MARKET INFORMATION

Lot feeding brief

Results for the June quarter 2023 feedlot survey

Tim Jackson – Global Supply Analyst – insights@mla.com.au

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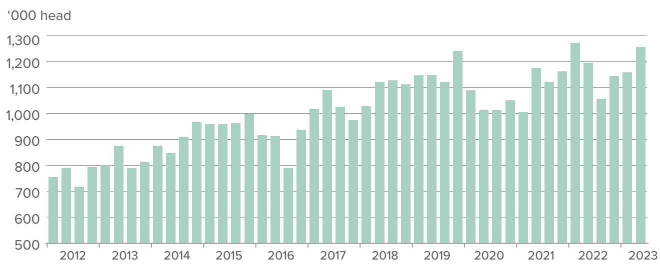
Summary

- The June 2023 quarter saw numbers on feed increase by 98,592 head, or 8.5% to 1,256,832 head. This is the second highest cattle on feed quarterly volume on record, only behind Q1 2022.
- While the number of cattle on feed increased substantially, capacity was largely unchanged from the March quarter, causing utilisation rates to rise from 74% to 81%.
- Quarterly turnoff increased by 25,800 head, or 3.9% from Q1 to 688,544. Increases were seen in all states except Western Australia, where turnoff declined by 16.8% to 34,497 head.

From the previous quarter:

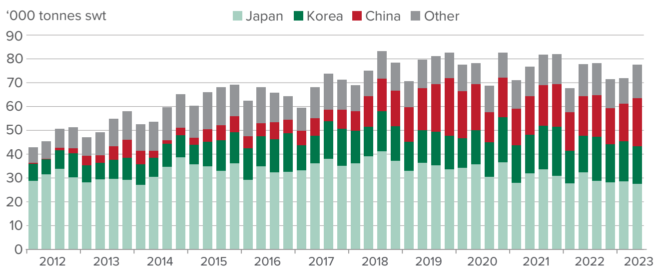
- In Q2 2023, Queensland and South Australia both experienced strong increases in numbers on feed, with Queensland increasing 17.6% to 758,080 head and South Australia increasing 18.6% to 50,318 head.
- NSW saw a marginal decline in numbers on feed to 337,524 head (-1.4%), while Victoria and Western Australia saw more substantial decreases, by -8.3% to 58,613 head and -19.4% to 52,297 head respectively.

Figure 1: Cattle on feed



Source: MLA/ALFA

Figure 2: Quarterly grainfed beef exports



Source: DAWE

Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Jun-23	Mar-23	Jun-22	Jun-23	Mar-23	Jun-22	Jun-23	Mar-23	Jun-22
NSW	**447,393**	456,368	423,043	**337,524**	342,256	335,064	**75**	75	79
Vic	**82,392**	83,717	78,892	**58,613**	63,933	61,362	**71**	76	78
Qld	**869,485**	868,227	820,571	**758,080**	644,776	708,052	**87**	74	86
SA	**64,440**	64,440	58,514	**50,318**	42,428	36,098	**78**	66	62
WA	**91,917**	82,753	91,026	**52,297**	64,847	54,890	**57**	78	60
Australia	**1,555,627**	1,555,505	1,472,046	**1,256,832**	1,158,240	1,195,466	**81**	74	81

Source: MLA/ALFA

- National capacity held steady at 1.556 million head, as marginal increases in capacity in Western Australia and Queensland offset slight declines in NSW and Victoria.

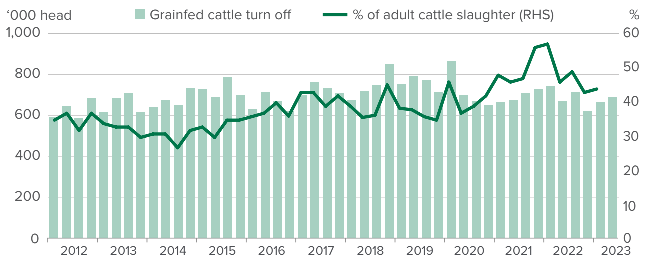
Grainfed exports

- Q2 grainfed exports lifted by 7.7% or 5,529 tonnes quarter-on-quarter but declined by 0.4% from Q2 2022.
- Slight downturns in exports Japan and China were offset by a 27.4% increase in exports to South Korea and a 29.1% increase in exports to all other markets.
- Despite this, Japan remained the largest market for Australian grainfed beef, with Q2 exports at 27,387 tonnes, or 35% of total exports.
- In Q2 2023, grainfed beef made up 30% of total beef exports, slightly lower than the 32.5% in Q1 2023 as grassfed exports began to increase substantially.
- For the first six months of 2023, grainfed beef exports are 3% higher than the first half of 2022 at 149,412 tonnes.

Domestic feeder cattle price, supply and weights

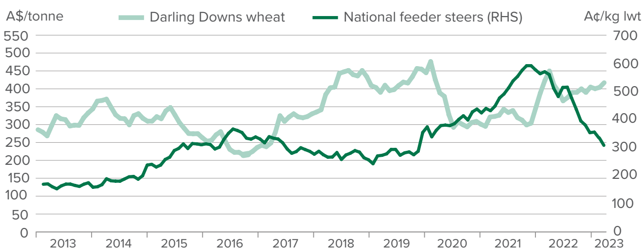
- Supply of feeder steers offered for sale via the saleyards rose by 10% or 7,004 head in Q1 to 75,382 head, primarily due to a 20% increase in Queensland to 26,195 head.
- The feeder steer indicator fell by 41¢ over the quarter to average 335.28¢/kg lwt, 11% below the march quarter average.
- Compared to Q2 2022, saleyard throughput was 6% stronger in Q2 2023 and the average feeder steer price was 204c lower, or 38% below year-ago levels.
- Feeder steer weights eased by 1.5% or 6kg/head quarter on quarter to average 417kg/head. This fall is in line with seasonal trends and is unchanged from Q2 2022.

Figure 3: Grainfed cattle turn-off



Source: ABS, MLA/ALFA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia

Grain prices

- Wheat prices for the Darling Downs strengthened by 2% quarter-on-quarter from an average of $400/tonne to $408/tonne.
- Compared with Q2 2022 prices were lower by 1% or $4, when they averaged $412/tonne.
- Australian grain is competitively priced relative to international peers. Darling Downs SFW traded at a 25% discount to ex-US HWR in Q2 2023, slightly closer than the 28% discount in Q1 but substantially larger than the long-run average of near-parity.
- Despite this, Australian grain prices are at near-record levels, and have been since the start of 2022. This has consistently put pressure on lot feeders' profitability and margins.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Jun-23	Mar-23	Jun-22
< 500	**10,464**	10,943	9,603
500-1,000	**33,283**	32,984	37,171
1,000-10,000	**377,654**	362,106	315,516
>10,000	**835,431**	752,207	833,176
Total	**1,256,832**	1,158,240	1,195,466

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Jun-23	Mar-23	Jun-22
		Head	
NSW	**165,279**	173,156	164,846
Vic	**55,788**	35,677	46,585
Qld	**408,826**	391,005	399,225
SA	**24,154**	21,420	17,892
WA	**34,497**	41,486	38,994
Australia	**688,544**	662,744	667,542

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2023	FY2022	FY2012
		Head	
NSW	**845,027**	715,403	644,736
Vic	**170,811**	174,048	136,031
Qld	**1,958,091**	1,727,457	1,593,951
SA	**127,827**	92,768	89,377
WA	**150,254**	134,629	103,366
Australia	**3,252,010**	2,844,305	2,567,461

Source: MLA/ALFA

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