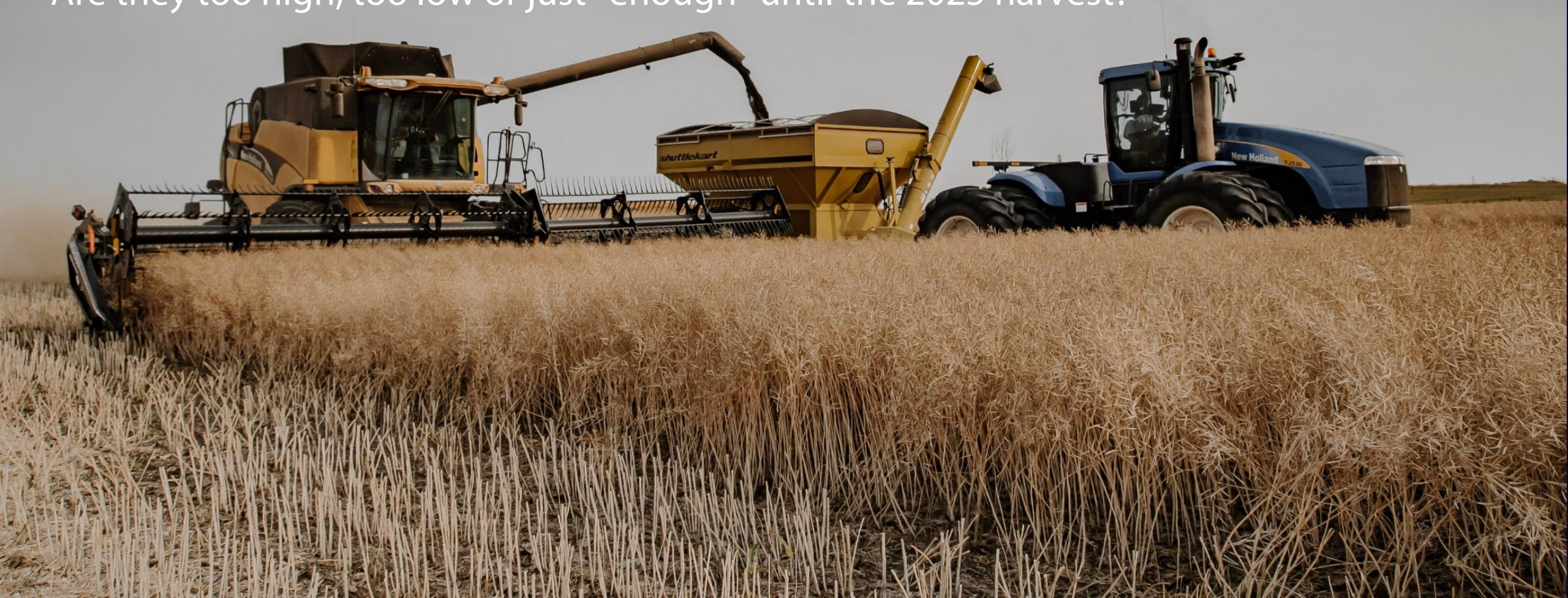



# *G&O stocks tug of war*

Are they too high, too low or just “enough” until the 2025 harvest?



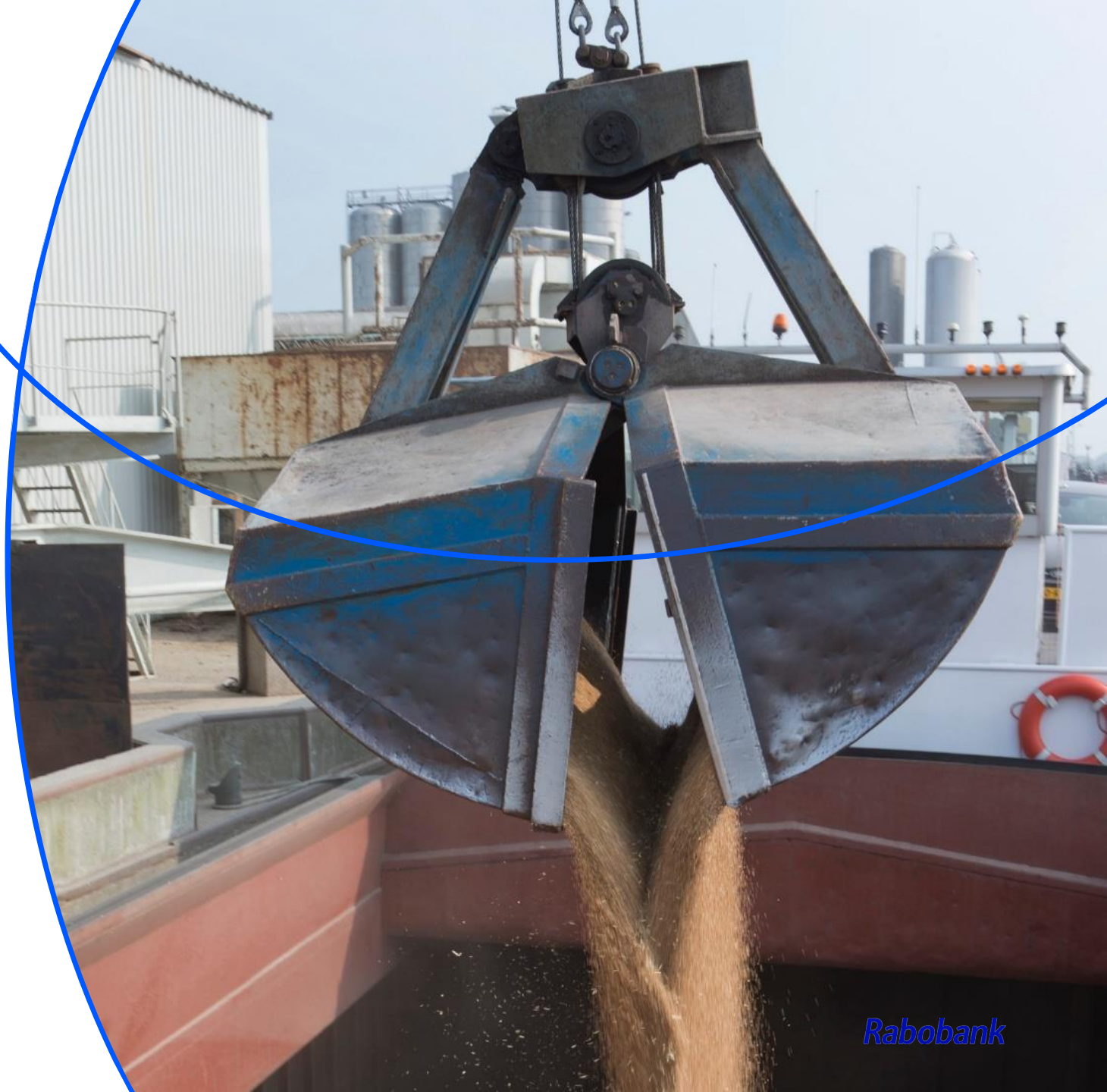
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# *Global picture*

The 'new' G&O market reality



# Markets are like a spinning Rubik's Cube

Food vs Fuel vs Feed vs Climate Change

EU deforestation rules

BRICS grain exchange

Stocks policies

Growing domestic demand

Middle East tensions



USA - China tensions

Future of biofuels

Russia vs Ukraine war

Canada - India tensions

Rate cuts or higher for longer?

Farmers margins

# Recently it is about geopolitics and weather

 The New York Times

## 'Trump Trade' of Large Tariffs and Deficits Looms as Market Braces for 2024 Election

As investors have focused on the potential fiscal and economic impact of the Republican candidate's proposals, yields on Treasury debt have...



 Financial Times

## China to launch anti-dumping probe into Canadian canola exports

In 2019, China blocked imports of canola seed from two Canadian grain trading companies, alleging it had detected insects. The move came at a...



 www.agricensus.com

## Russian wheat export tax increases for October 22-29

The Russian government continued to raise the wheat export tax for the October 23-29 period, while decreasing the tax for barley and corn,...




 markets.businessinsider.com

## Stagflation In 2024? Red Sea Crisis Could Trigger Domino Effect For Global Costs

What Are The Current Risks? The economy is expected to slow in 2024. Purchasing manager surveys are already showing signs of slowing activity in...




 Dry Bulk

## Wheat prices soar as Black Sea crop causes concern

CRM Agri has reported that wheat prices have soared, as worries over Black Sea supplies spread to Ukraine, while oilseeds gained support...



 Reuters

## India's monsoon rains hit four-year high in boost to crop output

India's monsoon rainfall this year was its highest since 2020, with above-average precipitation for three consecutive months, helping the...



 UN News

## Millions impacted by 'catastrophic and massive floods' in Bangladesh

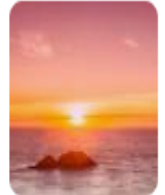
Recent "catastrophic and massive floods" in Bangladesh have affected millions of people across the country, including those in Cox's Bazar...



 World Meteorological Organization WMO

## WMO Update predicts 60% chance of La Niña

There is a 60% chance of La Niña conditions emerging towards the end of this year, according to a new Update from the World Meteorological Organization (WMO).



# *Wheat*

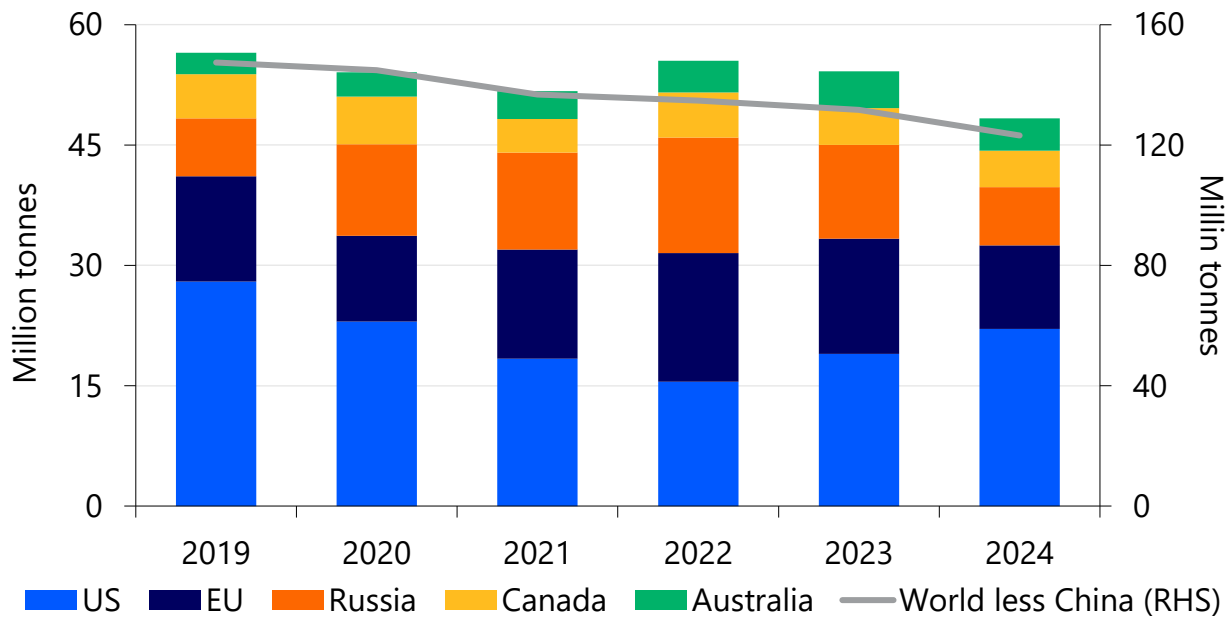
Is the silo “half full or half empty?”



# Mixed bag story for cereals stocks

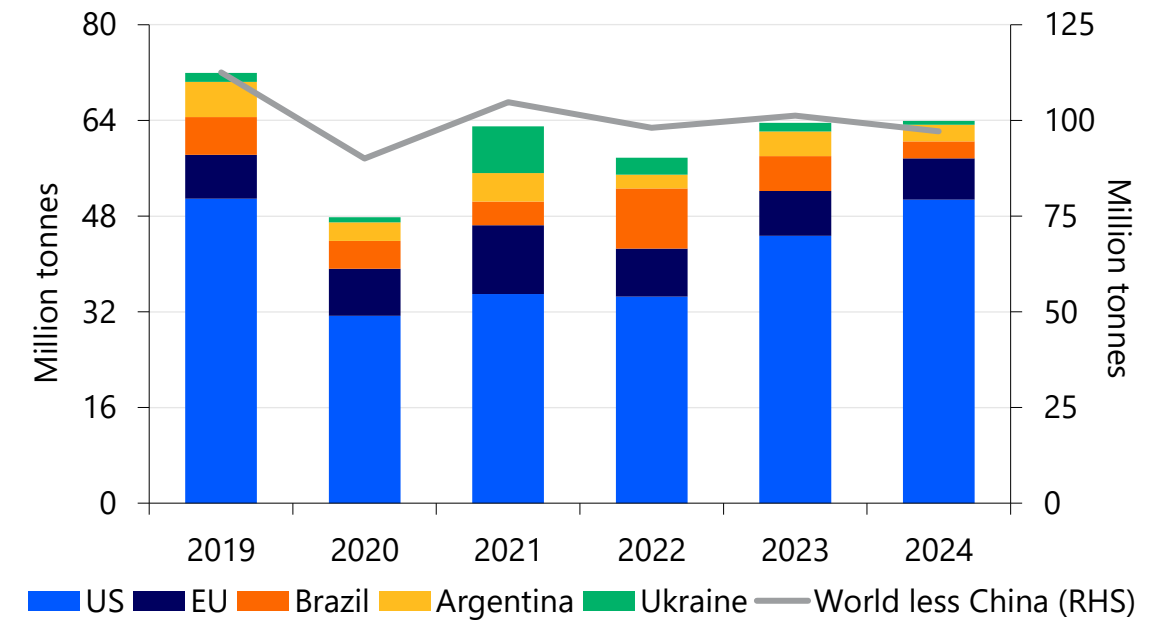
While global wheat stocks reduce year after year, corn stocks are steady

Wheat ending stocks



Source: USDA, Raboresearch 2024

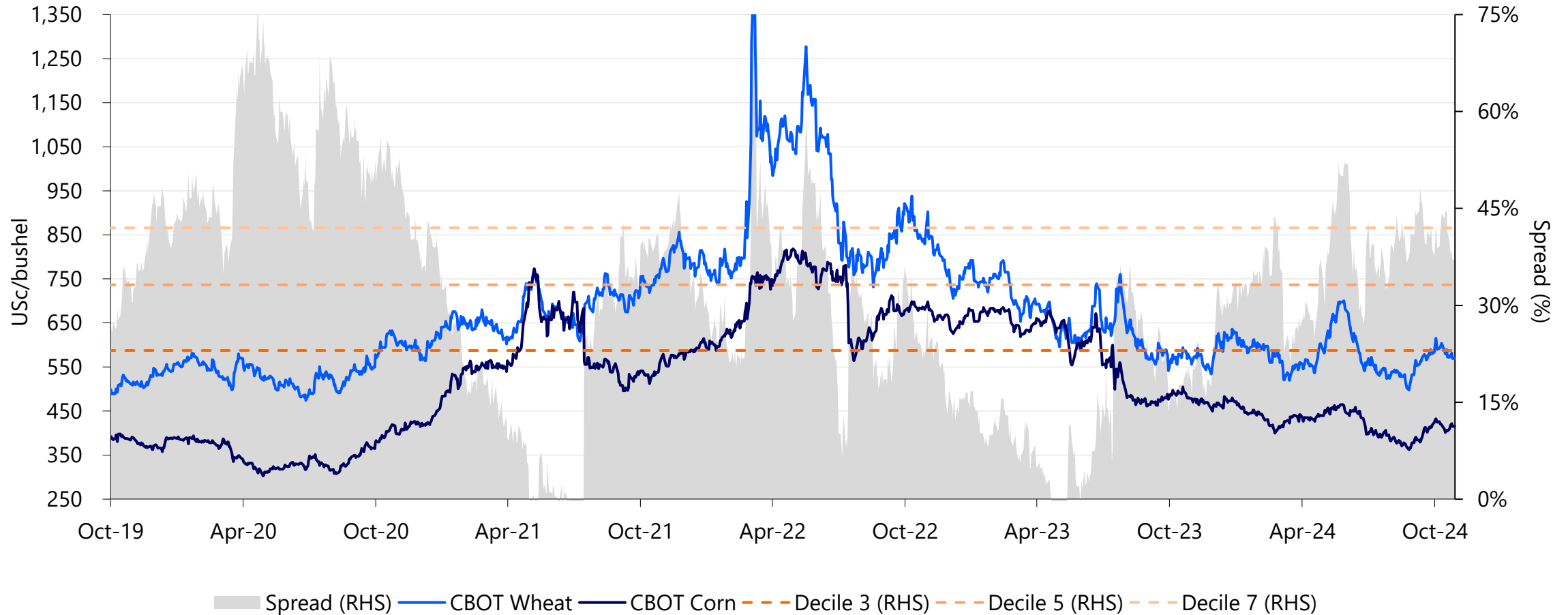
Corn ending stocks



Source: USDA, Raboresearch 2024

# CBOT corn/wheat spread is the needle mover

Feed millers have abundant and relative cheap corn to replace wheat

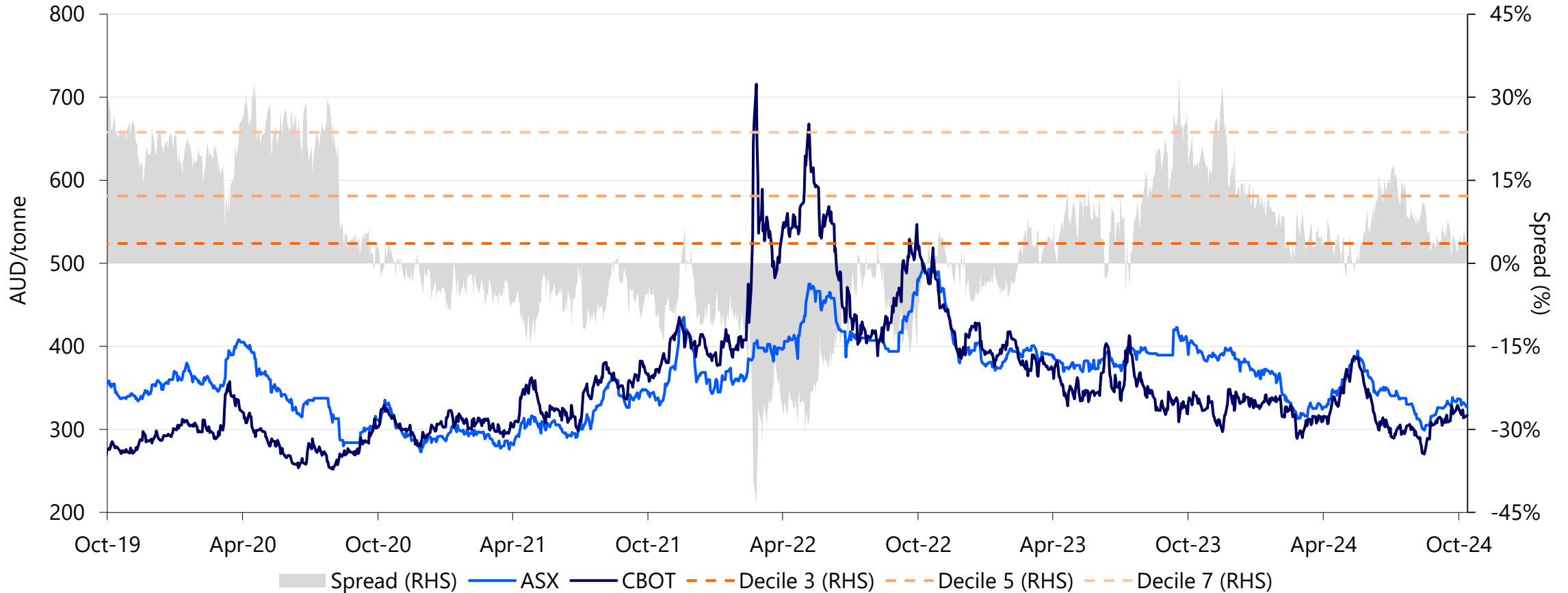


Source: Bloomberg, Raboresearch 2024



# ASX and CBOT are showing a good correlation

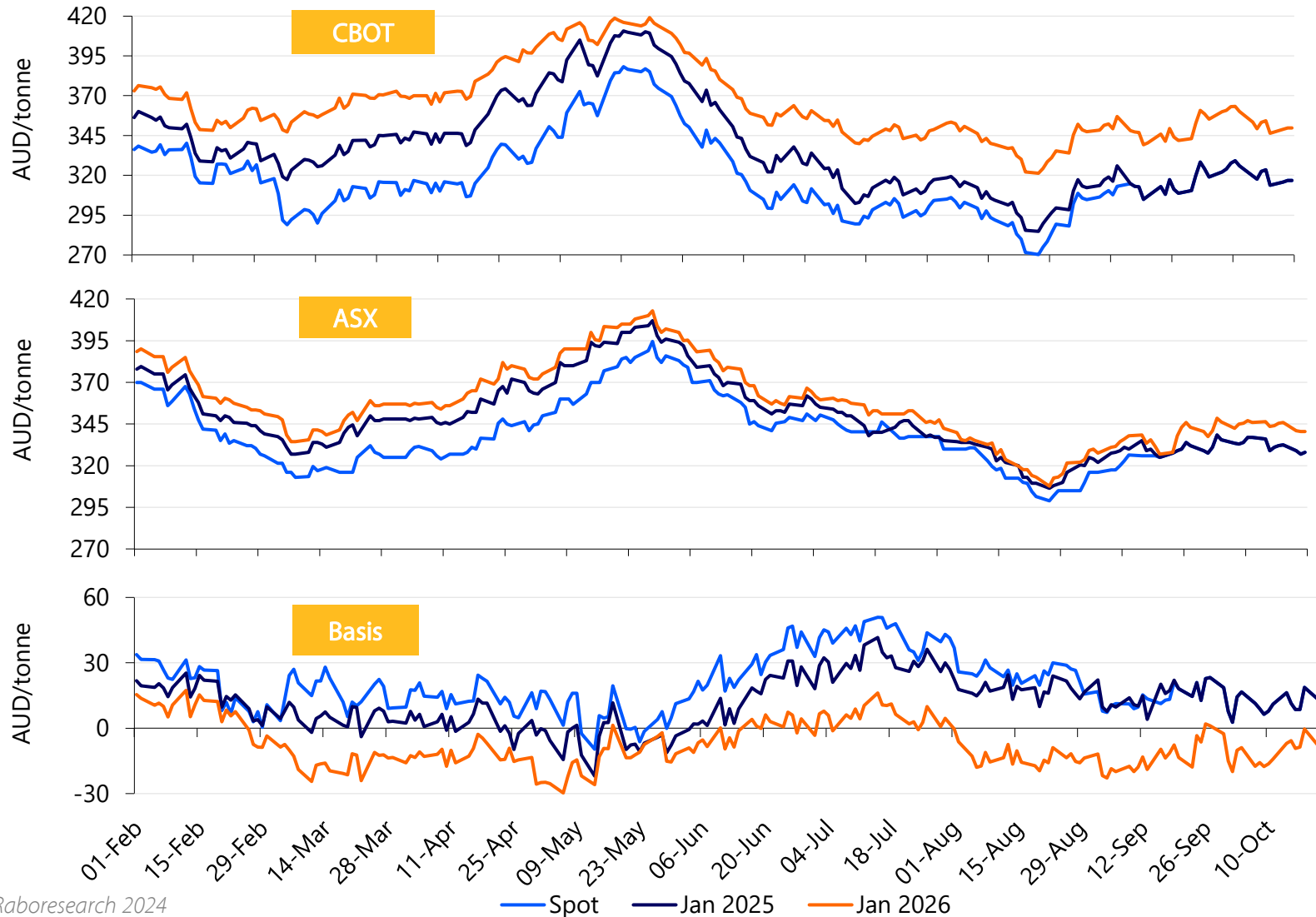
When the season indicates an “average” crop, ASX mirror CBOT prices



Source: Bloomberg, Raboresearch 2024

# Basis are back, at least until early H1/2025

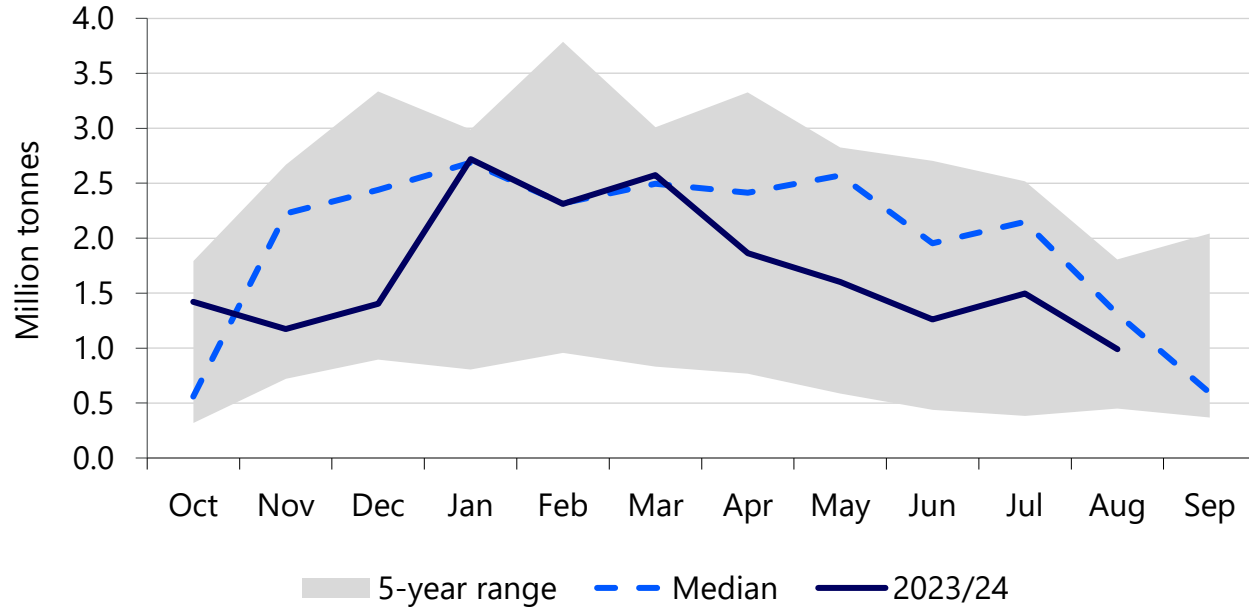
The drop in AUS yields is sustaining prices



# Wheat exports are “ok-ish”

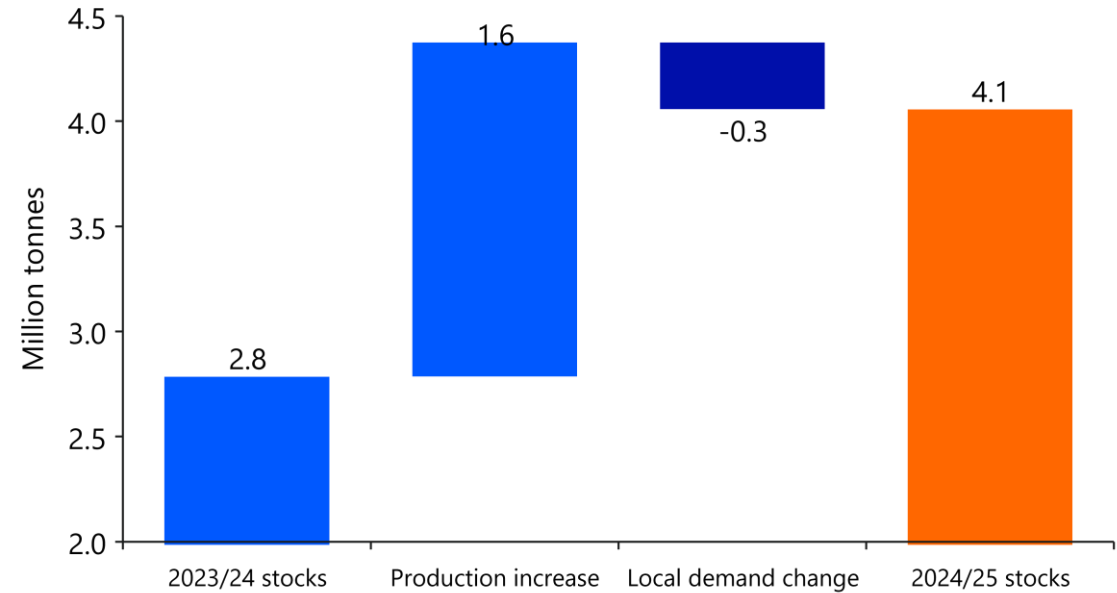
If 2024/25 exports remains subdued, YOY stocks will increase and limit price upside

2023/24 exports will finish between 19-20M tonnes (up to Aug the figure is 18.8M)



Source: DAFF, Raboresearch 2024

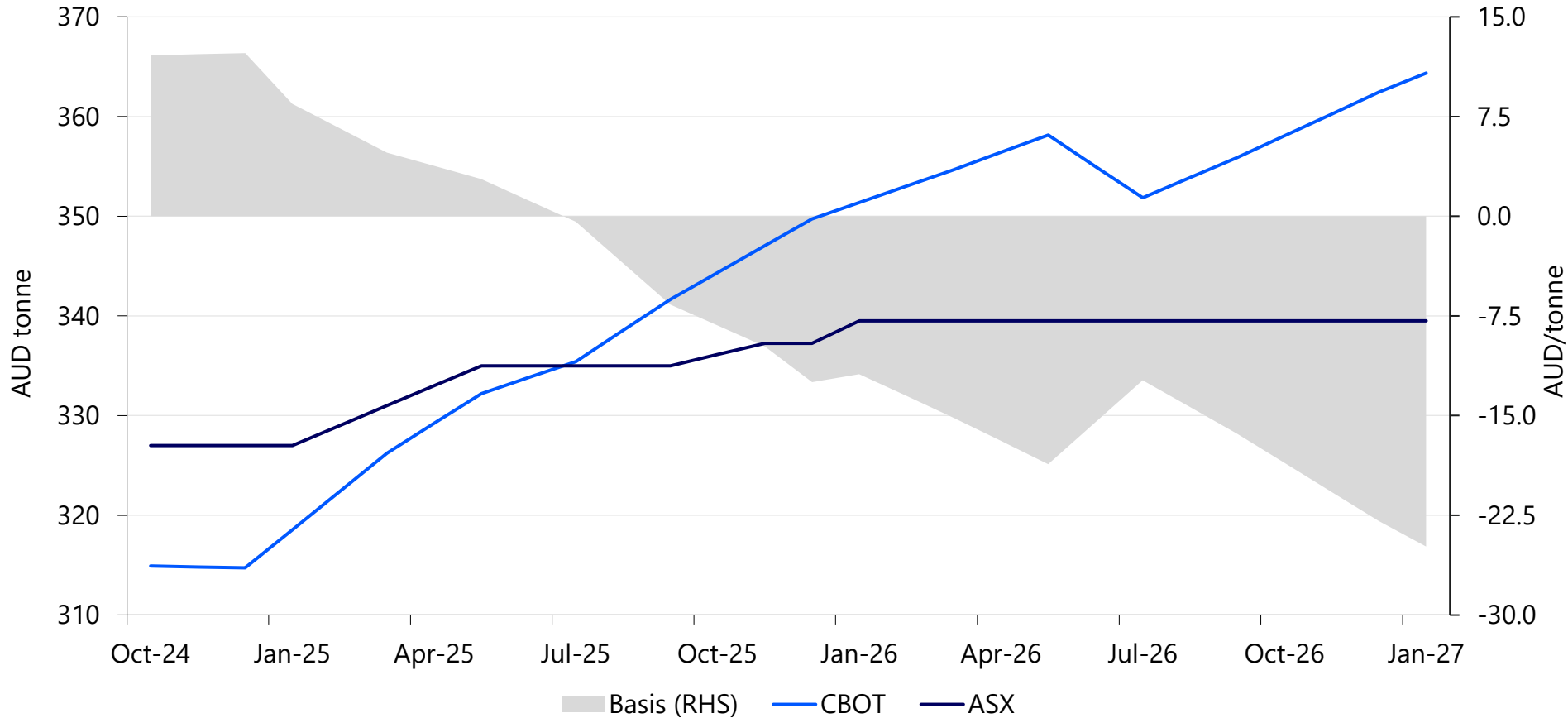
If 2024/25 exports reach 19M tonnes, stocks will jump to 4.1M tonnes



Source: ABARES, Raboresearch 2024

# Forward curve is expecting a “big” crop

In our view, the market is underestimating weather issues Down Under



There are many stories of a bumper crop, above 30M tonnes

We think 27.5M is the right figure

USDA changed from 31 to 28.5M on 23/Oct

Based on these elements, our forecast is a rangebound APW at AUD 320-360/tonne into Q1/2025

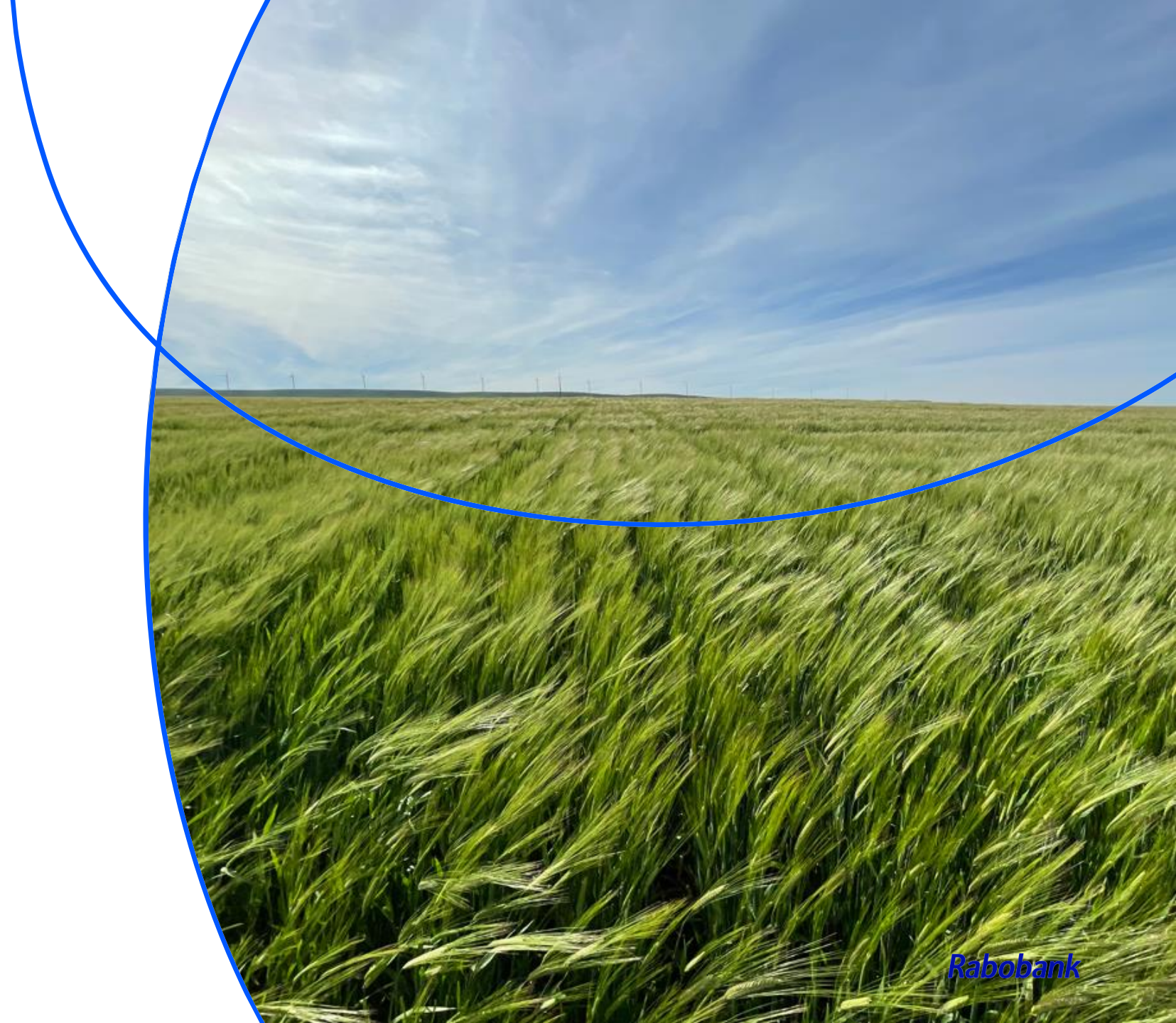
Top range: H1/H2, and Southern and Western port zones

Bottom range: ASW, and NSW/QLD port zones

Source: Bloomberg, Raboresearch 2024  
Note: as of 23/Oct

# *Barley*

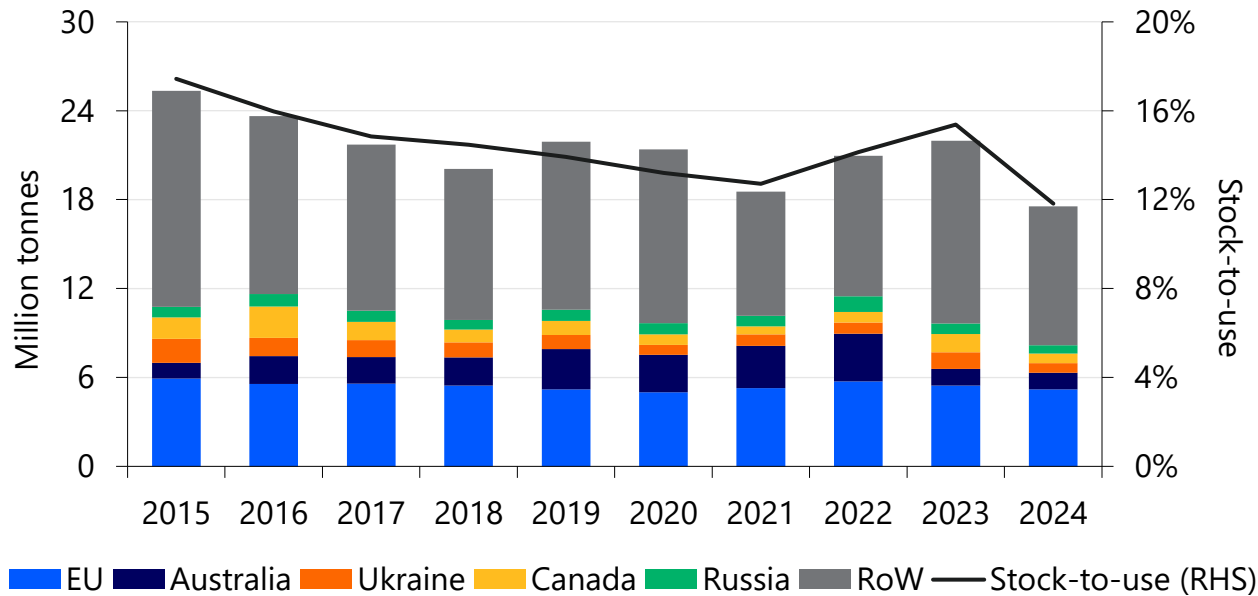
Supply and Demand  
fundamentals outlier crop



# Barley stocks are low, same as demand

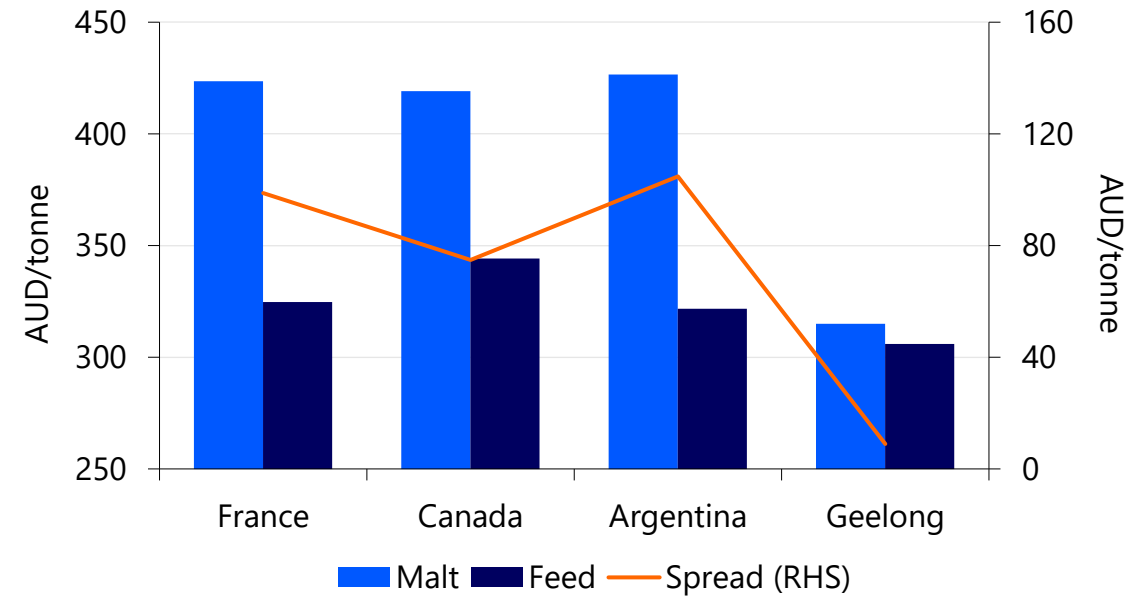
Consumer behaviour and inflation are leading to a faltering beer demand

Abundant corn is cooling down an alarming low barley stock-to-use



Source: USDA, Raboresearch 2024

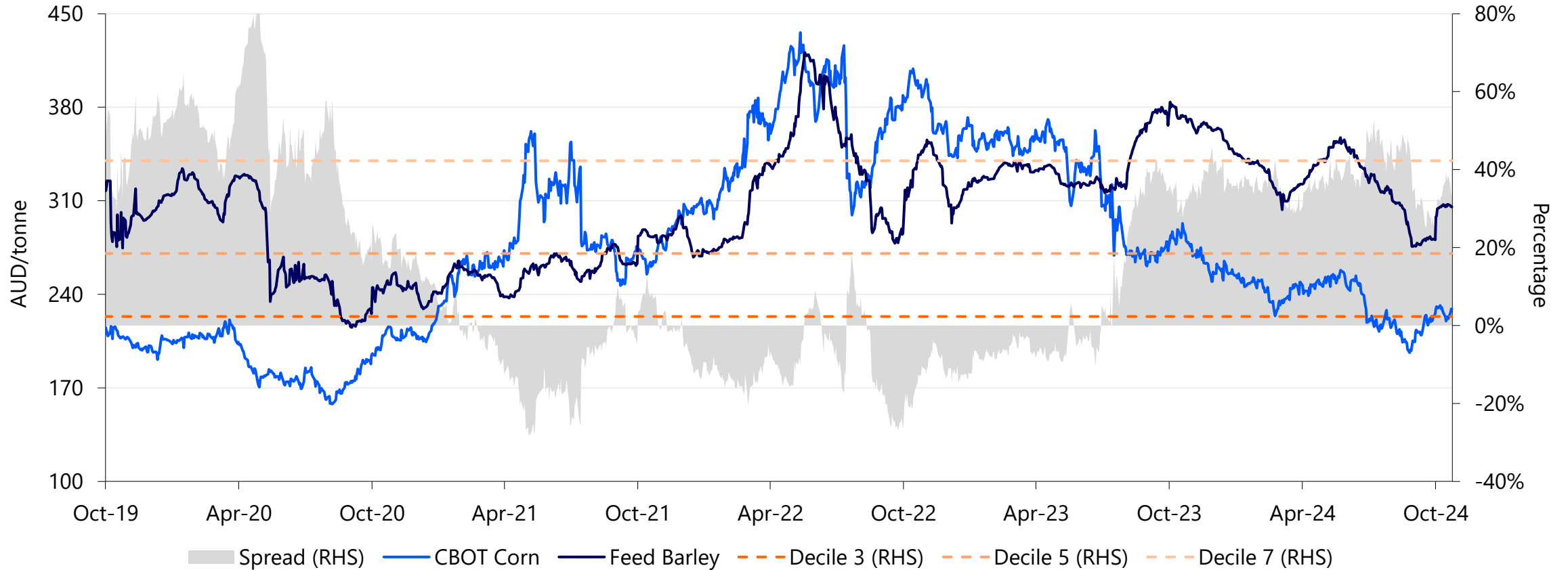
Malting spread is strong, but Down Under geography is a headwind



Source: RMI, Bloomberg, Raboresearch 2024

# Prices are tracking local feed demand

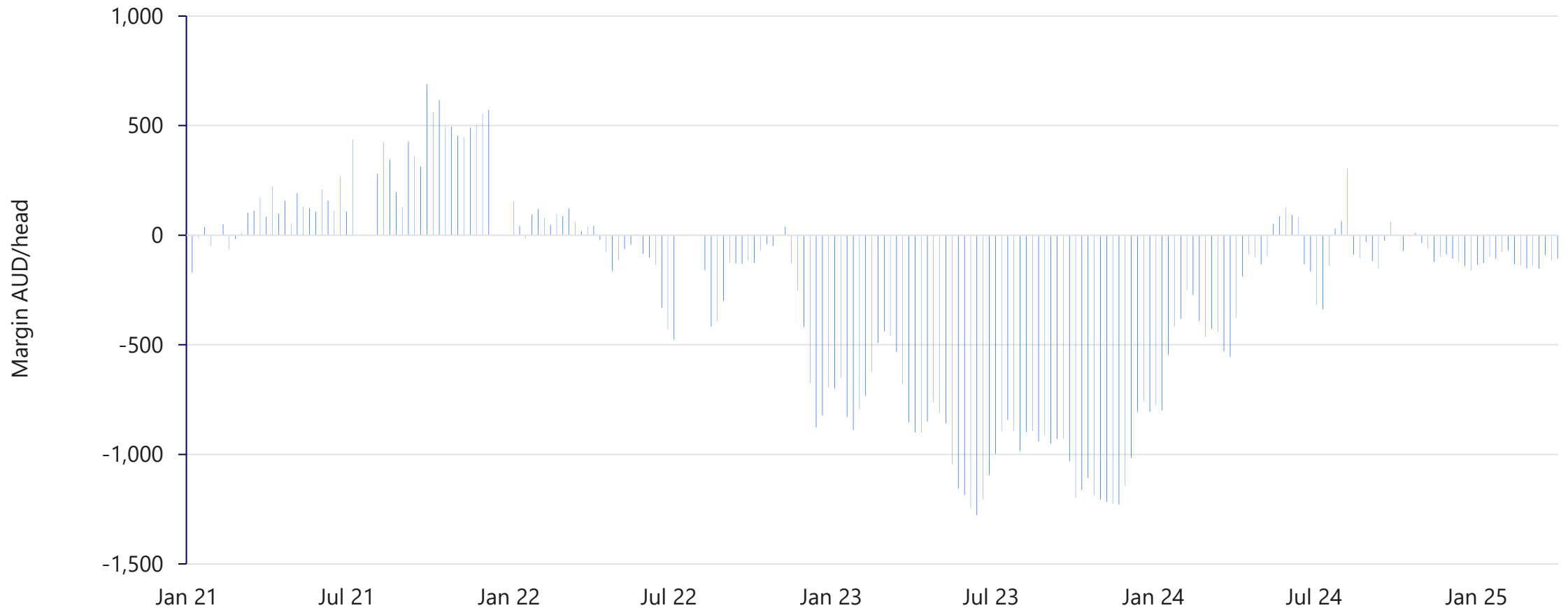
Cheap CBOT corn put a lid on feed barley exports potential



Source: Bloomberg, Raboresearch 2024

# Feedlot margins have improved

200 day grainfed profitability is expected to remain steady into Q1/2025

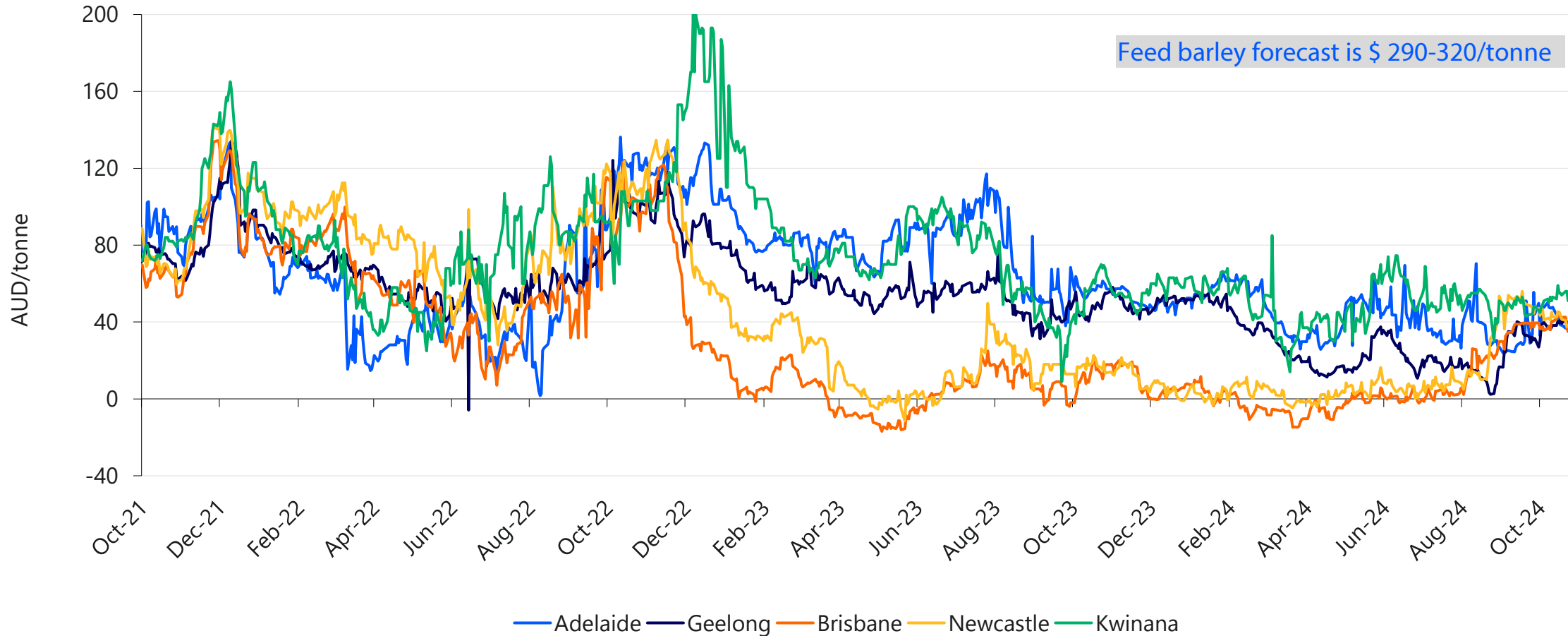


Source: MLA, Bloomberg, Raboresearch 2024



# Feed barley is expected to be close to APW

A robust livestock demand is sustaining local feed prices



Source: Bloomberg, Raboresearch 2024

# *Canola*

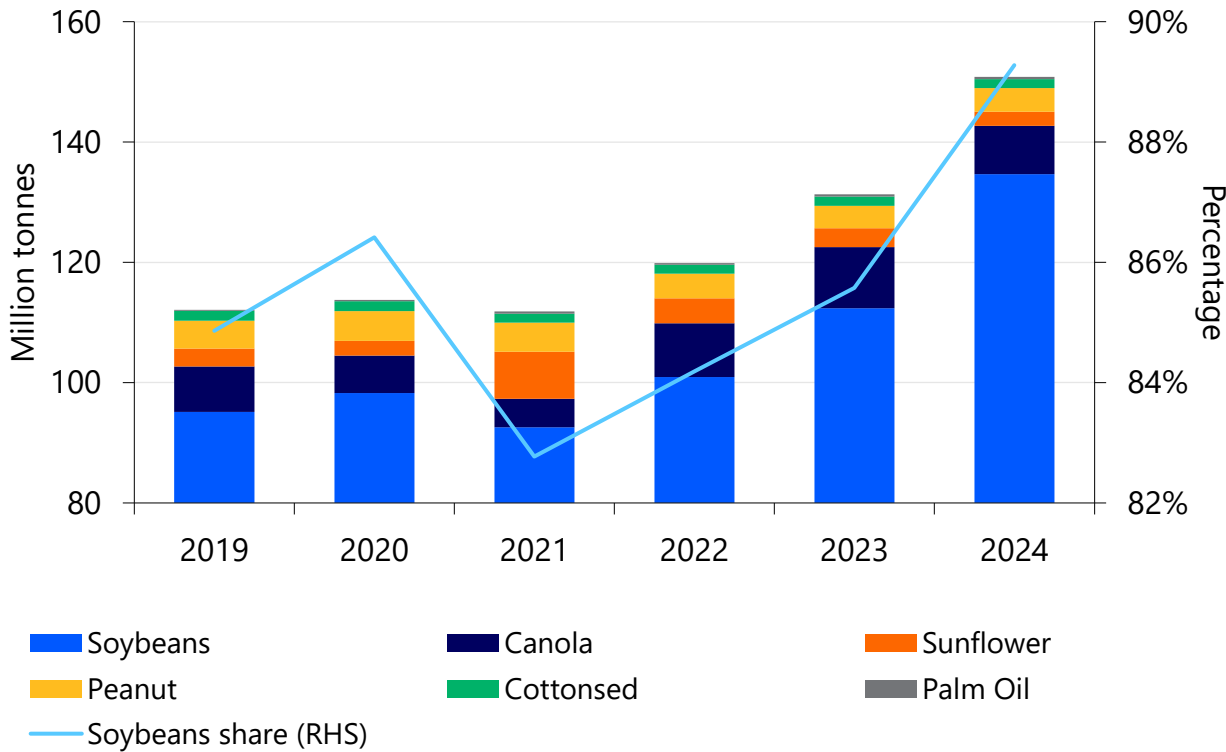
Time of plenty...plenty price upside



# Oilseeds stocks are ruled by soybeans

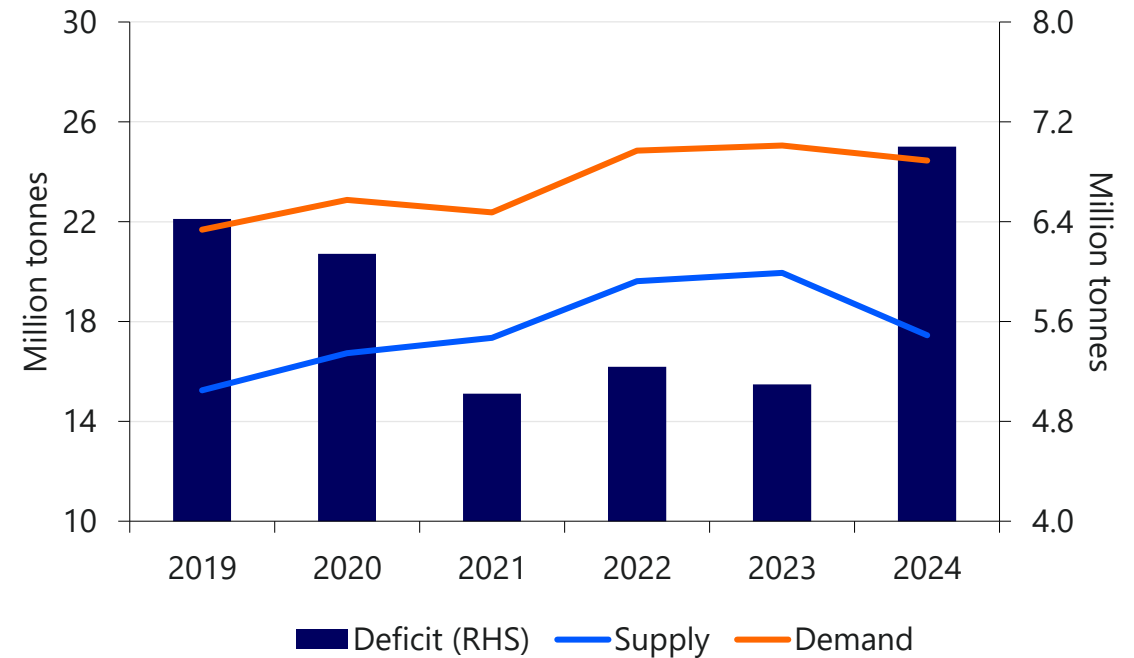
The starting point is to know what is happening in the Americas, then in Europe

Global ending stocks of key oilseeds



Source: USDA, Raboresearch 2024

The EU is the biggest importer of canola globally. In 2023 showed a 31% market share

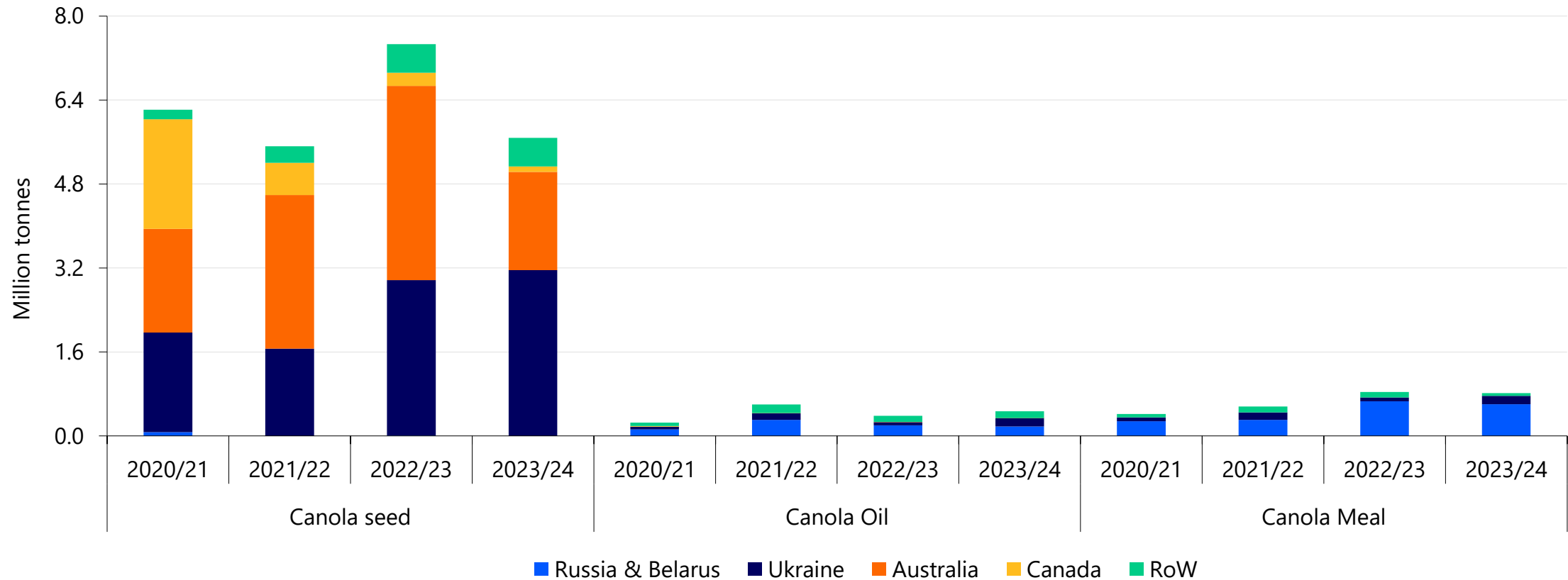


Source: USDA, Raboresearch 2024

# The EU is a key canola importer

The supplier's pool is quite short, increasing price volatility

Global canola seed trade is about 16-18M tonnes each year, oil is 7-8M tonnes and meal 9-10M tonnes



Source: European Commission, Raboresearch 2024

# The EU is a key canola importer

The supplier's pool is quite short, increasing price volatility

Global canola seed trade is about 16-18M tonnes each year, oil is 7-8M tonnes and meal 9-10M tonnes

8.0



Reuters

<https://www.reuters.com> › world › europe › eus-duty-r...

## EU's duty on Russian grain will hit EU countries, Russia ...

28 Mar 2024 — A **duty** that the **European Union** plans to impose on **Russian wheat** supplies will hit the European market, **Sergei Dankvert**, head of **Russian** ...

0.0

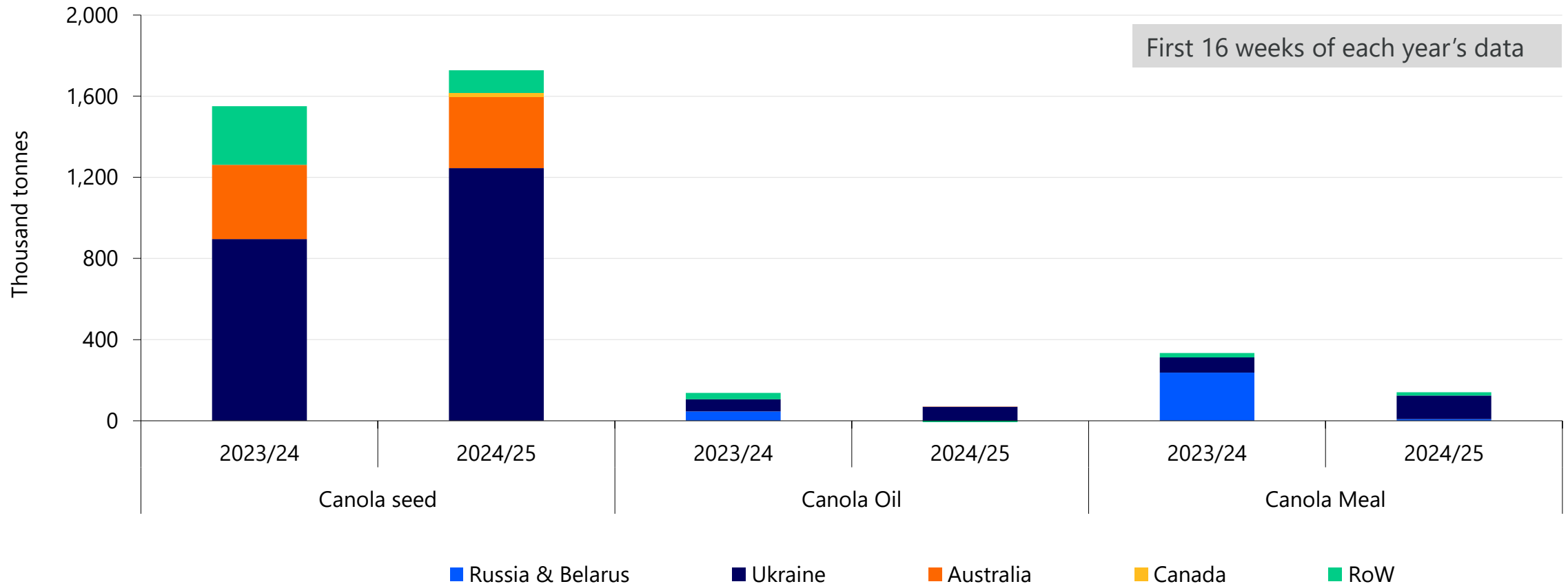
	2020/21	2021/22	2022/23	2023/24	2020/21	2021/22	2022/23	2023/24	2020/21	2021/22	2022/23	2023/24
Canola seed												
Canola Oil												
Canola Meal												

■ Russia & Belarus ■ Ukraine ■ Australia ■ Canada ■ RoW

Source: European Commission, Raboresearch 2024

# Trade wars altered oilseeds outlook

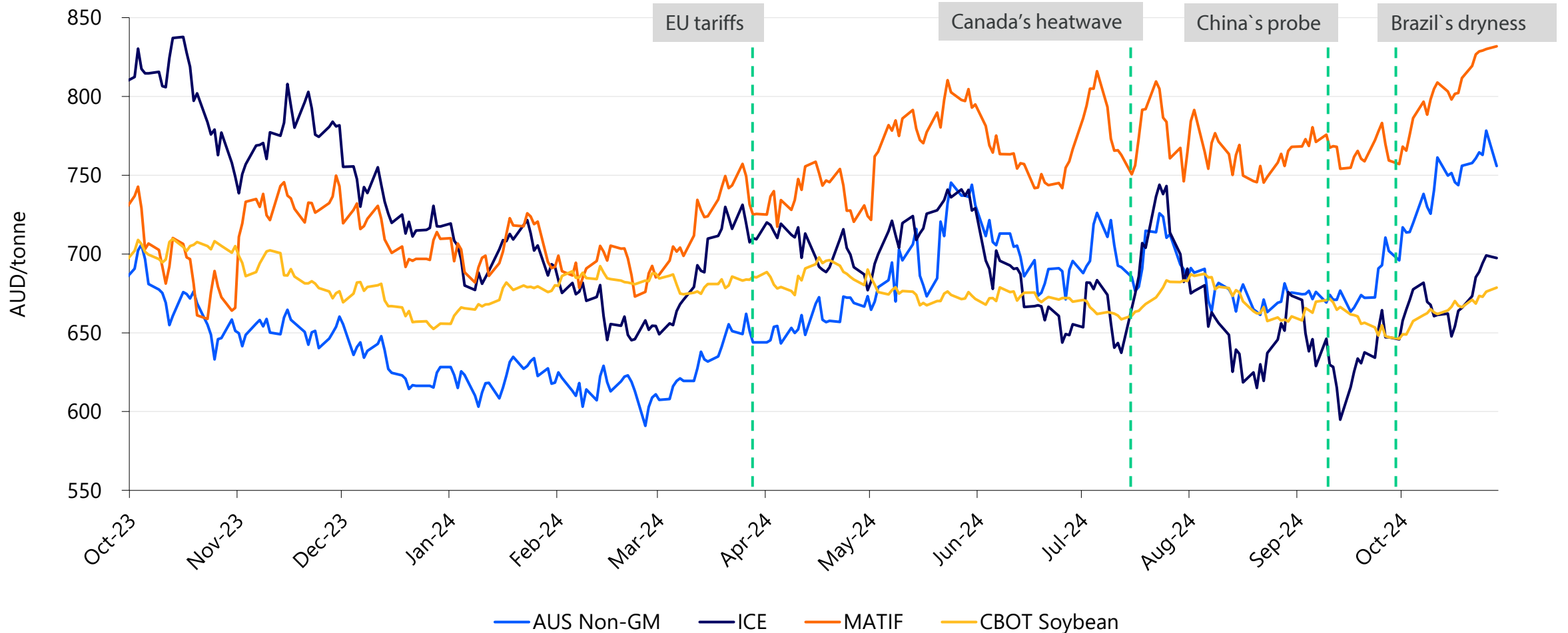
A poor 2024 season coupled with geopolitics are pushing stocks to low levels



Source: European Commission, Raboresearch 2024

# Canola prices followed 2024 volatility

This year has seen many important events about oilseeds supply and trade

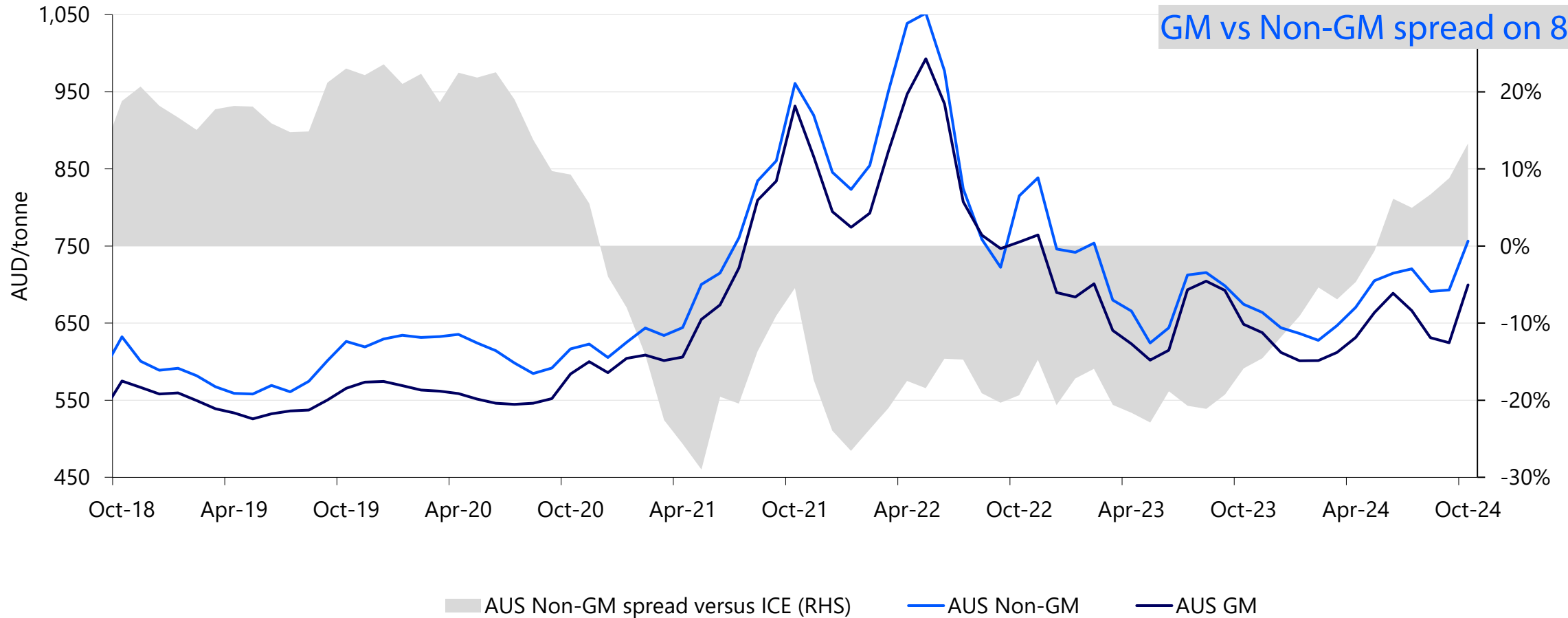


# AUS prices are improving

Global demand for vegetable oil is positive

Non-GM forecast is \$ 730-780/tonne into Q1/2025

GM vs Non-GM spread on 8-12%



Source: Bloomberg, Raboresearch 2024



# *Pulses*

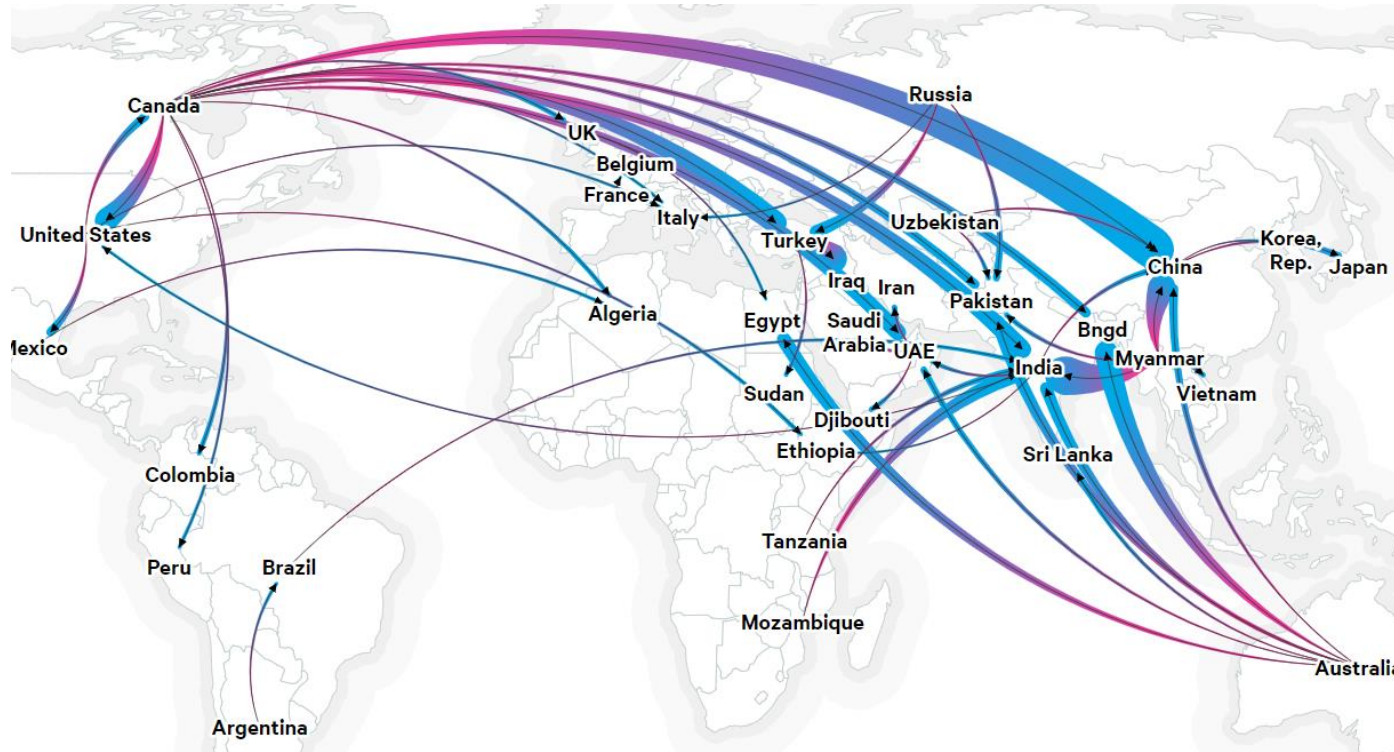
Hurry! "Low" tariffs door is closing



# 21M tonnes of global trade

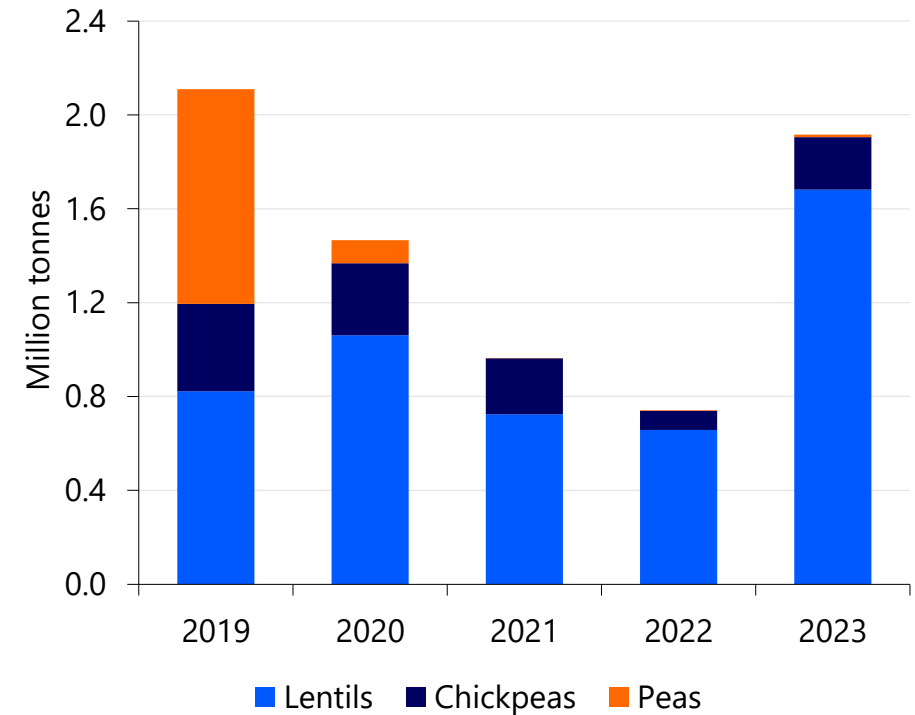
India is by far the most relevant pulses importer

Exports are dominated by Canada, Australia, Myanmar and Russia



Source: EarthResource, Raboresearch 2024

India's imports of key pulses crops



Source: Trademap, Raboresearch 2024

# India's extra import demand is temporary

There is an internal political element in the decision to facilitate pulses imports

**WP** The Western Producer

## India extends pea duty exemption to end of October

SASKATOON — India has extended the elimination of its import duty on yellow peas through the end of October. Exporters can now load yellow...

6 May 2024



**IN** InDaily

## India suspends tariff on Australian chickpeas

The tariffs, which were initially equivalent to around 33 per cent and then rose to around 66 per cent, have been suspended until March 31 2025, effective...

8 May 2024



**WT** The Weekly Times

## Tariff-free trading for lentils to continue

Tariff-free access for lentils to India is set to continue until March 2025 and could see the crop earning more popularity in Australia.

12 Jan 2024

# India's extra import demand is temporary

There is an internal political element in the decision to facilitate pulses imports

CADTM

## Farmers' mobilizations back on track

Thousands of farmers marched towards the national capital on February 13 to press for their demands, including the Minimum Support Price(MSP).

13 Apr 2024



Times of India

## Farmers to get diesel subsidy, says minister

State agriculture minister announces diesel subsidy for kharif crops in Bihar to help farmers affected by drought-like conditions. Subsidy of Rs 750 per...

28 July 2024



mint

## Cabinet approves ₹24,420 crore fertilizer subsidy for 2024 kharif season | Today News

To reduce dependence on DAP imports, the Cabinet also approved the inclusion of three new fertilizer grades under the NBS scheme.

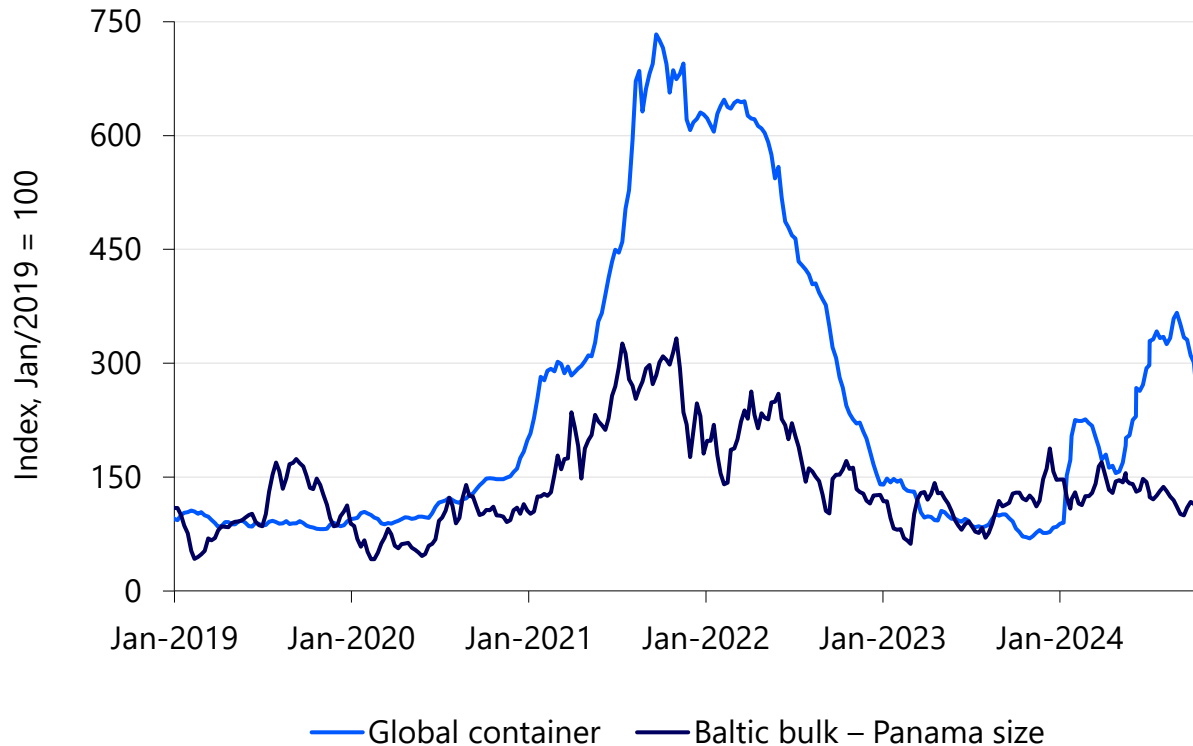
29 Feb 2024



# The 2025 game changers for pulses markets

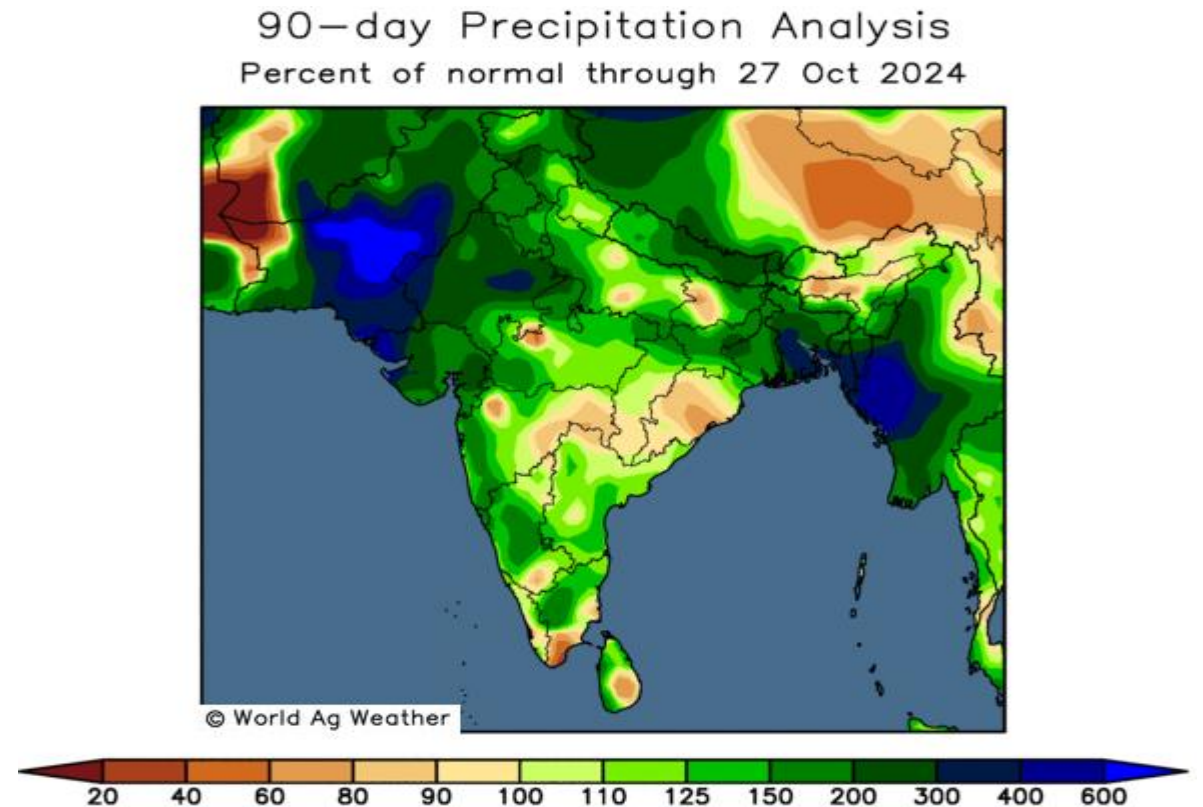
Doubts about India's tariffs renewals and containers costs worries

*Dire container costs and availability will be key topics into 2025*



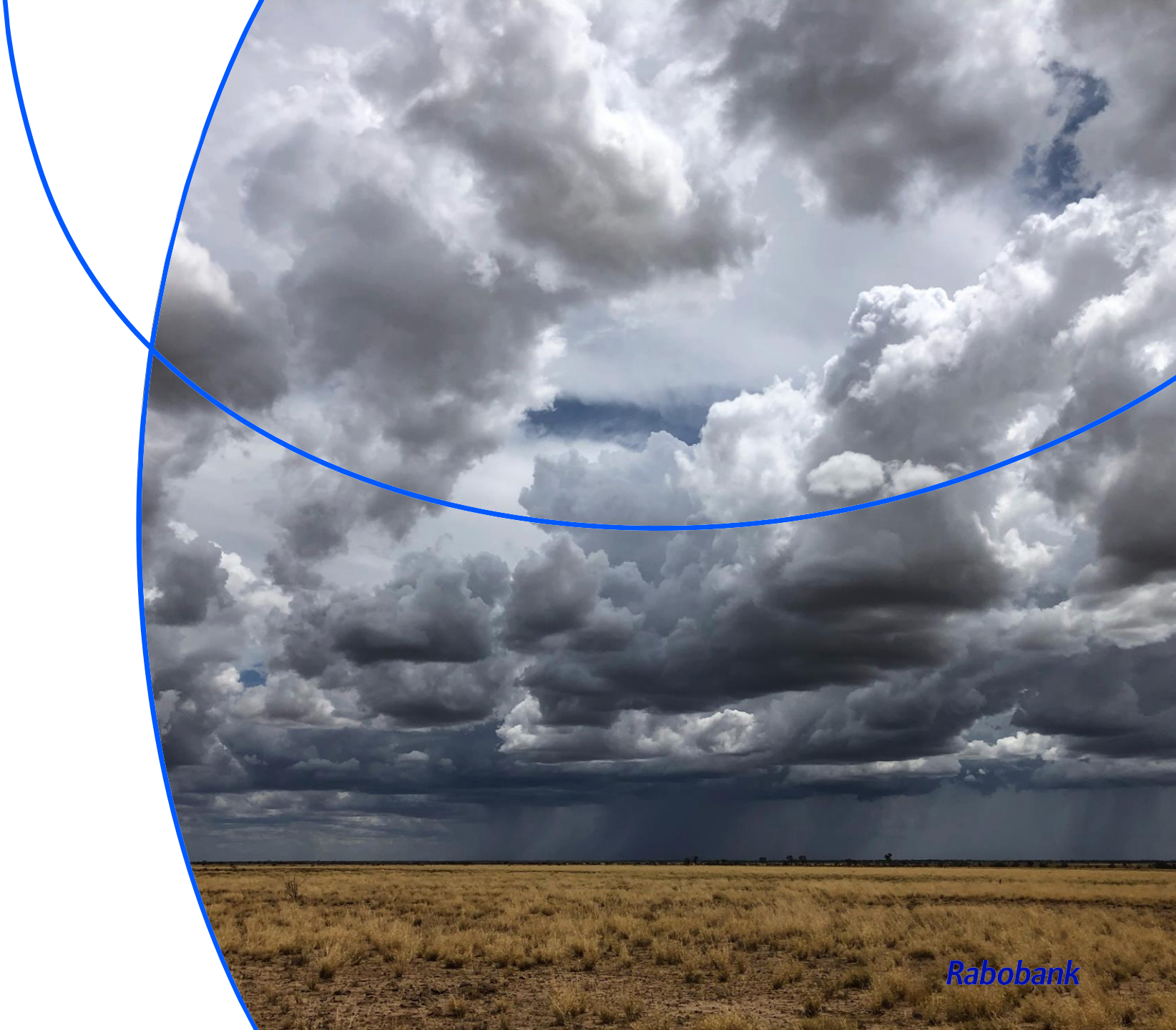
Source: Freightos, Raboresearch 2024

*India and Bangladesh have seen positive monsoon rainfall*



# *Weather odds*

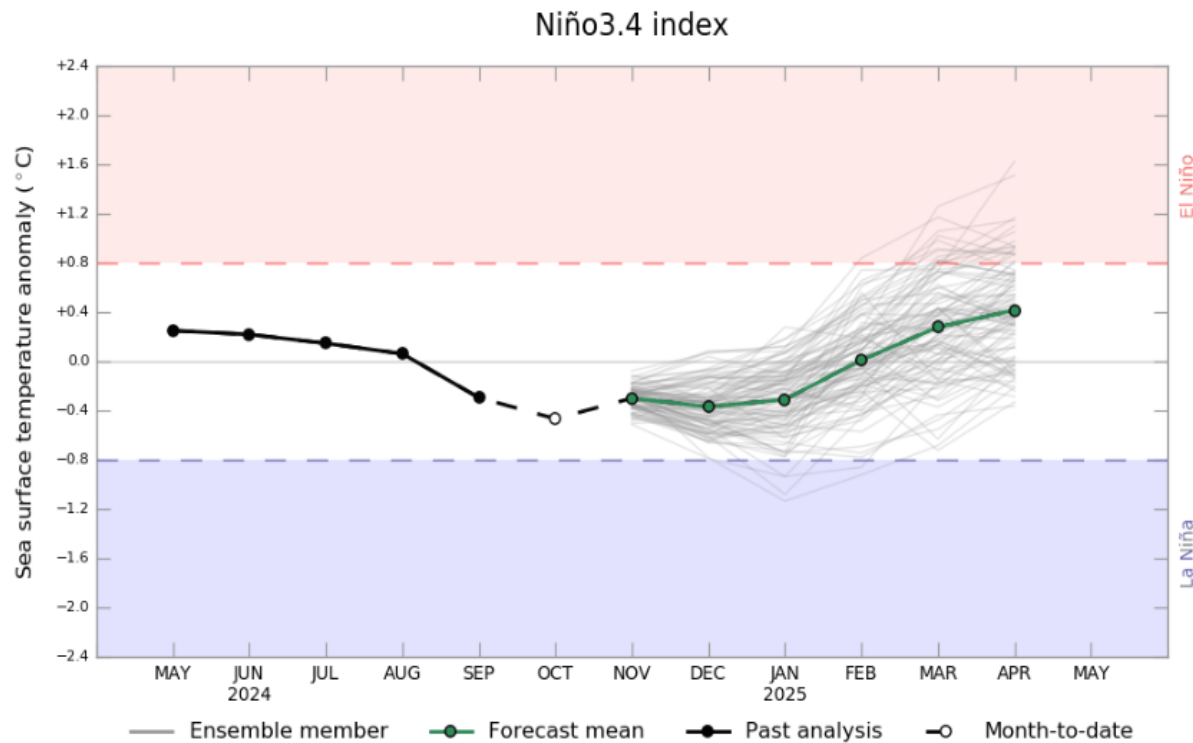
Are you betting red or black?



# To Niña or not to Niña? That is the forecast

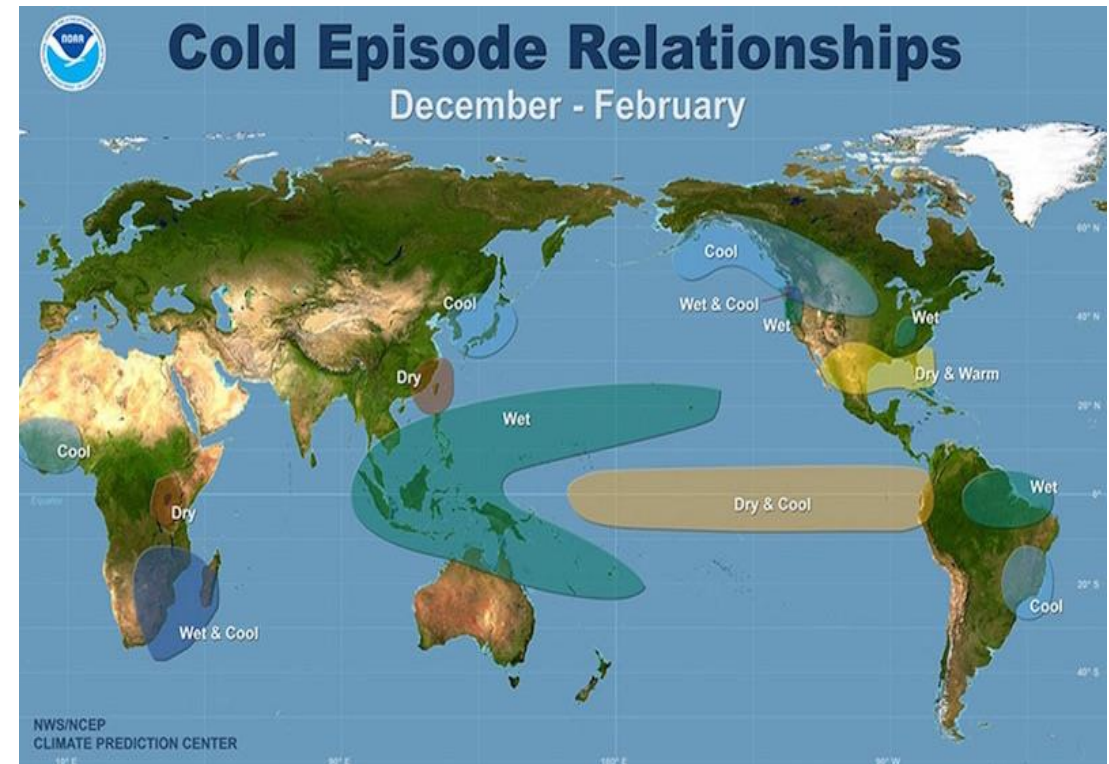
A cooler than average ocean but not enough to bring many clouds to the Western Pacific

Rangebound oceanic temperatures



Source: BoM, Raboresearch 2024

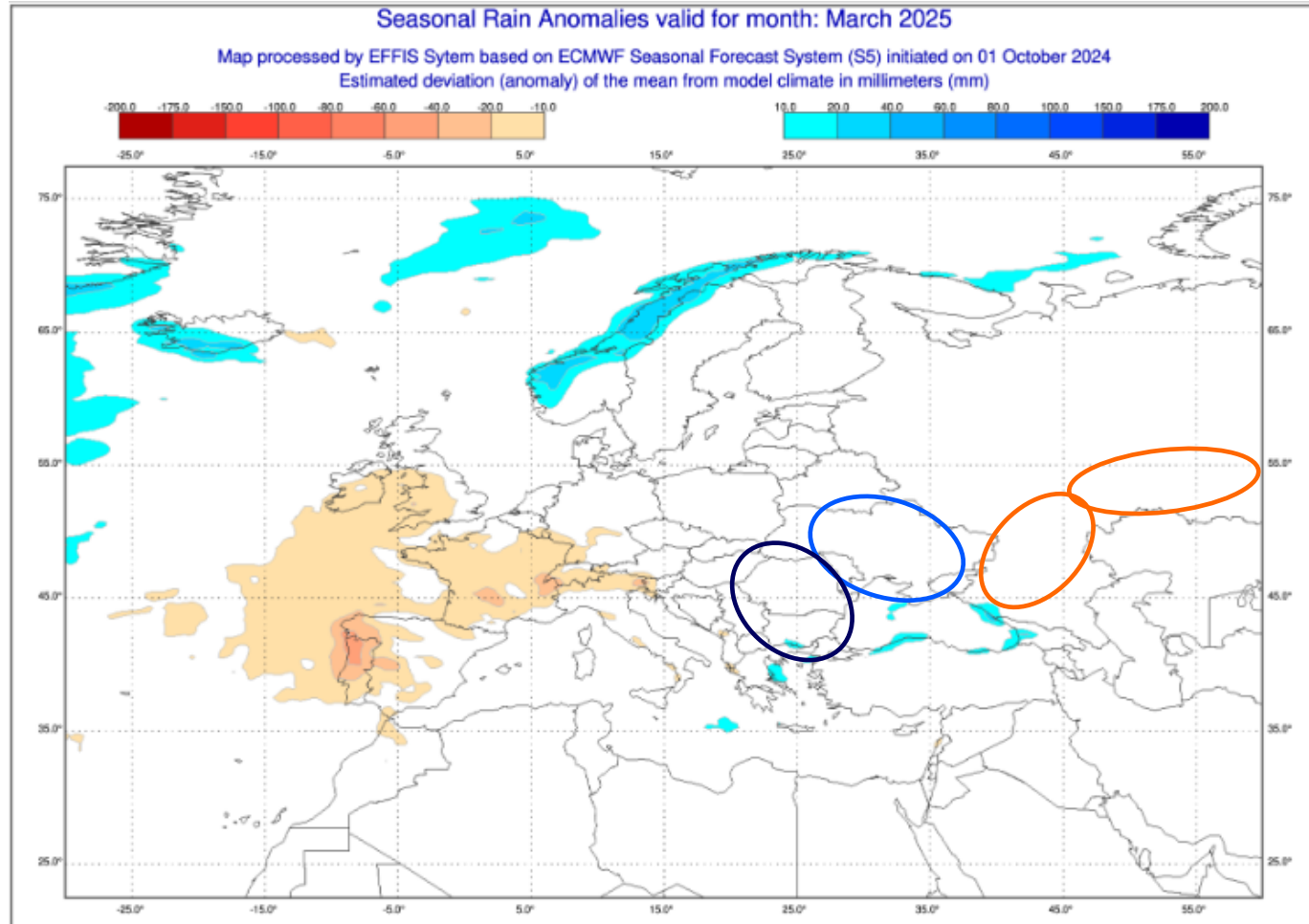
Usual La Nina changes in global temperature and rainfall patterns



Source: NOAA, Raboresearch 2024

# Nothing on the radar for the Black Sea

A potential tough start for the 2025 season is giving support to wheat



- Ukraine
- Danube countries
- Russia's growing regions



# *So what for G&O prices?*

Unwrapping complexity



# What to watch – Australia's farm gate level



Dry Black Sea and/or North America

Northern Hemisphere harsh winter



Inflation easing

Cash rate higher for longer



Conflicts escalation

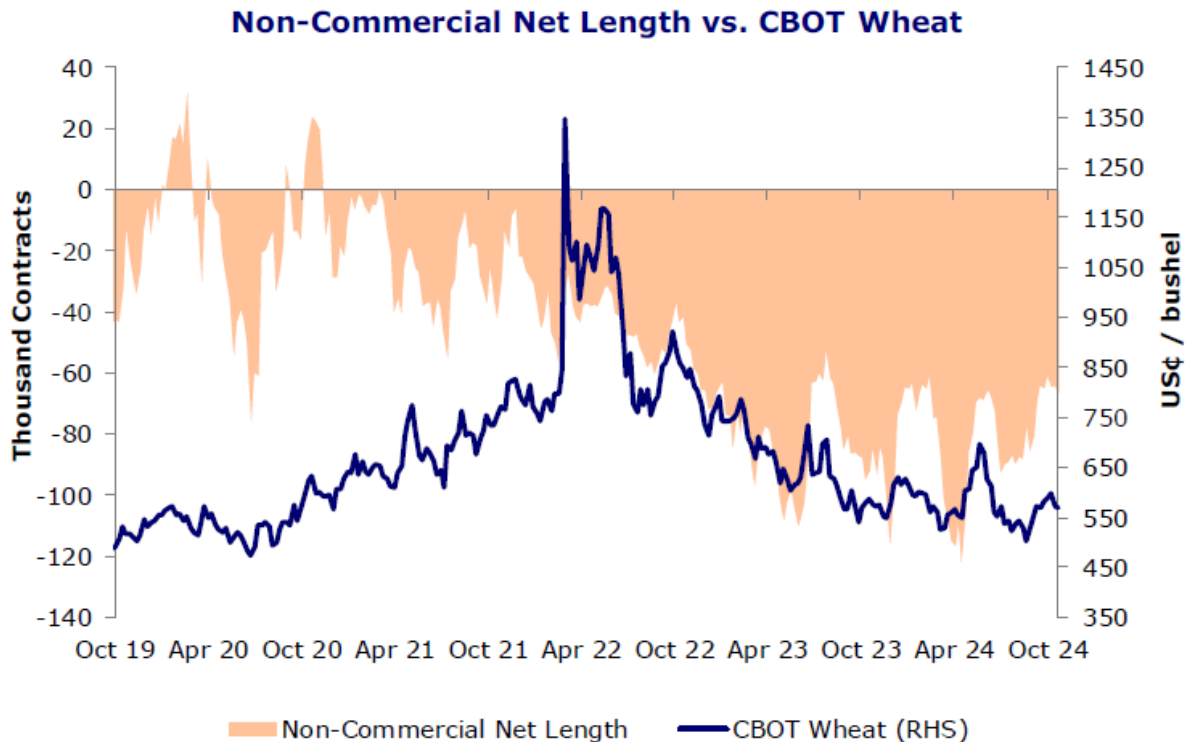
Middle East "solution"



"Normality" to shipping lines

Social unrest in India

# Wildcards – Funds, duties and floor price



Source: CFTC, Bloomberg, Raboresearch 2024

BR Business Recorder

## Russia raises wheat export duty

MOSCOW: Russia announced a 41% increase in its wheat export duty on Friday, as the agriculture ministry convened a...



Reuters

## Ukraine gives final approval for minimum grain export prices

Ukraine has approved the final details of a new system of minimum export prices for the country's key grains and oilseeds shipments,...



# Thank you for your attention

## *RaboResearch*

Food & Agribusiness  
Grains & Oilseeds sector team

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