NESVICK TRADING GROUP, LLC

Wednesday, May 27, 2026

NTG Morning Comments

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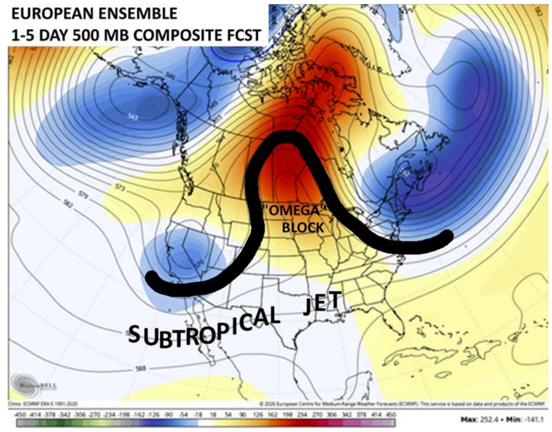
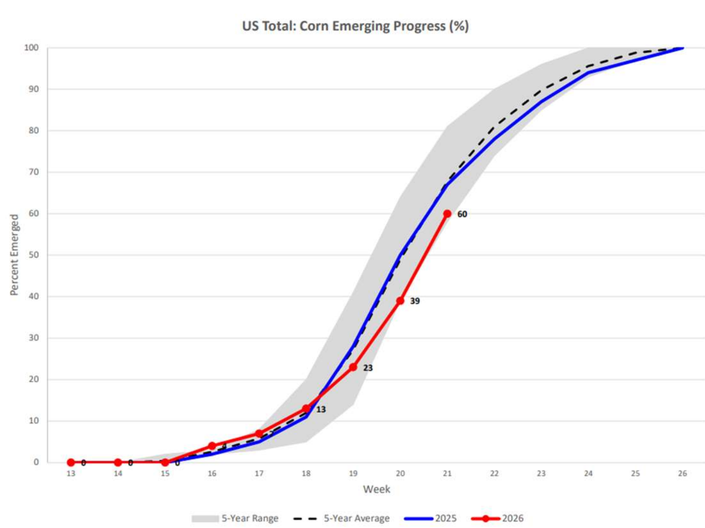
Weather

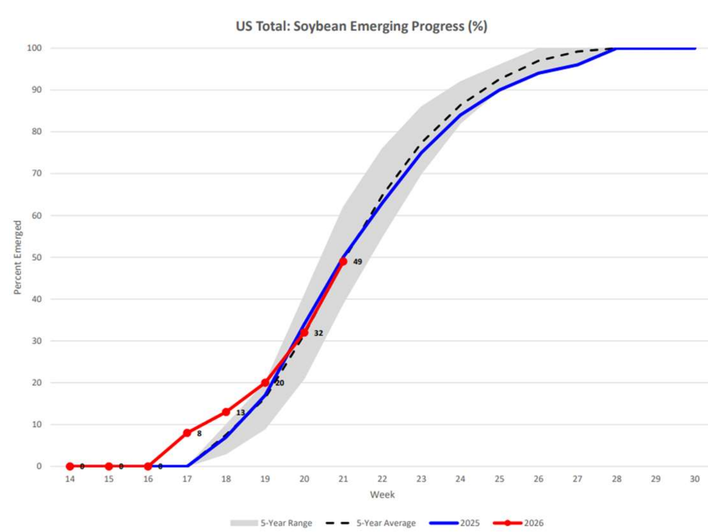


An expansive "omega" block pattern will keep all but the far western edges of the Corn Belt exceptionally dry through the 1-10 day period, which will allow for the final stages of spring planting to conclude in the southeastern Corn Belt but will inevitably lead to severe topsoil moisture depletion across the rest of the region. The most significant forecast change this morning is the complete model agreement that this blocking pattern will break down early in Week Two, returning near-normal precipitation chances to the Corn Belt during the 11-15 day period to provide necessary relief to emerging crops. Temperature patterns remain highly polarized, with the western Corn Belt and northern Plains continuing to experience intense heat running 10 to 20 degrees above normal through the end of the month to rapidly accelerate crop development, while a notable cooling trend is now expected to drop temperatures across the eastern Corn Belt and Mid-South during the June 2-5 timeframe. Meanwhile, the Mid-South and Southeast will endure an exceptionally wet pattern over the next 15 days with totals running more than double normal levels, halting immediate fieldwork but providing substantial long-term drought relief, just as the HRW wheat belt receives consistent and widespread rains over the next 10 days to secure highly beneficial moisture for developing summer row crops and pastures.

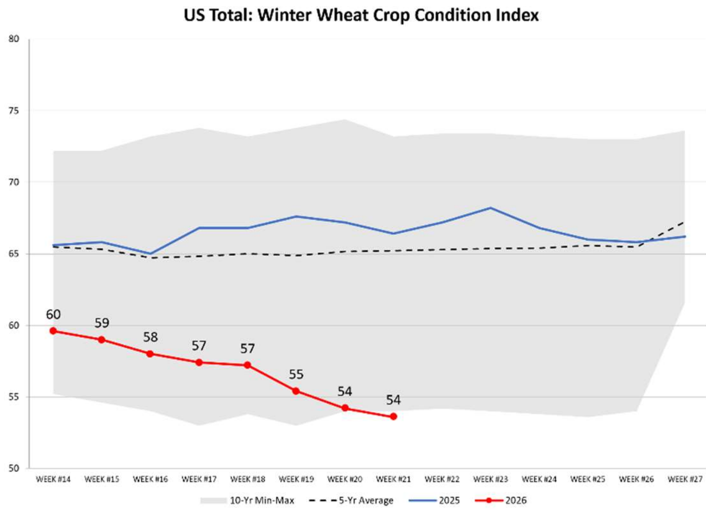
Grains

Crop Progress and Conditions came out yesterday afternoon, so I thought we should take some time to dig into the details of the report. To get started, corn and soybeans are now in the home stretch of planting, at 86% and 79%, respectively. After getting a quick start to planting due to dry weather, especially in the mid-south, progress slowed in more recent weeks as the southern planting area got a bit too dry and the corn belt was too wet. This has resulted in soybeans being just 3% ahead of last year and 4% ahead of the 5-year average for planting progress; corn is 1% behind last year and 3% behind the 5-year average. As a result of this planting progress, soybeans are also in line with last year's and the 5-year average's emerging progress, at 49% vs 50% and 49%, respectively. Corn has fallen close to the 5-year minimum emerging progress, at 60% compared to 67% last year and 68% for the 5-year average. With this emerging progress, it is expected that we will start getting the national conditions for corn and soybeans with the report next week. What can we expect with these conditions? Well, the weather hasn't been perfect, but it's still really early to call it a real problem for the crop. Like I mentioned before, the mid-south had some very dry conditions well into planting, and the forecast for the corn belt looks hot and dry for the next 15 days. Both of these could do some damage to the overall final potential of the crops.





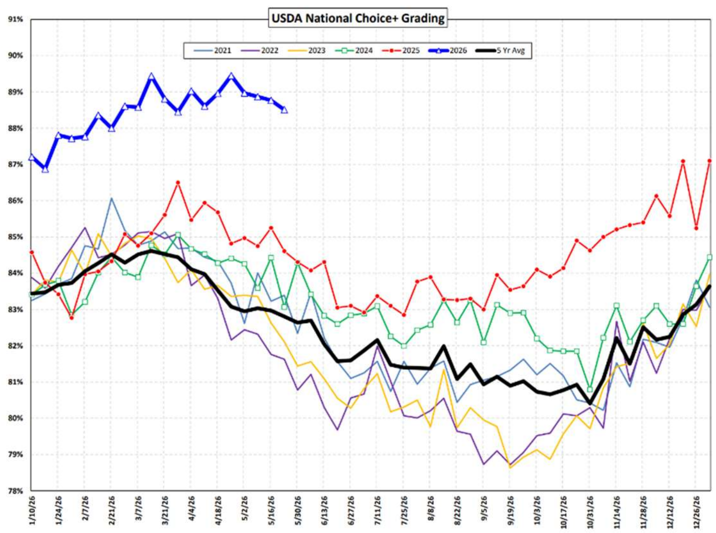
Winter wheat heading progress is at 78%, with is slightly ahead of the 75% from last year and the 5-year average. We should start to get the national harvest progress reports next week as well. Individual states have already started to report harvest progress; most of the progress so far has been in the mid-south, although Texas and Oklahoma have also both started reporting, at 14% and 7%, respectively. With all that said, conditions have continued to drop, so the crop seems to be further deteriorating even despite the rainfall that the plains got last week. In fact, conditions have dropped below the 5-year minimum with this report, at an index rating of 53.5 vs 66 last year and a 5-year average of 65. This condition index level corresponds to a G/E rating of 27% but a VP/P rating of 43%.

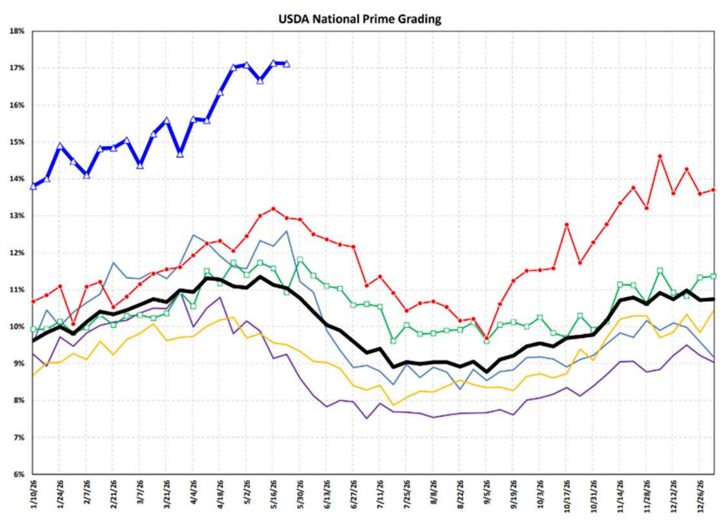


Grains commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Livestock

Just want to take a few minutes to check in on beef grading. As you can see from the National Choice+ Grading chart (provided by our friends at MP Agrilytics), we are also clearly seeing the beginning of the seasonal drop over the last few weeks as we enter the summer months. That being said, we are continuing to hold Choice+ grading rates well above previous years, with current Choice+ rating 4 percentage points higher than last year's and nearly 6 percentage points above the 5-year average. Interestingly, this seasonal downturn is largely being driven by beef from states other than Texas, Kansas, and Nebraska. Those "big three" states are actually relatively stable – or even slightly increasing – in their Choice+ grading, while the other states have actually reverted back to their 5-year average grading levels.





Looking solely at Prime-graded beef, we are not yet seeing a seasonal decline in grading percentages; however, this seasonal does start to drop a few weeks later than the Choice+ seasonal, so it might just be a little early to see this downward trend still. Nebraska and Kansas appear to still be in a solidly upward trend for prime grading percentages, while the non-big three states have seen a fairly consistent decline in prime grading for the past several weeks, even slightly ahead of the seasonal pattern. Texas has a relatively flat prime grading seasonal, with – if anything – a slight increase in prime grading into the summer months; this year, however, we're actually seeing a relatively steep decline in

Prime grading from 13.5% to 11% in the past month. It might be worth keeping an eye on Texas over the coming weeks to see if the downward trend continues, or if we revert back to the more common increase in Prime grading levels as we get further into summer.

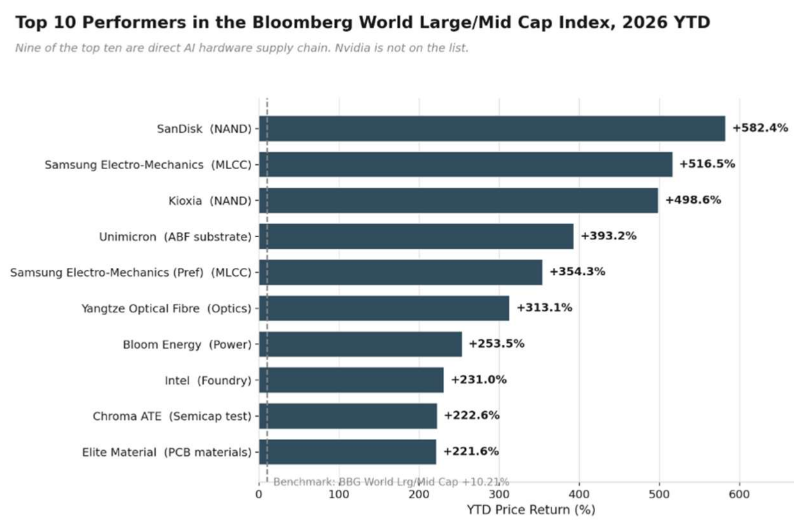
Livestock commentary provided by Zachary Davis. For questions or comments, Zachary can be reached by email at zdavis@nesvick.com *or on Trillian at zdavis@nesvick.com.*

Macro/Financials

Micron crossed $1T in market cap yesterday, up 209% YTD – a memory company that spent most of the last decade trading sideways. What makes the milestone interesting isn't the milestone itself; it's how out of step it is with the narrative everyone has been trading. Nvidia is up 15% on the year. The Mag 7 basket is up ~5%. So, if the AI capex cycle is the story of 2026, who is actually getting paid in it?

The Bloomberg World Large/Mid Cap index is +10% YTD. The top ten names in it range from +222% to +574% – and nine of the ten are direct AI hardware supply chain. The reason traces to where the capacity constraints actually sit. High-bandwidth memory (HBM) is sold out through 2026, with Samsung and SK Hynix guiding shortages into 2027. SanDisk reported 100% incremental gross margin last quarter on pure pricing, not unit growth. MLCC suppliers are pushing coordinated price hikes for the first time since 2018, and Ibiden is putting $3.3B into ABF substrate expansion to chase the shortage. When capex floods down a supply chain into a sold-out constraint, the constraint owner captures the margin – not the customer doing the spending.

The risk is that memory and semi-cap have historically been the most cyclical equity exposure in tech. Every prior memory super-cycle has ended the same way – capacity comes online, pricing rolls over, the stocks that tripled give back two-thirds inside 18 months. The bull case is that HBM-specific capacity is harder to bring online than commodity DRAM and that multi-year customer commitments (like Nvidia's $2B equity stake in Coherent) lock in pricing. Either way, the variable I'd watch is the first credible signal of HBM capacity catching demand as a signal that these stocks could start to turn over.



So what does this tell us? Capital is repricing the AI buildout one or two tiers upstream from where the public attention is. The bottleneck isn't at the model layer or even at the GPU end-buyer – it's at memory, substrates, optics, and power. If you want to know where we are in the AI capex cycle, the supplier earnings prints will likely tell us long before the mega-cap narratives do.

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 Weekly Employment Change – 7:15 AM

Thanks for reading,

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