

DELTA



GRAIN MARKETING

OUTLOOK

May 2026

Independent Brokers. Smart Advice.

DELTA GRAIN OUTLOOK – Monthly Analysis and Strategy

Introduction

It has been an interesting month in commodity markets, with global crop conditions driving price movements. Internationally, we have been watching the US wheat crop gradually deteriorate as severe drought continues to reduce the yield potential across the western side of the great plains and high plains, where the bulk of their wheat crop is grown. The market jumped more than 7% on the release of the May World S&D Estimate, as the USDA's recognition of the small crop really was driven home in their analysis.

It was also the first of the new crop's production estimates for the USDA, where they concluded that Australia's crop potential is also expected to fall about 20% from 2025 to 30Mmt. This is not news to us, but it was obviously a bit of a surprise to the US traders.

Locally though, crop conditions have improved since last month for South Australia, Victoria and Southern New South Wales, as timely rains encourage what will be close to a full winter planting in those areas. While Western Australia received some handy rain in late April, the cropping zone remains drier than average, but grower confidence remains high based on a long history of reliable incremental winter rainfall.

Central and North-West New South Wales have experienced one of the driest summers in memory, with subsoil moisture restricted to the top few inches for those lucky enough to have received rain in early May. For the vast majority, the possibility of a non-planting is more likely than not, though rain over the coming week may tilt the scales toward some speculative planting.

Wheat Outlook

INTERNATIONAL

Wheat Market Outlook – 2025/26

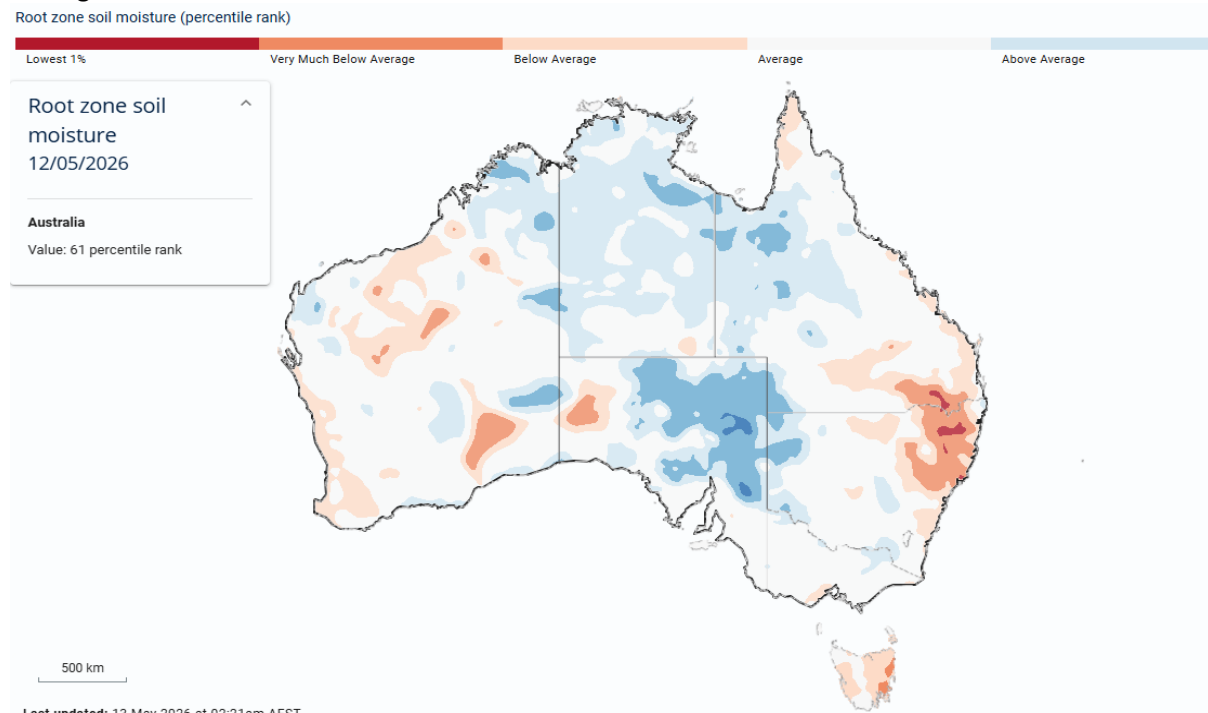
- The global outlook for 2026/27 is for lower supplies, marginally lower consumption, reduced trade, and decreased ending stocks compared with 2025/26.
- Global production is forecast at 819.1 million tons, down from last year's record 843.8 million. **A large share of the lower production is from all the major wheat exporting countries.**
- The largest reductions are for the United States, the EU, Argentina, and Australia.
- Projected 2026/27 world consumption is slightly lower at 823.2 million tons on less feed and residual use, mostly on reduced production for most of the leading global wheat producers.
- Global trade is projected at 211.7 million tons, a decline of 12.0 million from 2025/26 primarily on reduced import demand from the North Africa and Middle East regions on significant production increases for several countries.
- Russia remains the largest exporter followed by the EU, Canada, Australia, and the United States.
- **Australia's expected production falls from last years 36Mmt to a forecast 30Mmt for 2026/27**
- Projected ending stocks for 2026/27 are down 4.2 million tons from 2025/26 to 275.0 million with the largest reduction for the United States.
- *Source: USDA WASDE Report*

CHICAGO WHEAT FUTURES - WEEKLY CHART - 3 years of data – we expect resistance at 720c/b

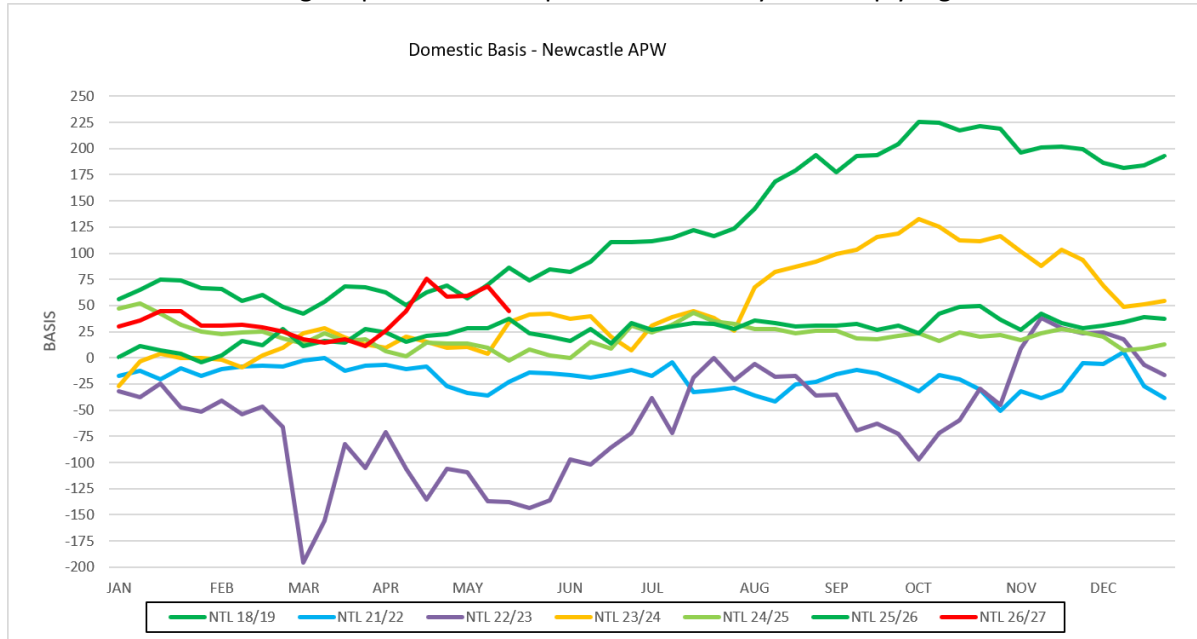


DOMESTIC

Below is the root zone soil moisture map issued by the Australia Bureau of Meteorology on the 12th May 2026. It clearly shows South Australia well above average in the north of the state, while conditions are close to average in the WA and SA and Victorian cropping belts. The same is true for much of the southern half of New South Wales, while the Northern half as well as southern Queensland, which makes up the most concentrated broadacre cropping zone is very much below average.



DOMESTIC BASIS – strong despite the recent pullback caused by the sharply higher US futures



The domestic basis rose sharply through April as the drought in Central and Northern NSW and southern Queensland raised fears of a much smaller winter crop planting. The selloff in the past 2 weeks is a combination of good rains through the south, together with a spike in the US futures which has not yet been passed on in the form of higher domestic prices.

We are certain that prices will rise if the rain which is forecast over the coming 10 days is not sufficient to enable widespread planting in the dry cropping zone.

While analysts will tell you there is a large carryover of feed grains in New South Wales and Queensland after a large crop in 2025, history tells us that those large northern growers with on farm storages can be very reluctant sellers in a dry time. Especially if prices continue to be very well supported.

While we understand that the season can still turn around from here to mid-June, the chance of significant rain to encourage a widespread planting does become more unlikely with each passing week. Unlike the south, the north relies on summer rain and accumulated soil moisture to give confidence to the grower to plant.

Basis should stay very firm, unless rain allows a much larger planting than we expect.

Prices now sit at the top of the range for the year and well above the average. Growers should remain focussed on risk mitigation in light of the El Nino forecast. Fortunately, most growers have held some old crop stock back due to unpalatable prices at harvest and year on year high production volumes. Quite a few were holding for tax purposes as well, but this has now morphed into quite a good drought hedge.

Wheat Strategy

CENTRAL QLD

We have seen a decent lift in CQ wheat prices as the drought market in the south has forced the trade and consumer to look further afield for supply. Prices around \$350 Depot and \$370.00/mt ex farm across the board. Market is capped by the new crop being available in October and rain forecast for this week in the south. Scale up selling with offers above the bids if cash flow is needed.

SQLD/NSW

Holding old crop wheat has certainly paid big dividends since harvest, but the gains have been clipped recently as consumers hope the forecast rain will ease drought concerns and allow a larger than expected planting.

We advise setting some price targets on old crop sales from here on, believing that further gains will likely be more of a grind, as well as an anticipated increase in selling from July 1st. That said, feedlotter and graziers will likely require most of the remaining old crop stocks to get us to the new crop, and that relies on a new crop. Stronger than average prices are sure to be the order of the year.

Canola Outlook

Global oilseeds

- The 2026/27 outlook for U.S. soybeans shows higher supplies, crush, exports, and lower ending stocks from the prior marketing year.
- Total U.S. oilseed production is projected at 130.4 million tons, up 4.2 million.
- Total U.S. soybean oil demand is forecast to increase 7 percent in 2026/27.
- Strong demand for soybean oil as a biofuel feedstock, supported by EPA's Renewable Volume Obligations for 2026 and 2027, lifts soybean oil use for biofuel.
- Large South American supplies, coupled with strong U.S. demand, will limit US export growth.
- Global production is forecast to increase 19.6 million tons to 718.1 million. Higher soybean production is most of the increase, rising near 14.0 million tons, mainly for Brazil, the United States, and Argentina.
- Global soybean exports for 2026/27 are projected to rise by 2.7 million tons from 2025/26.
- China's soybean imports are forecast to increase by 2 million tons to 114 million.
- Imports are also expected to rise for Turkey, Pakistan, Vietnam, Egypt, Algeria, and Bangladesh, while declining for Argentina, the EU, Russia, and Iran.
- Global soybean ending stocks are forecast to decline slightly from the prior marketing year on lower U.S. and Brazilian stocks, partly offset by higher stocks for Argentina.
- *Source: USDA WASDE Report*

The latest USDA report provided firm support to oilseed prices, with markets responding positively in its aftermath. Biofuels were a central theme, and amid ongoing uncertainty surrounding global oil supplies, the sector is expected to attract increased attention from governments seeking to strengthen energy security.

Global demand for bio-based diesel continues to accelerate, driving increased consumption of vegetable oil feedstocks. This trend highlights the growing reliance on biofuels as a means of enhancing energy security, particularly in countries experiencing the fastest growth in fuel demand.

The disruption to global crude oil flows—specifically the closure of the Strait of Hormuz, which has removed more than 14 million barrels per day from global supply—has reinforced existing strategies to diversify fuel sources across multiple regions.

In policy developments, the U.S. Environmental Protection Agency (EPA) has announced its final Renewable Volume Obligation (RVO) rule for biomass-based diesel. The EPA has set blending mandates for biodiesel and renewable diesel at 5.4 billion gallons for 2026 and 5.5 billion gallons for 2027. This represents a significant increase of approximately 61–64% compared to the 2025 level of 3.35 billion gallons.

Brazil is also advancing its biofuel strategy, with plans to lift its biodiesel blending mandate to 24% by 2035, up from the current 15%. According to Aprosoja-MT, this policy shift is expected to increase domestic soybean demand for biodiesel production to approximately 7.4 million tonnes, compared to 7.2 million tonnes at present.

On the supply side, the USDA has forecast U.S. soybean ending stocks for the 2026/27 marketing year at approximately 8.4 million tonnes, down around 820,000 tonnes from 2025/26 levels and below market expectations, which had pointed to a modest increase. U.S. soybean crush is projected to reach approximately 74.8 million tonnes, which would mark a sixth consecutive record if realised.

In South America, USDA left its 2025/26 production estimates unchanged, with Brazilian soybean output forecast at approximately 180 million tonnes and Argentine production holding steady at around 48 million tonnes. This stance contrasts with market expectations, which had anticipated modest upward revisions for both countries.

Looking ahead, China’s soybean imports are projected to rise to approximately 114 million tonnes. Continued strong purchasing activity from China is likely to provide ongoing price support. Additionally, a forthcoming meeting between U.S. President Donald Trump and Chinese President Xi Jinping is expected to cover a range of issues, with agricultural trade—including soybean and corn exports—likely to feature prominently on the agenda.

What This Means for Canola

Even though this report mostly concerns soybeans, there are implications for canola:

Supportive Factors

- Strong global vegetable oil demand
- Biofuel demand remains very supportive for veg oils
- Expanding Canadian crush supports canola demand
- Higher soybean oil prices should support canola oil

Bearish Factors

- Large global oilseed production
- Growing sunflower oil supplies
- Huge South American soybean crops
- Comfortable overall world supply

MATIF MAY 26 WEEKLY DATA – EU Rapeseed has maintained its higher trend despite a slight dip following potential peace agreement in the Middle East. This is a sign of continued demand for the bio-fuel market.



DOMESTIC

Farmers in Western Australia, the country’s largest crop-exporting state, are leveraging widespread rainfall to significantly expand canola plantings. The Grain Industry Association of Western Australia (GIWA) expects canola area to rise by one-third this year to a record 2.28 million hectares—an increase of 290,000 hectares from its April estimate—raising the prospect of a bumper harvest.

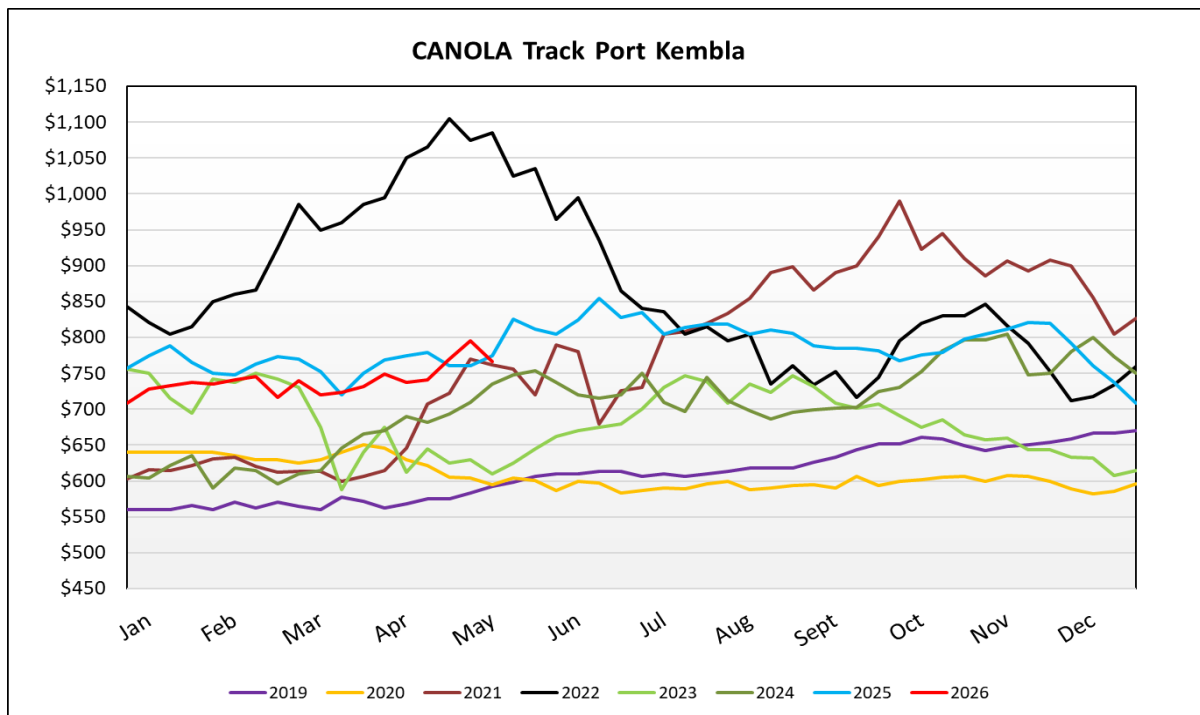
Elevated fertiliser costs, driven by the Middle East conflict, are encouraging a shift away from wheat toward barley and canola. Barley requires less fertiliser, while canola offers stronger pricing relative to wheat. Favourable rainfall and an early planting window have further boosted confidence, particularly as early-sown canola—most crops are expected to emerge before mid-May—typically delivers the highest returns in Western Australia. Although input costs remain high, they have not increased as sharply as initially anticipated ahead of seeding.

Australian canola exports totalled 558,780 tonnes in March, according to the Australian Bureau of Statistics, down from 881,777 tonnes in February and 904,178 tonnes in March last year. Trade into the Middle East was significantly disrupted, with no exports to the United Arab Emirates in March 2026 compared with 95,559 tonnes a year earlier.

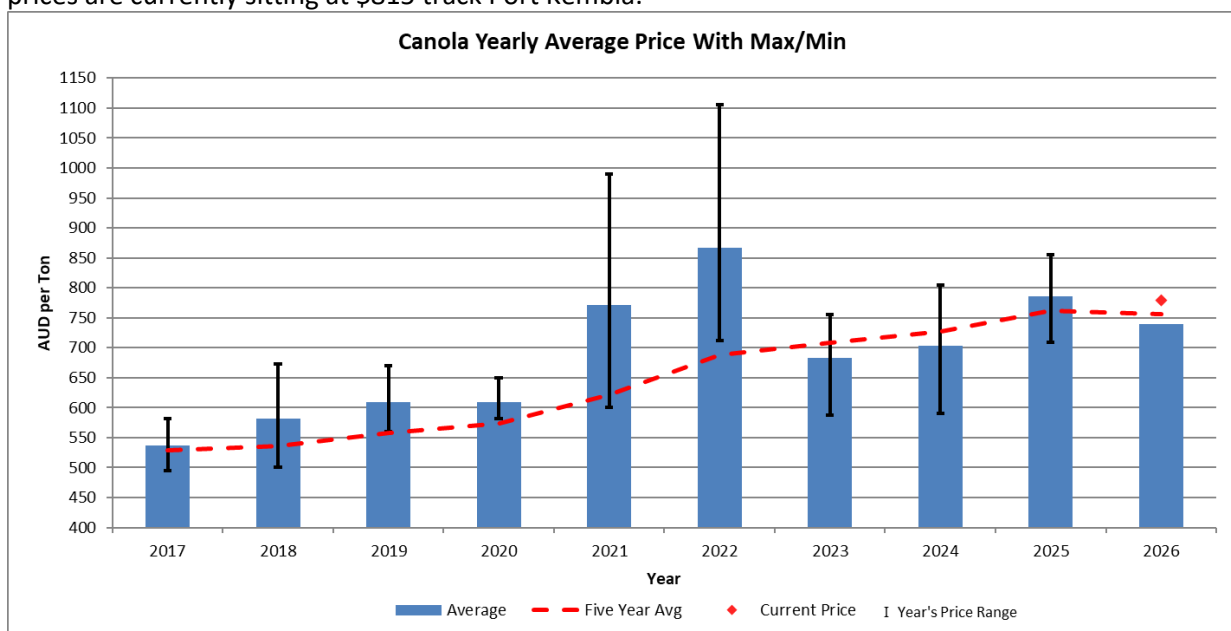
Western Europe remained the primary destination, led by Belgium (201,088 tonnes), followed by Germany (123,630 tonnes) and France (60,336 tonnes). Additional volumes were shipped to the Netherlands (45,725 tonnes) and Denmark (40,000 tonnes). China also continued to re-emerge as a consistent buyer following the reopening of the market, importing 53,101 tonnes in March. Export

volumes are expected to remain relatively steady through May, with Western Australia continuing to fulfil most cargo programs, largely into European markets.

On the east coast, canola prices have eased to around \$780 track Port Kembla in early May, after briefly reaching \$800, reflecting weaker futures and a stronger Australian dollar. Domestic crushers remain the dominant buyers, bidding around \$810 delivered Newcastle and \$800 delivered Wagga. In contrast to Western Australia, east coast growers are generally reducing canola plantings, influenced by high input costs and the risk of drier winter and spring conditions.



Note: The current price of \$780 Track Port Kembla is a \$45 lift since the last report and new season prices are currently sitting at \$815 track Port Kembla.



Canola Strategy

2025/26 Crop

Despite the stronger Australian dollar providing some headwinds, basis levels have firmed considerably from a month ago. Basis against MATIF has improved by around \$30/t, although we are yet to see a surge in buyer demand, with prices hovering between \$760 and \$800 Track PK. Any lift toward the top end of this range should be seized.

With Western Australia expected to plant a larger canola area this season, we are not anticipating any major rallies in the short term. However, keep an eye on domestic crush demand, as any nearby short covering could still generate another \$20/t upside over the coming four weeks.

2026/27 Crop

New crop canola continues to maintain a \$20-30/tonne premium over old season values, depending on the buyer and daily market moves. With bids near \$810 track Port Kembla, we would be targeting \$800 site or near it as a starting point for sales. For those with good soil moisture and additional rain forecast, it is worth considering some coverage at these levels.

Barley Outlook

INTERNATIONAL

- World corn production for 2026/27 is forecast to decline from the prior year's record to 1.295 billion metric tons, down 17.3 million tons but still the second highest on record.
- China and Brazil, expansion in corn area and trend yield growth drive larger crop prospects.
- World corn consumption is expected to rise less than 1 percent to a record 1.315 billion metric tons, with consumption exceeding production by 19.4 million tons, following the modest surplus seen a year ago.

Source: USDA May WASDE

| Corn | 2024/25 | 2025/26 | 2026/27 | 2026/27 |
|------------------------------|---------------|---------------|-------------|----------------------|
| 39.36 | | Est | Apr | May |
| | | | | Million Metric tonne |
| Area Planted (mil. acres) | 90.9 | 98.8 | 0 | 95.3 |
| Area Harvested (mil.acres) | 83 | 91.3 | 0 | 87.4 |
| Yield (bushels/acre) | 179.3 | 186.5 | 0 | 183 |
| Beginning Stocks | 44.79 | 39.41 | 0.00 | 54.42 |
| Production | 378.35 | 432.44 | 0.00 | 406.38 |
| Imports | 0.56 | 0.64 | 0.00 | 0.64 |
| Supply Total | 423.70 | 472.48 | 0.00 | 461.43 |
| Feed & Residual | 138.57 | 157.52 | 0.00 | 154.98 |
| Food, Seed & Industrial | 17.30 | 176.70 | 0.00 | 176.70 |
| Ethanol & by-products | 138.11 | 142.28 | 0.00 | 142.28 |
| Domestic Demand Total | 311.66 | 334.22 | 0.00 | 331.68 |
| Exports | 72.61 | 83.84 | 0.00 | 80.03 |
| Use, Total | 384.30 | 418.06 | 0.00 | 411.71 |
| Ending Stocks | 39.405 | 54.421 | 0.00 | 49.72 |
| Avg.Farm Price (\$/bu) | \$4.53 | \$6.00 | \$0.00 | \$4.40 |

The May 2026 USDA WASDE was a "neutral-to-bullish" report for US corn, as the first forecast numbers for the 2026 marketing year were published. The numbers are slightly bullish with a 6% decrease in production and a tightening of the Stocks-to-Use ratio from 13% to 12% YOY. Despite the reduction in production the US is still forecasting the 2nd largest corn crop in history if it comes off.

Global corn supply numbers also saw a key reversal from last month, with a forecast decline in production of 17.3MMT to 1.29 BMT, while consumption is forecast to increase to a new record of 1.31 BMT. The "gap" between these numbers is a significant 19.4MMT and would lead to the lowest ending stocks since 2013/14.

US July corn futures



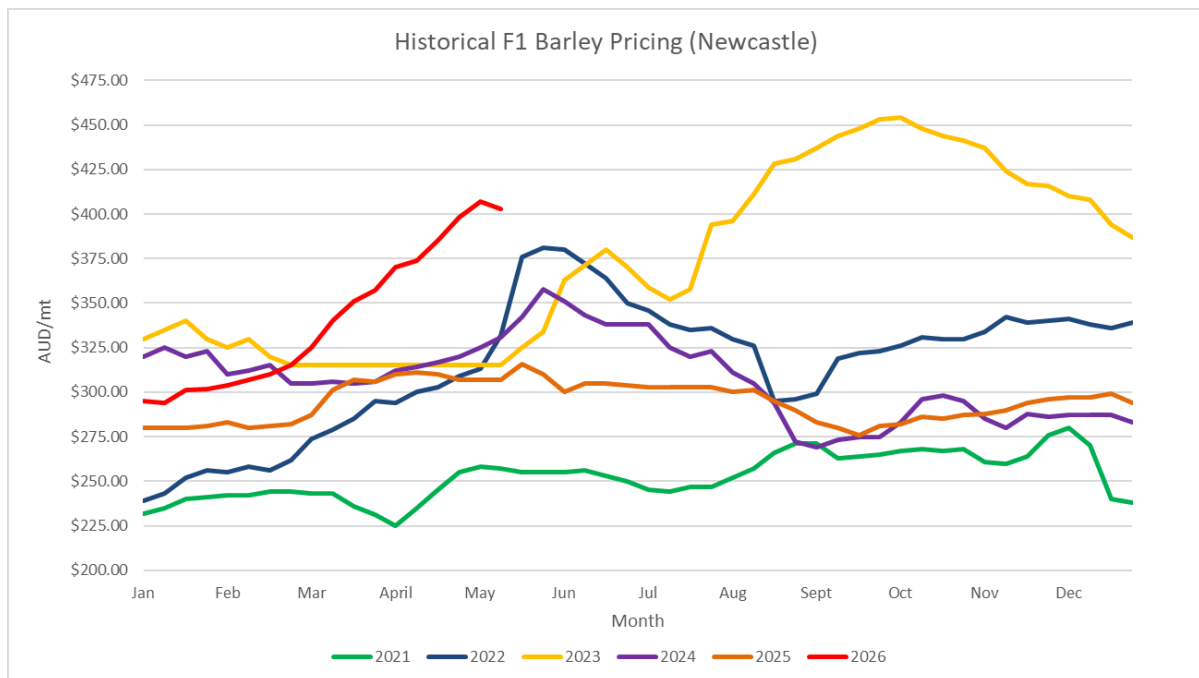
Corn futures sold off at the beginning of the month as the war posturing seemed to have cooled down, and the US announced the end to the military component of their operation. Markets are now focused predominately on fundamentals, and all eyes will be on future US crop progress reports and Northern Hemisphere feed production numbers moving forward.

Global barley production also appears to be contracting in most of the exporting countries as we approach the northern hemisphere harvest window. The EU, Russia and Canada have all revised production lower with high fertiliser, cold wet conditions and yields forecast to return to long term trend or slightly lower, leading to a tightening balance sheet.

This comes at a time where demand remains historically high especially from China. Latest forecast has China in for 10.5MMT of barley imports for the coming year, slightly lower than last year but still significant. Australians share if this market continues to sit around 70% and we have already signed up over 6MMT in exports with three consecutive months over 1MMT to start the year.

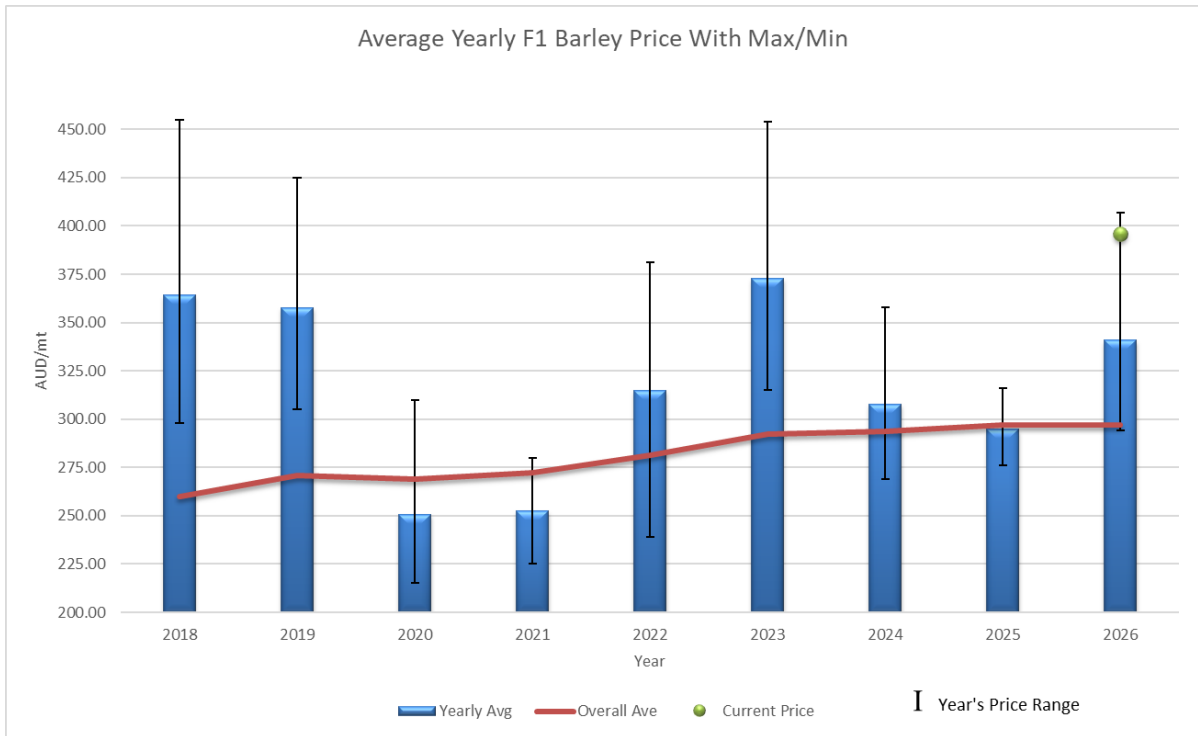
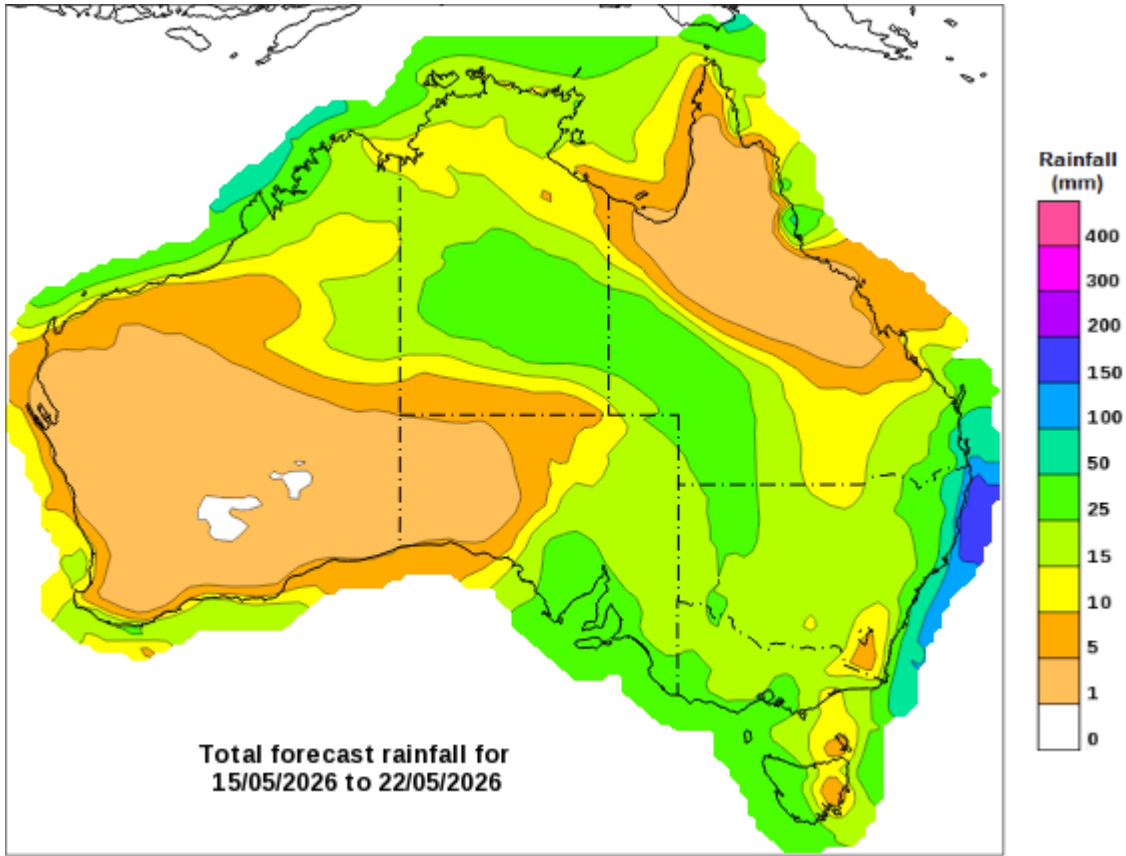
DOMESTIC

Barley values hit a short-term peak in early May as prices ran up exponentially as the dry forecast, record West Coast export pace and huge cattle on feed numbers all combined to cause panic buying by those end-users that had not covered near-by demand. Since then, the higher prices have encouraged some grower selling, and the trade are dragging supply from southern NSW/Vic onto the Darling Downs. This combined with a reduction in the overall demand as consumers reduced the percentage of barley in the ration, saw prices retreat \$10-\$20.00/mt over the past week and half. Furthermore, rain over the southern interior and the forecast for rain across much of NSW, Victoria and SA over the coming week also added weight to sell off.



As mentioned last month, the drought is confined to central/northern NSW and SE Qld at this stage. The rest of the country especially WA/SA/Vic should get a decent barley plant in and up on current soil moisture content and forecast rain for the 16-22nd May. This rain event will cap new crop values and keep a lid on old crop demand. On the flip side the strong pace of exports out of WA looks like it will reduce the carryout to near zero before new crop can arrive and this tightening of supply may support prices for old crop heading into Spring.

In summary old crop barley prices are back off the highs but remain in reasonable territory. The "choppy" nature of the market is now very closely linked to the weather and size of the overall plant in NSW. Any decent forecast for rain will keep prices "capped" until we get to the end of the planting window and we get a clearer picture on hectares planted and potential yield. Next month's ABARES crop report will be highly anticipated as it will give the first real numbers in regards production forecast.



Barley Strategy

NNSW: Old crop values have pulled back from the highs and look like they may trend lower over the short term with rain forecast for much of the east coast cropping belt this weekend. May be well worth pricing up some old crop tonnes in front of the rain and also before the end of the financial year. It feels a touch heavy and we may have seen the top of the market for the short term.

SNSW: Conditions have improved significantly over the past month and with more rain on the way it would be well worth selling any old crop tonnes into the current drought market. Concern for new crop production in Northern NSW also making new crop prices attractive and if the crop is in and up then new crop sales may also be warranted.

Sorghum Outlook

INTERNATIONAL

The first sorghum S&D report out of the US for the 2026/27 year reflects a tightening balance sheet as production is forecast to drop significantly due to an 8% reduction in planted areas. Ending stocks are reduced by 18% and global supplies on a whole are expected to tighten. Drought over much of the US sorghum belt could reduce production further with most of the sorghum producing states drought declared at the time of writing. Other supply factors include more sorghum being turned into the domestic market as domestic prices are showing a premium over exports. This is forecast to lower potential export volumes by as much as 15% this year.

| US SORGHUM | 2024/25 | 2025/26 | 2026/27 | 2026/27 | |
|------------------------------|------------------------|------------|----------|------------|-------------------|
| | | Est | Apr | May | |
| | <i>Million Bushels</i> | | | | Mt |
| Area Planted (mil. acres) | 6.3 | 6.6 | 0 | 6.1 | |
| Area Harvested (mil.acres) | 5.6 | 6 | 0 | 5.3 | |
| Yield (bushels/acre) | 61.3 | 72.6 | 0 | 69.2 | |
| Beginning Stocks | 33 | 40 | 0 | 37 | 1,001,624 |
| Production | 344 | 437 | 0 | 367 | 9,935,030 |
| Imports | 0 | 0 | 0 | 0 | 0 |
| Supply Total | 377 | 477 | 0 | 404 | 10,936,654 |
| Feed & Residual | 140 | 100 | 0 | 70 | 1,894,965 |
| Food, Seed & Industrial | 98 | 115 | 0 | 95 | 2,571,738 |
| Domestic Demand Total | 239 | 215 | 0 | 165 | 4,466,703 |
| Exports | 98 | 225 | 0 | 205 | 5,549,540 |
| Use, Total | 336 | 440 | 0 | 370 | 10,016,243 |
| Ending Stocks | 40 | 37 | 0 | 34 | 920,411 |
| Avg. Farm Price (\$/bu) | \$4.07 | \$3.55 | \$0.00 | \$4.10 | |

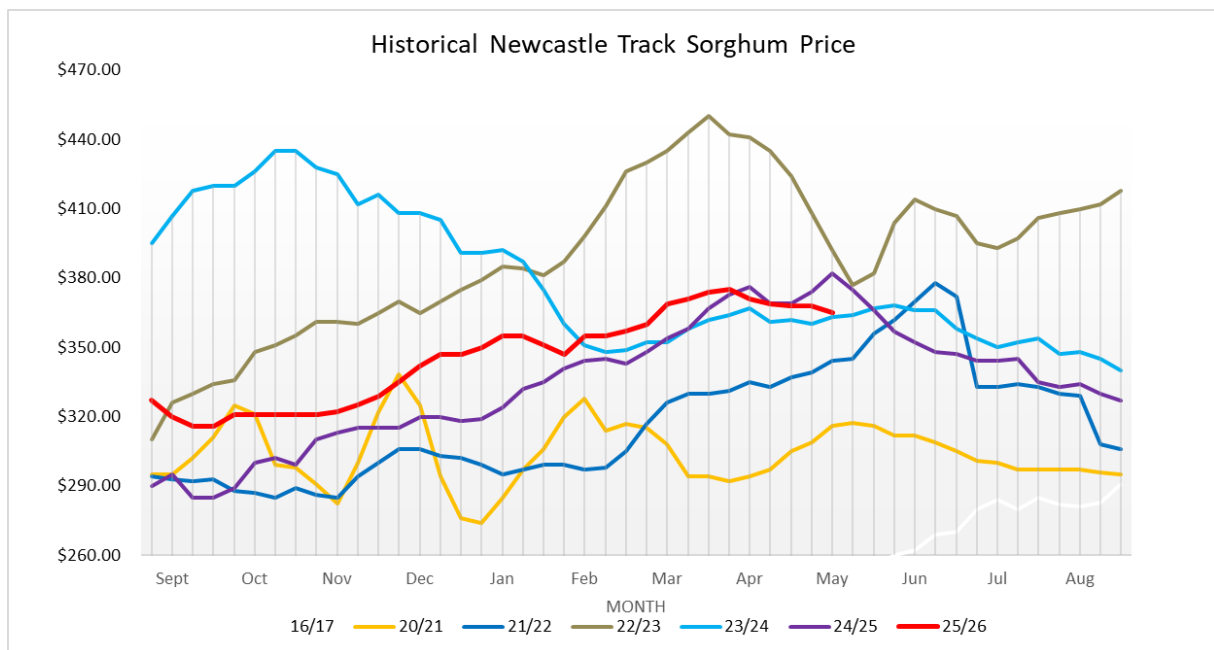
US export demand continues to outperform last year's tariff driven downturn and at the close of business May 7th the US had inspected over 3.7MMT of sorghum versus 1.6MMT for the date in 2025. China is taking the bulk of the US sorghum. Forecast exports are reduced by 500,000mt which is supportive again for our export demand over the next 6 months.

| | US FOB Texas | Aussie dollar | Brisbane Track | FOB Cost | US Dollar Value | Basis |
|-------|--------------|---------------|----------------|----------|-----------------|---------|
| Month | Price | | | | | |
| June | \$231.29 | 0.7232 | \$361.00 | \$45.00 | \$293.62 | \$62.33 |
| July | \$231.29 | 0.7235 | \$361.00 | \$45.00 | 293.6192 | \$62.33 |
| Aug | \$233.94 | 0.722 | \$361.00 | \$45.00 | 293.6192 | \$59.68 |

US sorghum prices have increased a touch with the dry weather, but basis remains high for us in relative terms with Brisbane almost US \$62.00/mt over Texas levels. Demand is starting to stagnate out of Australia, and this is holding the trade back in regards lifting prices any further. Australia remains a preferred supplier to China but with Trump heading to Chain this week, the fear that the relationship between the US and China improves is real and may affect our sorghum demand into the future.

DOMESTIC

Sorghum prices in Newcastle and CQ have lost momentum over the past month with Brisbane the only zone holding a premium. Competing feed demand into Brisbane poultry mills around the \$400.00/mt delivered level is keeping a base in these values. Elsewhere, CQ seems to be caught between cheaper export demand and domestic feed markets that are starting to develop but are currently located either at Brisbane or north to Atherton which are both \$100.00/mt plus freight hauls. Brisbane delivered at \$400 only works back to a low \$300's south of Emerald.



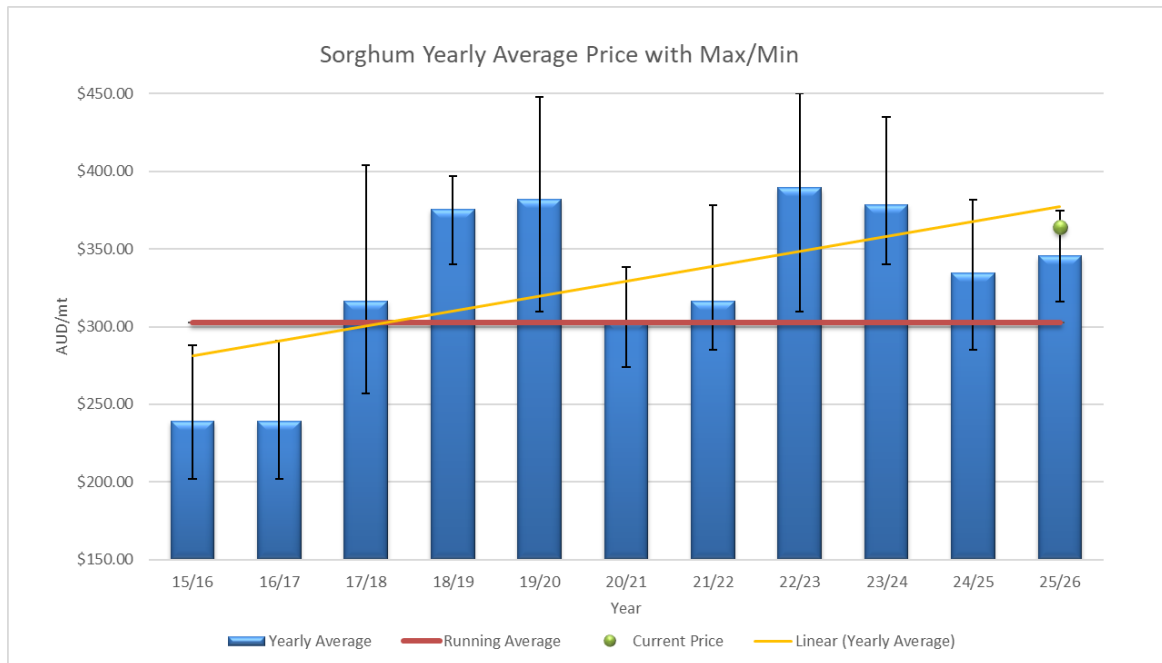
Seasonally sorghum tends to dip this time of year as the export window closes with lower volume available and the trade focus on other opportunities. Volumes in both Newcastle and Brisbane are now almost exhausted.

As mentioned above CQ is caught between two competing markets, but unfortunately this has not translated to better prices. The fear is real that exports drop right away and we start to see vessels cancelled that are currently on the stem. We have seen this happen before in these markets and it can result in prices falling prior to the harvest period.

Sorghum Strategy

CENTRAL QUEENSLAND: As mentioned above it now appears that better pricing may not eventuate in the near term especially once harvest gets under way. Most growers have not sold forward and with harvest starting in the next few weeks we would recommend pricing up some parcels and looking at selling a percentage at current levels.

NNSW: Markets are winding down as the last of the bulk vessel finish loading. Harvest all but done with a tiny bit of late planted sorghum on the Plains still to go. Feed markets are not really chasing sorghum in the Newcastle Zone with Brisbane the main delivered market at present. Sell remaining stock at current levels as once the exports stop sorghum will be prices well under wheat into the feed market.



Chickpea Outlook

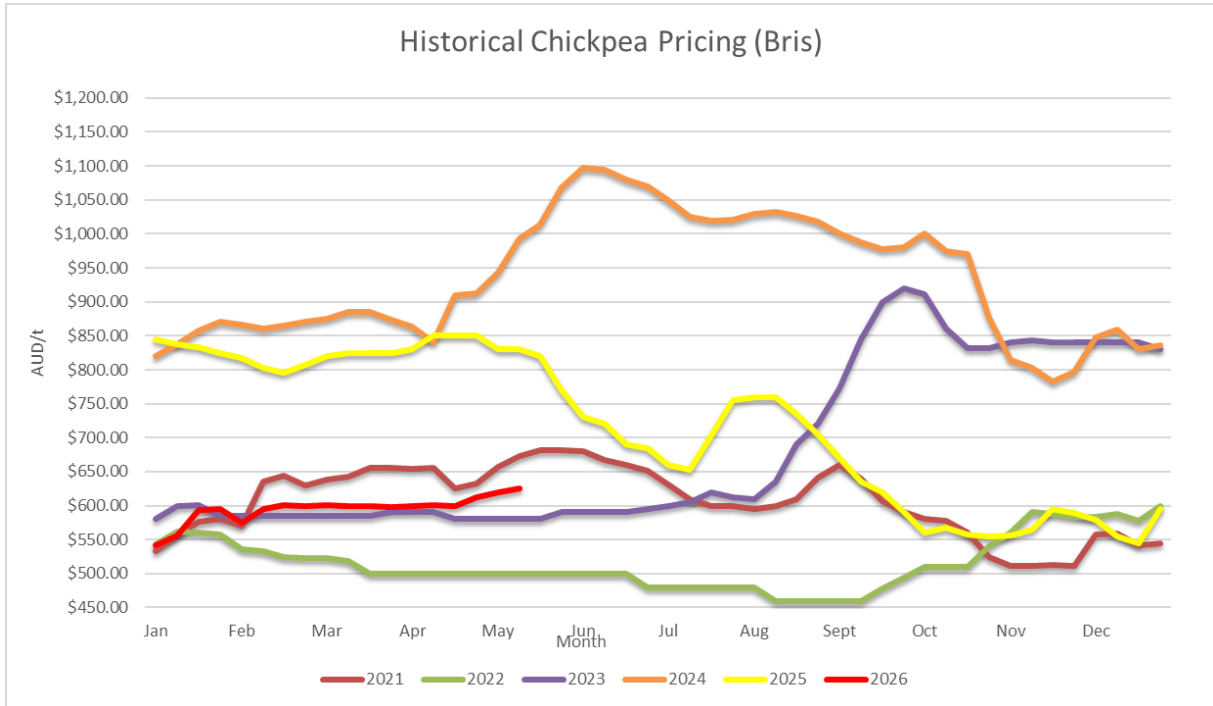
International chickpea markets appear to be experiencing a shift in trade flows post the Indian harvest. News out of India is that the crop size may be well under the 12MMT originally forecast. Domestic pricing has spiked well above the Minimum Support Price (MSP) and the Government is looking at the real fear of food price inflation. To counteract this the Indian Government has surprisingly dropped the 10% import duty on chickpeas into the country. This means that chickpeas have no barrier to entry into India until March 2027.

Demand from Bangladesh, Pakistan and UAE continues along at a steady pace. Container trade is picking up as boxes become more available. So, from an export demand point of view it looks like there will be plenty of competition into Asia with India now signalling that will need cheaper imports.

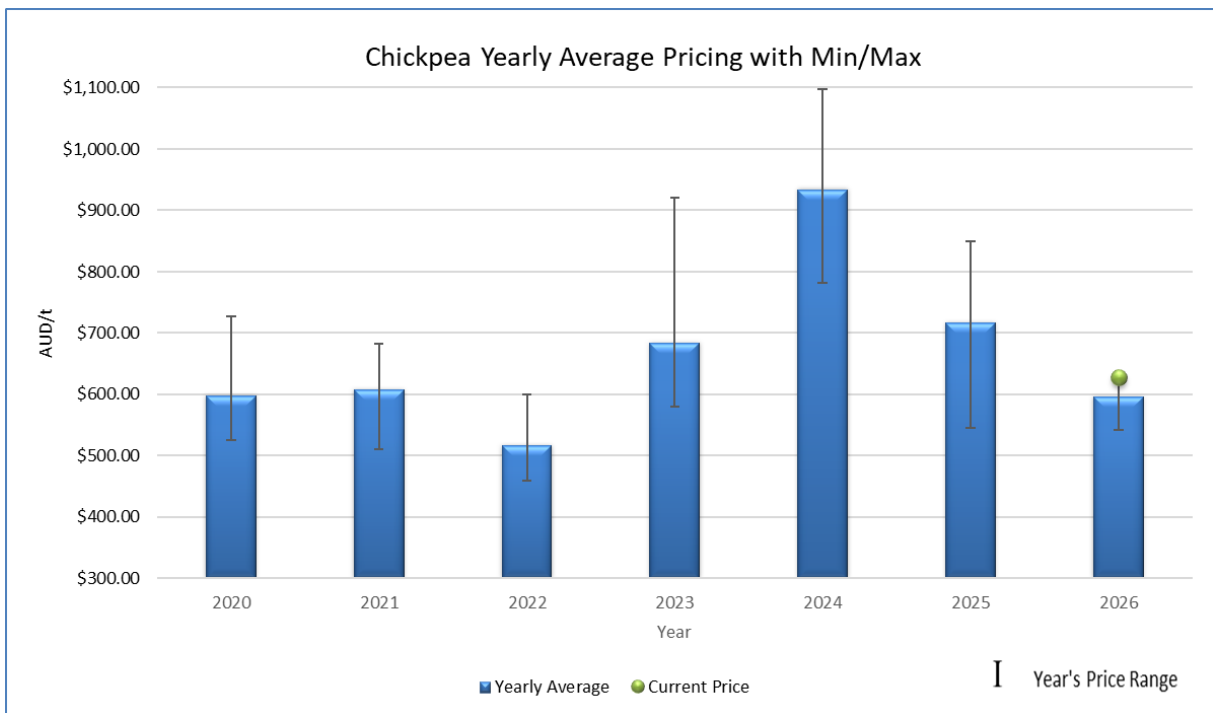
Domestic

The flow on effect of the change in demand offshore has sparked the old crop market into life with delivered container bids lifting over the past two weeks. Downs markets have hit pricing approaching \$650 delivered packer, while track numbers are also pushing higher as the Trade look to go long and sell into the uptick in demand.

Plenty of conversations around what is left unsold in grower hands at present with the range anywhere from 400,000mt to 800,000mt. These numbers become increasingly important if we see India return to the market in a big way. Especially if it looks like the greater Northwest NSW plant remains dry and the crop size is reduced significantly.



All this is positive for CQ growers who are planting peas as we speak. Most are now moisture seeking but they can chase it further into the window. IT has been dry the last six weeks in CQ but it looks like the majority of the peas are in and many are already up and away.



New Crop:

Prices for new crop have not reacted as much as the old crop demand but they are still in the low \$630's Port Brisbane for November. CQ values not yet published but we think they will start in line with Brisbane and then move higher for the early slots.

Chickpea Strategy

A nice uptick in values over the past month has made it more attractive to sell peas especially onto the Darling Downs. Dry weather in northerner NSW is keeping Growers out of the market and as we approach the end of the financial year this is helping to build a base in prices. Sell into the rally if you need cash flow and don't be afraid to offer well over the bids. We get the feeling the trade want to go long here in expectation of more demand.

Cotton Outlook

INTERNATIONAL:

- U.S. Harvested area is forecast to be 7.38 million acres for **an abandonment rate of about 24 percent**, approximately equal to the 10-year average.
- Production is projected to be 13.30 million bales, 600,000 below the 13.90 million bales produced in 2025/26.
- As a result, ending stocks are forecast to be 500,000 bales lower at 3.90 million, for an ending stocks-to-use ratio of 28.1 percent.
- **The 2025/26 world balance sheet** is revised to show higher production, consumption, and beginning and ending stocks, with trade marginally increased.
- The global production estimate is raised nearly 1 percent to 122.6 million bales as an almost 900,000-bale increase for Uzbekistan is partially offset by a reduction for Argentina.
- Consumption is increased by almost 1 percent as mill use in Uzbekistan is raised 1 million bales, reflecting its much larger crop, and consumption in China is revised 500,000 bales higher.
Ending stocks are forecast to increase by around 220,000 bales as the increases in beginning stocks and production exceed that for consumption.
- The ending stocks-to use ratio is down slightly to 64.3 percent. (still enormous)
- **World supply for 2026/27** is down 2 percent from 2025/26 as global production is projected 6.6 million bales lower, more than offsetting the 2.8-million-bale increase in beginning stocks.
- World consumption is projected to increase 1 percent to 121.7 million bales led by increases for China, India, Bangladesh, Egypt, Pakistan, and Vietnam (up collectively 1.5 million bales).
- Ending stocks are down 7 percent from 2025/26 at 71.8 million bales as Australia, Brazil and the United States draw down stocks to support exports given smaller crops, and India and China draw down stocks to support consumption.

Despite an extremely accommodative world cotton balance sheet, the US futures price is focussed on Texas crop conditions which remain under terrible weather pressure and with very low levels of stored water or ground water, while natural fibres are being supported by high oil prices, raising the cost of synthetic alternatives like polyester.

DOMESTIC: Australian cotton prices have benefitted from the rising US cotton futures price, combined with the incredible cotton seed demand which has seen ginning + seed values hit +\$70 ON this week. That must be some kind of record?

Current prices are hovering around \$615 to \$640 per bale plus seed which looks like great sell territory to us, especially in light of the world balance sheet being so overweight in supply. Our concern is that once ocean freight rates relax, so do prices.

US COTTON FUTURES -weekly chart – war premiums helping cotton futures despite ample supply



SUMMARY

After a series of years where the worlds largest global grain exporters have combined to produce more than worlds consumers required, the 2026 crop year looks likely to fall short. That sounds very dramatic, but it should not be viewed as such because we are talking small percentage shifts in the total volume. 10Million tonnes of grain is tiny as a percentage of the world's wheat production, but it is half of Australia's exportable surplus, for example.

You may remember us discussing this in past reports and suggesting that the world was unlikely to continue with this string of record crops, so it is in some ways a blessing that we eat through the surplus and allow for a stronger price regime over the coming few years. It is just a shame when its your district that is having the production shortfall!

Under normal circumstances, we would very excited by the prospect of the current new crop values, and would be keen to make a start on new crop sales, especially for our southern and West Australian clients. However, the prospect of a super El Nino injects a good deal of caution with that idea. We just remind you that we are watching for opportunities and hope that by July or August that we are confident enough to sell canola above \$800/tonne and wheat above \$350/tonne local depot.

Looking at the weather models and keen to see the rain gauge filling,

**All the best,
The Delta Grain Team**

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