

Cropping



August Monthly Update



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Key Watchpoints – August

- Late July rainfall boosts Victorian and SA crop potential: favourable spring conditions now critical to maintain.
- Northern hemisphere harvest pressure dominates, limiting global grain and oilseed price recovery prospects.
- Canola and barley offer growers stronger returns amid improving yield prospects and supportive prices

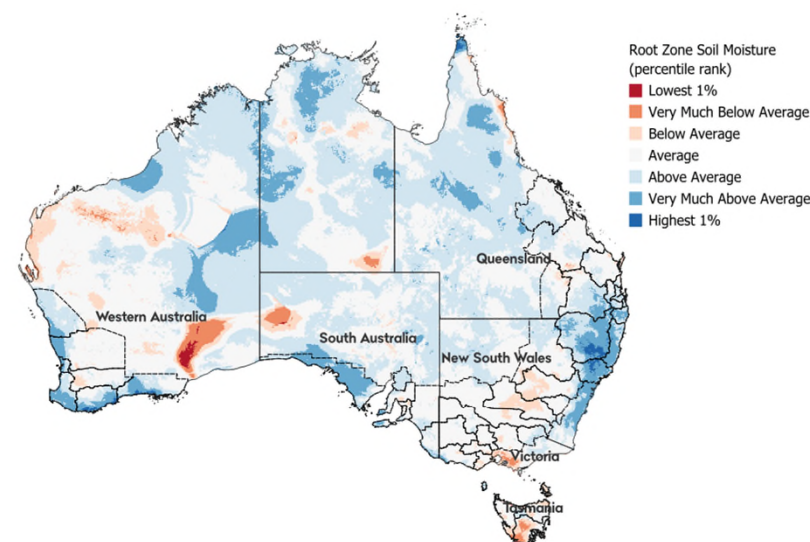
Late July rainfall resets the season – now all eyes on spring

Widespread rainfall in late July has marked a turning point for Australia's winter cropping season. For New South Wales, Queensland, and large parts of Western Australia, moisture profiles were already in good shape — and recent falls have further reinforced production confidence. But it's in Victoria and South Australia where the shift has been most profound. After a late break and critically low soil moisture levels through June, the late July rainfall has given growers a renewed shot at achieving average yields or better. While it's come late, it arrived in time to stabilise crop potential — provided spring conditions remain favourable.

The Bureau's latest three-month outlook points to a wetter-than-normal spring across much of eastern Australia, driven by a developing negative Indian Ocean Dipole. Western Australia is forecast to trend closer to average, while persistent high-pressure systems may limit early August rainfall in southern regions of the state.

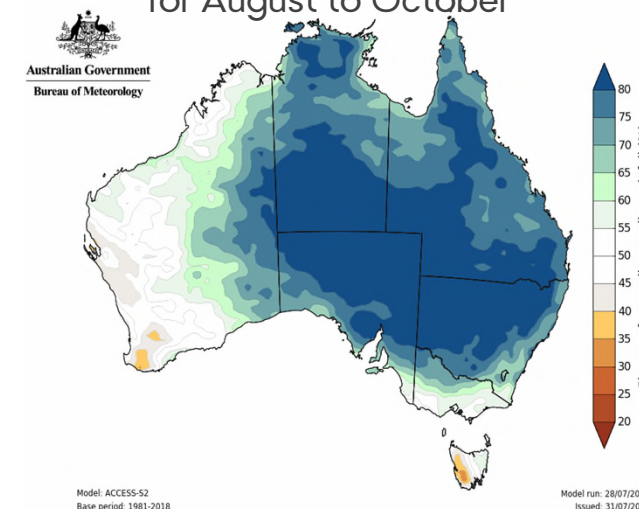
Markets have responded accordingly. Domestic prices have eased as the production outlook improves, and global grain flows remain heavy. This month's update explores the evolving balance across wheat, barley, and canola markets, and the key drivers shaping price direction as spring approaches.

Australian Soil Moisture 5th August 2025



Source: Bureau of Meteorology

Chance of exceeding the median rainfall for August to October





Northern hemisphere harvest weighs on grain markets

Global grain markets remain under clear downward pressure as the northern hemisphere harvest advances. Wheat futures have softened considerably over the past month, with the Chicago spot contract down nearly seven per cent and EU and Black Sea wheat flowing freely into global markets. While weather concerns persist in parts of the Black Sea and Canada, these have so far failed to provide lasting price support. In the U.S., winter wheat harvest is nearly complete and spring wheat conditions are generally favourable, contributing to the bearish tone. Even short-lived rallies sparked by crop condition downgrades or quality concerns in Europe have been quickly unwound.

The oilseed complex has also lost ground, led by expectations of a large U.S. soybean crop and sluggish Chinese demand. ICE canola futures declined 3.5 per cent over the past fortnight, while MATIF rapeseed also eased. Ample supply of palm oil and sunflower oil is further weighing on prices. With global supply chains well stocked and buyers showing little urgency, international markets are setting a softer tone for Australian grain pricing – particularly wheat, where elevated basis and ample offshore supply are limiting export competitiveness.

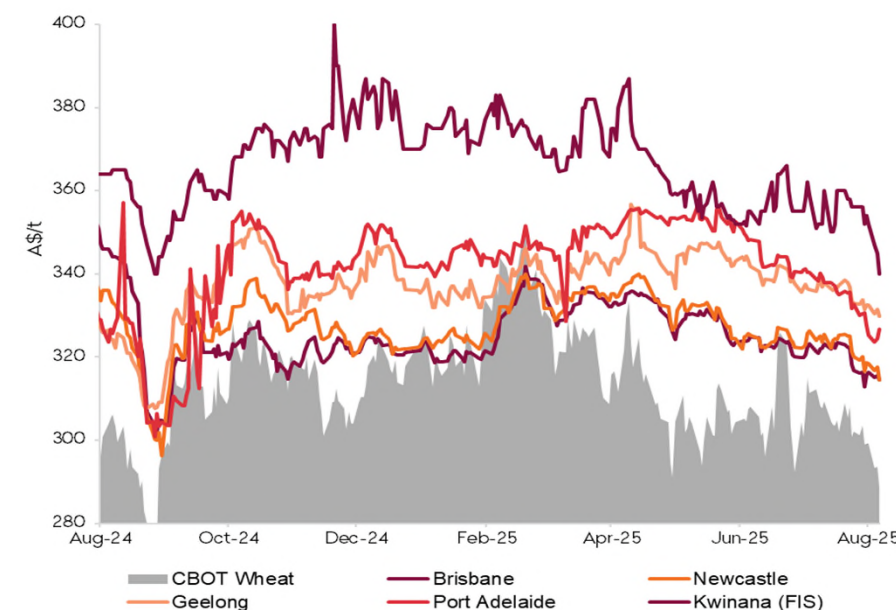
Improved local outlook meets northern hemisphere harvest pressure

Australian wheat markets have softened over the past month as favourable seasonal conditions coincide with ongoing global harvest pressure. Spot CBOT futures have fallen around six per cent, with Western Australian prices following suit. East coast values have been more resilient, easing about two per cent, underpinned by low liquidity and limited grower engagement. Despite the recent price movement, Australian wheat continues to trade at a significant premium to global values. Basis levels are currently around \$40–50/t in Victoria, South Australia and Western Australia, while Queensland and New South Wales sit closer to \$26/t, reflecting stronger production outlooks and domestic supply coverage. In historical terms, prices in Vic, SA and WA are sitting around decile 6, while QLD and NSW are tracking near decile 4 levels. Without a new catalyst — such as a domestic production issue or a meaningful lift in offshore demand — the market is likely to remain under pressure. Global buyers remain well covered, and northern hemisphere harvest progress continues to weigh on sentiment.

Relative value supports canola and barley amid improving outlook

As wheat prices drift lower, canola and barley are offering growers comparatively stronger selling opportunities. Barley markets have remained relatively firm, supported by tightening old crop stocks and steady feed demand through the eastern states. While new crop prices have eased modestly in response to improved seasonal conditions — particularly in South Australia and Western Australia — barley continues to outperform wheat on a relative basis. Widespread winter rainfall has boosted yield potential across most growing regions, with WA on track for a record barley area. Active selling has been reported in the west as confidence builds in the crop, while demand remains supported by feedlot buyers and export interest. Canola prices have also softened over the past month — down around two per cent — but remain historically strong, tracking at decile 8 or higher. Forward selling has lifted slightly as confidence improves, though some growers remain cautious given the season's late start and current crop immaturity. A favourable spring would solidify what is shaping up to be a well-priced and timely harvest cashflow option. With production prospects improving and pricing still historically attractive, both canola and barley continue to provide better relative value and marketing flexibility than wheat at this stage of the season.

Domestic wheat (APW) softens with offshore trend



Source: Profarmer Australia, CME Group

Australian canola holds ground despite oilseed weakness



Source: Profarmer Australia

Monthly Commodity Insights

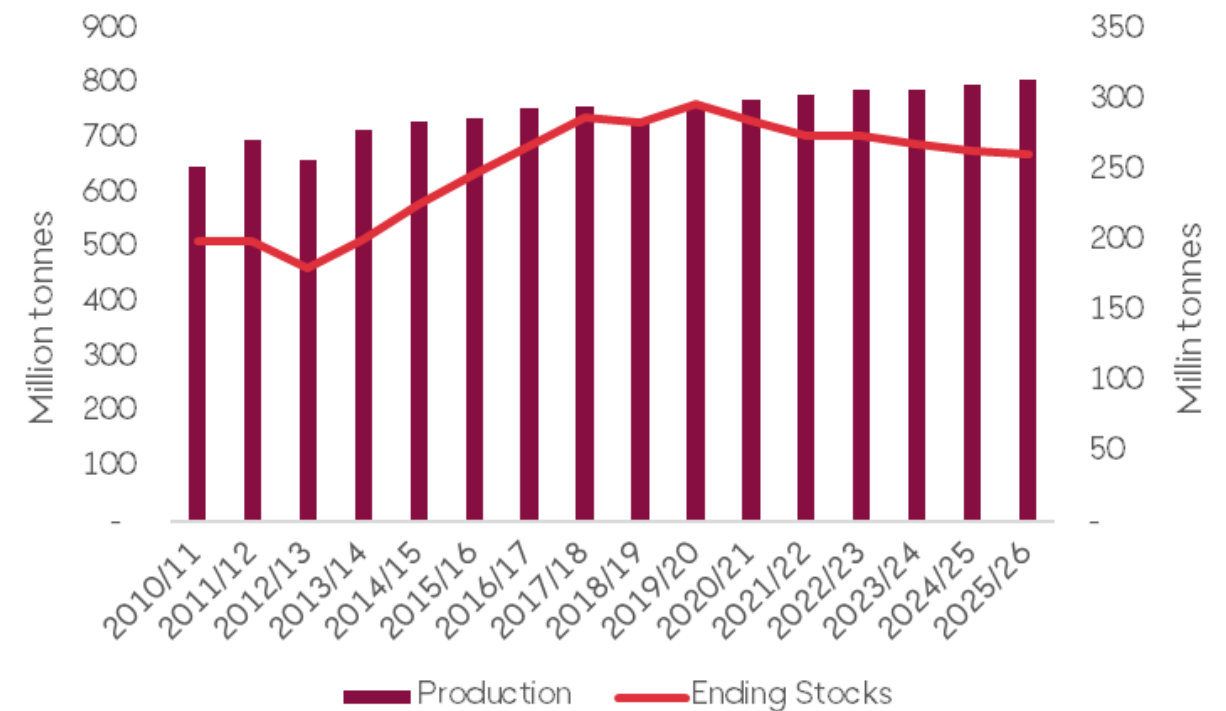


Kwinana new crop feed barley prices holding firm at 80th percentile of historical range



Source: Profarmer Australia

Global wheat production forecast hits new record, reinforcing heavy supply backdrop



Source: USDA

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