



WA farmer confidence slumps on dry autumn, but arrival of “game changing” rain lifts hopes for season ahead

Results at a glance:

- *WA farmer confidence deteriorated over past quarter on back of severely dry autumn*
- *Sentiment slumped across almost all sectors, but had particularly declined in grain*
- *Recent rain systems which moved across the state, however, set to provide much-needed relief for many agricultural regions*
- *Farmers’ income expectations also remained buoyed, with nearly 50 per cent expecting similar incomes to last year’s strong result*

One of the state’s driest autumns on record has seen confidence slump among Western Australian farmers in the past quarter, however the late arrival of “game changing” rainfall in recent days has rallied hopes for the year ahead.

After a year in which WA had posted its ‘most valuable harvest on record’, the latest Rabobank Rural Confidence Survey found a substantial waning in sentiment among WA’s rural sector in the past quarter, as farmers anxiously awaited autumn rains, entering the cropping season with severely depleted soil moisture levels.

Farmer confidence had declined considerably from the highs of late 2018 and early 2019 – with this quarter’s survey reporting a net WA rural confidence index of -8 per cent (down from +6 per cent last quarter).

The survey, completed last month, had found substantially more WA farmers were pessimistic about the outlook for the coming 12 months, with 28 per cent holding a negative view, up from 18 per cent last quarter. Those with a positive view had also declined to 20 per cent (from 24 per cent previously), although 46 per cent still expected similar conditions to the previous year.

However, Rabobank regional manager for Western Australia Steve Kelly said, recent major weather fronts which had moved across the state over the past week may prove to be a “game changer” for the prospects of the state’s agricultural sector this year.

The rains have brought a desperately-needed late break for most cropping regions – particularly the western half of the wheatbelt, and eased the pressure on the state’s graziers.

Mr Kelly said some areas of WA had experienced their driest five months on record to May this year. “And for grain growers – particularly in the northern wheatbelt – it has been one of the worst starts to a planting season we’ve seen and many had elected to dry seed in the hope of late rain,” he said. “Across the grain-growing regions we have seen a lot of shifting out of canola and a lot of dry seeding for the start of the season.”



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These conditions had seen the number of WA grain growers with a negative outlook rise sharply in the latest survey to 44 per cent, up from just 12 per cent in the March quarter.

“However, the weather fronts that have come across the state in recent days have brought very widespread rainfall across many regions and have really put WA back in the game,” Mr Kelly said.

He said the recent rainfall would provide enough moisture in many areas to “allow dry seeded crops to get out of the ground”.

“There is now some sort of a chance for an average crop for parts of the wheatbelt, although follow-up rain will be even more critical than ever to see the crops along,” he said.

And although parts of the south-eastern wheatbelt and Esperance did miss out on significant rainfall, Mr Kelly said, crops in some parts of the Esperance region still had an opportunity if a later finish to the season eventuated.

In the sheep sector, the survey found sentiment had also retreated with the number of producers anticipating improving conditions almost halving to 22 per cent, from 41 per cent in the previous survey. There has also been an increase in those with a pessimistic view on the coming 12 months – up to 19 per cent, from just six per cent previously.

Mr Kelly said while lamb prices had remained very strong, dry dams and the lack of pasture had put pressure on livestock producers.

“The season had been patchy for livestock producers throughout the state, with only parts of the south coast really getting some decent falls until now,” he said.

For graziers, Mr Kelly said, any benefits from the recent rainfall on pasture growth would depend on how quickly the weather got cold, although the rains would have also boosted dam levels and provided relief to those who were carting water.

WA farmers’ income projections had remained relatively robust, with nearly half of the surveyed farmers (49 per cent) expecting similar farm incomes in the coming 12 months as last year’s strong result.

There were, however, fewer producers this quarter expecting their incomes to increase (20 per cent, down from 29 per cent last survey) and a greater number anticipating a weaker financial performance (28 per cent, up from 21 per cent last quarter).

This had flowed through to investment intentions, which remained strong, albeit slightly down from last quarter.

The latest survey found 27 per cent of WA farmers were currently looking to increase investment in their farm businesses over the next 12 months (34 per cent previously), with an additional 61 per cent planning to keep investment at current levels (up from 59 per cent last quarter).



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Mr Kelly said the appetite for investment was strongest among the larger-scale farms and those with low debt levels.

“For farmers with an annual gross turnover exceeding \$1 million, 44 per cent are looking to increase their investment levels, and of that group 48 per cent are looking at property purchase,” he said.

“Following the most recent good harvest, we saw a lot of optimism and there was plenty of activity in terms of machinery purchases and additional infrastructure and also a significant lift in land values as a result. Many farmers have also taken the opportunity to pay down some debt.”

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 Kelly said although the use of sensor technologies remained reasonably low among farmers at 27 per cent of those surveyed in WA (similar to usage levels in June 2017), the technology continued to be more widely adopted in larger farming businesses with gross incomes exceeding \$1 million (at 41 per cent).

“Of these larger-scale producers employing the technology, 77 per cent said they used it as a tool to support decision making and 70 per cent said the use of these technologies and data had helped increase profitability,” he said.

“Variable-rate technology and sensor technology which help reduce chemical and fertiliser costs remain high on the shopping list for many farmers.”

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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