



Rabobank

**Media Release**  
**May 30, 2016**

## ***WA farmers most positive in the nation after excellent start for crops***

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

- *WA the only state to report an upswing in confidence*
- *Widespread rain has given many grain growers the best start in more than a decade*
- *Almost a third of WA farmers have indicated a desire to purchase additional property*

**Western Australian farmers are the most positive in the nation following an excellent start to the cropping season.**

**The latest Rabobank Rural Confidence Survey has found WA the only state to report an upswing in rural sentiment this quarter, with a net confidence level of 23 per cent, significantly up from the 15 per cent reported last survey.**

The latest survey – completed last month – found 36 per cent of WA farmers expect the agricultural economy to improve this year (up from 21 per cent last quarter), while 48 per cent are anticipating similar conditions to last year. While the percentage of farmers expecting conditions to deteriorate had also climbed, it stood at only 13 per cent (albeit up from six per cent previously).

Rabobank acting state manager for Western Australia Steve Kelly said widespread rain has been a big contributor to farmer confidence in the state.

“Over the past couple of months we’ve seen excellent falls across approximately 85 per cent of the state,” he said.

“The timing couldn’t be better and many grain producers are experiencing their best start in over a decade.”

This positive start to the season has been echoed in the confidence levels for grain growers where 33 per cent expect conditions to improve (compared with 12 per cent last survey), while 46 per cent expect them to remain stable. On a net basis, this saw the WA grain confidence indicator climb to 16 per cent, up from three per cent last quarter.

The positive sentiment has not only been confined to grain growers, with WA livestock producers also experiencing an upswing in confidence.

Beef producers remain the most positive about their prospects with net confidence rising to 53 per cent, from 41 per cent last quarter. There has also been a substantial upswing in confidence among sheep producers with their net confidence indicator rising to sit at 38 per cent, from just five per cent the previous quarter.

Mr Kelly said solid prices and seasonal conditions were very encouraging for livestock producers in the south west agricultural zone, although the Pilbara and Gascoyne has experienced drier-than-average conditions to date.



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“Beef prices remain buoyant and are at very profitable levels and we’re seeing similar with sheep meat,” he said.

WA’s livestock regions have also tended to be the most positive in the survey, with the south-west corner remaining the most optimistic – with net confidence in the region lifting strongly to 44 per cent, from 19 per cent the previous quarter.

Confidence remained relatively steady in the central wheatbelt with a net reading of 13 per cent (12 per cent last quarter) and the northern wheat belt at 10 per cent (15 per cent last quarter).

Not all regions within the WA wheatbelt have experienced this stellar start however, with areas to the north and north-east of Geraldton receiving little summer rainfall and only recently enjoying the opening break of the season.

Overall in WA, of those farmers expecting conditions to improve, seasonal conditions were a dominant driver of confidence. Good seasonal conditions were nominated by 52 per cent of farmers with a positive outlook as reason for their optimism, up from 30 per cent last survey.

The season was closely followed by commodity prices, which remained a significant determinant of confidence, nominated by 51 per cent (down from 60 per cent last quarter), while 31 per cent of farmers cited the state of overseas markets (increasing from 26 per cent).

Despite a rise in overall confidence, farmers lowered their expectations for farm income for the coming year.

Of the WA farmers surveyed, 34 per cent were anticipating an improved financial position this year (down from 44 per cent the previous quarter), while those expecting gross farm incomes similar to the past year increased to 48 per cent (from 44 per cent last quarter).

The percentage of farmers expecting their farm incomes to decline remained relatively steady at 15 per cent (14 per cent last quarter). The uncertainty over the wheat price, in particular, is keeping a lid on the anticipated result for this season.

Mr Kelly said income expectations had moderated from a very high level, with uncertainty over grain prices a factor.

“Last year was a profitable one for many farmers in WA,” he said. “That over a third of farmers are expecting an even better year shows how well this year has started.”

Supporting this positive sentiment this quarter, 91 per cent of farmers indicated their intention to increase or maintain the level of investment in their farm businesses – of which 33 per cent intended to increase their investment (the same percentage as last quarter).

This appetite for investment is the highest in the country.



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This quarter, the Rural Confidence Survey also sought to gauge farmers' medium-term expansion intentions, with 30 per cent of WA producers indicating they wished to purchase additional property within the next five years.

Of those farmers wishing to expand, a number of factors were considered to be limiting their purchasing plans. Chief among these was high property prices (nominated by 59 per cent), availability of property (41 per cent) and excessive competition (44 per cent).

Mr Kelly said the bank was continuing to see enquiries from farmers looking to expand and was expecting the spring property season to be active.

"Many farmers have had a series of good years and have been able to pay down debt which has put them in a strong position to expand," he said. "However, good quality cropping country is being tightly held within the state so while plenty want to expand, it is becoming increasingly challenging 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 September 2016.

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