



Rabobank

Media Release

March 16, 2020

South Australian season off to soaring start

Results at a glance:

- *South Australian rural confidence surges to nine year high*
- *Grain growers particularly optimistic about seasonal prospects*
- *Summer rain across most districts driving the strong shift in sentiment*

Spirits are lively across the South Australian agricultural sector, with the latest Rabobank Rural Confidence Survey revealing farmer confidence is at its highest level since early 2011.

Welcome summer rainfall across much of South Australia provided timely reprieve from dry conditions and bushfires, and proved key to the recent rise in optimism.

Across the state, 44 per cent of surveyed farmers now expect conditions to improve over the next 12 months, up from 20 per cent, while those expecting conditions to worsen fell back to just seven per cent, from 24 per cent last quarter.

The quarterly survey, released today and taken off the back of a significant rain event, revealed SA farmer sentiment had increased strongly across the majority of commodity sectors, and in all surveyed regions.

Grain growers were particularly bullish about their prospects for the year ahead, with the survey revealing 41 per cent expected agricultural economic conditions to improve throughout the next 12 months, up from just 14 per cent with that view in late 2019.

The buoyant outlook was attributed largely to recent significant rain, with 80 per cent of grain growers citing seasonal conditions as the reason for their renewed optimism.

Strong commodity prices and seasonal conditions also contributed to increased confidence in the beef and sheep sectors, with 58 per cent of beef producers and 34 per cent of sheep producers having a positive view on the 12 months ahead – up from 43 per cent and 19 per cent respectively in the last survey.

Rabobank regional manager for South Australia, Roger Matthews said farmers typically began each season looking forward to it with positivity, and the survey coinciding with the rain only served to magnify this optimism.



Rabobank

Media Release

March 16, 2020

“More than anything I think the summer rain events signify a shift in the weather pattern, and it potentially represents the break producers have been waiting for after a string of dry seasons,” he said.

“The past two seasons were typically drier across the state, so this rain, which was generally widespread, has provided huge reprieve.”

With the Yorke Peninsula enjoying the largest turnaround in sentiment, Mr Matthews said this was reflective of the region’s rainfall tally.

“Falls of 20 to 30mm were widespread across most regions, with isolated areas receiving up to 60mm, particularly in the Yorke Peninsula,” he said.

Rain was also a relief in the mid north to north east pastoral regions, where livestock producers which had heavily destocked. Graziers are now buoyed by the strong lucerne and pasture response.

“Lower livestock numbers and recent rain have pushed sheep and cattle prices higher but across the board graziers are preparing to restock,” Mr Matthews said.

“One producer took a first time order from a pastoral client in the north of the state for 40 rams after the summer rainfall event, and that’s typical of the restocking we’re likely to see,” Mr Matthews said.

Survey results were reflective of this sentiment, with income and investment intentions strengthened.

A total of 42 per cent of all South Australian farmers surveyed expected an improvement in their gross farm income, from 27 per cent last quarter, while those expecting a weaker financial performance stood at 10 per cent, down from 33 per cent last quarter.

This quarter, for the first time, farmers were asked whether they believed climate change would have an impact on their farm business over the next 10 years.

In South Australia, the survey found 75 per cent of respondents expected climate change to affect their business, with 15 per cent expecting the impact to be major.

Mr Matthews said it was encouraging to see that one third of farmers were already making adjustments for climate change, but believed SA farmers were already on the front foot when it came to best practice.

“No-till farming, not burning stubble and efficient crop management are all widely-adopted practices here in SA that help increase efficiencies and mitigate the effects of climate change,” he said.



Rabobank

Media Release

March 16, 2020

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 June 2020.

Rabobank Australia & New Zealand is a part of the global Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has 120 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 38 countries, servicing the needs of approximately 8.4 million clients worldwide through a network of more than 1000 offices and branches. Rabobank Australia & New Zealand is one of Australasia's leading agricultural lenders and a significant provider of business and corporate banking and financial services to the region's food and agribusiness sector. The bank has 93 branches throughout Australia and New Zealand.

<ends>

To arrange an interview with Roger Matthews, Rabobank regional manager South 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