



Rabobank

Media Release
September 14, 2021

WA farmer confidence hits decade high, eclipsing levels reported across the nation

Results at a glance:

- *WA rural confidence hits decade-high*
- *State's farmers most confident in nation*
- *Grain growers drive the upswing but sentiment also strong in sheep and beef*
- *Strong demand for rural property – particularly in the grains sector*
- *Despite ongoing labour shortage challenges across the ag sector and looming large ahead of harvest*

The prospect of a large Western Australian grain crop has seen sentiment in the state's agricultural sector soar to its highest level in a decade – eclipsing levels reported across the rest of the nation – the latest quarterly Rabobank Rural Confidence Survey has found.

Recent frost damage, however, has tempered earlier-season industry expectations that a 20 million tonne crop could be in reach, although a large crop with elevated pricing is still expected to underpin farm business profitability.

And this is boosting investment intentions right across the ag sector, with close to one-in-five farmers intending to expand their business via property purchase in the next 12 months, with appetite particularly strong in the grains sector.

The latest survey, released today, found more than half of the state's farmers (52 per cent) have a positive outlook for the agricultural economy for the coming 12 months, from 38 per cent in the previous survey.

Those expecting a continuation of current economic conditions stood at 46 per cent and just two per cent anticipated a deterioration.

This is the highest level of confidence reported in the state since March 2011.

Rabobank regional manager for Western Australia Steve Kelly said the full impact of the frost is unknown and will become clearer in coming weeks however hopes of above-average grain production along with strong commodity prices – not only for wheat and canola, but also sheep and beef – was behind the positive sentiment in the state.

In another indication of the WA sector's current financial strength and stability, the Rural Confidence Survey's Farm Viability Index – measuring farmers' assessments of their own business viability – edged higher in the last quarter to sit at its third highest level in the survey's 20-year history.

“For some there is still the view from a season and price perspective that conditions are as good as we have seen for some time, however the recent frost has reminded us the potential is yet to be realised,” he said.



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This optimism was reflected in the survey results, with 66 per cent of those surveyed in the northern wheatbelt expecting conditions to improve in the months ahead – holding the strongest sentiment in the state.

That said, the northern wheatbelt has also sustained some frost damage and the extent is not yet known, Mr Kelly said.

“Meanwhile waterlogging damage has been reported in crops on the South Coast and a kind finish will be required to realise the potential in crops that were re-sown,” he said.

Mr Kelly said the other concern plaguing an otherwise “positive” outlook was the availability of farm labour.

“I think the survey results would have been even higher if there weren’t concerns over sourcing labour as there is a lot of concern amongst farmers around having enough staff.”

The federal government’s recently-announced Ag Visa, he said, was a “welcome step”, with the uncapped number of low to highly-skilled workers from ASEAN countries expected to be in place by the end of the month.

The survey, which was conducted before the early-September frost event found sentiment to be highest in WA’s grains sector, with 76 per cent of the state’s grain growers having a positive outlook on the 12 months ahead – up from 35 per cent last quarter.

Sentiment was also strong in sheep and beef, with 44 per cent of sheep producers expecting an improvement in conditions and the majority of beef producers (79 per cent) expecting a continuation of current conditions.

“Strong lamb and sheepmeat prices together with a recovery in the wool market have underpinned positivity in the sheep sector,” he said, “while many of the key pastoral regions have enjoyed a good season and when you combine this with strong beef price, it is no wonder beef producers are also positive about the outlook.”

Mr Kelly said while the combination of the good season and prices was expected to flow into the bottom-line of farming businesses, there had also been a significant increase in the cost of crop inputs this season.

More than half of surveyed WA farmers (54 per cent) are expecting to generate a higher gross farm income in 2021/22, with strong prices underpinning income projections in the grain sector.

“Wheat prices in the mid-300s (AUD per tonne) are in the top 10 per cent of wheat prices while canola is at levels never seen before at over \$900 per tonne,” he said.

This is fuelling strong investment plans in not only the grains sector, but the ag sector more generally, Mr Kelly said, with 39 per cent of WA farmers (and 50 per cent of grain growers) looking to increase investment in their farm businesses over the coming 12 months.



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Farmers are planning to invest in on-farm infrastructure, plant and machinery and the adoption of new technologies.

Mr Kelly said the survey also found a strong expansionary appetite for property purchase among WA farmers this quarter.

“And if the season pans out and grain prices remain high at harvest, this demand for rural property will remain strong,” he 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 December 2021.

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