Grain market update 2026/27

As clients look to finalise cropping plans and budgets, grain markets are likely to remain sensitive to fertiliser price and availability, early planting intentions and seasonal signals as autumn progresses. The focus for now should be on managing risk, maintaining cash flow flexibility and separating current price reality from forward-market narratives.

CURRENT DOMESTIC PRICE DRIVERS

Geopolitical tension in the Middle East remains a key driver of uncertainty across global grain markets, with disruption to fuel, fertiliser and shipping flows. Sentiment is fragile, with prices reacting sharply to even small shifts in tone or perceived escalation risk. Markets are increasingly driven by future risk rather than current shortage. The challenge for growers now is balancing cash flow, input risk and realistic pricing expectations – not waiting for a rally that may not arrive for old crop.

The fundamentals of price drivers still hold true. For Australian growers, two core pricing influences dominate:

- **Local basis premiums:** reflecting domestic supply/demand and regional competitiveness.
- **Export demand & shipping logistics:** strong buyer commitment to shipping slots often strengthens local bids.

Because exporters must protect shipping programs, logistics commitment plays a key role in shaping demand. When exporters need elevation capacity, grower grain becomes more valuable in the near term.

However, during seasonal transition, markets often shift away from fundamentals and toward weather-driven expectations for northern hemisphere crops. This shift increases the two-way price risk growers face:

- **Downside risk:** oversupply, logistics congestion, or bearish global data.
- **Upside opportunity:** weather threats, demand shocks, or tightening global balance sheets.

Given this environment of uncertainty, proactive and timely decision-making around sales execution becomes critical for growers seeking to protect margins.

GRAIN OUTLOOK

Wheat

Global grain markets remain volatile, but it is important to recognise that much of this movement is being driven by sentiment and risk positioning, rather than hard supply-and-demand changes. Geopolitical uncertainty, energy markets and inflationary pressures continue to feed into agricultural commodities, yet many of the underlying fundamentals remain relatively stable for now, that is, there is still abundant supply to cover the demand with no clear data yet to indicate production losses in new crop or immediate supply disruption.

GM vs non-GM canola

Canola markets continue to reflect destination-driven demand. The spread between GM and non-GM canola has narrowed again, with GM demand supported by markets in the Asian subcontinent, while non-GM remains primarily Europe-focused. The narrowing spread reflects where export margins currently stack up rather than oversupply – reinforcing that, for canola, destination remains the key determinant of price.

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Lentils

Pulse markets, particularly lentils, remain extremely thin. In South Australia, very little grain remains on farm and trade volumes are small which is why buyers are now holding prices at $650/mt to $670/mt. Delivery timeframes remain a key point as we are nearing the start of seeding season and commitments to deliver the lentils anywhere after mid-April is lacking. This lack of liquidity is keeping prices relatively static – not because demand has disappeared, but because there is insufficient volume trading to generate meaningful price discovery. At the same time, new crop lentil pricing remains too early to discuss, with many growers still undecided on final crop programs.

GRAIN MARKETING STRATEGY

As we head into the 2026/27 growing season with high input prices and tight cashflow, it is an important time to review your grain marketing strategy and cropping budget. All marketing strategies can be boiled down to two essential "trigger types".

Time-based triggers

These are calendar-driven milestones, ideal when the goal is to ensure consistent market participation regardless of volatility. Time-based triggers allow price averaging and reduce the emotional bias associated with day-to-day market noise. Examples include:

- Minimum monthly sales.
- Quarterly or seasonal contracting windows.
- Pre-harvest and post-harvest allocation milestones.

Price-based triggers

These aim to take advantage of favourable market opportunities. Price-based triggers help capture rallies while avoiding hesitation and missed opportunities. Examples include:

- Pre-defined price targets.
- Basis targets.
- Structured offers or call levels.

In a period where markets are vulnerable to volatility, lower liquidity, and weather driven sentiment, growers benefit from a more advanced approach that combines both time-based and price-based triggers into a structured, rules-based selling program. It works by committing a fixed proportion of grain at **regular time intervals** (monthly, quarterly) while also layering in **price targets** that activate incremental sales when specific prices are reached. The benefits of a structured, objective selling program is that it smooths your overall average selling price, mitigates downside exposure through steady sales, preserves upside potential by allowing participation in rallies, and reduces decision fatigue and emotional bias.