North of the Tropic Beef Report

20 September 2016

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WEATHER OUTLOOK

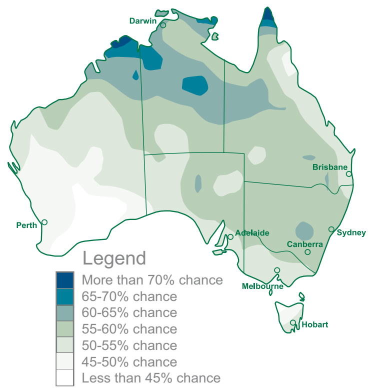
As highlighted in BOM's latest three month outlook, 'above average' spring rainfall (September to November) is likely across large parts of Northern Australia, while most other regions of the country have an equal chance of a wetter or drier three months ahead.

For the September to November period, parts of the **Top End, central NT** and **North Queensland** are likely to receive above-average rainfall, with localised areas surrounding **Katherine** having a 75% chance of recording up to 100mm over the period. Similarly, **Kununurra** and **Tennant Creek** are expected to receive close to 50mm and 25mm, respectively.

Looking forward, recent forecasts expect a wetter than average and slightly earlier start to the wet season – with the La Niña-like system and particularly warm sea surface temperatures both contributing to above-average rainfall. Stronger winter conditions have also improved soil moisture levels in many northern parts, which will likely continue to support producers.

Weather outlook

Chance of exceeding the median rainfall Sep – Nov 2016



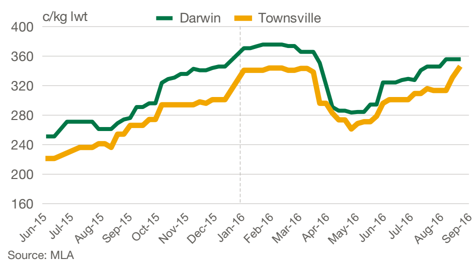
LIVE EXPORTS

Despite remaining relatively subdued throughout most of the month, live export indicators continued to gain notable momentum in the latter weeks of August – with all categories averaging higher on the month-prior.

In August, **feeder steers** delivered to **Darwin** averaged 351¢, up 16¢ on last month – with some more recent quotes in September reaching as much as 365¢/kg lwt. **Feeder steers** delivered to **Townsville** averaged 14¢ higher in August, at 322¢ lwt.

In the second week of September, importers still await the formal status of their permit requests. It is understood that Indonesian importers have obtained technical recommendations of 140,000 head of cattle from the ministry of agriculture – however a formal agreement from the Indonesian government has yet to be confirmed. Jakarta wet market prices remain slightly lower on the same time last year, at around IDR 105,000-125,000/kg.

Live export feeder steer indicators

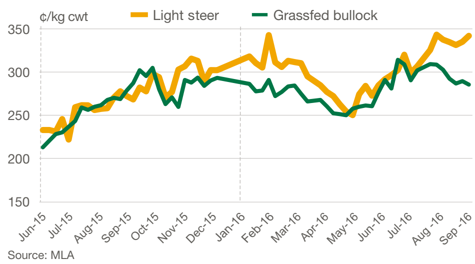


SALEYARD INDICATORS

Widespread showers in early August saw some categories reach their highest on record in certain regions – but a seasonal lift in supply throughout the rest of the month resulted in mixed trends throughout the physical market. Restocker and feeder demand for younger lines remained particularly strong in August, while processors and live exporters were reportedly subdued in many regions.

Most categories continued to average dearer in August – with the **restocker** and **medium steer** indicators up 11¢ on the month prior, at 356¢ and 313¢/kg lwt, respectively. The **grassfed bullock** and **medium cow** indicators were the exception however – down 5¢ and 2¢ on the previous month, averaging 299¢ and 243¢/kg lwt, respectively.

North Queensland saleyard indicators



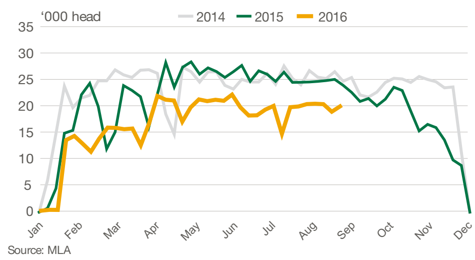
OVER-THE-HOOK INDICATORS AND SLAUGHTER

In August, **north Queensland weekly cattle slaughter** finished lower year-on-year once again – back 19% at 20,093 head. Continued rainfall in the first weeks of August contributed to lower overall slaughter levels – with access to cattle restricted in some regions.

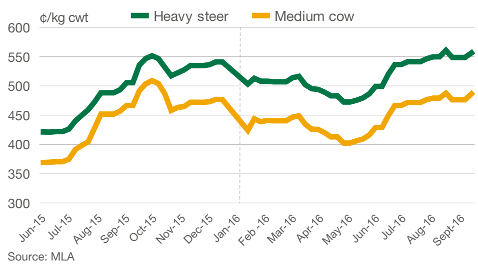
Although remaining unchanged for most of the month, the **north Queensland over-the-hook** indicators continued to average dearer in August – with all major categories lifting an average of 9¢/kg cwt from the month prior. This week (12th September), all major indicators finished dearer – with the **trade steer** and **medium cow** indicators averaging 549¢ and 488¢/kg cwt, respectively. The **heavy steer** indicator also trended dearer, averaging 559¢/kg cwt.

In the second week of September, the **90CL imported US beef** indicator eased 6US¢ on the week prior – at 192US¢ (down 9¢, to 563A¢/kg CIF). So far this month, trading activity between the US remains sluggish – with rising US domestic production softening demand for imported beef. Encouragingly, seasonally tight beef supplies in New Zealand are providing some support for the imported market at present.

North Queensland weekly adult cattle slaughter



North Queensland over-the-hook indicators



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Live export indicators

Cattle (¢/kg lwt)	Darwin			Townsville			Broome*		
	Aug-16	Jul-16	Aug-15	Aug-16	Jul-16	Aug-15	Aug-16	Jul-16	Aug-15
Feeder steer	**351**	335	265	**322**	308	245	**330**	NQ	NQ
Feeder heifer	**328**	315	238	**301**	292	217	**315**	NQ	NQ
Slaughter steer	**NQ**	NQ	259	**296**	296	257	**NQ**	NQ	NQ
Slaughter heifer	**NQ**	NQ	247	**NQ**	282	230	**NQ**	NQ	NQ

All live export cattle quotes are for cattle destined for Indonesia and Vietnam. *Broome is lightly reported.

Source: MLA

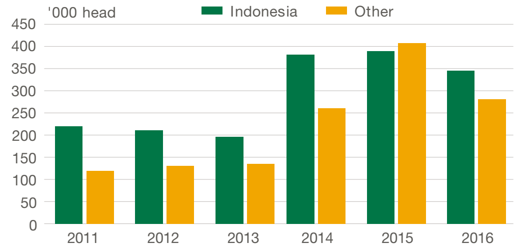
Australian feeder and slaughter cattle exports
(January – July)

Head exported	All ports		
	2016	2015	2014
Indonesia	**345,513**	392,002	387,667
Vietnam, China & Japan**	**143,031**	258,684	103,632
other	**140,091**	148,246	156,964
TOTAL	**628,635**	798,932	648,263

**Please note, ABS did not provide individual country data for Vietnam, China and Japan from October 2015 to March 2016 but the majority of cattle in this group were destined for Vietnam. July totals comes from DAWR. Click here to read the latest edition of LiveLink.

Source: ABS, DAWR

Australian feeder and slaughter cattle exports
(January – July)



Source: ABS, DAWR

North Queensland over-the-hook indicators

Cattle (¢/kg cwt)	Dentition	Weight	Muscle	Fat	Aug-16	Jul-16	Aug-15
Trade steer	0-2 (YG)	240-260kg	A-C	5-22	**545**	535	482
Medium steer	0-4 (YP)	260-280kg	A-C	5-23	**545**	535	481
Heavy steer	0-4 (YP)	300-400kg	A-C	5-24	**555**	545	491
Medium cow	0-8 (C)	260-280kg	A-E	0-32	**482**	474	454
Average weekly slaughter (head)				**Male**	**9,986**	9,093	12,547
				Female	**10,107**	9,199	12,328
				TOTAL	**20,093**	18,292	24,874

Source: MLA

Young Cattle Indicators

¢/kg cwt	Aug-16	Jul-16	Aug-15
EYCI	**710**	662	568
Roma Store (EYCI cattle)	**711**	670	547

Source: MLA

North Queensland is approximately defined as north of and including Rockhampton.

North Queensland saleyard indicators

Cattle (¢/kg lwt)	Category	Live weight	Muscle/ Fat	Emerald Aug-16	Emerald Jul-16	Emerald Aug-15	CQLX Gracemere Aug-16	CQLX Gracemere Jul-16	CQLX Gracemere Aug-15	Charters Towers Aug-16	Charters Towers Jul-16	Charters Towers Aug-15	Average Aug-16	Average Jul-16	Average Aug-15
Restocker steer	Vealer & yearling	200-330kg	D2	**348**	354	275	**358**	355	261	**349**	326	NQ	**356**	345	265
Restocker heifer	Vealer & yearling	200-330kg	D2	**330**	321	235	**330**	312	226	**290**	298	NQ	**325**	307	229
Light steer	Yearling steer	330-400kg	D2	**335**	326	273	**341**	326	254	**321**	279	NQ	**338**	314	266
Medium steer	Grown steer	400-500kg	D2	**309**	316	262	**325**	325	260	**289**	263	NQ	**313**	302	263
Grassfed bullock	Grown steer	500-750kg	C-D4	**297**	306	268	**300**	300	266	**NQ**	NQ	NQ	**299**	304	268
Medium cow	Cow	400-520kg	D3	**239**	242	225	**251**	252	219	**234**	231	NQ	**243**	245	223
Average weekly saleyard throughput (head)				**1,658**	2,893	2,713	**3,807**	3,713	3,966	**2,639**	2,213	NQ	**8,103**	7,167	6,679

Source: MLA