FEDERATED FARMERS
OF NEW ZEALAND

Federated Farmers Banking Survey

MAY 2026

Contents

1. Key findings

This is the twenty-fifth round of the Federated Farmers Banking Survey, which has been running with consistent methodology since May 2015. The report covers farmer debt, mortgages, overdrafts, interest rates, budgeting, and bank relationships (including satisfaction, communication, pressure, and lending conditions). In this round, n=537 responses were received. The survey was conducted from 12 May to 3 June 2026. Because this is a members-only survey, respondents tend to be larger-scale farmers who often own multiple properties, meaning the sample is not representative of the average New Zealand farmer.

May 2026 shows the most positive results in the Federated Farmers Banking Survey since the period before the RBNZ capital review. Satisfaction, communication, and debt structuring have all improved substantially since November 2025, and undue pressure has fallen to its lowest recorded level since 2018, while interest rates continue to ease.

SATISFACTION WITH BANKS

69%

highest since May 2018

Up from 61% in Nov 2025; dissatisfaction down to 14% from 21%

UNDER PRESSURE

10%

lowest since 2018

Down from 14%; ANZ and Rabobank lowest at 7%, BNZ highest at 16%

COMMUNICATION

Satisfation

69%

up from 61%

Westpac's standout turnaround, from 58% to 86% in one round

DEBT STRUCTURING

66%

can structure efficiently

Up from 58%; Rabobank leads at 81%, sharemilkers least able to structure debt at 51%

MORTGAGE RATES

5.49%

average

Down from 5.78%; farm-house gap back to 0.23pp, below the long-run norm

FIXED VS FLOATING

2/5

have over 75% floating

A quarter fully fixed; Rabobank leads on fixing (53%) via its All-in-One product. BNZ and Westpac clients are most exposed to floating rates

DEBT LEVELS

Average mortgage

$4.11m

OD $373K

Average mortgage down from $4.92m (median $2.60m, down from $2.80m) as dairy debt repayment continues; average overdraft up from $312k, reflecting seasonal drawdown

OUTLIER: ARABLE

Off-trend

across the board

Soft commodity prices, elevated debt and tighter lending set this sector apart in terms of satisfaction, pressure and debt levels

WHAT DRIVES SATISFACTION

The individual agri manager

The single most consistent theme across 216 comments: a knowledgeable, available manager outweighs rate competitiveness

2. Economic context

May 2026 finds most of the farming sector in a strong income position, with dairy, beef, lamb and wool all benefiting from elevated prices and falling interest rates. Arable farming is the clear exception, facing weak grain prices and rising costs.

Dairy: sustained high returns

Fonterra’s final forecast for the 2025/26 season is $9.70/kgMS, within a narrowed range of $9.60 to $9.80. This is the second-highest milk price on record, behind only the $10.16/kgMS paid in 2024/25. Fonterra has opened the 2026/27 season at $9.75/kgMS, signalling a third consecutive season of historically strong returns[1].

Dairy: Capital returns and balance sheet strengthening

Fonterra’s April 2026 sale of its Mainland consumer business returned $3.2 billion to shareholders via a $2.00-per-share capital payment[2], with a further special dividend of 14 to 18 cents per share expected[3]. Dairy sector debt has fallen by almost $5 billion since its 2018 peak to around $36 billion, and debt per kgMS has dropped from $22 to $18.50. It is expected to decline further toward $16.50 as sale proceeds flow through, reflecting both stronger profitability and bank-driven repayment[4].

Red meat: strong but easing

Farmgate beef prices reached record highs in early 2026 due to global supply shortages and strong US demand, and remain elevated despite a slight easing[5]. Lamb and sheep returns have also improved year-on-year, supporting a broader recovery in red meat farm incomes[6].

Wool: recovering but modest

For the first time in a decade, strong wool prices have roughly doubled to around $5 to $7/kg by mid-2026, lifting farm revenue by an estimated $200 million annually[7]. This has shifted wool from often loss-making to roughly breakeven, though still below levels needed for strong profitability (and secondary to meat income)[8]. Tightening supply and growing demand for higher value uses suggest a more structural than cyclical improvement[9].

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1 https://www.fonterra.com/nz/en/our-stories/media/sustained-performance-in-q3-as-fonterra-executes-on-strategy-announces-2026-27-farmgate-milk-price.html
2 https://www.fonterra.com/nz/en/our-stories/media/fonterra-completes-sale-of-mainland-group-to-lactalis.html
3 https://www.ruralnewsgroup.co.nz/dairy-news/dairy-general-news/fonterra-mainland-dividend-capital-return-2026
4 https://www.rnz.co.nz/news/country/597919/dairy-debt-falls-by-almost-5-billion
5 https://newswire.co.nz/2026/06/new-zealand-beef-record-prices-global-cattle-shortage/
6 https://beeflambnz.com/news/blnz-new-season-outlook-highlights-high-values-sheep-and-beef-risk-headwinds-horizon
7 https://www.farmersweekly.co.nz/markets/wool-returns-are-real-dollars-back-in-pockets/
8 https://www.farmersweekly.co.nz/markets/strong-wool-prices-the-new-normal-feds/
9 https://newswire.co.nz/2026/06/nz-wool-prices-15-year-high-crossbred-fleece-2026/

Arable: continued pressure

Arable farming has been under significant pressure, with Federated Farmers describing the sector as near crisis on the back of rising costs, weak grain prices, and competition from lower-cost imports[10]. The January 2026 Farm Confidence Survey reflects this, with arable the only sector reporting declining profit expectations and more farmers expecting to increase debt[11]. However, more recent indicators suggest a modest improvement in outlook, with easing cost pressures and improved returns.

Interest rates and input costs

The OCR has fallen sharply from its 5.50 percent mid-2024 peak to 2.25 percent by May 2026, though the RBNZ has signalled the next move may be upward as global energy-driven inflation pressures build. Rising input costs, particularly diesel and fertiliser, are adding to margin pressure, highlighting the advantage for farmers who used lower rates to reduce debt and strengthen their balance sheets[12].

10 https://www.farmersweekly.co.nz/news/stagnant-grain-prices-and-rising-costs-squeeze-nz-arable-farmers/
11 https://www.fedfarm.org.nz/Web/Web/Resources/Farmer-Confidence-Survey.aspx
12 https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/the-official-cash-rate

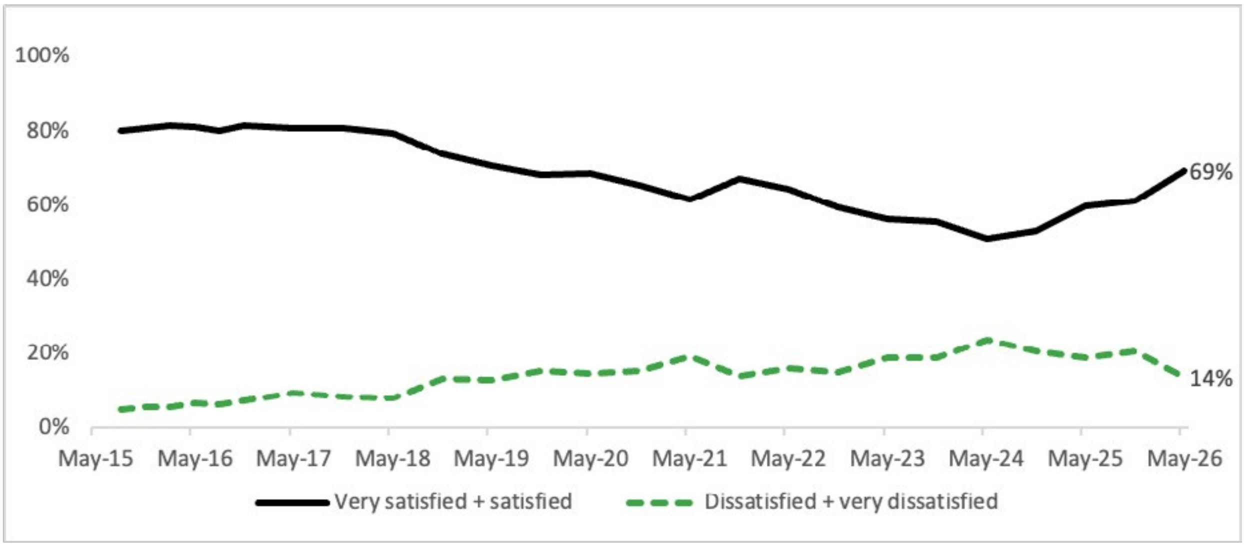
3. Beyond the balance sheet: understanding farmer-bank relationships

Overall satisfaction with their bank

+8pp **Overall satisfaction has risen to 69 percent in May 2026, up from 61 percent in November 2025, and is the highest level recorded since May 2018.**

Dissatisfaction has fallen to 14 percent, down from 21 percent. Despite the improvement, satisfaction remains well below the 80 percent recorded in the early survey rounds, reflecting a structural shift in the farmer-bank relationship that favourable economic conditions alone have not reversed.

Figure 3-1 Satisfaction with banks over time (2015 to 2026)



The improvement is broad-based across banks. Westpac records the most significant turnaround, with satisfaction rising to 80 percent (and dissatisfaction falling from 25 percent to 14 percent in a single round). Rabobank remains the most consistently well-rated bank at 78 percent, having held at 70 percent or above for the previous three rounds. Of note, farmers without mortgages (15%) are significantly less satisfied with their banks compared to mortgage holders.

Table 3-1 Satisfaction by bank

Bank	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	77%	51%	63%	66%	73%	+7pp
ASB	75%	49%	55%	64%	71%	+7pp
BNZ	85%	48%	57%	60%	70%	+10pp
Rabobank	85%	70%	70%	75%	78%	+3pp
Westpac	83%	55%	57%	60%	80%	+20pp
Non-mortgage holders		46%	59%	58%	49%	-9pp
All respondents	**80%**	**53%**	**60%**	**61%**	**69%**	**+8pp**

Note: Aug 2015 shown for long-run comparison. Change shows movement from Nov 2025 to May 2026 in percentage points (pp). Grey highlights show a break in the series; highest score in green.

The sector picture is more mixed. Dairy, and meat & wool farmers have both improved strongly, consistent with the income story. Sharemilkers have recovered to 63 percent after a low of 45 percent in November 2025. Arable farmers are the exception, falling to 45 percent (noting four in ten have neutral perceptions), the lowest level recorded for that sector. This is likely reflecting the combination of soft commodity prices, elevated debt, and tighter lending conditions that runs through their responses across multiple measures in this survey.

Table 3-2 Satisfaction by sector

Sector	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
Dairy	81%	55%	65%	66%	73%	+6pp
Sharemilkers	85%	59%	62%	45%	63%	+18pp
Meat & wool	80%	52%	53%	54%	68%	+14pp
Arable	82%	71%	62%	52%	45%	-7pp
All respondents	**80%**	**53%**	**60%**	**61%**	**69%**	**+8pp**

Note: Arable and sharemilker figures are based on smaller samples and should be interpreted with caution.

Farmer comments reflect both ends of the satisfaction spectrum and trace back to the individual manager rather than the institution. One respondent noted simply:

> **"Have had the same manager for over twenty years. Awesome!!!"**

Another described a manager who worked through interest rates with them following a cyclone:

> **"Working with [bank] has been excellent, they have gone out of their way to support us and our business. We have had a tough 3yrs, but [bank] have been right beside us."**

But another had banked with their same institution for 20 years without a visit in a decade and was told to take the online rate or leave.

The arable sector's declining satisfaction is evident in the specific texture of their comments. One farmer reported being told their sector was a sunset industry, with small operators being marginalised. That view, whether or not it reflects official bank policy, captures the sense among some arable and smaller farmers that their business is no longer considered worth the relationship effort.

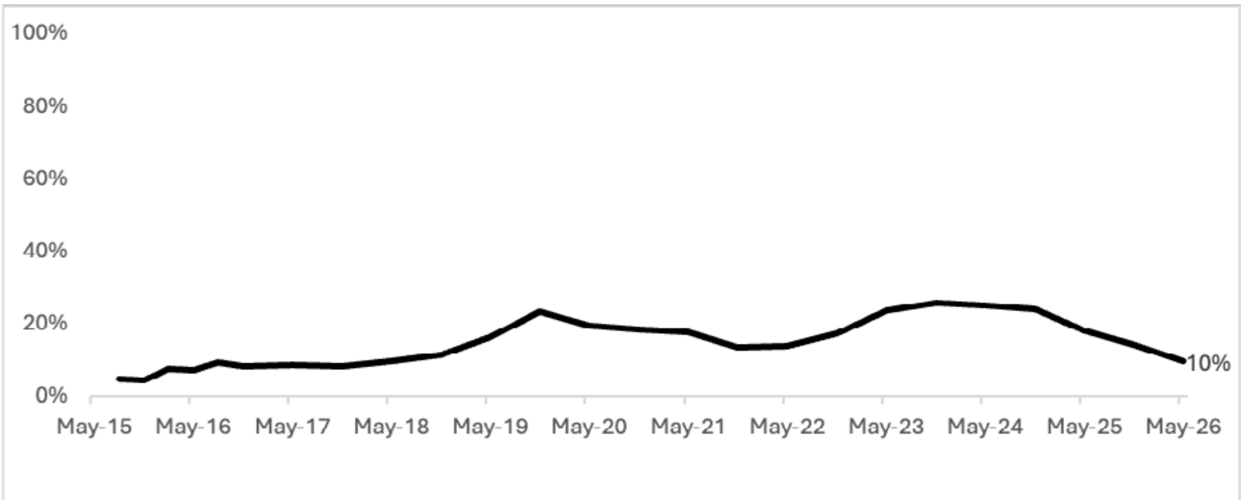
Pressure

-4pp

Reports of undue pressure have fallen to 10 percent in May 2026, the lowest level recorded since 2018. They are moving toward the 5 to 6 percent baseline seen in the earliest rounds, when economic conditions were similarly favourable.

The improvement is broad-based across sectors and banks. This is driven by lower interest rates and stronger commodity returns, reducing the financial stress that typically prompts banks to apply pressure.

Figure 3-3 Farmers under pressure over time (2015-2026)



ANZ and Rabobank record the lowest rates at 7 percent each. BNZ remains the highest at 16 percent, though this is a significant improvement from its peak of 32 percent in November 2024. ASB has recorded the largest single-round reduction, falling from 19 percent to 10 percent. However, the widespread rates across banks suggest lending conditions remain uneven, with some borrowers continuing to face comparatively elevated bank-imposed pressure.

Table 3-3 Pressure by bank

Bank	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	4%	18%	13%	6%	7%	+1pp
ASB	8%	29%	27%	19%	10%	-9pp
BNZ	5%	32%	17%	19%	16%	-3pp
Rabobank	2%	23%	15%	12%	7%	-5pp
Westpac	5%	25%	27%	18%	8%	-10pp
All respondents	**5%**	**24%**	**18%**	**14%**	**10%**	**-4pp**

Note: Lower figures indicate less reported pressure. Change shows movement from Nov 2025 to May 2026 in percentage points (pp). Aug 2015 shown for long-run comparison. A small sample size means the analysis should be interpreted with caution.

For most farmers, the situation has either held steady or improved. When asked to compare their experience with six months ago, just under three-quarters reported the same level of pressure, 17 percent reported less, and only 7 percent reported more. Dairy, meat & wool farmers broadly reflect that pattern, with around 17-18 percent reporting less pressure and 7 percent reporting more. Arable farmers are again the exception, with 11 percent reporting more pressure than six months ago, the highest of any sector.

One farmer noted that pressure has been taken off their bank due to higher prices being paid. Another described their bank as very supportive to date, given that this is the most challenging season they have experienced in the last 40 years.

But the contrast with other farmers is stark and captures how severe the pressure experience has been for some. One farmer reported being moved to the credit risk department and pushed towards forced asset sales despite no change in their financial position. Another described heavy pressure despite strong equity:

> **"Bank put way more pressure on us up until this year...we have good equity; never experienced anything like it before...left a very sour taste in our mouth."**

A third noted ongoing pressure despite beating their budget for five years:

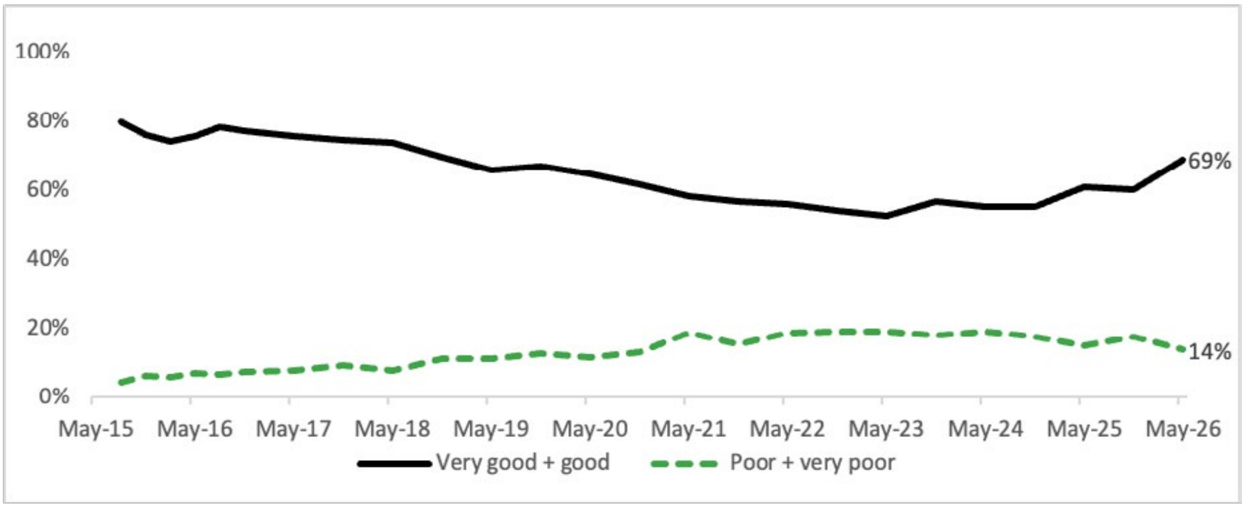
> **"It's worse because more pressure has come on even after we have beaten their budget by a minimum of $100,000 for the past 5 years."**

Communication

+8pp **The quality of bank communication rose to 69 percent, with respondents rating their bank as good or very good in May 2026. This is up from 61 percent in November 2025, and the highest level recorded since May 2017.**

Poor or very poor ratings have fallen to 14 percent. The improvement mirrors the satisfaction trend and reflects both better economic conditions and what appears to be a genuine shift in how banks are engaging with their rural clients. Again, non-mortgage holders are significantly less likely to rate bank communication as good.

Figure 3-4 Quality of bank communication over time (2015 to 2026)



Westpac records the most striking improvement, rising from 58 percent to 86 percent in a single round, its highest result in the survey's history. This is consistent with its satisfaction turnaround and suggests a material change in client engagement rather than simply reflecting better economic conditions. Rabobank has dipped slightly from 83 percent to 75 percent but remains above the field. But ANZ, ASB, and BNZ have all improved.

Table 3-4 Communication by bank

Bank	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	75%	56%	64%	66%	73%	+7pp
ASB	80%	53%	62%	70%	73%	+3pp
BNZ	82%	51%	61%	61%	71%	+10pp
Rabobank	87%	84%	80%	83%	75%	-8pp
Westpac	86%	61%	67%	58%	86%	+28pp
Non-mortgage holders		39%	43%	36%	47%	+11pp
All respondents	**80%**	**55%**	**61%**	**61%**	**69%**	**+8pp**

Arable farmers' satisfaction with bank communication has recovered to 73 percent, the highest level since November 2022. This sits in some tension with their poor satisfaction and higher undue pressure results from this round. This may reflect that while banks are communicating adequately with arable clients, the content of those conversations is not what farmers want to hear. Sharemilkers' communication satisfaction has improved to 63 percent, up from a low of 42 percent in November 2025.

Table 3-5 Communication by sector

Sector	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
Dairy	83%	59%	63%	64%	72%	+8pp
Sharemilkers	79%	62%	57%	42%	63%	+21pp
Meat & wool	78%	51%	58%	55%	67%	+12pp
Arable	79%	67%	73%	60%	73%	+13pp
All respondents	**80%**	**55%**	**61%**	**61%**	**69%**	**+8pp**

Again, the gap between good and poor communication experiences traces back to the individual manager:

> **"Our Relationship Manager is the reason we stay with the bank. Had same one for many years - knows our business - very proactive."**

However, the contrast with others is direct:

> **"The problem is the agri managers have huge portfolios and don't reach out to clients anymore. You need to be more responsible with your banking and chase them..."**

Another put it plainly:

> **"Never hear from our bank, don't even know who our rural bank manager is. Is concerning and disappointing if we need them."**

Where communication works, it tends to reflect a specific person rather than an institutional system. Where it fails, the cause is usually the same.

4. What farmers owe and what they pay

Mortgages over farms

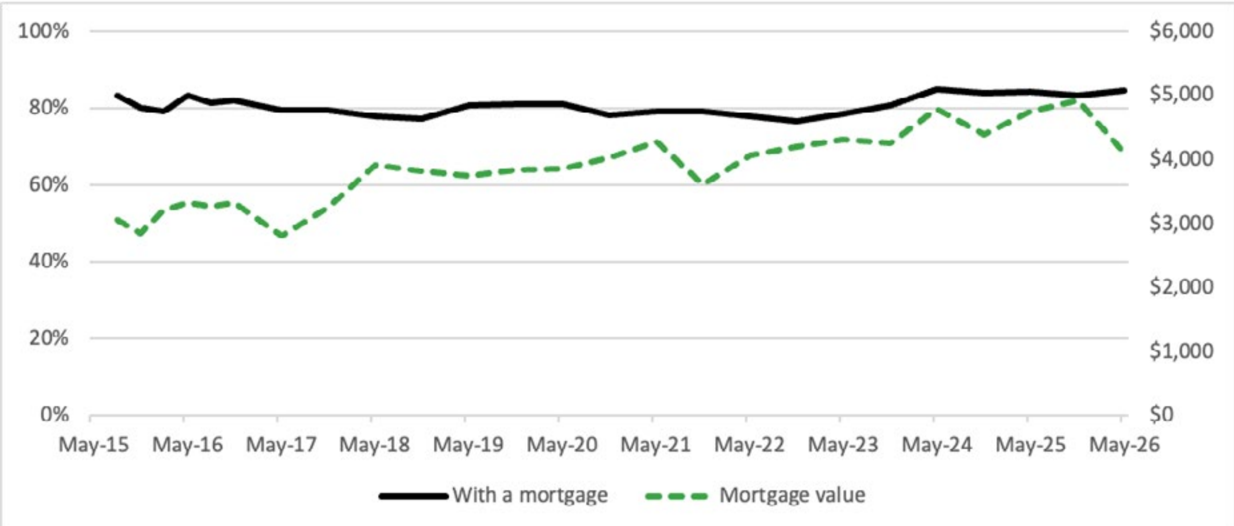
$4.11 million

Eighty-four percent of farmers in this survey hold a farm mortgage, a figure that has remained broadly stable across the survey's history. But the average mortgage size has fallen to $4.11 million in May 2026, down from $4.92 million in November 2025.

The median mortgage tells a more representative story for the typical member: $2.60 million in May 2026, down from $2.80 million in November 2025. The gap between mean and median reflects the presence of large multi-property operations in the sample, which pulls the average upward.

This downward shift is consistent with national data. RBNZ figures show agriculture lending stock fell by $1.4 billion (2.3 percent) to $61.2 billion in April 2026, with the annual growth rate falling from 2.5 percent to 0.3 percent[13]. The fall was driven mainly by a $1.38 billion (3.8 percent) decline in dairy lending stock, the largest monthly decline on record. This continues a longer-run trend: dairy sector debt has fallen by almost $5 billion since its 2018 peak to around $36 billion[14], with debt per kilogram of milk solids dropping from $22 to $18.50 over that period. The improvement reflects both higher profitability and sustained pressure from banks to repay debt during stronger years.

Figure 4-1 Farmers with a mortgage and value over time ($000) - May 2015 to May 2026



The reduction in debt levels reflects the improved financial position of many farmers rather than any structural change in lending. Strong Fonterra payouts, including a capital redistribution of $2.00 per share, combined with record beef and sheep farmgate prices, likely have allowed farmers to meaningfully reduce principal. Notably, the share of respondents with mortgages under $2 million has risen to 41%, up from 38% in November 2025.

13 https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/statistics/series/shared/c-s/2026/sector-lending-and-deposits-summary-banks-april-2026.pdf

14 https://www.rnz.co.nz/news/country/597919/dairy-debt-falls-by-almost-5-billion

Dairy farmers carry the largest average mortgages at $4.68 million, though their median of $3 million reflects a widespread trend across the sector. Arable farmers are the outlier in this round: softer commodity prices have constrained their ability to reduce debt, and at $4.33 million average and $3.5 million median, they carry the highest debt burden relative to their current income position. Sharemilkers report the lowest figures, with an average of $0.98 million and a median of $0.7 million, consistent with their equity-based rather than land-based borrowing.

Table 4-1 Average farm mortgages – all farms

Sector	May 2025 (average)	Nov 2025 (average)	May 2026 (average)	May 2026 (median)
Dairy	$5.74m	$6.25m	$4.68m	$3.00m
Sharemilkers	$1.27m	$1.43m	$0.98m	$0.70m
Meat & wool	$3.13m	$3.09m	$2.55m	$1.70m
Arable	$5.06m	$4.72m	$4.33m	$3.50m
All respondents	**$4.75m**	**$4.92m**	**$4.11m**	**$2.60m**

Note: Averages exclude outliers below $1,000 and above $50 million. Median provides a more representative figure for the typical respondent, given the skewing effect of large multi-property operations.

Farmer comments reflect the improved financial position across much of the sector. One dairy farmer noted:

> **"Dairy farm values have increased at least 25%, [a] massive increase in equity, all banking parameters have been exceeded."**

Another observed that easing bank pressure had translated directly into debt reduction:

> **"The pressure has come off from the bank due to the higher prices being paid and the payout from the shares, etc., from Fonterra. Now we are going to capitalise on the payout...to further reduce our debt and to be in a better financial position for when the next downturn comes."**

Both comments are consistent with the survey data, which show meaningful principal repayment across dairy and meat & wool in this round.

Banks for mortgages

ANZ remains the largest rural mortgage lender in the survey, but its share has fallen significantly over the decade, from 37 percent in August 2015 to 29 percent in May 2026. Rabobank has been the main beneficiary, growing from 19 percent to 23 percent over the same period and consolidating its position as the second largest lender.

Table 4-2 Market share of farm mortgages by bank

Bank	Aug 2015	Nov 2024	May 2025	Nov 2025	May 2026
ANZ	37%	29%	29%	29%	29%
ASB	16%	16%	15%	15%	16%
BNZ	18%	22%	19%	22%	19%
Rabobank	19%	22%	25%	26%	23%
Westpac	11%	11%	12%	9%	11%
Other banks	6%	3%	4%	4%	2%
No Mortgage	17%	16%	16%	16%	17%

Mortgage interest rates

-0.29pp **Average farm mortgage rates have continued to ease, falling to 5.49 percent in May 2026 from 5.78 percent in November 2025.**

No farmer in the survey reported paying above 10 percent in this round, compared to less than 1 percent doing so in November 2025. The share paying under 5 percent has risen to just over one in four. This is up from 15 percent six months ago, reflecting the continued pass-through of OCR reductions into floating and short-term fixed rates.

Table 4-3 Mortgage interest rates by bank

Bank	May 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	6.33%	7.41%	6.34%	5.53%	5.34%	-0.19pp
ASB	6.24%	7.57%	6.74%	5.71%	5.53%	-0.18pp
BNZ	6.16%	7.72%	6.75%	5.81%	5.43%	-0.38pp
Rabobank	6.37%	7.56%	6.69%	5.92%	5.63%	-0.29pp
Westpac	6.17%	7.52%	6.35%	5.67%	5.32%	-0.35pp
All respondents	**6.29%**	**7.59%**	**6.60%**	**5.78%**	**5.49%**	**-0.29pp**

Note: Figures exclude outliers below 1% and above 10%. The change column shows movement from Nov 2025 to May 2026 in percentage points (pp).

The gap between farm mortgage rates and standard residential rates stands at 0.23 percentage points in May 2026, below the long-run norm of 0.3 to 0.8 percentage points. The margin between the OCR and farm rates sits at 3.24 percentage points, down from 3.53 percentage points in November 2025 and approaching the lower end of the historical range.

Table 4-4 Average mortgage rates

Bank	May 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
OCR	3.50%	4.75%	3.50%	2.25%	2.25%	0.00pp
Average farm mortgage rate	6.29%	7.59%	6.60%	5.78%	5.49%	-0.29pp
Margin over OCR	2.79pp	2.84pp	3.10pp	3.53pp	3.24pp	-0.29pp
Residential mortgage rate (one-year)	5.63%	6.47%	5.64%	5.10%	5.26%	+0.16pp
Farm-house rate gap	0.66pp	1.12pp	0.96pp	0.68pp	0.23pp	-0.45pp

Note: Residential rate is the new standard 1-year fixed residential mortgage interest rate (average end of month). Farm-house gap = average farm rate minus residential rate (source: RBNZ B20).

Despite the narrowing gap, some farmers continue to question the differential between residential and farm lending rates:

> **"I have a home loan at a lower interest rate than my large-scale, low-risk farming business. I question the fairness of that."**

Others made the same point in terms of security:

> **"Our farming loan is at a higher rate than our house loan. The land is not going anywhere."**

The view that farm lending carries comparable or lower risk to residential lending is widespread among farmers, and the persistence of even a modest positive differential remains a source of frustration for many members.

Fixed versus floating mortgages

High floating exposure

A quarter of respondents are fully fixed on their mortgage, while two in five have more than 75 percent of their debt on floating rates. The high floating exposure explains why farm mortgage rates have moved more quickly than residential rates in response to OCR changes in both directions.

Rabobank customers are by far the most likely to be fully fixed at 53 percent, consistent with its All-in-One product structure, which makes client-controlled rate fixing straightforward. BNZ, Westpac and ANZ sit at the other end, with only 7, 12 and 13 percent of their customers fully fixed, respectively, and over half of their customers carrying more than 75 percent of their debt floating.

Table 4-5 Floating vs fixed interest by bank (May 2026)

	ANZ	ASB	BNZ	Rabobank	Westpac	Other	All respondents
0% (all fixed)	13%	30%	7%	53%	12%	56%	**25%**
Up to 25% floating	13%	18%	12%	25%	8%	0%	**16%**
26-50% floating	11%	7%	19%	4%	10%	0%	**10%**
51-75% floating	12%	5%	7%	4%	10%	11%	**7%**
Over 75% floating	50%	38%	52%	11%	58%	33%	**41%**
Don't know	2%	1%	3%	3%	2%	0%	**2%**

Note: Question asked only of mortgage holders.

Arable farmers stand out at the sector level: none are fully fixed, and 45 percent carry more than 75 percent of their exposure as floating. For Arable, the floating exposure adds meaningful interest rate risk to an already pressured position.

Table 4-6 Floating vs fixed interest by sector

	All respondents	Dairy	Sharemilkers	Meat & wool	Arable
0% (all fixed)	**25%**	24%	15%	31%	0%
Up to 25% floating	**16%**	16%	27%	14%	20%
26-50% floating	**10%**	9%	0%	11%	25%
51-75% floating	**7%**	7%	12%	5%	5%
Over 75% floating	**41%**	42%	42%	37%	45%
Don't know	**2%**	2%	4%	2%	5%

Note: New question in May 2026. Question asked only of mortgage holders. Arable and sharemilker figures are based on smaller samples and should be interpreted with caution.

Overdrafts and seasonal finance

75% **Just under three-quarters of respondents hold an overdraft or seasonal finance facility in May 2026, continuing the long-run decline from just under 9 in 10 in 2015.**

Average overdraft limits have risen to $373,000, up from $312,000 in November 2025 (median of $150,000), reflecting the skewing effect of large arable and meat & wool facilities. The May survey typically captures higher seasonal demand as farmers draw on working capital ahead of winter.

Figure 4-2 Farms with an overdraft and value over time ($000), May 2015 to May 2026

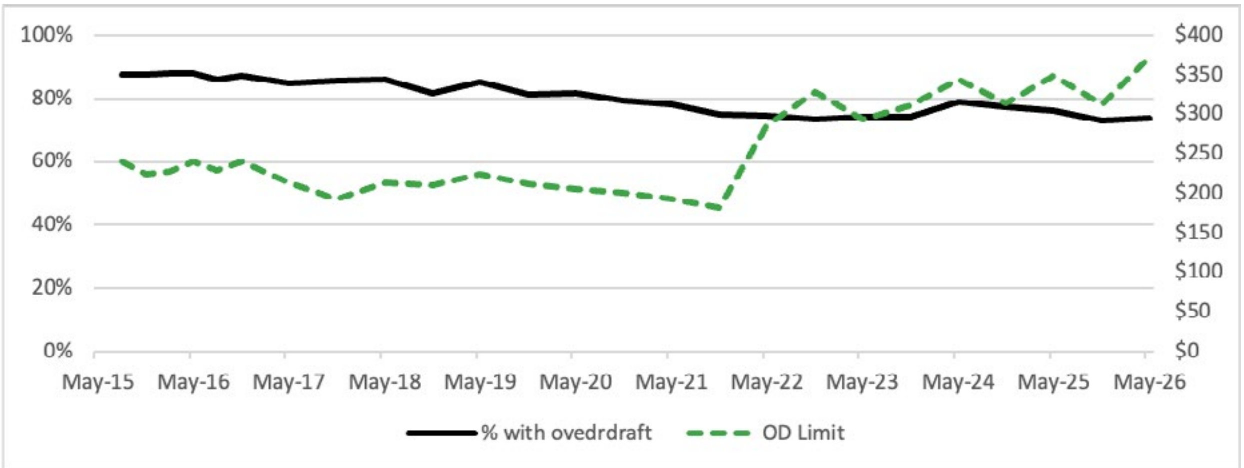


Table 4-7 Overdraft/seasonal finance by sector

Sector	Nov 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
Dairy	$239K	$296K	$298k	$257k	$312k	+$55k
Sharemilkers	$141K	$107K	$101k	$111k	$126k	+$15k
Meat & wool	$219K	$335K	$371k	$350k	$334k	-$16k
Arable	$337K	$1,035K	$718k	$701k	$560k	-$141k
All respondents	**$225k**	**$314k**	**$349k**	**$312k**	**$373k**	**+$61k**

Overdraft/seasonal finance interest rates

-0.39% **Average overdraft rates have eased to 7.87 percent, down from 8.26 percent in November 2025.**

Rabobank continues to report the lowest rate at 6.49 percent, reflecting its All-in-One product structure rather than a traditional overdraft. BNZ has seen the largest reduction, down 1.21 percentage points to 8.29 percent. ASB is the only bank to record a slight increase.

The share paying an overdraft interest rate above 10 percent has fallen to 9 percent overall, down from 11 percent in November 2025. No arable farmers are paying above 10 percent in this round, and Westpac have also reached zero in this category. BNZ and ASB remain the outliers, with 17 and 15 percent of their overdraft customers above the 10 percent threshold, respectively, broadly unchanged across recent rounds.

Table 4-8 Overdraft/seasonal finance rate by bank

Bank	May 2015	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	8.74%	10.41%	9.20%	8.21%	8.12%	-0.09pp
ASB	8.69%	10.35%	9.25%	8.68%	8.81%	+0.13pp
BNZ	8.71%	10.25%	9.74%	9.50%	8.29%	-1.21pp
Rabobank	7.11%	8.47%	7.30%	6.64%	6.49%	-0.15pp
Westpac	8.15%	10.19%	9.16%	7.83%	7.57%	-0.26pp
All respondents	**8.47%**	**9.94%**	**8.96%**	**8.26%**	**7.87%**	**-0.39pp**

Debt structuring

Two-thirds

The share of respondents reporting that their bank allows them to structure debt as efficiently as possible has risen to 66 percent in May 2026, up from 58 percent in November 2025. Those reporting they cannot have fallen to 14 percent, the lowest level in the four rounds this question has been asked.

Sharemilkers remain the sector least able to structure debt efficiently (just over half), up from one-third in November 2025. But they are still well below other sectors in this respect.

Table 4-9 Debt structuring by sector

Sector	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
Dairy	56%	63%	61%	69%	+8pp
Sharemilkers	47%	55%	32%	51%	+19pp
Meat & wool	52%	53%	51%	63%	+12pp
Arable	67%	65%	60%	70%	+10pp
All respondents	**57%**	**61%**	**58%**	**66%**	**+8pp**

Rabobank enables the highest share of farmers to structure their debt efficiently (eight in ten), consistent with its flexible rate-fixing product. Westpac and ASB have both markedly increased the share of farmers able to structure debt efficiently, each up around 20 percentage points since November 2025.

Table 4-10 Debt structuring by bank

Bank	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	60%	73%	65%	71%	+6pp
ASB	56%	60%	51%	71%	+20pp
BNZ	58%	55%	60%	67%	+7pp
Rabobank	66%	74%	75%	81%	+6pp
Westpac	55%	57%	53%	73%	+20pp
All respondents	**57%**	**61%**	**58%**	**66%**	**+8pp**

The regional picture is broadly positive, with Canterbury and Otago-Southland both above 75 percent. West Coast-Tasman-Marlborough is the exception, falling to 38 percent[15] and continuing a decline across all four rounds.

Farmer comments illustrate the practical impact of structuring constraints. One farmer noted:

> **"We have tried to restructure the overdraft into a lower interest loan as we feel they are double-dipping and they won't allow us even tho[ugh] we continue to pay $10k a month just in principal."**

Another reported paying 6.15 percent on their loan while receiving 0.003 percent on their current account, with the bank unwilling to allow an offsetting savings account. A sharemilker guaranteeing a 50/50 sharemilker loan described wanting more flexibility in how security is calculated. This was a constraint that limited their ability to support the next generation in farming.

15 Note that just over half of West Coast-Tasman-Marlborough respondents were unsure.

Use of overdrafts for capital projects

Overdraft facilities are callable and carry materially higher interest rates than term debt; directing capital expenditures through them increases both costs and risks for the borrower.

One in ten

Eleven percent of respondents report that their bank has asked them to fund capital projects through their overdraft facility, an increase of 2 percent over the past six months, but similar to the previous rounds.

Table 4-11 Use of OD for capital projects by sector

Sector	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
Dairy	9%	9%	10%	11%	+1pp
Sharemilkers	0%	10%	13%	14%	+1pp
Meat & wool	14%	12%	8%	11%	+3pp
Arable	5%	8%	8%	14%	+6pp
All respondents	**11%**	**10%**	**9%**	**11%**	**+2pp**

Note: Sharemilker and arable figures are based on small samples and should be interpreted with caution.

Table 4-12 Use of OD for capital projects by bank

Bank	Nov 2024	May 2025	Nov 2025	May 2026	6-month change
ANZ	9%	5%	5%	5%	0pp
ASB	15%	19%	13%	19%	+6pp
BNZ	14%	12%	14%	17%	+3pp
Rabobank	9%	9%	8%	9%	+1pp
Westpac	15%	12%	10%	10%	0pp
All respondents	**11%**	**10%**	**9%**	**11%**	**+2pp**

Note: Higher figures indicate a greater share of each bank's customers reporting being asked to fund capital through overdraft.

Changes in lending conditions

Seventeen percent of respondents reported that their mortgage or overdraft conditions had changed over the past six months. Of those, more reported that their conditions had become easier rather than tougher. Westpac recorded the highest net easing result, with 22 percent reporting easier conditions and only 2 percent reporting tougher conditions.

ANZ is the only bank reporting a net tightening this round, which stands out given it remains the largest rural lender and offers the lowest average mortgage rate in the survey. Its gains on satisfaction (+7pp), communication (+7pp) and debt structuring (+6pp) are in line with the overall improvement, while Westpac and Rabobank recorded the largest movements on those measures.

Table 4-13 Net change in lending conditions

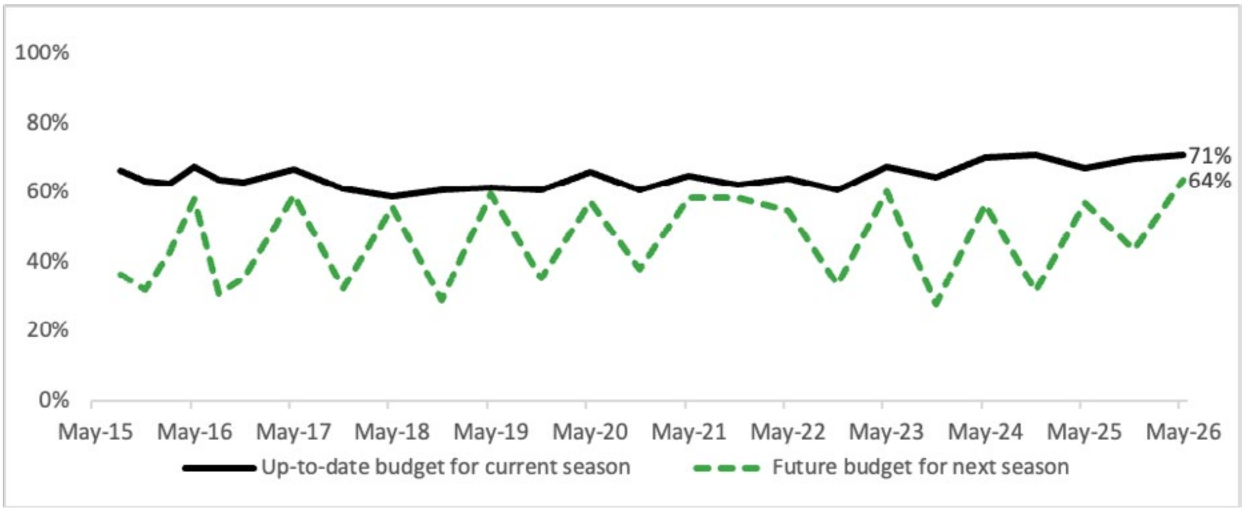
Bank	Easier	Tougher	Net easing
ANZ	13%	14%	-1pp
ASB	21%	10%	+11pp
BNZ	18%	11%	+7pp
Rabobank	23%	9%	+14pp
Westpac	22%	2%	+20pp
All respondents	**17%**	**10%**	**+7pp**

5. Budgets and financial planning

71% **Just over seven in ten farmers had an up-to-date budget for the 2025/26 season, continuing a gradual improvement from around 60 to 63% across most of the survey's history. Forward budgeting has also reached its highest level on record at 64%, up from 43% in November 2025.**

The seasonal zigzag pattern visible in the forward budget line reflects the timing of the survey relative to the farming year: May rounds consistently show higher forward planning rates than November rounds. Both series are at their peaks in May 2026, suggesting financial planning practices across the sector are genuinely strengthening rather than simply reflecting a favourable season.

Figure 5-1 Budgeting trends (May 2015 to May 2026)



Sharemilkers are most likely to budget at 80 percent, followed by arable farmers at 77 percent. Meat & wool farmers remain the least likely, although this group has improved markedly from around 55% a decade ago.

Table 5-1 Budgeting by sector

Sector	Has a current budget	Has a forward budget
Dairy	74%	48%
Sharemilker	80%	63%
Meat & wool	68%	38%
Arable	77%	68%
All respondents	**71%**	**64%**

Farmer comments consistently link financial planning to better banking outcomes. One respondent summed it up plainly:

> **"I understand and appreciate my role in the relationship by having a clear budget and sticking to it. The bank likes me when I do these things in my control."**

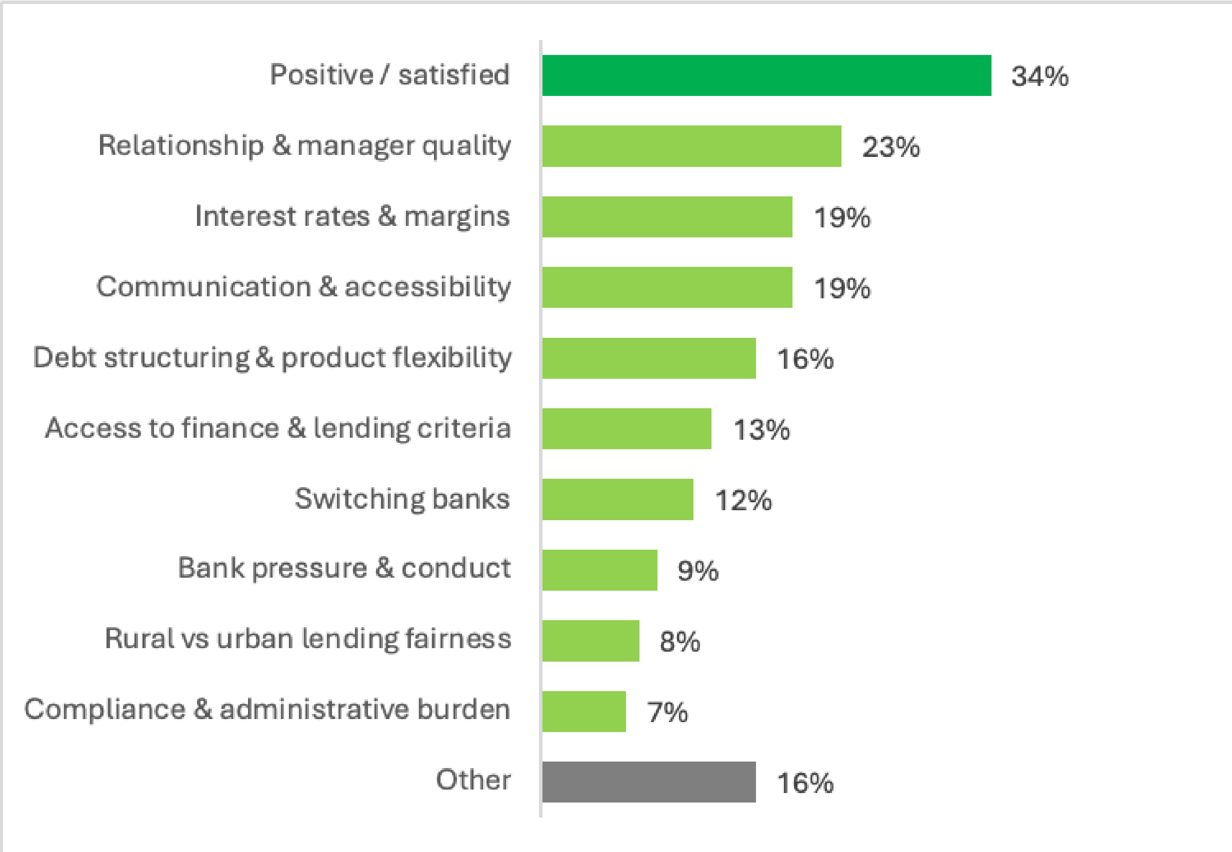
Another noted that good financial literacy had removed friction with their bank entirely:

> **"We provide budgets and can forecast if we need additional support. No complaints from us."**

6. In their own words

The May 2026 survey received 216 verbatim comments. Of note, positive and negative experiences alike hinge almost entirely on who their rural manager is and whether they stay. In addition, the rural-urban interest rate disparity comes up repeatedly, and with some heat. And there is a notable cluster around small/low-debt farmers feeling deprioritised or effectively abandoned by banks once their debt falls below thresholds.

Figure 6-1 Farmer perceptions



The “Other” category captures smaller or more specific themes, such as green and sustainability finance, rate transparency, and digital or remote banking access.

7. Appendix: survey details

Table 7-1 Respondents by industry group

Sector	Percent	Number
Dairy	54%	286
Sharemilker	7%	35
Meat & Wool	34%	181
Arable	4%	22
Other Industry	7%	36
Supporter	2%	9
Non-Dairy	47%	248

Note: total adds to more than 100% due to some respondents choosing multiple sector groups

Table 7-2 Respondents by region

Region	Percent	Number
Auckland-Northland	7%	36
Waikato-Bay of Plenty	26%	140
East Coast North Island	5%	28
Taranaki-Wanganui-Manawatu	20%	106
West Coast-Tasman-Marlborough	6%	34
Canterbury	20%	106
Otago-Southland	18%	94

About this Survey

'Non-Dairy' farmers include Meat & Wool (beef cattle, sheep, deer), Arable, other (livestock: goat, pigs, poultry, horses, bees; horticultural crops: fruit, vegetables, flowers; forestry; high country, and rural butchers), supporters (rural professional, retired). Dairy grazing was added to the meat & wool category in May 2020.

The seven regions relate to Federated Farmers' provinces:

- Auckland/Northland: Northland and Auckland provinces.
- Waikato/Bay of Plenty: Hauraki-Coromandel, Waikato, Bay of Plenty, and Rotorua-Taupo provinces.
- East Coast North Island: Gisborne-Wairoa, Hawkes Bay, Tararua, and Wairarapa provinces.
- Taranaki/Wanganui/Manawatu: Taranaki, Ruapehu, Wanganui, and Manawatu-Rangitikei provinces.
- West Coast/Tasman/Marlborough: Golden Bay, Nelson, Marlborough, and West Coast provinces.
- Canterbury: North Canterbury, Mid Canterbury, and South Canterbury provinces.
- Otago/Southland: North Otago, Otago, and Southland provinces.

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Federated Farmers has established relationships with leading New Zealand organisations and businesses who support the work we do on behalf of members and New Zealand primary industries. The businesses help us to help and support our members build better businesses in a competitive world. We'd like to thank our strategic partners for their ongoing support.

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