



AgriHQ

MONTHLY

SHEEP & BEEF

MAY 2023

KEY POINTS

- Export markets turn slightly negative
- Lamb shortages at the processors
- Australian production strong again

↓ US IMPORTED 95CL
US\$/LB
2.75

↑ NZ SLAUGHTER STEER
\$/KGCW
5.88

↓ LAMB FLAPS
US\$/KG
6.90

↑ NZ SLAUGHTER LAMB
\$/KGCW
7.58

↑ NZD:USD
LAST WEEK
0.619



VIEWPOINT

A bit flat overseas

Locally, the main talking point has been the weather. There's been a distinct lack of frosts or prolonged cold spells which usually start to appear this close to winter. While grass growth has slowed nationwide, it is moving quicker than usual, and the pressure on farmers to offload stock has remained minimal.

At the North Island processors, the slow early-autumn cattle kill culminated into a wave of bookings near the start of May. Wait times have held at around four weeks since and prices have stabilised, or weakened when it comes to cow. However, shortages of varying degrees have appeared for lamb in the North Island and all species in the South Island. And with that prices have started to rise. Though a number of lamb processors have opted to cut killing capacity early rather than over-inflate the market by lifting prices too high.

Big question marks linger around the numbers of lambs yet to come forward. Another heavy winter/early-spring kill can't be eliminated yet, but doubts about the severity of this theorised crunch-point are growing

by the week. The five-yearly Agricultural Production Census data for June 2022 were released and show another 2.3 million or 13% reduction in breeding ewe numbers since 2017. This brings the national ewe flock down to 15.5 million head.

Export markets have remained on the same paths they were treading a month ago. For beef that's meant even more downwards pressure on manufacturing cuts into the US. This is at least partly due to the pure volume of supplies coming out of New Zealand and Australia simultaneously. Reports out of Asia have been mixed, ranging from stable buying to others noting a seasonal slowdown in both China and South Korea.

By and large, overseas lamb markets have been steady-to-weaker. China's been the main market to experience a slowdown, but few other destinations have shown any intent to pay more, at least until supplies out of New Zealand start to ease back. The only exception is frenched racks, which the US continues to pick up with relative enthusiasm.

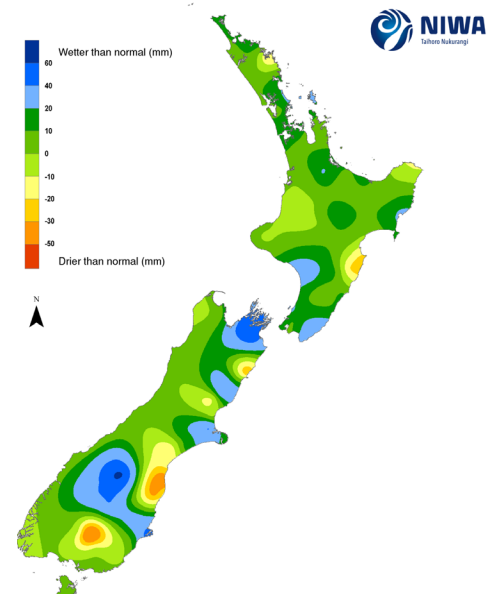


Reece Brick

Mel Croad

Hayley O'Driscoll

Soil moisture anomaly (mm) at 9am on 29/05/2023



► BEEF - MANUFACTURING

Supply pressures keep imported market soft

There's no sign of the pressure easing in the US imported beef market. Since the start of autumn imported 90CL cow meat has dropped US21c/lb, the softest it's been for this week of the year since 2019. Fewer bulls entering the New Zealand slaughter system has added more stability to the imported 95CL market though.

The subdued NZD:USD rate is taking some of the sting out of the fall. And there's some optimism that the exchange rate won't jump anytime soon given the Reserve Bank has indicated that there will be no further lifts to interest rates. It was this announcement that prompted a two cent fall in the NZD:USD last week.

Underlying demand fundamentals in the US aren't much different from earlier in autumn...

Underlying demand fundamentals in the US aren't much different from earlier in autumn when prices were strong. But both New Zealand and Australia have been processing a lot of cattle in the weeks since, and therefore US buyers have been able to get lower bids accepted, at least for the moment. This is especially clear when lining up the US domestic market to what they're paying for imported beef – in early autumn imported beef was 17-19c/lb cheaper, now the difference is more than 40c/lb. At this time the past two years there's been a small premium paid for imported beef.

Not helping the situation is the fact that China remains relatively inactive in the manufacturing beef market. In April New Zealand exports of manufacturing beef to China fell 2000t month-on-month to 4200t, whereas shipments to the US were near stable at 14,700t.

Those Australian supplies will especially be worth keeping an eye on. With a week left in May, Australia had already sent 38% or 4100t more beef to the US than the same month a year ago. This follows a 42% jump in February and March combined too.

As well, these past weeks have coincided with the lead up to the Memorial Day holiday, one of the major beef consumption periods for the country. Typically, buyers will hold back a little near this weekend, before assessing post-holiday stocks and re-entering the market accordingly. Going into the month there certainly wasn't an excess of beef in storage, with volumes back 16% on last year. Only three months prior there was a year-on-year excess. Volumes of pork and chicken in storage have mainly stabilised too relative to a year earlier and the five-year average.

But the States own slaughter supplies of both cows and bulls have picked up versus last year. In the four weeks to May 15 cow and bull throughput was only down 2% year-on-year. Much of this has come from an elevated dairy cow kill, itself brought about by poorer dairy prices this year. Drought is lingering through key beef states in the centre of the US too, though the extent of land under severe drought classifications has shrunk over the past month.

The same cannot be said for the US steer slaughter, which has trailed last year by 7% or 91,000 head in the four weeks to March 15, a deficit that is growing as the year progresses. This may not have much more growth, as the latest cattle on feed report has numbers back 3.4% year-on-year as of the start of May, with this lower figure explainable by the larger number of heifers on feedlots than usual. The heifer kill over those four weeks was up 1% year-on-year.

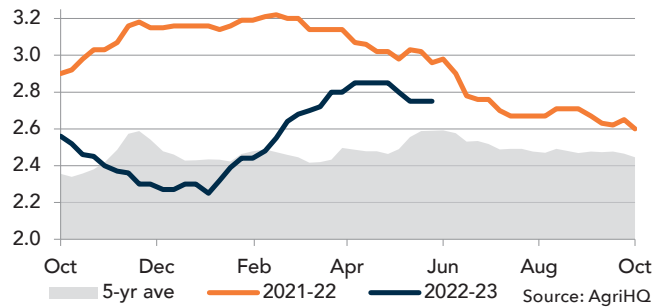
Unlike last year, Brazilian beef has had a relatively limited impact on the US beef market. Beef imports from there in the year-to-May 20 were back 23% or 16,500t versus last year.

A case of mad cow disease was detected on a cow at a South Carolina processing plant this month. The cow was never processed, however, and the case was deemed atypical, and therefore posed no risk to any markets.



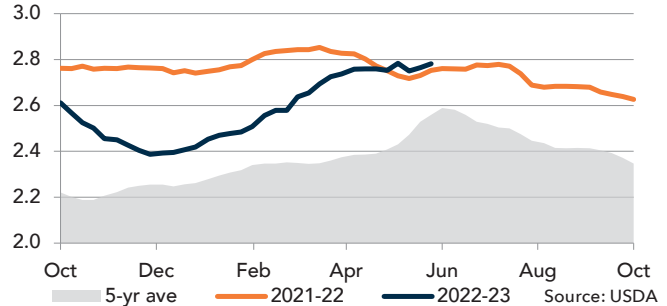
-US21c/lb Drop on imported 90CL since the start of autumn	-7% US steers kill holds below last year's volume	+42% Year-on-year lift in Aus beef to the US in Feb/Mar
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US imported 95CL (end-of-week, US\$/lb)



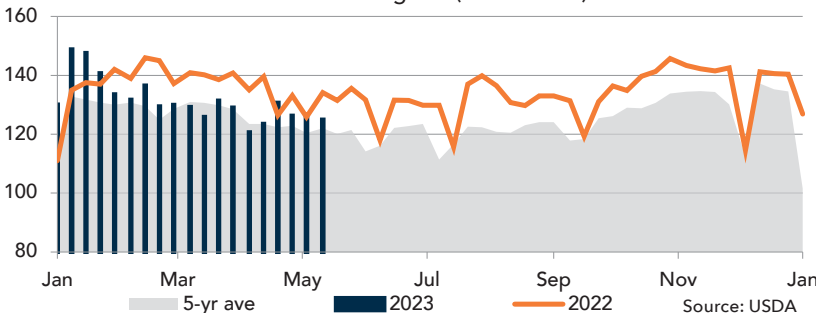
US beef prices		+/-	Last Week	4 Weeks Ago	Last Year	5-yr ave.
Imp. 95CL	US\$/lb	-10c	2.75	2.85	2.96	2.59
	NZ\$/kg	-43c	9.80	10.23	10.09	8.58
Imp. 90CL	US\$/lb	-15c	2.35	2.50	2.82	2.40
	NZ\$/kg	-59c	8.38	8.97	9.61	7.97
Dom. 90CL	US\$/lb	+2c	2.81	2.79	2.75	2.57
Dom. 50CL	US\$/lb	-11c	1.81	1.92	1.05	0.87

US domestic 90CL (weekly ave, US\$/lb)

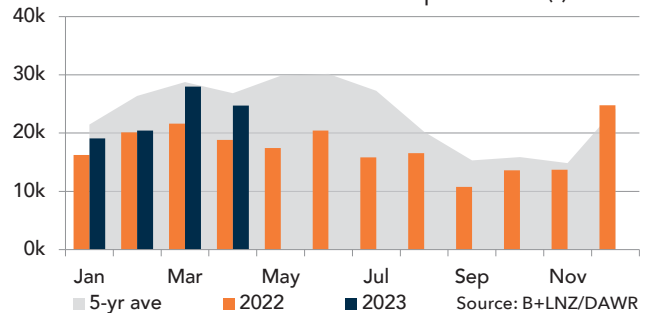


US cold storage levels (end of month)					
Thousand Tonnes	+/-	Apr	Mar	Last Year	5yr ave
Beef	-13.5	203.2	216.7	241.4	214.7
Chicken	-10.4	376.6	387.0	348.4	378.6
Pork	+14.3	256.5	242.2	241.9	259.1
Lamb & Mutton	-0.6	11.1	11.7	11.1	15.0

US cow slaughter (thous. head)



Aus/NZ frozen boneless beef exports to US (t)



▶ BEEF - OTHER

Chinese buying reined back

Reports on the Chinese beef market out of New Zealand have ranged from steady to declining. While some traders are doing consistent business at stable pricing, others have noted more push back. This slowdown is said to be tied to the seasonal slowdown in beef consumption as temperatures start to rise.

Though there are consistent reports of lower-than-expected consumption levels through a variety of commodity markets this past month, suggesting that perhaps the after-effects of those prolonged lockdowns are holding back the Chinese economy and consumption in general more than anticipated. China's domestic pork slaughter prices remain subdued compared to the second-half of last year - around CN¥15/kg versus more than CN¥22/kg through July - November. This around normal for the pre-African Swine Fever market though. It's thought that pork production will tighten somewhat later this year given early-year production was a mix of herd liquidation and smaller outbreaks of ASF.

Big volumes of South American beef in circulation are having something of an impact too, though New Zealand beef largely sells into a different section of the wider Chinese market. The fall-out of the Brazilian mad cow disease case is yet to be resolved, with large volumes

of beef processed before the case was announced, but shipped afterwards, remaining stuck on port in China unable to enter. No exact figures are available on this volume, but estimates earlier in the month were 70,000-80,000t. At a key meeting between the two nations in January, Brazil has stated it is going to attempt to have rules around atypical mad cow disease cases and some other controls around beef sales relaxed.

Other Asian markets are said to be going well, with only South Korea a little slow going at times. Lower exports out of the US is helping (see the top graph), but there continues to be much more Australian beef entering the system versus this time last year. Though those extra supplies are mainly appearing in China, seemingly tied to the thawing of relations between the Governments of these two countries. Australia's beef exports to China were 46% above last year between March and April

The NZ-UK free trade agreement was ratified and will come into effect at the end of this month. This will initially allow a 12,000t tariff-free quota, rising by 2980t annually for the following decade. Since 2015, sales of NZ beef into the UK haven't exceeded 2000t in a calendar year.



12,000t

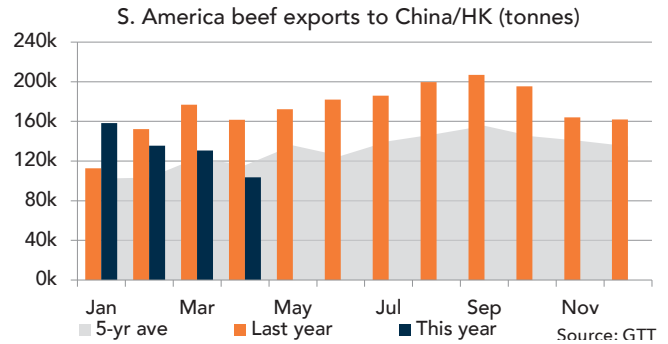
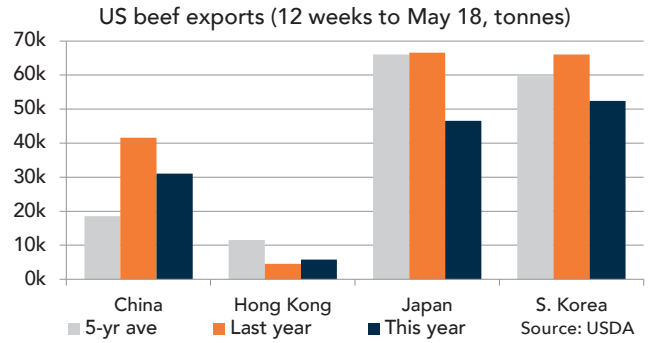
Initial tariff-free quota for NZ beef into the UK

70,000-80,000t

Est. Brazilian beef stuck on port unable to enter China

CN¥15/kg

Chinese domestic pig price holds at pre-covid level



▶ BEEF - AUSTRALIA

No shortage of beef in the pipeline

After reaching 99,000t in March (the highest level in three years), Australia's beef exports for April settled down to 72,000t. That's 10,400t or 17%, above April last year, but 10,600t or 13% lower than the five-year average for April.

Interestingly though, for the first time since May 2020, China overtook Japan as the top market for Australian beef exports. Japan had been in the number one market for Aussie beef since August 2020 except for one month in 2022 where the US took the top spot. This reflects the strengthening relationship between the two countries, after a couple of years of tensions which had a detrimental impact on Australia's exports to China.

Processors jumped on the lower prices earlier in the month and are now, reportedly, fully booked up well into June.

Australian Eastern states cattle weekly slaughter throughput for the four weeks to May 19 reached 434,700 head. This was 29%, or 98,000 head higher than last year and 11%, or 42,000 head higher than 2021. However, it's still well down on the slaughter levels prior to 2021, where the weekly kill in May was typically over 120,000 head per week. For those four weeks, it was Queensland that experienced the largest lift, killing 67,000

head or 40% more than last year. New South Wales and Victoria's cattle kill were both up 22% compared to last year.

Buyers are enjoying lower prices for store cattle across all ages as higher supplies pressure the market. Processors jumped on the lower prices earlier in the month and are now, reportedly, fully booked up well into June. A lack of skilled labour remains an issue for Australian processors, limiting the number of cattle that can be processed. Another concern for Australian exporters is whether overseas markets will be able to absorb the increased production.

The South-eastern corner of Queensland received a good dose of rain this month. This helped reduce the number of cattle heading to the saleyards. However, weaker demand meant prices continued to fall. The Eastern Young Cattle Indicator has now fallen below \$6.00/kgCW. This is the lowest it has been since the tail-end of the drought in late-2019. Since January it has fallen a total of AU\$3.13/kgCW and was sitting at AU\$5.88/kgCW last week.

The key concern for Australian east coast cattle farmers will be the Bureau of Meteorology's El Nino watch. Historically, an El Nino has caused dry conditions for Australia's east coast, typically in the winter and spring months.



+29%

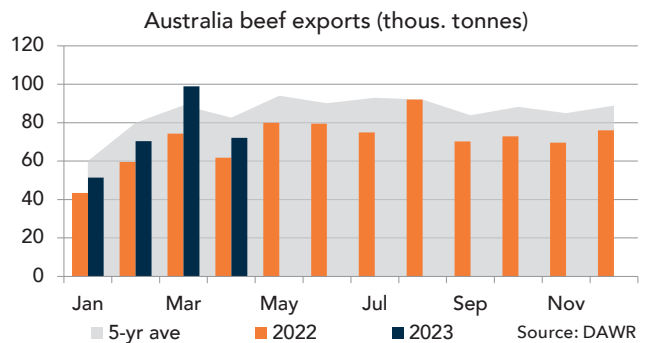
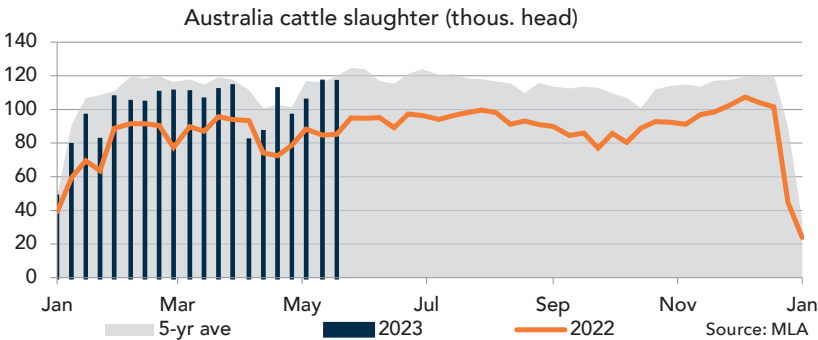
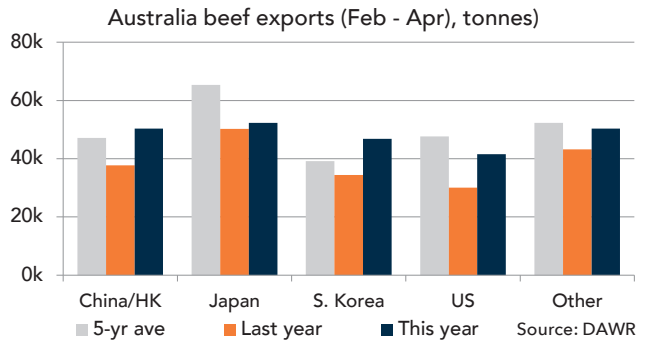
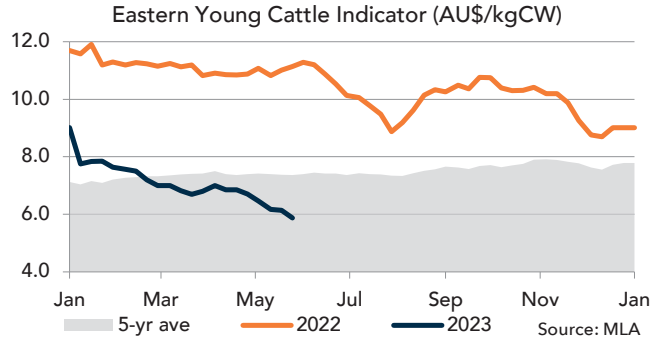
Eastern states kill up on last year in 4 weeks to March 19

+17%

Beef exports up on last year in April

\$5.88/kgCW

EYCI hits the lowest since late-2019



► BEEF - NEW ZEALAND

Cull cow season almost finished

There's been polar opposite trends occurring this past month. In the North Island the floodgates have finally opened on the dairy cows, filling plants and preventing any upside in slaughter prices. Yet in the South Island there's been a definite slowing of bookings after a whirlwind start to autumn, already leading to processors making significant improvements to pricing.

An extended mild run of weather, plus a lower milk price payout, both pushed North Island dairy farmers to milk for longer. But with moving day coming up, a wave of bookings developed earlier in the month and pushed wait times for almost all classes out to around 3-4 weeks, sometimes longer. Good grass growth had a similar effect on prime and bull bookings too. The impact on prices has been minimal, with export prime and bull essentially unchanged at \$5.90-\$6.20/kg for the former and \$5.75-\$6.00/kg for the latter. Only the top end has come out of the cow market too, mainly \$3.65-\$3.90/kg.

...North Island cattle bookings have slowed in the second half of May...

With all this said, there's already light appearing at the end of the tunnel for the kill. While plants are set to be full for another two weeks or so, North Island cattle bookings have slowed significantly in the second half of May, and wait times are likely to be minimal by mid-June. More processing space is already being allocated to prime cattle.

A heavy early autumn run of cattle into South Island processors, especially cows, has culminated into some shortages of bookings as we head into winter. This is in stark contrast to last year when backlogs persisted well into winter. The kill data shows this trend well – in the year to April 29 an extra 51,400 cows were processed in the South Island versus last year (up 46%), equivalent to a little over three full kill weeks' worth. Less intense staffing issues had been a major factor. In fact, that week ending April 22 was the largest single kill week for the South Island since May 2019.

Another reason for the latest kill shortages is the increase in South Island farmers fattening cows for slaughter in winter. This has been an especially lucrative trade for buyers over the past two years when there's been processing delays, but this time around they've been paying well above direct-to-slaughter prices, in the process pulling cows away from the slaughter system. So while it will likely be another winter with much more cows processed than usual, processors will need to lift prices quite some way to entice fatteners not on contracts to let go of their cows. There are reports of contracts in the \$5.00-\$5.50/kgCW range, but these are much less common than last year.

South Island processors have been reactive with pricing across all classes lately to try and keep plants supplied. This has created a wider spread of prices at times, but \$5.50-\$5.70/kg is set to cover the bulk of the export prime market going into this week, and \$5.30-\$5.50/kg for bull. The cow market is essentially in-line with the North Island at \$3.60-\$3.80/kg, but some processors have been offering above and beyond the rest of the market for those with good numbers to process.

The tail-end of the beef weaner calf sales finished as well as they started, if not a bit stronger. These were mainly late-born hill-country cattle, with the money on steers typically \$4/kg or a little higher and heifers paying in the mid-\$3/kg range for both Islands.

Now the focus has shifted away from these sales, there's been a little bit of a spark about the R2 cattle market. Certainly the better-than-expected feed conditions in the South Island have lifted the market there in small steps, while the North Island has partly recovered from the minor easing it recorded at the start of autumn. The quality of cattle trading isn't the highest, but that is typical as farms often have a pre-winter clear out of poorer performing lines.

Stud bull sale season has just gotten underway. Early results are largely back slightly from this time last year, but the bulk of the bigger sales won't be held until the second half of June.



+46%

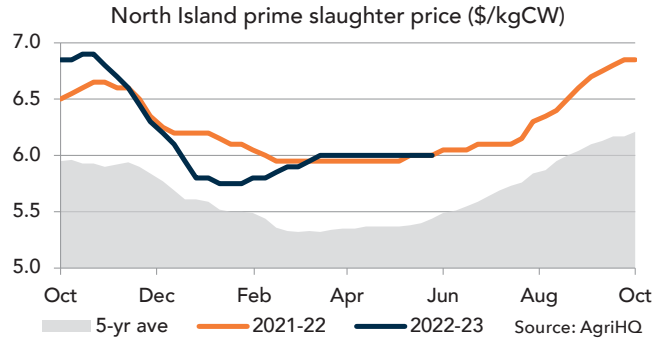
Sth Isl .cow kill running well ahead of last year since Dec

\$5.90-\$6.20/kg

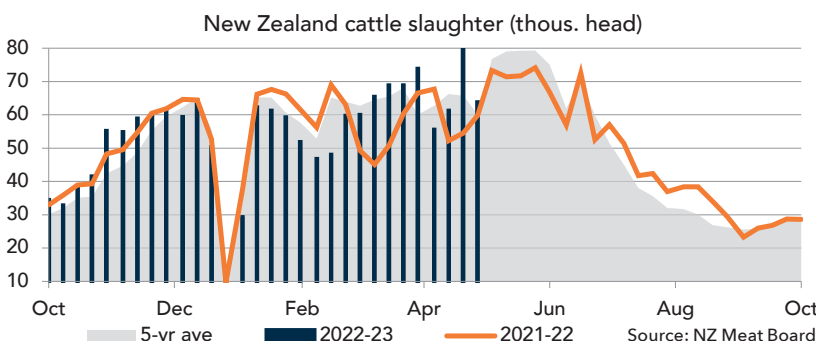
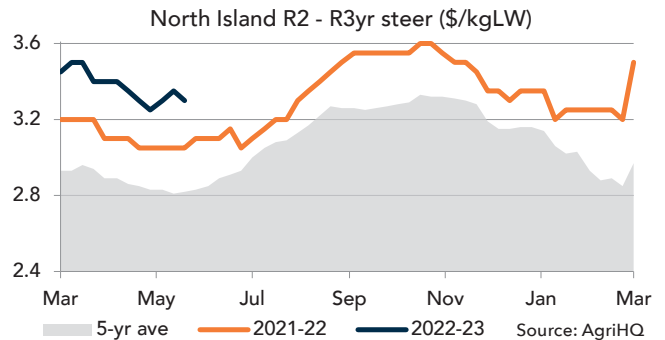
Prime slaughter prices locked steady in the North Island

79,800 head

Biggest weekly kill in April since 2018



Slaughter prices			Last Week	4 Weeks Ago	Last Year	5-yr ave.
\$/kg CW	Island	+/-				
Bull	North	n/c	5.90	5.90	5.95	5.37
M Cow	North	-5c	3.75	3.80	3.80	3.86
Prime	North	n/c	6.00	6.00	6.00	5.46
Local Trade	North	-5c	5.85	5.90	5.80	5.37
Bull	South	+10c	5.40	5.30	5.80	4.95
M Cow	South	+35c	3.70	3.35	3.60	3.38
Prime	South	+20c	5.60	5.40	5.90	5.09
Local Trade	South	+20c	5.60	5.40	5.90	5.12



Store cattle prices			Last Week	4 Weeks Ago	Last Year	5-yr ave.
\$/kg LW	Island	+/-				
Wnr Bull	North	+5c	3.95	3.90	3.30	2.94
Wnr Steer	North	+5c	4.00	3.95	3.70	3.42
R2yr Steer	North	n/c	3.30	3.30	3.05	2.82
Wnr Bull	South	n/c	3.60	3.60	2.70	2.40
Wnr Steer	South	n/c	3.85	3.85	3.65	3.23
R3yr Steer	South	+15c	3.30	3.15	3.05	2.74

LAMB - INTERNATIONAL

Momentum pulls the wrong way

April showed several positive indicators for lamb, with export markets improving and in-market prices maintaining some upside. However conditions have changed, somewhat abruptly, for some key lamb markets this month. This has occurred even as lamb production within NZ is hamstrung by tightening supplies at a processing level.

While almost widespread, market weakness is showing up strongly in China. Prices into here have taken a large backward step, even compared to a month ago. NZ exporters are now seeing key items retreating to levels seen in February, before China's lockdown measures were removed. High inventories and low consumption have been driving prices lower this early in the season. China's bounce back from covid restrictions hasn't been anywhere near as big as what had been anticipated. Economic pressures stemming from the long-term lockdowns China endured has meant a slower recovery for citizens, and that is weighing heavily on sectors that rely on consumers to keep product moving, such as foodservice.

China has also purchased a lot more lamb from NZ in the last two months when prices were lifting. April's exports were just shy of 14,000t and accounted for 47% of the total volume shipped last month. This came on the back of 15,000t shipped there in March. This season NZ lamb exports to China have lifted by over 17,000t. While prices have gained sharply since early January, it appears consumption hasn't followed suit, leading to pricing pressure. Australia is also placing more lamb into China as it diverts product away from other underperforming markets. In the three months to April, Australia shipped close to 15,000t to China, up from 11,300t for the corresponding period last year. In some cases, Australia lamb cuts are trading at lower prices than NZ product.

Although our reliance on China has rebounded this season, exports there are likely to seasonally reduce over the next four months due to their summer. Lamb is not a widely consumed summer dish within China. Unfortunately that doesn't provide much chance for inventories

to reduce to the levels needed to reinvigorate this market.

The UK, once a large market for NZ lamb, remains well down the list in terms of export destination. Where possible, NZ exporters continue to sidestep this market. Export data confirms this with only 3400t shipped there last month, down 24% year-on-year. Total lamb exports to the UK this season are back 36% to 17,000t. This time last season the UK's market share of our export volumes was 15%. This has dropped to 9% this season and doesn't look like it will improve.

Key indicator prices for NZ lamb into the UK are again under pressure and pricing expectations are weakening. June does signal the onslaught of UK domestic new season lamb production, so with consumption rates there also under pressure, softer asking prices will reduce import volumes. Australia's FTA with the UK will also increase their presence in this market from June onwards, possibly leading to further pricing pressure.

While demand and prices for NZ lamb into Europe has remained positive this year, seasonally cooler conditions are stalling the start of their summer and reducing grilling demand. Exports to Continental Europe from NZ are up this season, reflecting the favourable returns. However, exporters will need to watch that increased volumes of cheaper UK lamb don't mar what has been a relatively good season so far.

The US market remains a favourable market for Frenched Rack cuts, with prices gaining further into May. At US\$12/lb, prices are only 40c/lb shy of last year's peak, which is a feat, considering most other global lamb cuts haven't managed to hold onto those top levels. Current demand is covering all weights of racks but as our average carcase weights start to increase, a premium will be applied to lighter weight racks. While racks are still finding favour with consumers, commodity cuts and prices into the US aren't doing anywhere near as good. Australia is also suffering a similar scenario and have reduced their reliance on the US in the last month.



+44% y-o-y

Lamb exports to China from Aus/NZ well up in Mar/Apr

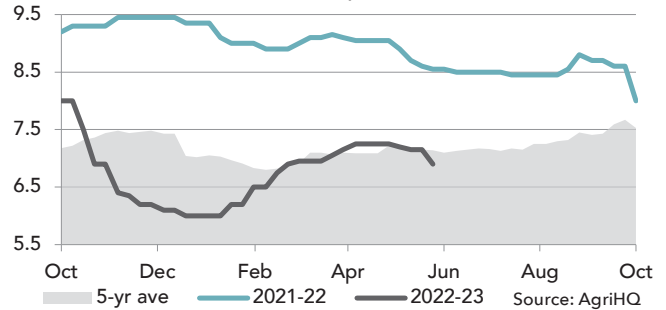
-US35c/kg

Lamb flaps down from their last peak in April

US\$12/lb

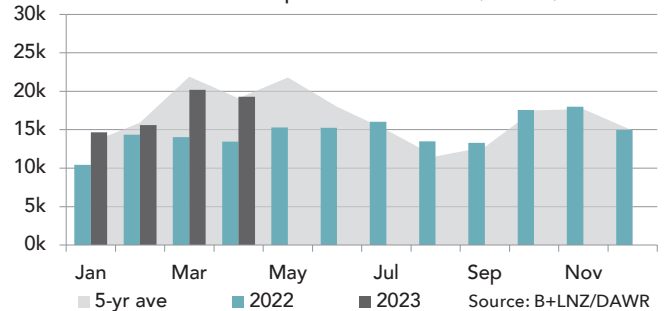
Frenched racks the only cut tracked to gain value

China lamb Flaps (US\$/kg)

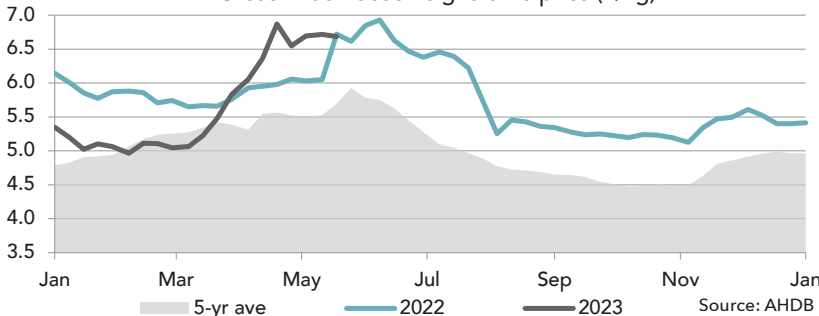


In-market frozen lamb cuts			Last Week	4 Weeks Ago	Last Year	5-yr ave.
China Foreq.	USD/kg	-10c	5.00	5.10	6.30	6.03
	NZD/kg	-22c	8.08	8.30	9.74	9.08
China Flaps	USD/kg	-35c	6.90	7.25	8.55	7.14
	NZD/kg	-64c	11.16	11.80	13.22	10.74
China CKT leg	USD/kg	-20c	5.90	6.10	6.70	-
	NZD/kg	-39c	9.54	9.93	10.36	-
UK CKT leg	GBP/kg	-20p	4.80	5.00	6.55	5.50
	NZD/kg	-52c	9.62	10.14	12.73	10.77
EU ABO leg	EUR/kg	n/c	6.90	6.90	9.00	6.84
	NZD/kg	-34c	12.02	12.36	14.87	11.65
US French rack	USD/lb	+25c	12.00	11.75	12.40	10.00
	NZD/kg	+61c	42.77	42.16	42.27	33.33
EU French rack	EUR/kg	n/c	24.00	24.00	23.00	17.35
	NZD/kg	-119c	41.81	43.00	38.00	29.52
EU Shortloin	EUR/kg	n/c	17.00	17.00	23.50	-
	NZD/kg	-84c	29.62	30.46	38.83	-

Aus/NZ lamb exports to China/HK (tonnes)



Great Britain deadweight lamb price (£/kg)



UK retail lamb consumption - to April 16 Source:AHDB

Last...	12 weeks	52 weeks
Volume (t)	21,300	80,100
vs. LY	-6.0%	-11.7%
Ave. price (£/kg)	10.83	10.36
vs. LY	+8.3%	+10.3%

LAMB - AUSTRALIA

Rebound in the kill even more obvious

While Australia's April lamb exports were relatively normal compared to historical levels at 22,200t, it's mutton exports that are getting attention. March was a large export volume month for Australian mutton. And although there was a month-on-month decline into April, exports were the highest volume for April since going back in AgriHQ records to 2010. Almost 50% of it went to China.

It's likely to be another large month for lamb and mutton exports in May. Australian processors have had an abundant supply of mutton and lambs this month. A direct result of the successful rebuild and continued growth of Australia's sheep flock. Due to a wet spring many Australian farmers held onto lambs longer (to add weight) this season, and this is also adding to the increased supply of finished lambs coming out in May.

For the first three weeks of May the eastern states lamb slaughter has pushed above the five-year average with more than 360,000 head processed each week. This is back to the levels seen prior to 2020.

The Australian eastern states sheep slaughter has been at elevated levels all year, as the successful flock rebuild has allowed farmers to breed replacements and offload older ewes. For the first

three weeks of May the eastern states slaughtered 398,000 sheep, well above the 160,000-240,000 head slaughtered during those three weeks for the prior three years. The eastern states sheep kill hasn't been above 380,000 head for the first three weeks of May in eight years.

Because of the large supplies, store lamb prices remain under pressure. The Eastern States Trade Lamb Indicator has fallen below AU6.00/kgCW. Other than one particularly poor week mid-last year, it hasn't been this low since April 2018, which was prior to the African Swine Fever outbreaks in China that lifted demand for red meat.

The Australian Bureau of Statistics released livestock slaughter and production data for Q1, this month. This showed the effects that the wet spring and early summer had on lamb weights as lamb slaughter weights averaged 24.3kg in March, down from 25.1kg a year earlier. However, it wasn't the drop that analysts were predicting as it was still above the five-year average of 24kg.

The Government has announced that the phase out of live sheep exports from Australia by sea will not take place during this current term of parliament. Although it has appointed an independent panel to advise on how and when the Government will phase it out.



360,000 +

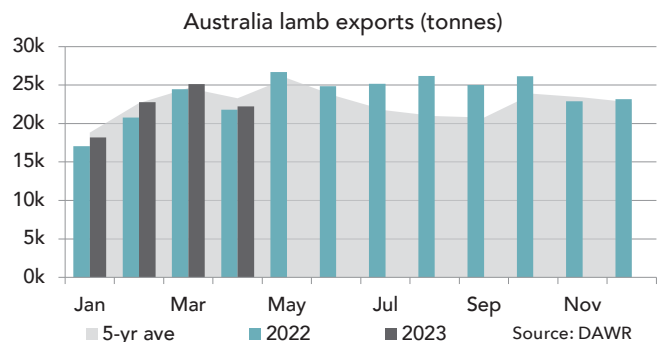
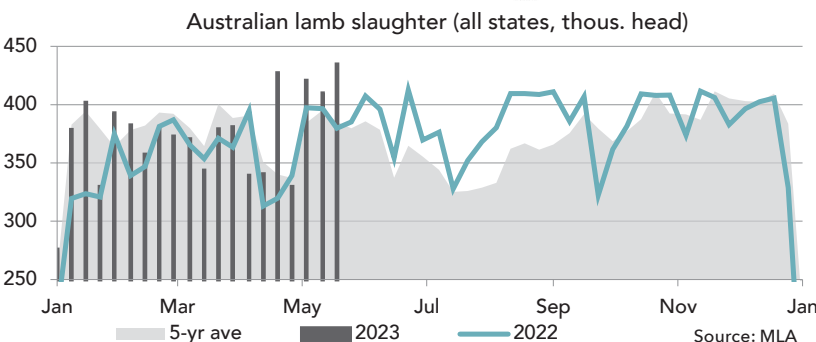
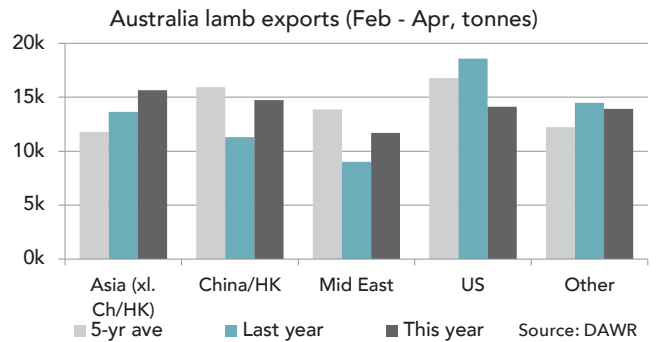
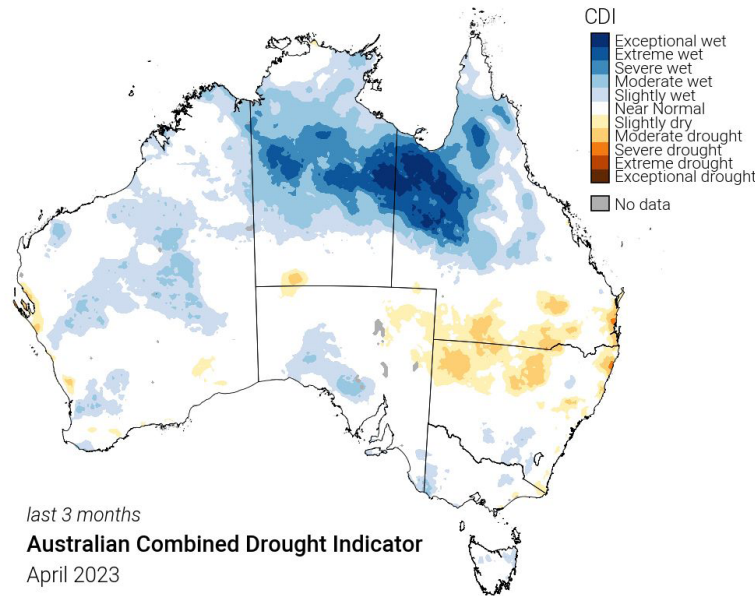
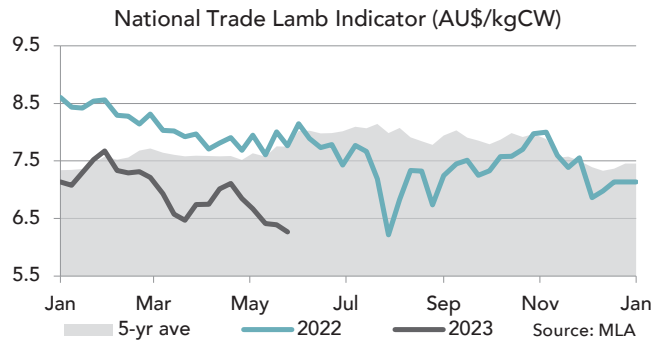
Weekly eastern states lamb kill holds high in the first 3 weeks of May

+1.1kg

Lamb carcass weights above the 5yr ave. in Q1

AU\$5.88/kgCW

National Trade Lamb Indicator the lowest since 2018



LAMB - NEW ZEALAND

Capacity cut to manage shortages

Another month has passed, and yet the same question remains on processors lips – how many lambs are there out there? The move back to full processing weeks almost instantly evaporated the few backlogs that developed in April. This initially led to increased procurement competition, especially in the South Island. But with lifting prices not pulling the required number of lambs forward, processors have begun widely reducing shifts and/or shutting plants to better align with bookings over the coming weeks. While some of this is in preparation for the upcoming bobby calf season, in a lot of cases this is a few weeks earlier than usual.

As of April 29, the seasonal lamb kill nationwide was 11.8 million head, below last year by 275,000 or 2.3%. Inserting Beef + Lamb New Zealand's mid-season forecasts, that leaves 5.5 million lambs to process from then to the end of September, 3% less than last year. Though it's important to remember more old season lambs were carried into October last year due to processors staffing issues and finishers looking to maximise carcase weights.

In terms of pricing, South Island processors adjusted especially quickly at the start of the month. As of lasgt week they had lifted 30c/kg on average in the span of a month. Like last year, the dry Southland and Otago conditions cleared a lot of lambs out of this region early and created some holes in processing chains early. More winter-like weather in the second half of May has pulled a few extra lambs forward, but as a whole, the Island is entering winter with a good amount of feed in paddocks. One contract has been released in the South Island peaking at \$9/kg in September. But other companies are not expected to match this owing to the downturn in the export market since the contract's release.

Price changes have been more gradual in the North Island, though have started from a higher base. Mild-but-wet weather conditions have grown extra grass for this time of the year, further encouraging finishers to keep lambs on-farm rather than kill. This is in addition

to; finishers growing lambs to heavier weights to offset higher store lamb costs, owners of light-but-killable lambs selling these via the store market due to this market paying a premium, and high rates of worms and other parasites forcing farmers to drench lambs again making these temporarily unavailable for slaughter.

There's been little movement when it comes to mutton, mainly due to the fact that there's few yet to come forward, at least until scanning pulls some forward in winter. With facial eczema less of a burden during North Island mating this year, and the Southland/Otago drought less intense during the same period, it's likely scanning results will be a little better than last year. The exception may be those areas affected by Cyclone Gabrielle, where issues with fencing have affected mating rotations, with some choosing not to mate hoggets this year. Worm burden is among other reasons that some aren't choosing to mate hoggets either.

Results from last year's agricultural census have been released and provided further confirmation that the national flock is shrinking. Nationally, the number of breeding ewes mated (2-tooth and over) fell for the sixteenth consecutive year to 15.5 million as of June 2022, back another 2.3 million or 13% since the last census in 2017. At its peak in 1982-1984 the national breeding flock reached 50.8-51.2 million ewes.

A lack of any prolonged cold snaps this autumn has kept the grass growing quicker than usual and with it held store lamb prices high relative to what processors are paying. Excitement about the \$9/kg contract has added to the buying enthusiasm too. Prices in both Islands are usually a little under \$4/kgLW in the paddock but have semi-regularly pushed higher via the saleyards. A lot of new season grasses were planted later than usual and have meant buyers waiting on these had been slower to enter the market until lately. Wet conditions and larger buyers filling paddocks lately has meant some of the momentum has been lost in the North Island lately.



15.5 million

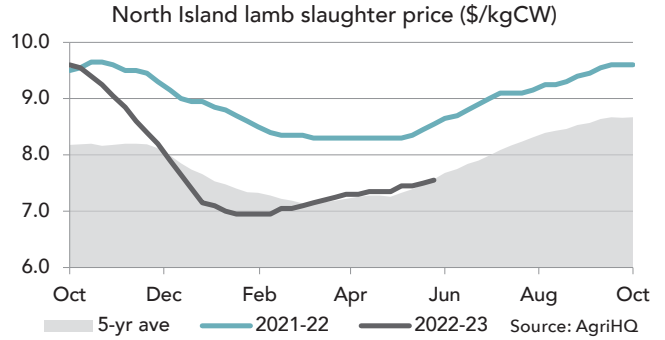
Ewe flock falls 13% in five years

-275,000 head

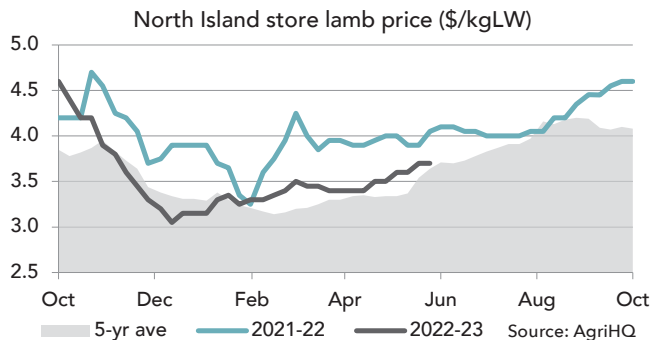
Season-to-date kill only a little behind last year

\$9/kgCW

Peak for one lamb slaughter contract

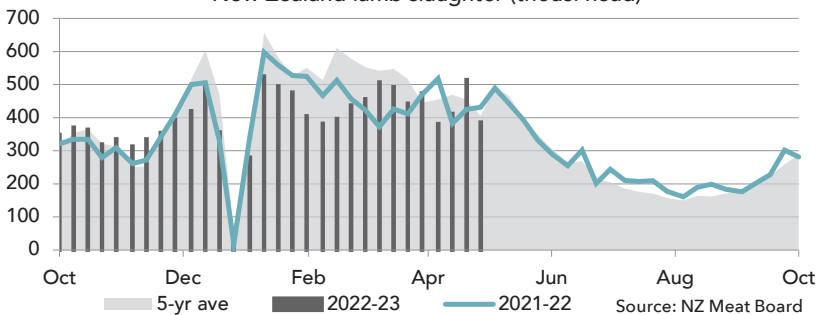


Slaughter prices			Last Week	4 Weeks Ago	Last Year	5-yr ave.
\$/kg CW	Island	+/-				
Lamb	North	+20c	7.55	7.35	8.55	7.64
Lamb	South	+30c	7.60	7.30	8.60	7.44
Mutton	North	+5c	4.30	4.25	5.85	5.31
Mutton	South	+15c	4.40	4.25	5.65	5.14

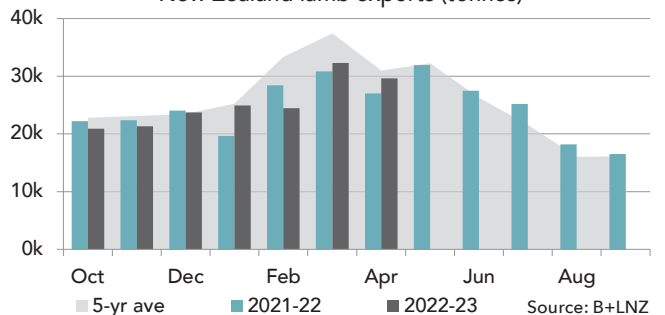


Store prices			Last Week	4 Weeks Ago	Last Year	5-yr ave.
\$/kg LW	Island	+/-				
Lamb 37kg	North	+20c	3.70	3.50	4.05	3.72
Lamb 35kg	South	+15c	3.80	3.65	4.10	3.53

New Zealand lamb slaughter (thous. head)



New Zealand lamb exports (tonnes)



WOOL

Better wools finding more interest

There's some positive news to report on wool. Auctions in both Islands have reported a meaningful increase in prices across the majority of the offerings in the past month. Though poorer-type wools, especially lamb's wool and oddments, have remained hard selling. The mid-micron market has been hard going too.

The improvement in the quality of wools coming forward has been a major driver, especially around colouring. This has been partly caused by growth in the amount of second-shear wool entering the market, as per usual for this time of the year.

It's thought that wool buyers have needed to replace bales ruined by flooding during Cyclone Gabrielle too, and the need to fulfil orders short-term has been part of the reason for the lift in the South Island specifically. India and Europe have been the more active markets lately, followed by China and local mills.

Clearance rates had improved significantly earlier in the month, but that reversed last week in the South Island, mainly on mid-micron and lambs wools. Considering the volume of mid-micron wool available usually grows from this point forward, there are concerns about how the coming weeks will pan out.

The mid-micron market has been hard going...

While the Australian wool market made some minor gains at the start of the month, these had been more than erased by the end of last week. This had taken the Eastern Market Indicator down to AU\$12.14/kg, back 7% from the start of the month. The fall was slightly sharper in US dollars too. Last week's price drop came off the back of the smaller offering too, and even then only 73% of what was auctioned sold.



+34c/kg

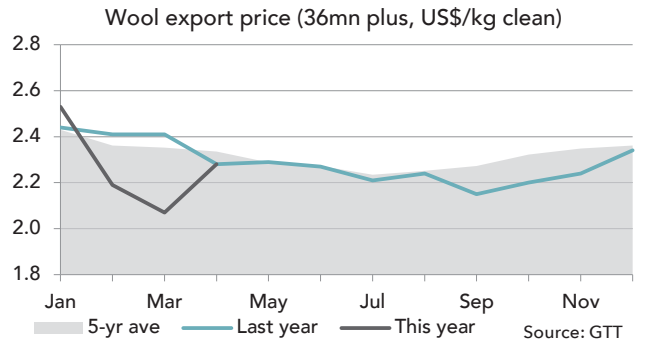
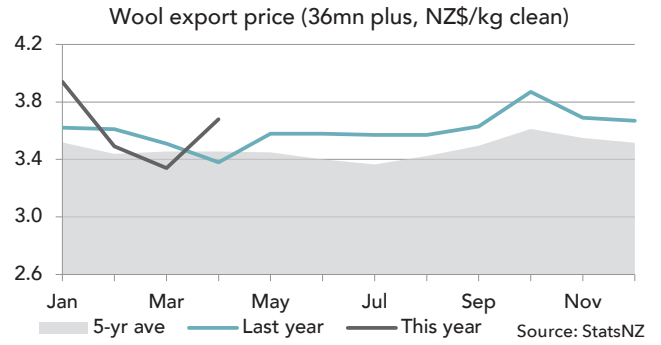
Average export prices for 36+ micron wool lifts in April

-11% y-o-y

Wool export volumes only down a little in Feb - Apr

-7%

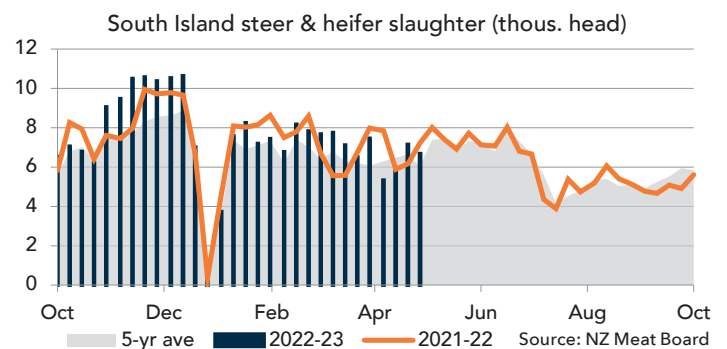
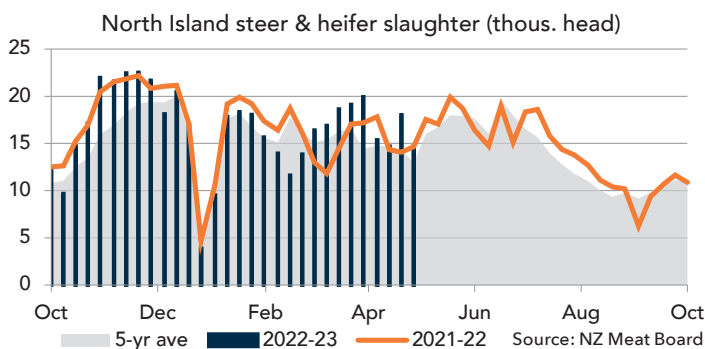
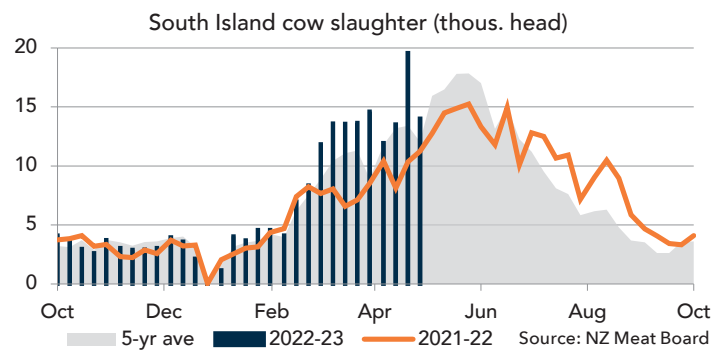
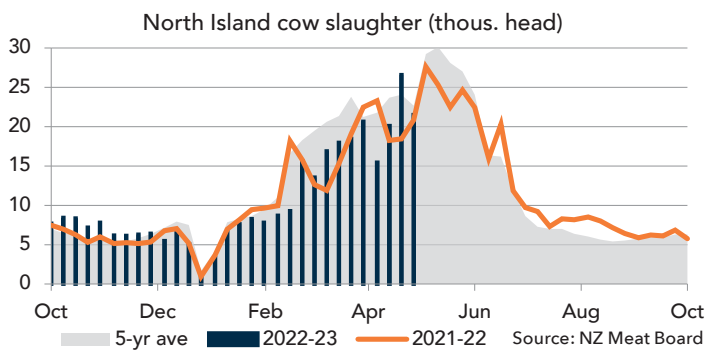
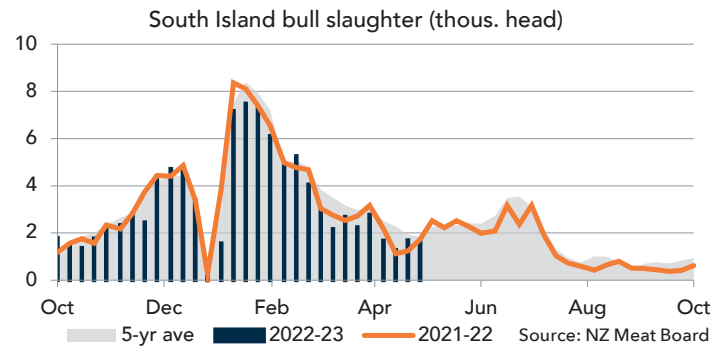
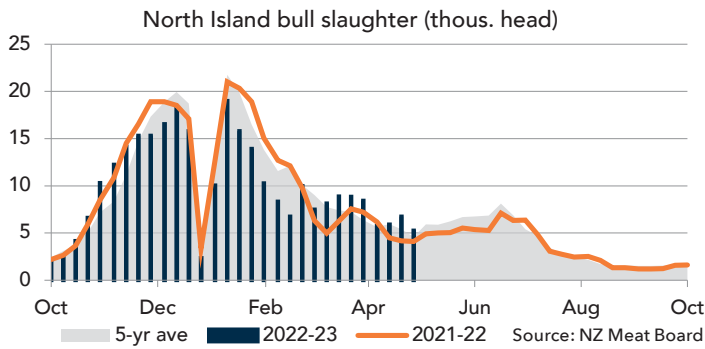
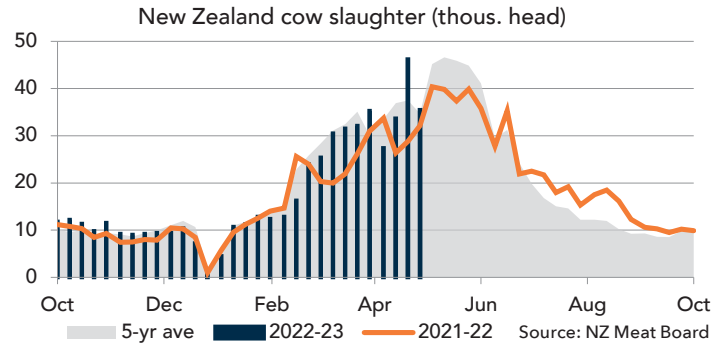
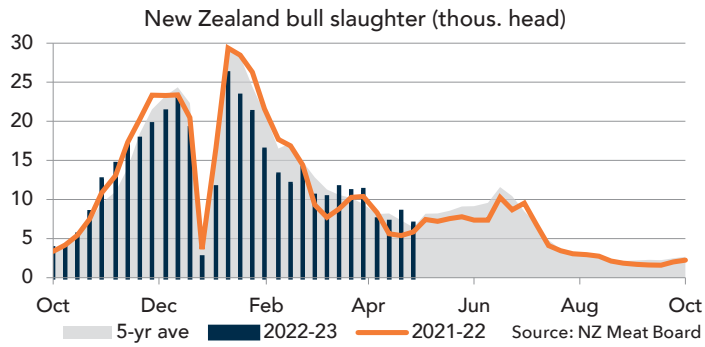
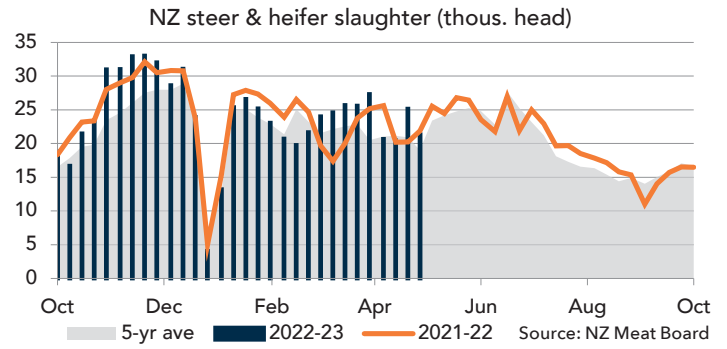
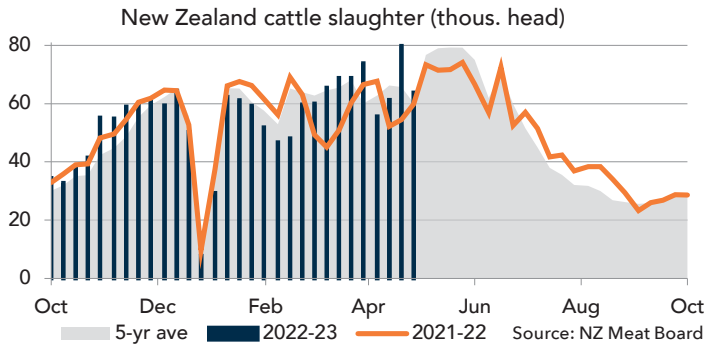
Drop in the Aus. market since last month



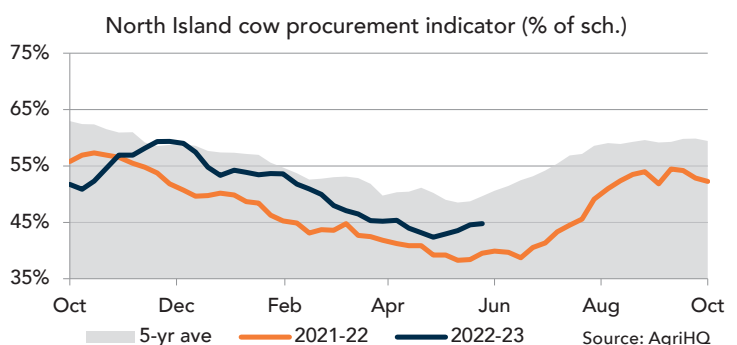
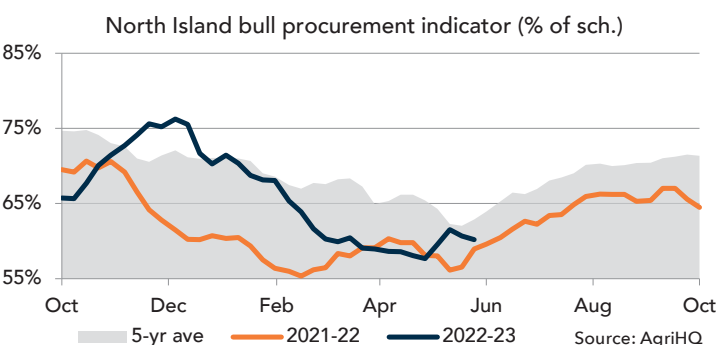
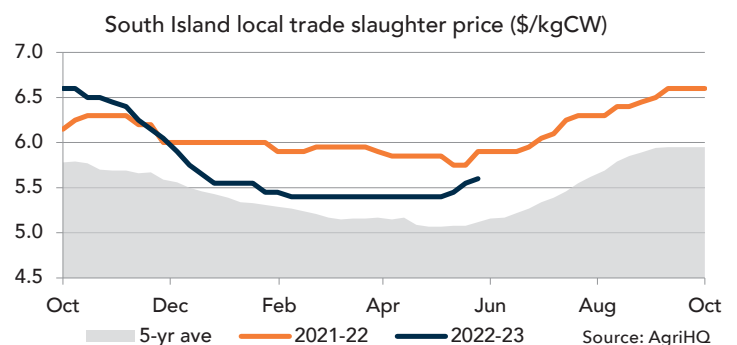
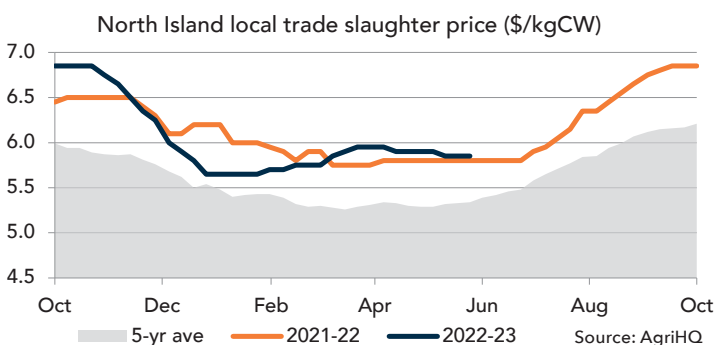
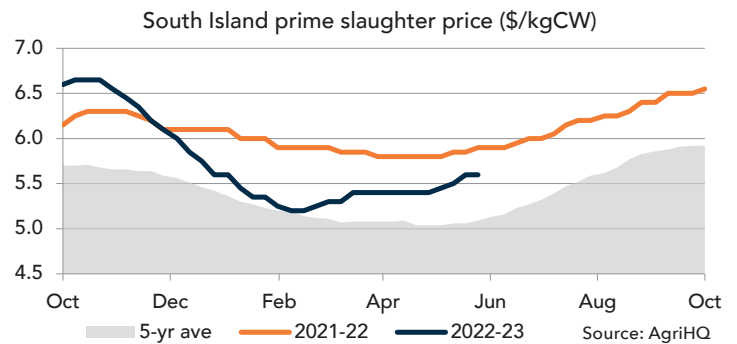
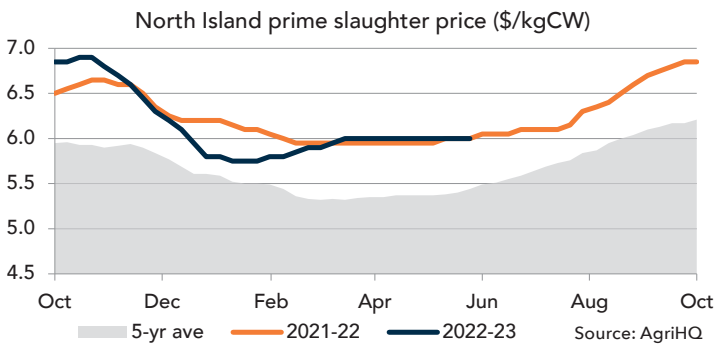
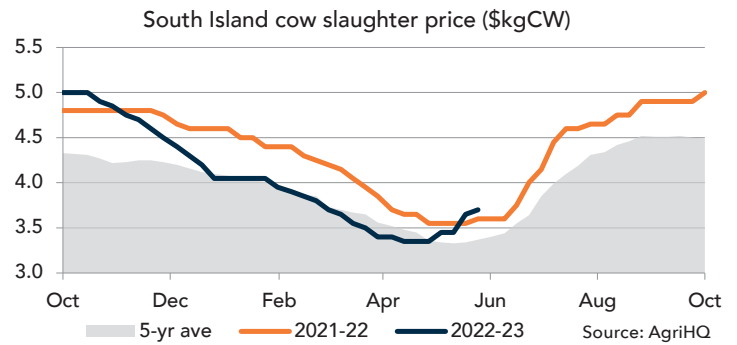
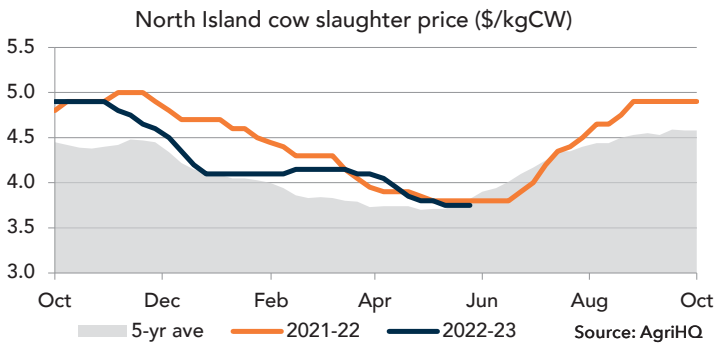
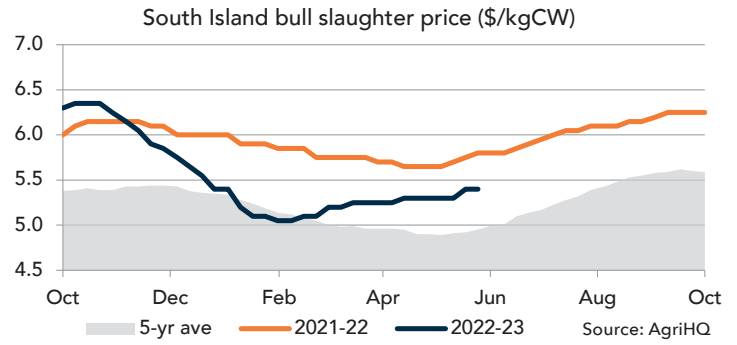
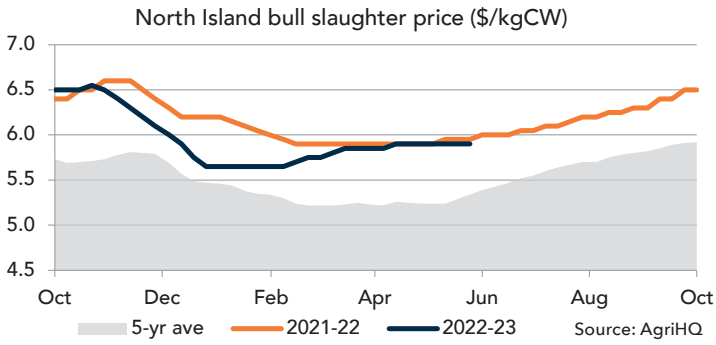
Wool prices		Last Week	Month Ago	6-months Ago	Year Ago
\$/kg Clean	+/-				
Avg coarse fleece	+25c	2.85	2.60	2.64	2.62
Avg coarse 2nd Shear	+3c	2.43	2.40	2.49	2.76
Lamb (30m)	-8c	2.57	2.65	-	2.80
Mid-micron (28m)	-	-	-	-	-



▶ NZ CATTLE SLAUGHTER

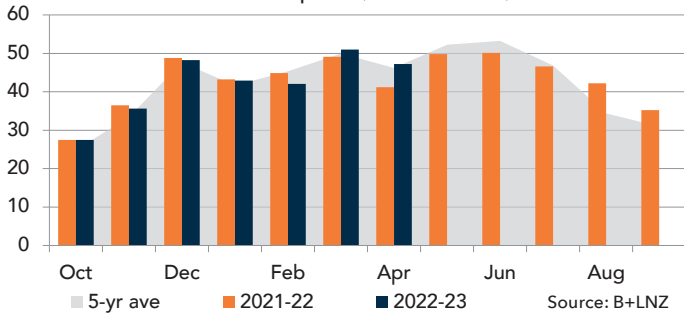


▶ NZ CATTLE SLAUGHTER PRICES

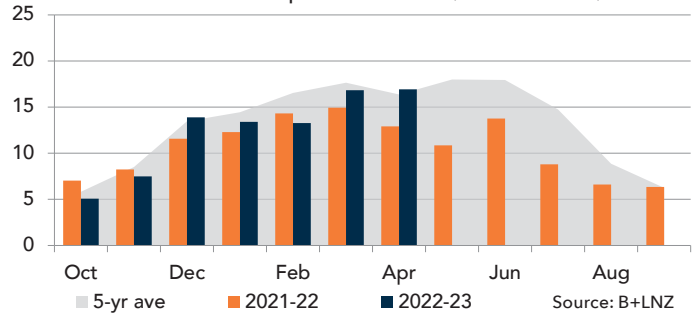


▶ NZ BEEF EXPORTS

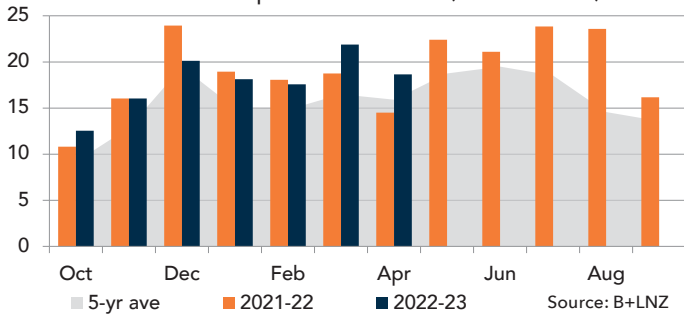
NZ beef exports (thous. tonnes)



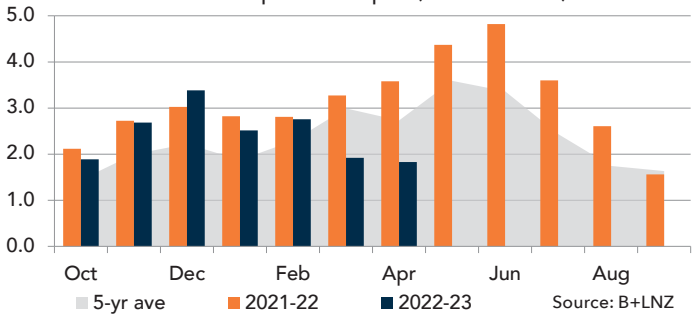
NZ beef exports to the US (thous. tonnes)



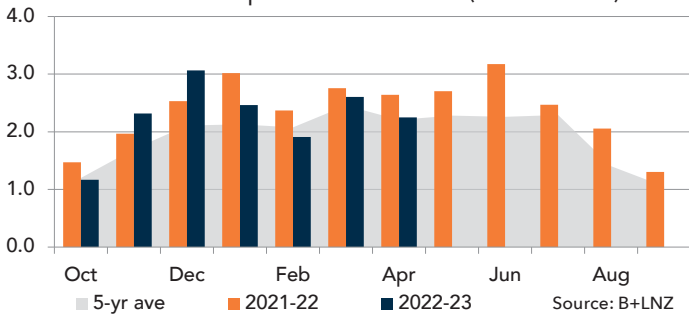
NZ beef exports to China/HK (thous. tonnes)



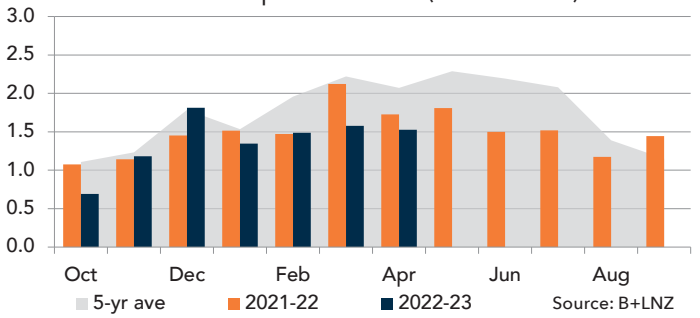
NZ beef exports to Japan (thous. tonnes)



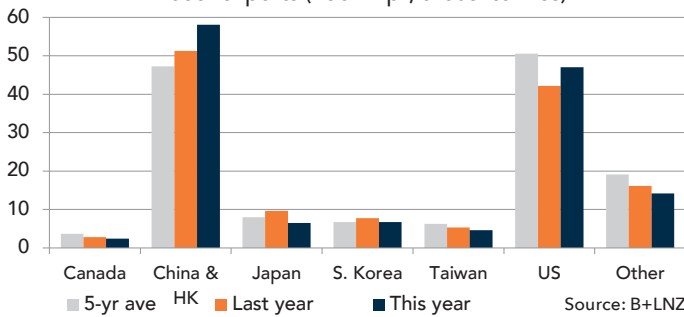
NZ beef exports to South Korea (thous. tonnes)



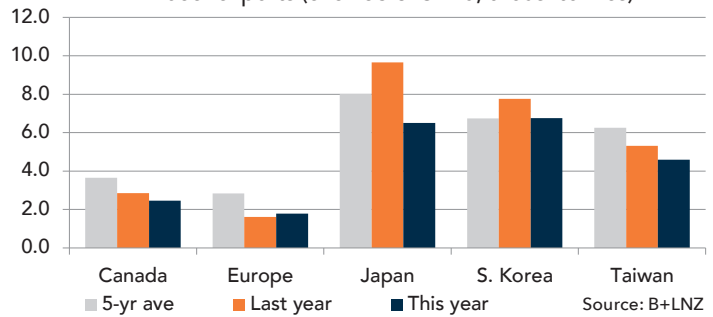
NZ beef exports to Taiwan (thous. tonnes)



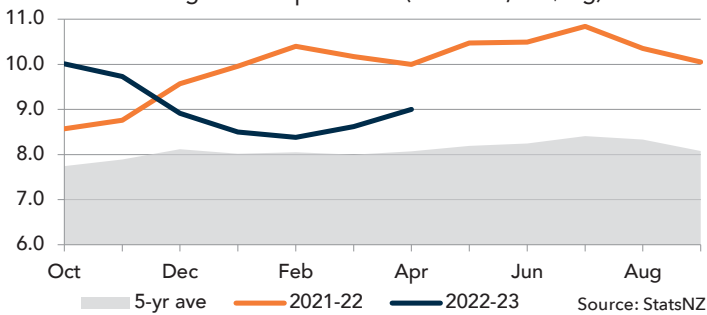
NZ beef exports (Feb - Apr, thous. tonnes)



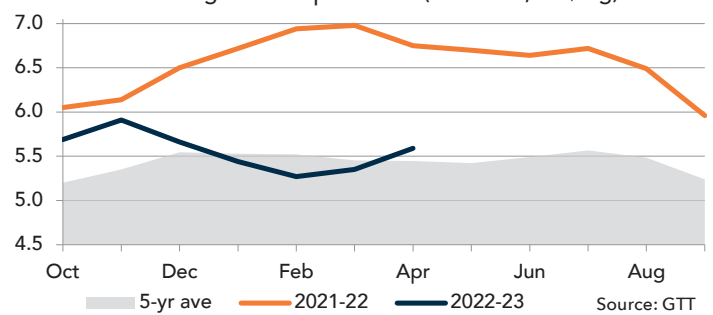
NZ beef exports (excl. US & China, thous. tonnes)



NZ average beef export value (excl. veal, NZ\$/kg)

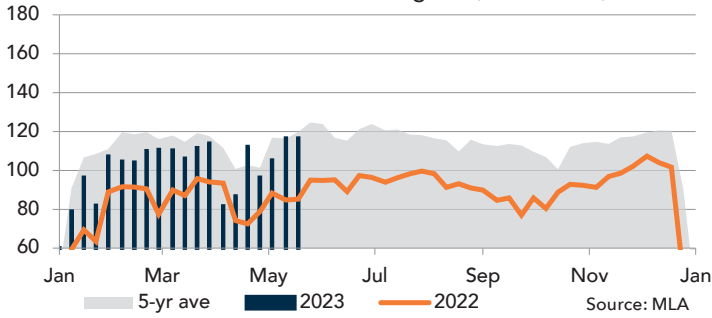


NZ average beef export value (excl. veal, US\$/kg)

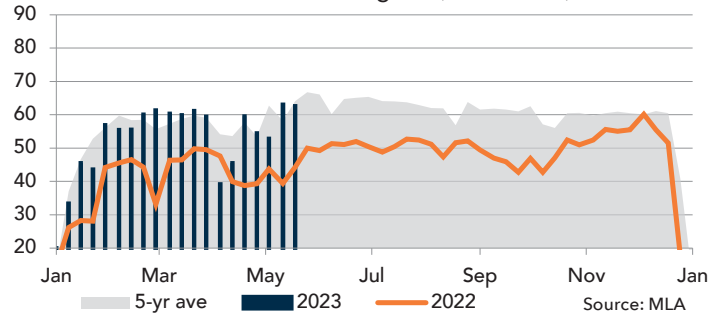


▶ AUSTRALIA CATTLE SLAUGHTER & EXPORTS

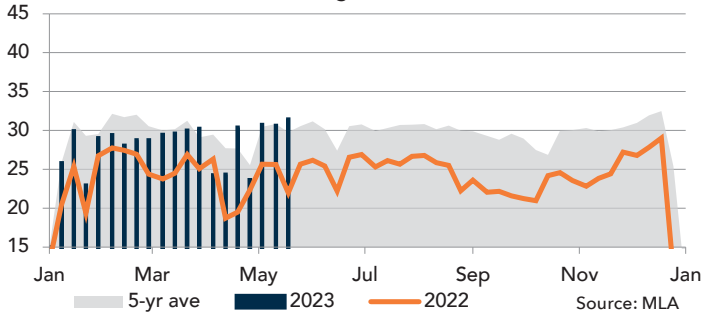
Australia eastern cattle slaughter (thous. head)



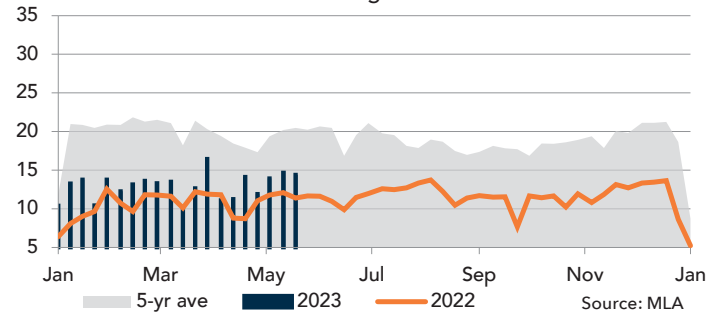
Queensland cattle slaughter (thous. head)



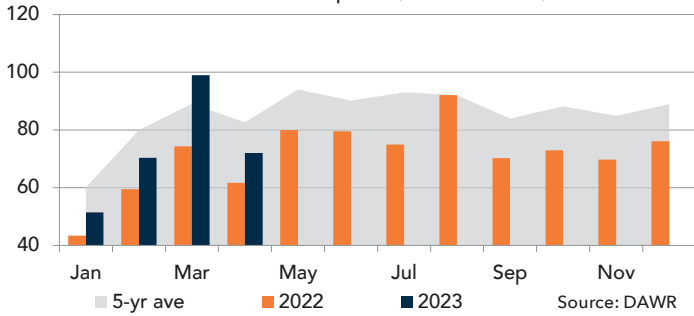
NSW cattle slaughter (thous. head)



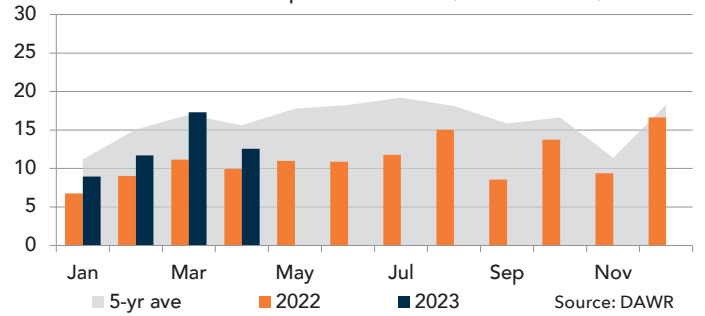
Victoria cattle slaughter



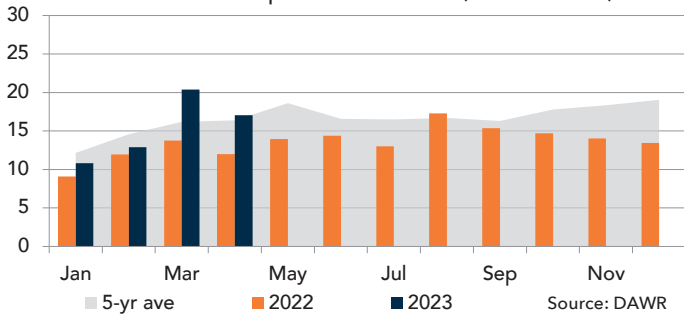
Australia beef exports (thous. tonnes)



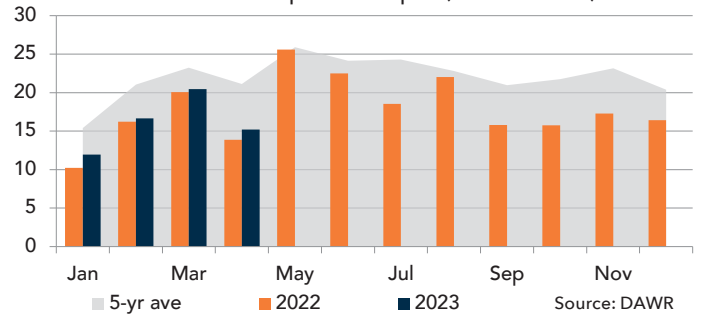
Australia beef exports to the US (thous. tonnes)



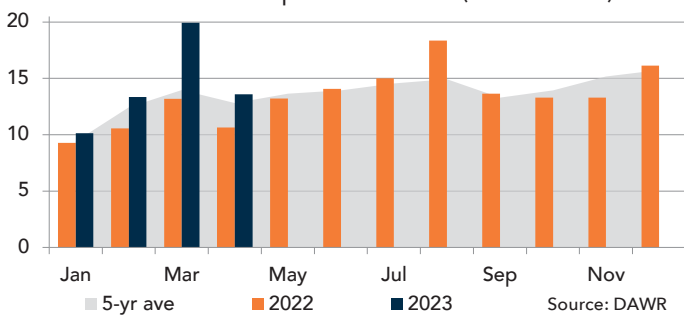
Australia beef exports to China/HK (thous. tonnes)



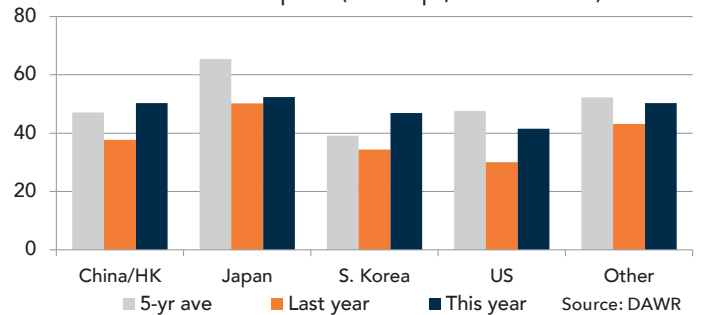
Australia beef exports to Japan (thous. tonnes)



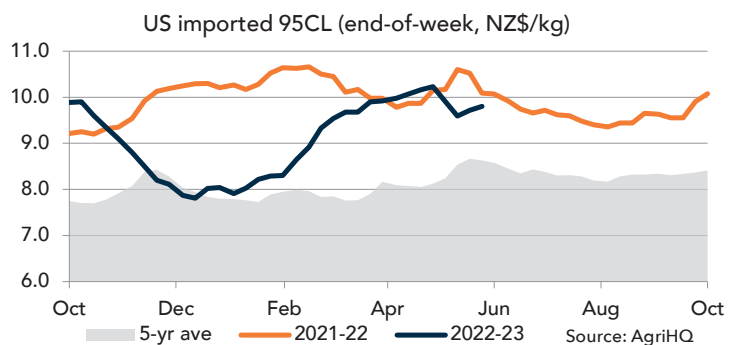
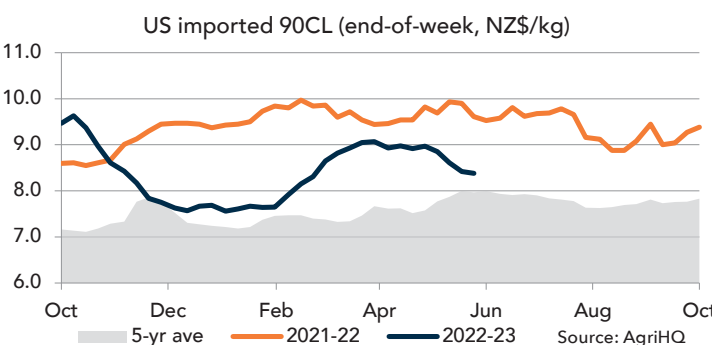
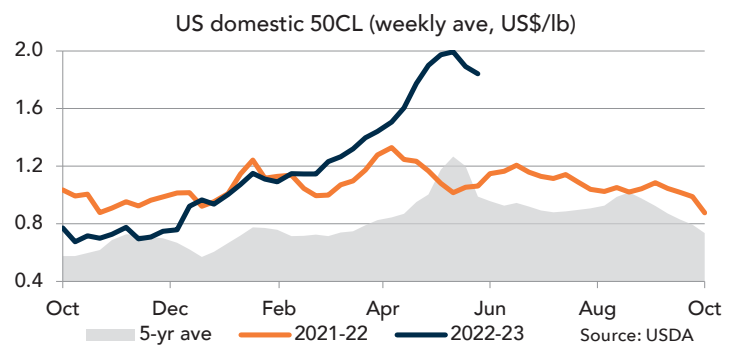
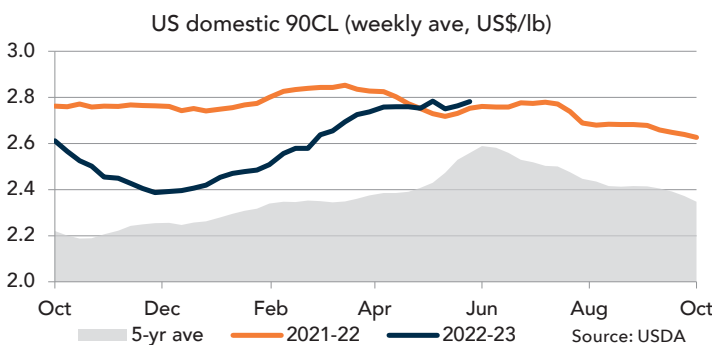
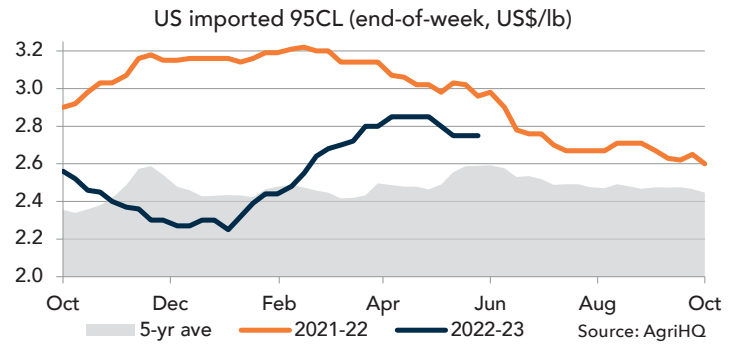
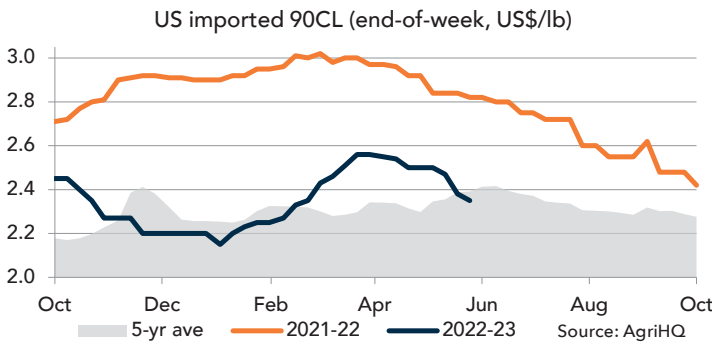
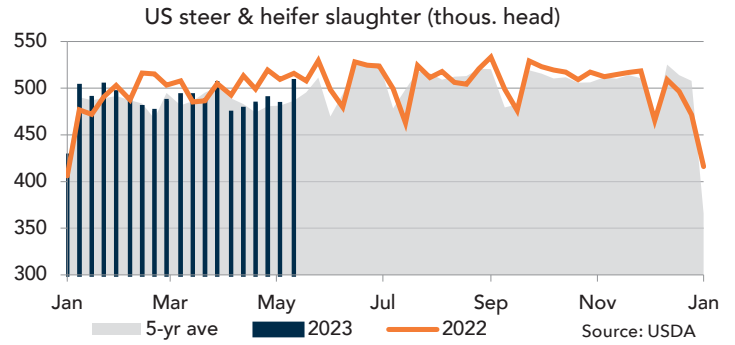
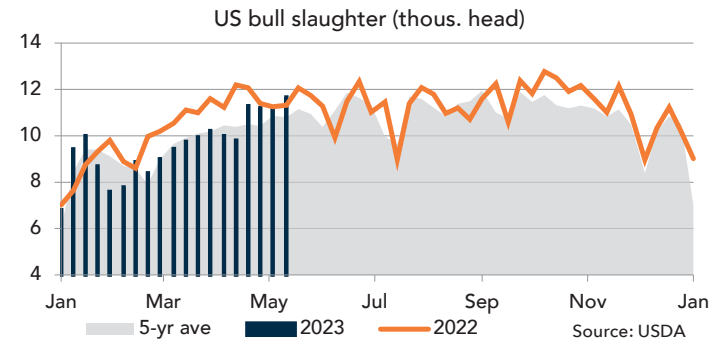
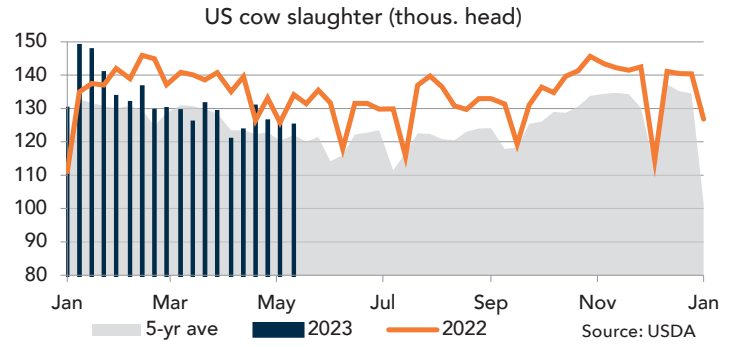
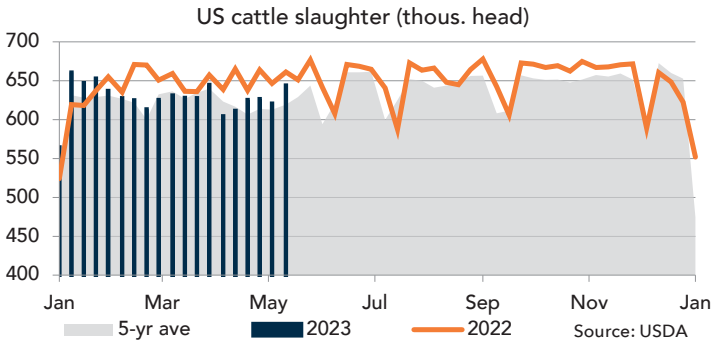
Australia beef exports to S. Korea (thous. tonnes)



Australia beef exports (Feb - Apr, thous. tonnes)

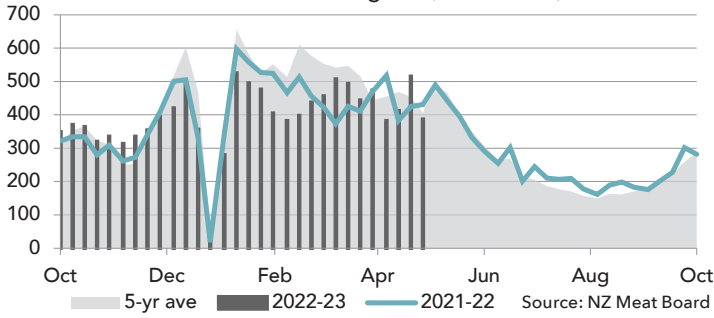


US CATTLE SLAUGHTER PRICES

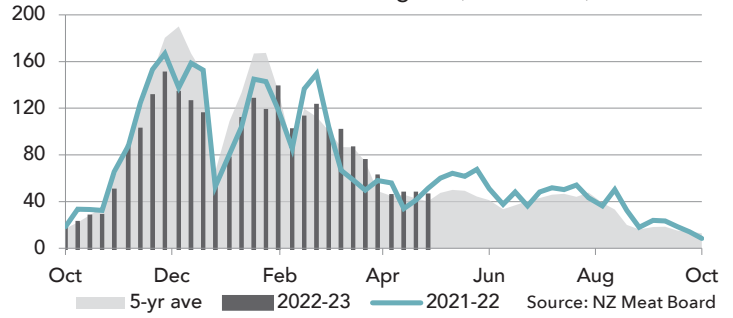


▶ NZ SHEEP SLAUGHTER & PRICES

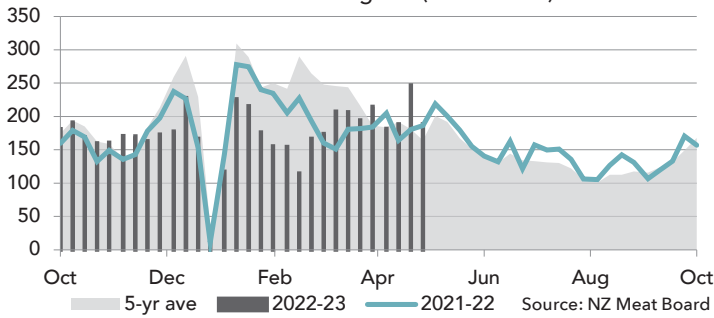
New Zealand lamb slaughter (thous. head)



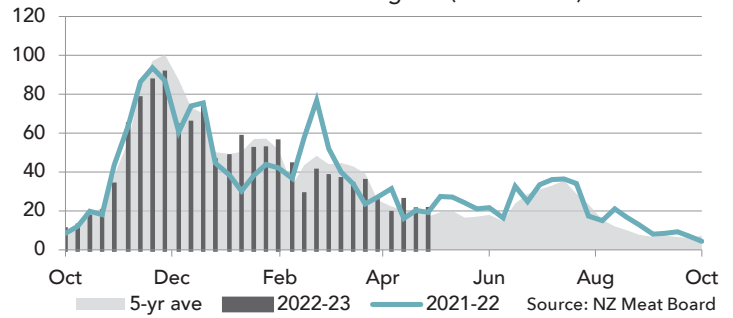
New Zealand mutton slaughter (thous. head)



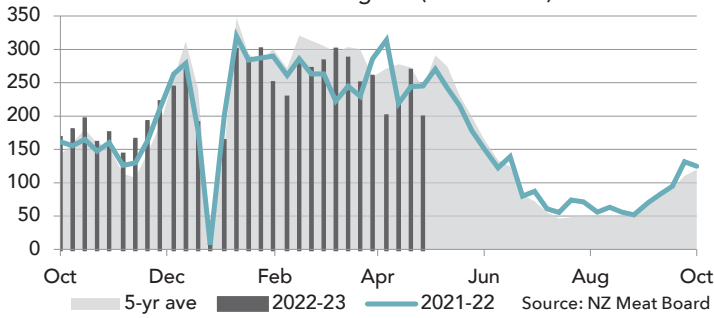
North Island lamb slaughter (thous. head)



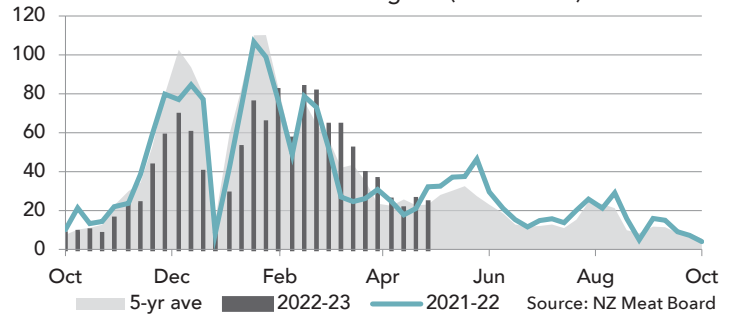
North Island mutton slaughter (thous. head)



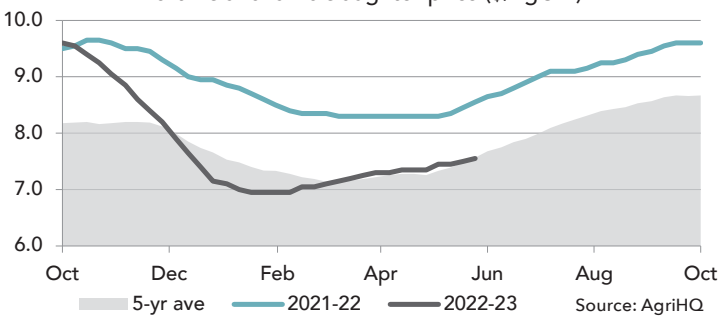
South Island lamb slaughter (thous. head)



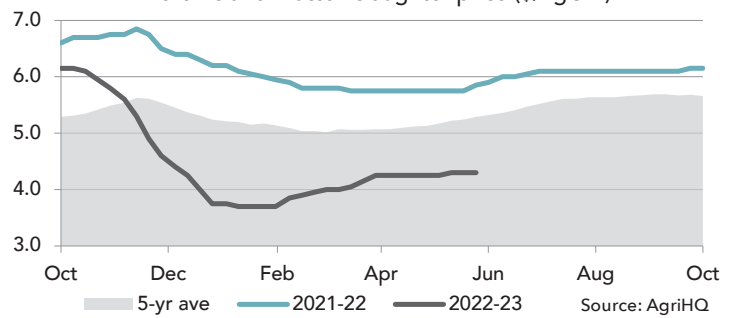
South Island mutton slaughter (thous. head)



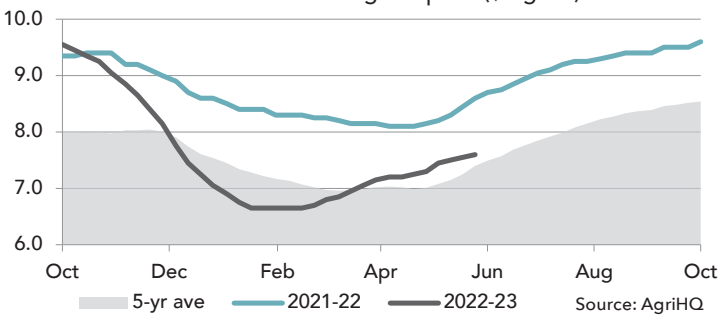
North Island lamb slaughter price (\$/kgCW)



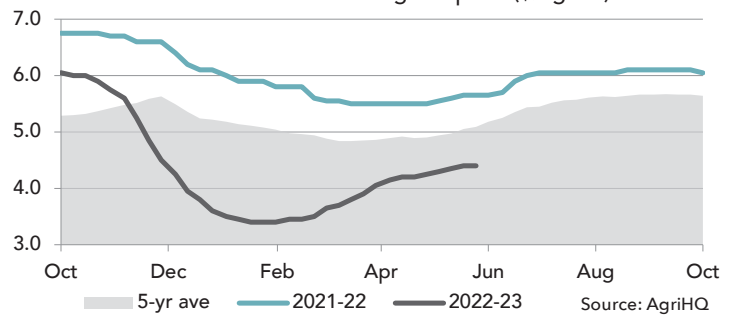
North Island mutton slaughter price (\$/kgCW)



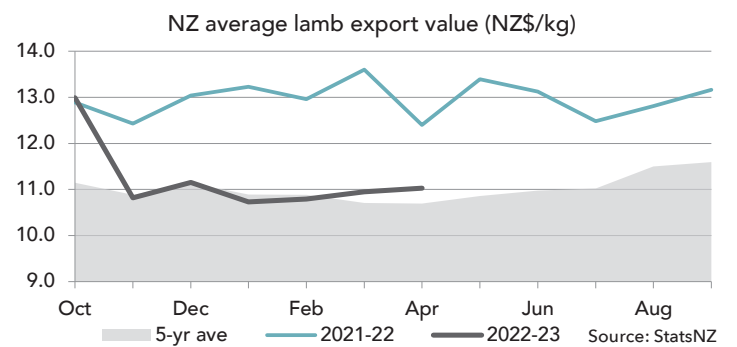
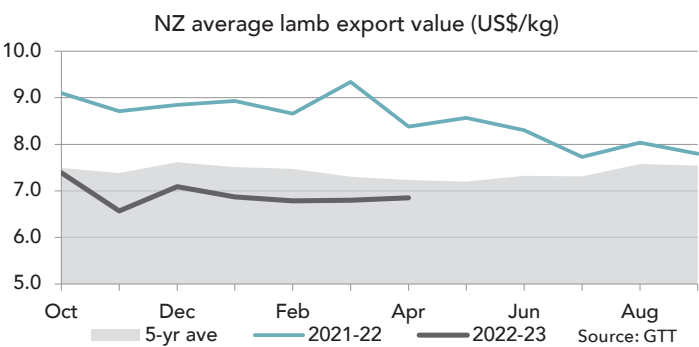
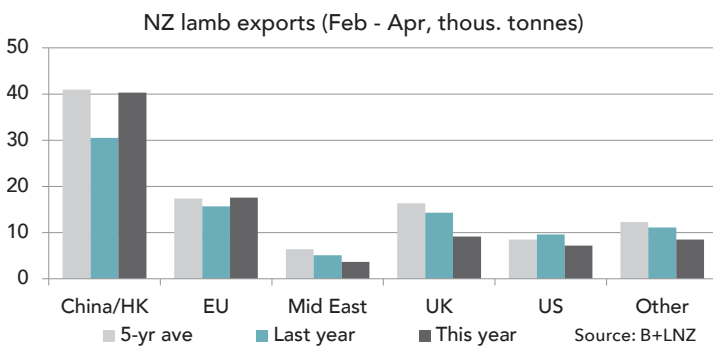
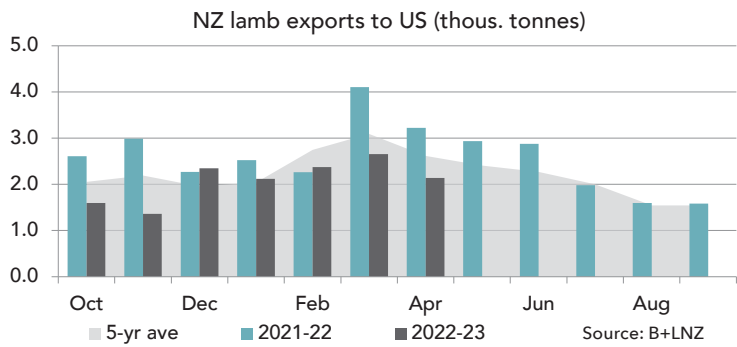
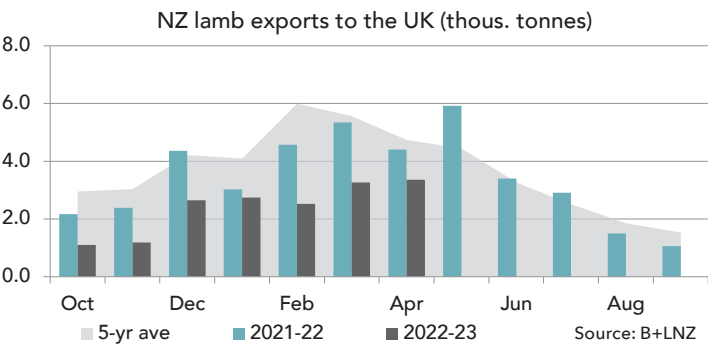
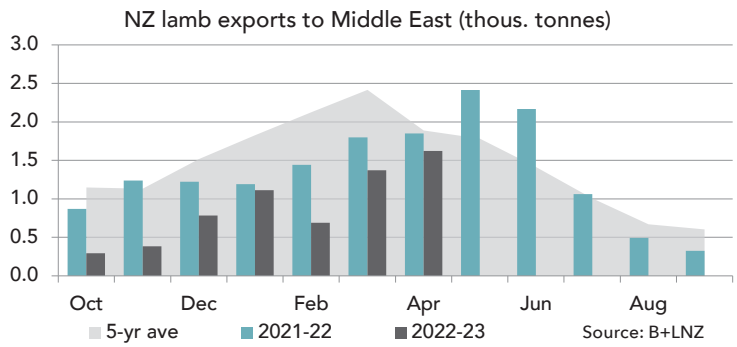
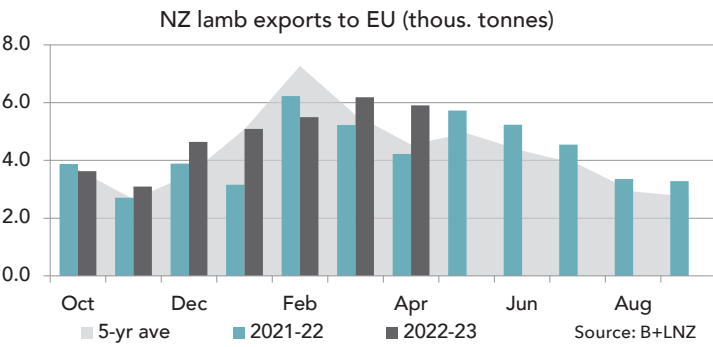
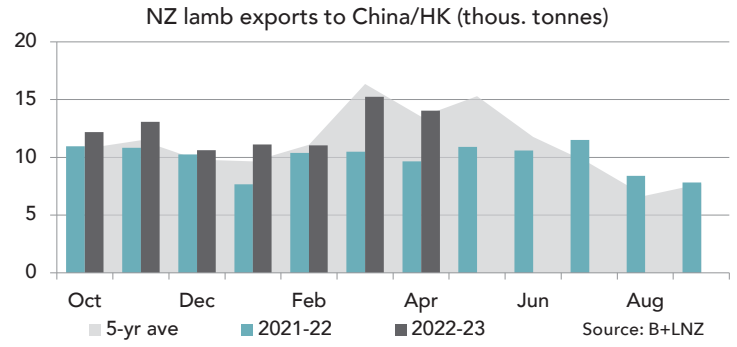
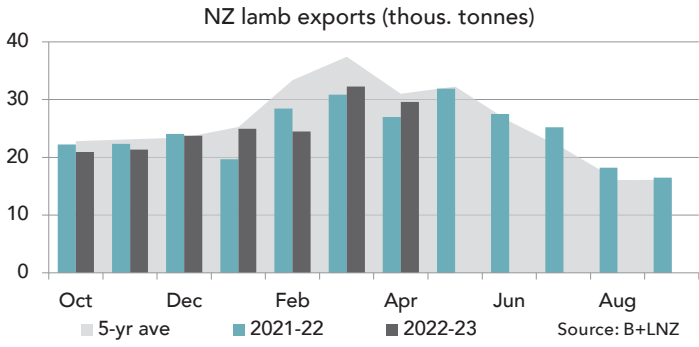
South Island lamb slaughter price (\$/kgCW)



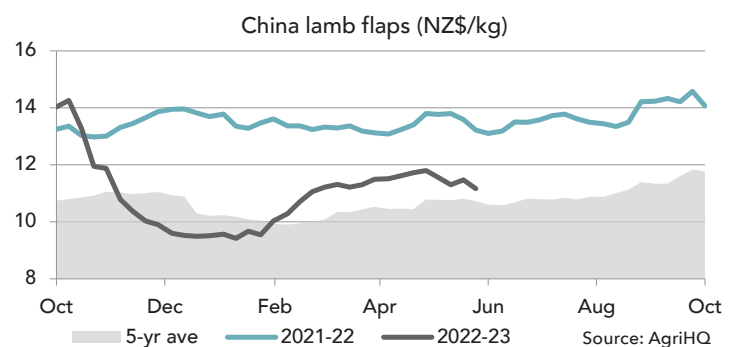
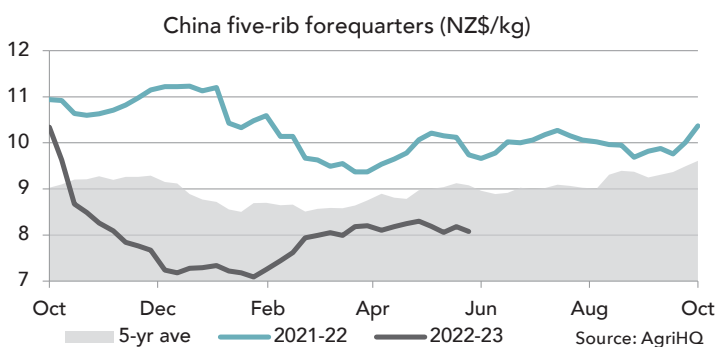
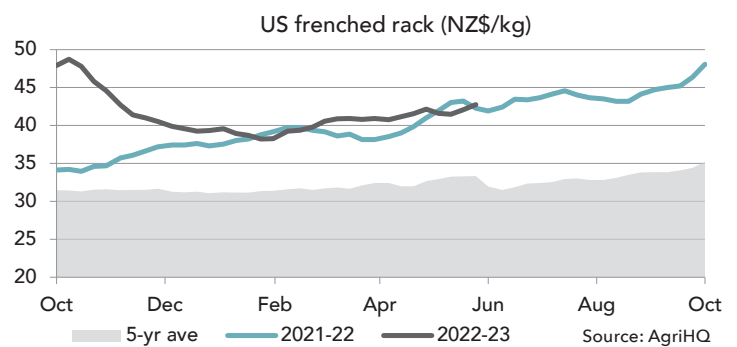
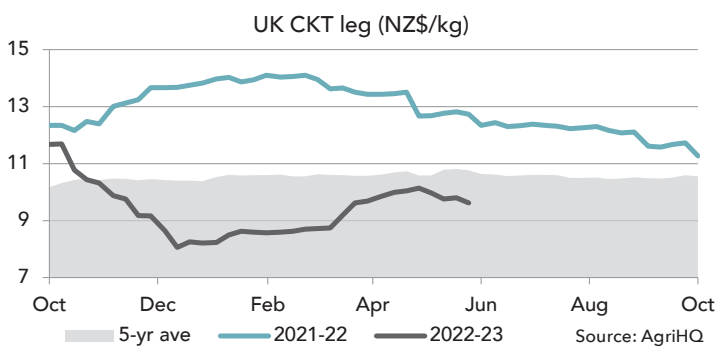
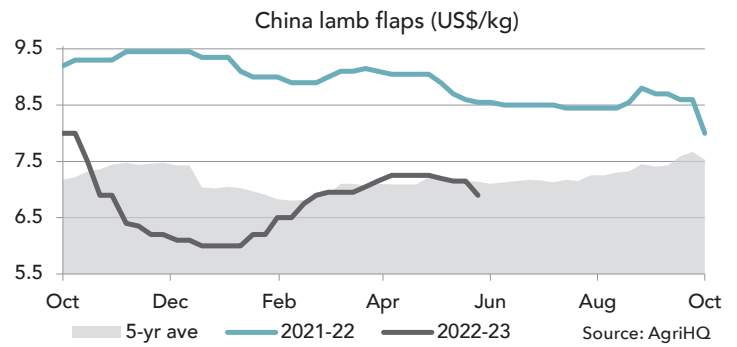
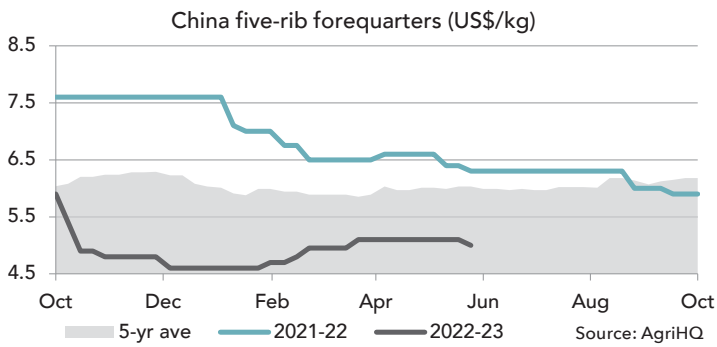
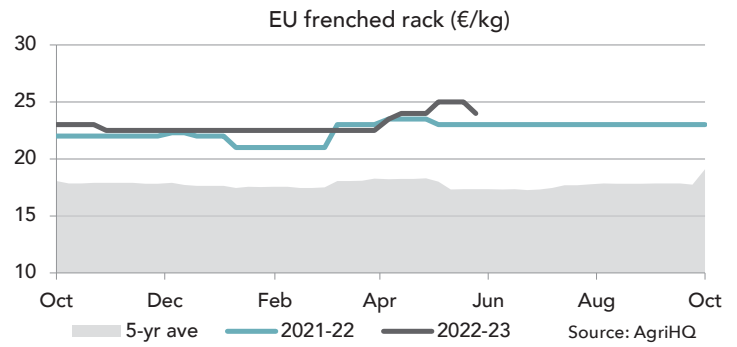
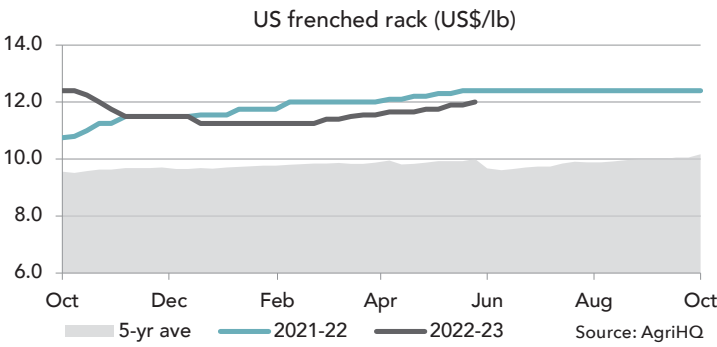
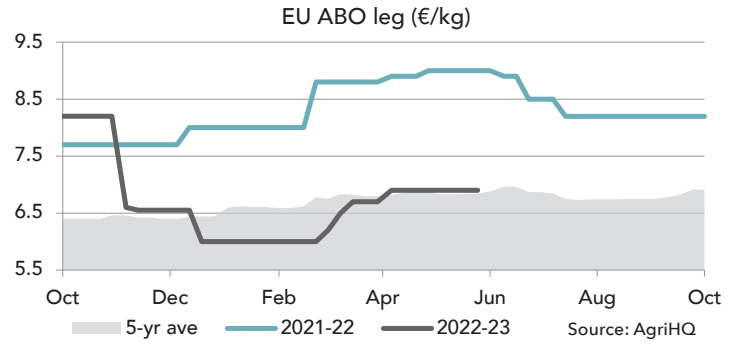
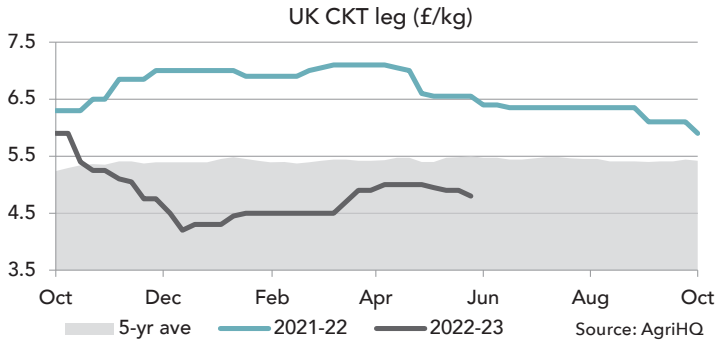
South Island mutton slaughter price (\$/kgCW)



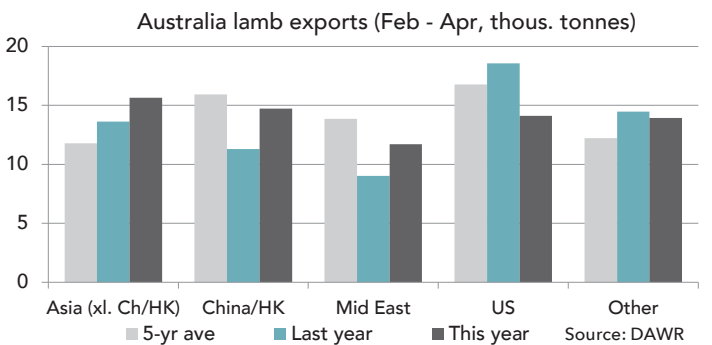
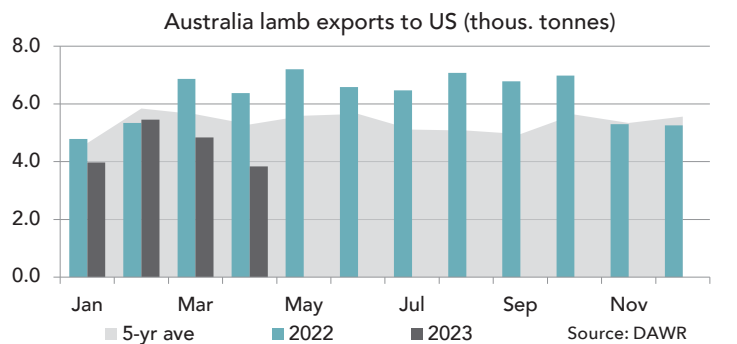
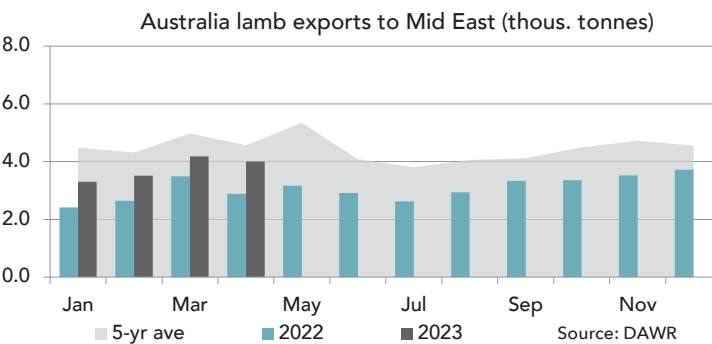
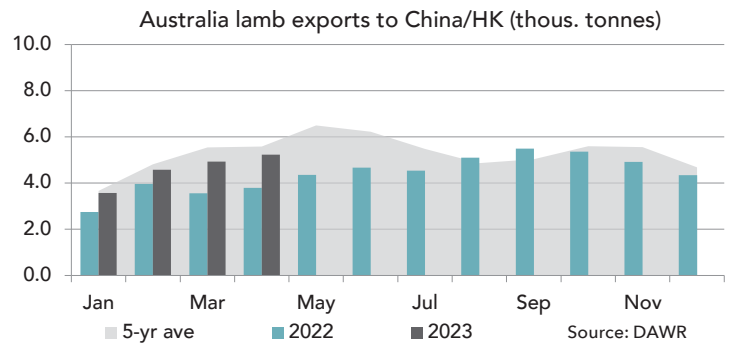
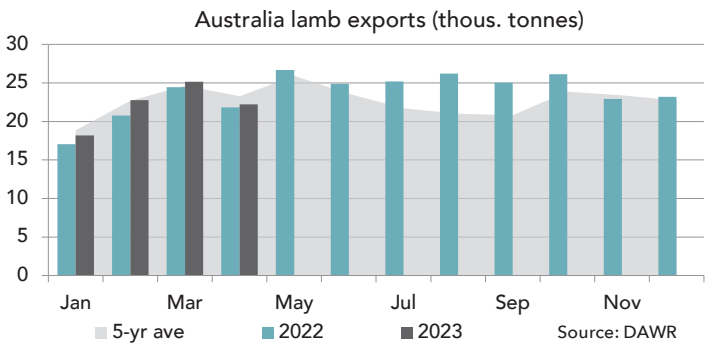
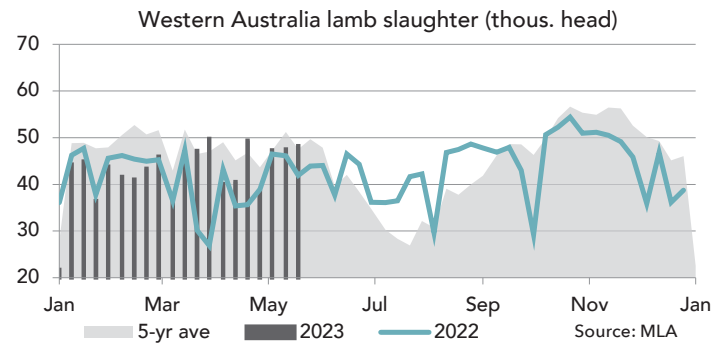
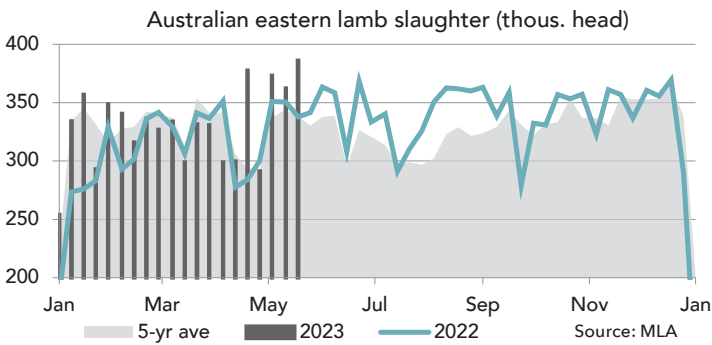
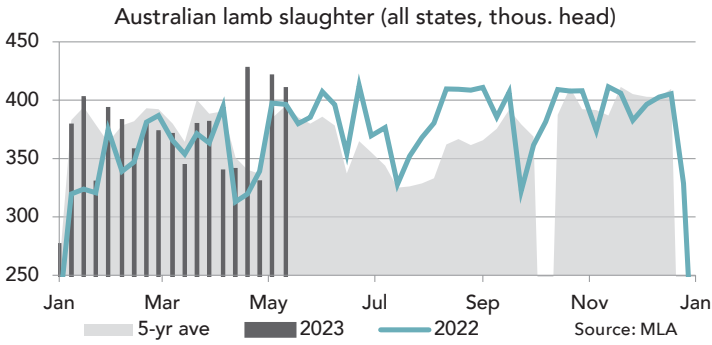
NZ LAMB EXPORTS



▶ NZ EXPORT LAMB PRICES

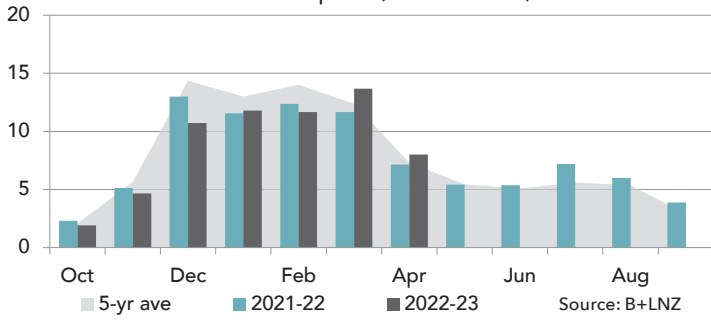


▶ AUSTRALIA LAMB SLAUGHTER & PRICES

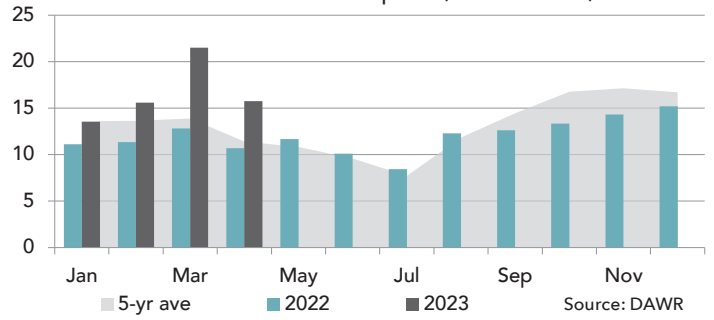


MUTTON

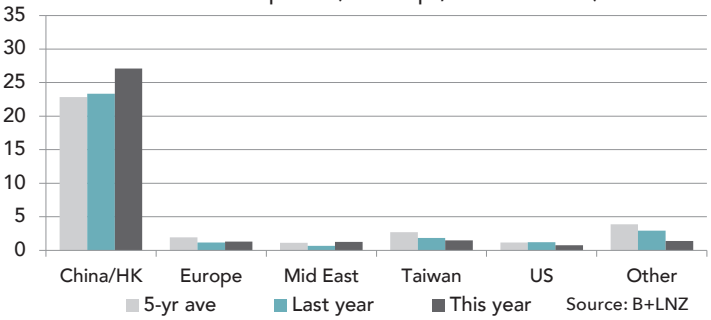
NZ mutton exports (thous. tonnes)



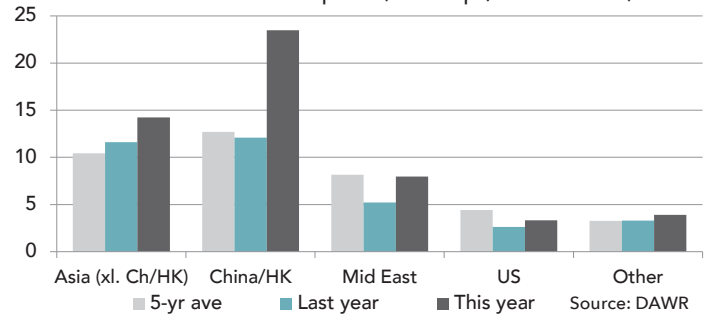
Australia mutton exports (thous. tonnes)



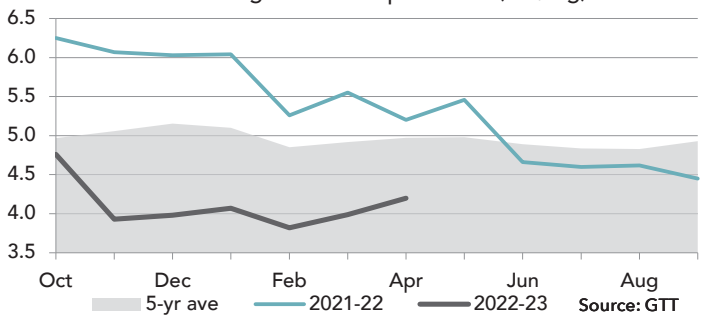
NZ mutton exports (Feb - Apr, thous. tonnes)



Australia mutton exports (Feb - Apr, thous. tonne)



NZ average mutton export value (US\$/kg)



Australian mutton slaughter (all states, thous. head)

