



‘Back in the black’ – NSW farmers turn positive in the latest quarter

Results at a glance:

- *NSW rural confidence has seen a meaningful lift this quarter, with farmers reporting fewer concerns about dry weather conditions, high input costs and soft commodity prices.*
- *Beef producers are the most optimistic sector in the state.*
- *Farm investment intentions have increased.*

New South Wales farmer sentiment has climbed “back into the black” in the latest quarter, with the number with a positive outlook edging above those expecting conditions to deteriorate, the latest Rabobank Rural Confidence Survey has found.

This comes as farmer concerns about dry seasonal conditions, high input costs and declining commodity prices ease, and follows a decline in sentiment recorded in the previous quarter.

The quarter three survey, released today, found the state’s farmer sentiment has recovered from a net reading of -11 per cent in the second quarter of 2024, to +1 per cent – scraping back into “positive territory” (with more producers optimistic than those negative in their outlook).

This improved outlook was in line with national rural confidence, which rose across the country this quarter.

Notably, more NSW farmers now expect agribusiness conditions to get better in the year ahead – 23 per cent (up from 19 per cent in the previous quarter), while fewer expect conditions to decline (22 per cent, down from 30 per cent last quarter). And almost half (51 per cent) expect the agribusiness economy to remain stable.

Concerns around dry weather conditions have eased – cited as a concern by 28 per cent this quarter, down from 34 per cent in the previous survey. And worries about lower commodity prices have also declined – nominated by 17 per cent of respondents (down from 30 per cent previously).

NSW farmers do remain worried about rising input costs – nominated by a relatively high 32 per cent of farmers this quarter (though down from 36 per cent last survey).

On the positive side, the state’s farmers report being optimistic about stronger commodity prices – nominated by 28 per cent (albeit down slightly from 30 per cent previously). And 28 per cent also believe the agribusiness economy will be positively impacted by overseas markets/economies (up from 16 per cent).



Rabobank state manager for NSW Toby Mendl said the uptick in farmer sentiment this quarter was not surprising, as the majority of the state had enjoyed good seasonal conditions, “although there are pockets through the Riverina in need of rain”. And commodity prices – particularly in the livestock sector – have continued to improve as the year progresses, he said.

The survey found beef producers continue to be the most optimistic farmers in the state.

“An abundance of quality pasture across much of northern New South Wales has certainly lifted the spirits of many beef producers,” Mr Mendl said. “And producers are optimistic about the outlook for cattle prices. The bank holds an expectation that cattle prices should continue to rise in the coming months – as higher international beef prices are starting to lift the local cattle market.”

While the number of NSW beef producers surveyed reporting a positive outlook on the coming 12 months lifted slightly to 31 per cent (from 30 per cent with that view previously), those expecting deteriorating conditions eased to 15 per cent (down from 25 per cent in quarter two). Almost half (49 per cent) anticipate farm business conditions to remain unchanged.

The survey found the majority of NSW sheep producers (66 per cent) are expecting farm business conditions to remain stable. Those with a pessimistic outlook on the year ahead had eased from last quarter (down to 19 per cent, from 27 per cent previously), and there was a small decline in the number of producers expecting agri economic conditions will improve (13 per cent, down from 15 per cent).

Mr Mendl said the past year has been “pretty testing” for many NSW sheep producers, “however, there is a feeling we have passed the lowest point of the market, and the future appears more promising”.

“Despite some ongoing uncertainty about global economic conditions, the bank believes the demand outlook for wool and sheepmeat is more optimistic than in the past two years,” he said. “However, the more significant changes will come from the supply side of the market. Forecasts for both the wool and sheepmeat markets suggest a reduction in production for 2024/25. And this contraction in supply of both wool and lamb numbers should provide positive support to prices for NSW producers over the coming year.”

While sentiment among the state’s grain growers remained overall relatively low, there was an increase seen in confidence levels. The percentage of NSW grain growers expecting improved farm business conditions in the next 12 months lifted marginally – to 19 per cent (from 15 per cent last quarter), while over half (53 per cent) anticipate economic conditions to remain unchanged.

“The winter crops are largely looking excellent in many parts of the state, so it’s not surprising to see sentiment lifting,” Mr Mendl said.



“With the harvest of those winter crops fast approaching, many farmers are predicting above-average crop yields and growers remain cautiously optimistic, albeit acknowledging the pointy end of the season is still to play out.”

For NSW cotton growers, sentiment waned slightly overall. There were slightly fewer growers now reporting a positive outlook on farm business conditions in the coming 12 months – at just seven per cent (from 11 per cent last quarter). There was also a rise in the number expecting agribusiness conditions to decline (up to 37 per cent, from 20 per cent previously). More than half (54 per cent) expect agricultural economic conditions to remain unchanged.

“Cotton prices have been a little lower this year,” Mr Mendl said, “but crop yields for last season were pretty good – particularly in the northern NSW cotton valleys.

“There is also the possibility of more cotton being grown in the state’s southern valleys. Structural changes in the rice sector may provide an opportunity for Riverina producers to consider substituting rice for cotton.”

Overall, investment intentions for NSW primary producers have increased this quarter, with 30 per cent now planning to invest more in their farm businesses (up from 21 per cent with that view last quarter) and just 12 per cent reporting they will decrease on-farm investment in the year ahead (almost unchanged from 11 per cent in quarter two).

Mr Mendl said the state’s farmers remain cautious when considering future investment in their businesses. “With generally-subdued commodity prices in comparison to five-year averages, in conjunction with on-going concerns about inflation and cost of living pressures, farmers generally remain a little cautious with their investment decisions,” he said.

The survey found spending on on-farm infrastructure – new sheds, yards and silos – was the most commonly-planned investment for NSW farmers (by 64 per cent). Investing in adopting new technologies was also on the table for 33 per cent.

Appetite for property purchase amongst NSW farmers remains “steady”, with 10 per cent looking to buy agricultural land in the year ahead.

“The strengthening livestock markets, coupled with generally good seasonal conditions, means there are a number of farmers prepared to grab the opportunity if the farm next door comes to market,” Mr Mendl said. “Blue-chip properties are still selling well, and land prices have not eased, however we are noting the pace of sales has returned to more normal time frames.”

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.



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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 December 2024.

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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