



Stock Number Survey

as at 30 June 2019

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Executive Summary

Table 1 Livestock Summary

	30 June 2018 (million)	30 June 2019e (million)	% change
Breeding Ewes	17.16	16.97	-1.1%
Hoggets	9.23	9.55	+3.4%
Total Sheep	27.30	27.39	+0.4%
Estimated Lamb Crop	23.30	22.73	-2.4%
Beef Cattle	3.72	3.82	+2.6%

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

Breeding Ewes -1.1%

For the year to 30 June 2019, New Zealand's breeding ewe flock decreased 1.1 per cent to 16.97 million. Most regions decreased, largely driven by strong prices for cull ewes. In lower North Island regions, this was further encouraged by farmers favouring cattle and deer.

Hoggets +3.4%

Overall, the number of hoggets increased 3.4 per cent to 9.55 million. This was largely due to increased numbers in Marlborough-Canterbury (+183,000 head) due to ewe hogget retentions, which were sourced from drier regions further south.

Total Sheep +0.4%

The total number of sheep for the year to 30 June 2019 increased 0.4 per cent to 27.39 million. This was due to a decrease in breeding ewes for most regions, which was moderated by a lift in the total number of hoggets. The most significant increases in total hogget numbers occurred in the South Island and Northland-Waikato-Bay of Plenty.

Ewe condition

Ewe condition was generally poor across the country due to less feed availability during and after mating.

Scanning

Early pregnancy scanning results varied between regions, but were generally lower due to fewer ewes mated.

Lamb crop -2.4%

The result of the above factors is a forecast decrease in the lamb crop by 570,000 head (-2.4%) compared with spring 2018. This season, ewe condition at mating was mixed and fewer ewe hoggets were run with ram compared with 2018. Climatic conditions leading into spring, and adverse weather events may impact this change further.

Beef cattle +2.6%

The number of beef cattle increased 2.6 per cent, or 100,000 head, to an estimated 3.82 million at 30 June 2019. This was predominantly driven by Otago-Southland where strong prices encouraged farmers to maintain or lift herd sizes.

Introduction

Livestock numbers as at 30 June 2019

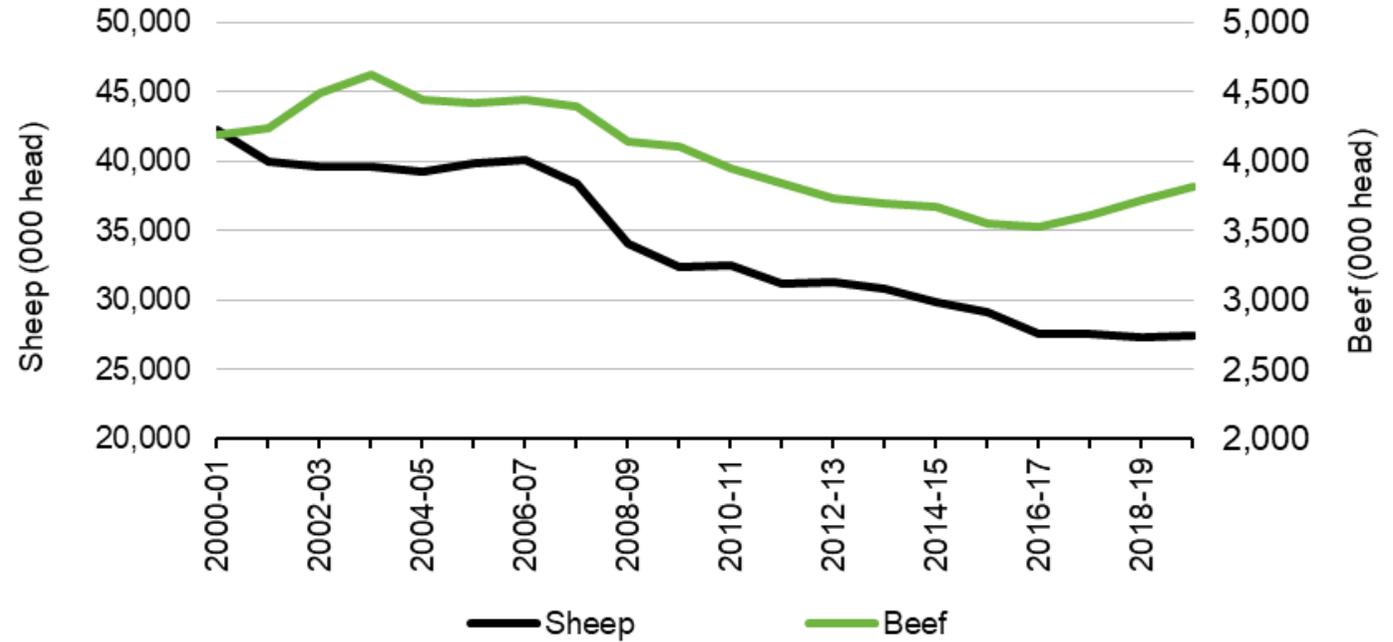
This paper summarises the results from a survey carried out to estimate the number of sheep and beef cattle on hand at 30 June 2019. This survey uses the Sheep and Beef Farm Survey framework, which is a statistically representative sample of over 500 commercial sheep and beef farms. Economic Service Managers based throughout New Zealand collect information from farms at various points during the year.

The livestock on hand at 30 June 2019 described in this report are the productive base for meat and wool production in the 2019-20 farming and meat export years.

In addition to the survey results, other information was used to estimate how changes in the size of the dairy herd impact on sheep and beef cattle numbers.

The results of the survey are reported by region for sheep in Table 3 and for beef cattle in Table 5. Longer-term time-series of livestock numbers are shown at the national level in Table 2 for sheep and in Table 4 for beef cattle.

Figure 1 Livestock Numbers



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

Climatic Conditions

2018-19 Summer Summary

Rainfall

Rainfall was below normal (50-79% of the summer normal) to well below normal (<50% of the summer normal) in Northland, Taranaki, Nelson, Tasman and the West Coast as well as parts of Marlborough, Manawatu-Whanganui, Otago and Southland. Above normal rainfall (>120% of the normal) was observed around Hawke's Bay and parts of Gisborne. Rainfall was near normal elsewhere (80-120% of the summer normal rainfall).

Temperature

It was New Zealand's third-warmest summer on record. Temperatures across the country were either above average (+0.51°C to +1.20°C of the summer average) or well above average (>1.20°C of the summer average). Some of the highest temperatures relative to what is typical for the time of year occurred in the Bay of Plenty, Waikato and the Coromandel.

Soil Moisture

Summer started off on a wet note for some with wetter than normal soils present for much of the North Island (with the exception of Taranaki where drier than normal soils were present) and eastern South Island. A dry and warm January led to the rapid depletion of soil moisture levels and this continued throughout February. At the end of summer 2018-19, drier than normal soils were present across much the country. Severely dry soils were present across Northland, Auckland, Bay of Plenty, Waikato and Manawatu-Whanganui and extremely

dry soils were present in the Taranaki, Tasman and Nelson regions. Meteorological drought conditions (as defined by the NZ Drought Index) were present at the end of summer in Nelson, Tasman and the Buller District.

2019 Autumn Summary

There was a warm start to autumn, then it was cooler and unsettled at times.

Rainfall

Rainfall totals over much of the North Island were below normal (50-79% of the autumn normal) with isolated pockets of well below normal (<50% of the autumn normal). The exceptions to this were part of Bay of Plenty and western parts of the Wellington and Manawatu-Whanganui where near normal (80-120% of the autumn normal rainfall) rainfall totals were observed, and in the Taranaki region where rainfall was near to above normal (120-149% of the autumn normal). A large portion of the South Island observed above or well above normal rainfall (>120% of the autumn normal), including West Coast, much of Southland, western parts of Canterbury and Otago, as well as Nelson and northern Marlborough. Remaining parts of the South Island were largely near average with pockets of below average rainfall occurring throughout.

Temperature

It was New Zealand's 4th-warmest autumn on record. Temperatures across the country were mostly above average (+0.51°C to +1.20°C of the autumn average) or well above average (>1.20°C of the autumn average) while few locations experienced temperatures which were near average (-0.50° to +0.50°C of the autumn average).

Soil Moisture

By the end of autumn 2019, soils were drier than normal for much of the North Island with small areas of wetter than normal soils about western Waitomo and the Kapiti Coast. South Island soil moisture was generally near normal with pockets of below normal soil moisture about Waimate and Waitaki as well as interior Marlborough region.

Source: National Institute of Water and Atmospheric Research Ltd (NIWA)

Figure 2 Soil Moisture Deficit - March 2019

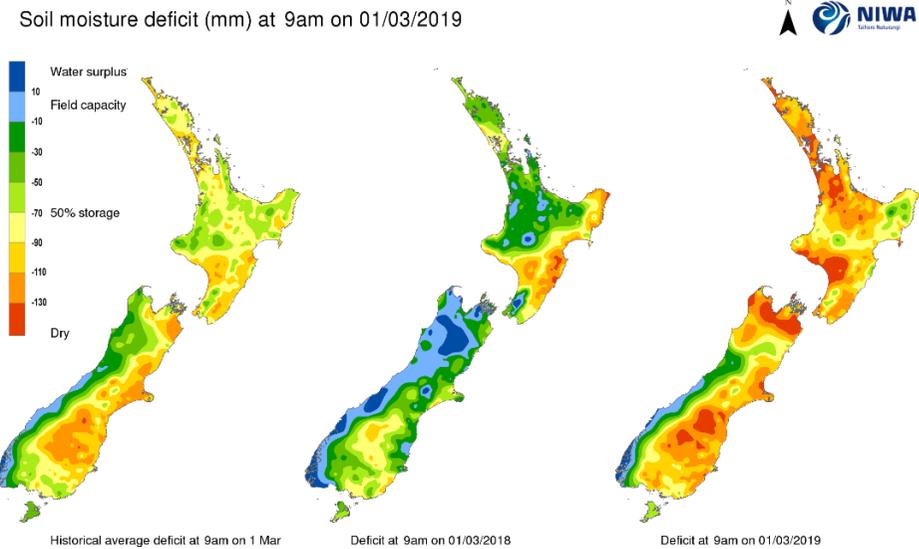
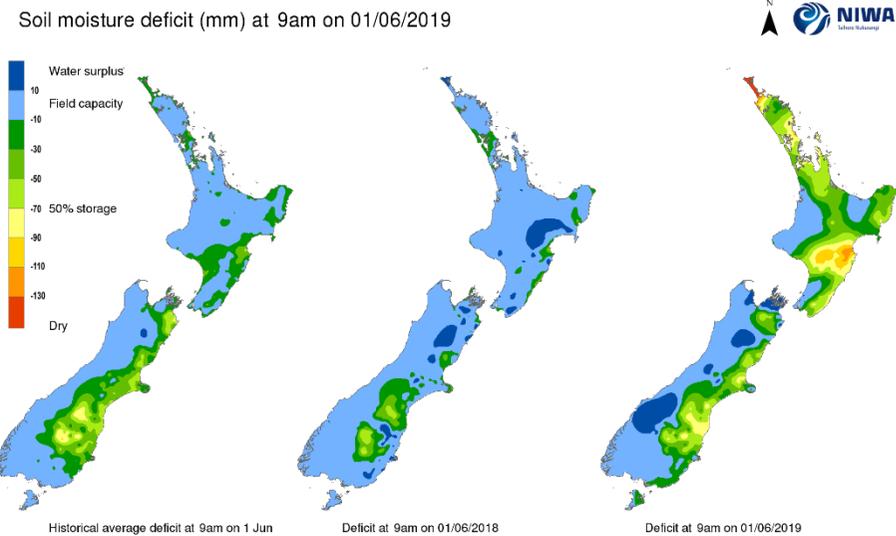


Figure 3 Soil Moisture Deficit - June 2019



Source: National Institute of Water and Atmospheric Research Ltd (NIWA)



Sheep

Total Sheep +0.4%

Overall, the total number of sheep increased an estimated 0.4 per cent (98,000 head) on the previous year to 27.39 million at 30 June 2019. This follows a decrease of 0.8 per cent during the previous year.

Region Numbers

The total number of sheep increased for all regions except East Coast and Taranaki-Manawatu where numbers declined 0.8 and 1.8 per cent to 7.00 million and 3.12 million respectively.

North Island -0.7%

The total number of sheep decreased 0.7 per cent (92,000 head) to 13.49 million at 30 June 2019. There were decreases in East Coast, where good growing conditions resulted in an increase in the number of lambs finished before balance date, and Taranaki-Manawatu, where the decline in lambing in 2018 resulted in fewer hoggets on hand at 30 June 2019. The overall decline in the number of ewes was accompanied by a similar overall percentage decrease in the number of hoggets.

South Island +1.4%

The total number of sheep increased by 1.4 per cent (191,000 head) – to 13.90 million at 30 June 2019. This was due to a large increase in the number of hoggets in the South Island regions, which reflected trade lambs carried over balance date, moderated by fewer breeding ewes.

Ewes Mated

Breeding ewes -1.1%

The number of breeding ewes, at 16.97 million, decreased 1.1 per cent compared with the previous June.

The largest percentage decrease occurred in Northland-Waikato-BOP, while decreases also occurred in Marlborough-Canterbury and Otago-Southland, though the latter was due entirely to a decrease in the number of breeding ewes in Southland (-2.1%) because the number of breeding ewes was static in Otago.

North Island -0.8%

In the North Island, the number of breeding ewes decreased 0.8 per cent to 8.29 million.

Northland-Waikato-Bay of Plenty decreased 3.3 per cent to 2.05 million, driven by the extended dry periods through summer and autumn.

East Coast increased 0.3 per cent to 4.23 million. This was driven by tighter margins for finishers encouraging the buildup of ewes to reduce exposure to the store market.

Taranaki-Manawatu decreased 0.4 per cent to 2.01 million. This was driven by strong mutton prices, leading to a small number of sheep being substituted by cattle and deer.

South Island -1.5%

South Island decreased 1.5 per cent to 8.68 million, largely due to strong mutton prices.

Marlborough-Canterbury decreased 2.4 per cent to 3.14 million. This was encouraged by strong mutton prices, and continues the downward trend

that has been occurring since 2003-04. This season, the decline has been driven by hill and high country farms.

Otago-Southland decreased 2.1 per cent to 2.47 million. The decline was the greatest on intensive finishing farms in both regions, where strong mutton prices meant ewes that were marginal to carry through another season were not given the opportunity.

Hoggets +3.4%

The total number of hoggets at 30 June 2019 is estimated at 9.55 million, up 3.4 per cent. This was largely due to increases in Northland-Waikato-Bay of Plenty and the South Island.

North Island -0.7%

In Northland-Waikato-Bay of Plenty, the number of hoggets increased 9.2 per cent to 1.23 million due to a lift in the number of trade lambs on hand at balance date. A dry summer and autumn led to farmers retain underweight trade lambs for longer to meet the weight required by processors.

In East Coast, the number of hoggets decreased 3.0 per cent to 2.60 million due to increase in the number of lambs finished before balance date.

Taranaki-Manawatu decreased 5.4 per cent to 1.03 million. The percentage of ewe hoggets mated was 5 per cent higher than in 2018. The lift was driven by a need to replace declines in the ewe flock.

South Island +8.1%

Marlborough-Canterbury increased 8.0 per cent to 2.48 million. This was

due to high mutton prices and strong pasture growth leading to farmers retaining trade hoggets for finishing at heavier weights. Cropping farms continued to substitute hogget finishing in place of beef cattle.

Otago-Southland increased 8.3 per cent to 2.21 million. The number of ewe hoggets retained for breeding declined in Otago but increased in Southland. The proportion of ewe hoggets mated was static in Southland and lower in Otago, where conserving winter feed was a priority.

Outlook for Lambing 2019

Ewe condition

Overall, the body condition of ewes during mating was mixed. In Clutha, breeding ewe condition was poor.

Ewe body condition for most regions was poorer due to lower overall feed availability and fewer breeding ewes, especially in Otago and Southland, where dry conditions during summer limited feed.

Scanning

Fewer ewes mated led to lower farmer expectations for pregnancy scanning. This was confirmed by the lower early pregnancy scanning results.

Anecdotal reasons for lower early results include facial eczema, worm burdens, and lower feed levels causing underweight ewes, especially in the South Island.

Lamb crop -2.4%

Overall, the number of breeding ewes was down. Breeding ewes entered mating in mixed condition due to variable levels of feed supplies.

The North Island lamb crop is estimated to decrease 1.8 per cent. This is largely driven by fewer breeding ewes available, and fewer hoggets run with ram overall.

The South Island lamb crop is estimated to decrease by 3.0 per cent to 11.56 million head, largely due to fewer breeding ewes available. In South Island regions, spring feed will be reliant on climatic conditions, with spring lambing conditions being a key factor determining the final lamb crop, which will be reviewed in November when Beef + Lamb New Zealand's Lamb Crop Survey is completed.

With 16.97 million ewes, each one percentage point change in breeding ewe lambing percentage is equivalent to around 170,000 lambs.

Table 2 shows the trend in the numbers of breeding ewes and total sheep.

Table 2 Sheep Numbers at 30 June

June	Breeding ewes (million)	% change	Total sheep (million)	% change
2009	22.17	-5.6%	32.38	-5.0
2010	21.79	-1.7%	32.56	+0.6
2011	20.48	-6.0%	31.13	-4.4
2012	20.41	-0.4%	31.26	+0.4
2013	20.23	-0.9%	30.79	-1.5
2014	19.78	-2.2%	29.80	-3.2
2015	19.07	-3.6%	29.12	-2.3
2016	18.14	-4.9%	27.58	-5.3
2017	17.76	-2.1%	27.53	-0.2
2018	17.16	-3.3%	27.30	-0.8
2019e	16.97	-1.1%	27.39	+0.4

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

Table 3 Sheep Numbers at 30 June

	Actual 2017			Actual 2018			Estimate 2019			% changes 2019 on 2018		
	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (m)	Total Hoggets (m)	Total Sheep (m)	Ewes to Ram (%)	Total Hoggets (%)	Total Sheep (%)
Northland-Waikato-BoP	2.344	1.006	3.445	2.124	1.127	3.356	2.054	1.231	3.376	-3.3	+9.2	+0.6
East Coast	4.174	2.606	6.918	4.213	2.681	7.051	4.227	2.601	6.995	+0.3	-3.0	-0.8
Taranaki-Manawatu	2.124	1.045	3.257	2.016	1.092	3.178	2.008	1.033	3.121	-0.4	-5.4	-1.8
North Island	8.643	4.656	13.619	8.353	4.900	13.584	8.289	4.865	13.492	-0.8	-0.7	-0.7
Marlborough-Canterbury	3.396	2.119	5.768	3.218	2.292	5.750	3.141	2.475	5.831	-2.4	+8.0	+1.4
Otago	2.869	1.108	4.152	3.068	1.209	4.474	3.068	1.299	4.554	0.0	+7.4	+1.8
Southland	2.847	0.998	3.987	2.524	0.834	3.488	2.471	0.913	3.517	-2.1	+9.5	+0.8
South Island	9.113	4.225	13.907	8.809	4.335	13.711	8.680	4.687	13.902	-1.5	+8.1	+1.4
NEW ZEALAND	17.755	8.881	27.527	17.162	9.235	27.296	16.969	9.552	27.394	-1.1	+3.4	+0.4

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

Beef Cattle

Total Beef Cattle

New Zealand +2.6%

The number of beef cattle increased 2.6 per cent, or 97,000 head, to an estimated 3.82 million head at 30 June 2019. This was predominantly driven by an overall increase in the 'other beef' category (that includes bull beef and 18-month steers), particularly in southern South Island regions.

North Island +1.8%

North Island increased 1.8 per cent to 2.67 million head at 30 June 2019. Northland-Waikato-Bay of Plenty decreased 0.1 per cent to 1.25 million. While there were declines in breeding cows and weaner cattle (-6.2%) on hand, there was an increase in older trade cattle. This was driven by a 24.1 per cent lift of trading cattle on intensive finishing farms, and also on the easier hill country farms (+9.6%). These older cattle became desirable amongst farmers who trade due to flexibility and purchasing margins. The decline in the number of weaner cattle (-6.2%) was also driven by the intensive finishing farms where numbers are estimated to have decreased 21.7 per cent, which is a noticeable farming practice change for this group.

East Coast increased 4.0 per cent to 0.97 million. The largest driver of this increase in cattle numbers was the retention of weaners, with a gain of over 10 per cent. Good beef prices last winter appeared to have encouraged a higher level of dairy beef calf rearing, which, in turn, caused a slight oversupply of stock in the dairy beef store market. Finishing farms had the largest proportional

increase in weaners – up one-third on 2018. The two main drivers for this change were:

1. The lower environmental impact of younger cattle, combined with recent enforcement of rules around the intensive wintering of older cattle on forage crops.; and
2. Tight margins on forward store animals compared to the abundance of dairy-origin young beef cattle providing higher returns.

On hard hill country farms, there was a large increase in older trading cattle, up by almost 10 per cent. These extra animals largely replaced the reduced cow numbers and were carried over balance date for pasture control due to the abundance of cattle feed remaining after exceptional growth over summer.

Taranaki-Manawatu increased 2.2 per cent to 0.44 million. This came from a lift in weaner numbers and trading cattle across all farm classes in the region.

Mycoplasma bovis had a minimal impact in the region. Some farmers preferred to source trading stock from the North Island rather than the South Island.

South Island +4.6

South Island increased 4.6 per cent to 1.15 million head at 30 June 2019. Otago and Southland were responsible for most of the increase in the South Island.

Marlborough-Canterbury decreased 0.2 per cent to 0.68 million head. The distribution between farm classes altered considerably. There was a marked reduction in all classes of cattle on cropping farms, which were replaced with sheep and/or dairy grazers.

In Otago and Southland, the combined total number of beef cattle increased 12.5 per cent to 0.47 million head, with increases of a similar scale in both regions.

The main driver was a large increase in the number of 'other' cattle on hand, mainly heavy cattle kept over balance date for slaughter in 2019-20. This was particularly notable on high country farms in Otago where feed supplies were plentiful so there was no pressure to reduce stock numbers. Good pasture growth in 2018-19 resulted in plenty of standing hay on the hills. Further development of flat land and the addition of irrigation allowed for more finishing cattle.

There were some delays processing cattle, which contributed to more heavy cattle on hand.

Increased numbers of other cattle occurred on all farm classes in both regions except finishing farms in Otago, which overall increased the number of weaner cattle instead.

Weaner cattle numbers increased in Otago (+5.2%) but decreased in Southland (-2.7%). In 2017-18, the

number of weaner cattle was lower because of the threat of *Mycoplasma bovis* and lower pasture covers after a dry summer. *M. bovis* was still having an impact in Southland in 2018-19, with farmers being cautious around the source of replacement stock. Finishing farms in Southland had fewer weaners but more heavy cattle on hand, effectively holding fewer animals for longer and finishing at higher weights. Dry conditions in Southland in 2017-18 caused farmers to quit store stock and hold lower numbers over winter.



Cows Mated

New Zealand -1.4%

Overall, the number of beef breeding cows decreased slightly (-1.4%) to 1.02 million head at 30 June 2019.

Otago was the only region to grow significantly (+2.0%).

The number of beef breeding cows decreased in Taranaki-Manawatu and Northland-Waikato-Bay of Plenty from fewer heifers on easier hill country.

North Island -2.1%

North Island decreased 2.1 per cent to 0.66 million head at 30 June 2019.

Northland-Waikato-Bay of Plenty decreased 3.6 per cent to 0.26 million head. This decline was entirely driven by the easier hill country farms, where there was a 5.2 per cent reduction.

The number of breeding cows on hard hill country farms in the region was unchanged.

East Coast decreased 0.7 per cent to 0.28 million head, while Taranaki-Manawatu decreased (-2.0%) to 0.12 million head. In Taranaki-Manawatu, there is confidence in beef prices and a strong weaner market encouraged breeders to maintain their herd sizes.

South Island 0.0%

In the South Island, the number of breeding cows remained at 0.36 million head at 30 June 2019.

Marlborough-Canterbury increased only slightly by 0.1 per cent to 0.21 million head despite marked falls in weaner cattle prices, as breeding cows remained important for feed management on hill country.

Otago-Southland decreased 0.3 per cent to 0.15 million head. The increase was driven by Otago, where the number of breeding cows increased by 1.5 per cent, but the number of breeding cows decreased in Southland (-5.0%). Anticipation of changes in environmental rules may have had an impact on numbers in Southland. The increase in the number of breeding cows in Otago continues a recent trend, which is supported by high beef prices.

Outlook for 2019 Calving

Calving percentages are expected to be similar to 2018 for most regions.

Northland-Waikato-Bay of Plenty

Feed levels during mating were high, and in-calf rates were high. However, with 12 per cent fewer rising two-year-old (R2) heifers mated fewer calves are expected this spring. Current feed levels are low, though winter was relatively warm, and cattle were in reasonable condition. The NIWA climate outlook for spring is for temperature to be slightly above average, and rainfall to be slightly below normal. Soil moisture levels are expected to be below normal.

East Coast

With an abundance of feed throughout the eastern North Island over spring and summer, beef cows were under no feed intake pressure, and they were able to have a reduced postpartum anoestrus period. This should provide a condensed calving pattern in spring 2019.

Taranaki-Manawatu

Feed levels across the region were adequate at mating from November to January with preliminary results suggesting a dry rate of approximately 10 per cent across all farm classes, which is similar to 2017-18. The proportion of R2 heifers mated was the same as last year at 50 per cent. When combined with a static number of mixed age cows this indicates the number of calves born in spring 2019 will be similar to spring 2018.

Marlborough-Canterbury

The number of calves born in spring 2019 is expected to be similar to 2018 given minimal change in the number mated. In-calf rates were similar to last year. Individual farm issues with bovine viral diarrhoea (BVD) and bull failures or injury were noted at similar rates to previous years.

Otago and Southland

Breeding cows were largely located in the hills, and excellent growing conditions caused a surplus of feed available. Cows were in excellent condition and the outlook for calving is good. The number of calves born in the region should be similar to 2018.

Table 4 Beef Cattle at 30 June

June	Breeding cows (million)	% change	Total beef cattle (million)	% change
2009	1.10	-0.7	4.10	-0.9
2010	1.12	+2.0	3.95	-3.7
2011	1.05	-5.8	3.85	-2.6
2012	1.06	+0.7	3.73	-2.9
2013	1.02	-3.8	3.70	-1.0
2014	1.01	-0.7	3.67	-0.8
2015	0.98	-3.0	3.55	-3.3
2016	0.95	-2.9	3.53	-0.4
2017	0.98	+2.4	3.62	+2.4
2018	1.03	+5.4	3.72	+2.9
2019e	1.02	-1.4	3.82	+2.6

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

Table 5 Beef Cattle Numbers at 30 June

	Actual 2017			Actual 2018			Estimate 2019			% changes 2019 on 2018		
	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (m)	Total Weaners (m)	Total Beef (m)	Breeding Cows/Heifers (%)	Total Weaners (%)	Total Beef (%)
Northland-Waikato-BoP	0.259	0.396	1.218	0.266	0.416	1.253	0.256	0.390	1.252	-3.6	-6.2	-0.1
East Coast	0.261	0.270	0.905	0.282	0.275	0.934	0.280	0.304	0.971	-0.7	+10.4	+4.0
Taranaki-Manawatu	0.116	0.140	0.454	0.123	0.131	0.434	0.120	0.135	0.443	-2.0	+3.3	+2.2
North Island	0.635	0.805	2.577	0.670	0.822	2.620	0.656	0.830	2.666	-2.1	+0.9	+1.8
Marlborough-Canterbury	0.200	0.218	0.649	0.209	0.216	0.683	0.209	0.215	0.682	+0.1	-0.3	-0.2
Otago	0.082	0.073	0.215	0.095	0.084	0.245	0.097	0.088	0.277	+2.0	+4.8	+12.9
Southland	0.060	0.069	0.175	0.055	0.071	0.172	0.053	0.069	0.193	-4.1	-2.6	+12.0
South Island	0.341	0.361	1.039	0.359	0.370	1.101	0.359	0.372	1.152	0.0	+0.4	+4.6
NEW ZEALAND	0.976	1.166	3.616	1.029	1.193	3.721	1.015	1.202	3.818	-1.4	+0.7	+2.6

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

General Comment

Climatic conditions were generally dry

Northland-Waikato-Bay of Plenty

In spring 2018, rainfall, and good temperatures and pasture growth contributed to heavier lamb weights. Farmers conserved silage and hay and used it when extreme dry conditions occurred through summer and autumn, reducing pasture growth rates and quality.

In winter 2019, soil moisture levels were low, so there was minimal pugging of pasture and farmers maximised pasture utilisation.

East Coast

Sheepmeat prices and a lack of livestock available for finishing led to an increase in the number of breeding ewes on finishing farms. While finishing farms wintered more ewe hoggets, fewer were mated. Hill country farms mated more ewe hoggets due to good conditions.

Production in young sheep was reduced due to internal parasites that grew in warm, moist pasture conditions and were somewhat resistant to common treatments.

Taranaki-Manawatu

Winter and spring were mild though there was a late-September storm in eastern areas. Low-lying areas were drier than in 2018 and that reduced feed and stock levels. Rain arrived in late April.

Marlborough-Canterbury

Summer was dry in the south, inland Mackenzie, and Tasman, which

restricted feed supplies in those areas. A dry, mild winter led to good feed crop utilisation that offset lower yields, and reduced soil compaction under heavy stock. The earliest lambs in South Canterbury were born on low pasture covers.

Lack of snow caused concerns among farmers that there might be irrigation restrictions in summer 2019-20 if water storage that relies on snow melt is affected.

Otago-Southland

Clutha District and South Otago were drier through summer and autumn than in 2018, while Southland had regular rainfall. Farmers reduced stock numbers and more hoggets and “other cattle” were on hand. Winter was mild and feed was conserved earlier in most areas.

Strong economic conditions due to high demand for stock

Overview

Prices for sheep and cattle were high, while low wool prices and an increase in the price of shearing concerned farmers.

High mutton prices encouraged culling older ewes and high lamb prices encouraged farmers to retain trade lambs for weight gain and ewe lambs to compensate for culled breeding ewes. This resulted in a younger sheep flock, which is likely to be more productive. Good prices for beef cattle also encouraged some farmers to replace some sheep with cattle.

Good returns facilitated capital fertiliser application and expenditure on repairs and maintenance.

Northland-Waikato-Bay of Plenty

Lambs were processed at heavier weights and in larger quantities prior to Christmas, and prices were high, which supported store lamb prices.

Cull ewes were also in demand by processors and prices at summer ewe fairs remained high. Fewer scanned-in-lamb ewes were sold. The store cattle market softened as dry summer continues persisted. On-farm wool inventories were sold resulting in low wool prices but also lower inventories at 30 June 2019.

East Coast

High mutton prices increased the number of stock sent to processors, and these were generally replaced by breeding ewe hoggets. High two-tooth ewe prices resulted in more ewe hoggets being retained as old season lambs or grown as two-tooths.

Increased surveillance and enforcement of environmental compliance by regional councils caused farmers to have fewer high intensity forage cropping wintering systems. Stock were processed at lighter weights to avoid carrying over a second winter.

Regional council subsidies for riparian fencing and planting led to increased water reticulation schemes as natural watering areas for stock became excluded.

Taranaki-Manawatu

Prices for prime lambs, and mutton, were high, while prices for weaner heifers and steers were lower than 2017-18, and wool prices remained historically low.

Marlborough-Canterbury

High store lamb prices encouraged higher ewe numbers on high and hill country farms. More hoggets were on farm at 30 June. Prime lamb prices were high but fewer were for sale. After a couple of years rebuilding flocks, replacing mixed age ewes with ewe hoggets slowed in 2019.

Lower confidence that high beef prices would continue contributed to lower purchase prices. Lower weaner prices reduced cattle revenue for breeding properties in the hill country.

High prices for fine wool caused some farmers of strong wool breeds to consider finer-woolled rams. Low crossbred wool prices led some farmers to return to annual shearing, which reduced wool quality.

Farmers expect to apply less fertiliser in 2019-20 due to higher fertiliser prices, but are reluctant to defer further because prices are expected to rise further.

Otago-Southland

Good weather conditions in spring 2018 resulted in farmers sending lambs for processing later and lambs were heavier as a result. Strong prices for prime stock supported increased store stock prices, except for weaner beef calves.



Land use changes driven by water policy and forestry incentives

Northland-Waikato-Bay of Plenty

Farmers who are engaged in dairy grazing continued to be selective due to *M. bovis*.

Farmers in Waikato and Waipa river catchments were concerned about the implications of the Waikato Regional Council's *Healthy Rivers – Wai Ora: Plan Change One*, which will set a precedent for other plans throughout New Zealand, because it could potentially restrict farming in hill country and the ability to intensify or change land use.

The government's One Billion Trees (OBT) programme caused 6,000 ha. of pastoral sheep and beef land to be purchased for conversion. Log prices fell, and farmers were concerned about the impact of the OBT programme on communities.

East Coast

Good quality flat land that is suitable for horticultural conversion was leased from traditional sheep and beef properties. There was high demand from squash and other arable cropping.

Poor quality, extensive farmland was also in demand. Returns from forestry, carbon credits, and government subsidies resulted in land price growth. Some properties purchased for conversion to forestry continued to be farmed as sheep and beef properties.

Taranaki-Manawatu

Farmers began to cut and plant trees to take advantage of historically high timber prices and subsidies, but then log prices fell. Traditional hill country farms were converted to carbon farms by large forestry and investment companies, disrupting rural communities and reducing stock numbers.

Some cattle trading operations shifted to lighter cattle or moved into store lambs due to environmental concerns about carrying large cattle over winter.

Marlborough-Canterbury

Dairy grazing increased, and replaced owned beef cattle, especially when rearing bulls leased to dairy farms before finishing became untenable due to *M. bovis* risks. Dairy farms and graziers proactively communicated for biosecurity.

Arable cropping farms reported longer waiting times from harvest to seed dressing and payment. Some southern farms lost contracts to northerners with irrigation as merchants sought reliable seasonal conditions and were willing to supply consultancy services to inexperienced growers.

Otago-Southland

There was interest in purchasing land for carbon farming, but properties did not sell, due to declines in log prices. Larger enterprises continued to absorb neighbouring properties, with staff recruitment an issue.



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