



WA rural confidence riding on the 'sheep's back'

Results at a glance:

- *Positive sentiment among sheep and beef graziers has kept rural confidence at strong levels, despite subdued outlook among grain growers*
- *Grain sector impacted by the absence of significant planting rain in some regions*
- *WA farmers are the leading adopters of sensor technology in the nation*

Western Australian farmer confidence remains strong, riding on the back of positive sentiment among the state's sheep and beef producers, the latest quarterly Rabobank Rural Confidence Survey has shown.

The survey found that after edging higher in the first quarter of this year, sentiment among WA primary producers held firm this quarter despite the dry start to the cropping season and subdued sentiment among grain growers.

Completed last month, the survey found 19 per cent of WA farmers expecting conditions in the agricultural economy to improve in the coming 12 months, 62 per cent anticipating similar conditions to last year and 13 per cent with a pessimistic outlook. All three readings were relatively unchanged from last quarter's survey.

Rabobank regional manager for Western Australia Crawford Taylor said while the results for the state looked quite positive on paper, the timing of the survey meant it may not have captured some of the concerns currently being felt by grain growers due to poor autumn rainfall across most of the state's agricultural regions.

"When the survey was undertaken, the window for most grain producers for planting was still well and truly open, and that has almost closed now," he said.

"There are areas of the Great Southern, South Coast, South East and scattered parts of the Wheat Belt that have had rain to get crops up and going, but for the majority of growers that's not the case.

"There is still a large portion of the state's cropping area that has not had significant rain since February and, while a considerable amount has been dry sown, some farmers have chosen to scale back their program or not sow at all."

This subdued cropping outlook was reflected in the survey results, with the grain sector revising down expectations – 20 per cent of grain growers surveyed were expecting agricultural economic conditions to deteriorate in the coming 12 months, 55 per cent expecting similar conditions to last year and only eight per cent anticipating an improvement.

The state's dairy producers had a similarly negative outlook, with none of those surveyed expecting an improvement in the agricultural economy.

For both dairy and grain, Mr Taylor said, concerns revolved around a combination of subdued commodity prices and worrying seasonal conditions.



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Of WA farmers with a negative outlook on the coming 12 months, 79 per cent nominated falling commodity prices as reason for their pessimism, with 58 per cent indicating the dry conditions were a significant cause of concern.

On the flipside, commodity prices were also positive factors for the farmers who were expecting conditions to improve (cited by 98 per cent of these), particularly the market outlook for beef and lamb. Mr Taylor said this reflected the ongoing strength of the livestock commodities.

“For both beef and sheep meat and even wool, we have seen decent prices for some time now and there are global market indications that these stronger prices will continue throughout the winter months,” he said.

“However, given the timing of the survey, I would anticipate there would now be growing concern about the dry conditions and its impact on meaningful pasture through winter.

“Although while livestock producers may have to look at supplement feeding their stock in order to retain them, subdued grain prices have resulted in cheaper available feed.”

The disparity between sectors was also reflected in investment intentions. WA beef and sheep producers continue to have strong investment intentions, with 40 per cent and 34 per cent respectively looking to increase investment – compared with just six per cent of grain growers.

Of those farmers intending to invest more, on-farm infrastructure was top of the list, followed quite closely by increasing livestock numbers.

This quarter WA farmers were also asked about their adoption of sensor technology, such as drones, yield mapping and moisture probes.

WA showed the highest level of adoption of this type of technology in the country with 32 per cent of farmers surveyed indicating they were currently using sensor technology and 12 per cent considering it.

Of those already using sensor technology, 68 per cent said it supported their business decision making.

Mr Taylor said grain growers, and in particular those in WA, had been early adopters of much of this technology, but connectivity to networks was proving the greatest inhibitor to further investment.

“In many parts of the state, we still struggle to get mobile signal or access to good internet coverage,” he said.

“A lot of these technologies, and the support required to operate them, depend on internet access so it is incredibly frustrating for these businesses to be shackled by lack of coverage.

“The instant access to information and the ability to share that information with key service providers is a direction that many farmers are moving towards and the benefits are beginning to be seen.”



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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 September 2017.

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