



Queensland farmer confidence improves from nine-year low

Results at a glance:

- *Favourable seasonal conditions and commodity prices driving confidence among Queensland farmers*
- *Beef producers and sugarcane growers more optimistic*
- *Concerns around overseas markets and economies remain top of mind*

After hitting its lowest level in nine years during the previous quarter, Queensland farmer confidence is bouncing back, although sentiment remains relatively low, according to the latest quarterly Rabobank Rural Confidence Survey.

The survey – completed a month ago – found 22 per cent of Queensland primary producers expected the agricultural economy to improve in the next 12 months (up from 11 per cent the previous quarter). And the number expecting conditions to worsen had significantly declined – to 22 per cent from 52 per cent previously. Fifty-one per cent expected conditions to stay the same.

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.

Of those Queensland farmers who expect conditions to improve, 47 per cent cited favourable seasonal conditions as a major factor lifting confidence and 36 per cent were optimistic about commodity prices – mainly driven by beef producers and sugarcane growers.

Of those with the view the agricultural economy would worsen, 29 per cent cited falling commodity prices as a dampener on confidence. However, this was predominantly driven by grain growers.

Following on from the past quarter's survey – where factors outside the farm gate had a major impact on sentiment – 41 per cent of producers with a negative outlook this survey cited government intervention and policies as a dampener on confidence levels in the farming sector, and 28 per cent nominated overseas markets and economies (up from 15 per cent last survey).

Rabobank state manager for Queensland Brad James said it appeared the improved sentiment was driven by the positive short to medium-term outlook for the season and commodity prices.

“Many grain producers would have breathed a sigh of relief having harvested their 2011 crops, receiving generally solid to strong tonnages. This year's harvest has been a ‘mixed bag’ also with protein significantly lacking in most districts due to untimely weather conditions post-germination,” he said.



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“For sugar, with the exception of the far north weather, the harvest was generally smooth, albeit with yield significantly affected by stand over cane.”

Mr James said Queensland farmer confidence had been heavily influenced by government policy and intervention this year, with significant developments in this area impacting the sector.

“Some certainty has returned for the beef sector with the reopening of the live cattle trade to Indonesia, under what many would argue to be improved conditions from an animal welfare perspective,” he said.

“On a global note, we have a well-informed farming community in Australia and the financial woes taking place in the EU do not go unnoticed, with a particular focus on the impact on our dollar and knock-on effect with our interest rates.”

Foreign investment was overall viewed negatively by Queensland farmers in the survey, with 47 per cent considering foreign investment in Australian agriculture as a ‘threat’ and only 17 per cent believing it to be an opportunity.

“There is significant concern, particularly in the southern areas, around the activity within the mining and resources sector on prime agricultural land, which may explain some of these results regarding foreign investment,” Mr James said.

In terms of farmers’ perceptions of their own enterprises, 36 per cent expect business performance to improve in the next 12 months and 50 per cent expect performance to remain stable. Just 11 per cent expect conditions will worsen, down from 29 percent in the previous quarter.

Queensland farmers’ investment intention remain stable with 91 per cent intending to increase or maintain their level of investment in their farm business in the next 12 months, slightly up from 85 per cent in the previous quarter. Thirty nine per cent of respondents reported better gross farm incomes compared to Quarter Three last year, while 27 per cent reported lower incomes.

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.

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