Rabobank

Media Release
October 28, 2025

South Australian farmer confidence lifts, but tempered by season and cost pressures

Results at a glance:

- *South Australian rural confidence lifted slightly in the most recent quarter, with 37 per cent of farmers expecting conditions to improve over the next 12 months.*
- *While the season remains top of mind, concerns have also shifted to financial pressures, such as falling commodity prices and rising input costs.*
- *Confidence and income expectations remain highest among SA livestock producers.*

Rural confidence has edged up in South Australia, however most farmers are sitting on the fence as they take stock of the season, the outlook and the market.

The latest quarterly Rabobank Rural Confidence Survey, released today, saw SA's rural sentiment index shift to a net eight per cent, increasing from three per cent last survey. This sees farm sector confidence turn around, after dropping significantly in winter.

The survey, completed last month, found slightly more of the state's farmers now expect agricultural business conditions to improve over the next 12 months, with 37 per cent positive (up from 32 per cent). The number of farmers anticipating conditions to worsen remained stable at 29 per cent, while 30 per cent were expecting no change.

While widespread winter rain eased seasonal pressures in many areas of the state, the crucial spring period – and how it would shape up – remained top of mind during the survey period.

Although fewer SA farmers were worried about drought, 45 per cent still cited it as their main concern, down from 60 per cent last quarter.

This follows a gradual easing of seasonal concerns throughout 2025, down from a high seen in quarter three last year, when SA farmers were heading into harvest following one of the driest years on record.

As seasonal worries eased, they were replaced with economic pressures, with a third of SA farmers (33 per cent) now concerned about the impact of falling commodity prices (was 16 per cent).

More SA farmers are also concerned about high input costs this quarter (39 per cent, up from 34 per cent last survey) and government intervention/policies (35 per cent, up from 28 per cent).

On the flipside, half of SA farmers surveyed (50 per cent) are hopeful that beneficial seasonal conditions will prevail over the coming 12 months, although this was down on the 62 per cent with that view last survey. A similar number expect to benefit from rising commodity prices (51 per cent, was 55 per cent).

There was also increased positivity around global trade dynamics, with 24 per cent of the state's respondents expecting overseas markets/economies to deliver a positive effect (up from just five per cent last survey).

Rabobank state manager for South Australia Roger Matthews said it was very much a case of 'watch and see' for farmers in the state, as they move through the critical spring period.

"At the recent Yorke Peninsula Field Days, many farmers indicated that their sense of cautious optimism is easing. Falling grain prices – lentils in particular – are quite a concern for growers and the season is on a knife edge with respect to rainfall and subsoil moisture," he said. "If there is limited rainfall through coming weeks, then hopefully conditions remain cool as crops ripen.

"The season could still go either way. Farmers are sitting on the fence as there's still – but only just – time for some beneficial rain for crops.

"The previous survey was timed when farmers hoped they could still receive significant growing season rain this year. In some regions this did eventuate with the wettest July in 27 years. However, this latest survey signals a reset in expectations as we move through spring without significant useful rain on the outlook."

The regional variation in growing-season rainfall was reflected in mixed farmer confidence: farmers in the state's South East continue to have the highest confidence, with 56 per cent expecting improved business conditions ahead, while confidence is lowest through the Yorke Peninsula/Mid North regions, where 37 per cent anticipate conditions will worsen.

Mr Matthews said there was also variation in confidence across commodities this quarter. SA's sheep and beef producers were the most optimistic, with more than half expecting improved business conditions in the year ahead (55 per cent and 53 per cent respectively). Sheep producer confidence was up compared with last quarter, but beef producers had reduced confidence levels.

"SA wool producers are welcoming some solid upwards momentum after months of trading at weak levels, and lamb prices continue to hold as the market waits for new season lambs to flow through," Mr Matthews said.

"Beef producers have also enjoyed stronger prices through August and early September, although many categories are now starting to plateau. Global demand dynamics – including US herd rebuilding – continue to support Australian processor cow prices."

Although pasture cover remains lower than average across parts of the state after a dry autumn and late break, and pockets still rely on supplementary and containment feeding, pasture is slowly recovering.

Mr Matthews anticipates there will be a high level of fodder conservation in the state.

“After the extended dry period we’ve come through – and some are still managing – livestock producers will be planning ahead to ensure they have sufficient on-farm fodder reserves to not get caught short again,” he said.

Grain producer sentiment declined this quarter, with only 22 per cent of SA growers anticipating conditions will improve over the next 12 months (from 25 per cent last survey).

Mr Matthews said this sentiment reflected global drivers, such as a price decline in Canada due to an above-average crop and tariff negotiations which are pushing canola prices down coming into the Australian harvest period. Forward price indications for wheat, lentils and barley are also a lower level compared with the past five years.

Although below the five-year average, winter crop conditions in SA have improved the production outlook when compared to earlier estimates.

Mr Matthews said this yield potential will need to be supported by a cooler finish, especially as crop development is two to three weeks later than usual.

“Farmers won’t really know until they get the headers into the paddock how this year’s crop will stack up compared to what they budgeted, he said. “Though we expect to see more crops cut for hay this year, with the soft finish and a better price outlook for hay compared to wheat/barley grain.”

Although input prices continue to weigh heavily on the minds – and budgets – of SA farmers, with twice as many citing this as a concern this survey, there has been some price relief in key cropping inputs.

Over recent weeks, fertiliser prices – although still elevated – have eased, aided by an increase in the Australian dollar, and the Rabobank October Agribusiness Monthly indicated global factors could soften agrochemical prices moving forward.

“While this price drop correlates with reduced on-farm use of urea at this time of year, it does create an opportunity for some to forward purchase for next year’s requirements,” Mr Matthews said.

The modest gains in overall sentiment didn’t translate to an increase in investment appetite among the state’s farmers, with slightly fewer expecting to increase their on-farm investment in the coming 12 months – 27 per cent, down from 31 per cent last survey. A total of 14 per cent signalled they would decrease investment (from 15 per cent previously) and 58 per cent intend to maintain investment at current levels.

Intentions to expand with property purchases eased, with 12 per cent of SA farmers listing new land acquisition as a planned area of investment (down from 16 per cent).

More than half of SA farmers surveyed say they will invest in on-farm infrastructure such as fences, silos and yards (55 per cent). More are now keen to adopt new technologies (42 per cent, up from 29 per cent) and orders for new equipment will start trickling through dealers, with 39 per cent of respondents listing new plant/machinery as an area of investment in the year ahead (was 32 per cent).

Expectations of improved gross farm incomes in SA were higher than other states. This quarter, 60 per cent of SA respondents anticipate their farm income will increase over the next year – a disproportionate rise of 11 per cent on last quarter compared with just a five per cent lift in overall confidence.

Sheep producers were most confident of higher incomes, with three out of four expecting an increase (was 56 per cent last survey) and none expecting their income to drop (was 25 per cent).

“SA sheep producers who were able to retain stock or rebuild flock numbers have benefited from record high prices,” Mr Matthews said. The expectation that sheepmeat prices will remain high due to continuing tight supply, supported by positive signals from the wool market, supports sheep producers’ forward income estimates.”

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 December 2025.

<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 120 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 approximately 8.4 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 90 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