



# Sheep and Beef On-farm Inflation 2025-26

© Beef + Lamb New Zealand | July 2026  
P26004



# Contents

Summary for 2025-26	1
On-farm inflation -0.9%	3
Annual changes in farm input prices	5
Underlying on-farm inflation +3.9%	9
Methodology and sources	10
Appendices	11

## About this report

The Sheep and Beef On-farm Inflation report provides an inflation rate for sheep and beef farms that reflects the annual change in the prices paid for farm inputs and **not** changes in the level of total farm expenditure, which consider the volume of inputs in addition to the price of inputs. The On-farm inflation report is published annually following the release of Business Price indices by Statistics New Zealand in mid-May.

## Contact the team



**Andrew Burt**  
Chief Economist  
027 652 9543



**Rob Davison**  
Executive Director  
04 471 6034



**Vaughan Wilson**  
Senior Agricultural Analyst -  
On-Farm and Markets  
027 543 2124



**Angie Fisher**  
Senior Agricultural Analyst -  
On-Farm  
027 442 0057

© 2026 Beef + Lamb New Zealand Limited also referred to as B+LNZ, B+LNZ Economic and Farm Insights team.

All rights reserved. This work is covered by copyright and may not be stored, reproduced, or copied without the prior written permission of Beef + Lamb New Zealand Limited.

Beef + Lamb New Zealand Limited, its employees and Directors shall not be liable for any loss or damage sustained by any person relying on the forecasts contained in this document, whatever the cause of such loss or damage.

Beef + Lamb New Zealand PO Box 121, Wellington 6140 | Phone: 04 473 9150 | Fax: 04 474 0800 | Email: [econ@beeflambnz.com](mailto:econ@beeflambnz.com)

# Summary for 2025-26

## Lower interest rates drove headline deflation, but most farm input prices increased

Sheep and beef on-farm inflation was **-0.9%** in the year to March 2026, the second consecutive year of deflation for New Zealand sheep and beef farms. However, this does not mean farm input prices are broadly falling. The overall result was driven by a 23% decrease in *Interest*. *Interest* is the largest single farm expenditure category, accounting for 18% of total farm expenditure, so the reductions in interest rates over the last couple of years have had a large effect on the headline inflation figure.

When interest is excluded, underlying on-farm inflation was +3.9%, above CPI inflation of +3.1%. This shows that most day-to-day farm input prices continued to increase over the year.

Most farm input prices continue to trend upward

The largest upward pressure in input prices came from *Fertiliser, lime & seeds*, which increased by 8.1%. This is significant because it is the second-largest farm expenditure category, accounting for around 15% of total farm expenditure.

The Strait of Hormuz closed on 28 February and therefore the inflation results don't reflect the increase in on farm costs that farmers have felt since.

Despite a positive last couple of years, farm input prices are still materially above pre-2021 levels. Over the past five years, cumulative on-farm inflation has increased by 30%, compared with 25% for CPI – so well ahead of the increases faced by the general public. While farmers received some relief from lower interest rates in 2025-26, the broader cost environment remains challenging.



**On-farm inflation**  
**-0.9%**



**Underlying inflation**  
**+3.9%**



**Interest**  
**-23%**



**Fert, Lime, Seeds**  
**+8.1%**

## Outlook for 2026-27

The inflation outlook for 2026-27 is less positive. The Middle East conflict has exerted upward pressure on fuel costs, with flow-on effects to fertiliser prices and broader farm inputs. Even though the Strait of Hormuz had reopened at the time of writing, the effects on fuel prices are expected to linger for a number of months and the situation remains volatile.

- **Fuel:** The Middle East conflict that began 28 February 2026 disrupted global oil markets. Fuel prices rose sharply, and this is expected to be reflected in next year's on-farm inflation figures. Higher fuel prices directly impact farm operations with higher diesel (in particular) costs, cartage, contracting, fertiliser and other farm inputs.
- **Fertiliser:** Higher energy costs globally put upward pressure on imported fertiliser products through manufacture and shipping. Domestic production also has higher energy input costs, which increases fertiliser prices along with supply uncertainties.
- **Interest rates:** The OCR is forecast to rise in late 2026, which may moderate or reverse the interest rate relief farmers have experienced over the past two years.

Overall, anticipate a more inflationary environment in the year ahead.





# On-farm inflation -0.9%

## On-farm inflation -0.9% in 2025-26

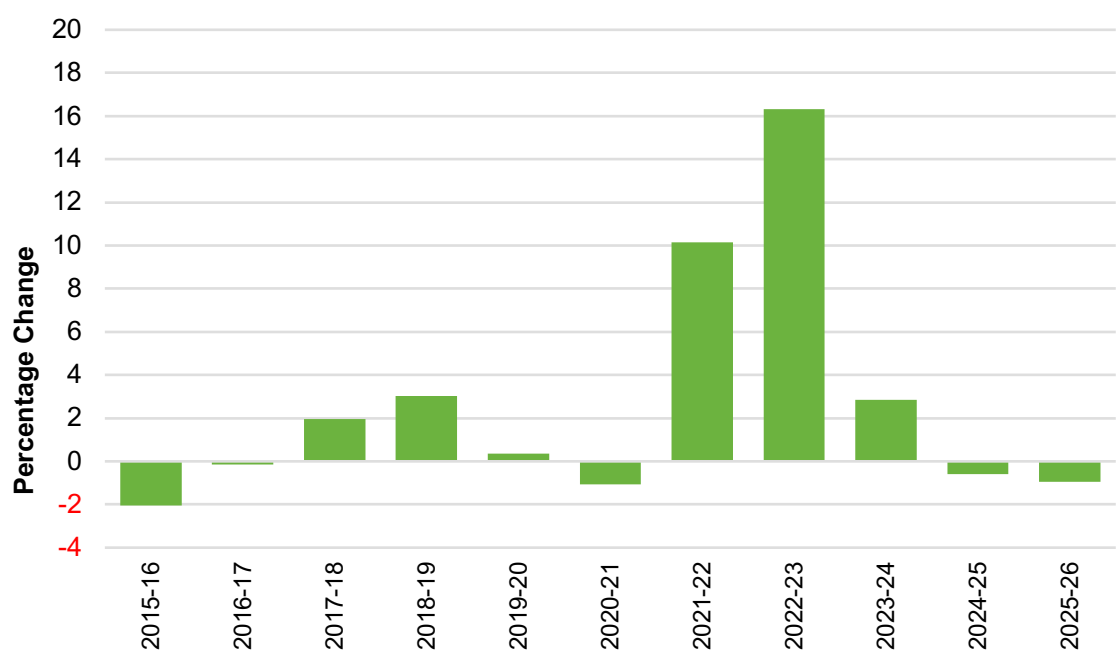
Farm input prices decreased due to a fall in interest rates

Sheep and beef on-farm inflation was -0.9% in the year to March 2026. This marks the second consecutive year of deflation, following -0.6% in 2024-25. The headline deflation figure was driven almost entirely by a 23% fall in interest rates. With interest representing 18% of total farm expenditure, this single category contributed -4.1 percentage points to the overall inflation rate.

By contrast, the Consumer Price Index (CPI) rose 3.1% over the same 12-month period, meaning overall, on-farm inflation (-0.9%) was lower than for the broader consumer economy over the year.

Prices increased for 14 out of 16 categories of farm inputs. The largest increase was for *Rates* (+9.2%), followed by *Fertiliser, Lime & Seeds* (+8.1%). The farm input categories that decreased were *Interest* (-23%) and *Insurance* (-2.2%) (see Figure 3).

Figure 1: Sheep and Beef On-Farm Inflation



Source: Beef + Lamb New Zealand Insights | Statistics New Zealand | Reserve Bank New Zealand

## On-farm inflation +30% over 5 years and +35% over 10 years

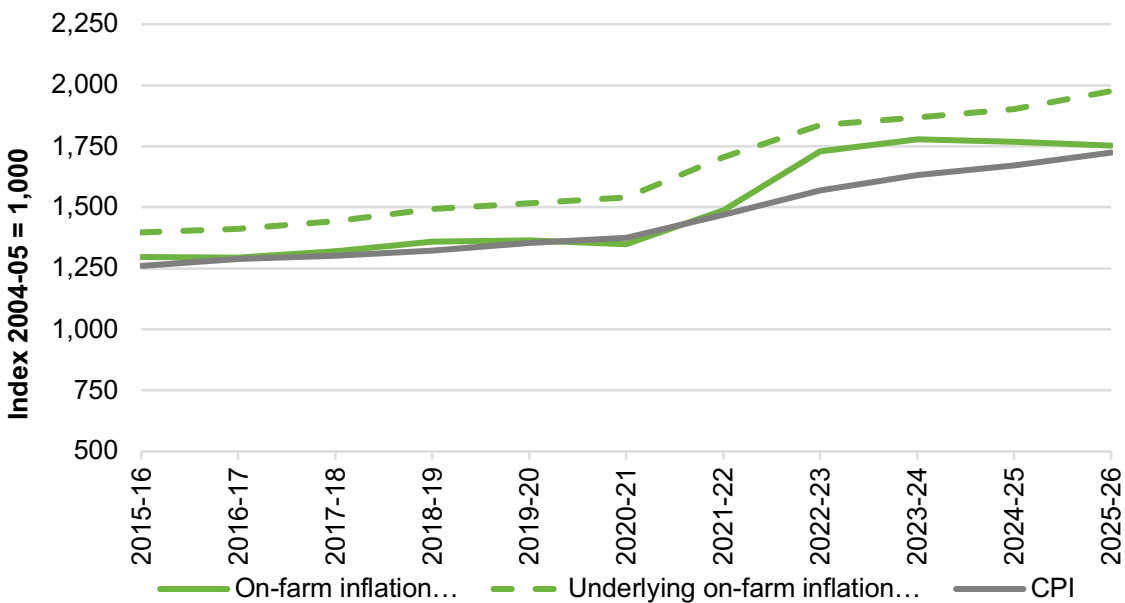
Cumulatively inflation has been significant for sheep and beef farmers in recent seasons and detrimental to farm profitability. Prices for sheep and beef farm inputs increased 30% over the last five years, and by 35% over the last 10 years (see Table 2).

## Consumer price inflation increases 3.1%

On-farm inflation was lower than consumer price inflation in the 12 months to March 2026. Over the past five years, however, on-farm inflation has outpaced general consumer inflation by 3.5 percentage points, reflecting sustained cost pressures across the farm input basket during the post-COVID period (see Figure 2).

This figure shows the annual percentage change in on-farm inflation compared to CPI from 2015-16 to 2025-26.

Figure 2: Sheep and Beef On-Farm Inflation and CPI



Source: Beef + Lamb New Zealand Insights | Statistics New Zealand | Reserve Bank New Zealand



# Annual changes in farm input prices

This section analyses annual changes in farm input prices, including areas of expenditure that increased the most over the March year, and the main categories of expenditure for sheep and beef farms.

The deflation headline masks a mixed picture across input categories. While the price for interest fell sharply, most other categories of expenditure increased in the 12 months to March 2026.

## Highest price increases by expense category

### Rates +9.2%

---

The price of *Rates* increased 9.2% in the year to March 2026. This follows an 11.0% increase in 2024-25 and continues a sustained upward trend.

### Fertiliser, Lime & Seeds +8.1%

---

The price for *Fertiliser, Lime & Seeds* increased 8.1% to March 2026. As the second-largest expense category after *Interest*, this was a significant increase and followed several years of volatility in global fertiliser markets.

### Electricity +7.1%

---

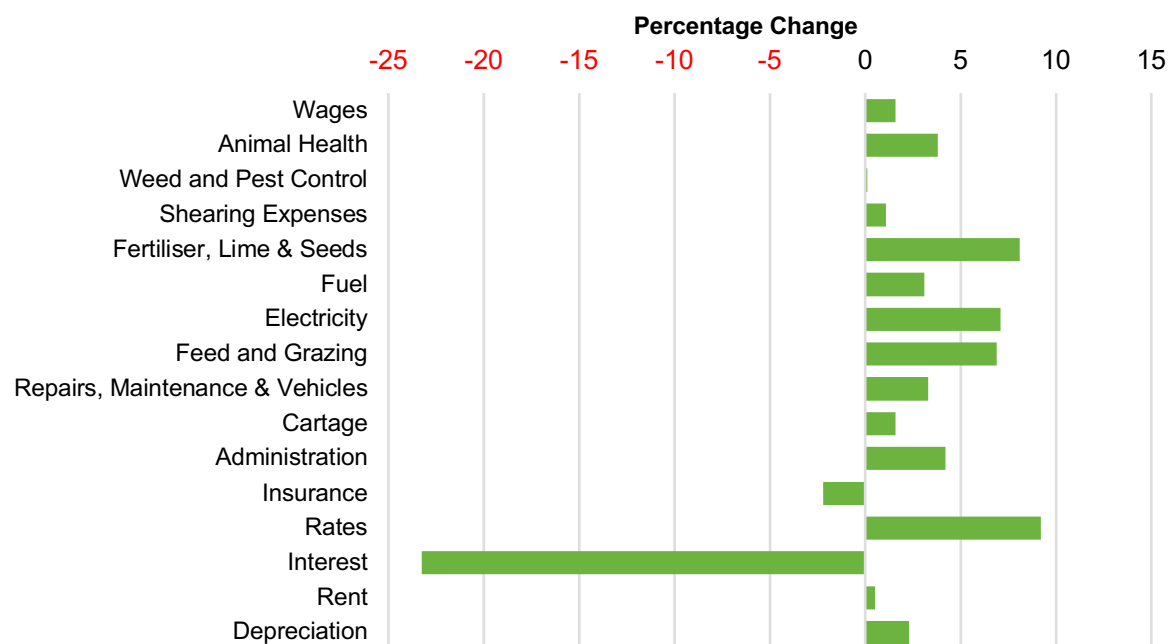
Energy costs continued to rise, albeit from a small expenditure category for Sheep and Beef farmers (0.8% of farm expenditure). The price of *Electricity* increased by 7.1% in the year to March 2026.

### Fuel +3.1% – A Note of Caution

---

The price of *Fuel* increased 3.1% in this reporting period. However, this figure largely predates the Middle East conflict that began on 28 February 2026. The data from Statistics New Zealand is to 31 March 2026, capturing only one month of disruption. With fuel prices rising sharply since late February, the 2026-27 report is expected to show a more significant increase in fuel input price and other categories.

**Figure 3: Sheep and Beef Farm Input Prices Changes – March 2025 to March 2026**



Source: Beef + Lamb New Zealand Insights | Statistics New Zealand | Reserve Bank New Zealand

## Major items of expenditure

### Interest; Fertiliser, Lime & Seeds; and Repairs, Maintenance & Vehicles

The major items of expenditure are *Fertiliser, Lime & Seeds*; *Interest*; and *Repairs, Maintenance & Vehicles*. Together these categories account for approximately 44% of total farm expenditure. Combined, their weighted price movement fell 3.2% due to the influence of lower interest.

*Fertiliser, Lime & Seeds* is often the largest expenditure category for many sheep and beef farms. It averaged 15% of expenditure for the period 2022-23 to 2024-25. The 8.1% increase to March 2026 is significant for farmers with a trade-off between higher production costs and soil fertility considerations.

*Repairs, Maintenance & Vehicles* increased 3.3% between March 2025 and March 2026. This follows an increase of 1.6% in 2024-25.

Figure 3 shows the change in price of each input, while Figure 4 shows the change in price of each input *weighted* by its proportion of total farm expenditure.

The price for *Interest* decreased by 23%. This refers to the cost of borrowing (interest rates), not total interest expenditure, which depends on the amount of debt. *Interest* represents 18% of total farm expenditure, on average, making it the single largest contributor to on-farm inflation (Figure 4). This decrease provided welcome relief for farmers after several years of elevated interest rates.

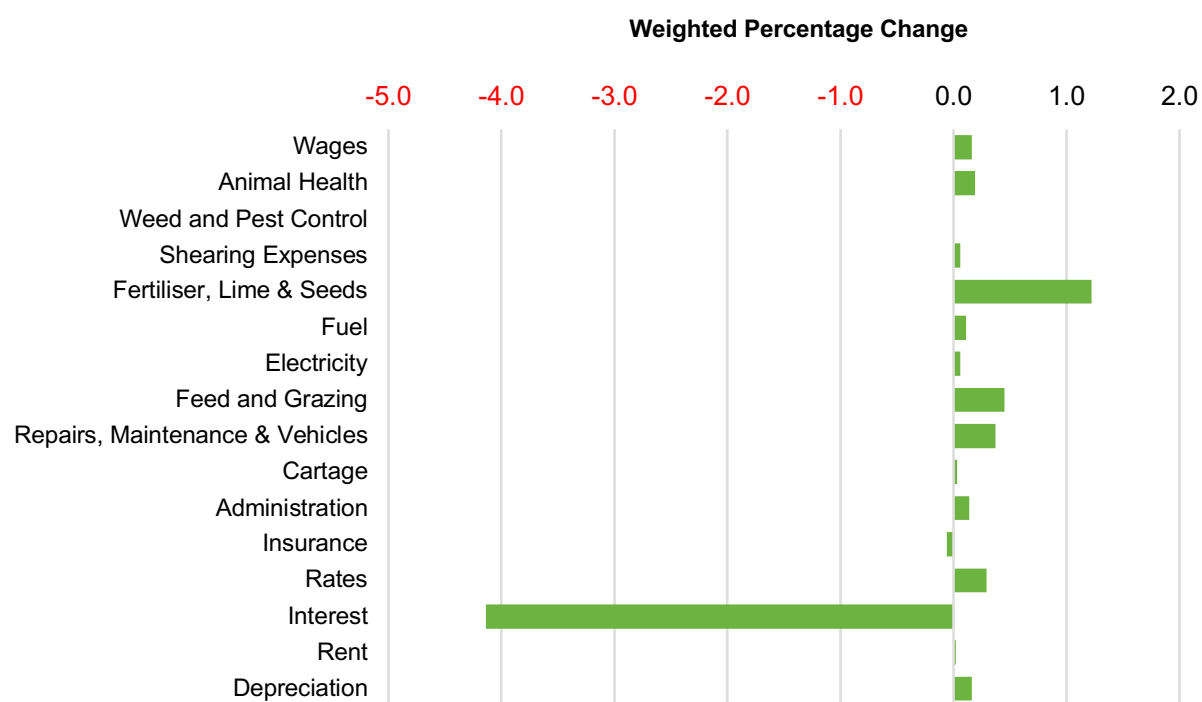
Higher levels of debt are often, but not always, associated with farmers in early stages of their career due to purchasing land and low equity within their farm businesses. This results in greater debt-servicing requirements and greater exposure to interest rates.

Compared to March 2025, a greater share of farm debt has been shifted to fixed rates to secure lower interest rates and provide more certainty with budgeting. Broadly, approximately 70% of sheep and beef farm term liabilities are subject to floating interest rates and 30% fixed interest (up from 15% March 2025).

An individual farm business will have its own experience with inflation depending on the weightings of farm expenditure in the business, which relates to operational policies and capital structure.

The charts in Appendix 1 and Appendix 2 show the cumulative changes in prices for each item of expenditure since 2004-05. Appendix 3 shows annual percentage changes for each item of expenditure. A time-series of the percentage weights of expenditure items is shown in Appendix 4.

**Figure 4: Sheep and Beef Farm Weighted Input Price Changes – March 2025 to March 2026**



Source: Beef + Lamb New Zealand Insights | Statistics New Zealand | Reserve Bank New Zealand

**Table 1: Sheep and Beef Farm Input Price Changes**

<b>Sheep and Beef Farm Input Price Changes March 2025 to March 2026</b>			
<b>Categories of Expenditure</b>	<b>Percentage Change</b>	<b>Percentage Weight<sup>1</sup></b>	<b>Weighted Percentage Change<sup>2</sup></b>
	<b>Col. 1</b>	<b>Col. 2</b>	<b>Col. 3</b>
Wages	+1.6	9.7	+0.16
Animal Health	+3.8	5.1	+0.19
Weed and Pest Control	+0.1	3.7	+0.00
Shearing Expenses	+1.1	5.4	+0.06
Fertiliser, Lime & Seeds	+8.1	15.1	+1.22
Fuel	+3.1	3.4	+0.11
Electricity	+7.1	0.8	+0.06
Feed and Grazing	+6.9	6.5	+0.45
Repairs, Maintenance & Vehicles	+3.3	11.2	+0.37
Cartage	+1.6	1.7	+0.03
Administration	+4.2	3.3	+0.14
Insurance	-2.2	2.5	-0.06
Rates	+9.2	3.2	+0.29
Interest	-23.3	17.8	-4.14
Rent	+0.5	3.5	+0.02
Depreciation	+2.3	7.1	+0.16
<b>TOTAL</b>		100.0	-0.94

**Notes:**

1. Average three-year pattern of expenditure for Sheep and Beef Farms, i.e. (2022-23 to 2024-25p)
2. Col.(3) equals Col.(1) multiplied by Col.(2) divided by 100.

The result is rounded to two decimal places, e.g.

$$\text{Wages } +1.6 \times 9.7 / 100 = 15.52 / 100 = +0.16$$

Source: Beef + Lamb New Zealand Insights | Statistics New Zealand | Reserve Bank New Zealand

# Underlying on-farm inflation +3.9%

When *Interest* is excluded from the calculation of the change in sheep and beef farm input prices, underlying on-farm inflation was 3.9% in the year to March 2026 due to increased input prices across most of the categories of expenditure.

This measure provides a clearer picture of cost pressures on day-to-day farm operations, removing the volatility associated with interest rate movements.

At 3.9%, underlying inflation exceeds the CPI of 3.1%, indicating that farm input costs are rising faster than general consumer prices when interest is excluded.

Table 2 compares on-farm inflation with underlying on-farm inflation. Underlying on-farm inflation over the past decade was 41%, moderately higher than consumer price inflation over the same period at 37%.

**Table 2: Sheep and Beef On-Farm Inflation**

Year	On-farm inflation (including Interest)		Underlying on-farm inflation (excluding Interest)	
	Percentage Change	Index <sup>1</sup>	Percentage Change	Index <sup>1</sup>
2015-16	-2.0	1,296	0.0	1,397
2016-17	-0.2	1,294	+1.1	1,412
2017-18	+2.0	1,320	+2.2	1,443
2018-19	+3.0	1,359	+3.5	1,494
2019-20	+0.4	1,364	+1.5	1,517
2020-21	-1.1	1,350	+1.6	1,541
2021-22	+10.2	1,487	+10.7	1,706
2022-23	+16.3	1,729	+7.8	1,838
2023-24	+2.8	1,778	+1.7	1,869
2024-25	-0.6	1,768	+1.8	1,902
2025-26	-0.9	1,751	+3.9	1,976
10 years to 2025-26	+35.1		+41.4	
5 years to 2025-26	+29.8		+28.3	
3 years to 2025-26	+1.3		+7.5	
2 years to 2025-26	-1.5		+5.7	

1. Index 2004-05 = 1000

Source: Beef + Lamb New Zealand Insights



# Methodology and sources

B+LNZ's sheep and beef on-farm inflation report indicates the annual changes in farm input prices and not the annual changes in total farm expenditure. On-farm inflation is different from total farm expenditure because it focuses on the price of inputs while expenditure considers the **price and volume** of inputs used. B+LNZ's latest forecasts for expenditure were published in its Mid-Season Update, which was released in March and is available from B+LNZ's [Economic reports page](#).

The objective of this analysis is to isolate the price changes for the various input categories. An inflation rate (or overall price change) is then derived by weighting the price change for each individual category by its proportion of total farm expenditure. These proportions are based on a three-year moving average.

Goods and Services Tax (GST) is excluded from the calculation of farm input price changes because this tax is recovered from farm expenditure.

This publication relies heavily on Statistics New Zealand's (SNZ) Farm Expenses Price Index (FEPI). The March quarter data, published by SNZ in May, are released online at [www.stats.govt.nz](http://www.stats.govt.nz) under the category "Business Price Indexes" (BPI) as downloadable tables.

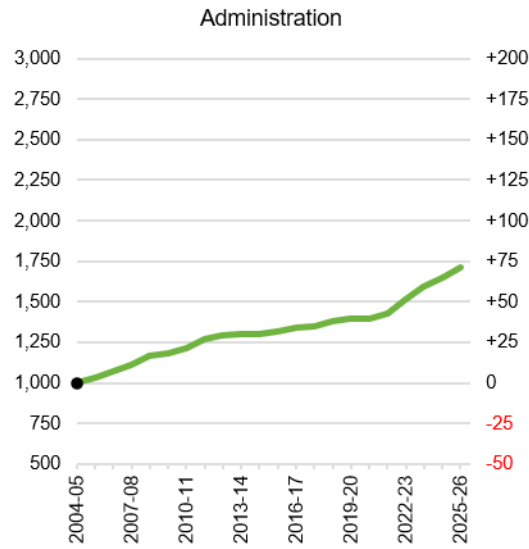
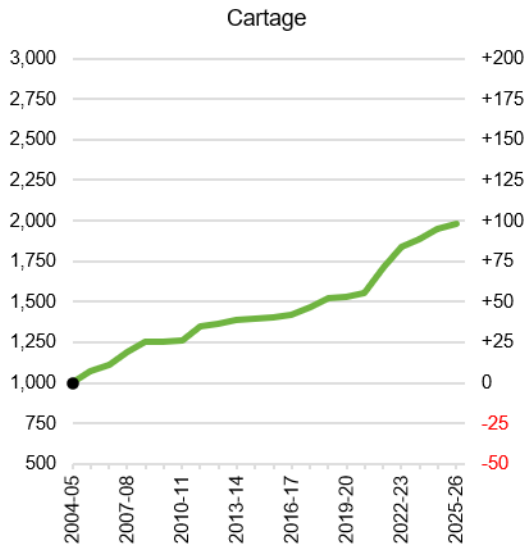
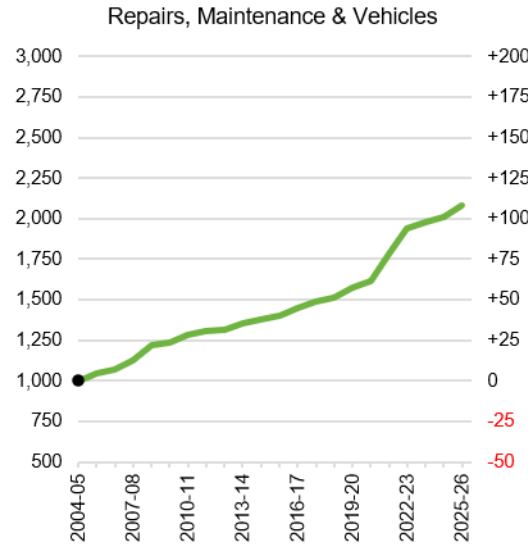
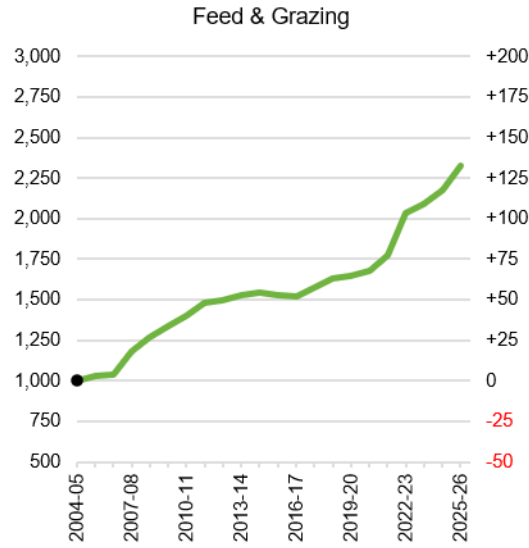
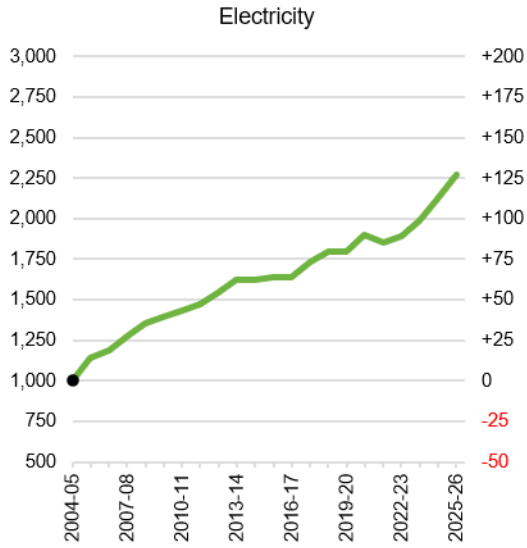
B+LNZ's Sheep and Beef Farm input prices differ from the SNZ data in three areas:

1. Interest charges are calculated independently to take account of both overdraft and mortgage interest rates, including fixed term interest, using RBNZ data and are then weighted using B+LNZ's Sheep and Beef Farm Survey.
2. Depreciation is included to measure the price changes for capital replacement. This item correctly lines up the input prices paid index with the on-farm expenditure reported by the B+LNZ Sheep and Beef Farm Survey.
3. A three-year moving average of on-farm expenditure from the B+LNZ Sheep and Beef Farm Survey is used to weight individual categories to the single overall percentage price change for the year.

# Appendices

## Appendix 1: Cumulative On-Farm Inflation Indexes and Percentage Change – Farm Working Expenses (2004-05 = 1000)





## Appendix 2: Cumulative On-Farm Inflation Indexes and Percentage Change – Standing Charges and Depreciation (2004-05 = 1000)



### Appendix 3: Annual percentage changes in Sheep and Beef Farm Input Prices

#### ANNUAL PERCENTAGE CHANGES IN SHEEP AND BEEF FARM INPUT PRICES

FARM EXPENDITURE	March Quarter Prices										
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Wages	+1.2	+1.3	+1.8	+1.7	+1.3	+2.1	+2.8	+3.6	+2.0	+2.0	+1.6
Animal Health	+0.3	+1.9	+2.6	+2.0	+3.7	+3.8	+3.0	+7.2	+8.0	+3.0	+3.8
Weed & Pest Control	-0.9	-1.1	+4.6	-0.2	+0.6	+5.0	+14.9	+4.4	+0.6	-5.3	+0.1
Shearing Expenses	+0.3	+1.3	+2.3	+11.2	+1.4	+2.2	+3.2	+3.5	+2.2	+1.6	+1.1
Fertiliser, Lime & Seeds	+0.6	-3.8	-0.6	+6.2	-0.3	+0.8	+23.0	+14.0	-4.2	-0.7	+8.1
Fuel	-12.7	+18.8	+12.1	+4.0	-0.4	-4.7	+54.3	+0.9	+4.5	-3.7	+3.1
Electricity	+1.1	-0.3	+5.8	+3.7	-0.1	+5.8	-2.6	+2.4	+4.9	+6.7	+7.1
Feed & Grazing	-1.1	-0.3	+3.6	+3.3	+1.0	+1.9	+5.5	+14.8	+2.8	+4.2	+6.9
Repairs, Maintenance & Vehicles	+1.7	+3.5	+2.7	+1.4	+4.2	+2.4	+10.4	+8.6	+2.3	+1.6	+3.3
Cartage	+0.7	+0.9	+3.4	+4.0	+0.6	+1.3	+10.5	+7.0	+2.9	+3.2	+1.6
Administration	+1.4	+2.0	+0.6	+2.3	+0.9	+0.1	+2.4	+6.1	+4.8	+3.5	+4.2
Insurance	-0.4	+2.7	+6.7	+4.1	+5.0	+2.5	+3.6	+9.0	+8.7	+11.3	-2.2
Rates	-0.7	+2.0	+2.7	+5.1	+3.7	+1.3	+6.5	+3.8	+5.7	+11.0	+9.2
Interest	-14.5	-7.5	+0.5	+0.1	-7.2	-18.9	+5.9	+86.5	+12.0	-13.9	-23.3
Rent	0.0	+1.5	+0.3	+4.0	+0.4	+0.5	+2.6	+0.5	+0.9	+2.3	+0.5
Depreciation	+1.3	+1.2	+1.4	+0.4	+1.4	+0.1	+4.7	+4.3	+2.2	+1.7	+2.3
<b>On-Farm Inflation (including Interest)</b>	<b>-2.1</b>	<b>-0.2</b>	<b>+2.0</b>	<b>+3.0</b>	<b>+0.4</b>	<b>-1.1</b>	<b>+10.2</b>	<b>+16.3</b>	<b>+2.8</b>	<b>-0.6</b>	<b>-0.9</b>
<b>Underlying On-Farm Inflation (excluding Interest)</b>	<b>0.0</b>	<b>+1.1</b>	<b>+2.2</b>	<b>+3.5</b>	<b>+1.5</b>	<b>+1.6</b>	<b>+10.7</b>	<b>+7.8</b>	<b>+4.4</b>	<b>+1.8</b>	<b>+3.9</b>
Consumer Price Index (CPI)	+0.4	+2.2	+1.1	+1.5	+2.5	+1.5	+6.9	+6.7	+4.0	+2.5	+2.5

Source: Beef + Lamb New Zealand Insights | Statistics New Zealand

## Appendix 4: Percentage allocation of Sheep and Beef Farm Expenditure

### PERCENTAGE ALLOCATION OF SHEEP & BEEF FARM EXPENDITURE (JUNE YEAR)

FARM EXPENDITURE	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Wages	8.9	8.8	9.0	9.2	9.3	9.4	9.7	10.2	10.2	9.7	9.7
Animal Health	5.2	5.1	5.1	5.1	5.3	5.3	5.3	5.3	5.5	5.4	5.1
Weed & Pest Control	3.6	3.8	3.9	3.9	4.2	4.2	3.9	4.2	4.5	4.1	3.7
Shearing Expenses	5.3	5.2	5.0	5.0	5.0	5.2	5.4	5.4	5.2	5.4	5.4
Fertiliser, Lime & Seeds	17.2	17.2	17.0	16.8	16.9	16.8	17.5	18.1	18.0	16.3	15.1
Fuel	3.5	3.1	2.8	2.6	2.8	2.9	2.8	2.7	3.2	3.4	3.4
Electricity	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8
Feed & Grazing	8.0	8.2	8.0	8.5	8.0	8.5	8.1	7.5	7.3	6.9	6.5
Repairs, Maintenance & Vehicles	11.8	11.9	12.0	12.0	11.8	12.1	12.1	12.5	12.2	11.8	11.2
Cartage	1.7	1.7	1.6	1.7	1.7	1.7	1.6	1.6	1.7	1.8	1.7
Administration	3.6	3.7	3.7	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.3
<b>Sub-Total Working Expenses</b>	<b>69.8</b>	<b>69.6</b>	<b>69.0</b>	<b>69.3</b>	<b>69.3</b>	<b>70.3</b>	<b>70.6</b>	<b>71.7</b>	<b>72.0</b>	<b>69.0</b>	<b>65.9</b>
Insurance	2.0	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3	2.5
Rates	3.1	3.1	3.2	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.2
Interest	14.3	14.2	14.2	13.7	13.6	12.8	12.3	10.9	11.4	14.9	17.8
Rent	3.3	3.5	3.6	3.4	3.5	3.5	3.7	3.7	3.5	3.6	3.5
<b>Sub-Total Standing Charges</b>	<b>22.7</b>	<b>22.8</b>	<b>23.0</b>	<b>22.5</b>	<b>22.3</b>	<b>21.5</b>	<b>21.3</b>	<b>19.9</b>	<b>20.3</b>	<b>23.9</b>	<b>27.0</b>
<b>TOTAL CASH EXPENDITURE</b>	<b>92.5</b>	<b>92.4</b>	<b>92.0</b>	<b>91.8</b>	<b>91.6</b>	<b>91.8</b>	<b>91.9</b>	<b>91.6</b>	<b>92.3</b>	<b>92.9</b>	<b>92.9</b>
Depreciation	7.5	7.6	8.0	8.2	8.4	8.2	8.1	8.4	7.7	7.1	7.1
<b>TOTAL FARM EXPENDITURE</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes:

1. All cost movements are calculated exclusive of GST.
2. Changes are weighted by the average three-year pattern of expenditure on Sheep and Beef farms using the last two final Survey years and the provisional year.
3. Wages includes Managerial Salaries and ACC from 2004-05 onwards.
4. Feed & Grazing includes Feed and Grazing + Cultivation and Sowing + Cash Crop Expenses categories.
5. Irrigation Expenses are not included in the price changes.

Source: Beef + Lamb New Zealand Insights

