



Better-than-expected grain harvest sees WA farmers finishing the year with confidence sustained

Results at a glance:

- *A better-than-expected harvest, despite a late start to the cropping season, has supported WA farmer confidence in quarter four.*
- *Optimism about commodity prices also fuelling farmer sentiment.*
- *Income expectations and investment intentions have rallied.*
- *Appetite for property purchase is highest in the nation.*

Western Australian farmers are ending the year with their confidence levels intact, buoyed by a significantly better-than-expected harvest and some positive commodity prices.

The latest Rabobank Rural Confidence Survey, released today, found WA was one of only two states in Australia to record a slight rise in net farmer sentiment in quarter four, bucking the national trend, which saw overall rural confidence soften.

Income expectations were also up among the state's farmers, as was appetite to invest in their farm businesses, with 23 per cent of WA producers surveyed indicating an interest in purchasing farmland in the year ahead. This was markedly higher than the rest of the country.

In terms of overall confidence levels, while still in net negative territory – with slightly more of the state's farmers expecting conditions in the agricultural economy to worsen in the coming 12 months than those expecting an improvement – WA farm sentiment was tracking well above the lows reported throughout most of the past three years.

Net WA rural confidence had crept up to -6 per cent, from -8 per cent in the previous survey.

While the percentage of WA farmers expecting better conditions in the agricultural economy in the year ahead had come down to 15 per cent (from 24 per cent last survey), those expecting worsening conditions had eased to 21 per cent (from 32 previously). A total of 58 per cent had a stable outlook, expecting conditions to remain similar to the previous 12 months.

Rabobank state manager for Western Australia Steve Kelly said a far-better-than-expected harvest had seen a “reset” in the state's farmer confidence after a very dry start to this year's grain season.

“For grain growers, harvest has provided a reset with the outcome much better than had been expected prior to harvest,” he said, “and the state is now closing in on what is forecast to be the third largest crop on record.”

Mr Kelly said late rain – which came in November – had “taken the edge off” for some grain growers, impacting quality.



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“These areas had been heading for a good harvest prior to this rain, but unfortunately the late rainfall has caused damage to some crops. That said, it will at least provide soil moisture for them going into next year.”

A more positive outlook on some commodity prices was also buoying farmers in the state, Mr Kelly said.

“In particular, canola prices have been at high levels, especially when considering oil bonuses,” he said.

“Cattle prices have also been holding steady this year at a lot higher levels than last year, despite record cattle production being seen in Australia. Lamb prices have lifted and are significantly higher than they were seven months ago, when things were feeling dire. This is providing some support for lamb producers as many are now reviewing mating numbers and, in some cases, altering enterprise mix in response to the coming end to the live export trade.”

The survey, completed last month, found positive commodity prices to be the most significant driver of optimism among WA farmers this quarter, cited by 31 per cent, while seasonal conditions and overseas markets were cause for optimism for 21 per cent and 19 per cent respectively.

Government intervention and policies was once again found to be the leading cause for pessimism in the state’s farm sector – cited by 48 per cent, while 22 per cent specifically nominated changes to live export. Dry weather was a concern for 28 per cent, especially for livestock producers needing more rain to fill dams.

Mr Kelly said while the survey clearly indicates the announced end of the live sheep export trade in 2028 was still hanging over the sector in WA, farmers may have also been concerned about various other government policies. “There has been public discussion about other government policies, including the federal government’s proposed ‘Super Tax’ amendments, which had implications for farms held in self-managed superannuation funds, and changes to firearms legislation in the state, to name a couple,” he said.

Of the various farm sectors in WA, confidence edged higher across grain, beef and sheep producers, though the majority (at around two thirds overall) expect little change to the current agri economic conditions.

WA farmers’ income expectations were also bolstered, the survey found, and were now the highest in the nation, with 41 per cent of the respondents surveyed in the state expecting higher gross incomes in the coming 12 months (up from 30 per cent with that view last survey), while a further 46 per cent expect to maintain the same level of income. Only eight per cent anticipated a lower gross income in the coming year (down from 23 per cent in the Q3 survey).

The state’s farmers also reported an increased appetite for investing in their farm businesses.

This quarter, 90 per cent were intending to either increase or maintain their investment levels in the 12 months ahead, up from 82 per cent in the previous



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quarter's survey. The percentage specifically planning to up investment had increased to 23 per cent (from 13 per cent previously).

In the year ahead, WA farmers are intending to invest most significantly in on-farm infrastructure, such as fences, silos and yards (55 per cent), new plant and machinery (40 per cent) and adopting new technologies (26 per cent).

Mr Kelly said farmers had "backed off" on their investment activity earlier in 2024 – particularly in "machinery and capital expenditure" – because of concerns about the season.

"It was only in October, when hopes of a more promising harvest were realised, that they have reset and are ready to go again," he said.

In particular, WA farmers reported a strong interest in investing in property acquisition – the highest in the country at 23 per cent of those surveyed.

"This is a very high figure so it will be interesting to see how this eventuates, as there have been indications of less depth of buyers in the market this year and there are a lot of properties on the market, so there is greater supply than at any time in the past few years," Mr Kelly said.

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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