

Conflict abroad, consequences at home

Australia agribusiness monthly



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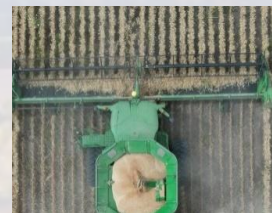
This report is based on information available as at 5/3/2026

Commodity outlooks



Climate

April 2026 was warmer and drier than average across most of Australia, with rainfall limited to a few northern and western areas. Looking ahead, neutral El Nino conditions dominate, but emerging Pacific warming points to continued warmth and patchy, below-average rainfall into winter.



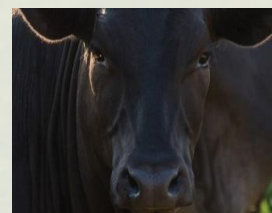
Wheat and barley

Global grain markets are entering a critical phase for 2026/27 as weather risks intensify during Northern Hemisphere grain filling. Drought stress in the US Plains and dryness in Europe are tightening supply expectations, supporting firmer global wheat and barley prices.



Canola

Oilseed markets strengthened over the past month, supported by higher energy prices, expanding biofuel mandates and firm demand. Policy changes in Europe, especially Germany, are set to lift canola use in biodiesel, tightening supplies and supporting prices despite ongoing volatility.



Beef

Australian cattle prices dipped through April as drier conditions in northern NSW saw a large increase in cattle sales through saleyards. Global markets however remain strong and with other areas of the country able to absorb the northern NSW numbers RaboResearch expects cattle prices to stabilize and possibly lift.



Sheep

Lamb and mutton prices although dipping slightly at the end of April continue to remain at historically high levels. With the ongoing limitations on lamb and mutton supply we believe this high prices will remain as we head towards the seasonally lower slaughter months.



Wool

Wool prices performed well in April, with the Eastern Market Indicator up 8.7% month-on-month. On a year-on-year basis, the EMI is now up an impressive 53.8%, highlighting how quickly market dynamics have shifted amid tightening wool supply.



Cotton

ICE #2 cotton futures have rallied by around 20% since February, helping lift Australian cash prices above the AUD 600 per bale mark. Fund positioning appears to have turned more bullish, reflecting growing expectations of a slowdown in global cotton production.



Farm inputs

Fertiliser markets remain firm, with global urea prices continuing to rise as the effective closure of the Strait of Hormuz constrains global supply. RaboResearch has also noted a sharp month-on-month increase of around 20% in phosphate prices, driven by extremely tight sulphur availability.



Sugar

Sugar prices have proven volatile in recent weeks but overall are not benefiting much from high global crude oil prices. Potential weather and production risks could improve the outlook later in the year as El Niño might impact crops in key Asian producing regions.



Dairy

The rally in commodity values to start 2026 has started to lose some steam. Further upside in the near-term is limited with cheese markets, well supplied. Nonetheless, the recovery has provided a better footing for new season milk pricing.



Consumer foods

Australian consumer confidence remains very fragile. Food inflation is running at 3% year-on-year in March but further upside to food prices in the coming months will emerge as higher costs in the food system are passed through.



Interest rate and FX

The RBA lifted the cash rate to 4.35% in May and RaboResearch is anticipating one more rate hike later this year as the Iran war continues to create inflation headaches.



Oil and freight

Oil prices remained volatile in April but there was some good news as the UAE announced it will be leaving OPEC and China indicated that it may soon lift export bans of diesel and jet fuel. The move from the UAE will likely increase oil supply, but not until Hormuz reopens.

Climate

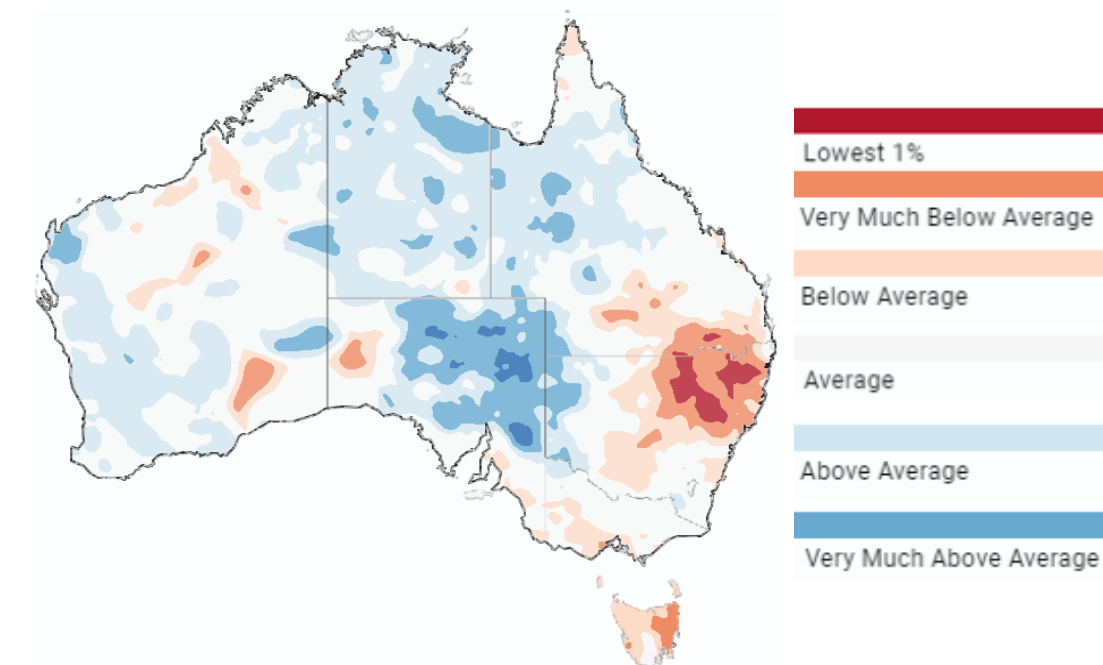
Warm and dry conditions in April, with limited near-term relief

April 2026 was characterised by consistently above-average temperatures across much of Australia. Rainfall was largely confined to a few areas, including far-north Queensland (particularly between Townsville and Cairns), the Northern Territory coastline and parts of the Western Australian, South Australia, and Victoria wheat belt, while most other regions remained dry.

Looking ahead, the El Niño-Southern Oscillation is currently neutral. However, recent warming in the eastern and central tropical Pacific points to a possible shift toward El Niño later in winter. **Neutral conditions are expected to persist through autumn.**

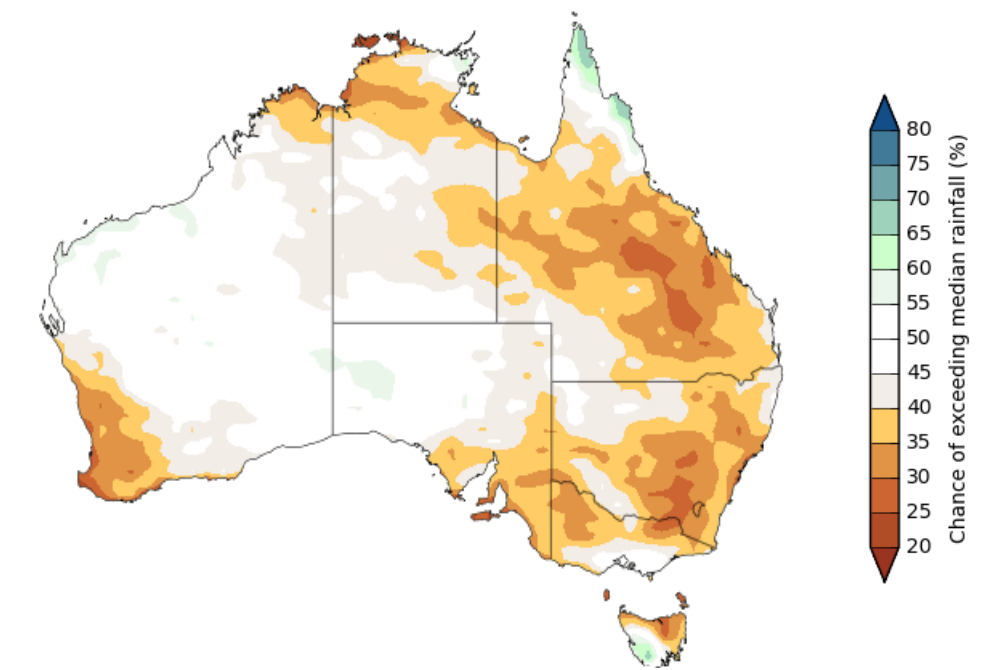
As a result, **median rainfall from May to July is unlikely to be above historical levels across parts of eastern Australia**, including south-eastern South Australia and northern Tasmania, as well as parts of south-west Australia. Elsewhere, the rainfall outlook is uncertain, with roughly equal chances of above- or below-median outcomes. Daytime and overnight temperatures are expected to remain above average across most of the country.

Root zone soil moisture



Note: As of 30 of April 2026
Source: BOM

May to July chance of exceeding median rainfall



Note: As of 30 of April 2026
Source: BOM



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Wheat and barley

Bad weather tightens supply and supports prices

Global grain markets are entering a critical phase for the 2026/27 season, with May a key month for grain filling in Northern Hemisphere crops. **Weather issues have intensified in recent weeks, particularly in the US Plains, where wheat remains under stress due to below-average rainfall. This is already reflected in firmer Chicago and Kansas wheat prices.** As a result, wheat and barley prices have improved in recent weeks. In Australian dollar terms, Kansas nearby contract wheat rose 3.0% MOM to AUD 346/tonne, while CBOT dropped 2.2% MOM to AUD 318/tonne. MATIF recorded a more pronounced decline, falling 8.5% to approximately AUD 312/tonne. At the same time, a 5.1% appreciation in the Australian dollar has offset some of the strength in overseas prices.

Parts of France and the Baltic region are also experiencing drying soils, although to a lesser extent than in the US. In France, durum wheat crop condition ratings have declined sharply.

So far, high input costs have had limited impact on Northern Hemisphere wheat area, as most crops were winter-sown before the recent surge in fertiliser and fuel prices. Spring crops, however, are fully exposed to current cost pressures, with

oilseeds expected to gain area at the expense of cereals.

Similar trends are emerging in the Southern Hemisphere, where producers are facing more acute margin pressure. **Elevated fertiliser and fuel costs – partly linked to Strait of Hormuz disruptions – have pushed breakeven yields toward long-term average yield levels, reducing farmers' profitability potential.** In Argentina, weaker margins are driving forecasts of wheat area reductions of up to 17% in some regions. Western Australia is also expected to reduce wheat plantings by around 14%, according to the local grain industry association, with further downside risk in eastern regions due to dry conditions.

Taken together, these developments point to tighter global grain supplies in the second half of 2026. This should help absorb the surplus carried over from the strong 2025 harvest, bringing supply and demand into better balance and underpinning prices. However, the scale adjustment – and the market response will remain highly dependent on weather conditions, with geopolitical risks adding further uncertainty.

What to watch:

- **Diesel prices** – High diesel prices during the Northern Hemisphere harvest increase the risk of higher abandonment rates, as elevated harvesting costs erode margins in lower-yield paddocks. They may also delay grain movements, as port deliveries could slow in anticipation of lower fuel prices later in the year.
- **Canadian and European weather conditions** – Weather developments in these regions have so far played a limited role in price formation. However, as supply pressures build, any adverse weather that reduces global wheat production could tighten supply further and could renew upward momentum in global wheat prices.



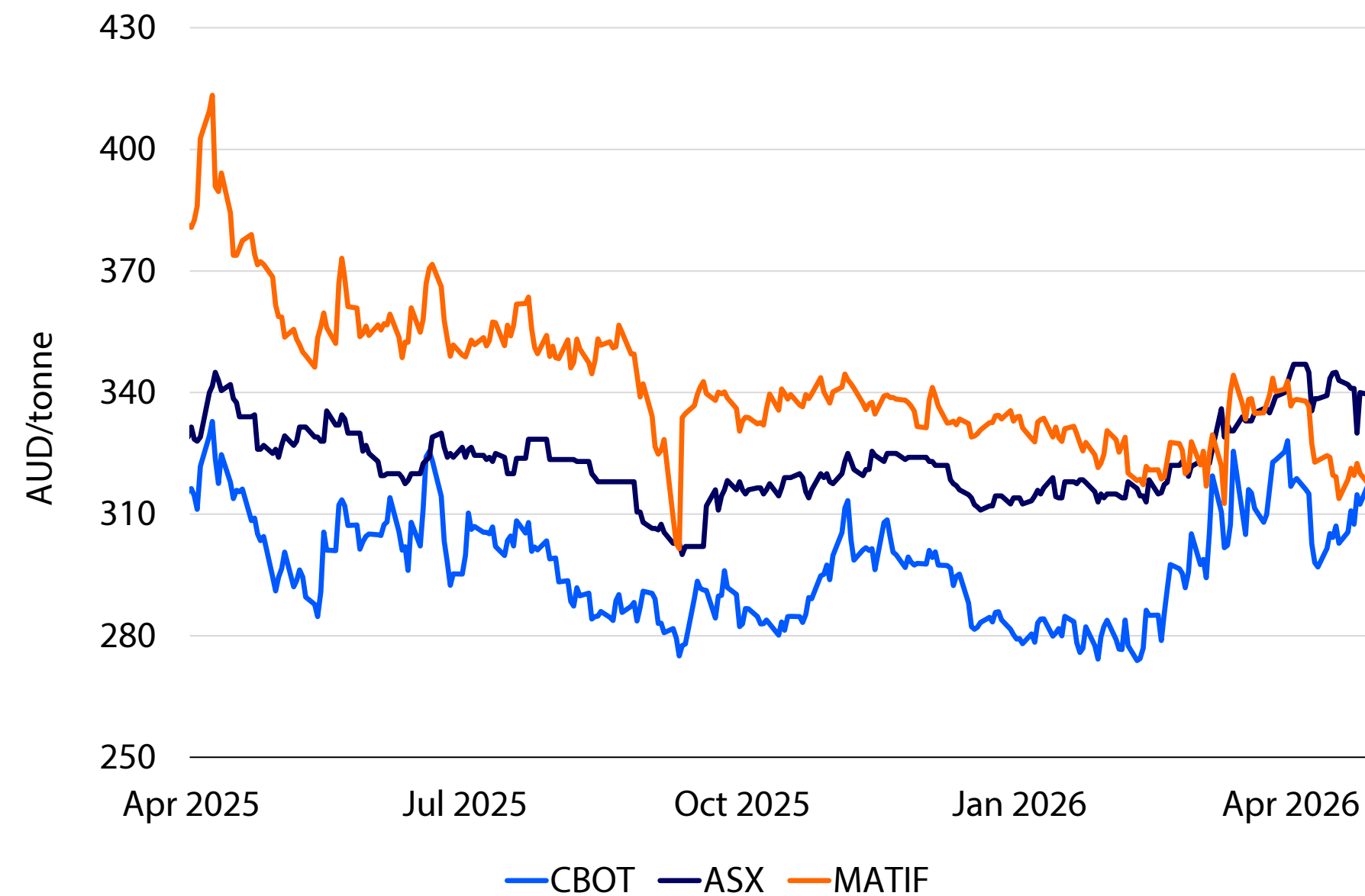
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Wheat and barley

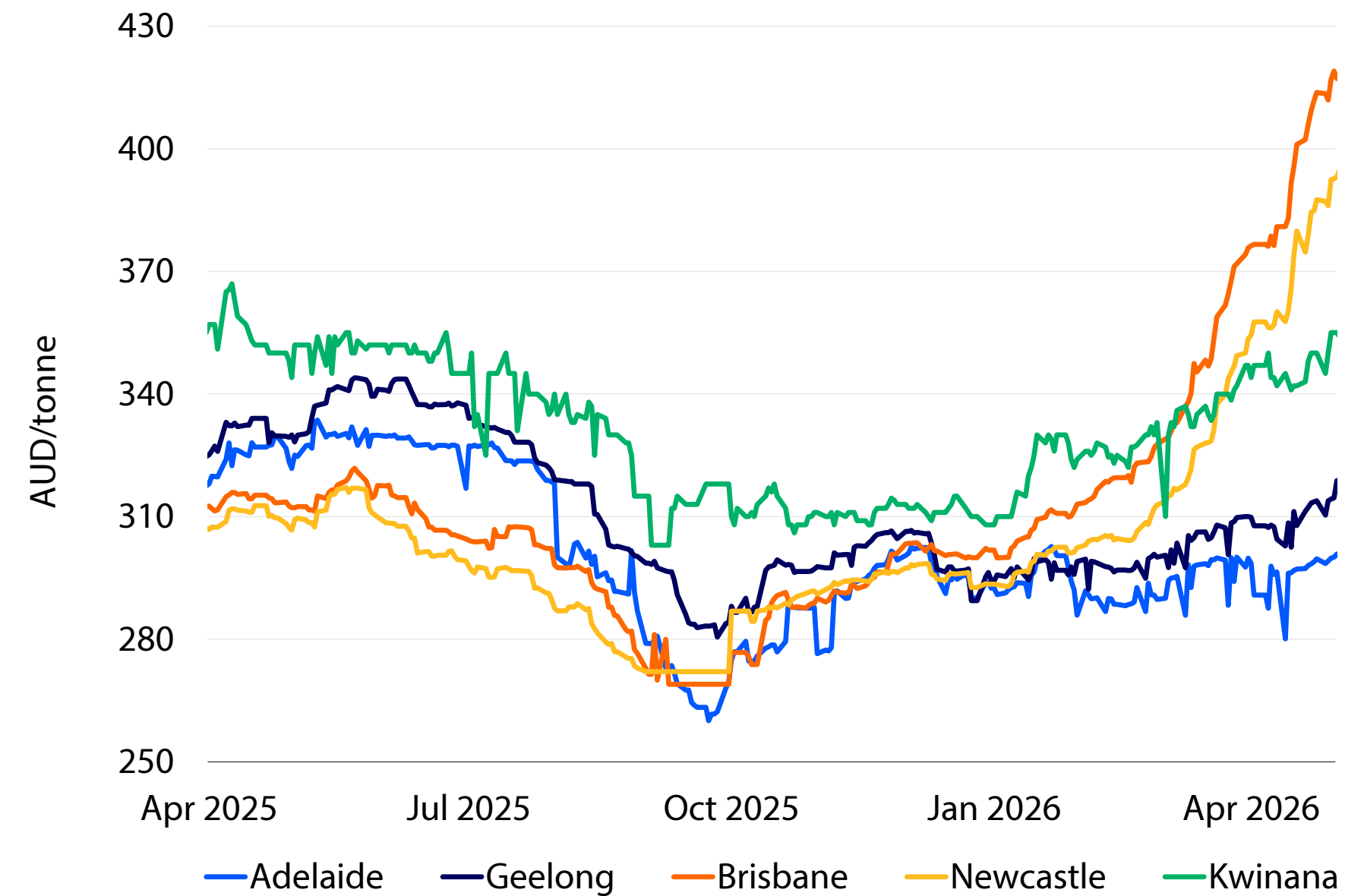
Prices are responding to localised supply headwinds

Dry conditions in the US plains lift CBOT wheat, narrowing the Australian export basis (ASX)



Source: Bloomberg, RaboResearch 2026

Feed barley port prices surge across drought-affected northern east coast of Australia



Source: Bloomberg, RaboResearch 2026

Canola

Biofuel policy shifts strengthen demand outlook

In recent weeks, the global oilseeds market has remained broadly supported, driven by higher crude oil prices and ongoing concerns about fuel and fertiliser availability following the Iran War. These energy-related tailwinds continue to underpin demand and prices across the oilseed complex. In response, front-month MATIF Canola rose 1.0% MOM to AUD 858/tonne, and ICE Canola followed, up 0.9% to AUD 770/tonne. In Australia, price movements were positive but mixed: Kwinana GM canola ticked higher by 2.7% to AUD 755/tonne, while Geelong non-GM canola rose 5.6% to AUD 782/tonne and GM canola increased 6.2% to AUD 722/tonne.

High input costs for grains are also driving a shift in planting decisions toward oilseeds across major producing regions, including the US, Canada, Australia, and the Black Sea area. At the same time, elevated prices are slowing growth in food-related oilseed consumption in some markets, notably India. **Looking ahead, export availability for several oilseeds is expected to tighten in the coming season, even as processing capacity continues to expand in the EU, US, Canada, and Brazil.**

The rise in CBOT soybean oil prices highlights strong demand

for vegetable oils, with prices up 7.2% over the past 30 days and 33.1% over the past 90 days. Further support is coming from Southeast Asia. **Since the start of the conflict in the Middle East, Thailand, Indonesia, and Malaysia have all announced increases in biodiesel blending mandates**, reinforcing demand for vegetable oils.

Policy developments are also providing medium-term support. Germany has introduced changes in line with the EU's RED III regulation, removing double-counting for waste oils and gradually increasing the cap on crop-based biomass for biofuels from 4.4% to 5.8% by 2033. As the EU's largest biodiesel market, this policy shift is expected to increase demand for canola oil across Europe. For producers, this strengthens the demand outlook and supports prices, with biofuels set to play a larger role in shaping European oilseed demand.

Structural demand from energy and feed is now firmly embedded in oilseed markets, underpinned by supportive policy changes. At the same time, supply risks remain elevated. Dryness in the Baltic and Black Sea regions, combined with ongoing dry conditions on Australia's east coast, **could tighten supply and reinforce a structurally supportive price environment.**

What to watch:

- **Rising biofuel demand** – In the US, higher biofuel blending mandates and new tax credits for North American feedstocks are increasing demand for canola oil in renewable diesel. In Indonesia, the move to B50 biodiesel is also boosting demand for vegetable oils as fuel. These policies are redirecting more vegetable oil toward energy at the expense of food consumption, supporting prices across the complex. Further biofuel policies increases are likely due to the supply disruptions linked to the Iran war.
- **Competition from other oilseeds** – Elevated soybean and sunflower production in South America and the Black Sea region is increasing global vegetable oil supply. This abundance can weigh on canola demand, as buyers may favour more competitively priced alternatives, influencing canola market dynamics.



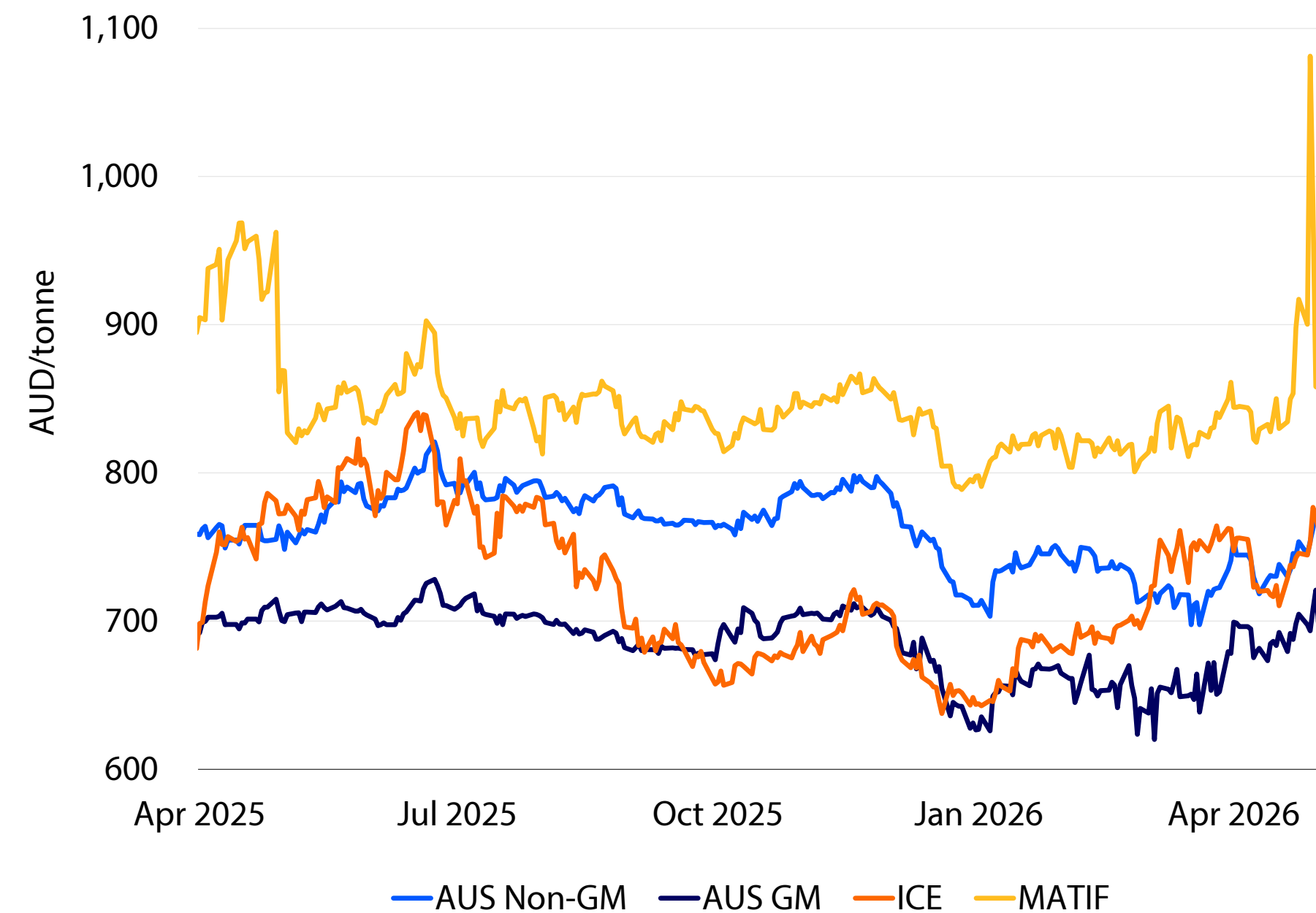
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Canola

Rising biofuel demand supports an upward trend in prices

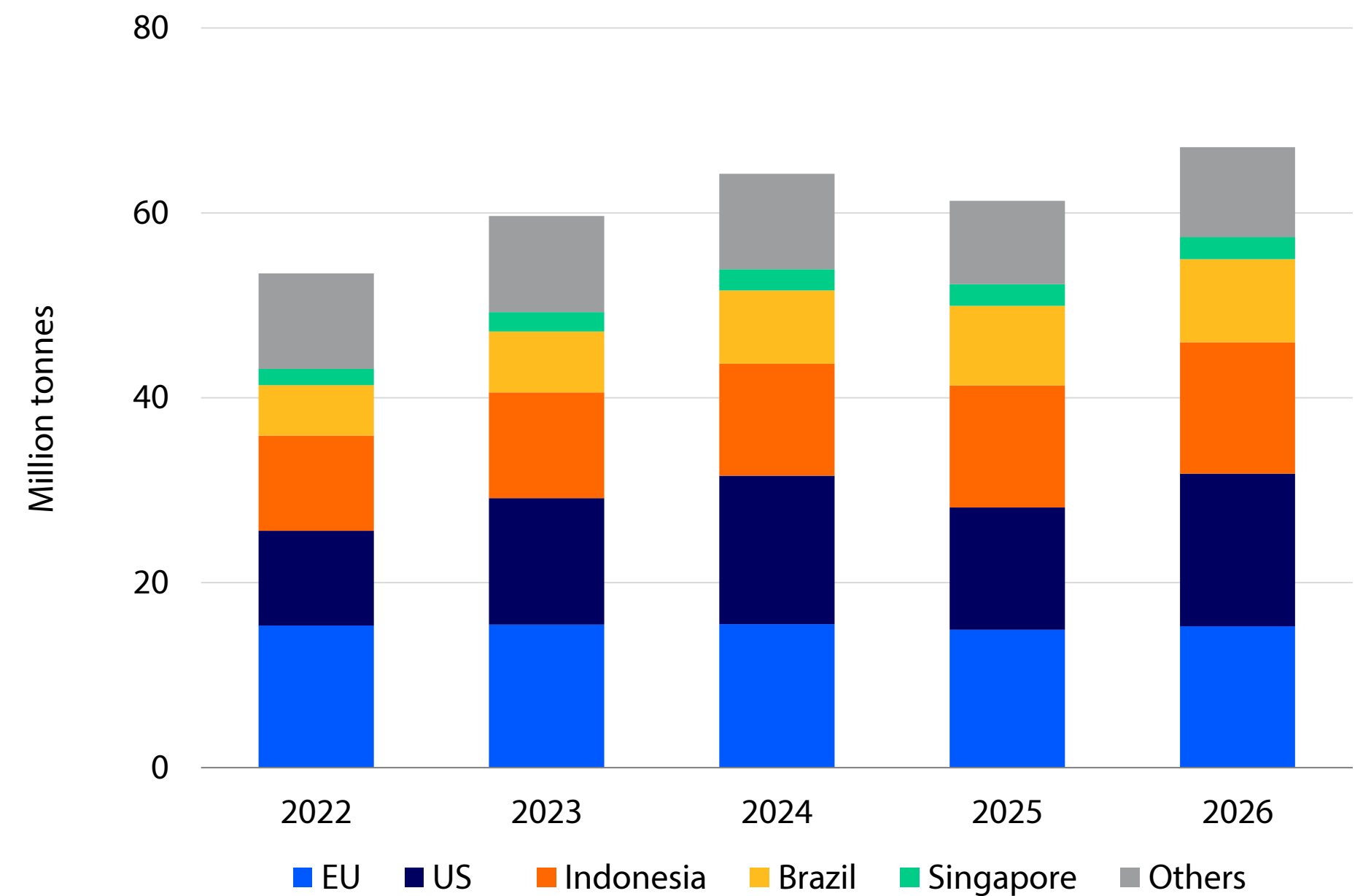
Global canola prices continue to strengthen, driven by a surge in demand linked to the Middle East conflict



Note: Australian prices refer to the port price average.

Source: Bloomberg, RaboResearch 2026

Global biodiesel production has been rising in recent years, as policy mandates continue to expand



Source: Oil World, RaboResearch 2026

Beef

Market holding despite sell off in northern New South Wales

Dry conditions in northern New South Wales led producers in that area to offload large volumes of cattle over the last month. RaboResearch believes this has been the reason behind the decline in cattle prices over the last six weeks. Heavy steers fell 11% in April, while processor cows and heifer prices fell 18% and 16% respectively as the increased supply of store stock put additional downward pressure on prices. Reported saleyard numbers for weaner cattle, restocker steers and heifers as well as processor cows through April all exceeded the highest levels in the last 10 years. Weaner cattle (NYCI) fell by 14% to AUD 4.11/kg, while feeder cattle recorded the smallest drop of 7% to AUD 4.50/kg lwt, suggesting some underlying strength in demand for feeder type cattle. **With the numbers of cattle being sold in northern New South Wales starting to contract and global markets remaining strong, RaboResearch believes cattle prices should level out and possibly recover some of the drop in the coming month.**

Dry conditions in northern New South Wales and southern Queensland have also pushed saleyard numbers to record levels. Reported saleyard numbers for New South Wales are the highest seen in the last 10 years, with saleyards such as Tamworth, Gunnedah, and Dubbo all reporting new monthly record yardings. Despite these new records, weekly slaughter numbers pushed only marginally higher through the month, suggesting many animals

What to watch:

- **China quota threshold** – Australia reached 50% of its allocated 205,000-tonne quota on 23 March. Based on current export trends, RaboResearch believes Australia will reach its quota threshold by late May or early June. At that point, the 55% tariff is likely to bring most Australian beef exports to China to a halt, forcing exporters to pivot to other markets. Although exporters have had six months to prepare, there could still be some disruption in markets as volumes are diverted into other supply chains and processors adjust to different markets and product specifications. We expect Brazil to reach its safeguard quota threshold in June or July, which may lead to increased competition from Brazilian beef in shared markets such as the US and parts of Southeast Asia.

were sold as store stock and purchased by producers in other areas. Fortunately, more favourable conditions in Victoria, South Australia, and parts of Queensland have seen active buyers from these regions purchase some of the northern New South Wales cattle. Weekly slaughter volumes at the end of April were just over 160,000 head, compared to the mid to high 150,000s through February and March. **This level is in line with the largest slaughter volumes recorded at this time of year in 2014 and highlights the pressure on processing capacity from high cattle numbers.**

April export volumes contracted slightly from March (possibly reflecting the shorter month) but remained historically high at over 140,000 tonnes swt. Volumes to China were up 37%, as exporters take advantage of the market before Australia reaches its quota threshold. During April, one additional Australian abattoir and one distribution facility received access to the Chinese market, while several other facilities gained increased access for chilled products. Volumes to the US were also up 10% YOY in April, supported by limited domestic supply in the US and strong consumer demand. Live cattle exports picked up in March after low volumes in February, with shipments to Indonesia up 33% compared to March 2025. However, year-to-date volumes remain 23% below Q1 2025 levels.



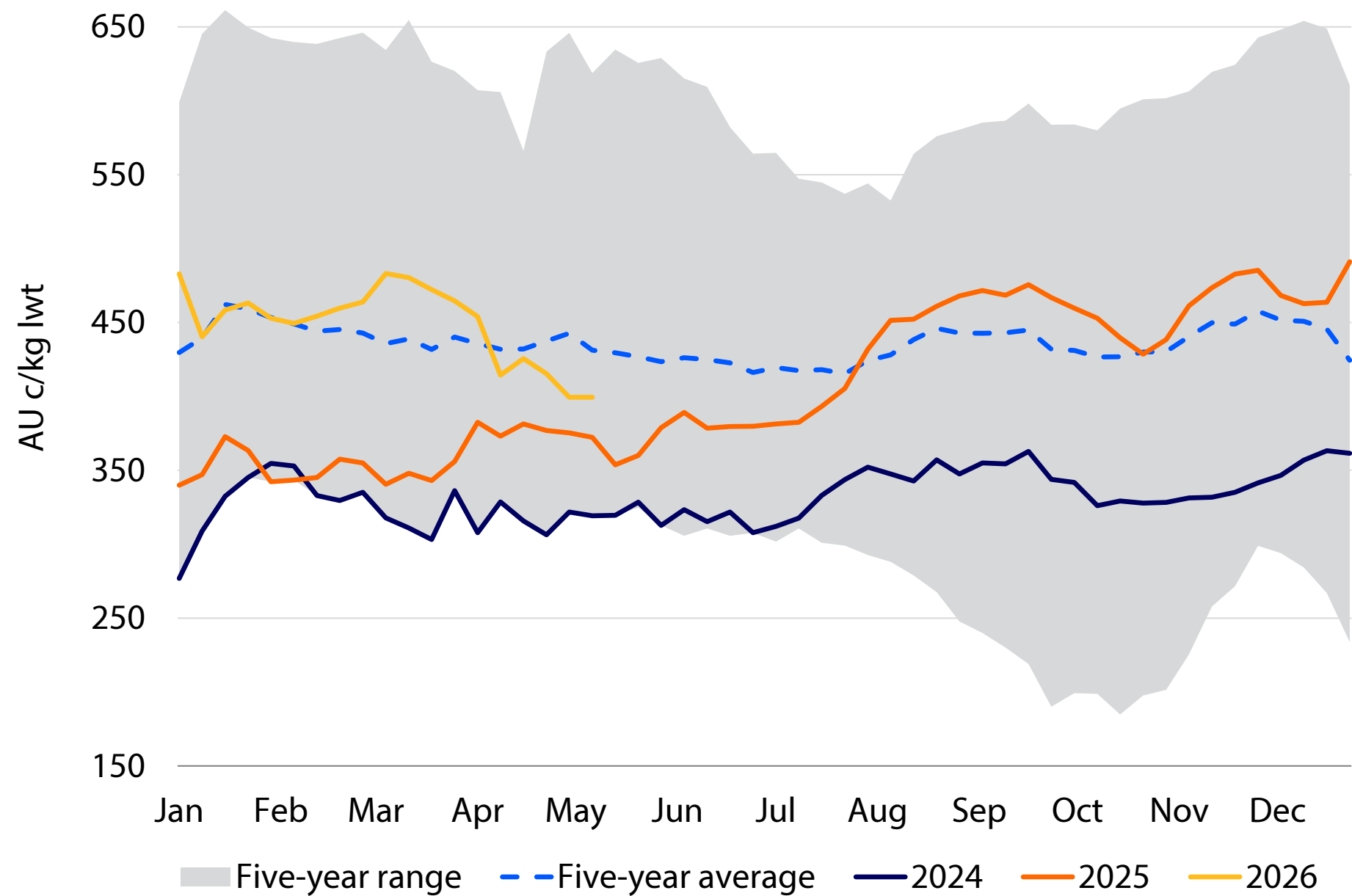
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Beef

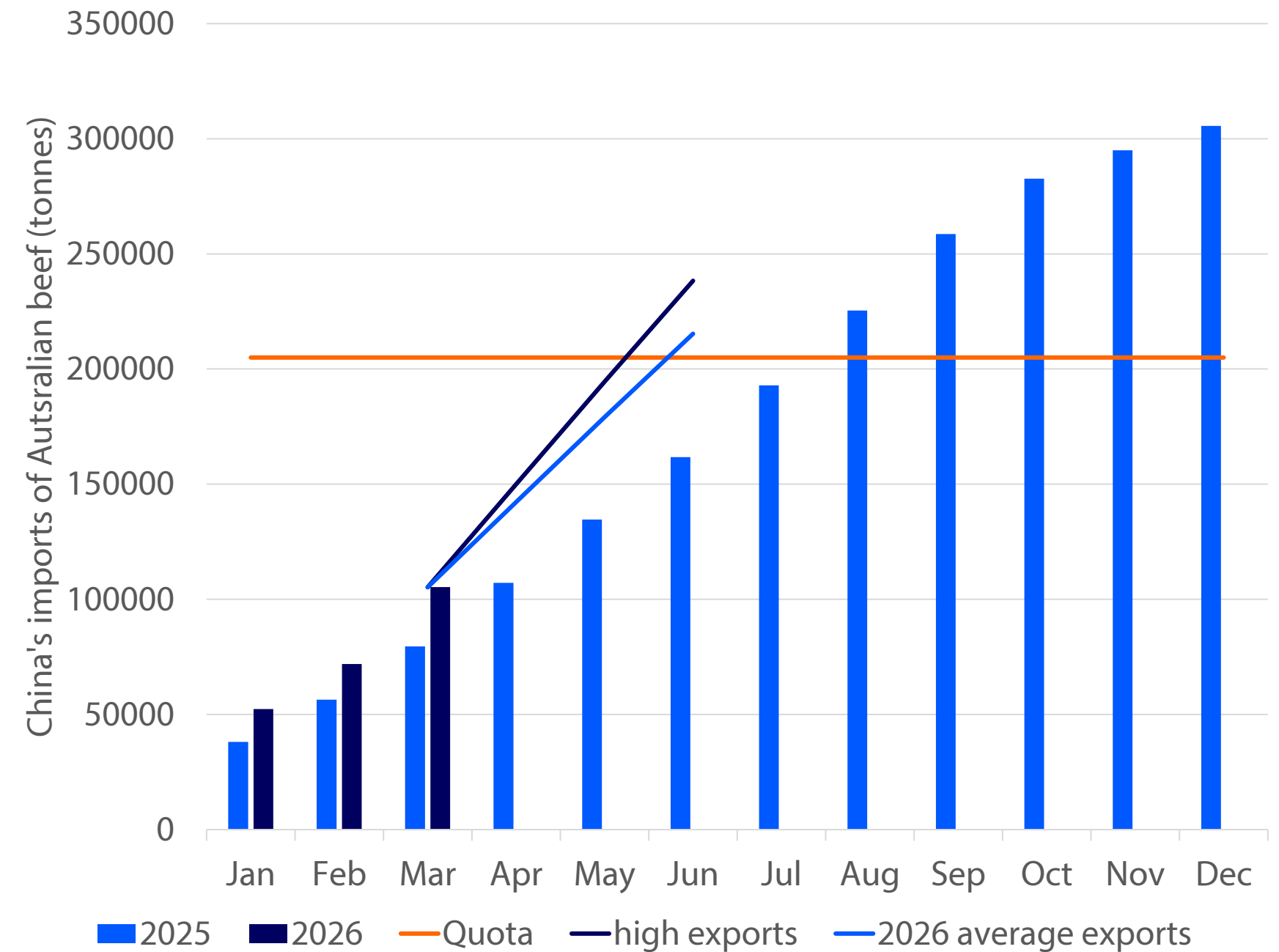
Australian cattle prices dip as export volumes approach China quota threshold

NYCI dips below five-year average



Source: MLA, RaboResearch 2026

Chinese beef import quota threshold approaching



Source: China Customs, RaboResearch 2026

Sheepmeat

Prices remain high as numbers continue to decline

After rising for most of April, lamb prices eased toward the end of the month, finishing close to where they started. The Trade Lamb Indicator ended the month at AUD 11.82/kg cwt, up 1%. All other lamb categories and mutton followed a similar trend.

The shortage of lambs and sheep in the system continues to support the high prices, with strong competition from processors for limited supply. **We believe this situation is unlikely to change over the coming month, with lamb and mutton prices remaining high.** There is a possibility that some processors may undertake maintenance shutdowns toward the end of the season, which may see some of the price pressure ease out of the market. However, we believe the ongoing supply shortage will continue to provide strong price support.

Weekly lamb slaughter volumes are tracking around the five-year average at just over 400,00 head per week, down 10% on the same period last year. Sheep slaughter volumes are similarly close to the five-year average, at just over 110,000 head per week. Unlike cattle saleyard numbers driven higher by dry conditions in northern New South Wales, the lower volumes of sheep in these

areas are not showing any significant rises in saleyard numbers. There are more heavy lambs being sold through saleyards than we saw at this stage last year, and correspondingly fewer light lambs. The high lamb prices and generous grids that accept higher weights, together with more favourable seasons in southern areas and the availability of cheaper grain, are potentially encouraging producers to grow out lambs. However, given overall lamb numbers and volumes of restocker lambs sold through late 2025 and into 2026, it is difficult to estimate how long this supply of heavy lambs may last.

Following the lower slaughter numbers, lamb and mutton exports in April were down 13% and 33% respectively. Despite the overall drop in volumes, lamb volumes to the US were up 17% YOY, reflecting the ongoing strong demand in that market. Volumes of lamb and mutton to the Middle East were down 45% and 42% respectively. It is difficult to determine if this is a result of disruption in the Middle East market or the result of the high lamb and sheep prices in Australia. Exports to the Middle East fell to similarly low levels in 2021/22, when lamb and mutton prices were at high levels.

What to watch:

- **Lamb and sheep slaughter volumes** – May and June traditionally mark the beginning of the seasonal decline in lamb and sheep slaughter. Last year, lamb slaughter volumes fell by 36% between the peak in May and the low point in August. However, last year had historically high slaughter in May; this year, levels are closer to the five-year average and broadly in line with 2019 volumes. In 2019, the subsequent decline led to the lowest weekly slaughter volumes in the last 10 years – raising the question of whether we are heading for a similar low in 2026?



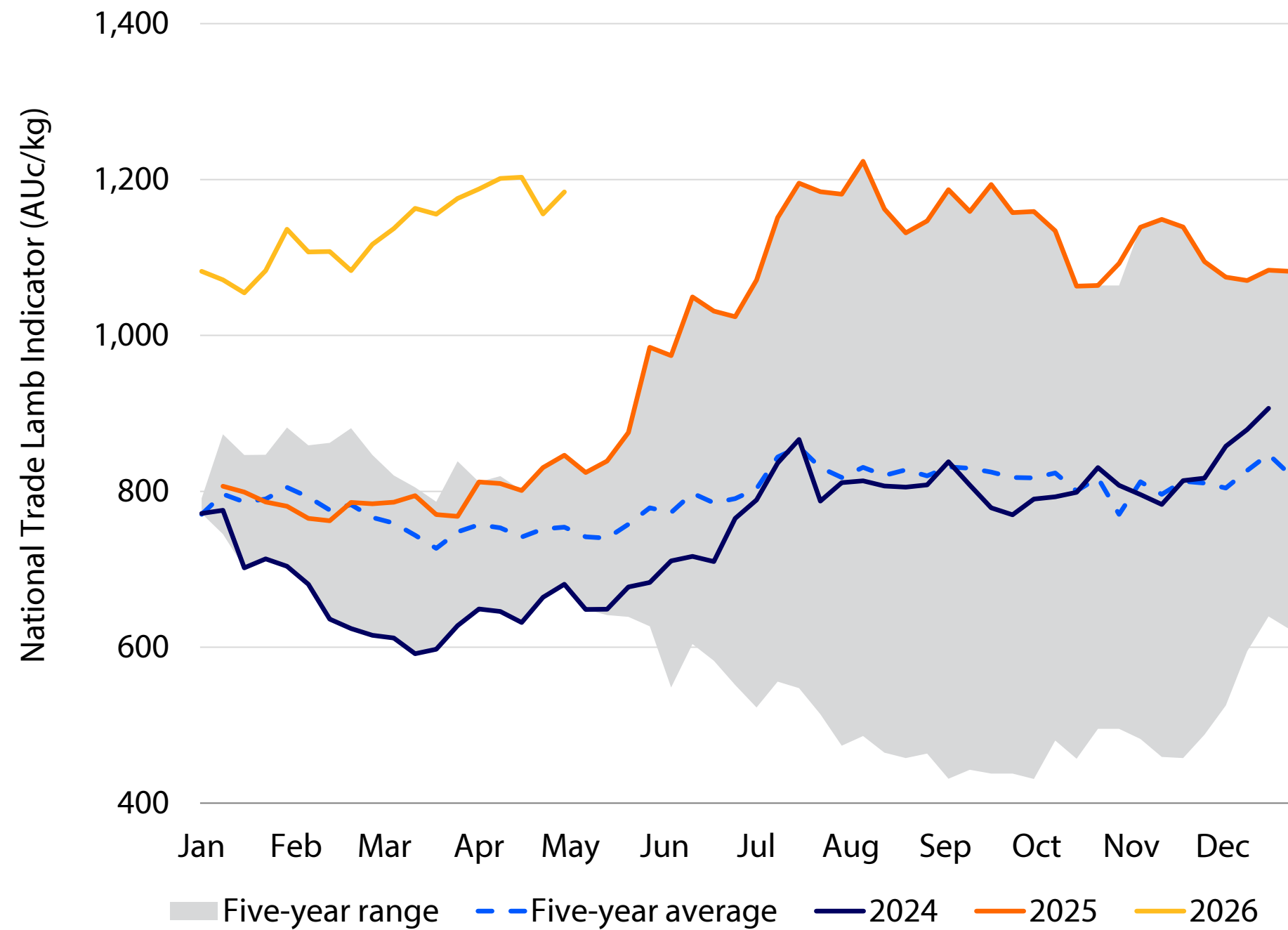
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Sheepmeat

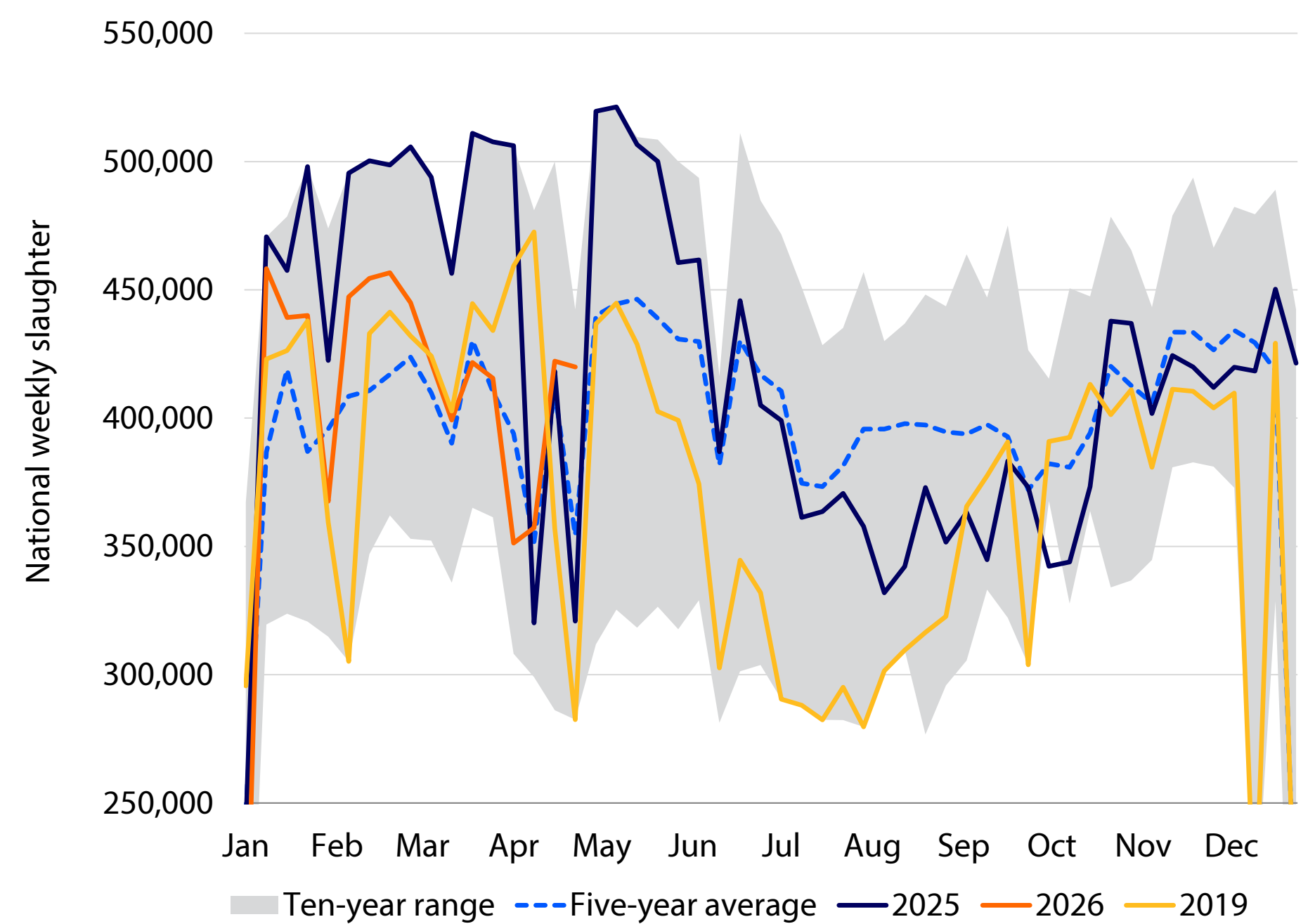
Lamb prices remain strong as we head to lower slaughter months

National Trade Lamb Indicator (NTLI) remains elevated



Source: MLA, RaboResearch 2026

May/June generally the point of seasonal lamb decline



Source: MLA, RaboResearch 2026

Wool

EMI prices rise 8.7% MOM

April was a strong month for wool prices, with the Eastern Market Indicator (EMI) rising 8.7% MOM. On a year-on-year basis, the EMI is now up an impressive 53.8%, highlighting how quickly market dynamics have shifted amid tightening wool supply.

While supply constraints have been evident for some time, recent auction activity suggests demand is beginning to lift. This is particularly apparent in the clearance rate, which reached 97% at the most recent auction. With volumes offered well below average, buyers appear to be competing more aggressively for a smaller pool of available wool.

Price gains were broad-based across most microns. Excluding 23-micron wool, which remained rangebound month-on-month, all categories recorded increases. Finer wools performed especially strongly, led by 17-micron wool, which rose 10% MOM. Solid gains were also seen for 18-micron (+9.2%), 19-micron (+9.1%), and 20-micron (+8.9%) wool. At the coarser end of the spectrum, 28-micron

wool increased by 7.9%, while 30-micron wool recorded a more modest gain of 3.2%. RaboResearch has also identified some encouraging signals in ABS data. The latest available figures (February) show a year-on-year increase in Australian wool exports, with total exports up 7.6% and shipments to China rising 11.2%.

While these gains are measured against a weak comparison – February 2025 exports were notably soft – they nonetheless represent a step in the right direction and may help support positive short-term market sentiment.

Looking further ahead, downstream market pressures could emerge as a headwind to the current wool price rally. Consumer confidence in Europe fell sharply in April, reflecting the impact of the ongoing Iran war. Elevated inflationary pressures, particularly through higher energy and fuel costs, may weigh on consumer spending. Any resulting slowdown in retail sales could eventually flow back up the wool supply chain.

What to watch:

- **The Iran war** – The Iran war remains a risk to retail demand in most economies. That said, cotton markets have performed strongly over the past two months, partly due to rising polyester prices, which have improved cotton's competitiveness in blended products. Wool prices may also benefit in the short term if polyester production costs continue to rise, making synthetic alternatives relatively less attractive.



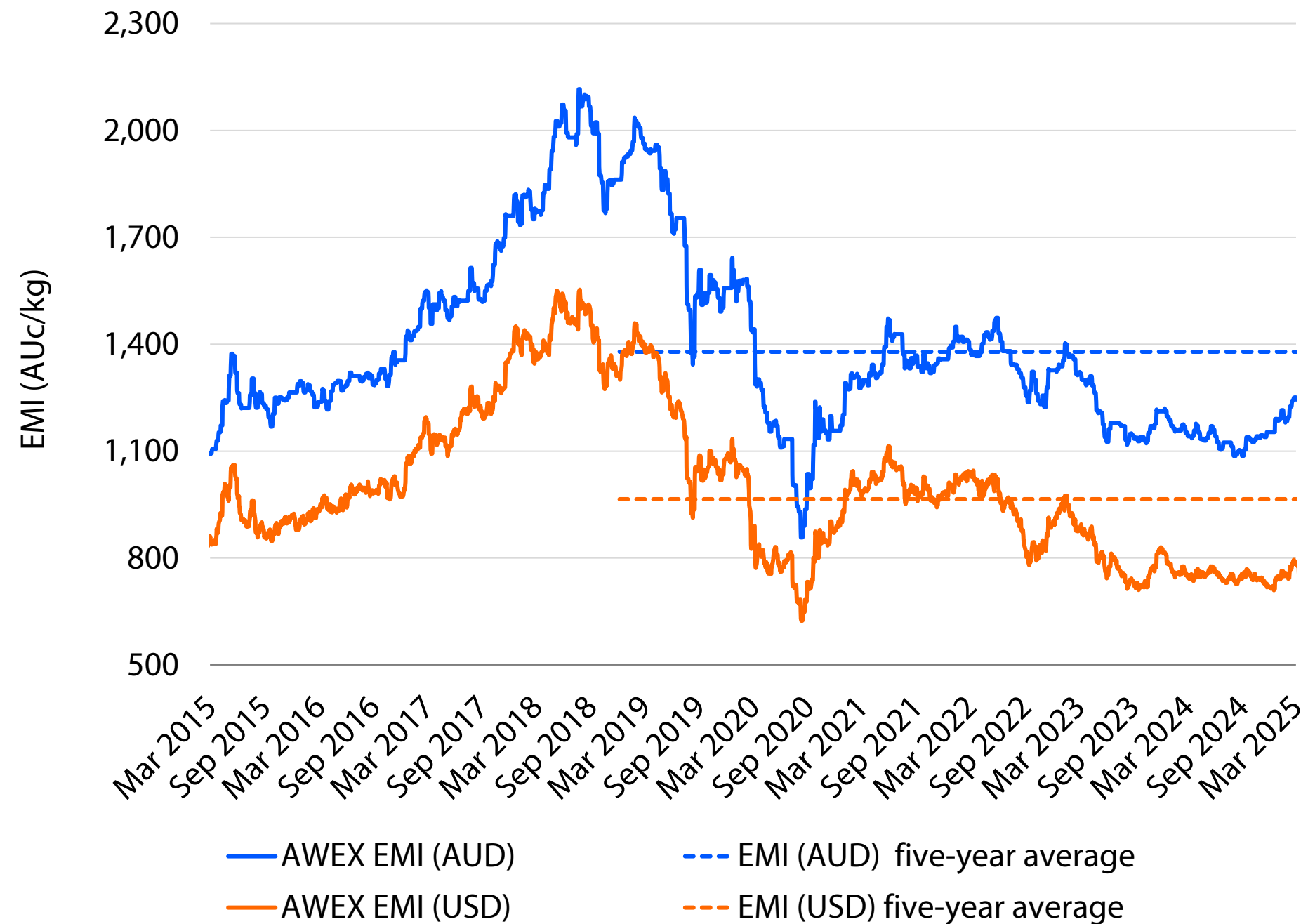
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Wool

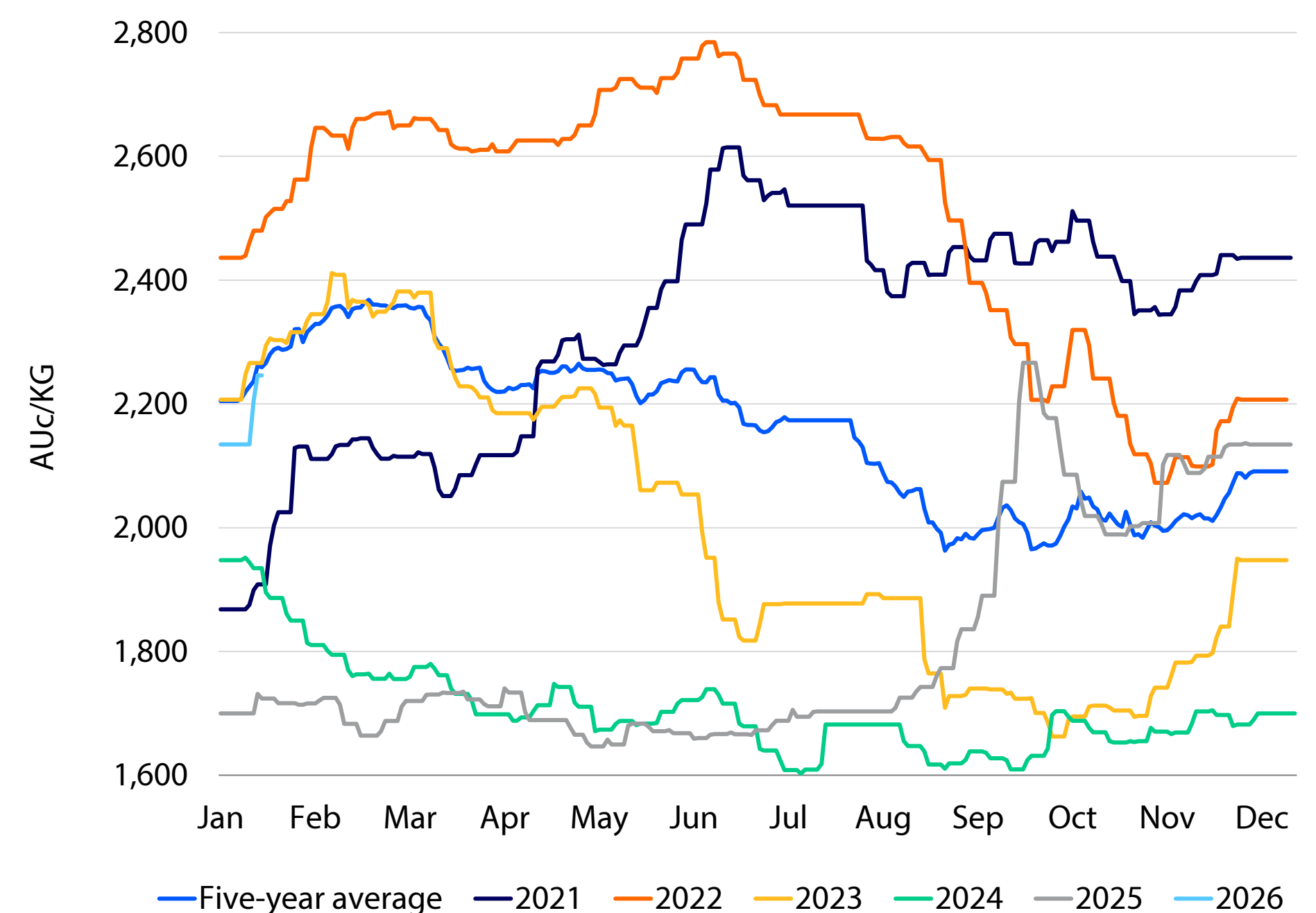
Markets performed strongly in April, with EMI prices up 8.7% MOM

EMI prices rose 8.7% MOM



Source: Bloomberg, RaboResearch 2026

17-micron prices gained 10% MOM



Source: Bloomberg, RaboResearch 2026

Cotton

Cotton prices continue their uptrend

Cotton futures are showing signs of a renaissance. ICE #2 cotton futures had been locked in a downward trend for the past two years, but sentiment has shifted since February. Futures prices have rallied by around 20%, helping to lift Australian cash prices above the AUD 600/bale mark. **For much of the past two years, RaboResearch has highlighted the scale of the net-short position held by managed money on ICE #2 cotton futures**, which reached a record high in Q4 2025. However, for the first time since April 2024, funds have moved back to a net-long position, suggesting expectations of further upside in prices.

A key catalyst behind improving market sentiment may be the oil supply shock stemming from the Iran war. Higher oil prices have increased polyester production costs in China by around 24% from pre-war levels. While polyester apparel remains significantly cheaper than cotton, the relative price disadvantage has narrowed, marginally improving cotton's competitiveness in certain blends. With oil flows remaining constrained, refined product prices could stay elevated for longer, keeping polyester production costs under upward pressure.

What to watch:

- **The USDA's first new-season supply and demand estimates** – Closely watched for confirmation of tightening global fundamentals.
- **Developments in the Strait of Hormuz** – Further volatility in oil prices could continue to flow through into cotton markets.

Another supportive factor is emerging evidence of declining global cotton production, particularly in the US. From a weather perspective, concerns are mounting with around 98% of the US cotton area currently experiencing some level of drought, compared with a four-year average of 31% at this time of year.

While some rainfall is forecast, it may prove too little, too late, with around 20% of the crop already planted. At the same time, growers are facing pronounced margin pressure, which could see planting intentions swing toward alternative crops such as corn.

Beyond the US, national agencies in other key producing regions – including Brazil and China – have already signalled that cotton area is likely to decline this season. Taken together, these factors point to the potential for a year-on-year fall in global cotton production when the USDA releases its first new-season supply estimate on 12 May. Such an outcome could provide further support for global cotton markets.



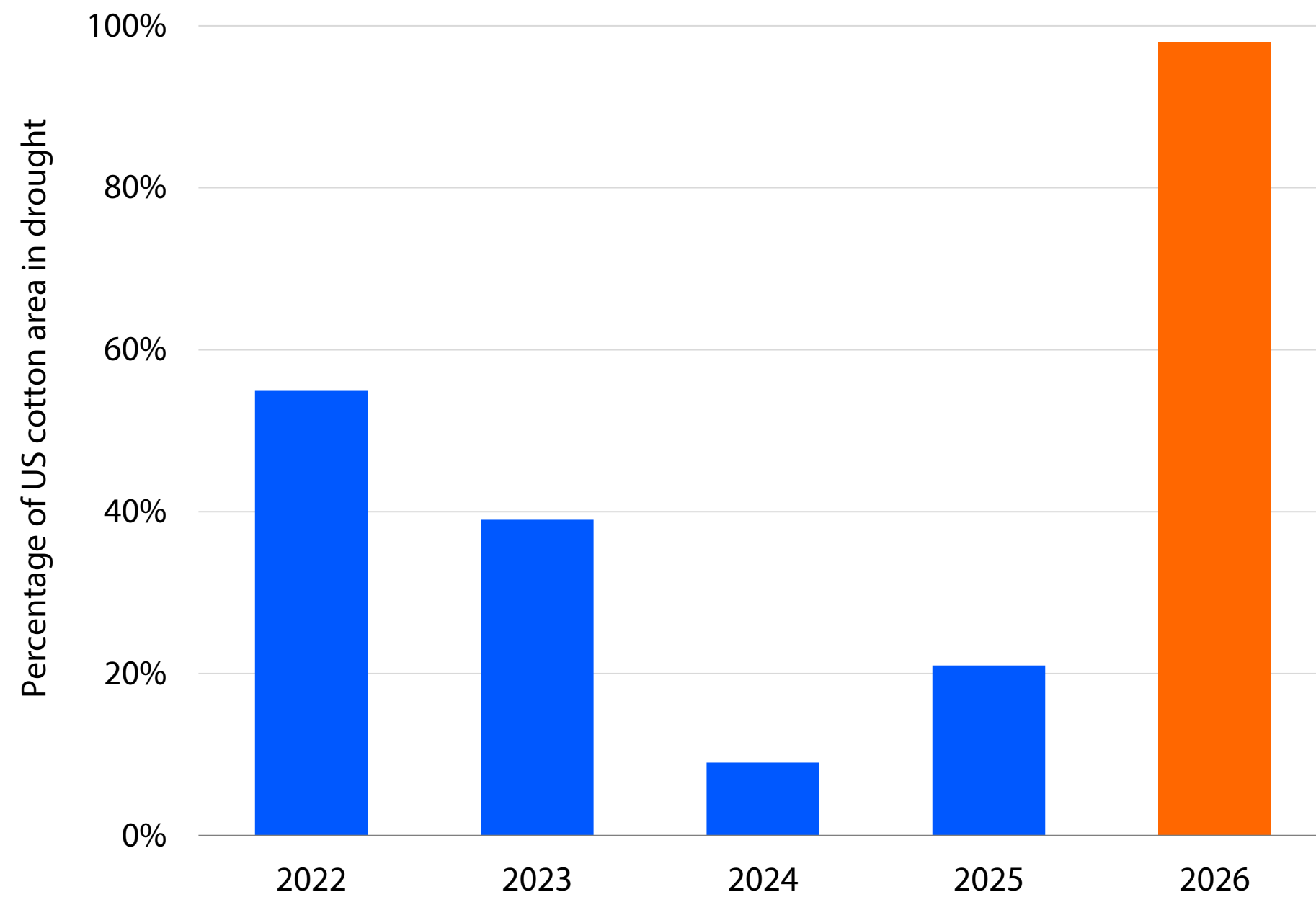
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Cotton

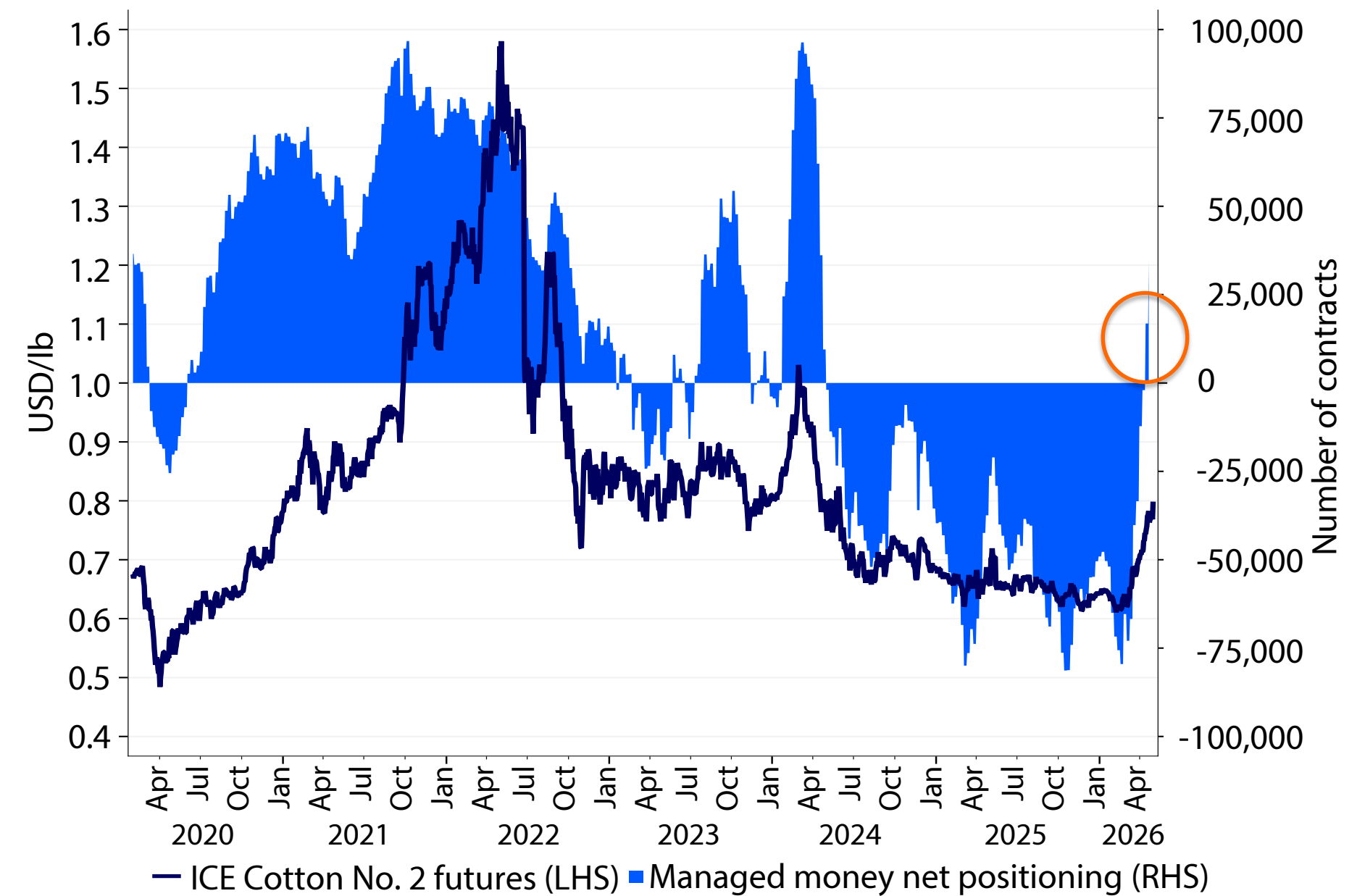
Funds have finally moved out of their large net short position amid elevated oil prices and dry conditions in the US

The US cotton area in drought reaches 98% as of 21 April, compared with the same week in previous years



Source: USDA, RaboResearch 2026

After two years in a net short position, funds have shifted to a net long



Source: CFTC, Macrobond, RaboResearch 2026

Farm inputs

Urea and phosphate prices continue to rise

With the Iran conflict now entering its second month, global fertilizer supply has become highly constrained. The effective blockade of the Strait of Hormuz has sharply curtailed exports of urea and sulphur from Middle Eastern producers, with Oman appearing to be the only country in the region still exporting meaningful volumes.

Price impacts have been significant across nutrient markets. In AUD terms, Middle East spot prices (across netbacks) rose 8% MOM, while Vancouver potash spot prices increased 4% MOM. The most pronounced move, however, has been in phosphate markets: Morocco DAP spot FOB prices surged 20% MOM. This rally has largely been driven by soaring sulphuric acid costs, with Indian spot prices jumping 87% MOM. Elevated sulphuric acid and sulphur prices are materially raising phosphate production costs, compressing margins and ultimately pushing fertilizer prices higher.

The Middle East accounts for approximately 50% of global sulphur trade, meaning the conflict and the effective blockade of the Strait of Hormuz have had an outsized

impact on supply. The resulting disruption to exports has sharply tightened the global sulphur market. Conditions were further exacerbated by China's 10 April announcement that it would halt sulphuric acid exports from May. As the world's largest exporter, China's move has removed a critical source of supply, intensifying an already severe supply shock and likely reflecting an effort to protect domestic fertilizer production.

Urea markets show little sign of near-term price relief. Ongoing disruptions to flows through the Strait of Hormuz remain the primary driver of today's exceptionally high prices, although secondary market reactions are also contributing. Earlier in the month, India announced a 2.5m metric ton urea tender, which – if fully awarded – would represent a record purchase. This would further tighten global 2026 supplies, coming at a time when Indian urea plants were operating below full capacity as recently as last month due to gas supply constraints.

What to watch:

- **Australia's urea supply outlook and ongoing disruptions in the Strait of Hormuz** – A recent supply agreement with Indonesia, covering 250,000 tonnes of urea, has been secured. This is positive from a physical availability standpoint and should help alleviate near-term supply concerns. Nevertheless, attention remains firmly focused on the Strait of Hormuz. The longer this critical shipping corridor remains disrupted, the tighter global fertilizer markets are likely to become.
- **Gas prices** – Gas prices represent a significant share of urea production costs. European and Asian gas benchmarks have retreated from the highs seen in March, a move that appears driven more by the fading of risk premiums than by any resolution of underlying physical supply constraints. As a result, any renewed volatility in gas markets could still be passed through to urea prices.



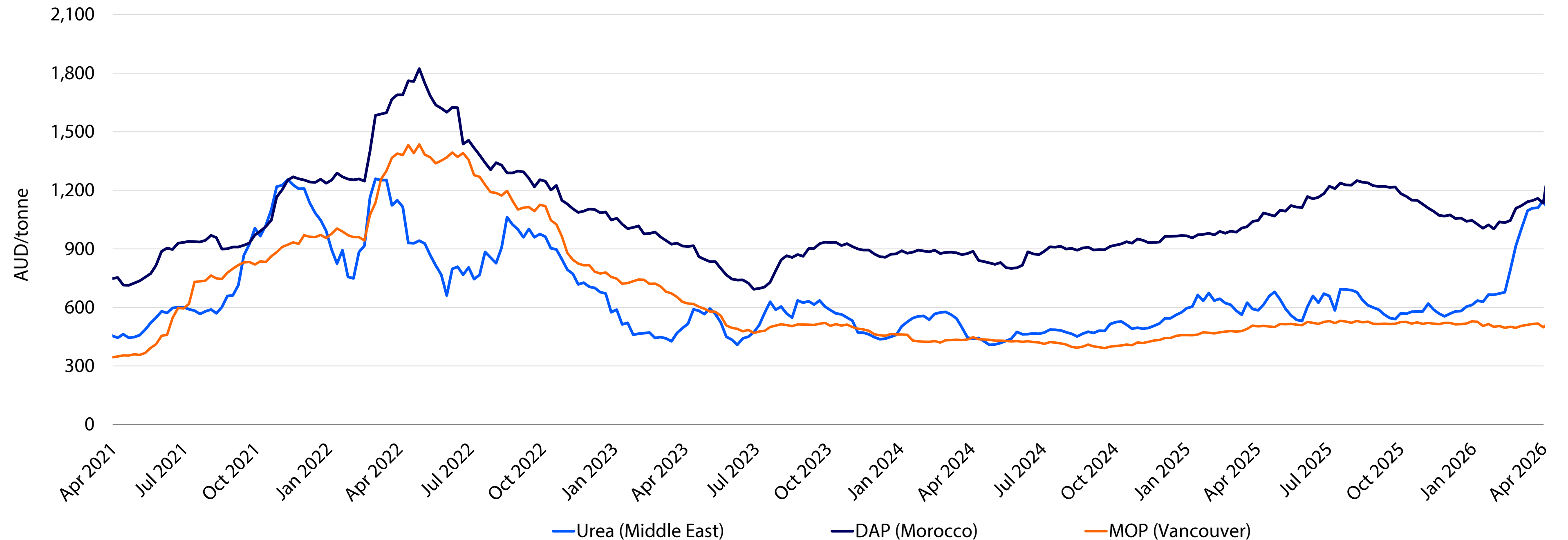
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Farm inputs

Urea supply continues to look very constrained

Urea prices rose a further 8% MOM in April, while phosphate prices rose 20% amid exceptionally tight sulphur supply



Source: CRU, RaboResearch 2026

Sugar

Sugar prices more driven by weather than by oil prices

ICE 2026 Sugar #11 futures **recovered in late April from a mid-April five-year low. Sugar markets have been on a rollercoaster: The April low followed** a five-month high in mid-March. Speculative selling accelerated in late March and early April, while earlier price support from higher crude oil prices faded, as Brazilian gasoline prices and ethanol economics are unlikely to reduce cane mill's sugar mix much. More recently, El Niño-related weather concerns have helped prices to recover.

Brazil remains a key bearish driver of sugar prices. The early start to the sugarcane harvest, supported by dry April weather, has led to a sharp decline in domestic ethanol prices, down nearly 25% from January highs. Lower ethanol values, combined with a limited expected impact on the sugar mix, are weighing on global sugar prices. While a potential increase in Brazil's ethanol blending mandate to 32% could eventually support ethanol demand, any policy change is unlikely to be immediate and remains uncertain.

In Asia, current production cycles are nearing completion, but risks to future supply are rising. Indian sugar output is expected to fall short of official estimates, while Thailand's production has exceeded expectations this season. Attention is now shifting to the 2026/27 crop, where El Niño risks and squeezed producer margins – due to high diesel and fertiliser costs – could reduce output. Similar pressures are expected to lead to a contraction in EU sugar beet area for the 2026 harvest.

Although front-end prices remain weak, the medium-term outlook is more constructive than for the surplus-heavy 2025/26 season. Weather risks linked to El Niño, along with ongoing global margin pressure, could tighten supply into 2026/27, and provide eventual price support.

Australian sugar farmers continue to face high fertiliser and diesel costs. For prices to move higher, fundamentals will need to point to a tighter global supply balance, highlighting the importance of monitoring weather developments and global supply risks.

What to watch:

- El Niño weather developments across Asia and potential reduced outputs of Thai and Indian sugar crops.
- Geopolitics and crude oil price direction and spillover into Brazilian ethanol economics.
- Brazilian harvest dynamics, gasoline pricing decisions, and ethanol blending mandates, that could shift the sugar mix.
- Middle East conflict developments affecting freight and sugar refining e.g., in the United Arab Emirates.



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Sugar

Strong global crude oil prices are not providing sustained price support to sugar

Crude oil price volatility

Crude Oil, Future, Light Sweet (WTI) Physical, 1st Position, Close, USD



Source: Macrobond, RaboResearch 2026

Sugar prices rise modestly from five-year lows



Note: Current as of 30 April 2026.

Source: Macrobond, RaboResearch 2026

Dairy

A close watch on new season pricing

Several dairy companies have announced temporary farmer support payments in response to escalating supply-chain and input cost pressures, but with differing structures. The measures underscore broader processor efforts to stabilise milk supply and support supplier viability amid sustained inflation in fuel, fertiliser, freight, and packaging costs.

Examples include Lactalis-Mainland Dairy's AUc 0.64/kgMS payment, effective 1 May 2026, and Bega Group's AUD 0.67/kgMS monthly support payment from the same date. Bulla will provide an AUc 0.048/kgMS retrospective payment for the 2025/26 season, to be paid in two instalments (May and July 2026).

Meanwhile Coles has increased shelf prices for its private label milk in response to sharply rising supply-chain costs, driven by higher fuel, transport, and packaging expenses linked to global disruptions. The 1-litre carton has risen from AUD 1.65 to AUD 1.85, with similar increases across larger sizes.

Australia's milk supply profile strengthened toward the end of the 2025/26 season, with February production rising by a solid 2.8% YOY, signalling improved late-summer conditions.

Despite this recent uplift, season-to-date milk production remains 0.7% YOY below last year's level, highlighting that earlier seasonal

deficits have not yet been fully offset. Results remain mixed across regions. Northern Australia – particularly New South Wales and Queensland – continues to record sustained growth, while Tasmania is moving from a negative phase toward a more positive trend.

In contrast, Victoria remains under pressure, with year-to-date production still tracking below last season, however momentum is improving.

In New Zealand March milk production was notably strong. Milksolids output rose by 9.4% YOY – the largest March increase on record. Season-to-date (June to March) milksolids output is up 4.2% compared with the previous season.

Dairy protein prices have led a broad-based rally across the dairy complex, despite softer global fundamentals. Oceania spot SMP prices have risen by more than 40% since the start of the year, outperforming all other products. Record-high non-fat dry milk prices in the US are providing strong support.

Cheese prices have been more stable, rising by only 3% since the start of 2026. Across the complex, however, the rally in commodity values has started to lose some momentum in April.

What to watch:

- **New season milk prices** – RaboResearch has released its seasonal outlook for 2026/27. The report highlights that guaranteed minimum prices for the 2026/27 season near current levels (excluding temporary support payments) appear achievable, following a lift in commodity values in recent months.
- **Global risks to commodity values** – Global fundamentals remain challenging. Strong global milk production and the risk of demand destruction associated with rising energy and fuel costs suggest international dairy markets are likely to remain well supplied through 2026, introducing downside risk to global commodity values.



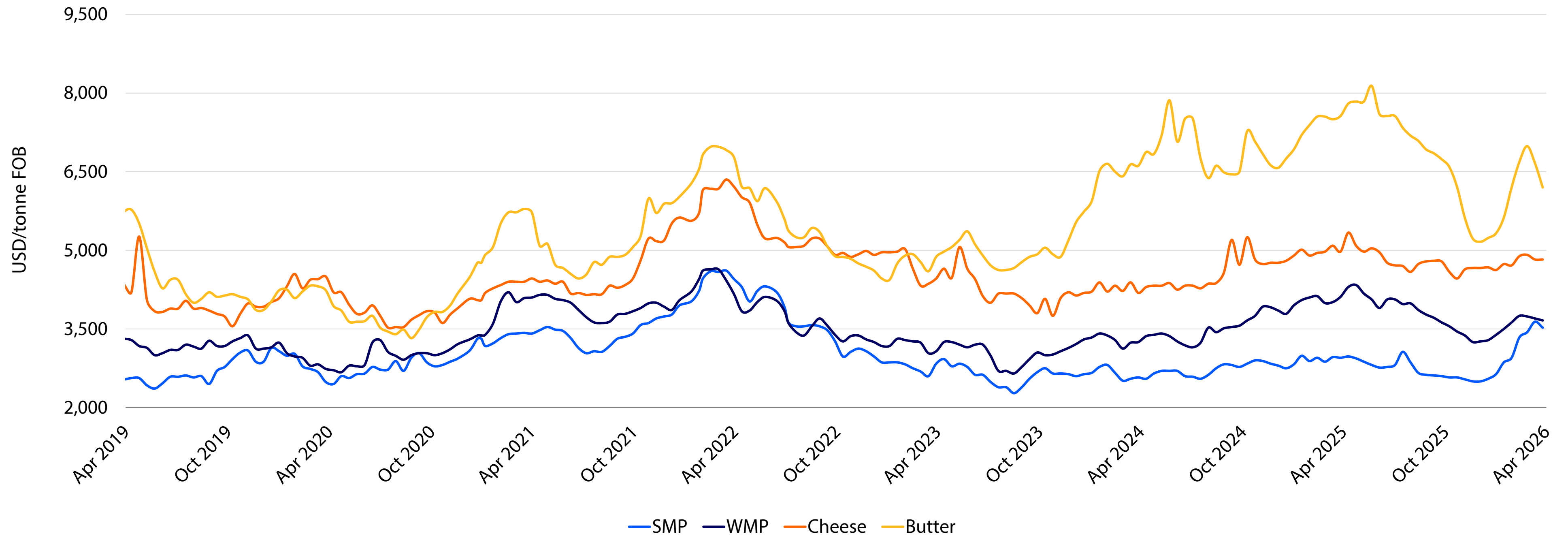
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Dairy

Commodity rally begins to lose steam

Oceania spot prices for dairy commodities, Apr 2019-Apr 2026



Source: USDA, RaboResearch 2026



Consumer foods

Australian consumer confidence is very fragile

ANZ-Roy Morgan Consumer Confidence was virtually unchanged at 64.3, remaining the fourth-lowest reading on record since the series began in the early 1970s. While views on personal finances are slightly better than a year ago, overall economic confidence has weakened, with most Australians expecting “bad times” ahead.

Elevated inflation expectations and higher fuel prices continue to weigh on sentiment, suggesting that consumer spending is likely to remain subdued in the near term.

Geopolitical risk remains a key watchpoint for food prices. Headline CPI rose by 4.6% YOY in March 2026, accelerating sharply from 3.7% in February and reaching its highest annual rate since September 2023.

Food inflation remains entrenched above 3%, holding at this level for 10 consecutive months. Food and non-alcoholic beverage prices rose by 3.1% YOY in March, unchanged from February and below headline CPI.

Within the food basket, meat and out-of-home meals were the largest contributors to food inflation. Australian households are

still facing challenging conditions, with further price inflation likely across several food categories in the coming months. Coles has also noted an increase in supplier requests for cost price rises.

Limiting cost impacts for consumers remains key focus for retailers. Coles reported supermarket price inflation of 0.8% in Q1 2026, supported by abundant supply across a range of fresh produce categories. Woolworths, by contrast, reported average supermarket prices in Australia declining by 1.0% over the same period.

Woolworths has also announced a three-month price freeze on 300 own-brand and exclusive household staples from 1 May 2026, aiming to provide greater certainty for Australian households amid rising cost-of-living pressures. The frozen items cover everyday essentials such as bread, eggs, chicken, sausages, pasta, nappies, and toilet paper, with shelf prices held despite higher supplier and transport costs linked to global uncertainty and elevated fuel prices. Woolworths will absorb agreed cost increases from suppliers to maintain shelf prices, with frozen items remaining eligible for promotional discounts.

What to watch:

- **Foodservice traffic at risk as inflation bites and confidence slips** – There is an increasing risk of another wave of softness in foodservice foot traffic, which is likely to remain uneven across formats. Consumer confidence is a key leading indicator and remains fragile. At the same time, further discretionary tightening is reinforcing value-centric consumption patterns.



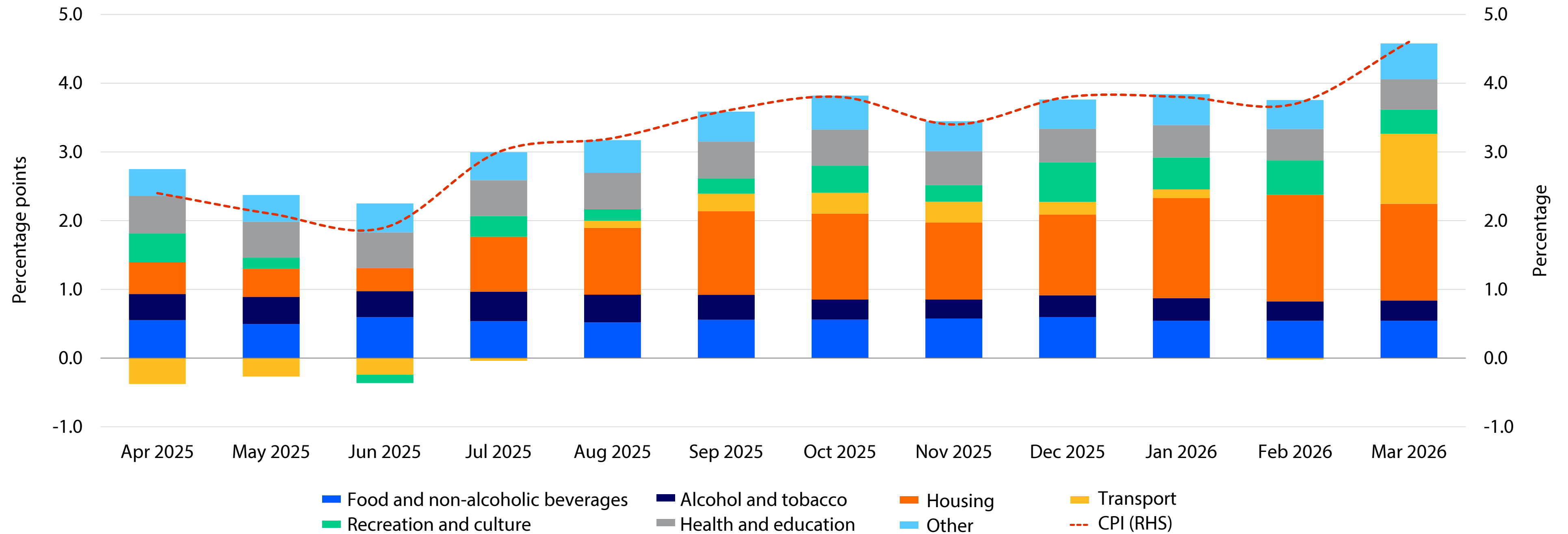
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Consumer foods

Food inflation will rise from April

Monthly contribution to annual inflation of Australian Bureau of Statistics Consumer Price Index, by categories



Source: ABS, RaboResearch 2026

Interest rate and FX

Glimmers of optimism?

RaboResearch has recently updated its base-case forecast for the war in Iran, assuming some form of peace deal by the end of May, followed by a gradual reopening of the Strait of Hormuz.

Presently, the strait remains mostly closed, with daily traffic typically still below 10% of pre-war levels. While the resulting pressure on energy supply chains is widely recognised, it is also disrupting the supply of many other intermediate goods used in the production of finished goods, thereby putting upward pressure on prices. This represents an ongoing inflation risk for Australia.

The Australian Bureau of Statistics released its March CPI report in late April, confirming that inflation is running well above target at 4.6% YOY. The good news is that this was actually slightly below market expectations, where the median forecast was 4.8%. Unsurprisingly, transport fuels were the main contributor to the high inflation number, while the housing category also added significantly, driven by rising electricity prices (which are included in "housing") following the expiry of government subsidies in recent months.

Goods inflation rocketed to 5.5% YOY, up from 3.5% in February. However, there was some good news on services inflation, which actually fell from 3.9% in February to 3.6% in March. The RBA will be pleased with this decline, as prices for services typically have a stronger link to wages than goods and are more reflective of domestic inflationary pressures than internationally traded goods.

That said, the RBA is unlikely to ease its focus on inflation. RaboResearch forecasts a 25bp increase in the cash rate in August to reach a terminal rate of 4.60% following the 25bp hike already delivered in May.

Expectations that Australia will have relatively high interest rates compared to many other countries, combined with stronger Liquefied Natural Gas and coal export earnings following the closure of the Strait of Hormuz, have supported the Australian dollar recently. It is currently trading close to 0.71 against the US dollar, with further appreciation to 0.72 expected over the next 12 months.

What to watch:

- **Commonwealth budget** – The federal government will deliver its budget in May, with early indications pointing to potential tax increases for residential property investors and measures designed to slow growth in the National Disability Insurance scheme (NDIS). Given already elevated inflation in Australia prior to the Iran war, the government is likely to adopt a less expansionary stance to support the RBA's efforts to bring inflation under control.



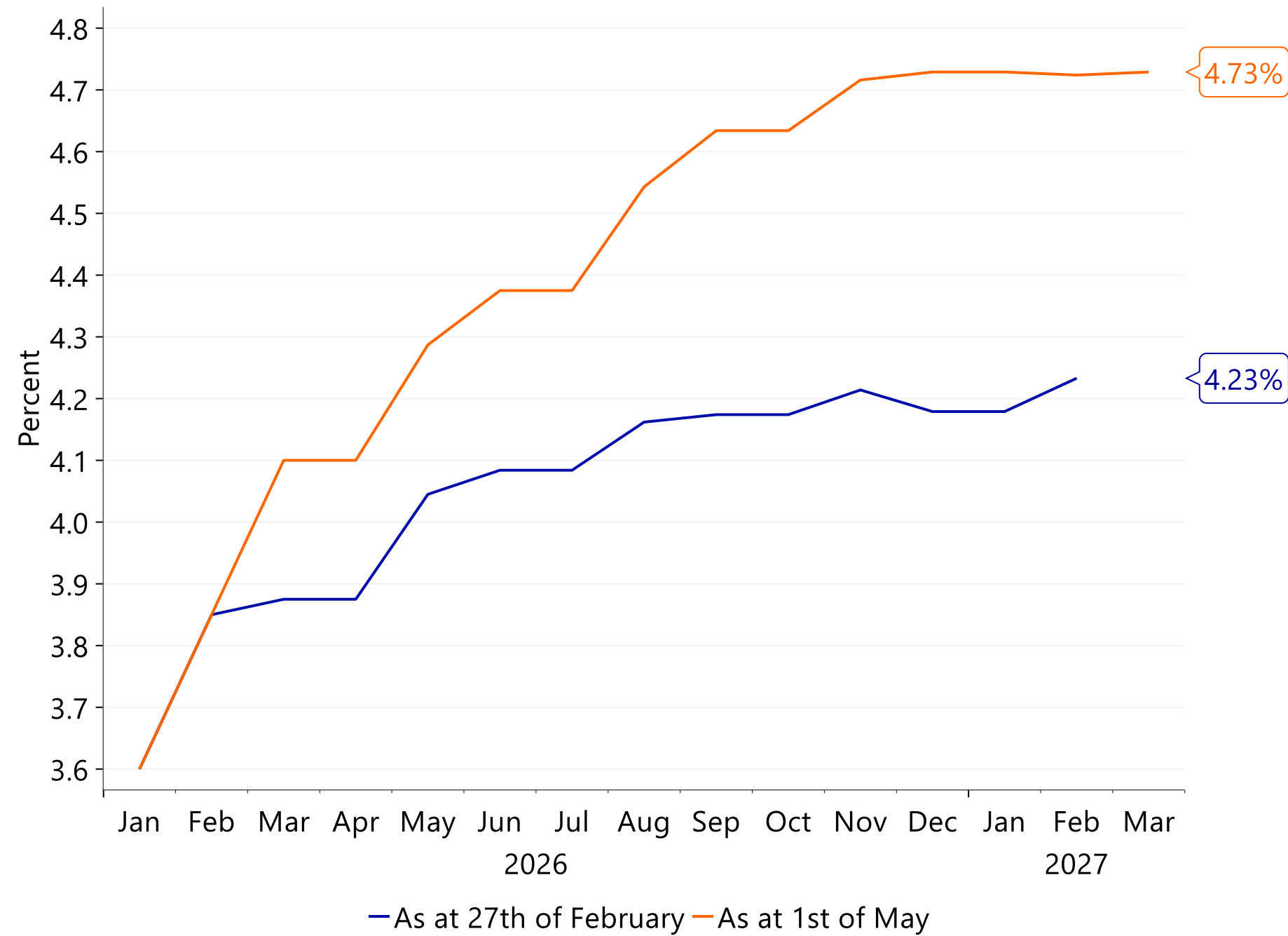
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Interest rate and FX

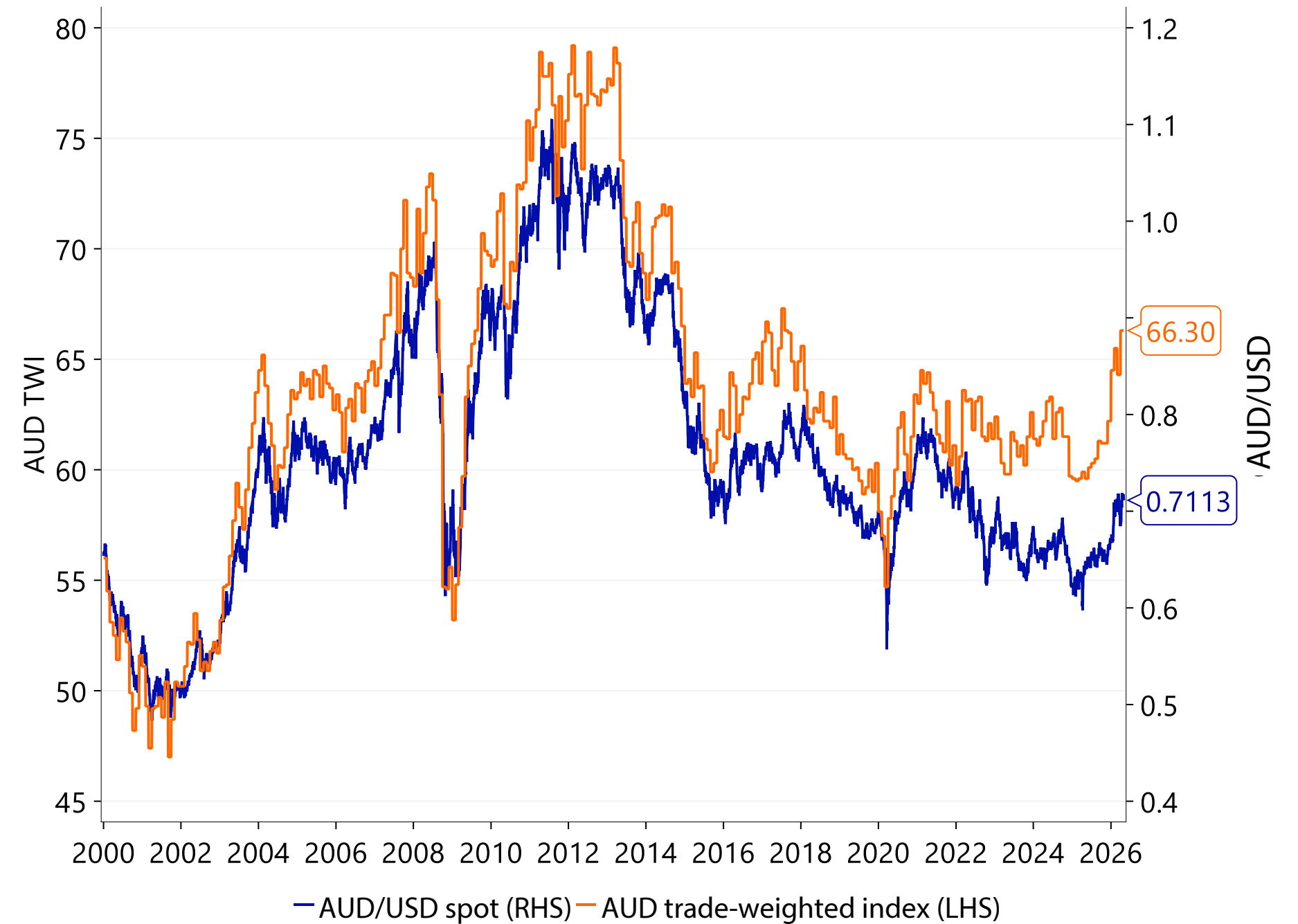
The AUD is holding up well as higher energy prices lift LNG and coal export earnings

Market-implied path of the RBA cash rate



Source: Macrobond, ABS, RaboResearch 2026

Australian dollar versus US dollar and trade-weighted index



Source: Macrobond, ABS, RBA, RaboResearch 2026

Oil and freight

Waiting

Crude oil prices remained volatile in April as markets reacted to ceasefire announcements, peace negotiations, and the imposition of a US blockade.

So far, a peace agreement has eluded both sides, with the main areas of disagreement being Iran's insistence on continuing its nuclear enrichment program, arming its regional proxies, and extracting tolls on ships transiting the Strait of Hormuz.

Each of these points are unacceptable to the US, which is now attempting to pressure Iran by restricting oil exports and potentially forcing the shutdown of oil wells – an outcome that could cause permanent damage to Iranian supply capacity.

There was significant news from the UAE in March, with the announcement that it would be leaving OPEC and OPEC+. This raises the prospect of increased oil supply (and lower prices), but not until the war is over and the Strait of Hormuz reopens.

China also indicated that it may soon lift export bans on diesel and jet fuel, which could help alleviate the severe supply squeeze on those fuels in Asia and Oceania.

While ocean shipping is less directly exposed to disruptions in the Middle East than energy markets, freight rates remain volatile. Operational impacts have so far been localised, with route adjustments and reduced sailings largely confined to the region, but the financial implications are global. Routes not regulated by the US Federal Maritime Commission (FMC) (non-US trades) have already seen emergency fuel surcharges, while FMC-regulated lanes (US trades) have begun to follow since mid-April.

More broadly, global shipping remains overcast by structural oversupply from historical new-build orderbooks, alongside softer demand linked to trade tariffs. While the Iran war is expected to add volatility, its impact is likely to be more limited than during prior major disruptions. Notably, carriers and terminal operators continue to invest, accelerating port and terminal developments globally to strengthen network resilience and long-term positioning.

The Baltic Panamax index (a proxy for grain bulk freight) remains modestly elevated, supported by broader bulk shipping dynamics and disruptions linked to the Strait of Hormuz.

What to watch:

- **The conflict in the Middle East** – The war in Iran continues to be the main driver for energy markets. Only a reopening of the Strait of Hormuz will see substantial relief for squeezed supply chains in the short to medium term.



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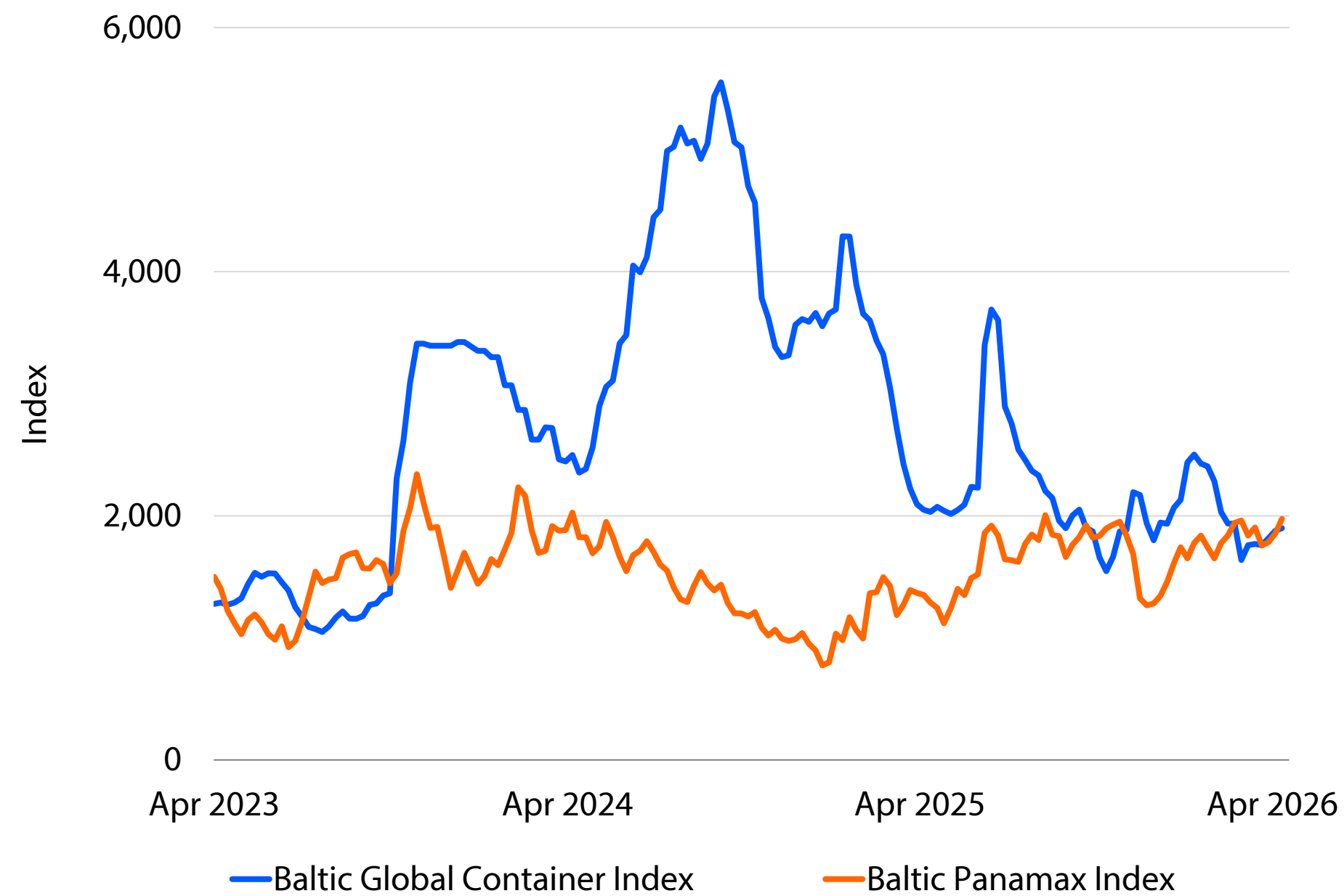
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Oil and freight

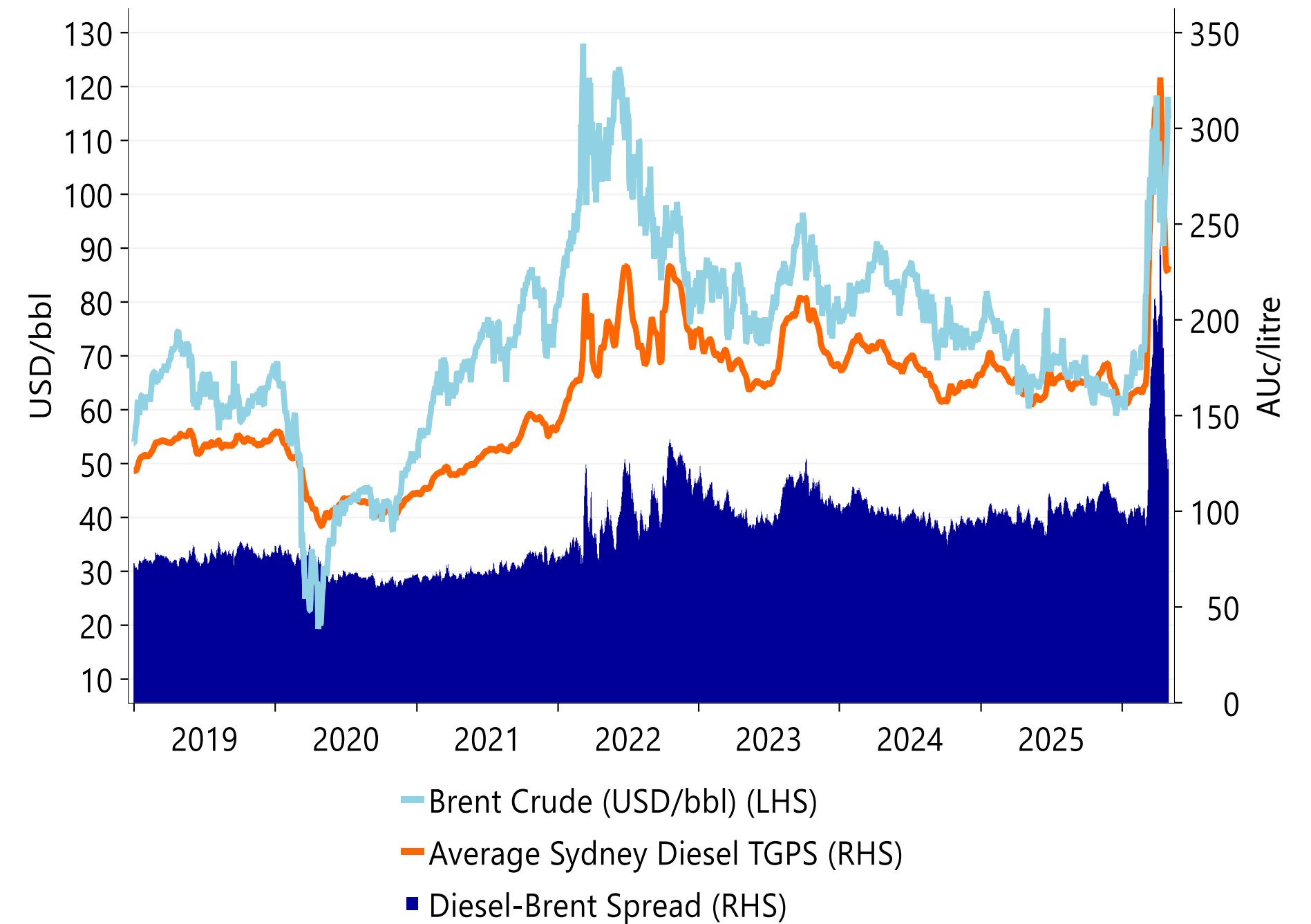
Fuel prices continue to be high and volatile as the Strait of Hormuz remains shut

Baltic Panamax Index and Dry Container Index, Apr 2023-Apr 2026



Source: Baltic Exchange, Bloomberg, RaboResearch 2026

Brent crude versus Sydney diesel prices, 2019-2026



Source: Macrobond, ICE, AIP, RaboResearch 2026

Agri price dashboard

24/04/2026	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▲	608	605	536
CBOT soybean	USc/bushel	▼	1,164	1,174	1,035
CBOT corn	USc/bushel	▼	455	467	476
Australian ASX EC Wheat Track	AUD/tonne	▲	340	337	335
Non-GM Canola Newcastle Track	AUD/tonne	▲	746	712	744
Feed Barley F1 Geelong Track	AUD/tonne	▲	314	309	328
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▲	870	855	698
Feeder Steer	AUc/kg lwt	•	473	473	383
North Island Bull 300kg	NZc/kg cwt	▼	935	950	765
South Island Bull 300kg	NZc/kg cwt	▼	915	925	715
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	•	1,106	1,106	809
North Island Lamb 17.5kg YX	NZc/kg cwt	▼	1,050	1,070	865
South Island Lamb 17.5kg YX	NZc/kg cwt	▼	1,050	1,070	835
Venison markets					
North Island Stag	NZc/kg cwt	•	1,060	1,060	920
South Island Stag	NZc/kg cwt	•	1,060	1,060	915
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▼	6,200	6,688	7,500
Skim Milk Powder	USD/tonne FOB	▲	3,525	3,338	2,963
Whole Milk Powder	USD/tonne FOB	▼	3,663	3,750	4,013
Cheddar	USD/tonne FOB	▼	4,825	4,888	5,088

Source: Baltic Exchange, Bloomberg, RaboResearch 2026

Agri price dashboard

24/04/2026	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▲	89.4	78.9	78
ICE No.2 NY Futures (nearby contract)	USc/lb	▲	77.0	69.4	67
Sugar markets					
ICE Sugar No.11	USc/lb	▼	13.9	15.9	18.0
ICE Sugar No.11 (AUD)	AUD/tonne	▼	435	513	599
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▲	1,730	1,693	1,232
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▲	908	740	395
DAP (US Gulf)	USD/tonne FOB	▲	840	745	660
Other					
Baltic Panamax Index	1000=1985	▲	1,960	1,770	1,292
Brent Crude Oil	USD/bbl	▼	105	108	67
Economics/currency					
AUD	vs. USD	▲	0.715	0.689	0.637
NZD	vs. USD	▲	0.588	0.576	0.597
RBA Official Cash Rate	%	•	4.10	4.10	4.10
NZRB Official Cash Rate	%	•	2.25	2.25	3.50

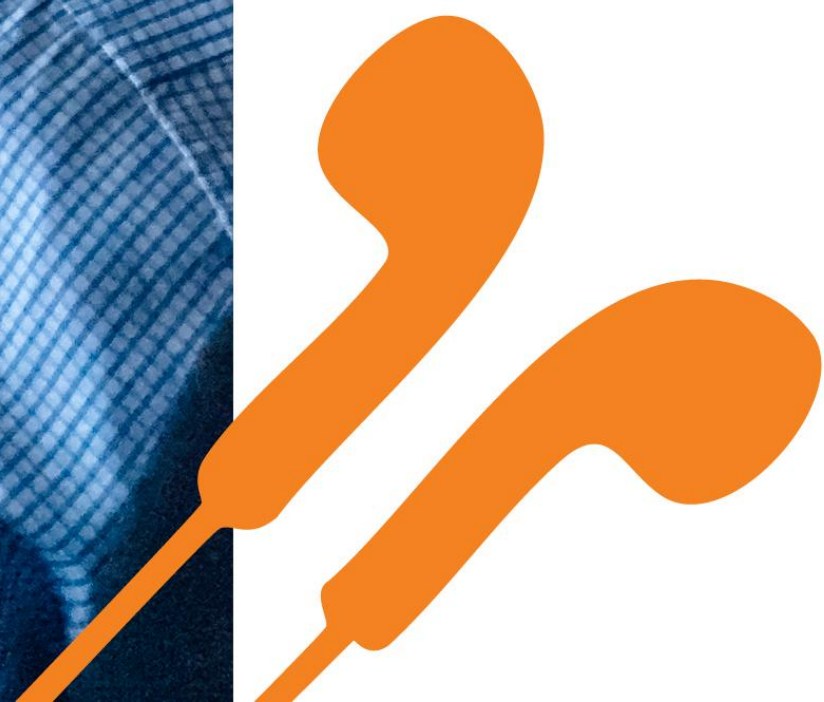
Source: Baltic Exchange, Bloomberg, RaboResearch 2026



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