



NSW farmer confidence rallies, defying flood and rainfall challenges

Results at a glance:

- *NSW farmer confidence has moved up in the latest quarter, despite excessive rainfall through much of the state from the wettest spring on record*
- *While seasonal conditions were beneficial for many, too much rainfall and high input costs were still weighing on sentiment in the sector, causing major challenges for producers in some areas*
- *Investment appetite significantly up among the state's beef producers*

The recent flooding and excessive rain in parts of the state has failed to dampen sentiment among New South Wales farmers, with overall sector confidence rallying in the latest quarter.

The quarter four Rabobank Rural Confidence Survey, released today, found farm sector sentiment in the state had improved in the latest quarter, as the benefits of the currently good agribusiness conditions – supported by two years of high rainfall and strong commodity prices – outweigh sector concerns about recent extreme rainfall events.

However, additional major flooding and adverse weather since the survey period – particularly around central west, northern NSW and parts of the Riverina – will be further weighing on impacted farmers in those regions as they move into the new year, says Rabobank regional manager for central and northern NSW, Toby Mendl.

The survey, completed last month, shows a jump in farmers expecting an improvement in agribusiness conditions in the coming 12 months, despite many in the sector still harbouring concerns about high input costs and the impact of “too much rain”.

A total of 20 per cent of NSW farmers surveyed were expecting an improved year ahead (compared with 13 per cent in the previous survey), while almost half (49 per cent) believed agricultural business conditions would remain stable.

The number with a pessimistic outlook had declined to 30 per cent, down from 38 per cent last quarter.

Mr Mendl said overall farmer sentiment was robust despite the “pockets” of the state facing substantial challenges having been devastated by recent flooding and water damage as a result of extreme rain events.

“There are farmers who will not be able to harvest a crop this year or who face animal health concerns – particularly with sheep – due to the wet weather,” he said. “The flooding in southern NSW along the southern Murray Darling basin catchment is very slow moving



– it is going to take a long time for that water to move through the system and allow farm land to dry out.

“Grain growers impacted by the wet weather are facing three immediate challenges – assessing crop damage and potential losses, machinery access and ability to start harvest and post-harvest logistics and storage due to damaged roads and infrastructure .”

However, Mr Mendl said, “much of the rain” had also been very beneficial for many of the state’s primary producers, setting them up well for the summer ahead.

“Many crops are yielding better than expected as farmers begin to harvest across the state, reporting relatively high protein weights and high tonnes per hectare averages,” he said.

The survey showed good seasonal conditions and strong commodity prices were once again the key drivers of optimism for the state’s farmers – cited by 68 per cent and 63 per cent respectively of those with a positive view on the year ahead.

For those NSW farmers surveyed with a pessimistic view on the coming 12 months, the main concerns were too much rain (nominated by 43 per cent) and high input costs (40 per cent).

For the commodities, beef producer optimism had rebounded this quarter, with the most respondents expecting conditions to improve in the state – 27 per cent expect improved business conditions in the year ahead (up from eight per cent last quarter).

“While cattle prices have eased lately from the record highs we have witnessed in recent years, producers are still optimistic,” Mr Mendl said.

“Last quarter, we saw anxiety about the potential risk of a foot and mouth disease incursion affect the confidence of the state’s livestock producers and that concern now appears to have eased.”

Almost 70 per cent of beef producers with a positive outlook on the year ahead cited seasonal conditions as cause for their optimism, while almost 60 per cent nominated strong commodity prices.

Sheep producer confidence across NSW remains stable this quarter with 71 per cent of producers expecting farm business conditions to improve or remain the same.

This is despite the recent easing of sheepmeat prices and the headwinds created by China’s ongoing Covid lockdowns that are impacting wool markets, Mr Mendl said.

For the cotton sector, NSW growers have enjoyed a couple of good years of business and seasonal conditions, he said, however, the wet weather has created challenges in recent months and is likely to reduce the total area planted across the state against original expectations.



Concerns about high input costs, access to inputs and falling commodity prices have seen cotton grower confidence fall this quarter with over half of producers now expecting agricultural economic conditions to decline in the next 12 months.

The latest survey found the state's farmer's investment intentions had remained robust, with 90 per cent planning to increase or maintain the current level of investment in their farm business (up slightly from 88 per cent in the previous quarter).

Spending on farm infrastructure (fences, yards, silos and sheds) is high on the priority list for farmers – planned by 85 per cent who are intending to invest more in their farm businesses in the year ahead (up from 81 per cent last quarter). While purchasing new plant and machinery was identified by just over half of those NSW farmers proposing to lift their investment levels.

Appetite for investment has declined, however, among the state's grain growers – with 26 per cent expecting to increase investment this quarter, down from 34 per cent last quarter – as high input costs and rain concerns impact.

Investment intentions were significantly up though among the state's beef producers, with 41 per cent to increase total investment compared with only 21 per cent last quarter.

Mr Mendl said there is continued interest in property purchase among farmers overall, although appetite for land has declined slightly in the latest survey with 18 per cent of those looking to increase investment planning to buy property (from 25 per cent previously).

“While there is still a lot of interest at property auctions, the depth of the market and pool of buyers has reduced,” Mr Mendl said. “Blue chip properties continue to sell well, however the second-tier properties appear to be taking a little longer to move.”

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 2023.

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