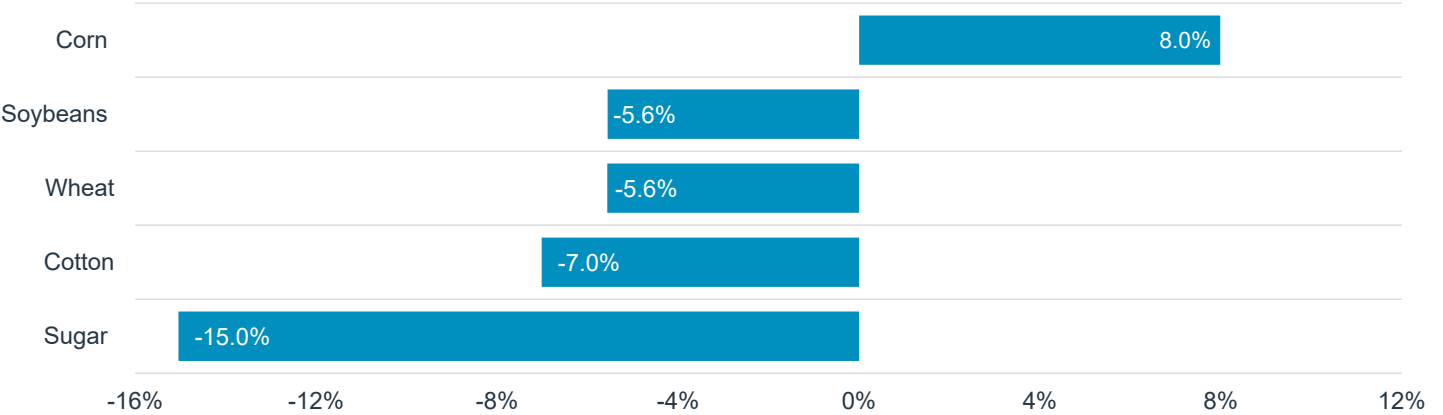


# Agricultural commodity market review

Marketing communication | As of 31 December 2024

Agricultural commodity prices saw mostly downward pressure in Q4 2024. Grain and oilseed prices saw mixed performance as positive fundamentals lifted corn and a large U.S. crop and precipitation in Brazil moved soybeans lower. Sugar erased gains from the third quarter as higher global supplies are expected. Cotton also decreased due to ample supply and subdued Chinese demand.

## 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 commodity prices saw mostly downward pressure in Q4 2024. Grain and oilseed prices experienced mixed performance as positive fundamentals lifted corn while a large, expected crop in the U.S. and precipitation in Brazil moved soybeans lower. Sugar prices erased gains from the third quarter as higher global supplies are expected while cotton also

decreased due to ample supply and subdued Chinese demand. Nitrogen and potash fertilizer prices have moved slightly lower year over year while phosphate has seen moderate increases. Crop input costs remained relatively stable in 2024 after coming off highs in 2022 and 2023. Abundant supplies and a decrease in farmer demand due to declining commodity prices have contributed to market stability. Fuel costs have also seen modest decreases from a year prior. However, profitability for most row crops will likely return to, or be slightly below, long-

term averages in 2024 as a result of declining crop pricing and higher interest rates on operating loans. Given the farm income environment, annual cropland appreciation is expected to moderate but still result in positive appreciation in 2024 after three years of strong capital returns.

- Corn (+8.0%) and soybean (-5.6%) prices saw disparate performance in Q4 2024. A quick start to harvest and expectations for the second-largest U.S. crop pushed corn prices lower at the beginning of the quarter, but they quickly recovered as USDA reduced supply and increased use in the U.S. and globally in both the November and December WASDE reports. Notably, the U.S. ending stocks estimate was lowered 10% to 1.7 billion bushels from November to December, driven by expectations for increased export trade. Conversely, record plantings and improved weather conditions in Brazil, the rapid harvest of a large U.S. crop and relatively unchanged global demand weighed on soybean prices. Trade policy from the incoming U.S. presidential administration will be closely watched as another trade dispute with China and tariffs more broadly could have bearish implications for CBOT soybean prices in the medium term.
- Wheat prices ended Q4 2024 down 5.6% despite 2024 – 2025 global ending stocks expected to be the lowest in 10 years at 256 million tonnes. Various factors contributed to the decrease, including fund selling, an Australian crop expected to be 23% higher year-over-year after overcoming earlier weather challenges, and price declines elsewhere in the grain and oilseed complex making wheat less competitive as livestock feed. Conditions have been dry in the Black Sea region, but the adverse weather has not been priced in and will need to persist past winter dormancy to understand what effect it will have yields.
- Cotton prices decreased 7.0% in the fourth quarter as a brisk U.S. harvest brought supply to market and Brazil began exporting its record production of 16.9 million bales. Additionally, a projected 43% decrease in Chinese imports year-over-year in 2024 – 2025 has weighed on prices, and whether economic stimulus announced in late September will increase and sustain demand remains to be seen. Looking ahead, changes in U.S. trade policy and the continuation of a strong U.S. dollar (USD) could limit competitiveness for the second-largest producer and exporter of cotton and increase downside risk for USD benchmarks. Following a sharp increase at the end of the third quarter, sugar prices erased those gains and fell 15.0% in Q4 2024. In November, the International Sugar

Organization increased its 2023 - 2024 global surplus estimate to 1.3 million tonnes from 200,000 tonnes in August. Additionally, Thailand- the third largest producer and second largest exporter- expects 2024 - 2025 production to increase 18% year-over-year to 10.4 million tonnes, partially offsetting downgrades in Brazil's forecast due to excessive heat earlier in 2024.

- Season-to-date (August to December) U.S. almond shipments totaled 1.1 billion pounds, mirroring the quantity shipped during the same period in 2023. In December, export shipments of 177 million pounds posted a 2.5% increase over December 2023, but domestic shipments lagged by 1.1% at 56.1 million pounds. Season-to-date receipts for the 2024 crop are 2.6 billion pounds. Although certain areas of California saw low yields during harvest, the historic pace of crop receipts following harvest suggests the 2024 USDA Objective Estimate of a 2.8-billion-pound crop could be realized. Along with prices above \$2.00 per pound, season-to-date shipments point to the market being in balance and support a manageable carryout forecast of 550 million pounds, providing the industry optimism going into 2025. U.S. pistachio shipments from September to November totaled 284.7 million pounds, lagging the same period in 2023 by 8.6%. However, the “off-year” production in 2024 is expected to be between 1.0 and 1.1 billion pounds, down from 1.5 billion in 2023, which could maintain pricing despite the reduction in shipments.
- The wine grape market has softened after several years of active contracting by wineries. This is due to the large crop in 2023 and a decline in wine consumption across certain categories and price points. The strongest parts of the California wine market are Chardonnay from various regions and Cabernet Sauvignon from Napa Valley and Paso Robles, while demand for lower-end wines is declining. Despite some periods of high heat during the summer and into harvest, the growing season was favorable thanks to adequate soil moisture and largely normal seasonal conditions, with high quality crops produced across several varietals. Harvest progressed efficiently and yields were average, contrasting with delayed picking and generally above-average yields in 2023.

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