

# Monthly Commodity Update

June 2026



# Monthly Commodity Update – June



## Headline Insights:

Late-May rainfall delivered a strong confidence boost to the agricultural sector, accelerating winter crop planting and establishment—though the focus now shifts to converting this early break into yield. Livestock markets have continued to trade at elevated levels, supported by tight supply across both sheep meat and wool heading into June. In dairy, opening farmgate milk prices held few surprises, with steady incomes ensuring farm margins remain squeezed.



### **Cattle:** *pg. 10-11*

Improved seasonal conditions abruptly tightened local cattle supply, forcing stronger processor competition and lifting prices.



### **Cropping:** *pg. 12-15*

Late-May rainfall through southern Queensland and northern NSW reset the season, easing northern wheat and barley prices off their highs. Canola ran against the cereal trend with prices supported by a steady global oilseeds market.



### **Dairy:** *pg. 16-17*

New season farmgate milk prices have been announced. Steady incomes against higher input costs will ensure farm margins remain squeezed in the 2026/27 season.



### **Horticulture:** *pg. 18-19*

Reduced vegetable plantings are expected to impact supply from August. Meanwhile citrus season is nearing its peak, though competition from South Africa may impact export pricing for growers.



### **Sheep:** *pg. 20-21*

Increasing numbers of lambs from feedlots has resulted in record average carcass weights in the March quarter, with favourable lamb pricing in comparison to grains encouraging growers to put extra weight on stock.



### **Wool:** *pg. 22-23*

Despite mid-month dips from buyers prioritising quality, the AWEX EMI rallied late in May as looming supply shortages renewed bidding.

# Carbon and Climate



## May rainfall boosts soil moisture ahead of potential El Niño



### Key Watchpoints:

- The 2026/27 Federal Budget was revealed in May with climate, energy sovereignty, and supply chain resilience receiving significant attention as a part of the agricultural agenda.
- Widespread rainfall in late May provided a significant boost to soil moisture profiles in across southern Queensland and northern New South Wales in particular.
- Signs of El Niño development continue to grow with sea surface temperatures likely to reach El Niño thresholds during early winter according to the Bureau of Meteorology.

### Support for renewable fuels in 2026-27 Federal Budget

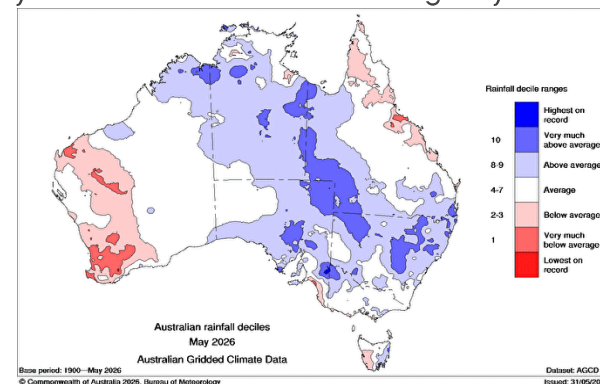
The 2026-27 Federal Budget (the Budget) was released in May with climate, energy sovereignty, and supply chain resilience receiving significant attention following the recent upheaval in global energy and fertiliser trade. Increasing sustainable fuel production forms as a key part of this drive, with the previously announced \$1.1 billion, 10-year Cleaner Fuels Program included in the Budget for the first time. A commitment to introduce sustainable fuel demand metrics was also unveiled, with these metrics intended to provide greater industry certainty and stimulate investment in renewable fuels. The program is anticipated to drive an expansion of the domestic renewable fuel industry in coming years, driven by increased onshore canola processing capacity. This forms a pillar of Australia's net-zero transition, while also bolstering fuel security, and creating consistent domestic demand for local canola producers.

On the other side of the equation, smaller spending cuts in the Budget are expected to impact several climate resilience initiatives. The Department of Agriculture, Fisheries and Forestry (DAFF) faces funding reductions of almost \$200 million over the next five years despite an increase to staff funding. The cuts to DAFF will be primarily achieved through the withdrawal of \$104.6 million in uncommitted funding across various grant programs. This will have an effect on the Pest and Disease Preparedness and Response Program, though a reallocation of funding towards other pest focused initiatives should be noted. The Future Drought Fund will also lose \$52 million in uncommitted funding over four years, starting in 2026-27. Traditionally, this \$5 billion

drought fund allocates \$100 million annually to help Australian farmers and rural communities build drought resilience. While the Budget champions green fuel investment, this is balanced by a reallocation of budget commitments which may impact capital available for on-farm climate and drought preparedness.

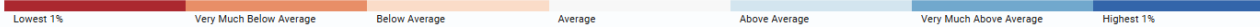
### The word on weather

Widespread rainfall in late May provided a much-needed boost to the soil moisture profile across southern Queensland and northern New South Wales. Western Australia's conditions were much drier in comparison, except for the 10-50 mm of rain in the cropping regions over the last weekend of May. The Bureau of Meteorology's three-month rainfall outlooks continues to point towards a higher likelihood of drier conditions across most of Australia's agriculture regions, as indicators seem likely to reach El Niño thresholds during early winter.



Australian rainfall deciles May 2026  
Australian Gridded Climate Data  
Base period: 1900 - May 2020  
© Commonwealth of Australia 2025, Bureau of Meteorology  
Dataset: AGCD v2  
Issued: 31/05/2025

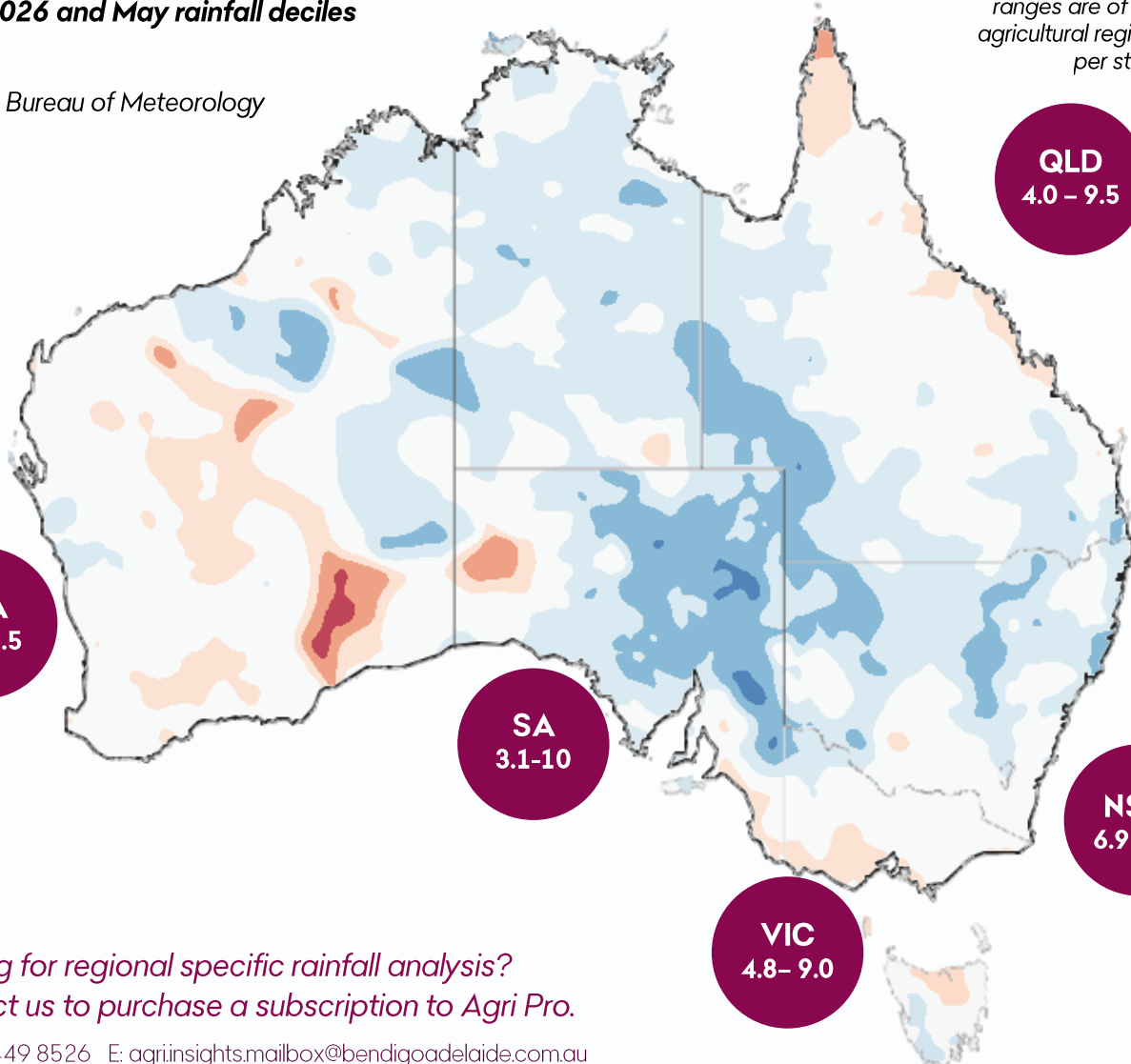
Root zone soil moisture (percentile rank)



## Root zone soil moisture as of 01 June 2026 and May rainfall deciles

Note: rainfall decile ranges are of key agricultural regions per state.

Source: Bureau of Meteorology



## Water storages in the Murray Darling Basin

		May 2026	YoY %
Whole of Basin		45%	-10%
Southern basin		41%	-11%
Northern basin		57%	-4%

Catchment	Location	May 2026	YoY %
Macquarie	Lake Windamere	83%	-6%
	Lake Burrendong	29%	-23%
Namoi	Split Rock Reservoir	93%	15%
	Lake Keepit	55%	-4%
	Chaffey Dam	90%	-17%
Gwydir	Lake Copeton	61%	8%
McIntyre	Pindari Lake	43%	-5%
Upper Murray	Lake Hume	23%	-1%
	Lake Dartmouth	65%	-8%
Goulburn	Lake Eildon	40%	-19%
Murrumbidgee	Lake Burrinjuck	38%	-3%
	Blowering Reservoir	25%	-13%
Lower Murray	Lake Victoria	48%	-2%
Lower Darling	Menindee Lakes	33%	-25%
Lachlan	Lake Wyanggala	61%	-18%
	Carcoar Lake	88%	-4%
	Lake Cargelligo	63%	-6%

As at 20 May 2026

Source: MDBA, BOM

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# Production costs

Inflated inputs persist



## Key Watchpoints:

While the temporary excise cut has assisted diesel prices in retreating from their March peaks, this relief will end on June 30th. The government has confirmed the reduction will not be extended, though the impact to farmers will likely be minimal owing to the Fuel Tax Credits Scheme, which ensures primary producers can claim back the full excise anyway.

Global urea prices have eased slightly due to a demand shift toward more affordable nitrogen products. A shipment is currently in transit to Australia to secure supply ahead of the expected June demand spike. The Australian dollar remains resilient above 70 US cents. Despite experiencing a decline in mid-May, the currency staged a modest recovery over the remainder of the month.

**IMPORT VOLUMES**  
vs 5yr April average

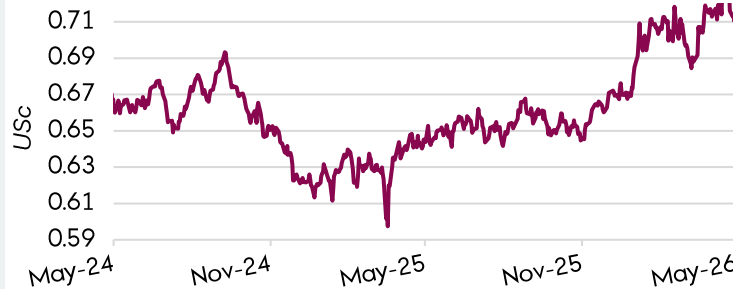
Chemicals	Fertiliser
<b>Pesticides: -17%</b>	<b>Urea: +15%</b>
<b>Herbicides: 45%</b>	<b>MAP: -9%</b>

Indicative cereal hay prices (May) MOM: month-on-month. YOY: year-on-year.

Eastern Aus (north)	Eastern Aus (south)	South Australia	Western Australia	Tasmania
\$325/t	\$305/t	\$273/t	\$245/t	\$230/t
+0% MOM, -6.9% YOY	+3% MOM, -16.5 YOY	-0.9% MOM, -38.5% YOY	0% MOM, -5.8% YOY	+0% MOM, -25.1% YOY

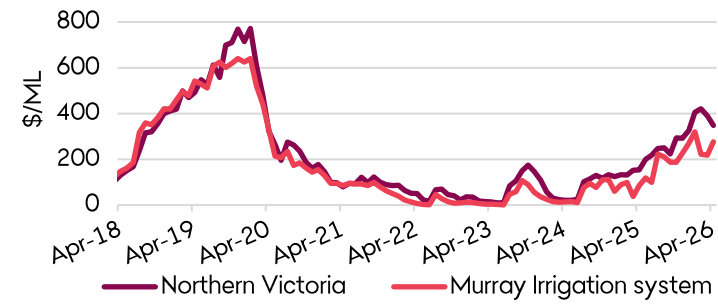
Source: AFIA

### AUD/USD exchange rate



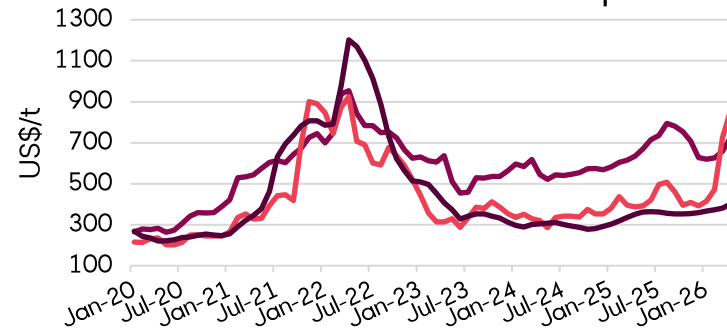
Source: RBA

### Temporary water prices



Source: Victorian water register, Murray Irrigation system

### Global indicative fertiliser prices



Source: World Bank

### National average diesel price



Source: AIP

# Domestic market

## Fuel relief vs. grocery grief



### Key Watchpoints:

Inflation remains persistently high and the pervasive cost-of-living squeeze continues to dictate cautious spending behaviour. With the total CPI rising 4.2 per cent YoY in April, household food spending fell by 1.3 per cent compared to March, signalling that consumers are tightening their essential grocery budgets even as they maintain some discretionary foodservice spending. In the same period, transport CPI declined by 4.7 per cent as fuel prices continue to stabilise and supply concerns eased. More recently, consumer confidence lifted slightly in May, but remains near record lows.

### This month's bang for buck:

In the fruit aisle, citrus, berries and apples remain plentiful and are fantastic quality at this time of year. In terms of vegetables, capsicums are coming out of Queensland, alongside the more typical winter veg. Both were sitting below long-term price averages throughout May.

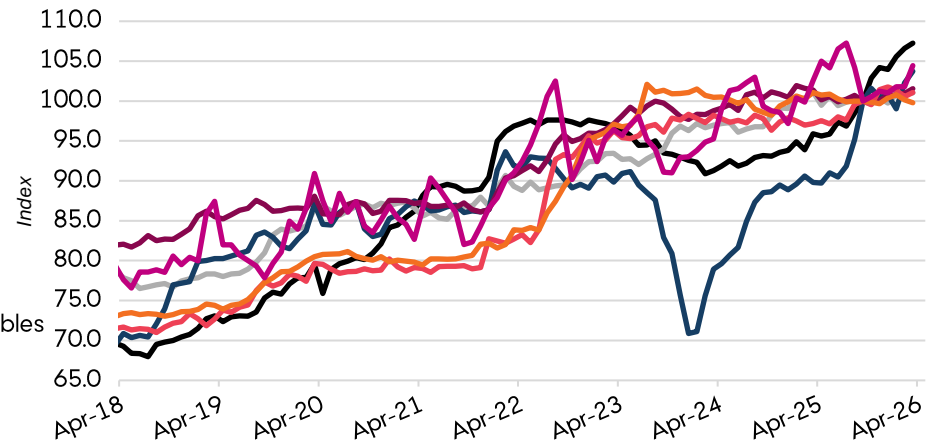
LM: last month. YOY: year-on-year.

**Total CPI**  
YOY April 2026  
**+4.2%**

**Cash rate**  
at 3 June 2026  
**4.35%**  
Source: ABS, RBA

-  Beef/veal
-  Pork
-  Lamb/goat
-  Poultry
-  Milk
-  Cheese
-  Fruit/vegetables

Consumer price indices for key food groups



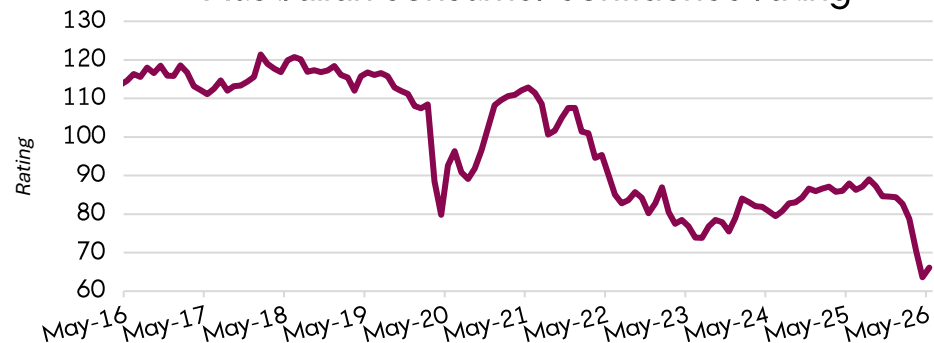
Source: ABS

### HOUSEHOLD SPENDING

Apr 2026 vs LM (seasonally adjusted)  
Source: ABS

Food (retail)  
**-1.3%**  
Hotel/café/restaurant  
**+0.5%**

Australian consumer confidence rating



Source: ANZ/Roy Morgan

# Feature article

## The cotton comeback



**Weenie Crozier**  
Agribusiness Graduate

Intercontinental Exchange (ICE) cotton futures have now hit their highest levels since April 2024. Like many commodities, the cotton industry is feeling the ripple effects of the current Middle East conflict. The surging crude oil prices resulting from the conflict are heavily impacting the textile sector, where the United Nations reports 60 per cent of fabrics rely on petroleum-based products, and this spike in synthetic costs is driving manufacturers to substitute synthetics with natural fibres like cotton and wool.

Tightening fundamentals are further supporting prices. The USDA's May report projects a rise in global cotton consumption alongside a 5 per cent decline in 2026/27 production. Meeting this deficit will require drawing down reserves, with ending stocks projected to drop by 5.4 million bales to 71.8 million (USDA, 2026). This tightening supply has spurred hedge funds to shift to a net long position for the first time in two years (Bloomberg, 2026).

Because 90 per cent of Australia's raw cotton is exported, the domestic market is heavily dictated by international forces. On the demand side, China has reclaimed its status as Australia's top export destination, and India's five-month suspension of cotton import duties is likely to further boost Australian export volumes. However, domestic supply is tightening. ABARES reports a 23 per cent drop in Australian crop production this season, driven by an 11 per cent reduction in Queensland and a 22 per cent decline in New South Wales, due to dry conditions and limited water availability.

Additionally, early-season rain has impacted yield and crop quality, particularly the Northern Territory. These local constraints mirror broader global trends, where tight supply and expanding demand continue to drive cotton prices upward. Consequently, since the onset of the Middle East conflict, domestic prices have surged to their highest levels since 2024.

### **Drought Driven Cottonseed Demand**

The cottonseed market is currently dominated by drought-driven demand, largely from the feedlot sector. Cottonseed is a highly valued feed source, offering essential protein and fibre to livestock diets, particularly when pasture availability and quality are low.

Due to this intense domestic demand, cottonseed values have risen well above export parity. Without a price correction, the export market will remain uncompetitive. ABC Rural have reported the pace of selling is lagging demand; consequently, ex-gin prices are \$100/tonne higher than this time last year and continue to climb. Over the past month alone, Moree cottonseed has increased \$70/tonne to reach \$600/tonne ex-gin over the course of the last month (ABC Rural, 2026). If prices reach \$650/tonne, feedlots are may look to begin substituting cottonseed with alternative options, such as canola meal.

### **Key Watchpoints:**

- Rising crude oil markets are driving up synthetic fabric costs resulting in an increased demand for natural fibers.
- International supply-side pressures point to a contracting global outlook, which is expected to draw down ending stocks for the 2026/27 season.
- Constrained local production and robust demand have propelled Australian cotton prices to their highest levels since 2024.
- Dry conditions across New South Wales and Queensland are fuelling intense demand for cottonseed as a feed source, particularly within the feedlot sector.

# Feature article

## Winner, winner, chicken dinner



**Alexander Rusjan**  
Agribusiness Graduate

Heading into the 2026 fiscal year, the Australian poultry industry remains a cornerstone of the nation's agricultural economy, valued at more than \$12 billion. The broiler sector underpins the broader poultry industry, contributing an estimated \$10.9 billion to Australia's economy and becoming our fastest growing livestock sector in recent years. The egg sector has also expanded and now totals over \$1.4 billion in output.

Cost-of-living pressures remain a key driver behind this growing demand with both chicken meat and eggs representing an attractively priced option for consumers to meet their protein needs. While mounting cost pressures and rising red meat prices are continuing to support this demand growth, the looming threat of the highly pathogenic avian influenza (HPAI) remains a key industry concern.

### Affordability Fuels the Rise of Australia's Broiler Industry

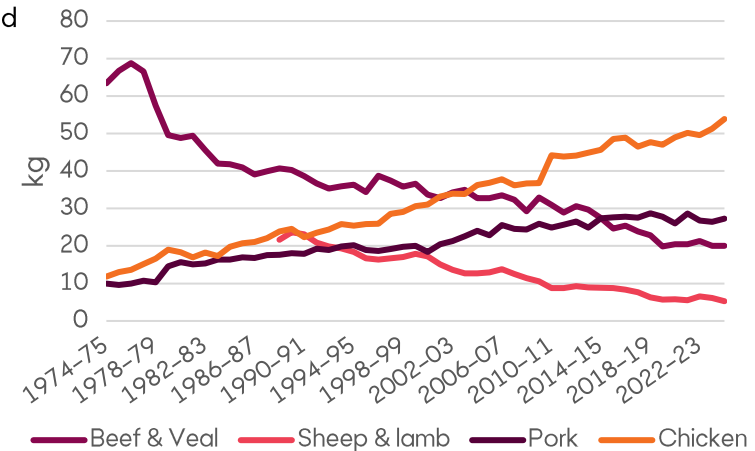
The broiler industry is thriving as the budget-savvy choice for consumers in a tough economic climate. As persistent inflation and rising input costs pushes red meats out of weekly household budgets, chicken has firmly cemented itself as Australia's most consumed protein thanks to its affordability and versatility on the dinner table.

Data reflects these changes in consumption, the average Australian now consumes approximately 53kg of chicken per annum (ABARES, 2026).

Since 2014-15 chicken consumption has increased by 18% while beef and lamb have declined by 27% and 40% respectively.

The industry operates as a concentrated oligopoly dominated by Inghams and Baiada who control over 40% of the market. Whilst this market structure maximises processing efficiency, it leaves primary producers with limited bargaining power when it comes to price.

### Apparent Consumption Per Year



Source: ABARES

### Key Watchpoints:

- Chicken has cemented itself as Australia's primary, budget-friendly protein.
- Australian egg industry recovering from 2024-2025 H7 avian influenza but remain vulnerable to future outbreaks.
- Australia remains the only continent free of the highly pathogenic H5N1 avian influenza.

### Commercial Eggs Navigate Supply-Chain Headwinds

While the broiler sector operates on a massive scale, the much smaller but equally vital commercial egg industry remains a critical household staple that can be susceptible to sudden supply-chain disruptions. Valued above \$1.4 billion, eggs serve as an everyday essential for Australians, with the average Australian consuming 259 eggs per year as an affordable source of daily protein (Australian Eggs, 2026).

### 10 Year Australian Meat Consumption Trends

Chicken  
**+18%**

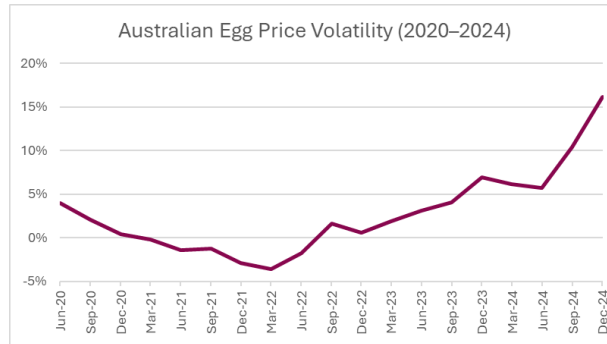
Beef & Veal  
**-27%**

Pork  
**-0.3%**

Sheep & Lamb  
**-40%**

Source: ABARES, FY24-25 vs. FY14-15

The industry has faced a challenging period, The highly pathogenic avian influenza H7N8 outbreaks in 2024 and 2025 created a supply shock with an estimated 1.8 million chickens culled in response to the virus (The Guardian, 2025). This resulted in widespread shortages and record retail price spikes. Following these disruptions, national egg production was forecast to rebound by 8% in the 2025–26 fiscal year as farms look to restock.



Source: ABS

The egg industry is especially vulnerable to outbreaks, unlike broilers which typically reach processing weight in about 6 weeks, laying hens can take around 5 months to mature. A consumer driven push towards free range eggs, amidst an impending regulatory deadline phasing out caged eggs by 2036 means that free range now account for 56.5% of supermarket egg sales. This shift has created an additional level of biosecurity risk going forward. While free range farming meets consumer demand, it significantly increases the flock's exposure to wild migratory birds, the primary carriers of avian influenza.

### The Global H5N1 Threat and Australia's Biosecurity Defence

While the domestic sector recovers from recent localised H7 outbreaks, the industry's long-term risk profile is currently defined by the global spread of the H5N1 avian influenza. As of the now, Australia remains the only continent free of this specific variant. The United States serves as a grim benchmark for this threat; according to the USDA, since the H5N1 outbreak started in February of 2022, over 200 million birds have been detected with the virus. The strain exhibits over a 90% mortality rate amongst infected chickens, with birds often succumbing to the virus within 48 hours of infection (CDC, 2024).

In response to the unfolding outbreak, Australian agricultural bodies have implemented strict preventive measures. The Federal Government is investing more than \$100 million into national preparedness (DAFF, 2026). These funds are being used to monitor wild bird populations, tighten border controls, and create emergency response arrangements across the industry.

Should H5N1 breach our borders, mandatory flock depopulation would significantly hamper the industry, with free-range egg producers facing the most immediate threat. However, subsequent transmission to broiler facilities would significantly reduce the nation's total poultry meat production. This would almost certainly drive higher retail prices for consumers, trigger possible export suspensions and impose substantial financial strain across the \$12 billion industry.

# Cattle

## Market leverage shifts back towards producers



**Tom Herbert**  
Agricultural Analyst

Improved seasonal conditions across much of eastern Australia shifted short-term market leverage back towards cattle producers through May. Following several months of elevated turnoff driven by dry conditions, widespread rainfall reduced the need for immediate cattle sales and improved feed availability across many production regions. As producers gained greater flexibility around marketing decisions, selling activity eased, cattle availability tightened and market dynamics shifted quickly throughout the supply chain.

The impact was felt throughout the supply chain. National yardings eased as producers responded to improved seasonal conditions and reduced pressure to market stock. Reduced selling activity tightened cattle availability across several regions, increasing competition among processors seeking to secure supply. Strong processor demand further amplified the market response, supported by robust export activity and record monthly beef export volumes. As competition intensified, Queensland export grids lifted by 20–40c/kg across several categories during May. The speed of the market response highlights how quickly cattle availability can tighten when seasonal conditions improve following a period of elevated selling.

The improvement in market conditions was also reflected in younger cattle categories. Restocker and backgrounder activity strengthened through May, contributing to firmer weaner and feeder cattle prices across several regions.

However, while buying activity improved, current market behaviour does not suggest the industry has entered a widespread rebuilding phase. Rather, recent rainfall appears to have reduced immediate liquidation pressure, allowing producers to reassess stocking and marketing decisions while waiting for greater certainty around winter conditions and feed costs. Importantly, these developments have occurred against a relatively supportive global backdrop. Historically tight US cattle supplies continue to underpin demand for imported Australian beef and support export market fundamentals. China also remains an important destination for Australian beef exports despite ongoing trade and competitive pressures. While softer import demand and safeguard tariff arrangements may limit upside in the near term, continued export demand has helped maintain processor competition at a time when Australian cattle availability has become more constrained.

The key question now is whether recent improvements in market conditions can be sustained. Follow-up rainfall through winter will remain critical in determining producer decision-making, cattle availability and market direction through the second half of 2026. While improved seasonal conditions have reduced selling pressure and strengthened pricing outcomes in the short term, a return to seasonal pressure could see cattle supplies increase once again. For now, the market appears to be responding more to a temporary tightening in supply than the beginning of a broad-based rebuilding cycle.

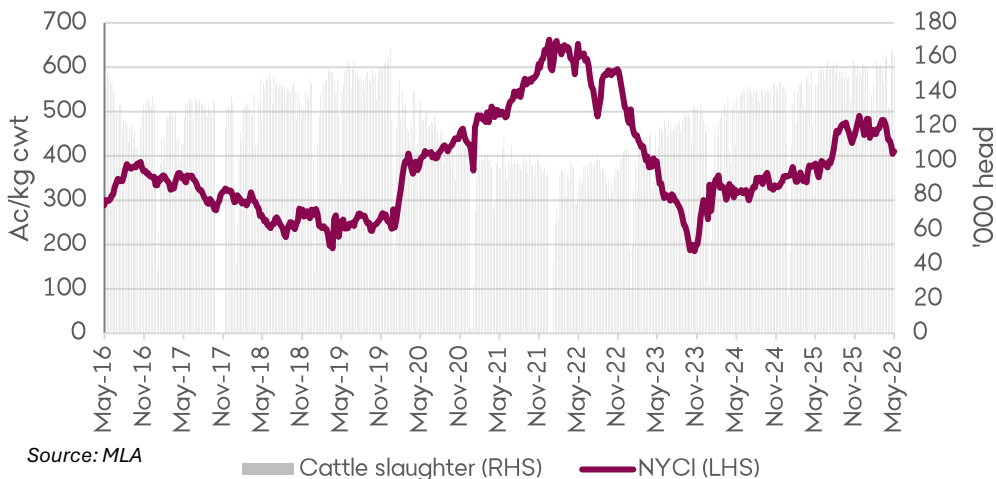
### Key Watchpoints:

- Recent rainfall has tightened cattle supply and supported prices, but a drier seasonal outlook threatens to reverse those gains if conditions deteriorate through winter.
- Improved conditions have reduced selling pressure, however producer willingness to continue retaining cattle despite stronger prices will be a key determinant of supply.
- Strong US demand continues to support export fundamentals, but China's safeguard quota and ongoing competition with Brazil may limit upside for Australian beef in the months ahead.

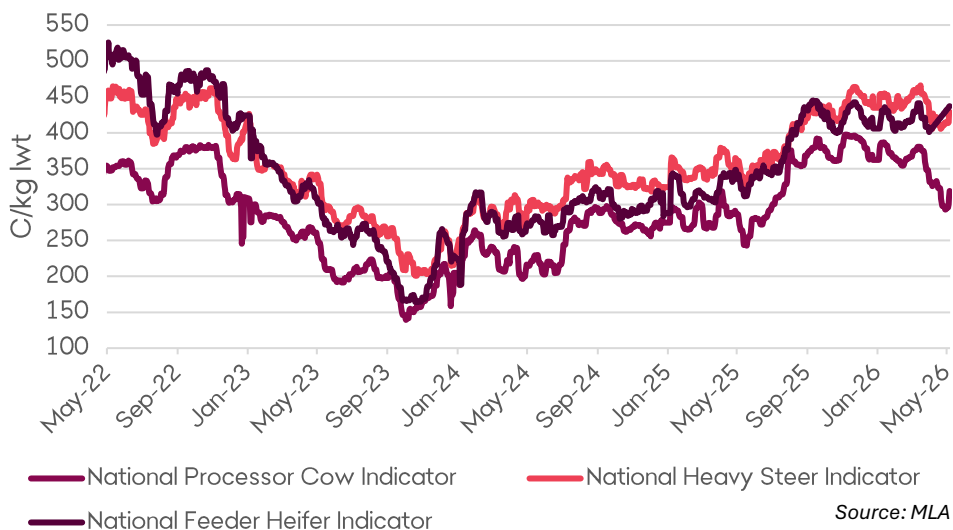
# Industry Scan – Cattle



## Australian Cattle Price and Slaughter



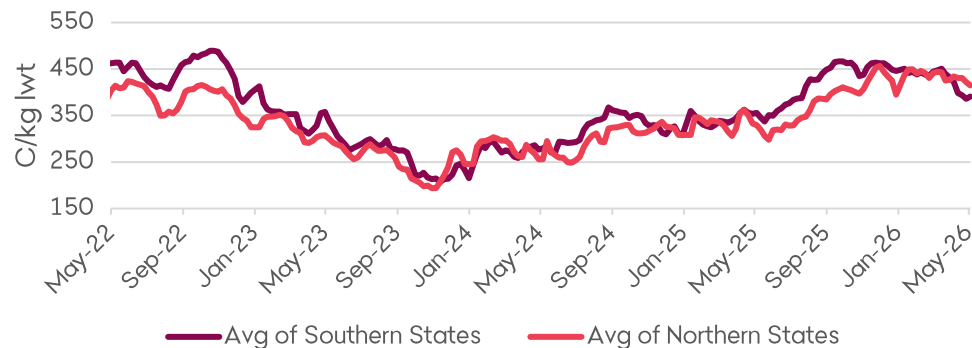
## National Indicators



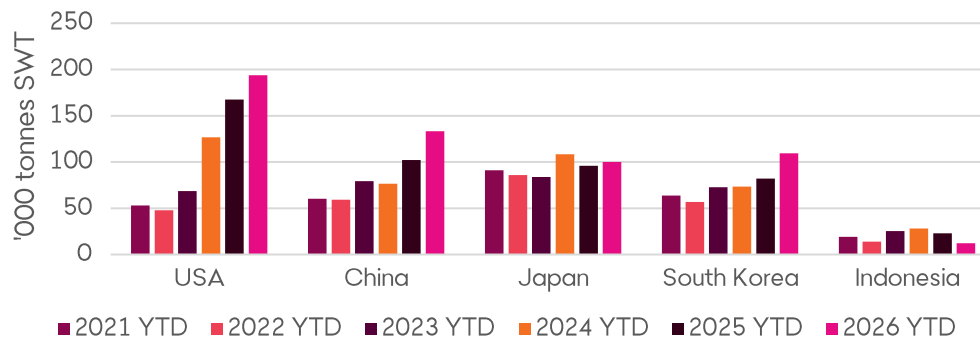
National Indicators	Current Price	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
<b>National Young Cattle Indicator</b>	507	23.4%	29.9%	434	8.50
<b>Eastern Young Cattle Indicator</b>	929	19.7%	26.6%	766	9.08
<b>US 90CL</b>	1,124	-1.0%	7.3%	930	9.90

Source: MLA

## Heavy Steer Indicator - North vs South Australia



## National Beef Exports Year-to-Date



# Cropping



Late rain resets confidence after a nervous start

**B** Bendigo Bank  
Agribusiness



**Rod Baker**  
Agricultural Analyst

## Key Watchpoints:

- The late-May reset through southern Queensland and northern NSW has rebuilt establishment confidence; the test now is whether winter rain follows through to convert a strong break into yield.
- Northern wheat and feed barley have come well off their early-May highs as rain unwound the old-crop premium, yet both sit firmly above year-ago levels. The key question is how far these premiums unwind as new-season confidence improves.

### Wheat: Eastern rain steadies a smaller crop

Rain was the story of May, and where it occurred mattered most. After a dry, nervous opening, falls built across the eastern cropping belt, heaviest through southern Queensland and northern New South Wales. The Queensland wheatbelt averaged 57 mm across May, which is around 278 per cent of median. The NSW wheatbelt came in at 72 mm, around 256 per cent of median. For zones that began the month dry, that was a clear lift to planting and establishment.

Both we and ABARES expect a smaller national crop than last year's strong season; the question is how much smaller. ABARES, the federal forecaster, has trimmed national wheat area by about 12 per cent which puts the crop near 26.7 million tonnes for 2026/27. We have eased area by around 8 per cent and sit higher, near 28.4 million tonnes. We typically carry more planted area than ABARES, so this is them coming in below our standing view rather than us turning bullish. We sit above ABARES in every major state, led by NSW, Victoria and Queensland, and the late-May rain through the north is what gives us confidence to hold that view rather than trim it. Western Australia sits differently with May rainfall below average at 17.8 mm, around 72 per cent of median and patchy across the state. However, the year to date is close to normal, so this is a slow, uneven start rather than a failed break. With little rain to wait on, most growers got the crop in without delay. Late rain then helped, with WA's wheat-area-weighted total around 18 mm from 31 May to 2 June, heaviest rain was seen through the Central and Midlands zones and lighter further south and east. The better-hit zones had enough to germinate

dry-sown paddocks, while lighter areas still need follow-up rain through winter.

Prices moved in different directions across the country. Northern markets in Queensland and northern NSW started the month highest and gave back the most, with Brisbane cash wheat down around 11 per cent from its early-May peak. They did not fall because the market weakened; they fell because the rain removed the urgency that had driven them up, as the earlier dry spell pulled grain in from other states and that demand-led rally ran its course. Even after the pullback, Brisbane and Newcastle remain about 16 per cent above a year ago. Southern markets in Victoria and South Australia eased more modestly, while WA went the other way, holding steady to slightly firmer on steady export demand.

Offshore added to the move, with Chicago wheat down about A\$16/tonne over the month as Russian and Black Sea weather risk eased and the latest US crop report trimmed world trade.

### Barley: Northern feed values unwind from the top

Barley follows the same northern-rain story as wheat, but our crop number sits much closer to ABARES. Nationally our barley area runs about 5.5 per cent above them, with the gap concentrated in the east, especially Queensland, NSW and South Australia, where the May rain has improved the outlook. WA is the exception, sitting fractionally below ABARES. The difference from wheat is structural: we carry more eastern area but pair it with a more cautious yield, so the larger area does not translate into a bigger national crop. Feed barley prices on the east coast followed wheat. Through early May, Brisbane and Newcastle pushed to around 20 to 25 per cent above



year-ago levels and into the top decile for the month, after the dry north left buyers short and bidding hard. Both have since come off sharply, down roughly 12 to 13 per cent from their early-May highs as rain improved new-season confidence and the old-crop premium began to unwind. That fall is not a negative signal for the crop; it reflects less seasonal risk and reduced local demand as conditions improve.

The eastern strength was a local story, built on tight nearby supply rather than world prices, and the global backdrop softened through the month. Using corn as the feed-grain bellwether, Chicago corn fell about A\$23 a tonne on fast, clean US planting and strong early crop condition. As with wheat, part of that move is currency, not weather alone.

### Canola: Area rising against the cereal trend

Canola is the exception to the cereal story. We sit below ABARES on total area, but our year-on-year direction is firmer than theirs: we have national area up around 2 per cent on last year, while they have it down about 6 per cent. The direction is the point; our canola area is rising while the cereals ease. On our current yield estimate that gives a crop just under 6 million tonnes, though that yield still depends on follow-up winter rain.

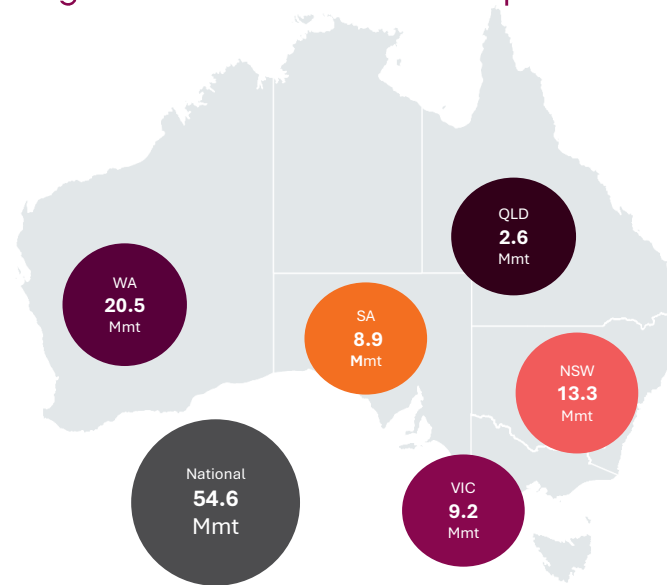
Two things sit behind it. The first is an earlier break in the southern zones: canola goes in ahead of cereals, and autumn rain arrived in time across key parts of South Australia, Victoria and southern and central NSW. WA was patchier, but earlier sowing windows and late-May rain supported confidence in the better-hit zones. The second is profitability: canola was the most profitable crop for many growers last year and is budgeted to be again, and in WA strong margins and lower sheep numbers are pulling more area into canola.

With most old crop sold, the price that matters now is for the coming harvest, and it held firm through the autumn planting window. New-season canola moved from around A\$750 a tonne in February into the high A\$700s by April, with WA values near A\$815 by May, leaving most domestic markets around decile 8 to 9. Growers were budgeting on some of the strongest canola prices in years just as they set their planting.

Global oilseed markets were mixed rather than one-way. In AUD terms, MATIF rapeseed eased about A\$3/t over the month, while ICE canola rose about A\$6/t. EU rapeseed conditions were broadly benign, while frost, dryness and delayed planting in the Canadian Prairies supported ICE canola.

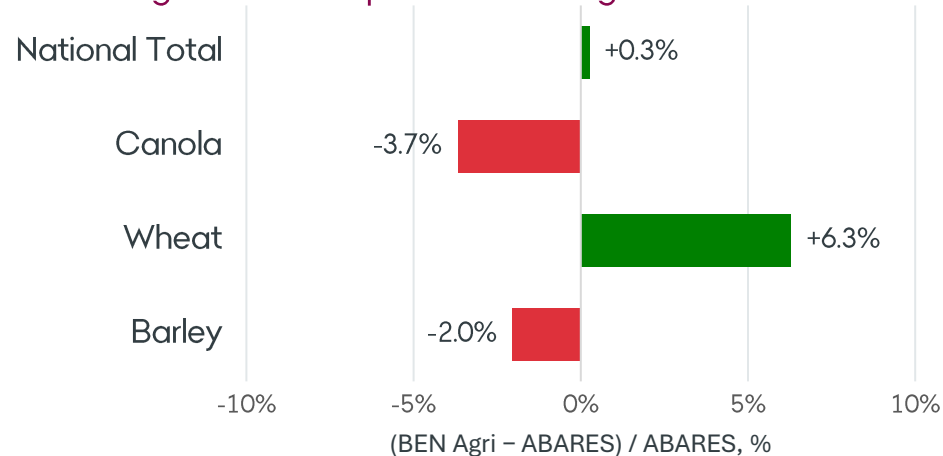
From here, the two main watch points are Canadian crop development, because production issues there tend to support global canola values, and Australian winter rainfall, especially in the patchier parts of WA.

### BEN Agri 2026/27 state and national production estimates



Source: BEN Agri Insights Pro/ABARES

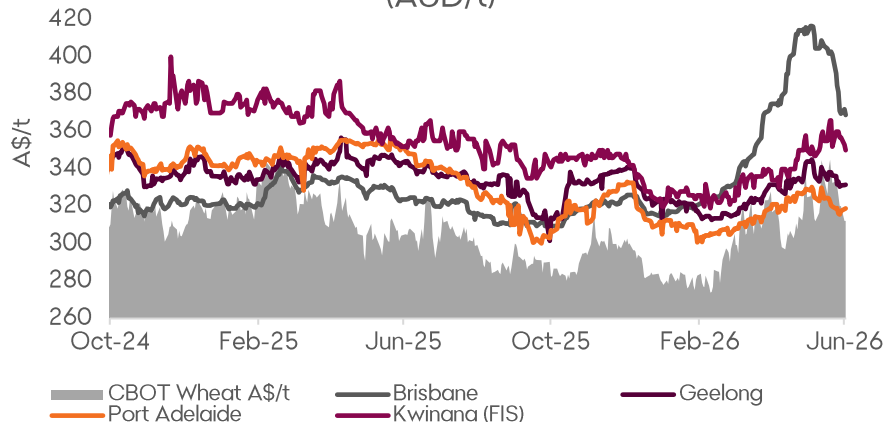
### BEN Agri vs ABARES production divergence – 2026/27



# Industry Scan – Cropping



### Australian APW versus CBOT Spot Futures (AUD/t)



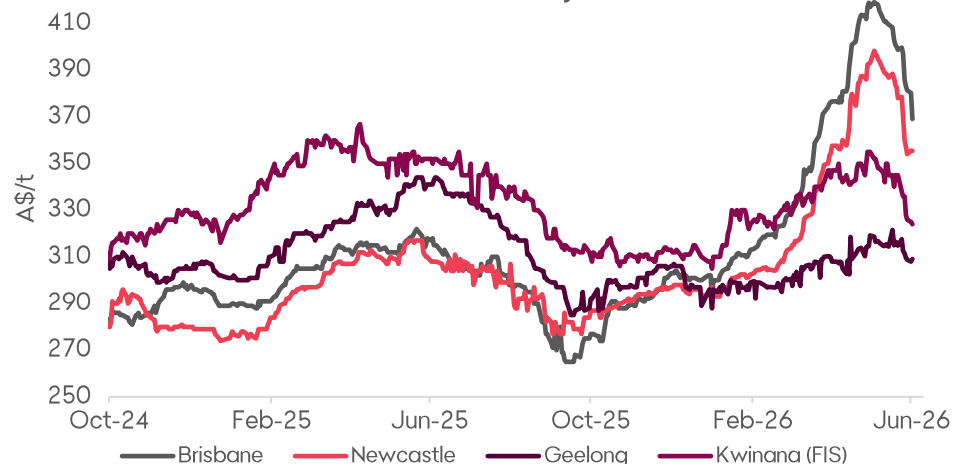
Source: BEN Agri Insights Pro & CME Group (CBOT)

### Grain and Oilseed Price Snapshot - 02/06/2026

Commodity	Price(A\$/t)	10-Yr Decile	MoM	YoY
Australian APW Wheat (index)	<b>\$340</b>	4.6	▼\$14	▼\$8
CBOT Wheat (spot)	\$312	6.0	▼\$16	▲\$7
Australian Feed Barley (index)	<b>\$315</b>	6.8	▼\$19	▼\$20
CBOT Corn (spot)	\$244	5.0	▼\$23	▼\$22
Australian Canola (index)	<b>\$761</b>	7.6	▼\$9	▼\$20
MATIF Rapeseed (spot)	\$858	8.0	▼\$3	▲\$24
ICE Canola (spot)	\$783	7.2	▲\$6	▲\$11

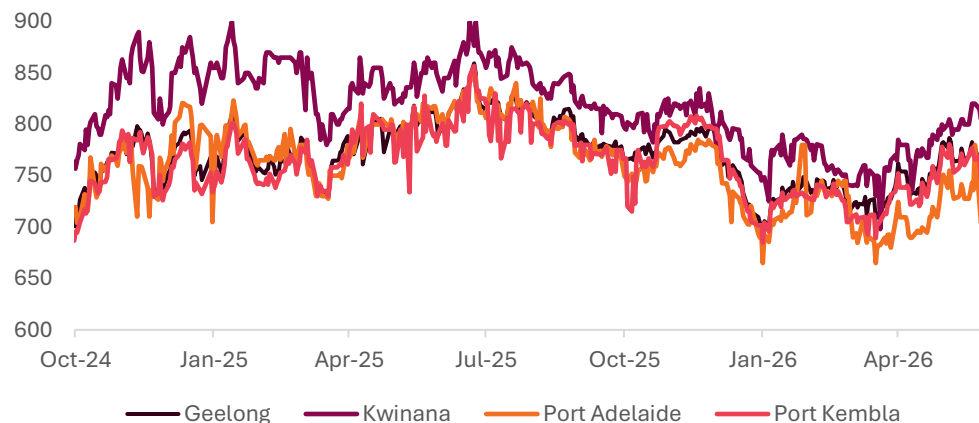
Source: BEN Agri Insights Pro, CME Group, Euronext & ICE

### Australian Feed Barley Prices



Source: BEN Agri Insights Pro

### Australian Canola Prices (AUD/t)



Source: BEN Agri Insights Pro

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# Dairy



## New season, old prices

**Bendigo Bank**  
Agribusiness



**Eliza Redfern**  
Senior Manager  
Industry Insights

### Key Watchpoints:

- Opening new season farmgate milk prices were announced this month, with many farmers finding the overall stable offers disappointing but understandable.
- Farmgate milk price step ups in June will likely be limited to lower ranked offers rising to remain competitive. The chance for widespread increases will be mid-season, but the supply fundamentals may not be supportive.
- Steady incomes against higher input costs will keep the squeeze on dairy farm margins, especially if the drier weather outlook comes to fruition.

As expected, the high-cost operating environment and volatile market meant the vast majority of new season farmgate milk price announcements were mostly withheld right up to the June 1st 2pm deadline. Public commentary from some farmers suggests they are left wondering, 'is this it?'

For those who missed it, day 1 concluded with a mixed bag of prices as individual strategies and exposures shone through. While for the most part domestic-focused companies increased their prices for supply certainty, offers from the more export-focused processors were hampered by weaker global market fundamentals. Overall, the range is steady relative to this season and remains wide; in the southern market prices on offer run from around \$8.50/kg MS to over \$10/kg MS, with multi-year retailer contracts topping the table.

On the scale of June 'silly seasons' in dairy, 2026 is likely to be a quieter one than usual, with fewer price revisions expected. While production costs are higher for farmers, processors are dealing with their own margin pressures, particularly considering the cost-conscious Australian shoppers and the uncertain global market. As such, there's very limited upside potential for the top end of the 2026/27 season milk price range; any step ups we may see through June will be from the

bottom end as the more conservative offers rise to remain competitive.

The stronger chance for more widespread step ups is mid-season, however even this likelihood seems low. Our expectation is for national milk production to only decrease slightly next season off the back of margin pressures and assuming relatively few weather-related setbacks.

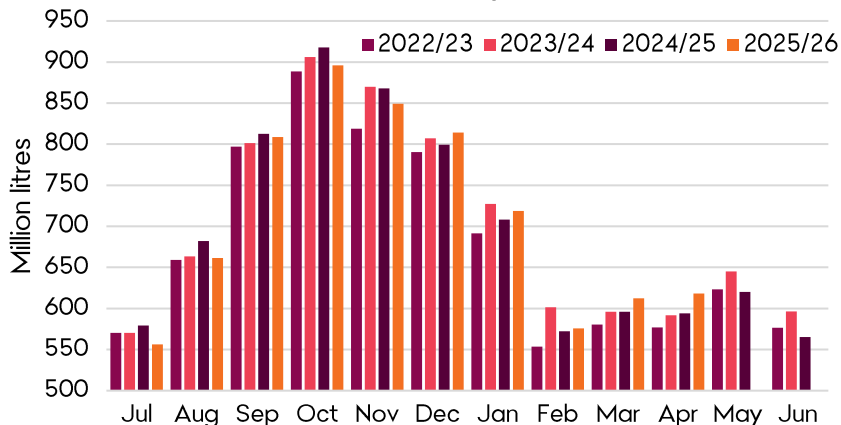
Furthermore, several processors are seeking lower milk volumes in some regions compared to previous seasons, suggesting little pressure for others to incentivise production growth. Mid-season step ups will also depend on how the market is likely to perform for the balance of the season, which is increasingly unpredictable.

Almost the only assurance in today's dairy market is that steady incomes against higher input costs will keep the squeeze on farm margins. As such, on-farm decisions will likely be cautious, such as pausing expansion plans, especially considering the drier weather outlook. In the meantime, the recent rain has provided a shot of optimism. Assuming conditions remain broadly favourable, making some tweaks around the margins and pushing through may be the default approach in the new season.

# Industry Scan – Dairy



## Australian milk production



Source: Dairy Australia

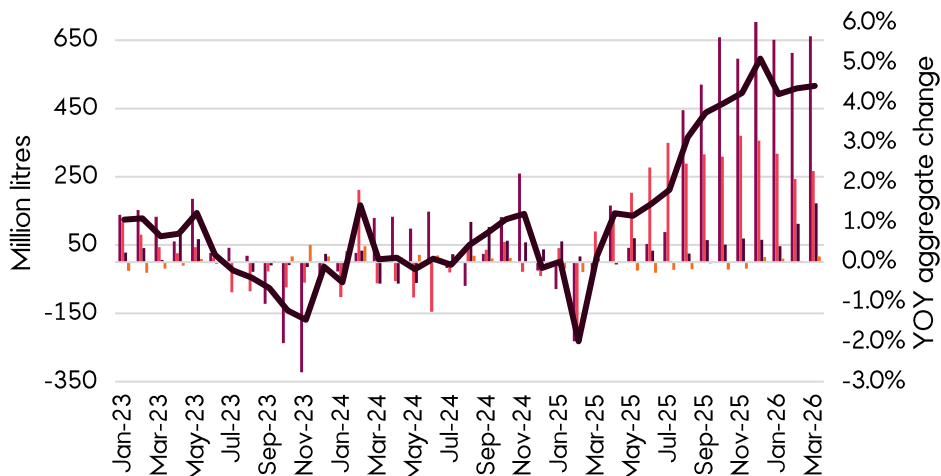
## Australian milk production

Season to Apr 2026

National	-0.3%
Queensland	+3.2%
New South Wales	+2.8%
South Australia	-6.1%
Western Australia	-2.3%
Tasmania	+2.2%
Victoria	-0.8%
Northern	-1.5%
Western	-0.8%
Eastern	-0.3%

Source: Dairy Australia

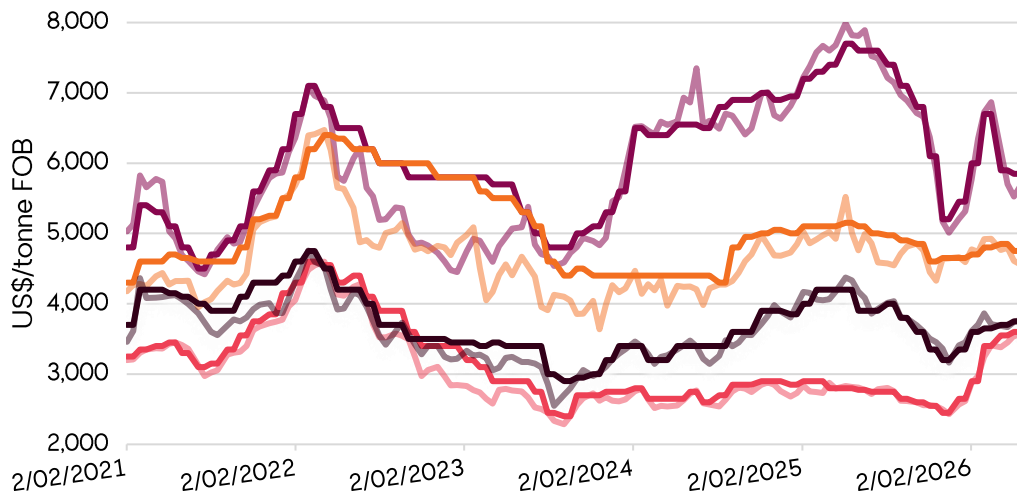
## Milk production in key exporting regions



Legend: EU27+UK, US, NZ, Australia, Aggregate % change (RHS)

Source: Dairy Australia, DCANZ, Eurostat, USDA, AHDB

## Australian vs Global Dairy Trade (GDT) indicators



Legend: Butter (Aus), Butter (GDT), Cheddar (Aus), Cheddar (GDT), SMP (Aus), SMP (GDT), WMP (Aus), WMP (GDT)

Source: Dairy Australia, GDT

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# Horticulture



Mixed export demand prospects heading into winter



**Sean Hickey**  
Senior Agricultural Analyst

## Key Watchpoints:

- Increased export competition out of South Africa is likely to impact citrus pricing in coming months.
- The latest AusVeg grower survey points to tightening supply from August as cost pressures continue to impact planting intentions.
- A record macadamia crop is forecast, though concerns surrounding global demand and pricing persist.

### Softer export demand to impact orange pricing

With citrus season now nearing its peak harvest period, trends across supply, demand, quality and pricing are continuing to emerge. Quality appears mostly favourable across southern growing regions with high sugar levels and strong colour reported. However smaller fruit sizing is anticipated to negatively effect pack-outs which then flows through to negatively impact grower returns. The Riverland and Sunraysia regions experienced lower-than-average rainfall throughout the growing season, and this reduced water availability can sometimes result in slightly smaller fruit sizes. While cooler nights across autumn would have been welcomed, the warm weather has aided in developing fruit colour and sugar levels. Export demand is also in focus this season with key destinations across Asia beginning to source fruit from our seasonal citrus competitor, South Africa. Recent seasons have seen noted improvements to the quality of South African produce, which has begun to attract the eye of global citrus buyers. A recent grower meeting has reportedly highlighted that a worst-case scenario could see Australian producers of export citrus receiving up to \$100 per tonne less in 2026 compared to 2025 as a result.

### Latest AusVeg grower survey points to tight supply

An updated AusVeg grower survey has highlighted the continued impact significant cost increases are expected to have on the vegetable sector across the back half of 2026. Key data from the survey has highlighted that the median grower fertiliser costs have increased by 51 per

cent since the start of the conflict while freight and diesel costs are up 35 per cent and 61 per cent respectively. Growers have also noted that they have only been able to recover an average of 17 per cent of the higher costs which has resulted in the continued squeezing of margins. Wholesale veg markets remain under pressure from strong supply which has limited the ability for producers to lift their prices and protect their margins. These increased costs have seen almost a quarter of respondents looking to reduce their planting schedules with those that have made reduction to planted acreages having done so by an average of 23 per cent. While this is unlikely to flow through into tighter supply in the short term, as April-May planted crops (brassicas, leafy veg, carrots, and peas) mature across winter, reduced availability will become increasingly apparent from late July onwards and has the potential to drive increased food price inflation as a result.

### Record macadamia crop forecast

This season's macadamia crop is set to be the largest on record as newer orchards continue to mature. This strong production combined with global market uncertainty, high global stock levels, and further growth in global output is anticipated to subdue pricing prospects across the 2026 season. Longer term concerns remain surrounding the increased self sufficiency of the Chinese macadamia market, where output has increased by 25 per cent every year for the last six years. Market diversification remains a key focus for the industry as a result, with the US and Europe seen as potential growth opportunities.

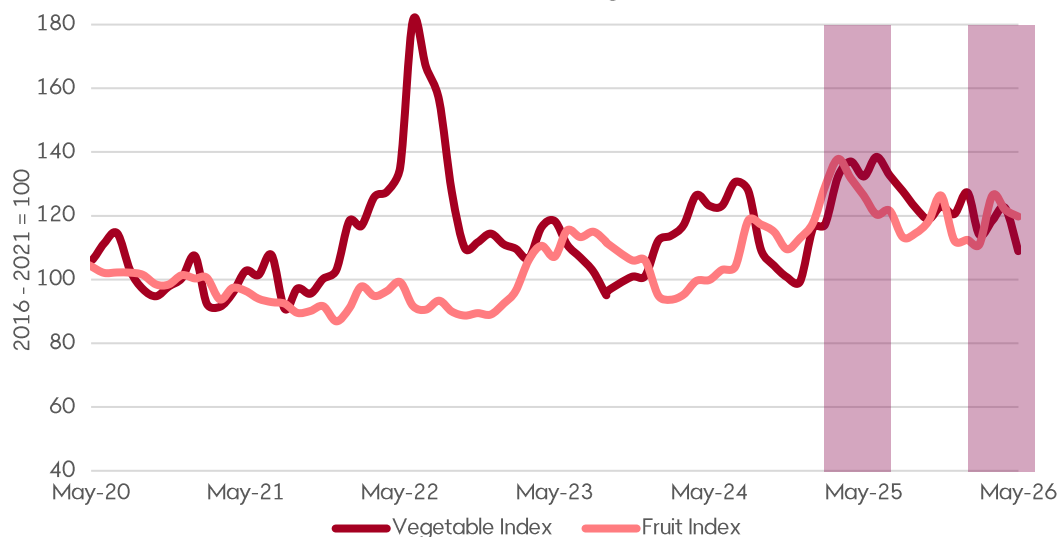
# Industry Scan – Horticulture



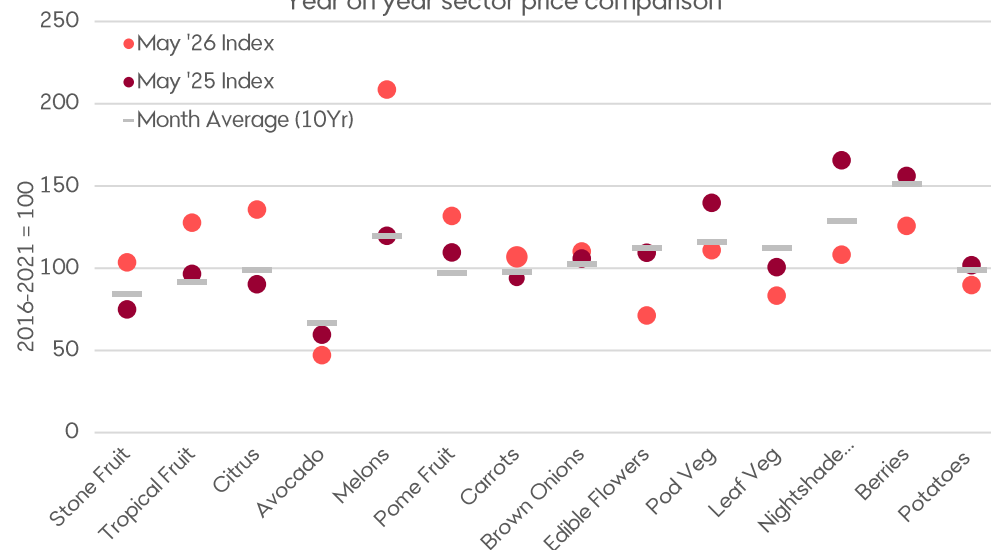
## State Fruit and Vegetable Price Index Comparison - May

		QLD	NSW	VIC	TAS	SA	WA
<b>Fruit Price Index</b>	Year-on-year %	6%	-4%	-20%	-15%	-24%	32%
	vs 10 year Ave	24%	4%	15%	0%	1%	29%
<b>Veg Price Index</b>	Year-on-year %	-45%	3%	-15%	5%	-9%	-24%
	vs 10 year Ave	-35%	-10%	-1%	31%	5%	-10%

### National Wholesale Fruit and Vegetable Price Index



### Year on year sector price comparison



# Sheep



That's not a lamb... *this* is a lamb!



**Joe Boyle**  
Agricultural Analyst

## Key Watchpoints:

- Lamb feedlotting or containment feeding has become increasingly prominent over the past few years, with the recent spread between lamb and grain markets being particularly favourable for feeding stock.
- The latest data from the ABS has revealed that average lamb carcass weights reached a record level in the March quarter, although this record is likely to be short-lived.

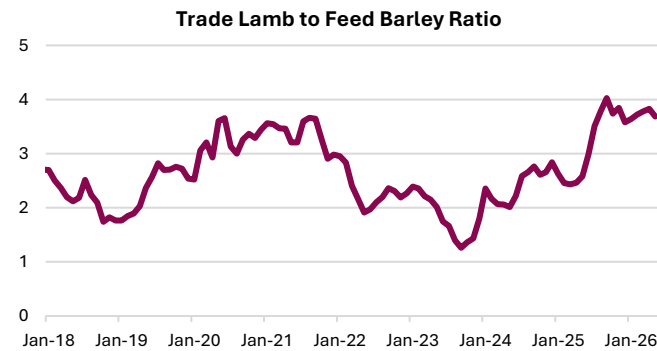
The Australian lamb industry has seen a significant shift towards feedlotting or containment feeding in recent years. This practice generally started as a drought mitigant to manage erosion and feed availability but has now expanded to form a sector of its own, allowing farmers to increase production and profitability through intensifying operations.

The increase in intensification, dry conditions through summer, comparatively cheap feed grain, strong lamb pricing and genetic gains have all contributed to the ABS reporting the largest average quarterly lamb carcass weights on record. Lamb carcasses averaged 25.8 kg per head in Q1 2026, up 8.7 per cent from the previous quarter and 6.2 per cent higher than Q1 2025. The fact that this new record has been achieved in a March quarter is particularly impressive, as lamb carcass weights generally peak in the June quarter of each year when more mature stock are generally coming through the system. This means that the data release for the June quarter from the ABS could potentially see this new record be short-lived.

The larger carcass weights in the March quarter are partially a result of the growing spread between lamb markets and feed prices, which is encouraging growers to hold on to stock for longer and put extra weight on. The National Trade Lamb Indicator (NTLI) has remained near record levels after spiking in June last year and is

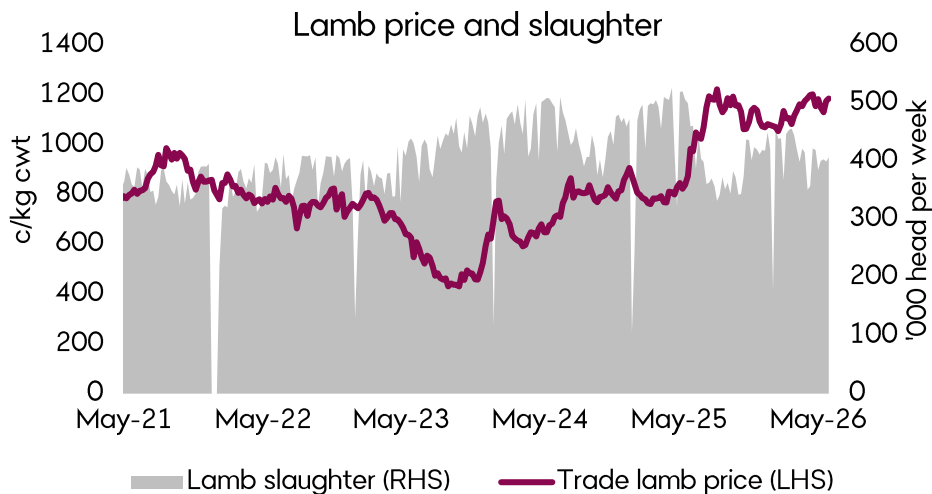
currently over 40 per cent above the five-year average. Meanwhile, Victorian feed barley prices were around \$300 per tonne throughout the March quarter, marginally below the five-year average. This has resulted in the NTLI / feed barley ratio blowing out to 3.7, significantly higher than the 2.6 this ratio averaged between 2000 and 2024.

It is worth highlighting that feed prices are only one variable in feedlotting or containment feeding, as the increase in freight, labour and interest costs have taken some of the shine off margins, while the threat of the downturn in lamb markets is also a key factor to consider. However, the point remains that the jump in the NTLI / feed barley ratio over the past 12 months has improved trading conditions and will continue to encourage production of larger lambs.

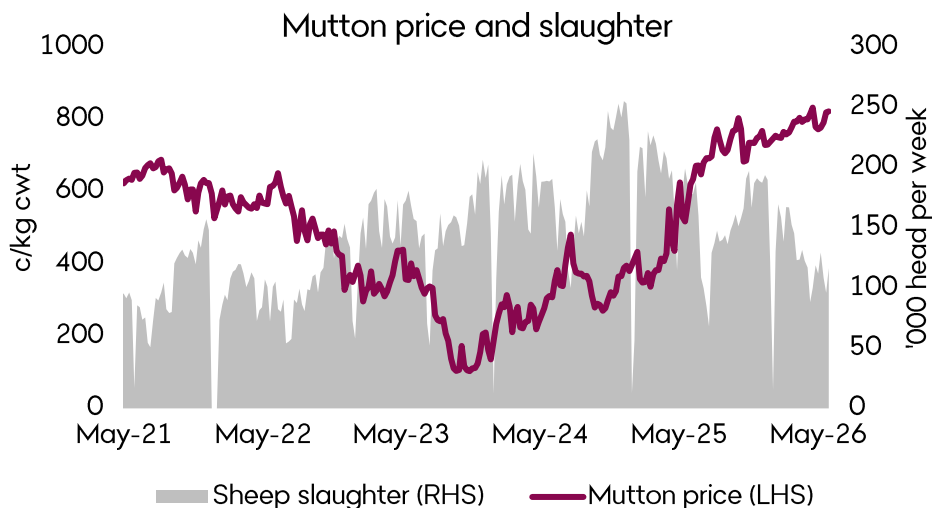


Source: MLA & Bendigo Bank Agribusiness

# Industry Scan – Sheep



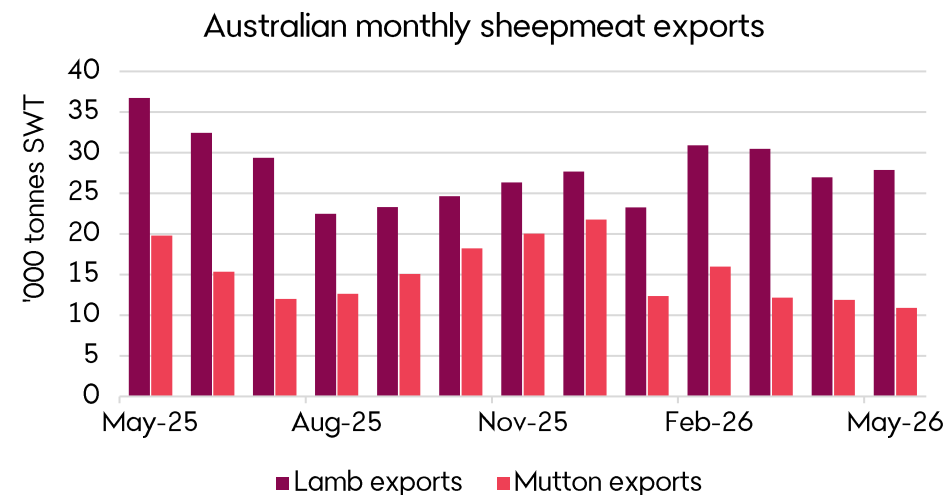
Source: MLA



Source: MLA

National Indicators	3 June 2026	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
<b>Restocker Lamb</b>	1,176	7	307	739	9.9
<b>Trade Lamb</b>	1,215	31	237	821	10.0
<b>Heavy Lamb</b>	1,128	28	149	820	9.7
<b>Mutton</b>	860	88	223	483	10.0

Source: MLA



Source: DAFF

# Wool

## Shrinking supply keeps price momentum in the market



**Claire Adams**  
Agricultural Analyst

Australia's wool market has been navigating an extended period of constrained supply following the 2022/23 season. A general decline in flock size over the past four seasons is primarily due to dry conditions, resulting in increased turn-off and higher processing rates, with lower breeding ewe numbers and expensive flock replacement costs also emerging.

The Australian Wool Production Forecasting Committee (AWPFC) recently incorporated updated Australian Bureau of Statistics (ABS) data into their flock estimates. This recent ABS update revised national flock figures dating back to 2016/17, broadening the scope to capture all sheep grown for commercial gain. This resulted in a lift in sheep shorn numbers from 56.5 million head in AWPFC's third forecast to 59.3 million head in the fourth forecast for the 2025/26 season.

The use of the recalibrated data underpins the revised forecast of 255.4 million kilograms (Mkg) greasy for 2025/26, an increase from the original forecast of 244.7 Mkg. The greatest revision was seen for Victoria, increasing from an initial estimate of 48.2 Mkg greasy to 57.2 Mkg greasy. For the upcoming 2026/27 season national supply is projected to tighten to 243.9 Mkg, a low not seen since the 1920s.

Adding to these supply-side dynamics is the current operational strategy among mixed farming enterprises. Across key agricultural regions in the south and east of the country, producers have welcomed a highly promising start to the season. Favourable early moisture profiles

and timely rain events have naturally shifted immediate focus and resources toward winter grain programs. While this presents an excellent opportunity for the cropping sector, it has slowed restocking activity, alongside with high lamb prices. With the forecast for the next three months indicating a likelihood of dryness, there may be a further stall in restocking flocks. The tightening supply has been a key driver in the dynamic auction results witnessed throughout May.

While the underlying supply shortage is evident, the market was not without its fluctuations. The AWEX Eastern Market Indicator (EMI) softened a couple of times during May, reflecting temporary periods of selective purchasing strategies in the face of the volatile economic environment and tight global manufacturing margins. However, these dips proved to be short-lived. As the month progressed, supply constraints compelled buyers back into competition to secure necessary inventory before the winter recess. Moving into the start of June, the EMI has lifted to reclaim earlier losses and start the final month of the selling season at 1,964 c/kg, 63.8 per cent higher year-on-year. This is the highest it has been since March 2019 and the question now is whether it can break the 2,000 c/kg barrier before the end of the season. Buyers continue to actively compete for the limited bales available, driving momentum across Merino fleeces. Additionally, manufacturers seeking to balance costs have driven targeted demand for crossbred wools and cardings as cost-effective blending options.

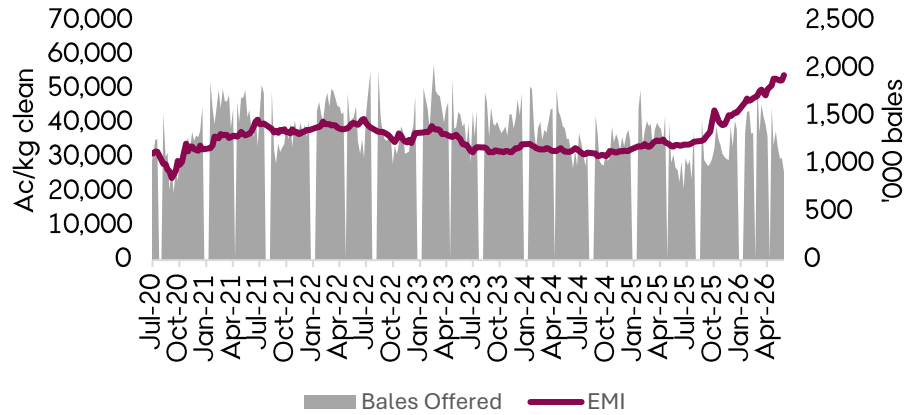
### Key Watchpoints:

- Despite mid-month dips from processor margin pressures, late-month supply anxiety pushed the AWEX EMI to 1,964 c/kg for the start of June.
- Strong winter starts in the south and east have shifted mixed-farmers' focus to grain, subduing sheep flock recovery.
- Newly utilised ABS data lifted the AWPFC's 2025/26 wool forecast to 255.4 Mkg, led by increased Victorian revisions to flock numbers.

# Industry Scan - Wool



National wool market indicators

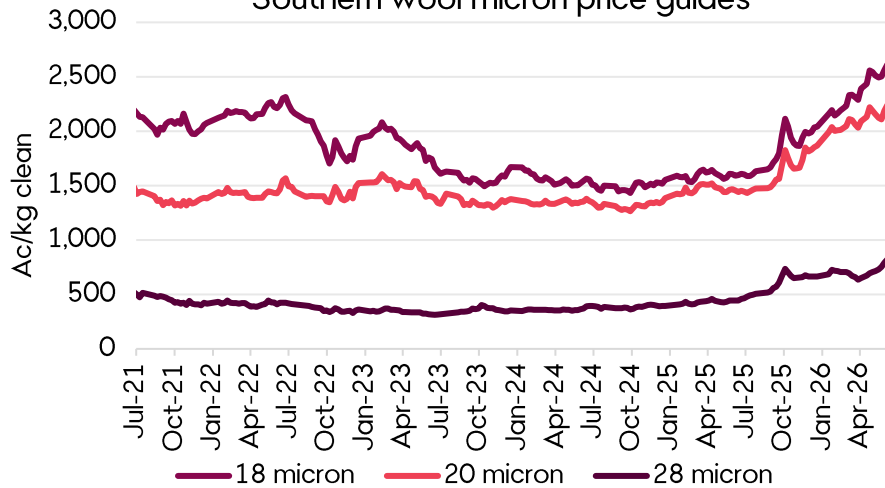


Prices (c/kg)	Current Price	Month-on-Month	Year-on-Year	Five-Year Average
<b>AWEX EMI</b>	1,964	78	765	1,314
<b>18-micron</b>	2,610	98	1018	1,844
<b>20-micron</b>	2,239	84	782	1,484
<b>28-micron</b>	820	105	377	439
<b>MC</b>	1,224	112	579	815

\*Southern selling centre

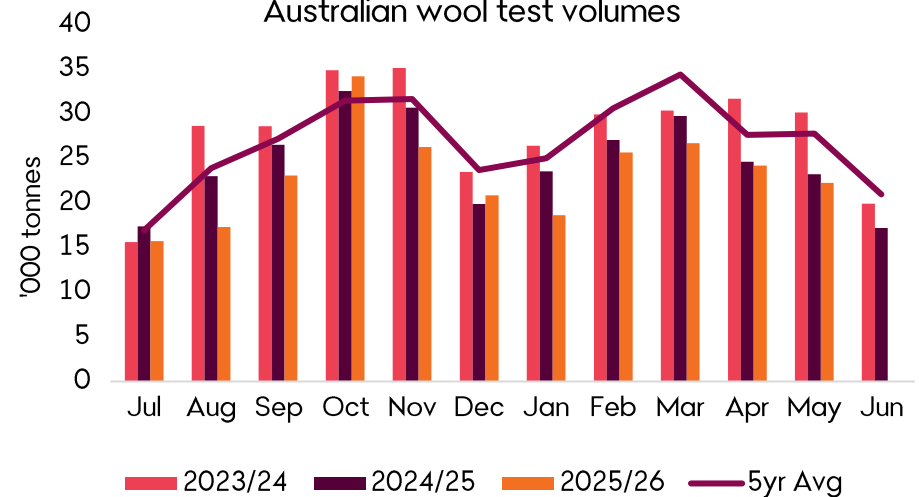
Source: AWEX

Southern wool micron price guides



Source: AWEX

Australian wool test volumes



Source: AWTA

Looking for weekly auction updates? Contact the team about subscribing to our Wool Bulletin report.

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