



SILVER FERN FARMER

11 JULY 2022 UPDATE

Diverse Range of Views on Show

TOP: Conference Panelists Rod Oram; Diana Rodgers and Nadia Lim held an engaging and sometimes animated debate.

As we mentioned in last week's report, we deliberately sought to bring a diverse range of external perspectives to the conference.

Our panel discussion proved to be fairly popular with a range of sometimes contesting views across panelists on everything from methane to the role of red meat in our diets. The purpose of the panel was not necessarily to land on a consensus, but to highlight that we operate in a world with differing perspective on some issues of importance to us.

Former Trade Minister Tim Groser also gave a valuable perspective in his keynote speech later in the day where he encouraged attendees not to believe the doom and gloom around challenges to globalization, and emphasised the international rules-based system and New Zealand's trade resilience. He also questioned the notion that New Zealand is too dependent on China and shared his views around the potential of looking at Free Trade Agreements with growing African economies.

Our own in-house experts also presented a range of topics, including how we're building a Nature Positive brand, how we're helping suppliers to capture market opportunities on-farm, and how we're investing in our business to prepare for the challenges ahead.

SILVER FERN FARMS' TOP BONERS ON DISPLAY IN NATIONAL FINALS



CLICK HERE to watch Seven Sharp's coverage of the 2022 Silver Fern Farms National Boning Final which was held at the Conference.

Watch the highlights reel [here](#) and keep an eye out for more of our 2022 Conference content over the coming weeks.



Donaldsons win 2022 Silver Fern Farms Plate to Pasture Awards

A real highlight from the Conference was announcing the overall winners of our Plate to Pasture Supplier Awards, which went to Alan and Cathy Donaldson of Taumarunui.

The Donaldsons run Romney sheep and Angus cattle on their farm next to the Whanganui river.

They started in shearing before purchasing their first property 40 years ago and have developed an outstanding family farming operation alongside their son Tom and daughter Jessie.

The judging panel highlighted the Donaldsons' desire to be a consumer-driven business that is both economically viable and environmentally conscious.

With grandchildren now on the scene they've also put a lot of effort into succession planning and leaving a legacy future generations can build on.

This is another win for the Western North Island region which also took out the overall award last year. Helping the Donaldsons on their journey has been long-standing Livestock Rep, Pat Lacy.

Congratulations to all finalists on the night.



ABOVE: The 2022 Plate to Pasture Awards Dinner at Te Pae.



Beef

Elevated production in the US and disruption in North Asian markets is impacting pricing.

Extreme drought conditions continue over large parts of the US cattle growing areas, keeping US domestic production at elevated levels. USDA's cattle on feed reported numbers were 1% higher than last year, with cattle shifting off pasture grazing into feedlots.

Imported lean prices continue to be bid lower, given the abundance of domestic beef available for grinding. The US has had a long weekend with a public holiday on 4th July to celebrate Independence Day. Burgers and hot dogs are sought after food items for family barbeques - all reports are consumption will remain strong despite strong price lifts over the past 12 months.

North Asian market pricing has been disrupted over the past couple of weeks. Strong US exports and increased offerings from Australia, combined with slower consumption, have slowed demand, and pushed pricing lower.

China demand and pricing also has a softer outlook. Large volume imports from South America continue to place a negative short-term outlook on pricing. The mid-summer arrival period is typically a weaker demand period.

EU FTA Summary: new low tariff quota access for NZ beef will cover existing volumes of trade into the EU.

NZ currently has a high-quality beef quota of 1,102mt with an in-quota tariff of 20%. This tariff drops to 7.5% on Entry into Force. Under the new FTA NZ has a new quota of 3,333mt on Entry into Force (EIF), growing to 10,000mt after 7 years, with in-quota tariff of 7.5%. (EIF forecast 2024).

By comparison the UK FTA will remove duties on beef after 10 years (duty-free from Year 11 onward). This applies to chilled or frozen beef. During the first 10 years following Entry-into-Force (EIF), a duty-free transitional quota will be made available. This quota volume will increase in equal annual instalments, Year 1: 12,000mt Year 10: 38,820mt.



Sheepmeats

Chinese sheepmeat inventory and global inflationary pressures leading to pressure on pricing.

Whilst the situation following the most recent Covid 19 lockdown improves in China, the market continues to work through the inventory built while parts of the country were in lockdown and consumption ran at minimal levels. Traditionally summer sees a natural reduction in consumption which will be adding to the uncertainty around how quickly this inventory will be sold through. This in-turn has put pressure on pricing, and to a lesser degree demand, for 'fresh' product.

Outside of China we continue to see inflationary pressure having a stranglehold on pricing. Consumers conscious of an ever-increasing cost of living are looking to save money where they can, and as such are reducing their food spend.

Through the winter months chilled will become a larger percentage of sales, and production, therefore a functioning global supply chain remains critical through this period. There remain challenges aplenty in this area however we continue to work with our logistic partners Kotahi, customers and in-house teams to ensure we meet market demands around timings.

There has been no change of substance to the mutton market. Pricing remains relatively stable, albeit there continues to be a limited amount of softening across specific items. Demand remains in-line with product availability, which itself is limited at this time of the season.



Venison

Close eye on supply chain challenges continues

The Global Supply Chain continues to be front of mind as we work with customers on their requirements for the 2022 EU Game Season supply.

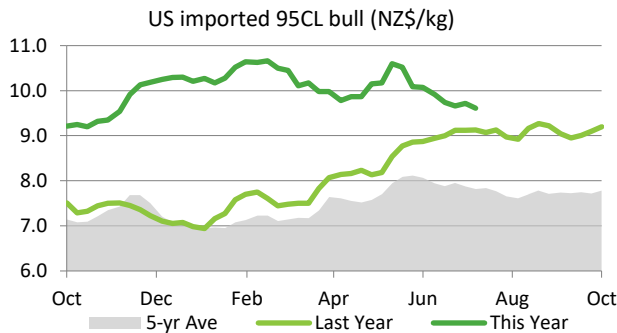
As mentioned in previous editions the success of this critical supply period depends heavily on our ability to get this product delivered into market in full and on time to meet the requirements of our discerning customers.

Ongoing supply chain issues continue to create nervousness whenever chilled product is involved and with no definitive end in sight to these problems, the risk increases along with any increase to volumes and/or frequency of shipments.

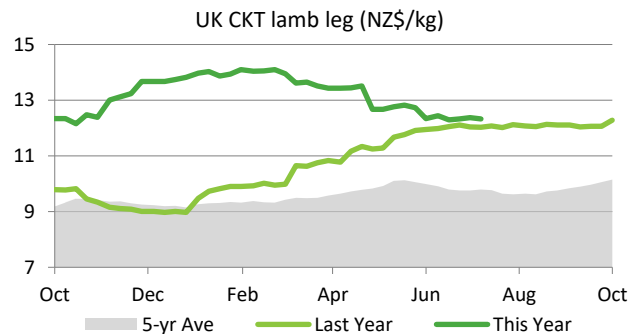
Chilled pricing for the game season period will see an improvement year on year, and of course volumes will be subject to a functioning global supply chain.

Pricing and demand remains unchanged and both are firm across all markets.

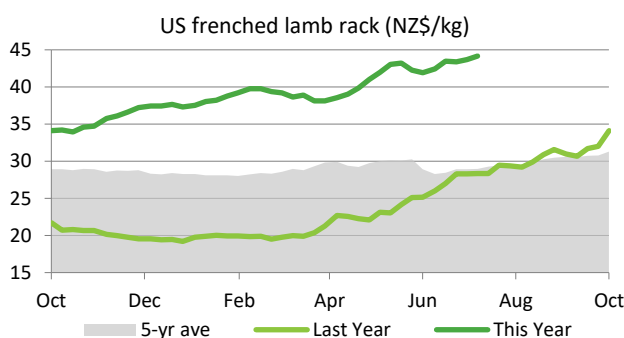
US imported 95CL bull



UK CKT lamb leg



US French Rack



Lamb Flaps

