



Farmer confidence holds steady in South Australia as late spring rain lifts yield expectations

Results at a glance:

- *South Australian rural confidence remains relatively stable, with only a marginal dip this quarter.*
- *Rising input costs are the leading cause for concern.*
- *Farmers are hopeful of good seasonal conditions for the year ahead.*

South Australian farmer confidence held relatively steady this quarter, as producers balanced improved seasonal conditions moving into harvest with tighter margins from rising input costs.

Although the latest Rabobank Rural Confidence Survey, released today, saw SA's net confidence soften marginally from eight per cent to six per cent, nearly a third of the state's farmers still anticipate economic conditions will improve in the coming 12 months (31 per cent, down from 37 per cent last quarter). Fewer farmers also expect conditions will worsen (26 per cent, was 29 per cent) and more now predict conditions will stay the same (37 per cent, was 30 per cent).

The cost of doing business has emerged as a key pressure point, with nearly half of SA farmers surveyed nominating input costs as a top concern (48 per cent, up from 39 per cent quarter-on-quarter).

Drought worries also remained high, nominated by 41 per cent as a reason for concern, although this eased from 45 per cent last quarter thanks to late spring rain and a mild finish for winter crops.

Rabobank state manager for South Australia Roger Matthews said seasonal sentiment reflected the variety of conditions faced by farmers across the state, and ongoing caution following prolonged dry.

"Farmers on the Eyre Peninsula held the most optimistic outlook for the year ahead, followed by those in the South East," he said. "While the Eyre Peninsula had harvest well underway and were probably surprised on the upside, the considerable improvement in the season in the South East has been really late in spring and confidence is still recovering.

"Meanwhile, farmers in the state's Mid North and Yorke Peninsula regions were less optimistic, with confidence levels in negative territory. Sentiment in these areas reflects a year characterised by no effective break until after the crop was in and mediocre falls until October which underpinned expectations of another failed year. Although conditions have



now turned around with late spring rain, seasonal concerns underpinned lower confidence in the survey period.

Mr Matthew said while disruptive for hay production, “late rain and a mild finish benefited many regions and reports are of a better-than-expected yield as harvest ramps up across the state”.

“We’re now tracking towards a much-needed production recovery, with the state’s winter grain harvest predicted to reach 8.6 million tonnes. While this is below our five-year average, it’s 67 per cent above last year’s drought-impacted harvest,” he said.

Improved crop yields and strong livestock prices throughout the year will provide income relief for SA farmers, however, many are focusing on the other side of the ledger as they assess the impact of inflationary pressures.

“Input costs are increasing across the board – not just in terms of fuel, fertiliser and chemicals, but also for labour, freight, machinery, repairs and maintenance, insurance and so on,” Mr Matthews said.

Sheep producers were the most confident of all farmers surveyed in the state, with this sector’s net confidence rising to 35 per cent. The survey, completed last month, found grain grower confidence rebounded this quarter from net -18 per cent to one per cent, but beef producer sentiment fell from 29 per cent to zero.

“This sentiment reflects what’s happening in the different sectors,” Mr Matthews said. “Sheep producers have benefited from ongoing strong lamb prices, supported by positive signals from the wool market. For grain growers, although prices have softened coming into harvest, the sector is buoyed by a rebound in yields. In the beef industry, confidence appears to be correcting in line with the typical seasonal easing for all classes of cattle.”

Generally, though, SA farmers were confident that commodity prices will continue to have a positive impact on the industry. Although supply/demand pressures were cited by 35 per cent of respondents this quarter as a cause for concern, on the flipside 52 per cent indicated they believed rising commodity prices were on the cards for the year ahead. Livestock producers were most bullish about their markets, while grain growers were less confident, reflecting global volatility in key markets.

Despite conservative confidence levels reported this quarter, SA farmers are ramping up investment, with 37 per cent planning on increasing investment in their business, up from 27 per cent last quarter. Fewer intend to reduce investment (10 per cent, was 14 per cent).

“On-farm infrastructure remains a high priority for SA farmers, with two-thirds focused on investing in new yards, fences, silos etc (67 per cent, up from 55 per cent),” Mr Matthews said.



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“There’s also an increased interest in adopting new technologies and investing in plant and machinery as farmers continue to chase on-farm efficiencies through innovation.

“With replenished fodder reserves and improved seasonal conditions, a third of SA farmers also have the confidence to increase their livestock numbers in the coming year.”

Mr Matthews said after the past two challenging seasons for the state’s agricultural producers, “there’s a sense of relief and renewed confidence to invest, particularly in infrastructure and herd/flock rebuilding”.

“Relief about seasonal conditions has also supported renewed interest in property expansion, and the level of farmers looking to purchase farmland nearly doubled this quarter, from 12 per cent to 23 per cent,” he said.

Mr Matthews said it was encouraging to also see a rebound in farmers’ perceptions of their financial viability this quarter (with 95 per cent of SA producers surveyed reporting their businesses were financially viable), while income expectations were also relatively stable.

“Modern agronomic practices, improved crop varieties, risk management strategies such as containment feeding and overall good management helped SA farmers navigate a tough couple of years, and there’s a feeling in the state that confidence will stabilise further as harvest progresses,” he said.

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 2026.

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Media contacts:

Denise Shaw
Media Relations
Rabobank Australia & New Zealand
Phone: 02 8115 2744 or 0439 603 525
Email: denise.shaw@rabobank.com

Will Banks
Media Relations
Rabobank Australia
Phone: 0418 216 103
Email: will.banks@rabobank.com