

Market Report

JANUARY 2025

KEY HIGHLIGHTS

DOMESTIC:

- Canola prices remain high relative to wheat
- GM canola discount widens to non-GM canola
- Australian summer crops in good shape

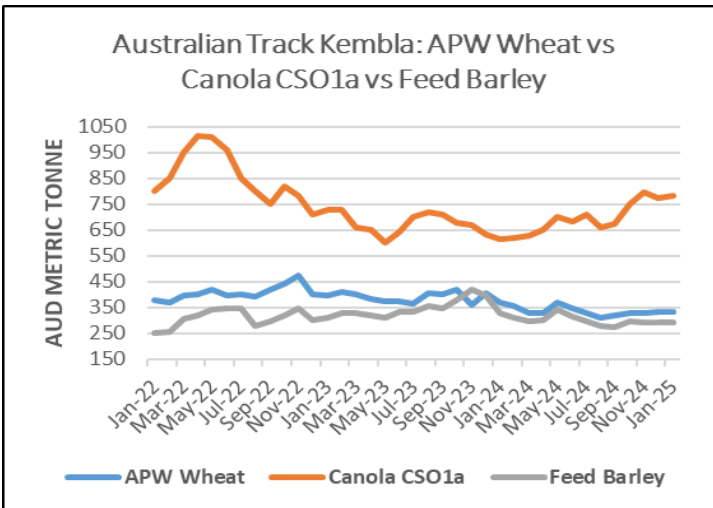
INTERNATIONAL:

- Record global soybean crop in 2025
- Global canola production steady in 2025
- Expect market volatility under President Trump

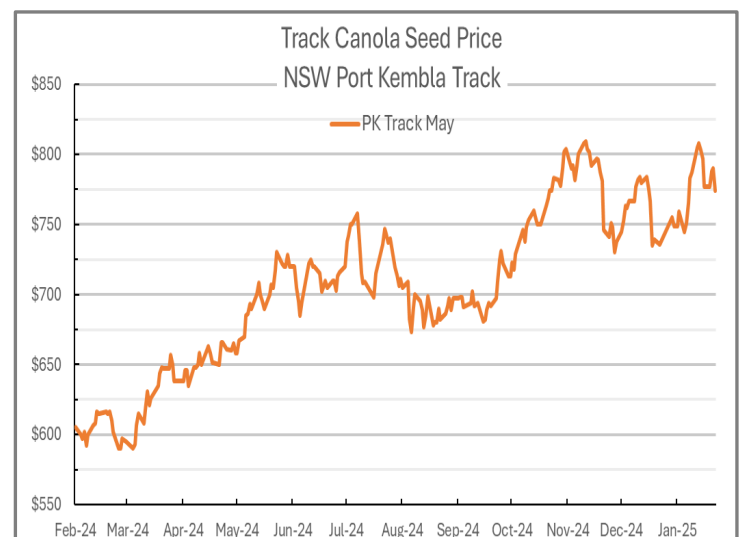
Welcome to 2025! We hope that everyone had a wonderful and restful Christmas and New Year, managed to get away for a while, and are all refreshed for the year ahead.

AUSTRALIAN CANOLA MARKET

across the central west region of NSW more variable ranging from 0.5 mt / hectare to 2 mt / hectare but averaging 1.5mt / hectare. The Riverina region had a poor canola harvest with crops lost to frost and yields well below average. Canola values remain near the top end of their season price range, with track Newcastle at AUD760 / mt and Port Kembla at AUD780 / mt for January 2025 today. The high price of canola relative to wheat and barley has meant growers have aggressively sold canola at harvest. Most growers are 100% sold on canola, and holding back wheat and barley hoping for a post-harvest price rally. A lower AUD has helped boost prices of oilseed and grains and sitting at 4-year lows of around AUD / USD 62 cents.

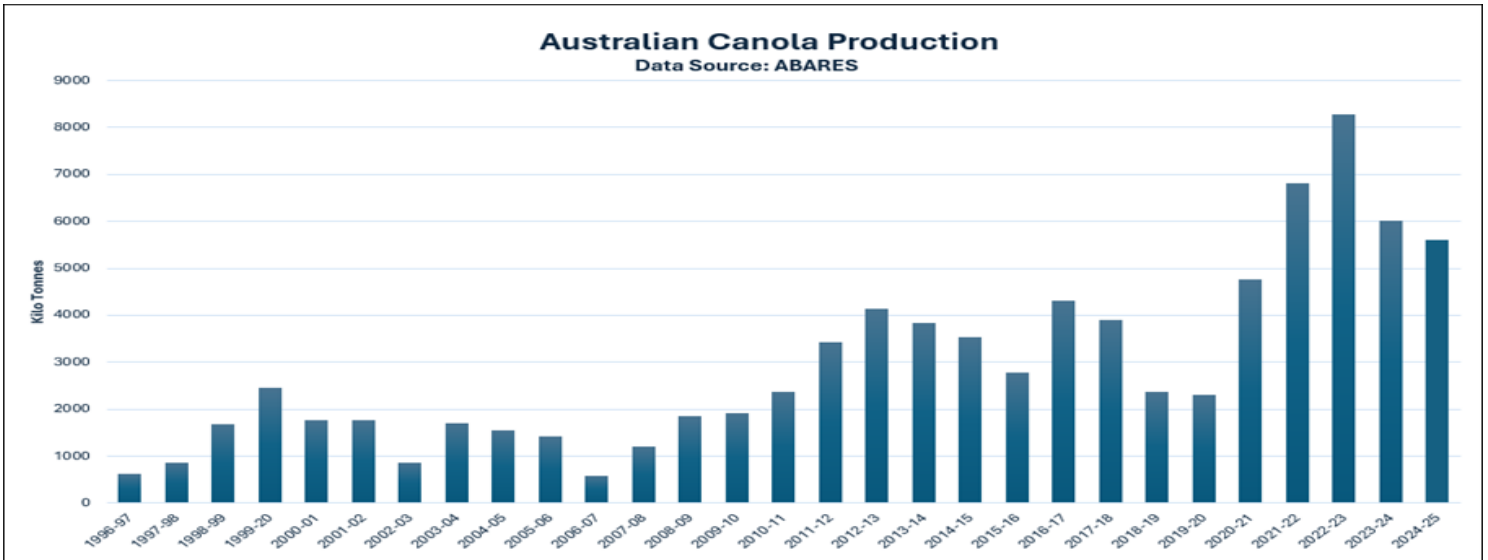


Canola harvest completed with production estimates ranging from 5.2mmt to 5.8mmt, with ABAREs at 5.6mmt in their December 24 report. This down over 10% for 2023/24 season but still above the 10-year average. Canola yields have been above average across most of the Newcastle zone at around 2.5 mt / hectare. Yields

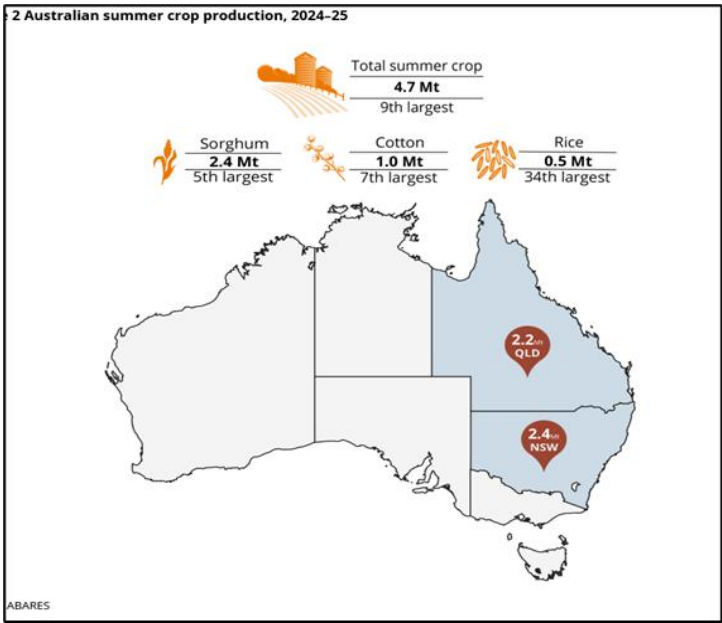


GM canola values have dropped relative to non-GM canola over the harvest period and approximately AUD110 / mt under non-GM values on the east coast and AUD150 / mt under non-GM values in Western Australia. GM canola values have fallen due to cheaper Canadian canola values and Canadian canola is virtually all GM. In Australia over 70% of the Western Australian crop is GM, while on the east coast it between 20-30% GM. ABS Australian canola export figures were robust for

November 24 with 770,000 mt exported, with the bulk of 629,000mt destined for the EU. This is the highest export figure for November for several years and brings total exports to near 1mmt for just two months Oct/Nov 2024. This pace cannot be maintained, and exports will have to be rationed to allow sufficient domestic stocks. In 2023/24 season exports totalled 6.1mmt, but this season we estimate the maximum tonnage that can be exported is 4mmt.



AUSTRALIAN SUMMER CROPS



Favourable weather conditions together with high soil moisture profile has created perfect conditions for increased yields across all summer crops. Estimates for

the sorghum crop are sitting above ABARES forecast of 2.4 mmt up to around 2.6 mmt potentially representing the second biggest sorghum crop on record if realised. Area planted to summer crops in 2024/25 is forecast to remain above average at 1.3 million hectares. This is supported by above average soil moisture levels in late winter and the favourable spring rainfall outlook across key summer cropping regions in New South Wales and Queensland. Summer crop production is forecast to remain similar to 2023/24 levels at 4.7 million tonnes. This is 28% above the 10-year average to 2023/24 of 3.6 million tonnes. Cotton crop in good shape with over 5 million bales of lint expected in 2025, compared to 4.8 million bales in 2024.

GLOBAL OILSEED MARKET

Global soybean production expected to hit record highs in 2025 with the USDA pegging the about-to-be harvested Brazilian soybean crop at 169 mmt and the Argentinian soybean crop at 52 mmt. Oilworld is forecasting South American soybean production to approach 240 mmt

compared with the previous high of 220 mmt a year earlier and well above the most recent 5-year average of 199 mmt. While global soybean production is expected to get bigger and stocks to rise global canola production has been lower this year. The Ukraine rapeseed crop fell from 4.5 mmt last year to just 3.46 mmt this year. The USDA has the Canadian canola crop pegged at 18.8 mmt, while the EU rapeseed crop is under 18 mmt according to Strategie Grains. Early days but Strategie Grains is forecasting next year's EU rapeseed crop at 18.7 mmt, up 12% from this season, and sunflower production for 2025 at 10.5 mmt, up 25% from the current season. Canadian canola is currently the cheapest canola in the world and USD50 / mt cheaper than Australian canola on a FOB basis. As result Canadian exports running at full steam and from August 24 to January 25 Canada has exported 4.72 mmt compared to 2.51 mmt for the same time last year. With a Canadian domestic crush of 12 mmt, and a canola crop of just over 18 mmt it only leaves 2 mmt available for export for the remainder of the season. The geopolitical wild card in 2025 is President Trump and the threat of 25% tariffs on Canada, Mexico and China creating volatility in both financial and commodity markets. This will likely flow indirectly into oilseed markets and canola.

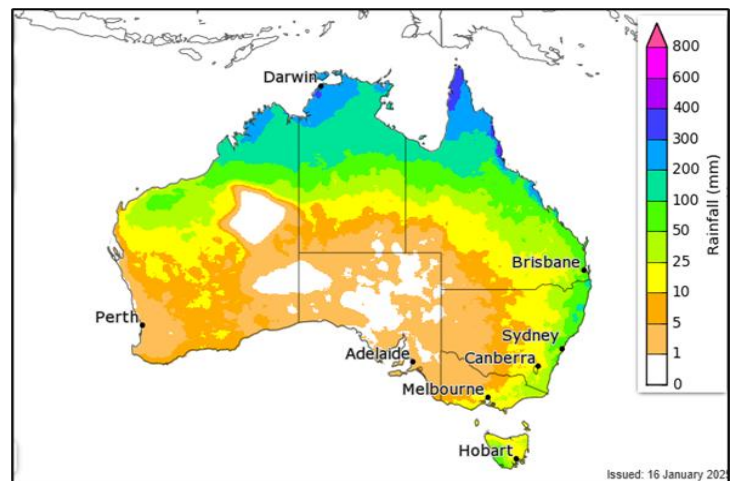
OUTLOOK FOR AUSTRALIAN CANOLA GROWERS

While global soybean production will rise in 2025, global canola production is not expected to lift significantly. European rapeseed production is likely to stay below potential in 2025, following lower than initially expected winter rapeseed plantings in key producing countries. Rapeseed plantings for Germany and France have stagnated at a combined 2.4 million hectares last autumn, and preliminary data is indicating a reduction of more than 10% for Denmark according to Oil World. Reduction in average EU rapeseed yields in 2024, rising costs reportedly prompted farmers to switch to other crops. Some less than favourable weather conditions added to hampering winter rapeseed plantings. Australian canola values have consistently represented high cash values for the grower with levels remaining robust and relatively resistant to harvest pressures. The price of canola is over two times the price of wheat and this

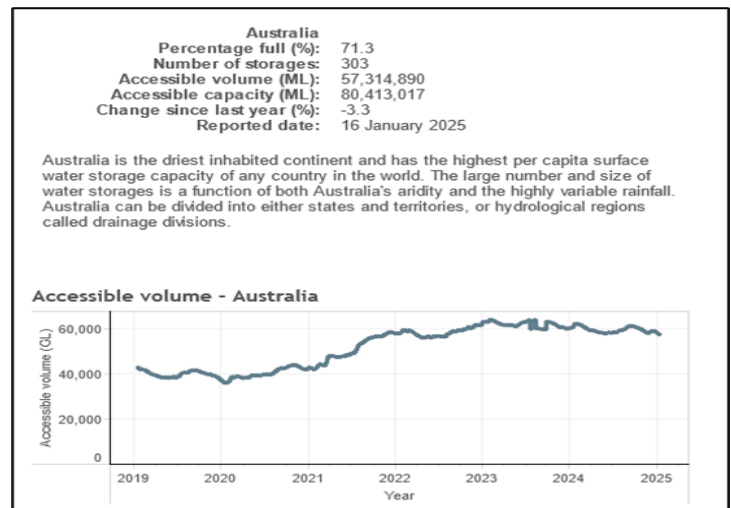
should encourage increased canola planting in 2025 and produce good gross margins for canola growers this coming season. CBA is forecasting the Australian canola crop to be bigger in 2025/26 at 6.7 mmt on the back of 3.9 million hectares planted.

WEATHER UPDATE

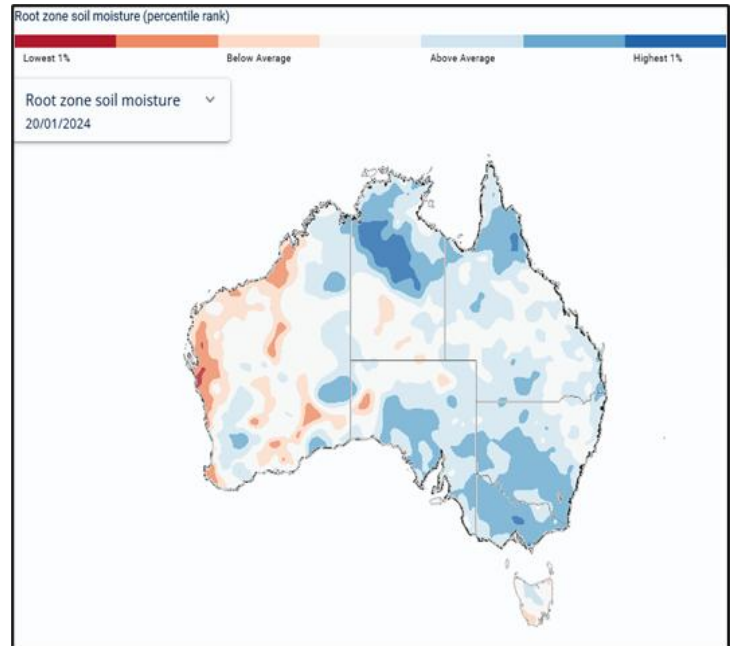
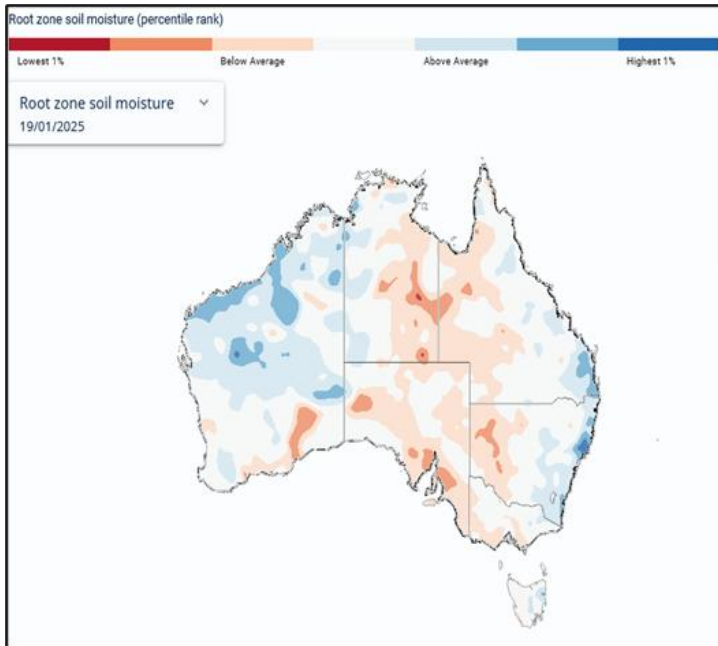
Rainfall is likely to be above average for most of northern Australia and parts of western and eastern Australia according to the latest update of the long-range forecast from the Australian Bureau of Meteorology. February 2025 to April 2025 there is an increased chance of unusually high rainfall for western, northern and eastern Australia, with highest chances across parts of northern Australian for twice the usual chance of high rainfall predicted. Below average rainfall is likely for south-western Tasmania and parts of southern South Australia.



Accessible Water Volume Australia:



Root Zone Soil Moisture Comparison: January 2024 vs January 2025



INTERNATIONAL WEATHER

Hot mostly dry weather has prevailed recently across key summer crop producing areas of central and eastern Argentina increasing stress on summer crops. Extreme maximum temperatures climbed into the middle to upper 30 degrees C range which the USDA report as being untimely for corn, soybeans and other summer crops which are in or approaching the reproductive stages of development. Better weather is needed to maintain crop conditions and yield prospects. In Brazil whilst widespread showers in the Mato Grosso have sustained favourable soil moisture for soybeans southern dryness has continued and expanded into southern portions of Mato Grosso do Sul where there has been limited rainfall

since the end of December 2024. Showers have remained unseasonable light to non-existent in much of the south (Parana to Rio Grande do Sul), further limiting soil moisture for summer crops and raising concerns about yield declines. The remainder of the major crop-producing locales to the north and east continue to benefit from sustained rainfall of 25-100 mm with temperatures near normal and most summer crops progressing through the vegetative stages of development, while over half of the soybean crop was reportedly flowering to filling. In Europe wet and warm weather prevailed earlier in the month though recent colder and snowy conditions have arrived bringing unusually cold temperatures in the UK and northern Scandinavia. Widespread rain and snow across France, Germany, Poland and the western Balkans are sustaining adequate to abundant moisture reserves for dormant winter grains and oilseeds.

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