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Grains fundamentals: Geopolitics fuel grain market volatility

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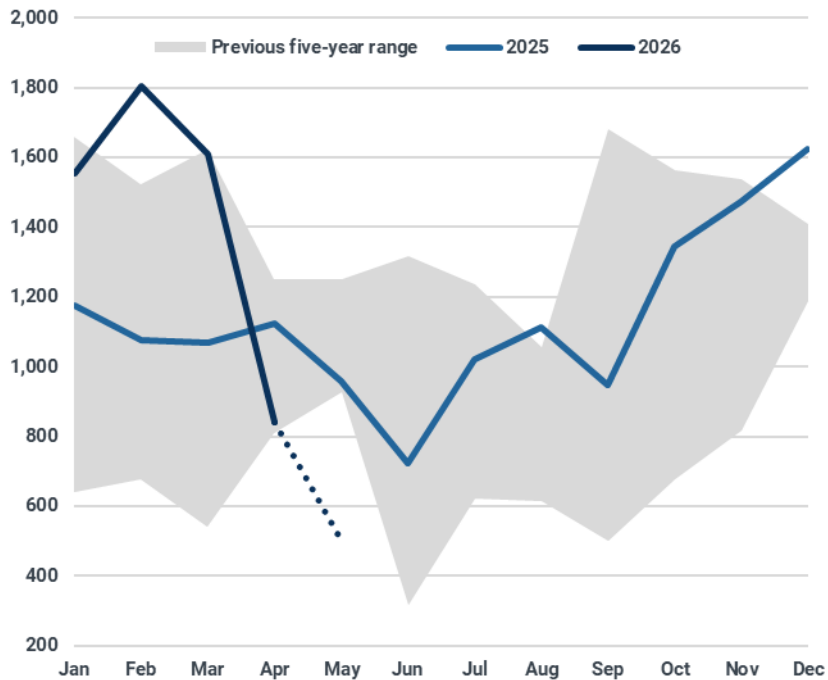
Trade disruption across the Mideast Gulf



Grain and oilseed trade across the Middle East

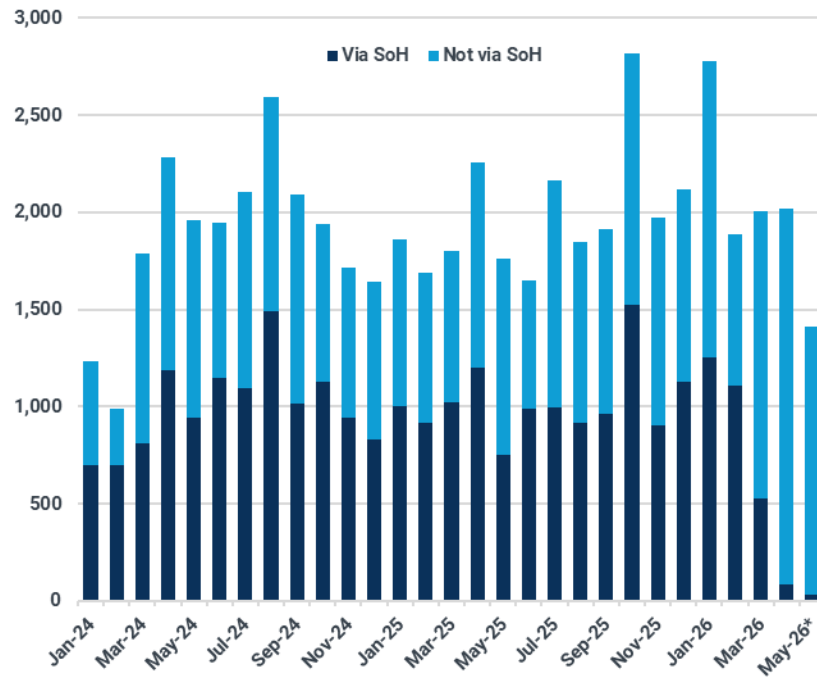
Iranian imports continue to slow via SoH, while GCC looks to boost imports outside of Middle East Gulf

Iranian grain imports via Strait of Hormuz (kt)



Source: Kpler

GCC countries grain imports (kt)



*as on 26 May
Source: Kpler

Middle East grain continue

Vessels laden with grain and oilseed products destined for Iran, Iraq, and GCC countries

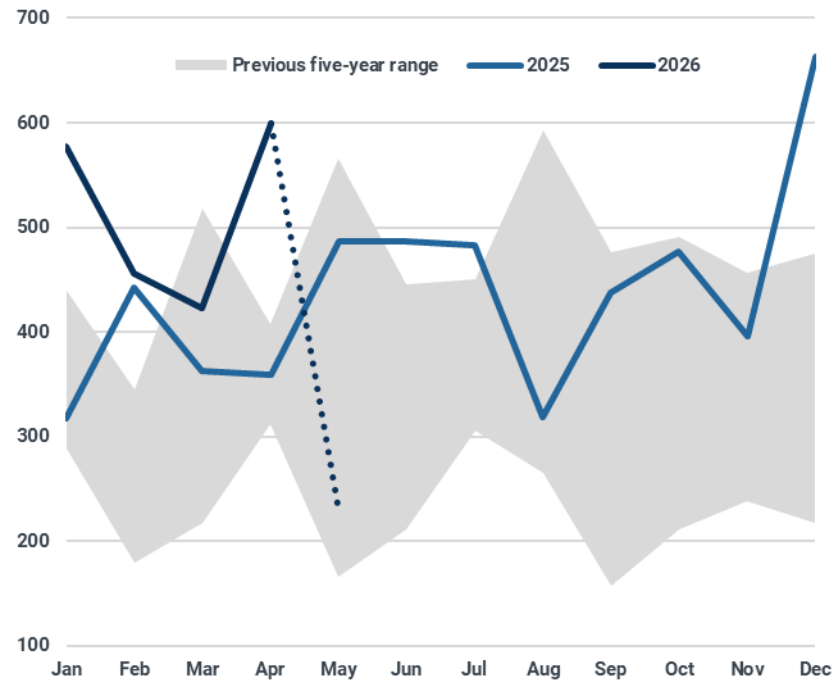


Source: Kpler

Fertiliser trade across the Middle East

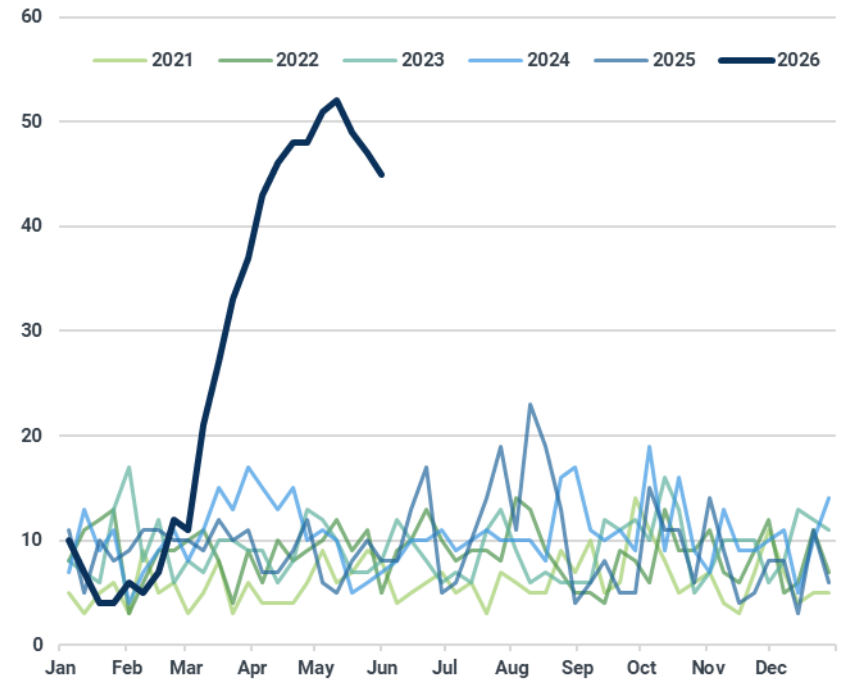
Fertiliser exports remain minimal from GCC countries, keeping laden vessels historically high

Fertiliser exports by GCC not via Strait of Hormuz (kt)



Source: Kpler

Fertiliser-laden vessels within the Middle East Gulf (#)



Source: Kpler

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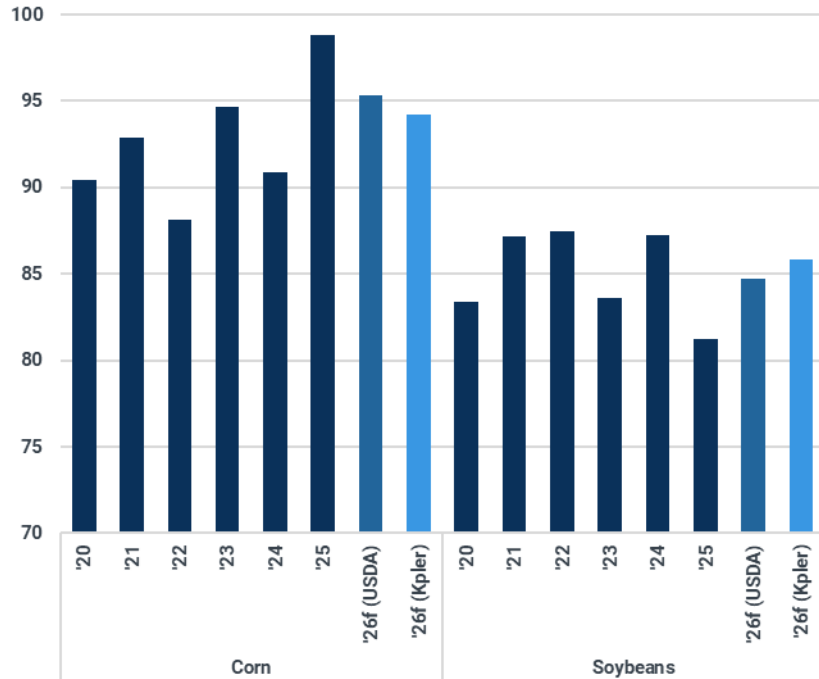
Growing pains



USDA new crop outlook

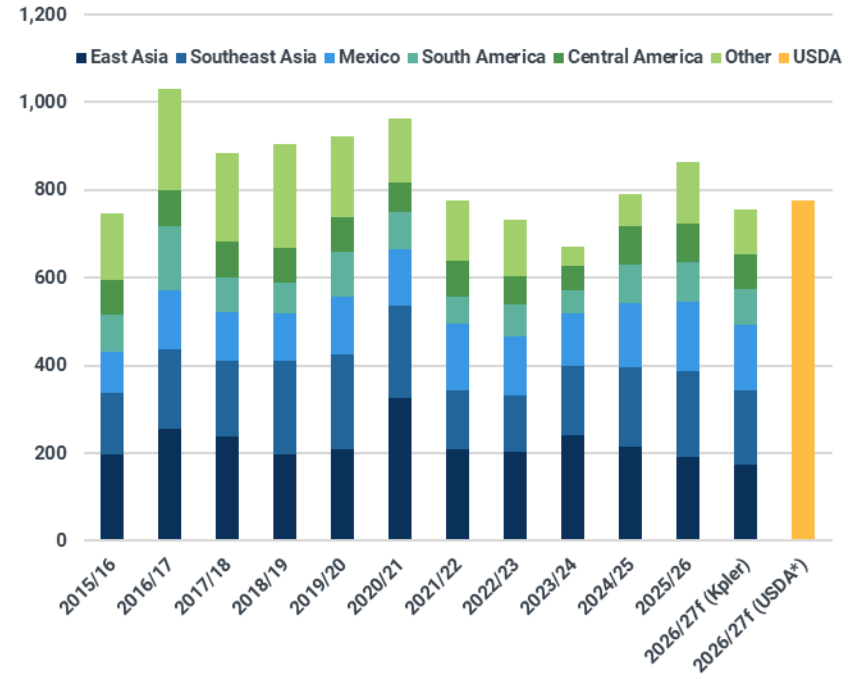
Corn area expected lower in June survey due to high fertiliser prices, and US wheat exports lose competitiveness

US corn and soybean planted areas (M ac)



Source: USDA, Kpler Insight

US non-durum wheat exports by destination (mbu)



*inc. durum wheat
Source: USDA, Kpler Insight

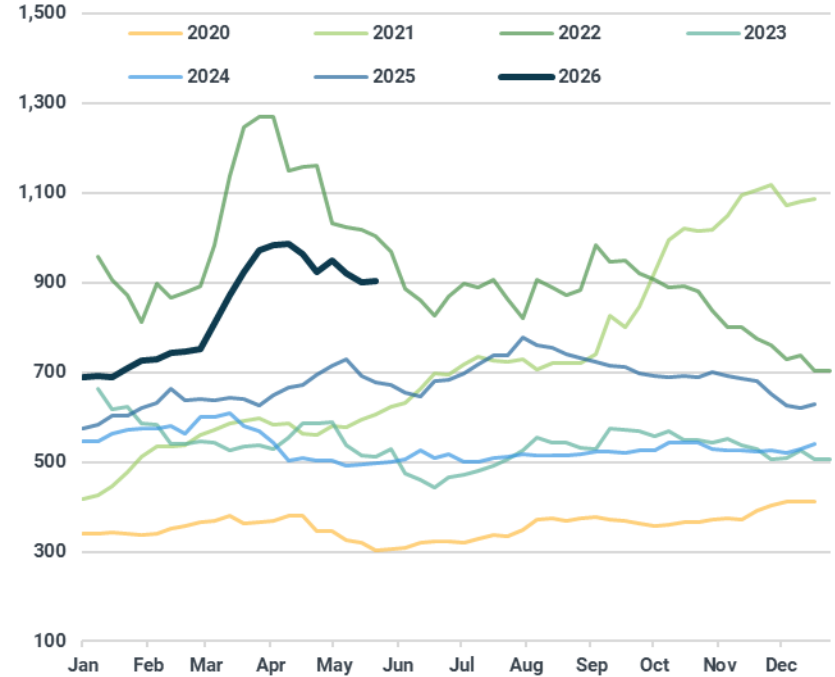
Nitrogen fertiliser application

As prices of fertiliser remain elevated, growers in both hemispheres will be considering application rates

Upcoming nitrogen fertiliser applications

	Jun - Aug	Sep - Dec
Northern Hemisphere	<ul style="list-style-type: none"> ● Corn (leaf development) ● Rice (tillering) ● Cotton (squaring) ○ Winter wheat (heading) ○ Sugarcane (tillering) 	<ul style="list-style-type: none"> ● Second rice (tillering) ○ Winter wheat (planting) ○ Rapeseed (planting) ○ Winter barley (planting) ○ Corn (pre-plant)
	<ul style="list-style-type: none"> ● Winter wheat (tillering) ● Rapeseed (rosette) ● Winter barley (tillering) 	<ul style="list-style-type: none"> ● Corn (planting) ● Cotton (planting) ● Ratoon sugarcane (tillering) ○ Winter wheat (heading)

North America fertiliser (NPK) price index (7 Jan 2002=100)



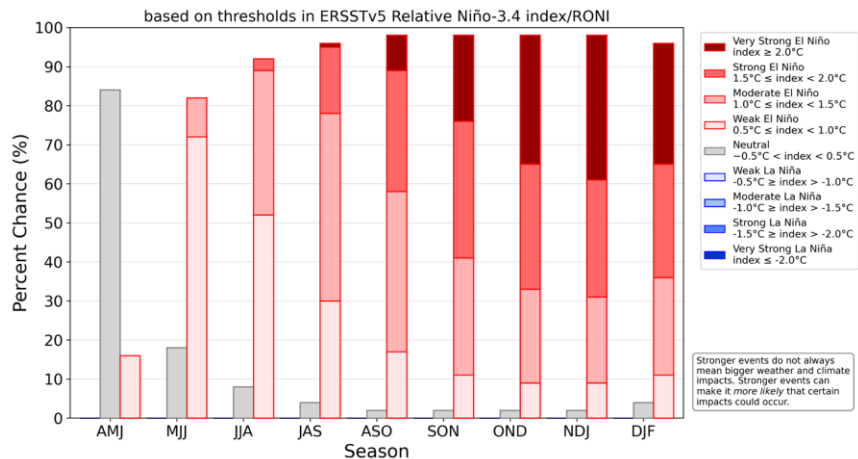
Source: Kpler Insight

Source: Green Markets

El Niño prediction threatens crop production

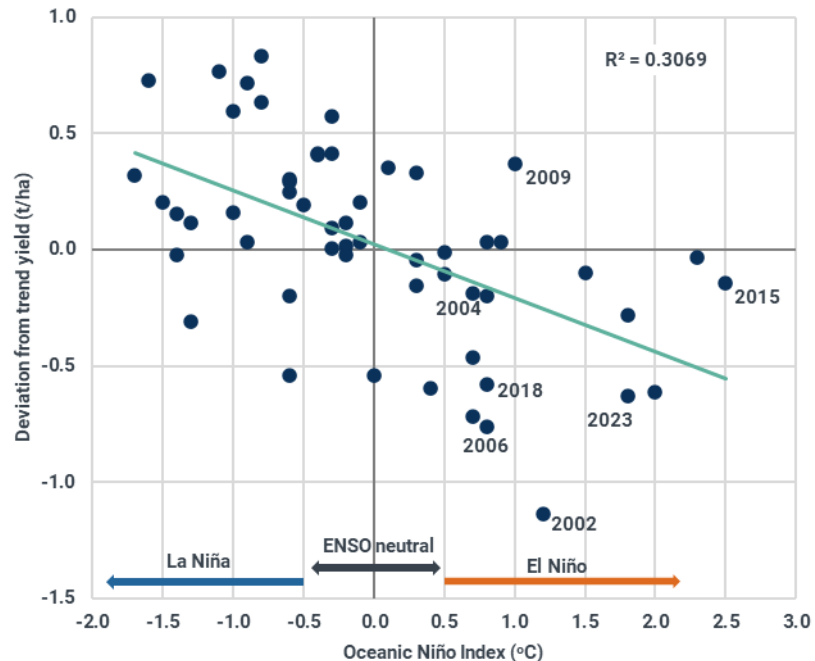
Several weather agencies are forecasting the emergence of El Niño conditions later this year

ENSO strength probabilities (May 2026)



Source: NOAA

Influence of Oceanic Niño Index on Australian wheat yield



Source: USDA, NOAA

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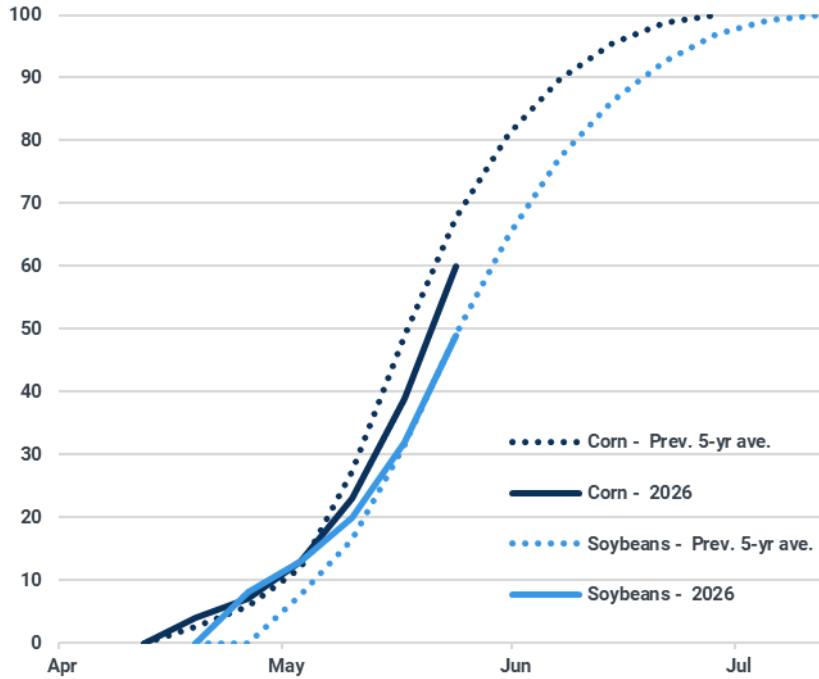
Crop development



US corn and soybeans

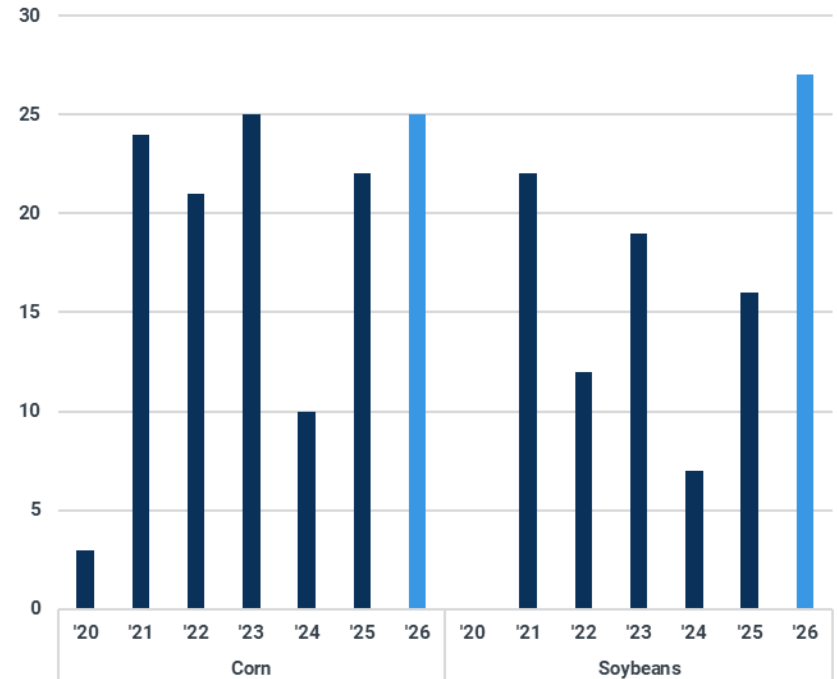
The early stages of crop development appear broadly favourable so far for the US corn and soybean crops

Crop emergence (% complete)



Source: USDA

Crops in moderate or more intense drought as on 19 May (%)

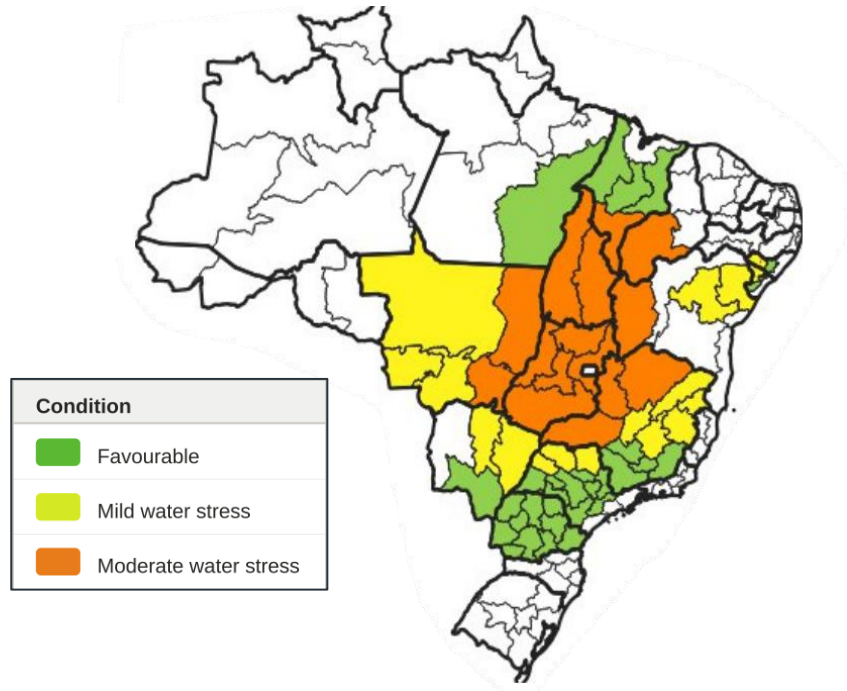


Source: USDA

Brazil's safrinha corn crop

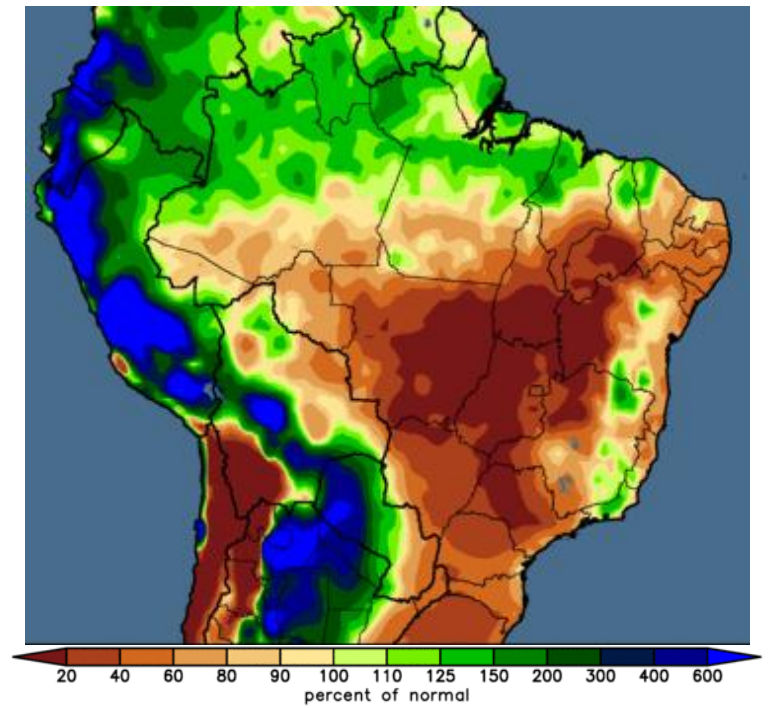
Elevated dryness takes a toll on the safrinha corn crop

Condition of safrinha corn crop



Source: Conab

Short term rainfall anomaly (27 May – 10 Jun, ECMWF, as on 00UTC 26 May)



Source: World Ag Weather

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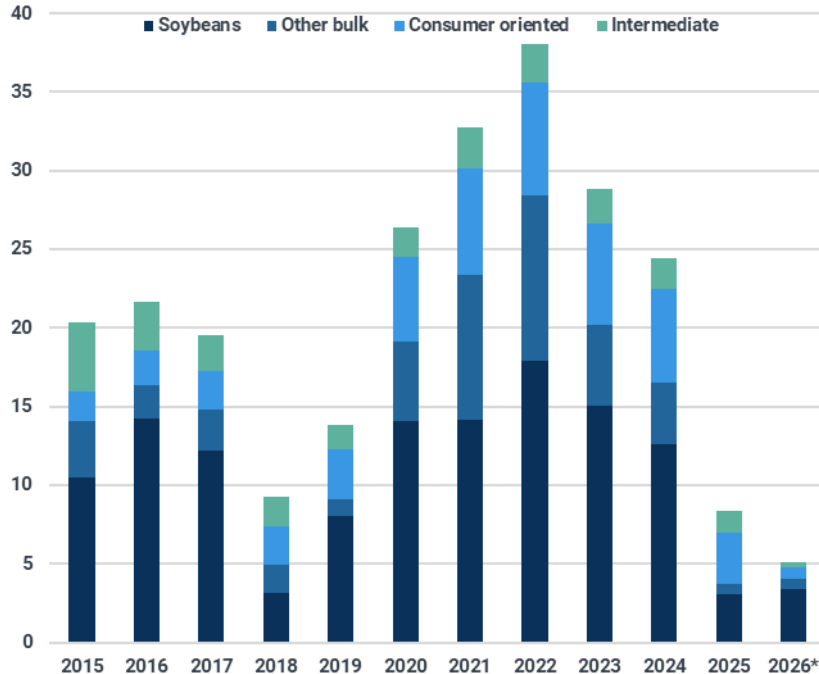
US-China agricultural trade



US-China summit

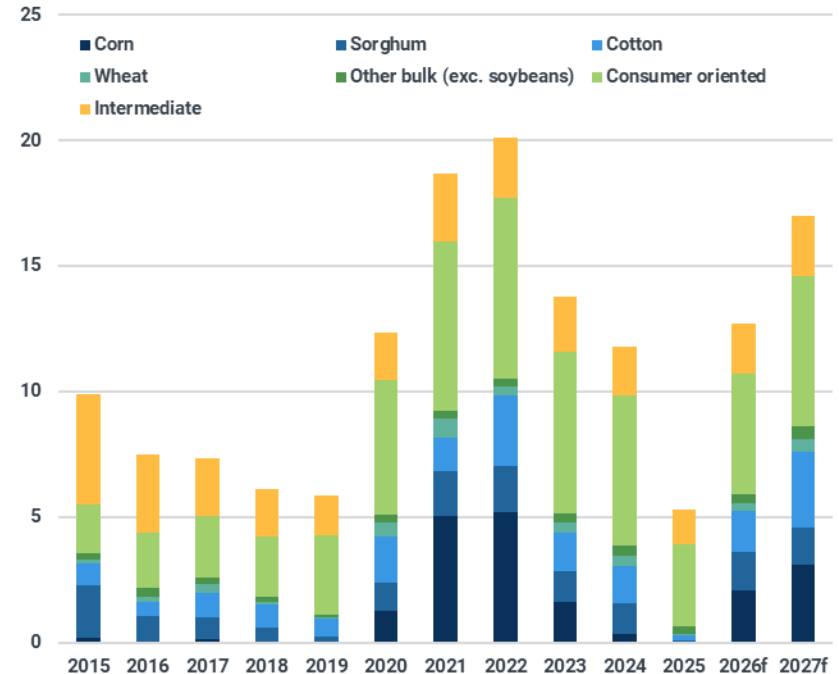
The exclusion of soybeans from China's \$17 bn purchase commitment opens the door for alternate agricultural goods

Total US agricultural exports to China (\$ bn)



*Jan-Mar
Source: USDA, Kpler Insight

US agricultural exports to China (exc. soybeans, \$ bn)

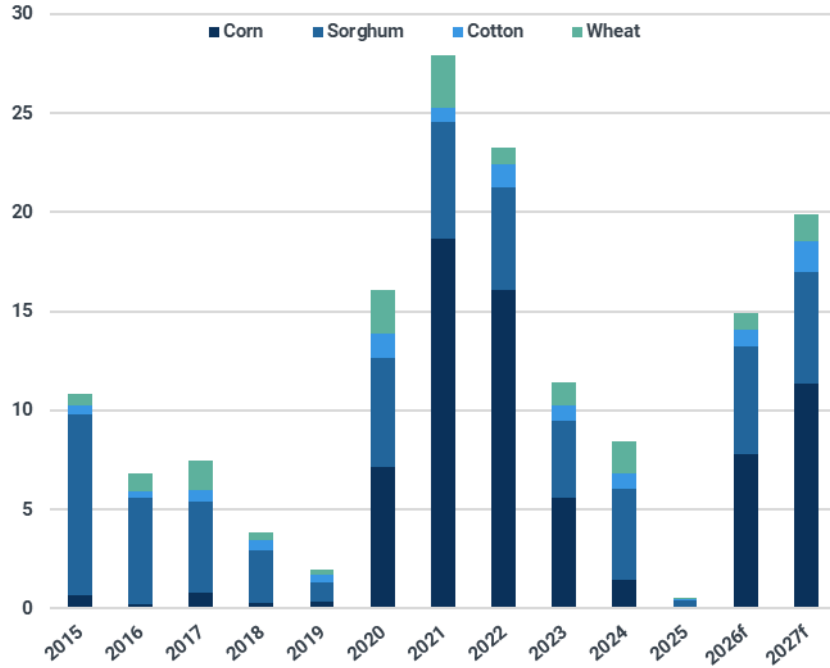


Source: USDA, Kpler Insight

China's \$17 bn purchase commitment for US agricultural goods

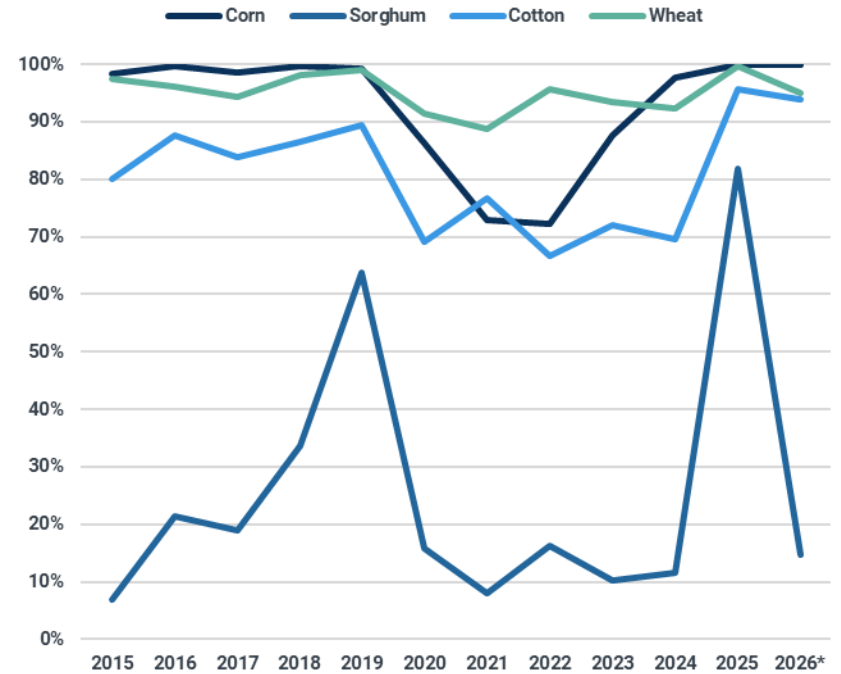
US corn would see a revival of Chinese demand should they deliver on purchase commitment

Exports of key US agricultural bulk products to China (Mt)



Source: USDA, Kpler Insight

Exports of key US agricultural bulk products to ex-China destinations (% total)

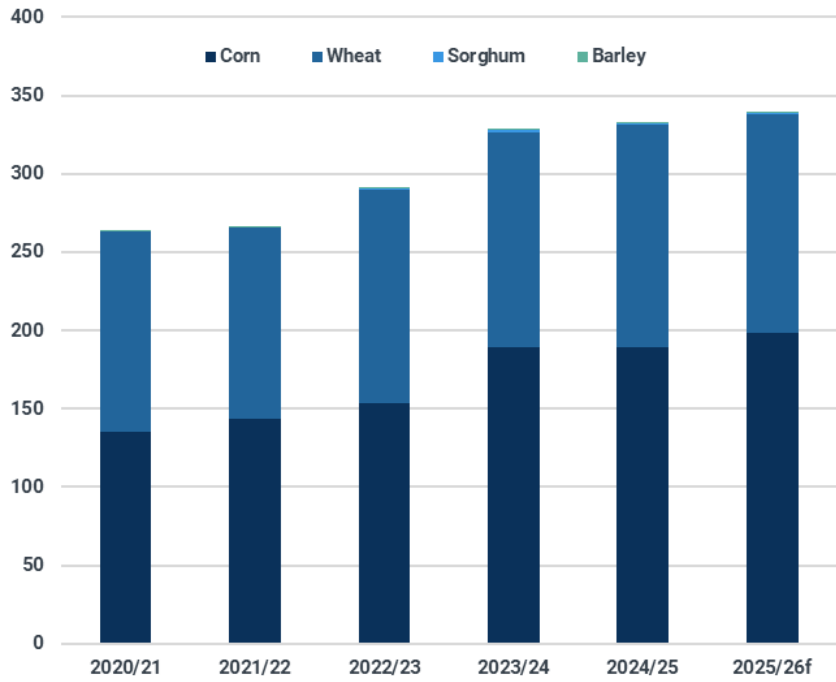


*Jan-Mar
Source: USDA

China's supply of major animal feed products

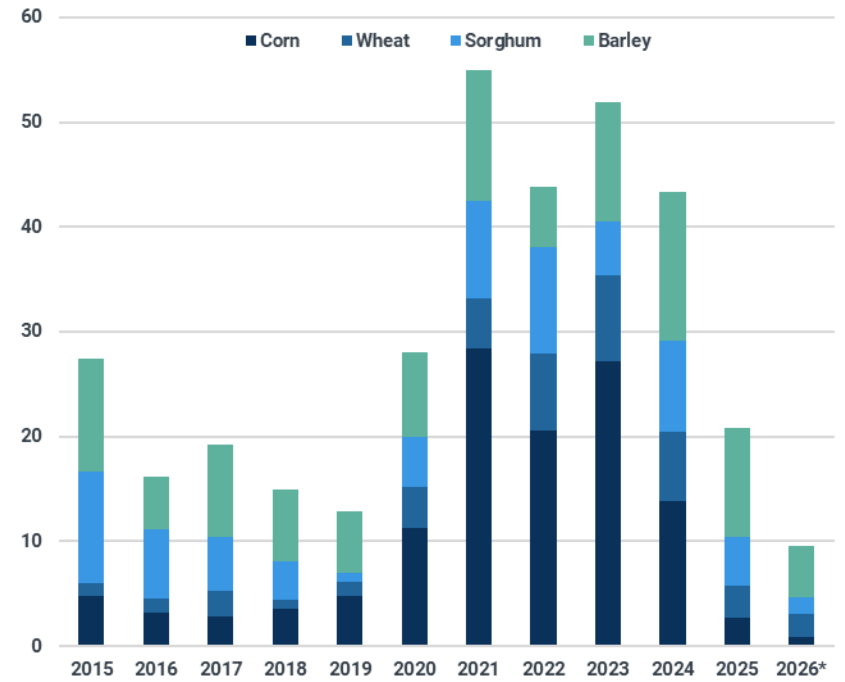
Chinese stocks of key animal feed products has been increasing, despite limited imports in 2025

China's ending stocks of major animal feed products (MY, Mt)



Source: JCI data centre

Chinese imports of major animal feed products (Mt)

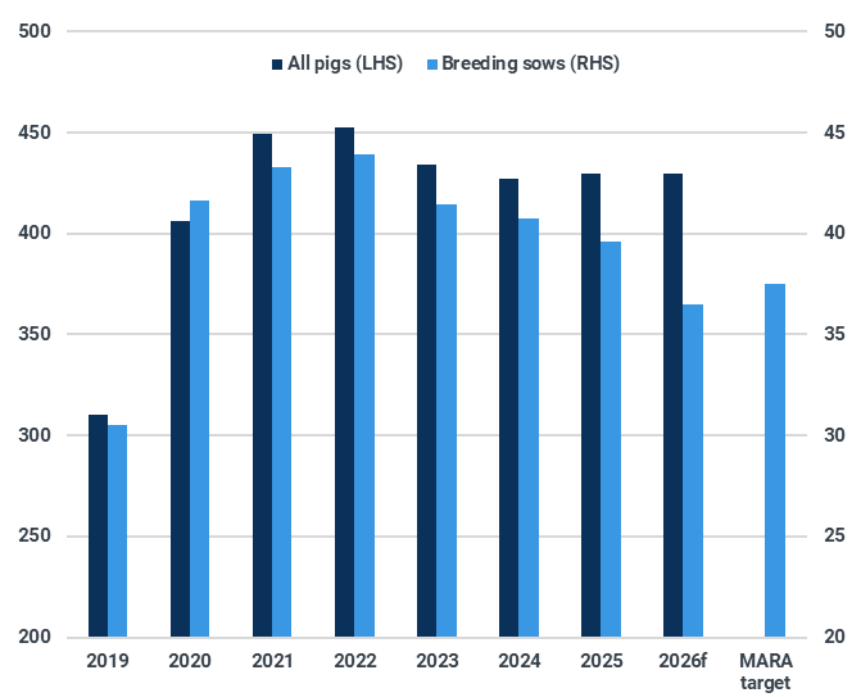


*Jan-Apr
Source: GTT

China's breeding sow population

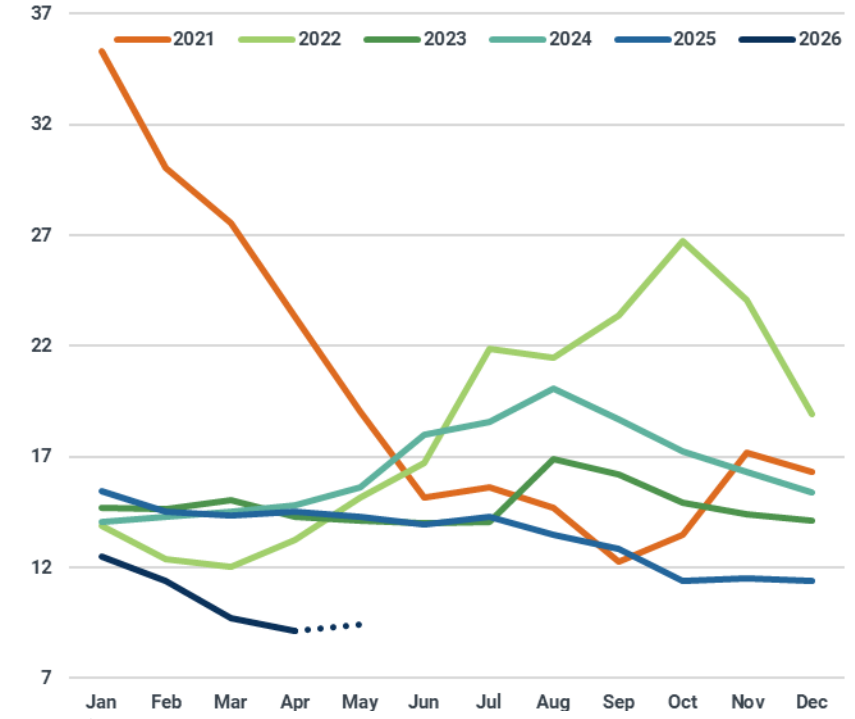
The structural decline in China's breeding sow population curtails animal feed demand

China's pig population (million head)



Source: pig 333, JCI data centre, Ministry of Agriculture and Rural Affairs of the PRC (MARA)

Pig prices in China (national average, yuan/kg)

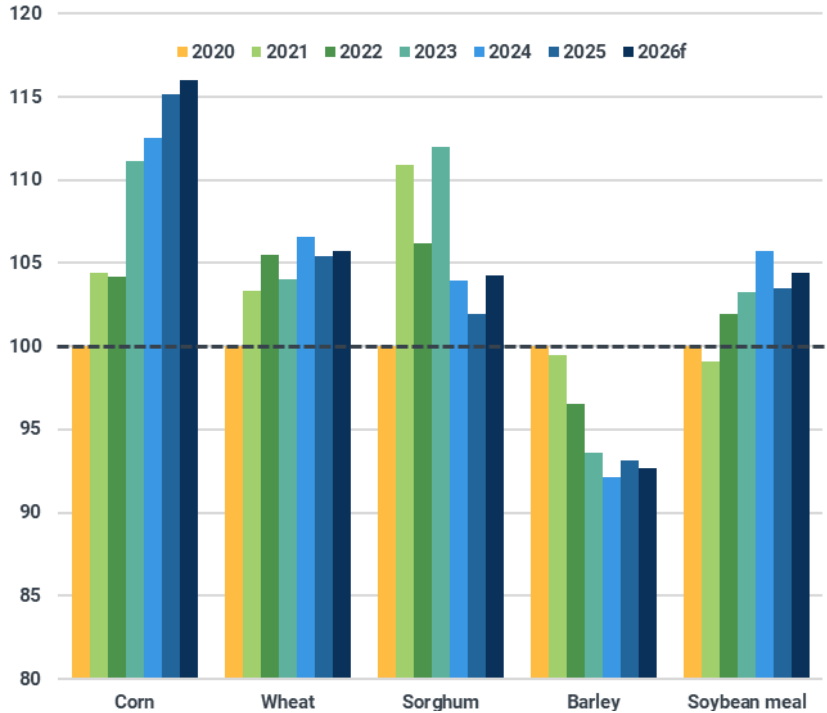


Source: JCI data centre

China's alternate origins of major animal feed products

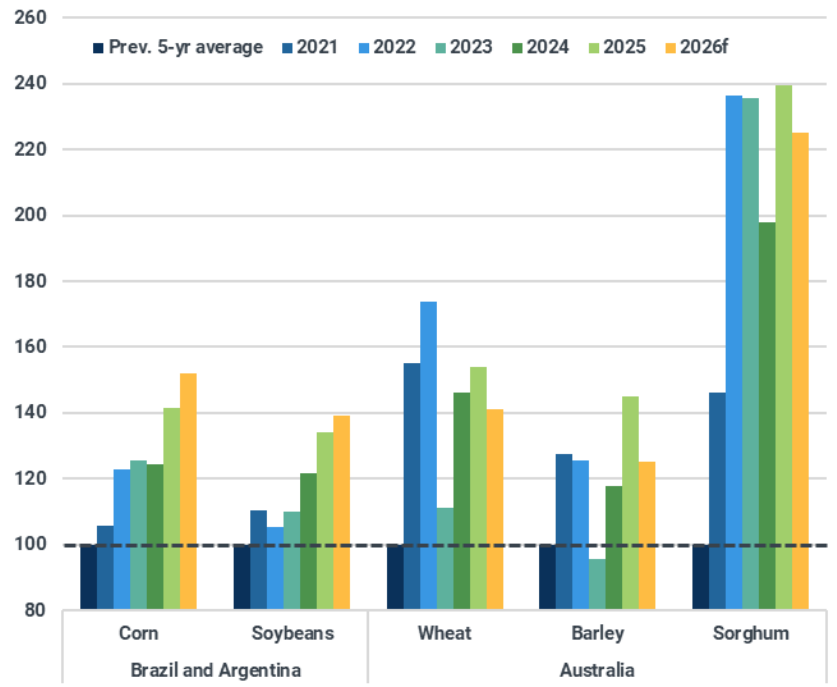
Domestic demand does not signal the need for stronger imports, and availability at rival origins prevents US dependence

Chinese production of key animal feed products (2020=100)



Source: JCI data centre

Production of key animal feed products by ex-US origin (Previous five-year average=100)



Source: CONAB, Buenos Aires Grains Exchange, Australian Bureau of Agricultural and Resource Economics and Sciences

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Short term drivers

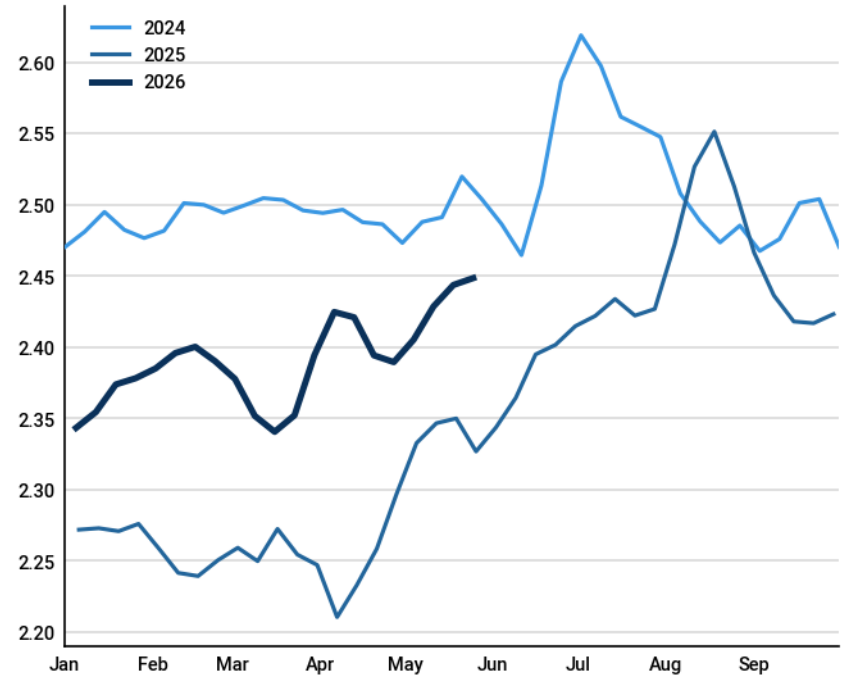


Short term drivers

Geopolitics have played an increasingly influential role on agri-commodity markets, but fundamentals remain key

- Progress towards a ceasefire extension between the US and Iran is watched closely by the market, although the prospect for a deal remains uncertain. As a result, **trade through the Strait of Hormuz remains minimal.**
- USDA's **new crop balance sheets for US corn and soybeans are yet to entirely factor in higher fertiliser prices.** They June acreage report is likely to see a revision, supported by both fertiliser and relative new crop prices.
- US agricultural sales to China will now be increasingly monitored as **China's purchase commitment should see the need for several bulk commodities, including corn.** Soybean activity should be limited until the next round of talks.
- The **probability of El Niño conditions to emerge has increased m/m,** threatening crop production in Australia and across other major agricultural exporters.

New crop soy-corn futures ratio



Source: Barchart

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Thank you!

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