



Victoria's farm sector confidence stages rally

Results at a glance:

- *Solid turnaround in sentiment for Victorian farmers with season, commodity prices and overseas markets/economies cited as reasons behind improved outlook.*
- *Confidence rallied amongst beef sector, with beef producers the most positive about their prospects across the state.*
- *In line with rising confidence levels, investment appetite increased.*

Victorian farmers have risen above a “dry summer” to post a solid turnaround in sentiment, with the state’s rural confidence now at a 12-month high, the latest Rabobank Rural Confidence Survey has found.

Expectations of good seasonal conditions, along with positive commodity prices and international markets, are shown to be driving increased positivity in the sector.

The quarter one survey, released today, found net farmer confidence in Victoria had climbed into “positive territory” in the new year, with a reading of 5 per cent, up from -9 per cent in the December survey.

A quarter of Victorian farmers surveyed (at 25 per cent) now expect agricultural economic conditions to improve over the coming year (up from 19 per cent last quarter), while the proportion expecting agribusiness conditions to worsen also fell back – to 20 per cent, from 28 per cent last quarter. A further 48 per cent expect similar conditions to the past 12 months.

Completed last month, the latest survey found Victorian farmers credited better seasonal conditions, along with commodity prices and global markets/economies, as having a positive impact on their business – cited by 47 per cent (up from 32 per cent), 28 per cent (29 per cent) and 25 per cent (10 per cent) of survey respondents, respectively.

By region, the Rabobank survey found confidence levels were up in the Victorian High Country, with sentiment now the highest in the state, while the Goulburn Valley, Gippsland and South-West Victoria also posted a rebound in sentiment.

Meanwhile confidence fell back in the Wimmera/Mallee to lag other regional areas, with farmers in the region particularly concerned by rising input costs.

Nationally, the survey found farmer sentiment was up across the board – except in Western Australia where it remained relatively subdued – with South Australia and Tasmania posting the largest rebounds in confidence. Approximately a quarter of



the nation's farmers (at 24 per cent) reported they were expecting agribusiness conditions to improve in the next 12 months, up from 18 per cent previously.

Rabobank state manager for Victoria and Tasmania Sally Bull said while many Victorian farmers had dealt with a challenging year in 2024 – with well below-average rainfall across much of the state negatively impacting production – farmers are approaching the new year with a sense of optimism.

“Farmers are holding expectations for a better season, improving commodity prices and international market opportunities that will have a positive impact on their businesses in the year ahead,” she said.

Ms Bull said, as always, there is a lot of anticipation around the autumn break. “Farmers are waiting impatiently for that first significant rainfall event to get the growing season started. It has continued to be exceptionally dry across much of western Victoria, as well as pockets in east Gippsland,” she said.

By commodity, the Rabobank survey found confidence rallied among Victorian beef producers, with cattle farmers the most positive about their prospects in the state – 35 per cent expecting conditions to improve (up from 11 per cent), while a further 48 per cent (was 59 per cent) forecasting similar conditions to last year.

“Good seasonal conditions in parts of New South Wales and Queensland have supported the Victorian cattle market through summer – with northern buyers sourcing Victorian cattle for their ‘grassed-up’ paddocks,” Ms Bull said.

However, Ms Bull said, the ongoing dry seasonal conditions in the western districts are “testing” livestock producers. “Many farmers in the west of the state who rely on surface water runoff to fill dams are having to find alternative sources of water – drilling bores, sending stock on agistment or destocking until dams are replenished,” she said.

Confidence also lifted in dairy, with 29 per cent of the state's dairy farmers expecting farm business conditions to improve – up from 16 per cent last quarter.

Ms Bull said milk production had been weak in western Victoria, but remains strong in the east and north of the state. “And for the year ahead, the forecast for milk production as we approach this year's spring peak, and for the entire 2025/26 season, will largely hinge on rainfall and weather patterns,” she said.

“Summer rainfall over many key dairying regions has been average or lower. Good autumn rainfall will be key to supporting a better feed supply outlook and support milk flows.”

The survey found dairy farmers were particularly positive about the outlook for commodity prices, with 46 per cent citing commodity prices as having a positive impact on the 12-month outlook.



Ms Bull said dairy farmers were feeling optimistic about the direction milk prices were taking. “There is a sentiment in the sector that dairy farmers have moved through the bottom of the milk pricing cycle and are now on the other side,” she said.

Confidence was up in the state’s grain sector, albeit to remain subdued, while it fell back among sheep producers.

In line with rising confidence levels, the latest Rabobank survey found investment appetite increased among the state’s farmers, with 24 per cent of those surveyed looking to invest more in their farm business in the year ahead, up considerably from 14 per cent with that intention in the previous quarter. Meanwhile, just 13 per cent are intending to wind back investment (16 per cent last quarter) and a further 63 per cent (67 per cent previously) are planning to maintain investment at current levels.

Victorian grain growers hold the strongest investment intentions, with 32 per cent looking to increase spending over the year ahead. Investment appetite was though tempered among the state’s sheep producers, with just 13 per cent intending to increase their investment.

“Despite the challenging seasonal conditions last year that delivered a ‘mixed-bag’ of harvest yields, many Victorian grain growers managed to harvest better-than-expected crops,” Ms Bull said, “giving them a boost in confidence to continue investing in their farming businesses.”

Across the state, investment priorities for farmers were shown to be on-farm infrastructure (including fences, silos, yards etc) for 67 per cent, adopting new technologies (37 per cent) and new plant/machinery (33 per cent).

“Efficiency improvements are a top priority for many,” Ms Bull said, “with farmers adopting new technology to drive efficiencies – taking on a process improvement mindset.

“And more and more dairy farmers are choosing to invest in robotics to improve production efficiencies. While grain growers are continuing with the long-term trend of investing in on-farm grain storage, opening up different markets and different selling periods.”

Ms Bull said many Victorian farmers are taking the opportunity to really look ahead and plan for future needs. “Looking in the rear-view mirror, many farmers can see they have come through a pretty good period in recent years, with reasonable seasons, reasonable prices and rising asset values, and are now taking the time to consider how to best prepare their businesses for the next cycle,” she said.

The survey found 15 per cent of Victorian respondents are looking at property acquisition in the coming year (up from nine per cent last quarter), with the highest interest among grain and dairy producers, at 22 per cent.



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**Media Release
March 26, 2025**

Ms Bull said, in line with improving sentiment, farmers also revised up projections for their farm incomes for the next 12 months to the highest level since June 2022.

Those expecting gross farm incomes to increase rose to 31 per cent (up from 17 per cent last quarter), while a 22 per cent expect a weaker financial result (down from 36 per cent previously). A further 45 per cent expect incomes to remain similar to last year.

Optimism about incomes was highest among beef producers, with 42 per cent of the state's cattle farmers expecting their gross farm income to increase, up from 14 per cent.

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 June 2025.

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