



More bullish outlook among Queensland's primary producers – quarterly survey

Results at a glance:

- *Queensland rural confidence climbs, following a dip in the second quarter.*
- *Solid seasonal conditions and rising commodity prices key reasons behind positivity.*
- *Agribusiness investment intentions remain stable.*

Queensland primary producers are reporting a more bullish outlook on the year ahead, with seasonal conditions and expectations of rising commodity prices the main drivers of optimism, the latest quarterly Rabobank Rural Confidence Survey has found.

This follows a dip in producer sentiment seen in the state mid-way through the year, driven by concerns around high input costs and softer commodity pricing.

This recovery in the state's rural sentiment is in line with overall national farmer confidence, which rose across the country this quarter.

The quarter three survey, completed last month, found Queensland rural confidence had increased to a net reading of -4 per cent, from -13 per cent in quarter two.

Although net confidence remains in 'negative' territory – with more producers pessimistic than optimistic about the year ahead – an increasing number were expecting the agricultural economy to improve in the year ahead – 19 per cent, compared with 15 per cent in the previous survey. Fewer now expect agribusiness conditions to worsen – 22 per cent compared with 28 per cent previously. Over half of those surveyed (54 per cent) expect conditions to remain the same.

Good seasonal conditions were nominated by 37 per cent of surveyed Queensland producers as a key reason for their optimistic view, while improving commodity prices were noted by 30 per cent.

The survey found concerns around rising input costs had fallen this quarter (nominated by 29 per cent, compared with 39 per cent previously), while soft commodity prices were also seen as less of a worry (for 18 per cent, down from 28 per cent previously).

The spectre of dry seasonal conditions remained for 25 per cent of Queenslanders surveyed, while there were increasing concerns about government intervention/policies (30 per cent this quarter, up from 25 per cent last quarter).

Rabobank acting state manager Brad James said the Bureau of Meteorology's recent short-term rainfall outlook – forecasting that rainfall is likely to be within the typical seasonal range over much of the eastern half of the country in coming months –



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along with the recent unseasonal rain along the state's east coast, had given Queensland producers "hope for the season ahead".

"And the expectation for interest rates to start easing has come as a relief for many producers, who have been watching monetary policies closely in recent times," he said.

Mr James also cited improving trade relations with China as a source of optimism for primary producers. "The relaxation of trade embargoes has allowed for confidence to build with in the agribusiness sector that China – a key market for Australian produce – is coming back online," he said.

Over a quarter (26 per cent) of Queensland producers nominated overseas markets/economies as a reason for their positive outlook on the coming 12 months.

For the state's beef producers, Mr James said, the survey found a lift in positivity about the opportunities provided by international markets and economies (for 26 per cent, up from 22 per cent last quarter). "And while not great, cattle prices are solid," he said. "We saw cattle prices rise through July with cows and heavy steers showing the largest rise, but encouragingly the young cattle prices also rose as the US market starts to have an impact across all cattle categories."

Mr James said the bank holds an expectation that cattle prices should continue to rise in the coming months.

Queensland grain growers maintained a neutral outlook this quarter.

The majority of the state's grain growers are anticipating agricultural economic conditions will remain unchanged in the year ahead, the survey found.

Mr James said, with the start of the central Queensland harvest "just around the corner", recent rain in cropping regions is expected to help lift yields.

"And conditions for the harvest across the Darling Downs and south-west grain-growing areas are shaping up well," he said.

"In terms of the outlook for grain prices, historically, seasons with above-average yields have seen the basis erode," Mr James said, "causing local prices to trade at a discount and these prices are already experiencing downward pressure."

This quarter, the majority of Queensland cotton growers (71 per cent, up from 61 per cent last quarter) expect agribusiness conditions to remain unchanged, the survey found, with concerns about soft commodity prices and dry seasonal conditions weighing on the sector.

"Another season of strong Australian cotton output can be expected, with an impressive production of five million bales expected nationally for 2024/25," Mr James said. "However, the global demand picture is unclear – the market needs to see clear signs of strengthening global demand in order for prices to strengthen from current levels."

Sentiment was also subdued among Queensland sugar cane growers surveyed.



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“Sugar prices have eased in recent months,” Mr James said, “and this softening of the market will be holding back grower sentiment.”

Overall, Queensland primary producers’ investment intentions remain stable this quarter, with 27 per cent expecting to increase investment in their farm businesses over the coming 12 months (compared with 25 per cent last quarter), 13 per cent to decrease investment (up from 11 per cent) and over half (59 per cent) planning to leave investment levels unchanged.

The survey found the most commonly-planned areas for investment were on-farm infrastructure – new fences, yards and silos (for 53 per cent of Queensland producers), irrigation/water infrastructure (27 per cent) and adopting new technologies (33 per cent). However, fewer Queensland producers are looking to increase livestock numbers this quarter (23 per cent, down from 29 per cent last quarter).

There was found to be an increased appetite for purchasing additional agricultural land – up to 14 per cent of those surveyed, from nine per cent previously.

Mr James said following a period of reined-in appetite, there is stronger interest in business expansion again – “which is buoying the Queensland rural property market”.

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 survey 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 December 2024.

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