

Cropping



October Monthly Update

Bendigo Bank
Agribusiness



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Key Watchpoints – October

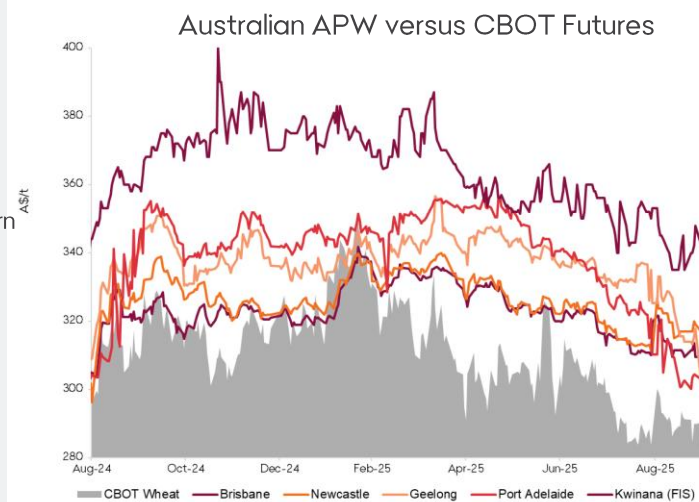
- October rainfall in Victoria and South Australia will determine if Australia unlocks full +25 million tonnes wheat export potential for 2025/26.
- China's dual demand question: China's reported 500 thousand tonnes canola purchase signals optimism; barley demand uncertain amid intensifying competition from large corn supplies.
- Northern hemisphere harvest and intensifying US competition in Asia will test Australian wheat's competitiveness through Q1.

Markets under pressure as harvest looms

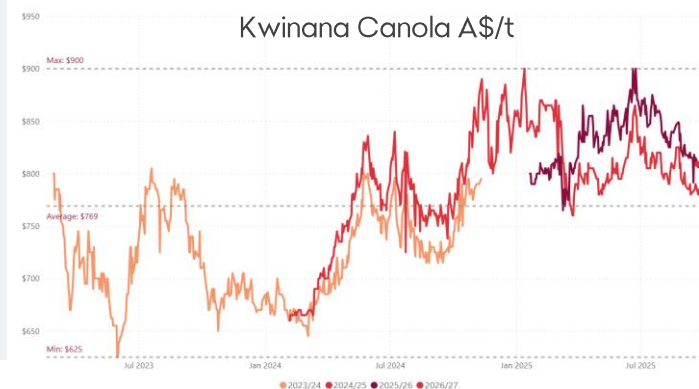
Australian grain markets have been under sustained downward pressure since April, with wheat prices declining across all states through winter and into spring. The chart on the right illustrates the bearish trajectory, driven by ample global supply, imminent Northern Hemisphere harvest pressure, and a heavily oversupplied international market that continues to cap any meaningful upside.

Local wheat values have found modest support over the past fortnight through a weakening Australian dollar and ongoing grower reluctance to commit forward sales at current price levels. However, these are short-term influences. With CBOT wheat futures declining (down 2.4 per cent over the past week) and abundant global supply anchoring the market, Australian wheat remains poorly positioned in export markets despite improved relative competitiveness.

Canola has tracked the broader weakness in international oilseed markets, with WA new crop values falling from around \$900/t in late June to \$796/t as of October 1st. ICE canola dropped 2.9% over the past week, while the EU's rebounding rapeseed crop (up 21% to 21.6Mt) has added supply pressure. However, canola remains relatively well-positioned compared to cereals. Reports that China has purchased 500kt of Australian canola for November-January delivery should provide price support through harvest, making new crop canola sales worth considering before further downward movement materializes.

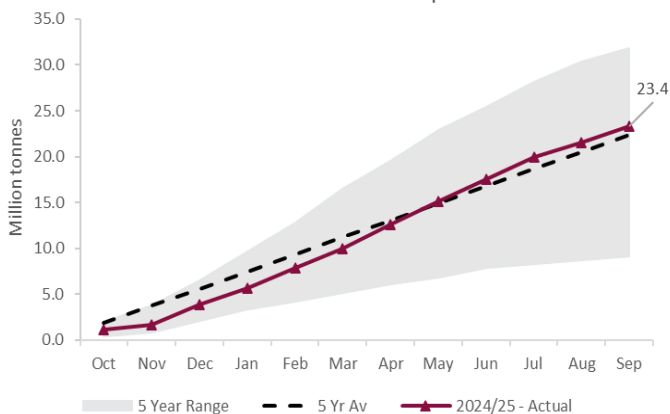


Source: BB Agri Insights & CME Group

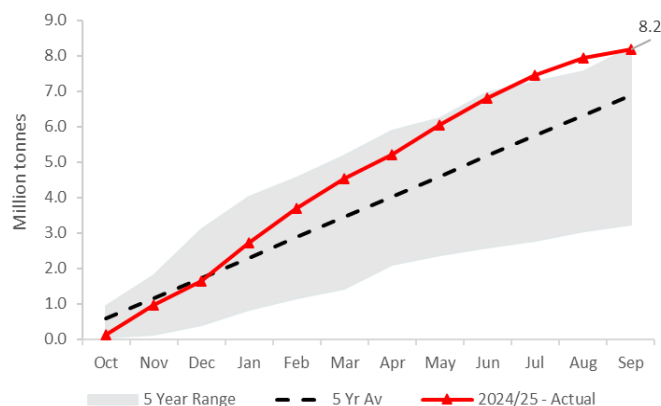




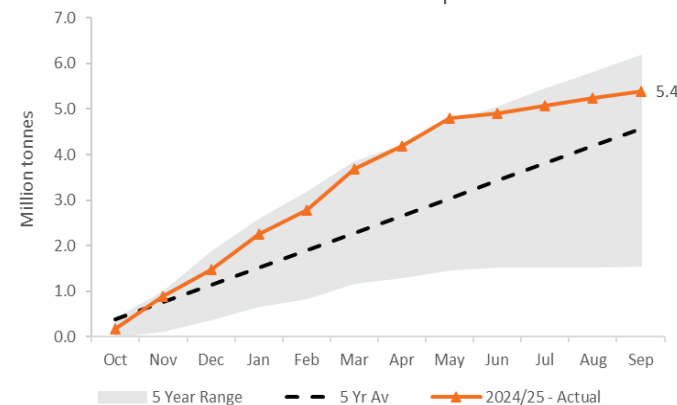
2024/25 National Wheat Export Pace



2024/25 National Barley Export Pace



2024/25 National Canola Export Pace



Source: ABS & BB Agri Insights Shipping Stem Data

2024/25 Export Performance & 2025/26 Outlook

Wheat: Slow Burn to Solid Finish

Australian wheat exports concluded 2024/25 at 23.4Mt, marginally above the five-year average of 22.5Mt, though this headline figure masks a challenging year. Demand was sluggish through the first eight months, with shipments tracking below the five-year range until June. A late-season surge—led by the Philippines and South-East Asia—salvaged the program, with SE Asia reaching 12.4Mt for the season. Africa delivered a record 2.35Mt, surpassing the previous 2020/21 high by 450kt.

Abundant carry-in stocks and forecast production of 34.4Mt position Australia for an exportable surplus of 25Mt in 2025/26. However, ample global supply and harvest pressure from the Northern Hemisphere will keep prices under downward pressure. Australian wheat must remain competitively priced—recent tenders show US Soft White Wheat delivering US\$8-13/t cheaper than WA ASW into South-East Asia, intensifying competition in our core markets.

Barley: China-Fueled Record

Barley was the standout performer, finishing at 8.2Mt—the top of the five-year range and the third-largest export program on record, well above the five-year average of 6.9Mt. China dominated, absorbing 6.0Mt as Australia capitalized on its position as the world's cheapest barley origin. Despite low carry-in stocks, production forecasts of 14Mt support an exportable surplus of 8.0Mt for 2025/26. China is expected to remain a key buyer, though Australian barley will face competition from feed substitutes including US corn and South American soybeans.

Canola: Strong Demand Meets Tight Supply

Canola exports tracked at the top of the five-year range through May before dropping off a cliff in Q4 as Australia ran out of exportable stocks—just 430kt shipped in the final quarter. Despite this, full-season exports reached 5.4Mt, above the five-year average of 4.5Mt. The EU absorbed 3.65Mt but was absent in the final two months.

Carry-in stocks are extremely low heading into 2025/26. Even with forecast production of 6.05Mt, the exportable surplus sits at just 5.0Mt. The EU's rebounding crop (+21% to 21.6Mt) will reduce their import reliance, with Australian exports forecast under 3.0Mt versus 3.65Mt last year. However, China remains the wildcard—reports indicate 500kt already purchased for November-January delivery, potentially offsetting reduced EU demand.

Monthly Commodity Insights



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