Monthly Commodity Update

September 2026

Bendigo Bank
Agribusiness

Monthly Commodity Update – September

Bendigo Bank Agribusiness

Headline Insights:

Australia is on track for another bumper winter crop, despite challenging conditions across northern and western growing regions. Meanwhile, the feedlot sector's necessity to maintain capacity is sustaining demand for feeder cattle while a tight flock and favourable conditions entering spring are supporting lamb prices. Wool markets also remain elevated, though subdued retail demand in Europe and China are a close watch for the sector through spring.

Cattle: ***pg. 7-8***

The US tariff shift will primarily impact processor cows. In contrast, young cattle prices are supported by domestic demand. The feedlot sector's necessity to maintain capacity is also sustaining demand for feeder cattle, even with tight margins.

Cropping: ***pg. 9-11***

Australia is on track for a large 61 Mt winter crop, but southern strength is masking northern weakness, while subdued barley prices and softer wheat basis temper the bullish production story.

Dairy: ***pg. 13-14***

Australia is increasingly seen as a target for overseas dairy, particularly by the US, and this season will be no different. As milk flows grow and the global market weakens, Australian dairy is facing both import and export pressures.

Horticulture: ***pg. 15-16***

A downward trend in fruit prices is limiting returns for growers with margins further compressed further by a resurgence in the cost of inputs over recent months.

Sheep: ***pg. 17-18***

Sheepmeat processing rates are gaining momentum following the quieter winter months, but throughput remains slower compared to previous years.

Wool: ***pg. 19-20***

Despite a softer start to season 2026/27, wool sits well above previous season levels, though a stronger Australian Dollar means further seasonal gains depend on recovering global consumer demand.

Carbon and Climate

More rain, more problems? (for some)

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Key Watchpoints:

- While welcome, late winter rain has significantly elevated disease pressures and demand for fungicides, which have been harder to secure as a result.
- There are risks to crop quality and yields if not applied when needed, but strong moisture reserves and broadly favourable growing conditions are expected to outweigh any yield losses.
- Winter wasn't a dry season for the whole country, but below average rainfall is still expected in September. The current El Nino phase is expected to strengthen, continuing to bring warmer than average temperatures with it.

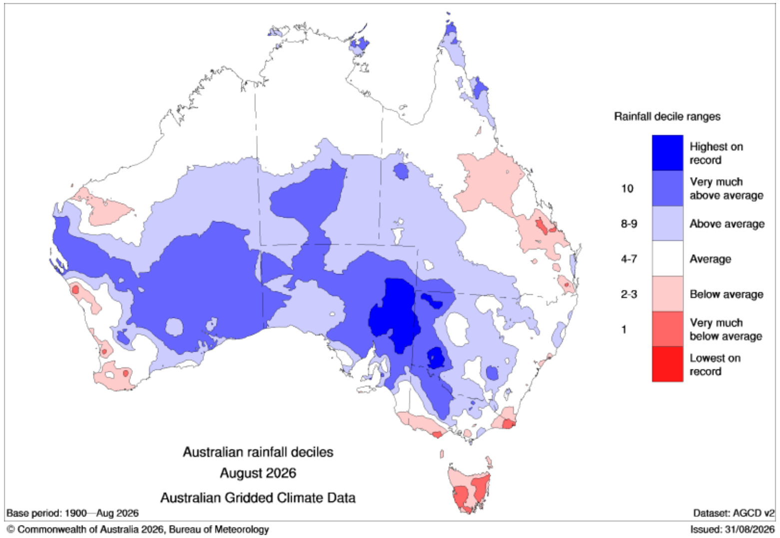
The frustrations of falls and fungicides

The August rain over the southeastern parts of Australia is tipped to be the catalyst of near record crop yields in Victoria and South Australia, but disease concerns may throw a spanner in the works amidst fungicide shortages. Australia imports the bulk of its fungicides and key ingredients, from China, the US and Austria, and is therefore exposed to global uncertainty. In response to the increasingly volatile freight environment (in terms of both costs and delivery), Australia's imports have increased in recent years. However, the product doesn't appear to be in the right place at the right time. Many producers secured less product than usual in anticipation of a drier season, but the late winter rain has ramped up the disease risk, particularly for wheat, oilseeds and pulses, and in turn the demand for fungicides. There are reports from farmers in the southeastern states of not being able to secure the product they need. Furthermore, producers are not only having difficulty accessing the product, but the paddocks too. Areas within parts of South Australia and Victoria are waterlogged with minor flooding in some parts, leading to a heavier reliance on aerial spraying, which comes at a higher cost compared to on-the-ground applications. This can be hard to do in a timely manner when the neighbours are trying to book the plane in too.

Timing is also crucial; not applying suitable treatment when required could mean significant impacts for both the quality and yield of crops in affected regions. At this stage however, the good news is strong moisture reserves and broadly favourable growing conditions are expected to outweigh any major losses.

The word on weather

Winter wasn't drier than usual for the whole country – while rainfall was below average in regions in the southwest corner and along Australia's east coast, conditions were wet for most of central and southern Australia. Even to the extent of flooding in parts of South Australia and northern Victoria. Below average rainfall can be expected across most of the country through September, however this is tipped to weaken as spring continues. El Nino is still expected to strengthen over spring, potentially peaking in summer and continuing to bring warmer temperatures with it.

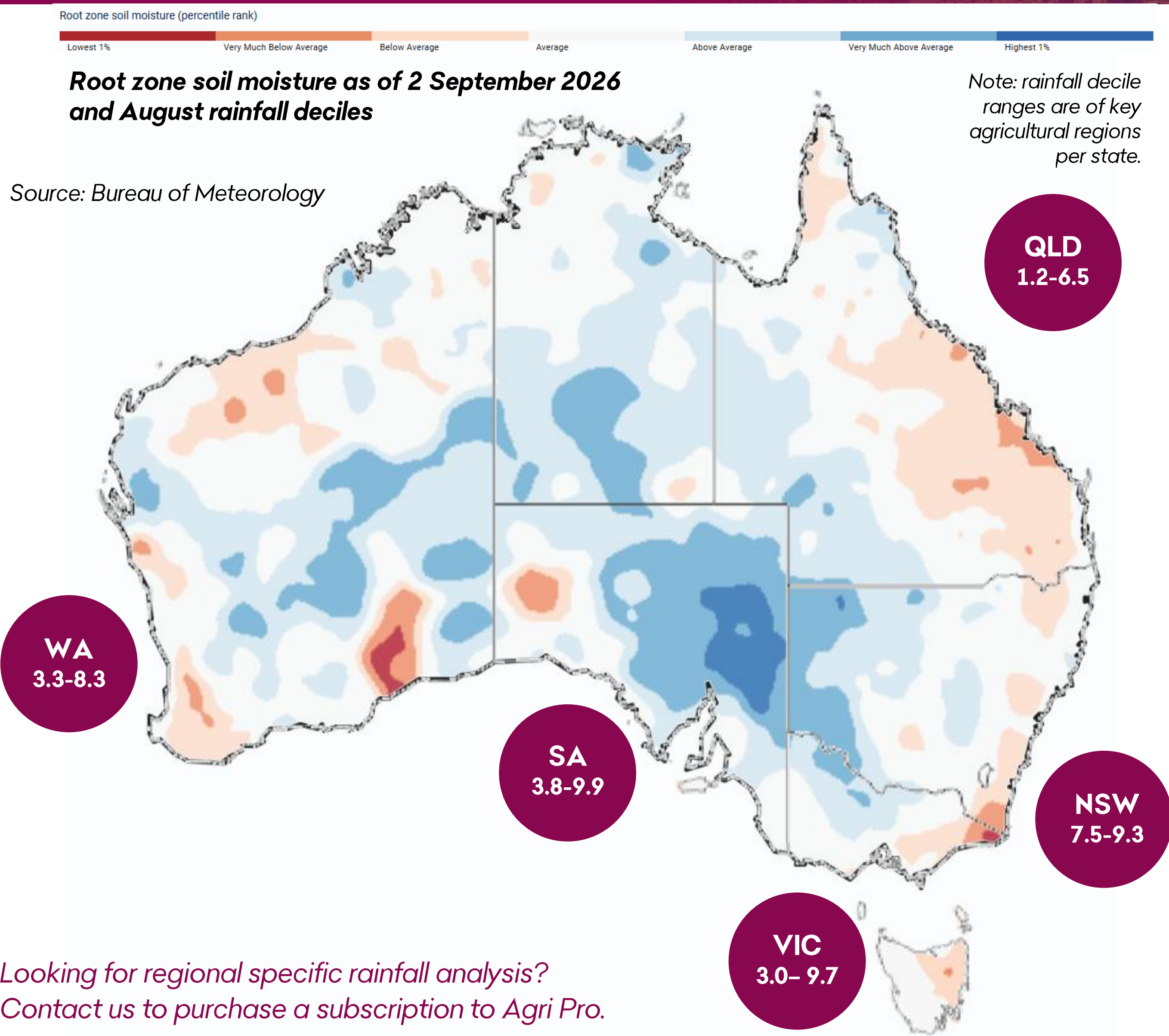


Climate and Carbon

Root zone soil moisture as of 2 September 2026 and August rainfall deciles

Source: Bureau of Meteorology

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



Water storages in the Murray Darling Basin

	Aug 2026	YoY %
Whole of Basin	64%	-3%
Southern basin	66%	4%
Northern basin	57%	-22%

Catchment	Location	Aug 2026	YoY %
Macquarie	Lake Windamere	83%	-7%
	Lake Burrendong	35%	-25%
Namoi	Split Rock Reservoir	92%	-9%
	Lake Keepit	59%	-41%
	Chaffey Dam	96%	-7%
Gwydir	Lake Copeton	60%	-20%
McIntyre	Pindari Lake	42%	-27%
Upper Murray	Lake Hume	72%	20%
	Lake Dartmouth	74%	6%
Goulburn	Lake Eildon	58%	2%
Murrumbidgee	Lake Burrinjuck	60%	3%
	Blowering Reservoir	63%	4%
Lower Murray	Lake Victoria	96%	20%
Lower Darling	Menindee Lakes	30%	-49%
Lachlan	Lake Wyanngala	65%	-24%
	Carcoar Lake	96%	-3%
	Lake Cargelligo	94%	44%

As at 26 Aug 2026

Source: MDBA, BOM

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Production costs

Fuel prices rise while fodder costs ease

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Key Watchpoints:

Diesel prices have pushed higher in recent months, driven by rising global oil costs and overseas shipping disruptions. These global pressures, along with higher transport costs, are keeping local fuel prices elevated across regional areas.

Meanwhile, fodder markets have softened as strong pasture growth reduces supplementary feeding requirements. Substantial carryover stocks and favourable spring seasonal conditions have dampened local demand, applying downward pressure on both cereal and lucerne hay values.

The Australian Dollar has continued higher over the past two months, climbing back towards 72 US cents after falling below 68.7 US cents at the end of June.

IMPORT VOLUMES *vs 5yr June average*

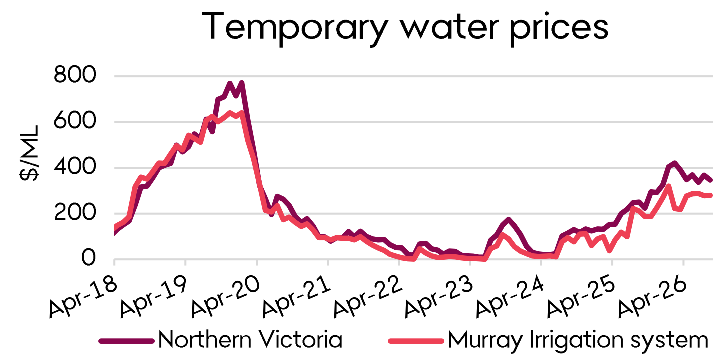
Chemicals	**Fertiliser**
Pesticides: *-7%*	**Urea:** *20%*
Herbicides: *35%*	**MAP:** *59%*

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

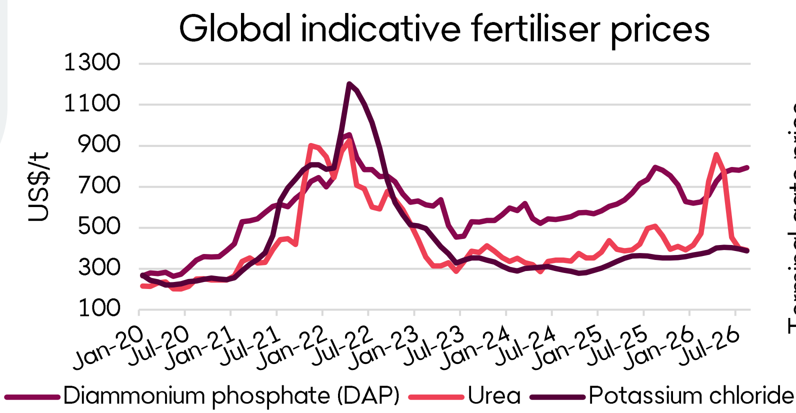
Eastern Aus (north)	Eastern Aus (south)	South Australia	Western Australia	Tasmania
$325/t *+0% MOM, -15.1% YOY*	$281/t *-6.4% MOM, -53.4% YOY*	$250/t *-5.0% MOM, -61.3% YOY*	$235/t *+0% MOM, -13.0% YOY*	$180/t *-8.9% MOM, -51.4% YOY*

Source: AFIA

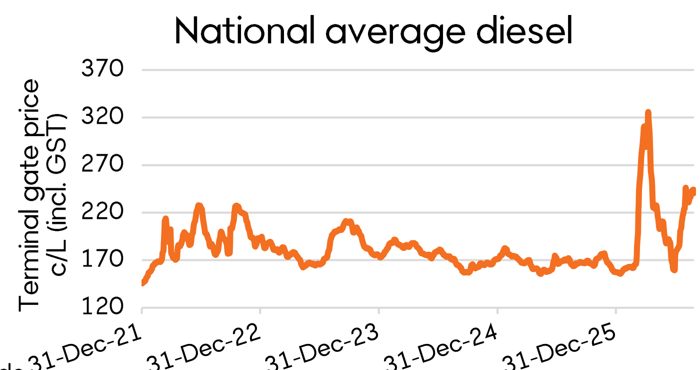
Source: RBA



Source: Victorian water register, Murray Irrigation system



Source: World Bank



Source: AIP

Domestic market

Inflation rises through July

Key Watchpoints:

Bendigo Bank's August *Economic and Market Update*, noted that despite a complex global backdrop and a softening labour market, the Australian economy is showing remarkable resilience, though the latest CPI figures did raise some eyebrows. The ABS confirmed overall CPI had climbed to 3.5 per cent in its latest update, slightly above market expectations with higher labour and restaurant costs added to the inflationary figures. Household spending on food via the retail channel also increased further in July. Updates to consumer confidence data will be closely watched when released later this month.

This month's *bang for buck:*

Strawberries are hitting the market in large volumes with strong supply reported out of Queensland, while a similarly elevated supply of red and green capsicum is keeping prices low. Rising beef and lamb prices continue to make pork and poultry a more attractive offering at a retail level.

Total CPI
YOY Jul 2026
+3.5%

Cash rate
at 03 September 2026
4.35%

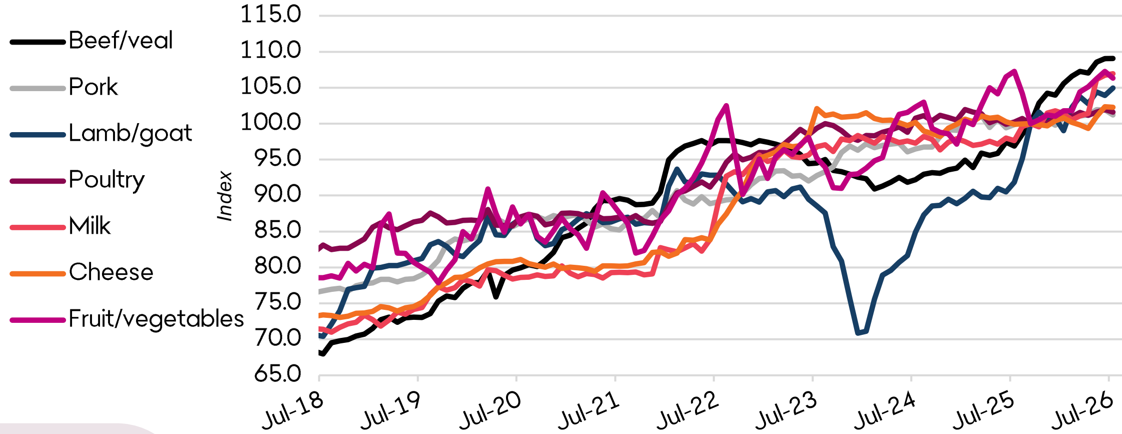
Source: ABS, RBA

HOUSEHOLD SPENDING
Jul 2026 vs LM (seasonally adjusted)
Source: ABS

Food (retail)
+1.0%

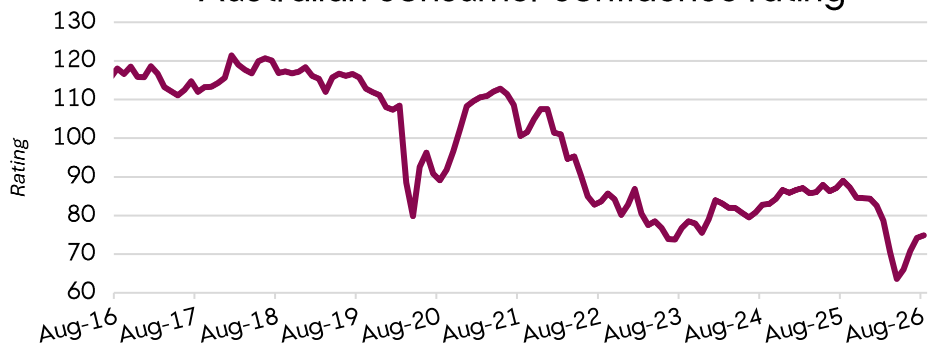
Hotel/café/restaurant
+1.1%

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

Young cattle firm, processors face pressure

Nick Makeham
Agribusiness Graduate

Key Watchpoints:

- Domestic price direction now hinges on spring rainfall, which will either fuel re-stocker demand or, should dry conditions develop, accelerate stock turnoff.
- Processor cow values are under pressure as US tariff policy favouring Brazil intensifies competition.
- A drop in the Female Slaughter Rate signals a shift to herd rebuilding, driving producer retention that tightens supply and supports young cattle prices.

The Australian cattle market is at an inflection point, caught between tightening supply and the spring season. After softening in early August due to winter feed gaps and a store cattle influx, indicators reversed late in the month as a sharp supply contraction pushed prices higher.

National cattle yardings fell to their lowest point since February, while the Female Slaughter Rate (FSR) dipped to 45 per cent. Although an FSR above 47 per cent traditionally signals herd liquidation, recent cycles have been distorted by high US demand for lean beef. This has encouraged producers to cull older, unproductive cows while retaining replacement heifers, keeping the core breeding herd stable even as the FSR remained elevated.

However, the recent drop to 45 per cent signals a decisive shift from herd management to active rebuilding, particularly in northern systems. This retention, combined with a strong spring feed surplus in the south, has lifted the National Feeder Steer Indicator by 22c to 506c/kg liveweight. Meanwhile, selective buying has kept heifer prices subdued in the 420c-440c/kg range, maintaining a 50c to 80c/kg discount relative to steers. This price gap, reflecting feedlotters' preference for steers, will contract if heifer retention increases.

The domestic price trajectory for September is now contingent on spring rainfall. Continued rain across the eastern states would drive restocking demand, likely narrowing the current heifer discount, while widespread dry conditions would accelerate stock turnoff and reinforce discounts on unfinished animals. To place these short-term movements in context, values remain 30 per cent below the record highs of late 2021.

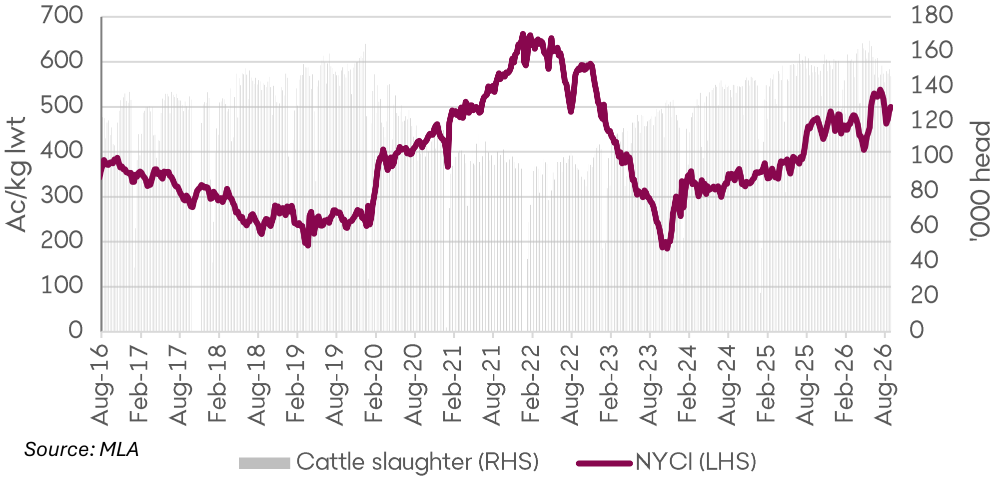
While the domestic outlook is being shaped by seasonal conditions, the export market is facing a separate set of headwinds, led by a recent US announcement of a 90-day tariff-free window for up to 300,000t of imported ground beef. While capping record-high US domestic prices, the policy heavily favours Brazil, which is now exempt from the standard 26.4 per cent tariff, allowing Brazilian exporters to redirect their immense exportable surplus. For Australia, this erodes a key advantage, placing our grinding beef in direct competition with cheaper Brazilian product.

This creates a double headwind for Australian processors. A stronger Australian Dollar is already squeezing export returns, and the increased competition from Brazil will further tighten margins, forcing them to reduce bidding aggression. This will likely soften the National Processor Cow Indicator to a projected 370-380c/kg liveweight during September, with northern, export focussed markets expected to feel the greatest pressure.

Despite these international pressures, a widespread price correction across the broader domestic market appears unlikely. The downward pressure from the US tariff shift will primarily impact the processor cow market. In contrast, young cattle prices are supported by competitive domestic demand. The feedlot sector's economic incentive to maintain capacity is sustaining demand for feeder cattle, even with tight margins. This, coupled with limited slaughter availability and a potential increase in re-stocker buying aggression, is providing a firm floor for both feeder and store cattle prices.

Industry Scan – Cattle

Australian Cattle Price and Slaughter

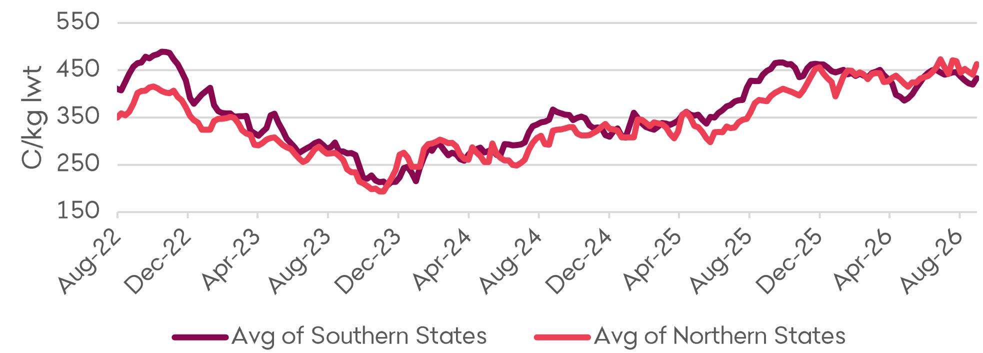


Source: MLA

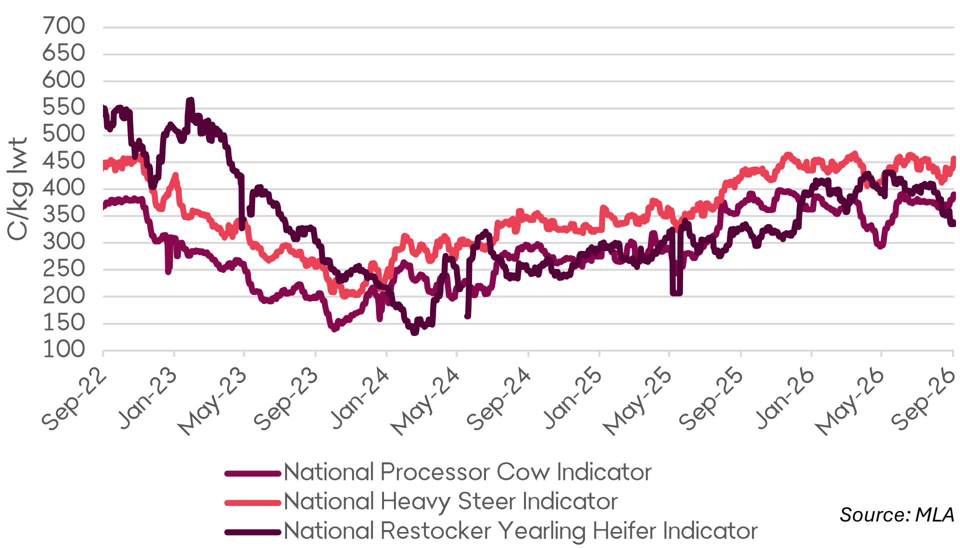
National Indicators	Current Price	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
National Young Cattle Indicator	510	2.8%	9.0%	432	8.40
Eastern Young Cattle Indicator	999	3.5%	12.1%	769	9.14
US 90CL	994	-12.5%	-5.2%	945	9.75

Source: MLA

Heavy Steer Indicator - North vs South Australia

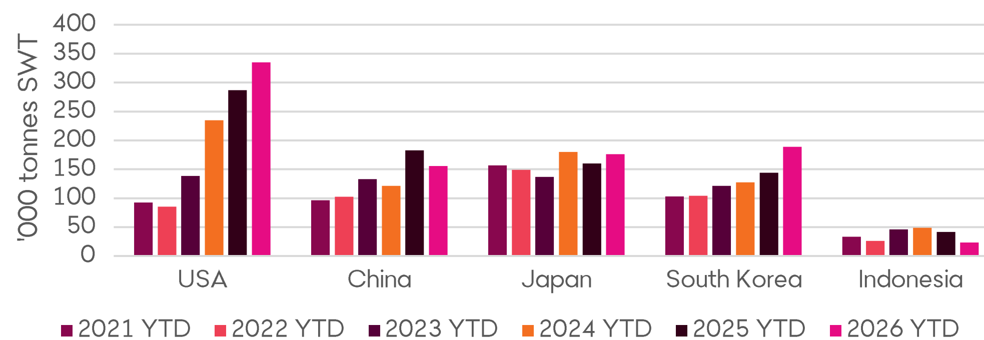


National Indicators



Source: MLA

National Beef Exports Year-to-Date



Source: DAFF

Cropping

A global rally meets a divided Australian market

Bendigo Bank Agribusiness

Rod Baker
Agricultural Analyst

Key Watchpoints:

- **Wheat exports through September:** How much of the nominated 1.60 Mt forward export program is actually loaded, and does that help Australian cash regain ground on Chicago futures?
- **Barley and canola at harvest:** Will southern barley remain subdued, and can WA GM and conventional canola hold parity while Chinese access remains trial-based?
- **Western Australian spring rainfall:** The timing and reach of rain across the moisture-stressed south will help determine whether current crop forecasts, particularly our cautious barley outlook, hold steady.

Wheat: Chicago ran ahead of Australian cash

The futures rally reached Australia with much of its force missing. In Australian-dollar terms, CBOT wheat futures gained about $50 a tonne through August, while new-crop cash bids rose by $12 to $30 across the ports measured. Australian wheat was worth more outright, but less relative to Chicago. At each port, basis, the gap between local bids and CBOT, finished below eight of the previous ten August readings.

Chicago was pricing global disruption, not an Australian shortage. Attacks on Black Sea export infrastructure made Russian and Ukrainian grain harder to ship, though not absent, while Pro Farmer's US corn estimate coming in below USDA's lifted the wider grains complex. Australia, meanwhile, remained around $50 a tonne above the cheapest wheat offered into Asia. Its August–September export program of just over 3 Mt was only mid-range against the previous five seasons, even though it represented a large share of this smaller export season; the September component was still nominations, not shipments. Without an exceptional export pull forcing local buyers to chase grain, Australian cash followed Chicago at a distance.

As at 2 September, the forward shipping stem included 1.60 Mt of wheat. The test now is how much moves from nomination to loading: those tonnes are scheduled, not shipped. Strong conversion would put physical weight behind the export story and strengthen the case for Australian cash to regain ground on Chicago; slippage would leave the futures rally running ahead of realised demand.

Barley sits out the rally as GM canola closes the gap

The August rally split the market rather than lifting it evenly. New-crop BAR1 softened across southern mainland markets as wheat strengthened. Old-crop Port Adelaide BAR1 fell 5.5 per cent through August and was 11.3 per cent below a year earlier, while comparable Kwinana BAR1 was almost unchanged. State commentary described barley buyers as well covered and the market as subdued through the month. Together, the price data and local reports are consistent with the large southern crop limiting buyer urgency.

Canola's relative move had a different mechanism. Offshore oilseed and energy markets moved the outright price, while local commentary consistently linked stronger WA GM bids to Chinese business. At Kwinana, the gap between conventional and GM bids shrank from 11.3 per cent of the conventional price in August 2025 to 1.5 per cent this August. Only two Augusts since 2015 were tighter, and by month-end the gap had disappeared at Kwinana, Albany and Esperance while eastern premiums remained wider. That supports a targeted repricing of GM canola in WA, not a claim that China caused the entire canola rally. With access still trial-based rather than fully reopened, the test is whether parity survives harvest supply.

Cropping

A 61 Mt crop, but not a uniform one

ABARES' September Australian Crop Report forecasts a 61 Mt winter crop for 2026/27: large, but not a uniform national bumper crop. South Australia and Victoria are forecast to produce 22.6 Mt between them, almost matching Western Australia's 22.8 Mt. Victoria is heading for a record crop and South Australia its second largest, with USDA satellite data independently ranking crop vigour in those states among the strongest observed at this point of the season. That southern strength is offsetting poor conditions in northern New South Wales and Queensland and a more rain-dependent finish in parts of Western Australia.

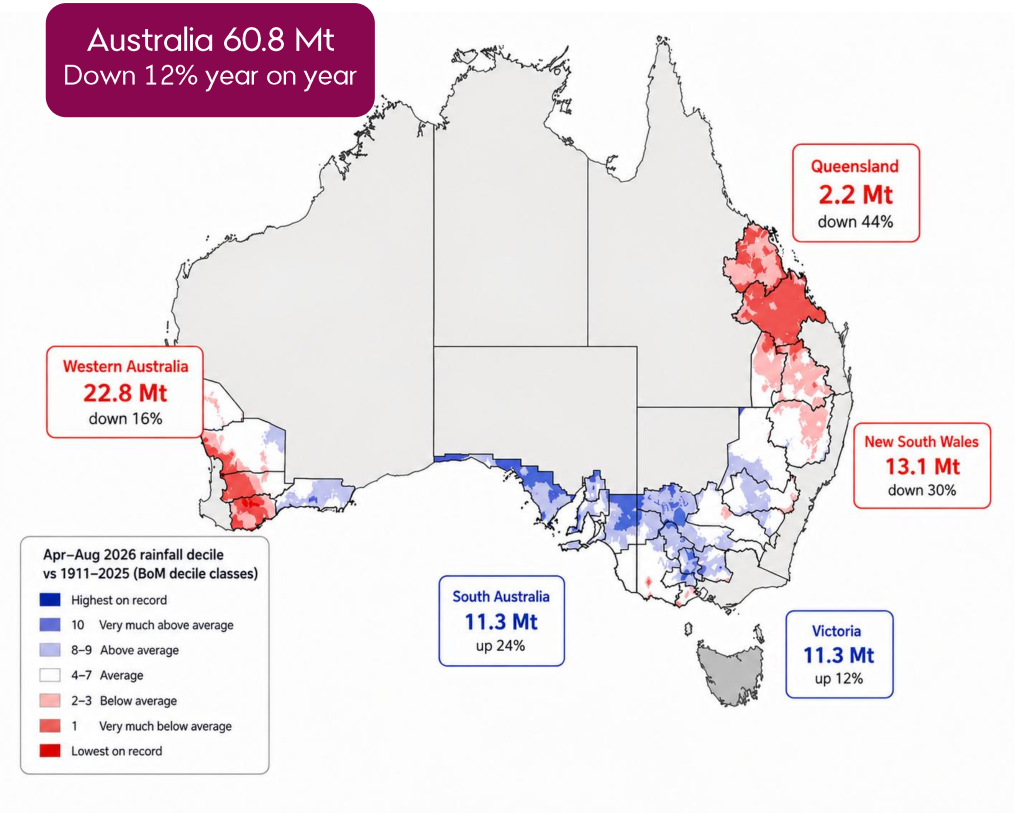
On wheat, ABARES publishes quarterly and raised its forecast by 3.1 Mt between June and September to 29.9 Mt; our monthly series rose through July and August to the same figure. Both forecasts were tracking the same improving season, so the match says more about the winter than about either forecasting method. Barley is the larger remaining production difference: we forecast 15.8 Mt against ABARES' 16.4 Mt, with most of the gap in Western Australia and Victoria because our yield assumptions are lower. August moisture stress across southern WA supports our caution there. In Victoria, current field reports of loose smut could trim top-end barley yield potential, although the scale remains unclear and the broader crop outlook is still strong.

The season's other distinctive feature is its acreage composition, and ABARES' planting narrative helps explain its shape. Two forces shaped planting: dry conditions reduced northern sowings, while relative margins and fertiliser requirements altered the crop mix. Barley benefited from attractive margins and lower fertiliser needs; canola area was supported by adequate soil moisture and attractive margins despite higher fertiliser needs; and lower fertiliser requirements alongside feed demand supported lentil and lupin areas.

The result is national wheat area at its lowest since 2019/20 beside the second-largest barley and canola plantings in the ABARES series and record lentil area. ABARES also reports cropping expanding into former grazing land in Victoria and Western Australia; in WA, sheep exits drove the shift, but offsetting fallow left total winter-crop area only slightly higher. The last time wheat area was this small, Australia was in drought; this season it accompanies the fourth-largest winter crop on record.

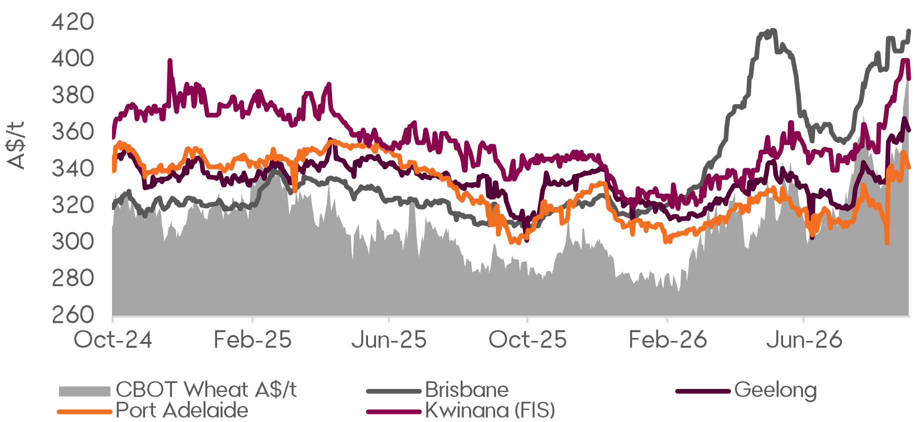
Australia's 61 Mt winter crop sits on sharply different rainfall bases

April-August 2026 rainfall deciles within winter crop growing Statistical Divisions; ABARES 2026-27 winter crop forecast and change from 2025/26.



Source: Bureau of Meteorology, Bendigo Bank Agri Pro

Australian APW versus CBOT Spot Futures (AUD/t)



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

Grain and Oilseed Price Snapshot - 01/09/2026

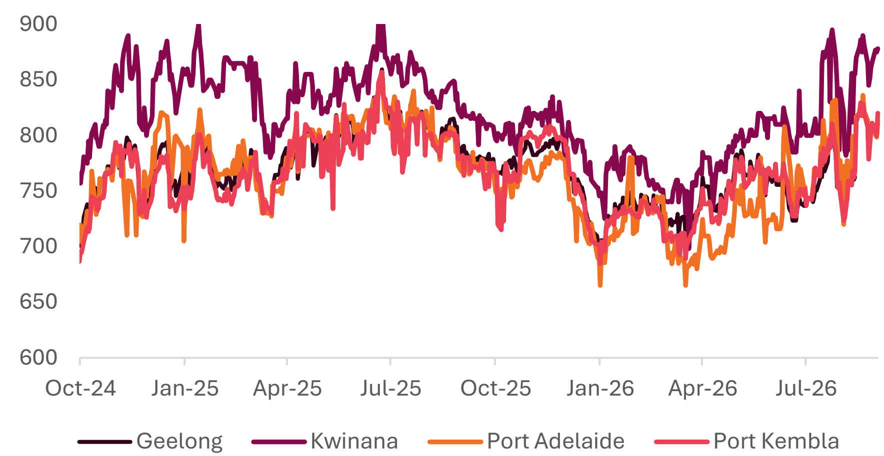
Commodity	Price(A$/t)	10-Yr Decile	MoM	YoY
Australian APW Wheat (index)	**$375**	7.4	▲$22	▲$36
CBOT Wheat (spot)	$397	8.9	▲$55	▲$97
Australian Feed Barley (index)	**$312**	6.6	▼$1	▲$2
CBOT Corn (spot)	$295	7.7	▲$43	▲$43
Australian Canola (index)	**$837**	9.0	▲$35	▲$58
Matif Rapeseed (spot)	$882	8.3	▲$21	▲$47
ICE Canola (spot)	$819	7.6	▲$48	▲$124

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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(2357885) (07/26)

Dairy

Why US exporters are pouring in

Bendigo Bank Agribusiness

Eliza Redfern
Senior Manager
Industry Insights

Key Watchpoints:

- Australia is increasingly seen as a target for overseas dairy, especially by the US, with a significant delegation attending last week's Fine Food Australia Expo.
- The Australian commodity milk value (CMV) is sitting $1/kg MS higher than the Oceania CMV, highlighting Australia's exposure to import pressure from across the ditch.
- We estimate the Australian milk pool having reached at least 8.35 billion litres for 2025/26 – 0.5 per cent larger than the previous season.

In the August commodity update, we discussed how Australian imports of dairy are rising again, particularly from the United States (US). It's important context for the huge turnout seen at last week's Fine Food Australia Expo, as Australia is increasingly seen as target for overseas dairy. The attendance from the US was notably larger this year, with the USDA hosting a trade mission for 38 US agribusiness and trade organisations, and representatives from 10 state agricultural departments. Furthermore, the US was also the show's first ever 'Official Country Partner', hosting events to showcase US dairy (particularly cheese), aiming to connect suppliers with Australian buyers.

The US has a lot of dairy to sell; the number of cows nationally has surged to a 30-year high after 2024's avian influenza outbreak, keeping milk flows elevated despite current heatwaves (US production +3.4 per cent in 2025/26). They also have a significant amount of cheese from all the new Midwest processing capacity that's come online.

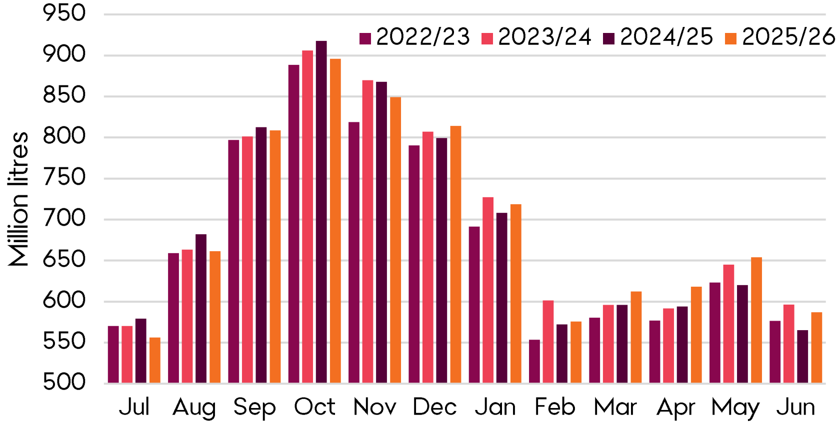
So as Australia's milk pool declines over time, and the disparity between the value of Australian dairy versus the global market becomes glaring at times, the US has seen Australia as a growing target. They no doubt see this season as one of those opportunities, with the current Australian Commodity Milk Value (CMV), calculated by the Australian Dairy Products Federation (ADPF) sitting $1/kg MS higher than the Oceania CMV (which indicates the average value of global prices). The last time there was such a difference was during the 2022/23 season, when Australian farmgate milk prices, and its imports of overseas dairy, reached historic highs.

Despite the modest support for milk powders over the last month's GlobalDairyTrade events, world export prices have been under pressure from the world being flush with milk. While European milk flows are slowing, they remain in "growth" territory, and there are minimal signs of US and New Zealand production pulling back as we enter the southern hemisphere's spring. With global values weakening, there is less support for Australian export prices, especially as its own milk production recovers.

As the US looks towards Australia as a home for its dairy, cheaper imports and softer returns abroad will force local product to find one too. Incorporating an estimate for June 2026, we calculate the Australian milk pool reaching at least 8.35 billion litres for 2025/26 – 0.5 per cent larger than the previous season. Looking ahead, favourable winter rain across key dairying regions has provided a boost leading into spring, meaning more milk is likely on the way, from locally as well as overseas.

Industry Scan – Dairy

Australian milk production



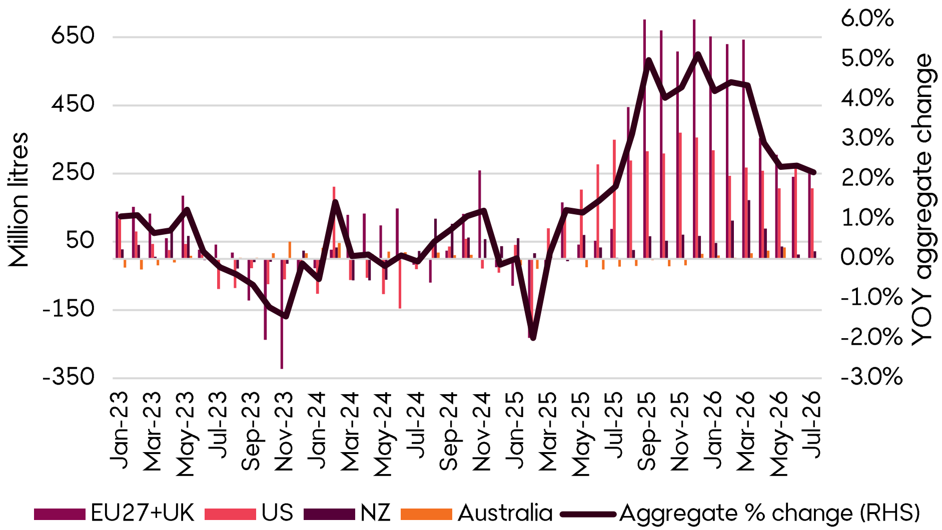
Source: Dairy Australia. *Please note: Includes estimate for June 26*

Australian milk production

	Season to May 2026
National	*+0.2%*
Queensland	*+3.1%*
New South Wales	*+3.0%*
South Australia	*-5.9%*
Western Australia	*-1.7%*
Tasmania	*+2.4%*
Victoria	*-0.2%*
Northern	*-1.3%*
Western	*+0.2%*
Eastern	*+0.2%*

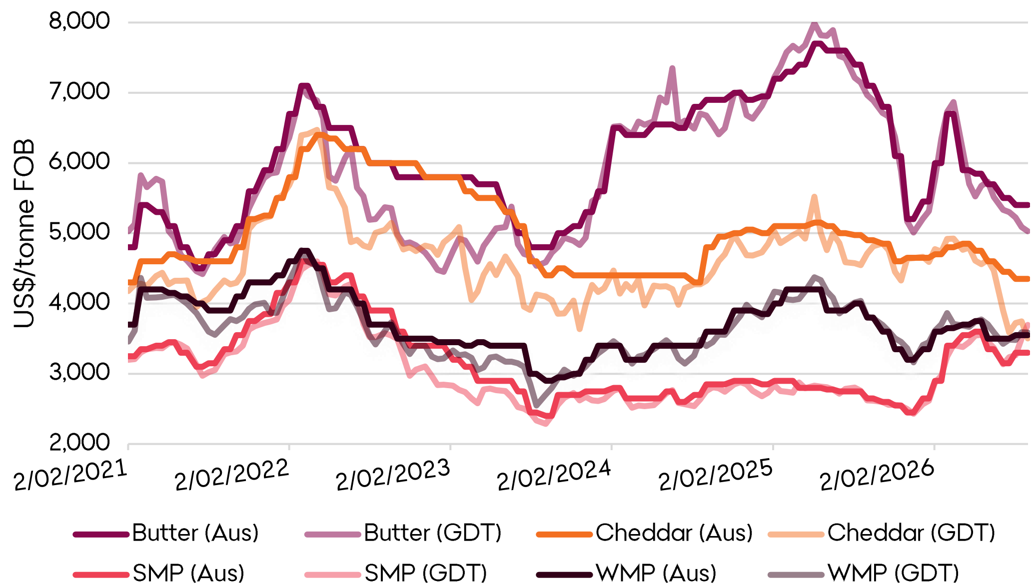
Source: Dairy Australia

Milk production in key exporting regions



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

Australian vs GlobalDairyTrade (GDT) indicators



Source: Dairy Australia, GDT

Horticulture

Margin pressure remains amidst a varied spring outlook

Sean Hickey
Senior Agricultural Analyst

Key Watchpoints:

- Downward trends in fruit prices are limiting returns for growers with margins further compressed by a resurgence in the cost of inputs over recent months.
- This season's mango harvest is anticipated to kick off a little later than usual. Growing regions in the Northern Territory have experienced unusual flowering, which has delayed the start of picking to early October.

Around the grounds as we head into spring

As we enter what is forecast to be a dry spring, greater clarity surrounding the quality and volumes of key spring and summer categories continues to emerge. Strawberries are hitting the market in large volumes with strong supply reported out of Queensland, while a similarly elevated supply of red and green capsicum varieties is also arriving from northern regions. Mandarins from southern areas also continue to highlight what has been a strong season for producers, offering excellent quality and supply. While this strong availability across these categories offers value for consumers, the resulting downward pressure on pricing in recent months continues to limit returns for growers focused on the domestic market. These compressed margins are compounded by rising input costs, which surged in autumn as phosphate-based fertilisers and fuel shifted higher due to renewed conflict in the Middle East.

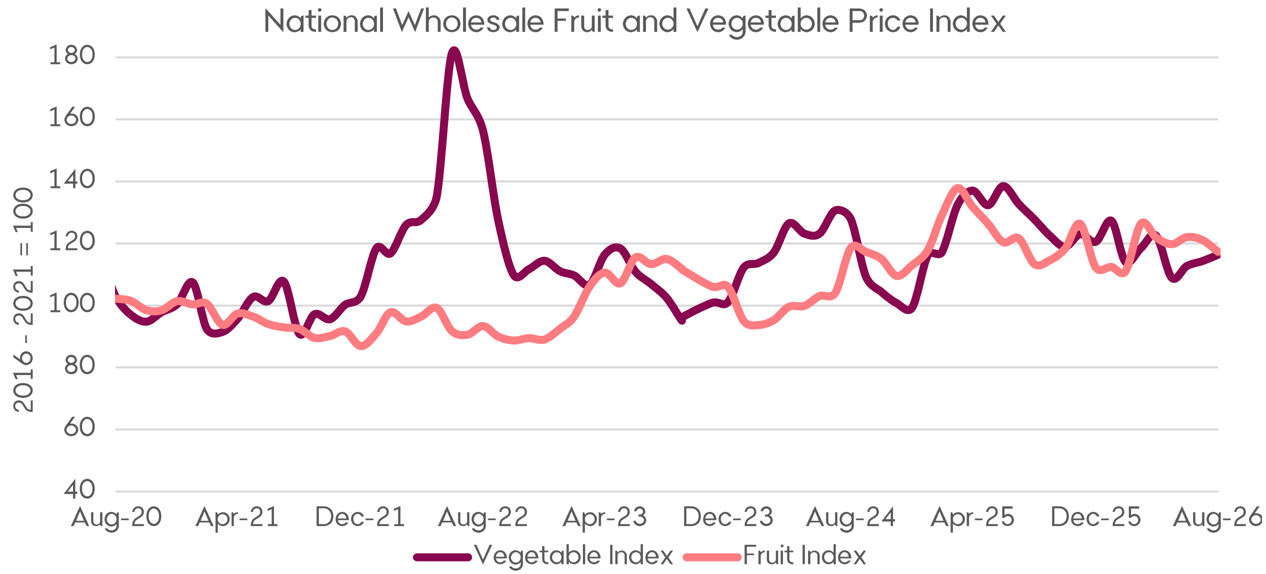
Further south, planting of the new season onion crop is well underway in Tasmania. Soil moisture totals across Tasmania and other key onion-producing states, including South Australia and Victoria, point towards a strong start for those who have been able to get out into paddocks to plant. Improved water availability compared to last year should also support yields if the season turns dry as forecast. While domestic demand for onions remains flat, export markets present an interesting watchpoint for the next six months. A hot and dry summer through Europe is likely to reduce global onion supply, creating an opening for Australian product. However, shipping costs remain a major concern. The freight market is continuing to rise following weather-related disruptions at major Asian ports, while rising fuel costs and ongoing geopolitical uncertainty in the Middle East add further upward pressure to shipping prices. Over the longer term, the Australia-EU Free Trade Agreement is set to offer a significant boost to onion exports by eliminating tariffs on high-value products, though this agreement is not expected to be ratified until late 2027 to early 2028.

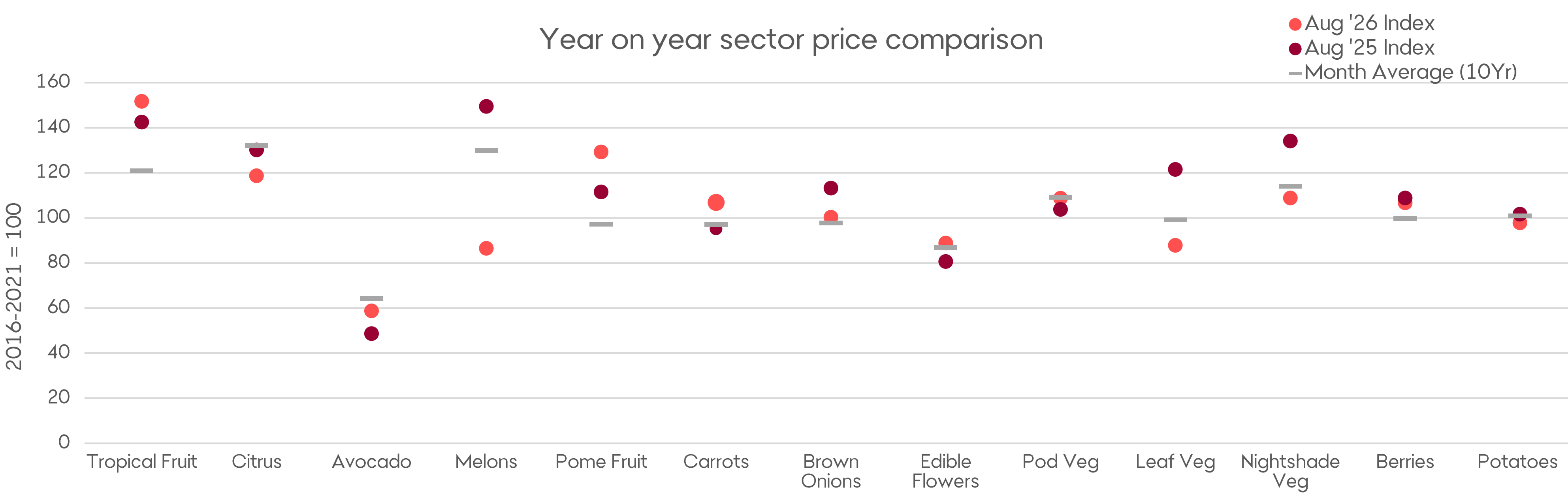
Stone fruit producers are also facing a mixed season. The United States Department of Agriculture (USDA) new season forecast indicates a noted decline on last year's volumes following reduced cold chill hours after an unseasonably warm winter. As a result, cherry production is forecast to fall by 15 per cent to 17,000 tonnes, while peach and nectarine production is expected to decrease by 10 per cent. Higher pricing is anticipated this season as a result. Despite lower volumes, the quality outlook remains mostly favourable, as drier conditions forecast through spring and summer should reduce disease risk.

Meanwhile, the Australian macadamia harvest is nearing completion. The Australian Macadamia Society has revised the 2026 crop forecast down to 56,888 tonnes at 3.5 per cent moisture. While quality has been broadly favourable, some varieties produced smaller nuts, leading to weak processor demand for sizes below 22 millimetres. Global demand has also been underwhelming amidst growing export competition from South Africa.

Industry Scan – Horticulture

Finally, the mango season is approaching, though the harvest is anticipated to kick off a little later than usual. Growing regions in the Northern Territory have experienced delayed flowering, which has impacted the start of picking which has slipped to early October and created some uncertainty around initial volumes. Conversely, Queensland appears set for an earlier mango harvest start than in recent years, pointing to a concentrated influx of mangoes from early December. This compressed window will require management across supply chains to ensure the availability of harvest labour, machinery, and packing houses. Despite these regional shifts, overall production is currently forecast to remain steady at 8.2 million trays, down only marginally from last season.





Source: Ben Agri & Aus Market Consultants

Sheep

What is throughput telling us about the flock cycle?

Joe Boyle
Agricultural Analyst

Key Watchpoints:

- Australian lamb and mutton processing rates have increased from the low levels of July; however, mutton throughput remains well below last year's pace.
- Tighter supply following years of destocking, alongside grower retention following favourable conditions in southeastern Australia, is limiting stock availability for processors.

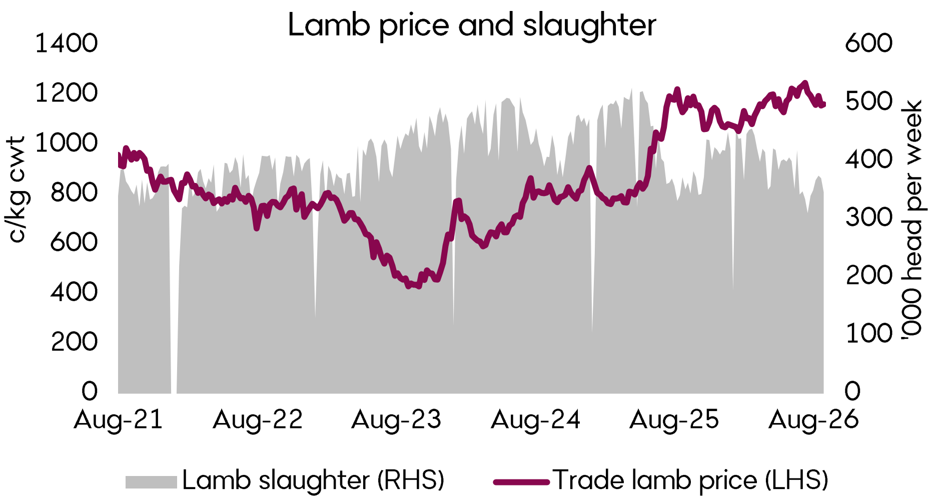
The Australian sheep industry is coming out of the slower winter months, with throughput rates starting to pick up. The latest weekly slaughter figures show a marked shift from previous years, with lamb and mutton throughput performing differently. The industry is still a few months away from the spring flush really taking off, but the early H2 figures offer an insight into how numbers are shaping up for the second half of the year, and the implications for both the national flock and prices.

Lamb processing rates rebounded sharply in August but remained well back on the highs seen over previous years. Average weekly lamb slaughter totalled 365 thousand head in August 2026, up 8.3 per cent from the previous month and 4.0 per cent from August 2025. However, despite the uplift, throughput remained well below the highs seen in the corresponding month between 2022 and 2024. Following significant destocking over the past few years, lamb supply will continue to trend at lower levels through the remainder of 2026, especially if conditions remain favourable through the southeastern growing regions and the flock rebuild gains momentum. This will maintain upwards pressure on prices, which are expected to remain near the recent highs through the back half of the year.

Sheep throughput has behaved somewhat differently compared to lamb, following a similar trend to last year but at much tighter levels. Mutton slaughter averaged 110 thousand head per week in August 2026, up over 50 thousand head from the lows of July. However, although a similar magnitude lift was recorded between July and August last year, the total throughput has been significantly lower in 2026, with August weekly slaughter in 2025 averaging over 141 thousand head. So far this year, sheep processing rates are following a similar trend to the previous rebuild between 2020 and 2022, indicating an increase in restocking efforts and the lift in confidence after solid rainfall in winter. The positive seasonal footing leading into spring is expected to continue to encourage breeder retention, limiting turn-off and supporting mutton prices over the coming months.

While combined weekly throughput has trended below 2025 levels all year, this has been primarily due to reduced mutton slaughter rather than lamb. Ongoing tight supply and favourable conditions entering spring are supporting prices, and will continue to do so through the remainder of 2026, withstanding pressure from the seasonal increase in supply during the spring flush. With the data starting to look like the flock rebuild has begun, the question now becomes "what flock size will Australia return to in the coming years?"

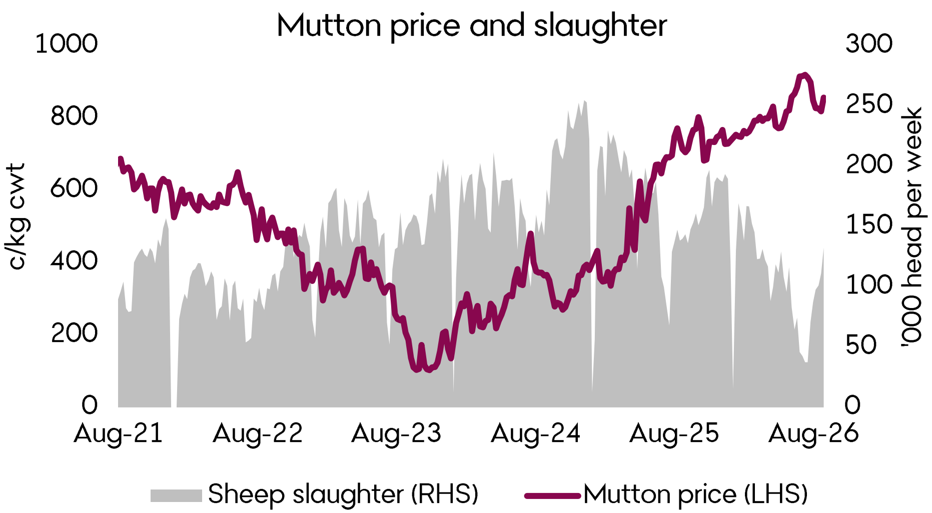
Industry Scan – Sheep



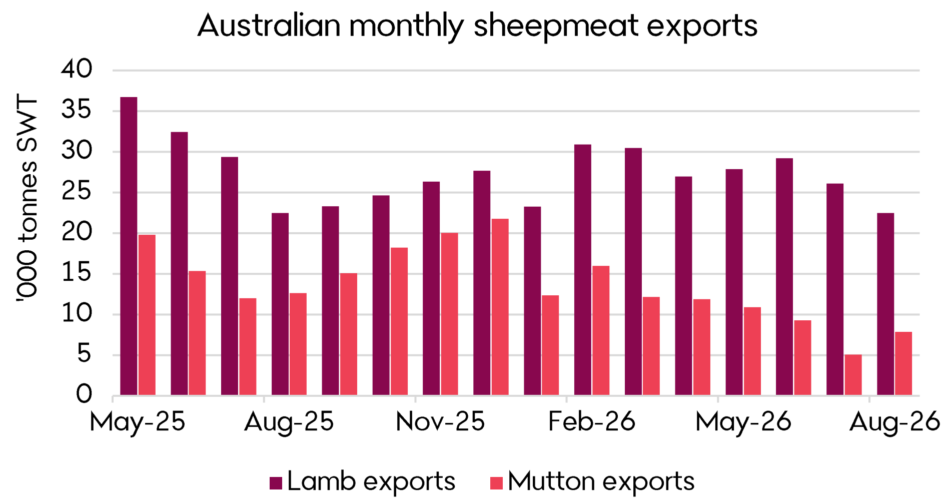
Source: MLA

National Indicators	2 Sep 2026	Month-on-Month	Year-on-Year	Five-Year Average	10 Year Decile
Restocker Lamb	1,167	8	58	756	9.7
Trade Lamb	1,185	6	-6	837	9.7
Heavy Lamb	1,135	22	-21	834	9.6
Mutton	869	21	160	493	9.9

Source: MLA



Source: MLA



Source: DAFF

Wool

A stronger Australian Dollar and what it means for wool

Claire Adams
Agricultural Analyst

Key Watchpoints:

- The Australian Dollar has risen 9.4 per cent over the past 12 months, lifting baseline export prices for overseas buyers.
- Despite early season easing, Australian wool prices remain well above last season's levels in both AUD and USD terms.
- Subdued retail demand in Europe and China makes downstream consumption the key driver for future price gains.

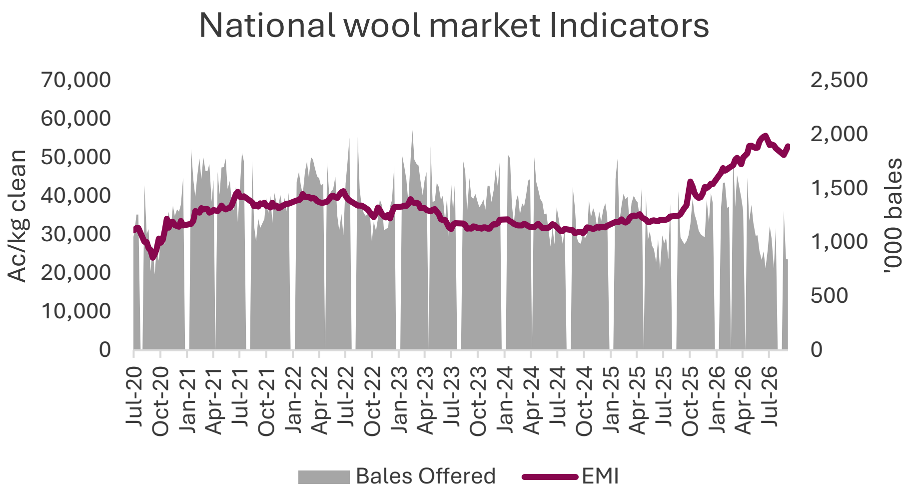
Over the past 12 months, the Australian Dollar (AUD) has exhibited renewed strength against the US Dollar (USD), lifting from cyclical lows near US$0.64 to trade above US$0.70 — an overall appreciation of 9.4 per cent. A steady Australian economy combined with shifting global market conditions helped drive this increase. On the international front, the US Dollar faced broad downward pressure due to moderating US growth forecasts, fiscal policy uncertainties, and shifting capital flows. Domestically, the Reserve Bank of Australia (RBA)'s comparatively restrictive monetary policy stance of maintaining a firm cash rate relative to global peers, combined with steady commodity export earnings, provided support for the AUD.

In agricultural trade, a stronger currency typically creates headwinds for export commodities by making Australian produce more expensive for overseas buyers in foreign currency terms. The Australian wool market has felt this impact in recent weeks, with the benchmark Australian Wool Exchange (AWEX) Eastern Market Indicator (EMI) experiencing downward pressure and volatility following the start of the new season. However, placing these consecutive weekly declines in a broader 12-month narrative reveals an underlying market in a stronger position than at the same time last year. Even after recent easing, Australian wool values remain well above prior-year benchmarks in both Australian Dollar and US Dollar terms.

Historically, the Australian wool market has navigated substantial currency appreciations, most notably in 2020/21 (when the AUD gained 15.2 per cent) and during the 2010/11 mining boom (when the AUD surged 27.4 per cent through parity, meaning one Australian dollar bought more than one US dollar). In both historical cycles, the AWEX EMI rallied aggressively, gaining 31.5 per cent to 60.7 per cent in AUD terms, because post-crisis restocking and increased consumer demand overwhelmed the currency headwind. These historical comparisons demonstrate that wool prices can comfortably absorb a rising currency base when international mill throughput and retail confidence are high.

Nevertheless, the current market differs from those historical boom periods in the vital area of downstream demand. Global textile processing pipelines across Europe and Asia are showing signs of fatigue, with end-user garment consumption easing slightly. Buyers are increasingly selective, prioritising high-tensile, low-vegetable-matter Merino clips. With smaller national offerings currently the major support of price floors, monitoring downstream retail demand remains a critical watchpoint. While the market retains a firm foundation compared to 12 months ago, whether Australian wool can achieve significant further price gains this season will ultimately hinge on a broader recovery in global consumer demand.

Industry Scan - Wool



Prices (c/kg)	Current Price	Month-on-Month	Year-on-Year	Five-Year Average
AWEX EMI	1,890	17	599	1,336
18-micron	2,532	77	822	1,863
20-micron	2,132	1	618	1,516
28-micron	860	70	302	454
MC	1,090	-48	348	825

**Southern selling centre*

Source: AWEX

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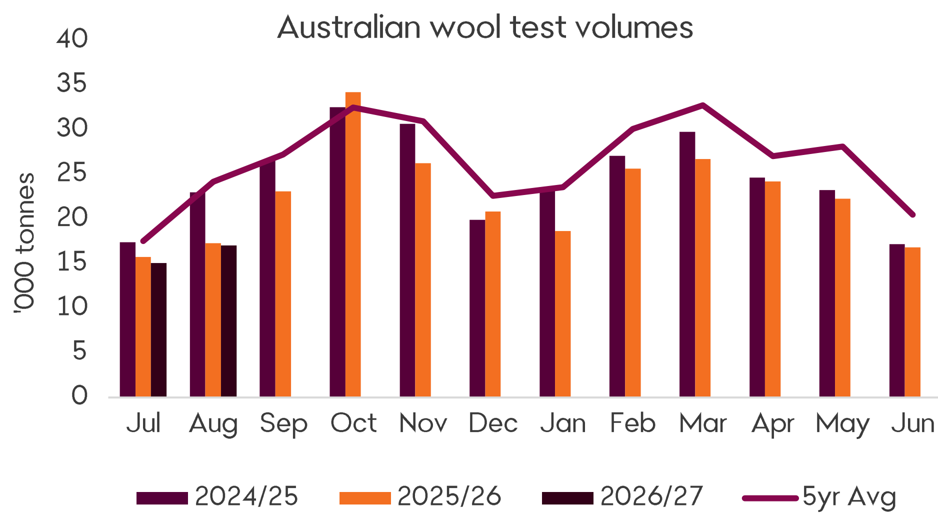

Source: AWTA

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