

Monthly Commodity Update

March 2026



Monthly Commodity Update – March

Headline Insights:

Early autumn rains significantly improved soil moisture reserves across southeastern Australia, boosting farmer confidence as they prepare for winter crop planting. This positive domestic outlook contrasts sharply with increasing global market volatility driven by the recent conflict in the Middle East.



Cattle: *pg. 9-10*

Favourable conditions in some cattle producing regions have led to a rebound in restocking activity. Although beef exports remain strong, trade headwinds loom in the medium term.



Cropping: *pg. 11-13*

Global grain and oilseed markets have rallied on renewed volatility, though Australian prices have responded more slowly. Strong exports and tightening northern supplies are supporting barley, while wheat remains more subdued and the key watchpoint as Australia's export program progresses.



Dairy: *pg. 14-15*

Recent lifts in prices on the GlobalDairyTrade platform and February's rainfall are positive, but renewed conflict in the Middle East means the margin-squeeze is not yet over for farmers.



Horticulture: *pg. 16-17*

Recent rainfall events across South Australia and Victoria are likely to impact both harvest pace and quality of almond and table grapes crops.



Sheep: *pg. 18-19*

Lamb and mutton prices have held firm in February, but geopolitical factors could dampen demand in the short-to-medium term.



Wool: *pg. 20-21*

Wool prices have continued to lift through to March with growing demand from China and lower supply placing upwards pressure on the market.

Carbon and Climate



Carbon leakage and autumn break(age)



Key Watchpoints:

- The Federal Government's Carbon Leakage Review report was publicly released, recommending border carbon adjustments for some imported goods. If implemented, this could increase fertiliser costs.
- February's above average rainfall has helped improve soil moisture and the optimism of many producers in some southeastern regions. Despite lessening the impact of this year's hot and dry summer on water availability, storage levels remain below last year across southern basin catchments.
- Further rainfall will be required to determine if this was an 'early autumn break' for those that received it. The Bureau's Autumn outlook suggests a drier than usual season.

Carbon leakage review and what it means for fert

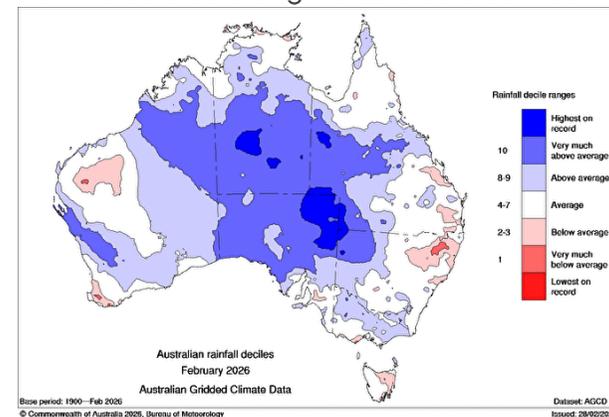
After a 1.5 year review, the Federal Government's [Carbon Leakage Review report](#) and recommendations were publicly released mid-February. The review analysed the risk of carbon leakage (when production of energy and emission-intensive traded commodities is shifted to countries with less ambitious reduction policies) and is intended to support the review of Australia's [Safeguard Mechanism](#) next financial year. While the report determines leakage risks have been effectively reduced by the current Safeguard Mechanism, it suggests they will increase over time as pressure mounts for companies to cut their own emissions.

While the agriculture and land sector is not specifically targeted, potential impacts could arise if border carbon adjustments (BCA) are applied on 'ammonia and derivatives' (including ammonium nitrate and urea), as recommended by the report. Such measures would impose a carbon charge on imports and could increase the costs of fertilisers for instance. Based on 2030 production and price projections, fertiliser prices could rise 1 to 3 per cent if implemented.

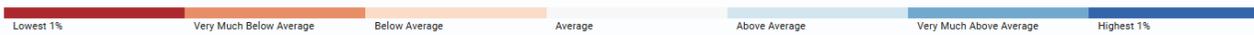
At this stage however, it seems this mechanism is quite a way off from being implemented. In the meantime, fertiliser prices will likely find their own pressure from escalating geopolitical conflict.

The word on weather

While February's wet end to summer resulted in further inland flooding for Queensland, above average rainfall was a source of optimism for many producers in the southeastern parts of the country, especially those planning for winter crop planting. However, it did little to ease the rainfall deficiencies across the coast of southeast South Australia and southwest Victoria. Additional rainfall will be required across the entirety of southeastern Australia to confirm if this was an 'early autumn break'. The Bureau of Meteorology's forecast for March to May suggests below median rainfall is increasingly likely across southern Australia through the autumn months, while conditions are tipped to remain wet in northern regions.



Root zone soil moisture (percentile rank)



Root zone soil moisture and rainfall deciles 03 March 2026

Source: Bureau of Meteorology

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

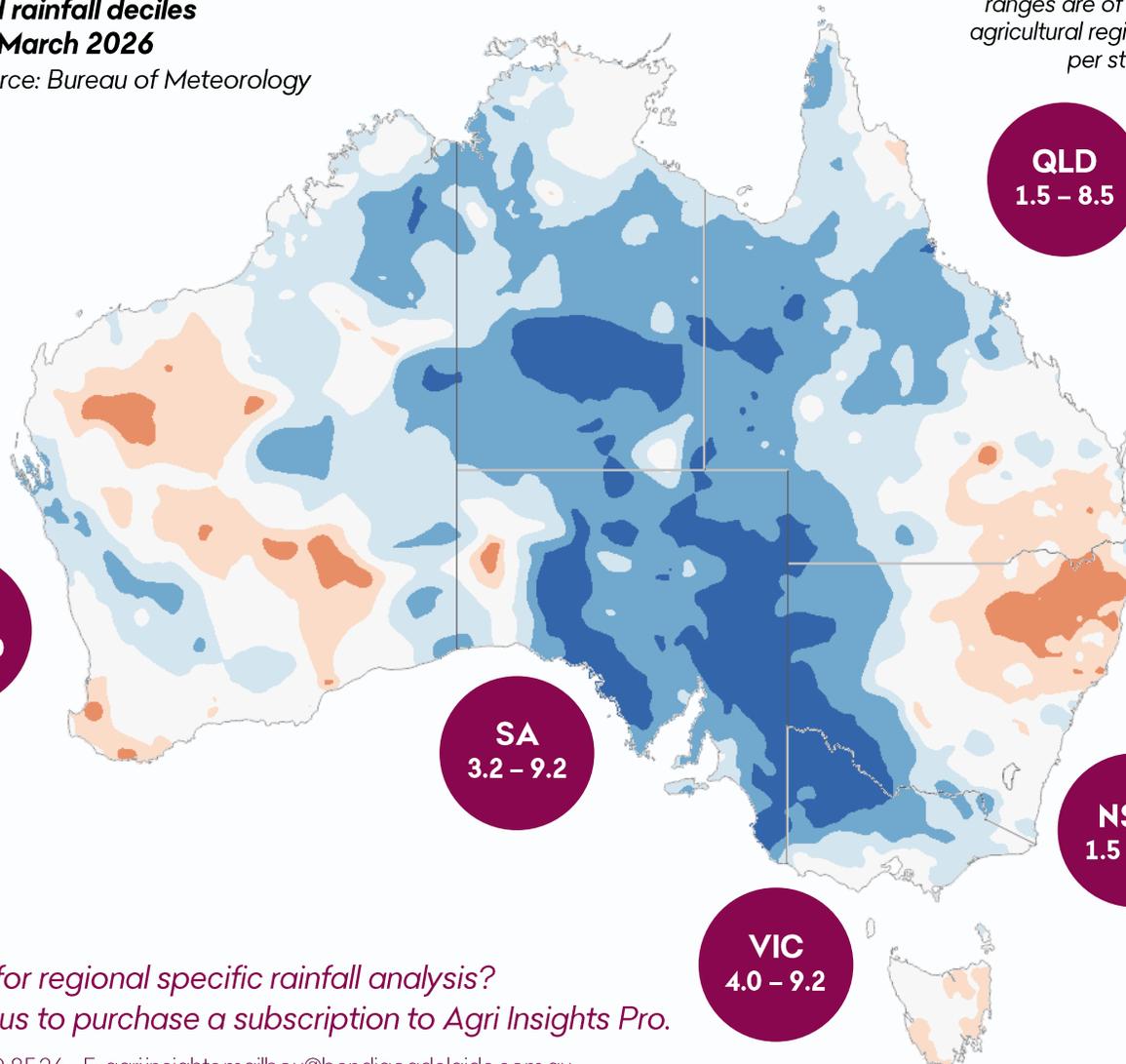
Water storages in the Murray Darling Basin

	Feb 2026	YoY %
Whole of Basin	48%	-12%
Southern basin	43%	-15%
Northern basin	59%	1%

Catchment	Location	Feb 2026	YoY %
Macquarie	Lake Windamere	85%	-6%
	Lake Burrendong	33%	-23%
	Namoi	Split Rock Reservoir	97%
Gwydir	Lake Keepit	64%	19%
	Chaffey Dam	97%	2%
	McIntyre	Lake Copeton	64%
Upper Murray	Pindari Lake	44%	8%
	Lake Hume	25%	-10%
Goulburn	Lake Dartmouth	67%	-19%
	Lake Eildon	47%	-26%
Murrumbidgee	Lake Burrinjuck	37%	-13%
	Blowering Reservoir	21%	-16%
Lower Murray	Lake Victoria	44%	-7%
Lower Darling	Menindee Lakes	39%	-2%
Lachlan	Lake Wyanggala	68%	-18%
	Carcoar Lake	89%	-8%
	Lake Cargelligo	68%	-23%

As at 25 Feb 2026

Source: MDBA, BOM



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Production costs

Costs to rise amidst Middle East conflict



Key Watchpoints:

The AUD/USD rose significantly in February after the Reserve Bank of Australia increased the cash rate. While impacting the competitiveness of Australian exports, imported goods will also be cheaper. However, conflict in the Middle East is likely to have substantial ramifications for the costs of energy, fuel and fertiliser. As discussed in this report's feature article, the Strait of Hormuz is a major chokepoint for global oil, gas and fertiliser shipments.

Producers yet to secure their fertiliser needs will particularly feel the pinch coming into autumn sowing. Recent rainfall however, will help delay the increases expected in fodder and temporary water prices considering the drier autumn outlook.

IMPORT VOLUMES
vs 5yr Jan average

Chemicals	Fertiliser
Pesticides: +15%	Urea: -3%
Herbicides: -9%	MAP: +26%

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

Eastern Aus (north)	Eastern Aus (south)	South Australia	Western Australia	Tasmania
\$325/t	\$305/t	\$296/t	\$253/t	\$230/t
+14% MOM, -4% YOY	-0.3% MOM, +2% YOY	-12% MOM, -23% YOY	-1% MOM, -15% YOY	-22% MOM, -24% YOY

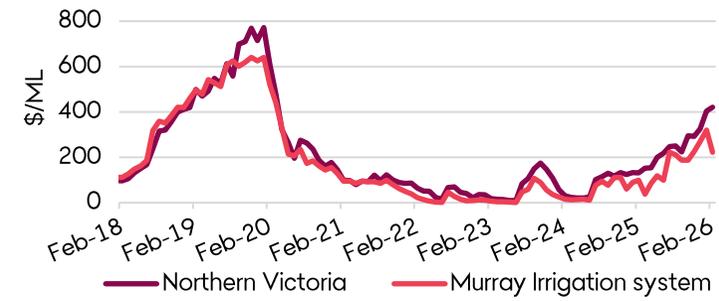
Source: AFIA

AUD/USD exchange rate



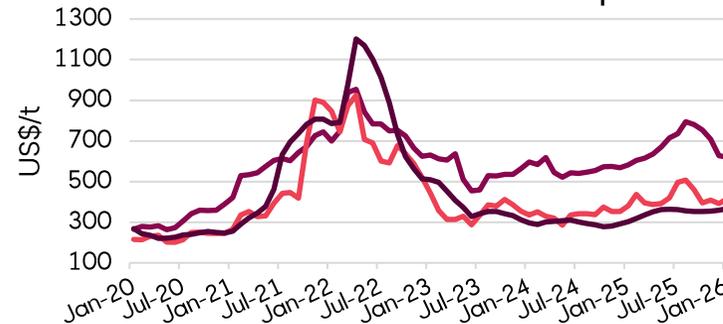
Source: RBA

Temporary water prices



Source: Victorian water register, Murray Irrigation system

Global indicative fertiliser prices



Source: World Bank

National average diesel price



Source: AIP Bendigo Bank Agribusiness Market Insights | 5

Domestic market

Inflationary pressures continue to mount

 **Bendigo Bank**
Agribusiness

Key Watchpoints:

The Reserve Bank of Australia's latest increase to the cash rate marked the shallowest easing cycle on record for Australia. The forecast is for one additional rate rise this year, which is expected to occur in May and would apply further financial pressure to mortgage holders. Consumers will continue to feel the cost-of-living squeeze, especially now with conflict in the Middle East holding the potential to further exacerbate inflation. Australians will save where they can, by gravitating to cheaper alternatives where available.

This month's bang for buck:

Consumers should watch out for well priced leafy veg, tomatoes, capsicums and potatoes, after minimal supply disruptions through summer. For protein, poultry remains an attractive source for many, compared to higher priced beef or lamb.

Total CPI

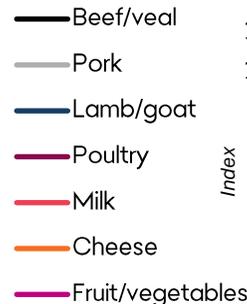
YOY Jan 2026

+3.8%

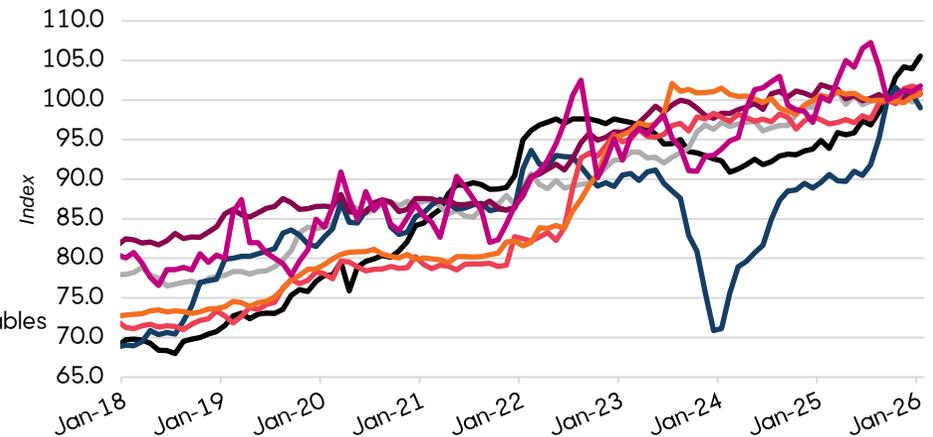
Cash rate
at 4 Feb 2026

3.85%

Source: ABS, RBA



Consumer price indices for key food groups



Source: ABS

HOUSEHOLD SPENDING

Jan 2026 vs LM (seasonally adjusted)

Source: ABS

Food (retail)

+0.1%

Hotel/café/restaurant

-0.6%

Australian consumer confidence rating



Source: ANZ/Roy Morgan

Bendigo Bank Agribusiness Market Insights | 6

Feature article

Conflict in the Gulf delays shipping and disrupts assumptions



John Droppert

Head of Insights and Government Services

Key Watchpoints:

- **Duration of the conflict:** a protracted war will drive disruption to logistics and in turn, push fertiliser and fuel costs higher.
- **Damage to Gulf economies and those of oil importers:** This risks dampening demand for Australian agricultural exports.
- **Protectionist policies, settling scores via trade barriers and a need for bolstered defence spending:** These disruptions will impact trade flows and may shift the government priorities of Gulf economies away from enhancing the functioning of agri and food markets.

Simmering tensions between Iran and the United States escalated into open conflict on February 28th, with US and Israeli strikes targeting Iranian military facilities and leadership. Iranian Supreme Leader Ayatollah Ali Khamenei was killed early in the strikes, making it clear from the outset that this is a far from symbolic series of actions.

In response, Iran has launched ballistic missiles and 'Shahed' style drones at all manner of targets around the Persian Gulf. In addition to Israel, Bahrain, Kuwait, Qatar, the United Arab Emirates, Jordan, Saudi Arabia, Cyprus and Oman have all been targeted.

Despite many interceptions, these projectiles have caused damage to ports, airports, military bases and city centres. The conflict has gradually broadened as countries in the region that avoided cooperation or involvement in the initial round of strikes are drawn in. Official US statements about the strategy and objectives of the operation have varied, creating uncertainty in the public domain regarding the level of progress and likely duration.

Although the situation continues to develop day by day, we can be certain of several things. Firstly, the Strait of Hormuz – long threatened with closure by Iran in this very eventuality, has been effectively blocked.

Major shipping companies such as Hapag Lloyd, Maersk, MSC and CMA CGM have suspended transit amidst safety and insurance concerns. Several have also indicated they will avoid passage through the Suez Canal and Red Sea, broadening the level of disruption significantly.

Second, a range of port infrastructure has been damaged as well as a number of civilian cargo vessels in or near the Gulf.

Third, whilst the Iranian military has been significantly degraded, stocks of interceptor missiles have been heavily expended with at least some ongoing from Iranian missiles and drones.

Fourth, the defence capabilities of Gulf states have been heavily tested and previous assumptions about their target status no longer apply. European nations such as France and the United Kingdom have found their resourcing of defence in the region inadequate, with additional reinforcements required to defend key assets.

For Australian farmers and agribusiness, these certainties and all the other as-yet unresolved questions give rise to a number of watchpoints.

Input costs (logistics)

The key question is how long traffic through the Strait of Hormuz remains blocked, stopping oil and gas from leaving the Gulf and agricultural products being delivered to Middle East markets. Disruption to Red Sea traffic and significantly higher freight and insurance rates in general will add cost and friction to any trade exposed Australian businesses. In particular, autumn sowing and fertiliser programs are likely to cost a lot more, and supplies of key products are less certain than a month ago.

Approximate share of key commodities that transit the Strait of Hormuz

Oil
20%

LNG
25%

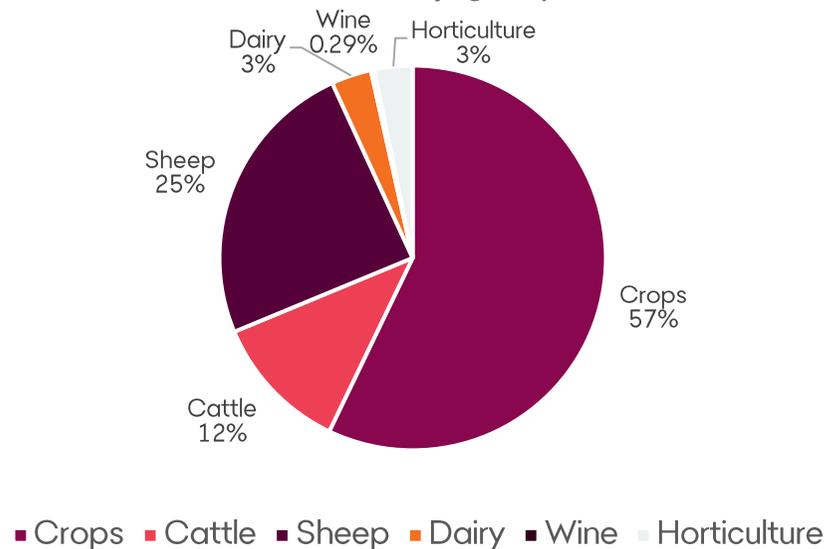
Urea
31%

DAP/MAP/TSP
15%

Agri commodity demand (economies)

The Middle East is a valuable and growing market for Australian produce, including red meat, grains, and horticulture. The impact on income-producing infrastructure, tourism and economic activity in Gulf states targeted by Iran could be profound and dampen demand for Australian agricultural products into the medium term. More broadly, a significant spike in oil prices could trigger a global recession, dampening demand for agricultural products, particularly high-value exports like beef and wine.

Australian agri exports to Middle East/North Africa: value share by commodity group



Source: Global Trade Atlas, Bendigo Bank analysis

Trade policies (politics)

Political priorities will also shift. Relationships between the US and UK, as well as Spain have already been impacted by disagreements over the prosecution of the US operation. Given the recent US tendency to use tariffs as a negotiating tool that could easily cause trade disruption with knock-on effects for Australian exporters.

Furthermore, even if the war ends relatively soon, defence spending across many countries will need to increase to replenish munitions and repair damaged hardware. Identified capability gaps will need investment. These funds have to come from somewhere, either increasing government debt, prompting higher taxation, or reduced expenditure on other programs are the only options. A scenario where Iran ends this conflict with stable governance and benign foreign policy, allowing for a reduction in regional defence spending, is possible but seems a little too optimistic to bank on.

A less secure world is one that defaults more closely to protectionism and self sufficiency, rather than enhanced global trade.

In the meantime, expect more volatility and disruption, be it currency, interest rates, export or import consignments. The underlying fundamentals for most agri-commodity markets are strong, but 2026 has so far proven anything but stable.

Cattle

Rising demand and seasonal conditions spur on prices

 **Bendigo Bank**
Agribusiness



Tom Herbert
Agricultural Analyst

Key Watchpoints:

- Favourable seasonal conditions and well-timed rainfall in Queensland and New South Wales encouraged restocker demand in February as producers begin purchasing more stock to capitalise on pasture growth.
- The rise in restocker demand and strong international demand for Australian beef translated into firmer local prices.

Strong national beef exports along with rising restocker demand applied upwards pressure on local cattle prices in February.

Demand from local processors remains a key support for cattle prices, as they capitalise on strong export demand for Australian beef. Meat and Livestock Australia's national slaughter rate rose 17 per cent in the year-to-February, alongside Australian exports surging 17.2% on the same basis. Australian beef exports reached a historical high in both January and February, thanks to a smaller US beef herd. Exporters here are seeing increased demand from not only the United States, but several of Australia's longer term key markets including China and South Korea, who look to supplement the limited availability of US product.

The above average rainfall over large parts of the country has seemingly turned the tide on restocking activity. Where excessive moisture in parts of Queensland and dry conditions in southern regions led to increased selling last month, the change to more favourable conditions has supported restocking in select areas. As such, the National Young Cattle Indicator has risen 6.6 per cent. The pressure on cattle prices brought on by restocking activity will likely be focused on northern regions

where above average rainfall hasn't been burdensome or damaging.

Continued strength in international demand and a rise in restocker activity is expected to increase local cattle prices in the near term. Longer term however, the price forecast remains less bullish as both South Korea and China are likely to see reductions in imports from Australia.

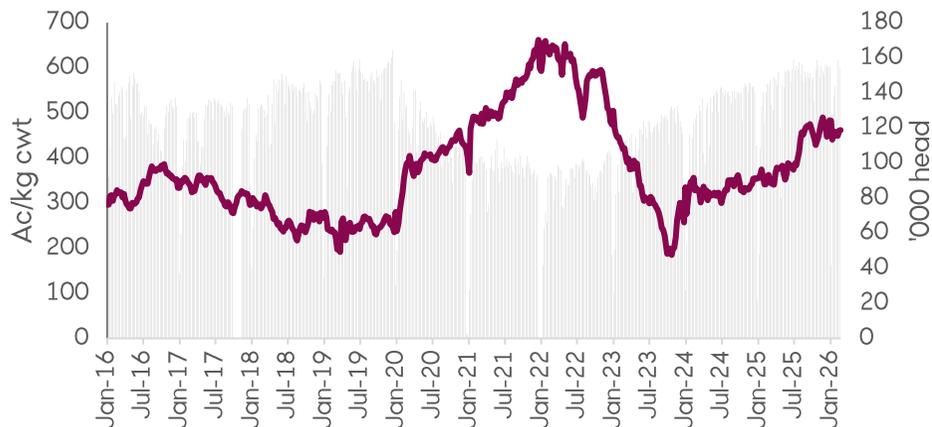
Firstly, the newly announced safeguard tariff by China at a quota of 205,000 tonnes is weighing heavily on traders. Once triggered, a 55 per cent tariff will be applied to Australian beef imports. This will significantly shift the trade dynamics as price competitiveness is abruptly re-ordered.

Secondly, the announcement of a safeguard tariff by South Korea is also at the forefront of exporters' minds. The quota for Australia is 196,000 tonnes and is likely to be triggered earlier than 2025 at around mid-year. The tariff for Australia will be 24 per cent, and once implemented will lead to softer export volumes, leaving Australian exporters looking again for more opportunities and weakening local prices until alternatives are forged.

Industry Scan – Cattle



Australian Cattle Price and Slaughter



Source: MLA
 ■ Cattle slaughter (RHS) ■ NYCI (LHS) (Ac/kg cwt)

National Indicators

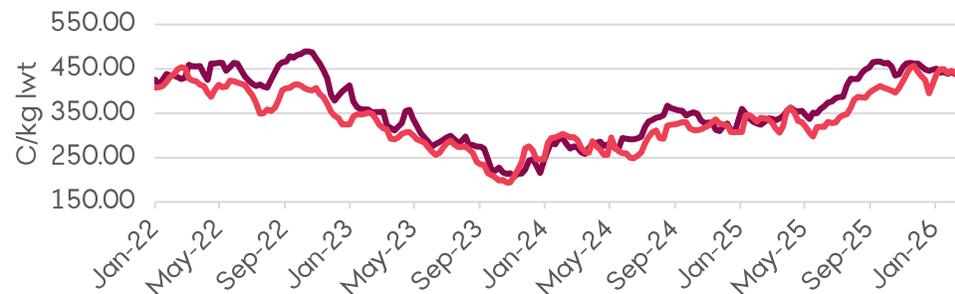


■ National Processor Cow Indicator ■ National Feeder Heifer Indicator ■ National Heavy Steer Indicator

Source: MLA

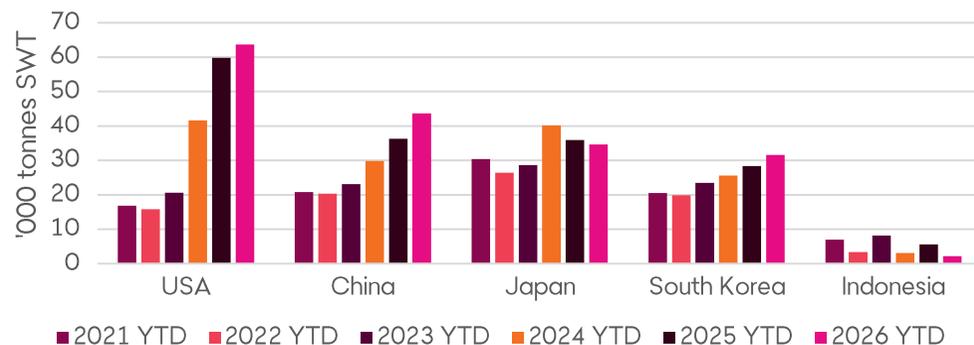
National Indicators	Current Price	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
National Young Cattle Indicator	477	6.6%	36%	436	7.98
Eastern Young Cattle Indicator	863	2.2%	32.1%	766	8.51
US 90CL	1,159	0.4%	7.9%	909	9.95

Source: MLA Heavy Steer Indicator – North vs South Australia



Source: MLA
 ■ Avg of Southern States ■ Avg of Northern States

National Beef Exports Year-to-Date



Source: DAFF

Cropping



Global rally builds while local markets lag

B Bendigo Bank
Agribusiness



Rod Baker
Agricultural Analyst

Key Watchpoints:

- Global wheat futures have rallied over the past month, though Australian cash markets have yet to fully respond, leaving domestic prices lagging offshore benchmarks.
- While barley exports continue at record pace and canola shipments remain strong, wheat volumes are lagging the five-year average and remain the key watchpoint.
- Below-average February rainfall tightened supply across northern markets, lifting prices, though forecast rainfall over the coming week could improve conditions and temper nearby supply concerns.

Global wheat rally outpaces local prices

Australian wheat prices edged higher through the month, with most port zone bids firming \$1-\$10 per tonne, though gains lagged international markets. CBOT wheat futures rallied \$20 per tonne in Australian dollar terms over the period – driven by fund short-covering, dry U.S. Great Plains conditions, and geopolitical risk following the escalation of the U.S-Iran conflict – while the Australian APW1 index gained just \$7 per tonne month-to-month to \$323 per tonne, compressing basis. In Western Australia, Kwinana APW1 basis to CBOT narrowed to around \$31 per tonne, reflecting the stronger international rally that local cash markets have been slow to follow. A firmer Australian dollar, which pushed toward 0.71USD through February, weighed on export competitiveness and limited the flow-through of offshore strength to local values. The currency has since retreated to around 0.705 as the Middle East conflict triggered a flight to safe-haven assets, which should provide some tailwind for local pricing.

Northern wheat markets lead east coast prices

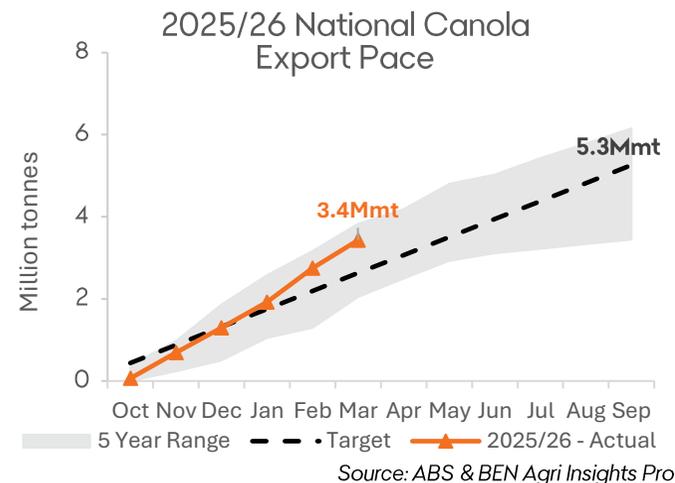
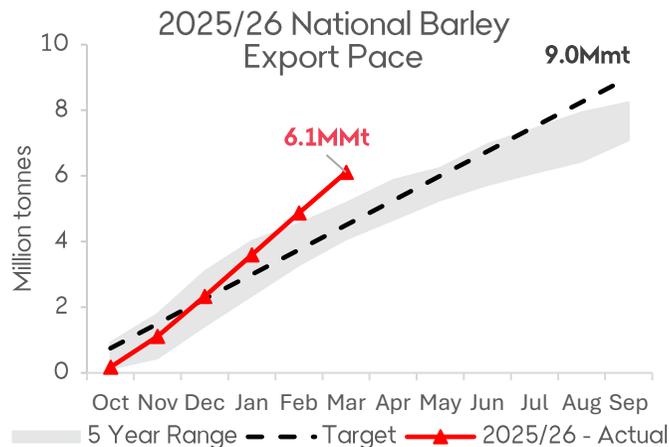
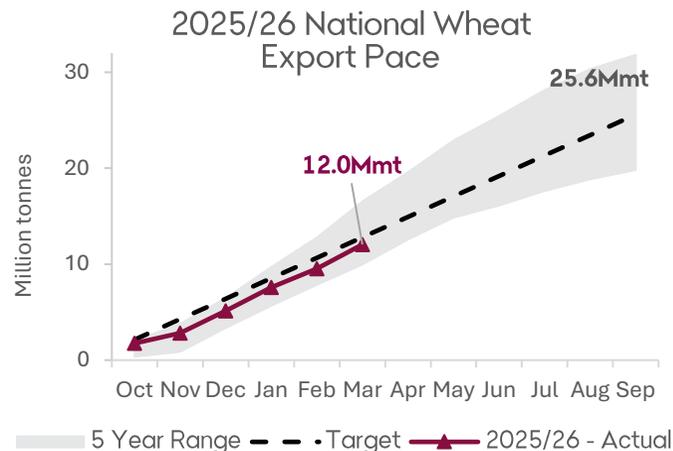
On the east coast, northern markets outperformed over the month with Brisbane and Newcastle wheat prices climbing 3-4%, underpinned by firm domestic demand rather than the export-driven dynamics seen in the west. Brisbane APW reached \$333 per tonne and Newcastle \$324 per tonne, with feedlot buying and a tightening supply outlook providing support. Barley continues to trade at a premium to wheat in the Darling Downs

markets – an unusual dynamic driven by strong southern demand and export pathways into China – yet there are no clear signs feedlots are shifting to wheat-based rations despite the price inversion. Drying soil moisture profiles across Northern NSW and southern Queensland are adding to the firmness, with winter crop planting still roughly eight weeks away and growers reluctant to commit forward sales given the uncertain seasonal outlook. Further south, NSW and Victorian wheat markets remain more subdued, with the initial price spike following the Iran conflict proving short-lived as participants adopted a wait-and see approach. The defining feature of wheat markets across the eastern seaboard remains low liquidity, with grower selling disciplined and buyers cautious, leaving the market vulnerable to sharp moves in either direction should the geopolitical situation escalate further or meaningful rainfall arrive across the northern cropping belt.

Record barley exports tighten market

Australian feed barley prices firmed \$8 per tonne month-on-month to \$314 per tonne on an index basis, sitting at a 10-year decile of 7.0 – comfortably the strongest relative value across the grain complex and reflecting the tightening supply-demand balance that is starting to emerge. The strength is underpinned by a record export program, with 6.1 million tonnes to be exported by the end of March – heavily front ended and well clear of the

Cropping continued



previous record of 5.2 million tonnes for the same period in 2023/24. Monthly shipments have exceeded 1.2 million tonnes for three consecutive months, and shipping stem data shows a further 1.2 million tonnes scheduled for March, suggesting no near-term slowdown. Chinese demand has been the principal driver, largely a function of their poor domestic corn crop which has seen feed barley imports surge as a substitute. However, the sheer scale of exports is progressively depleting available stocks, and some degree of demand rationing may be required through the second half of the marketing season to manage the drawdown. Direct exposure to the Middle East conflict appears limited at this stage – March shipping stems show a 45 thousand tonne shipment scheduled for Al Dhannah in the United Arab Emirates, which sits inside the Persian Gulf and requires transit through the Strait of Hormuz, and one vessel bound for Saudi Arabia via the Red Sea where Houthi threats remain a separate concern. However, of the 1.2 million tonnes

scheduled for March, approximately 890 thousand tonnes have no destination yet assigned, so further Middle East bound shipments cannot be ruled out. Should any of these volumes need to be redirected, China has so far demonstrated the capacity to absorb additional tonnage. On the malt side, premiums over feed remain historically compressed at just \$3-\$5 per tonne across most varieties. Domestic maltsters are well covered and global malt demand remains soft, leaving little incentive for the spread to widen.

Canola prices ease despite global support

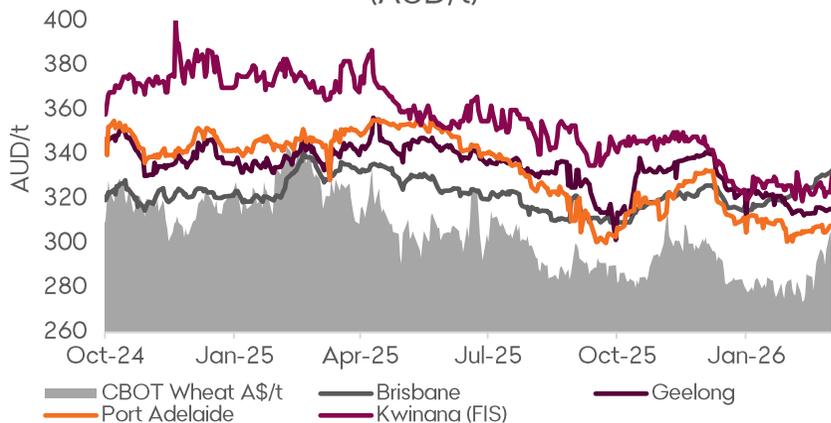
Australian canola prices eased \$19 per tonne over the month to \$734 per tonne on an index basis, despite a supportive international backdrop. Rising crude oil prices – up over 13 per cent following the closure of the Strait of Hormuz – have increased biofuel attractiveness and supported the broader oilseed complex, with MATIF rapeseed firming 3.4 per cent and ICE canola gaining 2.3 per cent after China

confirmed reduced tariffs on Canadian imports to 15 per cent. Yet Australian values have largely moved in the opposite direction. The disconnect is largely an old crop story. With 3.4 million tonnes expected to be shipped by the end of March – near the top of the five-year range and well above average – the 2025/26 crop is essentially committed. Non-GM canola is virtually sold out, leaving bids to drift on thin liquidity, GM canola has been the relative bright spot, with the discount to non-GM narrowing from around \$100/t at harvest to just over \$40/t in Western Australia, offering improved opportunities for growers still holding tonnage. On the new crop front, exceptional autumn rainfall across South Australia and Victoria has boosted planting sentiment, with reports of a rush on canola seed already emerging. However, surging urea prices and reduced availability are tempering enthusiasm given canola's high upfront input cost exposure.

Industry Scan – Cropping



Australian APW versus CBOT Spot Futures (AUD/t)



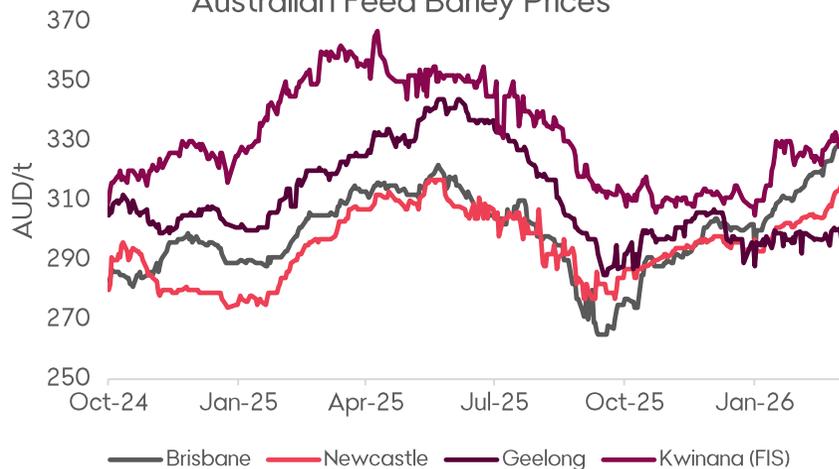
Source: BEN Agri Insights Pro & CME Group (CBOT)

Grain and Oilseed Price Snapshot

Commodity	Price(A\$/t)	10-Yr Decile	MoM	YoY
Australian APW Wheat (index)	\$323	3.7	▲\$7	▼\$29
CBOT Wheat (spot)	\$299	5.1	▲\$20	▼\$24
Australian Feed Barley (index)	\$314	7.0	▲\$8	▼\$17
CBOT Corn (spot)	\$249	5.4	▲\$8	▼\$39
Australian Canola (index)	\$734	7.0	▼\$19	▼\$53
MATIF Rapeseed (spot)	\$823	7.1	▲\$19	▼\$65
ICE Canola (spot)	\$734	6.6	▲\$55	▲\$18

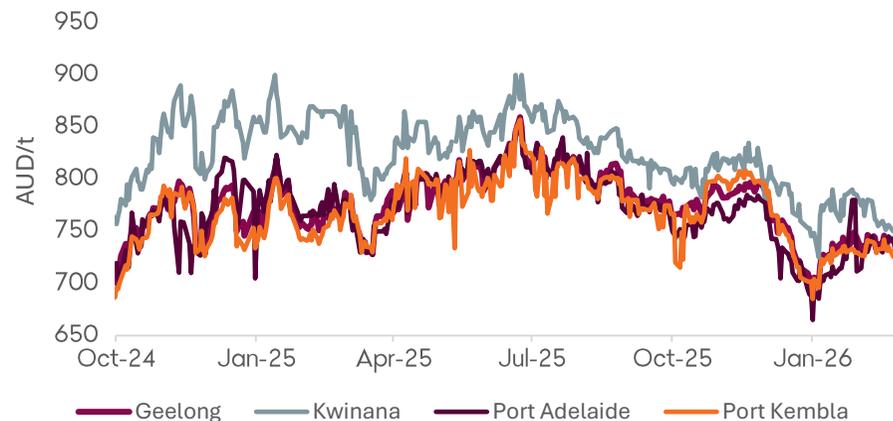
Source: BEN Agri Insights Pro, CME Group, Euronext & ICE

Australian Feed Barley Prices



Source: BEN Agri Insights Pro

Australian Canola Prices



Source: BEN Agri Insights Pro

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Dairy



Fundamentals likely to drive margin squeeze



Eliza Redfern
Senior Manager
Industry Insights

Key Watchpoints:

- Export prices continue to rise on the GlobalDairyTrade (GDT) platform, but the flurry of buying activity will eventually slow.
- Above average February rainfall will extend the use of homegrown feed for those that received it, but cost pressures for fertiliser and fuel are likely to mount.
- Higher input costs and a volatile trade environment are set to squeeze farm margins.

Conflict in the Middle East is disrupting global markets and supply chains, but exploding milk production is arguably a bigger concern for dairy.

Milk production from the four key exporting regions (United States, Europe, New Zealand and Australia) has increased 3.7%, or 5.3 billion litres, in the season to December 2025 – a scale which has not been seen since 2014, when European production quotas were on the way out, spurring large scale supply growth. This structural growth in supply clashed with a sudden disruption in the shape of Russia effectively closing its market to dairy imports, and the result was a sustained price downturn. Today's situation sounds eerily similar; war is escalating in the Middle East with supply chain implications, while global milk production is soaring.

Our last update noted that further global unrest would likely result in additional purchasing activity as importers lock in volumes to avoid supply chain challenges. The results of the latest GDT event (399) confirm this, with strong near-term delivery for particularly skim milk powder, anhydrous milk fat and cheddar from buyers in Europe, Africa and notably, the Middle East. Oceania product is in high demand coming out of the season's shoulder, and more so now with buyers in many Asian markets looking to increase their forward cover – from sources that don't require a Red Sea transit.

For many dairy farmers in southeastern Australia, the above average rainfall towards the end of February has provided a favourable start to autumn, helping keep costs down in the final months of the irrigation season and delaying the need for purchased fodder. Although this is well timed considering the drier than average outlook for autumn, fertiliser is likely to be a key pain point in the short to medium term, especially for those who haven't secured it yet. Higher prices for diesel and fertiliser, together with possible supply challenges, will be the most direct impact of the current Middle East conflict on Australian dairy farmers.

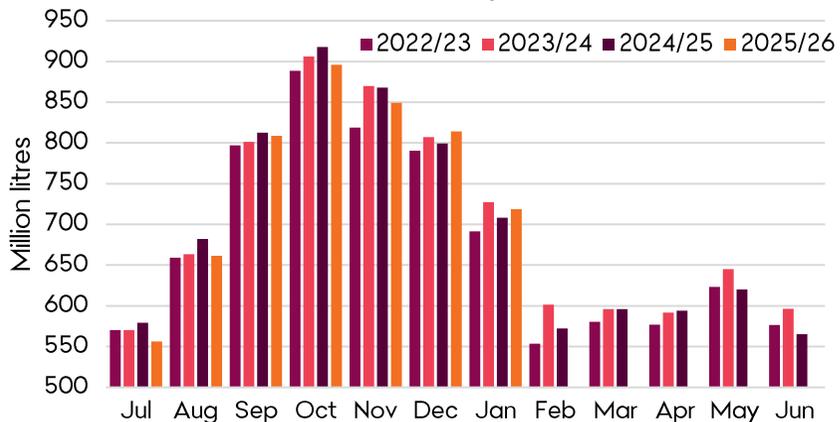
Considering global dairy buyers had already been stocking up this year at relatively low commodity prices, the more recent stockpiling in response to the war in Iran is unlikely to drive a sustained price rally. Combined with ample global milk supplies, the export market risks weakening at a time when processors are deciding what new season opening farmgate milk prices may be.

A lot can happen between now and June 1st, but for now it seems farm margins are set to be squeezed by higher input costs on one hand and a global dairy market grappling with far too much product on the other.

Industry Scan – Dairy



Australian milk production



Source: Dairy Australia

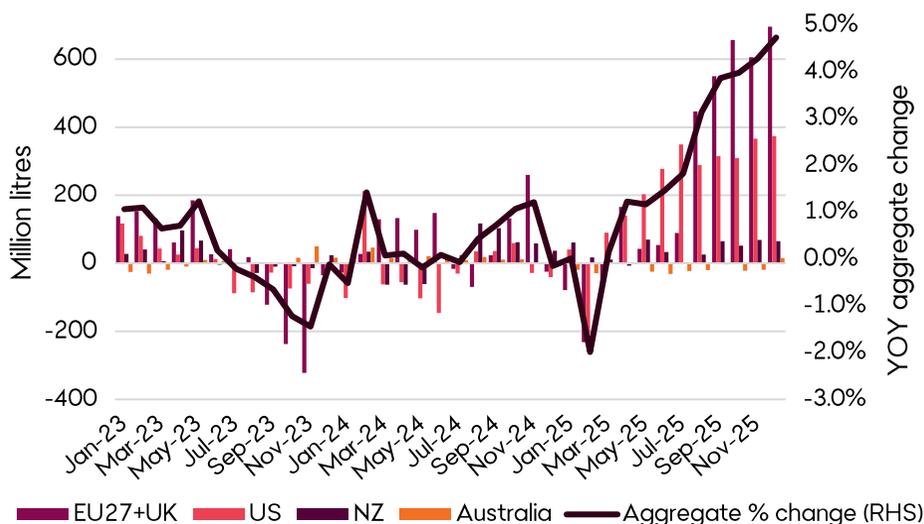
Australian milk production

Source: Dairy Australia

Season to Jan 2026

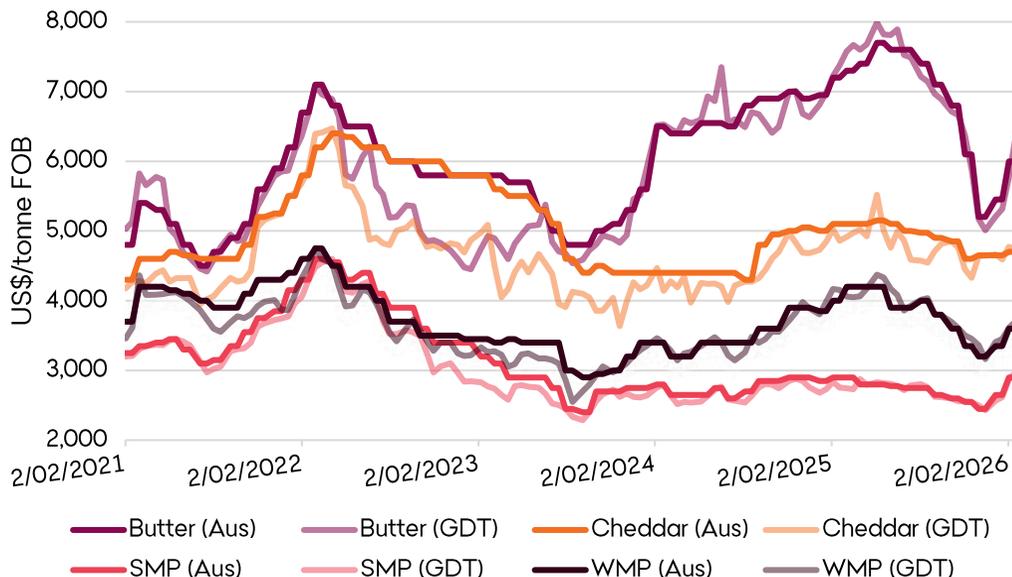
National	-1.2%
Queensland	+2.8%
New South Wales	+2.1%
South Australia	-6.8%
Western Australia	-3.0%
Tasmania	+1.8%
Victoria	-1.9%
Northern	-2.2%
Western	-2.1%
Eastern	-1.4%

Milk production in key exporting regions



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

Australian vs Global Dairy Trade (GDT) indicators



Source: Dairy Australia, GDT

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Horticulture



Recent rainfall brings quality back into focus



Sean Hickey
Senior Agricultural Analyst

Adverse conditions impact harvest for key crops. Conflict in the Middle East to disrupt export logistics

Heavy rainfall across key production regions in South Australia and north-west Victoria has resulted in significant quality concerns for table grape and almond producers. Both crops in these regions are currently being harvested with two-day rainfall totals well in excess of 100mm recorded in some areas.

Almonds

Harvest delays across the Riverland and Sunraysia are widespread following recent rainfall events. The saturated orchards will need to dry prior to the resumption of harvest, while the almonds themselves will also need to return to an acceptable moisture content level prior to harvesting. From a quality perspective, wet weather at harvest can also see an increased risk of fungal diseases. Hull rot and brown rot, which can damage the nuts and reduce their value, are the primary diseases producers will be on the lookout for. While it's too early to project yield reductions there are expected to be minimal cuts to the current industry forecast of 167 thousand tonnes.

From a processing perspective, a higher kernel moisture will also likely result in a delay to the processing of the almond crop over coming weeks. Drying will be required in some cases due to the moist hulls, a challenge that not only slows down operations but is also an expensive process. While this is expected to impact processor margins to an extent, the industry remains in a strong position. Ongoing demand from key markets should see overall export volumes hit the second highest level on record this market year which will also assist in maintaining the strong prices seen across the last two seasons.

Table Grapes

Table grape producers across both Sunraysia and the Riverland have also struggled with the recent rainfall events. This follows the severe heatwaves seen in mid February which affected sizing and colour development in late Crimson varieties. As conditions evolve most vines have avoided significant Powdery Mildew owing to the windy and dry conditions in recent days which has aided in drying out the vines. However, some producers are likely to encounter foot rot or Phytophthora which will be especially prevalent in vineyards that stay under water for a period of time. Table grapes remain amongst the most valuable crops to the Australian horticultural industry from an export value perspective. Any impact on quality will decrease the volume of grapes suitable to meet export quality standards, with China becoming increasingly quality prescriptive due to their own booming domestic industry. Later harvested Crimson varieties are at particular risk of quality downgrades.

From a broader export perspective, fruit and nut exporters will be closely watching the situation in the Middle East. Container freight rates have surged in recent days with up to 10 per cent of global container vessels have been caught up in the conflict.

Key Watchpoints:

- Recent rainfall events across South Australia and Victoria are likely to impact both the harvest pace and quality of almond and table grapes crops.
- Shipping costs for key export varieties are likely to be impacted by the widening conflict in the Middle East with around 10 per cent of global container trade impacted.
- February 2026 fruit and vegetable pricing is sitting broadly lower year-on-year owing to reduced weather related disruptions across summer.

Industry Scan – Horticulture



Wholesale prices continue to shift lower ahead of autumn volatility

Fruit and vegetable wholesale markets have seen prices continue to soften throughout February. This is in part due to a favourable summer that lacked the weather-related disruptions seen in prior years. The larger price decline across February was observed in the vegetable price index. Domestic supply of potatoes has now normalised following a poor spring crop driven by limited yields within South Australia. Softer pricing was also observed in tomato, leafy and pod vegetables. Wholesale fruit markets were more benign in comparison. Avocado pricing is sitting notably lower compared to last season, with WA experiencing a biennial lift in production ensuring stronger supply than typical for the late summer period. Melon and citrus sectors are also priced slightly lower year-on-year.

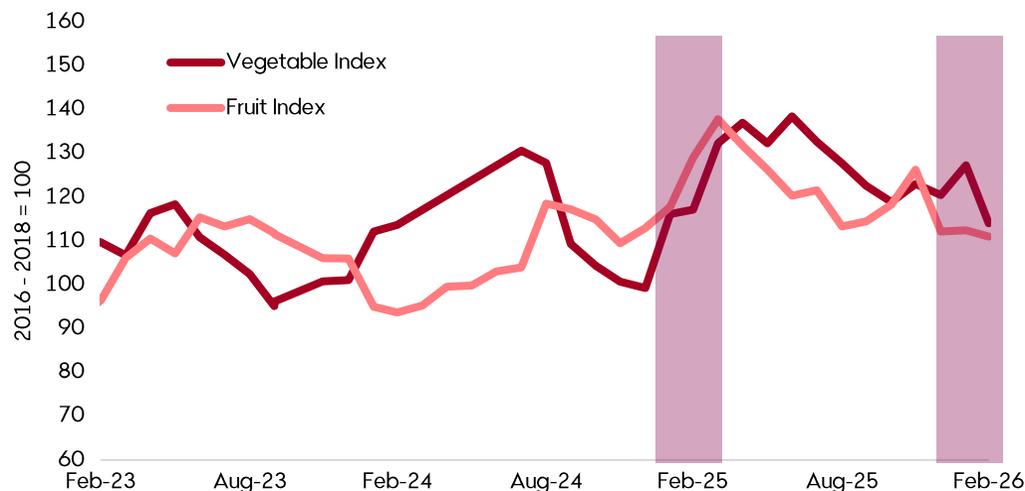
Looking ahead, Queensland horticultural output across autumn will be a key market focus. Last year, Ex-Tropical Cyclone Alfred caused significant supply disruption across the Feb/March period. This drove a sharp uptick in both fruit and vegetable pricing across autumn. The risk of a cyclone forming off the coast of northern Queensland is again a present risk, while other parts of the state are being warned to brace for heavy rains. The chance of additional price volatility in horticultural markets across March is likely as a result.

State Fruit and Vegetable Price Index Comparison

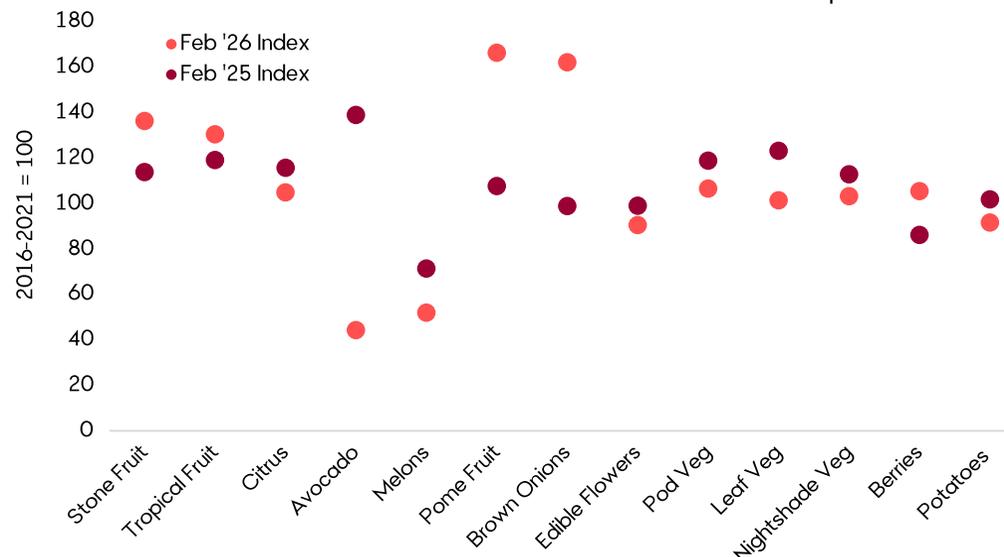
		QLD	NSW	VIC	TAS	SA	WA
Fruit Price Index	YoY %	-19%	-4%	-22%	22%	-10%	-2%
	vs 10 year Ave	4%	13%	0%	27%	1%	8%
Veg Price Index	YoY %	-27%	-13%	21%	15%	-3%	21%
	vs 10 year Ave	-28%	-13%	33%	26%	4%	36%

Source: Ben Agri & Aus Market Consultants

National Wholesale Fruit and Vegetable Price Index



Year on Year Horticulture Sector Price Comparison



Sheep



Will geopolitical factors slow down lamb markets?



Joe Boyle
Agricultural Analyst

Key Watchpoints:

- Lamb and mutton prices continue to hold firm near record levels, as ongoing tight supply maintains upwards pressure on markets.
- The recent rainfall across the southeastern regions should give growers confidence to begin restocking in the coming months.
- Geopolitical developments remain a key watchpoint for sheep and lamb markets. The recent tariff announcement from the US alongside ongoing tensions in the Middle East may impact export demand in the near term.

Australian lamb and mutton markets tracked mostly sideways throughout February, as ongoing tight supply continues to underpin prices. Uncertainty remains in sheepmeat markets over the coming weeks, with the unfolding conflict in the Middle East and the US working to increase their tariff to 15 per cent expected to cause headwinds from an export perspective.

The National Trade Lamb Indicator has held relatively firm over the past few weeks at around 1,100 c/kg and is still tracking 40.5 per cent above the five-year average. The National Restocker Lamb Indicator, however, has continued to lift, reaching a record level in early March. Tight supply continues to be the major driver, as although processing rates lifted throughout February, they still lag well behind the levels recorded throughout the same period in both 2024 and 2025. Mutton prices have also moved slightly higher, with the National Mutton Indicator finishing February at 792 c/kg, up 107.3 per cent year-on-year.

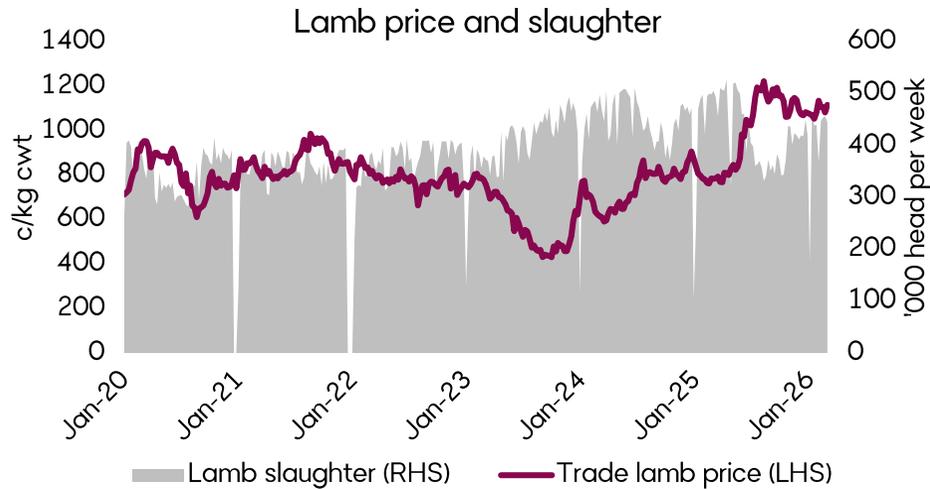
Lamb supply is expected to remain under pressure over the coming weeks. Widespread rainfall across the southeast of the country will promote feed growth and build confidence for the coming season (see climate section for more details). This will

provide further support to lamb and mutton markets and encourage growers to retain stock to rebuild their flocks. However, the prolonged period of dry conditions and the low levels of feed availability prior to the rain may result in a delay before buyers re-enter the market.

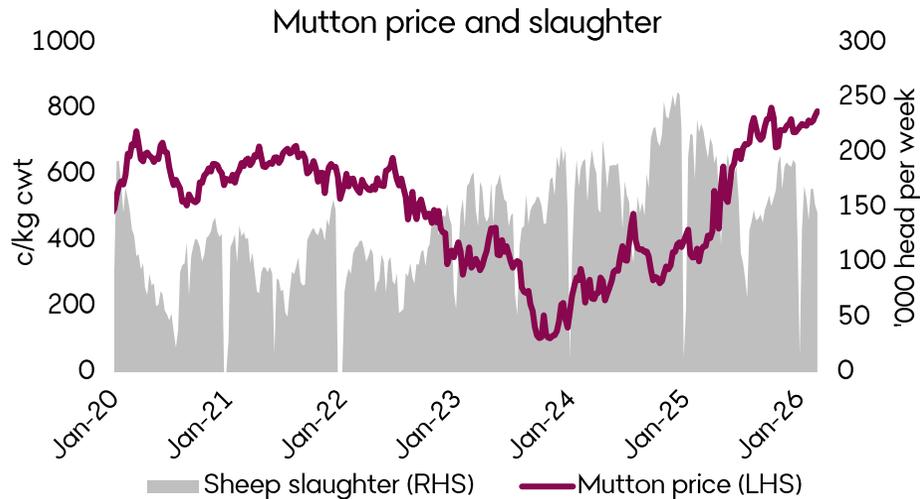
In the meantime, geopolitical and trade developments have the potential to apply downwards pressure on sheepmeat prices in the coming weeks. The US is working to increase their global tariff rate to 15 per cent (currently 10 per cent), while the conflict in the Middle East will weigh on demand into those key markets while it continues. The US and the Middle East are both major export markets for the Australian lamb and mutton. In 2025, the US accounted for 24.5 per cent of Australia's lamb exports by volume, while the Middle East was the destination for 19.4 per cent of the lamb and 30.5 per cent of the mutton.

Although uncertainty remains on the export side of the equation, ongoing tight supply and the potential for flock rebuilding in some regions will likely support lamb and mutton prices over the coming weeks. However, should the conflict in the Middle East continue for a prolonged period, this may take some of the sting out of the market.

Industry Scan – Sheep



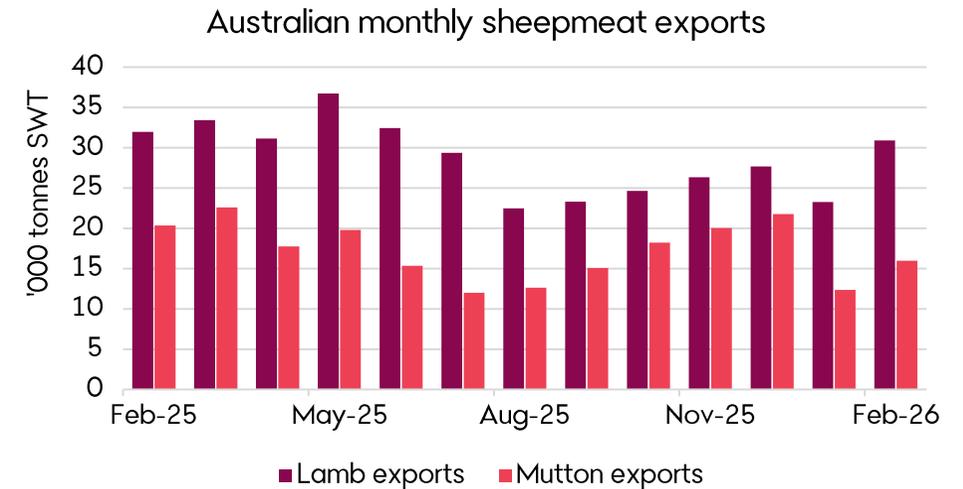
Source: MLA



Source: MLA

National Indicators	4 March 2026	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
Restocker Lamb	1,169	73	412	722	10.0
Trade Lamb	1,128	8	340	802	9.7
Heavy Lamb	1,098	17	291	802	9.6
Mutton	788	35	409	475	10.0

Source: MLA



Source: DAFF

Wool

Demand growth underpins lift in prices



Claire Adams
Agricultural Analyst

Key Watchpoints:

- Growing demand from China for consumers and manufacturers is driving significant price increases across all wool types, including a recent surge in Merino Cardings.
- Strong February rainfall may support flock numbers over time. Meanwhile, national test volumes are likely to continue tracking below last year.
- Tightened supply and demand growth is outweighing the impact of a stronger Australian Dollar.

Australian wool prices have shown considerable improvement with the upwards momentum shown since January 2026 particularly strong.

While finer microns have been a primary driver in lifting the EMI, it has only been in the recent weeks that there has been a significant lift in the Merino Cardings (MC) prices. Across the three selling centres the MCs rose +156 c/kg for Sydney, +195 c/kg for Melbourne and +149 c/kg for Fremantle from the start of the year to the start of March. These represent 52.9 per cent, 57.9 per cent and 51.9 per cent respectively of the total season's increases in the past two months alone. For comparison, 18-micron wool in Melbourne has only had 23.6 per cent of its season's growth in the same period.

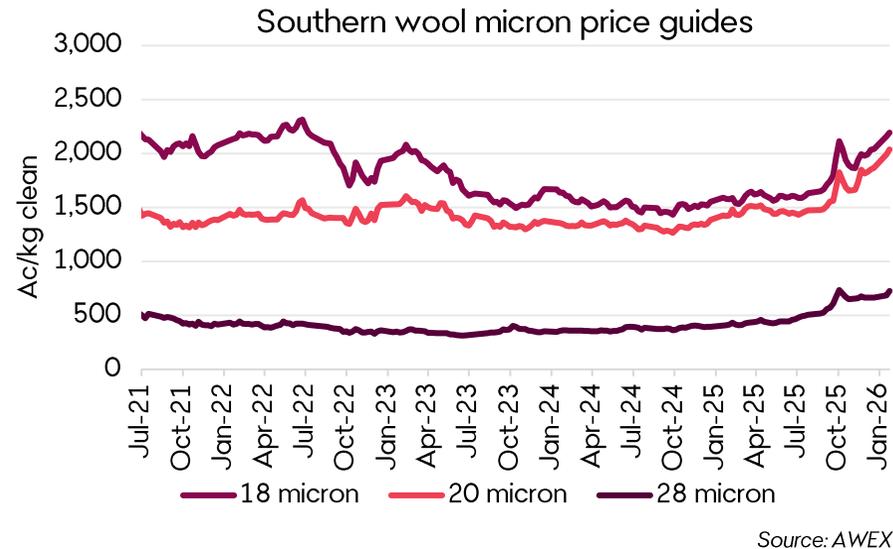
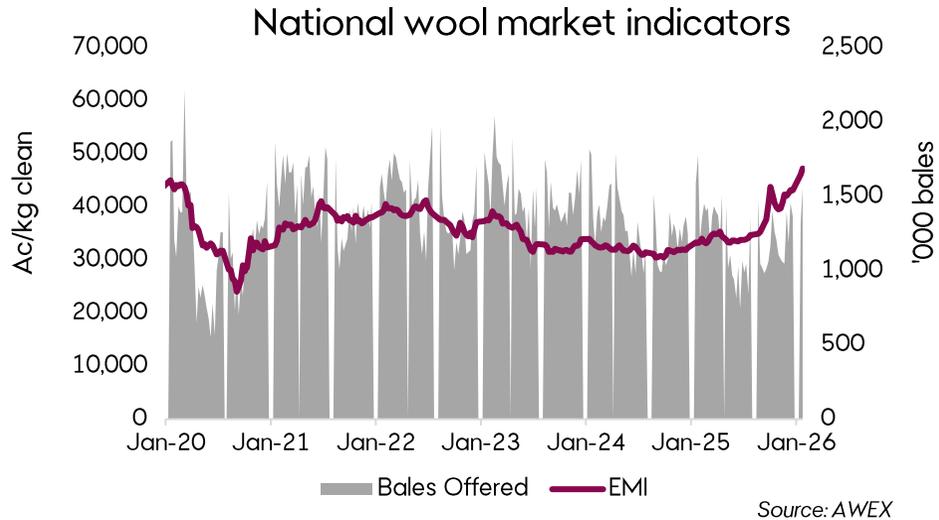
This broad-based price appreciation is a strong indicator of market demand, suggesting that manufacturers are focused on ensuring continuity of processing by securing any quality fleece available, including cardings and oddments. Appetite for wool is strengthening across both the manufacturing and consumer sectors, particularly in China, where inventories have recently been depleted. Stemming from increased government spending and improving economic drivers, this growth in demand is creating crucial support on top of the decline in our supply.

Looking at the supply side, national test volumes to the end of February 2026 were down 9.4 per cent year-on-year, in line with the 12.6 per cent drop in wool production estimated by the Australian Wool Production Forecast Report for December.

State level data shows a varied production landscape. Most states have seen volumes decline year-on-year, ranging from a 6.1 per cent drop for New South Wales to a 22.8 per cent drop in South Australia. Though a small proportion of the national total, Tasmania has recorded a 4.7 per cent increase in test volumes. Nationally, anecdotal evidence suggests that more wool is being brought out of on-farm and broker storage to capitalise on recent price rises, making the true production figures for the season challenging to quantify.

Looking ahead, challenging seasonal conditions persist despite strong rainfall in February across sheep producing regions. The promise of feed will support gradual rebuilding of flock numbers over time, however, will not immediately impact fleece available to market. This sustained reduction in supply is expected to maintain upwards pressure on prices, which will likely outweigh any downward pressure from a strengthened Australian Dollar.

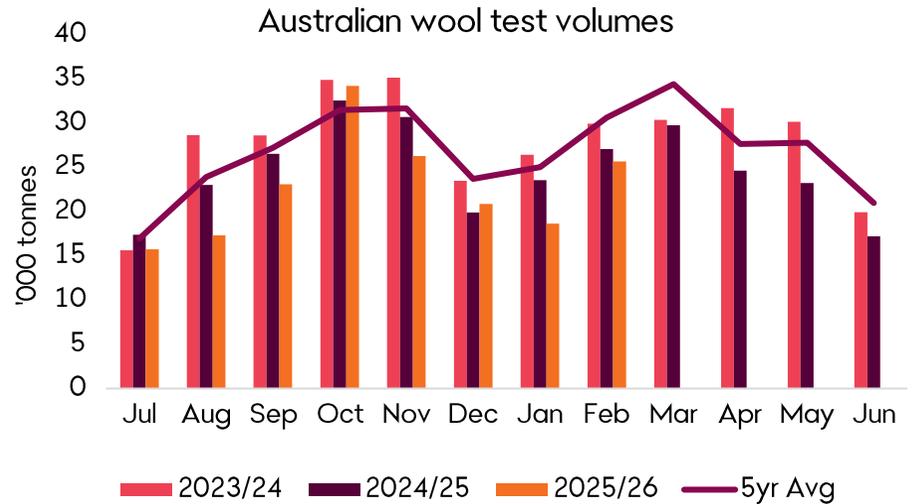
Industry Scan - Wool



Prices (c/kg)	Current Price	Month-on-Month	Year-on-Year	Five-Year Average
AWEX EMI	1,767	90	542	1,285
18-micron*	2,333	168	726	1,813
20-micron*	2,112	104	624	1,442
28-micron*	695	-20	268	428
Cardings*	1,029	160	296	804

*Southern selling centre

Source: AWEX



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