



Victorian farm sector confidence climbs to four-year high

Results at a glance:

- *Improving seasonal conditions, strong commodity prices and international market opportunities drive sense of optimism for Victorian farmers.*
- *Agricultural producers in the Western District are the most confident in the state.*
- *In line with rising confidence, farmers' investment intentions have also increased.*

Confidence among Victorian farmers continues to grow, with the state's rural sentiment now at its highest point in more than four years, the latest Rabobank Rural Confidence Survey has found.

Victoria was the only state in Australia to buck the national trend in the quarter four survey, released today, with farmers in all other states reporting a decline in confidence.

The growing sense of optimism among Victoria's rural sector was found to be influenced by expectations of improving seasonal conditions, positive commodity prices – particularly in the livestock sectors – and international market opportunities in the year ahead.

The survey, completed last month, found net rural confidence in the state to be sitting at 24 per cent (up from 21 per cent in the previous quarter). This is the highest level recorded in Victoria since September 2021.

The largest number of farmers in the state (45 per cent) were expecting farm business conditions to remain stable in the coming 12 months – up from 33 per cent with that view last quarter. The number expecting conditions to improve sat at 39 per cent – while this had declined slightly from 41 per cent with that view last quarter, it was more than outweighed by the decrease in the number with a negative view on the coming year, which fell to 15 per cent (from 20 per cent previously).

The survey found expectations for a good season continue to be high – cited by 57 per cent of Victorian farmers surveyed (up from 52 per cent last quarter) – while 56 per cent remained positive about commodity prices. There was an increase in farmers expecting overseas markets/economies to have a positive impact on their businesses – cited by 21 per cent (from 19 per cent previously).

In contrast, concern about drought remained high – nominated by 41 per cent of Victorian respondents (previously 40 per cent) – while rising input costs were a worry for 38 per cent (40 per cent). A total of 32 per cent of the state's farmers



Rabobank

Media Release
December 17, 2025

reported being concerned about government interventions/policies (down slightly from 36 per cent last quarter).

Rabobank state manager for Victoria and Tasmania Sally Bull said 2025 had “been a year of improvement in some areas, after a tough first half season-wise”. “Conditions have certainly improved with useful rain falling across parts of the state in recent months,” she said.

Ms Bull said the livestock price rebound this year had also been really significant for Victorian producers. “And long may the strong prices continue, as livestock producers, who have been negatively impacted by the poor seasonal conditions, now need to replenish cash flows and build up stock numbers again,” she said.

By region, the survey found Western District farmers continue to have the highest confidence levels, with a net reading of 44 per cent (was 34 per cent). A total of 55 per cent in the region are looking forward to an improved year ahead (up from 50 per cent last survey).

Farmers in the High Country reported the second-highest level of confidence in the state, at a net 37 per cent (up from 33 per cent), followed by Gippsland, where rural sentiment remained stable with a net reading of 25 per cent (was 24 per cent). Mallee farmer confidence has risen to net 11 per cent, from one per cent.

Central Victoria was the only region in the state to record a drop in farm sector sentiment, to net -8 per cent (from seven per cent previously).

“The key livestock production regions – the Western District, Gippsland and the High Country – have received good rain in recent months,” Ms Bull said, “which has really buoyed farmers’ spirits.”

By commodity, the survey found beef producers to be the most confident in the state.

Net confidence in the beef sector came in at 35 per cent (up from 26 per cent in the previous quarter) with most producers expecting business conditions to either improve or to stay the same (44 per cent respectively), while only nine per cent had a pessimistic outlook on the year ahead.

“In the survey, beef producers nominated good seasonal conditions and robust prices as the chief reasons for their optimism,” Ms Bull said.

Despite reporting the lowest sentiment levels of all commodity groups in the state, net confidence in the grains sector has jumped to -8 per cent (from -36 per cent previously) with over half of grain growers now predicting economic conditions will stay the same (53 per cent, was 32 per cent).



“Despite a very challenging growing season with minimal rain for crops, many farmers in the state have reported better than expected yields. More marginal cropping areas are harvesting average to above-average crops – which is an amazing effort and testament to improved growing techniques and agronomy practices,” Ms Bull said.

Heading into summer, Ms Bull said, growers operating along the Murray River are also looking at a potentially challenging season for summer crops. “The combination of limited water allocations, high water prices and far-from-optimal conditions for establishing crops, with cool weather at the beginning of the season, have the potential to negatively impact yields. And this has resulted in a vastly-reduced area being planted to summer crops,” she said.

The survey found Victorian sheep sector confidence dropped to a net 31 per cent this quarter (from 54 per cent previously). Sheep producers nominated government intervention/policies and falling commodity prices as their chief concerns.

Ms Bull noted sheepmeat prices remained high, supporting the sector. And, on another positive note for sheep producers, she said, wool prices had increased substantially in the final quarter of the year, following a long period of low prices, as lower wool supplies are starting to have an impact on the market.

Confidence among Victorian dairy producers was found to have decreased slightly this quarter to a net 22 per cent reading (from 25 per cent last survey).

“A number of the milk companies have lifted farmgate milk prices for their suppliers this quarter though, which is adding to the sense of optimism in the sector,” Ms Bull said.

In line with the rise in confidence across the state, investment appetite has also increased among Victoria’s farmers, with 33 per cent planning to increase investment in their farm businesses in the coming 12 months (up from 21 per cent last quarter) and 59 per cent intending to hold investment at current levels. Only eight per cent of the state’s farmers plan to decrease their level of investment (down from 12 per cent previously).

These planned investments include on-farm infrastructure which remains the highest capex – planned by 57 per cent of Victorian farmers (albeit down from 62 per cent in the previous survey) and new plant/machinery (for 36 per cent, up from 28 per cent). In addition, 33 per cent of Victorian respondents respectively indicated they had an appetite to purchase additional livestock and adopt new technology.

The state’s farmers are also increasingly optimistic about their incomes, with 45 per cent looking forward to a rise in their gross farm income (up from 38 per cent last quarter). The survey also found 33 per cent are expecting their income to remain the same, and 21 per cent expect incomes to decrease (down slightly from 23 per cent last quarter).

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 700 primary producers



Rabobank

**Media Release
December 17, 2025**

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.

<ends>

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.

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