

Comparative Profitability of Sheep and Crop

2016 Sheep Updates
August 2016

Ashley Herbert

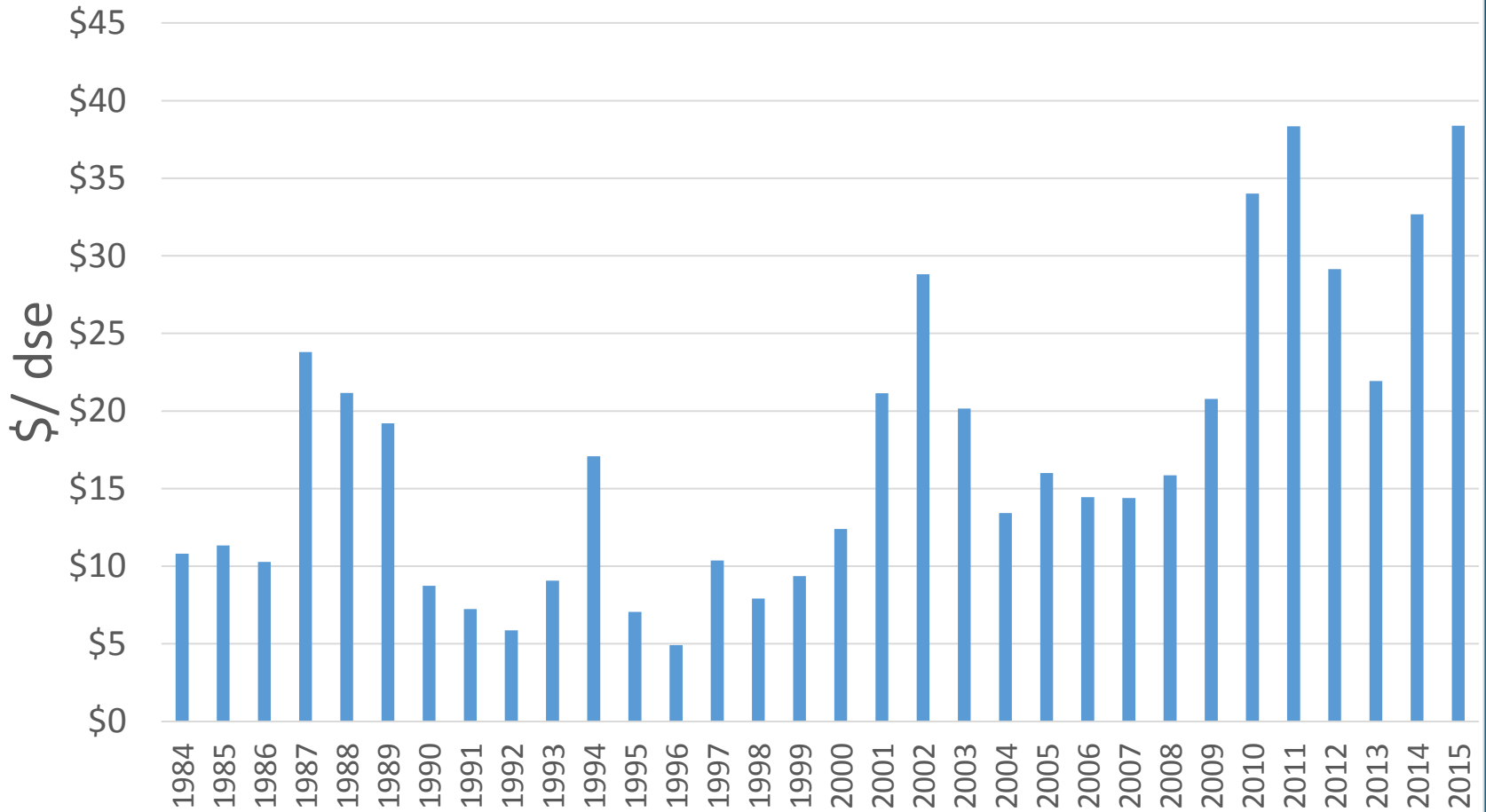
Agrarian

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Consultants to Agriculture

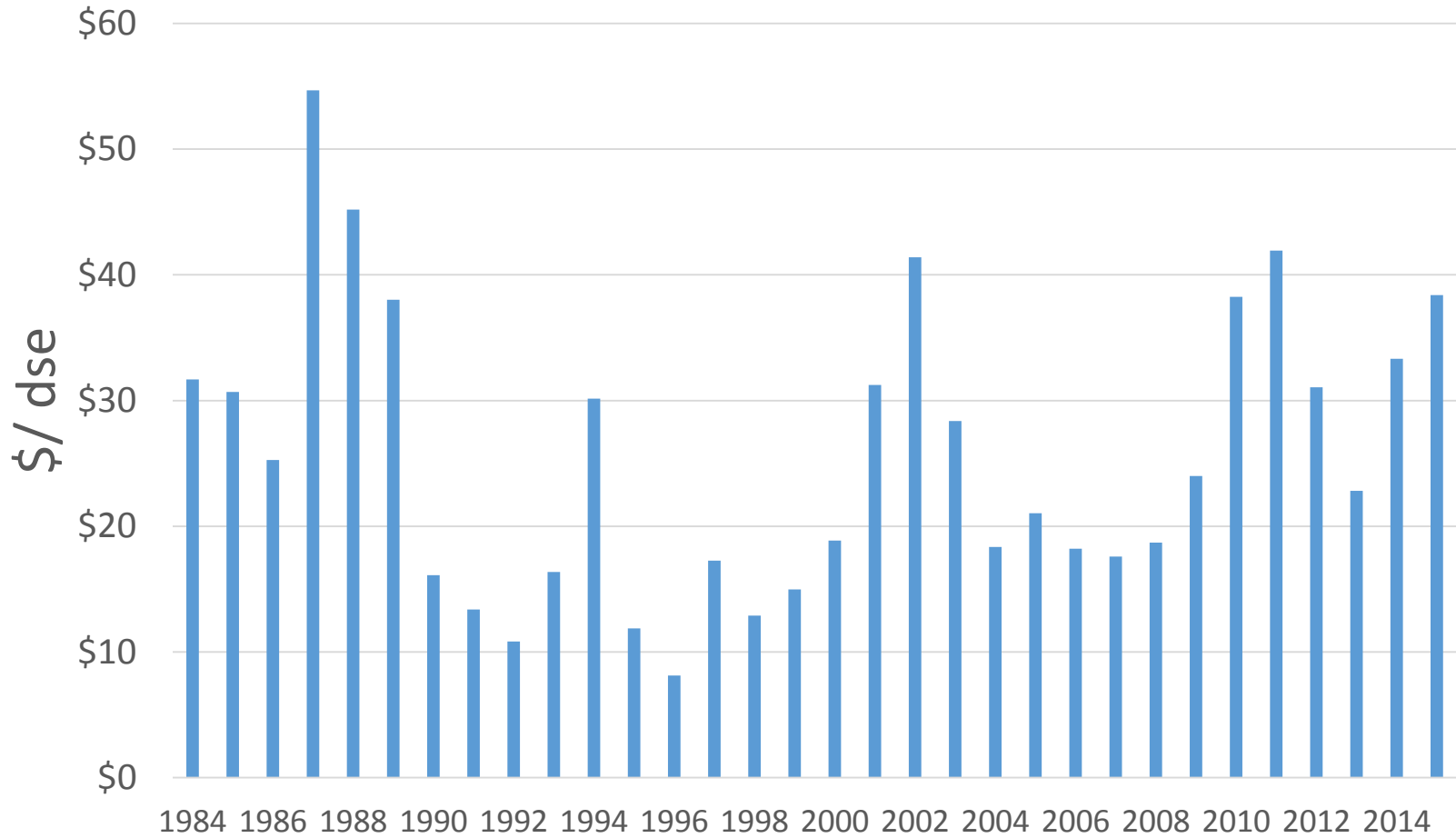
Sheep Gross Margin

Kojonup 1984 - 2015



Sheep Gross Margin CPI Adjusted

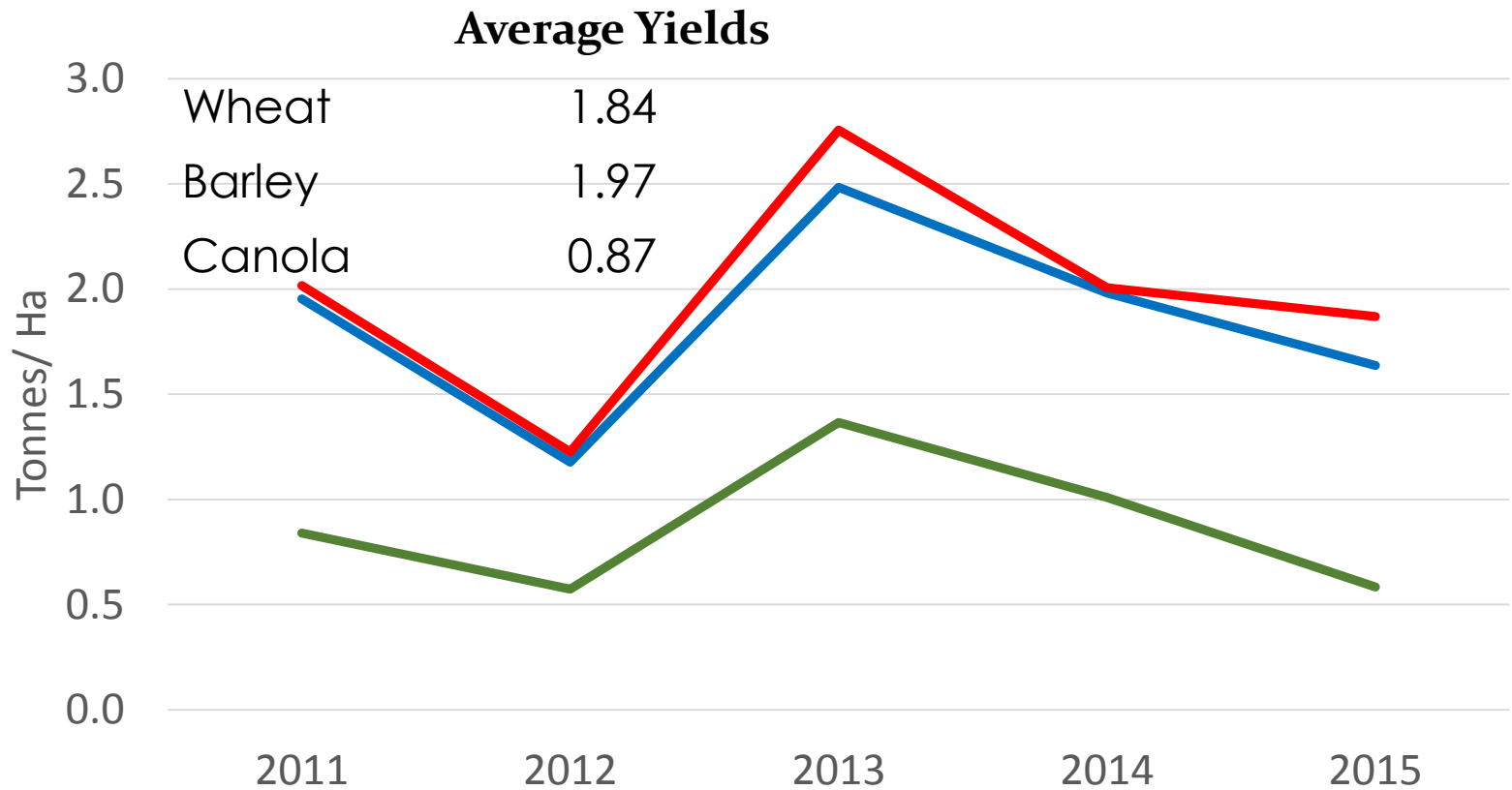
Kojonup 1984 - 2015



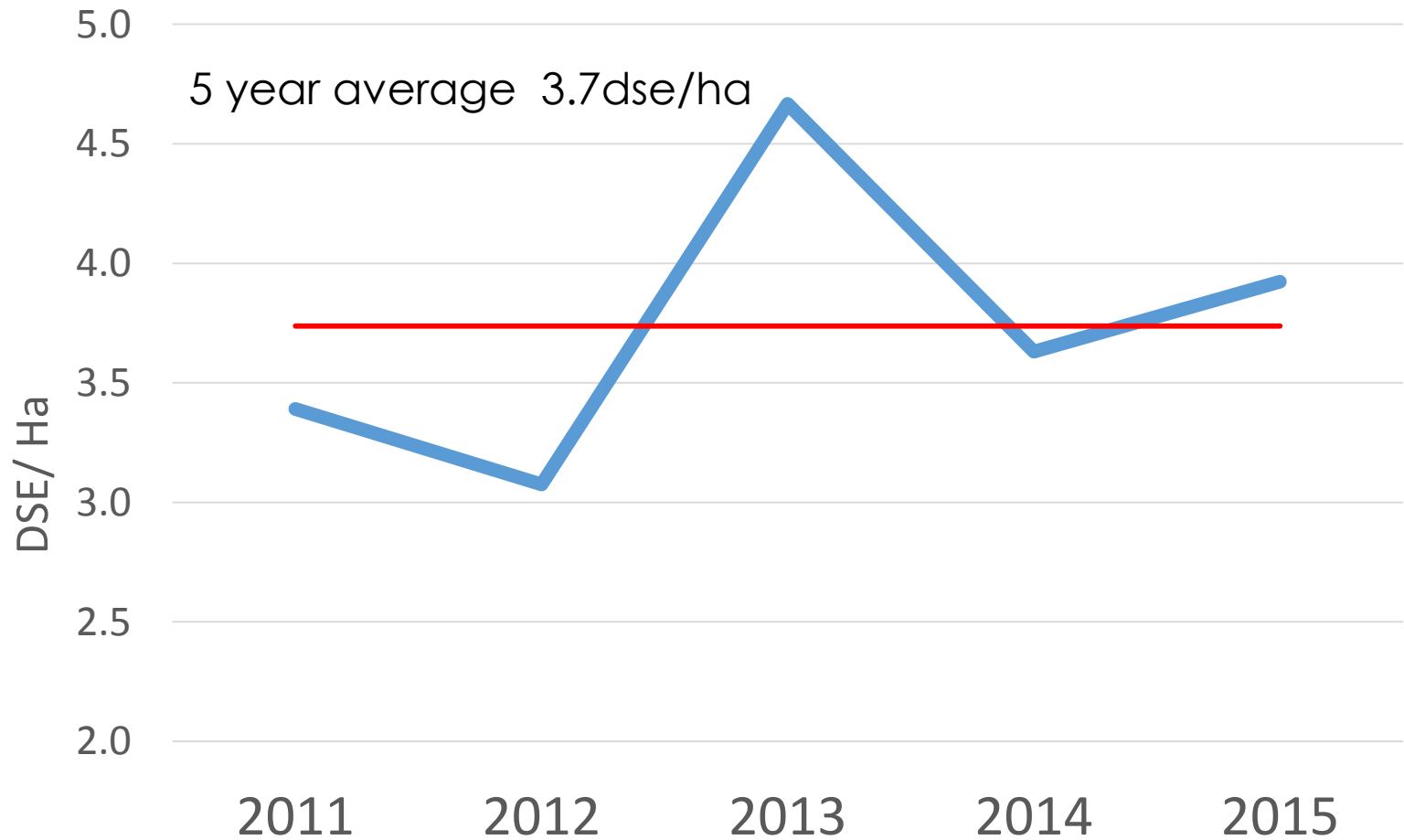
Cereal Sheep Zone



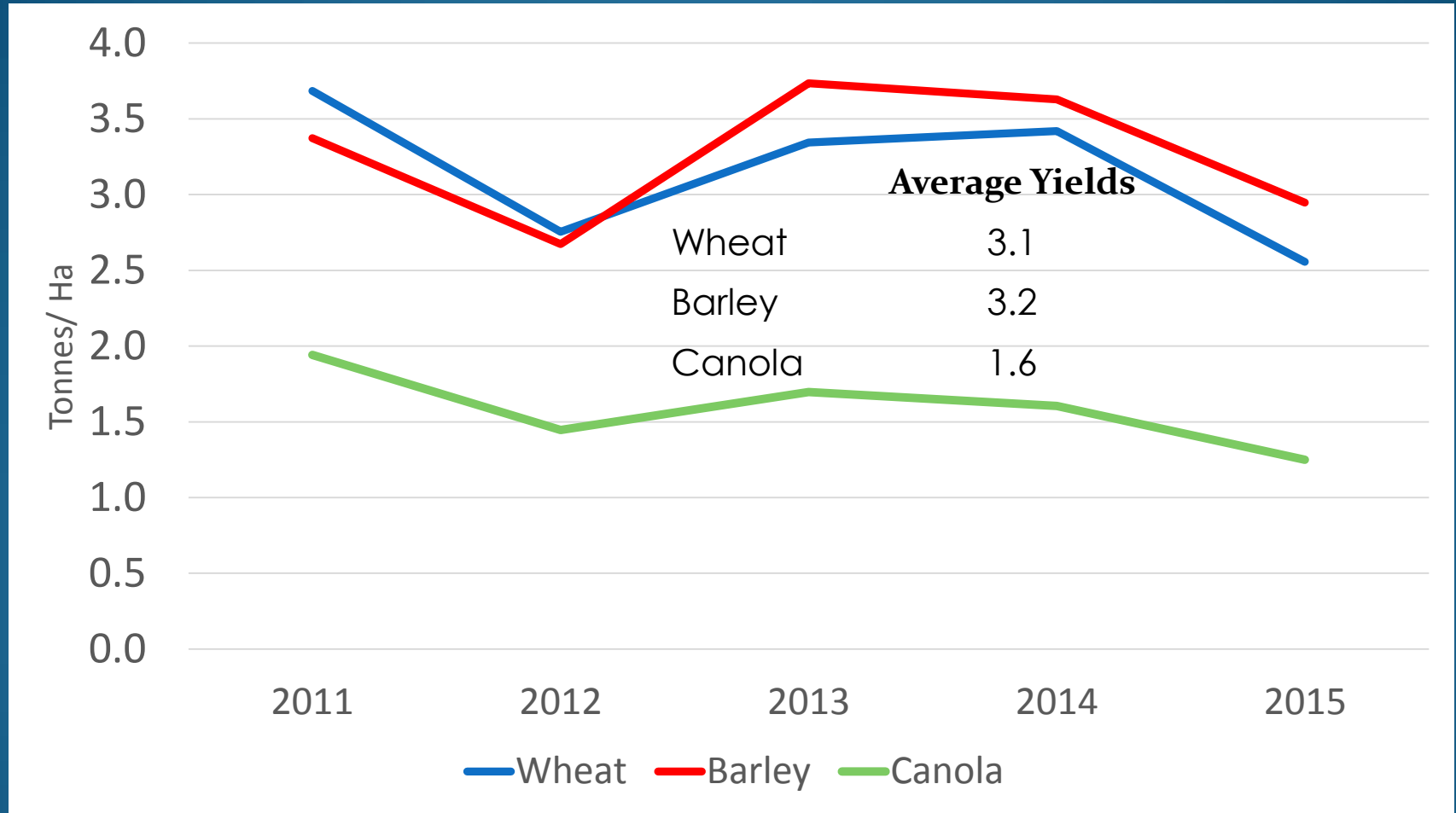
Cereal Sheep Zone Crop Yields



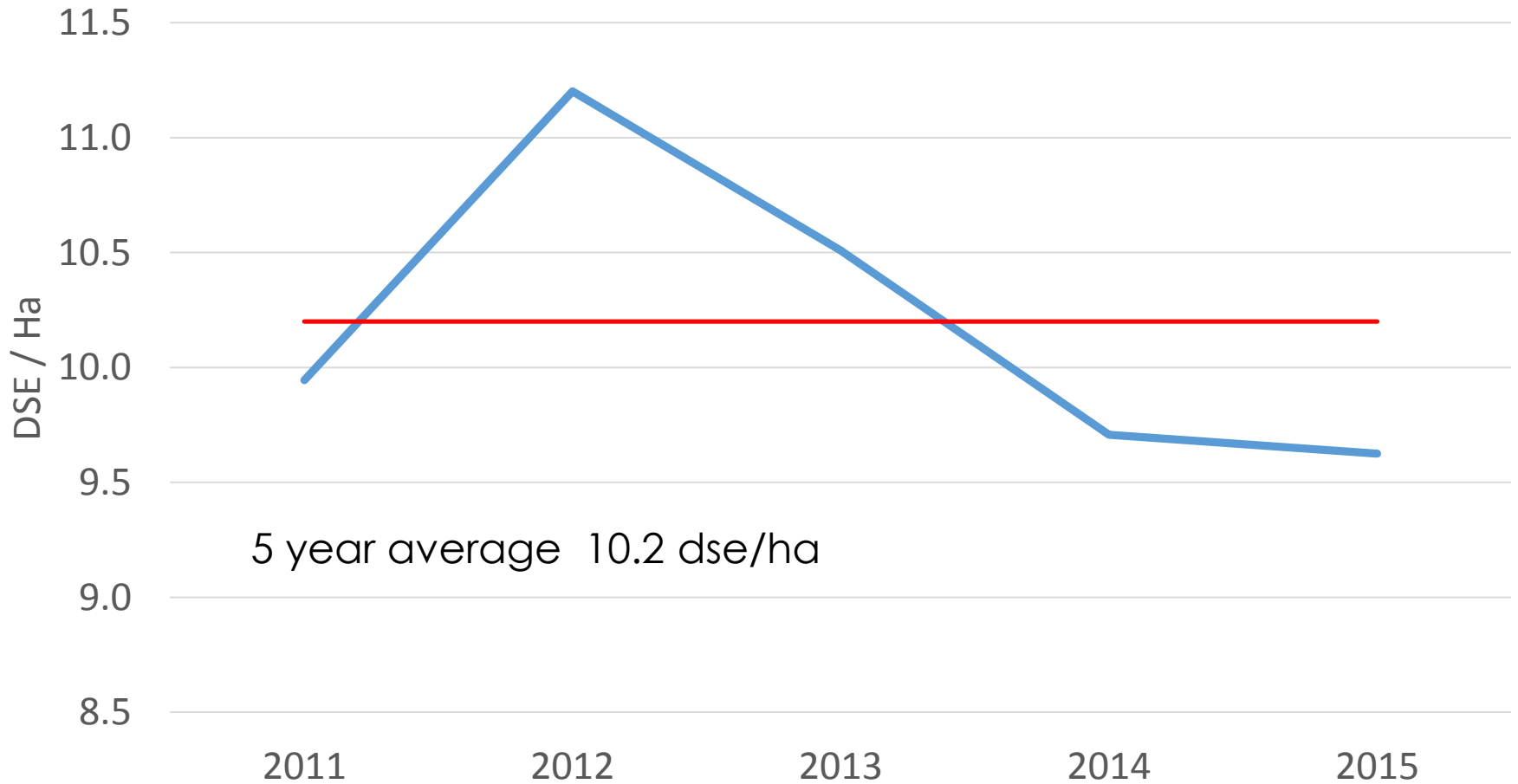
Cereal Sheep Zone Stocking Rate



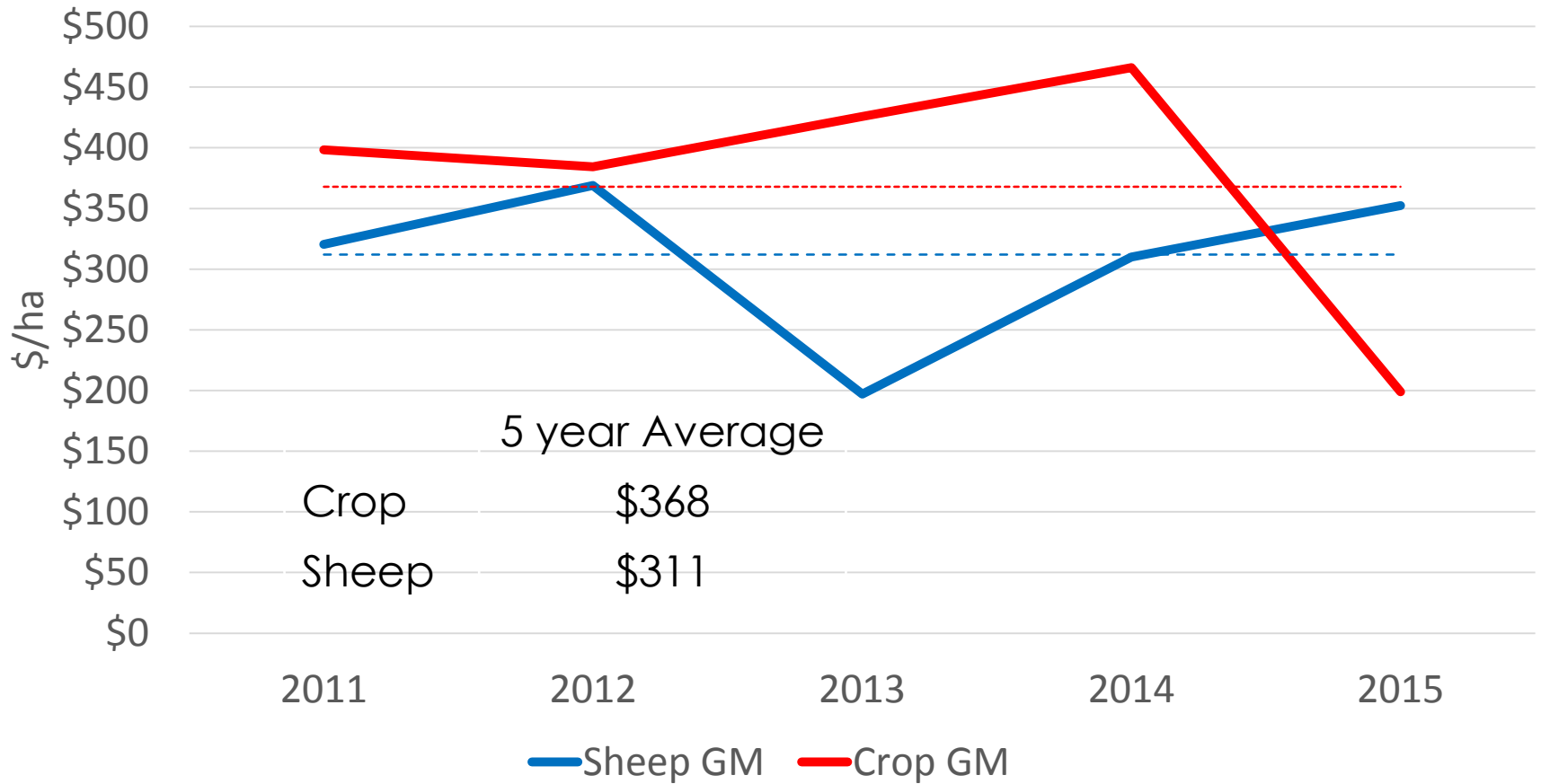
High Rainfall Zone Crop Yields



High Rainfall Zone Stocking Rate

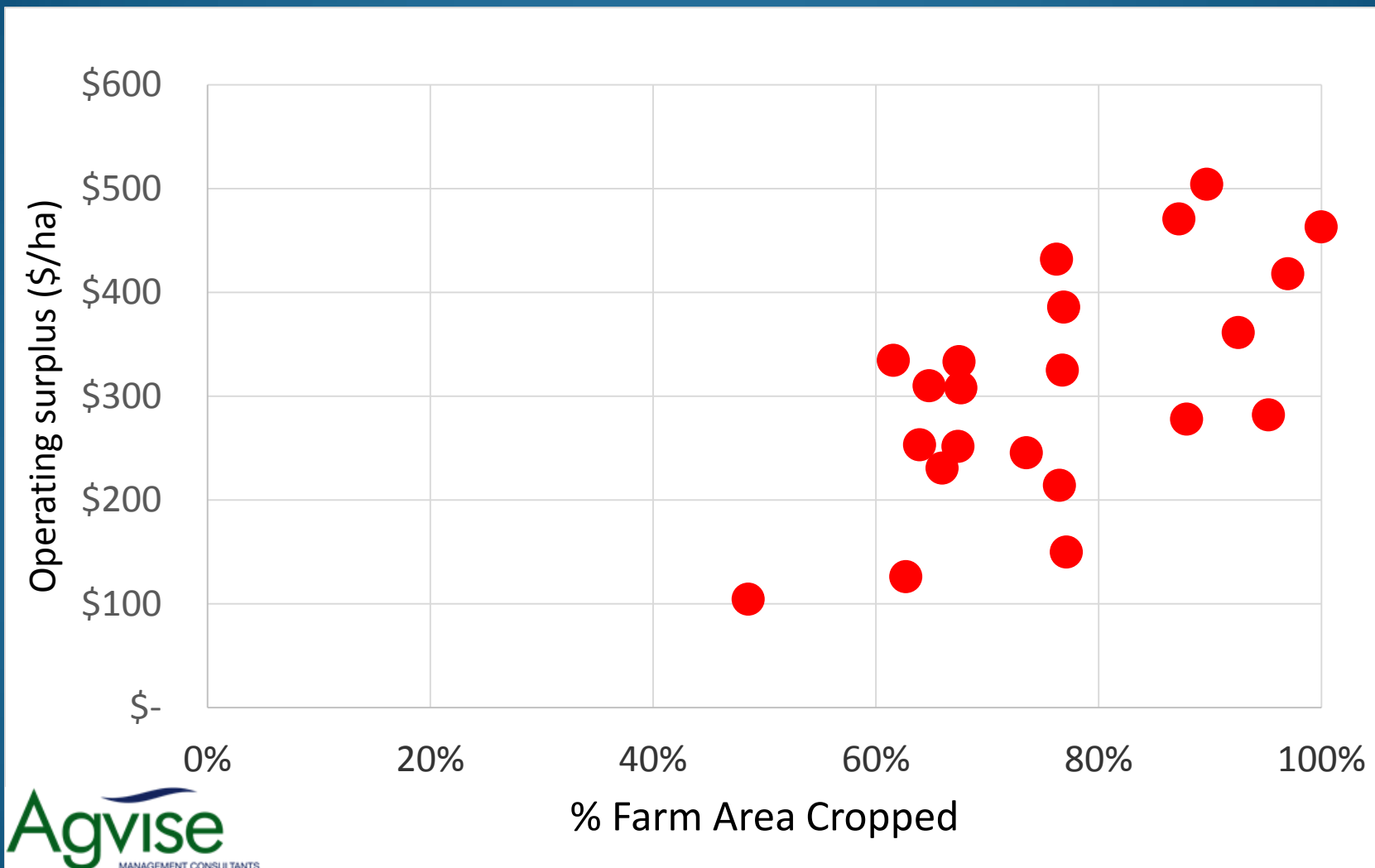


High Rainfall Zone Enterprise margins



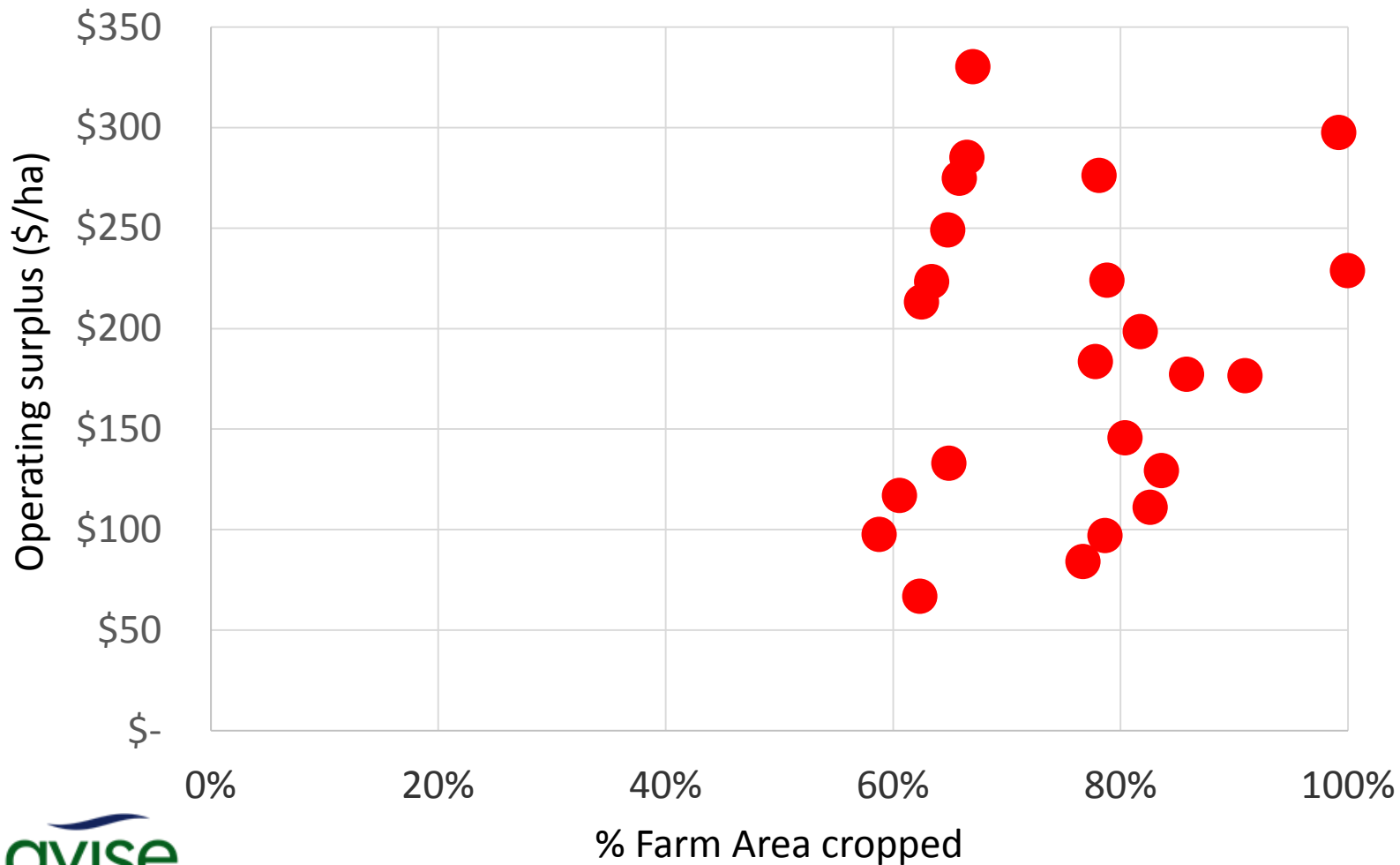
Enterprise mix

Operating surplus - 2013



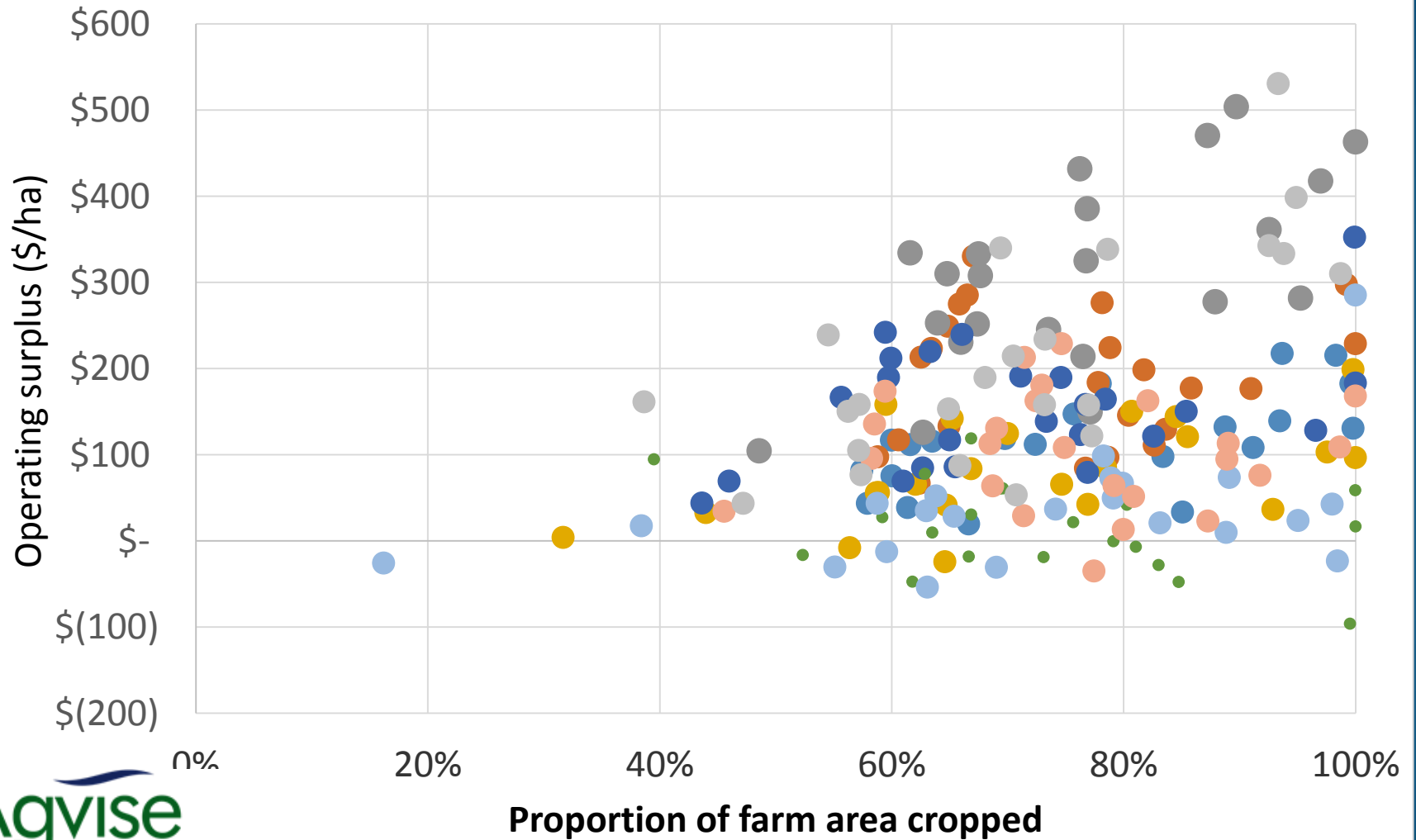
Enterprise mix

Operating surplus - 2014



Enterprise mix

Operating surplus 2007 - 2015



Cereal Sheep Zone

Estimated margins for 2016

| | Wheat | Barley | Canola | Lupins |
|---------------------|--------------|--------------|--------------|--------------|
| Yield | 2.5 | 2.8 | 1.3 | 1.3 |
| Price (FIS) | \$250 | \$200 | \$550 | \$350 |
| | | | | |
| Costs | \$270 | \$274 | \$302 | \$260 |
| | | | | |
| Gross margin | \$253 | \$167 | \$299 | \$195 |

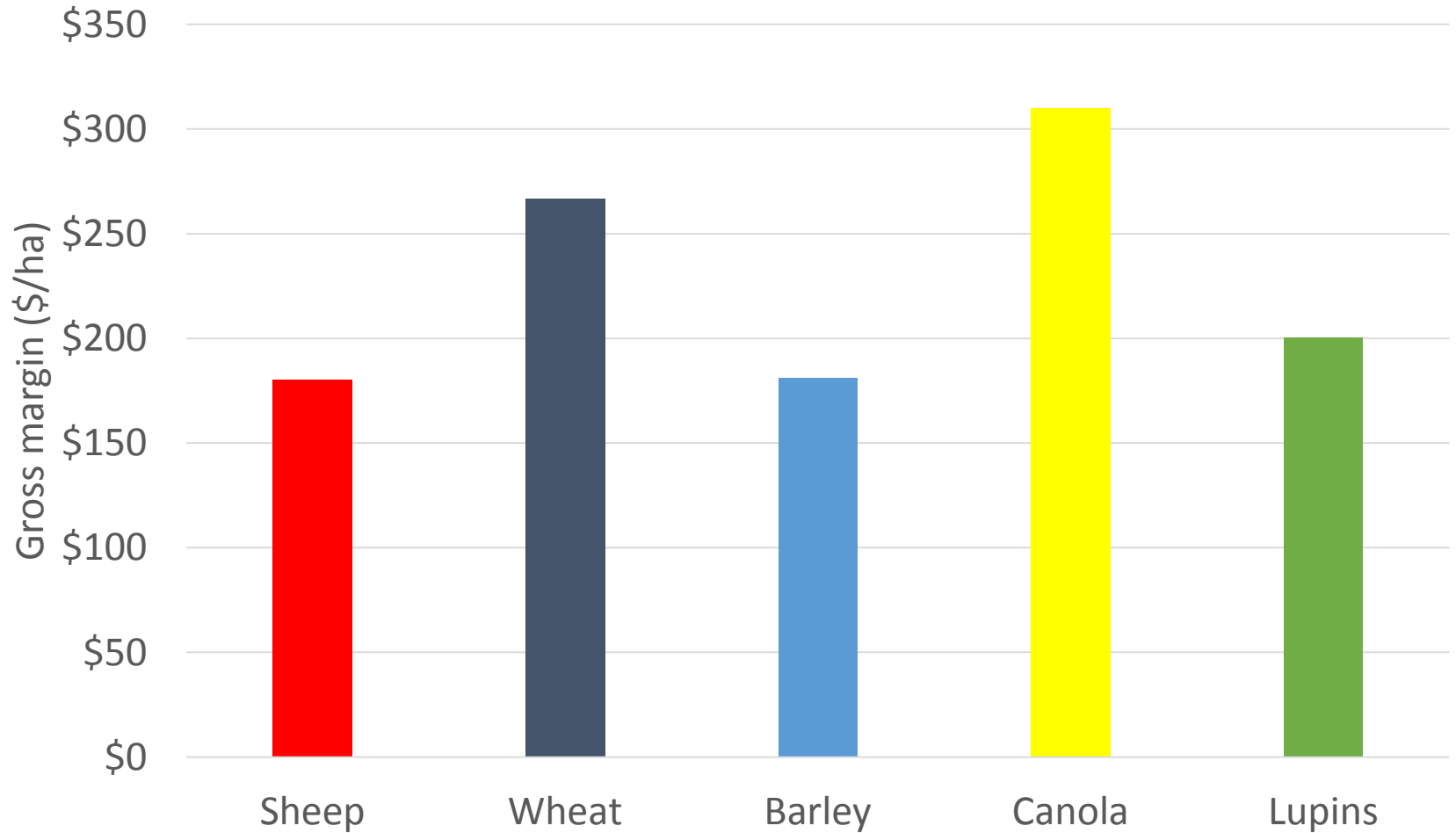
Cereal Sheep Zone

Estimated margins for 2016

| | |
|-----------------------------|--------------|
| Stocking rate (dse/ha) | 3.7 |
| Wool price (\$/kg grsy NIB) | \$8.50 |
| Wool cut (kg/hd) | 6.8 |
| Shippers (\$/hd) | \$110 |
| CFA ewes (\$/hd) | \$65 |
| Gross Margin (\$/ha) | \$180 |
| (\$/dse) | \$49 |

Cereal Sheep Zone

Estimated margins for 2016



High rainfall Zone

Estimated margins for 2016

| | Wheat | Barley | Canola |
|---------------------|--------------|--------------|--------------|
| Yield | 3.7 | 3.7 | 1.8 |
| Price (FIS) | \$250 | \$200 | \$550 |
| | | | |
| Costs | \$364 | \$367 | \$373 |
| | | | |
| Gross margin | \$407 | \$289 | \$528 |

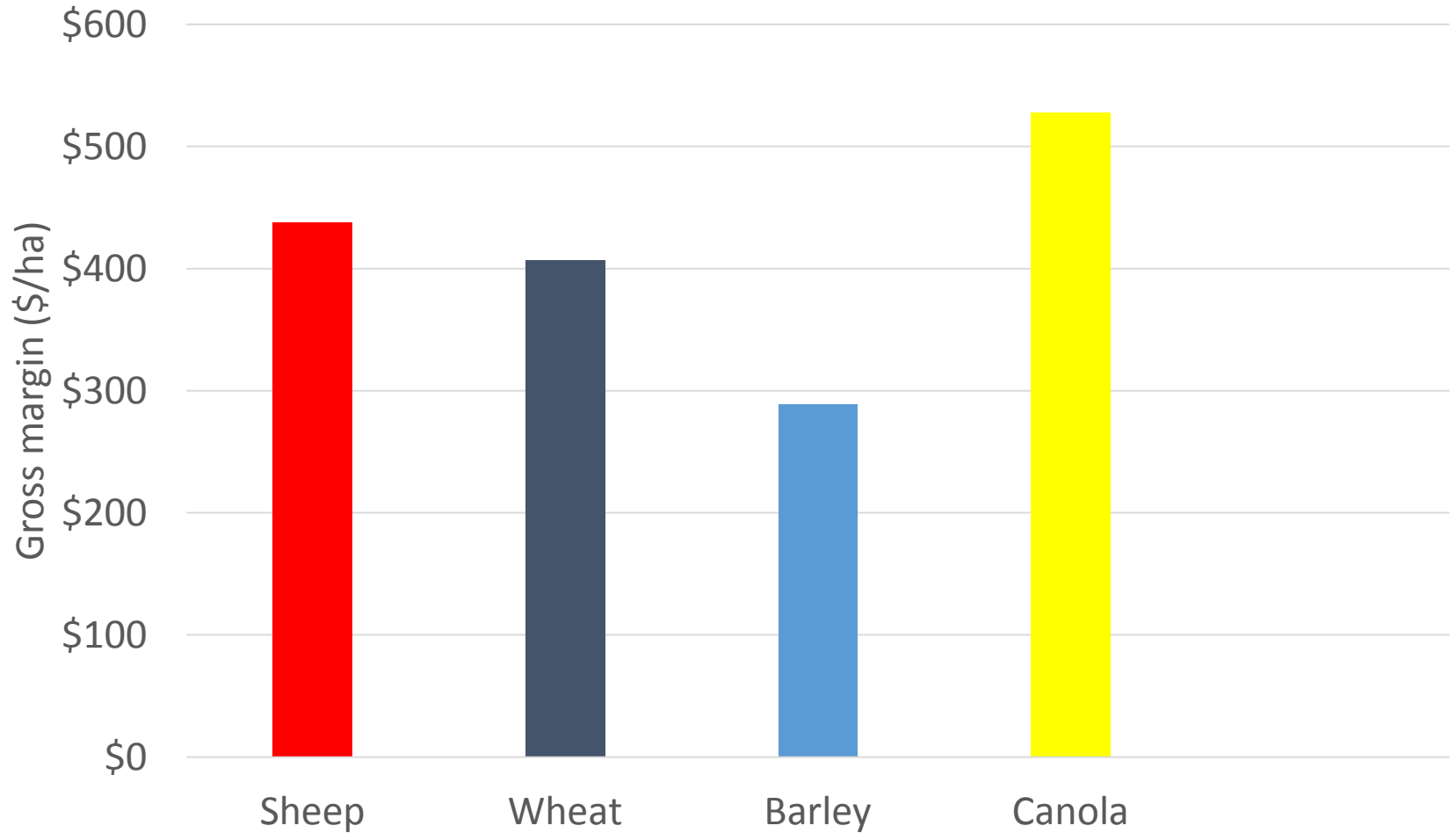
High Rainfall Zone

Estimated margins for 2016

| | |
|-----------------------------|--------------|
| Stocking rate (dse/ha) | 10.5 |
| Wool price (\$/kg grsy NIB) | \$8.80 |
| Wool cut (kg/hd) | 6.0 |
| Shippers (\$/hd) | \$110 |
| CFA ewes (\$/hd) | \$65 |
| Gross Margin (\$/ha) | \$438 |
| (\$/dse) | \$42 |

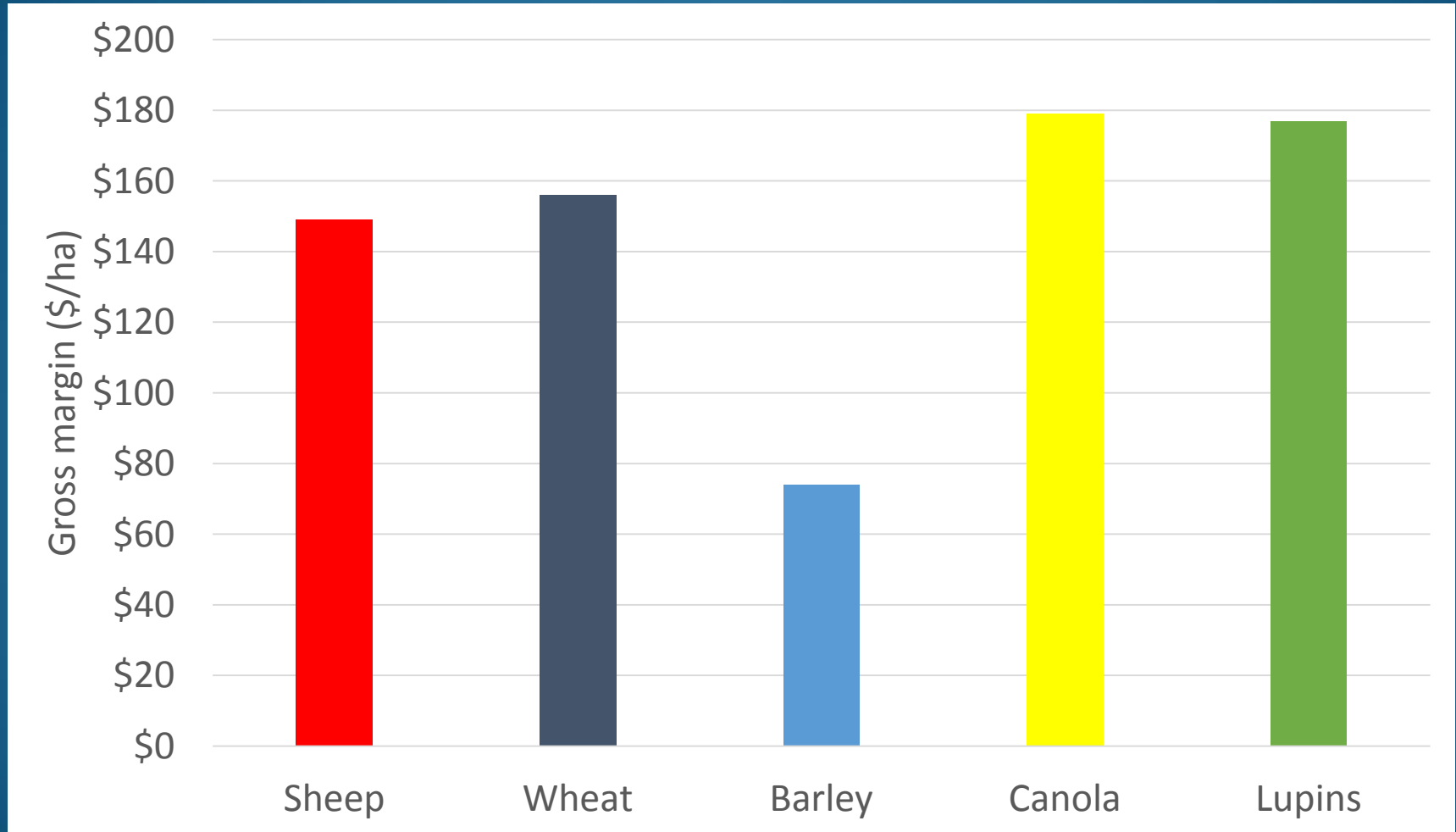
High Rainfall Zone

Estimated margins for 2016



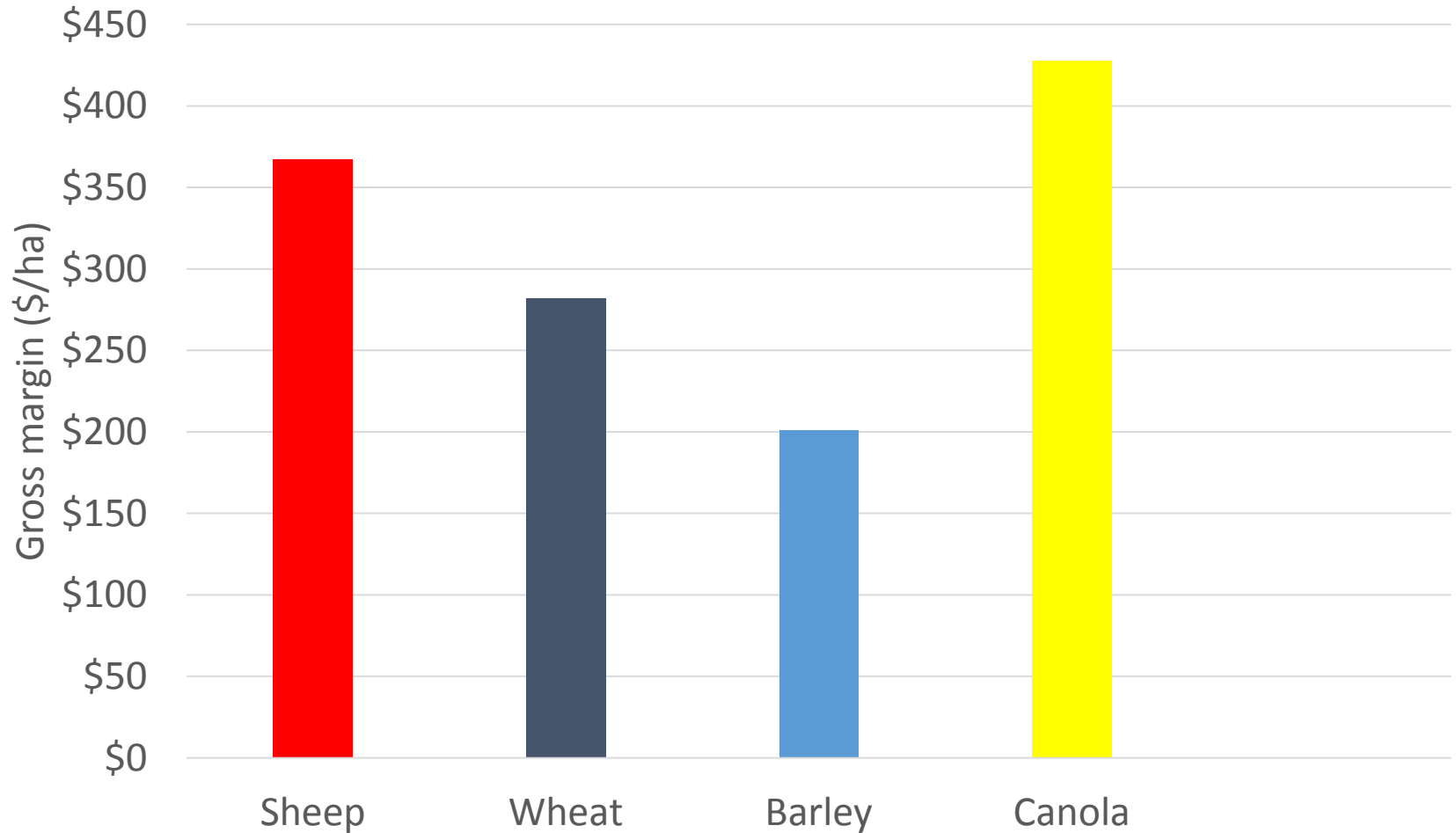
Cereal Sheep Zone

Estimated margins with average production



High Rainfall Zone

Estimated margins with average production



High Rainfall Zone

Estimated margins for 2016

| | Merino | \$/dse | Prime Lamb | \$/dse |
|------------------------|--------------|-------------|--------------|-------------|
| Wool Income | \$434 | | \$353 | |
| L'stock Trading Profit | \$270 | | \$521 | |
| Total Income | \$704 | \$64 | \$874 | \$83 |
| Costs | \$235 | \$22 | \$246 | \$23 |
| Gross margin | \$438 | \$42 | \$594 | \$57 |

High Rainfall Zone

Estimated margins for 2016

| | Merino | \$/dse | Prime Lamb | \$/dse |
|------------------------|---------------|---------------|-------------------|---------------|
| Stocking rate (dse/ha) | 10.5 | | 8.4 | |
| Wool Income | \$434 | | \$263 | |
| L'stock Trading Profit | \$270 | | \$407 | |
| Total Income | \$704 | \$64 | \$670 | \$80 |
| Costs | \$235 | \$22 | \$198 | \$24 |
| Gross margin | \$438 | \$42 | \$472 | \$56 |

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Thank you

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