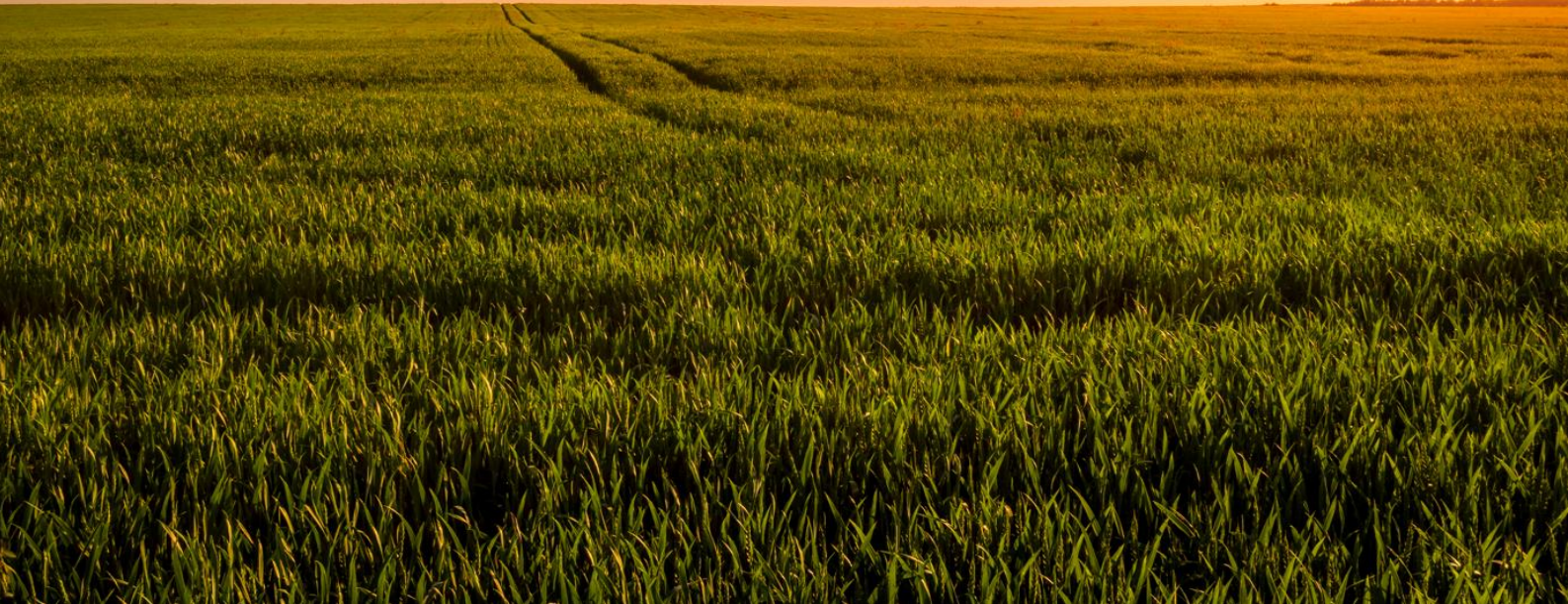


# *Bracing for Weather Risks*

Australia Agribusiness Monthly









July 2023





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# July Commodity Outlooks

 <p>Grains &amp; Oilseeds</p>	<p>The story for global wheat prices is bullish by year's end, but the price rally may have come too early, as US corn is just entering a crucial period for yields. EU and Black Sea harvests are ramping up and will deliver high export potential. Even without a grain deal, Ukraine will ship. Local prices will remain focused on Australian weather.</p>	<p><a href="#">p. 6-7</a></p>
 <p>Dairy</p>	<p>The new production season is now underway, and there was still a mild flurry of adjustments in the lead-up as dairy companies jostled for position. Milk prices are locked at levels that will support margins. The first signs of stabilisation in the local milk pool are emerging.</p>	<p><a href="#">p. 8-9</a></p>
 <p>Beef</p>	<p>Rain in a number of states through mid- and late June might just be enough to stabilise prices. However, it remains clear that there is a degree of caution among producers, and as long as there is uncertainty in the weather outlook, prices will remain volatile.</p>	<p><a href="#">p. 10-11</a></p>
 <p>Sheepmeat</p>	<p>Sheep and lamb prices weakened further, with trade and restocker lambs seeing the largest drops. The month-on-month drop in slaughter numbers supports prices into spring. However, weaker consumer markets and overall increased lamb numbers continue to weigh on markets.</p>	<p><a href="#">p. 12-13</a></p>
 <p>Cotton</p>	<p>Cotton prices settled slightly lower, as the strengthening AUD/USD and economic pressure hamper price upside. Production outlooks for the end of the current season have increased, with Brazil's current harvest showing another strong crop.</p>	<p><a href="#">p. 14-15</a></p>
 <p>Wool</p>	<p>Wool prices across the board slid further amid bearish market sentiment. Recent activity from Chinese mills is providing hope for mitigating downside price risk, while reduced offerings present a potential benefit given current demand.</p>	<p><a href="#">p. 16-17</a></p>

# July Commodity Outlooks

 <p>Consumer Foods</p>	Food inflation has proved sticky so far this year. The latest monthly release showed food and non-alcoholic inflation was steady at 7.9% YOY in May. Two key categories remain the main culprits, with dairy and bread at double-digit rates.	<a href="#">p. 18-19</a>
 <p>Farm Inputs</p>	Price variations in the energy sector were not strong enough to alter the downward trend for farm inputs. Market oversupply and limited demand have been the status quo since late 2022. This sector has its own long-term supply chain characteristics.	<a href="#">p. 20-21</a>
 <p>Interest Rates and FX</p>	First quarter GDP growth was slightly lower than expected at 0.2%. The economy is now showing certain signs of slowing, and the monthly inflation data for May suggests that the RBA is nearing the end of the rate hike cycle.	<a href="#">p. 22-23</a>
 <p>Energy and Freight</p>	Crude oil prices scarcely changed over the course of June, as some strong economic data out of the US pared back earlier concerns of a recession-induced slump in demand.	<a href="#">p. 24-25</a>

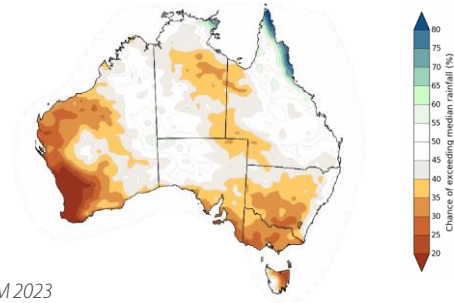
# Is That El Niño Knocking on the Door?

## BOM forecasts higher chances of exceeding median rainfall for the rest of winter, despite El Niño's approach.

While the Bureau of Meteorology (BOM) held the El Niño-Southern Oscillation (ENSO) outlook at 'El Niño alert' this month, the World Meteorological Organisation has officially declared that El Niño is underway. For the majority of Australia, the chance of exceeding median rainfall during the July-to-September period is moderate to very low (50% or less).

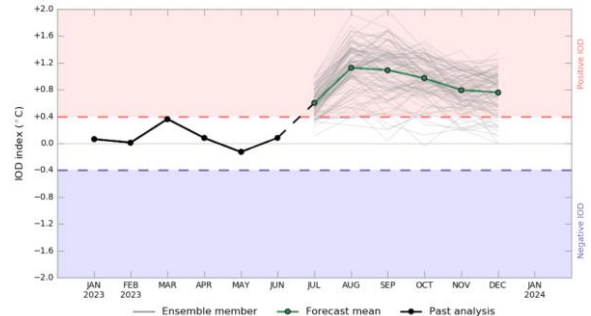
The Indian Ocean Dipole (IOD) model is currently neutral, and all models suggest positive values will develop in the coming months. If the positive IOD coincides with El Niño, already dry conditions could be further intensified.

## Low to moderate chances of exceeding median rainfall July-September rainfall outlook



Source: BOM 2023

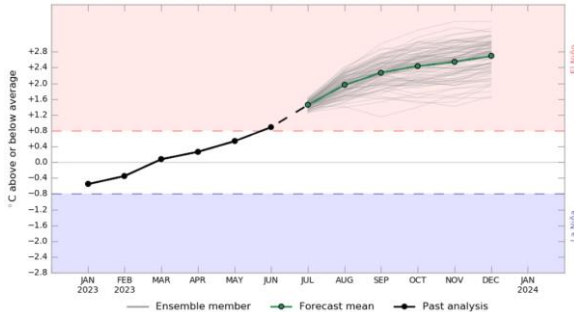
## IOD likely to develop positive values in the coming months Monthly sea surface temperature anomalies for Indian Ocean



Source: BOM 2023

## Sea surface temperatures exceed El Niño thresholds

Monthly sea surface temperature anomalies for central Pacific Ocean



Source: BOM 2023

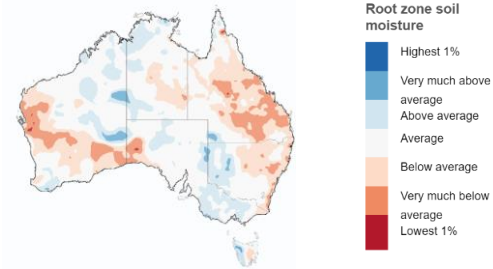
# Heavy June Rainfall Defies Expectations

**Australia's June rainfall was 24.6% above average, bringing with it significant records.**

Regions in west, south, and east Australia experienced thunderstorms, heavy rainfall, and hail, leading to flash flooding in parts of Western Australian and record June rainfall totals in parts of Victoria and South Australia.

A series of cold fronts later brought more storms, winds, and snow to southern parts of Australia and set record daily minimum temperatures in regions across Australia's south-east. Central parts of Australia that are typically drier at this time of the year also experienced unseasonal rainfall that continued until the end of the month.

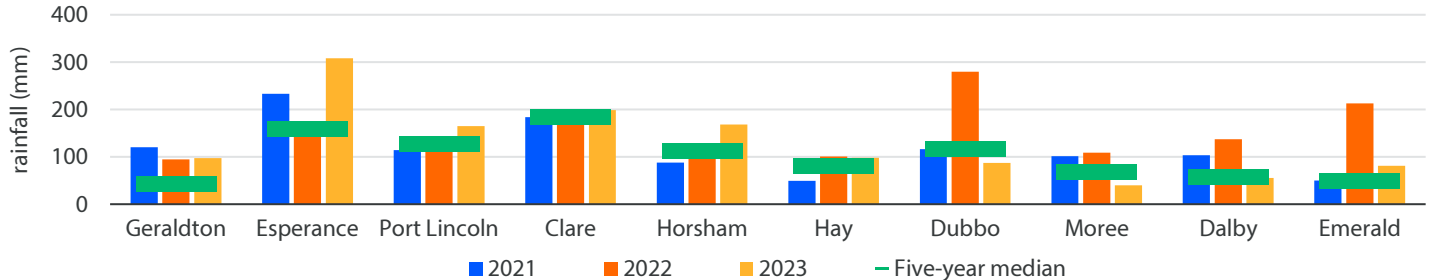
*Many parts of Australia experience very low soil moisture*  
Relative soil moisture, July 2023



Source: BOM 2023

*Rainfall mostly at average levels, despite some regions experiencing record daily totals in June*

April to June rainfall



Source: BOM 2023

# What the Coup?

**In June, CBOT Wheat, Corn, and Soy increased substantially but couldn't keep the bull run alive. US drought and Black Sea uncertainty scared funds, but with Northern Hemisphere harvest ramping up, it's hard to keep prices elevated without bad news.**

Continued tensions on Ukrainian exports through eastern Europe and concerns (yet again) on the renewal of the grain corridor are keeping markets on edge amid a large Ukrainian counter-offensive and an attempted military coup in Russia. The market will likely now see an additional risk premium following the attempted coup as one-third of global wheat exports becomes even less predictable. Romanian officials are reportedly considering measures to give local farmers priority to the port of Constanța over Ukrainian grain once harvest begins. It is, however, important to note that if one of the above export avenues is closed, the increased investment in export capacity through the Danube River should soften the global price impact.


NOAA officially declared El Niño on 8 June, and the market has become increasingly cautious about its impacts in key end markets. While El Niño is typically associated with above-average rainfall in Argentina, many regions remain dry. In Australia, the reverse is true. While it was dry until recently, rains over June have soothed some of the concerns.

Canada has planted a massive wheat and canola area, but dryness persists and raises production question marks. In Europe, despite dryness in some parts and heavy rains in others shortly before harvest, the export potential remains strong given that corn imports from Brazil and Ukraine are once again likely to free up domestically grown wheat for export.

National average Australian APW1 track wheat prices rose by 0.3% MOM as of 30 June, and national average APW1 pricing traded AUD 16/tonne higher than CBOT Wheat.

## What to Watch

- **Why it was too early for a global price rally (assuming no other Russian coups)** – Although the crop downgrades are bullish, they are only bullish for later in the year. While conditions in Canada, Argentina, and parts of Australia are dry, a small window for improvement remains. Furthermore, Russian exports continue at very strong levels. Ukraine continues to export, and even without a deal by 18 July, will remain an active exporter. European and Black Sea harvests are about to begin, and Brazil is about to ramp up exports from a record corn crop. US weather in July and August is crucial for corn and soybean yields. **Canada has a similar story of near-term grain surplus.**



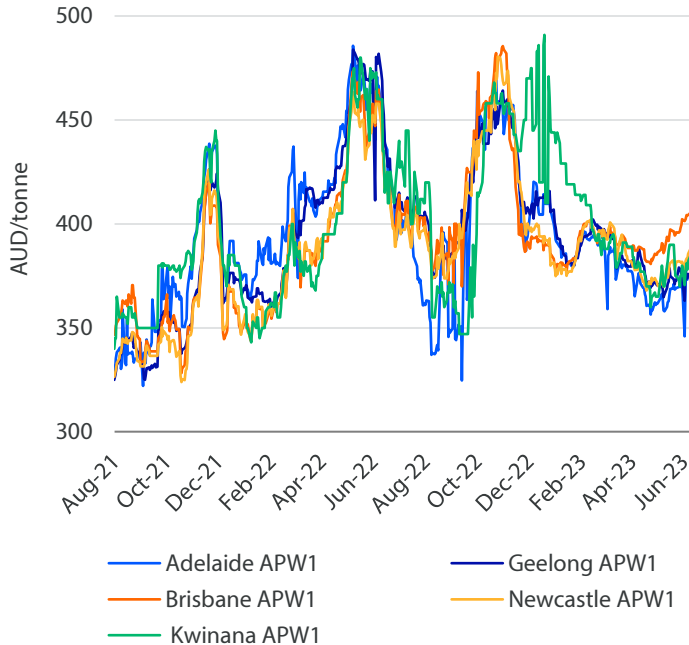
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# Grains & Oilseeds

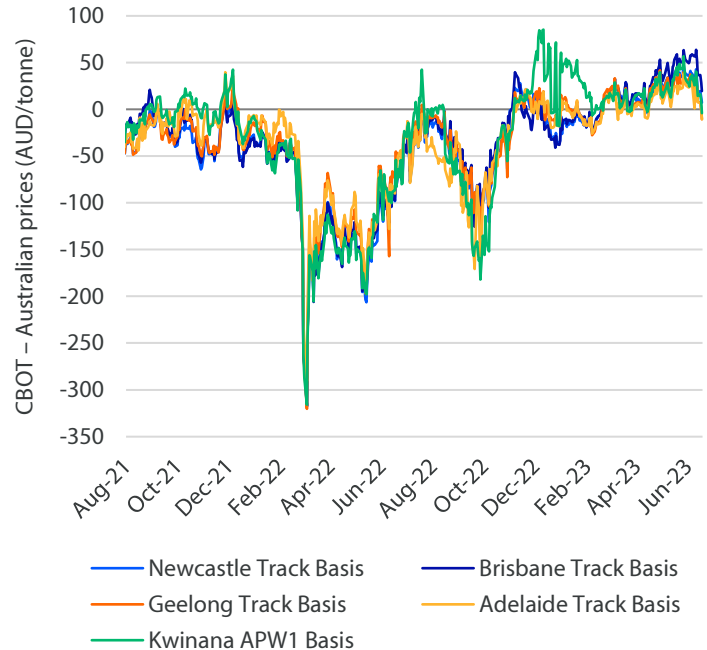
# Local Prices Continue To Edge Higher

Local wheat prices continue to trend higher, particularly in NSW and Queensland



Source: Bloomberg, Rabobank 2023

Australian wheat prices on par with CBOT



Source: Bloomberg, Rabobank 2023

# Local Milk Supply Stabilises

**The new production season is now underway, and there was still a mild flurry of adjustments in the lead-up as dairy companies jostled for position.** While some new season milk prices are down slightly on the previous year, they are locked at levels that will support farm margins.

**Australian monthly milk production posted growth for the first time since early 2021.**

National milk production was 1.6% higher YOY in May at 624m litres. There was growth in NSW, Western Australia, and Tasmania. Season-to-date milk production stands at 7.562bn litres, down 5.3% on the same period the previous year. Rabobank is expecting mild growth to continue in the 2023/24 season as the industry cycles through weak comparables, supported by ongoing profitability.

**Downstream Australian dairy companies are cycling through a challenging period.** The competition for milk remains fierce. There are ongoing cost pressures outside the cost of milk that processors are facing. A common thread for companies with export exposure will be competitiveness, given the milk price cycle versus other export regions.

**June was a mixed bag for Oceania dairy commodity markets.** Both main milk powder prices fell in June versus May, but cheese and butter performed better. On a year-on-year comparison, the commodity basket starts the new season on a soft footing, with US dollar pricing down between 11% and 36%. Rabobank maintains that a sustained rally in the commodity market remains pegged to Chinese import demand.



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## Dairy

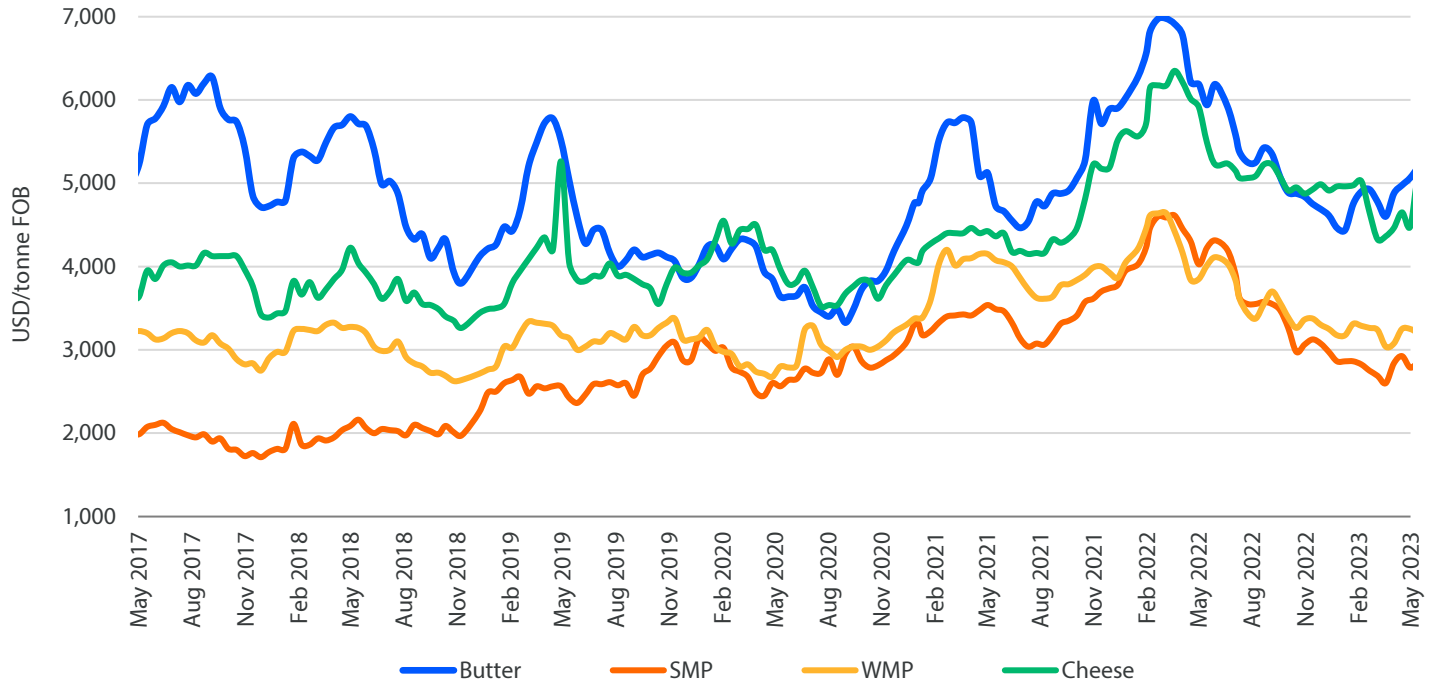
### What to Watch

- **New Zealand spring flush** – The spring production months in New Zealand will be another key test for global market fundamentals. Milk production in New Zealand ended the 2022/23 season down just 0.5% on last year. The initial Rabobank forecast for the new season (which kicked off 1 June 2023) is for a mere 0.6% recovery in milk supply.

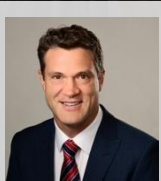


# Dairy Commodities Range-bound in June

Oceania spot dairy commodity prices, June 2017-June 2023



Source: USDA, Rabobank 2023



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# Beef

## Was That the Change in Season?

Last month, we wrote that ‘despite the fundamentals suggesting that prices shouldn’t fall any further, maybe we just need that change in season to give the market the confidence to lift again’. With some rainfall across NSW, southern Queensland, Victoria, South Australia, and south-west Western Australia in mid- and late June, we have seen prices for most cattle classes lift or at least go sideways since the middle of the month. The EYCI was at AUc 556/kg cwt on 30 June, down 4% on four weeks prior but in line with prices in mid-June. **While this rainfall may be enough to give producers a bit of confidence and therefore support cattle prices currently, it is clear that there is a degree of concern on the producer side of the market about future weather conditions. While this exists, we believe prices will remain volatile and soft.**

Weekly cattle slaughter numbers lifted slightly in the last week of June, with eastern states’ slaughter numbers breaching 121,000 head for the first time since mid-2020. **Interestingly, volumes in Queensland and NSW are now running close to the five-year average, while Victorian slaughter numbers – despite our belief that Victorian cattle numbers are high – are down 27%.** Perhaps plants in the north are pulling cattle up from the south.

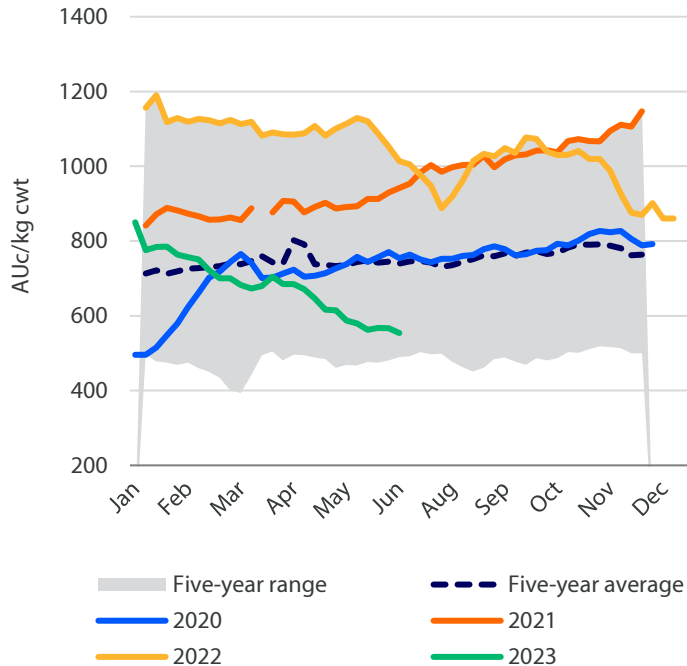
Finalised June export volumes had not been published at the time of writing, but partial numbers suggest June export volumes were up around 7% on May numbers. Volumes to Japan and South Korea are up marginally, and volumes to the US are up 20%. Live export numbers in May jumped 83% YOY, with increased numbers to Vietnam (+ 360%) and Indonesia (+ 66%).

### What to Watch

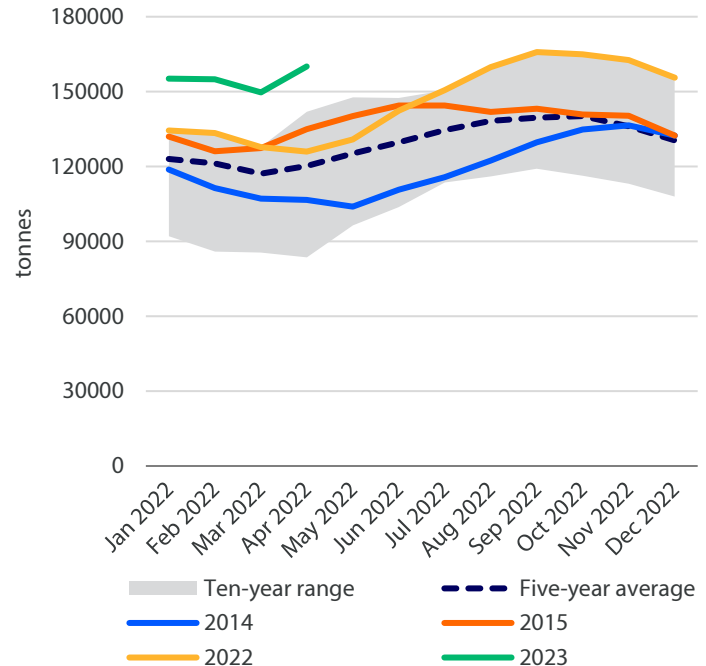
- **Full supply chains** – We have been hearing since late 2022 that there are challenges shifting volumes, as many countries continue to recover from Covid, with slower economies compounding the impact. We can see the evidence of these full supply chains in Japanese beef inventory numbers. The current (April) volumes are the highest levels in over 30 years, and the stocks-to-use ratio is 18%, when the average for May is 13%. Until these stocks clear and volumes flow, we cannot expect processors to chase more cattle.

# Cattle Prices Remain Soft in Light of Congested Supply Chains

Will June rainfall support prices and stop them from falling?



Japanese ending stocks are at their highest level in over 10 years



Source: MLA, ALIC, Rabobank 2023

# Will We See Prices Stabilise?


Sheep and lamb prices across the board continued to fall through June, following the trends seen in recent months, with restocker/feeder lamb prices suffering the largest drop. Light and restocker/feeder lambs declined 16% and 26% MOM, respectively, while trade lambs and heavy lambs sank 17% and 19% MOM. The decrease in light lamb prices to AUD 3.97/kg marks the first time that prices have dropped below AUD 4/kg since January 2014. Mutton prices saw a slight increase to AUD 3.82/kg in the first week of June before following lamb prices and dropping 21% MOM to AUD 3.17/kg. **Last year when there was a similar carryover of lambs, we did see them start to clear by mid-year, and prices started to pick up. Weekly slaughter numbers to the end of June do not show a drop yet, but it may be just around the corner. When it happens, we expect prices to stabilise.**

Weekly lamb slaughter numbers for June increased slightly, up 4% YOY. June numbers were down (5%) on May numbers, which aligns with the historic contraction in numbers leading into winter. Sheep slaughter volumes remain significantly above 2022 levels, with June totals up 64% YOY and NSW showing the greatest increase (72%).

**Monthly export volumes up to 26 June sat at 32,676 tonnes, reflecting a trend toward year-on-year growth of 10%.** One factor is the continued rise in exports to the Middle East in 2023, with volumes for the month of June currently tracking at an 80% YOY increase. These numbers are advancing toward pre-Covid levels and providing support for volumes out of Australia. Meanwhile, US exports continued to track below 2022 levels for the fourth consecutive month, down 14% YOY.

## What to Watch

- **Softening lamb slaughter volumes** – Looking at 2022, we saw a similar increase of lambs into the market in May, which led prices to soften and drop marginally month on month. Volumes then weakened in July, down 9% MOM. Off the back of this, we saw prices rebound and climb. If this is anything to go by – as slaughter volumes for June 2023 dropped 5% MOM – price support may flow through. However, the weaker consumer market and overall increase in lamb numbers must be factored in.



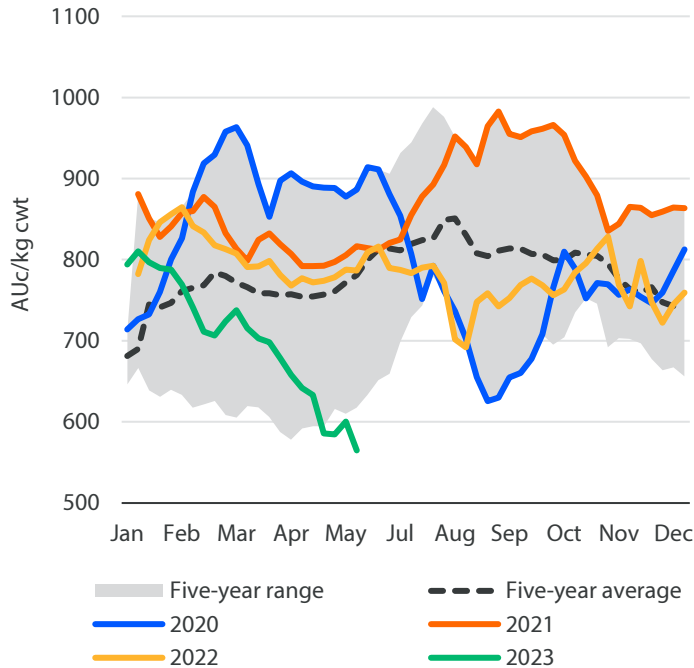
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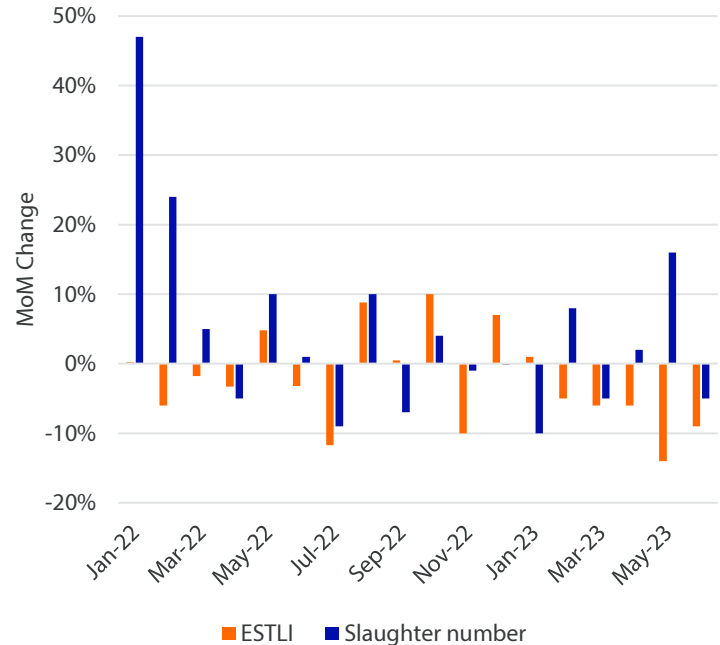
# Sheepmeat

# Reduced Slaughter Volumes in June May Help Stabilise Recent Price Declines

ESTLI fell further below AUD 6/kg throughout June



Declining slaughter volumes may lead to price relief



Source: MLA, ABS, Rabobank 2023

# Prices Hold and Production Jumps

**After reaching USc 86/lb in the first week of June, ICE #2 Cotton prices fell 3.4% MOM, settling at USc 80.55/lb as of 26 June.** The closing out of the July contract, strengthening of the AUD/USD, and continued lacklustre Chinese economic recovery compared to early 2023 expectations were among the contributing factors (as opposed to any fundamental shifts). Local cash prices followed suit, hitting AUD 635/bale in early June before finishing at AUD 610/bale, down marginally month on month.

**Production outlooks are positive for both Brazil and the US.** The Brazilian cotton harvest is underway and looks promising for another strong total, with the potential to outperform expectations and push toward record highs. The US is wrapping up cotton planting. Due to the excellent start in Texas, production estimates are climbing, with the USDA's June forecast for 2023/24 up 2m bales on the 2022/23 season, to 16.5m bales. Estimated global production totals for 2023/24 now eclipse last season's levels by 400,000 bales, with China's 3.7m bale reduction offsetting the majority of increases. Australia's cotton harvest is nearing its end. The majority of regions have had good harvest conditions. However, with around 30% picked so far, southern NSW's progress is very slow, with yields down and deductions high.

**Australia's cotton exports for April again significantly exceeded last season's, rising over fivefold year on year,** with volumes centred around Vietnam (32%), India (18%), and Bangladesh (10%). April's monthly total marked the best volumes in 10 years. With another strong crop currently nearing the end of harvest, export volumes will likely continue increasing.

## What to Watch

- **Indonesian cotton consumption** – Indonesia's consumption totals fell to their lowest levels in over 30 years, down 38% YOY for 2022/23. Domestic demand for cotton products has slumped, while export demand for cotton yarns has also weakened as it shifts to a greater share of man-made fibre production. The USDA forecast domestic consumption up 700,000 bales in 2023/24, but the estimated total volume remains below historical levels. A significant turnaround is required to return to normal levels.



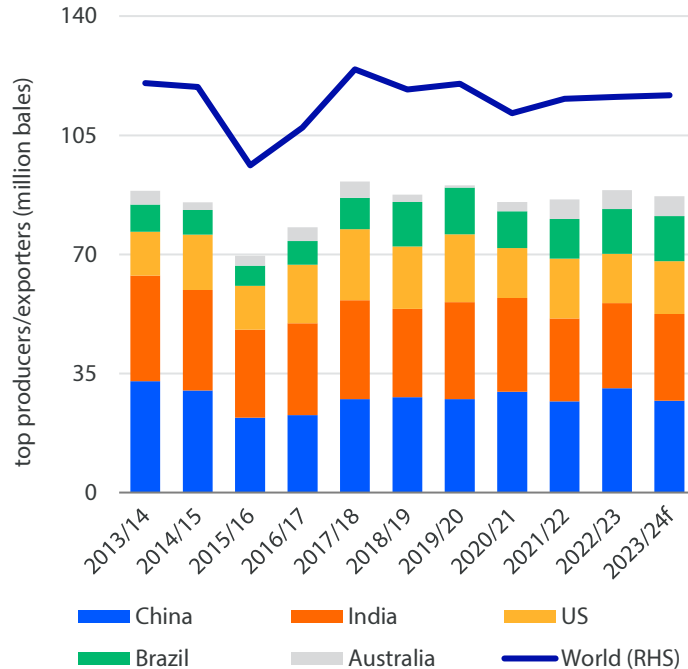
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# Cotton

# Cotton Production Outlooks Positive Across Key Countries

Slight 2023/24 production growth driven by improved US outlook



Source: USDA, Rabobank 2023

ICE #2 Cotton prices settled slightly lower in June after dropping briefly below USc 80/lb



Source: Bloomberg, Rabobank 2023

# Can Demand Absorb Supply?

**The wool market continued to fall throughout June, with the Eastern Market Indicator sitting at AUc 1,139/kg as of 26 June, down 5.8% MOM.** After holding relatively steady in early 2023, fine microns saw the largest fall, with the 17, 18, and 19 classes falling 11%, 9%, and 7% MOM, respectively. Soft demand remains the key factor underpinning the currently bearish market sentiment, with China's economic recovery still weaker than expected halfway through 2023. However, late June showed signs of improved Chinese interest holding further price drops.

**Retail sales across key markets are maintaining growth despite continuing interest rate pressure.** The UK saw textile, clothing, and footwear sales increase 7.4% YOY in May, while China's garments, footwear, and textiles sales jumped 12% YOY. On the flip side, the US saw retail clothing sales fall 0.2% YOY, which marks the third consecutive month of year-on-year reductions. Japan's sales matched 2022 values in May. The marginal falls indicate that, while consumers are dialling back their spending, sales are holding relatively steady despite interest rate hikes.

**Australia's wool exports in April fell 2.9% YOY, to 27.7m kg, as demand began to soften and logistical bottlenecks pushed out shipment turnaround times.** China's volumes fell 3.6% YOY. However year-to-date volumes remain slightly up for 2023. With 6.6% of volumes in April, India remains the second largest destination and has seen the largest growth this year, with April totals increasing 71% YOY and year-to-date totals increasing 34% YOY. Italy, another key market, saw positive volumes (+42.5% YOY) in April off the back of a slower start to the year, with year-to-date volumes still 9% below 2022 levels.



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## Wool

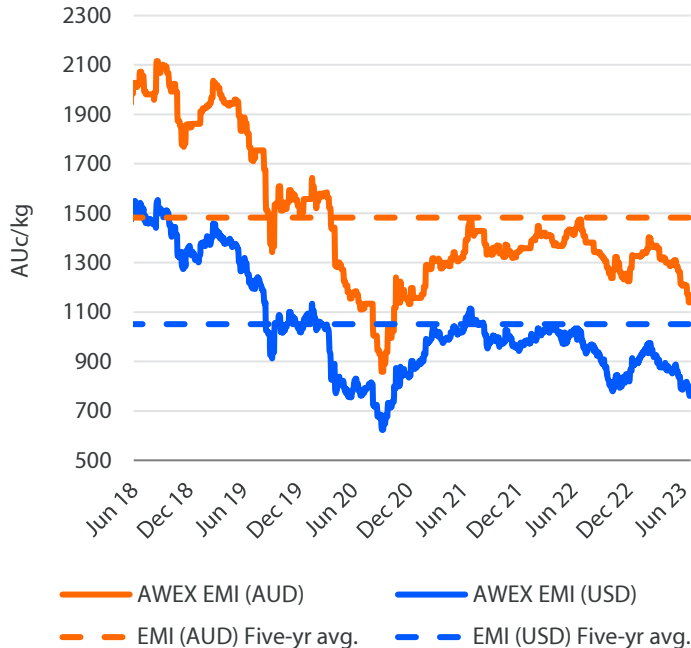
### What to Watch

- **Chinese manufacturing sector** – After the sector showed positive signs of growth from January through March, with the Purchasing Managers Index (PMI) jumping well above expectations, May and June results indicate consecutive months of contracting growth in the sector. As China is our key export destination, there will be minimal price upside if we continue to see a softening of demand in the Chinese manufacturing sector.

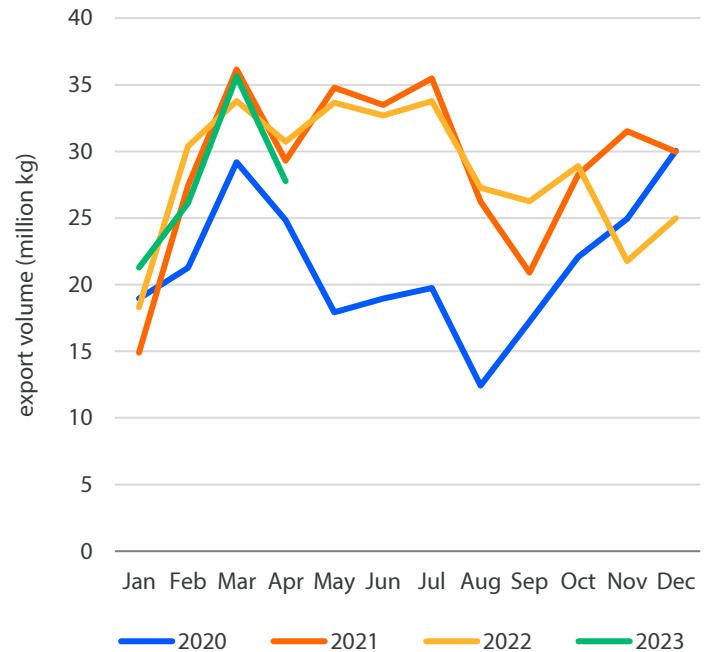


# Wool Prices Fall Further as Demand Remains Bearish

Australian EMI softens further with fine micron classes showing the largest drop



Australian wool exports drop year on year despite larger volumes of wool testing



Source: Bloomberg, Rabobank 2023

Source: ABS, Rabobank 2023

# Sticky Food Inflation

Food inflation has proved sticky so far this year. The latest Australian Bureau of Statistics (ABS) monthly release showed food and non-alcoholic inflation was steady at 7.9% YOY in May (seasonally adjusted).

Two key categories remain the main culprits, with dairy and bread at double-digit rates. However, consumers are still paying more for food across the supermarket aisles. Rates of inflation across the fresh produce and meat aisles are more moderate.

**The local food market is proving somewhat resilient. ABS retail trade data for May showed both food retail and out-of-home sales increased year-on-year.** However, this was driven by higher consumer prices, with food inflation in both channels far exceeding the overall growth in retail trade.

**A round of trading updates from supply chain participants in food and beverage sectors provided more colour.** Metcash highlighted an ongoing trend of consumers trading down from fresh to frozen. While reporting a lift in foot traffic, the company noted basket size remains flat.

**A trading update from Collins Food Limited showed some of the pressures in the foodservice sector.** The company flagged labour, energy, and ingredients as ongoing cost pressures. However, foot traffic performed well, with the company focussed on value offerings. The company has also seen a spike in e-commerce sales.



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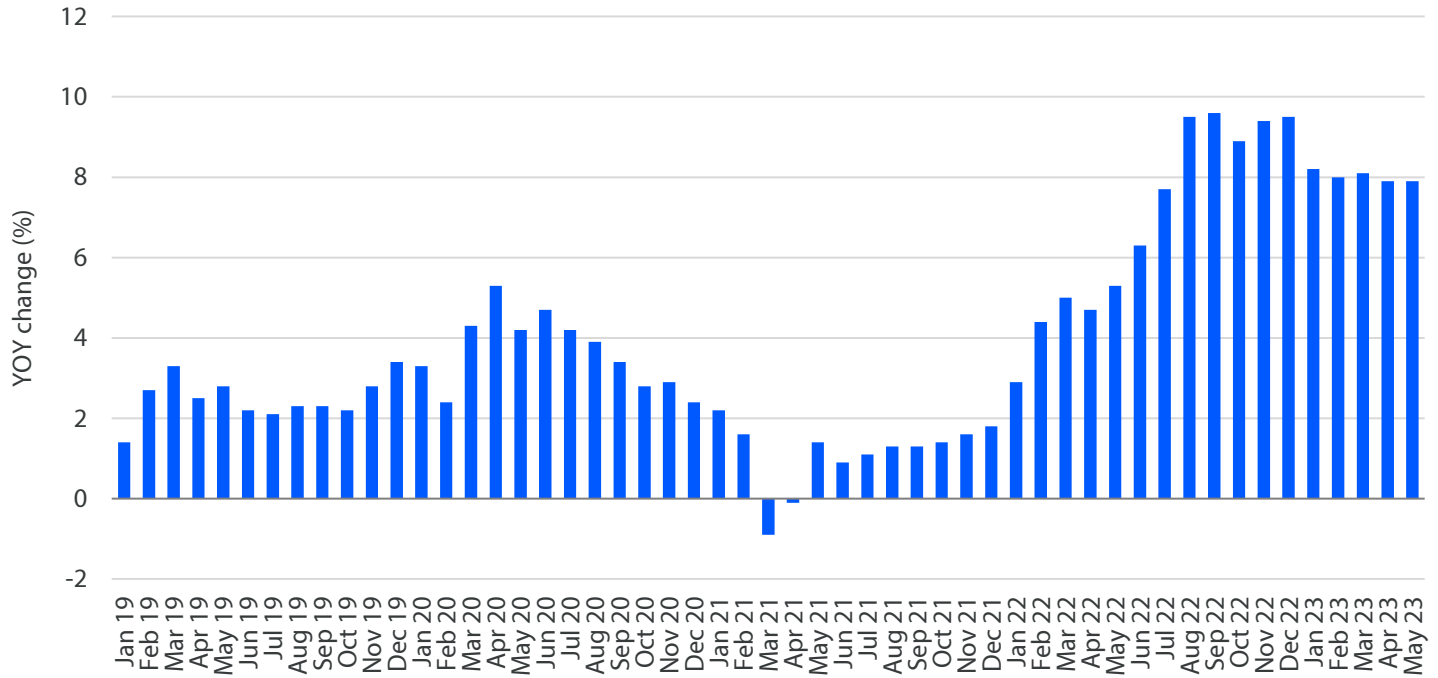
## Consumer Foods

### What to Watch

- **Consumer confidence** – The latest read on Australian consumer confidence showed a slight uptick according to the ANZ-Roy Morgan poll (week of 26 June 2023). However, in the historical context, Australian consumer confidence levels remain in the doldrums, with the current extended period of low confidence in the economy similar to that of the 1990-91 recession.

# Food Inflation Continues To Be Sticky

Australian Monthly Consumer Price Index, food and non-alcoholic beverages\*



\*Note: Original (not seasonally adjusted)  
Source: ABS, Rabobank 2023

# Vast Supply Ain't Busted

**Another ammonia pipeline blast occurred, and now the grain corridor deal very likely will be ditched. Europe reimposed import duties on ammonia and urea, and the Dutch natural gas price reference hiked 62% in the last 30 days. However, none of these incidents was strong enough to revert the downward trajectory of farm input prices, which will only change when demand exceeds supply and current stocks.**

Despite the fact that the pipeline connecting Tolyatti in Russia to the Odesa port in Ukraine was inactive, its bombardment in early June removed a bargaining chip from Black Sea Grain Initiative negotiations. It also eliminated a possible increase in European natural gas supply from Russia, which became a very strong market driver for fertiliser prices in early 2022. European natural gas price future contracts rose substantially during June but still fell short of last year's bull market. Today's price equals only 16% of 2022's highs. The blast was unable to alter Europe's nitrogen price reference, and Middle East references dropped about 15% for urea. The global market remains well supplied.

Conversely, Chinese DAP exports for the first five months of 2023 saw an increase of 38% YOY, from 1.1m to 1.48m tonnes. As the summer sowing period is done in the Northern Hemisphere, any strong bullish element in the second half of the year will come from South America. So far, nothing has emerged. Since January 2023, the Argentine reference has dropped by 21.5% and the Brazilian one by 34.5%. Potash fertilisers follow a similar path, with international prices down 13%.



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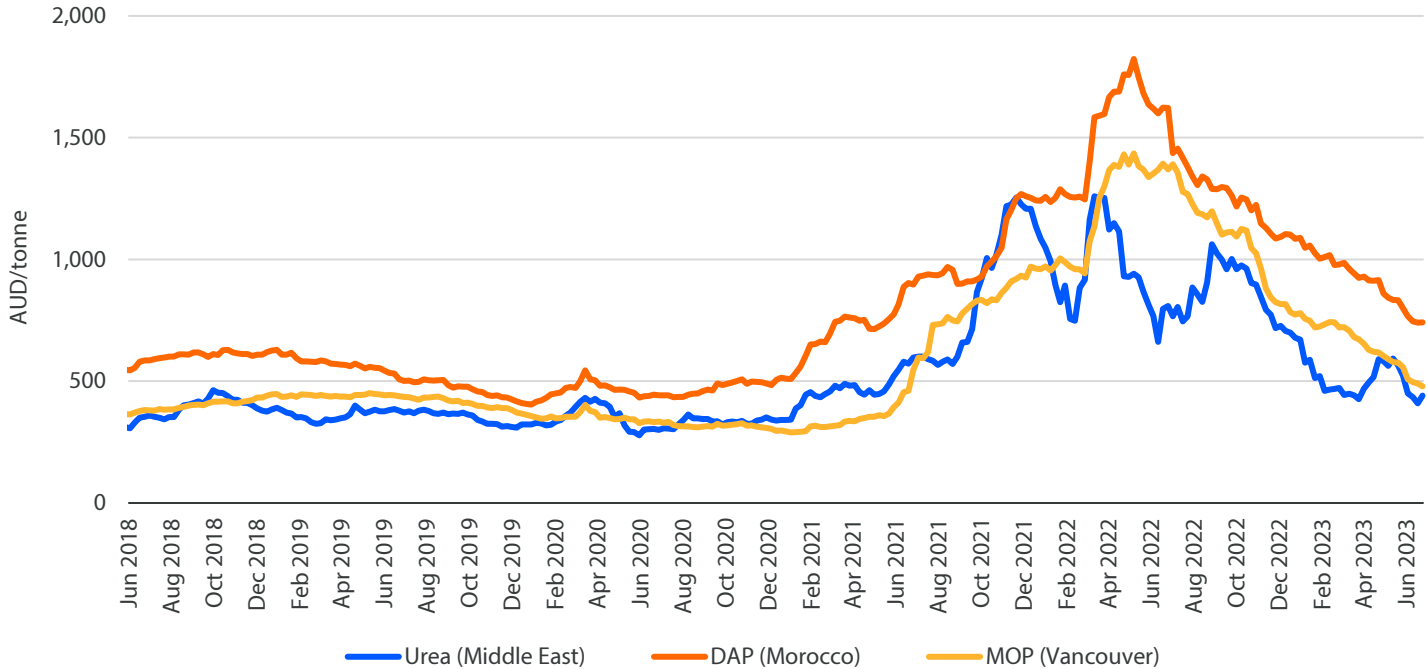
## Farm Inputs

### What to Watch

- **Agrochemicals** – Most prices for agrochemical ingredients have declined during 2023. For example, Chinese glyphosate is down 45% this year alone. However, some agrochemicals might show a different consumption rate soon. Brazilian demand for dicamba, for example, might surge in the coming months as the next soybean season approaches. On the other side of the Southern Hemisphere, resistant GMO varieties are on the rise in the upcoming crop.

# The Grip of Oversupply Is Sticky

AUD-adjusted monthly global fertiliser prices



Source: CRU, Bloomberg, Rabobank 2023

# Resilience

**June painted a bit of a mixed picture of the economy in terms of data. The ABS' Labour Force Report for the month of May (released on 15 June) showed an enormous gain in employment of 75,900 positions in the month. This saw the unemployment rate fall to 3.6% and labour force participation hit a new all-time high. While the labour market was looking incredibly strong, the monthly CPI inflation reading printed much lower than expected at 5.6% YOY versus the consensus estimate of 6.1%, and Q1 GDP growth was a little softer than expected at 0.2% for the quarter.**

So, we had more employment but lower prices and moderating growth. That sounds like a bit of a Goldilocks scenario for the RBA, and it will be pleased to see gains in the labour market being preserved even as inflation continues to fall. A note of caution though, the May inflation data was heavily influenced by falls in volatile items like automotive fuels and holiday travel and accommodation. Spending on restaurants and takeaway food returned to all-time highs, but this was largely driven by higher prices (rather than higher volumes) and may have been helped along by Mother's Day occurring in May. We maintain our call that 4.35% will be the peak in the RBA cash rate. It is our view that the RBA will see this as a good balance between the need to take some additional heat out of the labour market and the risk of a sharper-than-expected downturn in private consumption that could put the country at risk of recession.

The Australian dollar traded in a wide range in June. The low of 0.6571 came on the first day of the month, followed by a high of 0.6885 on 15 June after the release of the jobs figures. And it finished around 66 cents, pretty close to where it started. We expect the Australian dollar will remain in a sideways pattern for the next three months or so, before rallying up toward USc 72 on a 12-month view.



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## Interest Rate & FX

### *What to Watch*

- The Q2 CPI inflation report released on 26 July will be an important input for RBA decision-making around whether further rate hikes may be required.
- Labour market data due on 20 July.
- The NAB Business Survey on 20 July will give an updated picture of forward indicators of the economy's health.

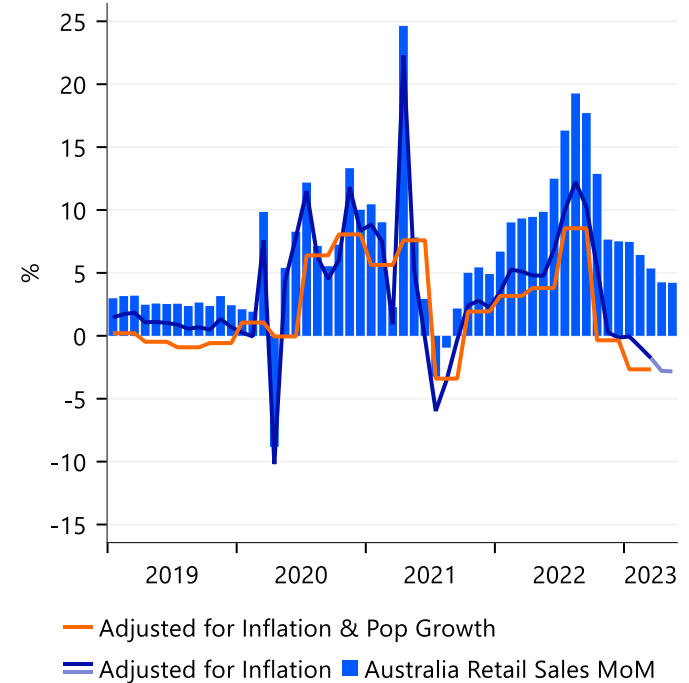
# The Economic Slowdown Is Underway

Growth is slowing, and per capita GDP is now declining



Source: Macrobond, Rabobank 2023

Retail sales are now declining in real terms



Source: Macrobond, Rabobank 2023

# Energy Searches for Direction

**Crude oil prices went on a rollercoaster ride in June before closing the month close to where they started.** Front month Brent crude prices rallied in the middle of the month following a lower-than-expected CPI print for May and a decision by the FOMC to keep interest rates on hold. The gains came despite a Department of Energy report that showed an unexpected buildup in inventories and lower refinery utilisation rates that may explain some of the recent divergence between crude prices and distillates.

The aborted mutiny in Russia also saw some volatility in energy markets. Crude prices saw a bit of a rally as news of the mutiny hit the markets. But this was quickly reversed as it became clear that Wagner PMC would be standing down, and Federal Reserve Chairman Jerome Powell told the US Senate that two or three more rate hikes may be needed in the US this year. Prices rallied into the end of the month after US GDP growth was unexpectedly revised higher and a number of other strong data prints allayed fears of a demand-sapping recession in the US.

**While ocean shipping spot rates have returned to their pre-pandemic levels, contract rates are far behind.** The Producer Price Index (PPI) for deep sea freight transportation tracked by the US Bureau of Labor Statistics stood 33% higher in May 2023 than the pre-pandemic average. The rate of PPI decline has also significantly slowed. As over 50% of the shipping volume is contracted out, the spot rate chart alone may not be a good indicator for pricing in the deflationary environment for the remainder of the year.

**The Baltic Panamax Index (a proxy for grain bulk freight) continues to fluctuate** around the lower end of the spectrum as capacity frees up and the global economy enters turbulent waters.




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## Oil & Freight

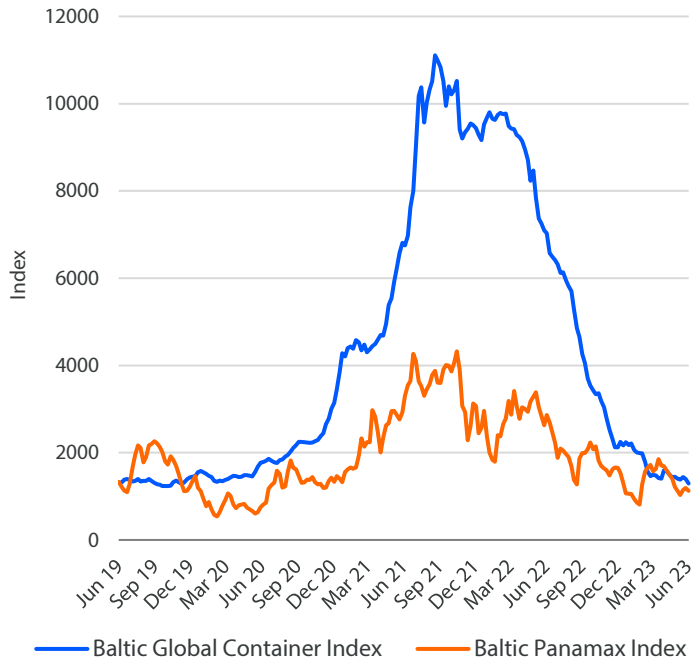
### *What to Watch:*

- US Department of Energy weekly inventory reports on 7, 13, and 20 July will give an updated picture of available supply in energy markets.
- The US Federal Reserve's interest rate decision on 27 July will also be important for its influence on economic activity and demand for energy.



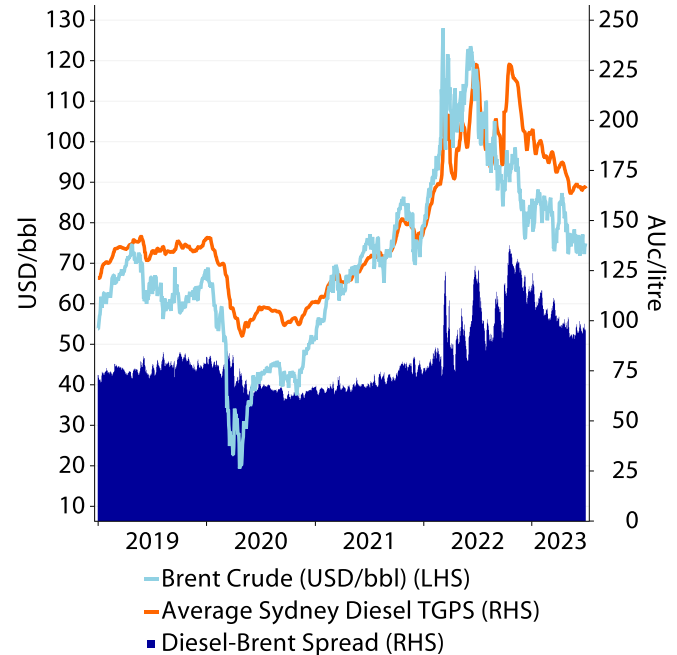
# Energy Prices Traded Sideways in June

Baltic Panamax Index and Dry Container Index, June 2019-June 2023



Source: Baltic Exchange, Bloomberg, Rabobank 2023

Brent Crude Oil and average Sydney Diesel, Jan 2019-June 2023



Source: Macrobond, Rabobank 2023

# Agri Price Dashboard

29/06/2023	Unit	MOM	Current	Last month	Last year
<b>Grains &amp; oilseeds</b>					
CBOT wheat	USc/bushel	▲	657	594	1,158
CBOT soybean	USc/bushel	▲	1,455	1,300	1,732
CBOT corn	USc/bushel	▼	592	594	777
Australian ASX EC Wheat Track	AUD/tonne	▲	387	370	466
Non-GM Canola Newcastle Track	AUD/tonne	▲	648	586	921
Feed Barley F1 Geelong Track	AUD/tonne	▼	313	323	430
<b>Beef markets</b>					
Eastern Young Cattle Indicator	AUc/kg cwt	▼	557	575	1,110
Feeder Steer	AUc/kg lwt	▼	309	335	568
North Island Bull 300kg	NZc/kg cwt	▲	595	590	595
South Island Bull 300kg	NZc/kg cwt	▲	560	540	575
<b>Sheepmeat markets</b>					
Eastern States Trade Lamb Indicator	AUc/kg cwt	▼	540	587	777
North Island Lamb 17.5kg YX	NZc/kg cwt	▲	770	755	855
South Island Lamb 17.5kg YX	NZc/kg cwt	▲	765	760	855
<b>Venison markets</b>					
North Island Stag	NZc/kg cwt	•	885	885	795
South Island Stag	NZc/kg cwt	•	885	885	800
<b>Oceanic Dairy Markets</b>					
Butter	USD/tonne FOB	▲	5,413	5,063	6,188
Skim Milk Powder	USD/tonne FOB	▼	2,775	2,788	4,025
Whole Milk Powder	USD/tonne FOB	▼	3,150	3,250	3,850
Cheddar	USD/tonne FOB	▲	4,650	4,475	5,913

Source: Bloomberg, MLA, Rabobank 2023

# Agri Price Dashboard

29/06/2023	Unit	MOM	Current	Last month	Last year
<b>Cotton markets</b>					
Cotlook A Index	USc/lb	▼	89.3	94.2	157
ICE No.2 NY Futures (nearby contract)	USc/lb	▼	80.1	83.5	139
<b>Sugar markets</b>					
ICE Sugar No.11	USc/lb	▼	22.6	25.1	19.6
ICE Sugar No.11 (AUD)	AUD/tonne	▼	754	839	573
<b>Wool markets</b>					
Australian Eastern Market Indicator	AUc/kg	▼	1,126	1,209	1,420
<b>Fertiliser</b>					
Urea Granular (Middle East)	USD/tonne FOB	▼	262	328	688
DAP (US Gulf)	USD/tonne FOB	•	520	520	1,090
<b>Other</b>					
Baltic Panamax Index	1000=1985	▲	1,058	1,045	2,944
Brent Crude Oil	USD/bbl	▲	74	73	122
<b>Economics/currency</b>					
AUD	vs. USD	▲	0.661	0.650	0.720
NZD	vs. USD	▲	0.608	0.602	0.656
RBA Official Cash Rate	%	▲	4.10	3.85	0.35
NZRB Official Cash Rate	%	•	5.50	5.50	2.00

Source: Bloomberg, MLA, Rabobank 2023

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