

# Market Report

MARCH 2025

## KEY HIGHLIGHTS

### DOMESTIC:

- Canola prices fall as Trump tariffs take effect
- GM canola discount narrows to non-GM canola
- Western Australia receives rain, eastern states dry

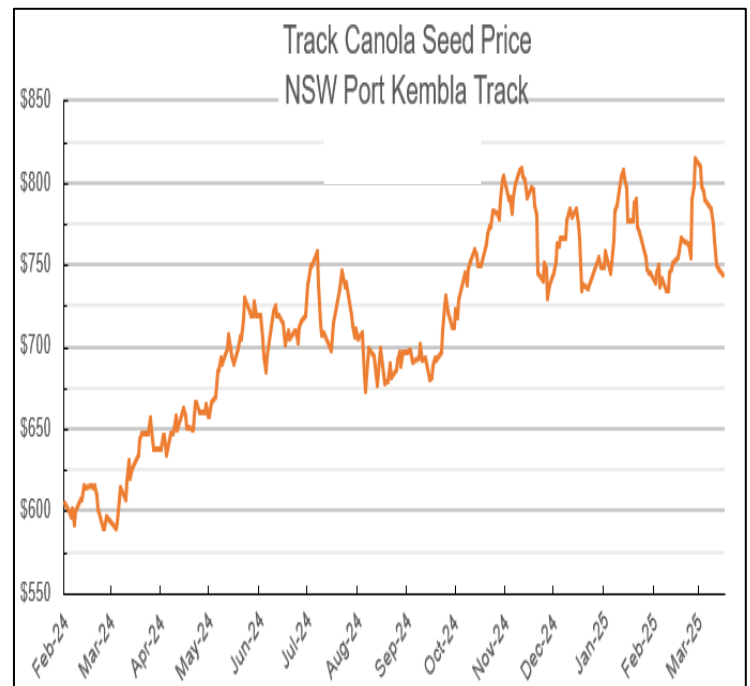
### INTERNATIONAL:

- US tariffs create global trade wars
- Record Brazilian soybean crop 70% harvested
- Expect canola market volatility to continue

## AUSTRALIAN CANOLA MARKET

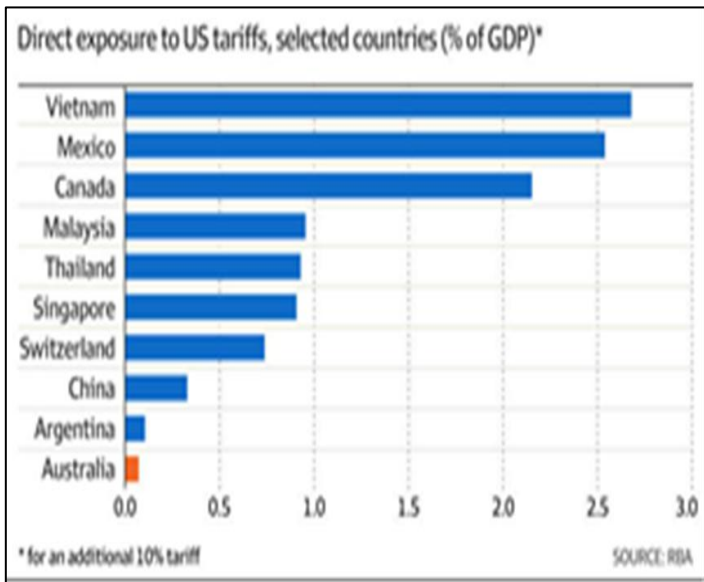
Australian canola values for non GM have fallen approximately AUD30/mt since last month. Canola track Kembla values sitting at AUD755/mt March 2025, while new crop values approximately AUD750/mt track Kembla for December-January 2025. While non GM canola values have fallen, we have not seen much change in GM canola values and as a result the price spread between non GM and GM has narrowed from AUD100/mt a month ago to less than AUD40/mt on the east coast. Export container demand has been supporting GM canola values. Container demand is sitting at AUD770/mt DCT port April-May 2025 shipment. ABARES recently revised their canola production estimate higher with most of the increase in Western Australia. ABARES is pegging the 2024/2025 crop at 5.9 mmt, up from their previous 5.6 mmt. NSW production at 1.8 mmt, Victoria 900,00 mt, South Australia 325,000 mt and Western Australia 2.9 mmt. We think the NSW figure is on the high side, but agree with the Victorian and south Australia estimates. With stocks tight on the east coast, most of the remaining exports will need to come out of Western Australia where

the only real surplus remains. ABARES production forecast for 2025/26 season is currently sitting at 6 mmt. Looking forward, weather is key over the next 4-6 weeks for canola production estimates to be realised and rain required eastern states. Prices are likely to stay volatile with the current uncertain global trade conditions, tariff wars and elevated geopolitical risks.



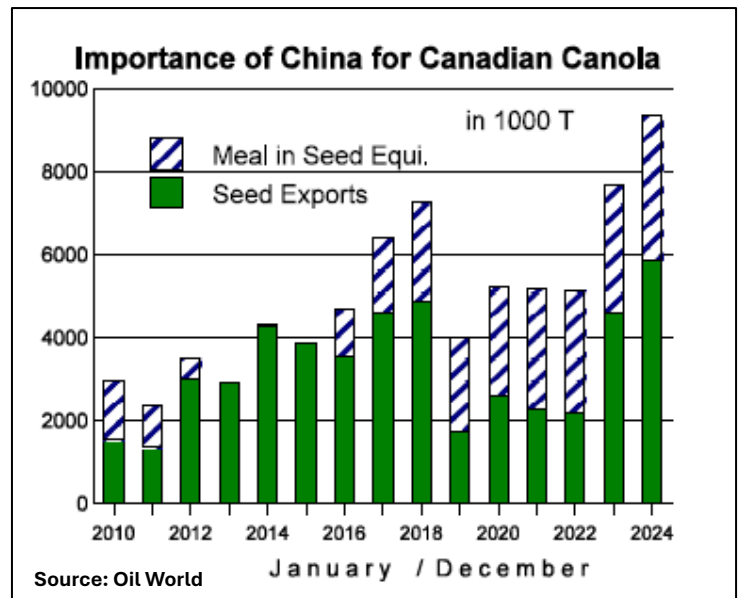
# GLOBAL OILSEED MARKET

Global tariff wars continue to dominate all markets. China announced 100% tariffs on Canadian canola oil and meal starting from March 20, 2025. Questions remain if China will apply a tariff to Canadian canola, but a tariff of 25% is rumoured. Canada has responded to US tariffs by announcing tariffs on CAD 30 billion worth of US products, while the EUR also announced tariffs on EUR 26 billion worth of US products. China has already instigated 10-15% levies on USD 21 billion worth of US agricultural goods.



Canadian canola values have collapsed and are now much cheaper than Australian canola on a FOB basis and will take export business moving forward. The only constraint here will be a tight Canadian S/D due to a solid export program. Canada has exported 6.32mmt year to date already compared to 3.44 mmt over the same period last year. When you add a domestic crush of nearly 12mmt it does not leave much surplus canola. While Australian canola values have fallen, they have not fallen as much as Canada. In fact, Australian basis levels have firmed compared to Canadian and European values over the past month. Statscan recently reduced its canola plantings estimate for 2024/2025 season to 21.6 million acres, down from 22 million acres on last season. However, it is likely this acreage figure is too high as the farmer surveys were done back in early January 2025 and

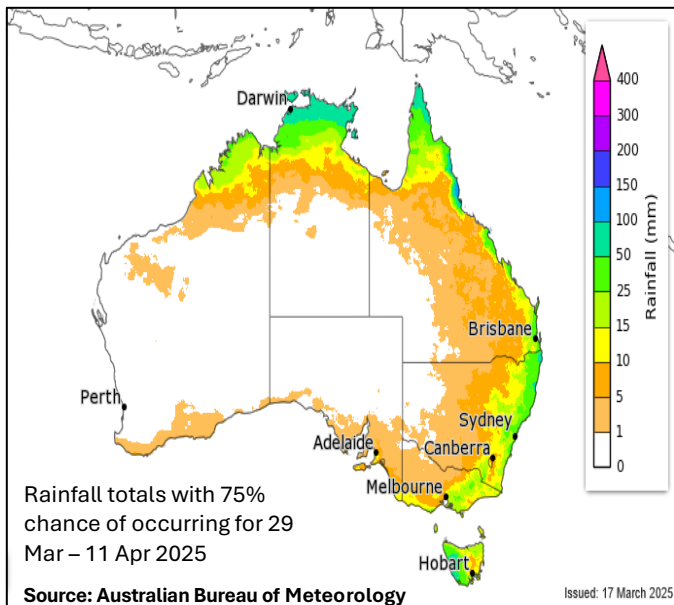
lot has changed since then, particularly prices. The USDA expects US corn plantings to increase in 2024/25 and soybean plantings to fall due to a drop in soybean prices. US soybean acreage is pegged at 84 million acres 2024/25, down from 87.1 million acres in 2023/24. The Rosario Grain exchange have reduced their Argentine soybean production estimate to 46.5 mmt. Brazilian soybean harvest is approximately 70% completed according to Ag Rural. Conab is pegging the Brazilian soybean crop at a record 167.37 mmt, up from previous record of 155.7 mmt set in 2022/23. Big questions remain re US biodiesel mandates and policy under the Trump administration which could negatively impact vegetable oil demand. Oil World reported US soybean oil consumption as falling by 20% January to February 2025 year-on-year mainly due to eroding demand from biofuel producers. US NOPA crush for February 2025 was down 11% on January 2025 at 178 million bushels.



# WEATHER UPDATE

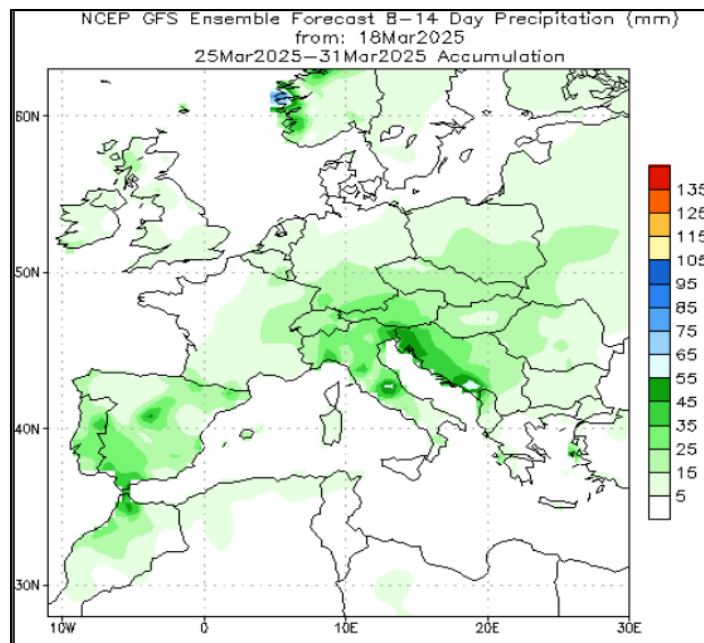
For most parts of Australia rainfall is expected to be within the typical range for the season April 2025 to June 2025. The Australian Bureau of Meteorology in their long-term forecast add rainfall is likely to be above average for northern Australia, including the north of the Northern Territory, Queensland's Cape York Peninsula and the far north of Western Australia suggesting a wetter end to the northern wet season. Despite parts of south-eastern

South Australia and western Victoria likely to be seeing above-average rainfall during April 2025 to June 2025 rainfall deficiencies over the past 12-months mean that this predicted rainfall is unlikely to significantly ease the long-term dry conditions.



International weather conditions have seen insufficient soil moisture to develop in the Black Sea Region. Rainfall

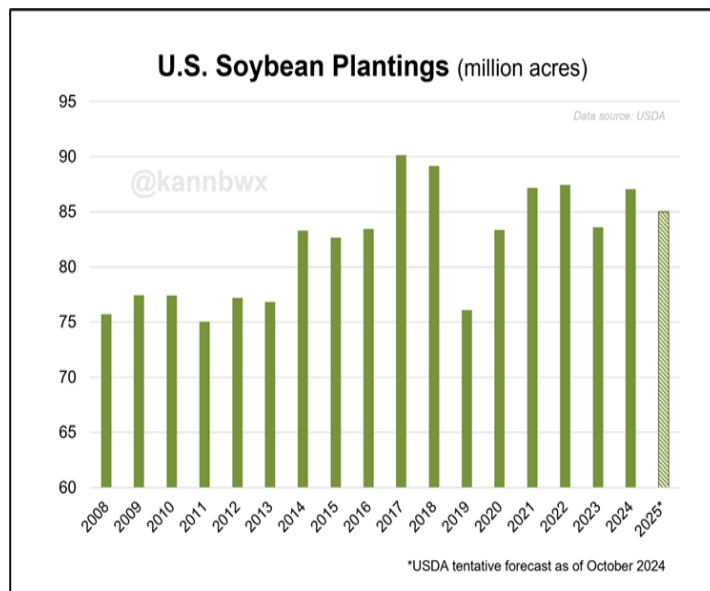
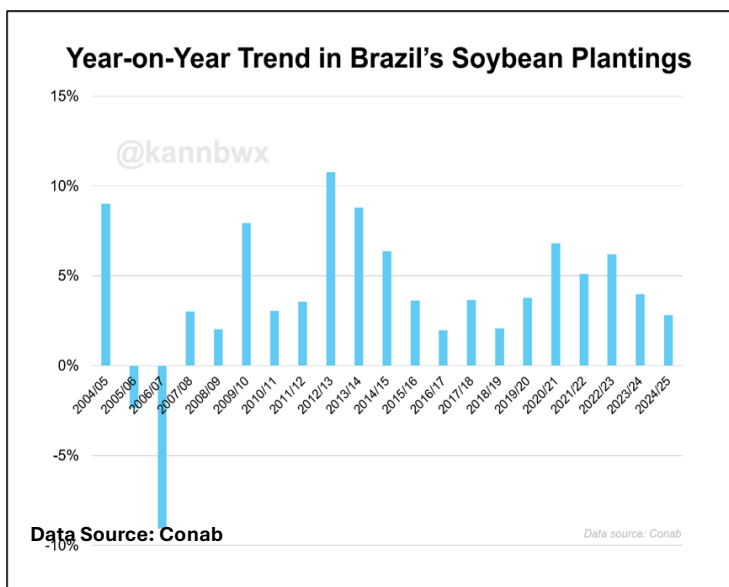
has been below normal in most regions since January 2025 and in some parts since November 2024. The conditions for winter crop development are reported to have deteriorated in parts of Russia, Ukraine, Romania as well as in other countries. Lack of moisture could present an issue for the germination of spring crops.



## BRAZIL SOYBEAN PRODUCTION IN FOCUS

Brazil has increased soybean plantings for 18 consecutive years and concerns are now being raised as to the possibility of an oversupply situation. A similar scenario occurred in the US a few years ago where farmers boosted soybean acres above 90 million in 2017 (8% above the previous year's record) and despite plentiful stock repeated this in 2018 as the price of soybean was elevated versus corn. Increased risks of burdensome supplies in the future worsened as the US and China entered a trade war mid-2018 choking off US exports. Also, at this time there was a drop in Chinese soy demand due to disease outbreaks throughout China's hog herds. This type of scenario, along with the Chinese economy outlook could provide insight for Brazil's future. In 2012-13 Brazil took over as the top soybean exporter after crop shortfalls in the US. Brazil account for 57% of exports whilst the US share has dropped to 28%. More than 70% of Brazil's annual soybean exports go to China (the world's leading buyer). Over the past 18 consecutive years Brazil's soybean area has increased up 130% whilst at the same time China's soybean consumption has risen 175%, though recent growth rates are not as strong as they were a decade ago. Total global soybean consumption has risen just 80% over the same 18-year period highlighting the strong degree to which Brazil's soy industry depends on China. China's annual economic growth rate has been slowing for the past few decades, and this is generally expected to continue through this decade. Add to this China's decreasing population (which in 2024 fell for a third consecutive year) and you

could see pressure on demand for certain food staples in China. Over the last few years China has taken steps to directly reduce soybean demand and dependence on imports by cutting soybean rations in animal feed.



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