



NSW farmer confidence on the rise

Results at a glance:

- *NSW farmer confidence showing signs of recovery, reversing much of its late 2024 downturn.*
- *Sheep producers reported the strongest turnaround in sentiment.*
- *Investment intentions strengthened further – to remain among the highest in the country.*

New South Wales farmers have begun the year with a slightly more positive outlook, with rural sector confidence showing signs of recovery and reversing much of the downturn seen in late 2024, the latest Rabobank Rural Confidence Survey has found.

Weather conditions were the chief driver of this uptick in sentiment, however, the state's farmers are now almost split on their views as to whether the year ahead will be better or worse for agriculture.

The quarter one survey, released today, found a total of 21 per cent of NSW farmers surveyed were expecting conditions in the agricultural economy to improve in the coming 12 months (up from 18 per cent with that expectation last quarter), while 22 per cent are taking a pessimistic view (down from 25 per cent). Over half of those surveyed though – 51 per cent – expect economic conditions to remain relatively unchanged.

This saw the net NSW rural confidence index climb to -1 per cent, from -7 per cent in the previous quarter.

Despite the upturn, NSW farmer confidence levels are among the lowest in the country this survey, after Western Australia. Nationally, around a quarter of the farmers (24 per cent) expect agribusiness conditions to improve in the next 12 months, up from 18 per cent previously. South Australia and Tasmania posted the largest rebounds in sentiment.

The latest Rabobank survey, completed last month, found confidence improved markedly in the South Coast/Southern Highlands – to report the highest confidence levels across the state (a turnaround after recording the weakest sentiment in the December quarter), while confidence remained in positive territory in the South-West Slopes and Plains and Northern Rivers/Hunter Valley.

Meanwhile, confidence was down in Central NSW and to a lesser extent, in the North West Pastoral region. And in the Riverina, sentiment improved but remained in slightly negative territory.



Rabobank state manager for NSW Toby Mendl said while overall confidence levels were shown to have improved among NSW farmers, it had been a fairly dry summer across much of the state. “Although, it’s not unusual to reach this point in the year where farmers are now needing rain to set them up for the year ahead,” he said.

“The uncertainty about the weather outlook can definitely temper the general sentiment at this time of year.”

The survey found farmers’ views on the seasonal outlook remain mixed across the state, with 44 per cent of NSW respondents worried dry conditions will negatively impact the agricultural economy in the next 12 months (similar to the 43 per cent with that view last survey).

But on the flipside, 32 per cent are positive about the seasonal outlook (previously 30 per cent).

Other causes for optimism among the state’s farmers were overseas markets (cited by 32 per cent) and rising commodity prices (for 31 per cent).

But NSW farmers also expressed concerns around external macro influences – government intervention/policies were an issue for 31 per cent and overseas markets/economies were also a worry (for 30 per cent, up from 21 per cent last survey).

“Farmers are keeping a close eye on trade policies and potential tariffs,” Mr Mendl said. “Geopolitics remains an area of concern this year for Australia’s ag sector – with US trade duties creating volatility, along with Middle East tensions and the war in Ukraine all having the potential to impact local markets and prices.”

And the survey found commodity prices were seen mainly as a positive driver, with 31 per cent (up from 24 per cent) of survey respondents expecting commodity prices to have a positive impact on the outlook.

By commodity, NSW sheep producers reported the strongest turnaround in sentiment in the state (with net confidence rising from -33 per cent to four per cent), while dairy producers also posted a significant upswing (from -15 per cent, to three per cent).

“Robust consumer demand for red meat that has been seen in the US has driven beef retail prices to unprecedented levels, potentially affecting lamb prices too,” he said. “The average price of Australian lamb imported into the US is currently about 12 per cent higher than it was at this time last year. While a weaker Australian dollar is partly responsible for this rise, import prices in US dollars have also increased compared to a year ago.”

Australian red meat exporters were now though closely watching any developments with US tariffs, he said.

For the NSW beef sector, while confidence slipped in the latest survey, sentiment remained in positive territory – with more producers positive than negative about the 12 months ahead – and the highest of all commodity sectors in the state.



Mr Mendl said that even with record production volumes in 2024, Australian cattle prices have stayed stable. “Combining the average seasonal conditions in NSW and the current increasing US demand for imports, the bank expects cattle prices to remain steady with potential for some increase in the first half of 2025.”

Meanwhile sentiment dropped off for NSW grain growers this quarter, the survey found, with a net confidence reading of -35 per cent (down from -5 per cent previously). It also remained comparatively weak in the cotton sector at net -20 per cent (was -23 per cent). This was largely on the back of seasonal concerns for both, Mr Mendl said.

“NSW grain growers wrapped up 2024 with a rock-solid harvest – one of the best on record – particularly in northern grain regions,” he said. “And those growers are cautiously waiting for the autumn break, to launch into the coming cropping season.”

Mr Mendl said irrigated summer crops were performing well, however, dryland summer crops were directly impacted by the inconsistent summer rain and expectations were for an average harvest.

Investment appetite further strengthened among NSW farmers this quarter, to remain among the highest in the country behind Queensland and Tasmania – with 91 per cent of NSW farmers intending to increase or maintain current levels of on-farm investment in the coming 12 months (from 88 per cent last survey).

Of these, 27 per cent intend to increase investment and 65 per cent maintain investment at existing levels. Just eight per cent are looking to wind back their investment (previously 12 per cent).

“The appetite among NSW farmers to invest back into and build on and improve their farming business’s productivity is strong,” Mr Mendl said.

Investment appetite was found to be highest among NSW dairy and sheep producers surveyed, with 35 per cent and 33 per cent respectively intending to increase their investment.

Across all farmers questioned in the state, the survey found 63 per cent were intending to invest in on-farm infrastructure – such as fences, silos and yards (down slightly from 69 per cent last quarter) – while a greater proportion (at 39 per cent, up from 33 per cent) are looking at adopting new technologies. The state’s farmers also held a growing appetite for acquiring new plant and machinery at 30 per cent, up from 27 per cent.

Mr Mendl said many NSW grain growers were prioritising on-farm grain storage facilities as an investment focus, off the back of a very strong winter crop harvest last year, while the interest in new technology investment was seen across all sectors.

The survey also found 11 per cent of the state’s farmers held expansionary intentions, considering property acquisition in the year ahead (relatively stable from the 12 per cent with that intention last quarter). This was highest among cotton growers, at 21 per cent.



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Optimism about incomes had also grown among NSW farmers and was at its highest level since mid-2022, with 29 per cent expecting their gross farm income to increase in the year ahead (up from 27 per cent last quarter), while a further 52 per cent (up from 49 per cent) expect a similar financial result to last year. And 17 per cent (down from 21 per cent) anticipate a weaker financial result.

NSW dairy farmers were the most upbeat about the outlook for their farm incomes, followed by sheep producers, while hopes of improved incomes were more subdued among grain growers.

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 June 2025.

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