



Rabobank

**Media Release**  
**December 14, 2021**

## ***Sentiment eases, but WA farmers still confident ahead of forecast record crop***

### **Results at a glance:**

- *WA farmer confidence has softened from 10-year high last quarter, but remains in positive territory*
- *Farmers' investment plans continue to be robust, with more intending to increase investment*
- *And WA farmer income projections are among highest in country*
- *Rising input costs were behind much of the drop-off in sentiment*

**Western Australian farm sector confidence has eased in the latest quarter, but remains in positive territory as the state's farmers look forward to what is forecast to be the state's largest grain crop on record, the latest Rabobank Rural Confidence Survey has found.**

**WA farmers' income expectations for the coming 12 months are also among the highest in the country and an increased number are planning to spend more in their farm businesses.**

**The latest survey, released today, showed that after soaring to a 10-year high last quarter – to sit at the highest in the nation – WA farm confidence has retreated over the past three months, although 74 per cent of the state's farmers still expect business conditions to either improve or stay the same in the year ahead.**

**Rising input costs appeared to be the main factor weighing on sentiment – identified as a concern by 63 per cent of WA farmers with a negative outlook on the year ahead.**

**A major frost event during the growing season had also impacted grain sector sentiment.**

Rabobank regional manager for Western Australia, Steve Kelly said while overall WA farmer confidence had softened in the latest survey, completed last month, the state was on track to deliver a record year in terms of production and profitability for farmers.

"While confidence might have eased, the overall outlook among farmers is still in positive territory," he said.

"WA is enjoying a once-in-a-lifetime season across the majority of the state and farmers are thinking it can't get any better from a revenue perspective."

Mr Kelly said the unknowns around input costs for the coming year were of concern for farmers who are considering their fertiliser programs and ag chemical needs and assessing their machinery requirements.



**Rabobank**

**Media Release**  
**December 14, 2021**

“Access to machinery and machinery parts is a concern to Western Australian farmers,” he said. “We are hearing of waiting lists for new equipment that extend out to 2023. And while there is a desire for expansion, with farmers buying or leasing additional land, there are also concerns if they require additional equipment to operate this land, they may not be able to access it quickly.”

The survey found WA farmers were now almost split in their outlook for the 12 months ahead, with 30 per cent expecting business conditions to improve and 26 per cent expecting them to worsen. This compared with 52 per cent who had reported a positive outlook last quarter and just two per cent who were anticipating a deterioration.

A total of 44 per cent of WA farmers expect business conditions to remain the same in the coming year.

By region, farmer sentiment dropped considerably in the Northern Wheatbelt with 19 per cent in the region reporting a positive outlook, down from 66 per cent just three months ago. Farmer confidence also declined in the Central Wheatbelt with the number of farmers expecting business conditions to improve halving to 31 per cent, from 60 per cent last quarter. Meanwhile rural confidence remained strong in the South West corner with 32 per cent of survey respondents expecting conditions to improve and 52 per cent expecting stable conditions.

Overall, for those WA farmers expecting improved business conditions, commodity prices were the key reason for optimism.

“Strong commodity markets in the grains, beef and sheep sectors were cited as the main reason conditions were likely to improve in the year ahead,” Mr Kelly said.

Of the commodities, confidence took the biggest tumble in the grain sector, he said, with only 36 per cent now expecting a better year ahead, down from 76 per cent with that view last quarter, and 31 per cent expecting conditions to deteriorate (compared with none in the previous survey).

“With grain yields coming in well above average and prices remaining so high, it’s probably unsurprising that growers have tempered their expectations about how much better things can get,” Mr Kelly said. “Australian wheat prices are trading at levels not seen outside of drought and the only real downside is the higher proportion of low protein wheat. This is often the case with a soft finish to the growing season, but means missing out on even higher pricing that is on offer for high protein wheat.”

Confidence also fell back in the state’s sheep sector, with 43 per cent of sheep graziers now expecting a deterioration in business conditions in the coming 12 months, more than the 34 per cent expecting an improvement.

While confidence has eased among sheep graziers, Mr Kelly said Western Australian sheep markets have been driven by east coast buying activity, which is likely to remain strong given east coast summer rainfall and restocker demand.

Meanwhile, beef sector confidence remained robust, he said.

“Plenty of feed in northern Western Australia and a strong beef market have helped maintain confidence among those in the beef sector,” Mr Kelly said.



Rabobank

**Media Release**  
**December 14, 2021**

Sentiment has edged back among beef producers, but not nearly to the same extent as grain and sheep, with the majority (72 per cent) expecting current positive business conditions to continue.

Longer-term confidence among WA's farm sector remained unshaken with many in the sector retaining strong investment plans for the year ahead. A total of 42 per cent are looking to increase investment in their farm businesses and a further 46 per cent looking to maintain investment at current levels.

Investment intentions are particularly strong amongst grain growers, with 54 per cent looking to increase investment – of which, 93 per cent are intending to purchase new plant/machinery.

Overall, of those WA farmers looking to increase investment, 78 per cent are planning to invest in new plant/machinery and 71 per cent in on-farm infrastructure, such as fences, sheds and silos.

While WA farmers lowered their income expectations compared to the previous quarter, income projections were still among the highest in the country – just shy of New South Wales and Queensland.

More than half of WA farmers surveyed were found to be expecting a higher gross farm income in 2022, while 31 per cent expect income levels to remain stable and just 17 per cent expect a decline in income.

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 March 2022.

***Rabobank Australia & New Zealand is a part of the global Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 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 Steve Kelly, Rabobank regional 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](mailto:denise.shaw@rabobank.com)

Will Banks  
Media Relations Manager  
Rabobank Australia  
Phone: 0418 216 103  
Email: [will.banks@rabobank.com](mailto:will.banks@rabobank.com)



**Rabobank**

**Media Release**  
**December 14, 2021**