

Northern farm incomes dry up

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Demand for beef, lamb and mutton in China and the Middle East has boosted Australian exports but drought continues to cripple farmers in Queensland and NSW.

According to the latest Rural Commodities Wrap from the National Australia Bank, production in both states showed significant declines, with summer crop plantings down too.

Eighty per cent of Queensland has now been declared drought-affected, the highest figure on record.

NAB Agribusiness general manager Khan Horne said in the report released yesterday that rain was needed.

“Farm incomes are mirroring the diametrically different situations we are seeing play out at either end of the country,” Mr Horne said.

“Western and Southern Australian farm incomes [are] projected to hit a 30-year high, an incredible 70 and 85 per cent above their decade averages.

“Greater diversity in production and conditions are providing some cushioning in NSW, Victoria and Tasmania, with incomes expected to be above the long-term average.

“Drought-affected Queensland broadacre farms are at the other end of the spectrum, with the state average farm income expected to fall by 35 per cent as a result of lower crop yields and lower cash receipts from livestock sales.”

The report also revealed a 3.5 per cent Australia dollar rise in the Rural Commodity Index in February, supported by an increase in lamb (+19 per cent), wheat (+5.5 per cent), sugar (+5.1 per cent), beef (+3.8 per cent), cotton (+3.5 per cent), dairy (+2.5 per cent) and barley (+2.2 per cent) prices.

NAB anticipates the currency to moderate gradually this year to about USD \$0.84 by the December quarter, with a further interest rate cut to occur in late 2014.

While the December quarter GDP result for Australia was close to trend, capital expenditure suggests a sharp fall in labour-intensive mining investments by 2014-2015.

The report states the jobless growth is expected to continue throughout the year, with the unemployment rate to reach 6.5 per cent.