



“Patchy” season drives regional divide in SA farmer confidence

Results at a glance:

- *Farmer confidence in the Eyre and Yorke Peninsulas remains at low levels, with regions experiencing a variable harvest*
- *The south east of South Australia meanwhile continues to enjoy beneficial seasonal conditions*
- *Long-term confidence in livestock is driving record prices for grazing properties*

Sentiment among South Australian farmers has improved this quarter, although remain subdued as the “patchy” season has continued to impact cropping, the latest Rabobank Rural Confidence Survey has found.

Completed last month, the survey found while optimism among livestock and dairy producers was underpinning an improvement in overall rural confidence levels, the story for grain producers had been more variable.

Of the farmers surveyed, the number expecting conditions in the agricultural economy to worsen in the coming 12 months declined to 19 per cent (from 35 per cent previously) while those with a positive outlook also fell slightly to 15 per cent (17 per cent last quarter).

Rabobank regional manager for South Australia Roger Matthews said the rainfall received in the state in August and September had been valuable for a lot of farmers, but was either insufficient or too late for some.

“The Eyre Peninsula had a terribly dry start to planting and we’re seeing tonnes from that region come in well below averages,” he said.

“For areas around the Yorke Peninsula, the Adelaide Plains and the mid-north, the season has been fairly patchy, but then for areas such as the south east around Mt Gambier they’ve had a great year.”

The dry seasonal conditions continued to be a concern for many farmers, cited by 72 per cent of respondents with a negative view (61 per cent the previous quarter).

This was particularly evident in the Eyre Peninsula (the most pessimistic of the regions surveyed), where overall 30 per cent of farmers were still anticipating deteriorating conditions.

Of that group, all cited dry seasonal conditions as reason for this outlook.

In line with the local seasonal conditions, the Yorke Peninsula was slightly less negative, with 23 per cent of farmers in that region anticipating a worsening agricultural economy and only seven per cent expecting an improvement on last year.

The south east of the state showed a reversal of these fortunes, however, with 23 per cent of farmers feeling confident about the next 12 months and seven per cent anticipating deteriorating conditions.



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“Along with the good season, confidence in the south east has been buoyed by the improvement in dairy and livestock confidence,” Mr Matthews said.

“All of the dairy farmers surveyed now anticipated conditions to either improve (21 per cent) or remain consistent with the previous 12 months (79 per cent).

“The season has been the key factor in the relative confidence of the dairy sector, however there has been some steady price improvements over the past 12 months, particularly as domestic production was down a bit in September.

“There is some global price pressure beginning to emerge now as milk production growth in Europe and the US begins to come online.”

Confidence among the state’s livestock producers also moved back into positive territory this quarter, with 25 per cent and 20 per cent of beef and sheep producers respectively holding an optimistic outlook.

In line with the improvement in overall confidence, income projections also improved among South Australian farmers and were strongest in the dairy and the sheep sectors.

For sheep producers, 41 per cent were expecting higher incomes in the coming 12 months, with a further 49 per cent expecting them to remain similar to the previous year.

Mr Matthews said consistently solid incomes for livestock producers was driving competition for pastoral country in the state.

“We’re seeing real escalation in activity for grazing properties and producers have been paying record prices across the board,” he said.

“From the pastoral zones of the far-west through to the high-rainfall areas, confidence in livestock is being played out in competitive bidding right across the state.”

Overall expansionary intentions remained steady this quarter, with 86 per cent of SA farmers surveyed intending to maintain or increase investment in their farm enterprises, down slightly from 88 per cent last quarter.

The story was quite a different one for livestock producers who were much more bullish in their expansionary intentions – 93 per cent of beef producers and 90 per cent of sheep producers indicated they were intending to maintain or their investment this year.

Along with expansion through property purchase – of interest to 37 per cent of South Australian farmers intending to increase investment – 81 per cent were looking at investing in on-farm infrastructure (up from 50 per cent last quarter).

“While there are a number of properties changing hands, there are still a large number of sheep and beef producers actively seeking the right property in the right location,” Mr Matthews said.



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“Often these leaps in property price are experienced before a plateau and I believe we are currently in one of those ‘leap’ phases.

“If beef and sheep markets maintain their price points, it will be interesting to see how high land prices will go.”

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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