



Tasmanian farmers buck national trend with surge in confidence

Results at a glance:

- *Tasmanian rural confidence bucks national trend, to hit 18-month high*
- *Buoyed by wool and dairy prices, and recent rain*
- *Confidence flowing into strong investment plans – with state’s farmers having highest expansionary intentions in the country*

Tasmania’s farmers have bucked the national trend and posted a surge in confidence at a time when most of their mainland counterparts are increasingly pessimistic about the year ahead, the latest Rural Confidence Survey has found.

Released today, the survey revealed Tasmanian rural confidence had hit an 18-month high, with the state’s farmers buoyed by strong price prospects for most commodities, particularly those in the sheep and dairy sectors.

This flowed into strong investment plans, with Tasmanian farmers having the highest expansionary intentions in the country. A total of 24 per cent of the state’s farmers indicated they were looking to increase investment – compared with the national average of 19 per cent.

The survey, completed last month, found approximately a third of Tasmanian farmers surveyed (34 per cent) were expecting the agricultural economy to improve over the coming 12 months, up from 22 per cent with that view in the March quarter. A further 56 per cent expected agricultural economic conditions to remain stable (compared with 68 per cent previously).

The proportion of Tasmanian farmers expecting conditions to worsen stood at just seven per cent, down slightly from 10 per cent in the previous quarter.

Rabobank branch manager Tasmania Kathryn Brown said it was not surprising local farmer sentiment was trending higher than the mainland, given the state’s comparatively-favourable seasonal conditions and the price outlook for its major commodities.

“The rain event in early May, whilst damaging around Mount Wellington and greater Hobart, did only good things for our rural sector,” Ms Brown said. “The rain came late enough that most of the crops, such as apples and wine grapes, were off and there have not been reports of adverse impact on the potato crop.”

Ms Brown said the rain event which had soaked the east coast of Tasmania, with 70 to 100 millimetres falling in a 24-hour period, had alleviated dry conditions in that part of the state.

“The rains came at a time when temperatures, including soil temperature, still had enough warmth to stimulate some growth,” she said, “and we haven’t spoken to anyone in this part of the world who did not enjoy receiving this drink.”



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“While in the north of the state, rains during autumn were generally above-average, with good pasture growth rates still being noticed.”

In terms of the commodity price outlook, Ms Brown said, “most commodities are in a happy place and quite buoyant, with no sector looking like facing a downturn”.

This was evident in the survey, with 81 per cent of those Tasmanian farmers expecting conditions in the agricultural economy to improve citing commodity prices as reason for their optimism – up from 53 per cent with that view in the previous survey. The price outlook was a particularly strong driver of positive sentiment for sheep and dairy producers.

“The wool price is now at record levels,” Ms Brown said, “with the Eastern Market Indicator breaking through 2000 cents per kilogram.”

In the dairy sector, she said, there was a lot of confidence stemming from much improved milk price expectations, with a full-season milk price above \$6 now considered likely.

“Dairy farmers have come through a hard time and a lot of uncertainty with the recent sale of Murray Goulburn, but the sell down has given those dairy farmers a short-term cashflow injection to invest in their business or repay debt,” she said.

In the horticulture sector, Ms Brown said, with the last fruit fly detection occurring in March, it would take at least 90 days without a detection before the state were eligible to regain Pest Free Accreditation Status.

“This could take some time as our trading partners are the only ones who can decide if we have done enough to eradicate the pest,” she said. “But steps are being taken to look at the fumigation process for imported fruit into the state, to try to reduce the risk of fruit fly from that means.”

Looking forward, Ms Brown said, not only was short-term confidence in Tasmania’s rural sector high, but longer-term confidence was also robust, as reflected in farmers’ investment intentions.

Tasmanian primary producers now have the biggest appetite to expand investment in the country, the latest survey showed, with 24 per cent looking to increase investment and a further 70 per cent intending to maintain it at current levels.

Those looking to increase investment were intending to spend on increasing livestock numbers, new plant and machinery, property purchase, adopting new technology and infrastructure – both on-farm (such as fences, yards and silos) and for water/irrigation.

“During the hot, dry summer, irrigation has demonstrated its value in many districts across the state,” Ms Brown said, “with the ability to water pastures and crops advantageous during times of warmer weather, given the lower disease risk that a drier climate provides.



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“The irrigation scheme in Circular Head is due to be commissioned by spring 2018, and this should provide high water surety for growers in that region to finish their higher-value crops.”

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 2018.

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