MSM Market Report

AUGUST 2025

KEY HIGHLIGHTS

DOMESTIC:

- Rain boosts winter crop prospects
- RBA cuts interest rates by 25 basis points
- Canola price recovers after falls earlier in week

INTERNATIONAL:

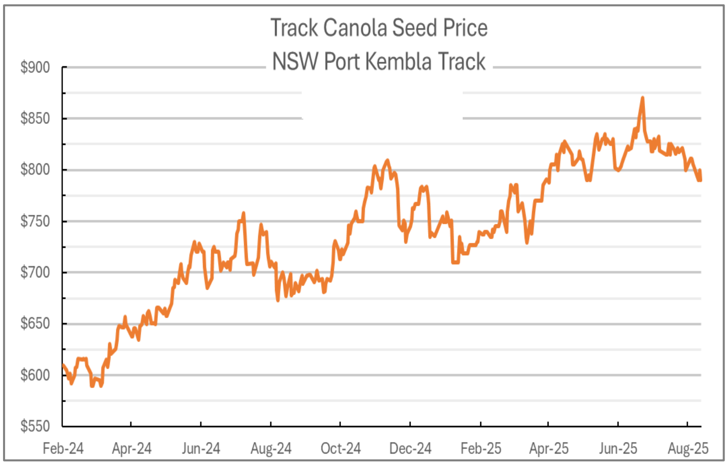
- China imposes 75.8% duty on Canadian canola
- EU rapeseed harvest good yields and oils
- Another big Brazilian soybean crop in 2025/26

AUSTRALIAN CANOLA MARKET

Recent rainfall has been particularly beneficial for canola crops across Western Australia and New South Wales. The national crop is forecast to range between 5.7 and 6.1MMT—slightly below last year's estimated 6.5 million metric tonnes, but still sufficient to support an exportable surplus. Expectations are that Western Australia alone will contribute over 3 MMT this season.

In NSW canola crops are in excellent shape across most of the Newcastle zone, and while crops have improved in the Kembla zone, they are still a few weeks behind normal growth patterns. In South Australia, we are expecting a smaller canola crop than last year due to the dry conditions, while in Victoria canola crops are also late compared to previous years.

Current crop canola values in NSW remain at a price premium to new crop of approximately AUD20/mt due to low stocks. New crop canola values have been up and down over the past week, driven by sharp movements in offshore markets reacting to tariff news from China. New crop canola today bid/offer AUD790/mt track Newcastle zone, while bid AUD10-15/mt higher in the Port Kemala zone.



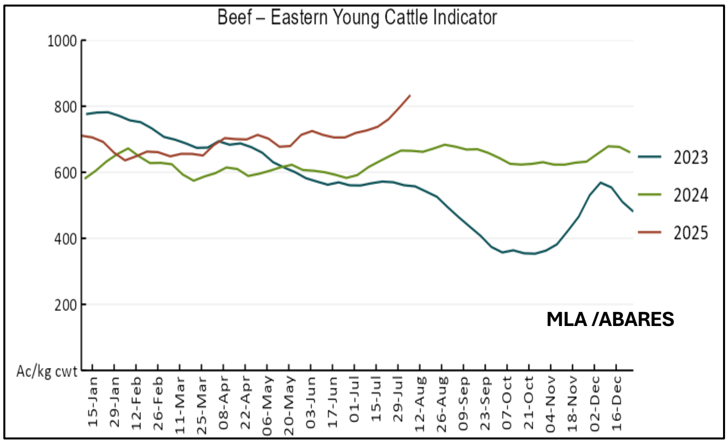
AUSTRALIAN FARM PRICE INDICATORS

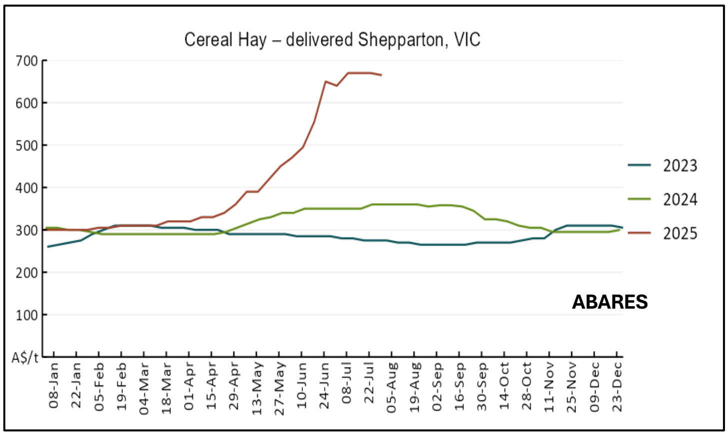
ABARES latest weekly report for August 2025 highlights below average pasture growth for the three months to July 2025 across large areas of VIC, SA, WA and north-western and southern NSW that will see graziers in these regions actively destocking or remaining reliant on supplemental feed to maintain current stocking rates and production.

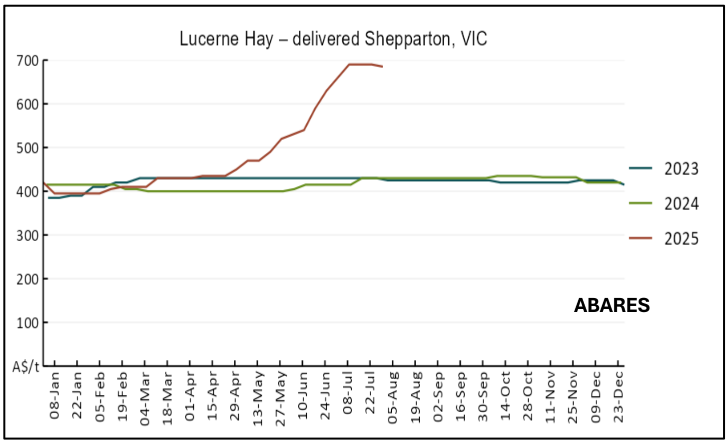
Whilst conditions have been highly variable across Australia with pasture growth average to extremely high in QLD, northern and eastern NSW, NT, southern VIC and northern regions of WA, large areas of northern VIC, SA,

WA and north-western NSW have seen relatively low pasture growth for this time of year.

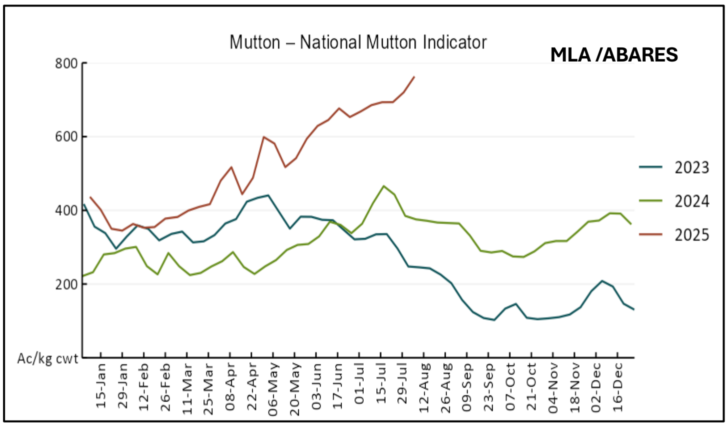
Meat and Livestock Australia (MLA) report that lifting the ban on US imports of beef is not of concern as the potential for US beef to be imported into Australia in large volumes is minimal given the high demand for beef in the US, the low US cattle herd and the strength of the AUD. According to MLA, the US demand for Australian beef continued to grow, up 24% year-on-year in June 2025 despite the 10% tariff already in place. Approximately 70% of Australia's beef production is exported to global markets.







Current supply of lambs is not keeping up with demand from processors. Australian farmers are getting record prices for lambs as demand from overseas soars. Despite drought causing forced sales of stock in some region's prices have remained high as demand continues to outstrip supply. Australia exported a record amount of lamb in 2024 with nearly 360,000 tonnes and according to MLA, export numbers this year are already tracking slightly higher, up 2% on the same period last year. WA, SA and VIC are driving a drop in ewe production and recovery of the flock is not expected until at least 2027. The decline in sheep numbers is contributing to record prices at the saleyards.



GLOBAL OILSEED MARKET

Global oilseed markets have seen notable developments China announced it will impose a 75.8% anti-dumping duty on Canadian canola imports effective immediately. This requires importers to post the funds at customs while China investigates supposed Canadian anti-dumping activities. China and Canada have been having an ongoing dispute on tariffs for some time, and this is an escalation of the dispute. The good news is this could benefit Australian canola growers as it effectively will stop Canadian canola exports to China, and China will need to buy from other origins such as Australia.

Argentine grain export taxes were recently reduced with soybeans reduced from 33% to 26%. Argentinian farmer selling of soybeans is expected to accelerate this month in response to the downward revision.

Meanwhile, the USDA has cut U.S. soybean planting forecasts by 3.6 million acres to 83.5 million acres. Despite strong yield projections (53.6 bushels/acre), total production is expected to fall to 4.29 billion bushels—down 2% year-on-year. In contrast, corn acreage has been revised up by 4.7 million acres to 95.3 million, with production forecast to hit a record 16.7 billion bushels. This shift reflects grower concerns over soybean export risks amid ongoing U.S.-China trade tensions

Several consultancies are estimating another massive soybean crop in Brazil for the coming season with expectations of 177-178 mmt for the 2025/26 season, up 2.5% from this year's crop of 172 mmt.

ECONOMIC UPDATE

Australian inflation lower with ABS CPI at 2.1% annualised compared to a previous 2.4% and core inflation also lower at 2.7% annualised versus previous 2.9%.

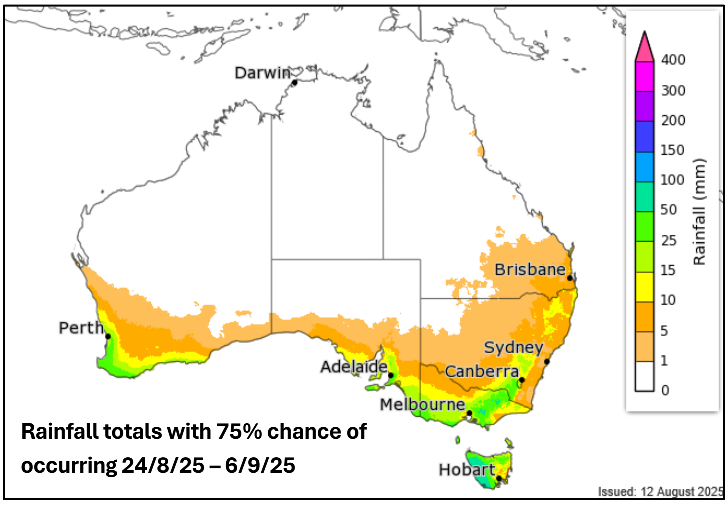
RBA cut rates by 25 basis points August 12, 2025, putting the new official overnight cash rate at 3.6%. The AUD remained steady after the announcement confirming that most markets had anticipated the move. Poor US jobs data released has increased the chance of a US interest rate cut in September 2025 according to economists.

AUSTRALIAN WEATHER OUTLOOK

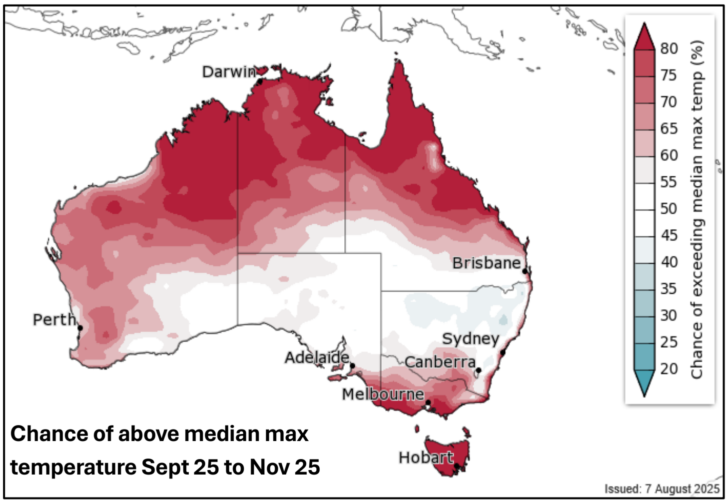
The latest long-term rainfall forecast from the Australian Bureau of Meteorology points to above average rainfall rated as likely to very likely (60% to greater than 80% chance) for most of the eastern two-thirds of Australia.

From September 2025 to November 2025 there is an increased chance of unusually high rainfall for scattered areas of eastern QLD, NSW, south-east SA and northern VIC. For western parts of WA, the forecast is for below average rainfall.

Above average maximum temperatures are rated as likely to very likely for most of northern, western and south-eastern Australia. Above average minimum temperatures are likely to very likely across most of Australia for September 2025 to November 2025. The Australian Bureau's current modelling predicts a neutral ENSO (neither El Nino nor La Nina) until at least December 2025. This is consistent with forecasts from 5 out of 8 international models assessed with just 3 indicating borderline La Nina levels during the southern spring and early summer.



Source: Australian Bureau of Meteorology



Source: Australian Bureau of Meteorology

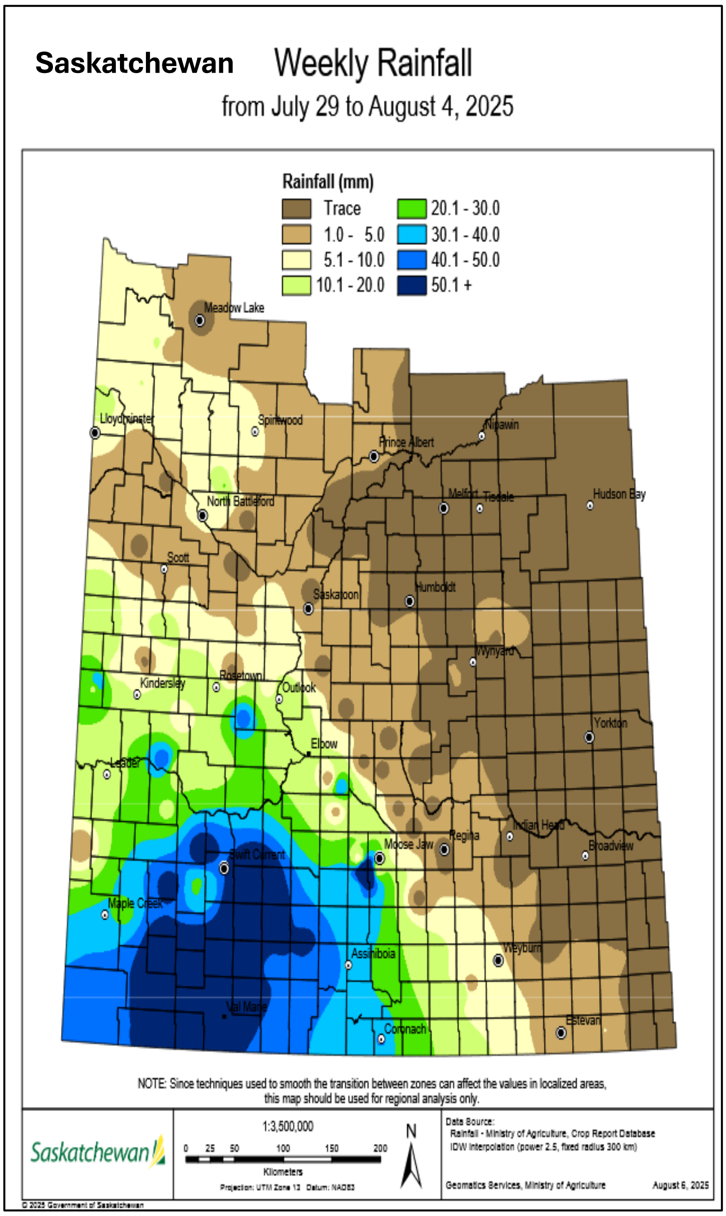
CANADIAN PRAIRIES UPDATE

Up until the end of June 2025, below-normal rainfall had been experienced in much of British Columbia, northwestern and southeastern Alberta, southern and eastern Saskatchewan, all of Manitoba, southern Ontaria and much of Atlantic Canada.

Less rain and warmer temperatures resulted in an overall increase in drought extent, and severity across Canada with approximately 66% of Canada's agricultural landscape classified as Abnormally Dry (D0) or Moderate to Extreme Drought (D1 to D3). Fast forward to August 2025 and there has been a significant improvement in weather conditions for crops from early July 2025 through to August 2025.

Recent rainfall will help crops reach their full potential according to industry stakeholders with some analysts boosting their production estimates due to the turnaround in weather conditions.

Forecasts include a Canadian crop size for this season of 18.6 mmt. Reduced opening stocks are expected to limit Canadian canola supplies to 20 mmt in 2025/26, down 2.4 mmt from a year earlier.



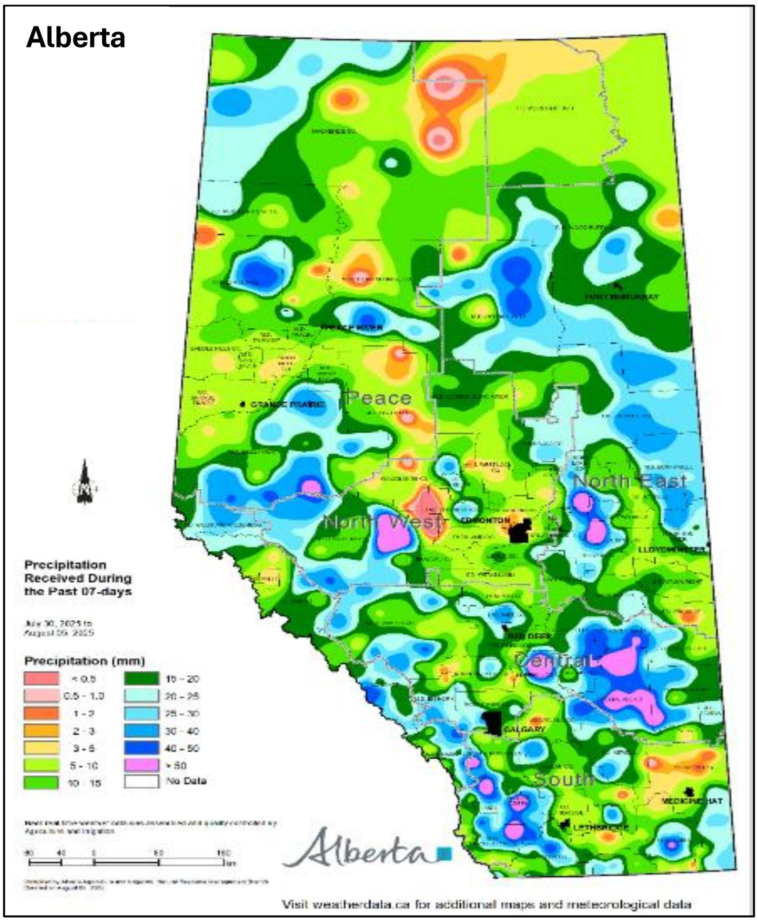
Saskatchewan Crop Development (for the period of July 29th to August 4th, 2025)

Provincial Crop Development			
Crop	% Ahead	% Normal	% Behind
Fall Cereals	22%	75%	3%
Spring Cereals	18%	74%	8%
Oilseeds	11%	76%	13%
Pulse Crops	13%	81%	6%
Perennial Forage	15%	75%	10%
Annual Forage	15%	76%	9%

Alberta **Regional Major Crops Conditions Ratings as of 5/8/25**

	Per Cent Rated in Good to Excellent Condition					
	South	Central	N East	N West	Peace	Alberta
Spring Wheat	65.3%	94.5%	58.4%	64.6%	27.7%	65.5%
Barley	59.1%	93.2%	59.6%	68.7%	24.9%	66.5%
Oats	74.3%	88.3%	57.5%	61.6%	26.3%	53.9%
Canola	67.2%	90.9%	57.4%	72.0%	22.0%	60.6%
Dry Peas	63.5%	95.6%	61.5%	73.0%	30.1%	65.1%
Major Crops, August 5	64.0%	93.1%	58.2%	68.4%	24.9%	63.6%
Major Crops, July 29	63.6%	92.7%	59.2%	69.7%	22.1%	63.4%
5-year (2020-2024) Avg	50.5%	49.3%	58.5%	42.5%	50.3%	51.3%
10-year (2015-2024) Avg	48.8%	54.0%	66.1%	49.9%	57.0%	55.8%

Source: AGI/AFSC Crop Reporting Survey



US BIODEISEL POLICY IMPACT

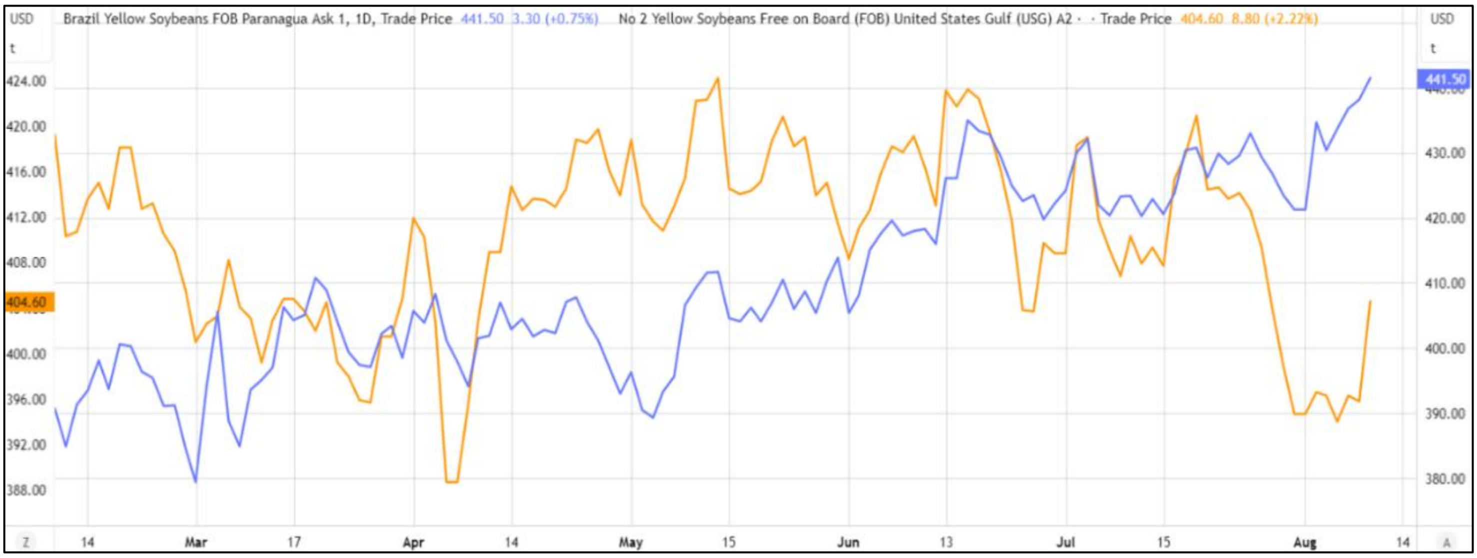
Reuters report that trade groups are warning Trump's America First biodiesel policy could cost US companies and consumers. The Trump administration's push to discourage the use of foreign feedstocks in domestic biodiesel could lead to higher energy prices for US consumers and restricted domestic production according to some refining and biofuel trade groups.

Of main concern is a proposal from the Environmental Protection Agency (EPA) potentially cutting the allocation of tradable renewable fuel credits (known as RINs) to biodiesel that is either imported of made with foreign feedstocks.

American Fuel and Petrochemical Manufacturers representing refiners see the RIN restrictions as jeopardizing the economic viability of renewable fuel production assets and increasing overall compliance costs for all obligated parties. The Advanced Biofuels Association have added that the policy could ramp up consumer costs by putting a USD250/mt premium on domestic versus imported feedstocks according to a study it commissioned.

Others in the biofuel industry backed the proposal with some of the view that American farmers should be supported by developing capacity rather than relying on imports of cooking oil from China, and Brazilian feedstock use at the expense of US producers. Large US companies such as ADM, Bunge and Cargill that have global assets and process US soy, as well as foreign companies with significant US operations will likely see negative effects.

FOB export prices of US soybeans have widened their discount versus Brazilian origin to approximately USD40/mt for nearby with the price discount yet to stimulate additional buying interest from other countries. Oil World report that the recent slow pace of new crop US soybean export sales is alarming for US farmers and exporters.



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