



Delayed rain puts brakes on South Australian farmer confidence

Results at a glance:

- *South Australian rural confidence declined this survey, with rising concerns about costs and government policies adding to ongoing seasonal worries.*
- *Nearly a third of farmers though are still hopeful conditions will improve over the next 12 months.*
- *Robust livestock markets and improved seasonal conditions in some regions kept sentiment afloat.*

South Australian farmer confidence has dropped significantly through winter as rising concerns over input costs and government policy compounded ongoing seasonal challenges.

The state's net rural confidence fell to three per cent, down from 25 per cent in the previous quarter, according to the latest Rabobank Rural Confidence Survey, released today.

Nearly a third of SA farmers still believe the agricultural economy will improve over the next 12 months, but this slipped to 32 per cent, down from 38 per cent in the previous survey.

And those expecting conditions to worsen jumped to 29 per cent, a significant increase from 13 per cent with that view last survey. Fewer anticipate conditions will remain unchanged (34 per cent, down from 42 per cent).

Seasonal conditions drove those with a bullish outlook, with 62 per cent of SA farmers expecting rainfall to positively shape the year ahead (up from 56 per cent in the previous survey), aided by rain events which were late and patchy but very welcome where they fell.

Rising commodity prices also boosted optimism, with 55 per cent citing prices as a positive economic driver (up from 27 per cent previously).

However, the late seasonal break ensured drought remains a factor for 60 per cent of the state's farmers (albeit down from 63 per cent last survey), and concerns over input costs nearly doubled to 34 per cent, while worries about government intervention/policies rose to 28 per cent.

Rabobank state manager for South Australia Roger Matthews said the fall in farmer confidence aligned with recent seasonal conditions and the weather outlook in the state.



“Last survey, confidence levels were exceptionally high on the anticipation that seasonal conditions really couldn’t get worse for SA,” he said. “We’re now experiencing a drop in optimism that is being driven almost entirely by seasonal conditions. Farmers were waiting for the rain that just didn’t come. For many, it felt like every week they were thinking ‘it’s got to rain soon’, and when it didn’t, confidence began to unravel.”

Mr Matthews said although when rain did eventually arrive, delivering the wettest July in SA since 1998, there was regional variation which kept drought as a leading concern for many.

“We’ve had some good rain events, which has aided crops and pasture on the Yorke Peninsula and some parts of the Mid North, but the Riverland across to Mildura remain very patchy,” he said.

“It might look green from the road, but in some areas it’s just a carpet across the top with little moisture underneath to carry crops through.”

The Eyre Peninsula/Upper North regions saw the largest decline in farmer confidence, while South-East producers remain the most optimistic.

Mr Matthews said SA’s farmers are also grappling with rising input costs and the uncertainty of global markets and trade policies, which only add to the pressure.

“Global tensions, tariffs and trade wars are all weighing on farmers’ minds and shaping their confidence this quarter,” he said.

He noted other factors not directly related to farming – such as algal blooms along SA’s coastline – had a knock-on effect to the overall sentiment of rural communities due to the impact to local tourism.

A shining light for the state this quarter was strong livestock markets – SA beef producers were the most positive about prospects for the year ahead, followed by sheep producers.

“Seasonal confidence may be low, but strong commodity prices, particularly in red meat, are giving some farmers cause for optimism. Dairy prices remain resilient and wool prices have stabilised after earlier softness – all contributing to farm gate income optimism,” Mr Matthews said.

Despite the overall fall in confidence levels, the latest survey – completed last month* – found investment appetite strengthened among SA farmers, with 31 per cent now intending to increase investment in their farms, up from 18 per cent last survey. Fewer will reduce investment (15 per cent, compared with 17 per cent previously) and more than half will maintain investment at current levels (53 per cent).

Farmers in the state’s South East showed the strongest investment appetite, with 38 per cent looking to increase spending.



Over the next 12 months, farmers' investment plans have shifted slightly away from on-farm infrastructure. Although fences, yards, silos etc remain the main area of investment, this eased and is a focus for 54 per cent of farms, compared with 60 per cent last quarter.

More SA farmers are setting their sights – and budgets – on new plant/machinery (32 per cent, up from 20 per cent last quarter) and irrigation/water infrastructure (25 per cent, up from 23 per cent). There was less focus on new technologies, but 29 per cent of the state's producers are still investing in ag tech (was 33 per cent).

Property expansion was an interest for 16 per cent of farmers surveyed who were earmarking new land as an intended investment. SA's grain producers are the most likely to expand (31 per cent).

"Despite the uncertainty, there's still strong investment intent, but we're really seeing farmers direct their money into making existing operations more efficient and resilient with water, on-farm grain storage, fencing and machinery," Mr Matthews said.

Despite a drop in overall rural sentiment, SA farmers' income expectations are at their strongest level since September 2021 – and the most robust in the nation. Nearly half of SA farmers expect their incomes to increase in the coming 12 months (49 per cent, up from 39 per cent last survey), 29 per cent expect income to remain stable and only 19 per cent foresee a decline (down from 27 per cent).

Sheep and beef producers are particularly bullish, with 56 per cent and 50 per cent respectively expecting higher incomes – reflecting strong market signals for those commodities.

"Even with a more cautious outlook this quarter, South Australian farmers are lifting investment plans and have the strongest income expectations in the country," Mr Matthews said.

"Stronger livestock prices and improved seasonal conditions in some regions are supporting farm profitability – the challenge ahead will be navigating higher input costs while making the most of strong market demand."

The viability index improved to 94 per cent (up from 90 per cent), with almost all SA farmers rating their business as viable.

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.



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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.

<ends>

*** 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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