

Strong 2017-18 red meat exports for New Zealand

New Zealand's red meat exports for 2017-18 exceeded NZ\$6.7 billion (excluding veal and co-products), up NZ\$1.2 billion (21 per cent) on 2016-17, on the back of sustained high value per tonne and increased volume for lamb, mutton and beef.

While the average value per tonne of lamb and mutton have been highlights of the season, beef exports have remained high since shooting up in 2014-15.

Strong farm-gate prices for lambs and adult sheep drove increased sheepmeat export volume, but sustained beef prices in recent seasons and a stable dairy herd contributed to higher beef exports.

Good farm-gate prices and export average values per tonne remained strong throughout the season, even during the fast start to the processing season, driven by the dry December conditions.

Total export receipts includes the price paid to farmers and the value added to products through processing and bringing it to export, which is paid from overseas markets and passes through the wider New Zealand economy.

Lamb

Total lamb export receipts were over NZ\$3.1 billion, up 25 per cent on 2016-17 and 28 per cent on the five-year average.

The average value of lamb exports stayed over NZ\$10,000 per tonne for the entire season, and while these levels were reached in occasionally in 2010-11 and 2011-12 it was not for each month an entire season until 2017-18.

The average value of lamb was up 17 per cent on 2016-17 to NZ\$10,460 per tonne (NZ\$10.46 a kg), and up 26 per cent on the five-year average. The increases were spread across lamb product categories.

Increasing import demand for sheepmeat from China, particularly mutton, and tight supply from Australia and New Zealand increased competition for sheepmeat.

Limited international availability of mutton drove improved value for sub-primal cuts of lamb, which began in mid-2016-17, and lifted the overall average value of lamb exports, including for primal cuts.

Mutton

Total mutton receipts benefitted from the limited international supply and strong demand to be NZ\$618m, up 46 per cent on 2016-17.

The average value of mutton exports was NZ\$6,580, up 23 per cent on 2016-17 and 30 per cent on the five-year average, which fed through to higher farm-gate prices.

The strong prices and dry early summer conditions lifted the number of adult sheep processed and increased the total mutton exports in 2017-18 to 94,000 tonnes across the season, up 19 per cent on 2016-17 and up 11 per cent on the five-year average.

Beef + Lamb New Zealand's [New Season Outlook 2018-19](#) forecasts a 17 per cent reduction of mutton exports due limited availability after the surge in 2017-18 and confidence in sheep production remains high, evidenced by the increased number of ewe hoggets being retained.

Beef

In comparison with lamb and mutton, increases in beef exports and value seem subdued but total beef receipts exceeded NZ\$3.0 billion, up 14 per cent increase on 2016-17 and 17 per cent on the five-year average.

The amount of beef exported was up 7 per cent, which was largely driven by more bulls and cows being processed in 2017-18.

The higher number of cows processed mainly resulted from New Zealand's dairy herd maturing and more being culled for age after herds contracted in 2014-15 and 2015-16 in response to weaker farm-gate milk prices, which created a younger herd on average.

The average value of beef exports has remained steady and strong since the 2014-15 season, driven by US demand for lean manufacturing beef, giving confidence for producers and increasing the number of bull calves that were born in the dairy sector being raised in the beef sector.

Despite increased global beef production and trade, the average value of New Zealand's beef exports improved moderately – by 2 per cent – to NZ\$7,320 per tonne to remain historically strong.

China

In 2017-18, China overtook the US as New Zealand's largest red meat market to be the largest by volume and value.

China accounted for one-third of New Zealand's red meat exports as the trend of an increasing share of New Zealand's beef exports continued and combined with lifts in the share of lamb and mutton.

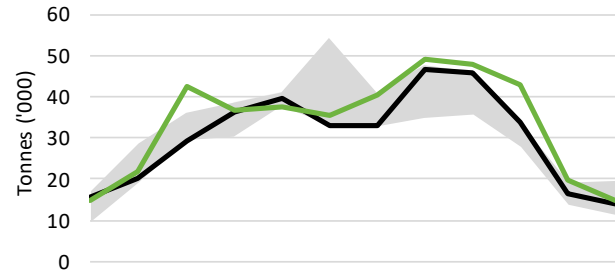
In the past, China's increased imports of New Zealand beef were mostly secondary cuts, such as shanks and knuckles, but in 2017-18 this category was surpassed by manufacturing beef.

While the average value for New Zealand's manufacturing beef exports to the US increased slightly (+1 per cent), product sent to China rose by 7 per cent to NZ\$6,590 per tonne, 5 per cent higher than manufacturing beef sent to the US.

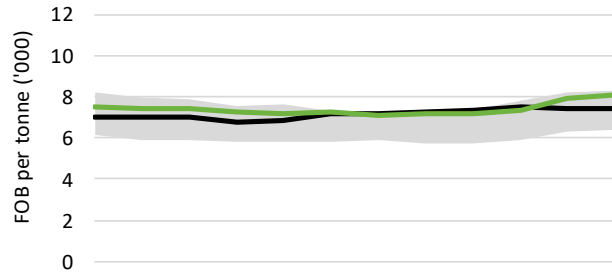
The US remains New Zealand's largest beef export market but the total share decreased two percentage points to 47 per cent.

New Zealand's red meat exports can be explored further with Beef + Lamb's [interactive meat export tool](#).

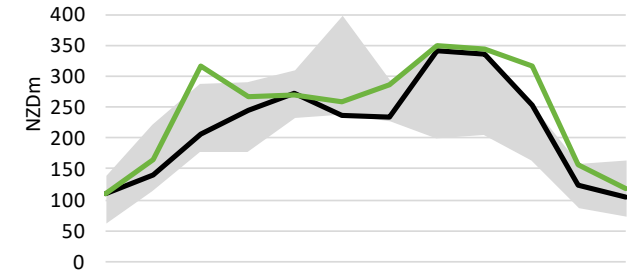
Monthly Beef Exports



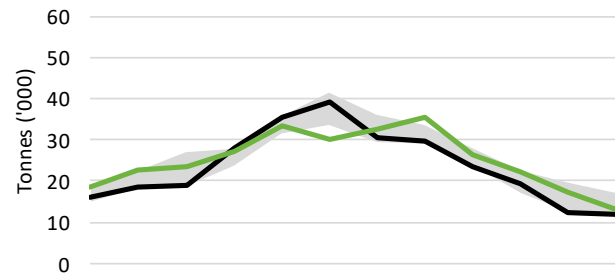
Beef Average FOB per tonne



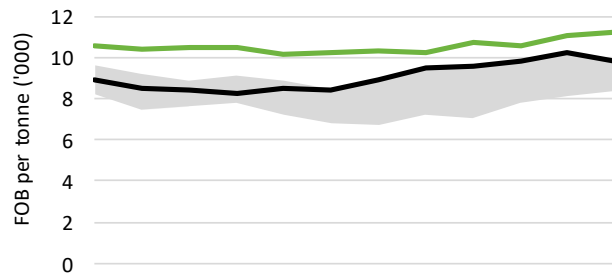
Total Monthly Beef FOB Receipts



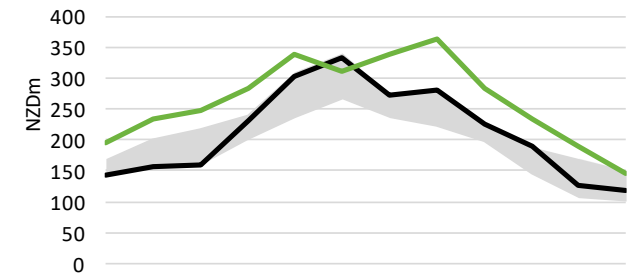
Monthly Lamb Exports



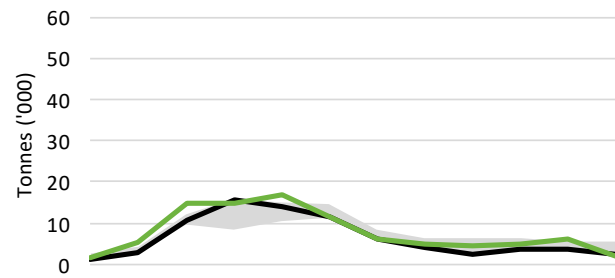
Lamb Average FOB per tonne



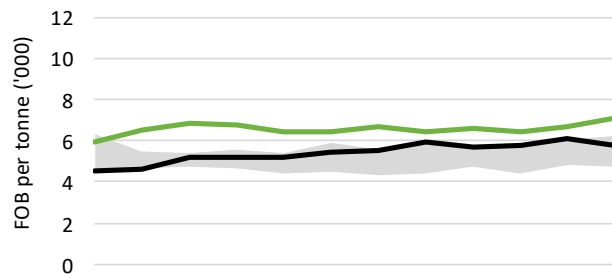
Total Monthly Lamb FOB Receipts



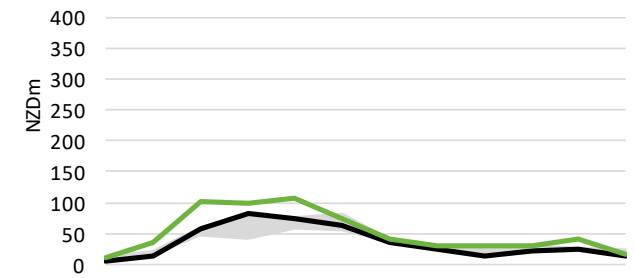
Monthly Mutton Exports



Mutton Average FOB per tonne



Total Monthly Mutton FOB Receipts



5-year range 2016-17 2017-18

Source: Beef + Lamb New Zealand, Statistics New Zealand

5-year range 2016-17 2017-18

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5-year range 2016-17 2017-18

Source: Beef + Lamb New Zealand, Statistics New Zealand