



Rabobank

**Media Release**  
**November 28, 2016**

## ***Sugar kick fuels further climb in NQ rural confidence***

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

- *North Queensland rural confidence highest in the state*
- *Seasonal conditions and prices support confidence in cane and cattle*
- *Longer-term confidence remains high, reflected in investment appetite and interest in additional education/training*

**A drier spring has ‘unleashed’ positive sentiment among sugar cane growers, seeing North Queensland rural confidence climb to the highest in the state, the latest quarterly Rabobank Rural Confidence Survey has found.**

**Sugar, along with beef, has been responsible for the continued upswing in North Queensland rural confidence reported in the survey.**

**While sugar prices have been sitting comfortably above AUD550/tonne since June, Rabobank regional manager North Queensland Trent McIndoe said the unseasonably wet winter had subdued confidence levels in the sector.**

“In the past two rural confidence surveys, sugar producers had not been able to fully appreciate the improved prices as the wet winter and constant harvest stoppages had many worried there would be substantial standovers,” Mr McIndoe said.

“The more recent dry weather has meant most of the cane regions have had a better run over the past couple of months, with the prospect of standovers greatly reduced. So, combined with solid prices, the issue of standover cane is also less of a concern.”

Sugar sector confidence has now reached levels not seen since 2010.

The latest Rabobank Rural Confidence Survey, completed a month ago, found sentiment among North Queensland farmers had lifted once again, following the strong rally seen last quarter. Producers in the north are now the most positive in the state when it comes to their prospects for the coming year – with a net confidence reading of 40 per cent, up from 27 per cent.

More than half of all NQ primary producers (51 per cent) now expect agricultural economic conditions over the coming 12 months to improve (previously 42 per cent), while 37 per cent expect similar conditions to last year (previously 43 per cent).

Only 11 per cent of NQ producers surveyed said they expected conditions to worsen, down from 15 per cent last quarter.

Sugar growers were the main drivers behind the confidence lift, but this was also supported by the continuing buoyant prices in the beef industry.

“We did see confidence in beef retract a little this quarter,” Mr McIndoe said.

“However it remains high and, as with sugar, this has a lot to do with bullish prices being met with improved seasonal conditions and a better outlook for a wet season.”



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In fact, 85 per cent of North Queensland producers who were anticipating an improved year nominated commodity prices as cause for their optimism (up from 79 per cent last quarter), while seasonal conditions were cited by 60 per cent (up from 49 per cent last quarter).

“With beef, we have seen prices pull back a bit and there are also a lot of areas in North Queensland that would be very happy to receive an inch or two of rain about now, as we move into a traditionally dry time of the year waiting for early storms,” Mr McIndoe said.

“We are seeing more positive forecasts coming out of the Bureau (of Meteorology) this year in regards to the wet season and, if we were to see a more traditional wet season eventuate, I would expect beef confidence to be back on the rise.”

Producers across the northern part of the state are also feeling increasingly confident about their long-term prospects, with 93 per cent looking to increase or maintain the same level of investment in their farm businesses over the next 12 months, up from 83 per cent last quarter.

Mr McIndoe said these intentions were being reflected in increasing market interest.

“There is definitely a lot more activity in the market at the moment, particularly in beef properties,” he said.

“While activity is up, we are seeing a bit of a ‘disconnect’. There has been a big pick-up in activity and prices in blue chip properties, and the market towards the central part of the state is quite strong, along with the big-end of town. However, in areas in the west, where they are still recovering from drought, the market has been a little slower to recover.”

This quarter the survey also questioned farmers about their education and training needs, finding 38 per cent of North Queensland producers were looking to engage in formalised education or training in the next year, compared with 33 per cent 12 months ago.

Upskilling in on-farm management practices continued to be a focus for the majority of those surveyed. Mr McIndoe said this was indicative of the constant improvements being made in farming processes and technology.

“Animal and crop production continues to improve and evolve at an increasing pace,” he said. “With increased incomes we do find producers are more willing to spend additional money on training and it is important that farmers keep upskilling when there is opportunity to do so.”

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

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 2017.



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