



WA farmer spirits hit five-year low following hot and dry autumn, but recent rainfall boosts hopes for season ahead

Results at a glance:

- *One of the hottest and driest autumns on record has pushed WA farmer confidence to a five-year low*
- *Negative sentiment has spread across all commodities and regions, but is likely to be buoyed by recent rainfall*
- *The threat to the live export industry is the key contributor to concern in the sheep industry*

The nervous wait for rain through autumn has seen Western Australian farmer confidence hit a five-year low, but recent rainfall offers promise of a better season ahead.

The latest quarterly Rabobank Rural Confidence Survey, released today, found net rural confidence in WA had dropped back significantly over the past quarter as many of the state's farmers anxiously awaited rain to germinate crops and improve pasture.

However, Rabobank regional manager for Western Australia Crawford Taylor said, with recent rainfall experienced by much of the state and with more still in the forecast, the outlook was potentially more positive than was indicated in the survey results.

"We've had a very dry summer and most of autumn. And, at the time the survey was taken, there had been very little in the way of a break," he said.

"However, we've seen between 20 to 80 millimetres fall over much of the state in the past couple of weeks, which will help get crops out of the ground and improve feedstocks in the pastoral zones."

The survey found more WA farmers held a negative outlook for the year ahead than a positive one, pushing the state's rural confidence indicator well into negative territory to sit at -15 per cent, down significantly from 23 per cent last quarter.

The percentage expecting conditions in the agricultural economy to worsen stood at 29 per cent (up from just six per cent last quarter), while 14 per cent expected the agricultural economy to improve (down from 29 per cent). Almost half of respondents (48 per cent) anticipated conditions to remain the same.

Mr Taylor said while "drought" was front of mind, particularly for grain producers, there was growing concern from the sheep industry about potential changes to the live export industry.

"Live export of sheep is currently a major topic for industry leaders and for both sides of government and it is of particular importance for WA," he said.

"More than a quarter of the state's sheep flock is generally destined for the live export market and WA supplies 85 per cent of Australia's sheep live exports.



Rabobank

Media Release

June 12, 2018

“Our sheep producers are very concerned about the ethical treatment of their animals but to ensure sustainability of the industry they are also hoping for a consultative, long-term approach to addressing issues within the industry.”

Confidence in the sheep sector took a hit this quarter, with 34 per cent of those surveyed taking a negative outlook on the year ahead (contrasting with no negative respondents in the sheep sector last quarter) and 27 per cent anticipating an improvement (down from 34 per cent previously).

The threat to live exports was highlighted as the predominant driver of the fall in confidence in this sector, cited by 73 per cent of sheep producers as reason for concern.

While confidence fell steeply in the sheep sector, both beef and grain were even further embedded in negative territory, with 33 per cent of grain and 26 per cent of beef producers expecting a worsening year ahead. While only 12 per cent of grain and six per cent of beef producers held an optimistic view.

“WA has had one of its driest and warmest autumns on record and that has definitely played out in the most recent survey,” Mr Taylor said.

“While the dry conditions were the main reason for concern in the grain industry (nominated by 86 per cent of grain growers as a key cause for their negative outlook), commodity price concern is also weighing down on beef sentiment.

“Although it has been very dry across most of the pastoral regions of the state, the rainfall in recent weeks provided some relief in the Gascoyne and West Pilbara regions, which received up to 70 millimetres. The north-east Pilbara has had a fair season, but has been hit pretty hard by locusts, which has diminished a lot of their feed stocks.

“We’re seeing most beef producers mustering earlier than usual, they’re weaning earlier and are definitely moving a greater number of stock off paddocks and into processing, and following the recent retreat in pricing there is increasing concern about global beef prices.”

With dry conditions and higher-than-average yardings, Australia’s domestic cattle indicators retreated in April and have remained steady throughout May. However, the recently-released RaboResearch Beef Quarterly has highlighted healthy global consumption growth in line with a global increase in supply.

Despite WA beef producers’ concerns, they remained, overall, confident in their own farm businesses, the survey showed, with 74 per cent anticipating a stable or improved income compared with the previous year. This was up slightly on the state average of 67 per cent with that view.

Also reflective of longer-term confidence in the WA agriculture sector were farmers’ investment intentions, which, the survey showed, remained robust albeit back from last quarter’s high.

Of the WA farmers surveyed, 18 per cent were looking to increase investment in their farm business over the coming 12 months (down from 35 per cent last quarter).



Rabobank

Media Release

June 12, 2018

However, 72 per cent were still looking to maintain investment at current levels (up from 61 per cent last quarter).

Among farmers looking to up their investment levels, there was an increase in those looking at plant and machinery (60 per cent, from 47 per cent last quarter) and property purchase (40 per cent, from 33 per cent), while there was a decrease in the percentage planning to increase livestock numbers (34 per cent, from 40 per cent) and on-farm infrastructure (42 per cent, from 69 per cent last quarter).

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.

Rabobank Australia & New Zealand Group is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 115 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 40 countries, servicing the needs of approximately 8.6 million clients worldwide through a network of more than 1000 offices and branches. Rabobank Australia & New Zealand Group is one of Australasia's leading rural lenders and a significant provider of business and corporate banking and financial services to the region's food and agribusiness sector. The bank has 94 branches throughout Australia and New Zealand.

<ends>

To arrange an interview with Crawford Taylor, Rabobank state manager Western Australia, 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

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