



Rabobank

Media Release

March 12, 2019

Queensland farmer confidence falls as northern livestock industry faces long path to recovery from flood devastation

Results at a glance:

- *Queensland rural confidence plummets, as many northern livestock producers face long recovery from flood damage*
- *While lack of rain still weighs heavily on producers in the south of the state*
- *Sugar cane only sector registering slight improvement in confidence, but sentiment remaining at low levels*

After a short-lived stint in positive territory at the end of last year, Queensland rural confidence has plummeted this quarter and is now in significantly negative territory as northern cattle producers come to terms with the devastation of recent flooding, the latest Rabobank Rural Confidence Survey has shown.

Completed last month, the survey found 42 per cent of the state's primary producers were now anticipating this year to be worse than last, up significantly from 28 per cent holding that view last quarter.

Those feeling positive about the next 12 months also halved this quarter to 14 per cent (29 per cent last quarter), while 39 of surveyed farmers are anticipating similar conditions to last year.

Rabobank regional manager for southern Queensland and northern New South Wales Brad James said the devastation suffered by producers in north western Queensland would continue to be felt for a long time to come.

"After managing nearly a decade of drought, the joy that producers were feeling on finally receiving substantial rain was short lived as falls of up to 850mm fell in just five days, flooding an area the size of Victoria," he said.

"Early reports are that stock losses could number close to half a million head across 230,000km², with individual graziers losing half, to nearly all of their cattle. Depending on the graziers' location, this will have significant impact on turn-off numbers for the next three years.

"Pasture response will be slow and ironically there will be near need for follow-up rain. In areas where top soil has been washed away and tussocks are dying, it could take years to recover.

"While this disaster will continue to be most acutely felt by the producers, towns and communities in the north west of our state, the magnitude of this event will undoubtedly flow through the beef industry not only in Queensland but the rest of Australia.

"That said, there are strong, resilient operations in the area that are well positioned and supported for recovery."



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With flooding impacting North Queensland, farmers in the rest of the state identified the continuing dry conditions as reason for their negative outlook.

Across the Darling Downs, Channel Country and Central Highlands and Coast, almost 100 per cent of those surveyed who had a negative outlook nominated drought as their primary concern.

“While the Darling Downs and south western Queensland experienced some significant rainfall in October, there has been next to no follow-up rain and falls in the centre of the state have been patchy,” Mr James said.

“There were a number of grain producers who had planted summer crops such as sorghum who are now looking at receiving greatly-reduced yields.”

The drought has also had a negative impact on the state’s cotton producers, where confidence is down substantially from where it was at the end of 2018.

Of Queensland cotton producers surveyed, 42 per cent were now expecting conditions to deteriorate over the coming year (compared with 31 per cent last quarter), while only seven per cent (previously 48 per cent) were confident of an improvement.

All cotton producers expecting conditions to worsen cited drought as reason for their pessimism.

Mr James said he had recently visited the Goondiwindi and Moree regions and observed many dryland crops suffering significantly through a lack of any follow-up rains after planting. “Producers have been continuing to focus their attention on what irrigated crops they have to extract the most out of the available water,” he said. “And I understand that the Emerald irrigation district is in the same position.”

Confidence declined across all commodities in the state this quarter, except for sugar, where sentiment improved slightly, but remains subdued. A total of 48 per cent of cane producers reported a negative outlook on the year ahead (down from 55 per cent last quarter), while 43 per cent were expecting similar conditions to last year (up from 30 per cent).

Mr James said while the survey was showing farmers’ investment intentions were somewhat suppressed, the full impact of the challenging seasonal conditions was unlikely to be felt until later in the year.

“The survey is showing a slight pull back in investment intentions with 10 per cent now holding expansionary intentions (compared with 13 per cent last survey), and a slight increase in those intending to reduce their investment,” he said.

“However, as the full extent of the impact of the flood is understood and if the drought in the rest of the state continues, we would expect expansionary intentions to potentially retreat further as focus turns to maintaining and rebuilding existing farms and investments.”

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1000 primary producers



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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 June 2019.

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