

## ***“Mixed outlook” delivers downturn in NSW farmer confidence***

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

- *After rallying earlier in the year, NSW farmer confidence has recorded a downturn.*
- *Investment intentions weakened slightly, but remain among the highest in the country – behind Queensland but on a par with Western Australia.*
- *Farmers increased their income projections for the coming year to one of the highest levels since mid 2022.*

**A mixed outlook among New South Wales farmers has seen sentiment in the state’s agricultural sector decline in the latest Rabobank Rural Confidence Survey.**

**The survey, released today, found the state’s farmers were overall feeling less confident about their prospects for the year ahead – with concerns about high input prices and government policies and intervention top of mind.**

**Producers had mixed feelings about seasonal conditions, though more recent sustained rainfall across the state will have buoyed sentiment, particularly among livestock producers anticipating good spring pasture growth ahead.**

**The recent downturn in sentiment came after a rally in NSW rural confidence seen earlier in the year.**

**The latest survey found net NSW rural confidence had fallen to -8 per cent from -1 per cent in the previous survey. This sees NSW farmers with the lowest level of confidence in the country.**

**A total of 32 per cent of farmers surveyed in the state indicated they were expecting agricultural economic conditions to deteriorate in the year ahead (up from 22 per cent with that view last survey), while 24 per cent were expecting an improvement (up from 21 per cent previously). The majority of NSW farmers, however, at 42 per cent, expect conditions to remain relatively unchanged.**

**The survey, completed last month\*, found the seasonal outlook remains mixed across the state, with 23 per cent of NSW farmer respondents expecting drought to negatively impact the agricultural economy in the next 12 months. This had declined however from 44 per cent with that view last survey.**

**While on the flipside, 45 per cent of farmers are buoyant about the seasonal outlook was 32 per cent).**

**Farmers voiced concerns around external macro influences, particularly rising input costs (a concern for 41 per cent, up from 27 per cent previously) and government intervention/policies (at 37 per cent, up from 31 per cent).**



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**Media Release  
August 26, 2025**

**Commodity prices were seen mainly as a positive driver, with 46 per cent of respondents expecting prices to have a positive impact on the year ahead (up from 31 per cent last survey).**

Rabobank state manager for NSW Toby Mendl said many farmers, especially in southern New South Wales, had spent “the depths of winter awaiting decent rain” and this had negatively impacted farmer confidence during the survey period.

“Fortunately, weather systems have since moved through southern areas delivering beneficial rain and anecdotally there has been a subsequent lift in farmers’ outlooks,” he said.

By region, the survey found rural sentiment had remained stable in the South Coast/Southern Highlands areas – with that region reporting the highest confidence levels in the state.

Farmer confidence was down, however, and “in net negative territory” in every other region in the state, with particularly sharp declines on the North Coast and Riverina.

“The southern half of the state received below-average rainfall in spring last year, which carried through to a relatively poor autumn, driving down producer sentiment,” Mr Mendl said. “Whereas farmers along the New South Wales coast have been dealing with too much rain and in places, extreme flooding.”

Farmers along the coast – from the Queensland border through to the south coast – have had “wet feet” for much of the year, he said. “The conditions have damaged pastures, fodder crops and provided challenging circumstances for many coastal dairy operations which are still recovering,” Mr Mendl said.

By commodity, the Rabobank survey found NSW sheep producers reported a dip in sentiment (with net confidence falling from 4 per cent to -9 per cent).

“Despite producers receiving record-breaking prices for lambs and sheep, the survey found concerns about dry weather conditions, higher costs and government intervention were weighing on their minds,” Mr Mendl said.

NSW dairy farmers posted an upswing in sentiment (from net three per cent, to 14 per cent), giving the dairy sector the highest confidence levels in the state.

“A reduced milk supply bodes well for stronger farmgate prices, with milk production in Australia reported to be trending lower” Mr Mendl said

“While the survey has recorded a lift in dairy sector sentiment, we are aware of some major regional differences in outlook. Dairy farmers based in south coast production regions – like the Bega Valley – are upbeat about the outlook for the year ahead, while many dairy farmers along the north coast continue to deal with difficult conditions as a result of the rain and flooding in the region this year.”



Mr Mendl said many of the state's dairy producers, along with southern livestock producers, have faced the challenge of sourcing fodder for much of the year, as they compete with farmers in Victoria and South Australia, who have also been dealing with dry conditions and feeding livestock.

NSW beef producers have reported a gain in confidence this survey, with net sentiment at 13 per cent (up from five per cent previously).

"Cattle prices continue to climb – with cull cow prices leading the charge, supported by US demand for lean trim," Mr Mendl said. "This demand could increase in the coming months due to the additional tariffs imposed on Brazil, which would provide ongoing support for Australian cattle prices."

Meanwhile, the survey found sentiment continued to decline in the state's grains sector, with a net reading of -25 per cent (from -4 per cent) and weakened in cotton at -33 per cent (was -20 per cent).

Mr Mendl said soft wheat prices are impacting grain grower sentiment. "Favourable harvests in the northern hemisphere eased supply concerns – pushing down global prices. And trade deals and record US corn forecasts are adding pressure to the competitiveness of Australia's feed and milling grain," he said.

"While price concerns are holding back grain grower confidence, the outlook in terms of yields for the coming harvest is appearing bright – particularly in northern cropping areas – with magnificent looking grain and canola crops coming through," he said.

The survey found investment intentions among NSW farmers slightly weakened this survey, but remain among the highest in the country – behind Queensland but on a par with Western Australia. A total of 28 per cent of the state's farmers are intending to increase investment in their farm businesses in the coming 12 months (27 per cent last survey) and 59 per cent to retain on-farm investment at current levels, while 12 per cent plan to wind back their investment (up from eight per cent).

Expansionary intentions remain highest among NSW grains and cotton producers, with 42 per cent and 40 per cent of respondents, respectively, planning to increase their investment.

Throughout the state, 65 per cent of farmers continue to intend to invest in on-farm infrastructure (such as fences, silos and yards). And 40 per cent are looking at adopting new technologies. Farmers also maintain an appetite for acquiring new plant and machinery at 26 per cent, slightly down from 30 per cent.

"With the ongoing challenge of sourcing labour," Mr Mendl said, "farmers are looking to invest in infrastructure and technology that reduces their dependency on staff."

The survey found 10 per cent of NSW farmers retain expansionary intentions through property acquisition (previously 11 per cent).



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The state's farmers were optimistic when it came to expected incomes, with income projections for the coming year at one of the highest levels since mid 2022.

NSW dairy farmers remained the most optimistic about their farm incomes, followed by mixed beef and sheep farmers. Grain farmers' expectations comparatively moderated.

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 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 October 2025.

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**\* Q2 2025 survey completed later due to delayed fieldwork. Survey will return to regular timing over the course of the year.**

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