



Rabobank

*Media Release
December 14, 2022*

Strong commodity prices and positive seasonal conditions see Queensland ag sector confidence stabilise

Results at a glance:

- *Farmer sentiment stabilises, following previous quarter's significant decline*
- *Strong commodity prices and positive seasonal conditions continue to fuel those with an optimistic outlook*
- *High input costs, concern about rising interest rates and too much rain are the areas of concern for producers*
- *Biosecurity concerns abate*

Queensland farmer sentiment has stabilised as 2022 draws to a close, the latest Rabobank Rural Confidence Survey has found.

The quarter four survey, released today, shows overall farmer confidence levels in the state have held fast, after sector sentiment dived into 'negative territory' last quarter on the back of high input costs and biosecurity concerns.

While there are still more Queensland producers expecting business conditions to decline than to improve in the 12 months ahead, the majority (55 per cent) have a stable outlook. And fewer are pessimistic about prospects for the coming year – at 26 per cent (down from 31 per cent previously). However, the number expecting a better year ahead had also declined – to 14 per cent (from 19 per cent).

Strong commodity prices and positive seasonal conditions have fuelled those with an optimistic outlook, while concerns about the risk of foot and mouth disease (FMD) have abated.

High input prices continue to be a concern –with 55 per cent of Queensland producers who expect agribusiness conditions to decline citing this as a key factor.

An overabundance of rainfall for some was also weighing on sector sentiment, with 21 per cent of those with a negative outlook concerned about 'too much rain' with Australia now in its third consecutive La Niña weather pattern.

Increasing interest rates are also a growing worry for producers, cited by 18 per cent of those with a pessimistic outlook, an increase from 13 per cent last quarter.

Rabobank regional manager for Southern Queensland, Brad James said the third La Niña affecting Australia this summer presents a "myriad of scenarios" for Queensland's different agri commodity sectors.

"Cattle producers across the state are generally optimistic about another summer with above-average rain and pasture production," he said.



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“There has already been beneficial spring rainfall across much of the central west and even northern parts of the state, which is a little unusual, and has seen a good response from the various pastures.

“The wet spring has been disruptive for grain and cotton producers, particularly around Emerald, but hopefully these challenges are outweighed by the inflows Fairburn dam has received – pushing water levels up to around 40 per cent – which will set local irrigators up for the coming season.”

Mr James said while soil profiles have been drying out across the Darling Downs in recent weeks, grain and cotton farmers in certain areas are still having issues getting machinery into paddocks without bogging due to the rain received through spring.

Queensland beef producer confidence has seen a recovery in the survey, which was completed last month, with a decline in those expecting conditions to worsen.

Mr James said biosecurity concerns were found to have eased considerably among beef producers in the latest quarter. “At the time the previous survey was conducted, beef producers were particularly mindful of the potentially-catastrophic impacts of FMD in the weeks following the news of Indonesia’s outbreak – which saw 31 per cent of beef producers expecting agribusiness conditions to decline last quarter. This has reduced to 18 per cent of Queensland beef producers this quarter,” he said.

For the state’s grain growers, rising input costs were the chief reason cited by those anticipating agricultural economic conditions to worsen in the coming year. However, Mr James said, the number of grain growers reported in the survey with a pessimistic outlook did decline this quarter.

“While input prices remain high,” Mr James said, “producers are experiencing less challenges with limited access to these farm inputs or lengthy delays for chemicals, fertilisers and machinery than they were earlier in the year when geopolitical issues were stressing global and local supply chains.”

Confidence among the state’s sugar producers has declined this quarter with over half of producers surveyed expecting conditions to worsen in the year ahead.

Mr James said while dry seasonal conditions along much of the coast has delivered a good harvest – with production up from last year – wet weather had caused a delay in the crush and growers’ main concerns were about high input prices and excessive rainfall.

Queensland producers’ investment appetite remains stable with 22 per cent expecting to increase investment in their enterprises in the coming 12 months, compared with 24 per cent last quarter. The number planning to reduce investment had declined to nine per cent (from 15 per cent last quarter), while 67 per cent expected to maintain investment at current levels.

Of those producers intending to increase their expenditure on their business, on-farm infrastructure (nominated by 77 per cent), adopting new technology (48 per cent), purchasing additional livestock (46 per cent), and buying new machinery (40 per cent) were cited as the major investment plans.



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The latest survey found demand for property purchase to expand farming operations has lifted since last quarter– with 28 per cent of those producers planning to increase their business investment indicating they were looking to purchase property, an increase from 12 per cent last quarter.

“While demand has increased again, there is evidence that the market has perhaps found its peak based on general activity in the property market,” Mr James said.

“That said, it is still very active and healthy based on the sales data. As is generally the case, premium properties are continuing to attract premium prices, however, we might be seeing the property market pause to take a breath.”

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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To arrange an interview or for more information on Rabobank's Rural Confidence Survey, please contact:

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