



Things still looking good down on the farm in Tasmania

Results at a glance:

- *Tasmanian farmers remain upbeat about their prospects*
- *Commodity price dynamics, the lower \$A and season underpin sentiment*
- *Strong long-term confidence with 97 per cent looking to increase or maintain their investment*

Tasmanian farmers have retained their positive outlook, with the latest Rabobank Rural Confidence Survey showing the state's rural sentiment still at robust levels, albeit waning from last quarter's record high.

Commodity prices, the lower dollar and seasonal conditions were the key factors driving confidence.

Long-term confidence was also reported to be sound, reflected in strong investment intentions – with 97 per cent of farmers surveyed in Tasmania expecting to increase or maintain their level of investment.

The survey, completed approximately a month ago, found that while net confidence had moderated from last quarter – which had been the highest reading in the survey's 14-year history – it remained at very strong levels.

Overall, a third of Tasmanian farmers (34 per cent, down from 57 per cent) expect conditions in the agricultural economy to improve over the coming year while a further 59 per cent expect them to remain similar to last year (up from 38 per cent). Those expecting conditions to worsen remained low at seven per cent, compared to two per cent last quarter.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions, on average, 1000 primary producers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis.

Rabobank state manager for Tasmania, Greg Bott said there was still a strong mood of optimism on the ground among the state's farmers.

Poppy growers though had been impacted by crop disease in some areas.

"Poppy growers in the Midlands have suffered production losses with the outbreak of fungus, which was particularly prevalent in those crops that were planted early," he said.

Mr Bott said this would have been mitigated somewhat by good returns for beef and sheep however, with many poppy growers supplementing their income with livestock or other crops.

"Beef and lamb prices remain very strong, and sheep graziers have also welcomed the recent lift in wool prices," he said.



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“In dairy, there are also indications that the milk price should hold up well, with Murray Goulburn forecasting an average price around 6.05kgMS, which is a great pricing signal given sentiment in global markets at present.”

Commodity prices were the main driver of positive sentiment this quarter – cited by 65 per cent of those Tasmanian farmers expecting conditions to improve (compared with 56 per cent in the previous survey). The lower dollar was also cause for optimism for 40 per cent of positive farmers, while seasonal conditions were nominated by 32 per cent.

Mr Bott said, from a seasonal point of view, farmers had generally received average rainfall and this has been coupled with mild weather. “But with winter generally being our wettest months in Tasmania, the next survey will be a better determinant of how weather is impacting agriculture in the state,” he said.

Mr Bott said the latest survey had also tracked farmers’ activities around preparing for drought, and had found that approximately half actively implemented strategies to prepare for potential future dry conditions.

“These measures include storing feed and or growing fodder, managing livestock numbers, upgrading irrigation and stock water infrastructure and actively monitoring weather patterns,” he said.

“For many enterprises who have invested in irrigation infrastructure over the years, this has not only increased productivity but helped mitigate the impact of dry conditions.”

In line with overall confidence levels, Tasmanian farmers’ expectations of the performance of their own farm business also moderated, but remained positive, with a net reading of 17 per cent (down from 39 per cent).

Long-term confidence was also evident this quarter, with farmers holding strong investment intentions. Overall, 97 per cent of respondents were expecting to increase or maintain their level of investment – of which 26 per cent had expansionary intentions.

“We are seeing good interest from both overseas and domestic investors for property in Tasmania, but most farmers are investing in infrastructure to increase their productivity,” Mr Bott said. “This has been boosted by low interest rates and improved returns for many commodities, which has put some cash in the system.

“The government also appears to be shining more of a light on agriculture with its investment in irrigation schemes, with another three or four projects in the pipeline.”

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 September 2015.

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