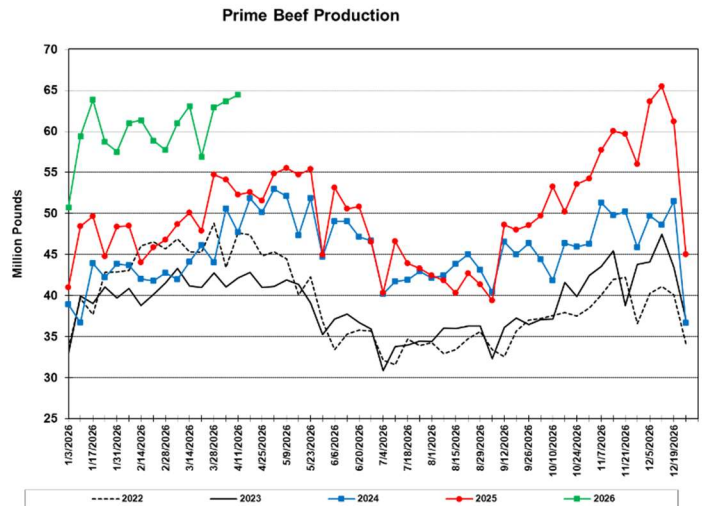
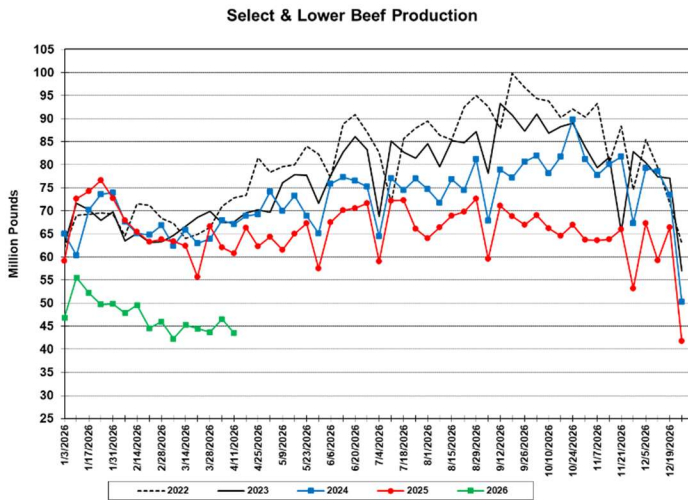
Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at [megan@bockentrading.com](mailto:megan@bockentrading.com) or on Trillian at [megan@nesvick.com](mailto:megan@nesvick.com).

## Livestock

Historically the Choice/Select price spread has often been viewed as a proxy for beef demand—the widest spreads tended to occur when interest in higher quality Choice and better middle meats (steak items) are in most demand from retail and foodservice interests—usually in spring and early summer and again around the late-year holidays. At the other end of the spectrum, the narrowest spreads tended to occur during the winter months when retail interest is more focused on merchandising lower valued end cuts (roasts) which typically carry little or no price spread between Choice and Select. Over time the Choice/Select price spread has ranged from highs of \$30-\$35, generally at the same time that cutout values were reaching their seasonal peaks. Conversely, the narrowest spreads, near even money, are more likely when cutout values may be posting seasonal lows. However, in recent years, the Choice/Select spread has been more compressed with lower highs and lower lows. That shift seems to be more related to a dramatic change in beef’s quality profile than any apparent decline in beef demand.



Every economic indicator of beef demand in recent years has affirmed the strength in demand, despite the lower Choice/Select spread. Rather, changes in the spread relationships are more attuned to dramatic changes in the overall quality of beef produced—less Select beef produced and more Prime. While fed cattle slaughter has declined from a cyclical peak in 2022, Select and lower beef production has declined even more rapidly—dropping 20% or more below a year earlier last fall and ranging around 30% lower YoY so far in 2026.



At the other end of the quality spectrum, weekly estimated Prime beef production ranged 15% to 30% above a year earlier last fall and in recent weeks has averaged near 25% higher. Amid the large increase in Choice and better beef production, quality premiums have eroded, tempering the Choice/Select spread on the high side, while the much smaller quantity of Select and lower beef produced has narrowed the discounts on those items. As a result, the narrower, more compressed Choice/Select price spread is more indicative of relative changes in the quality of beef produced, rather than any negative connotation regarding beef demand.

Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at [msands@nesvick.com](mailto:msands@nesvick.com) or on Trillian at [miksan66@trillian.im](mailto:miksan66@trillian.im).

## Macro/Financials

Spirit Airlines filed for bankruptcy twice in less than a year. That alone should tell you most of what you need to know about the ultra-low-cost carrier's prospects. But this week, the Trump administration is discussing lending Spirit up to \$500 million in exchange for warrants to purchase as much as 90% of the post-bankruptcy entity, essentially making the U.S. government the majority owner of an airline that United's CEO described as having a "fundamentally flawed" business model.

The backstory here matters. Spirit agreed to be acquired by JetBlue for \$3.8 billion in 2022, but the Biden DOJ blocked it on antitrust grounds. That left Spirit stranded — losing \$1.9 billion since 2020 — and it filed for Chapter 11 twice in a single year (2024-2025). By February 2026, Spirit had struck a deal with creditors to slash debt from \$7.4 billion to \$2.1 billion and was on track to exit bankruptcy by summer. Then the US-Iran war spiked jet fuel prices and pushed the airline back to the brink of liquidation.

So now the government is stepping in — not because Spirit is strategically important the way Intel or rare-earth minerals are, but because of the 14,000 jobs at stake. Spirit shares jumped 178% on the comment. The White House blamed Biden for blocking the JetBlue merger, which is politically convenient but doesn't change the underlying math. The carrier is unprofitable and burning cash, and it is unclear what this \$500 million can actually do to improve long-term profitability.

The smarter play, I think, would be for the administration to approve a merger between Spirit and Frontier. Right now, two small budget carriers slugging it out for limited business only benefits United, Delta, and American — they can squeeze the discount guys by dropping main-cabin fares while leaning on their premium-seating profits. A merged entity would create a large nationwide low-cost carrier with enough scale to actually compete against the legacy airlines. Giving them a bailout may stabilize their financials for a time, but without fixing the underlying operational struggles within the company, it seems inevitable that Spirit will eventually have no choice but to liquidate; in my opinion, that sounds worse for the consumer than a merger of two minor airlines.

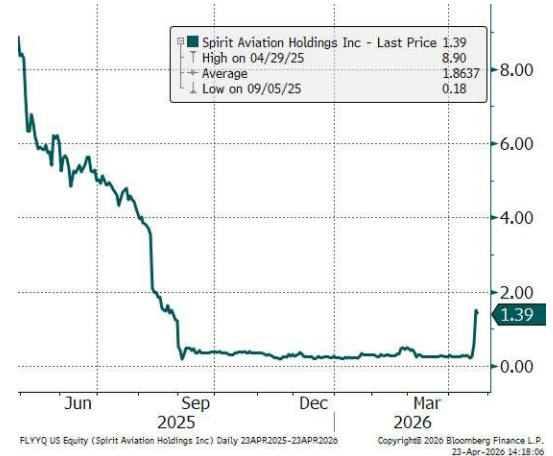
*Macro/Financials commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).*

## Today's Calendar (all times Central)

- U of Mich Sentiment – 9:00 AM
- Cold Storage – 2:00 PM

Thanks for reading,

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