Monthly Commodity Update

May 2026

Bendigo Bank Agribusiness

Monthly Commodity Update – May

Headline Insights:

Agriculture continues to face the challenges of adverse weather conditions and elevated input costs, in Australia and globally. Such risks are driving grain markets higher, though most growers remain focused on sowing at present. Livestock prices slipped over the last month on the back of drier weather conditions, though a smaller national flock is limiting further downside to lamb and mutton prices. Demand for Australian wool remains robust, while cost-conscious shopping behaviour here at home may partially limit the rise of dairy retail prices.

Cattle: ***pg. 7-8***
In the short term, low-cost beef from Brazil will continue to displace Australian product into key markets and maintain a ceiling for local prices.

Cropping: ***pg. 9-10***
Local and offshore crop risk added to April price strength, with northern markets and eastern feed barley leading domestic gains. Canola rebounded into May on broader oilseed support and tight old-crop availability.

Dairy: ***pg. 12-13***
An overall steady farmgate milk price and cost-conscious consumer shopping behaviour will likely limit how high dairy retail prices rise. Notable increases may be drawn out through the 2026/27 season.

Horticulture: ***pg. 14-15***
With autumn now nearing the halfway point, a shift away from late summer produce towards winter varieties is well underway.

Sheep: ***pg. 16-17***
While the dry seasonal outlook is a reminder of the 2023 season, the reduction in the national flock and improved processor capacity should limit the potential price downside.

Wool: ***pg. 18-19***
While the market is facing currency related headwinds in the immediate term, desire for sustainable, natural fibres is helping to underpin strong price growth this season.

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Next report: *Tuesday 9th June*

Carbon and Climate

Production efficiency and emissions intensity

Bendigo Bank Agribusiness

Key Watchpoints:

- Emissions intensity is likely to become a larger focus for producers as large companies look to manage their scope three emissions in line with their reporting requirements. Improving production efficiency is a useful tool to improve emissions intensity, as well as increase overall profitability.

- Below average rainfall across the eastern seaboard alongside a dry three-month outlook are concerning from a production and feed availability standpoint.

Opportunities in emissions intensity

Sustainability reporting is becoming increasingly front of mind in the agricultural sector following the legislative changes regarding mandatory climate disclosures. Within the livestock industries, while there are limited practical ways to dramatically reduce livestock's enteric fermentation contribution to greenhouse gas emissions (primarily methane), significant opportunities to improve emissions intensity are available.

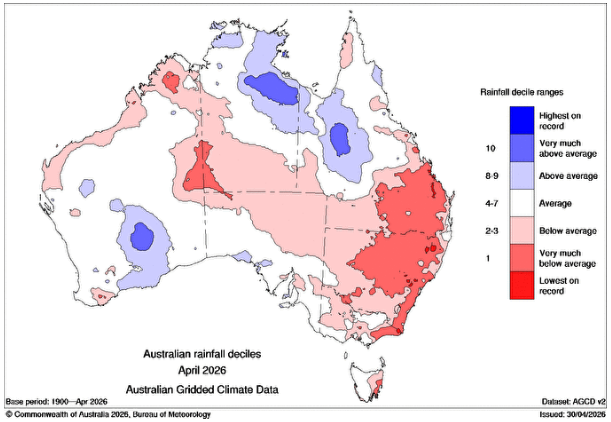
Emissions intensity is the measure of greenhouse gas emissions per unit of product produced. Improving production efficiency can be a useful tool to not only reduce emissions intensity but also improve overall farm profitability. Various state and federal government agricultural entities have completed and compiled research on where producers can focus to lower their contributions, which may become increasingly important as large companies look to manage their scope three emissions in line with reporting requirements.

A good first step for producers is to get an understanding of where the business currently sits, by completing a carbon audit to "know your number". There are many options as to how to go about completing a carbon audit; for more information, you can check out our Planning for change – Climate Report 2026 on the Bendigo Bank website.

The word on weather

Dry conditions have persisted across the east coast throughout April, with most of New South Wales, southern Queensland and Tasmania receiving below median rainfall and were struggling with below average soil moisture levels. Meanwhile, conditions have been more favourable in Western Australia, while Victoria and South Australia benefitted from an early autumn break. Widespread rainfall at the start of May has also improved the outlook across the southern regions.

The three-month rainfall outlooks are indicating a higher likelihood of drier conditions across most of Australia's agriculture regions, while the possibility of a "super El Nino" is also a cause for concern.

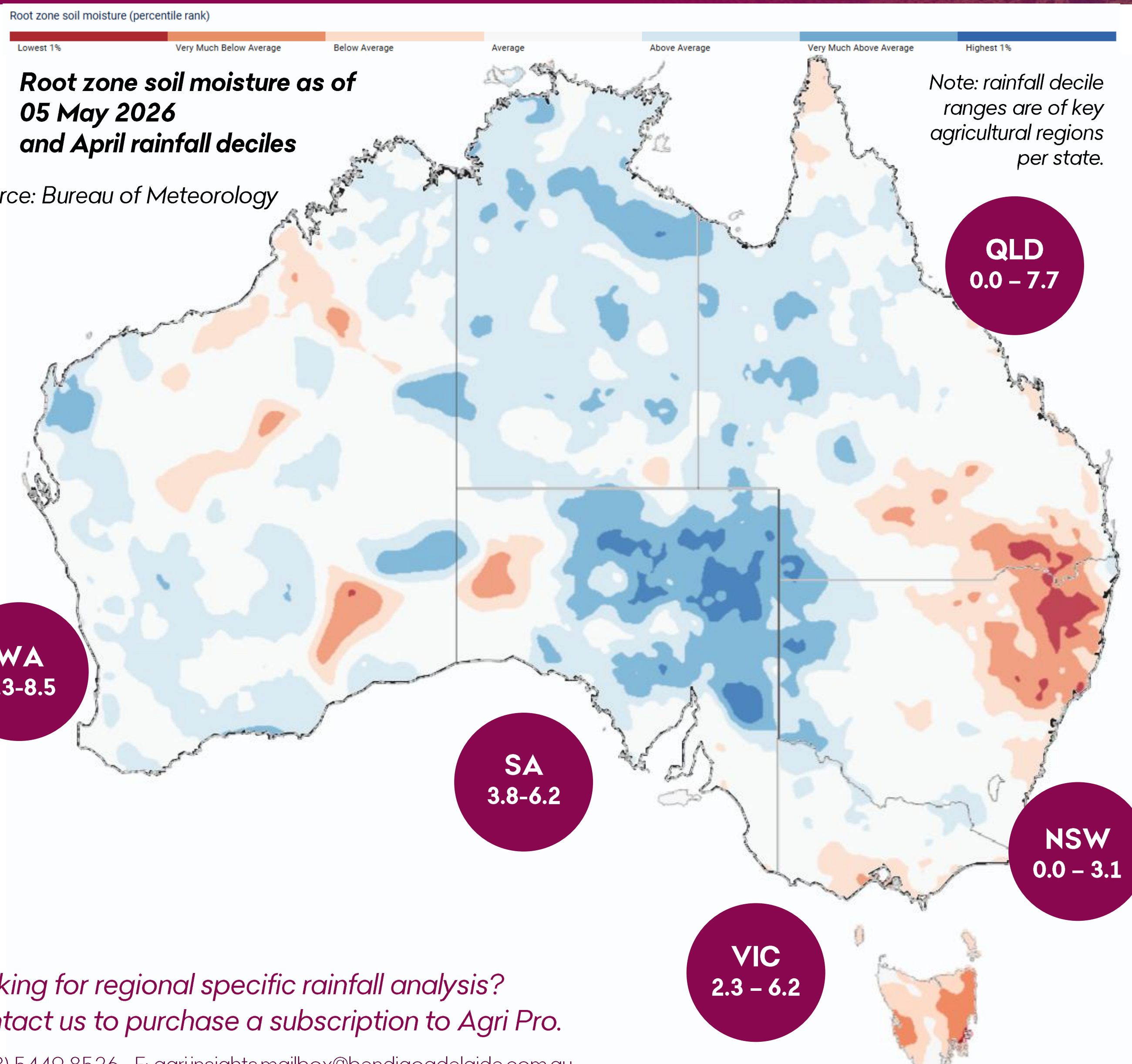


Climate and Carbon

Root zone soil moisture as of 05 May 2026 and April rainfall deciles

Source: Bureau of Meteorology

Note: rainfall decile ranges are of key agricultural regions per state.



Water storages in the Murray Darling Basin

	April 2026	YoY %
Whole of Basin	46%	-7%
Southern basin	41%	-8%
Northern basin	57%	-3%

Catchment	**Location**	Apr 2026	YoY %
Macquarie	Lake Windamere	84%	-5%
	Lake Burrendong	30%	-22%
Namoi	Split Rock Reservoir	94%	18%
	Lake Keepit	57%	2%
	Chaffey Dam	92%	-10%
Gwydir	Lake Copeton	62%	9%
McIntyre	Pindari Lake	43%	-5%
Upper Murray	Lake Hume	24%	1%
	Lake Dartmouth	65%	-13%
Goulburn	Lake Eildon	41%	-21%
Murrumbidgee	Lake Burrinjuck	38%	-5%
	Blowering Reservoir	23%	-9%
Lower Murray	Lake Victoria	44%	11%
Lower Darling	Menindee Lakes	33%	-1%
Lachlan	Lake Wyangala	64%	-16%
	Carcoar Lake	88%	-5%
	Lake Cargelligo	57%	-27%

As at 22 April 2026

Source: MDBA, BOM

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Production costs

Fuel falls yet uncertainty remains

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Key Watchpoints:

Diesel prices fell through April in the wake of changes to the fuel exercise, and as Australia's fuel imports rise, resulting in its first trade deficit in eight years.

However, pricing uncertainty remains due to global supply disruptions caused by the conflict in the Middle East. Global fertiliser prices continue to climb, posing an ongoing challenge for producers. For growers, this may become a larger issue from June as on farm supplies begin to tighten.

In light of continued market volatility, the Australian Dollar has continued to strengthen steadily, currently trading above 70 US cents.

IMPORT VOLUMES *vs 5yr Mar average*

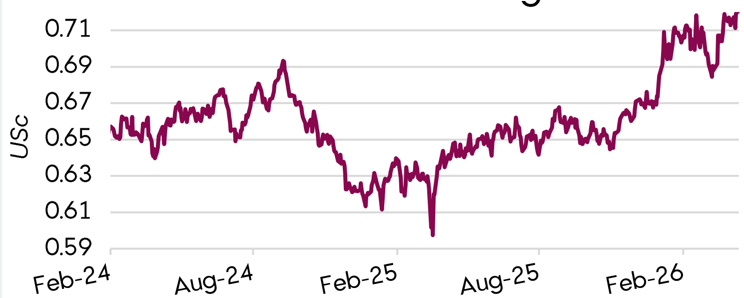
Chemicals	***Fertiliser***
Pesticides: *-39%*	**Urea:** *+10%*
Herbicides: *-27%*	**MAP :** *+3%*

Indicative cereal hay prices (April) *MOM: month-on-month. YOY: year-on-year.*

Eastern Aus (north)	Eastern Aus (south)	South Australia	Western Australia	Tasmania
$325/t *+0% MOM, -4.4% YOY*	$305/t *+0% MOM, -4.3% YOY*	$273/t *-6% MOM, -33.9% YOY*	$245/t *0% MOM, -5.8% YOY*	$230/t *+0% MOM, -8% YOY*

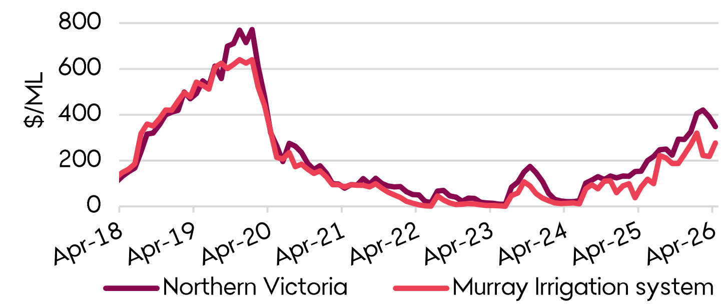
Source: AFIA

AUD/USD exchange rate



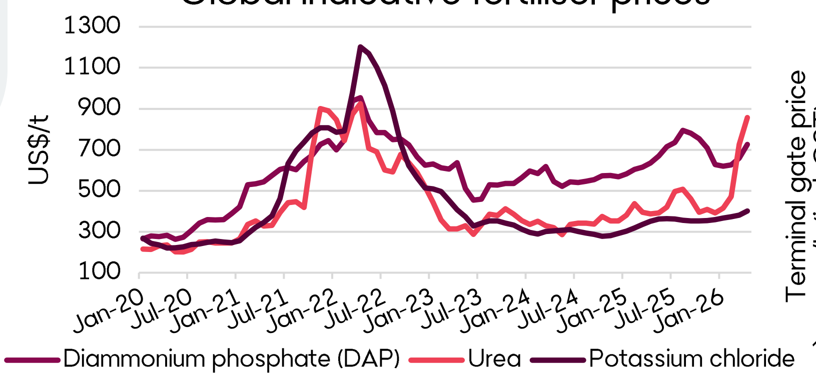
Source: RBA

Temporary water prices



Source: Victorian water register, Murray Irrigation system

Global indicative fertiliser prices



Source: World Bank

National average diesel price

Source: AIP

Domestic market

The cost of conflict at the checkout

Bendigo Bank Agribusiness

Key Watchpoints:

The Reserve Bank of Australia (RBA) lifted the cash rate in May to 4.35 per cent, marking the third consecutive rate rise for the year. This decision was influenced by persistent inflation largely driven by ongoing conflict in the Middle East. Surging fuel prices drove a 5.1 per cent month-over-month increase in household transport expenditure between February and March. As rising logistics and production costs are passed through the supply chain, CPI continues to rise amongst key food groups. Consequently, consumer confidence continues to decline driving a sustained contraction in discretionary spending and non-essential demand.

This month's *bang for buck:*

Citrus, apples and winter vegetables are now coming into season. Strong volumes should begin to flow through to prices at the checkout soon, while rising dairy prices are likely to be more gradual over this year.

Total CPI

YOY March 2026

+4.5%

Cash rate

at 5 May 2026

4.35%

Source: ABS, RBA

HOUSEHOLD SPENDING

Mar 2026 vs LM (seasonally adjusted)

Source: ABS

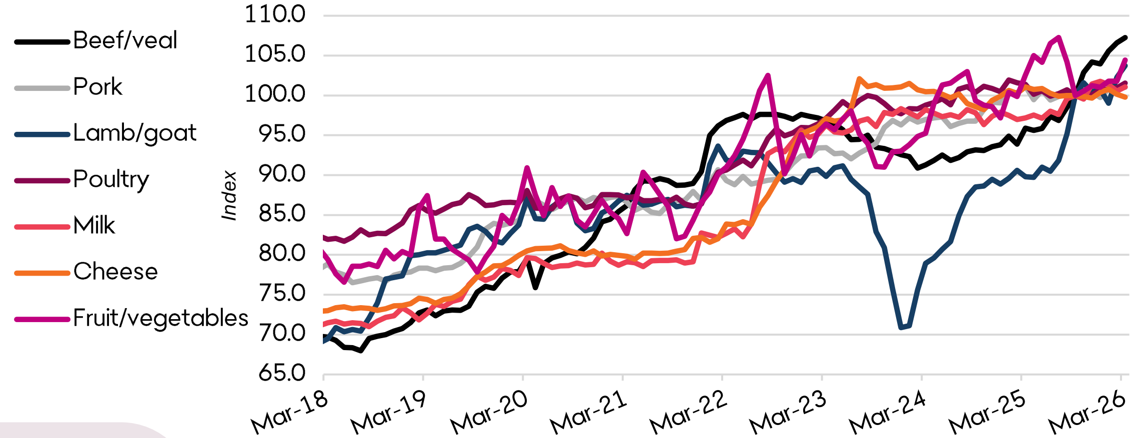
Food (retail)

+1.7%

Hotel/café/restaurant

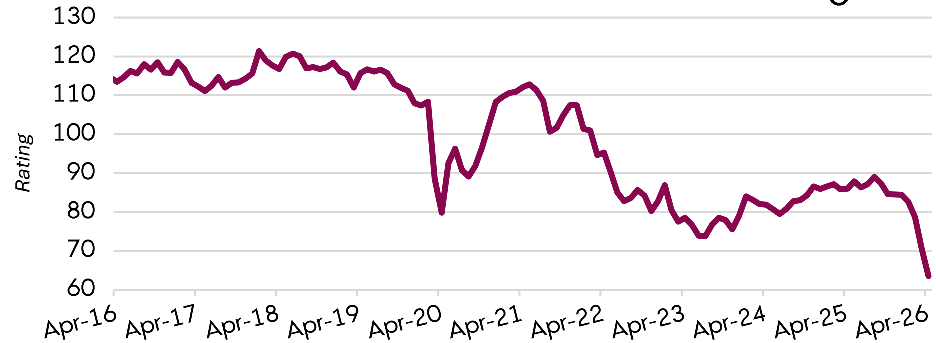
-0.9%

Consumer price indices for key food groups



Source: ABS

Australian consumer confidence rating



Source: ANZ/Roy Morgan

LM: last month. YOY: year-on-year.

Cattle

Bourgeoning Brazilian beef bound to undercut Aussie exporters

Bendigo Bank Agribusiness

Tom Herbert
Agricultural Analyst

Key Watchpoints:

- The volume of Brazilian beef shipments into China will remain the most direct measure of competitive pressure for Australia, driven by the ongoing weakness in Brazil's domestic market.
- Flow on impacts from increased Brazilian supply include a likely capping of Australian domestic cattle values in the near term.

Australia's cattle industry is no stranger to strong competition with Brazil, particularly for market share into China, United States (US) and key Southeast Asian markets. However, the level of supply pressure exerted by our low-cost export rival is ratcheting higher. A decline in domestic consumption and an increase in international demand for Brazilian beef has boosted their export volume year-to-date, trends which are likely to persist for the next few months. As international demand for Australian product softens, livestock producers and exporters will likely see weaker pricing into markets in which Australia and Brazil compete.

Dry conditions throughout 2025 kicked off the current herd liquidation phase that is boosting Brazilian supply and market share. Meanwhile, inflationary pressures have created economic headwinds for consumer spending that in turn have lowered domestic demand for beef, leaving a larger exportable surplus.

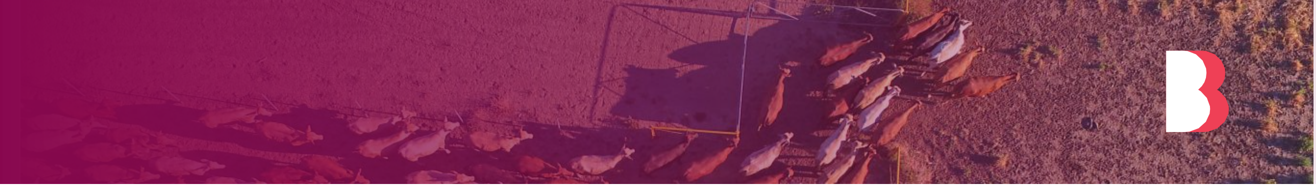
In the short term, low-cost beef from Brazil will continue to displace Australian product, boosting market share in China, the US and possibly Japan. The latter is reviewing sanitary regulations in regard to Brazil's beef, and any easing of the current access arrangements will further enhance Brazil's ability to compete for supply to Australia's key trading partners. China was the destination for 40 per cent of Brazil's beef exports in March 2026, but like Australia, Brazil faces pressure from the newly introduced safeguard quota and 55% out-of-quota tariff.

For Australia's part, beef exports have been strong throughout the first quarter; however, Chinese demand for Australian products has been weaker than expected. This is partly due to competition from Brazil but also influenced by an uplift in China's domestic production and reduced overall import demand.

Locally, this global competition directly limits what export buyers are willing to pay for Australian cattle in the near term. For the remainder of the year local saleyard prices will be heavily influenced by domestic turn-off due to dry conditions and forecast higher grain prices, at a time where the Australian herd is entering a liquidation phase. The ceiling created by Brazilian beef is the key factor limiting the pricing support offered by export processor grids. As such, producers who are already managing higher input and transport costs will likely see softer cattle prices and lower profit margins as a result in the near term.

The good news is that elevated Brazilian export volumes will likely subside towards the end of the year as favourable seasonal conditions encouraging herd rebuilding within the South American nation. So, although there could be further pain in the short term, the supply pressure will ease, likely ahead of any relief on input costs and hopefully in time to deliver a robust world market that can absorb supply and deliver returns through our own liquidation phase.

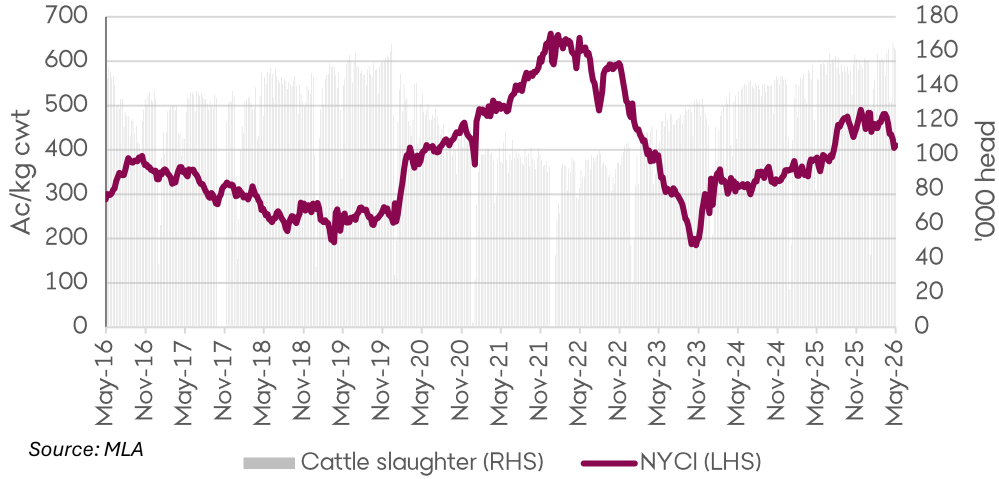
Industry Scan – Cattle



National Indicators	Current Price	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
National Young Cattle Indicator	422	-3.1%	11.4%	434	6.88
Eastern Young Cattle Indicator	809	0.5%	15.3%	765	7.95
US 90CL	1,136	-2.8%	8.5%	924	9.92

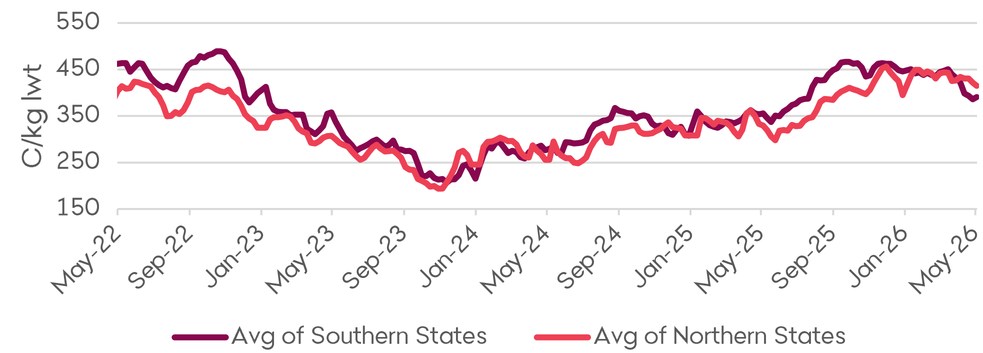
Source: MLA

Australian Cattle Price and Slaughter

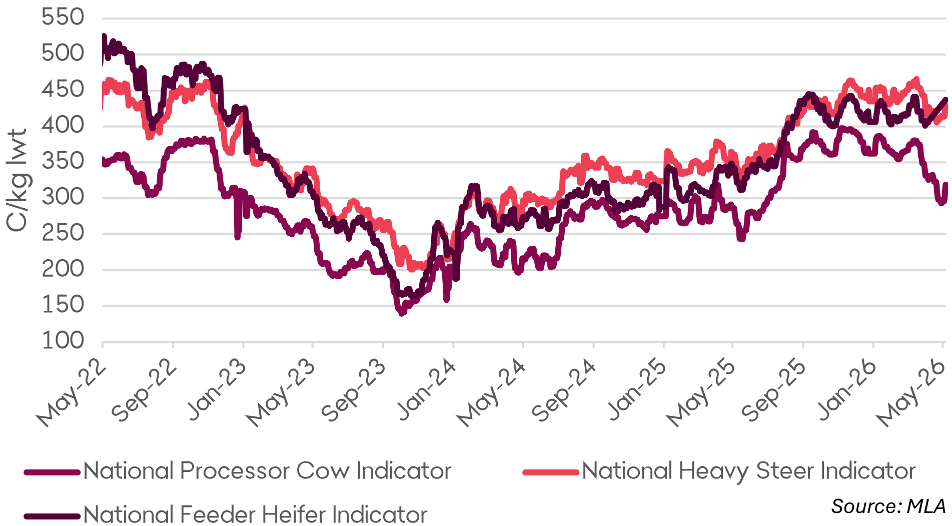


Source: MLA

Heavy Steer Indicator - North vs South Australia

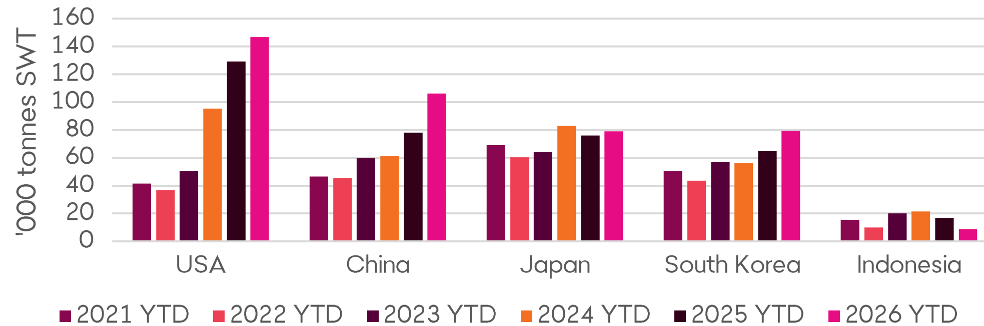


National Indicators



Source: MLA

National Beef Exports Year-to-Date



Source: DAFF

Cropping

Crop risk adds weight to April price strength

Bendigo Bank Agribusiness

Rod Baker
Agricultural Analyst

Key Watchpoints:

- Traded wheat values showed strength beyond published bids. Season highs were reached across multiple zones with northern markets holding the strongest price signal.
- Feed barley delivered the clearest regional signal, led by sharp east-coast gains, with observed traded values showing physical strength extending into Victoria late in April.
- Canola values firmed as old-crop availability stayed tight, while new-crop confidence still depends on May rainfall turning early establishment into a seasonal break.

Northern wheat leads as crop risk adds context to local gains

Wheat prices strengthened through April, with the largest port-zone gains again concentrated in northern markets. Brisbane APW rose 11 per cent month-on-month and Newcastle lifted 10 per cent, compared with more moderate four per cent gains across Geelong, Port Adelaide and Kwinana. CBOT wheat also firmed through April, finishing the month just under six per cent higher before giving back around three per cent in early May, highlighting the short, sharp price swings typical of weather-driven markets. The late-April futures support came as US HRW crop conditions remained under pressure, with limited rainfall across the central and southern High Plains and winter wheat ratings still historically weak for this point of the season. Locally, seasonal risk remains most acute through southern Queensland and northern NSW, where April rainfall was extremely low and planting confidence remains tied to a meaningful May break.

Feed barley delivers the clearest physical price signal

Feed barley recorded the sharpest regional split through April, with northern zones moving well ahead of southern and western markets. Brisbane rose 11 per cent month-on-month, Newcastle lifted 12 per cent and Port Kembla gained 13 per cent, while Geelong and Kwinana increased only 2 per cent. However, WA's modest monthly move came from an already elevated base, with Kwinana feed barley still trading at historically firm levels after a season of strong export demand.

Observed traded values reinforced the strength of the eastern move, with Port Kembla feed barley trading above APW wheat on some days and approaching higher-protein wheat values late in the month. That pushed barley from a firm market into one of the clearest physical price signals across the grain complex. The April feature was not broad-based upside everywhere, but a sharp east-coast repricing against an already firm national barley backdrop.

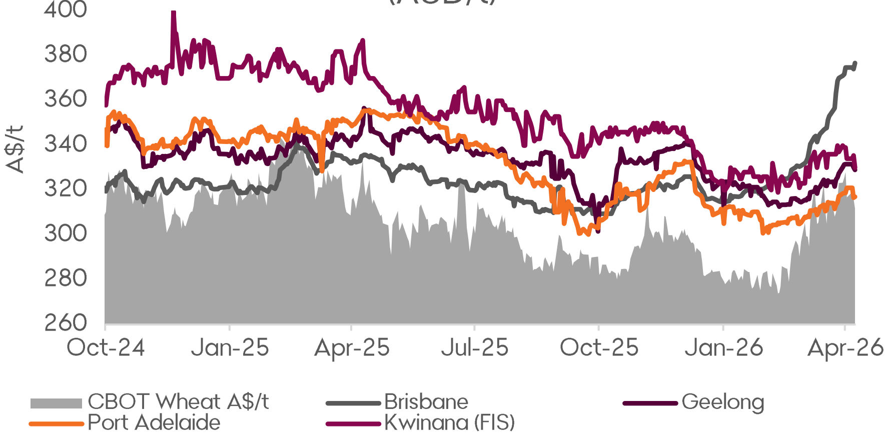
Canola rebounds as oilseed strength lifts late-April values

Canola prices strengthened into early May, although the monthly move masks a more uneven path. Values softened into mid-April before recovering through the second half of the month, with the sharpest lift occurring from late April. Kwinana remained the premium port-zone market, with non-GM reaching around $805/t by early May, while Geelong, Port Kembla and Port Adelaide also lifted from their mid-month lows.

Late-month support came from the broader global oilseed complex, with ICE canola, MATIF rapeseed and CBOT soybeans all moving higher as crude oil, biofuel demand, EU import expectations and northern hemisphere weather risk contributed to sentiment. Locally, limited old-crop availability kept remaining tonnes trading at historically firm values. Recent rainfall has improved new-crop sentiment across southern Australia, but where crops have emerged on tropical moisture, early establishment should not yet be read as a fully confirmed seasonal break. The next test is whether May delivers enough follow-up rainfall to support establishment and maintain confidence in new-crop planting programs.

Industry Scan – Cropping

Australian APW versus CBOT Spot Futures (AUD/t)



Source: BEN Agri Insights Pro & CME Group (CBOT)

Grain and Oilseed Price Snapshot

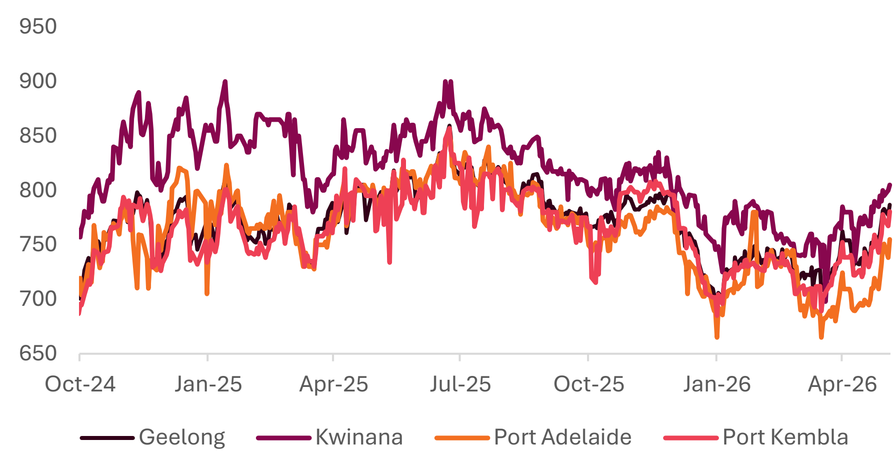
Commodity	Price(A$/t)	10-Yr Decile	MoM	YoY
Australian APW Wheat (index)	**$353**	6.0	▲$17	▲$3
CBOT Wheat (spot)	$329	7.2	▲$3	▲$34
Australian Feed Barley (index)	**$335**	8.7	▲$8	▲$1
CBOT Corn (spot)	$267	6.4	▲$5	▼$24
Australian Canola (index)	**$770**	7.8	▲$22	▼$15
MATIF Rapeseed (spot)	$861	8.1	▲$11	▼$101
ICE Canola (spot)	$777	7.1	▲$15	▼$4

Source: BEN Agri Insights Pro, CME Group, Euronext & ICE

Australian Feed Barley Prices

Source: BEN Agri Insights Pro

Australian Canola Prices (AUD/t)



Source: BEN Agri Insights Pro

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Dairy

From the farmgate to the fridge

Eliza Redfern
Senior Manager
Industry Insights

Key Watchpoints:

- Inflationary pressures are rising for producers, processors and consumers. However, an overall steady farmgate milk price and cost-conscious shopping behaviour will likely limit how high shelf prices rise.
- Substantive price increases may be drawn out in the 2026/27 season but will depend on individual company's milk sourcing and mechanisms within their contract with the retailers.

Dairy products as a category, are not only a staple for the majority of Australian households, but a key driver of traffic and value for retailers. However, the combination of dairy's positioning for each of these stakeholders and Australian farmgate milk price mechanisms, can complicate the flow of market signals and the distribution of returns.

For example, in 2022, despite an uptick in production costs, farmgate prices did not materially increase until mid year, when new season farmgate milk prices reached a historical high for the industry. The CPI for the 'dairy and related products' category then climbed 12 per cent between June and December 2022 (see the CPI graph in the 'Domestic Market' section) – rising much faster than other food categories and exposing Australian dairy products to intense competition from cheaper imported products. By this stage, consumers were increasingly price sensitive.

Now inflationary pressures are rising again, with the conflict in the Middle East driving higher costs for key producer and processor inputs. However, unlike the 2022/23 season, dairy market fundamentals have weakened. Amidst strong global supply, volatile export demand and ample milk intakes, 2026/27 farmgate milk prices for southern Australian farmers are likely to settle around the current season's estimate of $9.40/kg MS.

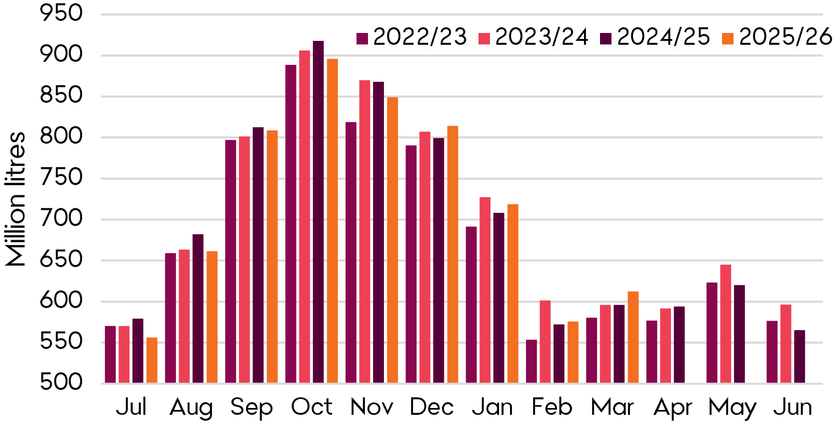
Consumers remain cost-conscious in light of continued cost-of-living pressures and price changes are still being met with resistance. Recent increases to the shelf price of private label milk (amongst other products) by the major retailers generated complaints from consumers, resulting in a 'price freeze' announcement from one retailer on a variety of household products, including some private label dairy products. Other responses have suggested a commitment to absorb costs 'where possible' and regularly review shelf prices. The pressure on retailers to limit their contribution to cost-of-living pain and consumers continuing to gravitate towards affordable alternatives (such as private label or imported products) will hamper dairy's ability to draw more out of Australian pockets in the near term.

Furthermore, if publicly announced farmgate milk prices are static, dairy manufacturers may struggle to justify wholesale or retail price increases aimed at passing on other manufacturing costs to consumers.

As such it's likely that any material retail price increases will be drawn out during the 2026/27 season, depending on the processing company's individual milk supply arrangements and the mechanisms detailed in their contract with the retailer.

Industry Scan – Dairy

Australian milk production

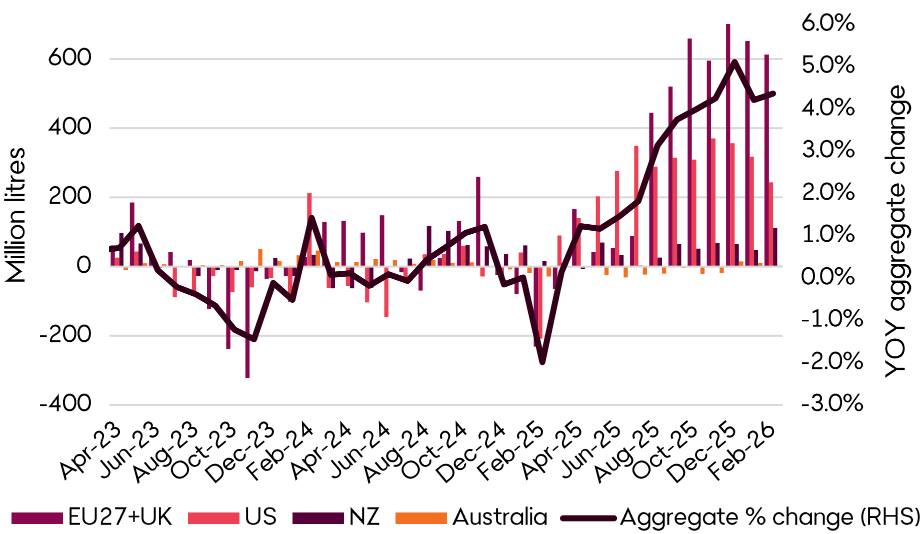


Source: Dairy Australia

Australian milk production	Season to Mar 2026
National	*-0.7%*
Queensland	*+3.3%*
New South Wales	*+2.6%*
South Australia	*-6.3%*
Western Australia	*-2.6%*
Tasmania	*+1.9%*
Victoria	*-1.3%*
Northern	*-1.8%*
Western	*-1.5%*
Eastern	*-0.8%*

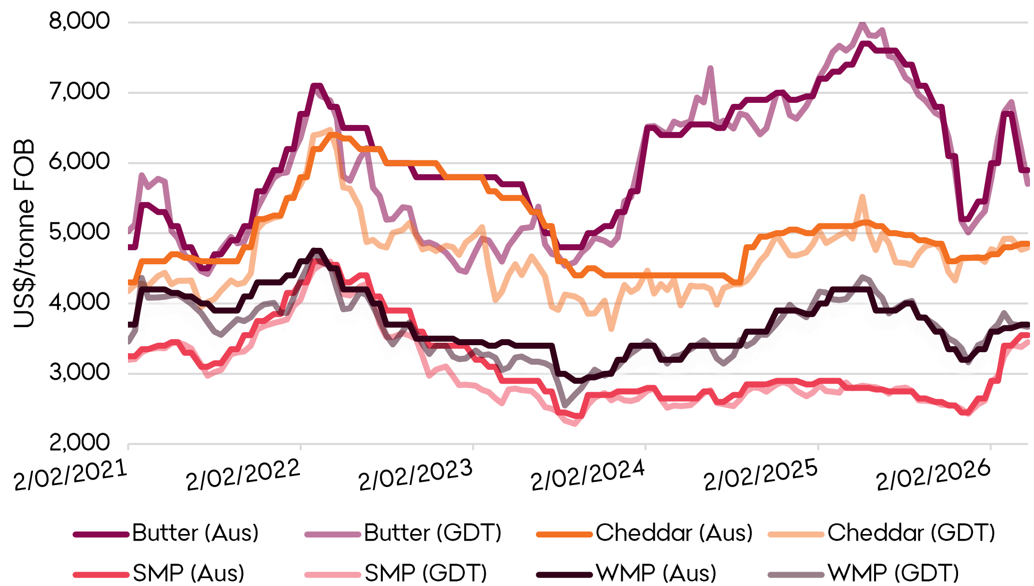
Source: Dairy Australia

Milk production in key exporting regions



Source: Dairy Australia, DCANZ, Eurostat, USDA, AHDB

Australian vs GlobalDairyTrade (GDT) indicators



Source: Dairy Australia, GDT

Horticulture

Autumn shift brings citrus, apples and winter veg to market

Bendigo Bank Agribusiness

Sean Hickey
Senior Agricultural Analyst

Key Watchpoints:

- Early season winter fruit and vegetable varieties are coming to market following the emergence of cooler autumn conditions.
- Reduced avocado output across Central Queensland is likely to support Hass retail prices across coming months.
- High freight costs continue to restrict margins, with farmers having to cover them into major distribution hubs. Queensland producers are unsurprisingly bearing the brunt of these higher costs.

Cool autumn weather brings with it a varietal shift

With winter fast approaching, a shift away from late summer produce towards winter varieties is well underway. Table grape season has come to an end, with dried fruit picking now taking place across Sunraysia. The wet weather that occurred through late February and early March did result in a delayed finish to table grape harvest with the challenging season expected to increase the pace of industry exits. Dried fruit across the region has also struggled following the wet weather which is likely to impact quality and total volume. Almond harvest has also finished up. While yields across the NSW Riverina were broadly positive, adverse weather conditions have negatively impacted quality across the Sunraysia and Riverland regions. This is likely to weigh on the available volumes of quality in-shell almonds, which is the primary almond product purchased by the key Indian and Chinese markets. When combined with the already low inventory levels (due to consecutive seasons of substantial international demand), almond export volumes are likely to sit significantly lower this year. However, for those that have managed to harvest quality in-shell produce, pricing should remain elevated across the 2026-27 season. Early season Navels are on store shelves, with the picking of M7 Navels coming to a close in Sunraysia. Large volumes of mandarins out of Queensland are also hitting the market, with consumers likely to see improved availability on store shelves in coming weeks. Additional apple varieties are also coming to market with Bravo apples now appearing across the east coast.

Avocado pricing expected to lift in coming months

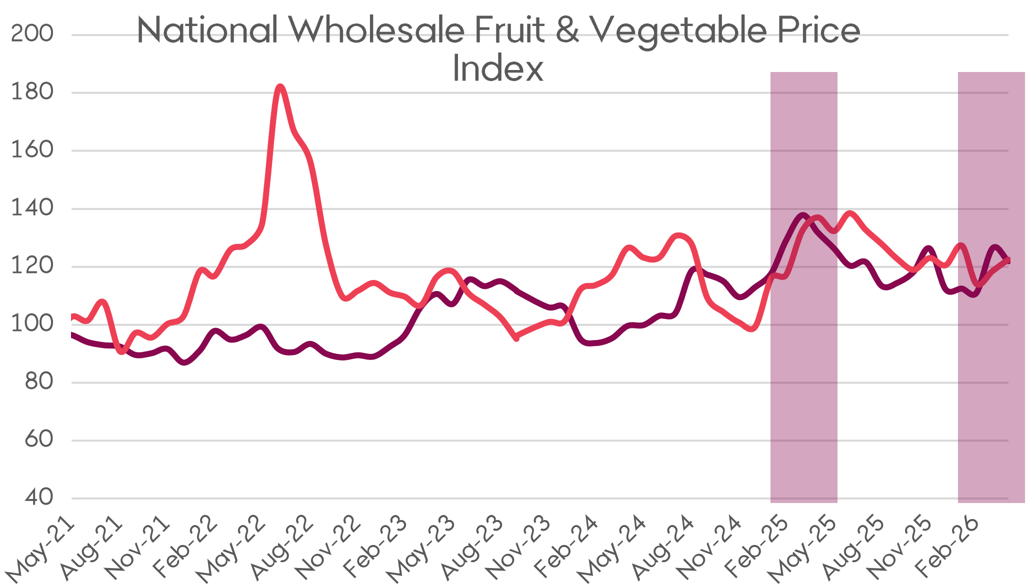
As Shepherd season comes to a close attention has quickly shifted back towards the popular Hass variety. Domestic avocado supply has been significant during the first four months of 2026, following a bumper WA season and strong Shepard production in QLD. However, supply volumes are expected to lower in the second half of the year. With Queensland Hass season is well underway, Strong production was reported across North Queensland, however, a year-on-year reduction of almost 1 million trays from the Central Queensland region is expected to keep supply tight through the reminder of 2026. Hass avocado pricing is currently hovering between $2.20-$2.75. This may lift as high as $3.50 as the season progresses and availability tightens. As a result, imports from New Zealand may increase. These higher retail prices remain a balancing act for producers as anything above $3.50 typically begins to weigh on consumer demand.

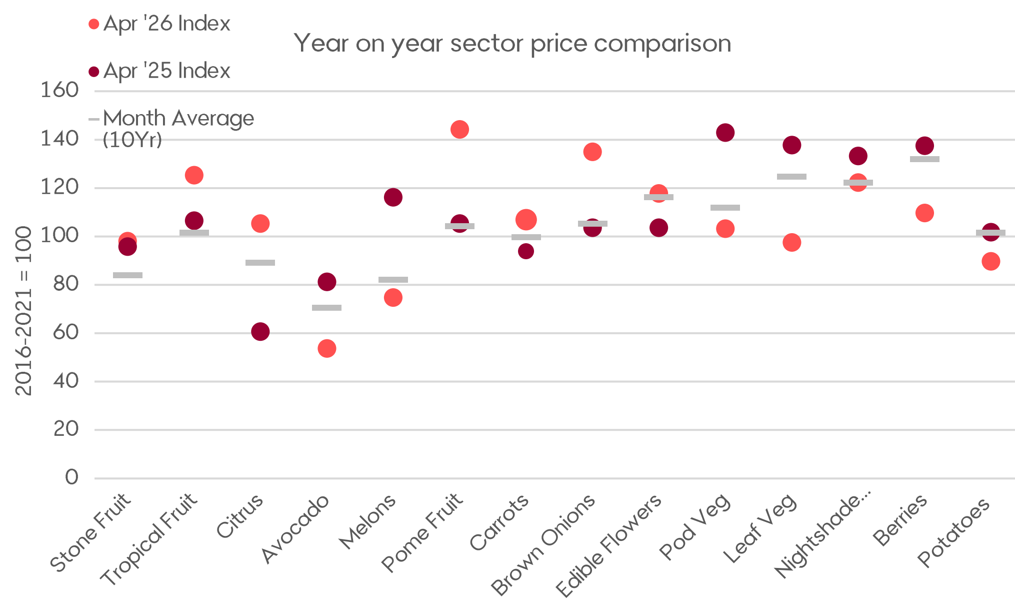
The export environment for Australian avocadoes has provided growth opportunities in recent months. WA producers are well placed to take advantage of expanded market access due to the absence of Queensland Fruit Fly and favourable freight rates. This resulted in avocado exports reaching record levels across the first four months of the year. However, with freight and production costs rising, alongside strong international output, the export outlook in the second half of the year is less positive. Margin pressures are also an ongoing struggle, despite the increased maturation of the industry and the expansion of export markets providing positive sentiment from a longer-term perspective.

Industry Scan – Horticulture

State Fruit and Vegetable Price Index Comparison

		QLD	NSW	VIC	TAS	SA	WA
Fruit Price Index	Year-on-year %	-1%	-8%	-15%	-5%	-23%	12%
	vs 10 year Ave	25%	10%	15%	4%	-4%	18%
Veg Price Index	Year-on-year %	-16%	-15%	-11%	9%	-11%	-26%
	vs 10 year Ave	-10%	-4%	13%	38%	8%	2%





Sheep

It's beginning to look a lot like 2023?

Joe Boyle
Agricultural Analyst

Key Watchpoints:

- Prolonged dry conditions may increase supply pressure in the coming months as producers destock to manage feed availability.
- The reduced national flock and improvement in processor capacity over the past three years should limit the downside in prices compared to the sharp drop that occurred in 2023.

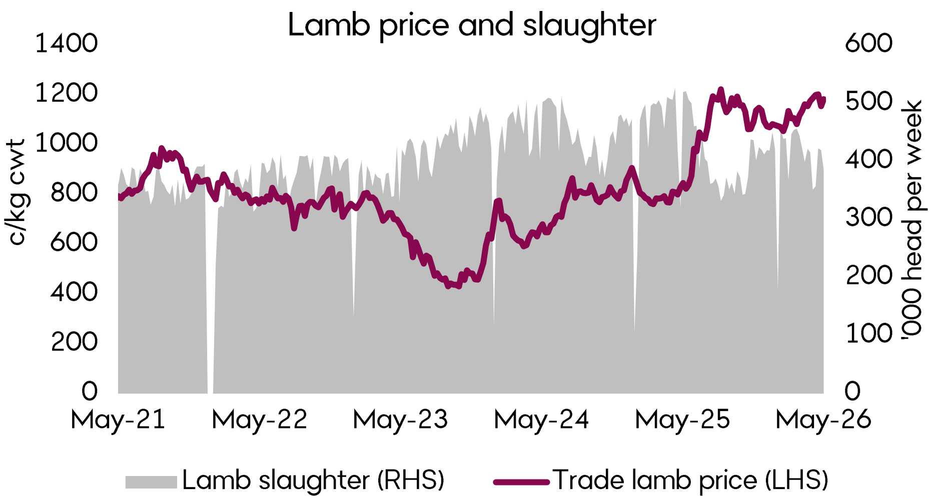
Dry conditions across the northeastern growing regions, fears of an El Nino event throughout the second half of the year, and below average rainfall forecast for next three months are all sounding very familiar. Could we be looking at another 2023 and a lamb and mutton price crash? Unfortunately, the answer is not a straight no, but thankfully it's unlikely to be a straight yes either.

In 2023, we saw a stark shift from a three-year rebuild in the national flock, to heightened turn-off and an overwhelmed processing sector, which sent lamb and mutton prices through the floor. The National Trade Lamb (NTLI) and National Mutton (NMI) indicators fell almost 50 per cent and 78 per cent respectively from the start of 2023 to September that year. These destocking decisions were driven primarily by drier conditions across the east coast, with the weight on prices amplified by the growth in the national flock, which peaked at 74.2 million head, up 12.2 per cent from beginning of the rebuild in 2020. The uplift in supply from 2023 onwards has resulted in a significant build up in processing capacity, with average weekly throughput of lamb and mutton lifting over 33 per cent between 2022 and 2024. The increased demand from processors has been a major driver of the record prices over the past nine months as supply has since tightened significantly.

There are several key differences as we approach this drier season, the first being that we are in a very different position in the flock cycle. Meat and Livestock Australia have forecast the national flock at 67.1 million head at the mid-point of 2026, up only 1.6 per cent from the start of the rebuild in 2020. So, although supply pressure may increase in the coming months, it is unlikely to be to the same extent as three years ago. Another big difference is the uplift in processing capacity mentioned above, and although throughput has slowed this year, it remains well above the lows reported throughout the rebuild and will maintain some upwards pressure on prices. And finally, lamb and mutton prices are currently incredibly strong, with the NTLI and NMI both well above their five-year averages as well as in comparison to this point in 2023 – further reiterating the current tighter supply picture.

Now all the above factors don't rule out lamb and mutton markets softening if dry conditions continue and potentially worsen. However, if conditions force growers to destock, these factors should keep prices well above the lows endured in the second half of 2023.

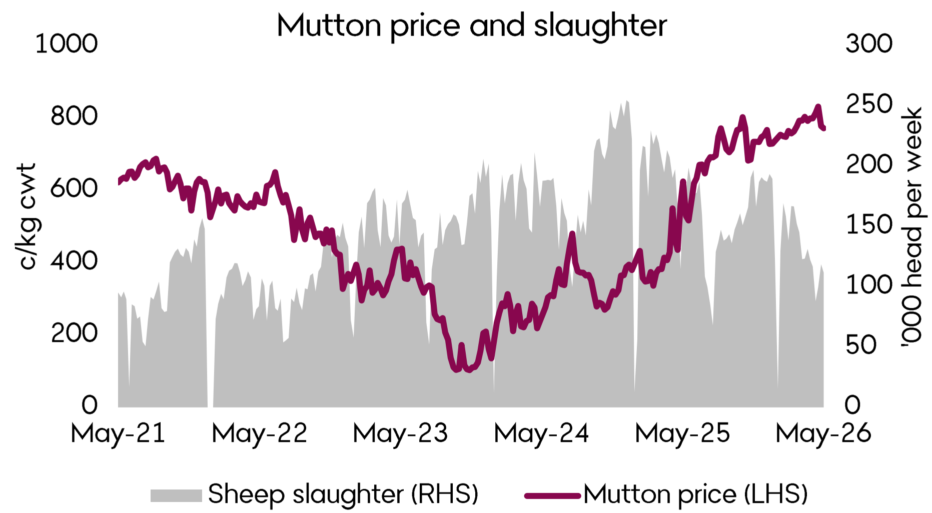
Industry Scan – Sheep



Source: MLA

National Indicators	6 May 2026	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
Restocker Lamb	1,162	-41	363	734	9.9
Trade Lamb	1,151	-49	318	815	9.6
Heavy Lamb	1,099	-50	253	814	9.5
Mutton	762	-40	173	480	9.7

Source: MLA



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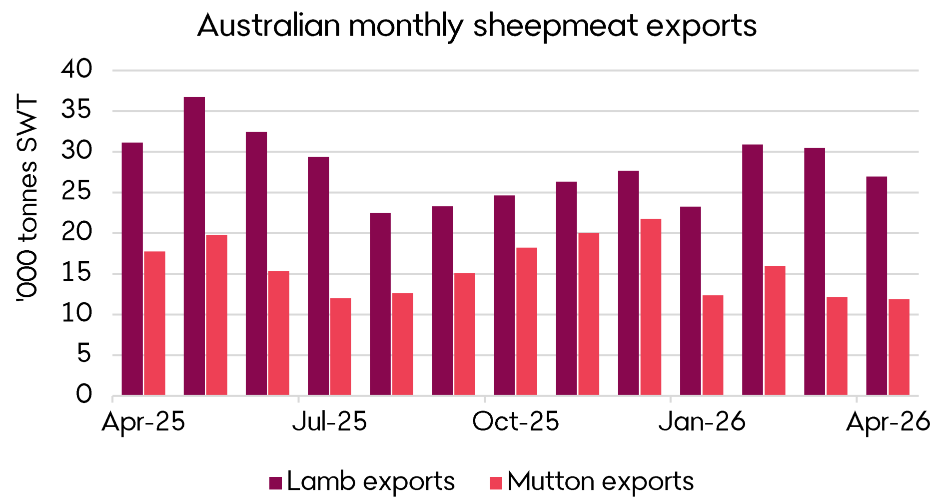


Source: DAFF

Wool

Sustainable fashion leading to sustainable demand?

Bendigo Bank Agribusiness

Claire Adams
Agricultural Analyst

Key Watchpoints:

- Strong demand for sustainable fibres is helping to lift the AWEX EMI, with fine Merino fleeces leading gains this season.
- Technical performance apparel is expanding into summer-wear, broadening wool's reach and helping to stabilise demand.
- Production is forecast to hit historic lows for the 2026/27 season due to dry conditions, high restocking costs and declining flock numbers.

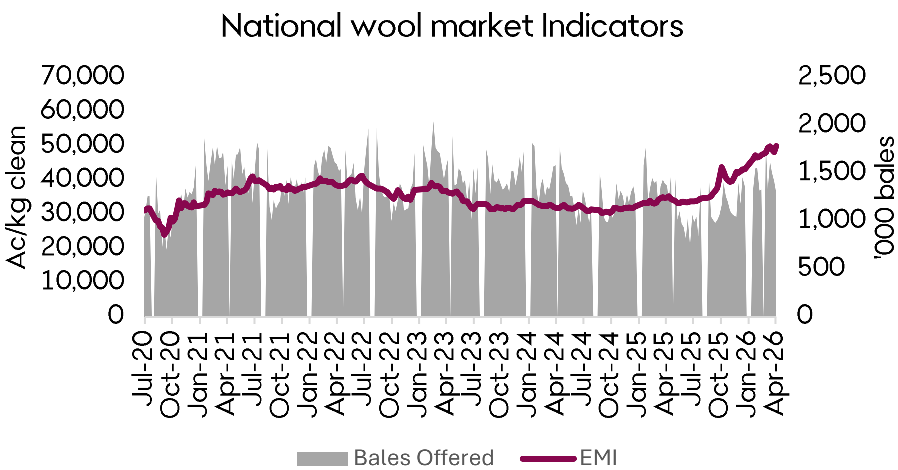
Over the past several months the Australian wool market has enjoyed a period of demand-led growth. This has been reflected in the AWEX EMI which is currently sitting at 1,886 c/kg, 58.4 per cent higher year-on-year. This market strength can be partially attributed to a consumer shift away from synthetic "fast fashion" towards natural, sustainable fibres. The rising oil prices of late is also resulting in increased synthetic fibre costs, supporting the recent premiums paid for wool. The general demand for Merino fleeces, up to 21 microns is a good indicator of the desire for wool to be utilised in apparel. As seen in the 2025/26 season so far, finer microns up to 21-MPG have increased by over 48 per cent, with Melbourne 18 MPG increasing 58 per cent, while coarser fleeces of 26-MPG and above have generally seen smaller gains in comparison.

Traditionally, wool garments are associated with winter wear, as the use of wool coats, scarves and gloves are popular choices for cooler winter temperatures. There has also been a growing trend of the use of wool in technical performance apparel. Its benefits of wicking moisture and excellent temperature control are being utilised for summer-wear by a growing number of designers. This trend should hopefully help fuel demand past July, where the Australian wool market has historically decreased post the winter recess. This was first noted in 2025, providing the initial signs of the demand driven growth that has been observed over this 2025/26 season.

Australia's constrained supply will also support wool pricing. Dry conditions across key wool production areas remain a challenge, with the availability of stock water across New South Wales and Victoria an ongoing issue. Despite these adverse conditions, the Australian Wool Production Forecasting Committee (AWPFC) slightly revised its forecast for this season upwards at the end of the month, to 255.4 million kilograms, which remains 8.8 per cent lower than the production estimate of 2024/25. This decline correlates with only 59.3 million sheep forecast to be shorn, a historically low number. Many states are expecting lower joining numbers alongside increased restocking costs, keeping sheep numbers low despite more positive sentiment amongst producers. The number of bales sold so far this season is just 1.9 per cent below the same point in the 2024/25 season, reinforcing the larger volume of wool that has been made available at auction from on farm and brokerage storage.

Looking further ahead, the tightening supply trend is anticipated to continue into the new season. The AWPFC estimates shorn wool production to lower towards 243.9 million kilograms greasy in the 2026/27 season, which will be 4.5 per cent below the 2025/26 full season forecast, and 25.6 per cent lower than the volume of wool produced in the 2022/23 season. With a consumer shift helping to drive demand and constrained flock sizes forecast for the near future, the Australian wool market's price outlook remains positive.

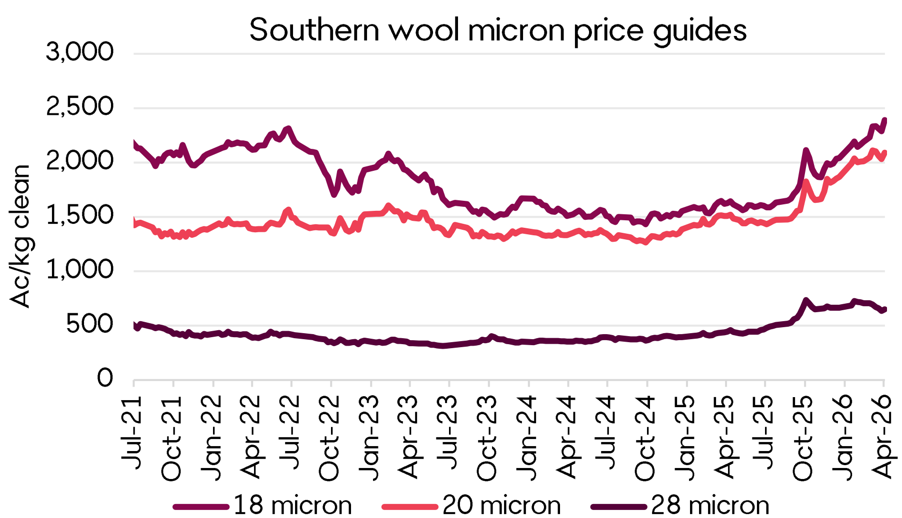
Industry Scan - Wool



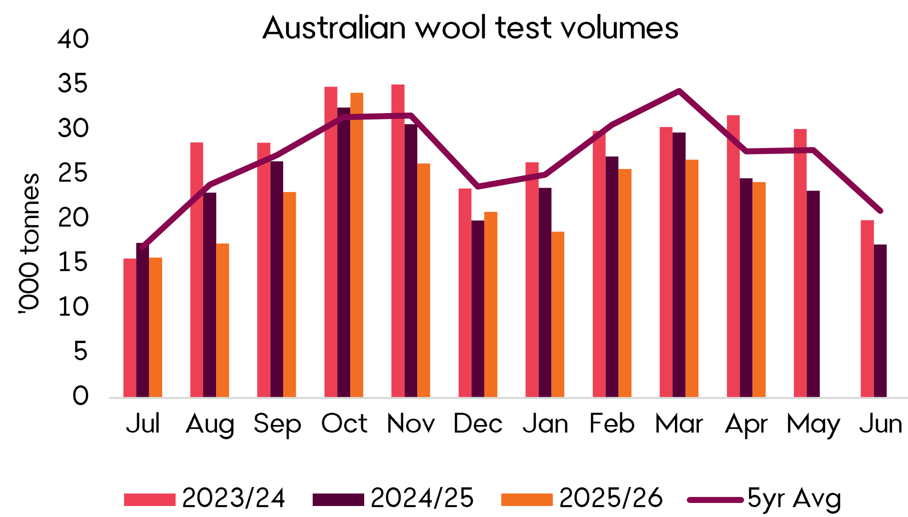
Prices (c/kg)	Current Price	Month-on-Month	Year-on-Year	Five-Year Average
AWEX EMI	1,886	100	695	1,303
18-micron	2,512	120	950	1,834
20-micron	2,155	64	715	1,469
28-micron	715	65	288	433
MC	1,112	60	403	810

**Southern selling centre*

Source: AWEX



Source: AWEX



Source: AWTA

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