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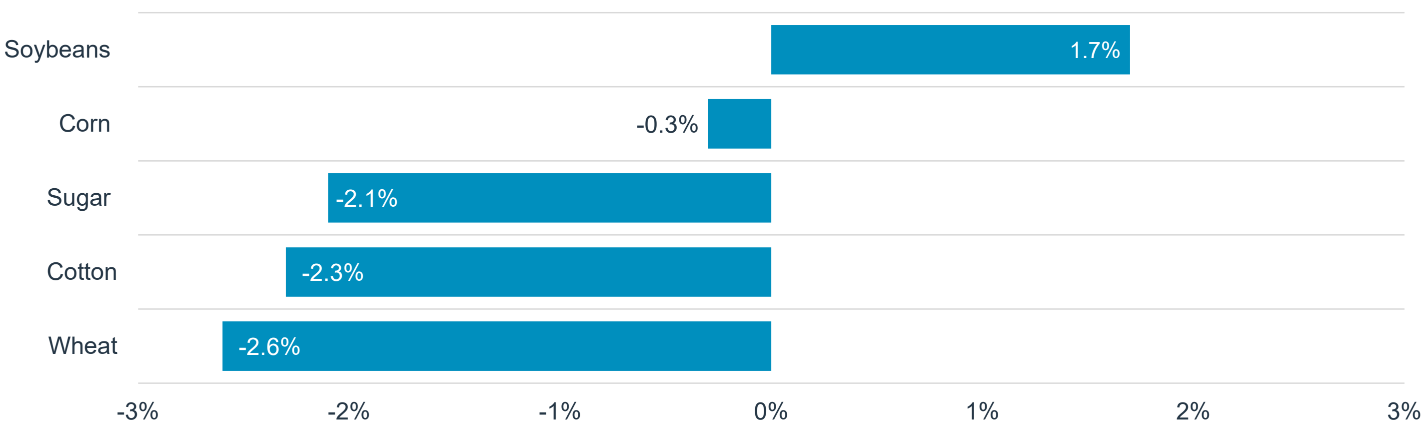
Quarterly review
1Q 2025

Agricultural commodity market review

Marketing communication | As of 31 March 2025

Agricultural commodity prices experienced volatile trade in Q1 2025. Grains and oilseeds saw upside through mid-February but fell thereafter as inconsistent U.S. trade policy affected markets. Sugar prices moved in a similar fashion while cotton was rangebound as preexisting demand concerns and evolving U.S. trade policy subdued pricing.

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 experienced volatile trade in Q1 2025. Grain and oilseed prices saw upside through mid-February but fell thereafter as inconsistent U.S. trade policy affected markets. Sugar prices moved in a similar fashion while cotton was rangebound as preexisting demand concerns and evolving U.S. trade policy subdued pricing.
- Nitrogen and potash fertilizer prices have remained relatively stable while phosphate continues to increase as supply has tightened globally. Trade policy announcements beginning in early February between the U.S. and major potash producer Canada saw an initial 25% tariff on the nutrient reduced to 10% following pushback from the agricultural sector. Fortunately, most U.S. producers purchased potash prior to the trade dispute from fall 2024 to early 2025, as is customary practice. Trade policy notwithstanding, most fertilizers could see decreased farmer demand due to prevailing low commodity prices, putting

downward pressure on prices in the near term. Similar to agricultural commodities, diesel prices increased through mid-February but fell as trade tensions escalated and global economic growth was put into question. The combination of high input costs relative to crop prices and elevated interest rates on operating loans signals a year of tight margins for row crop producers in 2025, potentially limiting appreciation for farmland producing exchange-traded commodities like corn and soybeans.

- Corn (-0.3%) and soybean (1.7%) prices saw similar movements in Q1 2025, with both commodities increasing through mid-February and ending the quarter relatively flat. In January, the USDA lowered its 2024 – 2025 U.S. corn production estimate 1.9% to 14.9 billion bushels. Additionally, delayed planting of the second corn crop in Brazil raised concerns that production could be affected as a portion of the crop would be seeded outside the optimal window. For soybeans, Brazilian weather and production estimates were the main fundamental factors driving upside early in the quarter. Dry weather in southern Brazil reduced yield estimates and wet conditions in central growing regions put a timely harvest into question. As a result, CONAB lowered its 2024 – 2025 production estimate 0.3 million metric tons to 166.0 million from January to February. Still, U.S. trade policy dominated markets in the second half of Q1 2025, pushing corn and soybean prices lower as concerns over export demand for U.S. production mounted. While there was extra pressure on corn due to higher U.S. acreage estimates year over year, soybeans ended the quarter with a nominal gain.

- Wheat prices decreased 2.6% in Q1 2025 as trade and geopolitical events superseded positive fundamentals from earlier in the quarter. In the first half of Q1 2025, mixed weather conditions in the U.S. and an expectation that the country's exports would increase 21% year over year to 23 million metric tons combined with variable temperatures and a soil moisture deficit in the Black Sea region moved prices higher. However, the onset of negotiations to end the war in Ukraine and trade tensions resulting from U.S. tariffs moved prices lower from late February, resulting in the small decrease quarter over quarter.

- Cotton prices decreased 2.3% in the first quarter as bearish sentiment maintained due to both ample supply and a decrease in consumption that was amplified by the potential for a prolonged trade dispute, namely between the U.S. and China. 2024 – 2025 U.S. ending stocks of 4.9 million bales are 55% higher year over year, resulting in an ending stocks-to-use ratio of 39%. Globally, USDA projects 2024 - 2025 production to increase 6.6% to 120.5 million bales and a 6.4% increase in ending stocks to 78.4 million bales. Sugar prices moved lower through January as precipitation across major sugarcane regions of Brazil created expectations for higher yields following a drought-affected season in 2024. Adding to the decline in January was an announcement by the Indian government establishing an export quota of one million metric tons following a prolonged export ban. By February, prices began to rebound as India's sugar production fell short of expectation and rainfall in Brazil was below average. As with other exchange-traded commodities, the February rally was countered by U.S. trade policy and its global economic implications, and sugar prices experienced a volatile month in March, ultimately ending down 2.1% quarter over quarter.

- Season-to-date (August 2024 to March 2025) U.S. almond shipments totaled 1.8 billion pounds, a small decrease of 1.6% compared to the same period in 2023 - 2024. In March, export shipments of 169.6 million pounds represented a 2.9% decrease versus March 2024. Domestic shipments lagged by 17.1% at 51.8 million pounds compared to March 2024. Despite volatile U.S. trade policy, prices remain above $2.00 per pound and a manageable carryout forecast of 550 million pounds continues to provide the industry with optimism as the 2025 crop develops. U.S. pistachio shipments from September to March totaled 532.5 million pounds, a decrease of 25.4% relative to the same period in 2023 – 2024; however, the decrease in shipment volume is expected following an "off" year in 2024 that saw production decrease 27% year over year to 1.1 billion pounds. Like almonds, shipments are on track to end the 2024 – 2025 marketing year with manageable inventories which will be crucial to support prices as an "on" year of production is expected in California in 2025.

- 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. The 2024 USDA California Grape Crush Report shows wine grape crush down 21.7% from 2023. Lower demand for wine and higher inflation drove the decline, with the average price for all varieties down 3.3% from 2023. With the decrease in production in 2024 and many growers continuing to remove older or unmarketable vineyards, supply could tighten further in 2025 and help balance the market.

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