



# Mid-Season Update 2024-25

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P24012 | ISSN 2230-5777





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## About this report

The Mid-Season Update revisits price, production, and farm profitability forecasts for the 2024-25 season, following on from the New Season Outlook publication (September 2024). The Mid-Season Update is published annually at the mid-point of the meat processing season (1 October to 30 September). The B+LNZ Insights team analyses export and statistical data regularly and surveys sheep and beef farmers throughout the year.

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# Summary for 2024–25

## Red meat prices and profit are forecast to bounce-back, but with added risks of volatility

- The outlook for the 2024-25 season has improved markedly since we published our New Season Outlook in September last year.

### ***Red meat exports are expected to increase by \$1.2 billion on last season***

- Demand for red meat in the US, UK, EU and Canada has been very strong and has offset the continued weakness of China.
- There are, however, risks on the horizon. We are keeping a very close eye on US trade policy development and China's beef safeguards investigation.
- New Zealand's exporters have pivoted to the stronger markets with significant increases in volumes to these countries and a major decrease to China.
- These factors, combined with a lower New Zealand dollar, lead to a major increase in the average export values for beef, lamb and mutton.
- As a result of progress in the season to-date, exports of sheepmeat, beef and veal, and wool are forecast to increase by \$1.2 billion (13%) to \$10.2 billion<sup>1</sup> in 2024-25, despite a reduction in export volumes.
- US demand for imports of red meat continues to be strong, at a time when there is a record-low US beef cattle herd. In the EU and UK, it has been driven by declining domestic production and improvement in red meat consumption as their economies have recovered from COVID.
- Whilst Australia's export volumes remain high, it is not having the same impact as in 2023-24 because of the strong demand and constrained New Zealand supply.

### ***Strong global demand and low supply has pushed farm-gate prices much higher than what we were forecasting at the beginning of the season***

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<sup>1</sup> This excludes venison, processed red meat (e.g. dried and cooked) and co-products such as hides and skins, and processed wool that traditionally adds another \$2 billion in exports.

- As the season has commenced, due to constrained domestic supply farmers are receiving a much higher percentage of the average FOB price than in recent years. This in turn is potentially impacting on the margins of processors who have experienced a significant increase in costs in the last couple of years.
- **Farm-gate prices for lamb** are forecast to average \$155 per head, which is 20% up on last season and 9% above the five-year average and is driven by low lamb production in Europe, solid demand from North America, and lower New Zealand lamb supply.
- **Farm-gate prices for mutton** are forecast to average \$90 per head, which is 70% higher than last season but 17% below the five-year average. The increase is from a low-level last season and reflects a rebalancing of demand from China.
- **Farm-gate prices for cattle** are forecast to increase to record levels driven largely by the low beef cattle herd in North America. The All-Beef price is forecast to average 618 cents per kg, which is 16% above last season and 20% above the five-year average.
- In the season to January, the number of lambs processed was 9% ahead of the same period in 2023-24 in the North Island, 20% behind in the South Island and 7% behind overall. The North Island was ahead due to good early growing conditions, after which concerns about drought saw many farmers sell their animals earlier. The South Island was slow because lambs struggled to reach optimal weights due to the dry pasture conditions over late spring and summer. We expect an increase in processing in the south for the remainder of the season, but overall, we are forecasting lamb production to be 6.6% down on last season.

***As a result, farm profitability is forecast to improve markedly from what we expected at the beginning of the season, but things remain challenging for many farmers.***

- Farm profitability is forecast to bounce back to an average \$106,500 per farm for 2024-25 — recovering from a very difficult season in 2023-24 (\$56,400).
- At the start of the season, we were forecasting gross farm revenue to average \$626,500 per farm. This has been revised up to \$698,600, which is 4% above the five-year average.
- While revenue is above the five-year-average, farm profitability is well below the five-year-average because the high revenue has been eroded by the 33% increase in on-farm costs in the last four years. The recovery in profitability is driven by an 11% increase in gross farm revenue, which is offsetting a 3.8% increase in total farm expenditure.
- This season an estimated \$6.4b of value is created/generated behind the farm-gate by red meat producers (farmers). Within that value, we estimate farmers will spend \$15m per day on goods and services, the vast majority of which is spent in local and regional economies. Farmers generally spend 80-90% of their total farm expenditure locally, with this money flowing into regional economies and supporting local businesses and employment.
- The speed at which farms recover will depend on a myriad of factors including their debt level, recent impacts from climate such as drought in 2024 or spring storms, 2025 dry conditions, and availability of livestock to capitalise on the rebound in farm-gate prices. Falling interest rates are helping as interest expenditure is a large part of total farm

expenditure (average 18%). The recent lowering of the Official Cash Rate to 3.75% will reduce new borrowing costs and overdraft rates and flow through to term debt over time.

- Fertiliser applications and repairs and maintenance were pared back significantly over the past few years as farmers cut costs in the face of falling farm-gate prices.
- This season B+LNZ expects increased expenditure by farmers on both fertiliser and repairs and maintenance. The reductions in fertiliser, however, may have negative impacts on production for the next couple of years as fertility is built back up.
- The conversion of farmland to forestry, dairying, cropping and urban development continues to be a concern for farmers, particularly impacting finishing farms (and breeding and finishing farms) and reducing livestock numbers in some regions.
- Northland-Waikato-Bay of Plenty farms had favourable weather conditions in 2024 leading to plentiful feed and the ability to grow lambs quickly to desired weights.
- Marlborough-Canterbury farms are in drought-recovery mode with fewer stock on hand at 30 June 2024 and a need to rebuild flocks through retentions. This may reduce the availability of lambs for processing from Marlborough-Canterbury and expectations are for fewer lambs for the winter lamb trade in the region (see [Lamb Crop Report 2024](#)).
- Otago-Southland farms had a slow spring with poor weather, and this has slowed the growth of lambs in the region, there may be a bottleneck of lambs to processors in autumn.

## Key 2024-25f Numbers



**Lamb**  
**8.06** \$/kgCW



**Mutton**  
**3.48** \$/kgCW



**All Beef**  
**6.18** \$/kgCW



**Lamb processing**  
**16.8** million head



**Cattle processing**  
**2.540** million head



**Farm Profit before Tax**  
**106,500** \$ per farm



**EBITRm**  
**236,700** \$ per farm



# Opportunities + challenges

## Opportunities



European markets are expected to have strong demand for lamb due to low local sheep production.



The US beef herd is at its lowest in 70+ years. Demand for beef is expected to remain strong and lamb demand is growing in this market.



The weak New Zealand dollar against the US dollar has created better than expected prices for the 2024-25 season.



Low on-farm inflation is helping to control costs, particularly catching up on deferred maintenance.



Interest rate cuts benefit floating debt and overdrafts. The faster the Reserve Bank the Official Cash Rate the better the recovery in farm profit will be.



Soil fertility is a focus this season and increased cashflow will allow farmers to increase fertiliser levels.

## Challenges



Trade policy developments in the US and the result of China's beef safeguards investigation could disrupt trade flows.



China's poor economic situation has not changed and there is little evidence of recovery.



Rainfall is lower than normal (as at February), which is a concern for feed, stock condition for mating and autumn fertiliser applications.



Despite the strong increase in the farm-gate price for mutton, the price is still 17% below the five-year average.



There is a risk of an increase in supply of lambs in the latter half of the season, particularly in the South Island, that could put downward pressure on prices.



Low fertiliser use over the last couple of years could negatively impact on farmers' production and productivity in the medium term.



Recovering from a low profitability period takes time. Planning and budgeting will be useful, consider getting outside support to review farm finances.



# Global Economic Conditions

This section summarises economic conditions around the world that affect meat demand.

## World

### Global economy recovery amid persistent tensions

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The economic outlook for many of New Zealand's major developed markets (US, UK, EU) is positive as inflation has been brought under control. As a result, consumer demand for red meat (a luxury item for many – especially lamb) has rebounded. The outlook for China, however, remains challenging.

According to the International Monetary Fund (IMF), global economic growth is expected to be 3.3% in 2025, following 3.2% in 2024 and 3.3% in 2023.

There is, however, added risk of tariffs and political uncertainty, which could reignite inflation expectations, weigh on consumer demand, and create volatility.

### Trade policies are creating unease

The new US Administration has been active around tariffs, looking at trade deficits with countries, and reviewing trade deals, pursuing tariffs on imports from Canada, Mexico, and China for wider political reasons. President Trump has also said he is reconsidering US membership of the WTO (World Trade Organization) and a universal tariff on imports.

This is a very fluid situation, and we are following it closely. Tariffs applied by the US would lead to heightened trade tensions globally, impacting on global supply chains and reduce trade activity overall.

### Global shipping costs have decreased from their short-lived peak

Global shipping costs (including insurance) have decreased since our New Season Outlook 2024-25 was published. Freight rates spiked in December and January, as shipments from China to the US increased to get in before any proposed tariffs were to take effect.

The security issues in the Red Sea, which have affected passage to the Suez Canal, seem to have lowered and there has been more capacity and lower shipping rates on offer, rather than shipping around the Cape of Good Hope.

Shipping routes from New Zealand to the US west coast and China do not pass through canals, however, flow-on effects and inefficiencies of global shipping have increased costs for everyone.

### Economic Growth

	Annual Average % Change, March Year					
	2021	2022	2023	2024e	2025f	2026f
	%	%	%	%	%	%
US	-2.1	+6.3	+1.5	+2.8	+2.8	+2.0
UK	-11.6	+13.6	+1.7	+0.1	+1.0	+1.3
Euro zone	-5.7	+7.5	+2.5	+0.3	+0.7	+1.1
Japan	-3.9	+3.2	+1.5	+0.8	-0.4	+0.9
China	+7.7	+5.5	+3.1	+5.7	+4.8	+4.5
South Korea	-0.4	+4.8	+2.1	+1.9	+2.3	+2.2
Australia	-1.9	+5.9	+3.5	+1.7	+1.3	+1.9
Trading Partners	+0.7	+5.8	+2.7	+3.3	+3.0	+2.9
<b>New Zealand</b>	<b>-0.4</b>	<b>+4.6</b>	<b>+2.7</b>	<b>+0.3</b>	<b>+0.2</b>	<b>+2.6</b>

Note: "Euro zone" are 15 Member States: Belgium, Germany, Ireland, Greece, Spain, Cyprus, Malta, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland and Slovenia.

"Trading Partners" account for about 85% of New Zealand's total merchandise trade.

e estimate, f forecast | Source: Statistics New Zealand, NZIER Quarterly Predictions

### Consumer Prices

	Annual Average % Change, March Year					
	2021	2022	2023	2024e	2025f	2026f
	%	%	%	%	%	%
US	+1.2	+6.2	+7.4	+3.5	+3.0	+2.3
UK	+0.6	+4.0	+10.0	+5.7	+2.2	+2.3
Euro zone	+0.2	+3.9	+8.8	+4.1	+2.3	+2.0
Japan	-0.3	+0.1	+3.2	+3.0	+2.6	+2.2
China	-2.3	-0.1	+0.8	-2.0	+0.5	+1.1
South Korea	+0.7	+3.1	+5.3	+3.2	+2.4	+2.1
Australia	+0.6	+3.9	+7.1	+4.7	+3.5	+3.0
Trading Partners	-0.1	+2.9	+5.6	+2.6	+2.3	+2.1
<b>New Zealand</b>	<b>+1.5</b>	<b>+5.3</b>	<b>+7.1</b>	<b>+5.1</b>	<b>+2.4</b>	<b>+2.0</b>

Note: "Euro zone" are 15 Member States: Belgium, Germany, Ireland, Greece, Spain, Cyprus, Malta, France, Italy, Luxembourg, the Netherlands, Austria, Portugal, Finland and Slovenia.

"Trading Partners" account for about 85% of New Zealand's total merchandise trade.

e estimate, f forecast | Source: Statistics New Zealand, NZIER Quarterly Predictions



## Animal Diseases are a risk for NZ, but opportunity in key markets

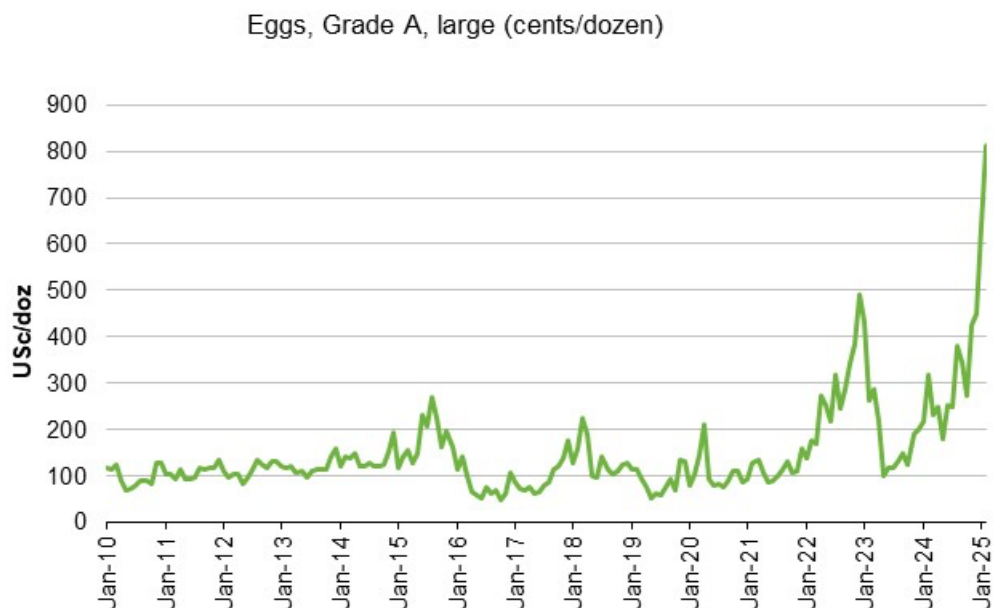
New Zealand's biosecurity systems and processes are strong, and NZ's distance from other countries is a comparative advantage in this respect.

Foot-and-Mouth Disease (FMD) was discovered in Germany in January for the first time in 40 years. Authorities so far seem to have contained the spread, but European countries have imposed bans on live animal imports and meat imports from Germany.

The H5N1 strain of Avian Influenza (HPAI, AI or "Bird Flu") remains a risk in the forecast period. It has infected over 900 dairy herds in the US and created a shortage of eggs, which has resulted in a sharp increase in the price of eggs (see Figure 1). In late February, USDA announced it would invest up to USD1 billion (NZD1.8 billion) in a strategy to curb HPAI, protect the U.S. poultry industry, and lower egg prices in addition to funding already being provided to indemnify growers for depopulated flocks. Such a protein deficit may create opportunities for NZ's red meat exports.

New Zealand's key markets in Europe and North America are expected to continue dealing with animal diseases affecting production, and that signals continued underlying demand for NZ exports.

Figure 1 Wholesale Egg Prices in the US



Source: USDA Livestock Dairy & Poultry Situation and Outlook

## China

### More of the same sluggish economic conditions

Demand in China for red meat is expected to remain low for the rest of 2024-25. The weak residential market, high youth unemployment, low foreign direct investment, and failing rural banks continue to weigh on any recovery in consumer spending. The Chinese Government

has announced stimulus packages to revive growth and has injected some liquidity for its biggest banks, but this has so far not had a major impact on NZ's exports.

The Chinese recovery could also be impacted by any tariffs that the US imposes on their exports.

There has been a small rebound in New Zealand mutton exports to China this season, most likely driven by a rebalancing of inventories (the same trends as dairy product demand).

High imports (mainly from South America) and high domestic beef supplies from the culling of the dairy herd has pushed local retail beef prices to five-year lows.

In late December 2024, China's Ministry of Commerce launched a safeguards investigation into beef imports following a petition by Chinese agricultural associations.

The probe aims to determine if imports caused injury to China's beef industry.

The structural issues of the economic situation in China have weighed heavily on consumption for a few seasons and that is expected to continue in the short term.

B+LNZ is supporting the New Zealand government and Meat Industry Association (MIA) to provide evidence that imports from New Zealand have not affected this situation, and recent declines in NZ's exports to China have reflected the subdued domestic demand and increased demand in other markets.

The investigation is expected to be concluded towards the end of the 2024-25 season.

## North America

### Demand is strong, outlook is still cautious

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We expect strong demand for both beef and lamb from the US for the rest of the season. The US beef cattle herd is at a 74-year low, with no indication of rebuilding just yet, and a growing consumer base for lamb and solid consumption for beef are increasing prices.

The US's trade agenda, focused on protectionism and higher tariffs, including a potential universal tariff could negatively impact New Zealand's red meat exports and B+LNZ is monitoring the situation closely.

The United States currently has a trade deficit in beef (beef exports minus imports) driven by low domestic supply and an increase in exports from South America and Australia. New Zealand's beef exports to the US are complementary as its lean beef is mixed with US to make ground beef. Any tariffs on beef imports could create price inflation and weigh on consumer confidence.

Escalating trade tensions between the US and its trading partners could disrupt global trade flows, indirectly affecting demand and pricing for New Zealand's red meat exports.

Demand for red meat imports into Canada is strong because the country has been experiencing drought and has increased red meat exports to the US, which has left a gap in the market. For the season to date, New Zealand beef exports are up 91% compared to the same period last season.

## UK

### New Zealand lamb is attractive for UK

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2024-25 has been a bumper season for NZ red meat exports to the UK with lamb exports up 17% in volume and up 24% in average export value in the first four months.

The UK is New Zealand's second largest market for lamb by volume, at 14%, so the increases in exports have contributed to the increase in NZ farm-gate lamb prices.

The UK's total flock has fallen to a record low of 31 million. In December 2024, the flock was 2.5% lower than a year earlier. According to the Agriculture and Horticulture Development Board (AHDB), slaughter in calendar 2024 was lower due to a smaller national flock and poor breeding performance. Farm-gate lamb prices in the UK have increased to record levels, reflecting the tight supplies. There has also been a recent slight increase in red meat consumption, reversing a trend of the last decade.

Despite record high prices, UK sheep farmers are still struggling from a financial perspective due to increased costs.

The tight supplies of British lamb have made imports of New Zealand lamb attractive to meet demand.

Since the NZ-UK FTA was implemented in May 2023, New Zealand's beef exports have grown strongly, but they are still a small part of beef exports, at 1% of total value.

The declining levels of sheepmeat production in Europe and UK has lifted demand for New Zealand imports and helped lifted NZ farm-gate prices.

The UK faces challenges that could influence consumer demand, including how well it can balance its Budgets to deliver its services, and growing tensions about the Ukraine-Russia war and the cost of British support.

## EU-27

### Sheepmeat production declining

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Generally speaking, European and British sheepmeat producers are facing the same issues: unfavourable weather, animal diseases, and struggling farmer profitability. AHDB reported that EU sheepmeat production was down 9% in the first nine months of calendar 2024.

New Zealand lamb exports to the EU in 2024-25 have reached levels not seen since 2015-16, when China became a strong importer of New Zealand's product. In the 2023-24 season, in aggregate Europe was New Zealand's largest lamb market on a value basis by a considerable margin: \$300 million for the EU-27 (excluding the UK) compared to \$180 million lamb for China.

The challenges faced by the UK, including political tension and wider war risks, are also prevalent in Europe. Most European countries have elections this year or have had recent political handovers with many expecting significant changes as the mounting pressures of balanced budgets and rising defense costs will need to be funded.



Demand for New Zealand sheepmeat is expected to remain strong driven by continued low EU production trends and strong tourism demand.

New Zealand beef exports to the EU are small due to limited quota access even with additional access under the EU-NZ FTA that entered into force in May 2024.

## Other key markets

### Japan, South Korea, Taiwan and the Middle East

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Japan, South Korea, and Taiwan are the top markets for New Zealand's beef exports, after the US, China, and Canada. Trade barriers into South Korea and Japan are reducing over time as a result of New Zealand's FTAs with these countries. The volume exported to these markets can be quite variable as competition from other top markets creates comparatively more favourable returns.

The overwhelming majority of meat that is processed and exported from New Zealand is Halal-certified, which satisfies the requirements of Muslim populations in the Middle East while meeting New Zealand's strict animal welfare standards.

Exports to the Middle East vary, with Saudi Arabia and Jordan accounting for the biggest proportions of exports. During 2021-22 and 2023-24, as China demand dropped, more was exported to Saudi Arabia and Jordan. New Zealand's free trade agreement with the Gulf Cooperation Council (GCC), which is expected to enter into force in 2025, will provide better market access for meat exports.

## Australia

### Record 2024, strong 2025 expected

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Australia achieved record levels of slaughter and exports of sheep in 2024, and 2025 has started off strong too (see Figure 2, Figure 3 and Figure 4).

For sheepmeat exports, Australia is competitive in China, the US and starting to take a foothold in the UK. For beef exports, Australia is competitive in China and the US.

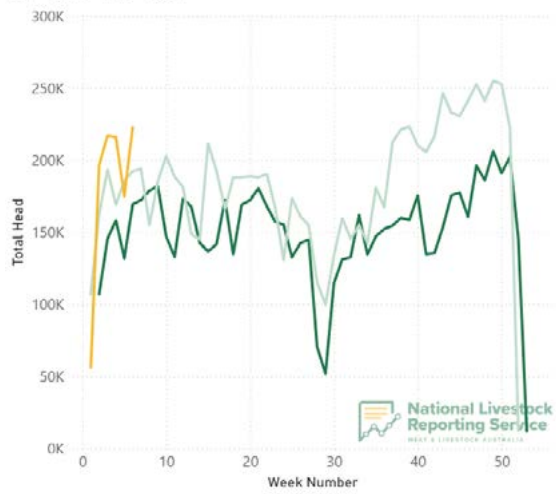
The outlook for 2025 is for exports to remain strong, but more so for beef (+1%) and mutton (+13%) and less so for lamb (-6%). However, the low domestic beef supply in the US, low sheepmeat production in Europe, low New Zealand supply, and rebalancing of mutton inventories in China is more than offsetting any competition that would pressure prices to stay low like the previous two seasons.

Higher-than-usual female slaughter rates for adult sheep and cattle indicate a downsizing occurring in Australia, which suggests lower supplies in the medium-term, though this will mean exports are likely to be elevated in the short-term.

**Figure 2 Australia Sheep Slaughter**

3-Year Comparison

Year — 2023 — 2024 — 2025

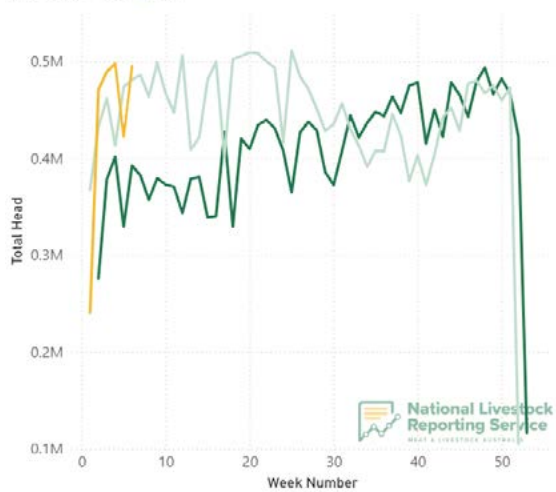


Source: National Livestock Reporting Service

**Figure 3 Australia Lamb Slaughter**

3-Year Comparison

Year — 2023 — 2024 — 2025

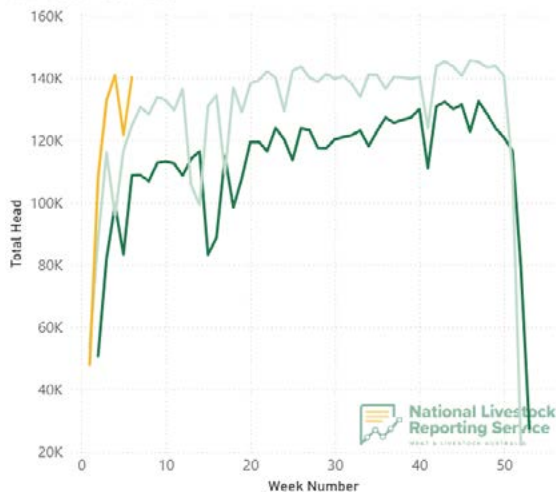


Source: National Livestock Reporting Service

**Figure 4 Australia Cattle Slaughter**

3-Year Comparison

Year — 2023 — 2024 — 2025



Source: National Livestock Reporting Service

## Brazil

### Downsizing is expected

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Brazil's beef exports are projected to decrease in 2025 after a record calendar 2024. The Brazilian cattle herd is reducing due to drought and poor pasture conditions throughout most of the country. However, Brazil will remain the largest beef exporter in the world and top exporter to China.

Brazil's access into the US is limited. It does not have a country-specific tariff-rate quota (CSTRQ) with a low in-quota duty rate and thus product is imported under the US's 'Other Countries' TRQ, which is ~65,000 tonnes (compared with NZ's CSTRQ of 213,402 tonnes).

The 'Other Countries' TRQ was used almost totally by Brazilian beef in record time, i.e. before January concluded. In 2024, Brazil exported beef to the US out of quota, which was subject a 26.4% tariff and indicates the strength of demand from the US relative to other markets. We will be watching to see how competitive Brazil will be in 2025 because its export supplies are expected to decline while there is strong demand from the US.

## Argentina

### Competitiveness in beef expected to decrease

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Argentina's competitiveness in beef remains subdued due to continued hyperinflation and dry conditions. Hyperinflation has made fertiliser very expensive for farmers in Argentina, weighing on their productive capabilities and competitiveness. However, the phasing out of export restrictions by the government has put Argentine beef exporters in a better position to compete.

Seventy-eight percent of Argentina's beef was exported to China in 2024, adding to the competitive situation in China.

Exports in 2025 are expected to be slightly higher as export restrictions are phased out, despite recent poor pasture conditions. Beef consumption in Argentina is forecast to continue to decrease.



# Exchange rate impacts

For 2024-25, the NZD is expected to be lower against the USD (0.58) and the GBP (0.46), and slightly lower against the EUR (0.55) than in 2023-24.

These revised exchange rate forecasts, which are lower than those in our New Season Outlook 2024-25 that was published in September 2024, are a major contributor to the increases in forecast farm-gate prices.

Movement against the USD has the biggest effect because three-quarters of NZ red meat exports are denominated in USD. The value of the NZD heavily influences farm revenue.

The value of the NZD from late November to June is crucial to farmers because most meat and wool is sold during this time. Exchange rate movements during this period strongly influence the average prices for beef, lamb, mutton, and wool and farm revenue.

The table below shows Mid-Season Update (MSU) 2024-25 forecast exchange rates and what the difference in currency movements to the revised forecast could have.

## Exchange Rate Scenarios

	NZD Exchange Rates					Exchange Rate Change from USD 0.58	
	-10%	-5%	MSU 24-25	+5%	+10%	to USD 0.52	to USD 0.64
<b>USD</b>	0.52	0.55	0.58	0.61	0.64	-10%	+10%
<b>GBP</b>	0.41	0.43	0.46	0.48	0.50	-10%	+10%
<b>EUR</b>	0.50	0.53	0.55	0.58	0.61	-10%	+10%
Farm-Gate Prices Received							
\$ / head							
<b>Lamb</b>	180	167	155	144	134	+16.3%	-13.3%
<b>Mutton</b>	114	101	90	80	70	+26.7%	-21.8%
<b>Steer/Heifer</b>	2,256	2,089	1,938	1,802	1,678	+16.4%	-13.4%
<b>Cow</b>	1,107	1,025	951	885	824	+16.4%	-13.4%
<b>Bull</b>	2,374	2,198	2,040	1,897	1,766	+16.4%	-13.4%
<b>All Beef</b>	1,862	1,724	1,600	1,488	1,385	+16.4%	-13.4%
c / kg							
<b>Lamb<sup>1</sup></b>	938	869	806	750	699	+16.3%	-13.3%
<b>Mutton<sup>1</sup></b>	440	392	348	308	272	+26.7%	-21.8%
<b>Steer/Heifer</b>	793	734	681	633	590	+16.4%	-13.4%
<b>Cow</b>	545	504	468	435	405	+16.4%	-13.4%
<b>Bull</b>	781	724	671	624	581	+16.4%	-13.4%
<b>All Beef</b>	719	666	618	575	535	+16.4%	-13.4%
<b>Fine<sup>2</sup></b>	1,388	1,282	1,187	1,101	1,023	+16.9%	-13.8%
<b>Medium<sup>2</sup></b>	341	315	292	271	252	+16.9%	-13.8%
<b>Crossbred<sup>2</sup></b>	303	280	259	240	223	+16.9%	-13.8%
<b>All Wool<sup>2</sup></b>	272	252	233	216	201	+16.9%	-13.8%

<sup>1</sup> includes wool and skin <sup>2</sup> wool ¢/kg greasy | Source: Beef + Lamb New Zealand Economic Service



# Cattle

## Beef and veal production

### Forecasts revised up, but still a total decrease

In 2024-25, New Zealand’s export beef production is forecast to be 667,000 tonnes bone-in — a 1.5% decrease from 2023-24. Total production for 2023-24 and 2024-25 has been revised up from our New Season Outlook 2024-25 publication as the latest StatsNZ figures (released December 2024) and production information informed our forecasts. The StatsNZ figures generally increased production forecasts across the board (including sheep too).

After these revisions, the total decrease puts production at levels close to historical averages. However, it also reflects the drought driving lower production in the South Island and fewer calves being reared two seasons ago in response to calf rearers’ expectations of future prices and margins.

We expect to continue seeing farmers opting for more cattle instead of sheep, especially for finishing farms, as there are better gross margins and reduced labour costs.

#### Beef production per season

Sep Year	000 tonne bone-in					Total
	Steer	Heifer	Cow	Bull		
2020-21	208	134	209	166	717	
2021-22	200	126	195	159	681	
2022-23	206	133	203	154	696	
2023-24	208	136	194	140	678	
2024-25f	210	132	188	138	667	
2024-25f % change	+0.8%	-2.2%	-3.4%	-1.5%	-1.5%	

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

## Number of cattle processed steady

For 2024-25, the total number of cattle processed for export is forecast to be steady on 2023-24 at 2.6 million. Cow processing is forecast to be down 2.3% as dairy farmers are expected to hold onto cows longer due to high milk prices, but this is offset by increases in the number of Steers and Bulls processed.

### *Cattle processed for export*

Sep Year	000 head				
	Steer	Heifer	Cow	Bull	Total
2020-21	669	550	1,034	553	2,806
2021-22	647	515	965	529	2,656
2022-23	654	524	996	503	2,677
2023-24	652	531	944	449	2,577
2024-25f	669	533	922	454	2,578
2024-25f % change	+2.6%	+0.3%	-2.3%	+1.0%	+0.0%

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

## Export cattle carcase weights forecast to decrease

On average, export cattle carcase weights are forecast to decrease slightly in 2024-25. This forecast aligns with historical weights. In 2022-23 and 2023-24, average weights were heavier than usual due to feed availability and optimal growing conditions. Weights are forecast to be back slightly this year due to drought in 2024 affecting growth rates.

### *Average carcase weights*

Sep Year	kg / head				
	Steer	Heifer	Cow	Bull	Total
2020-21	310	244	202	300	256
2021-22	309	246	202	300	256
2022-23	315	253	204	307	260
2023-24	319	255	206	312	263
2024-25f	313	249	203	304	259
2024-25f % change	-1.7%	-2.5%	-1.2%	-2.5%	-1.5%

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

## Beef and veal exports

### Exports hitting records

For 2024-25, total beef and veal export receipts (including co-products) are forecast to increase 13% (\$650 million) on last season, driven by 1.5% less meat being exported but a 17% increase in average export value, alongside the value of co-products decreasing 1.5%:

- The decrease in export volume reflects the decrease in production
- The increase in average value is due to strong demand from the US and a weaker NZD against the USD
- The decrease in co-products reflects fewer cattle being processed.

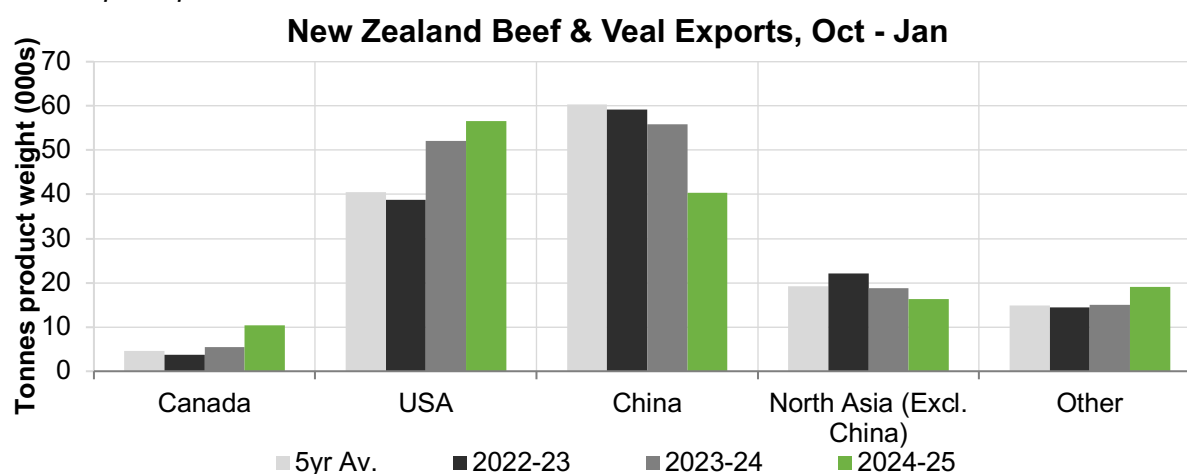


## Beef and veal exports

Sep Year	Beef and Veal Meat			Co-Products	Total Beef	Beef Meat
	000 tonne	\$ / tonne	\$m FOB	\$m FOB	\$m FOB	%*
2020-21	504	7,672	3,867	547	4,414	88%
2021-22	480	9,987	4,794	663	5,457	88%
2022-23	496	8,839	4,380	617	4,997	88%
2023-24	482	8,793	4,241	589	4,830	88%
2024-25f	475	10,306	4,896	580	5,476	89%
2024-25f % change	-1.5%	+17.2%	+15.4%	-1.5%	+13.4%	

\* Beef and Veal Meat value as a percentage of the value of Total Beef exports, including Co-Products  
p provisional, f forecast | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

## Beef exports per season



## Cattle farm-gate prices

### Holding at high levels

The annual weighted average all classes cattle price for 2024-25 is estimated at 618 c/kgCW, up 16% on 2023-24 and 20% higher than the five-year average.

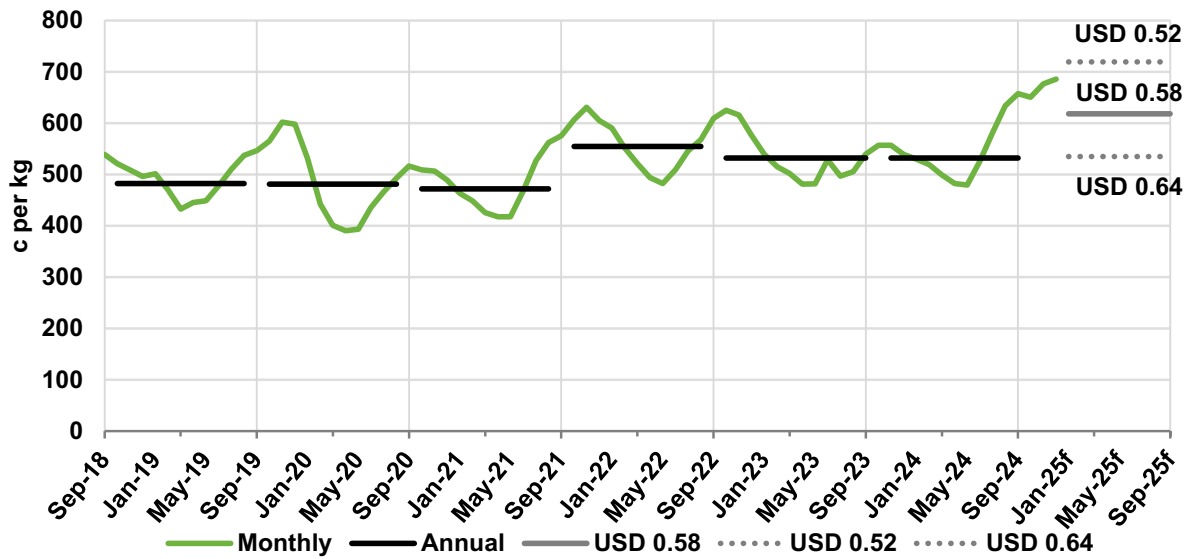
For 2024-25, export prices are strong compared to historical averages despite a slight decrease in production, keeping cattle farm-gate prices at record levels.

Figure 5 shows the relationship between the average export value for beef and beef farm-gate prices.

At USD 0.58, the estimated 2024-25 average annual prices are:

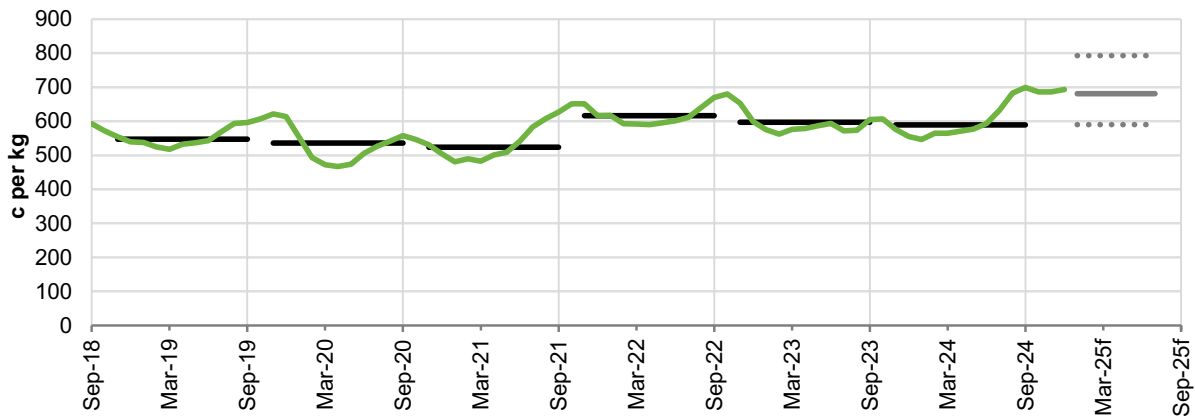
- 681 c/kgCW for P steer/heifer (270-295kg)
- 468 c/kgCW for M cow (170-195kg)
- 671 c/kgCW for M bull (270-295kg).

Weighted average for cattle farm-gate prices — all classes



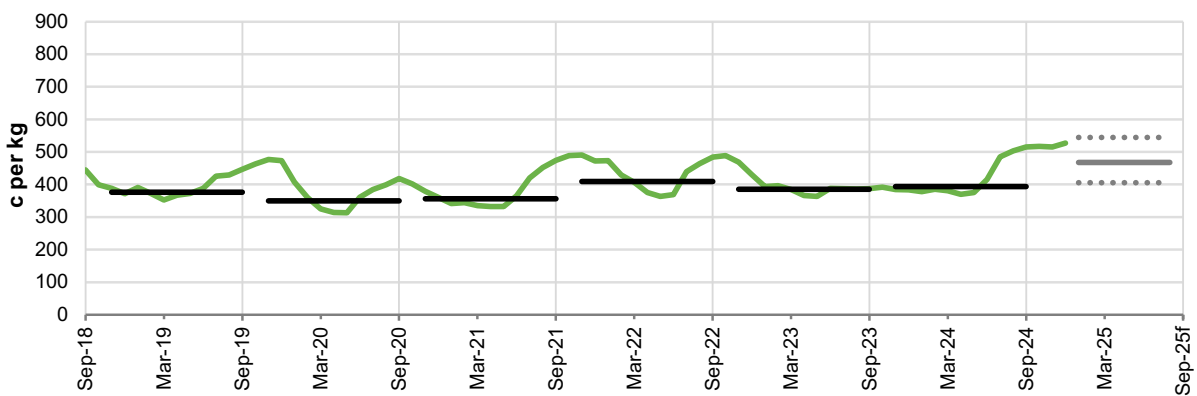
Source: Beef + Lamb New Zealand Economic Service

Steer and heifer — P steer/heifer (270-295kg)



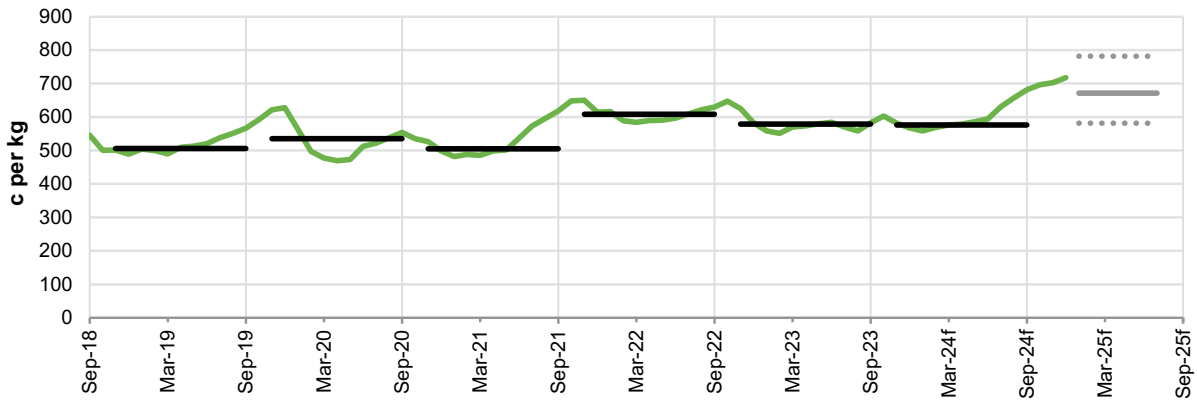
Source: Beef + Lamb New Zealand Economic Service

Cow — M cow (170-195kg)



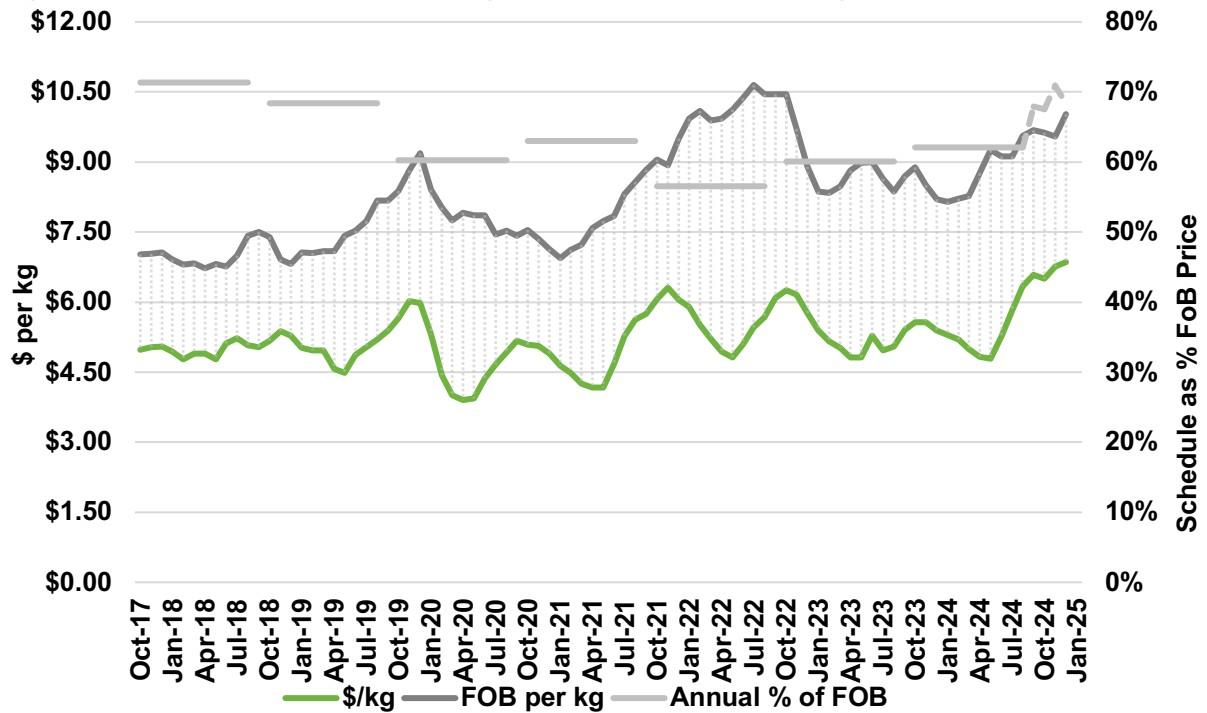
Source: Beef + Lamb New Zealand Economic Service

**Bull — M bull (270-295kg)**



Source: Beef + Lamb New Zealand Economic Service

**Figure 5 Relationship between Average Export Value and Farm-gate Price - Beef**







# Sheep

## Lamb production

### Lambs still expected to decrease on adjusted numbers

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The total number of lambs tailed in spring 2024 is estimated at 19.5 million head, down 7.6% on the previous spring. This is driven by a reduction in breeding ewes and a lower forecast lambing percentage due to drought conditions for some areas combined with an expected decrease following exceptional lambing rates in spring 2023.

The decrease between 2023-24 and 2024-25 is steeper than estimated in both our New Season Outlook 2024-25 publication and Lamb Crop Report because when StatsNZ released the provisional official figures for June 2024 in December 2024, it included an upwards revision of sheep numbers for 2023-24, thereby increasing the spring 2023 lamb crop previously reported by B+LNZ. It is worth noting that, since the Lamb Crop Report, the 2024-25 lamb crop has been adjusted upwards from 19.2 million head to 19.5 million head.

For the year ending September 2025, the number of lambs processed for export is forecast to decrease 6.7%, or 1.2 million head to 16.9 million. A lower lamb crop, and slightly more retention as farmers in areas affected by drought in 2024 rebuild their flocks drives this decrease. In general, expectations are that the sheep flock will not increase because as some farmers in drought-affected areas are rebuilding, there is a continued move away from sheep to cattle in other parts of the country, and land-use change.

In the season to January, lamb processing was 9% ahead in the North Island, 20% behind in the South Island and overall was 7% behind the 2023-24 season. The North Island was ahead due to good early growing conditions and then concerns about drought meant many farmers sold livestock earlier.

The South Island has been slow this season as farmers have been struggling to get lambs to optimal weights due to the drought and pasture conditions. However, based on our analysis, which includes using the network of farmers who make up the sample in Sheep and Beef Farm Survey, we expect processing levels in the South Island to be higher than in 2023-24 for the rest of the season.

Overall, production is expected to decrease 6.6% for the 2024-25 season with fewer lambs forecast to be processed, and the average carcase weight expected to be steady on 2023-24.

### Lamb production per season

Sep Year	Lamb Crop million head	Slaughter million head	Carcase Weight kg	Production 000 tonne bone-in
2020-21	22.8	18.3	19.1	349.9
2021-22	22.0	17.8	19.0	338.3
2022-23	21.0	17.7	19.4	343.6
2023-24	21.1	18.2	19.2	348.6
2024-25f	19.5	16.9	19.2	325.8
2024-25f % change	-7.6%	-6.7%	+0.1%	-6.6%

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand,  
New Zealand Meat Board

## Mutton production

### Number of adult sheep adjusted up

The number of adult sheep processed in 2024-25 is forecast to increase 1.8% to 3.2 million, up from 2.9 million forecast in our New Season Outlook 2024-25.

This is driven by strong processing of sheep for the first part of the season, especially in the South Island. Better schedule prices and lambs struggling to get to optimal weights have provided an incentive for farmers, particularly in the South Island, to process more adult sheep than initially predicted.

The average mutton carcass weight is expected to be steady on 2023-24.

In 2024-25, total export mutton production is forecast at 83,400 tonnes bone-in.

### Mutton production per season

Sep Year	Breeding Ewes million head	Slaughter million head	Carcass Weight kg	Production 000 tonne bone-in
2020-21	16.6	3.8	26.2	100.7
2021-22	16.3	3.6	25.6	93.6
2022-23	15.4	3.3	26.1	87.7
2023-24	14.8	3.1	25.9	82.0
2024-25f	14.6	3.2	25.9	83.4
2024-25f % change	-1.1%	+1.8%	+0.0%	+1.7%

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand,  
New Zealand Meat Board

## Lamb exports

### Export volumes lower but average value higher

For 2024-25, total lamb export receipts (including co-products) are forecast to increase 10.7% (\$347 million) driven by a 6.6% decrease in volume and a 0.9% increase in co-products receipts, offset by a 19% increase in FOB per tonne for meat:

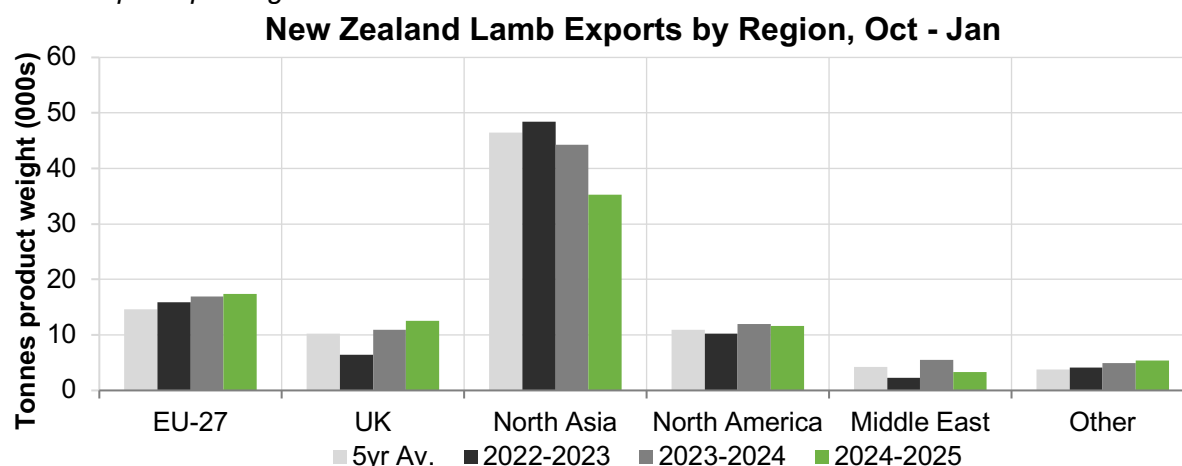
- Export volume is expected to be lower in 2024-25 due to fewer ewes and a more difficult lambing season because of drought and storms
- The increase in FOB per tonne is driven by increasing demand from the US and EU
- Co-products revenue remains steady.

#### Lamb exports per season

Sep Year	Lamb meat		Co-Products		Total Lamb	Lamb Meat
	000 tonnes	\$ / tonne	\$m FOB	\$m FOB	\$m FOB	%*
2020-21	307	10,435	3,201	149	3,350	96%
2021-22	292	12,970	3,782	215	3,996	95%
2022-23	288	11,097	3,197	183	3,381	95%
2023-24	301	10,323	3,110	143	3,253	96%
2024-25f	282	12,274	3,456	144	3,600	96%
2024-25f % change	-6.6%	+18.9%	+11.1%	+0.9%	+10.7%	

\* Lamb Meat value as a percentage of the value of Total Lamb exports, including Co-Products  
p provisional, f forecast | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand

#### Lamb exports per region



Source: Beef + Lamb New Zealand Economic Service | New Zealand Customs

## Mutton exports

### Exports turning around

For 2024-25, total mutton export receipts (including co-products) are forecast to increase 27% (\$140 million) driven by a 1.9% increase in volume and a 32% increase in per-tonne value, alongside co-products receipts being 1.8% higher compared to 2023-24:

- Export volume is higher as more sheep have been processed than initially expected
- Average value is forecast to increase 32%, though it is still 2% lower than the five-year average

- Revenue derived from mutton exports is expected to increase 27.2%.

*Mutton production per season*

Sep Year	Mutton meat			Co-Products	Total Mutton	Mutton Meat
	000 tonnes	\$ / tonne	\$m FOB	\$m FOB	\$m FOB	%*
2020-21	94	7,718	727	102	829	88%
2021-22	87	8,159	711	113	824	86%
2022-23	81	6,373	517	107	624	83%
2023-24	77	5,211	400	113	513	78%
2024-25f	78	6,872	538	115	653	82%
2024-25f % change	+1.9%	+31.9%	+34.3%	+1.8%	+27.2%	

\* Mutton Meat value as a percentage of the value of Total Mutton exports, including Co-Products  
p provisional, f forecast | Source: Beef + Lamb New Zealand Economic Service, Statistics New Zealand



## Lamb and sheep farm-gate prices

### Lamb prices firm but sheep prices remain weak

The annual weighted average all classes lamb price for 2024-25 is estimated at 806 c/kgCW, up 20% on 2023-24 and 9% higher than the five-year average.

The annual weighted average all classes mutton price for 2024-25 is estimated at 348 c/kgCW, up 70% on 2023-24 but 17% lower than the five-year average.

New Zealand exports 95% of its sheepmeat production, so prices are determined by overseas market conditions, but lack of domestic supply is also having an impact as farmers are getting a much higher percentage of the FOB so far this season (see Figure 6).

New Zealand's continued pivot away from China to plug the difference of lower sheepmeat production in Europe has also driven the increase in lamb prices.

A rebalancing of inventories in China and prices reaching their floor has increased mutton prices.

The NZD is expected to be weaker compared to 2023-24, which adds to the increases in market prices for both lamb and mutton.

#### *Sensitivity prices for lamb*

		All Class Lamb Price		
Exchange Rate		\$ per head	c per kg	
<b>Low NZD</b>				
USD	0.52			
GBP	0.41	180	938	<b>High</b>
EUR	0.50			
<b>Mid NZD</b>				
USD	0.58			
GBP	0.46	155	806	<b>Mid</b>
EUR	0.55			
<b>High NZD</b>				
USD	0.64			
GBP	0.50	134	699	<b>Low</b>
EUR	0.61			

Source: Beef + Lamb New Zealand Economic Service

Weighted average for lamb farm-gate prices — all grades

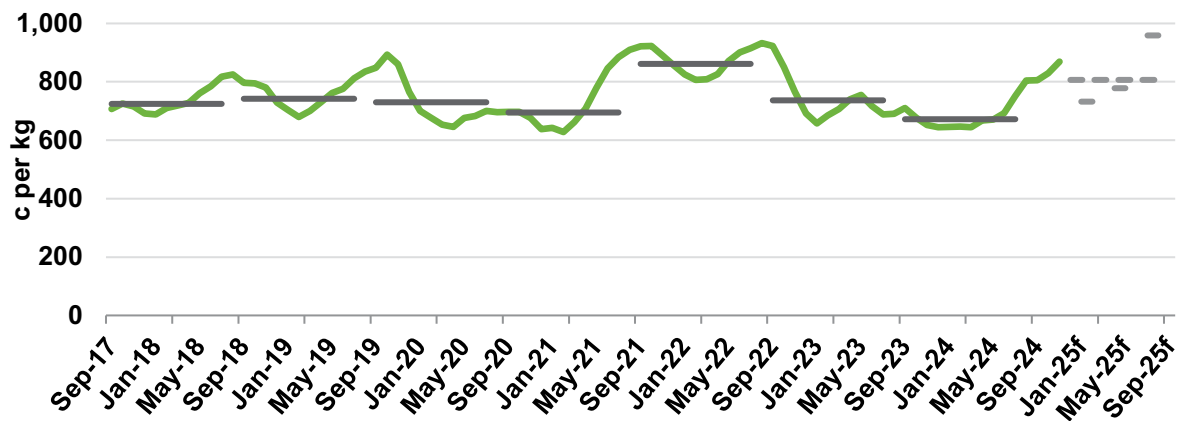
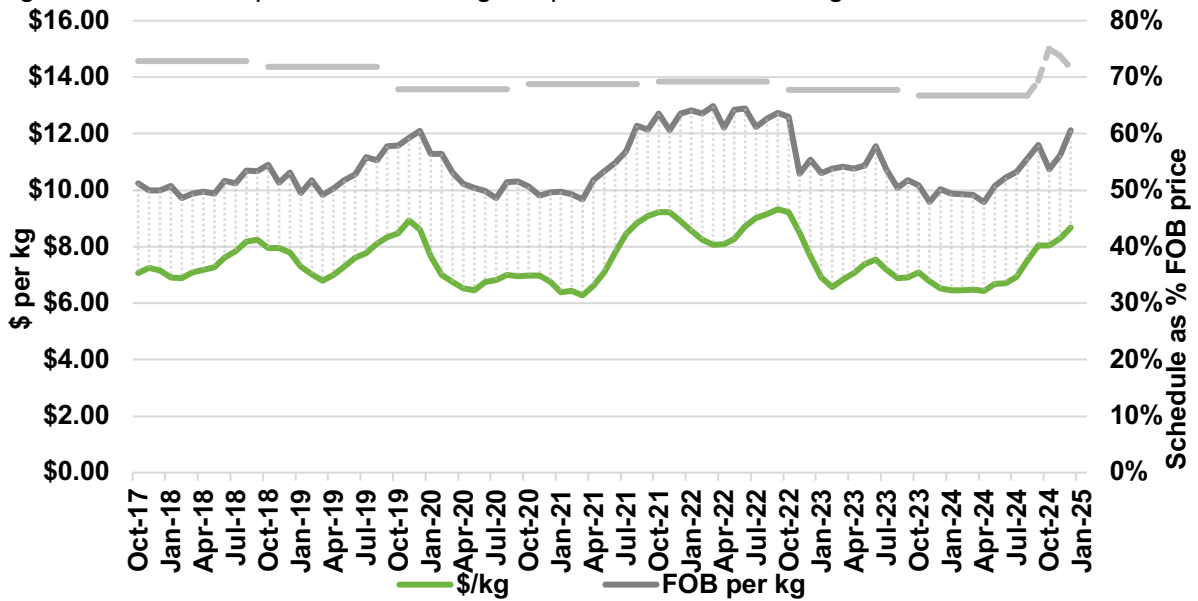


Figure 6 Relationship between Average Export Value and Farm-gate Price - Lamb



# Wool

## Prices

### Wool prices firming

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- **Prices across all wool types, except for fine wool, are forecast to increase for the 2024-25 wool season** — and has lifted for cross-bred wool to be at break-even.
- **Fine wool prices are forecast to decrease 2.2%** — following a 19% decrease in the previous season.
- **Strong wool prices are forecast to increase 3.8% and medium wool prices are forecast to increase 12.7%** — after a 14% increase in the strong wool price in the previous season. This forecast level of prices has not occurred for many years, which is welcomed and nearing the cost for shearing for most farmers. This is driven by a weakening NZD, solid demand from China and India, and fewer sheep and a multi-year change of self-shedding sheep entering some flocks reducing supply.
- **The average across all wool types is expected to increase 13.7%.**

## Production

### Total shorn wool production forecast to decrease 3.7%

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For 2024-25, total shorn wool production is forecast to decrease in line with the reduction in the number of sheep.

Slipewool production is forecast to decrease 6% on the previous season because it is a function of the number of sheep processed.

## Exports

### Exported volume forecast to decrease 3.7%

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For the 2024-25 season (from July to June), New Zealand wool exports are expected to be down 3.7% driven by fewer sheep being shorn.

## Shearing

### Shearing expenditure steady with fewer sheep shorn

- Shearing expenditure is estimated to average \$31,850 per farm, which is equivalent to \$6.70 per sheep shorn. Expenditure in 2024-25 is steady on 2023-24 with a 2.0% decrease in the number of sheep and lambs shorn.
- On average, shearing costs exceed wool revenue for most Farm Classes. The exceptions are South Island High and (some) Hill Country farms where wool revenue exceeds shearing expenditure due to the fine wool produced on those farms.

#### Wool production per season

June Year	Sheep million head	Shorn 000 tonnes greasy	Slupe 000 tonnes greasy	Total 000 tonnes greasy	Shorn Wool kg / head* greasy
2020-21	26.0	118	16.0	134	5.13
2021-22	25.7	111	15.7	127	4.92
2022-23	25.1	105	16.9	122	4.85
2023-24	24.4	103	17.1	120	4.94
2024-25f	23.6	100	16.0	116	4.92
2024-25f % change	-3.2%	-3.3%	-6.0%	-3.7%	-0.5%

\*excludes wool on sheepskins

e estimate | Source: Beef + Lamb New Zealand Economic Service, Wrightson Wool,  
New Zealand Wool Services International Ltd, Statistics New Zealand

#### Season average auction wool prices

June Year	cents / kg greasy				
	Fine	Medium	Strong	Lambs	All Wool
2020-21	1,114	421	170	169	254
2021-22	1,532	389	213	210	337
2022-23	1,448	313	224	206	320
2023-24	1,174	292	257	226	292
2024-25f	1,148	328	266	248	332
2024-25f % change	-2.2%	+12.5%	+3.8%	+10.0%	+13.6%

e estimate | Source: Beef + Lamb New Zealand Economic Service, Wrightson Wool,  
New Zealand Wool Services International Ltd, Statistics New Zealand

#### Auction prices and raw wool exports

June Year	Auction Price		Wool Exports	
	\$ / kg	FOB \$ / kg	000 tonne	\$m FOB
	clean	clean	clean	
2020-21	3.47	4.14	95.5	395.4
2021-22	4.64	5.04	86.8	437.4
2022-23	4.39	5.17	77.4	400.2
2023-24	3.97	4.91	91.4	448.3
2024-25f	4.01	5.92	88.0	520.9
2024-25f % change	+0.8%	+20.6%	-3.7%	+16.2%

e estimate | Source: Beef + Lamb New Zealand Economic Service, Wrightson Wool,  
Statistics New Zealand





# Farm profit

This section forecasts farm profit, revenue, and expenditure — in New Zealand as a whole and in specific regions.

## Farm profit before tax

### Farm profitability forecast improves for 2024-25

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Farm profit before tax is estimated at \$106,500 per farm for 2024-25. Farm profit before tax is almost double 2023-24 (\$56,400) and returns to a similar level to 2022-23. Farm-gate prices for beef cattle, lamb and mutton are significantly higher than 2023-24 levels.

Profitability forecasts have improved significantly since B+LNZ published the New Season Outlook 2024-25 in September 2024. At that time, we were forecasting similar levels of profitability to 2023-24. Farm profit has however, bounced back much faster as sheep farm-gate prices have strengthened, and record beef cattle farm-gate prices continue to be a strong source of revenue for farmers. It is still challenging for farmers as our revised forecast is 7% percent below the five-year average.

Revenue is up 11.5%, while total farm expenditure is estimated to increase 3.8%.

The recovery in profitability is supported by better returns for sheep and beef cattle, easing interest rates and lower on-farm inflation. However, farmers have faced setbacks in recent seasons including lower farm-gate sheep prices, high costs, lower fertiliser usage (impacting soil fertility and productivity), increased term debt and overdraft levels. For some, especially those with more sheep-centric farms and dependence on sheep revenue, and those in earlier stages of their career with higher debt levels for example, the recovery will take some time.

#### Sheep and beef cattle revenue bounces back to 2022-23 levels

Inflation-adjusted (or real) farm profit before tax has declined since 2017-18 because of high on-farm inflation during that period, which has eroded farm profitability. For 2024-25, farm profit before tax is estimated at \$64,200 per farm in 2004-05 terms<sup>2</sup>.

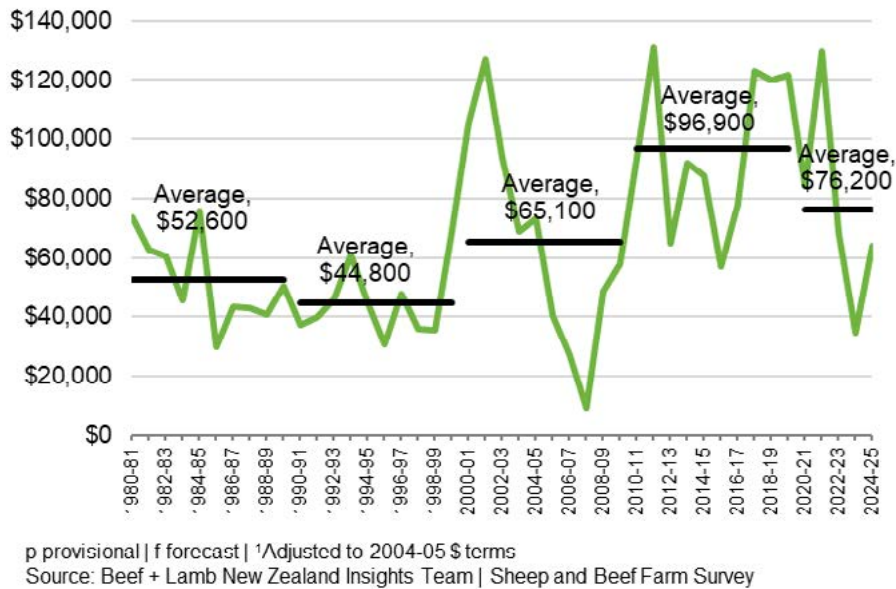
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<sup>2</sup> Real Farm Profit Before Tax is calculated in 2004-05 dollars.

The conversion of farmland to forestry, dairying, cropping and urban development remains a concern for farmers, particularly impacting finishing farms and reducing livestock numbers in some regions.

It's important to note that from Farm Profit before Tax farmers still need to make principal repayments, meet tax obligations, cover personal drawings, capital expenditure and any development of the farm.

*Inflation-adjusted Farm Profit Before Tax for sheep and beef farm — all classes*



## Total gross farm revenue

### Forecast to increase 11.5%

Gross Farm Revenue is forecast to increase 11.5% to average \$698,600 per farm as sheep farm-gate prices rebound from low 2023-24 levels and beef cattle farm-gate prices remain very strong.

The following contribute to gross farm revenue on average:

- Sheep (excl. wool) revenue – 44%
- Cattle revenue – 31%
- Crop revenue – 10%
- Dairy grazing revenue – 5%.

Revenue from wool, deer and other farming-related activities comprise the remaining 10%.

The spring 2024 lamb crop is forecast to be lower than spring 2023, due to fewer breeding ewes, and a moderate decrease in lambing percentage, which is due to seasonal factors. Poorer performance in the South Island, which was beset by drought and fewer breeding stock on hand at 30 June 2024, was offset by better performance in the North Island. Revenue from sheepmeat increases by 16.6% to an average \$307,800 per farm.

Beef cattle revenue increases 10.6% to an average \$219,100 per farm with bull beef farm-gate prices in particular a standout for farmers. For finishing farms, it has been harder to source beef cattle with fewer available in the store market and record prices.

Gross farm revenue is spent on goods and services for running the farm business including wages, shearing contractors, maintenance, agricultural services and interest.

## Total farm expenditure

### Forecast to increase 3.8%

---

Total farm expenditure is forecast to increase 3.8% to average \$592,100 per farm. A moderate increase in total farm expenditure is forecast in 2024-25 as farmers increase spending on fertiliser, and repairs and maintenance. These are two areas that impact productivity and where costs were cut in the past two seasons.

Interest expenditure increases with a lift in overdraft requirements (on average) and average term debt interest rates. While interest rates are coming down this will take some time to flow through to farmers' bottom lines as term debt is still coming off relatively low interest rates onto higher rates during the season. Overdraft levels were higher than usual in the past three seasons with greater cashflow requirements.

Interest expenditure has increased markedly since 2021-22 and varies between regions and farm classes. Interest expenditure as a percentage of total farm expenditure ranges from 16 to 21% across the main sheep and beef production regions. For East Coast and Taranaki-Manawatū, one-fifth of farm expenditure is interest expenditure on average.

Within total farm expenditure, farm operating expenditure<sup>3</sup> increases 4.4% as farm inputs such as fertiliser applications and infrastructure materials are purchased due to expectations of higher revenue this season and a focus on productivity by farmers.

Many farmers reduced fertiliser use in previous seasons to save costs, however B+LNZ expects farms will increase fertiliser applications in 2024-25. Fertiliser, Lime and Seeds expenditure is therefore forecast to increase 11.4%.

Expenditure on repairs and maintenance is expected to increase 7.0% to average \$47,400 per farm. Deferring of maintenance as costs for labour and materials skyrocketed was widespread from 2022-23 onwards. Lower on-farm inflation and improved cashflow will allow farmers to catch up on deferred repairs and maintenance this season.

Expenditure on regional and district council rates increases 8.2% (on average) to \$19,400 per farm. Regionally there is a great deal of variation, e.g. in East Coast, rates expenditure by farmers is forecast to increase around 19% on 2023-24, with large spending on infrastructure and rebuilding required in that region, while average rates expenditure in Taranaki-Manawatu increases 2.5%. B+LNZ estimates that in 2024-25 sheep and beef farmers will pay \$178m (equivalent to \$3.4m per week) on rates.

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<sup>3</sup> Farm operating expenditure includes all farm working expenses plus ACC payments, insurance and rates. It is a measure of money spent on farming activities.

## Earnings before interest, tax, rent and management wages

Forecast to increase 30%

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EBITRm<sup>4</sup> is a key measure of profitability because it places farms on a consistent basis – debt-free, freehold, and as if run by an owner-operator. EBITRm per grazable hectare is a standardised measure that facilitates benchmarking because it is independent of capital and management structure.

EBITRm is forecast to average \$236,700 per farm for 2024-25 (+30%). The increase is due to Gross Farm Revenue increasing at a greater rate than farm operating expenditure, which excludes interest and is forecast to increase 4.4% in 2024-25.

## Exchange rate scenarios

Farm Profit Before Tax forecast based on USD 0.58

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This forecast is based on the NZD averaging USD 0.58 for 2024-25.

Nearly 90% of beef and 95% of sheepmeat production is exported. Currently the value of the NZD is relatively low, which is positive for exporters. A low NZD does, however, impact on prices for some farm inputs, and therefore farm expenditure also changes when the value of the NZD changes.

If the NZD falls 10% to USD 0.52, both Gross Farm Revenue and Farm Expenditure would increase and improve Farm Profit Before Tax and EBITRm to average \$196,900 and \$327,500 per farm respectively.

### *Summary of weighted averages in New Zealand*

This table shows the impact of exchange rate on profitability across different scenarios.

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<sup>4</sup> Earnings Before Interest, Tax, Rent and any wages paid to a manager



### Weighted Average All Classes<sup>1</sup>

		Provisional		Forecast		
		2022-23	2023-24	2024-25	2024-25	2024-25
Revenue				USD 0.52	USD 0.58	USD 0.64
Wool		28,578	31,600	37,200	31,900	27,500
Sheep		328,865	263,900	366,100	307,800	260,000
Cattle		199,333	198,100	252,800	219,100	191,500
Dairy Grazing		35,711	32,400	35,200	35,200	35,200
Deer + Velvet		5,747	5,000	5,800	4,900	4,200
Cash Crop		64,495	65,300	67,900	67,900	67,900
Other		31,103	30,400	31,800	31,800	31,800
<b>Total Gross Revenue</b>	<b>\$ per farm</b>	<b>693,828</b>	<b>626,700</b>	<b>796,800</b>	<b>698,600</b>	<b>618,100</b>
Expenditure						
Fert, Lime & Seeds		92,352	79,800	90,100	88,900	88,000
Repairs & Maintenance		48,619	44,300	48,000	47,400	46,900
Interest & Rent		111,114	121,800	125,200	125,500	125,800
Other Expenses		335,235	324,400	336,600	330,300	325,100
<b>Total Expenditure</b>	<b>\$ per farm</b>	<b>587,320</b>	<b>570,300</b>	<b>599,900</b>	<b>592,100</b>	<b>585,800</b>
<b>Farm Profit Before Tax<sup>2</sup></b>	<b>\$ per farm</b>	<b>106,508</b>	<b>56,400</b>	<b>196,900</b>	<b>106,500</b>	<b>32,300</b>
<b>EBITRm<sup>3</sup></b>	<b>\$ per farm</b>	<b>222,136</b>	<b>182,800</b>	<b>327,500</b>	<b>236,700</b>	<b>162,100</b>
<b>Real Farm Profit<sup>4</sup></b>	<b>\$ per farm</b>	<b>68,500</b>	<b>34,700</b>	<b>118,700</b>	<b>64,200</b>	<b>19,500</b>

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2024 was a grazing area of 713 hectares with 2,919 sheep, 334 cattle and 25 deer, totalling 4,570 stock units.

2. Farm Profit before Tax is required to meet personal drawings, taxation payments, debt repayments and the purchase of capital items.

3. Earnings before Interest, Tax, Rent and Managers Salary

4. Deflated by June year Consumer Price Index.

Source: Beef + Lamb New Zealand Economic Service, Sheep and Beef Farm Survey

## Regional commentary

### Forecast profit for regions in New Zealand

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This section analyses profitability by region using the 'all classes average'.

Farmers can compare their farm with a similar farm class in their own region by using the benchmarking resources on the B+LNZ website.

[Interactive benchmarking tool](#)

[Downloadable spreadsheets](#)

#### Northland-Waikato-Bay of Plenty

Farm profit is forecast to double from 2023-24 due to beef cattle and sheep farm-gate prices rebounding. The recovery in profitability is faster than expected, however farm profit is still relatively low and causes stress for farmers.

Good winter and spring conditions positioned farms for growing lambs and provided abundant feed. Dry summer conditions reduced feed levels mid-way through the season.

Procuring beef cattle was difficult, with high store cattle prices and fewer livestock at saleyards. The cumulative effect of forestry plantations through Northland, west Waikato and King Country has reduced livestock numbers making it more difficult to source cattle.

- **Farm Profit Before Tax is forecast to double** — to average \$111,900 per farm in 2024-25 with both revenue and expenditure increasing from 2023-24. Farm profit is likely to be similar to 2022-23 levels as farm-gate prices improve.
- **Gross farm revenue is forecast to increase 15.3%** — to average \$575,800 per farm.
- **Sheep revenue to increase 16.5%** — to average \$171,100 per farm while wool revenue increases 4.5% to an average of \$11,500 per farm. The lamb crop for spring 2024 is estimated to be lower than 2023 due to fewer breeding ewes and a lower lambing percentage (down from an exceptional performance in spring 2023). Sheep revenue, as a percentage of total gross farm revenue, is estimated to average 30%.
- **Cattle revenue to increase 18.2%** — to average \$330,700 per farm driven by higher beef cattle prices for 2024-25. Hill country farms (Farm Class 4) carry higher ratios of cattle to sheep and are influenced heavily by beef cattle farm-gate prices. Revenue from cattle averages 57% of total gross farm revenue for 2024-25.
- **Total farm expenditure is forecast to increase 4.7%** — to average \$463,900 per farm.
- **Fertiliser, lime and seeds expenditure to increase 11.6%** — to average \$76,000 per farm. Fertiliser volumes applied are forecast to increase as farmers focus on improving soil fertility. Fertiliser, lime, and seeds comprise around 16% of total farm expenditure.
- **Repairs and maintenance expenditure to increase 8.4%** — to average \$43,700 per farm. Repairs and maintenance spending was deferred for the past three seasons because of lower revenue and higher prices of farm inputs. Repairs and maintenance comprises around 9% of farm expenditure.

- **Interest expenditure to increase 1.9%** — to average \$74,500 per farm. Interest expenditure has doubled since 2021-22. Interest expenditure comprises around 16% of total farm expenditure.
- **EBITRm increases 37%** — to average \$212,300 per farm as the increase in gross farm revenue is higher than increased farm working expenses, thereby increasing this measure of profitability (which excludes interest). Fertiliser applications have been below long-term averages, and although it is expected to increase this season there are concerns for soil fertility and productivity especially on hard hill country farms.

## East Coast

Strong cattle prices bolstered profitability for the East Coast. Spring lambing was better than forecast in our New Season Outlook 2024-25, indicating sheep reproduction performance has been more resilient than expected during the recovery from Cyclone Gabrielle, which occurred in February 2023. However, worm burdens and drench resistance were widespread according to farmers.

Farm profitability is forecast to improve for all farm classes. Interest expenditure is estimated to increase 10% as fixed-rate term debt continues to roll onto higher interest rates and some farmers are expected to continue to borrow for repairs to their farms following the Cyclone.

- **Farm Profit Before Tax is forecast to increase 59%** — to \$106,700 on average per farm for 2024-25. Profit is driven by much-improved revenue from sheep and beef cattle.
- **Gross farm revenue increases 8.9%** — to average \$672,300 per farm for 2024-25.
- **Sheep revenue is forecast to increase 16.4%** — to average \$325,600 per farm. Wool revenue is forecast to increase 7.8% to average \$23,500 per farm. Sheep revenue contributes 48% of gross farm revenue, while wool revenue contributes less than 4% of gross farm revenue.
- **Cattle revenue increases 3.1%** — to average \$287,000 per farm with fewer cattle available to sell. Bull beef cattle sales help increase revenue, however procuring store cattle has been difficult with a shortage of cattle at saleyards. Cattle revenue equals 43% of gross farm revenue.
- **Total farm expenditure is forecast to increase 2.8%** — to average \$565,600 per farm. While the rate of on-farm inflation has slowed, the increase in farm input prices has 'baked in' costs, and interest rates combined with higher overdraft requirements have increased interest expenditure significantly.
- **Fertiliser, lime and seeds expenditure is forecast to increase 5.3%** — to average \$69,300 per farm. Hard hill country farms need fertiliser after reducing volumes significantly to cut costs. We expect fertiliser applications to increase in 2024-25 if conditions allow. Fertiliser, lime, and seeds comprises around 12% of total farm expenditure.
- **Repairs and maintenance expenditure is forecast to decrease 4.1%** — to average \$64,500 per farm. The decrease bucks the trend in other regions; however repairs and maintenance spending has been at relatively high levels following Cyclone Gabrielle. Repairs and maintenance comprises around 11% of farm expenditure.
- **Interest expenditure is forecast to increase 10%** — to average \$116,100 per farm. Interest expenditure was \$61,400 in 2021-22, and has almost doubled since. Interest expenditure comprises around 21% of total farm expenditure.

- **EBITRm increases 25%** — to average \$251,900 per farm with improved beef cattle and sheep farm-gate prices strengthening profitability.

## Taranaki-Manawatū

A mild winter and favourable spring were welcomed by farmers and provided good growing conditions for newborn lambs. The average lambing percentage was lower than 2023-24 (which was exceptional) and fewer lambs allowed farmers to grow lambs to weights quickly.

Farmers remain cautious about an improvement in profit as interest rates remain relatively high. Farm profitability is variable. Those farms with higher debt levels and those changing farming systems are under more pressure. Soil fertility concerns, from farmers and agri-advisers, abound for hill country farms as fertiliser applications have been significantly reduced in the last few years due to lower profit and high fertiliser prices.

- **Farm Profit Before Tax increases 69%** — to average \$113,500 per farm as improvements in sheep and beef cattle farm-gate prices increase gross farm revenue. Farm expenditure remains stubbornly high.
- **Gross farm revenue is forecast to increase 12.1%** — to average \$653,400 per farm. The pre-Christmas store market was buoyant and post-Christmas selling of prime and store stock boosted cashflow on farms, which will be helpful for fertiliser applications in autumn (if climate conditions are suitable).
- **Sheep revenue increases 13.7%** — to average \$338,200 per farm. Wool revenue increases 25% to average \$30,500 per farm. Sheep and wool revenue contribute 52% and 5% of gross farm revenue respectively in 2024-25.
- **Cattle revenue increases 11.0%** — to average \$222,200 per farm. Stronger beef cattle pricing increases revenue for 2024-25 for hard hill and hill country farms, finishing farms had lower beef cattle numbers and beef cattle revenue decreases. Beef cattle revenue contributes around 34% of gross farm revenue.
- **Total farm expenditure is forecast to increase 4.7%** — to average \$539,900 per farm for 2024-25. One-fifth of total farm expenditure is interest expenditure due to higher interest rates, term debt and overdraft levels since 2021-22.
- **Fertiliser, lime, and seeds expenditure increases by 11.6%** — to average \$67,400 per farm. Fertiliser volumes applied are forecast to increase in 2024-25 after two seasons of significant reductions. Fertiliser, lime, and seeds comprises around 12% of total farm expenditure.
- **Repairs and maintenance expenditure is forecast to increase 13.4%** — to average \$47,700 per farm. Repairs and maintenance has been minimal, with much deferred, as farmers seek to keep costs down. Repairs and maintenance comprises around 9% of farm expenditure.
- **Interest expenditure is forecast to increase 4.2%** — to average \$105,800 per farm. Overdraft requirements may be slightly lower than in 2023-24 with improved cashflow and revenue this season, however interest rates are still high and an increase in term debt is forecast. Interest expenditure comprises around 20% of total farm expenditure.
- **EBITRm increases 26%** — to average \$245,000 per farm as farm-gate prices improve gross farm revenue. Farm working expenses increase by 5.4%, mostly driven by fertiliser, and repairs and maintenance.



## Marlborough-Canterbury

Lower livestock levels characterised the start of 2024-25 as farmers had destocked during the drought in summer-autumn 2024. Fewer livestock to sell reduces the ability of farms in the region to capitalise on higher farm-gate prices for sheep and beef cattle. There is also a need for some farms to rebuild livestock numbers, most likely through retentions.

Farmers continued to diversify income streams (e.g. tourism, forestry, cropping) and find off-farm income to bolster household income. More family labour is being utilised with fewer permanent employees and more casual labour since 2022-23.

Conversations about the value of irrigation were widespread following the 2024 drought.

- **Farm Profit Before Tax increases 50%** — to average \$107,500 per farm for 2024-25. The predominant Farm Class in the region is finishing breeding farms (Farm Class 6), which are forecast to average \$92,000 in farm profit before tax.
- **Gross farm revenue increases 6.3%** — to average \$898,500 per farm for 2024-25 driven by increased sheep farm-gate prices.
- **Sheep revenue increases 10.2%** — to average \$293,700. The number of prime and store lambs sold is expected to decrease, on average. Sheep revenue contributes almost one-third of gross farm revenue.
- **Wool revenue decreases by 7.0%** — to average \$42,800 per farm. For high country farms (Farm Class 1), wool revenue decreases to \$442,000 per farm because fewer sheep will be shorn, and less wool will be sold.
- **Cattle revenue increases 5.0%** — to average \$162,000 per farm. Lower cattle numbers at 30 June 2024 reduces the number of cattle available for sale this season, and purchases are expected to be higher than in 2023-24. Cattle revenue accounts for around 18% of gross farm revenue on average for the region.
- **Cash cropping revenue increases 5.4%** — to average \$242,800 per farm. Crop revenue accounts for around 27% of gross farm revenue because of the influence of mixed (cropping) finishing farms.
- **Dairy grazing revenue increases 9.4%** — to \$84,200 per farm on average. Mixed-Finishing farms typically earn the most revenue from dairy grazing, with an estimate of \$162,000 per farm for 2024-25. Dairy grazing revenue accounts for around 9% of gross farm revenue.
- **Total farm expenditure increases 2.3%** — to average \$791,000 per farm.
- **Fertiliser, lime, and seeds expenditure increases by 7.8%** — to average \$118,900 per farm. Fertiliser applications will increase if conditions allow as farmers have applied maintenance levels of fertiliser during the past two seasons of low profitability. Fertiliser, lime and seeds comprises around 15% of total farm expenditure.
- **Repairs and maintenance expenditure increases 6.6%** — to average \$51,400 per farm. Repairs and maintenance has been deferred in recent seasons. Repairs and maintenance comprises around 7% of farm expenditure.
- **Interest expenditure increases by 1.6%** — to average \$128,600 per farm. Interest expenditure is over double the 2021-22 average (\$69,800). Interest expenditure comprises around 16% of total farm expenditure.

- **EBITRm increases 17.4%** — to average \$256,000 per farm. An increase in gross farm revenue exceeds the increase in farm working expenses or operational expenses (+2.6%) allowing for an improvement in this measure of farm profitability.

## Otago-Southland

Farm profitability bounces back in 2024-25 after two diabolically bad seasons with Southern South Island sheep-centric farms benefiting from higher sheep farm-gate prices. Despite this improvement in profitability, Otago-Southland farms record the lowest regional profitability for 2024-25 (forecast) and the level of profitability remains low for farming households to live on.

Spring 2024 was extremely challenging with prolonged cold, wet weather. Exceptional animal husbandry helped save many lambs. Lamb growth, however, was slower due to the poor spring and there could be a bottleneck in supply of lambs as farmers get them to weight later than usual.

There have been recent farm sales into forestry of both larger properties and smaller farms. There is growing consternation from farmers regarding the change in land-use and flow-on effects for rural communities, sheep and beef farms (which are interdependent on one another), processors and related agricultural employment. Increased forestry reduces livestock numbers, regional and export earnings.

- **Farm Profit Before Tax forecast to quadruple to average \$99,100** — while there is a substantial improvement forecast, it is from a very low base and is the lowest regional average for 2024-25. Farm profit before tax in 2023-24 was the lowest on record for Otago-Southland. Many farms faced losses in 2022-23 and 2023-24 and some farms will again in the current season.
- **Gross farm revenue is forecast to increase 18.8%** — to average \$666,100 per farm for 2024-25 with higher farm-gate prices for sheep and beef cattle.
- **Sheep revenue increases 23.3%** — to average \$445,700 per farm. Wool revenue is estimated to increase 1.5% to average \$47,800 per farm. Revenue from wool and sheep combined accounts for around 74% of gross farm revenue.
- **Cattle revenue increases 15.7%** — to average \$102,400 per farm as beef cattle farm-gate prices increase. Cattle revenue accounts for around 15% of gross farm revenue.
- **Total farm expenditure increases by 5.8%** — to average \$567,000 per farm. Some farms were well below maintenance levels of inputs such as fertiliser, and general repairs and maintenance.
- **Fertiliser, Lime and Seeds expenditure increases 22%** — to average \$95,900 per farm as volumes applied are forecast to increase slightly and the cost of fertiliser is higher in 2024-25. This means that fertiliser usage overall is lower than longer-term averages, which puts soil fertility and production at risk. Fertiliser, lime, and seeds comprises around 17% of total farm expenditure.
- **Repairs and maintenance expenditure is forecast to increase 24%** — to average \$32,100 per farm following two seasons of large reductions. Repairs and maintenance comprises around 6% of farm expenditure.
- **Interest expenditure is estimated to increase by 1.1%** — to average \$102,000 per farm. Interest expenditure comprises around 18% of total farm expenditure.

- **EBITRm increases 49%** — to average \$227,300 per farm. Farm operational expenses, or farm working expenses, increase 8.6% as farmers plan to increase spending on fertiliser, and repairs and maintenance in particular.

*2024-25 forecast — weighted average for all classes in each region*

**All Classes Sheep and Beef Farm - \$ per farm**

Region	2022-23	2023-24	2024-25					
	Profit	Profit	Revenue	Expenditure	Profit	EBITRm <sup>1</sup>	Stock Units	Hectares
Northland-Waikato-BoP	109,299	56,500	575,800	463,900	111,900	212,300	4,000	460
East Coast	118,142	67,000	672,300	565,600	106,700	251,900	5,100	620
Taranaki-Manawatu	104,113	67,300	653,400	539,900	113,500	245,000	4,800	520
<b>North Island</b>	<b>107,915</b>	<b>60,900</b>	<b>625,700</b>	<b>516,800</b>	<b>108,900</b>	<b>232,700</b>	<b>4,500</b>	<b>520</b>
Marlborough-Canterbury <sup>2</sup>	141,106	71,900	898,500	791,000	107,500	256,000	4,500	950
Otago/Southland <sup>2</sup>	52,976	25,000	666,100	567,000	99,100	227,300	4,700	910
<b>South Island<sup>2</sup></b>	<b>104,803</b>	<b>51,000</b>	<b>787,000</b>	<b>683,200</b>	<b>103,800</b>	<b>241,800</b>	<b>4,600</b>	<b>950</b>
<b>New Zealand</b>	<b>106,508</b>	<b>56,400</b>	<b>698,600</b>	<b>592,100</b>	<b>106,500</b>	<b>236,700</b>	<b>4,600</b>	<b>710</b>

p provisional, f forecast | Exchange rate used in forecast year USD/NZD 0.58

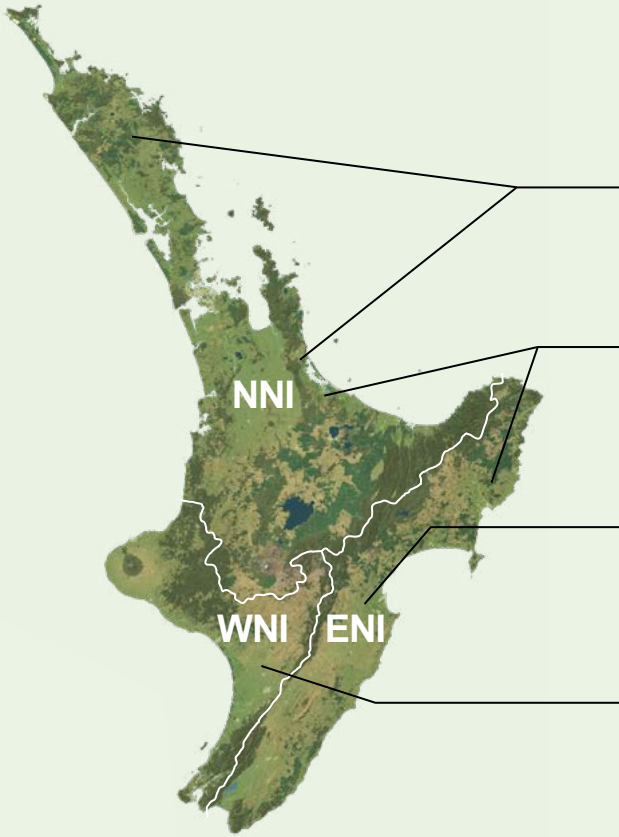
<sup>1</sup> Earnings before Interest, Tax, Rent and wages paid to a manager

<sup>2</sup> Grazing area is inflated by High Country Farms, which average around 8,000 hectares per farm

Source: Beef + Lamb New Zealand Insights Team | Sheep and Beef Farm Survey

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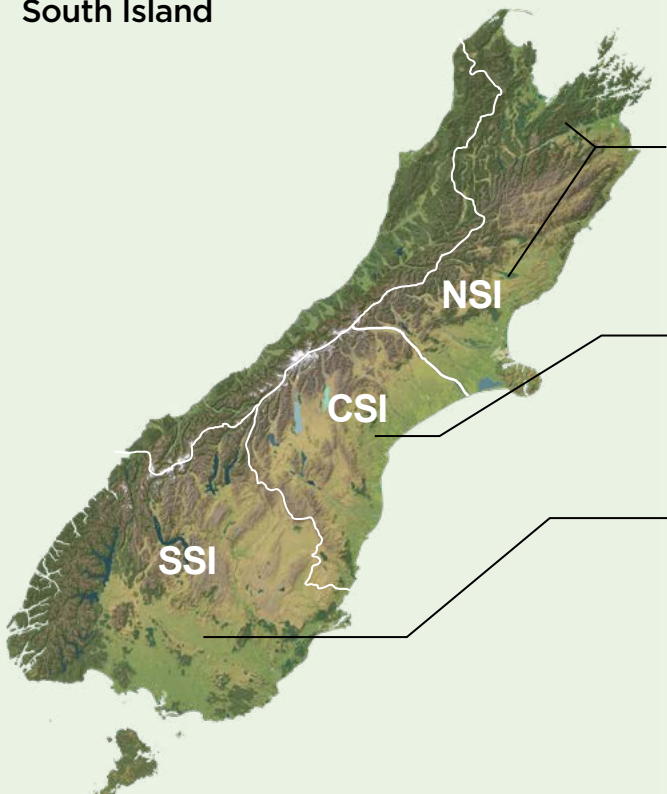
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# Appendix 1: On-farm profitability

Sheep and beef farm revenue and expenditure — weighted average all classes

		2020-21	2021-22	Provisional		Forecast			Forecast % Change		
				2022-23	2023-24	2024-25	2024-25	2024-25	2023-24 to 2024-25		
						USD 0.52	USD 0.58	USD 0.64	USD 0.52	USD 0.58	USD 0.64
<b>Revenue</b>											
Wool		26,909	30,484	28,578	31,600	37,200	31,900	27,500	+17.7%	+0.9%	-13.0%
Sheep		292,953	372,145	328,865	263,900	366,100	307,800	260,000	+38.7%	+16.6%	-1.5%
Cattle		157,554	193,014	199,333	198,100	252,800	219,100	191,500	+27.6%	+10.6%	-3.3%
Dairy Grazing		35,229	38,366	35,711	32,400	35,200	35,200	35,200	+8.6%	+8.6%	+8.6%
Deer + Velvet		4,943	6,225	5,747	5,000	5,800	4,900	4,200	+16.0%	-2.0%	-16.0%
Goat + Fibre		81	28	-4	0	0	0	0			
Cash Crop		66,272	67,203	64,495	65,300	67,900	67,900	67,900	+4.0%	+4.0%	+4.0%
Other		23,829	27,900	31,103	30,400	31,800	31,800	31,800	+4.6%	+4.6%	+4.6%
<b>Total Gross Revenue</b>	<b>\$ per farm</b>	<b>607,770</b>	<b>735,365</b>	<b>693,828</b>	<b>626,700</b>	<b>796,800</b>	<b>698,600</b>	<b>618,100</b>	<b>+27.1%</b>	<b>+11.5%</b>	<b>-1.4%</b>
<b>Expenditure</b>											
Fert, Lime & Seeds		83,851	99,716	92,352	79,800	90,100	88,900	88,000	+12.9%	+11.4%	+10.3%
Repairs & Maintenance		42,668	48,420	48,619	44,300	48,000	47,400	46,900	+8.4%	+7.0%	+5.9%
Interest & Rent		70,254	76,401	111,114	121,800	125,200	125,500	125,800	+2.8%	+3.0%	+3.3%
Other Expenses		295,638	321,860	335,235	324,400	336,600	330,300	325,100	+3.8%	+1.8%	+0.2%
<b>Total Expenditure</b>	<b>\$ per farm</b>	<b>492,411</b>	<b>546,397</b>	<b>587,320</b>	<b>570,300</b>	<b>599,900</b>	<b>592,100</b>	<b>585,800</b>	<b>+5.2%</b>	<b>+3.8%</b>	<b>+2.7%</b>
<b>Farm Profit Before Tax<sup>2</sup></b>	<b>\$ per farm</b>	<b>115,359</b>	<b>188,968</b>	<b>106,508</b>	<b>56,400</b>	<b>196,900</b>	<b>106,500</b>	<b>32,300</b>	<b>+249.1%</b>	<b>+88.8%</b>	<b>-42.7%</b>
<b>EBITRm<sup>3</sup></b>	<b>\$ per farm</b>	<b>190,467</b>	<b>269,878</b>	<b>222,136</b>	<b>182,800</b>	<b>327,500</b>	<b>236,700</b>	<b>162,100</b>	<b>+79.2%</b>	<b>+29.5%</b>	<b>-11.3%</b>
Real Farm Profit <sup>4</sup>	\$ per farm in 2004-05 \$	84,100	129,700	68,500	34,700	118,700	64,200	19,500	+242.1%	+85.0%	-43.8%
<b>Real Farm Profit<sup>4</sup></b>	<b>Index (2004-05=1000)</b>	<b>1,148</b>	<b>1,770</b>	<b>934</b>	<b>473</b>	<b>1,618</b>	<b>876</b>	<b>266</b>	<b>+242.1%</b>	<b>+85.2%</b>	<b>-43.8%</b>
Fertiliser Use	kg per SU	24.8	25.4	16.9	15.5	17.9	17.7	17.5	+15.7%	+14.2%	+13.0%
<b>Prices</b>											
Wool auction	¢ per kg clean	347	464	439	396	529	453	391	+33.5%	+14.4%	-1.2%
All wool <sup>5</sup>	¢ per kg greasy	202	247	228	244	302	259	224	+24.1%	+6.3%	-8.2%
Lamb	\$ per head	133	164	144	129	180	155	134	+39.7%	+20.2%	+4.1%
Mutton	\$ per head	127	146	95	53	114	90	70	+115.5%	+70.1%	+33.0%
Prime Steer/Heifer	¢ per kg	522	610	593	586	793	681	590	+35.2%	+16.2%	+0.6%

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2024 was a grazing area of 713 hectares with 2,919 sheep, 334 cattle and 25 deer, totalling 4,570 stock units.

2. Farm Profit before Tax is required to meet personal drawings, taxation payments, debt repayments and the purchase of capital items.

3. Earnings before Interest, Tax, Rent and Managers Salary

4. Deflated by June year Consumer Price Index.

5. Net of charges and freight.

Source: Beef + Lamb New Zealand Insights Team, Sheep and Beef Farm Survey

**beef+lamb**  
new zealand

