



Sheep Movements in the Central West

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In a time of global uncertainty where Australians seemed to be more concerned about ‘panic buying’ toilet paper than the announcement of a pandemic, primary producers across the country followed a similar trend restocking their paddocks. Since rainfall earlier in the year extinguished one of the most widespread droughts in Australian history, producers shifted briskly from de-stocking to restocking to harness the vastly improved seasonal conditions and maximise productivity, seen here in a recent AMI analysis of the store market – <https://bit.ly/2CERCDB>.

Leading the restocking charge for the entire year to date, the Central West region of NSW has seen a total of 360,000 sheep purchased online, a country mile ahead of neighbouring regions, the Riverina and SW Slopes & Planes who have purchased 196,000 and 105,000 head respectively. It is not amiss to declare that the sheep market has indeed entered a new domain in 2020, with record breaking prices, increased interstate stock movements and the national flock at a 100 year low, the market has truly been steering through uncharted waters.

The AMI team seeks to understand the key goals of producers and identify the biggest movers and shakers in the current market during the rebuilding phase. AuctionsPlus sale data was utilised to investigate what the near future holds for growers in terms of continued stock acquisition and subsequent business decisions necessary to generate cashflow in their respective enterprises. As illustrated in Figure 1, the shift in the Central West region from selling stock online to purchasing highlights the alignment of farming enterprises with rainfall. The eagerness of sheep producers to purchase stock depicts the fundamental need to capitalise on market opportunities amidst improved seasonal conditions to fulfill business propositions and generate turnover after years of inhibited production due to prolonged drought.

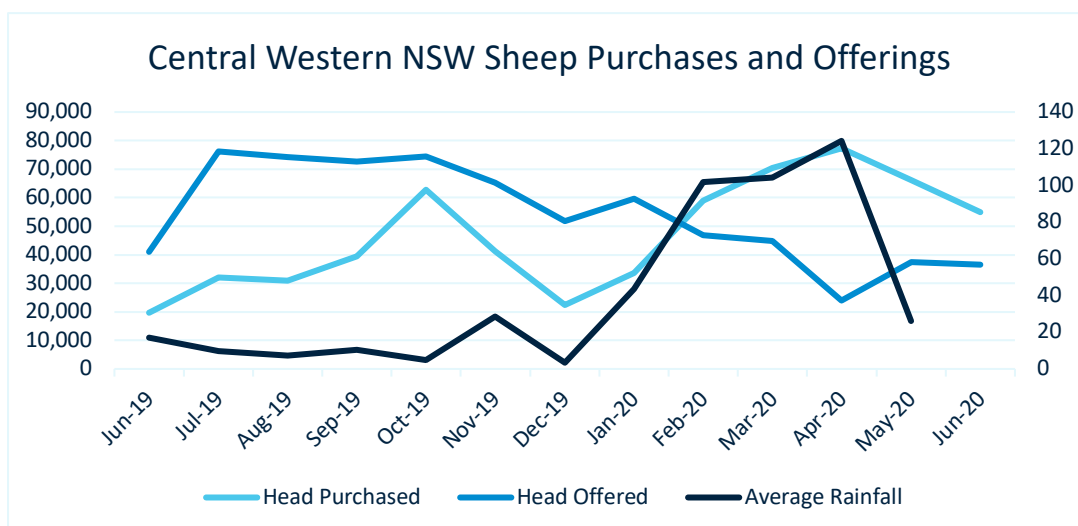


Figure 1: Sheep purchases and offerings for Central Western NSW over the past 12 months, average monthly rainfall for the Central West acquired from Dubbo, Forbes, Coonamble and Cowra, sourced from Australian BOM.





As many producers have taken to online sales to kickstart their restocking agendas, stock and station agent Brendan Mansbridge from KMWL in Forbes, NSW believes that *“A lot of people have not been able to get back into the market yet as they are not prepared to spend the money with the current market and are sitting on their hands, waiting for the right opportunity to arise”*. The ongoing costly market has meant it is critical that producers acquiring stock must make calculated and measured investments and seize viable purchasing opportunities when they arise.

Given the strong moisture profile and positive seasonal outlook of the region moving into winter, Mr Mansbridge believes that *“people are going to keep buying and will look at different options to generate cash flow in this period than what they have done in the past”*. Figure 2 illustrates the breakdown of stock purchased in the Central West, with 60% of the makeup consisting of Merino ewes and ewe lambs, and Merino wethers and wether lambs. Buyers in the market for stock consist of traders and breeders with both having varying objectives. Mr. Mansbridge has observed that many trading producers are in the market for *“large framed wethers which are of lighter condition to put weight on, some with wool which can be an additional benefit”* and notes that stock, especially wethers have been trucked from further afield in QLD, as buyers look for viable deals to secure the right opportunity price. In terms of breeder enterprises, Brendan notes buyers are looking for *“ewes to take on longer term with the intention to breed from and retaining ewe lambs to rebuild their flocks”* and indicates that purchasing scanned ewes at the right price are *“a better option for many buyers as it can otherwise be a long time before cashflow and turnover is generated”*.

Therefore, in the scope of the current market, it is critical that restockers find the right opportunity and make informed, calculated investments which will enable their enterprises to reap benefits moving forward.

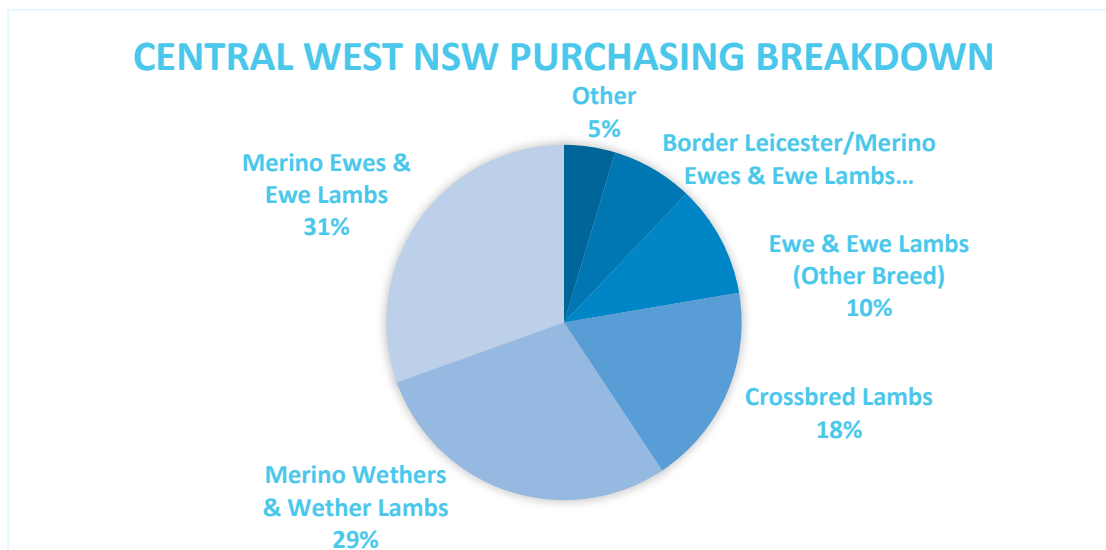


Figure 2: Breakdown of sheep stock categories purchased in Central Western NSW for 2020 year-to-date.

