

Market Report

JUNE 2025

KEY HIGHLIGHTS

DOMESTIC:

- Good rain across NSW and Western Australia
- ABARES estimates 2025/26 canola crop at 5.7 mmt
- Canola values remain high v wheat values

INTERNATIONAL:

- Dry weather across Europe and North America
- South American soybean crop getting bigger
- Global canola stocks remain tight

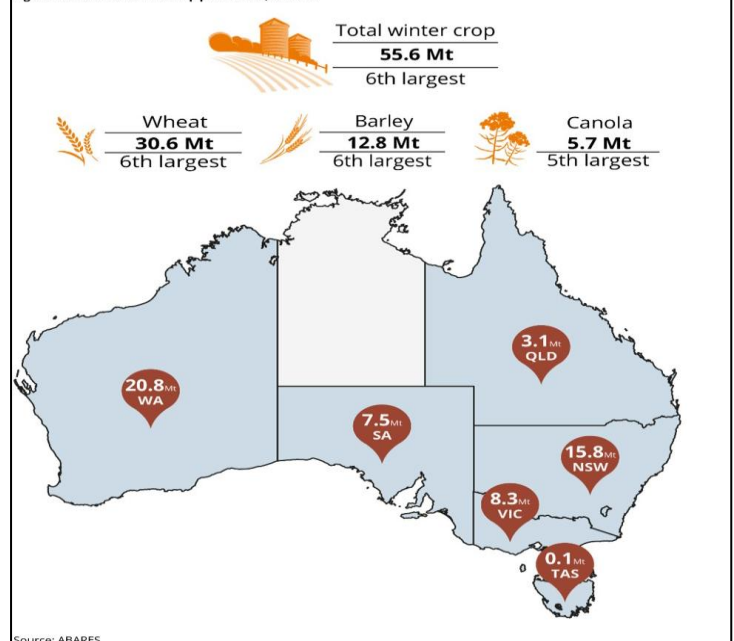
AUSTRALIAN CANOLA MARKET

Welcome rain across NSW and Western Australia over the past 10 days have boosted canola crop prospects in these two states. While now too late to sow canola, anything planted dry will benefit.

There has been rain across eastern South Australia and central/eastern Victoria in the last fortnight of between 10mm and 30mm. This rain will be useful for dry sown canola, but a lot of growers have held back sowing canola in South Australia this year due a very dry autumn.

A Reuters survey last week estimated the national barley plant up 3% on last year, canola area down 5%, while wheat area unchanged from last year. We think canola plant on the east coast down closer to 10% on last year. ABARES updated their 2025/26 crop production estimates with wheat at 30.6 mmt, down 10% from last year, barley 12.8 mmt, up 3% from last year and canola at 5.7 mmt, down 6% from last year. ABARES highlight that national planting to winter crops still remains historically high in 2025/26 at 24.9 million hectares, and although national winter crop production is forecast to decrease by 8% to 55.6 mmt this still remains well above the 10-year average, and if realised would be the sixth highest on record.

Figure 1 Australian winter crop production, 2025-26



ABARES expect that canola area planted will fall by 1% to 3.4 million hectares in 2025/26, with the reduction in area planted in southern NSW, Victoria and South Australia due to dry conditions, offset to some extent by an increase in planted area in southern Western Australia.

Canola values have remained steady at around AUD820/mt track Kembla for June 2025 and new crop around AUD810 - 830/mt track Kembla. Canola prices are still very good compared to wheat and barley and this is encouraging for growers who have planted canola this season.

GLOBAL OILSEED MARKET

Global weather, and US biofuel policy are the main overriding factors dominating the market at current.

Strategie Grain has reduced their EU rapeseed 2025/26 production estimate from 19 mmt to 18.6 mmt due to dry weather across western Europe. The EU sunflower crop has also been revised lower at 10.4 mmt, while the EU soybean crop is unchanged at 3 mmt. European rapeseed harvest will start in July 2025. Soybean crops in South America continue to get bigger with Ag Rural raising their Brazilian soybean crop production estimate to 169 mmt last week and the Buenos Aires Grain Exchange revising the Argentinian soybean crop higher to 50 mmt due to better yields. Total South American production is 232 mmt, up 15 mmt from last year. Global soybeans carry-over stocks expected to hit a record 122 mmt, which is 12 mmt higher than last year.

Canadian canola has firmed in price over the past month relative to both EU and Australian values and is now more expensive on a FOB basis than Australian canola for nearby shipment. Australia has exported over 3.1 mmt of canola to Europe for July 2024 to June 2025, which is double the previous year of 1.5 mmt for the same period in 2023/24. This large export program is due to the smaller EU rapeseed crop in 2024/25 of less than 17 mmt. We expect Europe to again be an aggressive buyer of Australian canola in 2025/26 due to low global canola stocks, and the fact Australian canola is still mostly non-GM, which is a preference for Europe. Canadian canola a major competitor for Australian canola in the global export market is virtually all GM.

Friday 13th turned out to be lucky for US soy producers with the EPA releasing the long awaited RVO (renewable fuel obligations) for 2026 and 2027.

The biomass-based diesel mandate came in higher than expected but it also means RIN's (renewable identification number), which are the credits the renewable fuel producer gets for blending biofuel into regular fuel or in the case of renewable diesel (which can be used at 100%) are limited to fuel produced using only domestically produced feedstock. This will severely

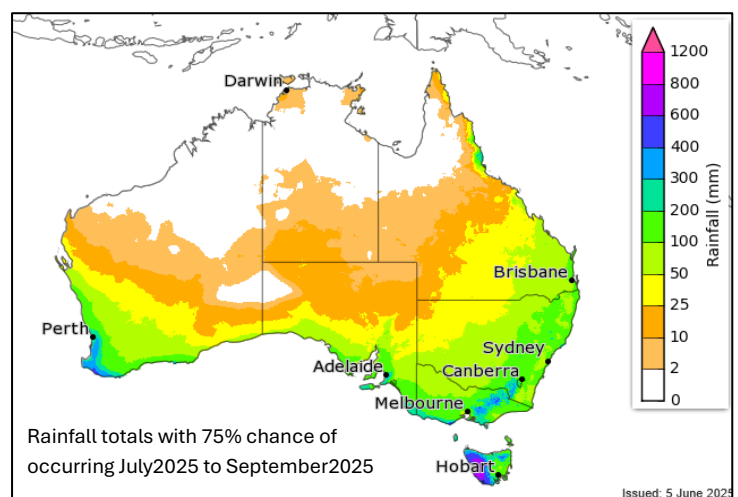
disrupt Canadian canola oil, tallow globally and UCO (used cooking oil) largely from China, making its way into the US renewable fuel market.

Soy oil prices jumped USD160mt between Friday and Monday, but soy hasn't rallied anywhere near as much. If you crush that much soy for oil you have to sell 4 times that amount of meal, and you only do that with price, so meal prices are down USD10 short ton in the last couple of session.

Canola in Canada has gone along for the ride rallying CAD27 in Nov 25 over the last sessions, we feel on hopes of more canola oil going into US food markets. Europe Matif is a reluctant follower only up EUR7 over the two sessions.

AUSTRALIAN WEATHER OUTLOOK

Above average rainfall is likely for much of Australia except in the south-east and west from July 2025 to September 2025 according to the BOM's latest long-term forecast. There is a 'weak forecast signal' for most of the south-east and west, including areas in the far south-east South Australia, western and central Victoria, Tasmania and western parts of Western Australia that have been affected by prolonged dry conditions. This means there is roughly equal chance of above, below or near-average rainfall, with no strong indication for unusually wet or dry conditions. Whilst above average rainfall is expected for the July 2025 to September 2025 it is not expected that much of Australia will not receive above average rainfall until August 2025.

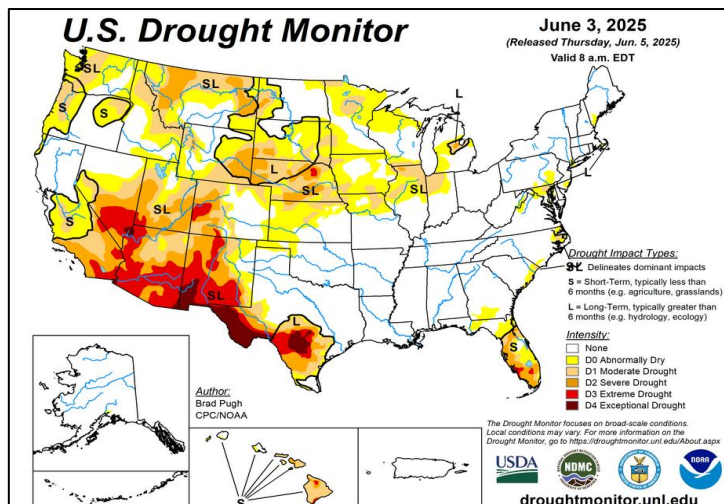


Source: Australian Bureau of Meteorology

INTERNATIONAL WEATHER UPDATE

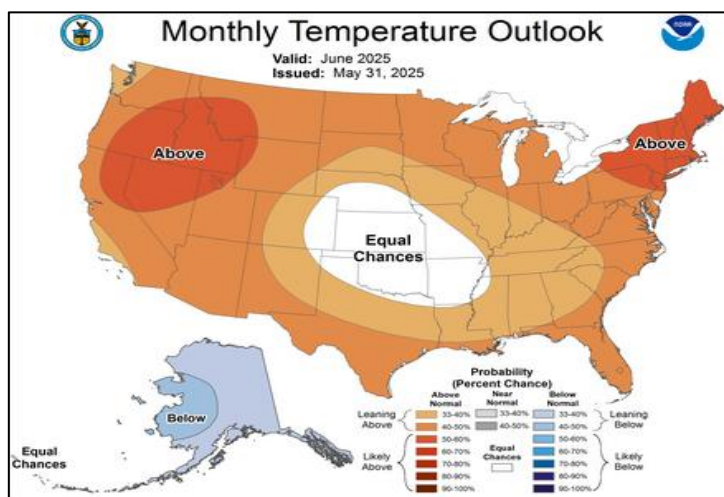
Since late April 2025, drought conditions have eased along much of the U.S. East Coast, with improvements also seen in parts of the Southwest and the Plains.

According to the June 2025 U.S. Drought Monitor report approximately 29.6% of the U.S. was in drought, a decrease of 7.4% since the end of April 2025.

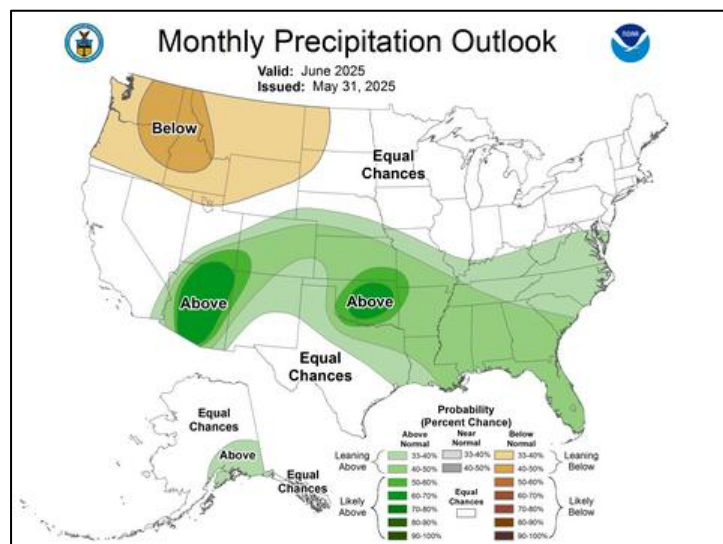
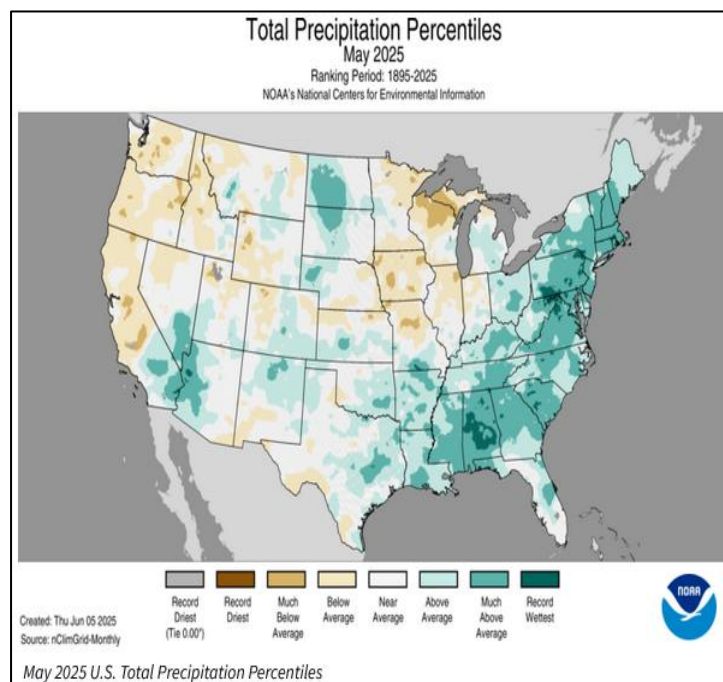


In contrast, drought developed or intensified across parts of the Northwest, central Rockies, middle Mississippi Valley and Great Lakes Regions according to the US National Oceanic and Atmospheric Administration.

The monthly outlook expects drought to persist across much of the Southwest and parts of the central and northern Plains, with additional further development likely in portions of the Pacific West, Northwest and northern Rockies.



Some drought improvement is anticipated in parts of Florida and along the Mid-Atlantic Coast.

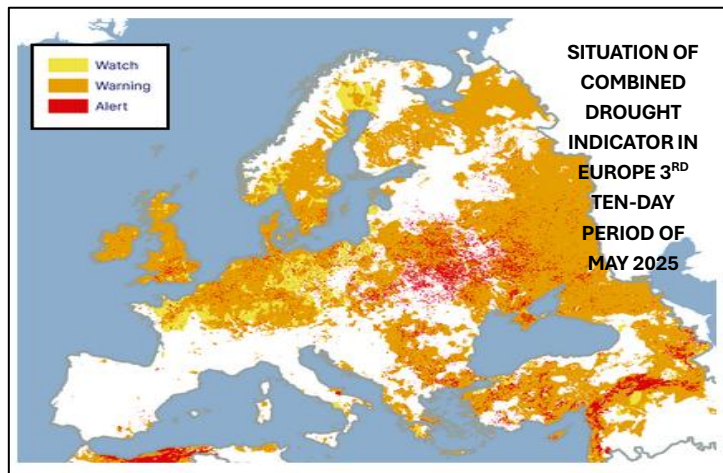


According to the latest data from a range of European weather agencies the situation in western Europe is on a knives edge, to quote some examples: 40.0% of the EU-27 territory; the United Kingdom is in "Warning" conditions and 3.3% are in "Alert" conditions.

Northern Europe farmers are experiencing one of the worst droughts in decades. Unusually dry weather for spring has delayed crops that would normally have already germinated. France, Belgium, Britain and Germany have seen much lower levels of rainfall than usual for spring leaving soil parched and dusty. Britain has suffered the driest spring in over a century. The

Netherlands has not been this dry since records began in 1906. Germany’s environment minister warned of poor harvests due to a lack of rain. Northern France has now entered “drought alert” after seeing the same rainfall between February 2025 and early May 2025 as it would normally receive in one month.

Meanwhile, southern Europe—including Spain and Portugal—have received twice the usual YTD rainfall.



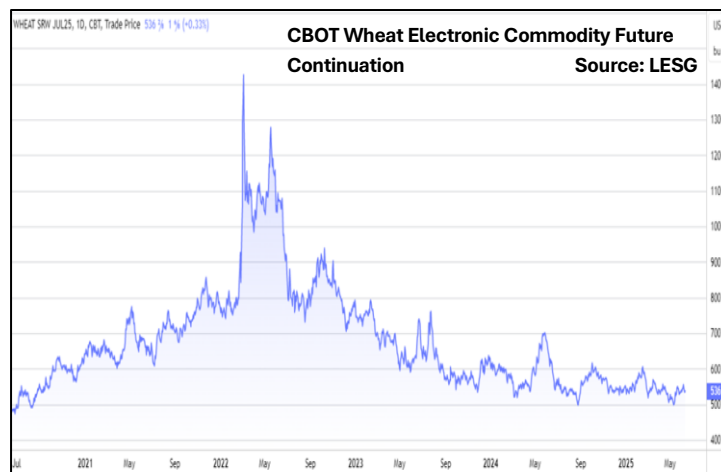
AUSTRALIAN WHEAT IN FOCUS

Analysts are watching Australian wheat stocks closely, with rising inventories expected to pressure prices.

The buildup stems from reduced Chinese demand and strong competition from Russian exports. With the new harvest approaching in Q4, some believe discounts may be needed to clear storage.

Australia exported just 546,000 mt of wheat to China from Oct 2024 to Mar 2025—down sharply from 2.9 mmt and 4.4 mmt in the same periods of the previous two years. Rabobank notes that the Northern Hemisphere harvest, including Russia’s, is ramping up, adding more cheap grain to global markets and limiting Australia’s export potential.

If current export trends continue, carry-over stocks could reach 5–6 mmt, or even 8 mmt including older grain—well above the 5-year average of 3.3 mmt. Limited storage capacity could further depress prices as surplus grain is pushed offshore at lower export values.



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