



ravensdown



MARKET OUTLOOK

Spring 2024



Supply Update **Outlook**



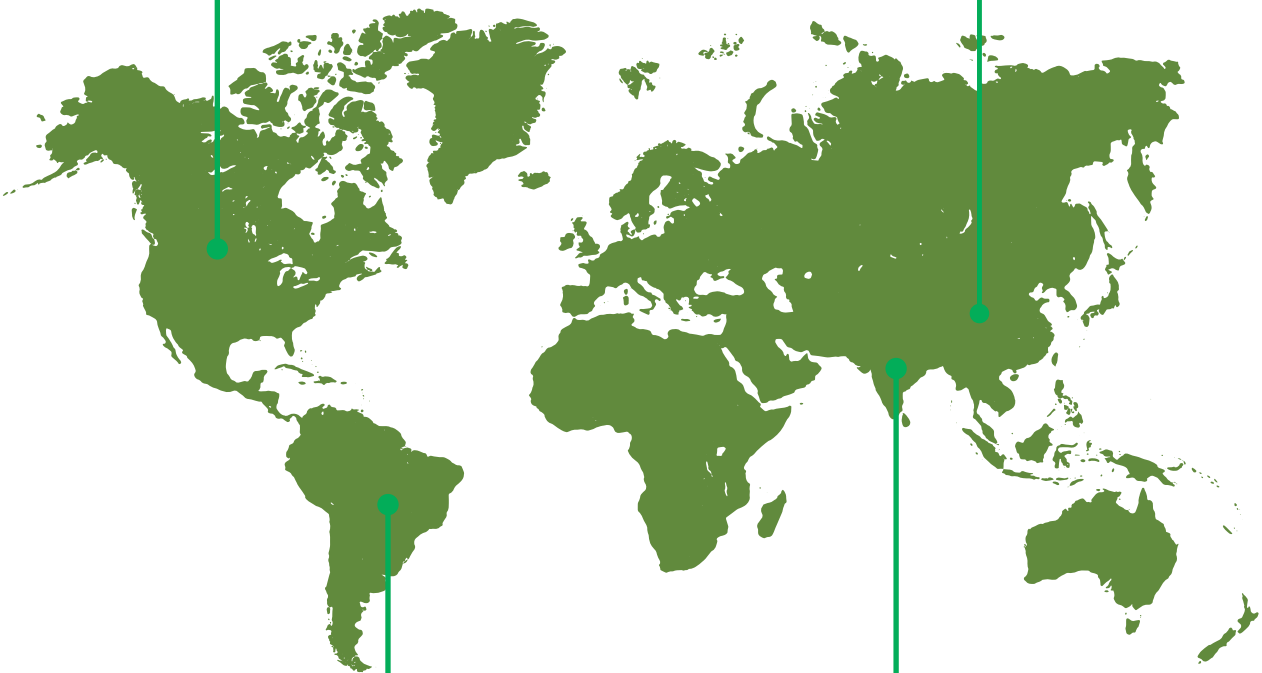
Canada

All eyes were on Canada (a major Potash producer) as the two largest railroads locked out workers following failed labour contract talks. The Canadian government intervened, and supply lines are once again in operation, for now. Potash demand is picking up and prices are expected to firm.



Asia

Container freight rates remain elevated (230% higher YOY), in part due to congestion at Asian ports.



Brazil

Ammonium sulphate markets have been stable but prices are expected to trend upwards as Brazilian buyers return to the market.



India

Demand from India and Bangladesh for DAP are keeping prices firm as global supply remains on the tight side.



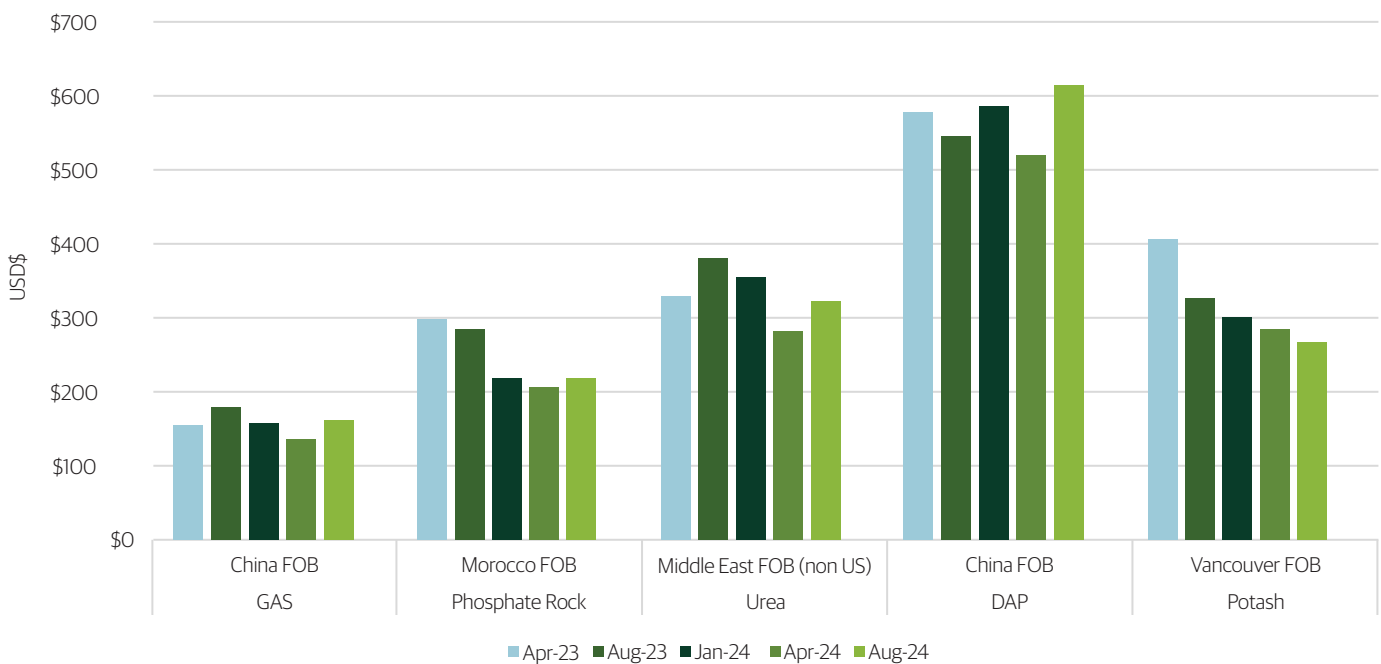
Source: CRU

Urea markets are flat and subdued, but are expected to bounce as India and Brazil re-enter on the demand side. Chinese export restrictions remain.



International Commodity Pricing Trends

Key international commodity pricing trends



Note: excludes freight, insurance etc. As of 08/24 methodology has been updated from quarterly averages to the latest index value for that month.

Market view from **Mike Whitty**

While fertiliser affordability appears to be relatively positive on a global scale, especially compared to the high prices of 2022, market demand and supply limitations continue to drive upward price trends in the nitrogen, processed phosphates and sulphur markets more generally.

China's non-participation in the urea export market coupled with increased seasonal demand, has led to an upward movement in nitrogen prices.

India's strategy to reduce the volume of their tenders and prolong tender timelines - partly because of increased domestic production - has capped the market.

Nonetheless, as the northern hemisphere and Brazil enter the market toward the fourth quarter, we expect prices to firm before tapering off post-season.

A decline in international grain prices has made buyers cautious, with many key

purchasers waiting on the sidelines to better understand price direction.

Looking at specific products, China's DAP and MAP exports will stop in the fourth quarter. As mentioned earlier, high demand and subsidies in India are creating a tight supply situation, causing a significant rise in market prices, which are expected to remain elevated for some time.

Conversely, potash prices remain relatively soft as good demand is met by strong supply.

However, phosphate rock prices are currently stable worldwide, awaiting cues from processed phosphate markets.

Overall the market appears to be balanced, suggesting current elevated international prices will be reflected over the New Zealand spring season.

Container shipping rates to Asia have surged significantly, owing to delays and limited availability of container stock. However, bulk shipping conditions are more stable than six months ago, with no immediate changes expected unless there's a resolution to the conflict in the Red Sea.

On a positive note, the New Zealand dollar has shown some resilience, with a favourable currency exchange rate at around 62US cents to the \$NZ. Good news for importers.

Weak economic indicators include oil prices hovering below 80 US dollars per tonne.

At home Ravensdown is in spring mode. Over winter shut down Napier Works underwent a significant upgrade and rejuvenation of assets following the 2022 fire and Cyclone Gabrielle damage last year.

We have two shipments of Togolese, South African and Australian rocks arriving for our spring production, and we spent some time over the last year ensuring these rocks meet our operational and quality requirements. This has included a visit and audit of these operations.

Just like our customers, we have been readying our operations for the busy spring period to ensure we're delivering value on-farm. Our team is 100% focussed on making sure the right product is available at the right time, where New Zealand farmers and growers need it.

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Commodity Prices

Dairy, Beef and Lamb



With the drop in the OCR, the first since October 2021, banks are heralding the commencement of the inflationary easing cycle, and potentially, lower interest rates.



In recent weeks, Fonterra has lifted the forecast milk price to \$8.50 /kgMS on the back of a surge in global dairy prices at auction. Prices have firmed even as volumes offered have lifted, signalling demand strength in the market.



Good news in beef markets, where we are seeing positive demand from secondary markets and strong US import pricing as well.



Lamb prices are on the rise due to a shortage of finished lambs available to NZ processors; however, the export outlook remains challenging with uncertainty around Chinese demand. Wool prices are improving from a low base.



Low hydro lake levels are causing rising electricity pricing, both on farm and at a processor level.




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