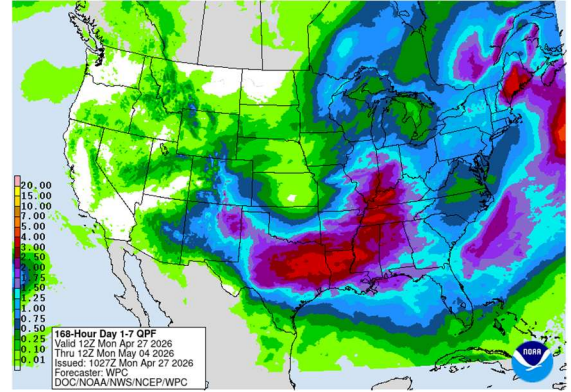
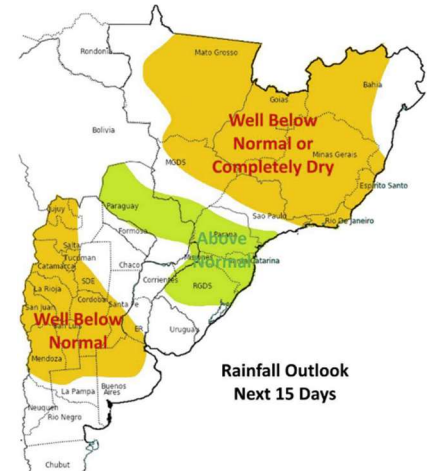


## Weather

In the United States, significant rainfall and severe weather crossing the Corn Belt during the 1-5 day period will initially halt planting progress, but a notably drier pattern emerging from Tuesday through May 4 will alleviate these immediate delays and allow fieldwork to resume. Temperatures will feature a stark battle zone initially, before a uniformly cooler air mass engulfs the entire region for the 6-10 day period, bringing temperatures 5-8 degrees below-normal and introducing a notable freeze threat to northern areas that could damage emerged crops. In the Hard Red Winter wheat belt, near to above-normal precipitation over the next 15 days will successfully reverse severe soil moisture deficits, with near-term rains favoring the north through Tuesday before shifting heavily into Texas and southern Oklahoma in the 6-10 day window to significantly improve winter wheat growing conditions. Meanwhile, the Mid-South and Southeast will benefit from a remarkably wet pattern featuring 2.5-4" of rainfall extending over the next 15 days, delivering the region's most significant moisture in months to dramatically improve long-term soil moisture deficits across states like Arkansas and Mississippi.

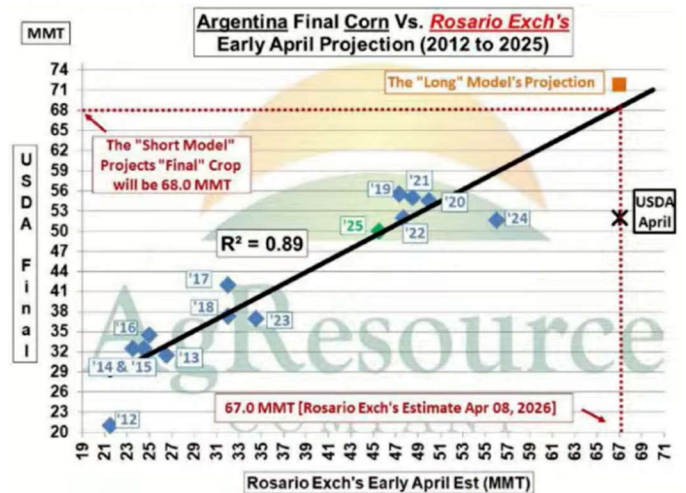


The forecast remains exceptionally concerning for the northern safrinha corn areas of Brazil, where well-below-normal rainfall and an exceptionally warm pattern will severely stress developing crops. Areas including Goiás and Minas Gerais will receive little to no precipitation over the next 15 days, compounded by temperatures running 5-7 degrees above-normal during the 6-10 and 11-15 day periods, significantly limiting yield potential. In the southern safrinha corn areas, while highly beneficial rainfall of 1.5-2.5" will arrive through the 1-5 day period to temporarily ease crop stress, the region will transition to an exceptionally warm and drier pattern for the 6-15 day window, limiting long-term growing conditions. Meanwhile, in Argentina, precipitation is forecast to remain under 50% of normal across most corn and soybean areas for the next 15 days, which will provide welcome relief from recent wetness and allow for a rapid harvest pace.

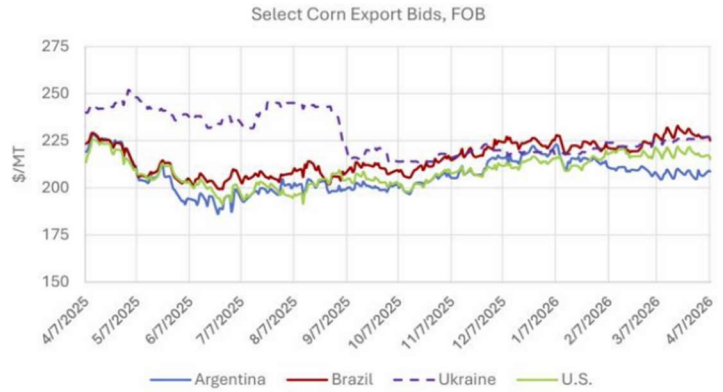


## Grains

Megan briefly mentioned this on Friday, but the USDA FAS Buenos Aires dropped their Grain and Feed Annual last week, and the corn number that matters is this: they're calling MY 2025/26 Argentine production at a record 61 million tonnes, a full 9 million above USDA's current official 52 million. That's not a small revision waiting in the pipeline. Crop tours are seeing a range of 58-65 MMT, and the Rosario Grain Exchange's April estimate is already at 67 MMT. As AgResource points out with this chart, the 13-year relationship between Rosario's early-April print and the final USDA number has a strong fit, with an  $R^2$  of  $\sim 0.89$ , and at 67 MMT it implies a USDA final of  $\sim 68$  MMT. USDA's current 52 MMT is the lone low number in the room, and this relationship would indicate that the May WASDE has some significant catching up to do if the crop finishes the way that Rosario predicts it will. This would put the final crop a full 18 MMT larger than last year's production.



The export side is the mechanism that makes this a US problem. Post has MY 2025/26 exports at a record 41 MMT – 12 million above last year – and Argentine FOB has been the cheapest among major exporters since late January. March shipments ran 4.3 million tons, 48% ahead of March 2025. Argentina also just shipped its first corn cargo to China in over a decade (34,000 MT in early April), which, if it becomes a recurring lane rather than a one-off, chips at a destination that's been almost exclusively Brazilian. For US exporters trying to clear old-crop through summer, cheap Argentine supply is the dominant competitive set, and that doesn't let up until their late-harvest peak passes in August.



The 26/27 setup is where the story turns. Post has production stepping down to 56.5 million tons, ~7% lower, on roughly flat area of 7.7 million hectares and a yield cut to 7.3 t/ha. The reason isn't weather – soil moisture is strong and El Niño is in the forecast – it's costs. Urea is up more than 50% since the start of the year, diesel up 25–30% since the Iran conflict began, and per-hectare production costs are up \$150, or ~30%. Producers are expected to pull back on fertilizer, which is where the yield haircut comes from. Corn stunt disease has also re-emerged in the north; it's not driving acreage shifts yet, but everyone remembers what it did to the MY 2022/23 crop. Because of these factors, the 26/27 story is looking more constructive – a 4.5 MMT step-down driven by input costs rather than weather, which tends to be a more durable production shift than a one-year rainfall miss.

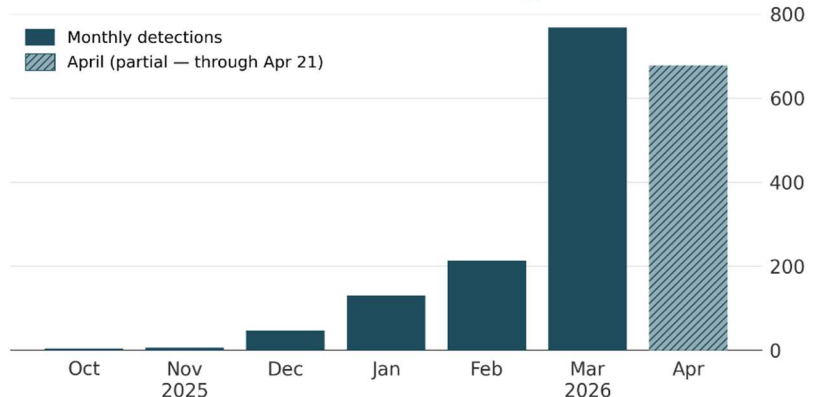
*Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at [zdavis@nesvick.com](mailto:zdavis@nesvick.com) or on Trillian at [zdavis@nesvick.com](mailto:zdavis@nesvick.com).*

## Livestock

About a month ago, Ag Secretary Rollins was signaling a phased border reopening could come in the next 2-4 weeks, and that the timing gave me pause heading into summer fly season. That window closes this week, and the situation has moved decisively in the wrong direction. Friday, Rollins canceled a planned trip to Douglas, Arizona – the most likely location of the first reopening – citing "ongoing border biosecurity questions," with no statement or updated schedule for the broader phased reopening plan.

And the case curve has broken. Monthly detections went from 47 in December to 131 in January, 214 in February, then surged to 768 in March, and April is already at 678 with nine days still to report – on pace to surpass 1,000 for the month and clear March by a wide margin. The inflection coincides almost exactly with temperatures climbing into the spring breeding window. This isn't surprising biology; screwworm populations are temperature-sensitive and expand northward with heat.

## New World Screwworm Detections Surge in Mexico



Note: Data is through April 21  
 Source: US Department of Agriculture

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What's actually changed isn't the active case count – at ~1,300, that number is roughly flat

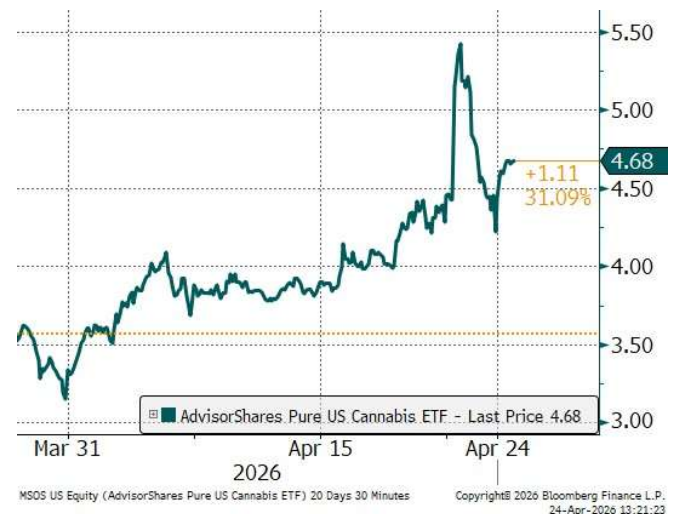
versus late March – it's where the cases are showing up. A confirmed case in a calf in Nuevo León put active screwworm ~60 miles from the Texas border in mid-April, and a cluster of cases in dogs around Monterrey now appears endemic. Imported cases are a transport problem, but endemic cases mean the fly is reproducing locally in a border state.

The geographic case for Douglas as the first port to reopen still holds – that crossing still sits 800 miles from active concentrations versus 60 to Texas. But timing matters more than geography here. The \$1 billion South Texas sterile fly facility broke ground April 17 and won't be at full output until late 2027 at the earliest, which means USDA is still leaning on Panama's production through the worst of fly season. Reopening any port into a rising case curve, with domestic capacity not yet online, is exactly the asymmetric bet that makes absolutely no sense for the US to take. With the rapidly increasing cases and the distance to the border closing in, I continue to find it very unlikely that the border will reopen in any capacity until these trends begin to reverse.

*Livestock 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).*

## Macro/Financials

The DOJ moved marijuana from Schedule I to Schedule III this week, and I think this sets up some interesting economic shifts within the entire industry overnight. Since 1982, cannabis businesses operating legally under state law have been subject to IRS Section 280E, which bars any company trafficking in a Schedule I or II substance from deducting ordinary business expenses. Not some expenses – all of them. Payroll, rent, utilities, marketing, professional fees. The result has been effective tax rates north of 70% for some operators, more than triple the standard 21% corporate rate. The industry has paid an estimated \$15 billion in excess taxes since 2018 under this provision alone. Moving state-licensed medical cannabis to Schedule III eliminates 280E for those businesses immediately, and the order encourages Treasury to consider retroactive relief, which could mean billions in refunds flowing back into the sector.



So why didn't the market hold its initial rally? MSOS – the pure-play U.S. cannabis ETF – spiked 19.39% on April 22 when the news leaked, but the Canadian LPs gave back 6-10% the next day once investors actually read the order. The scope is narrower than people hoped: it covers FDA-approved products and state-licensed medical marijuana only. Recreational cannabis – which is the bulk of the \$30.5 billion U.S. market – stays in Schedule I, still subject to 280E, still locked out of conventional banking, still barred from interstate commerce. The broader rescheduling question goes to a DEA hearing on June 29, and that's where the real catalyst sits. If full rescheduling follows, you're talking about institutional capital access, potential major-exchange listings for MSOs that currently trade OTC, and conventional debt markets replacing the 15-20%+ private credit that's been the only game in town.

The counterargument is that rescheduling addresses the supply side but does nothing about the demand-side problem that's been plaguing the legal market for years. Roughly half of all U.S. cannabis consumption still runs through the illicit market – 60% in California alone. When California raised its excise tax from 15-19% in Q3 2025, legal sales fell 5% in a single quarter to their lowest level in five years, and the state reversed course almost immediately. Rescheduling improves operator margins, but as long as state-level tax policy keeps legal product priced above the street, the illicit market will keep capturing share.

Here's the bottom line: the 280E elimination is a genuine structural positive for the medical cannabis sector – it's effectively a massive, targeted corporate tax cut delivered through scheduling rather than legislation. But the bigger story is still ahead. June 29 will determine whether or not this was the whole move.

*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)

- Export Inspections – 10:00 AM
- Crop Progress – 3:00 PM

Thanks for reading,

Zachary Davis

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