



Dry spring drives dip in NSW farmer sentiment

Results at a glance:

- *Confidence levels amongst NSW farmers eased back this quarter, driven by increasing concerns about weather conditions off the back of a dry spring.*
- *South Coast/Southern Highlands-based farmers took the biggest hit in confidence, followed by Riverina-based farmers.*
- *Confidence was down across all commodity sectors – except cotton which posted an improvement, albeit to remain weak – with sheep producers reporting the lowest sentiment, largely on the back of seasonal weather concerns.*

New South Wales farmers are ending the year on a less optimistic note, after a dry spring in parts of the state saw rural confidence lose ground after rallying in the previous quarter, the latest Rabobank Rural Confidence Survey has found.

This comes despite a bumper harvest in northern NSW, though with mixed results for grain growers in the rest of the state.

New South Wales farmers expressed heightened worries around dry weather in the quarter four survey, released today, with 43 per cent (up from 28 per cent) citing dry seasonal conditions as a concern.

The survey found the state's rural confidence to now be sitting at a net reading of -7 per cent (down from +1 per cent in the September quarter) – with NSW farmer confidence continuing to track below the heights reported throughout 2020 and 2021.

The percentage of NSW farmers expecting conditions in the agricultural economy to improve now stands at 18 per cent (down from 23 per cent). Those expecting conditions to worsen increased slightly to 25 per cent, up from 22 per cent previously. Approximately half of those surveyed though – 51 per cent – expect conditions to remain relatively stable.

The softening in NSW farmer confidence was in line with the national trend, with confidence taking a hit in all states (particularly Tasmania), with the exception of Queensland and Western Australia – where sentiment lifted slightly, albeit remaining in negative territory.

The latest Rabobank survey, completed last month, found confidence to be down across all regions of NSW – with the biggest decline recorded by farmers operating in the South Coast/Southern Highlands, followed by Riverina-based farmers.

And by commodity, the survey found sentiment was lower across all commodity sectors – except cotton which posted an improvement, although with sentiment



remaining weak. Sheep producers reported the lowest sentiment in the state, largely on the back of drought concerns.

Rabobank state manager for NSW Toby Mendl said the easing in farmer confidence in the fourth quarter was not unexpected, as a relatively dry spring has taken a toll.

“Following a wet winter, the expectation of a solid spring did not eventuate across the bulk of the state,” he said. “And whilst the dry conditions have not taken the shine off a good harvest for many grain growers – particularly in northern New South Wales – it left many livestock producers a little anxious about the seasonal outlook and that has impacted overall confidence levels.”

Mr Mendl said recent widespread rainfall after the survey’s completion would also have provided further cause for optimism heading into summer.

Mr Mendl said, “not surprisingly”, the survey found sheep producers were the most pessimistic of farmers in the state.

“Dry seasonal conditions, combined with a soft wool market and below-average mutton prices, have been dragging down producer sentiment in that sector,” he said.

For the state’s beef producers, those reporting a positive outlook for the year ahead eased slightly to 27 per cent (from 31 per cent with that view previously) and those expecting deteriorating conditions remained almost unchanged at 14 per cent. Over half (52 per cent) anticipate farm business conditions to remain the same.

“Australian cattle prices remain steady,” Mr Mendl said. “Despite the record beef production volume witnessed in recent months, cattle prices are holding and a general sentiment of possible pricing upside over the next 12 months is providing some comfort for NSW beef producers.”

The survey found the majority of the state’s dairy farmers are expecting agribusiness conditions to remain unchanged in the year ahead.

Mr Mendl said dairy farmers in the Riverina have been experiencing strong milk production and increased volumes in recent months.

“And while spring rainfall was minimal across most of the major dairy-production regions, there has been recent rainfall and the latest outlook from the Bureau of Meteorology calls for above-average rainfall for key dairying regions into early 2025,” he said.

For NSW grain growers, Mr Mendl said, many have been reporting strong crop yields. “With the winter crop harvest wrapping up, we have seen some really great results, particularly in the northern regions,” he said.

However, Mr Mendl said, there are pockets through the Riverina that have had a tougher time on the back of the late frost activity.



“The frost events in mid-September through the south of the state impacted some individual growers, although some harvest results have come in better than first anticipated. Unfortunately, the recent rainfall, whilst great for the livestock sectors, is also likely to have an impact on any remaining grain not yet in the bin,” he said.

The majority of the state’s grain growers (68 per cent) are expecting agribusiness conditions to remain unchanged in the year ahead. There was a decrease seen in the percentage of NSW grain growers expecting improved farm business conditions in the next 12 months – down to 10 per cent (from 19 per cent last quarter).

For NSW cotton growers, confidence edged up slightly overall. Net confidence in the cotton sector climbed to -24 per cent from -30 per cent last quarter.

“New South Wales cotton producers are well placed for the year ahead,” Mr Mendl said, “with strong planting conditions, good early season rain and full water storages setting them up for the coming season.

“And cotton growers operating in the southern valleys are saying this season is off to one of the best starts ever.”

Despite the drop-off in overall rural confidence levels in the state, investment intentions among NSW farmers remained firm – and among the highest in the country after Tasmania and Queensland. A total of 88 per cent of the state’s farmers indicated they were intending to either increase or maintain the same level of business investment in the year ahead. Just 12 per cent (same reading as last quarter) are looking to wind back their investment.

Mr Mendl said farmers are aware of the importance of maintaining business investment to ensure their businesses are as productive as possible.

Investing in on-farm infrastructure remained a priority for NSW farmers, with 69 per cent intending to invest in new fences, silos and yards, while 33 per cent are looking at adopting new technologies in the year ahead.

“Larger cropping farmers are focusing their infrastructure investment on upgrading and increasing their on-farm grain storage,” Mr Mendl said. “There’s an appetite amongst grain growers to enable flexibility in their grain marketing practices and additional on-farm storage facilitates that process.”

NSW farmers continue to hold a “level of cautiousness” when considering property acquisition, with 12 per cent looking to buy agricultural land in the year ahead, a slight increase from 10 per cent in quarter three.

Income expectations also remained positive among the state’s primary producers, the Rabobank survey found, with more expecting their incomes to increase rather than decrease. That said, the proportion anticipating an improvement fell back to 27 per cent (from 32 per cent last survey), while those expecting a weaker financial result was 23 per cent.



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Mr Mendl said NSW dairy farmers were the most upbeat about the outlook for their farm incomes, followed by beef and grains.

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 March 2025.

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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