



## ***Summer rain and improving commodity prices drive significant jump in NSW farmer confidence***

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

- *NSW farmer sentiment has risen sharply in the latest quarter.*
- *Good summer rainfall and improving commodity prices the key factors behind the positive outlook.*
- *Farm investment intentions turn around.*

**New South Wales farmers' spirits have been buoyed by good summer rain and improving commodity prices, with a considerable jump in confidence reported in the latest quarterly Rabobank Rural Confidence Survey.**

**The quarter one survey, released today, saw a return to positive territory for the first time since June 2022 – with considerably more farmers now reporting an optimistic view than pessimistic outlook on the year ahead. Previous surveys saw confidence driven lower by concerns about rising input costs, falling commodity prices, El Niño forecasts and declarations and heightened risk of foot and mouth disease (FMD) and lumpy skin disease.**

**The latest survey, completed last month found 35 per cent of NSW farmers had a positive outlook on the agricultural economy in the coming 12 months (up from 15 per cent with that view in the previous survey). Meanwhile, just 16 per cent expected conditions in the agricultural economy to worsen (compared with 61 previously). Almost half (47 per cent) expected the agricultural economy to remain stable.**

**Of those NSW farmers who expect the agricultural economy to improve in the coming year, over half (57 per cent this quarter) hold the view that commodity prices will rise in the year ahead, while nearly half (47 per cent) cited good rainfall as a key reason for their optimism.**

**Among those holding a negative outlook on the year ahead this survey, there were far fewer concerned about drought (down to eight per cent, from 64 per cent last quarter). Falling commodity prices (37 per cent) and rising input costs (41 per cent) were the main concerns nominated by farmers with a negative outlook.**

**Rabobank regional manager for Riverina Sally Bull said, for many farmers in New South Wales, “the season has turned around significantly from last year’s El Nino outlook”.**

**“This, in combination with the expectation that the livestock market had bottomed out last year and the subsequent improved commodity prices, has provided a marked improvement in farmer sentiment,” she said.**



Ms Bull said while many of the state's primary producers have benefited from good summer rainfall, "there are still isolated pockets waiting for rain, particularly in the New England area."

"And in southern New South Wales, the rainfall has disappeared over the past month and temperatures have risen – so typical summer conditions did finally arrive," she said. "Good sub-soil moisture is available though. However, some southern farmers who have sown early grazing crops will be affected by the drier conditions and their crops are struggling at present."

The survey, completed last month, found beef producers to be the most optimistic farmers in the state.

Almost half of NSW beef producers (46 per cent) reported they were expecting agribusiness conditions to improve in the year ahead, while 43 per cent were expecting conditions to remain unchanged. Only eight per cent anticipated a decline in economic conditions, dramatically down from 63 per cent with that view in the previous survey.

The key factors driving optimism in the sector were rising commodity prices (for 58 per cent expecting improved prospects) and good seasonal conditions (49 per cent).

"For livestock farmers, cattle prices have continued to improve this year, after we saw signals of a recovery in late 2023," Ms Bull said. "And while sheepmeat prices haven't held up like cattle prices, they are still performing better than the lows of last year – giving producers confidence of a better year ahead."

"With the hope of above-average rainfall totals this year – producers should have more opportunity to hold stock on farm which, given supply is expected to remain elevated through the first half of 2024, would assist in supporting prices."

The survey found confidence levels had also lifted among NSW sheep producers, with up to 33 per cent expecting a better agri economic outlook in the year ahead (22 per cent last quarter). And over half of sheep producers surveyed (58 per cent) expect business conditions to remain unchanged, up from 21 per cent previously.

Net confidence levels also went up in the state's grain sector. Although there was a slight decline in the number of growers expecting improved economic conditions in the year ahead (12 per cent compared with 19 per cent last quarter), there was a significant drop in the number believing conditions in the agricultural economy will decline (down to 38 per cent, from 59 per cent previously).

"The rainfall this summer has seen good summer crops grown across the state," Ms Bull said. "Expectations of a better-than-average summer crop remain strong across the Liverpool Plains and further north with good in-crop rainfall received through the summer months complementing any irrigation and supporting dry land programs."

"And the rain has also set up farmers for planting winter crops in the coming months with a good moisture bank of full sub-soil moisture profiles."

For the state's cotton growers, the survey found only six per cent of growers were expecting agribusiness conditions to be better in the year ahead (eight per cent previously). However, there was a major shift in the number of cotton growers expecting agribusiness conditions to decline, with seven per cent maintaining a pessimistic view this quarter, compared with 70 per cent previously.

Ms Bull said cotton growers in the southern valleys have experienced one of the most challenging cotton-growing seasons on record last year and are looking forward to better conditions this year. "And good summer rain in northern cotton production areas has shored up water supplies for the season ahead," she said.

"Firming cotton prices, water availability and affordability will all help lift grower's outlooks."

Investment intentions amongst the state's farmers have risen this quarter, with 24 per cent saying they will invest more in their agricultural businesses over the next 12 months (previously 13 per cent). While only eight per cent plan to decrease investment (down from 31 per cent last quarter).

Ms Bull said the improved seasonal conditions and stronger commodity prices have given farmers confidence to boost their budgets for business investment after reining in spending last year. "Farmers were generally careful with their spending through 2023, being mindful of reduced incomes and an uncertain seasonal outlook," she said.

The survey found of those NSW farmers looking to increase their investment, on-farm infrastructure was the type of investment most commonly planned (by 56 per cent, up from 54 per cent previously). More survey respondents were looking to increase livestock numbers (33 per cent, up from 14 per cent last quarter), while fewer farmers were looking to invest in new plant/machinery (34 per cent, down from 53 per cent).

Appetite for property purchase remains relatively stable, with 14 per cent of those NSW farmers who are looking to increase their investment considering buying land in the year ahead.

"NSW farmers are expected to be more discerning when looking to purchase property this year," Ms Bull said. "We are seeing increasing due diligence by farmers looking to expand – assessing the opportunity to complement existing operations, the opportunity for diversification and expansion. However, for the right property that fits strategically into their operation, there remains strong appetite to purchase."

"The steep increase in land prices in recent years has also meant farmers are looking carefully at the value of their existing holdings and working to maximise the productivity of those assets. Intensifying and increasing production through infrastructure investment maybe a better option for some farmers than expanding land area."

Farm income expectations have improved, with 34 per cent of NSW farmers surveyed forecasting their incomes will increase in the year ahead (up from 13 per cent with that



**Rabobank**

**Media Release  
March 13, 2024**

view last quarter) and 24 per cent expecting incomes will decrease (down from 65 per cent previously).

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions an average of 1000 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 2024.

<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 120 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 38 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 90 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)