



WA farming confidence comes off after harvest-driven spike

Results at a glance:

- *WA farmer confidence has dropped off a harvest-driven spike.*
- *Farmers hold concerns about easing commodity prices, market uncertainty and adverse weather conditions.*
- *Eroded confidence contributes to a softening of investment intentions.*

Western Australian farmers – who were buoyed by a record-breaking winter grain crop earlier this year – are now less confident about the prospects for the year ahead in the face of ongoing concerns about falling commodity prices, a challenging start to seeding and the threat to the live export market.

The latest quarterly Rabobank Rural Confidence Survey saw WA confidence fall further into negative territory, dropping from -21 per cent last quarter to -44 per cent. The latest reading is the third lowest confidence level recorded since 2004.

Only seven per cent of the state’s farmers expect agricultural economic conditions to increase over the next 12 months.

Of those who do expect the agricultural economy to worsen, falling commodity prices topped the list of concerns (46 per cent), followed by government intervention/policies (34 per cent) and rising input costs (33 per cent).

Rabobank regional manager for WA, Steve Kelly, said the latest results reflect the outlook of grain growers who – after crunching the numbers following harvest and getting this year’s crop in the ground – have reassessed their farm budgets for the year ahead.

“Commodity prices remain a cause for concern for nearly half of WA grain growers. Post-harvest, we saw a number of break-even budgets as farmers came to terms with softer commodity prices and ongoing high input costs including interest rates,” Mr Kelly said.

“Combined with a dry start to seeding, this saw a change in crop rotations, with reduced planting of canola in favour of cereals.”

With the state’s winter crop now in the ground, input costs were listed by 33 per cent of those WA farmers expecting business conditions to decline as a factor for the economy worsening – a drop from 64 per cent the previous quarter when growers were heading into seeding.

“The dip in confidence also reflects patchy seasonal conditions experienced in WA through autumn and low sub soil moisture in parts of the north-eastern wheatbelt and lower great southern,” Mr Kelly said.

“The varied start to seeding caused a lot of angst, so the significant rain falls received in early June have delivered a welcome boost for many.”



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“And WA sheep producers continue to face uncertainty around what the future will hold for a key market,” Mr Kelly said. The survey found the threat to live export nominated as a factor by 32 per cent of WA farmers who anticipate worsening economic conditions.

Mr Kelly said while changes to the live export sector have been on the table for a while, it remains top of mind for producers and has been compounded in recent months by supply bottlenecks in the state’s processing sector.

“This has resulted in some WA sheep producers retaining stock which would normally have been sold before winter – another contributor to reduced confidence this quarter.

“Concerns about future market options are captured in WA farmers listing government interventions/policies as well as the specific threat to the live export market as their main concerns for the agricultural economy,” Mr Kelly said.

Seasonal, market and economic factors combined for subdued investment intentions in WA this quarter with only 17 per cent of farmers looking to increase their investment compared to 29 per cent the previous quarter.

Mr Kelly said farmers remain keen to develop their properties with upgrades to fences, yards, sheds and silos, but warned intentions to invest in on-farm infrastructure could be curtailed by supply realities.

“We’re still looking at a 12-month lag in many agricultural machinery and infrastructure supplies, which will impact the realisation of farmers’ investment intentions,” he said.

Of those looking to invest, appetite for farm-land in WA remained strong, with intentions for expansion similar to the previous quarter.

Of the WA farmers who are concerned about worsening conditions, 24 per cent cited increasing interest rates as a reason for pessimism, compared with 19 per cent in the previous survey.

“While there is continued strong prices for land offered, it’s not surprising to see interest rates now a higher consideration for purchasers,” Mr Kelly 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 September 2023.

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