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LAMB CROP 2016



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Compare Your Lambing Percentage Online

Data collection and benchmarking are key drivers of improved farm profitability. You can see how your business matches up at the click of a mouse.

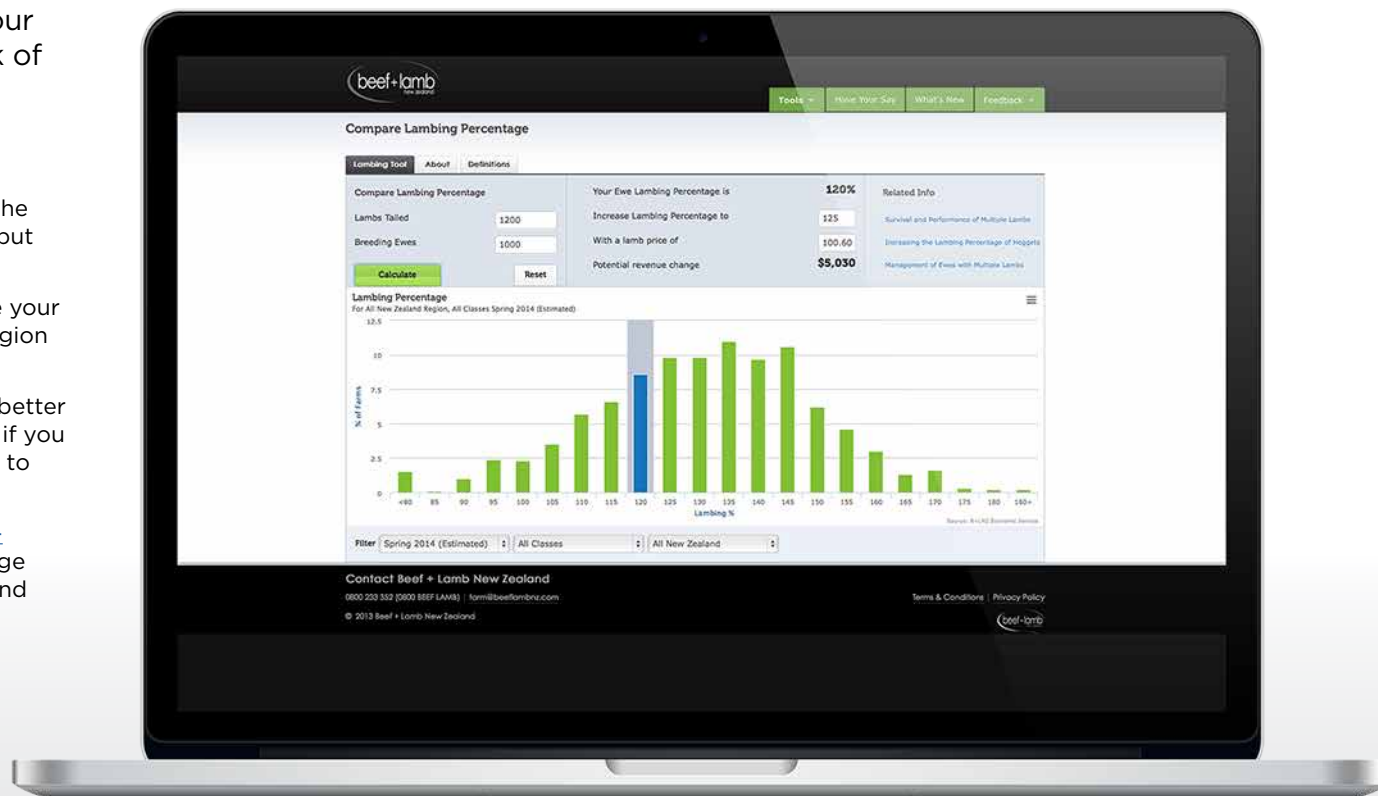
Lambing Calculator

The lambing percentage calculator was the first of our interactive tools designed to put your farm's performance in context.

Use it for a clear understanding of where your farm stands among a broader group - region or farm type.

Once you know where you are, you'll be better placed to know where you're going - so, if you need to, you can take appropriate action to change your course

Visit www.BeefLambNZ.com/interactive-tools to calculate your lambing percentage compared with the All Classes average and with farms in your region or farm type.



Executive Summary

Lamb Crop -1.3%

The number of lambs tailed in the spring of 2016 was down 1.3 per cent (-0.31 million) on the previous spring to 23.7 million head. This was the smallest lamb crop since spring 1953.

This season's lamb crop was influenced by a decrease in the number of breeding ewes (-3.1%), but offset by an increase in lambing percentage compared with the previous year.

North Island -2.8%

North Island lamb numbers decreased 2.8 per cent (-324,000 head) to 11.30 million head. This was slightly up (+0.9%) on the spring of 2013, which was the lowest North Island lamb crop on record due to drought conditions at mating for that year.

South Island +0.2%

South Island lamb numbers increased slightly (+19,000 head) to 12.42 million head on the previous year. This was due to improved lambing percentages, which were aided by good climatic conditions that offset a decline in breeding ewes, compared to the previous year.

Lambing percentage 123.0%

The ewe lambing percentage for the spring of 2016 was 123.0 per cent, up 2.1 percentage points on 2015. This increase was due to good climatic conditions for most regions.

This season was down 2.4 percentage points on spring 2014 which was the highest recorded lambing percentage.

North Island 119.4%

The North Island ewe lambing percentage at 119.4 per cent was up 0.3 percentage points from 119.1 per cent last spring, even though there were residual effects from facial eczema. This is still 2.3 percentage points up on the 10-year average (2006-07 to 2015-16).

South Island 126.4%

The South Island ewe lambing percentage at 126.4 per cent was up 3.9 percentage points compared to the previous spring. The largest contributor was good climatic conditions during lambing and good ewe condition at mating for most regions.

Ewes to ram -3.1%

The number of breeding ewes at 1 July 2016 decreased 3.1 per cent on 2015 to 18.5 million. Decreases occurred across all regions but the most significant decrease was in Marlborough-Canterbury (-6.5%) in response to continued dry conditions.

Lambs from hoggets +1.9%

The number of lambs from hoggets totalled 0.99 million, up 1.9 per cent on 2015. The number of lambs from hoggets increased in most regions. The exceptions were East Coast North Island and Taranaki-Manawatu where lambs from hoggets decreased.

Export lamb slaughter -2.7%

The 2016-17 export lamb slaughter is estimated to decrease 2.7 per cent to 19.35 million head. This is due to fewer breeding ewes which offset an increase in lambing percentages on the previous year.

Economic Service Managers

This paper summarises the results from a field survey carried out to estimate the lamb crop for spring 2016. The Survey covers over 500 commercial sheep and beef farms, which are a statistically representative sample of the commercial sheep and beef farms in New Zealand. Beef + Lamb New Zealand's Economic Service Managers based throughout New Zealand collect farm information at various points during the year. The Lamb Crop Survey is used to measure breeding ewe performance (lambing percentage), lambs born, lamb survival, early drafting and supply expectations for the season.

Overview

Seasonal Conditions

Weather Events

Lambing weather was average to better-than-average for most South Island regions. North Island regions experienced mixed conditions during lambing with two notable cold snaps in August and September hindering farms lambing during this period.

Lamb Thrift

Island Difference

North Island regions had lower than normal lamb growth rates due to lack of sunshine and wet weather conditions. South Island regions had good growth rates due to improved pasture covers and lamb growth rates compared with the same time last year.

Early Drafting Pattern

Island Difference

North Island regions were expected to draft later and be lower in number due to the effect of lower thrift. South Island regions were the same as or earlier than last year. Farmers in both islands are wary of trade-offs between schedule price changes and opportunities for further weight gains in lambs.

Early Schedule Comment

Schedule prices for most regions, at time of writing, were decreasing, leading into Christmas. Most anecdotal commentary pointed towards uncertainty in world markets.



Table 1 Estimate of 2016-17 Lamb Crop

				Northland- Waikato-BoP	East Coast	Taranaki- Manawatu	North Island	Marlborough- Canterbury	Otago	Southland	South Island	NEW ZEALAND
2014-15	Ewes to Ram	(000)	1	2,468	4,641	2,133	9,242	3,937	3,335	3,265	10,538	19,779
2015-16	Ewes to Ram	(000)	2	2,486	4,527	2,281	9,295	3,600	3,156	3,024	9,780	19,074
2016-17e	Ewes to Ram	(000)	3	2,385	4,428	2,213	9,026	3,367	3,106	2,983	9,456	18,482
2014-15	Lambs from Ewes	(000)	1	3,123	5,922	2,924	11,969	4,660	3,970	4,204	12,833	24,802
2015-16	Lambs from Ewes	(000)	2	3,055	5,229	2,783	11,067	4,144	3,790	4,049	11,983	23,050
2016-17e	Lambs from Ewes	(000)	3	3,005	5,132	2,638	10,775	4,007	3,817	4,128	11,952	22,727
2014-15	Ewe Lambing %	(%)	1	126.5%	127.6%	137.1%	129.5%	118.3%	119.0%	128.8%	121.8%	125.4%
2015-16	Ewe Lambing %	(%)	2	122.9%	115.5%	122.0%	119.1%	115.1%	120.1%	133.9%	122.5%	120.8%
2016-17e	Ewe Lambing %	(%)	3	126.0%	115.9%	119.2%	119.4%	119.0%	122.9%	138.4%	126.4%	123.0%
2014-15	Lambs from Hoggets	(000)	1	168	293	132	593	171	104	162	438	1,031
2015-16	Lambs from Hoggets	(000)	2	142	285	132	559	158	118	145	421	980
2016-17e	Lambs from Hoggets	(000)	3	166	260	102	528	180	120	170	470	998
2014-15	Total Lambs Tailed	(000)	1	3,291	6,215	3,056	12,562	4,831	4,074	4,366	13,271	25,833
2015-16	Total Lambs Tailed	(000)	2	3,197	5,514	2,915	11,626	4,302	3,908	4,194	12,404	24,030
2016-17e	Total Lambs Tailed	(000)	3	3,171	5,392	2,740	11,303	4,187	3,937	4,298	12,422	23,725

1 Statistics New Zealand ewe numbers and lamb numbers

2 Statistics New Zealand ewe numbers, Beef + Lamb New Zealand Economic Service Lamb Crop Survey

3 Beef + Lamb New Zealand Economic Service Livestock Numbers Survey, Beef + Lamb New Zealand Economic Service Lamb Crop Survey

e Beef + Lamb New Zealand Economic Service Estimate

Region Reports

Ewes to Ram

Northland-Waikato-BoP

Decreased 4.0 per cent compared with 2015 to 2.39 million. This can be attributed to the ongoing downward trend in ewe numbers. Uncertainty around income from sheep caused farmers to look at other stock classes for better on-farm returns. Also a hot and humid autumn in 2016 led to unusually extreme facial eczema conditions, which then contributed towards higher ewe mortality during the autumn-winter period.

East Coast

Decreased 2.2 per cent compared with 2015 to 4.43 million. This was due to a combination of drought, facial eczema and changes in stock policies towards cattle, influenced by better returns and lower labour requirements for this class of stock.

Taranaki-Manawatu

Decreased 3.0 per cent compared with 2015 to 2.21 million. Mortality due to facial eczema was the greatest cause of this reduction especially in Wanganui. In addition there was a lack of scanned-in-lamb (SIL) ewe replacements for sale in the market. SIL ewe hoggets were often sought to replace breeding ewes.

Marlborough-Canterbury

Decreased 6.5 per cent compared with 2015 to 3.37 million. This was largely due to prolonged dry conditions resulting in farmers retaining younger stock while culling older ewes.

Otago-Southland

Otago decreased 1.6 per cent compared with 2015 to 3.11 million. Southland decreased 1.4 per cent compared with 2015 to 2.98 million. Ewe numbers have continued to decline in both regions due to poor profitability of sheep, and emphasis on beef production.

Ewe Lambing Percentage

Northland-Waikato-BoP

Increased 3.1 percentage points compared with 2015 to 126.0 per cent. This resulted in 3.01 million lambs from ewes. Although the lambing percentage improved, fewer ewes mated meant about 50,000 fewer lambs from ewes were tailed for spring 2016. Scanning results were variable, however farmers whom reported good scanning results were disappointed these did not necessarily translate to expected lambing percentages.

East Coast

Increased slightly (+0.4 percentage points) compared with 2015 to 115.9 per cent. This was due to diverse lambing conditions; improved performance was experienced for the lower half of the region balanced by decreased lambing percentages for the northern half.

Taranaki-Manawatu

Decreased 2.8 percentage points compared with 2015 to 119.2 per cent. This was largely driven by finishing farms in Horowhenua, Wanganui and Taranaki where incidence of facial eczema was most prevalent. The number of non-pregnant ewes increased markedly.

Marlborough-Canterbury

Increased 3.9 percentage points compared with 2015 to 119.0 per cent. This was due to improved stock and feed conditions during mating, which resulted in an increase in the number of twins born this season.

Otago-Southland

In Otago and Southland, the ewe lambing percentage increased 2.8 and 4.5 percentage points to 122.9 and 138.4 per cent respectively.

Dry conditions at mating in some parts, particularly coastal and central Otago and parts of Clutha district, led to lower scanning results.

However a kind spring with favourable weather conditions, generally mild temperatures and adequate moisture contributed to pasture growth rates well above normal. This extended to very good lamb survival throughout the region. Many farmers commented that this was the best spring in decades.

Hoggets to Ram

Northland-Waikato-BoP

Increased on 2015. Hoggets were in good condition, which enabled farmers to run more ewe hoggets with the ram. Hoggets mated on hard hill country continued to increase due to an improving awareness of hogget mating and its benefits, leading to a change in these farm systems.

East Coast

No significant change in the number of hoggets mated compared with 2015.

Taranaki-Manawatu

Decreased significantly in number compared with 2015. This reflected poorer ewe hogget condition at mating. Subsequently the proportion of lambs from hoggets declined.

Marlborough-Canterbury

Increased slightly compared with 2015. This was due to more hoggets being retained and favourable climatic conditions during mating. This in turn led to ewe hoggets being in a suitable body condition for mating.

Otago-Southland

In Otago, the proportion of hoggets mated was similar to 2015.

In Southland, the proportion of hoggets mated increased compared to the previous season. This was due to more hoggets reaching acceptable weights for mating and feed conditions being good going into winter.

Lambs from Hoggets

Northland-Waikato-BoP

Increased 17 per cent compared with 2015 to 166,000 head. This represents 5.2 per cent of total lambs in the region. A good climatic season and well-grown hoggets enabled this year's mating to be an improvement on 2015.

East Coast

Decreased 8.8 per cent compared with 2015 to 260,000 head. This represents 4.8 per cent of total lambs, which is lower than 2015 due to drought conditions and a high level of facial eczema.

Taranaki-Manawatu

Decreased 23 per cent compared with 2015 to 102,000 head. This represented 3.9 per cent of total lambs for this region.

Marlborough-Canterbury

Increased 14 per cent compared with 2015 to 180,000 head. This was up 22,000 head on 2015 and represents 3.0 per cent of total lambs.

Otago-Southland

In Otago, the number of lambs from hoggets increased 1.7 per cent to 120,000, similar to 2015. In Southland, more hoggets mated and good survival combined to increase the total number of lambs born to hoggets 17 per cent to 170,000.

Total lambs from hoggets represent 4.0 and 3.8 per cent of total lambs for Otago and Southland respectively.

Total Number of Lambs

Northland-Waikato-BoP

Decreased slightly (-0.8%) compared with 2015 to 3.17 million head, a decrease of 26,000 head. The increase in lambs from hoggets has partially offset the reduction in lambs from ewes. The effect of facial eczema also had a significant impact on what was otherwise considered a better-than-expected climate for the late summer and autumn period. This region represents 13 per cent of the national sheep flock.

East Coast

Decreased 2.2 per cent compared with 2015 to 5.39 million head. This was due to fewer twins compared with 2015. This region represents 25 per cent of the national sheep flock.

Taranaki-Manawatu

Decreased 6.0 per cent compared with 2015 to 2.74 million head. Twin births were reported to be fewer to well-down on average, further contributing to the result. This region represents 12 per cent of the national sheep flock.

Marlborough-Canterbury

Decreased 2.7 per cent compared with 2015 to 4.19 million head. This region represents 20 per cent of the national sheep flock.

Otago-Southland

Otago increased 0.7 per cent compared with 2015 to 3.94 million head. Southland increased 2.5 per cent compared with 2015 to 4.30 million head.

Although the number of ewes to ram declined, the total lamb crop increased because of good survival and more lambs born from hoggets compared with the previous year.

Otago and Southland represent 16 per cent and 14 per cent of the national sheep flock respectively.

Lambing Date and Spread of Lambing

Northland-Waikato-BoP

Lambing date was slightly later than in 2015. Lambing spread was slightly more compact. Those who put the ram out earlier were reported to have had better conception rates due to facial eczema not being as prevalent during late February and early March.

East Coast

Lambing date and spread was similar to the previous year.

Taranaki-Manawatu

Lambing spread was greater than average, especially on finishing farms in Horowhenua and Manawatu districts.

Marlborough-Canterbury

Lambing date and spread remained similar to previous years.

Otago-Southland

In Otago, lambing was slightly earlier and more spread compared to 2015. In Southland, lambing was slightly earlier and slightly more compact than last year.

Lower stocking rates allowed a slightly earlier lambing date this season.

Lambing Weather

Northland-Waikato-BoP

Consistently wet with very few days of sunshine. Significant rainfall occurred in the Coromandel and western Bay of Plenty through August and September. During early September, snow fell on higher parts of the King Country and the Central Plateau. Weather during this period and into October was a significant hindrance to completing tailing lambs within the usual timeframe.

East Coast

Severe weather during the first week of August impacted on earlier lambing mobs. Snow fell to low levels and impacted negatively on the mortality rate of affected farms.

September weather conditions were mild, however an extended period of wet and overcast weather for about ten days reduced lamb survival, even in lambs that were over a week old.

Southern parts had much more benign weather, which was conducive to lambing, as opposed to the northern areas, which suffered more from inclement weather.

Taranaki-Manawatu

Mild temperatures with gentle rainfall during peak lambing in September. Total rainfall was at or just below that of September 2015.

Soil moisture levels were near field capacity; however soil temperatures were about 2°C above the same period last year.

Feed was considered by farmers to be available earlier in most areas compared with last year coinciding with increasing daylight hours and rising daytime temperatures.

Marlborough-Canterbury

Mild overall, followed by favourable spring climatic conditions. These conditions were great for lambing with no significant weather events over the period.

Otago-Southland

In Otago, excellent weather prevailed across the region during the whole lambing season except for some brief cold snaps that did have an impact on lamb survival in Queenstown-Lakes district. Higher-than-normal rainfall gave central Otago a green tinge.

In Southland, excellent weather was enjoyed throughout the region.

Lamb Survival

Northland-Waikato-BoP

Better than average despite anecdotal reports to the contrary.

Feelings on the ground were that ewe deaths were higher than the previous year and that the mothering ability of ewes was adversely affected by sub-clinical facial eczema. However, ewes that were unaffected by facial eczema were in better condition at mating leading to a higher lambing percentage.

East Coast

Two adverse weather events impacted lamb survival during lambing. These events had more of an impact on properties north of Dannevirke. South of Dannevirke, lamb survival was the same or better than last season.

Lamb survival was also reduced due to ewes struggling to produce sufficient quantities of milk for their lambs. This was brought on by ewes being in poorer condition due to last autumn's drought and facial eczema (particularly in Hawke's Bay).

Taranaki-Manawatu

Very varied with better to excellent survival reported by farmers of different farm types and districts, except for Taranaki. In highland areas, cold, wet weather did cause lambing hoggets to suffer losses.

Marlborough-Canterbury

Greatly improved on the previous season. This was due to excellent weather conditions and feed availability throughout spring.

Otago-Southland

In Otago, survival was better than last year for all farm types and districts. The exception to this was on some high country farms, which experienced a short sharp snow event in the middle of the first cycle of lambing.

In Southland, survival was better than last year for all farm types and districts. Ewe deaths were reported by farmers to have been lower than normal, except for an increase in the incidence of bearings. There were fewer dry ewes than last year for many, except in areas affected by a dry autumn.

Feed Situation

Northland-Waikato-BoP

Tight feed situation in the King Country. The balance of the northern North Island had normal to above-normal feed supplies, however rain and lack of sunshine led to poor pasture quality.

During mating, feed was in abundance around the region but with warm, wet conditions facial eczema spore counts spiked and remained high throughout autumn.

East Coast

Better than last year for all districts, the exception being central areas, which had similar levels of feed to the previous year.

Pasture covers appeared to be better than normal, however farmers commented on animals' inability to convert this into higher growth rates. There was also a concern that at existing stocking rates, controlling feed levels would be more difficult, which in turn would reduce pasture palatability and reduce animal performance.

Taranaki-Manawatu

Better than average reported by farmers across all districts. This was accompanied by overcast, low light conditions with rain-filled days in October and November, which failed to drive dry matter production.

Feed was considered by farmers to be available earlier, but lacking substance.

Marlborough-Canterbury

Well above previous seasons. This was due to excellent spring weather conditions leading to many farmers making supplementary feed much earlier than usual.

Otago-Southland

In Otago, feed availability was earlier than normal across most of the region, and much earlier and abundant for central Otago and on low altitude farms.

In Southland, feed supply was much earlier and more abundant than normal.

Although feed supplies were ample, farmers were wary about quality. Many farmers mentioned the need to keep control of pasture quality to preserve lamb growth rates. Other farmers mentioned the feed grown was of poor quality.

High pasture covers can lead to the shading and consequently poorer performance of clovers in the sward, which would also impact on lamb growth rates.

Lamb Thrift

Northland-Waikato-BoP

Two-three weeks behind in growth compared with normal. This was due to lack of sunshine and wet conditions leading to poorer pasture quality.

East Coast

Two-three weeks behind in growth compared with normal. This was due to lower birthweights and reduced milking ability of ewes (for those affected by drought and facial eczema).

Increased parasite challenge from worms, and extended periods of dull overcast and wet days led to disappointing lamb growth rates. Flystrike was also beginning to negatively affect lambs on some properties, somewhat earlier than was typical. Farmers expect that an increase in temperature and sunshine hours should improve growth rates.

Taranaki-Manawatu

Behind in growth for almost all districts due to an extended period of rainy days. Whilst lamb survival was good, poor thrift was reflected in early drafting weights.

Marlborough-Canterbury

Stable lamb growth rates. Continued vigour in growth rates will rely on sunshine, feed availability and feed quality going forward. The absence of sunny days in parts of south Canterbury resulted in more animal health issues.

Otago-Southland

In Otago, lambs were marginally heavier compared with the same period last year, albeit only marginally according to farmers. This was due to good lamb survival and above average pasture growth rates.

In Southland, lambs were heavier compared with the same time last year. Last spring, farmers had very tight feed conditions and lamb growth rates were compromised.

Some farmers commented on the need for more sunshine to improve lamb thrift, and excessive pasture cover leading to a decline in pasture quality.

Early Drafting Pattern

Northland-Waikato-BoP

Timing was what farmers consider to be normal, however it was expected that lambs would be fewer in number and lighter in weight. This was a reflection of schedule prices and farmer expectations about where these prices were heading.

East Coast

Later than normal. Farmers anecdotally reported lower dressing out yields than typical for their first draft of lambs. As expected, a compromise will need to be reached between live weight gains and a falling schedule.

Taranaki-Manawatu

Later and lighter in weight than the previous year due to poorer weather leading to reduced lamb thrift.

Marlborough-Canterbury

Timing was what farmers considered to be normal. There was also concern about declining schedule prices encouraging farmers to send away their first draft of lambs despite an abundance of feed.

Otago-Southland

In Otago, some farmers intended to draft a little earlier this season in response to the threat of rapidly declining schedule prices, and the hope that lambs will do well with the plentiful feed supply. However, this would be moderated by the risk of poor feed quality affecting growth rates.

In Southland, farmers were not expected to change the timing of early drafts. However, some farmers mentioned that they would consider drafting earlier this season in the event of rapidly declining schedule prices.

Number and Weights in First Quarter - Oct-Dec

Northland-Waikato-BoP

Numbers were fewer to start the quarter due partly to poor lamb thrift. Farmers will need to find a compromise between increasing lamb weights and accepting a lower schedule, or drafting lambs earlier at lighter weights for a better schedule.

East Coast

Down in number on the previous season. While farmers would like to draft more lambs earlier to avoid a falling schedule, poorer than expected lamb growth rates may curtail this. Slightly fewer than 900,000 lambs are expected to be processed for this quarter.

Taranaki-Manawatu

Down in numbers and weights, due to poor thrift. This is estimated to be around 970,000 lambs for the quarter, down about 3 per cent on the same period last year.

Marlborough-Canterbury

Down in numbers on the previous season due to a feed surplus and reduced lamb thrift in some areas. Heavier average carcass weights were expected this season due to farmers holding on to lambs longer and better conditions for grass growth.

Otago-Southland

In Otago, numbers processed were expected to be similar to years prior to last season – which was affected by forecast El Niño conditions. This may result in heavier weights to offset schedule declines.

In Southland, slightly fewer in number than last season but higher than in years prior to last season. This was influenced by farmers deciding whether to take advantage of early schedule prices, versus putting extra weight on lambs, and possibly buying in store stock to utilise extra feed if pasture growth rates continue above average.

A significant proportion of lambs processed this quarter will have been born in spring 2015, despite farmer concern towards the risk of these lambs being classified as hogget due to the first incisor teeth erupting.

A real balancing act is in play for farmers over the timing of new season lamb drafts. This is between a steadily declining schedule price, which would normally encourage lambs to be processed early, and an abundant feed supply, which may encourage farmers to hold stock to put on more weight.

An increase in the number of lambs processed early occurred in Otago last year due to threat of forecast El Niño which often leads to a dry summer. The seasonal outlook for this summer was for more neutral conditions. The need for farmers to send lambs away for processing is not as urgent as prior years.

Early Schedule Comment

Northland-Waikato-BoP

New season lamb schedules were offered later in the year due to uncertainty around the traditional Christmas trade market. Minimum price contracts for this period were offered from \$5.40/kg CW in November to \$4.75/kg CW in December. The November schedule was \$1.10/kg CW lower than the same time last year.

The outcome of the Brexit referendum led to the New Zealand dollar being around 20 per cent higher against the GBP since that event making New Zealand exports less competitive into that market.

East Coast

Prices are depressed compared with last year, with no indications that there was scope for improvement. A lack of early season supply was driving competition amongst buyers, albeit at a lower price level than last year.

Taranaki-Manawatu

A slow supply of lambs to processors and strong demand from buyers on behalf of processors led to early contracts for chilled export trade being at or above \$5.60/kg CW.

Marlborough-Canterbury

A reduced supply of lambs compared with last year caused some competition between processors, despite the schedule price remaining below last season's level and was expected to decrease further.

Otago-Southland

Schedules prices for the December quarter peaked at a lower level compared to last season. These also started to decline steadily after the last of the chilled shipments left by sea. Processors were actively talking down prospects with commentary centred around uncertainty in world markets.

General Comment

Northland-Waikato-BoP

Uncertainty is the predominant feeling reported by farmers this season. This is due to market uncertainty, alternative enterprises and environmental regulation.

Market uncertainty was due to Brexit activity, the US presidential election and its potential impact on the Trans-Pacific Partnership Agreement (TPPA), as well as the impact of increased competition within international markets.

Alternative enterprises, in the form of improved returns to cattle compared with sheep has led to farmer uncertainty over the future of the sheep industry.

Healthy Rivers Wai-Ora, which is a regulatory response to addressing the complex issue of water quality, is creating further uncertainty. This uncertainty is because the environmental regulations proposed by this plan change would have a potentially significant impact on dry stock farms in the region.

East Coast

Farmer morale is low, driven by frustration around markets and climatic conditions.

Drought and facial eczema last autumn also impacted on this season's lamb crop and ewe survival. The variability of the impact on farmers from these challenges was reflected by the range of lambing percentages from those farms in the Sheep and Beef Farm Survey - from 70-156%.

There was also a potential for a lack of store stock, which was a concern for finishing farmers. Strain from this was exacerbated by a reduced demand for supplements and grazing from the dairy industry, which carries concern over the financial viability of finishing farm operations.

Taranaki-Manawatu

A season of extremes in individual farm lambing percentages and weather.

Two major drivers of lower lambing percentages this season were facial eczema and poor weather conditions. Extraordinarily high levels of facial eczema spores recorded from March 2016 onwards negatively influenced the fecundity and survival of ewes. Inclement weather conditions which occurred from mid-September through to mid-November reduced lamb thrift, delayed regular tailing and shearing patterns and led to reduced numbers for the first quarter slaughter compared with the previous year.

Marlborough-Canterbury

Farmers were positive about how the season has unfolded. Across the region favourable conditions have resulted in better lambing percentages. Trailing some particularly testing seasons, schedule prices remain a point of frustration within the sheep industry.

Otago-Southland

Recovery in dairy prices and continued poor profitability for sheep and beef will likely see interest in land use change increase again.

Lamb Processing 2016-17

First Quarter - Oct-Dec

Table 2 Export Lamb Processing

	Export Lambs Processed October - December					
	(000) Head			% of Total		
	2014-15	2015-16	2016-17e	2014-15	2015-16	2016-17e
Northland-Waikato-BoP	446	538	465	22.5%	27.6%	27.9%
East Coast	1,043	998	880	23.8%	24.6%	24.0%
Taranaki-Manawatu	1,018	1,089	975	23.7%	27.0%	24.3%
North Island	2,507	2,626	2,320	23.5%	26.2%	24.8%
Marlborough-Canterbury	1,685	1,524	1,500	28.4%	29.6%	27.2%
Otago-Southland	539	807	610	11.6%	17.2%	13.6%
South Island	2,224	2,331	2,110	21.0%	23.7%	21.1%
New Zealand	4,730	4,956	4,430	22.3%	24.9%	22.9%

e = estimate | Source: Beef + Lamb New Zealand Economic Service

Overall, the number of lambs processed during the first three months of the 2016-17 season is expected to total 4.43 million head, down 11 per cent on 2015-16.

It is estimated that 23 per cent of 2016-17's total export lamb processing will occur in the first quarter, which is down on last season.

North Island processing in the first quarter is estimated to be down 12 per cent on last year to 2.32 million head. South Island processing in the first quarter is estimated to be down 10 per cent on last year to 2.11 million head.

The key driver of reduced first quarter slaughter is a smaller lamb crop from fewer breeding ewes, combined with improved feed conditions overall, encouraging lambs to be held on-farm for weight gain.

Full Season Outlook

Export slaughter -2.7%

Export lamb slaughter is estimated to decrease 2.7 per cent to 19.35 million head compared with 2015-16, a decline of 0.53 million. This is underpinned by fewer breeding ewes, partly offset by a lift in lambing percentage leading to a decrease in the overall number of lambs tailed.

North Island -6.9%

North Island export lamb slaughter is estimated to decrease 6.9 per cent to 9.34 million head compared with 2015-16, a decrease of 697,000.

South Island +1.7%

South Island export lamb slaughter is estimated to increase 1.7 per cent to 10.01 million head compared with 2015-16, an increase of 165,000.

Carcase weights

The average export lamb slaughter weight is expected to remain static at 18.4kg, but with the potential to increase if good seasonal conditions persist.

Mutton slaughter -5.6%

The mutton slaughter is estimated to decrease 5.6 per cent to 3.6 million. This follows three successive years of high off-take, which resulted from drought conditions and profitable returns for beef.

Sensitivity

These estimates are sensitive to feed availability and prices offered by meat companies. If feed supplies tighten or schedule incentives are offered, the number of lambs processed early will tend to increase.

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