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NATURAL CAPITAL

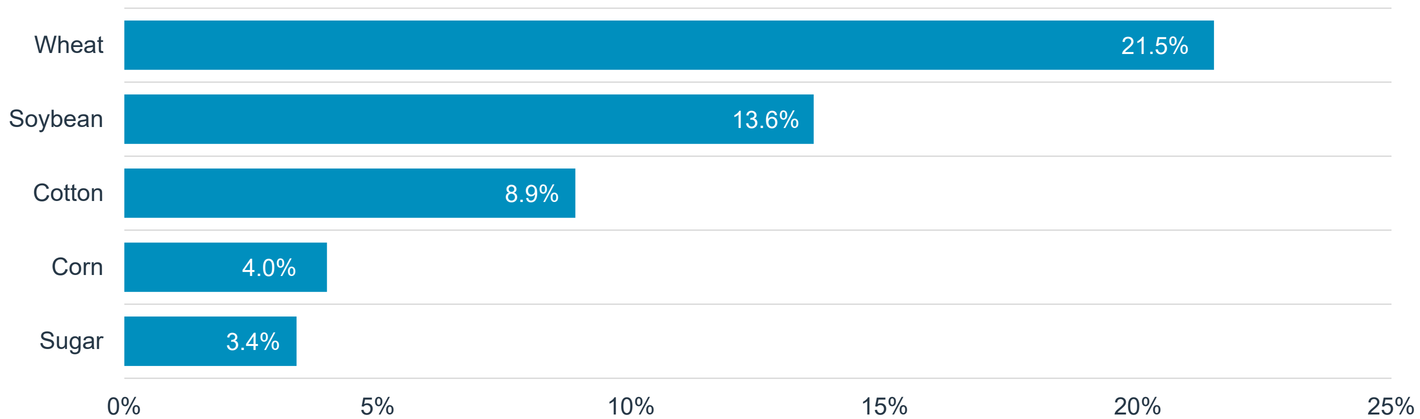
Quarterly review
1Q 2026

Agricultural commodity market review

Marketing communication | As of 31 March 2026

Traded agricultural commodity prices moved higher in Q1 2026, driven by heightened geopolitical risk following the escalation in tensions between Iran and the U.S. The conflict increased volatility across agricultural markets, largely through disrupted fertilizer and fuel supply-chains and shifting economics for biofuel-linked feedstocks. While underlying bearish fundamentals across agricultural commodities continued to point to ample global production and ending stocks, the quarter was characterised by geopolitical upside pressures offsetting an otherwise bearish supply-demand backdrop.

Commodity price movements



Performance data shown represent past performance and does not predict or guarantee future results. Quarter-over-quarter change is calculated using front-month contract prices. Data cover the period from 31 December 2025 to 31 March 2026.

Source: Macrobond, Nuveen Natural Capital analysis.

Market review

- Traded agricultural commodity prices moved higher in Q1 2026, driven by heightened geopolitical risk following the escalation in tensions between Iran and the U.S. and the subsequent disruption to shipping through the Strait of Hormuz, a critical global trade corridor. The conflict increased volatility across agricultural markets, largely through disrupted fertilizer and fuel supply-chains and shifting economics for biofuel-linked feedstocks. While underlying bearish fundamentals across agricultural commodities continued to point to ample global production and ending stocks, the quarter was characterised by geopolitical upside pressures offsetting an otherwise bearish supply-demand backdrop.

- Corn prices increased by 4.0% over Q1 2026. Prices softened initially following bearish USDA WASDE updates and evidence of large U.S. inventories; however, markets subsequently recovered as the Iran-US conflict intensified. Conflict-driven upside has been comparatively more constrained than in other commodities given corn's exposure to urea price increases and its nitrogen requirements. Nevertheless, support may exist from potential acreage shifts toward soybeans. Looking ahead, price direction remains highly contingent on the duration of the conflict, though ample global supplies and elevated urea prices are expected to continue to cap sustained upside unless demand accelerates materially.

- Soybean prices increased firmly in Q1 2026, increasing by 13.6% as higher crude oil prices and supportive policy signals underpinned market sentiment. The energy-led upswing improved biofuel-linked demand expectations, lifting prices despite broadly bearish supply and demand fundamentals. Upside risks remain skewed to geopolitical developments; however, a rapid de-escalation and normalisation of trade routes, or an increase in soybean acreage, may limit continued upside. Further, structural headwinds to the U.S. export programme persist given the sector's continued reliance on Chinese purchasing, which remains heavily influenced by the geopolitical environment which may weigh on pricing in the longer term.

- Wheat prices increased by 21.5% in Q1 2026, driven primarily by increased geopolitical risk premia and improved near-term demand as some importing nations look to rebuild strategic inventories. Notwithstanding the price improvement, underlying market fundamentals remain comparatively well supplied, with stocks in several regions at multi-year highs and little evidence to date of broad-based panic buying. Excluding conflict-related upside, ample global availability is expected to remain a limiting factor for sustained pricing upside.

- Cotton prices increased by 8.9% in Q1 2026 after a largely flat start to the year, with a late-quarter upswing driven by conflict-related risk sentiment and higher energy prices. Rising oil prices have lifted polyester production costs, improving cotton's relative competitiveness and supporting near-term buying activity; however, elevated energy prices may weigh on consumer spending over time, impacting demand for cotton products, suggesting continued volatility as the conflict evolves.

- Sugar prices increased by 3.4% in Q1 2026, as conflict-driven strength in crude oil markets improved the outlook for sugar as a biofuel feedstock and improved pricing despite lingering speculative pressure. Price direction remains closely linked to oil market movements, with higher energy prices supporting ethanol parity and tightening sentiment around cane allocation. In parallel, the projected global surplus for the 2025 – 2026 season has been narrowing amid production downgrades in India, which may provide additional support if the supply-demand balance tightens further.

- Fertilizer markets increased sharply in Q1 2026 as energy prices surged and geopolitical disruption introduced a renewed war risk premium across nitrogen and phosphate complexes. Brent crude rose 94.5% for the quarter, impacting inputs and logistics. Higher energy, ammonia and sulphur prices also pressure producers, raising the likelihood of continued pricing elevation. With fertilizers accounting for a significant portion of grain variable costs, price movements quickly affect farm budgets and planting decisions. Uncertainty is most pronounced in import-reliant southern hemisphere regions, including Australia and Brazil. Even in the event of de-escalation, fertilizer prices are unlikely to normalise immediately, with backlogs and gas-linked cost inflation expected to take months to unwind.

- The 2025 – 2026 almond marketing season (August–July) began with a sluggish start but recovered in Q1 2026, as strong domestic and international demand supported shipments totaling 1.8 billion pounds, just 1.9% below the same period last year. Domestic demand recovered following months of cautious, hand-to-mouth buying, while export demand remained strong, up 3% for the season, with growth in European markets. This trend indicates a positive market outlook, with tailwinds from declining total Californian almond acreage as aging orchards are removed and new plantings are reduced.[1] U.S. 2025 - 2026 pistachio shipments season are approximately 22% higher year on year, underpinned by record export volumes. Prices are reportedly approaching eight-year highs, supported by tight supply and strengthening demand, a dynamic further amplified by the Iranian Government's ban on agricultural exports, including pistachios, which account for approximately 20% of global exports. These conditions are expected to support profitability through the remainder of the 2025 - 2026 marketing season and into 2026 – 2027. Still, the benefits to U.S. growers may be limited next season as an "off" year of production is expected.[2]

- The U.S. wine market continues to navigate a slowdown as a well-supplied market faces reducing demand amid a global decline in alcohol consumption. The effects of this slowdown have been most acute in lower quality and price point wine varieties. In response, the industry is undergoing a correction, with vineyard removals and unharvested vineyards helping improve supply and demand fundamentals. As a result of these trends and due to unfavorable harvest conditions, the 2025 California winegrape crush fell to a 20-year low of 2.6 million tons, down a further 8.5% versus 2024.[3] Looking at 2026, the industry is expected to continue to face demand challenges; however, ongoing right-sizing efforts are paving the way for stabilization.

For more information, visit our website, nuveen.com/naturalcapital

Endnotes

Sources: Unless otherwise noted, all data sourced from Macrobond for the period 31 December 2025 to 31 March 2026

1. Almond Board of California, Almond Industry Position Report – March 2026
2. Administrative Committee for Pistachios, Monthly Shipment Report – March 2026.
3. CDFA & USDA-NASS, 2025 Preliminary Grape Crush Report (March 2026).