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Wednesday, May 6, 2026
NTG Morning Comments
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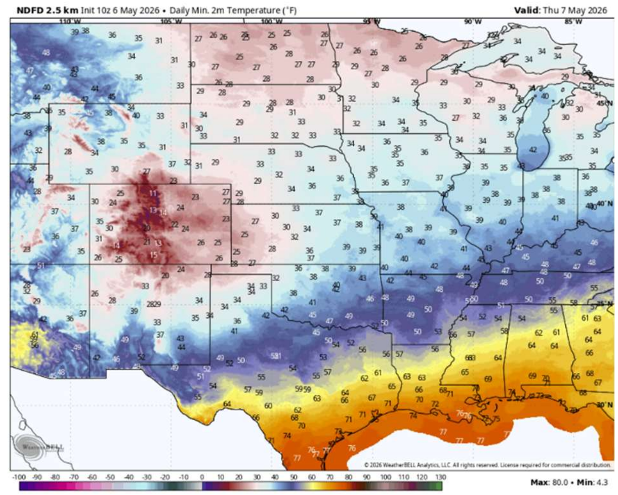
Weather



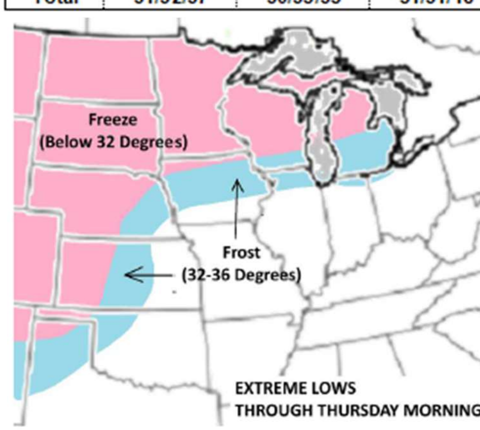
NWS low temperature forecast for tomorrow

Across the United States, an exceptionally cold pattern continues to heavily impact the 1-5 day period, with severe frost and freeze warnings covering much of the northern Corn Belt this morning following temperature drops into the mid-twenties, while similar freeze risks remain in place for the western hard-red winter wheat belt through tomorrow. Despite this significant cold stress and another impending temperature drop for the eastern regions during the 6-10 day period, highly favorable soil moisture levels will allow producers across the western and northwestern Corn Belt, as well as the northern Plains, to maintain aggressive planting paces. Conversely, widespread fieldwork operations remain completely stalled across the southeastern Corn Belt and Mid-South, where recent heavy precipitation will be compounded by another significant rainfall event late Friday into the weekend, entirely eliminating any necessary dry windows for soil recovery. In the hard-red winter wheat belt, recent highly anticipated precipitation events drastically underperformed with actual accumulations largely stalling between 0.1-0.5” across Kansas and Nebraska, leaving the developing crop to face an extended period of completely dry conditions for at least the next ten days. Simultaneously, topsoils are rapidly deteriorating across the northern Plains due to a completely dry pattern expected to last through the next week, which will likely generate severe dryness complaints before a sustained warming catalyst brings near- to above-normal temperatures to the Plains by Friday and initiates a broader national moderation throughout the 11-15 day period.

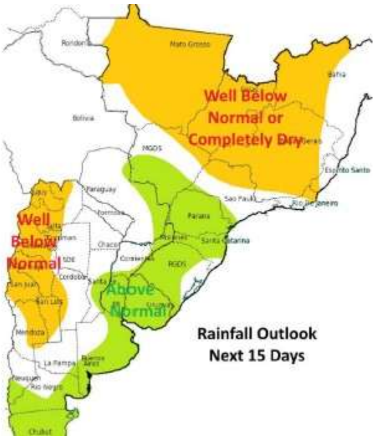
Grains

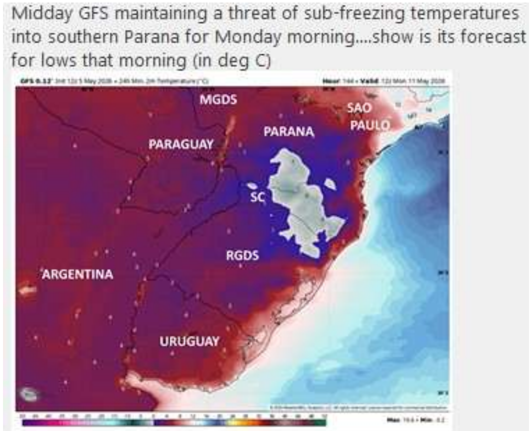
Futures saw some back and fill Tuesday after strong moves Monday. Looking at crop progress – corn is 38% planted vs 25 last week, 34 ave, and 38 at the same time last year. Corn jumped ahead of bean progress which is 33% - the fastest pace and above 23 ave and 28 a year ago. Wheat conditions overall were unchanged with improvements in SRW and further reductions in some HRW states. Table attached. What really stands out is wheat’s progress – 49% headed vs 32 ave and 37 last year. KS is 70% headed vs 39 ave and 45 year ago with CO 20% vs zero ave and zero last year. NE, OK, and TX are also slightly ahead. I wasn’t planning on writing about this in detail again today but OK put out a low crop estimate – 48 milbus – well below the 69 milbus produced in both 2022 and 2023 and 106 last year. I had been using 72 milbus for OK with a 552 milbus total HRW crop. So, this would translate to a 528 milbus crop, and one would have to imagine similar reductions in KS (OK? NE? CO?). There is a KS crop tour next week which should offer better insight as to how bad it is. The USDA will release its first winter wheat production estimate on Tuesday. There are no official guesses out yet, but imagine somewhere in the 550-600 milbus range. There is another freeze event mid-this week for a sizable area – map attached. Some rain/snow is expected ahead of the cold with snow falling in CO Tues. I am not sure how much headed wheat will like snow – feedback appreciated.

Winter Wheat Crop Ratings			
Good-Excellent/Fair/Poor-Very Poor			
	May 3, 2026	Apr 27, 2026	May 4, 2025
KS	22/34/44	23/36/41	47/33/20
OK	16/35/49	14/41/45	48/35/17
TX	16/28/56	12/32/56	32/38/30
CO	5/50/45	8/38/54	53/30/17
NE	11/22/67	12/23/65	33/30/37
MT	29/60/11	23/65/12	79/16/5
OH	66/30/4	66/30/4	61/33/6
IL	75/18/7	67/25/8	61/34/5
IN	71/24/5	70/24/6	69/25/6
MO	72/25/3	64/31/5	76/20/4
AR	63/30/7	61/34/5	45/48/7
SD	33/45/22	35/44/21	25/41/34
Total	31/32/37	30/35/35	51/31/18



In S Am, the maps are a bit wetter for southern safrina growing areas. But there is a freeze threat for Parana/ne RGDS for Monday. Northern safrina areas are expected to remain dry for at least the next couple weeks which remains a concern. Argentina's forecast is also not as dry for harvest as it showed last week. Their bean progress is behind and needs a dry stretch. See attached maps.





EU Maize, Weekly

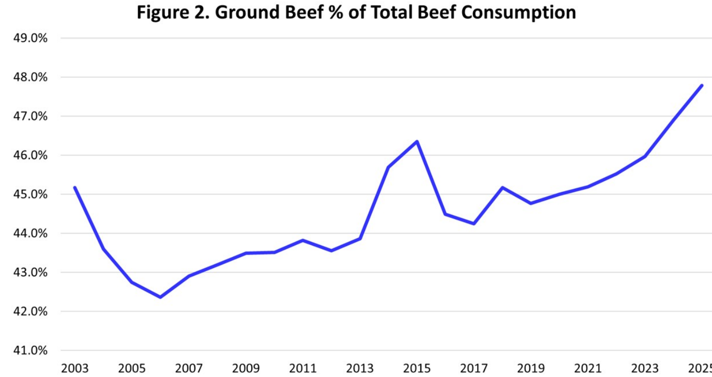
There continue to be reports of reduced corn area in the EU with Romania area expected to be a 10-year low. EU maize futures are in new highs – see chart. The point is there are still reasons to maintain risk premium in corn and wheat and it may be hard to break wheat head of the report.

Grains commentary provided by Megan Bocken. For questions or comments, Megan can be reached by email at megan@bockentrading.com *or on Trillian at megan@nesvick.com.*

Livestock

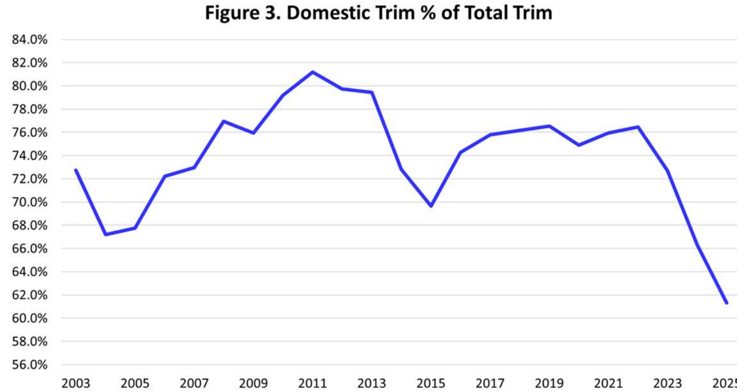
Ground beef has been quietly running away from the rest of the beef complex. Wholesale prices across 39 beef products are up ~44% since 2022, but wholesale ground beef is up ~57% over the same window, and consumers are buying more of it, not less. Per-capita ground beef consumption hit 28.6 lbs in 2025, up 0.61 lbs YoY and the highest reading since 2004, while non-ground (carcass) consumption fell 0.44 lbs to 31.2 lbs. Ground beef now makes up the highest share of total beef consumption in at least 20 years, and probably ever.

Figure 2. Ground Beef % of Total Beef Consumption



The reason is the trade-down dynamic that traditionally shows up when beef gets expensive. Total per-capita beef consumption was flat at 59.8 lbs in 2025, with a 3.6% drop in production papered over by imports. 2026 is a different story. Production is down 6.2% YTD and tracking toward a 3–4% decline for the year, with per-capita consumption now falling despite continued import support. When consumers stay in the category, they trade down to ground.

Figure 3. Domestic Trim % of Total Trim



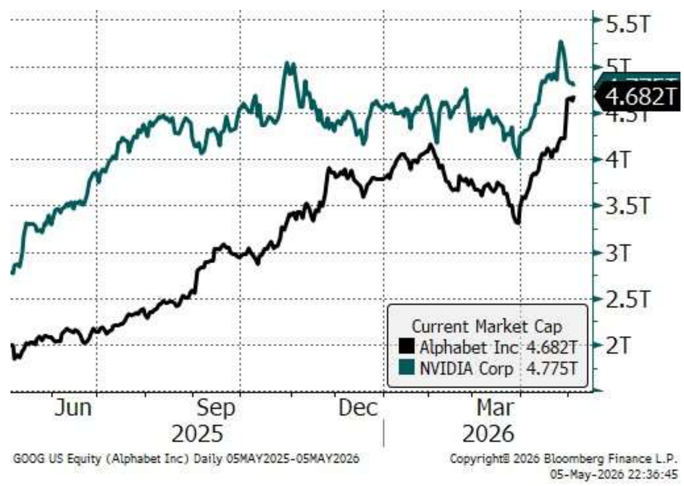
Here's the structural problem: ground beef needs lean trimmings from cull cows, and we don't have the cull cows. Cow slaughter fell 28.7% from 2022 through 2025 as the herd contracted, dragging nonfed beef production down 24.8%. The math on a typical 85% lean blend (seven pounds of 90% lean to one pound of 50% lean) means every fed carcass needs the lean trim from three to four cull cows to balance its fatty trim. With cow slaughter collapsing, that lean has to come from somewhere, and it's increasingly coming from imports. Imported lean accounted for ~38.7% of total ground beef trim in 2025 versus a 20-year average closer to 25%, pushing the domestic share to 61.3%, the lowest reading in more than two decades.

So the punchline isn't just that hamburger demand is strong; it's that ground beef is now the load-bearing wall of U.S. beef demand, and the U.S. herd can't supply it without help. Imported lean is no longer a marginal supplement; it's structurally necessary, both to meet ground beef demand and to preserve the value of the fatty trim coming off domestic fed cattle. If access to that imported lean tightens, the squeeze on U.S. ground beef margins gets ugly fast. Brazilian frozen trim, the marginal supplier, is already set to ship less as Brazil's own herd contracts.

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

In after-hours trading on Tuesday, Alphabet became the most valuable company in the world. GOOGL ran to ~$399 post-close, a ~$4.8T market cap, edging past Nvidia (NVDA ~$4.79T at the bell) for the first time since early 2016. The regular session didn't quite get there; GOOGL closed up 1.35% at $388.43, still shy of $4.7T. But the after-hours print did the work, and a decade is a long time between visits to the top of the leaderboard. That convergence didn't happen by accident.



The easy story is the Q1 print last week – a ~10% pop on the day, ~$420B added to Alphabet's market cap in a single session, Cloud revenue +63% YoY past $20B in the quarter. Those numbers do the work, but they aren't the actual story. The story is that Alphabet has quietly recast itself from one of Nvidia's largest customers into a credible silicon competitor, with TPUs now sold directly to outside buyers; notably, Anthropic committed to buying $200M of Google Cloud and TPUs. On the other side of the trade, the WSJ piece on OpenAI missing internal revenue targets put a small but visible crack in the demand thesis underneath Nvidia's multiple. YTD: GOOGL +~24%, NVDA +~7%. Same Mag 7, but very different tape.

The deeper read is about how the market is starting to price AI itself. For the past two years, the AI bid has been roughly undifferentiated – own the picks-and-shovels, own the hyperscalers, own the model labs, own them all. That's breaking down. There's now a real distinction being drawn between the AI infrastructure suppliers, whose multiples implicitly require capex to keep accelerating, and the AI deployers, whose multiples require that capex to actually generate returns. Alphabet is rare in that it now sits on both sides of that line, which is why the re-rating has been this strong and this fast.

My read is that Tuesday was the leading edge of something significant and not just a one-day curiosity. If TPU monetization is real and Cloud growth holds anywhere near current run-rate, these two will more definitively trade leadership in the near future. The counterargument is that the CUDA moat is still the deepest in tech, the OpenAI headline is anecdotal, and one earnings beat is thin ground for a regime call. What would actually move me back the other way is a Q2 Nvidia data-center print that re-accelerates and a Q2 Cloud number from Alphabet that decelerates – neither of which seems to be the base case as things look today.

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)

- MBA Mortgage Applications – 6:00 AM
- ADP Employment Change – 7:15 AM
- EIA Energy Stocks – 9:30 AM

Thanks for reading,

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