Positive trade signals amid bearish fundamentals

Australia agribusiness monthly

RaboResearch Food and Agribusiness

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Rabobank

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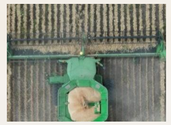
This report is based on information available as at 6/11/2025

Commodity outlooks

Climate

Key growing regions in the eastern half of Australia and the south of Western Australia received below-average rainfall in October. ENSO remains neutral, however recent indicators are showing some signs of La Niña development.

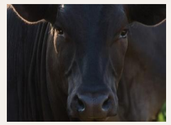


Wheat and barley

Despite abundant global grain supplies, wheat prices have found support in recent weeks, with gains largely driven by Russia-US tensions. The Australian basis could face headwinds, as RaboResearch expects the Australian dollar to rise over the next 12 months, and carryover into 2025/26 remains high.

Canola

Canola prices have been supported in recent weeks by a sharp rise in CBOT soybean prices following the announcement of a US-China trade framework. The market will be watching closely for further developments.



Beef

Cattle prices remain highly contingent on seasonal conditions, with drier weather through September and October seeing prices ease. With the forecast for November showing average to above-average rainfall we may see prices stabilise and possibly lift.

Sheepmeat

All categories of lamb and mutton have seen prices decline over the last month as supplies increase with new season lambs entering the market. We believe prices may ease further as numbers rise, but ongoing limited supplies will provide a floor in the market.

Wool

Wool prices fell in October, with the EMI down 9% MOM. Despite this decline, prices remain 24% higher than at the start of the year.

Cotton

ICE #2 Cotton futures have found support in recent weeks, rallying 3.3% since mid-October. The recent price strength is largely driven by optimism around US-China trade discussions, which appear to be progressing well.

Farm inputs

RaboResearch sees downside risk for urea and phosphate prices due to poor global affordability. Current market dynamics suggest a potential pullback in usage, as buyers remain unwilling to absorb current high prices.

Dairy

Global fundamentals have slowly become more bearish for prices. Milk supply growth is ramping up led by record milk flows during New Zealand's peak season. Some welcome news locally, with small increases in farmgate milk price announced by major dairy processors.

Consumer foods

Food inflation came in at 3.1% YOY for Q3 2025. Egg prices were the main category still posting higher inflation. However, firmer livestock prices were leading to upward price pressure in the red meat aisle.

Interest rate and FX

Stronger than expected Q3 inflation has likely nixed the chances of another rate cut in 2025. RaboResearch now projects just one more cut, to arrive in May next year.

Oil and freight

Oil prices were pressured lower in October by signs of ample global supply, despite recent sanctions targeting Russia's major oil firms providing some support to prices in the middle of the month.

Climate

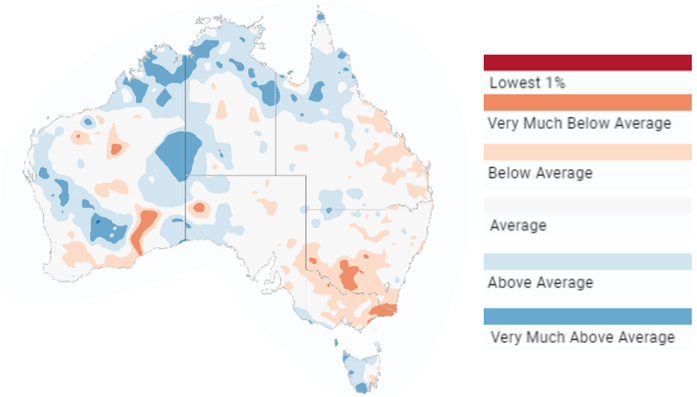
ENSO neutral but showing signs of possible La Niña development

Key growing regions in the eastern half of Australia and the south of Western Australia received below-average rainfall in October. Root-zone soil moisture declined for these key growing regions over the last month and is now below average.

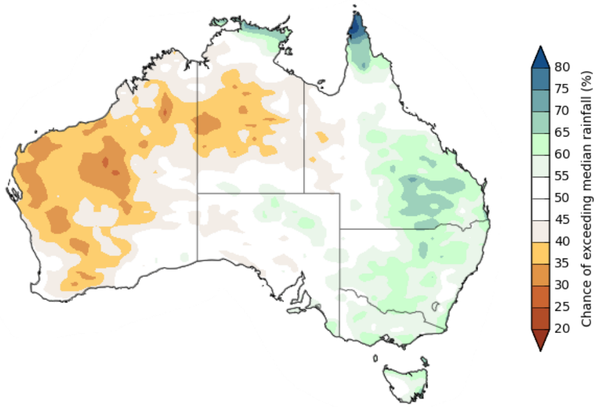
The Bureau of Meteorology (BOM) November to January long-range forecast predicts above-average rainfall across most of Australia's east coast, with below-average rainfall expected in Western Australia and the Northern Territory.

The negative Indian Ocean Dipole (IOD) event remains active and is expected to return to neutral in summer. El Niño-Southern Oscillation (ENSO) remains neutral, however recent cooler waters and trade winds over the pacific are showing some signs of La Niña development. A sustained period of cool waters in the Pacific is required to establish a La Niña event.

Root zone soil moisture, October 2025



November to January chance of exceeding median rainfall



Source: *BOM, RaboResearch 2025*

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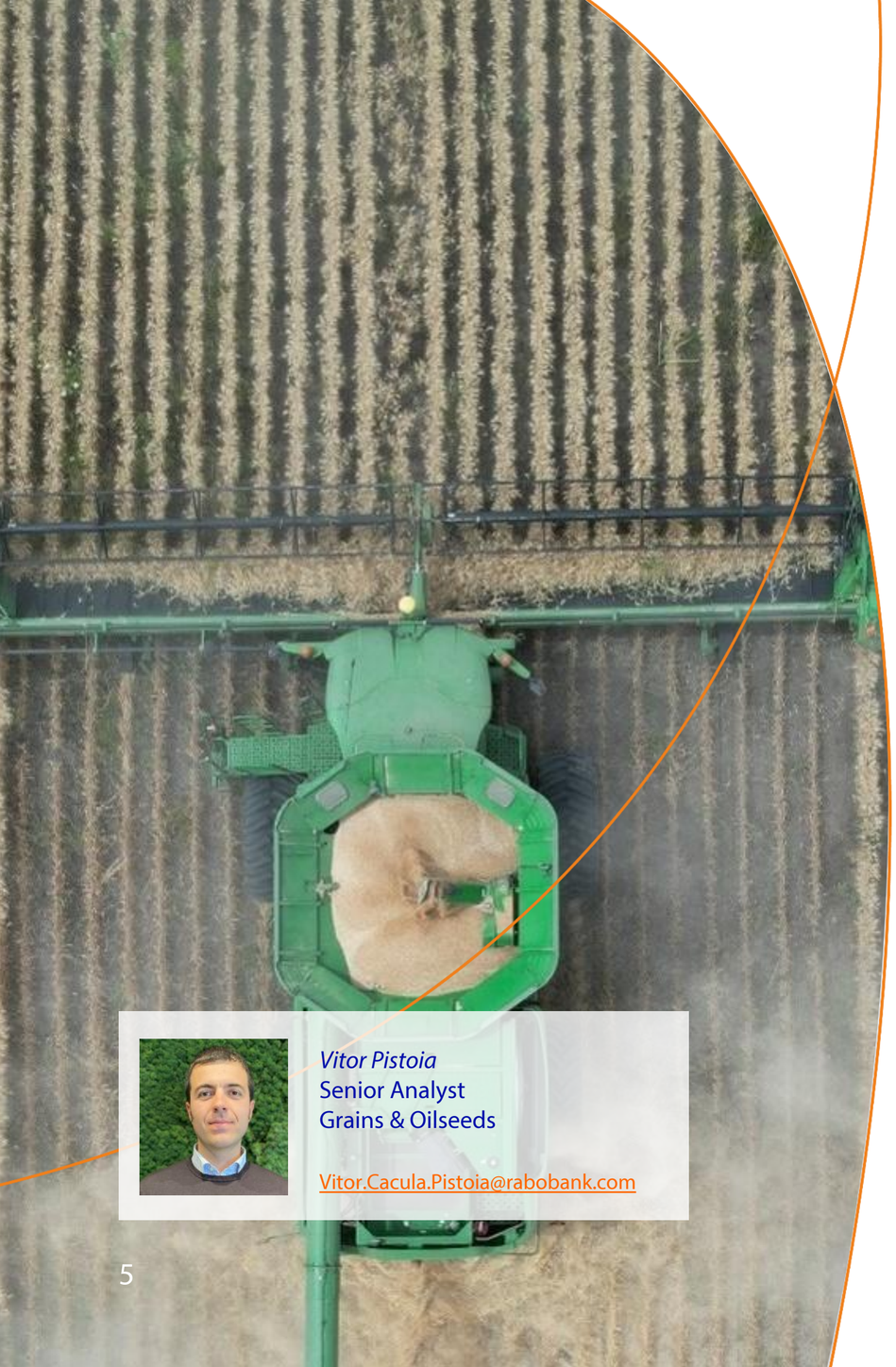

Wheat and barley

Robust global supplies limit upside

CBOT wheat prices rose 3% MOM, supported by Russia-US tensions and news of a US-China framework agreement on multiple trade issues.

CBOT wheat futures also responded positively to reports that a US-China trade framework agreement had been reached, amid speculation that China may resume buying US wheat again.

Meanwhile, a planned meeting between US President Trump and Russian President Putin in Budapest has been put on hold, following Russia's refusal to accept a ceasefire. This leaves scope for tit-for-tat strikes on G&O infrastructure, which remains the only notable source of near-term upside. Ukraine's recent missile strike on a Russian chemical plant likely contributed to recent gains, and the market will stay sensitive to signs of further escalation.

Beyond geopolitical risks, global supplies continue to cap upside price movements. Although the US government shutdown has obscured some global supply and demand data over the past month, Russia is expected to harvest a crop around 6m tonnes larger than last year, while EU output is forecast to be 18m tonnes higher than last year. With a well-supplied market, funds maintain sizeable net-short positions, and there is no immediate catalyst for a short-covering rally on the horizon.

What hasn't helped is that Australian wheat prices face additional pressure from an estimated 2m tonnes carryover into 2025/26, with RaboResearch forecasting production to rise 0.6% YOY. This is weighing on basis levels, while a projected rally in Australian dollar futures could add further headwinds over the next 12 months.

For barley, RaboResearch expects Australian production to increase 14% YOY, driven by above-average rainfall across key states. On the demand side, malting demand looks fairly muted amid shifting alcohol consumption trends. Global corn abundance is also exerting pressure on prices.

What to watch:

- **US-China trade discussions:** Grains are likely to remain sensitive to any further developments around the announced trade framework agreement.
- **Trump's efforts to end the Russia-Ukraine war appear to have stalled.** From a wheat perspective, this means war-related disruptions from both Russia and Ukraine remain possible in the short term, and the market will be watching developments closely.

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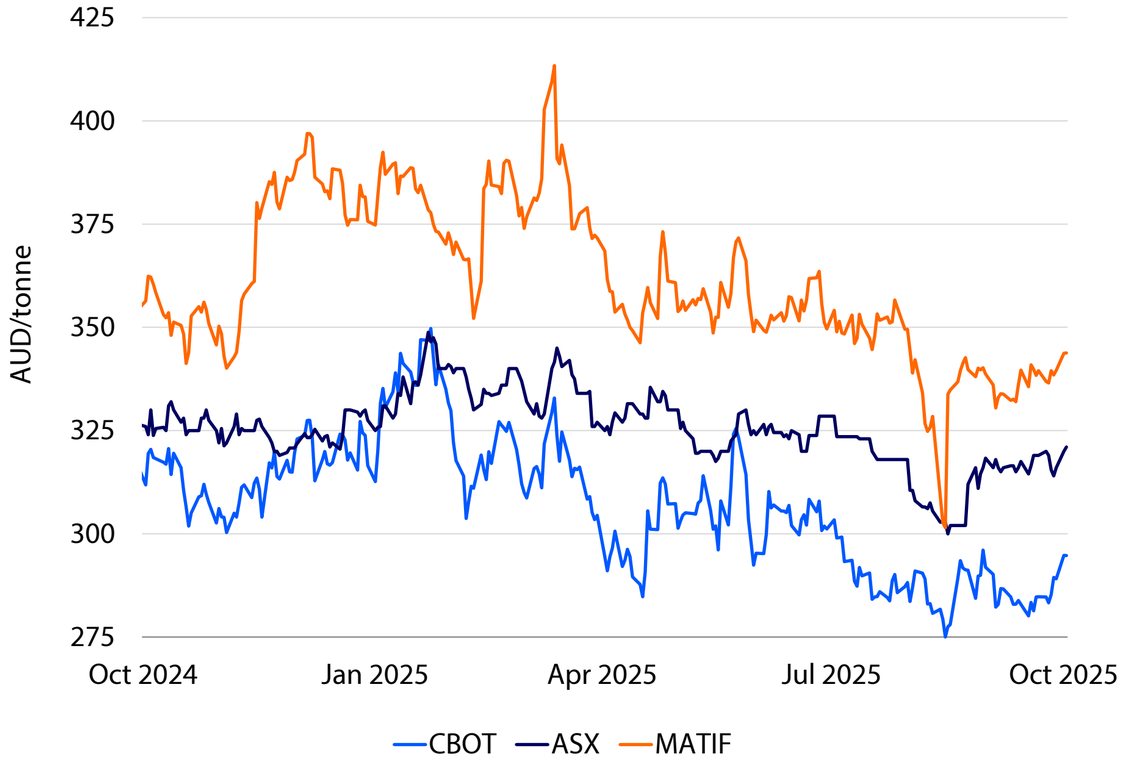
Wheat and barley

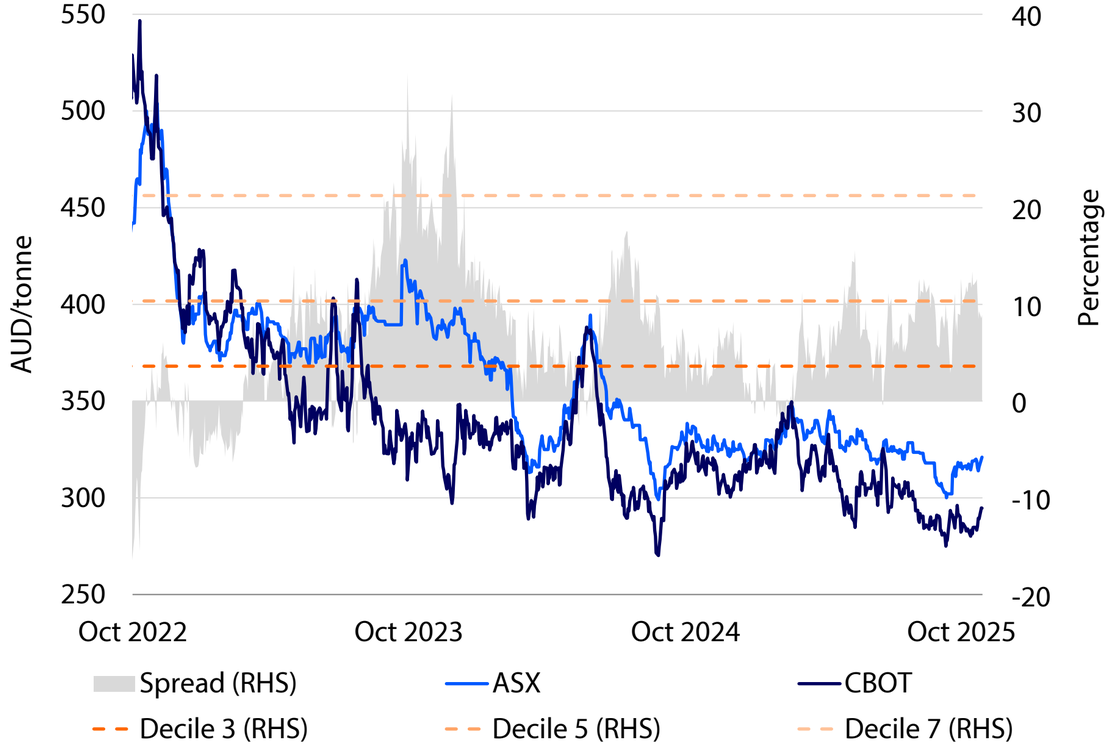
Global wheat prices push higher amid Russia uncertainty and positive US-China trade developments

CBOT wheat futures bounced higher in recent weeks



Source: *Bloomberg, RaboResearch 2025*

In AUD terms, CBOT wheat gains (+4%) outpaced ASX wheat (+2%), partly due to looming harvest pressure



Source: *Bloomberg, RaboResearch 2025*

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Canola

Soybean prices provide a boost to canola markets

It's been a volatile month for the oilseed complex: Soybean futures broke out of their range in October, rallying 8% MOM.

News that the US (the world's second-largest soybean exporter) and China (the world's largest soybean importer) have agreed on a trade framework is boosting optimism for soybean demand. Markets had previously been pessimistic about global consumption due to the ongoing trade dispute, which had halted all US soybean shipments to China since May 2025.

If soybean prices continue to rise, this could also support canola demand by making it more competitive. This partly explains the 3% increase in average national non-GM prices and a 2% increase in average national GM prices.

That said, canola futures are trading under their own dynamics, largely due to deteriorating relations between Canada and the US. US President Trump recently imposed a new 10% tariff on Canada following a TV advertisement featuring Ronald Reagan criticising tariffs as a trade tool. This dispute is bad news for Canadian canola seed exporters, given the US is a critical market. Combined with Chinese tariff barriers, Canadian canola seed exporters will likely be scrambling for new markets. Unfortunately for Australia, this could mean Canada increasing its export share in key Australian destinations such as the EU and Japan.

RaboResearch anticipates non-GM port prices to remain within a range of AUD 730/tonne to AUD 800/tonne in the coming months, with the global outlook relatively stable. The EU is expected to rebuild stocks, which should support demand. For GM canola, prices are expected to be softer – slightly below 2024/25 harvest levels.

What to watch:

- **US-China trade relations will remain a key focus for markets in the weeks ahead,** as any developments could significantly impact soybean trade and, in turn, have a knock-on effect on canola markets.

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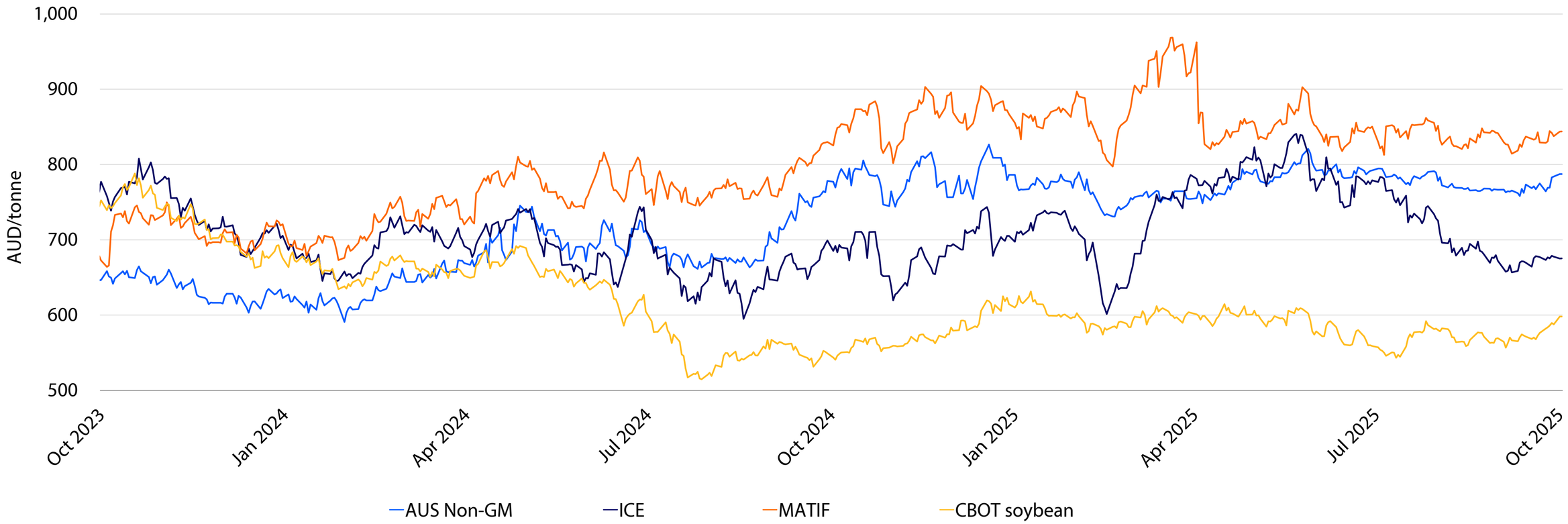
Canola

Australian canola prices found modest month-on-month support

A 6% increase in CBOT soybean futures, following positive news on US-China trade, likely provided a boost to canola prices



Note: *Australian prices reflect the weighted average across all states.*
Source: *Bloomberg, RaboResearch 2025*

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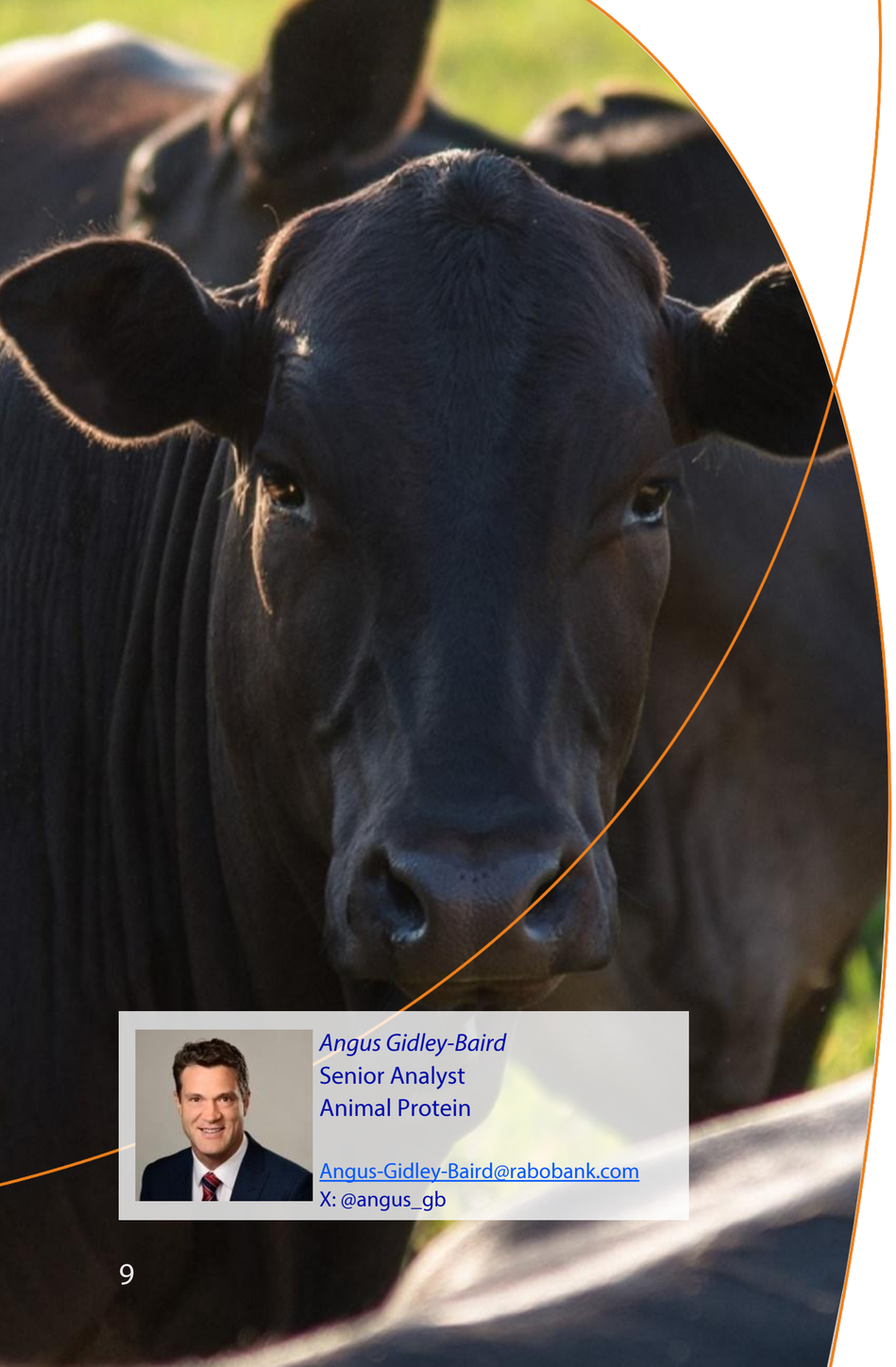

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Beef

All eyes on the sky for a guide on price movements

The lack of rain through September and into October took the heat out of the Australian cattle market and saw cattle prices across all classes decline through October. Although rainfall in parts of eastern Australia in the later part of October appear to have stopped this decline. With high cattle inventories and strong slaughter numbers, we believe, cattle prices will remain heavily impacted by producer sentiment and seasonal conditions. Recent price movements reflect this dynamic. All cattle classes remain at or above the five-year average for this time of year, with older/finished cattle performing better. Feeder steers, heavy steers, and processor cows are 13%, 16,% and 25% above the five-year average respectively, while the National Young Cattle Indicator, at AUD 4.34/kg, is just 4% above the five-year average. This reflects slightly weaker restocker demand compared to processor demand for finished cattle. **With the BOM forecasting rainfall to be average to slightly above-average for eastern states in November we expect cattle prices to hold at current levels. However, the forecast of hotter-than-average conditions may dent producer confidence and, consequentially, prices could ease slightly.**

Weekly national cattle slaughter is 10% higher than 2024 volumes year-to-date. At just under 160,000 head for week number 43, numbers sit 36% above the five-year average, reflecting high cattle inventories and ongoing volumes of marketable cattle. **We expect these numbers to remain at these levels into mid-December, when numbers typically drop due to the Christmas period and plant maintenance shutdowns.** Cattle numbers through saleyards are at the highest levels in over 10 years, with Victoria and New South Wales seeing some of the largest numbers, up 73% and 56% respectively on the five-year average for this time of year. Weekly saleyard numbers are higher than those seen in 2019 and 2014 – two dry years when cattle prices were at the low point in the cycle. This gives some context for the current market strength given prevailing prices and the number of cattle in the system.

Preliminary export figures indicate another year-on-year increase in volumes. October exports are expected to be more than 4% higher than 2024 and broadly in line with August and September levels. Live cattle export volumes dropped 22% from August to September, with volumes to Indonesia down 7%. **Demand is expected to lift toward year-end as preparations begin for the Ramadan festival.**

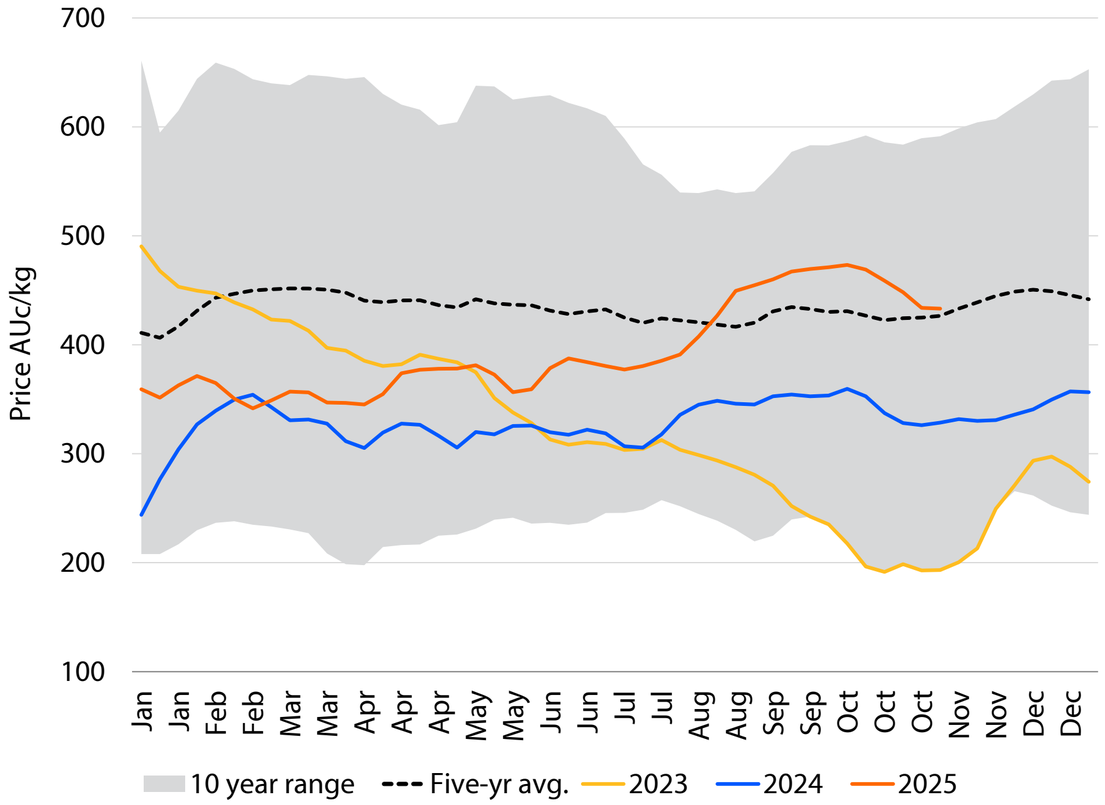
What to watch:

- **US cattle and beef markets:** Despite ongoing high cattle prices, US beef prices have eased over the last couple of months as the country heads into winter. The US beef choice cutout (similar to a wholesale carcass price) has dropped 10% since the September peak, with chuck, round and flank cuts dropping 17%, 10% and 15% respectively. Lean trimmings prices have dropped 7% to USD 4.05/lb. This is a fairly typical seasonal pattern in the US, as more cull cows enter the market, increasing the volume of lean trim supply, while consumer demand softens heading into winter. Given the large spread between US domestic and imported prices, we don't expect this US price movement to trigger a drop in imported trimmings prices. However, it could mean limited upside for Australian cow prices over the next couple of months.

Beef

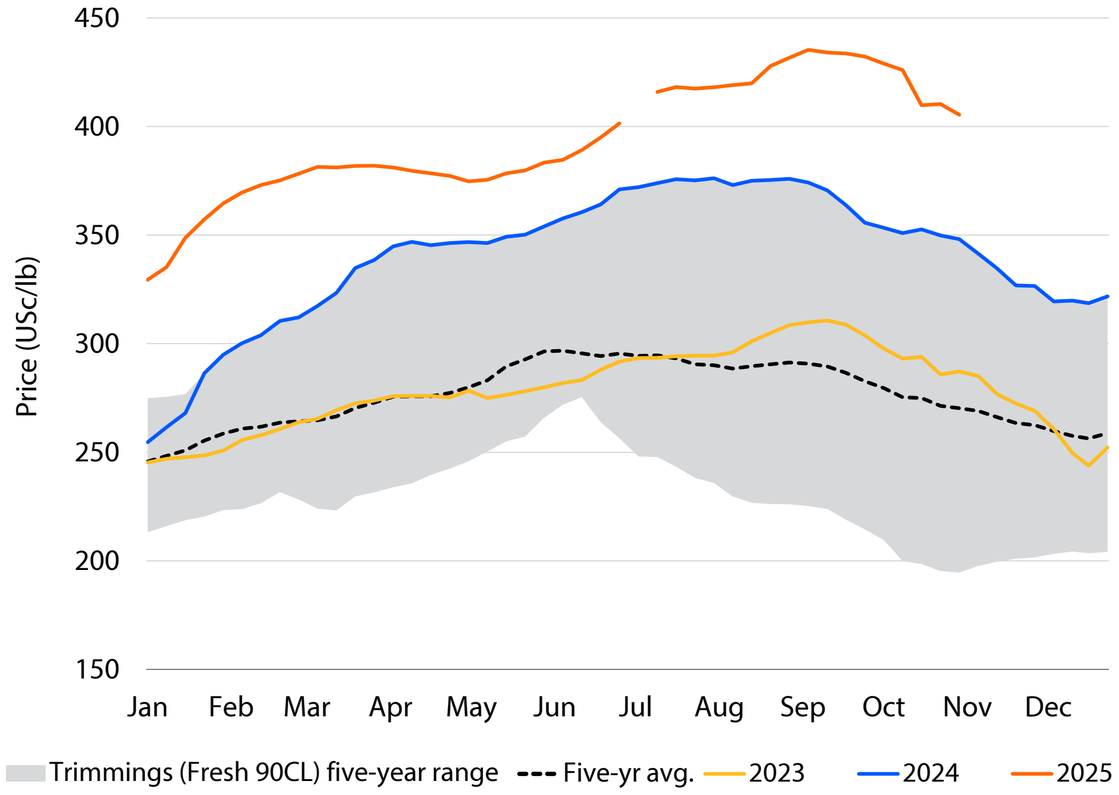
Australian cattle prices and US prices moving in unison

NYCI falling back into line with five-year average



Source: MLA, RaboResearch 2025

US trimmings price easing as the country moves into winter



Source: USDA, RaboResearch 2025

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Sheepmeat

Prices ease as new season lambs hit the market

All sheep and lamb prices have eased over the last month, coming off the highs from September and early October. Most categories are down 15% from their peak. The National Trade Lamb Indicator was at AUD 10.92/kg on 2 November – down 11% from the early August high. Lamb and sheep availability has increased, as reflected in slaughter and saleyard numbers, adding supply to the market and taking the edge off prices. **We expect prices to ease further through November as more stock becomes available. However, ongoing limited supplies will continue to provide a floor in the market.** Based on current fundamentals, we believe a trade lamb price around AUD 9.50/kg to AUD 10.00/kg is a more sustainable price.

Heavy trade lambs (24kg to 26kg) continue to make up a smaller share of saleyard sales at 32%, while light (20kg to 22kg) and medium (22kg to 24kg) trade lambs account for 26% and 41% respectively. This shift suggests producers are willing to sell lambs as soon as they reach weight rather than hold them, given seasonal uncertainties. Interestingly the price spread between heavy lambs and restocker lambs has narrowed to its smallest margin in over three years, possibly reflecting a lack of lambs in the system and mixed farmers seeing an opportunity to purchase store lambs to finish on cut or harvested crops. This demand may lead to higher numbers of heavier lambs continuing into the new year.

Weekly lamb slaughter jumped 28% between early October and the week of 24 October. Although there was a shorter week with a public holiday at the beginning of October, we believe this increase clearly signals new season lamb supply coming online. The sudden rise may also indicate producers are choosing to sell any lambs that meet specifications given seasonal uncertainty. **We expect numbers to rise slightly into mid-November, then level out before declining into December.** Sheep slaughter numbers also surged 26% from early October to 190,000 head, 16% above the five-year average for this time of year.

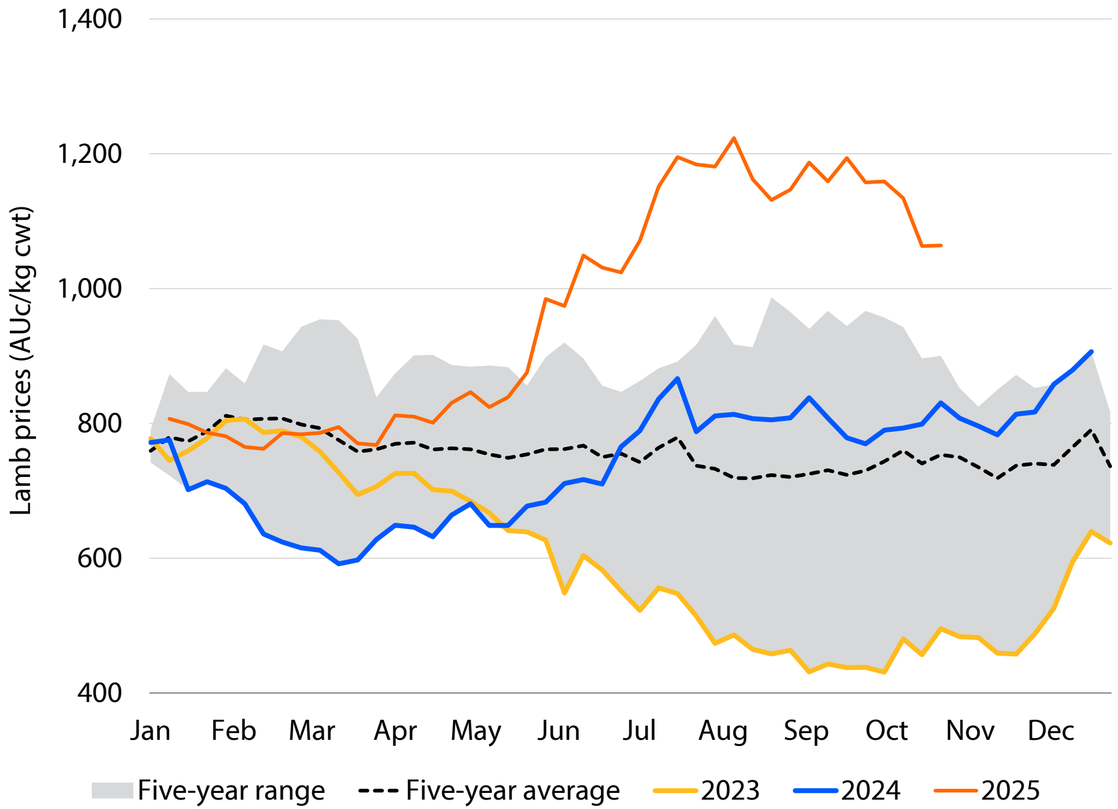
What to watch:

- **New season lambs are here, but for how long?** A dramatic lift in lamb slaughter numbers in recent weeks heralds the beginning of the new season lamb supply. The next question is how many lambs are available and how long these volumes will last. With conditions in September and October drier than average, will most producers offload lambs before Christmas? In 2018, a similar weather pattern saw slaughter volumes peak in mid-November before declining again – only about 7% by year-end – but volumes in 2019 were significantly lower. Processors will now be trying to get a gauge lamb availability into the new year and adjust shifts and prices accordingly.

Sheepmeat

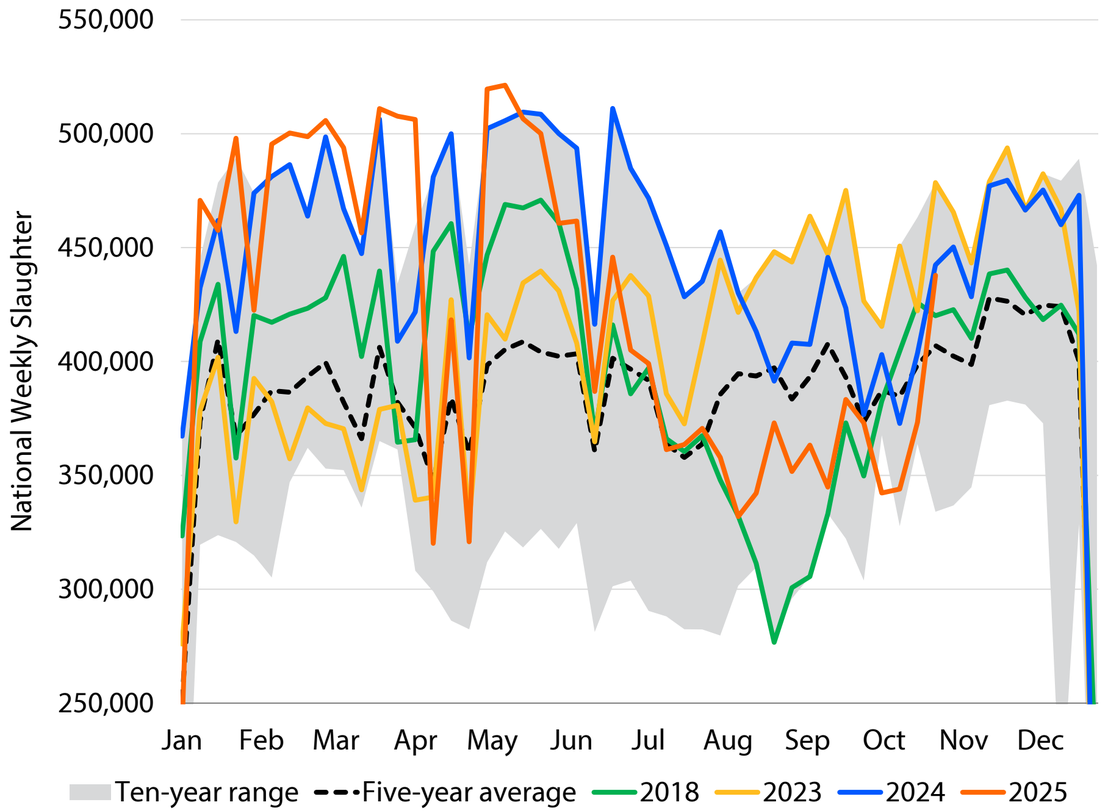
Lamb prices ease as new season lambs finally hit the market

Lamb prices still well above historical levels



Source: MLA, RaboResearch 2025

New season lambs have arrived, lamb slaughter jumps



Source: MLA, RaboResearch 2025

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Wool

Wool prices decline month-on-month following run-up

Wool prices have retracted from their recent highs over the past month, with the EMI down 9%. Despite this decline, the index remains 24% above levels seen at the start of the year, and marginally higher than the five-year average.

Micron movements show notable losses: micron categories 17 (-11%), 18 (-11%), 19 (-10%), and 28 (-11%) all recorded double-digit declines month-on-month. Meanwhile, 20 micron (-8%) and 25 micron (-8%) posted more modest losses. In contrast, 21 micron wool held up relatively well, falling just 1%, and 30 micron declined only 2%.

From a geopolitical perspective, signs of improving relations between the US and China – following agreement on a trade framework – could be positive for the Chinese economy. Additionally, China has recently strengthened its free trade agreement with the Association of Southeast Asian Nations. These developments come as China's economic growth shows signs of slowing, reflected in September retail sales. However, if early positive trade discussions with the US continue, this could boost consumer confidence and potentially trickle down to wool demand.

Australian export data (lagged) indicates weak performance in July, with total wool shipments down 18.7% YOY. Volumes to China fell 16.9%, while India (-23.8% YOY) and Czechia (-50.5% YOY) also recorded declines. Italy was the standout, with volumes up 24.1% YOY. Year-to-date, exports are down 18.7% compared to last year.

What to watch:

- **The market will be closely monitoring auction activity in the coming weeks** – particularly the number of bales offered and the clearance rate, which was relatively high last week at 87.2%. This suggests buyers and sellers are fairly well aligned on price expectations, providing a good indication of market sentiment moving forward.

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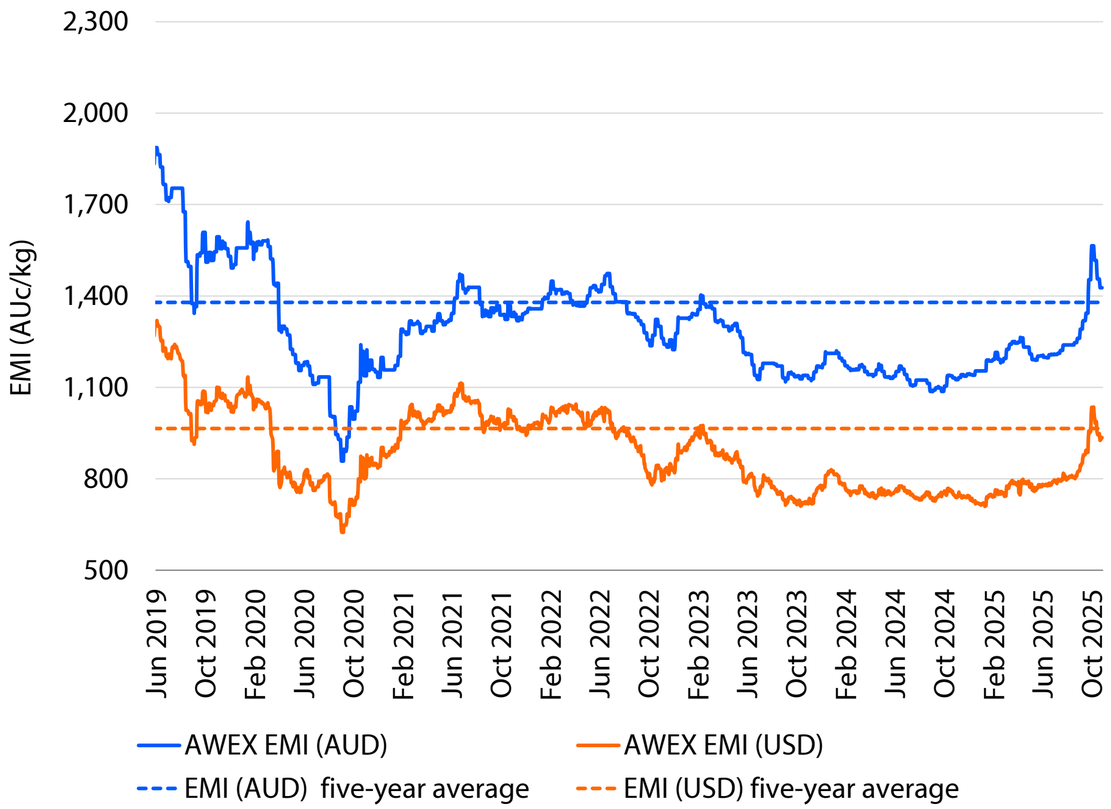
Wool

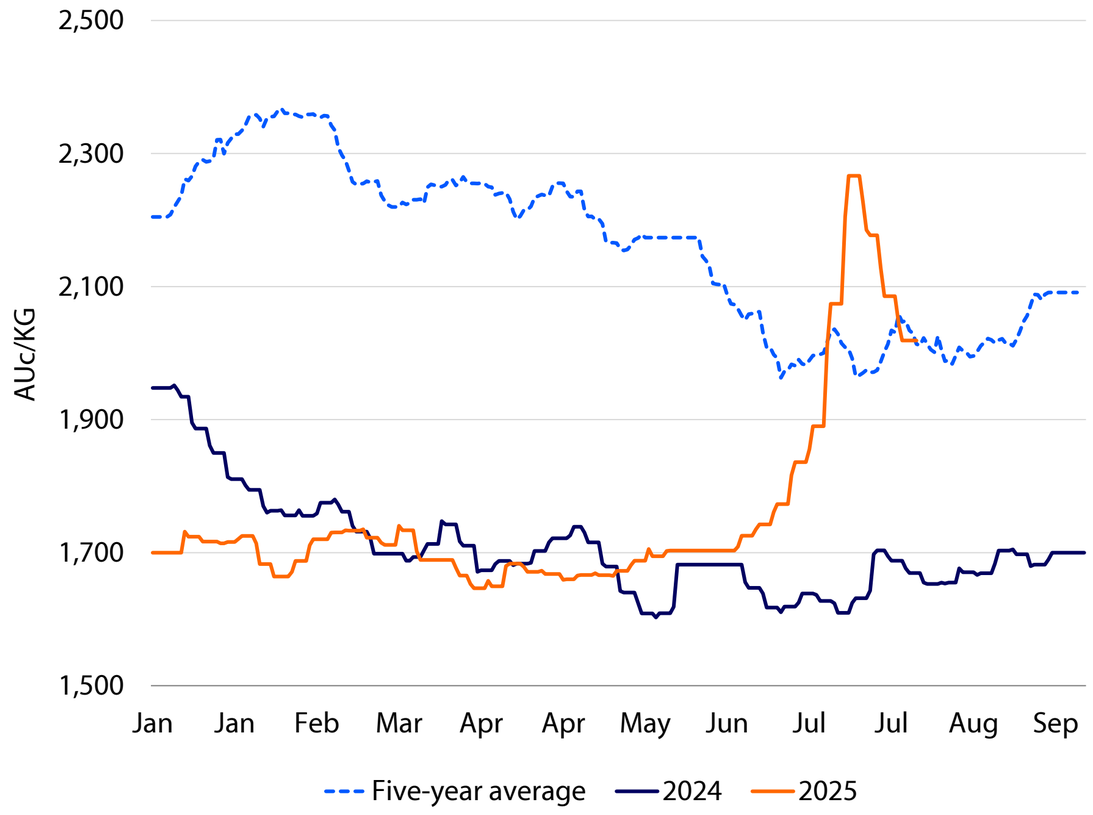
Wool prices pulled back from recent highs, but still remain above the five-year average

EMI prices fell 9% MOM



Source: Bloomberg, RaboResearch 2025

17-micron prices fell 11% MOM



Source: Bloomberg, RaboResearch 2025

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Cotton

US-China trade framework supports prices

ICE #2 Cotton futures declined 3.2% MOM, while Australian cash prices also were rangebound in the same period.

Tariff uncertainty has been a key headwind for global cotton demand, with mills hesitant to commit to forward purchases amid demand-side uncertainty. However, recently there has been some positive news: the US and China have agreed on a trade deal framework. If fully implemented, this would significantly boost global cotton demand, given the US is China's biggest supplier for its large clothing and textile industry. Additionally, US CPI data came in softer than expected, making a US Federal Reserve rate cut more likely. This could support cotton demand, as buyers may be more inclined to hold inventory rather than continue hand-to-mouth buying that has been common recently.

On the production side, the outlook is less supportive of prices. CONAB has raised its estimates for Brazilian crop production, and close to 30% of its 2026 crop is already sold. The only positive from a Brazil versus Australia perspective is that the Brazilian real has appreciated sharply over the past year, up nearly 5% against the US dollar. This adds pressure to on-farm margins and could impact export competitiveness.

Another uncertainty affecting cotton markets, as well as other commodities, is the US government shutdown, which is delaying CFTC and USDA reports. The lack of data means the market cannot see fund positioning or updated global supply and demand figures, making conditions temporarily more opaque. When reporting resumes, price volatility could increase if lagged data diverges from private estimates.

What to watch:

- US rate cuts are widely expected following softer-than-expected CPI data, which could support demand further along the curve as the cost of holding inventory likely subsides.
- From a technical perspective, cotton futures have recently shown signs of being oversold, followed by a price correction to the upside. However, RaboResearch maintains that for the current upward momentum to continue, further positive developments regarding US-China trade are needed.

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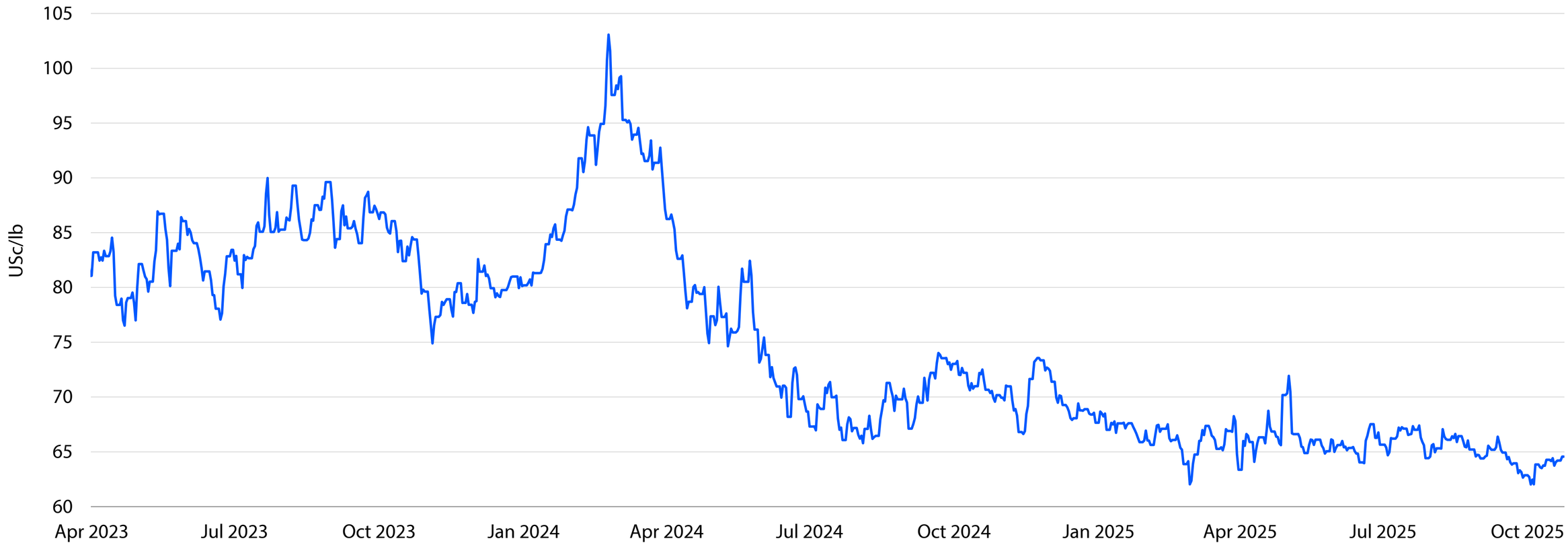
Cotton

US-China trade relations could have a heavy influence on prices in the coming weeks

ICE #2 Cotton futures have found some support in recent weeks, following an extended period of price weakness



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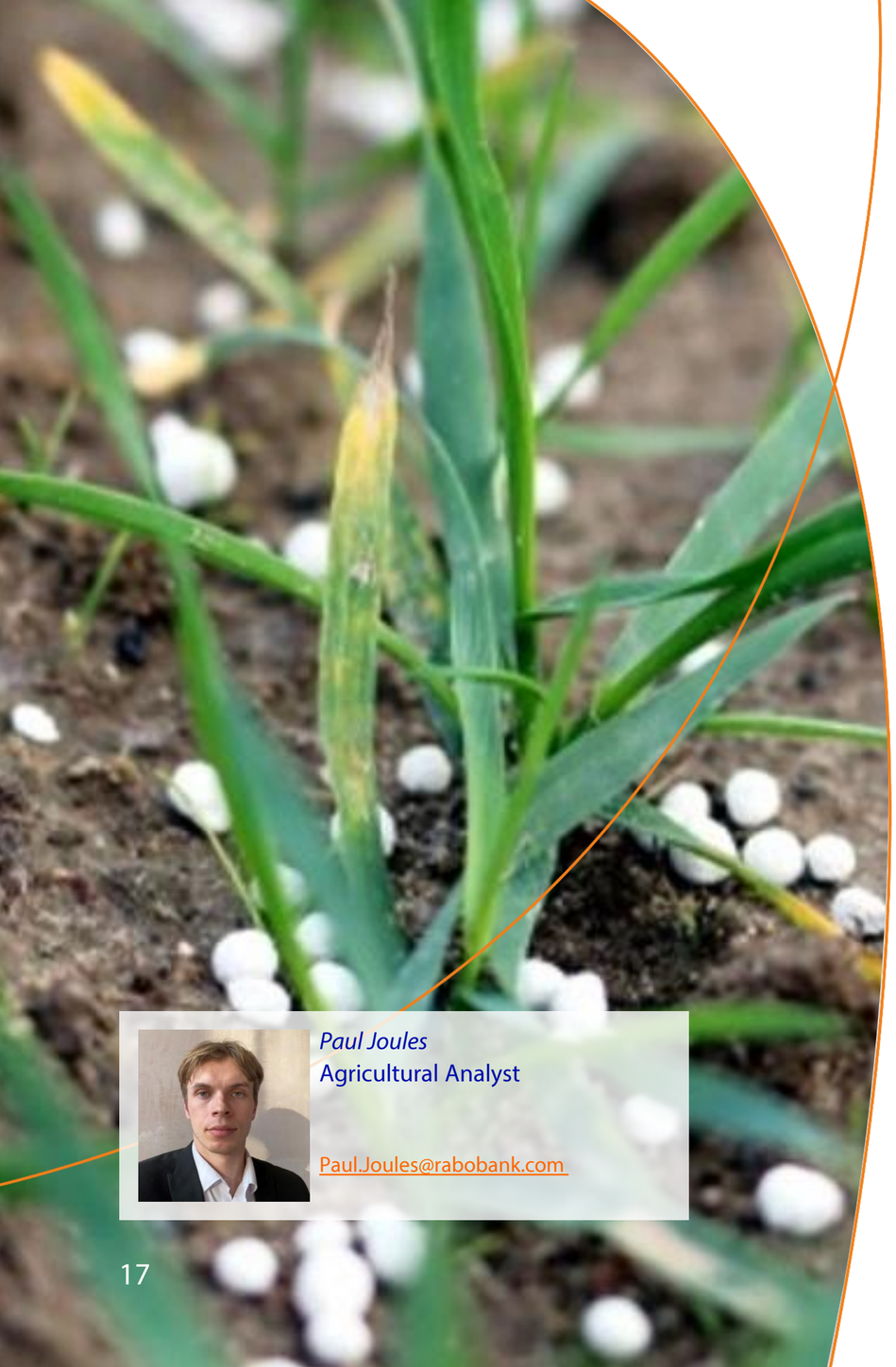

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Farm inputs

Some downside is expected for fertilisers next year

Global fertiliser prices may move lower over the next year, primarily due to an improving supply and demand outlook. Fertilisers have been one of the key contributors to on-farm inflation, but there are signs that conditions could partially improve. RaboResearch believes 2026 may exemplify the adage "high prices cure high prices", as elevated global fertiliser prices are likely to result in reduced application rates.

India, the world's largest urea buyer, remains a key uncertainty. So far this year, India has entered the international market in search of large volumes. This has been a critical factor behind the 7% YOY rise in urea prices in Australian dollar terms. Currently, Indian inventories are considerably lower than at this time last year. Given strong domestic demand driven by increased crop acreage, further short-term buying from India is likely, which could limit the potential for price declines.

On the supply side, the positive news is that China has re-entered the export market, with sizeable volumes of phosphates and urea exiting the country in recent months, following a sustained period of tepid exports. Although exports will likely slow seasonally in Q4, the return of a major exporter is good news for phosphate and urea markets and could exert downward pressure in 2026.

For Australia, foreign exchange rates play a major role in fertiliser pricing, given the country's heavy reliance on imports. RaboResearch believes the exchange rate between the Australian dollar and the US dollar could experience choppy trading over the next three months amid evolving US-China trade dynamics and the upcoming 4 November RBA policy decision. With the unemployment rate at a four-year high, an acceleration of rate cuts may occur, potentially weakening the Australian dollar. However, over the next 12 months, we expect the Australian dollar to rise to USD 0.69, which could partially offset elevated international fertiliser prices.

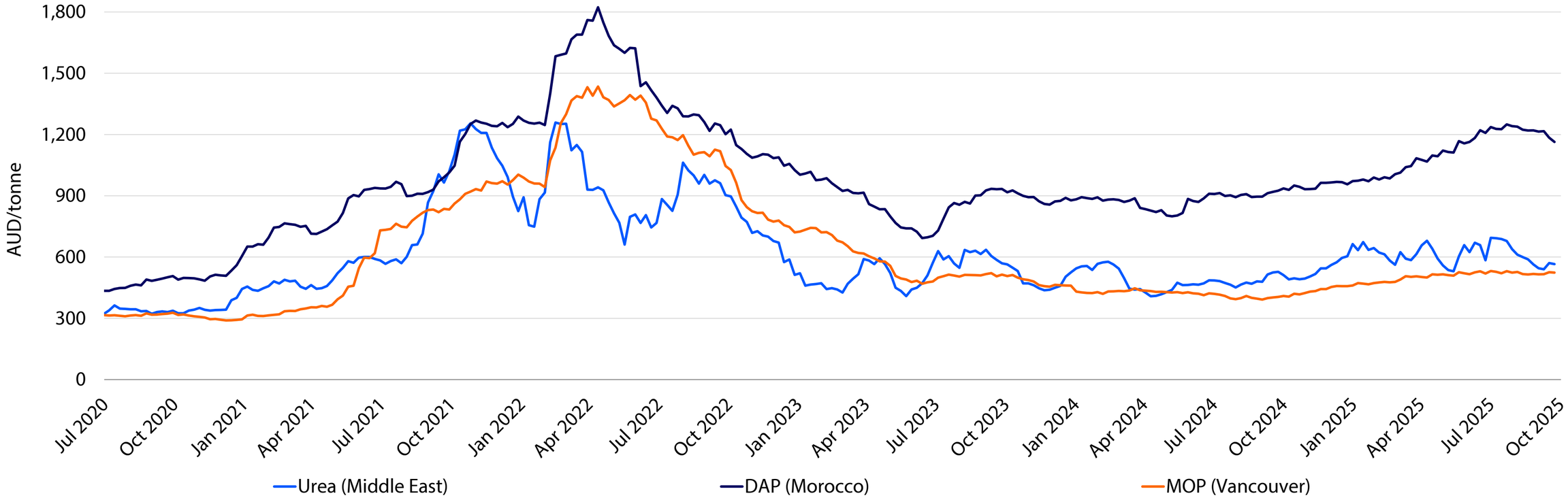
What to watch:

- **The market will be keeping a close eye on India's purchasing activity in the coming month.** If the key urea importing nation announces another tender, prices could bounce higher again following a period of stability.
- **In phosphate markets, recent price declines appear to be driven by buyers holding off due to poor affordability.** However, prices are unlikely to fall significantly in the short-term, given tight global supplies.

Farm inputs

Rangebound trading for urea, while phosphate prices slipped 4.6% MOM

Weakness in the Australian dollar was a headwind for fertilisers, but global fundamentals still led to a sizeable month-on-month drop in phosphate prices



Source: *CRU, RaboResearch 2025*

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Dairy

A welcomed milk price lift from major processors

Dairy commodity markets remained under pressure through October. Global fundamentals have turned more negative, with a well-supplied global commodity market expected to persist in the near term. Milk production is gaining momentum in most dairy export regions, led by a strong seasonal peak in New Zealand.

On the flip side, dairy demand settings remain sluggish at best in several major markets and key channels. Global milk supply signals continue to intensify.

October marks the seasonal peak for milk production in both New Zealand and Australia, but the two countries are experiencing contrasting trends.

In New Zealand production remains strong heading into the peak. Recently released data confirms a robust season, with September milksolids reaching a record 228,839,000 kgMS, up 3.4% YOY. Season-to-date milksolids are now 3.8% ahead of the 2024 season. While September milk tonnage didn't set a record, 2,665,000 tonnes were collected – an increase of 2.5% YOY and 2.8% higher season to date.

In contrast, Australian milk production continues to lag. National September 2025 volumes were down 0.4% YOY, with year-to-date production falling 2.3% compared to the same period in 2024. However, on a positive note, the decline in Australian milk supply is moderating as seasonal conditions start to improve.

Both Fonterra Australia and Saputo Dairy Australia have lifted farmgate milk prices for their suppliers. Saputo increased its price by AUD 0.15/kgMS, taking its range for the year to AUD 9.15 to 9.25/kgMS across its Southern, Northern, and Tasmanian supply regions.

Fonterra Australia has stepped up by AUD 0.15/kgMS, taking the weighted average price to AUD 9.05/kgMS.

Australian drinking milk consumption fell 1.8% on a volume basis in 2024/25, with annual consumption totalling 2.34bn litres for the year.

On a percentage basis, long-life and low-fat varieties fell the most, while flavoured milk saw small increases.

What to watch:

- **Fonterra's farmer shareholders have overwhelmingly approved the sale of its global consumer businesses, including Mainland Group, to Lactalis for NZD 4.22bn.** The vote saw 88.5% of ballots cast in favour of the divestment. Completion of the transaction remains subject to regulatory approvals and the separation of Mainland Group from Fonterra – both processes are already well underway. Subject to these steps, Fonterra expects the deal to close in the first half of 2026.

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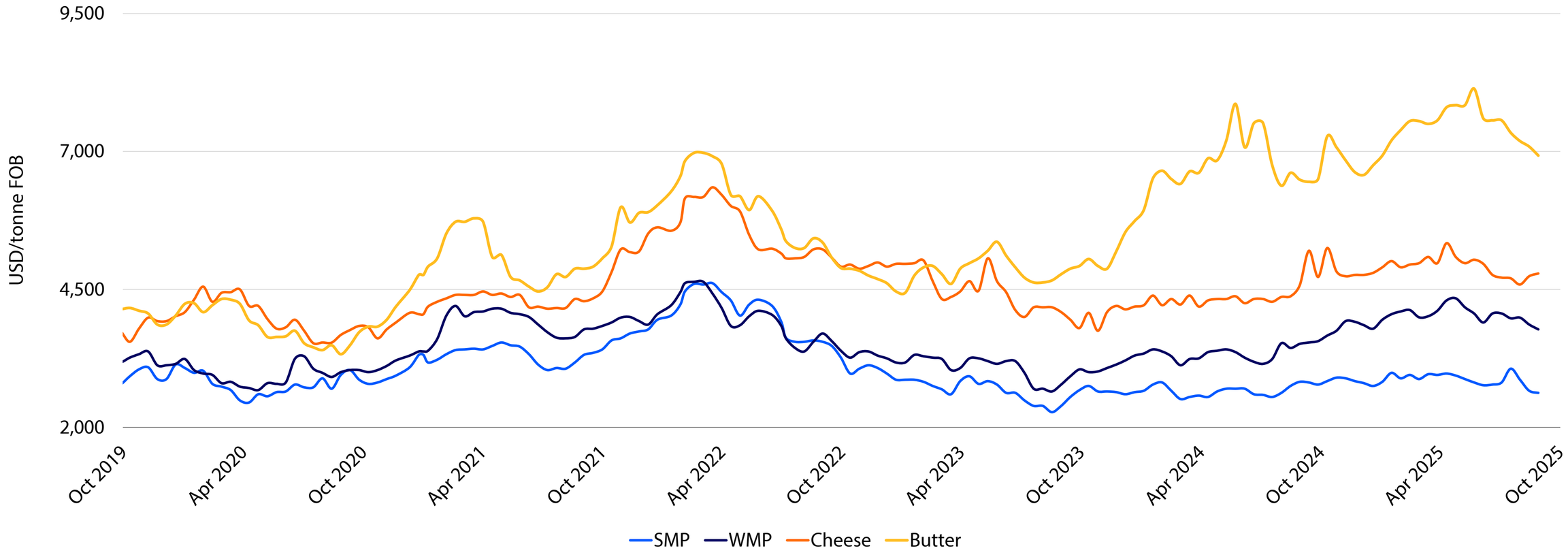
Dairy

Global fundamentals shifting to a more bearish tone as more milk hits the market

Oceania spot prices for dairy commodities



Source: *USDA, RaboResearch 2025*

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Consumer foods

Food inflation steady at around 3% for six consecutive quarters

Annual food price inflation slowed to 3% in Q2 2025, according to the latest CPI data from the ABS. This is down from 3.2% YOY recorded in Q1 2025. Inflation in the out-of-home foodservice category was stable at 2.7% when measured on a yearly basis.

Food price inflation remains above the 10-year average.

Egg prices rose significantly, with the rate of increase accelerating to 19.1% YOY. Cooking oils, cereal products, and seafood were the only three categories to post deflation for the quarter on a year-on-year basis.

Fruit and vegetable prices rose 4.6% in the 12 months to Q2, reflecting more stable seasonal growing conditions.

Consumers will also be watching the snacking and confectionery category, with prices up 5.5% over the past 12 months. This was driven by chocolate manufacturers passing through higher input costs, particularly for cocoa.

Australian retail sales rose 1.2% in June 2025, according to seasonally adjusted data from the ABS. Retail sales have accelerated slowly over the past three months. However, it was a mixed result in food markets.

Food retail sales rose 0.9% in June 2025 (versus May 2025), while foodservice sales fell 0.4% over the same period amid reduced discretionary spending.

Aldi has officially launched online grocery shopping in Australia for the first time, starting with a trial in Canberra in July 2025. They are teaming up with DoorDash to handle logistics and delivery. This marks a shift in Aldi's traditional model and could shake up the competitive landscape dominated by Coles and Woolworths, which have invested heavily in fulfilment centres.

In online grocery, pain points for consumers often include product range, shelf life of delivered goods, and the ability to successfully fulfil orders.

Australian consumer sentiment has improved slightly. The Westpac-Melbourne Institute Consumer Sentiment Index rose by 0.6% to 93.1 in July, up from 92.6 in June.

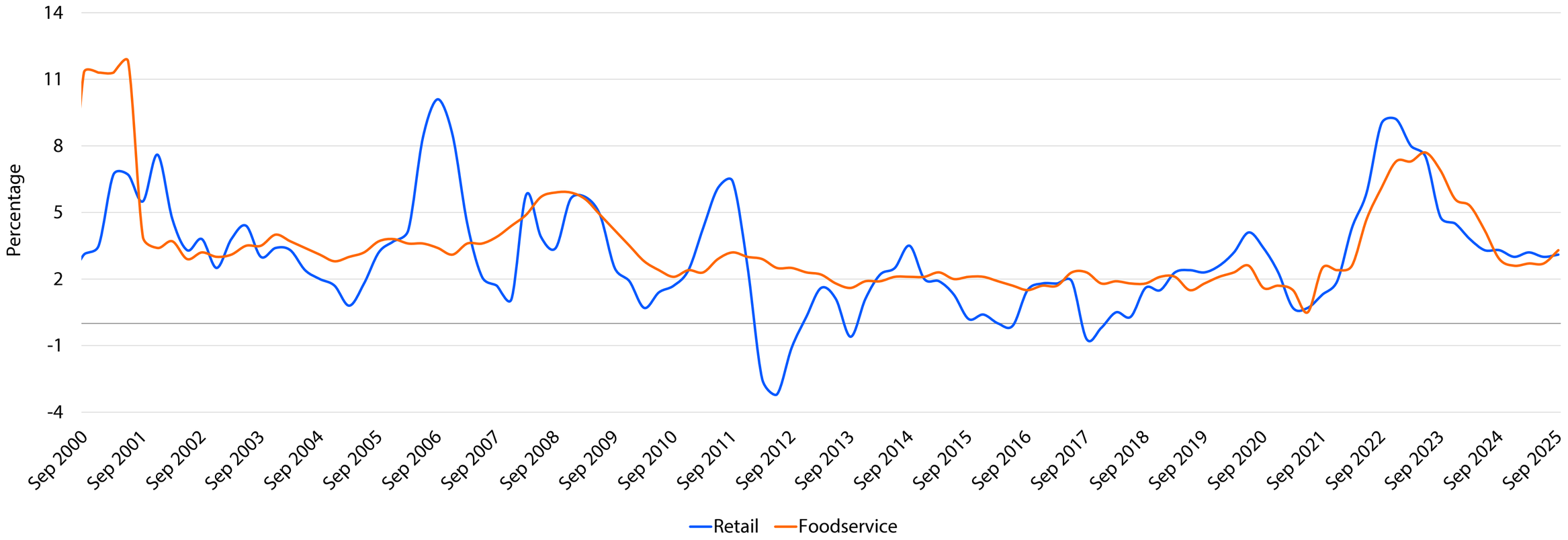
What to watch:

- **The tail end of a higher chocolate prices?** After a period of record-high cocoa prices leading to a major upswing in chocolate prices, there is relief on the horizon. A much-improved main crop outlook has driven global benchmarks for cocoa lower. At the same time, demand settings have softened as consumer demand pulls back, and chocolate manufacturers change recipes to reduce costs due to high cocoa prices. These changes now impacting the market.

Consumer foods

Monthly food and beverage inflation below 3% in May

Australian quarterly food CPI, percentage change from corresponding month of previous year



Source: *ABS, RaboResearch 2025*

Rabobank

Interest rate and FX

Confirmation received

Last month we noted that faster-than-expected economic growth and higher-than-expected monthly inflation figures released in September had created the impression that inflation is resurgent and prompted a pullback in rate cut expectations.

We noted at the time that we had not yet adjusted our own forecasts for the Cash Rate path because we wanted to see confirmation of this impression in subsequent data releases before reacting. Specifically, in our October "what to watch", we pointed to household spending figures, the ABS labour force report and the Q3 inflation report as the critical datapoints for clarifying the outlook.

Both the household spending indicator and labour force report ended up being weaker than expected – which would normally argue for lower interest rates – but RBA Governor Michele Bullock gave a speech in late October signalling that the RBA was more concerned about inflation pressures than about rising unemployment. When asked what would constitute a "material miss" against the RBA's 0.6% QOQ forecast for Q3 inflation, Governor Bullock nominated a figure of 0.9%.

Subsequently, the Consumer Price Index report for the September quarter showed trimmed-mean price growth of 1.0%, exceeding market expectations and Bullock's threshold for a material miss. The market-implied likelihood of a rate cut in November was quickly reduced to a negligible probability, and there is now a risk that the cutting cycle may be over completely.

Consequently, **we updated our forecasts to remove projected rate cuts in November and February. We now expect a final cut in May next year, bringing the Cash Rate target down to 3.35%.**

What to watch:

- **ABS labour force report, 13 November:** While inflation pressures are again the main concern for the RBA, a lift in the unemployment rate to 4.5% in September means the RBA will be watching the October report closely for signs of stabilisation.
- **Q3 Wage Price Index report, 19 November:** The Wage Price Index is a key input for assessing households' capacity to drive inflation through stronger demand. The RBA will want to see continued moderation in wage growth. A re-acceleration could shift the conversation from "when is the next cut?" to "will the RBA hike?"

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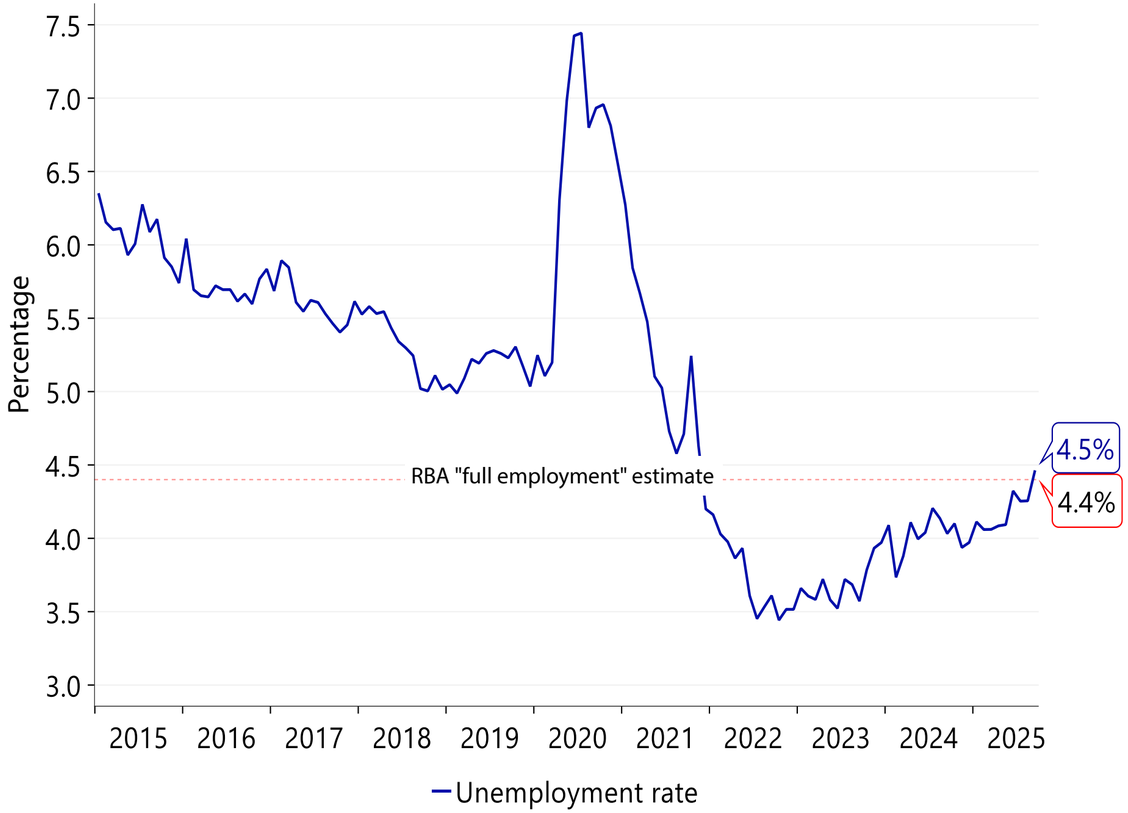
Interest rate and FX

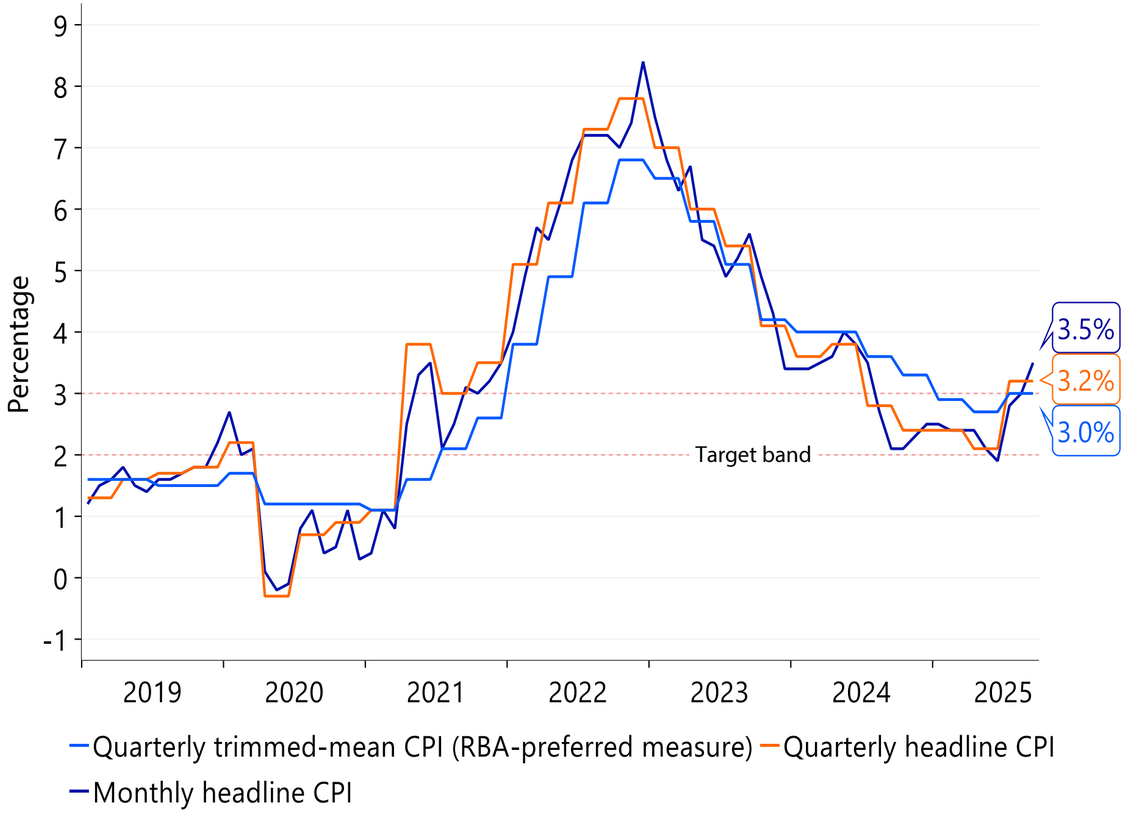
Resurgent inflation torpedoes rate cut hopes

Australian labour force indicators, 2015-2025



Source: Macrobond, ABS, RaboResearch 2025

Australian inflation indicators, 2019-2025



Source: Macrobond, ABS, RBA, RaboResearch 2025

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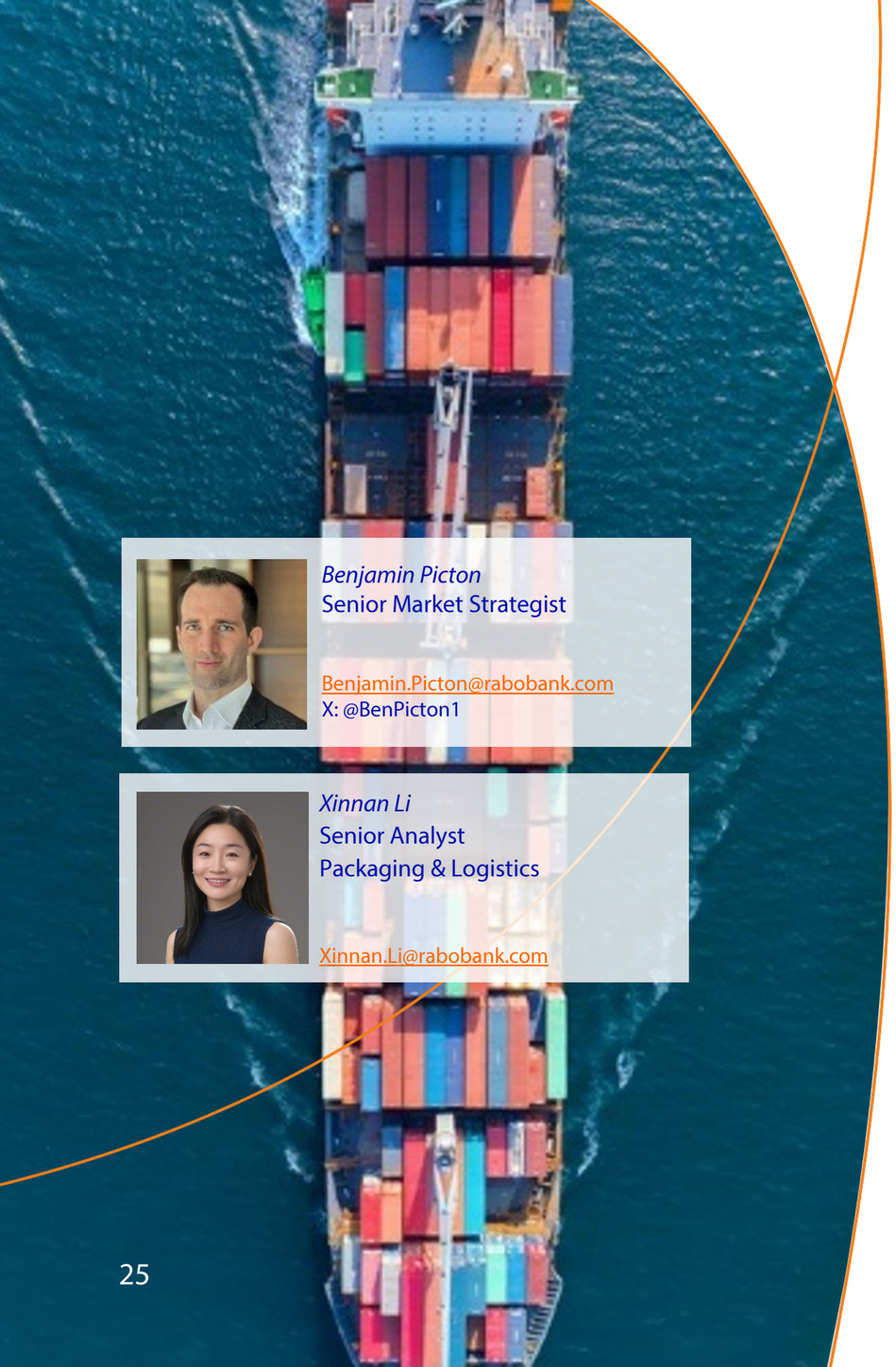

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Oil and freight

Oil in transit reaches new highs

Crude oil prices fell for a third consecutive month in October, closing at USD 64.77/bbl. Prices were supported somewhat during the month by news that the US was imposing fresh sanctions on major Russian oil firms Lukoil and Rosneft, discouraging other countries from buying from those companies and increasing competition to secure supply from alternative sources.

Nevertheless, oil prices still finished the month lower as OPEC+ again opted to increase production by 137,000 bbl/day in December, having agreed to similar supply increases for October and November.

The volume of oil in transit also soared to a new high of 1.2bn barrels in mid October, reinforcing the impression that the global market remains well supplied as we head toward the seasonally weaker demand months of January and February.

Signs of weaker demand from China and other emerging markets have also weighed on prices.

What to watch:

- **OPEC Monthly Oil Market report, 12 November**

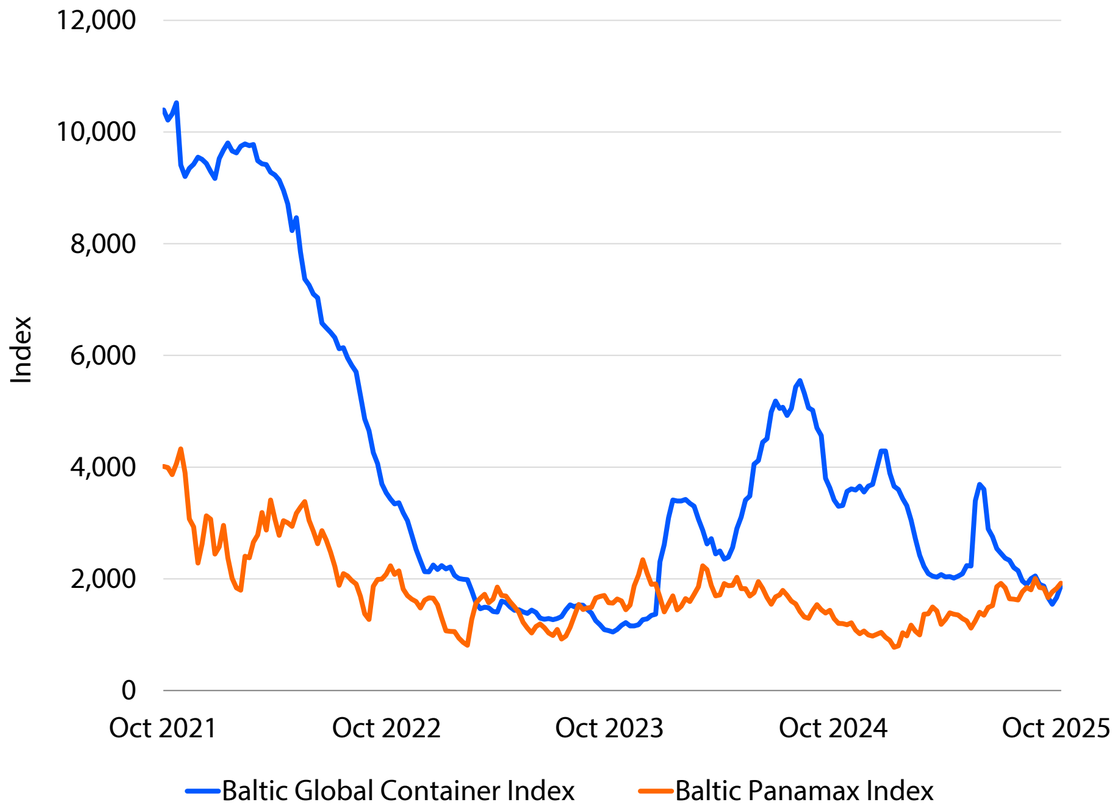
Carriers began paying US port fees for Chinese-built ships as of 14 October. Initial costs have already exceeded USD 40m for Cosco and OOCL, and projections suggest combined annual fees could reach USD 2bn if current structures remain unchanged. While spot rates have yet to reflect these charges, a port fee surcharge could emerge in the near term. Meanwhile, US imports from China have dropped to their lowest level since 2013, driven by tariffs as high as 130%. However, global container volumes remain resilient, posting a modest 6% uptick outside the US-China trade lane. Some US import demand has shifted toward Southeast Asia, reinforcing the view that tariffs largely redistribute trade rather than reduce it – a zero-sum game.

The Baltic Panamax index (a proxy for grain bulk freight) is trending upward despite of geopolitical uncertainty, supported by healthy fundamentals: resilient coal demand, grain flows from Brazil, and active period chartering.

Oil and freight

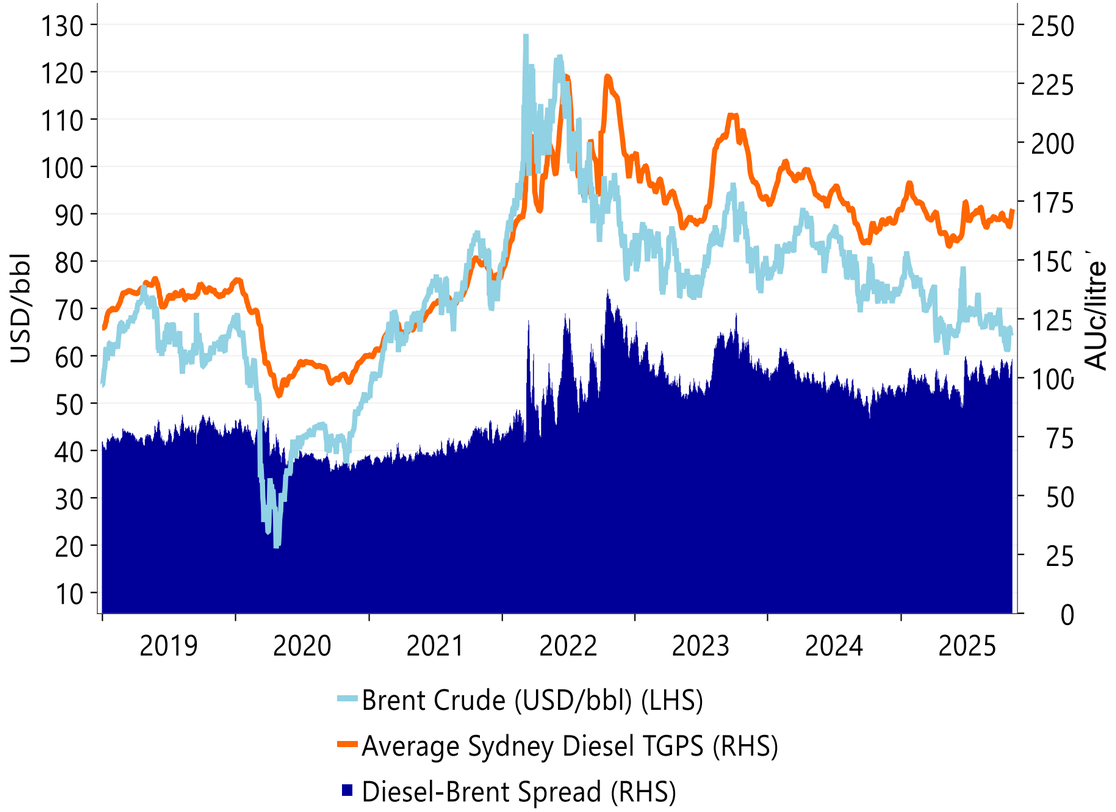
Ample supply continues to drive crude prices lower

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



Source: Baltic Exchange, Bloomberg, RaboResearch 2025

Brent crude versus Sydney diesel prices, 2019-2025



Source: Macrobond, ICE Exchange, AIP, RaboResearch 2024

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Agri price dashboard

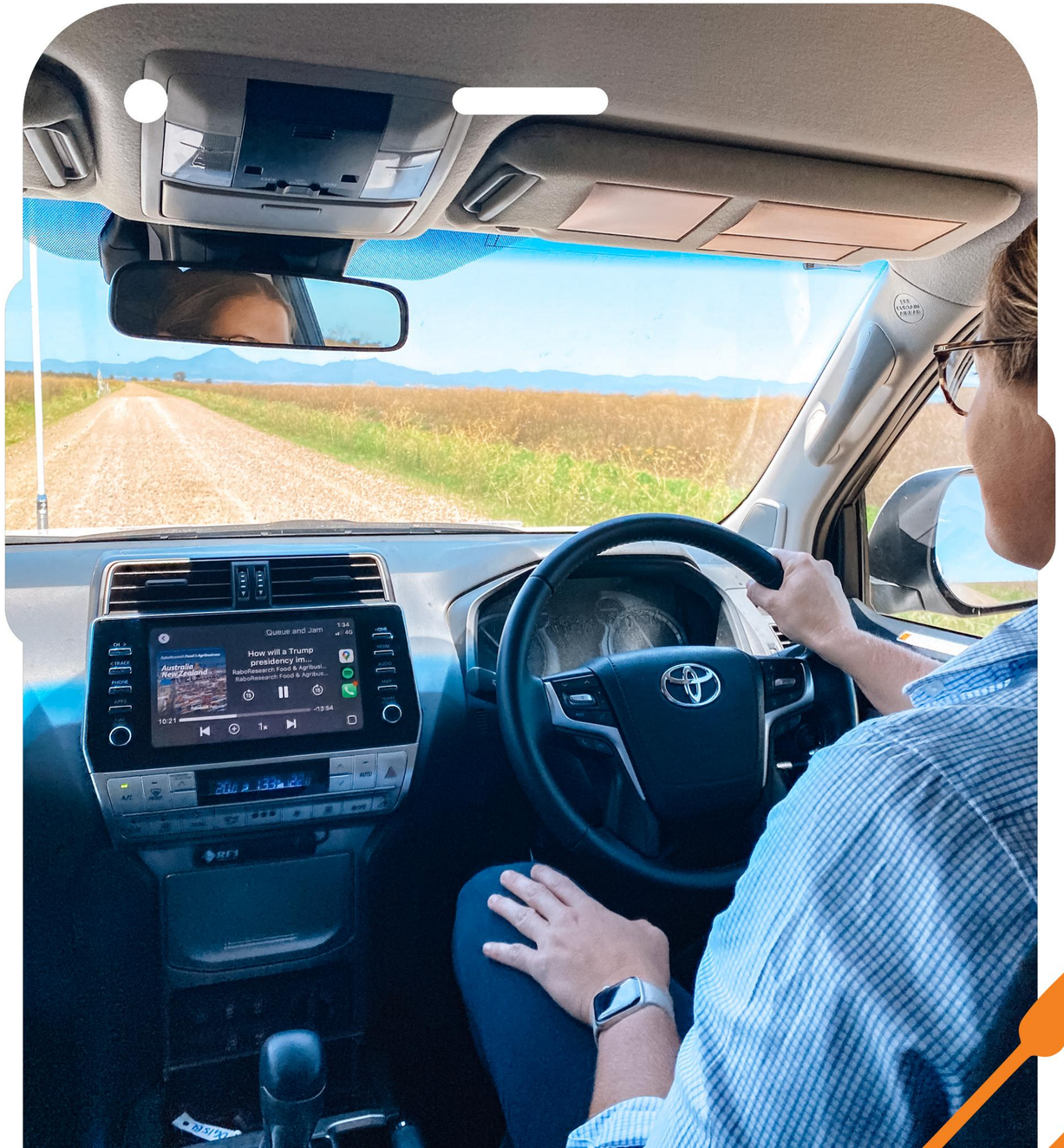
31/10/2025	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▲	534	515	571
CBOT soybean	USc/bushel	▲	1,100	1,024	965
CBOT corn	USc/bushel	▲	432	422	414
Australian ASX EC Wheat Track	AUD/tonne	▲	318	315	324
Non-GM Canola Newcastle Track	AUD/tonne	▲	783	748	751
Feed Barley F1 Geelong Track	AUD/tonne	▲	298	287	303
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▼	844	871	632
Feeder Steer	AUc/kg lwt	•	471	471	339
North Island Bull 300kg	NZc/kg cwt	▲	920	870	705
South Island Bull 300kg	NZc/kg cwt	▲	855	825	665
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	•	1,174	1,174	820
North Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,100	1,045	790
South Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,100	1,050	810
Venison markets					
North Island Stag	NZc/kg cwt	▲	1,050	1,010	980
South Island Stag	NZc/kg cwt	▲	1,050	1,010	950
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▼	6,738	6,925	6,500
Skim Milk Powder	USD/tonne FOB	▼	2,600	2,625	2,775
Whole Milk Powder	USD/tonne FOB	▼	3,625	3,775	3,563
Cheddar	USD/tonne FOB	•	4,788	4,788	4,725

Source: *Baltic Exchange, Bloomberg, RaboResearch 2025*

Agri price dashboard

31/10/2025	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▼	76.5	77.0	82
ICE No.2 NY Futures (nearby contract)	USc/lb	▲	65.5	62.7	71
Sugar markets					
ICE Sugar No.11	USc/lb	▼	14.4	16.4	22.1
ICE Sugar No.11 (AUD)	AUD/tonne	▼	486	548	652
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▼	1,413	1,565	1,128
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▼	409	449	390
DAP (US Gulf)	USD/tonne FOB	▼	700	750	610
Other					
Baltic Panamax Index	1000=1985	▲	1,821	1,685	1,195
Brent Crude Oil	USD/bbl	▲	65	64	71
Economics/currency					
AUD	vs. USD	▼	0.655	0.660	0.656
NZD	vs. USD	▼	0.572	0.582	0.597
RBA Official Cash Rate	%	•	3.60	3.60	4.35
NZRB Official Cash Rate	%	▼	2.50	3.00	4.75

Source: *Baltic Exchange, Bloomberg, RaboResearch 2025*



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