



Confidence climbs on farm, despite prolonged dry conditions in parts of the state

Results at a glance:

- *Victorian farmer confidence climbed this quarter despite unusually dry seasonal conditions in parts of the state.*
- *Reasonable seasonal conditions for some areas, along with stronger commodity prices and international markets cited as chief reasons behind improving sentiment.*
- *Farmer investment intentions increasing.*

While many farmers are still managing unusually dry seasonal conditions in parts of the state, a reasonable season – particularly in northern Victoria – has driven a lift in rural sentiment in the latest quarter.

The quarter three Rabobank Rural Confidence Survey, released today, found net farmer confidence in Victoria had seen a turnaround, increasing to -4 per cent this survey, from the -31 per cent in the second quarter of 2024.

While still net negative – with more farmers pessimistic than optimistic about the year ahead – this kick in Victorian farmer confidence, following a decline in sentiment recorded mid-way through the year, is in line with a recovery in overall rural confidence across the nation this quarter.

Completed last month, the survey found a quarter (25 per cent) of the state’s farmers reported they are expecting agribusiness conditions to improve – up from just 12 per cent in the second quarter. And there was a decrease in the number holding a negative outlook on the agricultural economy in the year ahead (30 per cent, down from 43 per cent last quarter). A total of 43 per cent expected farm business conditions to remain unchanged.

Positive seasonal conditions were the chief cause for optimism (nominated by 34 per cent of Victorian farmers surveyed this quarter, compared with 29 per cent last quarter). Stronger commodity prices were also a reason for positivity for 31 per cent (up from 25 per cent) and international market opportunities (23 per cent, up slightly from 21 per cent).

However, a significant number of Victorian farmers continue to hold concerns about dry seasonal conditions (38 per cent, albeit down from 44 per cent last quarter).

Rabobank state manager for Victoria and Tasmania Sally Bull said Victorian farmers – particularly those in the south west of the state – had been managing one of the driest seasons on record. “There are reports that it has been the driest six months in the south



west since the late 1960s. And while there has been some rain, it has been very patchy and will need a wet spring to replenish feed reserves,” she said.

Ms Bull said parts of Gippsland and the north east of the state have also experienced a drier-than-average winter and “livestock producers in those areas have been feeding their stock for the last few months”.

“Farmers in northern Victoria have been enjoying a reasonable season,” she said. “While rainfall has generally been below-average through winter in the north of the state, it is fair to say many farmers in this region tend to see it as favourable to have a slightly drier winter.

“And the Bureau of Meteorology’s recent short-term rainfall outlook is predicting that rainfall is likely to be within the typical seasonal range over much of the eastern half of the country in coming months.”

Despite the dry conditions in key sheep-producing regions of the state, the survey found confidence among Victorian sheep producers had increased dramatically this quarter, with 40 per cent now anticipating agribusiness conditions would improve in the 12 months ahead – a major U-turn from just six per cent holding that view last quarter.

Ms Bull said while many Victorian sheep producers had been dealing with challenging seasonal conditions, the prospect of stronger prices is giving them hope for the coming year.

“However, the impact of the lack of rain will be felt by the state’s sheep producers for some time to come, with lower lambing and marking percentages that will continue to affect stock numbers well into the future.”

The survey found sentiment levels among the state’s beef producers be stable – with nearly half (47 per cent, up from 43 per cent previously) expecting farm business conditions to remain the same.

Ms Bull said the dry conditions in the south west through the first half of the year have reduced the numbers of heavy finished grassfed cattle going to market.

“It is encouraging for beef producers to see that higher global beef prices are starting to lift the local cattle market,” she said. “The bank holds an expectation that cattle prices should continue to rise in the coming months.”

For the state’s grain growers, the survey found the majority expect agricultural economic conditions to remain unchanged in the year ahead.

“After enjoying back-to-back good seasons in recent years, the outlook for the coming grain harvest is not as bright,” Ms Bull said. “Grain growers are looking for decent rain soon to be able to finish crops. Farmers began the growing season with good subsoil



moisture, but limited rain and warmer weather are expected to have an impact on crop yields this harvest.”

The survey found the majority of dairy producers in Victoria (50 per cent) thought farm business conditions were likely to weaken in the coming 12 months (albeit down from 55 per cent with that view last quarter), while 41 per cent expected conditions to remain unchanged.

Ms Bull noted seasonal conditions have been mixed across the key Victorian dairy regions.

“The sizable milk-production regions in the state’s west have been affected by the severe rainfall deficiencies, however, seasonal conditions elsewhere have been mostly favourable.

“In the northern Victorian irrigated dairy regions, dairy farmers have experienced reasonably good seasonal conditions, although the most recent rainfall events have been variable. Most northern dairy farmers are expected to have a big season for fodder production and a good water allocation for this season,” she said.

Overall, this quarter, the survey showed Victorian farmers’ investment intentions have increased slightly. The number of primary producers expecting to increase investment in their farming business lifted from 17 per cent last quarter to 21 per cent. While the majority (64 per cent) expect spending on their farming business to remain unchanged in the year ahead. And slightly less are now looking to decrease investment levels (15 per cent, down from 16 per cent previously).

Ms Bull said in recent months, many farmers had “hit pause” on major investment projects. “Farmers across the state are generally being more cautious with their spending. And understandably, farmers in western Victoria are taking a more near-term view on investment and focusing on getting through this dry spell.”

The survey found the most planned areas of investment for Victorian farmers to be on-farm infrastructure and adoption of new technology. Planned spending on infrastructure – new sheds, yards and silos – increased this quarter (up to 62 per cent, from 54 per cent last survey), although spending on technologies is expected to ease (down to 25 per cent, from 37 per cent previously).

“There is still interest from farmers in purchasing property to expand their business, if the right opportunity is presented,” Ms Bull said. “However, there are not as many properties – compared with recent years – coming to market at present.”

The percentage of Victorian survey respondents who indicated they were planning to buy farmland in the coming year eased slightly this quarter (down to 11 per cent, from 13 per cent last quarter).



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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 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