



New Season Outlook 2023-24

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About this report

The New Season Outlook provides a forecast of prices and production for the new season (2023-24) with comprehensive commentary on global markets and competitors. The report also forecasts farm profitability and expectations for revenue and expenditure for New Zealand and farming regions. The New Season Outlook is published annually at the start of the meat processing season (1 October to 30 September).

The B+LNZ Economic and Farm Insights team analyses export and statistical data regularly and surveys sheep and beef farmers throughout the year. In December B+LNZ will revise lamb crop numbers in the Lamb Crop Report and in March 2024 will release an updated market and farm profitability forecast in the Mid Season Update publication.

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Executive Summary - Outlook 2023-24

Overview

It is expected to be another challenging year for the red meat sector.

While demand is expected to recover slightly from last year, prices are expected to remain soft compared to two years ago, especially for lamb and mutton. The pace of China's economic recovery remains uncertain, and the economies of other key markets remain relatively weak, while Australia is expected to remain highly competitive as well.

Farm profit is forecast to decrease an estimated 31 per cent for 2023-24 to an average \$88,600 per farm. Adjusting for inflation, this is a 15 year low in farm profitability. The forecast decrease in farm profit follows a 32 per cent decline the previous season. In 2022-23, declining lamb and sheep farm-gate prices were the main driver behind reduced profitability.

In 2023-24, we expect farm-gate prices to be similar to 2022-23, however farm expenditure continues to climb, driven by inflation and high interest rates, reducing profit margins significantly. Farm Profit before Tax is used to meet tax, personal drawings, principal repayments, capital expenses, and development of the farm.

This season, with lower profit and cashflow, farmers will be under immense pressure. El Niño adds another challenging dimension to 2023-24, with farmers along the east coast facing dry conditions, which will impact the timing of sales and increase costs depending on severity.

There is significant downside risk to the outlook if Australia's downsizing of its national flock and herd increases meat global supply due to the El Niño Australian farmers will face. Additionally, the high meat inventories and lower demand in China could take months to clear adding to this risk.

Economic and Market Conditions

Overall, global economic health is fragile, and this is expected to continue for some time. The decrease in economic activity in China is reverberating across the world. The pace of the war in Ukraine and changing energy and input prices will determine the health of the global economy going into 2024. Positively, many of New Zealand's key red meat markets are wealthy countries that will weather the difficulties better than others and inflation has peaked in those markets.

In China, economic uncertainty, a property sector narrowly avoiding collapse, and high youth unemployment continues to weigh on prospects, but demand

for imported meat will continue to be supported by millions of citizens' incomes growing in the medium and long term. There is evidence that food inventories were high in 2022-23, suppressing demand for imported food, but it is hoped this will clear in 2024.

In the US, demand for beef was stronger than expected in 2022-23. Liquidation of the cow herd in key cattle-producing states eventually resulted in reduced beef supplies and provided importers with an incentive to source beef elsewhere. This demand is expected to be strong in the medium term because the rebuilding of the US herd will take a while.

Australia has been very competitive for both beef and sheepmeat exports in 2022-23, with a significant increase in export volumes. This is due to multiple years of favourable weather conditions and herd rebuilding efforts. Further liberalisation of Australia's access to China this year was a main driver for reduced demand for New Zealand's exports.

Farm profit is forecast to decrease an estimated 31 per cent for 2023-24, this follows a 32 per cent decline on the previous season.

The New Zealand economy was fragile throughout the first ten months of 2023, and the country narrowly avoided a recession. It has been dealing with high inflation and with the added inflationary pressure of the extreme weather events that occurred in early 2023 in the North Island. Recovery costs, reduced supply of vegetables and fruit, a weaker NZD, and higher worldwide oil prices made inflation stubborn to reduce.

The direction of the NZD is mixed – stronger against the USD than it was in 2022-23 but weaker against European currencies. The NZD/USD rate is forecast to increase four per cent for the 2023-24 season to an average of 64 US cents to one NZD.

Lamb and Mutton

New Zealand lamb and mutton exports are more positive for 2023-24 compared to 2022-23. Total lamb export receipts are forecast at \$3.52 billion FOB, up 4.8 per cent on a weak 2022-23.

Demand in all key markets for New Zealand lamb is mixed. Stubbornly high inflation weighing on consumers' disposable income contributed to global lamb prices falling below the previous season. However, in 2023-24 we expect prices to improve from their lows in 2022-23.



The average FOB value per tonne for lamb exports is forecast to increase 2.5 per cent on 2022-23 to \$11,453 and be 2.7 per cent higher than the five-year average.

Total lamb export volumes are forecast to increase 2.5 per cent on 2022-23 to 291,000 tonnes shipped weight.

At an exchange rate of USD0.64, the average lamb price is forecast at 749 cents per kg for 2023-24, flat on the previous season and in line with the five-year average.

Mutton prices and export returns fell sharply in 2022-23, driven by weak demand from China. In 2023-24, we expect a small improvement from the low base reached in 2022-23. The average export value is expected to increase 0.8 per cent but this is 9.8 per cent below the five-year average.

At an exchange rate of USD0.64, the average lamb price is forecast at 749 cents per kg for 2023-24.

Mutton export production is forecast to increase 1.6 per cent in 2023-24, following a lower number of adult sheep processed in 2022-23 due to prices and farmers retaining more stock. Total mutton export receipts are expected to increase slightly – by 2.3 per cent.

The annual average mutton price for the 2023-24 season is forecast at 382 cents per kg, up 3.5 per cent on 2022-23, but 19 per cent below the five-year average.

Beef

The outlook for the global beef market is driven by North American demand in 2023-24. In tandem with their economic woes, China has struggled to compete with this demand from the US, since the US became the top market for New Zealand's beef exports in May.

The projected strengthening of the NZD is an inhibiting factor for export returns in the 2023-24 season, offsetting positive in-market increases. The average FOB per tonne is expected to increase 1.2 per cent in 2023-24, which is 6.6 per cent above the five-year average.

At USD0.64, the estimated average annual price for P steer/heifer (270-295kg) is 601 cents per kg for 2023-24.

Beef and veal exports are forecast to be 3.6 per cent down on 2022-23 at 467,000 tonnes shipped weight.

Export revenue from beef and veal (including co-products) in the 2023-24 season is forecast to be \$4.76 billion FOB, down 2.6 per cent on 2022-23.

At USD0.64, the estimated average annual price for P steer/heifer (270-295kg) is 601 cents per kg for 2023-24. It is forecast to average 399 cents per kg for M cow (170-195kg), which includes a large component of cull dairy cows, and 592 cents per kg for M bull (270 295kg).

Wool

Prices for all wool types except strong wool fell in the 2022-23 wool season and this same trend is expected for the 2023-24 season. However, even with the welcome lift in the price of strong wool, prices would have to lift substantially before wool becomes profitable again.

The outlook for 2023-24 is for fine wool prices to decrease by 12 per cent, following a 5.5 per cent increase in the previous season. Medium wool prices are forecast to drop 3.5 per cent but strong wool prices are forecast to lift 4.0 per cent. The downward trend in the finer categories is because distributors are pessimistic about demand, especially from China and Europe.

Average export receipts at FOB are expected to decrease by 2.8 per cent to \$5,022 per tonne. Total wool receipts are forecast to decrease 2 per cent on the previous year to an estimated at \$392 million.

The overall auction wool price is estimated to be down 2.3 per cent on 2022-23 at \$4.30 per kg clean.

Sheep and Beef Farms

Farm Profit Before Tax is forecast to decrease in 2023-24, by 31 per cent to an average \$88,600 per farm. This follows a decrease of 32 per cent the season prior. Falling profit for 2023-24 is driven by lower gross farm revenue (-3.0%) and increased farm expenditure (+3.5%) – thereby squeezing profit margins.

The reduction in gross farm revenue is mainly due to lower sheep revenue, down 4.7 per cent and a 3.3 per cent decrease in cattle revenue. With El Niño heralding a hot, dry summer, farmers may sell cattle earlier this season to avoid low feed conditions.

Expenditure is forecast to increase 3.5 per cent to average \$565,800 per farm for 2023-24. This follows cumulative increases in farm expenditure since 2020-21, which have resulted in forecast average expenditure in 2023-24 to be 15 per cent higher than in 2020-21. Expenditure on interest and rent has increased by around 37% since 2020-21 as interest rates have climbed.

With lower profitability and cashflow this season, debt reduction is unlikely, and farmers will have less to spend in their communities after meeting other financial obligations.

Outlook 2023-24 – Opportunities and Challenges

Opportunities



Global economic demand is expected to improve after a terrible 2022-23. But there remains significant downside risks.



ASF created import growth for different meat proteins. Despite the forecasted recovery of China's pig herd, Chinese consumer preferences for red meat have changed permanently.



Demand for high quality protein is projected to grow in Asian markets as the size of the middle class increase and a shift of more consumers into urban areas takes place.



Cost-of-living and inflation woes are over their peak in all our key markets and is expected to decrease.



Chinese New Year demand for the March quarter 2024 is expected to be stronger after COVID-19 in 2023.



US demand is expected to be strong due to low domestic supply.

Challenges



Australia's competitive presence in global market will be strong in 2024 and could be exacerbated by the El Niño weather change.



The high meat inventories and lower demand in China could take months to clear.



Stronger forecasted NZD compared to the USD will weigh on returns, especially into China and the US.



Global and domestic climate will present challenges for agricultural production systems.



Pork production in China is expected to be at normal levels in 2024.

On-farm 2023-24 – Opportunities and Challenges

Opportunities



Spring 2023 lambing is forecast to improve on last season resulting in more lamb sales for some farms.



The beef cattle market is looking sound this season.



Regular cashflow planning is vital. Small expenditure savings in multiple categories add up.



Make early decisions with better [feed budgeting](#).



Review drench and animal health programmes, be [Wormwise](#).



Keep a long-term focus on genetics suited to your farm and the future. To improve ram selection try [Nprove](#).



Connect with your community – help a neighbour, attend an event, try something new – like Surfing For Farmers.



Leverage grants through central and regional government to help with farm improvements.

Challenges



Limited cashflow due to rising costs and decreased in revenue.



Inability to pay down debt and reduce risk, and for some farmers debt levels will increase.



El Niño heralds potential dry and drought conditions for farmers along the eastern seaboard. Some may need to destock to balance feed requirements.



Reduced cashflow will impact plans to develop the farm and limit ability to spend on environmental improvements and regulated requirements.



Ongoing political uncertainty with regards to unknown environmental regulations.

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Economic Conditions

The Global Economy

The global economy is fragile at present. Countries used a large amount of fiscal resource to deal with the COVID-19 pandemic and then monetary policy to get inflation under control. Inflation remains above central bank targets across most advanced economies, which is eroding household purchasing power.

Record levels of government debt, geopolitical tensions threatening trade systems, and weakening productivity in most economies have made a slow-growth future most likely to continue.

In July 2023, the International Monetary Fund (IMF) forecast global economic growth of 3 per cent for both calendar 2023 and 2024, which is weak compared to historical averages. The forecast is driven by the rise in central banks' interest rates to combat inflation but hampers productivity.

Global food prices have decreased from record highs in 2022 but remain high compared to historical levels. The normalisation and unclogging of supply chains, the stocking of gas reserves in Europe, and weakening food demand have contributed to the decline in inflation in most economies. However, core inflation (inflation that

excludes food and energy) has remained stubbornly high and above central banks' targets, meaning most economies have a while to go before inflation is at an acceptable rate.

According to the IMF, world trade growth is expected to decline from 5.2 per cent in 2022 to 2 per cent in 2023, before rising to 3.7 per cent in 2024.

Oil prices rose sharply in 2022, dipped in early 2023, and now are trending up again in late 2023. This will make global inflation stickier to come back to normal levels.

High global shipping and airfreight costs that were a feature of calendar 2022 have now fallen to pre-COVID-19 levels. This is expected to be the same in 2024. Overall, congestion at ports has subsided and global supply chains have adapted.

Overall, the outlook is fragile as the decreases in economic activity in, and increased uncertainty about, China is reverberating across the world. The pace of the war in Ukraine and resulting energy and input prices will determine the health of the global economy going into 2024. The IMF reports the outlook is overwhelmingly tilted to the downside and delayed taming of inflation will only exacerbate it.

China

The economic activity in China in 2023 has been shaky and that is expected to continue into 2024.

China is a difficult market to forecast due to lack of transparency and increasingly tighter government controls on reporting. For example, in 2023, some data was withheld amid economic gloom.

However, the IMF forecasts the Chinese economy will grow 5.2 per cent in 2023 and a further 4.5 per cent in 2024.

The faltering residential market and high youth unemployment has made consumer sentiment suffer. This has flowed onto lower output and therefore lower exports, coinciding with a worldwide cost-of-living crisis, and less demand for Chinese goods.

The recent failings of two massive property developers in China is having implications for Chinese consumption.

China is also mired with high household and public debt. Central planning has mostly focused on infrastructure and property investment versus consumption to grow the economy. These tactics worked from the 1980s to the early 2000s, as the heavily rural economy desperately needed factories and infrastructure but was tested during the GFC (global financial crisis) in 2008-09, when most of its investment needs had been met. China continued the investment spree in the 2010s and there is speculation from some observers that the lack of investment in consumption is starting to bite now in the wake of the COVID-19 pandemic.

Table 1 Economic Growth

	Annual Average % Change, March Year					
	2020	2021	2022	2023e	2024f	2025f
	%	%	%	%	%	%
US	+2.0	-2.7	+6.6	+1.6	+2.2	+0.9
UK	+0.6	-12.5	+12.7	+1.6	+0.3	+0.4
Euro zone	+0.4	-5.8	+7.0	+2.4	+0.5	+0.8
Japan	-0.8	-4.1	+2.8	+1.3	+1.8	+1.1
China	+2.5	+8.1	+5.6	+2.9	+5.9	+4.8
South Korea	+2.1	-0.5	+4.5	+2.1	+1.1	+1.9
Australia	+1.8	-1.6	+5.4	+3.5	+1.9	+1.4
Trading Partners	+1.8	+0.7	+5.7	+2.7	+2.9	+2.8
New Zealand	+2.5	-0.7	+5.2	+2.9	+0.6	+1.9

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

China has been the key growth driver in Asia in recent years. However, slowing GDP growth due to a teetering residential market, and now a shrinking population, means India soon could take over that role.

US

The US economy is looking relatively solid in 2023 and it is leading the direction in the slowing of inflation to be one of the lowest in the developed world. Into 2024, inflation is expected to be tempered towards the Federal Reserve's target of 2 per cent. Business and employment fundamentals are looking more solid than expected, and GDP growth could exceed what most analysts are thinking.

The IMF estimates the US economy will expand 1.8 per cent in calendar 2023 and a further 1 per cent in 2024. This follows 2.1 per cent growth in 2022.

The Federal Reserve has increased interest rates to cool inflation and has succeeded in doing so without dampening economic growth or causing a recession. At the September Federal Open Market Committee (FOMC), the Federal Reserve said that additional rate rises are not off the table but that it is most likely going to hold the fund rate at 5.5 per cent in the short term, which would mean less uncertainty for consumers and consumer spending has been resilient alongside inflation declining.

EU27 and UK

Into the outlook period, Europe will be focusing on getting inflation back within desired targets. The build-up of gas inventories continued to simmer energy prices. Continued strength in labour markets, and potential easing in credit availability for business with lowering inflation, will all be important factors for recovery in Europe and to keep demand for high quality red meat.

Australia

According to the Australian government, forecast economic growth for Australia in 2023 is expected to be 3 per cent. Like most other developed economies, Australia's cash rate has been increased to tame inflation. Additionally, it still has a way to go to before it is back within the central bank's targets, which will be a priority into the outlook period.

Australian consumption is expected to slow into 2024 as savings are drying up and debt servicing costs are higher.

New Zealand

Global demand for New Zealand's primary sector exports has been moderate against the record season experienced last year. However, on-farm costs for both the red meat sector and dairy sector (or other food-producers/primary producers) have eroded profitability and will likely result in losses for many farmers. The effects of this are starting to be felt in 2023 and it is unlikely this pressure will be alleviated in the outlook period.

These effects will be felt the most in the small towns and rural areas of New Zealand.

The shortage of labour has been, and will continue to be, a constraint on economic growth. This is relevant for the tourism and hospitality sectors as well as the primary sector.

New Zealand farmers endured a difficult season in 2022-23 with a whiplashing effect. After strong international demand in 2021-22, demand weakened, mainly driven by the weakness in China. Higher than usual input prices and adverse climate events added to these woes. The exchange rate seemed to be the only beneficial factor because the value of the NZD was weaker than expected. On-farm challenges will continue to include an increased frequency of adverse climatic events, increased input costs, and the pace of ongoing environmental regulation.

The outlook is for the New Zealand authorities to continue efforts to tame inflation while dealing with slowed business activity due to higher debt servicing costs. Labour market issues have subsided and will most likely not be an issue in 2024, but higher cost pressures in general will be a feature, especially in the construction industry.

Table 2 Consumer Prices

	Annual Average % Change, March Year					
	2020	2021	2022	2023e	2024f	2025f
	%	%	%	%	%	%
US	+1.9	+1.2	+6.2	+7.4	+3.8	+2.9
UK	+1.7	+0.6	+4.0	+10.0	+7.4	+3.8
Euro zone	+1.1	+0.2	+3.9	+8.8	+5.4	+3.0
Japan	+0.6	-0.3	+0.1	+3.2	+3.0	+1.9
China	+1.6	-2.3	-0.1	+0.8	-0.5	+1.8
South Korea	+0.5	+0.7	+3.1	+5.3	+3.1	+2.3
Australia	+1.8	+0.6	+3.9	+7.1	+5.5	+3.6
Trading Partners	+1.4	-0.1	+2.9	+5.6	+3.4	+2.7
New Zealand	+1.9	+1.5	+5.3	+7.1	+5.6	+2.5

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

Red Meat Dynamics – Consumers and Markets

Global Food Conditions

In 2023, global red meat demand dropped, with sheepmeat prices leading the largest decrease from their record highs in 2022. This has been driven by the deterioration in economic conditions in China, and the stickiness of inflation in Europe, contributing to the ongoing cost-of-living problems. Beef prices have decreased from record highs too but are still strong compared with historical averages.

The outlook is for red meat consumption to increase in tandem with population growth and per capita income growth, with Asian countries driving demand.

There is significant downside risk to the outlook if Australia's downsizing of its national flock and herd increases meat global supply due to the El Niño Australian farmers will face. Additionally, the high meat inventories and lower demand in China could take months to clear adding to this risk.

Consumers worldwide responded to higher food prices by substituting cheaper meats or cuts of meat.

Animal diseases will likely not be a major feature with ASF (African Swine Fever) less prevalent in China and Southeast Asia, and HPAI (avian influenza) calming in Europe.

China

Lower consumption demand and increased competition from red meat imports into the Chinese market has been a primary driver of lower farm-gate prices in New Zealand.

China's property woes and the delayed relaxation of their COVID-19 rules, and subsequent mass infections, made eating out and general demand for red meat slump in calendar 2023. Due to COVID-19 many Chinese people did not celebrate Chinese New Year, which in the past has been a key red meat demand event.

Meat inventories have taken longer than expected to clear, due to lower than expected consumption demand.

South American beef accounted for 66 per cent of total Chinese beef imports in the period from January to July 2023.

After the outbreaks of ASF in 2021, domestic pork production started its recovery throughout 2022. As a result, the country's pork production and consumption has returned to normality. However, consumers now seem to be demanding different types of proteins like sheepmeat and beef.

Australia's share of the Chinese imported beef market increased markedly to 11 per cent in 2023, from 9 per cent in 2022 to make Australia the third biggest supplier of beef into China.

The outlook for the 2023-24 season for red meat exports into China is conditional on the timid economic conditions subsiding. The Chinese New Year (10 February 2024), without COVID-19 creating health problems or anxiety, may be positive for meat demand.

China has the world's largest sheep flock and 90 per cent of its total

sheepmeat consumption is domestically produced. While the Chinese government has ambitious goals of achieving self-sufficiency, scarcity of water and land is a major obstacle. Long-term demand for sheepmeat imports is expected to remain strong.

Demand for red meat rose during the swine fever outbreak, but while domestic pork production has returned to normal levels, consumer demand for red meat is expected to remain strong. The ease at which beef, lamb, and mutton have transferred into the Chinese retail and ecommerce markets post COVID-19 will also support the long-term consumption trends.

US

Throughout 2022-23, the US has been a moderately strong market for red meat exports from New Zealand, despite the weakening of global prices and demanding less volume of lamb. The outlook for the 2023-24 season for red meat exports into the US is moderately strong, with beef looking the most optimistic due to lower domestic supply. Domestic prices for beef in the US are at record highs at present and forecasts are suggesting that prices could get higher, implying distributors will have to source beef elsewhere in the future. High value lamb cuts should continue to fetch high export prices in the US, coupled with marketing efforts to grow grass-fed lamb consumption in this market.

Eighty-seven per cent of beef exports to the US are processing meat, which is combined with domestic fat trimmed

from feedlot cattle to produce ground beef.

A risk for the US market is that US sheep farmers have been calling for tariffs on lamb imports from New Zealand. A spokesperson for the Ministry of Foreign Affairs and Trade (MFAT) echoed concerns expressed by Trade and Export Growth Minister Damien O'Connor and said the Ministry approached the relevant US agencies to "robustly relay that such complaints are not warranted."

Drought affected Canada too. New Zealand's beef exports to Canada were up a strong 71 per cent in the eleven months to August, compared with the previous season, and Canada is expected to be a lucrative market in the outlook period.

UK

Exports to the UK have been on a downward trend for a couple of years, with this season's exports down 35 per cent compared to the five-year average. The combination of poor performance in the UK (our second biggest lamb market) and China (our first) has been a major driver of the decrease in farm-gate lamb prices.

The UK Agriculture and Horticulture Development Board (AHDB) estimates that lamb consumption in 2022 dropped 16 per cent from 2021 and is expected to fall another 8 per cent in 2023. Driving this decrease is lamb being too expensive from retail and eating out compared to other proteins.

The UK has not traditionally been a beef market for New Zealand due to import measures when it was part of



the EU. So far, there has not been a significant increase in beef exports since the NZ-UK FTA came into effect in January 2023. There could be an upside benefit for this market in the future as business relationships are developed but, due to the competition from the US and China, we see it as being unlikely that they would be a higher customer in the short term.

European Union

Economic uncertainty and geopolitical tensions have weighed on demand in the 2022-23 season, but not as much as other markets like the UK or China. The EU has shown resilience compared to the record 2021-22 season, mostly supported by a reinvigoration of the tourism sector that is driving more demand in the restaurant trade.

Beef exports to the EU are small due to limited quota access.

The outlook for the EU depends on getting inflation back within the desired central banks' range, tourism demand remaining solid, and a less financially challenging environment to allow financial investment to grow. The added challenge for New Zealand farmers in this region is the protectionist attitudes of the farmers and policymakers. The EU-NZ FTA, which will likely be in force 2024, will provide little new access for meat to this market.

Others

For lamb, other markets for New Zealand to keep an eye on the most would be the Middle East region. The overwhelming amount of meat that is

processed and exported in New Zealand is Halal certified while meeting New Zealand's strict animal welfare standards and this market has proven to be fruitful in the past. However, it is hard to gauge how well this region will perform in the outlook period. Exports are volatile to this region, with Saudi Arabia and Jordan making up the biggest proportions of exports into this market.

Japan, South Korea, and Taiwan are next top markets for New Zealand's beef exports, after China and the US. Despite less demand in 2022-23 compared to the previous, trade barriers in South Korea and Japan are reducing over time and becoming more liberalised. These markets are important to watch in the outlook period.

Red Meat Dynamics – Competitors

Australia

Significant increased competition from Australia in sheepmeat in key markets like China, the UK and US has had a major impact on the 2022-23 season.

Australia has undergone a multi-year rebuilding of its national flock to a record level of 78.75 million head, a level not seen since 2007. Driving this increase were optimal breeding and weather conditions nationwide, a genetically superior flock, and improved lambing percentages for a number of seasons.

Additionally, slaughter figures have been at record levels. In the first six months of 2023, lamb slaughter was 7.7 per cent above 2022 for the same period. 2022 was the highest Australian lamb production year.

Lamb exports reached the highest ever for the month of August. Mutton slaughter from January to September 2023 was 57 per cent above the same period for the previous year.

This has made Australia's sheepmeat exports very competitive this year, especially in China and the US, which has put downward pressure on prices.

Adding to this, Australia's access into China improved from the start of 2023, when the last tariffs on sheep and goat meat were removed.

MLA (Meat & Livestock Australia) is expecting lamb and mutton exports to be strong in 2024. Grain stores are full from favourable weather conditions and harvests over the past two years.

The Australian beef herd reached a decade high in 2023. Beef exports have had a competitive year with exports in August performing at multi-year highs. Exports in calendar 2023 are expected to be 24 per cent higher than 2022, and 2024 is expected to be 8 per cent higher than 2023. 2025 is expected to be higher too. On this basis, Australian beef exports will be competitive in the short to medium term.

However, these optimistic projections for sheepmeat and beef could be impacted by the El Niño weather system, which will bring drier weather. The drier-than-usual winter and early spring 2023 have already got some farmers worried.

Brazil

Beef production is expected to peak in 2023, as the expansion of farming land is expected to slow under the new Government, and the country is experiencing a drought.

Exports are expected to remain stable, and Brazil will remain a strong competitor in the forecast year, particularly in China, which is its largest market.

BSE remains a risk. Brazil had an atypical case of BSE in 2023, which restricted trade to China for four weeks, but the quicker-than-expected clearance time suggests systems are in place to resolve this quickly if it were to happen again.

Brazil tends to reach the quantitative constraint of its low tariff quota with the US by about May. This happened in calendar 2022 and 2023, which

contributed to the increased demand for New Zealand beef in the second half of the calendar year.

Argentina

Argentina's competitiveness in beef remains low due to continued hyperinflation, political instability, and export restrictions.

It is possible (but unlikely) that the export restrictions could be lifted if there is a new Government after the elections in October.

The export controls are entrenched in Argentinian policy as domestic consumption of beef is high at 48-49 kg per capita per year. The controls aim to keep prices low enough for the population and public opinion is very sensitive to retail price changes for beef. Removing restrictions could exacerbate inflation, which is already extremely high.

Like Brazil and the US, Argentina is also facing drought conditions and weather patterns for its cattle herds, which caused an oversupply of beef in the first half of 2023. When conditions improve, the country's industry is expected to go through a rebuilding phase in the short-term and therefore be less competitive.

Australia's sheepmeat exports are very competitive this year, especially in China and the US, which has put downward pressure on prices.

Exchange Rate Sensitivity – 2023-24

Exchange rate movements have a significant leveraged effect on farm-gate prices.

Table 3 shows farm-gate prices under five different exchange rate scenarios. This approach provides an indication of the impact of exchange rate volatility on the prices paid to farmers. The shaded column represents our forecasts of exchange rates for the major currencies and the related farm-gate prices used to derive the base estimates of export receipts and farm revenue in this report. The four other scenarios show the impact on farm-gate prices of variations of ± 5 and ± 10 per cent in the exchange rates for the USD, GBP, and EUR.

In 2023-24, the NZD is expected to strengthen against the USD but slightly weaken against the GBP and EUR, which are the currencies that dominate the trade in New Zealand meat exports. Movement against the USD has the greatest effect. In the 2022-23 season, 76 per cent of New Zealand's red meat exports were traded in this currency. The Chinese yuan accounted for 7.2 per cent of red meat trade in the same period.

All other things being equal, a 10 per cent decrease in the NZD against the USD – from 0.64 to 0.58 – and the associated cross rates against the GBP and the EUR, increases the average lamb price received by farmers by 16.4 per cent. Alternatively, if the NZD appreciates by 10 per cent – from 0.64 to 0.71 against the USD – then the weighted average farm-gate

price for lamb for the season would decrease by 13.4 per cent.

Meat and wool production are seasonal with most sold from late November to June, which means that the value of the NZD during this period is crucial to farmers and export

companies. Exchange rate movements during that period strongly influence the season average prices for beef, lamb, mutton, and wool and thus farm revenue.

At the time of writing, there was no clear consensus on where the NZD would settle for 2023-24.

The key theme that has driven the outlook for the NZD has been a reduction in inflation fears. The UK and EU are the most affected by the

Table 3 Exchange Rate Sensitivity

NZD Exchange Rates						Exchange Rate Change from USD 0.64	
	-10%	-5%	Forecast	+5%	+10%	to USD 0.58	to USD 0.71
USD	0.58	0.61	0.64	0.67	0.71	-10%	+10%
GBP	0.44	0.47	0.49	0.52	0.54	-10%	+10%
EUR	0.50	0.53	0.56	0.58	0.61	-10%	+10%
Farm-Gate Prices Received							
\$ / head							
Lamb	168	155	144	134	125	+16.4%	-13.4%
Mutton	123	111	100	90	82	+22.5%	-18.4%
Steer/Heifer	1,956	1,810	1,678	1,559	1,450	+16.6%	-13.6%
Cow	962	890	825	767	713	+16.6%	-13.6%
Bull	2,075	1,920	1,780	1,654	1,539	+16.6%	-13.6%
All Beef	1,616	1,495	1,386	1,288	1,198	+16.6%	-13.6%
c / kg							
Lamb¹	872	807	749	697	649	+16.4%	-13.4%
Mutton¹	469	424	383	346	312	+22.5%	-18.4%
Steer/Heifer	693	641	595	553	514	+16.6%	-13.6%
Cow	474	439	407	378	352	+16.6%	-13.6%
Bull	692	640	593	551	513	+16.6%	-13.6%
All Beef	630	583	541	502	467	+16.6%	-13.6%
Fine²	1,791	1,654	1,531	1,420	1,318	+17.0%	-13.9%
Medium²	455	420	389	361	335	+17.0%	-13.9%
Crossbred²	253	233	216	200	186	+17.0%	-13.9%
All Wool²	397	366	339	314	292	+17.0%	-13.9%

¹ includes wool and skin ² wool ϕ /kg greasy | Source: Beef + Lamb New Zealand Economic Service

war in Ukraine, and subsequent stubborn inflation, which will stay higher for longer, keeping European government bond yields and deposit rates higher. This then projects the EUR and GBP to be stronger in the outlook period. The inverse is projected for the US where the Federal Reserve is expected to cut interest rates in the outlook period, which would weaken the USD.

Table 4 New Zealand Dollar Exchange Rates

Sep Year	Annual Average		
	USD	GBP	EUR
2021-22	0.66	0.51	0.61
2022-23e	0.62	0.50	0.58
2023-24f	0.64	0.49	0.56
2023-24f % change	+4.0%	-2.2%	-3.3%

e estimate, f forecast

Source: Beef + Lamb New Zealand Economic Service, Reserve Bank of New Zealand



Lamb and Mutton Exports

Lamb

2022-23

2022-23 lamb export returns whiplashed from the record season experienced in 2021-22. Export volume slightly decreased but average FOB per tonne has decreased markedly, primarily driven by less demand from most of New Zealand's key markets.

Stubbornly high inflation weighing on consumers' disposable incomes caused global lamb prices to retreat below the previous season.

Export returns (excluding co-products) averaged \$11,170 per tonne, down 13 per cent on the previous season, but still up 2 per cent on the five-year average, including 2021-22's record figures.

Export lamb production (excluding co-products) was down 2.6 per cent on 2021-22, reflecting a slight decrease in opening ewe numbers.

Table 5 New Zealand Lamb Exports

Sep Year	Lamb meat			Co-Products	Total Lamb	Lamb Meat
	000 tonnes	\$ / tonne	\$m FOB	\$m FOB	\$m FOB	%*
2019-20	307	10,822	3,325	155	3,480	96%
2020-21	307	10,427	3,199	149	3,348	96%
2021-22	292	12,872	3,753	215	3,968	95%
2022-23p	284	11,170	3,171	190	3,361	94%
2023-24f	291	11,453	3,332	188	3,521	95%
2023-24f % change	+2.5%	+2.5%	+5.1%	-0.7%	+4.8%	

* 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

For the eleven months to August, the volume of chilled lamb exported was up 5 per cent on 2021-22 but was only 12 per cent of total exports, much below historical averages. Despite supply chains being unclogged, this market still has not come back to historic levels.

The total export receipts of co-products reached a record high in 2021-22 as it seemed to follow the trend of other price rises. Additionally, in 2022-23 the average value per

tonne only decreased 8.2 per cent, still holding at near record highs. Total value of New Zealand's exports of co-products is expected to decline 12 per cent in 2022-23.

New Zealand lamb exports to China in 2022-23 were mixed. In the eleven months to August, volume was up 16 per cent, but average value per tonne was down 16 per cent compared with 2021-22.

Chinese consumers demand Flap cuts; 57 per cent of total lamb imports are this cut. 88 per cent of all New Zealand Flaps go to China. China is New Zealand's biggest market for lamb, taking 48 per cent in the eleven months to August, up from 41 per cent in the same period of 2021-22.

Lamb exports to the US have been moderately strong. In the eleven months to August, export volume decreased 19 per cent but average value per tonne increased 5 per cent, compared to the previous season, and exceeded the record levels achieved in 2021-22, showing the demand for high quality cuts in this market. This is evident by 45 per cent of all rack exports from New Zealand being to

the US, for an average value of a high \$40,027 per tonne.

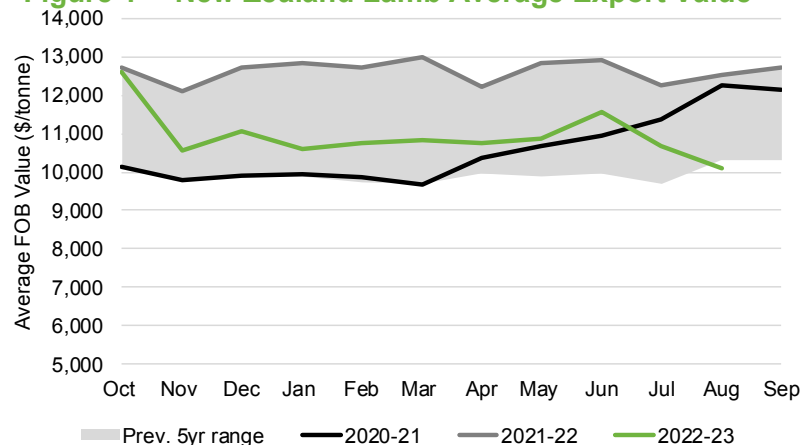
Lamb exports to the UK continue to fall, driven by falling domestic demand and prices. In the eleven months to August, export volume decreased 30 per cent and the average value decreased 23 per cent. The outlook remains soft as the economic recovery is expected to take some time.

Lamb exports to the EU have been moderately strong. In the eleven months to August, export volume was up 3 per cent and the average value was only 5 per cent down on the record achieved in 2021-22.

In tandem with the poor economic conditions, competition from other markets has also affected New Zealand's returns.

Total lamb export receipts (including co-products) are forecast at \$3.36 billion FOB, down 15 per cent on 2021-22, and down 4.2 per cent on the five-year average. Increased global lamb supplies, weak economic conditions, inflation, and uncertainty are the drivers of this decrease.

Figure 1 New Zealand Lamb Average Export Value



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

2023-24 Forecast

Market fundamentals for New Zealand lamb exports are forecast to be slightly more positive in 2023-24, from the dip in 2022-23. We are expecting the average value of exports to increase by 2.5 per cent, to 3 per cent higher than the five-year average. While Australian lamb exports may increase global supply, the level of demand is expected to support the lift in volume as China clears its inventory and demand increases for Chinese New Year, which is on 10 February in 2024.

The high cost-of-living (aka inflation) is still present, but it has peaked and is expected to ease next year. However, consumers could substitute relatively expensive meats, such as lamb, for cheaper meats such as chicken. There is still uncertainty about New Zealand's high-value chilled lamb markets.

The projected strengthening of the NZD against the USD would decrease export returns from the US and China in 2023-24. However, because of the stickiness of inflation in the UK and Europe, the forecast weakening of the

NZD against the GBP and EUR will be a positive for lamb into these markets.

The total value of co-products is forecast to lift 0.7 per cent, which is 3.3 per cent above the five-year average.

Lamb exports are forecast to increase 2.5 per cent to 291,000 tonnes shipped weight. While favourable weather conditions supported mating and have allowed better survival at lambing, this is 3 per cent below the five-year average.

Total lamb export receipts (including co-products) are forecast at \$3.52 billion FOB, up 4.8 per cent on 2022-23.

The average in-market price for lamb is forecast to be 4 per cent higher than in 2022-23, but this is expected to be offset by the trade-weighted higher value of the NZD.

Two windows of international demand that will provide insight into the direction export returns might take in the outlook period are the peak buying periods of Chinese New Year and

Christmas in the UK and EU-27. Typically, these are periods of high export demand and prices.

Mutton

2022-23

2022-23 was a dismal season for mutton exports. Lower demand and higher inventories in China, and higher supply from Australia drove downward price trajectory.

Export production decreased 8.3 per cent on 2021-22, reflecting lower throughput from farmers due to plummeting prices.

China is the key driver of New Zealand mutton export performance, accounting for over 80 per cent of the total volume exported for the season, so when China is demanding less, farm-gate prices are affected.

New Zealand mutton export receipts from China for 2022-23 were down on 2021-22, driven by a fall in prices. In the eleven months to August, export volume was down 1 per cent, while the average value was down 21 per cent.

Average export values decreased 20 per cent in 2022-23 to reach a low of \$6,555 per tonne, 10 per cent below the five-year average. Total mutton export receipts (including co-products) decreased 24 per cent in 2022-23.

2023-24 Forecast

A rebound from lows in China underpins market fundamentals for mutton, but prices are still far from the records achieved in previous seasons. Clearing of inventories, Chinese New Year demand, and less competition from Australia are driving the modest expected increase.

Mutton export production is forecast to increase 1.6 per cent following the low production in 2022-23. Forecast export volumes are projected to be 5.6 per cent below the five-year average.

The average export return is forecast to be \$6,609 per tonne, which is about 10 per cent below the five-year average.

Total mutton export receipts (including co-products) are forecast to increase 2.3 per cent on 2022-23, however, this total is 13 per cent below the five-year average.

Table 6 New Zealand Mutton Exports

Sep Year	Mutton meat			Co-Products \$m FOB	Total Mutton \$m FOB	Mutton Meat %*
	000 tonnes	\$ / tonne	\$m FOB			
2019-20	85	7,523	643	102	745	86%
2020-21	94	7,713	727	108	835	87%
2021-22	87	8,161	712	114	827	86%
2022-23p	80	6,555	525	103	628	84%
2023-24f	81	6,609	537	105	642	84%
2023-24f % change	+1.6%	+0.8%	+2.5%	+1.6%	+2.3%	

* 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 Prices – Farm-gate

Farm-gate prices have followed the same direction as export demand. Less demand meant a whiplash of decreases from record highs in the previous season. It is important to remember that New Zealand exports 95 per cent of its sheepmeat production, so prices are determined by overseas demand.

A weaker NZD compared to last season was one of the few positives of 2022-23. The NZD averaged USD0.62; down 6 per cent on the previous season and 8.1 per cent lower than the five-year average.

The 2022-23 weighted average farm-gate price for lamb is estimated at \$143 per head, down 12.7 per cent on 2021-22's record, but in line with the five-year average.

Farm-gate prices for sheep plummeted in 2022-23. The weighted average farm-gate price for the season dropped 34 per cent on 2021-22 to \$97 per head or 371 c/kgCW. This is 22 per cent below the five-year average.

Although processing capacity was constrained by a lack of labour in 2021-22, it seemed to be less of a problem in 2022-23 as immigration settings were loosened.

A stronger NZD against the USD is expected to partially offset slight increases in in-market prices in China and the US. However, a weaker NZD against the EUR and GBP is expected to benefit prices for lamb.

2023-24 forecast

The 2023-24 weighted average farm-gate lamb price is forecast to increase 0.7 per cent to \$144 per head (749 c/kgCW), which is the same as the five-year average.

The 2023-24 weighted average farm-gate prime mutton price is forecast to increase 3.5 per cent to \$100 per head (382 c/kgCW), which is 19 per cent below the five-year average.

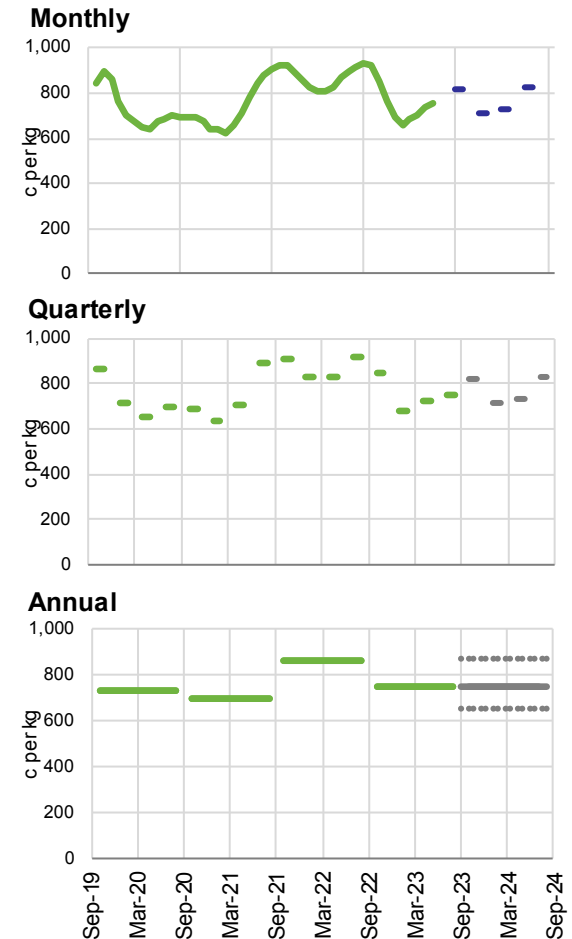
The main factor influencing the increase in both lamb and mutton prices is an improvement from the lows in 2022-23, for the reasons stated earlier in this report, particularly with China's demand and Australia's supply.

Table 7 Lamb Price Sensitivity

All Class Lamb Price				
Exchange Rate		\$ per head	c per kg	
Low NZD				
USD	0.58			
GBP	0.44	168	872	High
EUR	0.50			
Mid NZD				
USD	0.64			
GBP	0.49	144	749	Mid
EUR	0.56			
High NZD				
USD	0.71			
GBP	0.54	125	649	Low
EUR	0.61			

Source: Beef + Lamb New Zealand Economic Service

Figure 2 Weighted Average Lamb Farm-Gate Price



Source: Beef + Lamb New Zealand Economic Service

Lamb and Mutton Production

Table 8 Export Lamb Production

Sep Year	Lamb Crop million head	Slaughter million head	Carcase Weight kg	Production 000 tonne bone-in
2019-20	23.2	19.1	19.0	363.5
2020-21	22.9	18.3	19.1	349.9
2021-22	22.0	17.8	19.0	338.3
2022-23e	20.2	17.1	19.2	329.4
2023-24f	20.4	17.6	19.2	337.6
2023-24f % change	+0.6%	+2.5%	+0.0%	+2.5%

e estimate, f forecast

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

Lamb

The total number of lambs tailed in spring 2023 is estimated at 20.4 million head, up 0.6 per cent on the previous spring.

The increase in lamb crop is driven by better breeding conditions and better pregnancy scanning results.

For the year to June 2023, the number of breeding ewes declined 0.9 per cent to 15.3 million, while the number of ewe hoggets mated increased (+5.5%). Lambs from ewe hoggets are a small proportion of the total lamb crop – around 5 per cent.

The average lambing percentage for ewes for spring 2023 is estimated at 126.1 per cent. Climatic conditions through September and October are critical to lambing outcomes. An estimate of the number of lambs born will be in the B+LNZ Lamb Crop Survey completed in November.

For the year ending September 2023, the number of lambs processed for export increased 2.5 per cent or 0.4 million head to 17.6 million.

Total lamb export production is expected to increase 2.5 per cent on 2022-23 to 337,600 tonnes bone-in.

Table 9 Export Mutton Production

Sep Year	Breeding Ewes million head	Slaughter million head	Carcase Weight kg	Production 000 tonne bone-in
2019-20	16.8	3.5	25.9	91.6
2020-21	16.6	3.8	26.2	100.7
2021-22	16.3	3.6	25.6	93.6
2022-23e	15.5	3.3	26.0	86.4
2023-24f	15.3	3.3	26.1	87.6
2023-24f % change	-0.9%	+1.6%	+0.4%	+1.4%

e estimate, f forecast

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

Mutton

The number of adult sheep processed in 2023-24 is forecast to increase 1.6 per cent to 3.3 million head.

Farm-gate mutton prices have plummeted, removing the incentive to sell that existed in 2022-23. In 2023-24, we are expecting a slight increase, but total production is still low compared to previous years.

Farmers are expected to reduce ewe numbers slightly into next season.

The average mutton carcass weight is expected to increase from 2022-23.

Total export mutton production in 2022-23 is estimated to have been 86,400 tonnes bone-in, down 7.7 per cent from 2021-22 and 10 per cent down on the five-year average.

In 2023-24, total export mutton production is forecast at

87,600 tonnes bone-in, up 1.4 per cent from 2022-23 but down 5 per cent on the five-year average.



Beef and Veal Exports

2022-23

Demand for beef followed the same trends as sheepmeat with average export prices falling from the record in 2021-22. However, export volume increased marginally – by 3 per cent.

US demand was moderately strong in the second half of the season due to the drought conditions persisting and limited supplies of lean beef.

Average export returns were \$8,887 per tonne FOB, down 11 per cent on 2021-22, but 10 per cent above the five-year average.

Beef and veal meat export volumes increased one per cent on 2021-22 to 467,000 tonnes shipped weight.

China and the US dominated New Zealand beef exports. Combined, the two markets accounted for just over three-quarters of total exports.

The volume of chilled beef exported was 16 per cent lower than in 2021-22. Chilled exports accounted for 7 per cent of volume compared to 8 per cent of total beef exports in 2021-22. This was the same trend as lamb. China, the US, and Japan are New Zealand's largest markets for chilled beef.

New Zealand beef exports to China were lower compared with 2021-22. In the eleven months to August 2023, export volume was down 8 per cent and average value was down 13 per cent.

Beef exports to the US were moderately strong, especially in the second half of the season. In the eleven months to August, export volume increased 33 per cent, with average value down 14 per cent, compared to the previous season. Since May, the US has been the top market for New Zealand beef exports, with August's beef exports to this market up 111 per cent. As mentioned earlier in this report, the drought conditions in key beef producing states resulted in the US national cattle herd falling to record lows. This created a glut of domestic beef into the market in 2022 but in 2023 imports have increased and that has been felt in the demand for New Zealand's beef.

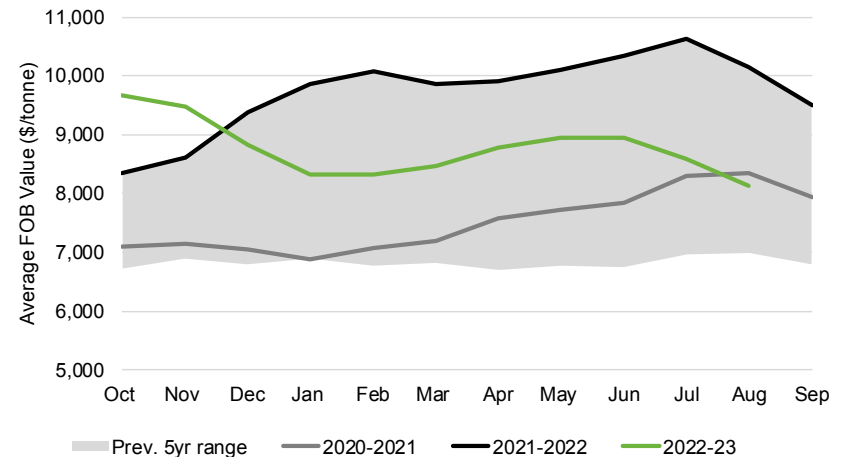
While the average value of co-products has been performing well in recent years, in 2022-23 it decreased 13 per cent compared to 2021-22 but was 3 per cent above the five-year average.

Total beef export receipts (including co-products) are forecast at \$4.89 billion FOB, down 10 per cent from a record 2021-22, but 13 per cent above the five-year average.

2023-24

In general, demand for New Zealand beef exports remains strong. Demand is expected to remain strong from the US as consumer demand remains robust and domestic supplies of lean beef remain limited. While Australian beef exports are expected to continue

Figure 3 Average Monthly Value of Beef and Veal Exports



being competitive both Australia and New Zealand are facing El Niño weather conditions.

The high cost-of-living is still present, but it has peaked, and increases are expected to ease next year. However, consumers could continue to substitute relatively expensive meats for cheaper meats. Unlike lamb, beef is more familiar to a much wider range of the population, and it is more readily substituted when customers “trade down”.

Demand from the US and China, and subsequent competitive pressure between these two markets, to which over 75 per cent of New Zealand's exports are sold, will underpin the direction of export prices.

The level of demand from China for New Year celebrations on 10 February 2024, will be critical to returns in the

first quarter of the season. This demand has underpinned high returns in recent years. The current sentiment in this market is positive as the 2023 New Year was a recovery following previous COVID-19 lockdowns.

The projected strengthening of the NZD against the USD would decrease export returns from the US and China in 2023-24. Beef export returns have a higher exposure to the NZD/USD than lamb and mutton exports, and peak export volumes coincide with the period of higher currency forecast. It is key to highlight how sensitive this forecast will be to changes in currency markets.

Total co-product receipts are forecast to decrease 3.6 per cent, which is in line with historical averages.

Overall, 2023-24 beef and veal export receipts are expected to decrease 2.6 per cent to \$4.76 billion FOB. The change reflects a 3.6 per cent decrease in export volumes partly offset by a 1.2 per cent increase in the average value. The forecast average export value is 6.6 per cent above, and the forecast volume is 2 per cent below, the five-year averages.

Table 10 New Zealand 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	%*
2019-20	464	8,189	3,797	511	4,309	88%
2020-21	504	7,672	3,867	547	4,414	88%
2021-22	480	9,987	4,794	663	5,457	88%
2022-23p	485	8,887	4,311	577	4,888	88%
2023-24f	467	8,997	4,206	556	4,761	88%
2023-24f % change	-3.6%	+1.2%	-2.5%	-3.6%	-2.6%	

* 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



Cattle Prices – Farm-gate

2022-23 was a relatively strong season for cattle farmers, although farm-gate prices retreated from the record highs in the previous season. Solid export demand and a weaker NZD were contributing factors.

The annual weighted average all classes cattle price for 2022-23 is estimated at 541 c/kgCW, down 2.9 per cent on 2021-22 but 6.9 per cent higher than the five-year average.

2023-24 forecast

Looking forward to 2023-24, export fundamentals remain solid and are forecast to support an increase in returns for beef, despite a strengthening NZD.

The forecast for the 2023-24 season is for the average farm-gate price for all cattle to increase slightly (+0.3%) from 2022-23, to 541 c/kgCW.

Beef export returns have a higher exposure to the USD than lamb and mutton exports. The average

in-market export value is forecast to increase 5 per cent in the 2023-24 season, however in NZD the average export value is forecast to increase by one per cent because of a stronger NZD against the USD.

Three exchange rate scenarios are used in the outlook to indicate the effect of exchange rate variability. The three scenarios use annual average exchange rates of USD0.58, USD0.64 and USD0.71 and the associated cross rates against the GBP and EUR. At USD0.64, the estimated 2023-24 average annual prices are:

- 601 cents per kg for P steer/heifer (270-295kg);
- 399 cents per kg for M cow (170-195kg);
- and 593 cents per kg for M bull (270-295).

Figure 4 Weighted Average All Classes Cattle Farm-Gate Price

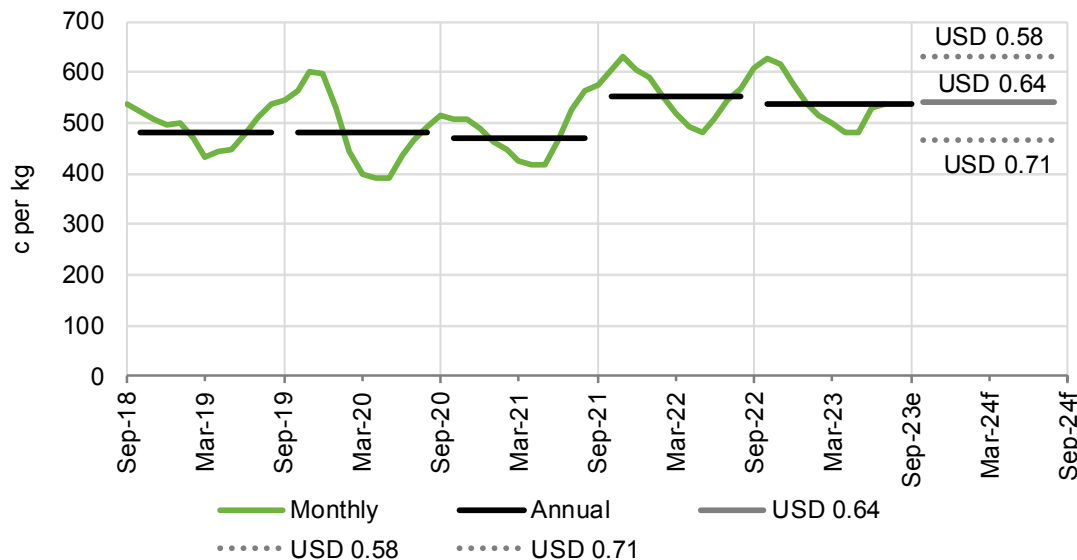
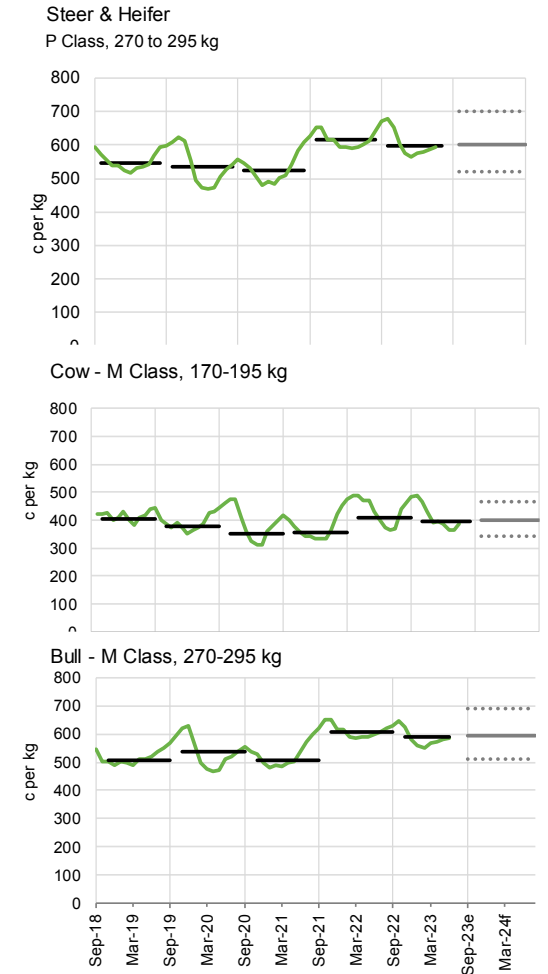


Figure 5 Weighted Average Cattle Farm-Gate Price



Source: Beef + Lamb New Zealand Economic Service

Beef Production

Table 11 Export Cattle Slaughter Composition

Sep Year	000 head				
	Steer	Heifer	Cow	Bull	Total
2019-20	588	491	1,048	546	2,674
2020-21	669	550	1,034	553	2,806
2021-22	647	515	965	529	2,656
2022-23e	658	531	998	509	2,695
2023-24f	630	479	953	523	2,585
2022-23e % change	-4.2%	-9.8%	-4.5%	+2.7%	-4.1%

e estimate, f forecast

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

Table 12 Export Cattle Carcase Weights

Sep Year	kg / head				
	Steer	Heifer	Cow	Bull	Total
2019-20	312	243	202	299	254
2020-21	310	244	202	300	256
2021-22	309	246	202	300	256
2022-23e	311	244	202	300	255
2023-24f	310	245	203	300	256
2022-23e % change	-0.0%	+0.5%	+0.4%	-0.1%	+0.5%

e estimate, f forecast

Table 13 Export Beef Production Composition

Sep Year	000 tonne bone-in				
	Steer	Heifer	Cow	Bull	Total
2019-20	184	120	212	163	679
2020-21	208	134	209	166	717
2021-22	200	126	195	159	681
2022-23e	204	129	202	153	688
2023-24f	196	117	193	157	663
2022-23e % change	-4.2%	-9.4%	-4.1%	+2.6%	-3.6%

e estimate, f forecast

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

Cattle Slaughter

For 2023-24, the number of cattle processed for export is forecast to decrease 4.1 per cent to 2.6 million head.

Heifer numbers are driving the overall decrease as they are forecast to fall by 9.8 per cent. This is driven by farmers retaining more stock to increase beef cattle numbers relative to sheep, which is a trend that has occurred over the past couple of years. Additionally, there could be some rebuilding occurring following the weather events experienced in the North Island in 2023.

The number of cows processed is estimated to drop 4.5 per cent in 2023-24. The main reason for the decrease is because dairy farmers processed more animals, due to the drop in the farm-gate milk price in 2022-23, and conversely holding onto them in 2021-22.

Bull beef processing is dominated by dairy-beef bulls. In general, the level of bull beef processing reflects the level of retentions of bull calves born up to two seasons prior to processing and seasonal conditions.

Cattle Weights

On average, export cattle carcase weights are forecast to remain relatively stable in both 2022-23 and 2023-24. This assumes "normal" climatic conditions in the 2023-24 season.

Beef Production

In 2023-24, New Zealand's export beef production is forecast to decrease 3.6 per cent on 2022-23, to 663,000 tonnes bone-in. This is in line with historical levels after four-plus years of higher than usual processing and reflects the relative proportions each class of cattle contributes to the total.



Wool

Table 14 Season Average Wool Price Indicators

June Year	cents / kg greasy				
	Fine	Medium	Strong	Lambs	All Wool
2019-20	1,447	725	221	230	332
2020-21	1,114	421	170	169	254
2021-22	1,532	389	213	210	337
2022-23e	1,448	313	224	206	320
2023-24f	1,264	302	233	203	312
2023-24f % change	-12.7%	-3.5%	+4.0%	-1.6%	-2.3%

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

Prices

Prices fell for all wool types except strong wool for the 2022-23 wool season. While this is positive news for most farmers, it was a marginal increase and would have to lift substantially before wool becomes profitable again. The decrease in prices for fine wool is negative news for woolgrowers.

The outlook for 2023-24 for fine wool prices is a 12.7 per cent drop, following a 5.5 per cent decrease in the previous season. Medium wool prices are forecast to drop 3.5 per cent but conversely strong wool prices are forecast to lift 4.0 per cent.² The downward trend in the finer categories indicates that distributors are pessimistic for demand, especially out of China and Europe.

Exports

For the 2022-23 season (from July to June), New Zealand wool exports

were down 10 per cent to 77,400 tonnes clean. For the 2023-24 season, New Zealand wool exports are projected to increase 0.9 per cent to 78,100 tonnes clean.

The outlook for 2023-24 is for the volume of wool that is exported to be up slightly on 2022-23. Export revenue from wool is forecast to drop 2 per cent to \$392 million. Average export receipts at FOB are expected to decrease 2.8 per cent to \$5,022 per tonne clean.

China remained New Zealand's largest wool market in 2022-23, accounting for 31 per cent of wool export volumes, up from 27 per cent in 2021-22. Export volumes to the EU for 2022-23 – the next largest market (27%) – were down 23 per cent, driven by a 36 per cent drop in volumes to Italy. The UK continued to be an important market accounting for 6 per cent of exports. There was an 18 per cent drop in exports to India, which accounted for 15 per cent of

Table 15 Auction Prices and Raw Wool Exports

June Year	Auction Price	Wool Exports		
	\$ / kg clean	FOB \$ / kg clean	000 tonne clean	\$m FOB
2019-20	4.53	5.63	76.7	432.1
2020-21	3.47	4.15	95.4	395.7
2021-22	4.64	5.04	86.8	437.4
2022-23e	4.40	5.17	77.4	400.2
2023-24f	4.30	5.02	78.1	392.3
2023-24f % change	-2.3%	-2.8%	+0.9%	-2.0%

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

total exports as a result. Wool exports to the Middle East increased 4.6 per cent on 2021-22.

² Wool price indicators are for fleece wool, and not an average across the whole clip.

Production

For 2023-24, total shorn wool production is forecast to increase as sheep numbers are forecast to be stable. Slipe wool production is forecast to decrease 1.7 per cent on the previous season.

Shearing

Shearing expenditure is forecast to increase 2.9 per cent in 2023-24 to average \$28,900 per farm, which is equivalent to \$5.88 a head.

The net wool account (wool revenue less shearing expenses) for 2023-24 is forecast to break even, on average. For most farm classes, shearing is a loss-making exercise and has been since 2019-20. The exceptions are South Island High Country and some South Island Hill Country farms where wool remains profitable due to the higher value of fine wools, which are an important part of total revenue.

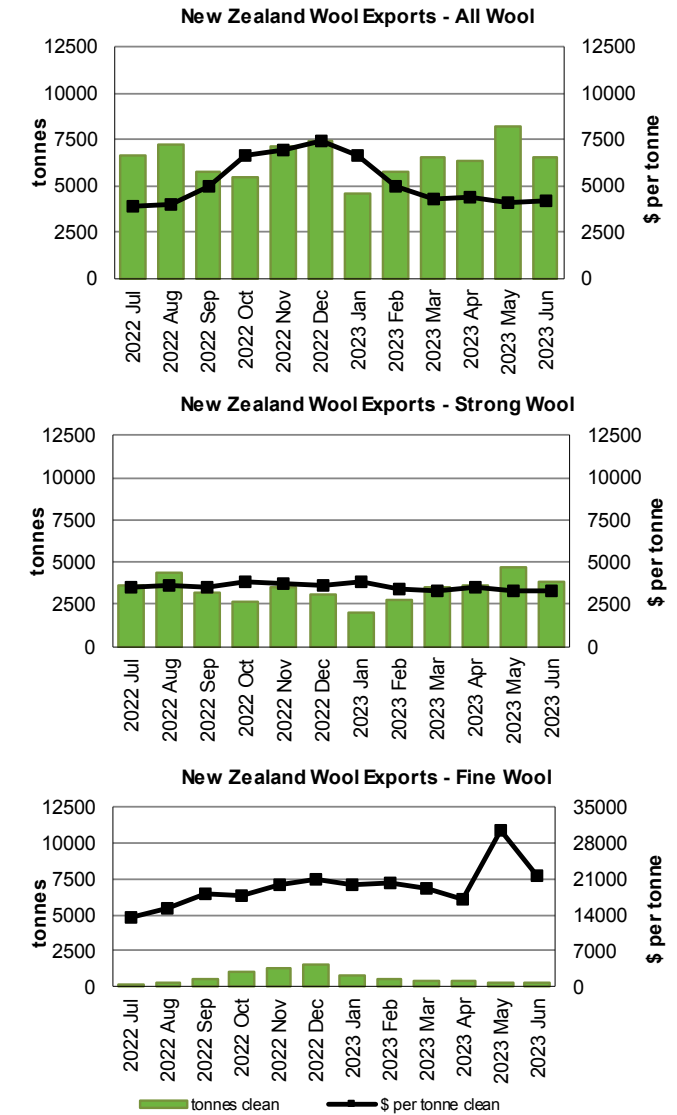
Table 16 Wool Production

June Year	Sheep million head	Shorn 000 tonnes greasy	Slipe 000 tonnes greasy	Total Shorn Wool 000 tonnes greasy	kg / head*
2019-20	26.8	114	16.4	130	4.84
2020-21	26.0	118	16.0	134	5.13
2021-22	25.7	111	15.7	127	4.92
2022-23e	25.3	109	15.3	124	4.90
2023-24f	25.5	110	15.0	125	4.92
2023-24f % change	+0.6%	+1.2%	-1.7%	+0.9%	+0.3%

*excludes wool on sheepskins

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

Figure 6 New Zealand Wool Exports



Source: Beef + Lamb New Zealand Economic Service

Farm Revenue, Expenditure and Profit – New Zealand

In 2023-24, farm profit before tax is forecast to decrease 31 per cent from 2022-23 following a decrease of 32 per cent the season prior. Farm profit before tax is forecast to average \$88,600 per farm², under an exchange rate scenario of USD0.64. In inflation-adjusted terms this equates to farm profit of \$54,800 per farm, which is a 15-year low.

In 2022-23, a sharp decrease in lamb and mutton prices drove down gross farm revenue by over 8 per cent. Expenditure increased slightly despite farmers purchasing fewer inputs³, including fertiliser, to counteract the decline in revenue.

Falling profit for 2023-24 is driven by lower gross farm revenue (-3.0%) and increased farm expenditure (+3.5%) – thereby squeezing profit margins.

Farm Profit before Tax is used to meet tax, personal drawings, principal repayments, capital expenditure and development of the farm. With lower profitability and cashflow this season, debt reduction is unlikely, and farmers will have less to spend within their communities after meeting other financial obligations.

El Niño adds another challenging dimension to 2023-24, with farmers along the east coast facing dry conditions, which may impact the

timing of sales and increase costs depending on severity.

The farm production and financial season runs from 1 July to 30 June, and for 2023-24 farm-gate prices for sheep and lambs fell sharply at the start of the year in winter and early spring. On average across the season, we expect farm-gate prices in 2023-24 to be similar to 2022-23.

A reduction of 3.0 per cent in total gross farm revenue for 2023-24 is mainly due to lower sheep revenue (-4.7%), and lower cattle revenue (-3.3%). Expectations for the spring 2023 lamb crop are positive, with the average lambing percentage estimated to be around 1.5 percentage points higher than in spring 2022 (126.1%).

With El Niño heralding a hot, dry summer, farmers may sell cattle earlier this season to avoid low feed conditions.

Sheep and cattle revenue account for three-quarters of gross farm revenue at 48 per cent and 28 per cent respectively. Dairy grazing revenue is estimated at around six per cent of gross revenue.

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

² The weighted average all classes, is a weighted average of the respective farm class averages and is a useful representation of the sheep and beef sector

that describes annual data and sector trends.

Table 17 New Zealand Summary, Weighted Average All Classes

		Weighted Average All Classes ¹				
		Provisional		Forecast		
		2021-22	2022-23	2023-24	2023-24	2023-24
				USD 0.58	USD 0.64	USD 0.71
Revenue						
Wool		30,484	29,600	34,400	29,400	25,300
Sheep		371,885	327,000	368,900	311,700	264,700
Cattle		192,699	187,600	211,800	181,500	156,700
Dairy Grazing		38,366	37,500	38,100	38,100	38,100
Deer + Velvet		6,225	5,300	6,000	5,200	4,500
Goat + Fibre		28	0	0	0	0
Cash Crop		67,203	60,800	61,100	61,100	61,100
Other		27,900	27,000	27,400	27,400	27,400
Total Gross Revenue	\$ per farm	734,790	674,800	747,700	654,400	577,800
Expenditure						
Fert, Lime & Seeds		99,716	96,900	95,200	93,900	92,900
Repairs & Maintenance		48,420	47,500	50,400	49,700	49,100
Interest & Rent		76,401	82,800	96,100	96,400	96,700
Other Expenses		321,931	319,600	331,900	325,800	320,800
Total Expenditure	\$ per farm	546,468	546,800	573,600	565,800	559,500
Farm Profit Before Tax²	\$ per farm	188,322	128,000	174,100	88,600	18,300
EBITRm³	\$ per farm	269,232	215,300	275,400	189,600	118,900
Real Farm Profit⁴	\$ per farm	129,300	82,300	107,700	54,800	11,300

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2023 was a grazing area of 700 hectares with 2,963 sheep, 323 cattle and 26 deer, totalling 4,602 stock units.

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

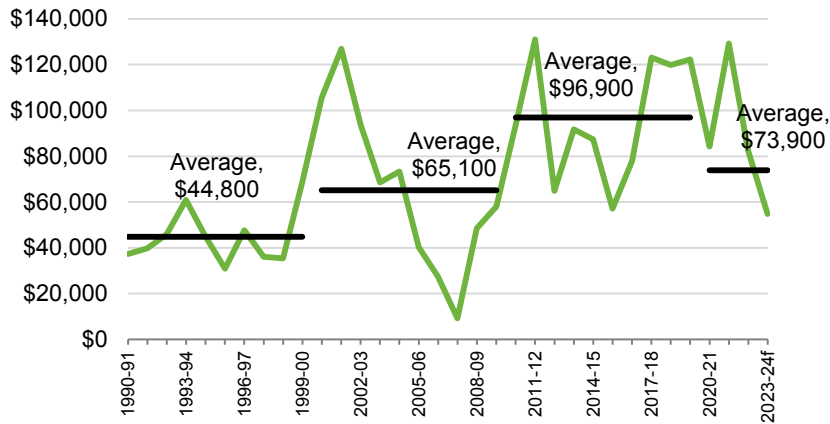
3. Earnings before Interest, Tax, Rent and Managers Salary

4. Deflated by June year Consumer Price Index.

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

³ Price increases for all categories of farm inputs were seen in 2022-23.

Figure 7 All Classes Sheep and Beef Farm Inflation-Adjusted¹ Farm Profit Before Tax



p provisional | f forecast | ¹Adjusted to 2004-05 \$ terms
 Source: Beef + Lamb New Zealand Economic Service | Sheep and Beef Farm Survey

While the increase in total farm expenditure is moderate, up 3.5 per cent, it follows a cumulative increase in farm expenditure since 2020-21 of 15 per cent. Gross farm revenue in 2023-24 is forecast to be 8 per cent higher than 2020-21 by comparison. Expenditure on interest and rent has increased by around 37 per cent since 2020-21 as interest rates climbed.

Total expenditure is estimated to increase 3.5 per cent (+\$19,000) to average \$565,800 per farm for 2023-24. All areas of expenditure are forecast to increase.

Interest expenditure, which accounts for around 14 per cent of total farm

expenditure, is forecast at \$79,000 per farm (+20%). In 2020-21, interest expenditure was around 10 per cent of total farm expenditure. Debt-servicing and indebtedness varies greatly between farms and therefore those with higher levels of borrowing are currently more exposed to interest rate increases

Farms affected by adverse climatic events such as flooding, slips and roading issues in 2022-23 will face additional costs, and infrastructure costs will be substantial.

Whilst a decline in profitability is expected in all regions and Farm Classes, Marlborough-Canterbury is most affected due to the influence of

high country and mixed finishing farms, with farm profit before tax forecast to decrease by 37 per cent and 51 per cent respectively due to a greater reliance on sheep revenue and a higher increase in costs than other Farm Classes.

On average, sheep and beef farms in New Zealand carry 4,600 stock units grazing on 700 ha and have an average stocking rate of 6.6 stock units per hectare. On average, around 84 per cent of the total area of a sheep and beef farm is used to produce food and fibre, with 16 per cent in other non-food producing uses, including carbon-sequestering woody vegetation such as indigenous forest, mānuka, kānuka, exotic forest, shrubland and scrub and other areas.

EBITRm

EBITRm is the abbreviation for Earnings before Interest, Tax, Rent and any wages paid to a manager (actual or family). It 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.

EBITRm is forecast to average \$189,600 per farm for 2023-24, 12 per cent lower than 2022-23 and similar to EBITRm in 2020-21.

Exchange rate scenarios for EBITRm may be found in [Appendix 1](#).

Exchange rate scenarios

The Farm Profit Before Tax forecast for 2023-24 depends on the value of the NZD relative to other currencies. Currently the NZD is relatively low, which is positive for exporters. Nearly 90 per cent of beef and 95 per cent of sheepmeat production is exported. A low NZD does, however, impact on prices for some farm inputs, therefore farm expenditure is adjusted to account for changes in the NZD.

To provide some indication of the impact of changes in the exchange rate, three scenarios⁴ are shown in Table 17 New Zealand Summary, Weighted Average All Classes:

- At the mid exchange rate (USD0.64), Farm Profit Before Tax is forecast to average \$88,600, down 31 per cent on \$128,000 for 2022-23.
- If the value of the NZD were 10 per cent lower (USD0.58), Farm Profit Before Tax would be \$174,100, up 36 per cent on \$128,000 for 2022-23.
- If the value of the NZD were 10 per cent higher (USD0.71), Farm Profit Before Tax would be \$18,300, down 86 per cent on \$128,000 for 2022-23.

⁴ Exchange rate scenarios consider changes to revenue and expenditure given a particular exchange rate.

However, they do not account for changes in selling or purchasing behaviour by farmers which would impact profitability.

Regional Comment

This section analyses profitability by region using the 'all classes average'. If you would like to compare your farm with a similar farm class in your own region benchmarking resources are available on the B+LNZ website. For an interactive Benchmarking tool click [here](#) and for downloadable spreadsheets click [here](#).

Northland-Waikato-Bay of Plenty

On average, Farm Profit before Tax decreases by 23 per cent to average \$86,100 per farm in 2023-24 as expenditure increases 6.9 per cent, while gross farm revenue is static at an average of \$461,900 per farm for 2023-24, following a large decrease (-11.4%) in 2022-23.

Sheep revenue is forecast to decrease 1.3 per cent to \$142,900 and wool revenue remains steady to average \$7,500 per farm. Ewe numbers in the region have stabilised and forecast revenue includes more lambs for sale. Farm-gate prices, however, are expected to soften for both prime and store markets. Sheep revenue, as a percentage of total gross farm revenue, averages 31 per cent for 2023-24.

Cattle revenue is forecast to decrease 2.1 per cent to an average \$236,400 per farm, driven by a decrease in weaner cattle at 30 June. Changes in cattle numbers vary by farm class, with hard hill country farms planning to sell more cattle in 2023-24. Revenue from cattle averages 51 per cent of total gross farm revenue for 2023-24.

Total farm expenditure increases to \$375,800 per farm (+6.9%) for 2023-24.

Fertiliser, lime, and seeds expenditure is forecast to increase to \$62,800 per farm, as farmers increase volumes following a reduction in 2021-22 and 2022-23, due to high prices and wet autumn conditions (autumn 2023).

Repairs and maintenance expenditure is forecast to increase around 20 per cent to average \$51,400 per farm. Hard hill and hill country farms experienced storm damage in 2022-23, which increased costs significantly.

Interest expenditure is forecast to increase to \$51,200 per farm (+18%) as interest rates increase and overdrafts are forecast to increase (on average).

East Coast

Farm Profit before Tax is forecast at \$73,800 on average per farm for 2023-24, down almost 40 per cent on 2022-23. Farm expenditure, up ~\$30,000, combined with a small decline in revenue, significantly reduces profitability. Stocking rates are down, particularly for hard hill country farms, as grazeable areas were reduced after Cyclone Gabrielle.

Gross farm revenue decreases 2.8 per cent to average \$641,400 per farm for 2023-24.

Sheep revenue decreases 3.2 per cent to \$353,400 per farm on average. Fewer lambs and other classes of sheep are expected to be sold. Lambing for spring 2023 may improve on 2022 with good autumn conditions at mating and improved pregnancy scanning results. Sheep revenue contributes 55 per cent of gross farm revenue.

Wool revenue is forecast to decrease by 8.6 per cent to \$17,000 per farm on average, an historical low level.

Cattle revenue, which is equivalent to 36 per cent of gross farm revenue, decreases 3.5 per cent to average \$229,100 per farm with fewer cattle being a key contributing factor.

Total farm expenditure is forecast to increase 5.6 per cent to average \$567,600 per farm. Government funding and insurance will cover some of the costs of rebuilding following Cyclone Gabrielle, which hit the region in February 2023, but, in many cases, external funds will be insufficient. Repairs and maintenance expenditure is estimated to increase by 12 per cent to average \$70,300 per farm.

Interest expenditure is the largest expense at an average \$89,100 per farm (+23%) followed by fertiliser, which increases 2.2 per cent to average \$71,100. Fertiliser

Table 18 Regional Summary, Weighted Average All Classes - \$ per Farm

Region	2021-22		2022-23p		2023-24f			
	Profit	Profit	Revenue	Expenditure	Profit	EBITRm ¹	Stock Units	Hectares
Northland-Waikato-BoP	155,764	111,100	461,900	375,800	86,100	155,900	3,500	390
East Coast	175,838	122,200	641,400	567,600	73,800	191,500	5,200	610
Taranaki-Manawatu	204,296	127,400	625,200	536,800	88,400	193,200	4,700	530
North Island	173,912	121,100	562,700	477,900	84,800	179,300	4,400	500
Marlborough-Canterbury ²	207,026	161,200	884,800	793,800	91,000	209,300	5,000	970
Otago/Southland ²	206,128	105,400	635,800	543,300	92,500	194,000	4,800	900
South Island²	205,768	136,700	765,200	672,300	92,900	201,600	4,900	950
New Zealand	188,322	128,000	654,400	565,800	88,600	189,600	4,600	700

p provisional, f forecast | Exchange rate used in forecast year USD/NZD 0.64

¹ Earnings before Interest, Tax, Rent and wages paid to a manager

² Grazing area is inflated by High Country Farms, which average over 8,000 hectares per farm

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

applications may increase by around 15 per cent (tonnes applied) as farmers focus on soil fertility.

Taranaki-Manawātū

Farm Profit before Tax decreases 31 per cent to \$88,400 per farm for 2023-24 as revenue falls.

Average gross farm revenue is forecast to decrease 5.4 per cent to \$625,200. Decreased revenue is largely driven by lower sheep revenue with fewer head sold, and slightly lower pricing than in 2021-22.

Sheep revenue decreases 9.7 per cent to \$345,000 per farm on average for 2023-24, with expectations for lower prices for store and prime lambs and prime ewes. Sheep revenue contributes around 55 per cent of gross farm revenue in 2023-24. Wool revenue increases 15 per cent to \$24,200.

Cattle revenue decreases 1.7 per cent to \$195,700. Fewer trading cattle are expected to be sold this season; trading cattle made way for breeding cows on hill country farms over winter 2023. Cattle revenue contributes around 31 per cent of gross farm revenue.

Total farm expenditure increases marginally (+0.6%) to average \$536,800 per farm for 2023-24. This follows a large 6.9 per cent increase in the previous season.

Fertiliser, lime, and seeds expenditure decreases by 15 per cent to average \$79,600 per farm. Fertiliser volumes are not expected to increase in 2023-24, which is the opposite of all other regions in New Zealand.

Interest is the largest area of farm expenditure and is forecast to increase 23 per cent to \$77,800 per farm. With reduced profit and cashflow, farmers will not, generally, be making additional debt repayments.

Shearing expenditure increases by 1.4 per cent to \$36,800 per farm on average in 2023-24, a loss-making exercise when subtracted from wool revenue of under \$24,000.

Marlborough-Canterbury

Farm Profit before Tax decreases 44 per cent to \$91,000 per farm for 2023-24. The influence of high country and mixed finishing farms in Marlborough-Canterbury means this region has the highest decline in profitability because profitability on those two farm classes is forecast to decrease by 37 per cent and 51 per cent respectively. High country farms have a greater reliance on sheep revenue, including wool, and revenue is forecast to decrease by 5.7 per cent. Mixed finishing farms are expected to experience both a contraction in revenue (-4.1%) and a higher rate of increased expenditure (+3.9%) than other Farm Classes. The predominant Farm Class in the region is finishing breeding farms.

Gross farm revenue decreases 5.4 per cent to average \$884,800 per farm for 2023-24.

Sheep revenue decreases 10 per cent to \$323,300. The number of prime lambs sold is expected to decrease, on average, with slightly more store lambs available. Prime lamb and sheep prices are the biggest driver of

decreased sheep revenue. Sheep revenue contributes around 37 per cent of gross farm revenue.

Wool revenue decreases by 2.8 per cent to average \$47,800 per farm. For high country farms, wool revenue decreases to \$481,200 per farm (-8.2%).

Cattle revenue decreases 6.5 per cent to \$155,900. Expected cattle prices vary between farm classes and expectations of El Niño conditions are a concern, particularly for the weaner market. Cattle revenue accounts for around 18 per cent of gross farm revenue.

Cash cropping revenue, which accounts for around 24 per cent of gross farm revenue because of the influence of mixed (cropping) finishing farms, is forecast to increase marginally (+0.4%) to \$210,600 per farm.

Dairy grazing revenue decreases 1.4 per cent to \$78,000 per farm on average.

Total farm expenditure is expected to increase 2.9 per cent to average \$793,800 per farm for 2023-24 (+\$22,000).

Fertiliser, lime, and seeds expenditure decreases by 7.7 per cent to average \$130,700 per farm, as tonnages applied remain steady while fertiliser prices decrease from 2022-23.

Interest expenditure increases by 20 per cent to \$98,000 per farm as interest rate rises impact debt facilities.

Otago-Southland

Farm Profit before Tax decreases 12 per cent to average \$92,500 per farm for 2023-24, following a very large decrease in profitability of almost 50 per cent the season prior. Drought and falling prices from 2021-22 made a significant impact on profitability in the region over recent seasons.

For 2023-24, gross farm revenue is forecast to decrease 1.1 per cent to average \$635,800 per farm. Sheep revenue supports a recovery for Otago-Southland with more lambs (store and prime) and ewes to sell. Revenue from wool and sheep combined accounts for around three-quarters of gross farm revenue.

Sheep revenue increases 0.7 per cent to average \$437,800 per farm. Wool revenue is estimated to increase 1.8 per cent to an average \$44,300 per farm.

Cattle revenue decreases 5.3 per cent to average \$91,800 per farm. Cattle revenue accounts for around 14 per cent of gross farm revenue.

Total farm expenditure increases by 1.1 per cent to \$543,300 per farm, following a 1.5 per cent decrease the previous season.

Fertiliser expenditure is estimated to decrease by 6.5 per cent to average \$79,700 per farm as prices decrease. Volumes applied may increase slightly after decreasing in 2022-23.

Interest expenditure is estimated to increase by 19 per cent to an average \$78,600 per farm, due to increased interest rates.

Appendix 1: On-farm profitability

Sheep and Beef Farm Revenue and Expenditure. Weighted Average All Classes

		Provisional				Forecast			Forecast % Change		
		2019-20	2020-21	2021-22	2022-23	2023-24 USD 0.58	2023-24 USD 0.64	2023-24 USD 0.71	2022-23 to 2023-24		
									USD 0.58	USD 0.64	USD 0.71
Revenue											
Wool		31,673	26,909	30,484	29,600	34,400	29,400	25,300	+16.2%	-0.7%	-14.5%
Sheep		320,255	292,953	371,885	327,000	368,900	311,700	264,700	+12.8%	-4.7%	-19.1%
Cattle		170,746	157,554	192,699	187,600	211,800	181,500	156,700	+12.9%	-3.3%	-16.5%
Dairy Grazing		34,662	35,229	38,366	37,500	38,100	38,100	38,100	+1.6%	+1.6%	+1.6%
Deer + Velvet		6,203	4,943	6,225	5,300	6,000	5,200	4,500	+13.2%	-1.9%	-15.1%
Goat + Fibre		72	81	28	0	0	0	0			
Cash Crop		64,307	66,272	67,203	60,800	61,100	61,100	61,100	+0.5%	+0.5%	+0.5%
Other		23,617	23,829	27,900	27,000	27,400	27,400	27,400	+1.5%	+1.5%	+1.5%
Total Gross Revenue	\$ per farm	651,535	607,770	734,790	674,800	747,700	654,400	577,800	+10.8%	-3.0%	-14.4%
Expenditure											
Fert, Lime & Seeds		83,544	83,851	99,716	96,900	95,200	93,900	92,900	-1.8%	-3.1%	-4.1%
Repairs & Maintenance		42,540	42,668	48,420	47,500	50,400	49,700	49,100	+6.1%	+4.6%	+3.4%
Interest & Rent		76,597	70,254	76,401	82,800	96,100	96,400	96,700	+16.1%	+16.4%	+16.8%
Other Expenses		284,408	295,575	321,931	319,600	331,900	325,800	320,800	+3.8%	+1.9%	+0.4%
Total Expenditure	\$ per farm	487,089	492,348	546,468	546,800	573,600	565,800	559,500	+4.9%	+3.5%	+2.3%
Farm Profit Before Tax²	\$ per farm	164,446	115,422	188,322	128,000	174,100	88,600	18,300	+36.0%	-30.8%	-85.7%
EBITRm³	\$ per farm	246,571	190,530	269,232	215,300	275,400	189,600	118,900	+27.9%	-11.9%	-44.8%
Real Farm Profit ⁴	\$ per farm in 2004-05 \$	122,300	84,200	129,300	82,300	107,700	54,800	11,300	+30.9%	-33.4%	-86.3%
Real Farm Profit⁴	Index (2004-05=1000)	1,669	1,149	1,764	1,124	1,471	748	154	+30.9%	-33.5%	-86.3%
Fertiliser Use	kg per SU	28.4	26.1	24.8	24.2	20.7	20.4	20.2	-14.5%	-15.7%	-16.6%
Prices											
Wool auction	¢ per kg clean	453	347	464	439	368	427	499	-16.2%	-2.7%	+13.8%
All wool ⁵	¢ per kg greasy	281	202	247	235	196	228	267	-16.3%	-2.8%	+13.7%
Lamb	\$ per head	139	133	165	143	168	144	125	+17.2%	+0.7%	-12.8%
Mutton	\$ per head	124	127	146	97	123	100	82	+26.8%	+3.5%	-15.6%
Prime Steer/Heifer	¢ per kg	530	522	610	593	693	595	514	+17.0%	+0.3%	-13.3%

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2023 was a grazing area of 700 hectares with 2,963 sheep, 323 cattle and 26 deer, totalling 4,602 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 Economic Service, Sheep and Beef Farm Survey

