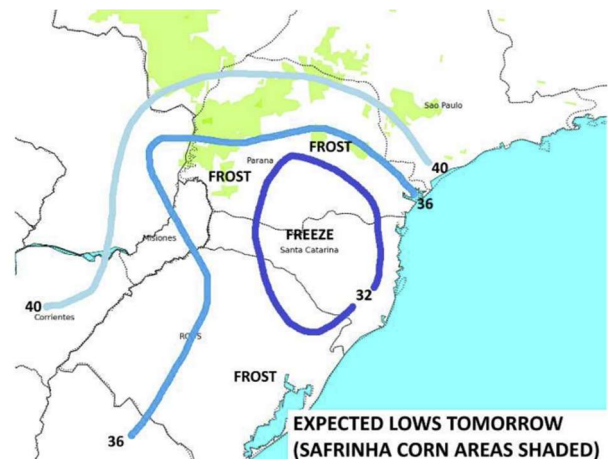


Weather

Weather across the United States will remain sharply divided through the 1-5 day period, featuring intense heat and dry conditions in the west and cooler temperatures in the east. The western Corn Belt and central Plains will see highs reaching 95-100 degrees by Thursday and Friday, which will accelerate planting progress in states like Iowa and Minnesota but simultaneously increase short-term crop stress on developing winter wheat in Kansas and Oklahoma. Precipitation remains minimal across the Corn Belt and Plains through Thursday, allowing widespread fieldwork to advance. The pattern shifts significantly entering the 6-10 day period as an active system brings widespread above-normal rainfall totals exceeding 2" to the eastern Plains, Missouri, central Illinois, and Indiana; this moisture will provide critical relief to hard red winter wheat but will abruptly halt planting operations in the southeastern Corn Belt, where fields have struggled to completely dry. The Mid-South will benefit from below-normal rainfall during Week One, offering a vital window to complete spring fieldwork before above-normal precipitation returns early in Week Two.

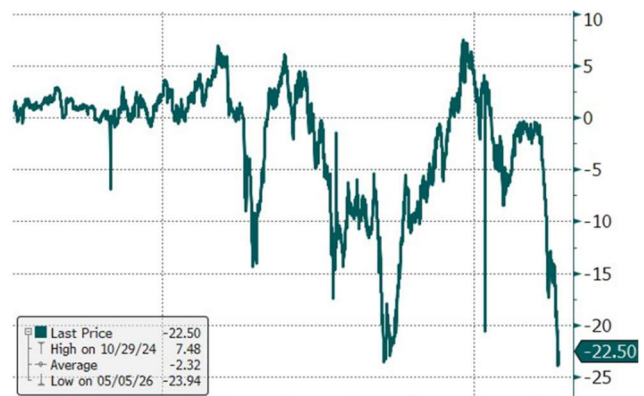


The 15-day forecast for northern safrinha corn areas in Brazil remains overwhelmingly dry, with the vast majority of the region expecting less than 0.5" of total accumulation and localized areas like northern Goiás and eastern Mato Grosso expecting no precipitation; this persistent dryness will be exacerbated by a return to exceptional heat from Thursday onward with temperatures running 4-7 degrees above normal, significantly stressing developing crops and threatening yield potential. Conversely, southern safrinha areas including Parana and southern Mato Grosso do Sul received heavy rainfall recently and will see highly beneficial precipitation return during the 6-10 and 11-15 day periods. However, Parana faces a notable cold threat tomorrow morning with low temperatures expected to drop into the 30s, creating an immediate frost threat for the safrinha corn crop before temperatures moderate to near-normal levels for the remainder of the forecast window.



Grains

The spread between Argentine soyoil futures and Chicago hit nearly -24¢/lb this week, the deepest discount in at least a decade. To put that in context, before 2020 this spread basically didn't exist; it traded in a ±2 cents band around zero for years. The prior trough at ~-22 cents came during Argentina's catastrophic 2023 drought, when South American supply was the obvious driver. This time it's the opposite: Argentina is in the middle of what is shaping up to look like a bumper harvest, with the Buenos Aires Grain Exchange forecasting a 48.6 mmt soybean crop and yields running above historical averages – and the spread is wider than that 2023 reading. So, what's actually driving this spread?



The answer seems to be Chicago, not Buenos Aires. US soyoil futures are up over 50% YTD on the back of the Trump administration's March mandate setting biofuel blending requirements at a record 25.82 billion gallons. That's a captive

domestic sink that imported soyoil can't feed without a major discount, since foreign-origin oil earns a RIN but doesn't qualify for 45Z; this has caused the bid to stay bottled up in CBOT while the global market clears at a discount. Layer on the Hormuz disruption pulling Vietnam, Brazil, and other importers further into biofuel diversification for energy security, and you get a US-specific demand shock that doesn't transmit cleanly with other countries' product. However, at this discount, Argentine soyoil may become a favorable biodiesel/renewable diesel feedstock.

If these spreads stay at this level or wider for another month, the math gets hard to ignore – and that's when Argentine cargoes may start moving into US biofuel plants. The cleanest tell will be in the customs data: if Argentine soyoil imports start showing up in the back half of Q2, the spread should start to compress. If they don't, that tells you the operational and policy frictions are doing more work than the spreadsheet says, and -20 cents becomes the new normal.

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.

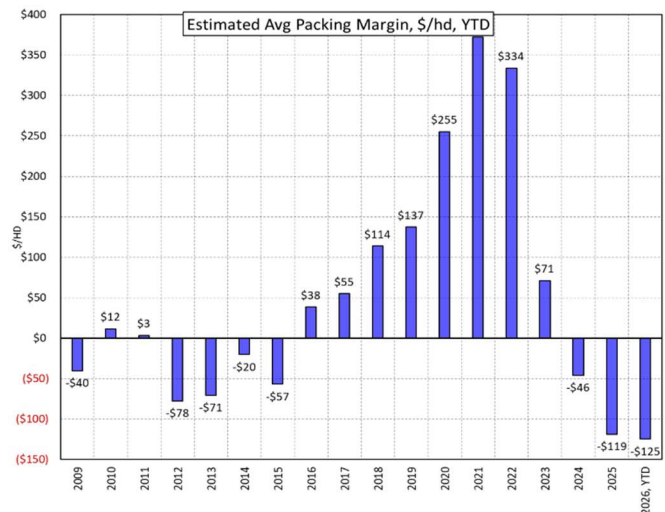
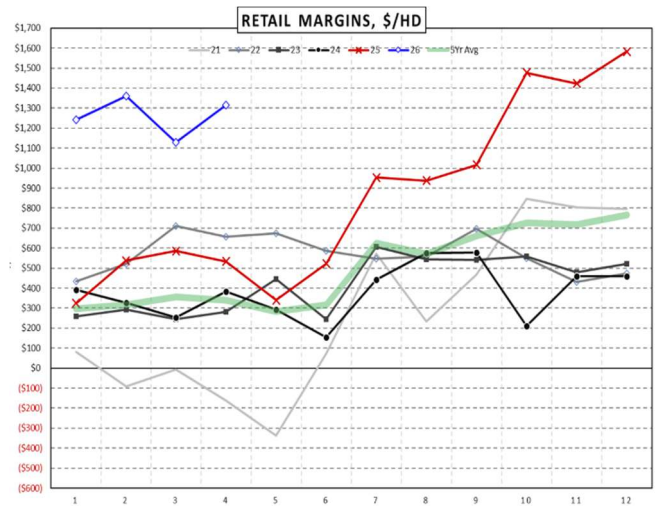
Livestock

With the DOJ confirming its renewed antitrust probe of the Big Four packers last week, the framing was familiar – concentration, market power, ranchers squeezed, consumers paying ~\$7/lb for ground beef. The stated goal is to bring food prices down. That's a fine political objective, but if you sit with the actual margin data through the beef chain in 2026, the link capturing those record consumer prices isn't the one under investigation.

Retail beef margins are running ~\$1,300/HD through the early months of 2026, against a 5-year average closer to \$350/HD for the same period. They're not just elevated — they're accelerating off 2025's already-extreme finish, where retail margins ended December near \$1,580/HD. The retail link is currently capturing roughly 3.7x its long-run normal margin and getting wider. That's where the consumer dollar is going, and it's been going there with remarkably little political oxygen spent on it.

The packer link, meanwhile, is in record poor shape, with a YTD margin at -\$125/HD, below the troughs of 2012–2015 and well below the breakeven baseline that has defined packing economics most years. Yes, 2020–2022 produced anomalous windfalls of \$255, \$372, and \$334/HD respectively, and those bars stick out against the long-run picture like a sore thumb. Those are functionally what the new probe is about, and there's a reasonable look-back case to be made. But the cycle has flipped harder than at any point in the data, and it flipped well before this investigation was launched.

So regulators are looking at where the margin was, but the data shows that the margin is actually currently somewhere else. I'm not arguing the procurement-side conduct allegations are completely baseless, but the consumer-price framing of the probe is at odds with where the consumer dollar is actually being captured. Breaking up the Big Four doesn't add cattle to a herd at 86.2M head (the lowest since the 1950s) and it doesn't compress the spread between firm boxed beef and even-firmer shelf prices. The variable I'd watch going forward is retail margin sustainability. If consumer demand finally cracks



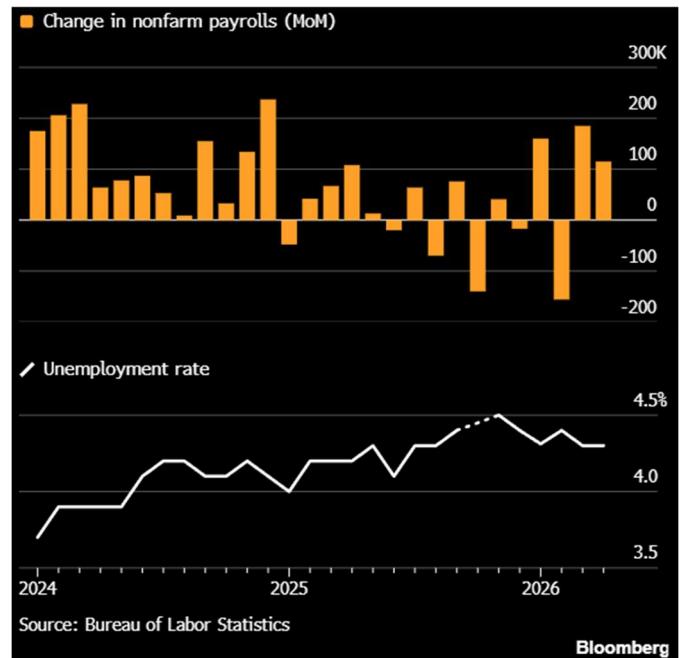
under sustained \$7/lb ground beef, the retailer is the link that adjusts rates first, not the packer. Until then, expect more packer capacity cuts – Saturday kills disappearing, plant idlings firming up – which paradoxically tightens supply further and helps preserve the very retail margin that isn't being investigated.

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

The April jobs report came in this morning at 115,000, nearly doubling the 67,000 consensus and achieving the first back-to-back 100K-plus prints in over a year. On the surface, that's the kind of report that should put the "labor market is breaking" thesis on hold. Pull the print apart, though, and the picture is a lot messier than the headline suggests.

The three-month average is now just 48,000, down from 63,000 last month, and revisions are still bleeding the wrong way, with a -16,000 net revision to the prior two months on top of -7,000 last release. March itself got revised up to 185,000, but earlier months gave back more than that, so the broader downward-revision pattern is intact. Manufacturing dropped 2,000 against a +2,000 consensus, reversing March's +15,000 bounce. The household survey is softer too: the labor force participation rate fell to 61.8%, the lowest since October 2021 and driven entirely by the 55-plus cohort, while U-6 total unemployed percentage ticked up to 8.2%. Wage growth at 3.6% YoY came in cooler than the 3.8% expected, but inched up from 3.5% in March.



For the Fed, this is about the cleanest "stay put" report you could draw up. Not hot enough to put hikes back in play, not weak enough to force cuts, and with the Iran energy shock still working through inflation it's hard to see them jumping in either direction. The 2-year is back to 3.89%, swaps are pricing the policy rate in a 3.5-3.75% range through year-end, and there's about a 40% chance of a 25bp hike by April 2027. So the more interesting print next week isn't anything labor-related, it's April CPI. That's where the energy pass-through finally lands, and that's what might actually break the stalemate.

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)

- Existing Home Sales – 9:00 AM
- Export Inspections – 10:00 AM
- Crop Progress – 3:00 PM

Thanks for reading,

Zachary Davis
zdavis@nesvick.com
(901) 604-7712
Trillian IM: zdavis@nesvick.com

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