nab regional & agribusiness

more than money

Land of opportunity

Expert NAB insights into the data driving regional and rural Australia's today and tomorrow

NAB Regional & Agribusiness Horizons Report

2022

Contents

Cover image: Senior NAB banker Bryce Shaw with Flavorite CEO Mike Nichol

Back to Contents

New dawn for regional Australia

Whether you choose to see it as evolution or revolution, there's no argument regional and rural Australia is experiencing the winds of change. In this NAB report we analyse what it all means, while highlighting the key changes, challenges and opportunities already with us and still to come.

Julie Rynski,
Executive Business Banking,
Regional and Agri – Australia, NAB

NAB's regional and agricultural customer base is one of the largest and most diverse in the country, and our relationships with some customers extend back generations. The breadth and depth of the data, experiences and perspectives that our customers share with us, both historically and in real time, are an asset that sets us apart from any other institution in Australia. It's this base of information that enables NAB to see themes emerging both across Australia and in particular regions ahead of time.

Along with our strong engagement with industry, research bodies and communities, this insight helps us understand the opportunities and challenges in regional and rural Australia, some of which you'll learn about in this report.

Over the past year, we've seen extraordinary growth in regional Australia's population, as more people have left the capitals and fewer of their regional counterparts have left for the city. The driving factors that we see in our data, and from our conversations with customers, are many and varied: business opportunities and career transitions, personal and family, health and lifestyle, and even the desire for affordable housing.

While many of these have been triggered by decisions taken by governments and businesses, this migration trend was not an active policy goal, and some communities have been taken by surprise by this sudden influx of new arrivals. Infrastructure and services are lagging in some regions, and while governments are taking steps to alleviate pressures, NAB is also supporting businesses that see the opportunity to fill gaps and meet demand.

Industries such as health, professional services, personal services, wholesaling, manufacturing and tourism are all experiencing periods of evolution in regional Australia. The landscape for these sectors is almost unrecognisable from two or three years ago, and in another two or three years will have transitioned again. Many businesses are already taking advantage of the new technology, consumer and lifestyle patterns, and market forces reshaping these industries. Regional Australians are benefitting from the new ways of living, working and playing that a virtual commute, telehealth and e-commerce are offering.

> “Over the past year, we've seen extraordinary growth in regional Australia's population.

Agriculture, too, is evolving; although some things on the land will never change. Recent years of strong harvests and booming commodity markets almost across the board have seen the sector spring to action. A favourable business and tax environment, with facilities such as the Instant Asset Tax Write-Off, means that activity is elevated in every direction. NAB is experiencing historic (record) levels of demand for credit, simultaneous to surging growth in deposits, and is witnessing both new and growing agribusinesses invest in land, equipment and stock. It's fair to say that business confidence, both self-reported and as reflected in our data, is high.

> Industries such as health, professional services, personal services, wholesaling, manufacturing and tourism are all experiencing periods of evolution in regional Australia.

As we turn our eyes to the year ahead, there's still plenty of uncertainty on the horizon, but we face it eager for the opportunities it presents. Running against the strong conditions in agriculture is the cost of inputs such as fuel and fertiliser. The ability of agribusinesses to mitigate or pass through these costs will be crucial in the year ahead. Looking further ahead, there are concerns over global conflict, as well as the impact of changing weather patterns and market and consumer demands for action on climate change.

However, for businesses that are positioned to embrace the challenge, there are growth opportunities. Rapidly emerging technology and practices are bringing precision to carbon markets, with carbon methods a particular focus. Well-planned and well-executed carbon projects are delivering co-benefits like increased productivity, and bringing producers closer to consumers' expectations. NAB is supporting customers to explore and understand this developing space.

While we hope the worst of the pandemic is behind us, we've also learnt that new outbreaks or variants can emerge unexpectedly. However, we now have more than two years' experience on our side; governments, consumers and businesses are well-versed in tackling pandemic disruption. Similarly, regional Australia has faced down a number of natural disasters over the past two years. But in every case, we see resilience and hope resulting in new shoots of growth.

Tightness in the labour market will continue to be felt globally, with labour mobility at a low. Regional and rural Australia will be no different. What sets us apart, and gives us an advantage, is the attraction of the lifestyle: NAB's Wellbeing Index shows that regional Australians are less stressed about job security and report better wellbeing in general. The secret is out about the good life, which will allow regional businesses to compete from a strong standing in the year ahead.

But whatever the coming years will bring, the world needs to eat, and Australian producers are renowned for the quality of food and products they offer, as well as the standard of excellence in their practices. Our regional businesses continue to grow from a position of strength, and the appetite for living and working in regional Australia, and buying from its businesses, is set to endure for the year ahead. In this report you'll learn more about some of the opportunities and challenges ahead of us, how NAB is working with industry and community to tackle them, and how our customers are getting ahead and taking advantage of the emerging market opportunities.

Back to Contents

Regional bloomtime

From robust commodities to internal migration, a series of factors have combined to build a regional and agri Australia that is financially in bloom. We count the top 10.

↑23.9% Regional property values soar

Growth in regional housing valuations hit 23.9% in the year to April 2022, ahead of metro, which sat at 14.6%.

↑20% Commodities break new records

The NAB Rural Commodities Index has been breaking new records for the best part of a year and the index is now over 20% higher than the same time in 2021, as at April 2022.

Holidaymakers are coming

Holidays top the list of expected major household purchases over the next year for all Australians, with the regions expected to benefit.

↑32% Equipment finance demand

Demand for equipment finance is up 32% more in regional Australia than before the pandemic.

↓3.5% National unemployment expected by late 2022

Regional unemployment as at March 2022:
NSW 4.3% | **VIC** 3.6% | **QLD** 4.2% | **SA** 5.6% | **WA** 2.8% | **TAS** 4.4%
with labour shortages expected to continue.

↑20% Increase in price paid per rural hectare

The median price paid per rural hectare increased by up to 20% over the past 12 months to April 2022.

Regional Australians are happier

Wellbeing in rural areas is at its highest since mid-2018, with the regions second, both significantly ahead of capital cities.

18.6% Increase in loan demand

The year-on-year spike nationally in demand for agricultural loans was 18.6%, and 12% for regional loans, as at March 2022.

20.6% Increase in deposits

Transaction account deposits were up an incredible 20.6% for agribusiness and over 15.2% for regional businesses year on year to March 2022.

A balance required

Business conditions and confidence are strong, but higher input costs need to be considered, with labour costs growing at 2.7% and purchase growth 4.7% quarter on quarter to March 2022.

For Australia's regions, there's always a new horizon

As regional Australia experiences a surge in population, we examine what this might mean.

Regional view: looking to the future as we assess the recent past

Julie Rynski,
Executive Business Banking, Regional and Agri – Australia, NAB

The boom in migration to regional Australia is driving the way many businesses are looking to the future. The sudden upswing in population took many by surprise, and regions across the country are experiencing growing pains. Regional access to services, already lagging the capitals, is now stretched to its limit. Our Regional & Agribusiness team is seeing this in our data and hearing this in our conversations with customers all around the country.

Schools and hospitals, roads and water, and the infrastructure needed for our businesses to thrive and our quality of life to grow are all under pressure. The regions are also calling out for more professional and personal services – we need more accountants, tradespeople, health professionals, teachers and casual workers. These shortages are constraining the quality of life in the regions and present a hurdle to the continued growth of existing businesses that require those services and staff to expand.

While these are certainly challenges, they're among the best challenges one could ask for. NAB research shows that Australians living in the regions are also less stressed about job security, have more confidence to invest in their businesses, and feel that they enjoy a better sense of wellbeing in general. That's feeding through to business confidence: 29 per cent of the business population is in regional Australia and, according to NAB data, 39 per cent of business lending growth came from regional businesses in 2021.

> "We need more accountants, tradespeople, health professionals, teachers and casual workers.

Pre-pandemic, the Australian way of life may have preferenced career goals over health and lifestyle, but that idea has been upended. As importantly, new ways of working have demonstrated that it's no longer necessary to move to the capitals in order to find a job or start a business. Together, these paradigm shifts have seen more people stay in the regions – and new people arrive.

NAB's data and research is indicating that current migration patterns are likely to begin slowing in 2022, but not reverse. It's a critical time for the regions to assess the growth they've experienced and set themselves up to take advantage of the next horizon.

For certain sectors, this pivot point is particularly important. The tourism sector has been fragmented; some regions have benefitted from increased domestic tourism while others have suffered without international visitors. As in some agricultural sectors, tourism businesses might have strong seasonal dependencies, generating the major share of annual revenue in just a few months. The timing of tourism campaigns will be crucial, and how the changed travel patterns of Australians and the international tourism market will play out has yet to be seen.

Wholesaling is another sector that has been irrevocably changed, and is sure to evolve again. The growth of wholesaling means regional Australia, at the click of a mouse, now has better and broader access to consumer products from around the country and the world.

Regional manufacturers and wholesalers can benefit from co-locating with their inputs and a wider distribution network, rather than setting up in the capitals, but logistical difficulties and fuel prices continue to be challenges.

> The growth of wholesaling means regional Australia, at the click of a mouse, now has better and broader access to consumer products from around the country and the world.

The pandemic is not the only natural disaster regional Australia has endured over the past two years. Floods, fires, drought, a mouse plague and even an earthquake have struck communities and businesses. It's a testament to the planning, persistence and resilience of its people that regional Australia has managed to thrive despite the challenges.

Agribusiness view: building on over 160 years of support to prepare regional and agri for future trends

Bel Quince,
National Agribusiness Strategy Executive, NAB

Australian agribusinesses have had back-to-back outstanding seasons over the past two years across most sectors and regions, their owners pushing through the hardships that drought and pandemic disruptions placed on their businesses and personal lives to produce outstanding results. Environmental and business conditions have all come together, resulting in bumper volumes at record-breaking commodity prices. NAB is proud to have been part of that story, as it has been for more than 160 years, and to have supported generations of Australian farmers through both uncertainty and success.

Agriculture is a cyclical industry, however, and the prospect of change is always on the next horizon – now more than ever. As Australia's largest business lender,[1] NAB is using relationships with producers around the country to understand their experiences and perspectives, and monitor the trends that will shape the coming years.

220%

The increase in the average value of Australian farms, both land and fixed improvements, since 1990.

Source: AgSurf from ABARES, 2022

Australian farms continue to grow in scale, value and productivity. Since 1990, the average value of farms (both land and fixed improvements) has increased by over 220 per cent. While that's fantastic news, it presents a barrier to entry for the next generation of young producers to get on the land. These young farmers often have the skills, experience and knowledge to grow a successful agribusiness, but lack the equity to get started. NAB's Future Farmers program, launched in February 2022, is designed to create opportunities for this cohort to establish themselves and start contributing to Australian agriculture. We're looking forward to sharing the stories of our customers as this program continues to grow.

Sustainability is of increasing interest for markets, and Australian farmers are well placed to take advantage of the opportunity this represents. Australian agriculture is already a world leader in the quality of its outputs and production processes. Buyers are looking to the sector to continue to improve and prove its sustainability credentials, and in some cases are willing to pay a premium for those producers that can evidence them. But as more advanced technology comes into play, the co-benefits of scientifically informed farm management are realised, and as the climate continues to change, those who choose not to keep up will be outperformed or potentially find access to certain markets limited. NAB is doing its part with the Agri Green Loans pilot, which supports farmers with sustainability-focused land improvements and farming practices.

NAB is also working with partner Down Force Technologies on a pilot to help customers remotely measure carbon in their soil and to better understand their soil organic carbon profiles. This is principally for the co-benefits of increasing production and resilience, but also helps customers make more informed decisions about how they might engage in the carbon market.

Adding to these initiatives is NAB's involvement as a founding partner of Carbonplace, a new technology platform to bring transparency, security and fluidity to the voluntary carbon market.

For producers who are willing and able to challenge themselves and go to the next level, NAB supports engagement with secondary income streams like carbon or biodiversity projects. These are emerging markets, however, and it's important to seek advice early, find the right partners and be well informed of contract risks and long-term obligations.

Elsewhere, consumer and market demands are continuing to change the profile of Australian agriculture. Export markets experienced some turbulence in 2020/21, especially in China where bans and tariffs hit some commodities, such as barley, red wine and certain seafoods. Global wheat, corn and other markets are also being restructured in the wake of international conflict. However, opportunities are springing up in response to both short-term shocks and long-term trends.

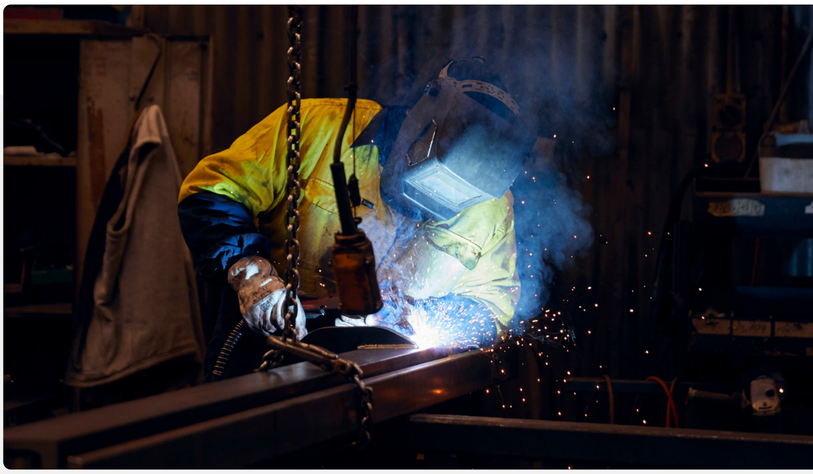
> “
> Consumer and market demands are continuing to change the profile of Australian agriculture.

Consumers and markets are also asking for improved food system traceability and transparency. Supermarket shoppers are passing demands through to retailers, which ultimately flow through to processors and food manufacturers, and NAB is increasingly seeing adoption of traceability initiatives in food production systems. Very soon, the onus will be on producers to adopt the on-farm technology and practices necessary to prove provenance and production quality credentials, which will provide a key point of differentiation and added value in domestic and global markets. Working with research and ag tech partners, such as Geora traceability technologists, NAB is helping customers access the innovative technology and apply cutting-edge secure platforms that will enable this.

Australian economy outperforms expectations

Amid a surging economy, the post-pandemic recovery is moving faster than many thought likely, but global headwinds are building.

NAB Group Economics



The Australian economy has outperformed expectations through the pandemic and is running generally well as we steam through 2022. We expect GDP to grow by a strong 3.4 per cent during this year – supported by healthy growth in consumption and ongoing gains in business and dwelling investment. We see a slowing to 2.1 per cent next year.

Similarly, the labour market has been strong and is expected to strengthen further. We expect the unemployment rate to fall below four per cent in coming months, reaching 3.5 per cent by late 2022, and remaining there through 2023. Wage growth is expected to pick up with the labour market at its tightest in half a century.

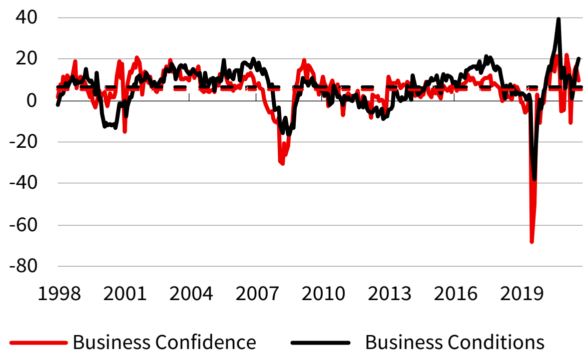
While we continue to expect a strong economic performance in the near-term, and the RBA to begin normalising policy at a fairly gradual pace, a number of risks remain. Globally, the pandemic remains a risk with new variants posing a possible disruption to activity as well as supply chains more broadly.

Lockdowns in China are likely to worsen supply chain risks in coming months, increasing inflationary pressures. Geopolitical tensions in Europe also remain a risk. The EU's move to decouple from Russian oil and gas is likely to increase global prices. Meanwhile, the US reported a surprise negative GDP print in Q1. While this partly represents esoteric factors, with the US Federal Reserve now hiking rates at a fairly rapid pace and overall, risks in the global economy are beginning to mount and the outlook is now weaker than just a few months ago.

The NAB Monthly Business Survey shows strong conditions and confidence, but also higher input costs

Business conditions and confidence have rebounded post-Omicron, recovering to levels last seen in the pre-Delta period. Trading conditions and profitability have risen markedly, suggesting firms are experiencing strong demand. Conditions and confidence are now fairly strong across all jurisdictions.

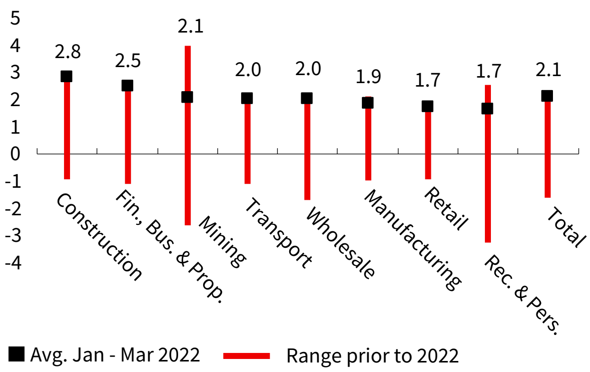
NAB Monthly Business Survey
– conditions and confidence



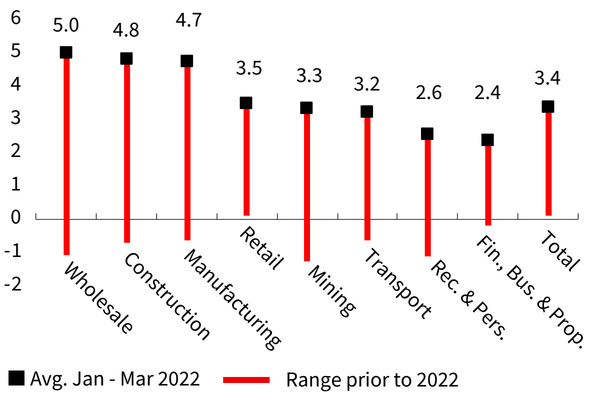
* Dotted lines are long-run averages since Mar-97.

Cost growth escalated to record levels in March with labour cost growth hitting 2.7 per cent in quarterly terms and purchase cost growth up 4.2 per cent – both considerably higher than at any point in the history of the survey. However, firms seem to have been able to pass on cost increases with prices also rising at their fastest rate in the history of the survey, at 2.3 per cent. The escalation in price growth included prices in the retail sector, which rose 3.7 per cent in quarterly terms, likely supporting margins and helping to explain the very strong increase in the profitability index for the sector.

Labour cost growth by industry
(% at quarterly rate)



Purchase cost growth by industry
(% at quarterly rate)

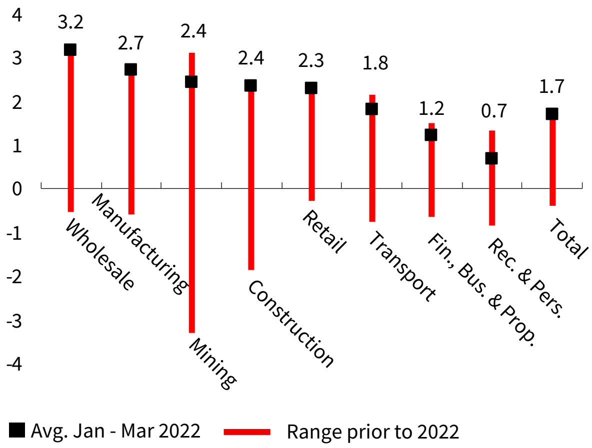


Inflation has surged and the RBA has responded accordingly

After years below the RBA's 2-3 per cent target band, inflation has sharply increased, hitting 5.1 per cent year on year in the March quarter. Ongoing supply chain issues, combined with elevated oil and gas prices and a strong global recovery from the pandemic, have pushed up inflationary pressures worldwide. With Australia's economy continuing to recover, unemployment below four per cent and strengthening wage growth, we see core inflation remaining above the RBA's target band for some time.

The ongoing tightening in the labour market should see further gains in wage growth. NAB's business surveys and other indicators point to core inflation above one per cent in Q1 and remaining elevated in Q2 as supply disruptions and elevated commodity prices continue to buffet the global economy. The sheer strength in demand will likely be enough to see cost pressures continue to pass through to consumer prices.

Price growth by industry
(% at quarterly rate) – NAB monthly survey data

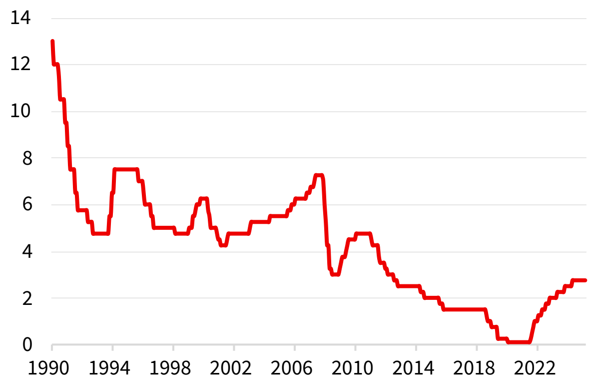


We expect further rate rises this year

The RBA made its first rate hike in a decade at its May meeting, raising the cash rate target from a record low 0.1 per cent to 0.35 per cent. We have now correspondingly revised up our expectations for the cash rate profile. We continue to see further 25bp increases in June, July, August and November, taking the target to 1.35 per cent by year end.

The RBA's move reflected significant revisions to the Bank's inflation forecasts – on the back of Q1 CPI – and our own expectations for inflation also continue to evolve. The Bank also lowered its forecast unemployment rate to 3.5 per cent for 2023, closer to NAB's outlook.

NAB's cash rate target forecast



Many regional areas have experienced strong growth during the pandemic

The onset of the pandemic shifted migration patterns with many people relocating to rural areas. While beneficial to many regional economies, there have been increased housing cost pressures as well as regional labour shortages, particularly in hospitality and agriculture. This has been a blessing and a challenge for regional Australia.

Labour shortages are likely to remain a challenge while unemployment remains below four per cent, although a return of immigration may fill some gaps, especially in horticulture. The trajectory of house prices is also difficult to pick. Nationally, we see a peak-to-trough fall in the order of 10 per cent next year, in line with higher interest rates. This points to downside risk to property prices, but with a trough well above pre-pandemic levels.

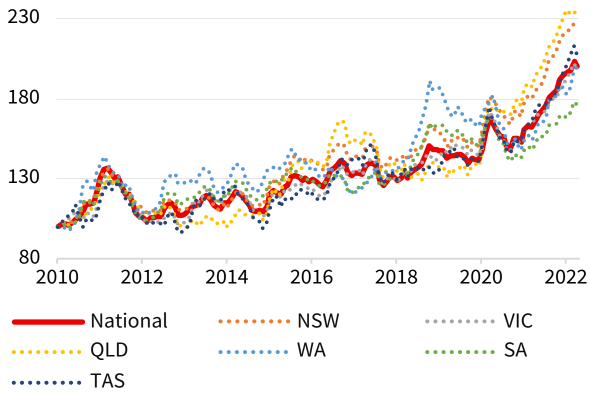
The past two years have delivered some of the best agricultural conditions ever

Overall, Australian agriculture has enjoyed an exceptionally strong two years, reflecting a combination of generally above-average seasonal conditions and commodity prices. Seasonal conditions since autumn 2020 have generally been excellent, resulting in record crop production.

> Overall, Australian agriculture has enjoyed an exceptionally strong two years.

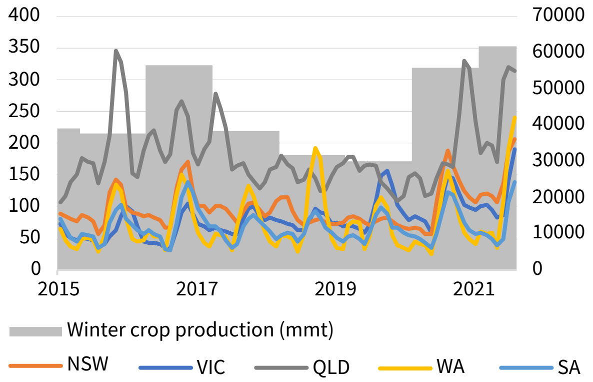
The NAB Rural Commodities Index broke new records for a year but looks to have at least temporarily peaked. Still, the index is now over 20 per cent higher than the same time in 2021.

NAB Rural Commodities Index



This is also reflected in our customer data, which shows grain customer inflows across Victoria, NSW, SA and WA now at the highest level since our series began in 2015. WA has seen particularly strong conditions with January income around 25 per cent higher than the same period in 2019, when growers in the state experienced a strong season combined with strong drought-induced eastern states' demand.

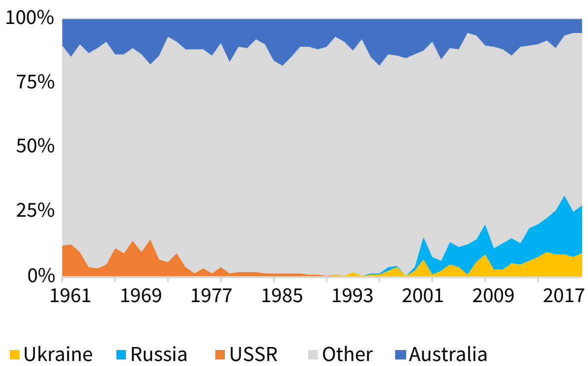
NAB agribusiness grain customer inflows



Commodity prices are elevated but so are geopolitical risks

Commodity prices remain generally very strong, although geopolitical risks are increasing volatility. Russia and Ukraine combined constitute around 25-30 per cent of global wheat exports, a share that has been trending up from well under five per cent through the 1990s. This compounds already mixed overseas growing conditions and low global stocks outside China, creating the conditions for high volatility.

Share of global wheat exports
– selected countries

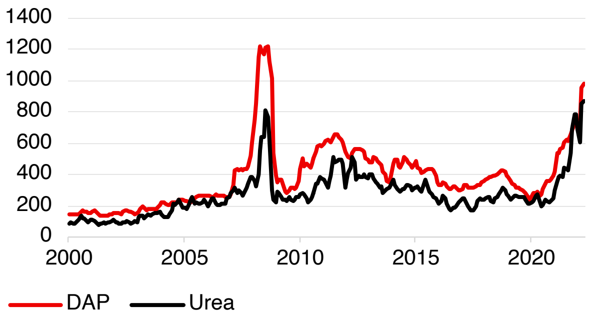


Rising input costs present a real challenge

Russia's invasion of Ukraine has sent shockwaves through agricultural commodity markets across the globe. Grains, fertiliser and oil prices have all seen substantial increases, as well as volatility, with considerable uncertainty over production at risk in Ukraine. While Western sanctions do not extend to Russian agricultural products, the old commodity trading routes of the Cold War are being re-established.

This has exacerbated the run-up in fertiliser prices, which began in early 2020. With oil and gas prices remaining elevated, and shipping costs still high, it is unlikely that there will be substantial price falls in 2022. Overall, our fertiliser index was around double its level just 12 months prior in March.

USD-denominated fertiliser indicators rallied in Q1 2022



Seasonal conditions have been mixed recently – coming months will be key

Earlier this year, we flagged that while much of NSW and south-east Queensland were too wet, other areas were chasing rain. Pleasingly, many dry regions have since seen decent falls ahead of planting, easing concerns around winter crop establishment. Some areas remain dry, but the overall picture is much improved and the outlook is wetter than average.

What's the bottom line for regional and agriculture in 2022?

2020 and 2021 were banner years for regional Australia, both within the agricultural sector and more broadly as COVID saw considerable regional growth in many areas. But 2022 is likely to be more 'normal'. This means that seasonal conditions will be mixed between regions with another record cropping season much less likely. Commodity prices will likely remain at very high levels, although it is hard to see how some of them could go much higher. Input costs, particularly fuel and fertiliser, will continue to be a concern.

The regional growth gains made during the pandemic are likely to be more or less locked in, with those who moved permanently likely to have negotiated hybrid working arrangements. But with life in cities now largely back to normal, it is much less likely that regional growth will continue to outpace cities like Melbourne and Sydney.

2020 and 2021 were banner years for regional Australia, both within the agricultural sector and more broadly.

Back to Contents

The regional consumer in focus: new insights on attitudes & behaviours

Dean Pearson,
Head of Behavioural & Industry Economics, NAB

The allure of a sea or green change remains a dream for many and a reality for a growing number of Australians. But is life outside our capital cities really that different? Each quarter, NAB surveys over 2,000 Australians across the nation, exploring issues including consumer stress, spending patterns, buying behaviours and wellbeing. In this, our first report studying the attitudes and behaviours among city, regional and rural dwellers, we find some clear differences. These differences help explain how our experience of life can differ markedly depending on where we live and perhaps why so many Australians are making the move.

Introducing the inaugural Regional Consumer in Focus report from NAB

Across Australia, the focus on regions only continues. We're proud to bring you NAB's first-ever report comparing the attitudes and behaviours of those who live in cities versus those who live in regional and rural areas – and what those differences reveal.

Consumer stress is lower in regional Australia

Consumers are central to post-COVID economic recovery, as household expenditure makes up almost 60 per cent of GDP. NAB's measure of consumer sentiment (the NAB Consumer Stress Index) is based on typical household stresses, including job security, health, the ability to fund retirement, the cost of living and government policy. While consumer stress has been falling throughout the country, those living in major regional cities and in rural towns and areas have been reporting significantly lower stress than people in capital cities. While job stress has declined across the nation, it is much lower in rural areas and regional cities compared to the capitals.

While the rapid migration of capital city residents to regional areas may ease in the future, particularly as more capital city workers return to the office, some have permanently shifted to the 'work-from-anywhere' mindset. Many are highly skilled, and thanks to new technologies and remote working they can work where they want to live rather than having to live where they work. If this trend continues, it will promote more diversified regional economies and help balance growth across Australia. This is something governments (both state and federal) have strived to achieve for decades (through incentives such as home buyer grants and the relocation of some public service offices). Diversification is particularly important for those regions reliant upon tourism and prone to seasonality. More year-round demand will help businesses and support jobs (and wages) outside peak seasons. In turn, some of the pressures facing our largest cities, particularly congestion, should ease.

Consumer stress around government policy is highest in rural areas (albeit declining) and capital cities, but is significantly lower in regional areas. This might surprise some, given reports of growing strains on infrastructure, wages, house prices and rents associated with the uplift in regional migration. Though clearly there will be pressures associated with population growth, if migration remains strong it should also bring with it more investment in key regional community assets such as schools, transport and hospitals in the longer term. At the same time, ideal seasonal conditions and rising prices for several key commodities have supported farm and mining incomes, creating opportunities for regional businesses, both in terms of new investment and expansion.

Travel tops the list of expected major household purchases

COVID has heavily impacted those communities reliant on tourism, particularly overseas arrivals. But with COVID travel restrictions now loosened, many Australians are planning a well-deserved holiday. City dwellers are the most enthusiastic, but regional and rural residents are not far behind with holidays topping their list of expected major household purchases over the next year. While business travel is likely to continue to struggle in the months ahead, regional tourism will continue to rebound. In regional cities, in addition to holidays, there has been a sharp uptick in intentions to purchase private health insurance, residential property and cars, but expectations around purchasing investment properties have fallen steeply. In rural areas, there has been a big uplift in intentions around home renovations.

Regional Australians are less concerned about the cost of living

While overall consumer stress has been falling, cost of living pressures have been rising. These concerns are mostly seen in city dwellers, with major regional cities and rural areas reporting much lower cost of living stress. While demand and supply chain issues have impacted prices across the country, regional and rural Australians are less concerned about price rises, particularly in regard to groceries, utilities and mortgage repayments. However, with fuel prices high, transport costs remain a key worry, particularly for those in rural areas.

> "
> City dwellers became much more concerned about supporting local businesses and prioritising Australian-made products following the devastating drought and bushfires of 2019.

Consumer values are fundamentally changing

NAB research also explores how consumer emotions, attitudes and preferences are affecting buying behaviour. Consumer values have shifted dramatically. Such disruptions present a rare moment for many businesses to shape unprecedented behavioural shifts to position products, services and brands going forward.

While Australians living in rural and regional towns have always understood the importance of supporting their local economies, the big change has been in capital cities. City dwellers became much more concerned about supporting local businesses and prioritising Australian-made products following the devastating drought and bushfires of 2019. But these commitments have intensified since the pandemic.

Safety and environmental sustainability awareness has heightened

Consumer awareness has risen, particularly around issues of safety standards, environmental sustainability of some foreign products, supply disruptions and export barriers faced by many Australian-made products. This augurs well for ongoing demand for regional producers.

Other changes in behaviour post COVID include growth in home cooking and baking, DIY and gardening. The pandemic has prompted many people to make long-lasting improvements to their lives and their homes with growing demand for multi-use spaces and home offices. This is not just a city phenomenon; home renovation intentions are currently strongest in rural areas. There has also been growing demand for wellness products with many Australians, particularly men, prioritising their health more since COVID.

> The shift towards online shopping continues.

Consumers are more informed about price and value

Some consumers continue to show reluctance to dine out at restaurants and visit major shopping centres, including those in regional and rural areas. The amount of time spent on screens, devices and social media has also been rising, and not just in the cities. Consumers are becoming more informed about price and value, and more open to change and experimentation. The shift towards online shopping continues. While growth has been strongest in cities, regional and rural areas have also seen solid growth in online sales since the pandemic. NAB estimates that in the 12 months to January, Australians spent $54.23 billion on online retail – around 14.7 per cent of total retail trade and 19.6 per cent higher than the 12 months to January 2021. In year-on-year terms, categories such as department stores, takeaway food, grocery and liquor have been growing most strongly.

Regional Australians are happier!

Finally, there is another way NAB tracks sentiment in Australia that provides a picture of life in our cities and our rural and regional areas – NAB's Wellbeing Index. In short, people living outside of capital cities report being happier and much less anxious. In fact, people living in rural areas have been recording the highest levels of happiness across the country, just ahead of people in regional cities. Anxiety is also lowest by some margin in rural areas, followed by regional cities; it is highest in our capital cities.

Wellbeing levels have been volatile since the start of the pandemic, but one clear pattern has emerged – wellbeing falls very sharply during lockdowns. A common theme among regional and rural Australians during the pandemic was just how lucky they were not to live in a densely populated city. This is not to downplay the many challenges faced by those living outside our cities. A number of rural and regional businesses that relied on temporary visa holders have struggled following the closure of international borders. Housing affordability has also become an issue for many communities, and some regional areas face significant land use and infrastructure planning challenges. And, of course, environmental and climate challenges are constant features of life on the land. Stress is clearly not just a city phenomenon and access to mental health services can often be less readily available.

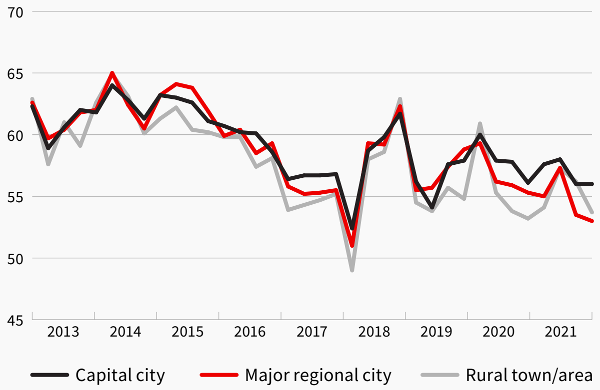
> A common theme among regional and rural Australians during the pandemic was just how lucky they were not to live in a densely populated city.

But many regional Australians also report positive experiences, including greater work-life balance, more quality time with family, living more simply, having greater empathy for others, and more gratitude. And with working from home becoming a longer-term reality for some, many are taking the opportunity to embrace life in rural and regional Australia. NAB's wellbeing research suggests the things that really matter in our lives include our relationships (friends, family and our pets), personal safety, a good standard of living, our homes and feeling part of a local community. And for a growing number of us, those needs are being best met in rural and regional Australia.

Consumer trends

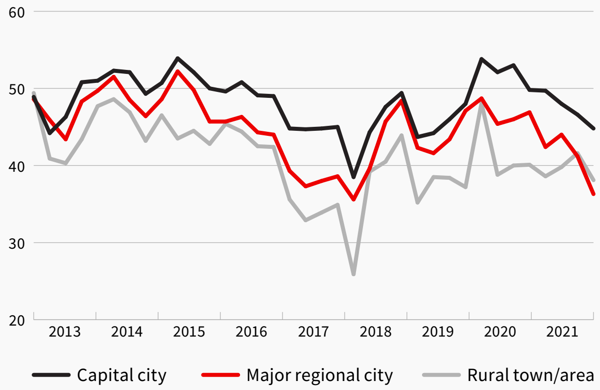
The regional consumer – charts

NAB consumer stress index
(100 = extreme stress)



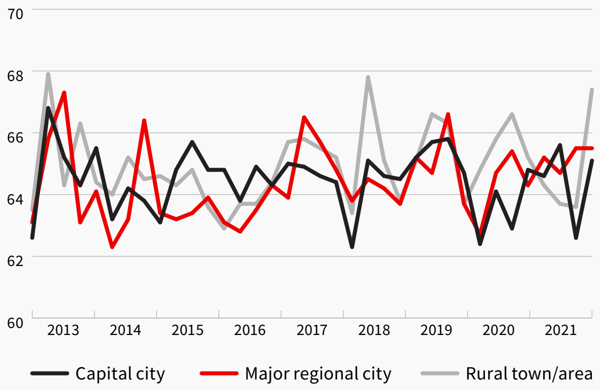
Consumers in regional cities and rural towns and areas are experiencing lower stress than in capital cities.

NAB consumer stress index: Job security
(100 = extreme stress)



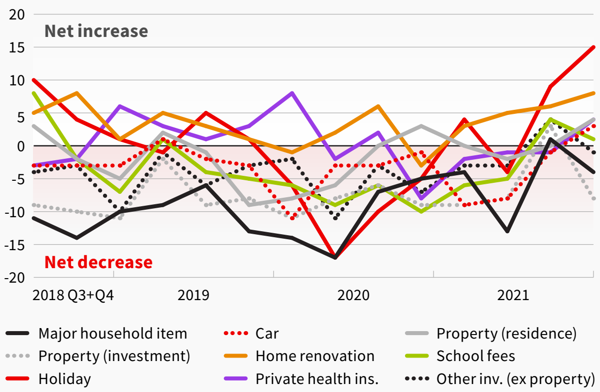
Job stress in particular is much lower in rural areas and regional cities.

NAB Wellbeing Index
(100 = completely)



Self-reported wellbeing in rural areas is at its highest since mid-2018, with the regions second.

Expectations in regards to making major purchases (in next 12 months – major regional city (net))



Holidays are topping the list of expected major household purchases over the next year for all Australians.

Cashed-up businesses – so what's next for regional and agri?

Bank account deposits have shown historical levels of growth in Australia, with agribusinesses a standout performer, showing an increase in transaction account deposits of over 20 per cent year on year, and regional businesses up more than 15 per cent over the same period to 31 March 2022.

Deposits

Elevated borrowing activity in the regional and agriculture sectors is being matched by record volumes on the other side of the book with NAB's deposits data showing plenty of cash in the system.

For some time, NAB's business deposits overall have experienced historical levels of growth: 10.5 per cent for 2021 and 19.7 per cent for 2020. When compared with the average across the three years 2017-19 – a comparatively lower 3.2 per cent – the level of cash within the system, and accessible by businesses, is positive news and demonstrates strong business fundamentals.

Within that growth, the major share has come from at-call accounts. Since the inflation and interest rate environment began to evolve in late 2021, however, term deposits have also started showing an uptick.

Agribusinesses have been one of the standout performers in a standout period with an increase in transaction account deposits of 20.63 per cent between March 2021 and March 2022. Regional businesses more broadly are also outpacing the Australian average with a 15.22 per cent increase over the same period.

The NAB banker view

" NAB's business deposits overall have been experiencing historical levels of growth, demonstrating strong business fundamentals. What's impressive is that both agri and regional businesses are outpacing the national average.

Donald Jamieson, State Business Banking Executive, NAB

Agribusiness and Regional standout performers in national deposits

Agribusiness	↑ 20.63%
Regional	↑ 15.22%
All businesses	↑ 14.50%

Increase in transaction account deposits between March 2021 and March 2022.

Source: NAB data, March 2022

The NAB banker view

“Regional and agribusinesses are cash-positive right now, and well set up to take advantage of opportunities on the horizon.

Khan Horne, State Business Banking Executive, NAB

Farm Management Deposits

Unlike transactional accounts, Australia's Farm Management Deposits (FMD) system was flat from December 2020 to 2021. With low interest rates and positive business conditions, farmers are electing to invest in new assets and hold funds at call, rather than placing them in term deposits. However, as conditions start to ease, agribusinesses will need to consider using tax-effective FMDs as part of well-considered tax planning discussions and to build resilience into their business, and we expect to see a topping up of FMD balances as the financial year closes out.

FMDs typically spike in the June quarter, largely due to tax planning, and it's generally advisable to speak with tax planners, financial advisers and bankers in the lead up to 30 June about the appropriate debt, cash and cash flow planning and management.

Outlook

With plenty of cash on hand and a positive outlook for commodities over the year ahead, Australia's regions and agriculture sector seem well set up to take advantage of opportunities on the horizon. How long this intensity of activity can be sustained, however, remains to be seen; seasonal conditions and other external factors are sure to play a part. This may be an opportune moment for regional and agribusinesses to build resilience into their structures.

KEY TAKEOUTS

- Regional and agribusinesses are cashed up, with farms depositing over 20 per cent more into transactional accounts last year, and regional businesses over 15 per cent
- As interest rates rise, term deposits are also starting to grow
- Investments have been broad-based, from new assets to stock and land
- FMDs are expected to increase as farmers start thinking about building resilience into their business

Strong demand for credit as businesses reinvest in growth

Migration to the regions, strong harvests and an uptick in demand for infrastructure, as well as wholesaling, building and manufacturing, are some of the key factors driving demand for credit. Year on year, demand for regional and agricultural loans across Australia was up more than 14 per cent in March 2022.

The great Australian internal migration is visible everywhere in the regions: more children in schools, more businesses in town, and more headlines in the newspapers discussing the opportunities and challenges this population movement brings.

The migration is also visible in NAB's 2022 data credit trends, which reflect a 14.62% per cent spike nationally in demand for regional and agricultural loans (and an increase of 18.6 per cent year on year for just agricultural loans) as regional businesses invest to support population shifts and improved business and seasonal conditions.

NAB's credit trends data also provides more granularity on what's driving this increase in demand for credit.

14.62%

The year-on-year spike nationally in demand for regional and agricultural loans (and 18.6% just for agricultural loans).

Source: NAB data, 2022

The data shows new businesses being established in the regions and existing regional businesses drawing on credit products to invest in their companies and communities and build for future growth. Standout growth includes manufacturing and wholesaling, plus services to the agriculture sector, which is not only outpacing many other

Growth by industry

	Mar 21-Mar 22 % Change Lending
Electricity and Gas Supply	60.9%
Basic Material Wholesaling	48.9%
Textile, Clothing, Footwear and Leather Manufac.	45.2%
Non-Metallic Mineral Product Manufacturing	44.0%
Finance	34.0%
Petroleum, Coal, Chemical and Assoc. Prod Manufac.	31.6%
Wood and Paper Product Manufacturing	25.3%
Machinery and Motor Vehicle Wholesaling	24.9%
Motion Picture, Radio and Television Services	22.7%
Other Transport	21.0%
Machinery and Equipment Manufacturing	20.5%
Food, Beverage and Tobacco Manufacturing	20.2%
Services to Agriculture; Hunting and Trapping	19.7%
Agriculture	19.2%
Personal and Household Good Wholesaling	18.9%
Communication Services	18.8%
Construction Trade Services	18.8%
Education	18.5%
Motor Vehicle Retailing and Services	18.4%
Other Mining	17.0%
Services to Finance and Insurance	14.6%
Personal Services	11.0%
Personal and Household Good Retailing	10.3%
Health Services	10.0%
Other Services	9.1%
General Construction	8.6%
Property Services	8.3%
Air and Space Transport	8.3%
Commercial Fishing	8.2%
Services to Mining	8.2%
Business Services	5.5%
Storage	2.7%
Other Manufacturing	2.7%
Services to Transport	2.4%

industries, but also demonstrating that the impact of strong harvests in recent years is flowing through beyond the agricultural sector.

Loans are being taken for a broad mix of purposes, including regional business acquisition and expansion, infrastructure (schools, health services, energy, water supply) and investment in new stock and equipment. We've also seen many businesses make use of the government's Instant Asset Write-Off, which helps make investing in things like new technology worthwhile. Some businesses facing supply chain issues have also been looking at facilities to help manage their payment cycles.

The great rise in borrowing

Demand for credit across regional and agricultural Australia

Lending to regional and agricultural sectors in general was up 14.62 per cent nationally.

ACT	7.2%
NSW	14.3%
NT	-2.6%
QLD	17.8%
SA	14.4%
TAS	6.6%
VIC	14.6%
WA	12.2%

Source: NAB data, 2022

In the year ahead, businesses will be monitoring the impact of a changing interest rate environment and global inflation and commodity prices. NAB's credit data is showing that regional and agricultural businesses are, where possible, passing through any increases in input costs, have appropriate levels of cash on hand and credit facilities to weather short-term shocks, and have invested to take advantage of regionalisation and re-opening borders.

Businesses are also looking for more green financing solutions – to demonstrate to their customers, suppliers and investors that their businesses are supporting sustainable growth. NAB is offering and piloting a few products that fit this bill – as outlined on page 8 – and expects to see an increased demand for these services in the next 12 months.

The NAB banker view

“The demand for credit is undeniably strong in regional and agribusinesses with loans being taken by both new and existing businesses.

Peter Steele, State Business Banking Executive, NAB

KEY TAKEOUTS

- Demand for credit is strong in regional and agribusinesses with investment to support population shifts and improved business conditions
- Loans are being taken by both new and existing businesses
- Basic Material Wholesaling, Food & Beverage Manufacturing and Agriculture are among the industries showing the biggest demand for credit

Regions move to front in property valuation growth

Capital city property values take a back seat as regional Australia surges on the back of migration and a healthy agriculture sector.

Mark Browning, Head of Valuations, NAB

Regional housing markets

While Australian property home buyers and investors in almost every class and location would have been happy with results over the past few years, regional property was a particular winner. In the year to April 2022, growth in regional housing values was 23.9 per cent, ahead of the capitals on 14.6 per cent.

There are certainly outliers within these broad-spectrum figures. Brisbane (up 29.3%) and Sydney (up 14.7%) showed significantly strong value gains over the past 12 months, although they were outpaced by regional neighbours including the Hunter Valley (excluding Newcastle) and the Southern Highlands in NSW (up 34.3 per cent and 33.3 per cent respectively) and the Gold Coast (33.1 per cent), the Wide Bay region (30.6 per cent) and the Sunshine Coast (30.1 per cent) in Queensland. Taken on the whole, Australia's regions are enjoying solid gains.

Some of the factors driving up regional house prices are seen in property markets all around Australia. However, there has been an acceleration of migration to the regions that is underpinning growth above and beyond these. Regional values will continue to shine in the year ahead, albeit more slowly than the breakneck pace experienced in 2021, particularly as interest rates trend upwards.

Within the regions, data shows that treechangers continue to be most attracted to lifestyle regions, or to satellite cities close to the east coast capitals. Property prices also reflect this, although the correlation is not perfect.

The NAB banker view

“What a time for the regions: growth in regional housing valuations achieved 23.9 per cent, ahead of the capitals on 14.6 per cent. It's been astonishing to witness.

Joe Paparella, State Business Banking Executive, NAB

Australia's top 5 Local Government Areas by share of regional migration

Percentage of share of total regional migration from capital city residents, CY2021

Gold Coast (QLD)	11%
Sunshine Coast (QLD)	5%
Greater Geelong (VIC)	4%
Wollongong (NSW)	3%
Lake Macquarie (NSW)	2%

Source: Regional Movers Index Feb 22 (Regional Australia Institute)

With a surge in migration from capital cities (for a number of reasons, such as lifestyle and affordable housing) there has been strong buyer demand in many areas, outweighing supply, with properties experiencing shorter time periods on the market.

Top 10 performing SA4* regional housing markets, annual value movement

Hunter Valley exc Newcastle (NSW)	34.3%
Southern Highlands and Shoalhaven (NSW)	33.3%
Gold Coast (QLD)	33.1%
Central West (NSW)	31.5%
Coffs Harbour – Grafton (NSW)	30.9%
Wide Bay (QLD)	30.6%
Sunshine Coast (QLD)	30.1%
Launceston and North East (TAS)	29.5%
Mid North Coast (NSW)	28.3%
Riverina (NSW)	27.6%

Source: CoreLogic for NAB – End of April 22

Similar pressures have been applied to rental markets – with record annual level of rental market growth across a wide range of regions.

Top 10 performing SA4* regional housing markets, annual rental value movement

Murray (NSW)	18.9%
Gold Coast (QLD)	18.3%
Wide Bay (QLD)	16.5%
Barossa – Yorke – Mid North (SA)	13.8%
Launceston and North East (TAS)	12.8%
Shepparton (VIC)	12.5%
South East (TAS)	12.5%
Hunter Valley exc Newcastle (NSW)	12.5%
Newcastle and Lake Macquarie (NSW)	12.5%
Capital Region (NSW)	12.4%

Source: CoreLogic for NAB – End of April 22

For those looking to relocate their family or business, it pays to cast a wider net for opportunities, including inland properties. Some regions may be poised to ride the next wave of nation-shaping infrastructure projects, such as the Inland Rail.

Top 10 performing SA3* regional inland housing markets, annual value movement

Gympie (QLD)	36.4%
Shoalhaven (NSW)	34.4%
Orange (NSW)	33.5%
Bathurst (NSW)	32.4%
Goulburn (NSW)	31.4%
Southern Highlands (NSW)	31.1%
Lithgow – Mudgee (NSW)	30.3%
Colac (VIC)	30.2%
Wagga Wagga (NSW)	29.6%
Launceston (TAS)	28.0%

Source: CoreLogic for NAB – End of April 22

Outlook for regional housing

The sustainability of this regional growth trajectory is expected to moderate. Affordability and strong infrastructure will continue to help drive migration from capital cities.

Looking to the year ahead, the regional property markets are also likely to be shaped by the same influences impacting all property markets – government policy, global inflation and interest rate trends. However, the net flow of migrants to the regions is likely to continue slowing, but unlikely to reverse. Working-from-home and other lifestyle factors will also play a role in supporting the strength of property values. Particular regions may see some softening of prices (especially where infrastructure does not support the population), but a slower broad-based rate of growth remains the expectation and there are plenty of opportunities still to be found.

Commercial property

While the residential property sectors in regional Australia have experienced stellar growth, the same can't be said for commercial property. Those regional locations that have benefited from net migration have seen some growth, but other locations are experiencing flatter conditions. This may evolve as more businesses see the benefits of relocating and as city investment interest in regional tenanted properties with good yields increases.

NAB data shows that some of the faster-growing industries in regional Australia, such as food and beverage manufacturing and wholesaling, benefit from co-location with inputs and strategic logistics networks as much as they do from proximity to customer bases in the capitals.

Regional and rural property trends

Rural property values continue to increase

In the agricultural market, buyers are demonstrating a number of simultaneous consolidation trends. Neighbour-to-neighbour acquisitions under $25 million are the most active segment, but producers are also increasingly looking inter-regionally and even interstate for acquisitions.

This follows stronger farm incomes flowing back into these businesses and subsequent re-stocking. Favourable commodity prices and the low cost of credit have added to this confidence, in turn pushing up underlying values.

As a result, we've seen the median price paid per hectare increase by 20 per cent over the past 12 months to April 2022, with many regions experiencing even stronger growth.

With values elevated, yield may be more important than proximity to existing assets, and farmers wary of another extended drought are diversifying their land holdings across different regions (and gaining exposure to different weather patterns).

The rise has come without any significant change in foreign investment – Foreign Investment Review Board data shows foreign ownership remained steady at ~14 per cent in 2021 and at ~11 per cent for water entitlements.

Foreign investors and large diversified funds are still participating in the agricultural property market on both sides of the transaction, but growth in activity in this segment hasn't matched that of owner-operators. As global capital factors evolve in the year ahead, this space may pick up.

NAB's most recent rural property specialist survey found professionals in the wider industry believed:

- The national rural market cycle was continuing to rise and was yet to reach a peak (survey participants noted some local segments and markets had peaked).
- The market segments below $25M in property prices were the strongest.
- The most active purchasers were large-scale families, especially neighbour-to-neighbour transactions.

Outlook for rural property

While interest rate and input cost increases are expected to continue, commodity prices are predicted to remain high. Most participants in the rural market take a long-term view, believing rural properties will continue to track positively over extended periods, as they have consistently done over the past 20 years. Given the current outlook, we see farmland values continuing to increase, but at a slower rate than in recent years.

The NAB banker view

"With demand for regional, rural and agricultural property outpacing most Australian capitals, this is great news for owners, but affordability and infrastructure are becoming critical in some regions.

Naomi Stuart, State Business Banking Executive, NAB

KEY TAKEOUTS

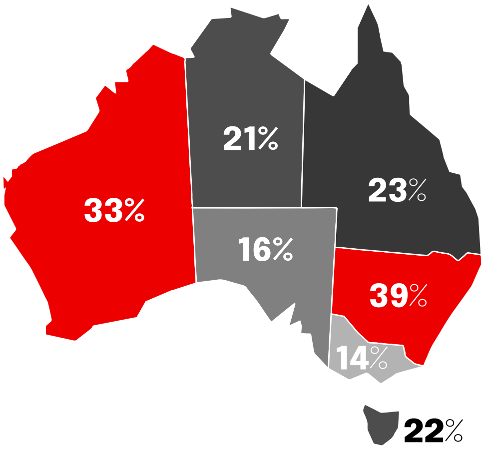
- Demand for regional, rural and agricultural property is outpacing most Australian capitals
- Farmers are buying neighbouring properties, supporting a continued trend of farmland consolidation, and also diversifying with interstate holdings
- Support from migration and other factors indicates slowing but continuing strength; affordability and infrastructure are becoming critical in some regions

Back to Contents

Equipped for future growth

Good times fuel the appetite of Australia's farmers for new machinery with equipment finance up 32 per cent in two years.

Chris Fileman,
Head of Equipment Finance Sales, NAB



Annual growth in new equipment sales, by region
Source: Tractor & Machinery Association of Australia, 2021

A run of excellent conditions has resulted in another strong year for equipment sales in the Regional and Agri sector with demand running hot despite shortages in new vehicles and machinery. Each of the past three years has seen increased demand for equipment finance with NAB now loaning 32 per cent more in this category than before the pandemic.

And with 29 per cent of businesses based in regional Australia, they are also the biggest spenders on equipment – making up 45 per cent of equipment finance, according to NAB data.

Sales of Mining, Earthmoving & Construction equipment have grown strongly with demand for credit up 24 per cent over the three years to FY September 21. Trucks, Trailers & Buses are up 18 per cent. But the real standout is the Cars & Light Commercial Vehicles category with loans seeing a 42 per cent increase in demand.

> With excellent harvests almost across the board, tractor and harvester sales have been particularly notable with tractor volumes up 25 per cent on 2020.

Loans for Agricultural Equipment in particular are in line with overall growth, with 31 per cent growth despite a small drop-off in 2020-21 due to supply chain issues. With excellent harvests almost across the board, tractor and harvester sales have been particularly notable with tractor volumes up 25 per cent on 2020 to exceed 18,000 units for 2021. Harvester sales topped 1,000, a figure not seen since 2011.

NSW, with 39 per cent growth in sales, and WA, with 33 per cent growth, showed particular hunger for new assets, built off notably strong seasons for both. Growth is evident in every state with Victoria (14 per cent) and SA (16 per cent) experiencing double-digit increases in new equipment sales.

The NAB banker view

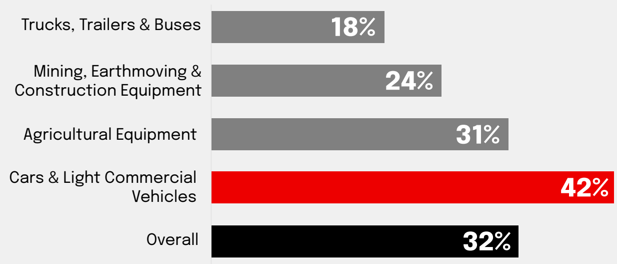
> Equipment finance is key for the regions. While regional businesses make up 29 per cent of Australian businesses, they make up an incredible 45 per cent of the nation's equipment finance.

Jeff Pontifex, State Business Banking Executive, NAB

The increased appetite in Australia's regions and the agriculture sector for new equipment and vehicles is not just due to higher prices. The number of transactions has ticked up strongly as well with 2020 and 2021 seeing about a 20 per cent increase in volumes (and 2022 expected to meet that mark).

Equipment finance trends

Annual growth in demand for credit, by category



Source: NAB Regional & Agribusiness Volume FY September 21

What's fuelling growth?

While strong harvests are generally associated with strong sales, regional and agribusinesses are also reaping the benefits of tax provisions and favourable interest rates. Dams are full across the eastern states, which should provide some security against the threat of a dry season or two. Buyers are accordingly enjoying the growth they've produced over the past few seasons, and setting themselves up for success in coming years.

Businesses continue to take advantage of the Instant Asset Write-Off and claim full depreciation in the year of purchase. This provision will be available until the end of the 2022-23 financial year and brings the benefit of tax minimisation on top of a new asset. In its final year the write-off is expected to again fuel strong sales.

Interest rates globally have been held at historic lows for most of the pandemic, but funding costs are beginning to increase. With long waitlists to take delivery of vehicles, some buyers are seeing their interest rates rise. While rates are contingent on external factors, NAB is taking steps to protect customers, including offering the ability to lock in rates on equipment finance products.

Delivery times blow out

Global supply chain issues, particularly in components such as microchips and batteries, have caused significant delivery delays. While the impact of these shortages is felt universally across manufacturers and import markets, it's particularly acute in vehicles. The delivery time for new cars and light vehicles, and agricultural equipment, can extend beyond 12 months.

As a result, the second-hand markets have also seen strong activity on the demand side, although supply has not been able to match. Buyers are bidding up prices for used assets; Slattery's Auctions reports second-hand tractors are in particular demand, finding as much as 90 per cent of retail value. In one sale of particular note, a 2014 John Deere 6105M tractor with 7,136 hours sold for $36,600 – 100 per cent of its off-the-shelf price.

Improvements in quality and repairability of components have also increased the lifespan of many types of agricultural equipment. The current tranche of vehicles and assets may not need to be replaced for seven years on average, extending the cycle for many regional and agribusinesses.

Although componentry problems are expected to continue beyond 2022, there are positive indications that chip shortages are beginning to resolve, and we may be past the halfway mark of supply chain issues.

The year ahead

The buying frenzy is starting to face headwinds, but heightened activity is likely to continue for at least another year as businesses continue to capitalise on favourable operational and tax conditions while they last. The end of the Instant Asset Tax Write-Off in 2023 will take a little heat out of the market, but long waitlists and auction activity indicate some residual pent-up demand. The strength of harvest seasons and the timing of the resolution of supply chain issues will also play a role.

The NAB banker view

“There is simply huge demand for equipment and equipment finance in Australia, and at least one more year of heightened activity to come.

John Avent, State Business Banking Executive, NAB

KEY TAKEOUTS

- Huge demand for equipment and equipment finance in Australia
- Continued strong growth over the past three years
- Growth driven by both strong harvests and Instant Asset Tax Write-Off
- At least one more year of heightened activity to come before Instant Asset Tax Write-Off ends in 2023

To find out more talk to:

Julie Rynski
Executive Business Banking, Regional and Agri – Australia, NAB

Julie.Rynski
@nab.com.au

Bel Quince
NAB, Strategy Executive

Bel.Quince
@nab.com.au

Brian Linke
Chief Operating Officer

Brian.X.Linke
@nab.com.au

Donald Jamieson
State Business Banking Executive, TAS

Donald.Jamieson
@nab.com.au

Jeff Pontifex
State Business Banking Executive, WA

Jeff.Pontifex
@nab.com.au

Joe Paparella
State Business Banking Executive, SA&NT

Joe.Paparella
@nab.com.au

John Avent
State Business Banking Executive, QLD

John.Avent
@nab.com.au

Khan Horne
State Business Banking Executive, Northern NSW

Khan.Horne
@nab.com.au

Naomi Stuart
State Business Banking Executive, ACT & Southern NSW

Naomi.Stuart
@nab.com.au

Peter Steele
State Business Banking Executive, VIC

Peter.B.Steele
@nab.com.au

nab regional & agribusiness

more than money

To find out more, visit nab.com.au/insights

1. NAB is Australia's largest business lender according to Monthly Authorised Deposit-taking Institution Statistics lending data (table 2, non-financial corporations) for March 2022 published by the Australian Prudential Regulation Authority as at April 2022.

* Australian Bureau of Statistics (ABS) – Statistical Area Level.

Important Information

This document contains general advice only, and has been prepared without taking into account your personal objectives, financial situation or needs. Before acting on the advice in this document, you should seek professional advice and consider whether it is appropriate for you in light of your objectives, financial situation and needs. The information in this document is general in nature and based on information available at the time of publishing, information which we believe is correct and any forecasts, conclusions or opinions are reasonably held or made as at the time of publishing. The information does not constitute financial product or investment advice. Past performance is not necessarily indicative of future results. No warranty is made as to its accuracy, reliability or completeness. To the extent permitted by law, neither National Australia Bank Limited ABN 12 004 044 937, Australian Credit Licence and AFSL No. 230686 or any of its related entities accept liability to any person for loss or damage arising from the use of this information. You should consider the relevant Product Disclosure Statement and Financial Services Guide (available on request) before deciding whether to acquire, or to continue to hold, any of our products. Target Market Determinations for these products are available at nab.com.au/TMD. Fees and charges are payable. Terms and conditions apply and are available on request from NAB. Our credit products are subject to eligibility and lending criteria. All products and services mentioned in this document are issued by National Australia Bank Limited ABN 12 004 044 937 AFSL and Australian Credit Licence 230686. Information correct as at 26/05/2022.