



## **Queensland primary producers feeling less optimistic about year ahead, even prior to Middle East conflict – quarterly survey**

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

- *Queensland rural confidence declined in the first quarterly survey of the year, with producers particularly worried about policy uncertainty and seasonal conditions.*
- *Input costs were also a significant concern, even prior to the commencement of the conflict with Iran.*
- *Sentiment eased for most commodities, however beef producers continued to be the most optimistic in the state.*
- *Investment intentions had remained stable, with a small increase in property purchase appetite.*

**Queensland primary producers began the year with a less optimistic outlook, as concerns about policy uncertainty, seasonal conditions and mounting cost pressures – even prior to the current Middle East conflict – weighed on sector sentiment.**

**The quarter one Rabobank Rural Confidence Survey found Queensland producer confidence levels had continued to ease – extending a decline seen late last year – to sit at a net reading of -10 per cent (from -1 per cent last quarter).**

**The survey, completed last month, found that while the majority of the state’s farmers (57 per cent) expected conditions in the agricultural economy to remain stable in the year ahead, fewer were taking an optimistic view – at just 15 per cent (down from 23 per cent with that view last survey). And the number expecting conditions in the agricultural economy to worsen had edged up slightly to 25 per cent (from 24 per cent previously).**

**Uncertainty about government policy and seasonal conditions were two key concerns reported by Queensland producers in the survey, followed by high input costs.**

**However, with the Q1 survey in the field prior to the commencement of the current Middle East conflict, Rabobank state manager for Queensland Polly Saraiva said concerns about the cost and availability of farm inputs would now be figuring significantly higher in producers’ minds.**

*“In relation to costs, margins have already been squeezed with persistently-high input prices and increases to interest rates weighing on producers’ minds, while a number of commodities have been impacted by the cyclical nature of global markets, delivering below-average prices,” she said.*

*“And while this survey does not capture it directly, the conflict in the Middle East will now be adding to Queensland producers’ concerns about the cost of doing business. This is especially significant for grain growers as they move to plant their winter crops, with uncertainty surrounding essential inputs like fuel and fertiliser.”*



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The softening of producer confidence in Queensland seen in the Q1 survey aligned with a decline in rural sentiment across all states, apart from South Australia.

Despite the downturn in rural confidence recorded in Queensland in the survey, the state's producers were still generally bullish about seasonal conditions, with nearly half of respondents (46 per cent) expecting a good season.

"And for large parts of Queensland, heavy rain through late February and early March, will go a long way to seeing this materialise," Ms Saraiva said.

Expectations of stronger commodity prices (reported by 30 per cent of Queensland producers surveyed) were also cause for optimism, particularly amongst livestock producers.

Ms Saraiva said Queensland producers had dealt with a summer of "challenging seasonal conditions".

"Parts of Queensland received record-breaking rain. While this rainfall has been enormously beneficial for many producers, there has been significant flooding in many regions, and some producers have suffered stock and crop losses and infrastructure damage," she said.

Some parts of the state had also missed out on beneficial rains in the first part of the year, Ms Saraiva said.

"Many producers across the central west and into southern parts of the state only received patchy falls, negatively impacting pastures and soil-moisture profiles," she said. "However, there has been more widespread beneficial rain that fell across the central west and southern Queensland in recent weeks, and anecdotally we believe this has lifted producers' spirits."

In addition to the impacts of the uneven rainfall across the state, Ms Saraiva said, Queensland producers have been managing a range of external factors, including policy uncertainty.

"Producers indicated in the survey that they remain worried about policy uncertainty, which is likely reflecting a number of different concerns," she said. "Talking to producers, while there is broad recognition of the need for effective regulation, many are reporting that frequent policy changes, increased compliance requirements and regulatory uncertainty have been making it more difficult to plan and invest with confidence."

Ms Saraiva said the survey found rural confidence levels across the state to be mixed.

"Producers operating in the south west of the state reported the highest confidence levels, but this had slipped since the previous survey, with a net reading of three per cent (compared with 14 per cent at the end of last year)," she said.

"Darling Downs-based producers reported the lowest confidence with a net reading of -29 per cent (down from -15 per cent)."



The survey found producers in central Queensland held a net confidence reading of -7 per cent, dropping from the previous quarter's 16 per cent.

Northern Queensland-based producer sentiment had, however, increased to a net of -6 per cent (was -17 per cent).

The Q1 survey found confidence to have eased across all commodities in the state, with the exception of the sugar sector.

Queensland beef producers recorded the highest levels of confidence of the commodities, with a net reading of three per cent (down from 15 per cent last survey).

“Beef producers are enjoying the rare alignment of generally-favourable seasonal conditions, stable-to-firm cattle prices and strong export demand, supporting both short-term returns and longer-term planning,” Ms Saraiva said.

On the other hand, Queensland grain growers were found to have the lowest sentiment in the state, with a net reading of -55 per cent (was -40 per cent). The survey found no grain growers were expecting business conditions to improve in the year ahead (down from nine per cent in the previous survey).

“Grain growers are facing a convergence of a global oversupply of grains and pulses, leading to price uncertainty, cost pressure and weaker margins,” Ms Saraiva said. “Grain producers are especially exposed to high input costs as they are paying most costs upfront – fertiliser, seed and chemicals – long before harvest income is realised.”

The survey found confidence also slipped among the state's cotton growers (to net -47 per cent down from -29 per cent).

Ms Saraiva said reduced water allocations and below-average soil moisture profiles were the chief factors holding back cotton grower confidence. “And growers also hold concerns about the outlook for cotton prices and input costs in the year ahead,” she said.

Ms Saraiva said a central factor behind the weaker prices has been the rapid expansion of Brazilian production. “Substantial output growth there has contributed to a global balance sheet now characterised by oversupply,” she said. “Acreage decisions among Brazilian growers will play a role in shaping the global landscape, and RaboResearch anticipates acreage will likely contract in 2026.”

While still at low levels, Queensland sugar producers recorded an increase in sector confidence in the survey, from -44 per cent late last year to -34 per cent.

“Queensland cane producers are heading into the 2026 sugar crushing season with strong crop potential,” Ms Saraiva said. “Growers are reporting strong crop establishment and above-average yield potential in key regions including the Burdekin, Herbert, Mackay and Far North Queensland.”

The Q1 survey had found investment appetite among the state's agricultural producers to be relatively unchanged, with 30 per cent of producers planning to increase investment in their farming business in the year ahead (compared with 31 per cent in the previous quarter).



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In addition, 60 per cent indicated they were planning to maintain investments at current levels, while 10 per cent intended to decrease spending.

Queensland producers' plans to invest in on-farm infrastructure remained stable at a high 64 per cent in the survey, while 37 per cent intended to adopt new technologies and 36 per cent to invest in irrigation/water infrastructure (albeit down from 51 per cent and 40 per cent with those intentions respectively in the previous quarter).

Other investments planned included new plant/machinery (for 33 per cent of producers), increasing livestock numbers (for 26 per cent) and education (21 per cent).

The survey also found there had been a small increase in those planning to expand farming operations through property purchase to 18 per cent (was 15 per cent previously).

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 2000 by an independent research organisation. The next results are scheduled for release in June 2026.

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