



NSW farmer confidence returns to positive territory

Results at a glance:

- *NSW rural confidence has returned to positive territory with more farmers expecting conditions to improve rather than worsen*
- *Foreign investment into Australian agriculture a concern*
- *Graziers more positive than croppers*

New South Wales farmer confidence remains relatively low, but has shifted back into positive territory with more farmers expecting conditions to improve than worsen, according to the latest quarterly Rabobank Rural Confidence Survey.

The most recent survey – completed last month – found 23 per cent of primary producers in NSW expect the agricultural economy to improve over the next 12 months, up from the 16 per cent the previous quarter. A further 55 per cent expect conditions to remain stable and 20 per cent expect conditions to worsen.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1200 primary producers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis.

Rabobank state manager NSW Ian Cooper said overall it was pleasing to see confidence returning to most farmers across the state.

“The rebound in confidence this quarter doesn’t really come as a surprise. When the previous survey was taken, issues such as the suspension of live cattle exports to Indonesia and the introduction of the carbon tax were top of mind for farmers and dampening their sentiment,” Mr Cooper said.

Mr Cooper said the latest survey showed the state’s wool growers had been particularly upbeat. “Even though wool prices have fallen lately, they’re still at historically above-average levels,” he said.

New South Wales pastoralists, generally, had welcomed the spring rainfall and had done quite well from favourable commodity prices across most livestock markets, Mr Cooper said.

Of those NSW farmers with a positive outlook, 57 per cent nominated good seasonal conditions as the main driver while 36 per cent cited rising commodity prices.

Of those NSW farmers expecting conditions to deteriorate, 32 per cent of respondents cited falling commodity prices as the main concern (up from 17 per cent last quarter) – mainly driven by the grain growers.

Mr Cooper noted, at the time the survey was taken, croppers had received a good start to their season, although follow-up rain did not arrive in time to support good crop growth, resulting in a varied crop across the state.



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“In addition, recent wet weather events across the state and particularly in the north-west have damaged the crop both in yield and quality. While short-term cash flow impacts will be disappointing, the increased sub-soil moisture levels will be beneficial for both next year’s crop and the current summer crop,” Mr Cooper said.

“The state is a bit of a ‘patchwork’ really, with some areas doing very well and some not so well.”

The survey showed that NSW farmers overall viewed foreign investment in agriculture negatively with 51 per cent citing it as a ‘threat’, and just 12 per cent considering it an opportunity.

“This is to be expected, but foreign investment in Australian agriculture is hardly a new phenomenon,” Mr Cooper said.

“One of the key concerns around this issue is the increased competition for land, due to the price foreign investors may be prepared to pay for Australian agricultural land.”

In terms of farm business performance, 35 per cent of respondents think conditions will improve in the next 12 months compared to 27 per cent in the previous quarter, with graziers being more positive than croppers in the state.

Investment intentions improved with 28 per cent expecting to increase investment in their farm businesses (compared to 23 per cent in the previous quarter), while 62 per cent expected to maintain their current level of investment and nine per cent to decrease it

Income expectations remain stable with 35 per cent of NSW farmers surveyed expecting an improvement in their income in the next 12 months, slightly up from 31 per cent in the previous quarter. A total of 45 per cent of respondents reported a higher gross farm income in quarter three, compared to the same period in 2010.

The most robust study of its type in Australia, the Rabobank Rural Confidence Survey has been conducted since 2000 by an independent research organisation.

The next results are scheduled for release in March 2012.

Rabobank Australia is a part of the international Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has more than 110 years’ experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 48 countries, servicing the needs of more than nine million clients worldwide through a network of approximately 1600 offices and branches. Rabobank Australia is one of the country’s leading rural lenders and a significant provider of business and corporate banking and financial services to the Australian food and agribusiness sector. The bank has 61 branches throughout Australia.

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