The story of a small exporting nation

Macro update for Agribusiness in schools crew

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RaboResearch Food and Agribusiness

Agribusiness teachers - Waikato
14 October 2025

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A summary of the methodologies used by Rabobank can be found on our website.

This report is based on information available as at **10/10/25**

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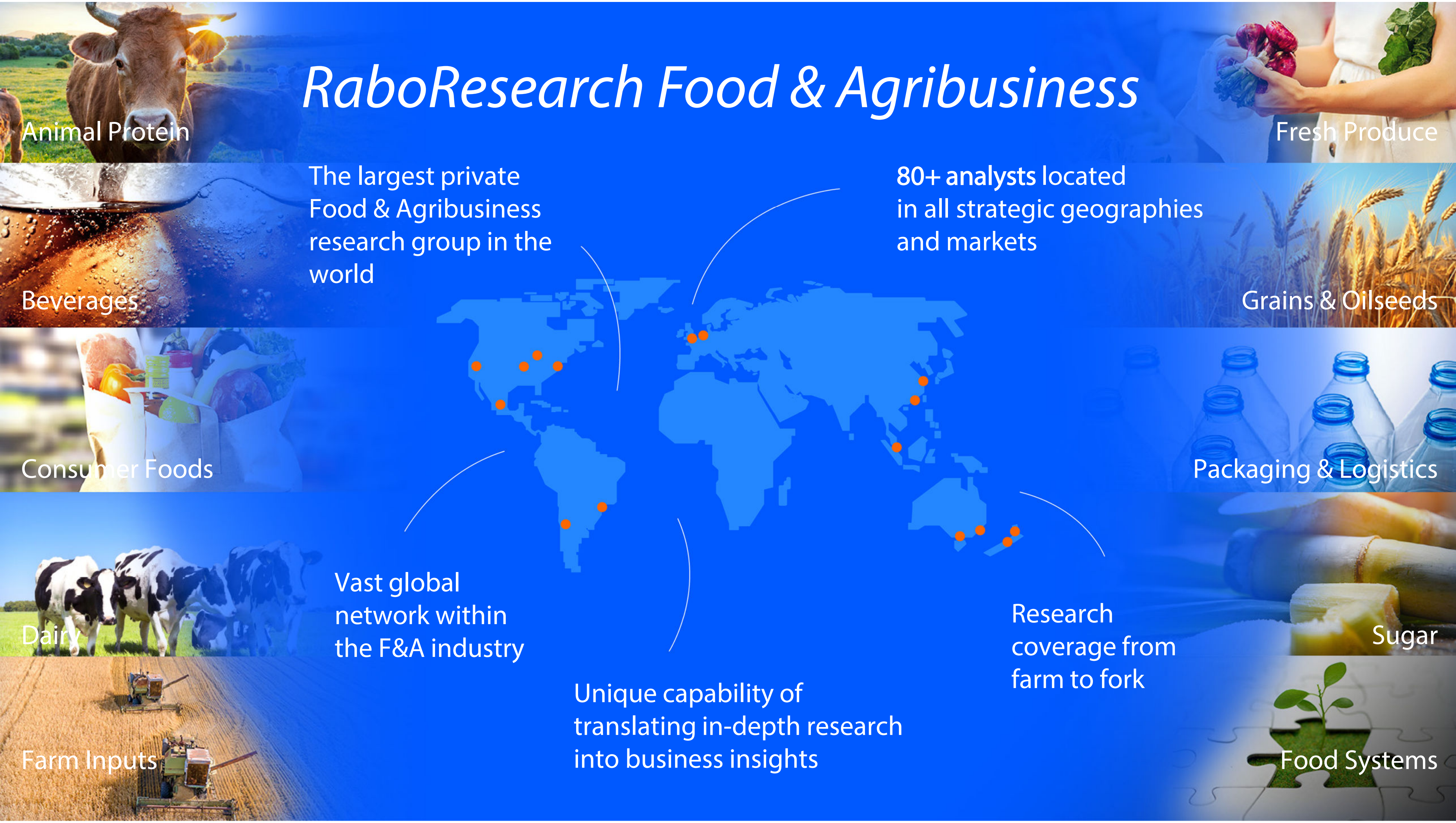
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Fresh Produce
The largest private Food & Agribusiness research group in the world
80+ analysts located in all strategic geographies and markets
Beverages
Grains & Oilseeds
Consumer Foods
Packaging & Logistics
Vast global network within the F&A industry
Research coverage from farm to fork
Dairy
Sugar
Unique capability of translating in-depth research into business insights
Farm Inputs
Food Systems

Local context

New Zealand exports to the world

Rabobank


New Zealand is the perfect place to farm
Climate
Soil types
Homegrown feed
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NZ farming is based on homegrown feed

New Zealand farming systems are seasonal, in line with the pasture growth curve. Farming in NZ is about harvesting homegrown feed, turning it into animal protein.

**We are truly a pasture-based system.
It is a comparatively cheap, natural and efficient production system**

What is the global picture?

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Global uncertainty in 2025
Trade tension/ policy uncertainty
Currency volatility
Geopolitical conflict
Slower global growth
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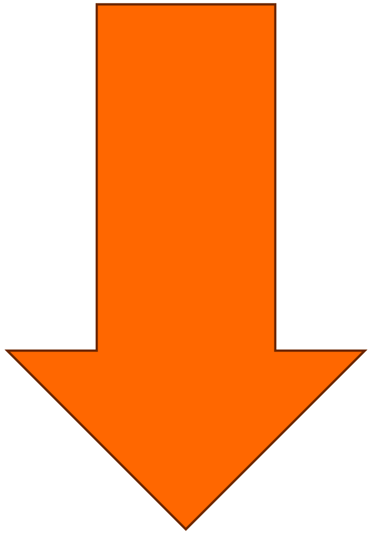
What is a tariff?

- A tariff is a tax on imported goods
- It potentially makes foreign products more expensive
- This helps protect local industries
- Governments may use tariffs to raise revenue (or a negotiation tool!)
- Tariffs can lead to trade disputes

Effect of rising protectionism

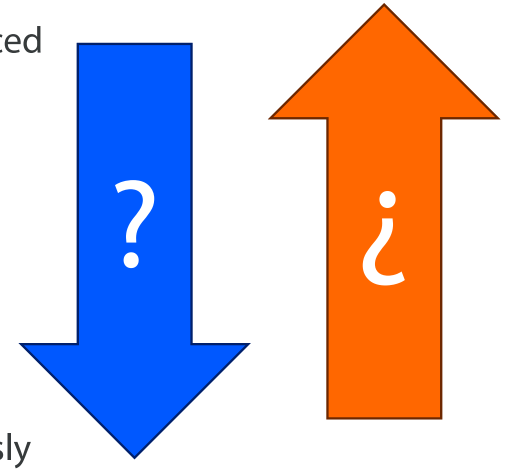
On economic growth

- Less mutually-beneficial exchanges
- Less emphasis on comparative advantage
- More emphasis on local production
- Trade increasingly viewed as zero-sum
- Lower living standards overall (but more equal distribution?)



On Inflation

- Higher prices in country imposing tariffs (due to reduced productive efficiency)
- Breakdown in global supply chains is a negative supply shock that may raise prices overall
- BUT… for NZ: goods previously destined for US market may be dumped in NZ at lower prices!



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Monetary policy - in New Zealand

New Zealand economy and OCR

New Zealand's economy is still soft

- Q2 GDP fell -0.9%, weaker than expected
- RBNZ cut 50 bps in October.
- RaboResearch now forecasting another 25 bps in November for OCR to reach 2.25% by year-end

Weaker Kiwi dollar helps boosts export returns

Rabobank expects the exchange rate to be similar in 12 months, with potential short-term dips along the way

FX Forecasts

Majors (vs. USD)	*Now*	*1m*	*3m*	*6m*	*9m*	*12m*
EUR/USD	1.17	1.16	1.16	1.18	1.20	1.20
USD/JPY	150.3	147.0	145.0	142.0	141.0	140.0
GBP/USD	1.35	1.34	1.32	1.34	1.35	1.35
USD/CHF	0.80	0.81	0.81	0.81	0.80	0.80
USD/CAD	1.39	1.37	1.36	1.34	1.35	1.36
AUD/USD	0.66	0.65	0.65	0.66	0.67	0.68
NZD/USD	0.58	0.58	0.58	0.59	0.60	0.61
USD/NOK	9.99	10.00	10.00	9.75	9.42	9.33
USD/SEK	9.38	9.48	9.40	9.15	8.92	8.83
USD/DKK	6.37	6.42	6.42	6.31	6.21	6.21
DXY	98.1	98.4	98.3	96.6	95.4	95.4

Source: Rabobank

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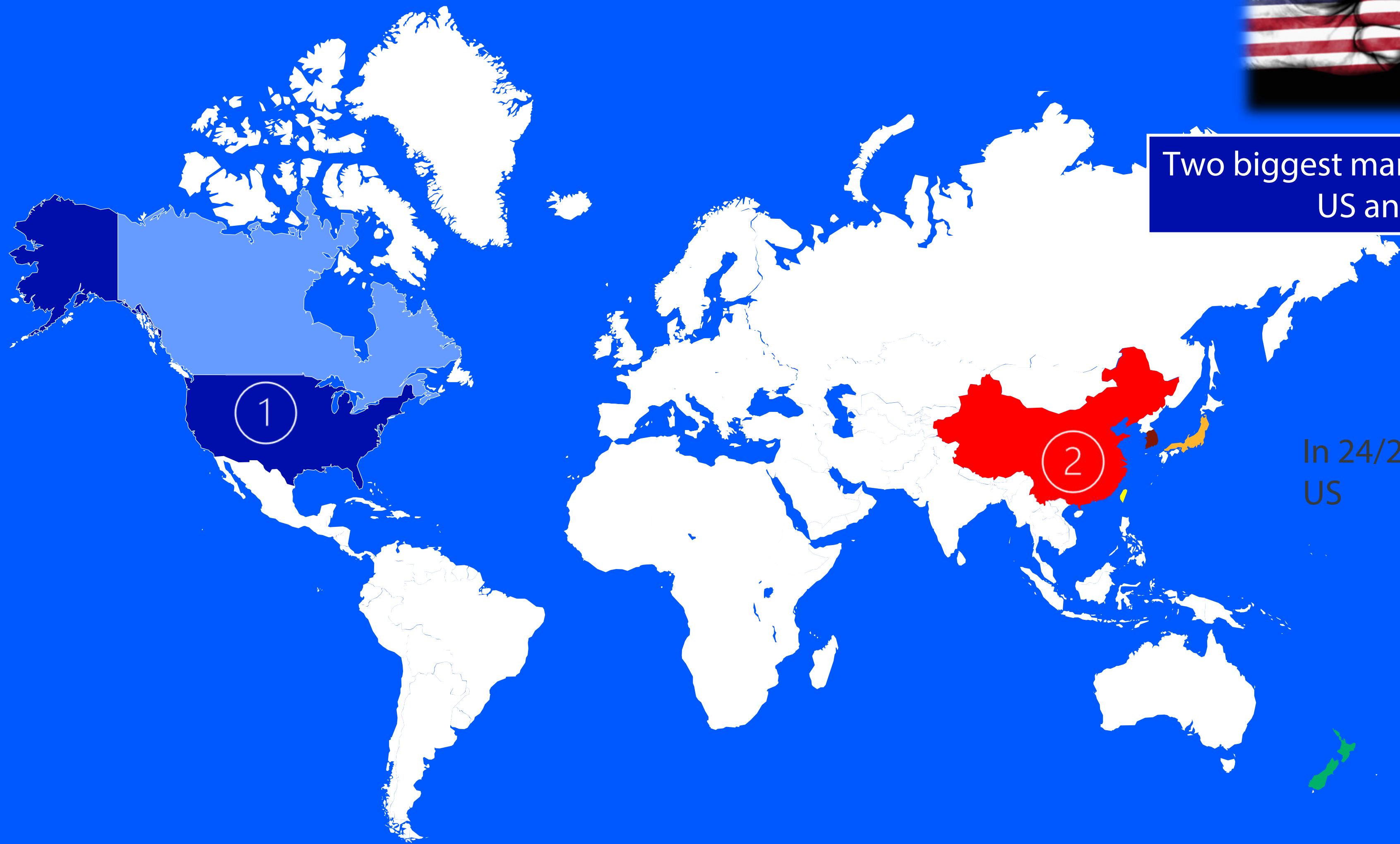
Beef and the US

NZ Beef exports to the world

Two biggest markets for NZ beef = US and China



In 24/25 Oct-August: US

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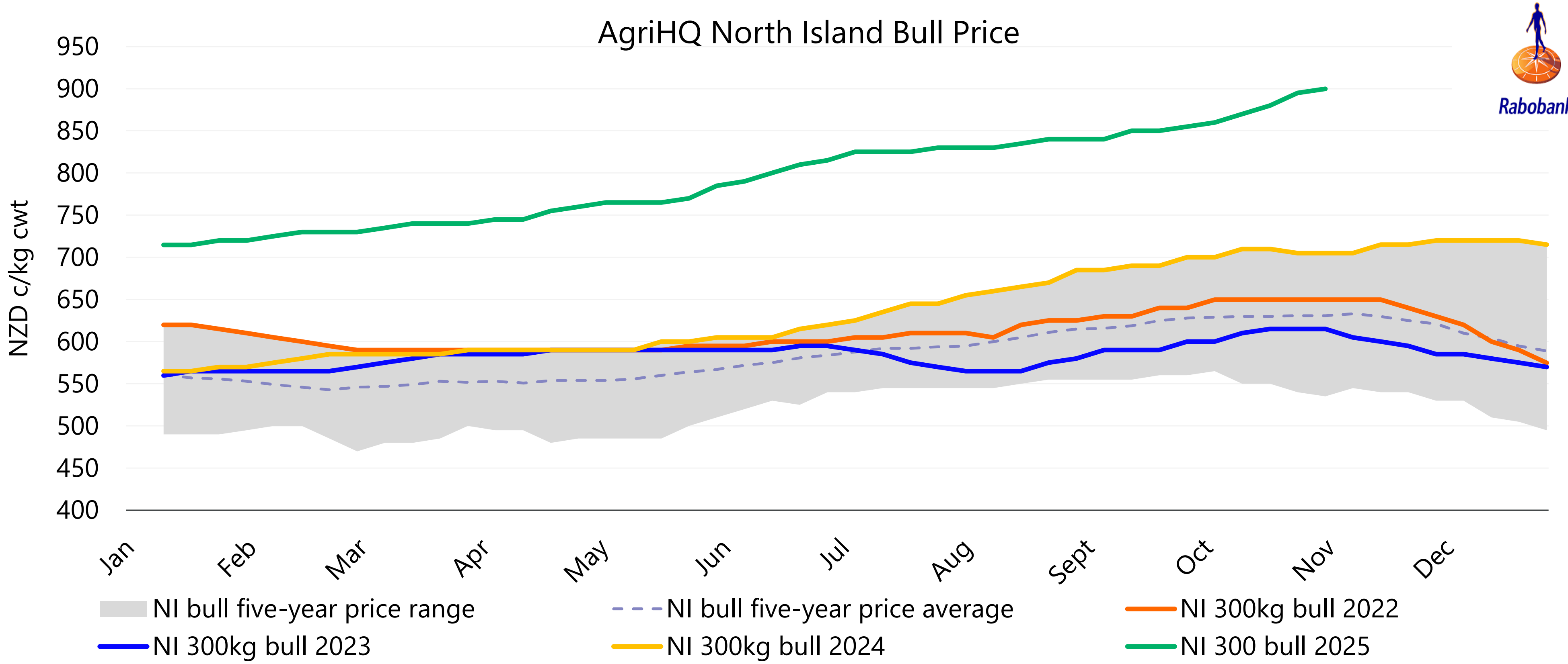
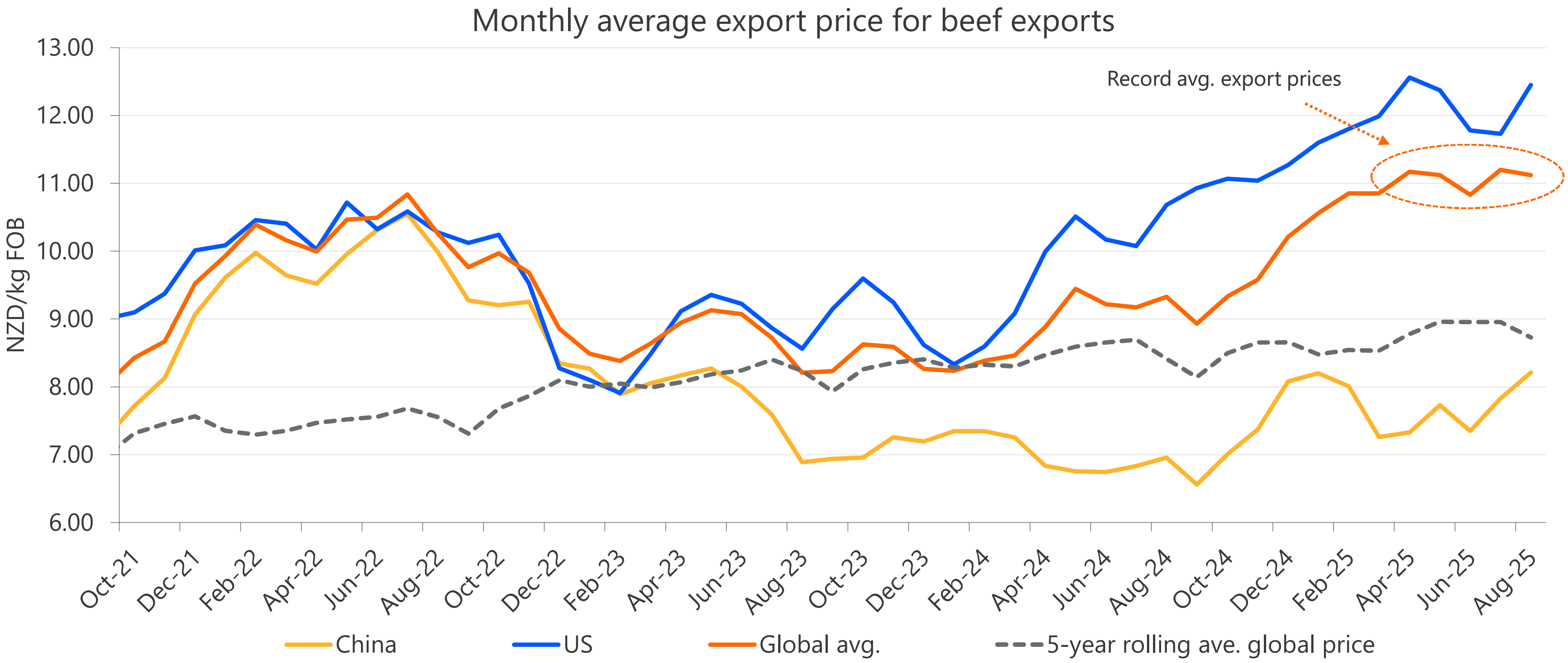
2025 is a record breaking year for beef prices



 Source: AgriHQ, RaboResearch 2025

Average export price driven up by strong US demand



Source: NZ Meat Board, RaboResearch 2025

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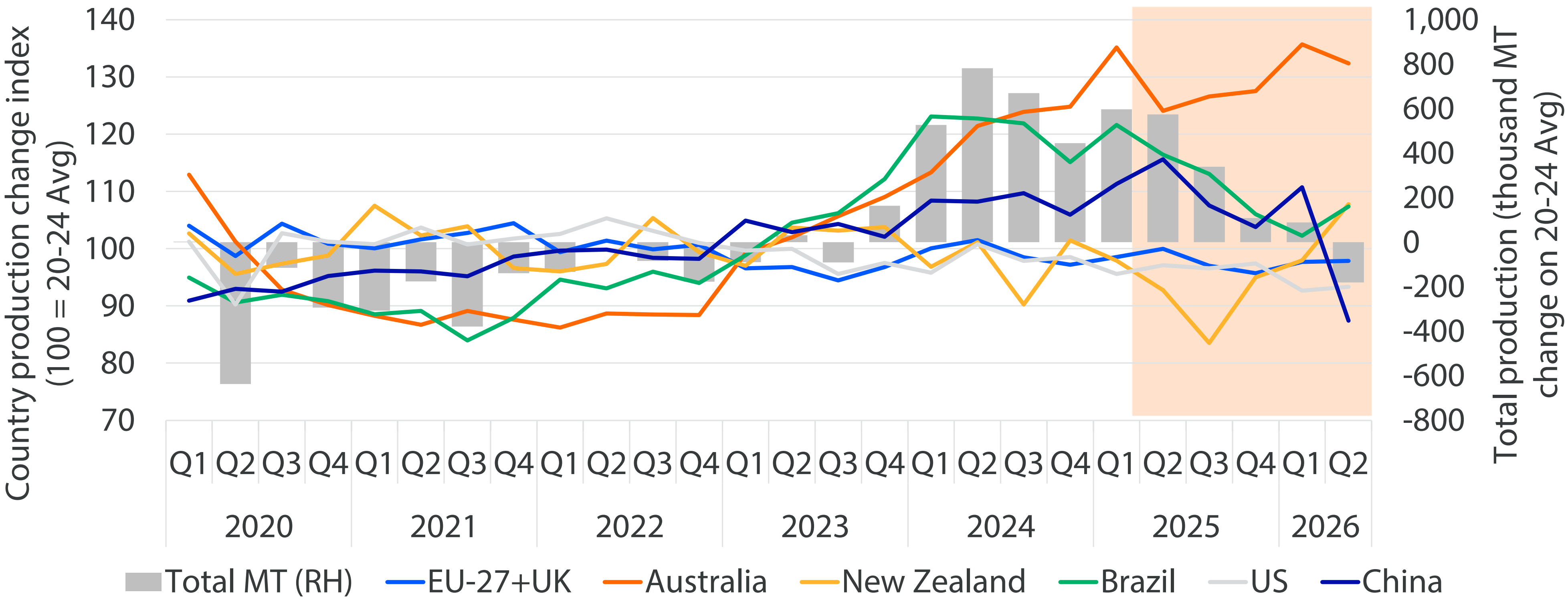
Global beef supplies are contracting

Global beef production is expected to contract by 2% in 2025



 Source: RaboResearch 2025

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What is happening in other beef markets

Other beef exporters vary in supply and demand dynamics

Brazil

Brazil: Production is dropping but exports are up.

Australia

Australia: Production and exports are strong.

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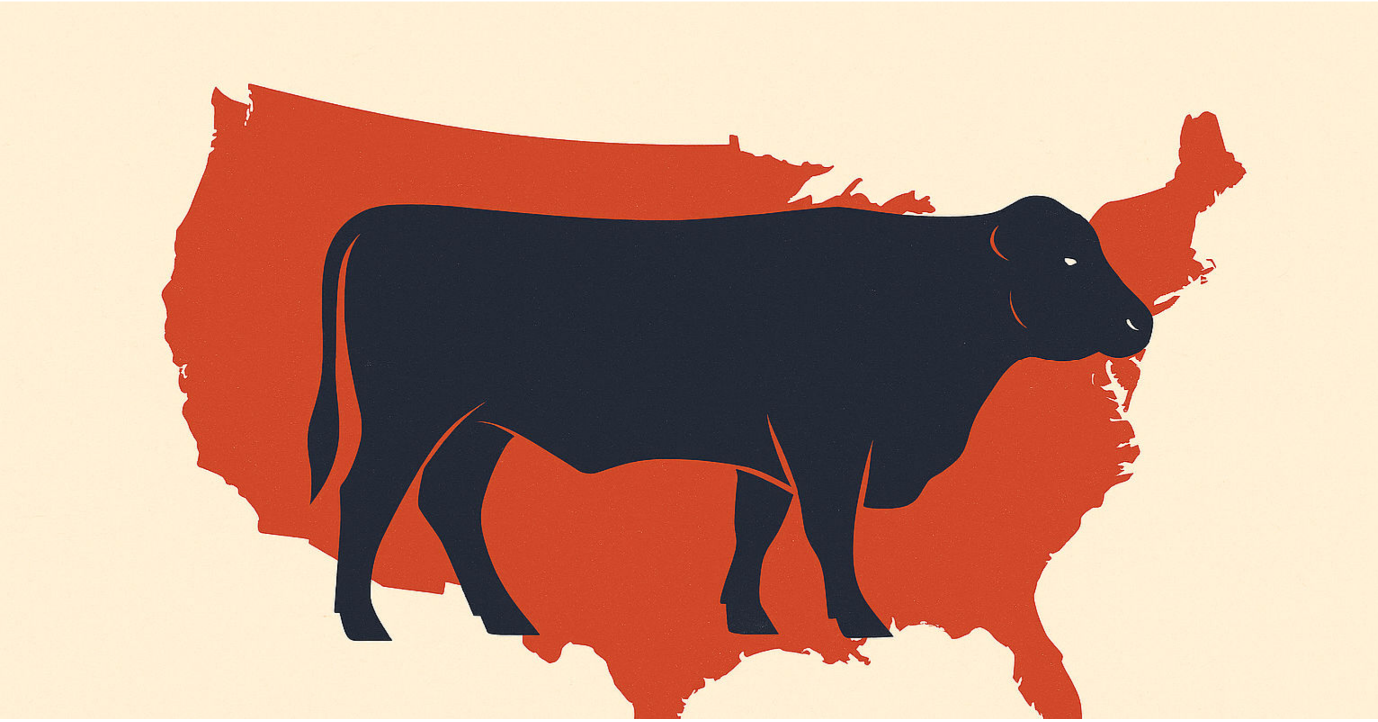
The key market driving prices for NZ is the US

Demand for imports in the US is likely to remain high until at ~28/29



US beef herd rebuild is now underway

Feed costs are low, carcass weights have been up

Challenges in herd rebuilding when beef prices are high

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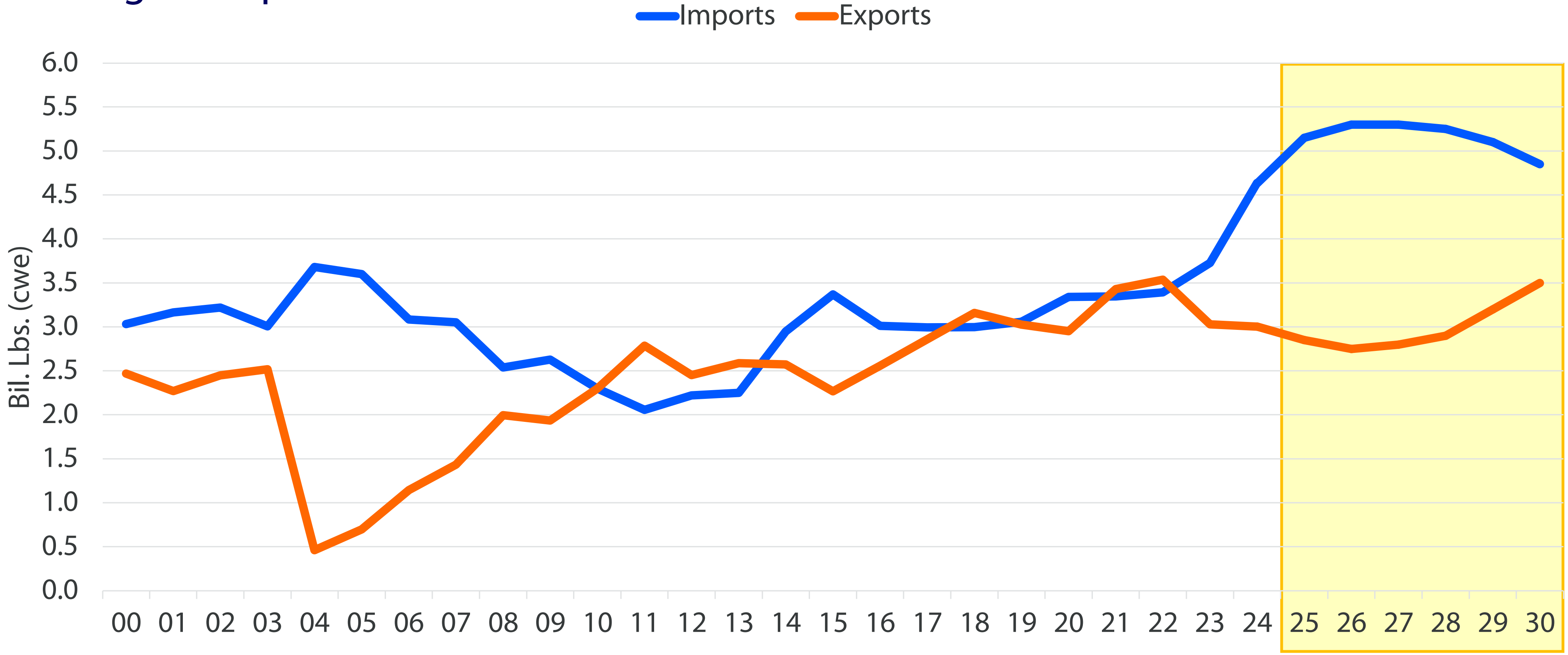
Less exports, more imports as slaughter falls

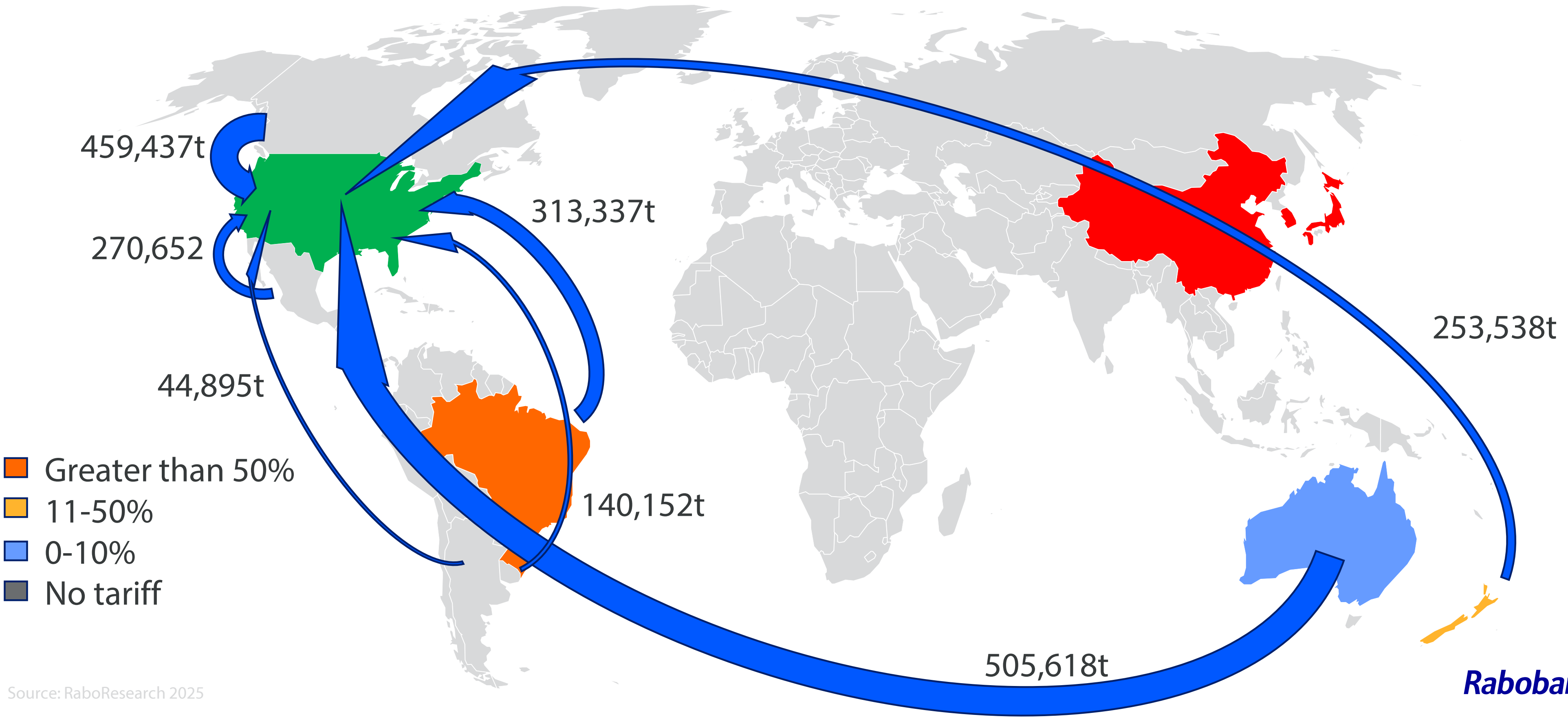
As US herd slowly rebuilds, more imports will be required, trade tensions also reducing US exports



Source: USDA, RaboResearch 2025

Trumps tariffs by country

US beef trade in 2024



 Source: RaboResearch 2025

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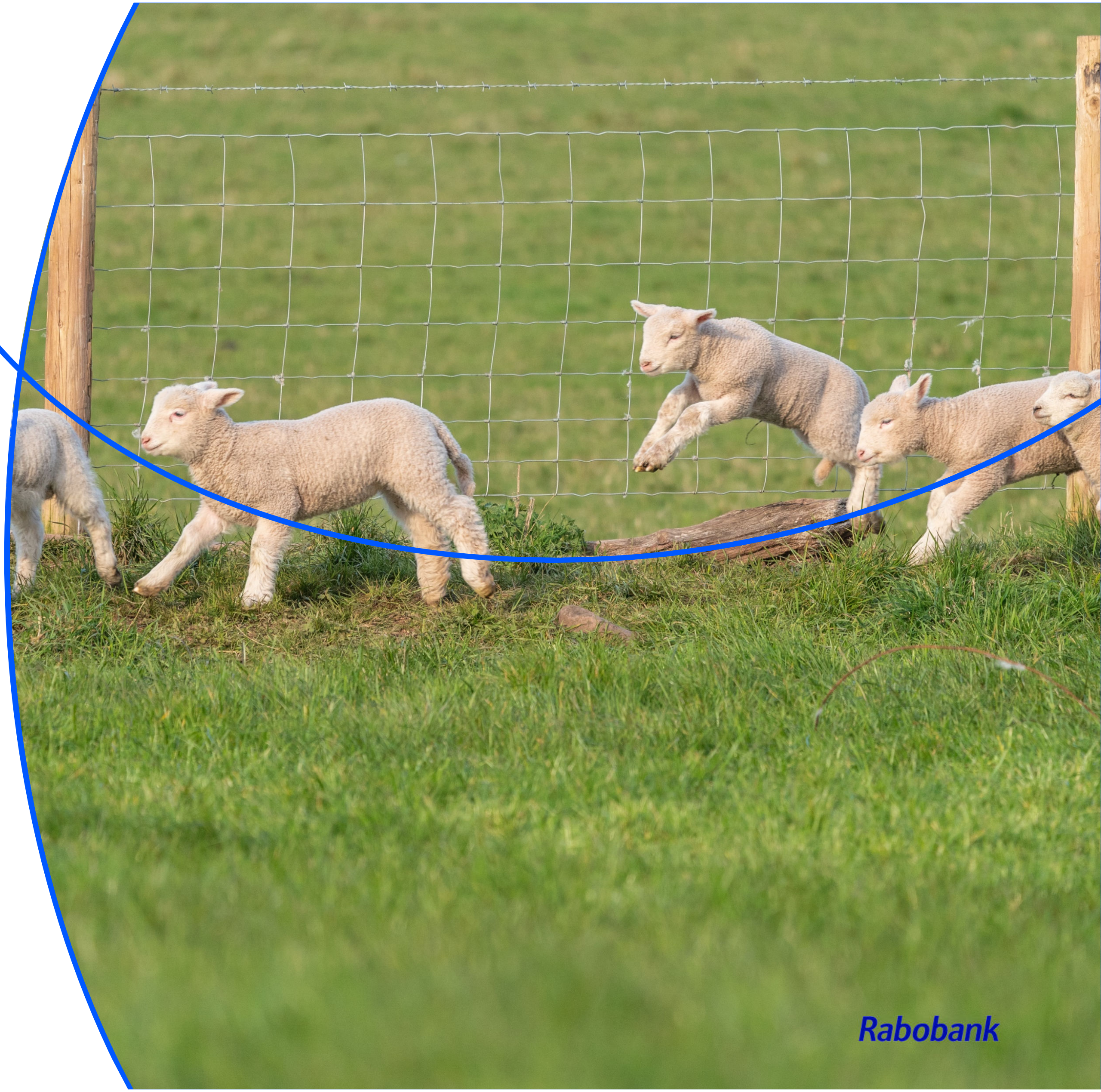
Beef prices seeing structural upward shift

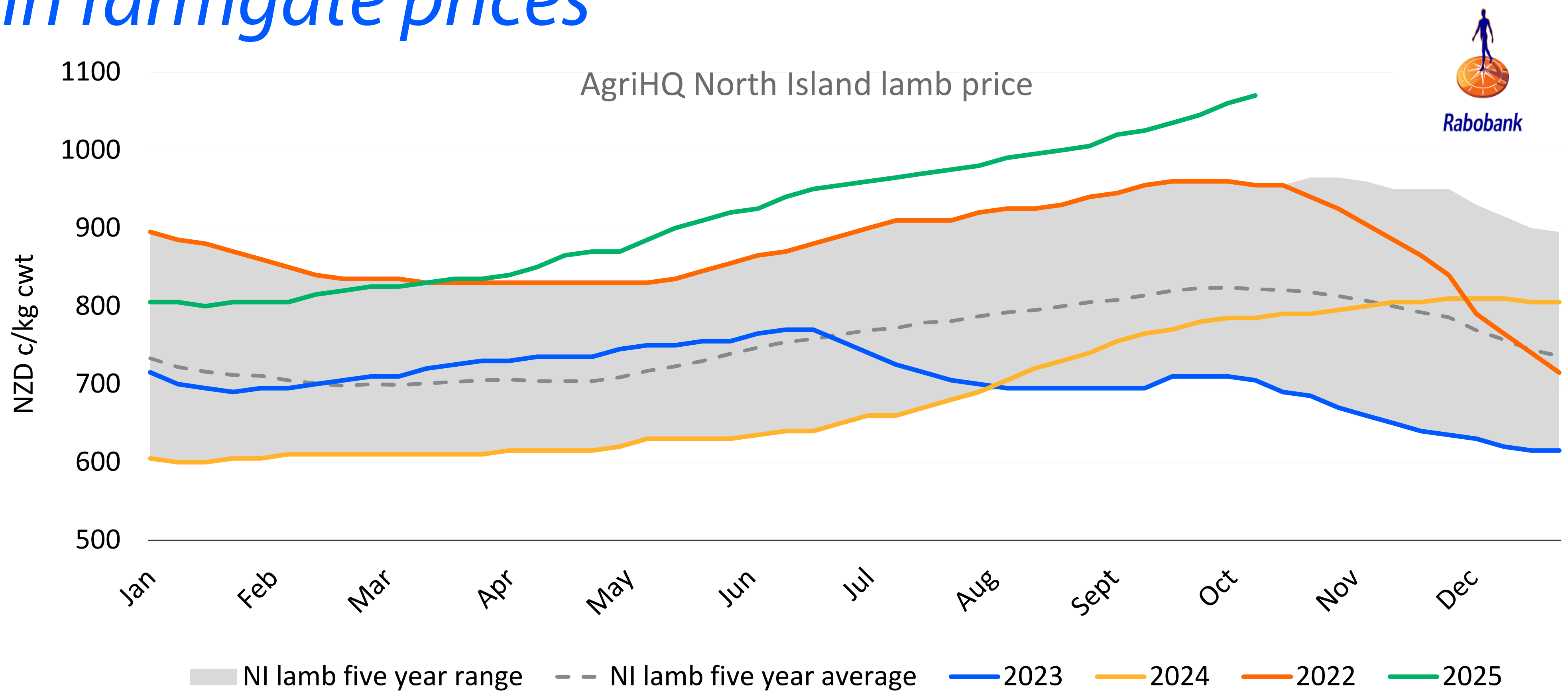
And beef is a versatile protein

- Global supply of beef is limited, demand steady
- Beef pricing is likely to continue to be strong over the medium term in NZ
  - Tariffs will remain a watching point but 15% is manageable, given demand is strong
  - Store cattle markets and trading margins may be tight

Sheepmeat



Sheep farmers have welcomed a steady recovery in farmgate prices



Source: AgriHQ, RaboResearch 2025

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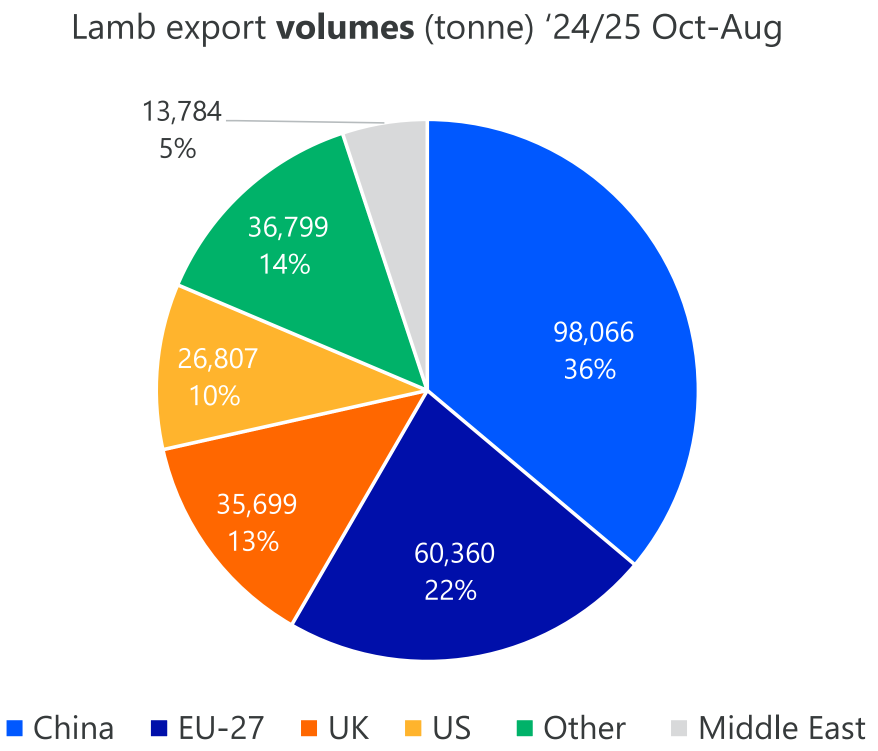
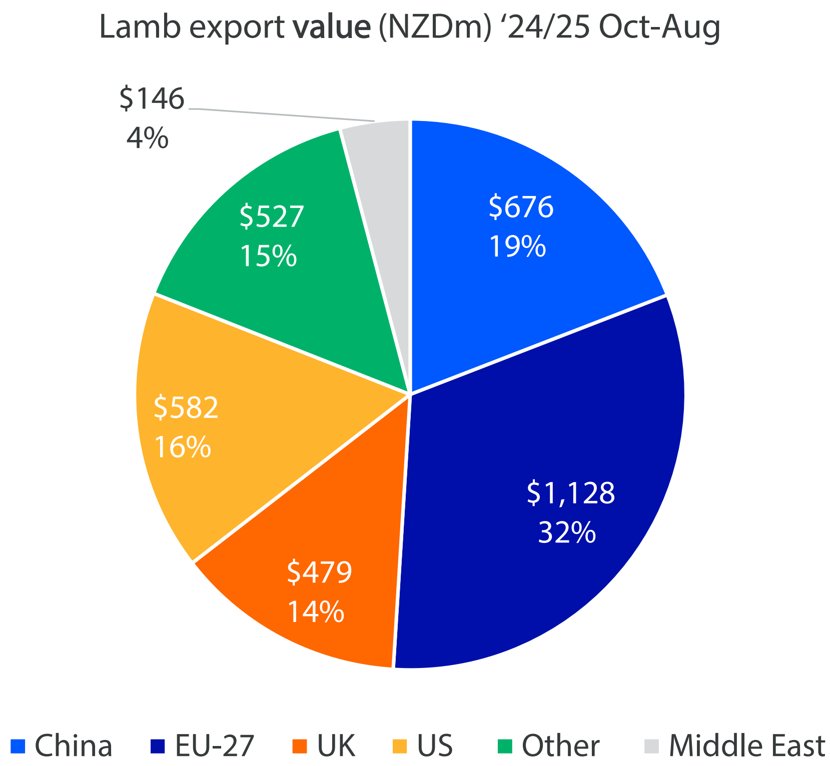
Where does New Zealand lamb go?

EU and US markets driving lamb value





Source: *StatsNZ, RaboResearch 2025*

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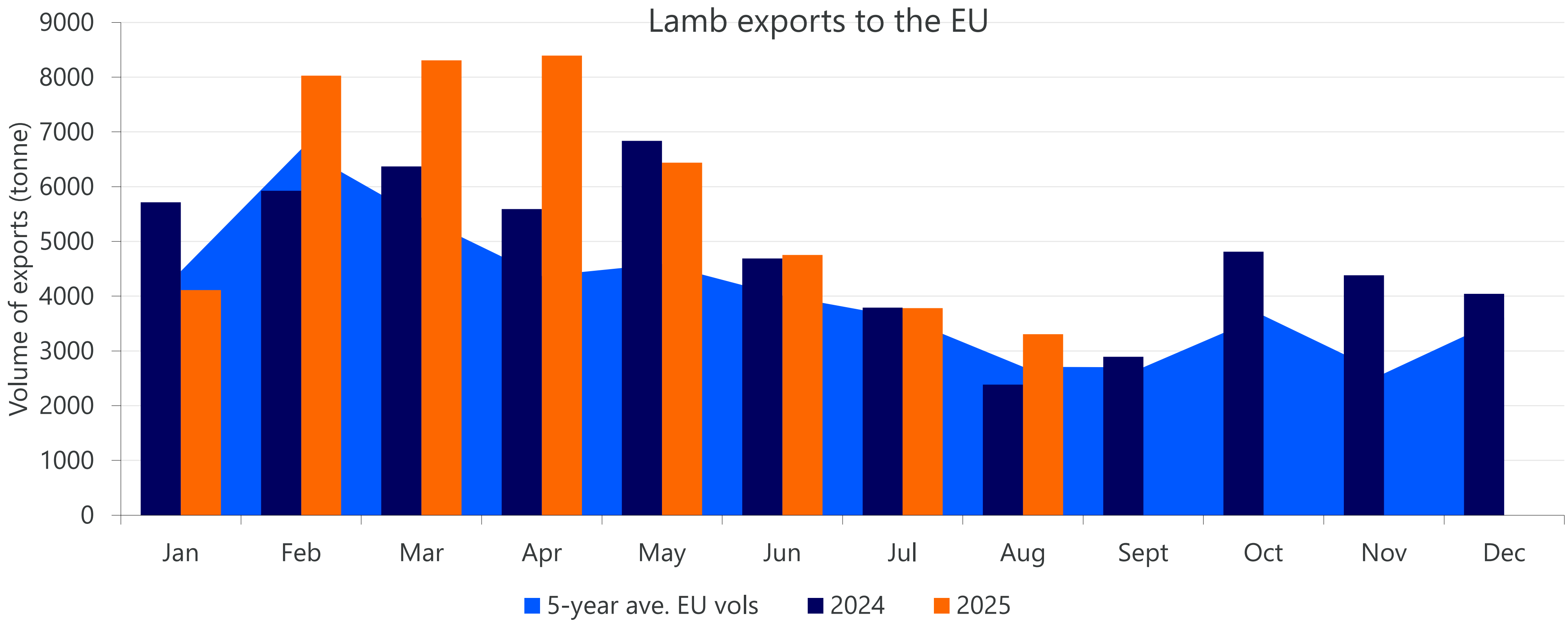
EU demand is behind strong farmgate prices for lamb

Volumes to the EU well above 5-year average in 2025



Source: StatsNZ, RaboResearch 2025

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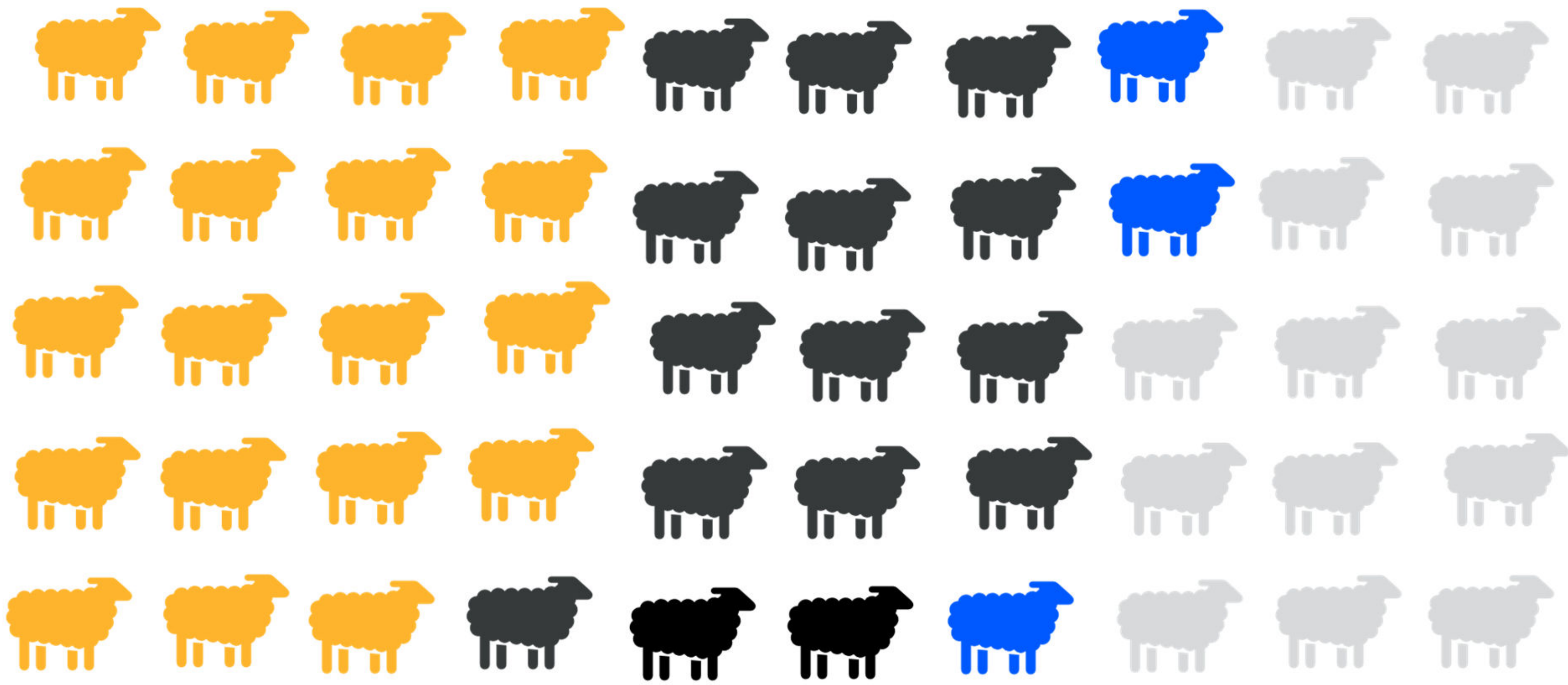
Australia & NZ lead global sheepmeat exports



37%
Australia

32%
New Zealand

6%
UK

25%
Other

Source: TRADEMAP

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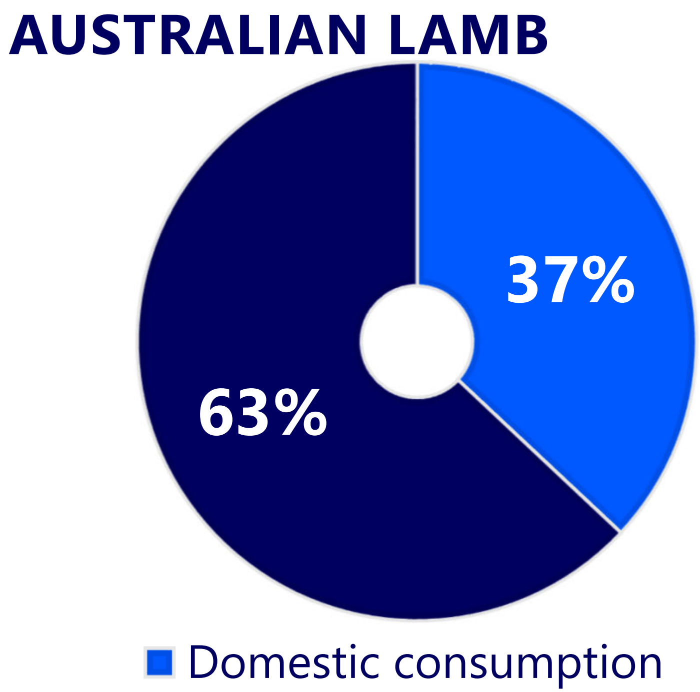
Aussie vs. New Zealand in sheepmeat

Current number of sheep:
78 million vs. **24** million

Domestic consumption vs. exports:
Lamb



Source: StatsNZ, Rabobank 2024

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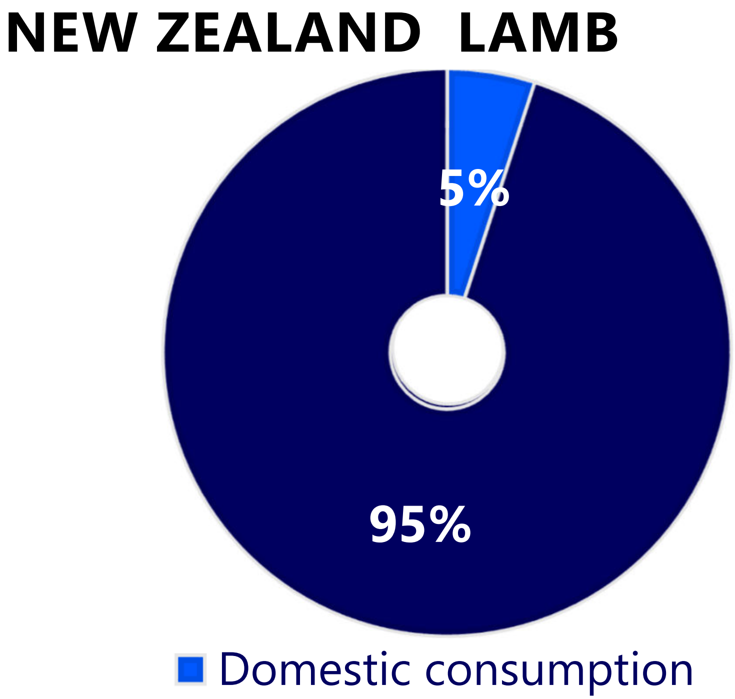

Source: StatsNZ, Rabobank 2024

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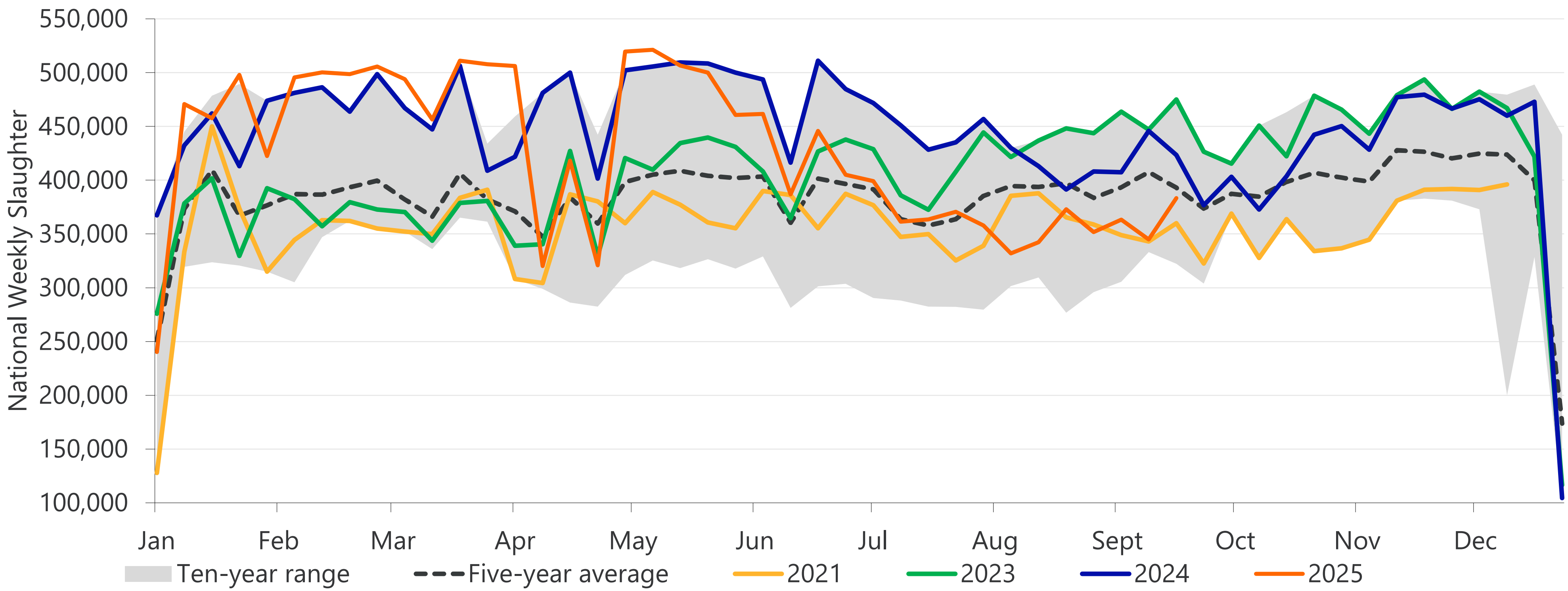
Keeping an eye across the ditch

Australian lamb slaughter numbers drop >20% in recent months = reducing competition



Source: MLA, RaboResearch 2025

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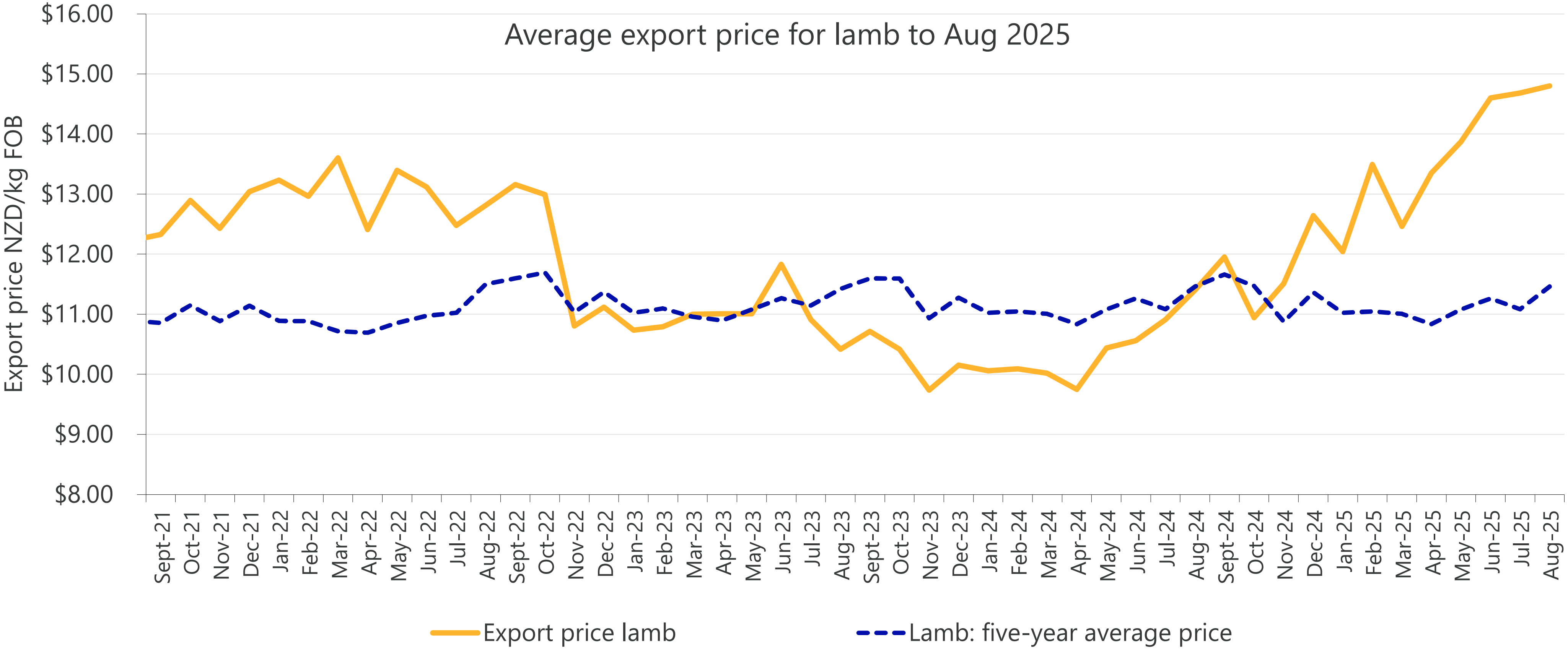
Lamb export price has reached new records



Source: StatsNZ, RaboResearch 2025

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What is the sheepmeat going to do in 25/26?

Outlook is strong into 2026

- Diversity of export markets and improved global demand is helping export returns, to higher value markets
  - Global demand for sheepmeat has also improved
- EU27 and UK markets face shortages in local supply
- China remains important, local supply also down
- Sheep numbers in NZ a watching point

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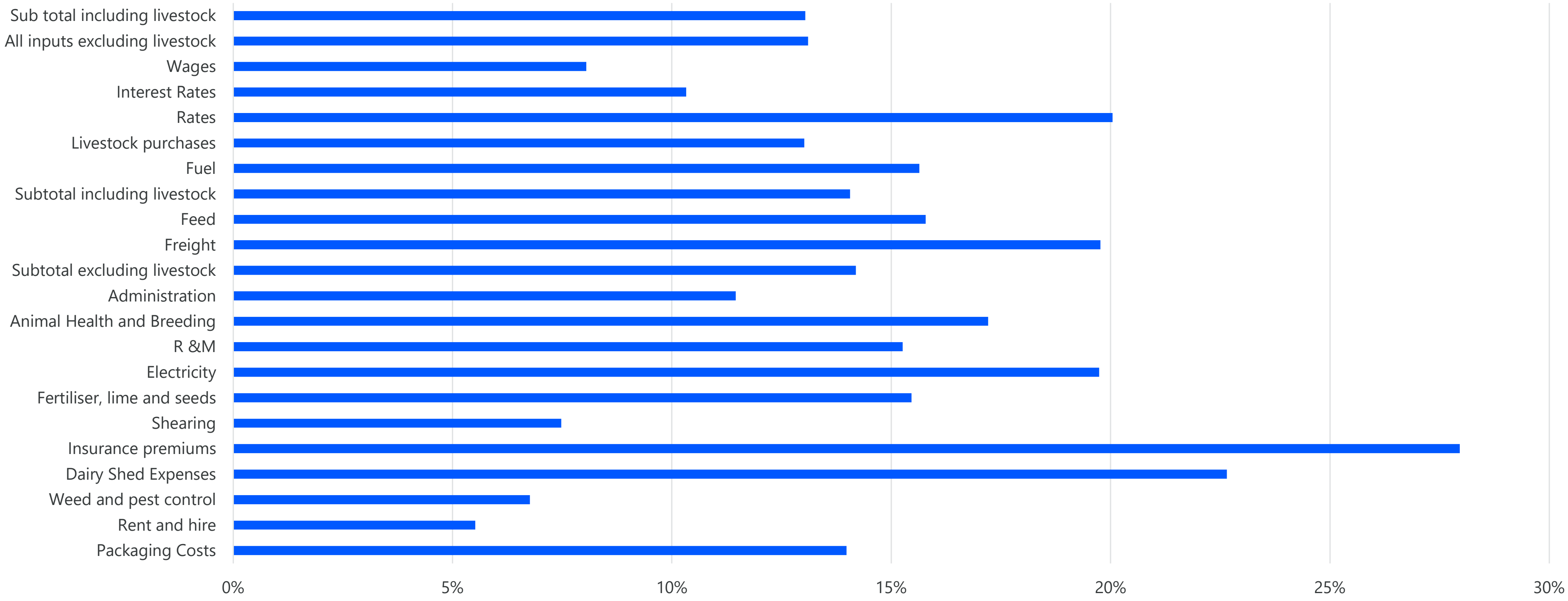
Other things we are always watching

Farm expenses are structurally higher

All New Zealand farms, data

Farm expenses % change 2025 vs. 5-year average



Source: *StatsNZ, RaboResearch 2025*

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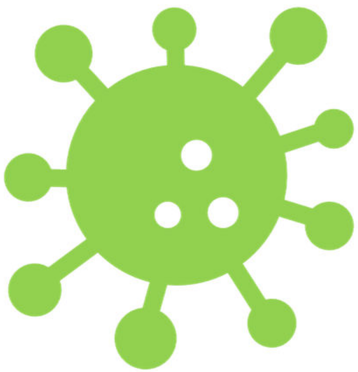
Risks and wild cards for New Zealand

Things to watch…



Animal health and disease risks.
Also diseases in crops

Trade and trade agreements into the future

Sustainability and regulation, globally and with our key markets

Summary

Tailwinds continue as temperatures rise

What does all of this mean?

Strong broad-based demand is underpinning stronger farmgate prices.

Short supply of red meat is underpinning prices globally, while improved demand.

Higher farmgate prices are welcomed: costs are structurally higher.

Weather is always a watch, volatility. La Nina 60+% likely.

Chinese demand remains pivotal for many ag export products, recent movement has been pleasing

Strategic reinvestment is likely to be critical in rural New Zealand over coming months, to ensure long-term resilience and growth.

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Latest NZ RaboResearch reports released – dairy-beef

New Zealand specific, and global-focussed

01 October 2025

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The strategic moment for dairy-beef in New Zealand

Contents

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Jen Corkran
Senior Animal Protein Analyst

Emma Higgins
Senior Agriculture Analyst

Summary

- New Zealand's dairy sector is at a strategic crossroads. With nearly 2 million underutilized calves born annually, the opportunity to build a scalable, profitable dairy-beef system is now – and worth over NZD 1.2 billion at current market prices.
- Global beef demand is rising, and New Zealand must act to take advantage of the opportunity. Strong export prices and tightening global supply create a lucrative window for New Zealand to expand its beef footprint, but herd rebuilding takes time and requires coordinated, cross-sector action.
- Better breeding is the biggest lever for lifting dairy-beef productivity. Strategic use of superior beef genetics, artificial insemination, and calving timing can dramatically reduce early calf (bobby calf) slaughter and enhance profitability across the value chain – and improve growth rates in reared dairy-beef calves – without overhauling the entire dairy herd.
- Calf rearing is the system's pressure point. Rearers carry the highest risk and need better incentives, infrastructure, and support to lift rearing rates and avoid boom-bust cycles that limit long-term beef supply.
- Collaboration is non-negotiable. A connected value chain – from breeders to finishers – is essential to unlock consistent supply, improve margins, and meet evolving consumer and market expectations for what is considered ethical, sustainable beef.
- Inaction puts New Zealand's social license and market access at risk. Reducing early calf slaughter is not just an economic imperative, it's a reputational one. A more integrated dairy-beef system will protect New Zealand's global brand and future-proof its livestock sector.

The strategic moment for dairy-beef

New Zealand's dairy sector stands at a strategic crossroads. With nearly 2 million underutilized

01 October 2025

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Beefing up global dairy with dairy-beef

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Summary

- Dairy-beef refers to non-replacement dairy calves, often sired by beef semen, that are reared specifically for beef production, creating a more valuable and integrated pathway for surplus calves.
- Dairy-beef is gaining global traction as beef prices rise and ethical scrutiny intensifies over the treatment of surplus dairy calves.
- Strategic breeding is essential, requiring the use of high-genetic-merit beef bulls or semen to produce non-replacement calves that can transform existing supply chains and lift calf value.
- Market signals are a key driver of momentum, but their strength varies by region. The US leads with fast feedback loops and Ireland with policy support, while New Zealand and Australia face slower signals due to less domestic demand and export market complexity.
- Unlocking the full potential of dairy-beef requires coordinated investment across breeding, rearing, processing, and traceability systems.
- Farm system compatibility matters. Not all farm systems can transition easily, and tailored strategies are needed for seasonal, pasture-based models.
- The opportunity is clear, but execution is the likely challenge. Developing dairy-beef regions, like Australia and New Zealand, should align breeding strategies with market demand, invest in infrastructure, and build integrated supply chains to realize the full value of dairy-beef.

The global rise of dairy-origin beef

Dairy-beef is no longer a niche – it's a strategic opportunity to lift value, reduce waste, and reshape global beef supply chains. By integrating beef genetics into dairy systems, regions can unlock new revenue streams, improve animal welfare, and meet evolving market and sustainability

Thank you for your attention - Any questions?

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