

Voluntary Report – Voluntary - Public Distribution

Date: April 28, 2025

Report Number: NZ2025-0003

Report Name: Grain and Feed Market Situation

Country: New Zealand

Post: Wellington

Report Category: Grain and Feed

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Report Highlights:

New Zealand's grain and feed sector is relatively small on a global scale, producing around 2.1 million metric tons (MMT) annually, well below the country's total demand for feed, leading to the import of approximately 60 percent of its grain and feed needs. Dairy consumption accounts for 75 percent, while poultry makes up another 12 percent. Strong dairy prices and expanding poultry production efficiency have resulted in a steady demand for supplemental feed. This includes imports of palm kernel extract, wheat, soybean meal, and distillers dried grains with solubles (DDGS). However, the grain sector is under pressure from high on-farm inflation, which includes elevated input costs and interest rates. This financial strain has partially offset the advantages of strong milk and meat prices.

Executive Summary:

New Zealand's grain and feed sector is relatively small by global standards, producing around 2.1 million metric tons (MMT) annually. This production falls short of the country's total feed demand. Arable production is concentrated in the Canterbury region, which is supported by highly fertile soils and an effective irrigation system, resulting in some of the highest crop yields in the world, especially for wheat.

The country relies on imports for approximately 60 percent of its grain and feed requirements. This situation has led to a steady demand for supplemental feed.

In 2023/24, grain and silage production reached just under 2.2 MMT, slightly above the six-year average. Yield increases were supported by favorable growing conditions, although some high rainfall at harvest downgraded crops from milling to feed quality.

The grain sector continues to face pressure from high on-farm inflation, including elevated input costs and interest rates. This has partially offset the benefit of strong milk and meat prices.

Looking ahead, the sector will remain highly sensitive to shifts in livestock product pricing, input costs, and environmental policy. Although total livestock numbers may decline, increased focus on productivity per animal may support sustained or increased demand for high-quality supplemental feed, both domestic and imported.

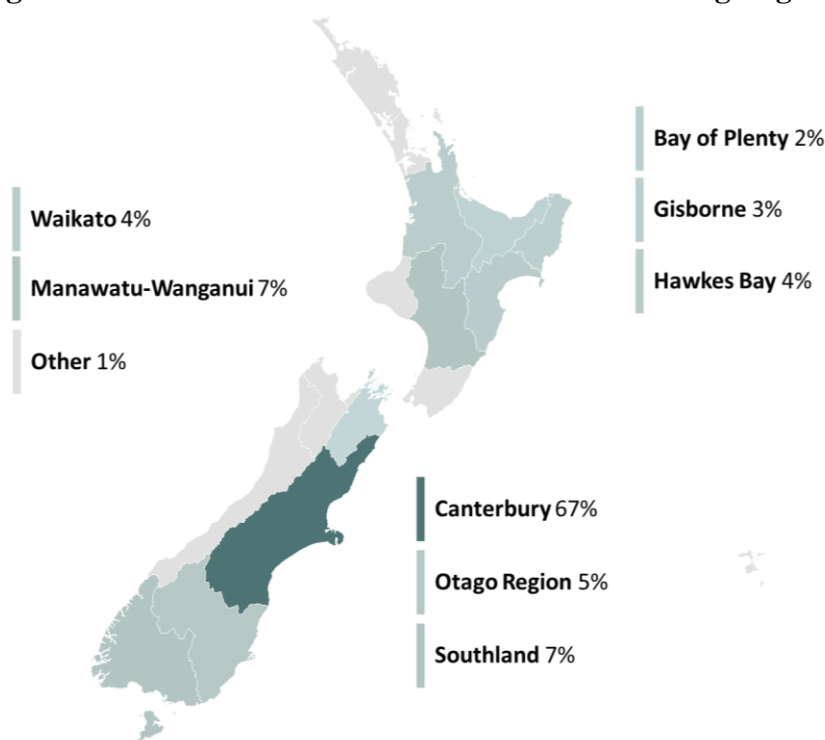
Note: The GAIN Marketing Year (MY) is July 1 to June 31. For the purpose of this report the year starting July 1, 2024, will be referred to as 2024/2025 unless otherwise stated. The exchange rate between the New Zealand Dollar and United States Dollar used in this report is NZ\$ 1.00 = US\$ 0.59.

Background

Arable farming in New Zealand covers approximately 170,000 hectares and is distributed across the country, with the majority of production concentrated in the Canterbury region of the South Island. Other significant arable areas include Southland (also on the South Island), Manawatu, Hawke's Bay, Wairarapa, and Waikato on the North Island. Much of New Zealand's arable land is on highly fertile soils and benefits from irrigation, which helps mitigate the impact of adverse weather events such as droughts. As a result, New Zealand farmers—particularly in Canterbury—often achieve exceptionally high yields and have occasionally set world records for wheat production.

Due to its relatively small land area and diverse topography, New Zealand has a much smaller grain industry than its neighbor, Australia. Domestic grain production remains well below national demand, with only minimal feed grain produced for export.

Figure 1: Distribution of New Zealand Arable Farming Regions



Source: Statistics NZ and FAS/Wellington

Despite its limited scale, New Zealand has developed a strong reputation as a global supplier of specialty seeds, producing crops such as radish, carrot, clover, and ryegrass seed for export markets. The country's counter-seasonal position relative to the Northern Hemisphere provides a strategic advantage for seed multiplication. Additionally, New Zealand's geographic isolation and the ability to maintain separation between seed-producing areas help reduce the risk of cross-contamination, further supporting its role in global seed supply chains.

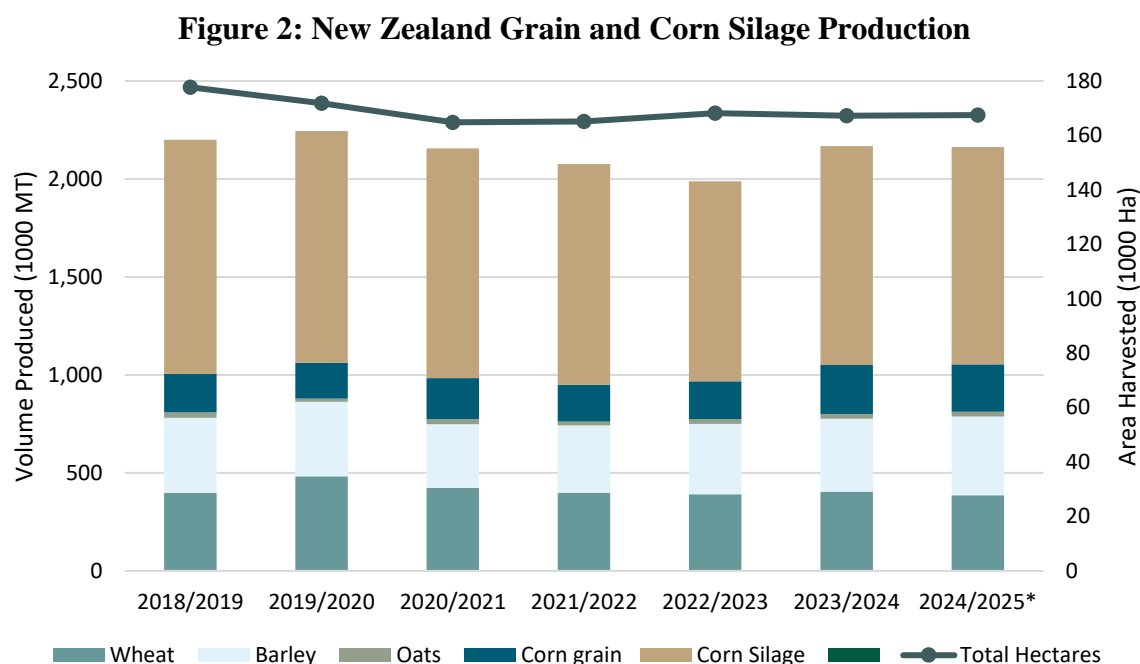
Production

Over the past six years, New Zealand has produced an average of 2.1 million metric tons (MMT) of grain and corn silage annually. Of this total, only 9 percent is typically used for milling or malting (i.e., human consumption).

According to the Foundation for Arable Research's (FAR) Arable Industry Marketing Initiative (AIMI), the total area planted in grain and corn crops has declined slightly over time—from 177,721 hectares in July 2018 to 167,495 hectares in the 2024/25 Marketing Year (MY) (see Figure 2). While there remains some potential for expansion of arable cropping, the primary competition for land use continues to come from pastoral dairy farming.

In MY 2023/24, FAR reported a total national grain and feed output of just under 2.2 MMT, slightly above the six-year average of 2.1 MMT. Yields increased by approximately 9 percent compared to the previous season. However, on a yield-per-hectare basis, milling crops were slightly down year-over-

year, while feed crop yields were heavier. Industry feedback suggests this was partly due to summer rainfall during harvest in some regions, which affected crop quality. As a result, some wheat and barley crops did not meet the quality requirements for milling or malting and were diverted to the feed market (see Table 1).



Source: Foundation for Arable Research Arable Industry Marketing Initiative (FAR/AIMI)

Table 1: New Zealand Grain and Corn Silage Production

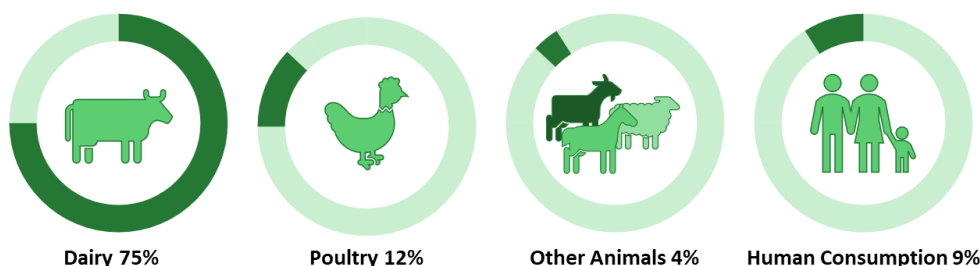
Category	Total Yield (MT)			Area (Ha)			Yield (MT/Ha)		
	2022/2023	2023/2024	Variance	2022/2023	2023/2024	Variance	2022/2023	2023/2024	Variance
Milling Wheat	104,707	101,305	-3,402	11,385	12,013	628	9.2	8.4	-0.8
Malting Barley	79,026	110,685	31,659	10,880	16,449	5,569	7.3	6.7	-0.5
Milling Oats	21,970	19,627	-2,343	2,769	2,511	-258	7.9	7.8	-0.1
Total Processing grain	205,703	231,617	25,914	25,034	30,973	5,939	8.2	7.5	-0.7
Feed Wheat	286,893	301,888	14,995	29,115	27,882	-1,233	9.9	10.8	1.0
Feed Barley	278,874	261,928	-16,946	39,220	33,567	-5,653	7.1	7.8	0.7
Feed Oats	8,289	11,610	3,321	1,466	1,909	443	5.7	6.1	0.4
Corn Grain	192,500	251,055	58,555	18,900	21,631	2,731	10.2	11.6	1.4
Corn Silage	1,022,018	1,115,854	93,836	54,443	51,322	-3,121	18.8	21.7	3.0
Total Feed Grain (T)	1,788,574	1,942,335	153,761	143,144	136,311	-6,833	12.5	14.2	1.8

Source: FAR/AIMI

Consumption

New Zealand's dairy sector remains the country's largest consumer of grain and feed, accounting for approximately 75 percent of total usage (Figure 3). Most dairy farms (75–80 percent) operate as non-irrigated, pasture-based systems. Up to 25 percent of the annual feed intake in these systems can consist of supplemental feed.

Figure 3: New Zealand Grain & Feed Consumption

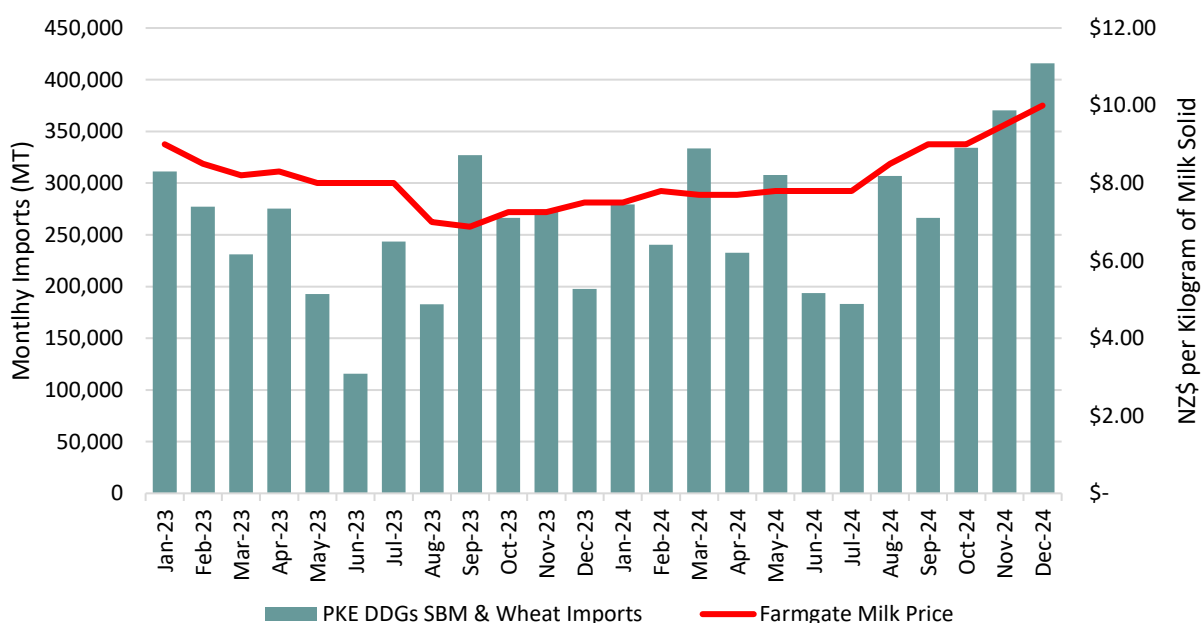


Source: Industry Sources & FAS/Wellington Estimates

--High Dairy Payout Driving Increased Consumption:

New Zealand's largest dairy processor currently pays its farmers the highest farm gate milk price (FGMP). In the last 12 months, it has increasing from at a midpoint of NZ\$7.80 (US\$4.60) to NZ\$10.00 (US\$5.90) per kilogram of milk solids (See Figure 4). Due to the increase in FGMP dairy farmers have been purchasing feed to maximize milk production. This trend has already been observed in feed imports over the last 3 months of 2024.

Figure 4: Primary Feed Imports versus Dairy Payout

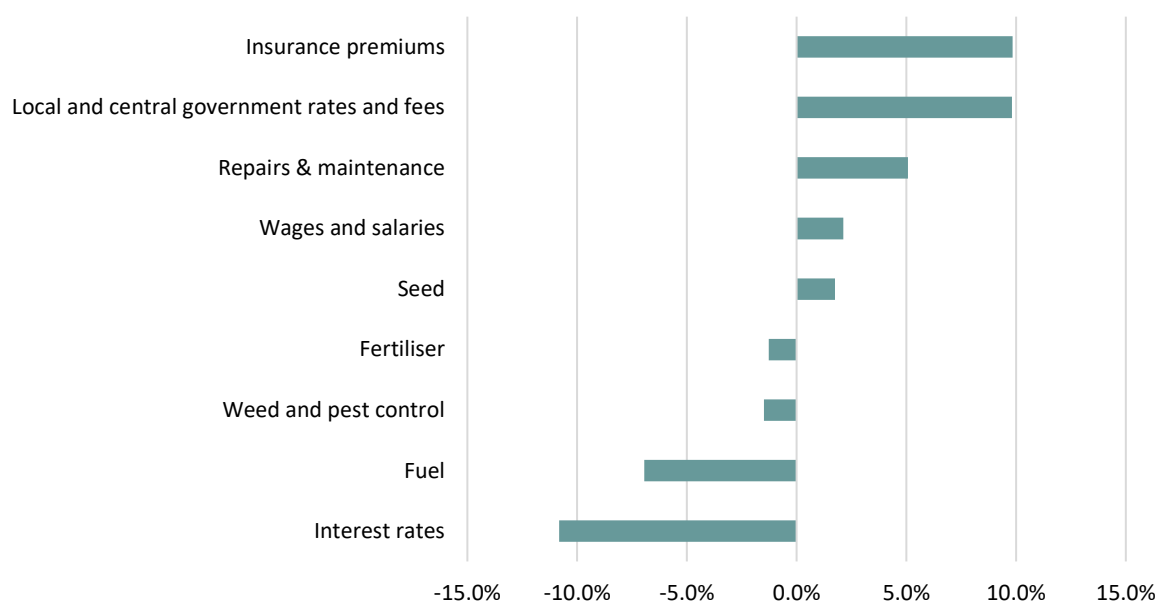


Source: Trade Data Monitor LLC & Fonterra

-- On-Farm Inflation:

Rising input prices pose challenges to the profitability of New Zealand's agricultural sector (see Figure 5). In the past, concerns mainly stemmed from increasing costs for inputs such as fertilizer. However, the current pressures are now primarily related to high interest rates and rising government-imposed fees and rates, which are significantly affecting crop farmers. With expectations for input and operating costs to remain high, industry feedback suggests that any decline in the currently favorable livestock and farm gate milk prices could limit farmers' ability or willingness to invest in supplemental feeding. This situation may, in turn, affect demand for both domestically produced and imported feed grains

Figure 5: On-Farm Inflation, December 2024 vs 2023



Source: Statistics NZ

Poultry is the second largest consumer of grain and feed in New Zealand and is a large consumer of corn. In January 2023, the enforcement of a new code of welfare standards in the New Zealand poultry industry, coupled with labor shortages, resulted in a national decrease in broilers and laying hens. This reduced the feed demand for this sector at the time, for corn grain and seed (for domestic crops) imports (Appendix 1). Corn imports have recovered slightly in the last two years. However, they remain well behind the 6-year average.

Human consumption of grain in New Zealand is predominantly rice and wheat. On average, 56,200 MT of rice is consumed each year, with the largest suppliers being Thailand (about 27 percent), Australia (17 percent), and Vietnam (17 percent). Over the last five years the United States has accounted for less than 1 percent of the market share for rice imports to New Zealand.

Almost all wheat imports come from Australia. Some smaller shipments have been received in previous years from Canada and Ukraine. Imports of wheat increased 5 percent to 644,953 MT for 2023/2024 MY from the year prior. FAS/Wellington understands from industry sources that this is a mixture of milling and feed wheat. As noted in previous reports, there has been a large effort in recent years for millers to utilize domestically produced wheat for milling into flour by supermarkets and processors. Meanwhile, millers are still importing Australian wheat to blend and increase the flour’s protein content.

Trade

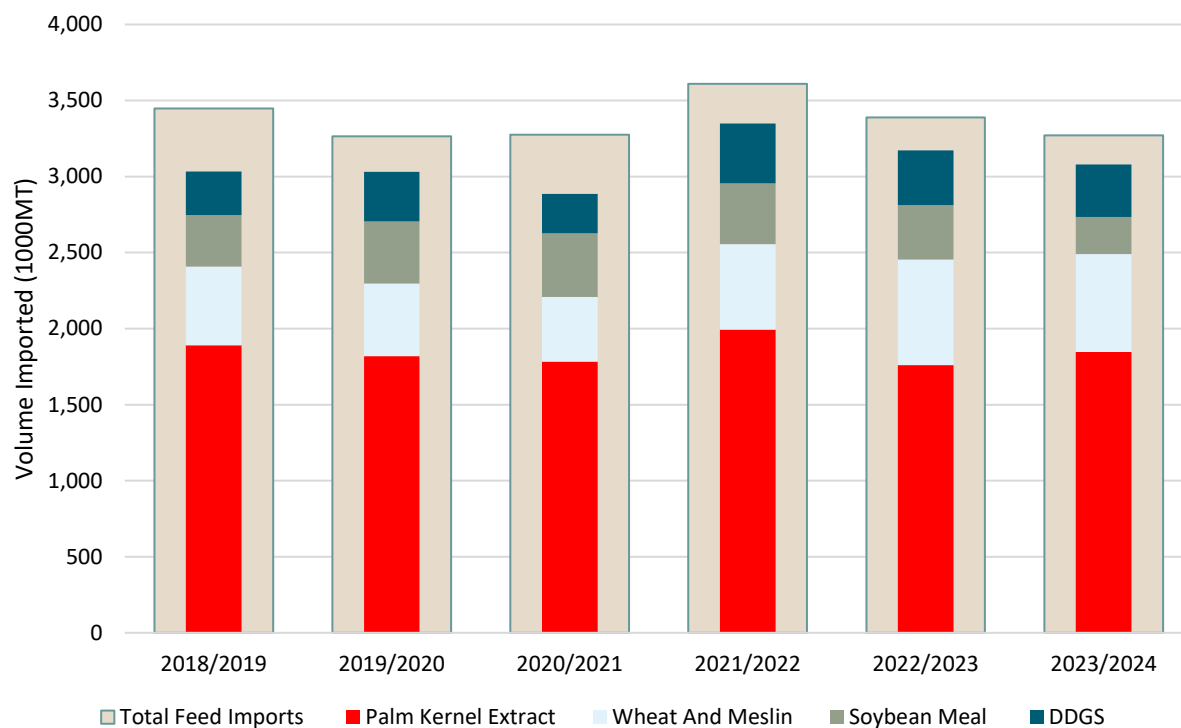
Imports

As mentioned, New Zealand imports far more grain and feed than it produces domestically (approximately 60 percent of consumption is imported). In 2023/2024 MY, imports reached 3.2 MMT, 1MMT more than domestic production volumes (Figure 2).

Primary imports to New Zealand consist of the following commodities (see Figure 6):

- 1. Palm Kernel Extract (PKE):** Predominantly sourced from Indonesia and Malaysia, PKE continues to be the largest feed supplement consumed in New Zealand, accounting for ~54 percent of imports and ~34 percent of total feed consumed.
- 2. Wheat:** As already discussed, this has historically been sourced from Australia, with an average volume of 550,000 MT, depending on the domestic production.
- 3. Distiller's Dried Grains with Solubles (DDGS):** Predominantly sourced from the United States, has seen the biggest growth of feed imports at 3.2 percent per year since 2018/19 MY. Other countries from which New Zealand has sourced DDGS in recent years are Australia and Brazil.
- 4. Soybean Meal (SBM):** Historically imported almost entirely from Argentina. The United States has recently has captured over 20 percent of the market share.
- 5. Other Grain and Feed Imports:** Representing only a small portion of imports (7 percent). Collectively, this includes commodities such as sorghum, corn grain, barley, other cereals, and residues from the processing of other crop types. Typically, these imports are either utilized in specialty production of food for human consumption or as ingredients for specialty animal feed. Other than rice, these are typically sourced from a large variety of countries all over the world.

Figure 6: New Zealand Feed Imports

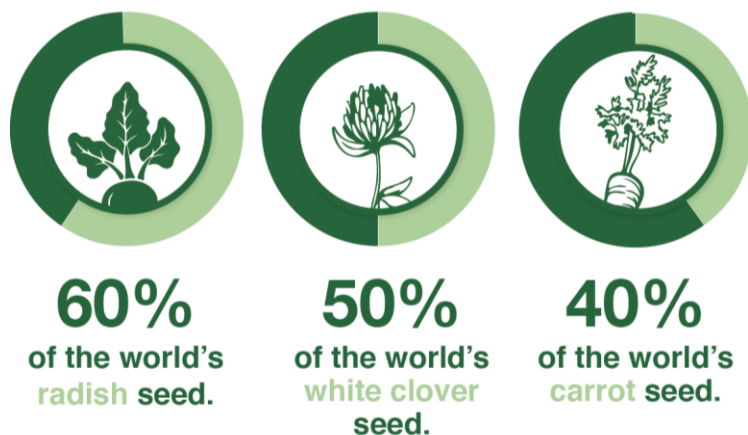


Source: Trade Data Monitor LLC

Exports

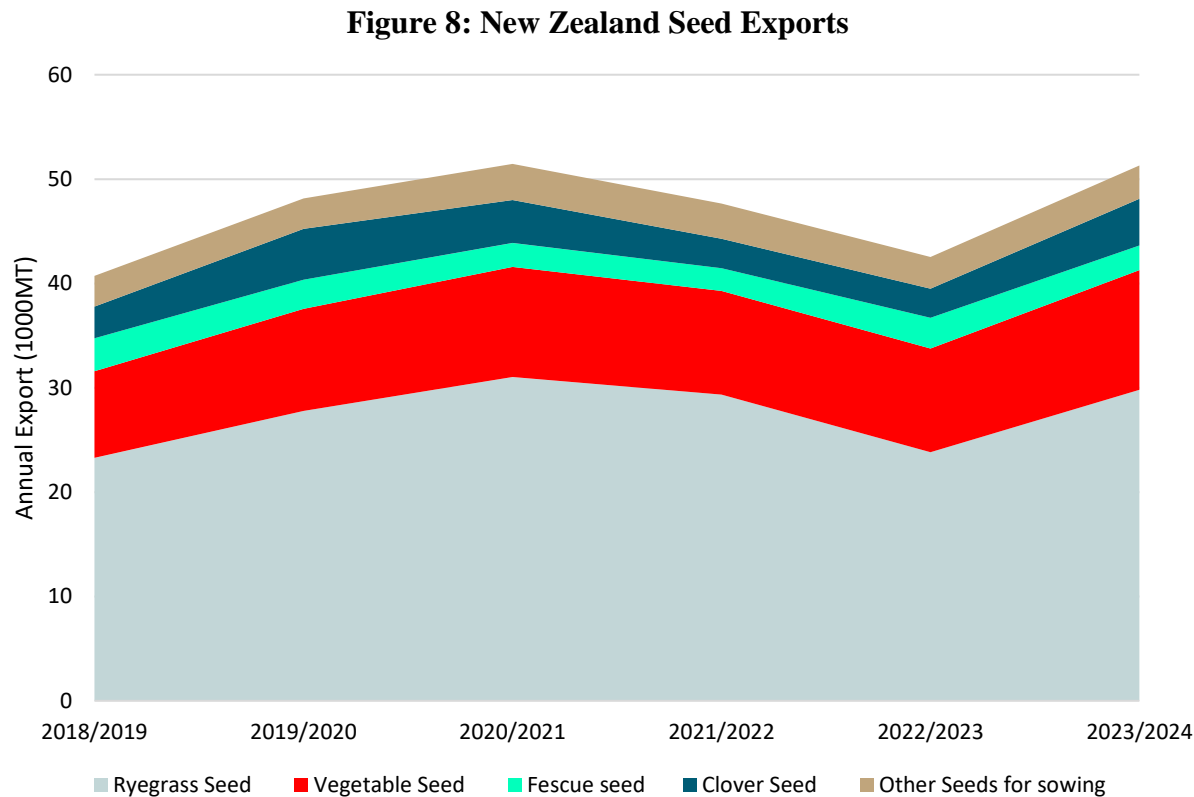
New Zealand has a very small feed and grain export industry, which has been historically very static, averaging just under 50,000 MT per year (Appendix 1). However, the country has gained a global reputation for small-seed specialty crops and is currently one of the world's largest producers of radish, white clover, and carrot seeds (figure 7).

Figure 7: Key New Zealand Seed Production



Source: FAR

By volume in 2023/24, New Zealand seed exports totalled 51,293 MT, with 29,793 MT of ryegrass seed, 11,473 MT vegetable seed, and clover at 4,467 MT (Figure 8).



Source: Trade Data Monitor LLC

Future/Outlook

New Zealand’s grain and feed demand remains closely tied to its dairy and poultry sectors, which account for approximately 87 percent of total consumption. While total dairy cow numbers peaked in 2015, poultry numbers recently declined due to new animal welfare regulations. However, production in both sectors is expected to remain stable or gradually increase due to ongoing gains in efficiency and genetics.

Land use competition, particularly from dairy farming, continues to constrain expansion in arable crop areas, while the absence of subsidies or price support makes the sector highly responsive to market signals. As such, fluctuations in farm gate prices for livestock products are likely to directly influence grain planting decisions and feed import volumes.

Biosecurity remains a priority for the industry. The Ministry for Primary Industries (MPI) maintains strict import protocols, and recent incursions, such as fall armyworms, have heightened awareness in maize-growing regions.

In the future, policy and market shifts around emissions reductions and environmental compliance may accelerate the trend toward fewer livestock. However, this could lead to increased use of supplemental feeding, including more imported feed to boost productivity per animal. As a result, while total livestock numbers may decline, feed grain demand could remain firm or even increase in intensity per unit of production.

Appendix 1: New Zealand Grain and Feed Production, Supply, and Demand (sources: FAR, TDM),
*Denotes July to Feb, including FAR/AIMI Forecasts

New Zealand: Indicative Supply & Demand for Grains, Seeds, & Animal Feeds (MT)							
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025*
Wheat	398,100	482,063	422,800	398,780	391,600	403,193	385,675
Barley	383,700	380,905	325,100	343,782	357,900	372,613	402,421
Oats	26,824	16,561	26,824	18,870	24,805	24,472	24,473
Corn grain	196,000	181,960	209,300	188,249	192,500	251,055	240,923
Corn Silage	1,195,624	1,182,461	1,172,597	1,127,388	1,022,018	1,115,854	1,110,158
Total Domestic Production (includes all grains & corn silage) (T)	2,200,248	2,243,950	2,156,621	2,077,069	1,988,823	2,167,187	2,163,649
Palm Kernel Extract	1,891,445	1,818,308	1,782,846	1,994,681	1,759,633	1,846,214	1,622,983
Wheat And Meslin	517,784	477,929	425,903	560,792	695,296	644,953	390,240
Soybean Meal	338,589	408,114	419,101	399,553	357,401	242,471	251,004
DDGS	286,082	326,901	257,725	394,058	359,055	345,572	261,641
Other Meal-Types	75,625	81,699	66,017	100,647	96,864	85,781	78,869
Sorghum	405	10,492	25,260	17,669	23,904	458	231
Corn (Maize) Grain	260,571	70,017	209,665	49,712	3,762	36,374	34,909
Barley	21,212	5,813	38,949	31,409	41,492	4,949	3,278
Total Yearly Imports (T)	3,391,713	3,199,273	3,225,466	3,548,521	3,337,407	3,206,772	2,643,155
Total Supply (T)	5,591,961	5,443,223	5,382,087	5,625,590	5,326,230	5,373,959	4,806,804
Rice	53,725	62,884	46,896	60,374	50,647	63,135	44,656
Buckwheat/Millet	1,628	2,054	1,920	1,755	1,355	1,540	1,224
Oats	1	5	18	60	59	9	5
Rye	18	25	0	0	0	0	0
Total Other Grain/Seed Imports	55,372	64,968	48,834	62,189	52,061	64,684	45,885
Export Grain	4,557	2,730	3,539	1,819	1,823	2,040	1,838
Export Animal Feed	44,791	54,255	51,379	45,774	39,777	37,698	21,990
Total Feed Exports (T)	49,348	56,985	54,918	47,593	41,600	39,738	23,828
Ryegrass Seed	23,288	27,769	31,025	29,346	23,838	29,793	17,844
Vegetable Seed	8,296	9,808	10,558	9,930	9,912	11,473	5,574
Fescue seed	3,159	2,785	2,292	2,174	2,971	2,379	740
Clover Seed	3,037	4,863	4,117	2,821	2,777	4,467	2,375
Other Seeds for sowing	2,930	2,914	3,464	3,389	3,030	3,181	2,480
Total Seed Exports (T)	40,710	48,139	51,456	47,660	42,528	51,293	29,013
Milling Wheat Yield	84,674	112,805	103,680	65,752	104,707	101,305	99,930
Malting Barley Yield	73,551	91,225	60,835	38,512	79,026	110,685	102,227
Milling Oats Yield	18,641	10,702	13,293	14,455	21,970	19,627	16,883
Total Processing grain (T)	176,866	214,732	177,808	118,719	205,703	231,617	219,041
Feed Wheat Yield	313,426	369,258	319,120	333,028	286,893	301,888	285,744
Feed Barley Yield	310,149	289,680	264,265	305,270	278,874	261,928	300,195
Feed Oats Yield	8,183	8,168	11,512	10,017	8,289	11,610	9,810
Corn Grain Yield	196,000	181,960	209,300	188,249	192,500	251,055	240,923
Total Feed Grain (T)	827,758	849,066	804,197	836,564	766,556	826,481	836,672

Appendix 2: Additional Grain Industry Information (sources: FAR, TDM, StatsNZ), *Denotes July to Feb, including FAR/AIMI Forecasts

New Zealand: Additional Grain Industry Information							
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025*
<i>Feed Wheat Hectares</i>	35,188	32,998	31,702	33,950	29,115	27,882	26,391
<i>Milling Wheat Hectares</i>	9,812	11,110	11,798	7,694	11,385	12,013	11,850
Total Wheat Hectares	45,000	44,108	43,500	41,644	40,500	39,895	38,241
<i>Malting Barley Hectares</i>	10,347	12,851	7,643	5,618	10,880	16,449	15,192
<i>Feed Barley Hectares</i>	45,153	37,761	36,557	43,418	39,220	33,567	38,471
Total Barley Hectares	55,500	50,612	44,200	49,036	50,100	50,016	53,663
<i>Milling Oats Hectares</i>	3,113	1,779	1,966	2,429	2,769	2,511	2,160
<i>Feed Oats Hectares</i>	1,581	1,490	2,157	1,747	1,466	1,909	1,613
Total Oat Hectares	4,694	3,269	4,123	4,176	4,235	4,420	3,773
<i>Corn Grain Hectares</i>	16,700	15,566	17,500	16,325	18,900	21,631	20,758
<i>Corn Silage Hectares</i>	55,827	58,301	55,522	53,907	54,443	51,322	51,060
Total Maize Hectares	72,527	73,867	73,022	70,232	73,343	72,953	71,818
Total Feed Grain Hectares (Including Maize Silage)	154,449	146,116	143,438	149,347	143,144	136,311	138,293
Total Processing Grain Hectares	23,272	25,740	21,407	15,741	25,034	30,973	29,202
Total Hectares	177,721	171,856	164,845	165,088	168,178	167,284	167,495

HS Codes	
1001	Wheat
1007	Sorghum
1006	Rice
1003	Barley
1008	Buckwheat/Millet
1004	Oats
1002	Rye
230660	Palm Kernel Extract
230330	DDGS
230630	Sunflower Oilcake
230310	Starch Residue
230641	Canola Oilcake
230690	Other Oilcake
230650	Coconut Oilcake
230320	Beet Pulp
230620	Linseed Oilcake'
230610	Cotton seed Oilcake
230649	Colza Seed Oilcake
230400	Soybean Meal
100510	Corn (Maize) Seed
100590	Corn (Maize) Grain

Attachments:

No Attachments.