Technical Update – Feed Markets

Information correct as at 09:00am on 22.04.2025

- The tariffs on/tariffs off again situation is causing huge disruption in the markets.
- US and Black Sea wheat are under drought stress as we enter critical growth stages.
- Forecasts for stocks for maize look good if harvests deliver.
- Soya edges lower, but ships have not yet arrived.

Summary:

Northern hemisphere winter crops are entering a critical phase and spring crops are starting their lives so changes in the weather outlook will add to the volatility over the next few months. The fundamentals are that the outlook for world wheat is tight with stocks forecast at 9-year lows, but maize and soyabeans are forecast to be more comfortable for the 2025/26 year.

After rallying before the Easter break, UK wheat prices have dipped significantly this morning to around £168/t for May and £184/t for November, continuing to represent a buying opportunity for the remainder of 2025 and into 2026. Weather and geopolitical upside risks mean prices could rise later.

Chinese imports of US soyabeans were up 84% in January and February as they prepared for anticipated Trump tariffs. They are now buying from Brazil.

UK soya meal prices are edging lower but are dependent on the arrival of ships in May. ASA prices for May have fallen back to £303/t for southern ports and £320/t for Liverpool. November/December prices are in the £315-320/t range.

The EUDR regulations should come into play from January 2026 and in theory US supplies of soya meal should take over at around a £25/t premium but this depends to an extent on Trump tariff decisions.

Rape meal prices (non-Erith) are little changed at around £225-235/t for new crop from July rising to £250-258/t for January - April when demand is expected to increase due to the imposition of EUDR regulations.

US maize distillers' grains supply is tightening due to lower ethanol production with falling oil prices plus lower river levels in the Mississippi. Prices have crept up to £230 – 235/t through to April 2026. Vivergo and Ensus production is reported to be increasing. Prices are up a little for August at £283/t rising to £293/t for November to April 2026

Soya hulls are little changed at £175/t for May – October from southern ports, rising to £180/t for November to April.

General:

Some stability has returned to the markets following the announcement of a 90-day delay to the introduction of many tariffs but they have settled at lower levels than previously. However, uncertainty and volatility resulting from the ever-changing US position on tariffs is having a damaging effect on markets and the outlook for the global economy.

Crude oil prices are around 20% down on recent February highs which is reducing prices for agricultural commodities along with the demand for ethanol and contributing to lower inflation.

Confidence in the US$ has been shaken with concerns over future economic growth, borrowing costs and inflation levels so the US$ has fallen against a basket of currencies to a 3-year low. The £ has strengthened against the US$ and is now around 1.33, however it has fallen against the Euro to around 1.17.

US Managed Funds have exited their long positions for grains and soya and gone net short.

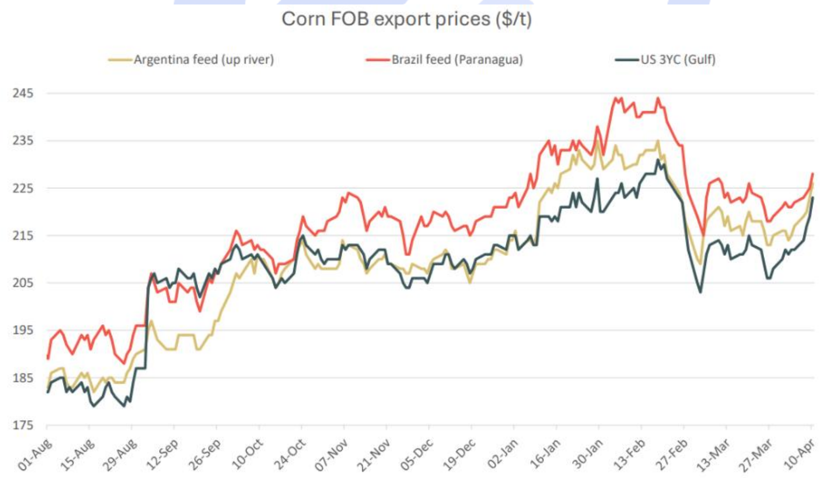
Gold has reached new record levels of over $3,300/oz as investors seek safe havens. The Euro has also benefitted from a movement in funds.

Brent Crude oil has fallen back from recent highs of over $80/barrel to around $66/barrel currently. Falling oil and fuel prices are the main reason UK inflation in March fell to 2.6% from 2.8% in February but the Bank of England predicts it will rise to 3.7% later this year.

Cereals- the details:

Maize:

The uncertainty over the introduction of tariffs and then the 90-day delay has caused volatility. Prices for the three main export origins have converged recently with US exports running strong but Brazil running seasonally weak. The Argentinian crop is around 25% harvested with exports starting to increase.



The latest IGC world forecast for 2025/26 indicates a total production of around 1.2BT and although lower than previous years, comfortable stocks.

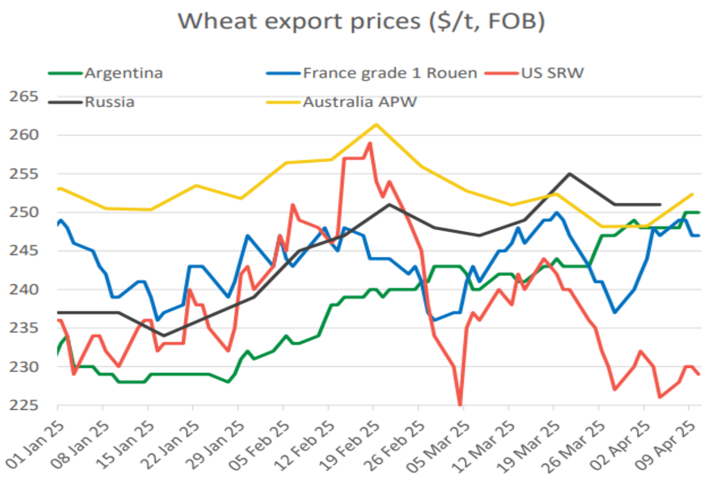
The US predicted plantings of 93.5M acres would be the third highest since the 2nd World War and with good yields could produce a crop of over 400MT for the first time, but there is a long way to go on that.

Lower oil prices mean lower demand for ethanol and with large quantities going into this in the US and Brazil maize prices should come under more pressure.

UK maize price is around £215/t ex-port falling to around £205/t for November – April 2026.

Wheat:

Unlike maize major exporters wheat prices have diverged, with the US well below the others – see below. The forecast of significant rain has not delivered as much as anticipated and this has impacted on prices. With 32% of the US winter wheat area in drought and 66% of Kansas (the main wheat growing state now classified as droughted). In addition, the weak US$, at 3-year lows, has not helped.



Supplies from the Black Sea have slowed dramatically since the start of the year partly due to lower 2024 crops, partly due to "front loading" and partly due to export controls in Russia from February.

The latest IGC forecast for major exporters stocks and stocks:use ratio for 2024/25 show similar levels to 2023/24 and still the tightest stocks:use ratio since 2012/13. Crops in Russia, Ukraine, the US, and Australia are all forecast to be down on last year but Europe is expected to recover back to 10-year average levels.

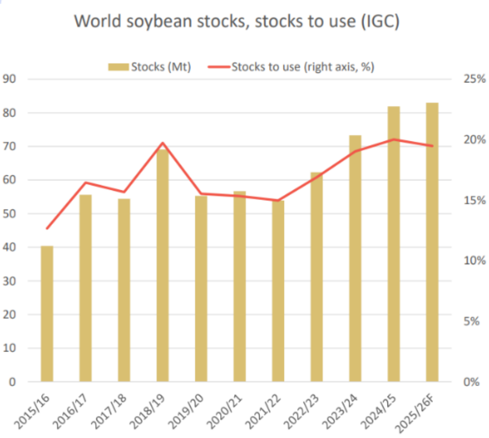
We are at critical stage for winter crops and a very early stage for spring crops so much could change in the outlook depending on the weather from now on.

With a poor 2024 crop the UK has had to import around 1.5MT of milling wheat, mainly from Germany and Canada. This has contributed to a plentiful supply of feed wheat and prices have dropped below £170/t for May and £185/t for November.

Depending on what happens with the weather around the world and geopolitics, CRM expects prices to increase towards the end of this year and into 2026. Current prices continue to represent an opportunity to take further cover if needed through 2025 and into 2026. Barley is still worth considering but the discount relative to wheat is now only £15/t.

Proteins- the detail

The latest IGC forecast for soyabeans for the 2025/26 year indicates slightly increased production and consumption with ample stocks and 20% stocks:use ratio.



The US crop is expected to be down at a 5-year low with a smaller area planted as soyabeans are less profitable that maize at present but Brazil and Argentina are forecast to produce more.

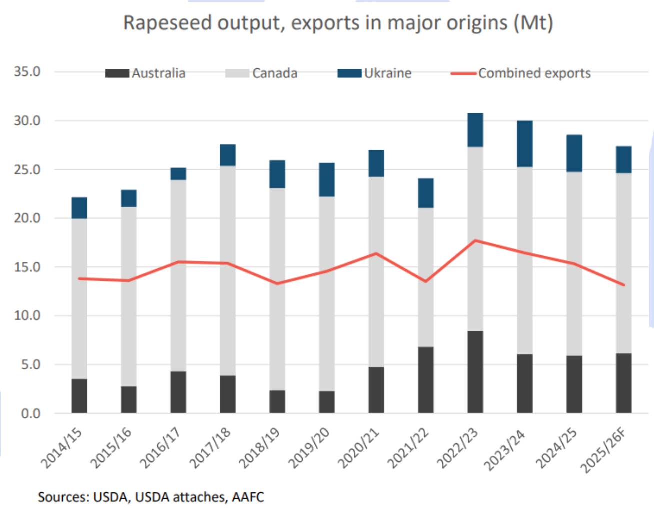
Imports of soyabeans to China from the US were up 84% y-o-y for January and February as the Chinese front loaded their imports before tariffs were introduced. China is now importing from Brazil and other buyers are coming to the US.

US soya meal remains at around 4-year lows of just under $300/t. The UK is waiting for ships to arrive in May for supplies to be continued but strikes in Argentina could threaten this.

For rapeseed, the EU crop for 2025/26 is expected to recover from the very poor 2023/24 crop to reach around 19MT, with lower imports required to meet expected demand.

The latest USDA report on rapeseed/canola indicates lower production and exports in 2025/26 for Ukraine in particular, with reduced output and plantings due to the persistent extremely dry conditions in the main growing areas.

Rapeseed prices have fallen back recently, following crude oil, but the demand for rape oil for food production is helping to hold prices up – Paris rapeseed prices are around €487/t vs €550+/t a few months ago.



With reduced imports of soyabeans to China there is a feeling that the Chinese could start increasing their imports of rapeseed, in particular from Australia.