



Media Release

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ANZ confident about NSW grain sector - further investment needed to stimulate growth

Strong seasonal conditions and higher price forecasts are expected to drive renewed optimism in the New South Wales grains sector, according to a new agricultural research paper being released by ANZ today at the Henty Field Days.

The report, 'Grains in Focus: Industry Outlook', also says institutional investment into Australian agriculture, especially in grains, continues to lag, and more is needed to drive broad scale activity.

ANZ's Head of Agribusiness Mark Bennett said: "Conditions are looking promising for the grains industry – we've seen a period of prices trading in a higher range and combined with lower interest rates and a reduced Australian dollar, this is generating greater levels of confidence across grain growing regions in Australia.

"While prices have come under some pressure through to September, the majority of winter crop regions in Australia are still experiencing good seasonal conditions and the profit opportunity remains for farmers, provided they have a good finish.

"As a whole Australia's agricultural sector faces the excitement but also the pressure of expectation as mining investment winds down and we look north to Asia's growing demand to provide the next great opportunity," Mr Bennett said.

Key findings from the Grains in Focus report:

- Higher domestic wheat prices would see Australia's east coast achieve a strong run of above-average profits for winter cropping
- Institutional investment into Australian agriculture continues to be an issue – with around 3% of agricultural funds investing into row crops and 9% to permanent crops
- Australia's grain industry has a place in the Asian growth story – its ability to supply high quality product to the Asian middle class has potential to create higher profit opportunity along the entire supply chain. As demand for animal proteins grows in Asia, so will demand for human consumption and animal feed
- The China-Australia Free Trade Agreement (ChAFTA) will have a positive impact on the Australian agricultural sector, with increased price competitiveness.

Mr Bennett added: "Despite promising conditions, we're seeing relatively low levels of capital investment being directed into Australia's grains sector. The priority now is driving long-term investment into the grains sector.

"With a build-up of global liquidity, we believe investment funds are likely to look to global agriculture to balance their portfolios and increase returns in the low interest environment. Growers will also benefit significantly from investment into productivity and supply chain infrastructure," Mr Bennett said.

For media enquiries contact:
Emily Kinnear
Media Relations Manager
Tel: +61-478-401280
Email: Emily.Kinnear@anz.com