2026

Australian Agriculture Outlook

Bendigo Bank Agribusiness

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Bendigo Bank's *Australian Agriculture Outlook 2026* report provides an in-depth perspective on supply, demand, and price outlooks for six of Australia's major agricultural commodities. By analysing historical trends and considering future scenarios, the Outlook presents a detailed view on what lies ahead for Australian farmers to help them make informed business decisions. The next six months for Australian agriculture will be impacted by two key factors, seasonal conditions and the economic environment, both of which have the capacity to significantly benefit or hamper the industry as we move through the first half of 2026.

The past 12 months have presented a broad mix of seasonal conditions across the country, with some areas benefitting from favourable rainfall, while others have contended with drought conditions. A dry start across the southeast and parts of Western Australia initially raised concerns for this year's winter crop, although a favourable winter period helped improve the outlook considerably. However, dry conditions across the southeast in spring have resulted in a large area cut for hay, while rainfall in October has helped finish some of the later sown crops. From a livestock perspective, the northern regions have benefitted from timely rainfall and strong feed availability, while dry conditions across the southern regions have resulted in elevated feed costs and reduced production. The current forecast from the Bureau of Meteorology is tipping a relatively even chance of above or below median rainfall from January to March in the eastern states, while Western Australia is more likely to see drier conditions. This is paired with the expectation of above median maximum temperatures over this period across the country, which will further increase the drying out of soils. Given the importance of soil moisture during sowing and the low stocking rates across the southeast following a prolonged period of dry conditions, growers will be hoping for significant rainfall to start 2026 and build confidence for the season.

The trade environment has seen a volatile 2025, with the second Trump Administration bringing a range of tariffs and disruptive policies. Australia is highly exposed to changes in the global trade environment, as the country exports over two thirds of its agricultural product. The trade conflict, centred around the US and China, has presented both challenges and opportunities for Australia. Demand for Australian red meat has been supported, while the trade deals established between the US and some Asian nations may impact demand for Australian grain. There has been an easing in trade tensions over the recent months, although uncertainty and volatility is expected to continue into 2026.

Looking at the domestic economy, conditions have improved from an inflation and interest rates perspective, while the outlook for the Australian Dollar may pose headwinds. Core inflation is forecast to remain around 2.7–2.8 per cent throughout the first half of 2026. Interest rates have eased from the highs seen in 2024, although the expectation is for a shallow easing cycle following the recent inflation data, with the Reserve Bank of Australia cash rate now tipped to fall to 3.35 per cent – a one per cent decline from the peak. The Australian Dollar is projected to strengthen as we move into 2026, which could impact demand for Australian products on export markets while being beneficial from an input cost perspective.

The outlook for Australian agriculture is broadly positive as we move into 2026. While higher on-farm costs will weigh on the production of vegetables and milk, the tight supply outlook for sheep and wool, in addition to strong export demand for beef and lifting demand for some crops, will help support pricing into the new year. However, seasonal risk and economic uncertainty remain at the forefront of the outlook over the next few months.

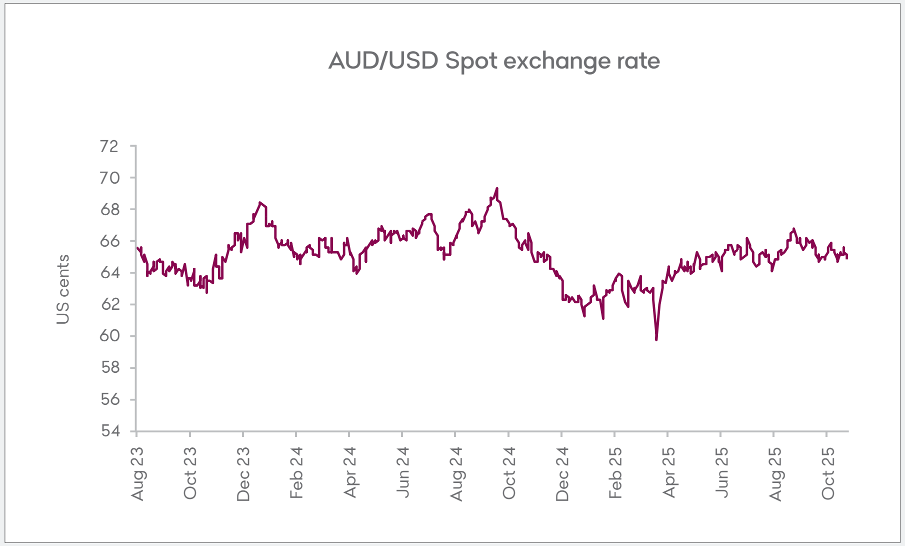
Economic outlook

The Australian economy has slowly but steadily rebounded despite global uncertainty with a pick-up in private sector demand, although conditions remain most uneven by region and industry. GDP growth appears on track to reach our target of two per cent in real terms over 2025 which is an improvement on last year but still below its long-term trend. Business confidence has rebounded modestly, while consumer sentiment rose in the November survey to its highest level since late 2021, assisted by three RBA rate cuts, fiscal support and relief that global tensions haven't had a material impact on the domestic economy.

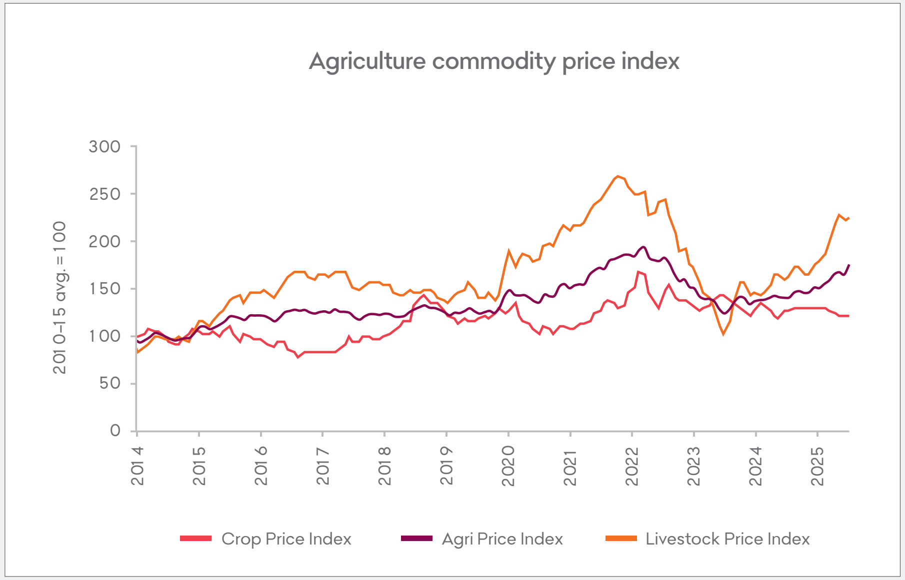
The Reserve Bank of Australia had been consistently cutting rates by 0.25 per cent each quarter, however, ended this sequence by not cutting rates in November after a recent, unexpected, rise in underlying inflation. The headline CPI rose to 3.2 per cent due to some well anticipated factors (especially the end of some state electricity rebates), however, other measures of core inflation were also dragged higher, so the RBA are now awaiting further data before being in a position to offer any further policy relief. Our forecasts continue to predict another cut to 3.35 per cent at which stage official rates would be around neutral (i.e. a rate that should neither add to demand nor constrain it). It is possible that rates have finished their easing cycle, but any increases appear most unlikely in 2026.

Labour markets remain in relatively good shape with unemployment at 4.3 per cent, although the recent trend of a slightly higher jobless rate is intact and our forecasts are more pessimistic than those of the RBA. Wages growth is running at 3.4 per cent year-on-year (so slightly above inflation), however, leading indicators for labour demand (e.g. job vacancies) and anecdotal evidence of an easing in hiring intentions may set the scene for a slightly higher unemployment in 2026. In the longer term, there is considerable uncertainty in how AI and other emerging technologies will impact labour markets, and simultaneously, what this will mean for output, growth and productivity.

The de-escalation in global trade tensions as the US administration has walked back some of its punitive tariffs has helped merchandise trade volumes here and for our major trading partners, which has coincided with a mildly stronger Australian Dollar in US Dollar terms and on a trade-weighted basis. These gains have been constrained by recent volatility in global financial markets (especially equities and bonds) and questions around the state of the Chinese economy, but there are good reasons for optimism of economic outperformance for Australia's economy next year versus our peers. The US economy faces some unknown factors such as the inflationary risks of their tariffs and the path ahead for fiscal and monetary policy, clouded somewhat by the recent government shutdown.



Source: RBA



Source: Bendigo Bank Agribusiness

Cattle

Supply

Australian beef production to slightly reduce but remain well above average.

Demand

Demand for Australian beef is set to remain strong, as supply from the US to international markets dwindles.

Price

Australian cattle prices will likely remain mostly stable as export demand supports prices.

Outlook

Australia's beef industry is set for a big 2026 with strong exports and well above average slaughter rates.

Supply

Australian beef slaughter year-to-date was 11 per cent higher than the same period in 2024, this came on the back of very high export demand which kept processors buying at local markets all year. Looking ahead, the latest Bureau of Meteorology forecast shows an average to above average chance of median rainfall across most cattle regions. Should this eventuate, a tightening in northern states markets may occur as producers hold onto stock and keep them on feed. For southern regions, supply will remain more dependent on weather as ever, with current weather forecasts not appearing as favourable; if drier conditions eventuate, producers may be more inclined to sell which could weigh on supply, but if not, better conditions paired with recent rainfall may be enough to hold onto cattle longer. On balance, national beef production is forecast to ease marginally through the first half of 2026.

Demand

Local demand from processing centres has remained very strong throughout 2025 and this is expected to continue into the first half of 2026. International demand has been at record levels in 2025 which has kept processors consistently purchasing high volumes of stock. However, recent reports have highlighted that processor margins are being tested at the current price point. Should prices begin to increase, its likely these processing centres will become less active and look south unless international prices increase along with them. For restockers, the weather forecast for northern states is favourable, which means less selling and more buying if it eventuates, keeping saleyards competitive. However, in southern states, processors may become more active if conditions turn dry as more supply will be available at a cheaper price.

Cattle

International demand for Australian beef has been extremely strong throughout 2025, with national beef exports lifting 15 per cent year-to-date. There are expectations that this strong demand will continue during the first half of 2026, particularly from the United States. The latest USDA report details that the United States is expected to have lower production, a shrinking herd, less exports and more imports of beef, which will remain positive for Australian beef exports. Buyers in the United States are also facing the challenge of high domestic prices, which has encouraged more buying from international markets, especially Australia.

The United States are a big player in global markets from both an import and export perspective, so the changes in both aspects will change the landscape of international beef trade. Australian producers are therefore likely to become more active and trade with other countries who typically rely on the United States for beef. This will include markets Australia already trade with like China, South Korea and Japan. However, a key watch will be competition with Brazil, in particular for the United States and Chinese trade. Brazil offers larger volumes than Australia and can fulfill needs when required. Australia is likely to remain a key import supplier for Japan and the United States, however in a recent blockbuster move, the United States government has announced the removal of the 40 per cent tariff implemented in July. This has now supercharged the competition for the United States market between Brazil and Australia, giving Brazil much stronger access to buyers in the United States. The consequences of this significant move will be a key watch for global cattle markets across the next six months.

Exports to Japan and China have been strong in 2025 and this is expected to continue throughout the first half of 2026 with export volumes remaining mostly stable at these high levels. South Korea continues to take in sizeable imports of United States beef, and as of July this year, were the only market to actually increase year-to-date. However, with supply falling in the United States, it is likely that Australia will see greater opportunities here. The only downside will be the triggering of safeguard tariffs across most major markets which could prevent exports from growing above these record highs in the back half of 2026. Ultimately, the export situation for Australia remains favourable and is likely to continue seeing these strong volumes in the first half of 2026.

Price

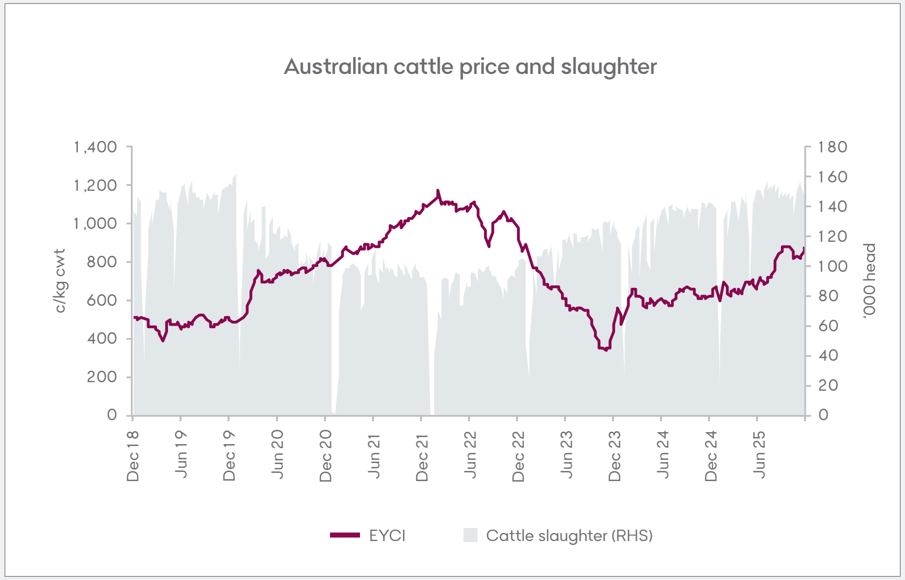
Australian cattle prices are forecast to be stable throughout the beginning of 2026. Prices presently sit at the highest point since late 2022, so it is expected that these levels may not be sustained throughout the next six months. Prices are forecast to be above recent averages and longer-term averages though, as the strong export demand will keep processors buying and competition firm at local saleyards. This will prevent prices seeing any significant downfall, however, should more stock become available at markets this could weigh on prices, so seasonal conditions will play a role in where prices go.

Cattle

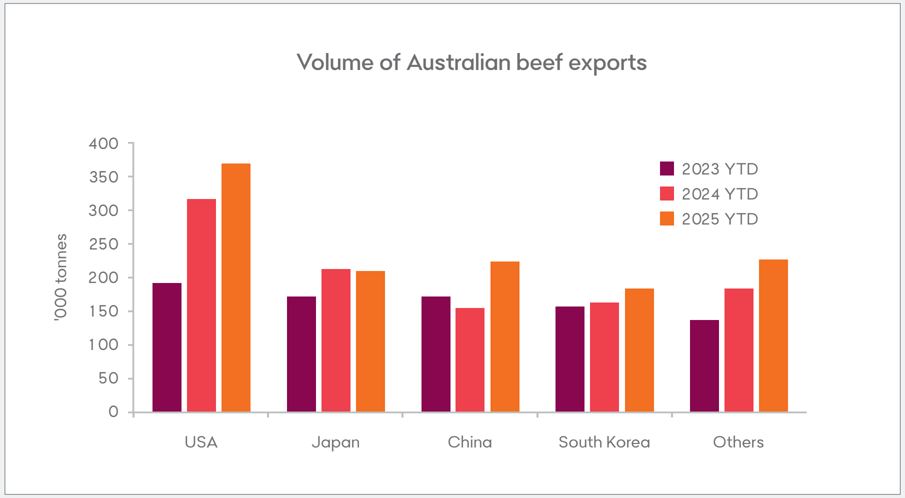
From the field...

“The Australian cattle industry has seen a strong year in 2025, especially from an export perspective. This is expected to continue well into 2026 as many producers particularly in northern states have built up their herds over the past few years and are set to continue trading over the next six months. Export demand continues to be a talking point with many expecting the sustained demand from the United States to continue into next year as they battle having a reduced herd and higher domestic prices. The outlook for the cattle industry remains strong for the first half of 2026.”

Craig Rosenbaum,
Regional Manager Agribusiness – New South Wales



Source: MLA



Source: Department of Agriculture, Fisheries and Forestry

Cropping

Supply

Early harvest results continue to surprise to the upside, supporting national winter crop production estimates of 62.3 million tonnes, making it the third largest crop on record.

Demand

Barley and canola dominate Q1 exports, allowing wheat to roll into Q2 where Southeast Asia feed demand should lift sharply. High-protein and noodle wheat are attracting early buyer interest.

Price

Wheat prices face near-term harvest pressure, though widening spreads for high-protein and noodle grades offer support. Barley values have stabilised on strong export programs and canola stays supported.

Outlook

Harvest pressure keeps wheat soft early, but Q2 strength should emerge as Southeast Asian feed demand lifts. Barley expects support from China and the Middle East demand into early 2026.

Cereals

Supply

Australia's total winter crop production for 2025/26 is now forecast at 62.3 million tonnes, representing a sharp 12 per cent increase from our mid-year estimate of 54.5 million tonnes. This significant upward revision is overwhelmingly driven by the extraordinary turnaround in Western Australia, where the production forecast has jumped by 26 per cent (+5.0 million tonnes) since June. Above-average rainfall from July through September laid the crucial foundation, and a very mild spring, largely avoiding widespread frost, allowed Western Australian crops to mature and fill to their full potential, securing a massive yield.

The eastern and southern states also saw overall improvements, albeit more modest. New South Wales and Queensland saw their forecasts lift by nine per cent and 10 per cent respectively, due to strong in-season performance. South Australia (SA) and Victoria, which started the season critically late and dry, experienced smaller yet important gains of nine per cent and three per cent respectively.

While below-average rainfall in August and September across SA and VIC forced growers to cut some acreage for hay, this reduction was ultimately stabilised and mitigated by beneficial above-average rainfall in parts of both states during October. This late moisture benefit was critical for later-planted crops, helping to reduce the overall downside risk.

The key uncertainty remaining in the national forecast is the final quantity of cereal grain ultimately cut for hay in SA and VIC. This in part is currently driving the variance in market forecasts, which range from 35–36 million tonnes for wheat, 14–15 million tonnes for barley, and 6.5–7.0 million tonnes for canola. Additionally, quantifying the impact of new cropping operators in Western Australia, where land has shifted from livestock resulting in expanded cropped area and varied commodity mix choices, will only be fully determined by final harvest deliveries.

Cropping

Global markets have been operating in the dark since late September. The recent US government shutdown deprived participants of critical October production data and crop conditions right in the middle of the northern hemisphere harvest.

The lights are now back on, but the picture is bearish. The USDA's November WASDE report raised global wheat production estimates by a staggering 12.69 million tonnes from September figures. This pegs the 2025/26 crop at a record 828.89 million tonnes (up from 800.79mt last season).

Supplies are projected to swell by 11.7 million tonnes, driven by higher production across almost every major exporter – including Kazakhstan, Argentina, the EU, the US, Russia, Canada, and Australia.

While the report notes higher global consumption – primarily due to increased feed use in Russia, Kazakhstan, and the EU – this demand is insufficient to offset the production surge. Consequently, projected 2025/26 ending stocks have been raised by 7.4 million tonnes to 271.4 million. This would result in the first year-on-year increase in global wheat stocks since 2019/20.

Export Demand

While the WASDE report confirms overwhelming world supply, Australia enters the 2025/26 season with strong domestic fundamentals. The primary driver of immediate market stability is the fact that the previous robust export program has successfully run-down ending stocks.

Following a strong recovery in grain output last season, Australia's export program achieved a total volume of 42.5 million tonnes in 2024/25. This was the country's third-highest export volume on record, demonstrating sustained and efficient export capabilities.

Critically, this success has led to record-tight old crop stocks. The combined carry-out of wheat, barley, and canola into the 2025/26 season is estimated at just 3.0 million tonnes. This contrasts sharply with the last comparable harvest year (2022/23), which started with carry-in stocks of 10.5 million tonnes. This tight starting point provides strong demand pull for the new crop.

The market is already demonstrating significant appetite for the new crop, especially for barley and canola. Leveraging current shipment data and forward bookings, we maintain a robust export forecast, anticipating significant movement in the new marketing year:

- Wheat: 25.5 million tonnes
- Barley: 8.0 million tonnes
- Canola: 5.0 million tonnes

The transition into the new marketing year was signalled by historically strong clearance of old crop wheat in October, ensuring residual inventory was minimal and setting a clear slate for new-season sales. This momentum has carried forward, with shipping stem data confirming Australia is on track to move close to 8 million tonnes of grain in the first quarter of the 2025/26 marketing year, marking the fourth-strongest start on record. This early demand is acutely focused on commodities with record-low stock levels with current Q1 export commitment for barley at 1.8 million tonnes and 1.0 million tonnes for canola.

The market must frame demand around these lower ending stocks. The current supply-demand picture is fundamentally different from previous large-crop years. Although global stocks are heavy, the lack of carry-over volumes domestically should ensure immediate, competitive offshore demand for the Australian crop through the early months of 2026.

Domestic Demand

Domestic consumption, driven by Australia's intensive livestock operations, is a critical component that establishes a resilient and stable premium (basis) for feed grain over the international price. The market is currently operating at a structural high demand environment, placing significant competitive pressure on local supply.

The structural demand for feed grain is at a historical peak, driven by sustained, high-volume output across all key intensive sectors. Quarterly beef production hit a record 759,270 tonnes in the September quarter, driven by one of the largest processing volumes ever recorded in Queensland, New South Wales, and Victoria. While the official cattle on feed number stands at 1,497,325 head (June quarter data), the scale of record beef production witnessed in the September quarter

Cropping

strongly suggests that cattle on feed numbers have been sustained at this historical peak, maintaining maximum structural demand. National poultry slaughter achieved its highest level on record. Although both poultry and pork production saw slight declines from the previous quarter, both remain the second highest on record, confirming structural strength rather than a market retreat.

The combination of record beef production and near-record poultry/pork activity ensures strong, localised competition for feed stock. This structural demand factor will act as the primary upward pressure on basis, ensuring that Australian prices trade at a firm premium above the global benchmark throughout 2026.

Outlook

A slow start to harvest, along with repeated weather interruptions, has supported wheat prices for now. However, short-term downside remains likely as harvest accelerates, and large volumes move into the system over the coming weeks. This aligns with the export profile so far: wheat shipped strongly in October but has since eased, with first-quarter export momentum increasingly driven by barley and canola. Reports of generally lower protein this season are not unexpected, and we expect spreads to higher-protein grades to widen as buyers compete for limited supply. Demand for lower-protein wheat should lift post-harvest, supported by strong feed-wheat demand into Southeast Asia, particularly the Philippines. China remains largely absent at this stage, following last season's reduced purchases of 1.0 million tonnes compared with 3.8 million tonnes and 7.6 million tonnes in the prior two years. A major rally in wheat prices would likely require a return of that scale of Chinese buying.

The size of the barley crop has placed downward pressure on prices through the lead-up to and early stages of harvest. Prices now appear low enough to have triggered strong export demand, reflected in substantial first-quarter shipping commitments. Grower selling should begin to ease as harvest progresses, and contracted tonnes start to move. With China expected to take another large Australian program – supported by the post-tariff structural shift that has seen Australia supply over six million tonnes per year since tariffs were removed – we anticipate prices finding support early in the new year and gradually firming on Chinese demand. Tighter barley availability in parts of the EU and Black Sea should also ensure ample homes for Australian barley into the Middle East through early 2026.

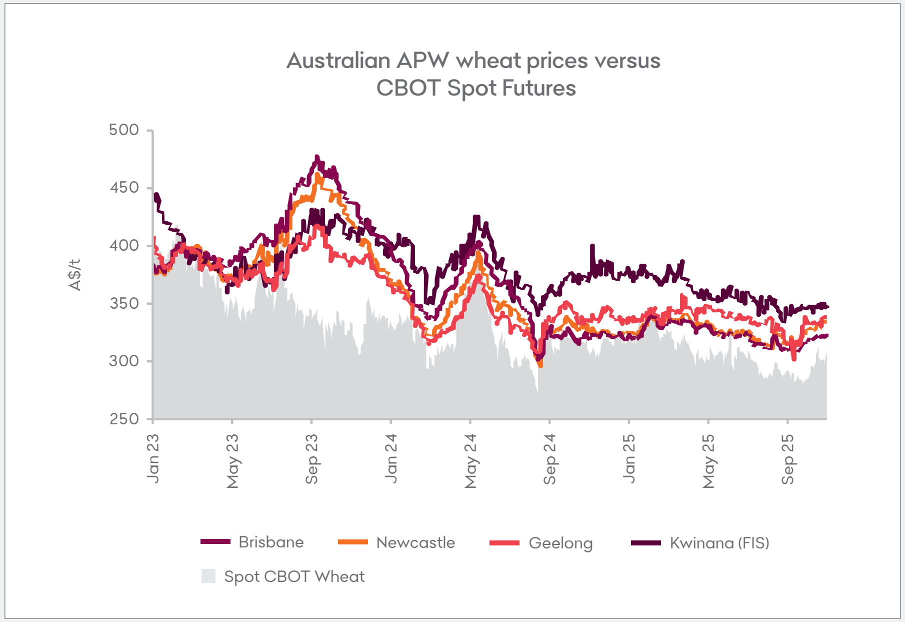
Strong gains in local canola markets are keeping sales attractive, with harvest pressure still largely absent despite ongoing upward revisions to yield estimates. Global canola supplies remain comparatively tight, which should help limit significant downside, though the soy complex will remain an influential driver in the short term. Harvest-related pressure is likely to emerge at some point, but with domestic stocks at multi-year lows and strong accumulation from crushers and exporters, any weakness may be shallower and shorter-lived than typical in large-production years.

Cropping

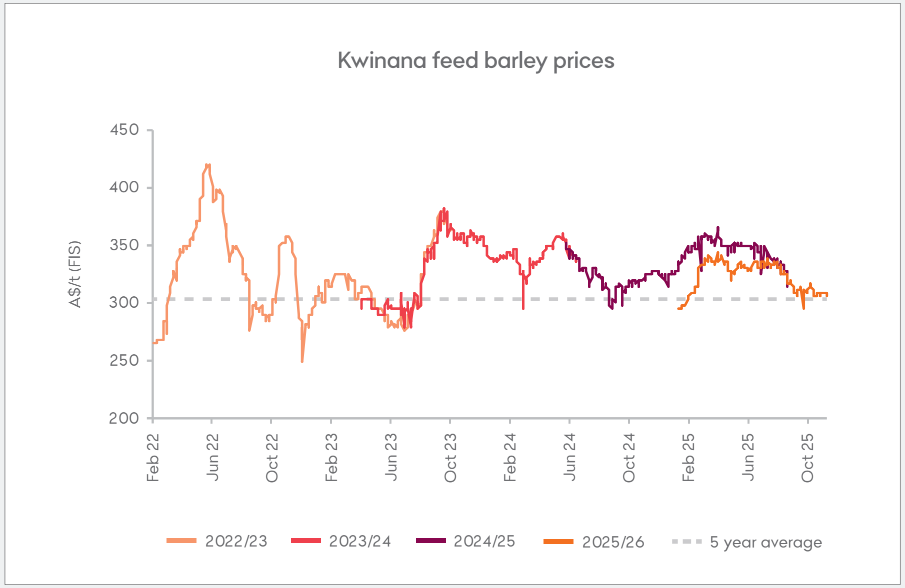
Pulses

Australia's total pulse production for 2025/26 is forecast to increase by 8.7 per cent to 5.0 million tonnes. The standout performer is faba beans, projected to surge 28 per cent as growers across New South Wales expand their rotations to include this crop. Lentil production is expected to rebound strongly, rising 28 per cent to 1.3 million tonnes. This recovery follows production setbacks in South Australia and Victoria, where dry conditions impacted the previous season's crop. Lupins are forecast to increase eight per cent to 850,000 tonnes, driven by a potentially record-breaking crop from Western Australia. Chickpeas represent the only pulse crop facing a year-on-year decline, down seven per cent to 1.9 million tonnes. However, this follows the second-largest chickpea crop on record, meaning this year's production still ranks as the third largest ever.

India imported 1.4 million tonnes of Australian chickpeas last year, which helped maintain prices above the decile eight threshold. Current forecasts suggest this season's imports from Australia will be less than half that volume, primarily because India's domestic crop is significantly larger. With a substantial exportable surplus, alternative markets including Pakistan, Bangladesh, and the Middle East will need to absorb the excess supply. These markets typically don't command the same premium as India, so chickpea prices are expected to trade within a $600–650 per tonne range this season. Lupin prices are currently trading around their long-term average of $350/tonne, reflecting increased global supplies and reduced demand for supplementary feeding. Prices may face additional downward pressure toward year-end. Given the total crop size, last season's peak price of $500 per tonne is unlikely to be reached this season. Lentil prices are trading at multi-year lows, with Port Adelaide track bids at $630 per tonne at the time of writing. With substantial combined Canadian and Australian lentil supplies, the market is anticipated to remain subdued at these levels, contrasting sharply with the past five years when prices consistently exceeded $800 per tonne.



Source: Bendigo Bank Agri Insights Pro, CME Group



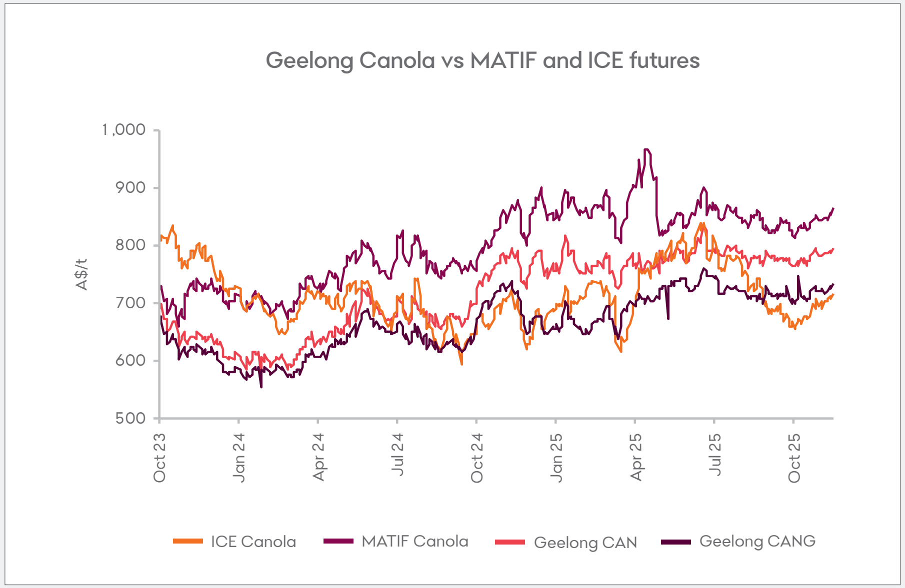
Source: Bendigo Bank Agri Insights Pro

Cropping

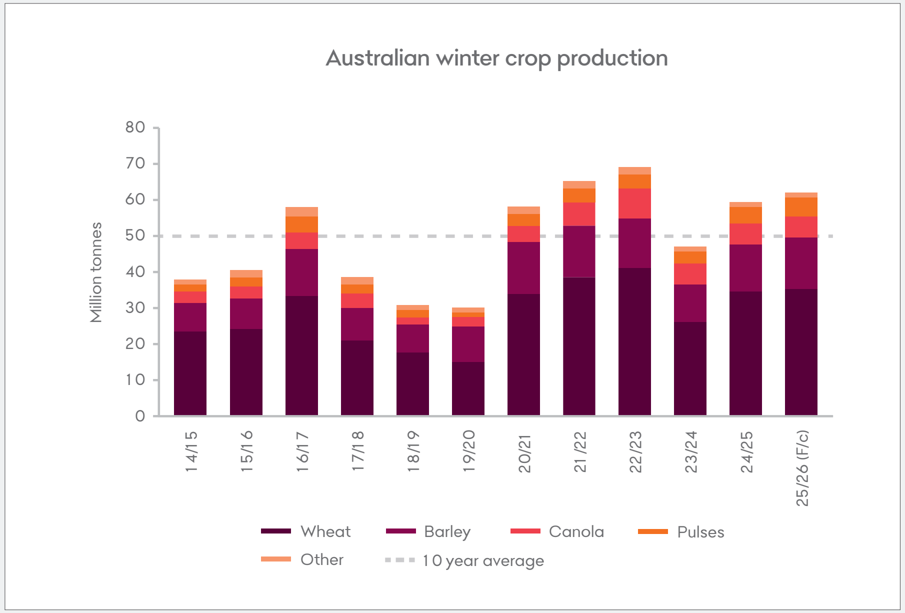
From the field…

"After a very challenging 2023 for growers in our low rainfall regions – where many also missed out on the broader state recovery last year – there's genuine optimism heading into this season. Rainfall throughout the year has been excellent, positioning Western Australia for what could be another record-breaking harvest. This presents a vital opportunity for our low rainfall zone clients to recover and strengthen their financial position, building the resilience needed to navigate future seasonal variations. It's encouraging to see conditions shaping up so favourably for our clients and the broader Western Australian cropping sector."

Stephen Fidge,
Agribusiness Relationship Manager – Western Australia



Source: Bendigo Bank Agri Insights Pro



Source: Bendigo Bank Agri Insights Pro

Dairy

Supply

Australian milk production to drop one to two per cent to around 8.2 billion litres, while global milk supply is expected to continue growing across other major dairy export competitors.

Demand

Stable Australian demand and robust global buying are advantageous, but insufficient to balance the market amidst rapid supply growth.

Price

Growing supply and comparatively static demand continue to encourage conservatism in farmgate milk pricing.

Outlook

Expectations for milk production and farmgate milk prices have eased, with downside risks still likely for both.

Supply

Australian milk production has contracted during the first quarter of the 2025/26 season, albeit recovering some ground in September. Southern regions on the mainland received just enough rainfall to tick pasture growth along as temperatures increased, whilst Tasmania has seen a particularly marked turnaround from the challenging conditions of 2024/25. Production in Queensland and New South Wales has also grown year-on-year, with the former back to 2023/24 volumes and the latter hitting its highest first quarter total since 2021/22.

October rainfall was average or better in most dairy regions, providing a continued boost through the peak milk production month. As welcome as timely rainfall always is, the elevated input costs noted in our *2025 Mid-Year Outlook* continue to plague farmers and production; particularly fodder and fertiliser. Indicators for both of these key items are around one third higher than year ago levels, and in many cases double those of five years ago, despite recent easing. While stronger beef prices have been helpful for producers looking to reduce their exposure to purchased feed, they have translated to another headwind for milk production. A smaller dairy herd will constrain the degree to which milk intakes recover, even under optimal conditions from here forward, but will improve the resilience of operations should dry conditions return, or fodder markets remain undersupplied. Considering these constraints and a better-than-expected spring, we're now forecasting national milk production to fall between one to two per cent, reaching around 8.2 billion litres over the 2025/26 season.

Across Australia's major dairy export competitors, milk production is once again growing. European producers are on the march, with momentum through August and September defying falling farmgate prices and lacklustre demand. A growing dairy herd in the United States is outweighing earlier disease and tariff concerns, with an expansionary cycle apparently firmly underway. Although data releases from the United States Department of Agriculture have been interrupted by the US Government shutdown, the trends across pricing indicators are clear: American wholesale buyers are clearly unconcerned about product supply. New Zealand's milk production is also on the increase, with increased supplementary feeding driving milk solids growth over and above liquid volumes.

Demand

Australian dairy demand remains characteristically stable, with Dairy Australia analysis suggesting retail volumes of milk, cheese and yoghurts are improving marginally as 2025 progresses. Sales of dairy spreads have retreated slightly in volume terms,

Dairy

likely as a result of broader cost pressures facing households and the ready acceptance of cheaper plant-based alternatives. The new offer of imported US butter in private label formats by at least one major supermarket also supports this narrative, with retailers clearly aware of a customer segment prepared to trade off local provenance for lower-priced dairy spreads.

Growth in liquid milk sales remains sluggish when considered in per-capita terms, reflecting a long-term trend – partly to plant-based alternatives, but also to other product formats such as yoghurts, which continues to outperform other major dairy categories in the Australian market in both volume and value growth. Conversely, cheese is the only major category experiencing a reduction in average prices as growth in the total value of sales lags growth in volume. In the absence of widely accepted alternatives to cheese, there are a range of options for consumers looking to trade to lower price points. It's likely that this apparent 'deflation' in prices is the result of consumers reducing their price per kilogram by purchasing larger pack sizes, more private label products, or focusing on staple rather than specialty cheeses.

Consumers in other major developed markets are also feeling the pinch and whilst global dairy demand is relatively robust, the market needs more in order to find balance during periods of rapid supply growth. The large domestic markets of Europe and the US remain flat to weaker, meaning more product available for export by motivated sellers. The US is on a particular tear, with July exports up seven per cent year-on-year, compared with milk production up only three per cent. Until European and US dairy farmers begin to feel the squeeze from compressed margins and take steps to reduce production, cheaper dairy product will continue to hit global markets. There are certainly pockets of demand for Australian and New Zealand product, from customers with specific country of origin requirements, exacting specifications, or simply a strong preference. These customers often pay substantial premiums, but the market clearing price will be influenced by the bulk of the volumes being sold on a more price-driven basis.

Chinese dairy demand has picked up in recent months, with growth in cheese, butter and whole milk powder. This may reflect economic stimulus measures implemented by the Chinese government more so than a broader recovery, which remains far from certain. Southeast Asia paints a similarly mixed picture, continuing to offer lucrative opportunities for trusted Australian and New Zealand product in some categories, but also scooping up bargain-priced US offerings in others.

Price

Growing supply and comparatively static demand continue to encourage conservatism in farmgate milk pricing. Having opened around $8.90/kg MS, prices for the major processors in southern states have increased slightly to a current average closer to $9.10/kg MS. This certainly doesn't reflect the aggressive competition seen in other seasons, but the market signal is no less bearish than in major competing regions. Over the same period, the US All Milk price fell seven per cent, European Union average farmgate price was flat, as was Fonterra's New Zealand full season price forecast, albeit within a tightened range. Producers on domestic-focused contracts are undoubtedly at higher levels, albeit exposed to the enhanced risks associated with meeting requirements for a flatter production curve and guaranteed volumes against ongoing seasonal challenges and cost pressures.

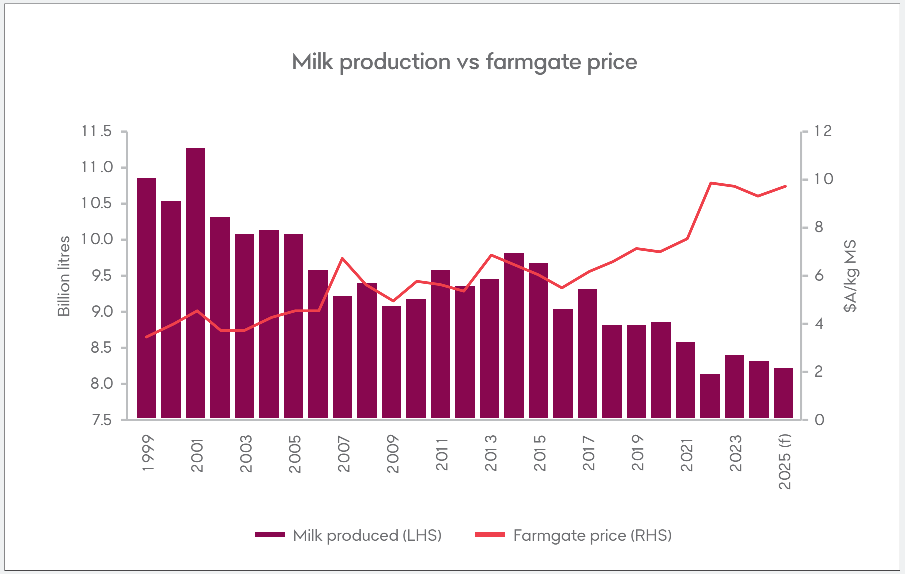
Our *Mid-Year Outlook* foreshadowed price upside if local supply began to lag, and global pricing firmed. Unfortunately for producers, the opposite dynamic is currently playing out, with global pricing weakening and any local supply concerns seemingly on the backburner at least as long as the rain keeps coming. As such, our expectation for the average southern farmgate milk price has eased, to $9.40kg MS (and $9.78kg MS nationally) for the 2025/26 season.

Dairy

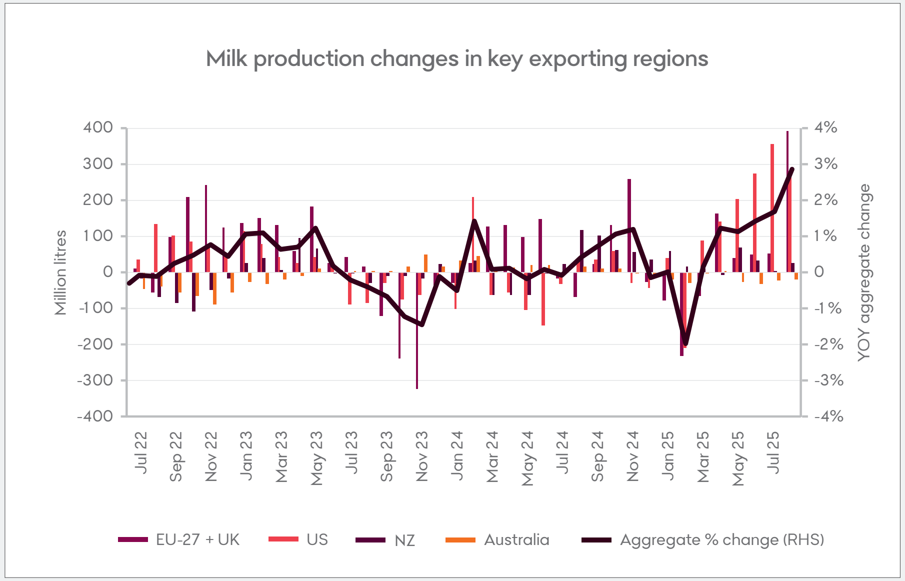
From the field...

“We’re seeing recovery from the dry conditions in parts of southwest Victoria and western Gippsland, bringing great relief to those farmers who were running short of not only feed, but stock water resources. There will be cashflow problems lingering for some farmers though, as they remain pressured by high fodder and fertiliser costs, as well as rising irrigation prices.”

Tony Anderson,
Regional Manager Agribusiness – Southern Victoria & Tasmania



Source: Dairy Australia and Bendigo Bank Agribusiness



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

Horticulture

Supply

Output to remain high across fruit and nut sectors while vegetable production will be pressure by high irrigation costs.

Demand

Record export demand is forecast to ease slightly as a higher AUD and market access advantages start to be wound back.

Price

Fruit and nut prices are expected to ease slightly elevated supply and slightly softer export demand.

Outlook

A shift in market dynamics with uncertain export demand and high supply driving a slightly less favourable outlook compared to 2025.

Outlook

Sentiment across the horticultural sector remains broadly positive following a favourable 2025 that was defined by elevated production of high-quality produce. Resurgent export demand off the back of Asia's growing middle-class rounded out a balanced supply and demand environment which helped to lift the value of Australian horticultural exports to a record high. Resilient domestic demand was also a key factor as improved consumer confidence supported spending across more premium segments of the industry.

Looking ahead, the seasonal forecast remains positive with typical rainfall totals across the next three months anticipated to support above average production of high-quality produce across key sectors. A cold spring has delayed summer fruit season by a couple of weeks, though quality remains exceptional. While underlying market dynamics remain supportive, the supply and demand picture is beginning to shift heading into 2026. The unpredictable global trading environment is clouding the demand outlook, with any shift in Asian purchasing to impact Australian fruit and nut exporters as the US import tariff situation evolved.

Input costs also continue to drive this significant margin pressure with fertiliser, irrigation, chemical and labour costs showing no signs of any sustained easing in the coming months. Fertiliser markets sit elevated compared to a year earlier with prices anticipated to remain high as seasonal demand picks up alongside chemical purchasing from late summer. Biosecurity risks also remain an industry focus with challenges relating to varroa mite and mop top virus having been highlighted in recent months. Pollination issues have limited apple yields in New South Wales while almond producers continue to grapple with increased costs resulting from the varroa mite incursion. From a macroeconomic perspective, the potential for a rising Australian Dollar is expected to impact more price sensitive export markets across Southeast Asia. Despite these challenges, the Australian fruit and nut sectors will continue to derive support from favourable trade terms and strong yield outlooks. In contrast, vegetable producers remain more exposed to the domestic market fluctuations and are expected to see greater yield impacts from elevated irrigation costs.

Horticulture

Yields and quality across key fruit varieties to remain elevated into 2026

Output and quality across most key fruit varieties is anticipated to sit above average in the first half of 2026. Positive seasonal conditions throughout autumn and into the new year, alongside the ongoing maturation of recent plantings underpin this optimistic supply outlook. Typical rainfall totals are forecast across most key growing regions throughout both the east and west coast which should also support quality outcomes. From a demand perspective, the continuing focus on improving produce quality across seasonal export competitors in Peru and Chile remains a longer-term risk. However, the rising middle-class demand for quality produce across Southeast Asia and China are expected to hold Australian exporters in good stead for the coming season. Pricing will remain varied based upon region and sector, though generally the high supply environment combined with the rising Australian Dollar may limit further price upside to export orientated fruit varieties in particular.

Table grape crops are looking promising with early industry forecasts placing national production in line with last season at around 230,000mt. This forecast has been supported by reports of strong flowering across Sunraysia and the Riverland. For context, this forecast production total sits 14 per cent above the ten-year average. Growers are monitoring for powdery mildew following a cold and wet November, but overall vineyard health appears strong. Demand prospects are also favourable owing to the counter cyclical nature of our southern hemisphere crop production. China remains the primary destination, accounting for over 30 per cent of table grape export value. The average export price to China has fallen slightly in 2025 off the back of growth in their own production and strong competition from South American exporters. Over the medium term, reducing reliance upon China must remain a key focus for the sector. Improved trade access into the Japanese market provided immediate results in 2025, with the Asian nation accounting for well over six per cent of all table grape export value, more than double the year prior. Recent plantings of new table grape varieties including cotton candy were warmly received by the Japanese market on the back of that improved varietal access. This is expected to drive further growth in the value of the Japanese market through 2026. Despite this, the Australian Table Grape Association have noted that additional planting of these newer varieties has now begun to slow, with growers switching back towards replanting traditional export orientated varieties like Red Globe and Crimson Seedless. Growth in grape exports to India through 2026 is also likely after a poor crop on the sub-continent. Table grape prices are forecast to sit at a similar level to last season, although this is dependent on Queensland harvest yields. Dried grapes crops are also looking promising, and growers remain optimistic that prices will stay high, continuing the positive trend seen last year.

Avocado producers are in for another large season from a yield perspective, with Western Australian growers in the middle of harvesting another record crop of almost 60,000mt. This is well above the 37,000mt of avocados produced in the west during the 2024/25 financial year. Producers located in North Queensland expect stable yields in 2026, though production remains dependant on weather conditions over the coming month which will affect flowering and fruit set. Meanwhile, the Shepard variety that will come to market from February is expected to see yields around 10 per cent higher than last season. Production is continuing to move towards the national industry forecast that sits at over 170,000mt by 2027. This is up from just over 150,000mt in 2025 with yields continuing to lift as plantings mature. This rising production must be matched by a further expansion of demand. Domestic consumption per capita is expected to lift above 5kg per person for the first time in 2026, however this growth continues to be outpaced by increased local production. To maintain market balance and sustainable pricing for growers, the industry is continuing to target expanded export market access. China offers a strong opportunity, particularly for Western Australian growers who maintain Queensland Fruit Fly free status. This status has enabled favourable export access to Japan and Thailand with minimal cold treatment. Formal approval for exports into China remains under negotiation, though it is a significant 'watch this space' for the sector. Retail pricing of Hass avocados will lift across January and February as supply out of Western Australia begins to wane. However, we anticipate the strong production forecast from April will see pricing quickly shift back towards $1.00–$2.00 per avocado range.

Horticulture

Shifting market dynamics are painting a cloudier outlook for the nut sector

The final figures for the 2025 almond harvest have been announced by the Almond Board of Australia at 155,697mt (kernel weight equivalent). This is a strong result for the industry considering the challenges some faced across the season and initial concern that yields were coming in 10-20 per cent lower than anticipated. This output remains about 7,500mt below the 2024 record intake of 163,148 (kernel weight equivalent). Looking to the 2026 season, market dynamics are expected to shift towards a slightly less favourable footing compared to 2025. The supply outlook appears favourable as almond crops across Sunraysia, and the Riverland are tracking strongly with yields looking similar to last year. Growers are optimistic that high grade packouts will be maintained while strong pricing has also been indicated by processes, although uncertainty surrounding the US tariff situation could see this pricing outlook shift rapidly. Currently, Californian almond exports into China remain at a competitive disadvantage, with China (the world's largest consumer) maintaining a 25 per cent tariff on US almonds while the Australian product is duty free owing to our Free Trade Agreement. However, there is a lack of certainty regarding whether the 10 per cent additional tariff has been removed from US almond exports with the relative lack of communication out of China causing confusion. The difference between a 25 per cent tariff and a 35 per cent tariff is significant and would impact markets. Meanwhile the first phase of India-US trade deal is nearing closure. The US is seeking greater market access for its own products into India including almonds, which could directly weigh on Indian demand for Australian almonds. While a poor local crop should see India's overall almond imports rise marginally in 2026, the makeup where these imports are sourced from remain up in the air. While this trade uncertainty is a concern, reduced Australian stocks following the execution of a record export program in the 2024/25 marketing year should provide strong underlying price support for growers in coming months. The average export price per kg of shelled almonds rose by over 44 per cent to $10.16/kg in 2025, while in-shell almond export average pricing lifted 27 per cent to $7.37/kg. There appears to be greater downside to in-shell export pricing at present given the larger impact a US trade deal with India would have on that demand profile, which may well be further exacerbated by an appreciating Australian Dollar.

Reduced macadamia output across both Australia and South Africa are supporting macadamia kernel prices as China cautiously resumes in-shell buying. However, a shift in the global demand environment presents a mixed outlook for prices heading into 2026. The continued expansion of macadamia production within China, our largest export market, is expected to place renewed pressure on in shell prices during 2026, with our own production continuing to lift as plantations mature. Chinese demand is expected to be more discerning of international supply as a result, seeking higher quality Nuts In Shell (NIS) that can be processed onshore for changing market tastes. This is made easier by the ongoing investment that China has made in its own on shore cracking capacity. Longer term, diversifying market access will be key to reducing year-on-year export price volatility and maintain decent margins for growers. Current Conventional NIS pricing is listed in the mid $4 per kg range for processors (~30 per cent higher on last season), while the average export price for in shell macadamias is hovering around $10/kg, a rise of almost 50 per cent on the same period last season. While we anticipate strong pricing for producers again in 2026, it is unlikely to sit at these 2025 levels as global inventories recover. The Australian Macadamia Society is forecasting output will reach 100,000mt by 2029. When combined with surging global production, increasing exports while also continuing to position macadamias as a viable alternative to other nuts will be key to ensuring pricing remains sustainable for producers over the long term.

High irrigation costs to impact vegetable supply

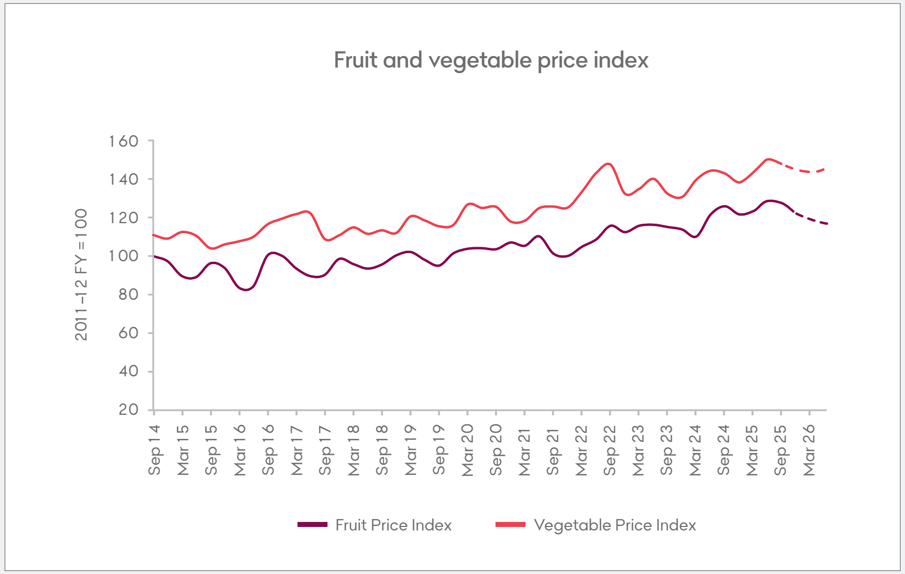
The outlook for vegetable crops is mixed following a challenging second half of 2025, punctuated by the tight supplies of onions and potatoes while biosecurity outbreaks are limiting the flow of vegetables across state lines. Production and sizing issues for both potatoes and onions out of South Australia resulted in supermarket shelves running short on both staple vegetables in early spring. While the outbreak of the mop-top virus within Tasmania has also limited potato exports from Tasmania to other regions to cover these shortages. Seed potato supplies have also been impacted. While supply issues across these staple crops have eased in late spring, pricing remains elevated, particularly across potatoes. Looking to the supply outlook for 2026, vegetable production more broadly is anticipated to sit below what was seen in the first half of 2025 as reduced water storages and significantly higher irrigation costs limit production potential. The cooler November conditions will likely have aided spring planted crops to establish well ahead of summer which should aid sizing and quality to an extent. Domestic demand continues to have an outsized impact on the vegetable sector with only 10 per cent of production exported. Demand is expected to remain broadly steady over the first half of the year with government backed health initiatives and an increasing number of health-conscious consumers to support domestic demand. Pricing volatility will remain high, though we generally anticipate a volatility in pricing off the back of the reduction in output seen across the period.

Horticulture

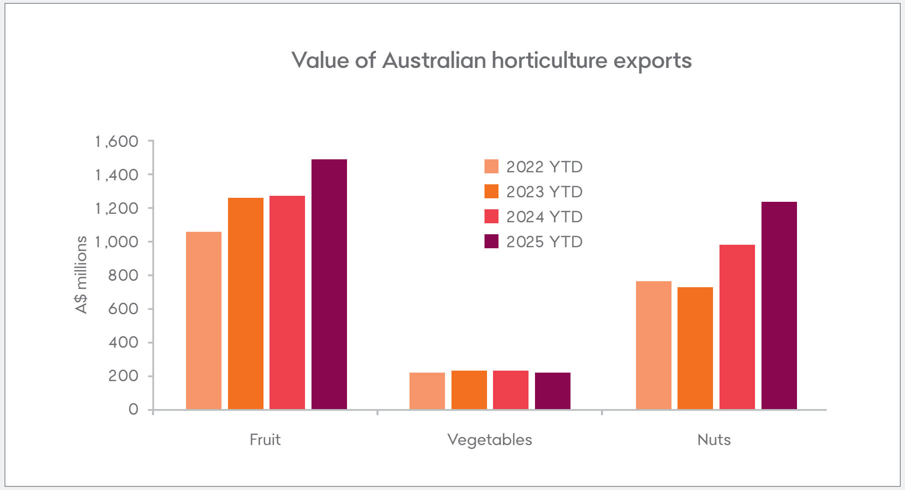
From the field…

“Weather remains the key driver of horticultural output heading into the first half of 2026 with current forecasts supporting both quality and volume expectations across key production regions. Export orientated producers remain focused on shifting trade dynamics which may impact demand. Margin pressure is also expected to persist, primarily driven by increased fertiliser and water costs compared to the same period last year.”

Bruce Berruti,
Agribusiness Relationship Manager –
Far North Queensland



Source: Australian Bureau of Statistics (ABS), Bendigo Bank Agribusiness



Source: Global Trade Atlas

Sheep

Supply

Australian lamb and mutton supply to remain lower in the first half of 2026.

Demand

Demand to remain elevated as processors look to maintain throughput, while restocking activity will also be supportive.

Price

Australian lamb prices to ease from the recent record highs but will remain well above the five-year average.

Outlook

The recent run of strong prices is expected to continue into 2026 due to firm demand and the tight supply environment.

Supply

Australian lamb supply is forecast to tighten in the first half of 2026 compared to the same period this year, as destocking over the past two seasons and unfavourable conditions throughout key periods such as joining and lambing over the past 12 months have impacted production. Dry conditions, primarily in South Australia and Victoria, have resulted in elevated turn-off rates of mutton and resulted in a smaller breeding flock for the current season. Australia has also seen record lamb processing rates in the first half of 2025, with slaughter peaking at 527 thousand head per week. Then in the second half of the year we have seen throughput slow considerably, averaging 369 thousand head per week between July and October. The first half of 2026 will see an uptick in supply following the seasonal trend, however, the quantity of lambs available is expected to be below the levels seen in the first half of 2025.

Mutton supply is expected to remain restricted as we move into 2026, continuing the tighter trend seen since the middle of this year. Sheep processing rates were incredibly high between the second half of 2024 and the first half of 2025, averaging 187 thousand head per week (up +16.4 per cent compared to the same period the previous year). However, the second half of 2025 (to the time of writing) averaged only 145 thousand head per week. If conditions remain generally favourable, we expect to see turn-off remain well below the levels we saw over the same period last year, with growers instead looking to hold on to breeding stock to assist in rebuilding.

The key sheep producing regions across the eastern states are generally forecast to have a slightly higher chance of exceeding median rainfall over the next three months, which would continue to support

Sheep

restocker demand as growers across the southeast look to rebuild. The forecast for Western Australia is for a higher likelihood of below median rainfall, which may see turn-off rates remain elevated within the state. However, Western Australia is expected to have a large grain crop this year, which when paired with strong livestock prices may encourage more growers to supplementary feed rather than destock should conditions turn dry.

Demand

The demand outlook for sheep and lamb is broadly positive, driven primarily from processors who have increased their capacity over the past two years. MLA has reported that combined weekly slaughter averaged 648 thousand head in the first half of 2025, up +20.7 per cent compared to the same period in 2023. This uptick in throughput capacity will continue to drive demand as we move into 2026. Restocker demand is also expected to lift on the back of the recent improvement in conditions and the moderately favourable seasonal outlook. However, as mentioned earlier, the extent of the restocking activity will be highly dependent on continued rainfall as we move into the new year.

The uplift in saleyard prices over the past 12 months is now apparent at the consumer level, with the CPI data through to September 2025 showing the lamb price index climbing 30.5 points since the trough in March 2024. Increases in prices of other protein options were more muted: beef lifted 12.5 points, pork rose 4.3 points, and poultry increased only 2.2 points. Given the delay between changes in saleyard prices and the flow through to consumers, we expect to see further increases in domestic prices as we move into 2026 which could put pressure on consumer demand.

Australia's lamb exports have slowed in the second half of 2025 following the decline in supply. Total year-to-date lamb exports were down -4.6 per cent, however, they are still historically high, up 16.4 per cent compared to the five-year average. Looking at the key markets, volumes exported to the US are slightly lower year-on-year, while exports to China have lifted sharply. Volumes to the Middle East are down -30.7 per cent, driven primarily by Iran exiting the market after taking significant quantities earlier in the year and in 2024. On the mutton side, total exports are down -13.7 per cent year-to-date, lead primarily by a -31.0 per cent decline in volumes to China. Export volumes for both lamb and mutton are tipped to be lower in 2026 on the back of the ongoing tightening of supply. However, demand from our key export markets is expected to remain elevated due to the reduced global protein supply outlook more broadly, as both the US and Brazil are projected to have lower beef supply as they enter rebuilding phases, and New Zealand is forecast to have reduced sheepmeat exports this financial year.

Price

Sheepmeat prices climbed to new heights in 2025, as tight supply paired with strong processing capacity and export demand meant that buyers had to compete harder for stock. The Bureau of Meteorology is tipping a slightly above 50 per cent chance of exceeding median rainfall across the southeast for the first three months of 2026, while Western Australia has a higher chance of drier conditions. Conditions have improved across the drought affected areas in South Australia and Victoria more recently, however, favourable conditions going forward will be required to encourage growers to retain stock and rebuild their flocks.

Compared to the record levels seen over the past six months, Australian lamb prices are expected to come under pressure throughout the first half of 2026. Nonetheless, the quantity of lambs available in the coming autumn is forecast to be lower than in 2024 and 2025, after high levels of destocking and periods of unfavourable conditions during these years. This decline in supply should keep prices elevated in relation to the longer-term averages, while still below the highs we have been seeing more recently. However, the shortages of available stock seen throughout the winter period in 2025 is expected to occur again as we approach the middle of 2026, which should see prices strengthen again as we await the arrival of new season lambs.

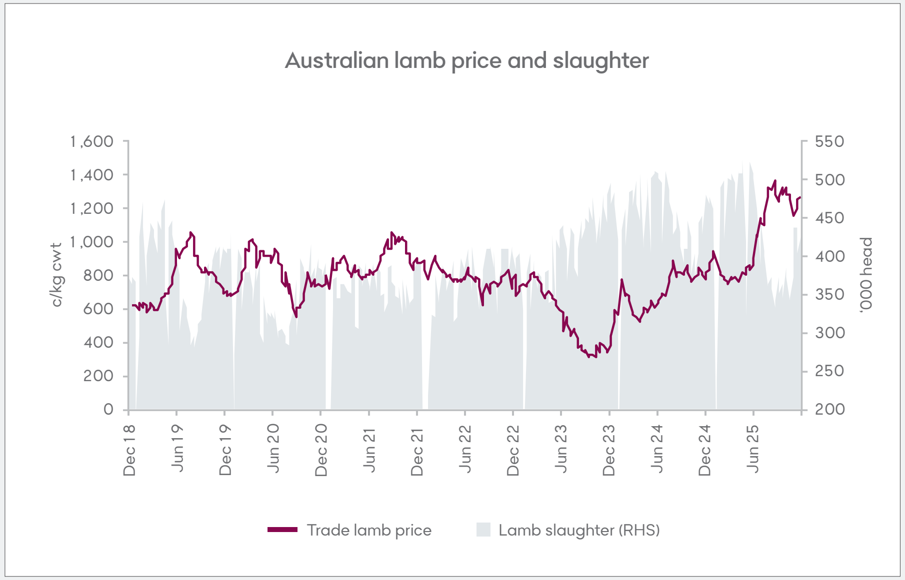
Mutton prices are also expected to soften from the highs seen in the second half of 2025, but the hope of improvement in seasonal conditions and the potential start of rebuilding in Victoria and South Australia should keep prices relatively elevated. The southeast of the country has been dealing with dry conditions throughout the past couple of seasons which has resulted in heightened turn-off, so prices will be supported as growers look to retain stock and rebuild flocks. Should conditions allow a full rebuild to commence, we could see prices for breeding stock reach new heights in 2026.

Sheep

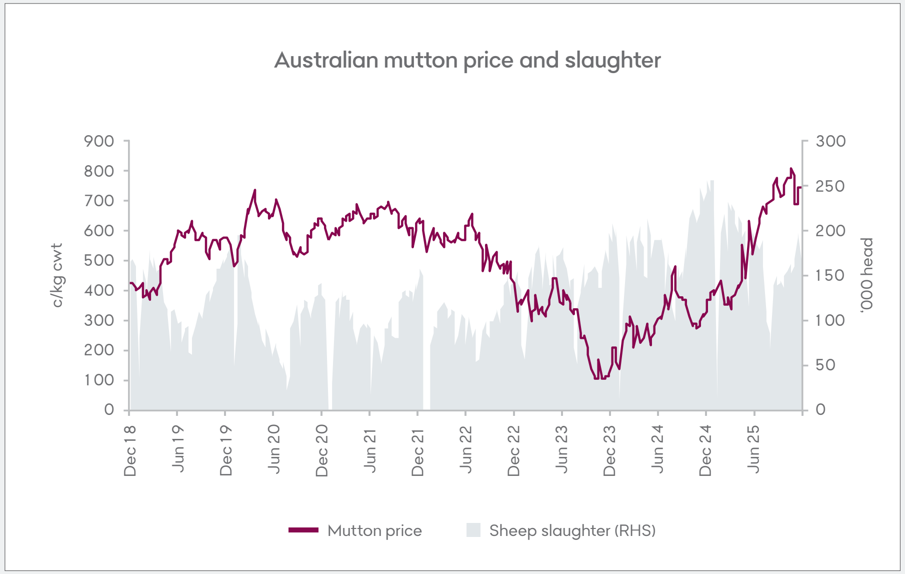
From the field...

"Lamb and mutton markets have had an incredibly strong six months, with both the National Trade Lamb Indicator and National Mutton Indicator hitting record levels. Traders are now having to buy in lambs at $11+/kg (CWT), but the expectation of continued tight supply in the first half of 2026, alongside firm demand from processors, exporters and consumers, as well as potentially restockers, should keep prices on the firmer side as we move into the new year."

Matt Gill,
Senior Agribusiness Relationship Manager – Victoria



Source: MLA



Source: MLA

Wool

Supply

Australian wool supply to continue to ease from previous seasons, despite reintroduction of stored stock.

Demand

Improving demand from China is aiding the Australian wool market, although European demand lags behind.

Price

As supply dwindles and demand holds firm prices should lift, although not at the same rate we saw at the start of the season.

Outlook

The Australian wool industry is looking to build on its positive start to the season, as constrained supplies continue to support prices.

Supply

For the remainder of season 2025/26, Australian wool supply is expected to continue to be lower than the previous season. With reduced flock sizes under pressure from dry seasonal conditions through areas in the southeast of Australia, supply is expected to continue to decrease. Some wool has been brought out of storage in response to the strong positive movement of prices this season, however, shorn wool production from this season is forecast to be lower. The Australian Wool Production Forecasting Committee (AWPFC) has revised their estimate for the 2025/26 season production to 252 Mkg greasy, down an anticipated -10.2 per cent from the 2024/25 estimated season. Total numbers of sheep shorn are expected to fall by 8.1 per cent to 57.9 million head. All states are forecast to see a decline in shorn wool production, with South Australia having the largest fall of -15.9 per cent year-on-year. Australian Wool Testing Authority (AWTA) data indicates that average cut per head is at a historical low in South Australia also, indicative of the poor season.

For the current 2025/26 season, AWTA data shows that test volumes are down 9.2 per cent from the start of the season to October compared to the 2024/25 season, and 4.3 per cent down on the five-year average. Auction volumes were down 2.3 per cent year-on-year to the same point of season 2024/25, reflective of the volume of bales being brought out of storage to make the most of the recent prices. Flock sizes have decreased in the past couple of years and now some producers are looking to build up flocks again. While some areas of the country are still under drought stress, other areas have begun their recovery following improved winter conditions, allowing them to focus on rebuilding flock sizes. Those who have also taken advantage of recent high lamb prices are looking to increase their stock, although as first crosses and shedding breeds gain popularity, wool availability may not increase proportionally. The impact of the live export ban continues to influence Western Australian producers with a number leaving the industry and turning to meat production or broadacre cropping. These shifts in farming mixes will continue to have an influence on Western Australia's flock numbers looking ahead, although with recent improvement in prices, numbers shouldn't fall much further.

The Bureau of Meteorology has forecast an above average chance of exceeding the median maximum temperatures across the country through to at least March 2026. Large areas or the central, southeast and southwest of the country are forecast to expect around average rainfall, which will continue to create challenging conditions for those areas recovering from recent drought. While feed availability has improved across some areas with late rainfall in 2025,

Wool

costs associated with supplementary feeding and water supply may continue to pose issues into 2026. Additionally, labour availability remains an issue with high sheering costs motivating some to exit the industry.

Demand

China continues to be the destination for over 85 per cent of Australia's wool, with their gradual economic recovery helping lift demand for the first half of the season. A continued upwards trajectory of the Chinese economy is uncertain due to ongoing global political tensions. As evidenced by auction results for the first half of season 2025/26, there has been solid demand from the larger Chinese top makers, who had been running low on supplies early in the season. This demand is likely to continue through to Chinese New Year at least, providing a stable demand base as we move into the start of 2026. As demand picked up earlier in the season, when the lower auction volumes were occurring, there was discussion of some Chinese buyers looking to establish contracts outside of the auction room to ensure their supply moving forward.

Outside of China, there is continued limited demand for finer micron wool from Europe, and some demand from India for coarser blends. Although demand is increasing from Europe for ethically certified wool, and those that can provide emission reporting information. As much of the world works towards achieving climate related emission targets, this will become a priority for higher end purchasers, where the fleece will end up in luxury goods where branding and ethical certifications will allow a premium to be charged. There may be challenges in demand volumes moving forward if the Australian Dollar strengthens, however, recent currency movements of the dollar returning to 65 US cents have been supportive of increased export demand.

Price

Australian wool prices in the season to November 2025 have indicated the establishment of a new trading range which should build moving through the season. Tighter supply helped drive the price rises, alongside improved demand from China. On weeks where auction offerings are low, prices have generally lifted and pass in rates have dropped to as low as two per cent. The weeks where volumes increase, with bales brought in from storage, prices have tended to fall; considering seller's hesitancy to sell at prices much lower than recent values, pass-in rates surged as high as 24 per cent in some instances.

Year-on-year price growth has all microns sitting at least 22 per cent higher, with some crossbred fleeces now collecting 71 per cent higher returns compared to this point in the 2024/25 season. Finer microns are fetching premiums, with 18-micron wool and finer from the Melbourne selling centre achieving prices over 2,000 c/kg on multiple occasions this season, which has not been seen since March 2023. In general, the recent price increases in the finer microns have helped lift crossbred wool demand and prices, as producers look for more affordable blends. The price differential between 18 and 20 microns grew by around 25 per cent to approximately 200 cents in November 2025 since May 2025. However, this differential is still lower than the five-year average of 300 cents. For growers, this indicates that the value of a merino fleece is largely driven by volume rather than micron.

Initial forecasts for the Australian Dollar to strengthen across 2025 have not eventuated, however, forecasts now have the dollar strengthening in early 2026 which may place some downwards pressure on prices. Should the dollar find strength for a sustained period, or China experiences an economic downturn, this could result in prices declining.

Overall, the continued reduced supply, even supplemented by the introduction of stored wool to auctions, should put further upwards pressure on wool prices. There will be a lag as flock sizes hope to increase before supply looks to improve, creating a window where prices will likely continue to grow, before consolidating.

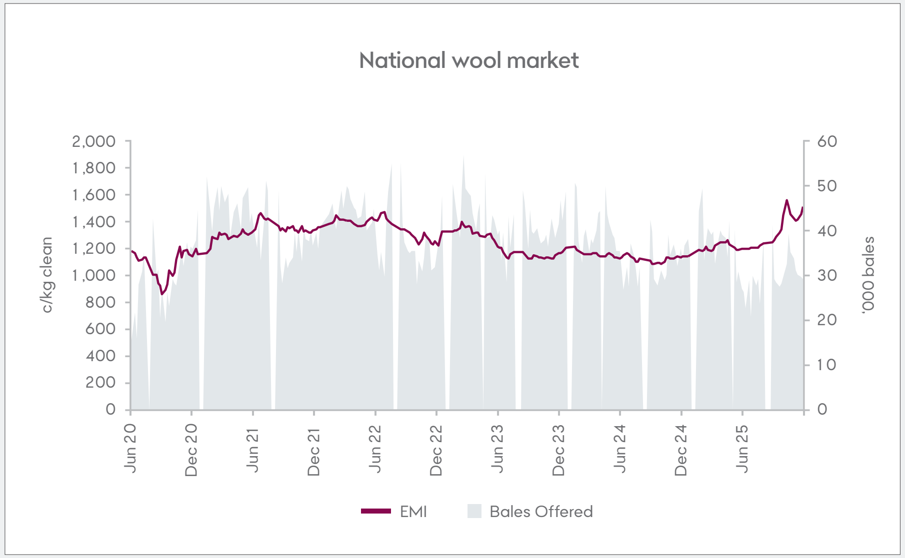
The renewed demand from China provides further support for prices, should this continue, or even grow, there will be increased competition for Australian fleece at auction that should reward producers providing quality fleece. With most fleece indicators now moving above their five-year averages, a positive market sentiment should help the market to grow further. Although even with increased prices, the total volume of wool available will likely leave the export market value lower year-on-year.

Wool

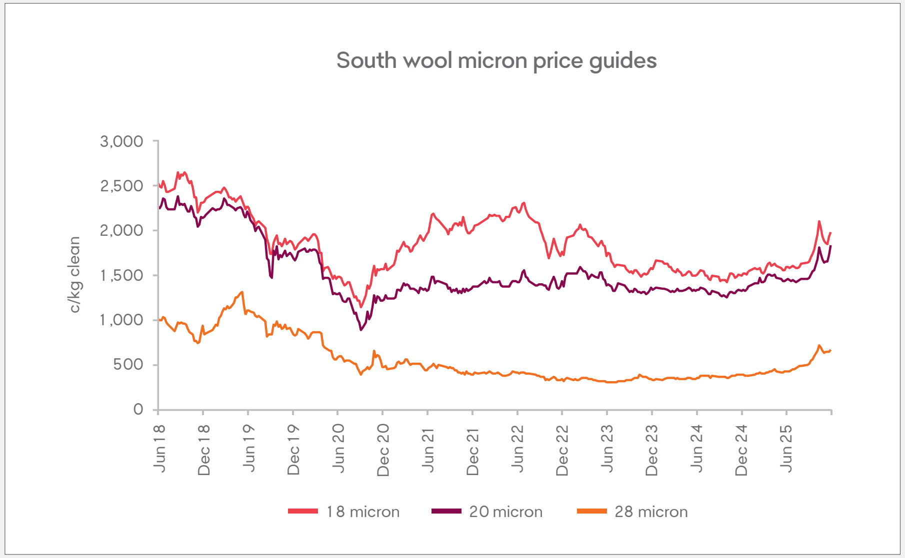
From the field...

"Australian woolgrowers have produced the lowest annual volume of wool in a century after successive challenging seasons. The reduced supply from across the country has been the headline feature of the Australian wool market driving a welcome price spike across all microns. There are also indications that flock numbers should start to build up again in the year ahead. For growers, shear kilograms continue to be the largest driver of profit with the price differential between 18 and 20 microns over 100 cents below the five-year average. Growers can hope the recent lift in demand will continue to grow and help lift the prices further."

Ryley Verley,
Agribusiness Relationship Manager – South Australia



Source: AWEX



Source: AWEX

Climate and carbon

Continued politicisation of net zero

Climate policies in the political space have been gaining more attention of late. The Liberal Party announced the removal of a net zero target for the Paris Agreement for 2050 from their policy platform, to be replaced by a focus on policy settings to achieve cheaper availability of energy. This will continue the political debate around net zero and climate policies between the Government and Opposition.

In October, electricity generation from renewable energy and storage surpassed fossil fuel powered energy for the first time in Australian history. Linking net zero targets to power production is one of the areas where Australia can continue to reduce emissions by switching to wind or solar power, as well as the use of batteries.

The Labor Government has released a Net Zero Plan as well as updated climate targets for Australia for 2035. To support this, they have released plans for six sectors, including Agriculture. This plan outlines the establishment of frameworks to support opportunities where sustainable technologies can be developed and deployed, to help reduce emissions and also help with increased yields or reduced input costs. The Agriculture and Land Sector Plan which details the transition plans in the agricultural space for Australia achieving net zero, economy wide, is linked in the resources at the end of the topic.

Outside of net zero policies, the introduction of the Australian Sustainability Reporting Standards by the Australian Accounting Standards Board, linked below, mean larger entities are required to report on their sustainability risks and opportunities. If these entities are part of the value chain that you work in, being able to have emissions information to hand that can contribute to this reporting will maintain market access. There is the possibility of entities looking elsewhere for suppliers that can assist them in meeting these reporting requirements.

Research and grants

The Natural Heritage Trust, through the federal government, has established a five-year, $302 million Climate-Smart Agriculture Program, running from 2023/24 to 2027/28. This fund aims to help build resilience around climate change and reduce emissions in the agricultural sector, among other goals. The fund has a number of different avenues that are being researched via grants, including soil health, increased productivity, carbon sequestration and the Australian Wool Insetting program.

Many of the grants are targeting areas that are prone to floods or droughts, aiming to assist areas that most need help. With the program in its early stages, the research and findings will be informative in the coming years to identify opportunities for those looking to incorporate sustainable practices into their farms.

The research being undertaken as part of these grants, linked below in the references, and through other funding methods is worth monitoring for projects relating to your area or industry. However, there are other technologies that are available now that may be able to provide some early steps towards emission reduction and assist in resilience to the impacts of climate change.

The rise of artificial intelligence (AI)

The growth of AI technology has resulted in many opportunities and research areas in relation to agriculture. There are multiple ways AI technology can be used, from small to large scale, such as the analysis of data that is already being collected to provide deeper insight, improve forecasts and optimise inputs.

The rapid rise of this technology has left many feeling overwhelmed, however, linked in the resources are examples of some of the many free online courses that can provide guidance in how to use it, as well as which pitfalls to be wary of, such as hallucinations, where AI can make up information. A simple example of the use of AI includes targeted spraying where cameras can identify weeds and then selectively spray them, with early results showing a reduction in chemical use by more than 80 per cent, which not only aids in reducing costs, but is better for the environment and crop quality.

Robotics and drones

Another area that is starting to benefit from developments in AI is the use of robotics and drones. The use of GPS guided farm equipment is not new, however AI development is allowing further strides to be taken, such as the development of SkyKelpie, a drone mustering system that uses AI to predict where livestock will be on large stations reducing time to find them, labour and environmental impact.

Even without AI, semi-established robotic technologies such as drone seeding and spraying, or automated harvesters that can be utilised to reduce fuel and time requirements, are starting to optimise efficiencies in many ways. Moving ahead, there are also growing options related to electric powered machinery, and at home solar generation and battery storage which may reduce fuel and power requirements and lead to significant cost savings.

Take the time to investigate

Moving forward, climate related policies may change depending on which political party is in charge. However, implementing sustainable farming practices on your farm will see results now, regardless of the political party in power. As it stands, much of the research and technology available in this area provide benefits above and beyond emission reductions. Many provide opportunities for greater efficiency, less waste, targeted inputs and in some cases, reduced labour requirements. Taking time to research and invest in tech-based solutions could prove beneficial in many ways to producers across the industry. If policies are introduced with the goal of achieving net zero emission targets, you can be ahead of the curve to be ready to implement strategies that are right for you.

Resources

Check out the *Exploring what the Ag & Land Sector Plan means for farmers* episode of Bendigo Bank's *Unpacking Ag* podcast which delves deeper into the Department of Agriculture, Fisheries and Forestry's Agriculture and Land Sector plan, available wherever you access your podcasts.

https://aasb.gov.au/news/australian-sustainability-reporting-standards-aasb-s1-and-aasb-s2-are-now-available-on-the-aasb-digital-standards-portal/

https://www.agriculture.gov.au/agriculture-land/farm-food-drought/climatechange/ag-and-land-sector-plan

https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero

https://www.agriculture.gov.au/agriculture-land/farm-food-drought/natural-resources/landcare/climate-smart

https://www.industry.gov.au/national-artificial-intelligence-centre

https://arain.com.au/category/ai-tutorials/

https://www.csiro.au/en/research/technology-space/ai?start=0&count=12

About the research

The *Australian Agriculture Outlook 2026* report provides a forecast for domestic and international supply, demand, and price dynamics for agricultural products. Significant effort has been taken to secure the most recent data available.

The price forecasts presented in this report have been calculated using an Auto-Regressive Integrated Moving Average model. The model projects a range of values based on trend, volatility, cyclical and seasonal patterns in the historic data. The forward estimates relate to the January – June 2026 period. Future market conditions may cause actual prices to move across and outside of the forecast range.

All prices represent Australian Dollars unless otherwise noted.

Glossary

ABS	Australian Bureau of Statistics
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
AWEX	Australian Wool Exchange
AWPFC	Australian Wool Production Forecasting Committee
AWTA	Australian Wool Testing Authority
AUD	Australian Dollar
CPI	Consumer Price Index
EMI	Eastern Market Indicator
EU	European Union
EYCI	Eastern Young Cattle Indicator
GDP	Gross Domestic Product
GDT	Global Dairy Trade
MLA	Meat and Livestock Australia
MS	Milk solids
NMI	National Mutton Indicator
NTLI	National Trade Lamb Indicator
RBA	Reserve Bank of Australia
US	United States
USDA	United States Department of Agriculture
WASDE	World Agricultural Supply and Demand Estimates

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