MPI MINISTRY FOR PRIMARY INDUSTRIES
MANATŪ AHU MATUA

SOPI

Situation and Outlook for Primary Industries

JUNE 2026

Acknowledgements

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Cover photo: Getty Images and New Zealand Story.

Notes and methodology

Annual figures are for the year to 30 June unless otherwise noted. Year to [date] refers to the 12-month period ending on that date. Year references such as 2025/26 denote the year to 30 June 2026. Currency figures are in New Zealand dollars unless otherwise noted. Some totals may not add up due to rounding.

At the time of writing, goods trade statistics for the March 2026 quarter are provisional. Late data and amendments may be included in subsequent Stats NZ data releases.

Some historical export revenue values have been updated due to corrections made by Stats NZ.

The arable section uses data from different periods due to varying reporting cycles. Cereal harvest data are for the year to 31 October, exports to 31 March, domestic grain prices to 31 December, and forecasts to 30 June. Take care when comparing figures across sub-sections.

Each section includes a discussion of producer profitability where data are available. In all sectors, profitability varies widely depending on production system, farm or business size, and location.

MPI welcomes feedback on this publication via SOPI@mpi.govt.nz

Key assumptions

This edition of the *Situation and Outlook for Primary Industries* has been prepared in a challenging and uncertain global environment. The key assumptions below are drawn from the Treasury's Scenario 2 in *Economic Impacts of the Middle East Conflict* released on 24 March 2026 and are broadly aligned with the 'central' scenario assumptions underpinning the *Budget Economic and Fiscal Update 2026* released on 28 May 2026. Both sets of assumptions have been used to inform the food and fibre sector analysis and forecasts in this report.

- The conflict is assumed to continue until the September 2026 quarter, with trade through the Strait of Hormuz resuming from late 2026.
- Global oil prices are assumed to peak at an average of US$135 per barrel (approximately NZ$230 per barrel)[1] in the March and June 2026 quarters before gradually returning to pre-conflict levels in early 2028.
- Access to global supply chains and critical inputs, including fuel, fertiliser, agrichemicals, and freight, is assumed to continue although at higher prices. Diesel prices are assumed to reach $3.77 per litre and petrol prices are assumed to reach $3.86 per litre in the September 2026 quarter.
- Global economic growth is assumed to be weaker and more uneven than expected prior to the conflict.
- New Zealand is assumed to experience higher inflation for longer, reflecting elevated energy prices and indirect cost pressures flowing through the economy.

Given the evolving nature of current global conditions, these assumptions are intended to provide a coherent macroeconomic context and are subject to material uncertainty. Outcomes are likely to differ if the conflict resolves faster or escalates further than assumed.

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1. Based on an exchange rate of NZ$1.70 to US$1.00 as at 21 May 2026.

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Minister's foreword

I welcome the June 2026 edition of the *Situation and Outlook for Primary Industries* (SOPI).

This SOPI highlights a resilient, high-performing food and fibre sector driving healthy demand and prices for New Zealand's world-class products.

It forecasts food and fibre exports will reach a record $64.3 billion in the year to 30 June 2026, building to $70.1 billion in the year to 30 June 2030.

This is a strong result in a challenging global environment shaped by the Middle East conflict and trade policies in key markets that have disrupted supply chains and raised inflation and input prices. Thanks to the sector's hard work and adaptability, New Zealand's food and fibre products continue to reach international markets.

The Government continues to back the food and fibre sector's success as we work towards doubling the value of New Zealand's exports in 10 years.

We are working hard to open doors for Kiwi exporters and grow demand through our network of high-quality trade agreements.

In April 2026, we signed our landmark free trade agreement (FTA) with India. This once-in-a-generation agreement gives our exporters access to 1.4 billion people and an economy set to become the third largest in the world. It eliminates or reduces tariffs on 95 percent of New Zealand's exports – among the highest of any India FTA.

From day one, almost 57 percent of New Zealand's exports, including lamb, wool, and most forestry products, will enjoy duty-free access to India. This will increase to 82 percent when fully implemented, with the remaining 13 percent benefiting from significant tariff cuts.

The FTA will enable significant benefits across many of our other sectors, including kiwifruit, apples, seafood, mānuka honey, bulk infant formula, wine, avocados, cherries, persimmons, and blueberries.

Collectively, our network of FTAs – recently with the United Arab Emirates (UAE), United Kingdom (UK), European Union (EU), and now India – significantly expand market access and demand for Kiwi food and fibre businesses.

The Government is investing heavily to help the sector meet this rising demand and achieve long-term growth, productivity, and prosperity.

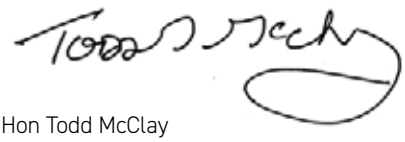
We are investing more than $400 million over the next four years to continue efforts to accelerate the development, availability, and use of new tools and technology to reduce on-farm agricultural emissions, with the first tools expected to be commercially available this year and several in widespread use by 2030.

We've also committed more than $140 million alongside the sector in commercial projects that support more flexible land use. They will show how farmers and growers can drive more value from their land through productivity and sustainability improvements using new tools, technologies, and science. At the heart of this work is providing farmers and growers with choices behind the farmgate, provided these have a lower or no greater environmental impact.

As well, the Government invites proposals for feasibility projects for construction of large or community-scale water storage and reticulation. Reliable and consistent water access is vital to grow higher-value crops, drive pasture growth and diversified farming systems, strengthen resilience to climate impacts, and maximise returns.

This Government supports farmers' own efforts to improve land management practices. The Government wants to secure farmer-led catchment groups by boosting funding and support with $36 million over four years, and we're backing 18 community-based initiatives through our $4 million Rural Wellbeing Fund to ensure rural communities have access to the support they need to thrive.

The Government continues to have the backs of rural New Zealand. We are fully committed to doubling the value of exports within 10 years to deliver more returns for our food and fibre sector, ensure the success of rural communities, grow the economy, and ultimately deliver prosperity for all New Zealanders.



Hon Todd McClay
Minister of Agriculture

Director-General's introduction

This *Situation and Outlook for Primary Industries* (SOPI) shows a food and fibre sector navigating tough global conditions to deliver premium New Zealand food and fibre to the world.

It speaks to the strength, skill, and determination of New Zealand's farmers, growers, and other producers. Their ability to adapt, innovate, and continue delivering high-quality, trusted products is driving growth. Food and fibre exports are expected to deliver record revenue of $64.3 billion in the year to 30 June 2026, including:

- dairy export revenue lifting 5 percent to reach a record $28.6 billion
- meat and wool export revenue jumping an impressive 14 percent to $14.1 billion
- horticulture export revenue growing by 7 percent to reach $9.5 billion
- processed food and other products export revenue increasing 5 percent to $3.5 billion.

We expect food and fibre exports will build even further to $70.1 billion in the year to 30 June 2030.

Healthy demand and prices for our dairy and red meat, alongside bumper kiwifruit and apple crops, are leading this year's growth.

Kiwi food and fibre businesses continue to manage and adapt to supply chain disruptions from the Middle East conflict to ensure product reaches markets. This includes diversifying markets to build resilience against future price swings and demand shocks.

On 20 April, I took the helm of the Government's Fuel Response for six weeks. I'd like to acknowledge the food and fibre sector's valuable input and engagement during this time.

MPI is supporting continued trade through the conflict by engaging closely with trade partners and sectors and actively monitoring critical inputs, like fertiliser, packaging, and cold storage capacity.

I've been in a range of our key markets over the past year. One thing that always stands out is the positive reputation New Zealand has for producing high-quality food and fibre products.

MPI continues to focus on growing export demand to double the value of food and fibre exports to drive long-term sector growth and resilience.

We were at the negotiating table for the recently signed free trade agreement with India to secure outcomes for our food and fibre sector and will be heavily involved in leading its implementation.

Our trade teams in New Zealand and in key offshore markets continue to build and strengthen trade relationships to open further doors for exporters.

MPI staff are also on the ground across New Zealand ensuring farmers and growers have access to the practical support they need to drive their success.

Our On Farm Support service provides the vital bridge between government and farmers and growers to help rural communities connect to services, respond to and recover from adverse events, and build resilience.

Farmers, growers, foresters, fishers, and processors continue to demonstrate significant resilience and adaptability through tough global conditions and extreme weather events, and we will continue to stand beside them.

I'm proud of the contribution our team makes to the food and fibre sector, and we will continue to back its ongoing success.

Ray Smith Director-General
Ministry for Primary Industries

FOOD AND FIBRE SECTOR IN THE NEW ZEALAND ECONOMY

$64.3 billion in export revenue

Forecast, year to 30 June 2026.

82.0% of goods exports

The food and fibre sector accounted for 82.0 percent of New Zealand's goods exports[2] in the year to 31 March 2026. Over the last 10 years, food and fibre exports have grown on average by 5.6 percent per year whereas other goods exports have grown by 3.5 percent.[3]

12.4% of employment

360,000 people were employed in New Zealand's food and fibre sector in the year to 31 March 2024,[4] representing 12.4 percent of the total workforce. Primary production employment is distributed across the country, but processing and commercialisation activities are concentrated in Auckland and other major population centres.

15.3% of GDP

The food and fibre sector accounted for 15.3 percent of New Zealand's gross domestic product (GDP) in the year to 31 March 2024.[5] This figure presents the 8.8 percent direct contribution to GDP from production, processing, and commercialisation of primary products. In addition, this figure includes a further 6.5 percent that MPI estimates is added through indirect contribution to GDP from associated industries such as transport and warehousing.

2. Goods exports excluding re-exports. Food and fibre exports were 52 percent of total exports including goods and services in the year to 31 December 2025.
3. Compound annual growth rate.
4. www.workforceinsights.govt.nz. Most recently available data. Note a change of methodology means this figure is not comparable to figures reported in SOPI prior to December 2022.
5. Most recently available data.

SECTOR SUMMARY

For the year to 30 June 2026, export revenue is expected to increase 6 percent to a record $64.3 billion, supported by solid demand, strong dairy and red meat prices, growth in apple and kiwifruit exports, and a favourable NZD/USD exchange rate.

Food and fibre sector export revenue continues to perform strongly despite geopolitical uncertainty and its flow-on impacts on global markets. While some sectors face heightened exposure to external risks, others are holding firm, contributing to broader sector stability.

Looking ahead to the year to 30 June 2027, food and fibre sector export revenue is forecast to dip 1 percent to $63.9 billion, before bouncing back the following year.

Easing export returns in the dairy and forestry sectors are expected to more than offset continued strength in meat and wool, horticulture, seafood, arable, and processed food and other products sectors.

The longer-term outlook for the food and fibre sector is bright, with export revenue forecast to reach $70.1 billion in 2029/30. Growth over the remainder of the outlook period is set to be led by dairy and horticulture sectors. Strong fundamentals, growing global demand, and the sector's adaptability position it well for continued growth and long-term success.

Dairy

Dairy export revenue is forecast to increase 5 percent to a record $28.6 billion in the year to 30 June 2026. This growth is supported by strong global prices, favourable exchange rates, and record milk production. Production is expected to reach 2.02 billion kilograms of milksolids (kgMS), driven by favourable weather conditions and strong financial incentives for farmers. A strong market outlook is expected to support a high farmgate milk payout of $9.85 per kgMS. Looking ahead in 2026/27, export revenue is forecast to ease slightly to $27.9 billion as global prices soften and domestic production normalises from record levels. While rising input costs will put some pressure on farmer margins, strong recent profitability and the Fonterra capital return leave the sector well positioned to absorb these pressures and maintain its trajectory.

Meat and wool

Meat and wool export revenue is expected to increase 14 percent to $14.1 billion in the year to 30 June 2026. A strong lift in key meat export prices is expected due to tighter global supply. Higher export prices across most products are expected to more than offset softer volumes of beef and mutton. At the farm level, sheep and beef farm profit before tax is forecast to surge 96 percent in 2025/26, as higher farm revenue more than compensates for rising farm expenditure. In 2026/27, strong beef demand and tight beef supply are expected to further lift export revenue to $14.3 billion.

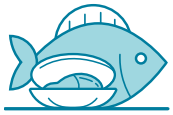
Horticulture

Horticulture export revenue is expected to grow 7 percent to $9.5 billion in the year to 30 June 2026. Kiwifruit export revenue is expected to grow 16 percent to $4.8 billion, reflecting strong growth in both volumes and prices. Apple and pear export revenue is expected to rise 6 percent to $1.3 billion, driven by higher production and export volumes. Steady production growth for kiwifruit and apples combined with strengthening market demand are forecast to support continued revenue increases through to 2029/30.

Wine exports are expected to remain stable at $2.1 billion, with growth in export volume offsetting a lower average price. New Zealand's wine industry continues to grow its global market share despite the global oversupply. Vegetable growers face pressure from higher input and freight costs as well as planned processing plant closures, affecting their production and profitability. Export revenue from fresh and processed vegetables is expected to ease 3 percent to $710 million, with a further decline forecast in 2026/27 before recovery.

Forestry

Forestry export revenue is forecast to ease 1 percent to $6.1 billion in the year to 30 June 2026, driven primarily by softer log prices associated with moderating demand in China. A further decline of 2 percent is expected in 2026/27, reflecting the combined effects of ongoing cost pressures linked to the Middle East conflict and reduced harvest and production volumes in New Zealand and key export markets. Cost pressures will squeeze margins and are likely to affect operating decisions. Medium-term conditions remain more favourable. Demand for sustainable products, investment in processing capability, and market diversification support gradual recovery and a transition towards higher-value production.



Seafood

Seafood export revenue is forecast to dip 3 percent to $2.2 billion in the year to 30 June 2026, driven by muted export prices amid increased competition and consumer price sensitivity alongside lower aquaculture production. Elevated diesel costs amid the ongoing Middle East conflict are expected to weigh on margins and limit near-term growth. Productivity gains in aquaculture, new trade opportunities, and gradually improving global conditions are expected to support a steady recovery and position the sector well for longer-term growth.

Arable

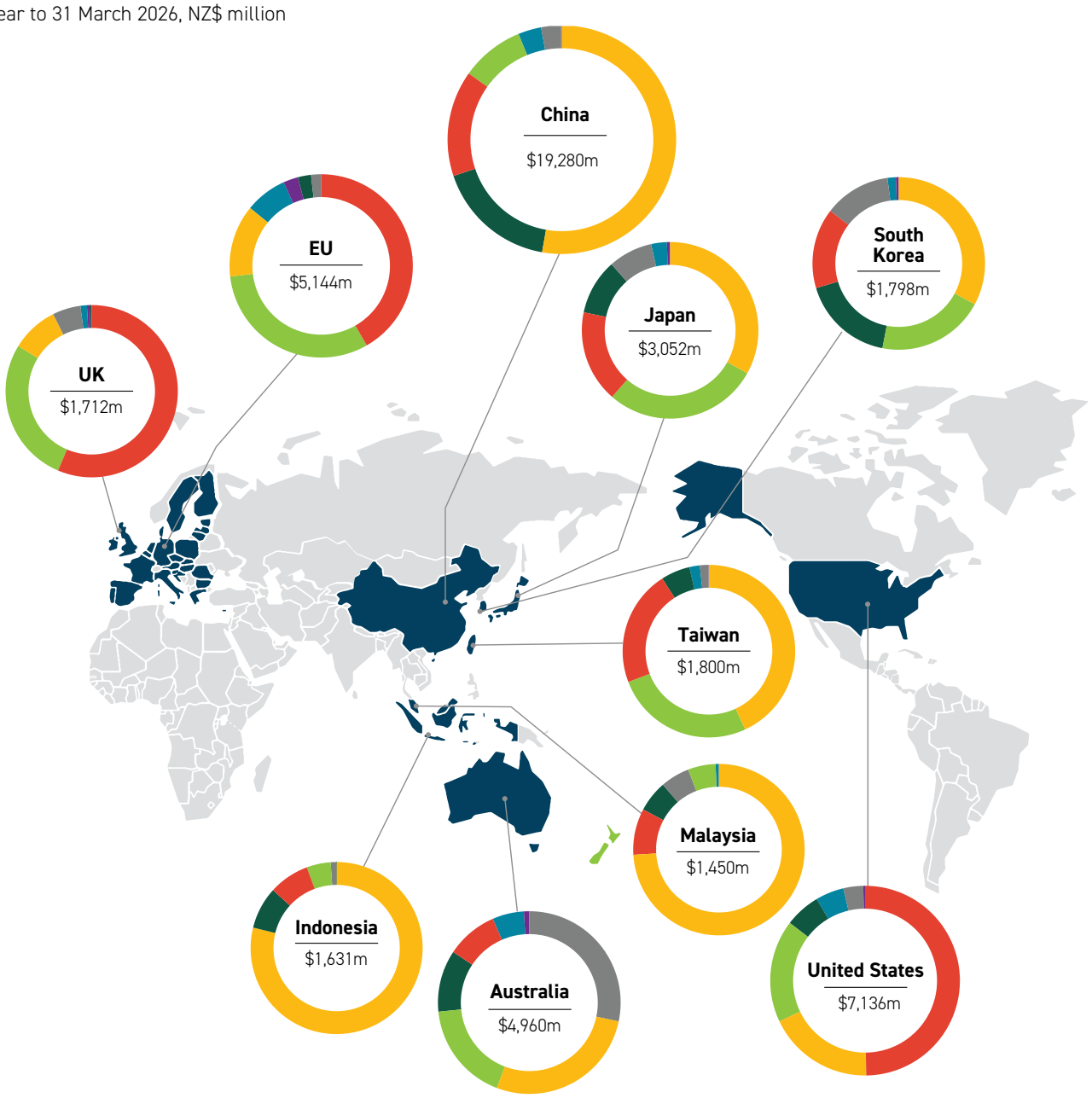
Arable export revenue is expected to fall 4 percent to $325 million in the year to 30 June 2026. Production volumes held steady in 2025/26, although margins remain tight from high costs and unfavourable weather conditions. The medium-term outlook is stable to positive for 2026/27. Steady global demand for hybrid seed, supply shortages in key markets, and New Zealand's defensible position in global supply chains are expected to support a gradual recovery, provided export prices keep pace with rising input costs.

Processed food and other products

Export revenue for the processed food and other products sector is expected to increase 5 percent to $3.5 billion in the year to 30 June 2026, supported by stronger export volumes and prices across a range of processed food products. Higher volumes of mānuka honey exported to the United States (US) have also contributed to this growth, with honey export revenue expected to rise 8 percent to $460 million. These gains are expected to more than offset a notable pullback in export volumes of soft drinks to Australia. Looking ahead to 2026/27, export revenue is projected to hold steady at $3.5 billion.

Top 10 export destinations

Year to 31 March 2026, NZ$ million



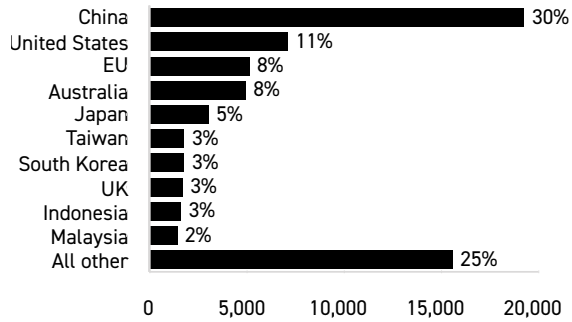
	Product	Export revenue (NZ$ million)	% of total
	Dairy	28,489	45%
	Meat and wool	13,711	22%
	Horticulture	9,237	15%
	Forestry	6,101	10%
	Seafood	2,188	3%
	Arable	318	1%
	Processed food and other products	3,516	6%
	Total	**63,560**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

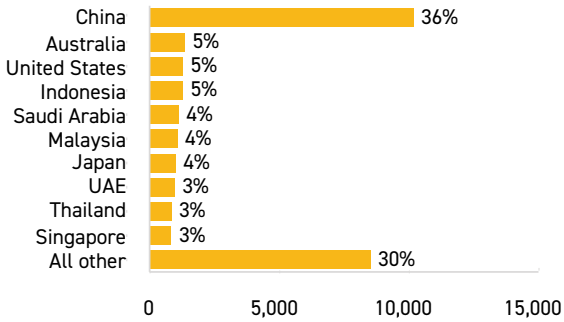
Top export markets

Year to 31 March 2026, NZ$ million and percent

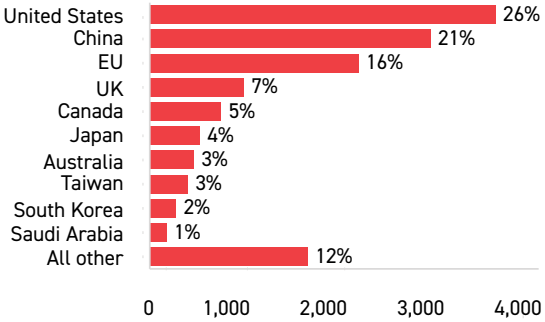
All primary industry exports



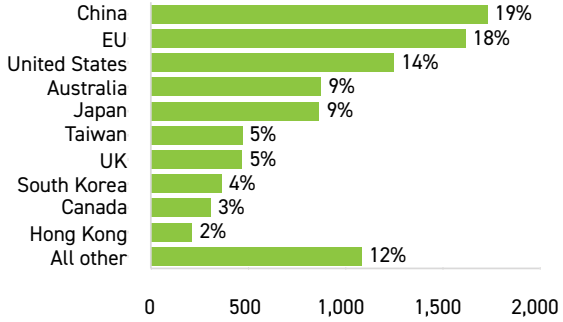
Dairy



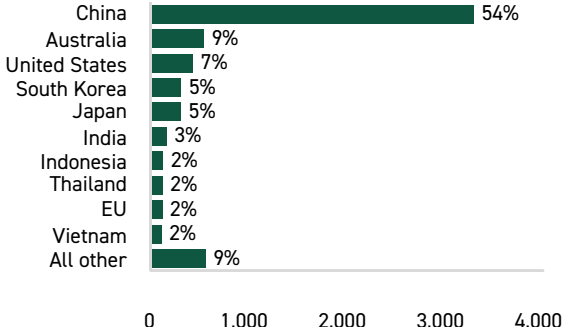
Meat and wool



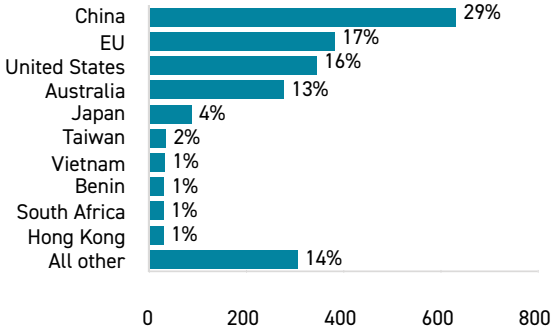
Horticulture



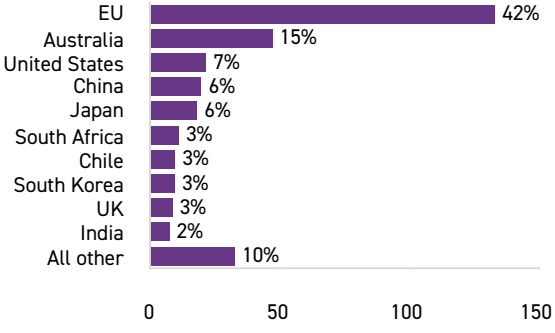
Forestry



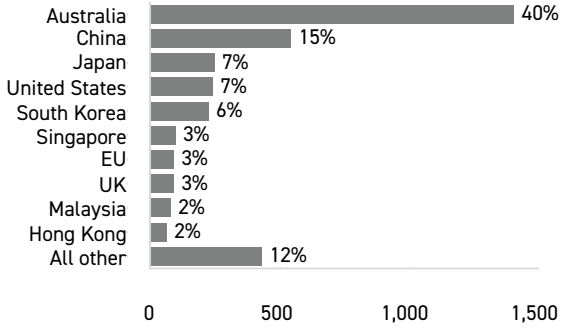
Seafood



Arable



Processed food and other products



Source: Stats NZ.

OVERVIEW

Food and fibre exports forecast to top $64 billion

Strong prices and production volumes supporting exports in 2025/26

Food and fibre export revenue is forecast to reach $64.3 billion for the year to 30 June 2026. This represents a 6 percent increase from export revenue of $60.4 billion in 2025, which itself was a record performance. Looking to 2026/27, export revenue is forecast to decline 1 percent to $63.9 billion as disruptions from the Middle East conflict continue to ripple through the global economy. From there, revenue is expected to recover and grow steadily to $70.1 billion in the year to 30 June 2030.

Strong prices coupled with rising production helped lift export revenue in the 2025/26 year. Rising incomes and purchasing power in key markets supported high dairy prices, while meat and wool prices have surged amidst global shortages in the first two-thirds of the 2025/26 year. A weaker NZD against the USD is further aiding export earnings.

A mild winter followed by a warm spring and timely summer rainfall also supported strong pasture growth and utilisation, underpinning production volumes for the dairy and meat sectors. In horticulture, stable weather through key growing and harvest periods also supported yields for most key export crops.

The food and fibre sector is also benefiting from recent trade agreements. Since the NZ-UK Free Trade Agreement came into force in 2023, food and fibre export revenue to the UK increased 69 percent to $1.7 billion, and since the NZ-EU Free Trade Agreement came into force in 2024, food and fibre export revenue to the EU has increased 56 percent to $5.1 billion.

Table 1: Food and fibre sector export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Sector	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Dairy	21,998	26,008	23,231	27,151	28,590	27,850	29,230	30,450	31,450
Meat and wool	12,323	12,151	11,367	12,360	14,140	14,290	14,790	14,930	15,100
Horticulture	6,825	7,088	7,078	8,815	9,470	9,760	10,030	10,360	10,790
Forestry	6,578	6,353	5,748	6,170	6,100	5,950	6,090	6,150	6,210
Seafood	1,919	2,097	2,141	2,224	2,150	2,190	2,190	2,210	2,250
Arable	252	272	345	338	325	340	355	365	380
Processed food and other products*	3,228	3,493	3,418	3,338	3,500	3,500	3,650	3,790	3,910
Total export revenue	**53,123**	**57,462**	**53,327**	**60,396**	**64,280**	**63,880**	**66,350**	**68,250**	**70,100**
Year-on-year % change	**11%**	**8%**	**-7%**	**13%**	**6%**	**-1%**	**4%**	**3%**	**3%**

* Includes live animals, honey, and processed food.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Disruptions from the Middle East conflict bring an uncertain medium-term outlook and may compress margins

On 28 February 2026, conflict broke out in the Middle East between the US, Israel, and Iran. This Middle East conflict has disrupted global supply chains and energy markets, creating uncertainty around the medium-term outlook for global growth. The International Monetary Fund (IMF) expects global economic growth to be around 3.1 percent, down from a 3.3 percent forecast pre-conflict, as higher energy prices, tighter financial conditions, and elevated geopolitical uncertainty weigh on activity.[6] The conflict is also creating uncertainty for the supply and demand of commodities relevant to the New Zealand food and fibre sector.

Direct impacts on global demand and market access have so far been modest and are expected to have a limited impact on food and fibre exports in 2025/26.

However, as disruptions from the conflict flow through the global economy, risks are expected to build. Global scarcity of fuel, fertiliser, and other critical inputs is increasing production and transport costs around the world, including for our own farmers, growers, and fishers. Meanwhile, slower global growth and higher inflation may weaken demand in key export markets. These pressures are expected to affect supply and demand for several agricultural commodities, presenting a more uncertain medium-term outlook, and are expected to impact export revenue in 2026/27.

Taken together, these pressures are expected to reduce profit margins across the food and fibre sector. This will particularly affect businesses highly exposed to rising input costs, with lower margins or a limited ability to pass on cost increases.

Longer-term outlook depends on the relative impact of disruptions versus global competitors

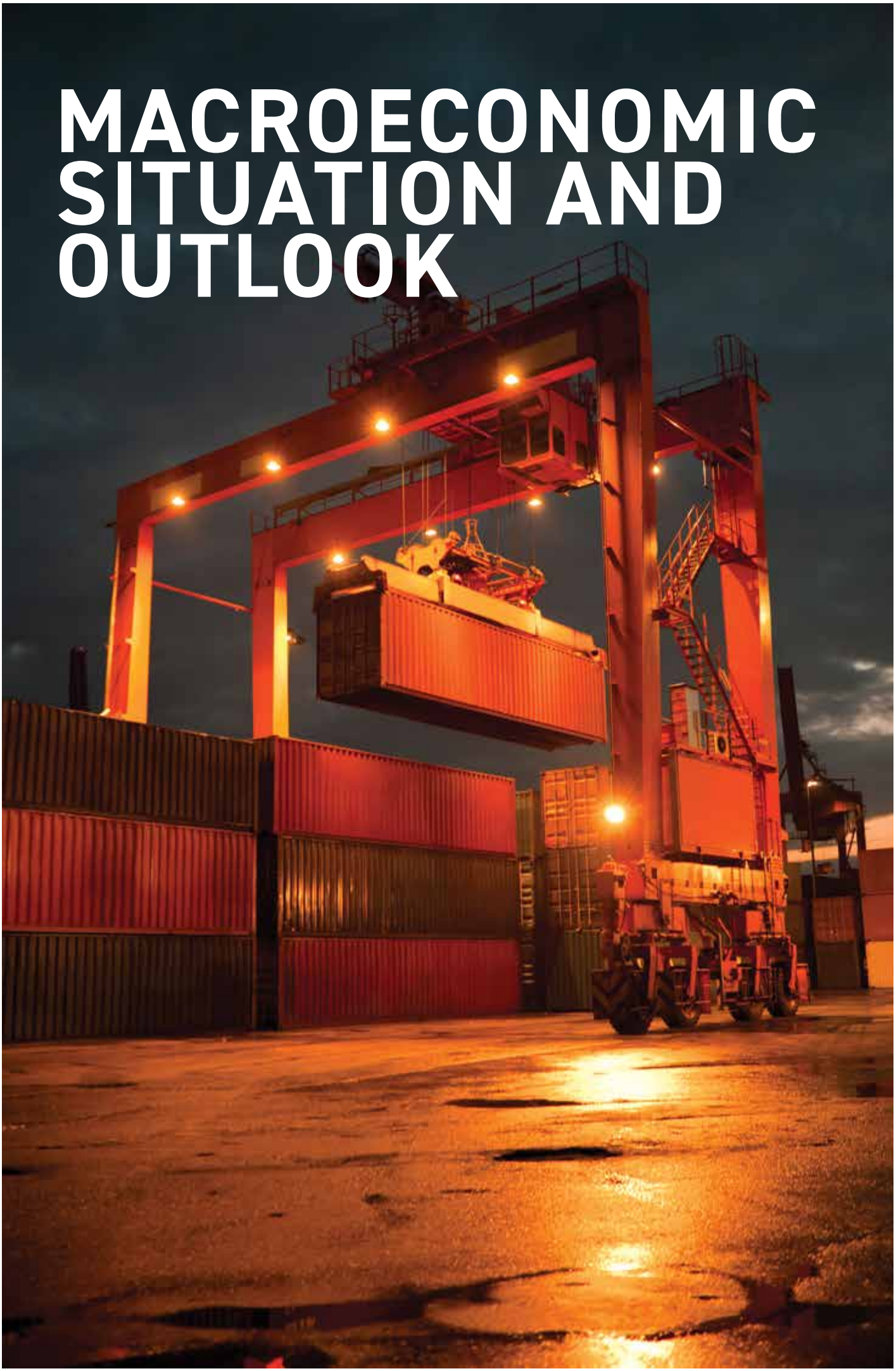
Global disruptions will present challenges but will also reinforce the food and fibre sector's underlying competitive advantages. Although New Zealand producers are facing rising costs and slowing growth, these pressures are global in nature. In many cases, trade competitors are more exposed to input price volatility and weather-related supply risks, including from El Niño conditions. As a result, overseas supply may tighten more than New Zealand's domestic production, supporting prices and sustaining New Zealand's relative competitiveness.

There is both downside and upside risk over the medium and long term. Supply chain disruptions, slower global growth, and more persistent cost pressures weigh on sector profitability. At the same time, supply constraints among overseas competitors and strong market access through initiatives such as the NZ–India Free Trade Agreement could support export returns.

Against this backdrop, sectors that adapt quickly, remain closely aligned to market demand, and invest ahead of future shocks will be better placed to avoid losses and take advantage of opportunities arising from periods of volatility.

6. IMF, World Economic Outlook, April 2026.

MACROECONOMIC SITUATION AND OUTLOOK



A successful start to 2026, despite headwinds on the horizon

Towards the end of 2025, conditions across many economies were improving. Global growth was being supported by easing inflation, lower interest rates, and recovering real incomes, which helped strengthen household spending and business activity. Trade volumes were also picking up as supply chains normalised from prior disruptions, supporting production and investment across many economies. The World Uncertainty Index (Figure 1) came down after a year of sustained high uncertainty – a sign that confidence was returning.

In New Zealand, the economy was recovering from a prolonged downturn following the COVID-19 pandemic, with real GDP growth expected to reach 2.9 percent in the fiscal year 2025/26 and 3.0 percent in 2026/27.

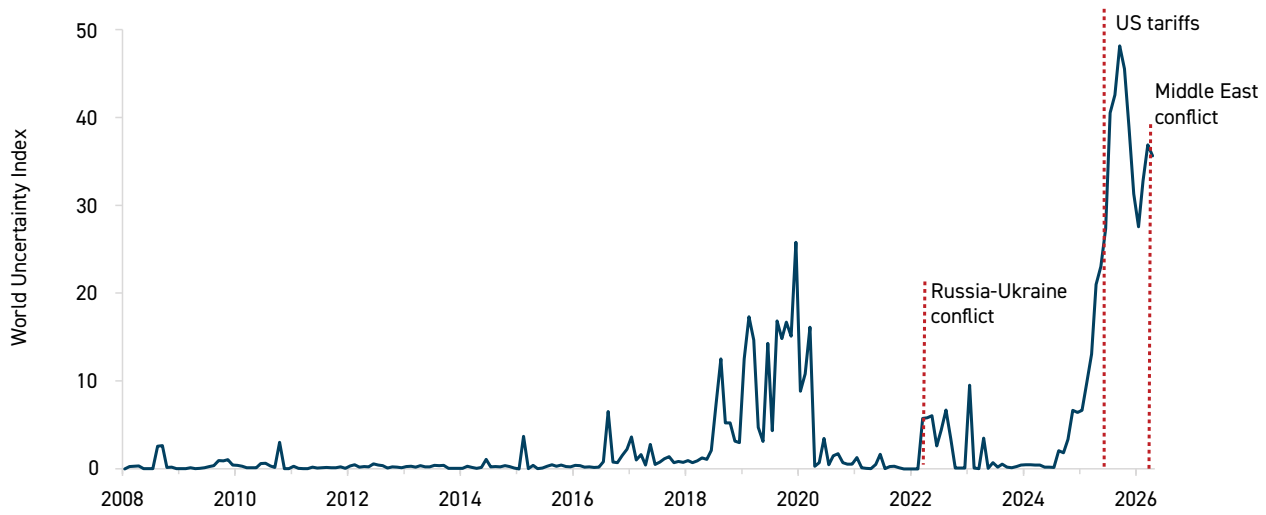
Food and fibre balance sheets were strengthening across several sectors. Pastoral farmers benefited from strong commodity prices that enabled them to pay down debt, and horticulture recorded successive harvests above expectations. Production has increased across the sector in 2025/26 and demand in key export markets has remained firm. This highlights New Zealand as a trusted trade partner and exporter of high-quality produce.

2027 and beyond, adapting to altering global supply chains

The US and Israel launched strikes against Iran on 28 February 2026. Iran responded by restricting access through the Strait of Hormuz, a significant passageway for fuel and fertiliser trade. This shock has since reshaped the economic outlook across the world and is altering energy markets. Other major oil-producing economies, including the US, Brazil, and UAE, are stepping up their oil production in response, yet world oil inventories are depleting at a record pace.

Higher production costs are feeding through the supply chain, weighing on investment confidence and dampening demand. Beyond 2027, these SOPI forecasts reflect the scale of these adjustment risks.

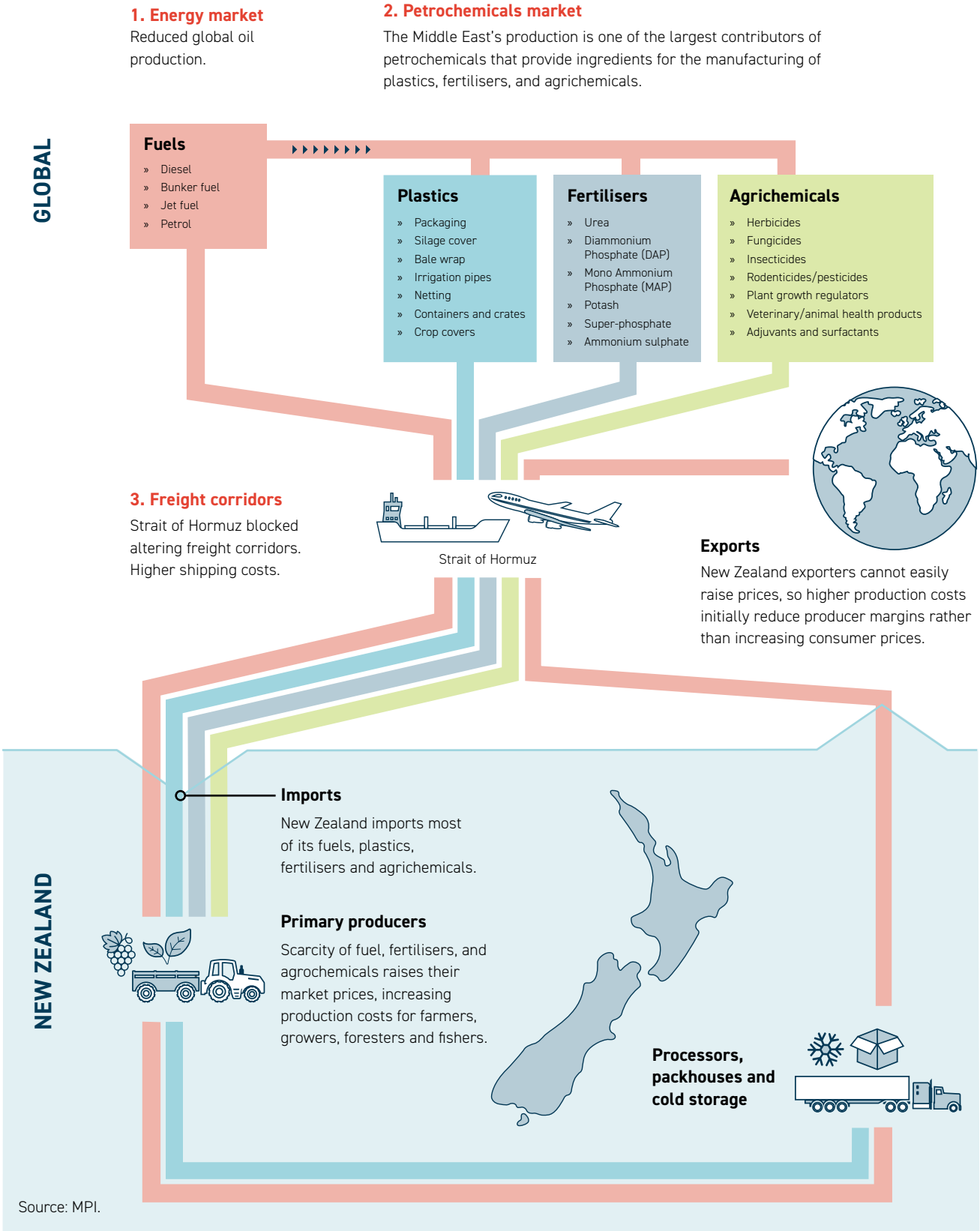
Figure 1: Global uncertainty remains elevated into 2026
Monthly, last observation is May 2026, GDP weighted average



Source: Adapted from A Hites, N Bloom, and D Furceri. 2022. "The World Uncertainty Index." NBER Working Paper 29763, https://worlduncertaintyindex.com.

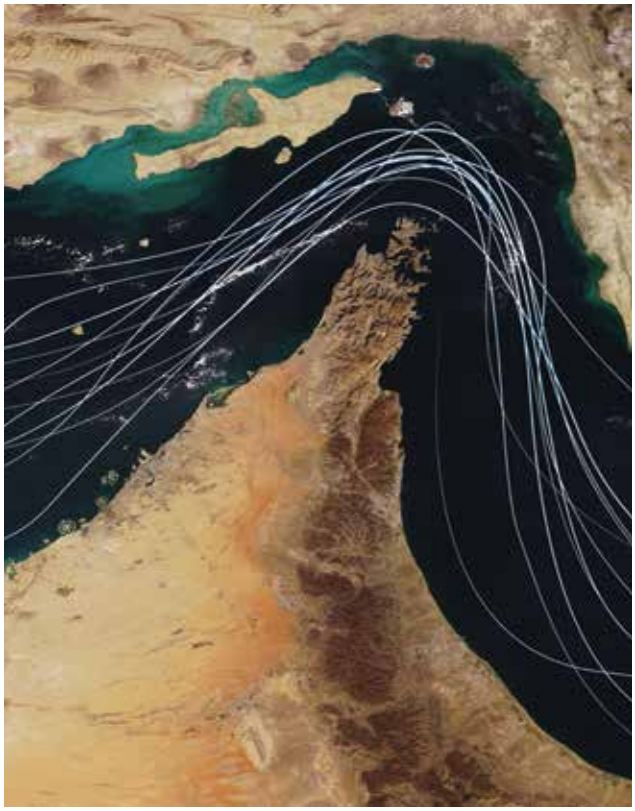
Supply chain challenges for fuel, petrochemicals, and freight

Figure 2: The food and fibre sector's triple supply chain challenges



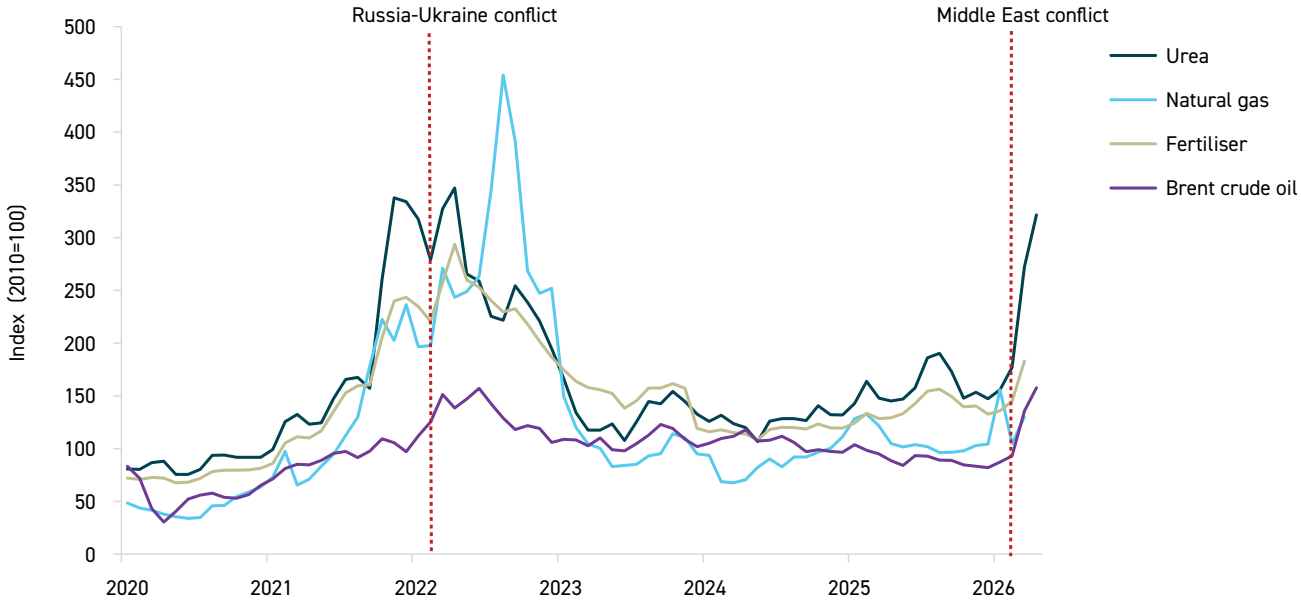
Source: MPI.

The Strait of Hormuz is one of the world's most critical maritime passageways. Prior to the Middle East conflict, the Strait carried around a quarter of global seaborne oil trade, including 38 percent of crude oil, 29 percent of LPG, 19 percent of LNG, and 19 percent of refined oil products.[7] The Persian Gulf is also a key source of internationally traded fertiliser, including 36 percent of urea, 29 percent of anhydrous ammonia (NH_3), and 26 percent of di-ammonium phosphate (DAP), and up to 50 percent of globally traded sulphur.[8]



Impacts from the Middle East conflict are affecting three key channels for our New Zealand food and fibre sector (Figure 2). First, reducing global volumes of fuel, especially diesel and bunker fuel. Second, reducing the volume of petrochemical byproducts that are essential ingredients for fertilisers, agrichemicals, some animal feed, and plastics. Third, disrupting shipping and air freight corridors transporting production inputs and getting produce to markets. Freight corridors are more prone to delays, continuous re-routing, and port congestion. However, New Zealand food and fibre companies generally continue to navigate these challenges well to manage supply by working with their suppliers, locking in forward contracts, and redirecting exports to alternative markets.[9]

Figure 3: The Middle East conflict is driving prices for fertiliser, urea, and oil back towards 2022 highs
Monthly, last observation is April 2026, indices: base 2010=100



Source: World Bank Commodity Outlook, April 2026.

7. United Nations Trade and Development.
8. International Food Policy Research Institute.

Scarcity is leading to compounding price pressures

Markets manage scarcity by lifting prices, and this is showing in critical inputs used by the food and fibre sector. New Zealand relies on imports for most of these critical inputs.

The closure of the Strait of Hormuz is not just an energy-market disturbance but is also generating multi-sector cost pressures both from scarcity of goods sourced from the Persian Gulf and from downstream impacts across supply chains.

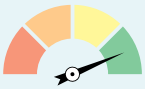
Since the start of the Middle East conflict, crude oil, urea, fertiliser, and natural gas prices have all risen due to the disruptions to shipping through the Strait of Hormuz. The increases so far remain below the peaks reached after Russia's invasion of Ukraine in 2022 (Figure 3). From February to April 2026, urea has seen the sharpest rise, increasing by 82 percent, which has led to a 44 percent increase in overall fertiliser prices. Brent crude oil prices also increased sharply by 69 percent. Prices for these three critical inputs are climbing back towards levels last seen in 2022. Natural gas prices also increased by 9 percent. The World Bank projects these pressures to continue.

Beyond energy and fertiliser, plastic costs are up by 50 percent[9] and shipping costs have increased by 42 percent.[10] Despite these price pressures, New Zealand has so far maintained secure access to supply for these key inputs (Figure 4).

Figure 4: Key supply chain inputs are tracking well

MPI is tracking supply chain disruptions

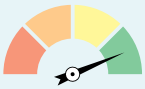
While high prices are expected, as of late May, there are no imminent supply shortages across New Zealand's key supply chain inputs. The Ministry of Business, Innovation and Employment (MBIE) is monitoring fuel levels, and since the start of the Middle East conflict, MPI has established early warning systems to detect shortages ahead of time across several key inputs.



Estimated stability of supply

Fertiliser

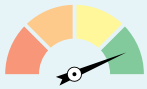
- Rock phosphate
- Sulphur
- Urea
- Potassium (K)
- Ammonium sulphate (SOA)
- Diammonium phosphate (DAP)
- Lime



Estimated stability of supply

Shipping

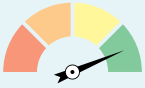
- NZ bound, including expected schedules and routing
- Bunker prices
- Spot container and freight rates
- Global cancelled sailings



Estimated stability of supply

Agrichemicals

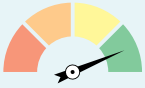
- Weed control – herbicides
- Plant disease control – fungicides and bactericides
- Insect control – insecticides and acaricides
- Vertebrate pest control
- Animal and bee health – poisons



Estimated stability of supply

Cold storage

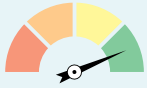
- Cool store capacity at sites nationwide, the size of these sites, and the store type
- Free capacity for containers
- Powered containers
- Dry pallets, chilled pallets, and frozen pallets



Estimated stability of supply

Vet medicines

- Vaccines
- Injectable medicines & IV fluids
- Anaesthetics, sedatives, and euthanasia agents
- Antimicrobials for food producing animals
- Parasiticides (incl. drenches)



Estimated stability of supply

Plastics

- What is in stock in the country (weeks supply)
- What is in transit (weeks supply)
- What has been ordered (weeks supply)

Source: MPI. Update as at May 2026.

9. According to MPI's consultation with businesses.
10. World Container Index.

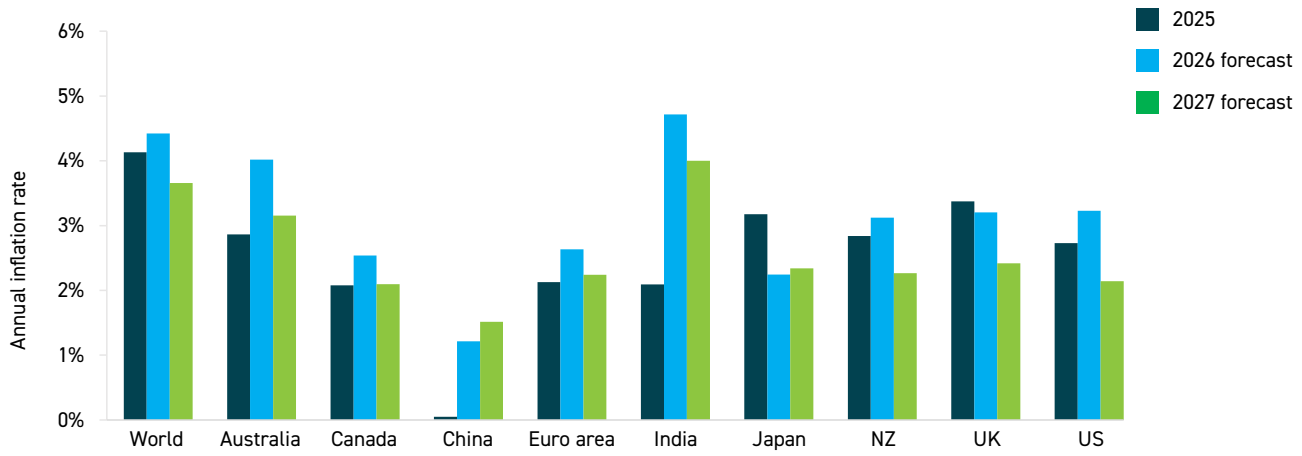
Global inflation expectations are rising on the back of the Middle East conflict

Inflation had been easing throughout 2025 and into early 2026 across most markets, but the Middle East conflict has pushed inflation expectations higher by lifting costs for energy, freight, and other traded inputs. For New Zealand's food and fibre sector, the pressure runs in two directions at once – higher costs for producers and softer demand in export markets in the short term as household budgets tighten.

The OECD now forecasts G20 headline inflation at 4.0 percent in 2026, up 1.2 percentage points from its December 2025 assessment, while the IMF projects global inflation at 4.4 percent in 2026 before easing to 3.7 percent in 2027 (Figure 5). Both projections assume the conflict remains limited in scope and duration.

Inflation expectations have been revised upwards but are not evenly distributed. The US recorded 3.8 percent inflation in April 2026, still well above the Federal Reserve's 2 percent target. China remains a low-inflation outlier, but that has not translated into stronger Chinese consumer demand for imported food. Australia's inflation is rising faster than New Zealand's.

Figure 5: Inflationary pressures expected to rise in the near term and then ease
Year to 31 December, annual average consumer prices growth 2025–27, selected countries



India projections are based on fiscal years, starting in April.
Source: IMF, World Economic Outlook, April 2026.

Input cost inflation is adding costs to food and fibre supply chains

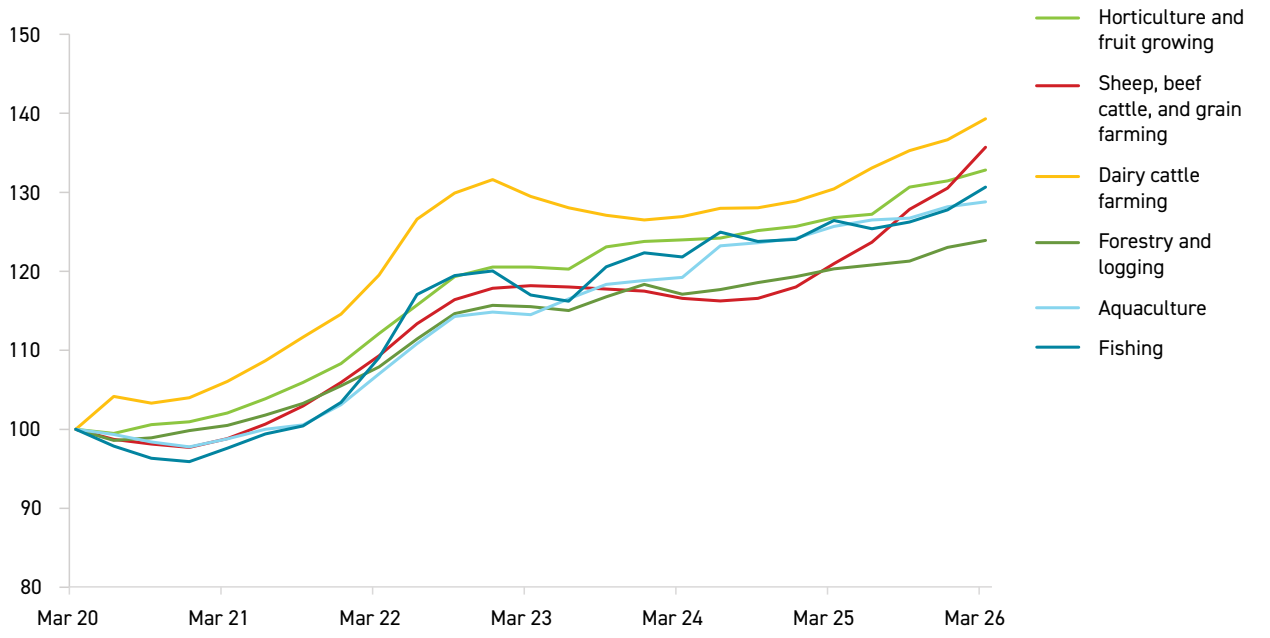
Exposure to rising input costs varies across New Zealand's food and fibre sector. Fuel, fertiliser, and freight costs typically represent around 13–18 percent of operating expenditure in horticulture, around 20 percent in dairy, 14–28 percent in forestry, 10–35 percent in seafood, around 36 percent in red meat, and 40–65 percent in arable and vegetable production. Operating margins also vary widely. More profitable and more solvent businesses tend to have a greater ability to absorb higher input costs and endure short-term losses.

Input costs are increasing in New Zealand (Figure 6) and are expected to keep rising through the remainder of 2026 as disruptions continue to create cost pressures for businesses. This could place additional downward pressure on New Zealand's terms of trade, as rising import costs for key inputs erode the gains from export prices, particularly for more input-intensive sectors and businesses.

Rising costs are pushing up food prices while pressuring consumers' purchasing power

Rising production costs, both in New Zealand and in competing food-producing countries, are expected to push food prices higher. This is particularly true where inputs such as fertiliser are scarce, resulting in lower food and fodder production. In the short term, this can benefit New Zealand exporters. Higher commodity prices may allow firms to recover some of their increased on-farm costs through better returns offshore. Meat prices are already moving in that direction.

Figure 6: Farm expenses increased in the March 2026 quarter
Year to 31 March, producer price indices: base March 2020 quarter = 100



Source: Stats NZ and MPI.

Businesses will experience pressures differently

Compounding economic pressures are also likely to affect businesses unevenly. Firms with high exposure to energy, freight, fertiliser, feed, or other imported inputs will face a more immediate squeeze on margins, particularly where they have limited ability to offset higher costs through stronger export prices or to pass them on to customers. By contrast, businesses with stronger pricing power, lower input intensity, more diversified supply arrangements, or hedging in place may be better positioned to absorb short-term volatility. The impact will also depend on firms' balance sheet resilience, including their debt-servicing burden and working capital position. As a result, sustained cost pressures are likely to widen existing performance differences both across and within sectors.

New Zealand producers continue to adapt to manage higher input costs and achieve higher export prices

New Zealand food and fibre businesses continue to respond to supply-side and demand-side disruptions caused by the Middle East conflict. The nature of businesses' responses will broadly depend on their exposure to input costs, their profitability and balance sheet strength heading into the conflict, and their ability to achieve higher output prices.

Businesses with high exposure to fuel, fertiliser, feed, freight, or other imported inputs are likely to respond first by cutting variable costs and preserving cash. How much flexibility they have will depend on their production system. Arable and horticulture producers, for example, may defer maintenance, reduce fertiliser and agrichemical use, delay harvest, plant less, or switch crops. Other sectors have less room to adjust. The inshore fishing sector, for example, is less able to reduce fuel use without materially reducing margins. In the near term, planting decisions, fertiliser application rates, and other input-use choices will be key signals of future impacts on production and future supply.

The immediate response will also depend on profitability and balance sheet strength. Businesses with stronger margins, lower debt-servicing pressure, and better working capital are more likely to absorb higher costs while maintaining production. Those with weaker profitability or stretched balance sheets are likely to respond more defensively by drawing down inventories, postponing discretionary spending, reducing stocking or planting intentions, or scaling back output where returns no longer justify the cost.

Financial resilience will shape not just whether firms can absorb the shock or how quickly it feeds through into production decisions but also how they recover.

Another determinant of businesses' response is whether producers can achieve higher output prices, either because commodity prices rise or because higher costs can be passed through the value chain. Where international supply is tightening, some New Zealand exporters may recover part of the cost increase through stronger returns, particularly in sectors already benefiting from firm international prices. New Zealand's grass-based pastoral systems may also be relatively advantaged where grain-fed competitors face larger cost increases. However, the ability to lift prices will vary by product, contract structure, market segment, and customer demand. Businesses that cannot secure better prices are more likely to face direct margin compression, even if their production system remains comparatively competitive.

Structural shifts in the food and fibre sector expected to accelerate

Longer-term producer responses to the Middle East conflict will depend heavily on how long disruptions persist and how severe they become. If conditions remain difficult for an extended period, several structural shifts are likely to accelerate.

Consolidation is likely to accelerate in the food and fibre sector. Producers with weaker margins or higher debt will come under increasing pressure. More resilient operators are likely to use this period to acquire land, assets, or market share from those who cannot hold on.

Cost pressures may also encourage land use change towards activities with stronger returns. Within existing operations, New Zealand producers are likely to focus on higher-margin products and look for ways to reduce exposure to imported inputs through substitution, efficiency gains, or changes to production systems.

Exporters will continue to maximise options within New Zealand's network of trade agreements, rebalancing their market exposure as demand, shipping risks, and relative returns shift.

Export demand holding up in early 2026 but expected to slow by 2027

Demand across New Zealand's core export markets is expected to remain firm through the first half of 2026. This reflects strong commodity prices prior to the Middle East conflict, particularly for animal proteins, where market supply remains constrained. Despite recent disruptions, consumer sentiment and purchasing power have held up in key markets. AI-related investment continues to spur economic activity in parts of East Asia and North America, while sentiment in Europe and Australia has remained relatively resilient despite higher fuel costs and inflation concerns.

Macroeconomic uncertainty is prompting many overseas customers to secure forward contracts to shore up supply, supporting demand for many of New Zealand's primary exports. For some non-perishable goods, stockpiling may also be occurring as businesses seek to reduce exposure to trade disruptions, further supporting near-term demand.

Looking ahead to the second half of 2026 and into 2027, disruptions stemming from the Middle East conflict are expected to weigh on food demand. Higher food production and distribution costs are likely to flow through to food prices and, in some cases, support export returns. However, in a broader inflationary environment, rising prices across goods are expected to erode purchasing power and reduce demand for many products.

Longer-term demand will depend on each market's pre-conflict strength, proximity to the conflict, and reliance on affected inputs such as fuel, fertiliser, and energy. Many of New Zealand's key food and fibre markets are expected to remain relatively resilient. Consumption in East Asia is holding up overall, although weakness in China's housing market is weighing on timber demand. Some Southeast Asian markets face elevated risk where energy insecurity is more acute. In North America, prices are expected to remain firm, particularly for dairy and meat, supported by low domestic supply. Europe is also expected to remain broadly stable, although more energy-exposed markets such as the UK are likely to be more vulnerable.

While demand is expected to remain relatively resilient, this does not imply strong profitability. Financial performance will depend on businesses' ability to capture high prices and manage costs more effectively than overseas competitors. The balance between firmer prices and weaker consumption, potentially reflected in lower volumes, will play out differently across products and markets.

Signals from key export markets show varied paths

As scarcity and higher prices persist, inflation and reduced demand will shift consumers' purchasing power. How this materialises will differ across markets, products, and consumer segments. For example, the IMF projects the global economy (GDP) to grow by 3.1 percent, down from a 3.3 percent forecast prior to the Middle East conflict, and with diverging growth expectations across markets (Figure 7).

According to the WTO's Global Trade Outlook and Statistics, global trade is expected to grow by 1.9 percent in 2026.[11] While still positive, this is down from the 4.5 percent growth rate experienced in 2025. While economic growth from AI-related investment and manufacturing present upside risk, rising policy uncertainty, trade tensions, and supply disruptions from the Middle East conflict are all weighing on the outlook. The main downside risk is that sustained high energy costs or further trade restrictions will dampen trade growth and place additional pressure on global supply chains.

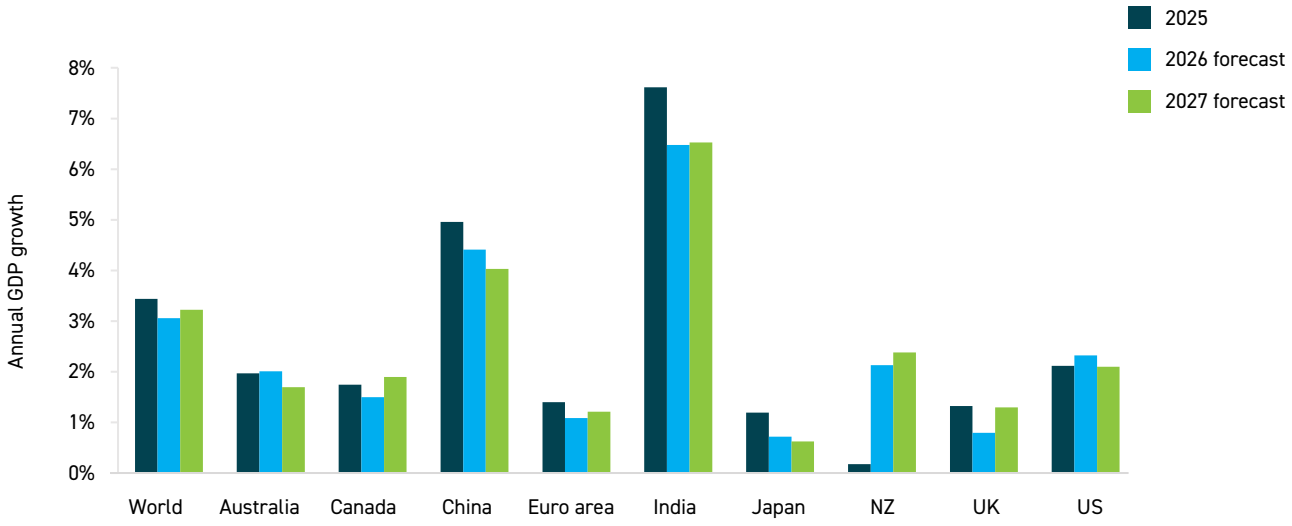
OCR settings remain important for sector cash flow and investment

The official cash rate (OCR) is a key macroeconomic variable for New Zealand's food and fibre sector, given its direct influence on borrowing costs, business confidence, and investment decisions. Businesses already absorbing higher input costs from the Middle East conflict are now more exposed than usual to any changes in financing conditions.

Changes in the OCR affect debt-servicing costs across farming, processing, and export businesses, shaping both short-term cash flow and longer-term capital investment. If interest rates rise, businesses face higher financing costs, reducing their ability to absorb further increases in input prices or invest in production capacity, technology, and productivity improvements.

New Zealand's OCR currently sits at 2.25 percent, although market expectations are increasingly pointing towards the possibility of further tightening later in 2026.

Figure 7: Global real GDP is expected to slow in 2026
Year to 31 December, annual real GDP growth rate 2025–27, selected countries



India projections are based on fiscal years, starting in April.
Source: IMF, World Economic Outlook, April 2026.

11. WTO, Global Trade Outlook Statistics, March 2026.

Exchange rate movements to impact export returns and import costs

Exchange rates are also a key transmission channel from macroeconomic conditions into export returns. The recent weaker NZD against the USD has supported export earnings in New Zealand dollar terms. At the same time, it has increased the cost of imported fuel, fertiliser, chemicals, machinery, and other inputs, adding to cost pressures across the supply chain. Future exchange rate movements will continue to have important implications for food and fibre sector profitability through their effects on export returns, imported costs, and competitiveness.

Weathering the moment, shaping the long game

Macroeconomic disruptions offer scope for New Zealand to play to its competitive advantages. While change can bring challenges, it can also present opportunities. This will be the same for disruptions arising from the Middle East conflict.

The New Zealand food and fibre sector has built real competitive advantages that, relative to overseas competitors, position it well to withstand the current shock. New Zealand benefits from farming and growing systems that are efficient and well aligned with market demand, supported by strong human capability and deep relationships across supply chains. Further, New Zealand benefits from having effective institutions and well-developed trade architecture in place. These strengths also support problem solving and adaptability when conditions change and may create opportunities to grow long-term market share. The most competitive businesses are often the last to lose supply when markets tighten and the first that buyers turn to when markets grow.

New Zealand's competitiveness is reflected in the history of export revenue growth (Figure 8). Real food exports have grown over 580 percent since 1950, despite many challenges: the UK joining the EEC, the 1970s oil crises, 1980s and 1990s economic reforms, droughts, the Global Financial Crisis, COVID-19, Cyclone Gabrielle, and US tariffs.

New Zealand businesses already face higher input costs, slow domestic demand growth, and uncertainty around exchange rates, interest rates, and weather. So do our competitors. What matters is not whether these pressures hit, it's whether they hit New Zealand harder than the countries it competes against.

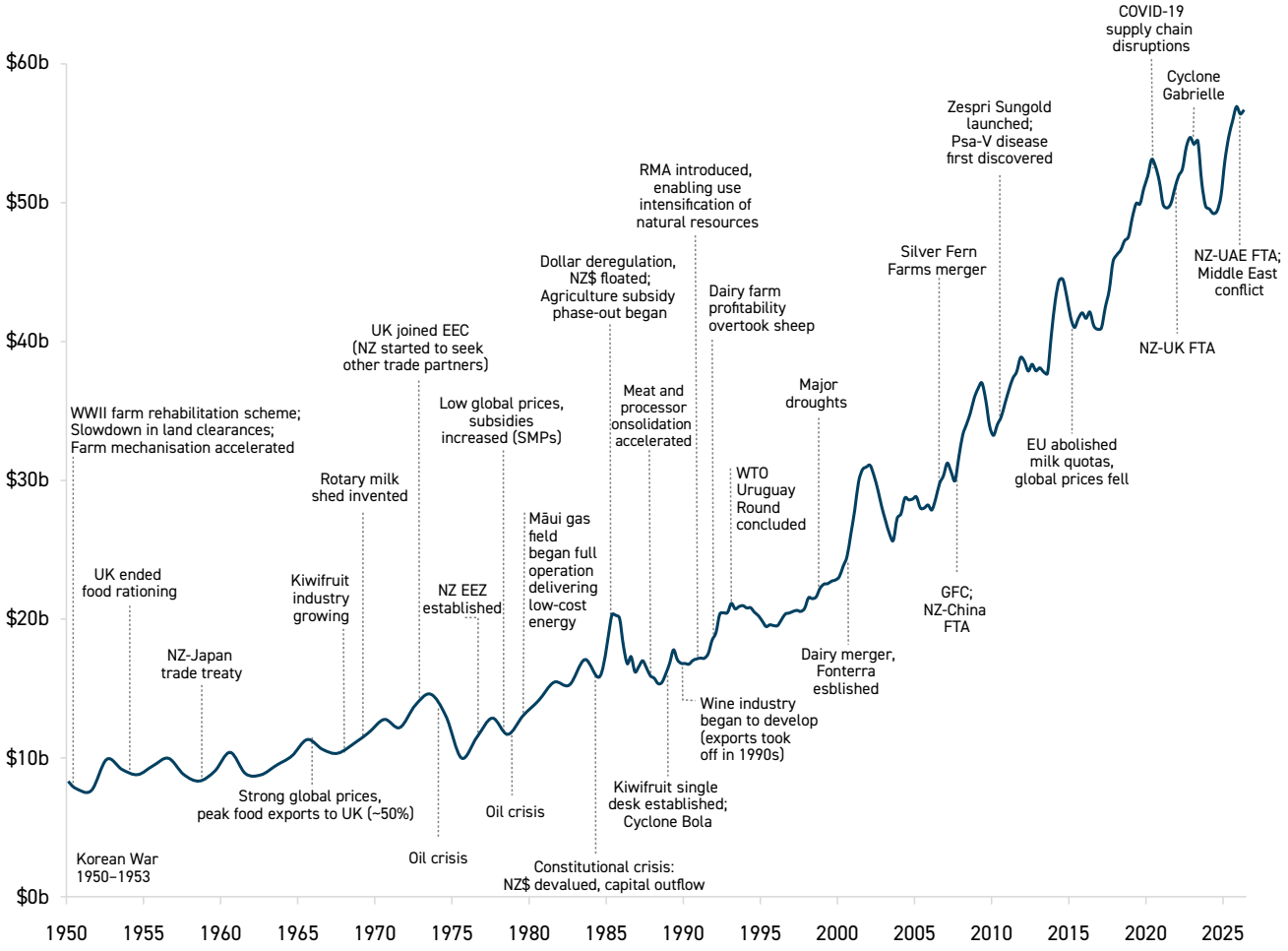
Pasture-based farming uses less imported feed than grain-fed systems, so when feed, fertiliser, and fuel costs rise, New Zealand farmers feel it less than most competitors. Strong relationships with customers also matter. In disrupted markets, trusted suppliers are more likely to retain orders, hold shelf space, and secure continued access when buyers become more selective.

New Zealand's counter-seasonal production is another advantage, allowing exporters to supply markets when northern hemisphere production is lower and giving buyers an additional reason to maintain New Zealand relationships.

Strong El Niño weather systems also tend to pose greater risks to northern hemisphere and tropical growing regions, where large-scale drought or heat more materially constrains output. As a result, even if domestic production is reduced, larger global supply declines can support prices and New Zealand's relative competitiveness.

Over the longer term, there are opportunities for the New Zealand food and fibre sector. However, this means building greater resilience to financial and climatic shocks, using New Zealand's trade architecture to deepen market access and diversify risk, and continuing to respond as demand, prices, and supply conditions change. Sectors that can invest ahead of the next shock, stay close to market signals, and respond quickly will be better placed to protect returns and capture new opportunities as they emerge.

Figure 8: 75 years of New Zealand food export growth through global and domestic headwinds
New Zealand food exports expressed in real 2026 NZD, adjusted for CPI inflation, 1950–2026



Excludes export revenue from forestry, carpets and other wool products, hides, leather and dressed skins, wool, and live animals.
Source: Stats NZ and MPI.

SPECIAL FEATURE

NEW ZEALAND–INDIA FTA

Unlocking growth for New Zealand's primary sectors

The New Zealand-India Free Trade Agreement (FTA) will deliver strong outcomes for New Zealand's food and fibre sector by significantly reducing tariffs and improving market access for exporters seeking to expand their presence in India. India is projected to become the world's third-largest economy by 2030, with an estimated market value of US$7 trillion. With a growing middle class increasing the demand for high-quality food and agricultural products, India is a largely untapped opportunity for New Zealand primary exports.

Key outcomes for exporters

Sector	Outcome
Forestry and wood	Over 95 percent of exports enter India duty free immediately and most remaining tariffs removed within seven years. This significantly boosts opportunities for wood, pulp, and paper exports in this high-growth market.
Apples	First-ever preferential access for apples in an Indian FTA. Tariff halved from 50 percent to 25 percent on up to 32,500 tonnes per year, rising to 45,000 tonnes by year six. The new tariff rate quota will be 20 percent higher than apple exports to India in the year to 30 June 2025.
Kiwifruit	Duty-free access for 6,250 tonnes per year and up to 15,000 tonnes by year six. Out-of-quota tariffs halved to 16.5 percent, the best access India has ever granted for kiwifruit in a bilateral trade agreement.
Mānuka honey	India's honey tariff cut from 66 percent to 16.5 percent in five years. This is the first-ever preferential access for honey and is expected to create significant new export opportunities for New Zealand mānuka honey producers.
Sheepmeat and wool	The FTA immediately removes tariffs on sheepmeat (33 percent) and wool (2.75 percent), restoring competitiveness and improving access for two key export sectors.
Fish and seafood	Most tariffs, which are currently at 33 percent eliminated over seven years.
Wine	The FTA reduces India's current 150 percent tariff on New Zealand wine to 25 percent or 50 percent over 10 years. India has also committed to extend to New Zealand any better access agreed with future FTA partners, ensuring New Zealand wine exporters receive the best-available terms.
Dairy	Tariffs on bulk infant formula, food preparations, and peptones reduced/eliminated over time and new quota for albumins.
Trade facilitation	Simpler quota rules and new fast-track duty-free entry for New Zealand products used as inputs in India's exports, supporting supply chains and its food-processing sector.

Strengthening agricultural cooperation through the Agriculture Productivity Partnership

New Zealand and India share a long-standing agricultural partnership built on collaboration, knowledge sharing, and mutual benefit. Building on this foundation the FTA establishes the Agriculture Productivity Partnership (APP) to deepen cooperation between New Zealand and India and support practical, long-term collaboration between industries.

The APP provides a framework for joint projects that deliver tangible benefits for producers and consumers in both markets. For example, New Zealand and India's counter-seasonal climates create opportunities to support year-round supply and sustained demand for horticultural products, strengthening resilience across supply chains.

Through the APP, New Zealand and India are reinforcing their shared commitment to agricultural productivity, innovation, and sustainable growth through cooperation across a range of sectors, including forestry, horticulture, apiculture and honey, livestock, fisheries and aquaculture, and wine. Cooperation programmes for kiwifruit and apples, developed in partnership with industry, are already underway and have been warmly welcomed by India. By supporting industry-led, mutually beneficial collaboration with Indian counterparts, these initiatives enable New Zealand exporters to realise economic gains through expanded market access.

A view from New Delhi

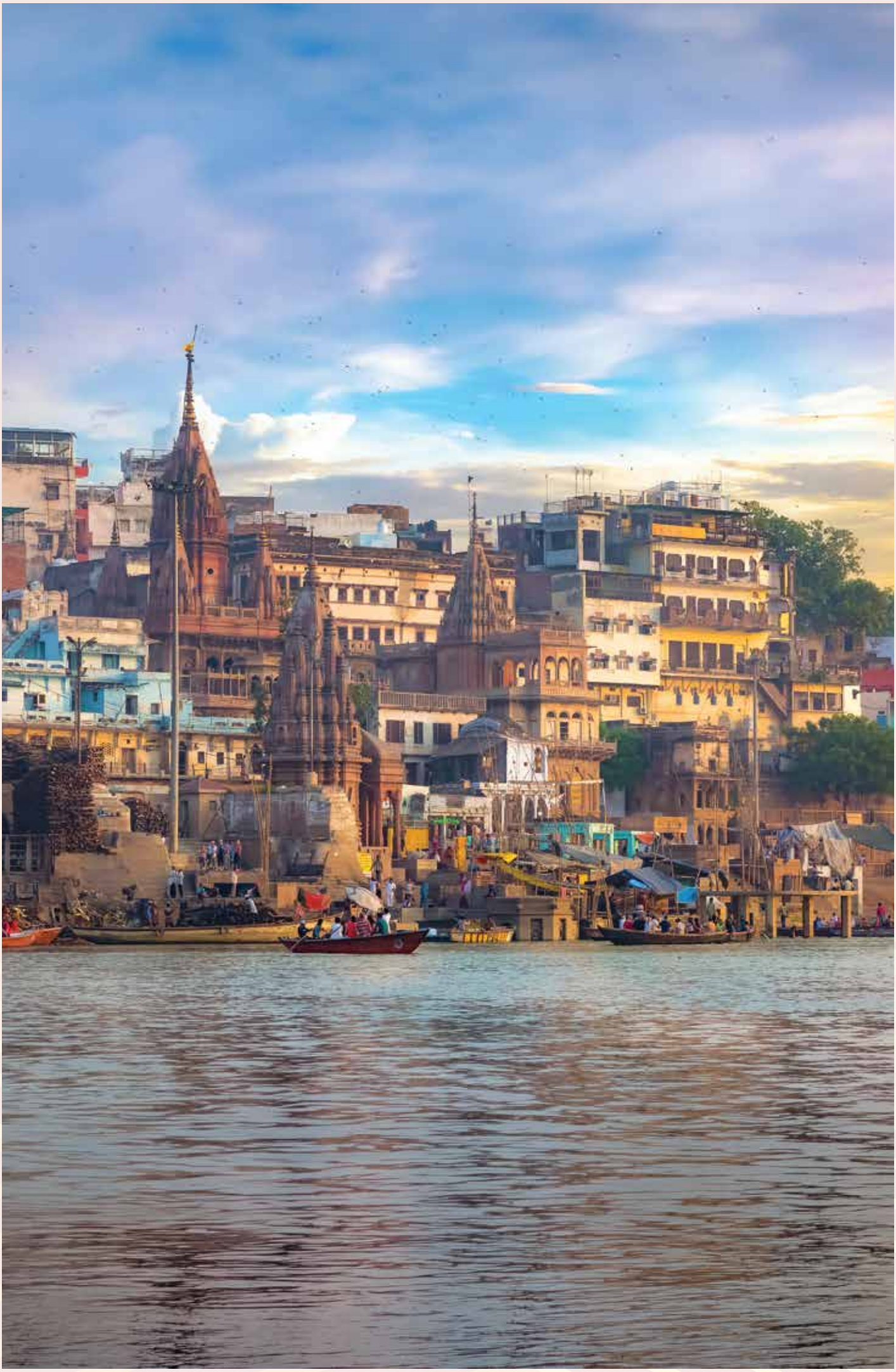
MPI's offshore posts play a key role in managing the relationship MPI has with international governments. Based in market in a range of countries, Agricultural Counsellors act as the liaison between MPI and foreign government departments for agriculture, food safety, and animal health. They also play a key role understanding what's happening on the ground, to help inform MPI's approach to key – and often sensitive markets.

MPI's South Asia Agricultural Counsellor, Melanie Phillips knows first-hand the importance of MPI's relationships with trade partners.

"Agriculture is a very sensitive topic in India as it supports the livelihoods of millions of farmers and rural communities. The idea of opening up agricultural market access – even to New Zealand and in a country as large as India – can be a very political issue. But the relationship between New Zealand and India has grown a lot during my time in New Delhi. A key part of our success has been industry's willingness to work with MPI to support our activities in country. Over time, the Indian system has come to see New Zealand as a reliable trade partner with strong opportunities on both sides – as an importer of Indian products and an exporter of New Zealand products."

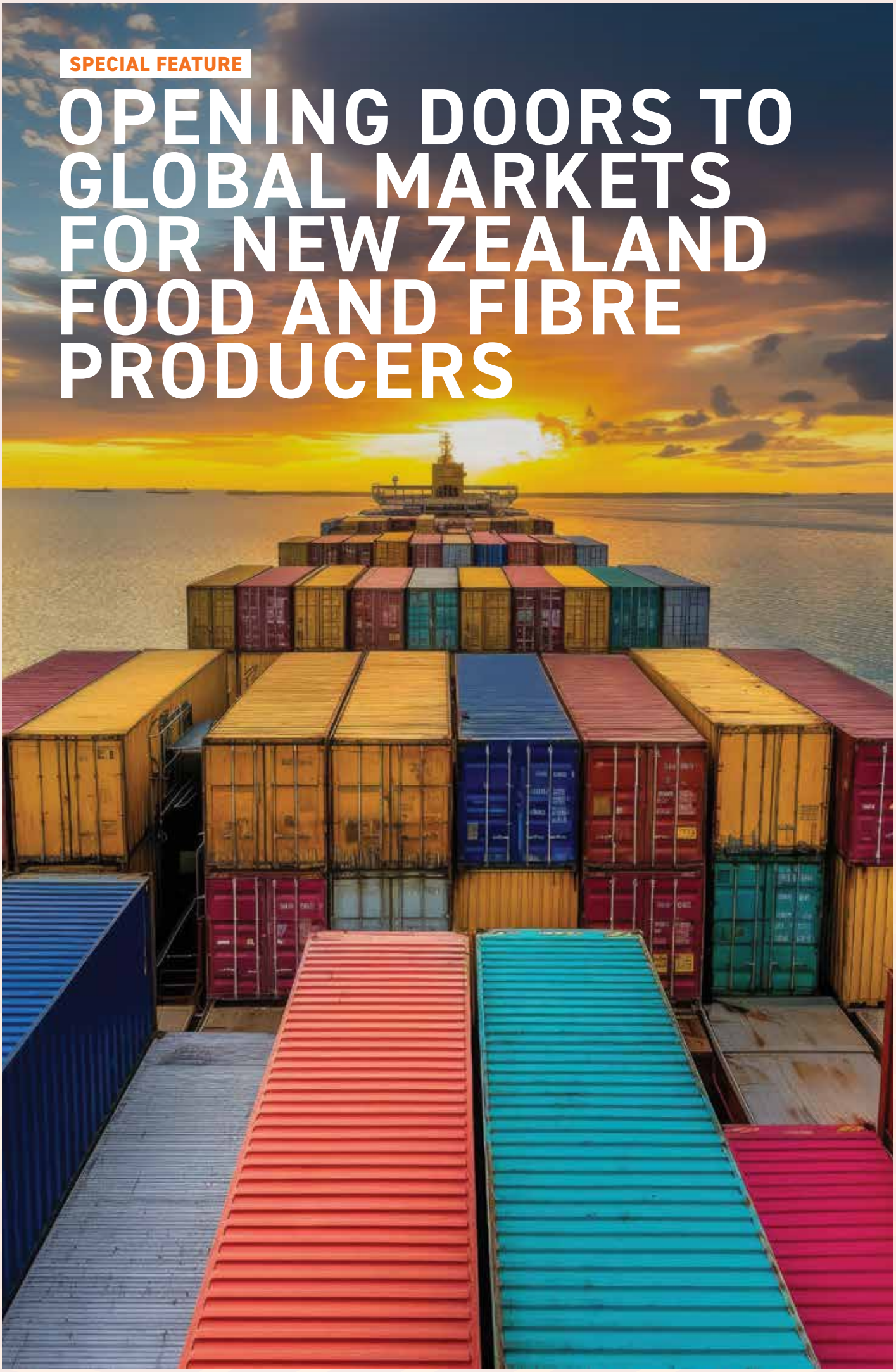
During the New Zealand-India FTA negotiations, Melanie supported MPI and the Ministry of Foreign Affairs and Trade in securing the agreement on the APP. Understanding the political environment and the goals of the Indian Government were key in reaching a deal that delivered for both partners. New Zealand's primary sector made an important contribution to building the relationships that helped bring this agreement to a successful conclusion.

"Collaboration between New Zealand and Indian industries offers real opportunities for both sides to learn from each other. Through technical assistance and knowledge sharing, we can create value on both ends and build stronger trust in each other's systems. The size of our economy is not enough on its own to tempt India, but our willingness to collaborate to support farmers in India did prove to be enough."



SPECIAL FEATURE

OPENING DOORS TO GLOBAL MARKETS FOR NEW ZEALAND FOOD AND FIBRE PRODUCERS



New Zealand's food and fibre sector continues to drive New Zealand's economy, delivering a forecast $64.3 billion in export revenue in the year to 30 June 2026 and contributing 82.0 percent of our goods exports in the year to 31 March 2026.

MPI helps drive the success of the sector, drawing expertise from across the organisation with its trade teams in New Zealand and staff based in diplomatic positions in 12 key markets, including China, India, Europe, and the US.

MPI's offshore staff have a key role supporting ministers and shaping how New Zealand's production and processing systems are understood by regulators through building and maintaining trust with partners, resolving trade issues as they arise, providing real-time insight into changing conditions, and advocating for New Zealand's systems and interests internationally.

Food and fibre exports are inherently sensitive and highly regulated. The majority of New Zealand exports depend on MPI certification and the systems that underpin it.

For New Zealand's trading partners, trust in these assurances is essential. Where that trust is uncertain or weakened, trade can slow, become more costly, or stop altogether. MPI is therefore central to New Zealand's economic diplomacy, ensuring its systems are understood, trusted, and accepted in market.

Beefing up the quality

Over many years, MPI's offshore staff have helped build understanding in the US of the complementary nature of New Zealand's beef trade with domestic production – exports worth more than $2 billion to New Zealand businesses.

New Zealand exports are a critical input into US products, enabling processors to meet precise specifications for retail and food service markets. By working directly with US customers, industry groups, and policy makers, MPI has reinforced the mutual value of this trade. This sustained engagement is vital in helping maintain stable access, even during periods of heightened uncertainty.

In-market expertise that keeps trade moving

Regulators require confidence in food safety and provenance to protect public health, and small discrepancies in certification can have immediate and costly consequences. Millions of dollars of product can be delayed or rejected due to differing interpretations of requirements. MPI's in-country presence enables rapid, informed intervention to prevent these outcomes.

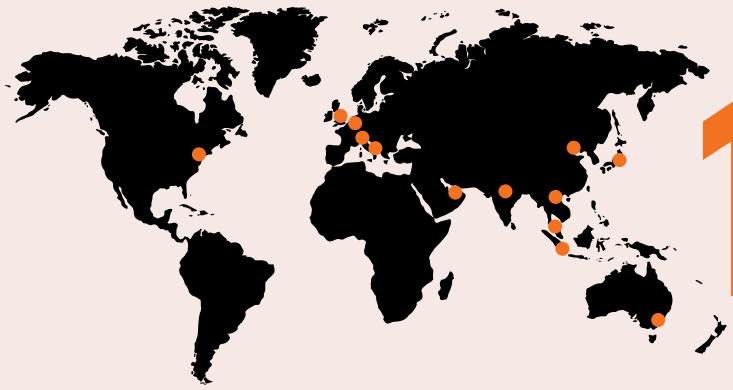
MPI staff are regularly called on to resolve issues in real time.

In Europe, MPI officials recently secured the release of a high-value consignment of chilled lamb delayed due to conflicting views on certification requirements. Drawing on established relationships and detailed knowledge of both New Zealand and EU systems, they engaged directly with regulators to clarify the technical basis underpinning the certification.

This intervention avoided significant demurrage costs, protected product quality, and ensured the consignment reached market.

Without this capability, delays could have resulted in financial losses and reputational damage, and potentially disrupted future trade.

Grass-Fed launch in China



13 MPI overseas posts

From relationships to results

Sustained, in-person engagement builds trust that translates directly into improved market access. MPI's offshore staff develop relationships with regulators and decision makers while also connecting New Zealand experts with their counterparts. This strengthens capital-to-capital links and accelerates progress on technical and regulatory issues that shape access conditions over time.

In a more dynamic and contested trading environment, these relationships are increasingly critical. Being embedded in market allows MPI to gather real-time intelligence and provide early warning of political, regulatory, and competitive developments. This enables New Zealand to respond before issues escalate into formal barriers.

These insights also create opportunities. For example, analysis of fibre shortages in Europe enabled MPI staff to identify new openings for New Zealand's forest owners to build commercial relationships with European sawmillers and attract investment. This on-the-ground intelligence potentially means New Zealand can make the most of opportunities ahead of competitors.

Global engagement, national advantage

MPI's role extends beyond bilateral relationships into the multilateral system that sets the rules for global trade. MPI staff in Rome and Geneva engage directly in the UN Food and Agriculture Organization (FAO) and World Trade Organization (WTO), influencing the standards and frameworks that govern market access.

At the FAO, MPI is actively shaping a proposed Global Programme on Transboundary Animal Diseases. While the initiative highlights an important global issue, it also has potential implications for the standards underpinning livestock trade. MPI's presence ensures that New Zealand's biosecurity system is understood and that new approaches align with existing trade frameworks. Without this engagement, there is a real risk that emerging standards could unintentionally disadvantage New Zealand exporters.

At the WTO, MPI staff helped establish a new initiative on emerging agricultural trade issues, including animal welfare and environmental performance. These issues go directly to the heart of New Zealand's production systems.

By contributing technical expertise, MPI staff help ensure that evolving expectations remain grounded in science and are workable in practice. This reduces compliance costs and can open greater access for New Zealand exporters.

Access earned, not given

During negotiations with the EU and the UK, MPI offshore staff provided technical credibility to support broader diplomatic efforts. They engaged directly with policy makers, gave evidence to select committees, and worked with domestic stakeholders to demonstrate the strength of New Zealand's systems. This helped secure outcomes that recognise New Zealand's high standards and improve access conditions.

MPI's offshore network continues to create the conditions for new agreements. MPI's staff led the conclusion of memoranda of understanding with the UAE and Saudi Arabia, simplifying and future-proofing trade in food and primary sector products, to complement new FTAs. In markets where government-to-government trust is critical, these arrangements have supported triple-digit export revenue growth in both markets since they came into effect. Without these foundations of trust, negotiated access may not translate into actual trade.

In India, MPI drove a sustained programme of relationship building that proved critical in concluding the New Zealand-India FTA. By aligning New Zealand expertise with India's goal of increasing farmer incomes, MPI helped develop a cooperation package that delivered leading market access outcomes for horticulture and honey. This created a genuine win-win outcome. Without this long-term engagement, these opportunities would have been significantly harder to secure.

In an increasingly complex and contested global trading environment, market access cannot be assumed. It is earned, maintained, and expanded through trust, credibility, and sustained engagement. MPI's offshore staff provide this capability, protecting existing trade, resolving issues before they escalate, and shaping the conditions for future growth. Without this presence, New Zealand would be less able to defend its interests, respond to emerging risks, and compete for new opportunities in global markets.

Meeting with Gulf Cooperation Council Accreditation Center, Saudi Arabia, October 2025

UAE Ministry of Climate Change and Environment, October 2025

FAO Regional Conference for Asia and the Pacific Gala-dinner

CLIMATE SITUATION AND OUTLOOK

A series of adverse weather events affected New Zealand's food and fibre sector

The 2025/26 season delivered a strongly positive outcome across much of New Zealand, with the warmest spring on record and regular summer rainfall supporting production (Figure 9).

Impacts varied by region and sector. In pastoral farming, warm, wet conditions lifted pasture growth, benefiting dairy and sheep and beef farmers. For dairy, conditions in 2025/26 helped lift milk production, which is forecast to reach a record and exceed 2 billion kgMS for the first time. Several parts of the horticultural sector also performed well, including exceptional kiwifruit yield and quality, despite some hail.

However, conditions were not uniformly positive. For some arable growers, particularly in parts of Canterbury, repeated summer and harvest rain along with hail delayed harvest, reduced quality, and in some cases caused partial or total crop losses. A cooler and wetter summer adversely affected summerfruit production in Central Otago. There were also some isolated slips and flooding.

As farmers and growers plan for next season, they are weighing these experiences against rising costs and uncertain returns. Even where production conditions were broadly favourable, profitability remains the key concern.

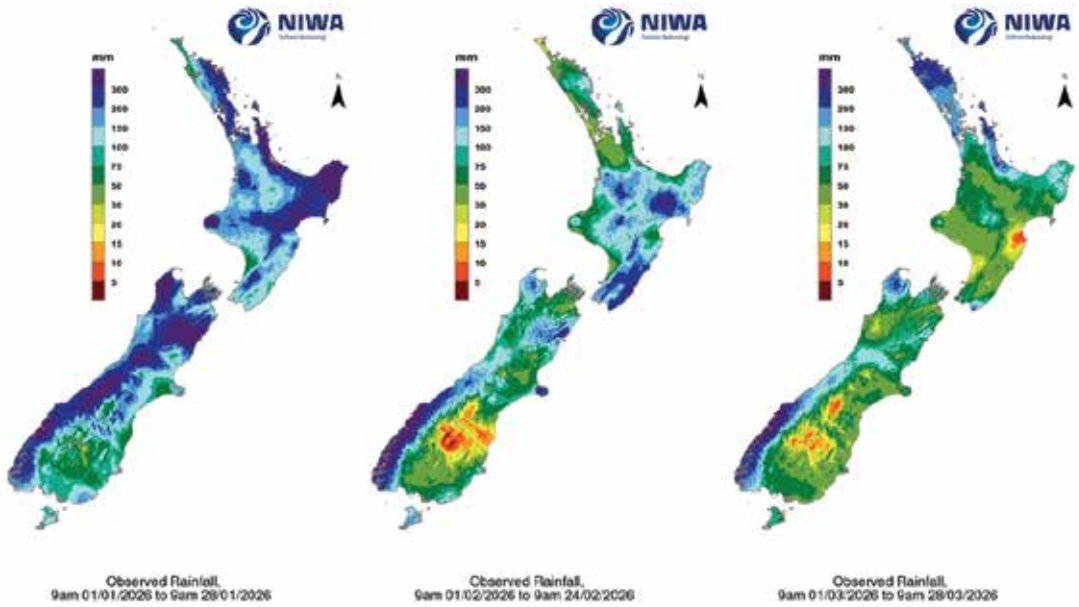
'Super El Niño' weather system presents a risk of drought

El Niño signals are strengthening, and the risk of a strong or very strong event later in 2026 is becoming more material for New Zealand's food and fibre sector. Earth Sciences New Zealand (ESNZ) indicates a 65 percent chance of El Niño conditions emerging over May to July 2026, with peak conditions expected in summer 2026/27.[12] For New Zealand, El Niño typically brings drier, windier conditions to the north and east, while western parts of the South Island are more likely to see higher rainfall. That pattern creates exposure for Northland and eastern regions such as Canterbury, Hawke's Bay, and Gisborne Tairāwhiti, where lower rainfall, reduced soil moisture, and greater irrigation pressure can constrain pasture growth and affect drought-sensitive horticultural crops.

If dry conditions intensify into drought, the financial effects for farmers and growers could be significant. Lower pasture growth and reduced water availability would put pressure on production, tighten cash flow, and increase demand for working capital. At the same time, El Niño is likely to disrupt production in several competing food-producing regions. Drought across parts of Australia, Southeast Asia, and northern Brazil could reduce crop yields and constrain livestock production, while heavier rainfall and flooding in parts of the US and South America could damage crops, disrupt infrastructure, and interrupt supply chains. If these disruptions tighten global supply, they may partly offset some of New Zealand's domestic production challenges through firmer international prices.

Given this uncertainty, early preparation will be important. Farmers and growers may need to plan for potential drought impacts through feed budgeting, matching stock numbers to likely feed availability, and using irrigation water as efficiently as possible.

Figure 9: Warm summer conditions with notable rain events prevailed across New Zealand
Observed monthly rainfall, January–March 2026



Source: ESNZ

12. https://niwa.co.nz/climate-and-weather/seasonal-climate-outlook/seasonal-climate-outlook-may-july-2026.

DAIRY

» Export revenue is forecast to increase 5 percent to a record $28.6 billion in the year to 30 June 2026, supported by strong prices, a favourable exchange rate, and high production. In 2026/27, export revenue is forecast to ease to $27.9 billion as global markets ease from recent highs and domestic milk production softens, though prices are expected to remain high by historical standards.

» Milksolids production is expected to reach a record 2.02 billion kgMS in 2025/26, driven by favourable conditions and strong financial incentives. Production is expected to decline in 2026/27 due to tighter margins and likely drier conditions reducing farmers' capacity to sustain high output, although it is still forecast to be the second highest on record.

» Global dairy prices were volatile in 2025/26, falling in late 2025 as supply rose and rebounding in early 2026 with strong demand, but overall remained in line with last year's strong levels. In 2026/27, prices are expected to be mixed but broadly supported by firm demand and later supply tightening as global production systems respond to the consequences of the Middle East conflict.

» Strong global dairy prices are expected to support a high farmgate milk payout of $9.85 per kgMS in 2025/26. In 2026/27, rising input costs linked to the Middle East conflict are expected to tighten farmer margins, although the payout is forecast to remain relatively high at around $9.90 per kgMS. The sector is further supported by the $3.2 billion Fonterra brands payout, helping farmers reduce debt, manage costs, and invest in improvements.

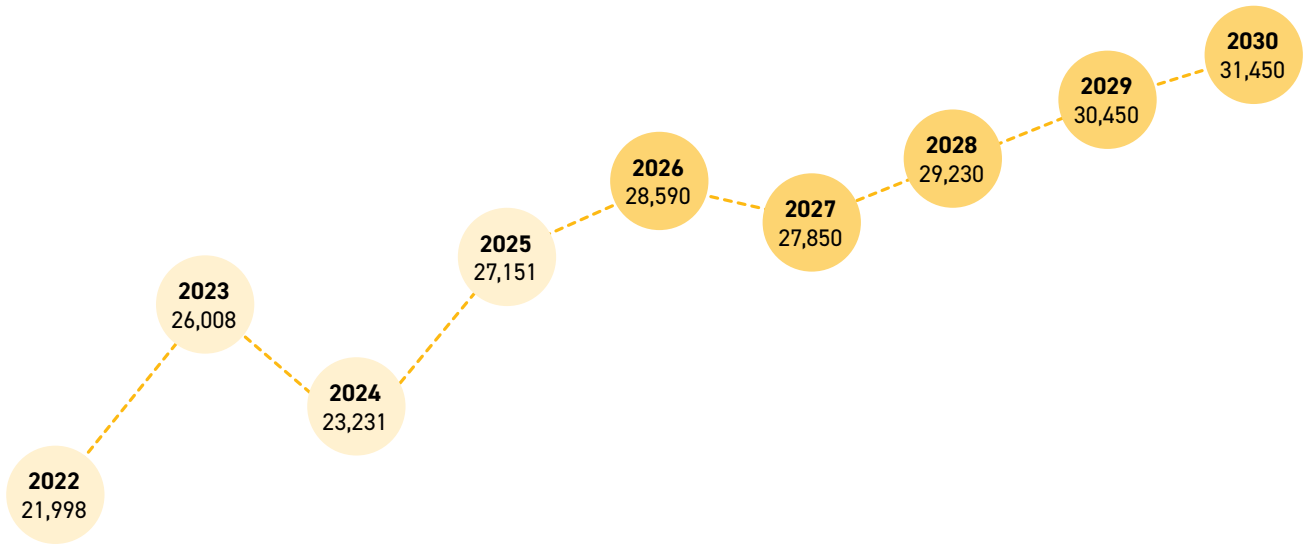


Table 2: Dairy export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Whole milk powder	8,304	8,274	7,457	8,498	9,200	8,740	9,300	9,720	10,110
Butter, anhydrous milk fat, and cream	3,519	4,589	4,138	5,619	5,800	5,200	5,590	5,850	6,130
Skim milk and butter milk powder	1,947	2,673	2,074	2,273	2,260	2,840	2,830	2,890	2,950
Casein and protein products	2,680	3,320	2,950	2,872	3,250	3,480	3,660	3,870	3,980
Cheese	2,199	3,039	2,604	3,311	3,340	3,270	3,380	3,500	3,590
Infant formula	1,435	1,915	1,813	2,090	2,150	1,830	1,920	1,990	2,010
Other dairy products*	1,914	2,198	2,195	2,488	2,600	2,470	2,540	2,620	2,690
Total export revenue	**21,998**	**26,008**	**23,231**	**27,151**	**28,590**	**27,850**	**29,230**	**30,450**	**31,450**
Year-on-year % change	**15%**	**18%**	**-11%**	**17%**	**5%**	**-3%**	**5%**	**4%**	**3%**

* Includes liquid milk and cream, ultra-high temperature milk, yoghurt, and ice-cream.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 dairy export destinations

Year to 31 March 2026, NZ$ million

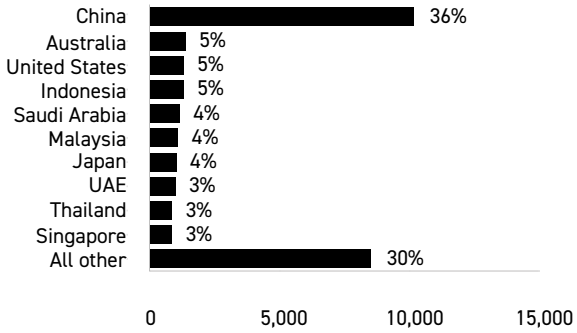
Product	Export revenue (NZ$ million)	% of total
Whole milk powder	9,134	32%
Butter, anhydrous milk fat, and cream	5,943	21%
Cheese	3,401	12%
Casein and protein products	3,132	11%
Skim milk and butter milk powder	2,142	8%
Infant formula	2,131	7%
Other dairy products	2,606	9%
Total	**28,489**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

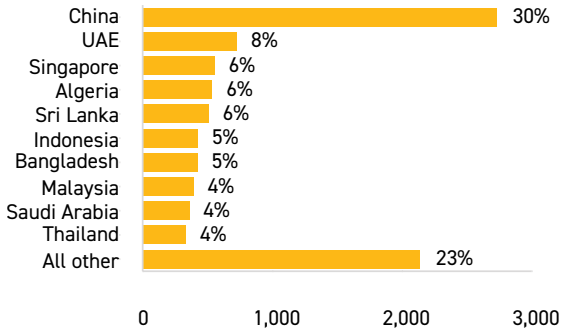
Top dairy export markets

Year to 31 March 2026, NZ$ million and percent

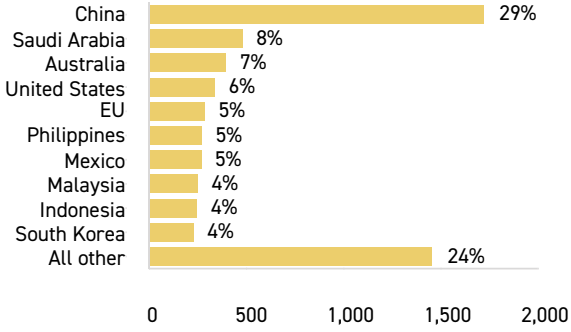
Total dairy products



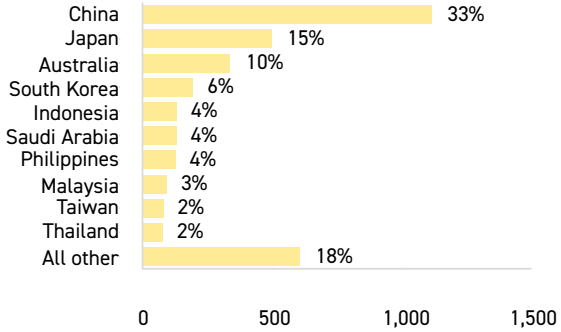
Whole milk powder



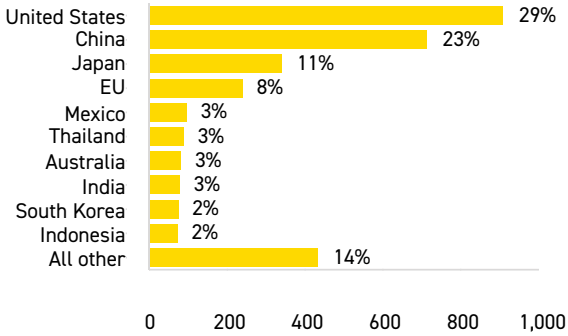
Butter, anhydrous milk fat, and cream



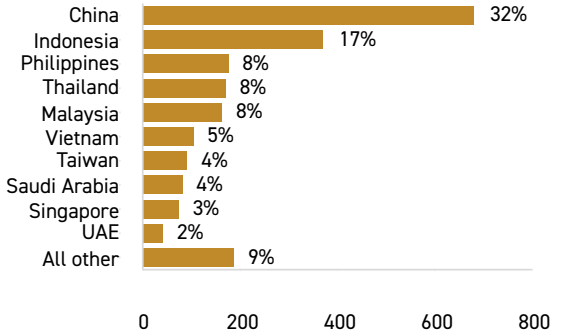
Cheese



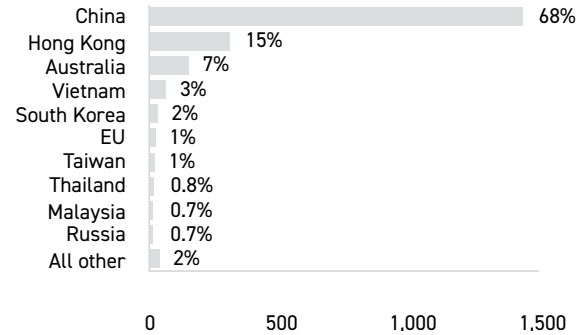
Casein and protein products



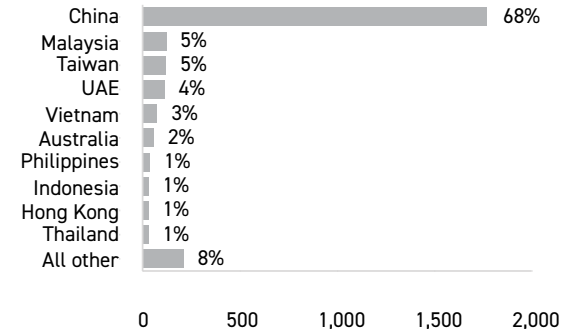
Skim milk and butter milk powder



Infant formula



Other dairy products



Source: Stats NZ.

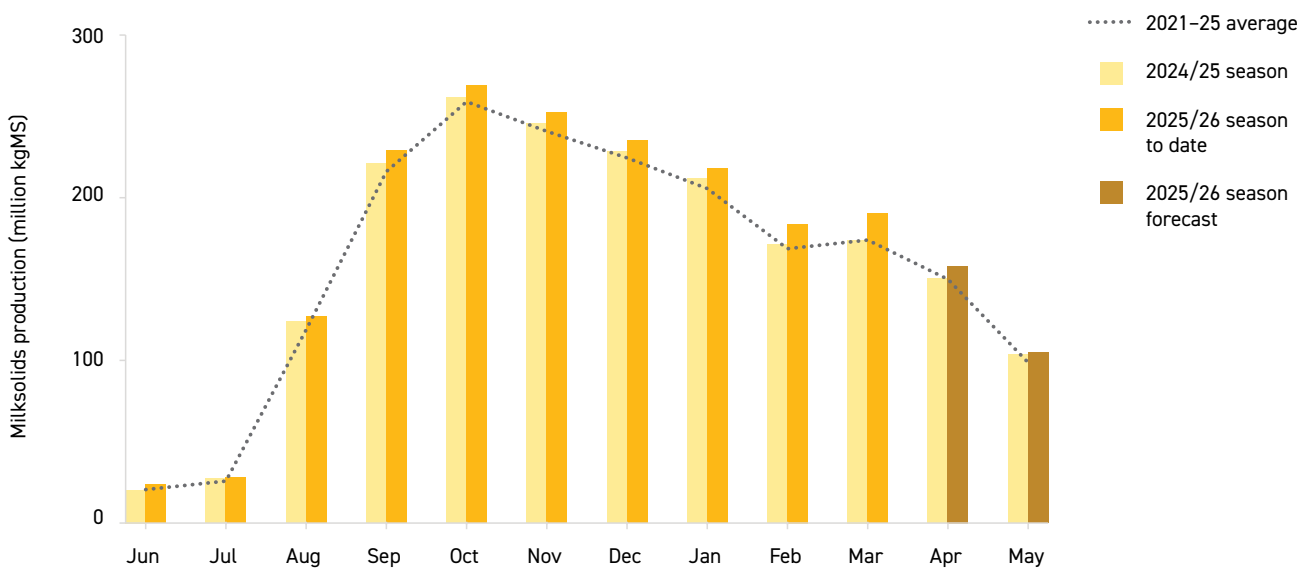
Milksolids production is forecast to surpass 2 billion kgMS for the first time

Milksolids production in the season to 31 May 2026 is forecast to increase by 4 percent to 2.02 billion kgMS, a new record (Figure 10). This builds on a 3 percent increase in 2024/25. This new record is driven by distinct factors across the season.

At the start of the season (June–September), farmers lifted production through more supplementary feed, especially as cold temperatures in key regions further delayed pasture growth that already lags feed demand early in the season. High farmgate milk prices provided farmers with greater headroom to increase use of production-driving inputs such as feed and fertiliser, while strong returns also incentivised higher production.

La Niña conditions over the summer brought warmer temperatures and above-average rainfall, which supported strong pasture growth across much of the country. This lifted pasture cover and improved dry matter availability, reducing late-season feed constraints. This enabled cows to remain in milk for longer and supported higher per-cow production than is typically seen at that point in the season. The benefits of these conditions were especially evident in March, where milk production was up 9.4 percent on the previous March.

Figure 10: New Zealand milksolids production forecast to increase to new record in 2025/26
Year to 31 May, milksolids production, million kgMS



Source: DairyNZ, DCANZ, and MPI.

Looking ahead to the 2026/27 season, milk production is forecast to pull back slightly from an impressive 2025/26 season, as the industry faces headwinds from higher operating costs and less favourable climatic conditions. Despite the headwinds, milksolids production in 2026/27 is forecast to be the second highest on record.

Dairy farmers are expected to face tighter margins in 2026/27 as the Middle East conflict pushes up prices for key inputs such as feed, fertiliser, and fuel. Compared with last season, farms are likely to be less incentivised to chase higher production and are more likely to make decisions focused on managing their working expenses.

Another factor expected to weigh on 2026/27 production is an El Niño event, which ESNZ forecasts is likely to arrive this winter and persist through the year end. El Niño conditions are typically associated with drier weather in key dairying regions, reducing pasture growth and increasing feed deficits, which in turn places downward pressure on milk volumes. At present, supplementary feed is widely available domestically, so early-season pasture deficits are likely to be manageable. If El Niño drives persistently low pasture growth over summer, the sector may need greater reliance on supplementary feed later in the season. The ongoing Middle East conflict will likely increase the cost and reduce the reliability of sourcing and moving feed, potentially prompting earlier dry-off decisions, earlier culling, and lower feeding rates, contributing to lower milk production.

Innovation and technology, particularly in dairy genetics and farm management practices, have driven significant on-farm productivity gains over the past few seasons. These structural gains in per-cow performance should cushion the impact of less favourable climatic conditions and higher input costs on milksolids production.

Continued improvements in genetics, feed utilisation, animal health, and management decisions are expected to remain supportive of production growth over the remainder of the outlook period.

Global milk flows strong in 2025, with growth expected to slow in 2026

The global supply-side picture remains a central driver of dairy prices and continues to shape the outlook for the dairy sector in 2025/26. Only around 7 percent of milk production is traded internationally, meaning relatively small changes in production conditions in key exporting/importing regions can have a material impact on global prices. In 2025, milk flows were strong, with growth in all major exporting regions aside from Australia. This was a key driver for the fall in dairy prices, with the FAO Dairy Price Index down 19 percent in March 2026 compared with March 2025.

In the US, milk production increased 3.3 percent in the year to March 2026, as it rebounded from suppressed production the year prior due to avian influenza. This created a lower base to grow from, but growth in the US dairy herd was also substantial this season. In February, the US dairy herd reached 9.62 million head, the largest herd since the 1990s.[13] US herd growth is being supported by good farmgate returns, particularly from beef on dairy calf sales, which has offset weaker milk prices. Per-cow milksolids production also grew supported by gains in genetics, farm management, and technology.

EU milk production rebounded 2.8 percent in the year to February 2026 as it recovered from bluetongue disease. Unlike the US, the EU's growth came entirely from per-cow gains as the herd continues to decline. Although EU milk production growth is largely a cyclical rebound, good feed availability and affordability also supported farmers to push production higher in 2025.

13. USDA, Milk Production, March 2026.

In South America, milk production continues to grow led by Argentina and Uruguay, up 9.9 and 8.7 percent, respectively, in 2025 compared with 2024. Favourable weather conditions and improved producer margins have been the primary drivers, supporting both pasture performance and on-farm incentives to lift output.

In China, milk production held steady, increasing 0.3 percent in the 2025 calendar year. Chinese farmgate milk prices have been declining continuously since 2022, leaving many farmers unprofitable and driving consolidation that has pushed smaller operations out of the market. Recently, foot and mouth disease has been found in the northwestern region of China, which could add pressure on Chinese domestic production. If production pressures persist, China's import demand for dairy products is likely to increase, supporting New Zealand export volumes.

On the other hand, Australian milk production is down 1.2 percent in the year to March 2026. Dry conditions in key regions, high feed costs, and farm exits have been key drivers. Cost pressures continue to drive farm exits in Australia, pushing down the size of its national herd.

Looking ahead, volatile input costs stemming from the Middle East conflict will likely define the world milk production picture in 2026/27. Higher costs for feed, fertiliser, fuel, and financing will squeeze farmer margins globally. The impacts of these rises are expected to be particularly difficult in countries where profitability has already been a challenge such as Australia, China, and the EU and will likely add momentum to farm exits, herd contraction, and industry consolidation.

The impact of these cost increases related to the Middle East conflict are also likely to vary by production system. Pasture-based systems are used in New Zealand and Australia, while feed-based systems are prominent in the US, EU, and China. Feed-based systems look more exposed because supplementary feed becomes more expensive to grow, buy, and transport as energy and fertiliser prices rise. Pasture-based systems should retain a relative cost advantage because key impacted inputs make up a smaller share of operating expenses than in feed-based systems, although higher fertiliser and fuel costs will still weigh on returns and temper production ambition. This dynamic reinforces New Zealand's competitive advantage, with its pasture-based production model less reliant on high-cost inputs and supported by strong biophysical conditions and on-farm capability, leaving it better positioned to remain cost-competitive in a more volatile operating environment.

The impacts of higher input costs on supply won't be felt immediately as many herd decisions have already been made. Later in the year, supply growth should cool and the market gradually tighten as cost pressures reshape farm planning decisions around feed intensity, stocking rates, and capex plans.

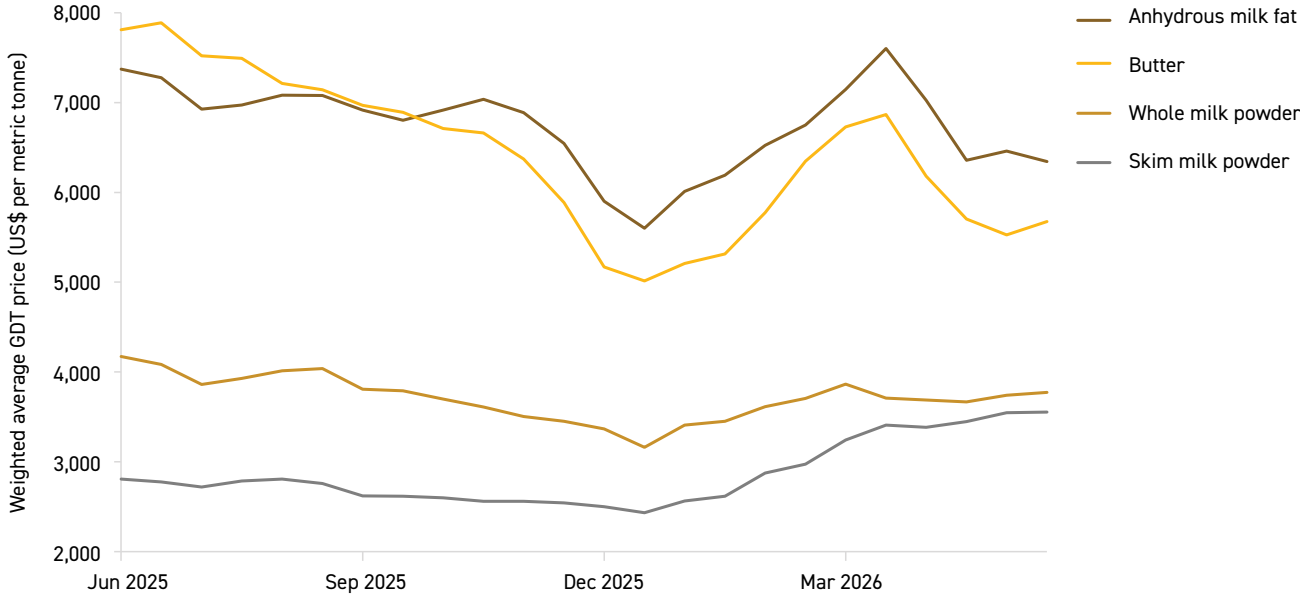
Despite volatility, global dairy prices remain strong in 2025/26

Dairy prices entered the 2025/26 season on a relatively firm footing, supported by tight global supply conditions carried over from 2024/25. Production then strengthened across the major exporting regions in the second half of 2025, leading to increased exportable surpluses that put downward pressure across dairy commodity prices through December. Prices then increased in early 2026 due to increased purchasing demand from Algeria, China, and the Middle East coinciding with seasonal decline in milk supply from Oceania. Chinese dairy inventories reached structural lows, triggering a surge of buying activity from the region in early 2026. Algeria and the Middle East dairy demand surged as distributors in the region looked to stock up ahead of Ramadan. Although purchasing activity for Ramadan is predictable, price movements were amplified because Chinese buying activity surged at the same time.

Across the core product groups, milk powders were generally more resilient over the year than milk fats, although all major dairy commodities experienced volatility as market supply conditions improved in the second half of 2025 (Figure 11). Butter was the most exposed during the late 2025 downturn, with prices falling 36 percent between June and December, while whole milk powder (WMP) and anhydrous milk fat (AMF) prices fell 24 percent and skim milk powder (SMP) fell 13 percent. Improved conditions to start 2026 supported a broad-based price recovery across powders and fats from their December lows. SMP led the way, with prices lifting 40 percent from December until the end of March, followed by butter prices up 37 percent, AMF up 36 percent, and WMP up 17 percent. Since March, the Middle East conflict has unsettled market sentiment and disrupted usual buying patterns, resulting in more volatile Global Dairy Trade auction outcomes. Elevated geopolitical risk has also increased logistics and delivery uncertainty, contributing to more intermittent purchasing and sharper auction to auction swings in bidding intensity.

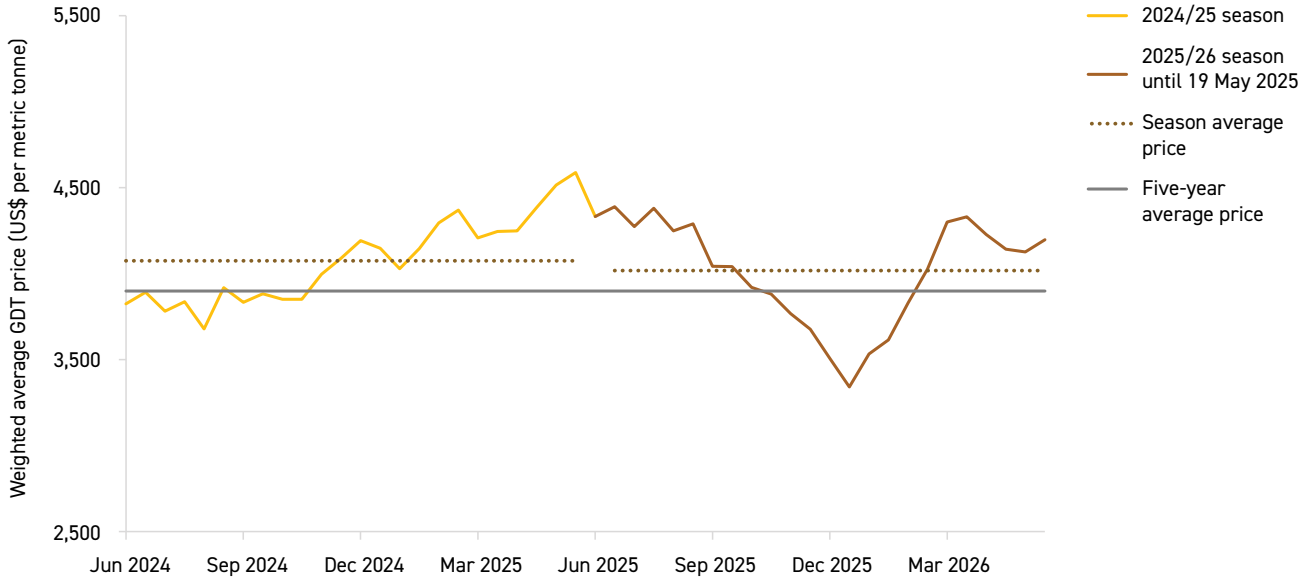
Although average Global Dairy Trade prices have been volatile this season, with the all product weighted average price dropping as low as 23 percent below opening prices, averaged out across the whole season, they are largely consistent to last season and remain above the five-year average (Figure 12). In NZD terms, this price performance has been further supported by exchange-rate settings that provided New Zealand exporters a relative income advantage versus other producing regions. Supported by strong prices, a favourable exchange rate, and strong domestic milk production, dairy export revenue is forecast to increase 5 percent to $28.6 billion in the year to 30 June 2026, a new record.

Figure 11: Across core product groups, Global Dairy Trade (GDT) auction prices have been volatile in the 2025/26 season
3 June 2025 to 19 May 2026, weighted average GDT price, US$ per metric tonne



Source: Global Dairy Trade and MPI.

Figure 12: Season average Global Dairy Trade (GDT) auction prices (all products) remain firm despite late 2025 weakness
Year to 31 May, weighted average GDT price, US$ per metric tonne



Source: Global Dairy Trade and MPI.

Prices for staple dairy powders expected to hold firm, while discretionary-linked goods prices come under pressure

Looking out to 2026/27, volatile market conditions underpinned by logistical challenges, rising costs of production, squeezed discretionary incomes, strong current supply, and strong demand for dairy nutrition will likely drive uneven outcomes across reference dairy commodity prices.

SMP prices are expected to hold up well through the Middle East conflict. Constrained inventories combined with strong demand were already pushing prices up in early 2026 prior to the conflict. Prices are expected to remain firm as the structural rise in demand for protein-led products is lifting the manufacturing use of SMP across food applications. In addition, demand for SMP is expected to be resilient in an economic downturn, as buyers still require staple inputs and food manufacturers continue to secure coverage for essential product lines, limiting the scope for demand destruction relative to more discretionary commodities.

WMP prices are also expected to remain firm. Structural demand is improving as dairy fats are increasingly viewed positively, lifting full cream product demand and supporting WMP utilisation. Manufacturing use also remains steady given WMP's ability to deliver both fat and solids in a single ingredient. Similarly to SMP, as a staple input across food manufacturing, WMP demand is likely to be more resilient during downturns than discretionary commodities.

Butter and other dairy fats are expected to perform more weakly than the other categories through the Middle East conflict. Demand exposure is skewed towards foodservice, tourism, and other discretionary channels, where purchasing is typically more sensitive to weaker economic conditions. Softer Middle Eastern tourism demand will further weigh on premium hospitality volumes, amplifying weakness in dairy fats. On the other hand, rising vegetable oil prices reduce the cost advantage of substituting away from butterfat in many applications, helping to put a floor under butter and AMF prices even if near-term demand remains soft.

Later in the year, supply-side factors should support a lift in prices across reference dairy commodities as high input costs slow milk production growth and tighten global dairy markets.

New Zealand dairy export revenue surged for most products

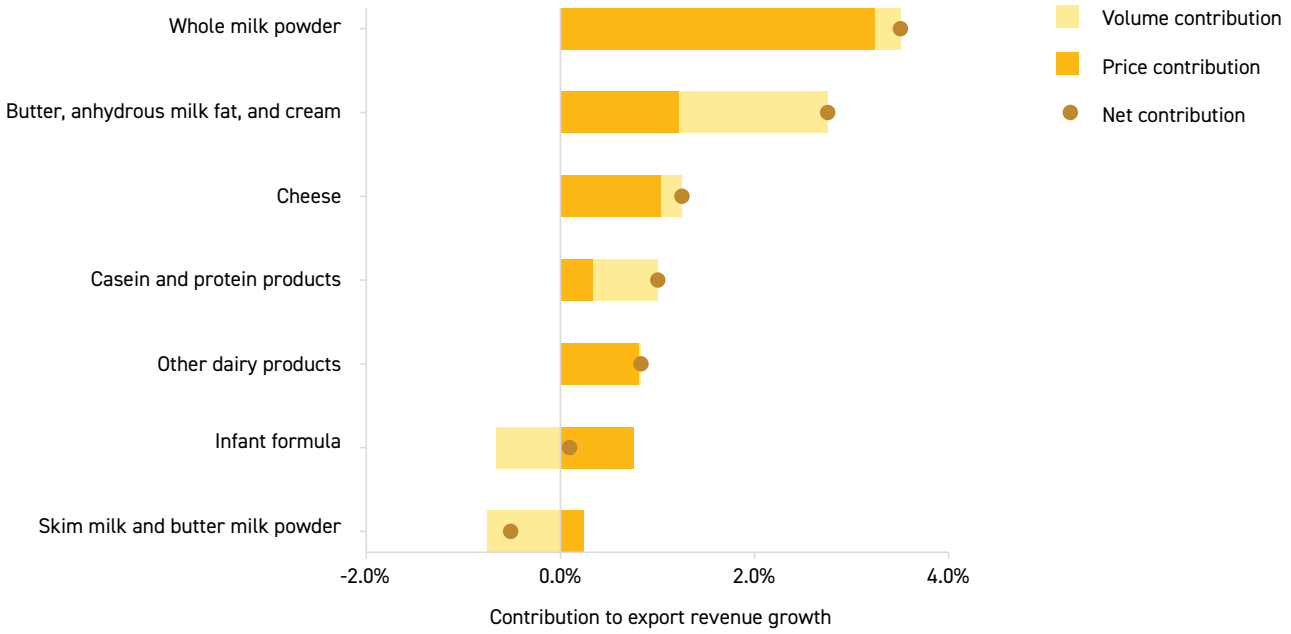
Dairy export revenue increased by 9 percent to reach $28.5 billion in the year to 31 March 2026 (Figure 13). This growth was achieved despite a modest 1 percent lift in export volumes reflecting a considerable lift in prices over the period. All dairy product categories, aside from SMP and BMP, increased their export revenue over the year, and five of the seven categories had export revenue growth of 9 percent or more. Stronger prices have been reinforced by firm demand across dairy products, in part reflecting rising consumer awareness of dairy's nutrient density and its role as a convenient source of high-quality protein, calcium, and key vitamins.

Butter, AMF, and cream was the fastest growing category over the period, with export revenue increasing 14 percent to $5.9 billion, supported by both a lift in prices and volumes, up 5 percent and 8 percent, respectively. Volume growth for the category was driven by strategic investments in fat-processing capacity to support reallocation of milk to higher-value uses. On the demand side, shifting consumer preferences towards natural fats has driven higher dairy fat consumption for both retail and foodservice uses. These demand trends are particularly pronounced in Asian countries, where an expanding middle class is supporting demand for imported butter.

WMP also performed impressively over the period, with export revenue increasing 11 percent to $9.1 billion, driven largely by an 8 percent lift in prices. WMP exports to China, our largest market, saw an export volume increase of 20 percent. Dwindling milk powder inventories spurred restocking purchases in early 2026 that helped deliver an additional $417 million in WMP export revenue from China in 2025/26 compared with the previous year. Outside of China, which was volume driven, tight global milk supplies earlier in the season supported firm prices that increased export revenue in many of New Zealand's key markets.

Cheese was another success story, with export revenue increasing 11 percent to $3.4 billion, supported mostly by a 9 percent increase in prices. Again, exports to China were the main driver behind this category's success as cheese

Figure 13: Record dairy export revenue was driven by prices in the year to 31 March 2026
Year to 31 March, 2026 compared with 2025, volume, price, and net contributions to export revenue growth in percentage points



Net contribution shows total revenue change after combining price and volume changes
Source: Stats NZ and MPI.

volumes to the country increased 19 percent and export prices increased by 8 percent, delivering an additional $246 million in export revenue compared with the previous year. Chinese demand for cheese has had a structural increase as consumers increasingly seek western-style foodservice goods supportive of the category. New Zealand also benefited from China's anti-subsidy investigation into EU cheese, which prompted Chinese buyers to switch towards New Zealand product to reduce procurement uncertainty.

Casein and protein powders continue to be a successful growth category due to increased consumer demand for dairy nutrition, with export revenue increasing 9 percent to $3.1 billion, driven by a 6 percent increase in export volumes. Dairy protein products continue to benefit from trends such as the growing interest in GLP-1 drugs for weight loss, an ageing population, and consumers' better understanding of how dairy products deliver a wide range of nutrients supportive of a healthy life.

Other dairy products also had a 9 percent increase in export revenue, reaching $2.6 billion. This growth was driven entirely by a 10 percent lift in prices. Increased prices for liquid milk and cream drove the most additional export revenue for this category.

Infant formula export revenue held steady, increasing by 1 percent to $2.1 billion. A strong 8 percent lift in prices supported export revenue for the category and offset a 6 percent decrease in export volumes. Increasing export volumes to Vietnam, up 94 percent to 4,100 tonnes, supported an additional $33 million in export revenue and offset weaker export performances in other markets. Vietnamese growth, driven by rising disposable incomes as well as an increasing awareness of infant nutrition, has made the country New Zealand's fourth-largest infant formula market. For the past three years Vietnam has represented an increasing share of New Zealand infant formula exports, going from 0.8 percent in 2023 to 4.5 percent in 2026.

Skim milk and butter milk powder export revenue fell 6 percent to $2.1 billion, driven by a 9 percent decrease in export volumes. Decreasing exports to China, down 16 percent by value, was the largest driver of this. This reflects China's trend towards increasing self-sufficiency. Another driver was New Zealand processors directing milk towards other dairy categories with higher returns.

Export revenue forecast to pull back for majority of products in 2026/27

Looking out to the 2026/27 season, dairy export revenue is forecast to decrease 3 percent to $27.9 billion in the year to 30 June 2027. The decrease in export revenue reflects a forecast 1 percent decrease in prices and 1 percent decrease in export volumes.

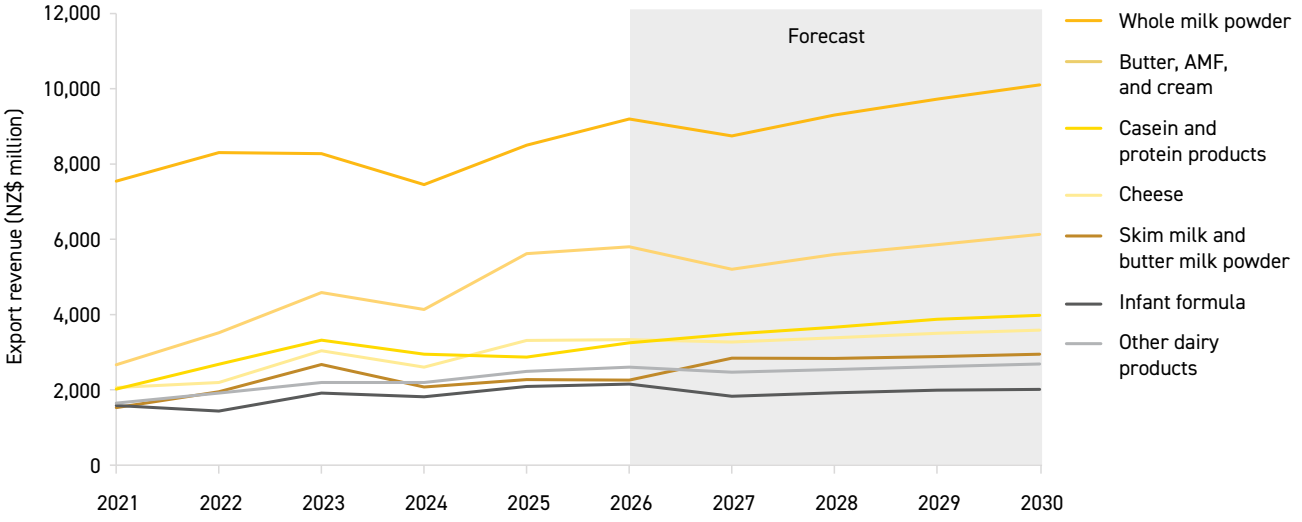
Annualised export prices are expected to be down in 2026/27 compared with last season as dairy markets cool from the elevated levels seen in recent seasons. Despite this, dairy prices in 2026/27 are still expected to remain high relative to historical averages, supported by firm underlying demand, tightening supply later in the year, and the sector's ongoing focus on higher-value product mixes. New Zealand exporters may also be able to secure a modest price premium into key Asian markets, supported by comparatively lower freight and insurance costs relative to other major suppliers, particularly the EU.

Export volumes are expected to ease in 2026/27, largely reflecting softer domestic milk production. Lower milk availability reduces the amount of product manufacturers can allocate to export markets after meeting domestic requirements, resulting in a modest decline in total exportable surplus.

Geopolitical instability in the Middle East remains a downside risk for New Zealand dairy exports in 2026/27. Higher fuel costs are expected to squeeze discretionary spending, particularly in some Southeast Asian markets where energy insecurity is more acute, dampening demand. In parts of the Middle East, dairy demand is somewhat tied to tourism as hotels, restaurants, and catering are major end markets for products such as butter, cream, and cheese. If visitor numbers soften, import demand for foodservice dairy products can fall quickly. In the year to 31 March 2026, New Zealand exported $815.7 million of butter, AMF, and cream to the Middle East, representing 14 percent of the category's total exports.

While a decrease in export revenue is forecast for most products for 2026/27 (Figure 14), skim milk and butter milk powder export revenue is forecast to increase 26 percent to $2.8 billion. SMP functions as a cost-effective source of dairy protein and a staple ingredient across food and beverage manufacturing. These end uses are largely non-discretionary, making the category more resilient during an economic downturn. The growing consumer demand for and awareness of dairy protein also supports the performance of this category going forward. The only other category expected to grow in 2026/27 is casein and protein products, which is forecast to grow 7 percent to $3.5 billion.

Figure 14: New Zealand dairy exports forecast to decrease for most products in 2026/27
Year to 30 June, export revenue, NZ$ million



Source: Stats NZ and MPI.

Recent strong profitability has the sector in a reasonably good financial position

Continued strong dairy prices, particularly in NZD terms, is forecast to deliver a farmgate milk payout of $9.85 per kgMS in the 2025/26 season, the second-highest farmgate milk price on record in nominal terms (Figure 15).

The current forecast milk price is a strong result for the industry, especially when considering volatile projections at different points in the season. Strong demand for core reference products at the beginning of the season led to an opening Fonterra forecast midpoint farmgate milk price of $10.00. As the season progressed, strong milk flows globally put downward pressure on commodity prices and the NZD had strengthened against the USD, prompting the forecast midpoint to be revised down to $9.00 in December.

Fortunately for the sector, the rally in commodity prices that began 2026 supported a lift in Fonterra's forecast midpoint farmgate milk price to $9.70 as of 23 March. The lift in milk price will give farmers much-valued headroom as the 85-cent difference between the forecast milk payout and $9 midpoint posted in December equates to an additional estimated $1.7 billion in farmgate revenue.

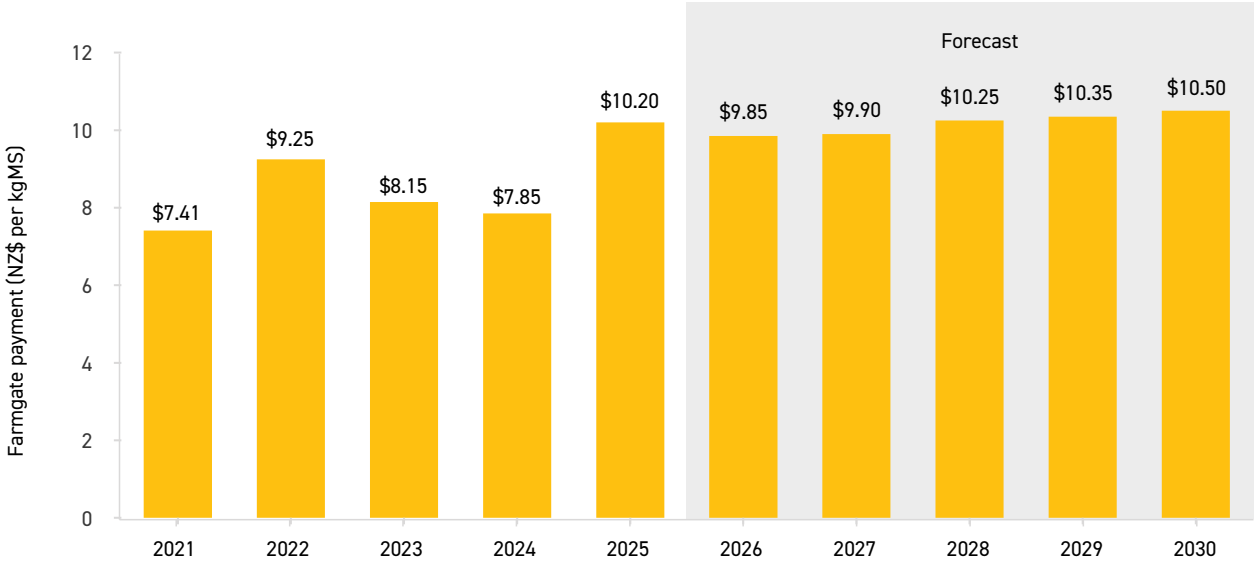
At $9.85, the forecast payout remains elevated above the breakeven milk price, supporting continued strong farm profitability for the sector (Figure 16).

Dairy farm expenses, excluding livestock, have held steady over the past year, increasing 1.3 percent in the March quarter 2026 compared with the same quarter a year ago. As interest rates are one of the largest expense items for dairy farming, monetary policy easing from the RBNZ benefited the sector by reducing farmers' financial obligations. This frees up liquidity that can be directed towards investments or core production-driving inputs such as fertiliser and feed. In the March quarter 2026, interest rate expenses for dairy farms fell 11.6 percent compared with the same quarter last year.

Another factor supporting the financial position of the sector is the sale of Fonterra brands. This one-time payout to Fonterra shareholder farmers, paid on 14 April, has injected $3.2 billion directly into New Zealand's dairy sector, with a further $1 billion remaining with the co-op.[14] Farmers are expected to prioritise debt reduction as a way of further easing interest expenses and strengthening their financial position. Other uses of the payout are expected to include investments to drive on-farm efficiencies, capacity growth, and sustainability as well as building a buffer against rising input costs because of the Middle East conflict.

Next season, the Middle East conflict is likely to place upward pressure on key farm input prices, particularly fertiliser, fuel, freight costs, and feed. As costs rise, farmers

Figure 15: Although lower than last season, farmgate milk price forecast to remain strong in 2025/26 season
Year to 31 May, farmgate payment, NZ$ per kgMS

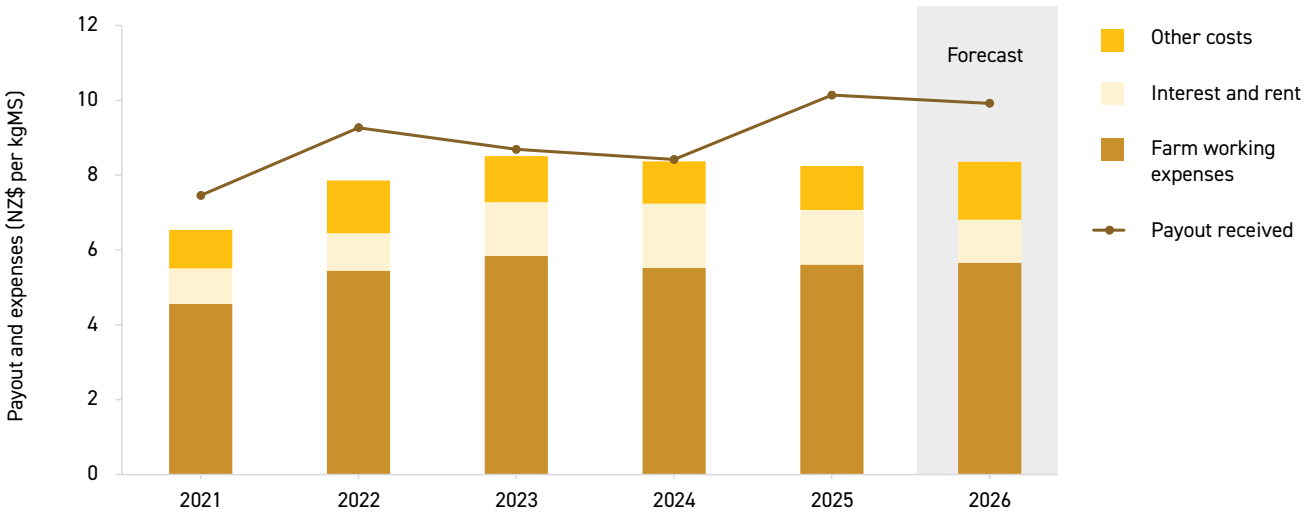


Farmgate milk price excludes dividend and capital repayments.
Source: DairyNZ and MPI.

14. Fonterra, media release, March 2026.

are likely to face sharper trade-offs between maintaining production intensity and containing working expenses, increasing the risk of underinvestment in inputs that support yields. Although cost pressures are expected to grow in 2026/27, the farmgate milk price is forecast to remain relatively high at $9.90 per kgMS, which should support continued sector profitability, even in a more challenging environment. Strong profitability and balance sheet repair over recent seasons should also leave most of the sector in a relatively good position to absorb these shocks, providing some buffer against a more challenging cost environment.

Figure 16: Milk payout expected to remain elevated above breakeven milk price
Year to 31 May, payout and expenses, NZ$ per kgMS



DairyNZ data as at 10 March 2026.
Source: DairyNZ and MPI.

Table 3: Cows or heifers in calf or milk, milk prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Cows and heifers in calf or in milk (millions)	4.84	4.67	4.70	4.69	4.72	4.72	4.69	4.69	4.70
Milksolids production (million kg)	1,868	1,873	1,883	1,940	2,015	1,980	2,035	2,050	2,070
Milksolids per cow (kg of milksolids)	386	400	401	414	430	420	435	435	440
Milk price (cents per kg of milksolids)	925	815	785	1,020	985	990	1,025	1,035	1,050
Total export revenue (NZ$ million)	**21,998**	**26,008**	**23,231**	**27,151**	**28,590**	**27,850**	**29,230**	**30,450**	**31,450**
Total export volume (000 tonnes)	**3,346**	**3,526**	**3,553**	**3,566**	**3,650**	**3,600**	**3,695**	**3,745**	**3,780**
Average export price ($ per kg)	**6.58**	**7.38**	**6.54**	**7.61**	**7.85**	**7.75**	**7.90**	**8.15**	**8.35**

Source: DairyNZ, Stats NZ, and MPI.

MEAT AND WOOL

» Meat and wool export revenue is forecast to lift 14 percent to $14.1 billion in the year to 30 June 2026. This follows 9 percent growth in 2024/25. Growth in 2025/26 is due to rising prices more than offsetting easing beef and mutton export volumes.

» This exceptional run of high prices is being driven by tighter global beef and sheep meat supplies as well as solid demand from Europe and the US. Higher prices are also more than offsetting lower export volumes of beef, mutton, animal co-products, and animal products for feed.

» Sheep and beef farm profit is expected to increase 96 percent to $287,600 per farm in 2025/26 due to higher schedule prices for all animal categories more than offsetting a slight rise in input costs and expenditure.

» Looking to 2026/27, export revenue is forecast to increase 1 percent to $14.3 billion. This is due to strong demand and a continuation of constrained global beef supplies supporting prices. Strong beef revenue is forecast to offset softer in lamb export prices.

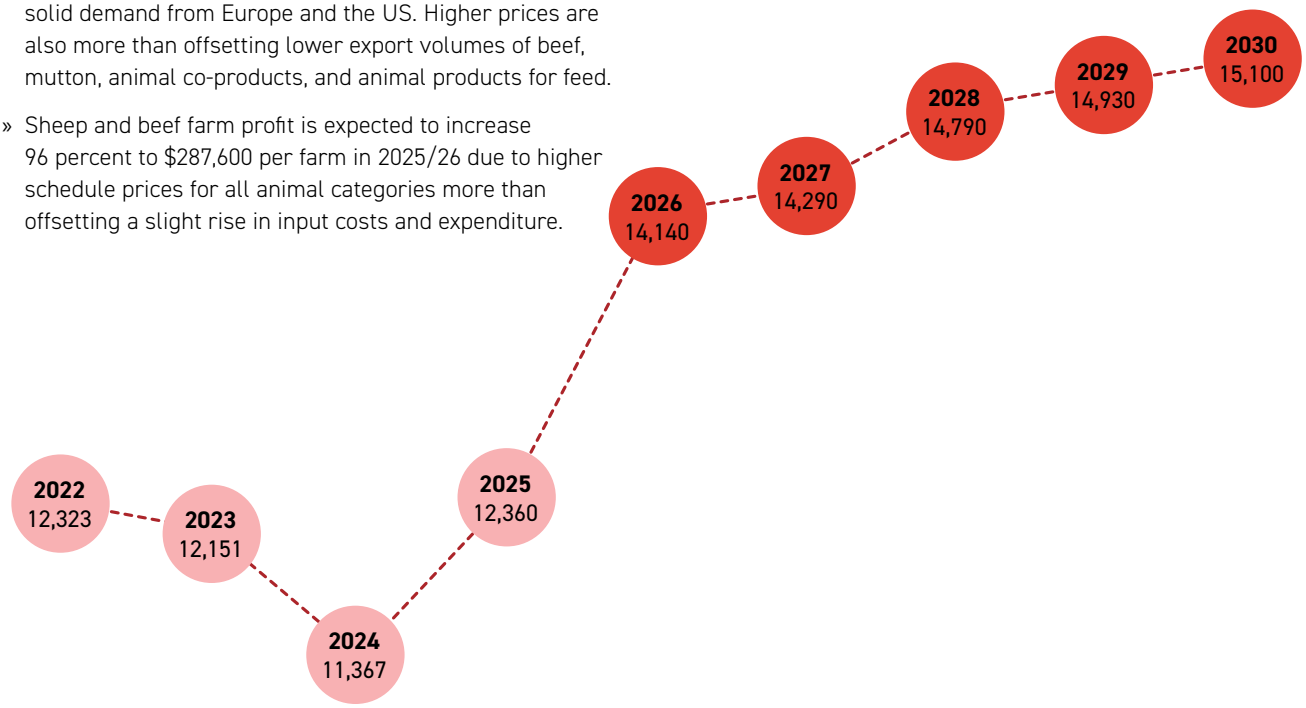


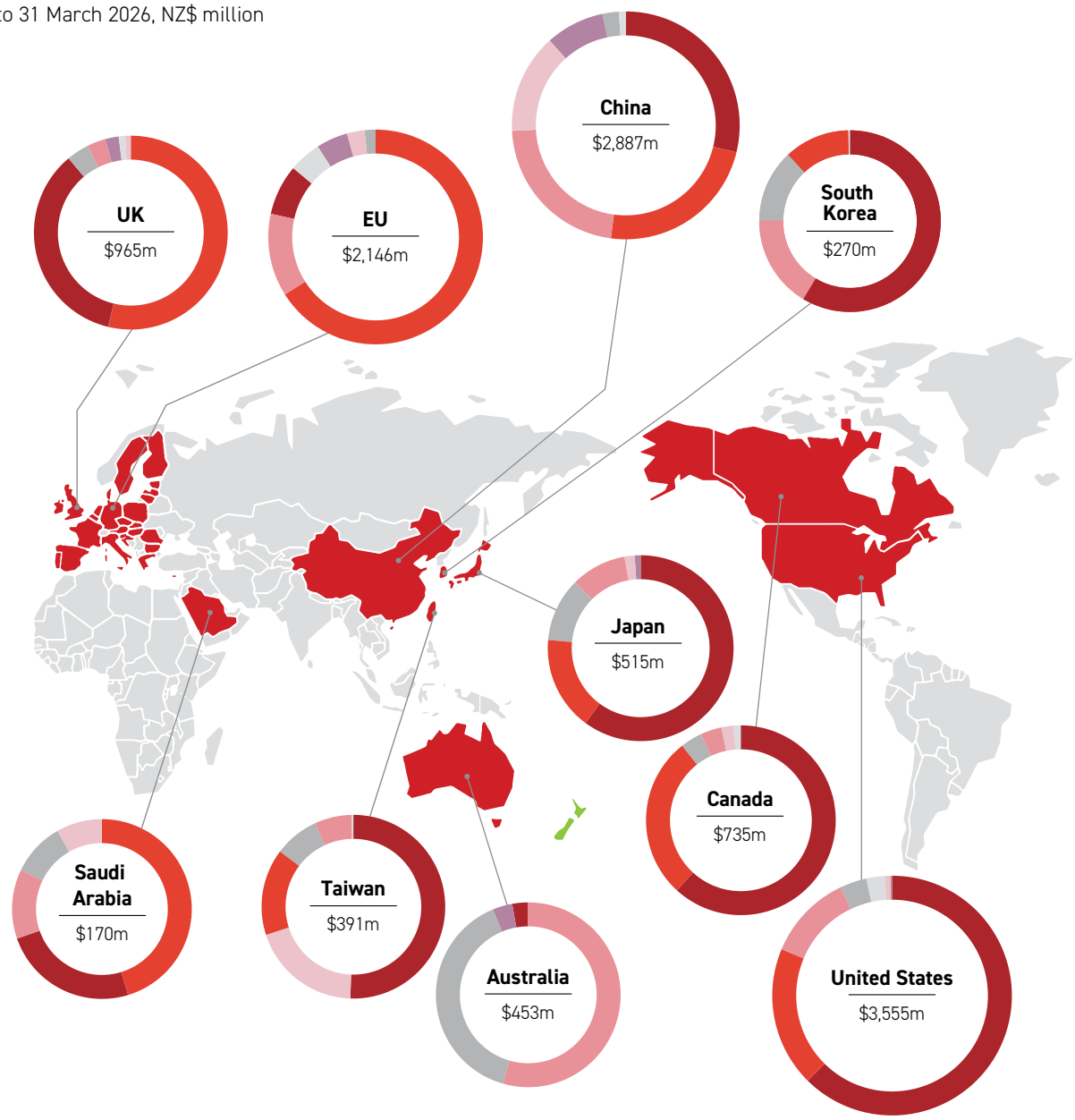
Table 4: Meat and wool export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Beef and veal	4,581	4,597	4,397	4,764	5,510	6,090	6,370	6,240	6,100
Lamb	3,600	3,363	3,179	3,576	4,260	3,810	3,910	4,050	4,220
Mutton	703	570	407	558	710	680	710	730	740
Wool	437	400	448	446	520	530	540	540	550
Venison	170	197	195	206	250	260	260	260	270
Other meat*	701	679	691	726	780	800	820	830	850
Hides and skins	295	301	272	259	250	240	240	240	230
Animal co-products	930	1,069	954	997	1,010	1,010	1,070	1,120	1,180
Animal fats and oils	281	274	171	218	220	240	250	250	260
Animal products for feed	521	589	553	500	500	510	540	560	580
Carpets and other wool products	103	113	101	109	120	110	110	110	110
Total export revenue	**12,323**	**12,151**	**11,367**	**12,360**	**14,140**	**14,290**	**14,790**	**14,930**	**15,100**
Year-on-year % change	**19%**	**-1%**	**-6%**	**9%**	**14%**	**1%**	**4%**	**1%**	**1%**

* Includes edible offal, processed meat, and poultry.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 meat and wool export destinations

Year to 31 March 2026, NZ$ million

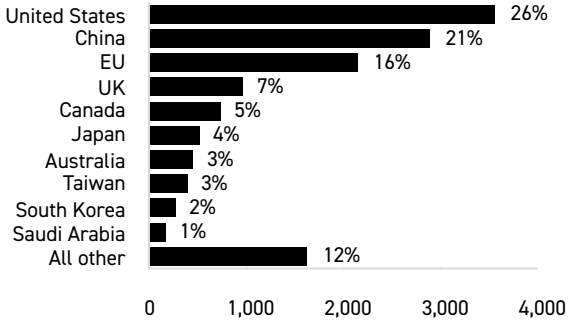


Product	Export revenue (NZ$ million)	% of total
Beef and veal	5,164	38%
Lamb	4,169	30%
Mutton	695	5%
Wool	521	4%
Venison	253	2%
Other meat	787	6%
Other animal products*	2,122	15%
Total	**13,711**	**100%**

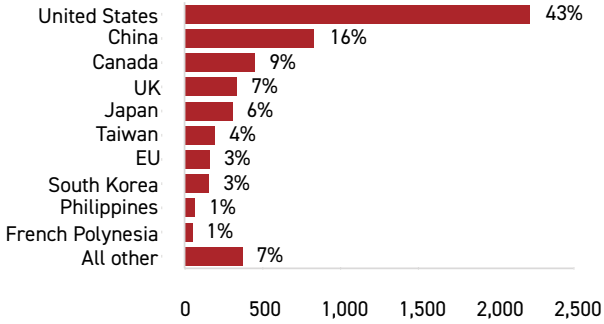
* Includes animal co-products, animal fats and oils, animal products for feed, carpets and other wool products, and hides, leather and dressed skins.
Totals may not add up due to rounding.
Source: Stats NZ.

Top meat and wool export markets

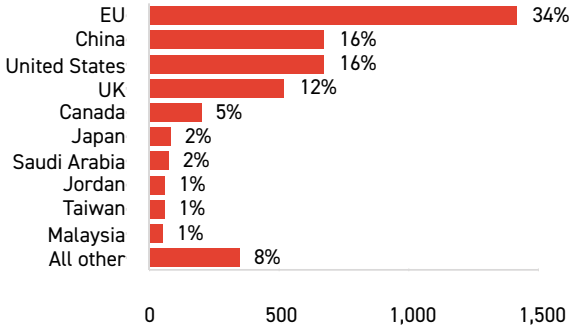
Year to 31 March 2026, NZ$ million and percent



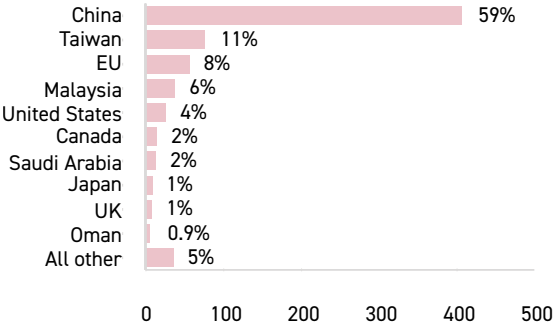
Beef and veal



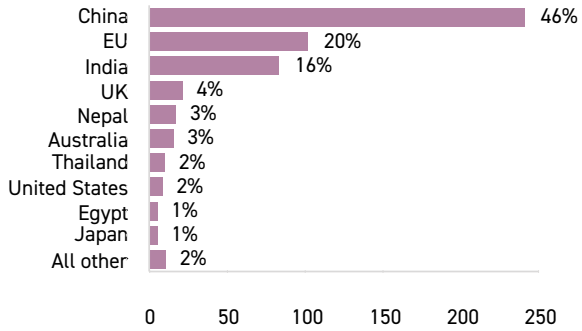
Lamb



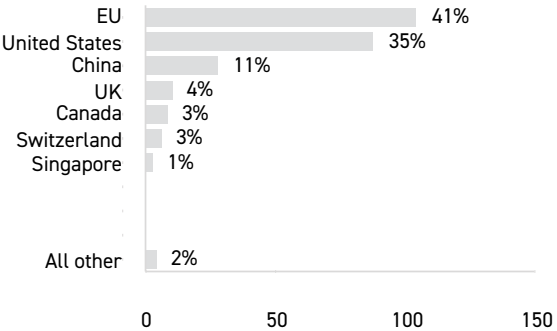
Mutton



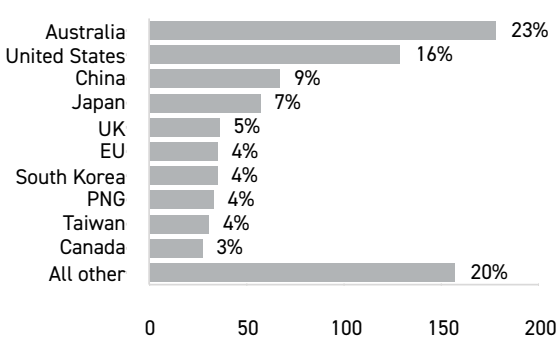
Wool



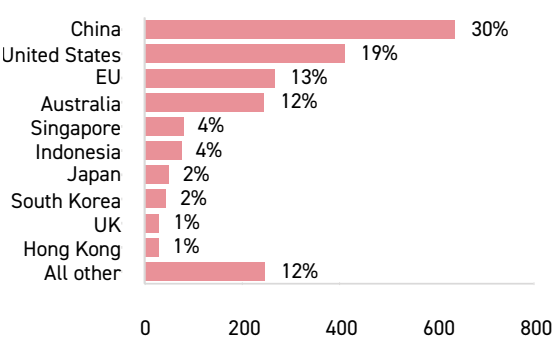
Venison



Other meat



Other animal products



Source: Stats NZ.

Tighter global supplies and solid demand lifting prices

Meat and wool export revenue is expected to increase 14 percent to $14.1 billion in the year to 30 June 2026 despite lower beef and mutton export volumes. Higher export revenue is being driven by tight global beef and sheep meat supplies putting upward pressure on prices (Figure 17). A weaker NZD against the USD is also supporting revenue.

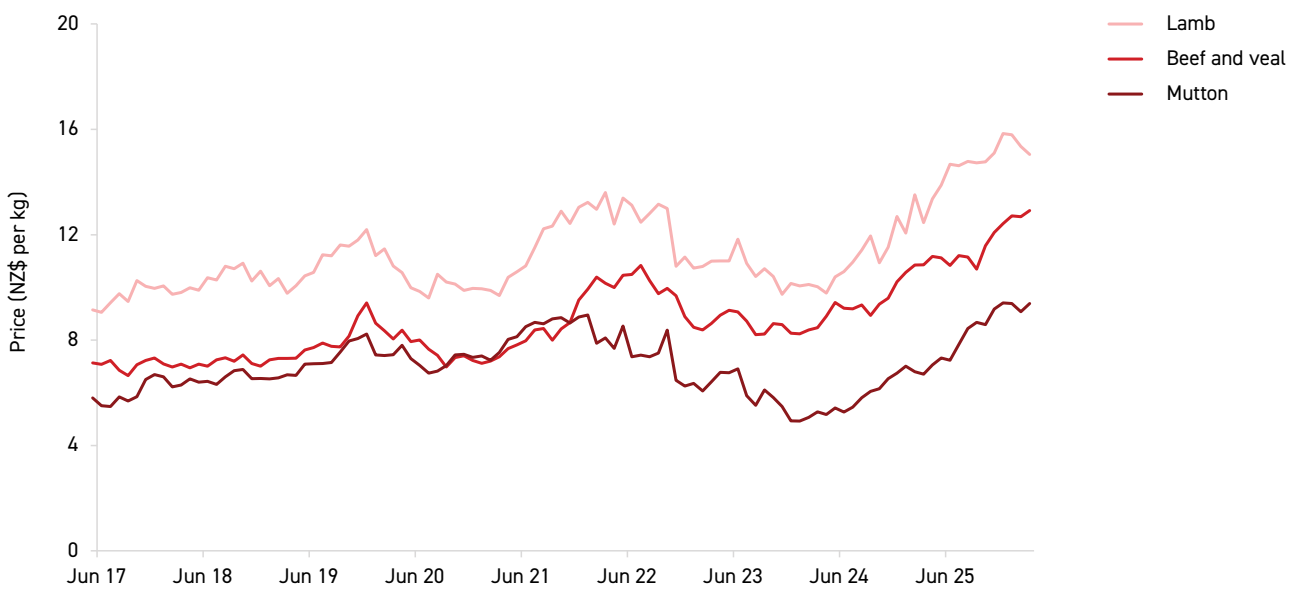
New Zealand's lamb export volumes are forecast to increase in 2025/26 due to favourable lambing conditions in spring 2025. Mutton export volumes are expected to pull back as adult sheep-processing reverts to normal levels following high prices and weather-related impacts (Figure 18). For beef and veal, production and export volumes are expected to dip in 2025/26 due to lower adult cattle and calf slaughter. Wool export revenue is forecast to increase due to higher export prices. For 2025/26, limited supply is likely to continue to support wool export prices across all types.

Looking to 2026/27, meat and wool export revenue is forecast to increase 1 percent to $14.3 billion due to higher beef export revenue more than offsetting softening lamb revenue. Beef prices are forecast to continue to strengthen with increased demand from the US as well as lower global supplies.

Lamb prices are forecast to dip as some consumers hit price limits and trade down to other meats. Export volumes for beef are forecast to lift in 2026/27, while lamb volumes plateau and mutton volumes fall slightly.

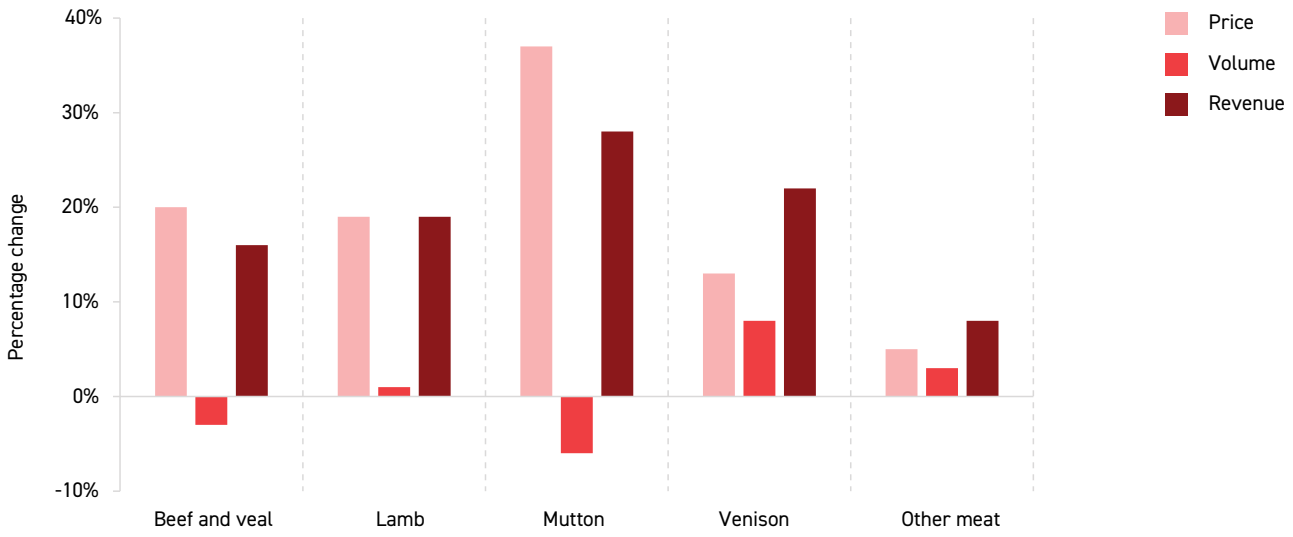
The longer-term outlook for meat demand and prices is solid due to strengthening demand.

Figure 17: Key meat export prices higher in 2025/26
Monthly export prices, NZ$ per kg



Source: Stats NZ.

Figure 18: Higher meat export prices driving revenue growth in 2025/26
Year to 30 June, 2026 compared with 2025, forecast change in export prices, volumes, and revenue



Source: Stats NZ and MPI.

Strong global demand more than outweighing geopolitical conflict impacts

Meat demand continues to strengthen as consumers increasingly seek high-protein, nutrient-dense diets. Demand is being supported by a growing focus on muscle growth and health, the rise in GLP-1 drug use, an ageing population aiming to maintain muscle mass, and shifts in US dietary guidance toward higher protein and meat consumption.

Geopolitical conflicts continue to impact meat trade flows, composition, and prices. These disruptions are hitting at a time when international supply is already tight, which is keeping prices high. Export diversification due to tariffs and safeguards is likely to have small flow-on effects on New Zealand meat exports. US tariffs are not expected to have any material impact on New Zealand exports, noting that beef is now exempt.

Although New Zealand is not expected to hit its China beef safeguard quota limit this year, other countries are. For example, once quotas are met in mid-2026, Brazil is likely to slow exports and export more beef into the US (noting ongoing constraints). Australia is also likely to shift more product into the US as well as Japan and South Korea, putting downward pressure on export prices. This is expected to be more than offset by tight supply in both Japan and South Korea. The recently announced US-China trade deal is likely to put downward pressure on beef prices in China, Japan, and South Korea.

Ongoing trade disruptions, geoeconomic fragmentation, new trade deals, disease outbreaks, and intensified focus on food security are expected to affect product flows and forecasts. The Middle East conflict is likely to have a limited direct impact on New Zealand's exports and trade flows due to only a very small proportion of New Zealand's exports being shipped to the region.

The Middle East region is a small market for New Zealand meat and wool products, accounting for 2.7 percent of beef export revenue, 4.4 percent of lamb export revenue, and 0.5 percent of mutton export revenue. Chilled beef is likely to be the most impacted due to the Middle East region accounting for 10.5 percent of chilled beef revenue. Chilled beef is likely to be diverted to Asia and Europe. However, overall chilled beef prices are expected to remain solid in 2025/26. Animal food are also relatively more exposed, with more than a third of export earnings coming from Saudi Arabia.

North American meat demand continues to strengthen

Meat demand in the US continues to be strong (Figure 19 and Figure 20). The US beef cattle herd has shrunk, leading to a shortfall in domestic lean beef production. Beef and lamb are being pulled into the US via high prices.

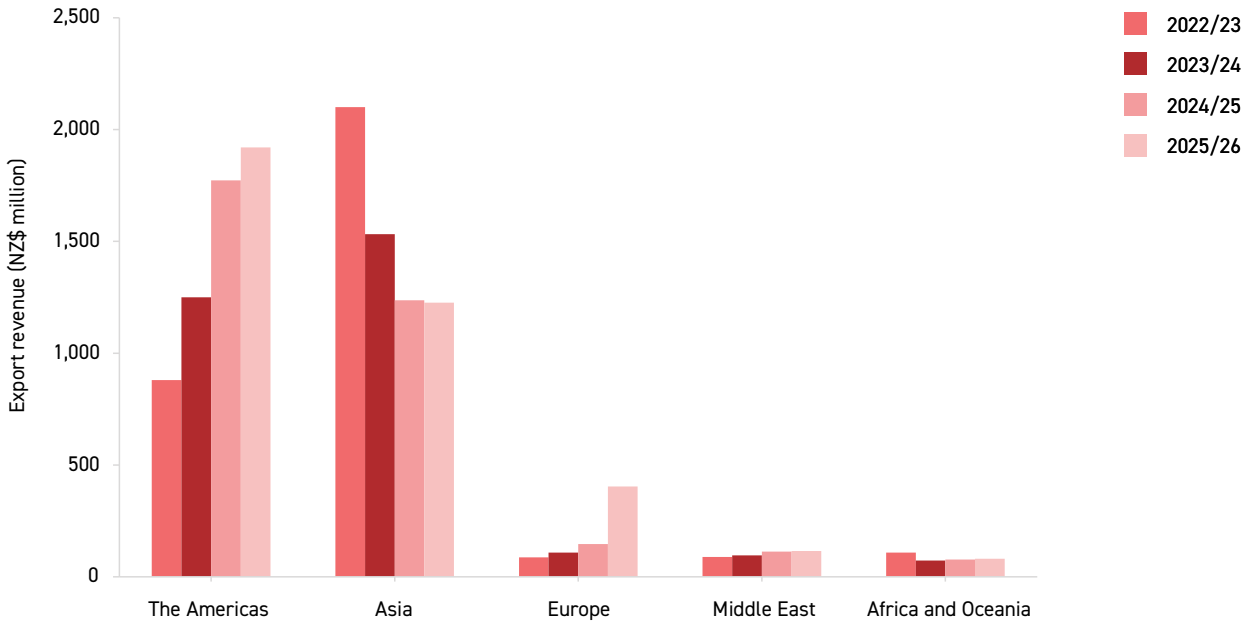
Indirect US tariff impacts are expected to continue to have a limited effect on New Zealand meat exports. The potential removal of out of quota tariffs on beef could benefit Latin American exporters, including Brazil. This is likely to increase the competitiveness of Brazilian beef in the US, especially trimmings, but impacts are expected to be limited by some key importers only sourcing manufacturing beef from New Zealand and Australia under long-term supply contracts. This uncertainty is creating downside risk to beef prices.

Direct tariff impacts on New Zealand are likely to be minimal. New Zealand's lean manufacturing beef for grinding, which accounts for approximately 85 percent of export volumes to the US, is expected to continue to experience strong demand. This is due to lean beef being a key component in the production of ground beef, a key input in fast food hamburger patties. Beef demand from the US is expected to remain high over the next couple of years as the country's beef cattle herd is rebuilt, supporting forecast record high prices.

Canadian meat demand is forecast to strengthen due to solid demand as well as the country's long-term herd contraction and elevated numbers of live cattle being exported to the US for processing.

Some exporters may apply for US tariff refunds in response to a May 2026 US Supreme Court ruling. Impacts on the sector are likely to be limited due to tariffs being paid by the importer of record and thus any costs incurred by New Zealand exporters being indirect.

Figure 19: Increase in beef and veal export revenue to the Americas and Europe
Nine months to 31 March, beef and veal export revenue by region, NZ$ million



Source: Stats NZ and MPI.

Solid lamb demand and growing beef demand from Europe

Meat demand in Europe continues to be solid. Robust lamb demand in Europe (Figure 20) continues to support lamb prices. This is reflected in higher export prices and volumes, with higher prices to both the EU and UK and higher volumes to the EU. This elevated demand is being driven by tight domestic sheep meat production as well as a solid tourism recovery. Both the UK and EU continue to experience long-term structural decline with lower sheep meat production, increasing import demand. As a result, sheep meat volumes and prices to Europe are expected to grow in 2025/26 and over the medium term.

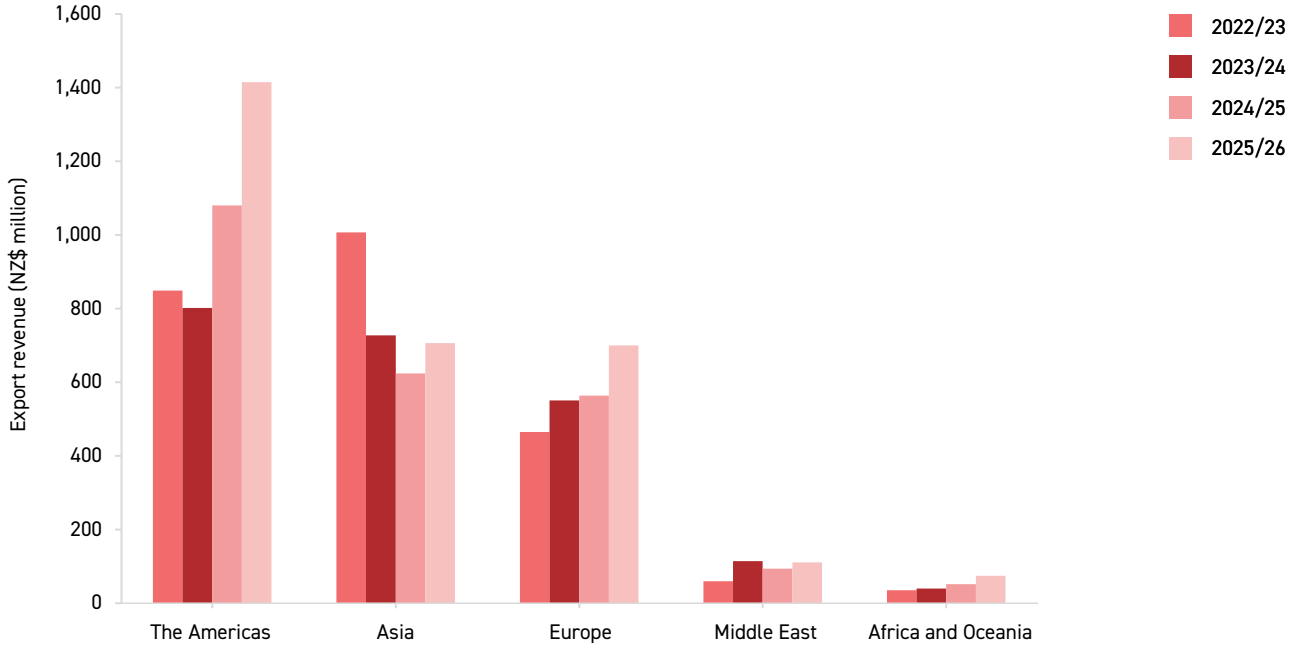
Beef exports to the UK continue to expand strongly due to increased FTA quota access. Beef export volumes grew by 380 percent in the nine months to 31 March 2026, with the proportion of exports to the UK rising from less than 1 percent of total exports to 7 percent since signing. The volume of sheep meat exports to the UK is not forecast to change due to the FTA because sheep meat is well below the quota volume and already duty free. The NZ-EU FTA provides some additional beef access over time at a 7.5 percent duty but is unlikely to lead to a significant increase in red meat export.

For 2026/27, lamb export volumes to Europe are forecast to remain steady, with beef continuing to grow but at a slower pace than in 2024/25. Lamb prices are forecast to be under pressure due to lower sentiment and squeezed budgets. Uncertainty in Europe remains elevated due to ongoing geopolitical tensions, including the Russia-Ukraine conflict, as well as broader economic headwinds.

Cattle livestock numbers stable while sheep numbers fall

Beef and dairy cattle livestock numbers are forecast to remain relatively stable over the forecast period. Sheep numbers are forecast to continue to fall. In 2025/26, cattle numbers are forecast to increase slightly on the back of good weather and feed conditions. On the other hand, sheep numbers are forecast to fall slightly on the back of a continued shift towards beef cattle, land use change, and higher lambing rates allowing for farmers to reduce their breeding flocks (Table 5). Increased dairy-beef integration and improved genetic gain within the beef industry are expected to support productivity and enable a smaller beef breeding herd while maintaining production over time.

Figure 20: Increase in lamb export revenue to Europe and the Americas
Nine months to 31 March, lamb export revenue by region, NZ$ million



Source: Stats NZ and MPI.

Table 5: Livestock numbers 2022–30
As at 30 June, million head

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Total cattle	9.7	9.6	9.5	9.5	9.8	9.8	9.8	9.8	9.8
Beef cattle	3.8	3.7	3.7	3.8	3.8	3.8	3.8	3.8	3.8
Dairy cattle	5.9	5.9	5.8	5.7	6.0	6.0	6.0	6.0	6.0
Total sheep	25.1	24.4	23.6	23.3	23.0	22.8	22.6	22.4	22.3
Breeding ewes	15.4	14.8	14.6	14.4	14.3	14.2	14.1	14.0	13.9
Lambs marked and/or tailed	22.0	21.0	21.0	20.9	21.1	20.3	20.0	19.9	19.9
Total deer	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**	**0.7**

Source: Stats NZ and MPI.

Beef and veal

Beef and veal export revenue is expected to increase 16 percent to $5.5 billion for the year to 30 June 2026. This increase is driven by a 20 percent lift in prices more than offsetting a 3 percent fall in export volumes. Looking to 2026/27, beef and veal export revenue is forecast to grow 11 percent due to tighter global beef production and ensuing higher global beef demand lifting prices as well as higher volumes.

Beef export prices continue to climb

Beef and veal export prices continue to climb higher, reaching new record highs on the back of tight market supplies and strong demand. Demand continues to strengthen due to consumers focusing on high-protein, nutrient-dense diets. Global beef supplies are tight, which is supporting prices. Supplies are set to tighten further as the US, Australia, and Brazil move into herd rebuilding, reducing supplies.

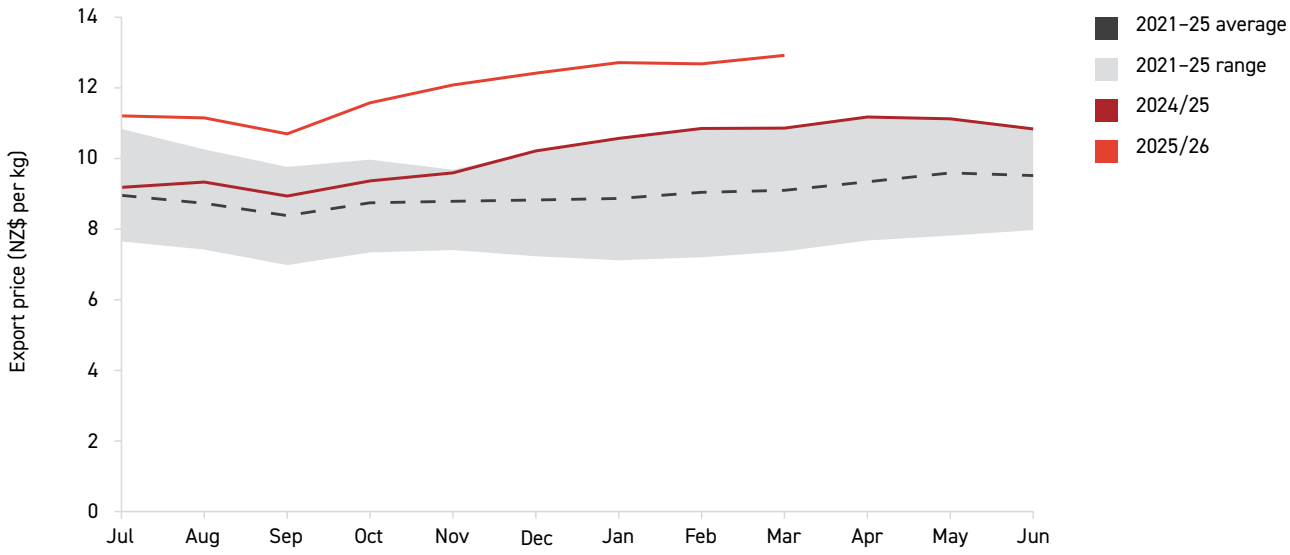
Export prices reached record levels in March 2026 (Figure 21) and are expected to grow by 20 percent to $12.30 per kilogram in 2025/26. Global beef supplies are forecast to tighten in 2025/26 and tighten further in 2026/27. The largest overseas beef producers are in a herd-rebuilding phase or are expected to begin to rebuild herds in the short term. Lower beef supplies are forecast to support a 4 percent price increase in 2026/27.

Beef production in the US, the world's largest beef producer, is expected to fall over the next two years, as it retains cattle to rebuild herds. US import demand is expected to strengthen over this period, especially for lean beef, with a downside risk of weather-related slaughter increasing rates. Beef exports from Brazil, the world's largest beef exporter, are also expected to fall in 2025/26 as it begins to shift into a rebuilding phase on the back of favourable expected growing conditions in key regions. In addition, Brazil's access into the EU could be affected by its compliance with EU antimicrobial resistance rules from early 2026/27. For China, beef oversupply and weak consumer spending has led to a reduction in herd sizes and will have implications for production. The EU continues to produce less beef due to structural decline due to smaller herds, increased regulation, and squeezed profits.

On the other hand, Australia (the second-largest beef exporter) is expected to increase beef production and exports in 2025/26, driven by dry conditions and high export prices. Following this increase, Australia's beef production and exports are forecast to fall in 2026/27 due to a smaller herd, with a rebuild expected. Argentina's beef exports are also expected to rise in 2025/26 due to strong demand and prices. Argentina's beef production is forecast to settle in 2026/27.

Overall, global beef production is expected to tighten in 2025/26 and tighten further in 2026/27, before beginning to steadily expand after 2027/28.

Figure 21: Beef export prices continue to hit record highs
Year to 30 June, monthly export prices, NZ$ per kg



Source: Stats NZ and MPI.

Domestic beef production volumes are expected to experience temporary dip

Beef and veal production in 2025/26 is expected to dip 2 percent due to lower slaughter numbers for steers, heifers, and veal (Figure 22) on the back of good feed conditions allowing farmers to hold onto cattle for longer. Slaughter is also expected to shift later in the season for cows. Weights are expected to be up slightly compared with last year.

Prime beef production is expected to be lower than 2024/25, with a fall in both steer and heifer slaughter. Beef cow production is also expected to be lower due to fewer animals being sent for slaughter. On the other hand, bull production is expected to increase due to more dairy-beef calves being raised to capture high beef prices, lift profitability, and improve sustainability. Dairy heifer and cow slaughter is expected to be lower in 2025/26 due to dairy farmers retaining dairy cattle in response to good feed conditions and high milk prices. This is likely to shift slaughter to slightly later in the season. Veal production is forecast to fall in 2025/26 due to greater demand from beef cattle farmers for weaner calves.

In 2026/27, beef production is expected to increase due to a slightly larger beef cattle herd and more cattle slaughtered. Over the remainder of the outlook period, beef and veal production is forecast to increase slightly in 2027/28 before stabilising over the remainder of the outlook period.

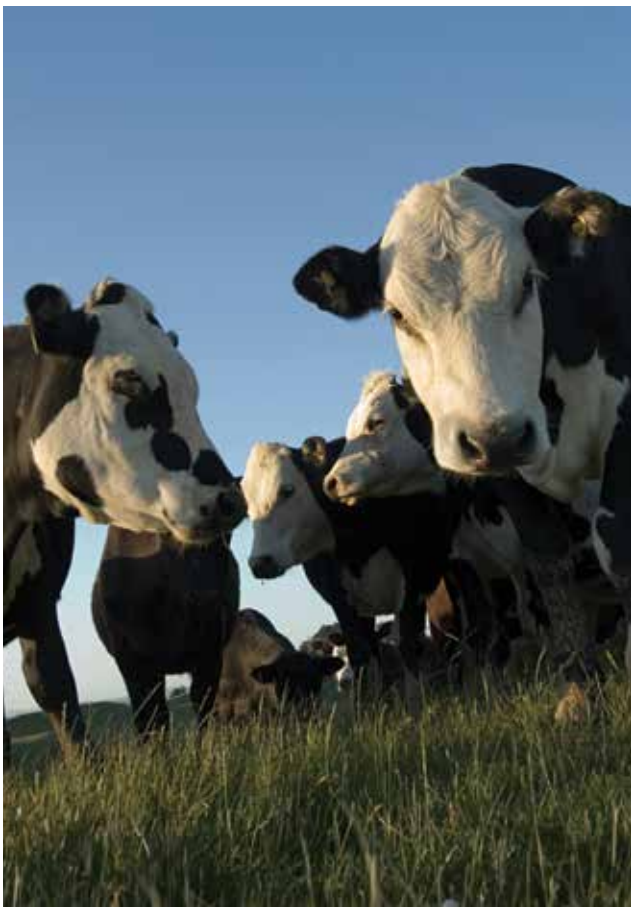
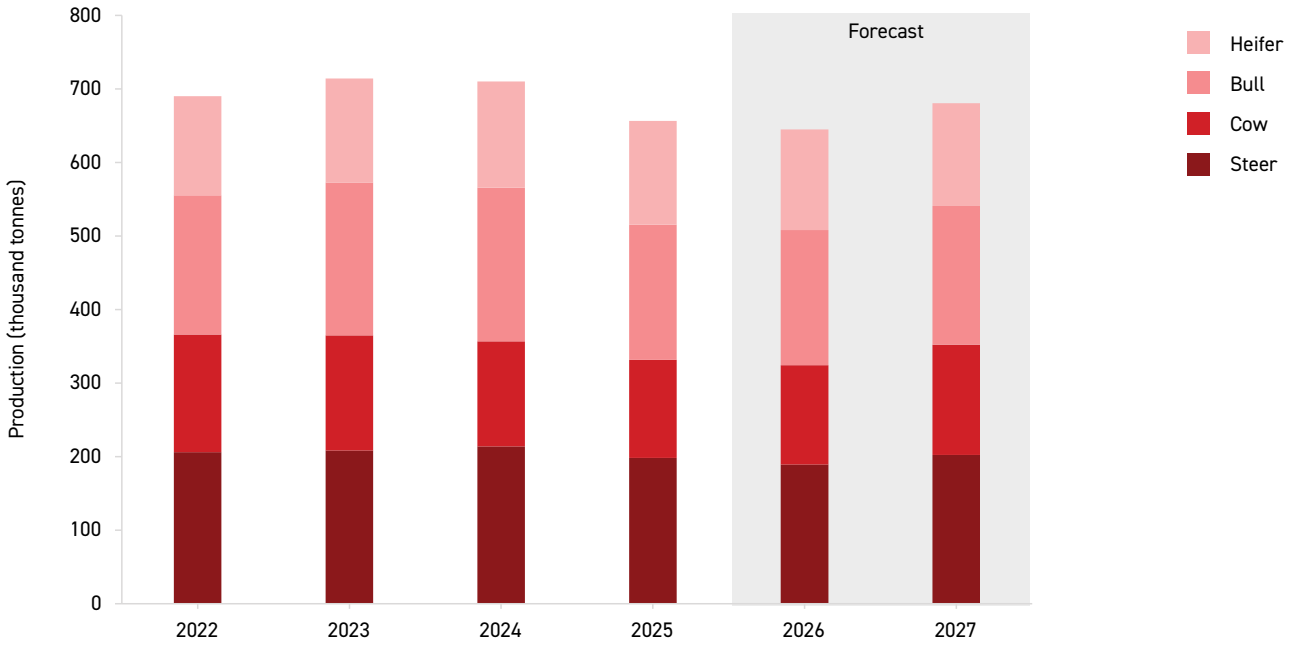


Figure 22: Beef production expected to be lower in 2025/26 before increasing in 2026/27
Year to 30 June, beef production by animal category, thousand tonnes carcass weight



Source: Stats NZ and MPI.

Table 6: Beef cattle numbers, prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Total beef cattle (opening stocks in millions)	4.0	3.8	3.7	3.7	3.8	3.8	3.8	3.8	3.8
Production (000 tonnes)	721	745	742	686	670	705	725	725	725
Export volume (000 tonnes CWE)*	676	690	715	648	625	665	685	685	680
Export volume (000 tonnes PW)**	483	495	509	463	445	475	490	490	485
Export price (NZ$/kg PW)	9.49	9.29	8.64	10.29	12.30	12.80	13.05	12.80	12.55
Export revenue (NZ$ million)	4,581	4,597	4,397	4,764	5,510	6,090	6,370	6,240	6,100

* Carcass weight equivalent of shipped product weight.
** Product weight as shipped.
Source: Stats NZ and MPI.

Lamb and mutton

Lamb export revenue is expected to increase 19 percent to $4.3 billion in the year to 30 June 2026, while mutton export revenue is expected to increase 28 percent to $710 million. The growth is driven by higher export prices for both lamb and mutton. Lamb export volumes are forecast to increase slightly, while mutton export volumes are expected to fall. Looking to 2026/27, lamb export revenue is forecast to dip from record highs due to softening prices, while mutton export revenue is forecast to fall back due to slightly lower export volumes.

Domestic lamb production to rise slightly in 2025/26

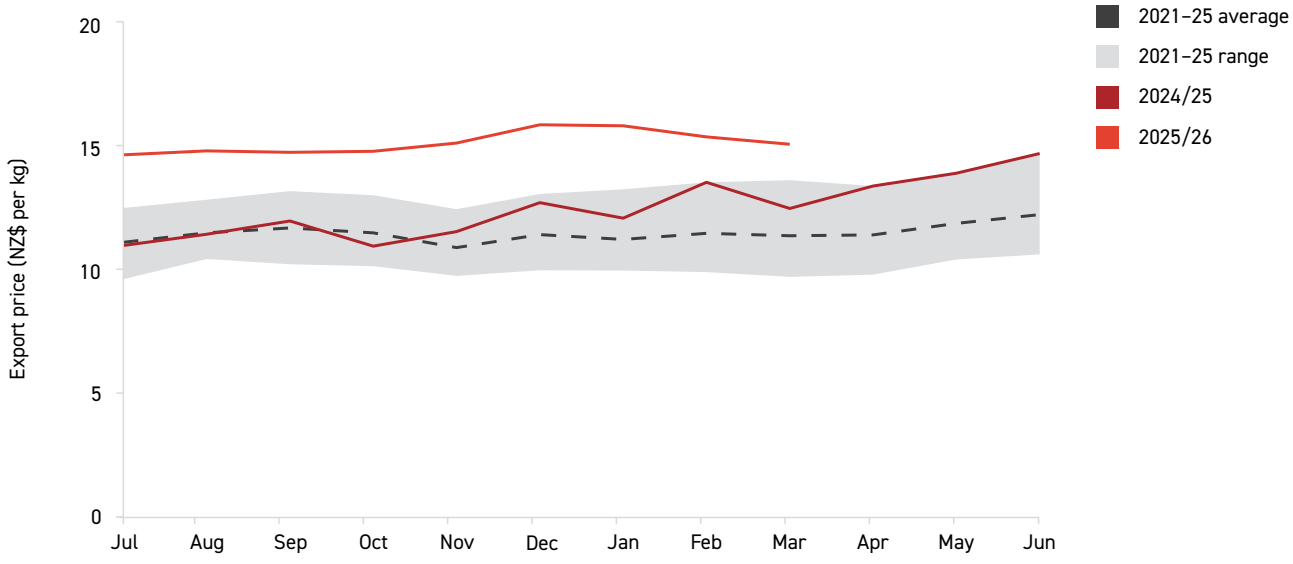
Lamb production in 2025/26 is expected to increase by 2 percent to 335,000 tonnes, driven by improved lambing results and survival rates as well as heavier slaughter weights.

The lambing ratio for spring 2025 (2025/26 season) is estimated to be 1.32, up from the previous season. The overall number of lambs tailed in the 2025/26 season is estimated to have increased slightly. Although the breeding flock shrank in 2024/25, the total number of lambs tailed is expected to have increased due to good feed conditions in most regions supporting ewe condition as well as fewer extreme weather events during lambing. Good feed conditions have also led to higher late-season slaughter than usual. Lamb export volumes are expected to rise 1 percent to reach 285,000 tonnes in 2025/26.

Mutton production is expected to be 83,000 tonnes in 2025/26, down 5 percent on the previous year. Slaughter returned to more normal levels following a significant increase in slaughter rates over 2024/25. Adult sheep slaughter is forecast to continue to gradually fall in line with a declining sheep flock. Mutton export volumes are expected to fall 6 percent to 78,000 tonnes in 2025/26.

Over the outlook period, breeding ewes and overall sheep numbers are forecast to continue to fall, driven by a continued switch towards beef cattle, carbon forestry, more adverse weather events, increasing input costs, and productivity improvements.

Figure 23: Lamb prices continue to climb in early 2025/26
Year to 30 June, monthly export prices, NZ$ per kg



Source: Stats NZ and MPI.

Table 7: Sheep numbers, lamb prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total sheep (opening stocks in millions)	25.7	25.1	24.4	23.6	23.3	23.0	22.8	22.6	22.4
Production (000 tonnes)	334	341	366	328	335	335	330	330	330
Export volume (000 tonnes CWE)*	303	314	347	317	320	320	315	315	315
Export volume (000 tonnes PW)**	280	292	311	284	285	285	280	280	280
Export price (NZ$/kg PW)	12.84	11.52	10.23	12.58	14.90	13.40	13.85	14.40	15.00
Export revenue (NZ$ million)	3,600	3,363	3,179	3,576	4,260	3,810	3,910	4,050	4,220

* Carcass weight equivalent of shipped product weight.
** Product weight as shipped.
Source: Stats NZ and MPI.

Higher lamb and mutton prices due to tight global supplies and solid demand

Lamb export prices are expected to lift 19 percent to $14.90 per kilogram this year due to solid demand from the US and Europe offsetting weaker demand from Asia (Figure 23). Global lamb exports are expected to fall in 2025/26 due to lower exports out of Australia offsetting slightly higher production in New Zealand. Australia's production is expected to fall in 2025/26 due to challenging seasonal conditions.

In 2026/27, global lamb export volumes are forecast to rise, with Australian supplies increasing on the back of forecast improved seasonal condition, while New Zealand supplies are forecast to remain steady. Higher market supplies in 2026/27 are expected to put downward pressure on export and farmgate prices. A milder than expected El Niño provides upside risk to export price forecasts.

Mutton export prices are expected to lift by 37 percent to $9.10 per kilogram in 2025/26 due to lower global mutton supplies and strong demand from the US and Middle East as well as solid demand from Europe, with volumes to China down but prices remaining competitive.

For 2026/27, mutton export prices are forecast to ease slightly due to some resistance to record high prices. However, consumers trading down to mutton will likely partially offset this decrease. Dry weather in Australia poses downside risk to export prices. In addition, a potential US safeguard investigation into the impact of imported sheep meat on domestic producers could put downward pressure on prices over the outlook period.

Wool and carpets and other wool products

Limited global supply is lifting wool prices

Wool export prices were up 16 percent in the first nine months of 2025/26 on the same period last year. Average strong wool export prices climbed to $5.22 per kilogram in March 2026, the highest monthly export price in a decade (Figure 24).

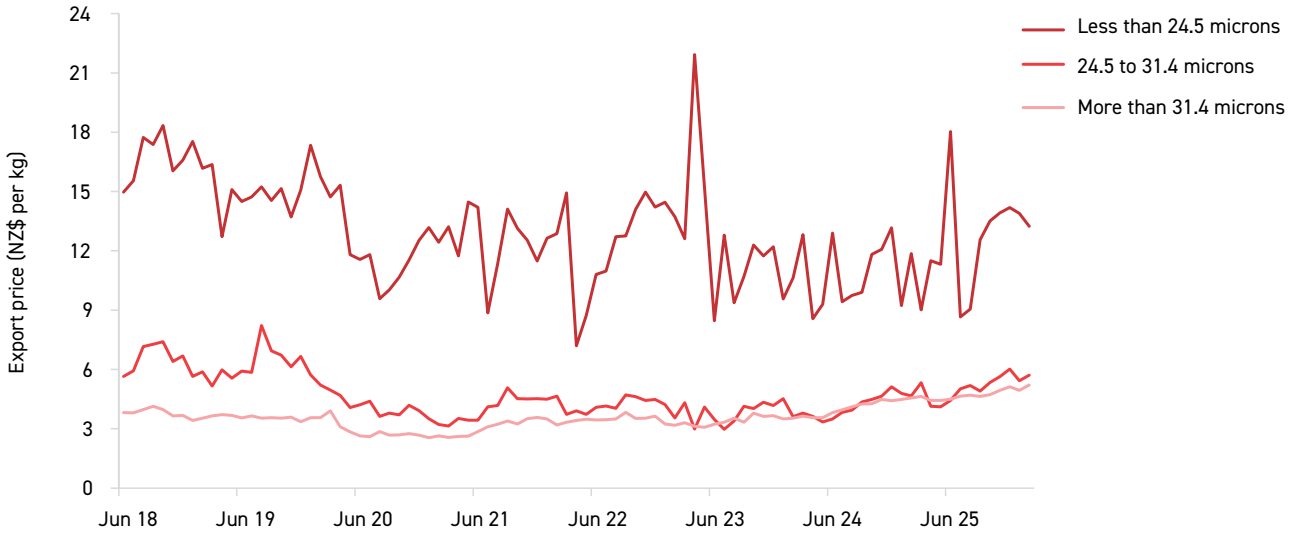
The top export markets for New Zealand wool across all types were China, India, Italy, Nepal, and the UK, which accounted for approximately three-quarters of the total wool export volume. In China, investments in plant and machinery for processing wool have helped create demand for New Zealand wool and provided the industry with optimism for the future. Additionally, the industry is expected to benefit from the NZ-India FTA, with tariffs on wool removed from day one of the agreement's entry into force.

Wool export revenue is expected to lift to $520 million in the year to 30 June 2026 and $530 million in 2026/27, driven by firm export prices. The current geopolitical environment is likely to place downward pressure on wool prices and market confidence. In the short term, however, export prices are likely to be sustained by tight global supply and strong demand. Global wool supply is projected to decrease with lower export volumes from New Zealand, Australia, and South Africa. Australian wool production is forecast to fall while South Africa's sheep flock is expected to decline, resulting in lower overseas production in 2026/27. In New Zealand, underlying factors such as long-term flock reduction, land use conversion, growing interest in self-shedding sheep, and climate conditions are likely to push wool production down.

The Middle East conflict may pose medium-term risks on the sector through higher energy costs, which might flow through wool scouring and processing costs. Geopolitical escalation could affect demand for discretionary goods like textiles in key markets, particularly China, which is one of the world's largest processors of imported wool. On the other hand, the conflict has made synthetic fibre production significantly more expensive, potentially lifting the competitiveness of wool.

Export revenue for carpets and other wool products is estimated to increase 10 percent in 2025/26, driven by higher export prices and volume to Australia and the US, the two main markets for this product category. Export revenue is forecast to decline in 2026/27 given the downside risks dominating the macroeconomic outlook.

Figure 24: Wool export prices continue to rise
Monthly export price, NZ$ per kg by micron



Source: Stats NZ and MPI.

Table 8: Wool prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
	2022	2023	2024	2025	2026	2027	2028	2029	2030
Average sale price (cents/kg clean)	464	440	460	468	535	585	600	615	630
Production (000 tonnes clean basis)	95	91	88	86	95	90	90	90	85
Export volume (000 tonnes clean basis)	86	77	92	77	80	80	80	80	80
Export volume (000 tonnes PW)*	94	84	101	84	85	85	85	85	85
Export price (NZ$/kg PW)*	4.67	4.77	4.43	5.31	6.00	6.25	6.35	6.50	6.60
Export revenue (NZ$ million)	437	400	448	446	520	530	540	540	550

* Product weight as shipped.
Source: Stats NZ and MPI.

Venison

Demand for venison underpins strong prices

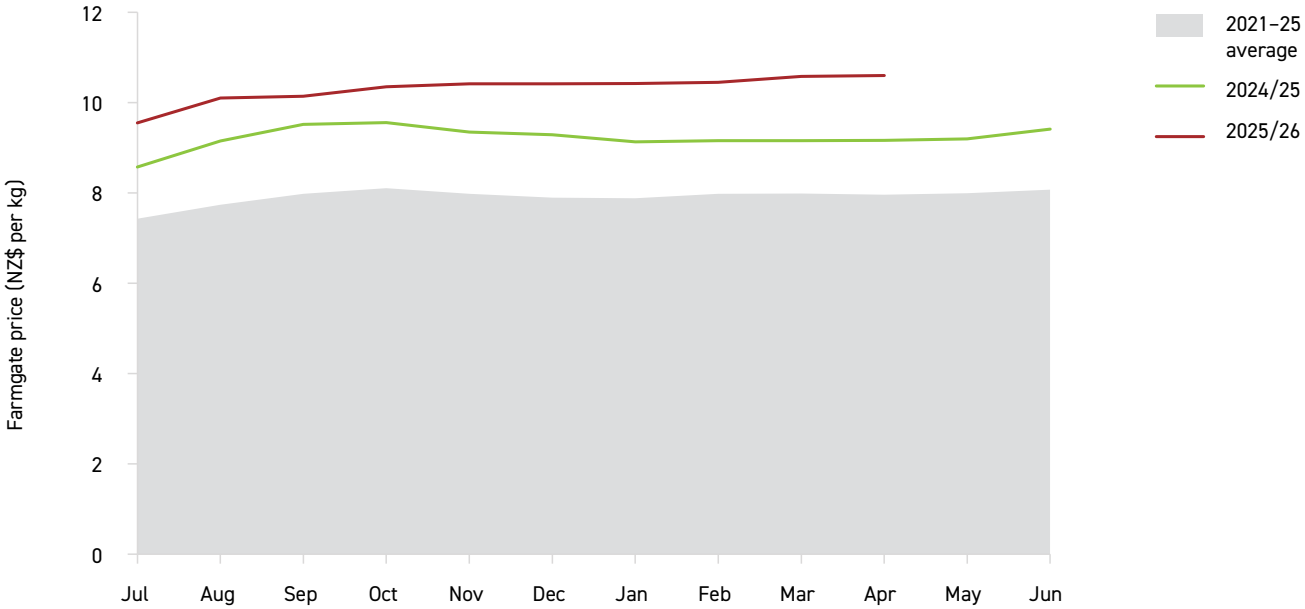
A 13 percent lift in venison export prices and an 8 percent increase in export volume are expected to increase export revenue to $250 million in the year to 30 June 2026. Growth in frozen venison exports, which make up about 80 percent of the total value of venison exports, is expected to drive the increase. In the nine months to 31 March 2026, exports to the US and EU grew 26 percent and 58 percent, respectively. Strong venison export prices will likely further result in a 4 percent increase in export revenue in 2026/27.

Demand for red meat, including venison, is steady and continues to outstrip global supply. European markets underpin strong export revenue for New Zealand venison, while North America is seeing growing export volumes for ground venison production. The North American Retail Accelerator programme, which focuses on premium, retail-ready venison cuts, has been key in strengthening brand awareness of New Zealand farmed venison in the market.

In 2024/25, the total deer herd in New Zealand is estimated to have increased 0.5 percent to 712,000. In the year to 31 March 2026, total deer slaughter was 4 percent higher on the same period last year. The ratio of stags to hinds slaughtered in the year to 31 March 2026 was 1.15 compared with 0.92 in the previous year, signalling a possible herd rebuild or stabilisation. Venison schedules climbed by around 11 percent over the year to 31 March 2026 and are forecast to remain firm through 2026/27 (Figure 25). Nevertheless, ongoing volatility in global trading conditions could place downward pressure on farmgate prices.

The Middle East conflict presents minimal direct material risk to New Zealand venison exports as the region accounts for only around 1 percent of total venison export revenue. Diversification pressures are therefore limited, given the product's significant exposure to established markets such as the US, Europe, and China. However, exporters are likely to face heightened operational challenges due to the current disruption across global supply chains.

Figure 25: Venison schedules remain steady above historical prices
Year to 30 June, monthly venison farmgate price, NZ$ per kg



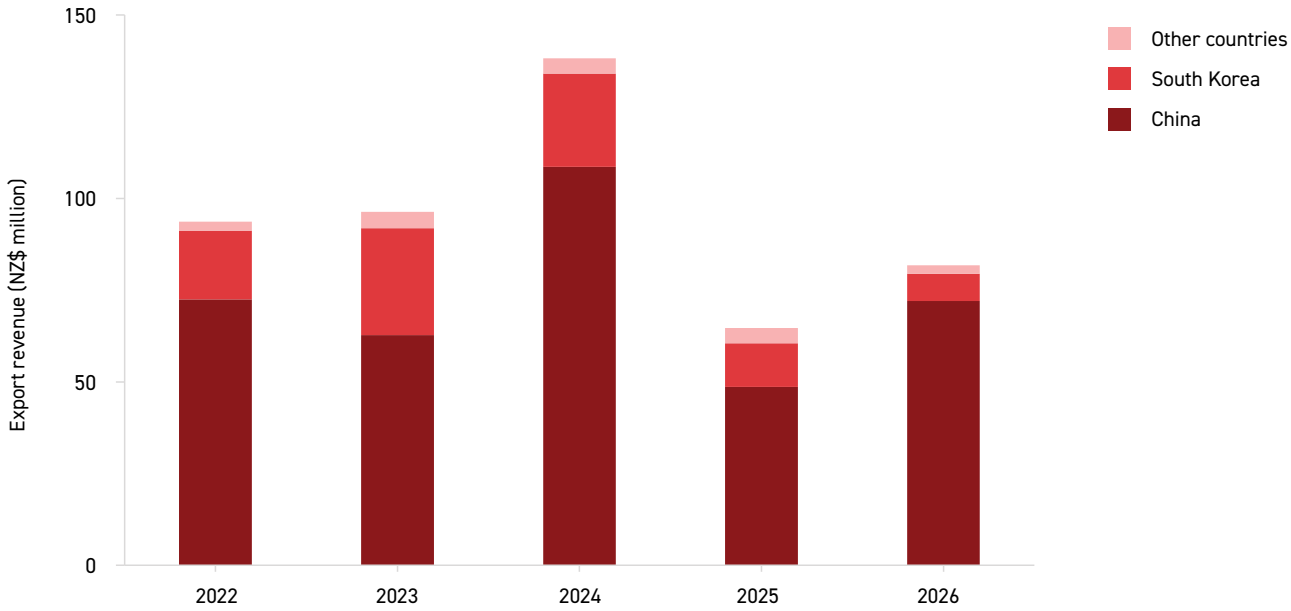
Source: AgriHQ.

Lower export prices drive velvet export revenue down

In 2025/26, velvet export revenue is expected to decrease due to soft export prices in China, which accounts for about 80 percent of the total velvet export revenue (Figure 26). China is the primary hub for processing frozen deer velvet into traditional Chinese medicine products, which are mostly re-exported to South Korea or locally consumed. Velvet export prices in March 2026 were 7 percent lower than last year but are likely to slightly recover, pushing velvet export revenue up in 2026/27.

South Korea is another market with strong preference for New Zealand velvet, mainly for its traceability. A South Korean pharmaceutical company recently launched a velvet-based immune system-enhancing health functional food based on an extract derived from premium New Zealand deer velvet. This offers a significant market opportunity for the industry, where velvet is not only seen as a traditional medicine but also valued as a modern health ingredient.

Figure 26: Velvet exports to China are seeing a recovery
Year to 31 March, export revenue by country, NZ$ million



Source: Stats NZ and MPI.

Other meat and animal co-products

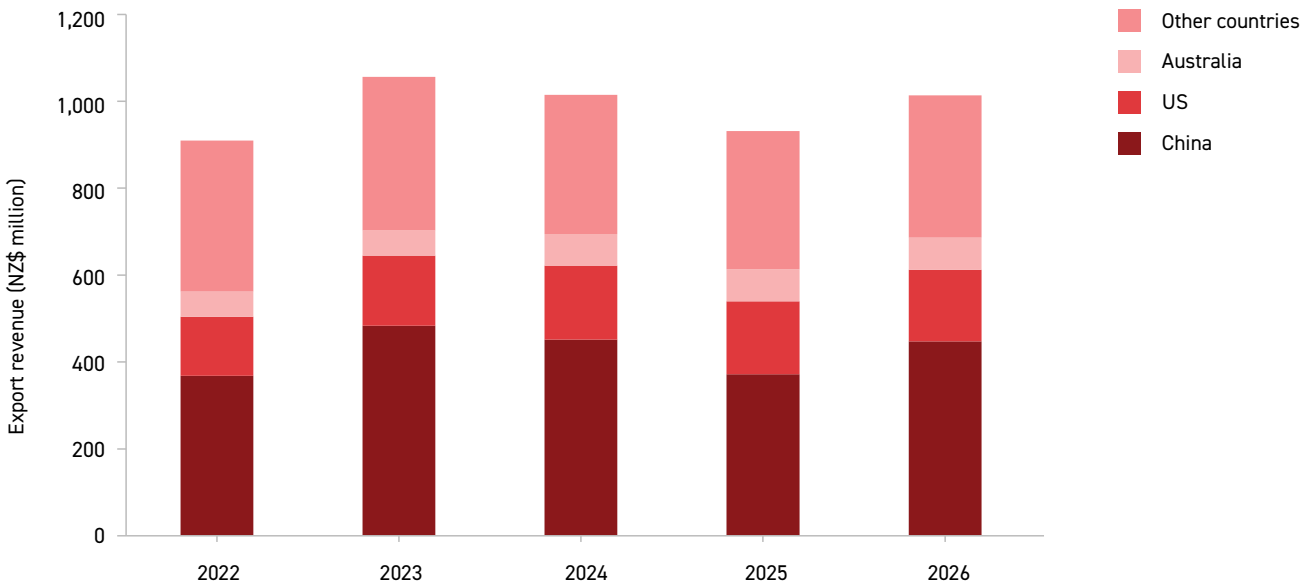
Demand for animal co-products and other meat products remains positive

In the year to 30 June 2026, animal co-products export revenue is expected to increase 1 percent, driven by higher export prices for blood, sausage casings, stomach products, and tripe. China and the US remain the top markets, accounting for 60 percent of export earnings (Figure 27). Exports to other countries such as Denmark and Australia have steadily increased over time, reflecting solid demand in these markets, particularly for blood products. In 2026/27, animal co-products export revenue is forecast to remain steady at $1.0 billion. Production is likely to hold as output volumes are linked to meat production, but the Middle East conflict could place cost and logistical pressures on processors.

Export volume for poultry chicken is trending upwards in Pacific markets as consumers are shifting to more affordable protein options. An increase in exports to Australia is likely to drive a rise in poultry chicken export revenue in 2025/26. The Middle East conflict has contributed to higher grain prices, placing upward pressure on feed costs. The conflict could also adversely affect planting decisions, with potential implications for grain production used for poultry feed in New Zealand. Demand for poultry is likely to remain resilient, with export revenue forecast to further increase in 2026/27. Over the medium term, population growth and consumer preference for cheaper meat alternatives in the Oceania region is likely to continue driving the growth of poultry chicken exports.

In the year to 30 June 2026, a 7 percent increase in export prices is estimated to drive edible offal export revenue to be 6 percent higher than in 2024/25. As an economical alternative protein source, this product continues to see stable demand in the US and Asian markets. Processed meat exports have grown over the past five years, having a compound annual growth rate of 4 percent, with Australia and the US as the consistent top export destinations. In 2024/25, export revenue reached a record $253 million. In the first nine months of the current season, higher export volume and prices have pushed processed meat export revenue over $207 million, an 11 percent lift from the same period last year. In 2026/27, elevated export prices are forecast to drive export revenue growth for other meat products.

Figure 27: China and the US dominate the market for animal co-products
Year to 31 March, export revenue by country, NZ$ million



Source: Stats NZ and MPI.

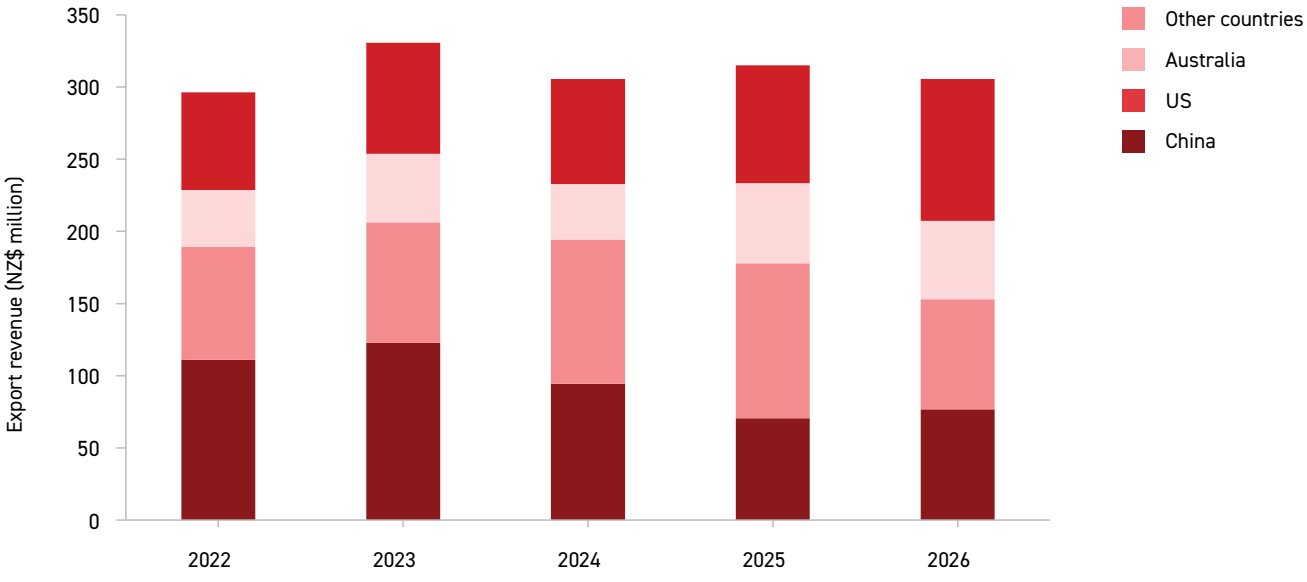
Pet food exports expected to recover in 2025/26

Pet food export revenue is expected to rise 3 percent in the year to 30 June 2026 following a 7 percent drop in 2024/25. Pet food export prices are expected to be 3 percent lower, but export volume is likely to be up 6 percent on the previous year. Export revenue is forecast to further increase in 2026/27, driven by a recovery in prices. Exports to the US and China, which make up half of the value of New Zealand pet food exports, are projected to remain as the main drivers of export revenue performance (Figure 28). In April 2026, pet food exports containing avian ingredients resumed in China following implementation of a revised arrangement for heat-treated consumer-ready pet food. Restrictions were imposed on New Zealand pet food products with avian material following the high pathogenicity avian influenza outbreak in late 2024.

In China, premium pet food continues to see stable demand from affluent pet owners. While domestic pet food brands have accelerated in recent years, the high-end segment remains largely dominated by overseas brands, which account for approximately 75 percent of the market.

US pet industry spending has increased over the past year, but this is likely to soften in 2026/27 and will rebound over the medium term as pet ownership remains strong, while consumer purchasing patterns are expected to shift towards essential pet products. Australia has also been a solid market for New Zealand pet food where there is strong focus on premiumisation and health-focused formulations.

Figure 28: Weaker pet food exports to the US have been offset by exports to China and other markets
Year to 31 March, export revenue by country, NZ$ million



Source: Stats NZ and MPI.

Healthy jump in farm profitability

In 2025/26, the average farm profit before tax for all classes of sheep and beef farms is expected to increase 96 percent to $287,600 per farm according to Beef + Lamb New Zealand (Figure 29). This increase is driven by higher farm revenue more than offsetting higher farm expenditure. This growth in profitability will help position farmers well to weather financial headwinds in the coming year.

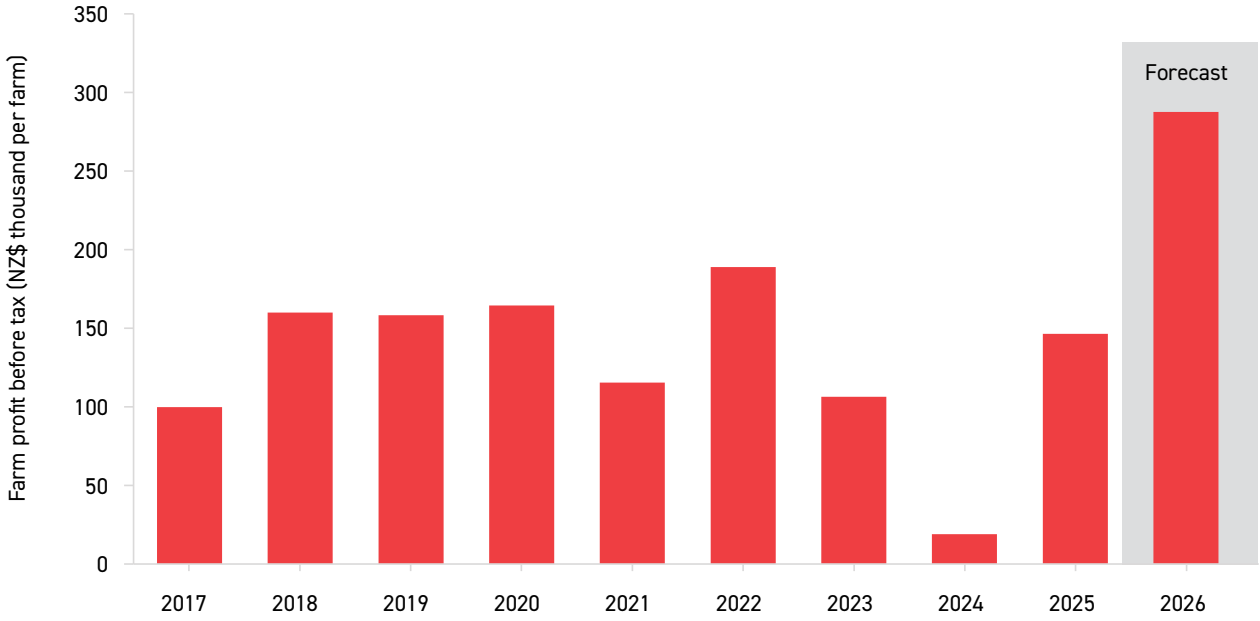
Farmers are expected to increase expenditure on fertiliser, repairs, and maintenance as they catch up from deferred expenditure in these areas over the past couple of years. In addition, farmers are expected to focus on paying down debt as profitability rises and interest rates fall. Farm profit before tax is used to meet taxation payments, personal drawings, debt repayments, and the purchase of farm capital items.

In 2025/26, farmgate schedule prices are expected to improve significantly, with cattle and lamb schedule prices expected to reach record highs. The prime cattle schedule price is forecast to reach $9.35 per kilogram (a 30 percent increase), manufacturing cattle are forecast to reach $7.15 per kilogram (a 28 percent increase), and lamb is forecast to reach $11.05 per kilogram (a 28 percent increase). Prices are being driven higher by strengthening export prices in key markets and elevated procurement competition between processors.

Farm profitability is forecast to be reasonably strong in 2026/27 due to solid global demand for meat imports and high beef prices more than offsetting a dip in lamb prices, while expenses are forecast to increase due to higher input costs, especially diesel and fertiliser costs. A potential higher OCR and ensuing higher interest rates would pose downside pressure on profitability over the medium term. The forecast El Niño also poses downside risk to forecasts due to potential dryness in eastern New Zealand and increased rainfall in western New Zealand.

In the short term, processors are likely to absorb the majority of input cost inflation caused by the Middle East conflict. In 2026/27, farmers are likely to be impacted by downward pressure on schedule prices, higher inflation, and higher interest rates due to flow-on effects from higher diesel prices.

Figure 29: Sheep and beef farm profitability is expected to increase
Year to 30 June, NZ$ thousand per farm



Data for 2025 are provisional.
Source: B+LNZ.

HORTICULTURE

» Horticulture export revenue is forecast to increase 7 percent to $9.5 billion in the year to 30 June 2026, driven by record exports of kiwifruit and apples.

» Kiwifruit export revenue is forecast to grow 16 percent to $4.8 billion in the year to 30 June 2026. This is based on strong volume and price growth and builds on the 45 percent lift in export revenue in 2025, where volumes rebounded after two challenging seasons accompanied by strong prices. Steady growth in production along with growing market demand is expected to support continued increases over the forecast period.

» Wine export revenue is forecast to remain stable at $2.1 billion in the year to 30 June 2026. Export volumes are expected to increase 6 percent, with the average price per litre falling by 6 percent due to the persisting oversupply of wine globally. Despite the challenging environment, New Zealand's wine industry is growing its international market share, especially in secondary markets.

» A record export volume of apples and pears is expected for the 2026 crop due to favourable growing conditions and maturing orchards. Export revenue is forecast to rise 6 percent to $1.3 billion in the year to 30 June 2026. Annual exports are expected to increase steadily over the forecast period as young plantings mature.

» Vegetable export revenue is expected to ease 3 percent to $710 million in the year to 30 June 2026, with a further decline in 2027 before recovery. A return to growth depends on input costs easing and processing capacity being restored.

» Preliminary forecasts suggests that an El Niño weather pattern will prevail over the 2026/27 growing season. El Niño weather patterns in New Zealand are usually advantageous for the production and ripening of fruit crops and wine grapes. However, there can also be downsides such as more spring frosts and strong drying winds during periods of hot weather that reduce growth rates and increase irrigation demand.

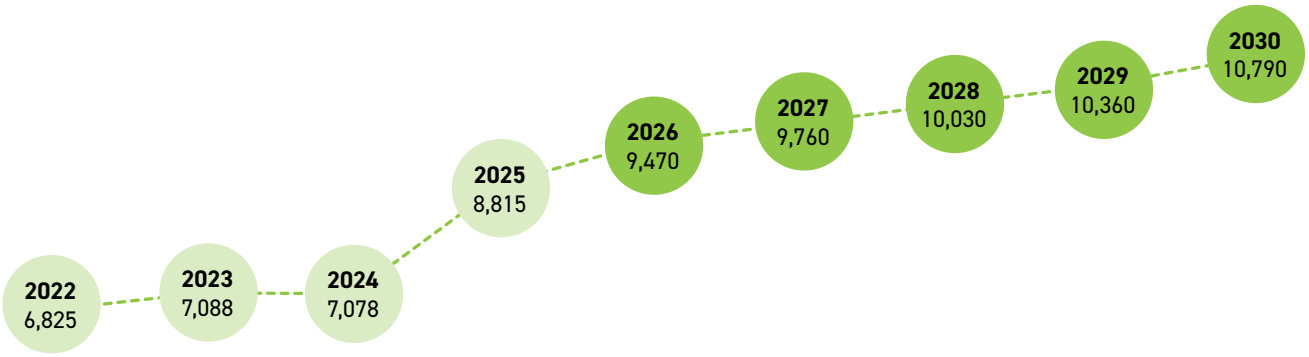


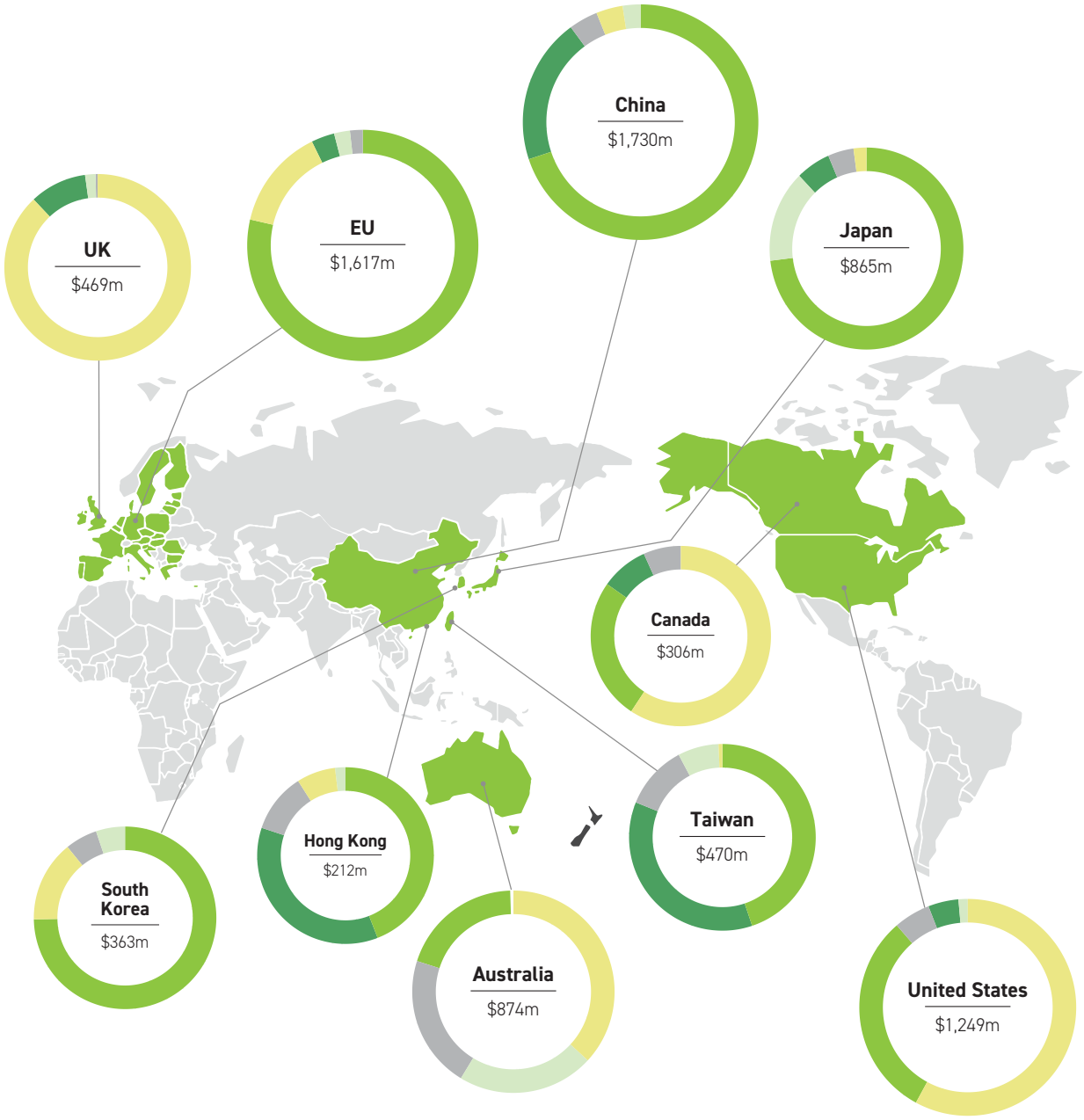
Table 9: Horticulture export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Kiwifruit	2,898	2,544	2,844	4,116	4,770	4,930	5,000	5,130	5,300
Wine	1,935	2,392	2,094	2,079	2,070	2,130	2,220	2,320	2,450
Apples and pears	865	892	932	1,246	1,320	1,380	1,470	1,530	1,600
Fresh* and processed** vegetables	622	737	721	735	710	690	700	730	750
Other horticulture products***	505	523	487	639	600	630	630	640	680
Total export revenue	**6,825**	**7,088**	**7,078**	**8,815**	**9,470**	**9,760**	**10,030**	**10,360**	**10,790**
Year-on-year % change	**4%**	**4%**	**0%**	**25%**	**7%**	**3%**	**3%**	**3%**	**4%**

* Includes onions, squash, capsicum, potatoes, and other fresh vegetables.
** Includes frozen vegetables (including frozen potatoes, peas, sweetcorn, etc.), dried vegetables, dry legumes, prepared and/or preserved vegetables, and vegetable juices.
*** Includes other fresh fruits (including avocados, cherries, blueberries, etc.), frozen and processed fruits, fruit juices, nuts, and ornamentals. The value for other horticulture products has been updated for 2025 due to a revision by MPI.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 horticulture export destinations

Year to 31 March 2026, NZ$ million



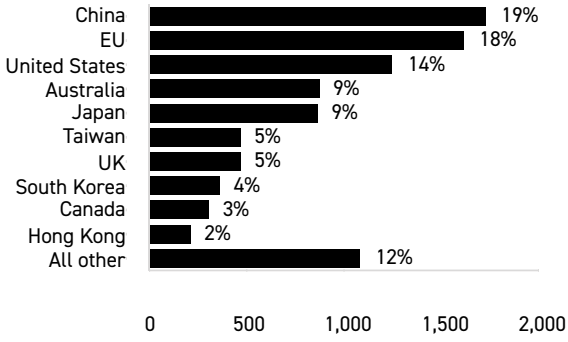
Product	Export revenue (NZ$ million)	% of total
Kiwifruit	4,564	49%
Wine	2,096	23%
Apples and pears	1,282	14%
Fresh and processed vegetables	714	8%
Other horticulture products	581	6%
Total	**9,237**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

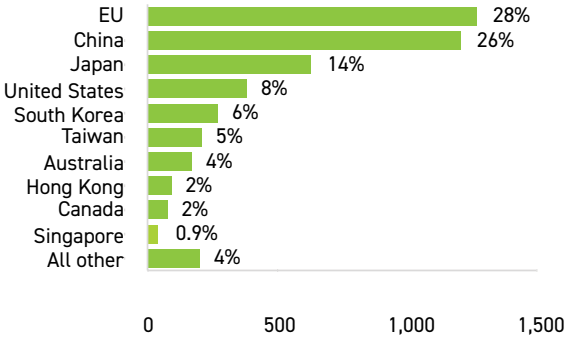
Top horticulture export markets

Year to 31 March 2026, NZ$ million and percent

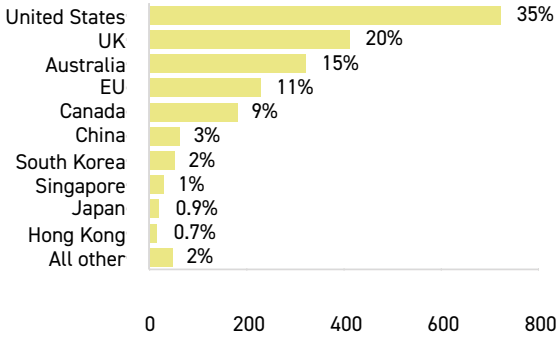
Total horticulture products



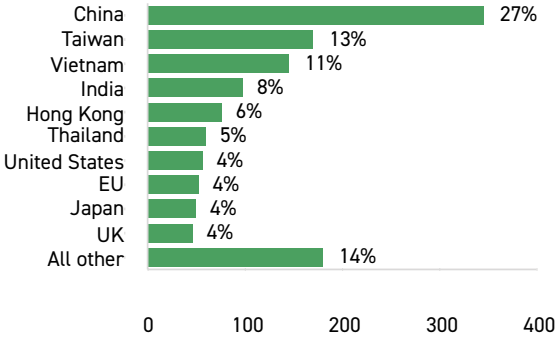
Kiwifruit



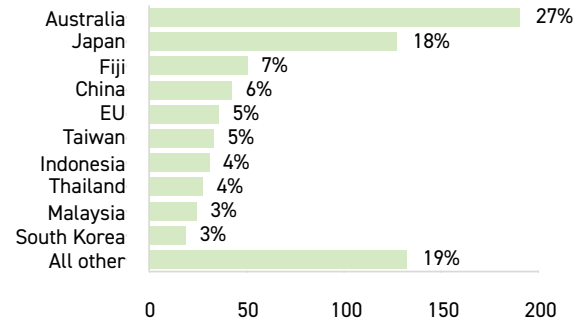
Wine



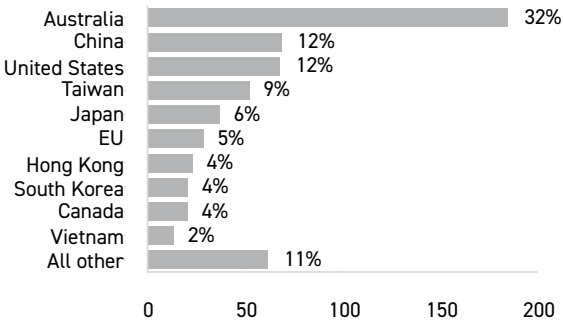
Apples and pears



Fresh and processed vegetables



Other horticulture products



Source: Stats NZ.

Apples and pears

Apple and pear export revenue for the year to 31 December 2026 is forecast to surpass $1.3 billion, driven by an increase in export volume. The average export price is expected to ease slightly due to higher shipping costs and softer demand in some markets.

Growers welcomed the average-to-good growing conditions for the 2026 crop and are hopeful that the higher yields will buffer increased operating costs and any reductions in export returns.

The inclusion of improved market access for apples and pears in the recently signed NZ-India FTA is a significant development for the growth of the sector.

Annual export volumes are expected to increase steadily over the forecast period as young plantings mature and with higher yields being achieved in intensive canopy growing systems.

Production of 2026 crop lifted by favourable climatic conditions and maturing orchards

Total production for the 2026 apple and pear crop is forecast at 585,000 tonnes (up 5 percent), driven by average-to-favourable growing conditions and young orchard plantings ramping up production.

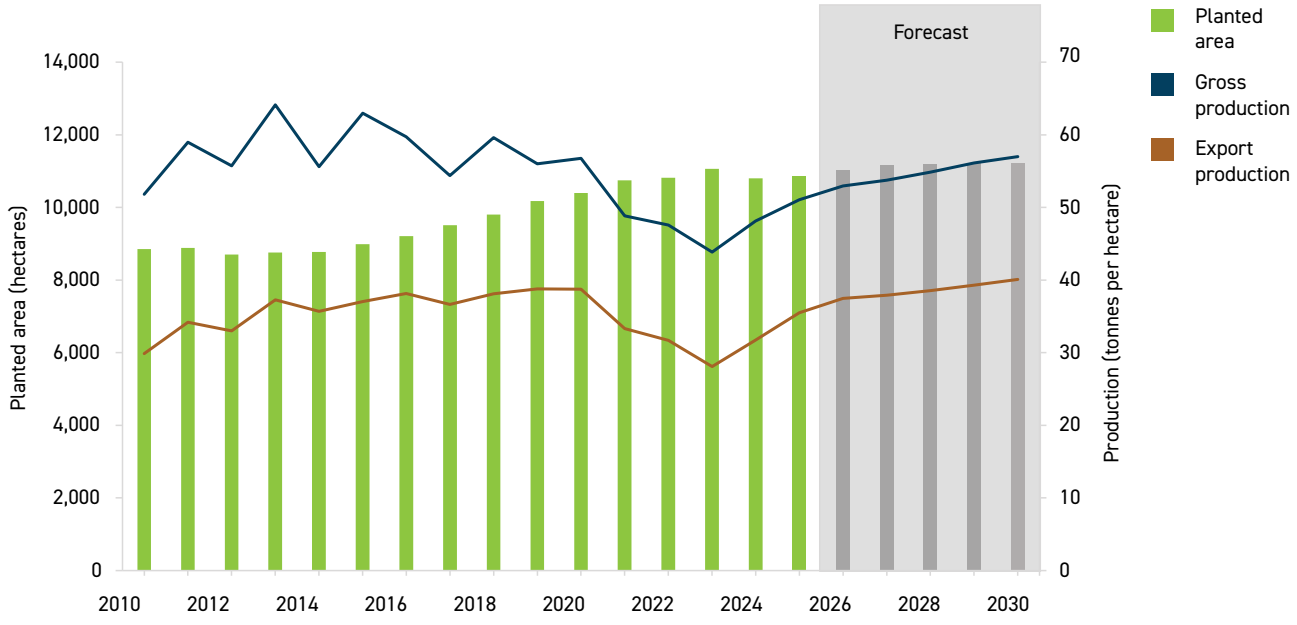
Apple and pear orchards in Hawke's Bay and Gisborne Tairāwhiti (70 percent of New Zealand's planted area) received good winter chilling over winter 2025, and full bloom occurred at normal timing for these regions. Warm, dry, sunny weather following fruit set helped with early fruit sizing and low disease pressure, leading to good skin finish. Good diurnal temperature ranges prevailed from late February, leading to excellent fruit colour development for mid-season and late-season varieties. Growers welcomed a second consecutive favourable growing season and harvest period following challenging climatic conditions between 2022 and 2024.

Average growing conditions prevailed in the apple and pear-growing regions of Nelson-Tasman and Canterbury, but hail reduced production in Otago.

Ongoing recovery in orchard productivity

The national planted area in apples and pears has stabilised and is expected to return to the pre-Cyclone Gabrielle area of 11,250 hectares within one to two years. Planting of a new 250-hectare orchard in Canterbury, owned by the New Zealand Superannuation Fund, is scheduled to be completed in winter/spring 2026, with the first commercial crop expected in 2028.

Figure 30: Ongoing recovery in apple and pear orchard productivity
Year to 31 December, planted area in hectares and production in tonnes per hectare



Source: New Zealand Apples and Pears Inc. and MPI.

Orchard sales and purchases have been minimal following several transactions in 2024 and early 2025, with most businesses focused on optimising yields and redeveloping existing orchard blocks into higher-returning varieties. Production is forecast to increase steadily as young orchards mature, with a recovery in national average yields per hectare for gross and export production (Figure 30). Higher tree densities or multi-leader trees and a range of narrow growing systems have been adopted in new and replacement orchard plantings over the past five to eight years. Productivity gains in terms of higher yields and grade-outs per planted hectare are anticipated from these plantings due to a greater proportion of fruiting wood and improved light capture relative to the more traditional 3D growing systems. Higher yields are also being driven by new genetics, with several IP-protected varieties having higher yield potential than some traditional varieties.

An export volume of 414,000 tonnes (23 million export cartons) is estimated for the 2026 crop, up by 7 percent on the 2025 export crop and a new record. Annual export volumes are expected to increase over the forecast period in line with increasing production.

Increase in early-season exports

Apple and pear exports in the March 2026 quarter were up 14 percent on the same quarter last year, driven by a larger crop, with increased volumes exported to China, India, and Taiwan. The 2025 US apple crop was not as large as expected, leading to less overhang of US fruit in Asian markets at the start of the New Zealand exporting season.

Markets in the Middle East account for around 5 percent of New Zealand apple and pear exports. The UAE is the main market and ranked 10th for export revenue in 2025. Disruptions in the supply chain will likely lead to a reduction in apple exports to Middle East markets in 2026.

The average export price for the 2026 crop is expected to be down slightly on the high-performing 2025 export season. This is due to higher shipping costs and softer demand in some markets from inflationary pressures on consumer purchasing power. Export prices are expected to stabilise and recover for the 2027 export season, provided that shipping costs and global inflationary pressures subside from early 2027.

Orchard profitability

Higher yields for the 2026 crop should help buffer orchard revenue against a forecast reduction in average export price compared with the 2025 crop, noting that good export returns were achieved in 2025 for most apple and pear varieties.

Increased costs for fuel, fertiliser, and agrichemicals are likely to persist into the upcoming growing season, with direct expenditure on these inputs typically accounting for 10–15 percent of orchard operating expenses. Higher fuel prices will flow through in higher costs for inputs and services in other orchard expenditure categories such as repairs and maintenance and contract machine work as well as in post-harvest expenses.

Growers will respond to reductions in orchard profitability from higher input costs and/or reduced revenue by prioritising expenditure on higher-returning orchard blocks and varieties and will continue to remove lower-paying varieties over time. Further consolidation of the sector may also occur.

New Zealand-India Free Trade Agreement

Growers and exporters welcome improved market access for New Zealand apples and pears under the NZ-India FTA and are hopeful it will come into force in time for the 2027 exporting season. The NZ-India FTA provides for a tariff reduction on apples from the existing 50 percent to 25 percent for 32,500 tonnes of apples per year under a tariff rate quota, increasing each year to 45,000 tonnes per annum by year six. New Zealand apple exports to India have increased in recent years, reaching 38,564 tonnes in the year to 31 December 2025. The reduced tariff is applicable between 1 April and 31 August, the off-season for apple production in India, and only applies to apples with an import value of US$1.25 per kilogram or more. Apples exported outside of the tariff window, above the annual quota volume, or of a lower import value remain subject to the 50 percent tariff.

The NZ-India FTA provides for a reduction in tariffs for pear exports from 50 percent to 16.5 percent phased over 10 years in equal reductions and with no quota or export window.

As part of the agreement, New Zealand Apples and Pears Inc., on behalf of the apple and pear industry, has provided a commitment to delivering a cooperation project in the apple-growing regions in India. New Zealand scientists, industry consultants, and growers have engaged with their counterparts in India over several years, including via the World Bank-funded Himachal Pradesh Horticultural Development Project completed in 2024.

Table 10: Apple and pear planted area, volumes, prices, and revenue 2022–30
Year to 31 December

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Planted area (hectares)*	11,250	11,225	10,950	11,100	11,200	11,250	11,300	11,300	11,300
Total production (tonnes)	515,000	485,000	520,000	555,000	585,000	600,000	615,000	630,000	640,000
Export volume (tonnes)	343,167	310,674	343,077	385,923	414,000	423,000	432,000	441,000	450,000
Export volume (million cartons)**	19.06	17.26	19.06	21.44	23.00	23.50	24.00	24.50	25.00
Export price (NZ$/carton)	47.27	50.64	52.11	58.96	58.00	60.00	62.00	63.00	65.00
Total export revenue (NZ$ millions)	**901**	**874**	**933**	**1,264**	**1,334**	**1,410**	**1,488**	**1,544**	**1,625**

* Planted area includes producing and newly planted non-producing orchards. The planted area for 2023 is the area prior to Cyclone Gabrielle. Impacts of the cyclone on the planted area are taken into account from 2024 onwards.

** A carton is equivalent to 18 kilograms.

Source: Stats NZ, New Zealand Apples and Pears Inc., and MPI.

Kiwifruit

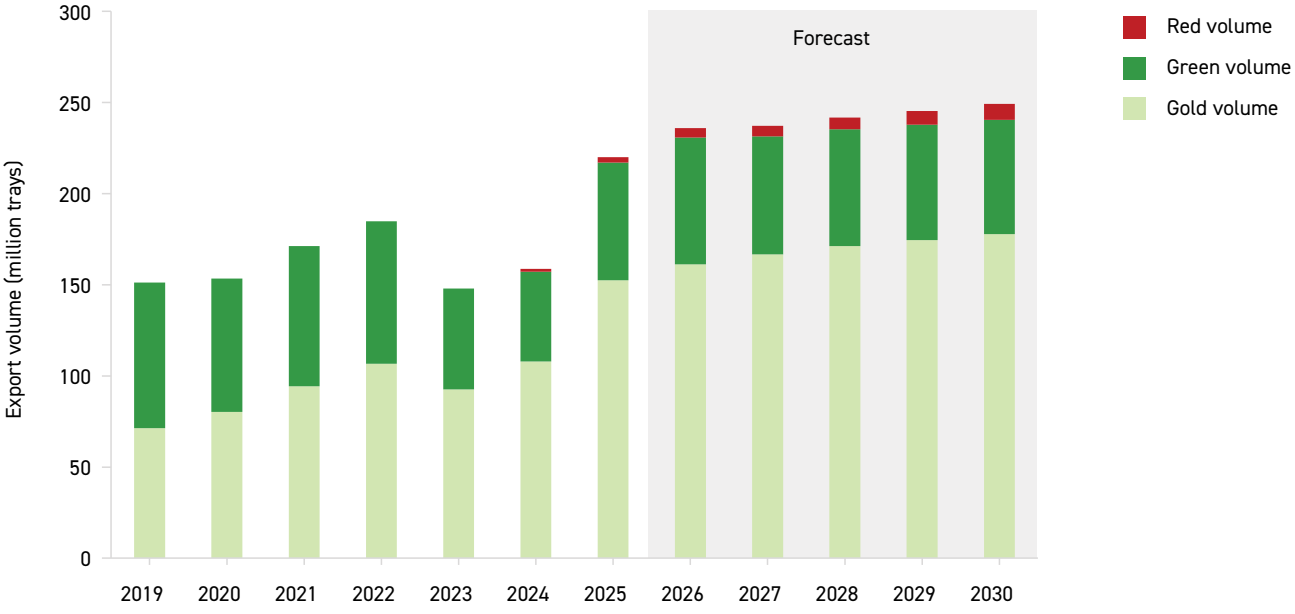
Kiwifruit export revenue is expected to grow 16 percent to $4.8 billion in the year to 30 June 2026, rising to $4.9 billion in the year to 30 June 2027. Growth is being driven by improved yields (Figure 31) and sustained demand from high-end consumer segments. Export revenue is expected to continue growing from existing production capacity, averaging around 3 percent annually from 2026/27 to the end of the forecast period.

Market diversification supporting export performance

China continues to be a cornerstone market, although growth is expected to moderate as the market matures and domestic supply expands. Europe provides stable baseline demand from the established position of kiwifruit, despite muted economic conditions. Japan has shown some softening in consumer spending. Launch markets are playing an increasing role in growth, with expansion in the US and future potential from improved market access to India with rising incomes and low domestic supply. Exports are supported by an emphasis on early-season sales, which helps maximise value by capturing higher prices before competing supply increases in global markets.


Photo credit: Zespri

Figure 31: Gold kiwifruit driving export growth
Year to 30 June, export volume in million trays

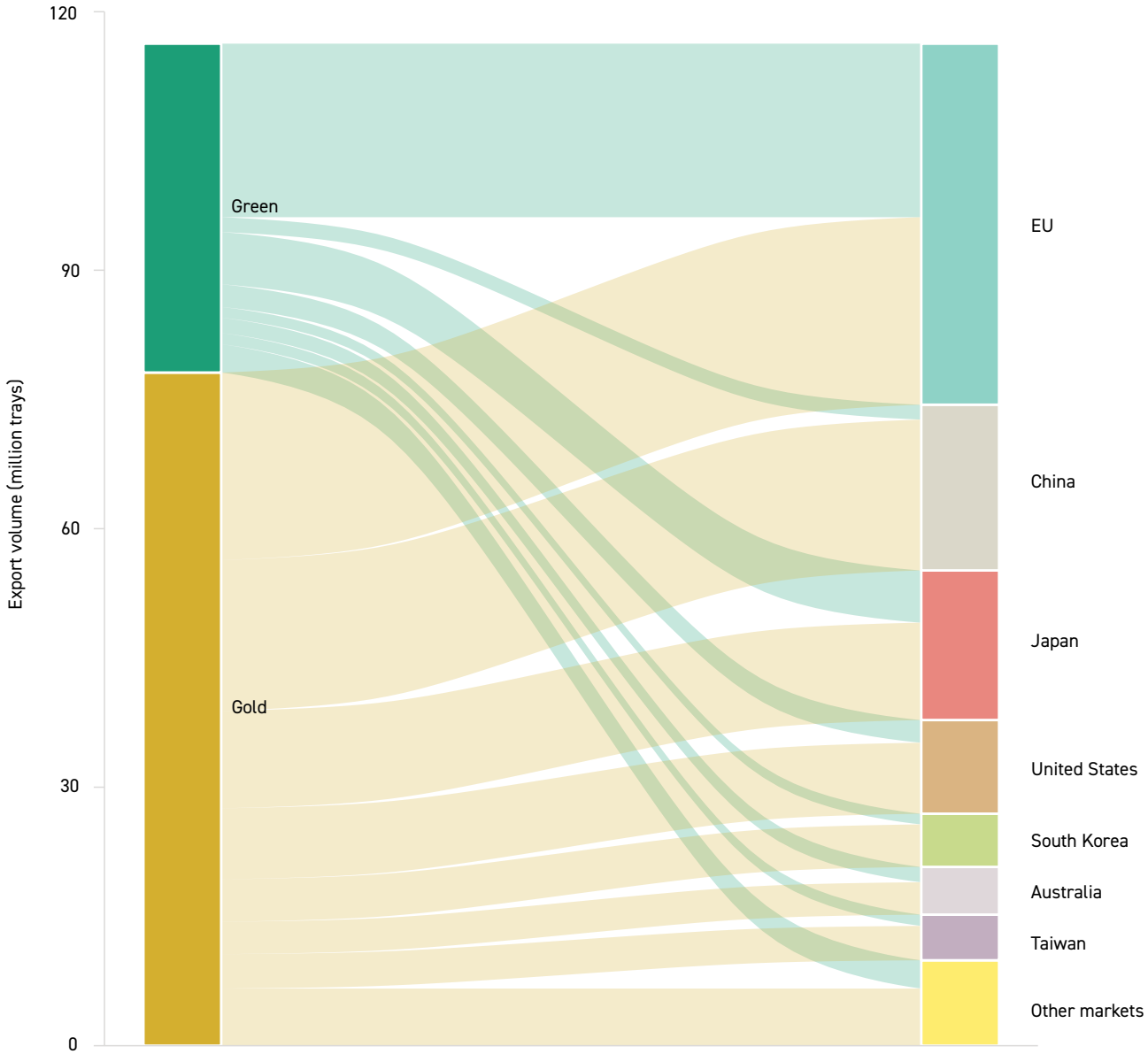


* Tray = 3.6 kg.
Totals may not add up due to rounding.
Source: Stats NZ and MPI.

Gold kiwifruit is exported to 47 markets, green to 45 markets, and other varieties to eight markets. The distribution of kiwifruit varieties across markets reflects different consumer preferences (Figure 32). The industry's growth profile continues to be underpinned by the expansion of gold kiwifruit, which commands higher returns in international markets, particularly in China. Green kiwifruit production is expected to maintain a broad global presence, providing consistent volumes across traditional markets, including Europe and Japan. Red kiwifruit remains a niche but expanding segment as production increases, launching into select high-value markets, including Australia, Vietnam, and Canada.

Photo credit: Zespri

Figure 32: Diversifying markets for green and gold kiwifruit
Nine months to 31 March 2026, export volume in trays



Tray = 3.6 kg.
Source: Stats NZ and MPI.

Production growing in line with demand

Production volumes are expected to increase steadily, driven by maturing vines and recently licensed plantings reaching full production potential. The industry's strategy targets a doubling of orchard gate return per hectare by 2035, illustrating the sector's growing confidence and ambition. Expectations of strong future demand have supported continued licence releases and high grower investment, reflecting confidence in long-term returns.

In parallel, Zespri is expanding its offshore production footprint, for example, in Italy and Greece. Offshore production plays a critical role in enabling Zespri's strategy of supplying fruit to key markets year round, complementing the New Zealand harvest season.

Mitigating global supply chain disruptions

The sector has continued bringing its produce to markets during the current freight corridor disruptions. Exports are shipped to markets using a mix of charter vessels and containerised freight, providing greater control over shipping schedules and routes and reducing transit times, which are critical for maintaining fruit quality.

The sector relies on imported fuel, fertilisers, agrichemicals, and plastics, with input availability currently stable. Fuel, particularly diesel, is used across orchard operations, transport, and post-harvest handling. The sector relies on imported fertilisers and agrichemicals for regulating growth (hydrogen cyanamide), protecting crops (copper sprays), and supporting fruit, plant, and canopy growth pre-harvest (including urea, sulphate of potash, and calcium ammonium nitrate).

The kiwifruit sector has had two consecutive years of harvests outperforming expectations, bolstering balance sheets. It has relatively low exposure to compounding price pressures in production from critical inputs affected by the shock to fuel and petrochemical markets. Prior to the Middle East conflict, fuel, fertiliser, and agrichemical inputs typically accounted for 13 percent of kiwifruit orchard working expenses. In comparison, the food and fibre sector's exposure ranges from 10 to 65 percent.

Downside risks for kiwifruit from the expected global economic outlook slowing include that consumers in some markets might trade down to cheaper fruit options, leading to slower growth or subdued demand. Exchange rate movements remain an important determinant of returns, with markets affected in varying ways depending on currency fluctuations.

Photo credit: Zespri

Wine

Wine export revenue is forecast to decline 1 percent to $2.1 billion in the year to 30 June 2026. Near-record export volumes, especially for bulk wine, are lifting revenue despite lower per-litre prices. These lower prices reflect softer market demand and a persisting, but easing, global oversupply.

Harvest of the 2026 vintage began unusually early and is expected to deliver high quality with slightly lower volumes, affecting exports for the year to 30 June 2027. After consecutive large vintages, wineries are managing processing, storage, and logistics constraints, including through imposing yield caps to constrain supply and support inventory clearance. Some grape growers are facing cash flow pressure from lower grape prices and difficulty securing future supply contracts.

New Zealand remains comparatively well placed due to its cost competitiveness and a strong position in white wine, which aligns to shifting consumer preferences, particularly in Asia. Market share is expected to increase in some markets, supported by competitive offerings and more stable demand for New Zealand varieties.

Early indicators suggest good 2026 vintage quality but lower volumes expected

Warm spring conditions supported strong flowering and fruit set, particularly in Marlborough and Hawke's Bay, and winegrowers report good fruit condition. Dry conditions late in the ripening period helped grapes reach maturity without excessive sugar accumulation, supporting fresh, balanced wines with desirable acidity – characteristic of New Zealand's distinctive wine style.

Despite the strong quality outlook, yields for the 2026 vintage are expected to be lower, with grape production forecast at 487,000 tonnes. This is partly due to retention of yield caps limiting the volume of grapes harvested by growers. This also follows near-record 2025 grape production of 519,000 tonnes.

However, many grape growers still face serious financial pressure as low prices and capped yields limit cash flow, especially for contract growers. Moreover, some growers are expected to have their supply contacts cancelled. These developments are expected to slow the growth in total vineyard area at an increase of less than 1 percent in 2027, following a 2 percent increase in 2026. A notable concentration of land use conversions out of winegrowing is expected around the Gisborne Tairāwhiti area, largely affecting contract growers.

Exports lifted for both bulk and bottled wine

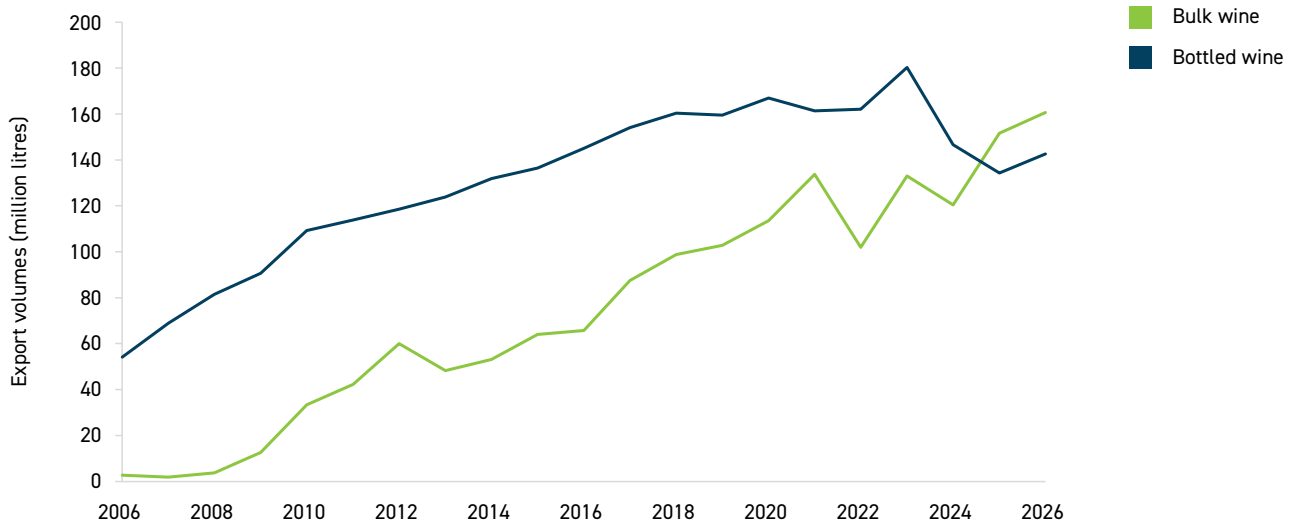
Export volumes for the year to 30 June 2026 are forecast to increase 6 percent to 305 million litres, due to uplifts in both bulk and bottled volumes. Bulk wine exports retained a larger share following a long-term shift towards bulk exports (Figure 33), which have a lower per-litre export price than bottled wine. Exporting in bulk and bottling in market supports cost competitiveness through lower freight and packaging costs while providing more flexibility to tailor product formats for different markets. The lower official trade value of bulk exports can also reduce tariff rates and does not necessarily mean lower profitability for New Zealand wineries. Rising freight costs resulting from the Middle East conflict are likely to accelerate the long-term shift towards bulk exports.

Table 11: Grape harvested area, wine prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Area harvested (hectares)	41,304	41,991	41,628	42,404	43,255	43,500	43,700	43,900	44,100
Grape production (thousand tonnes)	532	501	395	519	487	496	498	500	503
Wine production (million litres)	394	371	293	374	351	358	360	362	363
Export volume (million litres)	264	315	275	288	305	300	310	320	330
Export price (NZ$ per litre)	7.32	7.60	7.62	7.23	6.77	7.09	7.16	7.26	7.44
Export revenue (NZ$ million)	**1,935**	**2,392**	**2,094**	**2,079**	**2,070**	**2,130**	**2,220**	**2,320**	**2,450**

Source: MPI, New Zealand Winegrowers, and Stats NZ.

Figure 33: Bulk wine exports driving export growth
Year to 31 March, volume, million litres



Source: Stats NZ and MPI.

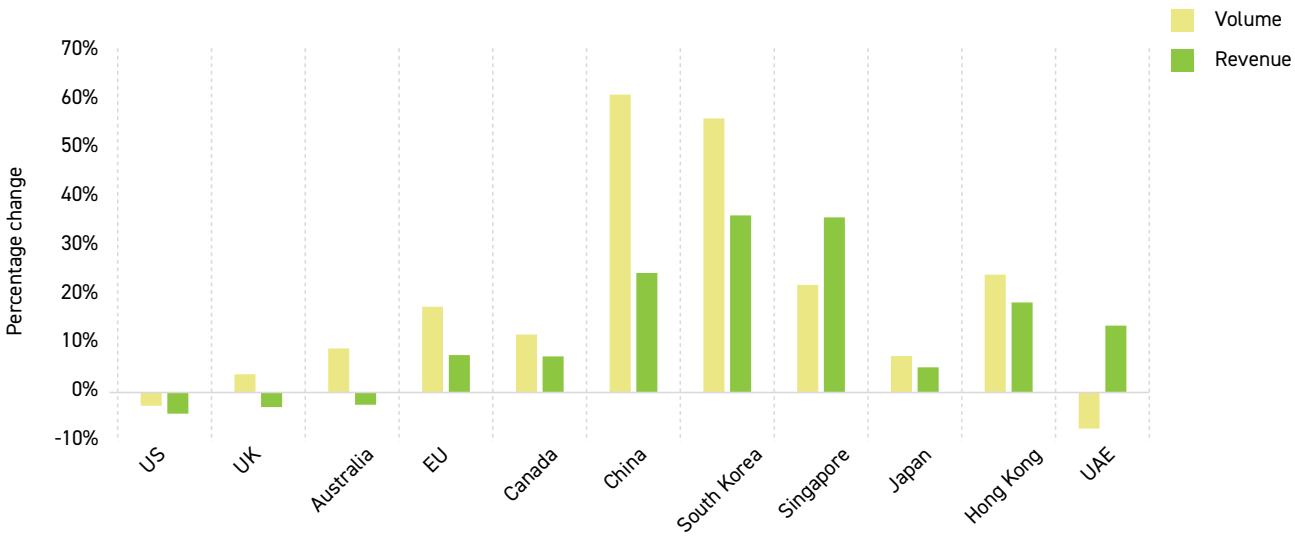
Stronger export growth took place in secondary markets

Export revenue declined modestly in major markets in the year to 31 March 2026. Exports to the US, New Zealand's largest export market, declined 4 percent in volume and declined 3 percent in value to $723 million, largely due to US tariffs. Volumes lifted 4 percent to the UK and 9 percent to Australia. Despite this, export revenue to the UK and Australia both declined 3 percent to $413 million and $322 million, respectively, reflecting a continued shift in product mix towards lower-value bulk exports.

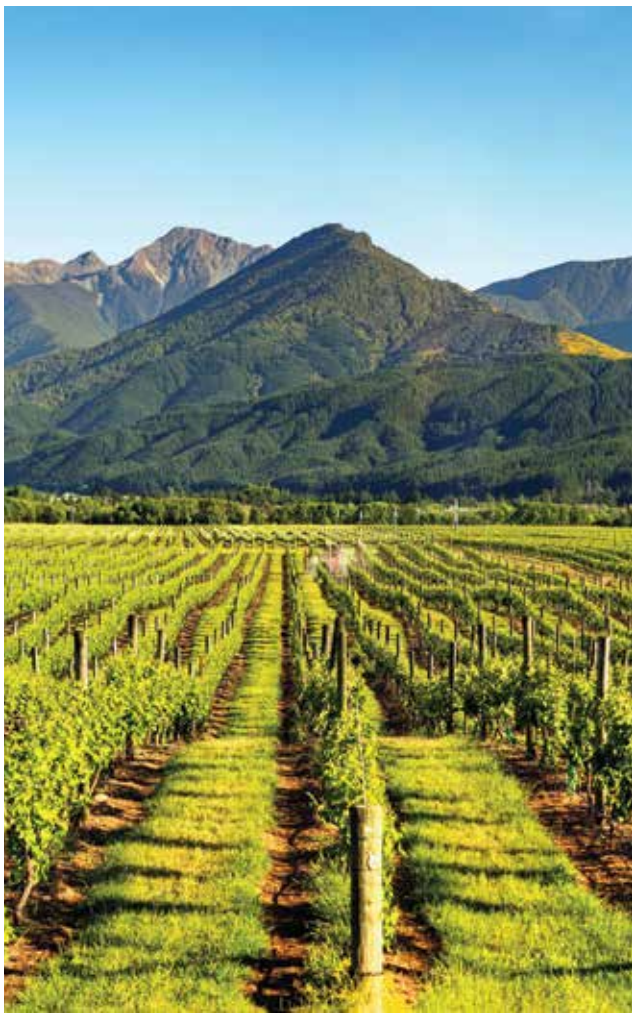
Several secondary markets recorded strong growth as consumer preferences shift away from heavier red wines, particularly among younger consumers and in Asia. China and South Korea led in percentage terms (Figure 34), with export volumes up 61 percent and 56 percent, respectively. Exports to Canada, New Zealand's fourth-largest export market, also increased as Canadian consumers and state procurement boards sought to diversify away from US wine. Canada is also a higher-value market and imports mostly bottled wine due to local regulations.

India is also a market to watch over the longer term following the recently signed FTA. Import tariffs of 150 percent will be progressively reduced over the next decade to between 50 and 25 percent, depending on the wine's import value (for wine valued above US$5.00 per bottle). The FTA also provides most-favoured nation status, so any improved access India grants to other countries in future will extend to New Zealand.

Figure 34: Wine exports to destinations outside the top three markets show strong growth
Year to 31 March, 2026 compared with 2025, change in export volume and revenue, markets in order of export revenue



Source: Stats NZ and MPI.

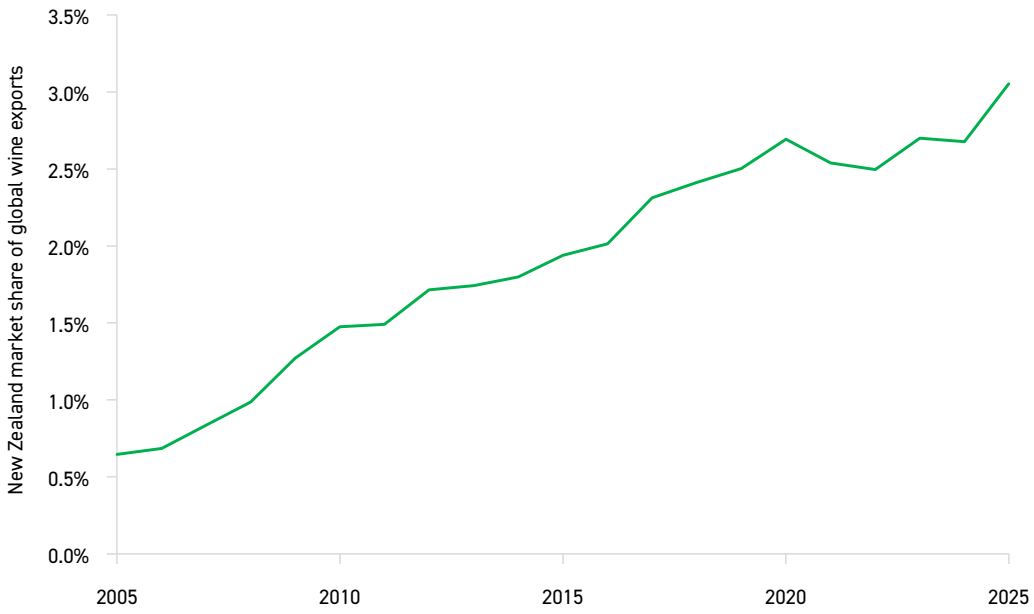


New Zealand's international market share expected to have risen and long-term outlook has improved

Global wine demand was expected to stabilise through 2026 and 2027, but inflationary pressures linked to the Middle East conflict may further constrain consumer spending in the near term. Shifting preferences towards lighter white wines, particularly in Asia, support a more positive longer-term outlook for New Zealand wine. On the supply side, declining European production is likely to help rebalance global oversupply. For example, France is expected to remove around 28,000 hectares of vineyards in 2026, equivalent to around 65 percent of New Zealand's total growing area.

Against this challenging backdrop, New Zealand is performing well compared with many overseas competitors. Its differentiated offering and position as a relatively low-cost producer, particularly for Sauvignon Blanc, has improved resilience to global oversupply and downward pressure on prices. New Zealand's share of global wine production is estimated to have increased to 3.1 percent in 2025, up from 2.7 percent in 2020 and 1.9 percent in 2015 (Figure 35).

Figure 35: New Zealand's market share of global wine exports reaches record high
Year to 31 December, New Zealand wine export volume as a percentage of global export volume



Source: International Organisation of Vine and Wine and MPI.
Note: 2025 is a modelled figure.

Other horticulture

Avocados

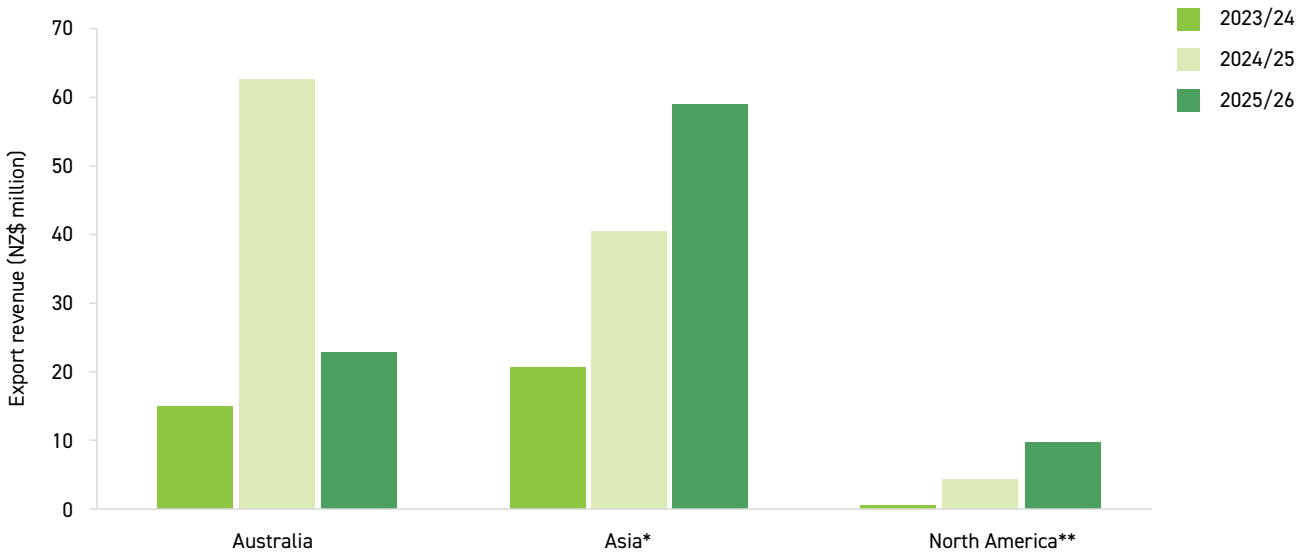
Avocado export revenue is forecast to decline 16 percent to $91 million in the year to 30 June 2026, largely reflecting the impact of multiple adverse weather events and tight market windows. Against this backdrop, the 2026/27 export season is expected to see a strong recovery, with forecast export revenue to increase by 28 percent to $116 million.

Demand from Australia has been contributing to the fluctuations of the sector's export revenue but also creates opportunities when Australian domestic supply tightens. A smaller projected crop from Western Australia in the 2026/27 season is expected to support higher export volume to Australia at a higher per kilogram price than most other export markets. Shorter supply chains to Australia reduce reliance on long distance shipping, helping to mitigate risks associated with rising energy prices and constrained refrigerated container availability due to the Middle East conflict. This is expected to help the sector maintain profit margins under challenging economic conditions.

While Australia remains a key export market, continued efforts to diversify markets have delivered measurable gains. Export revenue growth has been recorded across Asia and North America over the past season. South Korea, Hong Kong, and China have been driving the growth in Asia over the past two years (Figure 36). The region accounted for 64 percent of total avocado export revenue in the year to 31 March 2026, up from just over 8 percent five years ago. Exporters have also expanded shipments to North America, where demand for premium-quality avocados continues to strengthen, particularly during counter-seasonal supply windows that align well with the New Zealand production season. These diversification efforts can be reinforced by the recent granting of a coalition licence under the Government's FernMark Licence Programme, which provides a platform to strengthen brand recognition, signal provenance, and build consumer confidence across key markets.

Overall, the 2026/27 outlook remains positive, with moderate growth expected in export volume and revenue. The growing appetite for healthy, plant-based diets and strong demand from Australia are likely to support good export performance. However, elevated transport costs are encouraging exporters to actively adjust their export plans for the 2026/27 season. This is likely to slow the recent growth trend in Asia and North America. As logistical pressures gradually ease and market diversification continues to mature, the avocado sector is well positioned to resume a stronger growth trajectory in key export markets beyond 2026/27.

Figure 36: Asian and North American markets drive avocado export growth in 2025/26
Year to 31 March, export revenue, NZ$ million



* Asian markets include China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, and Thailand.
** North American markets include Canada and the US.
Source: Stats NZ and MPI.

Cherries

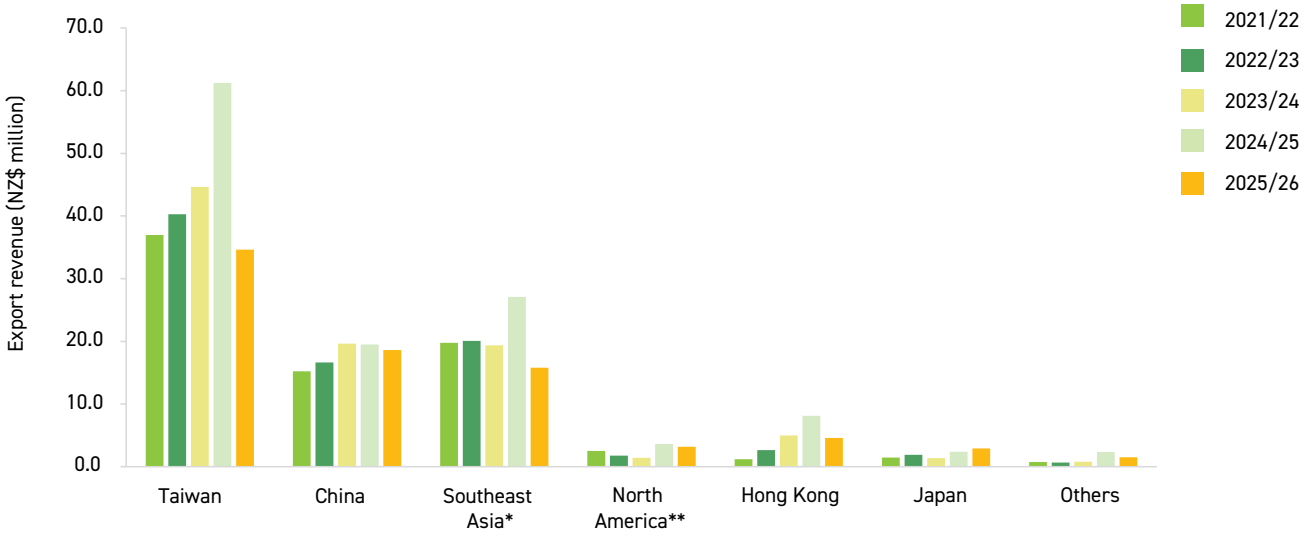
Cherry export revenue is forecast at $81 million for the year to 30 June 2026, down 35 percent from the previous year. While market demand for New Zealand's premium cherries remained strong, adverse growing conditions constrained supply available for export. Unfavourable rainfall and cooler conditions in Central Otago, New Zealand's key region for export grade cherries, reduced exportable volumes and pack-out rates during harvest. Rising diesel, jet fuel, and labour costs continue to place pressure on orchard gate returns despite firm export prices.

Taiwan and Mainland China remained the largest export markets for New Zealand cherries (Figure 37). For the 2025/26 season, Japan and Malaysia recorded noticeable growth export revenue, reinforcing the potential within Asia. From a global supply side, New Zealand's later harvest season and premium fruit quality continue to provide a competitive advantage. Although Chile remains the dominant southern hemisphere supplier for cherries, its peak export window typically concentrates earlier in the season and it is more volume driven. The New Zealand cherry sector can benefit from targeting late-season demand and premium pricing.

In the face of the Middle East conflict, reduced inflows of working holiday visa holders may increase competition and costs for harvest labour. Airfreight costs could affect export performance, given the sector's reliance on time-sensitive transport. Effectively managing these constraints will be critical to maximising returns in the coming season. This conflict might encourage the sector to consolidate, creating opportunities for future investments and growth.

New Zealand cherry growers are hopeful of more favourable growing conditions for the 2027 crop leading to a lift in export volumes. The late timing of the 2027 Chinese New Year is expected to align well with New Zealand's harvest window, offering opportunities for the sector to capture demand during a period when global supply is more limited. Overall, cherry export performance for 2026/27 season is expected to have a relatively strong recovery, driven by higher export prices and volume. Export revenue is expected to reach $106 million in 2026/27. Outcomes will continue to depend on seasonal conditions, but the sector is well positioned to benefit from sustained global demand.

Figure 37: Sustained demand for cherries from key Asian markets
Year to 31 March, export revenue, NZ$ million



* Southeast Asian markets include Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam.
** North American markets include Canada and the US.
Source: Stats NZ and MPI.

Fresh and processed vegetables

Rising costs influence production decisions

New Zealand's vegetable sector mainly serves the local market, with about 80 percent of production sold domestically. The Middle East conflict is significantly reducing exports to the Gulf region, as seen in March–April 2026 data compared with the same period last year. It is also driving up shipping costs, creating logistical uncertainty, and shifting global supply, which is increasing competition in New Zealand's markets. In addition, it is pushing up production costs, which already account for 40–65% of operating expenses. This puts pressure on margins and may push growers to stop producing crops with high inputs or low returns. Leafy and green vegetables face the most risk because they rely on freight and cool storage.

Growers are likely to change what they grow or move out of vegetables altogether. Some may shift to livestock or dairy support crops such as maize silage. In key areas like Gisborne Tairāwhiti, planting may decline and crop mix may change. Root crops will feel the impact for longer due to their longer growing cycles, which could extend supply shortages and price pressure.

Softer export conditions, strong underlying demand

Underlying demand for vegetables remains sound, supported by steady consumption in key markets, demand for high-quality produce, and established trading relationships. However, constrained domestic supply, weak demand for processed vegetables, and lower prices are limiting export revenue growth in the year to 30 June 2026.

Vegetable export revenue is expected to ease slightly, down 3 percent to $710 million in 2025/26 (Table 12). Lower export revenue reflects supply constraints and softer market prices rather than weaker demand, especially for fresh products. Frozen and processed vegetables remain the main pressure point, except for potatoes and sweetcorn, which are performing strongly this season. High global inventories are keeping prices low across most products. The outlook for this segment remains weak, with supply expected to tighten further following processing plant closures. Production has been constrained by earlier weather impacts and cost pressures, and strong overseas competition means exporters cannot raise their prices much.

Table 12: Vegetable volumes and revenue 2022–30
Year to 30 June

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Fresh vegetables*									
Export volume (000 tonnes)	251	221	234	270	280	290	290	300	300
Export revenue (NZ$ million)	231	296	282	274	280	300	320	340	350
Processed vegetables**									
Export volume (000 tonnes)	201	189	167	172	160	150	150	150	150
Export revenue (NZ$ million)	391	441	439	461	420	380	380	390	400
Total fresh and processed vegetables									
Export volume (000 tonnes)	**452**	**410**	**400**	**442**	**440**	**440**	**440**	**440**	**450**
Export revenue (NZ$ million)	**622**	**737**	**721**	**735**	**710**	**690**	**700**	**730**	**750**

* Includes onions, squash, capsicum, potatoes, and other fresh vegetables.
** Includes frozen vegetables (including frozen potatoes, peas, sweetcorn, etc.), dried vegetables, dry legumes, prepared and/or preserved vegetables, and vegetable juices.
Totals may not add up due to rounding.
Source: Stats NZ and MPI.

Vegetable exports show a mixed picture (Figure 38). Fresh vegetables prices are expected to lift modestly, supported by tight domestic supply and steady demand for New Zealand quality, leading to a small increase in export earnings. Weather disruptions during harvest reduced supply for key crops, especially onions, limiting export volumes and the sector's ability to fully meet demand. Higher prices have only partly offset these shortages, while growers continue to face strong competition from lower-cost international suppliers.

Export conditions are expected to remain subdued into next season. Continued uncertainty linked to the Middle East conflict is adding risk through higher energy and freight costs, shipping disruption, and more cautious buyer behaviour, all of which are weighing on margins and confidence across the value chain.

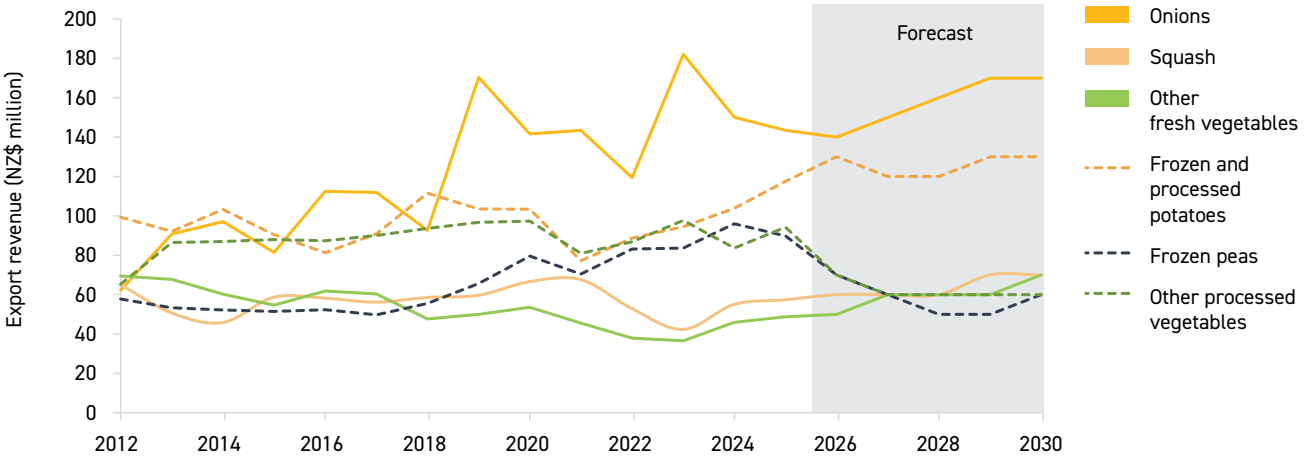
Potatoes performed well this season. Export volumes are set to rise by over 20 percent to $30 million for fresh potatoes and by about 10 percent to $130 million for frozen and processed products in 2025/26. Steady demand and higher prices, driven by tighter supply and weather impacts, supported this growth. Processed potatoes also benefited from stronger prices in nearby export markets. In contrast, onion exports were slightly subdued due to reduced supply and 'buy local' campaigns in the EU market. Grower returns also remain highly sensitive to freight costs and exchange rate movements. While premium markets continue to reward quality and reliability, the combination of cost pressures and supply constraints is limiting revenue growth.

Overall, while fundamentals remain sound on the demand side, weaker supply conditions and softer processed vegetable markets are expected to keep export returns under pressure in the near term.

Processing capacity constraints reshape grower decisions

The most immediate structural pressure sits in the processing sector. The closure of three Heinz Wattie's plants in March 2026 removed key capacity, leaving an estimated 36,000 tonnes of peas from around 220 Canterbury growers without contracts. This has increased uncertainty and raised the risk of rapid crop switching. The planned closure of

Figure 38: Short-term slowdown, mid-term momentum for vegetable exports
Year to 30 June, export revenue, NZ$ million



Source: Stats NZ and MPI.

the McCain Foods plant in Hastings by January 2027 will remove a further 50,000 tonnes of annual frozen vegetable-processing capacity. These changes directly affect planting decisions, grower confidence, and regional employment and highlight the sector's reliance on a limited number of large processors.

Costs, risks, and the outlook ahead

Weather and cost pressures continue to weigh on the sector. Flooding, delayed harvests, and quality issues have reduced usable volumes in some regions. At the same time, higher diesel, fertiliser, and other input costs are tightening margins. Growers are responding by focusing on higher-value crops, improving efficiency, and tightening cost control. This includes a potential shift towards root vegetables, which are more export-oriented and less exposed to short-term storage and freight risks than leafy crops. The sector has shown resilience through repeated shocks but continued geopolitical uncertainty lifts downside risk.

Supply chain risks are also increasing. Higher fuel prices, limited refrigerated shipping capacity, and ongoing disruptions are driving up freight costs and increasing delays, especially for onions and potatoes. While a shift towards these crops may support export volumes, it also increases exposure to logistics constraints and global competition as other major suppliers redirect volumes into New Zealand's key markets. These pressures raise working capital needs and heighten delivery risk.

The sector can benefit from the Aotearoa Horticulture Action Plan (AHAP), a multi-stakeholder initiative supporting export earnings over the next decade. AHAP sets a clear, industry-led pathway to lift productivity, strengthen exports, and improve environmental outcomes. Targeted investment, stable regulations, and enabling policy settings are expected to support innovation, resilience, and sustainable growth.

Looking ahead, domestic demand is expected to remain steady. Export volumes may remain uneven in the near term, reflecting both supply shifts towards root crops and increased overseas competition. A stronger recovery will depend on lower input costs, replacement processing capacity, and sustained demand for premium fresh exports. These conditions are expected to improve gradually from the 2027 season, with export revenue forecast to reach around $750 million in 2029/30.

FORESTRY

» The forestry sector faces pressure in the near term due to subdued global demand, high costs, and supply chain adjustments. However, a gradual recovery is expected from 2027 as market conditions stabilise and processing shifts towards high-value products. Short-term risks include reduced harvest activity, mill closures, and ongoing volatility.

» Export revenue is forecast to ease by 1 percent in the year to 30 June 2026, driven primarily by softer log prices associated with moderating demand in China. A further decline of 2 percent is expected in 2026/27, reflecting the combined effects of ongoing cost pressures linked to the Middle East conflict and reduced harvest and production volumes in New Zealand and key export markets.

» Rising costs due to increased harvest, transport, and processing inputs will squeeze margins and are likely to affect operating decisions.

» Medium-term conditions are more favourable. Demand for sustainable products, investment in processing capability, and market diversification support gradual recovery and a transition towards higher-value production.

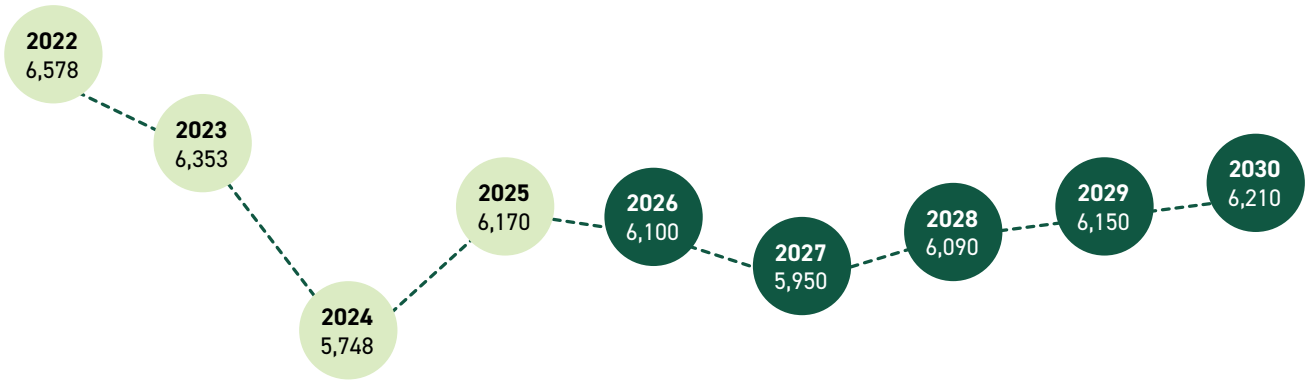


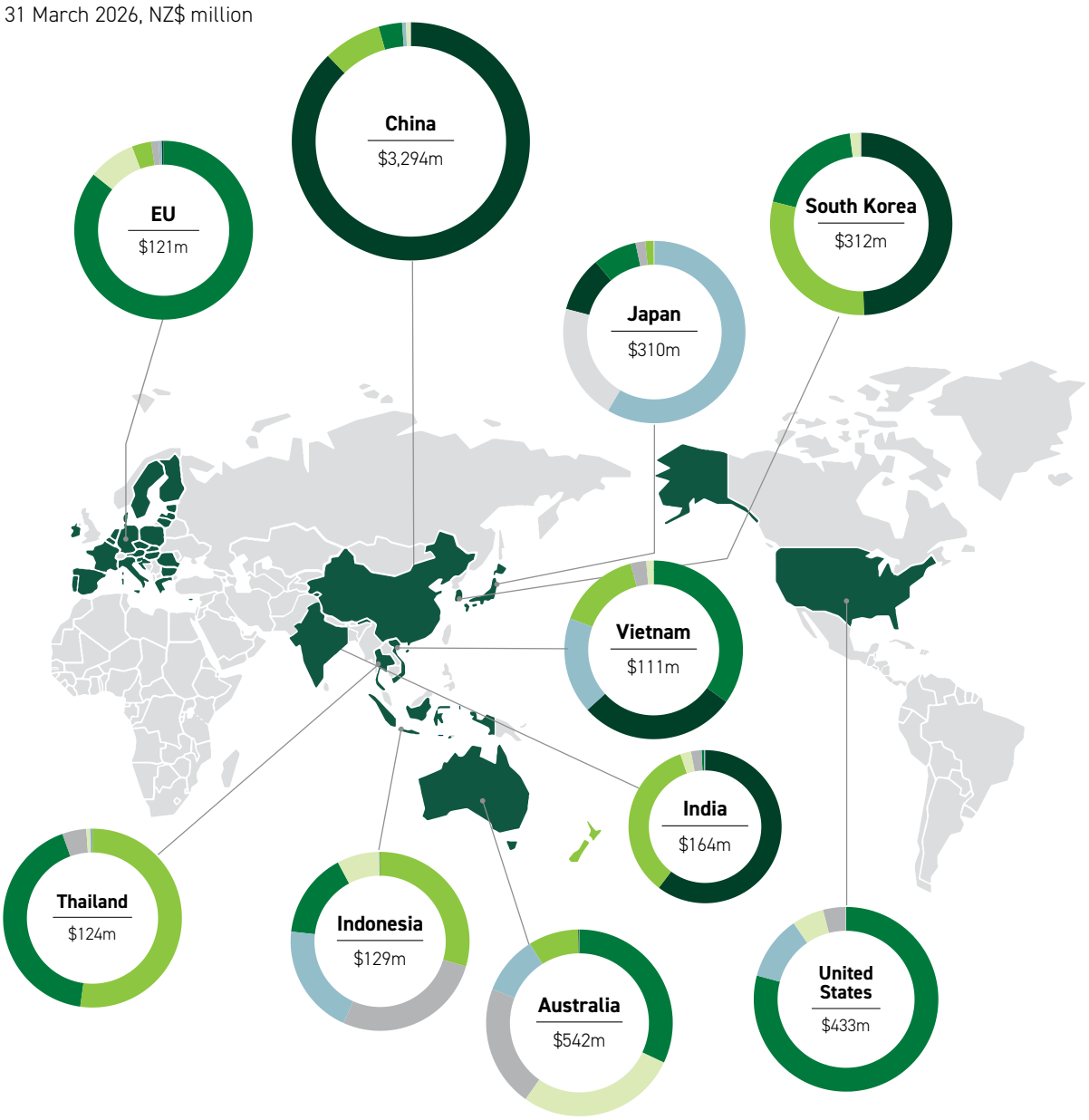
Table 13: Forestry export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Logs	3,627	3,388	3,225	3,260	3,260	3,120	3,280	3,300	3,340
Sawn timber and sleepers	973	937	885	1,129	1,140	1,160	1,160	1,170	1,180
Pulp	816	846	629	688	680	680	680	690	690
Paper and paperboard	463	433	361	414	330	270	270	270	270
Panels	411	463	374	381	390	400	400	410	410
Woodchips	62	78	73	82	70	70	80	80	80
Other forestry products*	225	208	200	217	230	230	240	240	240
Total export revenue	**6,578**	**6,353**	**5,748**	**6,170**	**6,100**	**5,950**	**6,090**	**6,150**	**6,210**
Year-on-year % change	**1%**	**-3%**	**-10%**	**7%**	**-1%**	**-2%**	**2%**	**1%**	**1%**

* Includes structural or moulded wood, furniture, and prefabricated buildings.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 forestry export destinations

Year to 31 March 2026, NZ$ million



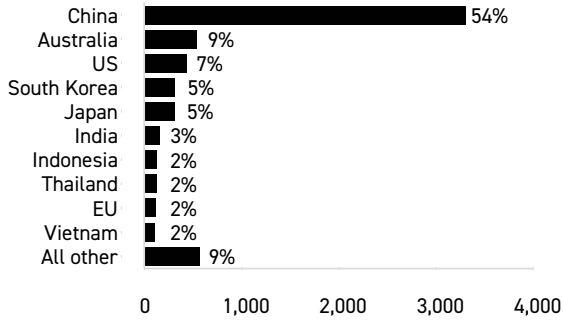
	Product	Export revenue (NZ$ million)	% of total
	Logs	3,258	53%
	Sawn timber and sleepers	1,148	19%
	Pulp	663	11%
	Panels	392	6%
	Paper and paperboard	343	6%
	Woodchips	69	1%
	Other forestry products	228	4%
	Total	**6,101**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

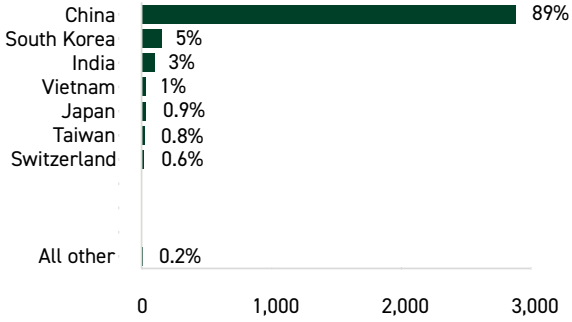
Top forestry export markets

Year to 31 March 2026, NZ$ million and percent

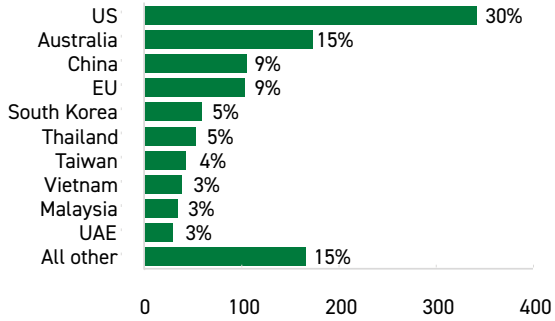
Total forestry products



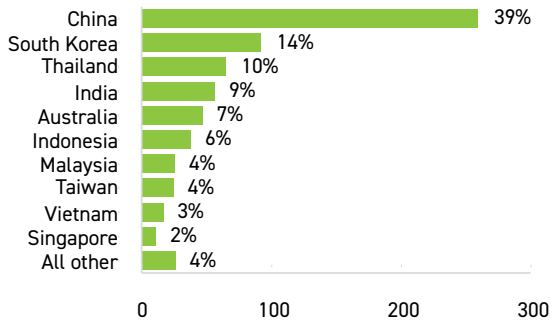
Logs



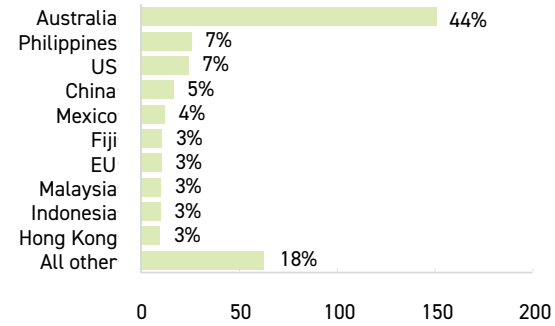
Sawn timber and sleepers



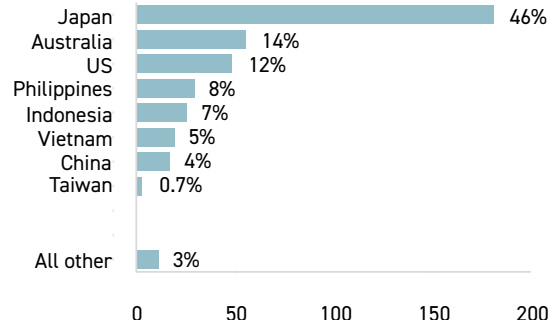
Pulp



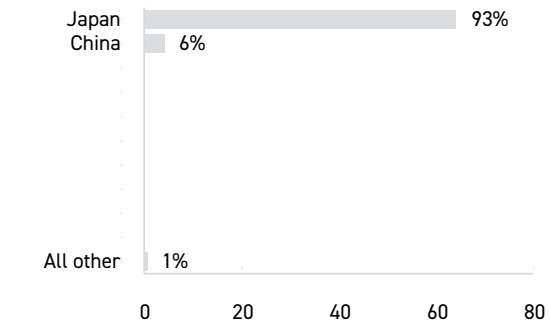
Paper and paperboard



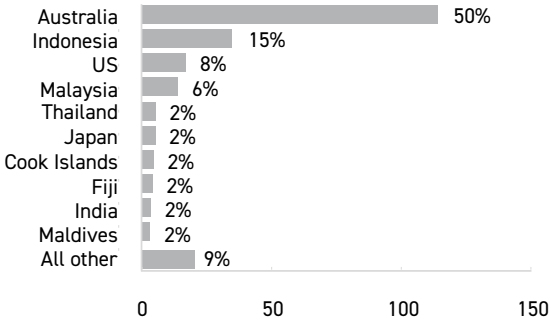
Panels



Woodchips



Other forestry products



Source: Stats NZ.

Forestry export revenue dips in 2025/26

Forestry export performance is forecast to dip in the year to 30 June 2026, reflecting subdued overseas demand and continued cost pressures across the supply chain. Export revenue declines 1 percent in 2025/26, driven primarily by falling log prices associated with lower demand in China. A further decline of 2 percent is expected to occur in 2026/27, reflecting cost pressures linked to the Middle East conflict, reduced harvest and production volumes in New Zealand, and subdued demand in key export markets.

Although forecasts are showing relatively small effects on export revenue, reduced margins will affect business profitability. Additional long-term impacts could be seen throughout the sector if financial viability is affected and businesses exit the sector rather than temporarily scaling down operations.

Over the forecast period, sector performance is shaped by global macroeconomic conditions, elevated input costs, and supply chain disruption. The Middle East conflict affects both supply and demand channels, with higher fuel and input costs affecting harvesting activity and logistics, while weaker global growth dampens construction and manufacturing demand.

On the supply side, forestry operators adjust harvest decisions in response to cost pressures and pricing signals. Some forest owners are expected to defer harvests over the next 12 months, reflecting increased fuel costs and production expenses, especially in steeper and remote areas. These reductions are more likely to be implemented by small woodlot owners who may defer harvest to maximise the returns due to their one-off nature. By contrast, larger forestry corporates generally sustain production for longer periods despite reduced margins, reflecting scale advantages and contractual commitments.

The connections across the forestry supply chain mean that pressure in one part quickly flows through the rest of the system. Reduced harvesting, for example, constrains the supply of logs to sawmills, while lower processing volumes reduce the availability of by-products such as wood used in pulp and pellets. Conversely, if secondary processors reduce demand due to shortages of inputs such as adhesives, residue offtake falls, which in turn erodes primary processor revenue. Over the long run, some log suppliers are likely to prioritise domestic processing over export markets, which would support the viability of the whole supply chain while also limiting exposure to increased shipping costs.

These dynamics will begin to influence aggregate harvest levels. The roundwood harvest in 2024/25 declined 1 percent to 32.3 million cubic metres, marking the fourth consecutive annual fall and reflecting weaker export demand and reduced domestic processing activity.

In 2025/26, harvest volumes are forecast to increase 1 percent to 32.6 million cubic metres as stable export volumes offset weakness in domestic processed consumption (Figure 39).

Harvests for the 2026/27 year are expected to be around 5 percent lower due to the Middle East conflict but should recover to current levels in following years. Volumes remain below the peak of 37.2 million cubic metres recorded in 2020/21 when demand from China was strongest.

On the demand side, construction and manufacturing activity in key markets are affected by high input costs and inflationary pressures, reducing downstream demand for timber and wood products. Consumer demand also softens, reflecting tighter financial conditions and reduced discretionary spending.

These pressures extend across supporting sectors. If export volumes fall, port revenue declines as does the use of contractors and service providers.

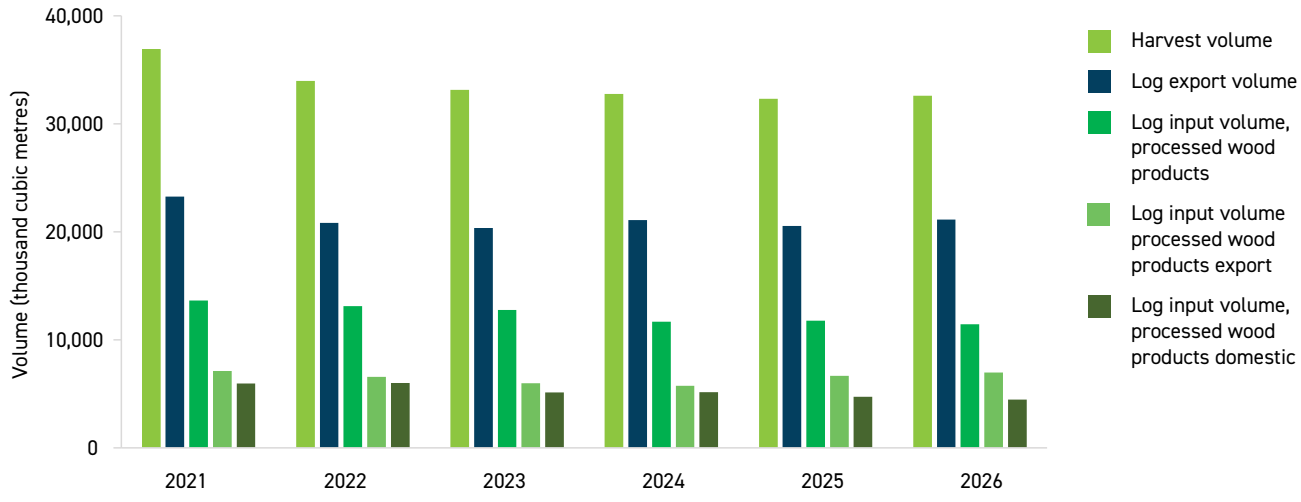
Mill closures remain a key risk, reflecting sustained cost pressures and ongoing industry consolidation. Awareness of these flow-on effects will inform firms' operating decisions in response to the Middle East conflict and the long-term viability of supply chains.

Table 14: Forestry production, prices, and export volumes 2021–26
Year to 30 June, thousand cubic metres roundwood equivalent

	Actual					Forecast
	2021	2022	2023	2024	2025	2026
Harvest volume	36,925	33,982	33,148	32,771	32,331	32,600
Log export volume	23,275	20,843	20,367	21,092	20,551	21,152
Log input volume, processed wood products	13,650	13,139	12,781	11,679	11,780	11,448
Log input volume, processed wood products export	7,134	6,584	6,003	5,764	6,679	6,972
Log input volume, processed wood products domestic	5,973	6,024	5,148	5,152	4,731	4,476
A grade log export price (NZ$ per JAS m3 FOB)	159	146	147	144	141	140

Source: Stats NZ and MPI.

Figure 39: Export share of processed wood has increased
Year to 30 June, volume, thousand cubic metres roundwood equivalent



Source: Stats NZ and MPI.

Growth opportunities in the medium term

Despite these challenges, several factors support medium-term performance. Recent investments in wood-processing capacity, including facilities in Invercargill, Taupō, and New Plymouth, enable increased value-add production and improved log utilisation. Upgrades to existing factories and consolidation to more energy-efficient and modern operations are expected to offset some level of ongoing closures, particularly in periods where margins are tight. These developments reflect confidence in higher-value products and support a gradual shift away from raw log exports.

Policy and regulatory developments also provide opportunities. The delay of the EU Deforestation Regulation to 31 December 2026 provides additional time for exporters to comply with requirements, supporting continued market access and potentially improving New Zealand's competitive position.

Stronger domestic demand partly offsets weaker export conditions. Government investment in infrastructure and buildings alongside fast-track approvals support timber consumption over the forecast period. A recent MBIE report on construction pipelines forecasts residential construction activity to increase 24 percent from $26.1 billion in 2025 to $32.3 billion in 2030, providing underlying demand support. However, higher interest rates associated with inflationary pressures in the near term could dampen growth by increasing borrowing costs.

In the short term, these conditions may test the viability of some forestry and wood-processing businesses, contributing to further consolidation. Over the medium to long term, demand for sustainable wood products and advances in processing technology support recovery and growth. This will be helped by a recovering domestic residential construction sector providing a buffer to export volatility.

Logs exports face short-term disruption

Export revenue for logs remains at $3.3 billion in the year to 30 June 2026, with higher volumes offsetting weaker prices (Figure 40). Prices are driven by subdued demand in China. Recent increases in Chinese CFR (import cost and freight) prices in March and April partially offset elevated shipping costs, including fuel surcharges of $10–20 per cubic metre. Fuel-related costs remain a key pressure over the medium term.

Revenue is expected to drop to $3.1 billion in 2026/27 as harvests are reduced due to Middle East conflict cost pressures. Volumes are expected to recover the following year in line with a resumption of a normal trade scenario. In the medium term, continued price weakness reflects subdued demand from China's construction and manufacturing sectors, but other markets such as India are expected to provide some growth.

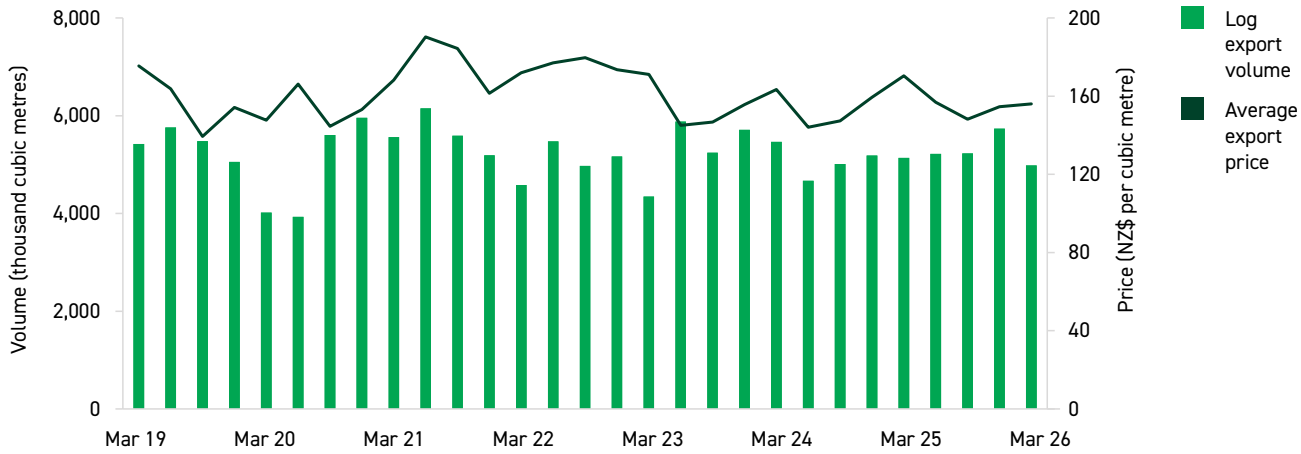
China accounts for around 90 percent of New Zealand log exports, and in spite of China's falling log imports, New Zealand retains a strong market position, with increasing market share in recent years. New Zealand's share of China's softwood log imports is estimated to have reached over 70 percent based on Chinese import data, reflecting constrained supply from competitors such as Russia and Germany. German supply declined due to bark beetle damage and rising domestic demand, while Chinese inventories fell in February 2026.

Demand conditions in China remain mixed. Construction activity continues to decline, falling 11 percent in the first quarter of 2026, while infrastructure investment rises 8.9 percent and manufacturing output increases 5.8 percent. GDP growth remains at 5 percent, supported by exports and high-tech manufacturing, but remains below pre-COVID-19 levels and reflects ongoing weakness in construction and retail demand.

Diversification into India should provide additional support. Export revenue to India is expected to increase following resumed trade in late 2023 when new phytosanitary processes were agreed, with India becoming the second-largest market in the March quarter, ahead of South Korea. The recently signed FTA with India could support longer-term growth by lowering tariffs on wood products and improving market access, although timing and scope remain uncertain. Once in force, the FTA with India would remove tariffs on 95 percent of wood products, including logs, which range from 5.5 percent to 11 percent. Growth opportunities in this market are large, with an increasing use of timber in the growing housing construction market and furniture manufacturing.

While New Zealand log exports are likely to remain dependent on China for the foreseeable future, a broader mix of markets will add some resilience. India likely has greater potential for growth, with total softwood log imports growing 17 percent in 2025 and New Zealand's market share increasing from 12 percent to 15 percent, indicating plenty of room to grow. South Korea has historically been our second-largest export market but has performed similarly to China in recent years, with total softwood log imports declining 13 percent in 2025 and New Zealand already occupying 79 percent market share.

Figure 40: Export log volumes steady
Quarterly, export volume in thousand cubic metres and export price in NZ$ per cubic metre



Source: Stats NZ and MPI.

Sawn timber growth in higher-value wood products

Sawn timber export revenue is forecast to increase 1 percent to $1.1 billion in 2025/26, reflecting broadly stable volumes and fluctuating prices. Export performance remains somewhat variable, with record revenue in the September 2025 quarter followed by declines and partial recovery in early 2026.

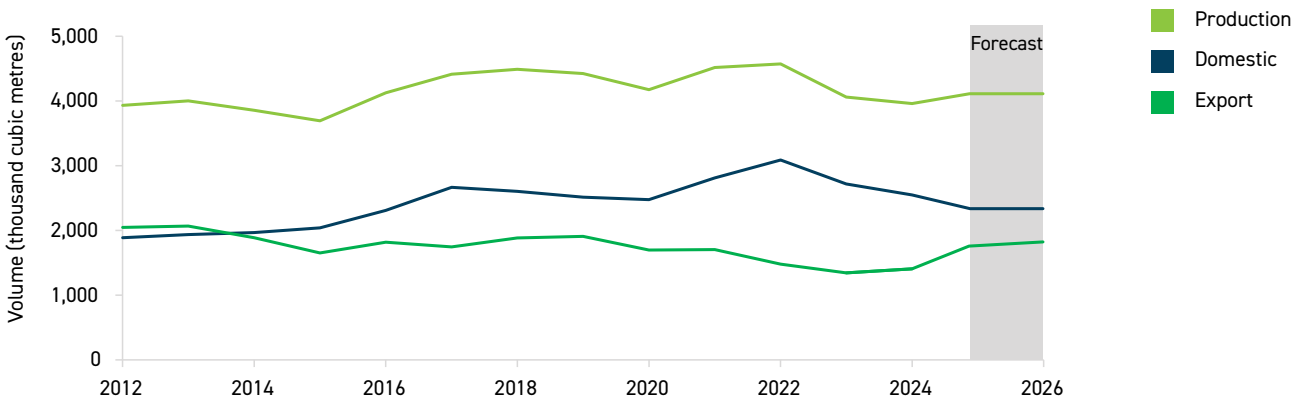
Volumes are expected to continue to see some growth in 2026/27 after steady increases since 2023/24, supported by long-term supply contracts and demand for higher-value wood products. Prices may face downward pressure from rising shipping and input costs, affecting construction activity in key markets. The relative strength of domestic construction compared with the headwinds the export market faces could see a reverse in the recent trend of an increasing proportion of sawn timber exported (Figure 41).

The US accounts for around one-third of exports and continues to apply a 10 percent tariff on softwood lumber imports. Construction activity remains subdued but improves seasonally, while domestic supply shortages support demand for imports. In particular, New Zealand's clear wood timber from pruned trees provides a strong selling point in higher-value markets.

Australia remains the second-largest market, with relatively strong construction activity. Dwelling commencements rose 8 percent in the December quarter.

Domestic conditions show improvement. New-home consents increase 11 percent in the year to 31 March 2026, supported by government investment in infrastructure and buildings, providing additional demand for timber.

Figure 41: Increasing share of sawn timber production for export
Year to 30 June, volume, thousand cubic metres



Source: Stats NZ and MPI.

Pulp export volumes stabilise after closures

Pulp export revenue is forecast to decrease 1 percent to $680 million in the year to 30 June 2026, reflecting production levels that have recovered to stable levels and lower prices. Prices fell 12 percent in the September 2025 quarter but have since stabilised (Figure 42) along with international price indices.

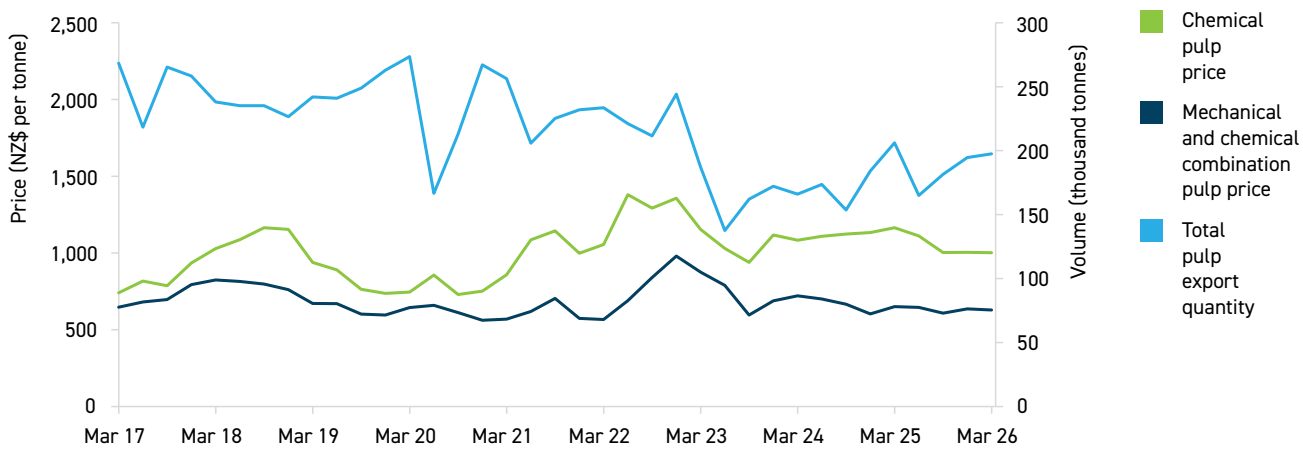
Production capacity is expected to stabilise at a lower level following previous mill closures. Energy costs and operating margins remain key constraints.

Energy costs continue to present risks. Electricity prices reached record levels in the June and September 2025 quarters, while gas prices were 51 percent higher in 2025 compared with 2022. Although hydro lake levels are above average heading into winter 2026, supporting lower electricity prices, overall cost pressures remain elevated.

China accounts for around 40 percent of export volumes but has expanded domestic production capacity, potentially reducing its import demand. Internationally, production energy costs are expected to increase due to the Middle East LNG supply squeezing margins. This, along with shifting Chinese demand, is likely to reshape pulp markets in the medium term. Globally, producers who are more energy efficient are likely to be able to position themselves more effectively in this environment as supply tightens and margins are squeezed.

Structural demand drivers provide partial support. Increased use of sustainable packaging underpins global pulp demand, and New Zealand is relatively diversified with exports to several other countries in Asia and Australia between 6 percent and 14 percent of total. In particular, exports to India grew 26 percent in the first three quarters of 2025/26, making it the third-largest market behind South Korea.

Figure 42: Pulp volumes recover with steady pricing
Quarterly, export price in NZ$ per tonne and export volume in thousand tonnes



Source: Stats NZ and MPI.

Paper and paperboard production rebalancing

Paper and paperboard export revenue is forecast to decrease 20 percent to $330 million in 2025/26, following a 15 percent recovery in 2024/25. The earlier recovery from depressed Australian demand and production interruptions from Whakatāne Mill upgrades has been impacted by mill closures and lower production volumes.

Closures at the Oji Fibre Solutions Penrose Mill and Kinleith Mill paper-processing line have seen uncoated paper exports cease in March 2026 (Figure 43). This reduced production is likely to see exports reduce by approximately 115,000 tonnes, or $100 million, with domestic consumption demand being filled by imports. New Zealand paper imports increased 21 percent to $1.1 billion in the year to 31 March 2026.

Global demand for packaging driven by ecommerce and innovative packaging products will continue to offset the decline in demand for printed paper supplies. Paper exports to Australia (44 percent of our exports) support food industry packaging and the hygiene segment, both of which should provide relatively stable demand over the forecast period.

Panels and chips

Panel export revenue is forecast to increase 2 percent to $390 million in 2025/26, with September the highest quarter since December 2019 (Figure 44), while wood chip export revenue decreases to $70 million.

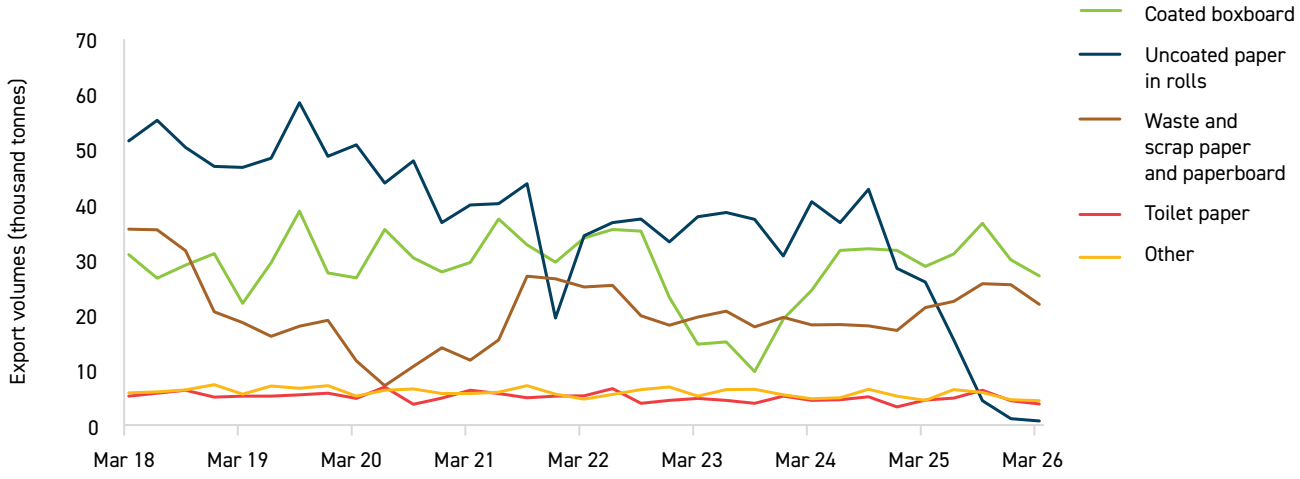
Demand in Japan remains subdued due to weak manufacturing activity and increasing self-sufficiency in forestry products as local harvesting increases. Japan has recently become a net exporter of forest products. While real estate lending in Japan has lifted recently, manufacturing activity is expected to remain low, limiting demand for panel products and wood chips.

Production volumes have declined following recent mill closures, including plywood and MDF facilities. Further industry exits and consolidation such as the proposed sale of the Kaitaia Triboard mill present uncertainty and additional downside risk.

Production and export composition is expected to shift towards higher-value products over the longer term. While MDF exports to Japan and the US made up about half of panel exports in 2024/25, higher-priced plywood and veneer exports to Australia and the Philippines made up a further 18 percent. Plywood export revenue has decreased 60 percent over the last five years, while veneer increased from $57,000 to $12.8 million.

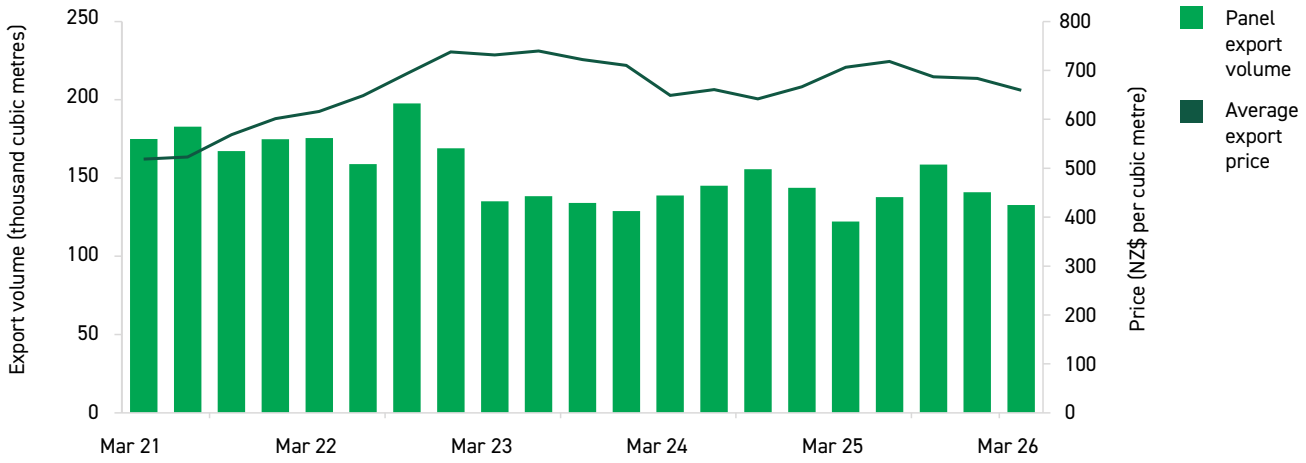
Input constraints, including adhesive shortages, may limit manufacturing demand globally, restricting growth in the near term. However, market diversification and engineered products present growth opportunities.

Figure 43: Coated boxboard export volumes have recovered, paper roll volumes fallen
Quarterly, export volume in thousand tonnes by product



Source: Stats NZ and MPI.

Figure 44: Steady prices offset declining panel volumes
Quarterly, export volume in thousand cubic metres and export price in NZ$ per cubic metre



Source: Stats NZ and MPI.

SEAFOOD

» Seafood export revenue is forecast to fall 3 percent to $2.2 billion in 2025/26, driven by lower export prices and volumes following four years of growth.

» Current market conditions, including squeezing margins, softer demand for some key premium seafood, and a dip in aquaculture production, are putting downward pressure on average export prices.

» Wild capture fisheries show mixed performance, with good results for hoki, mackerel, squid, scampi, and snapper partly offsetting weaker outcomes for some inshore species and aquaculture.

» Seafood export revenue is expected to recover in 2026/27, driven by improved aquaculture performance, but remain below the 2025 peak due to ongoing cost pressures. It is forecast to reach about $2.3 billion by 2029/30, supported by productivity gains, new trade opportunities, and improving global conditions.

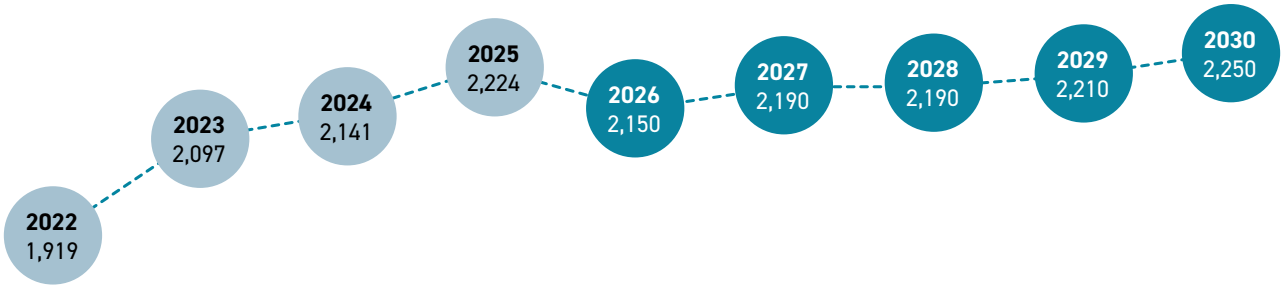


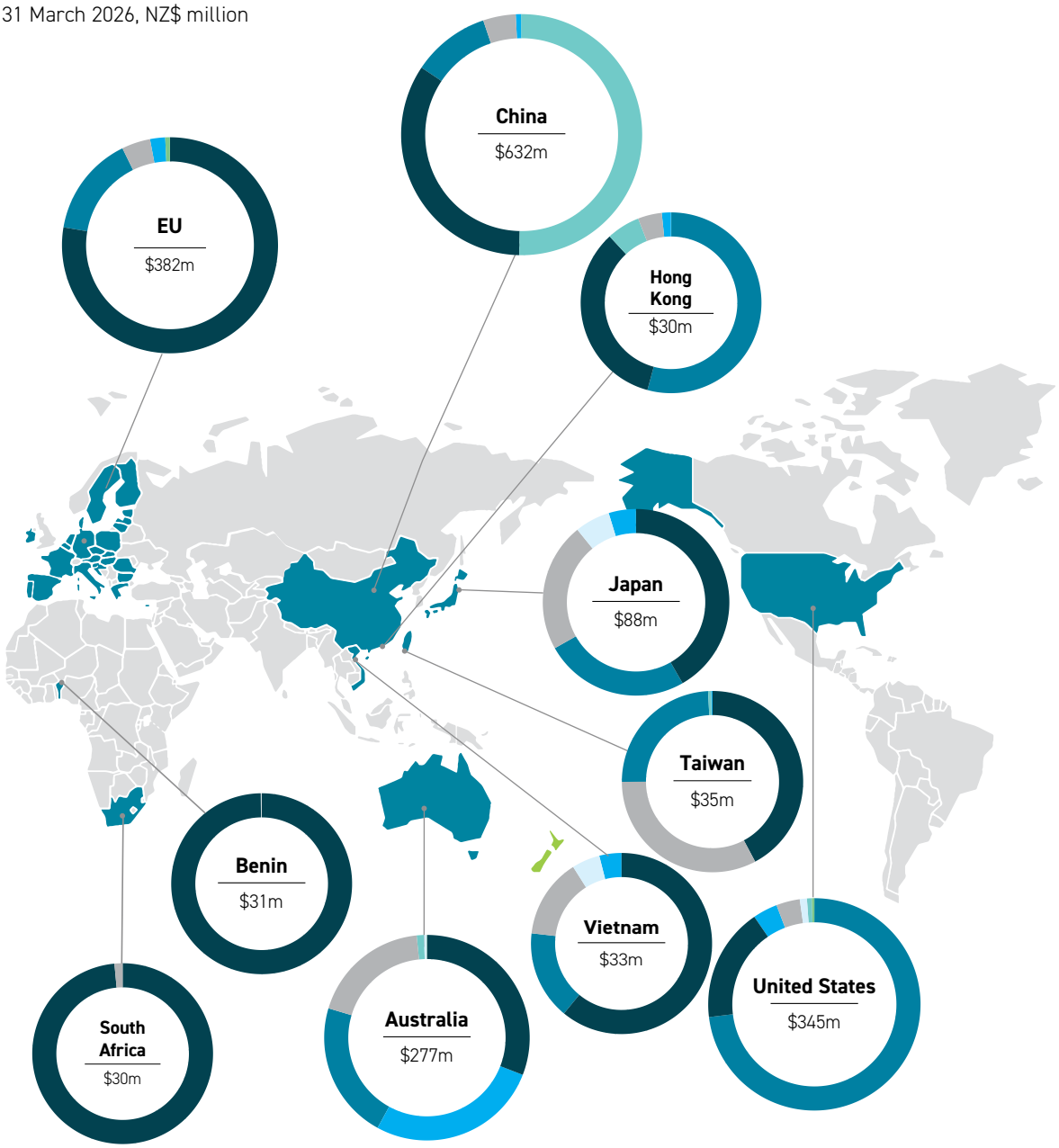
Table 15: Seafood export prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Wild capture									
Export volume (tonnes)	221,340	195,502	197,907	201,974	201,400	201,600	200,000	198,900	195,400
Average export price (NZ$/kg)	6.54	8.02	7.92	7.77	7.80	7.70	7.65	7.65	7.70
Export revenue (NZ$ million)	1,448	1,569	1,568	1,569	1,570	1,560	1,530	1,520	1,510
Aquaculture									
Export volume (tonnes)	39,279	36,916	35,200	38,586	35,600	37,800	38,500	38,900	39,900
Average export price (NZ$/kg)	11.99	14.30	16.28	16.99	16.35	16.75	17.10	17.70	18.70
Export revenue (NZ$ million)	471	528	573	655	580	630	660	690	750
Seafood									
Export volume (tonnes)	260,619	232,418	233,107	240,560	237,000	239,400	238,500	237,800	235,300
Average export price (NZ$/kg)	7.36	9.02	9.18	9.25	9.10	9.15	9.20	9.30	9.60
Total export revenue (NZ$ million)	**1,919**	**2,097**	**2,141**	**2,224**	**2,150**	**2,190**	**2,190**	**2,210**	**2,250**
Year-on-year % change	**7%**	**9%**	**2%**	**4%**	**-3%**	**2%**	**0%**	**1%**	**2%**

Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 seafood export destinations

Year to 31 March 2026, NZ$ million



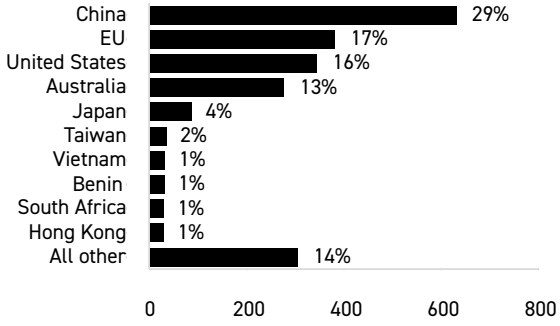
Product	Export revenue (NZ$ million)	% of total
Deepwater	937	43%
Aquaculture	597	27%
Inshore shellfish	336	15%
Inshore finfish	122	6%
Pelagics	17	1%
Freshwater	6	0%
Other fish products*	174	8%
Total	**2,189**	**100%**

* Includes caviar, sea cucumber, kina, and other processed fish products.
Totals may not add up due to rounding.
Source: Stats NZ.

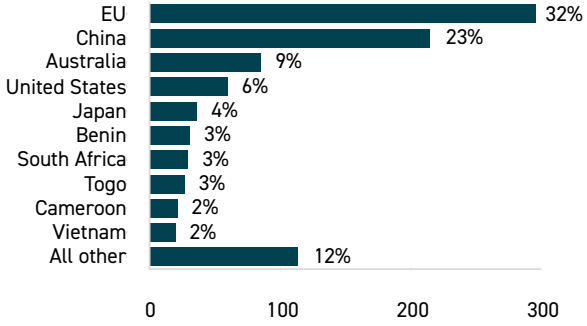
Top seafood export markets

Year to 31 March 2026, NZ$ million and percent

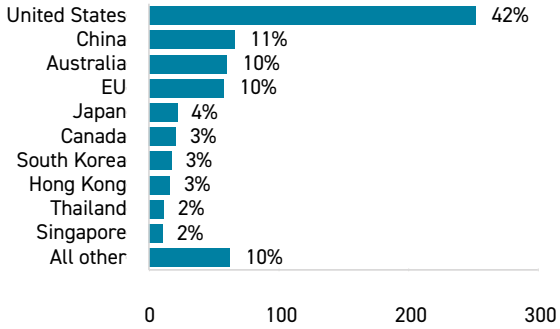
Total seafood



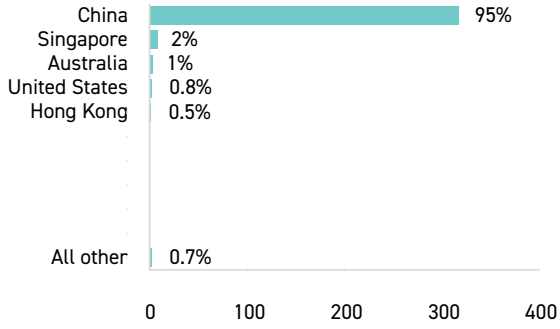
Deepwater



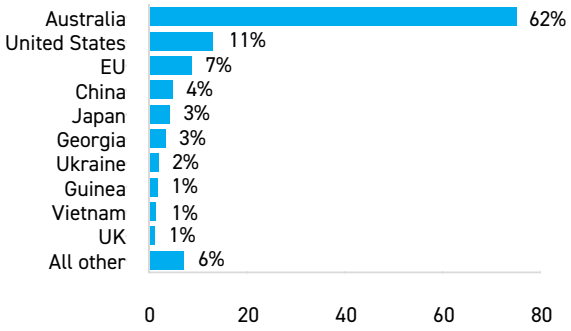
Aquaculture



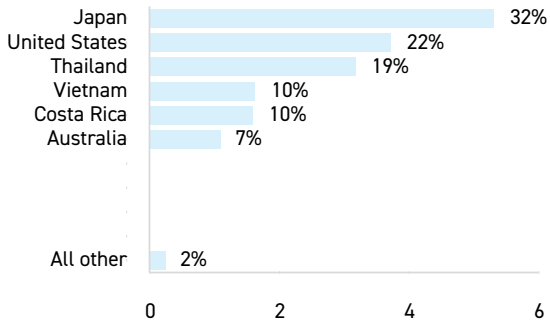
Inshore shellfish



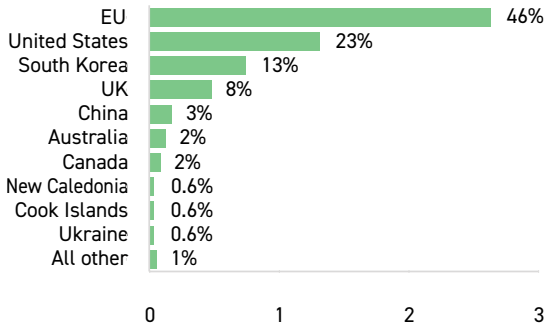
Inshore finfish



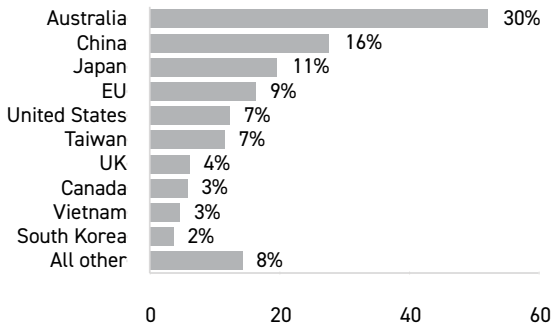
Pelagics



Freshwater



Other fish products



Source: Stats NZ.

Early decline followed by a gradual recovery in seafood export revenue

Seafood exports are forecast to decline 3 percent to $2.2 billion in the year to 30 June 2026, following four consecutive years of growth. The decline is primarily driven by lower export prices and by volumes to a lesser extent.

Average export prices are expected to decline 2 percent, reflecting softer prices for some high-value, low-volume wild capture seafood, as increased competition and consumer price sensitivity put downward pressure on prices and shift demand towards relatively cheaper alternatives. Lower aquaculture production is also expected to contribute to the decline in average export prices by reducing export volumes and altering the product mix, with a greater share of lower-priced products in total exports

Revenue growth is expected in deepwater, inshore finfish, and freshwater fisheries, but declines in aquaculture, inshore shellfish, and pelagic fisheries outweigh these gains (Figure 45). As a result, modest growth in wild capture (up 1 percent to $1.6 billion) is not enough to offset a 12 percent fall in aquaculture revenue (to $580 million).

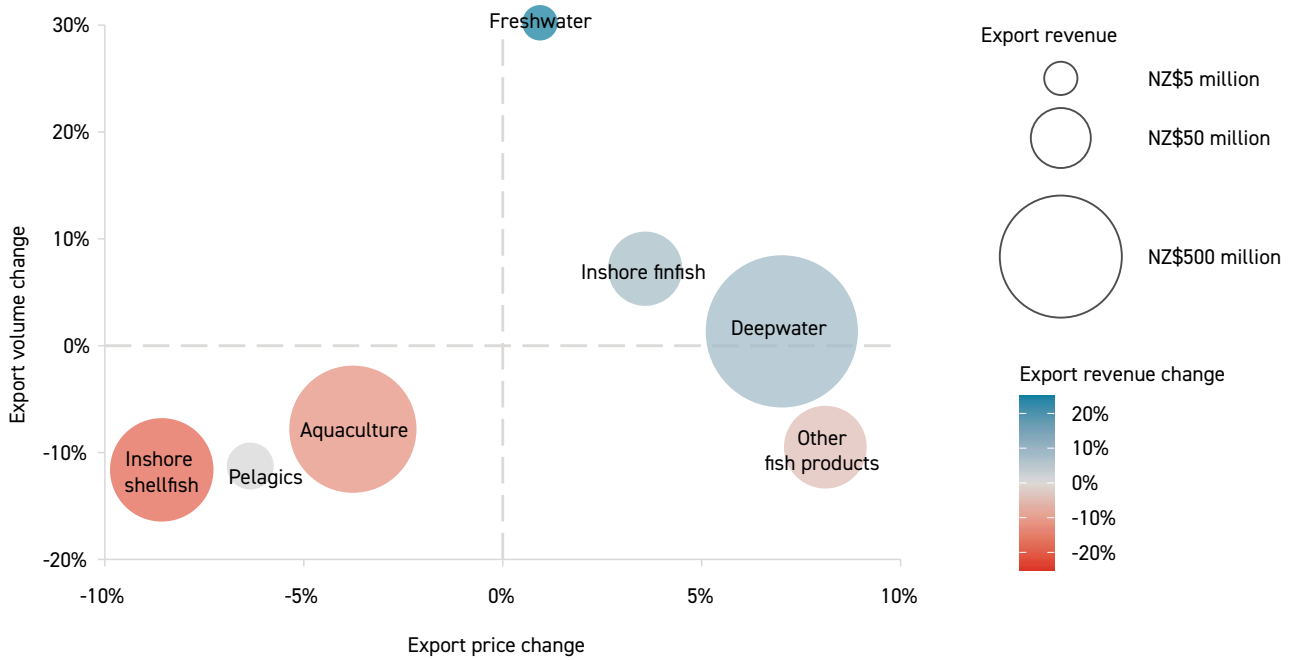
For wild capture, hoki and mackerel continue to experience strong demand and high prices, while squid benefits from strong catch. A surge in scampi demand is expected to partially offset lower rock lobster prices, which are under pressure due to heightened competition in the China market.

Over the remainder of the forecast period, export revenue is expected to increase, reaching $2.3 billion in 2029/30. In the near term, higher fuel prices may weigh on wild capture fishing effort by raising operating costs. In response, fishers are likely to shift towards higher-value catch where Annual Catch Entitlement (ACE) is available. Weaker demand for key premium wild capture products is expected to continue to put downward pressure on average export prices. Prices are then expected to strengthen towards the end of the forecast period as global economic conditions improve, while export volumes remain relatively stable.

The Middle East conflict is also expected to moderate the pace of aquaculture growth through higher feed and fuel costs. However, aquaculture's outlook remains positive, with revenue still forecast to reach $750 million in 2029/30, driven by better management, efficiency gains, and continued expansion of production capacity.

The recent NZ-India FTA is also expected to provide new export opportunities, particularly for wild capture products towards the end of the forecast period, presenting upside risks to this outlook.

Figure 45: Mixed seafood export performance in 2025/26
Year to 30 June, 2026 (forecasts) compared with 2025 (actuals), change in export price, volume, and revenue in percentage, and revenue in NZ$ million



Source: Stats NZ and MPI.

Changing demand patterns shape seafood export performance

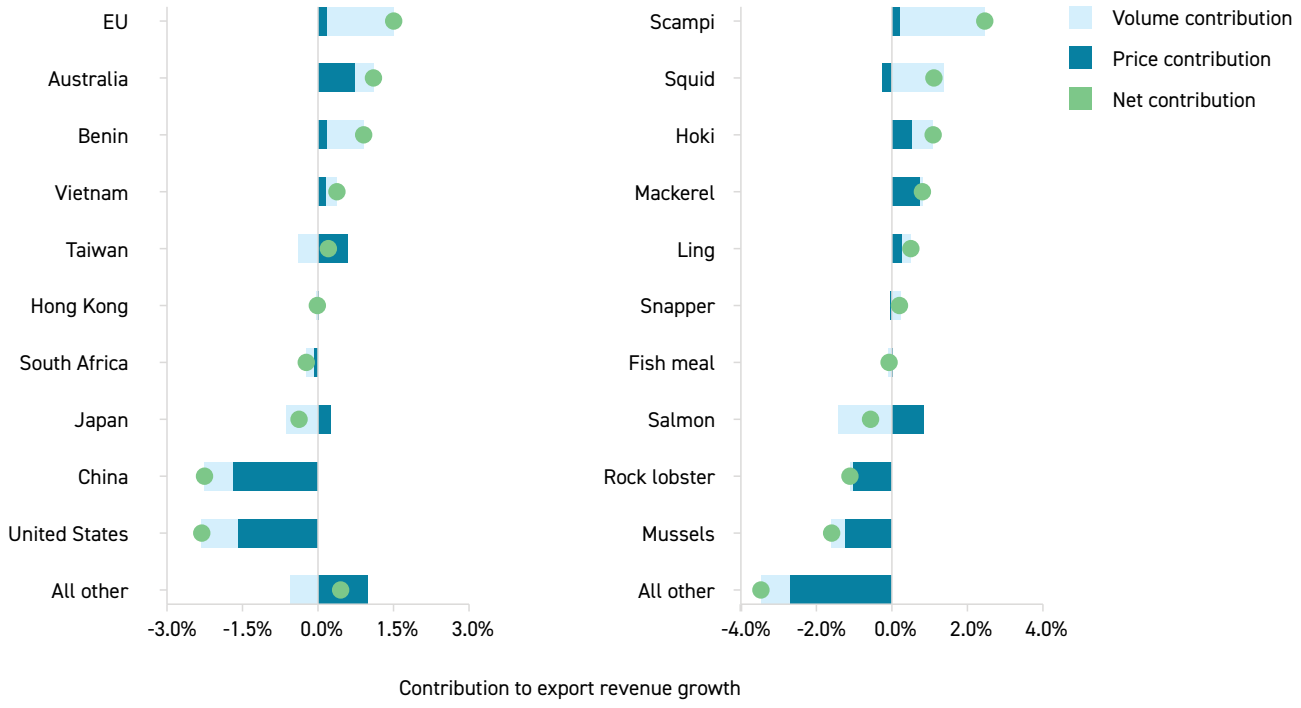
The year to 31 March 2026 saw export revenue fall by almost 1 percent, reflecting lower export prices despite higher export volumes. Performance varied across species and markets, influenced by ongoing global cost-of-living pressures.

Overall, demand for New Zealand seafood remains adequate, but price sensitivity has increased in many markets. Greater competition from close substitutes is placing downward pressure on premium species, with consumers showing a stronger preference for lower-priced seafood.

Exports to China and the US declined in both volume and price (Figure 46), consistent with more cautious household and business spending in these markets. In contrast, exports to the EU and Australia increased, indicating relatively stronger demand, particularly for seafood consumed as everyday food options.

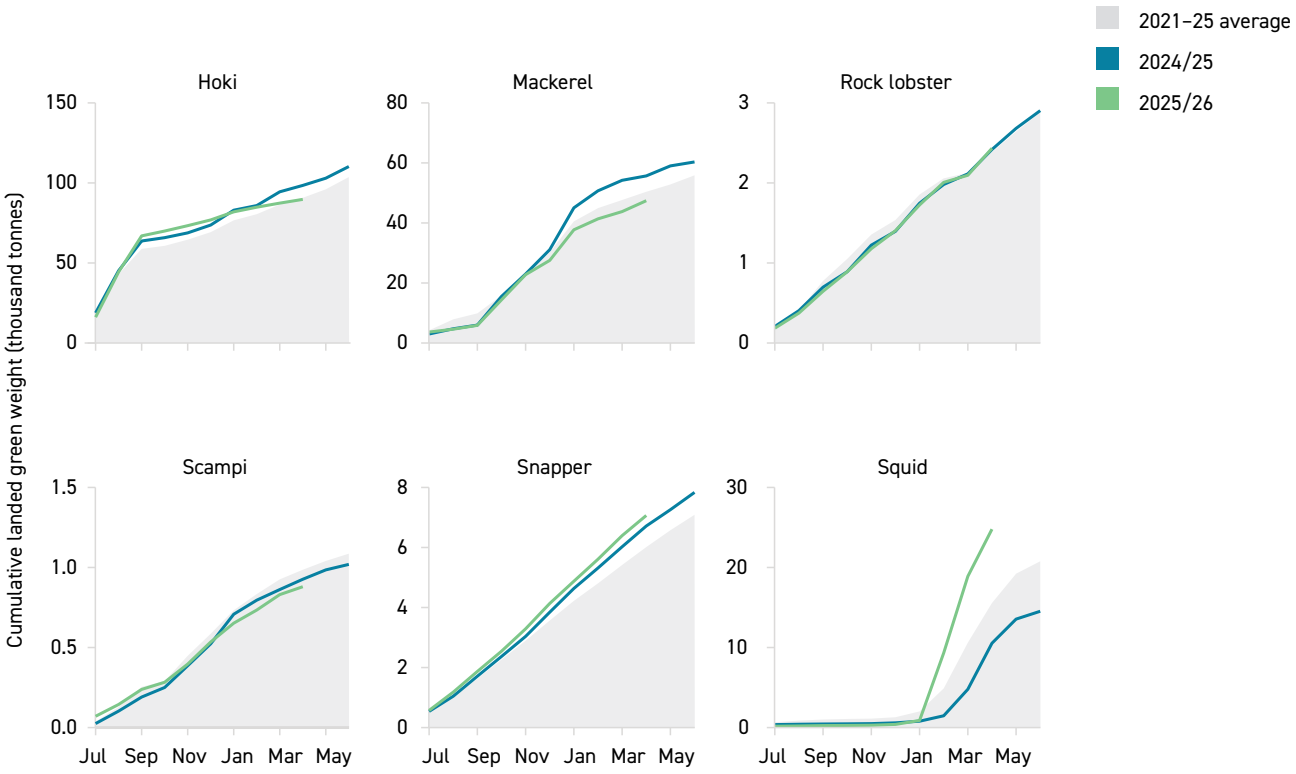
In China, softer conditions in the food service sector have continued to weigh on demand for premium products, with restaurants increasingly selecting lower-priced or more versatile alternatives. In other markets, staple species such as hoki, mackerel, and ling performed more strongly, with growth in both volumes and prices, reflecting steady demand for affordable protein.

Figure 46: Export revenue changes show demand shifting from higher-value to lower-priced markets and products
Year to 31 March, 2026 compared with 2025, volume, price, and net contributions to export revenue growth in percentage points



Net contribution shows the total revenue change after combining price and volume changes.
Source: Stats NZ and MPI.

Figure 47: Catch is tracking unevenly across wild capture species
Year to 30 June, 2022–26, cumulative landed green weight in thousand tonnes



Source: MPI.

Mixed results across seafood species

Strong export demand reinforces hoki as a leading export species

Hoki export revenue is forecast to increase 10 percent to about $310 million in 2025/26, driven by higher export prices and volumes. Catch levels have remained broadly in line with the previous season (Figure 47), with export revenue growth driven primarily by demand conditions rather than increased harvest.

Export volumes rose 4 percent in the year to 31 March 2026. Demand has been particularly strong from the EU, where volumes increased by around 15 percent over the same period. With catch levels largely unchanged, this increase in exports has been supported by a shift of product away from the domestic market.

Squid availability supports export revenue growth

Squid abundance varies naturally from year to year, reflecting cyclical fluctuations in availability. High squid abundance alongside tight global supply is supporting favourable conditions for the New Zealand squid fishery this year, with the season also starting earlier than usual. Higher catches are expected to lift export revenue by 10 percent to $120 million in 2025/26, driven by increased export volumes despite softer prices.

Tight global supply supports higher mackerel export prices

Mackerel export revenue is forecast to increase 9 percent to $140 million in 2025/26, driven by higher export prices despite lower volumes. Reduced mackerel stocks in the Atlantic and low global catch have tightened supply, while demand remains strong. This is placing upward pressure on prices, which are expected to reach around $2.75 per kilogram. Domestic catch levels are forecast to be lower than last year, partly reflecting ongoing pressure from higher fuel costs.

Improved snapper biomass is expected to increase export revenue

Warmer waters in recent years have increased snapper abundance, allowing total allowable commercial catch limits to rise over time. Monthly catch levels have increased year on year as a result. Higher catch levels are expected to support increased export volumes and lift export revenue by around 3 percent to $40 million in 2025/26.

Strong demand supports sharp increase in scampi export revenue

Scampi export revenue is forecast to increase 120 percent to $70 million in 2025/26, driven primarily by higher export volumes, with modest increases in export prices. In China, tighter budgets and softer economic conditions have increased price sensitivity among buyers, placing pressure on higher-priced premium seafood and supporting a shift towards relatively lower-cost options such as scampi.

Lower production weighs on salmon exports in the short term, but demand remains strong

Salmon export revenue is forecast to fall 3 percent to about $220 million in 2025/26, reflecting lower production following high salmon mortality over the 2024/25 summer and reduced export volumes. Demand is expected to remain strong, supporting prices. Production is expected to recover in 2026/27, lifting export revenue. In the short term, export growth is expected to increase further with the introduction of a wellboat in Marlborough. This specialised vessel transports live fish in large, controlled seawater tanks, improving efficiency and expanding production capacity. In the longer term, growth is also expected to be supported by farming trials at New Zealand's first open ocean salmon farm in Cook Strait, enabling higher production.

Lower spat availability weighs on mussel export revenue

Low spat availability last year has reduced mussel harvest, which is expected to lower export volumes in 2025/26. Demand has also eased, with tariff-related uncertainty in the US contributing to softer prices. As a result, mussel export revenue is forecast to fall 15 percent to $350 million. Export revenue is expected to recover from 2026/27 onwards as harvest rebounds. Over time, the development of mussel hatchery and nursery projects is expected to improve spat supply, boost production, and strengthen the resilience of the industry.

Harvest constraints continue to limit oyster production

The oyster sector remains volatile, with parts of the industry affected by wastewater discharges and water quality issues constraining harvesting activity. Production continues to be the main constraint, while demand remains strong. As a result, prices in 2025/26 are expected to be higher than in recent seasons, helping some farmers offset lost-opportunity costs associated with temporary harvest closures. Looking ahead, there is potential for production to increase through the development of recently consented and acquired farms. Wider adoption of more efficient farming methods and increased use of hatchery-produced triploid spat could also support improved resilience and production capacity over time.

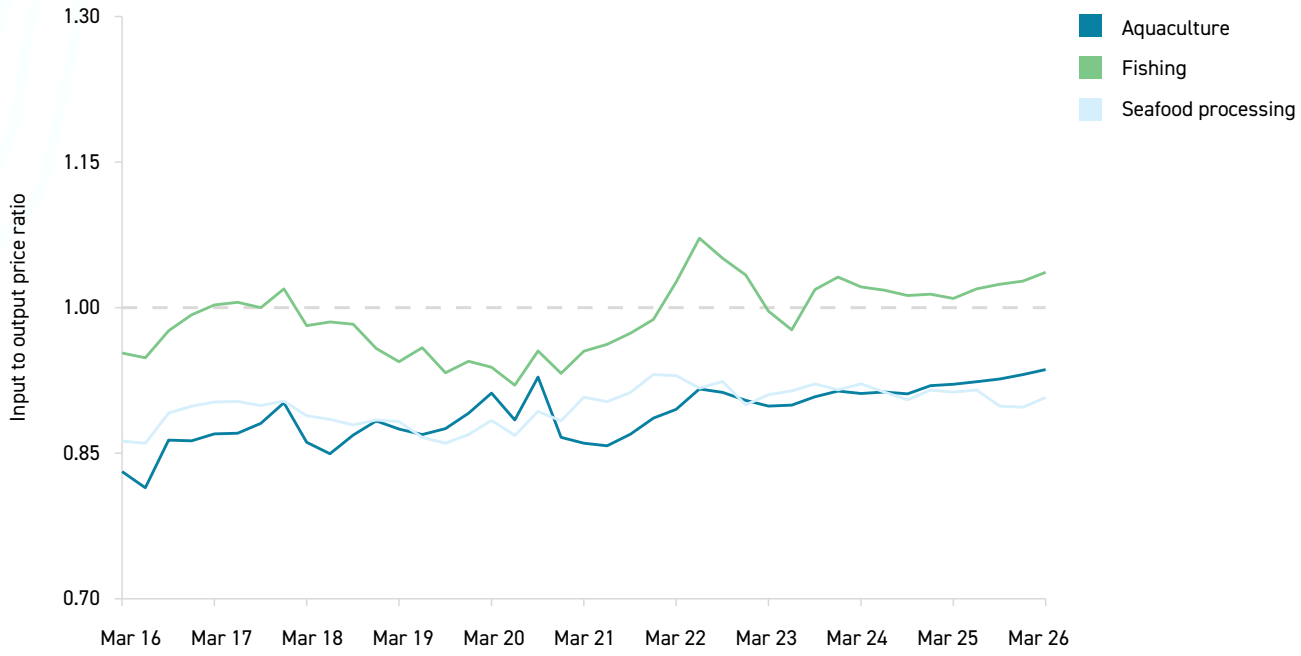
Rising input costs put pressure on profits

Higher diesel prices are increasing fishers' operating costs, as fuel is a major expense and rising prices contribute to higher overall input costs. More recently, input prices have outpaced output prices, pointing to mounting pressure on margins (Figure 48). The current Middle East conflict is likely to intensify this pressure if diesel prices continue to rise, with particularly strong direct impacts on inshore finfish and pelagic fisheries through higher fishing costs. Fisheries such as rock lobster may also face potential downward pressure on export prices (and margins) due to increased airfreight costs, reduced freight availability, and disrupted market access.

The ability to pass on rising fishing input costs to processors or consumers is limited. In the short term, fishers are likely to adapt by adjusting effort, targeting higher-value species, or managing tighter margins. If elevated diesel prices persist, activity may gradually shift towards more efficient vessels, with ACE increasingly taken up by operators with lower cost structures. This reallocation can improve overall fleet efficiency but may result in further consolidation across the sector.

Aquaculture growth may be tempered as opportunities to reduce costs are limited and higher input prices are likely to squeeze margins. The sector has scope to adapt through efficiency gains and innovation. Sustained cost pressures could encourage the development of more resilient and efficient operating models across the sector.

Figure 48: Fishing input prices are rising faster than output prices, putting pressure on margins
Quarterly, 2016–26, input to output price ratio



The input to output price ratio is the input producers price index (PPI) divided by the output PPI for each industry: fishing, aquaculture, and seafood processing. A ratio of 1 indicates inputs and output prices have moved at the same rate since the base period. A ratio above 1 indicates input prices have moved faster than output prices. PPI: base 1,000 = December 2010 quarter.
Source: Stats NZ and MPI.

ARABLE

» Production held steady at 2.2–2.4 million tonnes in 2026, with a record maize silage harvest, but margins remain tight due to high costs and unfavourable weather, with the Middle East conflict adding further cost pressure.

» Wet conditions delayed harvests, reduced yields, and affected quality, particularly for export forage seeds (ryegrass and clover) and pulse crops, especially peas.

» Rising costs and uncertainty are changing grower behaviour, including reducing nitrogen use and reassessing crop mixes.

» Seed exports remain resilient in high-value niche markets, but overall volumes and revenue are down. Export revenue is forecast to trend lower by 4 percent to $325 million in the year to 30 June 2026, with recovery expected after 2026/27.

» Arable export revenue is expected to recover gradually, with total export revenue forecast to grow by about 3–5 percent over the next few years, reaching around $355 million by 2027/28.

» Global oversupply is keeping prices low, limiting export competitiveness and domestic price recovery despite solid productivity.

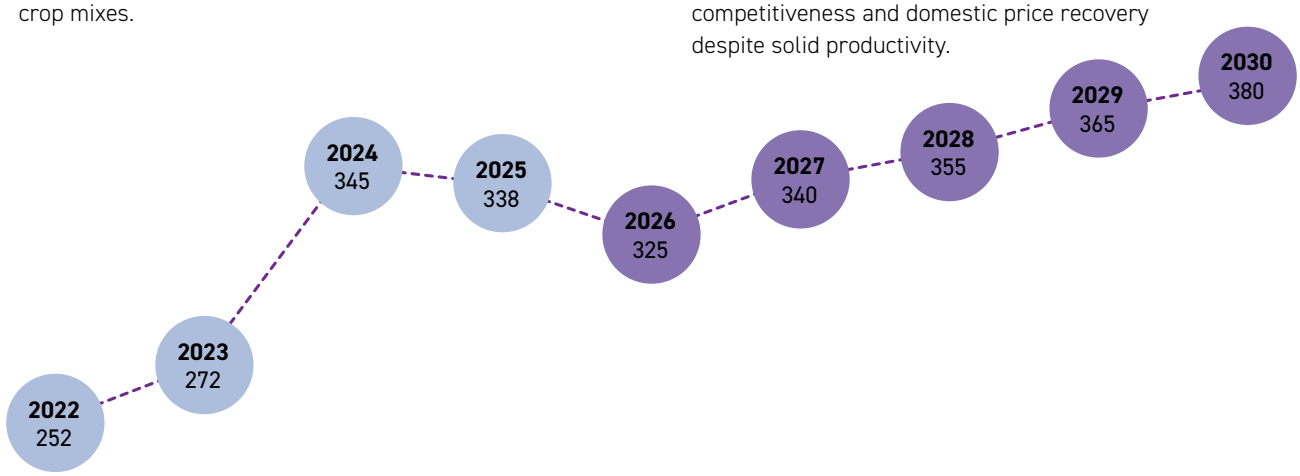


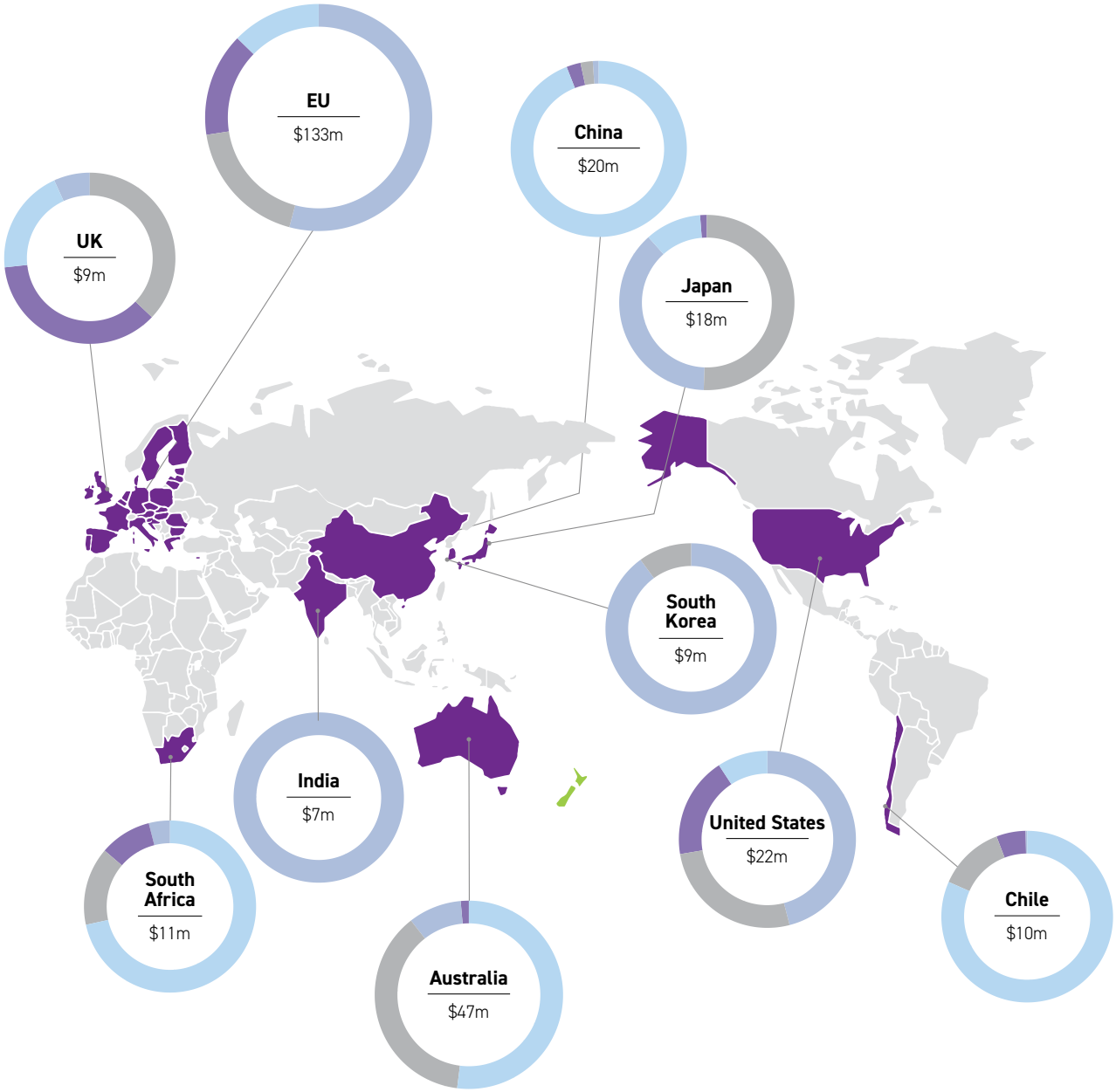
Table 16: Arable export prices, volumes, and revenue 2022–30
Year to 30 June

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Vegetable seed									
Export volume (tonnes)	9,925	9,880	11,467	10,572	9,525	10,765	12,075	11,720	11,570
Average export price (NZ$/kg)	8.65	10.33	10.79	13.44	14.05	12.90	11.75	12.55	13.25
Export revenue (NZ$ million)	86	102	124	142	135	140	140	145	155
Ryegrass seed									
Export volume (tonnes)	29,341	23,827	29,792	27,791	26,595	31,775	31,815	29,300	28,910
Average export price (NZ$/kg)	2.72	3.13	3.21	3.11	3.40	3.05	3.20	3.50	3.55
Export revenue (NZ$ million)	80	75	96	87	90	95	100	100	105
Clover/legume seed									
Export volume (tonnes)	2,801	2,776	4,467	3,549	2,710	2,635	2,885	2,620	3,395
Average export price (NZ$/kg)	6.81	7.57	8.99	9.54	9.30	10.65	10.20	10.90	10.80
Export revenue (NZ$ million)	19	21	40	34	25	30	30	30	35
Other grains and seeds*									
Export volume (tonnes)	11,778	13,027	13,399	12,321	11,775	10,405	11,170	12,305	14,535
Average export price (NZ$/kg)	5.70	5.75	6.37	6.17	6.45	7.10	7.25	7.00	5.95
Export revenue (NZ$ million)	67	75	85	76	75	75	80	85	85
Total export revenue (NZ$ million)	**252**	**272**	**345**	**338**	**325**	**340**	**355**	**365**	**380**
Year-on-year % change	**-4%**	**8%**	**27%**	**-2%**	**-4%**	**5%**	**4%**	**3%**	**4%**

* Includes maize, other grains, and oil seeds.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 arable export destinations

Year to 31 March 2026, NZ$ million



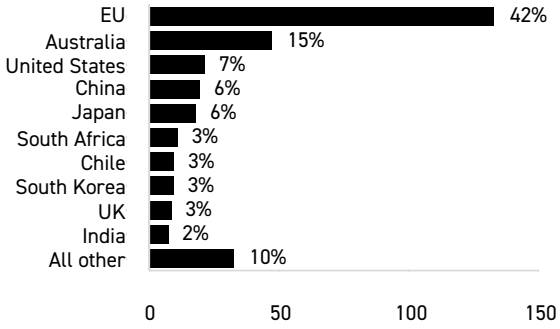
	Product	Export revenue (NZ$ million)	% of total
	Vegetable seed	124	39%
	Ryegrass seed	89	28%
	Clover seed	32	10%
	Other grains and seeds	73	23%
	Total	**318**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

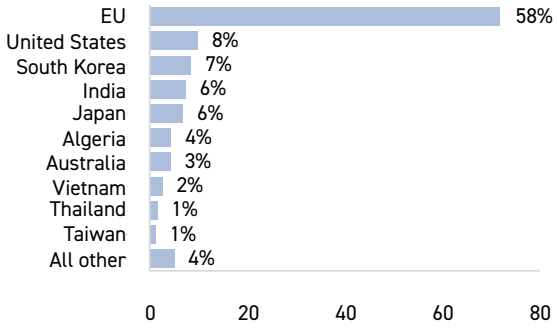
Top arable export markets

Year to 31 March 2026, NZ$ million and percent

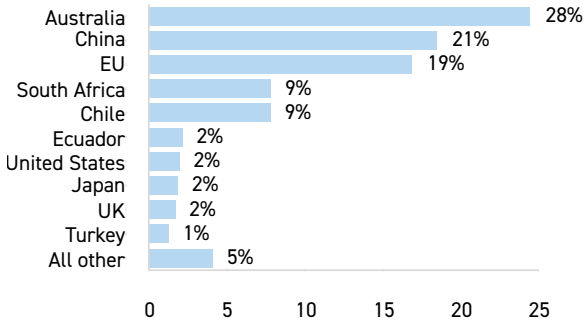
Total arable products



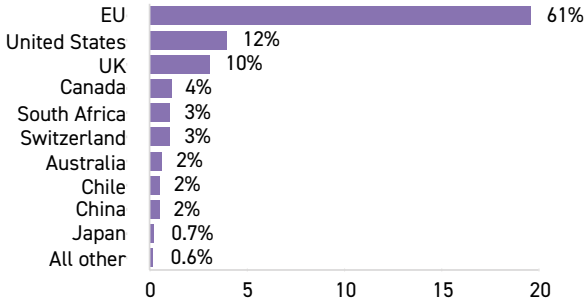
Vegetable seed



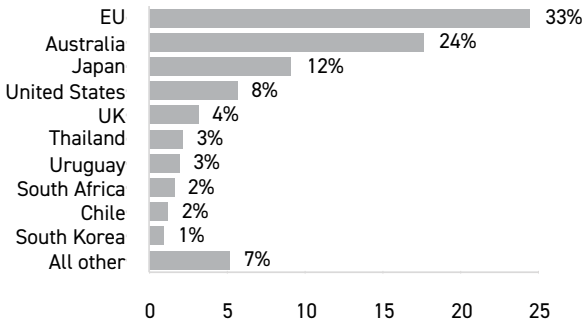
Ryegrass seed



Clover seed



Other grains and seeds



Source: Stats NZ.

Stable demand but Middle East conflict and weather drive margin pressure

Demand for New Zealand's arable products remain broadly stable. Arable production continues to support dairy and livestock systems, with around 2.2–2.4 million tonnes of grain, maize silage, and seed produced from roughly 210,000–250,000 hectares in 2025. The challenge for growers is managing margins. Wet weather lowered yields in parts of the country and delayed some clover harvests into early 2026. At the same time, geopolitical tensions in the Middle East are pushing diesel costs up and further increasing fertiliser prices. Together, these factors have tightened margins and encouraged more cautious production and purchasing decisions.

Rising input costs have now become the sector's biggest risk. Energy and fertiliser prices are volatile and represent a significant share of costs for arable farmers. In a global market with record grain supply, prices remain low, leaving little buffer against cost shocks.

New Zealand's dependence on imported fertiliser inputs means global supply chain and geopolitical disruptions can affect domestic supply condition, reinforcing the importance of resilience and flexible supply arrangements. For arable systems, fertiliser access and affordability directly affect productivity, cropping choices, and long-term viability. Growers are already responding by reducing nitrogen use or adjusting rotations, but there are ongoing challenges around fertiliser costs and incentives to improve nutrient efficiency.

Near-term margins remain tight, and some growers may exit or shift land use. The medium-term outlook is stable to positive, supported by steady global demand, especially for hybrid seeds, supply shortfalls that may increase prices, and New Zealand's role in global seed supply, provided prices keep pace with rising costs.

Table 17: Estimated national cereal harvest 2022–25
Year to 31 October

		Milling wheat	Feed wheat	Malting barley	Feed barley	Milling oats	Feed oats	Total cereal	Maize grain	Maize silage
Estimated total tonnes										
2025 harvest	tonnes	106,438	314,557	86,268	291,495	16,004	7,879	822,641	210,644	1,389,298
2024 harvest	tonnes	121,894	342,706	96,950	258,550	14,786	8,514	843,400	244,400	1,269,601
2023 harvest	tonnes	109,608	281,992	79,932	277,968	22,267	7,992	779,759	192,504	1,020,601
2022 harvest	tonnes	75,630	326,970	42,116	287,584	17,181	15,810	765,291	188,249	1,127,967
Estimated total hectares										
2025 harvest	ha	11,796	31,357	12,752	37,101	2,745	1,666	97,417	16,801	63,281
2024 harvest	ha	13,718	32,682	13,867	32,333	2,414	1,986	97,000	19,300	58,070
2023 harvest	ha	11,806	28,694	11,114	38,986	2,823	1,412	94,835	18,900	54,443
2022 harvest	ha	8,820	34,080	5,860	40,640	2,741	2,613	94,754	16,325	53,907
Comparison of yields (t/ha)										
2025	t/ha	9.0	10.0	6.8	7.9	5.8	4.7	8.4*	12.5	22.0
2024	t/ha	8.9	10.5	7.0	8.0	6.1	4.3	8.7*	12.7	21.9
2023	t/ha	9.1	9.9	7.2	7.1	8.0	5.7	8.2*	10.2	18.7
2022	t/ha	8.6	9.6	7.2	7.1	6.3	6.1	8.1*	11.5	20.9

*Excludes maize grain and maize silage.
Source: Foundation for Arable Research (FAR), AIMI Survey of Cereal Areas and Volumes (10 October 2025 and 2024), and AIMI Survey of Maize Areas and Volumes (31 October 2025 and 2024).

Maize silage increases despite weaker cereal grain production

As of October 2025, total cereal grain production is 2 percent lower than in 2024, even though the planted area is broadly unchanged. Maize silage production increased by 9 percent to a record 1.39 million tonnes (about 119,700 tonnes of dry matter). In contrast, maize grain production fell by 14 percent compared with 2024.

For cereal production, overall planted area was up slightly, but yields were down by an average of around 4 percent.

Maize silage stood out in 2025. A 9 percent increase in planted area drove production up by 120,000 tonnes, while yields remained similar to 2024. Feed barley production rose by 13 percent (33,000 tonnes), supported by a 15 percent increase in area planted. By contrast, milling wheat and maize grain production declined by 13–14 percent, driven by similar falls in planted area and weaker yields.

Weather and cost pressures are influencing grower decisions

Over the past two seasons, wet weather has made arable farming more challenging, especially at harvest. In some regions, this has reduced yields and quality, with export crops such as ryegrass and clover seed as well as pulses like peas the most affected. Vegetable seed producers were also affected but maintained margins because export prices remained high. This suggests higher global prices have helped mitigate higher costs.

Rising costs and uncertainty about the market, including reduced vegetable-processing capacity and fewer crop options, are also affecting on-farm decisions. Some growers are changing crop mixes, using fewer inputs, or delaying investment after recent food-processing plant closures. This shows how arable returns depend on local demand, especially from the dairy sector (maize silage) and processing capacity.

Record global supply limits domestic price recovery

Global oversupply continues to weigh on grain cereal prices and limit recovery. Record production from South America, Western Europe, and the Black Sea is keeping grain prices low and weighing on returns for cereals and herbage seed. Even with good on-farm productivity earlier in the season, lower international prices are capping upside and reinforcing margin pressure for bulk commodities.

At the same time, New Zealand's arable sector is making a clear shift towards higher-value systems. Growers are moving away from low-margin bulk grains towards contracted seed, IP-protected varieties, and more specialised products. This shift reflects commercial reality rather than retreat. Future growth is more likely to come from innovation, productivity gains, and value per hectare than from expanding planted area.

Domestic demand remains a weak point. Pressure from vegetable-processing capacity and softer feed markets is flowing back to arable growers through lower prices and tighter contract terms. When processing capacity shrinks, growers feel the impact quickly.

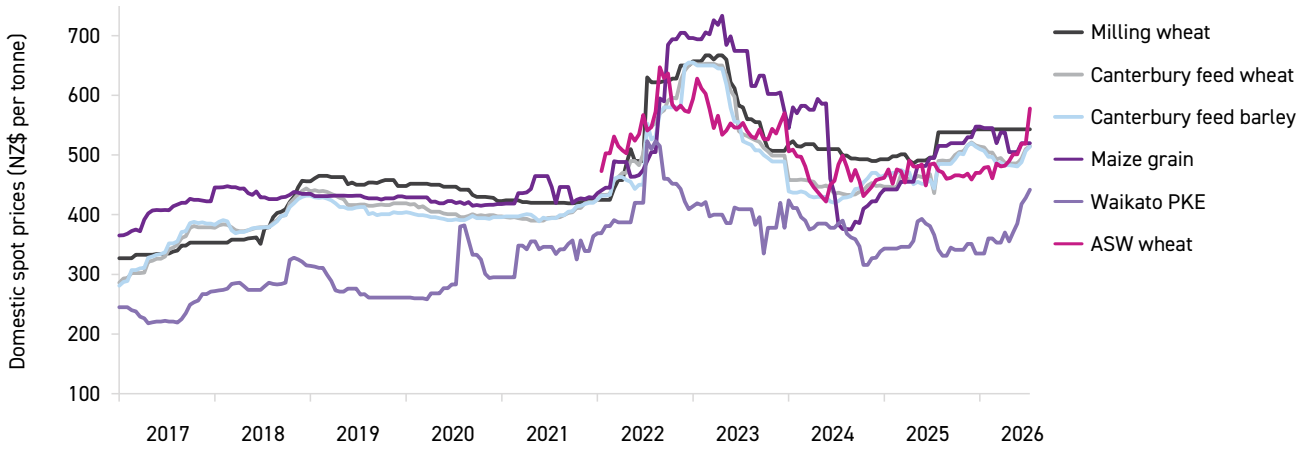
Maize and PKE prices rise while other grains stabilise

Since mid-2025, domestic grain and feed prices have generally trended upwards, although the pattern varies across products (Figure 49). Feed grains such as wheat, barley, and oats have lifted steadily, reflecting firm demand and tighter supply conditions. In contrast, milling wheat and maize prices have been relatively stable, suggesting more balanced market conditions.

Imported products are driving much of the recent price pressure. ASW wheat and PKE have both risen steadily and recorded sharp increases in recent weeks, highlighting New Zealand's exposure to world markets. Overall, the price dynamic points to a gradual tightening in feed markets, with import costs playing a key role in lifting domestic prices.

Looking ahead, maize and feed inputs, including imported Australian wheat, barley, and Southeast Asian PKE, are likely to face stronger price pressure due to firm feed demand and higher import costs. In contrast, domestic wheat and other feed grains are expected to remain relatively stable, although they have increased in recent weeks, reflecting more balanced local supply and increased trade costs. Prices could rise further if global or regional supply continues to tighten, with additional pressure from higher import costs and weather risks such as El Niño.

Figure 49: Diverging price trends across domestic grain markets
Year to 31 December, domestic spot prices, NZ$ per tonne



Source: NZX Grain and Feed Insight.

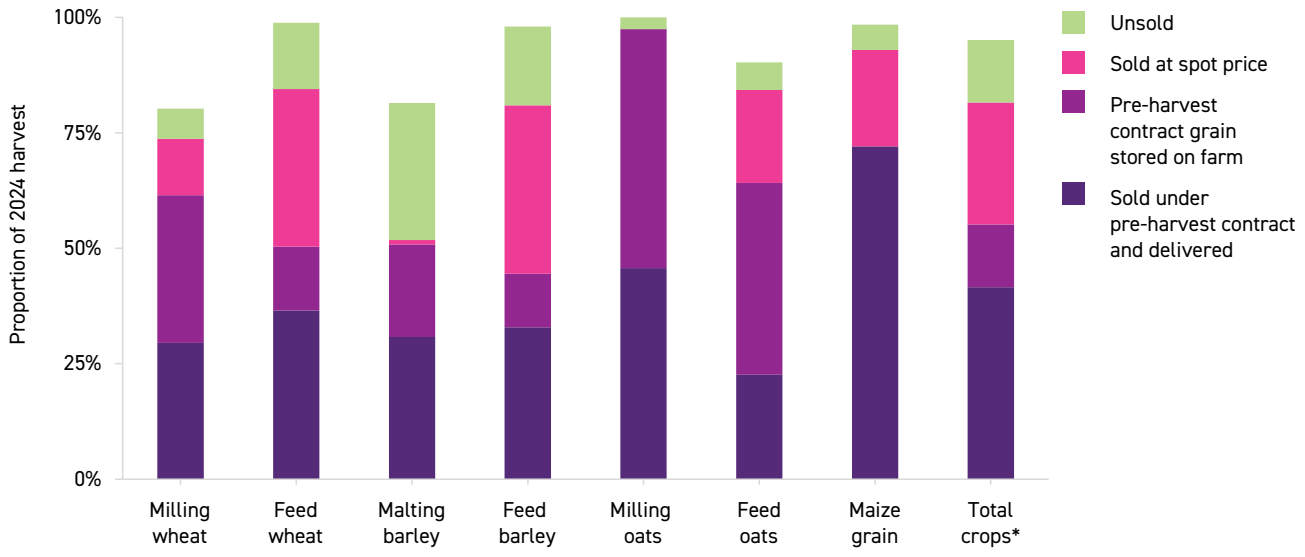
High stocks easing towards balance

Domestic stocks started high but are being drawn down quickly, while slightly lower planting signals a more balanced and uncertain market ahead, supporting stable to slightly firmer prices (Figure 50).

Based on the latest Foundation for Arable Research AIMI survey, the sector entered the season with strong inventory levels, particularly in feed grains. Since then, solid early-season demand has reduced these stocks, showing that the market remains active. At the same time, slightly lower planting intentions and reduced forward selling suggest growers are becoming more cautious.

Taken together, these signals point to a market that is moving away from oversupply towards a more balanced position. While existing stocks continue to provide a buffer, tighter supply conditions ahead may place some upward pressure on prices if demand remains steady.

Figure 50: Large share of sold grain remains on farm
As of 31 October 2025, proportion of harvest



* Excluding maize silage.
Source: Foundation for Arable Research (FAR), AIMI Survey of Cereal Areas and Volumes (10 October 2025 and 2024), and AIMI Survey of Maize Areas and Volumes (31 October 2025 and 2024).

Arable export revenue expected to weaken in the short term before recovering

Arable exports continue to rely on high-value seed markets. Demand remains relatively stable, particularly for vegetable seed, reflecting New Zealand's strength in quality, biosecurity, and genetics. Actual exports have been subdued, largely due to weather impacts and strong global competition. Although ryegrass exports have been weak, there are early signs of improving market conditions, suggesting a cautious lift in demand ahead.

Between March 2025 and March 2026, arable export earnings fell by 8 percent. The decline mainly reflects lower earnings from vegetable seed and clover seed, following sharp year-on-year drops. Poor weather, particularly during harvest, reduced legume seed yields, while global inventories have partly replaced reduced New Zealand supply. Vegetable seed demand also softened, putting downward pressure on prices.

In 2025/26, total arable export revenue is expected at about $325 million, 4 percent lower than the previous year (Figure 51). Weaker returns from vegetable seed and clover seed are the main drivers. Although vegetable seed revenue remains higher than two seasons ago, export volumes are expected to fall later this season before recovering next season.

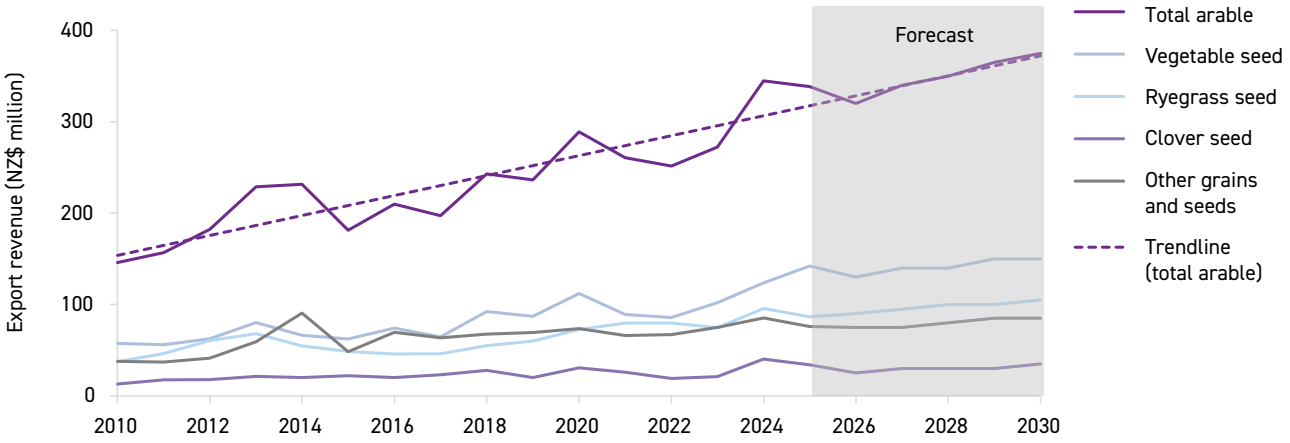
Clover seed demand remains moderate to firm, but New Zealand supply is very limited. Adverse weather significantly reduced the white clover harvest, lowering both yields and availability. As a result, many buyers have shifted to alternative supply regions or other legume species. Clover seed export revenue is expected to decline further in the coming months.

Ryegrass seed demand is expected to increase, driven by lower inventory levels in Europe, particularly for lower-grade grasses supplied by New Zealand. Demand is likely to strengthen through early to mid-2027 as European growers rebuild stocks. In contrast, demand from the US remains weak due to high inventories, while Chinese demand is low and sensitive to trade conditions. New Zealand's 2026 ryegrass crop was smaller and lower quality, which may limit the ability to meet any additional demand.

Logistics risk is becoming a bigger part of the export story. Freight disruptions, higher insurance costs, and longer transit times are increasing working capital needs and delivery risk. This matters most for seed exporters, where contract reliability and timely delivery are critical to maintaining trust and market position. While demand remains strong, exporters face higher downside risk exposure.

Arable export revenue is expected to recover gradually. Assuming average seasonal conditions and easing global uncertainty, total export revenue is forecast to grow by about 3–5 percent over the next few years, reaching over $350 million by 2027/28.

Figure 51: Short-term weakness with gradual growth forecast for arable exports
Year to 30 June, export revenue, NZ$ million



Source: Stats NZ and MPI.

From short-term disruption to long-term positioning

Looking ahead, weather and geopolitics will continue to drive uncertainty through 2026/27. Some growers in key regions are converting or considering a shift to dairy or other pastoral systems, while others are adjusting their enterprise mix, including more livestock integration such as lamb finishing and dairy grazing. At the same time, the loss of some horticulture options may see land return to arable or shift into dairy support, partly offsetting these changes in the near term.

As much of the converted land was previously used for pasture seed or lower-margin crops, any net shift out of arable is likely to reduce export supply from next season onwards. Over time, the sector is likely to move towards higher-value, more specialised production.

In the longer term, the sector retains a strong base of skilled growers supported by an established industry network. Improved returns will be important to retain capacity, but if profitability recovers, many growers are likely to remain, supporting a more positive outlook focused on lifting value per hectare rather than expanding area.

PROCESSED FOOD AND OTHER PRODUCTS

» Export revenue for processed food and other products is expected to increase 5 percent to reach $3.5 billion in the year to 30 June 2026. This is up from the forecast in December due to higher-than-expected export revenue from innovative processed foods, honey, cereal products, and sugar and confectionery products.

» Honey export revenue is expected to increase 8 percent to $460 million in 2025/26. Export volumes to the US have increased significantly in the year to date, as some US retailers have begun stocking mānuka honey varieties more widely to appeal to the mass market. However, the average price received has declined in the process, putting pressure on exporters' margins. While demand is expected to remain strong in the US, honey exporters will have to face difficult business decisions in 2026/27 due to rising costs for diesel, freight, and plastics.

» These increases will be partially offset by decreased exports of other products (most notably soft drinks) to Australia. Flow-on impacts on trade from the Middle East conflict are also expected to affect export volumes of various niche food products to smaller and more distant export destinations, further contributing to the decline in exports from other products.

» Export revenue for processed food and other products is forecast to remain flat in 2026/27. Slight declines in export volumes for many categories are forecast to be offset by higher export prices as a result of food price inflation and a favourable NZD/USD exchange rate. Growth is expected to continue in 2027/28 and across the remainder of the forecast period.

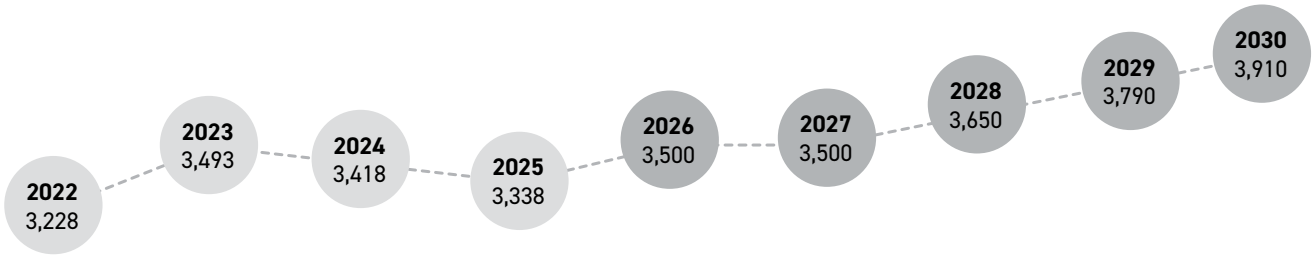


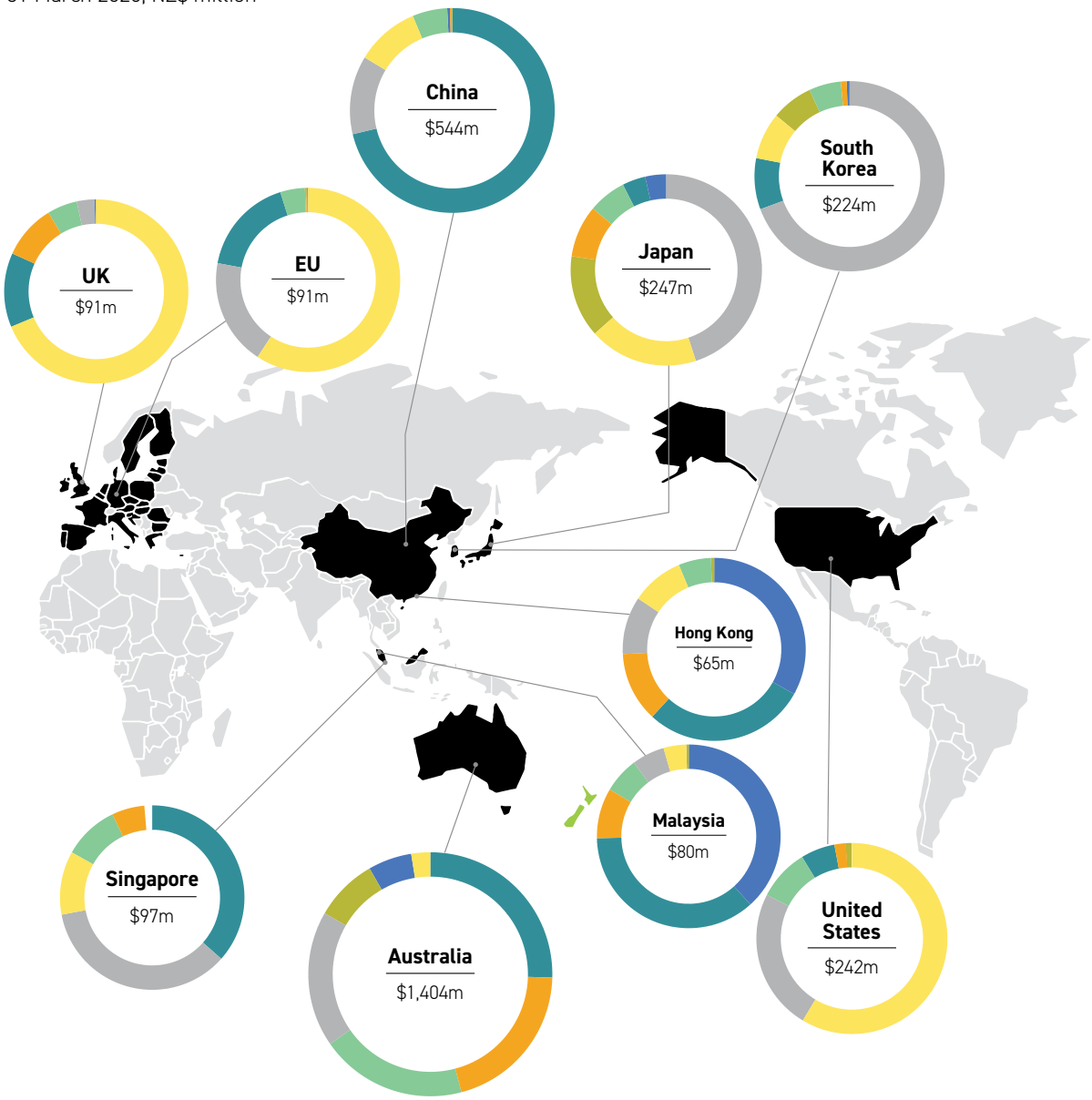
Table 18: Processed food and other products export revenue 2022–30
Year to 30 June, NZ$ million

	Actual				Forecast				
Product	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Innovative processed foods	680	810	865	868	960	940	990	1,020	1,050
Sugar and confectionery products	312	394	396	411	460	470	480	500	520
Honey	455	379	419	426	460	450	480	500	520
Cereal products	296	329	323	348	390	400	410	420	430
Live animals*	474	486	208	164	190	200	200	210	210
Soups and condiments	176	210	190	194	190	200	200	200	210
Other products**	835	884	1,017	927	840	850	890	930	970
Total export revenue	**3,228**	**3,493**	**3,418**	**3,338**	**3,500**	**3,500**	**3,650**	**3,790**	**3,910**
Year-on-year % change	**5%**	**8%**	**-2%**	**-2%**	**5%**	**0%**	**4%**	**4%**	**3%**

* Includes horses, cattle, poultry, goats, and other animals.
** Includes beverages, vegetable-based dyes, and spices.
Totals may not add up due to rounding.
Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

Top 10 processed food and other products export destinations

Year to 31 March 2026, NZ$ million



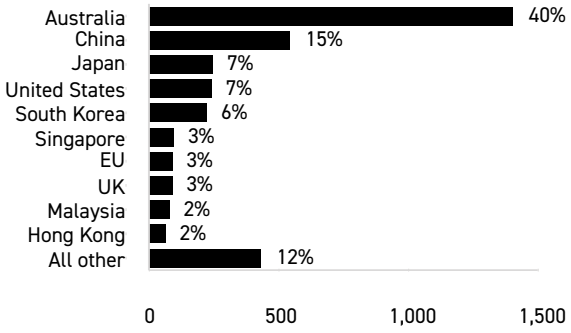
	Product	Export revenue (NZ$ million)	% of total
	Innovative processed foods	972	28%
	Honey	472	13%
	Sugar and confectionery products	466	13%
	Cereal products	389	11%
	Soups and condiments	192	5%
	Live animals	175	5%
	Other products	850	24%
	Total	**3,516**	**100%**

Totals may not add up due to rounding.
Source: Stats NZ.

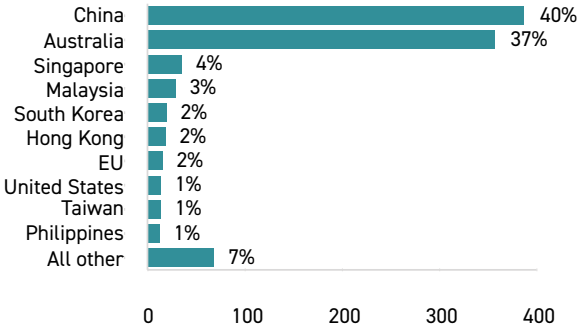
Top processed food and other products export markets

Year to 31 March 2026, NZ$ million and percent

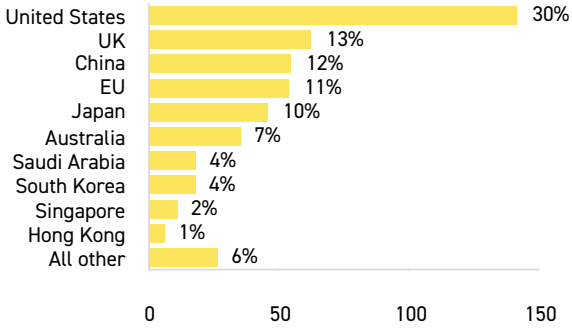
Total processed food and other products



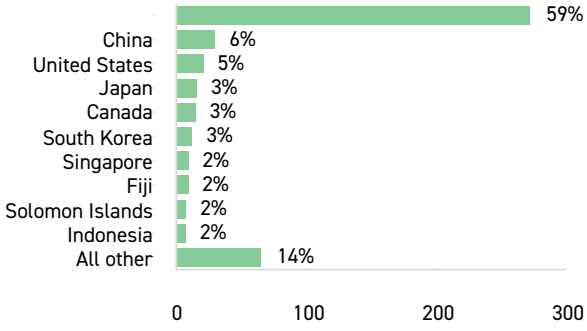
Innovative processed foods



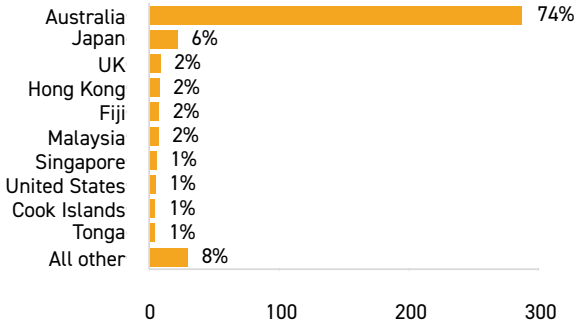
Honey



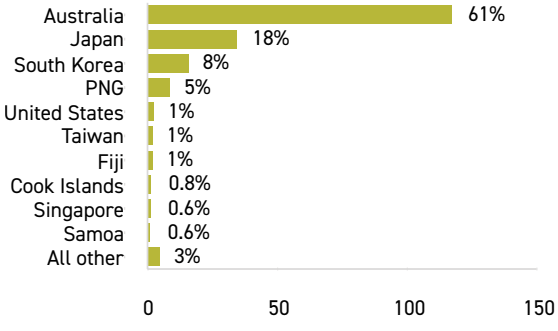
Sugar and confectionery products



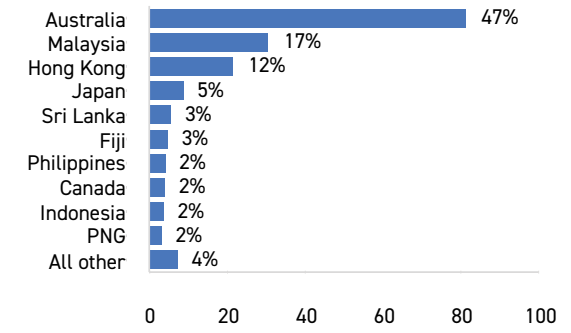
Cereal products



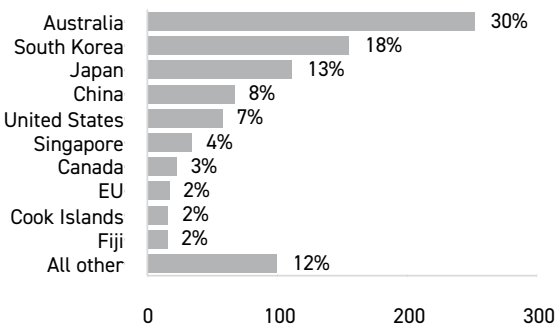
Soups and condiments



Live animals



Other products



Source: Stats NZ.

Strong export revenue growth is expected across many processed food categories

Export revenue growth is expected across several processed food categories in the year to 30 June 2026, led by innovative processed foods, cereal products, and sugar and confectionery products. However, rising input costs, potential supply constraints, and elevated freight costs as a result of the Middle East conflict are forecast to moderate growth momentum in 2026/27.

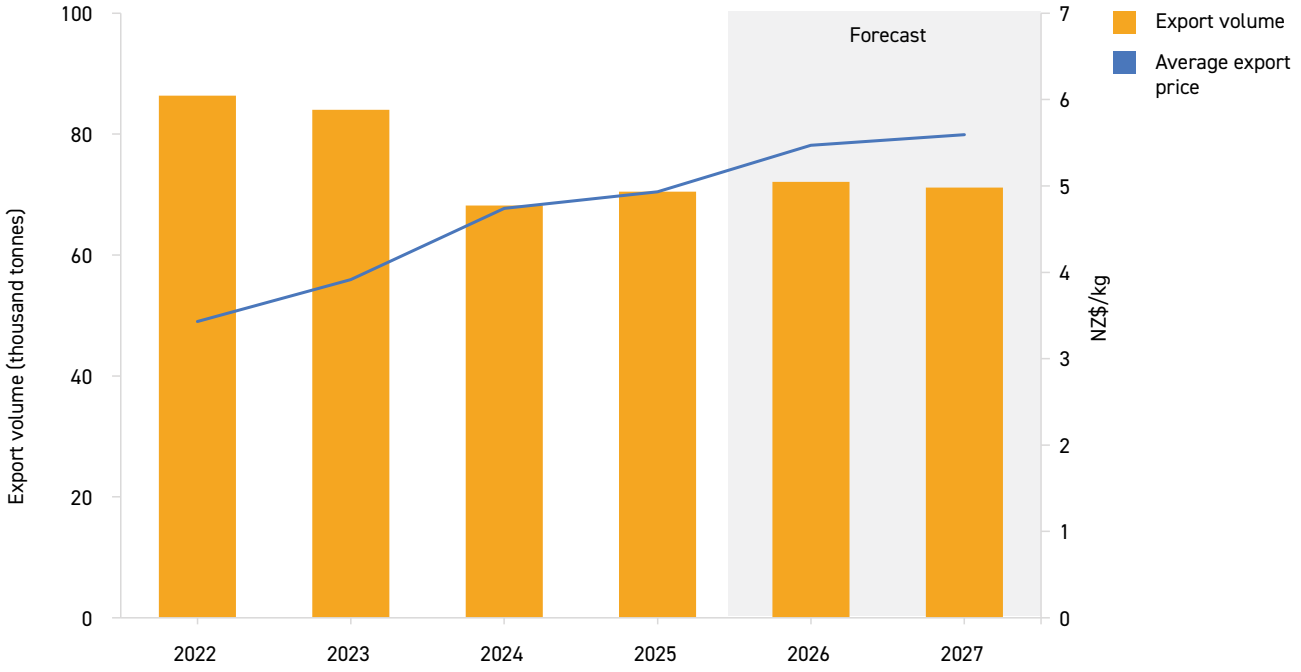
Marked growth for cereal products expected in 2025/26

Continued growth in export prices for biscuits and other baked goods to Australia has driven up export revenue for processed cereal products in 2025/26 (Figure 52), leading to an expected 14 percent increase to $390 million.

In 2026/27, higher input costs and less-predictable ingredient supply could affect production consistency and planning, slowing export volumes while placing upward pressure on export prices. While some of these input cost increases may be passed on to buyers, higher prices are likely to dampen demand for premium processed products containing cereals, creating a trade-off and putting pressure on processors' margins. As a result, export revenue is forecast to increase only marginally to $400 million in 2026/27, with a slight dip in volumes being offset by higher average prices.

While global stocks of grain cereals are currently high, extreme El Niño conditions expected over the next year could reduce raw input supply across the northern hemisphere. Meanwhile, fertiliser shortages and drought are likely to constrain Australian grain cereal production for the next season. Together, these supply-side pressures are expected to lift cereal prices and increase the risk of supply disruptions over the longer term. The resulting tighter supply of cereals and a subsequent rise in raw input prices are likely to limit growth in export revenue from processed cereal products over the forecast period.

Figure 52: Average export price for cereal products to rise by 11 percent in 2025/26, driving export revenue growth
Year to 30 June, export volumes and prices, thousand tonnes and NZ$/kg



Source: Stats NZ and MPI.

Export revenue for sugar and confectionery products forecast to maintain some momentum but with slower growth

Chocolate exports continue to perform strongly in 2025/26. Export volumes to Australia, which accounted for 84 percent of total chocolate export volumes in 2024/25, increased by 10 percent in the year to date, while export volumes to Canada increased by 48 percent, supported by growing brand recognition in North America. A higher average export price has further lifted export revenue from chocolate.

After a dip in 2024/25, export volumes of chocolate and other confectionery to the US have also grown modestly, likely reflecting a partial recovery from the disruption caused by the evolving US tariff policies and unpredictable global trade environment. As a result of these lifts in export volumes to a range of markets, total export revenue for sugar and confectionery products is expected to grow by 13 percent to $460 million in 2025/26.

While further growth is forecast in 2026/27, elevated shipping costs and possible substitution by importers are expected to stunt export volume growth. A rise in input prices for sugar and cocoa would also increase domestic production costs, with potential spillovers into higher retail prices that could weaken consumer demand for New Zealand chocolate and confectionery. Export volumes are therefore expected to ease slightly, but higher average prices are forecast to maintain revenue growth. Export revenue from sugar and confectionery products is expected to increase by 1 percent to $470 million in 2026/27, with modest growth continuing over the forecast period.

Innovative processed foods will be the largest contributor to revenue growth in 2025/26 and over the longer term

Export revenue from innovative processed foods, a category that includes many nutritional supplements and formulas, is expected to increase 10 percent to reach $960 million in 2025/26. A 39 percent increase in export volumes to China in the first nine months has seen China surpass Australia as the largest market by value for these products. Smaller volume increases to Singapore and Hong Kong, along with higher export prices to Australia, have also contributed to the lift in revenue.

In 2026/27, this sharp revenue growth is forecast to moderate slightly, with export revenue declining 2 percent to $940 million, due largely to easing export volumes to China and some Southeast Asian markets. Export revenue is forecast to return to an upward trend over the longer term, surpassing $1 billion by 2028/29, driven by underlying demand growth in China and Australia.

Soft drink exports to Australia have declined

Export volumes of soft drinks to Australia have continued to decline, at a faster rate than expected, likely due to the production of popular New Zealand drinks brands being established in Queensland from mid-2025. This will contribute to an expected 9 percent decrease in export revenue from the other products category to $840 million in 2025/26.

This marked decline has been slightly offset by increased export volumes of soft drinks to the Pacific Islands in the year to date as well as continued increases in export revenue from other flavoured beverages.

Exports of various niche food products are expected to be impacted by the flow-on effects of the Middle East conflict. This will disproportionately affect those products exported by smaller companies to a range of global destinations in relatively low volumes, where increased freight costs could prompt decisions to stop importing those products temporarily.

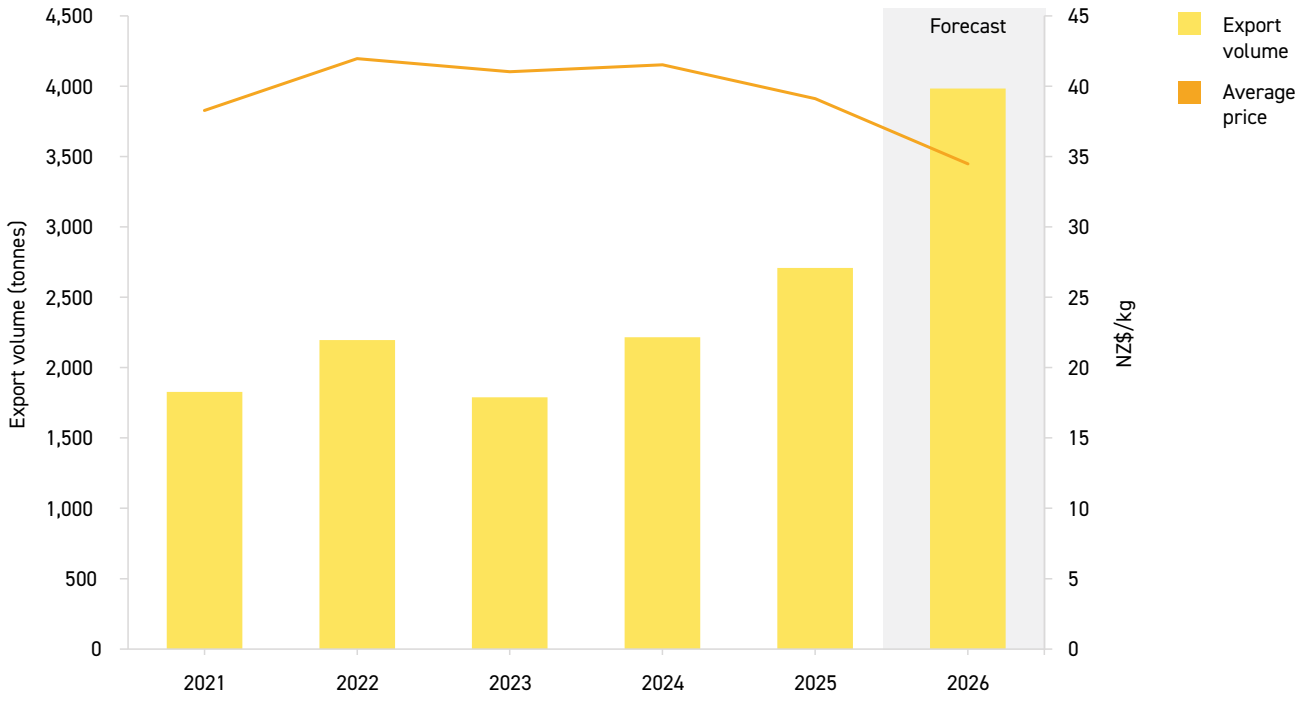
Despite a slight decline in overall export volumes, export revenue for the other products category is forecast to increase 1 percent in 2026/27 to $850 million, with general food price inflation pushing up average export prices across most products.

Honey revenue expected to rise on the back of strong demand from US retailers

Honey export revenue is expected to increase 8 percent to $460 million for the year to 30 June 2026, driven largely by significant volume increases to the US. However, export revenue from markets in the Middle East, which accounted for 6 percent of honey export revenue in 2024/25, is expected to be reduced due to trade disruption during the first half of 2026.

A few large retailers in the US have been importing mānuka honey at unprecedented volumes, likely to appeal to a wider range of consumers. Early indications suggest the move has been successful, as demand remained resilient through the March 2026 quarter, when New Zealand honey exports usually soften. While this has been positive overall for honey exporters, the increased volumes to the US have been achieved through lower average prices (Figure 53). This has put added pressure on margins, and honey exporters will need to find ways to increase their cost-efficiency due to higher input costs throughout 2026/27.

Figure 53: A sharp increase in mānuka honey export volume to the US in 2025/26 as average price dips
Year to 30 June, mānuka honey export volume and average price to the US,* tonnes and NZ$ per kg



* Includes monofloral and multifloral mānuka honey.
Source: Stats NZ and MPI.

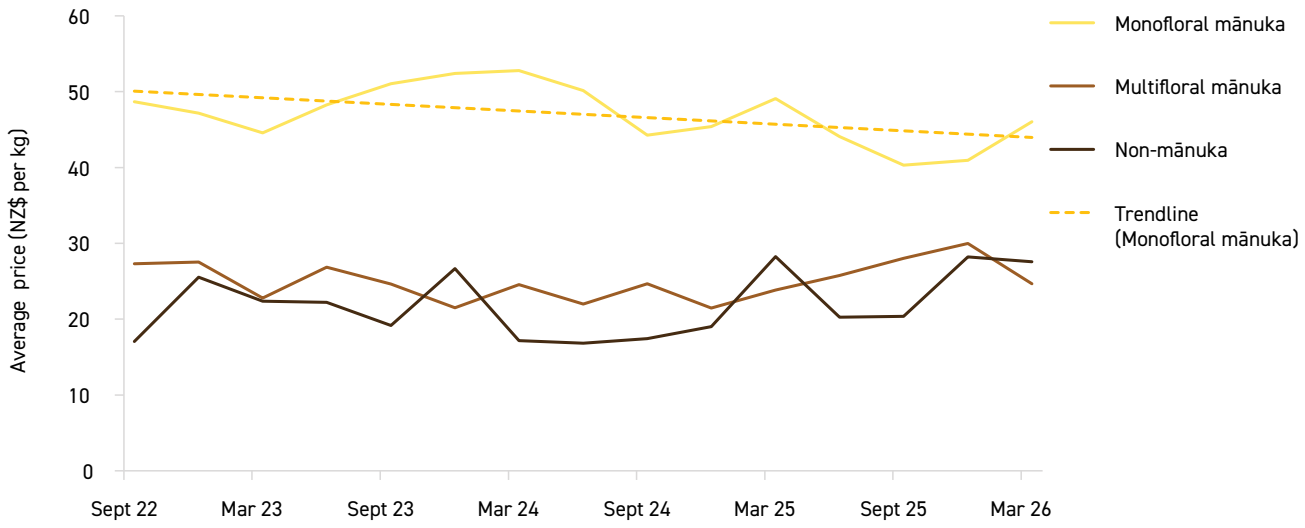
In 2026/27, export revenue is expected to decrease by 3 percent to $450 million, driven by a small impact on export volumes due to changes in consumer behaviour from price inflation. On top of this, production volumes could be constrained due to elevated input costs as well as unfavourable weather during the peak harvest season in early 2026. However, the average export price for monofloral mānuka honey increased 12 percent in the March 2026 quarter (Figure 54). If higher average prices can be maintained throughout 2026/27, this could provide potential upside to the forecast.

Looking further ahead, demand from the US is expected to remain strong. However, decreasing hive numbers may affect New Zealand honey producers' ability to meet this demand.

Hive counts have been declining over several seasons, bringing production closer to equilibrium with export volumes. At the same time, the large inventories previously held by the sector have reportedly now been largely depleted.

Producers therefore face a decision on whether expansion is financially viable in the context of elevated input costs, particularly for diesel and plastic hive components. Honey exporters have limited capability to pass these higher costs on to US retailers, who are reluctant to raise shelf prices and risk dampening sales. As a result, New Zealand honey exporters could have difficulty bargaining for higher prices to maintain profit margins. Despite these cost pressures, export revenue is forecast to increase gradually through to 2029/30 if production can continue to meet the growing demand.

Figure 54: Monofloral mānuka honey prices rose in the March 2026 quarter but remain below historical levels
Year to 30 June, average price, NZ$ per kg



Source: Stats NZ and MPI.

Table 19: Honey prices, volumes, and revenue 2022–25
Year to 30 June

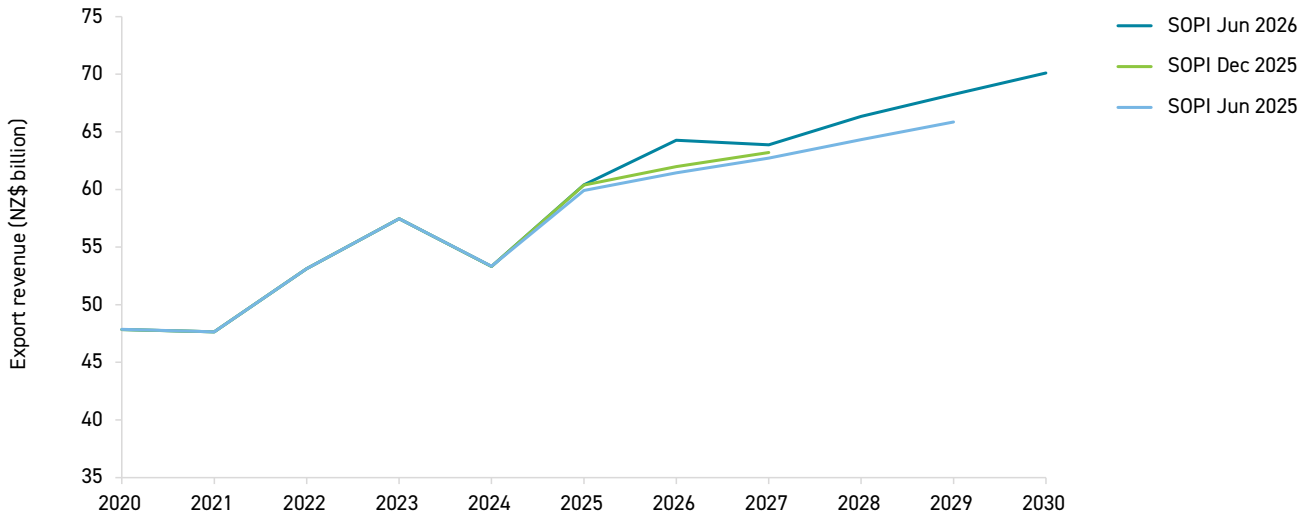
	Actual			
	2022	2023	2024	2025
Honey production (tonnes)	22,000	12,000	17,500	15,500
Export volume (tonnes)	11,320	9,880	10,250	11,206
Average export price (NZ$/kg)	40.19	38.36	40.89	38.05
Total export revenue (NZ$ thousand)	**454,968**	**379,015**	**419,169**	**426,398**
Year-on-year % change	**-5%**	**-17%**	**11%**	**2%**

Percentages are rounded to the nearest whole percent.
Source: Stats NZ and MPI.

FORECAST TRACKING

Export revenue for the year to 30 June 2026 has been revised upwards by 5 percent compared with the forecast in December 2025 (Figure 55). This higher than expected increase sees the forecasts for the 2026/27 year tracking above the previous 2 forecasts, despite a 1 percent dip in revenue. Individual sector revisions are shown in Table 20.

Figure 55: MPI export revenue forecasts
Year to 30 June, export revenue, NZ$ billion



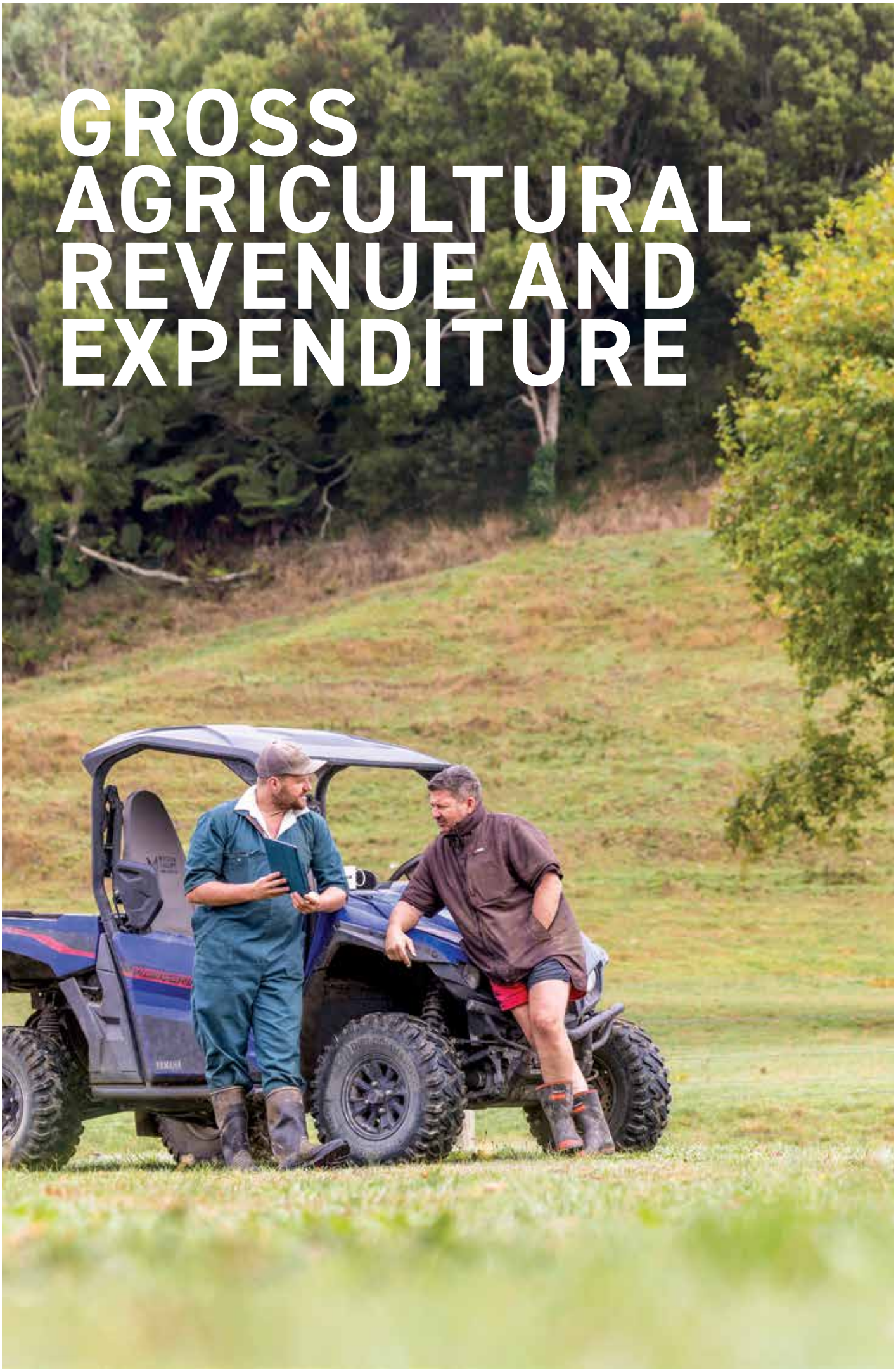
Source: Stats NZ and MPI.

Table 20: Export revenue forecast comparison 2021–29
Year to 30 June, NZ$ million

		Actual					Forecast			
	Forecast round	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Dairy	Jun 2026	19,055	21,998	26,008	23,231	27,151	28,590	27,850	29,230	30,450
	Jun 2025	19,055	21,998	26,008	23,231	27,010	27,800	28,270	29,230	30,130
	Difference	0%	0%	0%	0%	1%	3%	-1%	0%	1%
Meat and wool	Jun 2026	10,376	12,323	12,151	11,367	12,360	14,140	14,290	14,790	14,930
	Jun 2025	10,376	12,323	12,151	11,367	12,310	12,680	12,870	12,890	12,930
	Difference	0%	0%	0%	0%	0%	12%	11%	15%	15%
Horticulture	Jun 2026	6,579	6,825	7,088	7,078	8,815	9,470	9,760	10,030	10,360
	Jun 2025	6,579	6,825	7,088	7,082	8,480	8,620	9,100	9,440	9,810
	Difference	0%	0%	0%	0%	4%	10%	7%	6%	6%
Forestry	Jun 2026	6,499	6,578	6,353	5,748	6,170	6,100	5,950	6,090	6,150
	Jun 2025	6,499	6,578	6,353	5,748	6,250	6,350	6,450	6,530	6,600
	Difference	0%	0%	0%	0%	-1%	-4%	-8%	-7%	-7%
Seafood	Jun 2026	1,789	1,919	2,097	2,141	2,224	2,150	2,190	2,190	2,210
	Jun 2025	1,789	1,919	2,097	2,141	2,180	2,180	2,200	2,280	2,360
	Difference	0%	0%	0%	0%	2%	-1%	0%	-4%	-6%
Arable	Jun 2026	261	252	272	345	338	325	340	355	365
	Jun 2025	261	252	272	345	340	340	350	360	370
	Difference	0%	0%	0%	0%	0%	-4%	-3%	-1%	-1%
Processed food and other products*	Jun 2026	3,087	3,228	3,493	3,418	3,338	3,500	3,500	3,650	3,790
	Jun 2025	3,087	3,228	3,493	3,416	3,380	3,460	3,480	3,570	3,670
	Difference	0%	0%	0%	0%	-1%	1%	1%	2%	3%
Total export revenue	**Jun 2026**	**47,645**	**53,123**	**57,462**	**53,327**	**60,396**	**64,280**	**63,880**	**66,350**	**68,250**
	Jun 2025	**47,645**	**53,123**	**57,462**	**53,330**	**59,940**	**61,430**	**62,720**	**64,310**	**65,860**
	Difference	**0%**	**0%**	**0%**	**0%**	**1%**	**5%**	**2%**	**3%**	**4%**

* Includes live animals, honey, and processed food.
Some values for horticulture and processed food and other products have been updated due to revisions by Stats NZ.
Totals may not add up due to rounding.
Forecast revenue for 2030 can be found in Table 1.
Source: Stats NZ and MPI.

GROSS AGRICULTURAL REVENUE AND EXPENDITURE



The food and fibre sector's direct contribution to GDP declined 7 percent to $33.6 billion in the year to 31 March 2024,[15] driven by declining export revenue and increasing operating costs. Increased export revenue is expected to see GDP contribution increase 19 percent to $40.1 billion in 2024/25 (Figure 56), returning to a more normal 10.1 percent of total GDP. Over the past decade, core production industries made up approximately 6 percent of New Zealand's total GDP,[16] while related processing/manufacturing industries added a further 5 percent to GDP. Contribution to GDP is the value added to the economy and is calculated as the gross revenue an industry receives, less the amount spent on in creating that revenue.

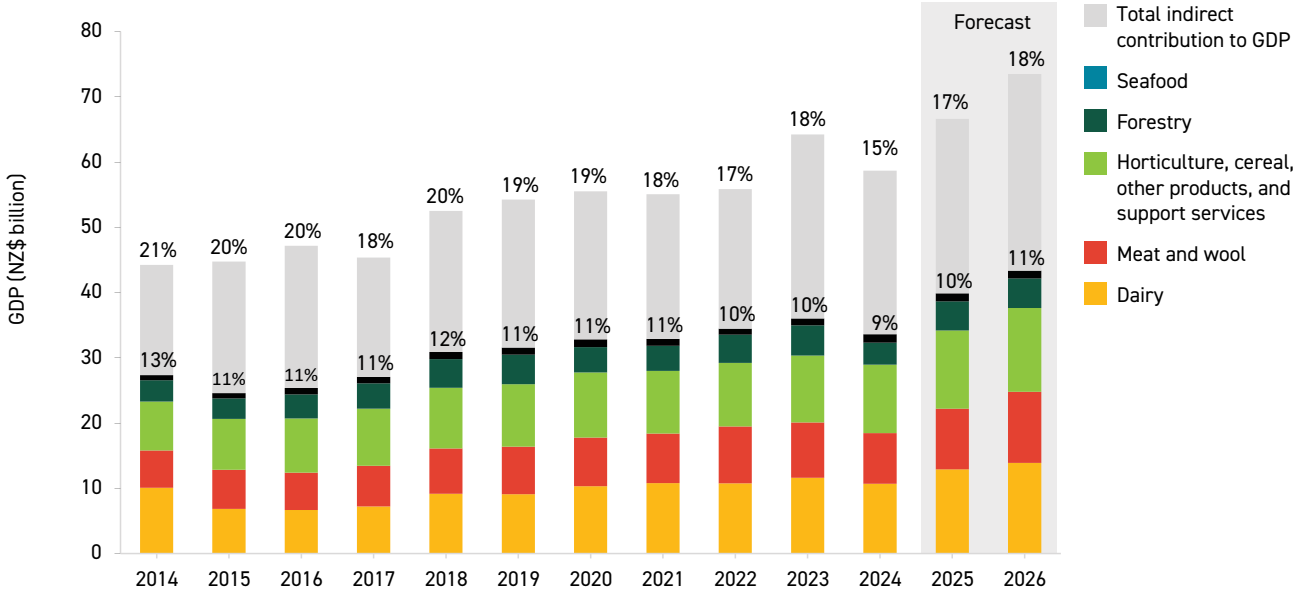
The food and fibre sector consists of seven core production and eight processing industries. Dairy cattle farming leads the group with an annual average contribution to the sector's GDP of 20 percent, followed by sheep, beef cattle, grain farming, and dairy product manufacturing.

The sector's contribution to the economy extends beyond the direct GDP values. Activities in the agri-food sector have flow-on effects across the wider economy. For example, the dairy value chain includes storing, transporting, processing, packaging, and retailing milk for final consumption. The industry also affects other sectors of the economy as it uses outputs of industries such as transportation and warehousing and is supported by other services like finance, legal, and accounting.

Using Stats NZ's latest input-output tables (2020), which show the relationships between industries, the goods and services they produce, and who uses them, and the latest GDP data by detailed industry, the food and fibre sector had an estimated $25.0 billion in indirect GDP contribution in 2023/24. This brings the overall GDP contribution to $58.7 billion or a 15 percent contribution to total GDP in 2023/24.

The processing industries were linked to 85 percent of indirect contribution to GDP compared with only 50 percent of direct contribution to GDP. Forestry and logging generated the highest indirect GDP contribution among the production industries ($943 million). Dairy and meat product manufacturing had a combined contribution of $14.3 billion, up from $8.5 billion in 2021/22, accounting for 53 percent of the total indirect value added from the food and fibre sector. The beverage and tobacco industry was also one of the key contributors with $2.3 billion in indirect GDP contribution.

Figure 56: Food and fibre expected to recover after 2024 decline
Year to 31 March, GDP in NZ$ billion and percentage of total New Zealand GDP all industries



Sectors include direct contribution from production and processing.
Source: Stats NZ and MPI.

15. National Accounts (Industry Production and Investment) data to 31 March 2024 were released by Stats NZ in November 2025 and are the latest available at time of writing.
16. Total contribution to GDP of all industries.

Agriculture sector revenue and expenditure

Detailed data on agricultural revenue, which includes livestock, arable and horticultural farming, are part of the national accounts published by Stats NZ and show the gross revenue received by agricultural businesses and their expenditure or intermediate consumption (Table 21). The latest national accounts data to 31 March 2024 show that, since 2016, the agricultural sector's gross revenue increased 55 percent to $33.0 billion (Figure 57). Decreasing dairy farm revenue saw this figure fall 2 percent from 2021/22. Continued lower farmgate milk prices in 2023/24 combined with falling meat prices and a poor season for fruit exports drove gross revenue to fall a further 4 percent in 2023/24. Recovering export revenue is expected drive a 22 percent increase in 2024/25.

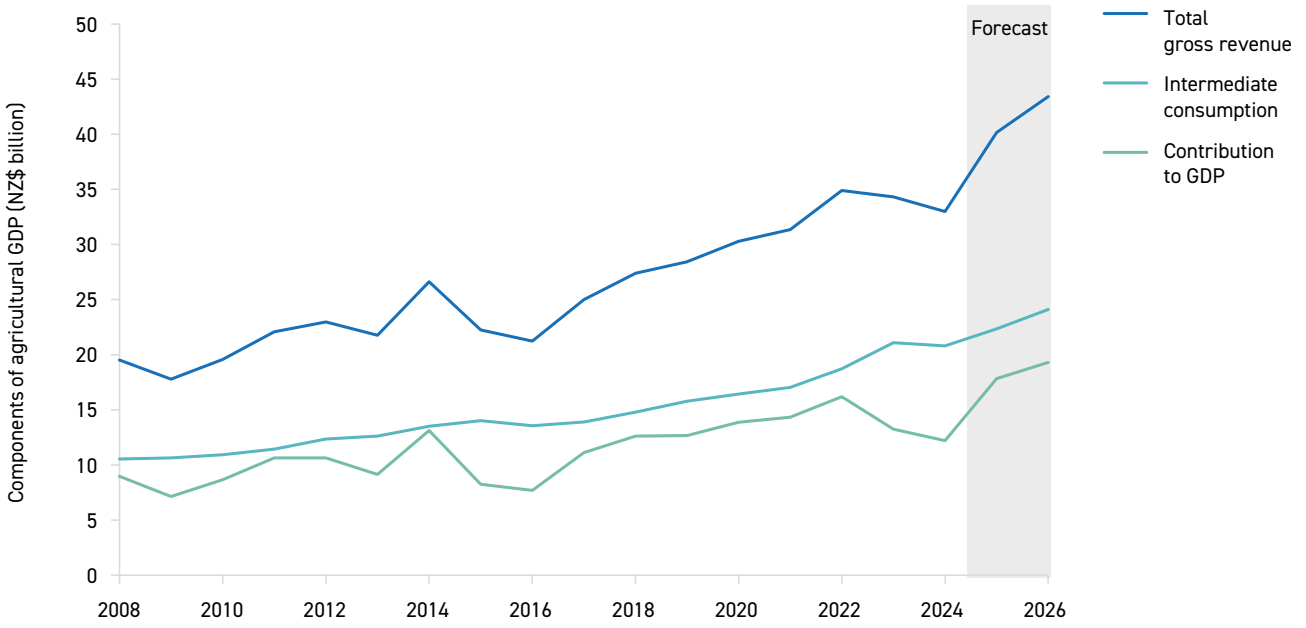
Agricultural sector income is closely linked to export income, as are seafood and forestry income (which are not included in the agricultural accounts). Because a high proportion of agricultural production is exported, export revenue forecasts have a direct effect on farmers' and growers' incomes and the level of wealth in the sector.

Intermediate consumption increased 53 percent to $21 billion over the 2016–24 period, but dipped 1 percent in 2023/24 with lower returns driving less spending on inputs such as fertiliser, feed, and livestock purchases. The largest contributor to intermediate consumption was still feed and grazing at 22 percent of the total across the whole sector, followed by fertiliser lime and seeds at 14 percent.

Increasing intermediate consumption costs combined with falling revenue have seen contribution to GDP fall by 8 percent in 2023/24, which follows an 18 percent drop in 2022/23. This situation is expected to reverse in 2024/25 where a forecast 22 percent increase gross revenue combined with only an 8 percent increase in intermediate consumption sees contribution to GDP forecast to lift 46 percent. Intermediate consumption tends to be more stable than gross revenue as it includes fixed operating costs and overheads.

Factoring in wages and interest payments, which are both expected to have increased, as well as depreciation and taxes means agricultural sector income is estimated to have fallen 32 percent to $3.4 billion in 2023/24, the lowest level since 2016 (Table 21), and follows a 48 percent drop the precious year. These two years have shown that, while overall food and fibre sector GDP has been relatively steady, led by export revenue and the processing sector, farmers and growers have been squeezed by lower farmgate revenue and higher operating costs. 2024/25 should see a welcome lift in farm incomes as exports and farmgate revenue recover. 2025/26 and 2026/27 are expected to see even higher incomes across the sector as the Fonterra capital return of $3.2 billion from the sale of the Mainland Group boosts dividend payments, along with forecast strong gross revenue. In 2026/27, increased cost inflation related to the Middle East conflict is likely to boost intermediate consumption, eroding some of the contribution to GDP and flowing through to a dip in agricultural income.

Figure 57: Increasing expenses and declining revenue saw agricultural production contribution to GDP decline in 2023 and 2024
Year to 31 March, components of agricultural GDP in NZ$ billion



Source: Stats NZ.

Table 21: Gross agricultural revenue and expenditure 2022–30
Year to 31 March, NZ$ million

	Actual			Estimate	Forecast				
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Dairy	17,564	16,138	15,546	19,780	20,550	19,330	20,580	21,230	21,550
Cattle	3,716	3,783	3,693	3,940	4,340	5,010	5,290	5,290	5,170
Sheepmeat	3,266	3,255	2,739	2,930	3,660	3,480	3,460	3,550	3,660
Wool	427	376	397	450	500	490	520	520	530
Deer	247	270	247	240	160	160	170	170	170
Pigs	195	206	218	240	190	190	190	190	190
Poultry/eggs	214	221	265	260	280	290	290	300	300
Other farming	183	181	190	200	240	250	260	260	260
Sales of live animals	1,313	1,355	993	1,060	1,240	1,310	1,350	1,360	1,360
Value of livestock change	-284	-294	-127	30	-40	-80	-40	-60	-60
Fruit	4,604	5,046	4,915	6,730	8,140	8,660	8,880	9,070	9,390
Vegetables	1,231	1,432	1,584	1,690	1,580	1,530	1,530	1,600	1,660
Other horticulture	688	672	637	680	640	610	620	640	670
Crops and seeds	767	861	874	920	850	900	870	970	1060
Agricultural services	238	257	272	330	360	360	370	380	390
Non-farm income	529	557	552	670	730	720	750	770	790
TOTAL GROSS REVENUE	**34,898**	**34,316**	**32,995**	**40,170**	**43,420**	**43,210**	**45,100**	**46,260**	**47,100**
Intermediate consumption	18,721	21,086	20,788	22,350	24,100	25,200	26,340	27,340	28,180
CONTRIBUTION TO GDP	**16,177**	**13,230**	**12,207**	**17,820**	**19,310**	**18,010**	**18,760**	**18,920**	**18,910**
Wages	3,079	3,411	3,429	3,510	3,590	3,610	3,640	3,680	0
Depreciation	2,115	2,368	2,513	2,620	2,720	2,830	2,950	3,070	3,190
Net indirect taxes*	1,071	1,240	1,375	1,460	1,590	1,480	1,540	1,560	1,560
OPERATING SURPLUS	**11,072**	**7,470**	**6,276**	**11,750**	**13,070**	**11,630**	**12,230**	**12,230**	**15,780**
Interest paid	2,058	3,152	4,042	2,630	3,300	3,900	3,550	3,450	2,760
Interest and dividends received**	609	726	1190	770	2,370	2,370	770	770	770
AGRICULTURE SECTOR INCOME	**9,623**	**5,044**	**3,424**	**9,890**	**12,140**	**10,100**	**9,460**	**9,550**	**13,800**

* Net indirect taxes are indirect taxes less subsidies.
** Interest and dividends received in 2026 and 2027 include $3.2 billion Fonterra capital return payment, split between each year.
Source: Stats NZ and MPI.

RESOURCES

Economic Intelligence Unit online resources

More primary industry data can be found on the MPI website: **www.mpi.govt.nz/EIU**

Market Insights

Reports that provide insights into consumer preferences and purchasing behaviour as well as in-depth research into the channels that supply them.

Situation and Outlook for Primary Industries

The latest update and underlying data for our outlook on the food and fibre sector plus access to previous SOPI reports.

Farm Monitoring

Data and reports on farm-level production, expenditure, and profit trends of individual primary industry sectors.

Data

A range of publicly available data covering primary industry production and trade.

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