



Rabobank

**Media Release**  
**March 23, 2015**

## ***Farmer sentiment rebounds in South Australia***

### **Results at a glance:**

- *Confidence picks up, with a third of SA farmers expecting conditions to improve*
- *Beef and sheep producer sentiment bounces back, while confidence also turnaround for grain growers*
- *Farmers enter 2015 in a good position, with strong investment and debt repayment intentions*

**Sentiment among South Australian farmers has rebounded, with confidence up at the buoyant levels last seen 12 months ago, according to the latest Rabobank Rural Confidence Survey.**

**Beef and sheep producers drove much of the upswing, however confidence among grain growers also recovered on the back of a better-than-expected harvest.**

The survey – completed last month – found that a third of South Australian farmers (33 per cent) expect conditions in the agricultural economy to improve, up from just nine per cent in the previous survey. While half of the respondents (51 per cent) expect stable conditions, and 14 per cent expect conditions to worsen (down from 38 per cent).

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 South Australia James Robinson said sentiment had improved with grain farmers bagging a better-than-expected crop in terms of yield and quality.

“Across the state, the winter crops were looking magnificent in the early stages of the season with good rains boosting soil moisture levels,” Mr Robinson said.

“However, the rains cut out at the end of July last year and the entire grain belt experienced one of the driest ever finishes to the season and as a result, we saw confidence levels plummet last quarter.

“Come harvest time however, the crops came off quite well and grain prices also kicked up around that time.”

Mr Robinson said the combination of good early rains, implementation of ‘best practice’ to boost productivity and the lift in wheat and barley prices has seen growers generate good returns in 2014/15 – consolidating on the past four good seasons.



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Across the grains and livestock sectors, commodity prices emerged as the biggest driver of SA farmer confidence this quarter, with 71 per cent of those expecting conditions to improve citing prices as a reason – up from 24 per cent.

“We have seen a big turnaround in confidence amongst the state’s beef and sheep producers, with beef prices hitting record heights earlier this year and lamb prices trading at strong levels,” Mr Robinson said.

“While seasonal conditions remain tough and many graziers are in a poor position from a feed point of view, they are offloading stock into a strong market.”

The lower Australian dollar was also reported as a driver of improved confidence by 42 per cent of those farmers with an optimistic outlook (up from 24 per cent) while seasonal conditions pared back in significance to 34 per cent (down from 76 per cent).

“The pastoral area received good rains during January however much of the state remains dry, particularly in the south east,” Mr Robinson said.

“While hot and dry conditions are fairly typical for this time of year, farmers will be looking for that good autumn break over the next few weeks with the hope of holding up confidence levels into the next quarter.”

In line with overall confidence levels, producers’ expectations about the performance of their own farm business also recovered to a net reading of 28 per cent – up from -17 per cent.

Those South Australian farmers expecting the financial performance of their business to improve more than doubled to 38 per cent (from 15 per cent) while 51 per cent expected a similar performance to last year.

This has flowed into strong investment intentions, with 93 per cent of those surveyed looking to increase or maintain their level of investment, up from 88 per cent. Of these, 27 per cent expressed expansionary intentions.

“In general terms, broadacre farmers in South Australia have entered 2015 in a good position, demonstrated by farmers increasing their investment into on-farm capital as we have seen a record demand for equipment finance as they replace and upgrade plant and machinery,” Mr Robinson said.

“The appetite is also there for purchasing more land which has been helped by interest rates remaining at low levels. And, with farmers paying back debt, their balance sheets are in a position to take advantage of opportunities as and when they arise.”

This was reflected in the survey, with 46 per cent of respondents intending to reduce their debt levels over the next 12 months.

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 June 2015.



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