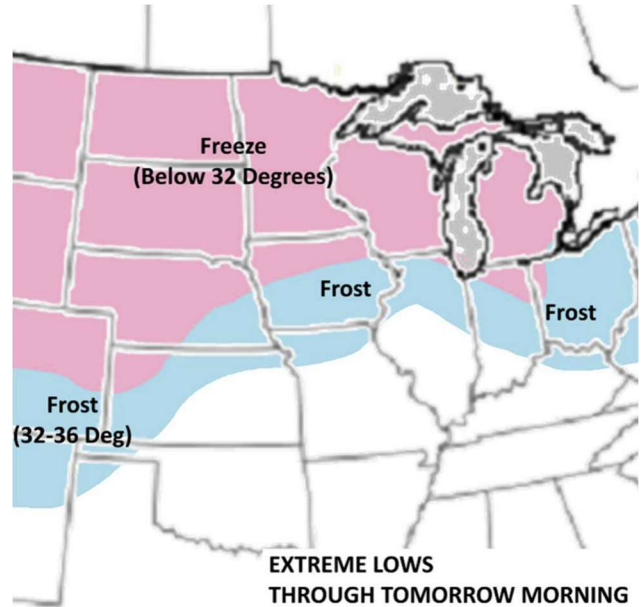


Weather

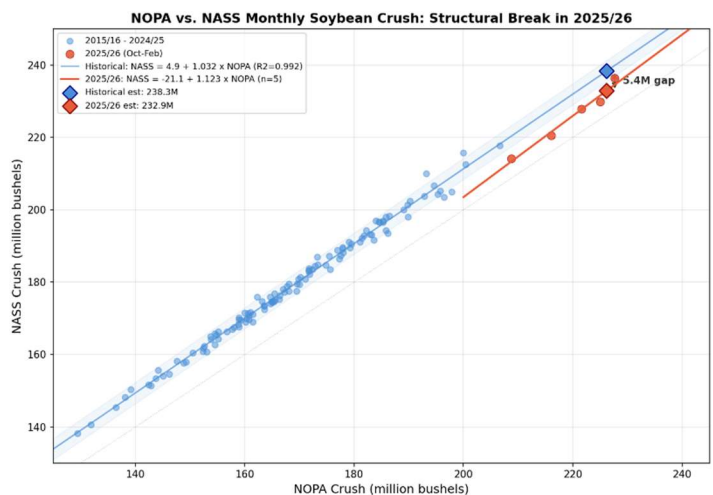
Across the United States, an exceptionally cold pattern continues to be the primary impediment to planting progress and crop development across the Plains and Corn Belt, with widespread sub-freezing lows occurring this morning in the northern Plains and frost advisories posted for a significant portion of the Corn Belt for tomorrow morning. Following a brief period of favorable warming spanning Sunday and Monday, temperatures will plunge sharply once again from Tuesday through May 8, yielding readings 10-15 degrees below-normal that will replicate the current extreme lows and sustain the threat of frost damage to emerged crops. Meanwhile, the precipitation forecast remains sharply divided; the western and northwestern Corn Belt, along with the northern Plains, will remain exceptionally dry over the next 15 days, likely prompting topsoil moisture complaints by mid-month as rainfall totals fall significantly below-normal. Conversely, the eastern and southeastern Corn Belt will encounter renewed fieldwork delays as a wet pattern returns beginning late Monday, compounding the heavy rains currently impacting the southern Mid-South and Southeast that will spread northward by Tuesday night. In the Hard Red Winter wheat belt, the forecast remains devoid of the widespread soaking rainfall needed to reverse severe soil moisture deficits, maintaining high stress on developing winter wheat crops as temperatures run below-normal through May 8 before moderating in the 11-15 day window.



Grains

The USDA's Fats & Oils report drops at 2:00 Central this afternoon, so let's take a look at what we can expect for soybean crush when the data is released. As we've touched on a couple times, in the past year NOPA has increased its membership from ~97% to ~99% of total US soybean crush capacity. This means we need to be careful when trying to estimate the NASS soybean crush based on the NOPA Soybean Crush report that was released a few weeks ago.

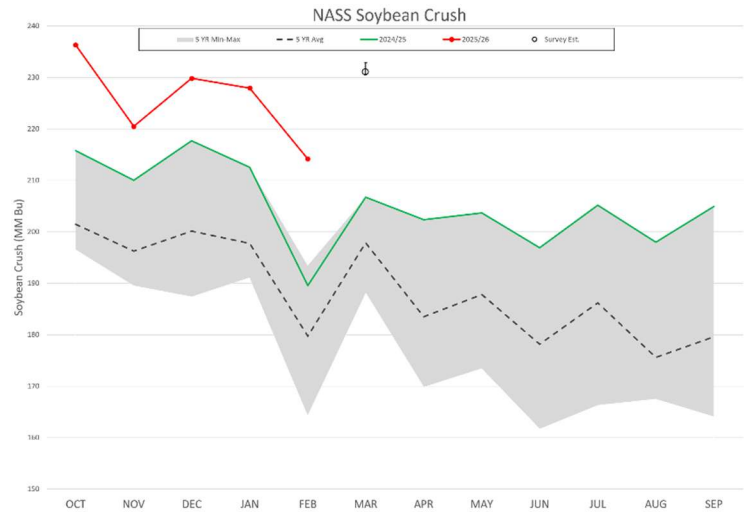
Looking at a regression of the relationship between the NOPA crush data to the NASS crush data for the last 10 years, a couple things stood out to me. For one, nearly all the data for the last 10 years fell within a 0.95 confidence interval, until the current 2025/26 marketing year. This seems to be due to the NOPA membership increasing faster than overall crush capacity has increased. With that in mind, looking at the relationship for the current MY results in a 232.9 MM Bu expected NASS crush number, rather than the 238.3 MM Bu you would expect if you consider the entirety of the 10-year historical data.



This 232.9 MM Bu crush number is much more in line with where I would expect to see the number come out tomorrow compared to 238.3 MM Bu, but is still on the upper edge of what I would think is reasonable. I also looked at the ratio of NOPA crush to NASS crush for previous months; while NOPA claims they represent 99% of crush capacity, no plant is able to run consistently at 100% of their rated capacity, so there is some loss. Looking at the past several months, the ratio of

NOPA to NASS crush has been roughly 97%-98%. Assuming that the NOPA numbers are closer to 98% would give a NASS crush of 230.7 MM Bu, which I will use as the lower end of my expectations.

With all of this in mind, I expect that we will see the report come in with a crush of 231.1 MM Bu (**Update: Reuters came out with their estimates last night with an average of 231.1MM Bu and a range of 230-234**). This would be, once again, a strong record over any previous March, and the second highest crush number ever reported. This monthly crush would indicate a March crush pace of 7.45 MM Bu per day, which would be lower than February's 7.65 MM Bu/day, although still the third highest pace on record. It's also worth noting that this will likely be the highest crush that we will see for the next several months, as we will start to see much higher seasonal maintenance over the summer months that will impact crush production.

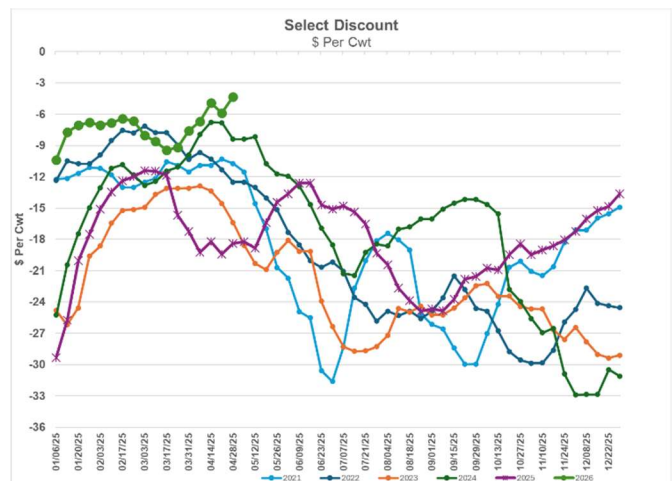
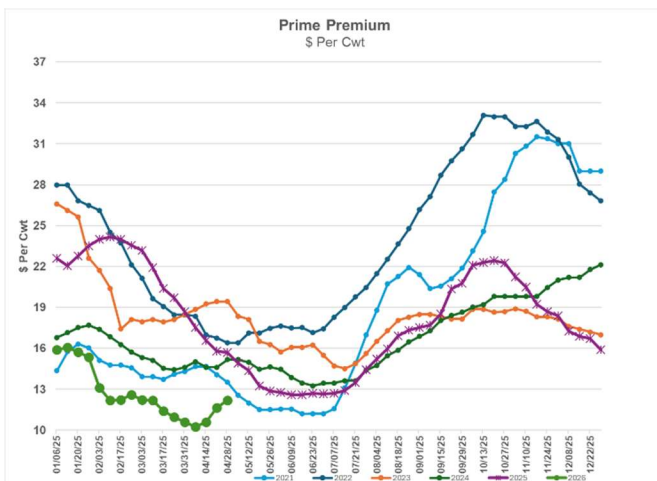


Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com or on Trillian at zdavis@nesvick.com.

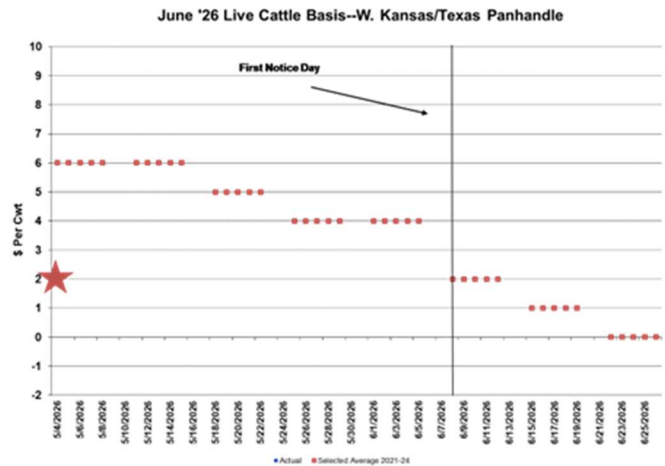
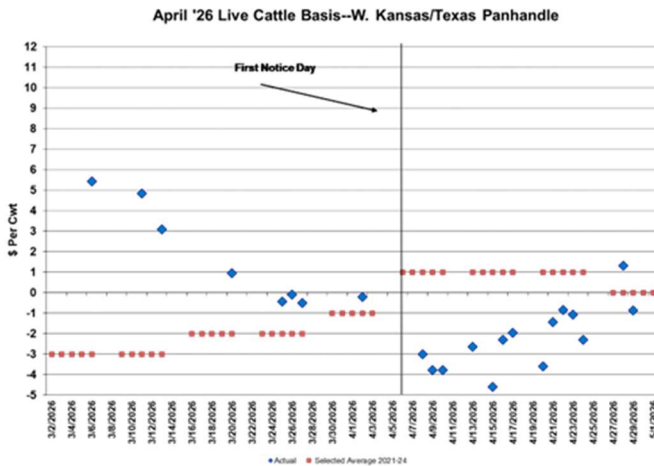
Livestock

Every economic indicator of beef demand in recent years has affirmed the strength in demand, despite the lower Choice/Select spread. Preliminary indications suggest that assessment has continued through April: although April fed cattle slaughter slipped about 9% below last year, heavier carcass weights pared the decline in fed beef production to around 6%. With the smaller production, higher prices would be expected—around 10-12% higher—but the blended cutout has averaged around 16% higher—still a strong indication that beef demand remains firm despite the rising concerns that escalating energy costs may divert consumer spending away from the meat case.

As noted in an earlier discussion the narrower Choice/Select spread of recent months is more reflective of dramatic changes in the overall quality of beef produced rather than a deterioration in beef demand. The changing beef price spread relationships also carry implications for live cattle pricing; with more Prime beef produced, the smaller price premium to Choice also means that the premium on Prime cattle has declined as well—to around \$10-\$12 in recent weeks compared to \$16-\$18 at the same time last year. Similarly, the discount on Select cattle has slipped to around \$5-\$6 compared to \$18-\$20 last year, which was unusually steep.



Switching gears a little bit, but still talking about price relationships, basis has exhibited some wide swings in recent weeks (months). The plunge in futures prices at the beginning of March as the Middle East turmoil erupted, drove April futures around a \$5 discount to cash, while a more “normal” relationship would have been around a \$3 premium. However, by early April, the spot April contract was ranging around a \$3-\$5 premium to cash and the much weaker basis provided a strong foundation underpinning the rapid rise in the cash market from near \$235 in mid-March to \$256 at the end of April. The weak basis and narrow Apr/Jun spread provided an incentive to delay fed cattle sales and there may be more of the same in the weeks ahead. Typically, LCM is around \$6 or more discount to cash at the beginning of May, often prompting more aggressive feedlot sales. However, a more modest \$2 discount heading into May—weaker basis—may continue to foster a slow marketing pace despite the larger front-end supplies of fed cattle and record heavy carcass weights.



Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com or on Trillian at miks66@trillian.im.

Macro/Financials

Japan's top currency official told yen speculators on Thursday that he was delivering a "final advisory if you want to escape." A few hours later, the yen ripped 3% higher for its biggest intraday move in nearly two years, and reports started coming in that Tokyo had stepped in to buy yen and sell dollars.

The backdrop made it almost inevitable. USD/JPY had pushed beyond 160 earlier in the session, the cheapest the yen has traded in four decades. Both the BOJ and the Fed held rates steady this week, preserving the wide rate differential that's been the structural driver of yen weakness all year. And with Brent crude above \$126/bbl, the currency depreciation isn't just an FX story for Japan – it's a serious accelerant for inflation in a country that imports virtually all of its energy.

So, does this intervention work? History says: not on its own. Japan spent ~\$100 billion across multiple rounds of intervention in 2024 and still needed rate policy to eventually do the heavy lifting. The yen's initial spike to 155.57 had already faded back to ~156.51 by the New York afternoon, which tells you something about how much conviction the market has in the move. That said, US officials were notified ahead of the action (in line with G7 protocol) which gives Tokyo political cover to come back for more without drawing a public rebuke from DC. And with the BOJ's split hold



decision this week, there's clearly internal pressure building to hike even if BOJ Governor Ueda won't telegraph it yet. If that faction gains ground, intervention alone isn't enough to turn the tide, but instead will act more like a bridge to actual policy tightening.

Another interesting wrinkle for commodity desks is the cross-market spillover. Brent sold off alongside the yen squeeze, and Spectra's Brent Donnelly pointed to correlated positioning – if you're playing for higher oil, you're probably short the yen, and when you get smoked on one leg you liquidate the other. If Tokyo comes back for additional rounds, that's a dynamic worth keeping in mind.

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)

- S&P Global PMI – 8:45 AM
- ISM Manufacturing – 9:00 AM
- USDA Fats & Oils – 2:00 PM
- USDA Grain Crushings – 2:00 PM

Thanks for reading,

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