

# Legacy Livestock™

there's more to gain

## COMMODITY UPDATE

QUARTER 3 - 2025



episode3

# CATTLE

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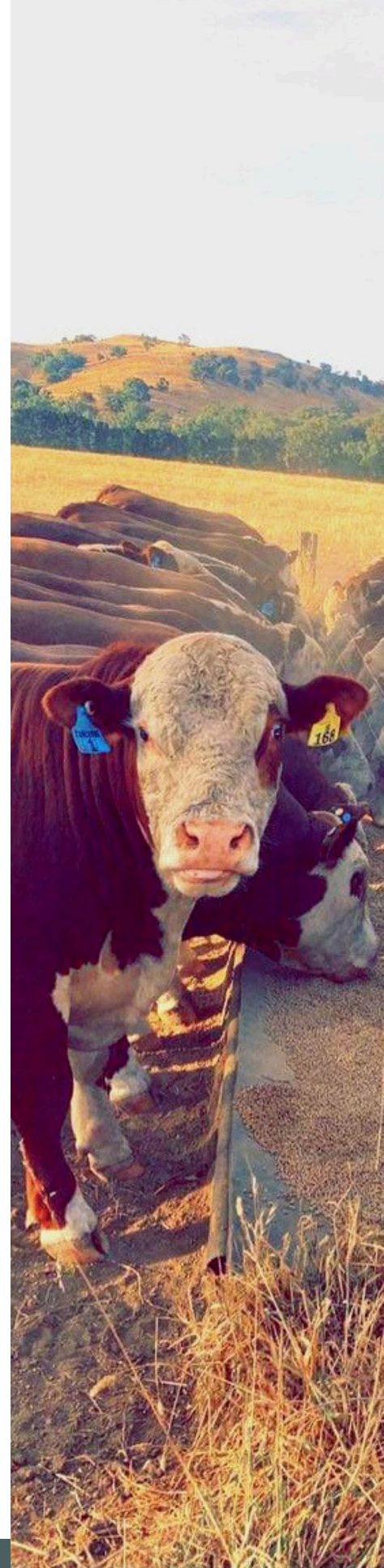
The shift into spring has done little to bring uniformity to Australia's cattle market. While signs of a seasonal supply lift have emerged in the eastern states, the recovery remains uneven and lacks the momentum typically seen at this point in the year.

Queensland and parts of northern New South Wales continue to lead the supply recovery, with yardings nudging higher through late August and September. Victoria, Western Australia and South Australia have also shown improvement, albeit from a much lower base. In contrast, Tasmania has slipped backward, and some southern processors are now making difficult decisions about scaling back throughput to protect already thin margins.

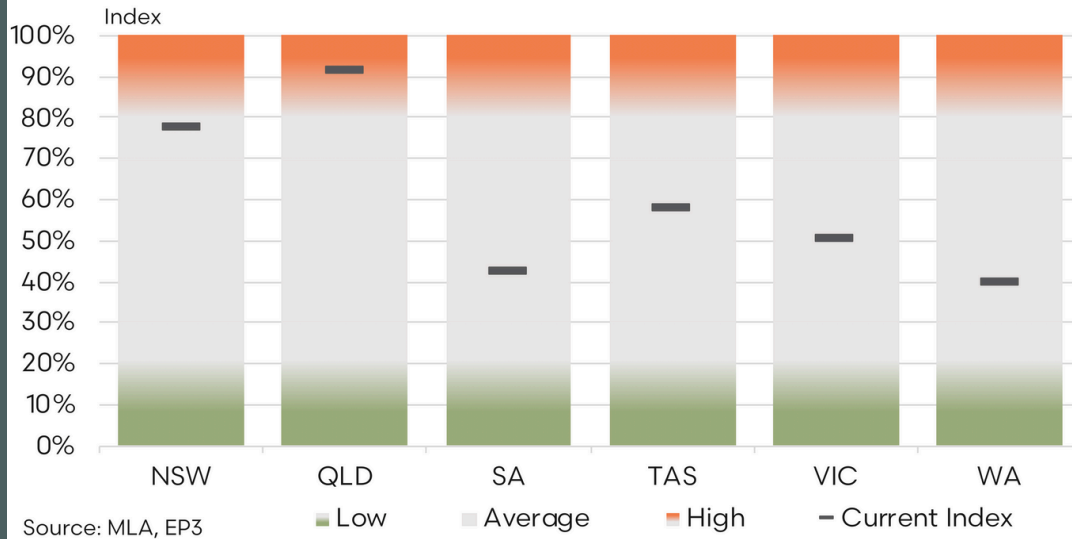
Yarding index data confirms a slight but broad-based lift across most regions. Queensland has improved from 87 percent of seasonal norms in August to 91 percent in September, with New South Wales climbing from 75 percent to 77 percent. Victoria saw a more pronounced gain, from 41 percent to 50 percent, likely aided by a mild improvement in cattle condition. Western Australia increased from 29 percent to 40 percent, while South Australia remained stable. However, Tasmania recorded a drop from 67 percent to 58 percent, reinforcing concerns that localised weather and lighter cattle are continuing to hinder supply from that region.

Processing activity tells a sharper story. Queensland and Western Australia remain at or near full operational capacity, recording processor index values of 92 and 94 percent, respectively. New South Wales, on the other hand, has seen a dramatic reduction in kill volumes, falling from 82 percent to just 53 percent. Victoria has eased from 90 percent to 83 percent, while South Australia saw a marginal decline from 86 to 85 percent. Tasmania now sits at just 13 percent of seasonal processing activity, down from 19 percent the previous month. This drop reflects an environment where processors are struggling to access suitable animals and manage costs in a sustainable way.

Beef processor trading conditions deteriorated sharply through August, marking the weakest result of the year and a clear reversal from the relatively stable conditions seen earlier in 2025. The Beef Processor Trading Conditions (BPTC) index fell from 53 percent in July to just 21 percent in August, dragging the annual average for 2025 down to 71 percent. Such a steep decline highlights the combined pressure of rising cattle procurement costs and subdued export returns, which together squeezed processor margins to levels not seen since late 2022.

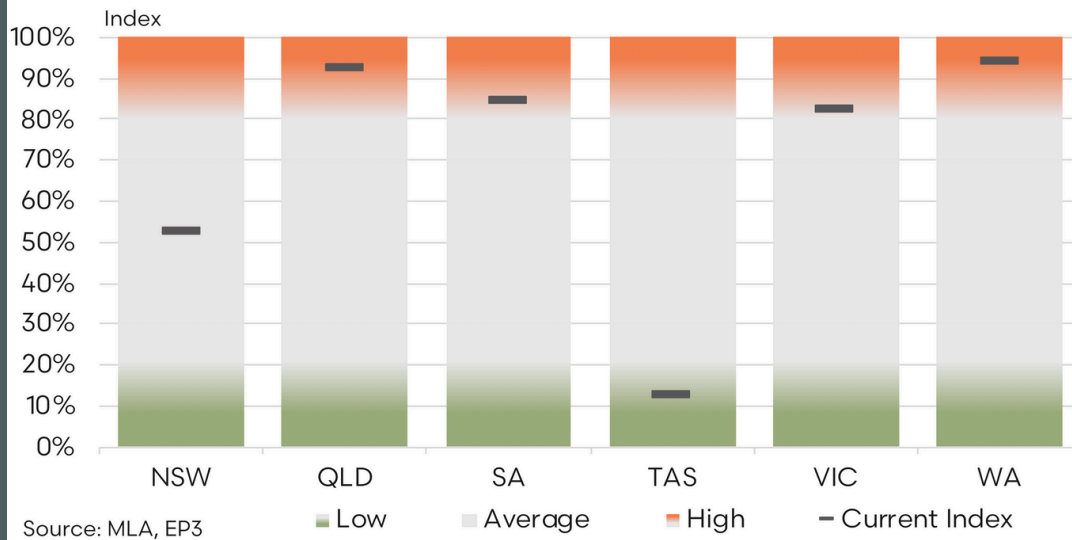


## Cattle Yarding Index



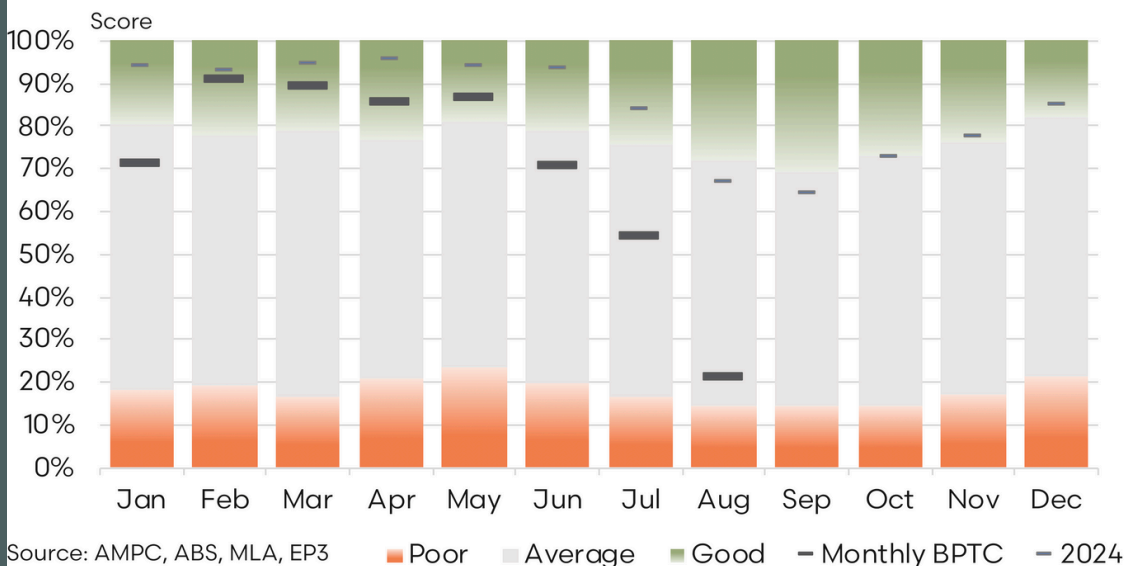
Queensland and parts of northern NSW continue to lead the supply recovery, with yardings nudging higher through late August and September.

## Cattle Slaughter Index



Processing activity tells a sharper story. Queensland and WA remain at or near full operational capacity. NSW, on the other hand, has seen a dramatic drop in slaughter volumes.

## Beef Processor Trading Conditions Scorecard



Beef processor trading conditions deteriorated sharply through August, marking the weakest result of the year and a clear reversal from the relatively stable conditions seen earlier in 2025.

# CATTLE

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Australian total beef export volumes firmed over September, lifting by 3% over the month to hit 139,012 tonnes swt. This places the September flows 60% above the five-year average pattern for September. On a quarterly basis, Q3 2025 trade volumes increased by 16% from Q3, 2024 levels to see 425,017 tonnes shipped offshore.

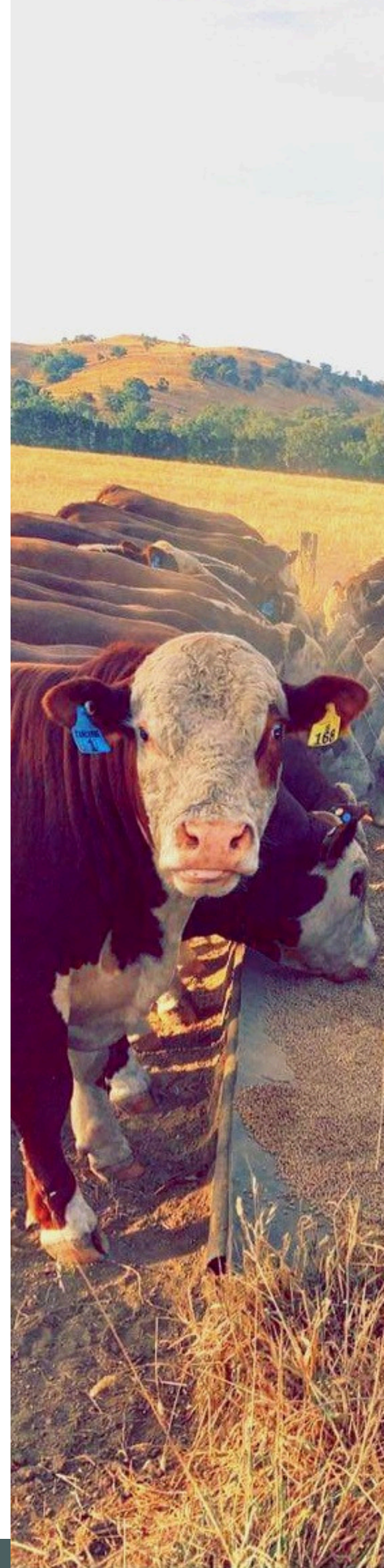
A summary of the top trade locations, in order of top market share for 2025, is as follows:

**USA** – The beef trade to the USA increased by 3% during September to 41,767 tonnes. This represents export levels that are 106% above the five-year average levels for September. For the entire third quarter there was 125,547 tonnes of Aussie beef exported to the USA, which is 16% higher than the trade levels set in Q3, 2024 and 92% above the five-year average volumes for the third quarter of the year.

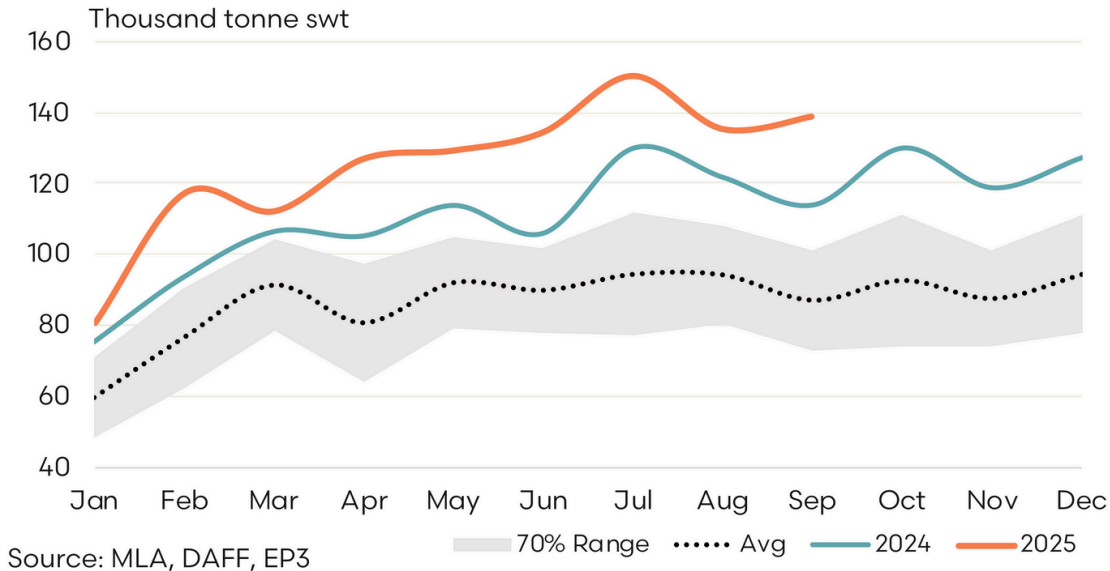
**China** – Australian beef exports to China dropped by 7% during September to 20,741 tonnes. Despite the easing trade flows this still represents export volumes that are 42% above the September average pattern, based upon the last five years of the trade. The Q3, 2025 total beef exports to China hit 73,989 tonnes, a 56% increase on the Q3, 2024 volumes and 71% higher than the five-year Q3 average flows.

**Japan** – Recovered from the dip seen in August to have beef export volumes rise 17% over September to reach 22,759 tonnes swt. This is 25% higher than the five-year average trend for September. Based upon the quarterly flows the Japanese market remains the softest of the top four trade destinations with Q3, 2025 volumes just 3% above the quarterly flows seen in Q3, 2024 and 10% above the five-year Q3 average flows.

**South Korea** – Aussie beef exports to South Korea held stable over September at 21,247 tonnes, these trade levels represent volumes 51% above the average September flows to South Korea, based upon the last five years of the trade. The Q3 trade volumes were reported at 63,611 tonnes, which is 18% higher than Q3 last year and 39% above the Q3 five-year average levels.

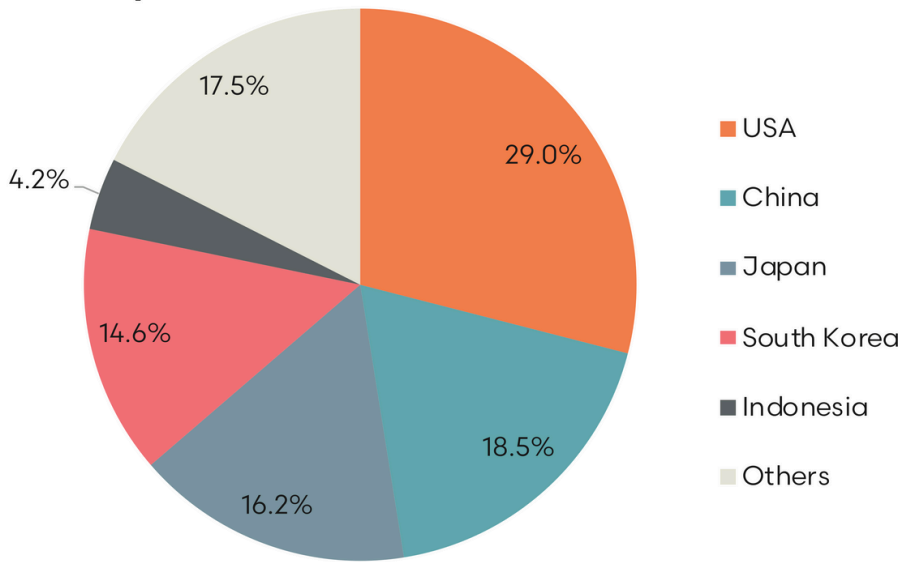


### Beef Exports - Total



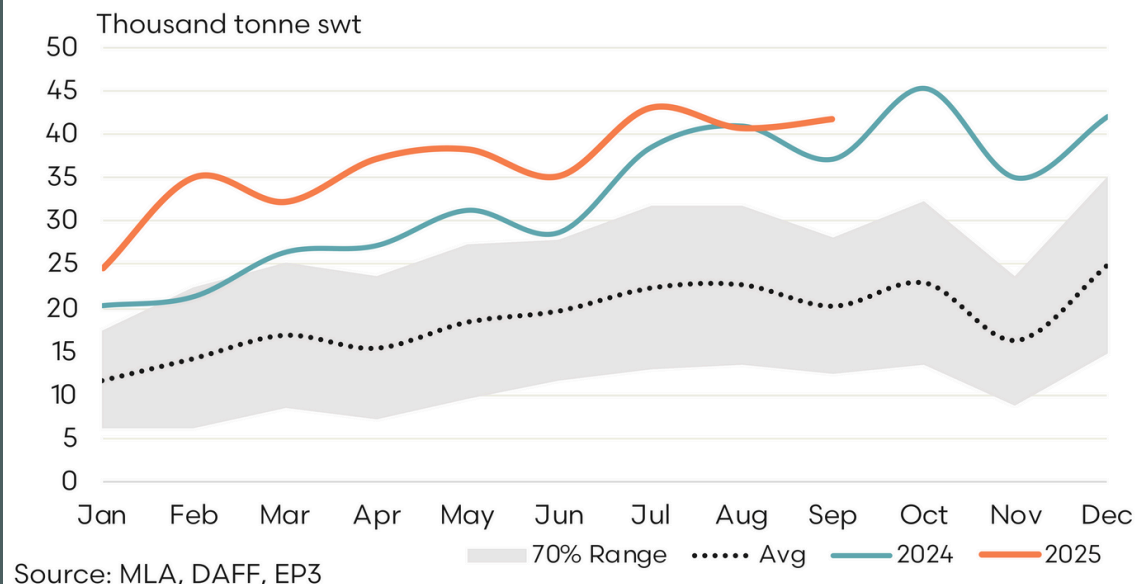
Australian total beef export volumes firmed over September, lifting by 3% over the month to hit 139,012 tonnes swt.

### Beef Exports - Top Destinations 2025



The USA continue to dominate the market share of Australian beef exports sitting in number one place with 29% of the trade.

### Beef Exports - USA



For the entire third quarter there was 125,547 tonnes of Aussie beef exported to the USA, which is 16% higher than the trade levels set in Q3, 2024 and 92% above the five-year average volumes for Q3.

# SHEEP

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As spring begins to unfold across Australia, the sheep and lamb market remains tightly supplied, though signs of modest recovery in yardings have emerged in some states.

In the sheep market, index scores from August to September show mixed movements across the country. New South Wales slipped slightly from 75 percent in August to 73 percent in September, remaining well above average for this time of year and still reflective of strong saleyard activity. Victoria slipped from 40 percent to 34 percent. Lamb yardings painted a slightly different picture. NSW increased from 82 percent in August to 85 percent in September, suggesting improved spring saleyard offerings. Victoria experienced marginal reductions, declining slightly from 11 percent to 9 percent, indicating extremely tight supply persists in the south.

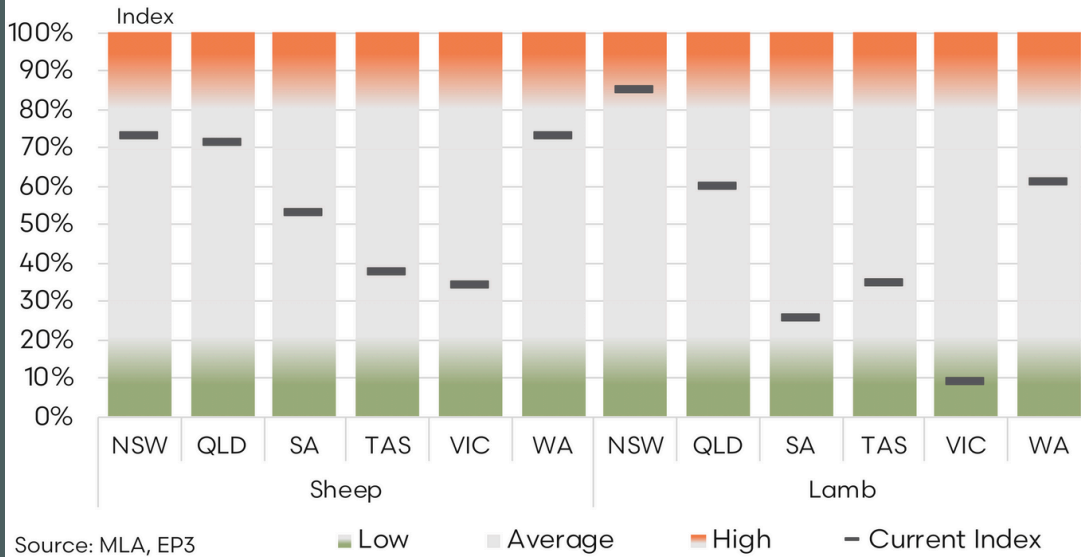
The latest slaughter index data for September 2025 reveals that while some regions have recorded meaningful increases in processing activity, others continue to struggle with tight supply and low throughput. In the sheep market, changes in slaughter activity varied widely across states. New South Wales saw a marginal decline, slipping from 22 percent in August to 21 percent in September. By contrast, Victoria recorded a notable improvement, lifting from 29 percent to 37 percent, an eight-point gain that may signal the beginning of more meaningful sheep turnoff in the state's western districts.

In the lamb market, the picture is still tight in key processing states, though still far from uniform. Victoria declined marginally from 12 percent to 11 percent. Victoria's persistently low lamb slaughter index, despite the state being a major lamb-producing region, confirms that the spring flush is delayed. New South Wales recorded a six-point drop, from 26 percent in August to 20 percent in September, further reinforcing the limited lamb availability even as seasonal conditions improve.

The financial squeeze facing Australian sheep processors intensified in July 2025, with trading conditions plunging to a new low point in the current cycle. The Sheep Processor Trading Conditions (SPTC) index fell from an already dire reading of 2.8% in June to just 0.4% in July, effectively flatlining. This marks the weakest monthly result on record and drags the year-to-date average for 2025 down to 29%, four percentage points lower than the 33% recorded at the halfway mark in June. While June highlighted the emergence of a severe margin compression, the latest figures confirm that processor profitability has now reached crisis levels.

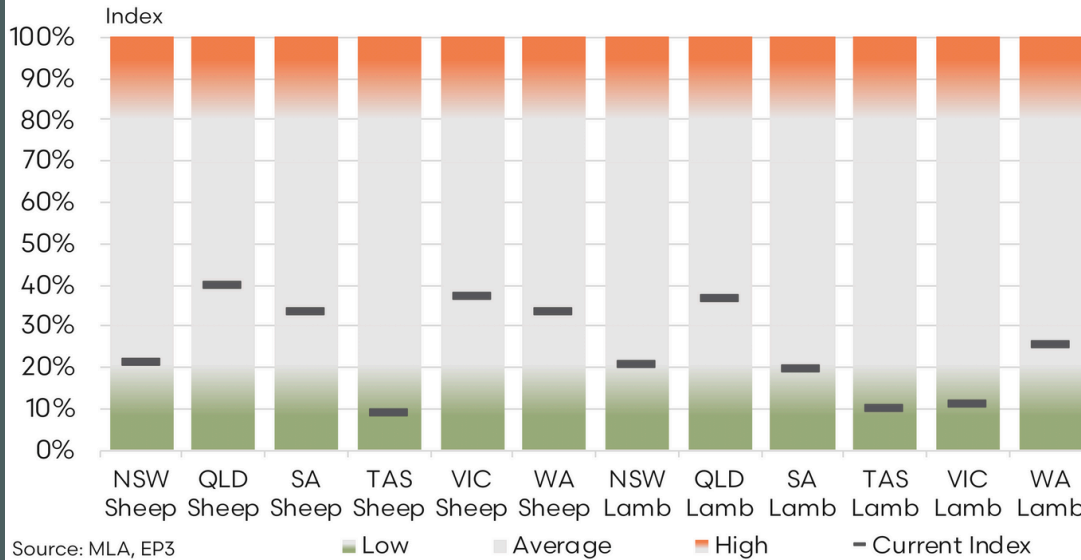


### Sheep & Lamb Yarding Index



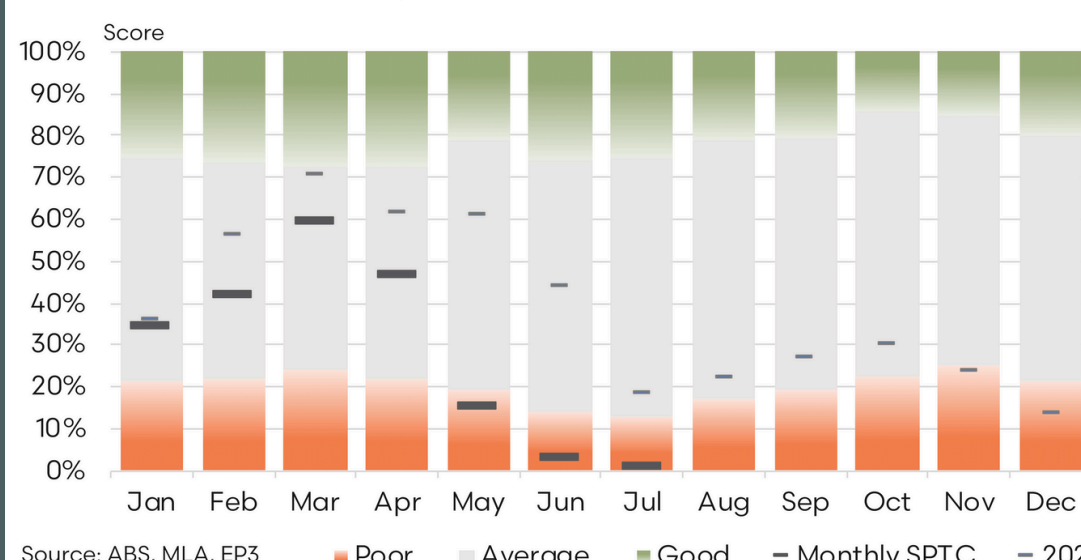
Lamb yarding index scores in Victoria continue to indicate that extremely tight supply persists in the south.

### Sheep & Lamb Slaughter Index



The latest slaughter index data for September 2025 reveals that while some regions have recorded meaningful increases in processing activity, others continue to struggle with tight supply and low throughput.

### Sheep Processor Trading Conditions Scorecard



The Sheep Processor Trading Conditions (SPTC) index fell from an already dire reading of 2.8% in June to just 0.4% in July.

# SHEEP

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The combined sheep and lamb export volumes from Australia dipped under the five-year average pattern for the first time this season during September with 38,381 tonnes swt exported during the month. Monthly trade flows have been in decline each successive month since May and deviated significantly from last years pattern since winter began. Current September export volumes are running 22% below the levels seen in September 2024. For Q3, 2025 there was a total of 123,705 tonnes of sheep and lamb shipped offshore, this represents levels that are 18% below the Q3 flows seen in 2024, but remain 6% above the Q3 average export flows seen over the last five-years.

In terms of the top trade destinations for 2025, China accounts for nearly 22% of the trade volumes and the USA sit in second place on nearly 17%. Other Asian destinations account for a little over 15%, meanwhile the Middle East and North African (MENA) region sit just below 15% of the combined sheep and lamb export trade.

In terms of the top trade destinations for Australian sheep meat exports, the following was noted.

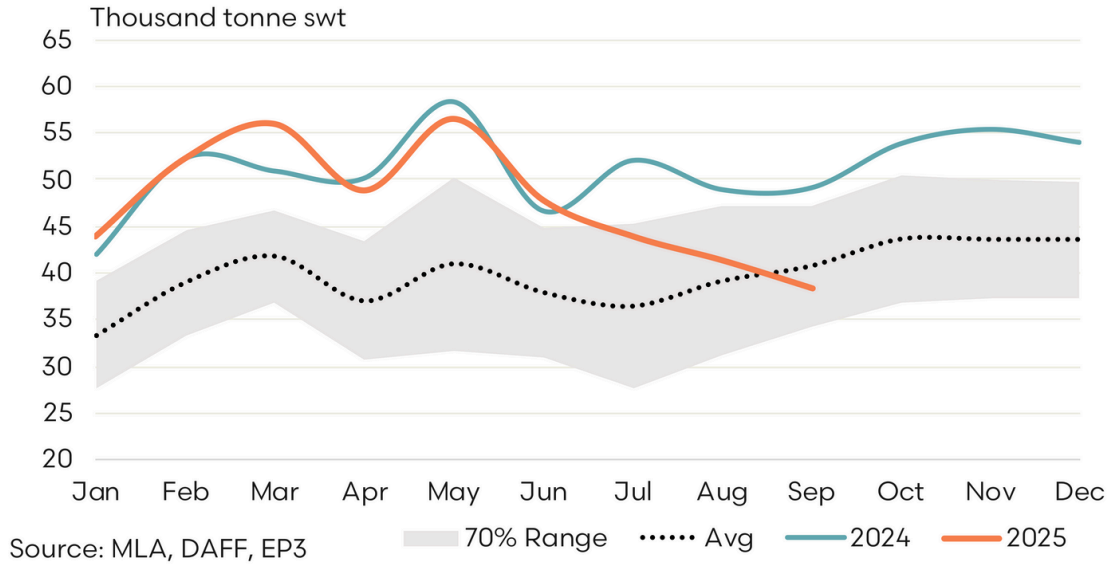
**China-** Demand from China remains a little lacklustre with volumes sitting below the average flows and the 2024 export levels for August and September. There was 24,598 tonnes of Aussie sheep meat shipped to China in Q3, 2025 which represents levels that are 23% below the Q3, 2024 flows and 21% under the five-year average volumes for the third quarter of the year.

**USA -** In contrast to China, sheep meat demand in the USA has improved over Q3, 2025. There was 25,908 tonnes of sheep meat shipped during Q3 this year to the USA from Australia which represents levels 11% above the five-year average pattern for Q3. Compared to 2024 the July volumes in 2025 were well below last years levels, but August and September showed stronger flows. Across the entire Q3 period the 2025 export volumes ended up just 5% below the levels exported in Q3, 2024 to the USA.

**The others -** Trade flows to all other destinations (excluding the USA and China) have been in a downward run since May. During Q3, 2025 there was 73,199 tonnes shipped offshore to “the others”, which is 19% below the levels shipped during Q3 last year but still sits 18% higher than the five-year average flows for the third quarter in the season.

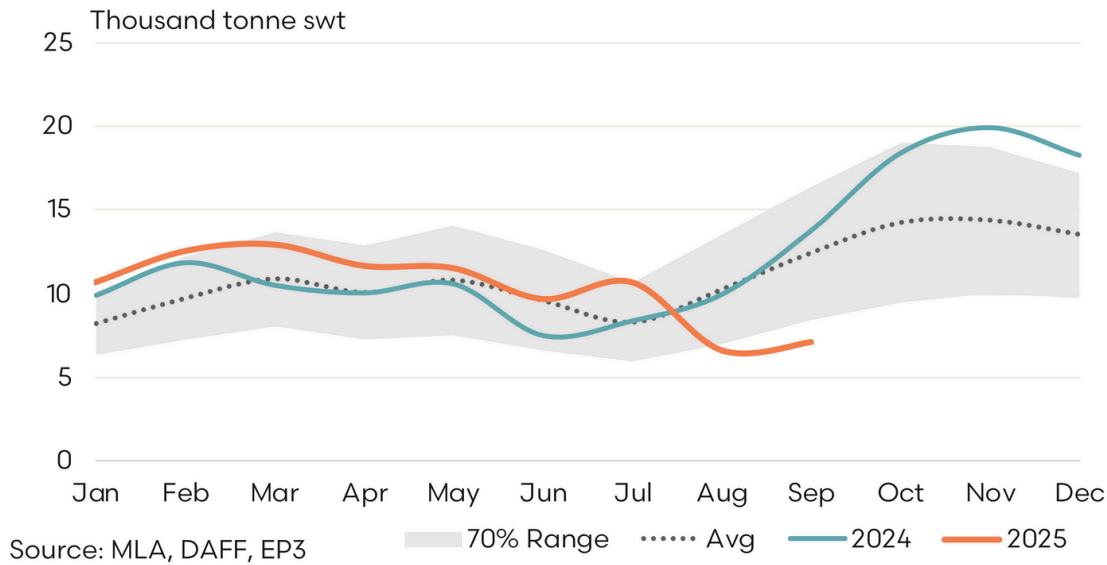


### Sheep Meat Exports - Total



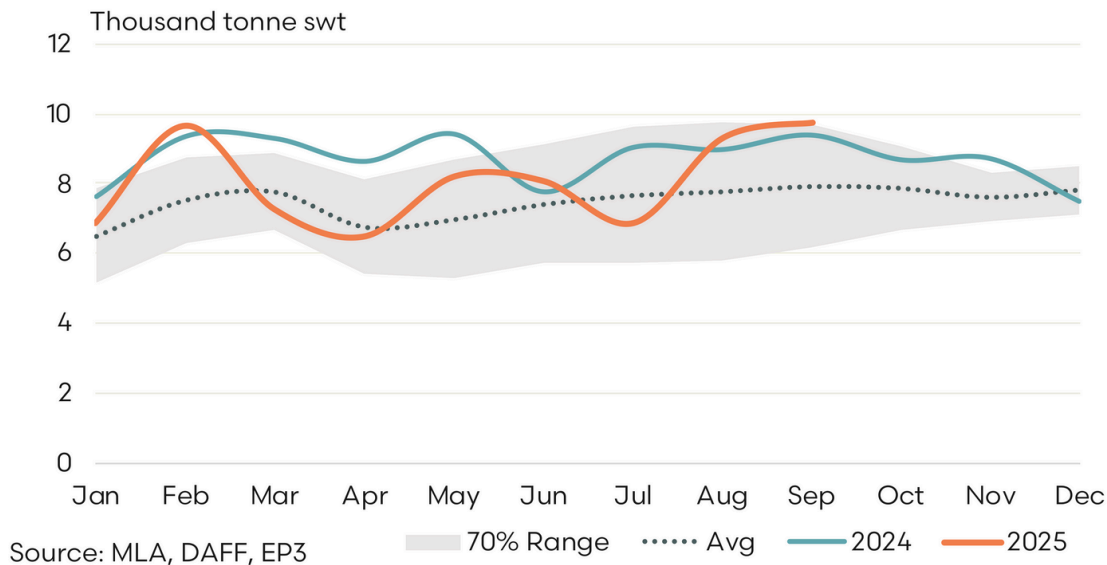
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### Sheep Meat Exports - China



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### Sheep Meat Exports - USA



In contrast to China, sheep meat demand in the USA has improved over Q3, 2025.

# WOOL

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Australian wool prices have lifted solidly through the September quarter, but the rally has far more to do with tightening supply than with any sudden revival in consumer demand or marketing success. The underlying market story remains one of constrained availability and cautious optimism rather than a structural demand boom.

The quarter opened with modest gains in July, as the Eastern Market Indicator (EMI) climbed from 1,221 to 1,239 cents – its highest point in three months. This improvement was driven largely by reduced volumes and strong buying competition for limited offerings. Total bales offered by season's end were down 13% year-on-year, with clean kilograms falling 15.5% amid lighter fleece weights and declining flock numbers, particularly in Victoria, South Australia, and Western Australia where production has been hit hardest by the live export uncertainty.

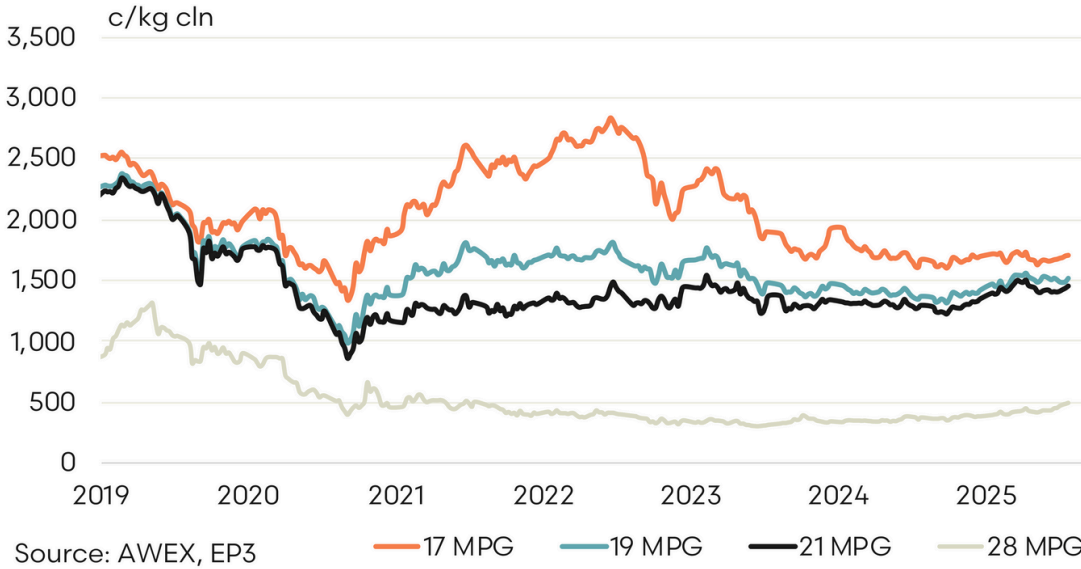
By August, the tightening in supply had become impossible to ignore. ABARES data confirmed an 11% fall in total wool export volumes for the financial year to 386,000 tonnes. Exporters, aware of the shortfall, began buying earlier and holding stock in anticipation of further scarcity. This behaviour lifted auction prices across the board, with the EMI recovering to 1,291 cents by early September – up from the cyclical low near 1,130 cents a year earlier. Demand for high-end superfine & ultra fine wools remained subdued, with 17-micron types below 1,800 cents, reflecting weak discretionary spending in Europe and China and the lingering effects of “working from home”. The strength lay in broader Merino categories around 21 microns, fetching more than 1,500 cents on steady industrial use.

The September rally was the most dramatic of the quarter. During the week of the Nanjing Wool Market Conference, the EMI jumped 109 cents, its largest weekly rise since 2018. Fine Merino types lifted up to 180 cents, and clearance rates surged above 99%. AWI credited this to renewed global enthusiasm and a “cyclical upturn” in confidence, but the facts tell a simpler story: inventories are historically low at every stage of the supply chain, and exporters and processors are competing fiercely for limited stock. Despite the upbeat tone around Nanjing, global economic headwinds persist.

Demand remains patchy, particularly for luxury apparel, and while some restocking is occurring, it reflects a return to baseline throughput rather than new consumption growth. The reality is that Australia's smaller flock, lighter clip, and reduced exportable surplus are doing the heavy lifting for prices. Production for 2025/26 is forecast to fall a further 8%, to just 257 million kilograms greasy, leaving the market acutely sensitive to any further disruption.

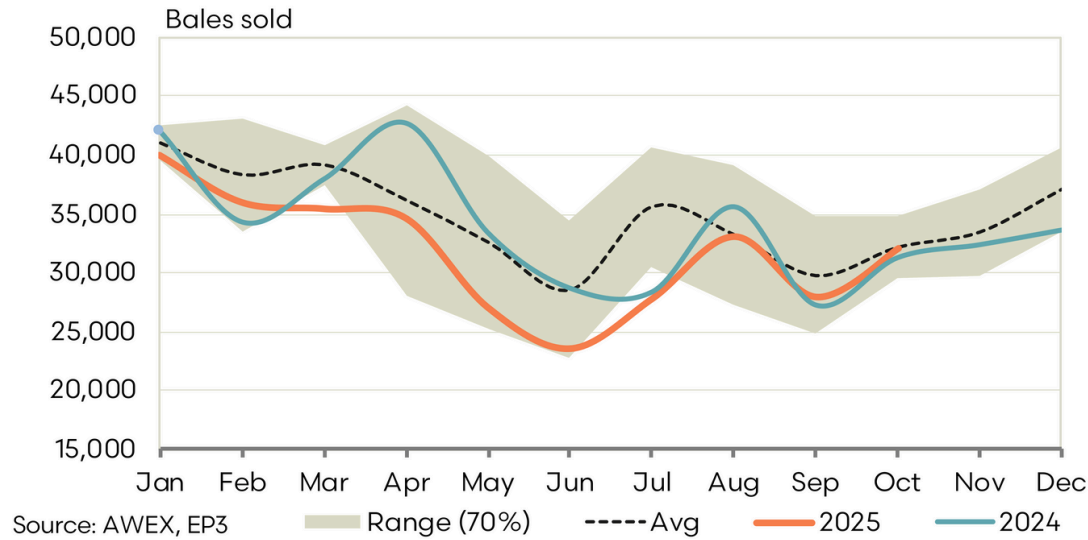


### Southern MPG



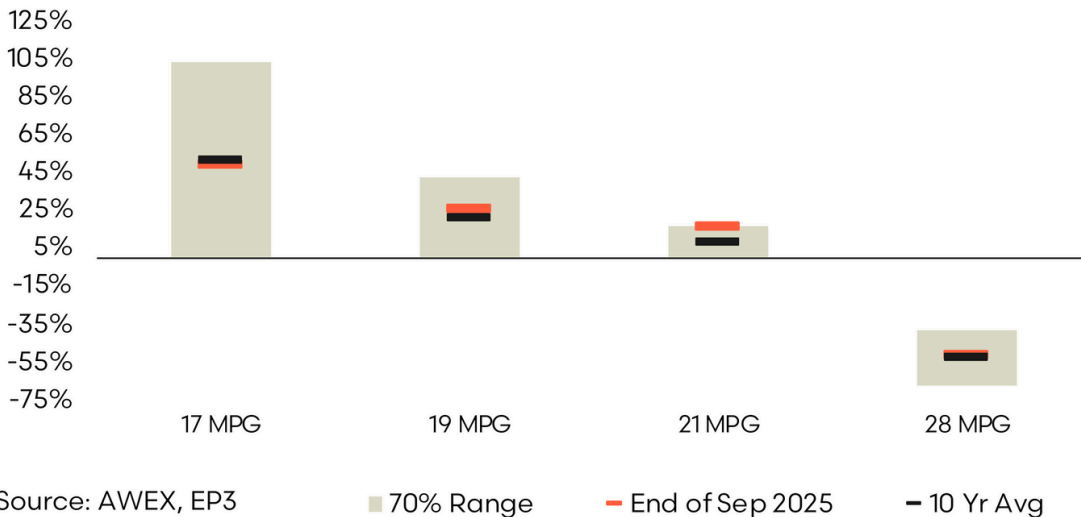
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### Wool - Bales Sold (Weekly Average)



Total bales offered by season's end were down 13% year-on-year, with clean kilograms falling 15.5% amid lighter fleece weights and declining flock numbers

### Micron Premium/Discount to Indicator



Demand for high-end superfine & ultra fine wools remained subdued. The current price strength is in the broader Merino categories around 21 microns

# WHEAT

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The expectations for the Australian wheat crop has risen after beneficial rainfall fell throughout the majority of the countries grain growing regions during the period July-September.

The official forecaster ABARES currently has the national wheat production at 33.76mmt, which is slightly below the 2024/25 production of 34.1mmt. This will be the forth largest on record.

However, the majority of private forecasters have pegged the crop at a much higher level, with the median forecast at 34.96mmt, the third largest on record. Our expectations at Episode 3 are the for a 34.6mmt crop, due to a drier end to September and start to October, we see the higher end forecast of 35mmt+ being unrealistic at this point.

Globally, the 2025/26 wheat balance has nudged looser, with supplies lifted by 9.0mmt to 1,078.6mmt on higher production across key exporters led by Australia at 34.6mmt (+3.6), the EU at 140.1mmt (+1.9) and Russia at 85.0mmt (+1.5), alongside smaller gains in Canada, Ukraine and Kazakhstan. Stronger feed demand pushes consumption to 814.5mmt (+5.0), while trade edges up to 214.7mmt (+1.2) as increased Australian and US shipments more than offset softer Black Sea flows. As a result, global ending stocks rise to 264.1mmt (+4.0), mainly concentrated among exporting countries.

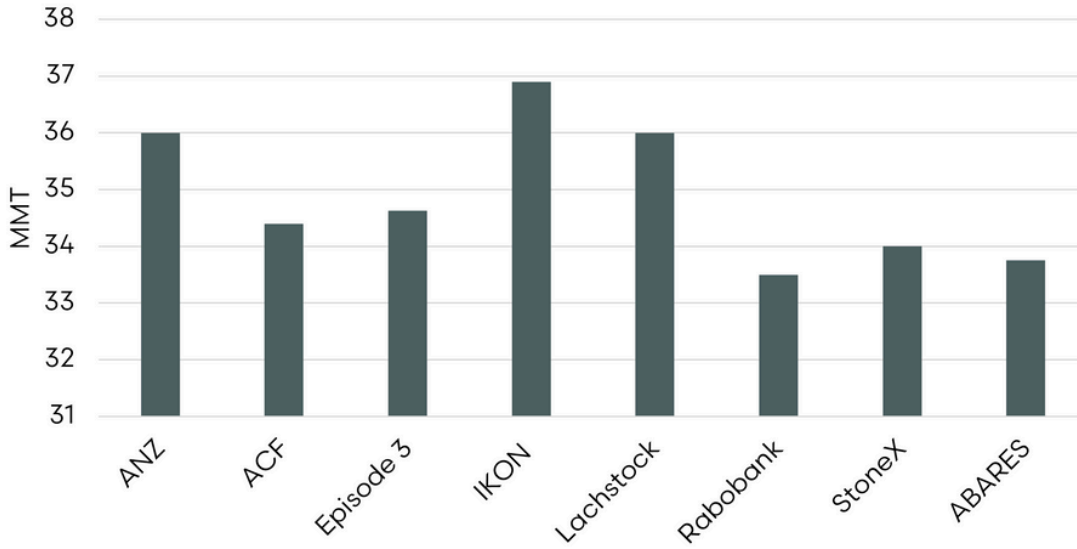
The wheat market has experienced a significant decline in volatility during 2025, with the price largest trending downwards since the start of the year. Typically volatility would increase in the middle of the year, as crop is harvested, and news of upgrades or downgrades drives the markets. This year there has been very little uncertainty on a global scale.

The wheat price has been in decline since the start of the year, with farmers able to sell wheat forward in the first quarter at levels above A\$365, at present pricing is below A\$320. At present farmers are relatively undersold on their production, which will lead to a larger proportion of wheat being sold at harvest for prompt transfer. This in theory could lead to a large amount of harvest pressure on pricing, as buyers are aware that they do not have to increase bids to gain access to grain.

We expect that this will be beneficial to strategic consumers of grain, such as those in the pig, poultry and milling industries.

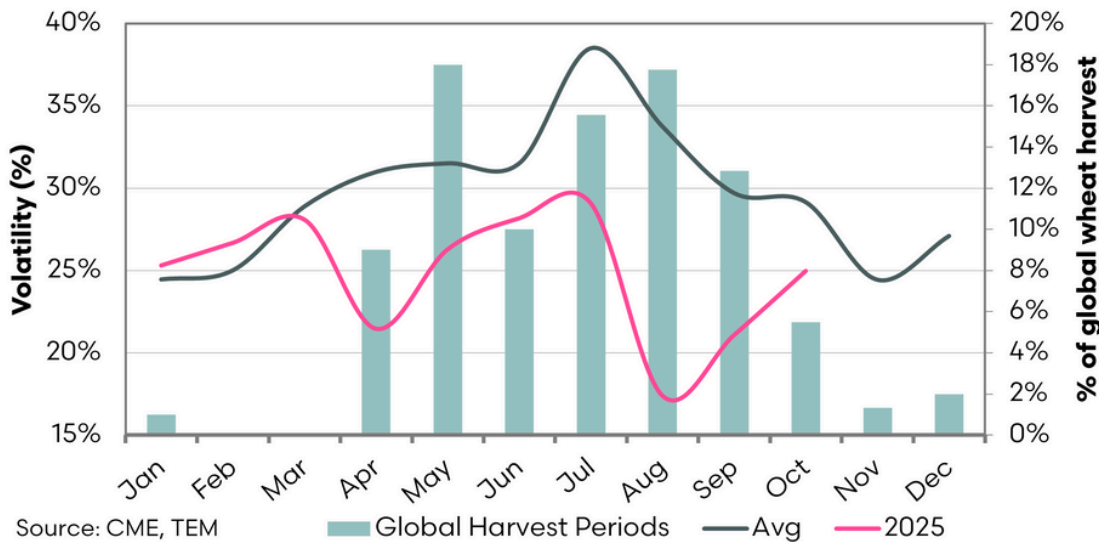


### Australian Wheat Production - Forecasts 2025



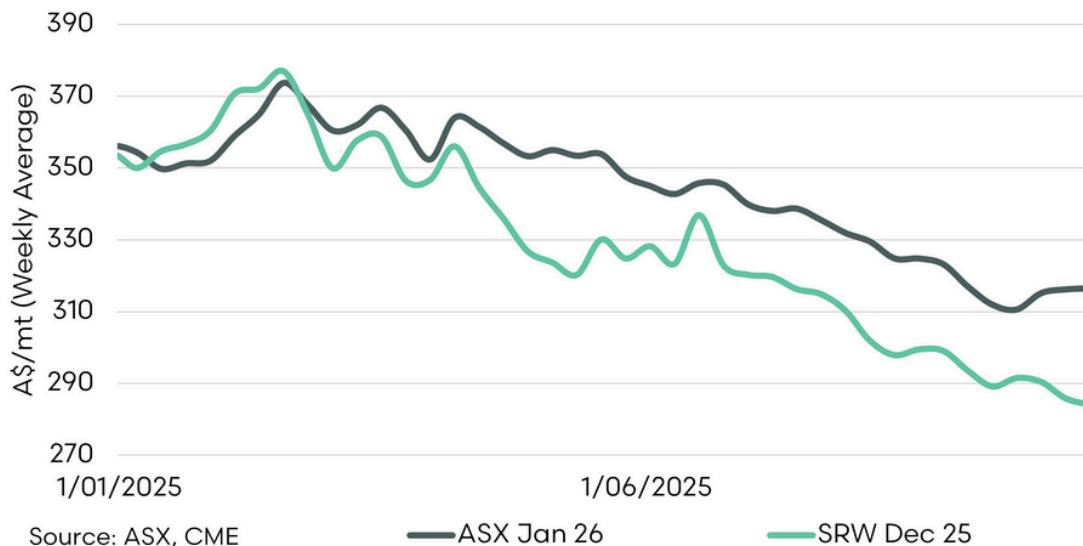
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### CBOT Wheat Volatility and Global Harvests



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### CME/ASX wheat - Harvest 2025/26



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# COARSE GRAINS

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The expectations for the Australian barley crop has risen after beneficial rainfall fell throughout the majority of the countries grain growing regions during the period July-September. This in combination with area planted being the highest since 2021. The official forecaster ABARES currently has the national barley production at 14.55mmt, which is the second highest production on record, with 2021 being the record production year.

The main private forecasters have been more in line with the ABARES forecasts, with the median forecast at 14.65mmt versus 14.55mmt from ABARES. Our forecasts at Episode 3 are on the lower end of the range, due to our expectation that late September and early October rains were lower than forecast, although we may revise this forecast higher in the next update.

At a global level we estimate 2025/26 global corn production at 1,280mmt, up 50.5 mmt year on year, driven chiefly by larger crops in the US (+36mmt), Ukraine (+4mmt), China (+4mmt) and an improved outlook for Argentina. Although beginning stocks are 35.08mmt lower than last season, total world supply still rises by 15.4mmt. The heavier supply pushed CBOT corn to a 12-month low after peaking earlier in the year, but prices have since staged a modest rebound on strong US export sales, late-season US weather concerns, and drought-related losses in the EU.

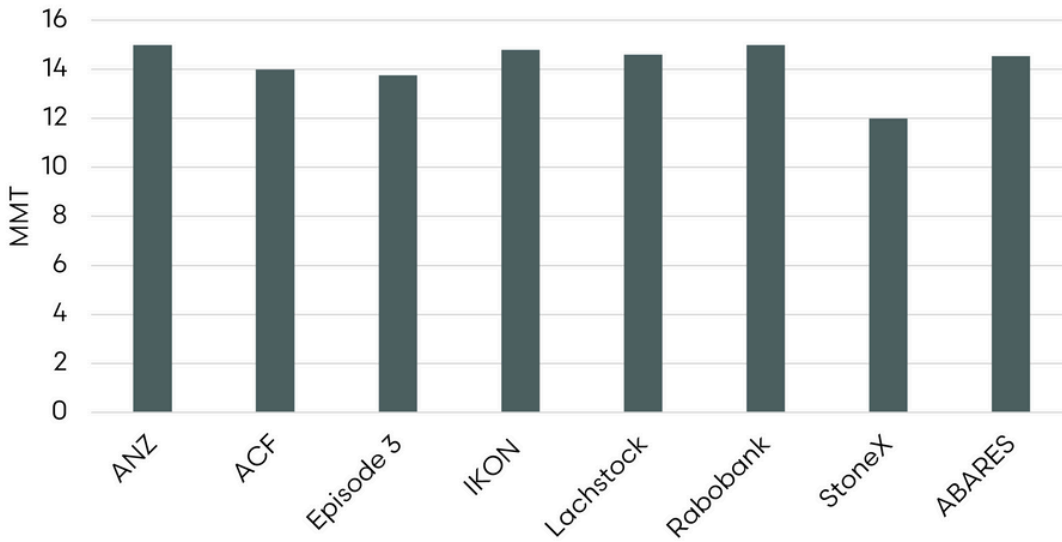
Australian barley pricing has fallen across the country between 6-11% dependent upon state, with the biggest falls experienced in New South Wales, which is expected to produce a large crop, and easily meet local domestic demand. The price of barley in Europe has however fallen at a much lower rate, with Rouen (France) values dropping by only 2% in A\$ terms. This has resulted in Australian barley falling close to parity with French barley.

In May, Australian barley (Kwinana) was at a 10% premium, but has now fallen down to a 1% premium. Typically Australian barley trades at a premium to French barley, the exception being during the period of the Chinese tariff from 2020 to 2023.

At present eastern states pricing levels are in the mid 280s, Our expectation is for barley prices to continue to come under pressure, especially as harvest pressure mounts, with pricing in the mid270s being the likely average. Western Australia is likely to maintain a strong premium over the eastern states due to the export competitiveness.

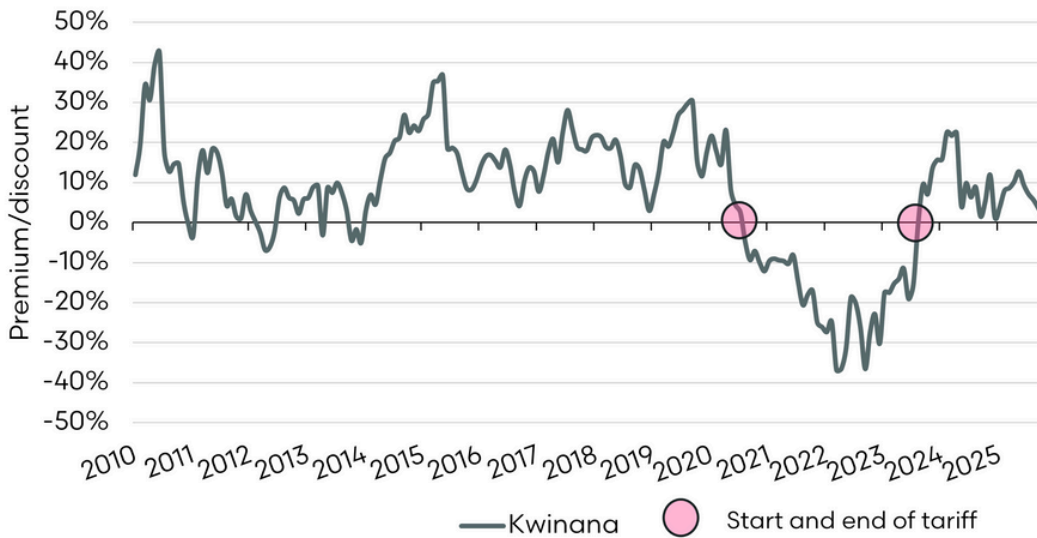


### Australian Barley Production - Forecasts 2025



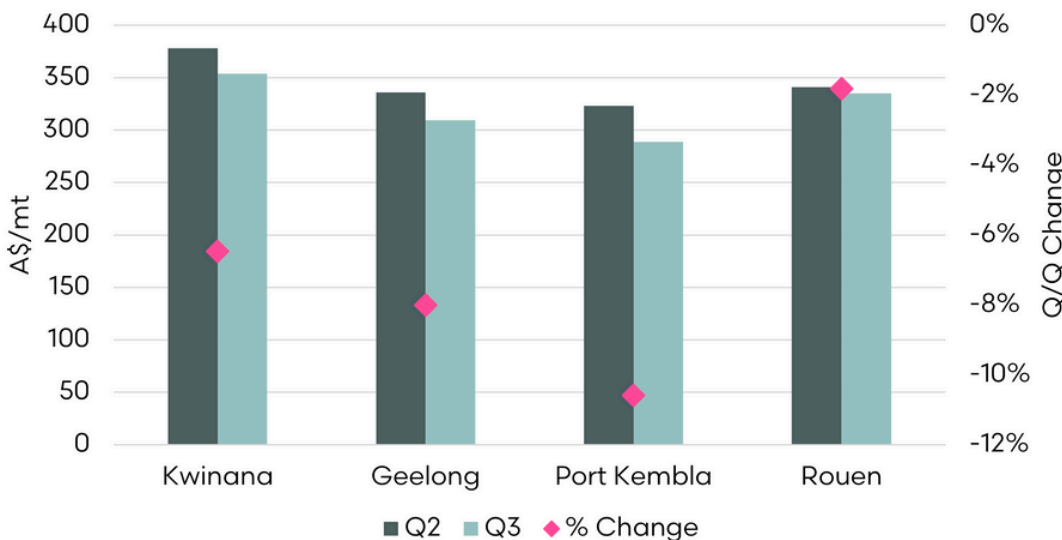
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### Australian Premium/Discount to French feed barley



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### Feed Barley Price Change



At present eastern states pricing levels are in the mid 280s, Our expectation is for barley prices to continue to come under pressure, especially as harvest pressure mounts

# CONTACT US

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