New Season Outlook 2025-26

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About this report

The New Season Outlook provides a forecast of prices and production for the new season (2025-26) 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.

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Summary for 2025-26

Red meat prices are at record levels and forecast to be strong in 2025-26, in the face of tariffs and added risks of volatility

Red meat prices are sitting at record levels and are expected to stay strong in 2025-26. Tight global supply is keeping demand high, and that's flowing through to farm-gate returns. Even with tariffs being imposed by the United States, New Zealand is still benefiting from robust international demand, particularly from the US, Europe, and the UK. Consumers in those markets are paying more for beef and lamb despite the advent of higher inflation, which is helping hold prices up.

For 2024-25, export earnings for our core red meat exports[1] are forecast to rise by $1.4 billion to reach $10.5 billion, even though volumes are down. Looking ahead to 2025-26, export returns are expected to hold steady, easing by just half a percent compared to 2024-25.

That stability reflects both the strength of global demand and the limited supply of sheepmeat and beef product available globally. Lower forecast sheepmeat exports by Australia in late 2025 are expected to further support sheepmeat prices. Robust US demand for red meat is creating opportunities for both New Zealand and Australia to play a key role

Farm-Gate Prices $ / head	2021-22	2022-23	2023-24	2024-25e	2025-26f
Lamb	164	143	130	177	180
Mutton	146	95	53	99	95
Steer/Heifer	1,715	1,706	1,701	2,117	2,151
Cow	845	801	829	1,049	1,056
Bull	1,829	1,784	1,802	2,249	2,269
All Beef	1,421	1,383	1,399	1,750	1,763

[1] Includes sheepmeat, beef, wool, and some co-products, but 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 approximately $2 billion in exports

in meeting supply needs. Brazilian beef supply is also expected to remain tight. Additionally, a stronger New Zealand dollar is forecast, which would eat into export returns.

There are still significant risks to navigate. A 15% tariff now applies to imports into the US of all New Zealand products, which represents an estimated cost of nearly $500 million on red meat sector export receipts, in a season. The US lamb industry continues to push strongly for higher tariffs on imported lamb. There also remains a risk of China applying tariffs on New Zealand beef as part of an ongoing global safeguards investigation.

Farmland conversion to carbon forestry also continues to be a challenge. From 2017 to 2024, New Zealand lost an estimated $1.9 billion in red meat export earnings with afforestation of sheep and beef farmland into carbon forestry, compared with carbon credit revenues of only $218 million. If afforestation trends continue, even with the proposed legislative changes, by 2050 the country could forgo nearly $36 billion in red meat exports, weakening New Zealand's economic resilience, export earnings and workforce participation.

Farm profitability turned a corner in 2024-25 following the toughest season since the Global Financial Crisis, when average Farm Profit Before Tax dropped to $18,914 per farm and 40% of farms ran at a loss (in 2023-24). In 2024-25 profitability rebounded to $138,600.

The outlook for 2025-26 is bright. Average farm profit before tax is expected to increase to $166,500 per farm. Lower interest costs, stronger livestock prices, better seasonal conditions, and more fertiliser applied in 2024-25 contribute to improved confidence and reinvestment.

This recovery matters well beyond the farm gate. Red meat producers are forecast to generate $7.2 billion of value on farm this season, spending around $15.5 million every day on goods and services in local communities. That money supports rural contractors, vets, fencers, transport firms, and a host of small businesses in regional towns.

The bottom line is that the outlook for prices and profits is positive, but the sector still faces headwinds. Tariffs, currency swings, and ongoing land-use change to forestry could all chip away at the gains. Farmers have reason to be optimistic, but also every reason to keep planning carefully, benchmarking performance, and putting reinvestment into the areas that will carry their businesses forward.

Key 2025-26f Numbers

Lamb
9.36 $/kgCW

Mutton
3.66 $/kgCW

All Beef
6.85 $/kgCW

Lamb processing
16.7 million head

Cattle processing
2.46 million head

Farm Profit before Tax
166,500 $ per farm

EBITRm
285,500 $ per farm

Global Economic Conditions

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

World

Global economy riddled with tensions

The global economic outlook for New Zealand and its ability to trade as an open economy is going to be difficult with more protectionist trade policies from the US and with China's economy continuing to struggle. The additional tariffs introduced by the US since February 2025, and the subsequent retaliation by China, are going to have unintended consequences for the global economy, which have not yet been fully realised. This is a very fluid situation that we are following closely.

According to the International Monetary Fund (IMF), global economic growth is expected to be 3.1% in 2026, following 3.0% in 2025.

Global shipping costs jumped due to front-loading

Global shipping costs (including insurance) increased before the Liberation Day[2] tariffs and have subsequently decreased. Importers front-loaded trade in anticipation of tariffs and since then shipping costs have continued to reduce. Future US trade policy settings could also increase shipping costs, including the US' imminent fees on Chinese-built ships.

Ongoing security issues in the Red Sea continue to disrupt access to the Suez Canal, prompting most shipping companies to reroute around the Cape of Good Hope (adding 10–14 days to transit times and increasing costs). This is driving up freight rates further, especially for the UK and EU, where demand for New Zealand product is growing.

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

[2] 2 April 2025

Economic Growth

	Annual Average % Change, March Year					
	2022	2023	2024	2025e	2026f	2027f
	%	%	%	%	%	%
US	+6.6	+2.1	+3.0	+2.6	+1.5	+1.5
UK	+13.6	+2.3	+0.4	+1.3	+0.9	+1.0
Euro zone	+7.6	+2.6	+0.2	+0.9	+1.0	+1.1
Japan	+3.1	+1.3	+0.7	+0.6	+0.9	+0.7
China	+5.6	+2.9	+5.4	+5.0	+4.5	+4.1
South Korea	+4.8	+2.1	+1.9	+1.6	+0.9	+1.6
Australia	+5.8	+3.9	+1.7	+1.1	+1.7	+2.1
Trading Partners	+5.0	+2.6	+2.3	+2.2	+2.1	+2.1
New Zealand	**+4.5**	**+3.5**	**+1.4**	**-1.1**	**+2.0**	**+2.4**

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					
	2022	2023	2024	2025e	2026f	2027f
	%	%	%	%	%	%
US	+6.2	+7.4	+3.5	+2.8	+3.1	+2.8
UK	+4.0	+10.0	+5.7	+2.2	+2.9	+2.4
Euro zone	+3.9	+8.8	+4.1	+2.3	+2.1	+1.8
Japan	+0.1	+3.2	+3.0	+2.8	+2.7	+1.8
China	-0.1	+0.8	-2.0	+0.3	+0.3	+0.8
South Korea	+3.1	+5.3	+3.2	+2.1	+2.0	+1.8
Australia	+3.9	+7.1	+4.7	+3.0	+2.6	+2.7
Trading Partners	+2.9	+5.6	+2.6	+1.9	+2.0	+1.9
New Zealand	**+5.3**	**+7.1**	**+5.1**	**+2.6**	**+2.4**	**+2.0**

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 may impact global supply

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

New World Screwworm (NWS) has been spreading amongst cattle in Mexico, which has led to a banning of live cattle trade into the US. This development is impacting the US cattle herd rebuild.

In early 2025, Foot-and-Mouth Disease (FMD) was detected in Central Europe for the first time in 40 years, with outbreaks reported in both Germany and the Hungary/Slovakia region. German authorities successfully contained the outbreak, allowing trade to resume quickly. However, the response in Hungary and Slovakia is still ongoing, and trade restrictions remain in place.

Europe continues to address other animal diseases affecting both cattle and sheep production, including Lumpy Skin Disease and Bluetongue.

China

Slow recovery amidst global headwinds

China's demand for red meat is expected to remain subdued in 2025–26 due to a slow economic recovery, persistent structural consumer challenges, and ongoing trade tensions with the US.

The Chinese Government has announced a series of stimulus packages to bolster consumption, like childcare subsidies. However, these have had little impact on NZ's exports so far. Economists are calling for more action. Authorities are cautious of being more aggressive as consumers are still spending conservatively and food and energy inflation could increase quickly.

There has been a strong rebound in New Zealand mutton exports to China this season, driven by a rebalancing of inventories and Australian mutton prices reaching record levels, making NZ's mutton relatively cheaper. We expect similar levels of demand from China for mutton in the forecast period, supporting prices at these current levels.

> China's structural economic challenges are expected to limit the pace of recovery, with little change expected in 2025-26.

As demand is expected to increase in other markets in 2025-26, and global meat supply is expected to be short, we expect that China will have to match prices set by other countries and trade down from lamb to mutton, adding to upside variability in farmgate sheep prices in New Zealand.

In late December 2024, China launched a global safeguards investigation into beef imports after petition from Chinese agricultural associations, which aims to determine whether a recent increase in beef imports have harmed China's beef industry. The investigation was extended due to its complexity, likely influenced by rising domestic cattle and beef prices and shifting global beef market dynamics driven by US tariff policies.

North America

US beef shortage boosts NZ exports, but risks remain

We expect demand for both beef and lamb from the US to remain at strong levels for 2025-26. The US beef cattle herd is at a 74-year low with little indication of rebuilding. Beef imports into the US will be impact by increased tariffs, particularly with Brazilian beef now facing a 76.4% tariff. New Zealand products now face a 15% tariff on top of existing tariffs (increases from the 10% introduced in April 2025) and Australian products face a 10% tariff. Zero tariffs continue to be applied to beef imports from Canada and Mexico under the United States-Mexico-Canada Agreement (also known as USMCA).

The shortage of beef in the US is creating a double whammy where consumers are trading down from more expensive beef cuts to ground beef. Around 85-90% of New Zealand's beef exports to the US are 'processing' beef, which is mixed with their beef to produce ground beef, and particularly burger patties for Quick Service Restaurants (QSRs). As a result of the high beef prices fast-food chains are adding more chicken options to their menus to maintain sales.

The US's trade agenda, focused on protectionism and higher tariffs has created disruption since Liberation Day, when a universal tariff of 10% was announced for most imports, with up to 50% announced for imports from specific countries. Financial markets reacted sharply, prompting delays in implementation and creating uncertainty. July's jobs data indicated that hiring has slowed, and the tariffs are creating uncertainty for US businesses to hire new workers.

Since Liberation Day was not that long ago, the full effects of the tariffs have not been fully realised by the US consumer and the wider economy. Firms throughout the supply chain (exporters, importers, distributors, and manufacturers) have been absorbing most of the extra cost so far. This is due to a number of factors including: many importers had existing contracts that allowed them to temporarily shield customers; In Q1 2025, businesses front-loaded inventory where they could in anticipation of tariffs; competitive pressures in retail has made businesses reluctant to increase prices immediately; and some firms have been compressing profit margins rather than risking losing market share.

The full effects of tariffs will be eventually passed onto the US consumer, most likely within the forecast period.

Overall, there is expected to be a global shortage of beef and lamb, creating upside. But the uncertainty on businesses, heightened upside on inflation expectations and erosion of consumer confidence could create a situation where US consumers will trade off from meat proteins or trade down to lower quality cuts of meat. This means that there is more downside variability for lamb compared to beef into the US market, but generally, a higher chance of upside variability.

Canada has become NZ's third largest customer for beef on a volume basis this season as the country has been experiencing drought conditions like the US and has even had to decrease its beef exports to the US. For the season to date, New Zealand beef exports are up 50% compared to the same period last season. If the Canadian cattle herd is following the same climate trends as the US, we expect demand to be strong over the coming season.

UK

Another solid season supports lamb outlook

2024-25 has been a bumper season for NZ red meat exports to the UK with the average export value for lamb up 42% in the ten months to July. The UK is New Zealand's second largest market for lamb by volume, at 14%, so the strong increases in exports have contributed to the record levels NZ farm-gate lamb prices have achieved.

The UK's female breeding flock has fallen to a low of 13 million, which is down 5% according to Department for Environment, Food & Rural Affairs' (DEFRA) December 2024 release. According to the Agriculture and Horticulture Development Board (AHDB), a large number of lambs were carried over, which is expected to push 2025 production above 2024 but only slightly and production in these two years is at record low levels.

We expect the UK to be a solid market for lamb in 2025-26 continuing the trend from 2024-25 because the British flock has shown little signs of growing again, while consumer demand is holding.

> The declining levels of sheepmeat production in Europe and UK has lifted demand for New Zealand lamb exports and helped lift farm-gate prices.

Since the NZ-UK FTA was implemented in May 2023, New Zealand's beef exports have grown strongly off a low base. In the first ten months of the 2024-25 season, the UK was the 7th largest customer of New Zealand beef exports, at 3% of total value.

EU-27

Low production and solid tourism demand bodes well for New Zealand lamb

Together the UK and EU-27 have returned to being the largest market for New Zealand lamb, on a volume basis, overtaking China this season – the first time since the 2015-16. These market shifts have contributed to farm-gate lamb prices reaching record highs in New Zealand. Strong consumer demand and limited sheep production in Europe are driving this.

European and British sheepmeat producers are generally facing the same issues: unfavourable weather, animal diseases, and poor profitability. According to the European Commission, sheep production has been in a structural decline for many years, which is forecast to continue in 2025 and 2026. Additionally, the EU's self-sufficiency rate[3] is forecast at 87% in 2025, a level that has not been achieved since 2015. The balance must be made up with imports to satisfy demand.

Farm-gate prices for lambs in New Zealand reached $10/kgCW in mid-2025. In contrast, farm-gate prices for lambs in Europe hovered around the equivalent of NZD17/kgCW. The disparity represents many factors but with a major one being the relatively tight supply of lamb in Europe and higher cost of production. This highlights the story this season of Europe

[3] domestic consumption as a percentage of sheep production

becoming the biggest market for New Zealand lamb and the strong position it will be in for 2025-26.

Most economies in Europe are expecting relatively solid growth, despite the uncertainty created by the Russia/Ukraine conflict and US trade headwinds.

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

Japan, South Korea, and Taiwan are other 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 because 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 2022-23 and 2023-24, as China demand and the average value for lamb globally dropped, more was exported to Saudi Arabia and Jordan. As global lamb prices have been relatively high this season, export volume to these markets has been down 18% and 13% respectively.

New Zealand's free trade agreement with the Gulf Cooperation Council (GCC), which is expected to enter into force before the end of 2025, will provide better market access for meat exports.

New Zealand free trade agreement with the United Arab Emirates – the Comprehensive Economic Partnership Agreement (NZ-UAE CEPA) – entered into force on 28 August 2025. Currently, there is a small amount of lamb exported there, but with no tariffs now, more should be exported in the coming seasons.

Australia

Record 2025, next year expected to be lower

In Australia, sheep and cattle processing in calendar 2025 has been strong, in part because the country is destocking. Lamb and sheep processing dipped in mid-2025, and sheepmeat availability for export is expected to dip in late 2025/early 2026, supporting global sheepmeat prices.

For sheepmeat exports, Australia and New Zealand compete in China, the US, and increasingly in the UK. For beef exports, Australia and New Zealand compete in the US and China.

Australia achieved record levels of slaughter of sheep and cattle and exports of sheepmeat and beef in the first half of calendar 2025 (see Figure 1 Australia Lamb SlaughterFigure 1Figure 1, 2 and 3).

In 2026, Australia is expected to continue to be competitive for beef exports but less so for sheepmeat. The sheep-producing regions in Australia have been dealing with drought and have been destocking. Since May, farm-gate prices for sheep have increased rapidly to record levels of over AUD12/kgCW (~NZD13.35), mainly driven by farmers' and processors' future expectations of sheep throughput and when supplies decrease.

Since 2022, lamb and mutton processing have been at elevated levels while genetic gains increased carcass weights. The lower level of processing could signal more of a shortage of sheepmeat than previously thought, adding upside to farm-gate prices in New Zealand.

The low domestic supply of lean processing beef in the US, low sheepmeat production in Europe, and rebalancing of mutton inventories in China is more than offsetting any Australian competition that would put downward pressure on prices.

Figure 1 Australia Lamb Slaughter

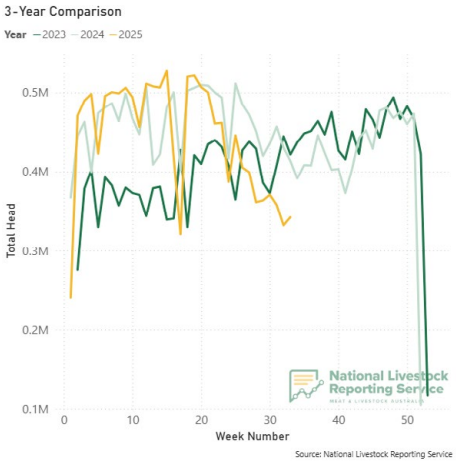


Figure 2 Australia Sheep Slaughter

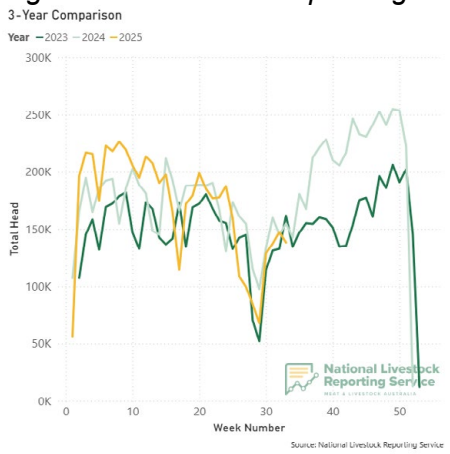
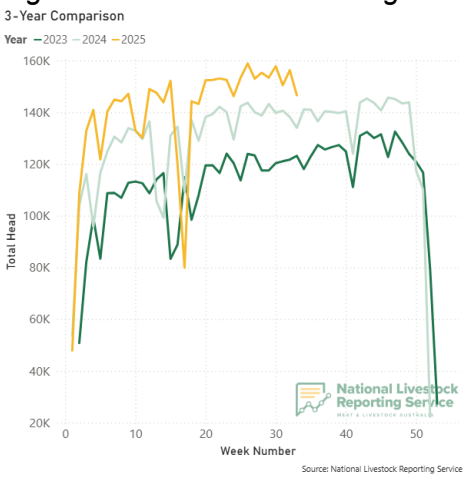


Figure 3 Australia Cattle Slaughter



Brazil

Shut out of the US market, for now

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. Beef exports in 2026 are also projected to decline as the rebuilding of cattle numbers commences.

Brazil's access into the US is, at the time of writing, subdued. 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) and was used almost totally by Brazilian beef in record time in 2025. The out-of-quota tariff-rate is 26.4%. On 6 August, the Trump administration imposed a 50% tariff on Brazil, effectively increasing the duty on imports from Brazil to 76.4%, which has effectively shut it out of that market.

Despite its challenges in the US, Brazil is expected to remain the world's largest beef exporter, and a significant supplier to China. Exactly what impact its redirection of exports has on global trade flows remains to be seen.

Argentina

Beef exports are down

In 2025, beef exports are expected to be down 9%, mainly driven by higher production costs compared to its immediate neighbours, poor weather conditions keeping the national cattle herd trending down, and surprisingly, wages improving more at a faster rate than inflation such that consumption of beef has rebounded, keeping more beef for the local market rather than exporting.

Seventy-eight percent of Argentina's beef was exported to China in 2024, competing with New Zealand and other countries.

Exchange rate impacts

For 2025-26, the NZD is expected to be higher (+6.5%) against the USD (0.63), steady against the GBP (0.45), and lower (-1.6%) against the EUR (0.52) than in 2024-25.

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. For example, the forecast 6.5% appreciation in the NZD against the USD means an **8.6% decrease in average farm-gate beef prices in 2025-26** (which is currently forecast to increase 0.6% compared to 2024-25), all else being equal.

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 forecast exchange rates for 2025-26 and what the difference in currency movements to the revised forecast could have.

Exchange Rate Scenarios

	NZD Exchange Rates						
						Exchange Rate Change from USD 0.63	
	-10%	-5%	NSO 25-26	+5%	+10%	to USD 0.56	to USD 0.69
USD	0.56	0.60	0.63	0.66	0.69	-10%	+10%
GBP	0.41	0.43	0.45	0.48	0.50	-10%	+10%
EUR	0.47	0.50	0.52	0.55	0.58	-10%	+10%
	Farm-Gate Prices Received						
	$ / head						
Lamb	207	193	180	168	158	+15.2%	-12.4%
Mutton	118	106	95	85	75	+24.9%	-20.3%
Steer/Heifer	2,478	2,306	2,151	2,011	1,883	+15.2%	-12.4%
Cow	1,217	1,132	1,056	987	925	+15.2%	-12.4%
Bull	2,614	2,432	2,269	2,121	1,986	+15.2%	-12.4%
All Beef	2,031	1,890	1,763	1,648	1,544	+15.2%	-12.4%
	c / kg						
Lamb[1]	1,078	1,003	936	875	819	+15.2%	-12.4%
Mutton[1]	456	409	366	327	291	+24.9%	-20.3%
Steer/Heifer	870	810	755	706	661	+15.2%	-12.4%
Cow	598	556	519	485	454	+15.2%	-12.4%
Bull	858	798	745	696	652	+15.2%	-12.4%
All Beef	790	735	685	641	600	+15.2%	-12.4%
Fine[2]	1,985	1,834	1,698	1,575	1,463	+16.9%	-13.8%
Medium[2]	563	521	482	447	415	+16.9%	-13.8%
Crossbred[2]	440	406	376	349	324	+16.9%	-13.8%
All Wool[2]	407	376	348	323	300	+16.9%	-13.8%

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

Cattle

Beef and veal production

Look to 2026-27 to bounce from lows

For 2025-26, New Zealand's export beef production is forecast to be 633,000 tonnes bone-in — down 1.4% from 642,000 tonnes in 2024-25, which was 3% lower than in 2023-24.

We expect farmers will continue to opt for more cattle instead of sheep, especially for finishing farms, because gross margins are better and labour costs are lower. B+LNZ's Stock Number Survey indicated that beef cattle numbers increased by 4.4%, which will have an impact on production in 2026-27.

Beef production per season

	000 tonne bone-in				
Sep Year	Steer	Heifer	Cow	Bull	Total
2021-22	200	126	195	159	681
2022-23	206	133	203	154	696
2023-24	208	136	194	140	678
2024-25	185	139	186	132	642
2025-26f	187	121	192	133	633
2025-26f % change	+0.7%	-12.7%	+2.8%	+1.3%	-1.4%

e estimate, f forecast
Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

Number of cattle processed set to decrease

For 2025-26, the total number of cattle processed for export is forecast to decrease 1.6% on 2024-25 at 2.5 million. Cow processing is forecast to be up 2.7% as dairy farmers held onto cows longer this season due to high milk prices.

Heifer processing is expected to drop 13% after a record level in 2024-25. It is most likely that two seasons prior to 2024-25 a disproportionate number of heifers, potentially from the dairy industry, were sold on the store market at competitive prices encouraging farmers to purchase them over steers or bulls.

Cattle processed for export

	000 head				
Sep Year	Steer	Heifer	Cow	Bull	Total
2021-22	647	515	965	529	2,656
2022-23	654	524	996	503	2,677
2023-24	652	531	944	449	2,577
2024-25	592	558	916	433	2,499
2025-26f	596	485	941	437	2,460
2025-26f % change	+0.7%	-13.0%	+2.7%	+1.0%	-1.6%

e estimate, f forecast
Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

Export cattle carcass weights forecast to be steady

On average, export cattle carcass weights are forecast to be steady in 2025-26. This forecast aligns with historical weights. In 2023-24, average weights were heavier than usual because feed was plentiful and growing conditions were optimal.

Average carcass weights

	kg / head				
Sep Year	Steer	Heifer	Cow	Bull	Total
2021-22	309	246	202	300	256
2022-23	315	253	204	307	260
2023-24	319	255	206	312	263
2024-25	313	249	203	304	257
2025-26f	313	250	204	305	257
2025-26f % change	+0.0%	+0.4%	+0.1%	+0.3%	+0.1%

e estimate, f forecast
Source: Beef + Lamb New Zealand Economic Service, New Zealand Meat Board

Beef and veal exports

Export receipts over $5 billion – again

For 2025-26, total beef and veal export receipts (including co-products) are forecast to be steady on last season, at high levels. Although 1.4% less meat is forecast to be exported, a 0.8% increase in average export value is forecast. The value of co-products is forecast to decrease 1.4%.

The decrease in export volume and receipts for co-products reflects the decrease in cattle processing

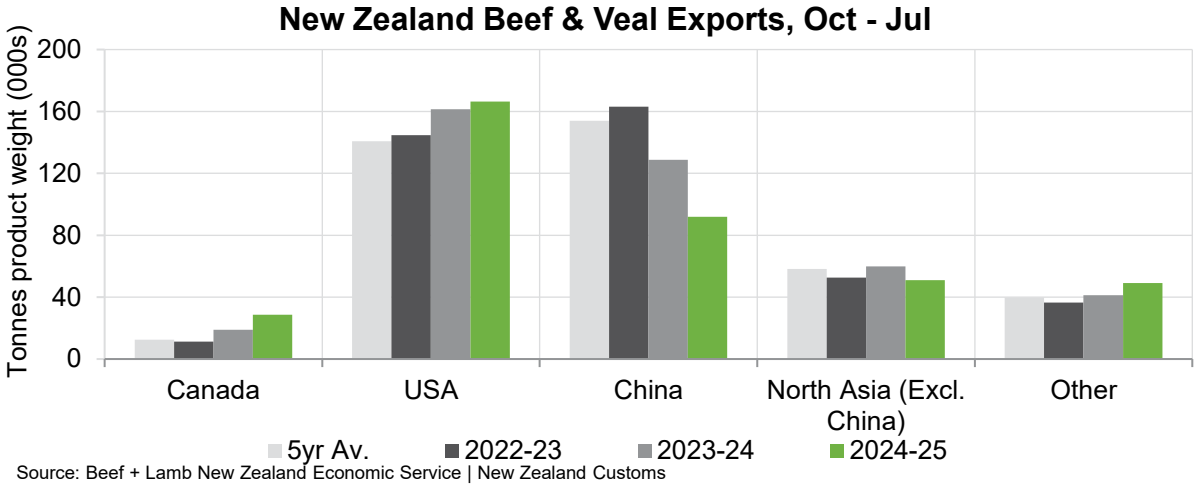
The increase in average value is due to strong demand from the US partly offset by a less favourable forecast exchange rate

Beef and veal exports

Sep Year	Beef and Veal Meat 000 tonne	$ / tonne	$m FOB	Co-Products $m FOB	Total Beef $m FOB	Beef Meat %*
2021-22	480	9,987	4,794	663	5,457	88%
2022-23	496	8,839	4,380	617	4,997	88%
2023-24	486	8,793	4,276	589	4,865	88%
2024-25	461	10,756	4,955	592	5,547	89%
2025-26f	454	10,843	4,924	583	5,507	89%
2025-26f % change	-1.4%	+0.8%	-0.6%	-1.4%	-0.7%	

* 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

Figure 4 Beef Exports



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

Cattle farm-gate prices

Holding at high levels

The annual weighted average all classes cattle price for 2025-26 is estimated at a record 685 c/kgCW, up 0.6% on 2024-25 and 24% higher than the five-year average (Figure 5.)

At USD 0.63, the estimated 2025-26 average annual prices are:

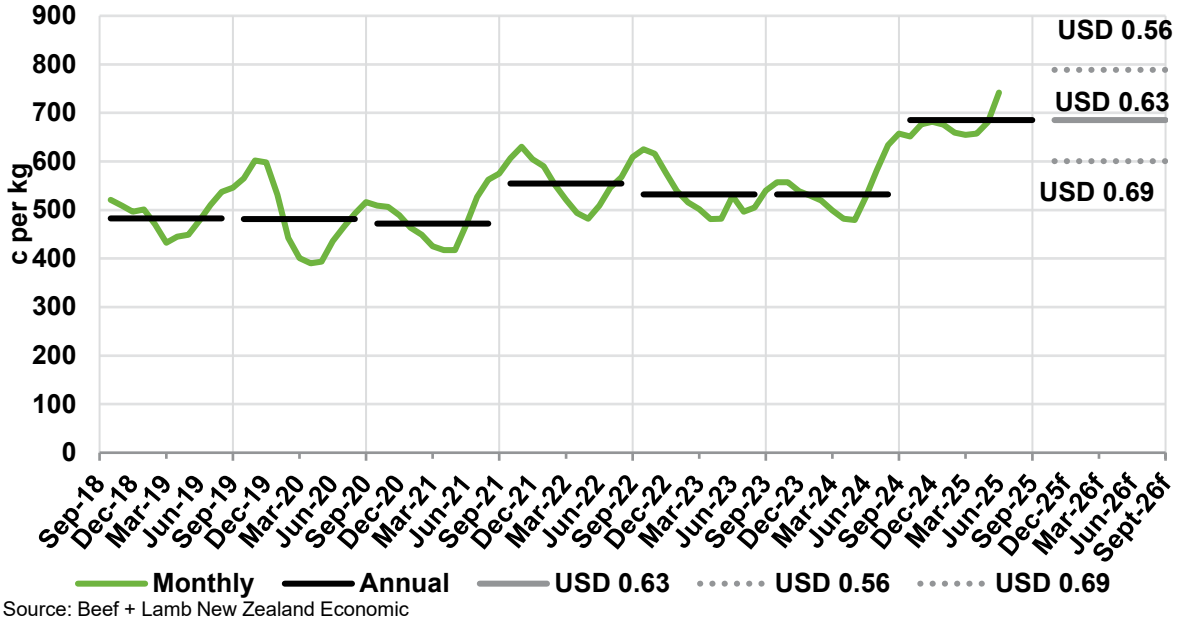
755 c/kgCW for P steer/heifer (270-295kg) (Figure 6)

519 c/kgCW for M cow (170-195kg) (Figure 7)

745 c/kgCW for M bull (270-295kg) (Figure 8)

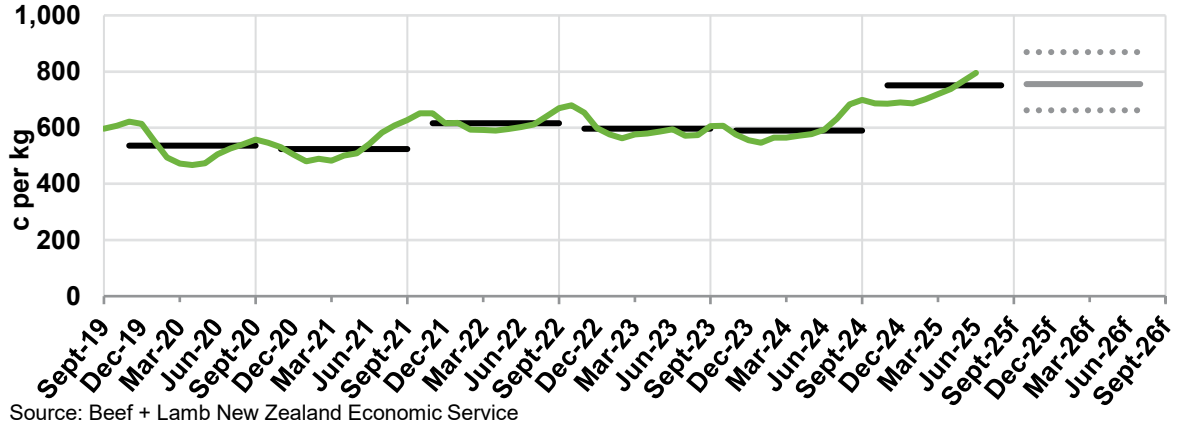
Figure 9 shows the relationship between the average export value for beef and the average farm-gate price for cattle.

Figure 5 Weighted average for cattle farm-gate prices — all classes



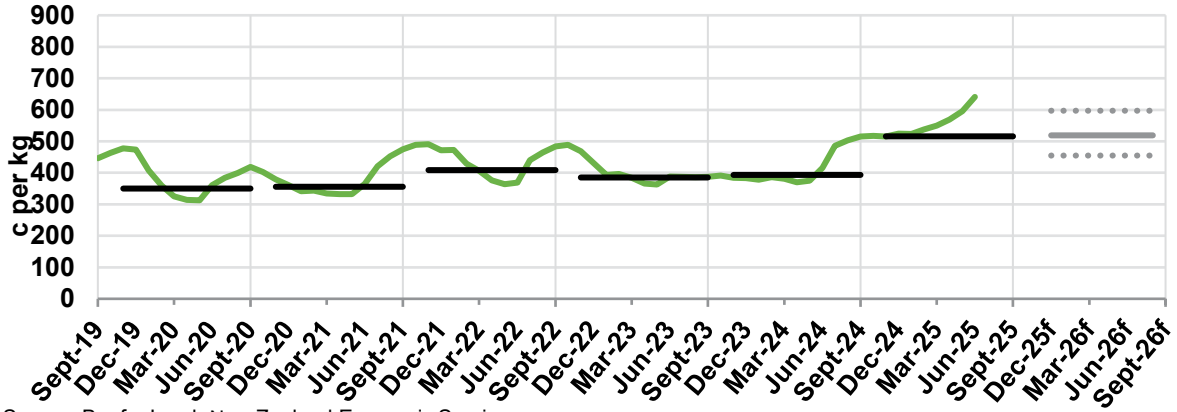
Source: Beef + Lamb New Zealand Economic

Figure 6 Steer and heifer — P steer/heifer (270-295kg)



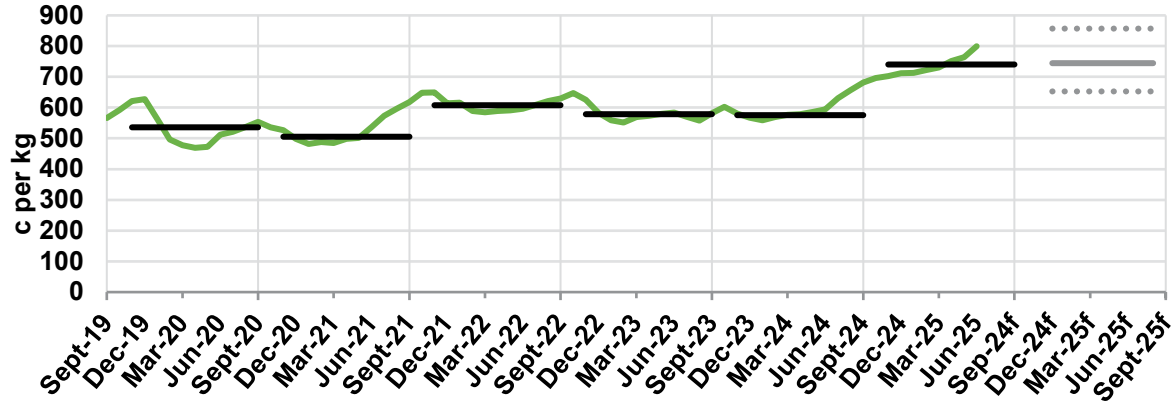
Source: Beef + Lamb New Zealand Economic Service

Figure 7 Cow — M cow (170-195kg)



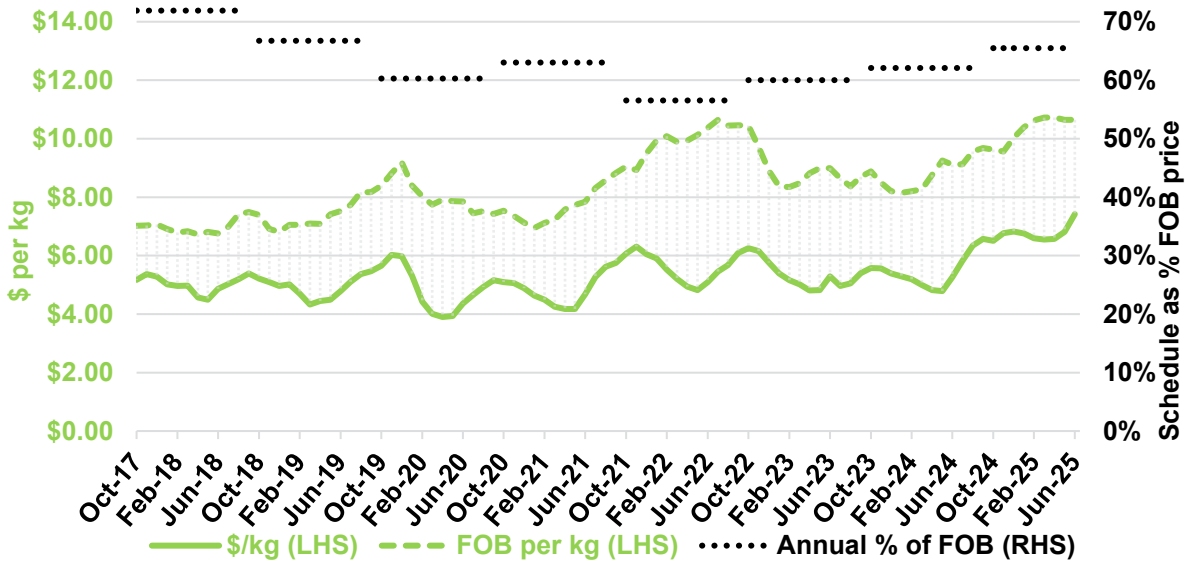
Source: Beef + Lamb New Zealand Economic Service

Figure 8 Bull — M bull (270-295kg)



Source: Beef + Lamb New Zealand Economic Service

Figure 9 Relationship between Average Export Value of Beef and Farm-gate Price – Cattle



Source: Beef + Lamb New Zealand Economic Service

Sheep

Lamb production

Lower processing continues

For 2025-26, lamb production is estimated to be 321,500 tonnes bone-in — a 1.5% decrease compared to 2024-25 when 326,300 tonnes was produced, a 6.4% decrease on 2023-24.

The decrease for 2025-26 is driven by slightly fewer lambs processed and a 1.1% decrease in average carcass weights, after a record 19.5kg is estimated to be achieved in 2024-25.

For the 2024-25, the number of lambs processed for export is estimated to decrease 7.6%, or 1.4 million head to 16.8 million. A lower lamb crop, land-use change, and fewer breeding ewes after a record 2023-24 contributed to the decrease. For 2025-26, expectations are that the sheep flock will keep decreasing, and between 16 million and 17 million lambs will be processed, as cattle are more attractive to farm and afforestation destocks sheep and beef farming land.

Lamb production per season

Sep Year	Lamb Crop million head	Slaughter million head	Carcass Weight kg	Production 000 tonne bone-in
2021-22	22.0	17.8	19.0	338.3
2022-23	21.0	17.7	19.4	343.6
2023-24	21.0	18.2	19.2	348.6
2024-25e	19.4	16.765	19.5	326.3
2025-26f	19.3	16.698	19.3	321.5
2025-26f % change	-0.6%	-0.4%	-1.1%	-1.5%

e estimate, f forecast

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

Mutton production

Back at normal levels after a strong 2024-25

The number of adult sheep processed in 2025-26 is forecast to decrease 4.2% to 3.2 million, after 3.4 million is estimated for 2024-25.

This is driven by strong processing of sheep in the 2024-25 season, for both islands. Better schedule prices for sheep, and lambs being slower to achieve optimal weights, provided an incentive for farmers to process more adult sheep than initially predicted.

The average mutton carcass weight is expected to be steady compared to 2024-25.

In 2025-26, total export mutton production is forecast at 84,200 tonnes bone-in.

Mutton production per season

Sep Year	Breeding Ewes million head	Slaughter million head	Carcass Weight kg	Production 000 tonne bone-in
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
2024-25e	14.6	3.4	25.8	87.4
2025-26f	14.3	3.2	25.9	84.2
2025-26f % change	-1.9%	-4.2%	+0.4%	-3.7%

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 2025-26, total lamb export receipts (including co-products) are forecast to be similar to 2024-25 at $3.9 billion driven by a 1.5% decrease in volume and a 1.8% increase in FOB per tonne for meat. Co-products are expected to decrease 1.2%.

Export volume is expected to be lower in 2025-26 due to fewer ewes and generally lower production.

The increase in FOB per tonne is driven by increased demand from Europe

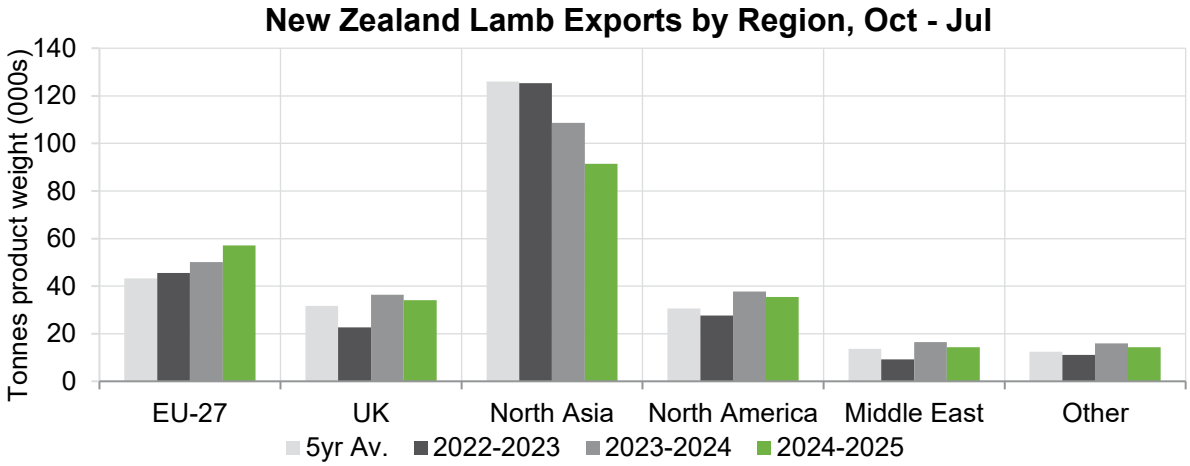
Lamb exports per season

	Lamb meat			Co-Products	Total Lamb	Lamb Meat
Sep Year	000 tonnes	$ / tonne	$m FOB	$m FOB	$m FOB	%*
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%
2024-25e	282	13,113	3,699	149	3,848	96%
2025-26f	278	13,355	3,711	148	3,859	96%
2025-26f % change	-1.5%	+1.8%	+0.3%	-1.2%	+0.3%	

* 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

Figure 10 Lamb Exports



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

Mutton exports

Exports turning around

For 2025-26, total mutton export receipts (including co-products) are forecast to decrease 4.8% ($33 million) driven by a 3.8% decrease in volume and a 1.3% decrease in per-tonne value, alongside co-products receipts being 3.8% lower compared to 2024-25:

Export volume is lower than in 2024-25 when a large number of sheep were processed.

Average value is forecast to decrease 1.3%, mainly driven by stable demand from China but a stronger NZD, offsetting returns.

Revenue derived from mutton exports is expected to decrease 4.8%.

Mutton production per season

	Mutton meat			Co-Products	Total Mutton	Mutton Meat
Sep Year	000 tonnes	$ / tonne	$m FOB	$m FOB	$m FOB	%*
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%
2024-25e	82	6,876	564	108	672	84%
2025-26f	79	6,789	536	104	639	84%
2025-26f % change	-3.8%	-1.3%	-5.0%	-3.8%	-4.8%	

* 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 remain at record levels

The annual weighted average all classes lamb price for 2025-26 is estimated at 935 c/kgCW, up 1.6% on 2024-25 and 20% higher than the five-year average.

The annual weighted average all classes mutton price for 2025-26 is estimated at 366 c/kgCW, down 4.8% on 2024-25 and 9% 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 12).

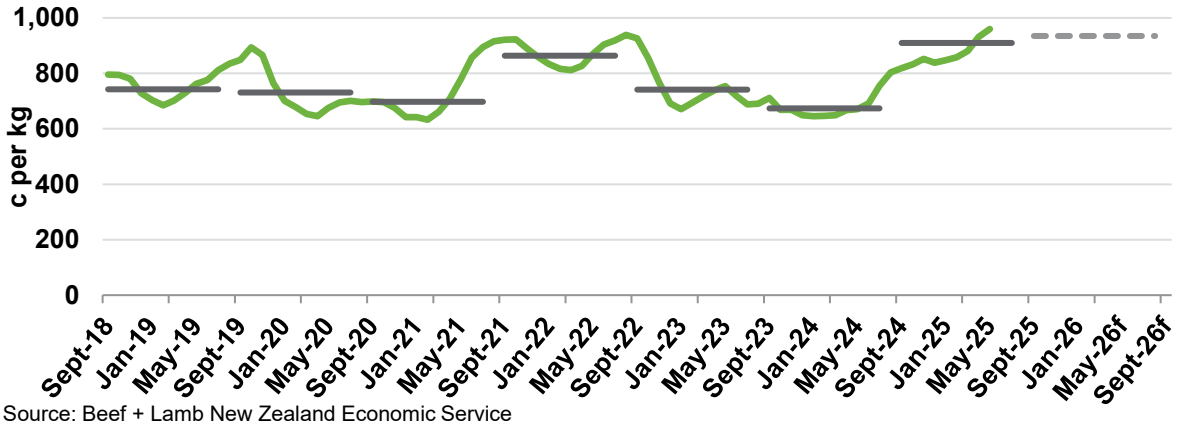
The NZD is expected to be stronger compared to 2024-25, which negates the increases in market prices for both lamb and mutton.

Sensitivity prices for lamb

Exchange Rate		$ per head	c per kg	
Low NZD				
USD	0.56			
GBP	0.41	207	1,077	**High**
EUR	0.47			
Mid NZD				
USD	0.63			
GBP	0.45	180	935	**Mid**
EUR	0.52			
High NZD				
USD	0.69			
GBP	0.50	158	819	**Low**
EUR	0.58			

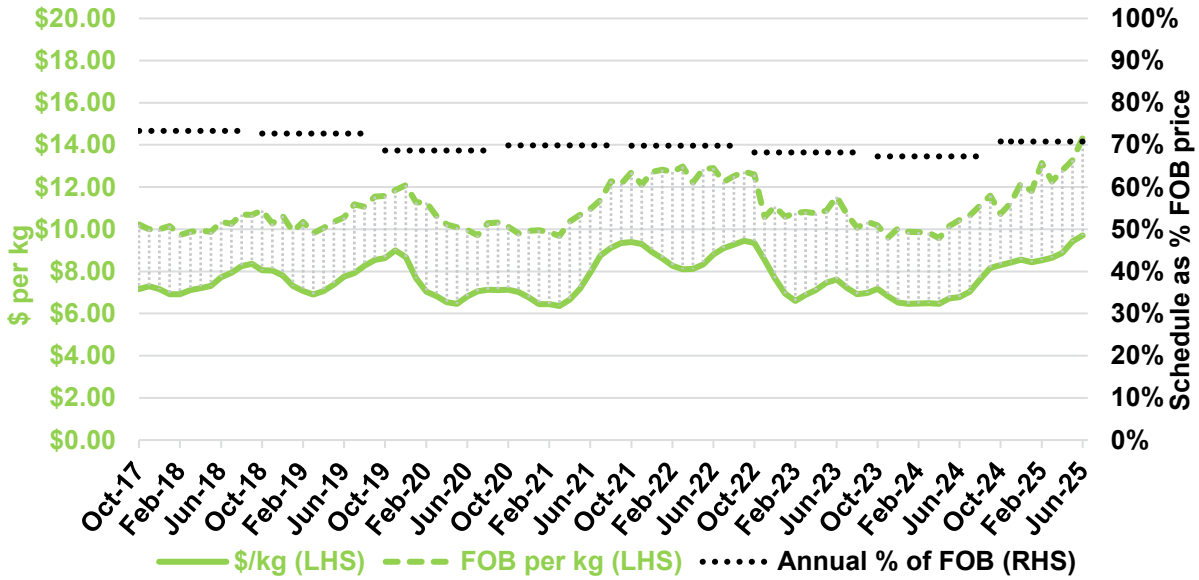
Source: Beef + Lamb New Zealand Economic Service

Figure 11 Weighted average for lamb farm-gate prices — all grades



Source: Beef + Lamb New Zealand Economic Service

Figure 12 Relationship between Average Export Value and Farm-gate Price – Lamb



Source: Beef + Lamb New Zealand Economic Service

Wool

Prices

Wool staying at higher levels

Prices across all wool types, except for lambs' wool, are forecast to increase for the 2025-26 wool season.

Fine wool prices are forecast to increase 2% — following a 2% decrease in the previous season.

Medium wool prices are forecast to increase 3% and strong wool prices are forecast to increase 2% — after an 8% increase and 19% increase in the 2024-25 season, respectively.

This 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 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 price across all wool types is expected to increase 2%.

Production & Exports

Total shorn wool production forecast to be steady

For 2025-26, total shorn wool production is forecast to decrease 0.4%.

Slipe wool production is forecast to increase 2.7% in 2025-26 compared to the previous season, mainly due to wool production per head expected to increase in the new season.

For the 2025-26 season (from July to June), the total volume of New Zealand wool exports is expected to be steady on 2024-25.

Shearing

Small increase in shearing expenditure with steady number of sheep shorn

Shearing expenditure is estimated to increase 1.4% to an average $31,300 per farm in 2025-26, which is equivalent to $6.33 per sheep shorn. The number of sheep and lambs shorn is expected to remain steady (-0.4%) on the previous season.

On average, wool revenue for 2025-26 exceeds shearing expenditure by $4,200. However, shearing remains a loss-making exercise for North Island farms. On South Island High Country, South Island Hill Country and some Finishing-Breeding farms 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	Slipe 000 tonnes greasy	Total 000 tonnes greasy	Shorn Wool kg / head* greasy
2021-22	25.7	111	15.7	127	4.92
2022-23	25.1	105	16.9	122	4.85
2023-24	24.4	101	16.8	118	4.84
2024-25e	23.6	99	16.1	115	4.87
2025-26f	23.4	98	16.5	115	4.92
2025-26f % change	-1.0%	-0.4%	+2.7%	+0.0%	+1.0%

*excludes wool on sheepskins

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

Average auction wool prices

	cents / kg greasy				
June Year	Fine	Medium	Strong	Lambs	All Wool
2021-22	1,532	389	213	210	337
2022-23	1,448	313	224	206	320
2023-24	1,174	292	257	226	292
2024-25e	1,149	346	277	261	368
2025-26f	1,172	357	282	261	376
2025-26f % change	+2.0%	+3.0%	+2.0%	0.0%	+2.1%

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

	Auction Price	Wool Exports		
June Year	$ / kg clean	FOB $ / kg clean	000 tonne clean	$m FOB
2021-22	4.64	5.04	86.8	437.4
2022-23	4.39	5.17	77.4	400.2
2023-24	3.96	4.90	91.3	447.9
2024-25e	5.05	5.81	76.8	446.0
2025-26f	5.15	5.93	76.8	455.3
2025-26f % change	+2.1%	+2.1%	+0.0%	+2.1%

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.

Profitability

Farm profitability forecast to improve in 2025-26

Farm Profit Before Tax is forecast to increase 20% to a weighted average of $166,500 per farm in 2025-26 with farm-gate prices strong for sheep and beef and on-farm inflation easing. This follows a profitability rebound in 2024-25 (weighted average of $138,700) driven by improved farm-gate prices and easing interest expenditure, a contrast with 2023-24 (average of $18, 914 per farm) which was the second lowest Farm Profit Before Tax in over 30 years. Forty percent of farm businesses recorded a loss in 2023-24.

An increase in farm profitability is expected in all regions in 2025-26, with Northland-Waikato-BoP (+22%), East Coast (+29%), and Otago-Southland (+15%) leading the way. The exception is Taranaki-Manawatū where profit growth is more modest at 2.6%, constrained by fewer stock available for sale.

Marlborough-Canterbury farm businesses are rebuilding after drought and poor weather, with better feed conditions and livestock numbers supporting profitability. East Coast farms are expected to show the strongest recovery, with the highest increase in farm profit before tax (+29%) and significant gains in sheep revenue.

Lower interest rates are reducing financial pressure, with interest expenditure forecast to decline by 9-14% across regions.

This season an estimated $7.2b of value is generated behind the farm-gate by red meat producers (farmers). Within that value, we estimate farmers will spend $15.5m per day on goods and services, the majority of which is spent in local and regional economies supporting local businesses and employment.

After several seasons of reduced fertiliser applications, farmers in all regions are increasing volumes to restore soil fertility and increase pasture production.

Stronger prices and improved seasonal conditions are boosting farmer confidence, leading to increased investment in inputs and stock.

A modest increase in Farm Profit Before Tax is forecast for Taranaki-Manawatū in 2025-26, with a forecast decline in EBITRm[4]. This is due to fewer stock available for sale and rising operational costs. However, there was a large increase in profitability in 2024-25 and the outlook is positive overall.

Northland-Waikato-BoP continues to be affected by land-use change to forestry, which is reducing livestock numbers and complicating procurement.

Sheep and beef cattle revenue bounced back in 2024-25 and the outlook is positive for 2025-26

Farm businesses recorded historically low farm profit in 2023-24 when farm-gate prices fell sharply, which eroded revenue, and high inflation and interest rates pushed farm expenditure to record levels. The effect was decreased Farm Profit Before Tax, which fell to $18,914 per farm.

Profitability bounced back in 2024-25 and is expected to be more positive than B+LNZ forecasted in March 2025 in our Mid-Season Update (see report and summary) as beef cattle prices have continued to set new records and the bounce-back in sheep farm-gate prices has been much stronger than expected.

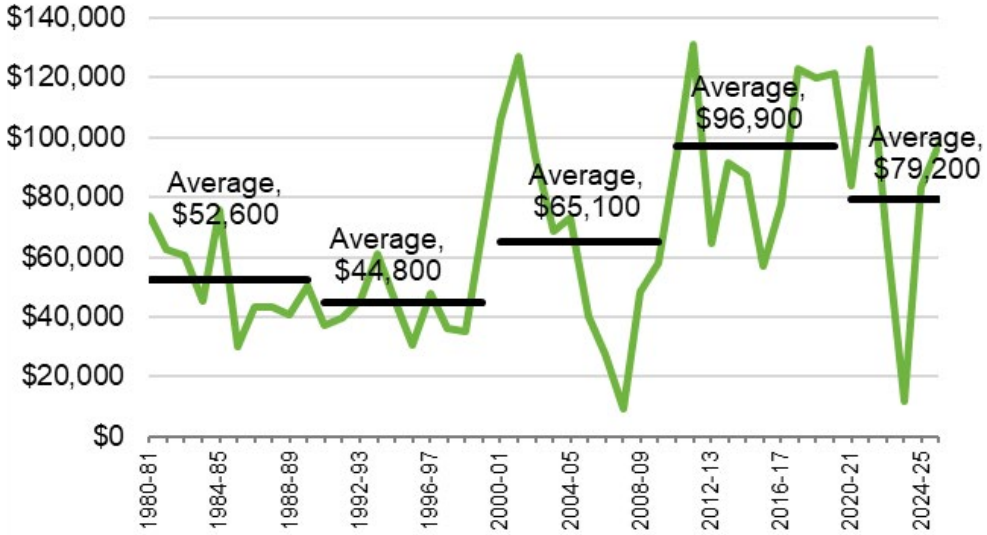
For 2025-26, gross farm revenue is forecast to be up 6.1%, while total farm expenditure is estimated to increase 2.8% (from 2024-25).

High on-farm inflation in recent seasons (as reported in B+LNZ's On-Farm Inflation report) has eroded profitability, in real terms. For 2025-26, Farm Profit Before Tax is estimated at $97,900 per farm in 2004-05 terms[5].

The recent B+LNZ Stock Number Survey published in August 2025, which analyses data from the 500 farms in B+LNZ's Sheep and Beef Farm Survey, highlighted an increase in beef cattle numbers nationally as strong farm-gate prices provided farmers an incentive to shift focus towards trading cattle, but a continued fall in sheep numbers. Breeding cow numbers increased, and farmers indicated they were intending to rebuild their herds and planning for future supply. Ongoing land-use change with forestry conversion and carbon plantings continue to effect sheep numbers as the farmland being converted tends to be on more sheep country.

[4] Earnings Before Interest, Tax, Rent and Manager's Salary
[5] Real Farm Profit Before Tax is calculated in 2004-05 dollars.

Figure 13 Inflation-adjusted Farm Profit Before Tax for sheep and beef farm – all classes



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

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.

Earnings before interest, tax, rent and management wages

Forecast to increase 6.4%

Earnings Before Interest, Tax, Rent and Manager's Salary (EBITRm) is forecast to increase 6.4% to $285,500 per farm. This reflects stronger gross farm revenue across all regions, with the East Coast and Northland-Waikato-BoP showing the largest gains. Taranaki-Manawatū is the only region where EBITRm is forecast to decline (-3.7%) due to rising operational costs outpacing revenue growth.

EBITRm is a key performance indicator because it places farms on a consistent basis – debt-free, freehold, and as if run by an owner-operator. EBITRm/ha is a standardised measure for benchmarking because it is independent of capital and management structure.

Farm profit summary table

Farm Profit Before Tax forecast based on USD 0.63

The forecast for Farm Profit Before Tax of $166,500 per farm is based on the NZD averaging USD 0.63 for 2025-26. If the NZD falls 10% to USD 0.56, both Gross Farm Revenue and Farm Expenditure would increase and both Farm Profit Before Tax and EBITRm would improve to average $267,000 and $386,800 per farm respectively.

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.

Summary of weighted averages in New Zealand
This table shows the impact of exchange rate on profitability across different scenarios.

Weighted Average All Classes[1]

		Provisional		Forecast		
		2023-24	2024-25	2025-26	2025-26	2025-26
Revenue				USD 0.56	USD 0.63	USD 0.69
Wool		30,854	34,760	41,200	35,456	30,500
Sheep		261,758	325,868	416,600	353,285	301,500
Cattle		186,802	241,897	294,900	255,951	223,800
Dairy Grazing		36,206	37,419	38,388	38,388	38,388
Deer + Velvet		6,809	5,697	6,500	5,647	4,900
Cash Crop		66,904	64,752	65,996	65,996	65,996
Other		26,587	27,073	27,546	27,546	27,546
Total Gross Revenue	**$ per farm**	**615,920**	**737,466**	**891,100**	**782,269**	**692,600**
Expenditure						
Fert, Lime & Seeds		81,524	88,503	102,900	101,529	100,400
Repairs & Maintenance		42,853	46,540	50,200	49,534	49,000
Interest & Rent		136,717	124,378	113,200	113,540	113,800
Other Expenses		335,912	339,415	357,832	351,129	345,632
Total Expenditure	**$ per farm**	**597,006**	**598,836**	**624,132**	**615,732**	**608,832**
Farm Profit Before Tax[2]	**$ per farm**	**18,914**	**138,630**	**266,968**	**166,537**	**83,768**
EBITRm[3]	**$ per farm**	**160,754**	**268,300**	**386,769**	**285,500**	**202,669**
Real Farm Profit[4]	**$ per farm**	**11,600**	**83,400**	**156,900**	**97,900**	**49,200**

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2025 was a grazing area of 714 hectares with 2,879 sheep, 350 cattle and 25 deer, totalling 4,449 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

Total gross farm revenue

Forecast to increase 6.1%

Gross farm revenue is forecast to increase 6.1% nationally to $782,300 per farm, supported by strong sheep and beef cattle prices. Regional revenue increases range from 4.3% in Marlborough-Canterbury to 8.5% in East Coast, where sheep revenue is strong.

The following contribute to gross farm revenue on average:

Sheep (excl. wool) revenue – 45%

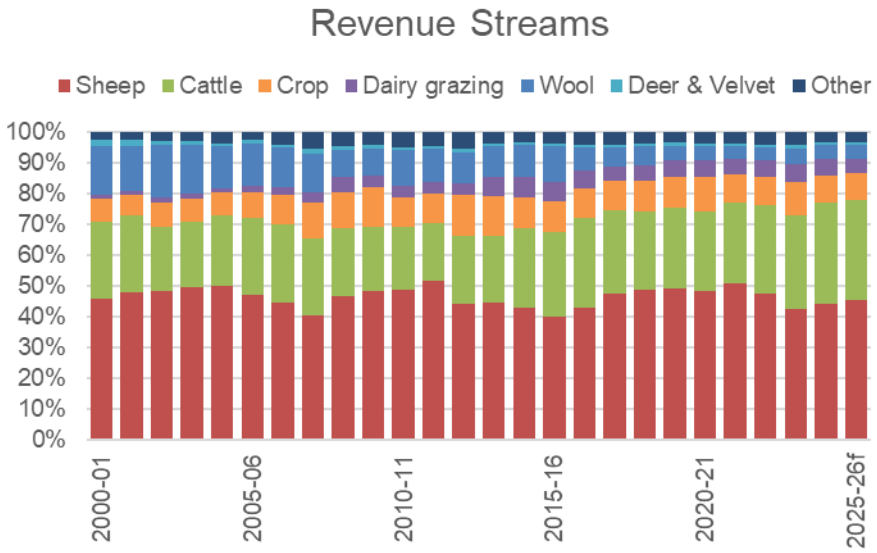
Cattle revenue – 33%

Crop revenue – 8%

Dairy grazing revenue – 5%.

The remaining 9% of revenue comprises wool, deer and other farming-related activities.

Figure 14 Weighted average all classes Revenue Streams



Sheep revenue increases by an average 8.4% to $353,300 per farm. The lamb crop for spring is expected to decrease by 0.6%, driven by fewer breeding ewes. An improvement in ewe lambing percentage is expected with ewes in good condition in the eastern North Island and northern-central South Island.

Beef cattle revenue increases 5.8% to an average $256,000 per farm with farm-gate prices for bull beef a particular standout for farmers.

Sheep revenue is forecast to rise in all regions, with the largest gains being in East Coast (+14.6%) and Northland-Waikato-BoP (+13.8%). Cattle revenue also increases for all regions, with Marlborough-Canterbury (+8.0%) and Otago-Southland (+7.8%) leading.

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 2.8%

Total farm expenditure is forecast to increase 2.8% to $615,700 per farm, a slower rate than revenue growth. Lower on-farm inflation and improved cashflow will allow farmers to catch up on deferred repairs and maintenance and address soil fertility this season.

Repairs and maintenance expenditure increases, particularly in Otago-Southland (+16.9%) and Taranaki-Manawatū (+28%), to address maintenance that was deferred in recent years because of poor returns.

Fertiliser, lime, and seeds expenditure is forecast to rise significantly across all regions, with increases ranging from 8.1% in Marlborough-Canterbury to 31% for East Coast, as farmers respond to improved cashflow and focus on soil fertility needs.

Interest expenditure is forecast to decline in all regions, to an average $92,200 per farm for 2025-26 with easing interest rates. Interest expenditure skyrocketed from 2021-22 to 2023-24, doubling from an average of $56,500 to $116,200 per farm.

B+LNZ expects term liabilities will be reduced in 2025-26 with principal repayments, across most regions and farm classes (on average) as increased cashflow allows for a reduction in term debt. Overdraft facilities are expected to decrease in 2025-26; however, overdraft levels were higher than usual in the past three seasons with greater cashflow requirements.

Within total farm expenditure, farm operating expenditure[6] increases 6.0% 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.

It has been a volatile time for profitability for farmers

Record low profitability in 2023-24 was a grim challenge for farmers

Farm profitability in 2023-24 reached its lowest level since the Global Financial Crisis (GFC, in 2007-08), marking a challenging chapter for New Zealand's sheep and beef sector. A sharp drop in farm-gate prices coincided with high inflation and interest rates, driving farm expenditure to record highs and squeezing profit margins.

Final results from the B+LNZ Sheep and Beef Farm Survey show Farm Profit Before Tax averaged just $18,914 per farm – below earlier estimates and a stark reflection of the financial strain faced by farm businesses.

Low profitability increased the need for overdraft facilities and also increased term debt (on average), a combination that exerted greater pressure on a tight cashflow situation.

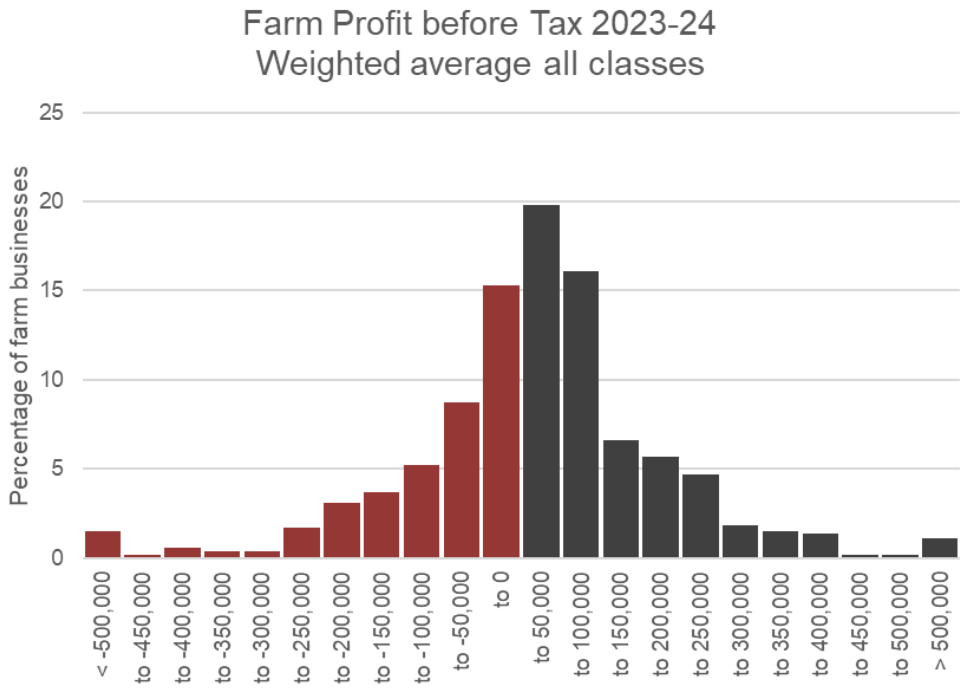
Farmers cut costs across the board, which resulted in fewer farm inputs such as fertiliser, and deferred maintenance. Total farm expenditure rose regardless of cost-cutting measures because high on-farm inflation eroded spending power.

[6] Farm operating expenditure includes all farm working expenses plus ACC payments, insurance and rates. It is a measure of money spent on farming activities.

Low farm-gate prices for both sheep and beef cattle limited farmers' ability to adapt to volatile market conditions, testing resiliency across all farm classes.

There was wide variability in Farm Profit Before Tax (see Figure 15). Notably, forty percent of farms recorded negative Farm Profit Before Tax in 2023-24. This metric considers depreciation — a non-cash expense — because depreciation reflects the real decline in asset value over time. It is a vital consideration in farm business profitability and ensures a more accurate view of long-term business sustainability and future reinvestment needs.

Figure 15 Weighted average all classes Farm Profit Before Tax 2023-24



Farm Profitability bounced back much faster than expected in 2024-25

Farm profitability in 2024-25 recovered at a much faster pace and to a higher level than anticipated due to strong lamb farm-gate prices and beef cattle prices remaining high. Farm Profit Before Tax increased to $138,700 per farm in 2024-25, most of the improvement in fortunes and cashflow occurred during the second-half of the season.

Expectations were for a u-shaped recovery from the 2022-23 and 2023-24 period of low profitability, a slow but steady climb from poor farm-gate returns and high farm expenditure (driven by high-inflation and interest rates). However, the recovery has been much sharper and allowed farm businesses to begin the process of recovering from financial setbacks.

The recovery for farm businesses includes the ability to rebuild livestock numbers, apply more fertiliser, catch up on deferred maintenance and reduce overall debt.

Regional commentary

Forecast profit for regions in New Zealand

This section analyses profitability by region using the “all classes average”, which is a weighted average that provides a consolidated view of the sheep and beef farming in a region and is a useful indicator of the overall sector, which is complex and diverse.

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 increase 22% to $208,700 per farm driven by strong farm-gate prices for beef cattle and sheep, and a reduction in interest expenditure. Farm profitability rebounded in 2024-25 following an historic low in 2023-24.

A summer drought in 2025 increased supply at store markets where prices remained high with strong demand. Meat processors had capacity to take livestock during the drought, which was unusual because farmers typically wait for processing space at such a time.

As B+LNZ reported in its Mid-Season Update and Stock Number Survey, the cumulative effect of forestry plantations through Northland, west Waikato and King Country has reduced livestock numbers and made procurement more difficult for processors. Rolling pastoral land continues to be converted into trees.

The drought was broken by rainfall in April and pasture growing conditions returned to near-normal levels. Mild temperatures favoured the region and pasture covers improved.

Farm Profit Before Tax is forecast to increase 22% — to average $208,700 per farm in 2025-26 (+$37,500) with revenue increasing by a greater degree than expenditure.

EBITRm increases 11.1% — to average $288,000 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 are forecast to increase following several seasons with lower applications due to high fertiliser prices and low farm-gate prices.

Gross farm revenue is forecast to increase 8.1% — to average $676,200 per farm.

Sheep revenue to increase 13.8% — to average $194,400 per farm while wool revenue increases 4.0% to an average of $15,500 per farm. The lamb crop for spring 2025 is estimated to be lower than 2024 due to fewer breeding ewes and poorer pregnancy scanning results Sheep revenue, as a percentage of total gross farm revenue, is estimated to average 29%.

Cattle revenue to increase 7.1% — to average $389,400 per farm driven by higher beef cattle prices and an increase in cattle sold. 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 58% of total gross farm revenue for 2025-26.

Total farm expenditure is forecast to increase 2.9% — to average $467,500.

Fertiliser, lime and seeds expenditure to increase 13.4% — to average $96,400 per farm. Fertiliser volumes applied are forecast to increase as farmers focus on improving soil fertility. Fertiliser, lime, and seeds comprise around 21% of total farm expenditure.

Repairs and maintenance expenditure to increase 7.6% — to average $47,000 per farm. Repairs and maintenance comprises around 10% of farm expenditure.

Interest expenditure to decrease 14.0% — to average $55,800 per farm (-$9,100). Interest expenditure has doubled from 2021-22 to 2023-24. As interest rates have fallen the burden of interest expenditure has decreased. Interest expenditure comprises around 12% of total farm expenditure.

East Coast

Farm Profit Before Tax is forecast to increase 29% to $200,800 per farm, with a large increase in gross farm revenue, particularly sheep revenue, surpassing higher expenditure.

Total farm expenditure is expected to increase, however key categories of expenditure move in different directions for 2025-26: fertiliser applications and spending are forecast to increase, repairs and maintenance spending is expected to decrease as greater demands on R&M since Cyclone Gabrielle (2023) ease, and lower interest rates reduce interest expenditure.

Along the East Coast in 2024-25, a sunny spring led into a dry Christmas period and farmers destocked various classes due to reduced feed availability. As the season continued, climatic conditions and pasture improved, and farmers purchased store stock from other regions – increasing stock on hand by 30 June 2025.

Increased farm-gate prices and mild weather boosted confidence after a fiscally challenging 2023-24, giving farmers choices through the season to farm to their strengths.

Farm Profit Before Tax is forecast to increase 29% — to $200,800 on average per farm for 2025-26. Profit is driven by much-improved revenue from sheep.

EBITRm increases 10.9% — to average $334,200 per farm with improved beef cattle and sheep farm-gate prices strengthening profitability.

Gross farm revenue increases 8.5% — to average $818,000 per farm.

Sheep revenue is forecast to increase 14.6% — to average $406,200 per farm (+$51,700). Wool revenue is forecast to increase 3.4% to average $27,300 per farm. Sheep revenue contributes 50% of gross farm revenue, while wool revenue contributes less than 4% of gross farm revenue.

Cattle revenue increases 3.3% — to average $347,800 per farm (+$11,100) with more cattle available to sell, particularly bull beef. Cattle revenue contributes 43% of gross farm revenue in 2025-26.

Total farm expenditure is forecast to increase 3.2% — to average $617,200 per farm (+$19,000).

Fertiliser, lime and seeds expenditure is forecast to increase 31% — to average $85,000 per farm. All farm classes are expected to increase fertiliser volumes in 2025-26 following three seasons of lower-than-average applications. Fertiliser, lime, and seeds comprise around 14% of total farm expenditure.

Repairs and maintenance expenditure is forecast to decrease 4.2% — to average $64,500 per farm. Repairs and maintenance decreases following relatively high levels required in the wake of Cyclone Gabrielle. Repairs and maintenance comprise around 11% of farm expenditure.

Interest expenditure is forecast to decrease 11.8% — to average $97,000 per farm (-$13,000). Interest expenditure doubled in the short period from 2021-22 to 2023-24 and has subsequently fallen. Interest expenditure comprises around 16% of total farm expenditure.

Taranaki-Manawatū

The outlook is for steady progress for the coming 2025-26 season, following a recovery in profitability in 2024-25. Fewer trading cattle and hoggets at 30 June 2025 means fewer stock to sell in 2025-26, nonetheless, strong farm-gate prices bolster revenue.

Summer 2025 for Taranaki-Manawatū was dry and windy with low pasture growth, coastal areas were badly affected by conditions. This resulted in autumn feed levels being subpar during mating. A positive was an increase in fertiliser applications in autumn, which will improve soil fertility and pasture growth.

The outlook for spring lambing is for fewer lambs due to fewer breeding ewes and poorer pregnancy scanning results. More beef breeding cows were on hand in the region at 30 June 2025, however pregnancy scanning showed higher empty rates.

Farm profitability in 2023-24 was low, with Hard Hill Country farms making a loss (on average). Better farm-gate prices have helped farm businesses rebound from a low period and confidence in beef cattle has led to a continued shift from sheep towards cattle in the region.

Farm Profit Before Tax increases 2.6% — to average $116,300 per farm in 2025-26 as sheep and beef cattle farm-gate prices increase gross farm revenue.

EBITRm decreases 3.7% — to average $234,900 per farm as the increase in farm working (or operational) expenses outstrips the increase in gross farm revenue.

Gross farm revenue is forecast to increase 5.0% — to average $691,000 per farm. Although sheep and beef cattle farm-gate prices are high, farmers will sell fewer lambs and sheep in 2025-26 reducing potential gains from high prices.

Sheep revenue increases 5.6% — to average $376,000 per farm. Wool revenue decreases 1.9% to average $30,200 per farm. Sheep and wool revenue contribute 54% and 4% of gross farm revenue respectively in 2025-26.

Cattle revenue increases 4.8% — to average $223,400 per farm. Stronger beef cattle pricing increases revenue for all farm classes, particularly Hill Country. Beef cattle revenue contributes around 32% of gross farm revenue.

Total farm expenditure is forecast to increase 5.5% — to average $574,500 per farm for 2025-26.

Fertiliser, lime, and seeds expenditure increases by 29% — to average $85,100 per farm. Fertiliser volumes applied are forecast to increase in 2025-26. Fertiliser, lime, and seeds comprises around 15% of total farm expenditure.

Repairs and maintenance expenditure is forecast to increase 28% — to average $54,300 per farm. Repairs and maintenance has been minimal as farmers sought to keep costs down. For 2025-26, B+LNZ expects an increase due to deferred maintenance. Repairs and maintenance comprise around 9% of farm expenditure.

Interest expenditure is forecast to decrease 11.7% — to average $90,600 per farm. Interest expenditure comprises around 16% of total farm expenditure.

Marlborough-Canterbury

Rebuilding livestock numbers after drought characterised the 2024-25 season. This recovery in both numbers of livestock and farm-gate prices for sheep and cattle improved the financial position of farm businesses at the start of the new season. Farm Profit Before Tax is forecast to average $145,400 per farm for 2025-26, similar to back in 2022-23.

Plentiful feed through summer, autumn and into winter 2025 improved conditions at mating for breeding ewes and should result in an increased lamb crop this spring (depending on climatic conditions at the lambing). More calves are forecast for this spring because there were more beef breeding cows on hand at 30 June 2025 and they were in better condition than a year earlier.

Increased fertiliser applications are planned for the 2025-26 season, conditions permitting, in a bid to recoup soil fertility levels after several seasons of lighter applications and to ensure good crop yields.

Following the drought in 2024, farmers expressed increased interest in water storage and irrigation to help mitigate against climatic events. Some Finishing-Breeding farms have irrigation, and the effects of the drought were moderated on those farms helping to buffer against large-scale destocking and lost revenue.

Farm Profit Before Tax increases 22% — to average $145,400 per farm for 2025-26. The predominant Farm Class in the region is finishing breeding farms (Farm Class 6), which are forecast to average $161,500 in Farm Profit Before Tax.

EBITRm increases 5.7% — to average $283,500 per farm. Increased gross farm revenue exceeds the increase in farm working or operational expenses (+3.8%).

Gross farm revenue increases 4.3% — to average $950,400 per farm for 2025-26 with sheep, beef cattle and crop revenue forecast to increase.

Sheep revenue increases 5.7% — to average $334,900. Sheep and wool revenue contribute 35% and 5% of gross farm revenue respectively in 2025-26.

Wool revenue increases by 3.5% — to average $43,900 per farm. For High Country farms (Farm Class 1), wool revenue decreases to $462,800 per farm (-1.7%) because fewer sheep will be shorn, and less wool will be sold.

Cattle revenue increases 8.0% — to average $194,000 per farm. More cattle at 30 June 2025 increases the number of cattle available for sale this season, allowing farmers to capitalise on strong beef cattle pricing. Cattle revenue accounts for around 20% of gross farm revenue on average for the region.

Cash cropping revenue increases 3.4% — to average $235,700 per farm. Crop revenue accounts for around 25% of gross farm revenue because of the influence of mixed (cropping) finishing farms (Farm Class 8).

Dairy grazing revenue decreases 3.0% — to $80,100 per farm on average for 2025-26. Mixed-Finishing farms typically earn the most revenue from dairy grazing, with an estimate of $150,800 per farm (-$21,000), though dairy grazing revenue accounts for around 8% of gross farm revenue on average.

Total farm expenditure increases 1.6% — to average $805,000 per farm.

Fertiliser, lime, and seeds expenditure increases by 8.1% — to average $240,600 per farm. Fertiliser applications increased in 2024-25 with better climatic conditions and cashflow, this is expected to continue in 2025-26 with another increase in fertiliser applications and expenditure. Fertiliser, lime and seeds comprise around 16% of total farm expenditure.

Repairs and maintenance expenditure increases 2.4% — to average $47,700 per farm. Repairs and maintenance has been deferred in recent seasons. Repairs and maintenance comprise around 6% of farm expenditure.

Interest expenditure decreases by 9.0% — to average $116,200 per farm. Lower interest rates have alleviated interest expenditure, although costs remain higher than in 2022-23. Interest expenditure comprises around 14% of total farm expenditure.

Otago-Southland

The outlook for farm profitability is positive for 2025-26 after profitability improved in 2024-25 following an historically low season with poor farm-gate prices and high on-farm inflation in 2023-24.

Spring 2024 was difficult for many farmers in the Southern South Island with persistent, cold, wet weather during lambing. This reduced potential sheep revenue gains from increased farm-gate prices in 2024-25. An improved lambing percentage is anticipated for spring 2025.

Farms in Southern South Island are sheep-dominant and the return of good prices for lambs has been a boost for farm revenue. However, breeding ewe numbers continue to decline, significantly enough to reduce the number of lambs available for sale in 2025-26. Hill Country farms have shifted towards more prime lamb sales, as a proportion of total sales, which boosts revenue for this farm class.

Farm Profit Before Tax forecast to increase 15.2% — to average $154,400 per farm. This is approximately $20,000 higher than 2024-25.

EBITRm increases 3.6% — to average $287,500 per farm. Farm operating expenditure, or farm working expenses, increase 6.5% as farmers plan to increase spending on fertiliser and repairs and maintenance, and other costs rise.

Gross farm revenue is forecast to increase 5.3% — to average $760,700 per farm for 2025-26 with strong farm-gate prices for sheep and beef cattle.

Sheep revenue increases 5.4% — to average $513,100 per farm. Wool revenue is estimated to increase 0.9% to average $56,200 per farm. Revenue from sheep and wool combined accounts for around 75% of gross farm revenue.

Cattle revenue increases 7.8% — to average $124,500 per farm as beef cattle farm-gate prices remain strong. Cattle revenue accounts for around 16% of revenue.

Total farm expenditure increases by 3.0% — to average $606,300 per farm. Inputs of fertiliser, and general repairs and maintenance, were well below maintenance levels on some farms from 2022-23 to 2024-25.

Fertiliser, Lime and Seeds expenditure increases 10.0% — to average $101,900 per farm with increased volumes applied if conditions permit in 2025-26. However, fertiliser usage overall is likely to remain below long-term averages, which puts soil fertility and production at risk. Fertiliser, lime, and seeds comprise around 17% of total farm expenditure.

Repairs and maintenance expenditure is forecast to increase 17% — to average $39,400 per farm following three seasons of largely deferred maintenance. Repairs and maintenance comprise around 6% of farm expenditure.

Interest expenditure is estimated to decrease by 9.7% — to average $102,900 per farm. Interest expenditure comprises around 17% of total farm expenditure.

2025-26 forecast — weighted average for all classes in each region

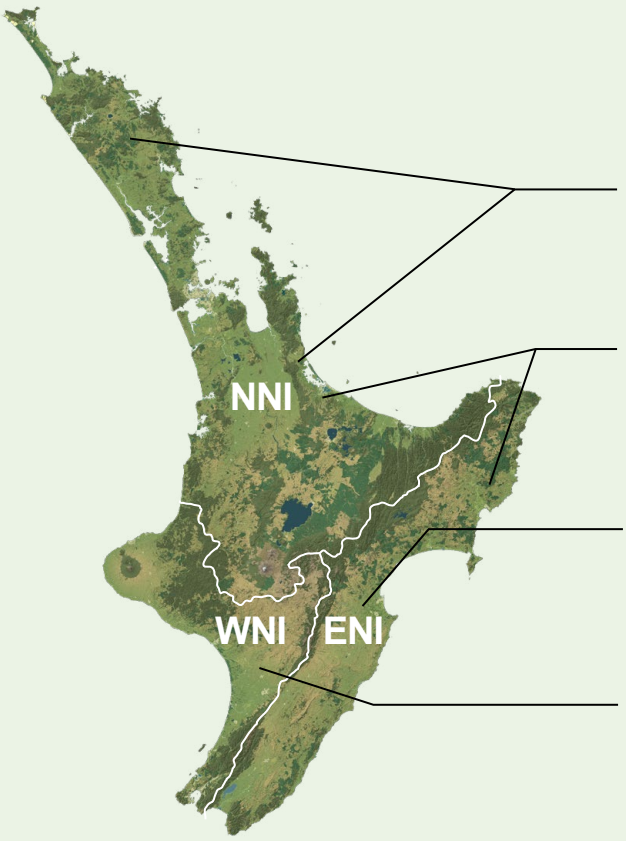
All Classes Sheep and Beef Farm - $ per farm

Region	2023-24 Profit	2024-25 Profit	2025-26 Revenue	2025-26 Expenditure	2025-26 Profit	2025-26 EBITRm[1]	2025-26 Stock Units	2025-26 Hectares
Northland-Waikato-BoP	66,670	171,200	676,200	467,500	208,700	288,000	3,900	450
East Coast	-31,291	155,700	818,000	617,200	200,800	334,200	5,300	620
Taranaki-Manawatu	14,025	113,400	691,000	574,700	116,300	234,900	4,500	530
North Island	**23,157**	**150,300**	**721,900**	**540,600**	**181,300**	**288,100**	**4,500**	**520**
Marlborough-Canterbury[2]	9,365	119,000	950,400	805,000	145,400	283,500	4,300	950
Otago/Southland[2]	16,868	134,000	760,700	606,300	154,400	287,500	4,600	900
South Island[2]	**13,773**	**124,500**	**855,400**	**706,700**	**148,700**	**282,100**	**4,400**	**950**
New Zealand	**18,914**	**138,700**	**782,300**	**615,700**	**166,500**	**285,500**	**4,400**	**710**

p provisional, f forecast | Exchange rate used in forecast year USD/NZD 0.63
1 Earnings before Interest, Tax, Rent and wages paid to a manager
2 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

B+LNZ Regional Economic Service Team

North Island



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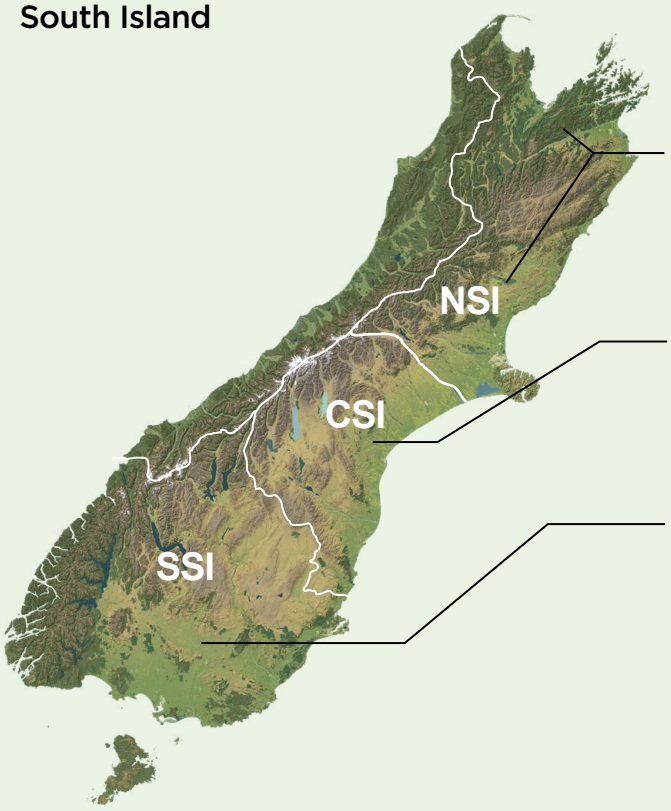

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Appendix 1: On-farm profitability

Sheep and beef farm revenue and expenditure — weighted average all classes[1]

		Provisional				Forecast			Forecast % Change 2024-25 to 2025-26		
		2021-22	2022-23	2023-24	2024-25	2025-26 USD 0.56	2025-26 USD 0.63	2025-26 USD 0.69	USD 0.56	USD 0.63	USD 0.69
Revenue											
Wool		30,484	28,578	30,854	34,760	41,200	35,456	30,500	+18.5%	+2.0%	-12.3%
Sheep		372,145	328,865	261,758	325,868	416,600	353,285	301,500	+27.8%	+8.4%	-7.5%
Cattle		193,014	199,333	186,802	241,897	294,900	255,951	223,800	+21.9%	+5.8%	-7.5%
Dairy Grazing		38,366	35,711	36,206	37,419	38,388	38,388	38,388	+2.6%	+2.6%	+2.6%
Deer + Velvet		6,225	5,747	6,809	5,697	6,500	5,647	4,900	+14.1%	-0.9%	-14.0%
Cash Crop		67,203	64,495	66,904	64,752	65,996	65,996	65,996	+1.9%	+1.9%	+1.9%
Other		27,928	31,099	26,587	27,073	27,546	27,546	27,546	+1.7%	+1.7%	+1.7%
Total Gross Revenue	**$ per farm**	**735,365**	**693,828**	**615,920**	**737,466**	**891,100**	**782,269**	**692,600**	**+20.8%**	**+6.1%**	**-6.1%**
Expenditure											
Fert, Lime & Seeds		99,716	92,352	81,524	88,503	102,900	101,529	100,400	+16.3%	+14.7%	+13.4%
Repairs & Maintenance		48,420	48,619	42,853	46,540	50,200	49,534	49,000	+7.9%	+6.4%	+5.3%
Interest & Rent		76,401	111,114	136,717	124,378	113,200	113,540	113,800	-9.0%	-8.7%	-8.5%
Other Expenses		321,860	335,518	335,912	339,415	357,832	351,129	345,632	+5.4%	+3.5%	+1.8%
Total Expenditure	**$ per farm**	**546,397**	**587,603**	**597,006**	**598,836**	**624,132**	**615,732**	**608,832**	**+4.2%**	**+2.8%**	**+1.7%**
Farm Profit Before Tax[2]	**$ per farm**	**188,968**	**106,225**	**18,914**	**138,630**	**266,968**	**166,537**	**83,768**	**+92.6%**	**+20.1%**	**-39.6%**
EBITRm[3]	**$ per farm**	**269,878**	**221,853**	**160,754**	**268,300**	**386,769**	**285,500**	**202,669**	**+44.2%**	**+6.4%**	**-24.5%**
Real Farm Profit[4]	$ per farm in 2004-05 $	129,700	68,300	11,600	83,400	156,900	97,900	**49,200**	+88.1%	+17.4%	-41.0%
Real Farm Profit[4]	**Index (2004-05=1000)**	**1,770**	**932**	**159**	**1,139**	**2,143**	**1,338**	**672**	**+88.1%**	**+17.5%**	**-41.0%**
Fertiliser Use	kg per SU	25.4	16.9	17.2	19.0	21.2	20.9	20.7	+11.5%	+10.0%	+8.8%
Prices											
Wool auction	¢ per kg clean	464	439	396	504	601	515	445	+19.2%	+2.2%	-11.8%
All wool[5]	¢ per kg greasy	247	228	244	291	349	299	258	+19.7%	+2.6%	-11.4%
Lamb	$ per head	165	100	130	177	207	180	158	+17.1%	+1.6%	-11.0%
Mutton	$ per head	146	95	53	100	118	95	75	+18.9%	-4.8%	-24.2%
Prime Steer/Heifer	¢ per kg	610	593	586	751	870	755	661	+15.9%	+0.6%	-11.9%

1. The Weighted Average for All Classes of Sheep and Beef Farm for 1 July 2025 was a grazing area of 714 hectares with 2,879 sheep, 350 cattle and 25 deer, totalling 4,449 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


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new zealand