



Much-needed rainfall in state's south east boosts Queensland rural confidence

Results at a glance:

- *Decent rainfall across much of southern Queensland has pushed farmer confidence higher*
- *Sentiment is most buoyant among grain growers, despite many facing a challenging 2017*
- *Sugar sector confidence remains in negative territory as flat pricing subdues sentiment*

Significant rainfall across southern Queensland, following a very dry winter, has seen the state's rural confidence rebound strongly from its fall last quarter, the latest Rabobank Rural Confidence Survey has shown.

The survey, completed last month, found a quarter of Queensland producers (26 per cent) now expected the agricultural economy to improve over the coming 12 months. This was a significant improvement from last quarter when only 14 per cent of producers had an optimistic outlook.

The number of producers with a negative view also fell to only eight per cent, down significantly from 31 per cent last quarter, while 60 per cent of respondents thought conditions in the agricultural economy would remain relatively unchanged over the coming year.

Rabobank regional manager North Queensland and Northern Territory Trent McIndoe said while the rain arrived a little too late to have much benefit for the winter crop in the south, its impact on sentiment was still significant.

"Most of the winter harvest has pretty much wound up now and yields across the state are definitely down on last year," he said.

"The falls received in early October will have had a bit of a negative impact on those producers who were harvesting at that point, but this would have been far outweighed by the boost provided by this much-needed rain."

The improved weather conditions were reflected in the survey results, where sentiment was particularly strong for grain growers with 49 per cent now expecting conditions to improve, up from 28 per cent previously.

A total of 45 per cent of grain growers were anticipating similar conditions to last year.

"In Central Queensland, most got their crop off before any substantial rain. And while yields and prices were down in many cases, cereal prices were up a bit on last year and chickpea prices, though down from last year, were still close to that \$900 a tonne price point," Mr McIndoe said.

"Cotton producers are also reaping the benefits of the spring rains and we've seen a good amount of both irrigated and dryland country planted."



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Confidence among the state's cotton producers lifted this quarter, with 37 per cent expecting conditions to improve next year (from 15 per cent last quarter), 49 per cent expecting conditions to remain relatively unchanged and only 14 per cent with a negative outlook.

"If we were to see follow-up rain, we'd expect confidence among cotton producers to remain high, in spite of the pressure currently being placed on prices from a substantial US pick," Mr McIndoe said.

For the livestock sector, the outlook had also improved with the arrival of rain increasing fodder levels.

Mr McIndoe said this had even been the case in North Queensland where the rainfall had not been as widespread.

"In the north, this is usually the driest time of the year, but there are some isolated storms about and it's providing a bit of encouragement to producers that this year they might finally get a decent wet season," he said.

"That said, there isn't really a lot of capacity to increase numbers and many have entered a holding pattern in anticipation of the summer rains."

Of those beef producers surveyed, 32 per cent were expecting conditions to improve (up from 16 per cent last quarter) while 59 per cent were expecting the outlook to remain unchanged.

While most Queensland agricultural sectors now had a more positive outlook, sentiment among the state's sugar producers remained subdued with none of the cane growers surveyed expecting an improvement in the rural economy in the coming 12 months. A total of 25 per cent reported a negative outlook and the majority expected conditions to remain similar to last year.

"While the cane harvest has been much more straightforward this year, there have been weather-related stoppages in the Tully and Bundaberg regions," Mr McIndoe said.

"The greatest concern for cane growers though continues to be price and Rabobank's analysts have maintained their forecast for prices to remain around USc 14/lb to USc 15/lb over the next four to six months as the global surplus continues."

Meanwhile, the increased positivity among the state's farmers had flowed into strong investment intentions. A total of 92 per cent of those Queensland farmers surveyed expected to either increase or maintain their level of farm investment over the coming 12 months, up from 86 per cent in the previous survey.

As to where this investment would be made, the survey found 61 per cent were looking to increase their spend on farm infrastructure, 40 per cent were seeking to increase livestock numbers while 33 per cent were intending to adopt new technologies in their operations.



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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 2018.

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