

Focussing on the ‘wider forces shaping the board’ essential in year ahead – Rabobank 2026 New Zealand Agribusiness Outlook

New Zealand’s food and agribusiness sector must remain alert to the wider forces shaping its operating environment if it’s to stay on the front foot over the year ahead, according to a new report by agri banking specialist Rabobank.

In the bank’s annual flagship report, **New Zealand Agribusiness Outlook 2026**, titled ‘Keeping One Move Ahead’, Rabobank says the global “chessboard” shifted again in 2025.

“This wasn’t through one dramatic move, but rather through a steady tightening of trade blocs, industrial policies and geopolitical manoeuvring that reset the rules of play,” report author, Rabobank senior agricultural analyst Emma Higgins said.

“As we enter 2026, the pieces are still moving, and the pace hasn’t slowed. Major economies are making assertive ‘opening moves’ on trade, technology and security, turning commerce into a tool of leverage more than cooperation.

“For New Zealand, this isn’t distant noise. It is the environment in which our farmers, processors and exporters must operate – in addition to usual supply and demand fundamentals.”

Ms Higgins said New Zealand’s agribusiness sector had performed strongly in 2025 and would need to stay abreast of, and adapt to, changes in its operating environment if it was to maintain positive momentum.

“Chess rewards players who think three moves ahead,” she said.

“For New Zealand agribusiness in 2026, this could mean focusing on the wider forces shaping the board – not just day-to-day price movements. With the right positioning, New Zealand farmers and exporters can turn a shifting board into tomorrow’s opportunity.”

Controlling the centre – politics, macro settings and cashflow

The report says political developments – both locally and internationally – shape as a key driver of New Zealand agriculture’s fortunes in the coming 12 months.

“In chess, controlling the centre early shapes the entire match. For New Zealand agribusiness in 2026, the “centre” is politics and the money flows surrounding or influenced by political decisions, such as currency movements or cost of capital,” Ms Higgins said.

“New Zealand’s election will likely see land, water and climate as key campaign topics. Offshore, the US heads into a high-stakes political cycle of its own, with policy signalling, tariff talk and bureaucratic muscle likely to keep markets on edge. The specifics will shift – but the tempo is set, and volatility is part of the rhythm.”

With the RBNZ's easing cycle largely complete, Ms Higgins said, interest rate cuts are expected to pause, with a possible firming later in the year.

"This offers short-term breathing room on debt servicing, but also keeps currency movements front-of-mind. The NZD/USD exchange rate is expected to swing between the high-0.50s and low-0.60s, meaning export receipts may move as much with offshore politics as with economic data.

"Looking further ahead, the future role of the US dollar is worth watching."

This is particularly the case, Ms Higgins said, given "we are now seeing China settling more commodity purchases in renminbi".

"Cryptocurrency stablecoins are also now creeping into international commodity trade," she said.

"And while exporters need not react yet, they do need to stay aware."

The queen's reach: weather for an island nation

The report says climate is a further factor holding significant influence over the sector's fate.

"Climate remains the strongest piece on the board, shaping every part of New Zealand's food and fibre sector," Ms Higgins said.

"The weather remains the queen – powerful, far-reaching and hard to predict or control – and it will keep testing planning, timing and feed budgets all year."

The knight – energy markets

The report said energy markets had reset lower through late 2025, with Brent crude oil sliding into the high USD 50s a barrel and offering relief for freight and fuel budgets.

"But, as every chess player knows, the knight can strike from unexpected angles. Shipping routes remain vulnerable to disruption, and create fast upside risk for refined products," Ms Higgins said.

"On-farm efficiency upgrades, diversified freight paths and disciplined cost management remain essential to avoid being 'forked' by sudden swings in fuel or transport conditions."

The bishop pair – fertiliser and feed

Fertiliser affordability will likely remain challenging this year, the report says.

"Urea was highly volatile through 2025 and hopes of early-2026 stability have faded. Geopolitical risks remain the biggest driver, with unrest in Iran posing direct risk given its

approximately 10% share of global urea exports,” Ms Higgins said. “Any escalation in tensions could push prices higher, and markets can move quickly.

“Strong early-season buying in the US, alongside sustained Indian demand, is likely to keep wholesale prices supported before easing later in the year.

“On the other diagonal, grains and oilseeds remain subdued due to large global corn stocks and expanded South American plantings. Lower feed costs may help intensive competitors, but they also highlight the natural cost advantage of New Zealand’s pasture-based systems.”

Commodity outlooks –

Dairy – 2026 is likely to be the year New Zealand kicks another record for milk production at a time when milk flows are voluminous elsewhere. Critical to farmer fortunes will be the strength of demand in the face of abundant milk supply.

Beef – Strong US demand continues to underpin NZ beef pricing in 2026, with firm farm-gate values supported by elevated US import prices and only modest supply growth. China’s new quota settings remain a key watch point.

Sheep – Sheepmeat enters 2026 with firm pricing supported by tight global supply, steady demand and improved market diversification. Strong export values, solid store market confidence and stable lamb numbers signal a favourable year ahead.

Venison – Strong global demand, diversity in markets and steady schedules support venison producers heading into 2026. Tight supply adds to the picture with an overall positive outlook for farm-gate returns.

Consumer foods – Food inflation remains elevated but should continue to trend lower. Red meat is causing some headaches for consumers. Consumer confidence starts 2026 on a stronger footing.

Farm inputs – Farmers continue to face stubbornly-high input costs, with urea and phosphate prices remaining elevated. While urea prices may rise in the near term, softer gas prices and improving global supply suggest a likely easing later in the year.

Foreign Exchange & Interest Rates – The New Zealand economy is once again gathering strength as cumulative cuts to the Official Cash Rate finally boost household spending activity. The economic recovery could lead to the RBNZ raising interest rates later in the year.

Oil and Freight – Geopolitics will likely remain a significant driver for oil prices in 2026. That said, signs of oversupply have led RaboResearch to predict lower prices over the course of the year for both crude oil and diesel. The bank expects Brent crude oil to average USD 58 a barrel in 2026.

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