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New Zealand Cattle and Beef Semi-Annual Report

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Report Highlights:

Excellent pasture growing conditions from October 2011 through March 2012 meant cattle stayed on farm in Q4, 2011, which should boost the 2012 total slaughter to 4.137 million head. This coupled with higher average carcass weights should see total beef production boosted by 6.5% to 652,000 Tons in 2012.

Executive Summary

2012

The total kill for the marketing year 2012, which is the calendar year, is now forecast at 4.137 million head, up 6% on the previous forecast completed in September 2011. The factors which have driven the change are:

The adult cattle kill in the December 2011 quarter was 20% behind the December 2010 quarter which wasn't expected. The excellent pasture feed levels over most of the country made it possible for farmers to carry more stock into the summer months to control pastures and add extra carcass weight. Nationally this will result in stock which normally would have been killed in Q4, 2011 having their slaughter dates pushed forward into Q1 or Q2 in 2012.

The cow kill is expected to be boosted this year as kill numbers become more aligned with the larger beef and dairy cow herd. With a total reproductive cow herd now standing at just on 5.9 million head close to 1 million cows could be culled each year in a status quo situation. It is anticipated that the total cow herd will grow by year end by another 80-90,000 head with 70-80,000 head being dairy cows which will stock an additional 80-120 new dairy farms for 2012. The forecast cow kill has been estimated from the potential kill less the anticipated retentions which gives the forecast number of 910,000 head.

Quarter four 2012 is expected to provide 500,000 head of adult stock (including cows) for slaughter which will be 70,000 head more than Q4, 2011.

In addition the calf kill is anticipated to increase marginally (1%) from 2011 but by 4% from the previous forecast. This forecast is based on 2011's substantially increased kill becoming more of a benchmark level and with the extra dairy cows calving in 2012 there should be some extra calves to go to slaughter.

Overall beef production for 2012 is forecast at 652,000T which will be a 6.5% increase on the previous forecast due to: firstly, the additional slaughter numbers; and secondly average carcass weights rising as a result of the well above average pasture growth rates over late Q4, 2011 and Q1, 2012 allowing cattle to be fed more and for longer. Not only will cattle slaughtered in Q1 and Q2, 2012 benefit from this but cattle destined for slaughter in Q4 will go into the winter (late Q2 through Q3) heavier.

Domestic consumption in 2012 is estimated at 120,000 tons carcass weight equivalent (CWE). This should mean that there will be 544,000 T CWE available for export which would be an 8% improvement on the initial forecast for 2012, and the previous year's performance.

While prices for imported manufacturing beef in the US are at all time highs the NZ currency is riding high against the USD. Exporters can sometimes find markets for manufacturing beef elsewhere in the Pacific which return more in NZD. Post is expecting exports to the US to be relatively stable at 215,000 T CWE. Although with an expected higher cow kill and slightly increased bull meat tonnage it is likely the risk is to an upside swing for exports to the US.

2011

Now that 2011 is history the final tallies for actual slaughter numbers are in which show total slaughter numbers reaching 3.939 million head. This was just under 1% higher than the September 2011 estimate. A far larger calf kill than had been anticipated (+93,000 head) was offset partially by a reduced adult cattle kill. The increased calf kill resulted from a greater natural increase number form the larger cow herd and better prices being offered. As indicated in the 2012 narrative very good feed conditions over Q4, 2011 meant farmers held onto stock to control pastures and add extra weight which resulted in the lower than expected Q4, 2011 slaughter numbers.

Total beef production came in at 601,000 T CWE just 9,000 T less than expected. It would appear that the relative expense of beef prices in the supermarkets coupled with consumers still feeling the effects of the economic downturn has taken the edge off domestic consumption which is estimated at 110,000 T CWE. This allowed total exports for 2011 to reach 503,000T CWE, 2000T CWE ahead of the September, 2011 estimate.

Exports to the US were just ahead of previous estimates at 213,000T CWE.

Looking Ahead

Preliminary forecasts would put the 2013 year at having a similar level of export tonnage to the 2012 year.

New Zealand Beef Production Table

Marketing Year	2010			2011			2012 Forecasts		
	Est. CW kgs/hd	numbers to kill	Total tons Beef	CW kgs/hd	numbers to kill	Total tons Beef	Est. CW kgs/hd	numbers to kill	Total tons Beef
Cow Slaughter	198.0	868	171944	200.2	806	161380	202	910	183820
Calf Slaughter	16.3	1,562	25543	16.3	1,665	27146	16.30	1,680	27384
Heifer Slaughter	234.8	493	115632	235.2	481	113209	236	515	121540
Steer slaughter	309.1	632	195236	305.5	572	174690	310	604	187240
Bull Slaughter	307.3	437	134174	299.6	415	124252	308	428	131824
Other Adult Cattle SubTotal	285.1	1,561	445041	280.8	1,468	412151	284.8	1,547	440604
Total Slaughter	161.0	3,992	642,529	152.5	3,939.0	600,678	157.6	4,137	651808

Sources: B&LNZ, StatisticsNZ, Post's Estimates

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle New Zealand (1000hd, %)	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	Off. Data	New Post Data	Off. Data	New Post Data	Off. Data	New Post Data
Total Cattle Beg. Stks	9,917	9,917	9,907	9,864	10,050	10,058
Dairy Cows Beg. Stocks	4,597	4,597	4,700	4,680	4,800	4,810
Beef Cows Beg. Stocks	1,096	1,096	1,114	1,117	1,100	1,082
Production (Calf Crop)	4,559	4,530	4,710	4,747	4,760	4,880
Total Imports	0	0	0	0	0	0
Total Supply	14,476	14,447	14,617	14,611	14,810	14,938
Total Exports	27	27	28	34	30	30
Cow Slaughter	868	868	822	806	820	910
Calf Slaughter	1,562	1,562	1,572	1,665	1,610	1,680
Other Slaughter	1,561	1,561	1,510	1,468	1,470	1,547
Total Slaughter	3,991	3,991	3,904	3,939	3,900	4,137
Loss	551	565	635	580	660	581
Ending Inventories	9,907	9,864	10,050	10,058	10,220	10,190
Total Distribution	14,476	14,447	14,617	14,611	14,810	14,938
CY Imp. from U.S.	0		0		0	
CY. Exp. to U.S.	0		0		0	
Balance	0	0	0	0	0	0
Inventory Balance	(10)	(53)	143	194	170	132
Inventory Change	2	2	0	(1)	1	2
Cow Change	4	4	2	0	1	0
Production Change	1	1	3	5	1	3
Production to Cows	80	80	81	82	81	83
Slaughter to Inventory	40	40	39	40	39	41
Slaughter to Total Supply	28	28	27	27	26	28
TS=TD		0		0		0

Meat, Beef & Veal New Zealand (1000hd,1000MT CWE)	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	Off. Data	New Post Data	Off. Data	New Post Data	Off. Data	New Post Data
Slaughter (Reference)	3,991	3,991	3,904	3,939	3,900	4,137
Beginning Stocks	0	0	0	0	0	0
Production	643	643	610	601	612	652
Intra-EU Imports	0	0	0		0	
Other Imports	11	11	12	12	12	12
Total Imports	11	11	12	12	12	12
Total Supply	654	654	622	613	624	664
Intra EU Exports	0	0	0	0	0	0
Other Exports	530	530	501	503	504	544
Total Exports	530	530	501	503	504	544
Human Dom. Consumption	124	124	121	110	120	120
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	124	124	121	110	120	120
Ending Stocks	0	0	0		0	
Total Distribution	654	654	622	613	624	664
CY Imp. from U.S.	0	0	0		0	
CY. Exp. to U.S.	235	222	221	213	0	215
Balance	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0
Weights	161	161	156	153	157	158
Production Change	3	3	(5)	(7)	0	8
Import Change	10	10	9	9	0	0
Export Change	3	3	(5)	(5)	1	8
Consumption Change	3	3	10	(11)	(1)	9
Imports Percent Consumption	9	9	10	11	10	10
Exports Percent Production	82	82	82	84	82	83
Population	4,252,277	4,252,277	4,290,347	4290347	4,327,944	4,388,000
Per Capita Consumption	29	29	28	26	28	27
TS=TD		0		0		0

Note. These are not official USDA forecasts.

Sources: Post, Global Trade Atlas, MAF, StatisticsNZ, Beef&LambNZ