



## ***WA farmer sentiment takes a hit from input pressures, but buoyed by a strong seasonal start***

### ***Results at a glance:***

- *WA farmer confidence has dropped, driven down by concerns about rising input costs in the wake of tensions in the Middle East.*
- *Despite the downturn in confidence, WA producers remain operationally resilient, supported by a strong seasonal start.*
- *Investment intention is up in WA, as farmers press ahead with strategic spending.*

**Production cost pressures – a knock-on effect from conflict in the Middle East – have translated into reduced confidence among Western Australian farmers.**

**The latest Rabobank Rural Confidence Survey, released today, found the net sentiment index among WA farmers has significantly fallen this quarter – dropping to -49 per cent, down from -11 per cent reported three months ago.**

**Those WA producers predicting conditions to worsen more than doubled to 54 per cent this survey (from 26 per cent last quarter), pushing WA farm confidence to its lowest level since November 2023.**

**The WA results reflect the sentiment of farmers across Australia, with farm input cost worries pushing confidence down in every state this quarter.**

**The impact from higher diesel, freight and fertiliser prices – as well as lingering worry at the time of the survey around the availability of key farm inputs linked to Strait of Hormuz disruptions – was reflected in the farming industry’s confidence levels.**

**This played out clearly in WA, where 71 per cent of farmers expect rising input costs will have a negative impact on the agricultural economy, an increase from 44 per cent with that view last quarter.**

**Increasing concern about potential shortages of farm inputs was also evident in the latest survey.**

**In the previous quarter, only a few WA farmers had been concerned about fuel shortages, but this survey 37 per cent specifically called out worries about energy security, including fuel supply shortages and high prices. And while no WA farmers had been worried about a shortage of other inputs in the Q1 Survey, 12 per cent cited this as a concern this quarter.**

**Rabobank WA state manager Steve Kelly said the on-ground response from farmers to recent challenges was to take a ‘steady as she goes’ approach to navigating factors beyond their control.**



“With a solid start across much of the state, growers are concentrating on factors they can influence while keeping a close eye on global fertiliser markets and commodity price movements,” he said.

“Earlier in the year, we saw some farmers investing in on-farm fuel storage as prices spiked and there were concerns about availability, but that has since settled down.

“Fertiliser remains a big driver of concern around rising input costs in WA. While most farmers were able to secure the fertiliser they need for this year, they’re now looking ahead and weighing up what next year’s pricing might mean for margins.

“There will also be decisions made around whether to apply urea or hold off, in response to rain events and forecast grain prices.”

WA farmers would be closely watching the outcome of the announced US/Iran war peace agreement, Mr Kelly said, and the impacts on the opening of the Strait of Hormuz.

Mr Kelly said negative sentiment in the sector had been tempered by relief from a good start to the season, which has prompted a forecast increase in area planted to winter crops.

While Rabobank has forecast a reduced overall national winter crop this year, WA planted area is projected to be up by 5.7 per cent. This positions the state to reach a record 9.47 million hectares of winter crop planting if favourable conditions prevail.

“Whilst we are not out of the woods, there has been a sense of relative calm return to the cropping season,” Mr Kelly said.

“Seasonal conditions have been generally positive across much of the state in the quarter, and most growers are now feeling reasonably well placed as long as average winter rainfall eventuates. Most had their cropping programs locked in well before the survey period, and any changes in response to input concerns were minor, although there has been a small swing to barley, pulses and canola at the expense of wheat.”

In the latest survey, concerns about drought were shown to have eased among WA farmers – raised by just six per cent of those surveyed, down from 25 per cent last quarter.

There was some regional variation in sentiment across the state. Net rural confidence in WA’s Northern Wheatbelt plummeted from one per cent in the previous quarter to -73 per cent. This positioned farmers in the Northern Wheatbelt as having the most bearish outlook in the state, reflecting lower rainfall through autumn and significant pressure from the mouse plague in some areas.

Mr Kelly said there has been a significant lift in farmer confidence in the Northern Wheatbelt following the surveys completion, with many farmers in the region receiving “exceptional rainfall during June”.



In the Central Wheatbelt, overall farmer confidence fell from a net index of -26 per cent to -57 per cent, while in the South West net confidence slipped from seven per cent to -30 per cent.

Overall, there was reduced concern among WA farmers about falling commodity prices (cited by 21 per cent of respondents, down from 35 per cent last quarter).

The cohort of WA farmers who are worried about government intervention/policies nearly halved (to 25 per cent, from 52 per cent last quarter), with Mr Kelly noting there could have been some concerns timed around the federal budget and impact to capital gains. And the survey found fewer WA farmers are also concerned about the negative impact of overseas economies/markets.

As the state's sheep producers transition away from the live export of sheep, the threat to live export is no longer a leading cause for concern for farmers and only three per cent cited this as a reason for negative sentiment, the lowest level since February 2023.

On the positive side, WA farmers are resting their hopes on rising commodity prices, with more than half (53 per cent) citing commodity prices as cause for optimism (up from 45 per cent last quarter). However, optimism about other factors was subdued across the board.

"WA livestock producers are in a much stronger position than they were even a year ago. Cattle, sheep and wool markets have all improved and there are positive price signals looking ahead," Mr Kelly said.

"And there have been some positive signals for canola producers with rising global biofuel demand supporting an upward trend for prices, however wheat prices remain soft given strong global supply."

The input-heavy cropping sector had the lowest confidence of all commodities in WA. Three quarters of the state's grain farmers surveyed anticipate conditions will worsen over the next 12 months (up from 40 per cent last survey) which pushed net sentiment in the sector down to -75 per cent (was -27 per cent).

Confidence among WA sheep producers fell to a net reading of -51 per cent (from -9 per cent last quarter) while beef producer sentiment slipped to -48 per cent, down from -10 per cent.

Despite a decline in overall sector confidence, WA farmers bucked the national trend and reported an increased appetite for investment this quarter.

Those WA farmers who plan to increase investment in their farm businesses in the 12 months ahead nudged up to 26 per cent (from 23 per cent last survey), with a similar shift in those planning to reduce investment (down to 10 per cent, from 12 per cent). The majority of WA farmers plan on holding investment steady (62 per cent, was 64 per cent).



There was reduced appetite to invest in capital expenditure, with plans for on-farm infrastructure spending easing back to 56 per cent of the state's farmers this quarter (from 68 per cent).

Likewise, enthusiasm for spending on new plant and machinery dropped to just 26 per cent of WA farmers surveyed (from 48 per cent previously), while those planning on adopting new technologies slipped to 21 per cent (was 32 per cent).

There was also reduced appetite to purchase more farmland, with 10 per cent of farmers planning on expanding their farms, back from 18 per cent last quarter. However, a third of WA farmers say they will be increasing investment in livestock (33 per cent, up from 27 per cent).

"While overall investment intention lifted slightly, WA farmers are being far more selective about where they spend," Mr Kelly said. "Machinery purchases have slowed sharply, and property transactions have eased as farmers take a more cautious approach in the current environment and weigh up interest rates, input costs and land values."

Overall sentiment was reflected in income projections, with 37 per cent of WA farmers anticipating their income will decrease over the next 12 months (from 22 per cent with that view last survey). A further 41 per cent were expecting incomes to hold steady (from 54 per cent previously), while those expecting their income to increase remained relatively stable (at 20 per cent this quarter, from 19 per cent last).

Despite the overall drop in confidence in WA, viability across the state edged slightly higher – reflecting the resilience of farming systems in the state to navigate operational challenges, Mr Kelly said.

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 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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