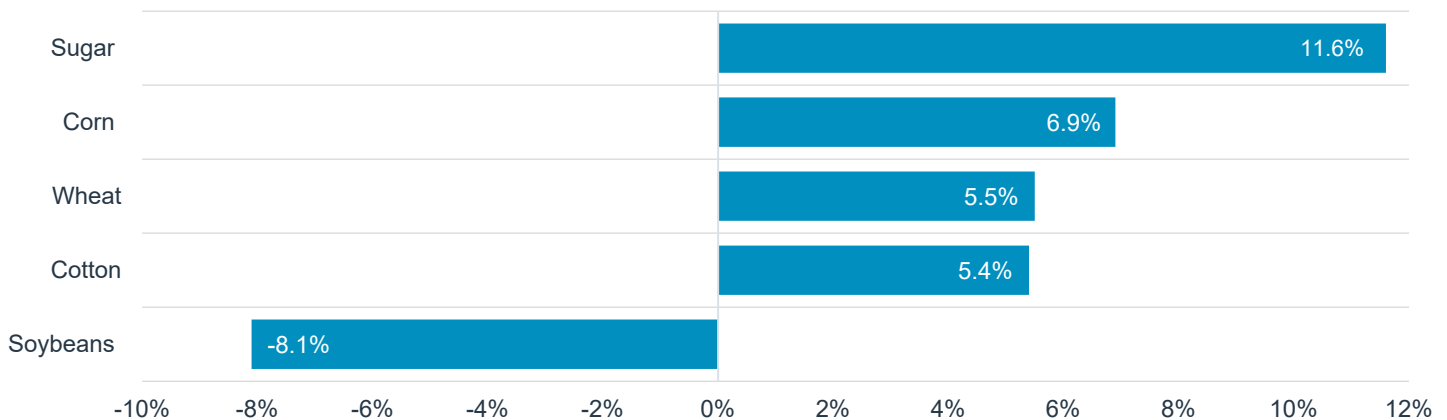


# Agricultural commodity market review

Marketing communication | As of 30 September 2024

*Agricultural commodity prices saw mostly positive performance in Q3 2024. Grain and oilseed prices moved lower through August but saw varying levels of support in September. Sugar prices increased rapidly towards the end of the quarter due to drought in Brazil while cotton also saw gains as U.S. and global production is expected to decrease.*

## 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 positive performance in Q3 2024. Grain and oilseed prices moved lower through August due to favorable crop conditions and yields in major growing regions but saw varying levels of support in September. Sugar prices increased rapidly towards the end of the quarter due to drought in Brazil while cotton also saw gains as U.S. and global production is expected to decrease.

- Nitrogen and potash fertilizer prices have decreased while phosphates have seen moderate increases year over year. Overall, crop input costs have remained relatively stable due to ample supply or a decrease in farmer demand resulting from declining commodity prices. Additionally, fuel costs have also decreased from a year prior. Still, margins for most row crop producers will likely return to, or be slightly below, long-term averages in 2024 given declines in crop pricing and higher interest rates on operating loans. Along with farm income, annual cropland appreciation is also expected to return to long-term averages following three years of strong capital returns.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

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- Corn (+6.9%) and soybean (-8.1%) prices saw mixed performance in Q3 2024. Both commodities tracked downward through August; however, spot corn prices rallied in September to post a quarterly gain despite the onset of what could be the second largest U.S. harvest. The combination of fund buying during August lows, Chinese economic stimulus, dryness in Brazil and the USDA's 55-million-bushel reduction in the U.S. beginning stocks projection from August to September contributed to the rise in corn prices. Soybeans also saw support late in the quarter from some of the same factors, but not enough for a quarter-over-quarter increase. The main driver of the price decrease was the expectation of a record U.S. harvest.
- Wheat prices finished Q3 2024 up 5.5% following declines in July and August driven by higher production year-over-year in the U.S. and Canada, and favorable growing conditions in Australia. However, the confluence of conflicts in the Black Sea and Middle East, frost and rainfall events in Australia's eastern wheatbelt, and prolonged drought in the Black Sea lifted prices in September to register a quarterly gain. Further price support is possible in the near-term as winter crop planting in Russia and Ukraine has been delayed by low soil moisture, with Russian seeding rates currently estimated at an 11-year low.
- Following a sizable drop in the second quarter, cotton prices increased 5.4% in Q3 2024. From July to September, the USDA decreased the 2024 global cotton production estimate by 3.1% (3.8 million bales), mainly driven by a 14.7% (2.5 million bales) decrease in U.S. production resulting from dry conditions in western Texas. Still, global production and ending stocks are estimated up 2.5% and 2.6% year-over-year, respectively, which could limit further upside. Sugar prices increased 11.6% in Q3 2024, more than offsetting losses from the prior quarter. Despite a modest 0.6% increase in Brazil's 2024 – 2025 sugarcane production estimate to 689.8 million metric tons, dry conditions coupled with isolated fire activity, especially in the Center South production region, sent prices upward in mid-September. Additionally, in late August India lifted restrictions on sugar mills producing ethanol in 2024 - 2025, which may prolong export curbs in place since October 2023 and support pricing.
- U.S. almond shipments increased 5.0% year over year as the 2023 – 2024 marketing year ended in July, led by a 6.0% increase in exports. In the California Almond Board's July position report, unsold inventory at the end of the marketing year was 36.0% less than the same point in 2023. After the USDA released its 2.8-billion-pound objective yield measurement in July, which was 7% lower than its first estimate and below industry expectations, almond prices began to firm. As harvest has progressed, some growers have reported yield impacts owing to summer heatwaves, which could lower the actual statewide yield and provide further support for prices. U.S. pistachio shipments ended the 2023 – 2024 marketing year up 31.0% year over year in August, led by a 42.7% increase in export sales. The increase in shipments, combined with an "off-year" production cycle in 2024 that is projected to be below one billion pounds, should improve pricing for the 2024 – 2025 marketing year.
- The wine grape market is softening 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, the growing season was favorable thanks to adequate soil moisture and largely seasonal conditions, enabling most vineyards to set and ripen crops evenly. Harvest began in the third quarter and is progressing normally, contrasting with the cool and delayed season in 2023.

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