

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 3/20/2014

GAIN Report Number: NZ1405

New Zealand

Post: Wellington

New Zealand Livestock and Beef Semi-Annual Report 2014

Report Categories:

Livestock and Products

Approved By:

Hugh Maginnis

Prepared By:

David Lee-Jones

Report Highlights:

The success of the dairy industry in New Zealand continues to boost total cattle numbers, with the overall herd rising from 10.1 million head to 10.4 million head over the last two years. Calf and cow slaughter numbers overall are on a positive growth trend as a result. Total beef production continues to hover in the historical range of 600,000 to 640,000 metric tons. For 2014 beef production is forecast at 626,000 metric tons, up 6,000 metric tons (1%) relative to 2013 production. Exports are forecast at 524,000 metric tons in 2014 versus 529,000 metric tons in 2013. The meteoric rise in trade with China is forecast to level off in 2014 which should allow shipments to the US to be maintained at current levels of around 245,000 metric tons carcass weight basis. Strong forecast prices for U.S. beef imports from New Zealand will encourage this volume.

Base Cattle Inventory

New data from Statistics New Zealand shows the overall base cattle herd numbered 10.28 million head at the beginning of MY 2014 (Jan-Dec). This amounts to a 151,000 head or 1.5% upward revision since September 2013 forecasts, and resulted from continued growth in the national dairy herd. Beef+Lamb New Zealand (the levy funded producer representative body) is estimating that base cattle inventories will rise an additional 1.4% to 10.38 million head by the end of 2014 due to an expected increase in dairy cattle numbers. It is estimated that approximately eighty new dairy farms will come into production in 2014 which will account for 50,000 to 60,000 head of the forecast 70,000 extra dairy cows.

Production, Supply & Demand Tables

Animal Numbers, Cattle New Zealand (1000hd, %)	2012			2013			2014		
	Market Year Begin: Jan 2012			Market Year Begin: Jan 2013			Market Year Begin: Jan 2014		
	Off. Data	Post Est.	New Post Data	Off. Data	Post Est.	New Post Data	Off. Data	Post Est.	New Post Data
Total Cattle Beg. Stks	10,021	10,021	10,021	10,199	10,199	10,199	10,127	10,127	10,278
Dairy Cows Beg. Stocks	4,816	4,816	4,816	5,018	5,018	5,009	5,043	5,043	5,103
Beef Cows Beg. Stocks	1,053	1,053	1,053	1,055	1,055	1,060	1,054	1,054	1,022
Production (Calf Crop)	4,945	4,945	4,945	4,893	4,893	5,000	4,985	4,985	5,060
Total Imports	0	0	0	0			0		
Total Supply	14,966	14,966	14,966	15,092	15,092	15,199	15,112	15,112	15,338
Total Exports	42	42	42	43	43	33	42	42	35
Cow Slaughter	763	763	763	885	885	908	840	840	884
Calf Slaughter	1,695	1,695	1,695	1,800	1,800	1,944	1,800	1,800	1,975
Other Slaughter	1,499	1,499	1,499	1,479	1,479	1,438	1,470	1,470	1,455
Total Slaughter	3,957	3,957	3,957	4,164	4,164	4,291	4,110	4,110	4,314
Loss	768	768	768	758	758	597	725	725	612
Ending Inventories	10,199	10,199	10,199	10,127	10,127	10,278	10,235	10,235	10,377
Total Distribution	14,966	14,966	14,966	15,092	15,092	15,199	15,112	15,112	15,338
CY Imp. from U.S.	0	0		0			0		
CY. Exp. to U.S.	0	0		0			0		
Balance	0	0	0	0	0	(0)	0	0	0
Inventory Balance	178	178	178	(72)	(72)	79	108	108	99
Inventory Change	2	2	(1)	2	2	2	(1)	(1)	1
Cow Change	1	0	2	3	0	0	0	0	0
Production Change	3	3	5	(1)	(1)	1	2	2	1
Production to Cows	84	84	84	81	81	82	82	82	83
Slaughter to Inventory	39	39	39	41	41	42	41	41	42
Slaughter to Total Supply	26	26	26	28	28	28	27	27	28
TS=TD	0	0	0	0	0	(0)	0	0	0

Meat, Beef & Veal New Zealand (1000hd,1000M T CWE, kg, %)	2012			2013			2014		
	Market Year Begin: Jan 2012			Market Year Begin: Jan 2013			Market Year Begin: Jan 2014		
	Off. Data	old Post Est.	New Post Data	Off. Data	old Post Est.	New Post Data	Off. Data	old Post Est.	New Post Data
Slaughter (Reference)	3,957	3,957	3,957	4,164	4,164	4,291	4,110	4,110	4,314
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	624	624	624	650	625	620	640	618	626
Total Imports	10	10	10	14	14	15	13	13	13
Total Supply	634	634	634	664	639	635	653	631	639
Total Exports	517	517	517	547	522	529	536	514	524
Human Dom. Consumption	117	117	117	117	117	106	117	117	115
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	117	117	117	117	117	106	117	117	115
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	634	634	634	664	639	635	653	631	639
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	239	239	239	245	245	245	245	245	245
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0	0	0	0
Weights	158	158	158	156	150	144	156	150	145
Production Change %	4	4	4	4	0	(1)	(2)	(1)	1
Import Change %	(17)	(17)	(17)	40	40	50	(7)	(7)	(13)
Export Change %	3	3	3	6	1	2	(2)	(2)	(1)
Consumption Change %	6	7	6	0	0	(9)	0	0	8
Imports Percent Consumption	9	9	9	12	12	14	11	11	11
Exports Percent Production	83	83	83	84	84	85	84	83	84
Population	432794 4	432794 4	432794 4	436511 3	436511 3	436511 3	440191 6	440191 6	440191 6
Per Capita Consumption	27	27	27	27	27	24	27	27	26
TS=TD	0	0	0	0	0	0	0	0	0

Note: All numbers on the Beef production table are shown on a carcass weight basis. To reconcile beef exports in the table with shipped product tons in published statistics divide the number in the table for exports by 1.4.

Not Official USDA Data

Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psdonline/psdhome.aspx>

Beef Slaughter

For 2014 total slaughter is now forecast to reach 4.3 million head, a five percent upward revision from Post's previous forecast. Both the cow and feeder calf slaughter numbers have been revised upward by five percent and ten percent respectively. The higher dairy herd numbers and the repeat of dry conditions (January through March 2014) in the biggest dairying area, Waikato, is likely to mean the cow slaughter will remain higher than originally forecast. Interestingly the calf slaughter, numerically 46% of total kill, only provides five percent of the total beef produced. The extra dairy cows calving in August 2014 and new animal welfare rules, likely later in the year, which will reduce on-farm destruction of un-wanted calves, should result in the forecast increased feeder calf slaughter.

In 2013 the total slaughter has been revised to reflect official Statistics New Zealand data, and at 4.29 million head was three percent higher than the previous estimate. Primarily this was caused by increased calf and cow slaughter. It was thought the nation-wide drought in the first half of 2013 would boost the other adult cattle kill numbers but really all it did was bring the kill forward. Then in the second half of the year the good pasture conditions prompted farmers to delay slaughter in an effort to increase carcass weights.

Beef Production

New Zealand Beef Production Table									
Marketing Year	2012 Actual		2013 Estimate			2014 Forecasts			
	CW kgs/hd	Numbers to kill (1000's)	Total tons Beef	CW kgs/hd	Numbers to kill (1000's)	Total tons Beef	Est. CW kgs/hd	Numbers to kill (1000's)	Total tons Beef
Cow Slaughter	205.6	763	156,843	198.0	908	179,825	200	884	176,800
Calf Slaughter	16.4	1,695	27,722	16.1	1,944	31,349	16.00	1,975	31,600
Heifer Slaughter	245.1	451	110,593	237.1	442	104,787	240	465	111,600
Steer slaughter	317.5	582	184,938	306.4	577	176,677	310	563	174,530
Bull Slaughter	310.0	466	144,325	303.6	420	127,365	308	427	131,303
Other Adult Cattle Subtotal	293.4	1,499	439,856	284.3	1,438	408,828	286.9	1,455	417,433
Total Slaughter	157.8	3,957	624,421	144.5	4,290.9	620,002	145.1	4,314	625,833
% Change from Previous Year									
Cow Slaughter	2.7%	-5.4%	-2.8%	-3.7%	19.0%	14.7%	1.0%	-2.7%	-1.7%
Calf Slaughter	0.3%	1.8%	2.1%	1.4%	14.7%	13.1%	0.8%	1.6%	0.8%
Heifer Slaughter	4.2%	-6.2%	-2.3%	3.3%	-2.1%	-5.2%	1.2%	5.2%	6.5%
Steer slaughter	3.9%	1.9%	5.9%	3.5%	-1.0%	-4.5%	1.2%	-2.4%	-1.2%
Bull Slaughter	3.5%	12.2%	16.2%	2.1%	-9.9%	-	1.3%	1.8%	3.1%

Other Adult Cattle Subtotal	4.5%	2.1%	6.7%	-3.1%	-4.1%	-7.1%	0.9%	1.2%	2.1%
Total Slaughter	3%	0%	4%	-8.4%	8.4%	-0.7%	0.4%	0.5%	0.94%

Source: GTA, B+LNZ, StatsNZ, Post Estimates, Note: all weights in kilograms or metric tons

New Zealand sheep and beef farmers have made a very good recovery from the drought in the first half of 2013. A complete reversal during the second half of 2013 to beneficial climatic conditions should result in higher average cattle carcass weights in 2014, recovering from 284 kilograms per head for adult cattle, excluding cows, in 2013 to reach 287 kilograms per head. This combined with increased slaughter numbers will boost beef production to a revised total in 2014 of 626,000 metric tons (MT), up 1.3% over the previous forecast. For 2013 actual beef production was 620,000 MT, a one percent downward revision from the previous forecast. The increased cow and calf slaughter numbers and beef production couldn't make up for the drought induced adult steer, heifer, and bull reduced production.

Exports

At 524,000 MT (carcass weight basis), beef exports in 2014 have been revised up two percent due to forecast higher beef production combined with a reduced domestic consumption estimate. In 2013 exports increased to 529,000 MT (up 1.3%) as domestic consumption at 106,000 MT was revised down from previous Post estimates.

New Zealand Export Statistics for Beef						
Annual Series: 2008 - 2013						
Partner Country	Quantity Metric Tons Carcass Weight Equivalent					
	2008	2009	2010	2011	2012	2013
United States	251,472	234,564	222,265	212,622	238,469	244,468
China	830	3,749	3,402	3,949	14,687	50,114
Japan	49,375	40,641	47,781	43,147	45,090	42,979
Korea South	55,881	44,923	48,009	50,362	40,299	34,401
Taiwan	26,982	28,230	27,243	27,223	27,535	25,588
Canada	29,476	39,788	32,192	31,900	26,726	19,153
Indonesia	36,793	36,733	51,696	29,232	11,493	13,499
Philippines	11,158	10,108	13,846	14,039	16,544	11,257
Malaysia	2,422	3,298	3,608	3,482	8,501	9,625
Australia	4,319	5,022	6,853	8,708	8,735	7,525
Hong Kong	6,590	10,186	7,829	7,099	7,846	6,787
Singapore	6,191	7,531	8,753	8,772	10,402	6,129
Saudi Arabia	34	1,084	3,182	2,159	2,467	5,975
All Other Destinations Subtotal	51,470	48,005	52,994	60,416	58,066	51,755
World Total	533,001	513,863	529,655	503,112	516,862	529,252

Source: GTA

Exports to the US in 2013 were 245,000 MT (carcass weight basis) which is consistent with earlier Post estimates. For 2014, export shipments are expected to reach the same level of 245,000 MT.

The wild card here is China. Chinese beef demand exploded in early 2013 with New Zealand beef shipments to the PRC outpacing 2012 levels by a massive 340%. However there isn't quite the buzz at the New Zealand end of the market now there was a year ago when the trade with China really took off. Documentation-related access problems resulted in several thousand tons of product being stuck at several Chinese ports for up to twelve weeks during the March-May period of 2013, has led to a more cautious approach among NZ exporters.

While the trade statistics show an increase in manufacturing beef was being shipped to China, the demand was for specific manufacturing cuts which were paying very well. However now that the US demand and pricing for imported manufacturing beef is ramping up it is thought some price resistance will creep into Chinese purchasing and curb demand. On this basis it is anticipated the tonnage to be shipped to China by New Zealand in 2014 will be similar to 2013 levels, despite some commentators having said beef exports to China in 2014 could double the 2013 volume.