

Clear Skies for Opening Morning

Duck shooters are cursing that big H that is planted across the country on Saturday.

A good weekend not to peak too early – Sunday might be the better shoot.

Marlborough had their first frost this week. Beef cows have got plenty of work to do cleaning up tag. The last big weaner sale saw w steers sell for \$3.70-\$4.00 and heifers

\$3.20-\$3.50/kg. State Highway 1 is now open 24/7, for the first time since the November 2016 earthquake.

North Canterbury has had something like 500 mm of rain so far this year, 65% ahead of normal. In 2016, 547 mm was received in total. Some new grass has gone in late because of the wet conditions. There's cow shit all over the road from overloaded cattle trucks carting dairy stock to new homes. The duck dams are full!

Canterbury is in good shape with feed covers and stock condition right up to the mark. It's very wet underfoot in Coastal Otago after last weekend's big rain, but again, feed conditions are strong.

Its been cold and wet in Southland. They had two decent frosts this week. The autumn leaves have more vivid colours (from the summer heat?). Farmers are annoyed the Fish and Game has appealed the E Southland Land and Water Plan.

**Tararua Farmer of Year Field Day
B+LNZ Brand of Origin**

M.Bovis Having Big Influence

The confirmation of infected cattle on a large Landcorp farm east of Pahiatua has sent a shock wave through the lower North Island farming community, and tested MPIs resolve that they can eradicate the disease.

In the South Island, stock agents are reporting almost total lack of interest in dairy-cross stock, including R1 & R2 bulls. Killing space for cattle is at a premium throughout the county as the M.Bovis slaughter programme coincides with the annual dairy cow cull.

Store Beef Market Mixed

Although the better quality traditional beef cattle continue to sell well, "off-types" and dairy cross cattle are proving difficult to sell throughout the country. Heavier (500 kg) 2yo steers sold for \$2.85/kg at Stortford, with lighter 400 kg types making up to \$3.00. R2 heifers made \$2.65-\$2.75 and R2 bulls \$2.60-\$2.65. Around 2200 weaners went through the Feilding sale on Thursday, where traditional w steers made \$3.70-\$3.90/kg, with lighter ones making over \$4.00. Friesian weaner bull prices have also softened, the heavier (>200 kg) types making \$3.40-\$3.50/kg and the lighter ones \$3.60-\$3.70/kg. W heifer prices dropped 10-15c/kg to \$3.35-\$3.60.

Stortford has a cow fair next Wednesday with about 700 cows in the catalogue.

Exchange Rate Weaker

Over the last three weeks, the \$NZ/\$US rate has weakened by around 4.5% from 0.7355 to 0.7020. This appears to be largely in response to the US prime rate lifting (up around 25 pts in the last 6 weeks). The weaker \$NZ and a recent lift in the US imported beef price appear to be buffering the NZ beef schedule against further weakness in the face of high supply.

Lamb Contracts Encouraging

Winter lamb contracts with minimum pricing at \$7.30-\$7.50/kg are becoming available in both North & South Islands

Wool Prices Lift

On the back of a weaker \$NZ, the Strong Segment Indicator lifted 32c at this weeks Napier sale. Second shears \$2.64 net greasy.

AT A GLANCE (NI)	-2 weeks	-1 week	This Week	Trend	Change
Store Lambs 2017 (30-35 kg)	\$3.60-\$3.70	\$3.60-\$3.70	\$3.70-\$3.80	↑	+5-10c
Export Lamb (new season)	\$7.20	\$7.25	\$7.30	↑	+5c
18 M Store Steer	\$3.00-\$3.10	\$3.00-\$3.10	\$2.90-\$3.00	↓	-10c
P2 Steer (295 kg)	\$5.30	\$5.30	\$5.30	=	
Bull (295 kg)	\$5.15	\$5.10-\$5.15	\$5.10-\$5.15	=	
Local Trade Beef (220 kg)	\$5.30	\$5.30	\$5.30	=	
Strong Wool Indicator	291	291	323	↑	+32
90-day Bill Rate	2.04%	2.02%	2.02%	=	
US Bull Price (c/lb US)	210	210	216	↑	+6c
\$NZ/£UK	0.5154	0.5070	0.5174	↑	+2%
\$NZ/\$US	0.7240	0.7050	0.7020	=	

Getting it Right – On Dannevirke Hill Country

Last Friday, about 150 farmers had the opportunity to “get under the bonnet” of a top performing hill country business. The field day at Simon and Elle Joblin’s Greenhill farm east of Dannevirke showcased examples of high stock performance, good feeding management, a cropping/finishing programme at the sharp end of technology and a very successful equity partnership.

A Back-Story that You Can Relate To

The story of how Simon and Elle came to be farming Greenhill was covered in AgLetter 14th April 2018. It’s a story that many young farmers could relate to: progression in experience and training, limited equity and a very keen vision of where they wanted to get to. The clear aspirations that Simon and Elle had, led them eventually to find very compatible equity partners, and to build a strong business.

Equity Partnership

This aspect of the business was undoubtedly a drawcard for the large number of young farmers that attending this field day. How did the Joblin’s position themselves to get into this P/S? What were the Rules of Engagement?

The basic rules of Equity Partnerships have been covered in a previous AgLetter (26-9-15).

Some of the key points that came out on this day included:

- Develop your personal skills and make sure people know that you have those skills.

Simon completed a Dip Ag at Lincoln and worked his way up from shepherding to stock manager by working for some high-performing businesses. Elle also came off a farm and developed a career in business management. While they were looking for land to lease, buy and/or an equity partnership, they “sold themselves” to rural professionals, bankers, accountants and real estate agents to ensure that they cast their net as widely as possible.

- Find Compatible Partners

Simon and Elle had several “blind dates” and false starts with potential equity partnerships, but it wasn’t until they met Charlie and Karla Matthews that they knew they had found people who had similar values to them, and whose aspirations and direction were aligned with theirs. This took time and patience.

- Have a good exit plan that you know will work

The most important clause in the EP shareholders’ agreement is the exit strategy. This is where the “unthinkable” eventualities like disability, divorce or death are all thrashed out and a process identified that speaks to pre-emptive rights, valuation process and timing.

- Good Communication and “Distance”.

In the early stages of the Partnership, the two parties are “lining each other up”. They are testing to see whether the other party is performing their role as expected. Surprises aren’t welcome and don’t help. The Joblins and Matthews talked to each other a lot and made sure they agreed on the “big calls”. Since it’s become clear that Simon could deliver on his role as manager, and that finances were being well managed, firm levels of trust have been established. The parties freely admit that the 200 km between the Matthews and Greenhill is a good distance to allow Simon room to move, and for the Matthews to regard the EP as an “external investment”.

- Voting equal despite unequal shareholding

The parties in the partnership have equal voting rights, despite having unequal shareholding. This underpins the trust and good will that such a partnership must be founded on and gives the minority shareholder some security around important decisions like capital expenditure and dividend policy.

For further information on forming and managing Equity Partnerships, see AgLetter 26th September 2015

<http://www.bakerag.co.nz/myagletter.php?id=921&ucode=TZGycWqKBZDgZlhottw8cF0lvMJzbiRr3v1MO7lo9W2i0WDVaXRt83&year=2015&pcode=TvFwCmhsJuIVIR98o14w2IdBsP4QHtg2WryOVNOIGLootUGzYuXUK8>

Financial Performance

The key performance indicators of this business are summarised in the following table:

	2015-16	2016-17	2017-18	Average	Top 25%*
Stock Units	10350	9740	9702	9931	5930
Stocking Rate	9.6	9.1	9	9.2	9.6
Lambing %	133.3%	132.6%	138.6%	134.9%	145.2
Calving %	84.6%	93.6%	78.5%	85.6%	88.2
Sheep Deaths	6.1%	4.1%	6.9%	5.7%	5.2%
Cattle Deaths	1.0%	3%	2.8%	2.9%	2.1%
Income / ha	\$974	\$968	\$1185	\$1042	\$1403
Farm Working Exp /ha	\$501	\$399	\$401	\$434	\$653
Fertiliser \$/ha	\$126	\$107	\$108	\$113	\$125
Animal Health \$/ha	\$30	\$32	\$23	\$28	\$53
Feed/Cropping \$/ha	\$58	\$47	\$42	\$49	\$89
F W Exp as % Gross Inc	51%	41%	34%	42%	47%
Debt Servicing % GI	7.9%	6.3%	5.6%	6.5%	15.4%
Economic Farm Surplus	\$451	\$453	\$708	\$537	\$661
EFS as % GFI	46%	43%	55%	48%	47%
Return on Total Capital	5.4%	5.5%	8.4%	6.4%	6.9%

* BakerAg Database

Commentary

- Slightly lower winter stocking rate than average of top 25%. Focus on feeding through winter and optimising stocking rate through late-summer/autumn strong period.
- A cold, exposed farm over lambing. Looking to reduce lamb wastage and bearing incidence to lift L%. Targeting 140%+ but focus on lamb finishing.
- 35% lift in sheep revenue this year due to higher lamb and ewe prices.
- Modest sheep and cattle deaths indicate good feeding. Low animal health spend.
- Low ratio of farm working expenses / gross farm income.
- Low ratio of debt servicing to gross income. (Excludes debt held individually by the partners).
- High ratio of EFS to gross income (48%).
- Consistent performance across all KPIs over last 3 years.

Finishing Programme

- Weaning at 70 days to get ewes back on the hills doing a job and lambs onto clover.
- No lambs killed off mum.
- Everything shorn/jetted at weaning. 27 kg weaning weight. If weaning at 90 days 32-33 kg would be expected.
- Lambs growing at 320 g/d while on mum. Lambs doing 170 g/d on the hills and 250-270 g/d on the clover.
- Rom/Tex flock for earlier lamb kills. Targeting a 17.5-18 kgcw. Looking to get hybrid vigour in lambs and improve survival rather than increasing scanning.
- 45% of the flock go to a black face. (75% of the maternal ewe lambs need to be selected for replacement, so selection of maternal ewes critical).
- Target 60% of lambs for the Easter chilled market. No winter trade lambs.
- Tail-end ewes a priority through winter. Aiming to maintain a BCS of 3 from tugging to lambing.

Red Clover Programme

- Aiming for blocks of 20 ha to allow rotations. All stock rotated on red clover.
- Soil test prior to sowing and get the fertility levels right. Most paddocks have had 2 t lime/ha.
- Break crop – usually swedes – allows a few sprays on the weeds.
- Typically, 300-500 kg/ha Super at sowing and 300kg/ha dressing annually.
- Full cultivation. Disc > power harrow > Roller drill. Like to get 2 rolls on a paddock to assure seed to soil contact.
- Getting 2-3 years out of most swards. Pushing some to 4 years.
- Use a red and white clover mix to cover a bit more of the growing season. In spring, swards mostly white clover; in summer, red clover dominates.

Grazing

- Red clover only used for sheep only (had previously tried cattle but weren't getting the LWG needed)
- Lamb growth rates 250-270 g/d while finishing on red clover.
- At the end of June clover shut up. Don't lamb onto it. Too many issues with bearings and losses.
- Ewes lamb (early September) and clover is shuffle-grazed from then (shed out onto clover).
- Ewes only stay on the clover for 6 weeks. If longer they started getting the likes of black bag and metabolic issues.
- Lamb stocking rate at 30/ha going down to 20/ha through January then down to 15/ha in February.
- Overall targeting 80 lambs/ha to be finished off the clovers adding on average 12 kgLW.
- Pre-graze mass at the top of the red band.
- Aiming to harvest 10-11tDM /ha.
- No plantain in sward because of weed issues.
- Moving forward trying to get lamb growth rates up to 280 g/d, kill early then do another lamb trade in the gap.



A cracker day at Greenhills – Discussing finishing lambs on red/white clover



Finalists for the Tararua Shepherd of the Year Competition: Emma Lewin (2nd from left) won the title. The other finalists were Kendall Erikson, Bex Perry and Josh Oden.

B+LNZ Origin Brand: “Taste Pure Nature”



After 18 months of market research and sector consultation, Beef+Lamb NZ has launched an important new origin brand to support the marketing of NZ beef and lamb world-wide.

The Taste Pure Nature origin brand will be used as a global brand platform to underpin exporters’ marketing programmes and enhance the positioning of New Zealand red meat. It has been developed in conjunction with B+LNZ’s processor partners and farmers over the past 12 months.

Taste Pure Nature brand assets will be available for New Zealand exporters to use in all markets with the brand appearing on packaging, advertising and other material by the end of the year.

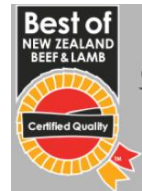
Key Points

- The “Taste Pure Nature” brand will be available to all meat exporters under an annual licence agreement to use in support of their own product in the market.
- Meat exporters have been fully collaborating in the development of this brand since its inception.
- The terms and conditions of the licensing agreements have yet to be finalised, but they will include compliance with the New Zealand Farm Assurance Programme (NZFAP) or must have an ISO/IEC 17065 accredited Farm Assurance Programme which is independently audited. The license will dictate how and where the brand can be used, and this activity will be independently audited in the marketplace.
- It is expected that the Taste Pure Nature brand will have a presence in the marketplace by the end of this year.
- The brand will also be available for use by distributors, wholesalers and retailers of NZ lamb off-shore, again, under strict conditions.
- Meat companies will continue to develop their own “product brands”, under the TPN brand; e.g. “Pure South”, “Te Mana Lamb”, “Grass Fed Wagyu”, “Coastal Spring Lamb”.
- The attributes that the parent brand confer on the product are:
 - * *New Zealand origin – a unique environment, low-intensity farming*
 - * *Grass-fed protein*
 - * *A unique flavour experience*
- B+LNZ is working with companies to develop two pilot programmes in China and the US, to drive demand, visibility and experiences for New Zealand-origin beef and lamb through in-market promotion of Taste Pure Nature to key distributors, foodservice and retail channels (including consumer). If successful, they will look to develop programmes for other markets over time.
- B+LNZ owns the TPN brand. To date, they have invested approximately \$1.5 M in the development of the brand, thanks to the efficiency of a small team in Market Development, and the enthusiastic contribution of some independent, highly skilled NZ marketing expertise. This development cost included the market development team visiting multiple international cities in eight markets to undertake in-depth market research, including conducting 85 focus sessions with consumers, chefs, retailers and distributors.
- B+LNZ’s market research shaped the development of the TPN brand by identifying the following:
 - * *New Zealand as a country has a good image, but there is very little specific consumer knowledge about how New Zealand sheep and beef are raised.*
 - * *There is declining meat consumption per capita but when these consumers purchase red meat, they are seeking better quality and are willing to pay more for it.*
 - * *Consumers are seeking different food experiences depending on their need state, such as convenience during the week or indulgence on the weekend. Irrespective of the need state, they are seeking premium quality.*

- * Lamb has strong potential for value and demand growth: consumers globally are interested in trying new cuisine that meets their health needs and taste expectations.
- * Consumers are increasingly concerned and anxious about the authenticity of their food, where and how their food is produced (including environmental impacts), and the welfare of the animals.
- * Consumers want a connection to real, natural food, produced as nature intended by caring people.
- * Consumers make decisions based on taste and the eating experience must consistently meet the consumers' expectations.
- * They found there is significant value that can be extracted from building a strong country of origin brand and story.

Commentary

- What we like about this brand strategy is that it is 100% consumer-driven.
- We understand that the major meat exporters are fully behind this strategy and have been collaborating since its inception. This is an achievement in itself.
- The timing of this Brand of Origin strategy is critical. B+LNZ's recently released report on Alternative Proteins (AgLetter 3-3-18) highlighted the significant challenge coming from this development of these proteins and the consumer behaviour that is driving this change. This brand strategy addresses this challenge head-on.
- For an investment of \$1.5 M, red meat levy payers have received very good value for money to-date.
- Some will remember these brands: What's going to ensure that the Taste Pure Nature brand of origin doesn't get relegated to a generic status that lacks ownership or support?
- The true test of the strategy is where the "rubber meets the road":
 - * Will the terms and conditions of the licence agreements be robust enough to ensure that the brand is responsibly and effectively promoted by the licence holders?
 - * Will the meat exporters and other users of the brand support it sufficiently in the marketplace to guarantee its success?



Check out the "micro-site" video at <http://www.tastepurenaturenz.co.nz/>

For more detail on the development of the Taste Pure Nature brand:
http://www.tastepurenaturenz.co.nz/assets/download/RMS_Journey.pdf

Two aliens landed in the Arizona desert near a gas station that was closed for the night.

They approached one of the gas pumps and the younger alien addressed it saying, "Greetings, Earthling. We come in peace. Take us to your leader."

The gas pump, of course, didn't respond. The younger alien became angry at the lack of response.

The older alien said, "I'd calm down if I were you."

The younger alien ignored the warning and repeated his greeting. Again, there was no response.

Pissed at the pump's haughty attitude, he drew his ray gun and said gruffly, "Greetings, Earthling. We come in peace. Take us to your leader or I will fire!"

The older alien again warned his comrade saying, "You probably don't want to do that! I really think that will make him mad."

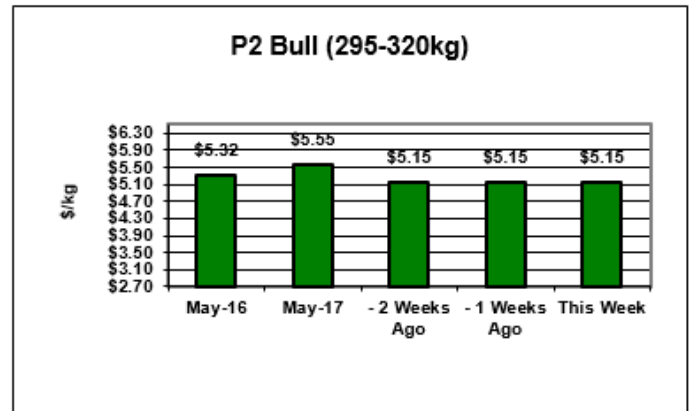
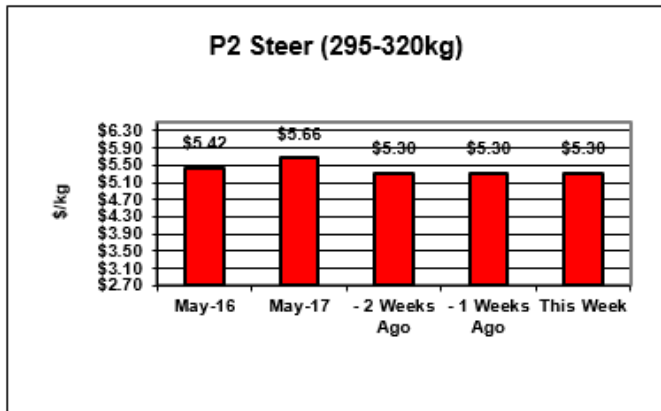
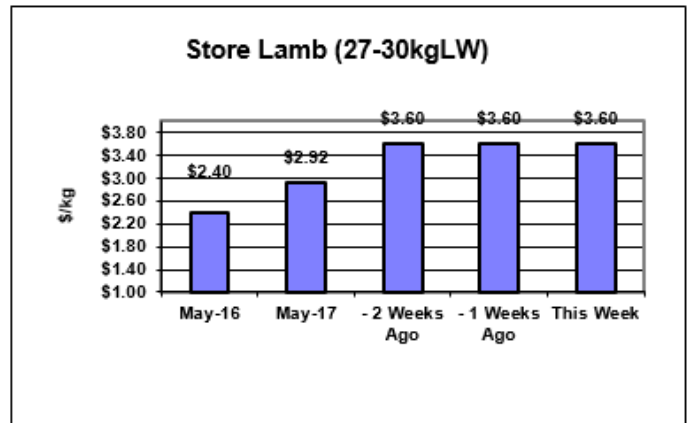
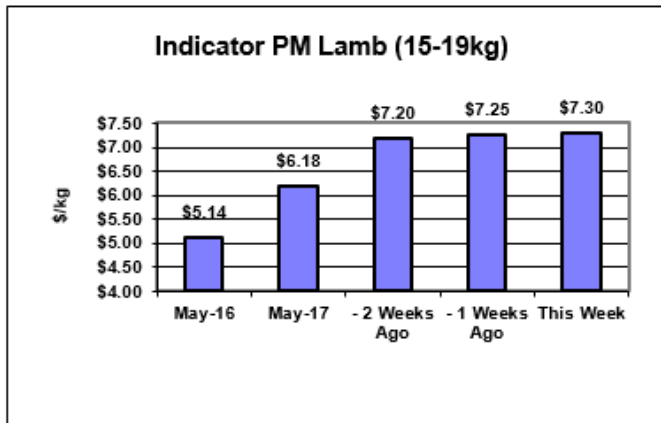
"Rubbish", replied the young alien. He aimed his weapon and opened fire.

There was a huge explosion. A massive fireball roared towards him and blew the younger alien, off his feet and threw him in a burnt, smoking mess about 200 yards away into a cactus patch.

Half an hour passed. When he finally regained consciousness, he refocused his three eyes, straightened his bent antenna, and looked dazedly at the older, wiser alien who was standing over him shaking his big, green head.

"What a ferocious creature!" exclaimed the young, fried alien. "He damn near killed me! How did you know he was so dangerous?"

The older alien leaned over, placed a friendly feeler on his crispy friend and replied, "If there's one thing I've learned during my intergalactic travels, you never mess with a guy who can loop his penis over his shoulder twice and then stick it in his ear."



OTHER PRICES

SI Lamb Schedule	\$7.05	SI P Beef Schedule	\$5.20
NI Local Trade Beef	\$5.30	NI 220-245 kg M Cow	\$3.95
NI 220-245 kg P Cow	\$4.00	NI Venison 60 kg stag	\$10.45

PGG Wrightson Ltd Wool Sale Report

US \$0.7009			-4.7%		3rd May 2018
STRONG SEGMENT INDICATOR			323	+32	Napier
TYPE QUOTES		SALE PRICE (Clean)	YIELD	SALE PRICE (Greasy)	CHANGE ON LAST SALE
H Fleece	33m 3-4"	350	76%	266	↑
H Fleece	35m 3-4"	340	76%	258	↑
H Fleece	37m 3-4"	330	76%	251	↑
Ewe Fleece	37 m 4-6"	na	76%		
Ewe Fleece	38m 4-6"	na	76%		
2nd Shear	37m 3-4"	330	80%	264	↑
2nd Shear	39m 3-4"	330	80%	264	+28
2nd Shear	39m 2-3"	301	80%	241	+16
Lambs	28m 2-3"	na	80%		
Lambs	31m 2-4"	523	80%	418	↑

NOTICES

15-month old plain eyed heading dog for sale, phone Tom 0272444551

Grazing Wanted: 50 R1yr dairy heifers. Ideally north Wairarapa or Tararua contact Ben Bosch 027 925 7114.

Wairarapa Feds AGM, Wednesday 23rd May 10am till 3pm, Copthorne Solway Park, Masterton Come along and vote for a new President and Dairy Chair.

- Questions and Impacts answered about what Does the Ruamahanga Whaitua decision mean for your farm.
- Hear the latest updates on M Bovis findings and discussion around next steps and what can farmers do.

These prices are sale yard prices and are gross of yard fees, freight and commission.

		SOUTHERN NORTH ISLAND		CANTERBURY		OTAGO/SOUTHLAND	
Store Lambs (2017)							
Male & MS	35-40 kg	\$3.40-\$3.55	=	\$3.20	↓	\$3.20-\$3.40	=
	30-35 kg	\$3.80-\$3.90	↑	\$3.30	↓	\$3.20-\$3.40	=
	26-30 kg	\$4.00-\$4.30	↑	\$3.40	↓	\$3.20-\$3.40	=
Ewe Lambs	26-30 kg	\$3.80-\$3.90	↑	\$3.20-\$3.30	↓	\$3.20-\$3.40	=
	30-34 kg	\$3.60-\$3.70	↑	\$2.90-\$3.20	↓	\$3.20-\$3.40	=
Works Ewes	22-24kg	\$4.90-5.00	=	\$4.80-\$5.00	=	\$4.80-\$5.00	=
Heavy Export Ewes	28kg	\$137-\$140	=	\$130-\$140	=	\$130-\$140	=
18 M Steers	400-450	\$2.90-\$3.00	=	\$3.00	=	\$2.60-\$2.70	↓
	350-400	\$3.00-\$3.10	=	\$3.10	=	\$2.70-\$2.80	↓
Dairy X	350-400	\$2.60-\$2.70	↓	\$2.70	↓	\$2.40	↓
18 M Heifers	380-420	\$2.60-\$2.70	=	\$2.40-\$2.50	↓	\$2.60-\$2.75	↓
	340-380	\$2.70-\$2.80	=	\$3.00	=	\$2.60-\$2.75	↓
18 M Bulls	400-450	\$2.50-\$2.55	↓	\$2.50	↓	\$2.30	↓
	350-400	\$2.60	↓	\$2.60	↓	\$2.40	↓
Weaner Steers (Trad)	250-280	\$3.65-\$3.80	=	\$4.00		\$3.70-\$3.90	=
Weaner Steers (Trad)	200-250	\$3.70-\$3.90	=	\$4.10	=	\$3.80-\$4.00	=
Weaner Steers (Trad)	170-200	\$4.00-\$4.15	=	\$4.30	=	\$4.00-\$4.20	=
Weaner Steers (Exotic)	220-260	\$3.80-\$3.95	=	\$4.00	=	\$3.90-\$4.00	=
Weaner Heifers (Trad)	150-180	\$3.40-\$3.50	=	\$3.60	=	\$3.30-\$3.50	=
Weaner Heifers (Trad)	180-220	\$3.35-\$3.60	=	\$3.70	=	\$3.50-\$3.60	=
Weaner Friesian Bulls	200-230 kg	\$3.40-\$3.50	↓	\$3.30	=	\$3.10	↓
Weaner Friesian Bulls	170-200 kg	\$3.60-\$3.70	↓	\$3.60-\$3.70	=	\$3.20	↓
HxF Weaner Bulls	200-250 kg	\$3.40-\$3.50	↓	\$3.40	↓	\$3.20	↓
HxF Weaner Steers	180-220 kg	\$3.40-\$3.50	↓	\$3.50	↓		
HxF Weaner Heifers	200 kg	\$3.10-\$3.20	↓				

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