



SA farm sector sentiment takes a tumble through dry autumn

Results at a glance:

- *South Australian rural confidence has fallen back into negative territory.*
- *Seasonal conditions were the leading cause for concern thanks to a drier-than-average autumn.*
- *More recent rainfall has been received in the state, offering farmers some reprieve.*
- *Economic concerns also remain front of mind.*

Drier-than-average weather conditions through the autumn sowing window have seen South Australian farmer confidence take a dramatic U-turn in the latest quarter, staging a significant decline after renewed optimism seen at the start of the year.

The quarter two Rabobank Rural Confidence Survey, released today, found sentiment in the state's farm sector had fallen back into 'the red', with more farmers having a negative than a positive outlook on the year ahead, and with South Australia recording the lowest rural confidence levels in the nation.

Net sector confidence fell from 19 per cent to -38 per cent this quarter, with only eight per cent of the state's farmers expecting conditions to improve over the next 12 months (down from 35 per cent with that view in the first quarter of the year).

And more SA farmers anticipate conditions will worsen, with those with a negative outlook on the coming 12 months rising to 46 per cent, up from 16 per cent last quarter.

Although the seasonal break finally arrived in many parts of the state in the final days of autumn, drought was the leading cause for concern for SA farmers during the survey period, cited by 47 per cent.

The main economic concerns for the state's farmers this quarter were rising input costs (listed by 36 per cent) and falling commodity prices (cited by 33 per cent).

Uncertainty about the future direction of interest rates saw rates re-emerge as a concern for 13 per cent of SA farmers. And, although confirmation that the live export of sheep will cease by May 2028 came after the survey period, SA farmers also expressed concern around government intervention/policies in general as well as specifically the threat to live exports.

Rabobank regional manager for South Australia Roger Matthews said it had been a "tale of two seasons" for the state, with some areas in the northern pastoral zone receiving



more rain through to May than the south-east high rainfall zone.

“Rainfall has been below average for SA, with year-to-date rainfall well down from average and the past two years in particular,” Mr Matthews said.

“Grain growers always enter seeding with optimism, but following an extensive dry period and with no rain on the horizon at any point during the survey period or planting period, it weighed heavily on confidence levels.

“When some rain finally fell, it was five weeks after the traditional start of winter crop seeding – Anzac Day – so farmers were well on their way for an almost completely dry seeding.”

Mr Matthews said the dry start to the year in SA was compounded by decreased fodder conservation last spring.

“Not only were supplies of hay and silage reduced, but extended feeding of livestock through autumn has placed pressure on livestock producers,” he said.

“Usually by May we would expect to have feed available in paddocks, which hasn’t happened this year. And the most recent rain event coincided with a drop in temperatures which will curb pasture growth.

“Managing the nutritional requirements of breeding stock in the lead up to lambing and calving will be a key management consideration. Some southern livestock producers have been able to agist livestock in pastoral areas which received good rains earlier this year.”

There were, though, causes for optimism identified in the survey, with 26 per cent of SA respondents expecting positive seasonal conditions ahead and 24 per cent anticipating rising commodity prices.

Dairy and beef cattle producers were among the most hopeful of a turnaround in the season and markets.

This reflects improving confidence in the cattle market and the hope that global beef demand, led by the US market, will start to have a stronger influence on the Australian cattle market, providing support to cattle prices towards the back end of 2024 and into 2025, Mr Matthews said.

“And overall, the dairy sector – despite anticipating lower farmgate milk prices – is still generally optimistic of a profitable outlook in the year ahead.”

Despite lowered confidence levels in the state, SA farmers had stronger business investment intentions in the latest survey, completed last month. Although a similar number of farmers plan on increasing investment compared with last quarter (18 per cent,



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from 19 per cent previously), fewer will look to decrease their investment (11 per cent, down from 16 per cent last quarter).

On-farm development and new technologies top the shopping list for SA farmers. This quarter, 61 per cent have earmarked investment in infrastructure, such as fences, yards and silos – with strongest intentions from the livestock sectors – while more than a third of farmers across the board will invest in new technologies.

“SA farmers remain focused on efficiency gains within their enterprises as they continue to grapple with labour shortages,” Mr Matthews said.

Unsurprisingly, with dry conditions and inflationary pressures, he said, only nine per cent of SA farmers indicated they expect to increase livestock numbers this year.

Ten per cent of the state’s farmers expressed an interest in property purchases to expand their farming enterprises over the next 12 months.

“We’ve seen appetite for farmland reined in somewhat in recent years, and wavering confidence this season has tempered confidence in taking on more land – at least for now,” Mr Matthews said.

In line with the poor start to the season, fewer SA farmers expect their farm income to increase in the coming year (16 per cent, compared with 34 per cent with that expectation in quarter one), while nearly half surveyed expect incomes to decrease (48 per cent, up from 27 per cent).

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 2024.

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