Into the swing of spring

New Zealand agribusiness monthly

RaboResearch Food and Agribusiness

October 2025

Rabobank

Disclaimer

Please read the disclaimer below prior to reviewing this publication.

This publication is issued by Coöperatieve Rabobank U.A., registered in Amsterdam, The Netherlands, and/or any one or more of its affiliates and related bodies corporate (jointly and individually: "**Rabobank**"). Coöperatieve Rabobank U.A. is authorised and regulated by De Nederlandsche Bank and the Netherlands Authority for the Financial Markets. Rabobank London Branch is authorised by the Prudential Regulation Authority ("**PRA**") and subject to regulation by the Financial Conduct Authority and limited regulation by the PRA. Details about the extent of our regulation by the PRA are available from us on request. Registered in England and Wales No. BR002630. An overview of all locations from where Rabobank issues research publications and the (other) relevant local regulators can be found here: https://www.rabobank.com/knowledge/raboresearch-locations

The information and opinions contained in this document are indicative and for discussion purposes only. No rights may be derived from any transactions described and/or commercial ideas contained in this document. This document is for information purposes only and is not, and should not be construed as, an offer, invitation or recommendation. This document shall not form the basis of, or cannot be relied upon in connection with, any contract or commitment by Rabobank to enter into any agreement or transaction. The contents of this publication are general in nature and do not take into account your personal objectives, financial situation or needs. The information in this document is not intended, and should not be understood, as an advice (including, without limitation, an advice within the meaning of article 1:1 and article 4:23 of the Dutch Financial Supervision Act). You should consider the appropriateness of the information and statements having regard to your specific circumstances and obtain financial, legal and/or tax advice as appropriate. This document is based on public information. The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness.

The information and statements herein are made in good faith and are only valid as at the date of publication of this document or marketing communication. Any opinions, forecasts or estimates herein constitute a judgement of Rabobank as at the date of this document, and there can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. All opinions expressed in this document are subject to change without notice. To the extent permitted by law Rabobank does not accept any liability whatsoever for any loss or damage howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

This document may not be reproduced, distributed or published, in whole or in part, for any purpose, except with the prior written consent of Rabobank. The distribution of this document may be restricted by law in certain jurisdictions and recipients of this document should inform themselves about, and observe any such restrictions.

A summary of the methodologies used by Rabobank can be found on our website.

This report is based on information available as at 2/10/2025

Commodity outlooks

Dairy

All eyes are fixed on the strength of global dairy demand in the face of the approaching Oceania peak milk flows combined with a weak outlook for Chinese import demand into 2026.

Beef

Beef prices held firm in September, supported by tight supply. China stepped up in average export value, the highest since May 2023, while patchy pasture growth tempered store cattle demand.

Sheepmeat

Lamb prices continued to tick upward in September, with export demand strong. China and the US lifted volumes, while record lamb export values and steady mutton returns reflected robust global sheepmeat appetite.

Farm inputs

Over the past month, urea prices have finally shown some signs of relief, with prices down 10% month-on-month in New Zealand dollar terms. That said, if India seek another tender soon, prices have potential to move back the other way.

Interest rate and FX

Poor growth figures reported in the Q2 national accounts have opened the door to deeper cuts to the OCR. RaboResearch expects a 0.5ppt cut in October, with a smaller follow up cut in November.

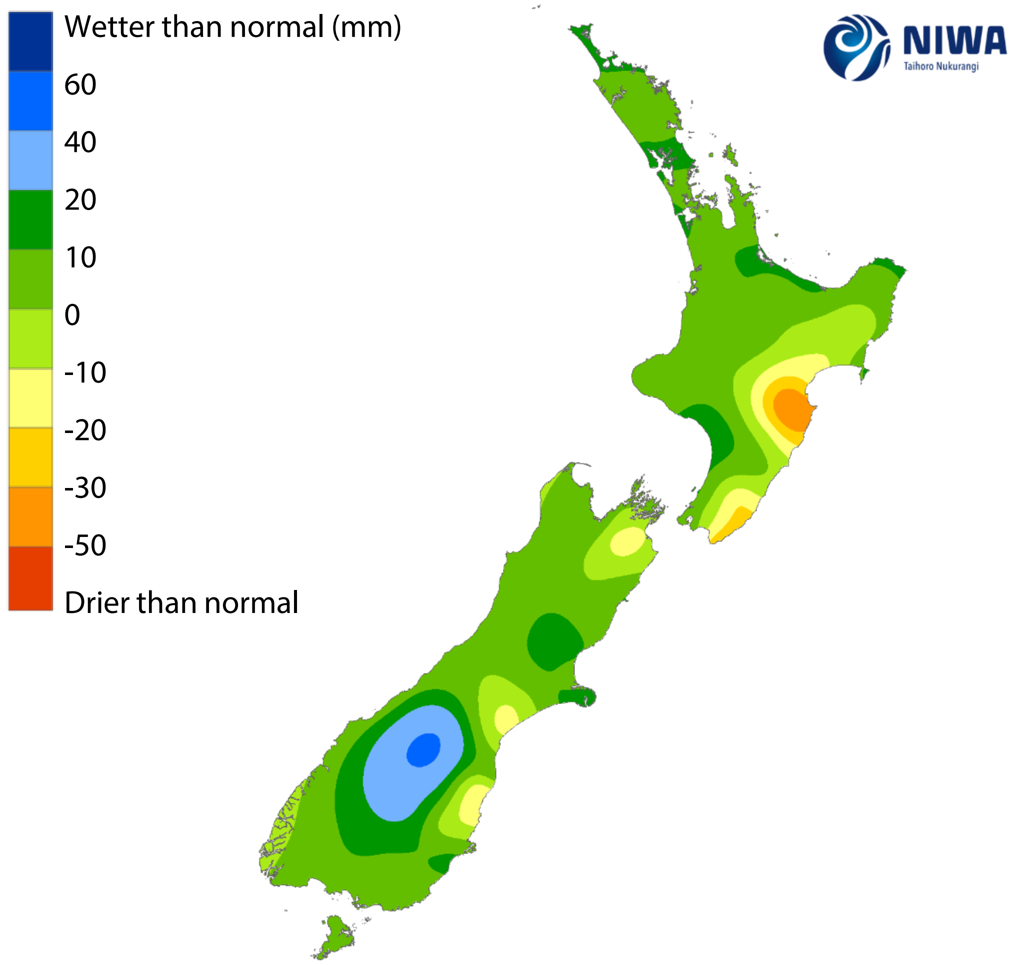
Oil and freight

Oil prices rose in September as US inventories fell, US growth accelerated, and President Trump encouraged NATO allies to stop buying Russian energy.

Climate

Variable conditions across the country

Soil moisture anomaly (mm), 30 September 2025



Source: *Earth Sciences New Zealand, 2025*

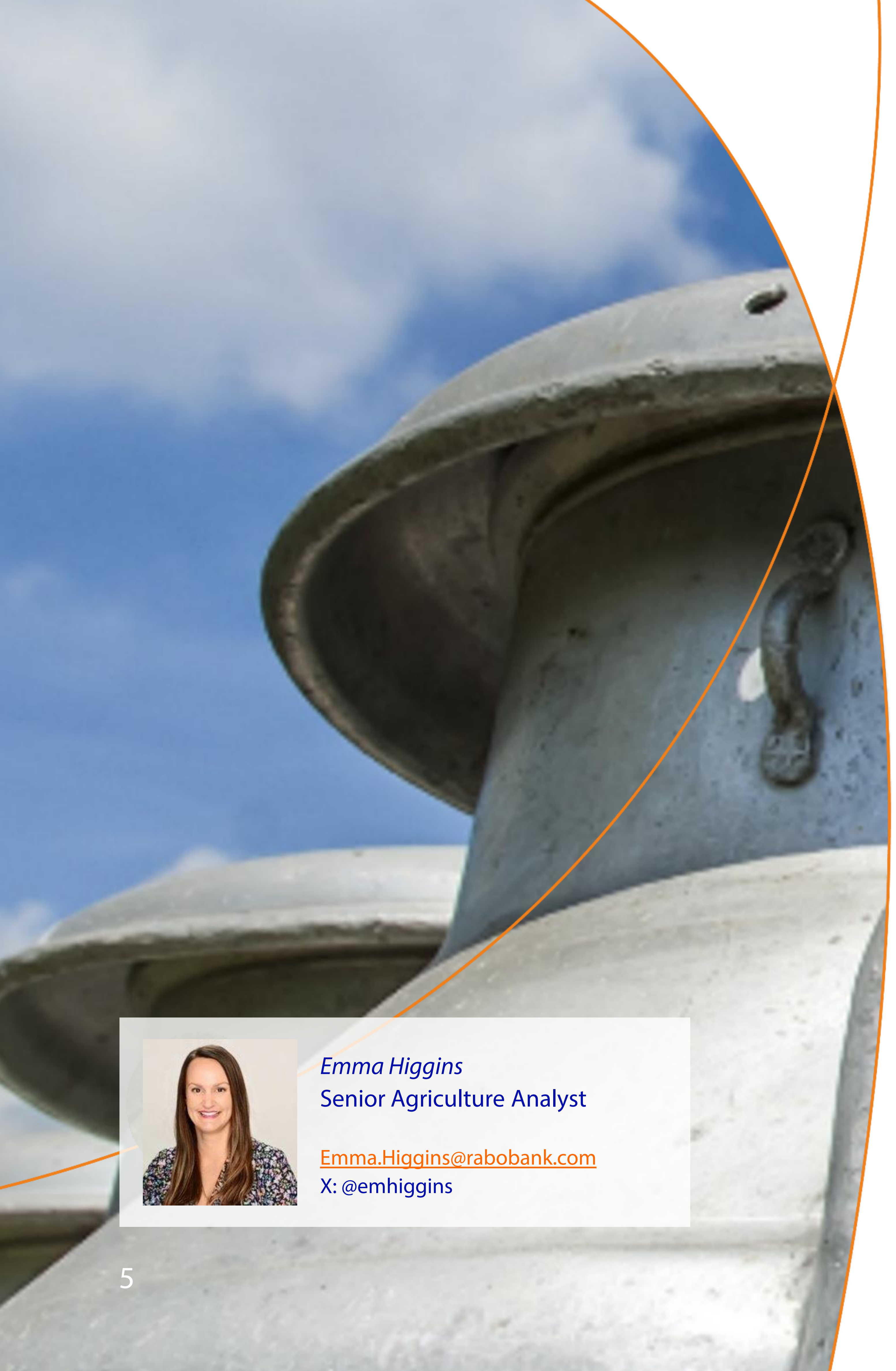
Earth Sciences New Zealand (ESNZ) anticipates that temperatures through to November will likely be either average or above average for most of the country, except for the South Island's west coast, which is more likely to have average temperatures. ESNZ notes higher-than-normal pressure over the south and east of the country could be possible in October.

Over the coming three months, ESNZ anticipates soil moisture will be either below normal or near normal for the north and east of the North Island and the west coast of the South. The remainder of the country is anticipated to have near-normal soil moisture levels through to the end of spring.

It could be a mixed bag ahead for rainfall across New Zealand. Both coasts of the South Island could have normal or below-normal rainfall. The top of the South Island, along with the north and east of the North Island could have a chance of above-normal rainfall. The west of the North Island is likely to have normal rainfall through to November 2025.

What to watch:

- **La Niña-like patterns became more established in August 2025**, although ENSO-neutral conditions remain present.
- **La Niña could be short-lived.** According to international guidance, La Niña conditions are most likely to occur in spring and early summer 2025/26, before returning to neutral. ESNZ experimental forecasts indicate that La Niña conditions are likely (60% chance) to emerge over the period to November 2025.



Dairy

Global milk supply faucets are flowing

Dairy commodity prices were broadly weaker in September. According to USDA data, cheese was the standout, rising 4% for the month and returning to levels seen at the start of the year. Powder prices bore the brunt of the decline, with whole milk powder (WMP) down 5% and skim milk powder (SMP) falling 8%. Butter remains the only commodity priced above its January 2025 level.

Global milk supply signals continue to intensify. In the US, August milk production surged 3.2% year-on-year (YOY), while July figures were revised upward to a 4.2% YOY increase. Herd expansion, improved cow productivity, and strong margins have underpinned the growth. Since January, the US dairy herd has added 130,000 cows, reaching 9.52m – the largest national herd since the mid-1990s. EU milk production also edged higher in July, up 0.9% YOY.

New Zealand posted another record for August, with milksolids up 2.5% YOY. This extends the streak of monthly records set in May, June, and July for both volume and solids. Season-to-date output is tracking 4.2% ahead of last year.

Across the Tasman, Australian supply is diverging from the global trend. The second month of the 2025/26 production season has resulted in milk flows down 3% YOY. While Tasmania and Queensland posted modest gains of 1.1% and 3.5%, respectively, Victoria – the country's largest producing state – saw a 3.6% YOY decline in August.

Global dairy demand remains the critical factor in supporting current milk price forecasts for the 2025/26 season. Ongoing challenges are evident among some consumer segments (low to middle income earners) and sales channels (both foodservice and retail). RaboResearch anticipates China's dairy consumption to decline by 2%-3% this year. Data from the University of Michigan for September 2025 shows weak US consumer sentiment is lingering, with high prices impacting on personal finances a cause for concern.

What to watch:

- **Import demand signals from the largest dairy importing country, China.** The next phase of China's economic cycle will be telling. Markets will be looking for clear signs of a demand recovery. RaboResearch is currently expecting China's net import volumes to be flat in 2026, which reflects weak demand, domestic substitution and rising dairy exports (albeit small volumes).

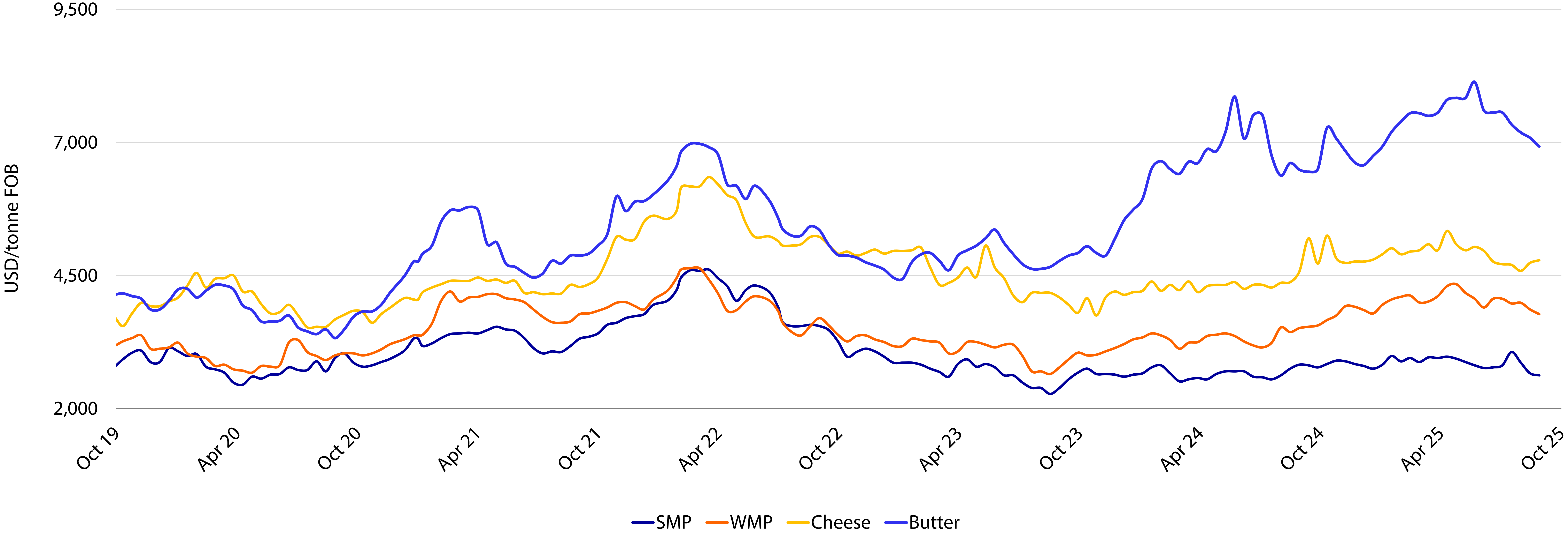
Emma Higgins
Senior Agriculture Analyst

Emma.Higgins@rabobank.com
X: @emhiggins

Dairy

Dairy commodity prices are reflecting ample milk availability

Oceania spot prices for dairy commodities, 2019-2025



Source: *USDA, RaboResearch 2025*

Rabobank

Beef

Beef holding strong, but for how long?

Farmgate beef prices continued their upward momentum through most of September, holding firm across key categories. The North Island bull price AgriHQ indicator closed the month at NZD 8.65/kg cwt, with P2 steer at NZD 9.10 and manufacturing cow steady at NZD 7.30. While this resilience is welcome, it raises the question: How long can this strength persist?

Pasture growth remains patchy across the country, with some regions facing tight feed conditions over September. A mix of more sun and/or rain is needed to bring balance day feed supply in line with seasonal expectations, usually sometime in October. For many regions, this is creating a cautious tone for producers despite strong pricing.

On the beef supply side, numbers are holding similar to last month. NZ Meat Board national beef slaughter is tracking 4.7% behind last year with 48 weeks of the export season counted. Prime steer volumes lag most significantly at -9.2%. The bobby calf kill is also down by just over 10%, reflecting an additional 144,000 calves being reared. However, calf rearers in some regions have faced challenges sourcing milk powder, adding pressure to operations without alternative milk supply.

This shift in rearing volumes will continue to be watched and is likely to have longer-term implications for future supply dynamics in terms of store pricing in 2026 and available cattle for finishing through 2027-28.

In the saleyards, store cattle prices eased in late September, particularly for younger stock. North Island R1 cattle dropped NZc 10–NZc 20/kg lwt, while South Island prices fell more sharply, down NZc 30–NZc 40/kg lwt. Feed availability is likely a key driver, and saleyard pricing can be more volatile with spring weather changes.

Export volumes for August came in at 28,800 tonnes, roughly on par with last year. However, the average export price sat at NZD 11.12/kg FOB, up NZD 2.00/kg on late winter/early spring 2024 levels. The US continues to lead demand, but China stood out in August, paying NZD 8.21/kg FOB, the highest monthly price to this market since May 2023 – and with volumes also up 28% year-on-year.

What to watch:

- **US tariff effect on US retail and foodservice pricing:** The 15% US tariff on NZ beef (and tariffs from other countries) may only begin to filter through to retail and foodservice pricing towards year-end. While NZ lean trim is only part of the US hamburger mix, record-high farmgate beef prices in the US and other regions could continue to lift retail values across red meat. The NZ dollar, which softened to 0.57625 in late September, is helping support export returns in New Zealand. If it remains below 60c, this currency buffer could help shield NZ exporters from shifts in market dynamics and pricing pressure. However, US consumer confidence will remain a watching point for RaboResearch.

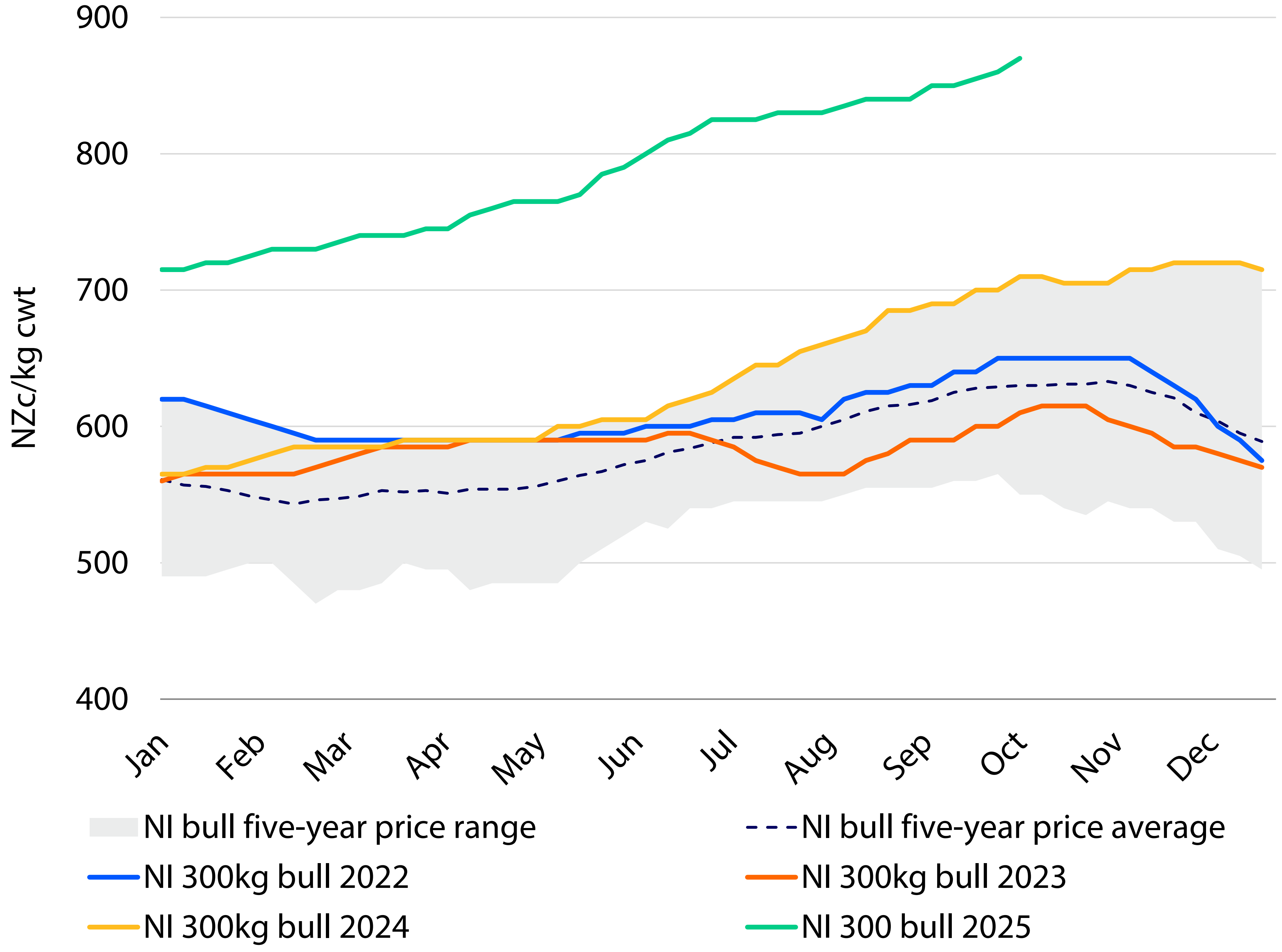
Jen Corkran
Senior Animal Protein Analyst

Jen.Corkran@rabobank.com

Beef

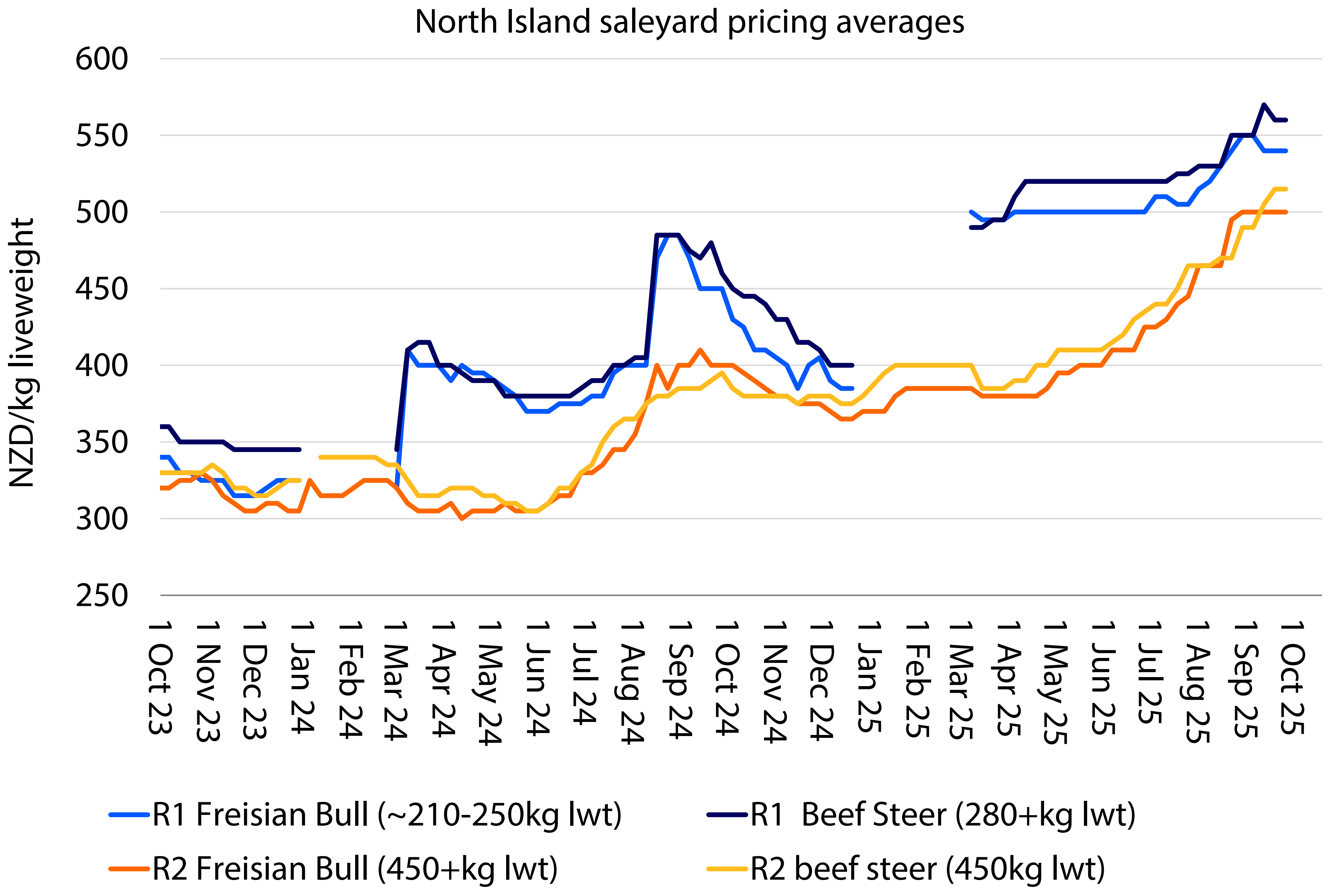
Firm saleyard prices start to flatten out

AgriHQ North Island bull price, 2025



Source: *AgriHQ, RaboResearch 2025*

Firm store cattle markets see a slight spring easing in North Island, October 2023-October 2025



Source: *AgriHQ, RaboResearch 2025*

Sheepmeat

Export prices surge as new season lamb looms

Farmgate prices for lamb remained firm through September, with the AgriHQ South Island lamb indicator hovering around NZD 10.50/kg cwt. Mutton, which is in a lower supply period, has held steady at around NZD 5.30-NZD 5.40/kg cwt. Attention will soon shift to new season lambs, as the final trickle of 2024-born lambs moves through processing and fresh drafts begin arriving from November.

Slaughter data from the NZ Meat Board shows lamb kill is tracking 6.2% behind last year, with around 1.063m fewer head processed and a season total just shy of 16m. Mutton kill, however, is up 8.6% year-on-year, with over 260,000 additional head processed. This may reflect decisions made during last year's lower pricing environment, with some producers holding ewes over into 2025.

Total sheepmeat exports in August were 19,134 tonnes, 15% up on August 2024. Export demand remains a bright spot and the export pie for lamb in August was reasonably balanced between markets. Lamb export volumes sat at 15,053 tonnes, up 2,500 tonnes year-on-year following the bigger slaughter count in New Zealand during that early July period (mainly from the South Island). China accounted for just over a third of the August lamb volume, with another third going to the EU-27+UK, and just over 2,000 tonnes to the US. Notably, lamb volumes to China and the US rose 23% and 17%, respectively year-on-year.

The average export price for lamb reached a new record in August at NZD 14.80/kg FOB, while mutton hit NZD 8.44/kg FOB – the highest since May 2022, which provides good insight into overall sheepmeat demand dynamics and perhaps the uptick in interest from China.

The 15% tariff on lamb into the US does not appear to be impacting export volumes at this stage. However, the real test may come in November and December as the cost filters through to consumers. With Australian lamb supply expected to be slightly back compared to recent years, this could present a timely opportunity for New Zealand exporters to maintain or grow market share, particularly if US retail demand holds up through the holiday season.

What to watch:

- **Australian lamb numbers:** Australian lamb slaughter remains subdued, sitting well-below the five-year average over recent weeks, with the tightening supply supporting strong prices. If producers continue to hold lambs, which is possibly partly in response to favourable feed conditions, a delayed but concentrated flow of new season lambs could emerge later. Should rainfall falter, a "build-up" of lambs may enter the market quickly, pressuring prices. For New Zealand, lower Australian volumes could support export demand and pricing in the short term. However, any sharp shift in Australian supply could alter market dynamics in some shared markets such as China and the US.

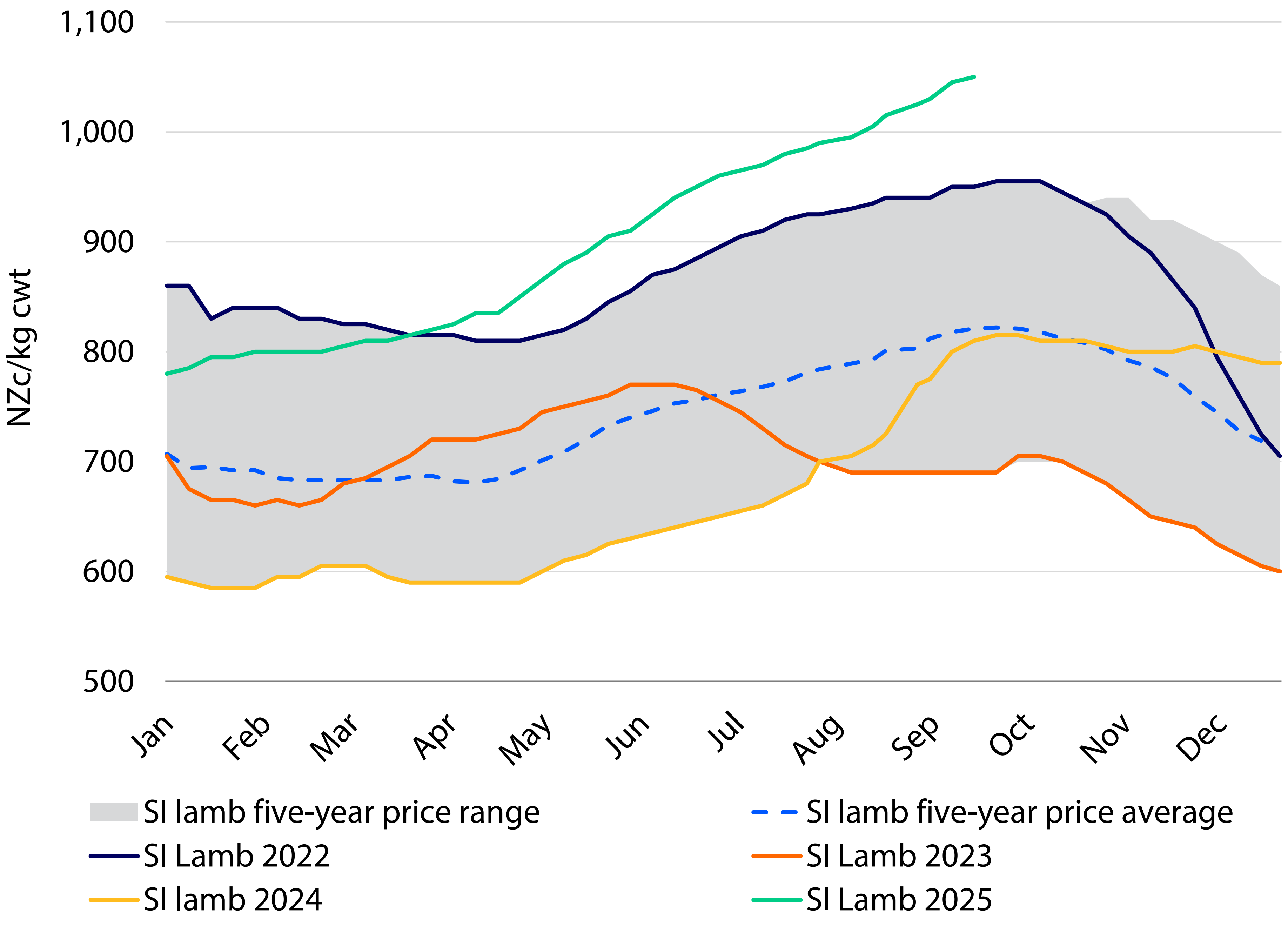
Jen Corkran
Senior Animal Protein Analyst

Jen.Corkran@rabobank.com

Sheepmeat

Export volumes up YOY in August 2025 with lamb showing balanced markets

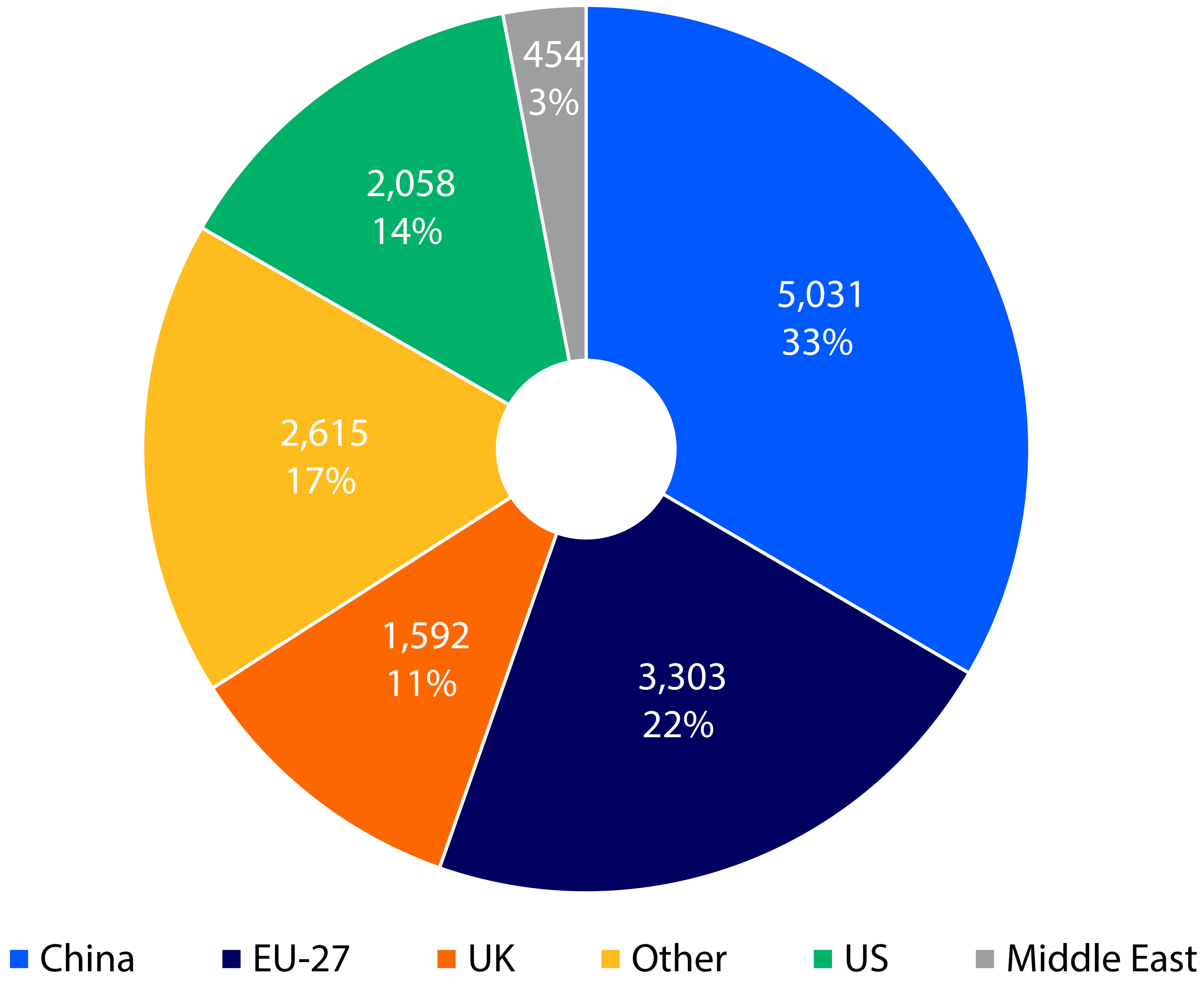
Mid-10 dollar farmgate price prior to new season lambs, 2025



Source: AgriHQ, RaboResearch 2025

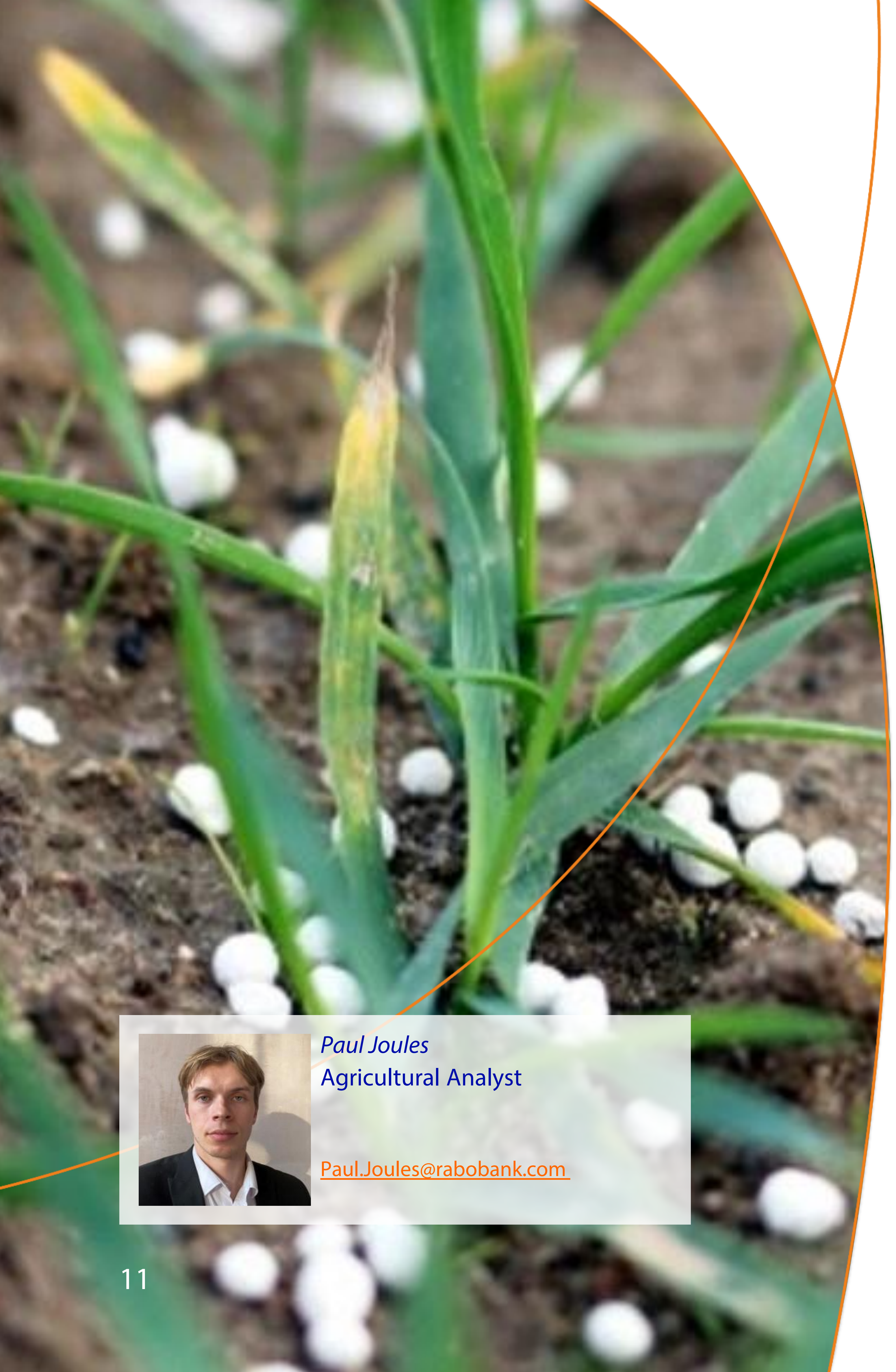
August 2025 lamb exports show balance in markets

Lamb export volumes in tonnes



Source: StatsNZ, RaboResearch 2025

Rabobank



Paul Joules
Agricultural Analyst

Paul.Joules@rabobank.com

Farm inputs

Urea prices fall sharply month-on-month

Over the past month, fertilizer prices have eased in New Zealand dollar terms, despite the NZD/USD cross declining 1.8% month-on-month. Urea prices experienced the biggest monthly drop, down 10%. The decline appears to be due to limited purchasing from key buyers in recent weeks. Another factor contributing to recent price weakness is the significant pickup in Chinese urea exports in August, which has partially helped ease the tight supply situation. On the demand side, India – the world's biggest buyer – has had a relatively quiet spell in terms of purchasing. However, should it issue a new tender in the coming weeks, prices have the potential to rise again. In RaboResearch's view, India will likely continue to seek further volumes, given current stock levels.

Phosphate prices were unchanged month-on-month in New Zealand dollar terms. The recent decline is likely due to a drop in global demand, with poor fertilizer affordability impacting most agricultural regions.

Potash prices held steady month-on-month. Demand from key buyers such as Brazil has been relatively weak. The other positive development from a potash perspective is that the all-important Indian market appears well-supplied following a period of strong buying. This means the key fertilizer-buying nation is unlikely to return to the global market in the short term to secure large volumes, given ample inventories.

Although most fertilizer prices remain elevated, agrochemical prices in China have stayed below 2024 levels throughout 2025. However, these modest price reductions may take time to flow through to the New Zealand market, as existing inventories need to be worked through. Containerized shipping rates – highly volatile over the past year – could also influence retail prices. Year-to-date, these rates have declined by 41%, which may support lower agrochemical prices moving forward.

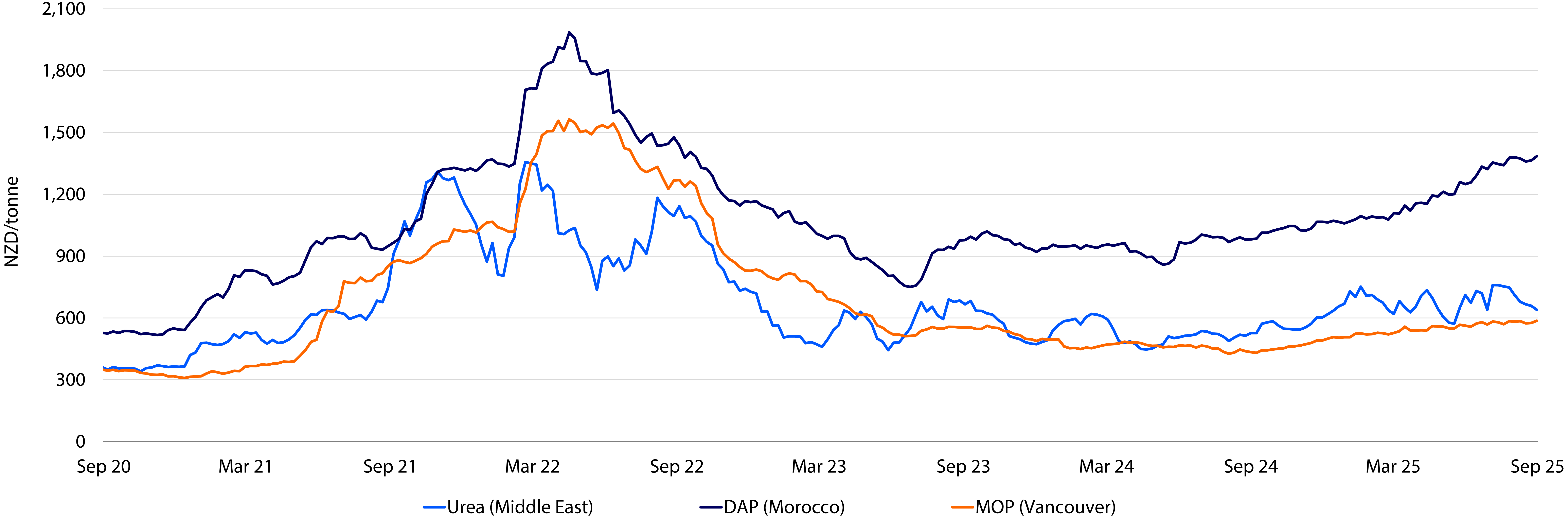
What to watch:

- **Indian tender announcements:** A large Indian urea tender has the potential to push prices higher
- **Chinese urea exports:** Volumes increased in August, and a further increase would be a positive for global supplies.

Farm inputs

Urea prices decline sharply amid a break in Indian purchasing

Although urea prices dropped 10% month-on-month, prices could creep higher again if India returns to the import market



Source: *CRU, RaboResearch 2025*

Rabobank

Interest rate and FX

More cuts are likely on the way

Last month, we nominated the Q2 national accounts as our 'what to watch' item, suggesting that a very weak reading would raise the probability of the RBNZ providing more monetary support.

When those growth figures were released, they confirmed that the economy shrank by 0.9% in Q2, which was much more than expected. The poor growth result means that the economy has even more spare capacity than previously thought, which means that prices are unlikely to be pulled upwards by strong domestic demand and the unemployment rate may rise further than previously thought.

The growth result opens the door to further stimulus from the RBNZ, and we have consequently updated our forecasts to include a 0.50ppt cut to the OCR in October in addition to the 0.25ppt cut that we had already forecast for the November meeting.

This would result in an OCR of 2.25% by year's end.

Following that the RBNZ will undergo some personnel renewal as Dr Anna Bremen, formerly of Sweden's Riksbank, takes over from Christian Hawkesby as Governor. Hawkesby will then be leaving the bank, creating a vacancy on the Monetary Policy Committee.

The New Zealand dollar fell by more than USc 1 over the course of September to close the month close to 0.58.

We expect little movement in the value of the currency over the next three months as both the US Federal Reserve and the Reserve Bank of New Zealand deliver further cuts to interest rates.

Over the longer term, we expect New Zealand's strong terms of trade, relatively strong fiscal position and improving economic growth to help the currency rise to 0.61 against the US Dollar on a 12-month view.

What to watch:

- **RBNZ OCR decision, 8 October** – Following the very poor growth figures for Q2, we are expecting the RBNZ to cut the OCR by 0.5ppts at their October policy rate meeting. Comments from the Monetary Policy Committee should give a steer for the future path of the OCR and will likely have an impact on market interest rates.
- **Q3 CPI inflation report, 20 October** – Growth and employment have replaced inflation as the main items of concern for economic policy makers, but the Q3 inflation report will still be an important input for future OCR decisions. Inflation is expected to peak in Q3, but a weak result could open the door to even more cuts to the OCR.

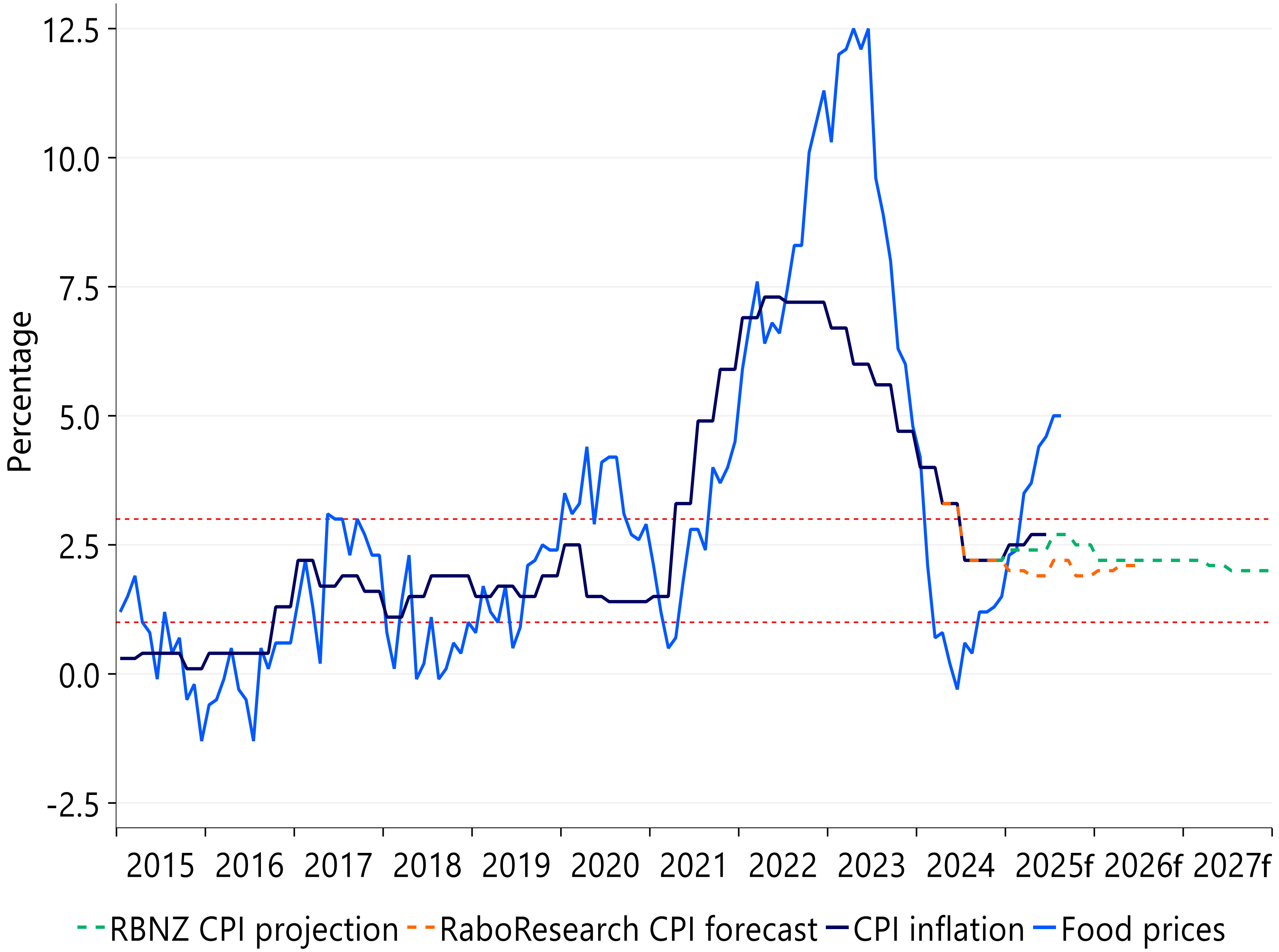
Benjamin Picton
Senior Strategist

Benjamin.Picton@rabobank.com
X: @BenPicton1

Interest rate and FX

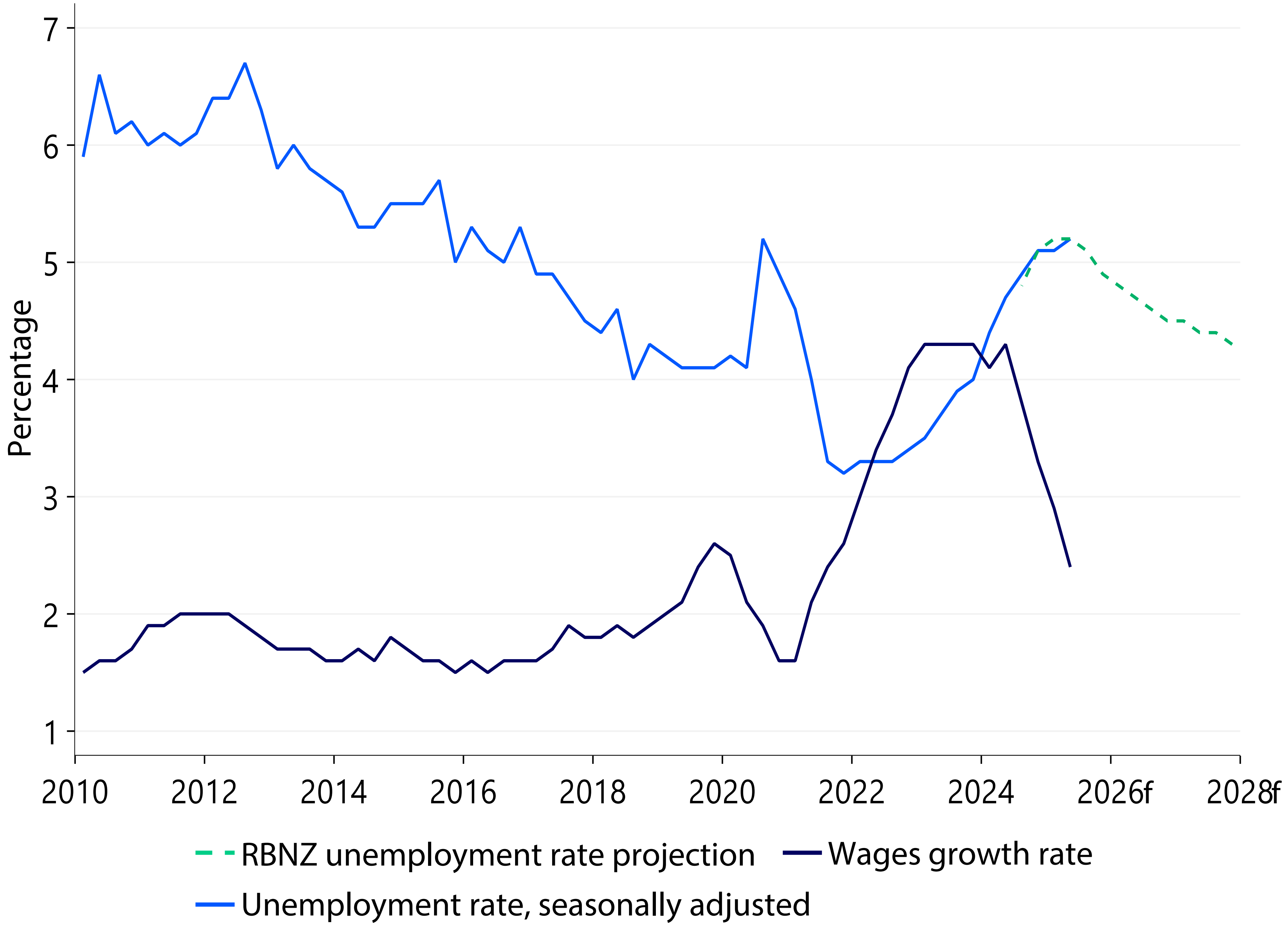
Economic slump turns attention to the unemployment rate

New Zealand inflation indicators, 2015-2027f



Source: Macrobond, Stats NZ, RBNZ, RaboResearch 2025

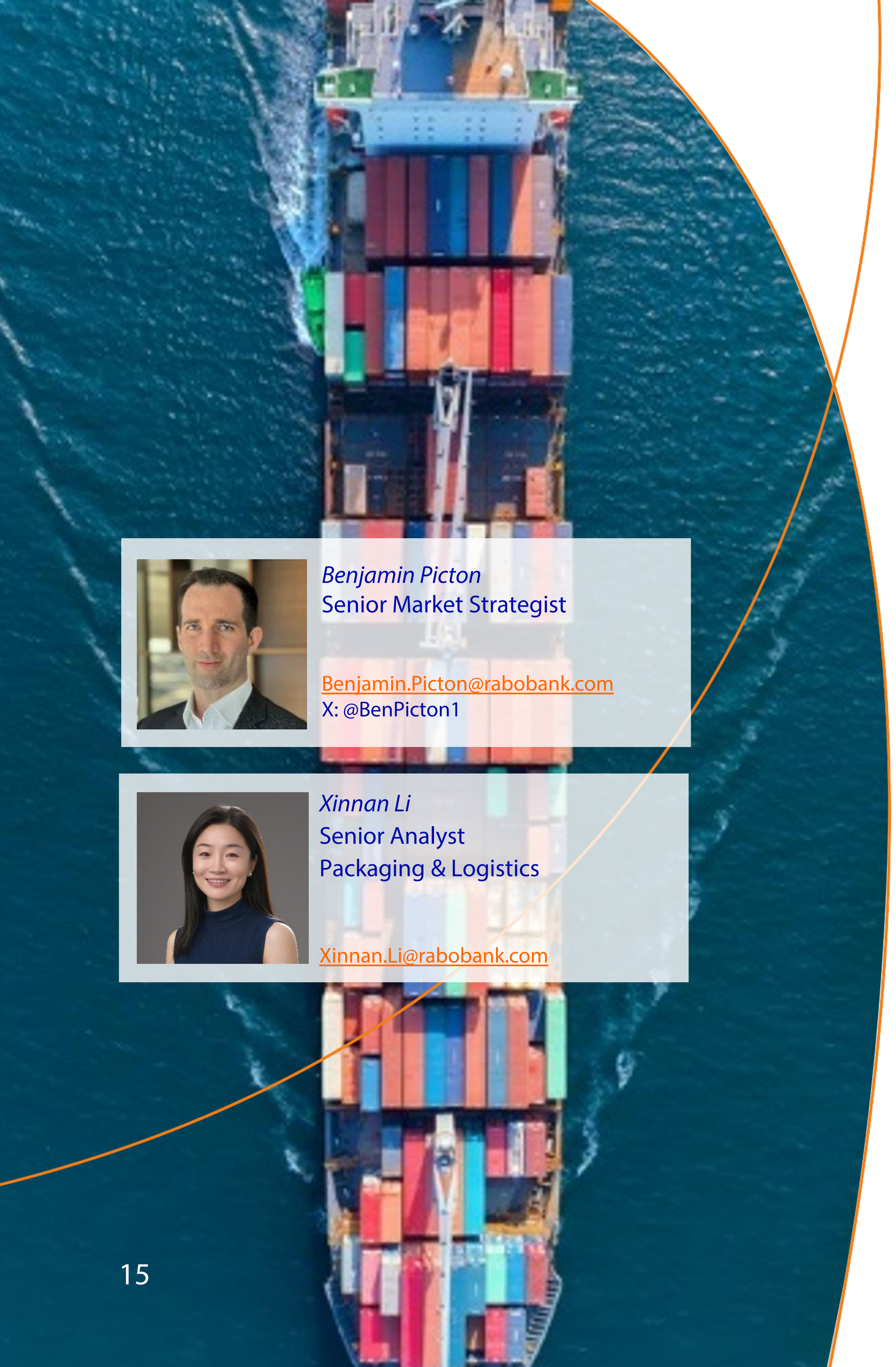
New Zealand labour market indicators, 2010-2028f



Source: Macrobond, Stats NZ, RBNZ, RaboResearch 2025

Oil and freight

Geopolitics sending oil higher again



Benjamin Picton
Senior Market Strategist

Benjamin.Picton@rabobank.com
X: @BenPicton1

Xinnan Li
Senior Analyst
Packaging & Logistics

Xinnan.Li@rabobank.com

Crude oil prices recovered some of the losses posted in August, rising by just over 2% in September. The gains followed a larger-than-expected fall in US inventories, and an apparent change of heart by US President Trump on the ability of Ukraine to win the war against Russia. Trump said that he now believed that Ukraine could recover all its lost territory and said that the US was willing to impose steep tariffs on China and other buyers of Russian crude if other NATO countries did the same.

Trump used a speech at the UN to criticise Europe for continued purchases of Russian energy products, which he says are funding the Russian war machine. European Commission President von der Leyen has acknowledged ongoing purchases of up to 100,00 barrels/day by Hungary and Slovakia and has indicated that the EU is working on a package of tariffs to penalise purchases of Russian product.

Prices for refined products have been rising even faster following Ukraine attacks on Russian refineries and news of faster-than-expected GDP growth in the US.

Weaker capacity is expected across the globe, due to tariff-related uncertainties, weak economic forecast, and the upcoming port fees in the US. While US import expectations for the lfall have improved, Q4 volumes are still projected to lag behind last year. In contrast, intra-Asia trade is surging, tightening vessel space and driving up rates. The Panama Canal Authority anticipates daily transits will remain below capacity into 2026, citing tariff-related constraints. New U.S. port fees are prompting carriers such as Cosco, CMA CGM, and MSC to reroute vessels or restructure their networks to avoid penalties. At the same time, ocean shipping continues to face disruptions in key maritime routes like the Red Sea and Panama Canal, compounded by severe weather events such as Typhoon Ragasa in South China.

The Baltic Panamax index (a proxy for grain bulk freight) is trending upward despite of geopolitical uncertainty. It benefits from healthy fundamentals - resilient coal demand, grain flows from Brazil, and active period chartering.

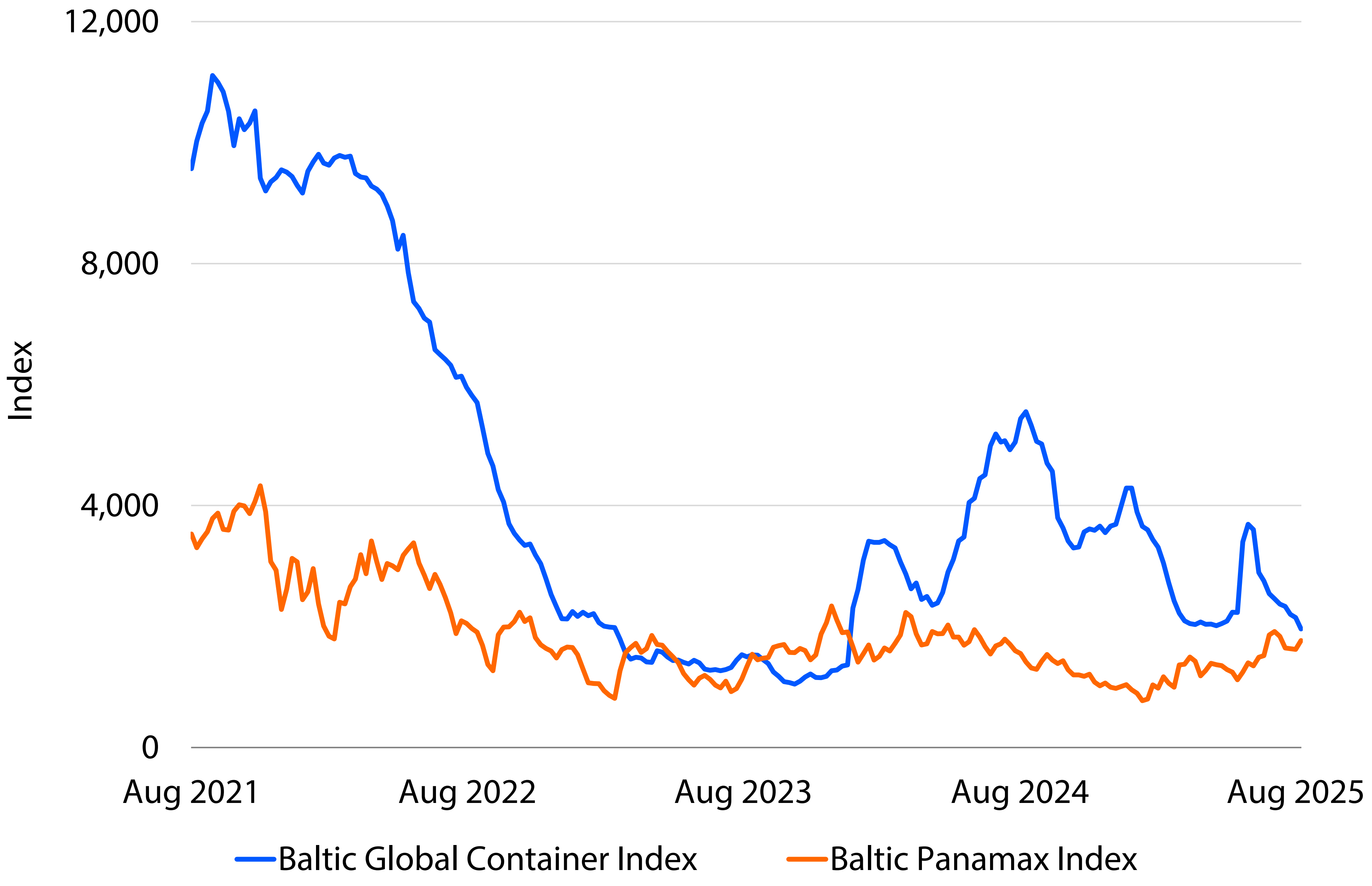
What to watch:

- **Department of Energy inventory reports, 9, 17, 23 and 30 October**

Oil and freight

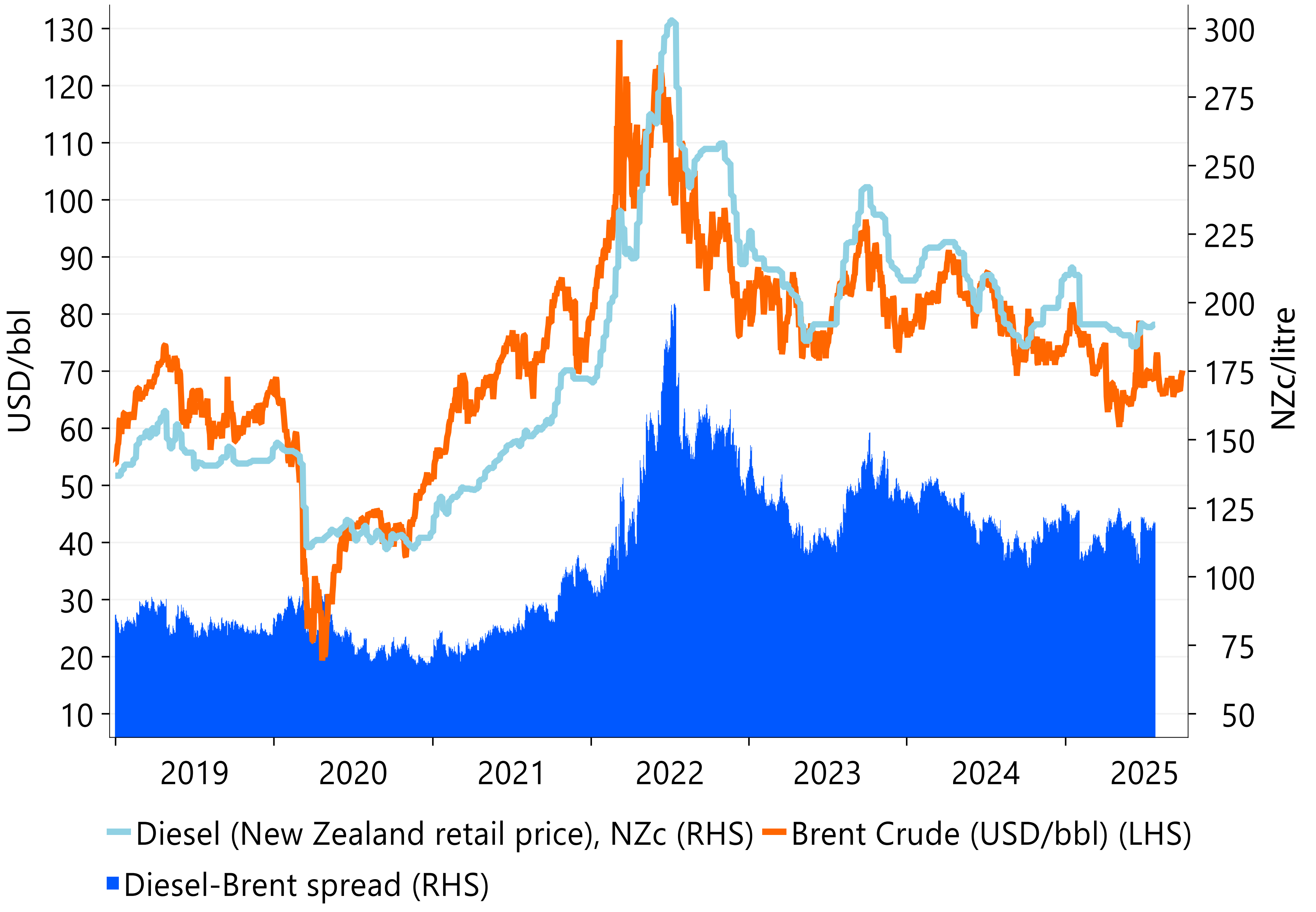
Higher crude prices, and higher prices for refined products

Baltic Panamax Index and Dry Container Index, July 2021-July 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*

Rabobank

Agri price dashboard

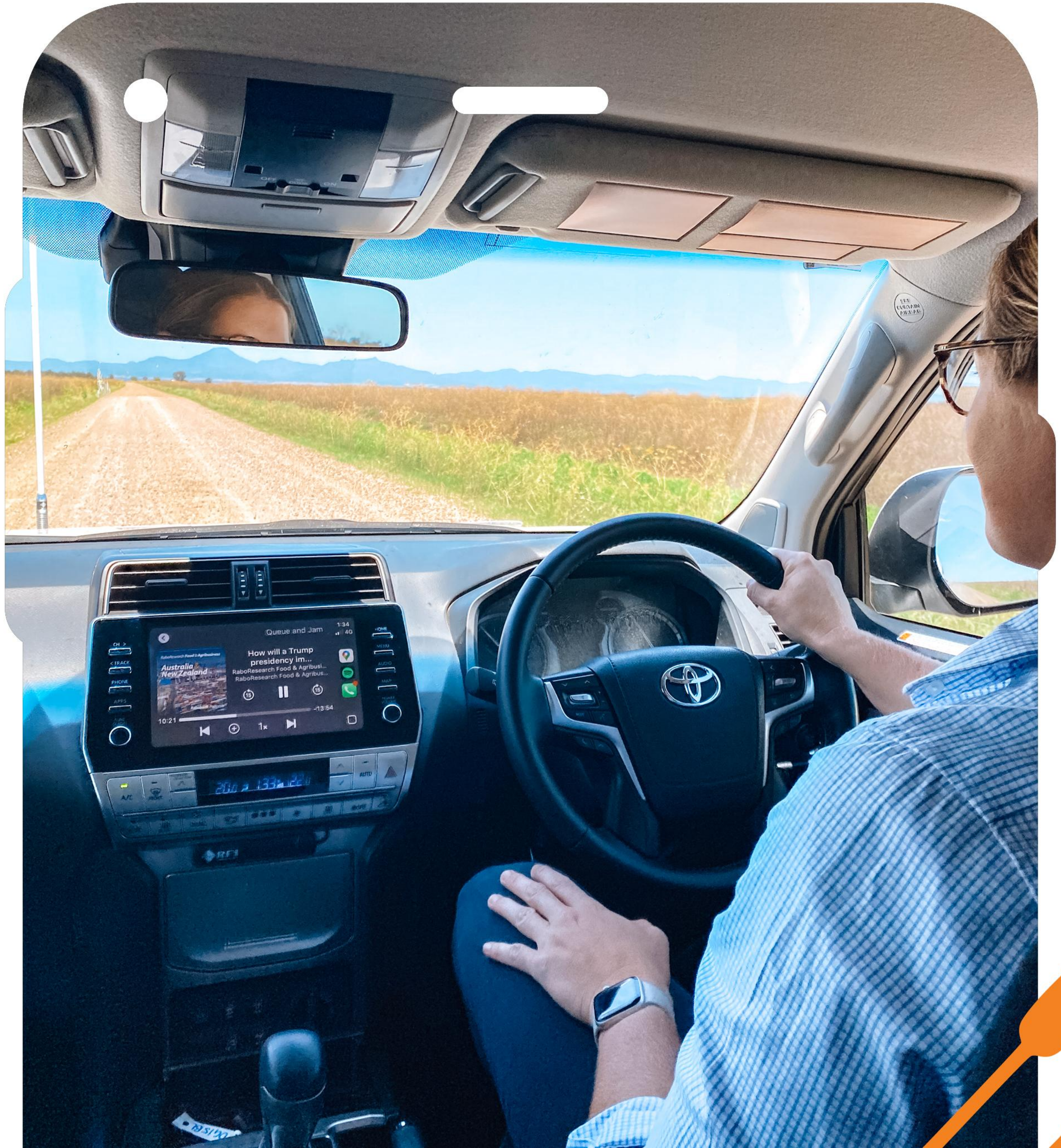
26/09/2025	Unit	MOM	Current	Last month	Last year
Grains & oilseeds					
CBOT wheat	USc/bushel	▲	520	510	578
CBOT soybean	USc/bushel	▼	1,014	1,028	1,042
CBOT corn	USc/bushel	▲	422	386	412
Australian ASX EC Wheat Track	AUD/tonne	▲	318	311	329
Non-GM Canola Newcastle Track	AUD/tonne	▼	730	747	673
Feed Barley F1 Geelong Track	AUD/tonne	▼	281	300	294
Beef markets					
Eastern Young Cattle Indicator	AUc/kg cwt	▲	890	868	653
Feeder Steer	AUc/kg lwt	▲	475	458	365
North Island Bull 300kg	NZc/kg cwt	▲	870	840	700
South Island Bull 300kg	NZc/kg cwt	▲	825	780	645
Sheepmeat markets					
Eastern States Trade Lamb Indicator	AUc/kg cwt	▲	1,185	1,148	789
North Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,045	1,000	770
South Island Lamb 17.5kg YX	NZc/kg cwt	▲	1,050	1,005	810
Venison markets					
North Island Stag	NZc/kg cwt	•	1,010	1,010	980
South Island Stag	NZc/kg cwt	•	1,010	1,010	935
Oceanic Dairy Markets					
Butter	USD/tonne FOB	▼	6,925	7,338	6,613
Skim Milk Powder	USD/tonne FOB	▼	2,625	3,063	2,750
Whole Milk Powder	USD/tonne FOB	▼	3,775	3,975	3,438
Cheddar	USD/tonne FOB	▲	4,788	4,700	4,375

Source: Baltic Exchange, Bloomberg, RaboResearch 2025

Agri price dashboard

26/09/2025	Unit	MOM	Current	Last month	Last year
Cotton markets					
Cotlook A Index	USc/lb	▼	77.7	78.2	85
ICE No.2 NY Futures (nearby contract)	USc/lb	▼	64.0	66.0	74
Sugar markets					
ICE Sugar No.11	USc/lb	▼	15.9	16.5	22.8
ICE Sugar No.11 (AUD)	AUD/tonne	▼	551	581	641
Wool markets					
Australian Eastern Market Indicator	AUc/kg	▲	1,453	1,245	1,087
Fertiliser					
Urea Granular (Middle East)	USD/tonne FOB	▼	449	517	353
DAP (US Gulf)	USD/tonne FOB	▼	750	760	610
Other					
Baltic Panamax Index	1000=1985	▼	1,832	1,874	1,446
Brent Crude Oil	USD/bbl	▲	70	69	72
Economics/currency					
AUD	vs. USD	▲	0.654	0.653	0.690
NZD	vs. USD	▼	0.577	0.588	0.634
RBA Official Cash Rate	%	•	3.60	3.60	4.35
NZRB Official Cash Rate	%	•	3.00	3.00	5.25

Source: Baltic Exchange, Bloomberg, RaboResearch 2025



Keep up to date with the latest Food & Agribusiness insights

Tune into our RaboResearch podcast series and make our insights your advantage.

Meet our RaboResearch Food & Agribusiness Australia and New Zealand team

Stefan Vogel
General Manager, RaboResearch Australia and New Zealand
+61 419 782 452
Stefan.Vogel@rabobank.com

Angus Gidley-Baird
Senior Animal Protein Analyst
+ 61 424 266 909
Angus.Gidley-Baird@rabobank.com
X @angus_gb

Ben Picton
Senior Market Strategist
+61 408 571 012
Benjamin.Picton@rabobank.com
X @BenPicton1

Emma Higgins
Senior Agriculture Analyst
+64 27 600 5549
Emma.Higgins@rabobank.com
X @emhiggins

Jen Corkran
Senior Animal Protein Analyst
+64 21 2412 139
Jen.Corkran@rabobank.com

Michael Harvey
Senior Dairy & Consumer Foods Analyst
+61 409 488 485
Michael.Harvey@rabobank.com
X @MickHarvey77

Vítor Caçula Pistóia
Senior Grains & Oilseeds Analyst
+61 473 862 667
Vitor.Cacula.Pistoia@rabobank.com

Paul Joules
Agriculture Analyst
Paul.Joules@rabobank.com