

National Average Market Values Announcement

by Jim Johnstone

The Inland Revenue Department recently announced the 2007 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 each year.

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

	2007	2006	Change	Change
	\$	\$	\$	%
Dairy-Friesian & Related:				
Rising 2 Year Heifers	1,075	1,037	38	+4%
Mixed Age Cows	1,245	1,187	58	+5%

Dairy-Jersey & Other:

Rising 2 Year Heifers	986	956	30	+3%
Mixed Age Cows	1,176	1,128	48	+4%

The expectation of a significantly improved milk solid price next season and the increased level of new dairy conversions has stimulated the demand for cows. The lift in capital livestock values reflects these positive trends. The Fonterra payment indication on 23 May of \$5.53 per kilogram of milk solid is likely to see further lifts in the values of dairy livestock.

	2007	2006	Change	Change
	\$	\$	\$	%
Beef:				
Rising Two Year Heifers	620	626	-6	+0.9%
Mixed Age Cows	752	753	-1	+0.1%

Beef values have seen little change from the previous year. The solid demand for NZ beef internationally has meant improved market returns, but these have been offset by a higher currency.

	2007	2006	Change	Change
	\$	\$	\$	%
Sheep:				
Two Tooth Ewes	75	87	-12	-14%
Mixed Age Ewes	65	77	-12	-16%

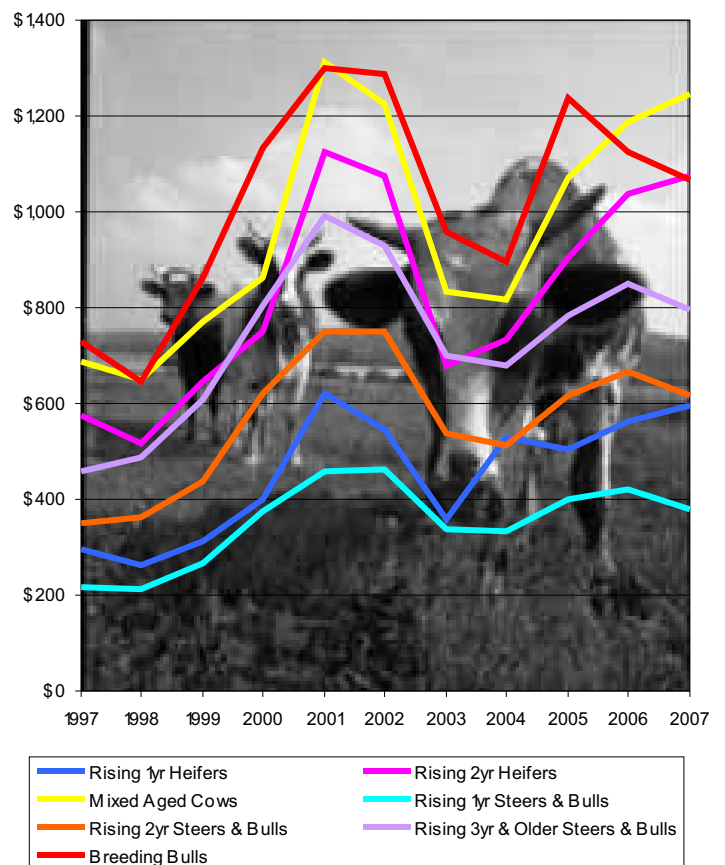
The disappointing fall in lamb returns experienced nationwide since December 2006 has impacted on capital livestock values, so the reduction was anticipated. There is a call for greater co-operation within the sheep meat industry at the marketing level, with the aim of improving lamb prices at the farm gate. This is now gathering momentum. The current relativity of returns between milk and lamb production is placing a lot of pressure on the sheep meat industry and good positive leadership is needed for the sheep industry to bounce back. It has shown in the past that it is capable of doing so.

	2007	2006	Change	Change
	\$	\$	\$	%
Deer:				
Rising Two Year Hinds	270	172	98	+57%
Mixed Age Hinds	296	191	105	+55%

The market for female deer tends to reflect the current freezing works pricing and not the market for livestock traded. Most deer operations have stabilised their breeding numbers and focussed on finishing, as it is the more profitable option. The significant increase in value reflects simply the upward trend in the venison returns being experienced. The deer values and industry have experienced low levels for a long period and it is hoped that this lift is sustained.

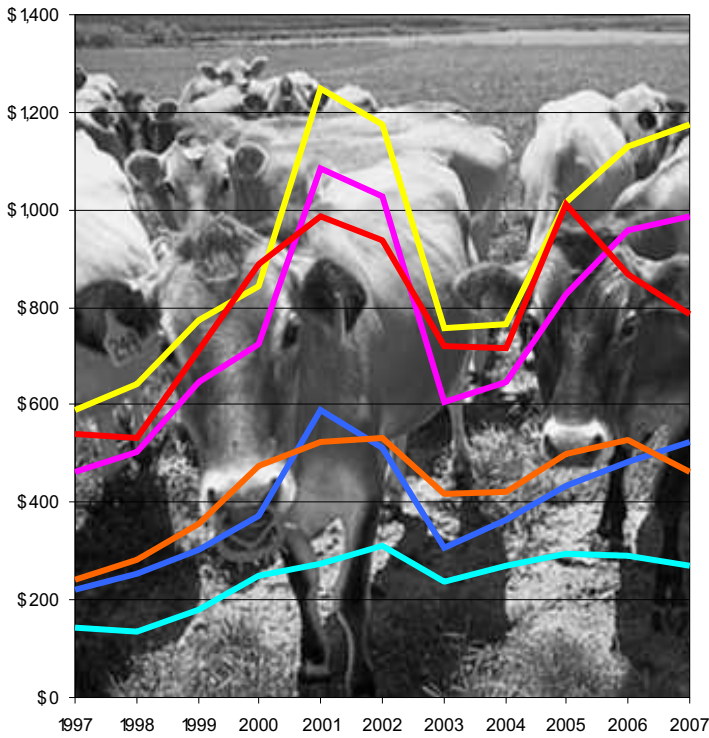
Each year farmers, with our help, should consider all of the livestock valuation options. This decision can have a significant impact on your end of year taxable incomes. Good advice in this area is an essential aspect of every farmer's annual tax planning.

Friesian & related breeds



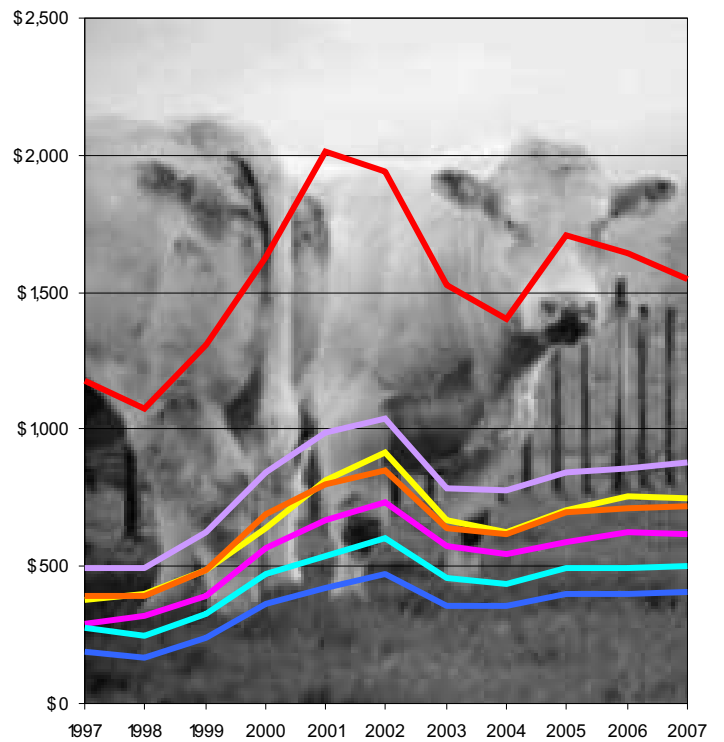
Herd Scheme Values for 1997 to 2007

Jersey and other Dairy Breeds



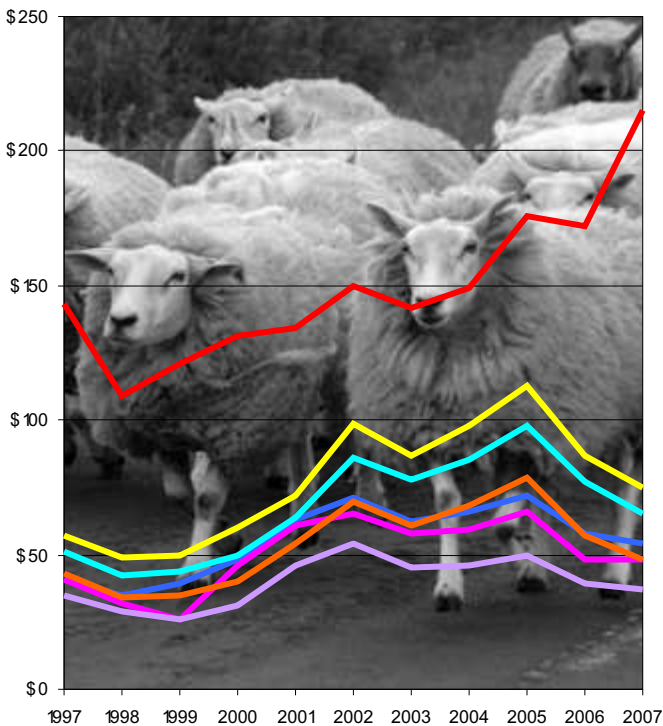
- Rising 1yr Heifers
- Jersey Mixed Aged Cows
- Rising 2yr Steers & Bulls
- Jersey Rising 2yr Heifers
- Rising 1yr Steers & Bulls
- Breeding Bulls

Beef Cattle & Beef Crosses



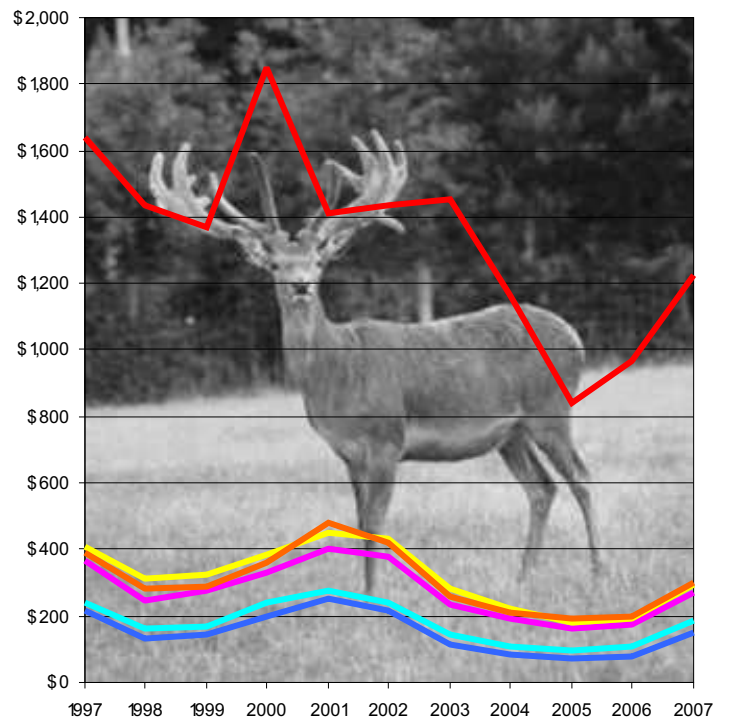
- Rising 1yr Heifers
- Mixed Aged Cows
- Rising 2yr Steers & Bulls
- Rising 2yr Heifers
- Rising 1yr Steers & Bulls
- Rising 3yr & Older Steers & Bulls
- Breeding Bulls

Sheep



- Ewe Hoggets
- Two Tooth Ewes
- Rising 5yr & Older Ewes
- Breeding Rams
- Ram & Wether Hoggets
- Mixed Aged Ewes (rising 3yr & 4yr)
- Mixed Aged Wethers

Red Deer



- Rising 1yr Hinds
- Mixed Aged Hinds
- Rising 2yr & Older Stags (non breeding)
- Breeding Stags
- Rising 2yr Hinds
- Rising 1yr Stags