



Patchy start to season fails to dampen SA farmer spirits

Results at a glance:

- *SA farmers among the most confident in the country despite challenging start to the season*
- *Sentiment varies considerably across the regions*
- *State's sheep graziers most upbeat about the outlook, with more than a third looking to increase investment*

South Australia's farmers have kept up their spirits, despite a "less than stellar start" to this year's cropping season, the latest Rabobank Rural Confidence Survey has found.

The survey showed overall net rural confidence in the state had continued to edge marginally higher over the past quarter, despite parts of South Australia having had their driest start to the season in more than 100 years.

A total of 29 per cent of South Australian farmers surveyed reported a positive outlook on the 12 months ahead, just slightly up on the 27 per cent with that view in the previous quarter.

The survey, completed last month, also found 43 per cent of SA producers were anticipating similar prospects to last year while the number of farmers concerned about a deteriorating agricultural economy remained steady at 22 per cent.

Rabobank regional manager for South Australia Roger Matthews said additional rain which had fallen through the state in recent days would have vindicated farmers' optimism and likely bolstered confidence further.

While sentiment across the state remained in positive territory in the survey – with more farmers having an optimistic than pessimistic outlook – there was significant variance across the regions.

The South East region was the most optimistic, with 37 per cent of farmers there reporting a positive view of the coming 12 months and only 20 per cent holding concerns that the year would worsen.

Mr Matthews said while rainfall had been patchy in other parts of the state over autumn, the South East had been enjoying an excellent season.

"The South East had a sensational year last year and the start of the growing season in 2019 has again been good," he said.

"While many other areas have had a patchy start, the lower Eyre Peninsula has had considerable rain, even to the point of hampering planting efforts.

"Across the Mallee, the year has been less than stellar so far and, while many would have planted much of their program, crops are still emerging. Rainfall in recent days may be sufficient to warrant others completing their full program."



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At the time the survey was taken, Mr Matthews said, many of the growers in the Yorke Peninsula were still waiting on the break that came through in May. “And this has been reflected in their confidence levels being down a little in the survey,” he said.

The Yorke Peninsula held the most negative sentiment of the regions surveyed, with only 20 per cent of growers reporting a positive outlook and 25 per cent concerned agricultural economic conditions would deteriorate.

Across the state, concerns about drought were the key factor driving pessimism among farmers – cited by 74 per cent of those who had a pessimistic outlook – while falling commodity prices were also nominated by 37 per cent.

However, on the flipside, commodity prices were also giving cause for optimism, with improving prices cited by 64 per cent of SA farmers with a positive view on the year ahead.

“We saw the SA vealer steer price rise in early May as rainfall meant more producers were holding on to younger cattle, restricting supply,” Mr Matthews said.

“However, the price eased through May and is likely to remain steady until enough rainfall spurs graziers to more actively engage in restocking.

“For sheep, we are seeing lamb prices continue to climb, with prices currently at the highest levels seen for this time of year. The limited supply, strong export market and our depreciating dollar has supported our research team’s forecast for sheepmeat prices continuing to rise at least to the peaks seen last year.”

The ongoing strength of the sheepmeat market has been reflected in the investment intentions of South Australia’s sheep producers.

The percentage of sheep producers seeking to increase their level of investment remained strong this quarter with 35 per cent continuing to hold this view – in line with last quarter’s result.

This is significantly higher than the state average, with 19 per cent of South Australian farmers, overall, reporting that they had plans to increase investment in their farm businesses.

That said, 67 per cent of the state’s farmers still intended to maintain the current level of investment in their businesses over the next 12 months, with 15 per cent of those surveyed intending to wind back their level of investment (up from eight per cent in the previous quarter).

Mr Matthews said upgrading facilities within the farmgate was a key focus for producers this quarter.

“The survey found of the farmers looking to increase their investment, 68 per cent were interested in upgrading on-farm infrastructure,” he said.

This quarter, the survey also questioned farmers about their uptake and use of sensor technology – such as drones, moisture probes, yield mapping, EID (electronic



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identification) and auto drafting. This topic was last asked about in the survey in June 2017.

Mr Matthews said although the use of sensor technologies remained reasonably low at 24 per cent (similar to usage levels among SA farmers in June 2017), the application of its input into business decisions had increased this quarter.

“We’re seeing technology such as drones, moisture probes and yield mapping being more fully adopted rather than just dabbled with,” Mr Matthews said. “For many producers, they may have adopted a lot of these practices a few years ago but the return on investment is only just starting to kick in.”

The survey found 63 per cent of farmers who had sensor technology in place were using it to support decision making (from 59 per cent in June 2017) and 32 per cent (in line with two years ago) had found the sensor data-based decisions had increased profitability.

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 and is a comprehensive monitor of outlook and sentiment in Australian rural industries. As 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 2019.

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