



South Australian farmer confidence unchanged

Results at a glance:

- *Rural confidence unchanged in South Australia.*
- *Lower year-on-year commodity prices continue to be a leading concern, while concern around rising interest rates has eased.*
- *Investment intentions remain stable.*

Rural confidence levels in South Australia remain unchanged heading into winter, with little movement across the board in how the state’s farmers feel about seasonal, economic and market factors.

The latest Rabobank Rural Confidence Survey, released today, found that the number of SA farmers expecting an improvement in economic conditions fell (from 15 per cent previously to 11 per cent this quarter) and those expecting economic conditions to worsen also fell from (31 per cent to 26 per cent), resulting in the SA rural confidence index remaining relatively unchanged from last quarter at -15 per cent.

This stable overall quarter-on-quarter result hides the typical air of positivity for a large portion of farmers during autumn in the SA farming confidence cycle – a trend that generally fades in the third quarter survey as grain growers enter spring.

The continual easing of commodity prices remained top of mind for the majority of SA producers. However, some of the heat has come out of this with 68 per cent citing commodity prices as a reason for worsening conditions, down from 81 per cent the previous quarter.

Rabobank regional manager for South Australia Roger Matthews said the timing of the latest survey reflected the seasonal factors which were front of mind for farmers, especially those in the broadacre cropping industry.

“Sowing the winter cropping program was well underway for grain growers, so this survey checks the pulse of how they feel looking to the year ahead,” Mr Matthews said.

“Although the seasonal break was late for the mid-north grain growing region, a late break did eventuate. Elsewhere in the state, Mallee and Eyre Peninsula growers also had a drier start, but the south-east region experienced one of the best seasonal breaks in years.

“Looking at this from a state-wide perspective, these conditions even out to drive only a slight lift in drought as a reason farmers expect conditions to worsen, up to 12 per cent compared to six per cent in the previous quarter.



“Last survey, we saw the emergence of drought on farmers’ radars which reflected the anticipation of drier seasons, in-line with the forecast that El Nino conditions are set to return after a run of La Nina years.

“Now, although El Nino continues to loom to drive expectations of a drier spring, the late autumn rain has set grain crops up for now and prevented a seasonally-driven drop in confidence.”

It was also a case of ‘business as usual’ for livestock producers in South Australia – the softening of commodity prices remained the leading factor for why sheep and cattle producers in the state expect the agricultural economy to worsen, but there was no change quarter-to-quarter.

There was significantly less concern around rising interest rates, with 10 per cent of SA farmers citing this as a reason they anticipate economic conditions worsening, down from 25 per cent in the previous survey.

“This easing concern is underpinned by the RBA pause on interest rate hikes leading into this latest survey period – however, we’ve since seen another interest rate rise from the RBA on 6 June which could weigh into business decisions moving forward,” Mr Matthews said.

Alleviated interest rate worries and a drop in concerns around the rising Australian dollar – which no one nominated as a factor, compared to 12 per cent the previous quarter – combined to stabilise investment intention in SA.

Just over a quarter (27 per cent) of SA farmers expect their investment in their farm business to increase over the next 12 months, and 63 per cent intend to maintain their level of investment, on-par with the previous quarter.

Of those looking to increase their investment, infrastructure such as yards and fences (67 per cent) and new plant/machinery (53 per cent) were the most common areas, reflecting a continuing focus on farm efficiencies.

On-farm debt level intentions have increased, with fewer farmers looking to reduce their level of debt (27 per cent, compared with 30 per cent the previous quarter).

Expectations around farm income over the past quarter shifted at either end of the spectrum. Fewer farmers expect their farm income to increase (19 per cent, down from 29 per cent in the first quarter of 2023) but there are also fewer who expect it to decrease (25 per cent, down from 29 per cent) – signalling a growth in the number of farmers who expect income to stay the same, quarter-on-quarter.

“Although confidence is still in negative territory, the settling of sentiment across SA reflects how our farming community has built resilience into their businesses, to weather economic and seasonal challenges,” Mr Matthews said.



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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 September 2023.

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Media contacts:

Denise Shaw
Media Relations
Rabobank Australia & New Zealand
Phone: 02 8115 2744 or 0439 603 525
Email: denise.shaw@rabobank.com

Will Banks
Media Relations
Rabobank Australia
Phone: 0418 216 103
Email: will.banks@rabobank.com