

Horticulture



August Monthly Update



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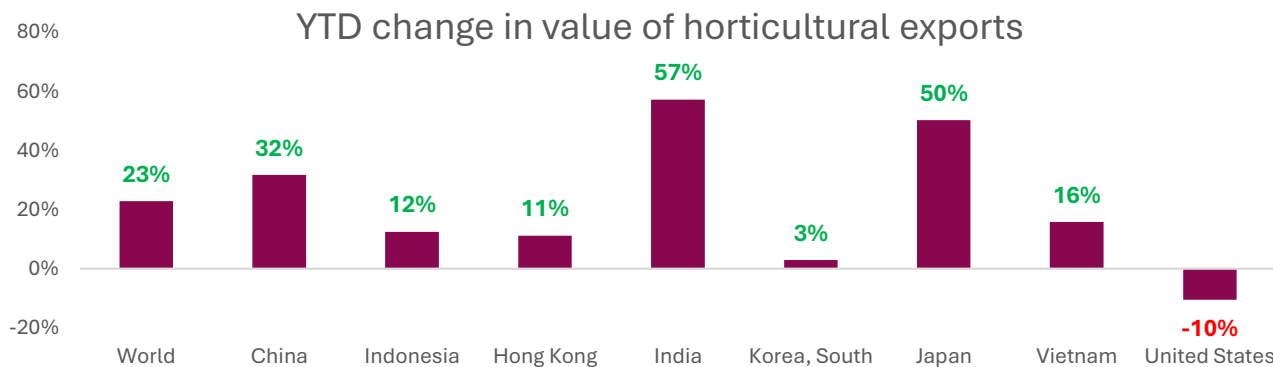
Key Watchpoints – August

- The largest Chilean avocado crop in a decade is forecast to impact demand for Australian product which may see additional stocks hitting the domestic market as a result.
- Vegetable pricing remains higher year-on-year. Check out the chart on page two to see how your sector compares.
- Input costs continue to impact grower margins with fertiliser and chemical prices expected to remain volatile over coming months amidst a shifting supply and demand picture.

Shifting trade environment driving a varied export picture

The ongoing efforts by the US to upend global trade is resulting in an increased focus by southern hemisphere horticultural exporters to diversify markets. This is expected to shift trade flows in coming years which, while driving additional competition, should also provide opportunity. The most obvious beneficiary of the recent trade upheaval remains almond producers. China are the second biggest global consumer of almonds and continues to rely on Australia for the majority of imports following the substantial import tariffs placed on US almonds. This has resulted in local almond prices soaring to their highest level in a decade. Low Australian stocks combined with a disappointing harvest will likely see these elevated prices maintained over coming months.

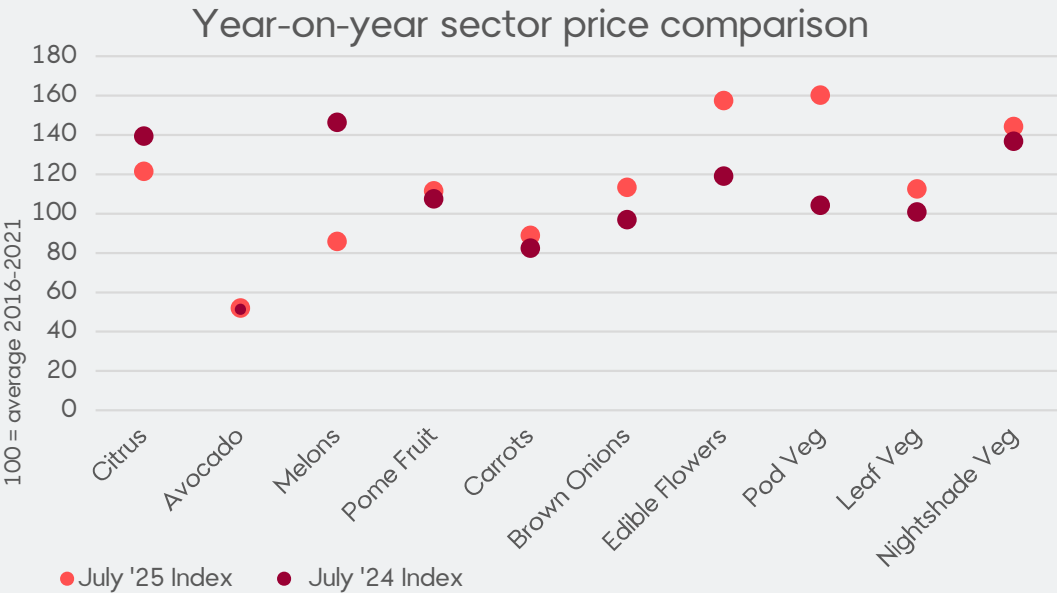
On the flip side, greater competition across key export sectors is also being reported. South Africa is continuing to push ahead into new markets with new 30 per cent tariffs imposed by the US starting August 1. South African stone fruit is nearing access into the Chinese market, with the final agreement to be signed in September. South African stone fruit growers produce a total of around 350 thousand tonnes per year covering plums, peaches, apricots, nectarines and cherries. However, we expect a strong quality advantage over South African product to continue to hold Australian exporters in good stead, particularly into the quality sensitive Chinese market. Meanwhile, the largest Chilean avocado crop in a decade is forecast to impact demand for Australian product, which will potentially flow through into domestic pricing as a result. The Chilean key export period typically runs from August through until April. A similar issue is developing for table grapes, with grape harvest in Far North Queensland having kicked off in July. While demand appears favourable at present, Chile and Peru are looking to diversify markets away from the US over the coming year. The two South American exporters typically export about 50 percent of their table grape volume to the U.S. The 10 percent tariff will see growers send more fruit to Mexico, Europe, Asia.



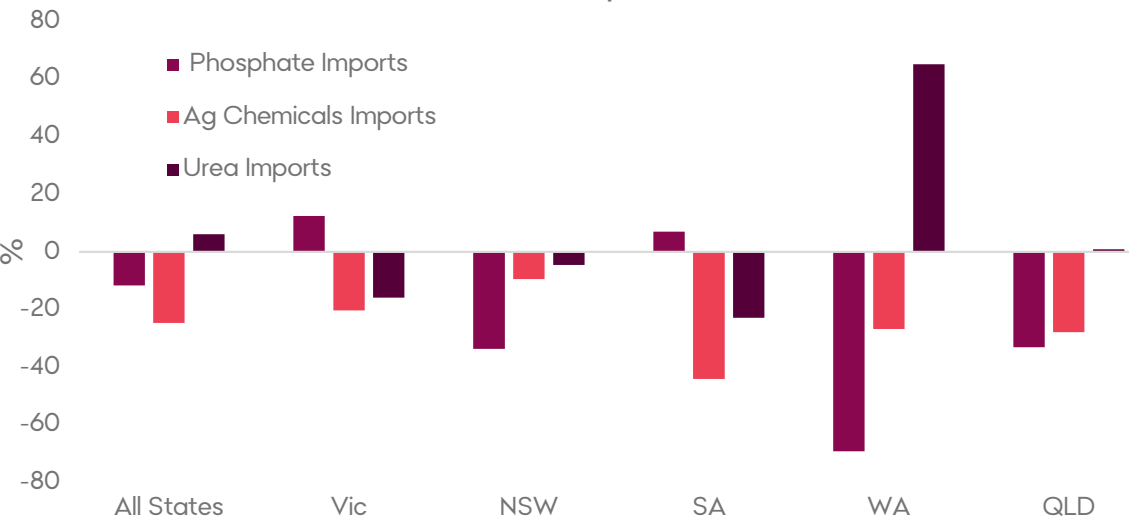
Reduced onion yields impacting prices and exports

Year-to-date Australian onion exports are at their lowest level since 2017. Almost 90 per cent of Australian onion exports typically occur in the first half of the year due to seasonal peak availability when volumes can satisfy both export and domestic markets. A challenging season for producers across both South Australia and Tasmania has limited the volumes of both brown and red varieties available for export. Meanwhile, lacklustre export demand from Thailand, the UAE, and parts of Europe have further depressed onion exports through the first half of the year. This depressed demand has been driven by a rebound in India's onion export volumes, supported by a 25 per cent increase in production and the removal of export duties. Greater export competition into key Southeast Asian markets has resulted. India typically accounts for almost 15 per cent of the world's global onion exports.

Average brown onion pricing at a national level is sitting at \$1.40/kg, nine per cent higher year-on-year. Red onions, meanwhile, are 28 per cent higher on average. In a further blow to onion exporters, New Zealand have regained full access to the Indonesian market. Both Australia and New Zealand enjoy tariff free access, however, Australia must still comply with the costly and time-consuming fumigation practices. For context around market size, New Zealand exported over 10 thousand tonnes of onions to Indonesia prior to the fumigation requirements. This highlights the importance of governments working to maintain strong market access and minimum phytosanitary barriers to entry.



Year to Date Import Volumes



Input cost drivers sending mixed signals

An unpredictable geopolitical environment, mixed seasonal conditions and shifts in labour availability have seen an increase in price volatility across a range of key horticultural inputs over recent months. Urea prices are much improved compared to June when conflict across the Middle East saw prices surge. Improving seasonal conditions over the last month across drought-stricken regions is driving some increased demand, particularly when compared to earlier in the year. This may add some upwards momentum to pricing through August. Meanwhile, irrigation costs are at multi-year highs with the 2025/26 season underway. Looking at the Murray Darling Basin, water storages across the entire basin are currently 63 per cent full, well down from 78 per cent at the same time last season, primarily due to lower storages across the Southern Basin (SB). Temporary allocation markets across the SB are trading at around \$80-\$100 higher compared to this time last year as a result. High reliability entitlement volumes have also been slashed. Recent rainfall events across southern regions combined with above average totals forecast through Aug-Oct may see temporary water market prices ease throughout the season.

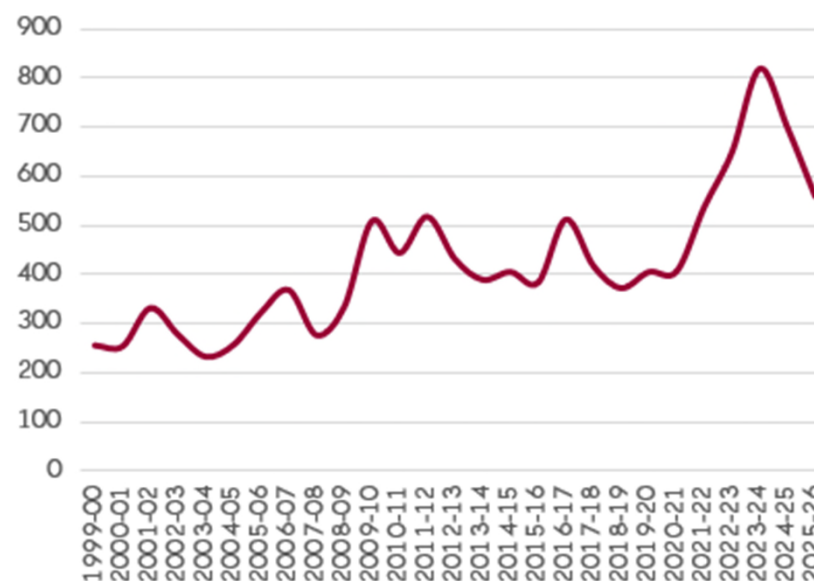


Sugarcane prices to remain under pressure

Cane harvest in Northern Queensland has progressed well with Commercial Cane Sugar results having exceeded expectations. This was major concern heading into harvest due to the severe weather events earlier this year and the amount of time the cane stood in water. Yield is slightly down as a result, while current local pricing has fallen from the high of \$700/t over a year ago to \$600 - \$650/t. Meanwhile, ICE 11 contract futures for season 2026 are hovering around A\$570/t. The futures market remains well down on the highs of A\$631/t seen in early April following Donald Trump's tariff announcements, with concerns surrounding the macroeconomic impact on soft commodities including sugar continuing to linger. Overall, the cane season has been a success considering the challenging conditions, however, the outlook for the 2026 season remains cloudy.

The latest ABARES data has indicated local sugar production is forecast to lift 3.6 per cent to 4.1 million tonnes on the back of increased harvested area during 2025-26. Despite the higher production, a significant lift in global output on the back of favourable Indian and Thailand cane growing conditions is expected to support global stocks and weigh on prices over this period. Global prices are forecast to decline by a further 8.7 per cent to 17.8 USc/lb, which will leave the returns to Australian growers at A\$52.9/t, a drop of 11.9 per cent from last year and well down on the average return of A\$72.1/t seen in 2023-24. A rising Aussie dollar is forecast across the coming six months amidst US stagflation fears which is also likely to weigh on local grower pricing. Increasing fertiliser and chemical costs, alongside the Mossman mill closing, means that margin remains challenging and front of mind. Contract harvesting is also an issue. The number of contract harvesters are dwindling and the ability of the growers to get their crop off and to the mill is a struggle. Some have had significant delays this season as a result. Ownership of harvesters is becoming a more popular option, however, with small crops/high input costs, the affordability and profitability of the industry can become a real issue.

QSL seasonal pool price (A\$/t)



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