Technical Update – Feed Markets

Information correct as at 09:00am on 04.04.2025

- "Liberation Day" tariff announcements have caused chaos.
- Prices have come under further pressure as a result.
- The US Prospective Plantings report suggests more maize with less soya and wheat.
- IGC predicting record maize crop, but 9-year lows for wheat ending stocks.

Summary:

President Trump has introduced his much-vaunted massive wave of new tariffs across a wide range of products and countries which will have an enormous impact on these countries and the global economy. The UK has "got away" with the base level of 10% apart from cars at 25%. His "worst offending" countries have had much higher tariffs imposed. We now wait to see how many can be negotiated back from their announced levels or what the retaliatory moves will be.

Stock and agricultural commodities markets have all fallen amidst fears of slowing growth, rising costs/inflation and higher interest rates remaining.

The US Prospective Plantings report indicated lower areas for US wheat and soyabeans with a higher area for maize.

The latest IGC forecast is for a record 1.27 billion tonne worldwide maize crop and ample stocks. The outlook for wheat remains similar with 9-year low ending stocks forecast for 2024/25. Many areas of the US wheat growing area are now in drought, joining the Black Sea.

UK wheat slipped back to under £168/t for May and £185/t for November. With downward pressures keeping forward wheat/barley prices low this continues to represent an opportunity for buyers to increase cover through 2025 and into 2026.

Vegetable oil prices have increased recently, which has increased the value of oilseeds. More meal has been produced and this has kept prices down, again with good opportunities to increase forward cover.

UK Hi Pro soya meal prices remain steady around £310-320/t for May-October and £330/t for Nov –Dec. after which the EUDR Regulations, in theory, come into effect. North American non deforested soya meal offers are very limited but some Canadian material is expected in June with a premium of around £25/t.

Non-Erith rape meal is around £240/t to July, then falling to £225 for new crop but with a premium after December due to the EUDR situation at £245-255/t. More cheap Canadian canola could come in with the current tariff situation and that could lower rape meal prices later

Maize distillers are stable at £230-235/t for May-July, falling to £225-230/t for Aug – Oct and then with s slight premium into 2026.

Soya hulls are tight currently but assuming the ships arrive in May should be back to £175/t through to April 2026.

General:

US Managed Funds have cut their net long positions across grains and soya by around 1/3 since Trump came to office in expectation of lower prices.

The increased production expected from OPEC+ countries and a weaker global economy, partly due to Trumps tariffs, means that the average price of Brent Crude is expected to stay in the low $70s/barrel this year.

The £ remains stable against the US$ at around 1.31 and against the Euro at 1.20. Gold has hit a new record high of over $3,100/oz as investors look for a safe haven in turbulent times.

Shipping costs remain very high with the Baltic Dry Index remaining at around 1590 or around double its recent February lows.

Cereals- the details:

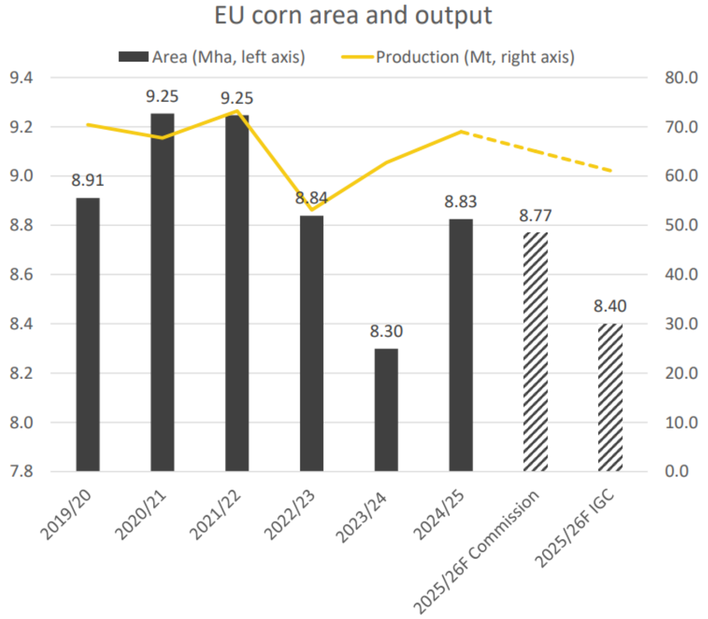
The US Prospective Plantings Report published on 31st March gave the first view of likely US planted areas for key crops based on a survey of 74,000 farmers.

Predicted maize plantings were 95.3M acres, up around 5% on last year and in line with market expectations, thus having negligible effect on prices. The soya:maize ratio is currently favouring maize production over soya so an increased planted area was expected.

The latest IGC forecast for the year to come has global maize production at a new record of 1.27 billion tonnes. although the Brazilian Zafrina crop is in its initial stages of development and the US crop is not yet planted.

US tariffs and their threats have effectively caused a 10% fall in prices since Trump took office. Since then, US Managed Funds have cut their net long positions on maize with one of the biggest sell downs on record.

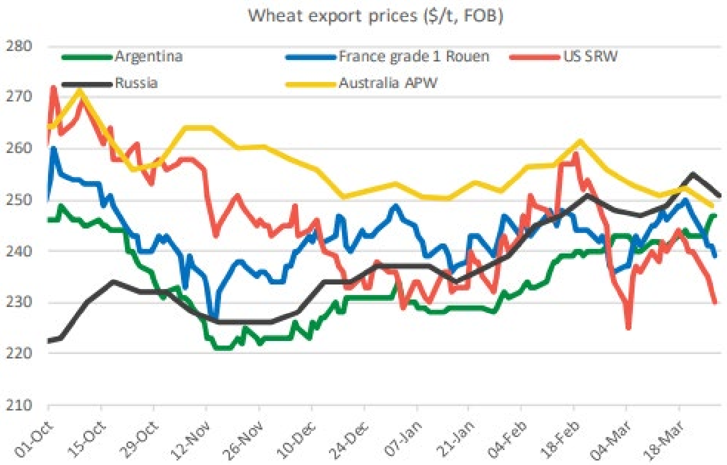
US exports have been strong with Brazilian supplies at seasonal lows. They have also seen strong domestic demand for biofuel production. The Argentinian crop is lower due to the previous drought. EU maize production is forecast to be well down on 2024 when the extremely wet winter encouraged an increase in spring planted crops.



For wheat, the Prospective Plantings report indicated a lower US planted area in 2025 of 45.3M acres. This was below trade expectations and the second lowest planted area since 1919, causing Chicago wheat prices to rise.

Meanwhile, despite a rapid slowdown in Russian exports from the Black Sea area (1.6MT in February vs 4.8MT in the same month last year) weak EU exports and the new Black Sea grain deal moved EU prices lower.

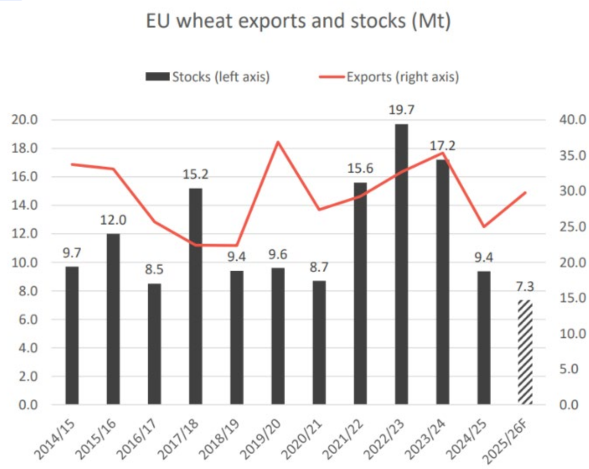
Prices have replicated other markets and fallen following Trumps entry into office and the launch of his trade wars.



Weather continues to cause concerns in some key growing areas of the world, especially Ukraine and the US Plains where large areas are now in official drought.

The latest forecasts for 2024/25 still show the outcome to be a 9-year low in terms of stocks. With lower plantings and very dry weather the likelihood is that this situation will not have changed by the end of the 2025/26 year.

The latest prediction for 2025/26 EU wheat production is for 126.5MT but exports and stocks are forecast to be low – see below. This shows a declining picture with the lowest stocks since the 1990s by the end of 2025/26.



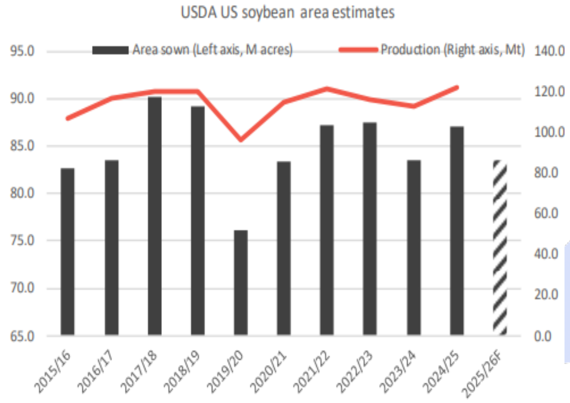
With these very tight stocks and weather uncertainties the prospects for an upturn in prices later in the year remain but the ongoing threats to demand from the Trump administrations actions are significant.

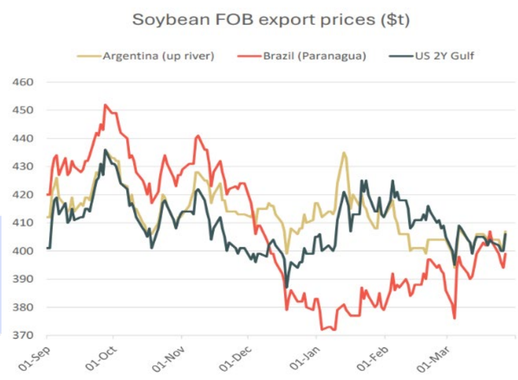
On the back of this UK wheat slipped back to below £168/t for May and £ 185/t for November. This is partly due to the general global issues and also because of very strong imports of milling wheat this year.

At these prices, farmers are reluctant sellers but the longer they last the more pressure there is for many to raise cash. From a buyer's point of view, they continue to represent an opportunity to build further cover through the end of 2025 and into 2026.

Proteins-the details:

The Prospective Plantings report indicated slightly lower soyabean plantings in 2025 at 83.5Macres, a 5-year low, and stocks of 52MT which were in line with market expectations (below left). Prices of soyabeans from the 3 main world suppliers have trended downwards and converged recently, with Brazil benefiting from higher demand from China (below right).





Brazil has had mixed weather, but very dry conditions in some key growing areas has resulted in lower than expected yields. Local forecasters now estimate the crop to be 166MT, down 5.6MT from the start of the year.

Strikes are again threatened in Argentina which could cause disruption to shipping. No offers are being made into 2026.

US soya meal prices continue to hover around 4-year lows. Managed Funds have moved to close to a record net short position in anticipation of continuing low prices.

Vegetable oil prices have increased recently with the White House pushing for a deal between crude oil suppliers and biofuel producers.

Canadian canola prices continue at low levels following the imposition of 100% Chinese tariffs but they have recovered a little in recent days. Paris rapeseed prices have also recovered to around €525/t.

The premium of rapeseed over canola has increased to $140/t, up from virtually zero this time last year. Some Canadian canola is coming to the EU but rapeseed/canola crushing is well down with many crushers switching to soyabeans, reaching a 3 year high in February of 1.1MT. Given the situation with tariffs and potential tariffs it is unclear how much will be grown in Canada this year.

The latest EU forecast for the 2025/26 rapeseed crop production is for it to increase to 19.0MT up from 16.9MT in 2024/25.