

# *Welcome Spring – Send Us Some Rain*

Australia Agribusiness Monthly





September 2023

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# September Commodity Outlooks

 <p>Grains &amp; Oilseeds</p>	<p>Local grain prices have defied the global price decline. Drying conditions and the return of China for Australian barley have supported local prices. Whether Australia becomes drier or improves will determine whether local wheat can continue to trade at a premium to global benchmarks.</p>	<p><a href="#">p. 6-7</a></p>
 <p>Dairy</p>	<p>There were further falls in commodity prices in August. Weakness in the dairy complex has set in for now and patience is required for the Chinese market to rebalance. On a positive note, milk supply growth across key export regions is losing steam as milk prices fall and weather risk lingers.</p>	<p><a href="#">p. 8-9</a></p>
 <p>Beef</p>	<p>Drier seasonal conditions have seen cattle prices drift lower, particularly for younger restocking cattle. With the forecast for drier conditions ahead and ongoing soft consumer demand in local and global markets we believe cattle prices may drift down a little further in the coming month.</p>	<p><a href="#">p. 10-11</a></p>
 <p>Sheepmeat</p>	<p>Dry conditions and very high slaughter numbers continue to cause subdued pricing for lamb and mutton. Ongoing high lamb slaughter, with last season lambs and new season lambs starting to converge, does not suggest much upside for lamb prices.</p>	<p><a href="#">p. 12-13</a></p>
 <p>Cotton</p>	<p>Dry conditions, which have led to a falling crop estimate in the US, are supporting the recent price push. While supply factors are driving the market, the continued subdued global demand picture is restricting how high they can climb.</p>	<p><a href="#">p. 14-15</a></p>
 <p>Wool</p>	<p>Continued weak demand is underpinning the current price direction, which softened toward the end of August. A resurgence in key retail markets will be key in the coming months to boost Chinese manufacturing activity and subsequently local export demand.</p>	<p><a href="#">p. 16-17</a></p>

# September Commodity Outlooks

 <p>Consumer Foods</p>	Improved supply is bringing prices down. Led by deflation in fruit and vegetables, food price inflation this month was reported at 5.6% YOY – down from last month's 7%.	<a href="#">p. 18-19</a>
 <p>Farm Inputs</p>	Fertiliser references had an upward correction in August, but this is likely to be short-lived. There is no strong competition for cargo as Northern Hemisphere players are focussing on harvest. This upside is a sign that global oversupply is coming to an end and that supply and demand should rebalance in a few months' time.	<a href="#">p. 20-21</a>
 <p>Interest Rates and FX</p>	Local economic data continues to surprise on the softer side and the currency has been under substantial pressure in August. The likelihood that the RBA has finished hiking rates has increased, but we are still maintaining our forecast for one more 25bp increase at the November meeting.	<a href="#">p. 22-23</a>
 <p>Energy and Freight</p>	Crude oil prices continue to lift as economic resilience in the US and signs of extended production cuts from OPEC further exacerbate the supply/demand imbalance in markets. Diesel prices continue to rise relative to crude oil.	<a href="#">p. 24-25</a>

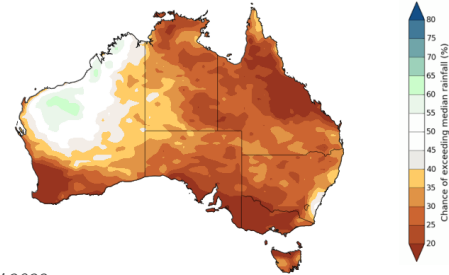
# BOM Still Waiting To Declare El Niño

**BOM forecasts remain dry and chances of exceeding median rainfall in spring are low, as El Niño approaches.**

With no sustained weakening of trade winds over the tropical Pacific the Bureau of Meteorology (BOM) has continued to hold the El Niño-Southern Oscillation (ENSO) outlook at 'El Niño alert'.

For the majority of Australia, the chance of exceeding median rainfall during the September-to-November period is moderate to very low (50% or less). The Indian Ocean Dipole (IOD) model is still neutral, despite the IOD index reaching the positive threshold, several more weeks of a positive IOD are required to confirm the event.

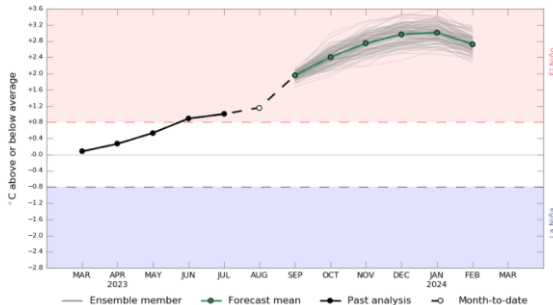
*Low chances of exceeding median rainfall*  
September-November rainfall outlook



Source: BOM 2023

*Sea surface temperatures exceed El Niño thresholds*

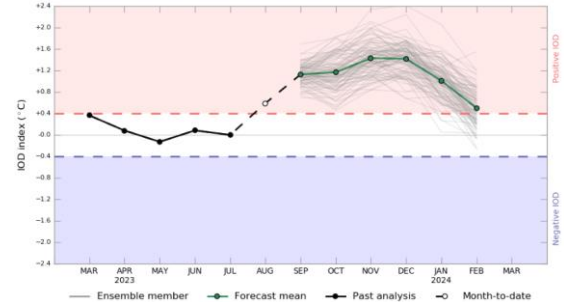
Monthly sea surface temperature anomalies for central Pacific Ocean



Source: BOM 2023

*IOD positive threshold reached in August*

Monthly sea surface temperature anomalies for Indian Ocean



Source: BOM 2023

# Warm and Dry August Lowers Crop Expectations

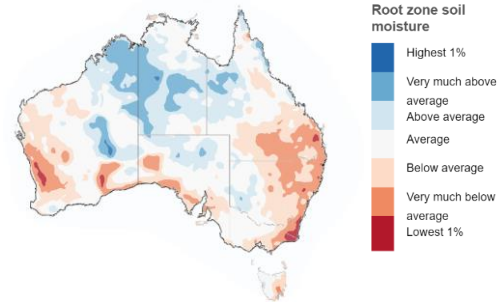
**Australia's August rainfall was 49.5% below average, making it the tenth-driest August on record.**

Rainfall was very much below average for parts of southern Queensland, western New South Wales, southern Victoria and the northern wheatbelt region in Western Australia.

This brought soil moisture levels down in major production regions and lowered crop expectations for the season.

Water storage levels still remain high at 94% for the Murray-Darling Basin.

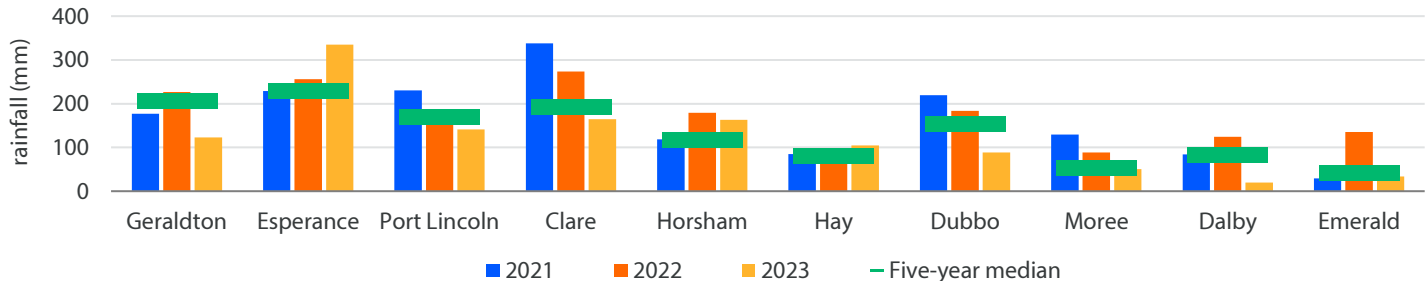
*Australia's soil moisture profile dries over August*  
Relative soil moisture, August 2023



Source: BOM 2023

*Winter rainfall mostly average, with some regions experiencing suboptimal conditions*

June to August rainfall



Source: BOM 2023


# Dry Conditions Saving Prices

**CBOT Wheat, Corn, and Soy declined 12%, 14%, and 10% MOM respectively as of 1 September. The ongoing harvest in the Northern Hemisphere, large carryover and exports from Russia, and record Brazilian exports moved together to lower pricing.** Australian pricing was buoyant, with national average APW1 wheat, feed barley and non-GM canola track prices rising 4%, 14% and 5% respectively.

Overseas wheat prices remain under pressure from harvests across the Northern Hemisphere and very strong export flows from Russia. In the first 24 days of August, Russia moved 64% more wheat YOY. The USDA forecasts Russian wheat production at 85m tonnes while industry estimates go as high as 91m tonnes. A declining global corn price is also pressing on wheat prices as Brazil exports a record harvest and US harvest starts from early September.

Australian prices for both wheat and barley have fared well this month, rising in the face of a global decline. The divergence is largely driven by two factors: the dry conditions on both coasts of Australia and the return of China to the Australian barley market. APW1 track/FIS prices around Australia are trading on average at a AUD 77/tonne premium to CBOT.

BOM is forecasting dry conditions over most of Australia's cropping regions through to harvest. Drier conditions locally, the wrapping up of the EU, Brazilian and US harvests, coupled with possible crop downgrades in Canada and Argentina are expected to keep local national average APW1 pricing between AUD 360/tonne to AUD 400/tonne on average from now until just before mid-2024 when the next Northern Hemisphere harvest begins. Local feed barley pricing is expected to trade on average between AUD 25/tonne and AUD 50/tonne below APW1 pricing.



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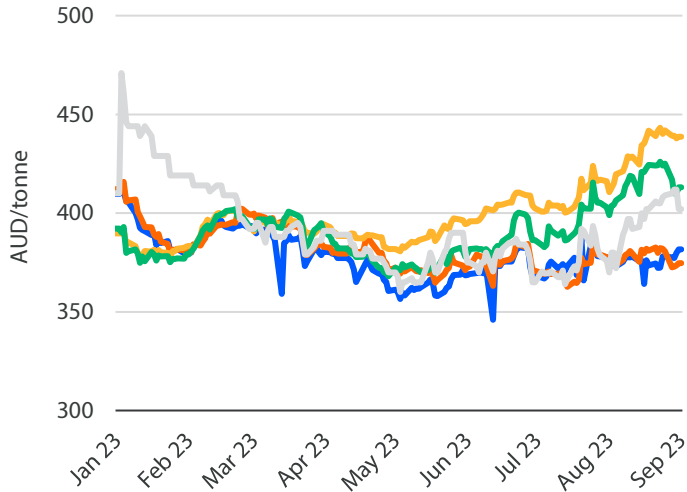
## Grains & Oilseeds

### What to Watch

- **How long will China continue buying our barley?** For now, the price of Australian barley, delivered to a Chinese port, is below the local Chinese domestic corn prices. China will continue to buy as long as this is the case, but September marks the first month of the corn harvest in northern China. The harvest could suppress future Chinese purchases if domestic corn prices fall.
- **Will southern NSW/Victoria/eastern SA temper the premium party?** While there is a lot of variation, crops in the aforementioned regions are doing very well overall and may surprise to the upside.

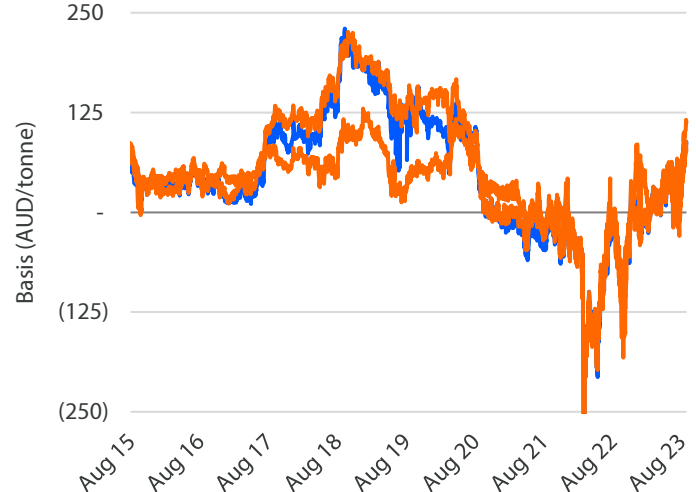
# Rise in Local Prices Due to Dry Conditions Defies Global Price Decline

Local wheat prices\* continue to trend higher, particularly in QLD



— Adelaide APW1    — Geelong APW1    — Brisbane APW1  
— Newcastle APW1    — Kwinana APW1

Basis (APW1 price minus CBOT Wheat) versus CBOT Wheat in AUD/tonne



— Newcastle Track Basis    — Brisbane Track Basis  
— Kwinana APW1 FIS Basis

\*Note: Track prices except KWI, which FIS

Source: Bloomberg, Rabobank 2023

Source: Bloomberg, Rabobank 2023

# Local Milk Supply Stabilising

**Australian milk production turned positive in May, posting the first MOM growth since mid-2021.** Growth continued in June with an increase of 1.2%, bringing national production for the full 2022/23 season to 8.129bn litres, which was 5% lower YOY. Recent growth has been driven by Tasmania, NSW and WA. Victoria's milk production was still trailing year-ago levels in May, but eastern and western Victoria have returned to growth.

**Growth is on the cards in the new season, which began on 1 July.** Rabobank is expecting milk supply to expand by 2% in 2023/24, as the industry cycles through very weak comparables. Healthy profit margins on farm and ample availability of feed and irrigation water will provide support. The rate of farm exits has slowed, but labour challenges persist.

**August rainfall was 49.5% below average for Australia and has been below average across most key dairying regions.** For the period September through to November, BOM is expecting below average rainfall for much of Australia. BOM's El Niño Alert remains in place.

**Local feed markets have been volatile.** Local grain prices are trading at a premium to global benchmarks. Local feed prices are above long-term averages but are lower than 12 months ago. Substantial supplies remain from recent good seasons, but a drier season this year will reduce availability going forward.

**In New Zealand, Fonterra's midpoint farmgate milk price has been revised down twice in as many weeks by NZD 1.25/kgMS to NZD 6.75/kgMS for the current 2023/24 season.**



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## Dairy

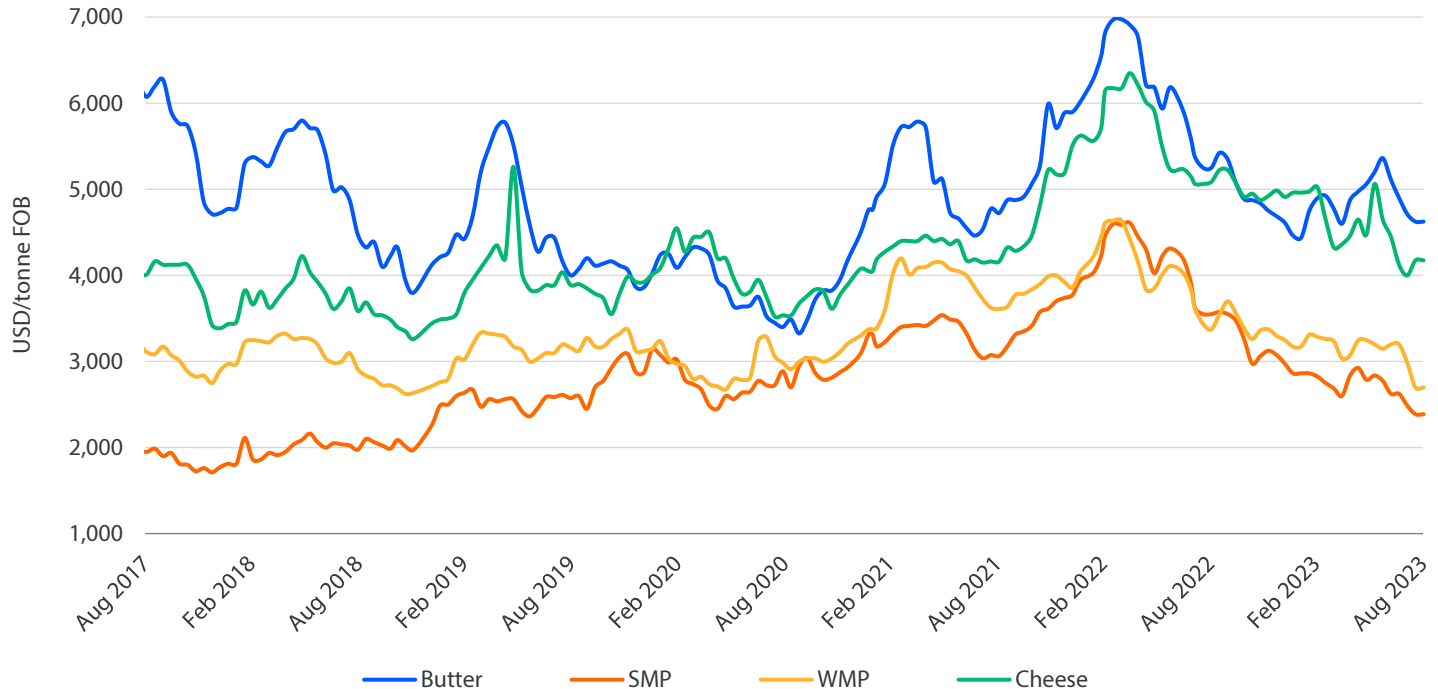
### What to Watch

- **New Zealand milk production** – Milk flows are now ramping up for the New Zealand spring flush. Last year at this time the peak of the season was affected by particularly rough weather. Based on weak comparables alone, the spring flush is likely to improve compared to the prior year. However, history has shown that fickle spring weather tends to surprise – and budgets will have less capacity to absorb any unplanned weather shocks.



# Weak Fundamentals Linger in Dairy Markets

Oceania spot dairy commodity prices, Aug 2017- Aug 2023



Source: USDA, Rabobank 2023

# Dry Conditions Play on the Market

Dry conditions through August in many parts of eastern and south-western Australia have resulted in cattle prices, particularly restocking cattle, falling again. With fairly soft consumer markets – both domestic and export – and full supply chains, there is no momentum to pull beef through the system. As such, cattle prices, particularly restocking type cattle, are heavily influenced by seasonal conditions and producer demand. Restocker steers and heifers fell by 8% and 12% respectively, through August. Processor cows and heavy steers had seen a larger rise in July and the drop through August now brings prices back to June levels. **With drier conditions forecast, there is a possibility that cattle prices could ease further in the coming month, contrary to the average seasonal rise at this time of year.**

East coast weekly slaughter volumes continue to track around 120,000 head, with the week ending 25 August recording 123,010 head. For the four weeks of August, volumes are up 27% on the same period last year. WA volumes are up 6% on 2022. **Female slaughter is up considerably more than male slaughter for NSW and QLD, suggesting that any rebuilding activities have ceased or are on hold.**

Australian beef exports in August (102,351 tonnes swt) were up 11% compared to the same period in 2022, reflecting the ongoing increase in production. **Volumes to the US continue to improve – up 71% YOY – reflecting strong demand and reduced US production, while volumes to Japan continue to drop – down 23% YOY – reflecting soft demand and full supply chains.** Live export volumes for July saw a substantial jump (up 74%) with volumes to Indonesia (35,992 head) up 106% YOY, and volumes to Vietnam (20,668 head) up 49% YOY.

## What to Watch

- **Seasonal outlook** – With very little upward pressure on prices from the consumer end of the supply chain, cattle prices are currently being driven by producer sentiment, with rainfall and rainfall forecasts having a big impact on this sentiment. The drier months of May and August have seen some of the biggest drops in prices. With drier conditions forecast for the months ahead, we may see some further downward movement in prices over the coming months.



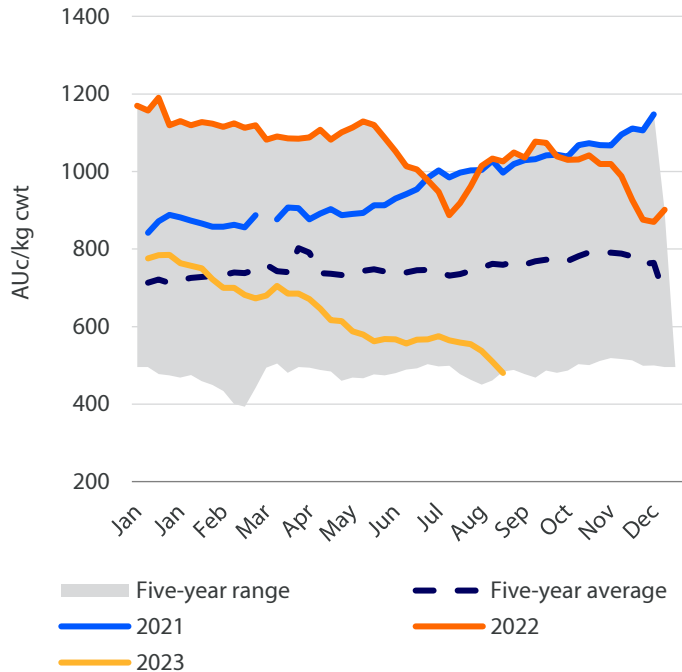
**Beef**

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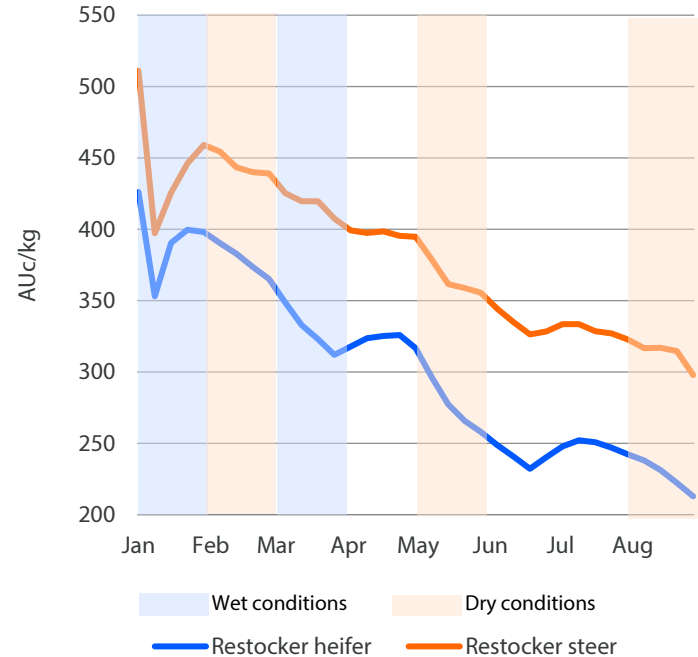
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# Seasonal Conditions Cause Prices To Fall Again

EYCI drops to lowest levels in five years



Dry conditions influence cattle prices



Source: MLA, DAFF, Rabobank 2023

# Sheepish Demand Vs. Record Supply

Once again there was not a lot to write home about regarding sheepmeat prices in August. August saw prices fall across all indicators MOM, with restocker/feeder lambs, Merino lambs and mutton again showing the largest falls. These fell by 18%, 12% and 20% MOM respectively. The light, trade and heavy lamb indicators were slightly more resilient, dropping marginally by 6%, 7% and 5% respectively. Although this follows the trend we've seen in recent months, the last week of August saw signs of potential respite with light and heavy lamb prices climbing by AUC 3/kg. **Although there is potential price upside for higher quality lambs given slightly less competition for heavy/finished lambs, unless we can see demand increasing in tandem with rising production, lamb and mutton prices will continue to suffer.**

Weekly lamb slaughter numbers in August hovered between 420,000 to 445,000 head, up 9% YOY, with the first week of August seeing the second highest lamb slaughter on record, behind 2016. **Growth was driven by NSW and Victoria, highlighting both an influx of new season lambs hitting the market and increased turnoff from farmers as their flock rebuilds reaches maturity.** Sheep slaughter numbers remain historically high, up 61% YOY, with the second week of August hitting 161,747 head (87% YOY growth).

**On the sheepmeat export side, a similar growth story continues alongside our ongoing climbing production levels.** Mutton exports for August were at 15,855 tonnes swt, indicating a 29% increase YOY. Lamb exports were up 21% YOY with 31,779 tonnes swt. The Middle East continues to grow with exports up 86% YOY, while the US is back below 2022 levels, down 12% YOY.

## What to Watch

- **Late season lambs** – In September 2021 and 2022, average weekly slaughter volumes fell 6% MOM. However, the first week of September in 2023 has seen lamb slaughter numbers up 1% MOM. Prices generally see a lift after old season lambs have worked their way through the system before new season lambs begin to flow through. But with ongoing high slaughter – a confluence of last season and this season's lambs hitting the market – price respite is highly unlikely.



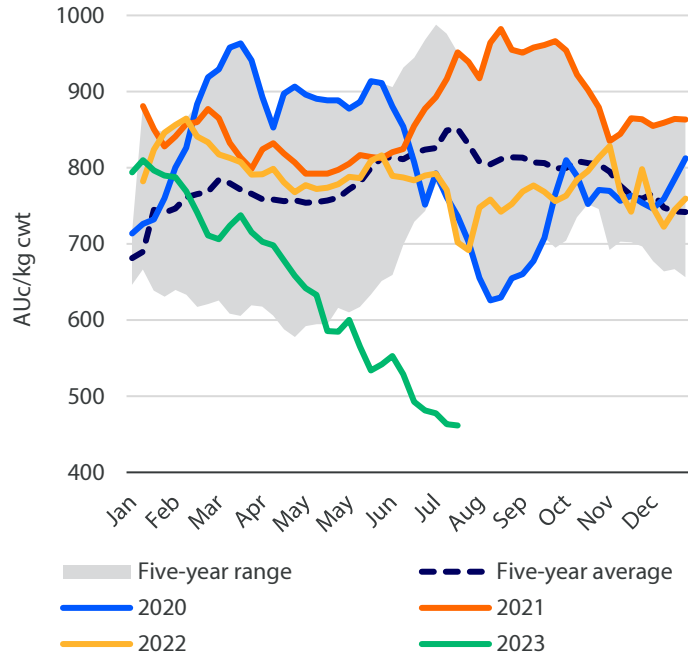
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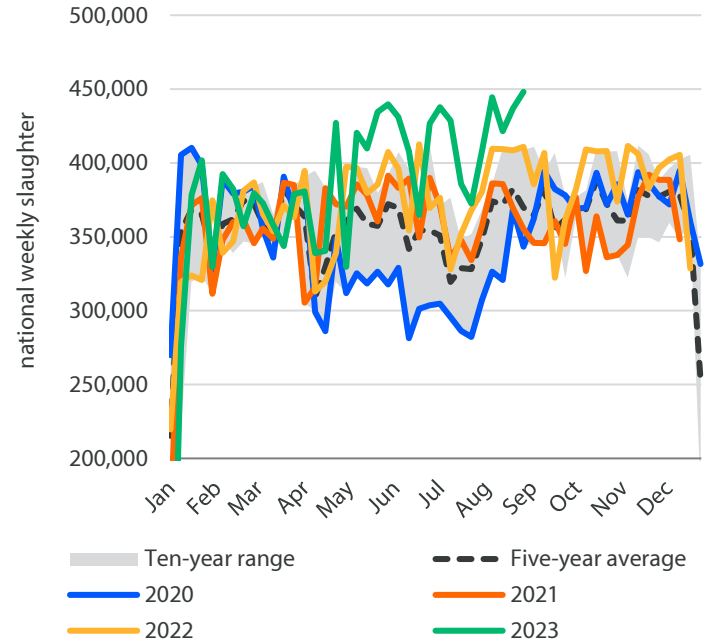
# Sheepmeat

# Price Continues To Ease as Slaughter Numbers Maintain Growth Trajectory

ESTLI fell further below AUD 5/kg throughout August



National weekly lamb slaughter holds well above ten-year range



Source: MLA, ABS, Rabobank 2023

# Supply Factors Driving Prices

## **Cotton prices continue to hold positive levels, with the market focussed on supply factors.**

ICE #2 prices held above 84 USc/lb throughout August, closing the month at 87 USc/lb as of 29 August, up 2.4% MOM. Locally, cotton prices are pushing toward the AUD 700/bale, sitting at AUD 680/bale. The price increase is primarily driven by the continued deterioration of US production estimates, but has failed to climb higher given the subdued sentiment on the demand side, primarily from China. We see a similar situation unfolding, albeit 5 USc/lb higher, as the previous range-bound mark of 80 USc/lb is breached.

**In the August WASDE report, US crop production forecasts were cut by 2.5m bales to just under 14m bales amid persisting poor conditions across the cotton belt.** US crop condition in Texas has fallen further from 55% of cotton in poor/very poor condition in early August to 67% by the end of the month. Given it is a key market driver, we may see more price volatility as they push closer to picking in October. China's production estimate is also back at 27m bales, down 12% YOY due to lower plantings and unfavourable weather conditions. Global cotton production forecasts for 2023/24 are subsequently down to 114.1m bales, a 3.5% reduction YOY.

**Key export markets continue to take large volumes of Australian cotton, with June exports reaching almost 540,000 bales.** While Vietnam continues to take the majority (42%), Malaysia saw a significant uptick, accounting for 11% of exports, with India again showing interest alongside Indonesia and Bangladesh. The expected increase in Chinese imports due to lower domestic production estimates saw Australia export 87,000 bales in June.



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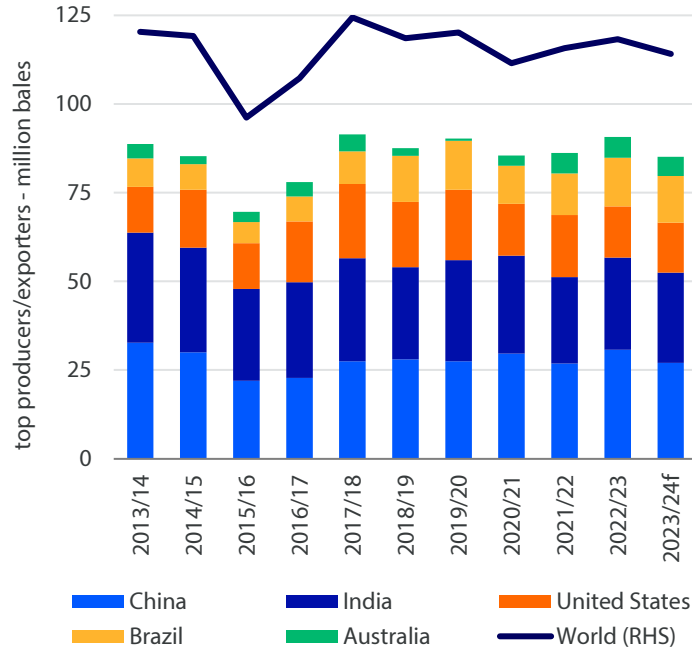
# Cotton

## *What to Watch*

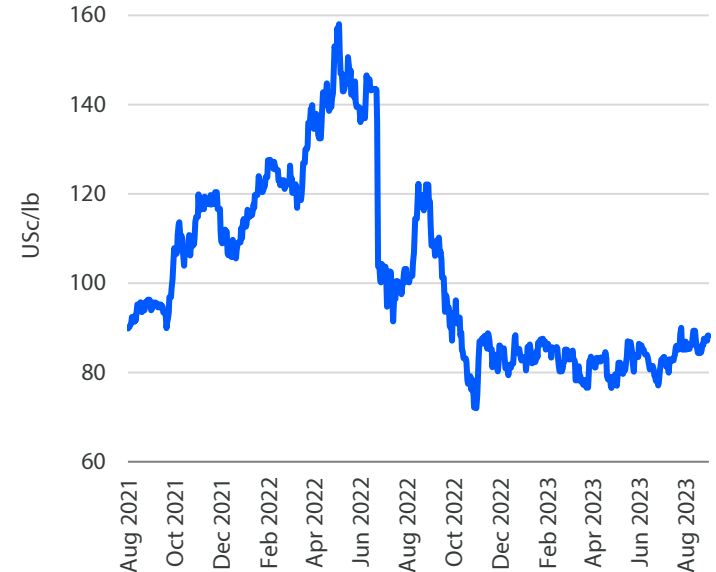
- **Southeast Asian demand growth** – According to the USDA, 2022/23 imports for Bangladesh, Vietnam and Indonesia totalled 14.85m bales. With apparel exports increasing, particularly from Bangladesh, imports are forecast to rise by 16.5% to 17.3m bales in 2023/24. Given that these countries now account for a significant portion of Australia's exports, it is a promising sign if demand is indeed increasing at these levels.

# The Cotton Market Is Focussed on Supply Pressures While Demand Remains Subdued

China and more recently the US are key factors in the drop in 2023/24 global production estimates



ICE #2 Cotton prices continue to hold above USc 84/lb throughout August



Source: USDA, Rabobank 2023

Source: Bloomberg, Rabobank 2023

# Can Demand Absorb Supply?

**The wool market again returned to softening prices after a slight increase in July, with the Eastern Market Indicator falling 4% MOM, sitting at AUc 1,131/kg as of 31 August.** Prices across each micron group followed a similar trend, with both fine and broad classes weakening. In the first half of the month, 17 micron improved, climbing to AUc 1,893/kg, before dropping 120 cents in the last three days of the month and finishing down 6% MOM. The 18 to 20 micron range fell between 4% to 6%, with the 28 and 30 micron at the other end of the spectrum matching these drops. In the middle of the pack, the 21 micron fell 3.7% while 23 micron prices remained steady.

## **Global demand sentiment remains subdued across the majority of key markets in July.**

Retail sales are marginal across the board, with Japan showing the strongest growth in store sale of clothing at 8.2% YOY. Looking at the UK, textile, clothing and footwear sales grew 4.5% YOY in July, but this is the lowest growth figure since December 2021 as consumers are feeling the pressure of high interest rates. The US retail clothing sector, although showing its strongest growth since February, saw 0.9% YOY growth. China's July figure fell below expectations and flatlined with no YOY growth in garments, footwear and textile sales, as poor global demand continues to weaken China's economy.

**Australia's wool tested volumes are starting to reflect market sentiment with July volumes for the first month of the new 2023/24 season down 24% YOY.** The drops across the major wool producing states ranged from 21% in NSW and 24% in WA to 30% and 36% in Victoria and South Australia respectively.



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# Wool

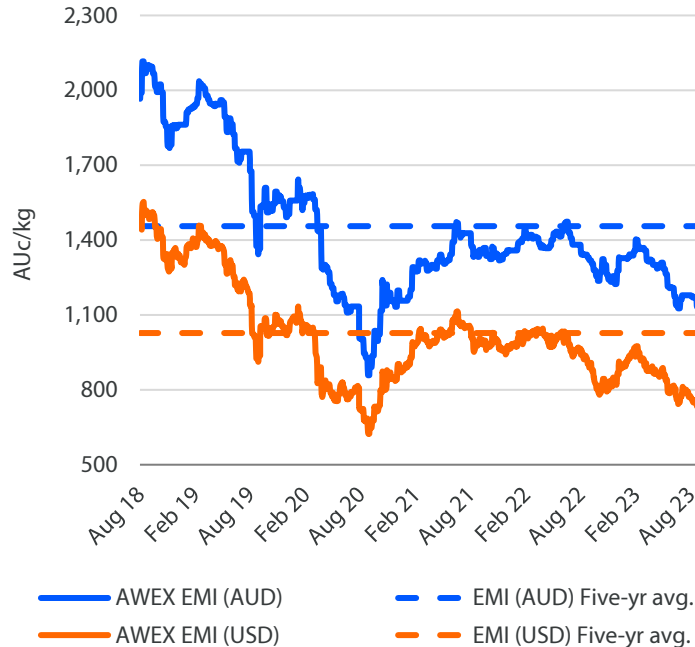
## *What to Watch*

**Indian demand** – Chinese demand for wool imports are weakening with Australia's export volumes declining year-on-year since March, with June down 6%. Given the economic pressures China is experiencing, we may see an increased volume of wool flowing into India, with India's market share for the first half of the year increasing from 6% to 6.7% YOY.



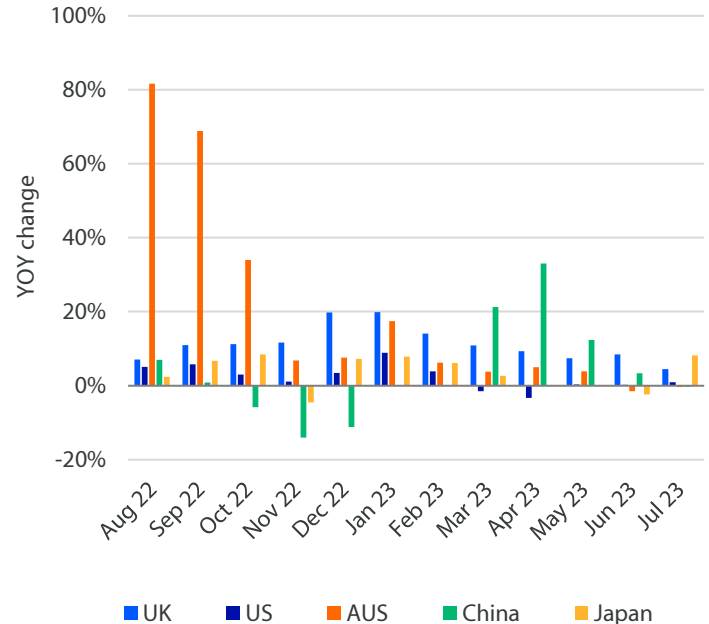
# Demand Continues To Weigh on Price Outlook as the Economies in Key Markets Feel the Pressure

Australian EMI fell throughout August as demand continues to hamper price upside



Source: Bloomberg, Rabobank 2023

Retail sales growth in July continues to point to subdued market demand amid high interest rates



Source: ABS, Rabobank 2023

# Improved Supply Drives Down Prices

**The latest Consumer Price Index (CPI) data from the Australian Bureau of Statistics shows that food inflation continued to slow in July.** Led by deflation in fruit and vegetables, food price inflation this month was reported at -0.2% from June to July and 5.6% YOY – slowing from 7% last month.

While packaged goods inflation is expected to remain elevated, supply disruptions for fresh produce have lowered as growing conditions normalise, providing some relief to consumers. In particular, increased supplies for strawberries, sweet corn, broccoli and tomatoes have led to lower retail prices.

**Consumer spending remains sluggish, despite a stronger-than-expected retail trade number for July.** While household spending was down 0.7% YOY in July, due to falling spending for discretionary goods, total retail trade was up 2.1% YOY in July. Food retail sales remained unchanged from June to July, while foodservice sales increased 1.3% MOM.

**The Australian earnings season provided insight into the performance of retailers over the past 12 months.** Shopping habits have returned to normal, with items per basket down and shopping frequency up, and e-commerce revenue growth has also been slower than in-store. It remains a challenging time for consumers, who continue to cut spending on non-essential items. As households look to manage their budgets, private label sales have shown strong growth for major retailers. Stock losses have also been increasing due to increased theft and fresh produce waste.



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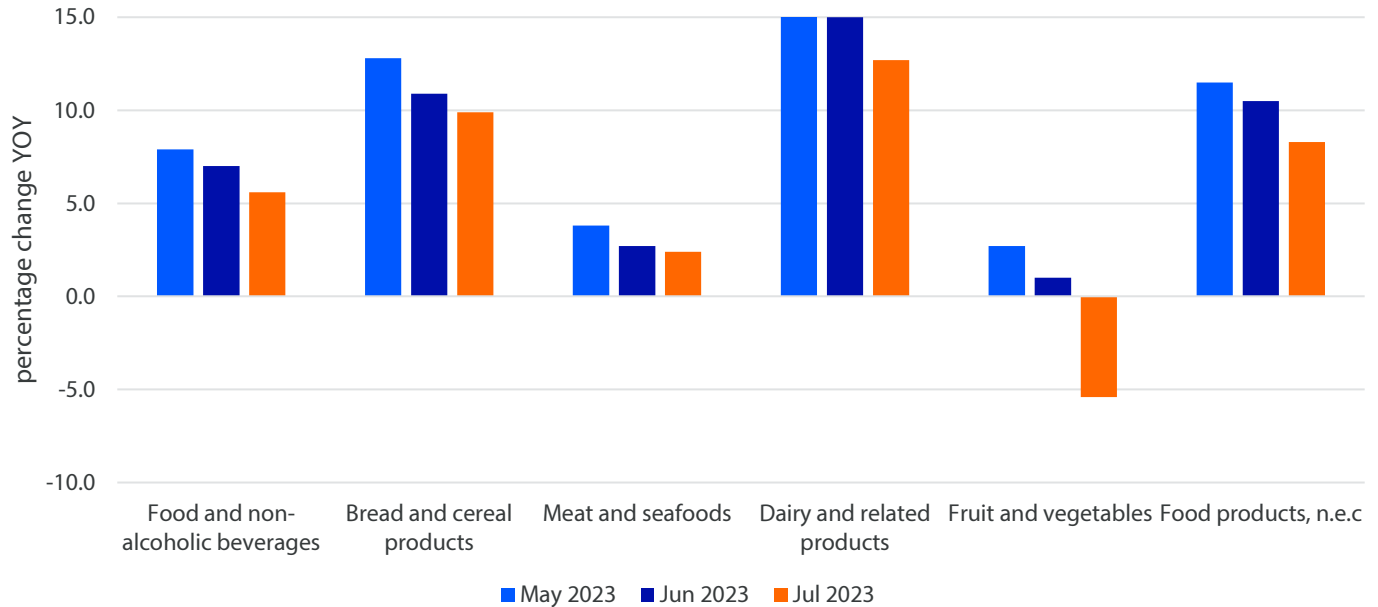
## Consumer Foods

### *What to Watch*

- **Target Time** – Major food retailers are now setting SBTi validated targets for scope 3 emissions. Coles announced their validated target for 75% of suppliers by spend to have science-based targets by the end of FY27. Woolworths are expected to update their target of a 19% reduction in scope 3 emissions by 2030 later this financial year. With scope 3 emissions accounting for more than 90% of the food retailer's total emissions profile, they will require their suppliers to also set targets in order to reach net zero by 2050.

# Sequential Slowdown in Food Inflation

Australian Monthly Consumer Price Index, annual movement\*



\*Note: Original (not seasonally adjusted)

Source: ABS, Rabobank 2023

# The Storm Before the Calm

August was the first month since the Russian invasion of Ukraine in February 2022 that all three fertiliser price references showed a positive movement. Nitrogen rose as much as 7.4% MOM, but closed at -7%. Phosphate is up a robust 17% and potash is up 1.5%. The catalyst is strong demand from South America, mainly Brazil.

However, this surge is likely to be temporary. The summer planting season is in sight for South America and retailers are expected to step out of the market soon. Other markets showing sluggish activity are Europe and North America. A further bearish example was the urea tender in India at the beginning of August. Some suppliers were able to offer the commodity up to 10% cheaper than initial expectations of USD 400/tonne. **There was also significant participation from Chinese suppliers in this tender. This is an indication that China may also increase its participation in the nitrogen market, following the new regulations for phosphate earlier in the year.** To illustrate this, from January to July 2023, Chinese exports of urea were 1.3m tonnes, compared to 0.9m tonnes for the same period in 2022. For DAP, Chinese exports in the first seven months of 2023 were 2.9m tonnes, compared to 1.6m tonnes in 2022.

**Another pressure on nitrogen fertiliser prices comes from natural gas. So far, the fears of shortages are over.** Storage replenishment in Europe is on track to meet winter demand and this is reflected in its spot price. It is 43% lower than in January 2023, and at the same level as in July 2021. The bad news for farm inputs procurement comes from the currency side.



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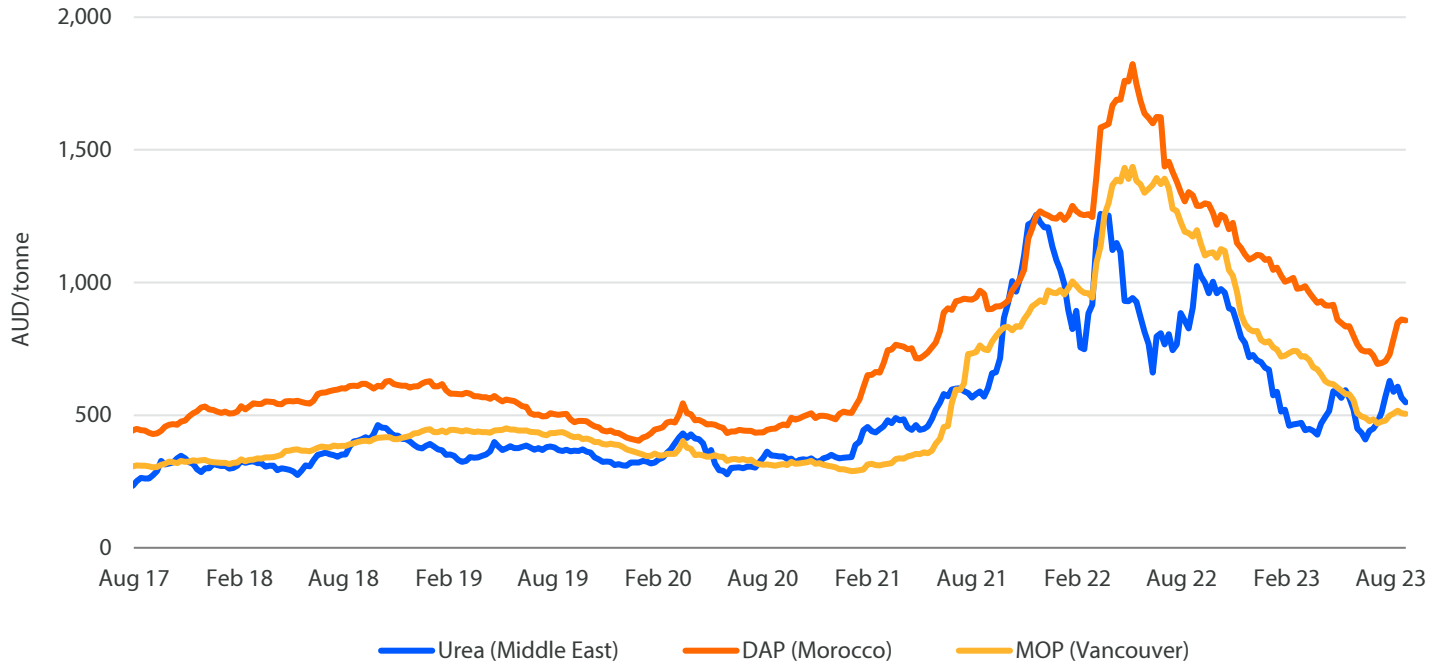
## Farm Inputs

### What to Watch

- The global supply of fertiliser and its raw materials has some potential downsides. The Saudi state-owned mining company, Ma'aden is experiencing technical issues with one of its ammonia production sites, which are expected to be resolved by mid-September. In addition, a relevant share of Australia's exports of liquefied natural gas (LNG) is at stake following tough negotiations between unions and LNG plants. Strikes have been planned for the first week of September. Australia accounts for 11% of global LNG exports.

# It Is Just a Hiccup

AUD-adjusted monthly global fertiliser prices



Source: CRU, Bloomberg, Rabobank 2023

# China Woes

The Australian dollar came under pressure in August as economic slowdown in China darkened the outlook for Australian bulk commodity exports. The AUD opened the month at 0.6717, but fell by more than two cents to 0.6484 by market close on 31 August.

**Weak Purchasing Managers Index numbers, trade data and producer inflation figures for China early in the month led to a sharp sell-off in the AUD as hot money fled to the traditional safe-haven of the USD.** The RBA's decision to keep the cash rate target unchanged at 4.10% on 1 August didn't help. The statement accompanying the RBA's decision also struck a decidedly less aggressive tone, suggesting that the RBA had tightened rates enough to now take more of a 'wait-and-see' approach to the data flow in the months ahead. This caused bond yields to drop, and the currency to fall with them, as the lower yields made Australian securities less appealing to international investors.

**We are still expecting one more increase from the RBA to reach a terminal rate of 4.35%, but there is a very strong possibility that the hiking cycle has already concluded.** The slowdown in China, softer-than-expected wages and employment figures, and continued progress on inflation reduction all contributed to the RBA also keeping rates on hold in September. Clearly they are happy to bide their time until the data indicates a hike is necessary.

**However, the weakness in the AUD could be a bit of a worry for the central bank, as a weakening currency makes imported goods more expensive and therefore causes the country to import inflation from the rest of the world.** There is also the issue of house prices, which have been rising nationally since February and accelerated in August. Higher house prices make homeowners feel more affluent, which then prompts them to be less cautious about opening their wallets and adding to the overall level of aggregate demand in the economy.



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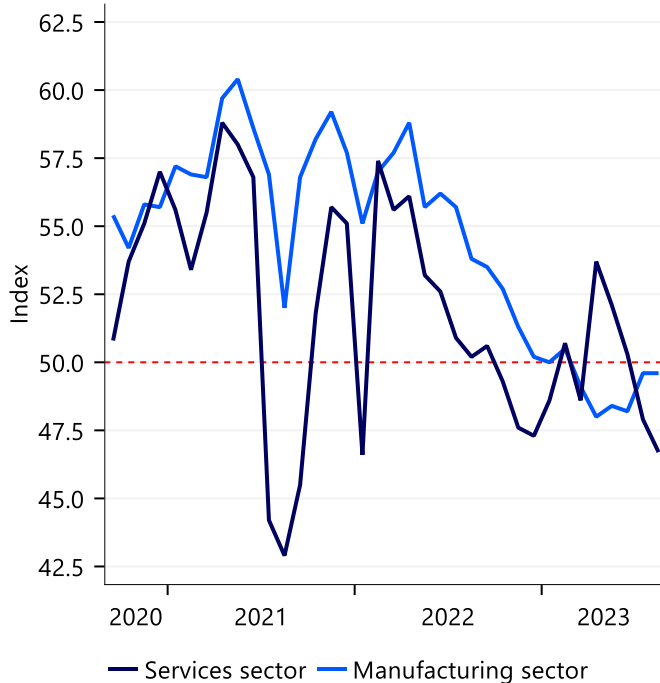
## Interest Rate & FX

### *What to Watch*

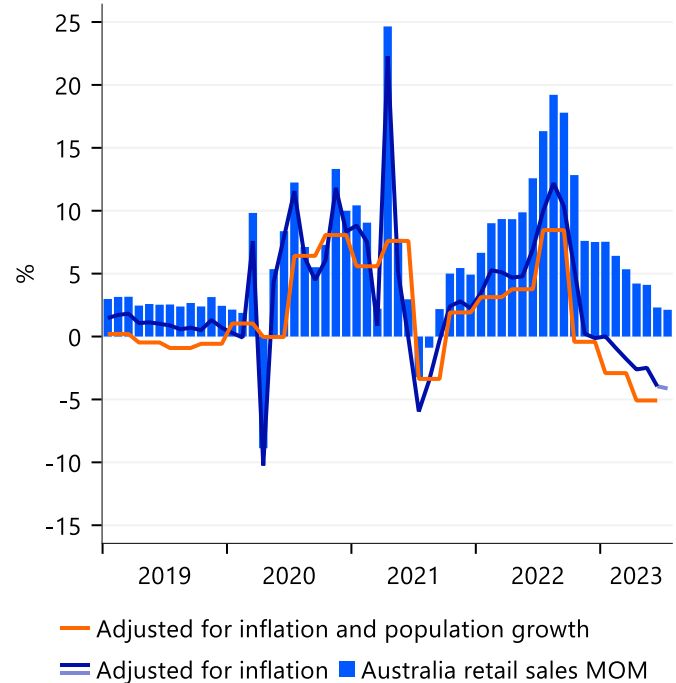
- August labour market report – 14 September.
- Minutes of the September RBA meeting – 19 September.
- August Retail Sales – 28 September.

# Some Signs of Improvement

Manufacturing PMIs look to be recovering



Retail turnover growth has returned to pre-Covid levels



Source: Macrobond, Rabobank 2023

Source: Macrobond, Rabobank 2023

# Extended Drought in Panama Canal Causes Shipping Delays and Cost Increases

**Brent crude futures managed to recover by almost 2.5% in August, sending prices up to USD 87/bbl.** News of further production cuts from OPEC+ leaders Russia and Saudi Arabia helped support the market, as did continued firm economic data from the US at the start of the month. Crude prices saw a strong rally on the last day of August after a benign inflation report suggested that overall price growth in the US is trending toward the US Federal Reserve's 2% target, and that the Fed therefore may not need to increase the official interest rate any further.

Markets were also supported by news of a military coup in Gabon following the election results. The military officers seized control of the oil-exporting nation, raising concerns about the impact on continued supply.

**The current congestion at the Panama Canal due to prolonged drought has not yet had a significant impact on agricultural trade.** [We expect temporary relief in September](#), which is a month of low activity. If the drought persists, the backlog of vessels waiting to pass the canal is expected to grow again in October, as Q4 is usually the busiest quarter for the canal and also for agricultural trade. Delays and resulting cost increases would be felt most acutely by US grains and oilseeds and fresh fruit exports from the west coast of South America, particularly Peruvian blueberries.

**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. The Panama Canal congestion has only resulted in temporary price hikes.




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## Oil & Freight

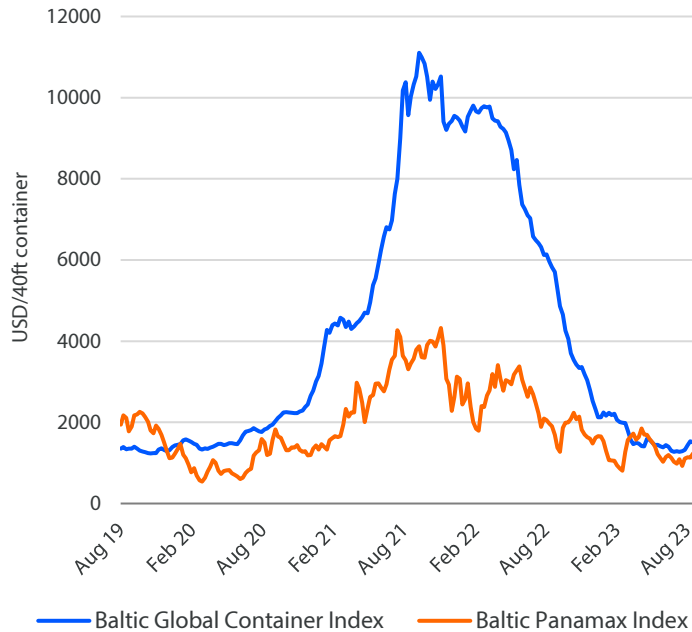
### What to Watch:

- US Department of Energy weekly inventory reports on 8, 14, 21, and 28 September will give an updated picture of available supply in energy markets.
- The US Federal Reserve's official interest rate decision on 21 September will be an important data point for the demand outlook.



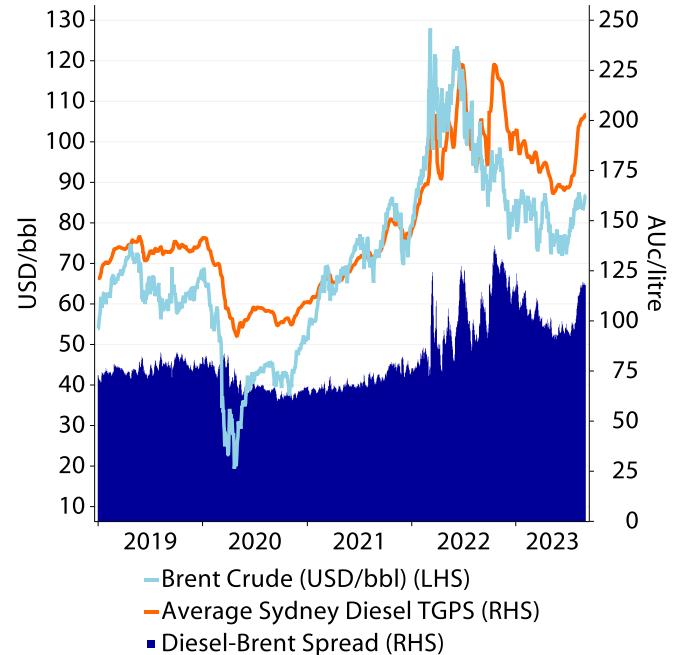
# Refining Spreads Continue To Widen

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



Source: Baltic Exchange, Bloomberg, Rabobank 2023

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



Source: Macrobond, Rabobank 2023

# Agri Price Dashboard

31/08/2023	Unit	MOM	Current	Last month	Last year
<b>Grains &amp; oilseeds</b>					
CBOT wheat	USc/bushel	▼	573	666	809
CBOT soybean	USc/bushel	▼	1,360	1,446	1,508
CBOT corn	USc/bushel	▼	461	504	674
Australian ASX EC Wheat Track	AUD/tonne	▼	390	395	397
Non-GM Canola Newcastle Track	AUD/tonne	▲	690	680	704
Feed Barley F1 Geelong Track	AUD/tonne	▲	338	318	320
<b>Beef markets</b>					
Eastern Young Cattle Indicator	AUc/kg cwt	▼	480	564	1,024
Feeder Steer	AUc/kg lwt	▼	304	321	527
North Island Bull 300kg	NZc/kg cwt	▲	580	565	630
South Island Bull 300kg	NZc/kg cwt	▼	530	535	615
<b>Sheepmeat markets</b>					
Eastern States Trade Lamb Indicator	AUc/kg cwt	▼	461	493	674
North Island Lamb 17.5kg YX	NZc/kg cwt	▼	695	705	940
South Island Lamb 17.5kg YX	NZc/kg cwt	▼	690	705	940
<b>Venison markets</b>					
North Island Stag	NZc/kg cwt	▲	880	875	825
South Island Stag	NZc/kg cwt	•	875	875	840
<b>Oceanic Dairy Markets</b>					
Butter	USD/tonne FOB	▼	4,625	4,900	5,250
Skim Milk Powder	USD/tonne FOB	▼	2,388	2,625	3,550
Whole Milk Powder	USD/tonne FOB	▼	2,700	3,200	3,438
Cheddar	USD/tonne FOB	▲	4,175	4,125	5,063

Source: Bloomberg, MLA, Rabobank 2023

# Agri Price Dashboard

31/08/2023	Unit	MOM	Current	Last month	Last year
<b>Cotton markets</b>					
Cotlook A Index	USc/lb	▲	98.0	94.9	131
ICE No.2 NY Futures (nearby contract)	USc/lb	▲	88.1	85.4	118
<b>Sugar markets</b>					
ICE Sugar No.11	USc/lb	▲	25.1	24.1	17.9
ICE Sugar No.11 (AUD)	AUD/tonne	▲	852	791	552
<b>Wool markets</b>					
Australian Eastern Market Indicator	AUc/kg	▼	1,131	1,179	1,330
<b>Fertiliser</b>					
Urea Granular (Middle East)	USD/tonne FOB	▼	383	400	580
DAP (US Gulf)	USD/tonne FOB	▲	550	470	918
<b>Other</b>					
Baltic Panamax Index	1000=1985	▲	1,503	996	1,217
Brent Crude Oil	USD/bbl	▲	87	86	96
<b>Economics/currency</b>					
AUD	vs. USD	▼	0.648	0.672	0.684
NZD	vs. USD	▼	0.597	0.621	0.612
RBA Official Cash Rate	%	•	4.10	4.10	1.85
NZRB Official Cash Rate	%	•	5.50	5.50	3.00

Source: Bloomberg, MLA, Rabobank 2023

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