

Required Report: Required - Public Distribution

Date: March 12, 2026

Report Number: NZ2026-0004

Report Name: Livestock and Products Semi-Annual

Country: New Zealand

Post: Wellington

Report Category: Livestock and Products

Prepared By: Robere Hall

Approved By: Lazaro Sandoval

Report Highlights:

New Zealand's cattle herd is forecast at 9.84 million head at the start of market year (MY) 2026, marking the first annual increase in total stocks in four years and the first simultaneous rise in both dairy and beef cow numbers since 2019. Total cattle slaughter in MY 2026 is revised down to 4.32 million head, reflecting increased breeding stock retention and dairy-on-beef expansion. Strong profitability has encouraged producers to retain more replacement heifers and cows, temporarily constraining slaughter volumes. Beef production is forecast at 700,000 metric tons (MT) of carcass weight equivalent (CWE), supported by modestly heavier carcass weights and favorable pasture growing conditions. Export markets continue to underpin sector performance. The United States remains the largest market for New Zealand beef, accounting for approximately 40 percent of exports in MY 2025, with record export unit values driven by tight U.S. supplies, ongoing herd rebuilding, and a weaker New Zealand dollar.

Executive Summary:

New Zealand's cattle herd is forecast at 9.84 million head at the start of market year (MY) 2026, marking the first annual increase in total stocks in four years and the first simultaneous rise in both dairy and beef cow numbers since 2019. Industry estimates indicate dairy cow numbers are increasing approximately 1 percent and beef cow numbers are up 3 percent compared to the previous year. The herd rebuild is driven by record farmgate beef and milk prices, improved pasture conditions, easing interest rates, and a more supportive regulatory environment under the current coalition government.

New Zealand's beef system remains predominantly pasture-based and export-oriented, with 60 to 70 percent of total beef slaughter originating from the dairy herd. Structural change continues following the country's largest milk processor's decision in 2023 to change their supply agreement, requiring all calves enter a value stream, accelerating the shift from veal processing toward dairy-beef finishing. As a result, calf slaughter has declined and a greater proportion of dairy-origin animals are now entering the beef supply chain.

Total cattle slaughter in MY 2026 is forecast higher to 4.32 million head, reflecting increased breeding, stock retention, and dairy-on-beef expansion. Strong profitability has encouraged producers to retain more replacement heifers and cows, temporarily constraining slaughter volumes. Beef production is forecast up to 700,000 metric tons (MT) of carcass weight equivalent (CWE), supported by modestly heavier carcass weights and favorable pasture growing conditions. MY 2025 production fell to its lowest level since 2018 due to reduced cow slaughter during peak culling months and greater on-farm retention.

Export markets continue to underpin sector performance. Beef and veal exports are forecast higher at 630,000 MT CWE in MY 2026, above the 10-year average. The United States remains the largest market for New Zealand beef, accounting for approximately 40 percent of exports in MY 2025, with record export unit values driven by tight U.S. supplies, ongoing herd rebuilding, and a weaker New Zealand dollar. While volumes to China declined in MY 2025, New Zealand retains zero duty in-quota access under the China safeguard tariff-rate quota implemented January 1, 2026.

Domestic consumption remains steady at approximately 88,000 MT CWE, below the 10-year average despite population growth, as higher retail beef prices encourage substitution toward poultry. With only around 10 percent of production consumed domestically, the sector remains highly dependent on export demand.

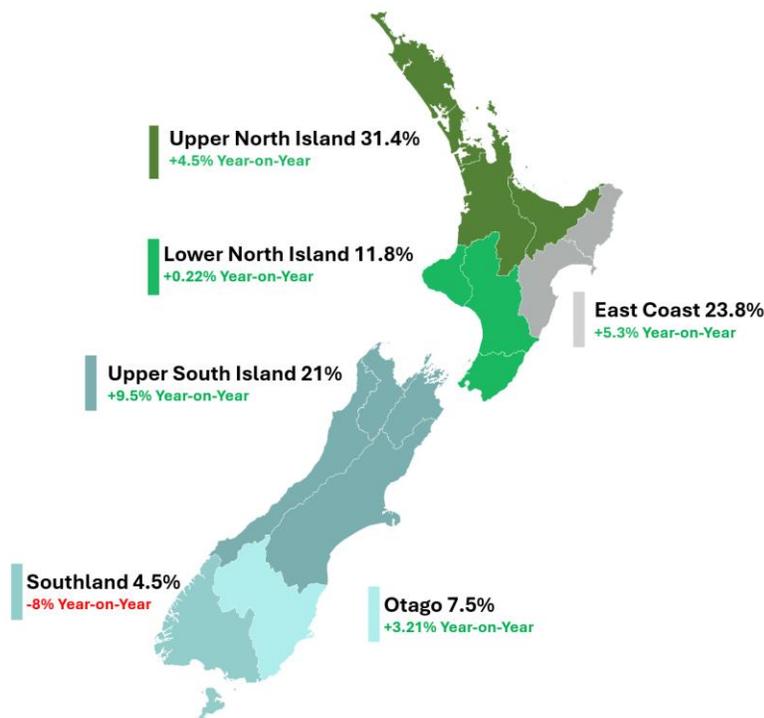
Note: The GAIN Marketing Year (MY) is the same as the calendar year (CY), January 1 to December 31. For the purpose of this report always refer to MY unless otherwise stated. For foreign exchange rate between New Zealand Dollar and United States Dollar, the rate used in this report is NZ\$ 1.00 = US\$ 0.60. Export prices in this report are quoted on a Free on Board (FOB) basis, reflecting the value of the product loaded onto the vessel at the port of export. FOB prices do not include international freight, insurance, or any destination-country tariffs, duties, or other import charges.

Background

New Zealand's beef industry is predominantly pasture based, seasonal, and export oriented. The majority of beef production occurs on extensive hill and high-country farms, where cattle are raised primarily on grass without the use of feedlots. As a result, beef production closely aligns with New Zealand's pasture growth curve, which varies throughout the year according to climatic conditions. Farmers typically time calving, weaning, and finishing to match periods of peak pasture availability, ensuring both animal performance and consistency in product supply for processing and export.

While pasture production is highest in spring and early summer (October to January), strategic management practices, including deferred grazing, supplementary feeding, and flexible stocking rates, allow producers to maintain a relatively steady flow of finished cattle to processing plants throughout much of the year.

Figure 1: Beef Cattle by Region in 2025 and Changes



Source: Beef and Lamb, FAS/Wellington

New Zealand's beef sector is unique in that a significant proportion of total beef production originates from the national dairy herd. Calves not required for herd replacement, particularly males and non-replacement females, are either finished for beef or sold into the store market. It is estimated that approximately 60 to 70 percent of New Zealand's annual beef slaughter originates from dairy origin cattle, including bobby calves, cull cows, and dairy beef crossbred animals. This integrated production model plays a key role in total beef output and has a notable influence on slaughter patterns, processing plant capacity, and the overall supply of manufacturing beef.

Cattle Production

Table 1: Production, Supply and Distribution – Cattle Numbers

Animal Numbers, Cattle Market Year Begins New Zealand	2024		2025		2026	
	Jan 2024		Jan 2025		Jan 2026	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	9583	9583	9576	9576	9815	9840
Dairy Cows Beg. Stocks (1000 HEAD)	4625	4625	4600	4600	4600	4645
Beef Cows Beg. Stocks (1000 HEAD)	990	990	995	995	995	1020
Production (Calf Crop) (1000 HEAD)	5000	5000	5000	5000	5000	5100
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	14583	14583	14576	14576	14815	14940
Total Exports (1000 HEAD)	0	0	0	0	0	0
Cow Slaughter (1000 HEAD)	951	951	890	879	910	920
Calf Slaughter (1000 HEAD)	1876	1876	1750	1734	1800	1750
Other Slaughter (1000 HEAD)	1676	1676	1590	1587	1725	1650
Total Slaughter (1000 HEAD)	4503	4503	4230	4200	4435	4320
Loss and Residual (1000 HEAD)	504	504	531	536	515	550
Ending Inventories (1000 HEAD)	9576	9576	9815	9840	9865	10070
Total Distribution (1000 HEAD)	14583	14583	14576	14576	14815	14940

(1000 HEAD)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

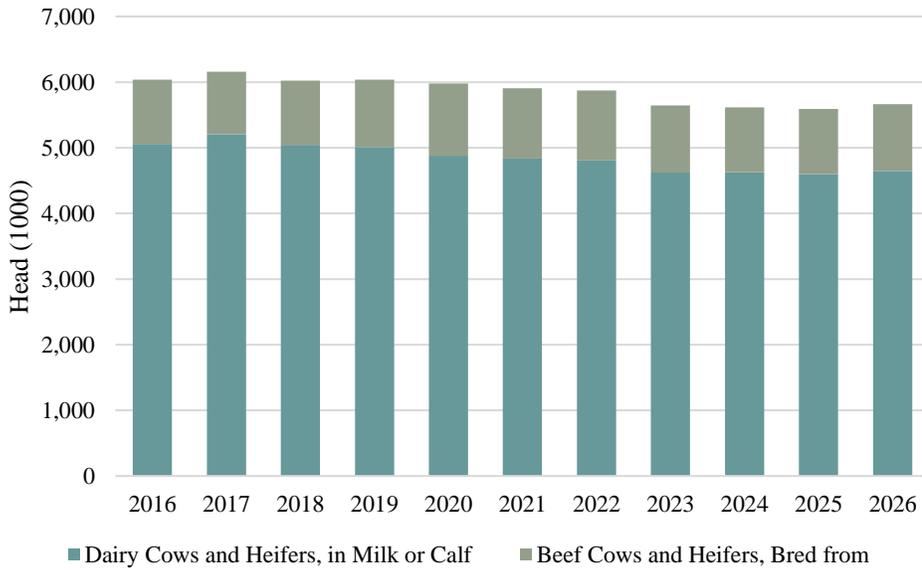
Note: Not official USDA data

FAS/Wellington has revised up the forecast for New Zealand cattle beginning stocks for the 2026 market year (MY) to 9.84 million head, higher than the current USDA Official estimate. This is the first time in four years that total stocks have increased year-on-year, as well as the first time since 2019 that both dairy and beef cow numbers have increased over the prior year. This forecast is based on numerous factors, including strong farmgate prices, favorable pastoral growing conditions, easing of on-farm expenses, and a favorable policy environment. These factors are explained in further detail as follows:

--National Breeding Cow Herd Increases:

In the most recent stock numbers survey from industry group Beef and Lamb New Zealand (BLNZ) and dairy statistics from Dairy New Zealand (DNZ) both forecast cow numbers for dairy and beef cattle to increase 1 percent and 3 percent, respectively (Figure 2). Industry commentary indicates the main driver for breeding stock retention are strong farmgate milk and beef prices. Profitability for dairy and beef cattle operations has also improved due to the easing of government restrictions on winter grazing rules, agricultural emissions policies, and the exclusion of cattle from waterways.

Figure 2: Opening Cow Numbers 2026

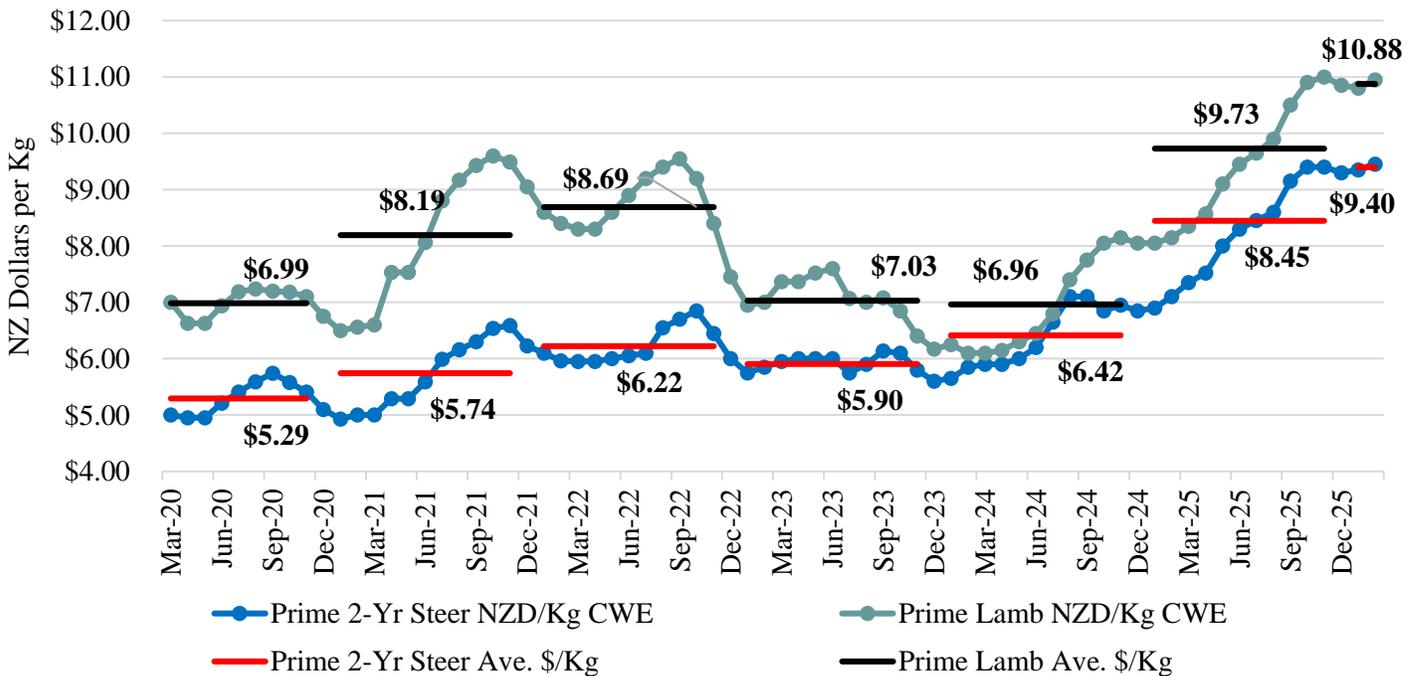


Source: Statistics New Zealand,

--Strengthening Farm Gate Prices for Beef and Lamb:

New Zealand red meat producers are currently benefiting from the highest farm gate prices on record for beef and lamb (see Figure 3). These strong returns are underpinned by continued tight global supply and robust international demand.

Figure 3: New Zealand Farmgate Price Prime Lamb and Steer

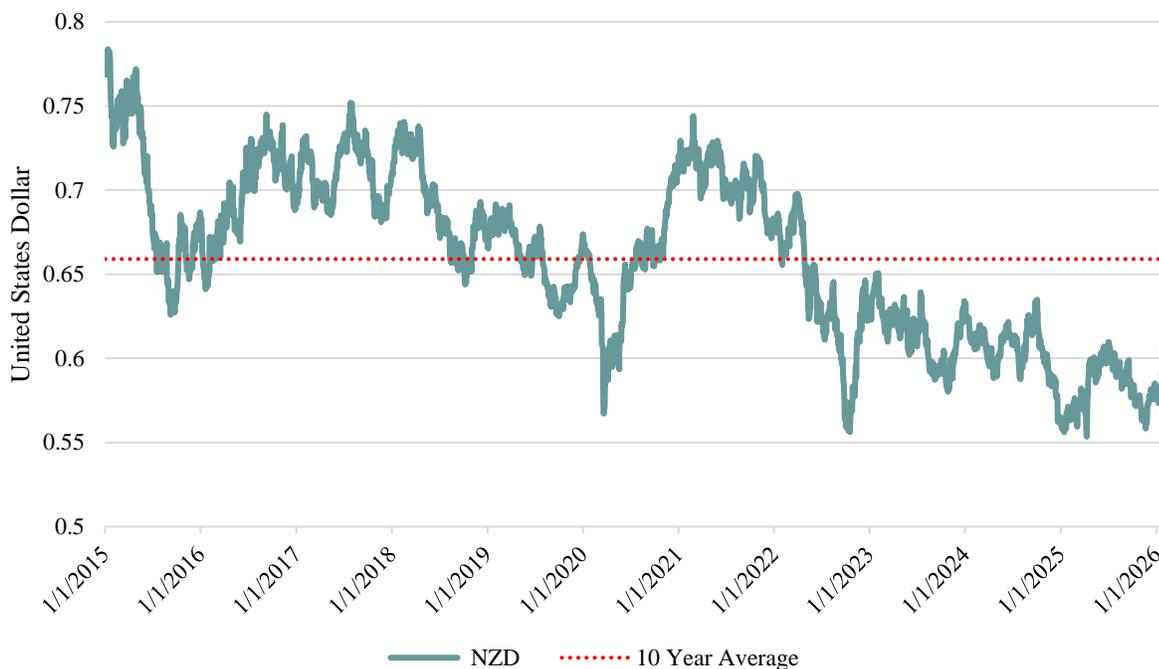


Source: BakerAg

Most New Zealand beef producers operate mixed enterprises incorporating both sheep and beef, due to the complementary nature of grazing patterns, breeding regimes, and cash flow cycles. The current environment of strong prices for both species has had a substantial positive impact on gross farm margins. In contrast, in recent years, lower lamb prices have diluted the profitability of mixed operations despite historically high beef prices. Specific factors contributing to these strong prices are:

- Weak New Zealand Dollar to U.S. Dollar: The New Zealand dollar weakened against the U.S. dollar throughout 2025 and traded below its long-term average (Figure 4). This currency depreciation continues to provide a competitive advantage to New Zealand exporters, particularly in the red meat sector, by increasing returns in local currency terms. At the same time, the weaker New Zealand Dollar boosts the purchasing power of U.S. importers, further supporting demand for New Zealand beef and veal in the U.S. market.

Figure 4: Foreign Exchange Rate for NZD to USD



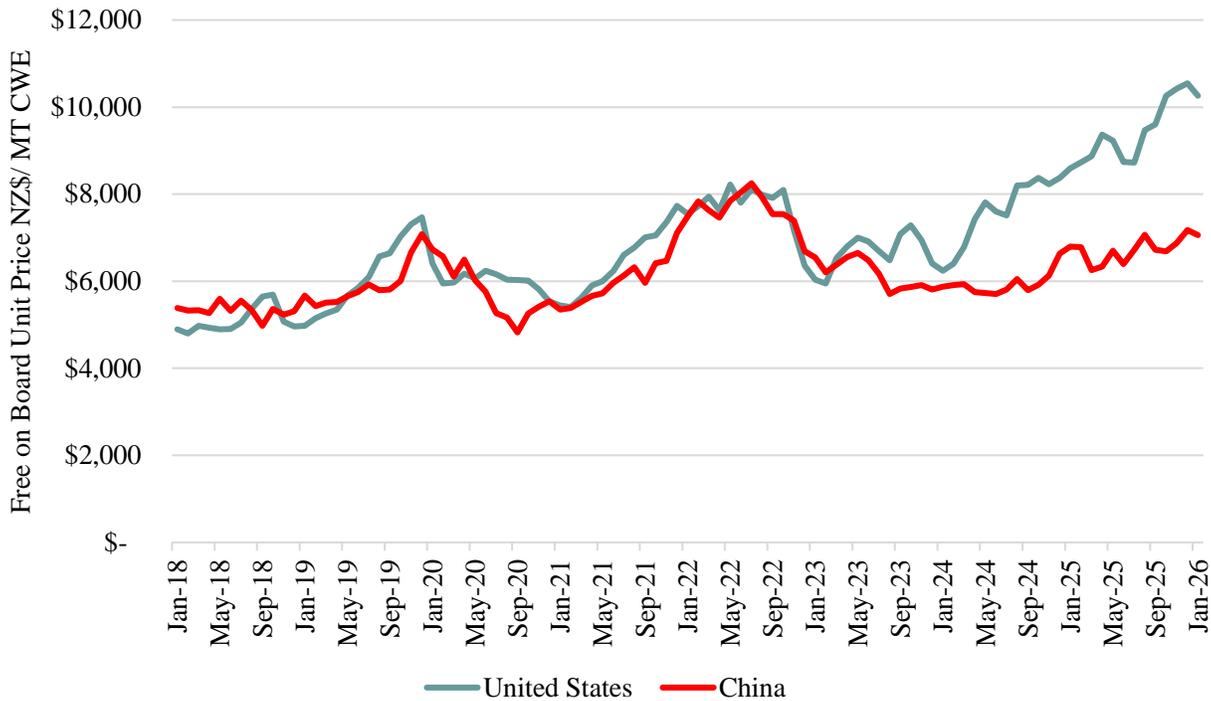
Source: Wall Street Journal

- Strong U.S. Demand for New Zealand Beef and Veal: Tight U.S. beef supplies along ongoing herd rebuild following prolonged droughts has had flow-on effects across the global beef market. In particular, New Zealand cattle prices are experiencing a lift as global buyers compete for limited exportable volumes.

In January 2026, the average unit value per kilogram of carcass weight equivalent (kg CWE) for New Zealand beef exports to the United States was on average 45 percent higher than exports to

China (Figure 5). This pricing is reported on a Free on Board (FOB) basis, meaning it reflects the value of the product loaded at the port of departure, prior to the application of tariffs or other import-related costs.

Figure 5: Unit Price Comparison for Beef and Veal Export Markets

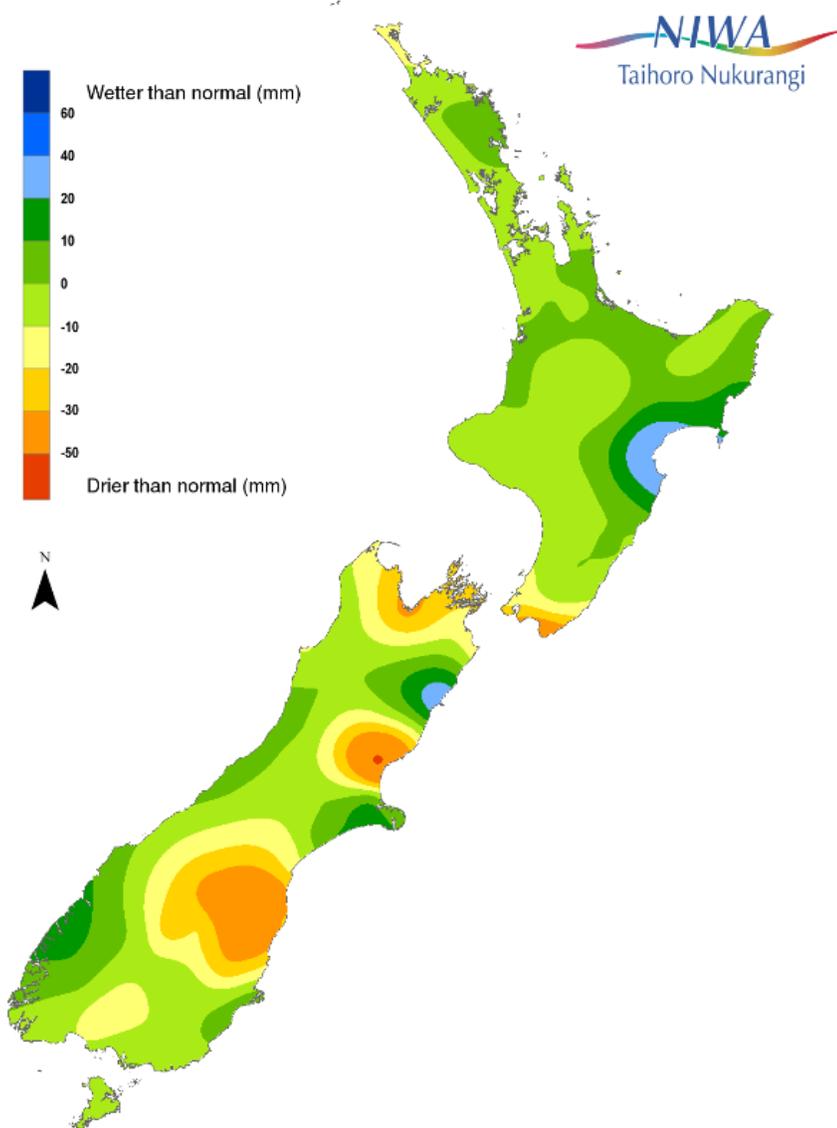


Source: Trade Data Monitor LLC

-- Promising Climatic Conditions at the Start of Year:

Due to the predominant pasture-based diet in New Zealand’s beef production systems, climate is a critical factor influencing pasture growth and meat output. In recent years, the country has experienced a range of extreme weather events, from prolonged droughts to severe summer cyclones, which have significantly impacted agricultural regions. At present, the National Institute of Water and Atmospheric Research (NIWA) reports that soil moisture levels are generally at normal levels across most of the country (see Figure 6).

Figure 6: February 2026 Soil Moisture Anomaly



Source: National Institute of Water and Atmospheric Research (NIWA)

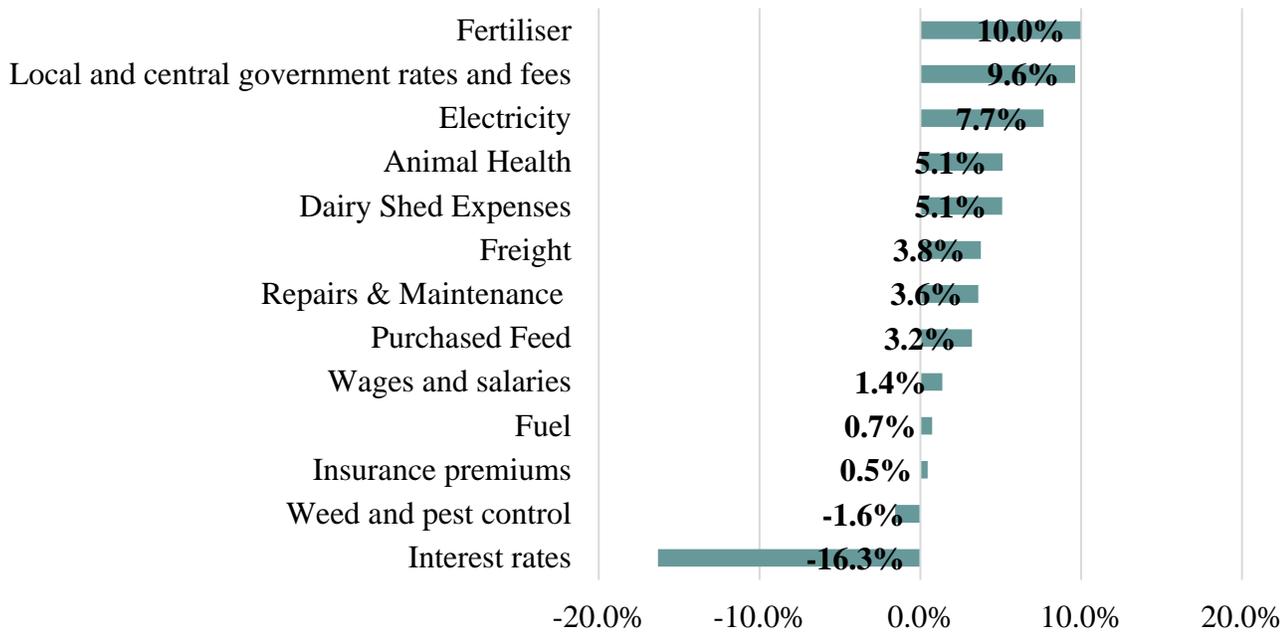
While some dryness persists in parts of the middle South Island, many farms in this area are irrigated. Farmer and processor contacts report that with currently favorable conditions there are adequate feed supplies being built for winter and with cattle anticipated to enter winter with good condition scores.

--Changing Components of On-Farm Inflation:

In previous reporting, FAS/Wellington highlighted significant inflationary pressures on key farm inputs, particularly interest rates. According to BLNZ, interest rates and fertilizer inputs represent the largest components of operating costs per hectare, at approximately 18 percent and 12 percent, respectively.

However, in 2025, Statistics New Zealand reported a notable decrease in interest rates, offering some relief to producers after multiple years of elevated expenses (see Figure 7).

Figure 7: On-Farm Expenses Change (2024 to 2025)



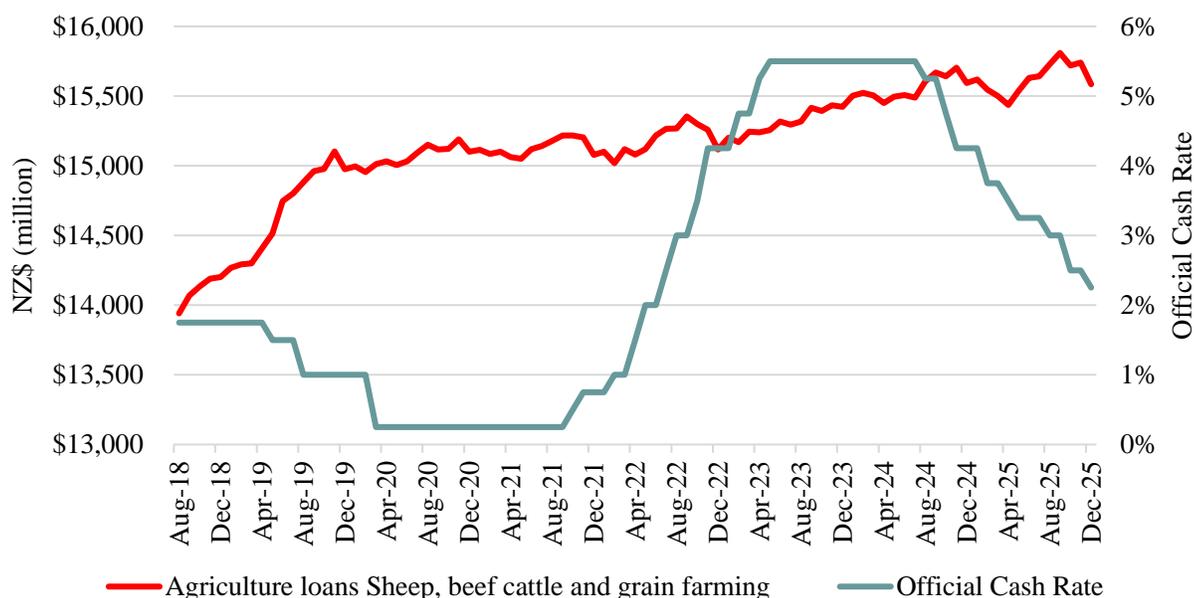
Source: Statistics New Zealand

Input costs such as rates, insurance, and electricity have continued to increase year over year. Despite this, their impact on total operational expenses remains limited, typically comprising just 2 to 3 percent of the cost structure for farming businesses. As a result, the overall outlook for on-farm inflation has improved compared to previous years, adding to profit margins with strong farmgate prices.

--On-Farm Investment Increasing with Lower Interest Rates:

In the previous livestock report by FAS/Wellington, Post noted that servicing debt has been the largest non-climatic challenge for the industry. This was due to high interest rates because of the high Official Cash Rate (OCR) set by the New Zealand Reserve Bank (RBNZ), similar to the federal fund rate in the United States.

Figure 8: Sheep and Beef Farming Debt and Interest Rates



Source: Reserve Bank of New Zealand

Following reductions in the OCR since mid-2024, the RBNZ reported that large volumes of debt were paid off by sheep and beef sector farmers. This was because of the decrease in interest rates by lending institutions (see Figure 8). In May 2025, an increase in loans had been recorded for sheep and beef farmers by the RBNZ. This was leading to farmers reinvesting into their operations, including increased fertilizer applications, expansion of more intensive cattle finishing operations, maintenance, and innovations such as virtual fencing.

Since September 2025, there has been a secondary consolidation of debt by the industry. Contacts indicate that many farmers are looking to reduce debt while farmgate prices are strong to futureproof businesses for when prices tighten in the long-term.

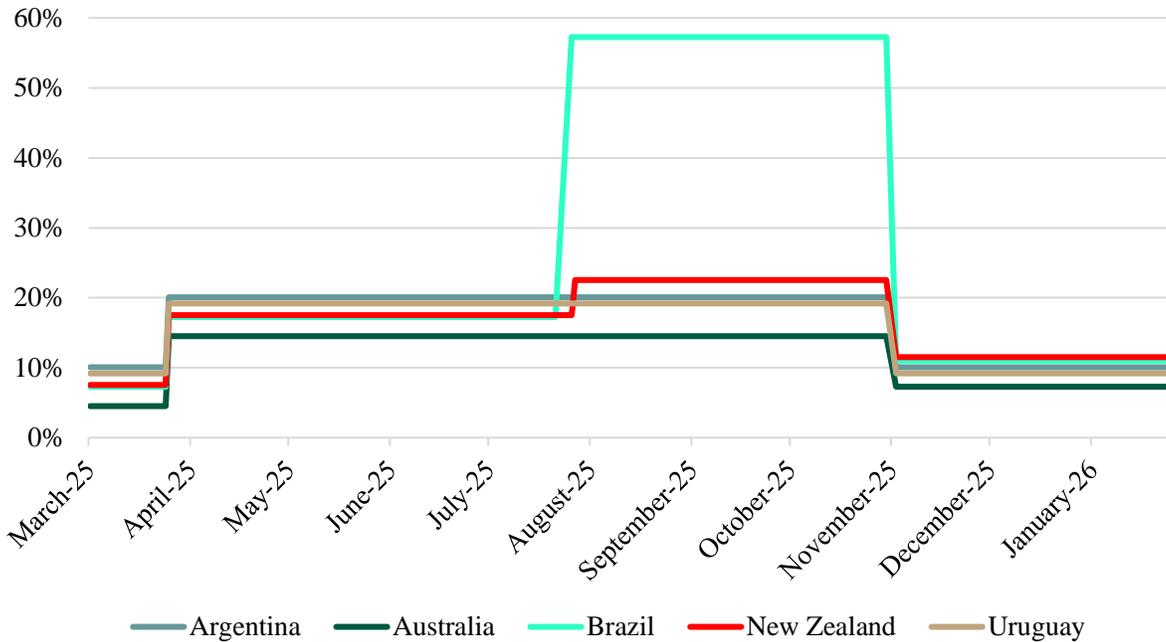
Trade Policy and Market Access

New Zealand currently applies no quotas and minimal tariffs on imports. The Government of New Zealand works extensively to support exports with an extensive network of Free Trade Agreements (FTA) in markets where other competitors are subjected to the Most Favored Nation (MFN) tariffs. However, in some key markets, tariffs and quotas still impact New Zealand beef and veal exports even with FTAs in force, as well as other non-tariff barriers such as market access and competition with subsidies.

For beef and veal exports to the United States, New Zealand has MFN Tariff Rate at US4.4 cents/kg within a 213,402 Metric Ton (MT) (product weight) quota, and an out-of-quota tariff rate of 26.4 percent of value. This quota was last exceeded in 2015.

On November 13, 2025, the United States modified the scope of tariffs by excluding certain agricultural products, including beef products. Although tariffs remain on other New Zealand exports to the United States, the removal of the tariff on beef products was well-received, especially as it is the primary commodity exported by New Zealand to the United States. The United States is also a major market for New Zealand lamb and venison, where tariffs remain in place and contribute to the weighted average tariff rate for meat exports (Figure 9).

Figure 9: Trade Weighted Average Tariff Rate for Total Meat Exports to U.S. (in percent)



Source: World Trade Organization

--Favorable Policy Environment:

Following New Zealand’s general election on October 14, 2023, a center-right coalition government formed between the National Party, ACT Party, and New Zealand First. The new government officially took office on November 27, 2023. Since then, its stated priority has been to “cut red tape” and reverse several regulatory and environmental initiatives introduced by the previous Labour-led (center-left) government. The next national election has been announced for November 7th, 2026, Post anticipates that the current government will keep its current momentum on supporting farmers over this year.

At the beginning of 2025, the coalition government streamlined its rural and environmental agenda, focusing on two key priorities:

1. Reducing On-Farm Emissions: While the government has committed to meeting New Zealand’s climate change obligations, it has emphasized a preference for incentivizing emission reductions

through technology and innovation rather than pricing mechanisms. The government has paused any immediate implementation of agriculture-specific emission pricing but has not been ruled out entirely.

2. **Improving Freshwater Farm Plans:** The government aims to simplify compliance for farmers under the Freshwater Farm Plan framework introduced by the previous administration. The revised approach seeks to increase regional flexibility, reduce administrative burdens, and align freshwater regulations with practical farming realities.

The following areas are central to the government's policy reform process:

- **Removal of Agriculture from Emission Trading:** The coalition government has suspended the inclusion of agriculture in the Emissions Trading Scheme and is exploring alternative frameworks to achieve emission reductions. Consultations with the agricultural sector are ongoing, with an emphasis on the voluntary adoption of the best practice and sector-led solutions. FAS/Wellington has published a voluntary report covering the development of this legislation [[Link to Report](#)].
- **Farm Conversions to Forestry:** In response to concerns about productive farmland being converted to forestry in response to carbon mitigation incentives, the government has signaled its intention to restrict blanket land-use change to forestry. Legislative proposals under development aim to ensure rural communities retain a balance of land uses, especially in hill country regions where conversions to exotic pine plantations have raised social and environmental concerns. FAS/Wellington has also published a voluntary report covering this development [[Link to Report](#)].
- **Freshwater Management:** Freshwater regulations, including the National Policy Statement for Freshwater Management (NPS-FM), are being reviewed. The government seeks to make these policies more regionally adaptive and less prescriptive, particularly in relation to stock exclusion, winter grazing, and fencing rules, which were problematic to cattle numbers as rules would limit winter carrying capacity and the increased cost of excluding cattle from certain environments.

In FAS/Wellington's previous reporting, we reported on potential changes to reverse the ban on live cattle export by vessel. Currently, the government has not announced any updated about the possibility of changing current rules.

-- Conclusion of China Beef Safeguard Investigation:

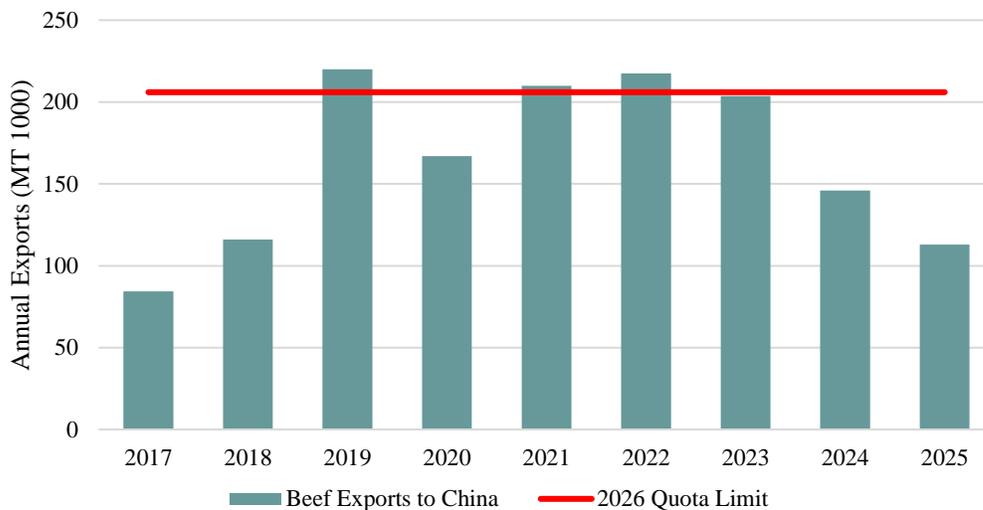
On December 27, 2024, the China's Trade Remedy Investigation Bureau announced the initiation of a safeguard investigation on global beef imports following a petition by the China Animal Agriculture Association and nine provincial animal agriculture associations. The petition alleged that rising beef

imports between 2019 and mid-2024, increasing from 20.55 percent to 30.90 percent of market share caused serious injury to China’s domestic beef industry.

The investigation covered fresh, chilled, and frozen beef products under specified HS codes, with total imports valued at USD \$14.2 billion in 2023. Leading suppliers included Brazil, Argentina, Australia, the United States, Uruguay, and New Zealand.

Following two extensions, China’s Ministry of Commerce (MOFCOM) released its findings on December 19, 2025, concluding that a rapid surge in beef imports caused serious injury and justified safeguard measures. After consultations with trading partners, MOFCOM announced final measures on December 31, 2025, effective January 1, 2026.

Figure 10: New Zealand Annual Beef Exports to China for Relevant HS Codes



Source: Trade Data Monitor LLC

MOFCOM, via the General Administration of Customs of China, will implement a tariff rate quota (TRQ) for all products in the investigation. The total TRQ will be 2,688,000 MT, with each trading partner receiving a market share equal to its average market share within the 36-month period from July 2021 to June 2024. The in-quota rate will be the most-favored-nation rate plus any country-specific tariffs, while the out-of-quota rate will be 55 percent plus the in-quota rate. The quota will liberalize two percent each year. The TRQ will be administered on a first come first serve basis for each country.

The in-quota tariff for New Zealand is:

- 0% under the NZ/China FTA

The out-of-quota tariff for New Zealand as of the date of this report is:

- After 206,000 MT is exceeded in 2026, a 55 percent safeguard duty would be implemented.
 - Quota increasing to 210,000 MT in 2027 and 214,000 MT in 2028.

Cattle Slaughter

2026

Post revises total cattle slaughter in 2026 to 4.32 million head, an increase of 3 percent over 2025. The revision is driven by structural adjustments associated with dairy-on-beef expansion, and increased breeding stock retention driven by strong farmgate milk and beef prices.

--Dairy-on-Beef Expansion:

In January 2023, the country's largest milk processor announced changes to its Terms of Supply requiring that all calves born on supplying dairy farms must enter a value stream. The updated requirement took effect June 1, 2023. The policy prohibits routine on-farm euthanasia of healthy surplus calves and instead requires that calves be raised for beef production or processed through regulated channels.

Historically, a significant proportion of male and later-born dairy calves were processed at a young age as bobby calves. Since implementation of the new supplier requirements, the dairy industry has accelerated efforts to reduce early calf slaughter and instead raise these animals for finishing as beef. As a result, calf slaughter has continued to decline year-over-year, from 1.97 million head in 2023 to Post's revised forecast of 1.75 million head in MY 2026. This shift is structurally increasing the proportion of dairy-origin animals entering the beef supply chain and reducing early-stage slaughter volumes.

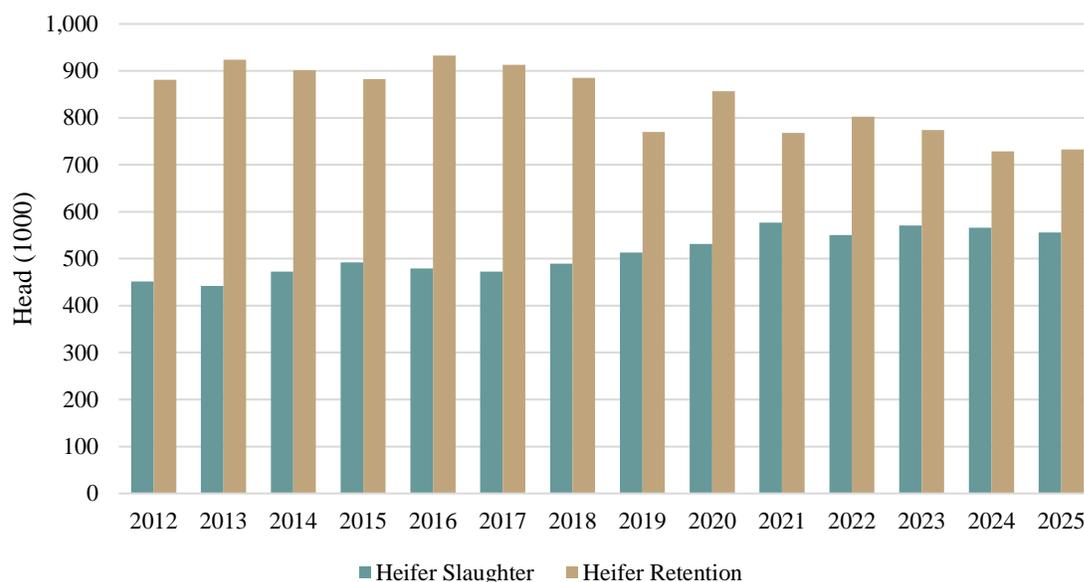
--Breeding Heifer Retention On-Farm:

Strong farmgate milk and beef prices have also supported increased retention of breeding stock. Industry sources indicate that in MY 2026 producers are expected to retain more replacement heifers for both dairy and beef breeding operations.

A heifer is a young female bovine that has not yet calved. Once she produces her first calf, she is classified as a cow. Retention of heifers signals herd rebuilding or expansion, as these animals are held back for future breeding rather than sent to slaughter.

Accordingly, Post revises the "Other Slaughter" category up 63,000 head 2025. This is the result of the majority of dairy and beef cows being retained in MY 2025 as a short-term opportunity, with industry commentary that many of these cows would have been culled if pricing was not as strong as it is currently.

Figure 11: Replacement Heifer Retained and Slaughtered



Source: Statistics New Zealand, *FAS/Wellington Forecast

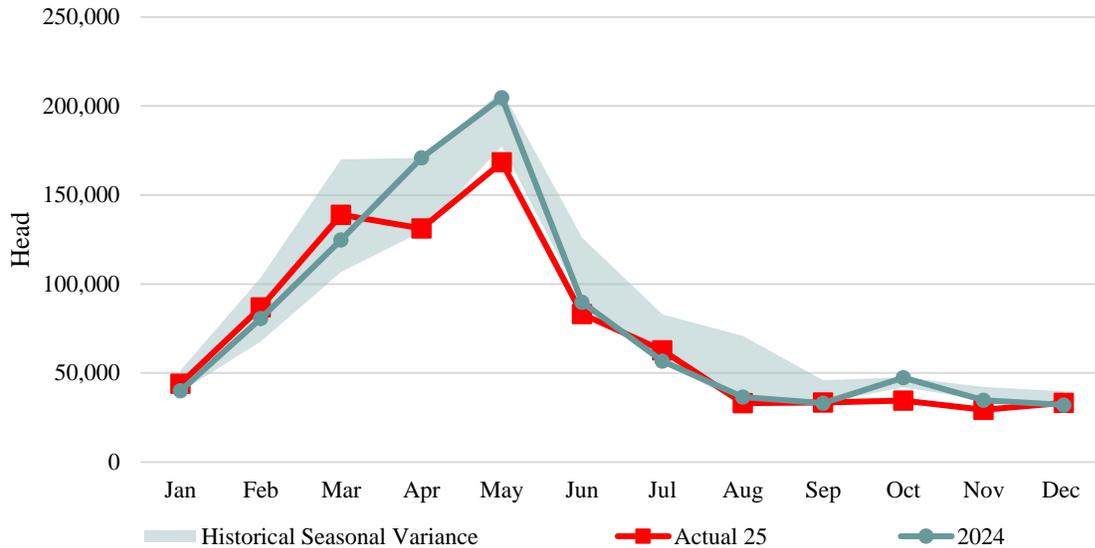
As shown in Figure 11, combined beef and dairy heifer retention has generally trended downward relative to slaughter over the past 15 years. However, in the outgoing market year, heifer retention increased for the first time since 2013. Data from Statistics New Zealand and industry commentary indicate the largest increase occurred among beef heifers born in 2025. Additional retention is attributed to dairy-origin heifer calves remaining in the system for finishing as prime beef rather than entering early slaughter channels.

2025

Total cattle slaughter for MY 2025 is finalized at 4.20 million head, 302,000 head lower than MY 2024. The year-on-year decline reflects reduced calf slaughter associated with continued dairy-on-beef expansion, and increased retention of cows and heifers for breeding in response to strong farmgate milk and beef prices. Calf slaughter declined as a greater proportion of dairy-origin calves were retained and raised for beef production rather than processed at a young age. At the same time, favorable price signals encouraged producers to retain both mature cows and replacement heifers to support herd stability and future production.

As shown in Figure 12, monthly slaughter of dairy and beef cows in MY 2025 followed typical seasonal patterns but at lower volumes. A notable decline occurred in April and May, which historically coincides with the end of the milking season and the approach of winter (traditionally 35 percent of total head slaughtered in these two months). During this period, dairy producers typically cull older cows after drying off, while beef producers market cows after calves are weaned. In MY 2025, however, culling was more restrained than in prior years, reflecting both improved on-farm profitability and adequate feed availability.

Figure 12: 2025 Monthly Dairy and Beef Cow Kill



Source: Statistics New Zealand

Industry contacts reported that a favorable autumn provided strong pasture growth in many regions, allowing producers to carry additional stock into winter. Improved feed availability reduced the immediate need for culling. In addition, improved economics for supplementary feeding supported retention decisions. Post notes year-over-year increases in imported feed inputs during MY 2025, including:

- Palm Kernel Expeller (PKE): +25 percent
- Dried Distillers Grains (DDGS): +36 percent
- Soybean Meal: +23 percent
- Other grains: +6 percent

The dairy industry is the largest consumer of feed imports, at ~75 percent. These higher feed imports helped maintain body condition and supported herd retention during a period of strong milk and beef returns.

Cattle Exports

The current government has signaled an intension to reverse the ban on live export by vessel, which came into effect on April 30, 2023. The ban was following the sinking of a live cattle export vessel bound for China from New Zealand in July 2021. There have been no updates regarding the possibility of reversing this ban from the coalition government.

FAS/Wellington maintains the forecast of no cattle exports from New Zealand in MY 2025 and 2026.

Beef Production

Table 2: Production, Supply and Distribution – Meat, Beef and Veal

Meat, Beef and Veal Market Year Begins New Zealand	2024		2025		2026	
	Jan 2024		Jan 2025		Jan 2026	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	4503	4503	4230	4200	4435	4320
Production (1000 MT CWE)	719	719	680	674	715	700
Total Imports (1000 MT CWE)	14	14	20	21	18	18
Total Supply (1000 MT CWE)	733	733	700	695	733	718
Total Exports (1000 MT CWE)	645	645	610	605	640	630
Human Dom. Consumption (1000 MT CWE)	88	88	90	90	93	88
Total Dom. Consumption (1000 MT CWE)	88	88	90	90	93	88
Total Distribution (1000 MT CWE)	733	733	700	695	733	718

(1000 HEAD) ,(1000 MT CWE)

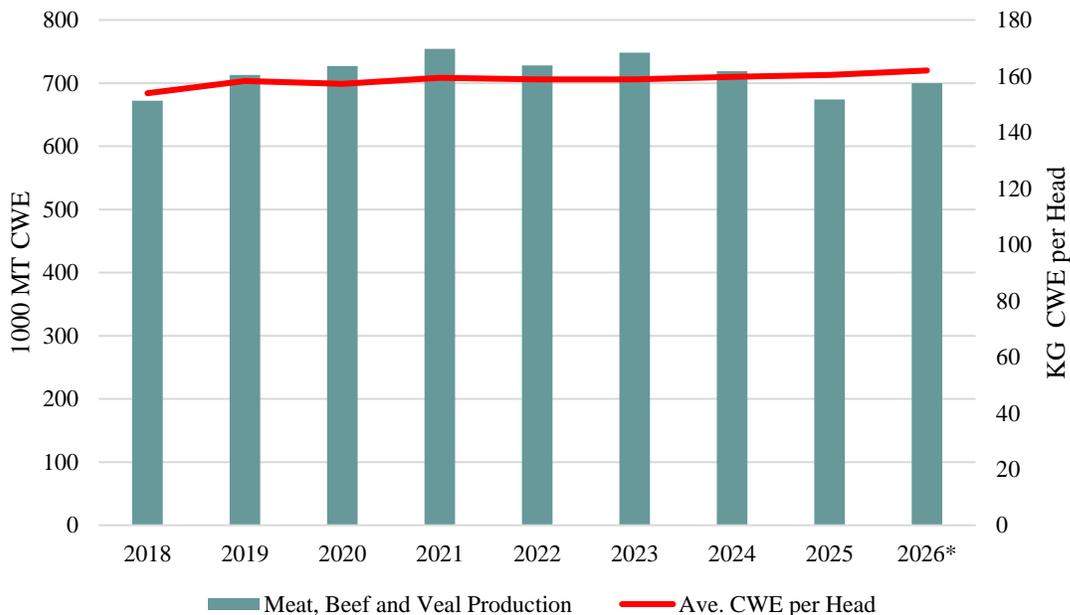
OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Note: Not official USDA data

2026

FAS/Wellington have revised beef production for MY 2026 to be 700,000 Metric Ton Carcass Weight Equivalent (MT CWE), a 4 percent increase from 2025. This reflects the increase in slaughter numbers from the outgoing year across all stock classes. This forecast is also based on increased carcass weights compared to the outgoing year, to an average of 162 Kg CWE/Head from 161.2 Kg CWE/Head (Figure 13). This is a result of the retention of cattle on farm for further finishing as already mentioned.

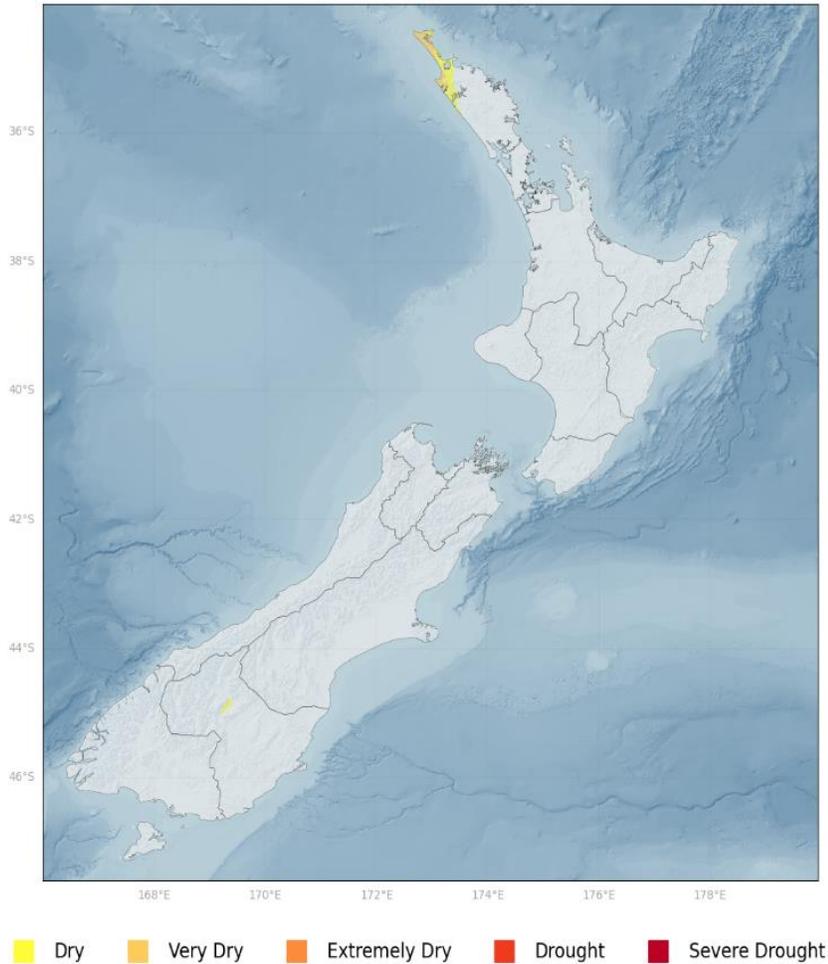
Figure 13: Average Carcass Weight and Production Trend



Source: USDA - Products, Supply and Distribution (PSD), *FAS Forecast

In the first two months of 2026, National Institute of Water and Atmospheric Research (NIWA) is not forecasting any drought conditions across the country (Figure 14). As a result, there is high optimism about pasture and crop production in the incoming season. If favorable conditions continue, it will result in heavier carcass weights at slaughter, allowing growers to capitalize on the current strong prices.

Figure 14: New Zealand Drought Index, February 2026

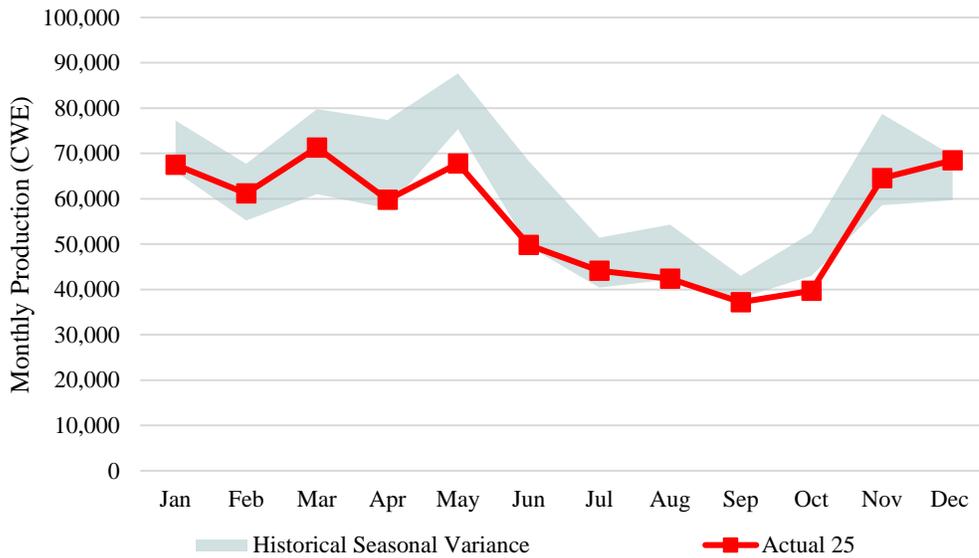


Source: NIWA

2025

Beef production in 2025 MY concluded at 673,748 MT CWE, down 45,000 MT CWE from 2024. Production followed a similar monthly trend in adult cattle slaughter rates (see Figure 12). The production of May and June was substantially lower than the historical range. Processors indicate stock retention resulted in procurement challenges, leading to reduced production of beef and veal products. As a result, 2025 MY production concluded 6 percent less than the previous year, the lowest since 2018.

Figure 15: Monthly Beef Production Volumes 2025



Source: Statistics New Zealand

Figure 15 displays a decrease in production as seen in April, May, and June, which is directly related to as already mentioned the decrease cow slaughter over the same period, resulting in a decrease in production over those same months.

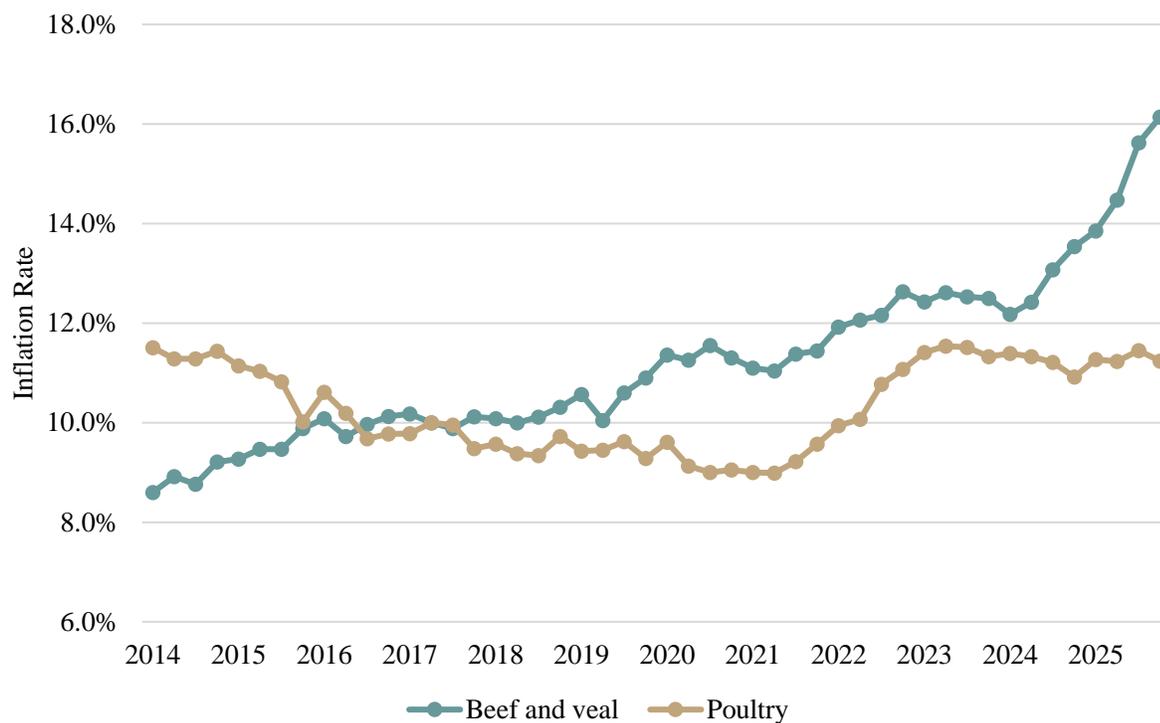
Domestic Consumption

2026

FAS/Wellington forecasts beef domestic consumption at 88,000 MT CWE in 2026, consistent with the outgoing year. This level of consumption is 4,000 MT CWE lower than the 10-year average, despite a gradual population increase over the same time to over 5.3 million people.

Domestic consumers continue to experience increased inflation on beef protein compared to poultry, driving more poultry purchases at supermarkets and restaurants. As seen in figure 16, beef and veal prices continue to rise almost in-line with the farmgate prices, according to the most recent data from Statistics New Zealand. Industry contacts indicate this price increase is due to higher international demand and tighter domestic supplies.

Figure 16: Domestic Consumers Price Index for Protein



Source: Statistics New Zealand

In New Zealand, beef is not the most consumed source of protein (~22 percent), as in recent years consumer preferences have shifted to poultry (~33 percent). In addition, producers now focus more on international markets because domestic consumption is only 10 percent of production, compared to almost 20 percent a decade ago.

2025

FAS Wellington concludes that in 2025 MY domestic consumption was 90,000 MT CWE, a slight increase from 2024. This is relatively consistent with the year prior.

Trade

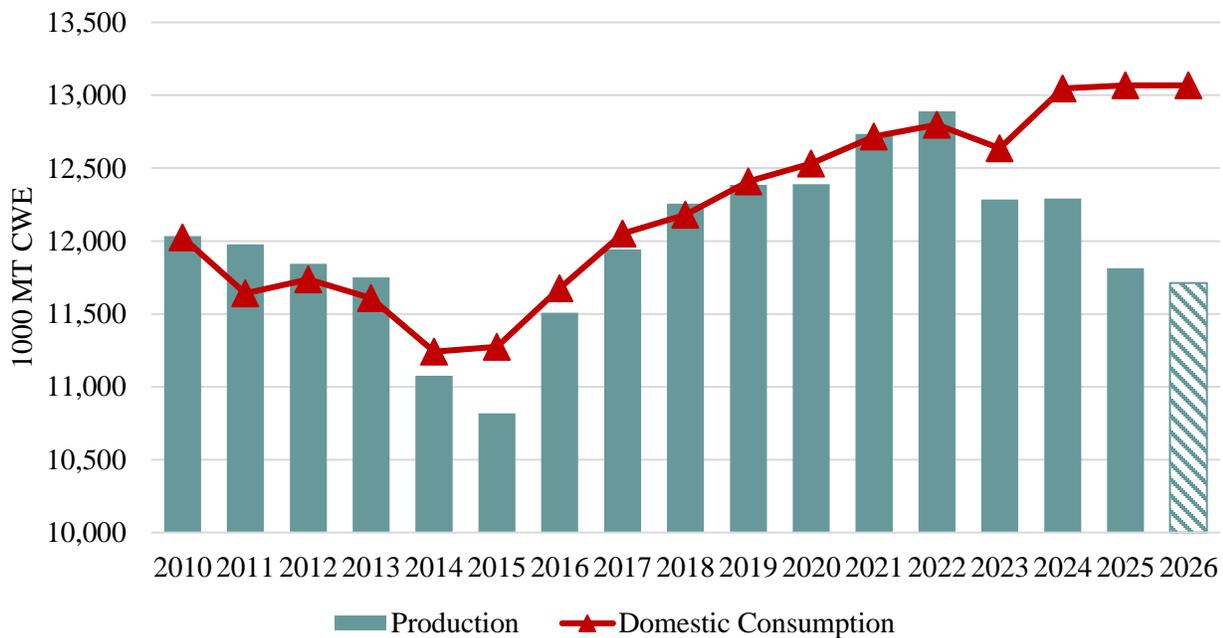
Beef Exports

2026

FAS Wellington has revised beef and veal exports for 2026 MY to 630,000 MT CWE, up 25,000 MT CWE from 2025. This forecast is above the 10-year average for New Zealand beef and veal exports in a year at 625,000 MT CWE. Post's forecast reflects higher slaughter volumes relative to MY 2025, modestly heavier carcass weights, and sustained global demand for New Zealand beef.

Industry contacts indicate that given continued strong farmgate prices driven by overseas demand, production will remain export oriented. Export returns are expected to remain more attractive than domestic market alternatives. In addition, the Government of New Zealand has announced its goal to double the value of exports over the next decade, reinforcing the sector's outward market focus, particularly in markets where New Zealand benefits from strong demand like the United States and through preferential access under free trade agreements.

Figure 17: United States Beef Production and Consumption

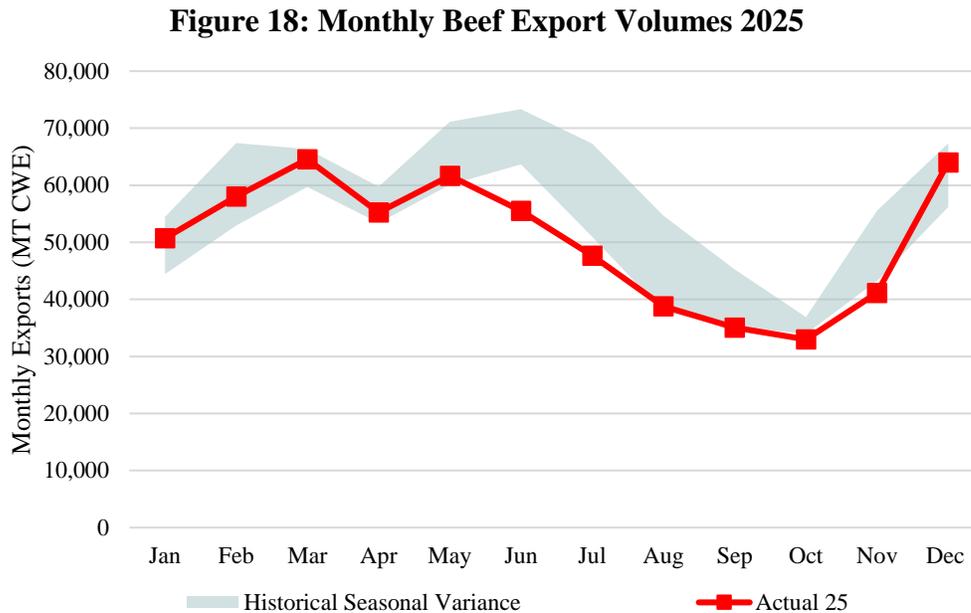


Source: USDA Product Supply and Demand Estimate

As already highlighted, a weaker New Zealand dollar and tight cattle supplies in the United States are anticipated to continue in supporting New Zealand beef and veal imports in the incoming MY, as the U.S. beef industry continues its herd rebuilding phase, while demand stays strong (see Figure 17).

2025

FAS Wellington concludes 2025 MY beef and veal exports at 605,330 metric tons (MT) carcass weight equivalent (CWE), down 6 percent from 2024. Lower export volumes were consistent with reduced production and slaughter during the year. From April onward, monthly export volumes trended below historical averages, before recovering in December (Figure 18).



Source: Trade Data Monitor LLC

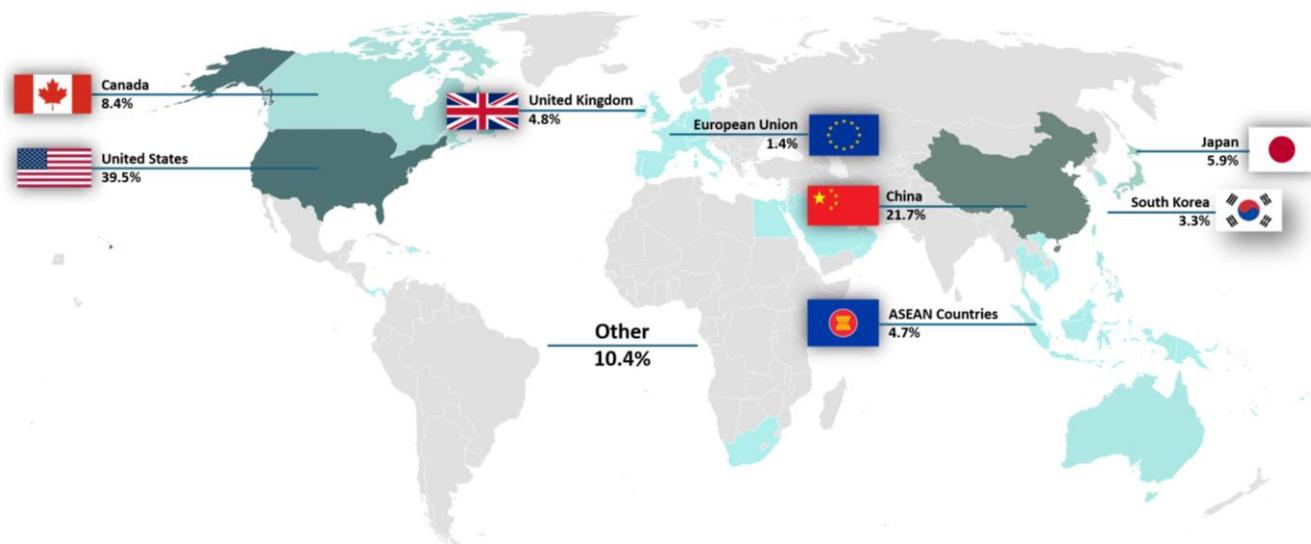
The United States remained the largest destination for New Zealand beef and veal in MY 2025. Despite early industry concerns regarding the impact of tariffs on trade flows and profitability, U.S. demand remained strong throughout the market year. At the conclusion of MY 2025, the United States accounted for approximately 40 percent of total beef and veal exports. Of these volumes, approximately 92 percent consisted of lean grinding beef, primarily supplying established business-to-business relationships within the quick service restaurant (QSR) sector.

Although export volumes declined year-over-year in line with lower production, export values reached record levels. The average unit value across all beef and veal exports rose to NZ\$8,681 per MT CWE (US\$5,051 per MT CWE) FOB, the highest annual average on record. Growth was driven predominantly by strong U.S. demand, where average export value increased 22 percent year-over-year to NZ\$9,241 per MT CWE (US\$5,373 per MT CWE) FOB.

Exports to China declined approximately 25 percent year-over-year. Industry contacts attribute the reduction to continued economic headwinds in China and increased competition from lower-priced South American suppliers.

Conversely, exporters experienced expanded growth in the United Kingdom, European Union, South Korea, Canada, and ASEAN markets. As a result, the geographic distribution of New Zealand's beef and veal exports shifted modestly in MY 2025 compared to previous years (Figure 19).

Figure 19: 2025 Beef & Veal Export Volumes



Source: Trade Data Monitor LLC

Beef Imports

New Zealand imports relatively small volumes of beef, almost exclusively from Australia, primarily to supplement domestic supply for specific processing or retail requirements.

Post forecast MY 2026 beef imports at 18,000 MT CWE, reflecting expectations of improved domestic supply conditions and some moderation in price differentials.

Post concluded MY 2025 imports at 20,912 MT CWE, above historical averages. Industry sources indicate that elevated domestic cattle prices, driven by strong international demand, increased retail and foodservice costs. As a result, some domestic distributors sourced lower-priced Australian product as a substitute.

Attachments:

No Attachments