



NI SLAUGHTER
LAMB
(\$/KG)
6.10



NI SLAUGHTER
COW
(\$/KG)
3.90



NI SLAUGHTER
MUTTON
(\$/KG)
2.90



PRIME HOGGETS
AT FEILDING
(\$/KG LW)
108-139



\$3.33-\$3.39/kg **\$600-\$650**

1yr Angus steers,
261-361kg, at
Canterbury Park

Hereford-Friesian
bull calves, 100-
125kg, at Stratford

Rough ride for returns



Neal Wallace
neal.wallace@nzx.com

THE new meat export season has hardly started but exporters are already warning of potentially turbulent times ahead.

Alliance Group and Silver Fern Farms said a strong New Zealand dollar-United Kingdom pound exchange rate would significantly influence lamb returns.

A weak sterling was also pushing UK sheep meat into Europe, which would put pressure on prices in those markets.

SFF chief executive Dean Hamilton said in a newsletter to shareholders that a year ago a NZ dollar bought about 43p. Today it bought 58p.

Translated into prices, Hamilton said a £10 lamb leg in a UK supermarket would have returned NZ\$23.25 last year but today that same leg was worth NZ\$17.25.

“Given legs make up a large proportion of a carcass and the UK is our key leg market, this is having a significant impact across the board.”

Alliance chief executive David Surveyor told shareholders pressure in the UK was already apparent on frozen sheep meat sales and he expected some weakening in post-Christmas chilled markets.

The North American and Middle East markets were firm on limited volumes and China was also showing signs of recovery though tempered by a high domestic kill.

United States beef prices were under pressure from high domestic production.

Export beef volumes from NZ and Australia were low but the



YIKES: The exchange rate has knocked \$6 off the return on a leg of lamb sold in Britain in a year, Silver Fern Farms chief executive Dean Hamilton says.

consensus was that the strength of the market was uncertain.

“In the medium term we expect demand for imported beef to improve. However, increasing volumes of domestic beef, increasing volumes of pork and poultry given cheap feed prices combined with commencement of Brazilian imports will continue to create a level of uncertainty in the US market for lean, grinding beef,” Hamilton said.

Brazil had a 64,000 tonne export quota.

Demand from China was expected to increase helped by New Year celebrations being three weeks earlier this year.

The latest Meat and Livestock Australia update showed beef herd numbers had hit a 20-year low of 26.2 million head and processing numbers were down

26% on the same time last year.

Surveyor described a recent “mild recovery” in the US manufacturing beef market as positive but it was too early to judge if it was sustainable.

“The main issues appear to be sufficient supply from US domestic production, very heavy autumn cow kills and feedlot restocking activity based on a record corn harvest and lower feed costs,” he said.

It was the height of the venison season and low deer numbers had helped boost European prices.

Hamilton said market promotion and new supply contracts had paid dividends with retailers being proactive and launching activities to grow sales, which should strengthen demand for frozen venison from December to February.

New season lambs hit the marketplace



Suz Bremner
AgriHQ Analyst

STORE hogget numbers have come to an abrupt halt but thankfully new season lamb numbers are starting to creep up, in the North Island at least.

It does feel like the new season lambs have been slower to come out than last year, though, in reality, the timing and numbers are consistent but the next few weeks will paint the picture better. In 2015 numbers shot up in the first week of November as threats of El Nino saw many push the offload button but with a very different season this year that push shouldn't eventuate.

While there was talk that the lamb crop would be well down because of facial eczema and drought in the South Island it seems good survival rates to docking might have balanced the job and the North Island looks to be at similar levels to 2015 though falling flock numbers in the South Island have drastically reduced lamb numbers.

Both Feilding and Stortford Lodge have offered new season lambs in the past two weeks and while the new markets always start with a hiss and a roar (just look at the spring cattle markets) the lamb market has already shown signs of buttoning off.

It is still very much early days but the market appears more subdued than 2015 with prices about \$5-\$10/head down on first sales. In 2015 30kg lambs were trading about the \$100 mark while to date \$90-\$95 is the going rate this year, with 25kg at \$75 compared to \$80. Very light lambs are selling better than in 2015.

No significant numbers of new season lambs have hit markets in the South Island and why would they when flock numbers are low anyway and most areas have grass coming out their ears. It looks as if there will be more of a push for those with lambs to finish them rather than sell in the store market and there is not expected to be any significant numbers of store lambs available before mid-November.

The lamb job will be interesting to watch as all fingers point towards a softer market as schedule prices will start dropping in early November and continue to do so with processors very concerned about the lack of demand. However, this is already being offset by buyers opting out of the expensive yearling and calf markets and turning their attention to fattening a few lambs, which could make store lambs expensive buying relative to schedule. As a sheep farmer one would hope that is the case, as at the moment, it looks like we are in for another trying season.

suz.bremner@nzx.com

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