



Rabobank

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

## **Confidence holds firm across Queensland's agricultural commodities – latest quarterly survey**

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

- *Seasonal conditions positive going into summer*
- *Confidence in both sugar and cotton sectors have doubled*
- *Grain sector remains steady, buoyed by record-breaking chickpea crop*

**Queensland rural confidence has pulled back from the 15-year highs experienced last quarter, but remains firmly in positive territory, according to the latest Rabobank Rural Confidence Survey.**

The survey, completed last month, found 41 per cent of Queensland producers expect the agricultural economy to improve over the next 12 months, down slightly from 46 per cent with that view last quarter.

Of those farmers surveyed, 46 per cent were anticipating similar conditions to last year (up from 42 per cent last quarter) while those expecting conditions to deteriorate stood at just 12 per cent (up slightly from 10 per cent previously).

This saw Queensland's net rural confidence reading ease slightly to 29 per cent, from 36 per cent last quarter.

Rabobank regional manager Southern Queensland and Northern NSW Brad James said the results of the survey matched what was being seen on the ground around the state.

"By and large the season has been fairly good across most of the regions," he said.

"While there are still some areas looking for follow-up rain, for many there has been unseasonal winter rain that has set a good foundation going into summer."

All of the commodities surveyed in Queensland were in positive territory, but the outstanding performers for the quarter were cotton and sugar, which both doubled their positive indices this quarter.

The net confidence level of cotton producers rose from 23 per cent the previous survey to now sit at 49 per cent, with 55 per cent of sugar producers feeling positive about the approaching year, up significantly from 29 per cent last quarter.

"We've continued to see firm cotton prices in recent times and the general consensus is for this to remain the case for the 2017 crop," Mr James said.

"Cotton now has a wider window of planting and many are still busy in this phase of their crop cycle. Most irrigators have access to water and this generally tends to auger well for confidence levels, particularly with a solid price forecast."

Weather has also been impacting the sugar cane sector, but having an opposite effect over the past six months.



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“While sugar prices have been buoyant for a while now, we weren’t seeing this fully reflected in cane growers’ confidence levels in the survey due to concerns over harvest delays as a result of wet weather,” Mr James said.

“There was concern that there would be a lot of standover cane, but they’ve managed to have a good run over the past couple of months and weather permitting, we’d be expecting to see a minimal amount being held over until next year.”

Beef continued its positive run although net confidence in the sector pulled back to 28 per cent, from a high of 46 per cent last quarter, while grain remained firm at 11 per cent.

While the grain sector recorded the lowest confidence among all the commodities in Queensland, it remains higher than many of the other grain-growing states, which, Mr James says, is mainly the result of the successful chickpea harvest.

“This year’s standout performer has definitely been chickpeas, with seasonal conditions for many being ideal and prices exceeding \$1000 per tonne. Almost all who grew the crop have been rejoicing about both yield and price,” he said.

Positivity across the Queensland rural sector has flowed through into strong investment intentions among farmers – 94 per cent of those surveyed expect to either increase or maintain their level of farm investment over the coming 12 months, up from 87 per cent in the previous survey.

Of this number, 23 per cent were looking to increase their investment while 71 per cent planned to maintain it. Expansionary intentions were highest among cotton farmers, with 47 per cent looking to increase their investment over the coming 12 months.

This quarter the survey also questioned farmers about their education and training needs, finding 34 per cent of Queensland producers were looking to upskill through formal training over the next 12 months. The majority were interested in improving their on-farm management skills (80 per cent), better understanding emerging technologies (55 per cent) and improving their operational financial management (43 per cent).

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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