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Lamb pricing trends positive

Lamb is bucking the trend of falling prices for New Zealand agriculture exports and is well placed to capitalise on global demand for quality food.

The Meat Industry Association (MIA) and Meat & Wool New Zealand say while the ANZ Commodity Price Index for December 2008 showed monthly price decreases of 2.4 % for lamb and 1.4% for beef, the trend over the whole of the last year tells a different story.

MIA Chairman, Bill Falconer says member meat companies report current sales returns from lamb are well up on those 12 months ago.

"This is illustrated by NZX Agrifax data which shows earnings for lamb cuts to the EU are up 30 percent on the same time last year, and racks and forequarters into Asia and the US are up 28 percent. This is significant and even with uncertain times given the global financial crisis, we remain cautiously positive going forward."

Mr Falconer said beef into North America tells a similar story and although prices have come off their 2008 peaks, current returns are still 25 to 30% ahead of 12 months ago. Therefore, the position for both lamb and beef is somewhat better than that shown for a number of the other agricultural commodities where the ANZ price index figures showed a considerable decline in earnings for the month of December.

Meat & Wool New Zealand Chairman, Mike Petersen agreed farmgate prices for lamb were much better than a year ago (currently up some 25 to 40% year on year), and while there was always room for further improvement, the trend was certainly positive.

"We may see softer consumer demand given the economic downturn, but that is likely to be offset by the tightened supply of lamb globally."

Mr Petersen said beef and lamb exports remained a strong performer alongside other agricultural products with over \$4.0 billion of exports annually, demonstrating the benefit of its positioning as a quality food, rather than a traditional agricultural commodity.

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