

# Cropping



## June Monthly Update



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### Key Watchpoints – June

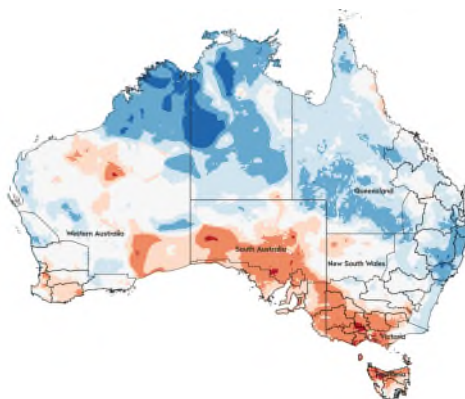
- Critical 8-day rainfall window for Vic/SA will determine whether domestic grain prices sustain current levels or face corrections.
- Northern hemisphere harvest approaching with limited production concerns, but risk remains throughout June.
- Softening global wheat values and cautious export demand are pressuring Australian export margins and pricing.

## Market crossroads: Southern rainfall forecast holds key to national outlook

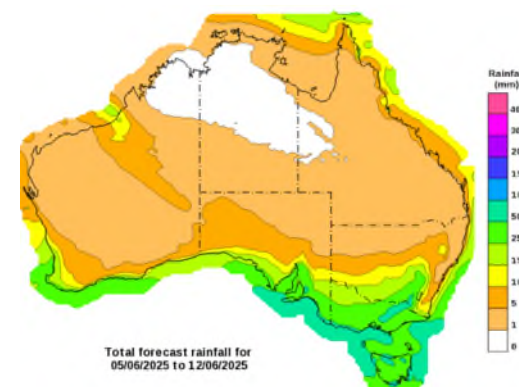
Australian grain markets are approaching a critical turning point. Weather developments over the next few weeks will play a key role in shaping price direction. Domestic grain prices are currently trading above export parity, making the market sensitive to any shifts in sentiment. A growing divide is emerging between export competitiveness and strong, demand-driven domestic pricing. This is especially clear in the barley market. In southern regions, ongoing demand for supplementary feed has pushed barley to trade at a consistent premium to wheat in the spot ex-farm market, particularly across the western part of Victoria.

While recent rainfall in New South Wales and Western Australia has improved production confidence and weakened some regional pricing, Victoria and South Australia continue to face challenging dry conditions with disappointing recent rainfall events maintaining tight supply situations. However, weather models are now showing that Victoria and South Australia are set to receive 15-50mm of rainfall out to the second week of June. In recent times, there has probably never been a more important 8-day potential rainfall event for southern Australia. The outcome of this system could significantly alter market sentiment and production expectations, making it a critical watchpoint.

Australian Soil Moisture 5<sup>th</sup> June 2025



Southern rainfall watch: 8-day forecast



Source: Bureau of Meteorology

## Global grain fundamentals

Grain markets continue to navigate a complex landscape shaped by variable weather conditions, evolving export dynamics and subdued demand signals. The tone across global markets has been cautious, with just enough production risk to keep the trade engaged, but not enough to sustain a rally. Markets remain pressured as the northern hemisphere harvest window approaches.

## Wheat: A weather market with limited conviction

Wheat remains the focal point for market direction, with June shaping up as a pivotal month. Recent improvements in U.S crop weather weighed on futures, though uncertainty lingers in other key producers:

- **Russia:** Soil moisture deficits persist across southern and eastern regions. While recent rains have provided some relief, the risk of a hot, dry finish remains. Trade is hesitant, but exporters are beginning to offer new crop wheat more aggressively as harvest nears.
- **China:** Ongoing dryness across northern areas has triggered some concern, with anecdotal reports of yield loss. However, a lack of transparency limits market response.
- **Europe:** Patchy dryness continues in northern regions, but rain is in the short-term forecast. The EU lifted its wheat production estimate to 126.6 million tonnes, a 13 per cent increase year-on-year, adding to the bearish tone.
- **United States:** Winter wheat ratings have improved modestly, and the spring wheat crop is progressing well under favourable conditions.

Old crop wheat markets remain tight, but attention is rapidly shifting to new season supply, where few buyers are showing urgency. Basis levels have softened globally as exporters look to offload inventory ahead of harvest. Without a clear production issue, the path of least resistance for wheat prices appears lower through the northern hemisphere summer.

## Domestic grain market overview

Wheat prices in Western Australia, Queensland and New South Wales have all eased over the past the month, reflecting both improved weather conditions and pressure from falling global benchmarks. These softer global values have eroded export margins, prompting a pivot of grain back into the domestic system and tempering any price support from local supply concerns.

Considering the recent spotlight on feed shortages across South Australia and Victoria, grain prices in these areas have surprisingly remained largely flat over the past month. But when viewed through the lens of trade dynamics, it becomes clearer. Victoria has seen steady grain flow from southern New South Wales into key consumption markets. Meanwhile, exporter activity has quietened notably. The lack of competitiveness in global markets over recent months is starting to show – not just in the absence of new export business, but also in the fulfilment of existing contracts, where exporters appear to be drawing down old stock rather than buying fresh grain.. This has encouraged more grain to remain available for domestic use and is keeping a cap on prices.

## Australian APW Wheat Prices: Regional variations amid softening markets



Source: Profarmer Australia

## International Wheat FOB Pricing: Sharp Decline in Black Sea New Crop



Source: FastMarkets

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