



Rabobank

Media Release  
December 16, 2024

## **Queensland rural producers buck national trend to report slightly improved outlook heading into year end**

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

- *Sentiment amongst Queensland's producers improved slightly in Q4, to now hover around 'neutral' levels.*
- *Queensland along with WA only states to record a lift in confidence this quarter, with farmer confidence taking a hit in all other parts of the country.*
- *Confidence posted an uptick in the grains and cotton sectors, while it remained steady in beef.*

Queensland's primary producers have bucked the national trend this quarter, recording a slightly improved outlook heading towards the end of the year, the latest quarterly Rural Confidence Survey has found.

The quarter four survey, released today, found Queensland rural sentiment had edged up to now hover around "neutral" at a net reading of -1 per cent – from -4 per cent last quarter – and tracking well above the levels reported in the latter half of 2022 and throughout 2023.

And recent significant rainfall since the survey was in the field is likely to have boosted rural sector confidence further, according to Rabobank acting state manager Brad James.

The survey, completed last month, found while the proportion of the state's producers expecting the agricultural economy to improve remained relatively steady at 18 per cent (19 per cent last survey), a smaller number expected conditions to worsen (19 per cent, from 22 per cent). And the majority, at 60 per cent, anticipate stable conditions.

The survey found Queensland producers were most bullish about seasonal conditions – nominated as a cause for optimism by 43 per cent (up from 37 per cent) – and rising commodity prices (32 per cent, up from 30 per cent previously).

Queensland and WA were the only states to record a lift in rural confidence this quarter, with sentiment taking a hit in all other states – with farmers citing concerns about seasonal conditions as the chief reason for their pessimistic outlook.

By region, the Rabobank survey found confidence picked up across all areas – except the Darling Downs where it posted a small drop-off – with confidence strongest in the South West/Central West/Channel Country followed by the Central Highlands and Central Queensland. While sentiment also improved in Northern Queensland, this region lagged behind other parts of the state.

Mr James said while Queensland producer sentiment had edged up slightly, "this survey's almost neutral level of confidence shows that producers are waiting to see what sort of summer will unfold across the state".



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“Traditionally producers are looking for a break in the season in late spring, and dry seasonal conditions across much of the state this spring will have weighed on producers' minds,” he said.

“The early signs are good for a wet summer, with promising forecasts, which will be giving producers hope for the coming months. In the latter part of November – after the survey’s completion – there was significant rain across Queensland, to the point that the month of November had average to above-average rainfall for most of the state.”

Mr James also noted producers were holding concerns about a number of geopolitical situations. “Many Queensland agricultural products – including sugar, grain and beef – are destined for international markets,” he said. “Producers are keenly aware that political unrest in overseas markets can have direct impacts on local prices and access to farm inputs,” he said.

The survey found dry seasonal conditions were also cited as a concern for many respondents, as were higher input costs, government intervention/policies and the state of overseas markets/economies.

For the state’s beef producers, Mr James said, the survey found the majority (61 per cent, up from 50 per cent previously) expect agribusiness conditions to remain unchanged in the year ahead. “Beef producers listed good seasonal conditions, the prospect of rising prices and opportunities in international markets as the chief factors that will have a positive impact on the agricultural economy in the year ahead,” he said.

Mr James said Australian cattle prices had remained at relatively stable levels in 2024. “And while cattle prices haven’t hit the highs of 2021 and 2022, it’s important to keep in mind that prices in those years were extraordinary and not sustainable,” he said.

“Despite the recent surge in beef production, prices have remained steady, offering some reassurance to Queensland beef producers as they plan for the upcoming year.”

Queensland grain growers reported a slight lift in confidence this quarter. The survey found while most of the state’s grain growers expect agricultural economic conditions to remain stable in the coming year, there was an increase in the number expecting a better year ahead.

Mr James said, pre-harvest, Queensland’s 2024 winter crop had been tipped to break the total production record and surpass the 2021 season as the biggest-ever crop in the state. And this expectation looked to be a reality with harvest now complete.

“Storms and associated heavy rains slowed the final stages of the southern Queensland harvest,” Mr James said. “But with harvest now wrapped up, ABARES is forecasting a total winter crop of 3.598 million tonnes, easily overtaking the previous record.”

This quarter saw a small improvement in Queensland cotton grower sentiment, while the majority of growers expect agribusiness conditions to remain unchanged. The



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survey found cotton growers believe good seasonal conditions and rising prices will impact the agricultural economy positively in the coming 12 months.

“Planting of the 2024-25 Queensland cotton crop is progressing well – with cotton already out of the ground in some areas, and most regions reporting an excellent start to the season,” Mr James said. “Growers are optimistic about the coming season's crop, assisted by favourable conditions – good soil profiles, moisture content, and water allocations. And for most, the current prices still indicate a profitable outcome.”

Although sentiment among Queensland sugar growers improved this quarter, it remained the weakest compared to other commodity sectors.

“Many north Queensland sugar growers are dealing with a delayed harvest this year, with many areas expecting to be harvesting well into December,” Mr James said. “And harvest delays tend to have a detrimental effect on sugar-content yields or CCS.”

Queensland primary producers' investment intentions remained steady, with the same proportion looking to increase their investment as last survey (at 27 per cent), while 62 per cent are intending to maintain spending at current levels. And just 10 per cent are looking to wind back their investment, down from 13 per cent in the previous quarter.

Mr James said many producers are looking for enhanced on-farm productivity. “They are looking at finding better ways of doing things more efficiently, which often requires investment,” he said.

“While more moderate commentary and signals from the RBA about interest rates in recent months is also perhaps providing producers with confidence to make further investment into their businesses.”

Queensland producers indicated in the next 12 months, they are looking to invest in on-farm infrastructure – such as fences, silos, yards (68 per cent, up from 53 per cent in the previous quarter), water/irrigation infrastructure (36 per cent, up from 27 per cent) and new plant/machinery (31 per cent, from 25 per cent).

There was found to be a slightly-decreased appetite for purchasing additional agricultural land in the state – with 10 per cent of those Queensland producers surveyed indicating they would be looking at buying additional farm land in the coming 12 months (from 14 per cent in the previous quarter).

Overall, producers' farm income expectations improved this quarter, and are now at their highest level in two years, with 30 per cent of Queensland respondents expecting their income to improve (from 31 per cent last survey) while a smaller percentage at 16 per cent (down from 24 per cent) expect them to decline. And over half (51 per cent) expect a similar financial result to the last 12 months.

Mr James said by commodity sector, income projections were highest in the cotton sector, with half (50 per cent) expecting an improvement. While in the beef sector, 33 per cent are anticipating a lift in farm incomes.



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The viability index also improved, with 94 per cent of Queensland farmers citing their farm business as easily viable, viable or just viable – up from 89 per cent in the previous quarter.

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 survey 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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