

Wild weather rips through North Island

Wild weather has swept through the North Island with strong winds and heavy rainfall causing power outages, flooding and slips, especially in HB. Many farmers believe it's comparable to Cyclone Bola (1988) and in some areas it's far worse, with its significant damage to farmland. In regions where the rain hasn't been overkill, the moisture and warmth will keep the grass moving until the cold really starts to bite.

Heartland

A new rural bank is on the horizon after a successful merger of financial institutions in Jan to become Building Society Holdings (BSH). BSH released their new name today, 'Heartland' (HNZ). Heartland will focus on banking and financial services to small businesses and the rural sector. It's expected to apply for a banking licence around the middle of the year.

OCR unchanged at 2.5%

The RBNZ held the OCR at 2.5% yesterday, where it's likely to remain for some time. The outlook for the NZ economy remains very uncertain following the Christchurch quake. Higher oil prices and the NZ\$ will have a dampening effect on economic activity.

NZ dollar edging towards post-float high

A gloomy report released by the US Fed yesterday did not help the US\$ which continued to weaken. Currency traders were up to their usual tricks, selling the US\$ and investing in higher yielding currencies such as the NZ\$. The NZ currency was floated in '85, and is just shy of its post-float peak of US\$2.12 (Feb '08). The AU\$ passed its post-float high on Wed by hitting US\$1.08.

Selling NZ overseas

On Tue, a Chinese agricultural company, Agria Singapore, declared its partial takeover for PGG Wrightson as unconditional. Agria Singapore will be jointly owned by Agria Corporation and New Hope, with an investment from Ngai Tahu and some financing from LIC. Agria Corporation is a China-based agricultural company while New Hope is one of China's largest agricultural and food corporations.

SFF onwards an upwards

Silver Fern Farms (SFF) has entered into an agreement to buy Wallace Corporation's meat processing plant at Waitoa, but Wallace will retain its rendering tanning, farming and casualty stock collection business. SFF also plans to rebuild a new high-tech beef processing plant on its Te Aroha site, which was damaged by fire in Dec last year.

Market Snapshot

\$/kg		Chge	Next Week	This Week	Last Month	Last Year
Cattle						
M2 Bull	300kgCW	-5c	4.40	4.45	4.67	3.53
P2 Steer	300kgCW	-5c	4.40	4.45	4.70	3.51
Store R2yr Bull	450kgLW	n/c	2.00	2.00	2.20	1.83
Store R2yr Steer	450kgLW	n/c	2.15	2.15	2.20	1.85
Sheep						
Lamb M	16kgCW	+5c	6.95	6.90	6.75	4.77
Store Male Lamb	35kgLW	+5c	3.35	3.30	3.00	2.15
Deer						
AP Stag	60kgCW	n/c	7.60	7.60	7.40	6.35
Wool						
Coarse Xbred Indicator		-29c	608	608	637	315

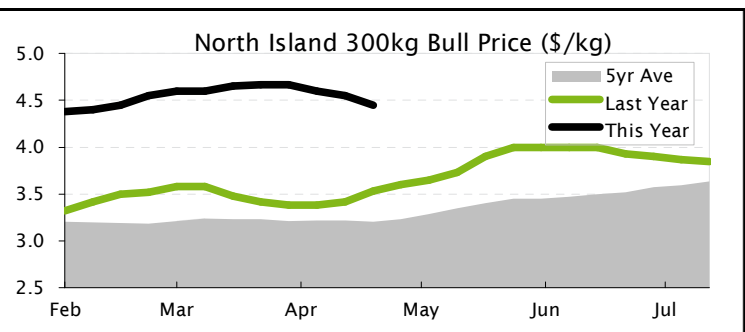
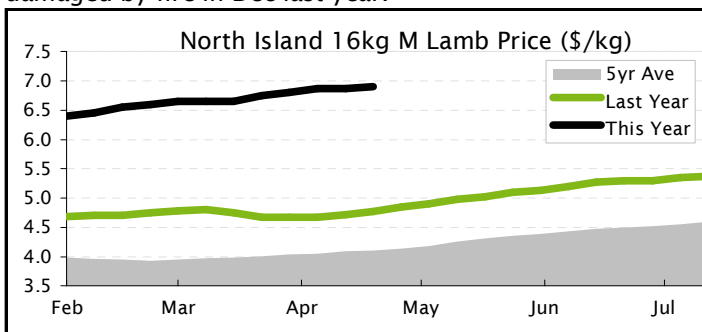
Currency

Currency	Chge	This Week	Last Week	Last Month	Last Year
NZD:USD	+0.2%	0.802	0.800	0.761	0.726
NZD:GBP	-0.7%	0.481	0.485	0.474	0.473
NZD:EURO	-1.7%	0.540	0.549	0.537	0.548
TWI	-0.7%	68.19	68.68	66.73	67.62

Weather

	Rainfall (mm)			Soil Temp (°C)		
	This Week	Last 4wks	vs Ave	This Week	Last 4wks	Trend
Northland	31	57	Low	16.4	16.4	-
Waikato	101	163	V.High	15.1	15.5	Down
King Country	46	98	Ave	13.7	13.9	Down
Bay Of Plenty	148	224	V.High	14.6	14.9	Down
Gisb./Wairoa	172	227	V.High	11.6	11.5	-
Taranaki	56	148	Ave	13.4	13.8	Down
Mana./Wang.	53	113	V.High	13.6	14.0	Down
Taihape	41	93	Ave	n/a	n/a	n/a
Hawke's Bay	144	182	V.High	13.3	13.2	-
Wairarapa	69	116	V.High	11.9	12.1	-

Rainfall and soil temp calculated over 7 days to Thur - provided by NIWA



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Cattle prices dip

Meat processors have taken a fair chunk out of schedules over the last two weeks for a variety of reasons: the NZ\$ is over US80c, supply has been adequate, and there were two short weeks over Easter. 300kg cwt bull was \$4.45/kg on average with a range of \$4.30-4.50/kg. Steer prices have also been pulled back to \$4.45/kg. It is likely prices will continue this downwards trend into next week.

Store cattle hard to shift

The devastating weather throughout the NI will have an impact on the store market. Initially there will be less traded due to limited access to farms, but with some hill country farmers saying they've lost a fair chunk of land from damage, there will be some de-stocking, especially in the Hawke's Bay area. Coastal parts of central HB have apparently lost up to 50% of their winter grazing and it's likely there will be stock losses. In terms of the store market, the Easter break gave a chance for farmers to take a breather. Prices haven't moved much, seeing very little has been traded in the paddock and through the saleyards. Cattle continue to be hard to shift, partly because of financing issues as they are still good buying when compared to schedule prices. With schedule prices easing and the NZ\$ over US80c, confidence is dwindling which is further affecting the market. In HB, 400kg R2yr bulls are \$2.10/kgLW. This also seems to be the money in Taupo, Wanganui and most other regions. In the Bop, up to \$2.15/kgLW can still be achieved. R2yr steer prices have come off the boil and are generally \$2.15-2.20/kgLW. R2yr heifers remain solid at \$2.10-2.15/kgLW for 380kg types. Weaners continue to hold their value with steers \$2.50-2.60/kgLW in the paddock. Heifers are moving around \$2.20-2.30/kgLW. At the fielding weaner fair, the breeds were all straight Angus and Angus/Hereford cross. 200kg steers sold for \$2.72/kgLW while 230-270kg types were \$2.64/kgLW on ave. Heifers 150-190kg made \$2.32/kg and 190-230kg were \$2.40/kg on ave. The 100 cattle at Stortford were a struggle to sell due to quality and the type. Close to 900 cattle were at Feilding today. Some fairly mediocre cattle went under the hammer by way of both quality and condition however prices managed to remain up to recent levels. R2yr Fr bulls were \$2.00-2.20/kgLW and traditional R2yr steers were \$2.37/kg on ave for a 325-375kg weight range. Traditional weaner steers 190-230kg were \$2.70/kgLW and heifers \$2.16/kgLW.

Own worst Enemy

High cow prices are no doubt enticing more cows to slaughter that could have potentially been used for breeding cows. Works buyers have been frequent at the saleyard's this season, snatching up potential candidates to fill up processing plants. We are now seeing in-calf cows being sent to the works which is a new low, especially at a time when NZ should be focusing on rebuilding herds. Decent store cows are around \$1000/hd, which makes it difficult for farmers to come to grips with, while processing plants are hot on farmer's heels offering competitive slaughter rates for cows.

US beef herd declining

US cattle supplies are expected to remain tight over the next few years which is good news for NZ exporters of manufacturing beef. The US cattle herd has been shrinking and despite improved prices, there remains hesitation in rebuilding herds. Steiner Consulting Group does not expect US beef production to start growing until 2013, possibly 2014. The weak US\$ and strong global beef prices have fuelled a surge in US beef exports. US beef exports are expected to be up 11.8% this year and increase by 5.3% into 2012. On the other hand, imports are constrained by the weak US\$ and competition from other markets.

Slaughter Cattle Prices

\$/kg		Chge	Next	This	Range	Last	Last
			Week	Week		Month	Year
M2 Bull	300kg	-5c	4.40	4.45	4.30 - 4.50	4.67	3.53
P2 Steer	300kg	-5c	4.40	4.45	4.30 - 4.50	4.70	3.51
P2 Cow	230kg	-5c	3.60	3.65	3.60 - 3.85	3.80	2.60
M Cow	200kg	-5c	3.45	3.50	3.40 - 3.65	3.75	2.40
Local Trade	230kg	n/c	4.40	4.40	4.40 - 4.60	4.60	3.52

Store Cattle Prices

\$/kg		Chge	Next	This	Range	Last	Last
			Week	Week		Month	Year
Wnr Bull	250kg	n/c	2.15	2.15	2.15 - 2.40	2.30	2.15
	200kg	n/c	2.35	2.35	2.25 - 2.50	2.50	2.30
Wnr Steer	250kg	n/c	2.50	2.50	2.50 - 2.60	2.50	2.35
	200kg	n/c	2.60	2.60	2.60 - 2.70	2.60	2.50
Wnr Heifer	220kg	n/c	2.20	2.20	2.20 - 2.40	2.25	1.95
	180kg	n/c	2.30	2.30	2.20 - 2.35	2.30	2.10
R2yr Bull	450kg	n/c	2.00	2.00	2.00 - 2.20	2.20	1.83
	400kg	n/c	2.10	2.10	2.10 - 2.15	2.20	1.88
R2yr Steer	450kg	n/c	2.15	2.15	2.15 - 2.20	2.20	1.85
	400kg	n/c	2.20	2.20	2.10 - 2.20	2.25	1.90
R2yr Heifer	420kg	n/c	2.05	2.05	2.05 - 2.10	2.15	1.80
	380kg	n/c	2.10	2.10	2.10 - 2.15	2.20	1.83

N.B: Slaughter values are gross operating prices available in the NI including premiums. Store values are ave gross on-farm prices available on a line.

Cattle Slaughter Trends

1000s	Estimated Weekly Kill:				Last week compared to:		
	Last Week	2Wks Ago	Last Year	5yr Ave	2Wks Ago	Last Year	5yr Ave
Cattle NI	43.6	58.5	55.7	47.4	-25%	-22%	-8%
Cattle SI	17.7	24.7	22.9	17.4	-28%	-23%	+2%
Cattle NZ	61.3	83.2	78.7	64.9	-26%	-22%	-5%
Bull NI	5.7	8.4	6.4	7.2	-32%	-11%	-21%
Bull SI	1.9	2.9	1.6	2.1	-34%	+17%	-10%
Str & Hfr NI	13.6	19.8	16.2	14.7	-31%	-16%	-8%
Str & Hfr SI	6.0	9.3	7.8	6.8	-35%	-23%	-12%
Cows NI	24.3	30.3	33.2	25.5	-20%	-27%	-5%
Cows SI	9.8	12.5	13.5	8.5	-22%	-27%	+16%

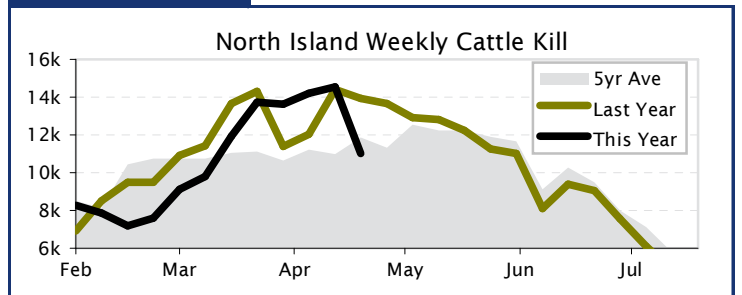
Beef Export Demand & Procurement Indicators

Export Market Indicator Price	Chge	This Week	Last Week	Last Year	This Wk compared to:		
					4Wks Ago	Last Year	5yr Ave
US 90CL \$/lb	-1	1.97	1.98	1.70	-2%	+16%	+43%
US Dom Cow	n/c	2.03	2.03	1.72	+0%	+18%	+37%
US 95CL \$/lb	-1	2.07	2.08	1.80	-2%	+15%	+40%
NZ\$/kg	-4	5.69	5.73	5.47	-7%	+4%	+21%
Margin CIF-FOP	+6	1.24	1.18	1.94	-23	-70	-25

Procurement Indicator - Schedule as % of US 95CL price

% Returned	-1%	78.2%	79.4%	64.5%	+2%	+14%	+10%
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In Focus





Lamb prices edge towards \$7.00/kg

Lamb prices continue to edge higher on a weekly basis. Despite prices being strong, they continue to be all over the show which is a reflection of how desperate different meat processors are for lambs. The two short weeks over Easter has caused the kill to drop, but plants were fairly full over this period. Prices range from \$6.80-7.00/kgCW for a 16kg cwt lamb (gross incl wool/short belly, prems etc) with an average of \$6.90/kg being paid.

Feilding reaching formidable heights

Store lamb prices lifted this week as the shortage of lambs is starting to put buyers into panic mode. In many regions, regardless of weight, you'd be paying over \$100/hd. In HB, 30-31kg male lambs are \$3.30-3.40/kgLW. In Taihape, 30kg male lambs are generally \$3.30/kgLW while anything less than 30kg is around \$3.40/kgLW. Male lambs in the paddock in the Wanganui region are \$3.30-3.40/kgLW for 33kg types, while in-lamb ewes are \$105-120/hd. Male lambs in the Taupo region are similar at \$3.30/kgLW while ewe lambs are \$3.20/kgLW on ave. In the Bop, male lambs fetch anywhere between \$3.25/kgLW and \$3.30/kgLW. You can't get much for under \$100/hd in the Manawatu, which seems to be the common theme through the NI. Lamb prices in Northland are lagging with male lambs around \$3.25/kg. The unfavourable weather in HB took its toll on store lamb numbers at Stortford this week with only 1600 of the 5000 advertised turning up. The iFarm Stortford Sale Indicator was \$3.33/kg for an average weight of 31.6kg. Around 2000 store lambs went under the hammer today at Matawhero, with locals mainly buying. There were plenty of bidders for 'run with ram' ewes but one buyer was determined and went home with the lot for \$108-127.50/hd. Male lambs 28-31kg were \$3.53-3.59/kgLW while heavy 35-37kg were still up there at \$3.33/kgLW. Ewe lambs 28-29kg were \$3.45/kgLW on ave. Prices continued to climb in the lamb section at Feilding today reaching formidable heights despite over 8000 up on offer. Male lambs 28-29kg were \$4.02/kgLW, 32-34kg \$3.76/kgLW and 35-37kg \$3.50/kgLW! Ewe lambs were roughly 10-15c/kg cheaper in these weight ranges. The smallest Taihape hogget fair for some time saw only 6000 on offer yesterday. Buyer competition was fierce for the males with the top price of \$138/hd going to a line of 255 Romney cryptorchids. The best ewe lambs made a handy \$132.50/hd.

UK struggling for lamb supply

According to the latest Sheep Market Outlook from EBLEX (organisation for beef and lamb levy payers in England), the shortage of lamb globally is expected to impact UK trade during 2011 and 2012. The drop in NZ lamb exports to the UK this year is taking its toll, causing UK domestic prices to reach record levels as competition heats up. From Jan to Feb, NZ supplied just 75% of its imports when the same period in 2010 and 2009 it was 80%. Australia has jumped in to pick up some slack by exporting 60% more lamb during that period, accounting for 15% of total UK lamb imports.

NZ\$ too much for wool

Wool prices weakened again at the combined sale in North and South Islands with the currency a major factor at play. Competition from buyers has been much quieter over recent weeks and a massive 38% of the 18,000 bales on offer were past in. It seems that processors and consumers are now starting to seriously balk at the current high price levels.

Slaughter Sheep Prices

\$/kg	Chge	Next Week	This Week	Range	Mont h	Last Year
Lamb M 13.5kg	+5c	6.95	6.90	6.80 - 7.00	6.75	4.55
Lamb M 16 kg	+5c	6.95	6.90	6.80 - 7.00	6.75	4.77
Lamb X 19 kg	+5c	6.95	6.90	6.80 - 7.00	6.75	4.76
Mutton MX 20 kg	n/c	4.50	4.50	3.80 - 4.65	4.40	2.75
But. Ewe 24 kg	n/c	4.50	4.50	4.30 - 4.65	4.50	2.77

Store Sheep Prices

Lambs - \$/kg	Chge	Next Week	This Week	Range	Mont h	Last Year
Male Lamb 35kg	+5c	3.35	3.30	3.20 - 3.20	3.00	2.15
32kg	+5c	3.40	3.35	3.20 - 3.50	3.15	2.20
28kg	+5c	3.45	3.40	3.30 - 3.60	3.20	2.28
Ewe Lamb 28kg	+5c	3.35	3.30	3.25 - 3.40	3.15	2.10
2th Ewe \$/hd	n/c	150	150	120 - 170	150	105
MA Ewe \$/hd	n/c	120	120	90 - 130	120	80
5yr Ewe \$/hd	n/c	110	110	110 - 130	110	70

N.B: Slaughter values are gross operating prices available in the NI including premiums. Store values are ave gross on-farm prices available on a line

Sheep Slaughter Trends

1000s	Estimated Weekly Kill:				Last week compared to:		
	Last Week	2Wks Ago	Last Year	5yr Ave	2Wks Ago	Last Year	5yr Ave
Lamb NI	191	232	282	249	-18%	-33%	-24%
Lamb SI	308	458	363	443	-33%	-15%	-31%
Lamb NZ	498	689	646	692	-28%	-23%	-28%
Mutton NI	13	16	26	40	-16%	-48%	-67%
Mutton SI	17	35	40	46	-52%	-59%	-64%

Lamb Export Demand & Procurement Indicators

Export Market Indicator Price				This Wk compared to:			
	Chge	This Week	Last Week	Last Year	4Wks Ago	Last Year	5yr Ave
US F/Rack \$/lb	n/c	11.70	11.70	6.20	+1%	+89%	n/a
UK Leg p/lb	n/c	2.54	2.54	1.76	+1%	+44%	+83%
NZ\$/kg	+8	11.64	11.56	8.21	-1%	+42%	+51%

Procurement Indicator - Lamb schedule as % of UK Leg price							
% Returned	Chge	This Week	Last Week	Last Year	4Wks Ago	Last Year	5yr Ave
	-0%	59.3%	59.4%	58.1%	-0%	+1%	+17%

Venison Price

\$/kg	Chge	Next Week	This Week	Range	Mont h	Last Year
AP Stag 60kg	n/c	7.60	7.60	7.50 - 7.65	7.40	6.35

Wool Market Indicators

	Chge	This Week	Prev. Week	Last Year		
Sale Centre		NAP/CHCH	NAP/CHCH	NAP/CHCH		
Date		28-Apr	14-Apr	Apr		
Coarse Xbred Indicator	-29	608	637	315		
Fine Xbred Indicator	-32	641	673	378		
Lambs Indicator	-	-	-	405		
Bales on Offer (% sold)		18,600 (62%)	9,271 (69%)	17,359 (82%)		
NZ:US Exchange rate	2.1%	0.806	0.789	0.712		
Type	Descrp.	Yld	Clean Greasy	Clean Greasy	Clean Greasy	
37F2D	Ewe Flce	4-6" 77%	-26	639 472	665 489	330 229
39F2D	Ewe Flce	4-6" 77%	-26	639 472	665 489	329 228
37F2K	2nd Shr	3-4" 78%	-35	620 464	655 488	326 229
35F2D	Hgt Flce	4-6" 77%	-30	635 469	665 489	352 246
30L1Q	Lambs	1-3" 81%	-30	625 486	655 505	409 306