Media Release
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NSW farmer confidence rebounds, but cost pressures remain key concern

Results at a glance:

- *NSW farmer confidence has recovered from the sharp fall recorded last quarter, with fewer farmers now expecting agricultural business conditions to worsen over the next 12 months.*
- *Commodity prices are providing the greatest cause for optimism.*
- *Investment intentions and farm income expectations have strengthened.*
- *However, input costs, seasonal conditions and government policy remain of concern.*

New South Wales farmer confidence has staged a recovery following a significant downturn recorded in the previous quarter, with producers now reporting a more stable outlook on the year ahead.

The latest quarterly Rabobank Rural Confidence Survey, released today, found NSW rural sentiment has climbed to a net reading of -20 per cent, up from -55 per cent last quarter, when the state had reported the weakest confidence levels in the country.

The improved sentiment in the sector reflects a moderation in the number of the state's farmers expecting business conditions to worsen and a growing expectation that conditions are likely to remain stable, supported by stronger commodity markets and improved confidence about farm incomes.

The quarter three survey, completed last month, found more than half of NSW farmers surveyed (52 per cent) were expecting business conditions to stay the same over the next 12 months, up from 22 per cent with that view last quarter, while the number predicting conditions to worsen dropped to 31 per cent, down from 64 per cent previously. Those expecting conditions in the agricultural economy to improve remain unchanged at 10 per cent.

The survey found rising commodity prices were among the strongest drivers of optimism for NSW farmers.

Exactly half (50 per cent) of the state's farmers reported they were positive about commodity prices in the year ahead, while 31 per cent anticipated a good season, both up slightly on the number with that view the previous quarter. Slightly more farmers (at 15 per cent) were optimistic about overseas markets, up from 10 per cent last survey.

The top concern for the farming sector in NSW remains elevated input costs, cited by 52 per cent (albeit down from 58 per cent last quarter). Concern about government intervention/policies increased to 40 per cent of those surveyed (from

22 per cent previously), while drought worries eased to 32 per cent (from 47 per cent).

Rabobank state manager for NSW Toby Mendl said the most recent survey showed farmer sentiment was beginning to stabilise after a particularly difficult second quarter. “Last quarter, confidence was particularly weighed down by higher farm input cost concerns, linked to disruptions in the Strait of Hormuz, along with dry seasonal conditions in parts of the state,” he said.

Since that time, he said, solid commodity prices and widespread winter rainfall in a number of regions have helped buoy farmer sentiment.

Mr Mendl said input costs, though, remained a key concern for many farming businesses.

“Although some costs have eased from previous peaks, ongoing global uncertainty continues to influence producer sentiment and business planning,” he said.

“Farmers are also expressing concerns about increasing regulation and infrastructure-related developments, particularly where they have the potential to affect farming operations, succession plans and long-term investment decisions.”

Mr Mendl said farmer confidence across New South Wales remains closely tied to seasonal conditions, however “sentiment has improved considerably from the lows seen earlier in the year, with many producers now looking at spring with cautious optimism”.

“The widespread rainfall received since May has helped stabilise sentiment across much of the state, supporting both cropping and livestock enterprises and improving confidence in the outlook for the season,” he said.

“While many regions would still welcome further rainfall to finish the season strongly, producers are generally reporting conditions that are far more favourable than those anticipated earlier in the year.”

Across all regions in the state, the survey found confidence – while mostly improved – remained at net “negative numbers”.

Riverina-based farmers were found to be the most optimistic in the state with net sentiment lifting to -11 per cent (from -58 per cent last quarter).

Mr Mendl said farmers across southern NSW and the Riverina had experienced a “fairly normal year” in terms of seasonal conditions, and, while optimistic, they will need some spring rain to finish the season.

Farmer sentiment also lifted in North West NSW with a net index of -13 per cent, a huge rebound from -85 per cent last quarter. And Central West NSW farmer confidence improved to net -19 per cent from -47 per cent last survey.

"Whilst too late to plant a full program in some areas, the rainfall received in late May, helped adjust overall sentiment for the coming season, particularly for grain growers. This has been followed by reasonable winter rain across much of the state which has also contributed to improved farmer confidence," Mr Mendl said.

Farm sentiment on the Northern Slopes and Plains increased to net -23 per cent (was -54 per cent). North Coast farmer sentiment was found to now sit at a net index of -21 per cent, surging from -66 per cent last quarter.

The survey found South Coast-based farmers to have the lowest confidence levels in the state, at a reading of net -40 per cent, down slightly from -38 per cent. Almost half (48 per cent) of that region's farmers hold concerns about dry seasonal conditions.

"Across much of New South Wales," Mr Mendl said, "the mood is now not one of concern about a major seasonal downturn, but rather a recognition that a normal spring will be important to maintain current momentum."

By commodity, the latest Rabobank survey found confidence among most sectors has recovered, but remained in net negative territory.

NSW beef producers and sheep producers reported the highest sentiment at -14 per cent and -13 per cent respectively (was -52 per cent and -40 per cent).

Producers in both sectors cited strong commodity prices as their chief reason for optimism.

Mr Mendl said NSW livestock producers continue to benefit from solid market conditions, with their "bullish" sentiment underpinned by strong pricing and generally favourable seasonal conditions across most production regions.

NSW dairy farmer confidence rebounded to net -27 per cent from -84 per cent. The survey found commodity prices to be the chief reason for positive sentiment.

The state's grain growers also reported some improved sentiment, stepping up from a net reading of -39 per cent last quarter to -31 per cent this survey.

"As we head into NSW's winter crop harvest, growers aren't expecting to be breaking any production records this year, but will be anticipating average yields in most areas," Mr Mendl said.

Cotton growers continue to have the lowest confidence among the state's agricultural sectors, with a net reading of -65 per cent. However, this was up from -94 per cent last survey.

"Confidence in the cotton sector remains subdued with growers uncertain around water availability, and limited soil moisture is leading to expectations that Australia's 2027 cotton production could fall by roughly a third," Mr Mendl said. "These future production concerns appear to be overshadowing positive global price movements, with cotton prices increasing over the past couple of months."

Mr Mendl said one of the most encouraging findings of the survey was the continued appetite among farmers to invest in their businesses. “Strong investment intentions suggest producers maintain confidence in the long-term future of Australian agriculture,” he said.

The latest survey found almost two thirds of NSW farmers (61 per cent) plan to maintain investment in their farm business at the same level, up from 53 per cent last quarter, while those planning to decrease investment fell to 11 per cent, from 20 per cent previously. The proportion intending to increase farm business investment this quarter nudged up to 26 per cent (from 22 per cent).

Planned expenditure included in on-farm infrastructure (for 72 per cent, up from 60 per cent last quarter), adopting new technologies (33 per cent, from 24 per cent) and new plant/machinery and increasing livestock numbers (both 31 per cent, up from 20 per cent and 21 per cent, respectively).

“Earlier in the year, before the winter rainfall, we saw some destocking, with livestock producers – particularly in the New England – selling stock to ease grazing pressure. And the survey is now suggesting producers are planning to rebuild those numbers in the coming months,” Mr Mendl said.

The survey found those NSW farmers intending to purchase property to expand farming operations nudged up to 15 per cent this quarter, from 11 per cent previously.

Income projections among the state’s farmers matched the improved sentiment. Nearly half of NSW farmers surveyed expect their income to remain the same in the year ahead (46 per cent, up from 33 per cent last quarter). A total of 28 per cent of farmers predict that their income will decrease (was 45 per cent), and 25 per cent expect a higher income (up from 19 per cent).

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 December 2026.

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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