



AgriHQ LIVESTOCK INSIGHT

NORTH ISLAND
MAY 26, 2023

KEY POINTS

- Wet weather brings more cattle out
- Processors still short of lambs
- Store lamb prices ease

M2 BULL
\$/KG (NEXT WEEK)
5.90

P2 STEER
\$/KG (NEXT WEEK)
6.00

LAMB
\$/KG (NEXT WEEK)
7.55

US IMPORTED 95CL
US\$/LB
2.75

NZD:USD
0.608



Hayley O'Driscoll

Reece Brick

Winter wet arrives

It's very wet underfoot across most of the North Island following last weekend's storm. These wet conditions have encouraged more cattle to come out of the woodworks, adding to the processor backlogs in some places and lifting store cattle numbers on the market.

More rain is forecast for the top half of the North Island from Sunday.

NZ dollar down again

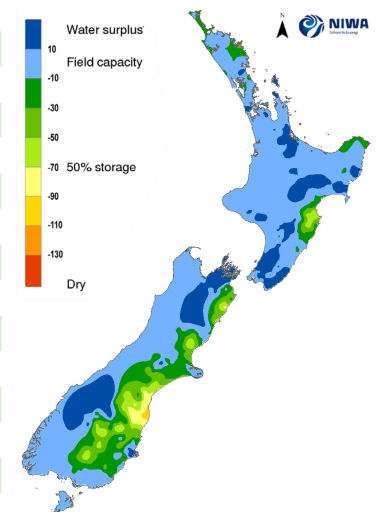
Fortunately for our exporters, the NZ dollar has fallen against our key trading partner currencies, following the Reserve Bank's rate decision this week. Today the NZ dollar sits at US61c.

Currency	This Week	Last Week	Last Year
NZD:USD	0.608	0.623	0.650
NZD:GBP	0.493	0.503	0.514
NZD:EURO	0.566	0.579	0.605
NZD:AUD	0.934	0.942	0.913

WEATHER AND FEED

*week to 9am Thur	Rainfall mm			Soil Temp °C, 9am, 10cm			Approx. Grass Growth kgDM / ha / Day, medium fertility		
	This Week	Last 4wks	vs. Ave	This Week	Last 4wks	vs. Ave	This Week	Last 4wks	vs. Ave
Dargaville/Whanga.	31	260	V. Wet	14	16	Similar	16	13	-7
Pukekohe	42	190	Wet	14	15	Similar	15	13	-5
Hamilton	39	188	Wet	13	14	Warm	15	13	-3
Rotorua/Te Puke	90	311	V. Wet	12	13	Warm	13	12	-5
Te Kuiti	89	237	Wet	13	15	Warm	17	15	-1
Taumarunui	51	153	Similar	11	12	Similar	12	11	-3
Stratford	88	301	Wet	12	13	Similar	-	-	-
Gisborne	32	63	Similar	12	14	Warm	11	15	-3
Napier/Hastings	11	34	Similar	11	13	Similar	11	12	-5
Waipawa	17	30	Dry	11	13	Warm	15	18	+1
Dannevirke	44	72	Similar	11	13	V. Warm	10	14	-1
Whanganui	67	142	Wet	13	15	Warm	15	13	-2
Palmerston Nth	39	89	Similar	11	12	Similar	12	14	n/c
Masteron/Martinb.	19	64	Similar	11	13	V. Warm	9	12	-1

Soil moisture deficit (mm) at 9am on 25/05/2023



▲ CATTLE

More prime added to the mix next week

Cattle backlogs continue this week with up to a month's wait for prime space at some plants. Processors are getting through the cows now though, and next week at least one plant is planning to increase prime production.

The wet weather has brought some

more cattle out of the woodworks particularly in the Bay of Plenty and Taranaki. Some farmers that had been holding back cattle because they have a lot of grass are now choosing to hit the offload button. But prices have remained largely steady on last week.

Rain brings more cattle onto the market

Last weekend's storm brought rain to most of the North Island. Northland and Hawkes Bay seemed to miss out on the large rain tallies, but all other regions are now very wet underfoot.

These wet conditions have pushed some more cattle onto the store market, and it has prompted some buyers to hit pause for now. Adding to this is long wait times for cattle processing space, limiting potential buyers for replacements. This has put downward pressure on prices for some classes of cattle this week.

Friesian bulls are the exception though as there is a shortage of them around. Lighter R2's have crept up in price with some weaners making a little more money too here and there.

Almost 1500 cattle were at Feilding today. Averages for R2 cattle were \$3.20-\$3.25/kg for straight-beef steers and \$3/

kg for dairy-cross, \$3.05/kg for Friesian bulls, and traditional heifers were \$3.10/kg.

More VIC cows have been trading in the paddocks. Good quality R3 Angus heifers are making up to \$1800 and usually good-quality, traditional, mixed-age lines are \$1300-\$1500.

At the Feilding in-calf heifer and cow fair this week VIC Angus R3 heifers made \$1730-\$1940 and VIC mixed-age Angus cows were \$1200-\$1520.

Stud bull sales have started getting underway. While it's early days yet, the main theme has been lower clearance rates and steady-to-lower average prices. Only two of the 18 studs with sales to date sold more bulls at auction.

It's been a big week and a bit for the Simmental studs, with three North Island sales averaging \$7900 and four in the South Island averaging \$6100.

No sign of pressure easing in the US imported beef market

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. The subdued NZD:USD rate is taking some of the sting out of the fall though.

Underlying 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 almost 50c/lb.

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.

Even the States own supply of both cows and bulls has picked up, with dairy cow numbers actually above last year again. Some of this is due to drought lingering through key beef states in the centre of the US.

Small lift for beef export prices in April

This April New Zealand beef averaged \$9/kg on the export market, making it the highest since November, up 38 cents or 4% from March. None of this was currency related either since it lifted by the same percentage in US dollars.

That's the second best result ever for an April, only a dollar flat behind last year's peak.

The average for beef specifically classed as bull was up 23c/kg, whereas the steer/heifer/cow classification was

up 44c/kg.

The two main players, China and the US, were up by similar amounts too. In US dollars, China was up 23-24c/kg after accounting for the larger portion of bone-in cuts sent there, while the US lifted 40c/kg on frozen boneless cuts, the main category it operates in.



\$1800

Good VIC R3 Angus heifers in paddocks

-US21c/lb

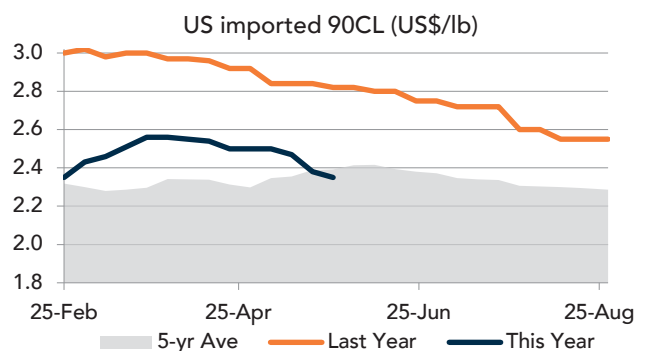
Imported 90CL since start of autumn

\$9/kg

NZ's April beef AEV

Slaughter Prices		Next Week	This Week	Range	Last Week	Last Month	Last Year	
\$/kgCW		+/-						
M2 Bull	300kg	n/c	5.90	5.90	5.75 - 6.10	5.90	5.90	5.95
P2 Steer	300kg	n/c	6.00	6.00	5.90 - 6.20	6.00	6.00	6.00
P2 Cow	230kg	n/c	3.85	3.85	3.70 - 4.10	3.85	3.90	3.95
M Cow	190kg	n/c	3.75	3.75	3.60 - 4.00	3.75	3.80	3.80
Local Trade	230kg	n/c	5.85	5.85	5.80 - 6.00	5.85	5.90	5.80

Paddock Prices		Next Week	This Week	Range	Last Week	Last Month	Last Year
\$/kgLW							
Wnr Bull (Fr)	200kg	n/c	3.95	3.80 - 4.10	3.90	3.90	3.30
	150kg	n/c	4.35	4.20 - 4.60	4.35	4.35	3.40
Wnr Steer (Beef)	270kg	n/c	4.00	3.75 - 4.10	4.00	3.95	3.70
	220kg	n/c	4.10	3.85 - 4.20	4.15	4.10	3.85
Wnr Steer (Dairy x)	200kg	n/c	3.65	3.40 - 3.80	3.75	3.85	3.50
Wnr Heifer (Beef)	250kg	n/c	3.35	3.10 - 3.45	3.30	3.35	3.00
	200kg	n/c	3.40	3.20 - 3.50	3.35	3.40	3.10
Wnr Heifer (Dairy x)	180kg	n/c	3.35	3.20 - 3.60	3.35	3.45	3.10
R2 Bull (Fr)	470kg	n/c	3.10	3.00 - 3.15	3.10	3.00	3.00
	400kg	n/c	3.20	3.10 - 3.30	3.15	3.05	3.05
R2 Steer (Beef)	470kg	n/c	3.30	3.15 - 3.40	3.35	3.30	3.05
	400kg	n/c	3.35	3.20 - 3.45	3.35	3.40	3.20
R2 Steer (Dairy x)	400kg	n/c	3.05	2.90 - 3.15	3.15	3.15	2.90
R2 Heifer (Beef)	420kg	n/c	3.00	2.90 - 3.10	3.05	3.05	2.85
	370kg	n/c	3.05	2.90 - 3.15	3.05	3.05	2.90
R2 Heifer (Dairy x)	370kg	n/c	2.85	2.75 - 3.05	2.90	2.90	2.70



US Beef Prices		+/-	This Week	Last Week	Last Month	Last Year	vs. 5yr-ave
US Dom. 90CL	US\$/lb	+4c	2.81	2.77	2.79	2.75	+9%
NZ 90CL Cow	US\$/lb	-3c	2.35	2.38	2.50	2.82	-3%
NZ 95CL Bull	US\$/lb	n/c	2.75	2.75	2.85	2.96	+6%
	NZ\$/kg	+25c	9.98	9.73	10.21	10.03	+17%

Procurement Indicator - portion of US 95CL price paid to farmers						
% Returned	-2	59%	61%	58%	59%	64%
Margin (95CL - schedule)	+25c	4.08	3.83	4.31	4.08	2.60

SHEEP

Recent upside not result of strengthening export market

Lamb supply continues to be light. Slaughter prices have largely remained steady though. Instead of lifting prices to entice more lambs out, most companies are reducing capacity.

This is because the lift in slaughter prices lately isn't a result of strengthening export markets, but purely procurement driven with some exchange rate support. Processors are actively competing to secure what few lambs are on offer and in doing so are masking recent market weakness, particularly into China.

Export lamb prices into China have taken a large backward step, even compared to a month ago. Exporters are now starting to see prices for key items

retreat to levels seen in February, before China's lockdowns were removed. High inventories and low consumption are both driving prices lower this early in the season.

China's bounce back from covid restrictions hasn't been anywhere near as big as anticipated. While some key markets remain upbeat and void of downwards pressure for now, given our reliance on China, these developments warrant some caution.

With lamb supplies set to remain tight well into winter, procurement pressure will continue to contradict market movements and prevent any immediate pricing downside.

Good numbers coming out of Gisborne

The wet weather has caused some problems this week, particularly for those farmers in the King Country, Manawatu, and Taranaki trying to get pre-winter shearing ticked off.

Now that the main route between Gisborne and Hawkes Bay has re-opened, more Gisborne/Wairoa lambs are hitting the store market, most being ewe lambs. Good numbers have been heading into the Hawkes Bay this week and it's now looking like traders will hit their target numbers for winter.

Store lamb prices started the week steady. However, towards the end of the week agents noted it has been harder to

move them and prices have eased. None of the agents spoken to have sold lambs for more than \$4/kg this week.

There were 11,500 lambs yarded at Feilding today and overall prices eased. The 35-40kg males averaged \$3.60-\$3.75/kg and 32-37kg ewe lambs \$3.40-\$3.60/kg.

At Stortford most males were 32-37kg and averaged just over \$4.00/kg. For the ewe lambs, 30-37kg averaged \$130-\$134, with \$4/kg the mid-point. Almost 1500 breeding ewes were offered too. Two lines of good-quality capital stock ewes pushed just over \$200, and the remainder mostly \$182-\$190.

Ag Census says what we already know

Results from last year's agricultural census have been released and confirm what we all already know - the sheep industry has shrunk since the previous census five years earlier.

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 2.3 million or 13% since 2017. At its peak in 1982-1984 the national breeding flock reached 50.8 - 51.2 million ewes.

While the base breeding ewe flock might be falling, the growing trend of mating hoggets and improvements in ewe fertility meant the number of lambs docked in spring 2021 wasn't back quite as harshly, down 9% or 2.2 million from five years earlier to 22 million head.

One figure that tracked upwards, unsurprisingly, was the number of non-mated lambs carried into winter. This rose 279,000 or 4% from the previous census. In other words, 33% of the lambs docked remained on-farm for finishing

going into winter, having never fallen outside of 26-30% in the 20 years prior.

Regional data continues to show the demise of the sheep industry through the upper-North Island. Lambs docked in spring 2021 through Northland/Auckland/Waikato/BoP fell 15% in five years to only 1.8 million.

Interestingly, Gisborne/Hawke's Bay/Manawatu-Whanganui/Wellington only posted a small decrease in lambs docked, back 4% to 7.5 million. Of these, only the Wellington region (which covers Wairarapa) was down by a major percentage, -14%.

In the South Island, all the big three regions combined (Canterbury, Otago, Southland) docked 10.5 million lambs, down 11% or 1.3 million since 2017. It's difficult to read much into the exact change for each of these regions since lamb numbers did fluctuate quite a bit over the 2016-2018 period, especially for Otago and Southland.



\$4/kg

Top end of the range for lambs in the paddocks

-US25c/kg

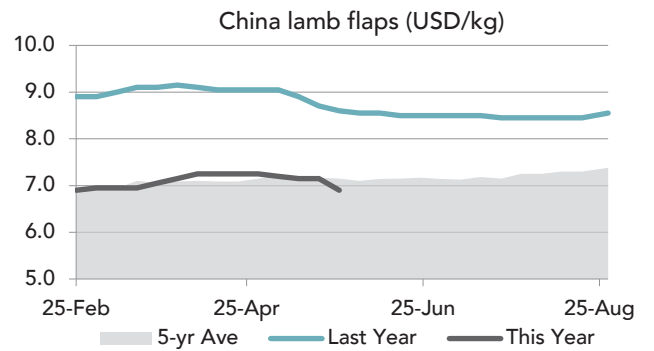
China lamb flaps week on week

-13%

Breeding ewes mated in NZ since 2017

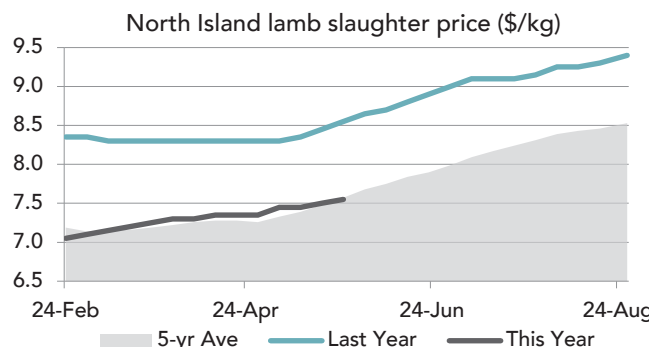
Slaughter Prices			Next Week	This Week	Range	Last Week	Last Month	Last Year
\$kgCW		+/-						
P/Y Lamb	15 - 23kg	n/c	7.55	7.55	7.35 - 7.70	7.50	7.35	8.55
MX Mutton	20 - 30kg	n/c	4.30	4.30	4.00 - 4.50	4.30	4.25	5.85
AP Stag	60kg	n/c	8.85	8.85	8.85 - 8.85	8.85	8.85	7.95

Paddock Prices			Next Week	This Week	Range	% of sched.	Last Week	Last Month	Last Year
\$kgLW									
Male Lamb	40kg	n/c	3.70	3.70	3.50 - 3.85	49%	3.70	3.50	4.05
	35kg	n/c	3.85	3.85	3.70 - 4.00	51%	3.90	3.65	4.20
	30kg	n/c	3.95	3.95	3.80 - 4.00	52%	4.00	3.70	4.30
Ewe Lamb	35kg	n/c	3.65	3.65	3.50 - 3.80	48%	3.70	3.45	4.05



Lamb Export Prices			+/-	This Week	Last Week	Last Month	Last Year	vs. 5yr ave
Ave. Export Value	NZ\$/kg	n/c		11.10	11.10	11.03*	13.39	+2%
US French Rack	US\$/lb	+10c		12.00	11.90	11.75	12.40	+21%
UK CKT Leg	£/kg	-10p		4.80	4.90	5.00	6.55	-12%
China Forequarter	US\$/kg	-10c		5.00	5.10	5.10	6.40	-17%
China Lamb Flaps	US\$/kg	-25c		6.90	7.15	7.25	8.60	-3%

Procurement Indicator - portion of Ave. Export Value paid to farmers						
% Returned	n/c	68%	68%	67%	64%	70%
Margin (AEV - schedule)	-5c	3.55	3.60	3.68	4.84	3.18



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