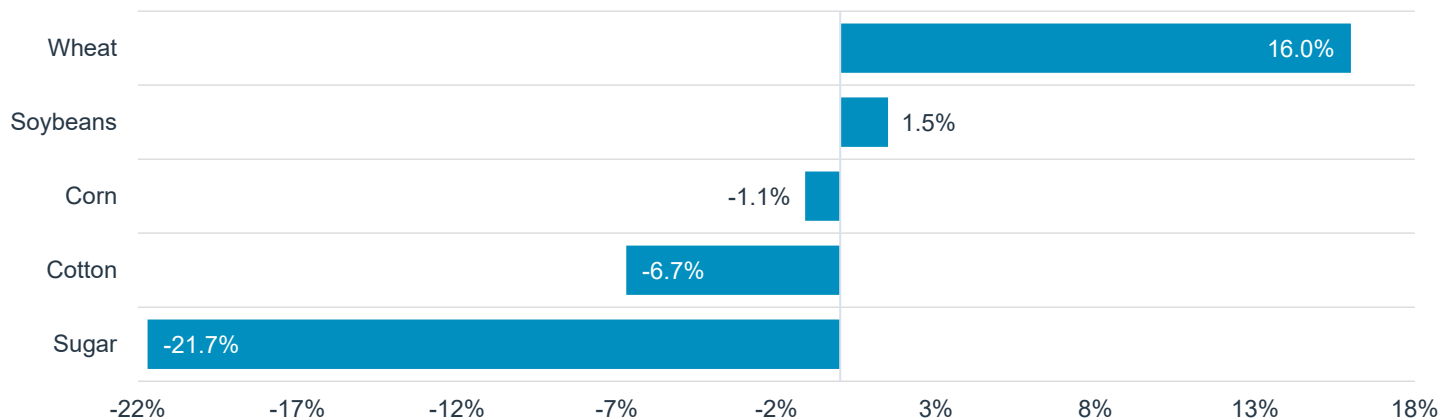


# Agricultural commodity market review

Marketing communication | As of 31 Dec 2023

*Agricultural commodities prices mostly declined in Q4 2023. Grain and oilseed prices were subdued by large U.S. corn supplies and rainfall that improved prospects for South American corn and soybeans.*

## Commodity price movements



Performance data shown represent past performance and does not predict or guarantee future results. Quarter-over-quarter change calculated using front month contract price.  
Source: Macrobond, Nuveen Natural Capital analysis.

## Market review

• Agricultural commodities prices mostly declined in Q4 2023. Grain and oilseed prices were subdued by large U.S. corn supplies and rainfall that improved prospects for South American corn and soybeans. Rallies during the North American growing season afforded producers opportunities to contract crops and lock in margins, supporting annual crop farmland values in 2023.

• Crop input costs also moved lower in Q4 2023 as fertilizer supplies continued to increase and natural gas prices declined. Despite a relatively high cost of production and high interest rates on operating loans in 2023, row crop producers were largely profitable, which has supported land values and kept appreciation rates positive. With lower commodity prices, farm margins are expected to decrease in 2024, which will result in lower farmland appreciation than what we have experience over the last three years.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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- Corn (-1.1%) and soybean (+1.5%) prices were relatively flat over the fourth quarter. Following a downtrend from the prior quarter, spot U.S. corn prices hit three-year lows in November after the USDA estimated a record 15.2-billion-bushel harvest. As a result, ending stocks are expected to increase 57% year-over-year despite an increase in demand. Soybean prices had a short rally in November due to prolonged dryness in Brazil. However, those gains were mostly erased as late December rain moderated crop conditions in Brazil and U.S. production was estimated near the 10-year average at 4.1 billion bushels.
- Wheat prices reversed losses from the prior quarter, rising 16.0% in Q4 2023. Although U.S. exports are expected to decrease year-over-year, a Chinese purchase of 1.1 million tonnes, or 5.6% of estimated 2023 U.S. exports, fueled a rally in early December. Further support could materialize with more Chinese purchases and persistent weather challenges in major growing regions, but weak global demand continues to weigh on prices.
- Cotton prices decreased 6.7% over the fourth quarter despite expectations for 2023-2024 global production to be the smallest crop since 2015. Global demand continues to be a headwind, with USDA estimating world ending stocks at 82.4 million bales

in December, a 0.9-million-bale increase month-over-month. After a run-up for most of the year, sugar prices saw a marked decrease of 21.7% after India imposed a short-lived ban on sugarcane for ethanol production, Brazilian rainfall improved 2024-2025 production prospects, and funds engaged in a large sell-off.

- U.S. almond prices remain low, but shipments from August to November were 9.5% above the same period a year ago. Industry estimates put the 2023 crop at 2.4 billion pounds, 200 million pounds below the USDA, which could firm pricing if realized. Pistachio shipments for the 2022-2023 crop year were up 8% year-over-year, owing to a 14% increase in exports. California's 2023 crop is expected to be a record 1.4 billion pounds, which has lowered new crop pricing.
- Overall consumer demand for wine has been flat, evidenced by Nielsen scanner data and other industry reports. According to these sources, the market is flat or has declined 1% to 2% year-over-year. In terms of wine grapes, there is differentiation between wineries, with some experiencing growth and others contracting, highlighting the variation in demand based on varietal and price point.

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