

ANZ RESEARCH
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We are currently in the eye of the COVID-19 storm. In New Zealand life is returning to normal as lockdown conditions ease much faster than was originally deemed feasible. While the end of the disruption is very welcome, the real economic damage this pandemic is causing is only beginning to become evident.

In other parts of the world the health impact of the disease has been far more severe than here, and the economies of virtually every country in the world have been significantly impacted by this disease.


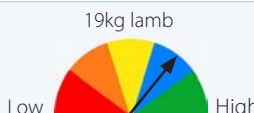
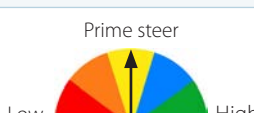
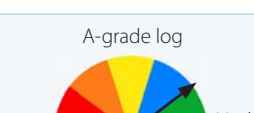
New Zealand's exports are highly dependent on economic conditions in the markets in which we sell our produce. Although the whole world is affected, diversification of markets is nonetheless valuable. People have to eat, and our increased exposure to developing markets is a blessing in the current situation as food demand in these economies may prove more resilient than the developed economies where a large portion of the food spend is more discretionary.

Global dairy commodity prices have held up exceptionally well so far, but a further weakening in pricing is anticipated, which will put downward pressure on the farmgate milk price. Meat export prices have generally softened despite global supply disruption, with the more expensive, restaurant-oriented cuts unsurprisingly suffering the most.

The horticulture and arable sectors have done an outstanding job, as the level 4 lockdown coincided with the harvest of fruit and grain. Kiwifruit is benefiting from global consumers focusing on healthy products, while the fortunes of wine producers vary depending on their typical sales channel.

Land sales remain subdued, although the recently released freshwater policy may spur some more sales activity. There has also been a lift in firms looking to invest in the primary sector now that returns from many other sectors are subdued. This has the potential to kick the property market into gear again, although the dearth of sales would indicate that land values have not yet bottomed out.

Prices at farm/orchard level relative to 10yr average

Dairy	Dairy prices have softened globally but further weakening is expected in the current volatile market. We now forecast a milk price of \$5.75/kg MS for next season.	 <p>Milk price</p>
Sheep	Lamb prices have weakened considerably in the past couple of months but are now lifting as the supply of lambs available for processing slows.	 <p>19kg lamb</p>
Beef	Beef returns are benefiting from a global shortage of meat; however, this will be offset by reduced consumer confidence. Returns have room to lift marginally.	 <p>Prime steer</p>
Forestry	Log prices at the wharf have rocketed due to a lift in in-market prices, a weaker NZD and lower shipping costs, but current returns are not likely to be sustained for long.	 <p>A-grade log</p>



ECONOMIC OVERVIEW

GLOBAL SHOCK

Global economic growth has been slashed as much of the world implemented lockdowns in order to fight COVID-19. Cases are still rising exponentially in some areas, while in areas with successful lockdowns authorities are on tenterhooks as restrictions are now eased. The shutdown in New Zealand was put in place rapidly, with relatively stringent measures implemented. It was massively expensive, but highly successful, and our reward is now a quicker return to normal life. However, without tourism we are a smaller economy, and we won't escape the global economic fallout for our broader exports either.

ECONOMIC GROWTH SLOWS

The brakes have been sharply applied to global economic growth as countries have taken measures to slow the spread of COVID-19. Even as lockdown restrictions start to lift, global economic growth will continue to decelerate, and the fear of a second wave of infections is ever-present.

The impact of the economic recession has been delayed in many countries, including New Zealand, by measures taken by governments and central banks to stimulate economic activity and cushion incomes. Wage subsidies are a common strategy.

The New Zealand wage subsidy scheme is currently supporting 60% of those employed. These subsidies are extremely expensive and can't go on for ever. The 8-week extension is for a smaller number of firms. As the subsidies are withdrawn, a large number of jobs will also disappear.

While uncertainty is very high, we are forecasting the unemployment rate to exceed 10% later this year. We haven't experienced this level of unemployment since the early 1990s. Apart from the sudden stop in tourism, the retail and hospitality sectors are those that have been most affected by lockdown disruption and will

be impacted in an ongoing fashion by households reining in their spending, but these are also extremely people-centric industries. We can expect a larger hit to employment than we would see from an equivalent fall in GDP that was caused by a drought, for example. Falling employment and job security then itself feeds into lower household spending, providing a second-round hit. It's all connected and feeds on itself both on the way up, and, unfortunately, the way down.

The housing market is very closely tied to New Zealand's economic cycle. House prices were at record highs relative to incomes going into this recession, and so we have to be realistic that we could see some pretty decent falls. High unemployment means that some people will have to sell a property because they are abruptly unable to service their debt. Migration is a big driver of housing too. The outlook is uncertain, but the basic fact is people move here for jobs, and there are going to be fewer of those, and there will be pressure to hire kiwis first. All up, we see house prices falling 10-15%, and falling paper wealth does tend to further reduce household spending.

As well as cutting the Official Cash Rate to just 0.25%, the Quantitative Easing (QE) programme launched by the Reserve Bank is putting further downward pressure on interest rates. We expect the RBNZ will expand their QE programme from \$60bn to \$90bn by August. This will help absorb the additional bonds the Government plans to issue to pay for the fiscal stimulus planned in the recent Budget.

The outlook for NZ's economy is certainly bleak in the short term, though a bounce as the disruption of lockdown eases is currently providing a feel-good factor. Monetary and fiscal stimulus will help recovery in the medium term, but it'll be a slog, with the outlook for our trading partners so subdued. We anticipate GDP will fall 8-10% in 2020 with the economy not making a full recovery until 2023.



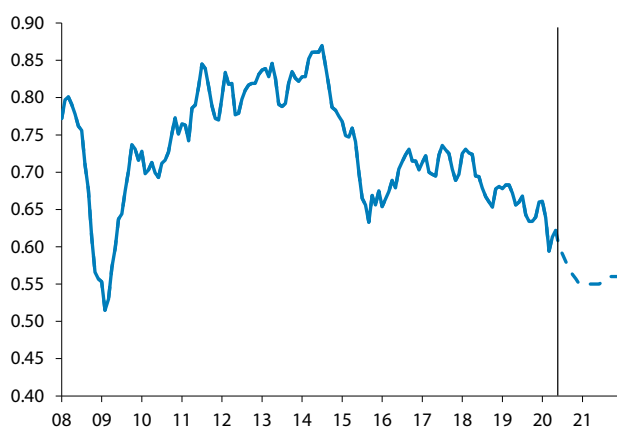
ECONOMIC OVERVIEW

A big part of the reason for the slow recovery is the closed border. No monetary or fiscal stimulus can realistically offset the fact that international tourism has ground to a halt. That sector accounted for around 3% of GDP directly and almost as much indirectly, via its impact on retail and hospitality. It also earned as much foreign exchange as the dairy sector. It will be greatly missed. The big hope is a trans-Tasman bubble, but with Australia still experiencing double-digit new COVID-19 cases most days, it looks unlikely to occur any time soon. It should also be remembered that while Australians might flock to Queenstown, New Zealanders heading to the Gold Coast rather than Northland subtracts from GDP on the other side.

NEW ZEALAND DOLLAR EXPECTED TO SOFTEN

The NZD is expected to soften further as the year progresses. We anticipate the NZD will ease to USD0.55 before the end of 2020. The softer Kiwi will help lift the prices received by our farmers and growers for produce exported.

NZD BUYS USD



Source: Bloomberg, ANZ Research

Shipping rates are expected to remain relatively cheap as fuel prices are low and global trade slows. However, air freight is now more expensive due to the dearth of passenger flights meaning scheduled cargo-only flights and charter flights are the only way to get goods to market in a hurry.

Freight rates have fallen considerably due to reduced demand for imports and also due to lower oil prices having a direct impact on the price of fuel. This reduces the tyranny of distance for our exporters considerably, but we remain at the mercy of our trading partners.



DAIRY

DAIRY RETURNS SOFTEN

Dairy returns have been trending down in recent months, but have held up better than expected. NZ-sourced product is currently commanding a premium in the global market, but this situation is unlikely to be maintained as we start to sell higher volumes of new-season product.

There is a high degree of uncertainty at present as no one knows exactly how consumers will act during the tough economic times ahead. This uncertainty is reflected in a wide range of current milk price forecasts.

MILK PRICE UNCERTAINTY

The new dairy season brings heightened uncertainty, which is impacting milk price forecasts. Our forecast for the 2020-21 season is \$5.75/kg MS. Fonterra has widened its forecast for the current season to \$5.40 - \$6.90, a reflection of the current market volatility. Payments to Fonterra suppliers will be based off the mid-point of this range, ie \$6.15/kg MS. Synlait's opening announcement is for a \$6.00 milk price for next season. Open Country continues to pay its suppliers on a shorter time frame with its season divided into four sections. It has forecast a milk price range of \$6.20 - \$6.50/kg MS through to November. Meanwhile, Oceania and Westland will continue to pay a milk price linked to the Fonterra price plus a small premium.

PRICES BETTER THAN EXPECTED

Dairy commodity prices have eased on the Global Dairy Trade platform, but on the whole New Zealand sourced product has performed better than expected. The GDT Price Index has eased by 15% since late January.

NZ sourced product is commanding a premium in the global markets, but this premium is likely to be eroded as we start forward selling higher volumes of new-season dairy product. Prices typically weaken during July/August

each year as buyers start to refocus on Oceania-sourced product. Global supply at this time of the season tends to be relatively high, as stocks tend to build in the Northern Hemisphere following their peak supply period, which occurs about May.

At present we are selling the tail end of the dairy products manufactured from milk collected in the 2019-20 supply season. Milk supply at the later end of the season was curtailed by the drought, which has helped support the price of NZ-sourced dairy products relative to product sourced elsewhere.

EUROPE/US AWASH WITH MILK

Processors in Europe and the US have been receiving more milk than they are able to process in the past couple of months. This has occurred due to the peak supply period coinciding with the various restrictions that have been put on place to limit people movements in order to control the spread of COVID-19. This meant a reduction in processing capacity right at the time when there were severe disruptions to demand patterns due to the closure of restaurants.

Many dairy processors in both the United States and Europe have provided tiered pricing to encourage farmers to cut back production. Normal prices were paid for the portion of milk that the dairy processors required, while a very low price was paid for any additional milk supplied.

The lower milk prices have encouraged farmers to find ways to reduce supply. Farmers have adopted a range of measures to curb output, including cutting back feed rations, reducing milking frequency from three times a day to twice daily, and culling cows. These measures have marginally reduced output.

In both the United States and Europe there are various government support measures in place that will limit the financial impact of the supply disruptions. Support



DAIRY

measures announced by the USDA to purchase excess product for food banks seem to have had the desired impact on the market with milk prices recently shooting back up to levels not seen for several months.

The various support measures being offered in both the US and Europe means the longer-term impact on milk output is expected to be minimal, although no doubt there will be casualties in some regions where farms are no longer viable.

CHANGE IN DEMAND PATTERNS

During the COVID-19 outbreak demand for retail dairy products lifted but demand for food service fell due to restaurants being shut. Processors scrambled to supply product in smaller packages more suitable for home use. Overall demand for some products like liquid milk has been maintained, while other products like butter, cream and cheese have suffered. This has particularly been the case in the United States where a much larger proportion of meals are normally consumed outside of the home.

The fast food industry is a major use of cheese for pizzas and hamburgers. Cheese demand has diminished as home-cooked meals tend to use less cheese than fast food restaurants do. Likewise, demand for butter and cream has fallen as these products tend to be consumed in larger quantities in the rich foods served up in high-end restaurants. Home baking has taken off in recent months, which has partially offset the reduction in demand from the food service sector, but overall demand is still lower.

PROTEIN TO OUTPERFORM FAT

Looking forward, demand for dairy protein is expected to outperform dairy fats. Demand for dairy fat tends to be driven by the developed countries, while demand for dairy protein is more closely linked to developing market demand. Developing nations spend a larger proportion of their incomes on food, but it's a necessity and therefore relatively more stable through ups and down. In richer nations, demand for dairy products is a bit more discretionary due to its reliance on the restaurant channel and hence highly cyclical. However, the picture remains very uncertain with countries having very different experiences with COVID-19. In particular, it remains to be seen how easing lockdowns will go, and whether consumers will feel comfortable dining out even if they are permitted to do so.

CHINA IS THE WILDCARD

China is by far the world's largest importer of dairy products. They import more dairy products in a year than the next eight nations put together. China is one of the few countries that are expected to achieve some economic growth this year. This growth will help underpin demand for milk powders, including infant formula. However, as always, there is a lot of uncertainty as to how much product China will actually require in the year ahead.

Imports of milk powder (particularly whole milk powder) into China have been high in recent months. China's own dairy processors have also dried down more milk than normal earlier this year when they were not able to readily move milk from factories to consumers due to movement restrictions.

Exactly how much extra milk powder is now in stock due to this additional production and the extra imports is not clear. It is also not clear if Chinese consumer demand for dairy products will wane due to slower economic growth.

This additional uncertainty as to future demand from China poses a severe price risk which could feed directly back to farmgate returns given the importance of China in global dairy markets.

NO SIGNIFICANT BUILD IN DAIRY STOCKS

On a more positive note, there are limited global stocks of milk powder. The massive stocks that built up in Europe following the removal of milk quotas in 2015 have now been worked through. Limitations on processing capacity mean there hasn't been a whole lot more milk dried in Europe and the United States than normal.

In Europe, the EU Commission-backed intervention programme has reopened, but market prices are currently still well above the level at which the Commission will step in and buy excess product from the market. Private Storage Aid (PSA) is open and is starting to fill. This programme helps to pay for the cost of storing dairy products, which helps to smooth out short-term mismatches in supply and demand. So far there has been less than 5,000t of skim milk powder (SMP) put into the PSA programme, which can be stored for a minimum of three months and a maximum of six months.

Demand for the PSA scheme for butter and cheese has been considerably higher, with over 31,000t of butter already in PSA and nearly 38,000t of cheese. There is a limit on how much cheese is able to go into this programme and several countries have already maxed out their entitlements including Ireland, Spain, Italy, Sweden, and the UK.



DAIRY

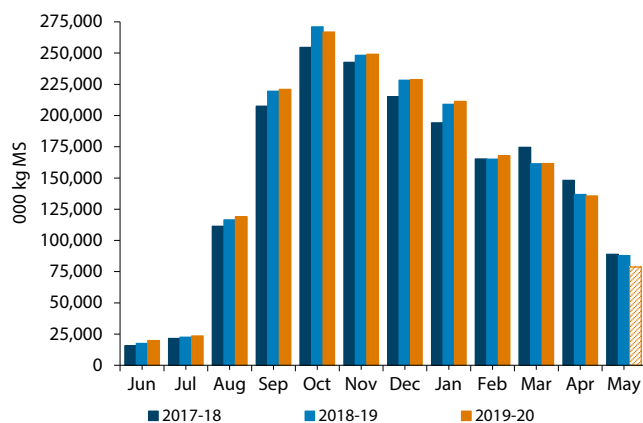
There has been significant downward pressure on cheese and butter prices in the European and US markets in the past few months, although prices have recovered significantly from the lows recorded in late April. However, these products are not expected to fully recover in price in the current market environment.

GLOBAL MILK PRODUCTION EXPANDS

Milk production expanded earlier in the year as favourable milk prices encouraged additional production in the Northern Hemisphere markets, but this trend has now reversed.

New Zealand's milk supply has held up exceptionally well considering how widespread the drought was this season. North Island production has been impacted to a greater degree and this is reflected in Fonterra's milk production data, which shows its North Island supply fell nearly 10% y/y during April while its South Island supply was up 5.4%. For the season to date Fonterra is 0.5% behind last season, while DCANZ data shows total NZ milk intakes are still 0.5% ahead of last season on a milk solids basis to the end of April.

NEW ZEALAND MILK PRODUCTION



Source: DCANZ

May intakes are expected to be back about 10% on last season. We anticipate milk intakes across the full 2019-20 season will be very close to last season's levels.

NEW SEASON PRODUCTION

Production across the 2020-21 season will be very weather dependent. There is not a lot of supplementary feed on hand, which may result in a larger feed shortage than normal post calving. There are also a number of reports of heifers returning from grazers in lighter condition than normal due to the drought limiting feed availability. A number of winter grazing contracts have also been cancelled, meaning more cows than normal will be wintered at home. If weather conditions are not favourable through the winter period then early season milk production is likely to be compromised.

At the lower milk price forecast it will not be as viable to add supplementary feed into the system – particularly if the price of this feed is high.

Overall we would expect improved output on the current season purely on the basis there is a low likelihood that the 2020-21 season will deliver such challenging weather as the previous season dealt. But the economic environment will be considerably more challenging.

LAMB & WOOL

LAMB RETURNS EASING

Lamb returns continue to slide as the impacts of COVID-19 limit dining out opportunities and consumers look to cut back on higher-end food products.

Farmgate returns are starting to lift a little as the backlog of lambs to be processed has now largely been worked through – at least in the North Island. But prices this winter are expected to be well down on last season, as will prices for next-season lamb.

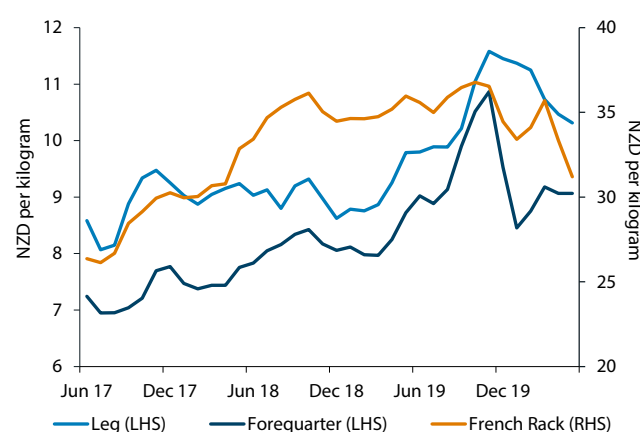
LIMITED DEMAND FOR EXPENSIVE LAMB CUTS

Lamb is still relatively highly exposed to the European markets despite China emerging as the largest market for lamb in recent years. The lamb we sell into Europe and the United States ends up being a relatively expensive product, whether it is consumed at home or in a restaurant.

The food service sector globally has been hit very hard by the COVID-19 pandemic as many restaurants have had to close, and even where they are able to reopen consumer demand has waned. This has had negative consequences for lamb prices, particularly cuts like French rack that are not typically cooked at home.

Looking forward, demand for these higher-value lamb cuts is expected to be subdued for some time even as restaurants reopen, as the economic impact of COVID-19 is only just starting to bite.

LAMB CUT PRICES



Source: AgriHQ

On the other hand, the price of the lower-value cuts of lamb such as forequarter and flaps have held up a little better. These prices dropped sharply earlier in the year as moving product into China became challenging due to ports and logistics being constrained by restrictions of movements of people in order to control the spread of COVID-19.

When this market reopened prices did improve a little and have now stabilised somewhat. The softer NZD has also played a part in softening the impact of the lower international prices.

In the current economic environment further downward pressure is expected on lamb prices, as even when lockdown restrictions are removed and restaurants around the world reopen, consumers will be much more careful with their discretionary spending.

PRODUCTION DISRUPTION BITES

The lamb kill is typically relatively evenly split between the two islands. By late April the lamb kill was running 2% behind last season. Lambs processed in the North

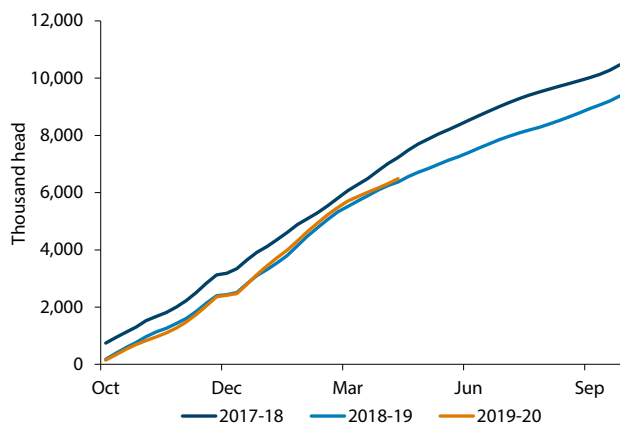


LAMB & WOOL

Island were tracking 2% ahead, but lambs processed in the South Island were down 6%. The majority of the slowdown in the South Island occurred during April when processing plant throughput was compromised by physical distancing requirements put in place during the COVID-19 lockdown.

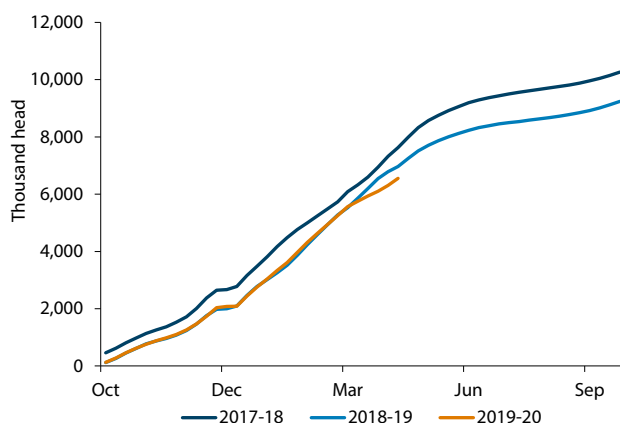
Lamb processing in the North Island was already tracking ahead of the previous season so the reduction in plant capacity had a slightly lesser impact than the South Island, although there were still considerable delays in getting lambs processed.

NORTH ISLAND LAMB PROCESSING SEASON TO DATE



Source: AgriHQ

SOUTH ISLAND LAMB PROCESSING SEASON TO DATE



Source: AgriHQ

SUPPLY OF LAMBS FOR PROCESSING TIGHTENING

The quantity of finished lambs available for processing is starting to wane. Lambs have been drafted at lower weights than normal to relieve the pressure on limited feed reserves. North Island lamb weights for the season to date are down about 200 grams on average, but South Island weights are actually ahead of last season.

The North Island in particular is now starting to see a reduction in the number of lambs ready for processing. Lambs have been brought up from the northern parts of the South Island to North Island plants to alleviate pressure and delays in the south. The tightening in lamb supply is expected to prompt more competition between processors for procuring lambs, which should put a little upward pressure on lamb prices through the winter months. However, the underlying market uncertainty means we are very unlikely to see excessively high prices for winter lambs.

The store market has also tightened somewhat now that the majority of lambs have been moved off the drought-affected farms onto greener pastures elsewhere. In the North Island many regions still have lower pasture covers than is ideal; however, the situation has improved dramatically in the regions that received rain 6 to 8 weeks ago. Rain has now fallen in most parts of the country, but the Hawke's Bay was late to the party with some areas only receiving their first rain for the year in the past fortnight.

There is some concern amongst North Island finishers that there could be a shortage of lambs available in the coming months. North Island lamb processing is running about 117,000 head ahead of last season. South Island lambs have recently been contributing to that figure, but earlier in the season a lot of North Island lambs were trucked to the South Island as the drought kicked in in the North. Whilst no exact figures are available it is likely that these lamb movements will counter each other.

SALE YARD REOPENING SPURS STORE PRICES?

Sale yards were closed during the lockdown period, which caused some concerns for farmers looking to offload their stock. Online selling platforms saw a flurry of activity, but like any new technology it takes time to become confident and competent with the processes. Those already familiar with the sales platforms were certainly less impacted by the closure of the yards than those who hadn't ventured online before.



LAMB & WOOL

There was definitely some pent-up demand from buyers, sellers and agents alike when the sale yards did reopen in late May. Prices generally improved but this may have been driven more by the improving feed situation and international market prices remaining intact rather than the sales platform itself.

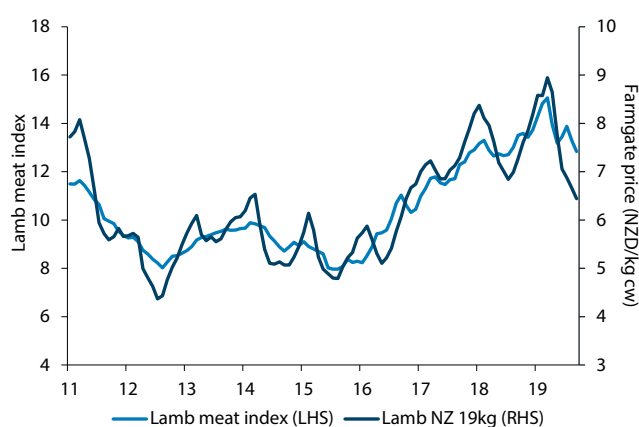
Stock can be successfully traded online and eventually these platforms will replace physical yards due to the efficiency gains in terms of cost of transactions, improved animal welfare due to reduced transportation, and the time savings. But while these online forums have all the functionality needed to trade stock they can't deliver the comradery and information that can be gleaned from visiting the sale yards. Therefore there is likely to be place for both markets for some time yet.

FARMGATE PRICE DIRECTION

In general, it is difficult to see international prices for meat tracking in any direction but down in the coming month. The price falls will be softened somewhat by a lower NZD – assuming it continues to weaken as we forecast it will. Exchange rates can be as contrary as sheep.

However, there is some room for farmgate prices to firm in the coming months. We are already seeing small upticks in schedule prices, which are now sitting at about \$6.85/kg CW in the North Island and about 20c lower in the South Island. Based on where international prices currently are we could expect to see farmgate prices lift to about \$7.50/kg CW through the winter months.

FARMGATE PRICE VS OVERSEAS MEAT PRICE



Source: AgriHQ

However, assuming international prices do gradually trend down, then prices are likely to be back around the \$6/kg CW mark as lamb throughput lifts again in

the summer months. Given the severity of the global economic recession farmgate prices may track back towards \$5/kg CW during next season's peak processing months.

Future price direction is dependent not only on global economic conditions, but also how well our exporters are able to read, and predict, market signals. Adjusting to demand from various markets and the cuts preferred will be key to ensuring farmgate returns remain at a sustainable level.

Uncertainty is going to be here for some time and therefore it is a time to prepare for the worst and hope for the best.

WOOL – HOW LOW CAN IT GO?

Wool returns are absolutely dismal and this situation is unlikely to improve significantly until existing stocks have cleared. Wool has built up throughout the pipeline with in-market stocks elevated, local wool stores full, and product starting to pile up in woolsheds.

End-user demand for coarse wool remains tied to carpet production. Wool carpets are generally still expensive relative to synthetic carpet, which is going to make selling wool products even more challenging as global economic conditions implode.

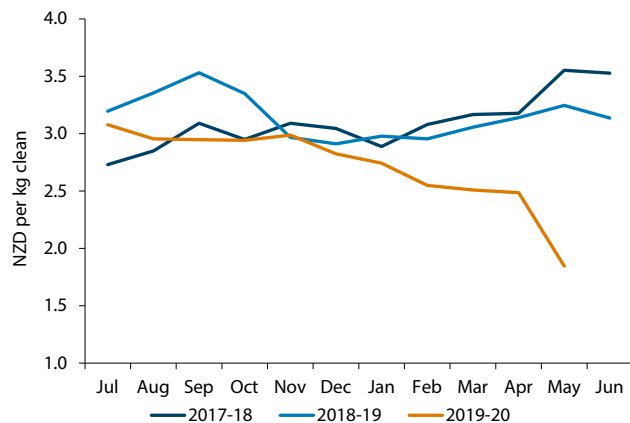
At some point the environmentally sustainable values of wool will drive improved demand, but until we are able to find a way to tell this story to a wider audience this product will remain undervalued. The younger generation that are generally much more environmentally conscious are not yet the ones making the decisions on what carpet is laid in homes. Most of them are still renting and due to extremely high house prices relative to incomes are likely to become home owners later than previous generations. The 10-15% house price falls we are predicting might help with that in the big picture but certainly won't do anything to persuade home owners or landlords to upgrade the carpets in the meantime.

Local wool auctions were stopped though April and much of May, which has contributed to the backlog of wool, but this is not the underlying problem. The bigger problem is that contracts for wool sold earlier in the year are now being reneged on due to a lack of end-user demand.

Until end-user demand starts to improve, it doesn't really matter if we are or aren't auctioning wool in New Zealand. The auctions did kick into gear again in late May, which delivered a strong downward price correction.



STRONG WOOL (>35MM)



Source: NZWSI, PGG Wrightson

Only about two-thirds of the wool offered at the recent sales traded, and the wool that did trade attained low prices. At the North Island wool sale the strong crossbred market indicator fell to \$1.81, while the first South Island sale after the break saw the crossbred wool indicator fall to almost an identical level.

Strong wool prices are at the lowest level recorded this decade. At the same time, we have seen shearing costs accelerate – a trend that will only continue. While coarse wool is now fairly considered as a by-product, the costs incurred in removing wool are starting to seriously impede the profitability of sheep farming.

Fine wool is not expected to escape the current downturn. Our fine wool is utilised in a range of high-end fashion and functional products but these do tend to be relatively expensive. It is difficult to see how demand for these products will remain unaffected during this global economic recession. This environment will certainly test the marketing skills of those companies selling fine wool products to consumers. These companies have had an excellent track record so far, so hopefully this can be maintained going forward.

Due to the time of the season there has not been any fine wool sold at the recent auctions. In Australia fine wool has fallen about 25% in price over the past few months. Prices now appear to have stabilised but there has been clear downward pressure on wool in the past few months.



BEEF

WINDOWS OF OPPORTUNITY

Beef markets are benefiting from a temporary tightening of meat supplies in key markets. However, uncertainty remains elevated, which means that the higher off-shore prices are not readily flowing through to farmgate prices here in New Zealand.

Global demand for beef products is expected to ease as the economic impacts of COVID-19 take their toll on consumer confidence. Meanwhile meat supplies are expected to lift as processing bottlenecks ease. It is not clear how quickly this will happen.

BEEFING UP MARKET INTELLIGENCE

Understanding what is happening in our key markets and what is driving both consumption and supply trends is vital to identifying market opportunities.

Opportunities to supply extra beef into key markets are expected to arise periodically over the next few months but the windows of opportunity are expected to continuously open and close as beef supply and consumer demand patterns are disrupted by the implementation and easing of COVID-19 restrictions.

Meat exporters are working in a challenging environment where it is difficult to anticipate where and when these opportunities will arise. Not only have consumer consumption patterns been disrupted by COVID-19 restrictions but also the supply of beef and competing meats is being hampered by processing capacity being compromised.

Major beef-producing regions such as the United States and Brazil have had to periodically shut down their meat processing plants due to outbreaks of COVID-19. When they are able to operate, this is at reduced capacity.

This has restricted the supply of meat to end users, while the backlog of cattle to slaughter is growing. In the United States the number of cattle moving off feedlots to slaughter in April was at a record low. This meant there

was also less stock brought in to the feedlots to finish. At the beginning of May the number of stock on feedlots in the United States was down 5% y/y.

While the immediate supply of beef in the United States will be limited, there is a backlog of cattle on farms and this is expected to limit any sustained recovery in the price of imported beef. The price US importers are prepared to pay for both bull and cow meat is expected to remain volatile in the coming months.

An overall tightening of supply of beef from Australia – due to the drought earlier in the year – is also supportive of prices in the US market. Australia has traditionally been the largest supplier of beef to the United States, with the other major suppliers being New Zealand, Canada and Mexico. Smaller quantities are also supplied from South America – particularly Uruguay and Brazil.

AUSTRALIA'S BEEF SUPPLY WANES

Cattle numbers in Australia have been drastically reduced by the drought earlier in the year. Now that pasture conditions have improved farmers will be keen to hold onto what stock they have on hand. Meat and Livestock Australia projects a 19% fall in the number of cattle to be slaughtered in 2020 compared to the previous year.

The latest survey data for Australia shows a fall in the number of cattle on feedlots. Feedlots accounted for 45% of cattle slaughtered in Australia in Q1 as it was challenging to finish stock on grass at that time. We are now seeing a reversal occurring, with a greater proportion of stock remaining on pasture.

CHINA REOPENING

China's demand for NZ beef remains robust. Protein remains in short supply in this market due to reduced supply of pork. Supplies of imported beef from Australia and the United States into this market are expected to ease due to production limitations, and political tensions between these countries and China.



BEEF

Four beef-processing companies in Australia have had their licenses to export to China recently revoked on technical grounds; however, the underlying reason is suspected to be political. The expected reduction in supply out of Australia is likely to help offset lower consumer demand.

While the beef being sold into China tends to be the lower-value cuts, at the consumer level beef is still a relatively expensive meat. More meals are being eaten at home, as although restaurants have reopened in most regions, health and economic concerns are limiting dining-out frequency.

ASIAN OPPORTUNITIES

South Korea and Japan are traditional importers of beef, but the volume of NZ beef going into this market has waned in recent years as our competitors have gained more favourable trade agreements. The United States and Australia tend to be the main suppliers to these markets, where there is strong consumer demand for grain-fed beef. The volume of beef available to export from both Australia and the United States is expected to fall, which may provide greater opportunities for NZ beef.

FARMGATE PRICES TREND DOWN SHARPLY

Locally at the farmgate level beef prices have stabilised and are showing tentative signs of improving. The backlog of stock to be processed has largely been worked through. The majority of cull cows have now been processed and meat processors are now moving more prime stock through their plants.

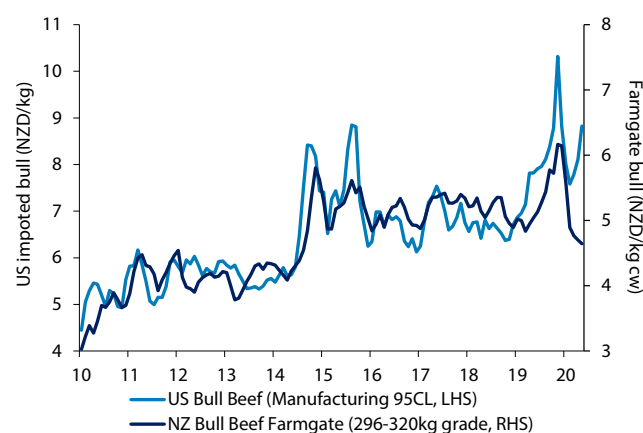
As the backlogs of stock dissipate, the increase in procurement pressure is expected to put some upward pressure on farmgate beef prices.

Cattle throughput is tracking about 5% ahead of last season despite the recent slowing in processing due to the restrictions put in place to maintain the safety of workers through the COVID-19 outbreak. This indicates we could see more procurement pressure in the near term as processors compete for a dwindling supply of stock, but this will depend on how certain they are of being able to sell product into various markets.

At present the prices available in the international markets would indicate there is room for farmgate prices to move up by approximately \$1/kg carcass weight from current levels. At present farmgate prices for bull and prime stock are about \$5/kg CW, while manufacturing cows is worth approximately \$3.50/kg CW in the North Island, while in the South Island prices are about 60c lower.

Processors are operating in an extremely uncertain environment and the cost of processing stock has also risen due to measures being taken to protect the health of workers. This may limit or delay any upward movement in pricing. However, at this stage, with COVID-19 well on the retreat in New Zealand it is looking good for a much earlier move to Level 1 than was earlier anticipated, with an associated normalisation of processing speed and costs.

FARMGATE BULL BEEF PRICE VS US MARKET PRICE



Source: AgriHQ

The exchange rate also carries a high degree of uncertainty, and is yet another factor that is limiting the confidence of processors to lift farmgate prices. We anticipate a lower NZD will help buffer some weakness in overseas market prices, but for now, New Zealand's success in beating back COVID-19 is having the unfortunate side effect of making the country – and its currency – flavour of the month.

SLAUGHTER PATTERNS DISRUPTED

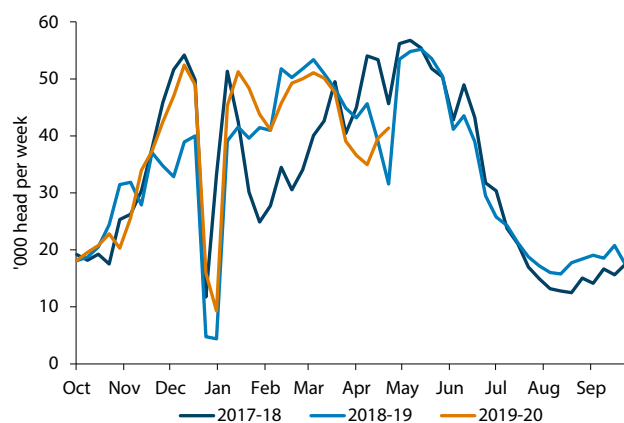
Meat processing in the North Island was disrupted to a lesser degree than South Island processing during the lockdown period. Despite the reduction in capacity, the number of cattle processed in the North Island this season to date is 6% ahead of last season. This was partially due to the drought meaning more stock was culled during the summer than normal. Processing of cows and heifers was ahead by 5% and 9% respectively in late April.

Meanwhile, cattle processing in the South Island slowed significantly more during the lockdown period with the number of cattle processed in the four weeks to 24 April being 23% less than the same time the previous year. Capacity has now been improved, which is allowing the backlog of stock to be steadily worked through.



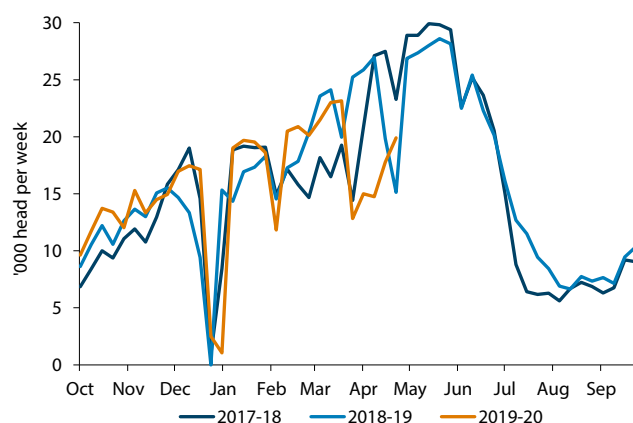
BEEF

WEEKLY CATTLE PROCESSING - NORTH ISLAND



Source: AgriHQ

WEEKLY CATTLE PROCESSING - SOUTH ISLAND



Source: AgriHQ

Store markets are still relatively weak due to the ongoing lack of feed in many regions. There is more demand for older stock and some finishers are finding it challenging to source stock that they can turn over relatively quickly.

However, there are plenty of weaners available as many of the usual buyers for this class of stock simply don't have a lot of feed available. This lack of demand has impacted Friesian weaner bulls to a greater degree than beef breeds but the prices of all weaners is well down on last season. The value of R2yr stock is generally back about 50c/kg liveweight on this time last season.

The disproportional fall in the value of younger stock relative to current schedule prices reflects the high degree of uncertainty in the markets alongside the tight feed situation.



DEER

TOUGH ROAD AHEAD FOR VENISON

Venison is being impacted to a greater degree by the current economic downturn than most other meats due to its position as a high-end meat.

The major markets for venison are Europe and the United States. Both are being impacted by the physical restrictions in place to manage COVID-19 and both are experiencing a severe economic shock.

Farmgate prices for venison have tumbled over the past few months due to the challenging market conditions and the uncertainty that exporters face.

Farmgate prices for young stags have dropped to \$5.50/kg CW. This is a third less than what was being paid this time a year ago, and is the lowest farmgate price recorded in the past 12 years.

The industry has been steadily diversifying to reduce its reliance on the traditional European game meat markets, those being Germany and Belgium. This has mainly resulted in a move into the direct-to-consumer (retail) space in Europe and more product being sold into North America. However, these markets have also been hit very hard by the current economic crisis.

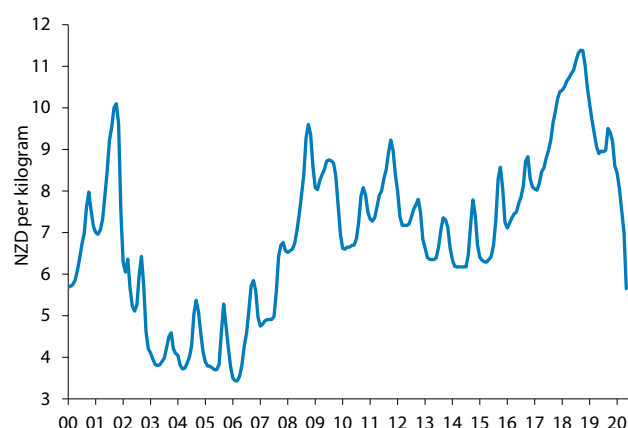
Most other meats are benefiting from increased exposure to Asia. Venison sales into China have risen at an encouraging rate in recent years, but overall volumes remain very low. This market ground to a halt earlier this year as people movements were restricted in order to combat COVID-19. The restaurants are now able to reopen but a lack of demand means many remain closed. Venison is not a traditional meat consumed by the Chinese, so demand in China has tended to come from high-end Western restaurants – often attached to hotel complexes. But as international travel has dried up so has demand for venison.

European markets were already struggling to some extent before COVID-19 hit. Economic growth has been minimal in Europe for some time and a sharp recession is now in

play. In this environment it is difficult to see venison prices being able to recover quickly.

Processors are putting more product into retail-ready format with easy-to-cook venison products featuring more often on our local supermarket shelves.

FARMGATE VENISON PRICE (60G STAG)



Source: AgriHQ, ANZ Research

While farmgate prices are currently extremely low, there are not a lot of deer being processed at this time of the season. Whether or not prices are able to recover before the main season kicks into gear toward the end of 2020 remains to be seen.

While lockdown restrictions are gradually being loosened in both Europe and the United States, neither of these regions has COVID-19 fully under control. There is therefore potential to be additional waves of infection, which may result in physical distancing regulations tightening again, or at least people choosing to remain at home more.

Even when restaurants are able to reopen, the level of patronage at high-end restaurants is likely to be curtailed by a lack of consumer confidence. Global economic conditions will worsen considerably before they improve. Therefore it could be several years before returns for venison get back to pre-COVID-19 levels.

GRAIN

MIXED RESULTS FOR GRAIN HARVEST

This season's cereal grain harvest has delivered mixed results. The Arable Industry Marketing Initiative (AIMI) survey undertaken in early April estimates a 16% lift in yield for cereal grains but a 6% fall in planted area, resulting in a 10% increase in the total tonnage of grain harvested this season. Meanwhile maize volumes are down.

At the time the survey was undertaken most of the wheat and barley had been harvested but there were still a lot of oats to harvest.

CEREAL CROP YIELDS - 2020 HARVEST

	Total yield (tonnes)	Change from last year (%)
Milling wheat	109,200	+31%
Feed wheat	371,300	+18%
Feed barley	285,200	-6%
Malting barley	87,200	+25%
Milling oats	12,700	-34%
Feed oats	7,500	+5%

Source: FAR (AIMI Survey 1 April)

WEATHER CONDITIONS FAVOURABLE IN CANTERBURY

The main cereal crop growing areas in Canterbury enjoyed favourable weather through the growing season – with the exception of the hail storm early in the season in South Canterbury. The hail-affected crops did recover, and low rainfall early in the season helped keep disease at bay. Temperatures were average to warmer than normal, while elevated sunshine hours during the grain-fill period helped to improve yields.

Yields for spring-sown cereal crops harvested in the Canterbury regions were generally good but not exceptional this season.

Southland cropping farmers had mixed fortunes this season. Some of the grain planted in low-lying river flats was flooded in February but these regions have since recovered. Spring planting was delayed in some of the wetter regions, while the cool summer temperatures limited yields. The dry autumn weather assisted with harvesting grain and replanting. But overall grain yields in the Southland/Otago region are not particularly good.

NORTH ISLAND YIELDS SUFFER

In the North Island, yields for maize grain and maize silage are back about 10-20%. This reduction in volume, combined with strong demand for additional supplementary feed, has resulted in the feed grain market tightening considerably in all regions.

In the Hawke's Bay feed is being brought in from other regions as soils remain extremely dry despite some patchy rain in recent weeks. The crops planted early in the season in Hawke's Bay did okay, but those on the wetter country that were planted later suffered as drought conditions set in early.

The dry conditions in the Hawke's Bay did make harvesting and replanting easy – but more rain is certainly needed to get winter crops up and away.

FEED GRAIN PRICES SOFTEN

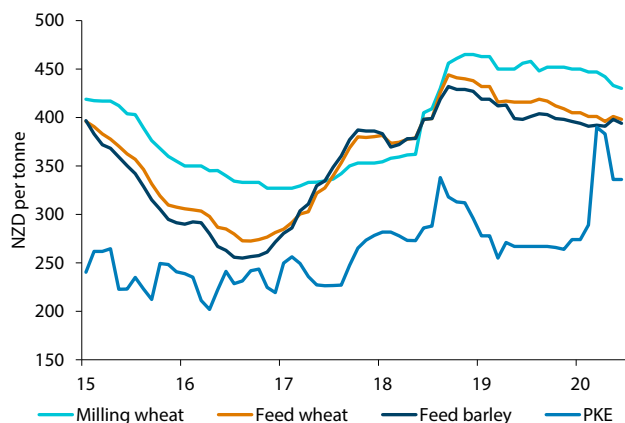
Despite the drought severely impacting pasture production, demand for feed grain is not substantial. A little more feed grain has been used to feed sheep in drought-stricken regions this season, but demand from the dairy industry remains subdued.

At the beginning of April the quantity of unsold feed wheat was up 24% on the same time last year, although stocks of unsold barley were back 6%. Very little stock has been carried over from last season.



GRAINS

NZ GRAIN PRICES



Source: AgriHQ

Prices for feed grains have firmed a little in recent months, but prices are a little softer than they were this time last year.

The area of land sown in winter cereal crops is expected to be down by about 4% or 2,700 ha, based on intentions at the AIMI survey undertaken in early April.

The land allocated to feed barley is expected to be cut back by 3200ha (18%), which is likely to result in further tightening in the quantity of feed barley available. The area allocated to feed wheat has also reduced by 2200ha (6%). More land is expected to be allocated to malting barley and milling wheat.

MILLING WHEAT CONTRACT PRICES STABLE

Milling wheat contract prices are currently similar to last season, with prices ranging from \$400 - \$445/t. The top end of the range is for premium-grade milling wheat with a minimum protein content of 11%. The spot market for milling wheat has softened a little in recent months.

PALM KERNEL PRICES EASE

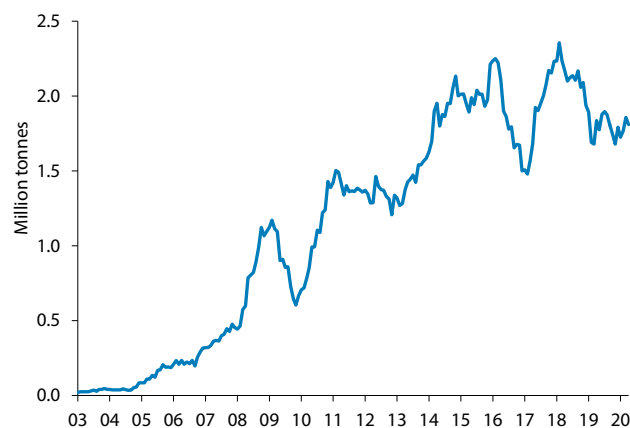
The price of palm kernel expeller (PKE) remains at elevated levels but has eased back from the excessively high prices that occurred a couple of months ago.

The supply of PKE into New Zealand tightened considerably a couple of months ago. Supplies from Malaysia were curtailed due to a temporary halt in the palm oil production as measures were taken to limit the spread of COVID-19. This meant there was limited availability from abroad, so any companies with stocks on hand were very protective of them as they wanted to have sufficient supply available to honour their existing contracts. This meant the spot price for PKE skyrocketed and even today it remains up 25% y/y.

Meanwhile feed grains are a little cheaper than last season. This is likely to see more farmers looking at feeding grain as opposed to PKE – or at least those who have the facilities available to do so. Part of the appeal of PKE is the limited equipment required to store and feed it.

However, demand from dairy farmers is expected to remain subdued as they look to carefully manage their finances in a lower milk price environment. Therefore there hasn't been a lot of demand to commit to forward contracts for either PKE or feed grains. This strategy may be risky for buyers. If the weather is not favourable through the winter/spring period and there is a scramble to source additional supplementary feed there could be a spike in pricing.

PKE IMPORT VOLUMES - 12 MONTHS ROLLING AVERAGE



Source: AgriHQ

The quantity of PKE imported into New Zealand during the first four months of 2020 is about on par with last year. These volumes are substantially less than were being imported a few years back. Dairy farmers are taking a more measured approach to using PKE. This is also being incentivised by dairy processors who are either penalising for excessive use or paying premiums for grass-fed milk.

OPPORTUNITIES TO IMPORT GRAIN

Grain prices are easing globally and this may provide some opportunities to import more feed grains from Australia and the United States. Demand for corn for use in ethanol production has fallen sharply due to the low oil prices, which may result in more feed grain being exported from the United States.

Australia is also likely to find itself with a surplus of barley now that its access for this product into China has been curtailed. China is by far the largest export market for Australian barley and without this market barley prices are expected to tumble. This may result in some Australian barley heading to New Zealand shores.

FORESTRY

EXPORT MARKET YO-YOS

Log prices have benefited from the hiatus in exports, with in-market prices lifting while wharf-gate prices also benefited from a lower NZ dollar and reduced shipping costs.

Tree felling, hauling logs and the export of logs ground to a halt during the Level 4 lockdown period. The reduction in logs arriving into Chinese ports from New Zealand and other exporting regions provided an opportunity to clear the backlog of logs on wharves, prompting a lift in prices on offer.

JUMP IN WHARF LOG PRICES

The combined lift in pricing now means returns at the wharf here in New Zealand reached record levels in early May. Unpruned logs are trading a relatively wide band either side of NZ\$150/JASm³ depending on sales channel and location.

China continues to be the main market for logs. Prices in this market have lifted but are still lower than they were at this time last year. It is really just the lower NZD and the reduction in shipping costs that is fuelling current wharf-gate prices. The cost of moving logs to China has fallen about 40% over the past six months.

The partial lift in prices in China has been driven primarily by the reduction in the supply of logs. Exports from New Zealand ground to a halt in April's Level 4 lockdown as forestry was not deemed an essential service. New Zealand supplies more logs into China than any other country so the dearth of supply from here certainly didn't go unnoticed.

Supply of logs from other regions to China has also slowed. Seasonally there is always a reduction in supply when the Chinese New Year holiday occurs, as there is less labour available at this time to unload ships. This year the Chinese New Year break was extended for many workers due to measures put in place to reduce

the spread of COVID-19. This meant the volume of logs imported by China in January and February was much lower than normal. In March volumes picked up again, but by April it was just the ships already on the water that were able to deliver logs into China.

The reduction in prices on offer earlier this year also helped crimp the supply of logs into China from Russia and North America. However, the volume of logs coming in from Eastern Europe continued at elevated levels, as price is not the driving factor of supply from this market. Large tracts of forest are being cleared in Eastern Europe to combat a bark beetle infection that is threatening to decimate entire forests. Selling the fallen timber to markets such as China helps recover some of the costs of felling but is not driving the rate which trees are being felled.

HIGH PRICES NOT SUSTAINABLE

The increase in in-market log prices has not been driven by a lift in end-user demand. Rather, it has been disruptions to supply that have prompted the lift in pricing. Therefore once supply returns to normal levels then some easing in pricing is expected to occur.

LOG PRICE (UNPRUNED A GRADE)



Source: AgriHQ



DOMESTIC VERSUS EXPORT MARKET

There has always been competition for the supply of raw logs between our export and domestic markets. In recent years the export markets have been winning this battle, resulting in the share of logs being exported increasing to well over half of the logs being felled in New Zealand.

The number of sawmills operating in New Zealand has diminished, as has the profitability of the local mills. Only the larger sawmills that have modern processing facilities in place are able to compete with the export market.

Shane Jones – the Minister responsible for regional economic development and forestry – has proposed a scheme whereby export logs would be taxed in order to subsidise the domestic log market. There are concerns this could lead to lower returns for forest owners, meaning the scheme is not widely supported by the forest owners. The regulations may also potentially breach WTO regulations. Whether these regulations come into force or not, the underlying issue is that many of New Zealand's sawmills have not been profitable in recent years and have not invested in the technology required to be globally competitive.

SLOWING GROWTH LIKELY TO IMPACT DEMAND

As global economic growth stalls due to the challenges the world is facing battling COVID-19, demand for timber is also expected to fall. Timber is used either directly as a construction material, in the likes of timber-framed houses, or indirectly, when used in boxing for concrete structures. Either way, demand for timber is linked to construction activity, which is in turn largely dictated by economic growth.

The sharp slowdown in global economic activity is expected to impact demand for logs and other construction materials. Therefore the international prices paid for logs are expected to diminish in this environment. Any decrease is likely to be partially offset by the weaker NZ dollar and low international shipping costs. However, these offsetting factors can only offset movements in the global market for so long.

Overall we expect wharf-gate returns to soften in the coming months as the full impact of the global economic crisis starts to raise its head.



HORTICULTURE

LOGISTICS CHALLENGE FOR EXPORTERS

The autumn fruit harvest has gone surprisingly smoothly, given the challenging conditions under which our fruit pickers, packers and processors have had to work. The harvest of grapes, apples and kiwifruit all coincided with the Level 4 lockdown.

The logistical challenges can't be underestimated but our horticultural industries have showed true resilience to get large volumes of fruit picked and packed.

As essential services these industries all worked through the lockdown period. The grape harvest was completed without too many problems, while picking and processing of apples and kiwifruit continues.

Most exporters have managed to source sufficient refrigerated containers to move goods to international markets. This was a major concern earlier in the season as containers were getting stuck in market, resulting in a lack of empty containers being returned to New Zealand wharves.

KIWIFRUIT: FULL STEAM AHEAD

Processing and exporting of kiwifruit is tracking ahead of last season. Fruit reached maturity earlier than normal due to the hot summer. The increase in the proportion of gold fruit has also brought the harvest forward, as this variety is picked much earlier than the green varieties.

The entire Sungold crop is now picked and packed, while the harvest of the green kiwifruit is now 70% complete.

Zespri planned to charter 49 ships this year to get its fruit to market, along with using container ships. More than half of the chartered shipments have now sailed, with export volumes tracking about 7% ahead of the same time last season.

Market demand for fruit remains robust. A marketing campaign run in Japan has been extremely popular and this is expected to stimulate further demand from this market. Export data shows a lift in the quantity of fruit exported to Japan, with returns from this market also exceeding that from other markets.

Marketing campaigns are focusing on the Vitamin C content in kiwifruit. This is being well received in the current environment where consumers are looking to boost their immune system due to the ongoing prevalence of COVID-19 in most countries.

Forecast orchard gate returns (OGR) were revised up in April and will be revised again in June following the release of Zespri's annual results.

The forecast OGRs have lifted substantially from the previous guidance as logistical and market concerns of operating in the COVID-19 environment have dissipated. Returns are still expected to be below the strong prices attained in the previous season, but the gap between the new season prices and the previous seasons prices has reduced considerably.

ZESPRI ORCHARD GATE RETURN FORECASTS AS AT 23 APRIL 2020

Variety	2020 season (April forecast)	2020 season (Feb forecast)	2019 season (forecast)
Green	\$5.00 - \$6.50	\$4.00 - \$6.00	\$6.46
Organic Green	\$7.50 - \$9.50	\$6.00 - \$9.00	\$9.65
Gold	\$9.50 - \$11.00	\$7.50 - \$11.00	\$11.71
Organic Gold	\$11.00 - \$13.00	\$9.00 - \$13.00	N/A
Green14	\$5.75 - \$7.75	\$4.50 - \$7.50	\$7.65

Source: Zespri

Zespri is currently in the process of finalising the allocation of its 2020 licenses for Sungold and Zespri Red. Successful bidders will soon be notified.



Zespri has pushed out the release of its financial results for the 2019-20 season but the results are expected to be released before 12 June. In the interim, trading of Zespri share are halted, as is normal ahead of material announcements.

APPLES: GOOD WEATHER FOR HARVEST

The picking, processing, storing and exporting of apples has managed to occur relatively seamlessly despite the challenging operating environment which orchards and pack-houses have had to operate under this year.

Apple export patterns have been disrupted a little, with exporters opting to move additional early season fruit into Europe than normal to avoid congestion in China. Other parts of Asia have also been more challenging due to logistical difficulties. Demand for fruit is very robust in virtually all markets – there have just been some challenges getting produce through supply chains to consumers.

The concerns about sourcing sufficient refrigerated containers in which to store and export apples have been alleviated, although this did cause some sleepless nights for exporters.

The popularity of new varieties continues to grow, while the likes of Braeburn have generally fallen out of favour with consumers. This season returns from Braeburn are expected to be a little better than last season when prices crashed. The area of Braeburn grown in the future is expected to continue to decrease as trees are replaced with newer varieties – particularly those more aligned with Asian tastes.

Some growers will stick with their Braeburn trees due to their characteristics of being a relatively easy apple to grow and store.

There were some challenges sourcing staff for the harvest this season, due to some RSE workers not being able to get into New Zealand. There have also been a lot fewer backpackers about, but those who were in the country and looking for work tended to stay for the full season due to travel options being much more limited under Level 4 and 3 lockdown conditions.

The dry weather through the picking period helped increase pack-out levels and in some cases has offset lower yields. Overall yields have been quite variable between growers, regions and varieties.

VITICULTURE: STRONG ONLINE DEMAND

Now that the frantic weeks of harvest are well behind our wine makers, the focus shifts to selling wine. Sales have been severely disrupted for vineyards who rely on cellar door sales and restaurant channels. Those with an online presence, or involved with wine clubs that sell directly to consumers, have been less impacted.

Sales of wine through supermarket channels were strong during the Level 4 and 3 lockdown periods but this channel doesn't provide the level of returns that some wineries rely on. Export returns for wine have also been under pressure.

Wine exports had a relatively strong start to the season with export volumes and prices considerably higher in the first four months of 2020. Exports to Germany lifted by over 40% in volume terms this year, while exports to the UK and Australia were also really strong. Overall prices were up 4%, but slightly weaker prices were attained on average in these markets where volumes increased significantly. Meanwhile prices were stronger in the more lucrative North American markets.



RURAL PROPERTY MARKET

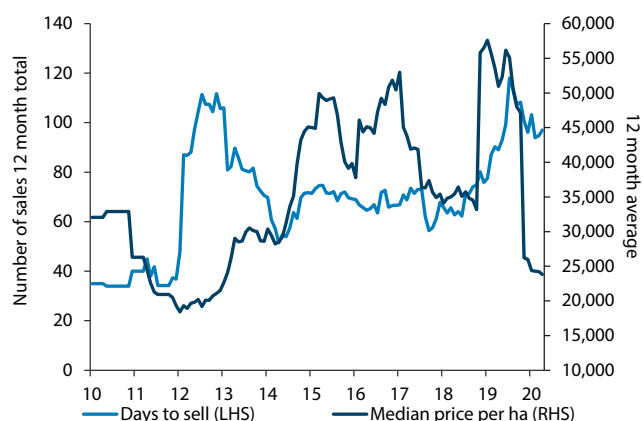
SALES DRY UP

The rural real estate market is very subdued, with properties taking longer to sell than normal. Weakening farmgate prices will make land sales even more difficult in what has been a sluggish market for several years. Recently released environmental legislation may prompt a few more sales, as expectations of future returns and land capability become more evident.

DAIRY LAND SLOW TO SELL

Dairy land prices continue to ease while sales of land have slowed further. The lockdown hasn't helped, but that isn't the primary reason why farms are not currently moving. In this environment we are seeing the price of those farms that are selling continue to ease. Prices dipped under \$30,000/ha in March when measured on a 12-month rolling average basis. This is the lowest prices have been since 2007.

DAIRY FARM SALES - 12 MONTH ROLLING AVERAGE



Source: REINZ, ANZ Research

The sales data includes both dairy farms and dairy support blocks and there are significant regional differences. However, the trend in pricing is still clearly downward.

It is now taking longer on average to sell dairy farms than it has in the past 20 years. Taranaki farms have been particularly slow to sell, whilst farms in Hawke's Bay and the Manawatu are selling the quickest.

The freshwater legislation recently released reaffirms the expectation that water quality needs to improve, and this will limit how farms are operated in at risk catchments.

Until the implications of the legislation are fully understood we are not likely to see a lift in industry confidence.

But what we are starting to see is more interest in the primary sectors in general from a range of firms looking for secure investment opportunities in an increasingly low interest rate environment. This may improve the liquidity in the dairy land market.

SLOW MARKET FOR ALL TYPES OF LAND

The rural real estate market is slower than normal for all land use types. Compared to the 5yr average, the turnover of livestock and arable farms is back 28% and 33% respectively, while only half the normal number of dairy farms are being purchased.

HORTICULTURE

Interest in the horticultural sector remains relatively strong. Horticultural properties continue to trade at prices approximately 25% above their 10-year average.

Forestry land is also trading at a premium of about 45% above its long-run value.



RURAL PROPERTY MARKET

FARM SALES BY FARM TYPE

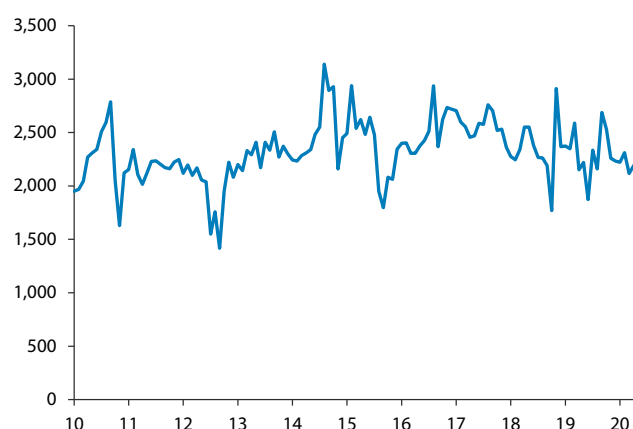
Annual average/total		Past 12 months	Previous 12 months	10 - Year Av.	Chg. Y/Y	Chg. P/10yr
Dairy	Number of Sales	108	161	206	↓	↓
	Median Price (\$ per ha)	29,925	34,100	33,848	↓	↓
Livestock	Number of Sales	709	927	966	↓	↓
	Median Price (\$ per ha)	17,442	17,467	17,109	↓	↑
Horticulture	Number of Sales	140	188	179	↓	↓
	Median Price (\$ per ha)	222,727	234,000	178,605	↓	↑
Arable	Number of Sales	76	89	90	↓	↓
	Median Price (\$ per ha)	23,800	50,950	35,401	↓	↓
Forestry	Number of Sales	45	50	50	↓	↓
	Median Price (\$ per ha)	9,867	10,380	6,699	↓	↑
All Farms	Number of Sales	1,144	1,427	1,495	↓	↓
	Median Price (\$ per ha)	22,642	24,050	23,330	↓	↓

Source: REINZ

SMALL LIFT

The REINZ All Farm Price Index median price has firmed a little in recent months, but there is no indication this is the beginning of a longer-term trend. In general, land prices are expected to soften further, and the speed of this correction is likely to accelerate in the current weak economic environment.

ALL FARM PRICE INDEX



Source: REINZ

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