

The 2017 Drought Economic Insights

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Dry Season Response

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The 2017 Drought

What's required

- Sell low priority stock
- Retain & feed medium and high priority stock
- Priority for allocating scarce spring feed
- What if cashflow restricted

Sell the low priority stock

Priority for retention (from high to low):

1. Mature ewes 2.5 & 3.5 yo
2. Rising maidens
3. Mature ewes 4.5 yo & older
4. Ewe lambs (2017 drop)
5. Wether lambs or wether hoggets

Rebuilding margin

1. Due to increased sales in 2017 the farm is understocked so sheep in 2018 are more valuable.

Up to \$40/hd

Doesn't occur for M-TS because lambs aren't retained to rebuild the flock.

2. Saleyard prices are often higher after a general drought because of lack of supply, and the demand for rebuilding.

Note: Rebuilding margin is lower if profitable alternative landuses exist.

Retain & Feed the Priority Stock

1. Ewes <CS2.3 to gain weight to be mated
ROI 500% (on grain fed)
2. Ewes CS2.5 gain weight
ROI 40%
3. Ewes CS3 maintain weight
ROI 50%

Allocating Scarce Spring Feed

1. Ewes too thin to mate (CS \leq 2.3)
- \$15/kg
2. Thin M-M ewes (CS2.5) especially if twins in 2017 or maidens
-\$2.90/kg
3. MM ewes in CS3 & M-TS ewes in CS2.5
-\$2.40/kg
4. Fattening CFA ewes for sale & M-TS ewes in CS3
-\$1.80/kg

Restricted Cashflow / High Grain Prices

- Feed for maintenance: ROI 50%+
BE Price 3.8c/MJ
- Feed for LW gain ROI 40%
BE Price 3.8c/MJ
- Allow CS 3 ewes to lose some weight if full ration required for <9mths
- With the above targets, calculate how many ewes you can afford to feed

Conclusions

- Sell low priority sheep
- Sell more if limited cashflow
- Retaining & feeding ewes is profitable because of high meat and wool prices.
- LW gain in confinement pays if $CS < 2.7$
- Fatter sheep target maintenance (unless limited cashflow)