Lot feeding brief

Results for the December quarter 2023 feedlot survey

Erin Lukey – Senior Market Information Analyst – insights@mla.com.au

February 2024

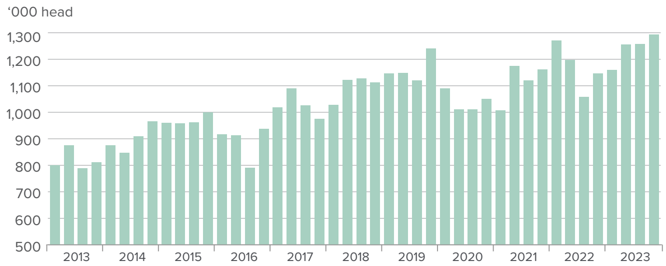
Summary

- The December 2023 quarter had cattle numbers on feed increase by 2.9%, or 36,154 head to a record high of 1,294,531 head.
- Capacity increased once again to the highest on record at 1,594,565, with utilisation at 81.2%.
- Quarterly turnoff up 8.2%, to 668,613 head in the December quarter.

From the previous quarter:

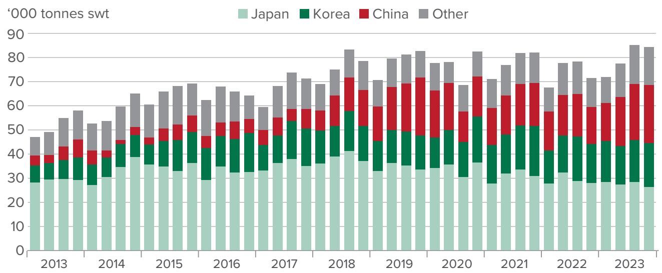
- In Q4 2023, total number on feed shifted marginally. In NSW and SA numbers rose by 7.3% and 14.7% respectively, while Queensland and Victoria numbers dropped 3.1%, and 2.2%.
- Numbers on feed in WA lifted by 92.6% to 58,562 head. This reflects the seasonal nature of the WA lot feeding sector, which tends to peak in the first and last quarter of the year.
- NSW and SA recorded their highest number of cattle on feed on record, at 372,708 and 58,502 head respectively. SA quarterly utilisation lifted to 90%, well above year ago ulitisation rates.

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 %		
	Dec-23	Sep-23	Dec-22	**Dec-23**	Sep-23	Dec-22	**Dec-23**	Sep-23	Dec-22
NSW	**467,574**	460,633	452,117	**372,708**	347,199	318,905	**80**	75	71
Vic	**83,250**	82,392	82,892	**54,513**	55,737	49,404	**65**	68	60
Qld	**887,763**	878,705	849,462	**750,246**	774,052	675,872	**85**	88	80
SA	**65,215**	64,940	63,594	**58,502**	50,984	41,812	**90**	79	66
WA	**90,763**	90,188	84,751	**58,562**	30,405	59,235	**65**	34	70
Australia	**1,594,565**	1,576,858	1,532,816	**1,294,531**	1,258,377	1,145,228	**81**	80	75

Source: MLA/ALFA

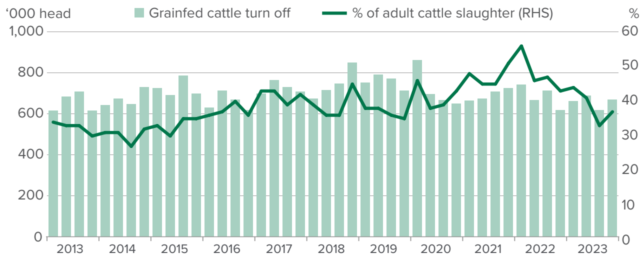
From the previous quarter: continued...

- A modest increase to national capacity of 1.1% to 1.59 million head resulted in the fifth consecutive lift in capacity and the highest capacity figure on record. Utilisation rates lifted 1% to 81.2%.
- Turnoff lifted 8.2% in the December quarter for a turnoff figure of 668,613 head.

Grainfed exports

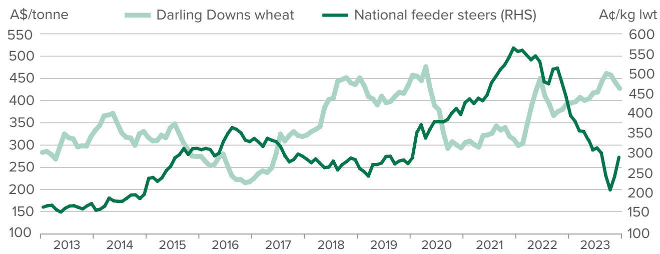
- Grainfed exports eased slightly in the December 2023 quarter to 84,363 tonnes, though remained the second largest grainfed export quarter on record.
- Japan remained the largest export market for Australian grainfed beef. Despite volumes easing 7% to 26,337 tonnes in Q3, the market made up 31% of all grainfed export volumes.
- China and Korea again were among the major importers of Australian grainfed beef.
- Quarterly volumes through to China lifted 5% on the previous quarter, to 24,138 tonnes. This is a 57% year on year difference.
- Exports to the Korean grainfed market lifted again in Q4 by 4% resulting in 18,180 tonnes.
- Exports to other markets reduced by 3% to 15,708, noting that the lift in total exports were driven by the lifts in the China and Korea market.
- Once again, the grainfed proportion of total beef exports eased to 16.0% in Q4, indicating lifts in total beef exports were dominated by grassfed beef.

Figure 3: Grainfed cattle turn-off



Source: ABS, MLA/ALFA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia

Domestic feeder cattle prices

- The NLRS feeder steer indicator price for the quarter dropped 39 cents or 14% to 250¢/kg lwt. Despite the quarterly average falling by December, prices had lifted to 293¢/kg lwt, improving margins for lot feeders.
- Feeder steer throughput in saleyards was down 3% to 78,358 head.

Grain prices

- The quarterly average darling downs wheat prices remained stable in Q4 2023 to $442/tonne and $40/tonne higher than year ago prices.
- Towards the tail end of the year, looking to monthly figures, prices fell to $427/tonne, having an impact on lot feeder profit margins.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Dec-23	Sep-23	Dec-22
< 500	**10,885**	11,405	6,747
500-1,000	**35,233**	35,365	31,017
1,000-10,000	**393,254**	349,711	324,307
>10,000	**855,159**	861,896	783,157
Total	**1,294,531**	1,258,377	1,145,228

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Dec-23	Sep-23	Dec-22
		Head	
NSW	**166,821**	163,580	166,093
Vic	**32,068**	28,390	32,797
Qld	**426,857**	358,827	374,708
SA	**25,397**	28,044	24,896
WA	**17,470**	39,176	20,017
Australia	**668,613**	618,017	618,511

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