



ravensdown

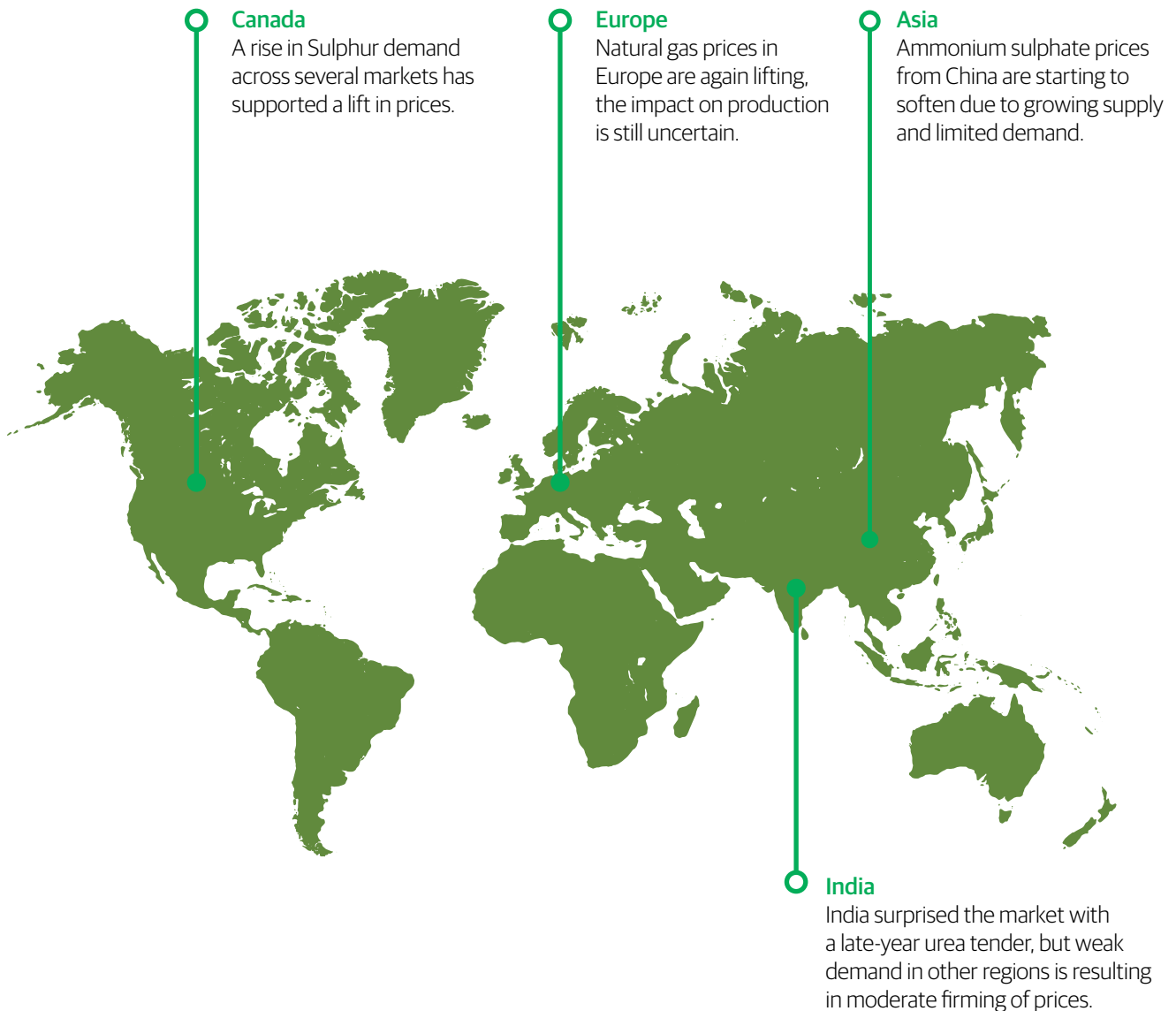


MARKET OUTLOOK

Summer 2024/25



Supply Update **Outlook**



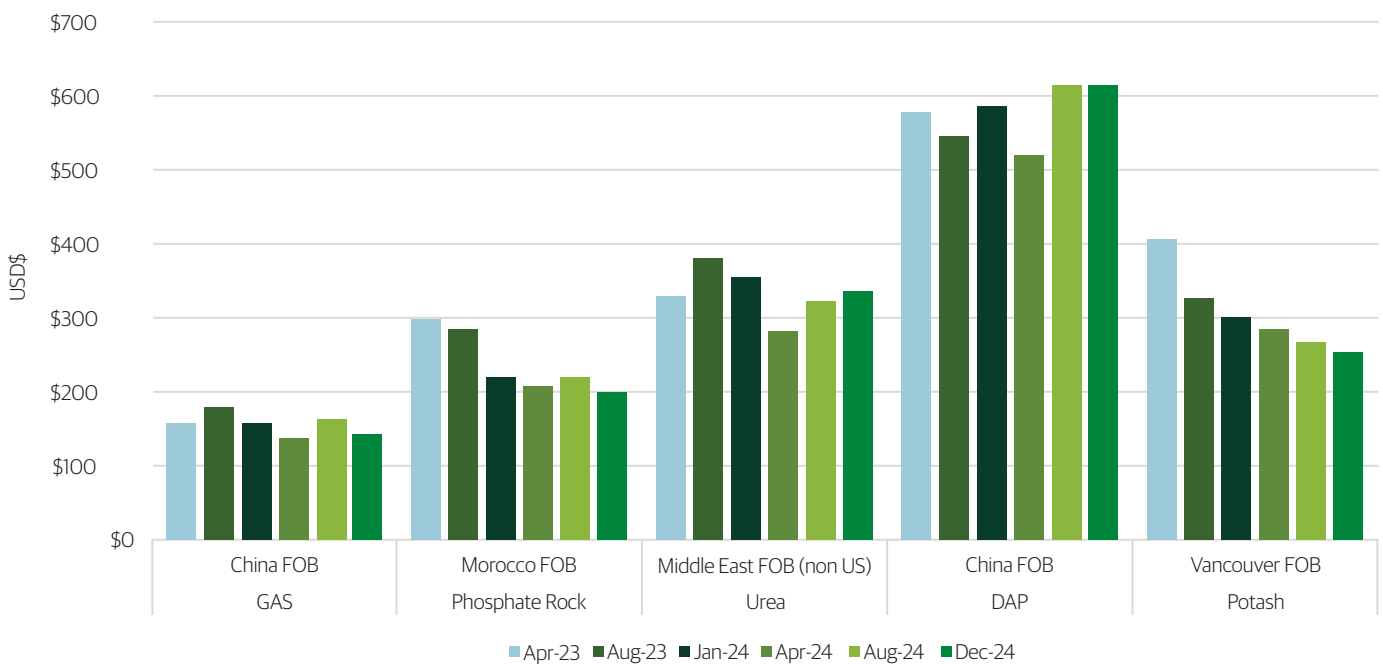
Source: CRU, Argus

High international phosphate prices, relative to other downstream commodities, are driving up prices for phosphate rock.



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.



Mike Whitty
Chief Operating Officer

Summer Market View: Sluggish demand and modest shifts in prices

As we move further into the final quarter of 2024, the global fertiliser market has been running out of steam mainly due to limited demand for nitrogen products. Higher processed phosphate prices are now starting to level out which has an impact on raw materials.

Overall demand for fertiliser remains sluggish due to high inventories in some markets, elevated prices and the off-season timing.

India continues to be a significant player in the global fertiliser market, frequently issuing long-dated tenders for urea. However, this has not translated into strong global demand for urea further afield. The market remains hesitant, and other regions are showing effects of off-season fertiliser consumption. After a rapid rise, urea prices softened, and then rebounded on the last tender.

As for nitrogen fertiliser prices, these will depend on when the demand returns. This is of course with China remaining out of the export market.

Ammonium sulphate prices are showing signs of softness, particularly out of China. This is attributed to a growing availability of the product coupled with a lack of strong demand, and supply is continuing to grow. China is the largest exporter of ammonium sulphate, but demand and inventory levels have led to pricing adjustments.

From a phosphate perspective, the market remains largely static outside of India. While India has been consistently active in procuring processed phosphates, there is little demand in other parts of the world. In the US, recent cyclone issues that disrupted manufacturing appear to have abated. So, in conjunction with a lack of supply from China, it's likely the market for processed phosphates has peaked for the time being.

Conversely, phosphate rock prices are showing a slight upward trend. This has been an expected development, as limited availability of rock and higher processed phosphate prices impact market dynamics. The price increase is not dramatic, but it signals potential tightening in the global phosphate rock market.

The potash market, which has been languishing at the bottom for some time, is starting to show slight signs of recovery. Prices are beginning to firm up,

with some analysts expecting this trend to continue. The market for potash has been under pressure due to oversupply and relatively low demand in recent years, now low prices reflect good buying. However, as some key producing countries like Belarus discuss limiting production, this could lead to tighter supply and higher prices in the medium term.

Sulphur, a key component in many fertiliser products like DAP and MAP, is also heading in an upward direction. There is good demand for products like DAP, which has been driving the need for sulphur, thus pushing up its cost. As the global fertiliser market adjusts to shifting demands, sulphur prices are expected to maintain their upward trajectory.

In conclusion, while we are seeing minor price adjustments for some products, the global fertiliser market remains largely in a holding pattern. With sluggish out of season demand, particularly outside of India, and minimal changes in global production dynamics, it appears that the market has stabilised, until the next surge in demand or improved supply dynamics.

For now, we will continue to monitor trends in demand, supply chain disruptions, and geopolitical developments that could impact the overall fertiliser landscape.



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Commodity Prices

Dairy, Beef and Lamb



Economic stimulus worldwide, like China's direct support and lower interest rates in other countries, is positive for New Zealand exporters. While it may take time to boost economic activity and consumer confidence, the overall trend is encouraging.



The dairy industry is in good shape, with higher export prices and a milk payout forecast to be the second highest ever. This provides a solid boost for dairy farmers.



Global beef markets are performing well, although prices have dipped slightly recently. Locally, demand for cattle is strong due to good pasture growth in spring.



Lamb prices have jumped due to limited supply and are holding up better than predicted. Still a wait and see on export prices and demand.




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