



Queensland rural confidence shows early hint of recovery

Results at a glance:

- *Sentiment among Qld primary producers has edged higher, but is still the lowest in the country*
- *Areas of North West Qld recently ravaged by flood are beginning to rebuild, and sentiment in the state's beef industry has risen*
- *Farmers' income expectations remain steady, albeit subdued*

Queensland rural sector confidence is showing some early signs of recovery, with sentiment edging up in the latest quarterly survey of farmers. However, the state's producers are still the most negative in the country, with the sector facing continuing uncertainty.

After a significant decline last quarter – off the back of damaging floods in North West Queensland and the dry season in the south of the state – sentiment has improved slightly, but remains well down in subdued territory (at a net reading of -15 per cent), the latest Rabobank Rural Confidence Survey has found.

The survey, completed last month, found a decline in the number of producers in the state with a negative outlook on the year ahead – at 34 per cent, down from 42 per cent last quarter. Those expecting an improvement in Queensland's agricultural economy in the coming 12 months also climbed slightly – up to 19 per cent, from 14 per cent previously. A total of 37 per cent were anticipating conditions to remain the same.

Rabobank regional manager for North Queensland and the Northern Territory Trent McIndoe said parts of the state had received decent rainfall, although there were a lot of cropping areas, in particular, which were starting to reassess their planting programs because of lack of rain.

"There have been substantial flows through the Channel Country as a result of the flood event in North West Queensland and, towards the eastern side of the region, there have also been reports of some decent rainfall," he said. "There are a number of cattle producers out that way who would be feeling reasonably confident heading into winter.

"There has also been some follow-up rain in North Queensland over the last quarter and graziers are beginning the long recovery from February's flooding."

The survey showed confidence levels improving across all surveyed regions in Queensland, however the Channel Country was the only region which reached positive territory (with more farmers optimistic than pessimistic), with 33 per cent of its surveyed producers confident that this year will be better than last – up from 19 per cent in the previous survey.

North Queensland producer sentiment remained steady, but subdued, with 34 per cent of surveyed producers from the region expecting worsening conditions ahead (a



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slight improvement on 29 per last quarter) and 19 per cent expecting an improvement (up from 12 per cent).

“For the most part, graziers who were devastated by the floods earlier this year are working through a rebuilding phase,” Mr McIndoe said.

“They have got more clarity now on what the losses have been, what the damage to infrastructure will cost to fix and how long it will all take. There has also been a lot more information about the government assistance packages, with producers now better able to understand what is available to allow them to put together individual plans for how they will rebuild.”

The survey found confidence had lifted considerably across the Central Highlands and Coast, although remained relatively weak. Last quarter, almost half of the respondents in this region were expecting the agricultural economy to worsen over the next 12 months (48 per cent), while this quarter slightly less than a third (32 per cent) held that view.

The Darling Downs continued to hold the most negative outlook this quarter (albeit slightly improved from previous survey) with 40 per cent of its surveyed producers concerned that conditions in the agricultural economy would deteriorate in the coming 12 months. This was an improvement on the 54 per cent with that view in the previous quarter.

Mr McIndoe said the continuing subdued sentiment in the Darling Downs was “all about rain”.

“There are some farmers on the Darling Downs who would be staring down potentially their third dry winter, so it is unsurprising that 87 per cent of producers with a negative outlook in that region nominated the drought as their primary concern,” Mr McIndoe said.

“The window for planting winter cereal crops continues to get shorter, but there is still time for those planting rains to arrive. That said, many growers have already planted on existing sub-soil moisture but will need some decent follow-up rain soon to see the crop reach its potential.”

Sentiment remained subdued across all commodities in the state, but there was marked improvement in the outlook among grain and beef producers.

The expectations Queensland primary producers hold for their gross farm incomes remained steady this quarter (albeit subdued), with 18 per cent expecting an improved income in the coming 12 months, 45 per cent expecting a similar result to the previous year and 32 per cent a weaker financial performance.

Mr McIndoe said farmers’ investment intentions had also held fairly steady this quarter.

“The majority of Queensland producers are intending to hold investment in their farm businesses at current levels, with 69 per cent reporting this intention – very similar to last quarter,” he said.



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“However, we have seen a slight increase in the percentage of producers looking to increase investment, now up to 16 per cent, from 10 per cent last quarter. On-farm infrastructure, purchasing more livestock and shoring up water supply are where the majority of investment is intended to go this 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. This topic was last asked about in the survey in June 2017.

Mr McIndoe said although the use of sensor technologies remained reasonably low and lagged the other states, at 20 per cent of those surveyed (a slight increase on the 16 per cent in June 2017), it had been more widely adopted in larger farming businesses with gross incomes exceeding \$1 million, at 30 per cent.

Of these larger-scale producers employing the technology, 90 per cent said they were using it as a tool to support decision making and 90 per cent also found the sensor data-based decisions had increased profitability.

“For many of our larger rural enterprises, adopting these technologies has been about gaining efficiencies,” Mr McIndoe said.

“When looking at working cattle for instance, it can mean fewer people mustering if you’re using a drone or a couple less people in the yards if you have an automated drafting system. For our broadacre cropping enterprises, we are seeing a rather quick adoption of weed-seeking technologies, which provides substantial savings in both time spent spraying and input costs.”

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 and is a comprehensive monitor of outlook and sentiment in Australian rural industries. As 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 2019.

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