

2026 commodity outlooks



Climate

Initial conditions for 2026 show mixed moisture across regions, a developing El Niño signal and a warm start. This combination suggests the season may unfold differently from the past two, especially for rainfall volumes by the end of the season.



Wheat and barley

Global grain stocks have risen again on strong yields, keeping prices under pressure. A possible reduction in global wheat area due to poor profitability could offer modest price support later in 2026, and barley remains relatively resilient following the livestock sector's good moment.



Canola

Australian expectations of shipping more canola to China in 2026 faded once Canada negotiated lower tariffs in the initial days of the year. The European demand is keeping the non-GM market much better supported, a scenario likely to persist as policy decisions reinforce canola oil demand.



Pulses

Global pulse markets face clear oversupply, with large stocks rises in the Northern Hemisphere following positive yields across the board. Strong South Asian production and falling prices point to potential import duties hikes in India, adding further price and demand headwinds.



Beef

RaboResearch expects Australia's beef production and cattle slaughter numbers to remain very similar to 2025 levels in 2026. Australian cattle prices are expected to track around January levels for the remainder of 2026, although risks exist with seasonal and trade disruptions possible.



Sheep

The year 2025 saw the largest contraction in lamb slaughter in over 40 years. This reduced supply is expected to continue supporting high lamb prices, but it also raises the possibility of a strong flock rebuild and a large increase in lambs late in 2026.



Other animal proteins

Production growth is expected to continue in pork, poultry and goats in 2026. Pig prices are expected to remain strong and goat prices are expected to rise.



Wool

Wool prices recovered sharply in 2025, pushing the Eastern Market Indicator to AUD 16.1/kg. The 2026 outlook will hinge largely on the strength of Chinese demand, which remains the primary determinant of price momentum.



Cotton

Global oversupply has dominated cotton market sentiment in recent months. However, early signs of acreage reductions among key producers suggest that a supply response is underway, which may help establish a price floor in 2026.



Sugar

Global sugar prices have fallen by more than 20% since early 2025, driven by expectations of a moderate global surplus in the 2025/26 season. Brazil is likely to harvest a larger cane crop in 2026, and although sugar margins are thin, shifting toward ethanol is challenging given the expansion of corn ethanol.



Farm inputs

Farmers continue to face stubbornly high input costs, with urea and phosphate prices remaining elevated. While urea prices may rise in the near term, softer gas prices and improving global supply suggest a likely easing later in the year.



Dairy

The big watch for 2026 is global market conditions which have weakened and are pushing farmgate prices lower in major dairy-export regions, excluding Australia. The downturn in commodity markets will find a floor in 2026, but markets remain well supplied in the near term.



Consumer foods

Food inflation should be less of an issue in 2026 for households, although some items will still face pressure. Australian consumers start this year on a stronger footing than at the same time last year. But there are headwinds for Australian households and affordability will continue to be a central food-purchasing theme.



Interest rate and FX

There is a good chance that the RBA cash rate might be on its way back up in 2026. A sharp pickup in economic growth and recent falls in the unemployment rate present upside risks to inflation that could lead to hikes. As a result, the Australian dollar is at a 14-month high and likely to head higher this year.



Oil and freight

Geopolitics will likely remain a significant driver for oil prices in 2026. That said, signs of oversupply have led RaboResearch to predict lower prices over the course of the year for both crude oil and diesel. We expect Brent crude to average USD 58/bbl in 2026.