



Relief for farmers as WA season recovers in the 'final innings'

Results at a glance:

- *Rural confidence in WA has rebounded strongly this quarter as season completes turnaround*
- *The WA harvest is now expected to yield a substantial crop*
- *Sheep farmers are the most confident, bolstered by both price and season*

Western Australian farmer confidence has rebounded strongly, as improved seasonal conditions inspire a fourth quarter turnaround, the latest Rabobank Rural Confidence Survey has found.

The survey – completed last month – found while the number of WA farmers expecting an improvement in the agricultural economy remained steady (at 22 per cent), those expecting worsening conditions retreated to 11 per cent (from 28 per cent last quarter).

Most farmers expected conditions to remain similar to last year, with 67 per cent holding this view.

This saw the net Rural Confidence indicator for WA rising to 11 per cent this quarter, from -6 per cent in the previous survey.

Rabobank regional manager for Western Australia Crawford Taylor said there was a real sense of relief for many grain growers who had been fearing the worst at the mid-point of the season.

“We had a dry start to the season and there were growers who elected not to plant, although, for most growers, seeding went ahead as planned on the back of some significant summer rainfall events. However it turned out to be a very nervous couple of months from then,” he said.

“Things were looking desperate in parts of the state and then at the midpoint there was some decent rainfall followed by a cool and wet finish.

“Since August, rainfall has been consistent across most of the cropping country and in some parts we’ve seen the crop undergo a complete turnaround.”

Confidence has improved in the grains sector with sentiment now well in positive territory with 23 per cent of growers expecting conditions to improve (17 per cent last quarter) and 65 per cent now anticipating a year similar to last (58 per cent previously). The number of grain growers with a negative outlook fell to 12 per cent, from 23 per cent in the previous quarter.

“Overall, yields in cereals and canola have turned out to be better than expected, assisted by prices above 2016, with canola a standout with oil bonuses,” Mr Taylor said.

“We’re now anticipating total tonnage for the year to be above long-term average at 13 million tonnes total crop, or perhaps higher.



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“The investment in crop technologies and management has paid dividends this year.”

While the big story this quarter has been the turnaround in prospects for grain growers, the improved season has also had an impact on livestock producers.

Across the commodities, confidence was strongest in the sheep industry where 18 per cent of farmers now expected conditions to improve and 77 per cent expected similar conditions to last year.

Beef graziers also revised up their expectations, although they remained in slightly negative territory with 11 per cent anticipating an improvement (compared with none last quarter) and 18 per cent expecting a deterioration (44 per cent previously), with the majority (70 per cent) saying they expected a similar year ahead.

Across the commodities, the season was nominated as a driver of positive sentiment, cited by 60 per cent, up substantially from 35 per cent last quarter. The Central Wheatbelt had the majority of farmers with this view. However, the commodity price outlook was the largest driver of producers’ positive sentiment with 72 per cent of those expecting conditions to improve citing this as their reason – sheep graziers particularly held this view.

“For sheep producers the outlook is robust and buoyant and now supported mostly by a decent season,” Mr Taylor said.

“Many of these producers are now seeking to increase their investment in their enterprise through updating infrastructure and expanding flocks, particularly in southern areas.

“For beef, while the season is satisfactory and prices are still above historical averages, there is concern about these prices softening over the next 12 months.

“In dairy we have seen confidence pull back a bit, because of the uncertainty around milk prices. Dairy farmers are now watching the recent sale of Brownes Dairies and what this may mean for the industry in the medium to long term.”

Reflecting the impact of the improvement in the season, WA farmers had higher expectations for their gross farm incomes in the coming 12 months, with 28 per cent expecting an improved gross farm income (previously 23 per cent) and 25 per cent now anticipating a reduction (37 per cent last quarter). Almost half of respondents (47 per cent) expected a similar income to the previous 12 months.

Investment intentions also remained strong this quarter, with 93 per cent of WA farmers surveyed looking to maintain or increase their investment.

Planned investments were quite evenly spread and included new plant and machinery (43 per cent), on-farm infrastructure (40 per cent), property acquisition (33 per cent) and increasing stock numbers (30 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.



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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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