

Mid-Season Update 2025-26



After two difficult seasons in 2022-23 and 2023-24, sheep and beef farmers are experiencing a strong rebound in profitability, although there is uncertainty on the horizon.

\$287,600 per farm

Farm Profit
Before Tax

+\$140k

gross revenue lift
per farm vs 2024-25

\$8.5 billion¹

value generated by farmers
(on-farm) 2025-26

\$16 million/day

farmer spending on
goods & services

On-farm profitability

- Farm profit before tax forecast at \$287,600/farm — highest in 50 years and roughly double 2024-25.
- EBITRm² up 45% to \$400,700/farm (\$560/ha). All regions move sharply higher.
- Revenue up strongly; expenditure also rises (fertiliser, repairs and maintenance). Interest costs fall with lower interest rates and overdraft requirements.
- Farmers spending on equipment and investing in developing their farms, with spending flowing into regional economies.
- Conflict in the Middle East is pushing freight costs higher and disrupting supply chains, threatening farm returns for the remainder of the season and into 2026-27.

Farm-gate price forecasts

Wool prices recovering from multi-year lows. All prices well above earlier season expectations.

Lamb	Adult Sheep (Mutton)	All Cattle
\$10.28/kgCW	\$5.55/kgCW	\$7.59/kgCW

New Zealand production

- Lamb production up 2.0% to 341,200 tonnes bone-in; lambs processed up 2.6% on better-than-expected spring lambing.
- Cattle processed up 1.1% driven by higher dairy cow processing following a low cull year in 2024-25.
- Adult sheep processed down 9.2% to 3.1m head — in line with historical norms relative to the breeding ewe flock.

Global markets

- Positive outlook for red meat sector.
- **North America:** Demand for lean beef is near record highs; US beef cattle herd lowest in 70+ years. Strong sustained tailwind for cattle returns in New Zealand, although tariffs remain a concern.
- **Europe (EU27 & UK):** Low domestic production and continued robust demand support imports of New Zealand Lamb. NZ-UK FTA providing opportunity for beef trade.
- **China:** Subdued economy. A tariff-rate quota for beef aligns broadly with NZ's historical average export volumes.
- **Middle East:** Strait of Hormuz disruption adding freight and fuel cost pressure.
- **NZD/USD:** Current forecast (USD0.59) is more favourable than the September 2025 outlook, amplifying farm-gate returns because ~75% of exports are denominated in USD.

Key risks

- **Middle East conflict:** elevated freight rates, fuel costs and war-risk surcharges.
- **US trade policy:** tariff removal offers relief but new tariff risk remains a downside risk.
- **Autumn processing pressure:** high livestock numbers may result in processing delays.

¹Sheep and Beef Farm Survey forecast for Gross Farm Revenue 2025-26

²EBITRm = Earnings before Interest, Tax, Rent and Management wages. It allows farms to be compared on a debt-free, freehold, owner-operator basis.