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*Media Release
September 14, 2021*

South Australian farmer confidence hits 10-year high, as late-season rain bolsters crop prospects

Results at a glance:

- *SA farm confidence hits 10-year high as late-season rain bolsters crop prospects*
- *Seasonal turnaround and strong commodity prices set to boost farm incomes*
- *Farmer investment also on the rise, with 1-in-4 grain growers looking to purchase additional land*

South Australian farmer confidence has soared to the highest level seen in a decade as late-season rains bolster prospects of an above-average crop for the state, the latest quarterly Rabobank Rural Confidence Survey has found.

The turnaround in seasonal conditions – together with strong wheat, canola, lentil, lamb and beef prices – is set to boost farm incomes with 52 per cent of South Australian farmers surveyed expecting to generate a higher income in 2021/22, increasing to 82 per cent in the grains sector.

And this is set to boost investment right across the state’s ag sector, with close to a third of those South Australian farmers surveyed intending to increase investment in their farm businesses in the year ahead. Increased investment is planned for on-farm infrastructure, upgrading plant/machinery, the adoption of new technologies and increasing livestock numbers.

But it is the state’s grain growers who hold the strongest expansionary intentions, the survey found, with one-in-four looking to purchase additional property over the next 12 months.

The latest survey, released today, found 42 per cent of the state’s primary producers expect conditions in the agricultural economy to improve over the year ahead – almost double the 23 per cent with that view three months ago.

Approximately half (52 per cent) expect similar conditions to last year, while just two per cent anticipated a deterioration.

This is the highest level of rural confidence reported in the state since March 2011.

Rabobank regional manager for South Australia Roger Matthews said good general rain which had fallen across the state from late June had fuelled much of the upswing in sentiment as it marked a “significant departure from the past three years where seasonal conditions have been patchy”.

This was reflected in the survey results, with 77 per cent of those with an optimistic outlook on the 12 months ahead citing seasonal conditions as the reason for their positive view –



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up from 31 per cent in the June quarter. Commodity prices were also a factor underpinning the positive outlook, nominated as a reason for optimism by 70 per cent.

After a very dry summer and autumn period and plenty of dry sowing undertaken, Mr Matthews said the winter-rains provided “a lot of catch-up” and there was now potential for an above-average crop, albeit dependant on seasonal conditions through spring with “above-average temperatures heralding the early arrival of spring”.

“September is critical to the outlook”, he said, “as the crops mature and require ongoing rain to bring them home and reduce the prevalence of frost.”

Mr Matthews said early-season projections by the Department of Primary Industries and Regions (PIRSA) have pegged the South Australian winter crop at 7.6 million tonnes, the second-biggest harvest in five years.

This has seen buoyed confidence in the grains sector, with 69 per cent of grain growers surveyed in South Australia expecting improved business conditions in the year ahead – up from just 19 per cent last quarter.

“The combination of good seasonal conditions and prices is expected to flow into good returns, particularly if spring rains deliver decent yields,” he said.

“With the wheat price still in the \$300s and lentils above \$1000 per tonne, it will set many up, with 82 per cent of grain growers expecting to generate a higher income in 2021/22 according to the survey.”

While grain grower sentiment outstripped the other surveyed commodity sectors in the state, Mr Matthews said confidence remained strong among beef producers with 56 per cent expecting business conditions to improve (up from 46 per cent last survey) and the majority of sheep producers expecting either a continuation of current conditions (67 per cent) or an improvement (27 per cent).

“It is largely a price story, with record beef prices and the combination of high sheep and improving wool prices driving the positive outlook for 82 per cent and 88 per cent of beef and sheep producers, respectively,” he said.

Mr Matthews said a key challenge overhanging the otherwise positive outlook for the state’s ag sector was the availability of labour, particularly in the horticulture sector.

“The federal government’s recent announcement of the Ag Visa is a welcome step as it is something the industry has pushed for and recognises the importance of agriculture to the economy,” he said.

But any concerns around the availability of labour have done little to dampen investment plans in the sector, Mr Matthews said, with 29 per cent of SA farmers looking to increase investment and a further 65 per cent intending to maintain investment at current levels over the next 12 months.



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Grain growers held the strongest investment plans, the survey found, with 48 per cent planning to increase investment. Of these, 53 per cent are looking at property purchase to expand their enterprise – “effectively one-in-four grain growers”, Mr Matthews said.

“The strong appetite amongst ag businesses to expand their enterprises – underpinned by healthy balance sheets – has driven much of the upswing in property prices,” he said.

“And it is the combination of these rapidly-appreciating land values, low interest rates, good seasonal conditions and strong – and in some cases record – commodity prices that have all aligned for the first time in many people’s lifetimes.”

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 December 2021.

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