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Friday, May 8, 2026
NTG Morning Comments
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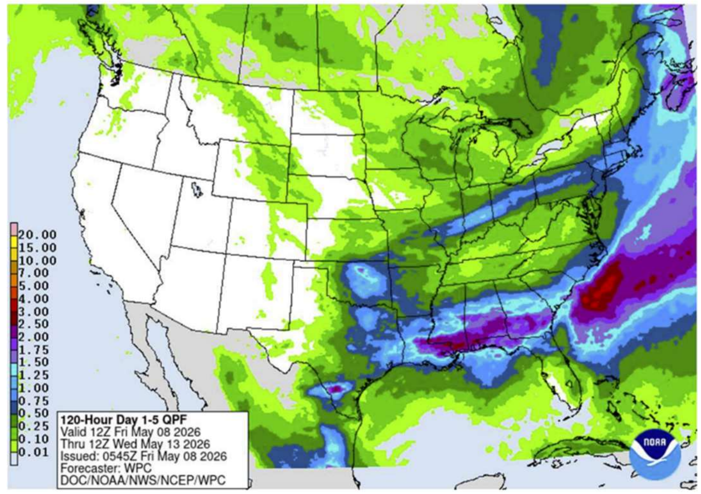
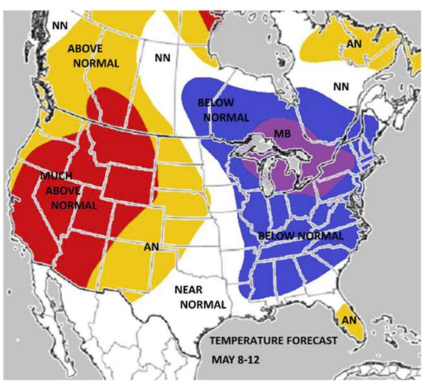
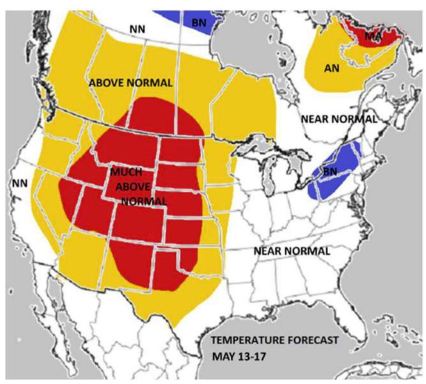
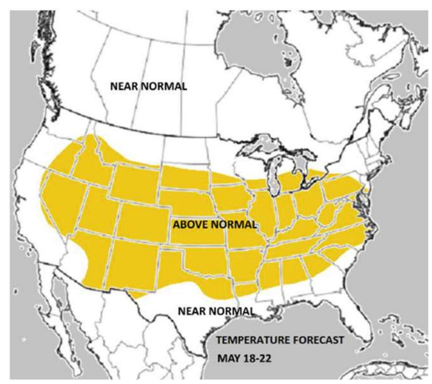
Weather



Across the United States, an exceptionally cold pattern continues to impact the 1-5 day period, with another notable shot of cold air expected to cover the Corn Belt by Sunday and persist across areas east of the Mississippi River through Tuesday. Despite these below-normal temperatures, highly favorable soil moisture levels will allow producers across the western Corn Belt and northern Plains to maintain an aggressive planting pace through the 1-10 day period as significant precipitation remains completely lacking. Conversely, widespread fieldwork operations remain stalled across the southeastern Corn Belt and Mid-South, where three distinct periods of light rain during Week One will combine with significant weekend rainfall along the Gulf Coast to entirely eliminate any necessary dry windows for soil recovery. In the hard-red winter wheat belt, the developing crop faces continued stress as the 1-10 day period remains overwhelmingly dry; however, a critical forecast shift for Week Two introduces a trough west, ridge east pattern that will bring highly beneficial precipitation to both the central and eastern hard-red winter wheat belt as well as the southwestern Corn Belt. Simultaneously, a sustained warming catalyst will bring true warm and very warm conditions to the Plains by Monday and spread across the western Corn Belt by Tuesday, initiating a broader national moderation for the 11-15 day period.







Grains

After sizable corrections following a possible path to end the war, Thursday saw whippy, headline type trade as it appears it won't be a swift ending and have the Iranians even agreed to anything? KC wheat was hit the hardest as the freeze wasn't as cold or as far south as expected and it had been strongest market (along with bean oil) recently. Bean oil rallied back 150 points from the lows as crude went green on the day. There are still a lot of moving parts and we have reports next week as well as the long-awaited Trump/Xi meetings.

Let's take a quick look at pre-report expectations. This will be the first official look at 26/27 S&D's and the first winter wheat production report. The average trade estimate for the HRW crop looks high at 638 milbus, down from 804 last year. I have seen a number of estimates around 600 and still think we could end up with something in the 500-550 range eventually, depending on abandonment. There was rain/snow this week, but amounts were generally around ¼" and the forecast is dry going forward with temps warming. SRW is expected around at 335 vs 353 last year with white centering around 235 vs 244 last year. We won't get by-class balance sheets until July but HRW export ideas are likely dropping along with the crop. Wheat ending stocks are expected at 820 for new crop vs 934 this year. I am closer to 700 for 26/27 ending stocks. 26/27 world wheat production and stocks should be down with reductions in the US, Canada, Australia, Argentina, and the EU.

New crop corn ending stocks are expected at 1922 milbus vs 2127 this year. I think USDA could increase old crop exports and old crop stocks may be lower as a result. The USDA needs to raise Argentine corn production by a sizeable amount – at least to 61 mmt (where the attaché is) from 52 mmt. Would expect them to leave Brazil at 132 mmt for now.

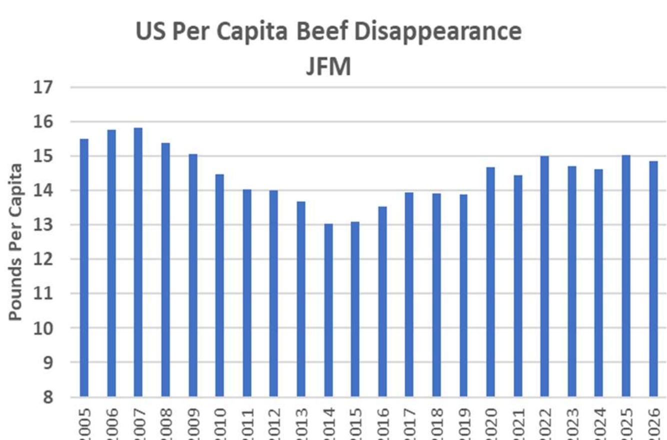
New crop US bean carryout is expected near 360 milbus vs 350 this year. The USDA should raise old crop crush and could lower old crop exports to offset. I am not expecting much change from their current 48 mmt and 180 mmt Arg and Brazil crops.

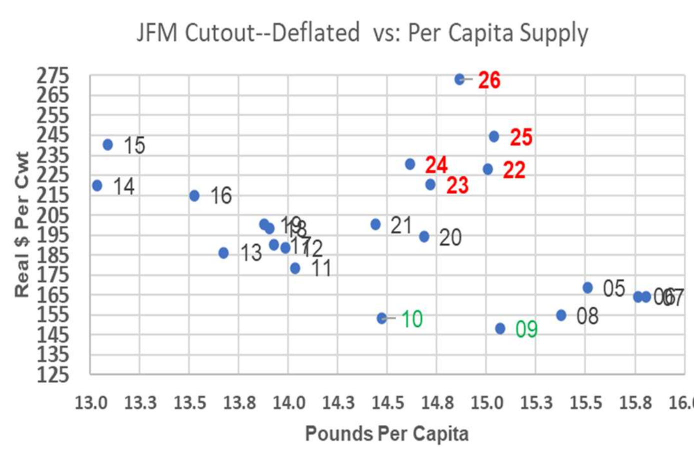
Expect consolidating trade going into the weekend. There was some chart damage done this week but we are still hinging on headlines and who knows what will transpire over the weekend.

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.*

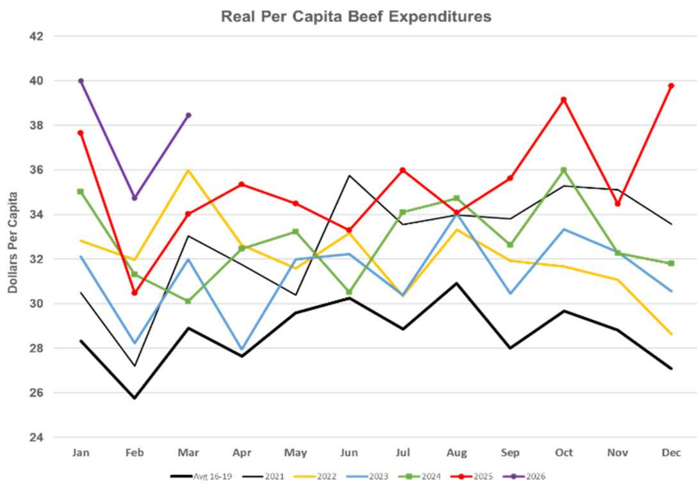
Livestock

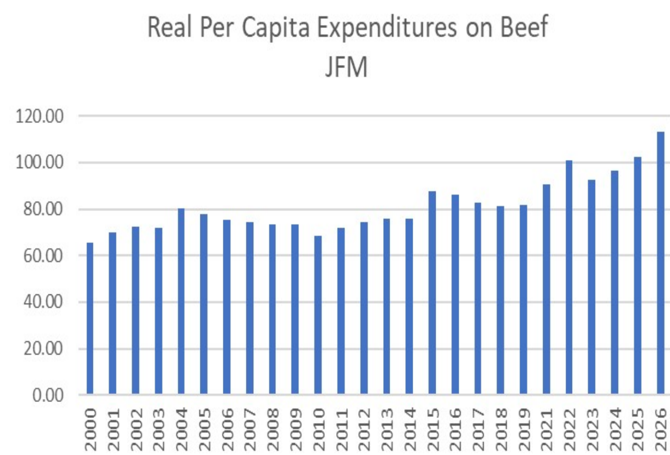
Despite confirmation of slower economic growth last fall in the wake of higher tariffs and the government shut down, beef demand remained stellar. And, in spite of sharply higher energy costs and rising inflation rates, preliminary notions of stellar beef demand during the first third of 2026 is slowly being re-affirmed: JFM economic growth rebounded amid still elevated consumer spending and job creation remained sufficient to sustain low unemployment. Although JFM fed cattle slaughter dropped 9% below a year earlier, heavier carcass weights held beef production to a 6% decline. And, much larger beef imports, coupled with smaller exports, limited the decline in per capita beef disappearance to about 1 percent below last year. At the same time, that slightly smaller supply was priced into consumption at a record high, inflation-adjusted beef price, about 12% higher than a year earlier. Disappearing a slightly smaller supply at a much higher price is the classic definition of strong demand. From a longer-term perspective, domestic JFM per capita beef consumption has held in a narrow range—14.8 to 15 pounds—while "real" beef prices have advanced significantly from the 2020/21 levels.





Another demand gauge indicates a similar conclusion. Real (inflation-adjusted) monthly per capita expenditures for beef during JFM were record high, climbing about 11% above a year earlier. The strong JFM demand performance has continued into April: although fed slaughter slipped about 9% under last year, fed beef production is estimated about 5% lower while the comprehensive cutout averaged near 16% higher than last year. The year-over-year rise in beef prices is much larger than would typically be associated with the smaller production/supply alone—extending the notion of stellar beef demand. Still, concerns remain—higher inflation rates may hamper economic growth, slowing job creation while possibly diverting spending away from beef to lower-valued competing proteins, but definitive cracks in beef demand have yet to emerge.

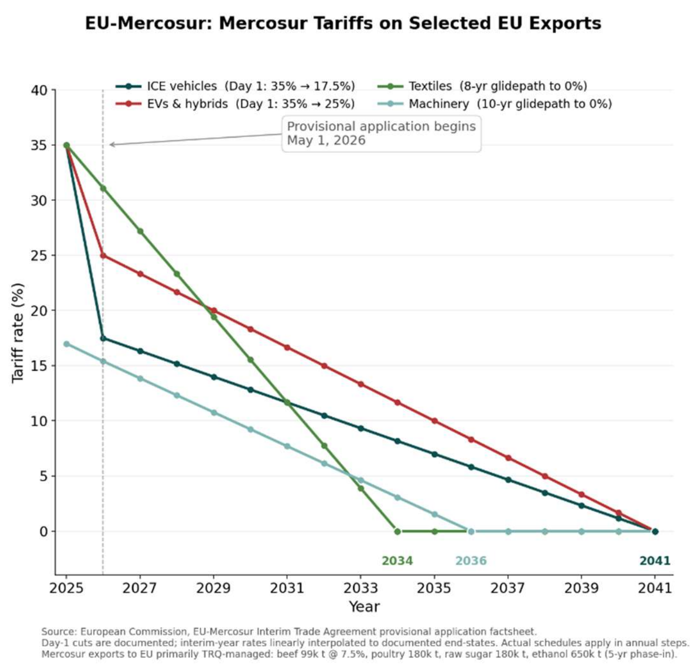




Livestock commentary provided by Mike Sands. For questions or comments, Mike can be reached by email at msands@nesvick.com *or on Trillian at miksan66@trillian.im.*

Macro/Financials

While US tariff drama monopolizes the headlines, the EU and Mercosur quietly turned on the largest free trade deal in a generation last Thursday. After more than 25 years of negotiation and a bruising final stretch where France spent most of 2025 trying to kill it, the interim agreement entered provisional application on May 1.



What stands out about the schedule is how protective it actually is by the EU. The Mercosur agreement stretches full implementation across 15 years, which says something about how much political ground the negotiators had to cover. Mercosur duties on EU internal-combustion vehicles drop from 35% to 17.5% on day one, with EV and hybrid duties going from 35% to 25% – a meaningful competitive opening against Chinese exporters carving out share in the region. Textiles get the steepest glidepath, an 8-year run from 35% to zero. Machinery, pharmaceuticals, and most other industrial goods phase out over 10 years. Sparkling wines, vegetable oils, and most fruit went duty-free immediately.

Going the other direction, the EU took a structurally different approach. Rather than rate cuts, Brussels opened tariff-rate quotas on the products that almost killed the deal. Brazil and Argentina won the largest beef TRQ the EU has ever granted – (99,000 MT at a 7.5% in-quota rate) – alongside 180,000 MT of poultry, 180,000 MT of raw cane sugar, and a 650,000-ton ethanol quota. Most of these volumes phase in over five years, but the access mechanic itself is permanent. The asymmetry is that EU industrials get a price competitiveness story over a 10-15 year glidepath, while Mercosur ag exporters get a volume story that hits much faster.

So the broader read is that while the US has been increasing tariff barriers under President Trump, Brussels is doing the exact opposite, and saying so explicitly. The Commission has been framing this as supply chain diversification away from US and Chinese dependence. The one variable I'm watching is the European Parliament's January referral to the Court of Justice; if it rules against the Commission's legal basis for provisional application, the deal would have to be restructured into a mixed agreement requiring all 27 national parliaments. That ruling won't come before late 2027, leaving runway for trade flows to do their work first.

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)

- Nonfarm Payrolls – 7:30 AM
- U. Mich. Sentiment – 9:00 AM

Thanks for reading,

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