


Mid-Season Update 2024-25

Summary

- Red meat prices and farm profit are forecast to bounce back, but with added risks of volatility
- Exports of sheepmeat, beef, veal and wool are forecast to increase \$1.2 billion (+13%) to \$10.2 billion in 2024-25
- Farm profit has bounced back to \$106,500 per farm but is still 7% below the five-year average

Global Outlook

 Demand for red meat is positive although demand from China remains low



There are, however, significant risks on the horizon as a result of US trade policy and subsequent global supply chain disruptions

Livestock Numbers



Breeding Ewes
down 1.1%



Lamb crop down
1.6m head



Beef Cows
down 2.7%



Dairy Cows
down 1.3%

Sheep forecast

- New Zealand export volumes are forecast to be down but total export receipts are forecast to be up because price increases have offset the decrease in volume
- European markets are expected to have strong demand for lamb
- Low supply in New Zealand and the EU/UK is supporting the better pricing
- Demand for mutton has rebounded in China, as there has been a rebalancing of inventories
- Forecast lamb price: \$8.06 per kgCW
- Lamb export volume: -6.6%, Mutton export volume: +1.9%

Beef forecast

- Demand for beef is expected to remain solid driven by low American domestic supply, and prices to remain strong as a result
- Australian and Brazilian supply likely to be strong in 2024-25 but US demand is going to offset any price decreases
- Forecast All-Beef price: \$6.18 per kgCW
- Beef and veal export volume: -1.5%

On-Farm Profitability

- Farm profit before tax is forecast to bounce back to an average \$106,500 per farm, which is almost double 2023-24 (\$56,400), however the situation remains challenging for many farmers
- The improvement in profitability is driven by a 12% increase in gross farm revenue, with better returns for sheep and beef cattle, which offsets a 3.8% increase in total farm expenditure
- Although on-farm inflation is lower this year, farm input prices have increased cumulatively by over 30% in the last three years

