



Victorian farmers ‘press pause’ on expectations for year ahead as they wait to assess spring fall-out

Results at a glance:

- *A mixed impact from rain has seen Victorian farmer sentiment hold steady this quarter*
- *Input costs remain a concern, while commodity prices cause for optimism*
- *Beef farmers are among the most positive in the state*

In the aftermath of extended rainfall, punctuated by significant flooding, Victorian farmer confidence has stabilised as many take a ‘wait and see’ approach to the flow-on effects of the wet spring.

The latest Rabobank Rural Confidence Survey, released today, found farmer sentiment across Victoria has broadly held steady over the recent quarter, after tracking downwards over most of the past year.

On a state-wide level, slightly fewer farmers expected business conditions to improve in the 12 months ahead (12 per cent, down from 14 per cent in the previous survey), 46 per cent expect conditions to stay the same (up from 38 per cent) and 38 per cent expect a deterioration (slightly down from 40 per cent last quarter).

Excessive rain (45 per cent) and rising input costs (43 per cent) topped the list for farmers who expect the agricultural economy to worsen, while on the other side of the ledger, good seasonal conditions (46 per cent) and rising commodity prices (56 per cent) were the main reasons for anticipated improvement.

“The situation still facing Victorian farmers can broadly be distilled into one word: saturated,” Rabobank regional manager for Southern Victoria and Tasmania Deborah Maskell-Davies said.

Digging deeper into these figures reveals how the season has played out across different regions and commodities.

Significantly more farmers in the flood-plagued Murray Goulburn Valley (67 per cent) and Victorian high country (69 per cent) tipped rain as a cause for conditions to worsen than in other regions of the state. Grain growers (77 per cent) were also most likely to list rain as a cause for concern, compared with other commodities.

“Many central and northern Victorian farmers in low-lying areas are still unable to get over their whole property and, as they approach harvest, are unable to get equipment out to harvest their crop,” Ms Maskell-Davies said.



With ongoing flooding of the Murray River, the impacts will be felt by some for many months as the water slowly makes its way downstream.

In southern regions of the state, the season delivered a more optimistic outlook.

“On the flipside, the good season was the leading reason for optimism among farmers in the Wimmera/Mallee,” Ms Maskell-Davies said. “This region had faced a run of tough springs so it’s pleasing to see the season looking up, especially for grain growers in the Mallee who are seeing some great crops coming through.”

The disruption to the typical spring harvest and fodder conservation program has created supply issues in accessing fodder in the short term, especially for dairies, and has delayed summer planting.

While some grain growers are still anticipating good quality grain coming through when harvest eventually gets underway, it has been hit and miss.

“Water allocations are excellent heading into the new year, dairy prices are looking like holding strong, and those who received beneficial rain are coming into the new year with a good body of feed for livestock and a full soil moisture profile for autumn sowing,” Ms Maskell-Davies said.

However, input costs remain a concern for Victorian farmers, especially grain growers, who are looking ahead to next year’s crops and crunching the numbers.

A reduced expectation of rising commodity prices reflects the plateauing or even softening of grain, wool, beef and lamb/sheep markets, however dairy remained strong.

Victorian beef producers (12 per cent, up from five per cent) showed increased confidence in the agricultural economy improving, with only 23 per cent (35 per cent last quarter) expecting conditions to worsen.

Biosecurity concerns have fallen off the radar – whereas 92 per cent of Victorian respondents said they were extremely or very concerned about foot and mouth disease (FMD) in the last quarter, no one listed it as a concern in the most recent survey.

“While the risk of foot and mouth disease hasn’t gone away, what we are seeing is confidence in Australia’s quarantine systems,” Ms Maskell-Davies said.

The blending of high input costs and some softening in the red meat markets – particularly lamb – has tightened farmers’ margins this year compared to the previous three years and there was some settling in their intention to invest.

Dairy sector confidence was down in the state, with too much rain the principal concern.



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**Media Release
December 14, 2022**

While farmers intending to increase their on-farm investments shifted from 24 per cent last quarter to 20 per cent in this survey, only 11 per cent expected to decrease their investment, compared with 17 per cent previously.

“A run of good years and strong commodity prices have combined to really set up a lot of producers. Many are still taking advantage of the instant asset write off and they’re investing in grain storage, dairy infrastructure, livestock handling facilities and water infrastructure across the state.

“We’re also seeing ongoing focus on investments for labour efficiency, as well as a growing investment in energy efficiency – such as solar – which reflects potential increases in energy prices.”

When it comes to expanding, Victorian farmers still appear to have an appetite for property purchase, with 24 per cent of those planning to increase investment in their business intending to purchase property (up from 19 per cent last quarter).

“Interest rates are now considerably higher than what they were last quarter, so we’ll potentially see properties sit on the market a bit longer – they are still selling, but there’s less depth to the market now,” Ms Maskell-Davies said.

“Producers who are looking to expand are being more strategic in their acquisitions as they factor in input costs, interest ranges and the global economic outlook more generally.”

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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