Well-placed to master the year ahead

Australia agribusiness outlook 2025

RaboResearch Food and Agribusiness

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Rabobank

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This report is based on information available as at 29/01/2025

2025 commodity outlooks

Climate

BOM expects ENSO to remain in neutral to June 2025. Western Victoria and South Australia's low soil moisture situation is poised to continue, while above average rainfall conditioned are expected in the top end.

Sustainability

Varied forces are at play in the sustainability landscape in 2025, with complex interactions between regulatory requirements, political forces and voluntary commitments. In Australia, mandatory climate-related disclosure requirements are expected to bring farm-level emissions data into focus.

Wheat and barley

In recent years falling stocks have not been able to sustain prices, but 2025 may see a change. Expected changes in Russia's export policy, currency volatility, and squeezed margins may reduce the cropping area, potentially driving prices up.

Canola

Global canola stocks remain under pressure, with no clear indication of improvement in 2025. This could be a significant opportunity for Australian production and exports. However, global soybean stocks are also improving, and the price competition in the vegetable oil sector has been fierce.

Pulses

Pulse producers are bracing themselves as the expiration date for India's temporary import duty exemptions nears. India's appetite is crucial to supporting pulse prices. The 2025 supply might see a year-on-year increase, influenced by geopolitical factors and fluctuating cropping margins.

Beef

Ongoing high volumes of cattle will support a continuation of high production volumes for Australia in 2025. Cattle prices are expected to remain relatively steady, with upside driven by strong US demand, although competition and ongoing weak Asian markets may counterbalance these forces.

Sheep

After record lamb production in 2024, a small drop in production is expected in 2025. This should support lamb prices at current levels, with some upside expected as a result of gradual improvements in global demand.

Other animal proteins

More steady growth in production is expected in pork and poultry for 2025, adding to their 2024 record production year.

Wool

Looking ahead to 2025, we expect a weak Australian dollar to help exports. However, the big swing factor for markets will be China's demand appetite. On the supply-side, an anticipated drop in production for 2024/25 suggests that the worst of the price decline may be behind us.

Dairy

There is cause for optimism for the Australian dairy sector. Farmgate milk prices have the potential to rise, and there are no major concerns about a spike in feed costs. Importantly, better seasonal conditions in 2025 will be welcome news for many producers.

Cotton

Australian cash prices have been spared some of the losses seen on ICE #2 Cotton futures over the past 12 months, largely thanks to the weakening of the Australian dollar. Looking forward, RaboResearch expects to see rangebound trading in 2025 at around current levels.

Sugar

Global sugar prices took a dive in January, reaching close to a two-year low as India opened up for exports again. RaboResearch expects a slight global sugar deficit in 2025 to prevent a further heavy price drop, but a recovery to the price levels of the past two years is unlikely.

Consumer foods

Value-conscious consumers will continue to be a prominent theme in 2025. While real wages are on the rise again and the labour market remains resilient, high food prices, weak consumer confidence, and pending interest rate relief will shape consumer behaviours.

Farm inputs

The rise in many farm inputs over the past 12 months can largely be attributed to a sharp weakening of the Australian dollar. RaboResearch anticipates the AUD/USD exchange rate to hover around current levels over the next 12 months, which should help to keep most inputs within a range.

FX & Interest Rates

The year 2025 is likely to be a volatile year for currency and interest rate markets. We expect the RBA to begin cutting the cash rate in May, and for the Australian dollar to drift lower to USc 60 before rally slightly toward the end of the year.

Oil and freight

Donald Trump's promise to "drill, baby, drill!" is aimed at lowering energy prices, but that could be limited by the high cost structure of US producers. RaboResearch now estimates that China has passed peak oil demand for transport fuels, and shipping rates could be pressured higher by tariff disputes.

Outlook themes and summary

Australian agribusinesses are well-placed for 2025 despite expected rising geopolitical tensions, an underperforming Asian economy resulting in low consumer confidence, and a volatile energy market, which likely will make for an interesting year. Prices of livestock products are expected to fare well in 2025, and grain prices also hold upside potential, as reflected in **a rising RaboResearch Australia Commodity Price Index forecast for 2025.** Soil moisture in many regions is lower than one year ago. Most cropping and dairy areas along the southern coastline of Australia are too dry, while many of the country's sheep and cattle areas received rains over the past two months supporting feed availability. The rain forecast for the next three months paint's a rather similar picture, which can hopefully still be offset if rains arrive during the growing season. Farm input costs, like fertilisers and plant protection chemicals, might remain stable but hold upside **price** risk, while crude oil prices might come off their recent five-month high.

RBA interest rate cuts are on the cards in Australia as early as February. We expect the RBA to make three small 0.25 basis point reductions in 2025, as global geopolitical headwinds might keep inflation and interest rates higher for longer. The global economic outlook for 2025 is subdued in many regions of the world, with Australia's GDP growth recovery to 2.3% in 2025 being almost an exception. Major economies like the US (2.0% growth versus 2.7% in 2024) and China (4.7% versus 4.8%) are expected to struggle, which hurts consumer confidence and demand in those regions. The Australian dollar is forecast to remain weak near USc 60, which benefits Australian exports, but makes imports more expensive**. Australia's tight labour market is expected to soften slightly.**

Major agricultural sectors are well-prepared for the upcoming year. The recently harvested grain crop **exceeded** that of last year's, but soil moisture levels in South Australia, southern Western Australia, and western Victoria need to be watched for the upcoming planting season. For beef and sheep producers the outlook for farm-grown feed in the first half of 2025 looks promising. Prices of most commodities are not expected to reach the highs or lows seen over the past three years.

Geopolitics and shipping remain areas of concern. Trump's return to the US presidency is expected to keep markets volatile. If trade duties are imposed as threatened, they are likely to be met with retaliation, with agri commodities possibly being impacted. Additionally, there is uncertainty about whether the US, a key destination for Australian beef, will impose import duties. The ongoing conflict in the Middle East, along with the re-routing of ships away from the Red Sea due to piracy attacks, are expected to continue causing volatility in 2025, as the recent ceasefire and suspension of Houthi attacks on vessels could be short-lived. The war in Ukraine can still impact grain markets if Russia progresses further west and limits Ukraine's grain exports.

Globally, farm input prices for fertilisers and plant protection products, are forecast to remain stable or increase slightly. In Australian dollar terms Global urea and phosphate prices have moved upward from their Q2 2024 lows. As Australia imports most of its fertilisers, the weaker Australian dollar has been a key driver in this increase. Looking ahead to 2025, we don't expect very significant price swings but see more upside than downside price risk. Costs on Australian farms are expected to remain well above pre-pandemic levels. Geopolitical tensions and potential conflict escalations could result in significant energy price swings and impact freight costs, thereby affecting the costs of fertiliser and plant protection products in Australia. Our global crude oil price outlook predicts Brent crude will drop below USD 70/bbl due to an expected oversupply, although the early 2025 price rally is heavily driven by fears of escalation in the Middle East.

Trends and drivers with potential impact:

- **Biosecurity will remain key,** as demonstrated by the recent foot and mouth disease outbreak in Germany, the first in almost 40 years. This incident highlights the importance of controlling outbreaks and quickly reassuring trade partners, as countries like the UK and South Korea swiftly limited their trade in livestock and livestock products with Germany, in response to the outbreak.
- **Anti-obesity medication** is on the rise in the US and other countries worldwide. While it is unlikely to be a game changer in 2025 for Australian food and agri products, the impact of reduced food consumption by individuals taking these medications should not be overlooked. US studies show that grocery spending by these users has dropped significantly for calory-dense and processed products. Users are shifting their diets toward protein-rich, healthier foods like fresh produce and yoghurt.

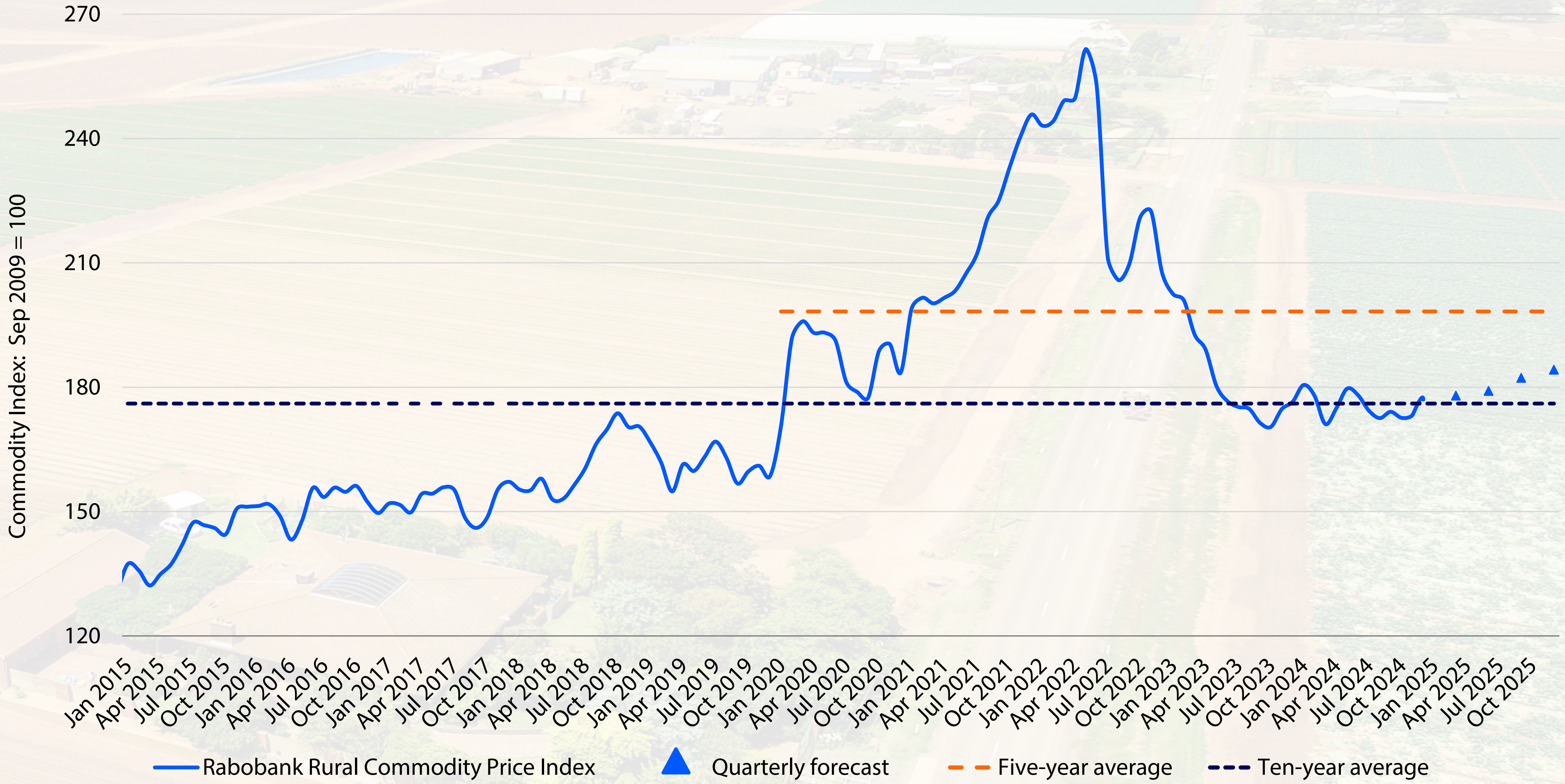
RaboResearch Rural Commodity Price Index

RaboResearch's Rural Commodity Price Index is expected to rise above the ten-year average in 2025, amid anticipated positive price developments in key sectors and solid production volumes.

Price dynamics are likely to vary per sector:

- **The beef price outlook is one of modest optimism, given fundamentals allow some room for minor upside movement.** RaboResearch expects stronger demand from feedlots for feeder cattle and higher live export volumes in 2025.
- **For grains, there are also some signs of positivity on the horizon. Falling global stock levels should support wheat prices in 2025.** In addition, Russia, the world's largest wheat exporter, is unlikely to maintain its usual export volumes in the second half of the year. While global canola stocks are also under pressure, improving soybean stocks are increasing price competition within the vegetable oil sector, likely preventing significant price rises.
- **For dairy commodity markets, RaboResearch anticipates upside in 2025.** China's import volumes are expected to improve slightly compared to 2024, as domestic production volumes are anticipated to contract. A weaker Australian dollar should also be beneficial for exports in 2025.

RaboResearch Rural Commodity Price Index (Australian dollar-based)



Source: Bloomberg, MLA, RaboResearch 2025

Note: *Index is comprised of local prices for wheat, barley, canola, sorghum, beef, lamb, dairy, wool, sugar, and cotton, expressed in Australian currency and weighted according to their share of the value of production of Australian farmers (using the sum of the value of these products as the denominator).*

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Climate

Wetter and warm months ahead

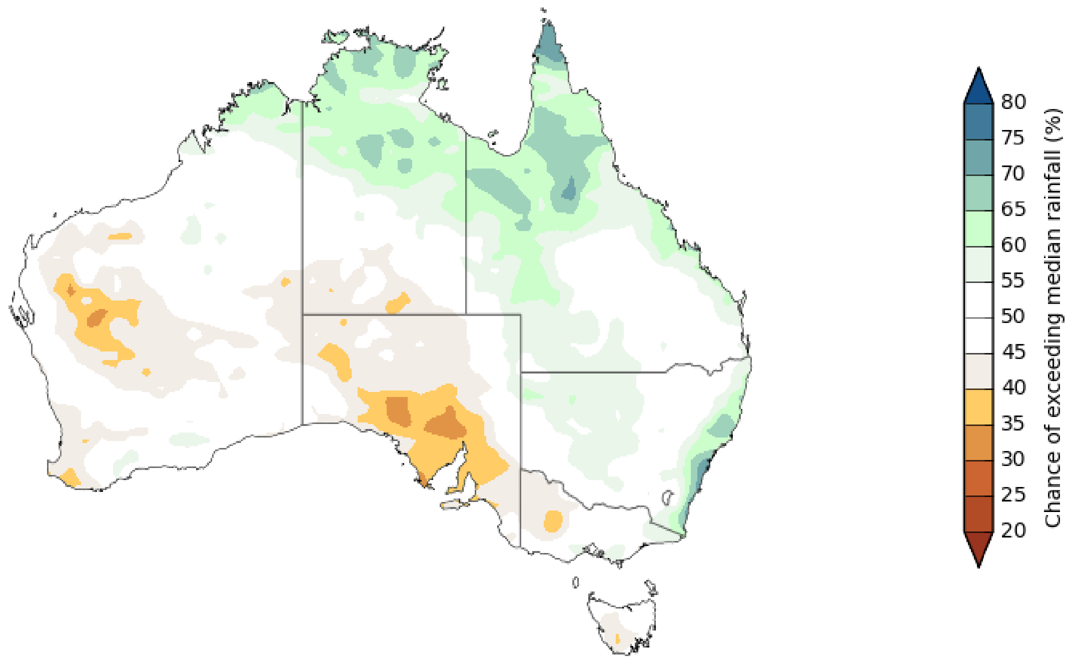
While some indices show weak La Niña characteristics developing, all international models have a neutral El Niño-Southern Oscillation (ENSO) outlook from March to at least June 2025. Australia's Bureau of Meteorology (BOM) forecasts rainfall above historical average levels across much of New South Wales, Queensland, and the Northern Territory from March to May.

Currently, soil moisture levels are below average across most of the cropping areas along Australia's southern shores, namely in most of South Australia, Tasmania, southern Western Australia, and western Victoria, according to the BOM. These areas are expected to continue experiencing average to below-average rainfall through May.

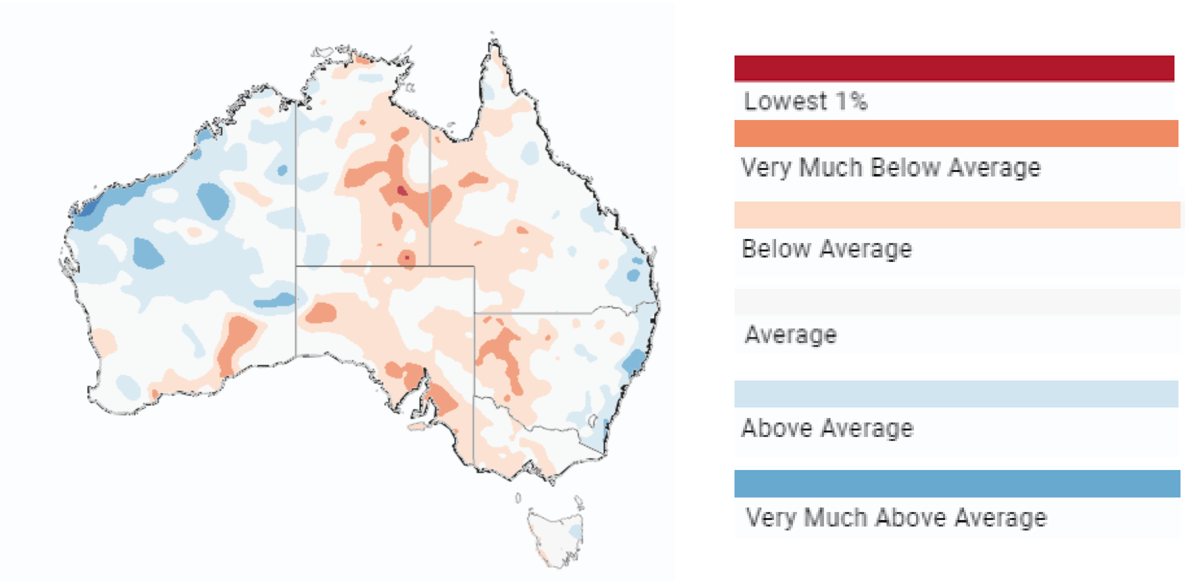
Murray-Darling Basin water storage levels decreased to 69% of capacity as of 15 January 2025, down from 86% of capacity at the start of 2024, due to lower-than-average inflows in 2024. As such, groundwater levels also declined in western Victoria and parts of South Australia.

Nationally, Australian rainfall in 2024 exceeded the average by 28%, with northern Australia experiencing 42% above-average rainfall. Notably, 2024 was the second-warmest year on record for Australia, and above-normal temperatures are also forecast for the next three months.

March to May 2025 rainfall outlook



Soil moisture, as of 21 January 2025



Source: BOM, RaboResearch 2025

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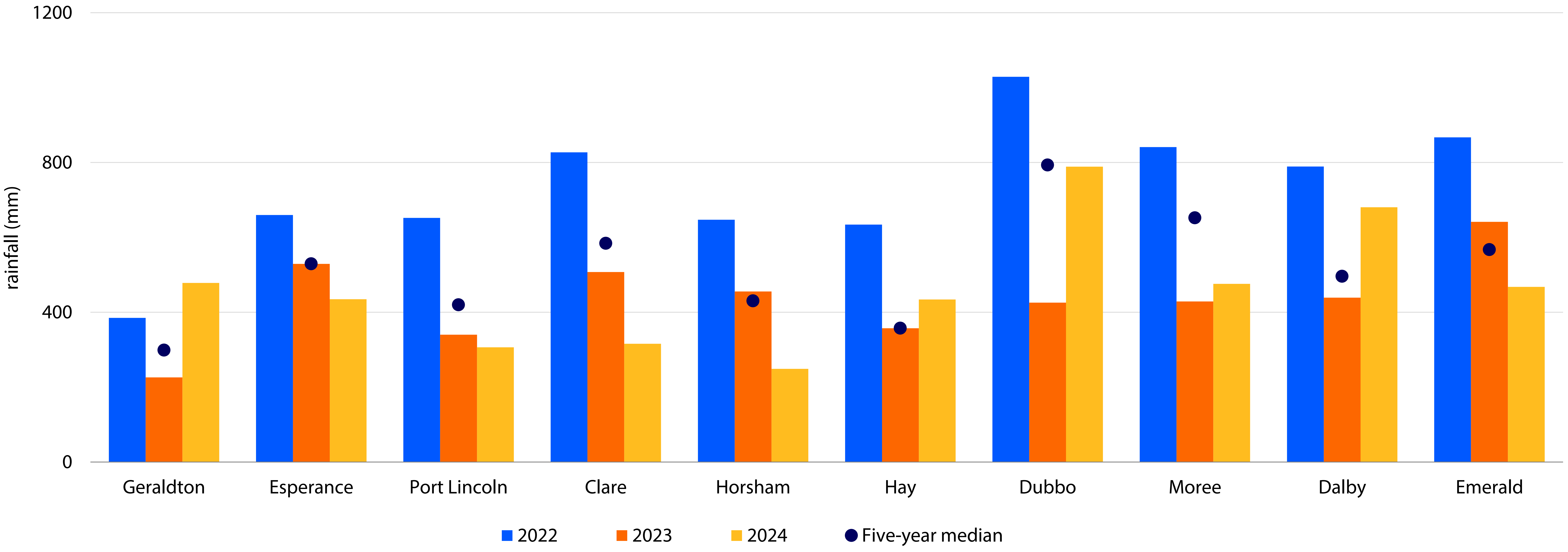
Climate

2024 national rainfall 28% above average

Rainfall (January – December 2024)



Source: BOM, RaboResearch 2025

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Sustainability

Two steps forward, one step back

The landscape of sustainability pressures is evolving, with complex interactions between regulatory requirements and voluntary commitments. Locally, the general trend toward sustainability-related objectives is expected to continue, although occurring amid growing tensions.

Globally, on the voluntary front, food and agriculture companies are continuing to act on emissions. In 2024, over 800 food and agriculture companies set emissions reduction targets under the Science-Based Targets initiative (SBTi), more than double the number in 2023. Companies are also transitioning away from primarily signalling their intentions, for example through commitments to set targets under the SBTi initiative, toward establishing the quantified and time-bound targets to which they will be held accountable by external stakeholders.

In Australia, the regulatory landscape is also evolving, with mandatory climate-related financial disclosure requirements now in effect for certain large entities. For agriculture, **the current requirement to measure and report on scope 3 emissions from an entity's second year of reporting is expected to drive growing demand for emissions-related data at the farm level.**

The dynamics around climate and sustainability in global markets are more varied. **Political shifts are influencing corporate sentiment toward sustainability activities.** In the US, some companies are retracting their environmental, social, and governance (ESG) commitments, while other international markets, like the EU, continue to uphold rigorous sustainability regulations. Companies operating across multiple markets are grappling with these differing pressures, making it more challenging to maintain a cohesive sustainability strategy.

The response by investors and other key stakeholders to these differences is yet to be seen, particularly regarding whether their expectations will remain ahead of regulatory standards. We anticipate that organisational responses to regulatory shifts or the risk of political backlash will vary.

What to watch:

- **Federal election outcome to impact scope of mandatory climate reporting –** The coalition has announced its intention to unwind the laws governing Australia's mandatory climate reporting regime if they win the election. This could ease the expected pressure on agricultural supply chains to provide emissions measurement data.

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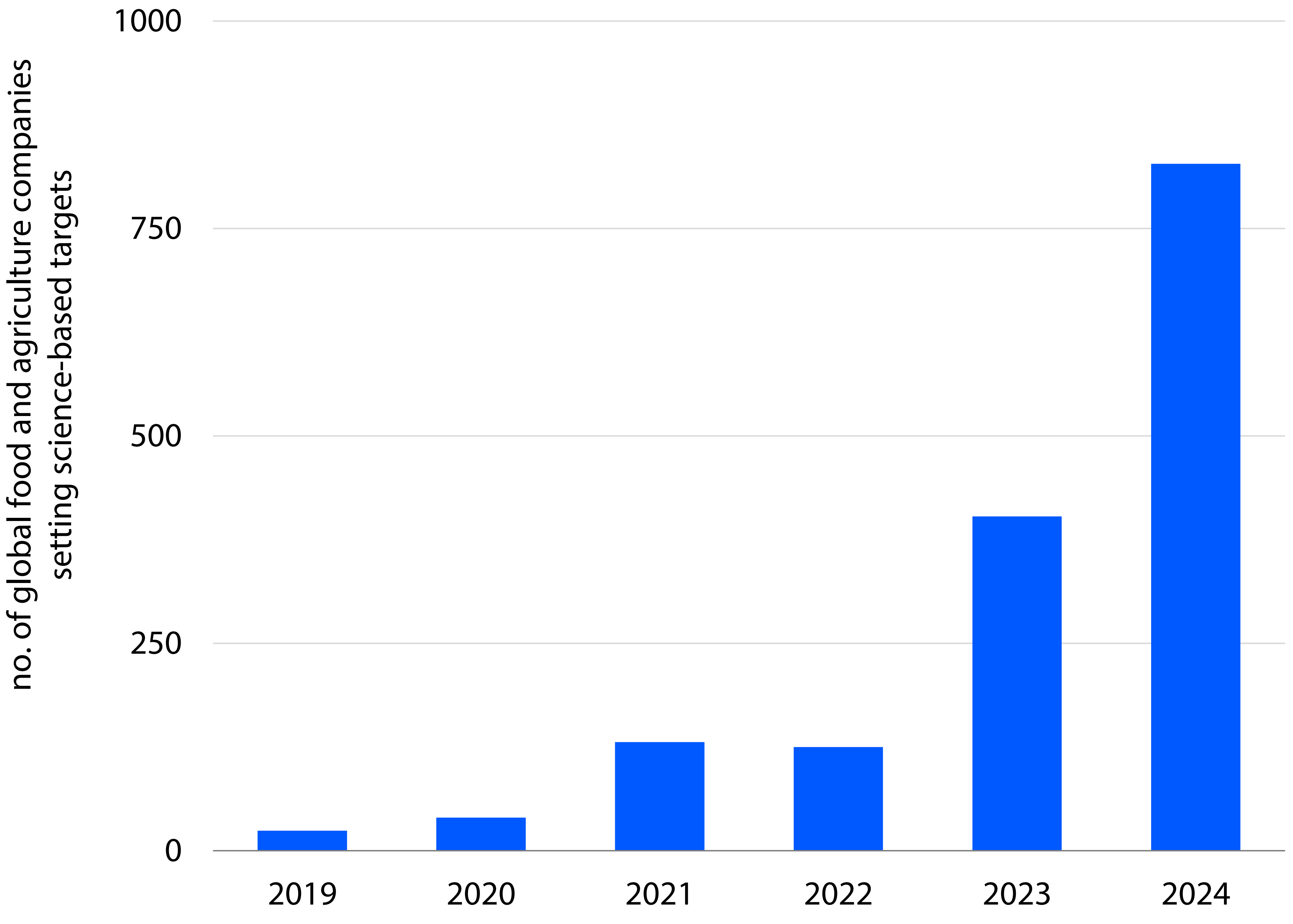
Sustainability

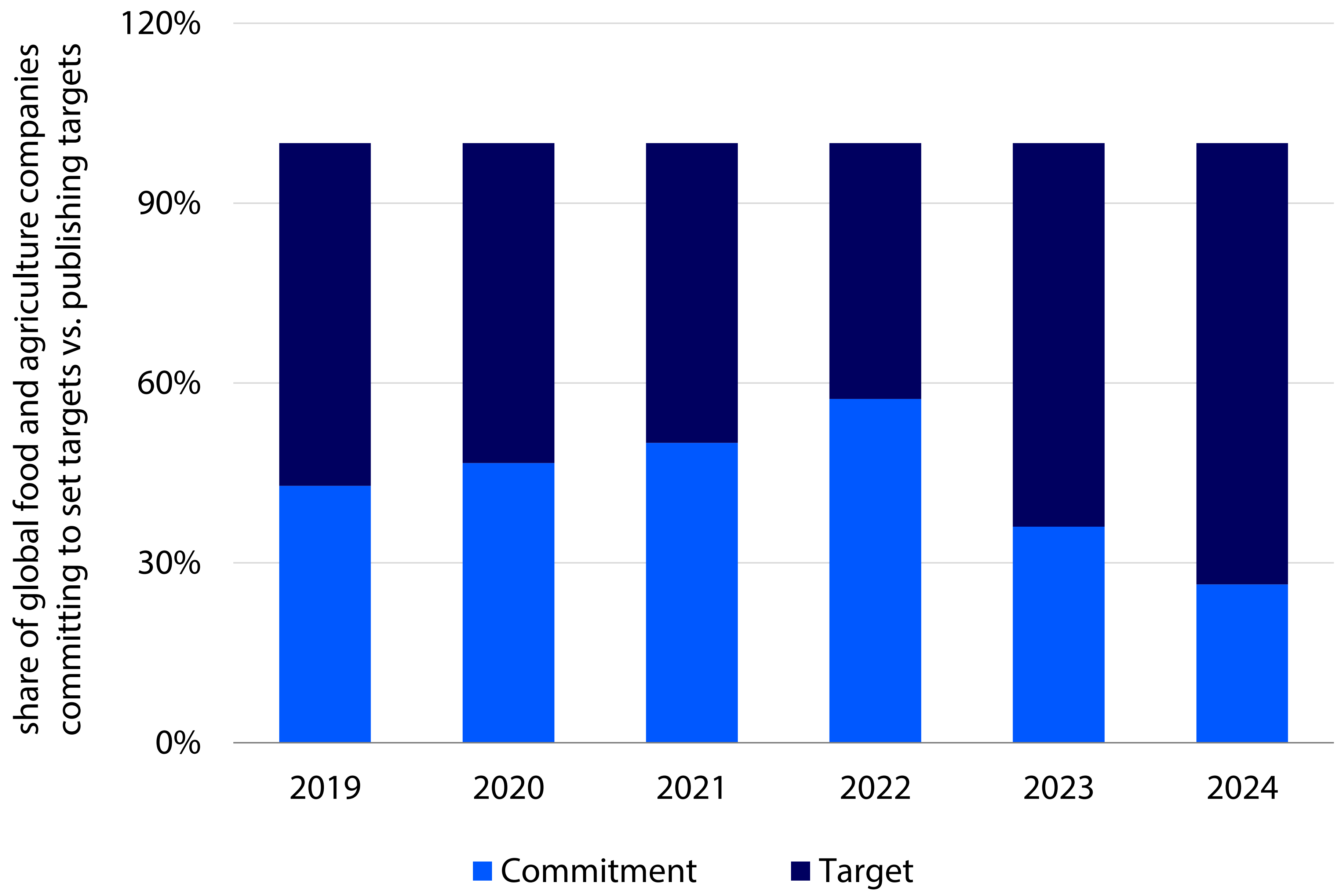
Food and agriculture companies continue to act on emissions in parallel to changing regulatory pressures

Emissions reduction target setting continues to accelerate globally

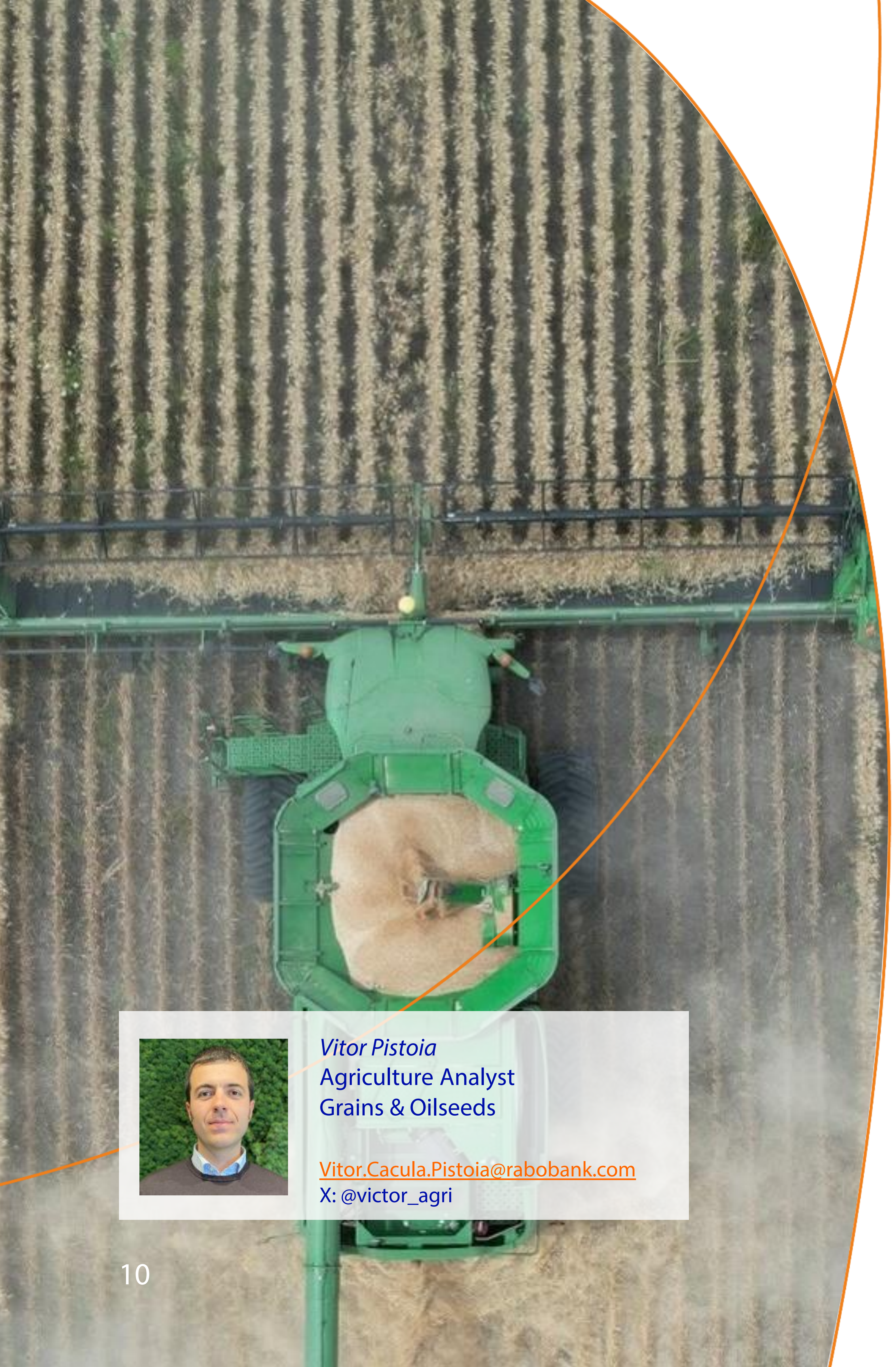


Source: *SBTi target dashboard, RaboResearch 2025*

More global food and agriculture companies are publishing concrete targets



Source: *SBTi target dashboard, RaboResearch 2025*



Wheat and barley

Weather will influence prices in 2025

The world's wheat and barley supply in 2025 is expected to be even more dependent on the weather. This is due to challenging farming budgets worldwide, driven by persistently high farm input prices and depressed grain prices, which could ultimately reduce cropping area and hamper yield potential. For instance, spot CBOT wheat prices are around USD 5.35/bushel to USD 5.6/bushel, and Canadian barley prices are around CAD 210/tonne to CAD 230/tonne, the lowest values in the last four years. At the same time, excluding China, the **global stock-to-use ratio of wheat is dropping for the seventh consecutive season**, regardless of recent above-average crops in Russia and Australia. Under these conditions, it is understandable why producers might partially remove wheat and barley from their programs and replace them with pulses and oilseeds.

On top of this bearish market, the evolving situation in Russia warrants attention. Due to its significant production and export growth in recent years, Russia has become a key market reference. However, its role may change in 2025/26. **With Russian interest rates above 20% per annum, strict export quotas, and ongoing geopolitical tensions due to the war, Russia is likely to export less wheat in 2H 2025 compared to previous years.** This could lead to further price increases, especially for wheat.

Amid the global ebb and flow, **Australia has entered the new year with larger wheat volumes than the previous one**. The final number for the recent wheat harvest is expected to be almost 32m tonnes, versus 26m tonnes one year ago, boosting export availability and impacting local prices. In this scenario, Australia's ASX price during 2025 is expected to closely track CBOT, with no or even a negative basis. **RaboResearch anticipates that by the end of the year, CBOT wheat may reach USD 6.0/bushel due to diminishing global stocks. Assuming an AUD/USD exchange rate of 0.61 and zero basis, ASX would be at AUD 360/tonne,** adjusted by the usual shifts in global supply and demand. If the weather is unfavourable and supply is lower than imagined, market fundamentals indicate that wheat prices would likely go up, and Australian prices would follow suit.

What to watch:

- **The EU crop -** Early reports on the 2025/26 season indicate that European farmers will maintain wheat and barley areas at the same levels as the previous year. If the weather is favourable and yields are strong, the current bearish trend in prices may continue.
- **Spring weather in the Black Sea region -** Winter sowing crops in the area entered the season under suboptimal conditions, with insufficient snow cover. Late cold spells can force farmers to re-sow, potentially resulting in lower-than-forecast yields.
- **Managed money –** Funds entered 2025 with considerable short positions. If supply concerns start to emerge, it could lead them to cover their positions, potentially triggering a strong bull run.

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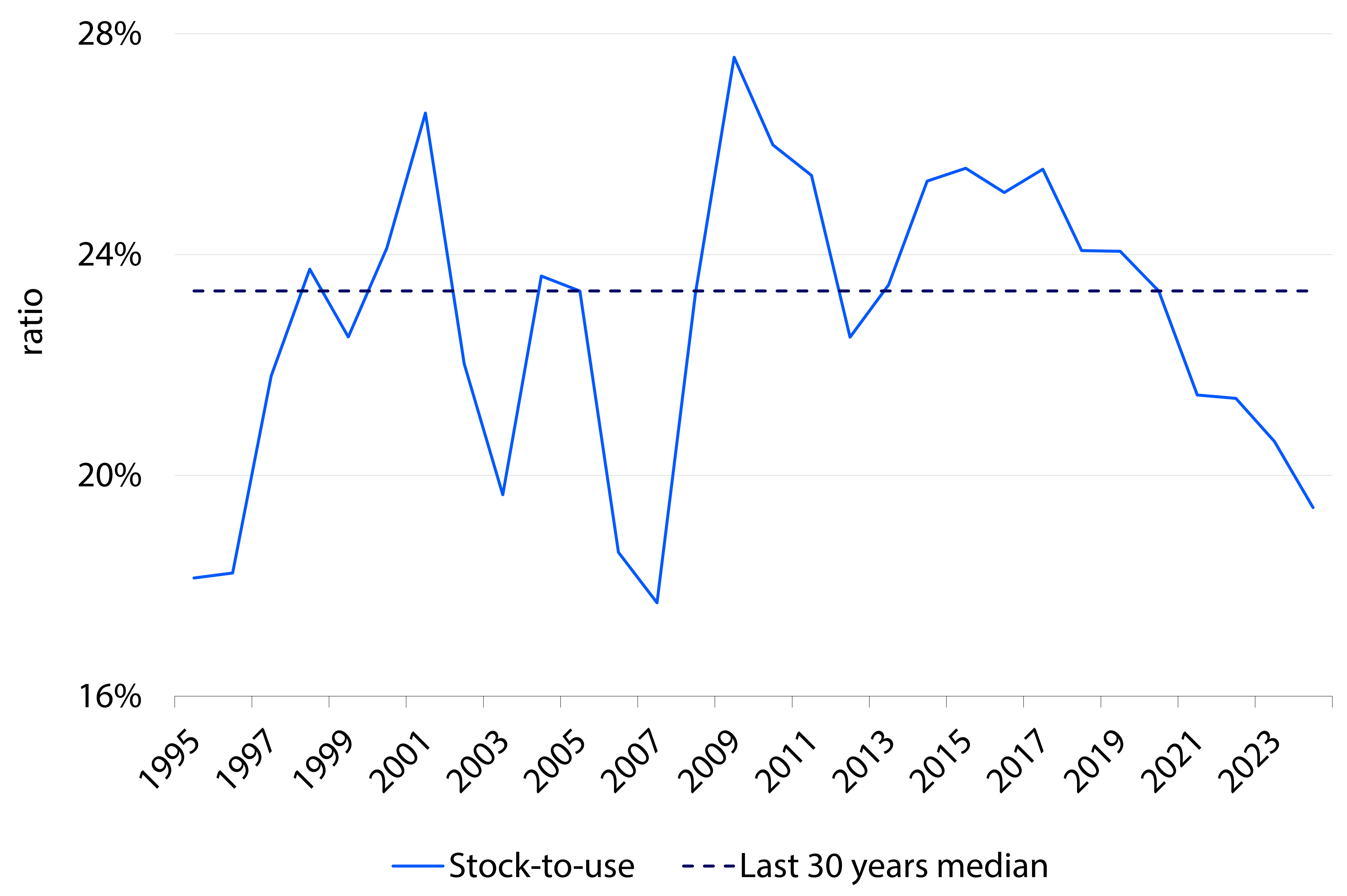
Wheat and barley

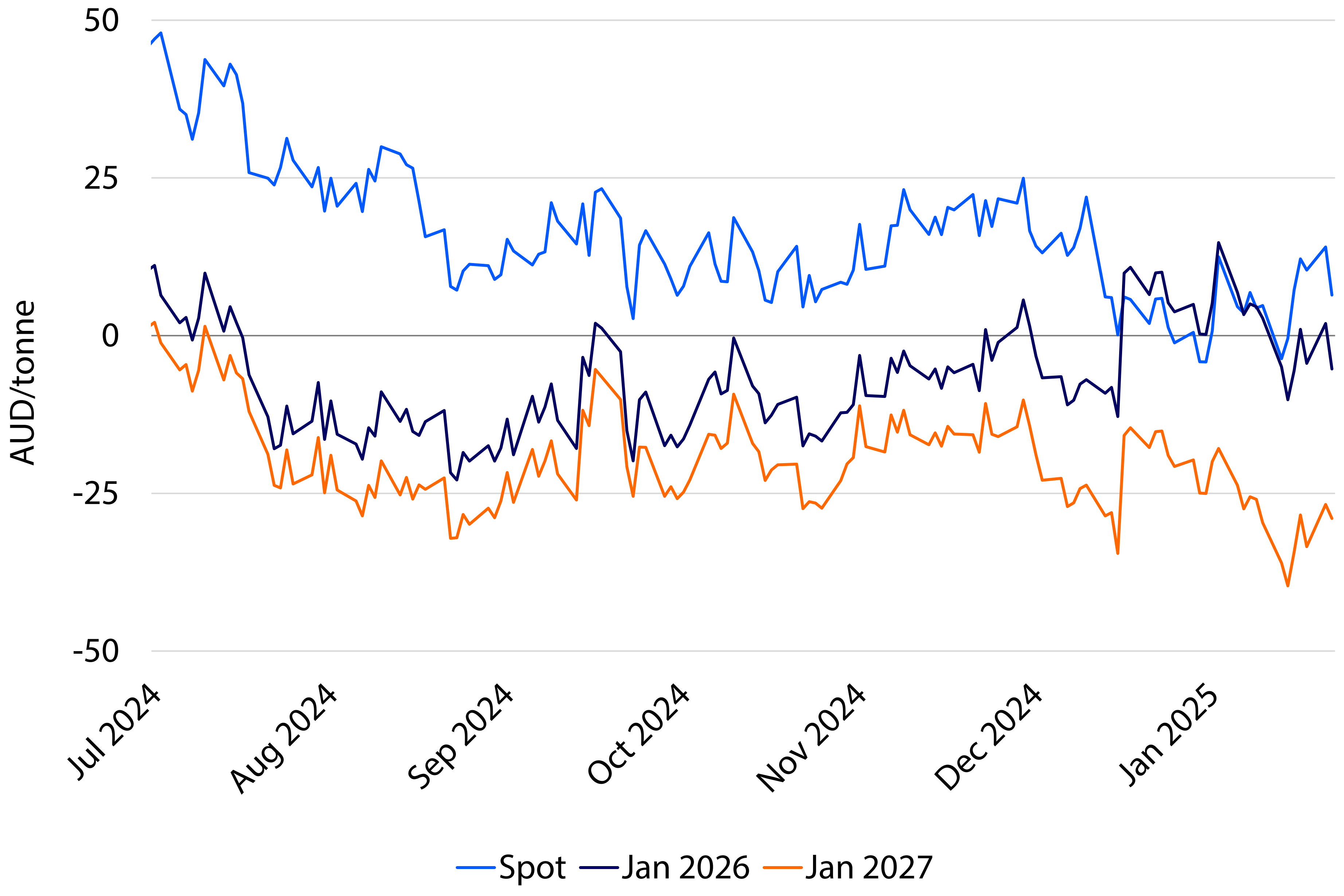
Navigating a world of fluctuating stock levels

Global wheat stock-to-use ratio decline (excluding China) may trigger price surge if there is a supply shock in 2025



Source: USDA, RaboResearch 2025

Low ASX wheat basis due to high Australian stocks and cheaper overseas suppliers



Source: Bloomberg, RaboResearch 2025

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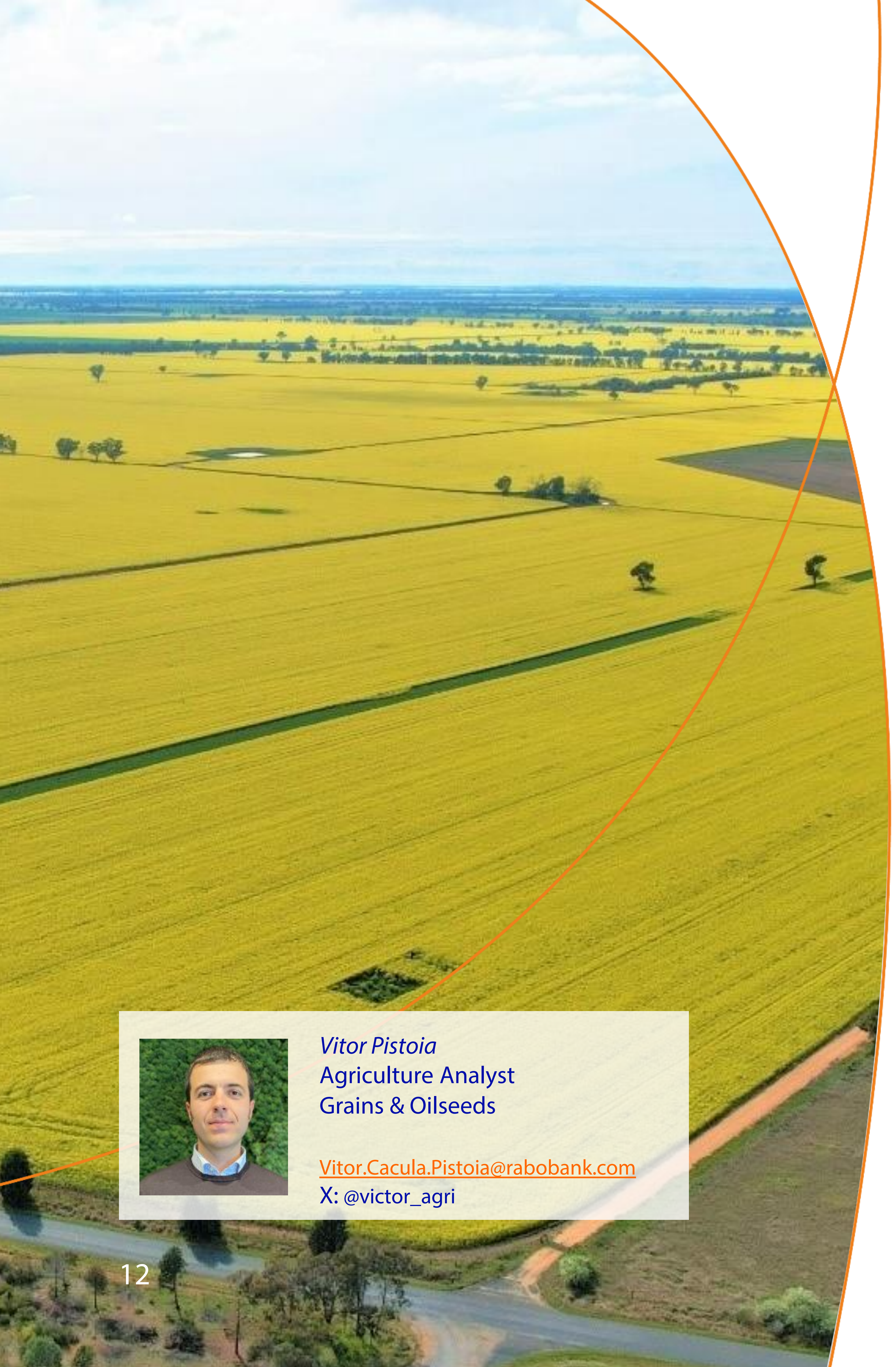

Canola

A new year, familiar challenges

The global 2025/26 season begins similar to 2024/25, with tight EU canola stocks, suboptimal crop ratings in Europe, large soybean crops underway in South America, an expected rise in palm oil prices, and concerns about how tariffs will influence the market. The overall balance between supply and demand for global oilseeds hasn't changed much compared to the previous season. However, previously, duties were imposed by the EU on exports from Russia and Belarus. Now, the focus has shifted to potential tariffs affecting the trade of soybeans between the US and China. **A disruption in trade between these two countries is expected to lower global soybean prices, making them more competitive compared to other oilseeds.** In 2024, the global soybean crush grew by 8%, reaching 343m tonnes. In contrast, canola production remained stable at 84m tonnes.

Another important factor is the US. The new presidency may favour fossil fuels, but in the US many decisions related to energy production are made at state level rather than at federal level. Furthermore, Canadian canola exports are closely tied to the overall US demand for vegetable oil. In recent years, more than 80% of Canadian canola oil exports were to the US. If demand decreases, Canada may need to export more to other countries.

Putting uncertainties aside, the European winter canola sowing could have been better. Excessive soil moisture prevented a significant increase in the sowing area, despite higher prices compared to the previous year. Based on historical yields, the projected crop is at 19.1m tonnes. **While these figures will change throughout the year, the EU is unlikely to meet its needs, and canola imports of at least 5m tonnes are expected,** assuming some demand will be replaced by cheaper oilseeds. There are limited options outside of Australia and Ukraine. Ukraine's stocks are reduced after strong EU procurement in 2H 2024. For instance, sunflower stocks are starting the year 2.4m tonnes lower than in January 2024.

In this context of global canola tightness and abundance of soybeans, Australian non-GM canola may be priced between AUD 750/tonne and AUD 830/tonne into 2025, with GM canola showing a 10% to 15% price reduction. During 1H 2025, it is crucial to maintain a strong export pace to sell the bulk of the crop before the Northern Hemisphere harvest, which typically causes prices to drop by mid-year. **As always, geopolitical events and weather conditions can significantly impact the market.**

What to watch:

- **Canadian and Chinese trade wars –** By Q3 2024, Canada's tariffs on Chinese manufactured goods backfired, leading to an anti-dumping investigation by China. Although diplomatic efforts have temporarily eased tensions, a new cycle of conflict cannot be ruled out. These clashes pose a risk for any GM canola exporter.
- **Biofuels mandates across the globe –** Brazil and Indonesia are expected to increase their biofuel blending mandates in 2025, which would provide better support for soybean and palm oil prices, and consequently, the entire vegetable oil sector. However, such decisions are largely political, and a bearish outlook for crude oil does not favour biofuels in the mix.

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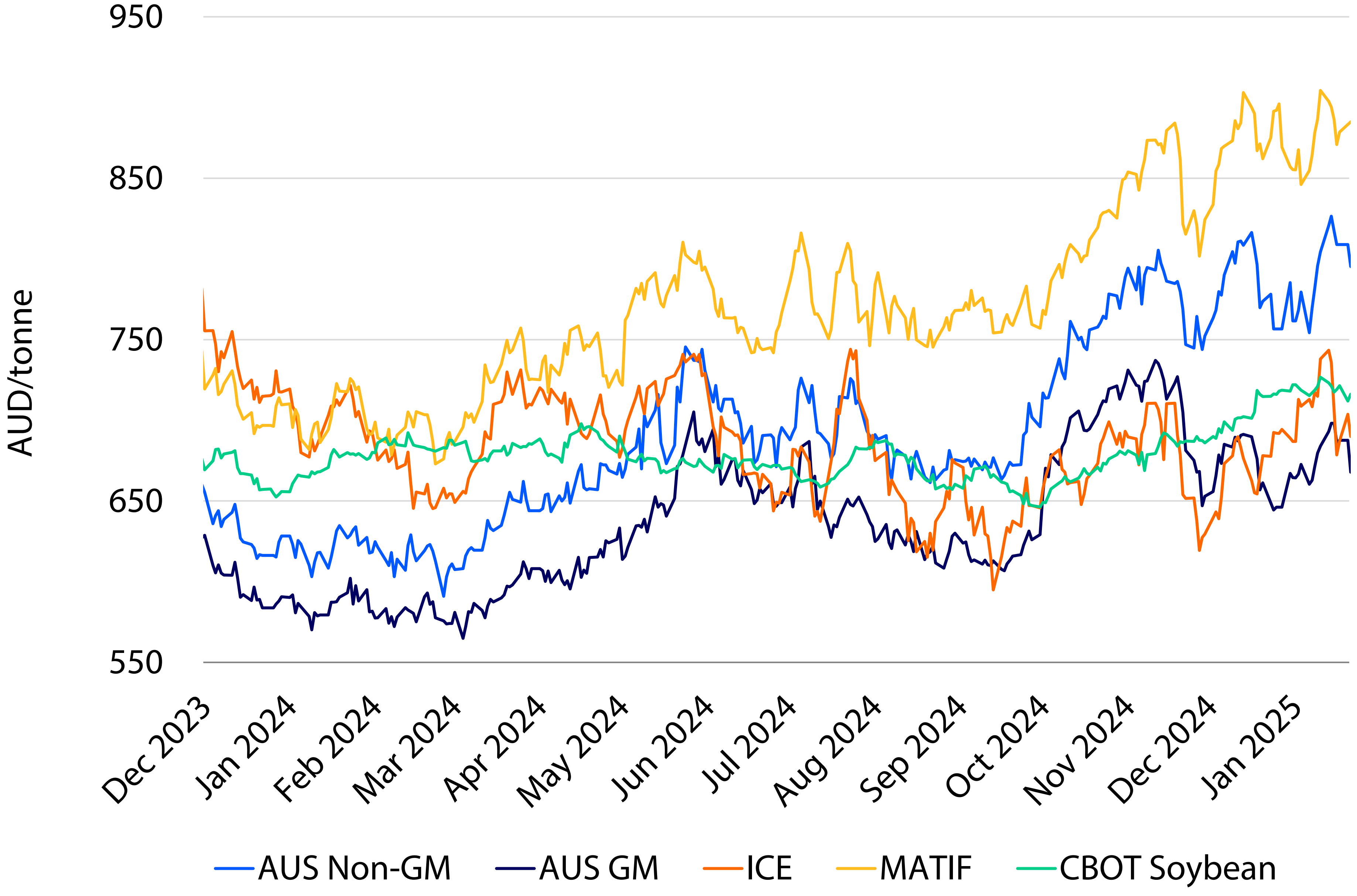
Canola

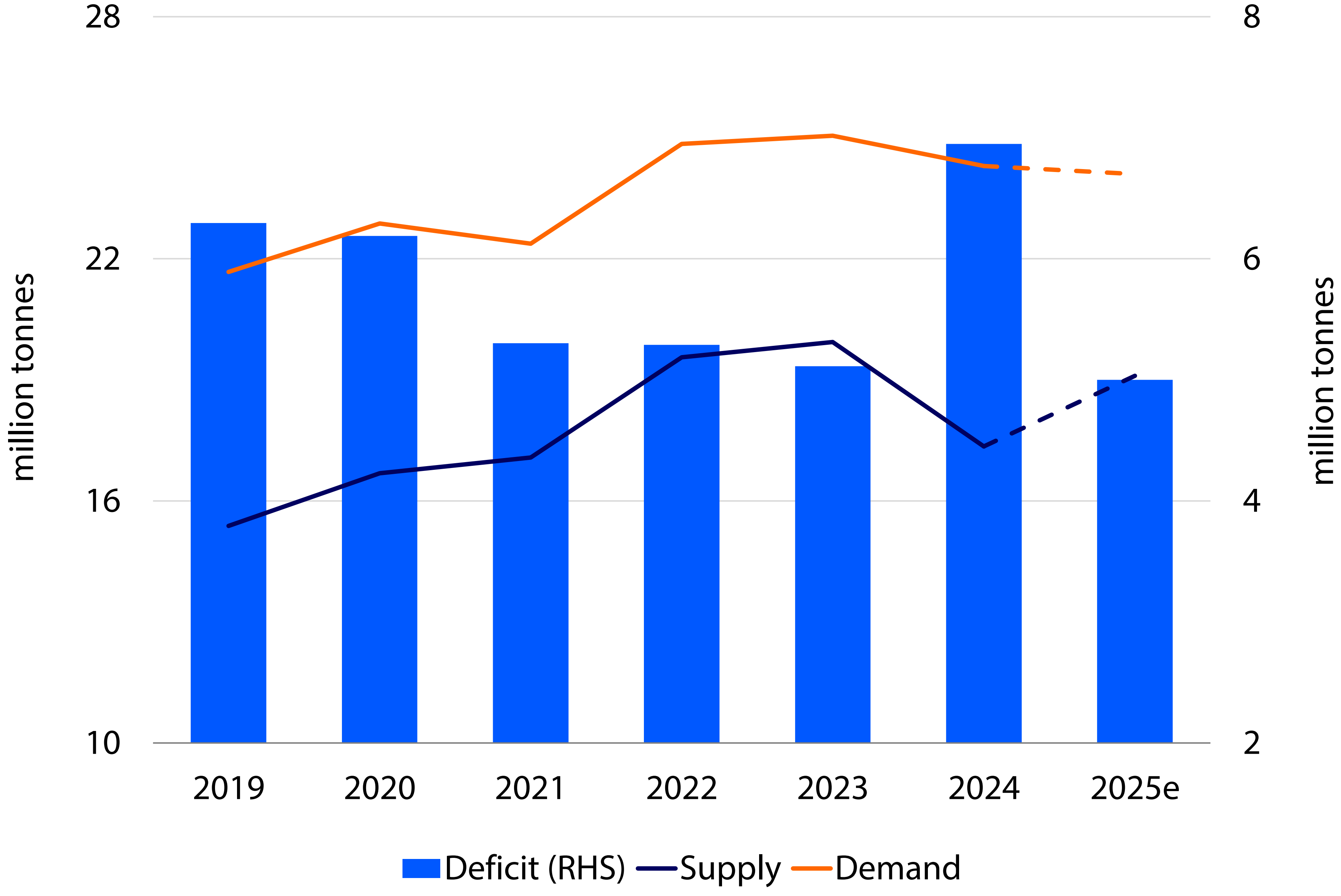
The compounded effect of tariffs, strong demand and below-average crops boosts canola prices

Strong canola prices until the end of 1H 2025, when next Northern Hemisphere harvest starts



Note: *Australian prices are the average port price for canola.*
Source: *Bloomberg, RaboResearch 2025*

The 2025 EU canola balance remains under pressure despite a partial demand shift toward cheaper soybean seed and meal



Source: *USDA, European Commission, RaboResearch 2025*

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Pulses

Uncertainty surrounding India's winter crop and import duties

The announcements by India in late 2023 and early 2024 to temporarily remove import duties on chickpeas, lentils, and yellow peas positively impacted global pulses producers, boosting their confidence in the demand for a larger supply. **However, as the 2025/26 season begins, there is uncertainty whether this situation will continue.**

The import duty exemptions are set to expire by late Q1 2025, and it is unclear if the Indian government will renew them. This uncertainty is due to slightly above-average monsoon rainfall last year and the increase in import volumes, which has helped lower prices – the main goal behind such decisions. **With a new Rabi crop in the pipeline, the pulses supply outlook appears better than it did 12 months ago.**

The anticipated changes following the new US presidency could potentially impact the global pulses supply in 2025. **Disruptive tariffs on soybean trade between the US and China, as well as on Canadian canola oil exports to the US, could make pulses crops more financially attractive than soybeans and canola.** As a result, an increase in the global supply of lentils and peas is likely. Furthermore, cereal margins in many parts of the Black Sea and Central Asia are not very positive, which could lead to an increased share of peas in crop rotations for countries such as Russia and Kazakhstan, thereby boosting the overall supply of pulses in the global market.

For the upcoming Australian crop season, the increase in pulses cropping area is expected to continue. Over the last few years, the area dedicated to lentils, chickpeas, faba beans, field peas, and lupins grew from 2.2m hectares in 2021 to 3.0m hectares in 2024. The lion's share came from chickpeas and lentils, each expanding by 370,000 hectares. **The factors supporting this growth remain largely unchanged: Positive margins compared to other crops and farming activities, and improved varieties** that offer better yields and adaptability to different soils and chemical weed control options. However, it is important to avoid overproduction.

What to watch:

- **Container rates –** Shipping costs for containers remain historically high, and further volatility cannot be ruled out. While Australian pulses exports are gradually shifting to bulk carriers, containers are still commonly used for many destinations.
- **Geopolitics beyond tariffs –** Tensions between India and Canada pose an underlying risk to lentil prices, following accusations by the Canadian government that the Indian government was involved in "violent acts" targeting Canadian Sikh separatists. This situation could lead to trade retaliations. In 2023, 50% of India's lentil imports came from Canada, and for 1H 2024, it was 43%.

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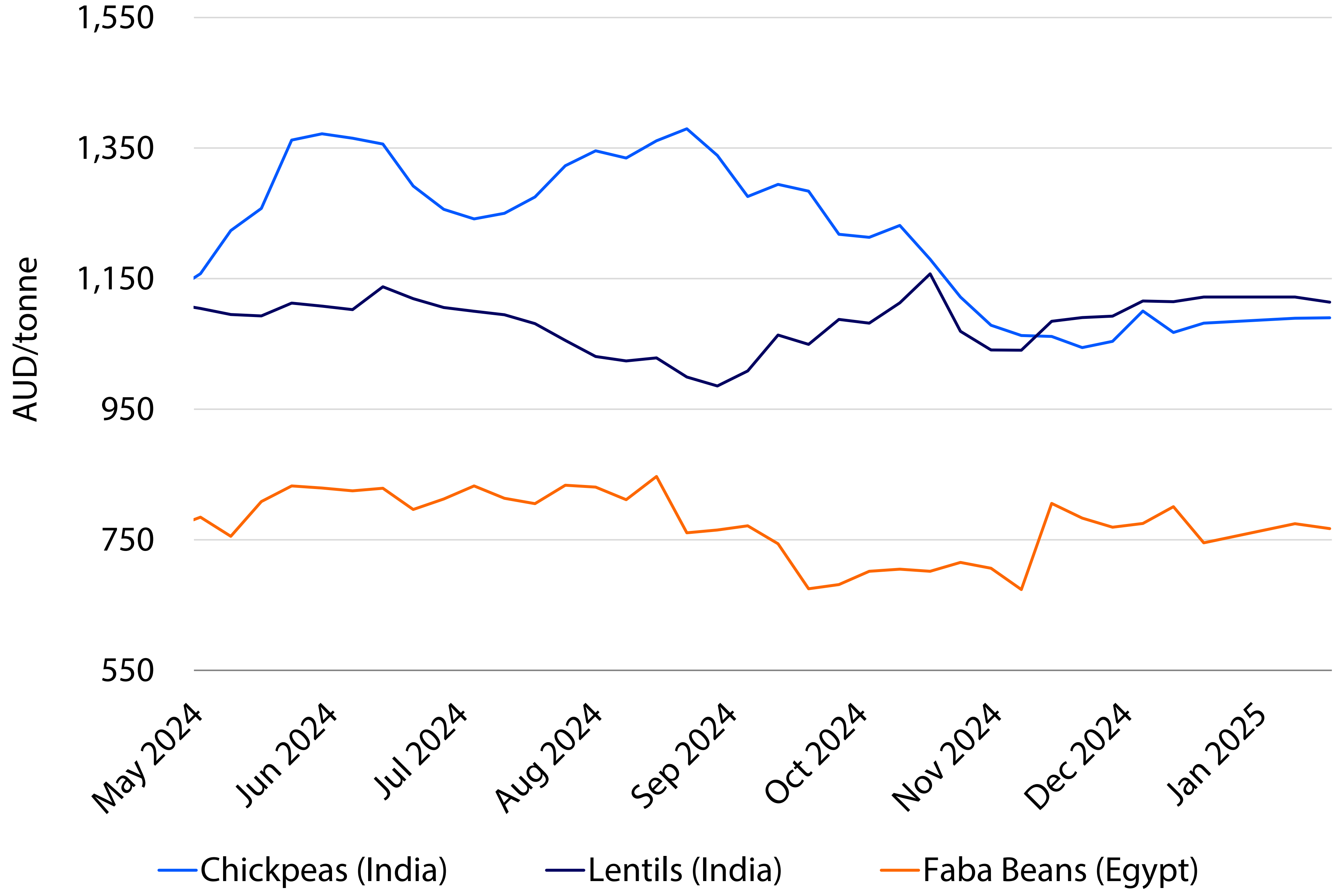
Pulses

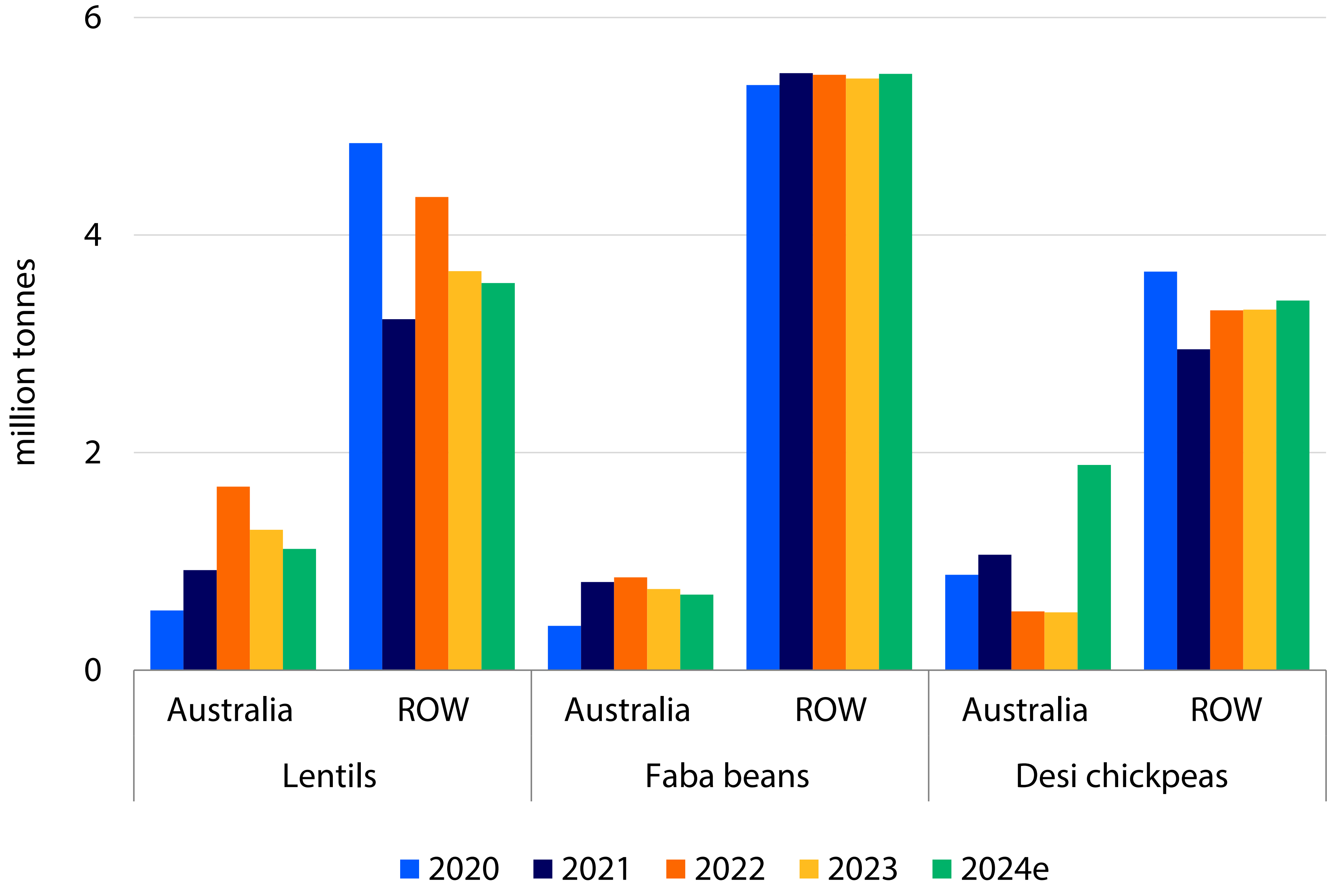
The 2024 global pulses supply is expected to be stable, and prices have followed suit

Prices for Australian pulses in key destinations reflect the current steady global supply and demand for pulses



Note: *Import prices including cost and freight*
Source: *Global Pulse Confederation, Bloomberg, RaboResearch 2025*

Australian chickpeas are the recent needle mover in global pulses supply



Note: *ROW does not include India's production*
Source: *ABARES, European Commission, FAO, RaboResearch 2025*

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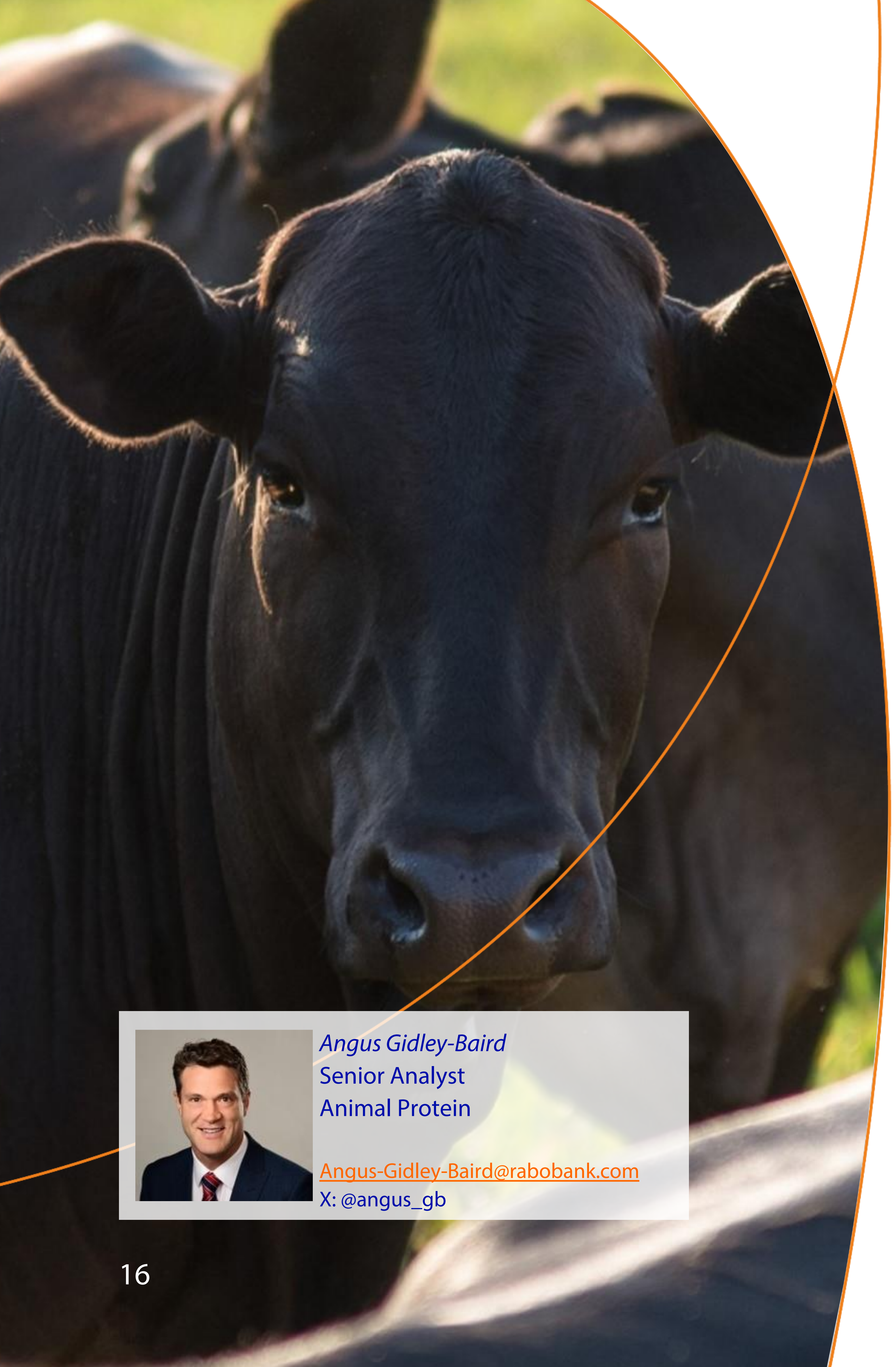

Beef

Relatively balanced market conditions expected in 2025

RaboResearch expects Australian beef production and cattle slaughter numbers to remain very similar to 2024 levels in 2025. Beef production reached a record 690,694 tonnes cwt in Q3 2024, and we estimate 2024 will surpass 2.5m tonnes in total – roughly in line with the 2014 record. We estimate the number of cattle slaughtered in 2024 to be up 17% to 8.2m head.

Slaughter numbers averaged 129,000 head per week in 2024. This is below the record set in 2014 of 170,000 head per week and could suggest there is spare slaughter capacity in the system. However, when looking at the record kilos processed in 2024, it may not be the slaughter capacity but rather the processing and storage capacity that might be a limiting factor to increasing slaughter volumes. Without increased consumption, a build up in beef inventory may hinder further slaughter increases.

Cattle on feed reached a record 1.4m head in Q3 2024. A significant number of these cattle are in long-fed programs, but with demand for high-priced long-fed cattle softer, 2025 may see some of these long-fed spaces replaced with shorter feeding programs. This could translate to **higher grain-fed beef production but also stronger demand from feedlots for feeder cattle.**

Higher cattle inventory is also expected to lead to higher live export volumes in 2025. Slaughter and feeder cattle export numbers (678,209 head) were up 26% in 2024 with a large lift (up 56%) in exports to Indonesia. While demand in live export markets is still expected to be relatively subdued, competitive pricing and increased livestock numbers are expected to see live export volumes rise in 2025.

High production volumes led to record export volumes in 2024 (up 24%), with exports to the US increasing 60%. The US market remains strong. RaboResearch expects a 3% reduction in beef production in 2025, coupled with strong consumer demand. This should support ongoing volumes of Australian beef to the US with the potential of price upside. Meanwhile, Asian markets remain subdued, and we do not expect significant changes in export volumes or price upside from these markets.

RaboResearch believes the Australian cattle inventory is at its natural peak in the cycle. **The combination of a high cattle inventory, limited producer demand for restocking cattle, steady processor demand, a strong US market and subdued Asian markets leads us to believe Australian cattle prices will be relatively stable again in 2025, with some slight upside movement.**

What to watch:

- **Brazilian presence in the global market** – Demand is the key driver of any price upside for Australian beef in 2025. However, the presence of Brazilian beef in the global market is creating competitive pressures that may impact demand for Australian beef exports. RaboResearch expects Brazilian beef production to decline 5% in 2025, but weak domestic demand and strong export markets mean Brazilian export volumes are expected to remain stable. In particular, the volume of Brazilian exports to the US - almost 300,000 tonnes in the first 11 months of 2024, a 60% increase – could prevent any large upside movements in prices for Australian beef in this market.

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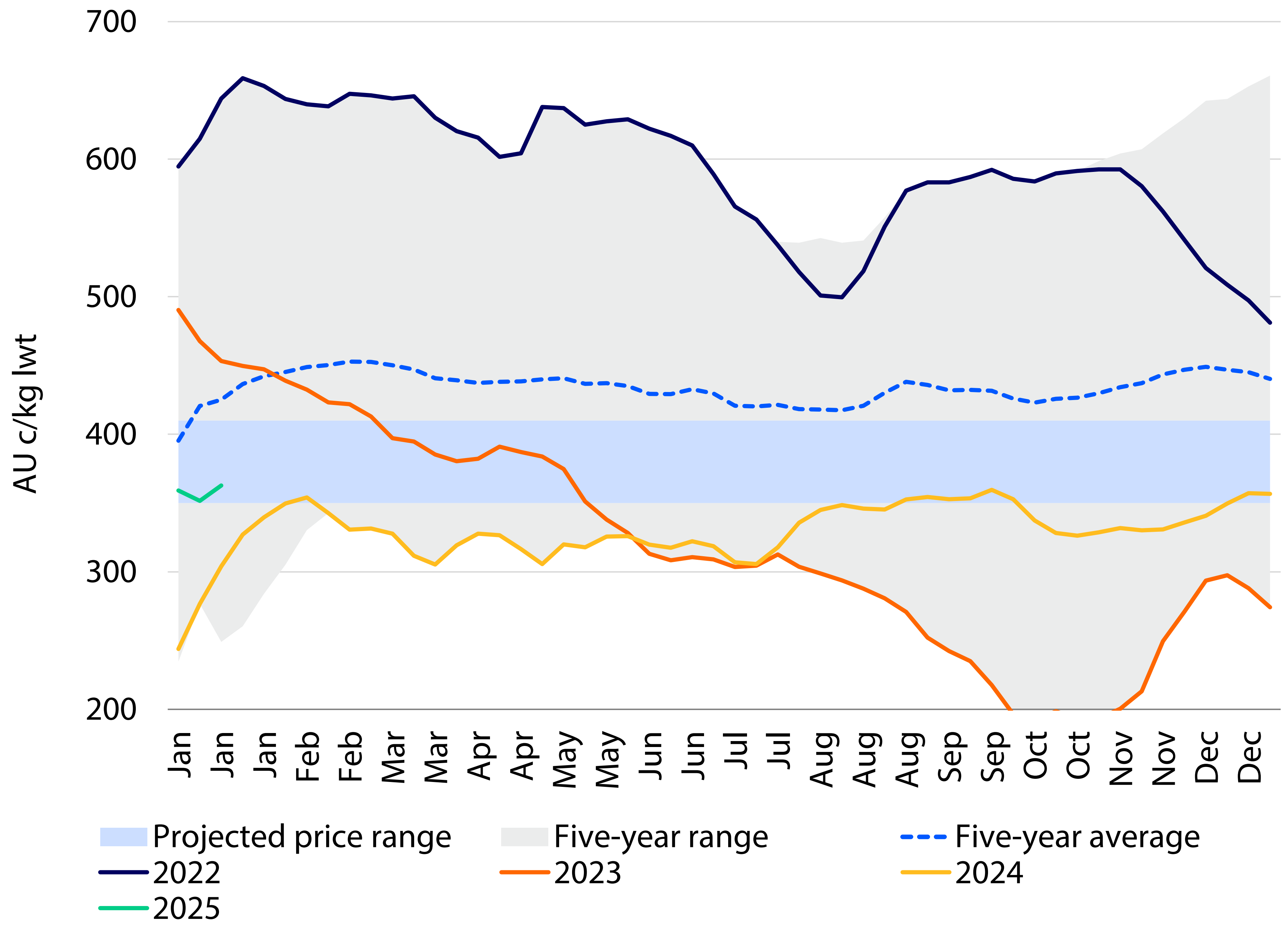
Beef

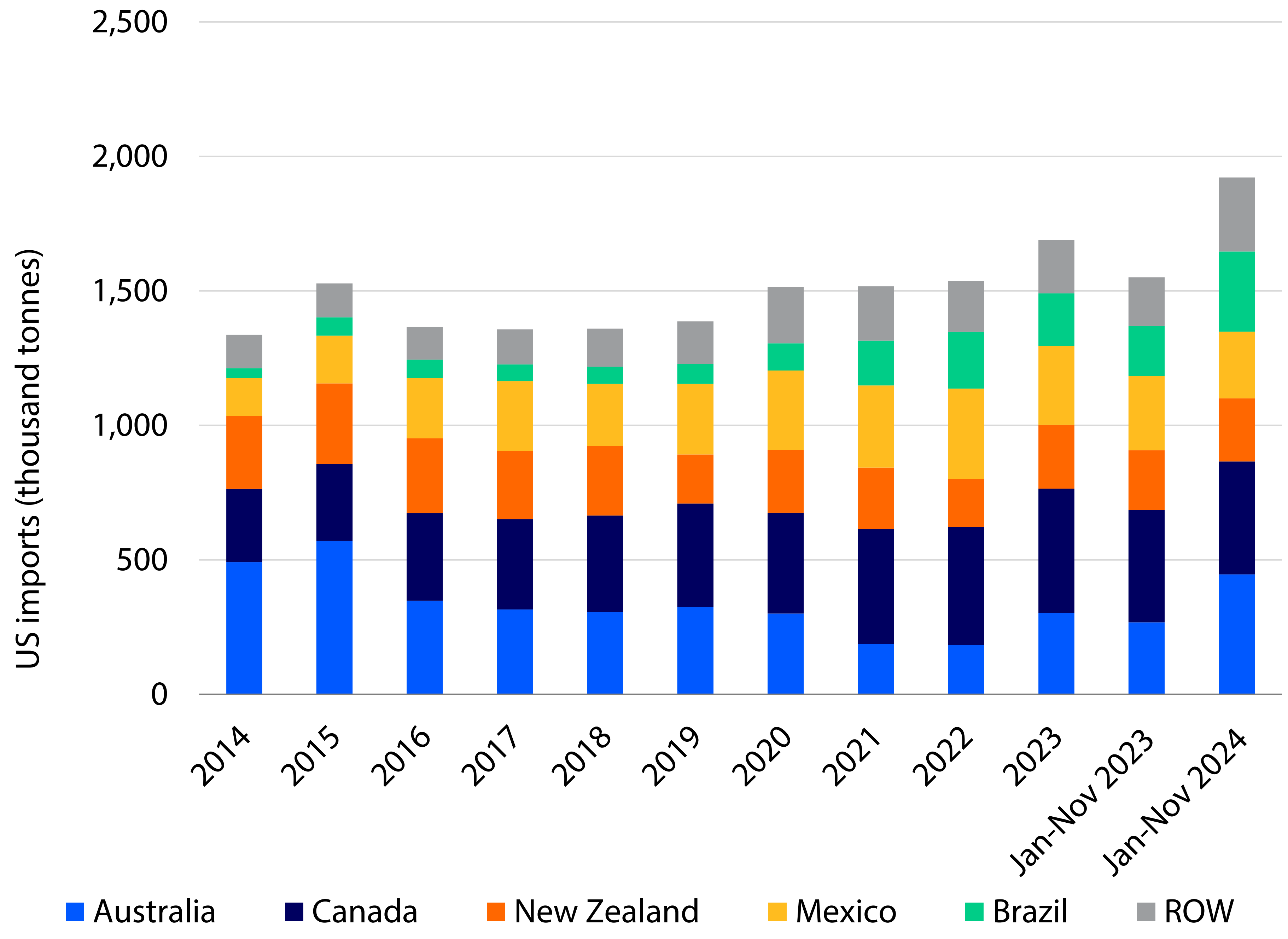
Australian cattle prices hold with some upside given strong import demand from the US

NYCI continues tracking sideways



Source: *MLA, RaboResearch 2025*

US imports up 24% in 2024 but Brazil supplying more



Source: *USDA, RaboResearch 2025*

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Sheepmeat

Contraction in production leads to price support for lambs

RaboResearch believes there will be a small decline in lamb production in 2025. We estimate 2024 lamb production reached 630,700 tonnes, setting a new record and marking a 5% increase over 2023 volumes. The year started strongly with Q1 and Q2 setting new production records. However, through the course of the year volumes dropped due to elevated sheep slaughter reducing lamb numbers and poor seasons affecting finishing programs. Poor seasonal conditions in key lamb-producing areas through late 2024 lead us to believe there is still a volume of lambs yet to come to the market, although this is unlikely to be significant enough to translate to substantially lower lamb prices. We believe the lower volumes of lambs in 2025 could lead to increased supply variability throughout the year, returning to a more typical seasonal dip in production in the middle of the year.

After elevated slaughter numbers for 2023 and 2024, together with an improvement in lamb prices, we believe sheep slaughter numbers will drop in 2025. We estimate that sheep slaughter rose above 11m head in 2024, a 20% increase on 2023 numbers and the highest volume since 2008.

A drop in production will lead to a reduction in export volumes in 2025, but the US and Middle East will continue to play a strong role in demand for Australian sheepmeat. Lamb export volumes reached record levels in 2024 at 359,299 tonnes swt, up 10% on 2023 volumes. Mutton export volumes also reached record levels at 255,088 tonnes swt, up 22% on 2023 volumes. The Middle East returned to being our largest export market after six years, accounting for 27% of total sheepmeat exports. China was the second-largest market, importing a significant volume of lower-priced mutton, while the US was third with a higher proportion of higher-priced lamb. Ongoing strong consumer demand and high beef prices in the US should support the US demand for Australian lamb.

RaboResearch believes Australian lamb prices will trade around current levels in 2025. We believe the current market might already be pricing in a reduction in lamb volumes, or reflecting lower volumes of in-spec lambs, which could be a little inflated. However, this could be an indication of prices to come. The reduction and suspected variability in lamb volumes through the year should see some upside to prices.

What to watch:

- **Lamb slaughter numbers** – There still remains a degree of uncertainty around the impact of poor seasons and high sheep slaughter rates on the number of lambs in the system. Typically, when there has been a substantial increase in sheep slaughter, lamb production contracts by no more than 9% . However, in 2014, despite substantial sheep slaughter, lamb slaughter numbers actually increased. A large contributor is the composition of the flock. It depends on whether the high sheep slaughter included mainly merino ewes or if prime lamb-producing ewes were also reduced. According to the May 2024 producer intentions survey, merino ewes made up 61% of the breeding flock.

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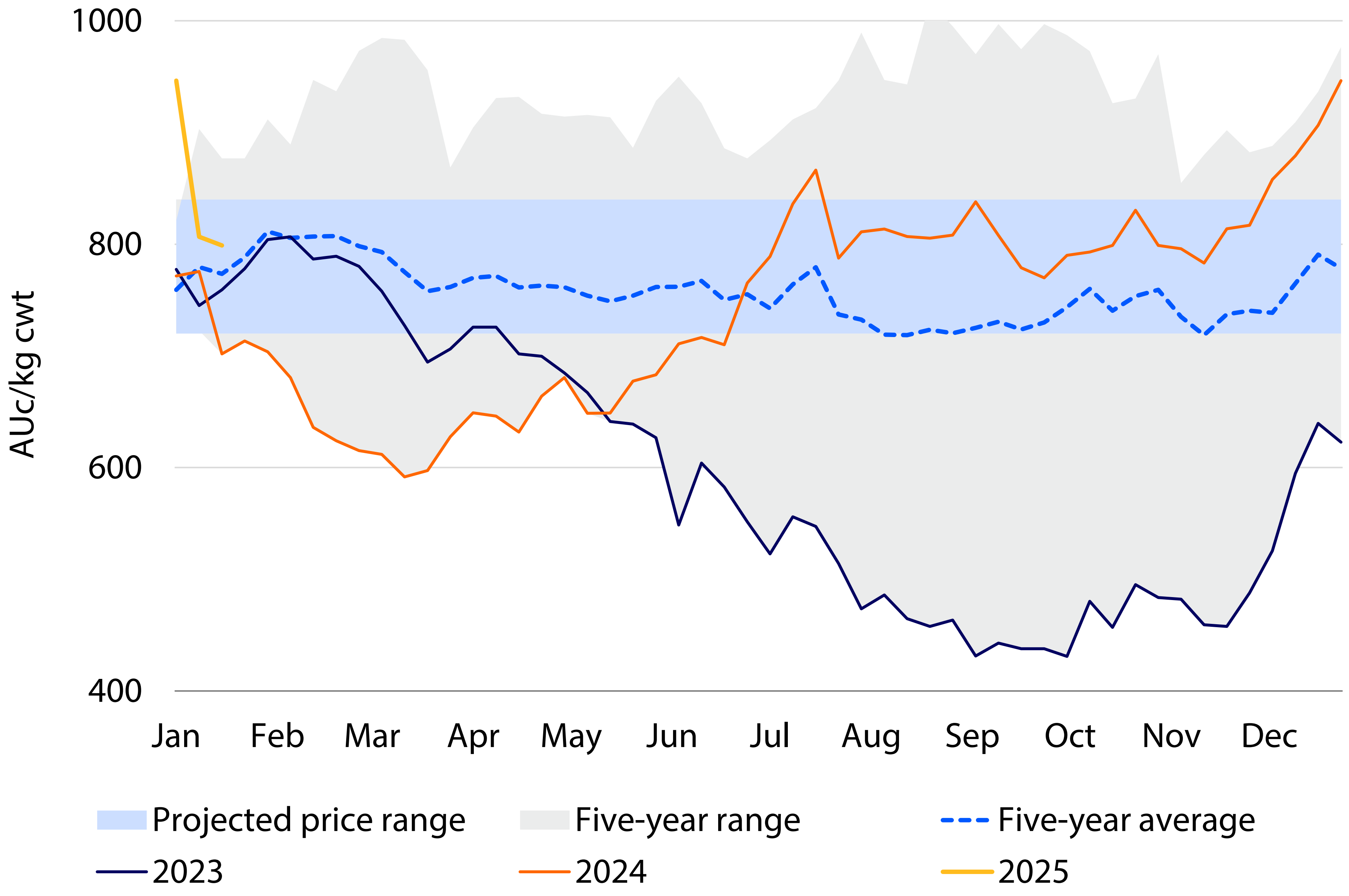
Sheepmeat

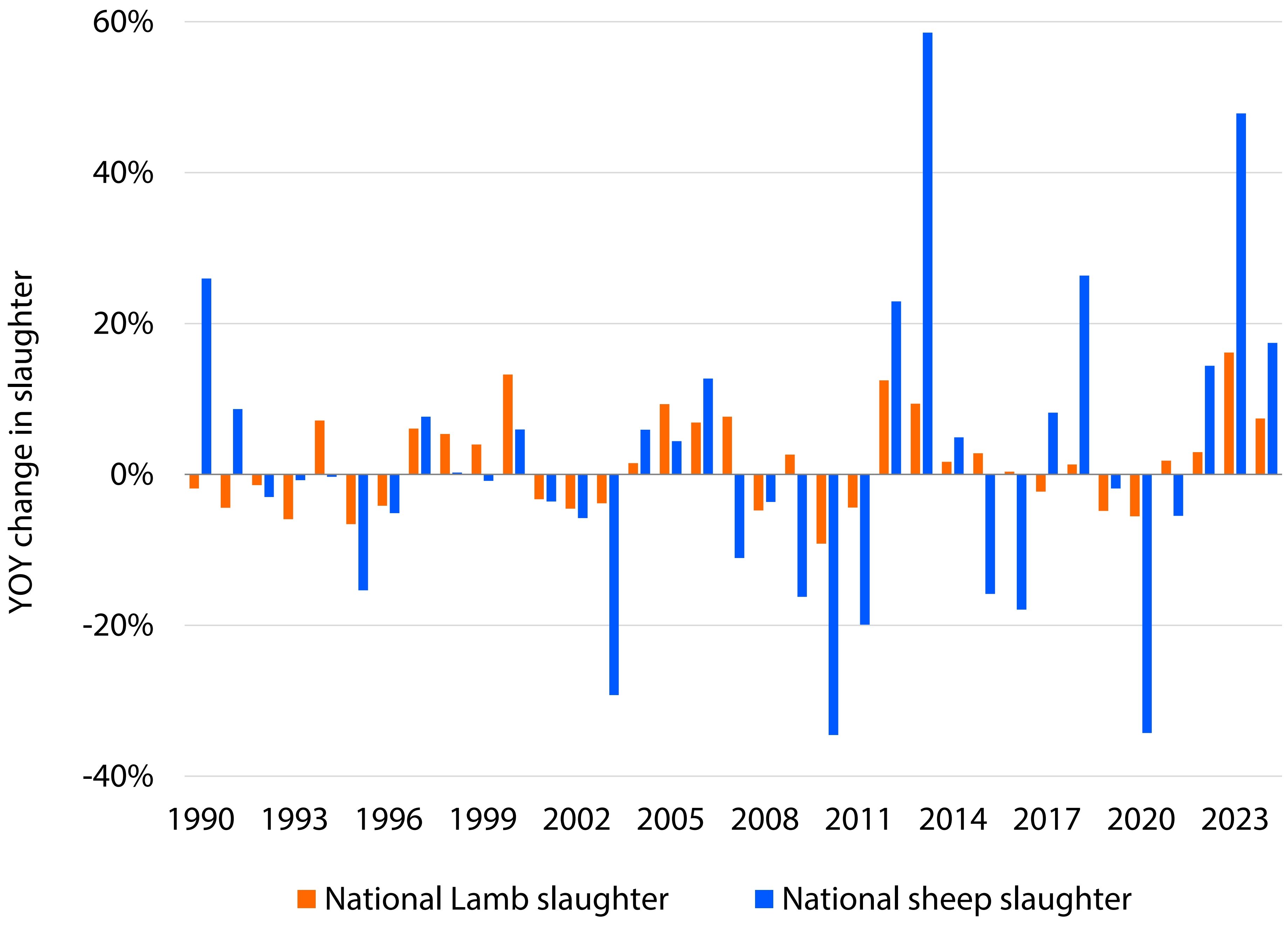
Lamb prices holding amid uncertainty about the extent of contraction in lamb production

National Trade Lamb Indicator (NTLI) holds around the five- year average



Source: *MLA, RaboResearch 2025*

Will high sheep slaughter lead to lower lamb slaughter?



Source: *ABS, RaboResearch 2025*

Rabobank

Other animal proteins

Poultry

Australian poultry production is expected to continue growing in 2025. Production in 2024 is projected to reach another record at 1.47m tonnes, a 3% increase on 2023 volumes. Allowing for exports, this places Australia's poultry consumption at over 50kg per person per year, making up almost half of all meat consumed. In a global context Australia is one of the largest consumers of poultry per capita. This leads us to believe there will be limited growth in per capita consumption. **As such, we expect total consumption growth to match population growth at around 2% in 2025, supporting a production growth of 2%.**

The lower price point of chicken will be favourable compared to other proteins if the local economy is weak. Although chicken retail prices did increase more than beef and lamb in 2024 (up to Q3), the price difference between chicken and these meats remains historically high. With grain prices steady, grow-out margins should be maintained.

Pork

The year 2025 is shaping up to be a good year for Australian pork producers. We expect 2024 to be a record production year with over 475,000 tonnes produced, a 1% increase on the record set in 2023. Higher export volumes in 2024, particularly to Malaysia and Singapore, which saw a 14% increase following a 54% rise in 2023, have supported this increased production. Ongoing challenges with African swine fever (ASF) in Southeast Asian countries have provided an opportunity to send higher volumes into these markets. We believe ASF will remain a challenge in Southeast Asia, but we expect production will recover slowly. **This export demand should continue to support local pig markets in 2025.**

Geopolitics will need to be closely monitored in 2025. We expect US exports to increase and European exports to contract by 1% to 2% in 2025 due to domestic production levels. However, the volume of pork trade between Europe, China, and the US means it is highly exposed to any geopolitical disruptions, which could cause pork volumes to be redirected to other markets, including Australia.

What to watch:

- **Feed grain costs** – Tensions in global grain markets may flow through to Australian markets. While global corn stocks have remained relatively flat and soybean stocks continue to grow, suggesting that global feedgrain prices are likely to trend sideways in 2025, the impact of global wheat prices on domestic wheat prices may have a bigger impact on Australian feedgrain prices. A favourable 2024/25 domestic harvest and what appears to be a favourable summer crop should help keep domestic feedgrain prices relatively steady.

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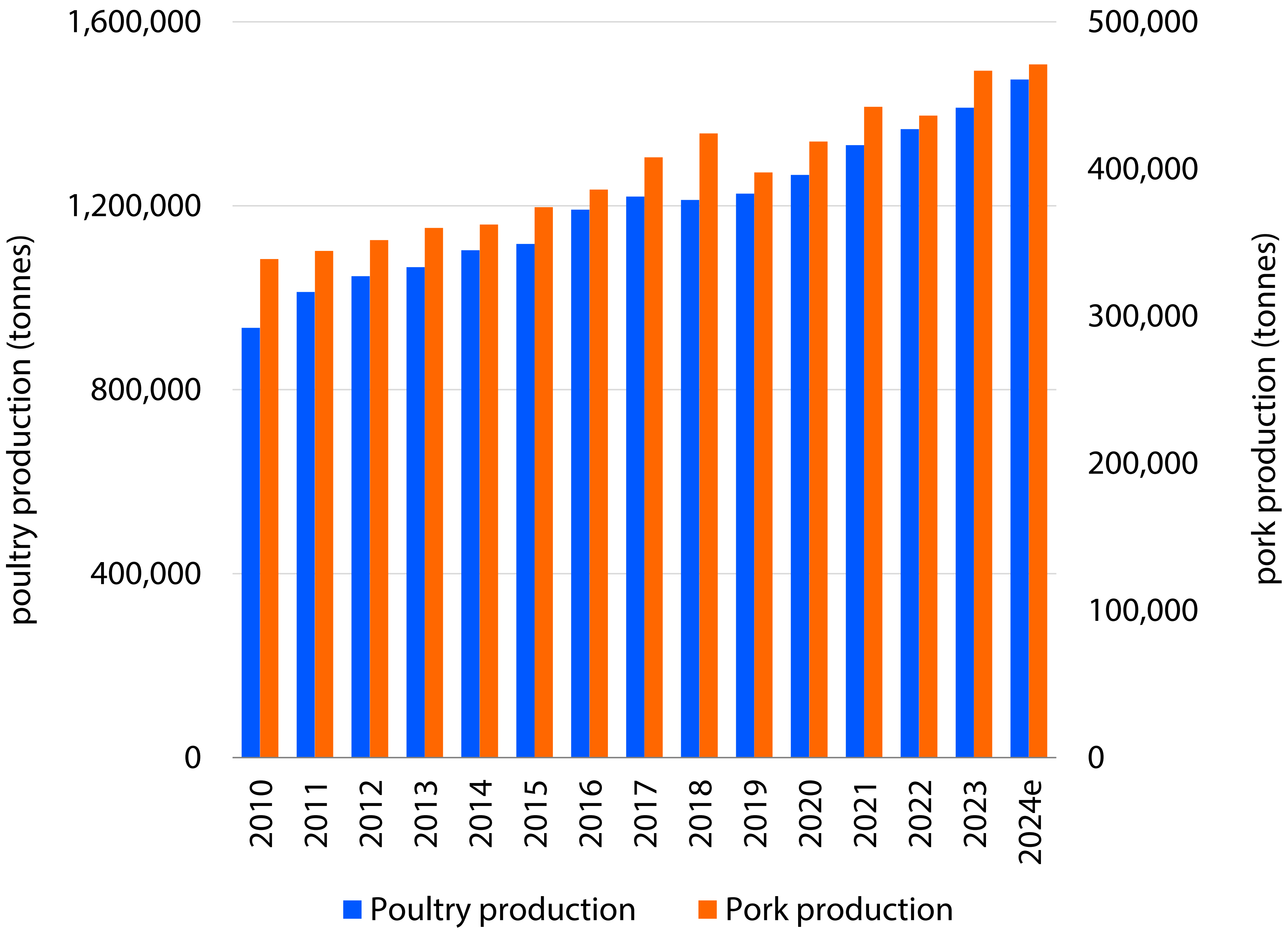
Other animal proteins

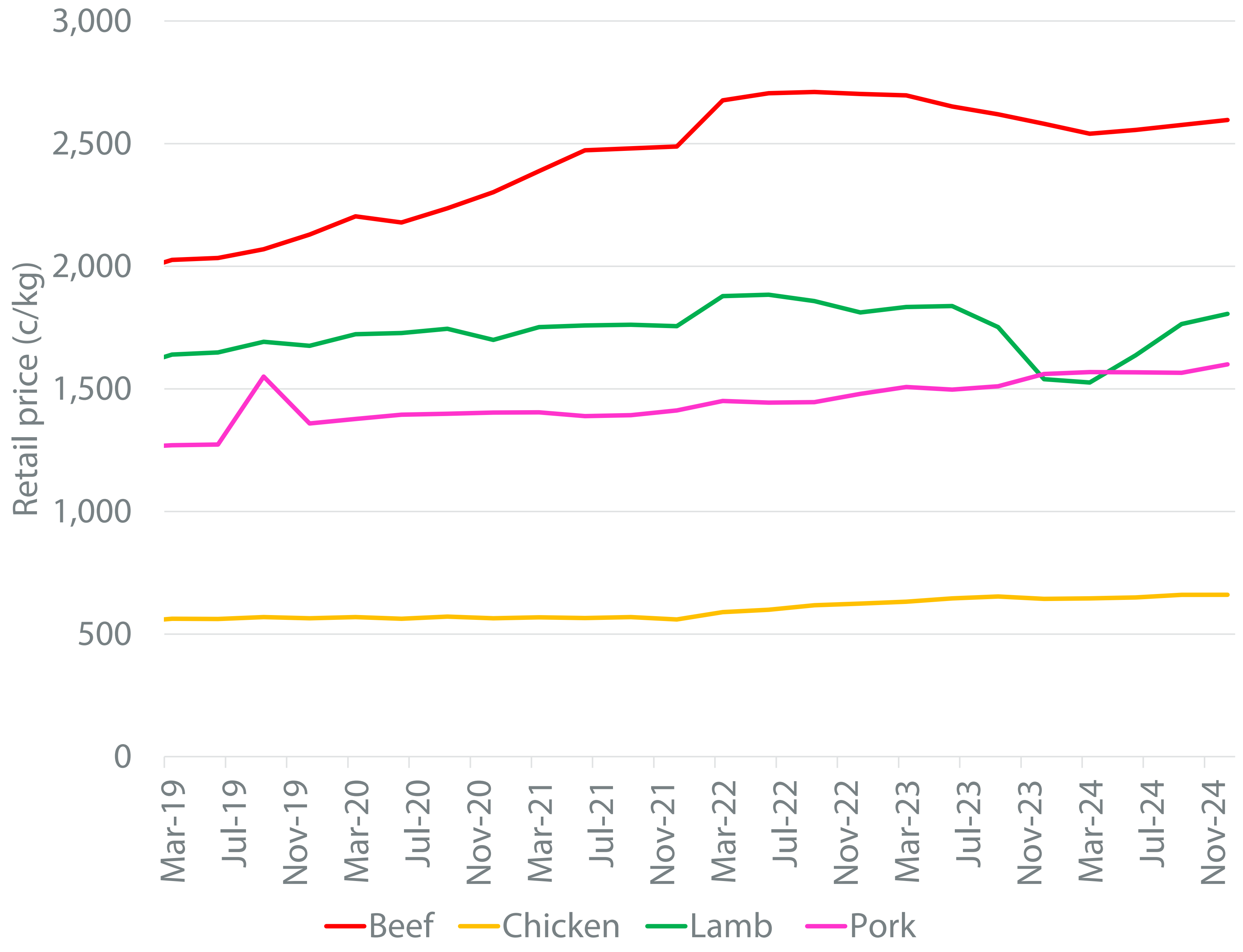
Poultry and pork production continue growing as retail prices level out

Poultry and pork production to grow at a slower pace



Source: *ABS, RaboResearch 2025*

Poultry retail prices rose 2.6% and pork rose 2.5% YOY in Q4 2024



Source: *ABS, RaboResearch 2025*

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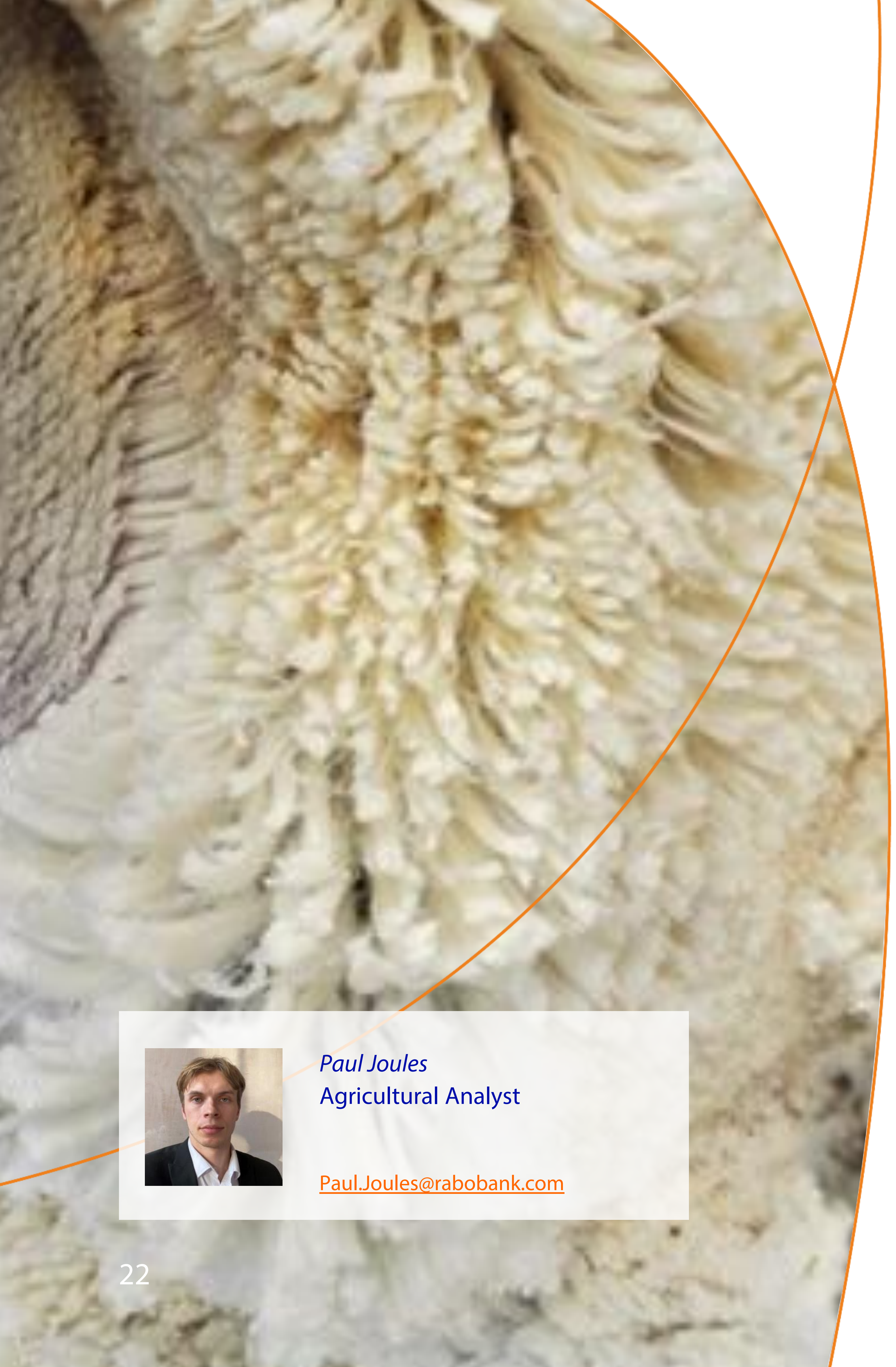

Wool

Declining supplies appear to be offsetting lower demand

The year 2024 was challenging for wool prices, with both the Western Market Indicator (WMI) and the Eastern Market Indicator (EMI) trading well below the five-year average throughout the year. The drivers behind recent price action can largely be explained by waning demand, particularly from China. However, since bottoming out in September, the EMI has rallied by 9.3%, with prices reaching AUc 1,188/kg. Factors that may have influenced the positive price action include the declining Australian dollar and an 11.9% YOY increase in exports to China in November, potentially due to declining inventory after a year of low imports.

In the 2023/24 season, production lifted off low levels, but a contraction is expected for 2024/25. In December, the Australian Wool Production Forecasting Committee revised its shorn wool production forecast down to 279.4m kg greasy. In comparison to the previous season, it represents a 12% decline. The revision puts wool production at its lowest level in over 50 years. From a supply and demand perspective, this cut suggests that the worst of the price decline could be behind us, as supplies look set to contract sharply, which should help to limit downside movements. That said, supply is only one side of the equation. With the potential of a US/China trade war in 2025, China's wool import appetite remains unclear. Looking back, China's imports from January through to November were down 8.4% YOY, while total Australian wool exports were down 9.5%.

One of the big questions is whether China's textile exports will be impacted by US tariffs and whether that could have further negative implications for wool demand. Although this is clearly a risk for trade, one positive for exports is the weakening of the Australian dollar (AUD/USD exchange rate down 7% over the past six months). This may help to ignite interest from international buyers. **Given that RaboResearch expects the Australian dollar to continue trading around current levels over the next 12 months, importers could view this as an opportunity to secure volumes. Due to the anticipated tightening of supplies in 2025, coupled with a favourable FX rate, RaboResearch believes that prices will likely stabilise around current levels, albeit with some volatility given the uncertainty regarding Chinese demand.**

What to watch:

- **All eyes will be on the outcome of a US-China trade war and its implications for China's textile industry.** Tariffs have the potential to dampen wool demand, but it remains unclear what will be included or excluded.
- **The market will also be closely watching the AUD/USD exchange rate.** Should the Australian dollar remain weak in 2025 (which RaboResearch anticipates will be the case), international buyers could be incentivised to import.

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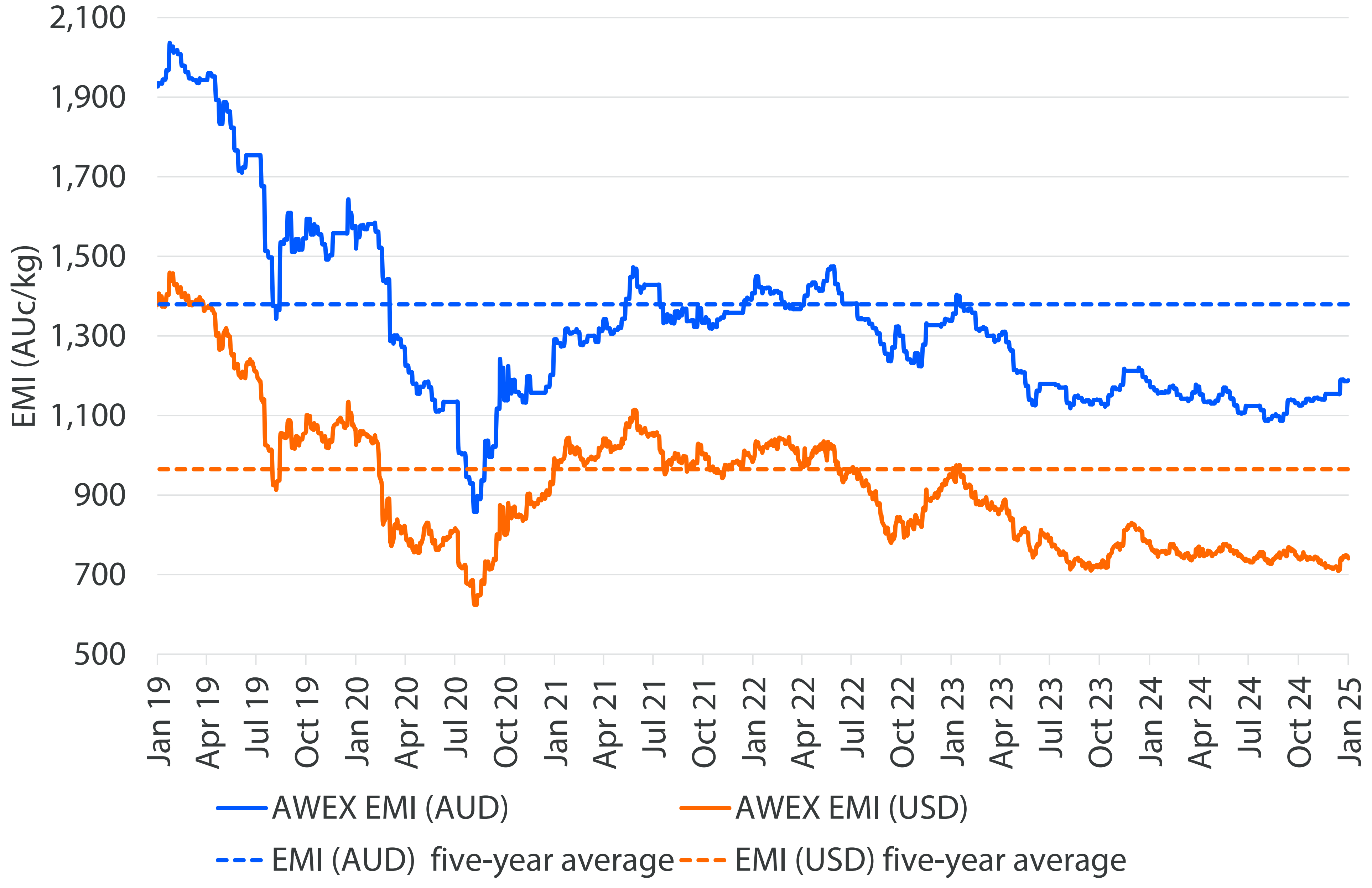
Wool

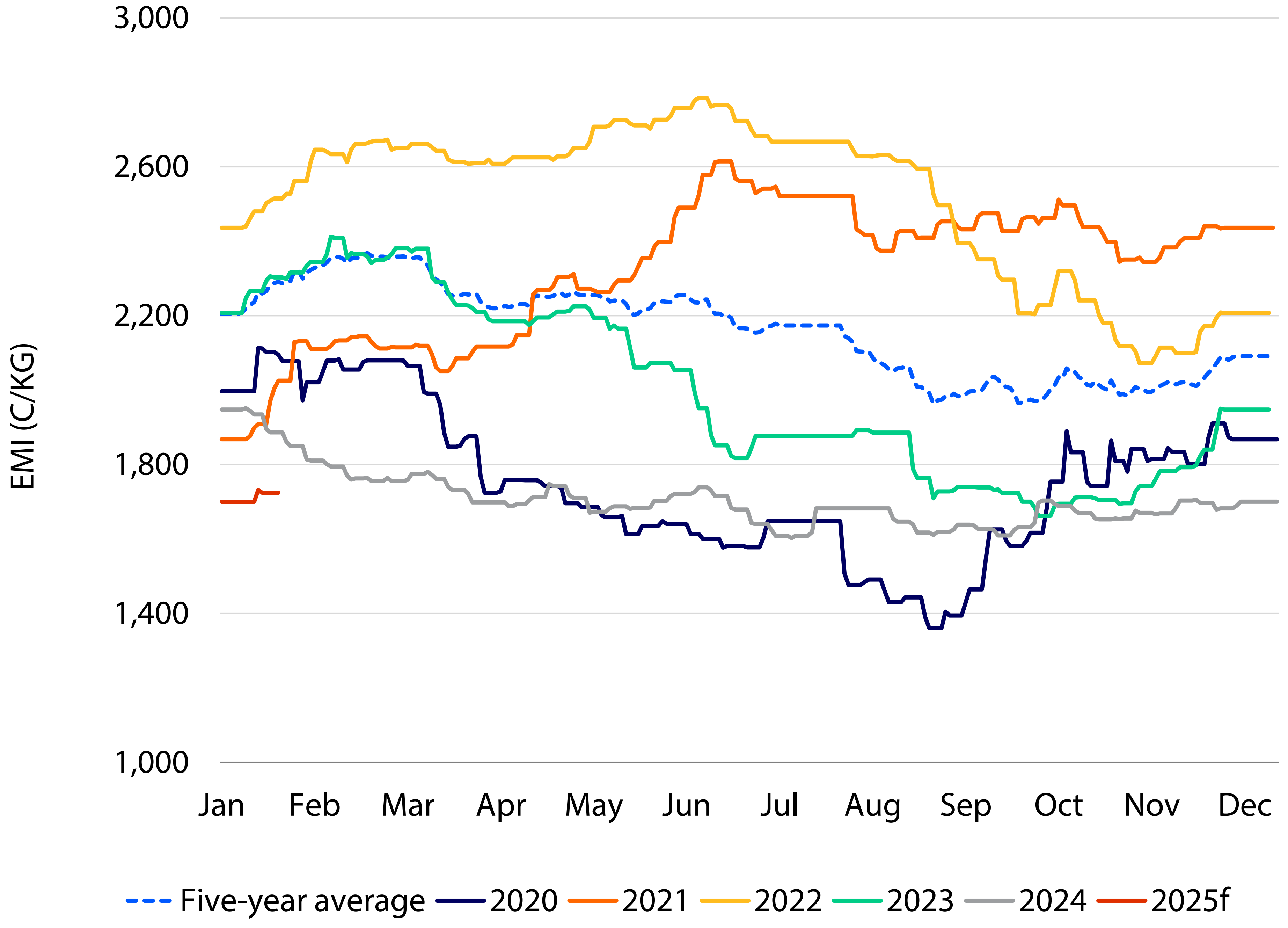
The tightening production picture, alongside an unclear demand outlook has led us to adopt a neutral price view

EMI prices have risen 9.3% since the lows hit in September

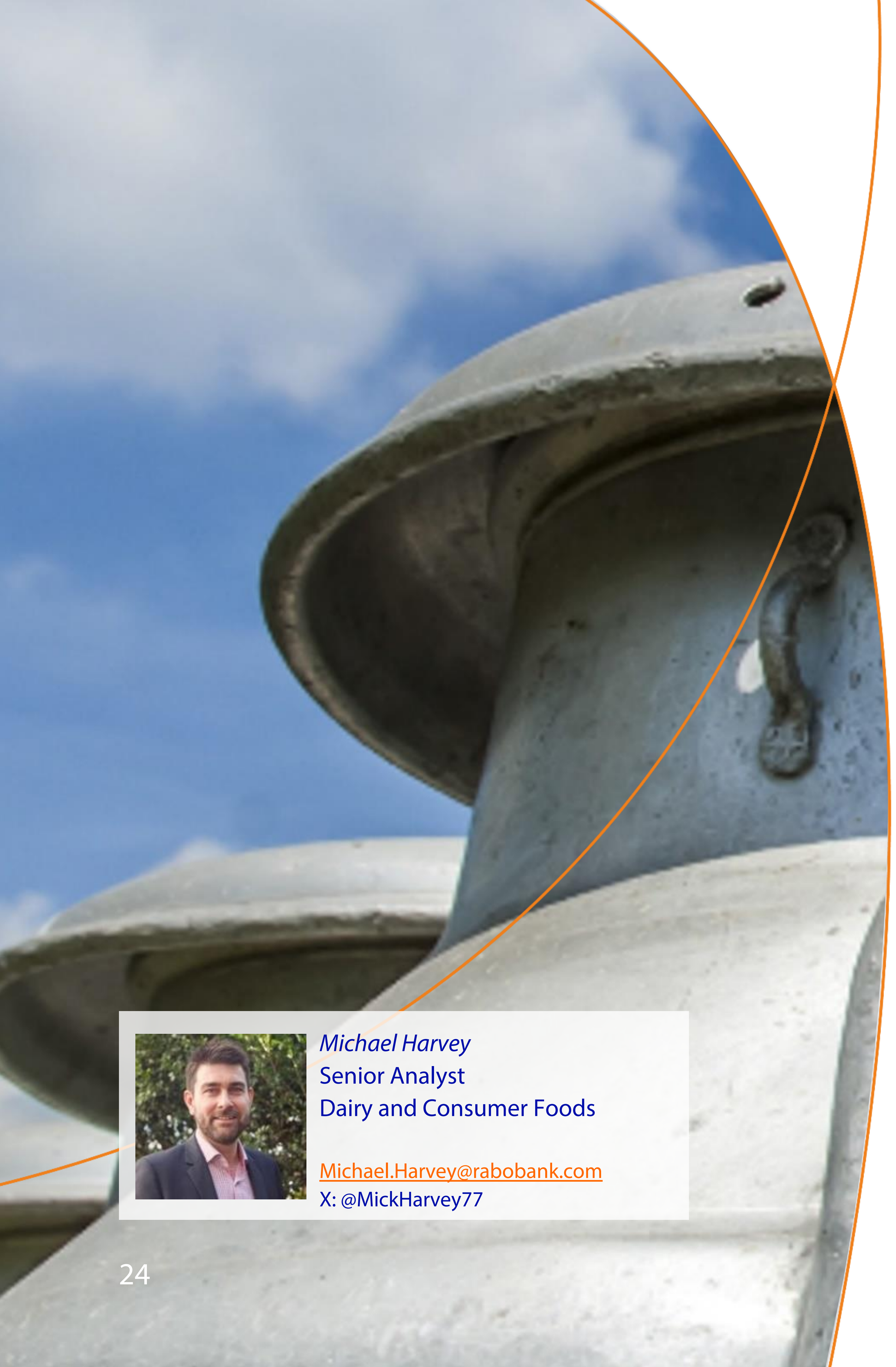


Source: *Bloomberg, RaboResearch 2025*

17-micron prices declined 7.4% over the past 12 months



Source: *Bloomberg, RaboResearch 2025*



Dairy

On-farm investment likely to remain elevated

The year 2025 is shaping up to be a solid year for many Australian dairy farm businesses. Farmgate margins were tighter in 2024 versus the previous year. This came on the back of a drop in milk prices and a sustained high-cost base. However, there were upward movements in milk prices late in 2024, and RaboResearch expects further increases in 2025. The outlooks for costs is mostly neutral, with some relief anticipated in feed costs.

Global dairy fundamentals remain mostly balanced moving into 2025. Global milk supply growth has been turning positive from the major exporting regions since the end of last year. This momentum in milk production is expected to continue through 2025, supported by improved profitability for farmers. **Australia's milk production was higher year-on-year up to the end of December 2024. Local supply is likely to expand in 2025, but at a lower rate than in 2024.**

The China market is expected to be much better balanced in 2025, with annual import volumes improving marginally versus 2024. In China, milk production is anticipated to contract further in 2025, inventories are not excessive, and there is optimism for improved demand as economic stimulus takes effect.

Locally, consumers are seeing some relief in dairy product retail prices. A lift in promotional activity in cheese and milk has led to domestic retail prices passing their peak. Nonetheless, retail pricing across dairy aisles remains structurally higher than in previous years, providing better returns than in the past.

Another year of solid investment for many Australian dairy farm businesses in 2025. A sustained period of profitability, ongoing labour pressures, and new technology are driving elevated capital projects across many regions.

There will be close attention to the rainfall outlook. After a tougher year in 2024, with dry conditions affecting Australian dairy farmers, there is hope for a favourable autumn break and better seasonal conditions through 2025.

What to watch:

Upside – The softer Australian dollar

- Dairy export returns for commodities recovered in late 2024 in US terms, and this has been the catalyst for a lift in farmgate milk prices. While the upswing might be losing some steam, the weaker Australian dollar compared to the US dollar will provide further support for export returns in 2025.

Downside – Sluggish demand signals

- As we enter 2025, there are promising signs that dairy demand is continuing to shake off the sluggishness seen in 2024. However, there are lingering demand risks. Foodservice remains soft in many economies, and retail dairy purchases are still weak in some (mostly developing) economies.

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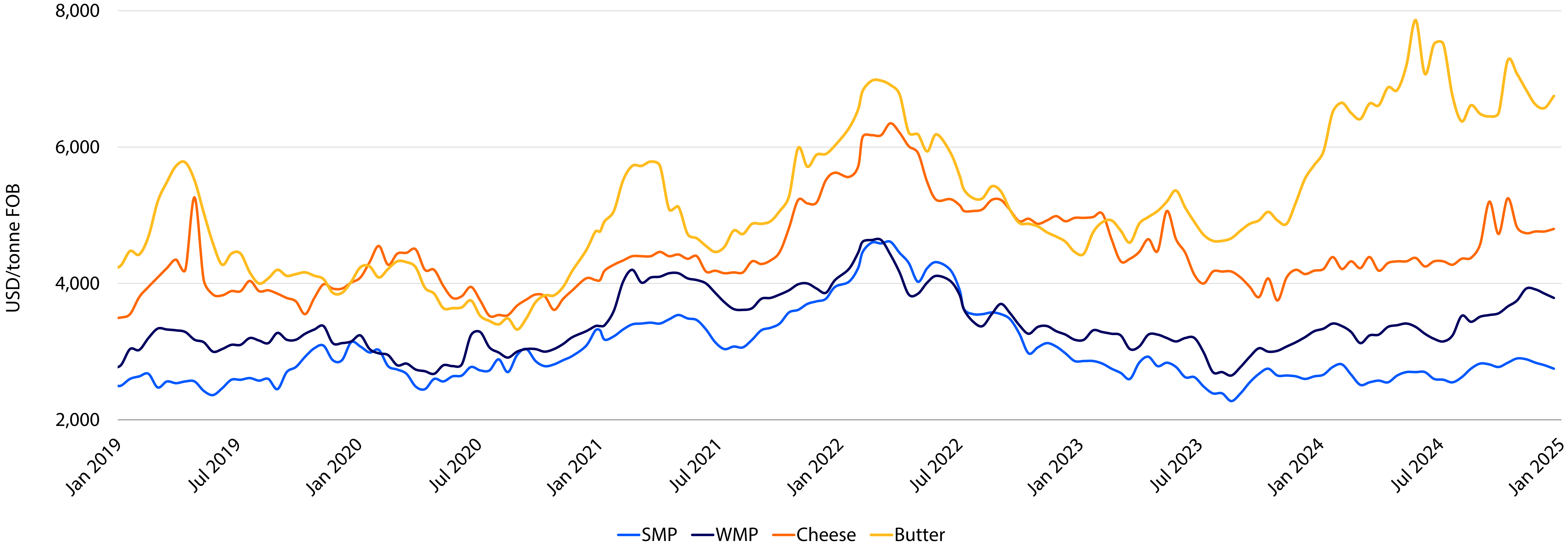
Dairy

A mostly neutral commodity price outlook after a 2024 rally

Oceania spot prices for dairy commodities



Source: *USDA, RaboResearch 2025*

Rabobank

Cotton

A weak Australian dollar helps shield prices from US futures weakness

The year 2024 has been a mixed year for Australian cotton producers. On the one hand, the 2025 national crop is expected to come in around 8% higher than the prior season, reaching an impressive 5.3m bales. On the other hand, the global cotton market sits in a state of oversupply amid rapid Brazilian output growth, while concerns regarding China's economy are raising questions about demand. As a result of this bearish supply and demand outlook, we've seen the benchmark ICE #2 Cotton contract decline a whopping 16% over the past 12 months. However, Australian cash prices have evaded some of those losses (largely thanks to the sharp weakening of the Australian dollar), and have declined by 9% in the same period.

For 2025, we anticipate rangebound trading (with volatility). RaboResearch believes that the current deflated international prices are a fair reflection of the ample global supply outlook, with global production currently at a seven-year high. RaboResearch also forecasts that a continued weak Australian dollar and strong US dollar in 2025, will aid export competitiveness.

That said, it's also important to consider that Australia is not the only cotton-exporting nation with such a currency advantage. In fact, Brazilian exporters are in an even stronger position given the sharp devaluation of the real, making it difficult for Australia to compete on price with the world's largest cotton exporter in 2025.

The other factor to keep a close eye on is looming US tariffs. From a Chinese cotton demand perspective, the main concern is that downstream textile and clothing exports could be targeted by the US. If this were the case, it could result in a drop in Chinese demand, given that the US is a significant market for Chinese clothing. However, it could also be argued that a US/China trade war may initially benefit Australian trade, as Australian cotton could help fill the potential gap left by reduced US cotton exports to China. Looking further ahead, there is clearly the risk that Australia could get caught up in the trade war and face similar cotton export issues to China as during Trump's last US presidency. As noted, there are a few different ways US tariffs on China could impact Australian cotton trade, and those unknowns are likely to drive price volatility in 2025.

What to watch:

- **Funds are holding a significant short-position,** likely due to the bearish supply and demand picture highlighted above. Given the size of the short positions, speculators could play an important role in influencing price action in 2025.
- **The Brazilian planting campaign is well underway, and the market will be closely watching its progress.** Delayed rains in Mato Grosso could result in higher cotton acres replacing soybeans.

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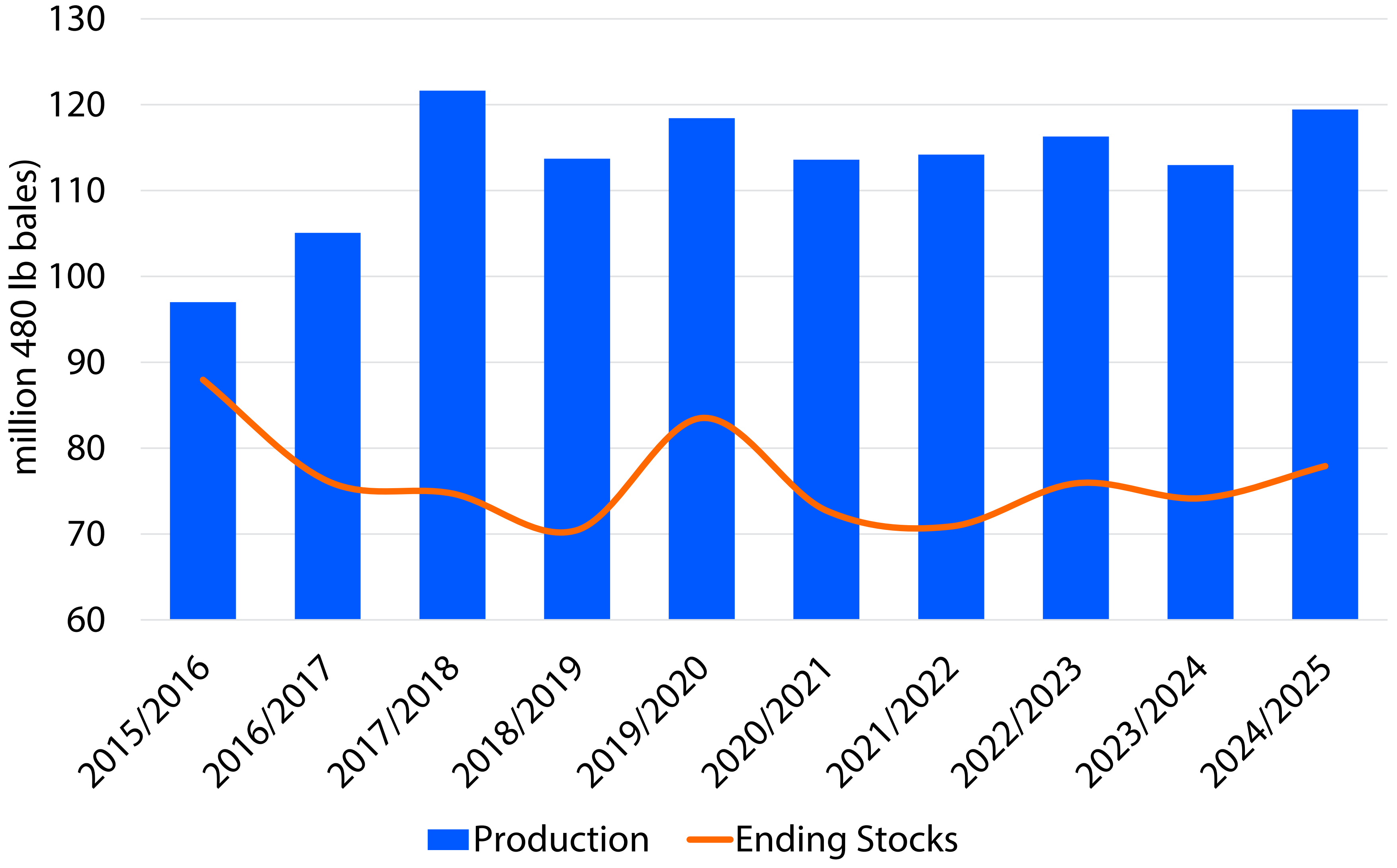
Cotton

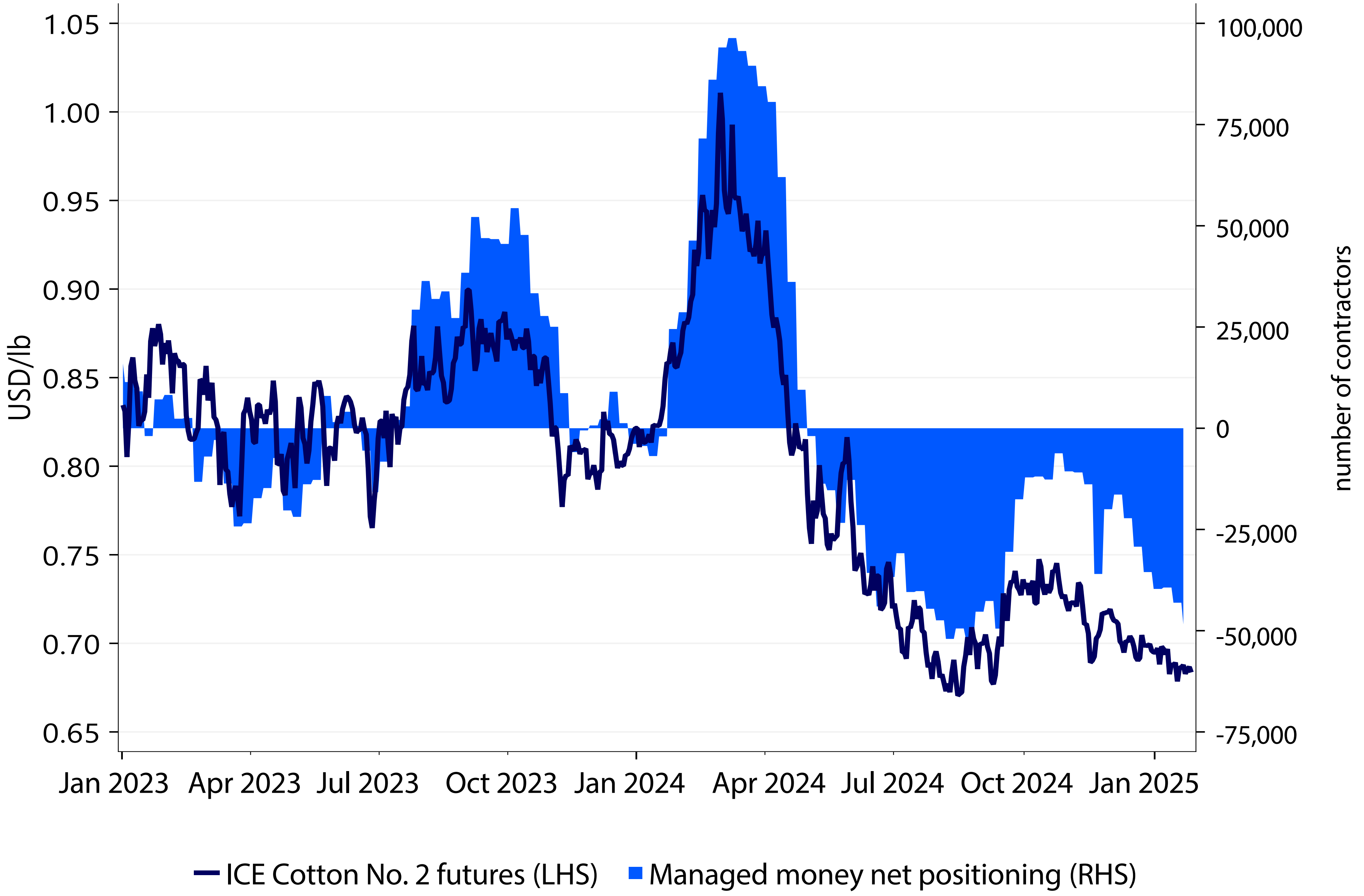
ICE #2 Cotton futures have been in a state of decline for much of 2024 amid a bearish supply and demand outlook

Global cotton production in 2024/25 is expected to reach a seven-year high



Source: *USDA, RaboResearch 2025*

Funds have once again extended their net-short position in recent weeks amid global oversupply



Source: *CFTC, Bloomberg, RaboResearch 2025*

Rabobank

Sugar

Prices react to India export announcement

RaboResearch expects the global sugar market to experience a modest deficit in the 2024/25 season (October to September). Continued consumption growth and the expected decline in the Brazilian cane crop have pushed the global balance into a deficit after two seasons of small surpluses. However, these fundamentals are overshadowed by recent announcements of India resuming sugar exports.

In Brazil, the harvest area is expected to decline next season, as last year's dry weather reduced planting, and 0.2m hectares of ratoon cane was damaged by fires in August and September 2024. RaboResearch projects that the Central-South Brazil cane milled in 2025/26 will be 590m tonnes. Assuming cane and juice quality are normal, we expect the sugar mix to be as high as 52%, resulting in a forecast sugar output of 40.6m tonnes.

In India, the government recently permitted up to 1m tonnes of raw sugar exports, which drove an overreaction in sugar futures, which dove below Usc 18/lb before returning to preannouncement prices above USc 19/lb in January 2025. Estimates set Indian sugar production at 34m tonnes this season, with 4.3m tonnes earmarked for ethanol production.

China has imposed a higher import tariff on liquid sugar, increasing it from 12% to 20%. The increased tariff should free up more sugar supply from Thailand for the international market.

For the 2024/25 international crop year, we forecast a deficit of 1.1m tonnes for the global balance sheet, with little prospect of a meaningful addition to global stock levels. We expect this should prevent additional steep price declines, with quarterly averages ranging from USc 17 to USc 19/lb over 2025. While this is low compared to the past two years, it is still a reasonably strong price in historical context, especially given the strong US dollar.

What to watch:

- **The Australian dollar** – The Australian dollar is expected to remain weak for the rest of the year, supporting Australian-priced sugar. However, this weakness will also increase the cost of imports, presenting a risk for input prices.

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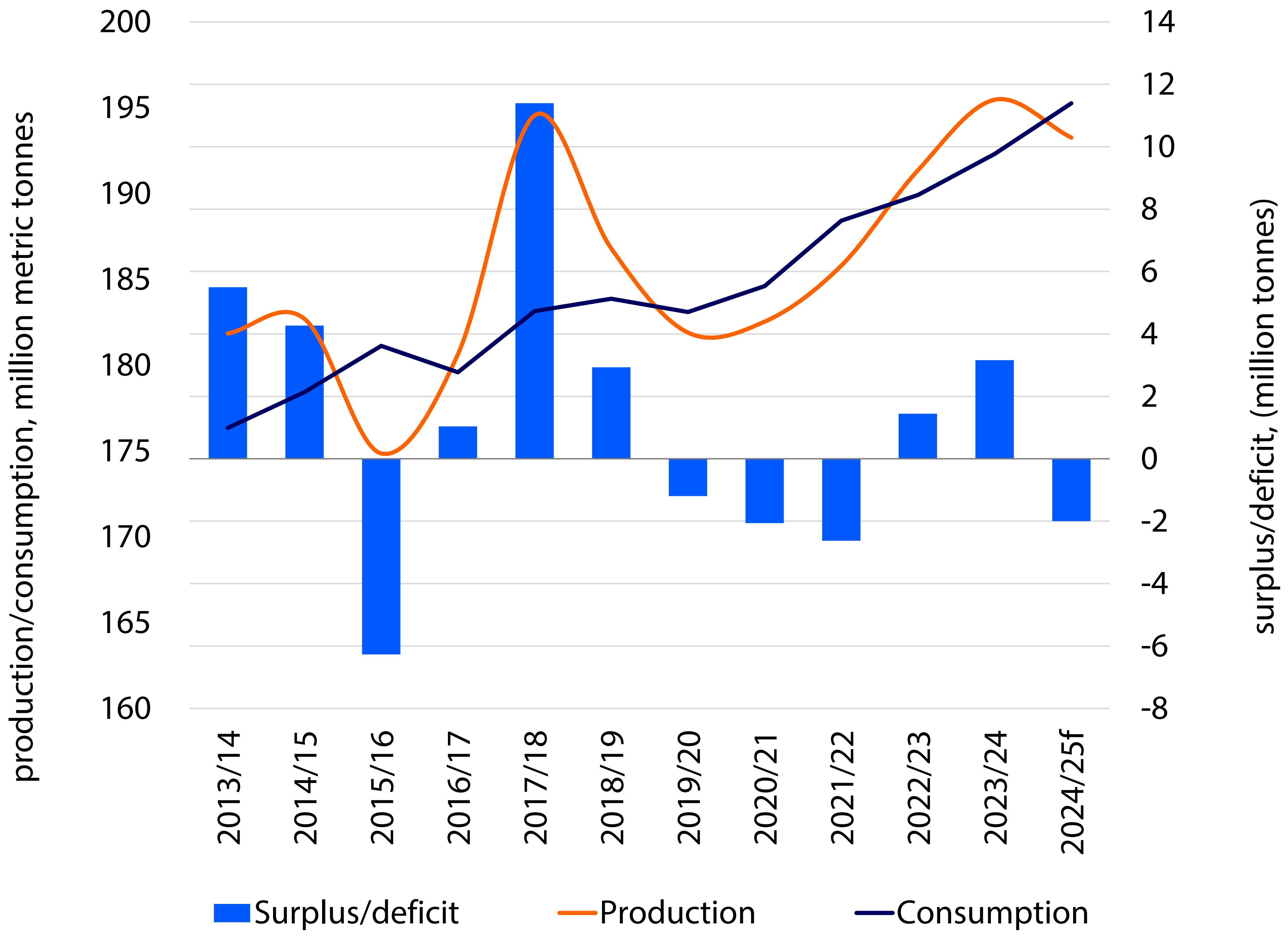
Sugar

Tight global sugar balance subject to any volatility from Brazil

Modest deficit expected on the global balance sheet in 2024/25



Source: *LMC, F.O. Licht, International Sugar Organization, RaboResearch 2025*

Sugar prices take a hit from India export news

Note: *Current as off 29/01/2025*
Source: *Macrobond, RaboResearch 2025*

Rabobank

Consumer foods

Another year of value-conscious consumers

A cost-of-living squeeze for Australian consumers will likely endure for much of 2025, but there are some positive signs on the horizon. On a bright note, inflation continues to cool, there has been some income tax relief, and consumers have benefitted somewhat from higher wages and a resilient labour market. Also, there is likely interest rate relief ahead for homeowners, although this comes with the risk of cooling housing prices and the potential impact on sentiment and spending). Australian voters will head to polls in 2025, keeping a close watch on election promises.

Australian food inflation is broadly back in line with long-term average rates. This trend should continue through 2025. There will likely be some deflation in certain categories, and promotional activity is increasing. Fresh produce will remain a volatile category and susceptible to weather-related price spikes. However, consumers are bracing for limited deflation in food prices. As a result, most food and beverage suppliers will need to focus on servicing value-conscious customers.

The outlook for commodities looks mostly favourable from a food price perspective, barring some notable outliers, which will cause more headaches for consumers in 2025.

In 2024 coffee prices jumped on the back of production issues in key production regions in Brazil. Cocoa prices will likely be higher for longer as consecutive global supply deficits and production issues in West Africa underpin prices. In both commodities, the outlook is for commodity prices to trend lower off these higher bases. However, for consumers, the impact of the spike in commodity prices is still being fed through to food and beverage products across a range of categories and could negatively impact purchasing.

Palm oil prices (a widely used ingredient in many food products) are expected to trend higher in 2025, mostly in alignment with already firm vegetable oil prices, which consumers have been grappling with at the checkout.

There will be close attention on the financial health of the Chinese consumer in 2025. The average Chinese consumer starts the year with low consumer confidence against a weak economic backdrop. This has resulted in sluggish performance in some food retail and foodservice sectors in 2024. However, there is some optimism for a rebound in 2025 following the recent policy shift from the Chinese government to boost domestic consumption. The impact of this policy change will be closely watched.

What to watch:

- **Foodservice recovery**
  The Australian foodservice sector faced significant challenges throughout 2024. Operators struggled with financial pressures due to lower foot traffic, reduced consumer spending, and higher wages and input costs. However, in 2025, the return-to-office mandate is expected to gain momentum, bringing welcome news to operators as it supports a foodservice recovery.

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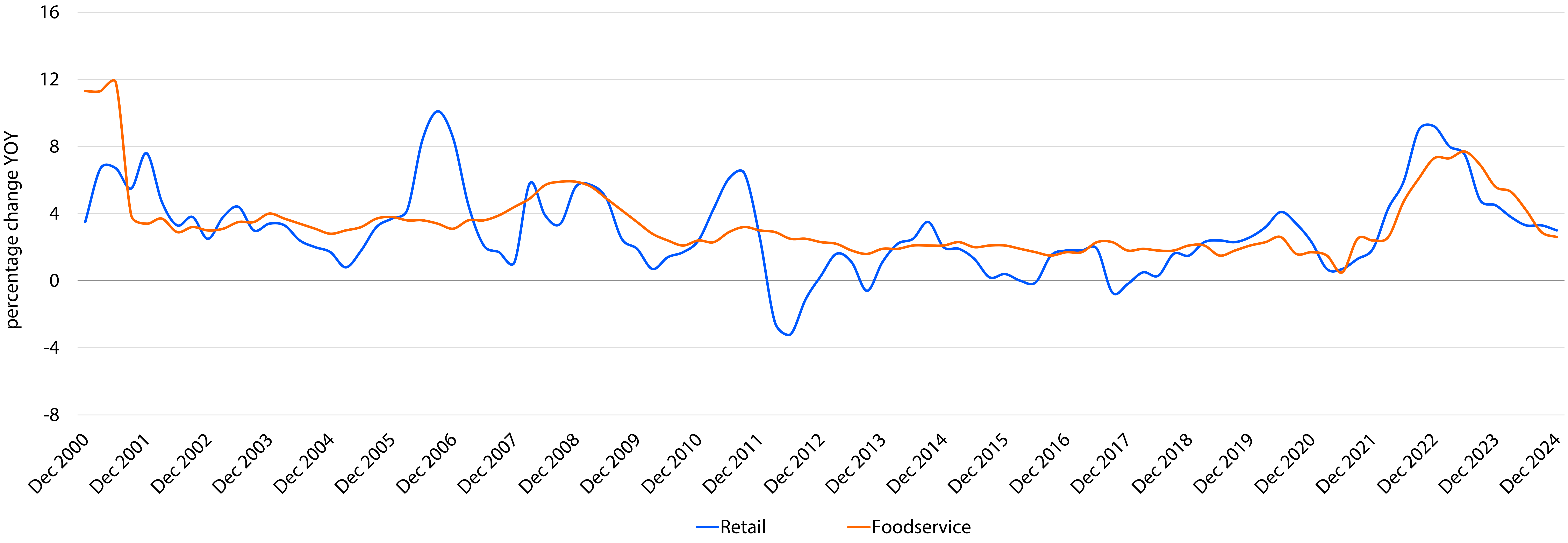
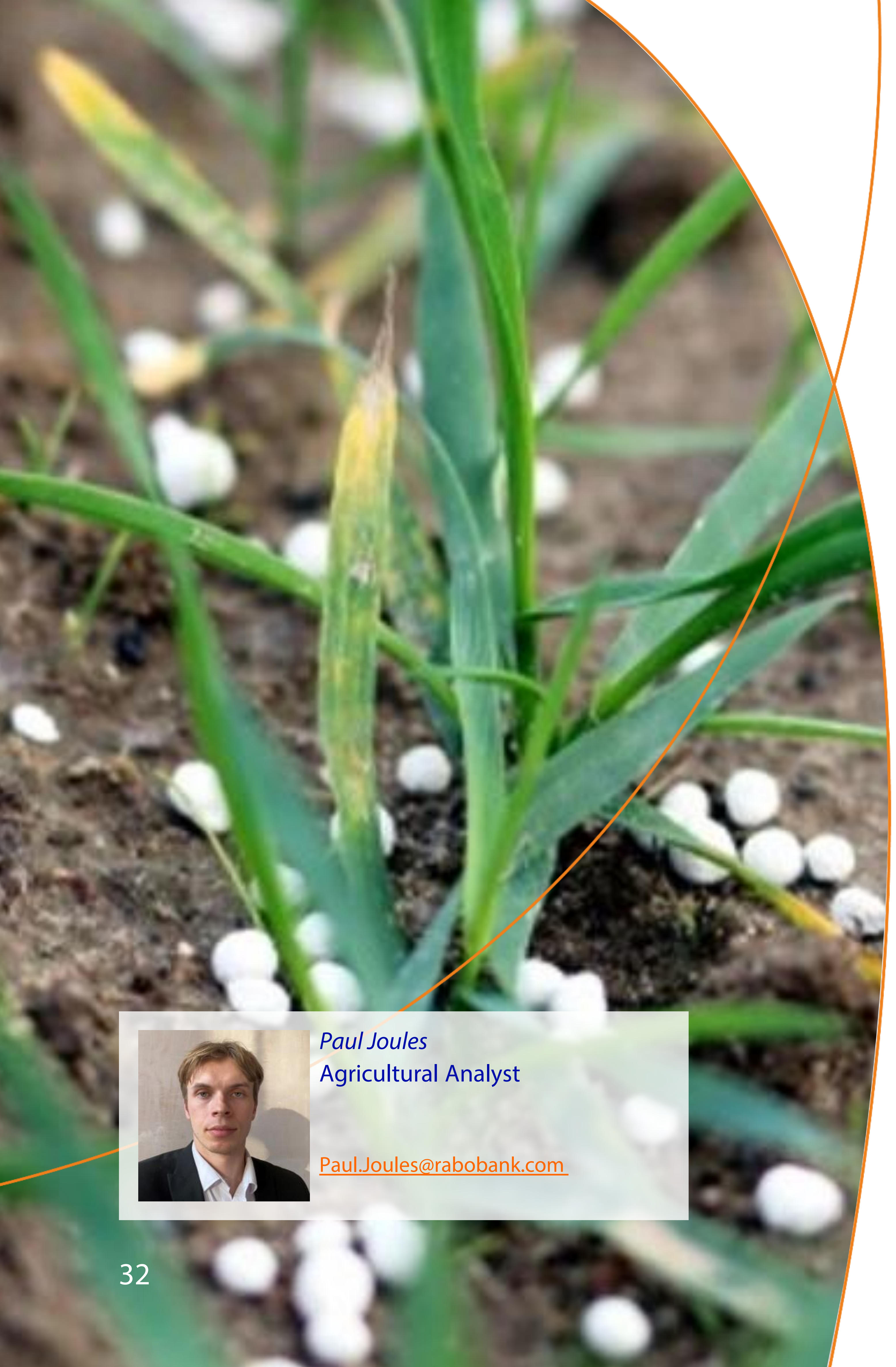
Consumer foods

Food inflation expected to ease further in 2025

Quarterly inflation, food retail and foodservice, percentage change from corresponding quarter of previous year



Source: *ABS, RaboResearch 2025*



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Farm inputs

Limited change anticipated for farm input pricing in 2025

In US dollar terms, farm input prices have been relatively stable over the past 12 months. However, when converted to Australian dollars the gains recorded for both urea (+15% to AUD 604/tonne) and phosphates (+9% to AUD 956/tonne) becomes much more notable. In fact, for phosphates the weakening Australian dollar explains a large part of the price movement. For urea, it can partially be attributed to supply and demand factors, but the depreciation of the Australian dollar is also significant. For 2025, RaboResearch expects to see most fertiliser prices stabilise at current levels. The rationale behind this is partially due to an expectation of lower FX volatility over the next 12 months, with the AUD/USD exchange rate expected to trade around its current level for most of the year.

The exception to this view is urea, which may experience volatility due to geopolitical tensions in the Middle East. Although a ceasefire between Israel and Hamas has been agreed, it certainly doesn't mean the Middle East conflict is fixed, and further disruptions to supply in 2025 are possible. As a result, urea will likely keep its risk premium. Meanwhile, China's absence from the export market creates further uncertainty regarding available supplies this year, not just for urea, but also for phosphates. In terms of phosphate pricing, we expect prices to remain at current levels. Prices are not high enough to cause demand destruction, nor low enough to attract more demand, while global supplies will likely remain tight.

Potash prices are currently one of the few fertilisers that represent good value, given prices are well below the five-year average. Although in the short term, markets look slightly bullish amid the expectation of robust global demand, a well-supplied market will likely cap upside and keep prices within a range in 2025.

For agrochemicals, companies in many parts of the world have been working through high-priced inventory for some time. However, RaboResearch expects these inventory issues to be largely resolved by mid-2025. We can see that many (not all) Chinese agrochemical prices have been in a state of decline in 2024, so theoretically, the cost of re-stocking should be cheaper. However, this will likely be offset by high shipping costs and a forecasted weak Australian dollar. This is particularly prevalent for agrochemicals, given containerized freight prices are elevated. **Because of these contrasting factors, we don't expect to see a significant change from current price levels in 2025.**

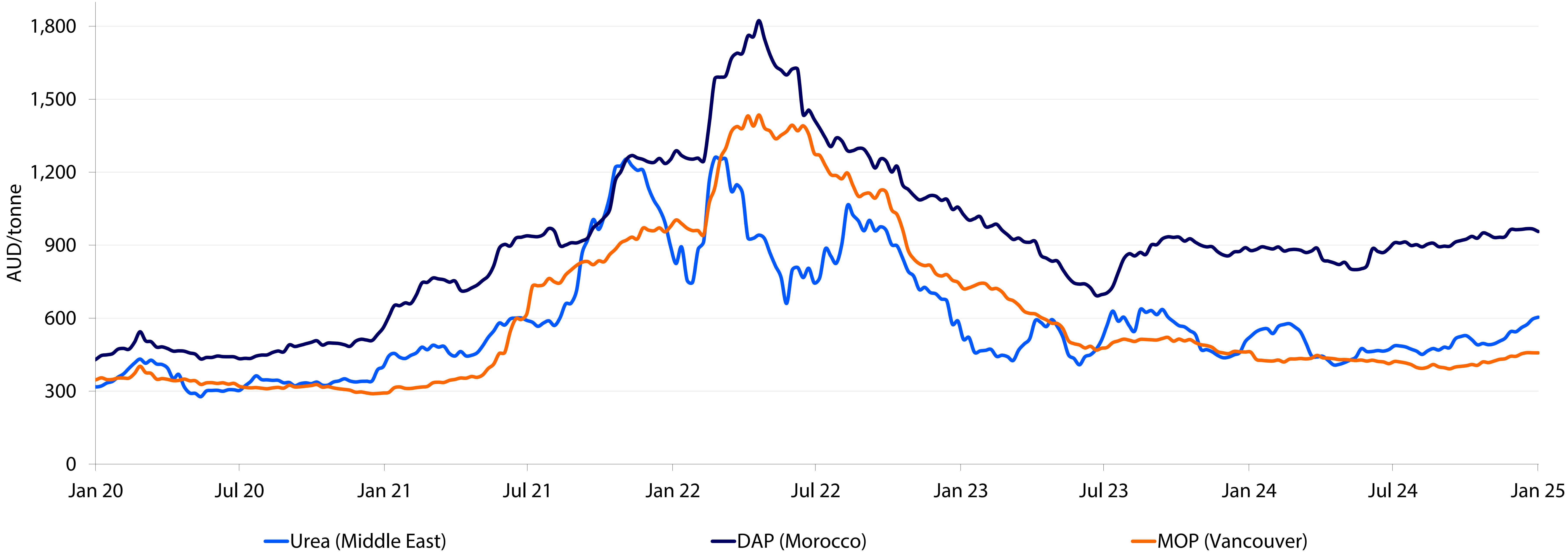
What to watch:

- **A forecast weak Australian dollar** will continue to keep Australian imports of fertilisers and chemicals expensive.
- **For fertilisers, urea is the market with the potential for surprises,** whether from supply shocks in the Middle East, emerging natural gas issues, or new changes in China's export policy.
- **The potash market will be one to keep a close eye on in 2025, especially with the Trump administration**'s potential tariffs on Canadian imports. If the US imposes these tariffs, we could see additional volumes of Canadian potash entering global markets.

Farm inputs

The dramatic weakening of the Australian dollar means imported farm inputs have become more expensive

Both urea and phosphate prices have risen notable over the past 12 months amid supply issues and Australian dollar weakness



Source: CRU, RaboResearch 2025

Interest rate and FX

Brace for volatility

It is likely to be a volatile year ahead for the Australian Dollar and for interest rates as financial markets continue to digest the implications of Donald Trump's return to the White House and his promises restructure trade and defence ties.

The good news is that, despite volatility in the trade environment, the RBA is widely expected to begin an interest rate cutting cycle this year.

A softer-than-expected CPI inflation result for the fourth quarter of 2024, alongside a verbal "pivot" from the RBA in December has set up the February meeting nicely for a potential rate cut.

RaboResearch had previously expected the RBA to leave the cash rate on hold until May, as ongoing strength in the labour market suggested that there was no need to hurry a cut.

That said, with core inflation now just above the target band, growth in rents moderating, and prices falling for new home construction, we now think the case to cut earlier is more compelling than the case for waiting.

Consequently, RaboResearch brings forward our forecast of a first cut to February with subsequent cuts to arrive in May and August to take the cash rate down to 3.60%.

While the cash rate looks set to fall, longer-term interest rates climbed substantially over the back end of 2024 as bond traders priced in heightened economic uncertainty. Strong government spending and rising protectionism have contributed to a slight rise in inflation expectations and that has been reflected in higher bond yields.

The Australian Dollar hit its lowest level (0.6147) since the Covid shock of 2020 in on January 10th. It has since recovered some ground but will likely remain sensitive to news on the economic fortunes of China and tariff policy announcements in the USA.

RaboResearch expects the AUD to drift lower to 0.60 on a 6-month view before lifting towards 0.61 around the end of the year.

What to watch:

- **RBA cash rate decision, 18 February** – The futures market places the probability of a cut at this meeting at approximately 90% as at time of writing. RaboResearch thinks the case is now sufficiently strong for the RBA to deliver a first rate cut in February.

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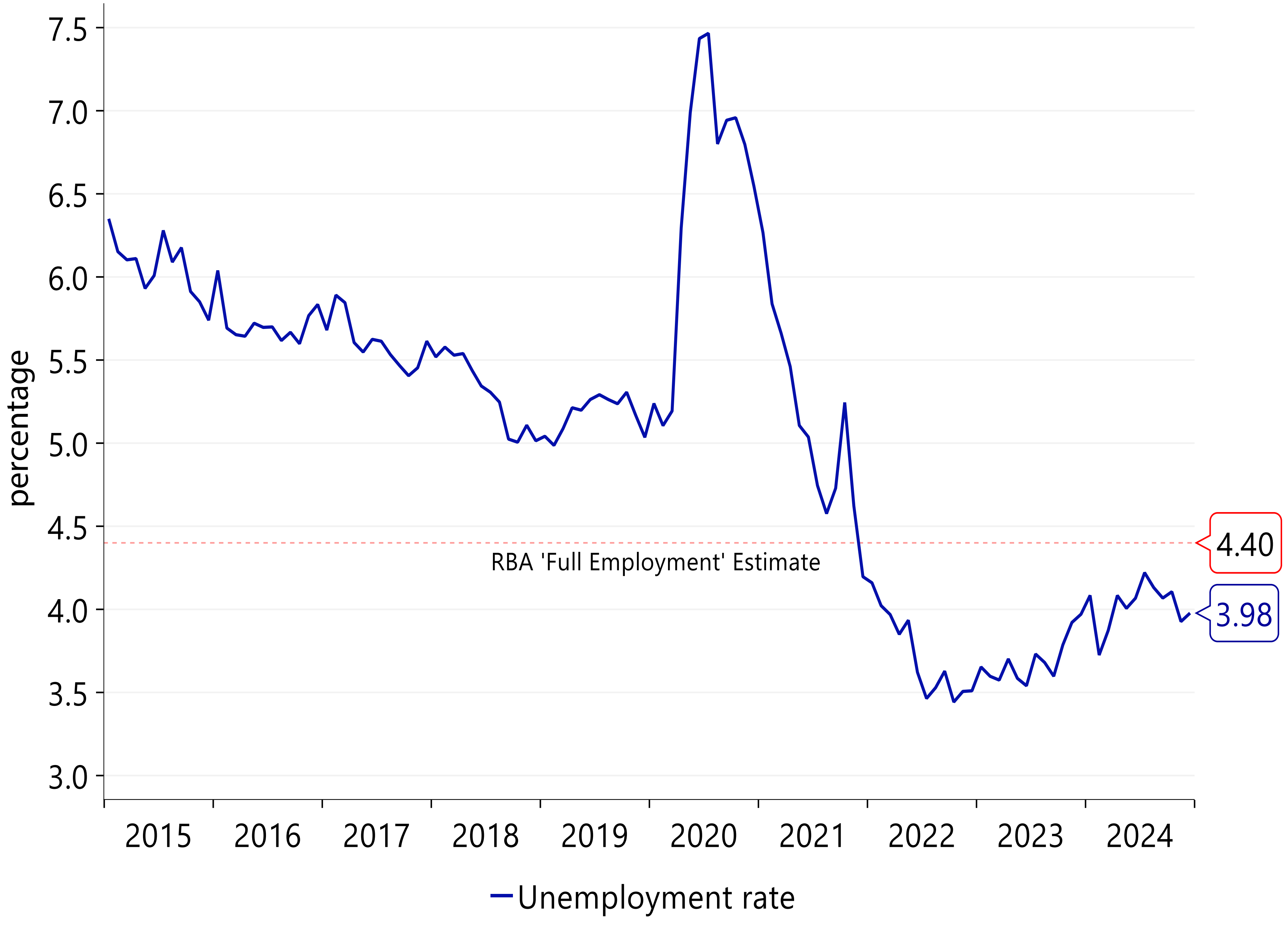
Interest rate and FX

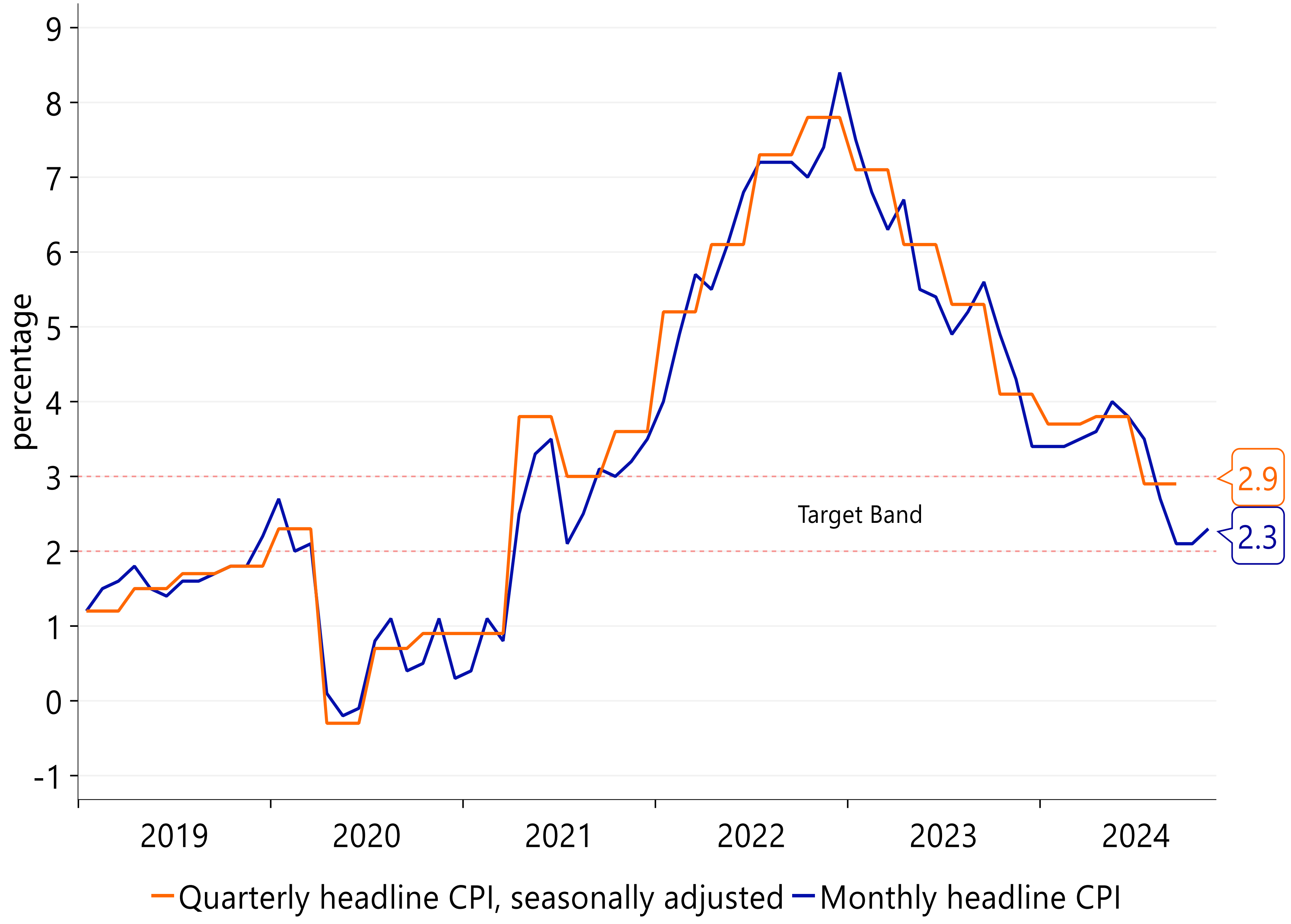
A jobs market that just won't quit gives the RBA space to be cautious on interest rates

Australian labour force indicators, 2015-2024



Source: *Macrobond, ABS, RaboResearch 2025*

Australian inflation indicators, 2019-2024



Source: *Macrobond, ABS, RBA, RaboResearch 2025*

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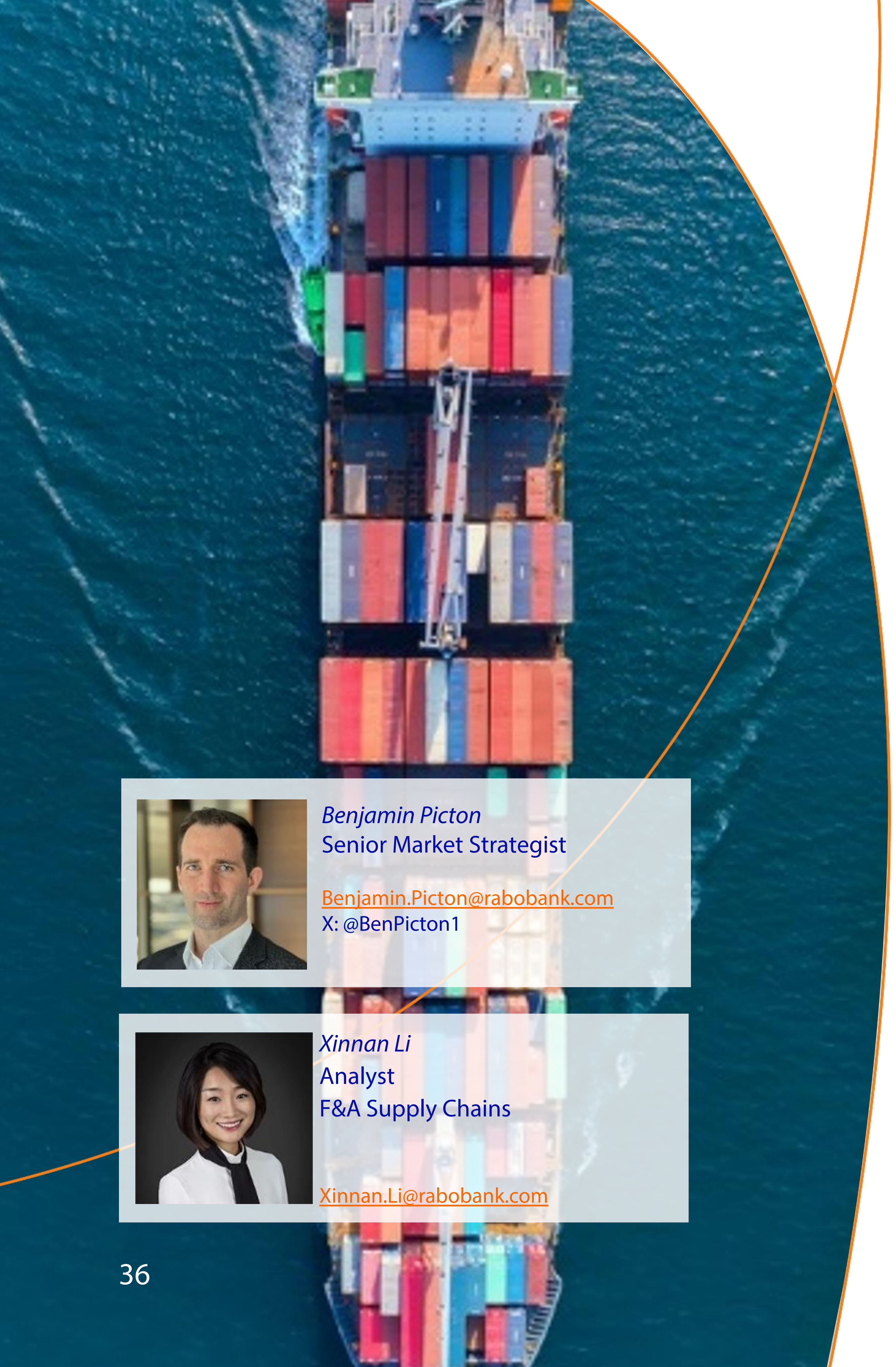

Oil and freight

Drill, baby, drill!

Donald Trump's return to the White House comes with a pledge to "drill, baby, drill!" to unleash new supplies of oil and gas and drive down prices.

Trump is betting that by abandoning the Biden administration's focus on clean energy and prioritizing cheap energy, he can reduce prices for products and services throughout the economy, as energy is a key input to all production.

However, this strategy has its challenges. It is aimed at reducing prices, but US energy producers have some of the highest breakeven costs in the world. In the absence of government subsidies, increasing supply to lower prices would make some of those producers unprofitable.

Another factor at play is RaboResearch's estimate that China hit peak demand for transport fuels in 2024. The rapid take-up of electric vehicles and a shrinking Chinese population are causing a gradual decline in gasoline demand, while global demand for diesel continues to grow. Consequently, **we expect diesel prices to remain strong relative to crude oil prices.**

The Red Sea may become safer for commercial ships following an announcement from Yemen's Houthis on 19 January. The group stated that they would limit attacks in the Red Sea to Israeli ships following the start of a 42-day ceasefire in Gaza. While it's too early to determine the full impact, ocean carriers will closely monitor the situation and are likely to return to the key transit channel as soon as it is deemed safe.

With President Trump's inauguration, ocean shipping is back in the spotlight, especially due to China's dominance in building, operating, and routing ocean shipping. We anticipate the US will tighten strategies to limit China's power, potentially negatively impacting ocean shipping due to increasing tariffs.

The Baltic Panamax index (a proxy for grain bulk freight) is at its lowest in almost two years due to sluggish demand across all vessel sizes. Seasonal factors, such as slow movement ahead of Chinese New Year, contribute to this, and recovery is expected after February

What to watch:

- **Trump administration announcements on new energy production:** Will production subsidies be forthcoming?
- **OPEC+ meeting, 28 May:** RaboResearch estimates that the global crude oil market is oversupplied by approximately 840,000 barrels a day. Will OPEC+ producers seek to cut production to bolster prices? And how might the US react?

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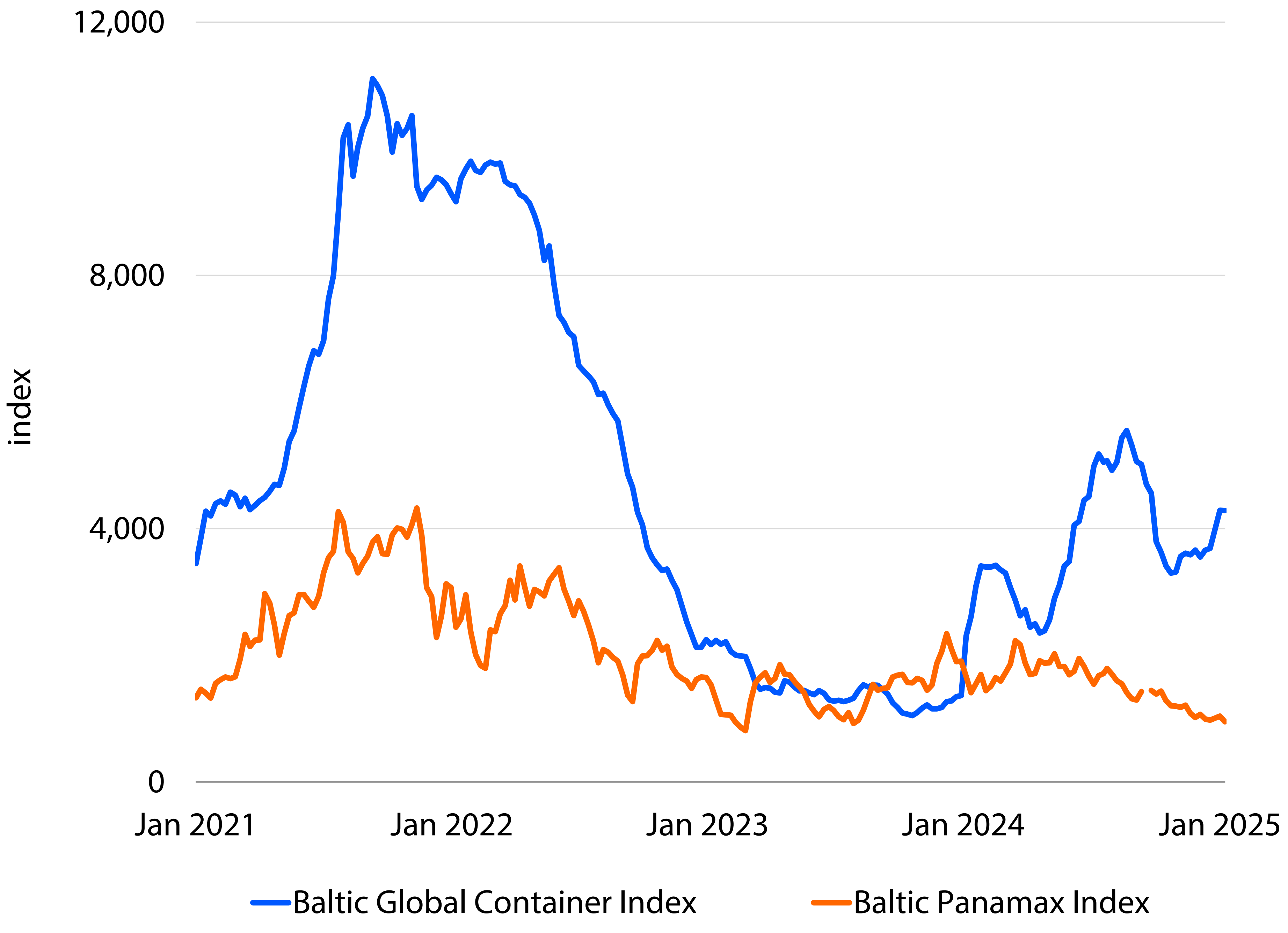
Oil and freight

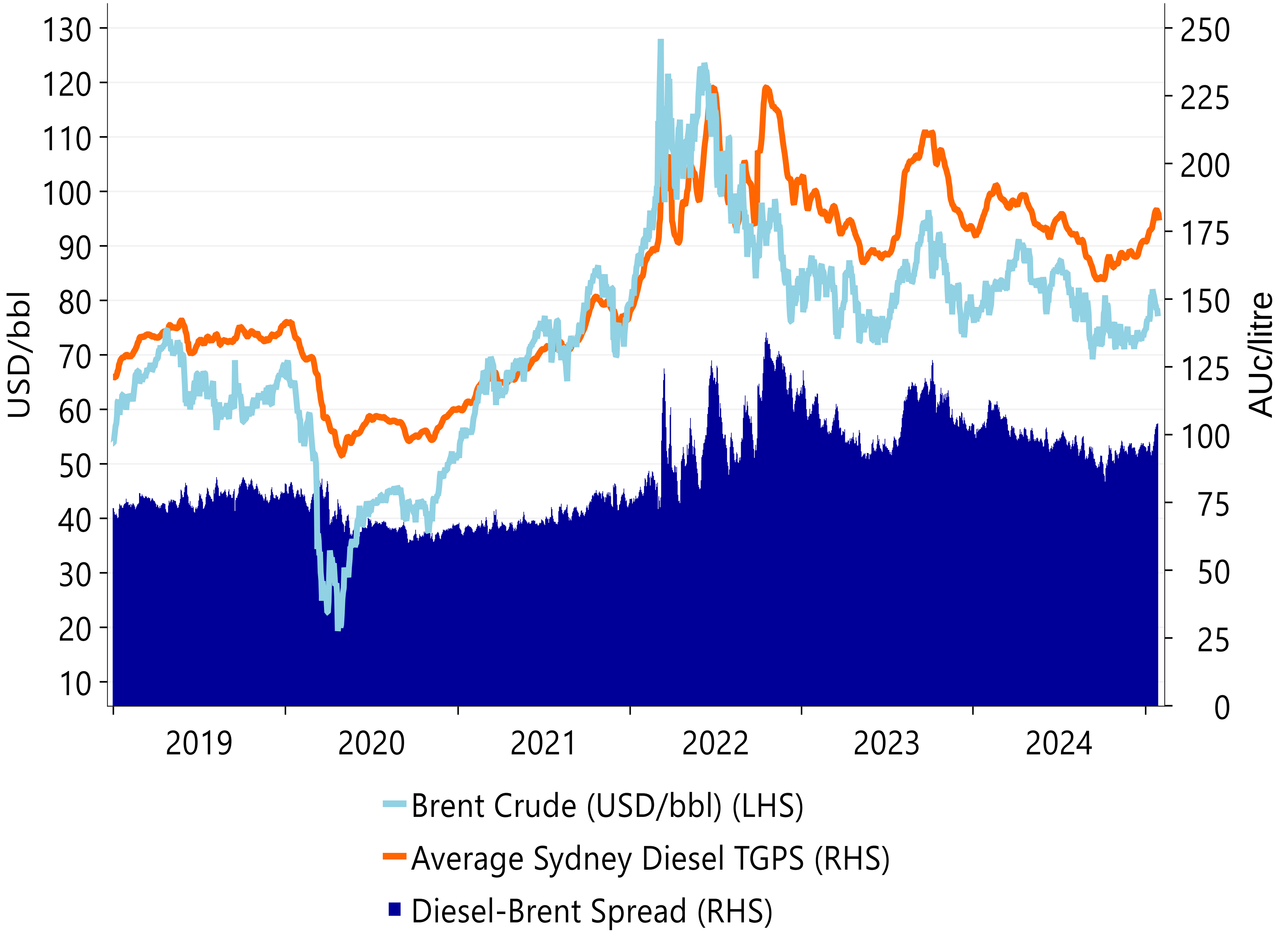
Containerised freight rates and energy prices tilt higher

Baltic Panamax Index and Dry Container Index, Jan 2021-Jan 2025



Source: *Baltic Exchange, Bloomberg, RaboResearch 2025*

Brent crude versus Sydney diesel prices, 2019-2024



Source: *Macrobond, ICE, AIP, RaboResearch 2025*

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Agri price dashboard

17/01/2025	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▼	539	541	593
CBOT soybean	USc/bushel	▲	1,034	952	1,213
CBOT corn	USc/bushel	▲	484	437	446
Australian ASX EC Wheat Track	AUD/tonne	▲	330	320	371
Non-GM Canola Newcastle Track	AUD/tonne	▲	774	757	613
Feed Barley F1 Geelong Track	AUD/tonne	▼	301	306	307
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▲	707	674	616
Feeder Steer	AUc/kg lwt	•	347	347	303
North Island Bull 300kg	NZc/kg cwt	•	720	720	570
South Island Bull 300kg	NZc/kg cwt	•	690	690	530
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	•	817	817	776
North Island Lamb 17.5kg YX	NZc/kg cwt	▼	800	810	600
South Island Lamb 17.5kg YX	NZc/kg cwt	▼	785	795	585
Venison markets					
North Island Stag	NZc/kg cwt	▼	920	935	865
South Island Stag	NZc/kg cwt	▼	910	925	870
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▼	6,750	6,838	5,738
Skim Milk Powder	USD/tonne FOB	▼	2,750	2,888	2,638
Whole Milk Powder	USD/tonne FOB	▼	3,788	3,925	3,300
Cheddar	USD/tonne FOB	▲	4,800	4,738	4,188

Source: Baltic Exchange, Bloomberg, RaboResearch 2025

Agri price dashboard

17/01/2025	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▼	77.3	78.9	92
ICE No.2 NY Futures (nearby contract)	USc/lb	▼	67.6	68.1	84
Sugar markets					
ICE Sugar No.11	USc/lb	▼	18.2	19.7	23.6
ICE Sugar No.11 (AUD)	AUD/tonne	▼	649	697	737
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▲	1,190	1,154	1,196
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▲	395	348	355
DAP (US Gulf)	USD/tonne FOB	▲	615	610	570
Other					
Baltic Panamax Index	1000=1985	▼	897	957	1,550
Brent Crude Oil	USD/bbl	▲	81	73	79
Economics/currency					
AUD	vs. USD	▼	0.619	0.622	0.660
NZD	vs. USD	▼	0.559	0.562	0.611
RBA Official Cash Rate	%	•	4.35	4.35	4.35
NZRB Official Cash Rate	%	•	4.25	4.25	5.50

Source: Baltic Exchange, Bloomberg, RaboResearch 2025

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