



ravensdown

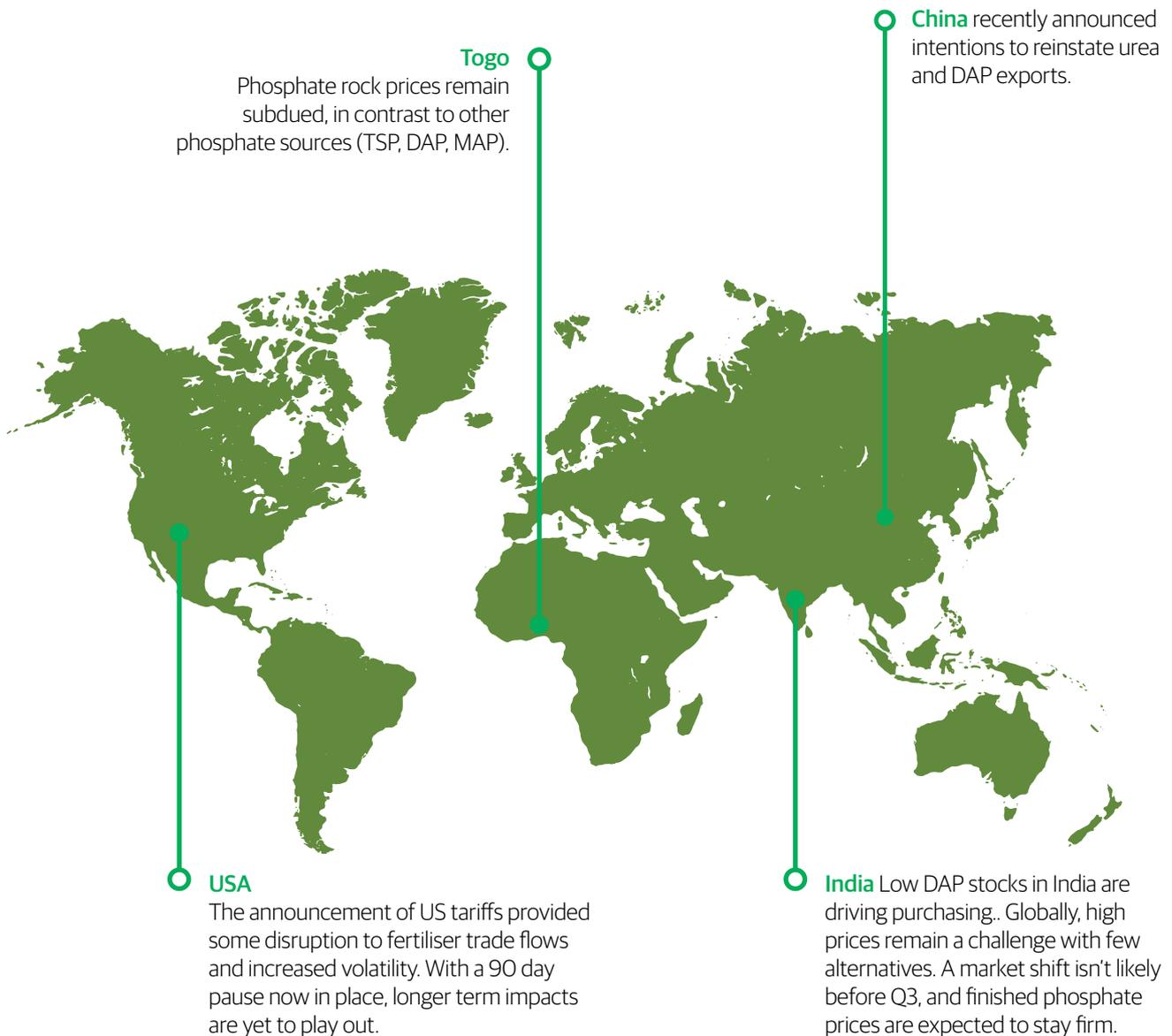


MARKET OUTLOOK

Winter 2025

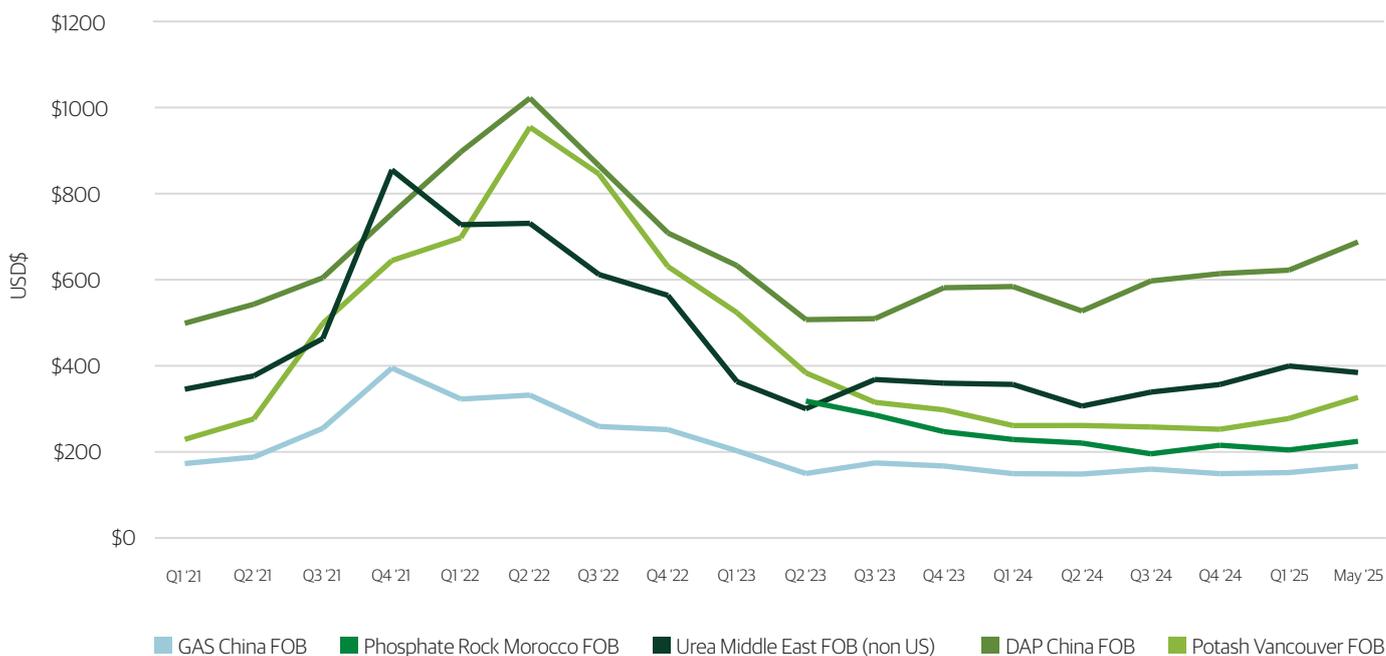


Supply Update **Outlook**





International Commodity Pricing Trends

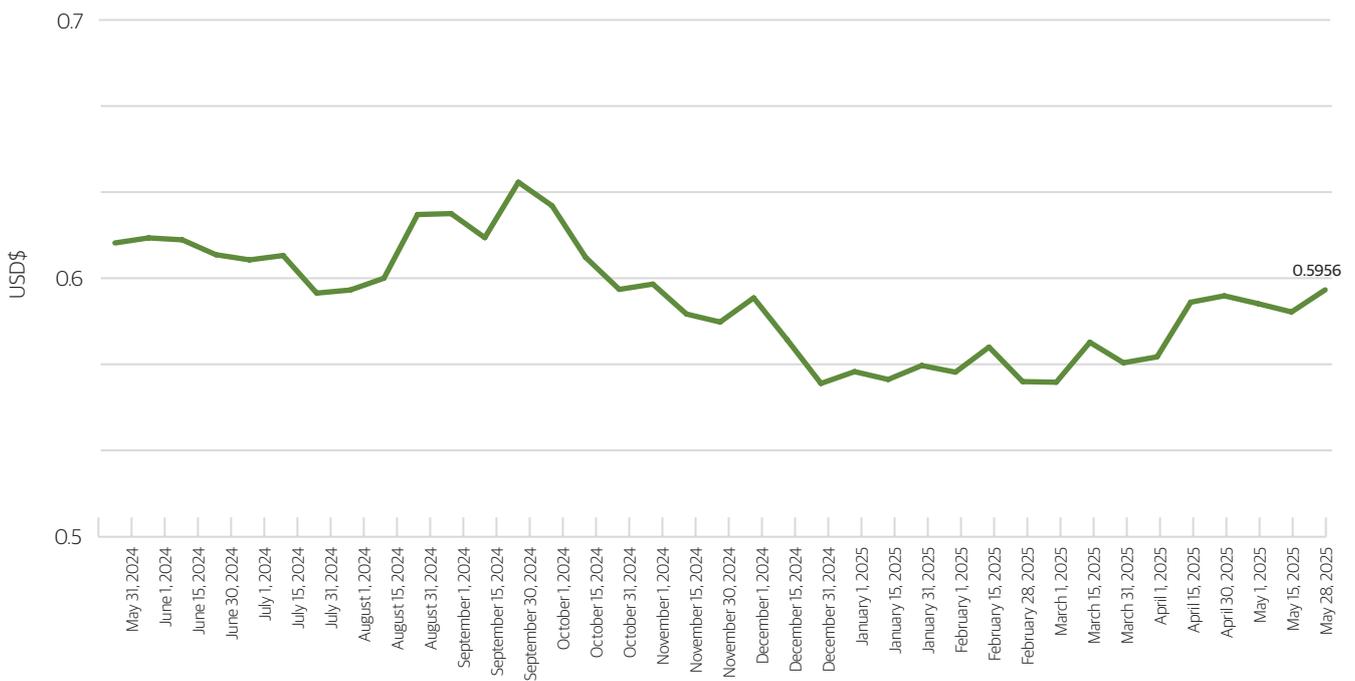


Note: quarterly mean excludes, freight, insurance etc.



Exchange Rate Changes

NZD to USD



Winter Market View: International Fertiliser Market Firm

The annual International Fertiliser Association Conference in Europe last month was a good opportunity to firm up our relationships with international fertiliser suppliers. It also allows us to get a general feel of how the industry is responding to global demand dynamics and the geopolitical environment. Brazil was the talk of the conference as nutrient demand from the emerging economic powerhouse continues to grow.

We also saw more evidence of customers moving to lower cost product to meet their P and S needs, with a favourability toward superphosphate over DAP in particular.

It was heartening to see more suppliers looking to innovate to provide customers with more solutions to achieving better environmental outcomes and we continue to look at the applicability of these products for the New Zealand market.

Current state of play

Since our Autumn Outlook the international fertiliser market has continued its dynamic trend.

Despite some significant moves from global heavyweights like China and India, the overarching narrative is clear: prices are rising, supply is tight, and uncertainty in the medium to long term remains.

After a lengthy absence, China is re-entering the global fertiliser arena, offering up urea and processed phosphates for international sale. This comes with limitations on volumes

and the initial timeframe of the export window and caveats on domestic pricing expectations. Strict floor pricing – USD\$370 per tonne for urea and USD\$680 for DAP – China's return is more symbolic than transformative in the short term.

While China's move is a step towards increased availability, strong global demand is likely to absorb any major gains. It's also worth noting that China has stated they will not supply urea to India, one of the biggest buyers on the planet. India, facing a shortfall in its latest tender, has recently announced another tender, tightening the global market even further.

In Egypt, another major urea producer, a gas shortage has choked supply, pushing prices higher.

Add to this strong seasonal demand from both the Northern Hemisphere and markets like Australia, and it's no surprise that urea prices remain elevated.

Phosphates

But it's not just nitrogen that's firming.

Processed phosphates like DAP, MAP, SSP and TSP are becoming increasingly expensive due to limited global supply, and although China may stabilise the market, prices continue to rise.

One slight relief? Phosphate rock is showing a holding price trend, for now. But if the cost of processed phosphates continues to climb, it's hard to see that softness lasting. Compounding the situation, sulphur prices have nearly doubled in the past year thanks to poor supply from the Middle East.



Mike Whitty
Chief Operating Officer

Even potash, which enjoyed a prolonged period of affordability, is now on the up, with global demand returning to more sustainable levels (higher prices).

Meanwhile, a range of major fertiliser investments – like BHP's potash mine in Canada, new urea facilities in Australia, and the Middle East and OCP's phosphate expansion – are still at least two years from fruition. So don't count on new supply to cool prices any time soon.

Shipping, currency and other factors

Ironically, as fertiliser prices soar, international freight rates are relatively weak, offering a rare bit of good news for importers.

However, the war in Ukraine, European tariffs on Russian fertiliser, and energy crises across Europe continue to distort manufacturing and trade flows.

The New Zealand dollar has held up surprisingly well against the US dollar of late, but we remain vulnerable to fluctuations.

Superphosphate reigns supreme

In this world of uncertainty, one product continues to offer a solid foundation: superphosphate.

It remains the most affordable and reliable way for Kiwi farmers to supply essential nutrients to New Zealand farming systems.



The overarching narrative is clear: prices are rising, supply is tight, and uncertainty in the medium and long term remains.





Commodity Prices

Dairy, Beef and Lamb



Supply and demand are relatively balanced in global dairy markets. This provides some stability at current levels for the short-term.



NZ Beef exports peaked in March at a record \$534m. Global demand is strong with a potential upside in Asian markets depending on how US-China relations evolve.



Lamb prices remain strong despite solid Australian supply. Consumer confidence will determine longer-term dynamics.



Despite recent US tariff changes, our agricultural exports remain resilient. Current measures are not expected to adversely affect our trade with the US.




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