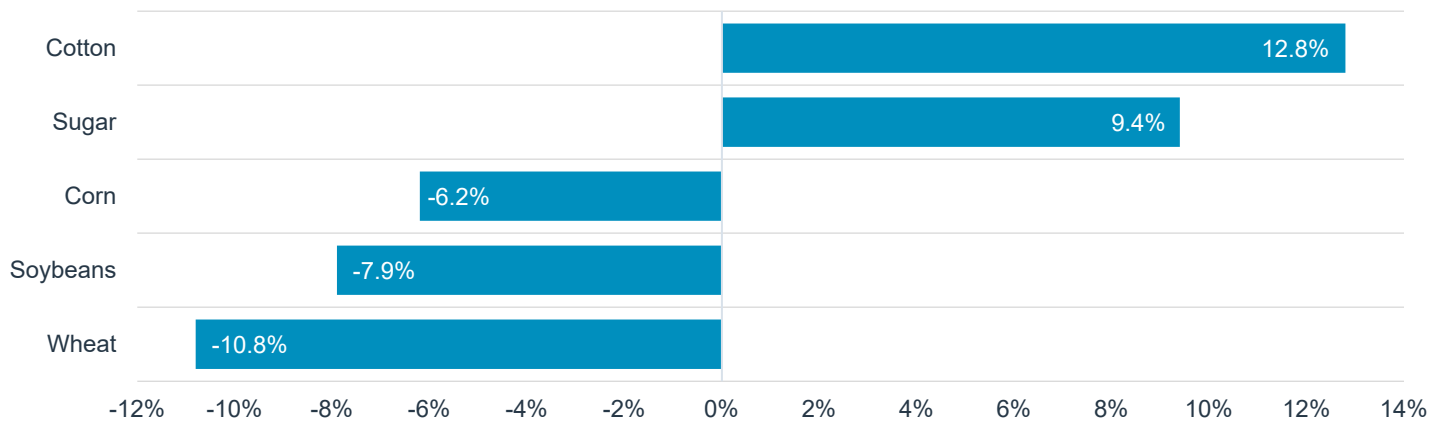


# Agricultural commodity market review

Marketing communication | As of 31 Mar 2024

*Agricultural commodity prices experienced varying levels of performance in Q1 2024 with grains and oilseeds declining and cotton and sugar prices increasing.*

## 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 varying levels of performance in Q1 2024 with grains and oilseeds declining and cotton and sugar prices increasing. Outsized production and higher ending stocks in both the U.S. and South America weighed on corn and soybean prices while sugar and cotton were supported by weather risk and lower global stocks, respectively.
- Crop input costs increased marginally in the first quarter and have remained relatively stable year over year after falling from historic highs in 2022. The decrease in operating costs has

helped offset the reduction in certain commodity prices. Margins for most row crop producers will likely return to historical averages in 2024 following three years of elevated profitability. Annual cropland appreciation is also expected to moderate and return to historic averages along with farm income.

- Corn (-6.2%) and soybean (-7.9%) prices decreased in Q1 2024 as markets took stock of large U.S. and South American supplies. Despite expectations for Brazil's corn harvest to decrease 17% in 2024, record U.S. production of 15.3 million bushels in 2023 has the USDA estimate for 2023-2024 global ending stocks 4.4% higher than the previous five years' average.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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As a result of the decrease in corn prices, U.S. farmers have signaled they will reduce acreage by 5% relative to 2023 according to USDA's Prospective Plantings report. Although 2023-2024 Brazilian soybean production is expected down 9% from a record 162 million metric tons in 2022-2023 due to El Niño, Argentina benefitted from the same weather pattern to double production year over year to 50 million metric tons and push overall South American production to a record level. As such, USDA's March 2023-2024 world soybean ending stocks estimate was 114 million metric tons, an increase of 13.3% versus the previous five years' average.

- Wheat prices fell 10.8% in Q1 2024 despite possible trade flow disruption in both the Black and Red Seas. Favorable crop conditions in the Black Sea region have created expectations for another year of strong supplies. Still, USDA's March global wheat outlook for 2023-2024 includes larger supplies, consumption, and trade, resulting in 5% lower stockpiles year over year and the lowest since 2015-2016. In addition to decreasing stocks, support for wheat prices could also emerge in the medium term if La Niña develops, which typically brings adverse growing conditions to the U.S. and South America, but this will be weighed against Australia's crop conditions and lagging U.S. export demand.

- Cotton prices increased 12.8% over the first quarter as USDA decreased projected 2023-2024 global production and increased use, resulting in a one million bale, or 1.2%, reduction in projected ending stocks between the January and March WASDE reports. Following a large drop in Q4 2023, sugar prices partially recovered in Q1 2024, increasing 9.4%. A reduction in Thailand's 2023-2024 sugarcane production estimate to the lowest level in over a decade, indefinite sugar

export restrictions in India, and a mixed start to the 2024-2025 sugarcane harvest in Brazil provided support for prices in the first quarter.

- U.S. almond shipments from August 2023 through the end of March were 2.3% above the same period a year prior, led by export sales. The California Almond Board tabulated the 2023 crop at 2.44 billion pounds, 160 million pounds below the USDA objective estimate, which, combined with a lower carry in, has reduced total supply 4.2% year over year. Favorable bloom conditions in California have given the 2024 crop a good start, and forthcoming yield estimates will be measured against the pace of sales in determining near-term price movements. 2023 - 2024 global pistachio production is estimated to be the largest on record at 1.0 million metric tons, driven by strong yields in California. 2023-2024 California pistachio shipments through February were up nearly 58% compared to the same period a year prior, potentially tempering the price impact from outsized production.

- For wine grapes, the California Grape Crush Report shows 2023 wine grape production up 8.5% from 2022. Despite the growth in production, the average price across all varieties was up 9.0% from 2022. However, there is a wide range of variability based on varietal and price point. Chardonnay and Cabernet Sauvignon grapes have seen strong demand whereas Pinot Noir has been relatively weak. Various industry estimates, such as Nielsen scanner data, indicate U.S. wine consumption declined between 2 to 4% in 2023, with much of the decline coming from low-end wines. The mid-to-high-end market segment is faring better but is still experiencing some headwinds due to inflationary pressures on consumers and uncertain economic outlook.

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