



Signs of improving seasonal conditions see Victoria's farm sector confidence edge higher

Results at a glance:

- *Victorian farmers consolidate the gains in sentiment from earlier in the year, with confidence rising marginally this survey.*
- *Rural confidence has strengthened across all parts of the state, except for Victoria's Central region, with the High Country retaining the highest sentiment in the state.*
- *Farmer investment intentions remain stable.*

Despite ongoing seasonal challenges, Victorian farm sector confidence has edged higher on the back of some winter rainfall, the latest Rabobank Rural Confidence Survey has found.

This consolidates gains in rural sentiment seen earlier in the year.

Across the board, Victoria's farmers called out the improving seasonal conditions and rising commodity prices as having a positive impact on their farming businesses – both factors cited by 56 per cent of respondents (up from 47 per cent and 28 per cent respectively in the previous survey).

The latest Rabobank survey, released today, recorded a net rural confidence reading of seven per cent for the state, up from five per cent last survey.

Among Victorian farmers surveyed, 38 per cent now expect agribusiness conditions to improve over the coming year (up from 25 per cent previously), while a further 31 per cent expect similar economic conditions to the last 12 months.

It wasn't all positive though with the proportion of farmers surveyed expecting conditions to worsen also increasing – to 30 per cent, from 20 per cent in the previous survey.

Weather concerns and increased costs were the major worries among the state's farmers. Half of all Victorian farmers surveyed held concerns around drought (at 50 per cent), while higher input costs were a major worry for 45 per cent.

By region the survey, completed last month*, found farmer confidence had strengthened across all parts of the state, apart from the Central region – with the High Country retaining the highest sentiment in the state.

Rabobank state manager for Victoria and Tasmania Sally Bull said the improvement seen in seasonal conditions in a number of drought-affected regions since early June – along



with forecasts of above-average rainfall in spring for much of Victoria – have helped set up the sector for a positive outlook for the remainder of the year. However, Ms Bull said, there are some areas of the state that will require significant early spring rain, particularly in the Upper Murray and Mallee areas.

“The failed autumn break saw farmers in Gippsland and north-eastern Victoria, as well as Western District farmers, managing significant feed – and in some cases water – shortages through much of the year,” she said.

By commodity, the survey found confidence rallied among the state’s sheep producers (recording net sentiment levels of 22 per cent, up from -6 per cent previously) and continued to rise among beef producers. Cattle farmers remained the most optimistic of all sectors across the state, with 61 per cent expecting conditions to improve in the year ahead (up from 35 per cent last survey), while a further 25 per cent expect similar conditions to last year.

Ms Bull said Victorian sheep producers have benefited from record-high prices for sheep and lambs in recent months. “Sheep producers were particularly buoyant about the outlook for commodity prices, with 70 per cent identifying commodity prices as having a positive impact on the 12-month outlook,” she said.

Though, Ms Bull cautioned, it would “take some time for the state’s sheep sector to fully recover from back-to-back dry years”.

“While there has been some useful rain in those key sheep production areas in western Victoria, it doesn’t rain grass, and producers are now waiting for warmer weather in spring to see pastures start to regenerate,” she said.

Ms Bull said due to the extended dry seasonal conditions, sheep producers are estimating that flock numbers may be back by 20 to 30 per cent in western Victoria, and it will take time to rebuild.

The survey found confidence also continued to rise in the state’s dairy sector, with 38 per cent of Victorian dairy farmers expecting conditions to improve – up from 29 per cent last survey.

“Positive commodity prices are the chief factor driving the optimistic outlook among dairy farmers,” Ms Bull said. “Though many dairy producers have had to manage high fodder costs for much of the year, purchasing in feed, as a lot of on-farm fodder reserves have been extinguished.”

Confidence decreased, however, in the state’s grain sector, with only six per cent of grain growers surveyed expecting an improvement in the agribusiness economy in the next 12 months (down from nine per cent in the previous survey), while 56 per cent expect it to deteriorate (up from 20 per cent).



“As grain growers approach the winter crop harvest, they are holding a level of concern about softer commodity prices,” Ms Bull said.

Nonetheless, Victorian grains producers were particularly positive about good seasonal conditions, cited by 67 per cent.

Ms Bull said grain growers are looking for a “soft spring” in terms of seasonal conditions, that will hopefully help deliver an “average” crop.

Investment appetite remained relatively stable among the state’s farmers.

The proportion of Victorian producers looking to increase investment in their farms in the next 12 months was unchanged from the previous survey, at 24 per cent. However, those intending to wind back their level of investment climbed to 17 per cent (up from 13 per cent). A further 57 per cent are looking to maintain investment at current levels.

Victorian beef and dairy producers continue to hold the strongest expansionary plans, with 30 per cent of each looking to increase investment over the year ahead.

Across the state, 63 per cent of farmers are planning to invest in on-farm infrastructure (fences, silos, yards etc.), 30 per cent in adopting new technologies and 30 per cent in new plant and machinery.

Access to – and the cost of – labour are major challenges for many Victorian farmers, Ms Bull said. “Many farmers are investing in infrastructure and technology that will help reduce their dependence on external labour,” she said.

The survey found just 10 per cent of Victorian farmers are looking at property acquisition in the coming year (down from 15 per cent last survey) – with appetite highest among grain producers, at 17 per cent.

“The agricultural property market has ‘normalised’ after some hectic activity in recent years,” Ms Bull said. “There are still transactions happening, just at a reduced volume.”

The survey found those Victorian farmers expecting their income to increase remained steady at 31 per cent, while 35 per cent expected a similar income to last year. And 33 per cent expect a weaker financial result (up from 22 per cent).

Income projections continue to be the highest among dairy producers, with 53 per cent expecting their gross farm income to increase, up from 32 per cent in the previous survey.

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



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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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