MEAT & LIVESTOCK AUSTRALIA MARKET INFORMATION

Lot feeding brief

Results for the June quarter 2022 feedlot survey

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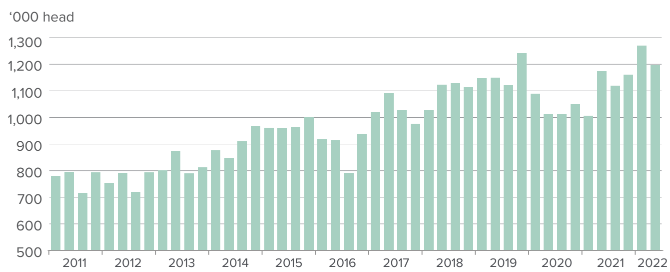
Summary

- Total numbers on feed in the June quarter were 1.195 million head, a decline of 6% or 74,461 head compared with the March 2022 quarter. This is still the third highest number of cattle on feed on record.
- Comparing year-on-year levels, numbers have risen modestly by 21,814 head.
- As a result of several headwinds such as increasing input costs for grain, diesel and energy, national capacity fell slightly by 13,668 to 1,472,046 head.

From the previous quarter:

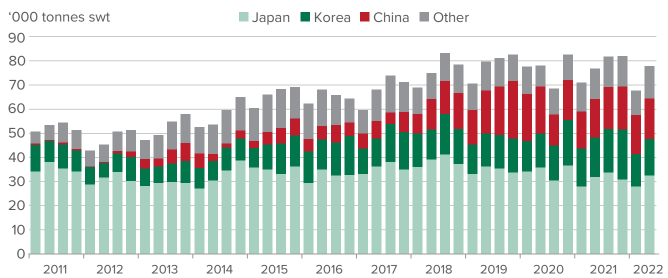
- In Q2, all states saw a reduced number of cattle on feed. These declines were most significant in QLD, with cattle on feed falling by 40,084. Larger feedlots have been able to maintain capacity, with smaller lot feeders stepping out of the market as input pressures challenge margins.
- WA numbers have remained volatile. After a rise of 82% in the March quarter, volumes decreased by 25.2% in June.
- Victorian and NSW numbers were firm quarter-on-quarter, declining by 1.5% and 1.9% 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-22	Mar-22	Jun-21	**Jun-22**	Mar-22	Jun-21	**Jun-22**	Mar-22	Jun-21
NSW	**423,043**	429,543	412,274	**335,064**	340,295	324,715	**79**	79	79
Vic	**78,892**	78,892	78,892	**61,362**	62,575	65,027	**78**	79	82
Qld	**820,571**	825,738	829,628	**708,052**	748,135	708,557	**86**	91	85
SA	**58,514**	58,914	53,814	**36,098**	45,498	37,003	**62**	77	69
WA	**91,026**	92,627	73,477	**54,890**	73,424	38,350	**60**	79	52
Australia	**1,472,046**	1,485,714	1,448,085	**1,195,466**	1,269,927	1,173,652	**81**	85	81

Source: MLA/ALFA

- The key state of Queensland saw capacity reduced by 5% as smaller feedlots stepped out of the market. Meanwhile, NSW remained firm.
- WA's utilisation continued to remain volatile with rates declining by 19% in Q2 after a rise of 24% in the March quarter.
- National figures were firm on year-ago levels at 81% but softened 4% on March levels.

Currency

- With several global macro-economic challenges placing downward pressure on the Australian exchange rate, the Australian dollar (A$) averaged US71.4¢, a 2.1% decline on March performance. The Australian dollar performed 7.2% softer than Q2 2021 levels, a decline of 5.5¢ US cents on average.
- The A$ continued its quarter-on-quarter appreciation against the Japanese yen, rising by 10% to average 92.7¥ in the June quarter. Compared with year-ago levels, the A$ is firm with the Japanese yen.
- In the June quarter, the A$ rose 4.3% in the Korean won to average 900₩.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Jun-22	Mar-22	Jun-21
< 500	**9,603**	7,517	10,529
500-1,000	**37,171**	34,283	38,325
1,000-10,000	**315,516**	397,756	372,311
>10,000	**833,176**	830,371	752,487
Total	**1,195,466**	1,269,927	1,173,652

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Jun-22	Mar-22	Jun-21
		Head	
NSW	**164,846**	189,886	171,612
Vic	**46,585**	44,350	46,600
Qld	**399,225**	442,307	397,429
SA	**17,892**	28,932	28,712
WA	**38,994**	36,848	30,949
Australia	**667,542**	742,323	675,302

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2022	FY2021	FY2011
		Head	
NSW	**887,015**	718,248	824,689
Vic	**220,648**	167,839	263,881
Qld	**2,124,886**	1,542,780	1,816,789
SA	**121,480**	105,457	136,647
WA	**165,578**	122,577	76,360
Australia	**3,519,607**	2,656,901	3,118,366

Source: MLA/ALFA

Grainfed exports

- Grainfed exports rose strongly by 15% quarter-on-quarter or 10,181 tonnes. This is a result of robust export demand across all major and emerging grainfed export markets, as well as a strong continuation of supply from historically higher numbers on feed.
- As Australia's largest market for grainfed export, grainfed exports to Japan rose encouragingly by 16.6%. In the June quarter, Japan accounted for 42% of total grainfed exports.
- China's demand for grainfed product improved this quarter, with volumes to increasing by 1,651 tonnes or 12%. However, these volumes 6.4% lower year-on-year.
- Australia's other markets saw strong performance over the June quarter, with grainfed exports to these locations rising by 34% or 3,396 tonnes. This demonstrates strong demand from emerging markets for Australia's grainfed product and the diversity of locations that Australia supplies product to across the globe.

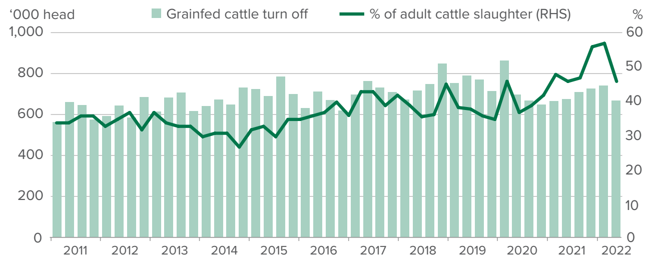
Domestic feeder cattle prices

- The national feeder steer indicator averaged 541¢ in the June 2022 quarter – a decline of 3% or 16¢/kg lwt on the record start to the 2022 calendar year. However, compared with year-ago levels, the indicator is still operating 22% or 98¢/kg lwt stronger.

Grain prices

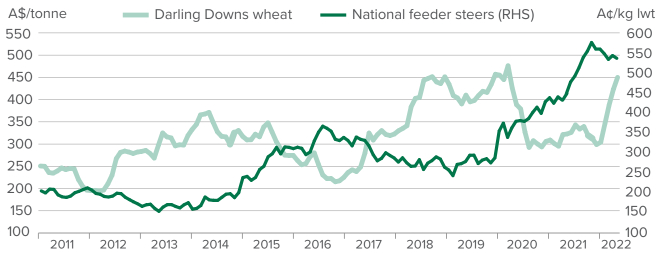
- Following significant global disruption due to the war in Ukraine, wheat ex-Darling Downs rose by $97/tonne to average $412/tonne. Year on year, prices are higher by $100/tonne. As previously mentioned, price increases for grain has driven overall input costs up to challenge the Australian lot feeding industry this quarter.
- Barley ex-Darling Downs, when compared with the June quarter, was higher by $120/tonne or 42%, averaging $412/tonne.

Figure 3: Grainfed cattle turn-off



Source: ABS, MLA/ALFA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia