



# RURAL VIEWS

## National Average Market Values Announcement

The Inland Revenue Department recently announced the 2011 National Average Market Values for each class of livestock. These values are calculated from a survey of livestock valuers across New Zealand around the end of April each year. The values struck can have a significant effect on the farm's profit for tax purposes each year.

We report on some of the changes to some of the key classes of livestock:

### Dairy Breeds

	2011	2010	Change	Change
	\$	\$	\$	%
Dairy-Friesian & Related:				
Rising 1 Year Heifers	1,035	691	344	+50%
Rising 2 Year Heifers	1,494	1,106	388	+35%
Mixed Age Cows	1,766	1,378	388	+28%

### Dairy-Jersey & Other:

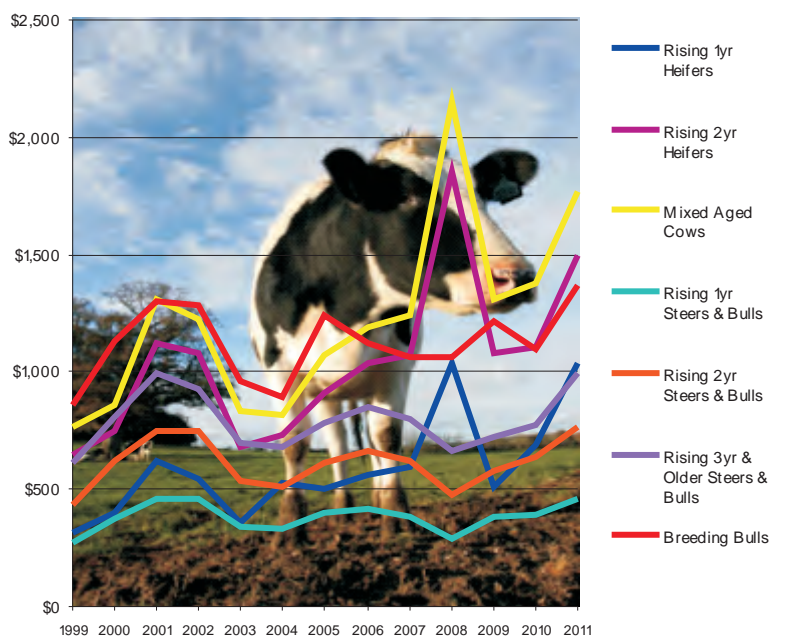
Rising 1 Year Heifers	792	575	217	+38%
Rising 2 Year Heifers	1,344	1,014	330	+33%
Mixed Age Cows	1,631	1,275	356	+28%

From the 2010 year to the 2011 year, there have been good increases in the value of rising 2 year heifers and mixed age cows. This reflects the positivity in the dairy market from increasing dairy payouts and also from indications that these will continue for a year or two.

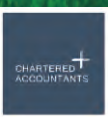
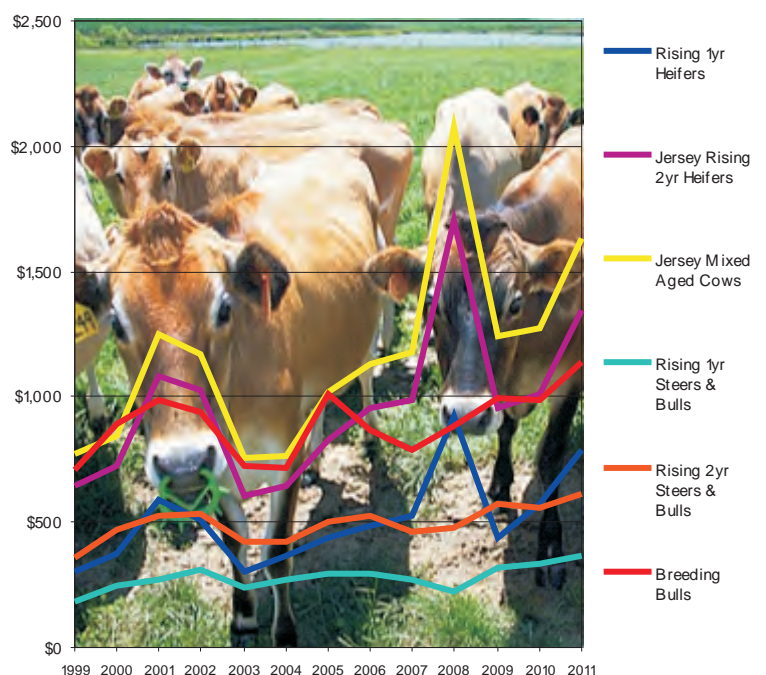
The milk price component of the payout for 2010/11 is \$7.50 with Fonterra targeting a dividend between 25-30 cents. The forecast milk price for 2011/12 remains positive with Fonterra announcing a milk price forecast of \$6.75 and similar dividend forecast to 2010/11.

There have been significant increases in the value of rising 1 year heifers. These values were higher than anticipated by many commentators and are due in part to the high prices being achieved for Friesian heifers sold into offshore markets such as China.

Friesian & related breeds



Jersey and other Dairy Breeds

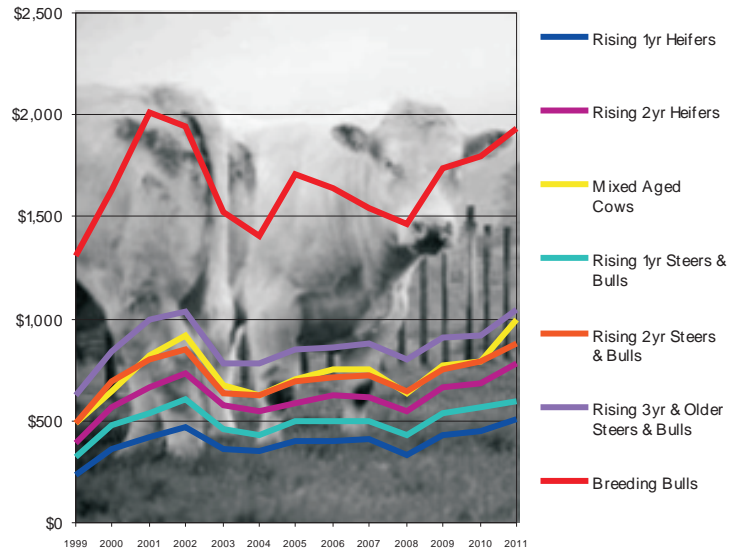


# Herd Scheme Values for 1999 to 2011

Beef & beef crosses:	2011	2010	Change	Change
	\$	\$	\$	%
Rising 2 Year Heifers	786	680	106	+16%
Mixed Age Cows	997	791	206	+26%

Beef cattle values have increased significantly on last year's values, with mixed age cows rising by 26% to \$997 per head. This is the highest value for a mixed age beef cow since the herd values were introduced in 1987 and is higher than the previous peak of \$916 in 2002.

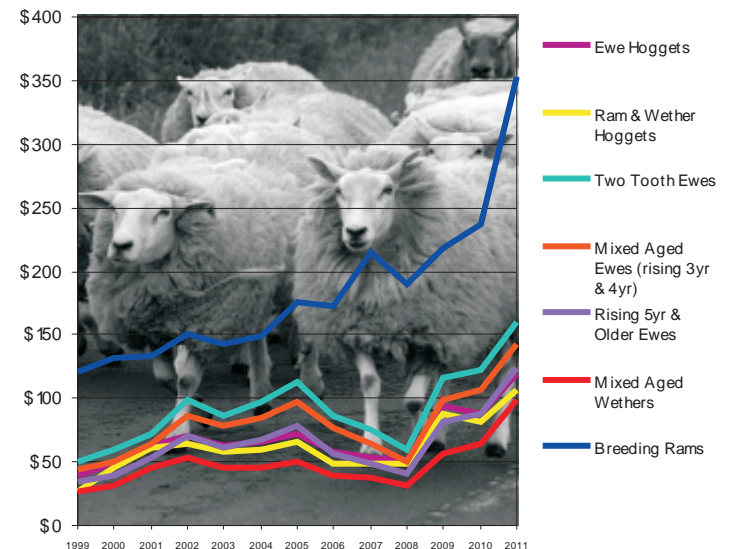
The worldwide increase in demand for protein is no doubt the driver behind these increases. Certainly some of the supplier driven pricing in the beef market is leading to good returns being experienced by beef farmers at the moment.



Sheep:	2011	2010	Change	Change
	\$	\$	\$	%
Ewe Hoggets	120	88	32	+36%
Ram & Wether Hoggets	107	81	26	+32%
Two Tooth Ewes	160	122	38	+31%
Mixed Age Ewes	142	107	35	+33%

Sheep values have increased on average by about 35% to record highs throughout the sector. The lift in the profitability being experienced by sheep farmers at the moment is reflected in the market values of their capital livestock. A number of factors have contributed to the significant lift including:

- the worldwide demand for protein,
- lamb's niche position in the protein market,
- constrained supply of lamb and ewe numbers. The reduced supply of lambs was due to the storms experienced in the Central North Island, parts of South Otago and Southland last spring, which led to a significant number of lambs and, in some cases, ewes being lost.
- the significant lift in crossbred wool prices that occurred in the second half of the season.



Red Deer:	2011	2010	Change	Change
	\$	\$	\$	%
Rising 2 Year Hinds	420	350	70	22%
Mixed Age Hinds	481	410	71	17%

Deer values have generally risen overall from 2010 to 2011. The deer market is experiencing some 'quiet positivity' with worldwide demand for product beginning to increase as global frozen venison stocks diminish. Demand for chilled product is increasing, leading to higher meat returns for deer farmers.

