Keeping an Eye on the Global Turmoil

Australia Agribusiness Monthly

October 2022

RaboResearch
Food & Agribusiness

Commodity Outlook

Grains & Oilseeds	Global commodity markets for grains and oilseeds are pondering the risk of recession, especially in Europe. A large incoming local harvest is expected to limit sustained price upside from mid-October 2022 to March 2023.
Dairy	The New Zealand spring flush is fast approaching. Milk flows in the next few months will drive price direction for Oceania commodities. Less-than-ideal seasonal conditions have already taken a toll on the start of the season, resulting in a downgrade of growth expectations for the 2022/23 season.
Beef	Favourable seasonal conditions will continue to support producer demand and Australian cattle prices, despite downward price pressures at the consumer end of the supply chain.
Sheepmeat	Stability appears to have returned to the lamb market as new-season lambs start to dominate sales. But with a weaker US market, prices will not be as strong as last year. However, export returns will receive a boost from a weaker AUD.
Cotton	A culmination of weakening economic activity in key end markets, and improved production prospects in key production regions, is expected to continue to weigh on global prices.
Wool	Downside risk in prices is elevated. Rabobank expects wool prices to continue to soften in the coming months on the back of softening consumer demand and increased domestic production of wool.
Downstream Markets	The new monthly CPI indicator showed Australian food inflation was still gaining momentum in August. The food inflation story remains broad-based but is still led by fresh produce. There are more and more signs of a consumer response to cost-of-living pressures.
Farm Inputs	Global benchmark urea prices lifted in September. Looking forward, urea markets continue to have the largest upside price risk. In contrast, potash, phosphate, and agrichemicals may see some downside in coming months.
FX/Interest Rates	The RBA remains laser-focused on curbing inflation. The October meeting brought a 25-basis-point lift in the official cash rate, with markets expecting further hikes for the rest of the year. Rabobank sees further downside in the AUD against the USD on a three-month view.
Oil/Freight	Crude oil prices have continued to fall this September, as the economic outlook weighs on sentiment. Global container spot rates continue their steep downward declines.

A Third Consecutive La Niña Officially Underway

Rabobank

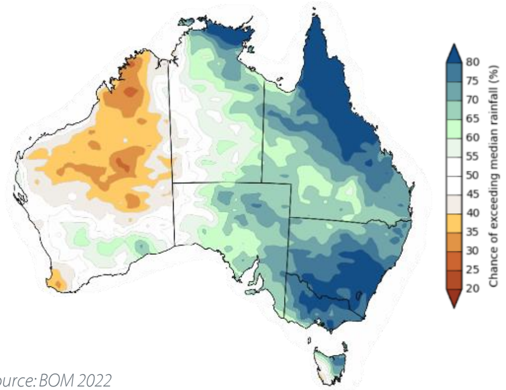
The Bureau of Meteorology (BOM) has raised the ENSO outlook to La Niña this month, with cooler than average ocean temperatures expected until at least the end of 2022.

The BOM's latest outlook suggests above-median rainfall for the Eastern half of Australia until the end of the year. In contrast, drier conditions are expected in Western Australia.

ENSO neutral conditions have ended, and we are officially in a third year of La Niña, a consecutive event not seen since 1998-2001. While BOM expects the return to neutral conditions in early 2023, a La Niña combined with the negative Indian Ocean Dipole (IOD) increases the chances of above-average spring-summer rainfall.

Rainfall expectations

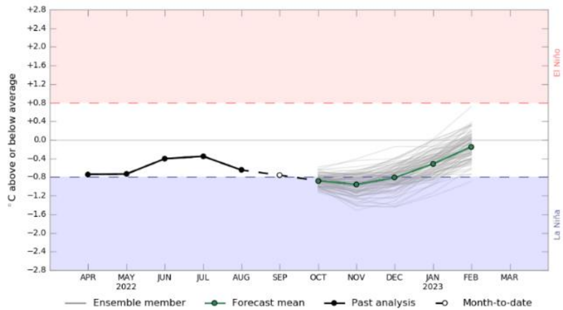
October-December 2022 rainfall outlook



Source: BOM 2022

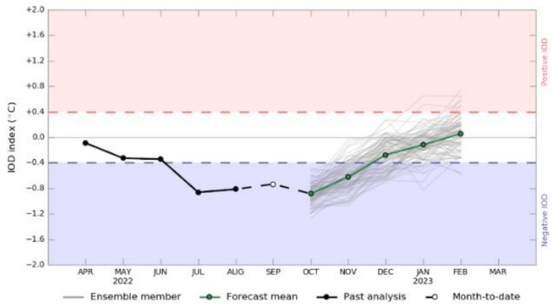
La Niña outlook underway

Monthly sea surface temperature anomalies for the central Pacific Ocean



Negative IOD continues this spring

Monthly sea surface temperature anomalies for the Indian Ocean



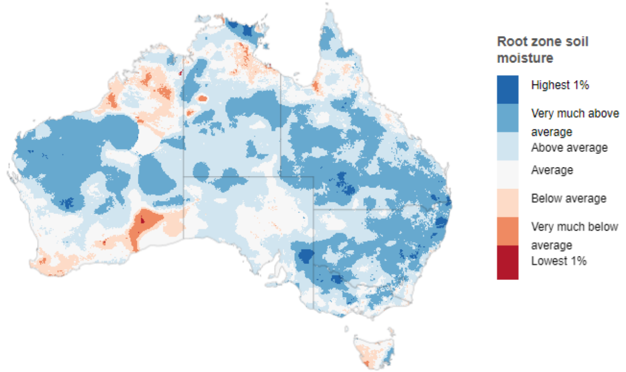
Another Month of Heavy Rain in the Eastern States

Large parts of Australia received above-average rainfall in September, kickstart Spring.

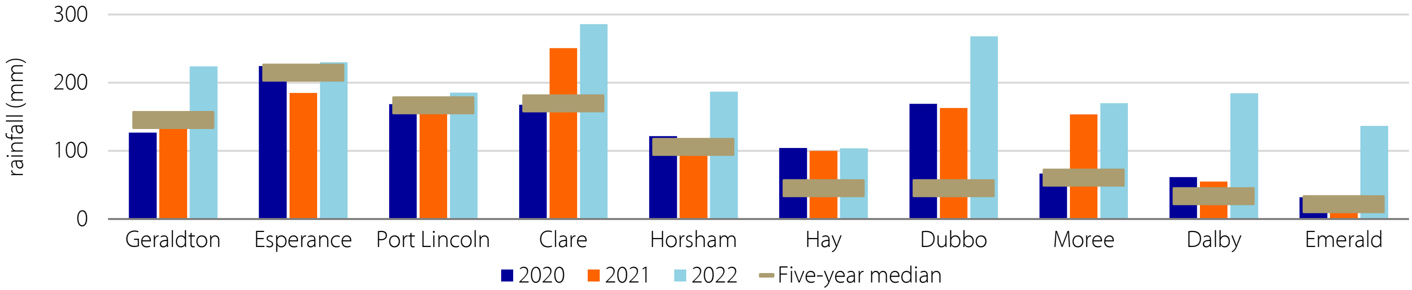
The combination of La Niña and the negative IOD produced significant rainfall this September throughout Australia. Particularly for inland eastern Australia, heavy rain and hail caused flash floodings. Furthermore, for Northern Australia, these conditions caused rain onset for the wet season to be earlier than usual.

Wet conditions for much of Australia have meant soil moisture is above average this September, with flood risks remaining for Eastern Australia. Storage levels for the whole Murray-Darling Basin remain high at 97%.

Relative soil moisture, September 2022



July-September rainfall



Local Harvest Coming in Hot

Russia's announced 'semi-mobilisation' of troops added fuel to an already raging speculative fire. However, with Ukrainian crops still leaving ports, nothing has fundamentally changed for now. CBOT wheat, corn and soybeans finished September mixed, up 10% MOM (to USc 906/bu), down 2% MOM (to USc 671/bu) and down 8% MOM (to USc 1,605/bu) respectively, as of 29 September.

Rabobank has lifted its 12 month CBOT wheat price forecast to USc 870 to USc 890/bu. Dry planting of US and EU winter wheat, coupled with concerns over the continuity of the UKR-RUS grain deal is expected to keep global prices elevated. In late September, Ukraine's President warned that Russia is preparing for an attempt to disrupt the grain trade, but Rabobank is yet to see how.

Rabobank has also increased its 12-month CBOT corn forecast marginally to trade between USc 635-USc 660/bu. Global corn ending stocks are expected to decline 2.4% YOY in 2022/23 according to the USDA with more downside risks if the US corn harvest deteriorates further. In Argentina, farmers have delayed plantings due to significant dryness, which could limit yield moving forward.

Nationwide, on average, local APW1 track/FIS wheat prices rose 3% MOM, barley rose 1% MOM, while canola declined 7% MOM. Australia's large incoming harvest, combined with significant volumes of 2021/22 crop still in the system, are expected to keep a lid on local prices from mid-October 2022 through Q1 2023. From Q2 2022 onwards, local harvest pressure should ease, while Northern Hemisphere pressure will be yet to start. Due to large local supplies of feed wheat across Australia, price discounts of feed vs. APW1 could reach similar levels as seen last year on the east coast, and also weigh on feed barley prices. For GEEL track, the APW1 vs. SFW1 spread peaked at AUD 110/tonne in December 2021. For malt barley, due to a large Canadian resupply, we expect opportunities to harness premiums to be lower year-on-year.

In the EU, two amendments put forward to prohibit crop-based biofuels or even limit its use in times of scarcity have been defeated. This restores confidence in the sector that demand for canola should remain strong in the coming year.

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Grains & Oilseeds

What to Watch

- ***EU canola demand could get a boost*** – EU lawmakers are looking to accelerate the phase-out of palm oil from 2030 to 2023, in addition to adding soy oil to the phase-out due to concerns over its environmental footprint. Rabobank analysis completed in 2020, showed that a rapid phasing-out of palm oil would cause a significant shortage of canola. While still in discussion, it will be important to watch.
- ***Rabobank 2022/23 AUS Crop Outlook*** – Rabobank will be releasing its next Winter Crop outlook report on October 17, looking at production, prices and inputs. Find the report in your inbox or ask your bank manager.

Conflict Keeping Prices Volatile, but Local Harvest To Act as a Lid on Local Markets

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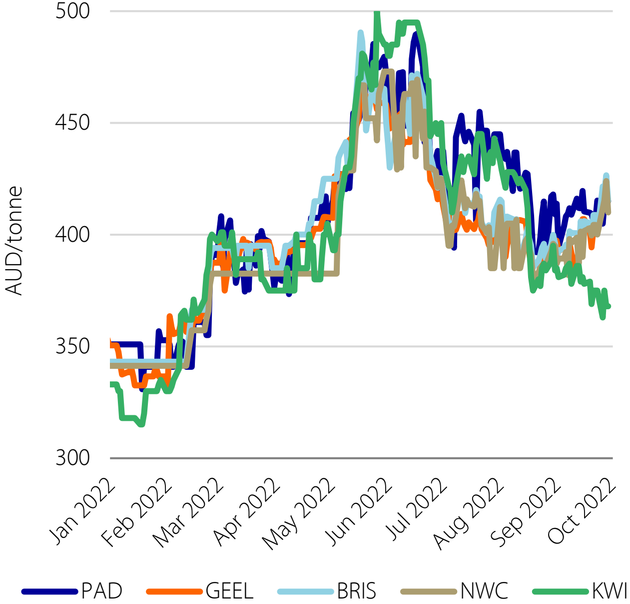
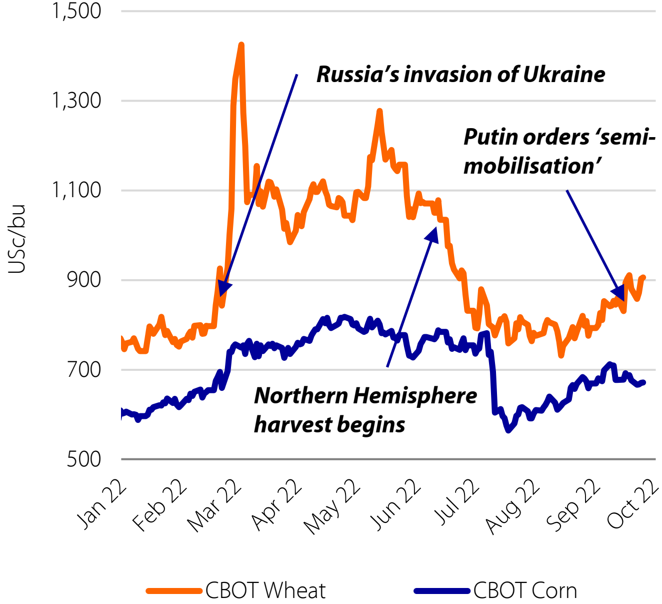
2022/23 APW1 prices diverging between west and east coast

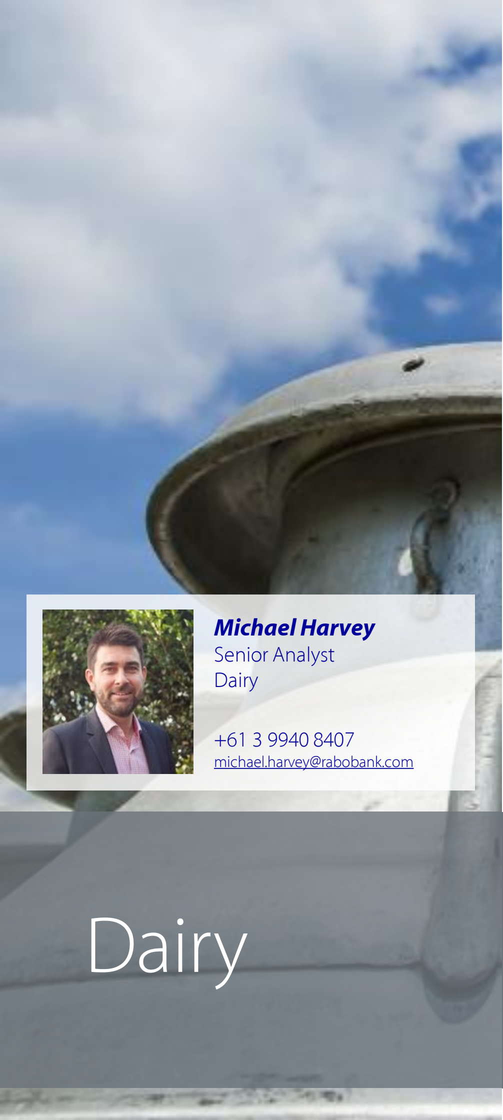


**Note: All track APW 1 price except for KWI, which is FIS.*
Source: Bloomberg, Rabobank 2022

CBOT remained volatile in September and will continue to do so in the near term



Source: Bloomberg, Rabobank 2022



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Dairy

Price Support Despite China Softness

Plenty of attention has been on New Zealand's milk supply as the seasonal peak approaches. Weather risk was always lurking in the background, and some of the risk has started to materialise. New Zealand milk production for August 2022 was down 4.9% on a milksolids basis. This means New Zealand milk production season-to-date is down 4.4% (4.2% on a milksolids basis). According to Rabobank forecasts, milk production for the full season is now likely to be negative. In contrast, US milk production posted its strongest gain in 15 months in August, and EU milk supply is showing some positive signs.

A largely absent Chinese buyer is still evident in global markets. The August data showed a a sixth consecutive year-on-year total volume decline. It is not surprising to see China's import volumes trending lower. Rabobank has been forecasting lower imports in 2022, which will likely carry into early 2023. Buoyant local supply, ample inventories, and softness in consumer demand are feeding through into reduced import purchasing. A close eye will remain on the China dairy market for future price direction.

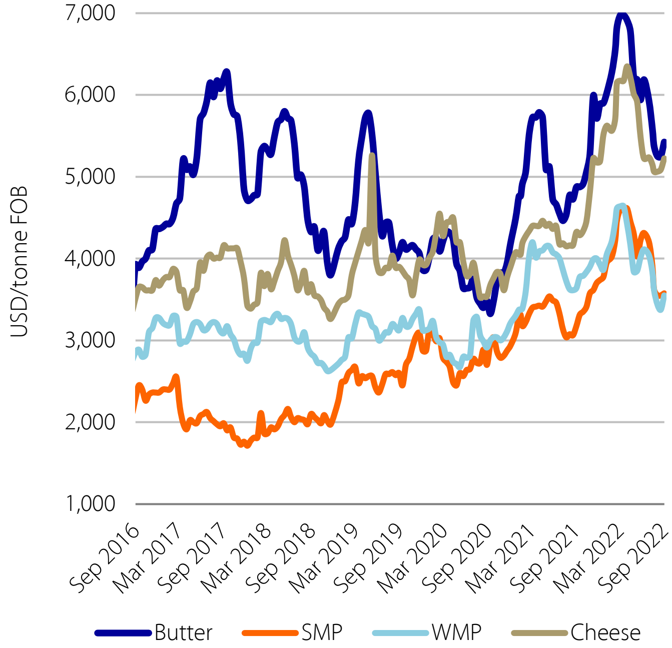
Nonetheless, other importers are taking advantage of lower prices, and less Chinese purchasing activity. This has helped stabilise Oceania commodity prices in September, after a sizeable drift in prices since March. Across the dairy complex there was a small increase in spot prices for Oceania-origin products. Rabobank has not ruled out further weakness in prices to come, but local exporters will welcome the recent price stability.

What to Watch

- ***Australian milk supply*** – Despite a strong footing, Australian milk supply started 2022/23 on a weak note. National milk supply fell 4% last season, and is down more than 8% to start the season (albeit on a low volume base). Rabobank still expects milk supply to stabilise as the season progresses on the back of an ample supply of feed, irrigation water, and healthy farmgate margins.

New Zealand Milk Supply Risks Builds

Global dairy prices, Sep 2016-Sep2022

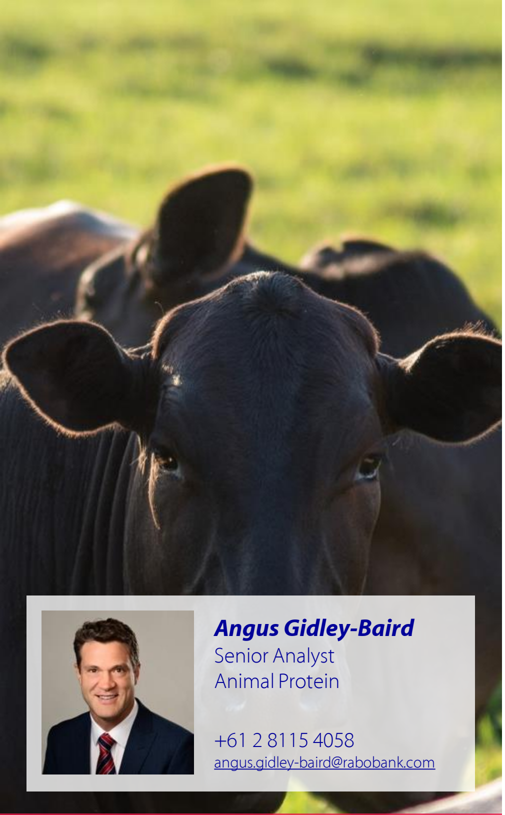


Source: USDA, Rabobank 2022

Production growth key exporting regions

	Latest month	*Last three months*
EU	0.4% (July 22)	-0.4%
US	1.6% (Aug 2022)	0.7%
Australia	-8.3% (July 22)	-8.5%
NZ	-4.4% season-to-date in 2022/23.	

Source: Rabobank 2022



Beef

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Tale of Two Markets

Having recovered much of the losses experienced through June and July, cattle prices levelled out in September. The EYCI was sitting at AUD 10.74/kg on 30 September, up 3% on the same time last year. National saleyard feeder steers were AUD 5.40/kg and heavy steers were at AUD 4.50/kg lwt on 15 September – very close to last year's prices. Cattle price movements over the past month have been in contrast to meat markets with a general softening in import prices seen across all markets. These contrasting circumstances at either end of the supply chain are squeezing margins and creating downside risk for cattle prices if seasonal conditions change and/or producer demand subsides. ***Despite weaker beef prices, we expect cattle prices will remain firm over the coming month, given the outlook for favourable seasonal conditions, which should support producer demand.***

East Coast weekly cattle slaughter continues to remain low. For the month of September, volumes were down 12% on 2021 volumes and down 32% on the five-year average – although some shorter weeks and wet weather would have contributed to these lower numbers.

August beef exports were up 19% on 2021 volumes at 92,079 tonnes swt. Volumes to all key markets rose on last year levels – a weaker Australian dollar supporting the trade. Volumes to China were the highest since June 2020 and volumes to South Korea were the highest since November 2016. Volumes to the Middle East were also up and at their highest since March 2016. Our latest currency outlook suggests the AUD may soften further in the near-term before mounting a small recovery. This will provide support for exports and, given low production volumes, it is expected to come at a cost to domestic supplies. Live export volumes remain low although numbers to Indonesia lifted in August after a sluggish July.

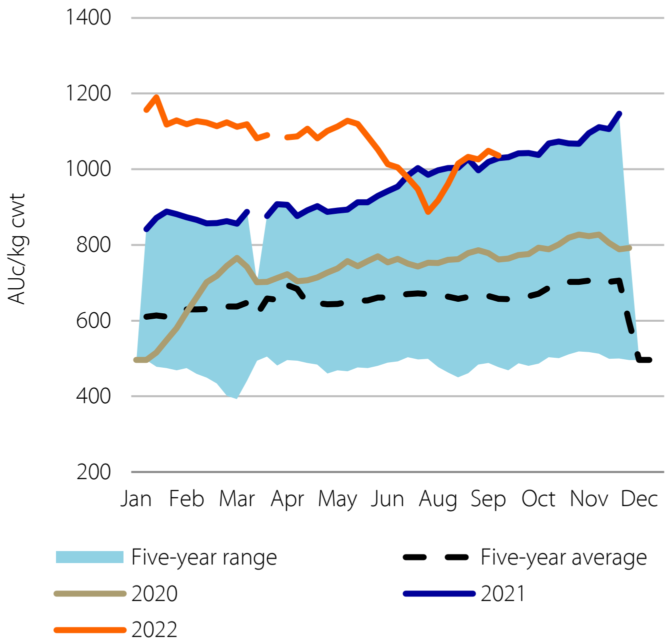
What to Watch

- ***Where are all the cattle?*** Slaughter numbers have been low for two years, but saleyard numbers are also tracking at low levels. Year-to-date national saleyard numbers are 9% below 2021, which was down 13% on 2020 volumes. With favourable seasonal conditions, we would expect to see numbers rising as the herd rebuilds. More cattle are now sold through online platforms, and producers are taking opportunities to grow cattle out and sell directly, but it does raise questions about the speed of recovery of the herd.

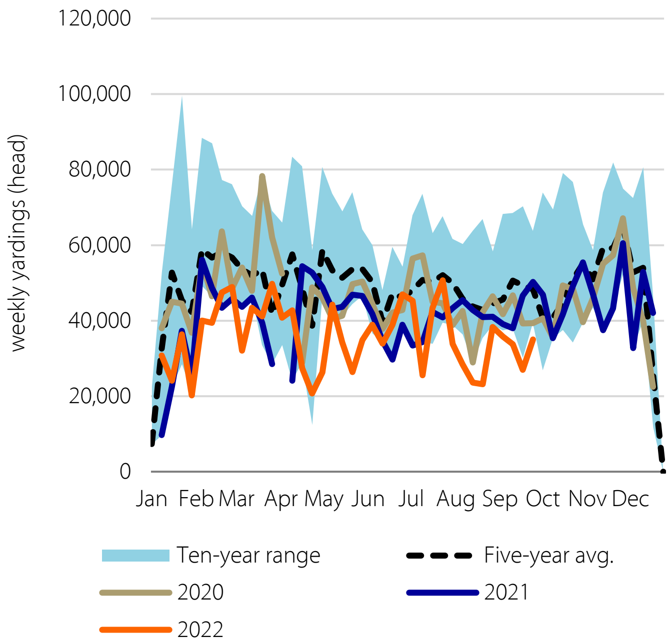
Cattle Prices Level Out, but Where Have the Cattle Gone?

Rabobank

EYCI steadies and expected to hold



Saleyard numbers tracking below the ten-year range



Source: MLA, Rabobank 2022

New Season Lambs Hit the Market

After a couple of turbulent months, lamb prices look to have found some stability in late September returning to similar levels to those in late July before the price drop. The national trade lamb indicator was at AUD 7.33/kg on 30 September, 21% below the same time last year. Restocker/feeder lambs showed the best recovery, sitting 12% higher than prices seen in mid-July. The potential for another good winter crop harvest means Rabobank is not expecting much upside for grain prices, and with some potential for grain quality downgrades given wet conditions, producers may be seeing opportunities to finish lambs and are in search of feeder lambs. ***With new season lambs coming on to the market, Rabobank believes that with greater consistency in volumes and quality, prices should be more stable over the coming months.***

East coast weekly lamb slaughter for September was up 11% on 2021 volumes and up 4% on the five-year average. ***We are starting to see the new season lambs hit the market with MLA reporting young lamb yardings up 38% in the week ending 30 September compared to two weeks earlier***. Week 39 saw a drop in slaughter numbers which is expected due to the shorter operating week, and with numbers to return to previous levels.

Lamb exports for the month of August (26,196 tonnes swt) were up 13% on 2021 volumes. Interestingly, volumes to key markets were flat or slightly down, but volumes to other smaller markets – including Papua New Guinea, Pacific Islands, Canada, other Asia and Europe – were all up significantly.

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Sheepmeat

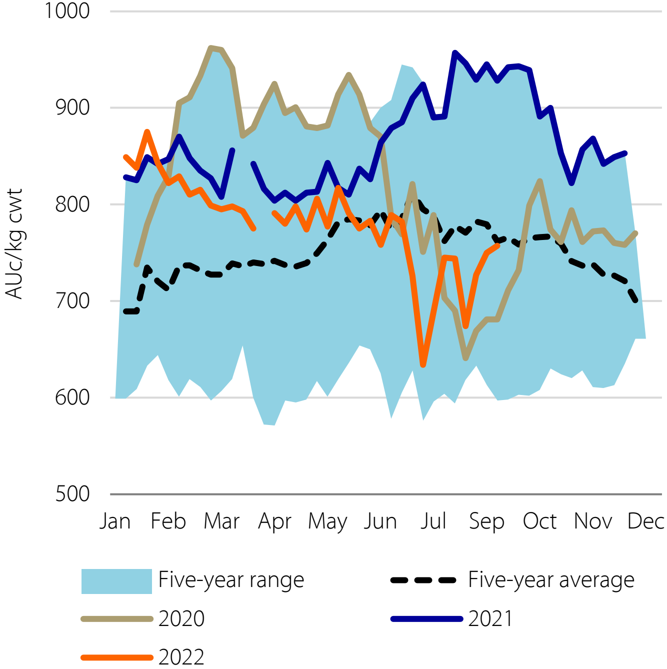
What to Watch

- ***US demand*** – The August lamb market summary from the US highlighted ongoing food inflationary pressure making it hard to move lamb through retail and foodservice channels at the high prices. This has resulted in a slowdown in lamb marketings and an increase in lambs held on feed. Year-to-date production in the US is down 9%. The slowdown in lamb is also leading to an increase in cold storage inventories. In July, lamb and mutton stocks were up 23% compared to last year. Increased volumes and slower demand are expected to see US wholesale prices decline, but a decline in the AUD may support trade.

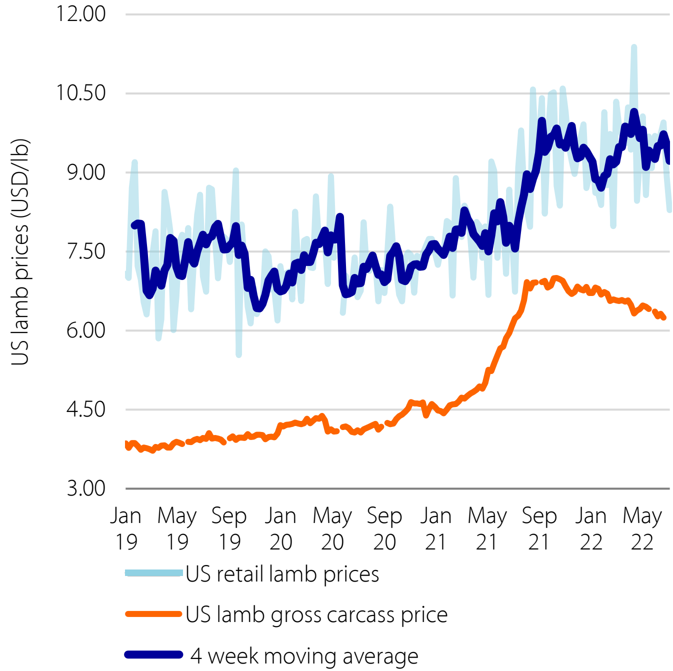
New Season Lambs Hitting the Market, but US Market Will Soften This Year

Rabobank

ESTLI recovers



US lamb prices softening with weaker demand



Source: MLA, USDA Rabobank 2022

Cotton

Recessionary Risk Weighs on Outlook

ICE cotton futures declined significantly in September, dropping 32% MOM to a low of USc 85/lb, marking the lowest level since October 2021. The steep decline has been driven by a culmination of spiralling economic activity in key end markets and improved cotton production prospects.

Aggressive rate hikes by central banks to tame inflation are expected to see a further softening in demand over the next 12 months. Consumer confidence has already declined substantially in key apparel markets. While in the US consumer confidence is down 20% year-to-date, in China confidence is down 38% year-to-date, the lowest level since record keeping began in 1997. US retail apparel sales growth has already slowed, from 20% above pre-pandemic 2019 equivalent levels in July 2022 to just 8% above pre-pandemic levels in August 2022. When adjusted for inflation, sales for August were 6% below pre-pandemic 2019 levels. The USDA forecasts global consumption down 0.8m bales YOY, with further downgrades possible.

The USDA expects global production to lift 2.4% YOY in 2022/23. However, below-average ending stocks will provide some price support and limit further downward pressure. In the latest outlook, the USDA increased global production prospects by 2.7m bales, with increases in the US, China and Australia outweighing declines in Pakistan. Extreme flooding impacted half of Pakistan's national cotton crop, with production now forecast at 5.5m bales, the second-lowest in 40 years. With a large textile industry, Pakistan is projected to increase imports by 0.7m bales YOY to 5m bales.

The USDA has increased its forecast for the upcoming Australian crop to 6m bales, up 0.25m bales YOY. Attention is focussed on seasonal conditions, given La Niña's potential to prevent growers hitting their ideal planting windows and/or challenging plant establishment. A late 2022/23 winter crop is expected to already hinder progress.

What to Watch

- ***Farm input costs*** – Urea prices are forecast to have high upside price risk moving into the next six months. A significant reduction in natural gas availability in Europe has already raised prices substantially, with peaks possibly still ahead.
- ***Harvest in the US*** – Harvest started this month, with 15% of the crop already harvested, including 25% of the drought-affected Texas crop. Hurricane season is still a material risk for south-east growing regions, and the impact of Hurricane Ian still being assessed.

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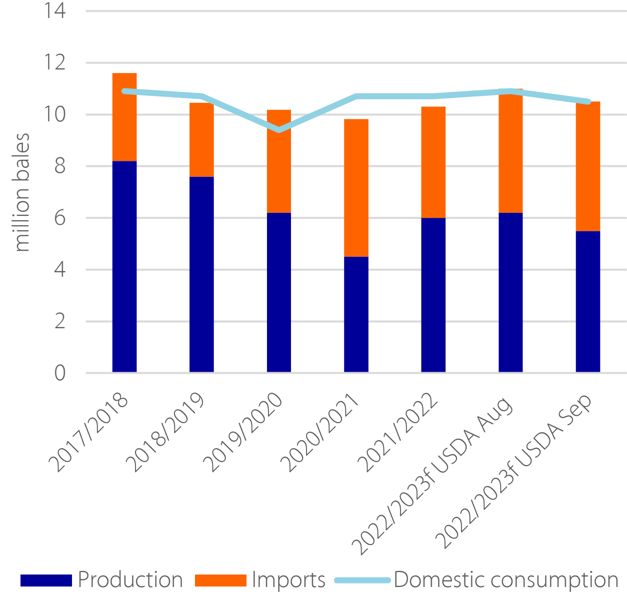
Cotton Prices Easing as Supply Expectations Improve and Consumption Declines

Pakistan floods cause production expectations to fall by 700,000 bales, decreasing consumption



Source: USDA, Rabobank 2022

ICE cotton prices decline sharply on reduced demand and increasing supply prospects

Source: Bloomberg, Rabobank 2022

Wool

Local Market Continues To Soften

Wool prices continued to slide through September as softer demand affected the market. The EMI was at AUc 1,255/kg on 30 September, down 6% on the same time last year. All microns saw a decline through the month, with the finer microns seeing a bigger drop – 17 micron down 11%, while 20 and 21 micron were down 1%. Rabobank's latest Global Economic Outlook forecasts US and Eurozone GDP growth rates to contract from 1.6% to 0.4% and from 2.9% to -0.7%, respectively, next year. China on the other hand is expected to rise to 5% off the 2022 forecast of 2.8%, although much of that depends on China's zero-Covid policy and lockdown measures. ***With these slower economic conditions, consumer demand is expected to remain soft and as a result demand for raw wool is expected to continue to soften over the coming months.***

The Australian Wool Forecasting Committee released their latest report in mid-September showing a rise in the forecast for wool produced. With a 4.7% increase in the number of sheep shorn and maintenance of average cut per head (4.53kg greasy) the Committee expects 2022/23 wool production to increase 4.9% to 340m kg. The Committee forecasts that Queensland will see the largest increase in production, up 13.5% to 10.1m kg followed by Tasmania up 11.7% to 11.5m kg, with WA up 5.7% (64.7m kg), Victoria up 5.3% (77.8m kg) , SA up 4.3% (58.5m kg), and NSW up 3.2% (116.9m kg). Wool tested volumes dropped in September – down 15% YOY – after higher volumes were recorded through July and August.

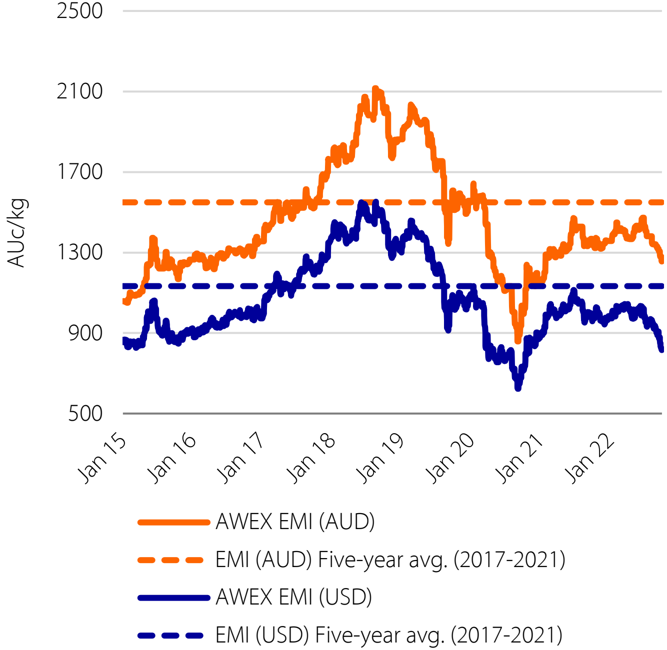
Australian wool exports dropped 0.5% year-on-year to 33.7m kg in July in volume terms. However, in value terms, exports increased 1.9%. A softening Australian dollar will support exports over the coming months. Volumes to China were down 2.4% YOY, while volumes to India and Italy were up 94% and 97%, respectively.

What to Watch

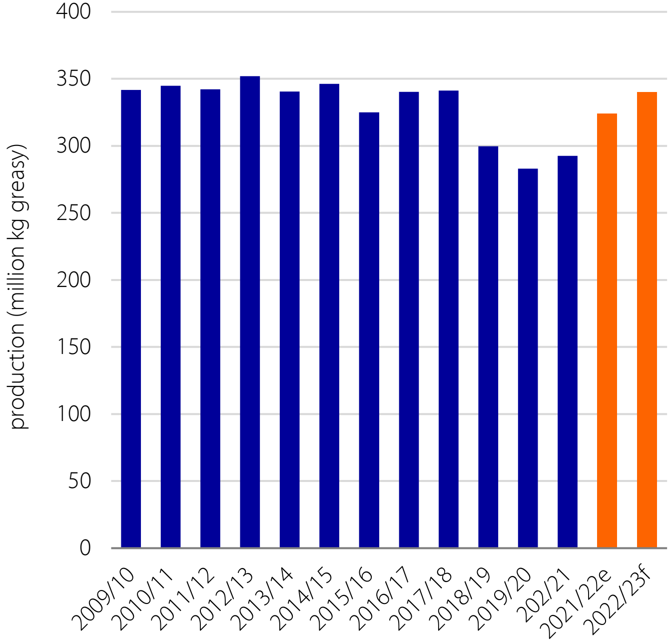
- ***Supply chain congestion*** – Market reports suggest that we are starting to see a build-up of stock through the supply chain as softer consumer demand starts to flow back up the chain. European buyers bought larger volumes last season and are less active at the moment. It was reported at the Nanjing Wool Conference that there was not a large stock of greasy wool, and there were increased volumes of yarn and fabric in the system. While not a major oversupply , these stocks are likely to weigh on prices moving forward.

Prices Continue To Ease on Softer Demand and Production Increases

Wool prices continue to soften



Wool production forecast to rise in 2022/23



Source: Bloomberg, ABARES, AWFC, Rabobank 2022

Downstream Markets

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Belt Tightening More Evident

The Australian Bureau of Statistics (ABS) released monthly CPI indicator data for August which showed food inflation picking up. The monthly CPI indicator posted an annual increase of 6.8% for August. This is broadly in line with the previous month with the main contributors being housing and fuel. However, food and beverage inflation was 9.3% in August (versus August 2021). The rate of food inflation sequentially increased compared to the July result of 7.8%. There was no surprise with food and beverage inflation being broad-based and led by fresh produce. However, the strength of inflation in the fresh produce category jumped significantly in August, with annual inflation posting an 18.6% increase. The rate of inflation in fresh produce should subside from September onwards.

The consumer response to cost-of-living pressures continues to become more evident. Total retail trade was 0.6% higher month-on-month in August when seasonally adjusted, which marked a slowdown from July. Looking at food retail, turnover was 1.1% higher month-on-month, which is slightly below the July performance. When compared to year-ago levels, food retail turnover has been slowing every month in 2022 since the April peak. In August, food retail turnover was just 1.8% higher against a backdrop of elevated food retail pricing.

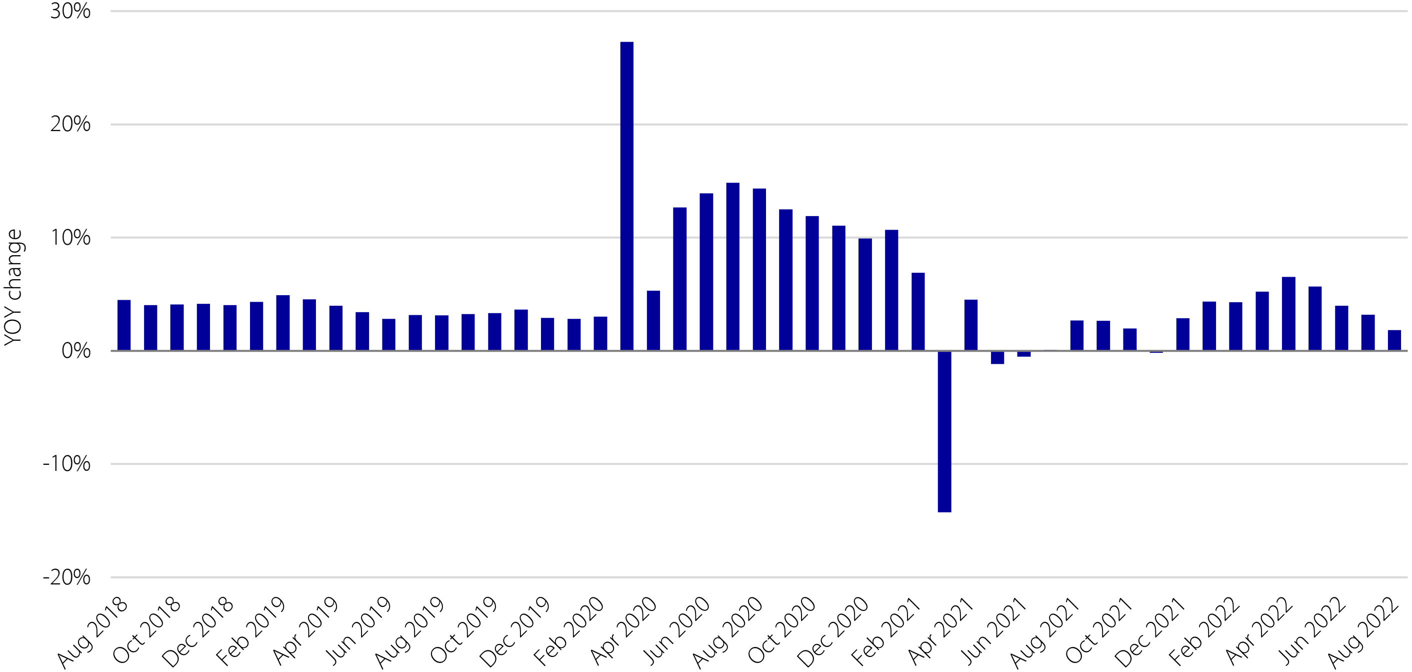
Foodservice is enjoying a much better start to spring. Total foodservice turnover was close to 60% higher year-on-year in August, as consumers enjoyed more mobility compared to this time around. Nonetheless, there was a slowdown in foodservice performance when measured month-on-month, with August posting a 1.3% increase versus 1.8% in July.

What to Watch

- ***A tough 2023 ahead for Australian consumers*** – Australian households are feeling the pinch in 2022. The tough times will continue into 2023. According to Rabobank's latest economic forecasts, while inflation is expected to have peaked in 2022, Australia's economy will be weaker again in 2023 versus 2022, unemployment will be higher, and as a result, private consumption considerably lower.

Food Retail Sales Continue To Moderate

Seasonally-adjusted food retail turnover in Australia, year-on-year change



Sources: ABS, Rabobank 2022

The Hunt for Nord Stream Sabotage

Overseas prices, converted to AUD, for urea increased 11% MOM in September, while phosphate and potash both eased 5% MOM, respectively. Rabobank sees substantial upside price risk for urea moving into Q4 2022 and Q1 2023. On September 27, three simultaneous leaks spread in the Nord Stream I and II pipelines connecting Russia and Europe. This dashed hopes for an increase in gas flows to a tight European market. Leaks of this scale are extremely rare, and the timing, distance and damage corresponds to sabotage, according to several EU energy and intelligence agencies. Rabobank's view (see *Flows, Flows, Flows*) sees substantial upside risk for natural gas prices moving into peak Northern Hemisphere winter before an easing of prices in Q2 2023. In mid-September, Europe's fertiliser industry association reported that 70% of fertiliser production was either slowed or shut down due to high natural gas prices. Given the latest reduction of natural gas supplies, a reversal in production volumes, and consequently any reprieve in nitrogen pricing, is not anticipated. The combination of ***potash*** exports heading out of Russia and rumours of sizeable stocks in the Americas adds to our view of a downward trend in global potash prices continuing. While stocks of ***phosphate*** are high in the Americas, the dependency on natural gas for ammonia production means there is less downside price risk compared to potash.

Agrichemical prices are expected to continue their downward trend through Q4 2022. While the drought continues in some regions of China, government- enforced electricity rationing for manufacturers has largely been resolved and production is expected to improve, and prices ease, at export terminals.

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Farm Inputs

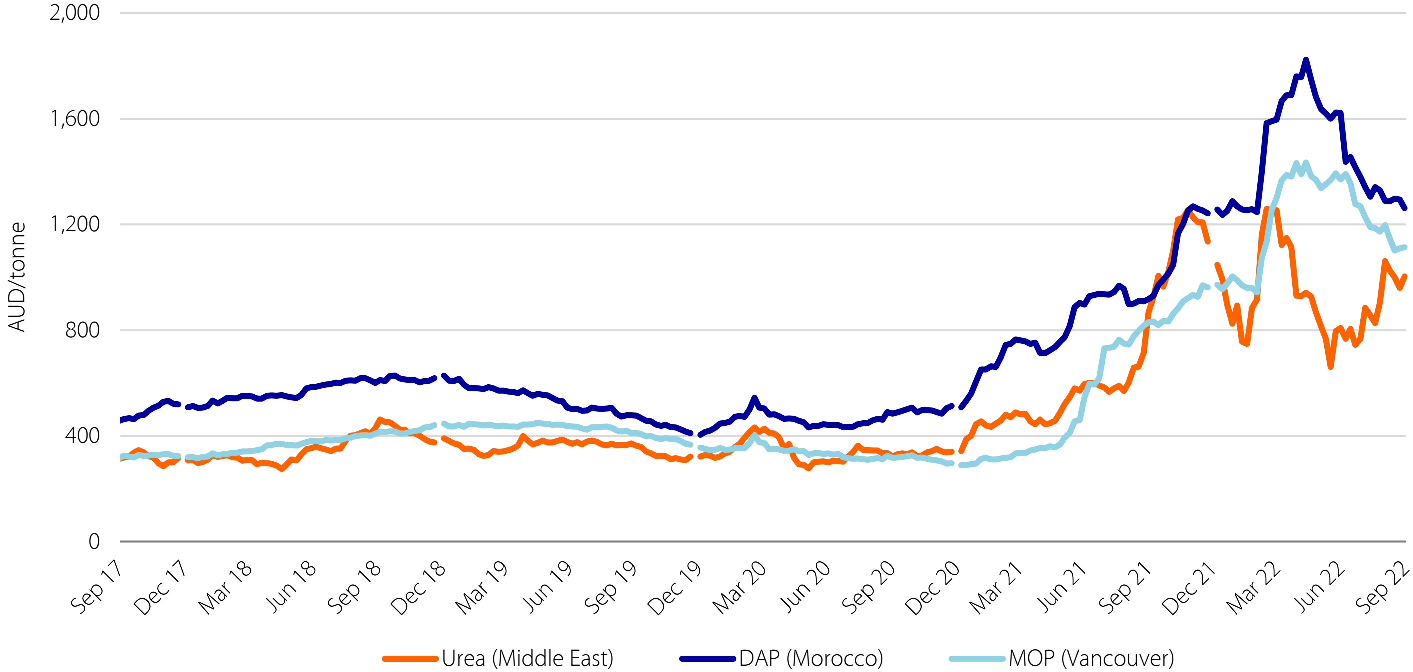
What to Watch

- ***Exchange rate*** – The decline in the AUD is expected to reduce Australian purchasing power in international markets in coming months. The three-month view is for the AUD to remain at USD 0.64 but by the end of 2023 return to USD 0.73.
- ***Rabobank 2022/23 AUS Crop Outlook*** – Rabobank will be releasing its winter crop production, G&O and Farm Input outlook on October 17. Find the report in your inbox or inquire with your bank manager.

Global Urea Prices Firm, Phosphate and Potash Decline

Rabobank

AUD-adjusted monthly global fertiliser prices



Source: CRU, Rabobank 2022

Interest Rate & FX

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Aussie Dollar Down

The AUD has continued to soften against the US dollar. This is still largely a story of a strong US dollar. On an index basis the USD is at two-decade highs. The AUD has now lost 11% of its value against the USD since the start of this year. Volatility persisted in the AUD this September as it traded between 0.636-0.691 against the USD, hitting a low not seen since the beginning of the pandemic.

The AUD is traditionally linked with commodity prices. Except for some thermal fuels, many commodity prices have been on the back foot for some months due to concerns about a weakening outlook for global growth. AUD/USD could come under further near-term pressures versus the USD in the coming months as the global growth outlook waivers, though we expect AUD/USD to be recovering some ground on a six-month view.

The RBA has softened its rates stance at their October meeting, moving the cash rate up by 25 basis points to 2.6%. Against a backdrop of continued USD strength, high inflation, a tight labour market and, in part, due to uncertainty of the global economy, the RBA has made a dovish pivot, moving to 25-basis-point increases after four consecutive 50-basis-point increases. Further rate hikes are expected over the remainder of the year.

The market remains sceptical that the RBA's interest rate hikes can stop inflation anytime soon. Following the October RBA meeting the ASX 30 Day Interbank Cash Rate Futures have flattened, with expectations of a peak cash rate at 3.57% for July 2022.

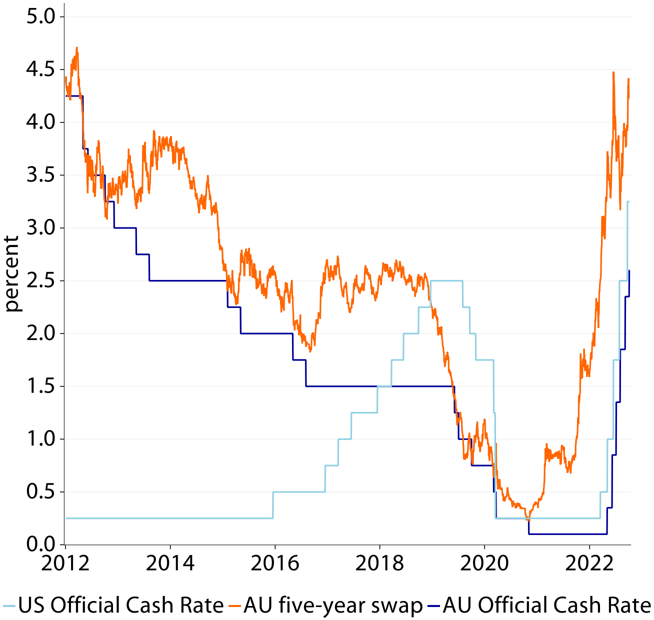
What to Watch

- ***AUD near-term weakness*** – Rabobank estimates a recovery to 0.73/USD on a 12-month horizon, but in the short term, USD strength is likely to see the AUD below 0.64 on a three-month view.
- ***More hikes*** – The RBA will have to push interest rates higher, moving the official cash rate in early October up by 25 basis points, with even more hikes likely to follow.

Interest Rates: Fed Keeping Pressure on RBA, More Hikes To Follow

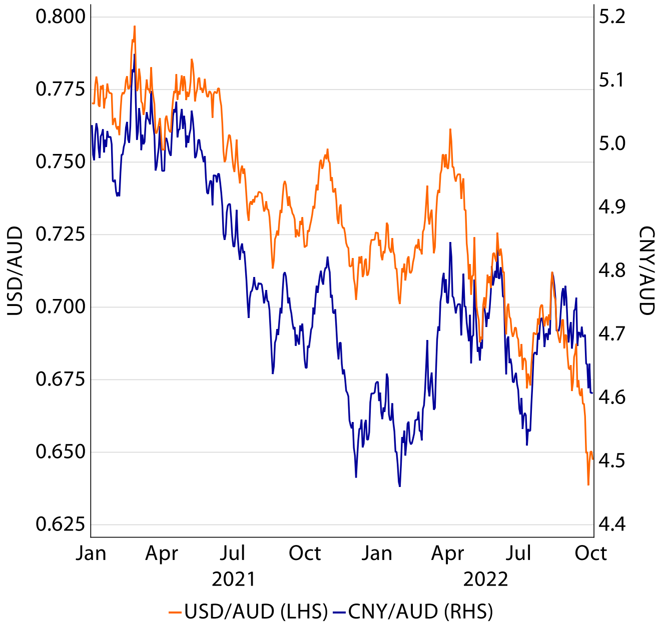
Rabobank

The AU five-year swap is rising in September, and more cash rate hikes are expected



Source: Macrobond, Rabobank 2022

The AUD fell further in September against the USD



Source: Macrobond, Rabobank 2022

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Oil & Freight

Container Rates on a Steep Decline, Bulk Rates Recover

Crude oil prices have continued to fall in September, largely on the back of a weakening economic outlook. Brent crude oil hovered between USD 84 to USD 97/bbl in the month, reaching the lowest level since January 2022. Slowing economic growth has weighed on demand and the IEA have marginally downgraded growth forecasts. While there has been large-scale switching from gas to oil recently, it has not been enough to keep a floor on prices as improved supply and seasonal slowdown has driven futures markets to below USD 90/bbl. Notably, global inventories of diesel remain at multi-decade lows, while the continued uncertainty of Russia's future oil exports and risk of further supply shocks will continue to support prices.

Global container spot rates continue their steep downward trend, and carriers turned up their cancellation strategy. Ship cancellation remained above March 2020 levels as the Baltic global container index fell another 25% MOM in September. Shippers, especially in Asia, have reached out to agents and freight forwarders to renegotiate contract rates, which are around twice the current spot rates. According to Xeneta, an ocean freight and market analytics platform, nearly 50% of their customers have succeeded in negotiating lower contract rates. We expect the strong decline of spot rates to continue to create downward pressure on contract rates. On the contrary, we expect reefer container rates to decline significantly slower in Q4 2022. Imbalanced reefer equipment and port congestions remain hurdles. Ship scheduling and port congestion have been slowly recovering: the global percentage of on-time arrivals of container ships reached 40.5% in July, slightly up from 36.4% in May and 39.9% in June.

The Baltic Panamax index (a proxy for grain bulk freight) bounced back in September, reversing the downward trend since May. Strong volume from South America supported the increase and reached its highest level in more than two months.

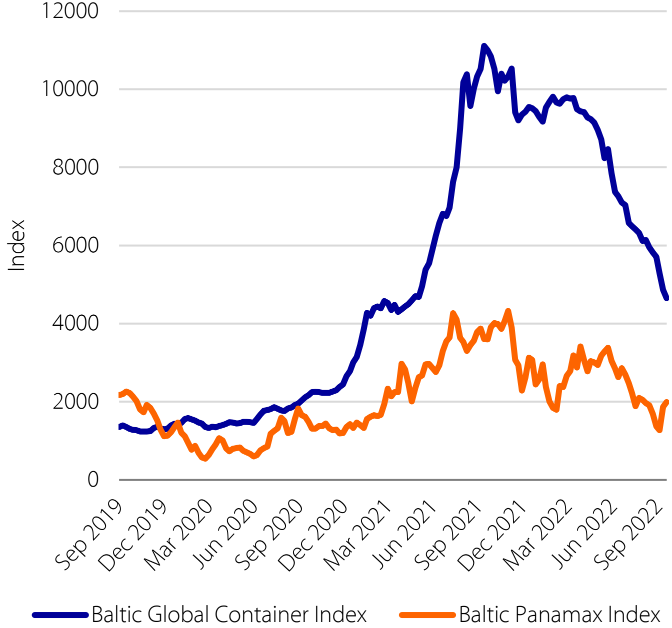
What to Watch

- ***OPEC+ Meeting*** – At the recent OPEC meeting, allies agreed to cut supply by 100 kb/d. With last month's negative momentum in prices, a further output cut is likely on the cards for the October meeting.
- ***Looming global economic conditions*** – A slowing global economy will continue to impact global trade and thus ocean container and bulk shipping conditions.

Economic Slowdown Weighs on Sentiment as Australian Diesel Fell This September

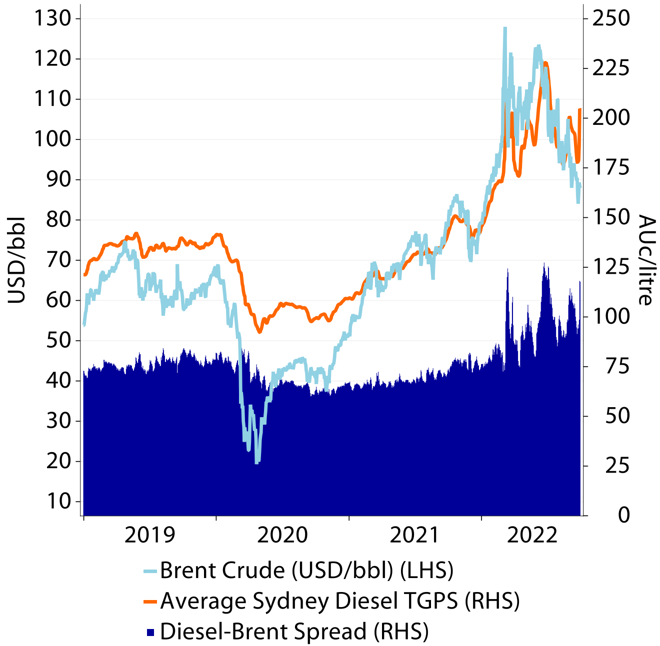
Rabobank

Baltic Panamax Index & Dry Container Index, Sep 2019-Sep 2022



Source: Baltic Exchange, Bloomberg, Rabobank 2022

Brent Crude Oil and Average Sydney Diesel, Jan 2019-Sep 2022



Source: Macrobond, Rabobank 2022

Agri Price Dashboard

30/09/2022	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▲	922	798	726
CBOT soybean	USc/bushel	▼	1,365	1,513	1,256
CBOT corn	USc/bushel	▼	678	680	537
Australian ASX EC Wheat Track	AUD/tonne	▲	442	397	339
Non-GM Canola Newcastle Track	AUD/tonne	▲	730	715	954
Feed Barley F1 Geelong Track	AUD/tonne	▲	326	320	260
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▲	1,075	1,028	1,042
Feeder Steer	AUc/kg lwt	▲	541	527	599
North Island Bull 300kg	NZc/kg cwt	▲	650	630	625
South Island Bull 300kg	NZc/kg cwt	▲	625	615	590
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	▲	757	674	943
North Island Lamb 17.5kg YX	NZc/kg cwt	▲	960	940	945
South Island Lamb 17.5kg YX	NZc/kg cwt	▲	955	940	935
Venison markets					
North Island Stag	NZc/kg cwt	▲	840	825	655
South Island Stag	NZc/kg cwt	▲	855	840	675
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▲	5,350	5,250	4,875
Skim Milk Powder	USD/tonne FOB	•	3,550	3,550	3,175
Whole Milk Powder	USD/tonne FOB	▲	3,700	3,438	3,638
Cheddar	USD/tonne FOB	▲	5,225	5,063	4,325

Agri Price Dashboard

30/09/2022	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▼	103.8	135.3	112
ICE No.2 NY Futures (nearby contract)	USc/lb	▼	93.2	117.5	108
Sugar markets					
ICE Sugar No.11	USc/lb	▲	18.4	18.1	19.8
ICE Sugar No.11 (AUD)	AUD/tonne	▲	609	578	563
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▼	1,255	1,337	1,337
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▲	650	600	485
DAP (US Gulf)	USD/tonne FOB	▼	760	925	660
Other					
Baltic Panamax Index	1000=1985	▲	2,082	1,284	4,013
Brent Crude Oil	USD/bbl	▼	88	99	79
Economics/currency					
AUD	vs. USD	▼	0.640	0.685	0.723
NZD	vs. USD	▼	0.560	0.613	0.690
RBA Official Cash Rate	%	▲	2.35	1.85	0.10
NZRB Official Cash Rate	%	•	3.00	3.00	0.25

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