



## **Upbeat outlook among NSW farmers – igniting investment in rural sector**

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

- *NSW farmers remain upbeat with a three-year trend of strong confidence*
- *Sheep and beef graziers the most positive, while confidence lifts strongly in cotton*
- *Investment intentions lift to six-year high, with nine-out-of-10 farmers looking to increase or maintain investment in the sector*

**New South Wales farmers are feeling upbeat about the year ahead and looking to increase their investment in the sector, the latest quarterly Rabobank Rural Confidence Survey has found.**

**Graziers are particularly bullish about the outlook, as market returns for beef, lamb, mutton and wool remain high, while prices and water availability are shoring up confidence in the cotton industry.**

**Confidence among the state’s farmers has continued its stellar run, with net sentiment remaining at positive levels for the past three years – the longest period of net positive sentiment in the survey’s history.**

The latest survey, completed last month, found 32 per cent of NSW farmers were expecting conditions in the agricultural economy to improve in the coming 12 months (up from 26 per cent with that view in the previous survey), with 56 per cent expecting conditions to remain stable. Only 11 per cent had a pessimistic view of the year ahead.

This has seen NSW farmers’ investment intentions rise to their highest level since mid-2011, with 93 per cent looking to either increase or maintain their investment in the sector.

Rabobank regional manager for Riverina Peter Evans said the latest survey found of those (32 per cent of) farmers looking to increase their investment in the sector, the majority was pegged for on-farm infrastructure such as grain storage, fences and yards.

“This investment is having positive flow-on effects to local business and communities,” Mr Evans said, “as farmers are spending money to upgrade on-farm infrastructure and purchasing plant and machinery through local dealerships.”

The appetite for rural property is also up, Mr Evans said, particularly for grazing properties, with the livestock sector having a run of good years both seasonally and price-wise.

“As a result, in some cases we’re seeing rural property prices eclipse pre-GFC levels, but these higher prices don’t seem to be denting demand for additional farmland,” he said.



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**Media Release**

**June 13, 2017**

Mr Evans said commodity prices were the main factor underpinning confidence in the state's rural sector – albeit with grain remaining an exception – while reasonable seasonal conditions were also fuelling farmer sentiment. Of those NSW farmers expecting the agricultural economy to improve, 82 per cent cited the commodity price outlook as a reason for their optimism, while 36 per cent nominated the season.

“Widespread rainfall in May has consolidated on earlier falls, however it has been patchy in the north of the state, particularly west of Moree and north of Coonamble, which has pulled up winter crop planting in some areas as they await rain,” Mr Evans said.

The season is looking particularly good in the Riverina, he said, with most of the cropping program now complete and farmers having sown into a good soil moisture profile.

“At this stage, we are expecting the overall planted area in NSW to remain in line with last season, although the area planted to barley and oats looks to be down, while there appears to be an increase in area sown to canola and pulses,” Mr Evans said.

By sector, the state's sheep graziers remained the most positive about their prospects, with 41 per cent of surveyed sheep farmers expecting conditions to improve while 50 per cent anticipated similar conditions to last year.

“And sentiment amongst beef graziers is not too far behind,” he said.

With many sheep and beef graziers entering winter heavily stocked, Mr Evans said there was “some caution out there as to whether they can carry these numbers through winter, however low feed prices and high lamb, mutton and beef prices are providing a level of comfort”.

While confidence in the NSW grains and cotton sectors trailed behind that of their grazing counterparts, albeit marginally, both sectors reported a strong upswing in sentiment from the previous quarter.

“The turnaround in sentiment was particularly strong in the cotton sector, on the back of strong pricing signals – with prices forecast to remain above \$520 per bale next season – and water availability boding well for next season's crop,” Mr Evans said.

“That said, this year's yields were hit by the hot, dry summer and are reported to be down on average by around 10 per cent.”

Dairy was the only sector to report a contraction in confidence.

“The season has been reasonable in most NSW dairy regions, however farming operations around Lismore suffered some damage from the floods,” Mr Evans said. “And in terms of the price outlook, price signals are positive for those in the southern export region, but those supplying the domestic market are renewing contracts at prices that are relatively flat, or slightly down on last year.”

This quarter the survey also questioned farmers about their uptake and use of sensor technology, such as drones, moisture probes, yield mapping, EID (electronic identification) and auto drafting.



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Mr Evans said although the survey found the uptake of sensor technologies had been reasonably low to date (at 22 per cent of NSW farmers surveyed), its usage was much higher in larger farming businesses with gross incomes above \$1 million (at 63 per cent).

“Technologies such as yield mapping are increasingly being used and talked about and some farmers are using the data to guide fertiliser application rates, but the use of information from other sensors, such as drones, is less readily applied across the sector,” he said.

“Low adoption rates of sensors can be attributed to a number of factors, including a lack of technology infrastructure and the fact that a payback on investment has not yet been proven for many new sensor technologies.

“That said, in five or 10 years’ time, with continued development and updated infrastructure, the use of sensors will probably be more common-place, as we have seen with the widespread adoption of GPS for precision farming.”

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 2017.

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To arrange an interview with Peter Evans, Rabobank regional manager for Riverina, or for more information on Rabobank’s Rural Confidence Survey, please contact:

Denise Shaw  
Head of Media Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Skye Ward  
Media Relations Manager  
Rabobank Australia & New Zealand  
Phone: 02 4855 1111 or 0418 216 103  
Email: [skye.ward@rabobank.com](mailto:skye.ward@rabobank.com)