



Rabobank

Media Release
December 17, 2025

Australian farmers end year with largely stable outlook and stronger appetite for investment in 2026

Results at a glance:

- *National rural confidence tracked slightly lower moving into summer, however three-quarters of farmers maintain a positive or neutral outlook heading into 2026.*
- *Rising input costs and drought concerns remained the primary pressures on sentiment.*
- *Farmers' investment intentions, however, strengthened – reaching their highest levels since 2022.*

Australian farmers are ending the year with a largely stable outlook on the year ahead and an increased appetite to invest in their businesses in 2026, the latest Rabobank Rural Confidence Survey has found.

The quarter four survey, released today, found that while overall net rural confidence had declined slightly from the previous quarter – due primarily to concerns about rising business costs and weather uncertainty – three in four Australian farmers were still expecting operating conditions in the farm sector to either improve or hold steady over the next 12 months.

A third of farmers (33 per cent) report they are intending to increase the level of spending on their farm business in the coming year, while 55 per cent plan to maintain current levels of investment.

The survey, completed last month, shows national rural confidence sitting at net six per cent, declining from 14 per cent in the previous quarter. Nearly half of the farmers surveyed (48 per cent) expect conditions in the agricultural economy to remain stable in the year ahead. This was an increase of 41 per cent with that view in quarter three.

A further 27 per cent are anticipating an improved outlook for agriculture in 2026 (albeit down from 35 per cent with that view in the previous survey). The proportion expecting conditions to deteriorate is stable at 22 per cent.

While sentiment eased across most states and commodity sectors, Victoria bucked this trend with farmer sentiment continuing to track higher, primarily on the back of more encouraging seasonal conditions in a number of regions.

Tasmanian farmers maintained their position as the most confident in the nation.

Nationally, grain growers were the only commodity group where sentiment ticked up this quarter, although red meat producers were the most bullish in their outlook.

High input cost remained the leading concern for farmers this survey – cited by 37 per cent, while drought was still a worry for 33 per cent.



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A total of 24 per cent were worried about the impact of falling commodity prices on their businesses, particularly grain, cotton and sugar cane growers. Worry about government policy eased from last quarter – cited by 31 per cent of Australian farmers (was 39 per cent). Concern about the implications of overseas economic conditions also declined (nominated by 19 per cent, down from 24 per cent).

On the other side of the ledger, farmers overall were still feeling positive about commodity prices, which remained the leading source of optimism, with 50 per cent tipping they will drive positive conditions. Livestock farmers were particularly bullish about commodity prices.

Seasonal conditions were considered a positive factor for 46 per cent of farmers (down from 49 per cent last quarter).

Rabobank group executive for Country Banking Australia Marcel van Doremaele said Australian farmers are overall ending the year on a steady footing.

“After a period of volatility – especially from a seasonal perspective – farmers are shifting their expectations towards greater stability in 2026, with nearly half anticipating it will be ‘business as usual’ in the year ahead,” he said.

“Despite some decline seen in the net national confidence index this quarter, the underlying sentiment remains resilient with most taking a measured view and balancing challenges with opportunities.

“Input costs, drought concerns and softer commodity prices continue to weigh on outlook, but these challenges haven’t shaken farmers’ broader confidence.

“Positive signals from key commodity markets remain a source of confidence, and recent improved seasonal conditions in many areas, along with what looks to be another bumper harvest, provide a solid base for on-farm decisions as we head towards 2026.”

Mr van Doremaele acknowledged concerns about business costs – particularly high farm input prices – were tempering sentiment, as farmers take a cautious approach to the end of the year. That said, he noted, appetite for investment continues to trend upwards for Australian farmers, with net investment intentions measure reaching its highest point since June 2022.

“Farmers across the country are concerned about the impact that high input costs are having on their farming business, with this topping the list of concerns in all states this survey,” Mr van Doremaele said.

“Farmers are facing sustained inflation across almost every major input cost, and that pressure is naturally weighing on sentiment. It’s no longer just fuel and fertiliser – everything from machinery repairs to labour and insurance is tightening margins, and when markets soften, such as wheat and cotton, those rising costs become even harder to absorb. Even for the red meat sector – which had strong prices in 2025 – producers remain cognisant about the impact from higher inputs to maintaining overall profitability.”



States

Victoria once again saw a rise in farm confidence this quarter, to now sit at a net index of 24 per cent (up from 21 per cent) – the highest since 2021 – fuelled by expectations of a strong season and firmer commodity price outlook.

“More stable seasonal conditions provide confidence to think more strategically about the future, and this is showing up in stronger investment sentiment in Victoria this quarter where a third of farmers are planning on increasing investment in their business,” Mr van Doremaele said.

Tasmania farmers held course as the most confident farmers in Australia, despite a slight dip to net 31 per cent (from 34 per cent). Only five per cent of Tasmanian farmers expect conditions to worsen in the coming year, with the majority remaining optimistic about the outlook for commodity prices.

“The operational diversity and ongoing investment in irrigation infrastructure on many Tasmanian farms provides stability in the face of seasonal and market variability,” Mr van Doremaele said.

Farmers in **New South Wales** returned the sharpest drop in sentiment this quarter, with net confidence falling from 15 per cent to now sit in the red, at -3 per cent.

Mr van Doremaele said farmer confidence in NSW has reflected regional variability this quarter, as producers in the north fared better seasonally while those in southern regions were less optimistic following a tougher season.

In **Queensland**, rural confidence tracked from 10 per cent to -1 per cent.

“Dry seasonal conditions heading into summer weighed on the confidence of Queensland farmers – although following the survey there has since been widespread, beneficial rainfall which will buoy the spirits of many producers,” Mr van Doremaele said. “While some commodities, such as sugar, are facing pricing headwinds, Queensland beef producers remain relatively optimistic, supported by positive price signals.”

South Australian farmer confidence was slightly lower this quarter, edging from a net reading of eight per cent to six per cent. Rising input costs were the leading cause for concern.

“Confidence in South Australia has eased somewhat, but, overall, the outlook remains steady and will be benefited by improved late spring rainfall which underpinned better-than-anticipated yields in many grain-growing areas,” Mr van Doremaele said.

“Following ongoing dry conditions, things have turned around in SA and this year’s winter crop is forecast to be 67 per cent higher than last year’s drought-impacted harvest.”

In **Western Australia**, rural confidence edged down (from a net index of zero to -7 per cent), although, with the state in the midst of a very strong harvest, Mr van Doremaele said there was an “element of WA producers – particularly grain growers – feeling it would be hard to top the strong finish to 2025 being enjoyed by many”.



“WA farmers are in the middle of a strong harvest, with good July-August rainfall across the wheatbelt supporting a winter crop production forecast of approximately 26 million tonnes,” he said. “This will help to balance out softer commodity prices for the grains sector and higher input costs. WA livestock producers have also benefited from a strong market base this year.”

Commodities

Nationally, confidence among **grain** growers improved slightly this quarter, thanks to fewer growers expecting conditions to deteriorate. Net confidence – though still subdued – rose from -18 per cent to now sit at -14 per cent. Rising input costs remain the top concern, but expectations for seasonal and price improvements are still broadly supportive of sentiment.

“Global wheat prices remain under pressure from abundant supply, which is limiting any significant upside for prices for Australian producers in the near term,” Mr van Doremaele said. “Likewise, global canola markets have been well supplied, and international pricing continues to reflect that, keeping expectations steady.”

Sheep producers were the most optimistic of all Australian farmers, despite a fall in net confidence this quarter to 24 per cent (from 31 per cent).

“It’s been a cracking year for sheep producers, with prices continuing to bounce around at high levels. **Wool** producers also have cause for ongoing optimism, with prices continuing to hold well for most categories. Looking ahead, wool growers will be keeping a close eye on the European market which will play an important role, especially from a demand point of view,” Mr van Doremaele said.

Sentiment in Australia’s **beef** sector softened to sit at net 16 per cent (from 27 per cent in the previous quarter), however beef producers remain the most confident of all commodity sectors. Seasonal conditions were the chief concern for beef producers.

Mr van Doremaele said it was “a bit unexpected to see beef confidence fall, as the broader global demand picture continues to support the sector”.

“Australian cattle prices are holding across most categories and even lifted through November thanks to rainfall in strategic areas supporting a more optimistic producer market,” he said. “From an export perspective, even though the removal of US tariffs on Brazilian commodities is anticipated to push more Brazilian beef into the United States, the strength of US demand is expected to continue to drive demand for Australian product and support pricing.”

Dairy sector confidence nationally decreased to net 12 per cent (from 19 per cent), driven by concern about rising input costs. However, optimism surrounding milk prices remains high, and investment intentions continue to grow across the sector.

“Dairy markets are showing mixed signals, but the sector continues to hold relatively steady. Producers are watching input costs closely, but demand fundamentals remain supportive heading into 2026,” Mr van Doremaele said.

Sentiment was also shown to have fallen among producers in both the cotton and sugar sectors, where confidence had already been at subdued levels.



Net confidence among Australia's **cotton** growers dropped to -32 per cent, (from -27 per cent previously), with more than half of growers expecting worsening conditions, largely due to market price pressures and rising input costs. Despite this, most cotton growers plan to maintain or increase investment, particularly in technology and irrigation infrastructure.

Sentiment in the **sugar** sector was found to have declined sharply in the quarter, reaching a net confidence index of -49 per cent (down from -15 per cent in the previous survey), as concerns over falling commodity prices surged.

While expectations for a good season increased, a larger share of sugar cane farmers now expect weaker financial performance in the year ahead. Mr van Doremaele said a forecast global sugar surplus in 2025/26 is leading to a muted price outlook for the Australian sector – well below the highs of recent years.

Investment and income intentions

Australian farmers overall reported an increased appetite for investment this quarter – indicating their long-term confidence in the performance of the sector, Mr van Doremaele said.

The survey found a third of Australian farmers plan to increase investment in their farm businesses in the coming year – 33 per cent (up from 29 per cent), while only 10 per cent expect to reduce investment levels (previously nine per cent). Just over half (55 per cent) plan to maintain spending at current levels.

A total of 63 per cent of respondents intend to invest in on-farm infrastructure, including fences, yards and silos, while more than a third of Australian farmers will spend on new technologies (39 per cent) and new plant and machinery (35 per cent).

Plans to increase livestock numbers remain firm (for 29 per cent) and investment in irrigation or water infrastructure held steady, planned by 23 per cent.

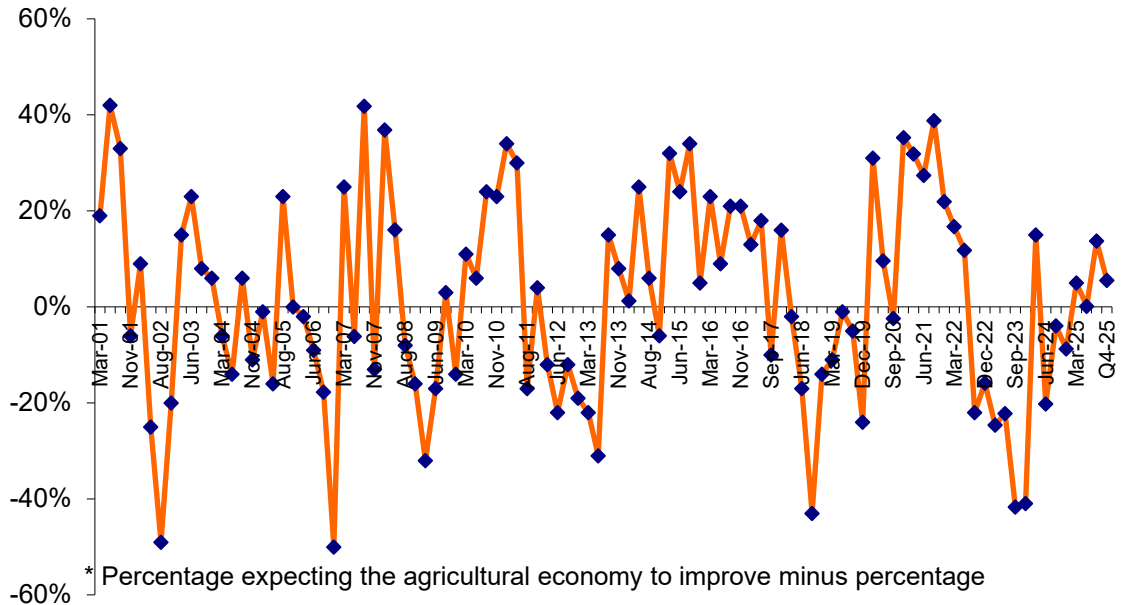
Appetite for purchasing farmland remained stable, with 16 per cent of farmers across the nation looking to expand their holdings. This was led by South Australia, where there was a significant increase in those with expansionary plans this quarter on the back of improved seasonal conditions – to 23 per cent (from 12 per cent previously). And this increase was despite some reservations about interest rates, with a small but growing number of SA farmers citing rates as a cause for concern.

“While earlier expectations pointed toward interest rate cuts, the latest indicators suggest a more cautious approach from the RBA to combat inflation – as we’ve recently seen with the December announcement to hold the OCR (official cash rate) steady,” Mr van Doremaele said.

Income expectations for the coming year remain largely positive, with 41 per cent of Australian farmers expecting their gross farm incomes to rise over the next 12 months (unchanged from last quarter) and 38 per cent expecting them to remain steady. The number expecting incomes to decline though went up to 20 per cent (from 16 per cent previously).



Rabobank Rural Confidence Index



A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 700 primary producers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis. The most robust survey 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 2026.

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Rabobank Australia & New Zealand Group is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 125 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 more than nine million clients worldwide through a network of more than 1000 offices and branches. Rabobank Australia & New Zealand Group 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 87 branches throughout Australia and New Zealand.

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