



High input costs and dry seasonal conditions weigh heavily on Queensland agricultural confidence

Results at a glance:

- *Continuing the downward trend from the beginning of the year Queensland rural confidence declined further in the second quarter, with producers concerned about increased input cost and dry seasonal conditions.*
- *Confidence weakened across all Queensland's regions and major commodities, with the Darling Downs recording the lowest regional reading and the grains sector reported as the least optimistic sector.*
- *Despite the softer sentiment, Queensland producers continue to show a measured commitment to their businesses, with over half intending to maintain current investment levels.*

Queensland primary producer sentiment has fallen sharply in the second quarter of the year, as concerns about higher costs for farm inputs – particularly fuel and fertiliser – and dry seasonal conditions in parts of the state impact sector confidence.

The quarter two Rabobank Rural Confidence Survey, released today, found Queensland producer confidence had declined to the lowest point since tracking began in 2001, with a net index -54 per cent (down from -10 per cent in the previous survey).

This reflects the sentiment of primary producers across Australia, with input cost worries – linked to Strait of Hormuz disruptions – pushing confidence down in every state this quarter.

The survey, completed last month, found only eight per cent of producers expect agricultural economic conditions to improve (down from 15 per cent last quarter), while 61 per cent predict conditions will worsen (up from 25 per cent). And just under a third of producers foresee business conditions will remain unchanged over the next 12 months (29 per cent, down from 57 per cent previously).

This decline in confidence is driven by 59 per cent of producers anticipating rising input costs will have a negative impact on their farming businesses (up from 25 per cent with that view last quarter). A total of 23 per cent cited energy security as a concern (up from one per cent) while 27 per cent reported being concerned about government interventions/policies (albeit down from 43 per cent).

The survey found 40 per cent of the state's producers are concerned about drought (up from 29 per cent last quarter), while 29 per cent are expecting a good season will have a positive impact on the agricultural economy in the coming year (down from 46 per cent). A total of 21 per cent of producers expect commodity prices to fall in the year ahead (down from 23 per cent), however 23 per cent foresee rising commodity prices to have a positive impact in the coming 12 months.



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Rabobank state manager for Queensland Polly Saraiva said seasonally, it had been “a mixed bag in Queensland”. “Much of the north of the state had enjoyed a good summer, while producers in southern Queensland have received below average rainfalls – negatively impacting their plans for the season ahead,” she said.

Ms Saraiva noted the Q2 survey was in the field prior to beneficial rains in late May, which, she noted, will have eased some concerns – particularly for producers in southern Queensland.

She said while seasonal conditions are a major concern for Queensland producers, persistently-high input prices remain the chief worry, with the conflict in the Middle East adding a layer of volatility to global markets, which Queensland producers have felt through fluctuating input costs.

“Higher global energy prices linked to instability in the Middle East have flowed through to fuel, fertiliser and transport costs, putting renewed pressure on margins for Queensland producers,” she said.

Ms Saraiva said Queensland producers would be closely watching the outcome of the announced US/Iran war peace agreement and the impacts on the opening of the Strait of Hormuz.

By region for Queensland, the survey found confidence had fallen across all parts of the state.

Producers operating on the Darling Downs continued to have the lowest confidence in the state, now reading at net -68 per cent (compared with 29 per cent last survey). This decline was driven by 71 per cent of producers in the region expecting conditions will worsen over the next 12 months (up from 33 per cent with that view previously).

Darling Downs producers nominated rising input costs and drought as the key reasons for their pessimistic outlook (by 69 per cent and 67 per cent respectively).

“Water availability has been a concern across the Darling Downs through summer and into autumn,” Ms Saraiva said. “This, coupled with the high input costs, has impacted producers’ cropping plans.”

The survey found producer confidence in northern Queensland had fallen to net -58 per cent, a significant drop from -6 per cent last quarter. And central Queensland-based producer sentiment dropped to net -47 per cent (from -7 per cent), with 54 per cent expecting worsening business conditions (up from 23 per cent). Producers in the south west of the state recorded the highest confidence levels at net -40 per cent (albeit down from three per cent), with an unchanged 14 per cent expecting conditions to improve.

High input costs were nominated as the chief concern for producers in all these regions.

By commodity, the Rabobank survey found producer confidence levels across all commodities had eased in the state.



Grain sector confidence has deteriorated to net -91 per cent (with 91 per cent of producers expecting business conditions to decline in the year ahead and none expecting an improvement). This was down from net -55 per cent last survey.

“The research showed 90 per cent of grain growers are worried about high input costs, and just over half (54 per cent) hold concerns about dry seasonal conditions,” Ms Saraiva said.

“Queensland’s winter crop planted area is estimated to be 34.8 per cent lower than last year (at 1.06 million hectares). The dry seasonal conditions through summer and early autumn in key cropping districts have left limited topsoil moisture and delayed sowing. And the recent rainfall which has fallen across some cropping regions, while beneficial, will not be enough to support a full cropping program.”

The state’s beef producers maintain the highest confidence despite sentiment dropping to net -33 per cent (from three per cent last quarter). The latest survey found 45 per cent of Queensland beef producers believe conditions will worsen (up from 17 per cent in quarter one), with a further 40 per cent suggesting that conditions will stay the same (from 60 per cent).

“Solid cattle prices – driven by export demand – is the key factor producers believe will positively impact the sector in the year ahead,” Ms Saraiva said.

“Looking ahead, the outlook for Queensland’s beef sector remains broadly positive, underpinned by strong global demand and relatively tight supply conditions.”

Sentiment amongst the sugar sector fell to a net -85 per cent (was -34 per cent previously), with 89 per cent of growers expecting economic conditions to worsen (up from 48 per cent last quarter). High input costs are the major concern within the sector (for 78 per cent), while over half (56 per cent) of growers held concerns around soft commodity prices.

The combination of high input costs and poor seasonal conditions were the key concerns for Queensland cotton growers. Cotton producer confidence fell to net -69 per cent, from -47 per cent last quarter.

The Q2 survey found in line with the reduced sentiment, investment appetite among Queensland primary producers also declined – with a dip to 17 per cent of producers planning to increase spending in the coming year, while 26 per cent intend to invest less (from 30 per cent and 10 per cent respectively in the previous survey).

Despite the softer sentiment, Ms Saraiva said, Queensland producers continue to show a measured commitment to their businesses, with over half (55 per cent) intending to maintain current investment levels in the 12 months ahead (down from 60 per cent with that intention last quarter).

“In these volatile and turbulent times – with external risks impacting farming businesses and margins – it is important producers invest the time in preparing their businesses strategically,” she said.

“It’s an opportunity for producers to really analyse financials, review management processes, look into decision making processes and explore scenarios to help mitigate the risks and protect margins.”



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The survey found despite the decline in investment intentions, on-farm infrastructure remains the highest spending priority for 49 per cent of Queensland producers surveyed (down from 64 per cent), followed by adopting new technologies (for 27 per cent, down from 37 per cent).

Both irrigation/water infrastructure and new plant/machinery investment intentions were planned by 20 per cent (was 36 per cent and 33 per cent respectively last survey).

The number of Queensland producers who plan to purchase property to expand their farming operations dropped to six per cent, from 18 per cent last quarter.

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 survey of its type in Australia, the Rabobank Rural Confidence Survey has been conducted since 2001 by an independent research organisation. The next results are scheduled for release in September 2026.

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To arrange an interview or for more information on Rabobank's Rural Confidence Survey, please contact:

Denise Shaw
Head of Media Relations
Rabobank Australia & New Zealand
Phone: 02 8115 2744 or 0439 603 525
Email: denise.shaw@rabobank.com

Will Banks
Media Relations Manager
Rabobank Australia
Phone: 0418 216 103
Email: will.banks@rabobank.com