

A sizzling summer of hot prices

New Zealand agribusiness monthly

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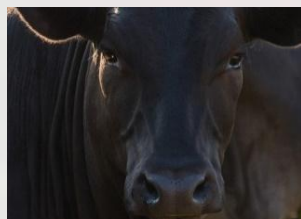
This report is based on information available as at 4/12/2025

Commodity outlooks



Dairy

Plenty of milk for the market has pressured farmgate milk prices. Commodity price weakness is likely to be a feature in the near-term.



Beef

Firm beef prices may be getting close to their seasonal peak, reflecting strong global demand and tight early supply. Export values are strong, and on-farm conditions may now be the key influence of supply dynamics.



Sheepmeat

Sheepmeat prices remain elevated, supported by strong export demand and tight early supply. EU markets for lamb are a key driver, with farmgate returns likely at or near their seasonal peak with supply expected to ramp up in the coming weeks.



Farm inputs

It was a mixed month for fertiliser prices, with phosphate prices down around 5% MOM, while urea rose 2%. Although RaboResearch expects urea prices to ease over the next six months, short-term downside potential may be limited by strong buying activity from India.



Interest rate and FX

The RBNZ cut the OCR by 0.25ppts in November but sent a strong signal that it may be finished for the cycle. The New Zealand dollar was buoyed by signs that there may be no more cuts to come and is expected to rise further against the US dollar.



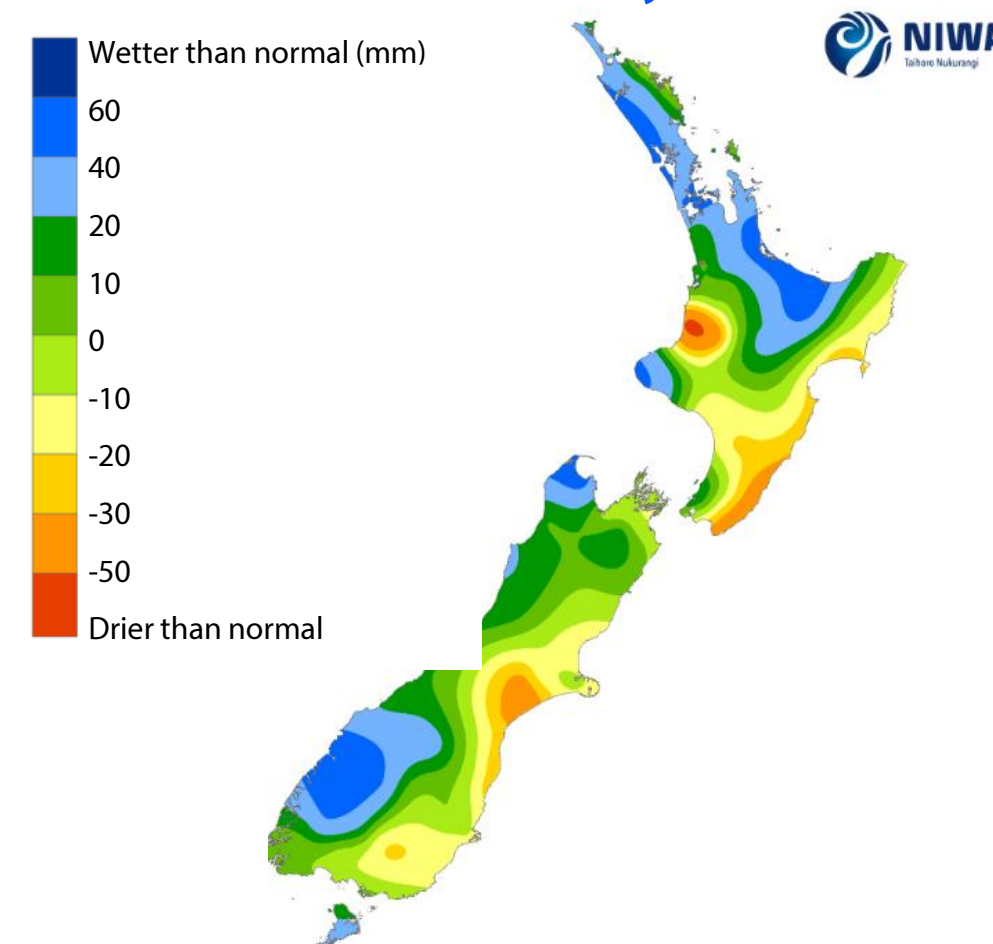
Oil and freight

Oil prices continued to track lower in November and are likely to fall further early next year. Diesel prices are being supported by a lack of refining capacity and a consequently tight supply-demand picture.

Climate

Variable conditions across the country

Soil moisture anomaly (mm), 01 December 2025



New Zealand's summer outlook signals a season of contrasts for primary producers. Earth Sciences New Zealand (ESNZ) suggests La Niña conditions will persist into early summer but are expected to weaken towards neutral by February. High-pressure systems will dominate much of the country, particularly the North Island, resulting in warmer-than-average temperatures and extended dry spells through mid-summer. Soil moisture deficits are likely to emerge quickly, especially in eastern and northern regions, increasing pressure on pasture growth and irrigation resources.

Rainfall is forecast to be near normal to below normal for most areas, with the exception of Northland, which may experience wetter conditions.

Coastal marine heat waves will contribute to elevated humidity and warm nights, supporting early grass growth but amplifying heat stress risks for livestock. Late summer could bring a shift: Tropical moisture and ex-tropical cyclone remnants may deliver heavy rainfall events, particularly in northern and eastern districts.

Source: Earth Sciences New Zealand 2025

What to watch:

- **Ex-tropical cyclones:** The risk of ex-tropical cyclones is near normal to slightly elevated this summer, with the greatest likelihood from late January through March. The regions most exposed include Northland, Bay of Plenty, East Coast/Gisborne, and Hawke's Bay, with occasional impacts possible in Waikato and the north of the South Island. These systems can bring intense rainfall, flooding, and damaging winds, even after weakening offshore.

Dairy

A tale of two countries for milk production

The expansion of milk flows due to healthy margins and strong farmgate pricing mean the global market is well supplied. While growth is estimated to have peaked in Q3 2025, Q4 will be not far behind. The EU and UK posted their strongest growth since 2017 for the month of October, while surging US October milk flows posted their fifth consecutive month of growth rates over 3%. Not to be outdone, New Zealand farmers have been setting new milk solid records each month since May 2025. Meanwhile South America is shaping up a significant annual volume increase.

Global dairy markets still face headwinds on the demand side, with low- and middle-income consumers impacted the most. Ongoing sluggishness in demand remains the case across many foodservice channels. Consumer confidence has been deteriorating in the US and is clearly still struggling in China, with discretionary spending under pressure.

The global dairy market will face a period of weaker commodity prices in the face of ample milk supplies into 2026 and exportable surpluses. Demand remains fragile and, in the absence of any supply shock to impede surplus

milk, raises the risk of prolonged weak pricing through mid-to-late 2026 as surplus milk enters the market.

The peak production month in New Zealand was strong, with an improvement of 2.8% YOY in October and the third-highest milk solids growth for the month on record. A robust season remains the theme from New Zealand dairy farms this 2025/26 production year, with season-to-October milk flows up 3.4% compared to the 2024 season.

In contrast, Australian milk production continues to lag. Australia's milk production has passed the seasonal peak with milk production down 2.3% season-to-date in October, led by declines in Victoria. The rate of decline has slowly started to moderate on a year-on-year basis.

However, October brought much-needed rainfall to some dairying regions in Southern Australia, which has continued into November. This has meant soil moisture deficits have reduced in severity. The outlook from the Bureau of Meteorology is for more favourable rainfall over the summer months.

What to watch:

- **US dairy exports:** The US is on track to set new export records for cheese and butter in 2025, marking what could be an historic year for dairy exports. Growing export volumes are underpinned by strong milk production, new processing capacity, sluggish domestic demand, and cost competitiveness. The US has seen steady growth in cheese exports to Japan, Korea, and Australia.



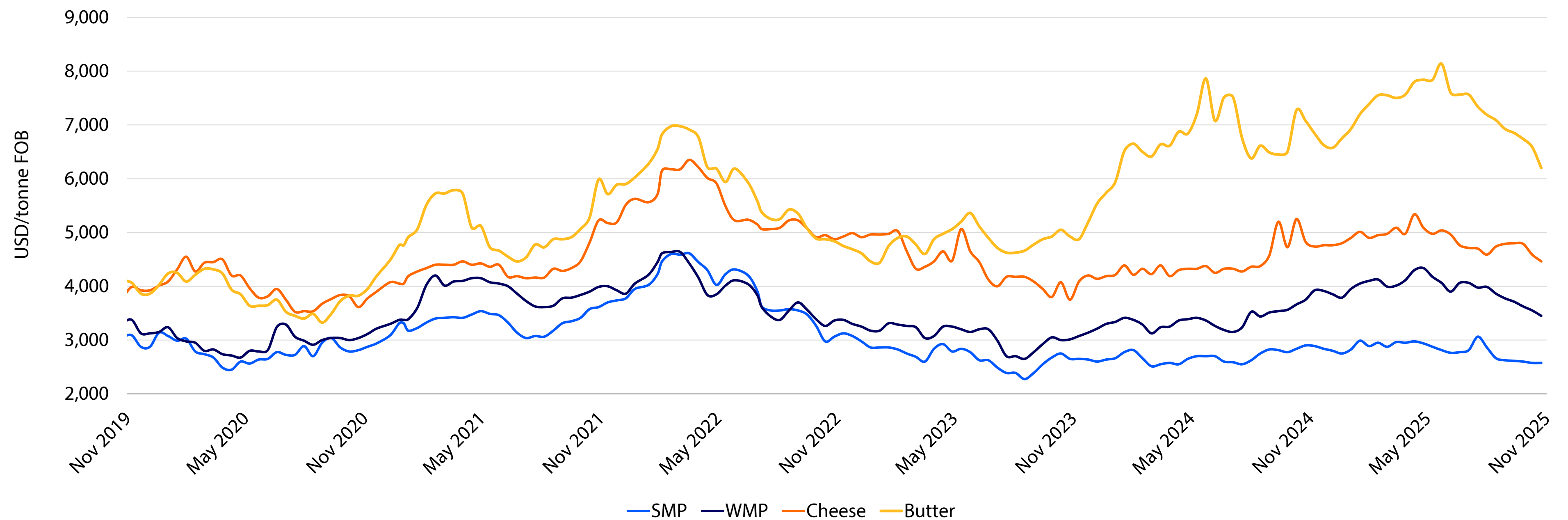
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Dairy

The weight of increasing milk supply in export regions is becoming more evident

Oceania spot prices for dairy commodities



Source: USDA, RaboResearch 2025



Beef

Feed quality and export demand keep beef prices high

Farmgate prices for cattle have remained firm through October, with the AgriHQ North Island bull indicator steady at NZD 9.40/kg cwt. As pasture quality inevitably declines post-spring flush, more cattle are likely to come forward, which could mark the seasonal peak for prices.

Supply was notably tight in the early weeks of the new export season. Total cattle slaughter since 1 October is tracking 24% below last year, with bull beef numbers down by over 8,000 head YOY. Prime steer volumes are similarly lower, likely a reflection of favourable pasture conditions enabling producers to maximise liveweight gains. As early summer arrives, the interplay between pasture growth and weather will be key. Late December often brings a lift in supply, but the timing and extent will depend on how quickly feed quality tapers off.

Saleyard dynamics may shift as dairy-beef calves enter the market, a notable change from recent years when numbers were down. This increased availability could benefit buyers, with more cattle expected to be available

over the next two years. Yearling beef steer prices have remained well above NZD 5/kg lwt, with robust demand for dairy cross calves in some regions.

Export volumes in October were down 7% YOY by volume (24,718 tonnes) but up 15% in value to NZD 285m. Despite slightly lower volumes to the US in October, average export prices remained firm at NZD 11.51/kg FOB. The UK emerged as the third-largest market by volume and value in October with 3,152 tonnes shipped at a value of NZD 37.8m – up over 1,000% YOY. The value of shipments to China was NZD 41m, with US shipments at NZD 86.3m.

When it comes to beef consumption, retail prices for beef mince have surged, now averaging NZD 23.17/kg, higher than lamb chops, chicken breast, or pork loin chops. This reflects strong export demand and tight global supply, with domestic consumers now competing with international buyers for product. As summer progresses, producer returns are expected to remain healthy, and the BBQ will potentially be more expensive.

What to watch:

- **The removal of global beef tariffs:** The removal of the 15% tariff on New Zealand beef exports to the US restores near-zero in-quota duties, improving competitiveness in a market where domestic supply remains historically tight. However, in an update that came later than other announcements, Brazil, the world's largest beef exporter, has also had its 40% punitive tariff lifted and will retain only the 26.4% out-of-quota tariff until January 1. From early January, Brazil is expected to rapidly take a majority of the approximately 66,000-tonne duty-free quota, as in previous years, which could increase US import volumes and soften prices in that window of time. We will be watching how these shifts influence buying patterns and whether strong demand for lean trim offsets the added supply pressure.



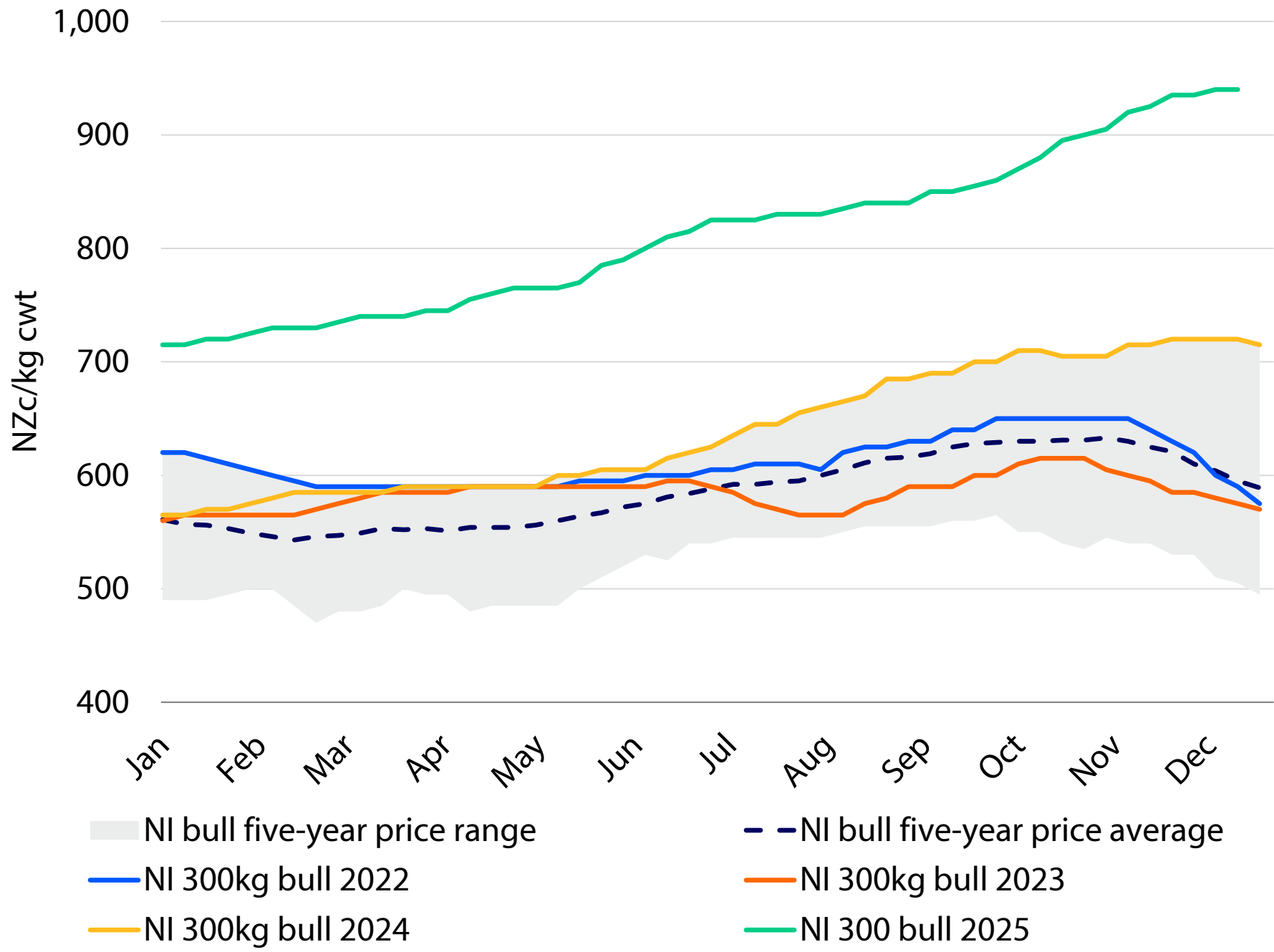
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Beef

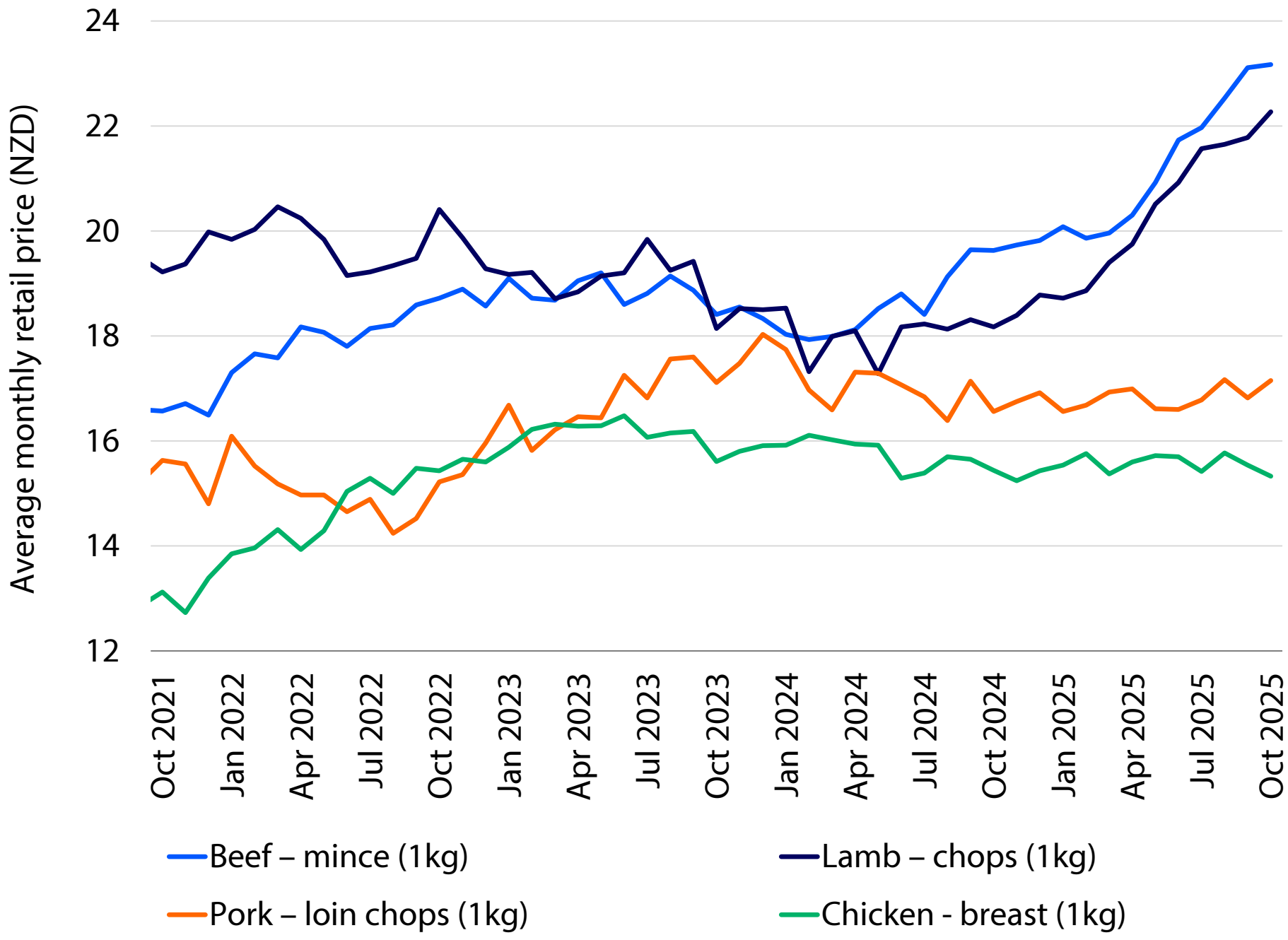
Farmgate prices still breaking records, while beef mince gets expensive in New Zealand

AgriHQ North Island bull price



Source: AgriHQ, RaboResearch 2025

Beef mince causing sticker shock in the supermarket



Source: Stats NZ, RaboResearch 2025

Sheepmeat

Lamb prices holding firm into the start of summer

Farmgate prices for lamb across New Zealand are currently holding around NZD 11.00/kg cwt, supported by strong demand and limited early supply of new season lambs. Mutton prices have remained steady and consistently above NZD 6.00/kg cwt heading into December. The new season flush of lamb supply is expected to start to arrive before the end of 2025, which could influence pricing dynamics in the weeks ahead.

Historically, **peak lamb kill occurs through mid-to-late December and into early January (with a brief Christmas slowdown)**. As these volumes begin to flow, some softening in schedule prices may occur, although current levels remain firm across both islands. Early indications from the NZ Meat Board show lamb kill for the first five weeks of the 2025/26 export season tracking about 9% lower YOY.

Export demand has remained robust, with average lamb export prices in October holding firm (NZD 14.72/kg FOB) at historically high levels. This is only slightly behind August's all-time record of NZD 14.78/kg FOB. The low New Zealand dollar continues to provide support, alongside strong seasonal demand from EU markets for Christmas lamb. Increased volumes directed to these markets have helped underpin returns.

Volumes to China remain soft. In October, 37% of lamb exports went to China, down from 47% a year earlier. While average export prices to China are still well below the highs of 2021 (by around NZD 2/kg), they were up nearly NZD 1/kg compared to last year, helping signal broader demand improvements globally. New Zealand lamb still faces a 15% tariff entering the US market. To date, both volumes and value to this market have been robust and significantly compared to previous years. Good red meat demand from the US is broadly helping.

Looking ahead, farmgate lamb prices may have reached their seasonal peak and could ease slightly as supply builds through summer. However, overall demand indicators remain positive, with average export prices during spring 2025 up 20% to 30% YOY. Additionally, lower Australian lamb supply in global markets could provide further support for New Zealand exporters. Australian prices have been volatile lately. Recent weekly slaughter numbers have been below the five-year average after nearly two years of record throughput. This is a trend that may help balance global supply and is broadly good news for Kiwi farmers.

What to watch:

- **Record export returns in the 2025/26 export season:** New Zealand sheepmeat exports hit a record October value of NZD 389.7m, surpassing the previous high of NZD 331m set in October 2019. Total shipments reached 27,240 tonnes, which is not a record. EU demand for Christmas lamb has been driving much of the strength in New Zealand lamb's value. So far in 2025, 23% of lamb volumes have gone to EU markets, up more than 5 percentage points from pre-2024 levels. The EU now accounts for 33% of total lamb export value, highlighting the market's growing importance. RaboResearch will be watching for whether this trend continues into early 2026 – with Ramadan and Easter as the next significant consumption periods for consumers in the EU.



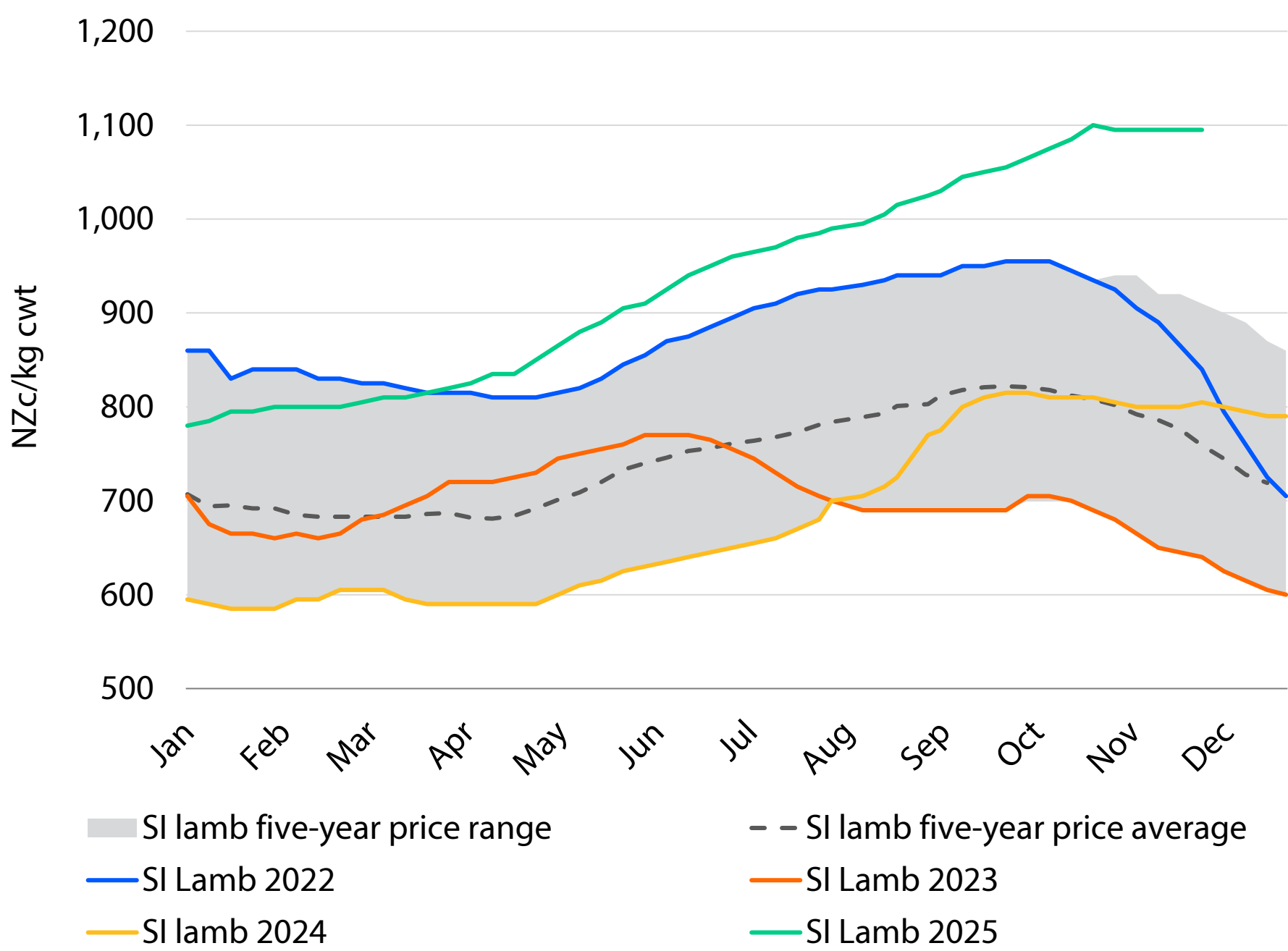
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Sheepmeat

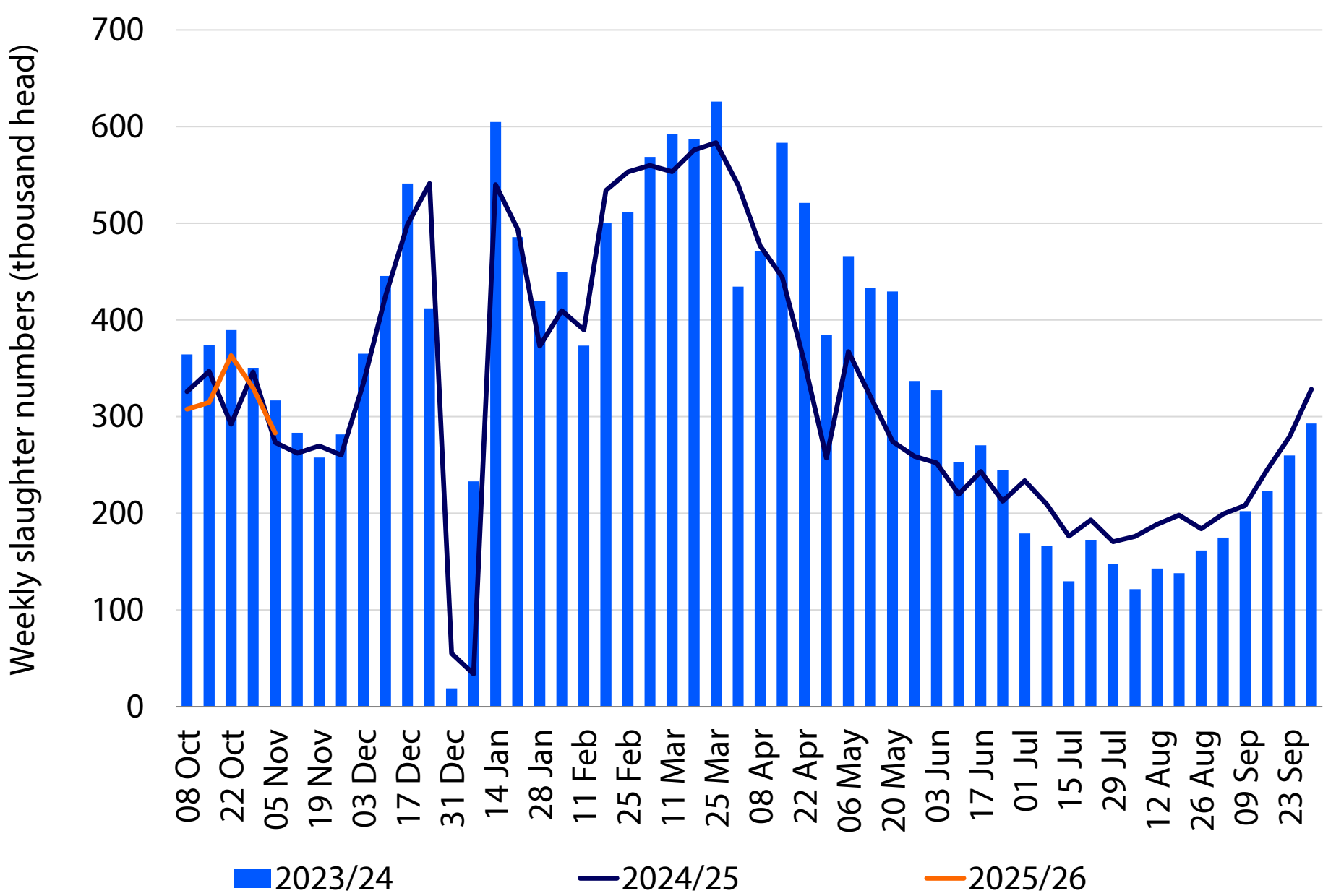
New season lambs are fetching good prices

Lamb prices holding firm, close to NZD 11/kg cwt



Source: AgriHQ, RaboResearch 2025

All eyes on the flow of new season lambs after a later run of old season lambs in early spring



Source: NZ Meat Board, RaboResearch 2025

Farm inputs

Some relief expected for fertilisers, but downside is limited

It was another mixed month for fertiliser prices. Urea rose 2% to NZD 674/tonne, while phosphate prices eased, falling 5% to NZD 1,250/tonne. Potash prices were down 1.3% MOM to NZD 585/tonne.

All eyes are on India, the major urea importer, which is currently seeking 1.5m tonnes of urea. An additional Indian tender could take place in the coming months, supporting prices into 2026. Although India has been aggressively building stocks recently, November opening stocks remained down year-on-year.

RaboResearch maintains the view that urea prices should ease over a six-month horizon; however, Indian tendering activity is adding short-term volatility. Given India's purchasing requirements, further tenders could occur, supporting prices. While China's recent return to the export market is helping balance supply and demand, India's current import needs more than offset this additional supply.

The recent decline in phosphate prices likely reflects our thesis of dampening demand amid elevated prices. Global demand has been very low in recent weeks. That said, RaboResearch does not expect significant downside from current levels, largely due to a tight supply picture.

Domestic Chinese agrochemical prices remain relatively low and have been stable for some time. This suggests retail price movements are likely being influenced by containerised shipping rates, which have risen 13% over the past four weeks.

Given RaboResearch's forecast for the NZD/USD cross to reach 0.60 over a 12-month horizon, some price relief for many fertilisers and chemicals is anticipated within the coming year.

What to watch:

- **Indian urea demand:** India continues to be the predominant focal point in terms of urea demand. Another tender announcement in the coming months has potential to lift prices in the short term.
- **Gas prices:** One factor that could impact fertiliser markets is gas prices. RaboResearch sees improving global gas supply alongside weaker demand (particularly from Asian nations) as a potential driver of lower gas prices. This creates the possibility of downside for fertiliser prices, as the cost of production could ease.



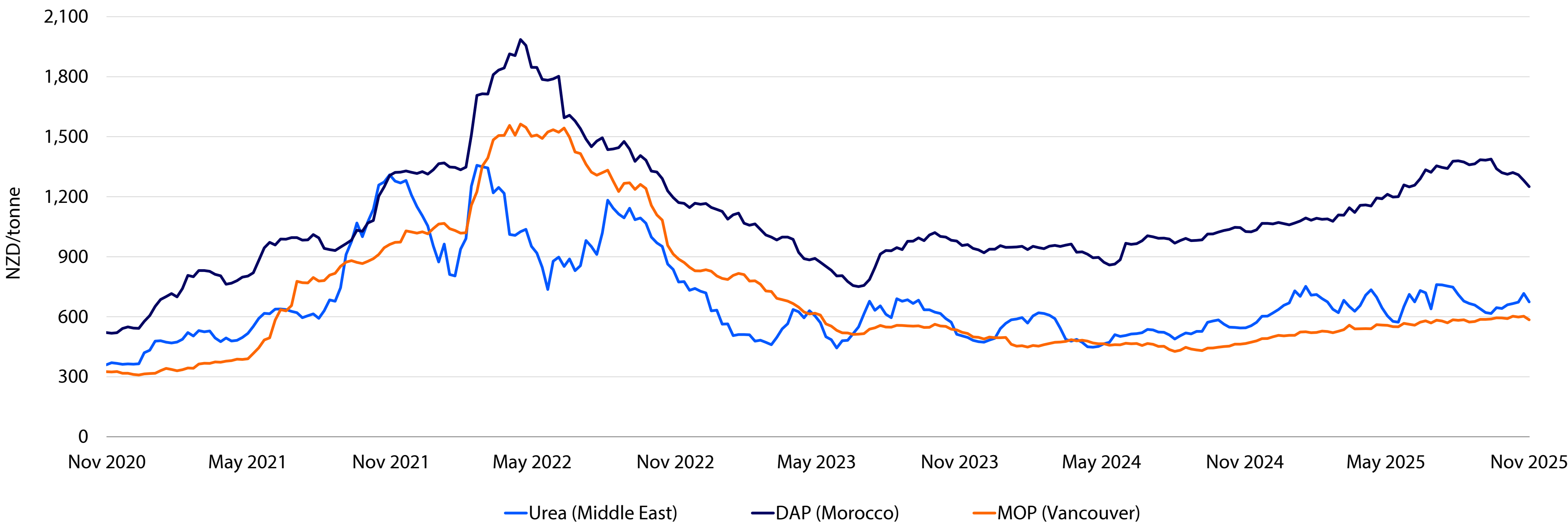
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Farm inputs

Urea prices rose month-on-month in November, with India's urea tender in focus

Global phosphate demand was muted in recent weeks, as reflected in recent price action (-5% MOM)



Source: CRU, RaboResearch 2025

Interest rate and FX

November looks like a turning point for interest rates

As previewed last month, the RBNZ cut the official cash rate (OCR) by 0.25ppts in November to a new rate of 2.25%. We previously wrote that RaboResearch's official forecast expected the November cut to likely be the last of the cycle. The details of the November OCR announcement have reinforced that impression and reduced the likelihood of a follow-up cut next year.

At the November meeting the RBNZ's Monetary Policy Committee considered two policy options: a 0.25ppt cut or holding the OCR unchanged at 2.50%. This may have come as something of a surprise to some interest rate traders, who were assigning a small positive probability to a half percentage point cut in November.

Usually, the committee makes its decisions by unanimous consent, but this time a vote was taken. Five members voted for a cut, with one voting for a hold. A vote has only been taken twice before: in May of 2023, when the last hike of the hiking cycle was delivered, and in May of 2025, when many believed that the cutting cycle had concluded

(erroneously, as it later turned out). Suffice it to say, the presence of a vote is generally taken to be a strong signal of a turning point in the rate cycle.

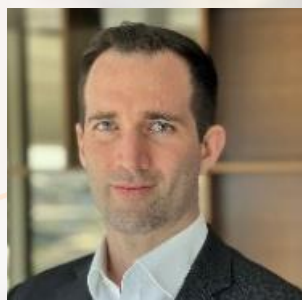
The RBNZ's latest projections also imply that the cutting cycle is likely over. The updated OCR projection bottoms out at 2.20%, suggesting a 1-in-5 chance of another 0.25ppt cut from here onwards. At time of writing, the futures market assigns a less than 1-in-7 probability of another cut.

The New Zealand dollar surged against the US dollar after the OCR decision was announced. The New Zealand dollar traded as low as 0.5584 in the days leading up to the announcement before closing the month at 0.5735. Further momentum was added the day after the announcement by a very strong retail sales (ex-inflation) number for Q3 (+1.9% QOQ).

RaboResearch projects the New Zealand dollar to rise to 0.6000 against the US dollar on a 12-month timeline.

What to watch:

- **New Zealand Q3 National Accounts (GDP data), 18 December** – The latest figures on the growth performance of the national economy will be delivered on 18 December. This follows a worse-than-expected contraction of 0.9% in Q2 and is expected to show the economy returning to expansion. RaboResearch is projecting quarterly growth of 1.1%.



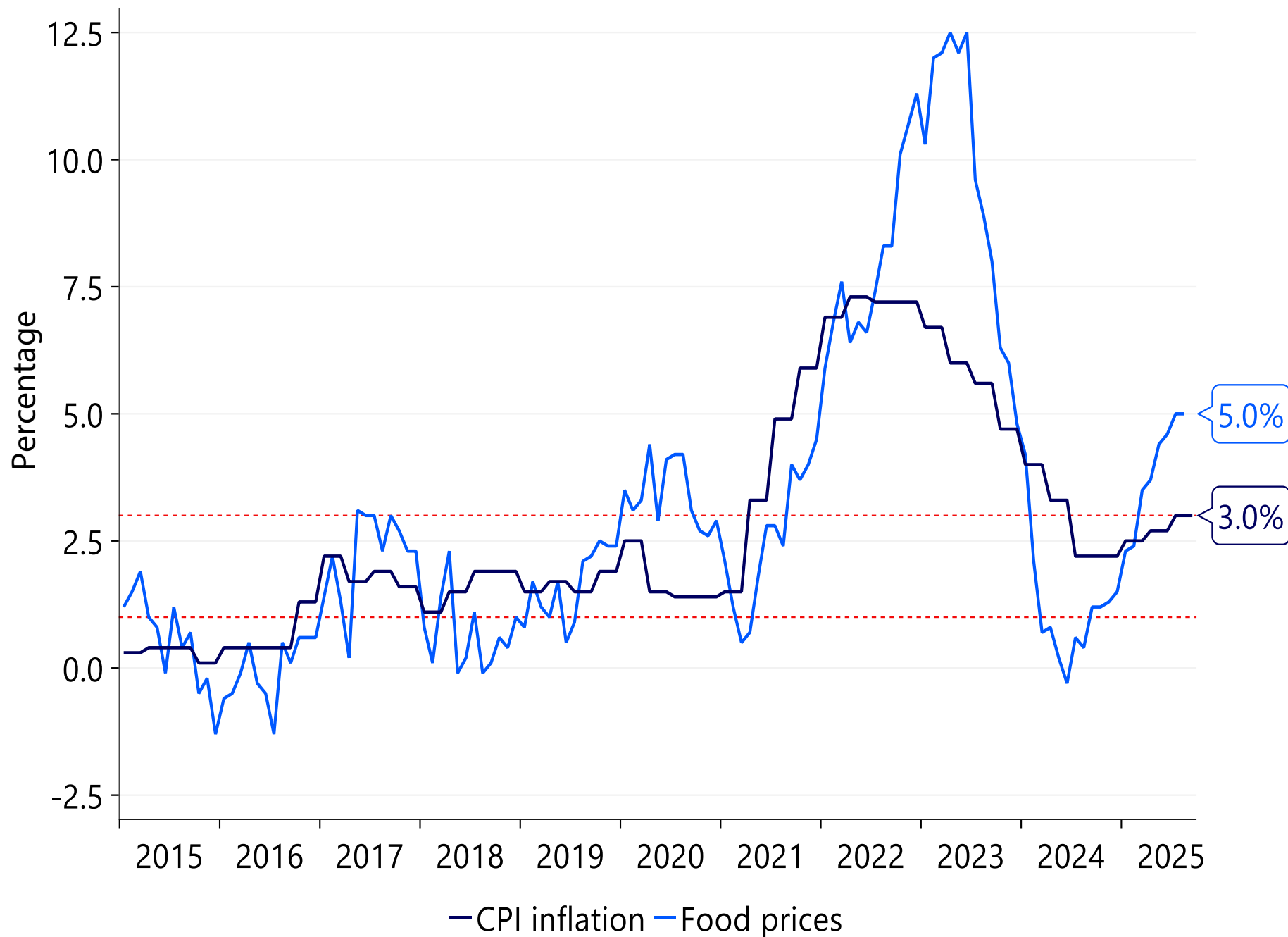
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Interest rate and FX

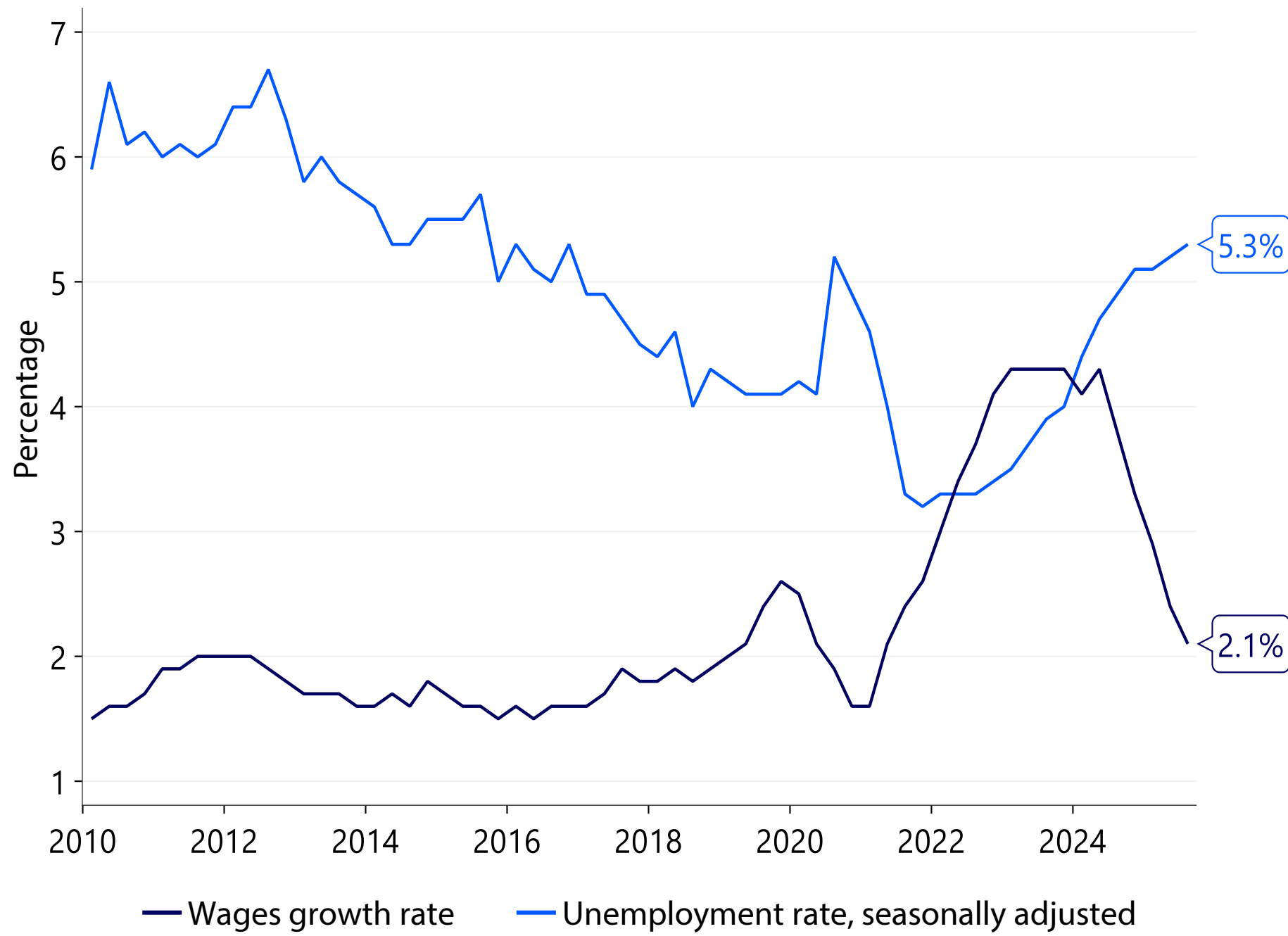
November may mark an interest rate shift, but will inflation and unemployment turn too?

New Zealand inflation indicators, 2015-2025



Source: Macrobond, Stats NZ, RBNZ, RaboResearch 2025

New Zealand labour market indicators, 2010-2025



Source: Macrobond, Stats NZ, RBNZ, RaboResearch 2025

Oil and freight

Hopes for peace unlikely to move the diesel dial

Crude oil prices fell again in November, closing the month at USD 62.38/bbl for Brent. Markets are facing a picture of substantial oversupply despite recent decisions by OPEC+ producers not to increase supplies any further.

RaboResearch is forecasting Brent to average USD 62/bbl in the final quarter of 2025, before trading down to an average price of USD 60/bbl in the first quarter of next year.

While downward pressure is building on crude prices, middle distillates like diesel remain well supported, as Ukrainian attacks on Russian refineries and export terminals have impacted supply of these products. This situation contributed to Indian buyers halting purchases of Russian product and instead stepping in to compete for supply from Middle East producers.

Prospects for peace in Ukraine offer some hope of relieved pressure on distillates, but a problem of undersupply remains, and tensions in Venezuela present risks in the other direction.

What to watch:

- **OPEC Monthly Oil Market report, 11 December**

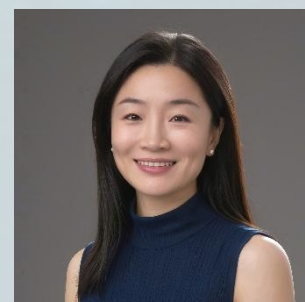
Overcapacity and weak demand remain widespread across most trade lanes, with the notable exception of intra-Asia routes. Transatlantic capacity has surged to a 28-month high, but demand is lagging, keeping rates flat despite additional vessel deployments. US imports from Asia continue to decline, driven by earlier frontloading, soft consumer sentiment, and tariff uncertainty, leaving retail inventories lean. In contrast, intra-Asia freight rates remain elevated and are expected to hold firm through January, supported by tight capacity and tariff-driven frontloading. Overall, these trends signal a challenging 2026 ahead as oversupply and muted demand weigh on rate recovery. On the infrastructure side, US ports are expanding Foreign Trade Zones (FTZs) for breakbulk cargo to help shippers mitigate tariff impacts.

The Baltic Panamax index (a proxy for grain bulk freight) continues to trend upwards, supported by healthy fundamentals such as resilient coal demand and large grain orders from China.



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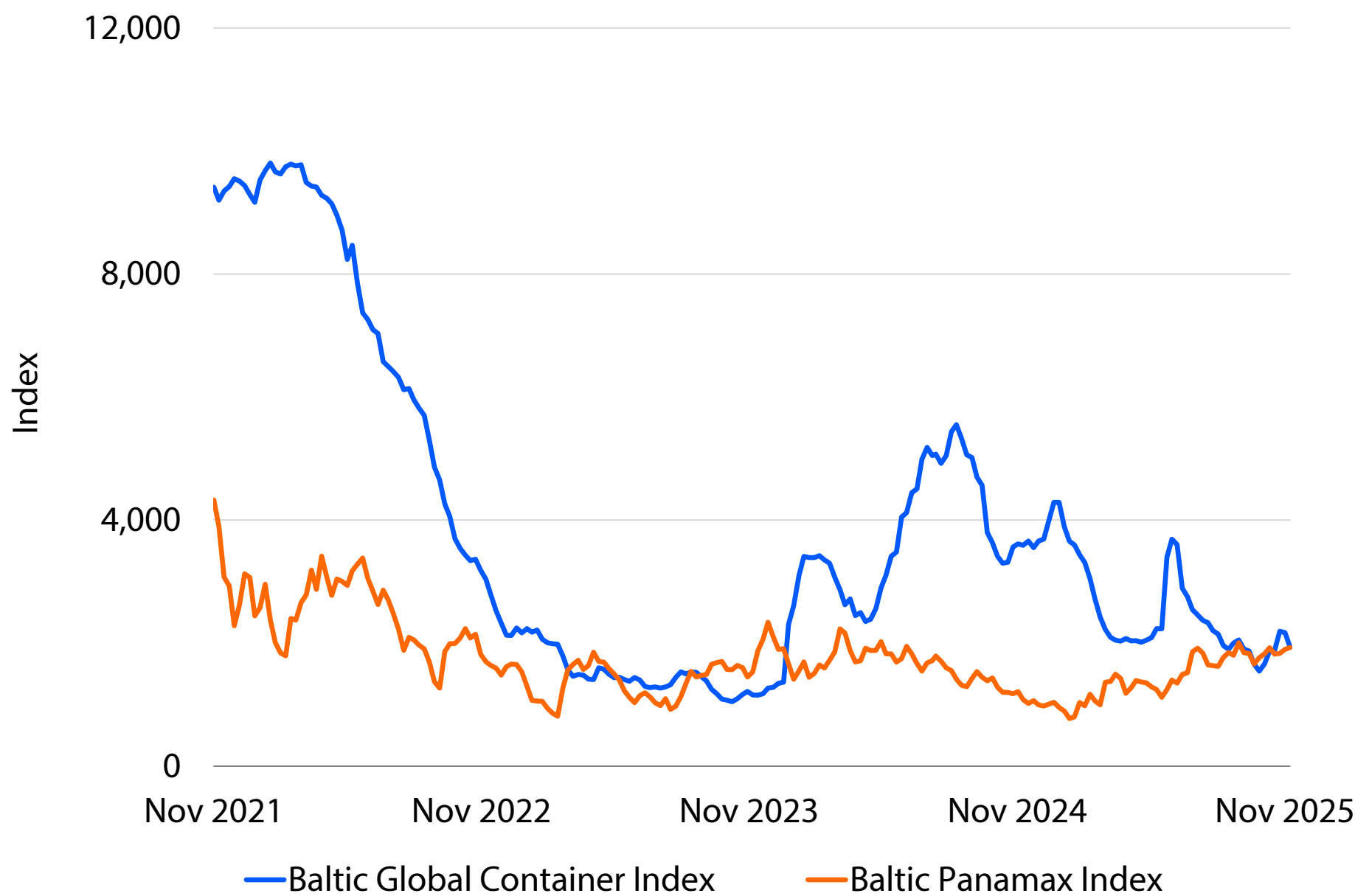
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Oil and freight

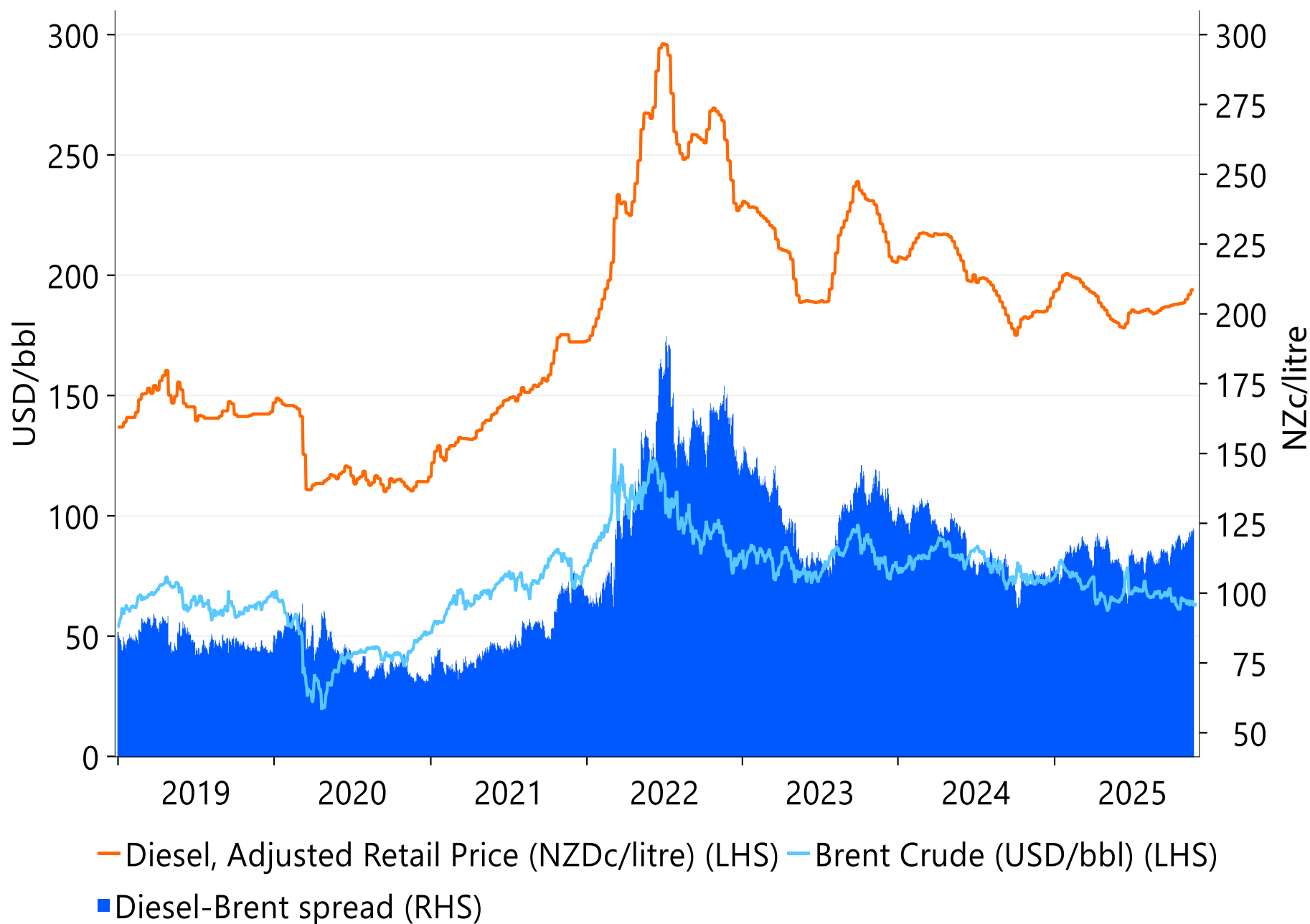
Crude prices continue to fall while refined product prices tighten

Baltic Panamax Index and Dry Container Index,
Nov 2021-Nov 2025



Source: Baltic Exchange, Bloomberg, RaboResearch 2025

Brent crude versus New Zealand diesel prices, 2019-2025



Source: Macrobond, NZ Ministry of Business, ICE, RaboResearch 2025

Agri price dashboard

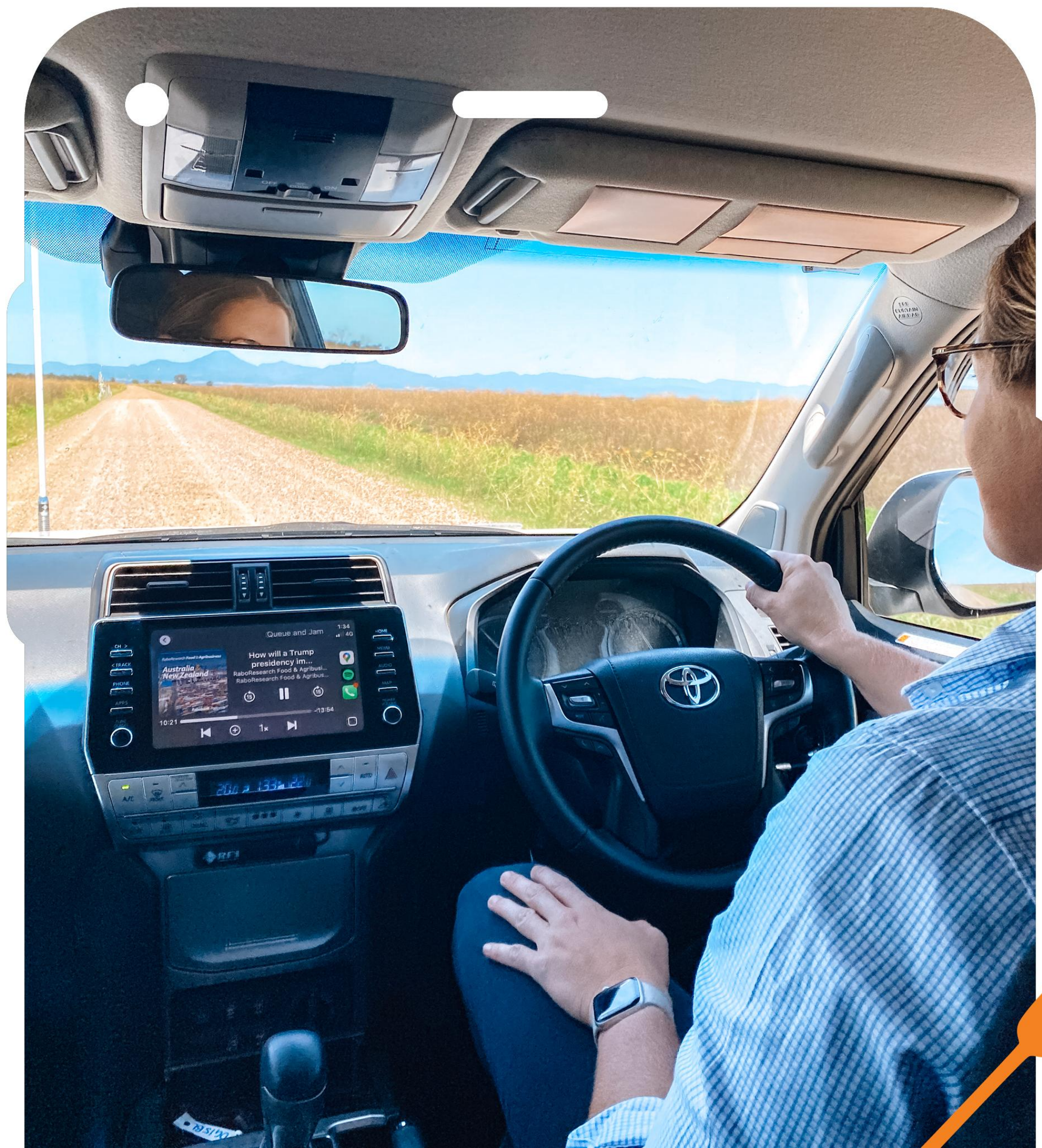
28/11/2025	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▲	531	524	540
CBOT soybean	USc/bushel	▲	1,138	1,091	984
CBOT corn	USc/bushel	▲	436	430	420
Australian ASX EC Wheat Track	AUD/tonne	▲	324	318	322
Non-GM Canola Newcastle Track	AUD/tonne	▼	779	781	734
Feed Barley F1 Geelong Track	AUD/tonne	▲	305	297	303
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▼	825	890	632
Feeder Steer	AUc/kg lwt	▲	486	451	345
North Island Bull 300kg	NZc/kg cwt	▲	940	905	720
South Island Bull 300kg	NZc/kg cwt	▲	870	850	680
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	▲	1,144	1,066	804
North Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,100	1,095	805
South Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,095	1,085	800
Venison markets					
North Island Stag	NZc/kg cwt	▲	1,045	1,040	950
South Island Stag	NZc/kg cwt	•	1,040	1,040	930
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▼	6,200	6,738	7,075
Skim Milk Powder	USD/tonne FOB	▼	2,575	2,600	2,900
Whole Milk Powder	USD/tonne FOB	▼	3,450	3,625	3,750
Cheddar	USD/tonne FOB	▼	4,463	4,788	4,825

Source: Baltic Exchange, Bloomberg, RaboResearch 2025

Agri price dashboard

28/11/2025	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▼	75.0	77.4	82
ICE No.2 NY Futures (nearby contract)	USc/lb	▼	62.9	65.1	73
Sugar markets					
ICE Sugar No.11	USc/lb	▲	15.2	14.3	21.6
ICE Sugar No.11 (AUD)	AUD/tonne	▲	512	480	666
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▼	1,422	1,453	1,140
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▲	407	393	346
DAP (US Gulf)	USD/tonne FOB	▼	650	700	610
Other					
Baltic Panamax Index	1000=1985	▲	1,952	1,849	1,056
Brent Crude Oil	USD/bbl	▼	63	65	73
Economics/currency					
AUD	vs. USD	▼	0.655	0.656	0.648
NZD	vs. USD	▼	0.574	0.574	0.583
RBA Official Cash Rate	%	•	3.60	3.60	4.35
NZRB Official Cash Rate	%	▼	2.25	2.50	4.75

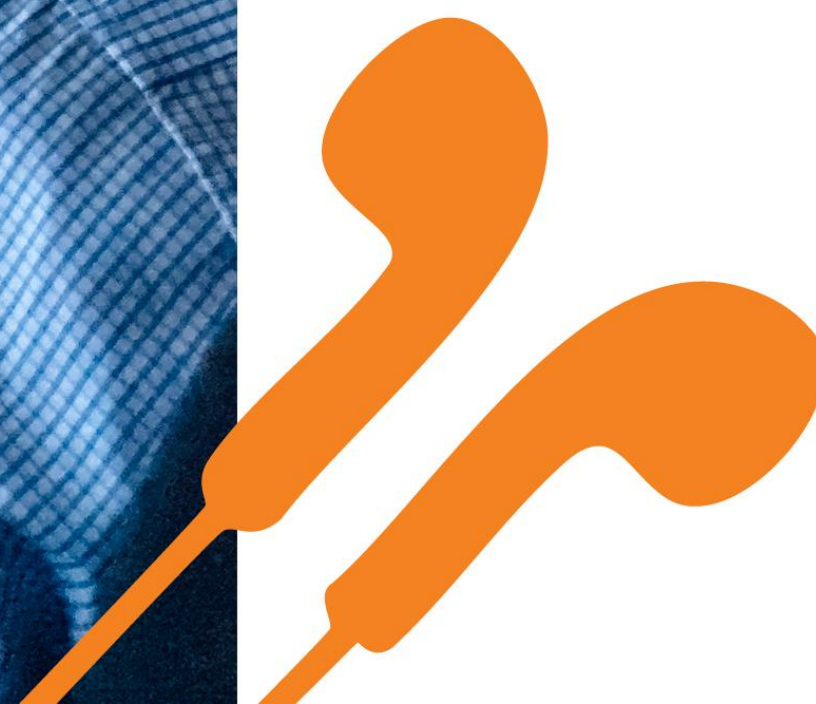
Source: Baltic Exchange, Bloomberg, RaboResearch 2025



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