Technical Update – Feed Markets

Information correct as at 09:00am on 02.05.2025.

- Prices for grains and most straights have fallen in UK.
- There is still a significant upside risk bearing in mind fundamentals.
- Much will depend on how global economy copes with the tariff upheaval.
- Weather to play a crucial role now as Northen hemisphere crops are established and

Summary:

Northern hemisphere crops are reaching a critical stage so the weather from now on will be crucial. The latest IGC forecasts are for wheat stocks to remain very tight into 2026. This is assuming that consumption does not fall further due to weaker demand on the back of rising inflation, potential recession and low oil prices.

Forecasts for maize and soya stocks and stocks:use ratios for both crops are looking much better into 2025/26.

Oilseed and vegetable oil prices have fallen recently on the back of low crude oil prices and weaker demand. Global rapeseed export volumes are forecast to fall by a further 3MT in 2025/26 with the extremely dry weather in Ukraine and Western Australia to blame. With stronger Chinese demand the upside risks are significant.

Prices for grains and most straights in the UK have fallen again recently, partly driven by currency, so in an unpredictable world with significant upside risks further forward cover should be taken into 2026 if needed.

In the UK prices are also under pressure due to the strength of the £ and wheat has fallen to the low £160s/t for May and around £183/t for November. These prices would be around £15/t higher without the change in the exchange rate and still represent a buying opportunity if more cover is needed throughout the remainder of 2025 and into 2026. Barley is around £13/t less.

UK Hi pro soya is being quoted at £295/t ASA for May – October, rising to £305-310/t for Nov – Dec, with nothing being quoted beyond that point due to the forthcoming EUDR Regulations.

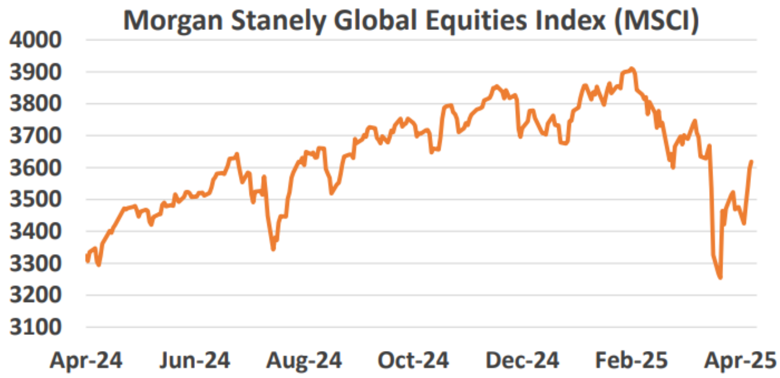
Rape meal is following soya down a little to £230/t for May – July and £215 – 220/t for August – September before rising to £232/t for Nov – Dec and £242/t for Jan – April with no competition from soya meal.

US Maize Distillers is now less competitive against rape meal at around £245/t for May/June, falling to £225-230/t from July through to April 2026

Soya hulls are in tight supply and again rely on ships arriving safely later in May when the price will be around £170-175/t from Southern ports.

General:

Uncertainty and volatility continue in world markets with many staging a limited recovery on the back of the 90-day US reprieve from tariffs, but the unpredictability of President Trump means that could quickly change.



The reduced confidence in the outlook for the US economy means that investor's money is flowing to other parts of the world and the US $ is no longer seen as the safe haven it once was. The weaker US $ means many other currencies are stronger, with the £ at a 3 year high of 1.33/34 so imported $ traded goods such as gas, oil, grains, soya meal, US maize distillers, etc are cheaper. The £ has recovered against the Euro to 1.18 as interest rates are expected to stay higher for longer in the UK.

In addition, the threat of tariffs has weakened the outlook for global economic growth so demand for products is weaker. The attacks on the Head of the Federal Reserve are seen as having a negative effect on outlooks, but rumours of a significant reduction in the tariffs on China a positive effect.

The US economy contracted by 0.3% in the first quarter of 2025 vs 2.4% growth in the last quarter of 2024. Trump says he needs time to turn things around!

The threats to global economic growth resulting in weaker demand, plus rising output from the OPEC+ countries, have contributed to Brent Crude oil prices falling to $63-64/barrel, well below recent highs of $80.

The IMF have recently reduced their forecast for UK economic growth from 1.6% to 1.1% for 2025. This is partly due to the Trump tariff effect but also due to UK Government changes adding costs and increasing the threat of inflation rising above 3% later in the year.

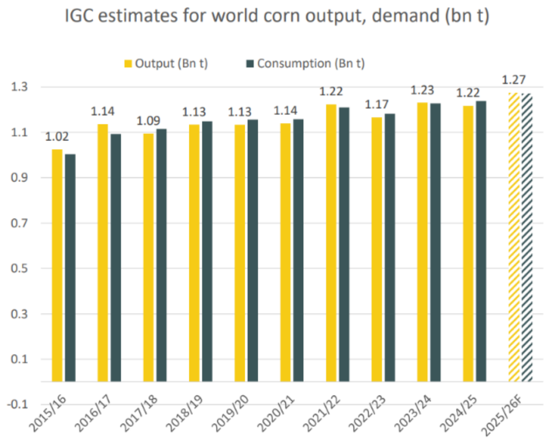
Cereals- the details:

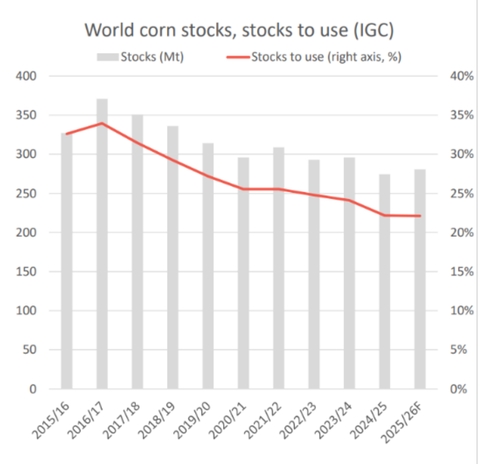
Maize:

Prices for the three major exporters (US, Brazil and Argentina) have converged recently with seasonally weaker supplies from South America and strong US exports.

US plantings for the 2025 crop year have got off to a rapid start and are now around 25% complete in generally good conditions. Rains in Brazil have improved the prospects for the Zafrina crop due in June. The Argentinian harvest is progressing well and could be on track for a record 55-60MT.

The latest IGC world forecast for 2025/26 is for record production but also record consumption. Stocks are expected to continue their decline of recent years with the stocks:use ratio forecast at around 22%.





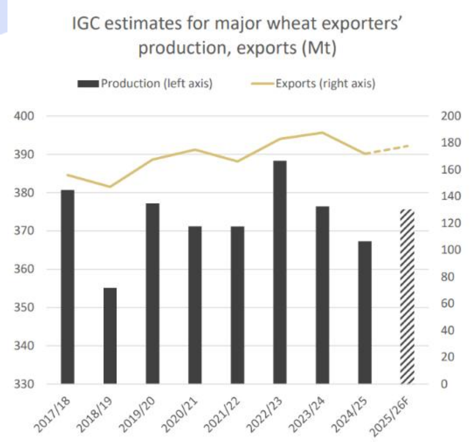
With the potential for disruption from the Trump tariffs and low oil prices, leading to lower prices and margins for ethanol, consumption could fall further than the IGC forecast.

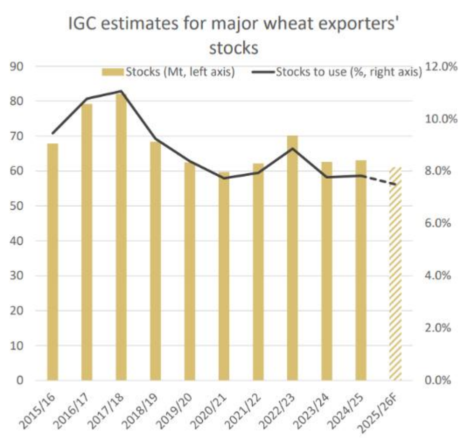
UK maize imports have reached a record 2MT in the first 8 months of the 2024/25 year but are now slowing.

Wheat:

Whilst other major exporters wheat prices have converged within a narrow band, US prices have fallen dramatically since President Trump came to power as buyers prefer to go elsewhere.

The next USDA WASDE report is due out on 12th May and will provide their first forecast for 2025 crops around the world. In the meantime, the IGC have produced their forecast which shows production from the major exporters recovering from the year 2024/25 but stocks and stocks:use ratio remaining very tight.





Continuing extreme dryness in Ukraine is forecast to reduce their output significantly but Canada and Europe in particular are looking set for a good year at this stage. Crops in Russia seem to have survived the winter better than once feared and production is set to remain around 80MT, but stocks have been run down so export volumes will be down for 2025/26.

Rains in the US Plains have improved prospects there recently with good/excellent ratings improving by 4% week on week to 49%.

US Managed Funds remain net short on wheat and volatility in prices remains with prices fluctuating depending on the latest prospects for the Russia/Ukraine peace agreement and the latest weather forecasts.

With low oil and biofuel prices questions have been raised regarding the long-term future viability of the Vivergo plant. It is understood that discussions with Government are taking place to try and improve the situation.

Proteins:

Soya:

Uncertainty over the future of US/China relations and trade continues. There is a suggestion that the US might be looking to back off their threat of massive tariffs with exemptions for some goods as well. This affects the prospects for soya bean exports between one of the largest producers and the world's largest consumer.

China has announced its intention to drop soya meal inclusion in diets from 13.5% to 10% in an attempt to reduce dependence on US imports. This will have implications for other oilseeds.

US soya oil prices have been strong to date as Brazil uses more in its domestic biodiesel industry. US stocks are falling and an agreement is being reached with the oil industry in the US over biofuel inclusion levels.

Based on the March plantings intention area the 2025 US soya crop is now 18% planted. The ratio of soya:corn is now back up to 2.3 so this could encourage more acres to be planted to soya.

The Argentinian harvest is progressing slowly due to adverse weather conditions but farmers are now selling stockpiles as the economy is more stable, leading to lower prices.

The details of the EUDR Regulations, due to come into effect at the end of 2025, are still to be seen but rumours are that there are moves afoot to make it easier to meet the paperwork requirements.

Rapeseed:

Lower crude oil prices have weakened rapeseed prices, with Paris rapeseed down at €460/t from recent highs of over €550/t. The EU and UK crush has been lagging behind recent years since the start of the year as we approach seasonal lows with plants taken out of action for maintenance.

Initial forecasts for exports from the major rapeseed exporters for 2025/26 (based on local forecasts suggest a reduction in exports of 3MT from 15.4MT in 2024/25 to 12.4MT, a 13-year low. Most of this is down to the much reduced forecast for Ukraine where the continuing extreme drought is taking a severe toll on plantings and crop progress (with Australia also projected to be down due to dryness).

As China cuts back on soya inclusion in diets further pressure will be put on a limited supply of rapeseed. Chinese imports in the first 9 months of the 2024/25 year have reached a record 4.9MT.

The EU is forecast for a similar output to last year at around 19MT at this stage, which will be needed with exports from the main sources (Ukraine and Australia) limited. Canada is also looking OK, with good conditions and a recovery in prices following the revised US tariffs meaning that canola can compete with spring wheat for acres.

The UK on the other hand is forecast to produce only 720Kt in 2025/26, a 40-year low, with imports of over 1MT required.