



GRAIN MARKETING

OUTLOOK

January 2026

Independent Brokers. Smart Advice.

DELTA GRAIN OUTLOOK – Monthly Analysis and Strategy

Introduction

Large global grain stocks continue to weigh on world prices, even after 2 years of downtrend.

In recent weeks, the market was starting to become more optimistic that the lows were in and that the US corn and soybean crops were known, while export sales have been relatively strong. However, last night's release of the USDA's World Agriculture Supply and Demand Estimate added more tonnes to an already overloaded corn balance sheet.

While Australia grows very little corn and soybeans, they are the worlds largest feed grain crops and are therefore critical in understanding world grain supplies and price trends. Unfortunately, until the market starts to focus on new crop weather, the main story continues to focus on large global stocks. We therefore may have to contend with a softer market for longer than we thought was likely.

Locally, rainfall continues to be focused on Northern Australia, with many respected weather pundits suggesting a breakdown of the La Nina pattern is underway with a drier year coming for New South Wales and West Australia, while below average rainfall in Victoria and South Australia look likely to continue. That is the bad news, but we remind ourselves that rainfall at the right time is far more important than the totals when it comes to growing a winter crop. WA growers are accustomed to 300mm in a year but can still rock up with 4tonnes/hectare of wheat.

We will try to keep this January report a little more brief given many of our growers will be reading it between swims and golf, so time is of the essence!

Wheat Outlook

INTERNATIONAL

Wheat Market Outlook – 2025/26

- The global wheat outlook for 2025/26 is for larger supplies, consumption, trade, and ending stocks.
- Supplies are raised 4.3 million tons to 1,102.2 million primarily on higher production for Argentina and Russia that more than offsets a reduction for Turkey.
- With over 90 percent of the wheat harvest in Argentina complete, the production forecast is raised 3.5 million tons to a record 27.5 million, nearly 50 percent larger than the previous year.
- The production forecast for Russia is also increased, up 2.0 million tons to 89.5 million based on higher preliminary yields reported by Rosstat.
- Global consumption is raised 0.9 million tons to 823.9 million, primarily on larger use in Russia, Ukraine, and Morocco.
- World trade is 1.1 million tons higher at 219.8 million as larger exports for Argentina and Kazakhstan are only partly offset by lower forecasts for the EU and Ukraine.
- Projected global ending stocks are raised 3.4 million tons to 278.3 million, primarily on increases for Russia and Argentina.
- *Source: USDA WASDE Report*

OPINION: Once again, the USDA has taken the wind out of the market’s sails, delivering a fresh round of increased production and ending stocks. At least they see consumption and exports increasing in response to the lower prices, but that is really the only positive we can take from the report.

The market was starting to look for some good news in the new year, but the numbers just do not support a major rally from the recent lows, until the market is able to move past the old crop and focus turns to the new crop’s planting conditions.

We have read a lot of commentary about the woes of the US producer, citing very poor returns for row croppers (corn and soybeans) and also for wheat growers. Planted area for wheat in the US was estimated at 32.99 million acres of winter wheat for harvest in 2026, down from 33.153 million (-163,000 acres) in 2025, while the market had been anticipating a 500,000 acre decrease in US wheat plantings. Given the high beef prices in the US, one would expect the area to fall in favour of more pasture country. Nonetheless, the trend toward less wheat area continues with growers moving toward more pasture and less cereal cropping.

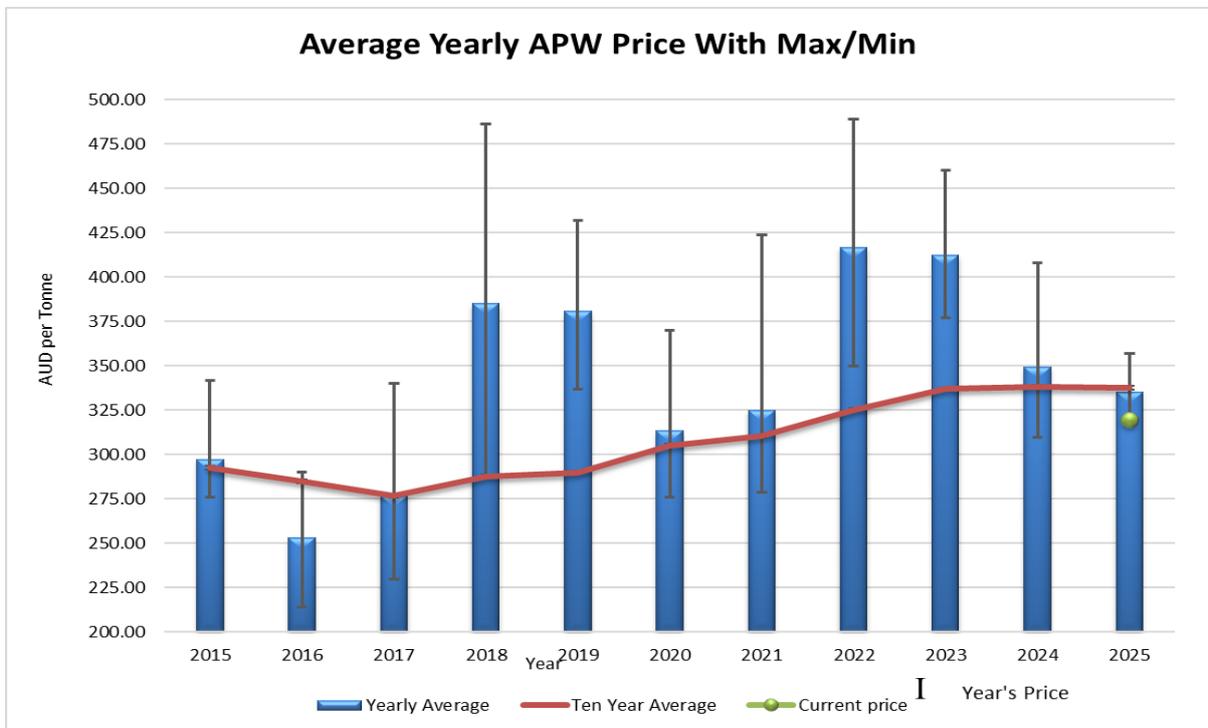
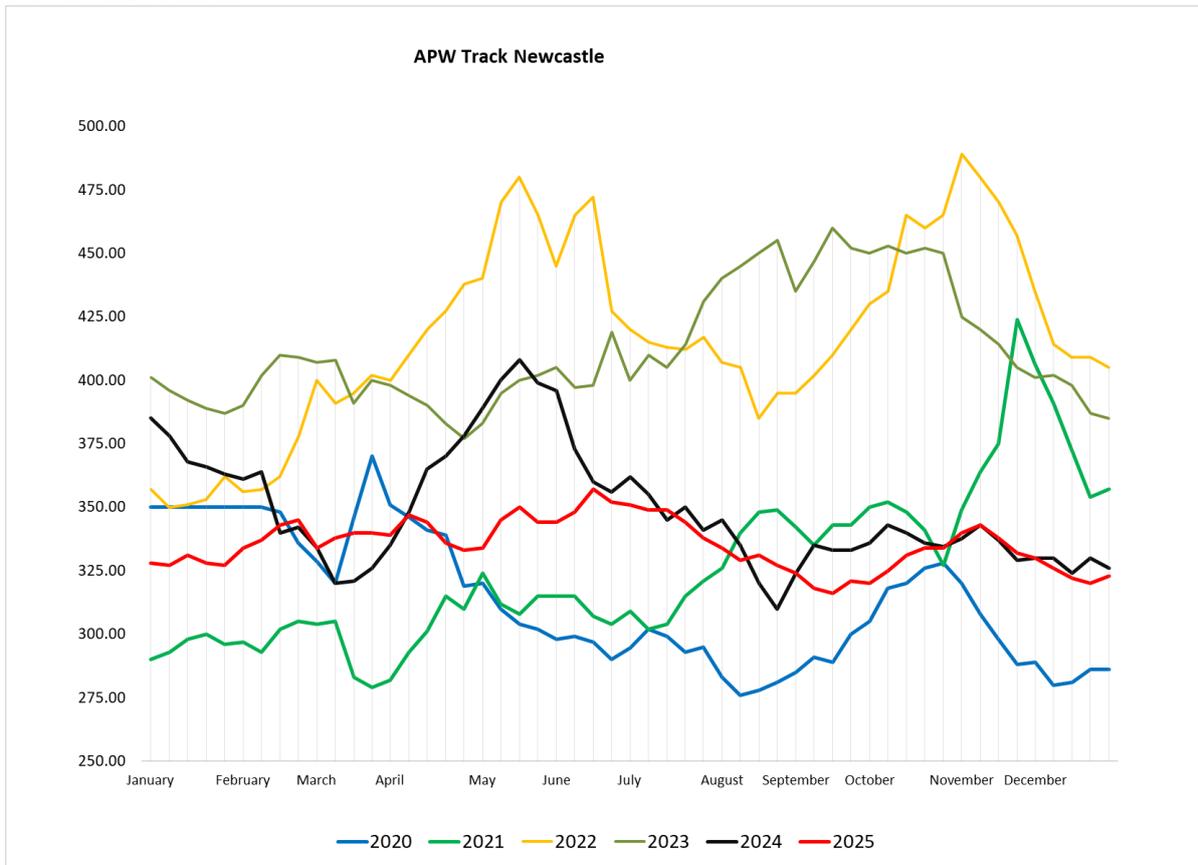


DOMESTIC

Locally, Central and Southern New South Wales have had a dry start to the year with a combination of high temperature, strong winds and isolated storm rain which has made for a tough start to the year. Feeding of stock only stopped for the harvest window in many areas, keeping feed wheat and barley values well supported.

Export demand is softer than normal for this time of year, but prices have remained relatively stable as a result of some core demand by flour mills, Manildra’s gluten program, feed demand for feedlots which remain very full and exporters with logistics commitments which need to remain moving grain.

It all adds up to a wheat market which has remained incredibly stable all year, as the red line shows on the chart below.



Wheat Strategy

CENTRAL QLD

Demand has just started to pick up as feedlots look to cover summer requirements. Ex-farm bids are still over \$300.00/mt but with the tightness in supply and a strengthening southern delivered market. Prices above \$320 farm and \$300 depot remain the short term targets.

SQLD/NSW

There are already some ex farm selling opportunities well above harvest values, and while export business is slow, the need to keep trains and vessels moving should keep demand firm.

Growers tend to stop selling once the grain stops flowing from the paddock. At this stage the international market looks a tad oversold. Sell rallies.

Canola Outlook

Global oilseeds

- Foreign 2025/26 oilseed production is raised 2.4 million tons mainly on higher soybean production partly offset by lower cottonseed and rapeseed output. For sunflower seed, higher production for Argentina is offset by lower production for Russia. Rapeseed production is also lowered for Russia.
- The 2025/26 global soybean outlook includes higher production, increased crush, lower exports, and higher ending stocks.
- Global soybean production is increased 3.1 million tons to 425.7 million, reflecting higher crops for Brazil and the United States but lower output for China.
- Brazil soybean production is raised 3.0 million tons to 178.0 million on beneficial weather conditions in the Central West during the peak of the growing season.
- Further, positive early-season conditions and consistent rainfall in the south of Brazil also bolsters yield prospects, especially compared to previous years when the region faced drought.
- Soybean crush and soybean meal exports are raised for Brazil and the United States, and pairs with higher soybean meal imports for the European Union.
- EU soybean crush and soybean imports are lowered on higher imported soybean meal supplies.
- Global soybean exports for 2025/26 are reduced 0.1 million tons to 187.6 million as higher exports for Brazil are offset by lower U.S. shipments.
- Global ending stocks are increased 2.0 million tons to 124.4 million, mainly on higher stocks for the United States and Brazil
- *Source: USDA WASDE Report*

The broader oilseed picture continues to lean toward the negative. Larger U.S. and global soybean crops, rising ending stocks, and softer U.S. soybean prices all point to a market that remains well supplied. That environment tends to cap upside across the whole oilseed complex, including canola.

Vegetable oil markets are also feeling some pressure. We're seeing weaker demand for soybean oil, particularly from the U.S. biofuel sector, where alternative feedstocks like tallow are being used more heavily. When soybean oil struggles, it generally weighs on other vegetable oils such as canola, especially while energy markets remain soft.

Brazil's strong position in global soybean exports continues to add competition and draw demand away from higher-cost origins. This makes it harder for prices across the oilseed complex to build any sustained recovery.

On the supportive side, reduced rapeseed production in Russia does offer some underlying support for canola. However, at this stage, that positive is being outweighed by the sheer volume of soybeans coming onto the global market and the build-up in stocks.

As a result, global canola is likely to trade in a range for now. Any rallies are more likely to be short-term corrections rather than the start of a stronger upward trend, unless we see a meaningful lift in vegetable oil demand (particularly biofuels) or further tightening in global rapeseed supply.

Bottom line: Global oilseed supplies remain heavy. While lower rapeseed output provides some support, plentiful soybeans and rising stocks are likely to keep a lid on canola prices in the near term, with downside risks still present.

EU RAPESEED

Significant changes are expected in the oilseed and pulse markets in Europe, with the total EU production of these crops to reach 36.1 million tonnes by 2035, 2.5% above the average for 2023–2025. Pulse production will grow by an average of 0.8% per year, the highest rate among all protein and oilseed crops, allowing the EU to significantly reduce its imports by 2.1% per year.

At the same time, rapeseed production is expected to remain stable at around 18.4 million tonnes, while demand from the biofuels sector is expected to decrease by around 4.5% compared to 2023–2025, leading to an overall reduction in oilseed imports. An additional factor will be a decrease in feed consumption in the EU due to a decline in pork, beef and veal production, as well as improved animal feed efficiency.

According to the EU Agricultural Outlook 2025–2035 Oilseed prices will increase more slowly than in the previous decade, with soybeans expected to grow the most, at around 1.6% per year.

CANADIAN CANOLA

Slow exports, limited farmer selling, and expectations of a large 2025 crop weighed heavily on Canadian canola futures leading into the Christmas break, triggering a sharp technical sell-off. Exports were running nearly 50% below year-on-year levels, largely due to China stepping away from further purchases amid tariff retaliation linked to electric vehicle imports. This combination pushed prices to extreme lows near C\$590/t before bargain buying emerged, lifting the March contract back toward a more respectable C\$620/t.

Looking ahead, the challenge for Canada remains demand. Unless there is a material shift in buying interest, Canada has a substantial volume of canola that needs to find a home. With the Canadian Prime Minister scheduled to hold discussions with China later this week, growers will be hoping these talks deliver a more constructive outcome for future trade flows.

MATIF FEB 25 WEEKLY DATA

Rapeseed Feb '26 (XRG26)

468.25s -2.75 (-0.58%) 01/12/26 [Euronext]

468.00 x 12 468.50 x 3

Start Trading
With Plus500

70% of retail CFD accounts lose money

Full Screen Chart

CHART PANEL for Mon, Jan 12th, 2026

Notes My Charts Alerts Watch Actions Help

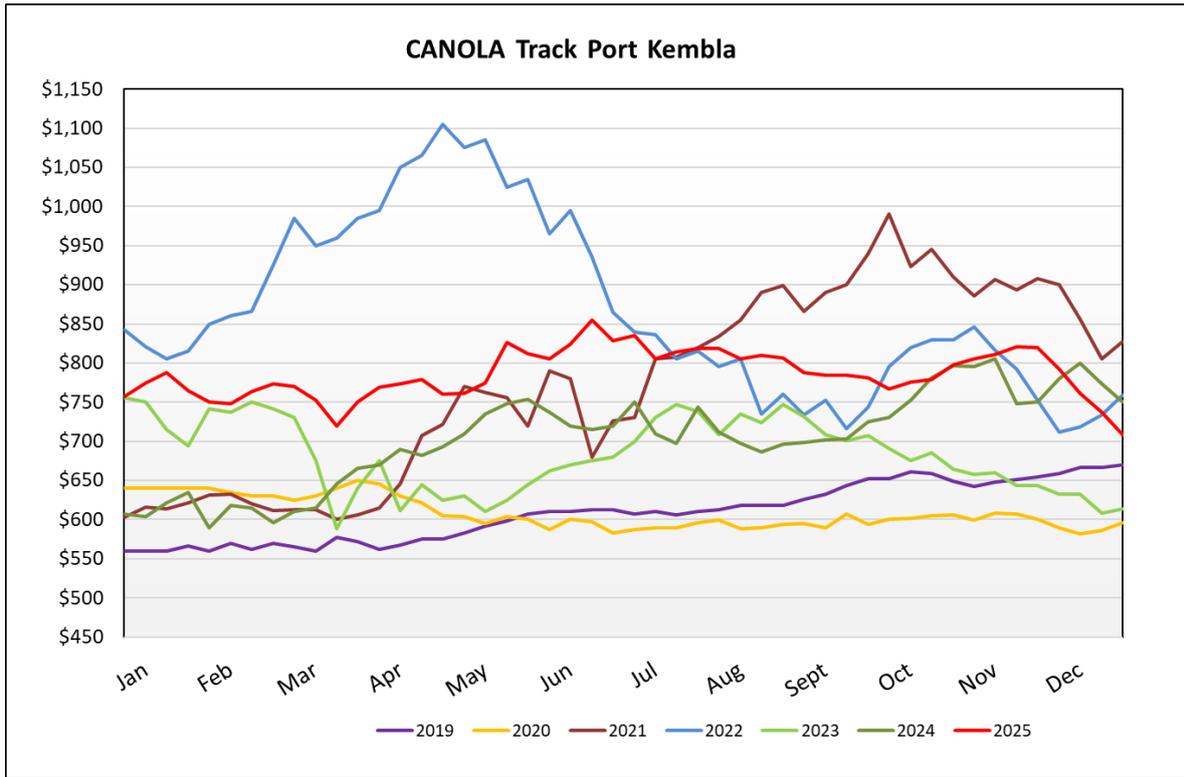


DOMESTIC

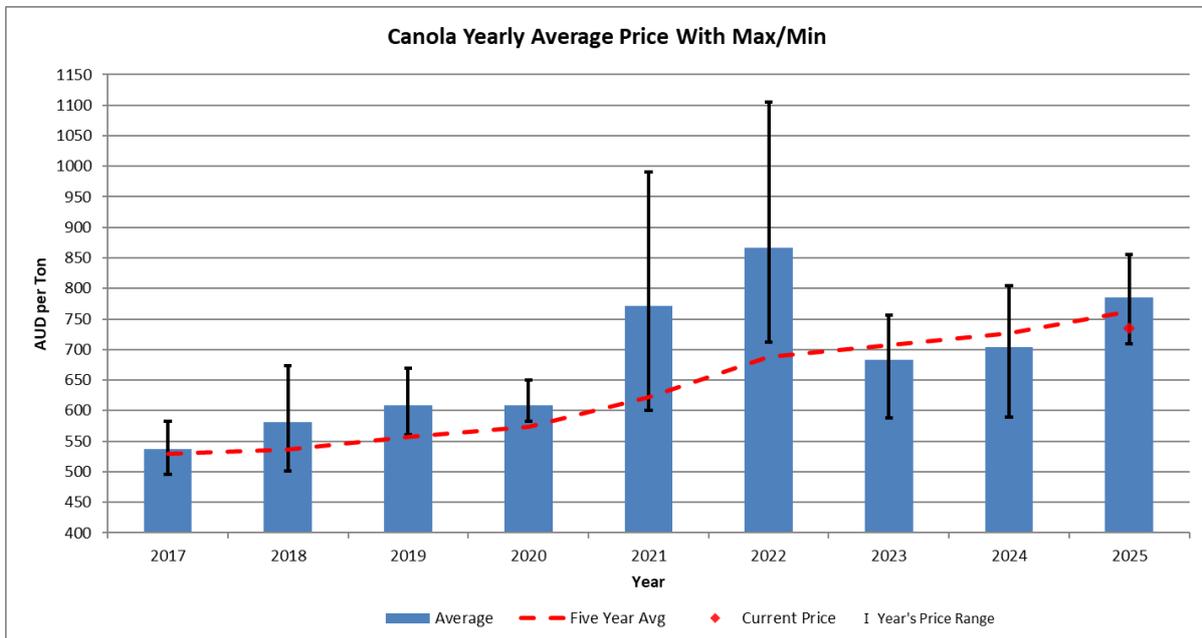
Since the last report in mid-December, global rapeseed markets have come under significant pressure, with canola leading the sell-off. This was largely driven by Canada adding a further 1.0 MMT to its balance sheet, combined with China agreeing to cap purchases of Canadian shipments. Australia felt the full impact of this move, with local prices falling by around \$50/t from 14 December. Many growers who harvested earlier were able to sell into very strong values, leaving the trade relatively comfortable on nearby supply and reducing the need to chase tonnes through the Christmas period.

The more encouraging development is that the market has since recovered from the lows. After bottoming near \$704/t track Port Kembla, values have rebounded to around \$735/t track. Local depot bids remain just under \$700/t site, while the domestic crush continues to show solid demand, with Wagga trading near \$755 delivered, Newcastle around \$770, and Melbourne also approximately \$770 delivered.

Historically we always see opportunities in the January and February window as the trade look to cover any shorts to fill boats and the crush look to secure supply for the remainder of the year.



Note: The current price of \$735 Track Port Kembla has lifted off the low of \$704 and sitting just below the 5 year average.



Canola Strategy

2025/26 CROP:

Markets are beginning to track back upward and if Canadian/China talks proceed in a positive way we could see further upside. Suggest selling on the next bounce and target \$750 track.

Barley Outlook

INTERNATIONAL

- This month’s 2025/26 U.S. corn outlook is for larger production, higher feed and residual use, reduced food, seed, and industrial use, and greater ending stocks.
- Total Corn Production: 431.8 million metric tons, up 1.6% from prior estimates.
 - Since July WASDE: +1.82 million hectares (+2.1% surge).
- 2025 crop exceeds the 2023 record by 43.2 million metric tons, or +11%, marking the largest year-on-year gain in recent history.
- Total Corn Use: 416.6 million metric tons, up 0.5%.
- Feed demand remains robust, while industrial use softens.
- Ending Stocks: 55.9 million metric tons, up 9.9%, reflecting supply growth outpacing consumption.
- Season-Average Price: \$161 per metric ton, up 2.5% from previous forecast.
- Despite record supply, prices firm slightly, supported by strong feed demand and global market dynamics.

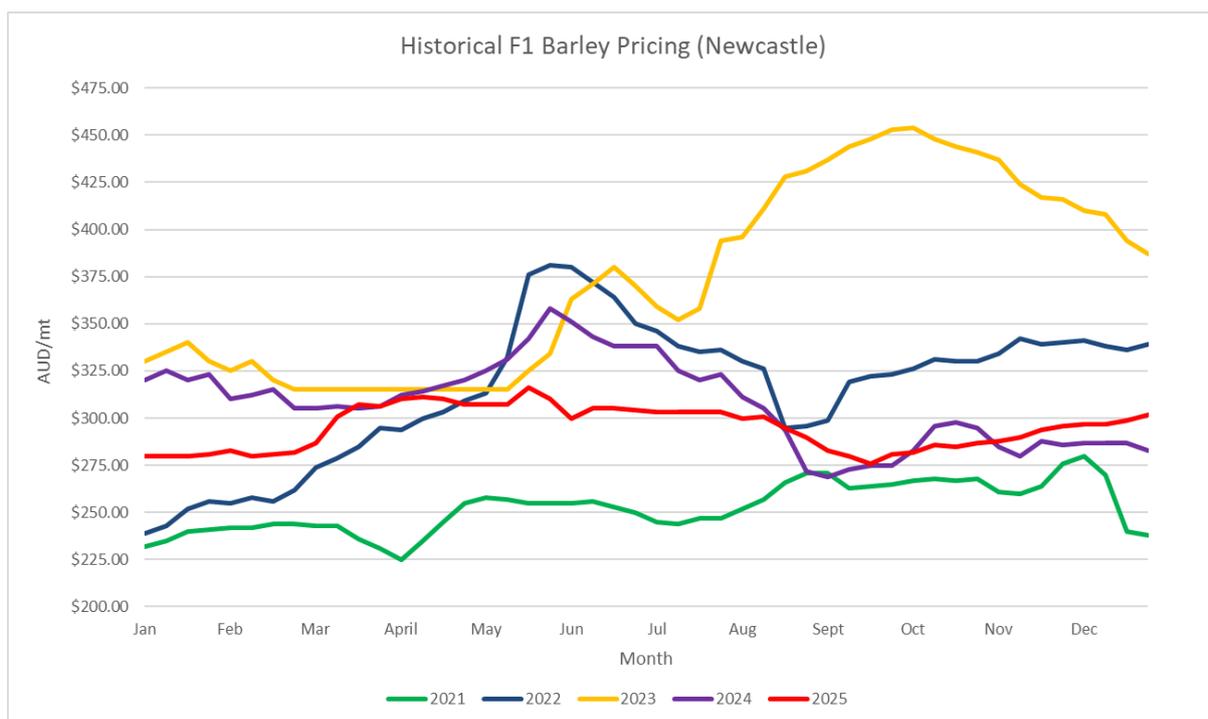
Global Coarse Grain Outlook

- Production: 1.591 billion tons, up 0.9%.
- Outlook: Higher production, steady trade, and increased ending stocks globally.

Strategic Implications

- For Producers: Strong yields and expanded acreage support profitability, though price gains remain modest.
- For Feed Markets: Increased availability ensures stable supply for livestock sectors.
- For Global Trade: Rising global stocks may pressure export competitiveness in the medium term.
- Foreign corn ending stocks for 2025/26 are higher, mostly reflecting an increase for China. Global corn stocks, at 290.9 million tons, are raised 11.8 million.

Source: USDA WASDE

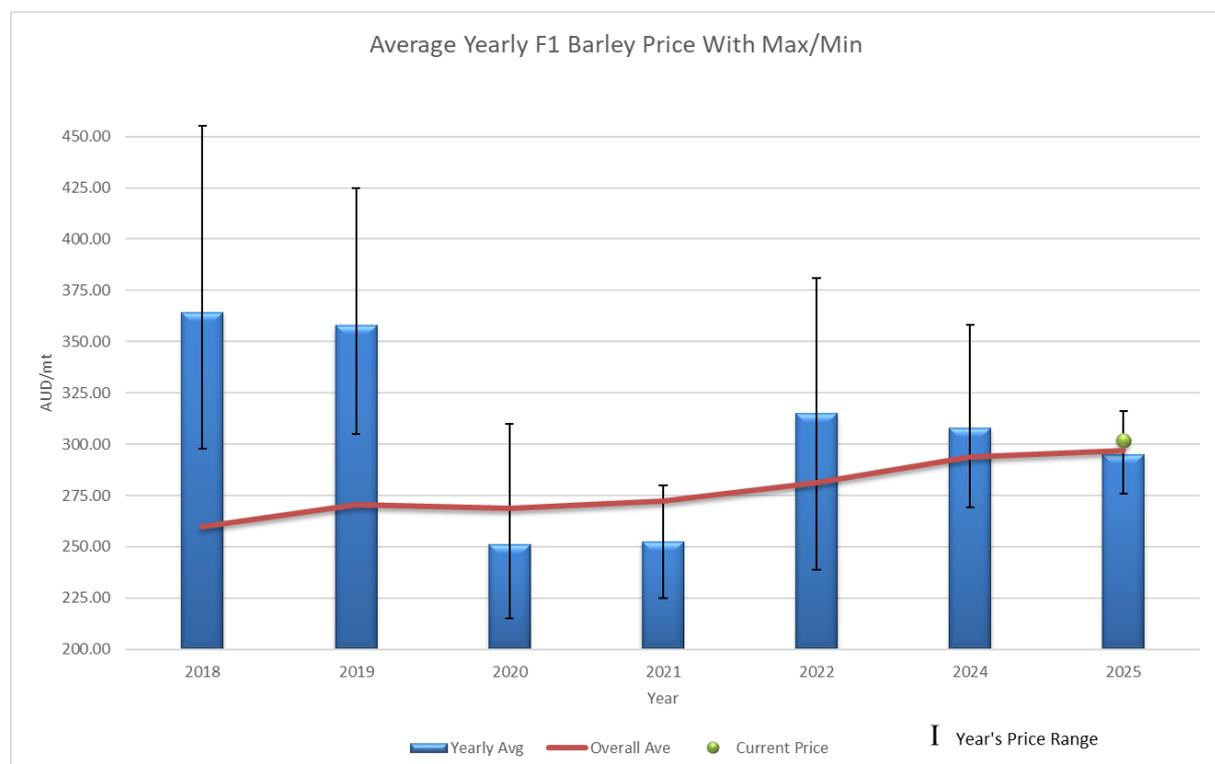


DOMESTIC

Barley exports are moving well out of West Australia. 3Mil mt has been booked between Nov 2025 and March 2026, with China the major destination.

2025 was almost certainly a new record for an Australian barley crop with some analysts reporting it will be higher than 16Mil mt. As a result, Australia will need to export around 8 MMT to maintain prices, but we think that the great bulk of any exportable surplus will be in WA, insulating New South Wales pricing from any major selloff.

Most weather models are now predicting a move toward El Nino type conditions by the Autumn and while that does not guarantee a drought, it does suggest there will be significant areas of Eastern Australia which may be short of feed from time to time. Even if this does not occur, the fact that analysts are forecasting it means that market participants will begin to prepare for it.



Barley Strategy

All of NSW

Buyers are very keen to own barley at these levels, but finding a grower willing to part with it is a lot more difficult. The grower is in the box seat with delivered homes at \$323 delivered Downs or the New England Tablelands. \$310 into Griffith and \$295 Liverpool Plains.

Barley in the Graincorp system is bid \$250-260 site in Southern and Central NSW, with \$270-280 in Southern QLD.

Sell on spikes in demand, but we expect prices to head toward \$300 ex farm over the course of the next couple of months.

Sorghum Outlook

INTERNATIONAL

Demand is lifting into China (at least 10 vessels booked on the stem) despite the resumption of US exports . Week ending the 1st Jan 244,000mt inspected 112,000mt for China.

Expect bulk US cargoes to increase as we move toward the northern Spring. The US are sitting on a large carryout of old crop stocks and are very price competitive, despite the 10% tariff on US Sorghum, while Australian sorghum currently has no tariffs applied to China.

DOMESTIC

Prices are at the highs of the season and have firmed again this week by about \$5/tonne. Harvest is underway on the western Darling Downs and is starting on the border regions this week. It will likely be a slow and steady pace of harvest with early sown crops likely to outyield the later ones, given the recent hot and dry weather over most of the growing area.

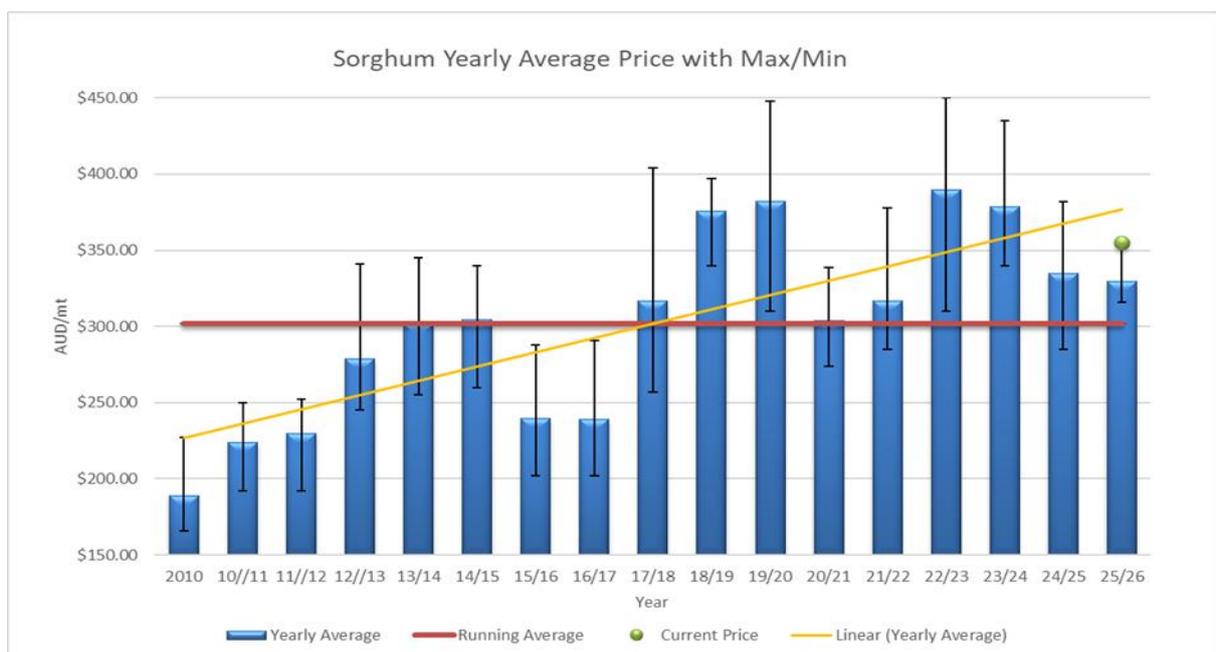
The north west NSW crop is still a few weeks away from starting but will likely be coming in quickly with rain likely over the next 10 days. Some dryland cotton growers have opted for more sorghum this year, partly in response to lower cotton prices and partly as a disease management tool to combat verticillium wilt. Some irrigated sorghum north of Narrabri is also adding to the crop overall.

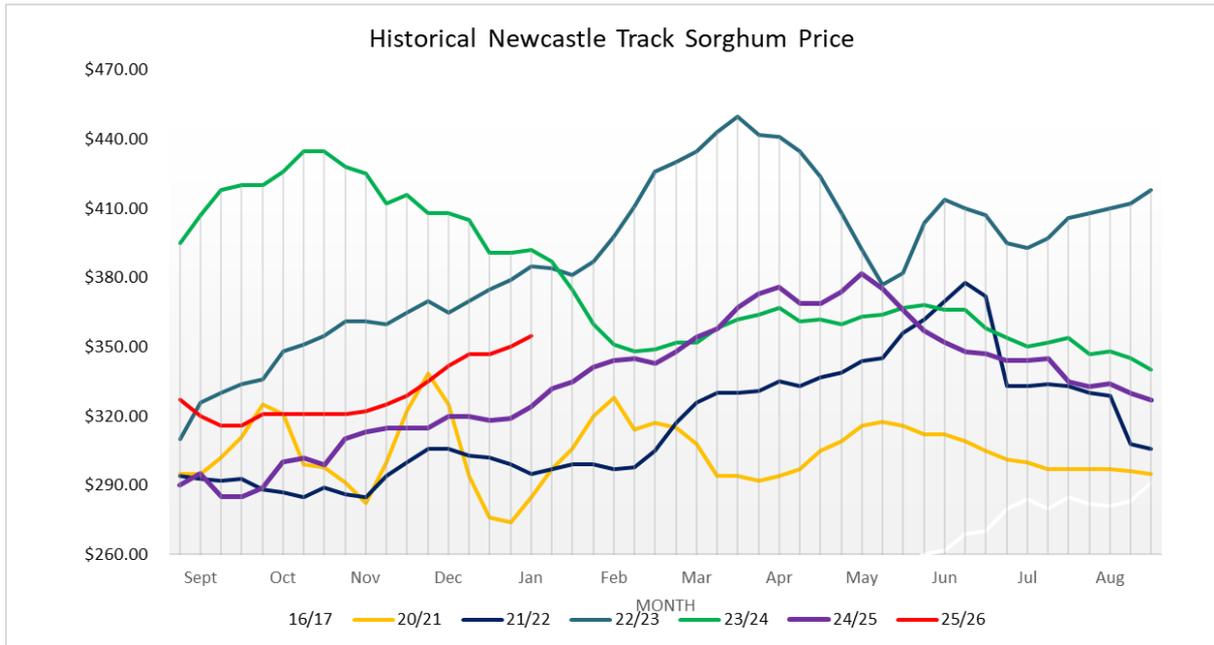
Sorghum currently looks like the best value crop on the east coast (at plus \$20 over APW1 track) and trade margins must also be solid judging by the level of interest.

CQ has received up to 250mm of rain this week which will encourage a large planting. Mung beans are very strongly priced this year at \$1400/t for manufacturing grade, but quality risks are greater and seed is limited so sorghum will still be the major summer crop option.

Strategy: Sell as you go once harvesting in the north. Qube \$317 yesterday del Narrabri best bid. Liverpool Plains sell 25-35% forward.

CQ hold off until plant is in.





Sorghum Strategy

CENTRAL QUEENSLAND: Worth considering some forward sales this year given the recent heavy rain and relatively high prices..

NNSW Sell as you go once harvesting in the north. Strong bids from the bulk handler but also plenty of interest from packers from the Darling Downs to Bathurst. If you have on farm storage capacity it may be worth looking at some of the delivered options. Liverpool Plains sell 25-35% forward.

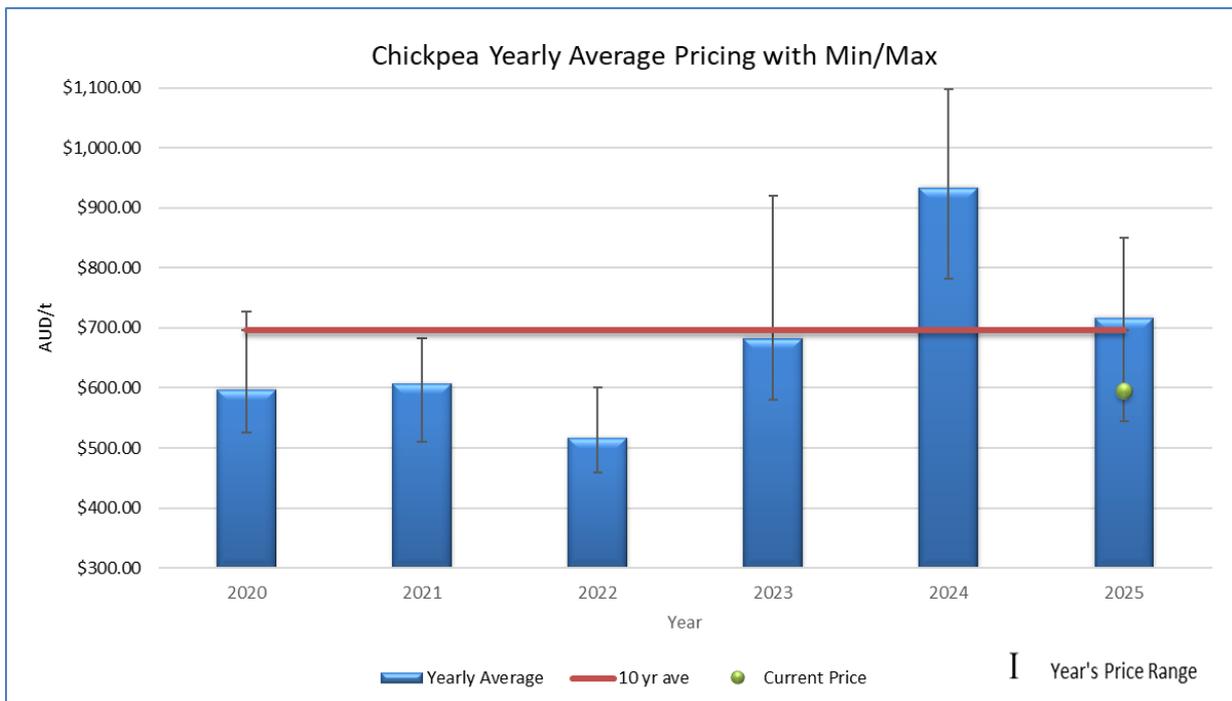
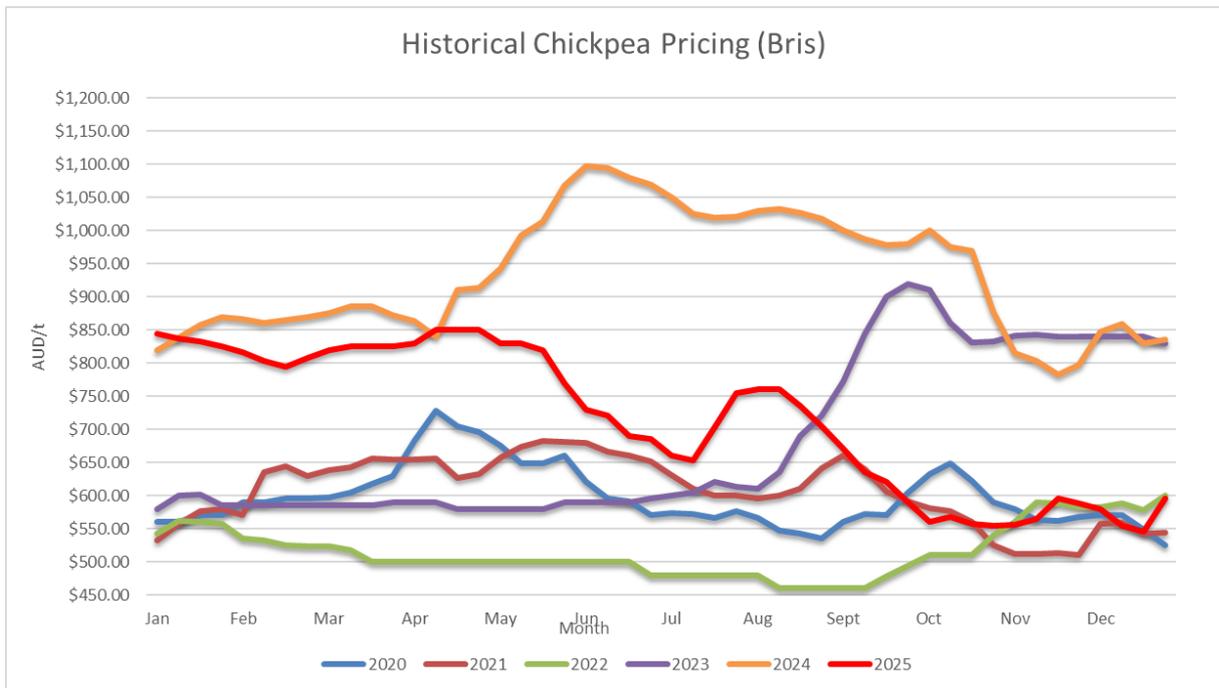
Chickpea Outlook

Chickpeas have had a wild \$300/tonne range over the past year, starting with highs of \$850/t, falling to \$550/t by December, before the recent bounce over the past fortnight to \$595/t Track Brisbane. Fortunately, there was plenty of bulk vessel interest in Brisbane between \$600 and \$650 delivered by road which during harvest, and some sharp road freight rates allowed growers to sell on an ex-farm basis at reasonable values.

The market lost some momentum over the holiday period but buyers are once again active in the market, though not at levels which have attracted much selling interest. We know there is about half the crop stored on farm in sheds and bunkers to be sold over the next year, but growers seem in no rush to head for the exits unless the price improves. South East is very light on tonnes with most growers selling early. Brisbane and Downs market are now looking at CQ and Northern NSW for tonnes.

Most short term demand is in the container packers at the moment, with some bulk interest into Brisbane for late January/early February. Container demand is expected to be ongoing, so the bulk business will need to offer a premium over that market to entice growers to deliver to the port.

Chickpea production is forecast to fall by 7% to 2.1 million tonnes in 2025–26, but still be the second largest crop on record. The fall reflects a 10% decrease in average yields, which is still expected to be 45% above the 10-year average to 2024-25. All in all, a big year for chickpeas.



Chickpea Strategy

A \$50 bounce off the December lows is helpful and is enough to find some grower selling over the past week, especially in Central Queensland.

Northern NSW growers are looking for a more significant price move, and many are busy thinking about a sorghum harvest or a cotton crop, so minds are elsewhere. Sell into rallies on trade shorts over the coming months.

Cotton Outlook

INTERNATIONAL:

- The 2025/26 U.S. cotton balance sheet for January shows lower production and ending stocks compared to December.
- Beginning stocks, consumption, exports, and imports are unchanged. Production is reduced by over 2 percent from last month to 13.9 million bales primarily because of lower production across the Delta.
- The national average yield declined by 8 percent from last month to 856 pounds per acre as a result of lower yields in the Delta and larger harvested area in the Southwest.
- With the smaller crop, ending stocks are reduced by 7 percent to 4.2 million bales, or 30.4 percent of disappearance.
- The projected season average farm price is raised to 61 cents per pound.
- The January update of the 2025/26 global balance sheet shows lower production, higher consumption, lower ending stocks, and essentially unchanged trade compared to last month.
- The forecast for China’s cotton crop is raised 1 million bales which is more than offset by reductions for India, the United States, Argentina, and Turkey, resulting in a reduction of over 350,000 bales to world cotton production.
- Global cotton consumption is raised over 300,000 bales as an increase for China is partially offset by reductions for Turkey and Nicaragua. Cotton trade is raised a negligible amount as higher imports by India are largely offset by reductions for Turkey and Nicaragua.
- Global 2025/26 ending stocks are revised downward by 1.5 million bales because of lower production, higher consumption, and reductions to India’s 2024/25 production and ending stock estimates.
- As a result, the global stocks-to-use ratio is reduced to below 63 percent.
- Source: USDA WASDE Report

US COTTON FUTURES -weekly chart - 2 years of data

Cotton #2 May '26 (CTK26)

66.44s +0.53 (+0.80%) 01/12/26 [ICE/US]

Start Trading With Plus500
76% of retail CFD accounts lose money

Full Screen Chart

CHART PANEL for Mon, Jan 12th, 2026

Notes My Charts Alerts Watch Actions Help



OPINION: Trading conditions in cotton remain difficult with large world stocks and a very subdued demand profile from China, the world's largest cotton manufacturer. Fortunately, the latest USDA estimate see a lowering of carryover stocks by 1.5Million bales which is a small start.

It is difficult to foresee a major change in trend for the world market until we get closer to our own picking, on a smaller domestic crop, combined with focus on the upcoming Northern Hemisphere crop. A smaller dryland cotton crop in Australia will lift the overall quality of the national crop and hopefully give some support, especially if the new crop results in a high quality pick.

There is still a significant volume of old crop remaining unsold, so we continue to watch for a bounce in values.

SUMMARY

2026 looks set to be a more challenging marketing year when compared with the past few at least. Global grain markets have seen a sustained selloff over the past 2 years, but fortunately our local values have held relatively well with a rise in domestic basis. Local prices for most commodities are either flat or lower than they were at the start of 2025, with sorghum the only real exception.

Wheat has been very resilient against a falling US price, with basis holding very firm despite a very large 38Mmt crop on a national basis. Buyers report very tough trading conditions, where margins are close to zero but their logistics channels and forward commitments require them to keep grain moving. A level of base demand is good for growers in the short term, but it is not sustainable over a long period to have margins as tight as they are. The same goes for grower margins, which continue to be under pressure from the cost side, where yield is the only antidote. Not helpful in a dry year!

As we predicted through the harvest period, barley is very hard to buy, despite there being a record crop on a national level. Strong export demand in West Australia will help to draw down the trade surplus, but in the eastern states, mixed farmers are storing as much barley as they can, and the rest of the market is looking at hot weather and inclined to wait for higher prices. In our view, that is what both groups should be doing.

Canola is a thorn in our side, and while we were keen sellers right through the year, and especially early in the harvest window, by the time the southern crop was harvested, it was difficult to take a hefty discount. The market kept falling through December, so now we are forced to wait for a rally and hope it is a replay of last year's \$100/t March/April move.

Chickpeas can also be problematic to sell, but this week the market has sparked up and once again we have a myriad of buyers looking to purchase. We are keen to see a push above \$600/t ex farm and hope we are not being too optimistic.

Finally, we are all too aware of the weather pundits, but we would rather see those as a reason for local price strength, while remaining optimistic for a normal season break in the Autumn.

As always, if you have any requests for more information on other crops or comments on our analysis, please do not hesitate to let us know.

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

CONTACTS:

Delta Grain Armidale Office

Suite 7, 165 Beardy Street
Armidale NSW 2350
Phone: 02 6772 0000

General Manager & Grain Marketer - NNSW, CWEST & SNSW

Mick Parry

Licensed Financial Services Officer
AFSL No: 301796
Mobile: 0414 347 330
mparry@deltaag.com.au

Grain Marketer – NNSW, Liverpool Plains, Central QLD

Tom Vanzella

Mobile: 0429 022 726
tvanzella@deltaag.com.au

Grain Marketer – SNSW Region & Riverina

Graham Martin-Dye

(Delta Ag Harden)
Graham Mobile: 0417 055 619
gmartindye@deltaag.com.au

Delta Grain Administration

Libby Parry

02 6772 0000
lparry@deltaag.com.au