

Cropping



May Monthly Update



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Key Watchpoints – May

- Seeding conditions are mixed, with good progress across northern NSW, QLD and southern WA but dry seeding widespread elsewhere.
- May rainfall outlook remains dry, increasing pressure on already below-average soil moisture across key cropping regions.
- Local prices are holding firm in parts, with dry conditions and limited grower selling creating a disconnect from weaker offshore market signals.

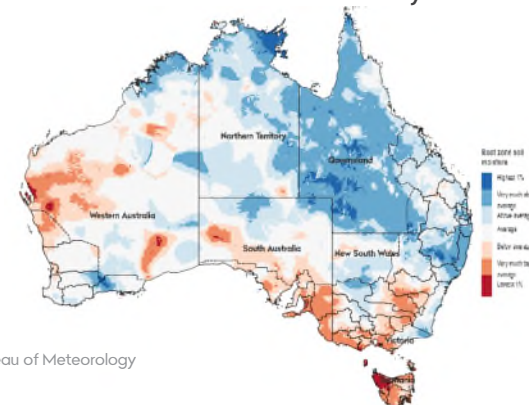
Mixed seeding conditions as dry outlook weighs on confidence

Seeding is now well underway across the Australian grain belt, but rainfall remains a critical concern across many regions. Soil moisture is holding up well in Queensland, northern New South Wales, and southern Western Australia. However, South Australia, western Victoria and parts of central to southern New South Wales soil moisture levels remain well below average. The May outlook from the Bureau of Meteorology indicates a high likelihood of below-median rainfall across most cropping regions, increasing the pressure on growers now sowing into dry soils and reducing confidence in the season ahead.

South Australia remains the area of most concern. Rainfall has been below average across most of the state since July last year, and the May outlook offers little relief. Even if a widespread break arrives soon, it will take significant rainfall through winter and spring to make the season work.

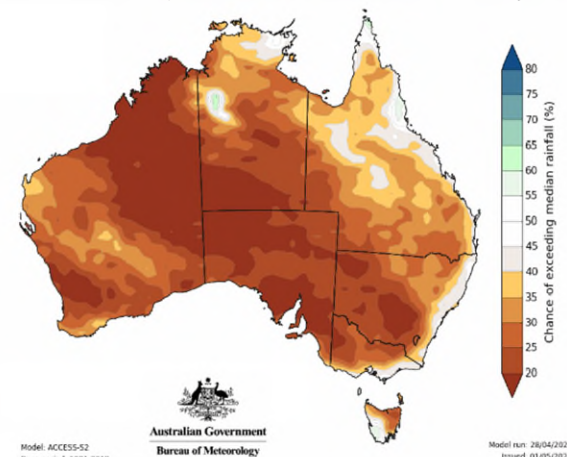
In Western Australia, conditions are split. The southern zones – particularly Albany and Esperance – are tracking well, with good sowing progress and reasonable moisture to support establishment. In contrast, the Geraldton zone remains extremely dry, with many growers dry sowing cereals, but holding off on canola and lupins. The Kwinana zone is mixed, with the southeast pushing ahead while northern areas remain hesitant. With the early break now missed and little rainfall forecast for May, growers in the north are holding back and hoping for a more convincing shift in conditions before committing to higher-risk crops.

Australian Soil Moisture 7th May 2025



Source: Bureau of Meteorology

Chance of exceeding the median rainfall for May 2025





Regional market split widens on diverging conditions

National wheat prices softened over the past month, with most states posting modest declines on the back of subdued export interest, a stronger Australian dollar, and limited trade activity. Queensland and New South Wales were both down 2 per cent, with domestic consumers largely covered into July and little urgency in northern markets. Export interest is also considered slow.

Prices in Victoria and South Australia held steady, underpinned by strong domestic demand and tightening feed grain availability amid ongoing dry conditions. While offshore values have weakened, local fundamentals – particularly in mixed farming zones – have helped support values. Growers continue to hold grain on-farm, waiting for a clearer signal before making further sales.

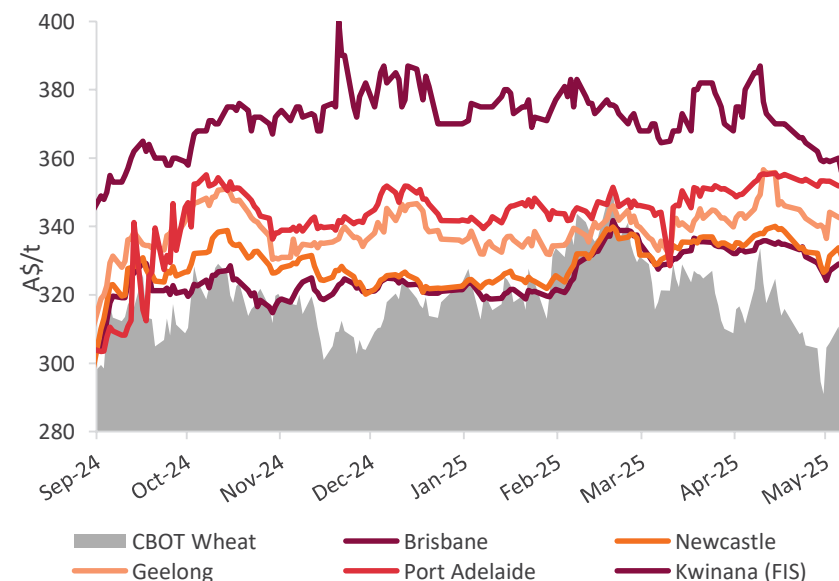
Western Australia recorded the largest falls, with values down by 8 per cent month-on-month. APW1 is now trading at \$360/t FIS, pressured by soft export interest and a rising Australian dollar. Around 70 per cent of the Western Australian 2024/25 wheat crop is estimated to be sold, but of the remaining tonnes, roughly half, are expected to be held over until the new financial year. That's made nearby supply tighter, with growers targeting levels above current bids. Meanwhile, shipping delays are building, with the average vessel turnaround gap stretching out to 14 days in some port zones – adding further cost and frustration for exporters.

Barley values were mostly steady over the past month, though regional differences are becoming more pronounced. In northern markets, prices edged lower, reflecting a lack of demand with consumers generally covered into July and showing little urgency amidst mostly favourable new crop conditions. In contrast, southern markets firmed, supported by strong livestock feed demand and limited grower engagement. Tough grazing conditions continue to drive interest, with graziers underpinning values in South Australia and western Victoria. In Western Australia, which remains heavily export-focused, prices fell 4 per cent to \$352 per tonne. The market has come under pressure from a firmer Australian dollar and a weaker feed grain complex, particularly falling corn prices, which have weighed on offshore interest.

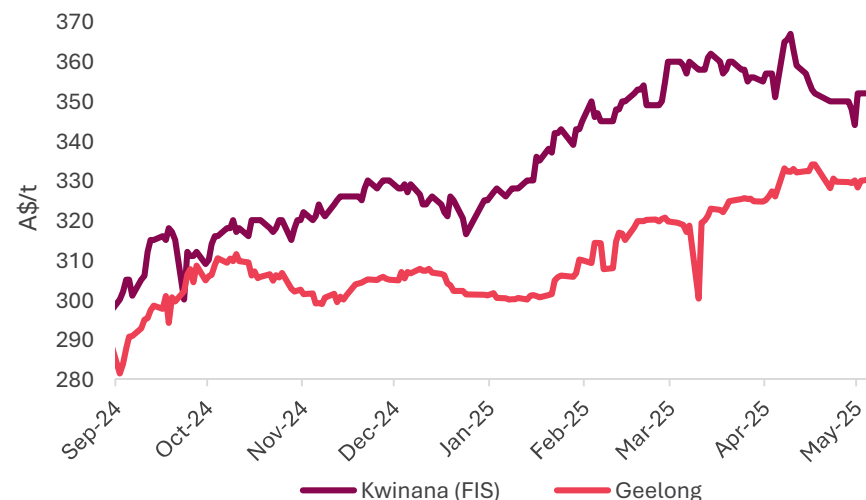
Offshore weakness grows as US crops advance

Global grain prices have struggled for direction over the past month. While Chicago wheat futures are up 1.3 per cent overall, they've retreated nearly 5 per cent from monthly highs, reflecting a shift in sentiment as US crop prospects improve. Winter wheat is now rated 51% good-to-excellent – up two points from last week and slightly ahead of market expectations – while spring sowing and crop establishment is proceeding without delay. This favourable progress has removed a degree of risk premium from the market, contributing to softer pricing across the board. However, it is still too early for complacency. Northern hemisphere harvests are several months away, and while short term weather risks have eased, they haven't disappeared. Any disruption to crop development – particularly in the US Plains or Black Sea – could quickly shift sentiment.

Australian APW Wheat Prices vs CBOT Spot Futures



West Coast vs East Coast Feed Barley



Source: Profarmer Australia

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