



## ***NSW farmers less optimistic even prior to Middle East conflict – quarterly survey***

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

- *NSW farmer confidence eased in the first quarterly survey of the year after a dry summer impacted much of the state.*
- *Input costs were also a concern, even prior to the commencement of the Middle East conflict.*
- *Cotton growers – dealing with dry conditions and low prices – were found to be the most pessimistic.*
- *Despite the challenges, investment intentions had remained stable, indicating farmers were maintaining a long-term focus.*

**New South Wales farmers entered the year with a more cautious outlook, with concerns about high input prices – even prior to the current Middle East conflict – and a dry summer weighing down sector sentiment.**

**The quarter one Rabobank Rural Confidence Survey found NSW rural confidence had declined to a net reading of -20 per cent, down from -3 per cent in the previous quarter, with a larger proportion of farmers expecting conditions in the agricultural economy to worsen over the next 12 months.**

**While the survey, completed last month, found a substantial 41 per cent of NSW farmers expected conditions in the agricultural economy to remain unchanged over the next 12 months – highlighting a degree of stability across parts of the state – the number expecting conditions to worsen had increased to 39 per cent (up from 25 per cent previously). And those with a bullish outlook had declined to 19 per cent (from 21 per cent).**

**The Q1 survey found drought was the chief worry voiced by NSW farmers, after a dry summer in much of the state. Adding to this were concerns about ongoing pressure from rising input costs and government policy settings.**

**Rabobank state manager for NSW Toby Mendl said with the survey in the field prior to the current Middle East conflict, concerns about the cost and availability of farm inputs would now be figuring significantly higher in NSW farmers' minds, particularly going into the winter cropping program.**

**“The conflict in the Middle East is further compounding farmer concerns about the cost of doing business,” he said. “Producers were already concerned about rising input costs, but now face more price pressure and volatility. This is especially challenging for grain growers planning winter crops amid uncertainty over the cost and availability of essentials like fuel and fertiliser.”**



While these challenges were already weighing on farmer sentiment in the state in the survey, many had continued to see supportive factors in the outlook, including the potential for a good season and improving commodity prices.

“These offsetting influences suggest that, while confidence had moderated, expectations have been mixed rather than uniformly pessimistic,” Mr Mendl said.

The easing in NSW rural sentiment had aligned with a decline in farmer confidence nationally in the quarter one survey.

Mr Mendl said the lack of summer rain across much of the state had negatively affected farmer sentiment during the survey period. However, he said, more recent widespread rain – across central, southern and far western New South Wales – while not considered drought-breaking, “will certainly have lifted farmers’ optimism about weather conditions”.

“These falls saw some farmers in the Riverina and central New South Wales receiving good rain for the first time in six months, running water into dams and triggering pasture recovery,” he said.

Mr Mendl said farmers are hoping for follow-up rain over the next few weeks to set up the winter cropping program.

The survey had found lower farmer confidence in almost every region of the state.

Riverina-based producers had continued to report the lowest confidence in the state, with rural sentiment dropping to a net -40 per cent (was -20 per cent last survey).

“This is the second consecutive year that farmers in the Riverina have had to manage below-average rainfall,” Mr Mendl said.

The survey found farmers in the Central West had reported the second-lowest levels of confidence, with a significant drop to net -33 per cent, down from eight per cent last quarter.

And those in the North West followed suit with net rural confidence at -27 per cent (down from five per cent). The South Coast and Northern Slopes & Plains regions both reported a decline in farm sector sentiment to net -7 per cent.

Farmers on the North Coast had bucked the statewide trend, reporting improved levels of confidence (with a net reading of five per cent, up from -8 per cent last survey), with 35 per cent of the region’s farmers predicting that conditions will improve (up from 18 per cent).

Mr Mendl said while farmers in the north of the state had managed to harvest good winter crops last year and had also grown some decent summer crops – reporting good prices and yields for sorghum – reduced soil moisture profiles would be of concern leading into the new cropping season.



By commodity, the survey had found softer levels of sentiment across the board in the state.

Confidence among NSW grain growers had fallen to a net reading of -48 per cent in the Q1 survey (from -19 per cent last quarter), with 65 per cent expecting business conditions to decline over the next 12 months.

“The global grain and oilseed oversupply across major exporting regions is expected to continue, capping any price upside and maintaining a broadly bearish sentiment across grain markets,” Mr Mendl said.

NSW cotton growers reported a significant decline in sentiment in the survey, with the sector’s net confidence falling to -85 per cent (was -34 per cent last survey), with none expecting business conditions to improve in the year ahead and 85 per cent expecting them to worsen.

“Poor prices for cotton, coupled with the dry seasonal conditions, have impacted the outlook among growers,” Mr Mendl said. “2025 proved to be a challenging year for NSW cotton growers as global cotton prices declined, with farm-level costs staying elevated.”

Global cotton prices had declined by six per cent across the calendar year, he said, while Australian cash prices slipped by 10 per cent.

“While it remains to be seen if US and Brazilian growers will scale back cotton plantings in 2026 as acreage decisions will play a role in shaping the global pricing,” he said. “RaboResearch is anticipating acreage will likely contract in 2026.”

Mr Mendl said dry seasonal conditions, particularly in the southern cotton valleys, had resulted in water allocations being reduced and becoming expensive – meaning cotton growers may switch to growing other crops in the coming season.

Confidence among beef and sheep producers also declined, with beef now sitting at net -8 per cent (down from zero per cent last quarter) and sheep at -7 per cent (down from 18 per cent).

Mr Mendl said while the survey showed a softening in livestock sector sentiment, with dry seasonal conditions listed as the key concern, strong livestock prices were providing a positive note.

“Livestock producers who are needing to off-load stock as they look to actively manage their water and fodder reserves are still receiving good prices,” he said.

The quarter one survey found investment appetite among the state’s farmers had remained relatively stable despite the overall softening in confidence.

A total of 35 per cent of NSW farmers surveyed had intended to increase the level of investment in their farm businesses in the coming 12 months (similar to the 34 per cent with that view last quarter), while 11 per cent planned to decrease investment levels



**Rabobank**

**Media Release  
March 25, 2026**

(previously 10 per cent). Over half (at 51 per cent) planned to keep investment levels the same, down from 54 per cent previously.

The survey found 66 per cent of NSW farmers planned to invest in on-farm infrastructure, 37 per cent in adopting new technologies and 28 per cent in new plant/machinery.

Increasing livestock numbers was planned by 27 per cent, while 26 per cent intended to invest in irrigation/water infrastructure (notably up from 18 per cent). And the survey found 22 per cent of the state's farmers planned to invest in education.

Appetite for property purchase had increased, with 21 per cent of NSW farmers surveyed expressing an interest in purchasing farmland in the coming 12 months, up from 14 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 Confidence Survey has been conducted since 2000 by an independent research organisation. The next results are scheduled for release in June 2026.

<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 125 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 35 countries, servicing the needs of more than nine 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 87 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](mailto:denise.shaw@rabobank.com)

Will Banks  
Media Relations  
Rabobank Australia  
Phone: 0418 216 103  
Email: [will.banks@rabobank.com](mailto:will.banks@rabobank.com)