



Media Release

**Regional, Rural and
Small Business Banking**

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Food prices tipped to stay high

Most Australian farmers can expect to benefit from higher global food prices for the next few seasons, according to the latest ANZ Regional and Rural Quarterly released today.

The report identifies changing tastes in developing countries like China as one of the factors driving demand for more red meat, poultry and dairy products. This in turn is underpinning the need for crops and grains to feed livestock.

However, the report says the rural sector has to contend with rising oil prices, which are impacting farm fuel and fertiliser costs. Other challenges for regional Australia include lingering drought in some regions coupled with higher interest rates and a high Australian dollar, which is affecting export industries and tourism.

ANZ Managing Director Regional, Rural and Small Business Banking, Mr Rob Goudswaard said: "Decent winter rainfalls will be critical this year for producers looking to make the most of high farm gate prices for meat, grains, sugar, wool and milk.

"Over the longer-term, we see plenty of upside in farm output prices because global supply and demand issues are likely to result in elevated food commodity prices for at least the next few seasons."

ANZ Regional and Rural Quarterly provides an in-depth and up-to-date assessment of Australia's regional economies and also features region-by-region statistics on population growth, employment, taxable income, farm debt and equity, building approvals and the value of rural land holdings.

Key findings of the latest report include:

- Rising oil prices have contributed to the cost of fertilisers increasing by up to 160% in early 2008 compared to 2007
- Global stocks of grains have fallen by 3.4% since 1995 due to public policy changes, rising storage costs and greater global trade
- The food component of Australia's CPI rose by 5.7% in the March quarter of 2008 and is expected to rise a further 6% by the end of the year.

ANZ Regional and Rural Quarterly is available free of charge at [ANZ Economics](#)

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