

Cropping



February Monthly Update



Rod Baker
Agricultural Analyst

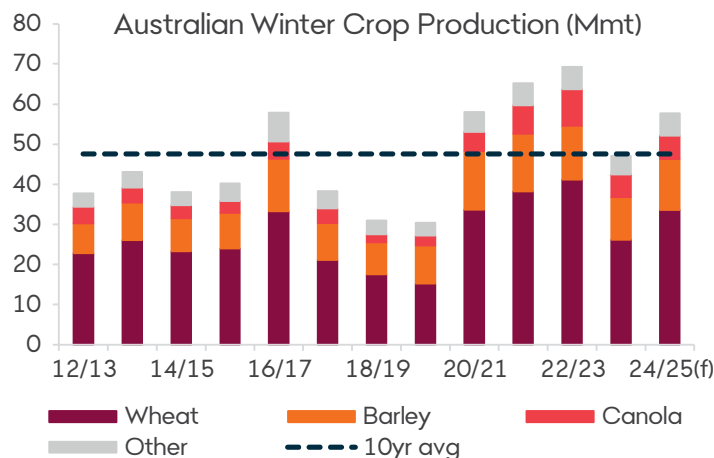
Key Watchpoints – February

- Strong barley exports drove the estimated mid-season total to 4.5 million tonnes, reaching 65 per cent of annual target. National carryout will remain tight at approximately 2 million tonnes as exports hit 7 million tonnes.
- Growing uncertainty in global grain markets is set to drive volatility in the coming months.
- While much attention is on potential “Trump tariffs” and the risk of retaliatory trade wars, the market focus will soon shift to Northern Hemisphere weather.

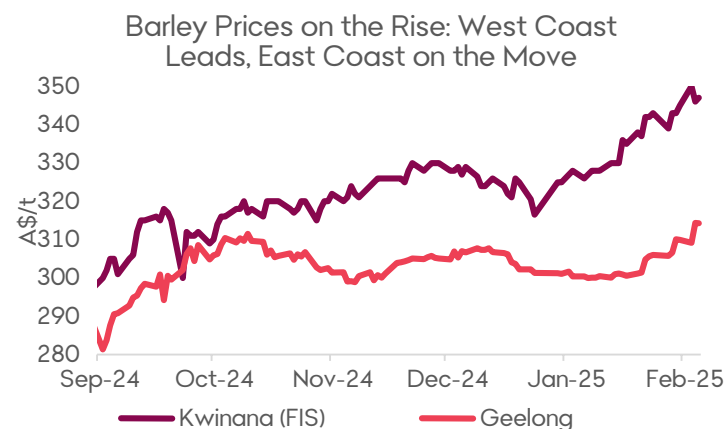
Harvest exceeds expectations, focus shifts to demand dynamics

The 2024/25 winter crop harvest is now complete, with final production reaching an estimated 57.7 million tonnes, surpassing earlier expectations. Western Australia and New South Wales have driven national output, contributing 71 per cent of total production and offsetting significant declines in South Australia and Victoria, where volumes have fallen to their lowest since the drought-affected 2018/19 season. East Coast supply has remained balanced since harvest, with northern domestic end users well supplied. Meanwhile, a slow start to the export program has prevented excessive pressure on southern markets. However, as we progress through Q2 of the marketing year, early signs indicate a shift in supply and demand fundamentals.

Barley shipments from Western Australia have progressed rapidly, with the state accounting for 77 per cent of the 2.6 million tonnes of barley exported between October and January. This strong pace is set to continue into Q2, with shipping stem data indicating 2.0 million tonnes scheduled for February and March. Western Australian barley prices have risen due to strong demand from China. With a significant portion of WA's barley now shipped, traders are finding it increasingly difficult to source stock, driving demand toward the east coast and applying upward pressure on prices.



Source: ACF



Source: Profarmer Australia



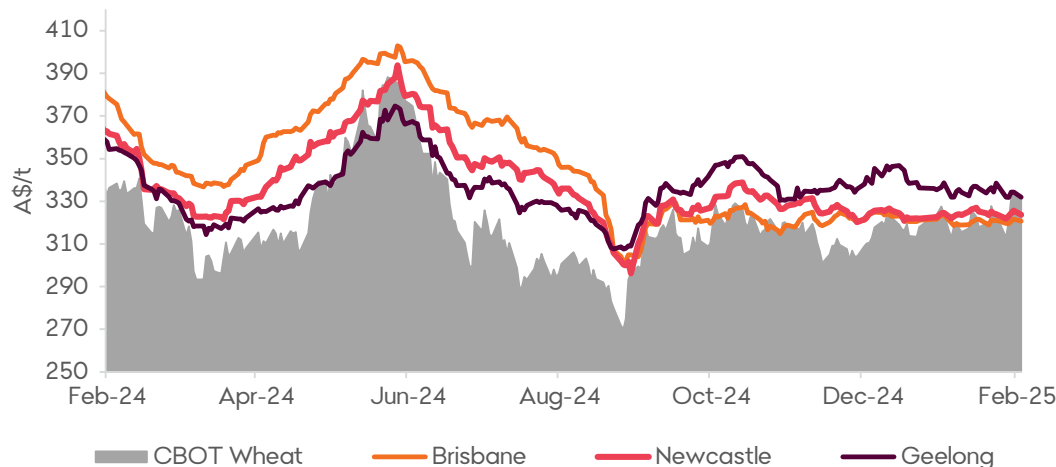
Wheat Markets Remain in a Holding Pattern

In the northern domestic market, activity and trade interest are picking up as the holiday period comes to an end, lending support to bids and local feed markets. While feedlots are operating at full capacity, they have secured grain supplies with ease and face no immediate pressure. On the other hand, growers remain reluctant to sell wheat at current prices and are under no pressure to do so, thanks to strong cash flow from a sizeable chickpea program and the ongoing transition into sorghum. As a result, the market remains steady, with neither buyers nor sellers facing significant urgency.

In contrast, southern markets are experiencing increased stock feeding - both in paddocks and through containment feeding - as dry conditions persist. At the same time, bulk and containerised export demand is increasing, firming export parity across key southern port zones. Stronger pricing at Geelong and Port Kembla is expected to draw supplies from Central NSW and further south into southern export markets, providing support to northern feed markets.

The domestic wheat market remains largely rangebound with the regional balance sheet preventing any major price movement for now, meaning a significant upside will likely require a shift in global fundamentals. Uncertainty across international grain markets is increasing, with multiple scenarios that could impact price direction. Global wheat stocks are at their tightest levels since 2015/16, making favourable conditions for the upcoming northern hemisphere crop critical. For now, Russia stands out as the most likely source of bullish momentum. If Russian production falters, the market would face a sharp adjustment, as replacing lost Russian wheat exports would require substantial price movement given the already tight global balance sheet.

Australian APW Wheat Prices versus CBOT Spot Futures



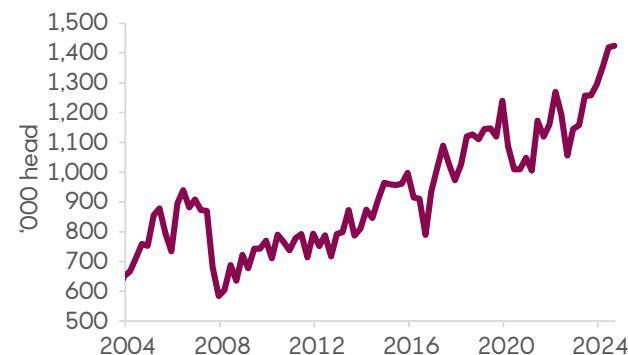
Source: Profarmer Australia

Drought pushing domestic use higher for Southeast Australia



Source: Bureau of Meteorology

Strong feed demand as cattle on feed hit record numbers



Source: ABS



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