



# **MLA co-product market report**

**July 2014**

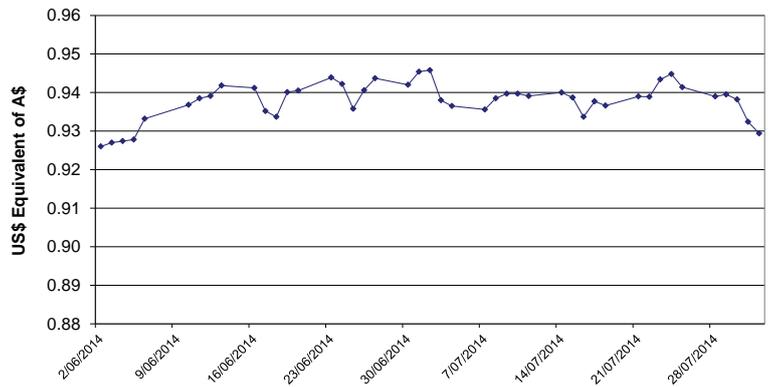
**Table 1: Co-products Prices July 2014**

<b>Product</b>	<b>Average</b>
<b>Beef Offals</b>	
ABOMASUM	\$2.00
BEEF LIPS	\$2.78
BEEF LIPS - HALAL	\$2.77
CALF VELLS	\$2.40
CHEEKMEAT	\$4.02
DIAP. MEMBRANE	\$2.75
HC TRIPE	\$6.28
HEADMEAT	\$3.33
HEADMEAT - HALAL	\$3.53
HEART	\$1.55
HEART - HALAL	\$1.45
HEART-AORTA	\$4.88
INTESTINE	\$1.40
KIDNEYS	\$0.85
KIDNEYS - HALAL	\$0.88
LIGAMENTUM	\$2.62
LIVER	\$0.95
LIVER - HALAL	\$1.07
LUNGS	\$1.10
LUNGS - HALAL	\$1.45
OMASUM	\$6.28
OMASUM - HALAL	\$5.90
PETFOOD OFFAL	\$0.60
RUM.PILL < 500	\$3.50
RUM.PILL > 700	\$7.31
RUM.PILL 500-700	\$4.81
SPLEEN	\$1.07
SPLEEN - HALAL	\$1.00
TAIL	\$6.77
TAIL - HALAL	\$6.50
TENDONS	\$5.10
THICKSKIRT	\$5.45
THINSKIRT	\$5.26
TONGUE RT FILLET	\$3.70
TONGUE RT MEAT	\$1.75
TONGUE SW	\$8.61
TRIPLE PCS	\$3.05

<b>Product</b>	<b>Average</b>
<b>Sheep Offals</b>	
BRAINS SHEEP	\$4.80
HEART SHEEP	\$1.48
KIDNEYS SHEEP	\$3.60
LIVER SHEEP	\$1.10
LIVER SHEEP - HALAL	\$0.90
TONGUE LC SHEEP	\$4.80
TONGUE SC SHEEP	\$4.50
TRIPLE SHEEP	\$3.65
RUNNERS LAMB	\$6.15
RUNNERS SHEEP	\$4.60
<b>Rendered Products</b>	
BLOODMEAL 85 RING DRIED	\$1,000.00
MBM 50	\$665.50
TALLOW <4%	\$654.67
TALLOW INED.<1FFA	\$690.00
TALLOW INED.<2FFA	\$676.00
<b>Pharmaceutical Products</b>	
GALL CONCENTRATED	\$21.00
FOETAL BLOOD	\$600.00

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$ each or/head for hides, skins and sheep runners.

### June - July Exchange rate



The AUD/USD exchange rate dipped slightly towards the end of the month with a slightly lower average compared to June.

### Offal Prices

Halal and Sheep offal prices were generally weaker in July due to Ramadan with heavy purchases in June prior to the commencement. In other markets beef offals were generally steady. The exception was products for the Chinese market, particularly omasum and honeycomb.

The trends in head offal prices are shown in Figure 1.

The average price of cheek meat was back to normal prices at around \$4.00 with both domestic and export prices quoted.

The average price of head meat was 27¢ higher than the June price at \$3.43/kg. The average price is a combination of Halal and non-Halal prices.

Beef lips remained steady at around \$2.78/kg.

Figure 1: Trends in beef head offal prices

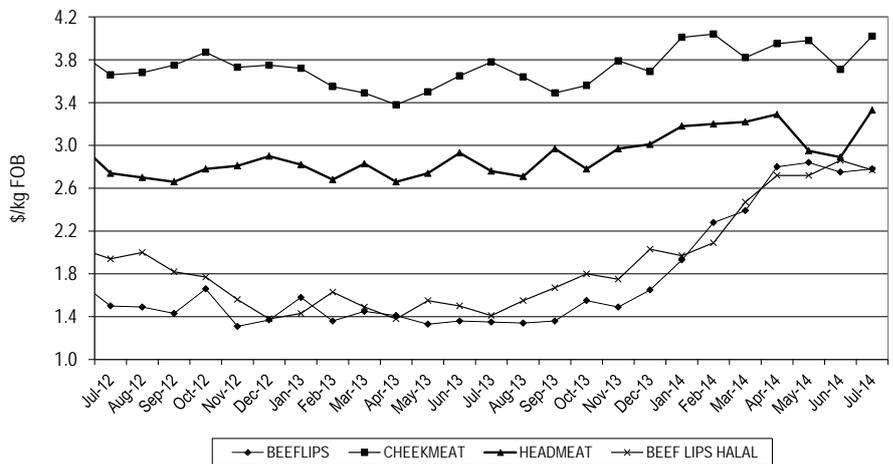
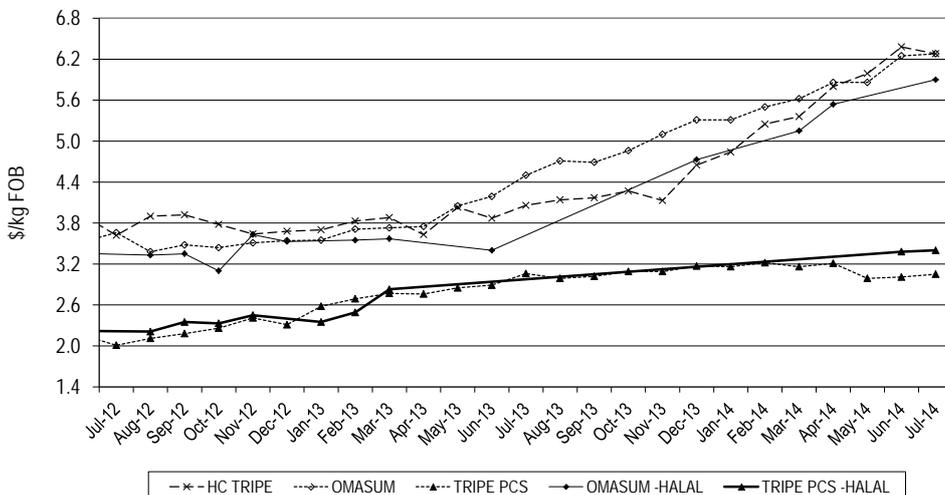


Figure 2: Trends in beef tripe prices



The average price of tripe pieces was steady at \$3.05/kg and halal tripe pieces flat.

Demand for omasum and honeycomb in Hong Kong remains firm.

Honeycomb prices were 10¢ lighter at an average price of \$6.28/kg and omasum prices were steady at an average price of \$6.28/kg.

# Beef Offal Trends

Figure 3a: Trends in beef offal prices

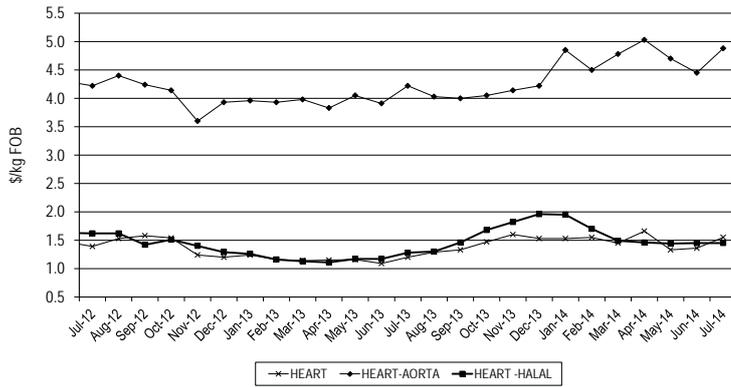


Figure 3b: Trends in beef offal prices

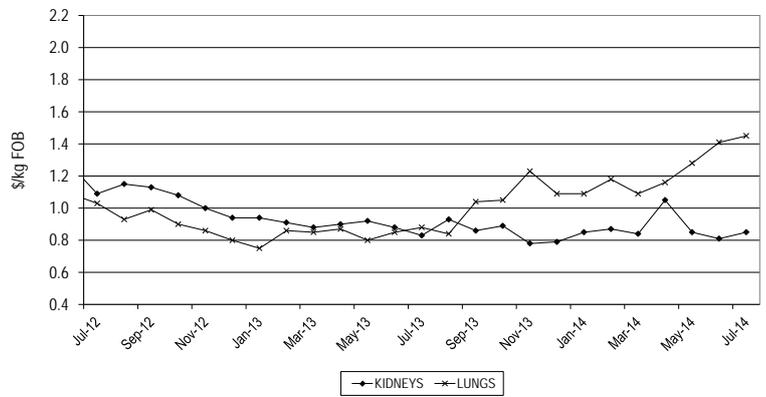
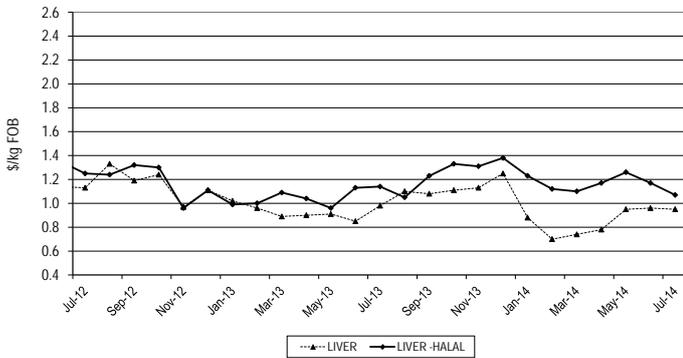


Figure 3c: Trends in beef offal prices



Hearts both halal and non-halal remained strong with an improvement of 18c for non-halal product averaging \$1.55/kg. Halal hearts were steady at \$1.45/kg. Aorta clawed back some of last months loss to average \$4.88/kg, up 37¢.

Kidneys remain flat whilst halal lungs strengthened 5c/kg.

The average price of non-Halal liver was almost unchanged at \$0.96/kg whilst halal livers slumped with the Ramadan lull from \$1.17 to \$1.07, a 10 cent drop.

## Japanese Offals

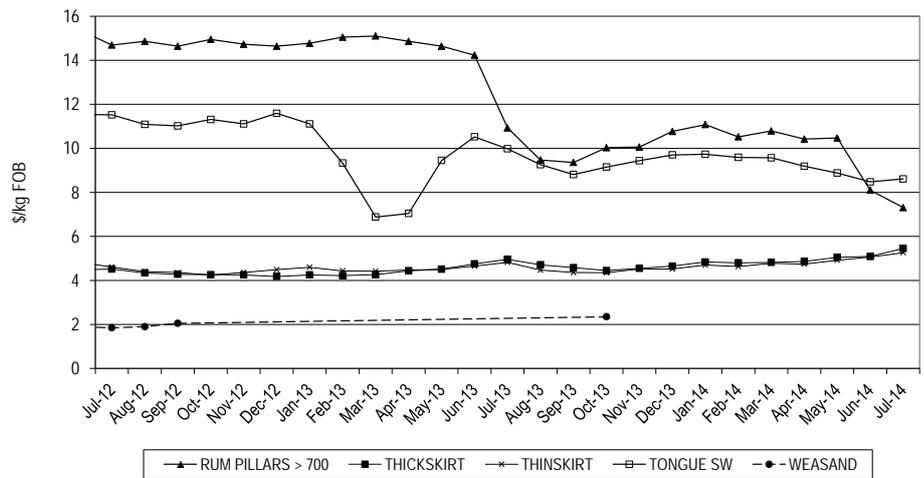
The Japanese tongue market remained steady at the lower levels seen recently.

The average price of tongues to Japan was 13¢ higher at \$8.61/kg. Prices have been affected by the availability of USA tongues and weaker seasonal demand.

Prices of rumen pillars were lower. The average price of high weight-range pillars (>700g) was \$0.79 lower at \$7.31/kg. The average price of 500-700g pillars was \$1.28 lower at \$4.81/kg. The average price of <500g pillars was \$0.81cents lower at \$3.50/kg.

Demand in the Korean market is firm. Thick skirt prices were 36¢ higher at an average price of \$5.45/kg and the average price of thin skirt was 20¢ higher at 5.26/kg. The Japanese market is not matching the Korean price for thick and thin skirt and product is going mainly to Korea. The average price of cheek meat was higher at about \$4.00/kg up from around \$3.70.

Figure 4: Trends in Japanese offal prices

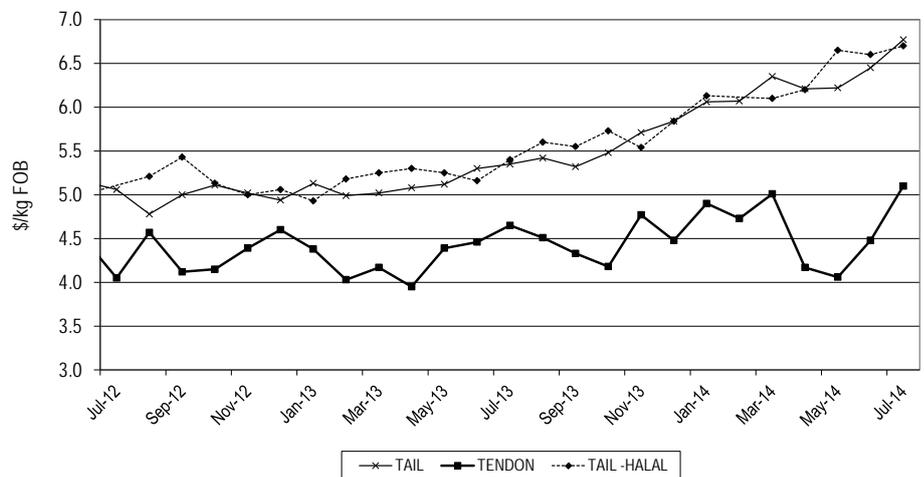


## Tails and Tendons

Tail prices continued to rise, up 32¢ to \$6.75/kg whilst halal tails felt the Ramadan lull, falling 10¢ to \$6.50/kg.

Tendons continued last months recovery moving 62¢ to average \$5.10, the highest average for the last two years.

Figure 5: Trends in tail and tendon prices



## Sheep Offals

Trends in sheep offal prices were mostly lower in July again due to Ramadan.

Sheep tripe prices were 12¢ lower at an average price of \$3.65/kg. Demand for tripe in Hong Kong is reported to be steady.

The average price of kidneys was 20¢ lower in July falling to \$3.60/kg. The price of sheep livers was 5¢ lower at an average price of \$1.28/kg. The average price of sheep heart was 7 cent higher in July at \$1.48/kg for bulk-packed hearts.

Figure 5: Trends in tail and tendon prices

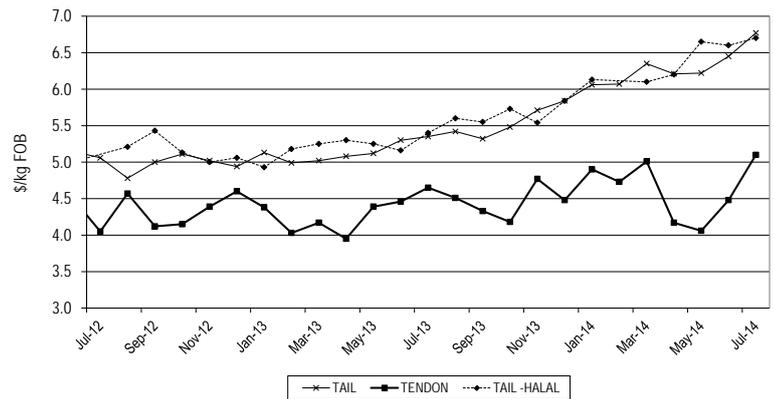
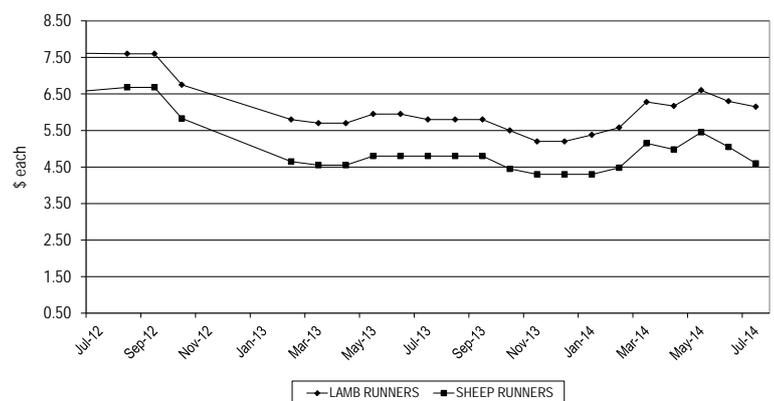


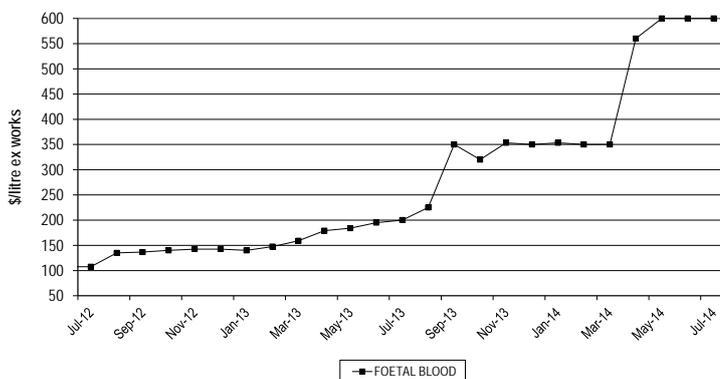
Figure 6b: Trends in runner prices



The average price of lamb runners was 15¢ lower in July at \$6.30/piece. The average price of sheep runners was 45¢ lower at \$4.60/piece.

## Pharmaceutical products

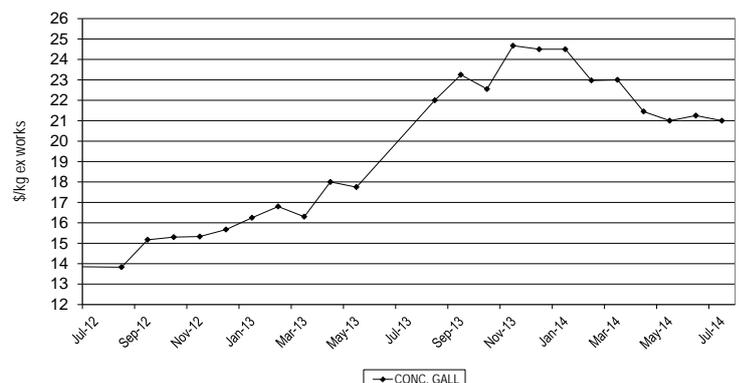
Figure 7a: Trends for foetal blood prices



The average price of foetal calf blood was \$600/litre in July with price remaining at the same level as the previous two month. The two major producers of foetal blood serum products, GE Health Care and Life Technologies, continue to compete for market share and have pushed up prices of Australian foetal calf blood.

Concentrated gall remains relatively steady at prices similar to May and June.

Figure 7b: Trends for concentrated gall prices



## Rendered Products

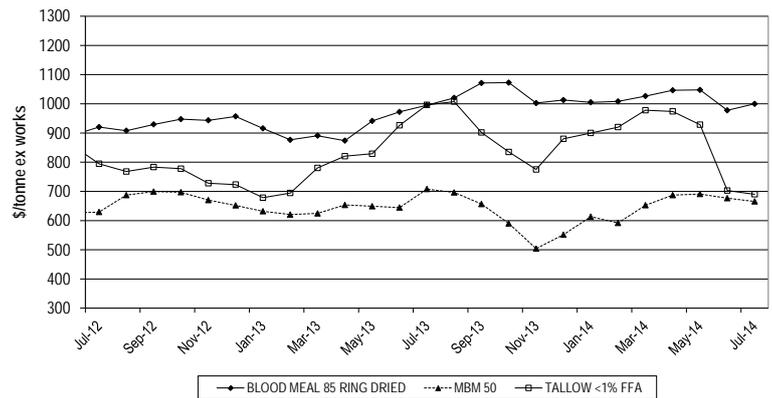
Figure 8 shows the trends in prices paid for rendered co-products. Prices are bulk ex-works/tonne.

Tallow prices were lower in July. The average price of 1% FFA tallow was \$13 lower at \$690/tonne ex. works. The average price of 2% FFA tallow was \$4 higher at \$676/tonne and the average price of 4% FFA tallow was \$4 higher at \$654.67/tonne.

Meat and bone meal prices were weaker in July with the average price for 50% down to \$665.50, a fall of around \$11.00. Customers in Indonesia had bought forward to make sure that they are covered during Ramadan in July. Supplies in Australia are high due to high kills and USA supplies are also strong making US product available in S.E. Asia. The average price of blood meal was \$23 higher at \$1000/tonne.

Australian tallow prices have been supported by demand from Neste Oil in Singapore to produce renewable fuel for sale in the USA. Neste Oil has scheduled a maintenance shut down in October/November and has stopped buying tallow. In addition, subsidies for renewable fuel in the USA have changed and may not be available for foreign produced fuel. Neste Oil may return to the market for Australian tallow but may not pay large premiums compared with the other markets. In the meantime traders are re-establishing the traditional markets in China, Taiwan and Pakistan where tallow has to be priced relative to palm stearine. The price of palm stearine was slightly higher in July at US\$767/tonne FOB Malaysia .

Figure 8: Trends in rendered co-product prices



## Co-product values/head

The following tables and figures (Figures 11-13 with accompanying tables) show the relative value of co-products for different classes of stock over the last two years. The value of co-products/head is calculated by applying an estimated yield for each item of co-product for each type of stock and multiplying the estimated yield by the average price for the month. The estimated yields of edible offals/head were reset in April 2012 to reflect yields reported in the MLA report “Best Practice for Offal Collection”, Project A.COP.0037.

Co-product values were \$5.15 to \$6.75/head lower in July. The effect of the drop in tallow had already been felt in June and falls were mainly on the back of lower hide prices as northern hemisphere tanners are on summer holidays.

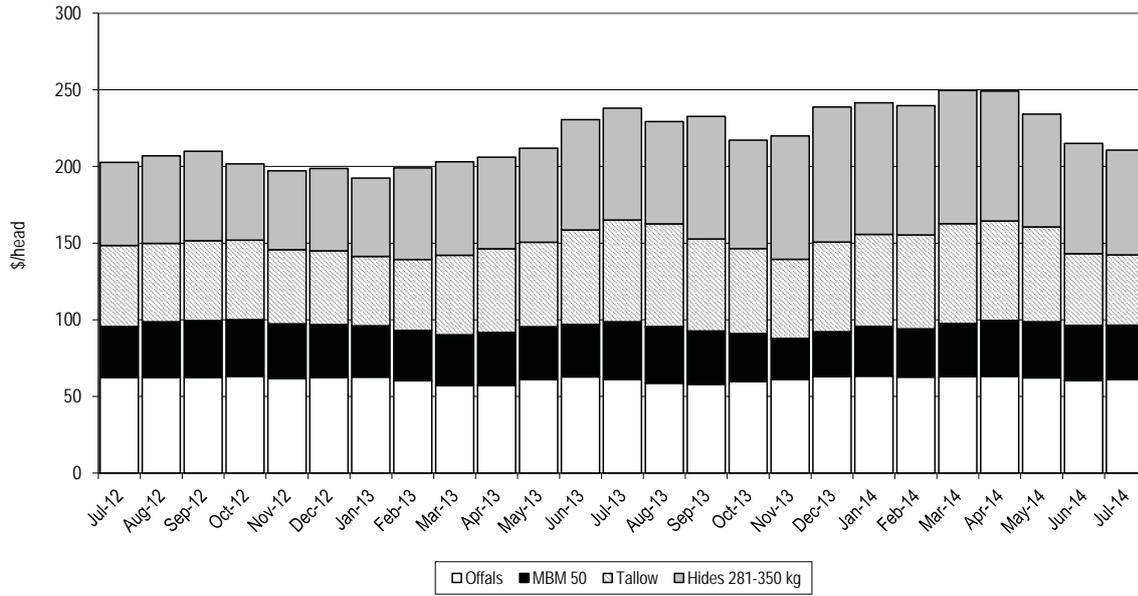
The USDA reports the co-product values of different classes of stock on a daily or weekly basis. The co-product values reported by the USDA are not directly comparable with values shown in Figures 11-13. The USDA figures are based on live weight, they allow for a proportion of condemnation of offals which is different to the model used to create Figures 11 to 13 and they do not include the value of some offals e.g. mountain chain tripe.

Table 2 shows co-product values/head reported by the USDA for the period March 2014 to July 2014.

Table 2: Co-product values reported by USDA

Type of stock	March 2014 (US\$/carcase)	April 2014 (US\$/carcase)	May 2014 (US\$/carcase)	June 2014 (US\$/carcase)	July 2014 (US\$/carcase)
Cow 178 kg carcass weight	135.01	138.1	133.33	131.32	132.45
Steer 274 kg carcass weight	148.88	147.00	145.44	144.52	140.59

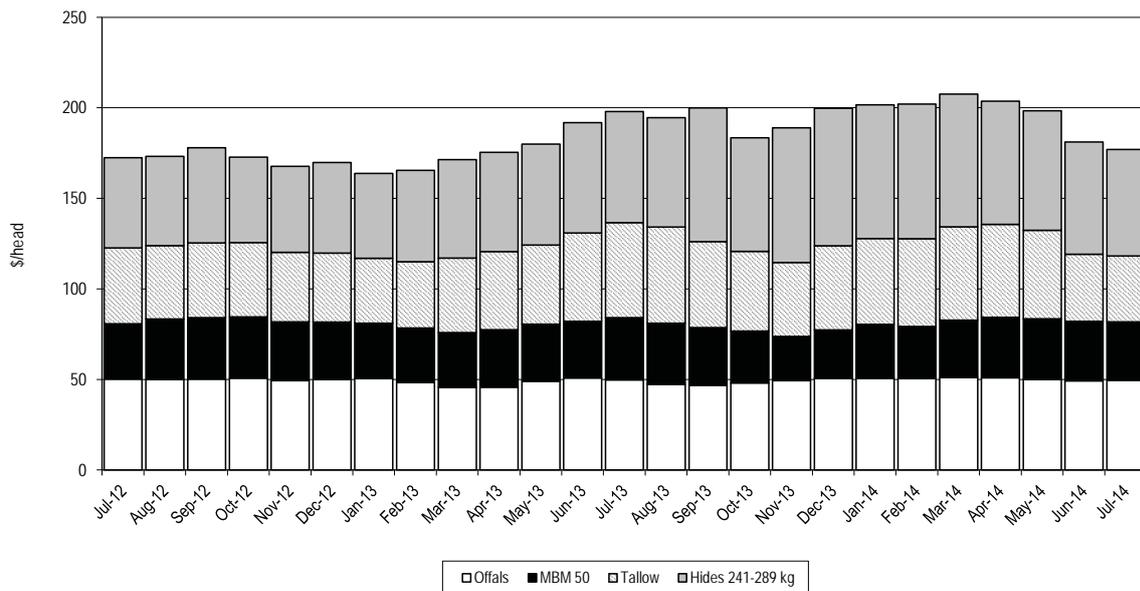
Figure 11. Co-product values for Japanese steer



**Japanese steer (avg. carcass weight 331 kg)**

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Offals	\$62.73	\$61.18	\$58.58	\$57.90	\$59.61	\$61.12	\$62.91	\$63.22	\$62.68	\$62.93	\$63.13	\$62.08	\$60.40	\$61.12
MBM 50	\$34.22	\$37.59	\$36.98	\$34.86	\$31.33	\$26.76	\$29.29	\$32.57	\$31.43	\$34.65	\$36.49	\$36.69	\$35.93	\$35.34
Tallow	\$61.62	\$66.28	\$67.03	\$60.00	\$55.55	\$51.56	\$58.55	\$59.88	\$61.21	\$65.07	\$64.79	\$61.77	\$46.77	\$45.91
H i d e s 281-350	\$10.67	\$73.00	\$66.67	\$79.88	\$70.67	\$80.50	\$88.00	\$85.83	\$84.33	\$86.83	\$84.75	\$73.67	\$72	\$68.25
<b>Total</b>	<b>\$230.57</b>	<b>\$238.05</b>	<b>\$229.25</b>	<b>\$232.63</b>	<b>\$217.16</b>	<b>\$219.94</b>	<b>\$238.75</b>	<b>\$241.50</b>	<b>\$239.64</b>	<b>\$249.48</b>	<b>\$249.16</b>	<b>\$234.2</b>	<b>\$215.10</b>	<b>\$210.61</b>

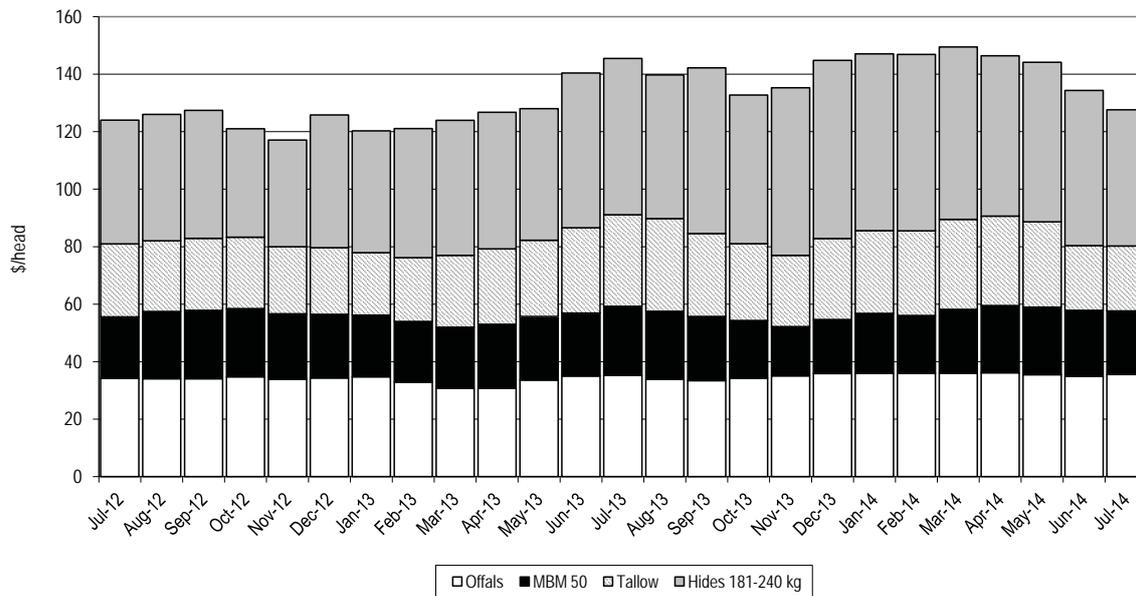
Figure 12. Co-product values for Prime steer



## Prime steer (avg. carcasses weight 274 kg)

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Offals	\$50.85	\$49.81	\$47.31	\$46.8	\$48.08	\$49.38	\$50.65	\$50.65	\$50.53	\$51.09	\$51.00	\$49.98	\$49.28	\$49.58
MBM 50	\$31.28	\$34.37	\$33.8	\$31.86	\$28.64	\$24.46	\$26.78	\$29.77	\$28.73	\$31.67	\$33.36	\$33.54	\$32.85	\$32.30
Tallow	\$48.80	\$52.49	\$53.09	\$47.52	\$44.00	\$40.83	\$46.37	\$47.42	\$48.47	\$51.53	\$51.31	\$487.92	\$37.04	\$36.36
H i d e s 241-280	\$60.88	\$61.25	\$60.33	\$73.75	\$62.78	\$74.33	\$76.00	\$73.83	\$74.33	\$73.33	\$68.00	\$66.00	\$62.00	\$58.75
Total	\$191.91	\$197.92	\$194.53	\$199.93	\$183.49	\$189.01	\$199.91	\$201.67	\$202.07	\$207.63	\$203.67	\$198.44	\$181.17	\$176.99

Figure 13. Co-product values for USA cow



## US Cow (avg. carcasse weight 178 kg)

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Offals	\$35.00	\$35.17	\$33.85	\$33.39	\$34.25	\$35.07	\$35.90	\$35.92	\$35.92	\$36.00	\$36.14	\$35.47	\$34.84	\$35.36
MBM 50	\$21.91	\$24.02	\$23.68	\$22.32	\$20.06	\$17.13	\$18.76	\$20.85	\$20.12	\$22.19	\$23.36	\$23.49	\$23.01	\$22.63
Tallow	\$29.64	\$31.88	\$32.24	\$28.86	\$26.72	\$24.80	\$28.16	\$28.80	\$29.44	\$31.3	\$31.16	\$29.71	\$22.50	22.08
H i d e s 181-240	\$53.83	\$54.33	\$50.00	\$57.67	\$51.75	\$58.25	\$62.00	\$61.50	\$61.40	\$60.00	\$55.75	\$55.50	\$54.00	\$47.33
Total	\$140.38	\$143.46	\$139.77	\$142.24	\$132.79	\$135.26	\$144.82	\$147.07	\$146.88	\$149.48	\$146.41	\$144.17	\$134.35	\$127.60

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# **MLA co-product market report**

**August 2014**

**Table 1: Co-products Prices August 2014**

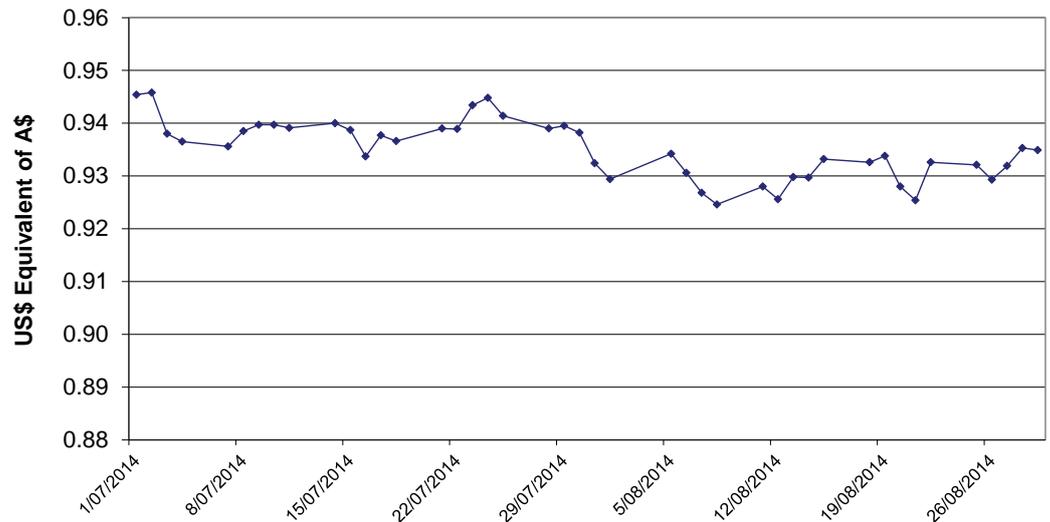
<b>Product</b>	<b>Average Price</b>	<b>Respondents</b>
<b>Beef Offals</b>		
ABOMASUM	\$2.40	2
BEEF LIPS	\$3.00	6
BEEF LIPS - HALAL	\$2.68	8
CHEEKMEAT	\$4.51	7
CHEEKMEAT - HALAL	\$4.02	7
DIAP. MEMBRANE	\$3.33	7
HC TRIPE	\$6.71	7
HC TRIPE - HALAL	\$6.06	7
HEADMEAT	\$3.78	6
HEADMEAT - HALAL	\$3.62	5
HEART	\$1.60	5
HEART - HALAL	\$1.65	8
HEART -AORTA - HALAL	\$4.31	4
HEART-AORTA	\$4.44	4
KIDNEYS	\$0.91	4
KIDNEYS - HALAL	\$0.97	6
LIGAMENTUM	\$2.61	9
LIVER	\$1.13	7
LIVER - HALAL	\$1.23	8
LUNGS	\$1.56	3
LUNGS - HALAL	\$1.21	4
OMASUM	\$6.41	6
OMASUM - HALAL	\$5.74	4
RUM.PILL < 500	\$4.18	7
RUM.PILL < 500 - HALAL	\$3.38	2
RUM.PILL > 700	\$7.85	7
RUM.PILL > 700 - HALAL	\$6.25	2
RUM.PILL 500-700	\$5.38	6
RUM.PILL 500-700 - HALAL	\$4.25	2
SPLEEN - HALAL	\$0.93	5
TAIL	\$7.36	8
TAIL - HALAL	\$6.63	5
TENDONS	\$4.86	3
TENDONS - HALAL	\$4.55	5
THICKSKIRT	\$5.42	9
THICKSKIRT - HALAL	\$5.37	3
THINSKIRT	\$5.42	7
THINSKIRT - HALAL	\$5.20	3
TONGUE RT FILLET	\$3.74	4
TONGUE RT MEAT	\$1.99	6
TONGUE RT MEAT - HALAL	\$1.83	2
TONGUE SW	\$8.14	7
TONGUE SW - HALAL	\$8.54	4
TRIPLE PCS	\$2.92	4

<b>Product</b>	<b>Average Price</b>	<b>Respondents</b>
TRIPE PCS - HALAL	\$2.83	6
WEASAND	\$3.19	2
<b>Sheep Offals</b>		
HEART SHEEP	\$1.36	2
HEART SHEEP - HALAL	\$1.46	4
KIDNEYS SHEEP	\$3.35	5
LIVER SHEEP - HALAL	\$1.33	4
TRIPE SHEEP	\$4.08	4
RUNNERS LAMB	\$6.54	4
RUNNERS SHEEP	\$5.05	4
TONGUE LC SHEEP	\$4.10	2
TONGUE SC SHEEP	\$3.50	3
<b>Rendered Products</b>		
BLOODMEAL 85 RING DRIED	\$952.71	7
MBM 50	\$659.38	8
TALLOW <4%	\$657.25	4
TALLOW INED.<1FFA	\$662.50	2
TALLOW INED.<2FFA	\$658.20	5
<b>Pharmaceutical Products</b>		
FOETAL BLOOD	\$600.00	3
GALL CONCENTRATED	\$24.50	4
<b>Hides</b>		
HIDES NSW 141- 180	\$38.70	5
HIDES NSW 181 - 220	\$46.60	5
HIDES NSW 221 - 280	\$56.10	5
HIDES NSW 281 - 350	\$64.90	5
HIDES NSW 351 UP	\$74.00	5
HIDES QLD TFA 141 - 220	\$35.33	3
HIDES QLD TFA 221 - 280	\$45.33	3
HIDES QLD TFA 281 - 350	\$55.00	3
HIDES QLD TFA 351 UP	\$63.67	3
HIDES QLD TICKY 141 - 220	\$30.00	3
HIDES QLD TICKY 221 - 280	\$40.50	2
HIDES QLD TICKY 281 - 350	\$50.00	2
HIDES QLD TICKY 350 UP	\$63.00	3
HIDES VIC 141-180	\$36.33	3
HIDES VIC 181-220	\$49.33	3
HIDES VIC 221 - 280	\$58.67	3
HIDES VIC 281-350	\$67.67	3
HIDES VIC 351 UP	\$78.50	2

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$ each or/head for hides, skins and sheep runners.

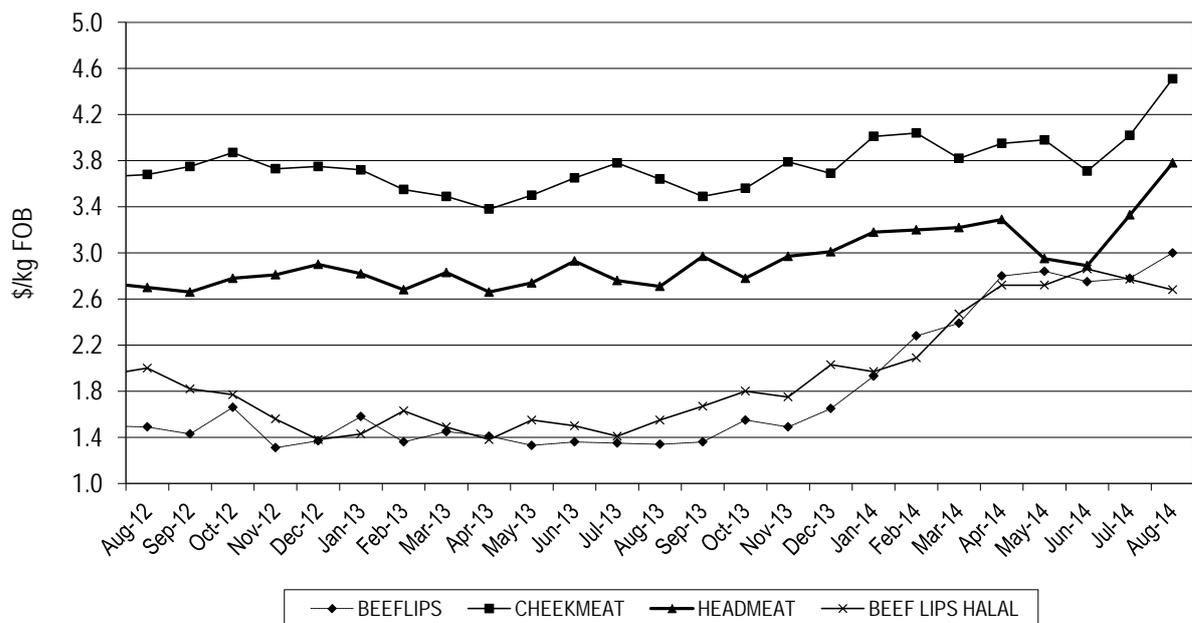
## June - July Exchange rate

The AUD/USD exchange rate rallied slightly to finish the month up .5¢



## Head Offal Prices

Figure 1: Trends in beef head offal prices



The trends in head offal prices are shown in Figure 1.

Whilst the trend month on month for head offals has seen a 30 to 40¢ improvement the year on year figures show significant improvement.

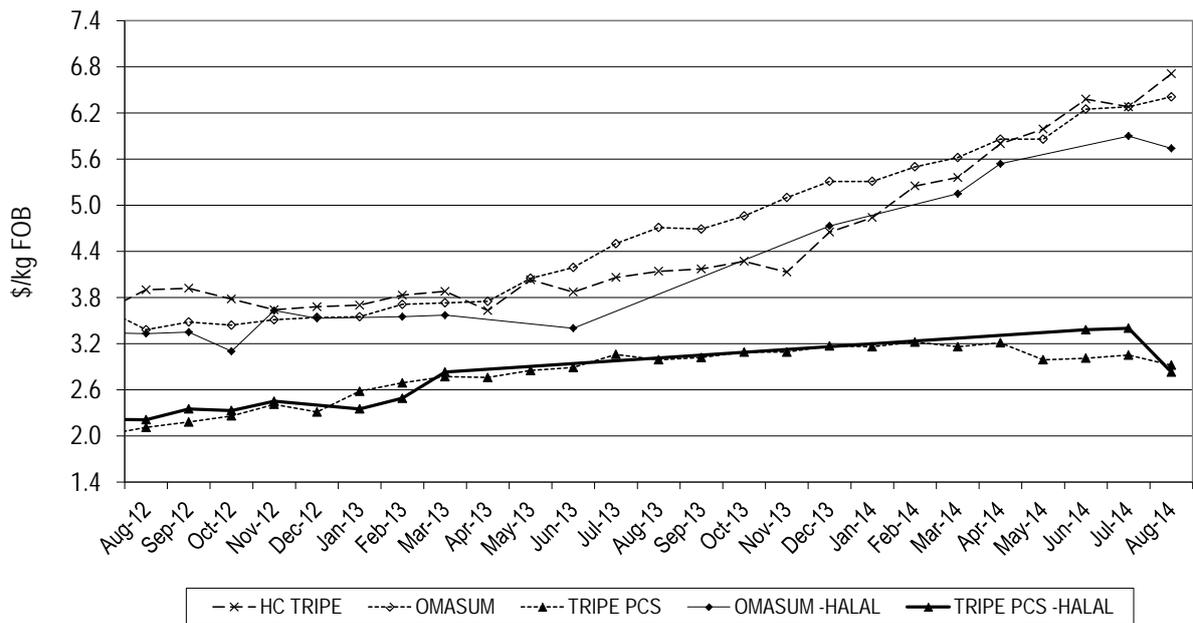
Cheek meat rose 87¢ higher than the August 2013 price to average \$4.51/kg.

The average price of beef lips has improved \$1.66/kg to average \$3.00/kg whilst Halal lips rose \$1.13 to \$2.68.

Head meat also showed similar improvement over the same period to rise \$1.07 and finish at \$3.78/kg.

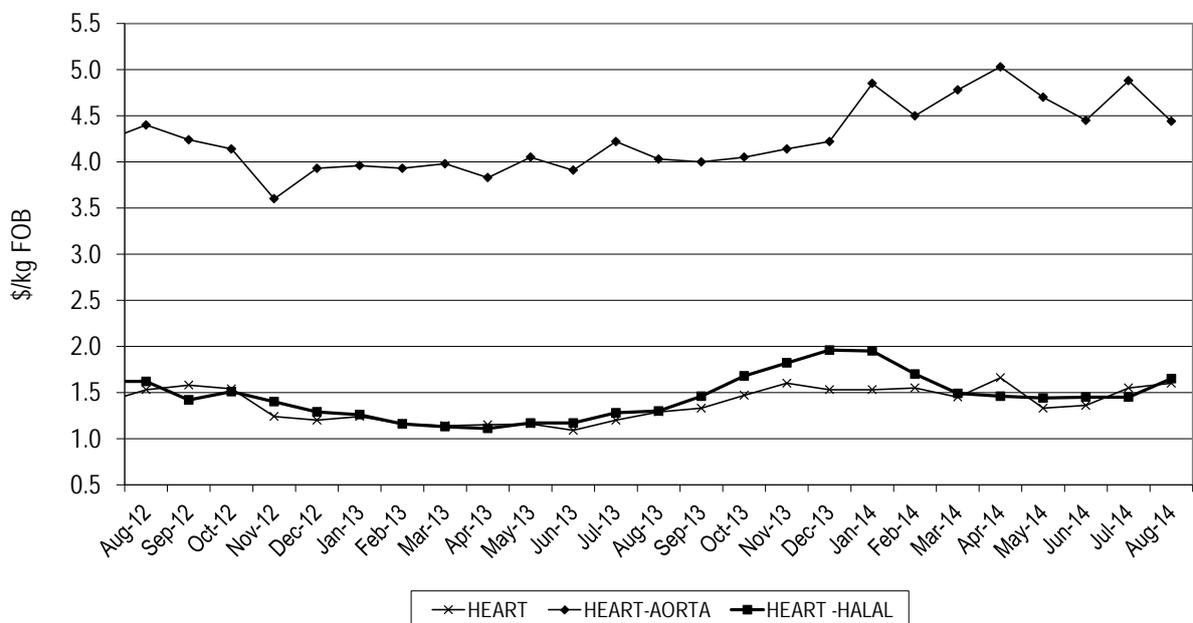
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



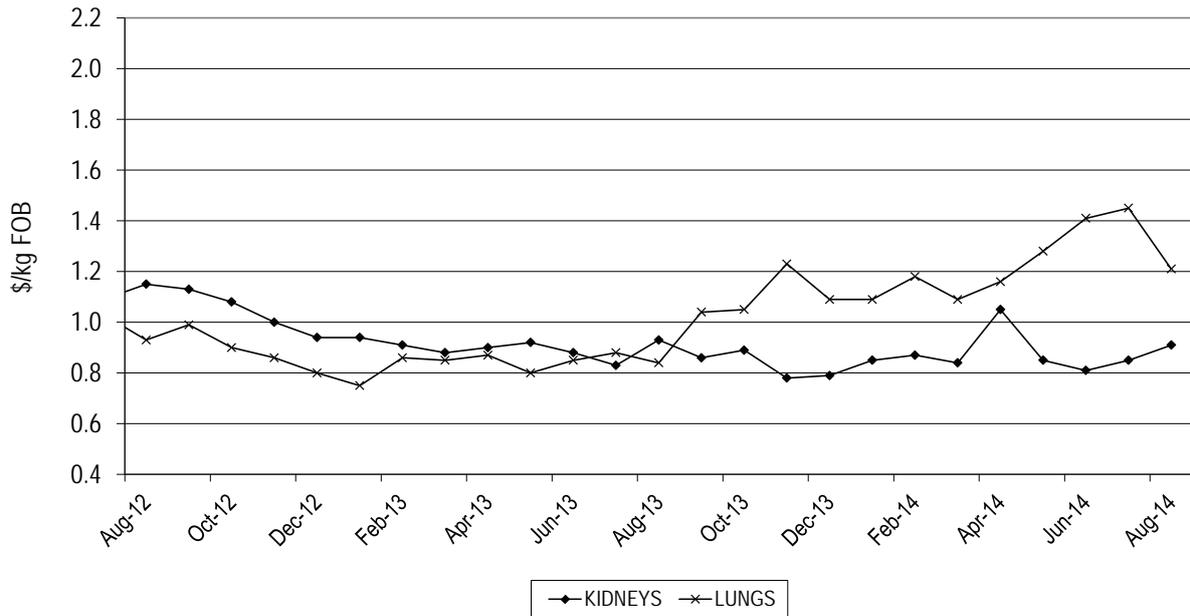
The average price of tripe pieces fell year on year 7¢ to \$2.92 with halal product steady at \$2.83/kg. Demand for omasum and honeycomb in Hong Kong remained firm which has seen the omasum price rise from \$4.14 a year ago to the current level of \$6.41/kg. Honeycomb prices also saw average prices rise by \$2.57/kg to an average price today of \$6.71/kg.

### Figure 3a: Trends in beef offal prices



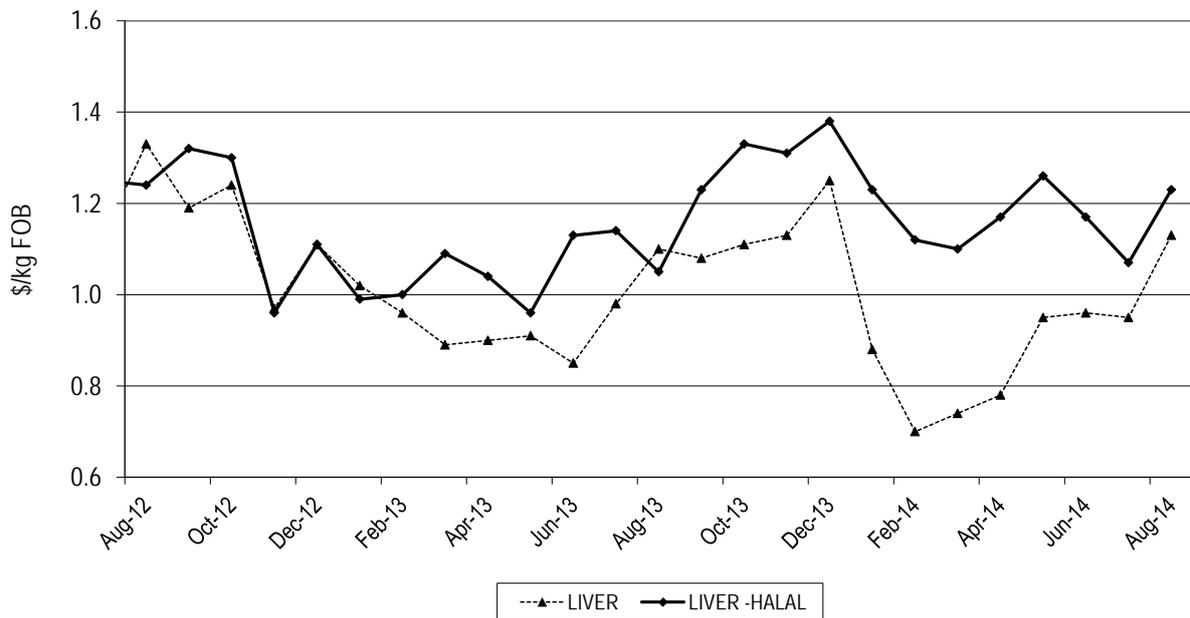
Hearts both halal and non-halal improved over the year by approximately 33¢ for non-halal product averaging \$1.60/kg and halal hearts at \$1.65/kg. Aorta rose 41¢ to average \$4.44/kg, but fell 44¢ from last month.

**Figure 3b: Trends in beef offal prices**



Kidneys remain flat at 91¢/kg whilst halal lungs strengthened 37¢/kg to \$1.21/kg and non-halal product improving 72¢/kg across the year to \$1.56/kg.

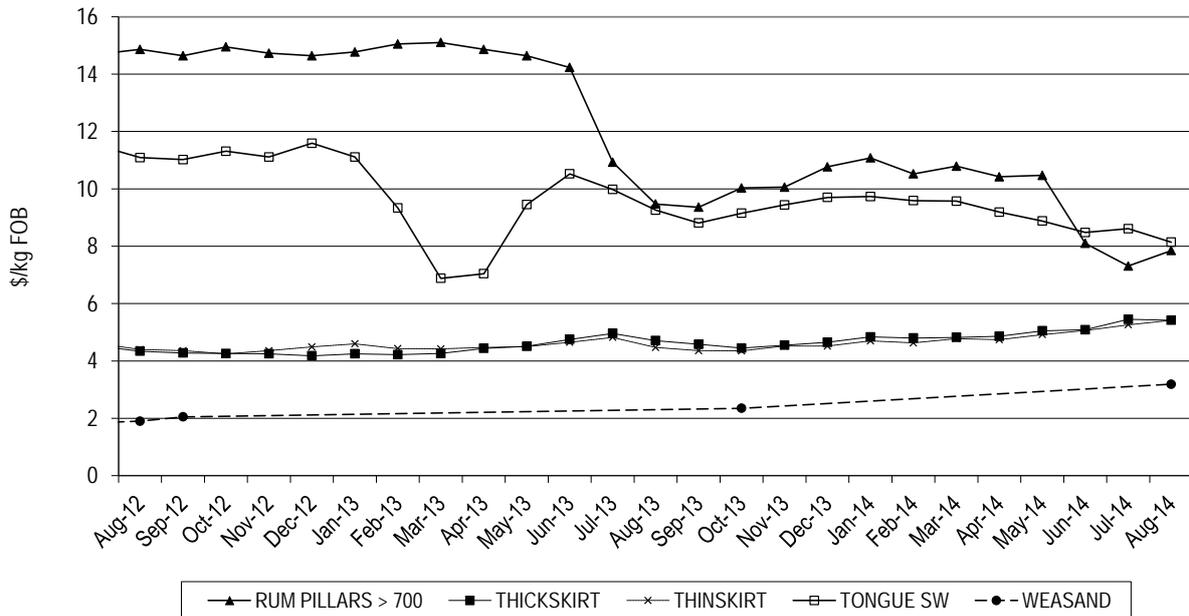
**Figure 3c: Trends in beef offal prices**



The average price of non-Halal liver was almost unchanged at \$1.13/kg whilst halal livers improved 18¢/kg to \$1.23 from this time last year.

## Japanese and Koprean Offals

### Figure 4: Trends in Japanese offal prices



The tongue market fell \$1.12/kg across the year to \$8.14/kg and continues to show a downward trend with 37¢ of that occurring in the last month.

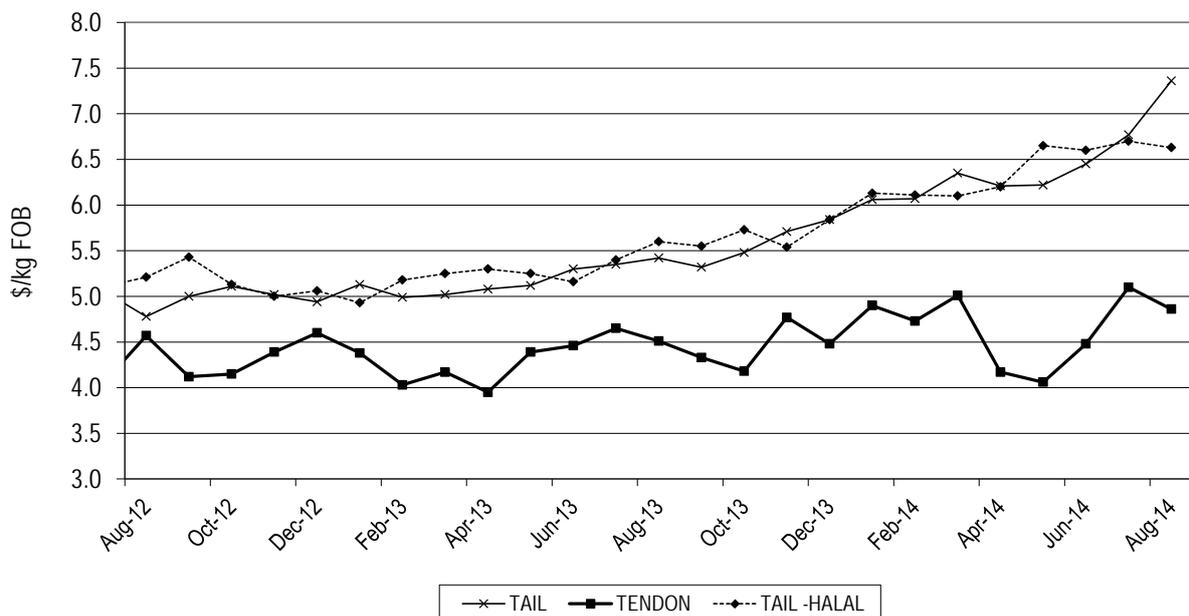
Prices of rumen pillars showed a slight rally last month but prices are down year on year with the average price of high weight-range pillars (>700g) \$1.62/kg lower at \$7.85/kg.

Demand in the Korean market is firm. Thick skirt prices were 71¢ higher across the year at an average price of \$5.42/kg and the average price of thin skirt was 95¢ higher also at 5.42/kg. The Japanese market is not matching the Korean price for thick and thin skirt and product is going mainly to Korea.

The average price of weasand was higher at about \$3.19/kg up from around \$2.00 a year ago.

## Tails and Tendons

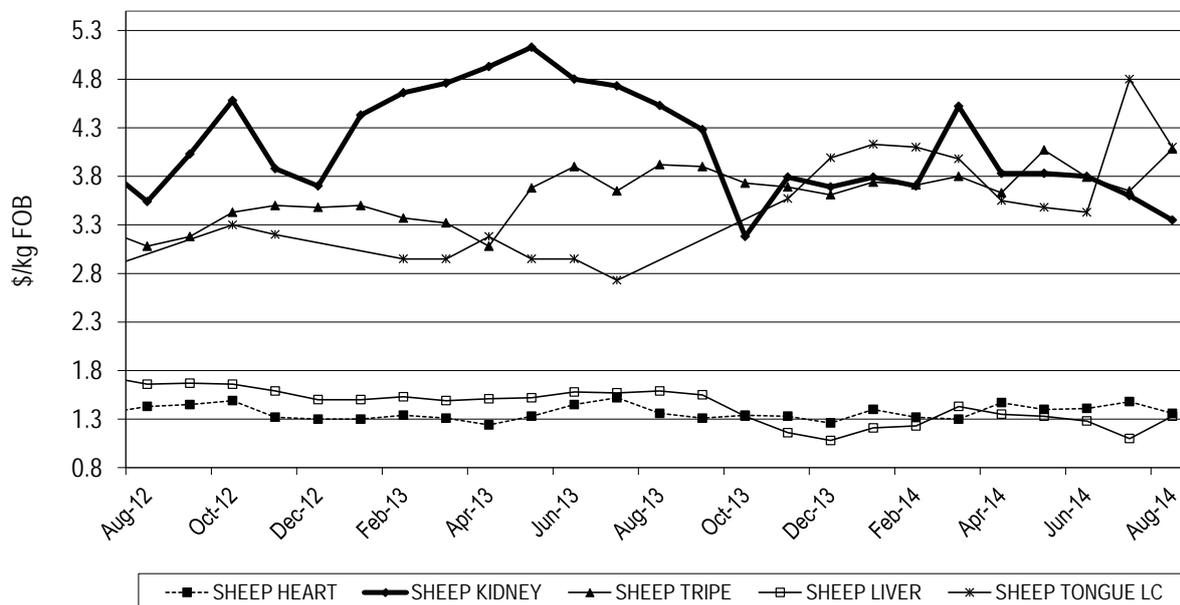
### Figure 5: Trends in tail and tendon prices



Tail prices continued to rise, up \$1.94 to \$7.36/kg whilst halal tails rose \$1.03 to \$6.63/kg year on year. Tendons have improved 35¢ to average \$4.86, back slightly from last months 2 year high.

## Sheep Offals

**Figure 6: Trends in sheep offal prices**

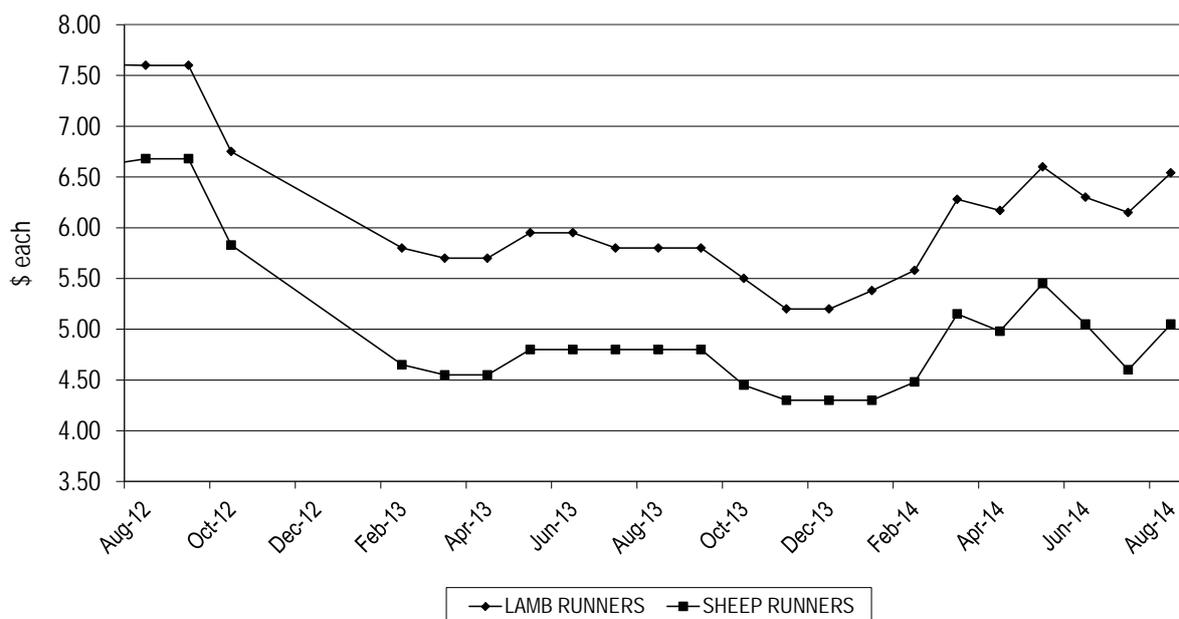


Sheep hearts finished at the same price as last year, \$1.36/kg exw.

Sheep tripe prices were 16¢ higher at an average price of \$3.35/kg. Demand for tripe in Hong Kong is reported to be steady.

The average price of kidneys was \$1.18 lower than a year ago falling to \$3.35/kg the lowest price in 30 months. The price of sheep livers was 26¢ lower at an average price of \$1.33/kg.

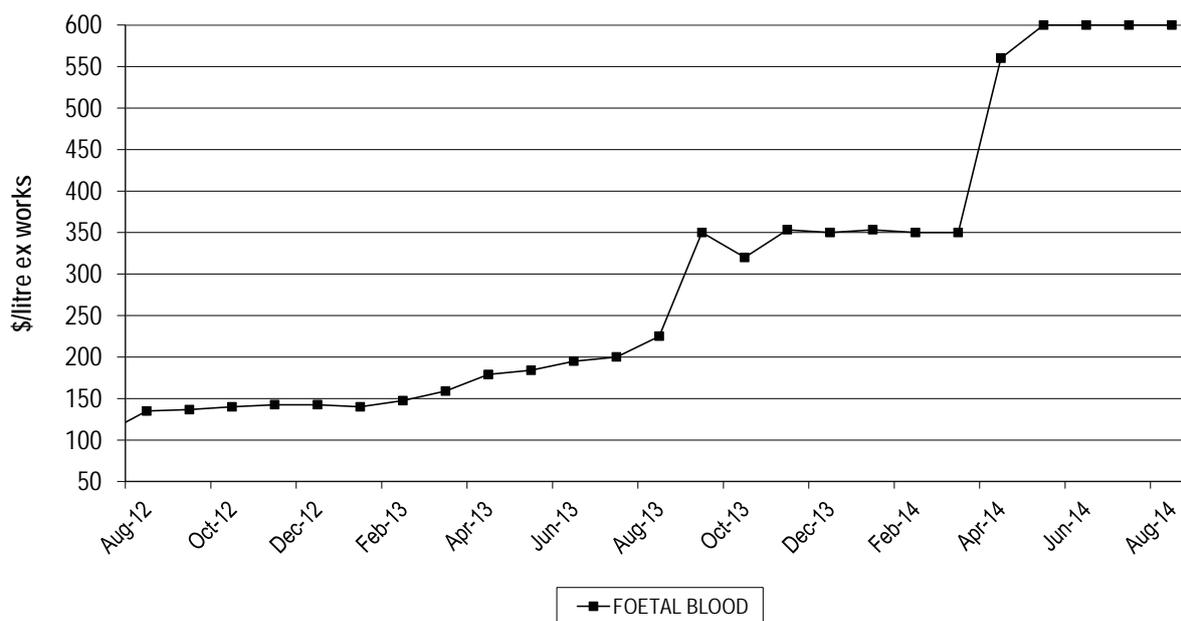
**Figure 6b: Trends in runner prices**



The average price of lamb runners was 74¢ up on last year at \$6.54/piece. The average price of sheep runners rose 25¢ to \$5.05/piece.

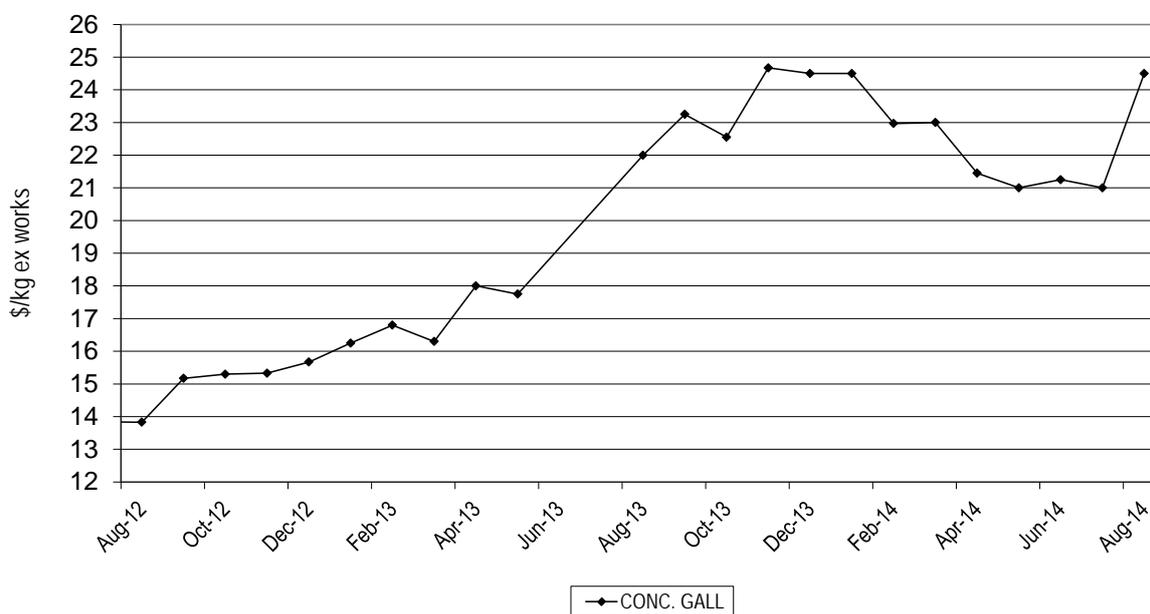
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



The average price of foetal calf blood was \$600/litre in August, a massive \$375 rise as the two big players continue to compete for market share.

### Figure 7b: Trends for concentrated gall prices



Concentrated gall has risen \$2.50 across the year but was helped by a \$3.50 improvement over last month.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**

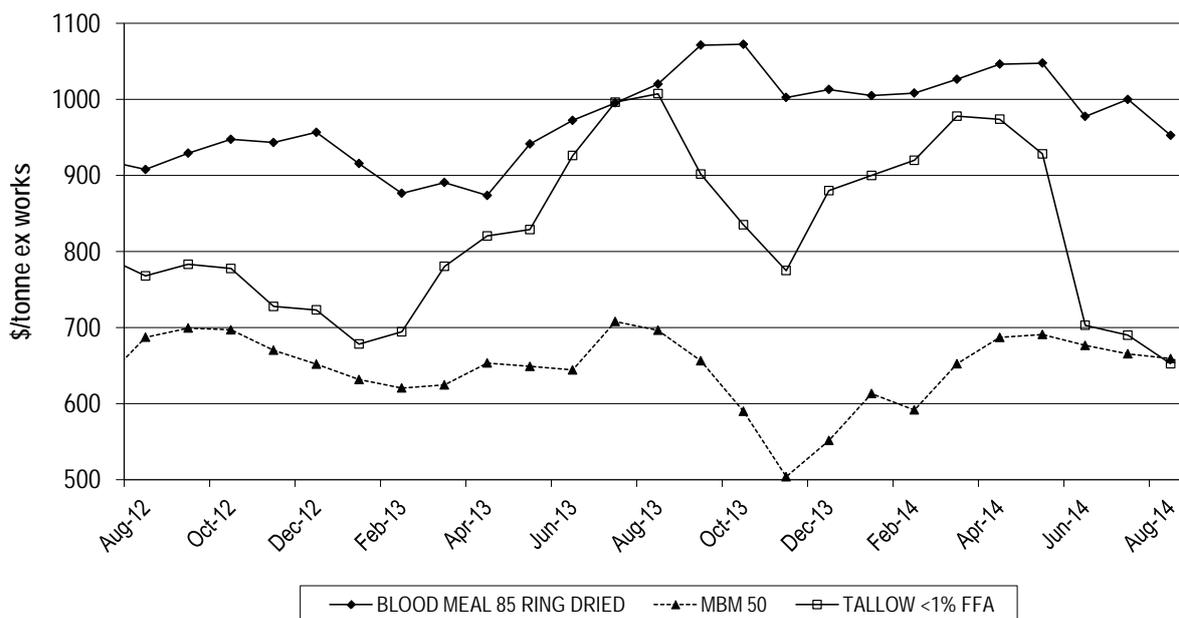


Figure 8 shows the trends in prices paid for rendered co-products. Prices are bulk ex-works/tonne.

Tallow prices slumped \$355/tonne due to the withdrawal of the Singapore based renewable fuel processor, Neste Oil from the market in June this year. The average price of 1% FFA tallow was \$652.50/tonne ex. works. Neste Oil may return to the market for Australian tallow but may not pay large premiums compared with the other markets. In the meantime traders are re-establishing the traditional markets in China, Taiwan and Pakistan where tallow has to be priced relative to palm stearine. The price of palm stearine in August at US\$670/tonne FOB Malaysia .

Meat and bone meal prices were slightly weaker across the year with the average price for 50% protein MBM down to \$659.40, a fall of around \$37.00. Despite the continuing ban on poultry meals to Indonesia and China prices remain firm.

The average price of blood meal was \$67.50 lower than last year at \$953/tonne.

## Hides

<b>Green Hide (East Coast) \$/hide Ex Works</b>					
	NSW	Vic	HCW	Qld TFA	Qld Ticky
HCW					
140-180	\$38.70	\$36.33	140-220	\$35.33	\$30.00
180-220	\$46.60	\$49.33			
220-280	\$56.10	\$58.67	220-280	\$45.33	\$40.50
280-350	\$64.90	\$67.67	280-350	\$55.00	\$50.00
350 up	\$74.00	\$78.50	350 up	\$63.67	\$63.00

This month a new reporting format for hides has been developed.

As we gather data over a period we will be able to report on price trends.

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# **MLA co-product market report**

**September 2014**

**Table 1: Co-products Prices September 2014**

<b>Product</b>	<b>Average</b>	<b>Respondents</b>	<b>Month on Month</b>	<b>Year on Year</b>
<b>Beef Offals</b>				
ABOMASUM	\$5.65	2	135.4%	98.7%
BEEF LIPS	\$3.23	4	7.5%	136.7%
BEEF LIPS - HALAL	\$3.22	6	20.1%	92.8%
CHEEKMEAT	\$5.10	4	13.2%	46.0%
CHEEKMEAT - HALAL	\$4.70	4	17.0%	
DIAP. MEMBRANE	\$2.95	6	-11.6%	-25.8%
HC TRIPE	\$6.76	5	0.8%	62.2%
HC TRIPE - HALAL	\$7.09	4	16.9%	
HEADMEAT	\$3.84	4	1.7%	29.3%
HEADMEAT - HALAL	\$4.03	4	11.1%	
HEART	\$2.00	4	25.0%	50.9%
HEART - HALAL	\$1.97	6	19.8%	34.9%
HEART -AORTA - HALAL	\$4.62	3	7.2%	
HEART-AORTA	\$3.90	2	-12.2%	-2.5%
KIDNEYS	\$0.96	4	4.9%	11.6%
KIDNEYS - HALAL	\$1.13	2	16.0%	4.4%
LIGAMENTUM	\$2.50	8	-4.1%	11.9%
LIVER	\$1.05	4	-7.0%	-2.8%
LIVER - HALAL	\$1.28	6	4.1%	4.3%
LUNGS - HALAL	\$1.30	3	7.4%	
OMASUM	\$6.75	4	5.3%	43.9%
OMASUM - HALAL	\$6.84	4	19.2%	
RUM.PILL < 500	\$5.04	4	20.6%	-19.8%
RUM.PILL < 500 - HALAL	\$3.15	4	-6.7%	
RUM.PILL > 700	\$8.94	4	13.8%	-4.5%
RUM.PILL > 700 - HALAL	\$7.48	4	19.6%	
RUM.PILL 500-700	\$6.65	4	23.6%	-11.0%
RUM.PILL 500-700 - HALAL	\$5.69	4	33.8%	
SPLEEN	\$1.18	2	12.4%	12.3%
TAIL	\$7.83	5	6.4%	47.2%
TAIL - HALAL	\$7.73	4	16.6%	39.3%
TENDONS - HALAL	\$4.81	4	5.7%	
THICKSKIRT	\$6.06	5	11.8%	32.2%
THICKSKIRT - HALAL	\$5.98	3	11.5%	
THICKSKIRT short term GF	\$6.03	2		32.0%
THINSKIRT	\$6.24	5	15.2%	43.0%
THINSKIRT - HALAL	\$5.98	3	15.1%	
THINSKIRT short term GF	\$6.05	2		42.9%
TONGUE LC SHEEP	\$4.40	2	7.3%	
TONGUE RT FILLET	\$3.28	3	-12.1%	7.1%
TONGUE RT MEAT	\$1.05	2	-47.2%	-25.5%
TONGUE RT MEAT - HALAL	\$2.36	4	29.5%	

<b>Product</b>	<b>Average</b>	<b>Respondents</b>	<b>Month on Month</b>	<b>Year on Year</b>
TONGUE SW	\$8.88	6	9.1%	0.8%
TONGUE SW - HALAL	\$8.44	4	-1.1%	
TRIPLE PCS	\$2.99	5	2.3%	-1.0%
TRIPLE PCS - HALAL	\$3.11	4	10.0%	
WEASAND	\$3.57	3	11.8%	8.1%
<b>Sheep Offals</b>				
BRAINS SHEEP - HALAL	\$4.40	2		
HEART SHEEP	\$1.50	2	10.3%	14.3%
LIVER SHEEP - HALAL	\$1.40	2	5.7%	
TRIPLE SHEEP	\$4.00	2	-1.8%	2.6%
<b>Rendered Products</b>				
BLOODMEAL 85	\$986.67	6	3.6%	-7.9%
MBM 50	\$620.13	8	-6.0%	-5.5%
TALLOW INED.<1FFA	\$631.20	5	-3.3%	-30.0%
TALLOW INED.<2FFA	\$610.40	5	-7.3%	-29.8%
TALLOW <4%	\$597.50	2	-9.1%	-32.4%
<b>Pharmaceutical Products</b>				
FOETAL BLOOD	\$600.00	3	0.0%	71.4%
GALL CONCENTRATED	\$23.50	2	-4.1%	1.1%
<b>Hides</b>				
HIDES NSW 141- 180	\$40.00	4	3.4%	
HIDES NSW 181 - 220	\$47.88	4	2.7%	
HIDES NSW 221 - 280	\$57.50	4	2.5%	
HIDES NSW 281 - 350	\$66.88	4	3.0%	
HIDES NSW 351 UP	\$77.13	4	4.2%	
HIDES QLD TFA 141 - 220	\$37.17	3	5.2%	
HIDES QLD TFA 221 - 280	\$47.17	3	4.0%	
HIDES QLD TFA 281 - 350	\$56.83	3	3.3%	
HIDES QLD TFA 351 UP	\$66.63	4	4.6%	
HIDES QLD TICKY 141 - 220	\$28.25	2	-5.8%	
HIDES QLD TICKY 221 - 280	\$37.25	2	-8.0%	
HIDES QLD TICKY 281 - 350	\$51.17	3	2.3%	
HIDES QLD TICKY 350 UP	\$59.17	3	-6.1%	
HIDES VIC 141-180	\$37.83	3	4.1%	
HIDES VIC 181-220	\$50.50	3	2.4%	
HIDES VIC 221 - 280	\$59.67	3	1.7%	
HIDES VIC 281-350	\$68.00	3	0.5%	
HIDES VIC 351 UP	\$78.83	3	0.4%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$ each or/head for hides, skins and sheep runners.

## Two Month Exchange rate

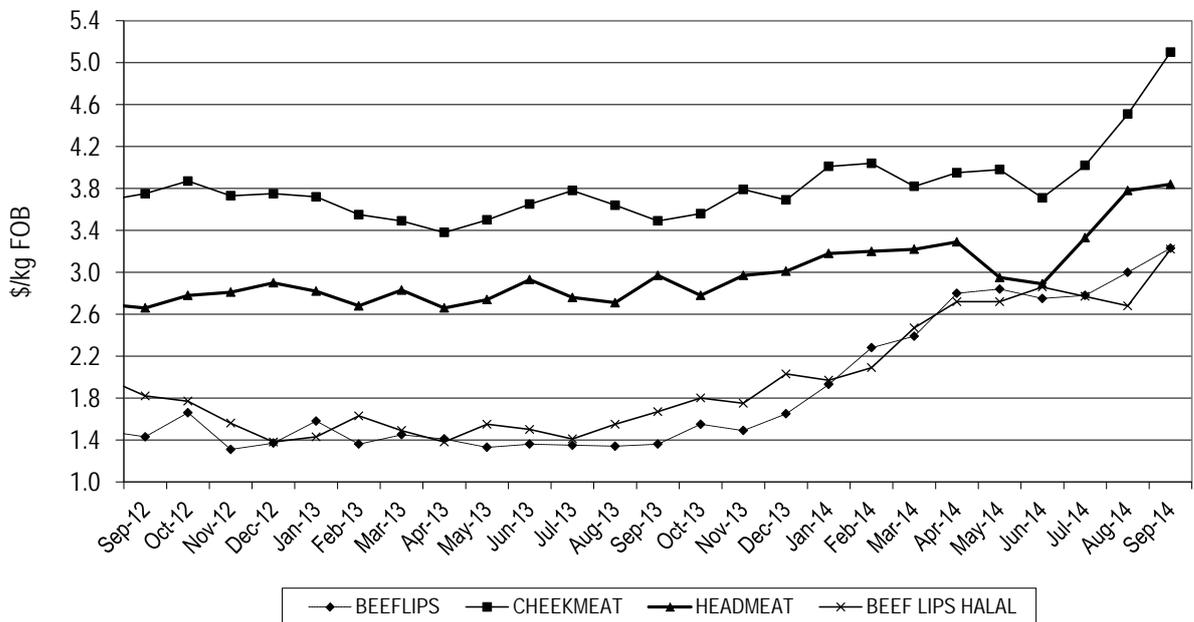
The AUD/USD exchange rate fell sharply, starting the month at 0.934 to finish at 0.875, a fall of around 6¢ with predictions of further falls against a strengthening US dollar which should assist exports. Movement against other major currencies was not as marked.

This keeps optimism high amongst the trade for markets remaining firm for offals in the foreseeable future.

The China market is quiet due to their autumn holidays with buyers not returning until October 9. Rendered meals are under pressure from new season soybean meal and tallow continues to languish. Hides continue steady with support from the lower dollar despite a slowing in the leather market.

## Head Offal Prices

Figure 1: Trends in beef head offal prices



Head offals continue their strong performance with firm improvement year on year and steady monthly improvement also.

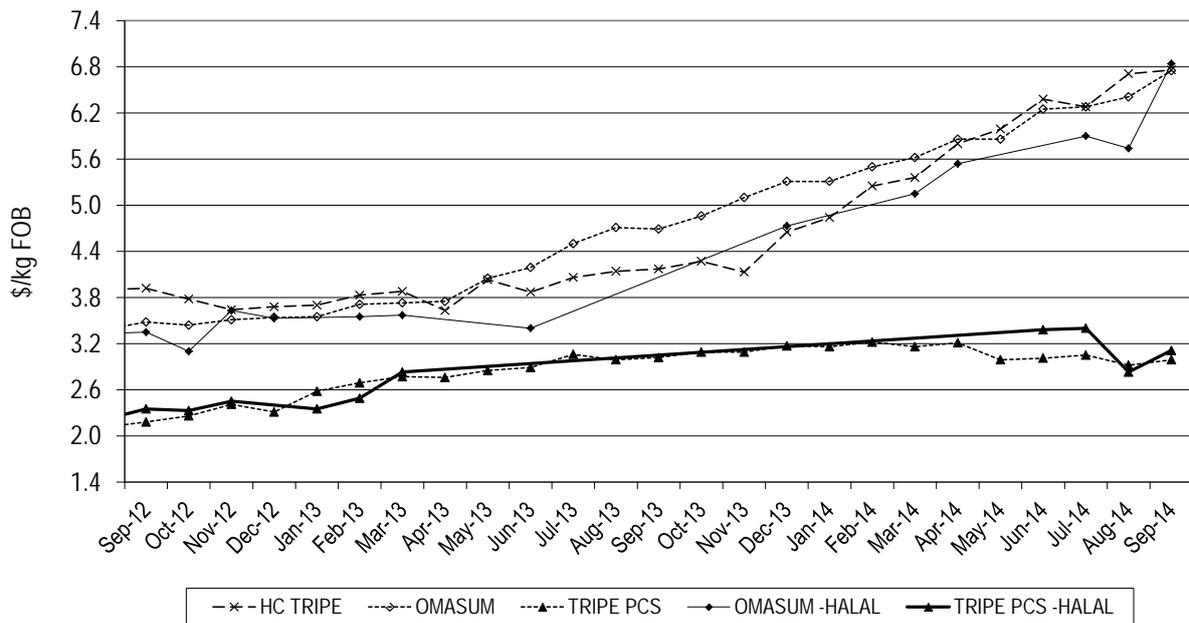
Cheek meat has improved \$1.61/kg over the September price last year to average \$5.10/kg and was consistently reported with a 60¢/kg improvement month on month.

With the average price of beef lips following suit to improve \$1.87/kg to an average of \$3.23/kg and Halal lips up \$1.55 to \$3.22 shows an improvement of over 100% on last year.

Head meat also strengthened over the same period to rise 87¢/kg trading at \$3.84/kg.

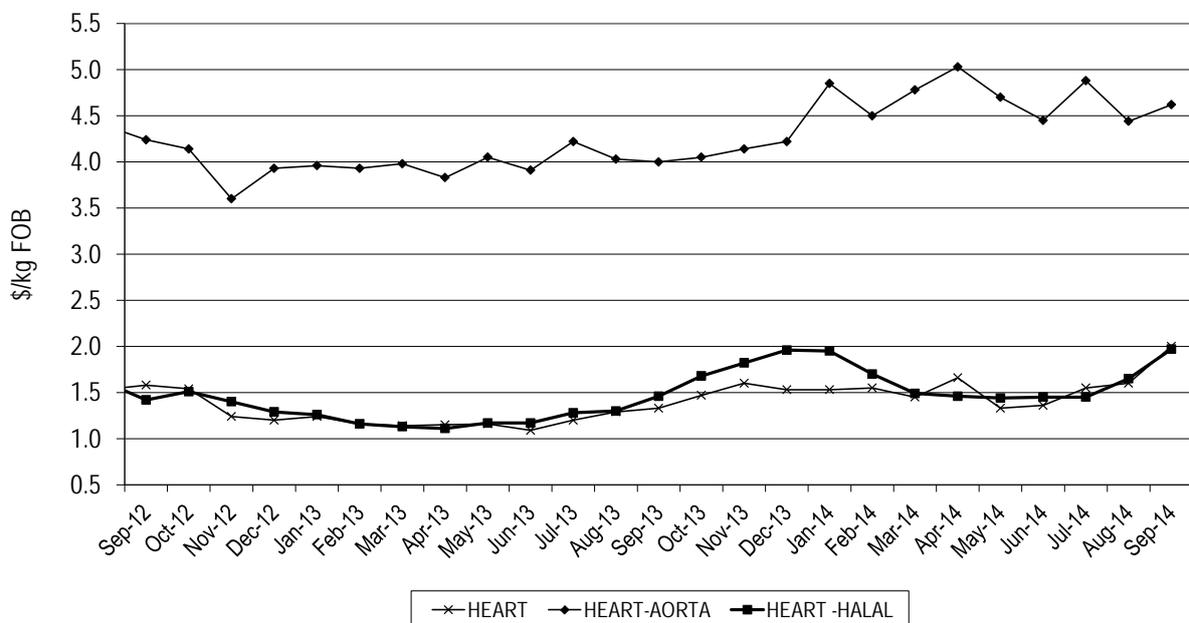
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Whist tripe pieces both halal and non-halal continue to hold their own, trading very steadily across the year at around the \$3.00/kg mark the on-going strength of the omasum market continues to surprise. As the graphs show it has been a linear growth since early last year. The current record price of \$6.75/kg for non-halal product represents an increase of 44% on last year or \$2.06/kg improvement. Similarly honeycomb tripe, mainly to Taiwan, is up \$2.59 on a year ago, to trade at \$6.76/kg.

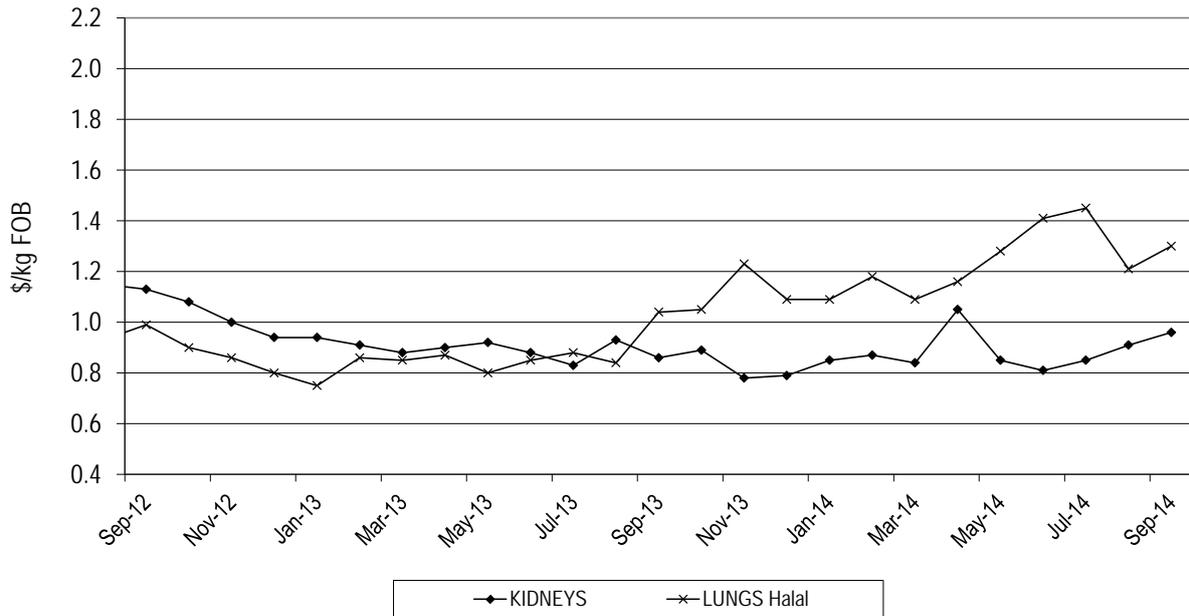
### Figure 3a: Trends in beef offal prices



Heart products continue their firm trend with non-halal hearts up over the year by 67¢/kg averaging \$2.00/kg which is also a 40¢/kg improvement on last month. Halal hearts at \$1.97/kg are 51¢/kg up on this time last year and 32¢/kg up compared to last month.

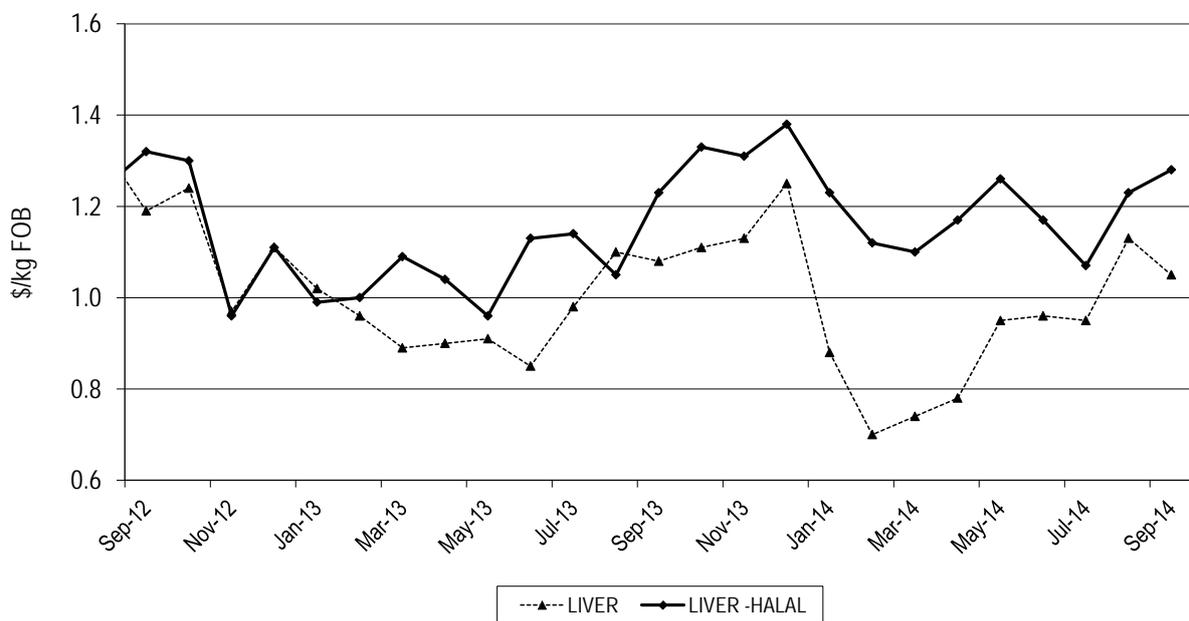
Aorta rose 62¢ to average \$4.62/kg since last September and continues the strong market which began July 2013.

**Figure 3b: Trends in beef offal prices**



Kidneys are showing an improvement to trade at 96¢/kg which is 10¢/kg up on last year and a similar improvement over the last 2 months. Halal lungs strengthened 26¢/kg to \$1.30/kg whilst non-halal product is line ball with last year, down 1¢/kg to \$1.05/kg. Last month's strong price was short lived.

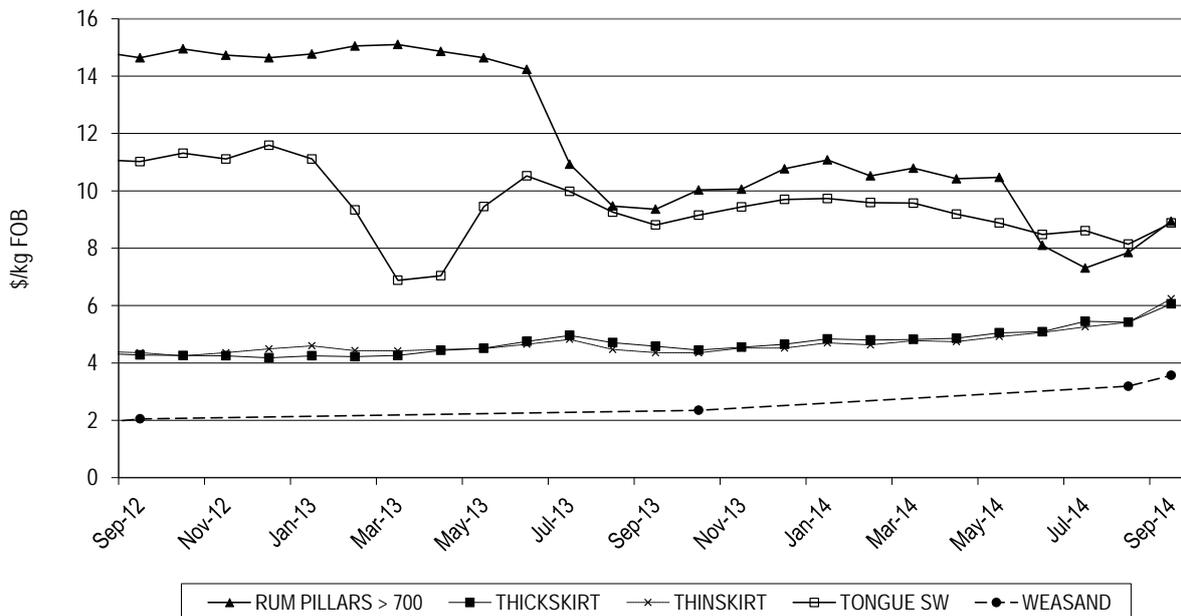
**Figure 3c: Trends in beef offal prices**



The average price of non-Halal liver was down 3¢/kg to \$1.05/kg on September 2013 prices with a downward correction from last month of 8¢/kg. Halal livers continue to improve, up 5¢/kg to \$1.28 from this time last year and also up 5¢/kg on last month.

## Japanese and Korean Offals

### Figure 4: Trends in Japanese offal prices



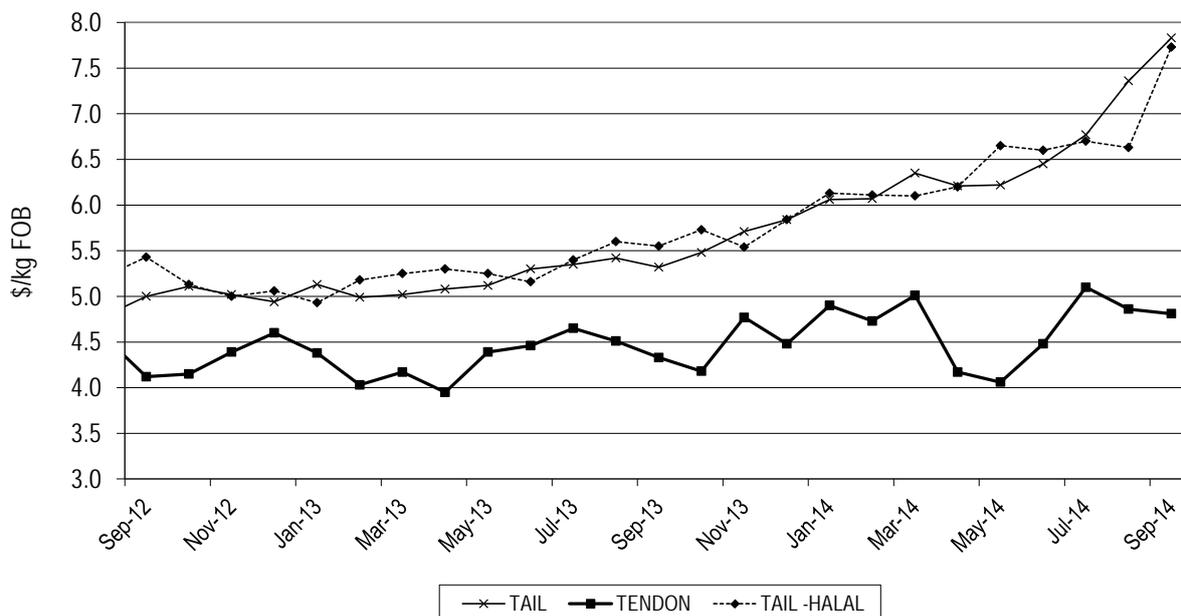
Tongues are steady compared to last year, up 7¢/kg across the year to sell at \$8.88/kg which corrected last month's downward trend by rising 74¢/kg.

Prices of rumen pillars continued to rally but prices are down year on year with the average price of high weight-range pillars (>700g) 42¢/kg lower at \$8.94/kg.

Demand in the Korean market is firm with overall increase of 10% in volumes. Thick skirt prices were \$1.48 higher across the year at an average price of \$6.06/kg and the average price of thin skirt was \$1.88/kg higher also at \$6.24/kg. The average price of weasand was higher at about \$3.19/kg up from around \$2.00 a year ago. Interest in weasand is starting to show with \$3.57/kg sales compared to no reports last year.

## Tails and Tendons

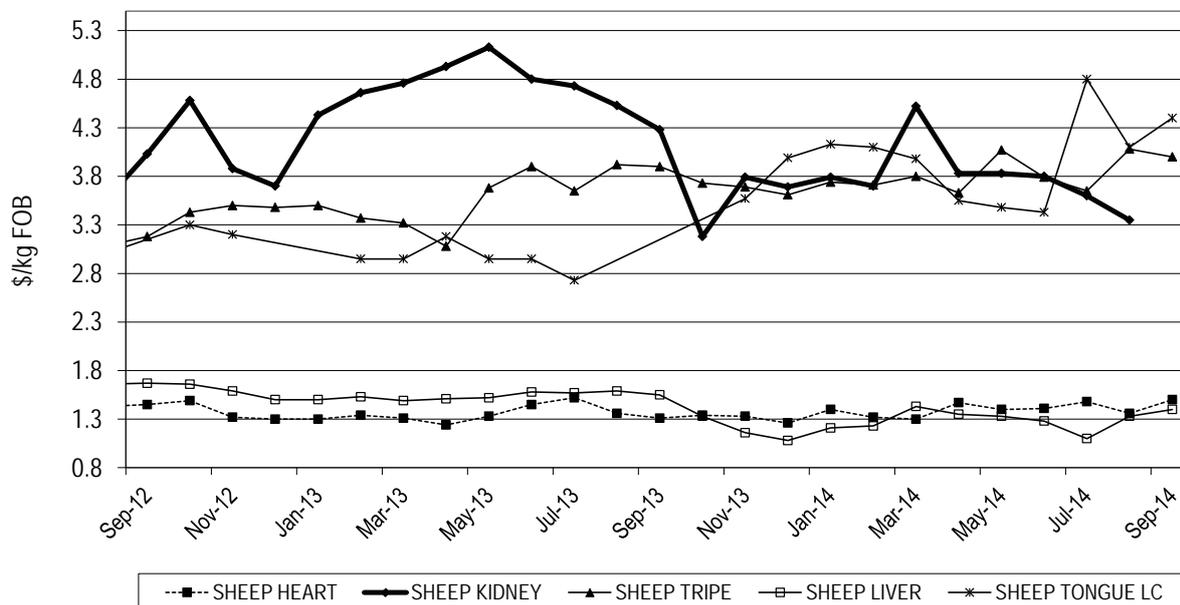
### Figure 5: Trends in tail and tendon prices



Tail prices continued to rise, up 47¢ from last month and an improvement of \$2.50 over last year. They averaged \$7.83/kg whilst halal tails rose \$2.18 across the year to trade at \$7.73/kg. Tendons have improved 48¢ to average \$4.81, back 5¢ from last months price.

## Sheep Offals

**Figure 6: Trends in sheep offal prices**

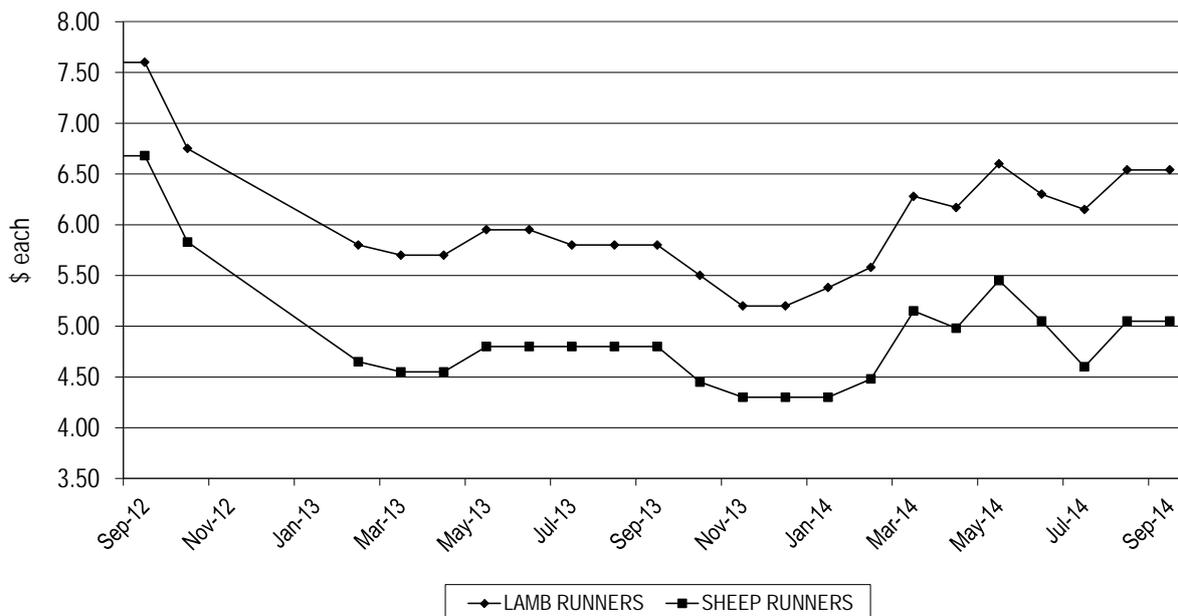


Sheep hearts finished have improved 19¢ over the same time last year at \$1.50/kg exw.

Sheep tripe prices were 10¢ higher at an average price of \$4.00/kg but slightly down on last month. Demand for tripe in Hong Kong remains steady.

Sheep kidneys were not reported this month. The price of sheep livers was 15¢ lower over the year but was up on last month at an average price of \$1.40/kg.

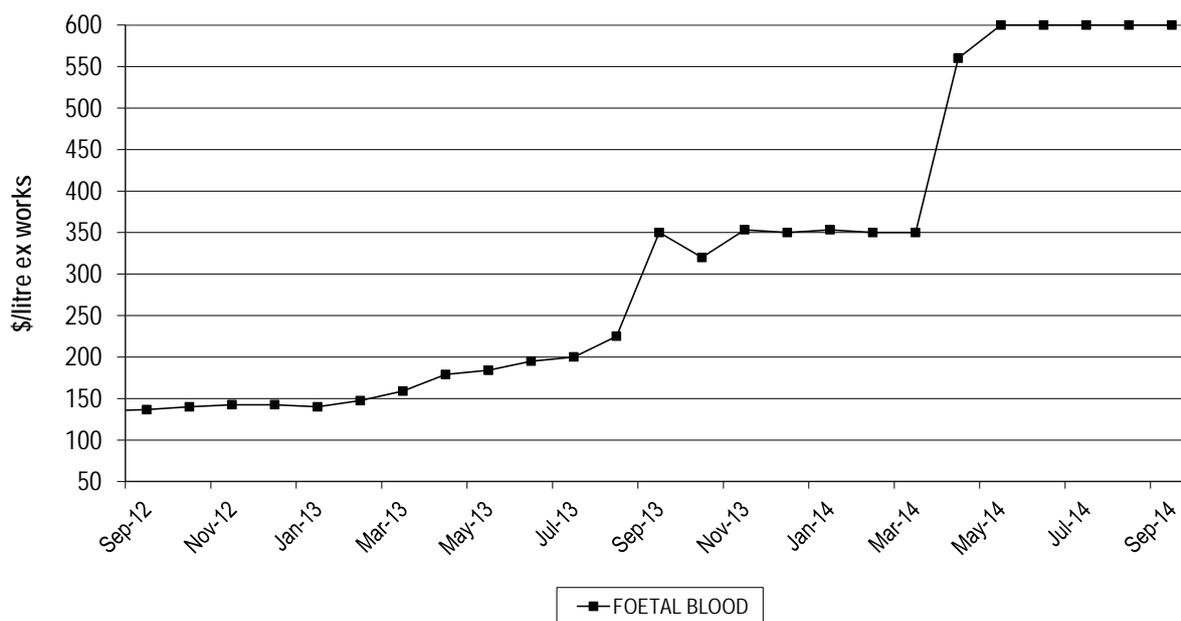
**Figure 6b: Trends in runner prices**



The average price of lamb runners was 74¢ up on last year at \$6.54/piece. The average price of sheep runners rose 25¢ to \$5.05/piece.

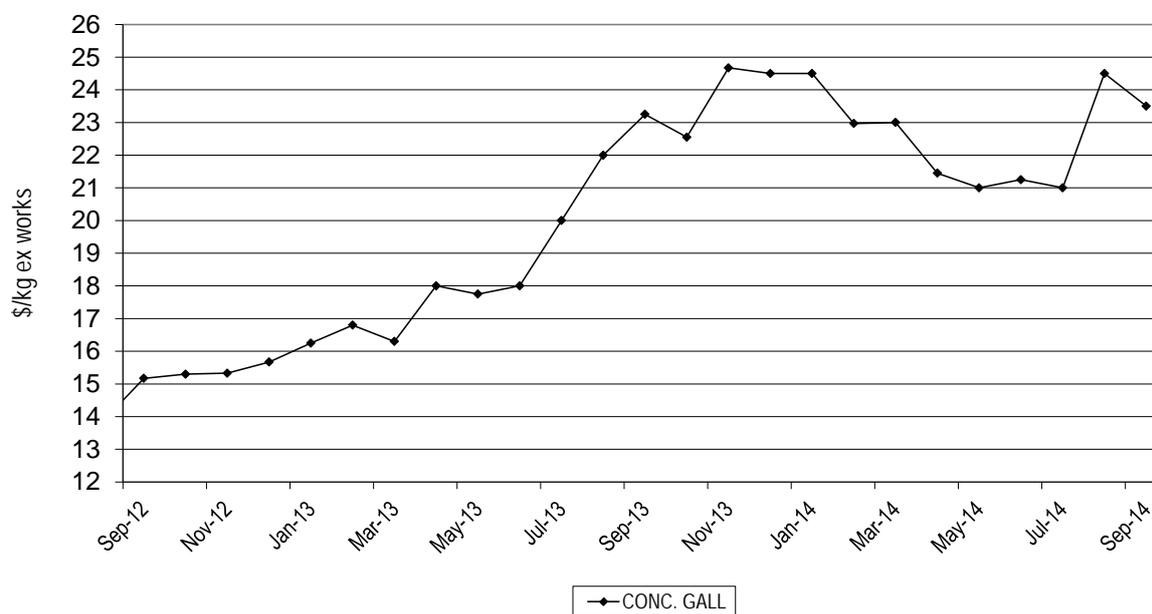
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



Foetal calf blood continues to trade at \$600/litre, a trend that began in April and is up \$250 on this time last year with no indication of a correction as yet.

### Figure 7b: Trends for concentrated gall prices



Concentrated gall is on a par with last year's price with a slight improvement of 25¢ across the year.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**

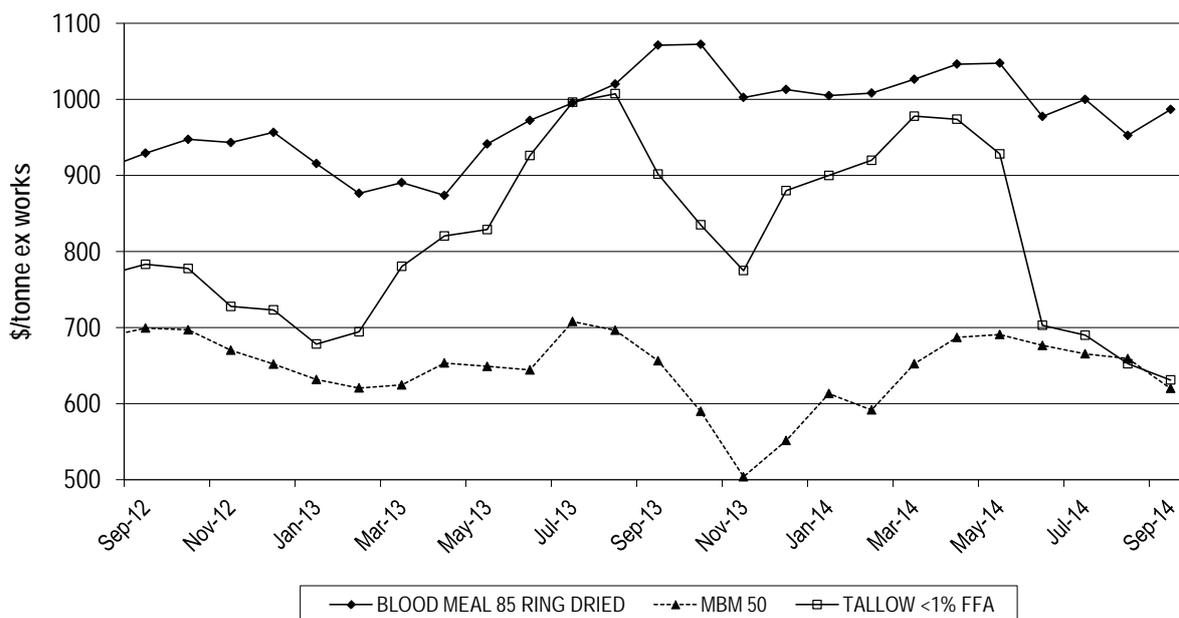


Figure 8 shows the trends in prices paid for rendered co-products. Prices are bulk ex-works/tonne.

Tallow continues to struggle to find a floor. The average price of 1% FFA tallow was \$631.20/tonne ex. works which is \$21 down on last month and \$270 down on the heady days a year ago when renewable fuel subsidies overseas drove prices to record levels. The price of palm stearine rallied late in September to finish at US\$695/tonne FOB Malaysia up \$25 which may help tallow prices if suitable markets can be found.

Meat and bone meal prices continued to fall with new season soy being offered at a significant discount as it moves into harvest. MBM is down around \$40/tonne from August and weaker across the year with the average price for 50% protein MBM down to \$620, a fall of around \$36.00.

The average price of blood meal was \$84.50 lower than last year at \$986/tonne but that represents an improvement of \$34 on last month.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$40.00	\$37.83	140-220	\$37.17	\$28.25
180-220	\$47.88	\$50.50			
220-280	\$57.50	\$59.67	220-280	\$47.17	\$37.25
280-350	\$66.88	\$68.00	280-350	\$56.83	\$51.17
350 up	\$77.13	\$78.83	350 up	\$66.63	\$59.17

USA hide processors with low kills are pushing tanners hard for price increases however meeting strong resistance. Meantime with higher than normal kills, Australian hide processors are more flexible with selling prices and business is being concluded on more negotiable terms. Leather markets have slowed down and tanners are unable to get any improvement in leather prices.

Chinese tanners have also turned their attention to cheaper Brazilian hides & better valued European hides. In spite of reduced supply of USA hides, Chinese tanners are prepared to change from USA sourced hides to other origins in order to make ends meet. The lower A\$ has helped conclude sales at prices that were not quite there beforehand and this has flowed onto green hide market which has moved \$1 to \$2 higher.

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# **MLA co-product market report**

**October 2014**

**Table 1: Co-products Prices October 2014**

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
ABOMASUM	\$4.15		2	-26.6%	-26.0%
BEEF LIPS	\$3.17	\$1.20	6	-1.9%	103.7%
BEEF LIPS - HALAL	\$3.24	\$1.20	6	0.7%	80.5%
CHEEKMEAT	\$4.62	\$2.35	6	-9.5%	29.8%
CHEEKMEAT - HALAL	\$4.98	\$2.10	5	6.0%	
DIAP. MEMBRANE	\$2.82	\$1.80	7	-4.2%	-35.2%
HC TRIPE	\$7.05	\$0.90	5	4.3%	65.1%
HC TRIPE - HALAL	\$7.27	\$1.40	5	2.6%	
HEADMEAT	\$3.91	\$2.10	6	1.9%	40.6%
HEADMEAT - HALAL	\$4.03	\$2.30	6	0.2%	
HEART	\$2.00	\$0.75	6	-0.2%	35.7%
HEART - HALAL	\$2.18	\$1.20	6	10.7%	29.8%
HEART -AORTA - HALAL	\$5.07	\$0.80	3	9.7%	
HEART-AORTA	\$4.53	\$0.30	3	16.2%	11.9%
INTESTINE	\$2.23		2	39.1%	-11.0%
KIDNEYS	\$1.24	\$1.50	4	29.8%	39.8%
KIDNEYS - HALAL	\$0.98	\$0.43	5	-12.5%	
LIGAMENTUM	\$2.73	\$1.80	9	9.1%	21.6%
LIVER	\$1.16	\$0.70	6	10.6%	4.9%
LIVER - HALAL	\$1.38	\$0.60	6	7.8%	4.0%
LUNGS - HALAL	\$1.18	\$0.70	4	-9.6%	-21.7%
OMASUM	\$7.08	\$1.80	4	4.8%	45.5%
OMASUM - HALAL	\$7.36	\$2.30	4	7.7%	
RUM.PILL < 500	\$5.07	\$2.77	5	0.6%	-21.6%
RUM.PILL < 500 - HALAL	\$3.70	\$3.80	3	17.5%	
RUM.PILL > 700	\$9.95	\$2.74	5	11.4%	-0.7%
RUM.PILL > 700 - HALAL	\$6.90	\$3.90	3	-7.7%	
RUM.PILL 500-700	\$6.86	\$3.02	6	3.2%	-12.7%
RUM.PILL 500-700 - HALAL	\$5.26	\$3.40	4	-7.5%	
SPLEEN	\$1.06		2	-9.8%	11.6%
SPLEEN - HALAL	\$0.95	\$0.45	3	-9.5%	
TAIL	\$8.64	\$1.75	6	10.4%	57.9%
TAIL - HALAL	\$7.78	\$3.00	5	0.7%	35.7%
TENDONS	\$5.19	\$1.50	3	-5.6%	24.2%
TENDONS - HALAL	\$4.40	\$1.90	5	-8.5%	
THICKSKIRT	\$6.80	\$3.70	7	12.2%	53.0%
THICKSKIRT - HALAL	\$5.78	\$2.00	4	-3.5%	
THINSKIRT	\$6.71	\$3.80	7	7.6%	54.3%
THINSKIRT - HALAL	\$5.70	\$2.00	4	-4.7%	
TONGUE RT FILLET	\$4.10	\$0.85	5	24.9%	19.7%
TONGUE RT MEAT	\$2.27	\$2.95	5	116.4%	97.6%
TONGUE RT MEAT - HALAL	\$1.85		2	-21.7%	
TONGUE SW	\$8.78	\$3.70	6	-1.2%	-4.1%

Product	Average	Range	Respondents	Monthly Change	Annual Change
TONGUE SW - HALAL	\$8.40	\$0.30	3	-0.4%	
TRIPE PCS	\$3.15	\$0.45	3	5.2%	1.8%
TRIPE PCS - HALAL	\$3.23	\$0.15	3	3.9%	
WEASAND	\$4.05		2	13.6%	72.3%
<b>Sheep</b>					
HEART SHEEP	\$1.53	\$0.10	3	2.2%	14.6%
KIDNEYS SHEEP	\$2.85		2	137.5%	-10.2%
RUNNERS LAMB	\$6.45		2		17.3%
RUNNERS SHEEP	\$4.93		2		10.7%
TONGUE LC SHEEP	\$3.43		2	-22.2%	3.8%
TRIPE SHEEP	\$4.10	\$0.70	3	2.5%	10.1%
<b>Pharmaceutical</b>					
FOETAL BLOOD	\$487.50	\$150.00	4	-18.8%	52.3%
GALL CONCENTRATED	\$23.25		2	-1.1%	3.1%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,087.00	\$155.00	5	9.1%	1.2%
MBM 50	\$611.67	\$85.00	6	-1.4%	3.7%
TALLOW <4%	\$617.75	\$106.00	4	3.4%	-24.7%
TALLOW INED.<1FFA	\$653.67	\$75.00	3	3.6%	-21.7%
TALLOW INED.<2FFA	\$631.50	\$86.00	4	3.5%	-23.8%
<b>Hides</b>					
HIDES NSW 141- 180	\$39.00		2	-2.5%	
HIDES NSW 181 - 220	\$46.33	\$4.00	3	-3.2%	
HIDES NSW 221 - 280	\$56.00	\$3.00	3	-2.6%	
HIDES NSW 281 - 350	\$66.33	\$5.00	3	-0.8%	
HIDES NSW 351 UP	\$79.33	\$7.00	3	2.9%	
HIDES QLD TFA 141 - 220	\$40.50		2	9.0%	
HIDES QLD TFA 221 - 280	\$49.25		2	4.4%	
HIDES QLD TFA 281 - 350	\$57.50		2	1.2%	
HIDES QLD TFA 351 UP	\$66.00		2	-0.9%	
HIDES QLD TICKY 141 - 220	\$29.50		2	6.2%	
HIDES QLD TICKY 221 - 280	\$37.50		2	2.0%	
HIDES QLD TICKY 281 - 350	\$48.50		2	-5.2%	
HIDES QLD TICKY 350 UP	\$61.50		2	3.9%	
HIDES VIC 141-180	\$38.00		2	0.4%	
HIDES VIC 181-220	\$50.00		2	-1.0%	
HIDES VIC 221 - 280	\$59.50		2	-0.3%	
HIDES VIC 281-350	\$69.50		2	2.2%	
HIDES VIC 351 UP	\$82.25		2	4.3%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$ each or/head for hides, skins and sheep runners.

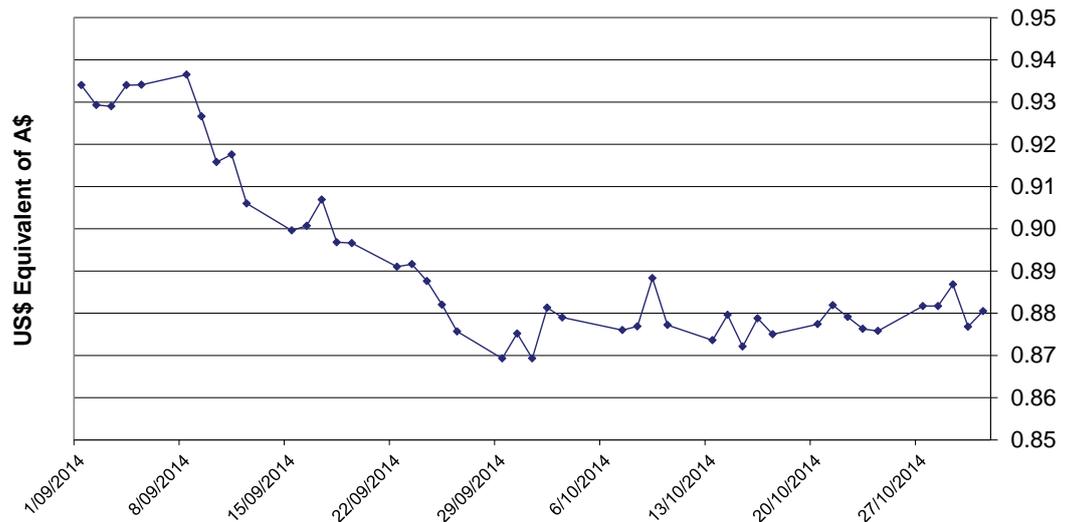
## Two Month Exchange rate

The AUD/USD exchange rate was relatively steady during October but down 7¢ on same time last year, which certainly has had an effect on price movements across the year.

The majority of offals have rallied during the month, with the south-east Asian harvest holidays behind us. Rendered meals remain under significant pressure from new season soybean meal as well as lower priced MBM from USA competing in export markets.

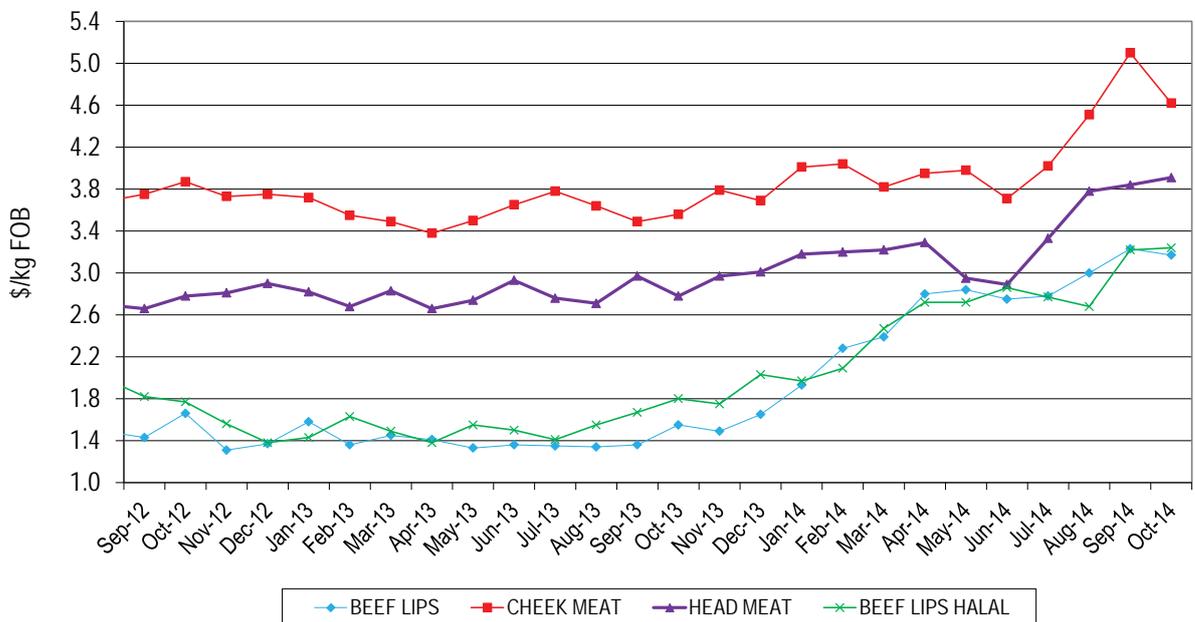
Tallow seems to have finally kicked again, with improvement in most grades. The Taiwan gutter grease scandal has made exporters nervous about committing to shipments of Pure Beef Tallow to a market that usually takes around 6000mt per month.

Hides continue steady with support from the lower dollar, despite a slowdown in the leather market.



## Head Offal Prices

Figure 1: Trends in beef head offal prices



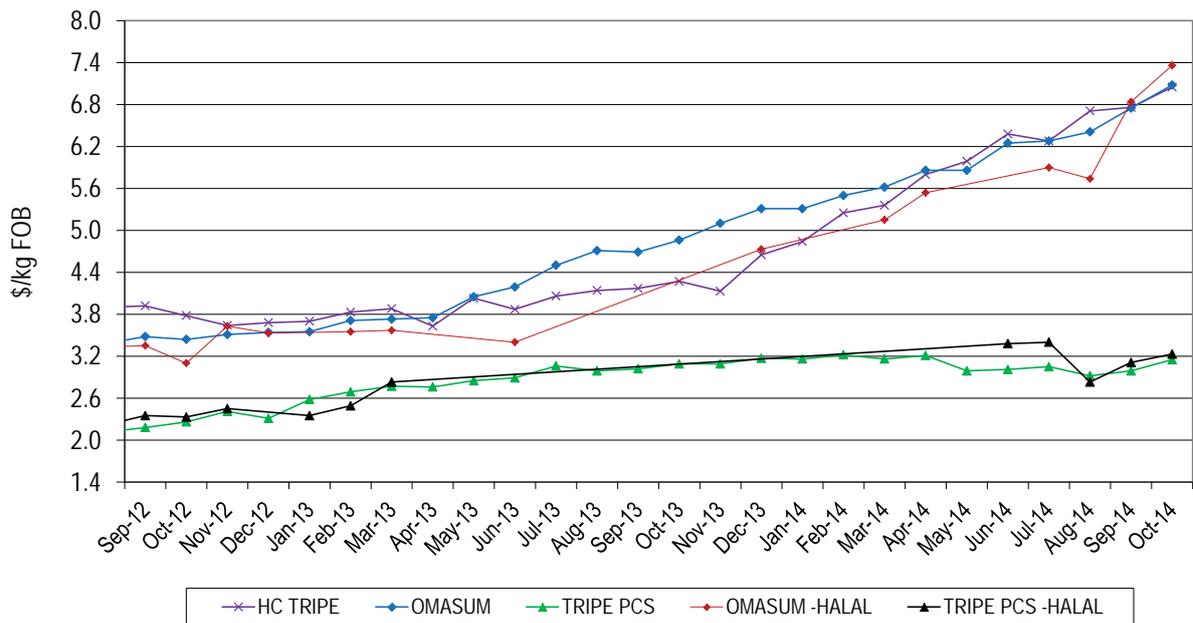
Head offals continue their strong performance, with firm improvement year-on-year but they have probably found their ceiling at the moment. Cheek meat has improved \$1.62/kg over the October price last year, to average \$4.62/kg, which was consistently reported 38¢/kg down month-on-month.

With the average price of beef lips steady at an average of \$3.17/kg and Halal beef lips at \$3.24, this continues to show an improvement of over 100% on last year.

Head meat also strengthened over the same period, rising \$1.13/kg and trading at \$3.91/kg.

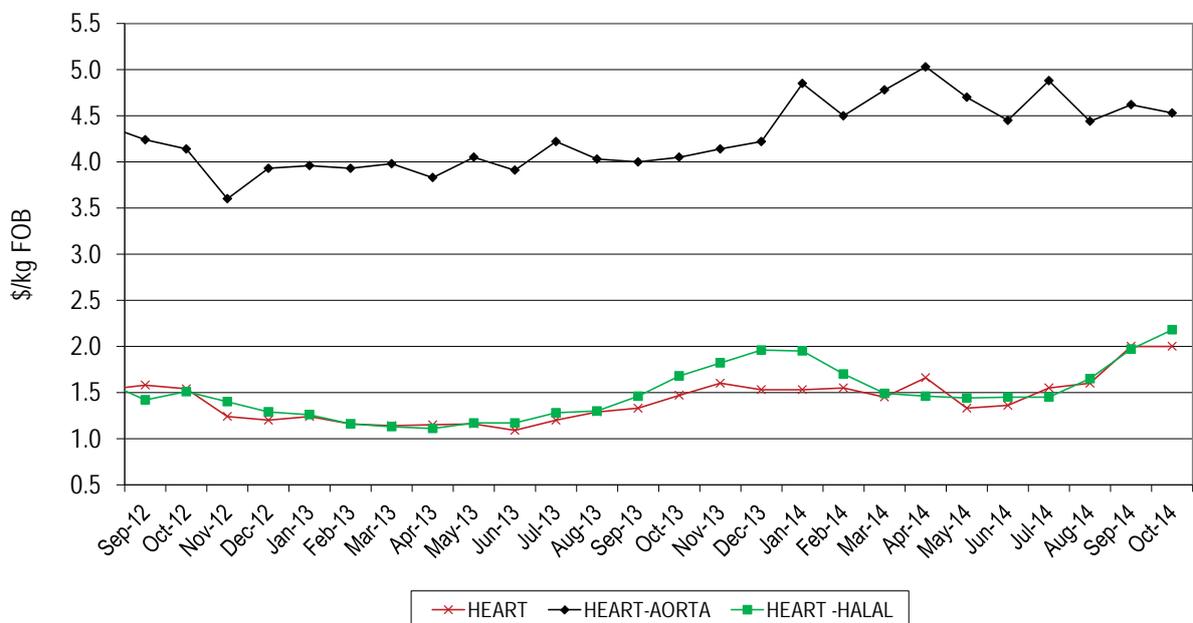
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



While tripe pieces, both halal and non-halal, continue to hold their own, trading very steadily across the year at around the \$3.00/kg mark, the omasum and honeycomb tripe markets march on. As the graphs show there has been a linear growth since early last year. Record prices of \$7.08/kg for non-halal omasum and \$7.36/kg for halal product represent an increase of 45% on last year. Similarly honeycomb tripe, mainly to Taiwan, is up \$2.78 on a year ago to trade at \$7.05/kg.

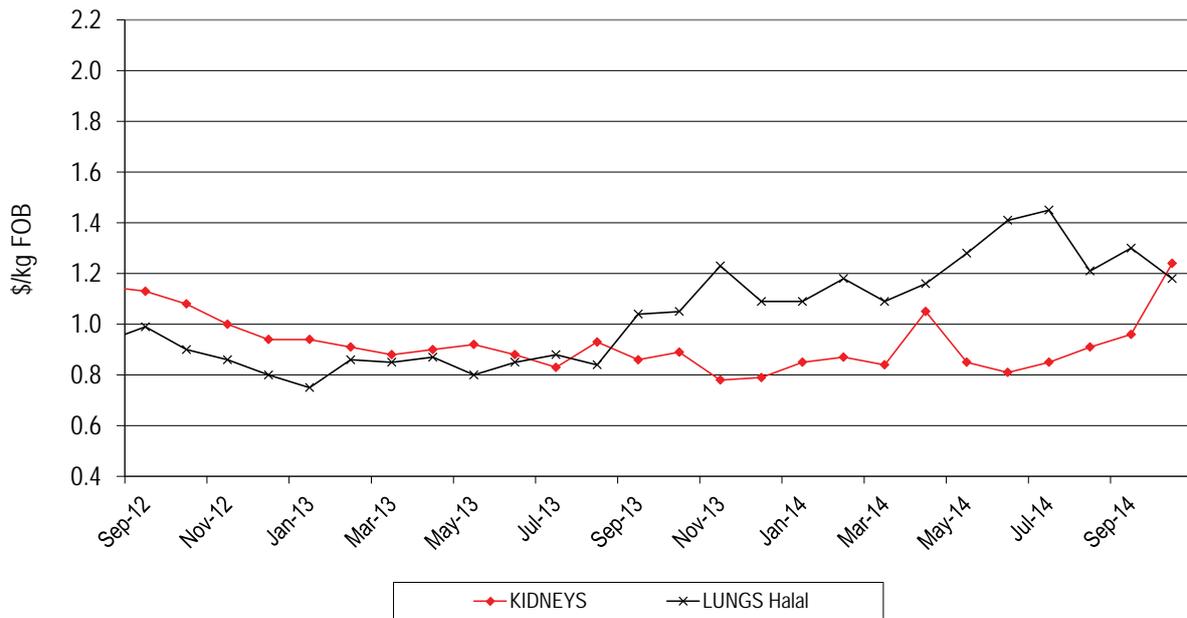
### Figure 3a: Trends in beef offal prices



As with other red offals, heart products also continue their firm trend, with non-halal hearts up over last year by 53¢/kg, averaging \$2.00/kg, which is on a par with last month. Halal hearts at \$2.18/kg are 50¢/kg up on this time last year and 21¢/kg up compared to last month.

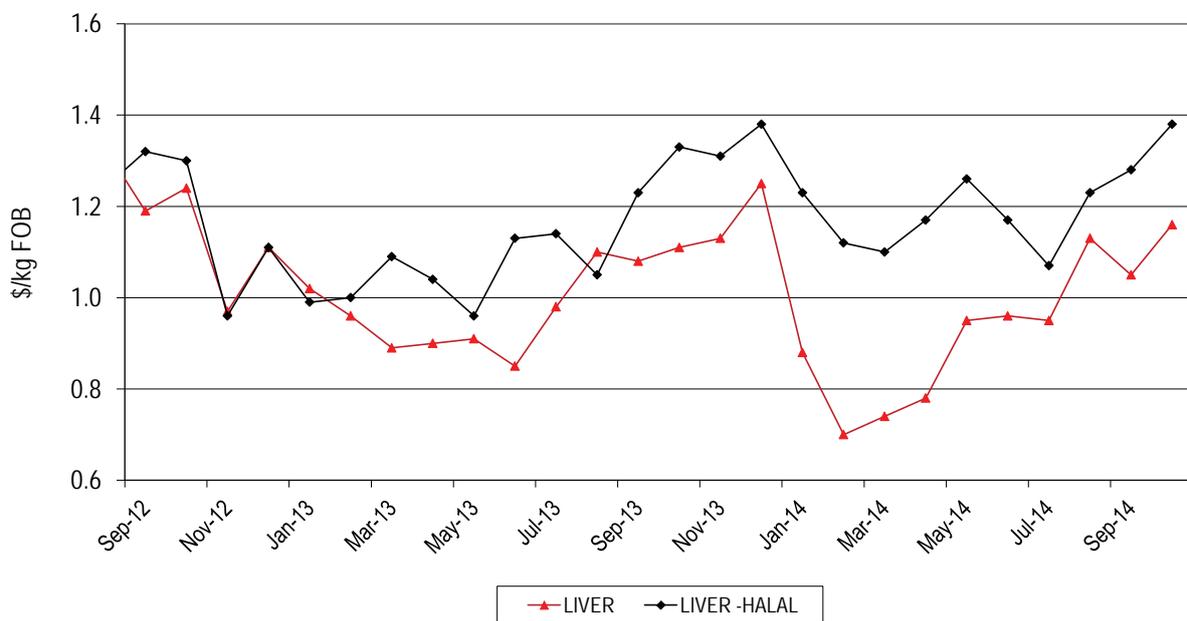
Aorta steadied to average \$4.53/kg, up 48¢/kg since last October.

**Figure 3b: Trends in beef offal prices**



Kidneys averaged 124¢/kg which is 35¢/kg up on last year, however there were significant variations in prices reported which seems to be related to the timing of sales. Halal lungs weakened 12¢/kg to \$1.18/kg, while non-halal product was not reported.

**Figure 3c: Trends in beef offal prices**



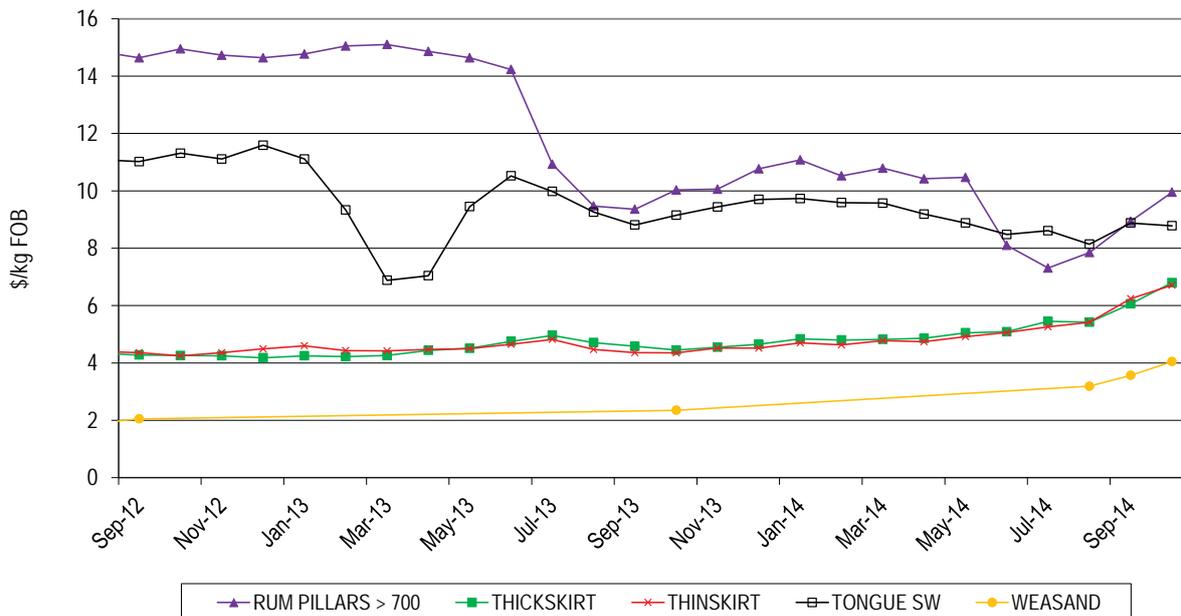
Livers, both halal and non-halal, were steady compared to last year with prices only reflecting the exchange rate variation to trade at \$1.38/kg and \$1.16/kg respectively.

The widespread strength of the offal market to south-east Asian markets is very much related to the higher prices being seen on beef cuts, and in particular to the 90CL prices, which is putting beef cuts out of reach of many consumers.

Additionally, with the approach of the end of year plant closures, prices should remain firm with diminished supply.

## Japanese and Korean Offals

### Figure 4: Trends in Japanese offal prices

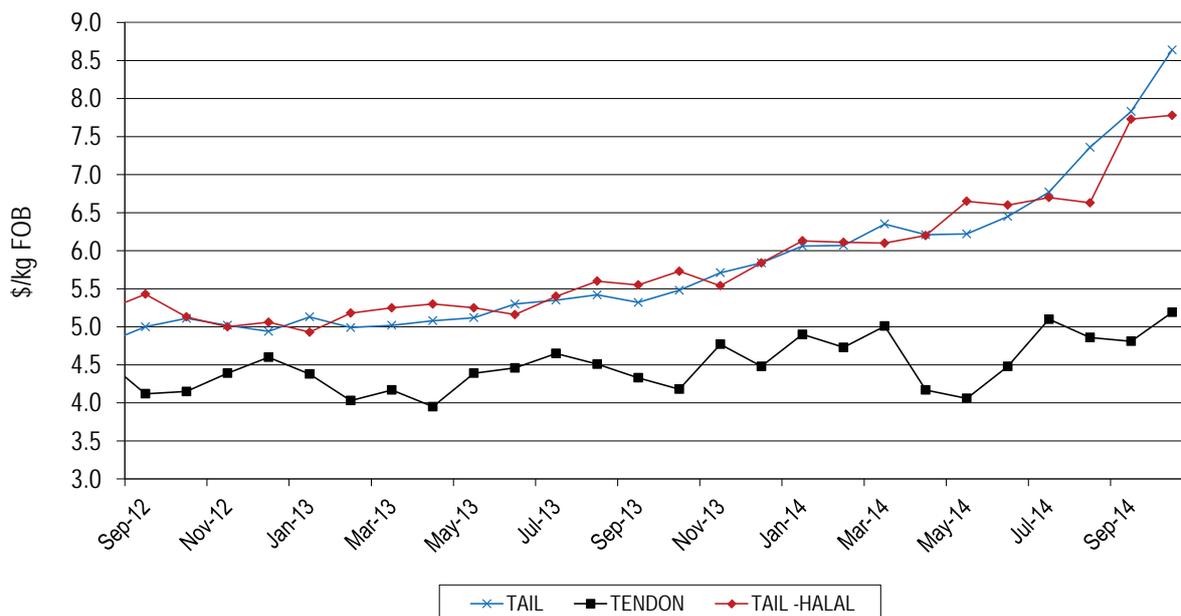


#### Japan / Korea

All products in this category showed wide variations in reported prices which appear to be timing related. The average price of tongues is relatively stable so is believed to be reasonably accurate. Prices of rumen pillars continued to rally and are expected to improve next month. Demand in the Korean market continues to improve. Thick and thin skirt prices were \$2.35 higher across the year, at an average price of around \$6.80/kg, which also shows a 70¢/kg improvement over last month. The average price of weasand was higher at about \$4.05/kg, up from around \$2.00 a year ago. These improved prices will motivate processors to start collection of weasand again, with sales very hard to come by until recently.

## Tails and Tendons

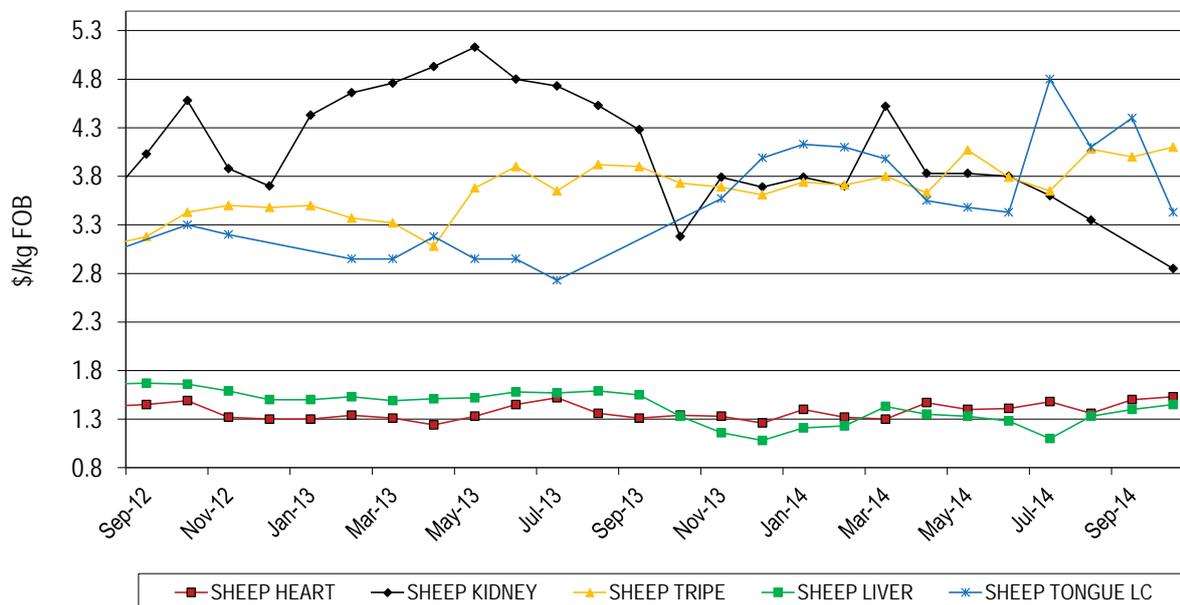
### Figure 5: Trends in tail and tendon prices



Tail prices continued to rise, up 80¢ from last month and an improvement of \$3.16 over last year. They averaged \$8.64/kg while halal tails rose \$2.05 across the year to trade at \$7.78/kg, on par with last month. Tendons have improved 101¢ to average \$5.19, up 38¢ from last month's price.

## Sheep Offals

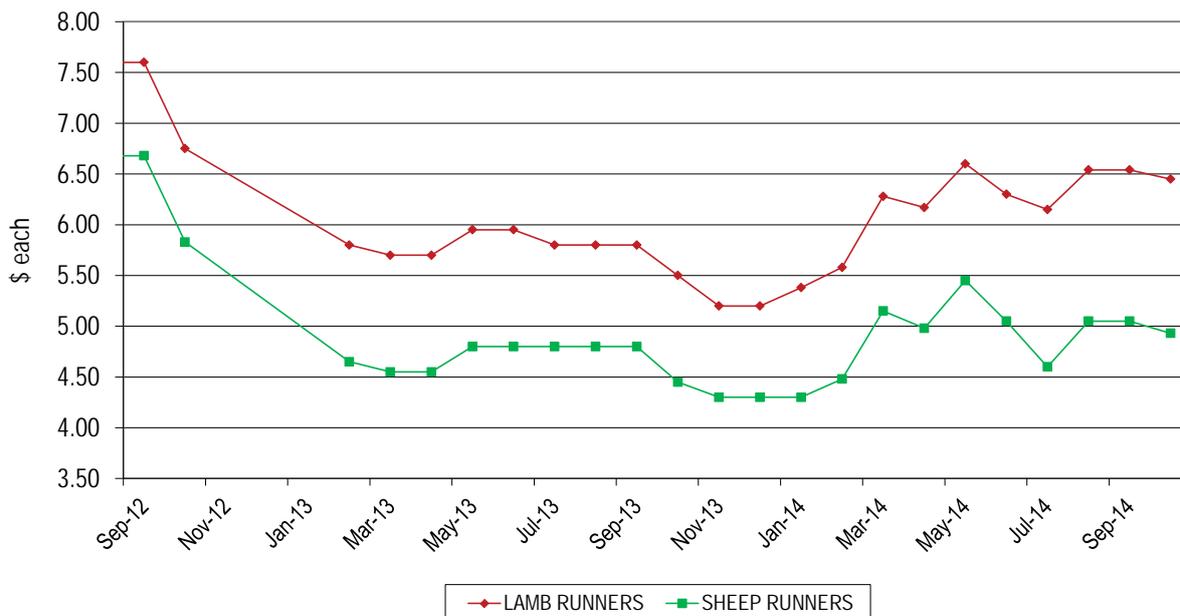
**Figure 6: Trends in sheep offal prices**



Sheep offals are trading relatively steady with the major factor affecting prices being the exchange rate variation from this time last year.

Sheep kidneys are the only reported item to not follow the trend and have continued to decline on average across the year and are trading 33¢/kg lower than this time last year.

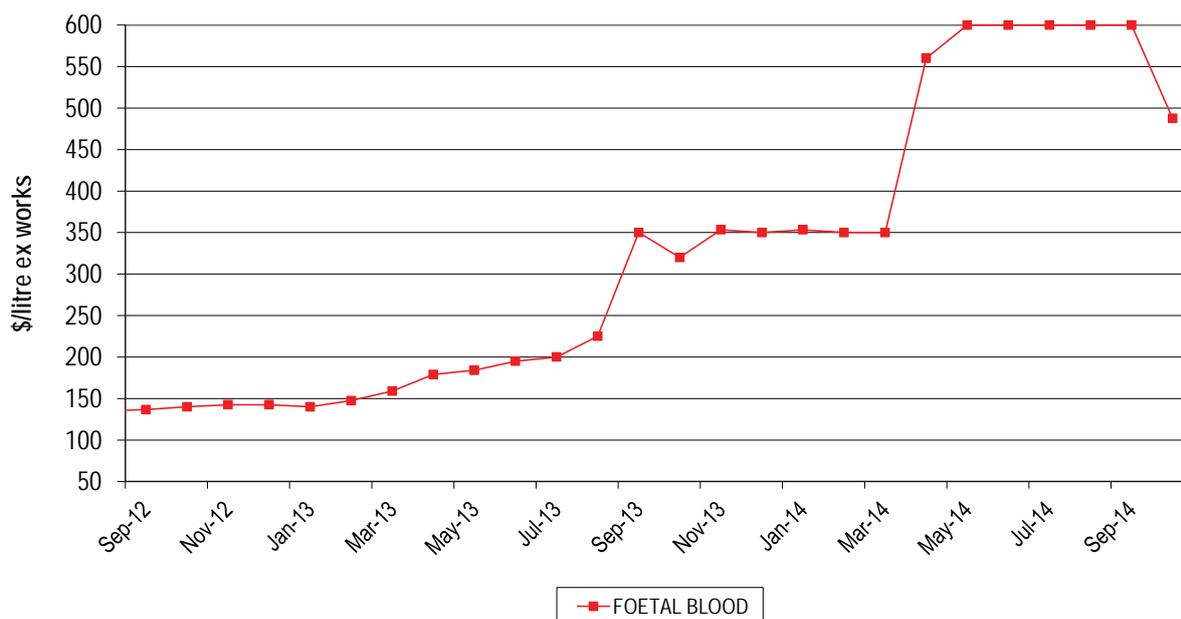
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners continues steady, trading at \$6.45/piece for lamb and \$4.93/piece for sheep. This is up 95¢/piece for lamb and 48¢/piece for sheep runners compared to last October.

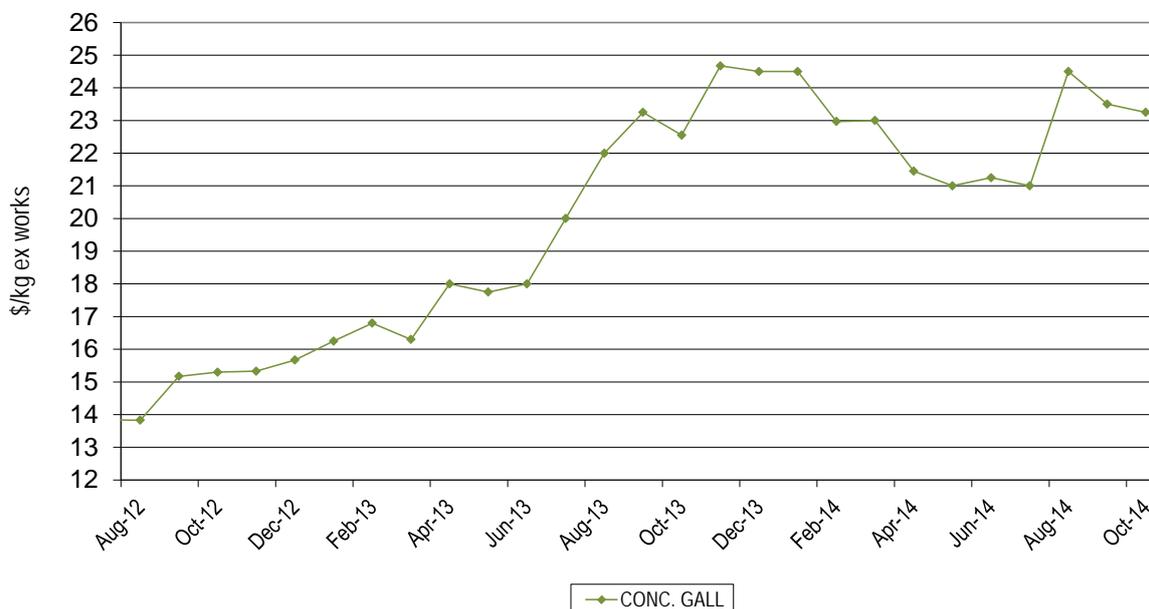
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



Foetal calf blood has seen a major price correction, with prices falling rapidly across the month which saw some early sales at \$450/litre and later sales at \$300/litre, a 50% drop on last month.

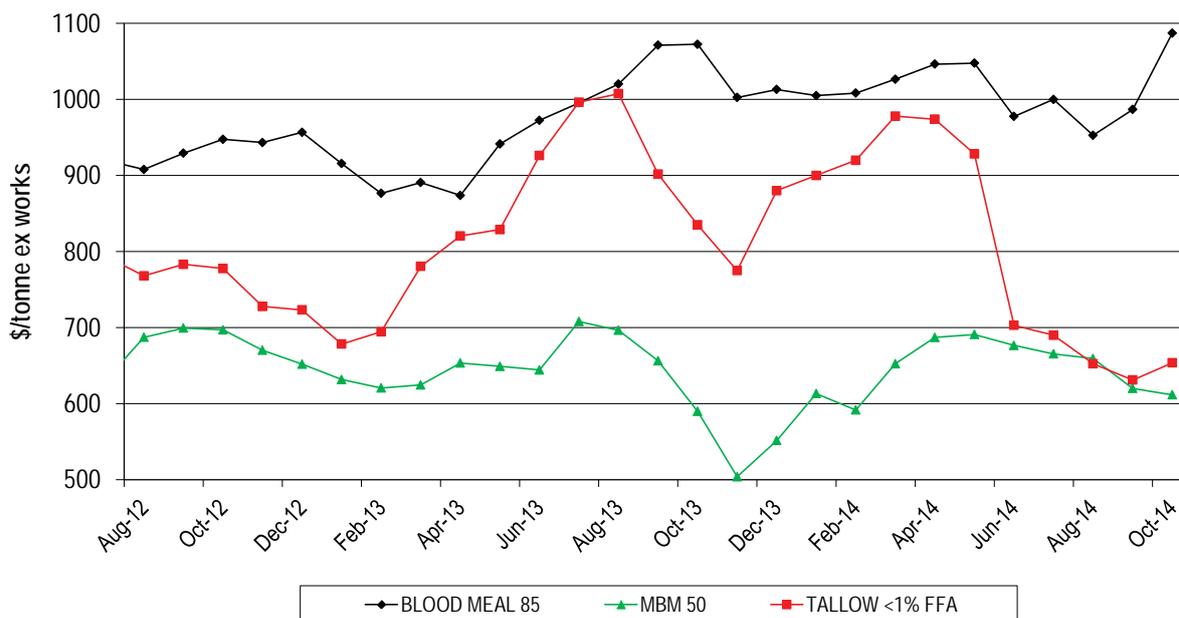
### Figure 7b: Trends for concentrated gall prices



Concentrated gall continues steady and is on a par with last year's price with a slight improvement of 70¢/kg across the year.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Tallow is still somewhat vulnerable, but showed some resilience early in the month. The average price of 1% FFA tallow was \$654/tonne ex. works which is \$23 up on last month and \$180 down on the renewable fuel subsidy prices of a year ago. The price of palm stearine rallied during October to finish at US\$714/tonne FOB Malaysia, up \$19 which has helped drive tallow prices. However price indications later in the month we not as confident.

Meat and bone meal (MBM) prices continued to fall on the back of soybean meal. MBM values will need to continue to drop to remain competitive in feed rations. Major export markets are carrying high priced MBM inventory which on reduced usages will last longer and therefore affect demand moving forward into Nov/Dec. The average price of blood meal was on parity with last year at \$1087/tonne but that represents an improvement of \$155 on last month.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$39.00	\$38.00	140-220	\$40.50	\$29.50
180-220	\$46.33	\$50.00			
220-280	\$56.00	\$59.50	220-280	\$49.25	\$37.50
280-350	\$66.33	\$69.50	280-350	\$57.50	\$48.50
350 up	\$79.33	\$82.25	350 up	\$66.00	\$61.50

The domestic hide market during October benefitted from a lower exchange rate and stable selling prices and this has led to higher green prices for the month. USA hide processors were adamant hide markets were stronger than what they were and kept offering higher prices. This intransigence benefitted hide processors from other parts of the world selling into a softer leather market where tanners were able to cover their needs. Asian tanners are indicating that leather orders for this time of year are well below their forecasts and are certainly lower than levels of a year ago. As a result, many tanners have reduced production levels and are showing little interest in purchasing more hides at the current high levels of raw hides. Also, they are struggling to raise leather prices on any new business for their next month of sales.

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Also available on [www.mla.com.au](http://www.mla.com.au)



# **MLA co-product market report**

**November 2014**

**Table 1: Co-products Prices November 2014**

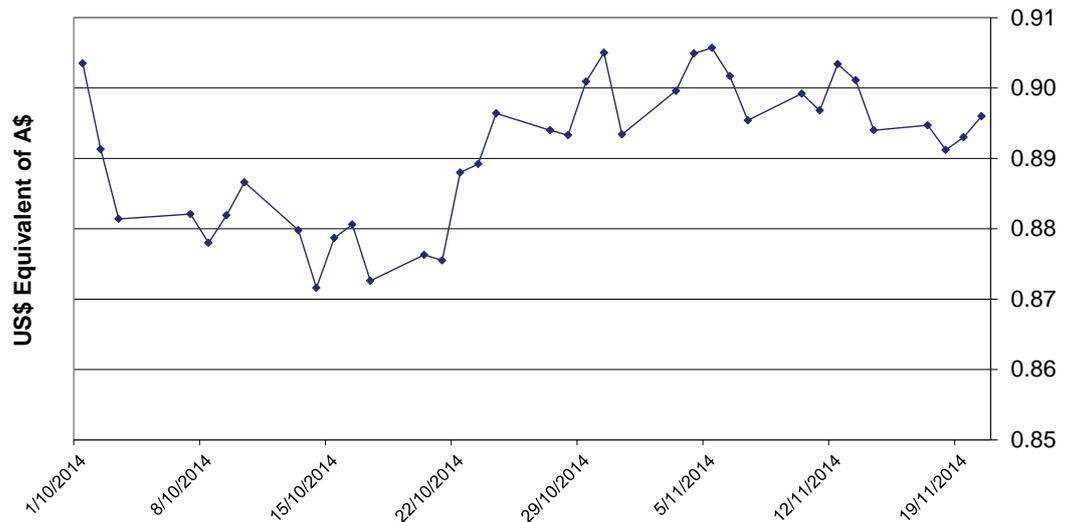
Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
BEEF LIPS - HALAL	\$3.29	\$0.75	6	1.5%	87.8%
CHEEKMEAT - HALAL	\$5.33	\$1.50	5	7.0%	
DIAP. MEMBRANE	\$2.91	\$0.50	6	3.1%	-34.9%
HC TRIPE - HALAL	\$7.04	\$1.60	5	-3.2%	
HEADMEAT - HALAL	\$4.44	\$1.90	5	10.1%	
HEART - HALAL	\$2.13	\$1.50	6	-2.3%	17.4%
HEART -AORTA - HALAL	\$5.38	\$2.05	4	6.1%	
INTESTINE	\$1.45		2	-34.8%	0.0%
KIDNEYS	\$1.03	\$0.15	3	-16.8%	33.3%
KIDNEYS - HALAL	\$1.06	\$0.20	4	8.0%	9.5%
LIGAMENTUM	\$2.58	\$1.00	5	-5.4%	7.2%
LIVER - HALAL	\$1.50	\$0.60	6	8.4%	14.9%
LUNGS - HALAL	\$1.11	\$0.15	4	-5.3%	
OMASUM - HALAL	\$7.66	\$2.60	6	4.0%	
RUM.PILL < 500	\$5.25	\$3.75	3	3.6%	-18.3%
RUM.PILL < 500 - HALAL	\$3.77	\$2.30	3	1.8%	
RUM.PILL > 700	\$8.83	\$2.00	3	-11.2%	-12.2%
RUM.PILL > 700 - HALAL	\$7.77	\$2.80	3	12.6%	
RUM.PILL 500-700	\$6.38	\$2.95	3	-7.0%	-20.7%
RUM.PILL 500-700 - HALAL	\$5.77	\$2.30	3	9.6%	
SPLEEN - HALAL	\$1.02	\$0.20	5	7.4%	
TAIL	\$8.09		2	3.0%	55.9%
TAIL - HALAL	\$7.28	\$3.40	5	-6.4%	31.5%
TENDONS - HALAL	\$4.85	\$0.95	3	10.2%	
THICKSKIRT	\$6.54	\$1.25	4	-3.9%	43.6%
THICKSKIRT - HALAL	\$6.63	\$1.00	3	14.9%	
THINSKIRT	\$6.55	\$1.30	4	-2.4%	44.9%
THINSKIRT - HALAL	\$7.13	\$1.80	3	25.1%	
TONGUE LC SHEEP	\$3.32	\$1.70	3	-3.2%	-7.0%
TONGUE RT FILLET	\$4.20		2	2.4%	17.3%
TONGUE RT MEAT - HALAL	\$1.93	\$0.70	4	4.1%	
TONGUE SW	\$8.83	\$3.00	3	0.6%	-6.4%
TONGUE SW - HALAL	\$8.05	\$2.30	4	-4.2%	
TRIPLE PCS	\$3.22	\$0.25	3	2.2%	4.1%
TRIPLE PCS - HALAL	\$2.80	\$0.30	4	-13.4%	
WEASAND	\$3.85		2	-4.9%	

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Sheep</b>					
HEART SHEEP	\$1.40	\$0.20	4	-8.9%	5.5%
KIDNEYS SHEEP	\$2.30	\$2.60	4	-19.3%	-39.3%
LIVER SHEEP	\$1.44	\$0.40	4	-0.9%	24.2%
RUNNERS LAMB	\$6.18	\$0.40	3	-4.1%	18.9%
RUNNERS SHEEP	\$4.43	\$0.70	3	-10.0%	3.1%
TRIPE SHEEP	\$4.35	\$0.80	4	6.1%	18.0%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$525.00		2	7.7%	48.6%
GALL CONCENTRATED	\$20.75		2	-10.8%	-15.9%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,236.00	\$380.00	5	13.7%	
MBM 50	\$592.14	\$90.00	7	-3.2%	17.5%
TALLOW <4%	\$602.50		2	-2.5%	-22.2%
TALLOW INED.<1FFA	\$608.33	\$55.00	3	-6.9%	-21.5%
TALLOW INED.<2FFA	\$606.67	\$10.00	3	-3.9%	-24.2%
<b>Hides</b>					
HIDES NSW 141- 180	\$36.00		2	-7.7%	
HIDES NSW 181 - 220	\$43.00		2	-7.2%	
HIDES NSW 221 - 280	\$52.00		2	-7.1%	
HIDES NSW 281 - 350	\$60.50		2	-8.8%	
HIDES NSW 351 UP	\$72.50		2	-8.6%	
HIDES QLD TFA 141 - 220	\$37.50		2	-7.4%	
HIDES QLD TFA 221 - 280	\$47.75		2	-3.0%	
HIDES QLD TFA 281 - 350	\$56.00		2	-2.6%	
HIDES QLD TFA 351 UP	\$61.50		2	-6.8%	
HIDES QLD TICKY 141 - 220	\$27.25		2	-9.2%	
HIDES QLD TICKY 221 - 280	\$35.00		2	-7.9%	
HIDES QLD TICKY 281 - 350	\$45.00		2	-7.2%	
HIDES QLD TICKY 350 UP	\$61.00		2	-0.8%	
HIDES VIC 141-180	\$37.50		2	-1.3%	
HIDES VIC 181-220	\$48.00		2	-4.0%	
HIDES VIC 221 - 280	\$57.00		2	-4.2%	
HIDES VIC 281-350	\$64.25		2	-7.6%	
HIDES VIC 351 UP	\$74.50		2	-9.4%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

## Two Month Exchange rate

The AUD/USD exchange rate has hovered below the 90¢ mark which is 3¢ down on same time last year, so the currency adjustment year on year is reducing. Red offals to Egypt have been in demand, lifting prices whilst other cuts have traded steadily. Omasum remains strong along with demand from China. Rendered meals remain under pressure from abundant soybean meal and lower priced MBM from USA is competing in export markets.

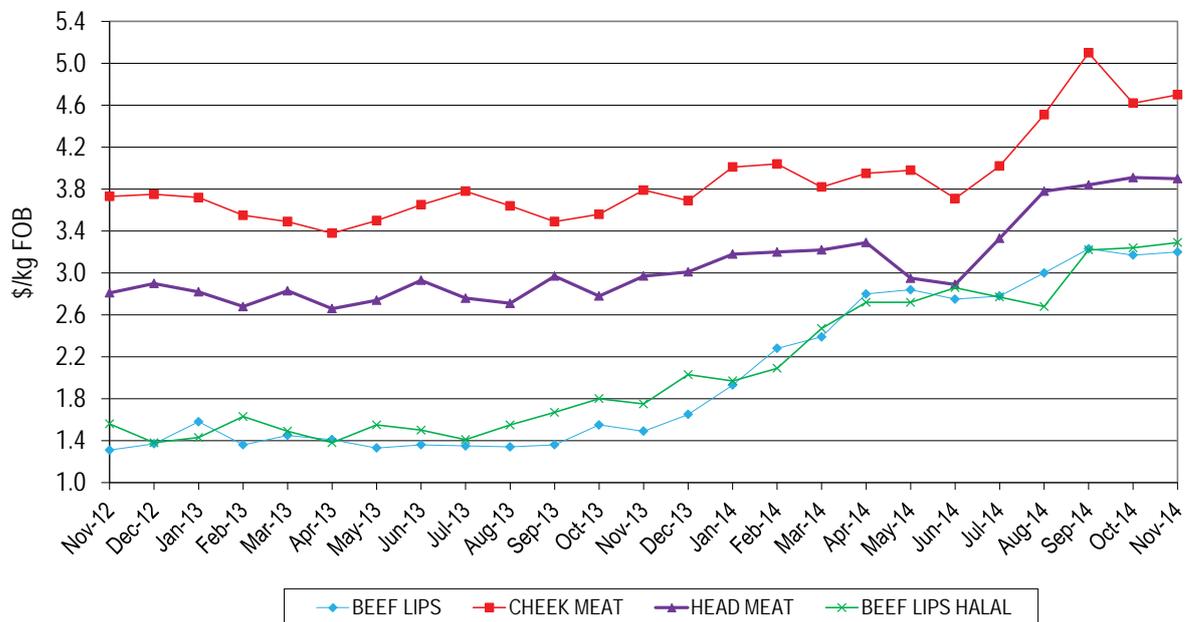


Tallow continues to fall however there seems to be some renewed interest from Singapore, albeit at light volume and lower pricing.

After a good run for the last couple of years hide markets are showing all the signs of a major correction going forward.

## Head Offal Prices

Figure 1: Trends in beef head offal prices



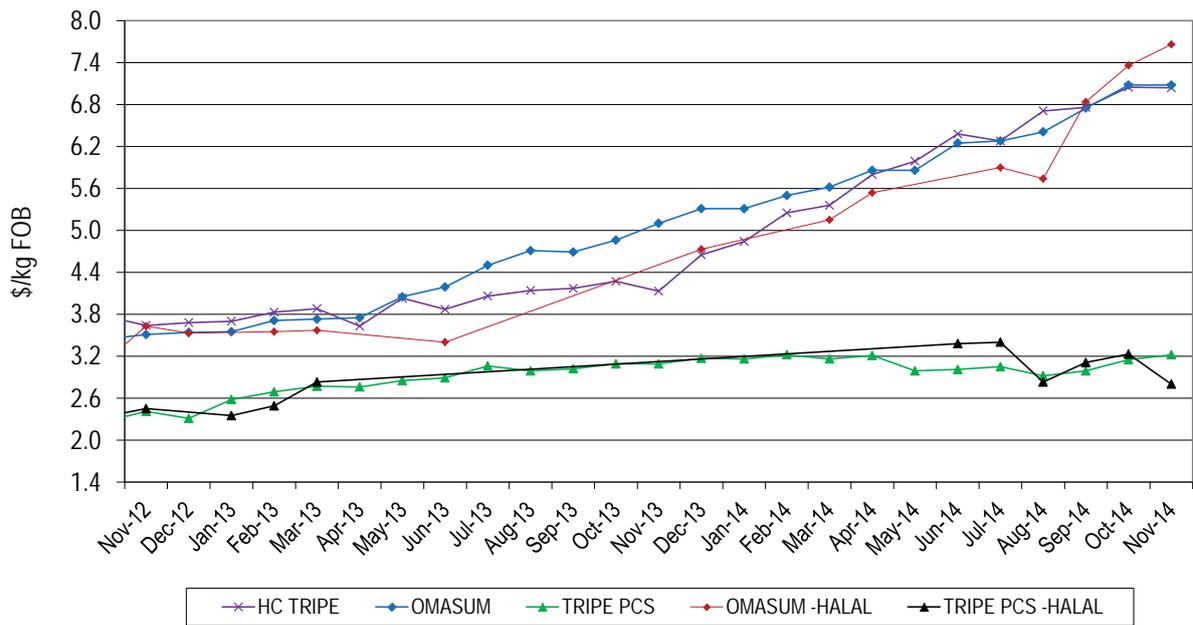
Head offals continue their strong performance, with firm improvement year-on-year but as we said last month they have probably found their ceiling at the moment. Halal cheek meat has improved 91¢/kg over the November price last year, to average \$5.33/kg.

With the average price of halal beef lips steady at an average price of \$3.29, this shows an improvement of \$1.54/kg on last year.

Halal head meat also strengthened over the same period, rising \$1.03/kg, to trade at an average of \$4.44/kg.

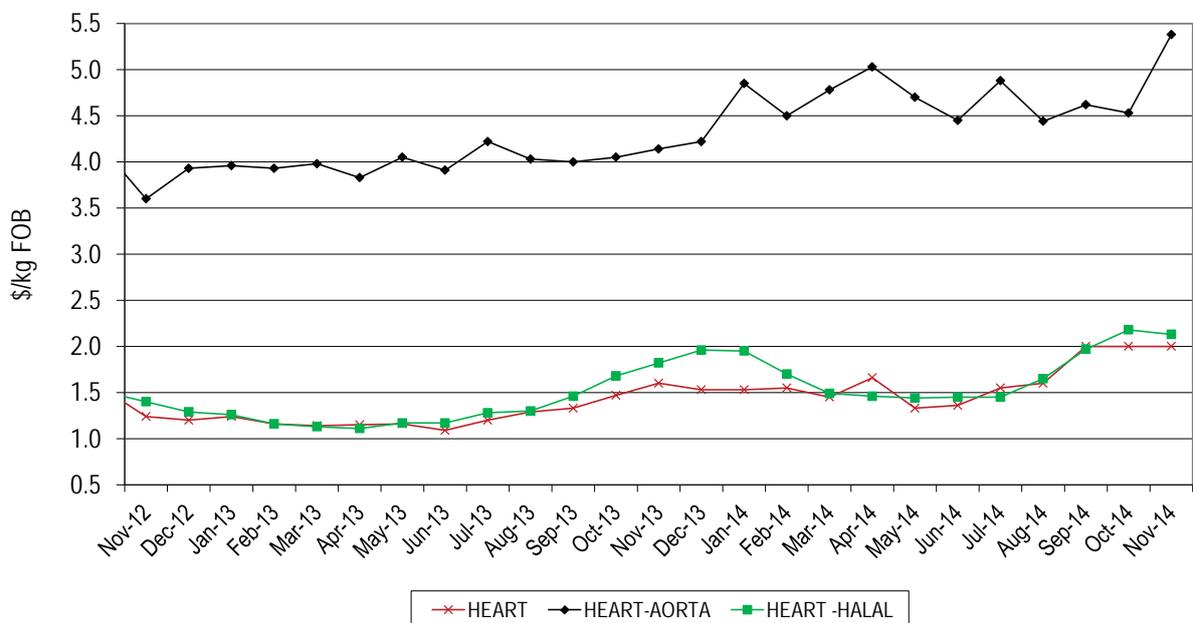
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



While tripe pieces, both halal and non-halal, continue to hold their own, trading very steadily across the year at around the \$3.00/kg mark, the omasum and honeycomb tripe markets march on. As the graphs show there has been a linear growth since early last year. Record prices of \$7.08/kg for non-halal omasum and \$7.66/kg, up another 30¢/kg for the month, for halal product represent an increase of 45% on last year. Similarly honeycomb tripe, mainly to Taiwan, is up \$2.91 on a year ago to trade at \$7.04/kg.

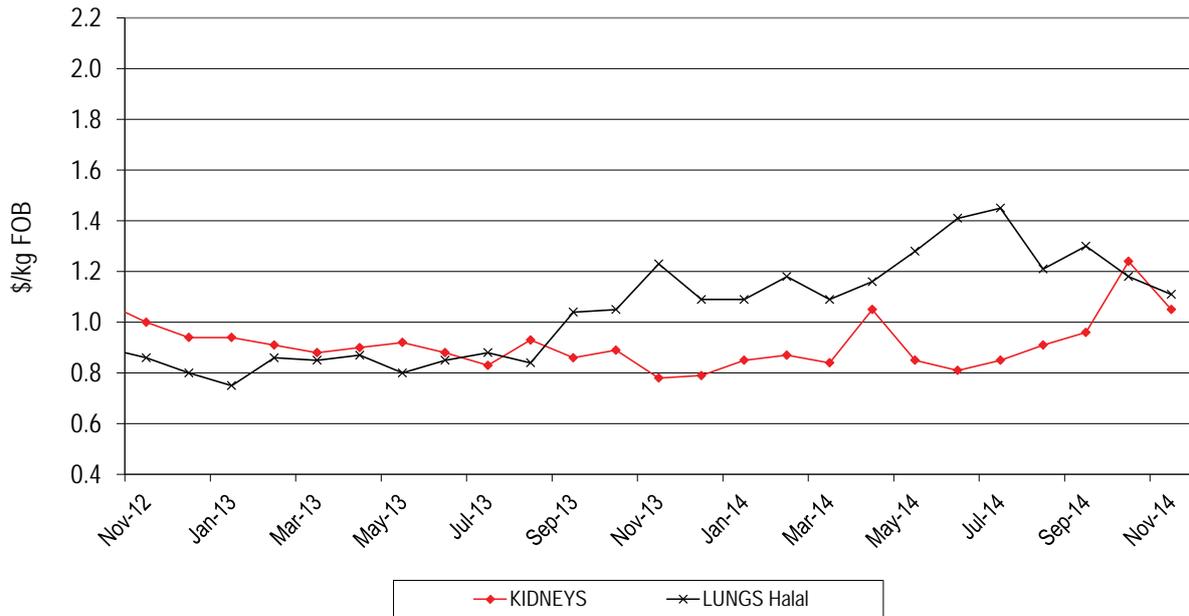
### Figure 3a: Trends in beef offal prices



As with other red offals, heart products also continue their firm trend, with non-halal hearts up over last year by 40¢/kg, averaging \$2.00/kg, which is on a par with last month. Halal hearts at \$2.13/kg are 31¢/kg up on this time last year but down 5¢/kg compared to last month.

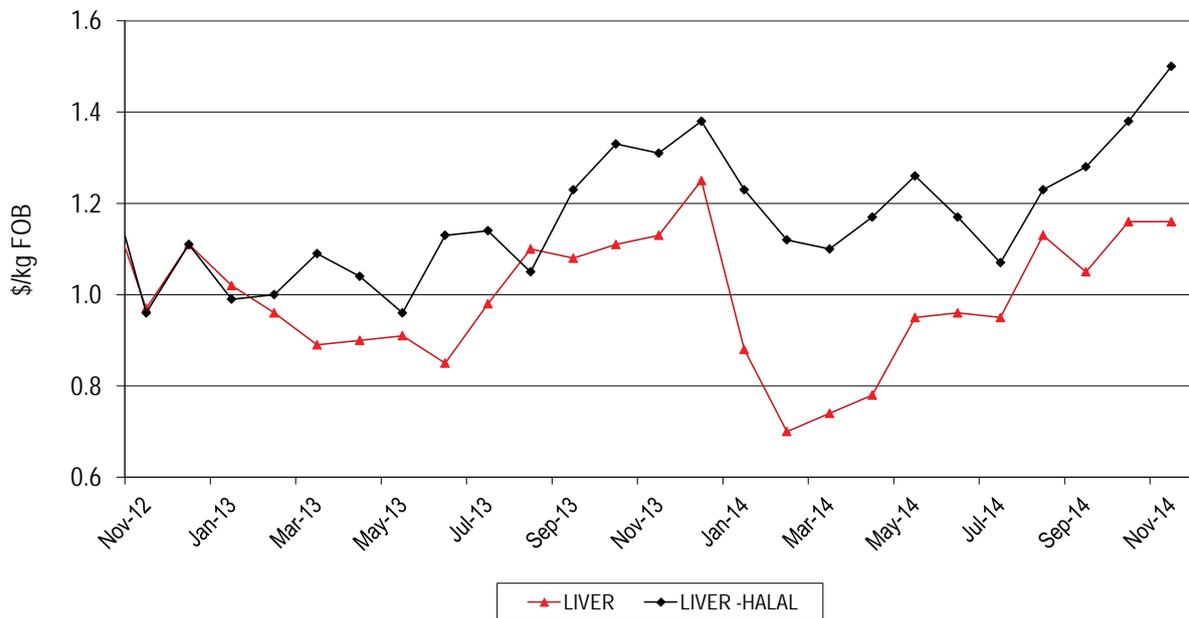
Aorta may have steadied last month but it jumped again this month to average \$5.38/kg, up 85¢/kg since last November.

**Figure 3b: Trends in beef offal prices**



Kidneys were back on last month to trade at \$1.04/kg which is still 27¢/kg up on last year, however there were significant variations in prices reported which seems to be related to the timing of sales. Lungs continued to fall across the board, down 12¢/kg to \$1.11/kg, while non-halal product was not reported.

**Figure 3c: Trends in beef offal prices**

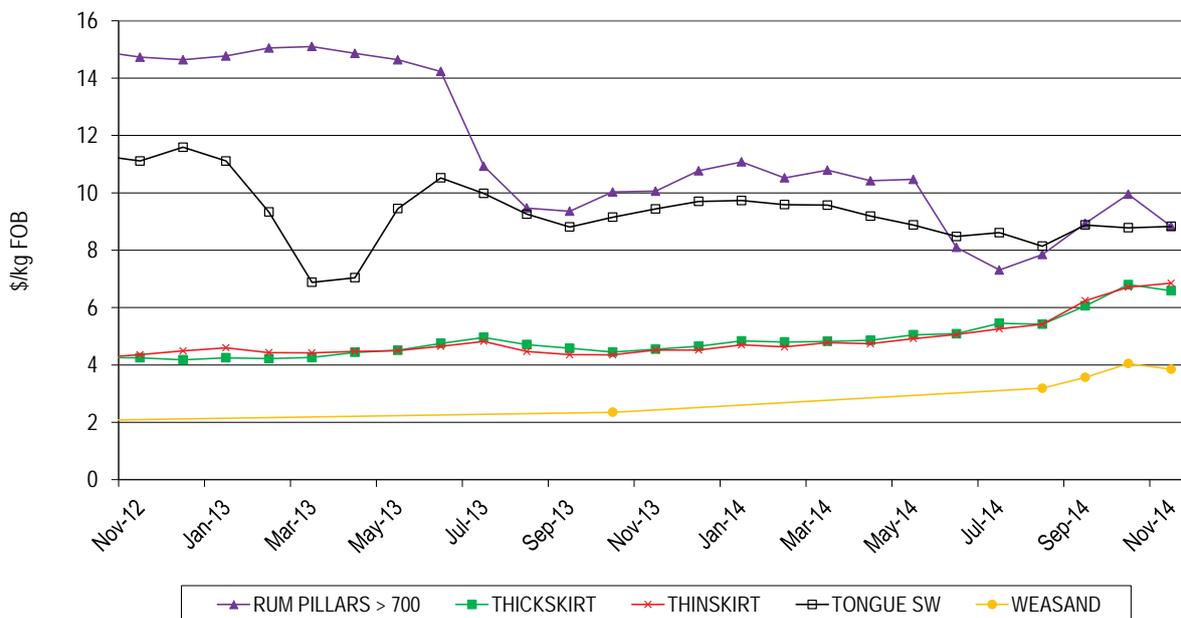


Livers were steady compared to last year to trade at \$1.16/kg however halal livers rallied to \$1.50/kg up 19¢/kg year on year.

With the softening of the 90CL trim market there may also be a softening of offal market in South East Asia. However, with the approach of the end of year plant closures, prices should remain firm with diminished supply.

## Japanese and Korean Offals

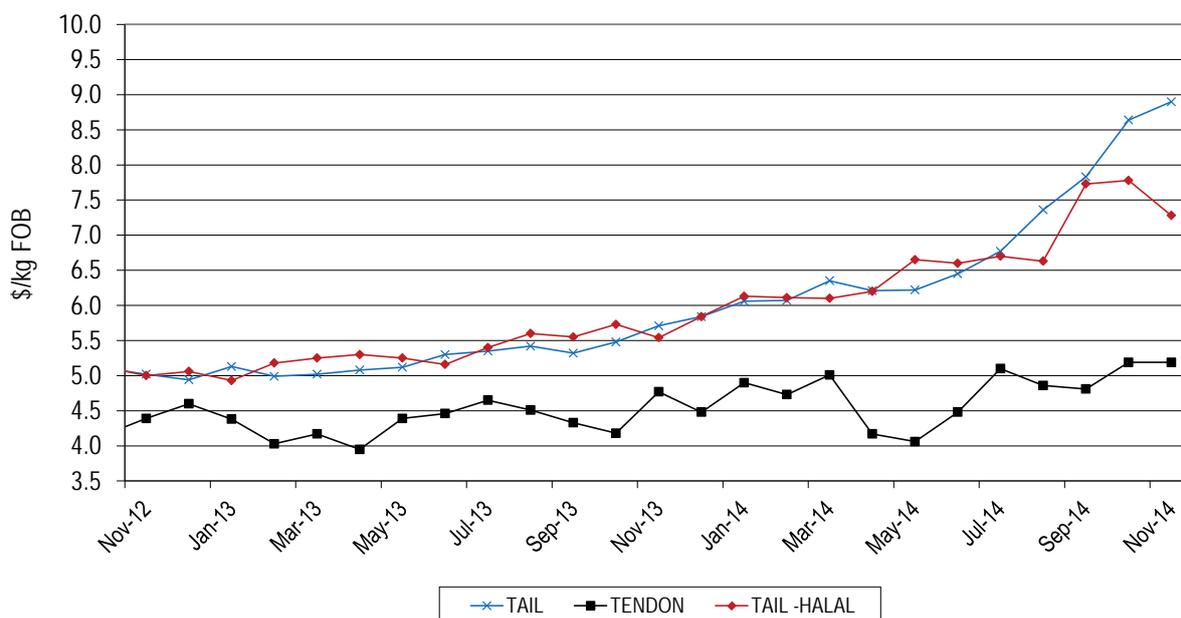
### Figure 4: Trends in Japanese offal prices



The average price of tongues is down by 61¢/kg across the year but stable month on month with demand remaining firm. Prices of rumen pillars, particularly the heavy weight range were back from the spike last month. Demand in the Korean market is steady. Thick and thin skirt prices were around \$2.10 higher across the year, at an average price of around \$6.80/kg, which is steady when compared to last month. The average price of weasand was higher at about \$3.85/kg, up from around \$2.00 a year ago.

## Tails and Tendons

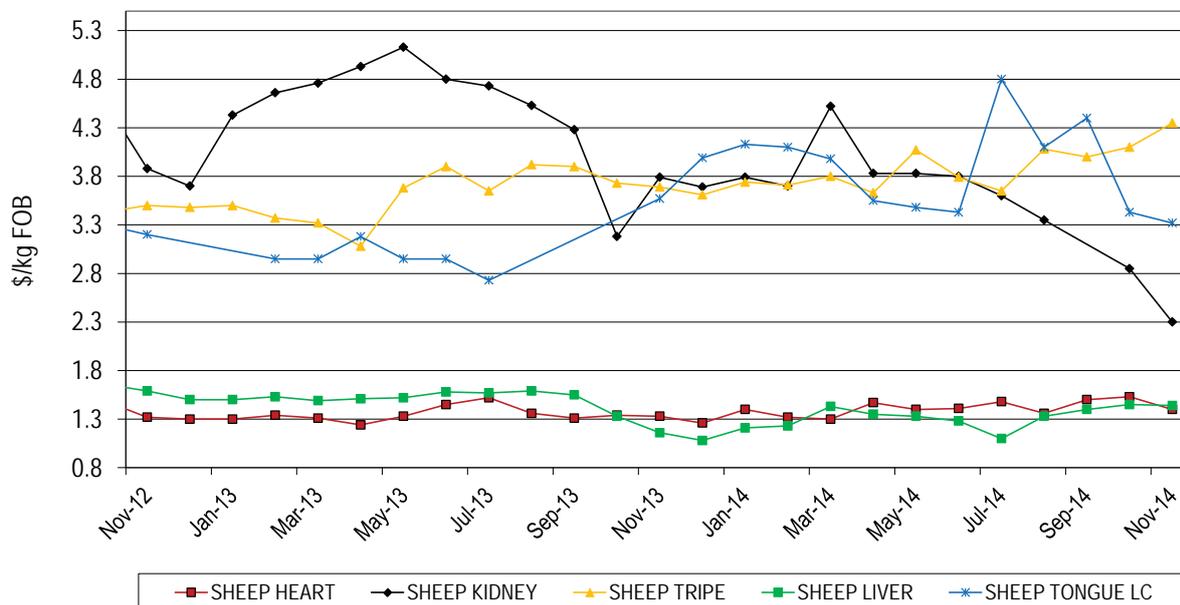
### Figure 5: Trends in tail and tendon prices



Tail prices continued to rise, up 26¢ from last month and an improvement of \$3.19 over last year, averaging \$8.90/kg. Halal tail prices rose \$1.74/kg across the year to trade at \$7.28/kg, down 50¢/kg on last month. Tendons have improved 42¢/kg to average \$5.19, on par with last month's price.

## Sheep Offals

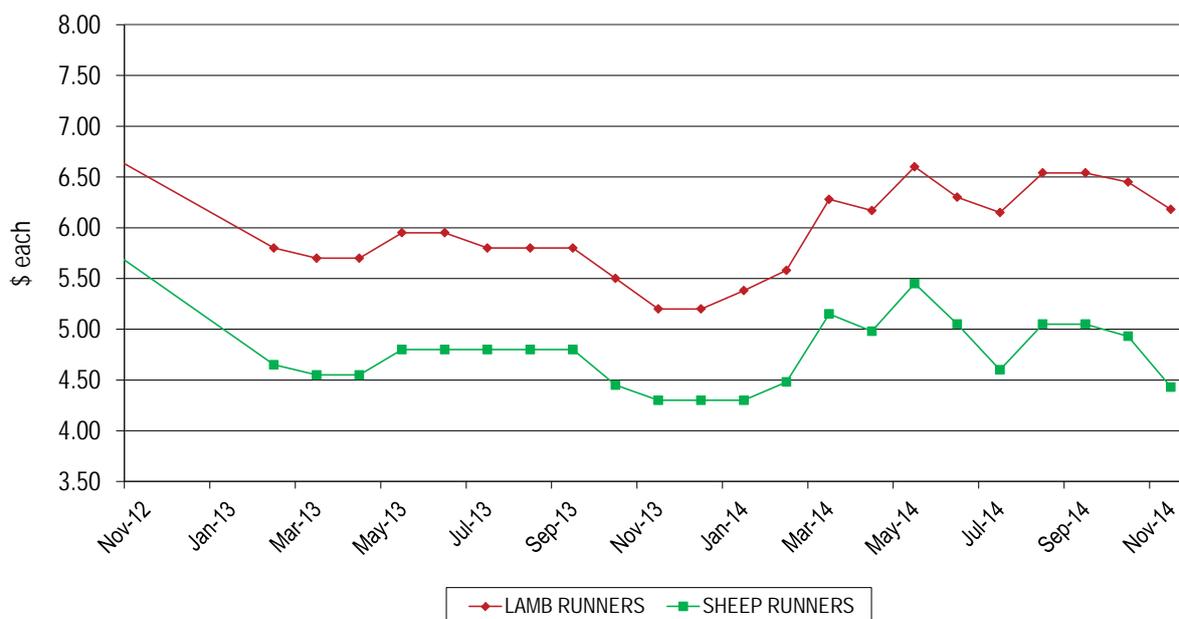
**Figure 6: Trends in sheep offal prices**



Sheep offals are trading relatively steady with slight improvements across the year. Sheep tripe prices have improved 66¢/kg across the year to trade at \$4.35/kg, 25¢/kg up on last month.

Sheep kidneys are the only reported item to not follow the trend and have continued to decline, trading at \$2.30/kg, down \$1.49/kg on average across the year and 55¢/kg lower month-on-month.

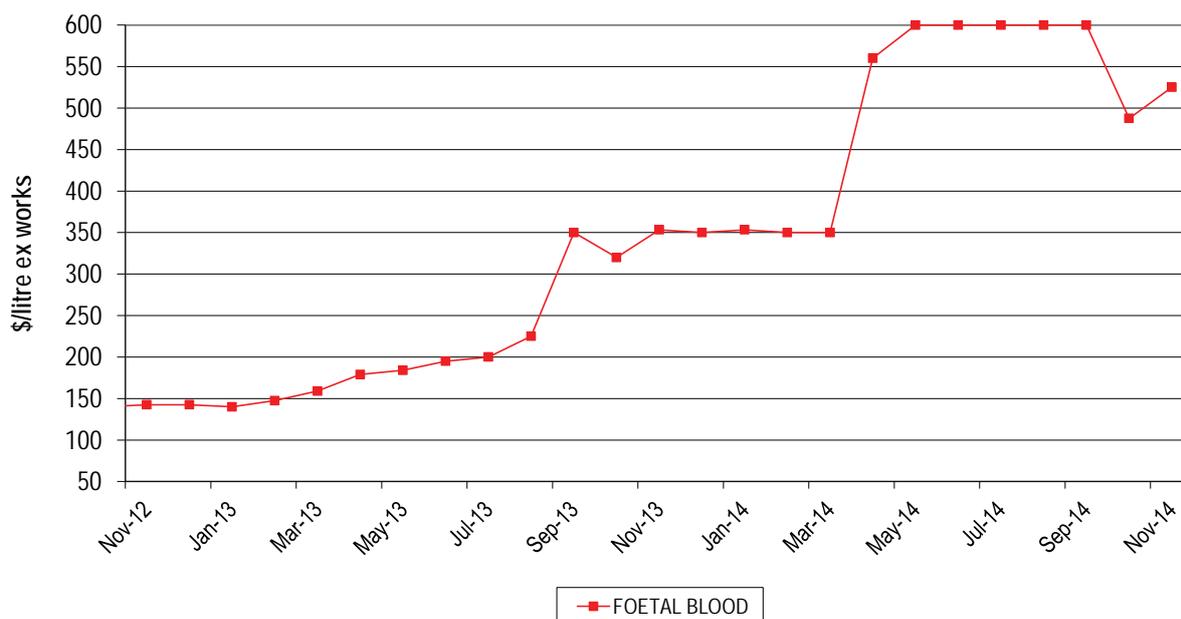
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners fell slightly this month, trading at \$6.18/piece for lamb and \$4.43/piece for sheep – this is up 98¢/piece for lamb and 13¢/piece for sheep runners compared to last November.

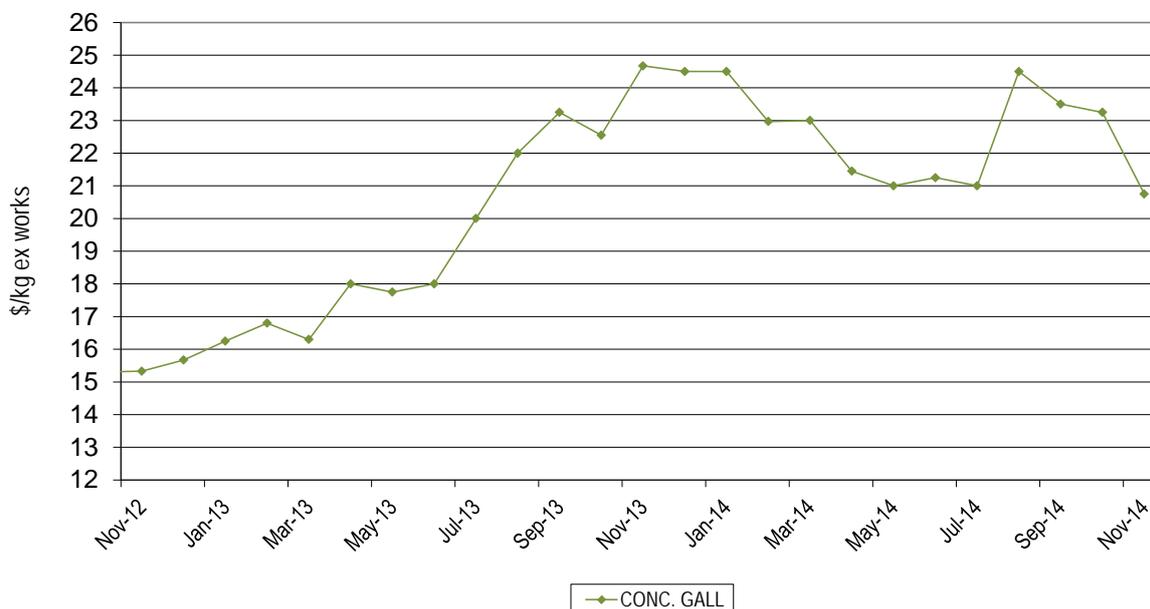
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



Foetal calf blood has steadied after last week's correction, however it was lightly reported and may still have some downward pressure applied.

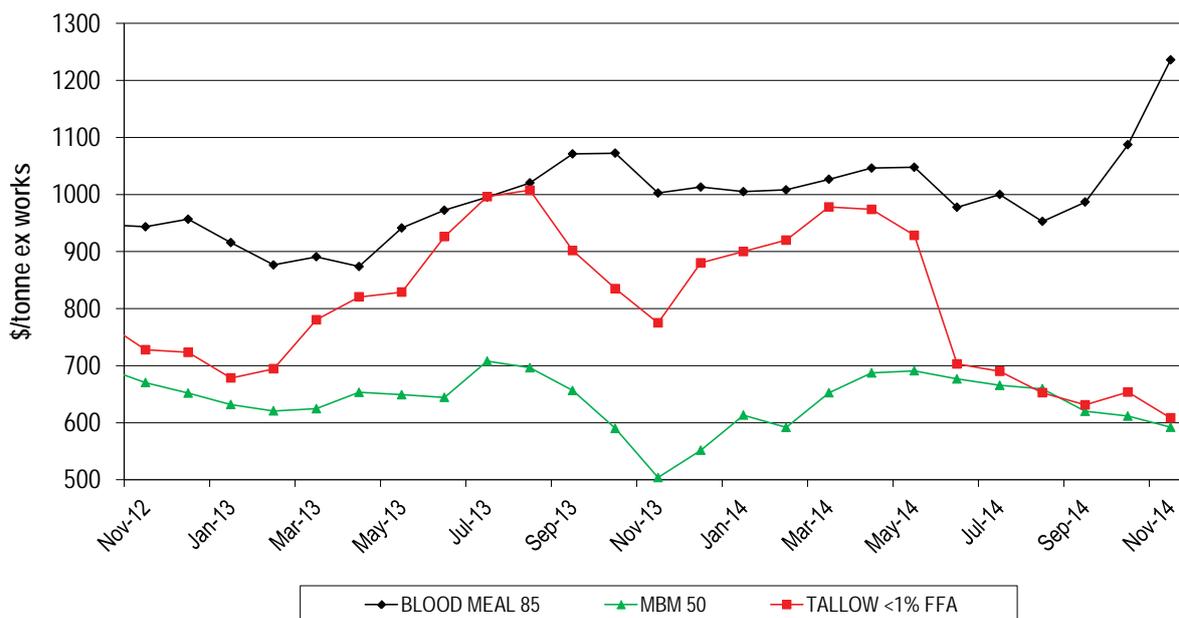
### Figure 7b: Trends for concentrated gall prices



Concentrated gall has also seen some price correction, however it also was lightly reported this month, but the trend certainly indicates a downwards move. The average price is down \$3.92/kg on last year and \$2.50/kg on last month.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Tallow remains very much in the doldrums, losing another \$45 on last month's price, reversing last month's quotes plus some. The average price of 1% FFA tallow was \$608/tonne ex. works which is \$166 down on the renewable fuel subsidy induced prices of a year ago. The price of palm stearin was slightly down at \$US690/tonne FOB Malaysia. There did not seem to be too much confidence in the tallow market for a reversal of this trend. Exports of pure beef tallow to Taiwan remain difficult.

Meat and bone meal (MBM) prices continued to fall on the back of soybean meal. MBM values will need to continue to drop to remain competitive in feed rations. Major export markets are carrying high priced MBM inventory which, on reduced usages, will last longer and therefore affect demand moving forward into Nov/Dec. Strong kills throughout Australia are also providing sufficient supply.

Blood meal has jumped \$149/mt to average \$1236/tonne which represents an improvement of \$233/mt on last month. Increased aquaculture demand is driving demand on the back of short inventory.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$36.00	\$37.50	140-220	\$37.50	\$27.25
180-220	\$43.00	\$48.00			
220-280	\$52.00	\$57.00	220-280	\$47.75	\$35.00
280-350	\$60.50	\$64.25	280-350	\$56.00	\$45.00
350 up	\$72.50	\$74.50	350 up	\$61.50	\$61.00

Hide markets have had a good run for a couple of years but sooner or later it had to end. The cost of leather kept increasing and became uneconomical and many made the decision to reduce or turn away from leather and use more synthetics in their articles.

Factors, such as reduced demand for leather, slowdown in the Chinese economy, high raw costs, among other reasons, have precipitated a market on the slide. In the past, reduced kills from USA would see hide markets surge but tanners are now more adept at using hides from other parts of the world (Europe, Australia, Brazil) and they are able to cover shortfalls from the USA.

It is reported many hide processors are trying to forward sell as many hides as possible as what is not sold today will be sold at a lower price later. Hide markets are showing all the signs of a major correction going forward.

## Export Statistics

<b>Beef and veal offal export (tonnes swt)</b>					
Destination	Nov-13	Oct-14	Nov-14	Monthly change	Annual change
Korea	2,714	3,302	2,915	-12%	7%
Indonesia	1,733	3,172	2,410	-24%	39%
Japan	1,996	2,299	2,162	-6%	8%
Hong Kong	1,775	1,732	1,640	-5%	-8%
South Africa	949	1,166	1,017	-13%	7%
Thailand	530	791	547	-31%	3%
Egypt	114	766	1,146	50%	908%
Taiwan	215	481	363	-25%	68%
US	139	416	429	3%	209%
Other	3,123	2,082	1,535	-26%	-51%
<b>Total</b>	<b>13,289</b>	<b>16,207</b>	<b>14,163</b>	<b>-13%</b>	<b>7%</b>
Offal cut	Nov-13	Oct-14	Nov-14	Monthly change	Annual change
Tripe	3,098	3,618	3,277	-9%	6%
Liver	2,251	2,668	2,489	-7%	11%
Heart	1,169	1,416	1,180	-17%	1%
Tongue root	596	1,235	949	-23%	59%
Tongues	909	1,224	1,018	-17%	12%
Thin skirt	682	897	738	-18%	8%
Tail	729	842	779	-7%	7%
Cheek meat	648	741	660	-11%	2%
Thick skirt	481	591	510	-14%	6%
Intestines	725	587	570	-3%	-21%
Tendon	489	583	473	-19%	-3%
Lips	436	521	495	-5%	13%
Head meat	404	471	331	-30%	-18%
Kidney	273	326	300	-8%	10%
Other	401	487	395	-19%	-2%
<b>Total</b>	<b>13,289</b>	<b>16,207</b>	<b>14,163</b>	<b>-13%</b>	<b>7%</b>

<b>Mutton, lamb and goat offal (tonnes swt)</b>					
	Nov-13	Oct-14	Nov-14	Monthly change	Annual change
Destination	Nov-13	Oct-14	Nov-14	Monthly change	Annual change
Hong Kong	1,094	1,260	1,205	-4%	10%
Saudi Arabia	589	942	911	-3%	55%
Papua New Guinea	230	174	210	20%	-9%
UAE	106	134	119	-11%	13%
South Africa	215	132	58	-56%	-73%
Jordan	134	100	101	1%	-25%
China	226	100	33	-67%	-85%
Other	577	656	601	-8%	4%
<b>Total</b>	<b>3,170</b>	<b>3,498</b>	<b>3,238</b>	<b>-7%</b>	<b>2%</b>
Offal cut	Nov-13	Oct-14	Nov-14	Monthly change	Annual change
Tripe	1,120	1,354	1,304	-4%	16%
Liver	1,159	1,242	1,142	-8%	-1%
Heart	390	379	421	11%	8%
Kidney	233	182	122	-33%	-48%
Tongues	160	115	119	3%	-25%
Other	109	226	130	-43%	19%
<b>Total</b>	<b>3,170</b>	<b>3,498</b>	<b>3,238</b>	<b>-7%</b>	<b>2%</b>
Source: Dept of Agriculture					

## **China Australia Free Trade Agreement**

China and Australia recently agreed to finalise a free trade agreement that will provide preferential outcomes for Australian beef and lamb products over countries such as EU, US and Canada and will put Australia on equal footing with New Zealand, Chile, and ASEAN.

Key outcomes for the red meat industry include

- Elimination of tariffs on beef imports ( currently ranging from 12 - 25%) within 9 years
- Elimination of 12% tariff on beef offal within 4 - 7 years
- Elimination of tariffs on sheepmeat (currently ranging from 12 - 23%) within 8 years
- Elimination of the 18% tariff on frozen sheepmeat offal within 7 years
- Elimination of the 7% tariff on sheep skins over 4 years
- Elimination of tariffs on beef hides and skins ( currently ranging from 5 - 8.4%) between 2 and 7 years
- Elimination of 8% tariff on tallow over 4 years

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Also available on [www.mla.com.au](http://www.mla.com.au)



# **MLA co-product market report**

**December 2014**

**Table 1: Co-products Prices December 2014**

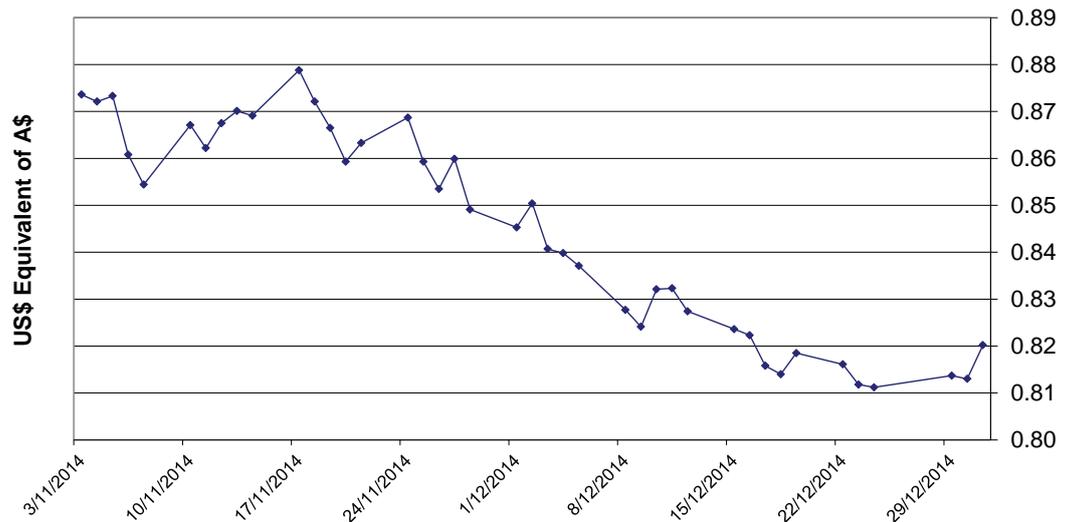
Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
ABOMASUM	\$3.31	\$3.95	3	120.9%	-18.4%
BEEF LIPS	\$3.23	\$1.36	5	-7.8%	95.6%
BEEF LIPS - HALAL	\$3.34	\$1.00	7	1.6%	65.5%
CHEEKMEAT	\$5.30	\$0.65	5	-6.9%	43.9%
CHEEKMEAT - HALAL	\$5.32	\$1.80	6	-0.2%	
DIAP. MEMBRANE	\$3.55	\$5.60	7	22.2%	-14.8%
HC TRIPE	\$6.92	\$1.80	5	11.6%	48.8%
HC TRIPE - HALAL	\$7.33	\$2.00	6	4.2%	
HEADMEAT	\$4.65	\$2.60	5	-28.4%	54.6%
HEADMEAT - HALAL	\$4.26	\$1.90	7	-4.1%	
HEART	\$2.17	\$1.40	5	-9.6%	41.8%
HEART - HALAL	\$2.27	\$1.40	7	6.5%	15.8%
HEART -AORTA	\$4.50		2		6.6%
HEART -AORTA - HALAL	\$5.90	\$1.50	3	9.8%	
KIDNEYS	\$0.92	\$0.25	5	-11.0%	16.8%
KIDNEYS - HALAL	\$0.92	\$1.16	6	-13.1%	1.2%
LIGAMENTUM	\$2.77	\$1.66	8	7.4%	13.1%
LIVER	\$1.45	\$1.20	5	20.8%	15.6%
LIVER - HALAL	\$1.64	\$0.90	7	9.0%	18.9%
LUNGS - HALAL	\$1.20	\$0.70	5	7.9%	48.6%
OMASUM	\$7.83	\$2.80	4	-5.2%	47.2%
OMASUM - HALAL	\$8.00	\$2.10	5	4.5%	69.2%
RUM.PILL < 500	\$5.37	\$3.48	5	2.4%	-15.1%
RUM.PILL > 500 < 700	\$6.68	\$1.48	4		-21.5%
RUM.PILL > 700	\$9.14	\$1.55	4	3.4%	-15.2%
RUM.PILL< 500 - HALAL	\$3.94	\$3.85	4		
RUM.PILL> 500 < 700 - HALAL	\$5.23	\$3.10	3		
RUM.PILL> 700 - HALAL	\$7.30	\$3.40	3		
SMALL INTESTINE	\$2.58		2		30.4%
SPLEEN - HALAL	\$1.06	\$0.15	4	4.2%	
TAIL	\$8.94	\$1.85	6	0.4%	52.9%
TAIL - HALAL	\$8.12	\$3.10	5	11.5%	39.1%
TENDONS	\$4.84		2	-12.0%	8.0%
TENDONS - HALAL	\$5.20	\$2.40	4	7.2%	
THICKSKIRT	\$6.35	\$2.40	7	-2.8%	36.5%
THICKSKIRT - HALAL	\$6.15	\$1.90	4	-7.3%	
THINSKIRT	\$6.43	\$2.95	7	-1.8%	42.5%
THINSKIRT - HALAL	\$6.13	\$2.00	4	-14.1%	
TONGUE RT FILLET	\$4.43	\$0.96	4	5.4%	27.6%
TONGUE RT MEAT - HALAL	\$1.83	\$0.60	4	-5.2%	
TONGUE SW	\$9.74	\$9.65	6	10.3%	0.4%
TONGUE SW - HALAL	\$9.90	\$9.00	4	23.0%	

Product	Average	Range	Respondents	Monthly Change	Annual Change
TRIPE PCS	\$3.55	\$1.85	5	10.4%	12.0%
TRIPE PCS - HALAL	\$3.42	\$2.10	5	22.1%	6.9%
WEASAND	\$4.15		2	7.8%	18.6%
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.52	\$0.15	3	3.8%	14.9%
KIDNEYS SHEEP - HALAL	\$3.10		2		-15.9%
LIVER SHEEP - HALAL	\$1.45	\$0.15	3		
TONGUE LC SHEEP	\$3.48	\$1.40	3	5.0%	-12.8%
RUNNERS LAMB	\$6.30		2	1.9%	21.2%
RUNNERS SHEEP	\$4.80		2	8.3%	11.6%
TRIPE SHEEP - HALAL	\$4.32	\$0.75	3		19.5%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$405.00	\$280.00	4	-22.9%	15.7%
GALL CONCENTRATED	\$24.00		2	15.7%	-2.0%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,323.00	\$300.00	5	7.0%	30.6%
MBM 50	\$586.00	\$88.00	7	-1.0%	6.2%
TALLOW INED.<1FFA	\$628.75	\$115.00	4	3.4%	-28.6%
TALLOW INED.<2FFA	\$642.33	\$60.00	3	5.9%	-28.0%
TALLOW INED.<4FFA	\$607.00	\$99.00	4		-16.6%
<b>Hides</b>					
HIDES NSW 141- 180	\$32.50		2	-9.7%	
HIDES NSW 181 - 220	\$38.50		2	-10.5%	
HIDES NSW 221 - 280	\$51.00		2	-1.9%	
HIDES NSW 281 - 350	\$61.25		2	1.2%	
HIDES NSW 351 UP	\$64.75		2	-10.7%	
HIDES QLD TFA 141 - 220	\$36.50		2	-2.7%	
HIDES QLD TFA 221 - 280	\$46.00		2	-3.7%	
HIDES QLD TFA 281 - 350	\$56.00		2	0.0%	
HIDES QLD TFA 351 UP	\$62.50		2	1.6%	
HIDES QLD TICKY 141 - 220	\$28.00	\$4.00	3	2.8%	
HIDES QLD TICKY 221 - 280	\$36.67	\$3.00	3	4.8%	
HIDES QLD TICKY 281 - 350	\$44.67	\$1.00	3	-0.7%	
HIDES QLD TICKY 350 UP	\$56.00	\$12.00	3	-8.2%	
HIDES VIC 141-180	\$35.50		2	-5.3%	
HIDES VIC 181-220	\$48.50		2	1.0%	
HIDES VIC 221 - 280	\$59.00		2	3.5%	
HIDES VIC 281-350	\$65.25		2	1.6%	
HIDES VIC 351 UP	\$71.75		2	-3.7%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

## Two Month Exchange rate

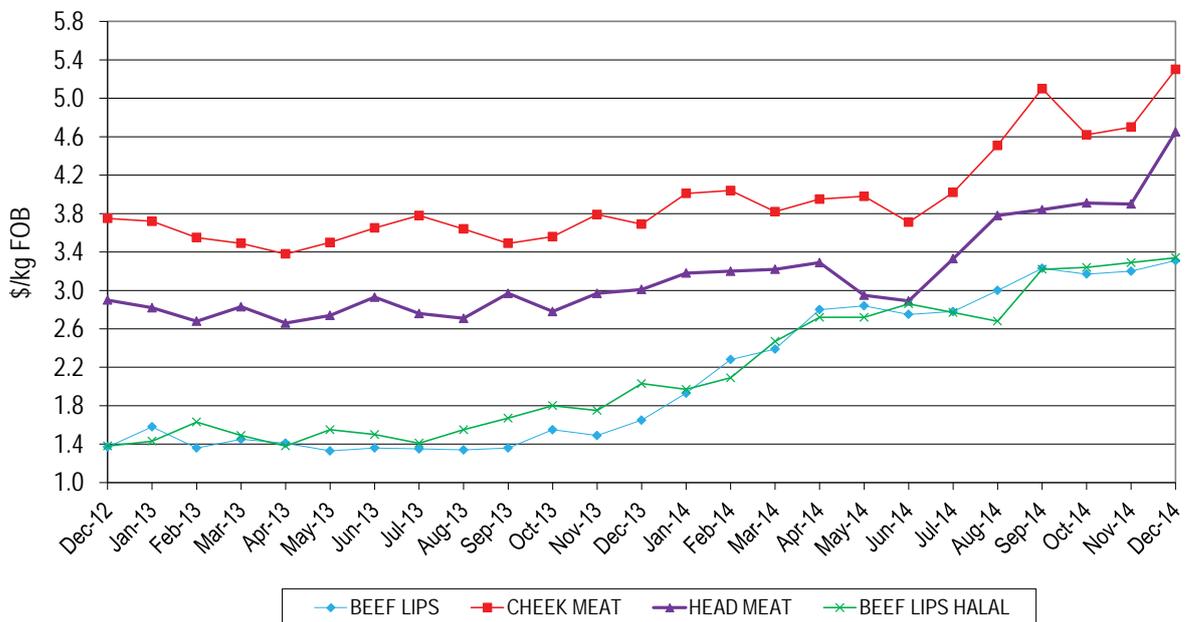
The AUD/USD exchange rate eased in December to finish the month at 82¢ which is 7¢ down on same time last year and is reflected in improved prices in general. Omasum continued its strong showing, supported by demand from China. Meat and bone meal (MBM) continued to soften due to abundant soybean meal and lower priced MBM from the USA competing in export markets. Blood meal prices rose sharply due to increased local aqua demand and a shortage due to high exports in previous months.



Tallow has strengthened marginally on renewed interest from Singapore and an increase in palm stearin prices. With reduced hide prices over the last couple of months having created interest in Australian hides again, export prices have stabilised somewhat, assisted by the fall in the Aussie Dollar.

## Head Offal Prices

Figure 1: Trends in beef head offal prices



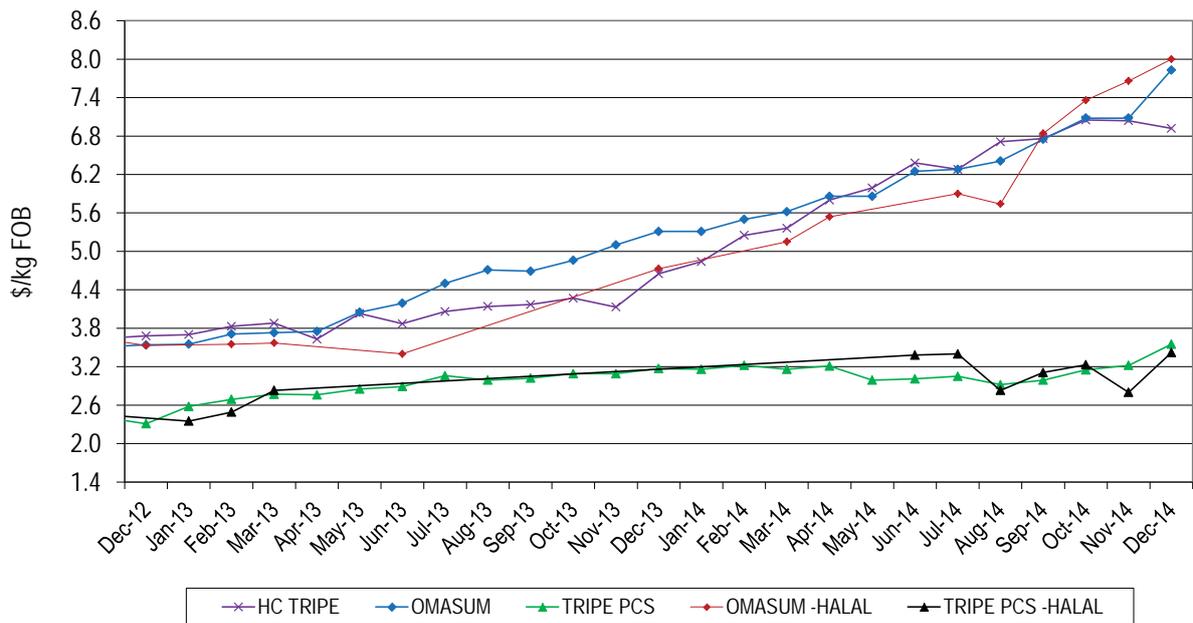
Head offals continue their strong performance, with firm improvement year-on-year but this time the majority of the rise was based on the falling dollar. Cheek meat improved \$1.61/kg over the November price last year, to average \$5.30/kg.

Beef lips rose \$1.66/kg, to finish at \$3.31/kg, while halal lips traded at \$3.34/kg, up \$1.31/kg on last year.

Halal head meat also strengthened over the same period, rising \$1.64/kg, to trade at an average of \$4.65/kg.

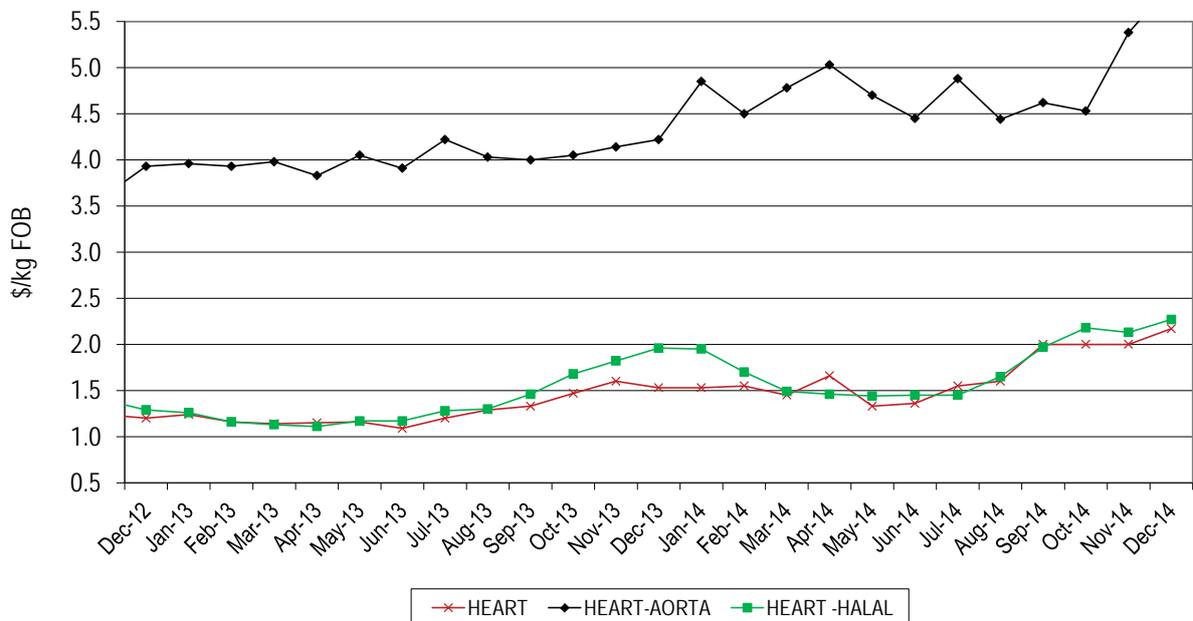
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Tripe pieces, both halal and non-halal, improved to \$3.55/kg and \$3.42/kg, respectively, while omasum continued north. As the graphs show there has been a linear growth since early last year. Record prices were recorded of \$7.83/kg for non-halal omasum and \$8.00/kg, up another 34¢/kg for the month, for halal product. Similarly, honeycomb tripe, mainly to Taiwan, was up \$2.27/kg on a year ago to trade at \$6.92/kg which represents a fall of 12¢/kg for the month, somewhat against the overall trend.

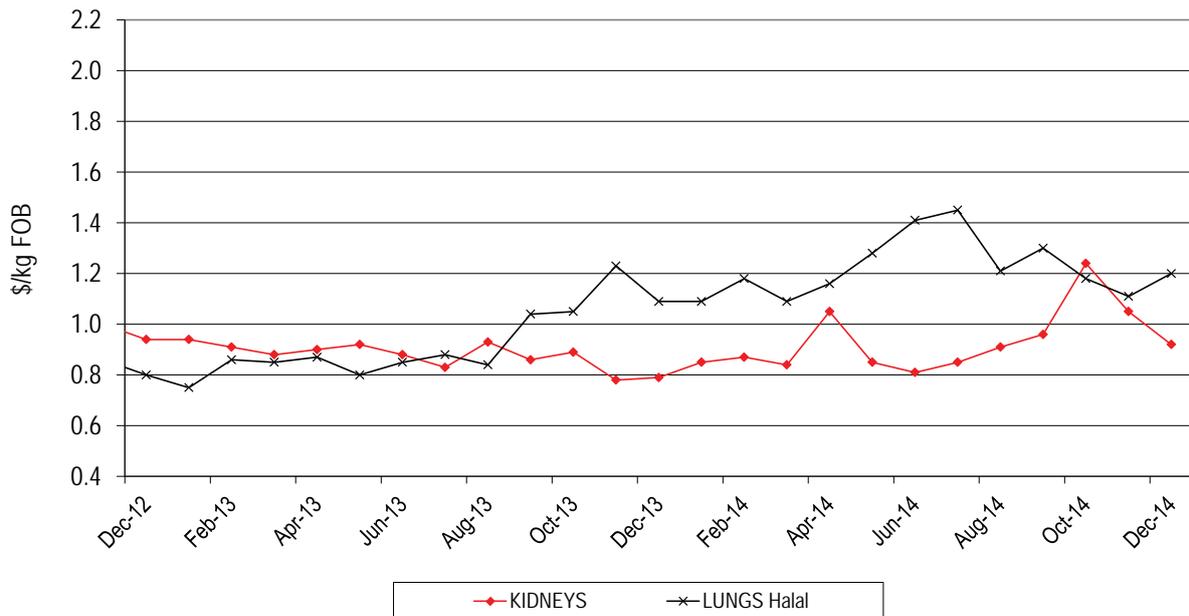
### Figure 3a: Trends in beef offal prices



As with other red offals, heart products continued to trade strongly. Non-halal hearts were up 64¢/kg year on year, averaging \$2.17/kg, which is 17¢/kg better than last month. Halal hearts, at \$2.27/kg, were 31¢/kg up on this time last year and 14¢/kg up compared to last month.

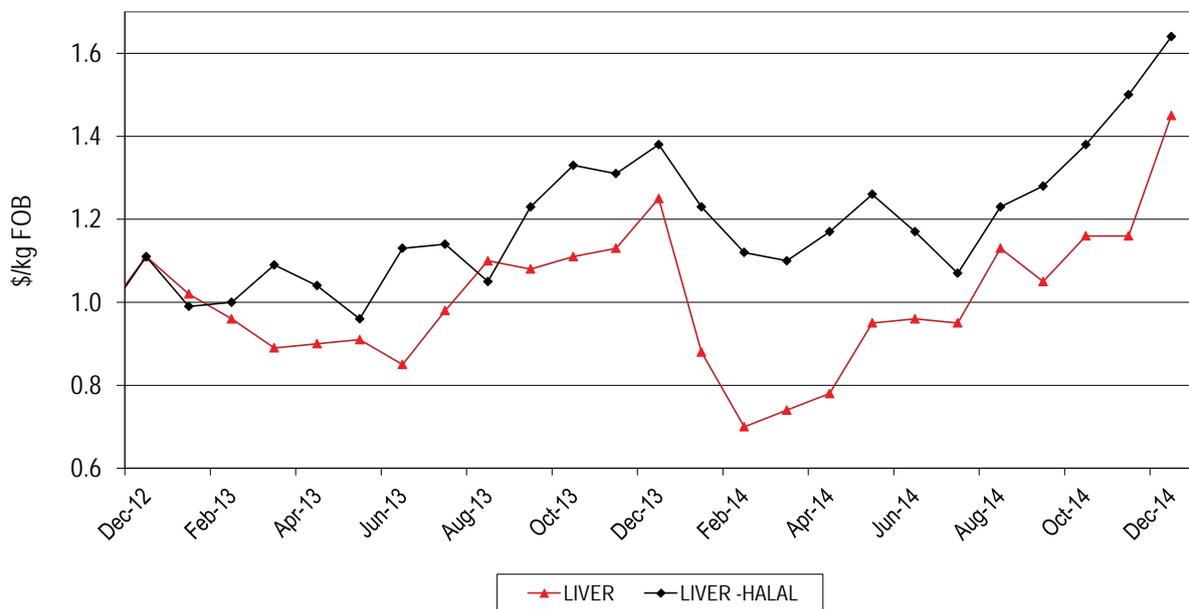
Aorta also continued upward again this month to average \$5.90/kg, up \$1.68/kg since last December.

**Figure 3b: Trends in beef offal prices**



Kidneys continued their downward trend due to poor demand and fell a further 13¢/kg month-on-month, to trade at 92¢/kg, but this is still 13¢/kg up on last year. Lungs were also in poor demand, with no reports of non-halal product sold, while halal product was firm at \$1.20/kg, with only the falling dollar assisting in maintaining a steady return.

**Figure 3c: Trends in beef offal prices**

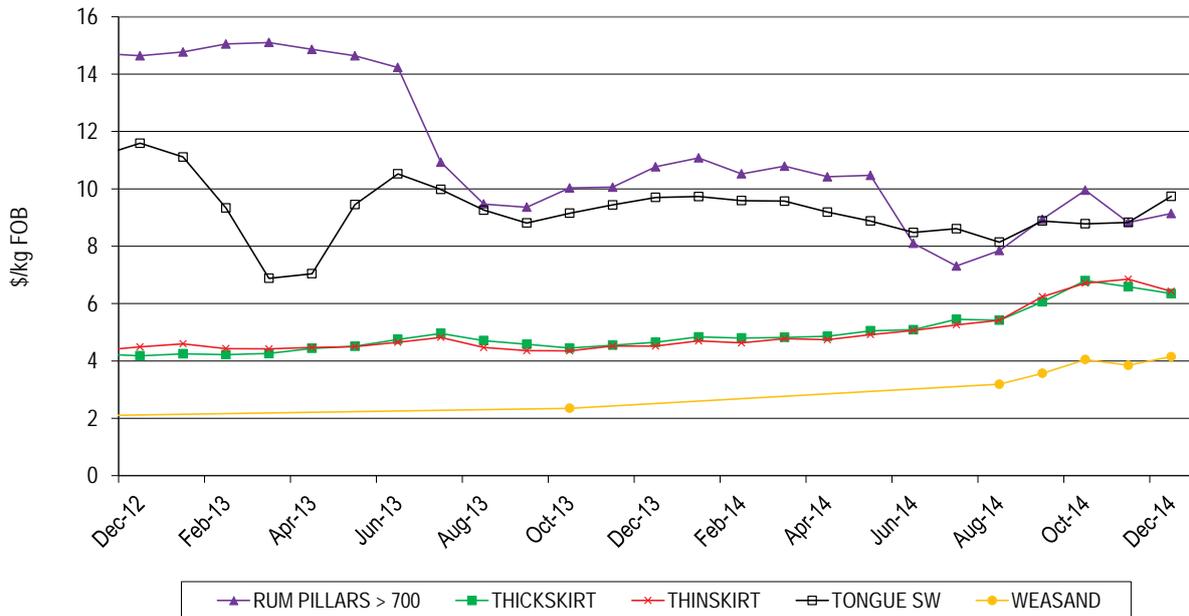


Livers were stronger by 20¢/kg over last year to trade at \$1.45/kg which was a 29¢/kg month-on-month improvement, while halal livers rallied to \$1.64/kg, up 26¢/kg year-on-year and 14¢/kg on last month.

The end of the year generally shows a rally as customers ensure adequate stocks are available to cover the end of year plant closures. This traditional improved demand for the month, backed by the diminishing Australian dollar, saw the South East Asian market really assist with an end of year rally in value back to the carcass.

## Japanese and Korean Offals

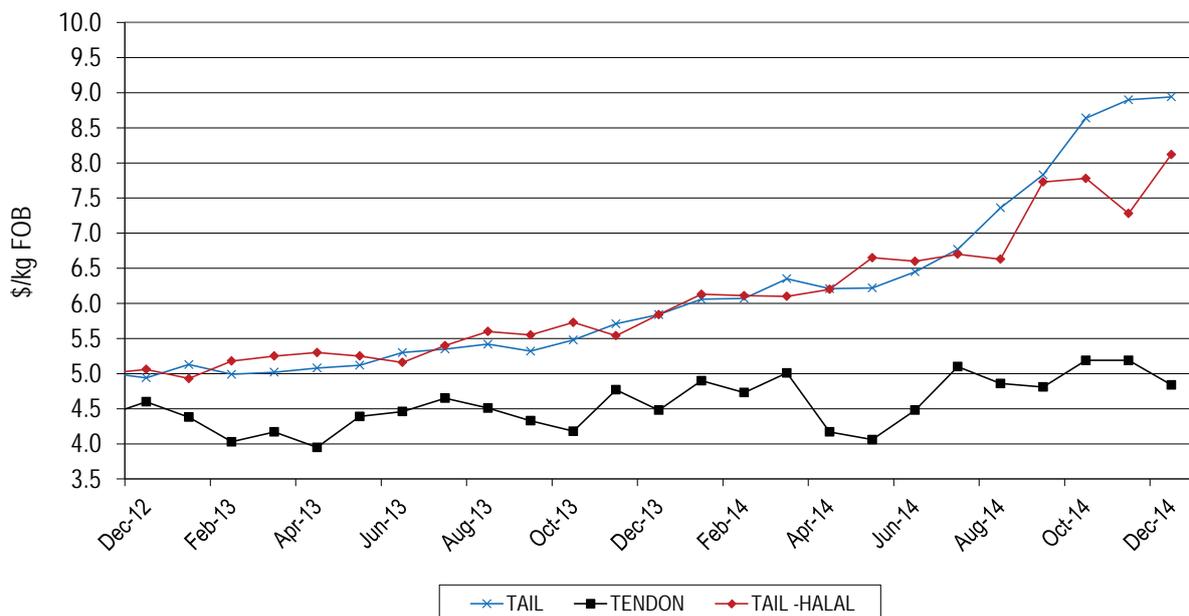
### Figure 4: Trends in Japanese offal prices



The average price of tongues is on par with this time last year and up 91¢/kg month-on-month, driven by the falling dollar. Prices of heavy weight range rumen pillars improved 31¢/kg over last month to trade at \$9.14/kg which is down \$1.63/kg on last year. Demand in the Korean market is steady. Thick skirt traded \$2.40/kg up on last year at \$6.35/kg and thin skirt prices were \$2.95/kg higher for the same period, at an average price of \$6.43/kg, which is down 42¢/kg when compared to last month. The average price of weasand was higher, at about \$4.15/kg, up from around \$2.00/kg received a year ago. Overall demand for frozen offals into these markets remains subdued and certainly does not reflect the effect of the fall in dollar.

## Tails and Tendons

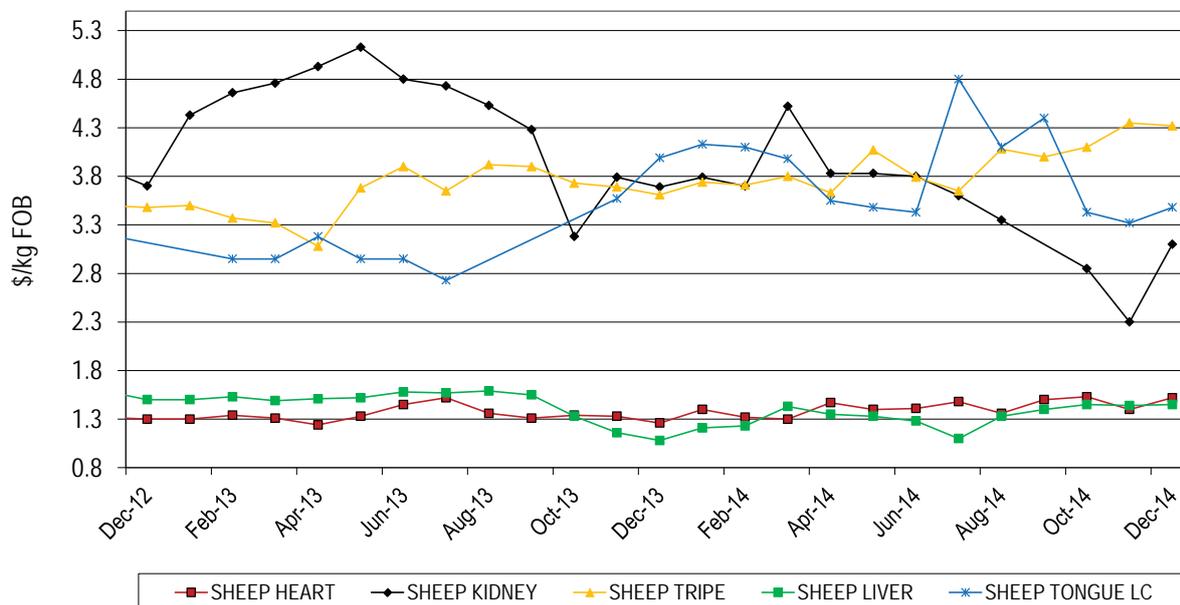
### Figure 5: Trends in tail and tendon prices



Tail prices steadied, up 4¢/kg from last month which is an improvement of \$3.10/kg over last year, averaging \$8.94/kg. Halal tail prices rose \$2.28/kg across the year to trade at \$8.12/kg, up 84¢/kg on last month. Tendons improved 36¢/kg year-on-year to average \$4.84, which is a fall of 35¢/kg on last month's price.

## Sheep Offals

**Figure 6a: Trends in sheep offal prices**



Sheep offals are trading relatively steady with slight improvements across the year. Sheep tripe prices improved 71¢/kg across the year to trade at \$4.32/kg, 3¢/kg down on last month.

Sheep kidneys have reversed their recent trend and improved 80¢/kg on last month, to trade at \$3.10/kg, but still down 59¢/kg on year ago levels.

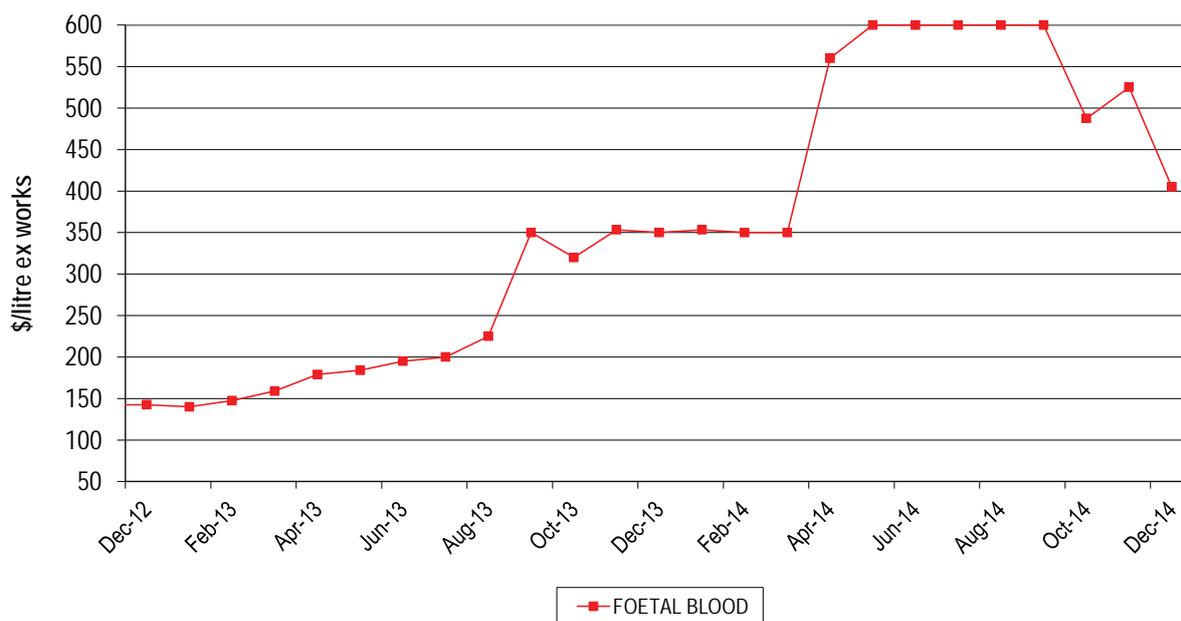
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners recovered slightly this month, trading at \$6.30/piece for lamb and \$4.80/piece for sheep – up \$1.10/piece for lamb and 50¢/piece for sheep runners compared to last December.

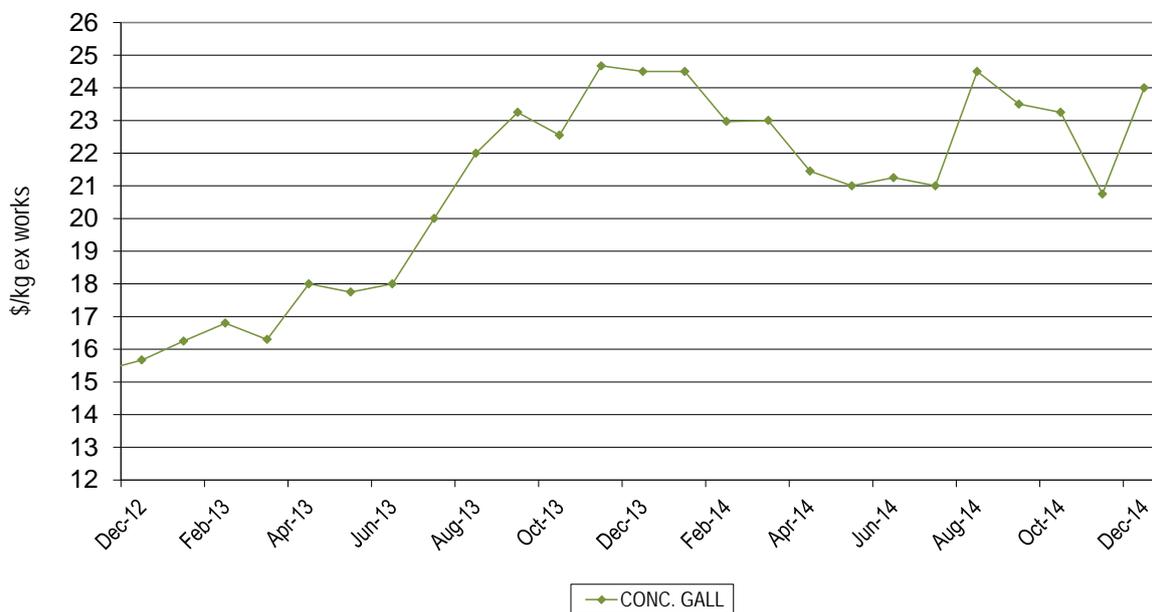
## Pharmaceutical products

Figure 7a: Trends for foetal blood prices



Foetal calf blood is still falling and only some longer term contracts seem to be holding average prices where they are – \$350/litre is closer to today’s reality.

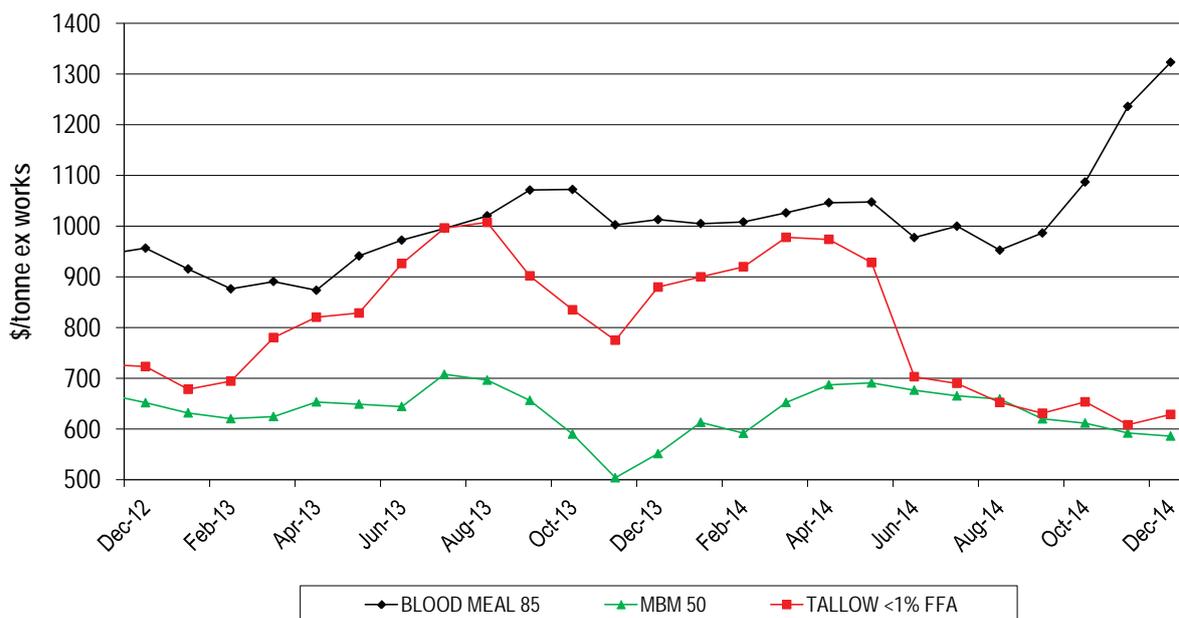
Figure 7b: Trends for concentrated gall prices



Concentrated gall has reversed its trend from the last three months. The average price is still down 50¢/kg on this time last year however it improved \$3.25/kg on last month.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Tallow rallied slightly this month, improving \$20/tonne on last month's price. The average price of 1% FFA tallow was \$629/tonne ex. works – down \$251/tonne on the renewable fuel subsidy induced prices of a year ago. While the price of palm stearin fell to \$US675/tonne FOB Malaysia, due to the weaker AUD, it was a \$30/tonne rise in Aussie dollar terms.

Meat and bone meal (MBM) prices continued to soften on the back of soybean meal. MBM values will need to continue to drop to remain competitive in feed rations. Major export markets are still carrying high priced MBM inventory which, on reduced usages, will last longer and thus still affect demand. Strong kills throughout Australia are also providing sufficient domestic supply.

Blood meal jumped \$310/tonne year-on-year to average \$1323/tonne which represents an improvement of \$87/tonne on last month. Increased domestic aquaculture demand, on the back of short inventory due to previous export shipments, is driving this surge in prices.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$32.50	\$35.50	140-220	\$36.50	\$28.00
180-220	\$38.50	\$48.50			
220-280	\$51.00	\$59.00	220-280	\$46.00	\$36.67
280-350	\$61.25	\$65.25	280-350	\$56.00	\$44.67
350 up	\$64.75	\$71.75	350 up	\$62.50	\$56.00

The Australian hide market predicated the trend developing in hide prices, with significant softening in the trade between the USA and China compared to a month ago. The flow on effect of this price reduction to Australian hide prices was somewhat diminished due to industries earlier adjustment. With the assistance of an easing AUD, we may see a steadying of domestic pricing.

However problems being experienced by overseas buyers in opening of Letters of Credit in a timely manner are creating difficulties for exporters in shipping confirmed sales and adding to the exposure hide processors and exporters are facing.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Dec-13</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Monthly change</b>	<b>Annual change</b>
Korea	3,272	2,915	3,086	6%	-6%
Japan	1,844	2,162	2,232	3%	21%
Hong Kong	1,611	1,640	1,389	-15%	-14%
Egypt	27	1,146	1,281	12%	4693%
South Africa	1,245	1,017	1,258	24%	1%
Indonesia	1,608	2,410	1,060	-56%	-34%
Thailand	567	547	803	47%	42%
US	122	429	335	-22%	175%
Taiwan	215	363	297	-18%	38%
Other	2,758	1,535	1,865	21%	-32%
<b>Total</b>	<b>13,268</b>	<b>14,163</b>	<b>13,607</b>	<b>-4%</b>	<b>3%</b>
<b>Offal cut</b>					
Tripe	3,082	3,277	3,261	0%	6%
Liver	2,201	2,489	2,459	-1%	12%
Heart	1,090	1,180	1,008	-15%	-8%
Tongues	780	1,018	879	-14%	13%
Thin skirt	854	738	835	13%	-2%
Cheek meat	768	660	753	14%	-2%
Tail	745	779	740	-5%	-1%
Intestines	740	570	636	12%	-14%
Tongue root	538	949	557	-41%	4%
Thick skirt	557	510	553	9%	-1%
Tendon	513	473	469	-1%	-8%
Kidney	309	300	389	30%	26%
Lips	517	495	382	-23%	-26%
Head meat	237	331	288	-13%	21%
Other	336	395	398	1%	18%
<b>Total</b>	<b>13,268</b>	<b>14,163</b>	<b>13,607</b>	<b>-4%</b>	<b>3%</b>
<b>Destination</b>					
<b>Destination</b>	<b>Offal cut</b>	<b>Dec-13</b>	<b>Dec-14</b>	<b>Annual change</b>	
Korea	Tripe	565	843	49%	
	Cheek meat	621	650	5%	
	Tail	379	395	4%	
	Thick skirt	406	321	-21%	
	Thin skirt	629	382	-39%	
	Other	672	495	-26%	
Japan	Tongues	715	793	11%	
	Intestines	266	394	48%	
	Thin skirt	203	343	69%	
	Thick skirt	145	221	52%	
	Tripe	297	240	-19%	
	Other	218	241	11%	
Hong Kong	Tripe	1,544	1,323	-14%	
	Other	67	66	-1%	
Egypt	Liver	26	1,032	3869%	
	Other	1	249	24800%	

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Dec-13</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Monthly change</b>	<b>Annual change</b>
Hong Kong	1,075	1,205	1,084	-10%	1%
Saudi Arabia	513	911	821	-10%	60%
Jordan	81	101	188	87%	133%
South Africa	238	58	165	182%	-31%
China	198	33	117	249%	-41%
Papua New Guinea	187	210	108	-48%	-42%
Sri Lanka	147	125	100	-20%	-32%
UAE	96	119	75	-37%	-22%
Other	420	476	447	-6%	6%
<b>Total</b>	<b>2,954</b>	<b>3,238</b>	<b>3,106</b>	<b>-4%</b>	<b>5%</b>
<b>Offal cut</b>	<b>Dec-13</b>	<b>Nov-14</b>	<b>Dec-14</b>	<b>Monthly change</b>	<b>Annual change</b>
Liver	1,034	1,142	1,194	5%	15%
Tripe	1,223	1,304	1,158	-11%	-5%
Heart	271	421	325	-23%	20%
Kidney	157	122	166	36%	5%
Tongues	113	119	69	-42%	-39%
Other	155	130	193	48%	24%
<b>Total</b>	<b>2,954</b>	<b>3,238</b>	<b>3,106</b>	<b>-4%</b>	<b>5%</b>
<b>Destination</b>	<b>Offal cut</b>	<b>Dec-13</b>	<b>Dec-14</b>	<b>Annual change</b>	
Hong Kong	Tripe	1,051	1,037	-1%	
	Other	24	47	96%	
Saudi Arabia	Liver	477	795	67%	
	Other	36	26	-28%	

Source: Dept. of Agriculture

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# **MLA co-product market report**

**January 2015**

**Table 1: Co-products Prices**

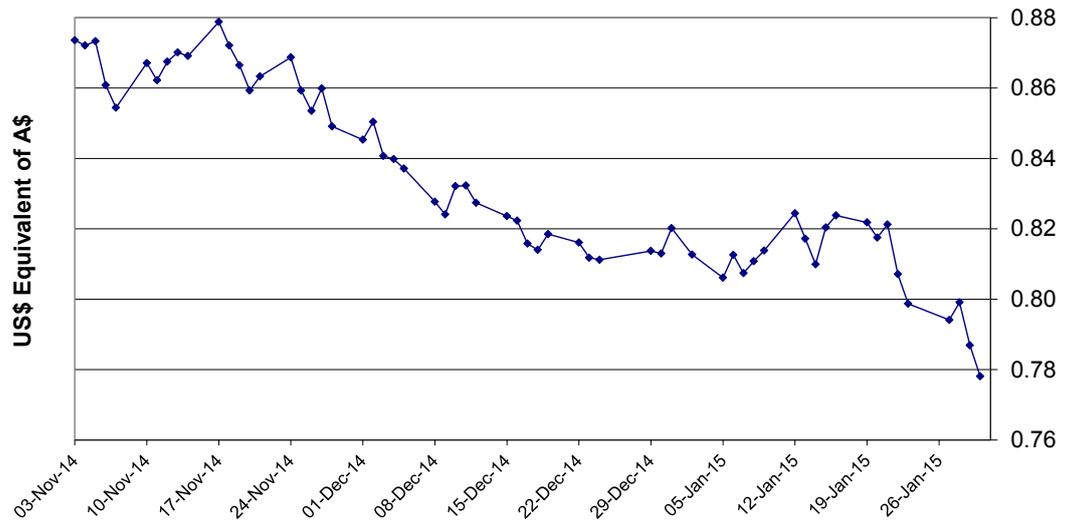
Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
ABOMASUM	\$3.55		2	7.1%	-12.7%
BEEF LIPS	\$3.41	\$1.61	6	5.5%	77.0%
BEEF LIPS - HALAL	\$3.20	\$2.50	5	-4.3%	62.8%
CHEEKMEAT	\$5.49	\$1.10	6	3.5%	37.1%
CHEEKMEAT - HALAL	\$5.92	\$1.50	6	11.3%	
DIAP. MEMBRANE	\$3.11	\$1.60	6	-12.4%	-27.0%
HC TRIPE	\$7.40	\$1.10	6	6.8%	52.8%
HC TRIPE - HALAL	\$7.42	\$1.90	5	1.2%	
HEADMEAT	\$4.45	\$2.05	6	-4.3%	40.2%
HEADMEAT - HALAL	\$3.63	\$1.40	3	-14.7%	
HEART	\$1.94	\$1.15	5	-10.8%	27.0%
HEART - HALAL	\$1.79	\$0.90	7	-21.2%	-8.1%
HEART -AORTA	\$5.83		2	29.4%	20.1%
HEART -AORTA - HALAL	\$5.13	\$2.30	3	-13.0%	
KIDNEYS	\$0.88	\$0.25	4	-4.9%	2.9%
KIDNEYS - HALAL	\$1.20	\$0.40	7	30.0%	25.0%
LIGAMENTUM	\$2.75	\$1.93	9	-0.8%	13.8%
LIVER	\$1.20	\$0.83	5	-17.5%	35.9%
LIVER - HALAL	\$1.44	\$0.70	7	-12.2%	17.1%
LUNGS - HALAL	\$1.30	\$0.20	4	8.3%	
OMASUM	\$7.97	\$2.80	3	1.8%	50.0%
OMASUM - HALAL	\$8.26	\$3.00	5	3.3%	
RUM.PILL < 500	\$5.02	\$3.94	5	-6.6%	-19.2%
RUM.PILL > 500 < 700	\$7.06	\$2.40	5	5.7%	-14.8%
RUM.PILL > 700	\$9.93	\$1.93	4	8.7%	-10.4%
RUM.PILL< 500 - HALAL	\$4.94	\$2.35	4	25.4%	
RUM.PILL> 500 < 700 - HALAL	\$6.39	\$3.20	4	22.1%	
RUM.PILL> 700 - HALAL	\$9.15		2	25.3%	
SMALL INTESTINE	\$2.25	\$2.50	3	-12.6%	-2.2%
SPLEEN - HALAL	\$1.09	\$0.25	5	2.4%	6.7%
TAIL	\$9.12	\$2.64	6	2.1%	50.5%
TAIL - HALAL	\$7.74	\$2.30	5	-4.7%	26.4%
TENDONS	\$5.64	\$3.14	4	16.4%	15.1%
TENDONS - HALAL	\$5.07	\$4.40	5	-2.5%	
THICKSKIRT	\$6.63	\$4.10	6	4.4%	36.9%
THICKSKIRT - HALAL	\$5.80	\$2.50	4	-5.7%	
THINSKIRT	\$6.76	\$4.10	6	5.0%	43.9%
THINSKIRT - HALAL	\$6.04	\$3.50	4	-1.4%	
TONGUE RT FILLET	\$3.99	\$3.87	7	-9.9%	10.0%
TONGUE RT MEAT	\$1.56		2	-31.3%	4.0%
TONGUE RT MEAT - HALAL	\$1.30		2	-28.8%	
TONGUE SW	\$7.78	\$1.94	5	-20.2%	-20.1%
TONGUE SW - HALAL	\$7.10	\$0.60	4	-28.3%	

Product	Average	Range	Respondents	Monthly Change	Annual Change
TRIPE PCS	\$3.18	\$0.40	5	-10.6%	0.6%
TRIPE PCS - HALAL	\$2.90	\$0.40	4	-15.2%	
WEASAND	\$3.52	\$2.25	3	-15.3%	0.5%
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.55		2	2.2%	10.7%
KIDNEYS SHEEP - HALAL	\$2.45		2	-21.0%	-35.3%
LIVER SHEEP - HALAL	\$1.50		2	3.4%	23.0%
TONGUE LC SHEEP HALAL	\$4.13		2		
RUNNERS LAMB	\$6.30		2	0.0%	17.2%
RUNNERS SHEEP	\$4.80		2	0.0%	11.6%
TRIPE SHEEP - HALAL	\$4.25		2	-1.5%	13.7%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$423.33	\$280.00	3	4.5%	20.1%
GALL CONCENTRATED	\$24.25	\$5.00	4	1.0%	-1.0%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,299.17	\$375.00	6	-1.8%	29.3%
MBM 50	\$626.38	\$65.00	8	6.9%	2.1%
TALLOW INED.<1FFA	\$661.25	\$59.00	4	5.2%	-26.5%
TALLOW INED.<2FFA	\$645.83	\$55.00	6	0.5%	-24.9%
TALLOW INED.<4FFA	\$620.33	\$93.00	3	2.2%	-24.7%
<b>Hides</b>					
HIDES NSW 141- 180	\$35.00	\$4.00	3	7.7%	
HIDES NSW 181 - 220	\$41.50	\$6.50	3	7.8%	
HIDES NSW 221 - 280	\$52.00	\$4.00	3	2.0%	
HIDES NSW 281 - 350	\$63.50	\$7.00	3	3.7%	
HIDES NSW 351 UP	\$72.67	\$16.00	3	12.2%	
HIDES QLD TFA 141 - 220	\$35.83	\$2.00	3	-1.8%	
HIDES QLD TFA 221 - 280	\$45.50	\$4.50	3	-1.1%	
HIDES QLD TFA 281 - 350	\$55.33	\$3.00	3	-1.2%	
HIDES QLD TFA 351 UP	\$67.00	\$15.00	4	7.2%	
HIDES QLD TICKY 141 - 220	\$27.25		2	-2.7%	
HIDES QLD TICKY 221 - 280	\$35.50		2	-3.2%	
HIDES QLD TICKY 281 - 350	\$44.00		2	-1.5%	
HIDES QLD TICKY 350 UP	\$60.33	\$25.00	3	7.7%	
HIDES VIC 141-180	\$37.00	\$3.50	3	4.2%	
HIDES VIC 181-220	\$49.00	\$5.00	3	1.0%	
HIDES VIC 221 - 280	\$58.33	\$5.00	3	-1.1%	
HIDES VIC 281-350	\$66.67	\$6.00	3	2.2%	
HIDES VIC 351 UP	\$76.67	\$13.00	3	6.9%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

The AUD/USD exchange rate has continued south to finish the month at 78¢, down 9¢ on same time last year and continuing to improve prices in AUD terms in general. Indonesia has implemented a strict policy in an effort to promote self-sufficiency in supply of beef to the market and to lower the price to consumers. This has seen exports to Indonesia for January drop dramatically. Omasum and honeycomb tripe continue the linear improvement in price, supported by demand from China.

### Two Month Exchange rate

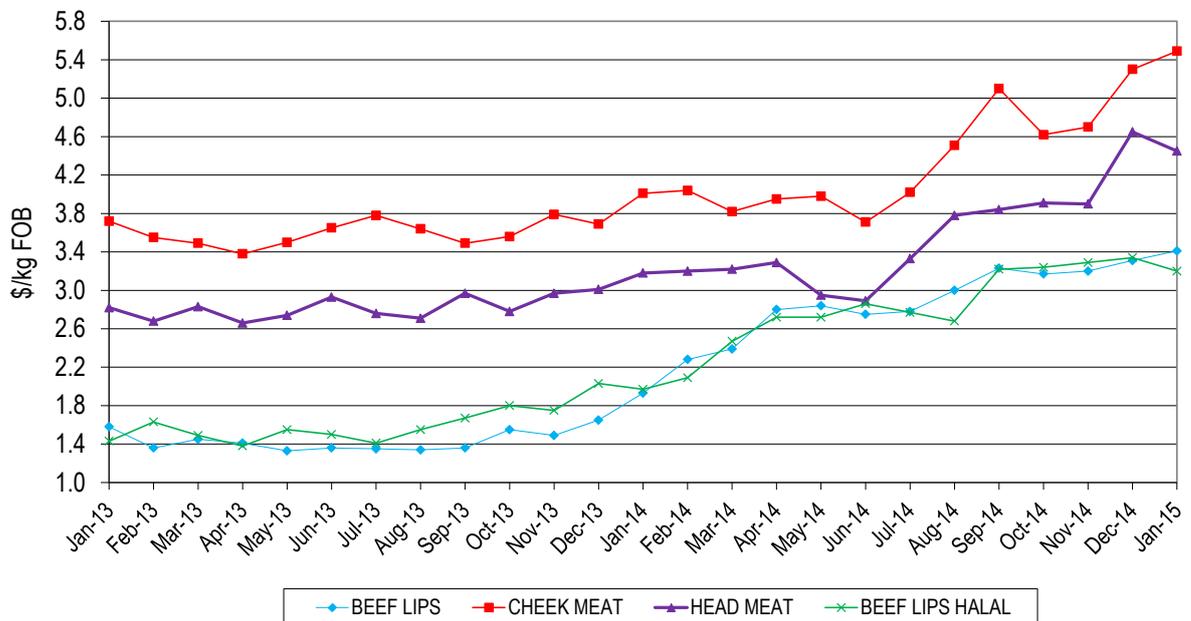


Meat and bone meal recovered due to the improved dollar and reduced offerings over the break. Blood meal prices have slipped somewhat due to reduced demand in aquaculture diets. Tallow has strengthened marginally with continued interest from Singapore and the weaker dollar.

Hide prices have improved on the back of the fall in the dollar as well as steady demand from tanners for Australian hides. Smaller tanneries in China continue to close, unable to absorb the increased processing cost imposed by the tighter environmental controls.

### Head Offal Prices

Figure 1: Trends in beef head offal prices

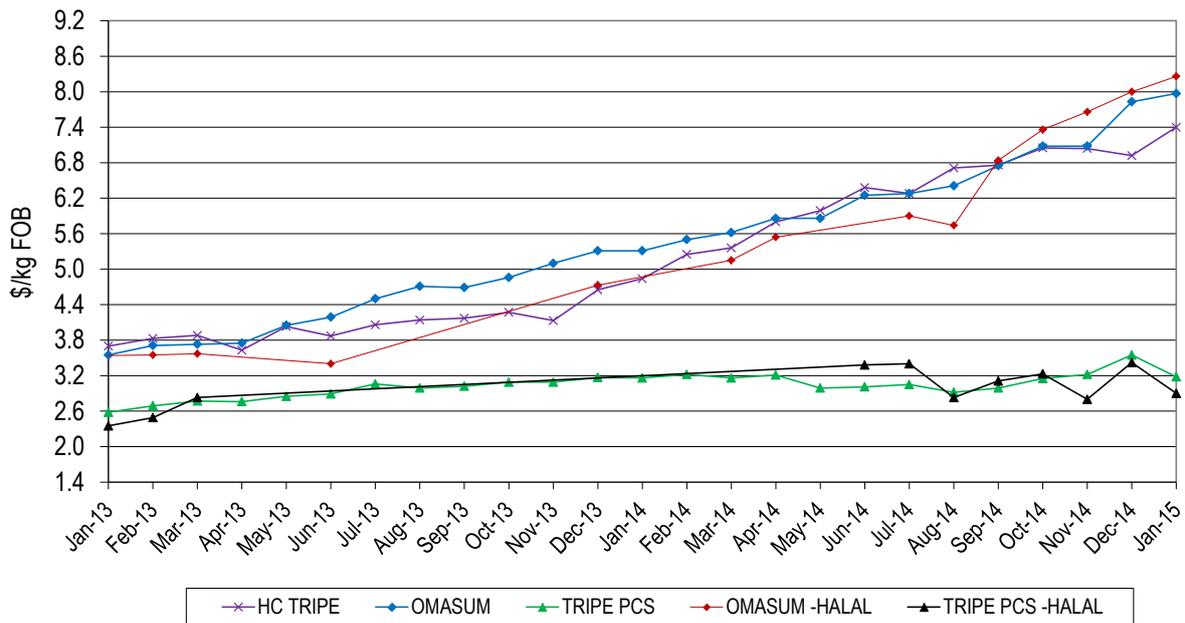


Head offals, in general, continue their strong performance, with firm improvement year-on-year but the majority of the rise was driven by a falling dollar. Cheek meat and lips improved \$1.48/kg over the January price last year. Cheek meat averaged \$5.49/kg, up 19¢/kg, while lips rose 10¢/kg to average \$3.41/kg. While halal lips traded at \$3.20/kg, up \$1.23/kg on last year but down 14¢/kg on last month.

Halal head meat also strengthened over the 12 months, rising \$1.27/kg to average \$4.45/kg, but, as with many halal offals, fell away over the month, losing 20¢/kg. The tighter government controls on imported food in Indonesia are certainly driving the halal price reduction.

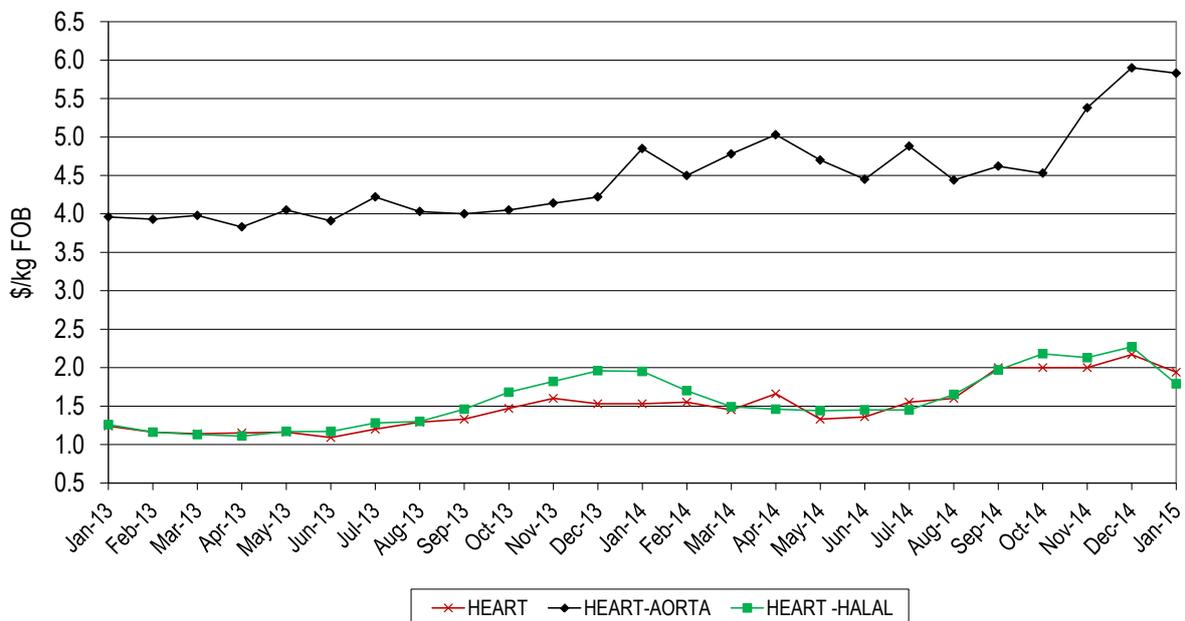
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Tripe pieces, both halal and non-halal, reversed last month's rise to fall to an average of \$3.18/kg and \$2.90/kg, respectively, while omasum and honeycomb tripe continued north. Records continue to be broken, with \$7.97/kg being paid for non-halal omasum and \$8.26/kg, up another 26¢/kg for the month, for halal product. Following the same trend, honeycomb tripe was up \$2.56/kg on a year ago to trade at \$7.40/kg, representing a jump of 48¢/kg for the month.

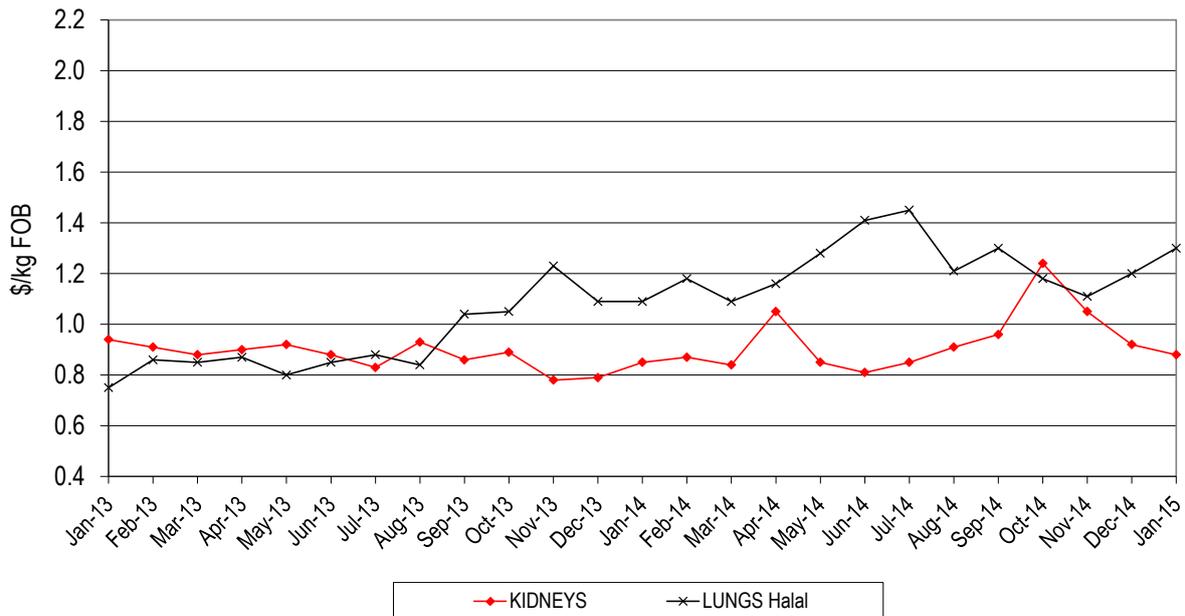
### Figure 3a: Trends in beef offal prices



Heart products have been the only items to fall across the board this month. Non-halal hearts were down 23¢/kg on last month but still 41¢/kg stronger year-on-year, averaging \$1.94/kg. Halal hearts, at \$1.79/kg, were 16¢/kg down on this time last year and 48¢/kg down compared to last month. Again, the Indonesian slowdown is the contributing factor with other cheaper markets needing to be found.

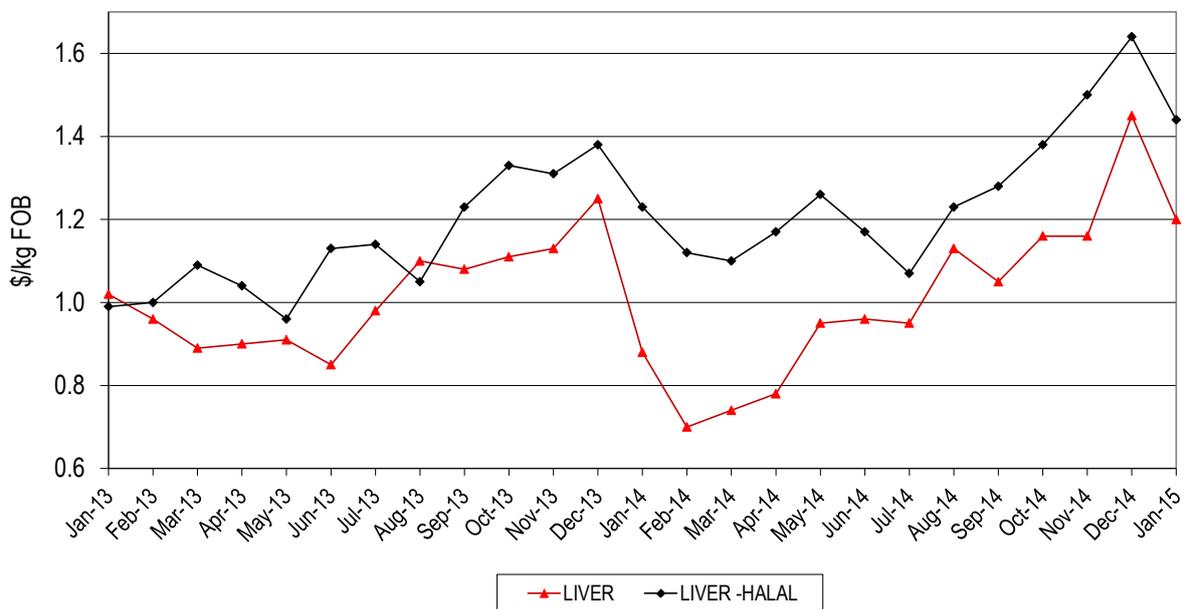
Aorta levelled out this month to average \$5.83/kg, down 7¢/kg on last month but up 98¢/kg on last January.

**Figure 3b: Trends in beef offal prices**



Kidneys continued their downward trend due to poor demand and fell a further 4¢/kg month-on-month to trade at 88¢/kg, in line with last year. Non-halal lungs spiked to \$1.62, up 66¢/kg on last year, while halal product was firm at \$1.30/kg, with the falling dollar assisting in maintaining a steady return.

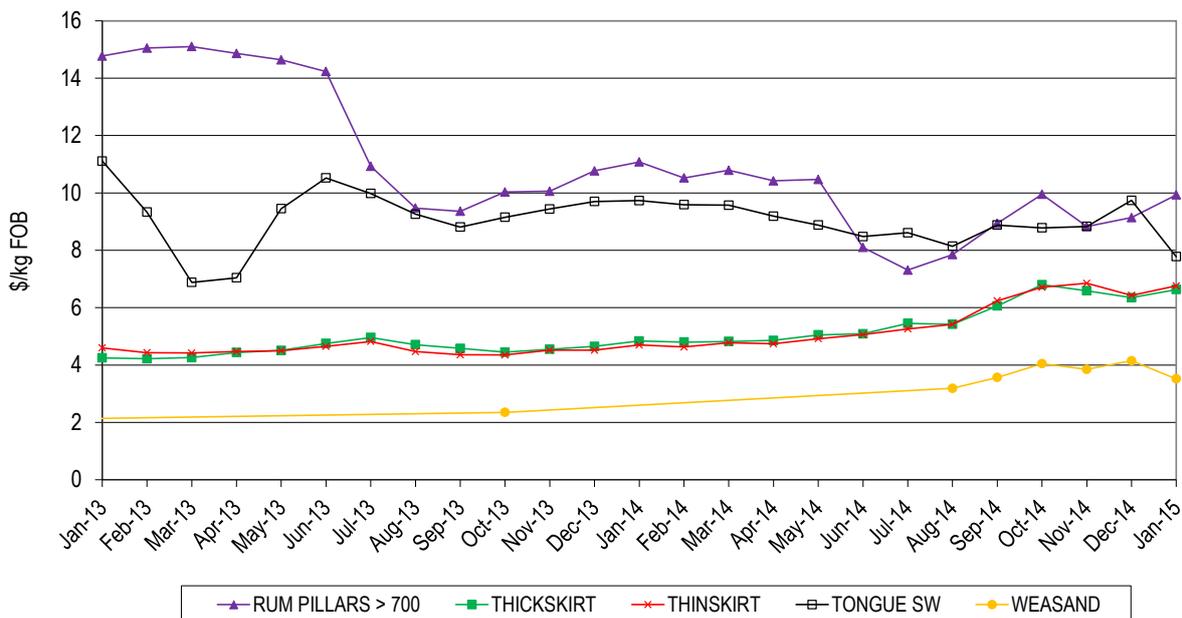
**Figure 3c: Trends in beef offal prices**



Livers were also under pressure with prices dropping by 25¢/kg over last month to trade at \$1.20/kg, up 32¢/kg year-on-year, while halal livers averaged \$1.44/kg, up 21¢/kg year-on-year but down 20¢/kg on last month. With predicted short kills heading into the New Year, supply will be limited, supporting the market across all products going forward.

## Japanese and Korean Offals

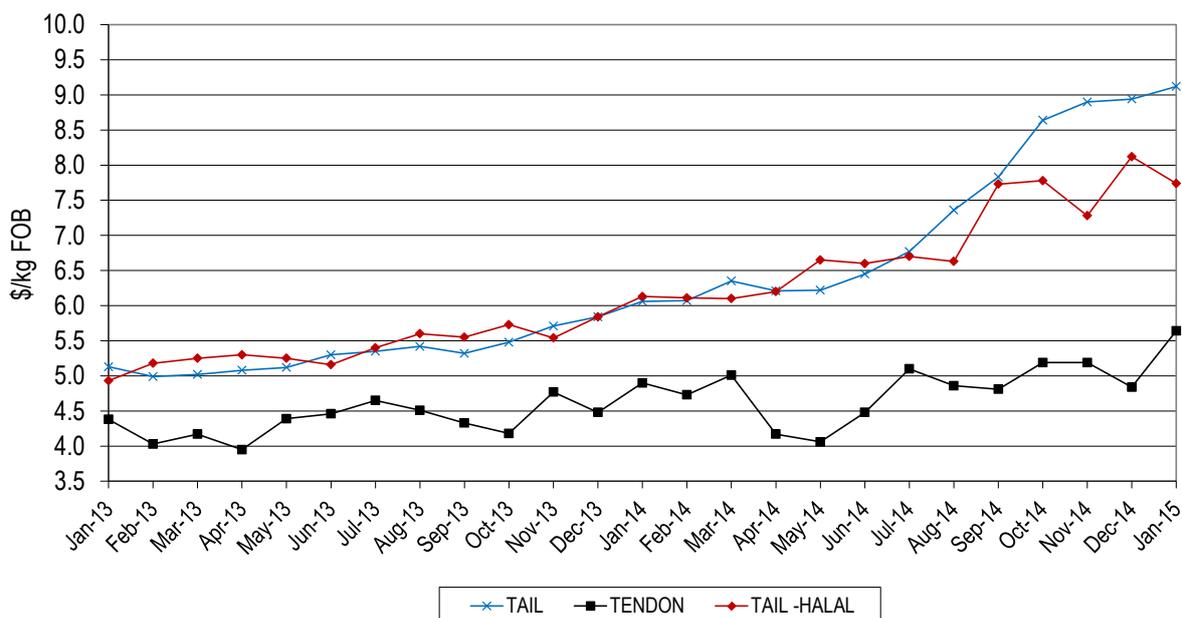
### Figure 4: Trends in Japanese offal prices



The price of tongues took quite a hit this month, down \$1.96/kg compared to last month and last year despite the falling dollar. Prices of heavy weight range rumen pillars improved 79¢/kg over last month to trade at \$9.93/kg but still down \$1.15/kg on last year. Demand in the Korean market remains steady. Thick skirt traded \$1.79/kg up on last year, at \$6.63/kg, and thin skirt prices were \$2.06/kg higher for the same period, averaging \$6.63/kg and reversing last month's fall in price, driven by the falling dollar. The average price of weasand fell by 63¢/kg for the month to \$3.52/kg, up from around \$2.00/kg received a year ago. Overall demand for frozen offals into these markets remains subdued and even the dollar could not really assist too much.

## Tails and Tendons

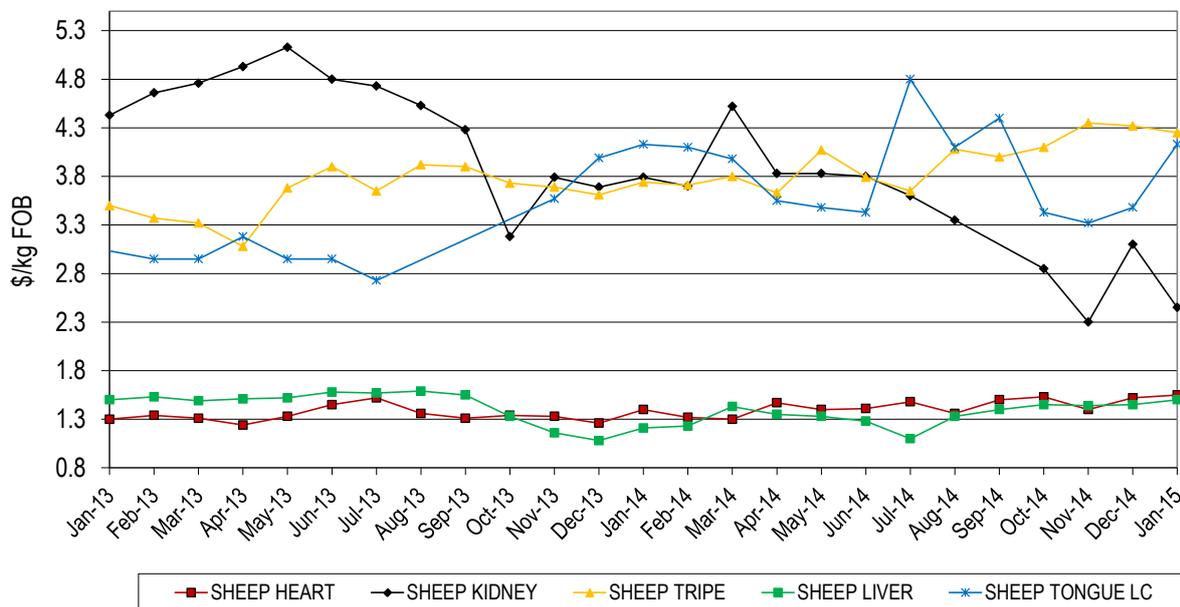
### Figure 5: Trends in tail and tendon prices



Tail prices steadied, up 18¢/kg from last month and an improvement of \$3.06/kg over last year, averaging \$9.12/kg. Halal tail, however, fell 38¢/kg across the month to trade at \$7.74/kg, but up \$1.61/kg on last year. Tendons, however, improved 74¢/kg year-on-year to average \$5.64, up 80¢/kg on last month's price.

## Sheep Offals

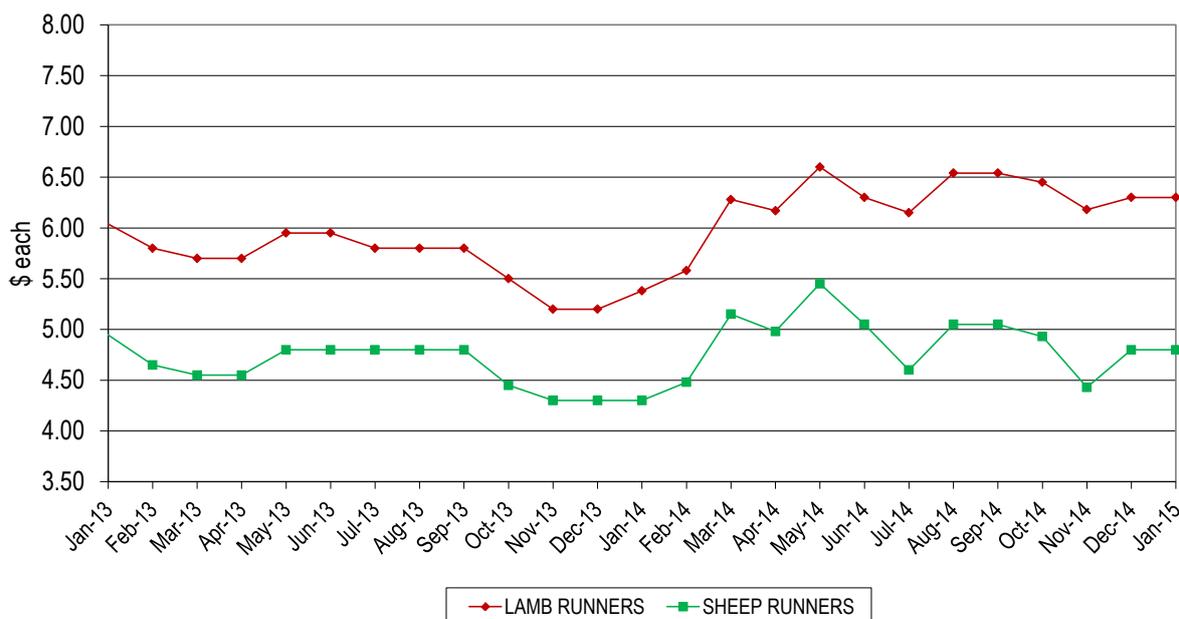
**Figure 6a: Trends in sheep offal prices**



Sheep offals traded relatively steady, with tongues bucking the trend, up by 65¢/kg, while kidneys followed the beef trend and fell 65¢/kg. Tongues traded at an average of \$4.13/kg while kidneys fell to \$2.45/kg.

Sheep tripe prices improved 51¢/kg across the year to trade at \$4.25/kg, 7¢/kg down on last month. Sheep hearts have been steady all year, hovering around \$1.50/kg, and averaged \$1.55/kg this month.

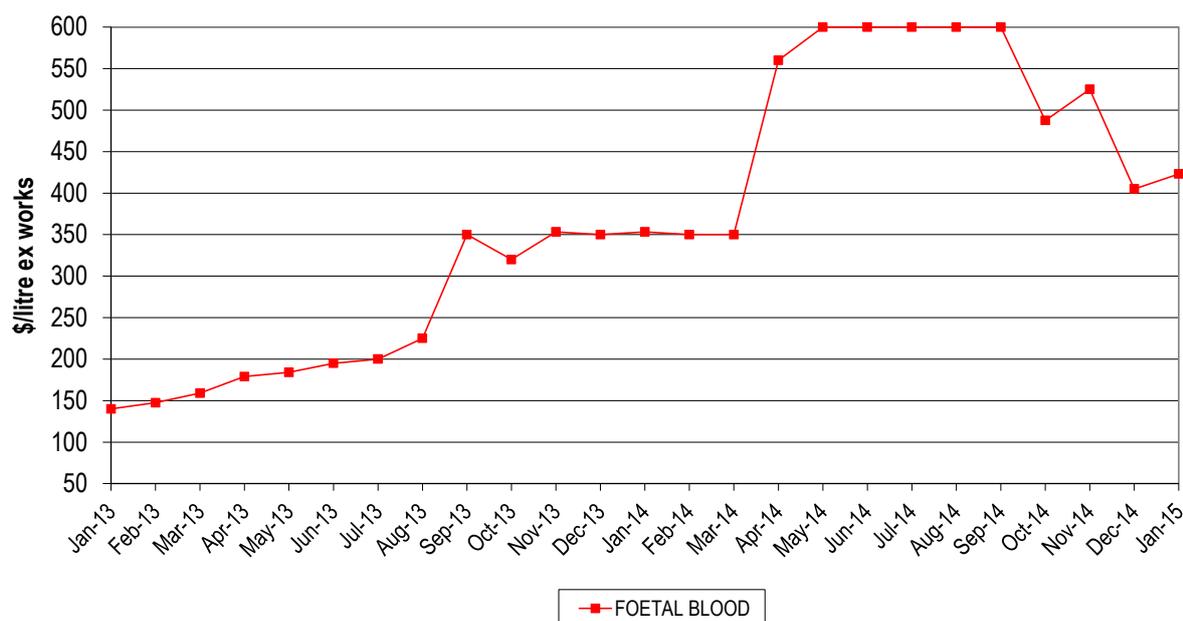
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners was steady, trading at \$6.30/piece for lamb and \$4.80/piece for sheep, the same as reported in December.

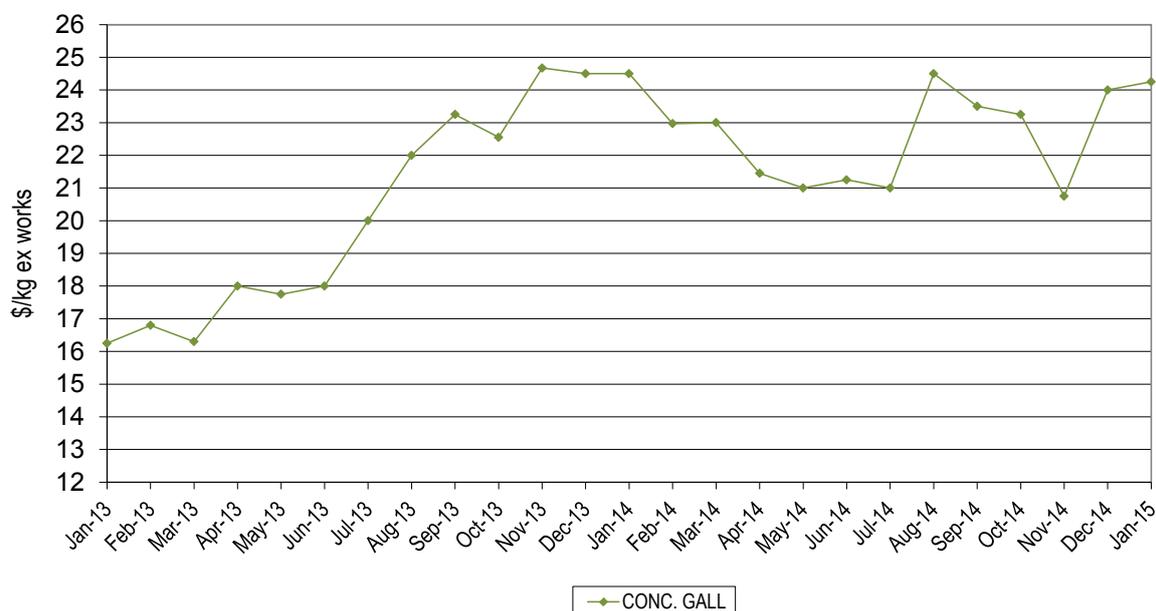
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



Foetal calf blood is still very widely quoted with big variation of prices reported. The real market has still got some downside.

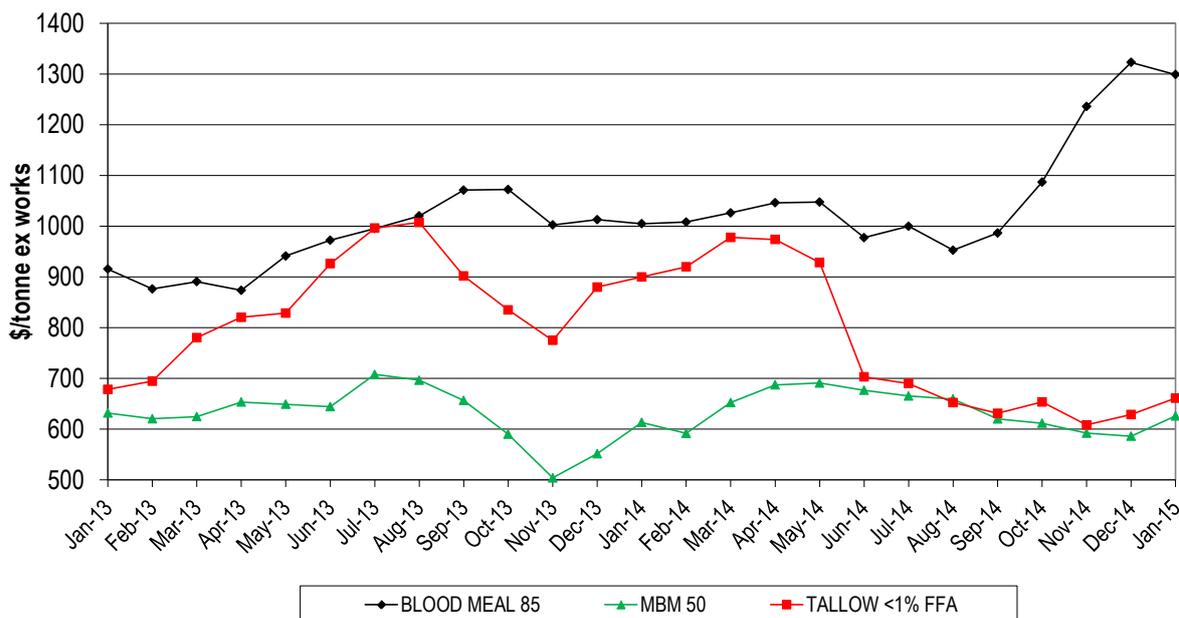
### Figure 7b: Trends for concentrated gall prices



Concentrated gall looks to have found a happy medium at the moment. The average price is down 25¢/kg on this time last year however it improved 25¢/kg on last month and was well reported this month.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Tallow rallied slightly again this month, improving \$32/tonne on last month's price. The average price of 1% FFA tallow was \$661/tonne ex. works, still down \$239/tonne on the renewable fuel subsidy prices of a year ago. While the price of palm stearin fell A\$35/tonne, the renewed interest from biodiesel kept the price firm on the back of reduced production.

Meat and bone meal (MBM) prices rallied due to the lower dollar and, like tallow, the reduced availability due to lower production over the summer break.

Blood meal has reversed its trend and, despite showing an almost flat position with last month prices, continued to drop during the month with prices now being quoted in the low \$1200's/tonne ex-works.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$35.00	\$37.00	140-220	\$35.83	\$27.25
180-220	\$41.50	\$49.00			
220-280	\$52.00	\$58.33	220-280	\$45.50	\$35.50
280-350	\$63.50	\$66.67	280-350	\$55.33	\$44.00
350 up	\$72.67	\$76.67	350 up	\$67.00	\$60.33

Hide processors enter 2015 with tanners continuing to keep downward pressure on hide prices brought about by slow leather markets.

Reports from China claim we can expect to see many small tanneries close as they struggle against the medium and larger tanneries who have deeper pockets and are able to absorb higher manufacturing costs created by the stricter environmental controls.

Domestically, as with other products, the weaker dollar has cushioned the fact that USD export prices are falling. With Chinese New Year approaching markets will remain subdued.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Jan-14</b>	<b>Dec-14</b>	<b>Jan-15</b>	<b>Monthly change</b>	<b>Annual change</b>
Korea	1,947	3,086	1,794	-42%	-8%
Japan	1,239	2,232	1,328	-40%	7%
Egypt	124	1,281	1,107	-14%	793%
South Africa	1,346	1,258	1,054	-16%	-22%
Hong Kong	1,251	1,389	962	-31%	-23%
Thailand	337	803	901	12%	168%
Singapore	119	266	453	70%	282%
Malaysia	405	334	310	-7%	-24%
Indonesia	1,067	1,060	50	-95%	-95%
Other	1,705	1,897	1,391	-27%	-18%
<b>Total</b>	<b>9,539</b>	<b>13,607</b>	<b>9,350</b>	<b>-31%</b>	<b>-2%</b>
<b>Offal cut</b>					
Tripe	2,167	3,261	2,176	-33%	0%
Liver	1,935	2,459	2,069	-16%	7%
Heart	769	1,008	828	-18%	8%
Tongues	681	879	590	-33%	-13%
Tail	489	740	494	-33%	1%
Cheek meat	444	753	430	-43%	-3%
Thin skirt	502	835	413	-51%	-18%
Other	224	398	344	-14%	53%
Tongue root	503	557	338	-39%	-33%
Intestines	568	636	319	-50%	-44%
Thick skirt	327	553	312	-44%	-4%
Kidney	164	389	283	-27%	72%
Tendon	274	469	277	-41%	1%
Head meat	211	288	258	-10%	22%
Lips	280	382	221	-42%	-21%
<b>Total</b>	<b>9,539</b>	<b>13,607</b>	<b>9,350</b>	<b>-31%</b>	<b>-2%</b>
<b>Destination</b>					
<b>Destination</b>	<b>Offal cut</b>	<b>Jan-14</b>	<b>Jan-15</b>	<b>Annual change</b>	
Korea	Tail	256	358	40%	
	Cheek meat	349	358	3%	
	tripe	286	277	-3%	
	Thin skirt	332	169	-49%	
	Thick skirt	209	150	-28%	
	Other	514	483	-6%	
Japan	Tongues	552	544	-2%	
	Intestines	104	108	4%	
	THIN SKIRT	153	195	28%	
	THICK SKIRT	112	158	41%	
	Tripe	164	160	-2%	
	Other	154	164	6%	
Hong Kong	Tripe	1,216	928	-24%	
	Other	34	34	0%	
Egypt	Liver	99	880	789%	
	Other	25	227	808%	

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Jan-14</b>	<b>Dec-14</b>	<b>Jan-15</b>	<b>Monthly change</b>	<b>Annual change</b>
Hong Kong	947	1,084	731	-33%	-23%
Saudi Arabia	494	821	606	-26%	23%
Papua New Guinea	165	108	161	49%	-2%
Sri Lanka	197	100	142	42%	-28%
Jordan	162	188	84	-55%	-48%
South Africa	256	165	78	-53%	-70%
UAE	117	75	73	-3%	-38%
China	171	117	15	-87%	-91%
Other	481	448	394	-12%	-18%
<b>Total</b>	<b>2,990</b>	<b>3,106</b>	<b>2,284</b>	<b>-26%</b>	<b>-24%</b>
<b>Offal cut</b>					
Tripe	1,097	1,158	857	-26%	-22%
Liver	1,052	1,194	704	-41%	-33%
Heart	401	325	328	1%	-18%
Tongues	124	69	142	106%	14%
Kidney	191	166	101	-39%	-47%
Other	125	193	151	-22%	21%
Total	2,990	3,106	2,284	-26%	-24%
<b>Destination</b>					
	<b>Offal cut</b>	<b>Jan-14</b>	<b>Jan-15</b>	<b>Annual change</b>	
Hong Kong	Tripe	871	701	-20%	
	Other	75	29	-61%	
Saudi Arabia	Liver	449	576	28%	
	Other	45	30	-34%	

Source: Dept. of Agriculture

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# **MLA co-product market report**

**February 2015**

**Table 1: Co-products Prices**

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
BEEF LIPS	\$3.27	\$1.86	5	1.2%	69.8%
CHEEKMEAT - HALAL	\$6.43	\$0.20	3	21.0%	
HC TRIPE - HALAL	\$7.40		2	0.9%	
HEADMEAT	\$4.73	\$1.20	5	1.8%	49.1%
HEADMEAT - HALAL	\$3.20		2	-24.8%	
HEART	\$1.48	\$0.33	5	-32.0%	-3.2%
HEART -AORTA	\$5.58	\$2.25	4	23.9%	14.9%
KIDNEYS	\$1.13	\$0.95	3	23.2%	33.3%
KIDNEYS - HALAL	\$1.16	\$0.30	5	25.6%	20.8%
LIGAMENTUM	\$2.99	\$1.70	6	8.0%	23.9%
LIVER	\$1.07	\$0.30	5	-26.1%	21.8%
LIVER - HALAL	\$1.50	\$0.60	5	-8.3%	22.3%
LUNGS - HALAL	\$1.23		2	2.1%	
OMASUM	\$8.58	\$4.30	4	9.6%	61.4%
OMASUM - HALAL	\$8.90	\$1.60	3	11.3%	
RUM.PILL < 500	\$5.52	\$2.11	4	2.8%	-11.1%
RUM.PILL > 500 < 700	\$8.31	\$3.50	4	24.4%	0.3%
RUM.PILL > 700	\$11.00	\$3.80	4	20.4%	-0.7%
RUM.PILL< 500 - HALAL	\$4.50		2	14.3%	
RUM.PILL> 500 < 700 - HALAL	\$6.25		2	19.4%	
RUM.PILL> 700 - HALAL	\$8.05		2	10.3%	
SPLEEN - HALAL	\$1.00		2	-5.9%	
TAIL	\$9.13	\$1.20	4	2.1%	50.6%
TAIL - HALAL	\$8.00	\$1.80	4	-1.5%	30.6%
TENDONS	\$6.60		2	36.4%	34.8%
TENDONS - HALAL	\$5.93		2	13.9%	
THICKSKIRT	\$7.61	\$2.40	5	19.8%	57.2%
THICKSKIRT - HALAL	\$6.37	\$1.00	3	3.5%	
THINSKIRT	\$7.25	\$2.05	6	12.7%	54.3%
THINSKIRT - HALAL	\$6.37	\$1.00	3	3.9%	
TONGUE RT FILLET	\$4.77	\$0.75	5	7.7%	31.5%
TONGUE RT MEAT	\$1.69	\$1.27	3	-25.6%	12.7%
TONGUE SW	\$7.91	\$2.00	4	-18.8%	-18.7%
TONGUE SW - HALAL	\$7.87	\$2.00	3	-20.5%	
TRIPLE PCS	\$3.22	\$0.60	5	-9.3%	2.0%
TRIPLE PCS - HALAL	\$2.95		2	-13.7%	
WEASAND	\$4.10		2	-1.2%	17.1%

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.48	\$0.20	3	-2.2%	
KIDNEYS SHEEP - HALAL	\$2.60		2	-16.1%	-31.4%
LIVER SHEEP - HALAL	\$1.45	\$0.10	3	-0.2%	
RUNNERS LAMB	\$6.08		2	-3.6%	13.0%
RUNNERS SHEEP	\$4.30		2	-10.4%	0.0%
TONGUE LC SHEEP HALAL	\$4.05	\$0.45	3		-1.9%
TRIBE SHEEP - HALAL	\$4.25		2	-1.5%	13.7%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$406.67	\$300.00	3	0.4%	15.4%
GALL CONCENTRATED	\$23.67	\$5.00	3	-1.4%	-3.4%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,188.00	\$230.00	5	-10.2%	-15.1%
MBM 50	\$647.14	\$90.00	7	10.4%	5.5%
TALLOW INED.<1FFA	\$651.33	\$40.00	3	3.6%	-27.6%
TALLOW INED.<2FFA	\$635.00	\$36.00	4	-1.1%	-26.2%
TALLOW INED.<4FFA	\$614.67	\$116.00	3	1.3%	-25.3%
<b>Hides</b>					
HIDES NSW 141- 180	\$36.00		2	10.8%	
HIDES NSW 181 - 220	\$46.00		2	19.5%	
HIDES NSW 221 - 280	\$55.25		2	8.3%	
HIDES NSW 281 - 350	\$68.75		2	12.2%	
HIDES NSW 351 UP	\$79.50		2	22.8%	
HIDES QLD TFA 141 - 220	\$37.33		3	2.3%	
HIDES QLD TFA 221 - 280	\$48.50		3	5.4%	
HIDES QLD TFA 281 - 350	\$58.17		3	3.9%	
HIDES QLD TFA 351 UP	\$68.33		3	9.3%	
HIDES QLD TICKY 141 - 220	\$30.00		2	7.1%	
HIDES QLD TICKY 221 - 280	\$37.50		2	2.3%	
HIDES QLD TICKY 281 - 350	\$45.00		2	0.7%	
HIDES QLD TICKY 350 UP	\$59.00		2	5.4%	
HIDES VIC 141-180	\$39.25		2	10.6%	
HIDES VIC 181-220	\$52.25		2	7.7%	
HIDES VIC 221 - 280	\$61.50		2	4.2%	
HIDES VIC 281-350	\$71.50		2	9.6%	
HIDES VIC 351 UP	\$82.00		2	14.3%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

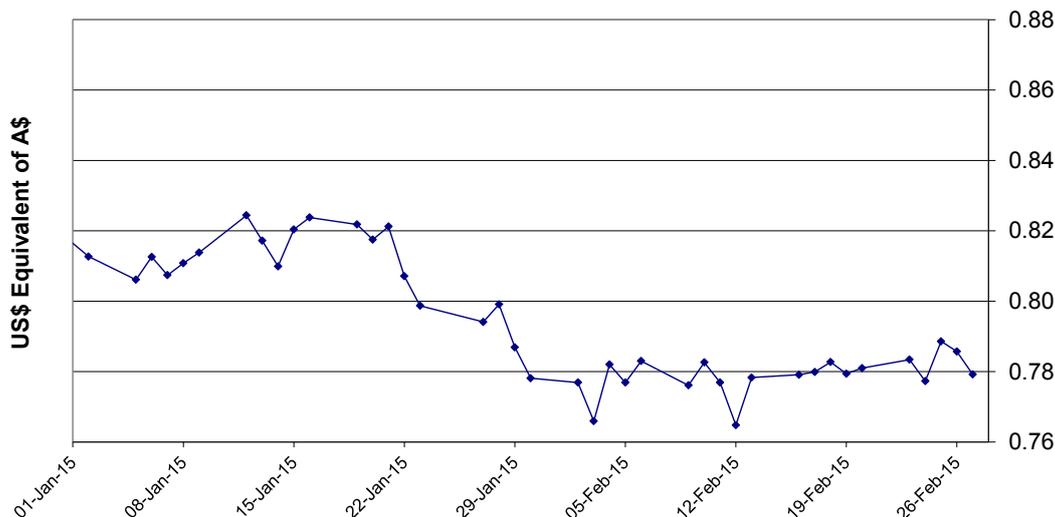
The AUD/USD exchange rate has continued to languish to finish the month at 78¢, down 11.5¢ on same time last year and helping to support AUD export prices. Indonesia has continued a strict policy to stop the import of offal with only tails and tongues permitted. This has seen offal exports to Indonesia almost stop. Omasum into Hong Kong continued the linear improvement in price however honeycomb tripe reversed sharply.

Meat and bone meal prices for late month sales

dropped dramatically and will be reflected in average March prices. Blood meal prices slipped somewhat due to reduced demand. Tallow has plateaued on the back of falling palm stearin prices.

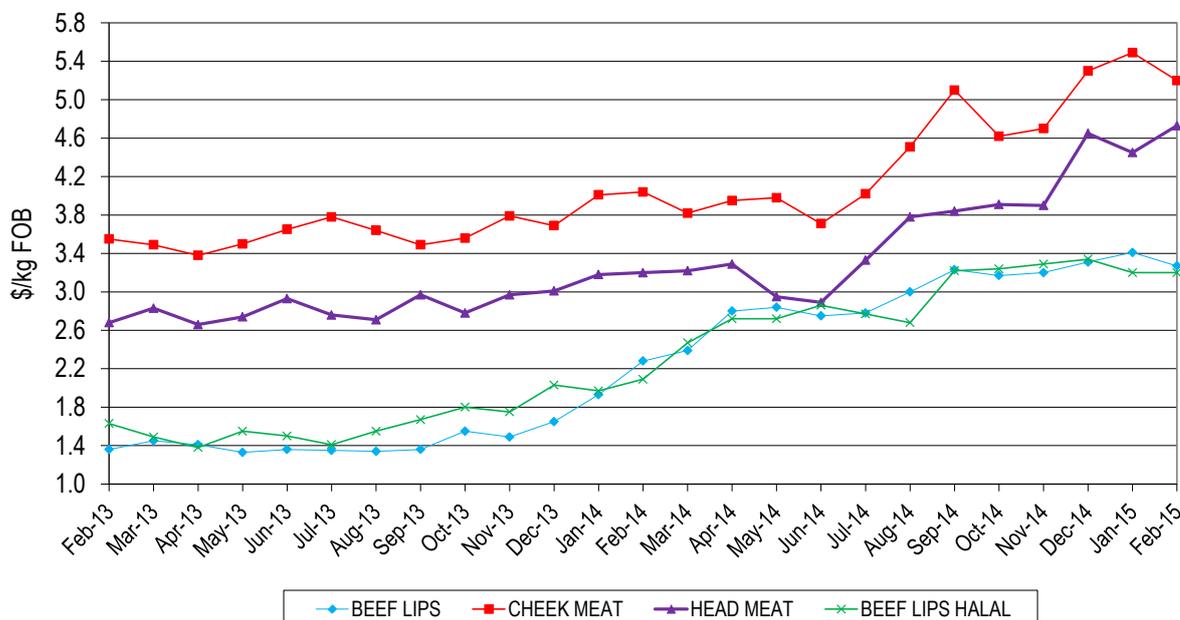
Hide prices have improved somewhat, but this is a temporary aberration due to the port congestion issues on the west coast of USA delaying shipments out of there and tanners turning to Australia to fill the gap. With the port strikes ended, demand for Australian hides is expected to diminish somewhat.

## Two Month Exchange rate



## Head Offal Prices

Figure 1: Trends in beef head offal prices

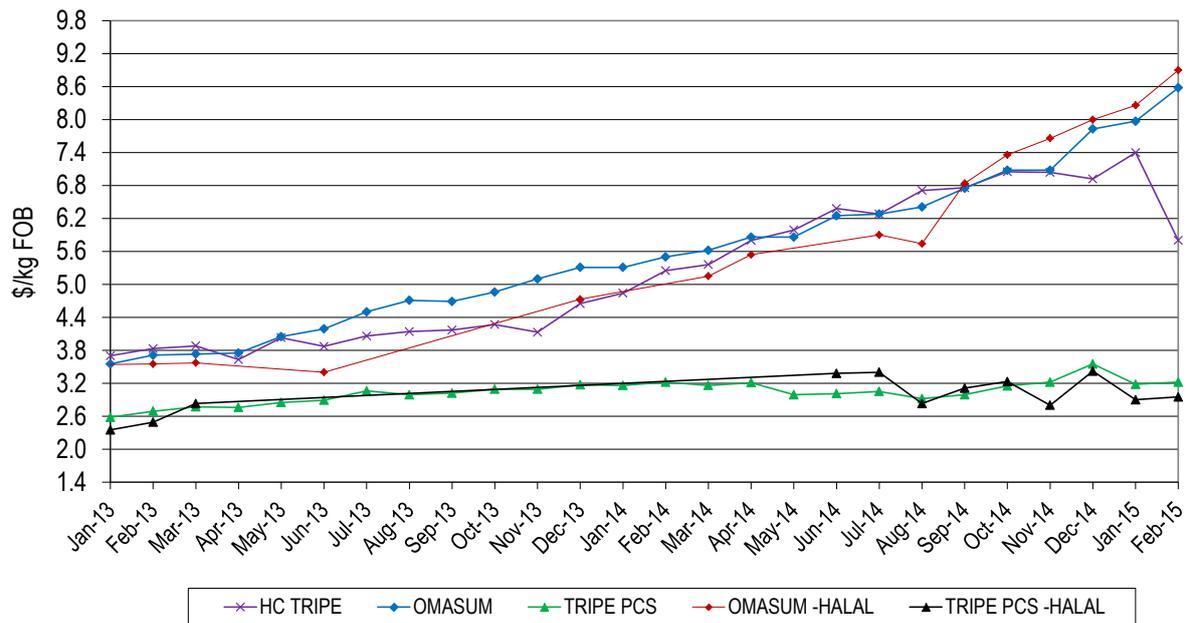


Head offals, in general, continue their strong performance, with firm improvement year-on-year but again the majority of the rise was driven by a falling dollar. Cheek meat improved \$1.16/kg over the February price last year to average \$5.20/kg, down 29¢/kg on last month. Lips fell 14¢/kg to average \$3.27/kg. Halal lips traded at \$3.20/kg, up \$1.11/kg on last year however even with the price last month.

Halal head meat is on par with the price 12 months ago, averaging \$3.20/kg, but back \$1.25/kg month-on-month. The offal ban in Indonesia is certainly driving the halal price reduction as sellers scramble to find new markets.

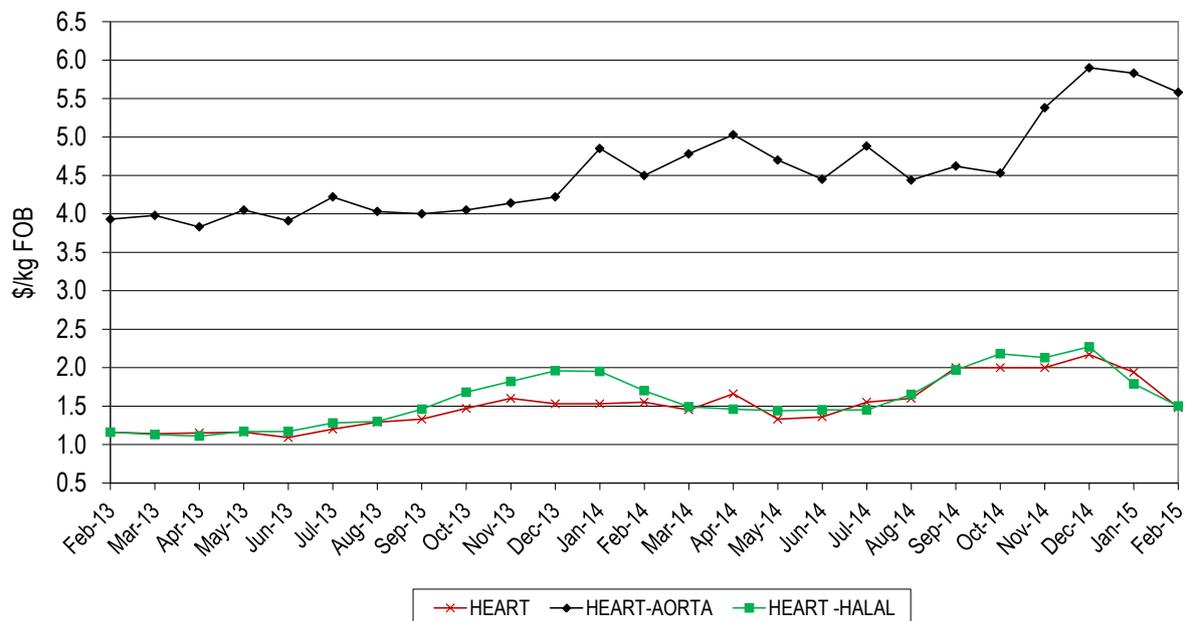
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Both halal and non-halal tripe pieces improved slightly, at \$3.22/kg and \$2.95/kg respectively, while honeycomb tripe fell \$1.60/kg, which is still 55¢/kg up on last year. Records continue to be broken, with omasum finding \$8.58/kg and halal omasum moving up to \$8.90/kg, up another 64¢/kg for the month. Non-halal product has now risen \$3.08/kg year-on-year while halal product is running a parallel path. A number of responses were well above the average price as expected with such a wide differential.

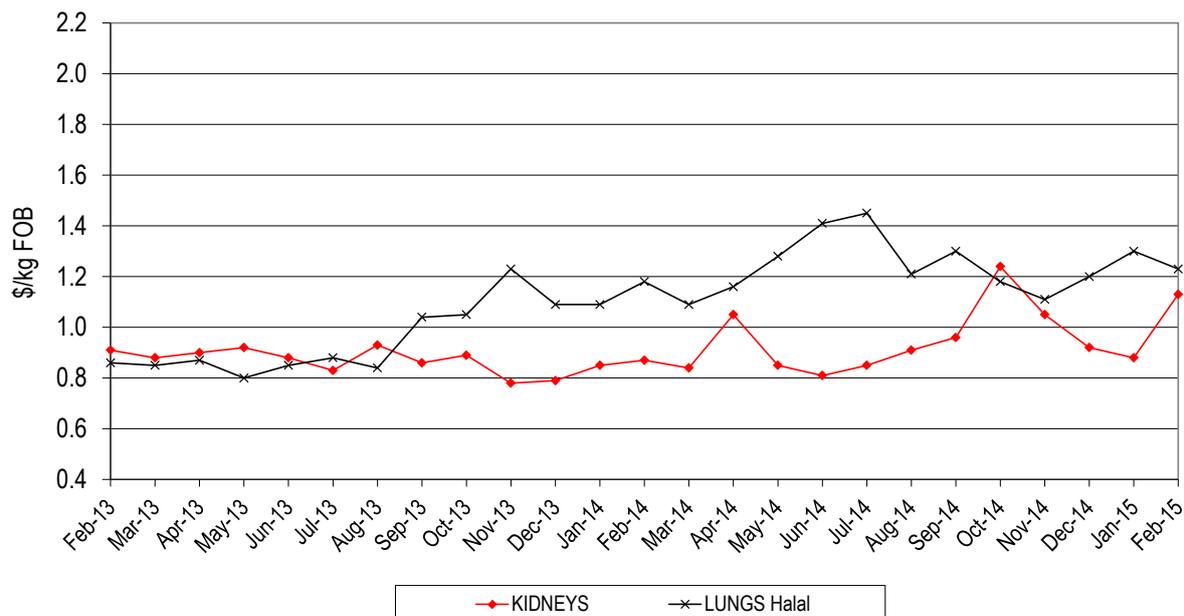
### Figure 3a: Trends in beef offal prices



Heart products traded down again this month. Non-halal hearts were down a further 46¢/kg on last month and back 7¢/kg year-on-year, averaging \$1.48/kg. Halal hearts, at \$1.50/kg, were 20¢/kg down on this time last year and down 29¢/kg compared to last month. Again, the Indonesian slowdown is the contributing factor with other cheaper markets needing to be found.

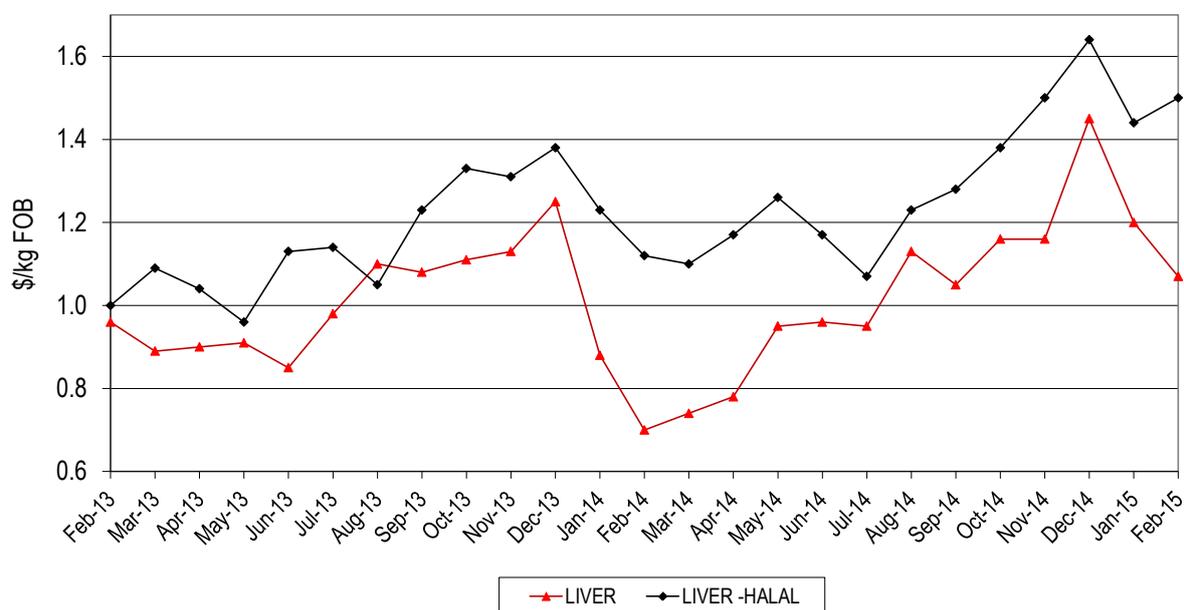
Aorta fell slightly this month to average \$5.58/kg, down 25¢/kg on last month but up \$1.08 on February last year.

**Figure 3b: Trends in beef offal prices**



Kidneys rallied somewhat to jump from 88¢/kg last month to \$1.13/kg in February, up 26¢/kg on last year. Non-halal lungs maintained \$1.62, up 44¢/kg on last year, while halal product slipped to \$1.23/kg, with the falling dollar assisting in maintaining a fairly steady return.

**Figure 3c: Trends in beef offal prices**

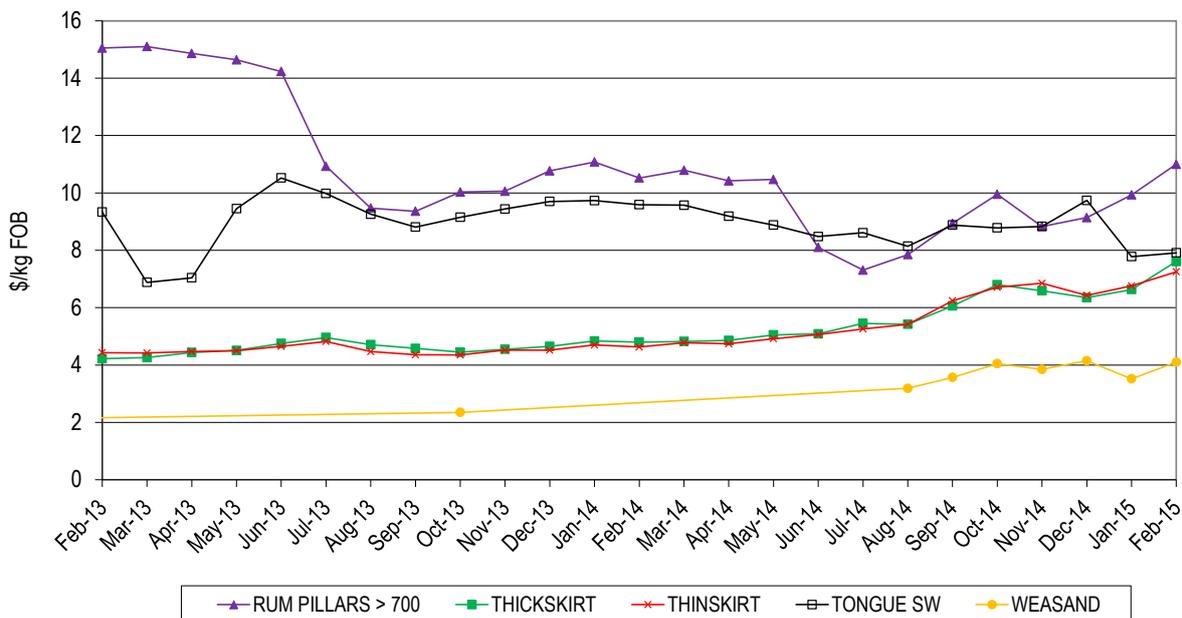


Livers remained under pressure, with prices dropping a further 13¢/kg over last month to trade at \$1.07/kg, still 37¢/kg up year-on-year, while halal livers averaged \$1.50/kg into Egypt, which represents a rise of 38¢/kg year-on-year and 6¢/kg on last month.

The major concern remains the ban on offal into Indonesia, with such a sudden ban meaning sellers have been really struggling to find new markets, albeit at reduced prices. It remains to be seen what will happen as stocks run out and whether consumer demand will reverse the decision. In the meantime the few local Indonesian abattoirs processing along western lines are doing brisk business.

## Japanese and Korean Offals

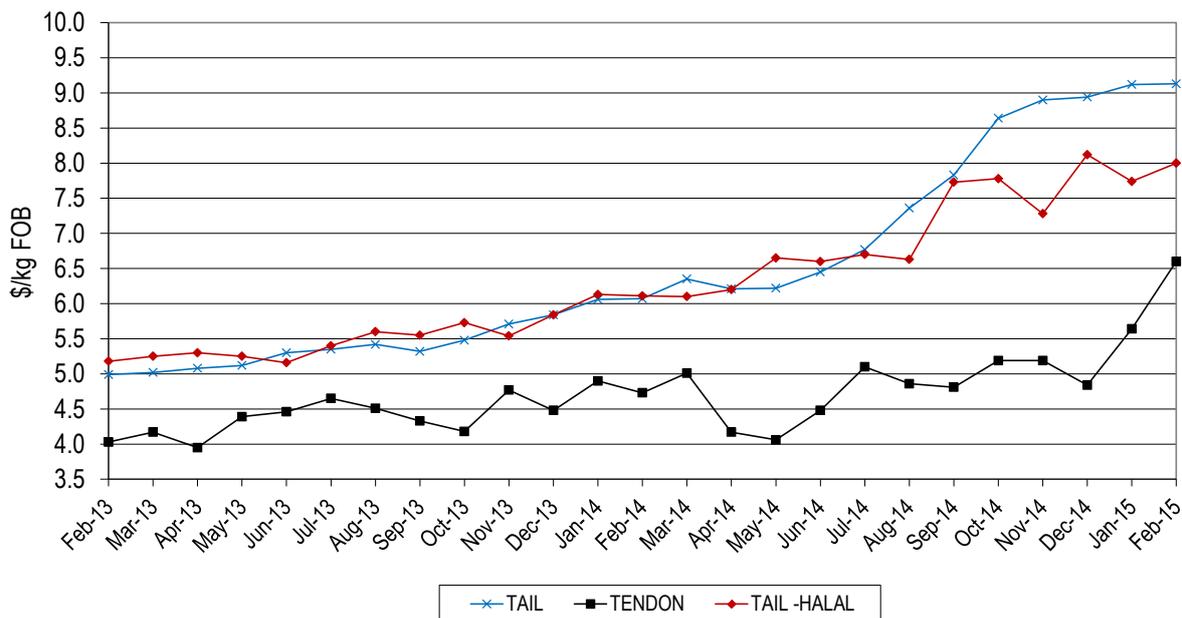
### Figure 4: Trends in Japanese offal prices



The price of tongues continued to be subdued in February, up 13¢/kg compared to last month but down \$1.68 on last year, despite the falling dollar. Prices of heavy weight range rumen pillars improved \$1.07/kg over last month, to trade at \$11.00/kg which is 48¢/kg on last year. Demand in Korea for rumen pillars remains steady. Thick skirt traded \$2.81/kg up on last year, at \$7.61/kg, and thin skirt prices were \$2.62/kg higher for the same period, averaging \$7.25/kg – all of this despite a correction in the 90CL price. The average price of weasand improved by 58¢/kg for the month, to trade at an average of \$4.10/kg, up from around the \$2.00/kg mark received a year ago. Overall demand for frozen offals into Japan remains subdued, despite a falling dollar, while Korean demand remains steady.

## Tails and Tendons

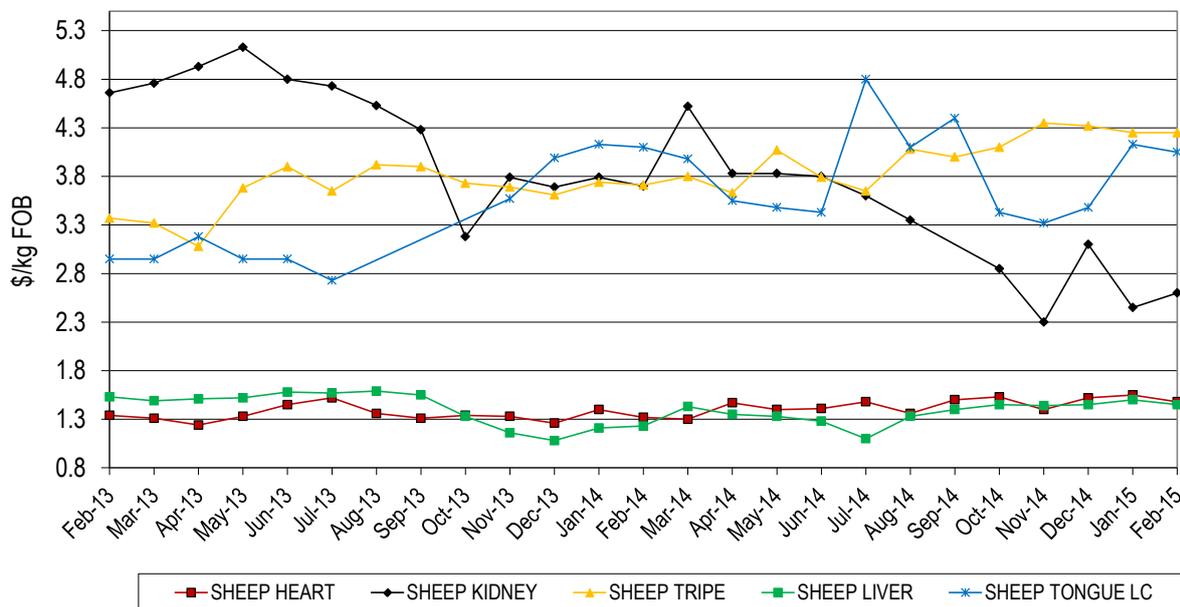
### Figure 5: Trends in tail and tendon prices



Tail prices remained in line with last month and \$3.06/kg over last year, averaging \$9.13/kg. Halal tail rallied 26¢/kg across the month, to trade at \$8.00/kg, unable to match the non-halal market. Tendons improved \$1.87 year-on-year to average \$6.60, continuing the trend from last month.

## Sheep Offals

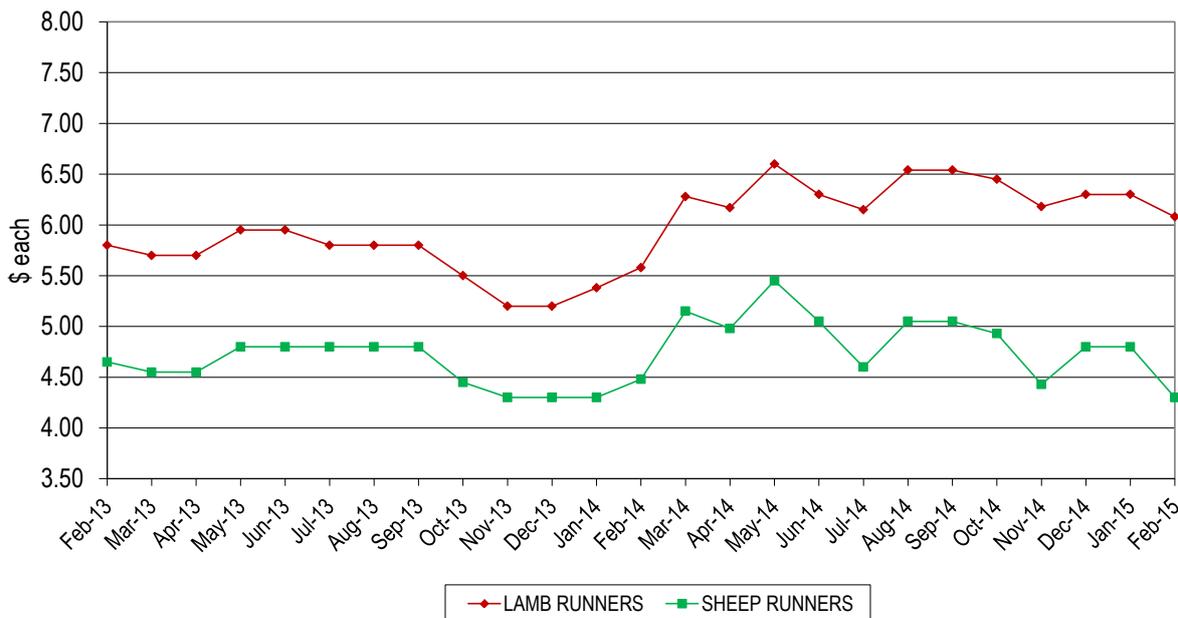
**Figure 6a: Trends in sheep offal prices**



Sheep offals traded steady across the board. There is pressure from China looking to buy kidneys with the fat attached, however veterinary requirements prevent this from occurring. Tongues traded at an average of \$4.05/kg while kidneys rallied slightly to \$2.60/kg.

Sheep tripe prices improved 54¢/kg across the year to trade at \$4.25/kg, even with last month. Sheep hearts have been steady all year, hovering around \$1.50/kg, and averaged \$1.48/kg this month.

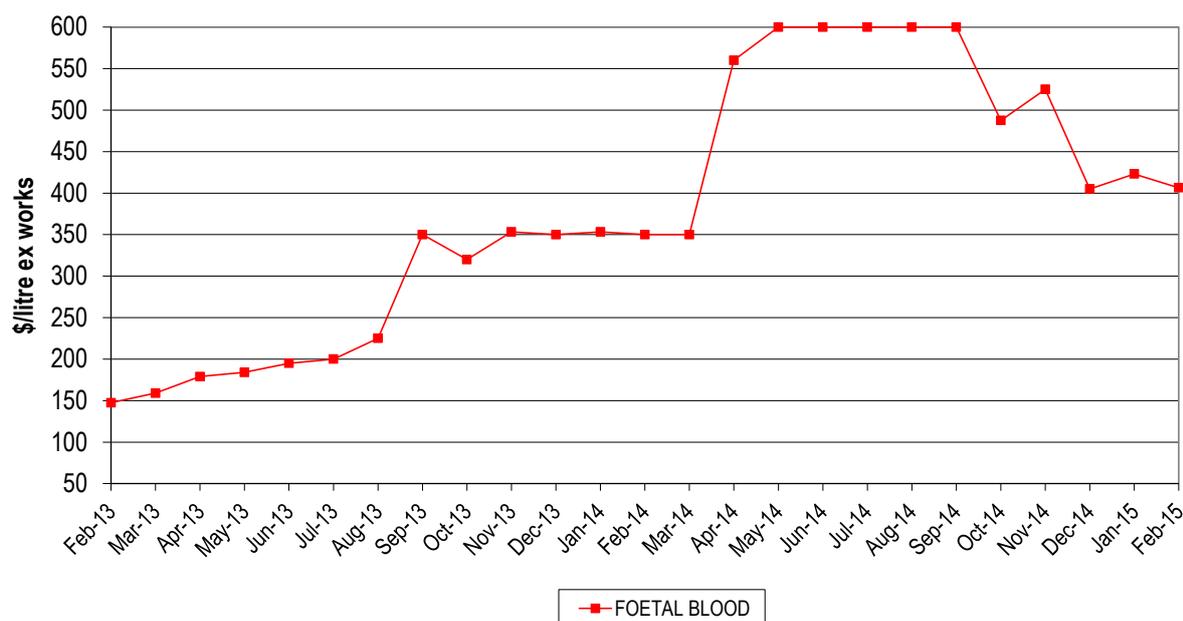
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners was steady, trading at \$6.08/piece for lamb and \$4.30/piece for sheep, however all sheep offals were lightly reported.

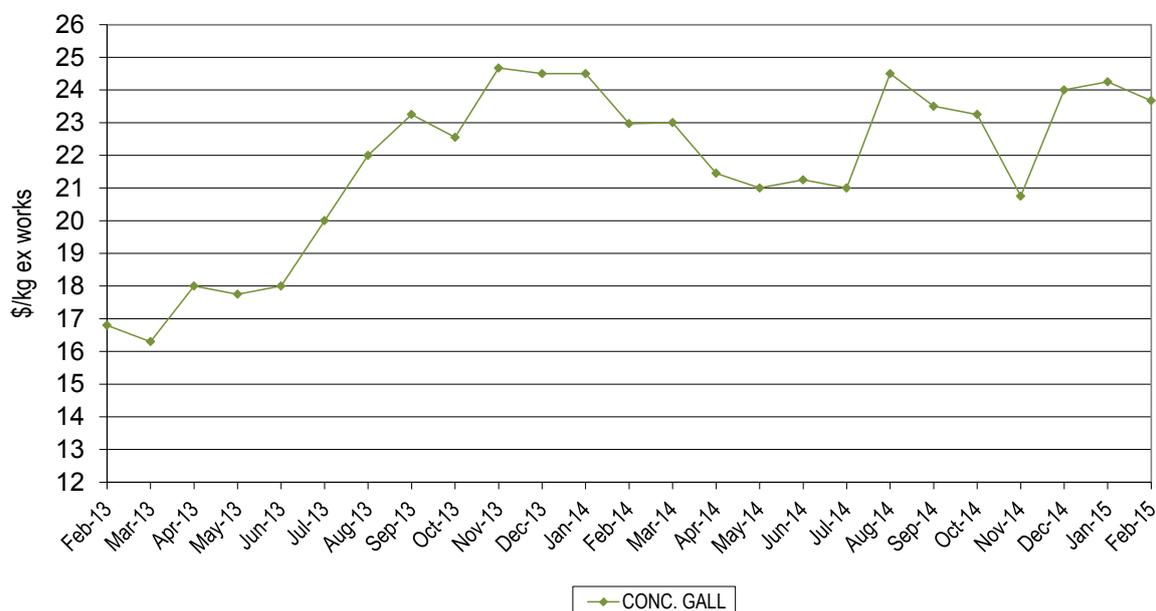
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



Foetal calf blood is still very widely quoted with big variations in prices reported. The real market has still got some downside.

### Figure 7b: Trends for concentrated gall prices



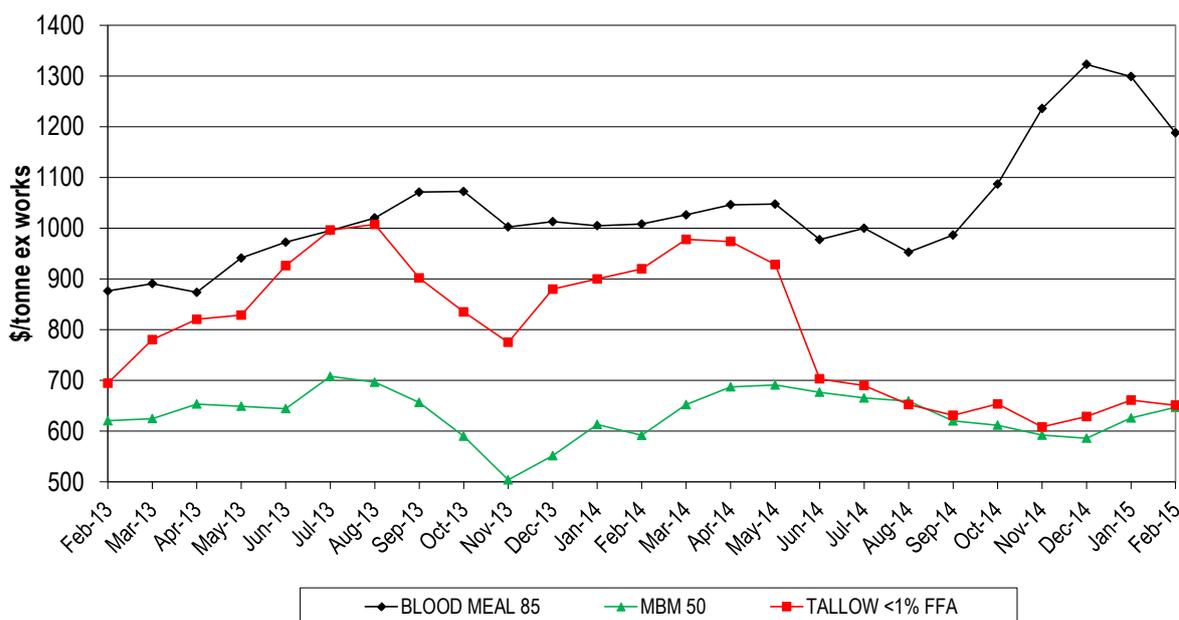
Concentrated gall remains fairly steady however it was also lightly reported. The average price is down 58¢/kg on last month however this was up 70¢/kg on last year's price.

Overall, the market is somewhat subdued because of market closures and will depend upon what develops over the next few months.

Timing of reports plays a large part in what we see and certainly there were significant differences in prices quoted for tallow at different times of the month, particularly the 4% product. The average price of 1% FFA tallow was \$651/tonne ex. works, still down \$269/tonne on the renewable fuel subsidy prices of a year ago.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Meat and bone meal (MBM) prices, while firm early in the month, tapered off sharply towards the second half of the month.

Overall values of MBM have softened on the back of cheaper protein sources, soy bean meal, and alternative origin meals, but have been cushioned by the easing AUD.

Blood meal continued to slide during the month with aquaculture demand falling and sellers having to find alternative feed sources like poultry which are at a discount to aqua feed. The average prices now being quoted are around \$1188/tonne ex-works, \$110/tonne down on last month and down \$180 on last year.

Tallow has plateaued on the back of continuing low palm stearin prices.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$36.00	\$39.25	140-220	\$37.33	\$30.00
180-220	\$46.00	\$52.25			
220-280	\$55.25	\$61.50	220-280	\$48.50	\$37.50
280-350	\$68.75	\$71.50	280-350	\$58.17	\$45.00
350 up	\$79.50	\$82.00	350 up	\$68.33	\$59.00

The world hide market is in a very difficult situation. The warning bells sounded back in Q4 2014 and, while the weakening AUD has cushioned the blow in Australia, keeping green hide prices firm, the overseas market is in turmoil.

Reduced demand from the Chinese domestic market and the Russian sanctions on imports of EU leather goods are part of the reason. The west coast USA port congestion also helped Australian sales as tanners looked to Australia to fill gaps in their order books. USA shipments are now returning to normal and that crutch will disappear, meaning demand for Australian hides will revert to normal and we expect the hide market to remain soft into the foreseeable future.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Feb-14</b>	<b>Jan-15</b>	<b>Feb-15</b>	<b>Monthly change</b>	<b>Annual change</b>
Korea	2,386	1,794	2,528	41%	6%
Japan	1,968	1,328	2,226	68%	13%
Hong Kong	1,869	962	1,817	89%	-3%
South Africa	1,417	1,054	1,723	63%	22%
Egypt	371	1,107	817	-26%	120%
Thailand	698	901	788	-13%	13%
Singapore	99	453	747	65%	652%
China	454	173	369	113%	-19%
Malaysia	623	310	324	5%	-48%
Indonesia	1,181	50	140	179%	-88%
Other	1,639	1,218	1,781	46%	9%
<b>Total</b>	<b>12,707</b>	<b>9,350</b>	<b>13,259</b>	<b>42%</b>	<b>4%</b>
<b>Offal cut</b>	<b>Feb-14</b>	<b>Jan-15</b>	<b>Feb-15</b>	<b>Monthly change</b>	<b>Annual change</b>
Tripe	3,221	2,176	3,048	40%	-5%
Liver	1,965	2,069	2,240	8%	14%
Heart	1,026	828	1,270	53%	24%
Tongues	920	590	931	58%	1%
Thin skirt	656	413	787	91%	20%
Tail	664	494	762	54%	15%
Cheek meat	653	430	657	53%	1%
Thick skirt	460	312	522	67%	13%
Tendon	477	277	512	85%	7%
Intestines	743	319	471	47%	-37%
Tongue root	621	338	463	37%	-25%
Lips	375	221	447	103%	19%
Head meat	268	258	374	45%	40%
Kidney	369	283	325	15%	-12%
Other	289	344	453	32%	57%
<b>Total</b>	<b>12,707</b>	<b>9,350</b>	<b>13,259</b>	<b>42%</b>	<b>4%</b>
<b>Destination</b>	<b>Offal cut</b>	<b>Feb-14</b>	<b>Feb-15</b>	<b>Annual change</b>	
Korea	Tail	259	423	63%	
	Cheek meat	507	581	14%	
	Tripe	328	354	8%	
	Thin skirt	407	327	-20%	
	Thick skirt	278	274	-1%	
	Other	606	568	-6%	
Japan	Tongues	786	804	2%	
	Intestines	267	279	5%	
	Thin skirt	226	371	64%	
	Thick skirt	175	242	38%	
	Tripe	265	252	-5%	
	Other	249	277	11%	

Destination	Offal Cut	Feb-14	Feb-15	Annual Change
Hong Kong	Tripe	1,833	1,715	-6%
	Other	36	102	186%
South Africa	Liver	1,005	997	-1%
	Heart	2	372	16760%
	Other	410	354	-14%

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
Destination	Feb-14	Jan-15	Feb-15	Monthly change	Annual change
Hong Kong	956	731	849	16%	-11%
Saudi Arabia	405	606	792	31%	95%
Papua New Guinea	208	161	193	20%	-7%
EU	124	116	102	-12%	-18%
Jordan	152	84	107	26%	-30%
South Africa	212	78	81	4%	-62%
UAE	51	73	100	37%	95%
China	175	15	102	561%	-42%
Other	438	420	445	6%	2%
Total	2,722	2,284	2,771	21%	2%
Offal cut	Jan-14	Jan-15	Feb-15	Monthly change	Annual change
Tripe	998	857	894	4%	-10%
Liver	792	704	1,048	49%	32%
Heart	405	328	306	-7%	-24%
Tongues	118	142	89	-37%	-24%
Kidney	188	101	205	103%	9%
Other	220	151	228	51%	4%
Total	<b>2,722</b>	<b>2,284</b>	<b>2,771</b>	<b>21%</b>	<b>2%</b>
Destination	Offal cut	Jan-14	Feb-15	Annual change	
Hong Kong	Tripe	860	815	-5%	
	Other	96	34	-64%	
Saudi Arabia	Liver	380	775	104%	
	Other	26	17	-35%	

Source: Dept. of Agriculture

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# **MLA co-product market report**

**March 2015**

**Table 1: Co-products Prices**

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Beef</b>					
ABOMASUM	\$3.09	\$0.11	3	-6.7%	-24.0%
BEEF LIPS	\$2.77	\$0.55	4	-14.1%	44.0%
CHEEKMEAT	\$6.56	\$2.20	4	23.6%	63.7%
DIAP. MEMBRANE	\$4.02	\$0.30	3	13.1%	-5.8%
HC TRIPE	\$7.45	\$0.99	4	7.6%	53.9%
HEADMEAT	\$4.18	\$0.95	5	-10.1%	31.6%
HEART	\$1.54	\$0.65	5	-29.2%	0.7%
HEART -AORTA	\$5.41	\$0.15	3	20.2%	11.5%
KIDNEYS	\$1.00	\$0.50	5	8.7%	17.6%
LIGAMENTUM	\$3.51	\$1.24	4	26.7%	45.4%
LIVER	\$1.21	\$0.90	5	-16.6%	37.5%
LUNGS	\$1.59	\$0.50	4	-1.7%	46.1%
OMASUM	\$9.12	\$2.40	3	16.5%	71.6%
RUM.PILL < 500	\$5.23	\$2.25	5	-2.6%	-15.8%
RUM.PILL > 500 < 700	\$7.24	\$1.30	5	8.4%	-12.7%
RUM.PILL > 700	\$11.16	\$2.45	4	22.2%	0.8%
SPLEEN	\$2.00		2	78.6%	90.5%
TAIL	\$7.81	\$1.60	5	-12.6%	28.9%
TENDONS	\$5.00	\$3.31	4	3.4%	2.2%
THICKSKIRT	\$6.07	\$3.35	5	-4.4%	25.4%
THINSKIRT	\$6.07	\$3.35	5	-5.7%	29.2%
TONGUE RT FILLET	\$4.87	\$0.66	3	10.0%	34.3%
TONGUE RT MEAT	\$1.54	\$0.20	3	-32.3%	2.4%
TONGUE SW	\$9.46	\$8.10	6	-2.9%	-2.8%
TRIPLE PCS	\$3.87	\$1.55	3	9.0%	22.7%
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.50		2	-1.1%	
KIDNEYS SHEEP - HALAL	\$3.70		2	19.4%	-2.3%
LIVER SHEEP - HALAL	\$1.50		2	3.4%	
RUNNERS LAMB	\$6.30		2	0.0%	17.2%
RUNNERS SHEEP	\$4.80		2	0.0%	11.6%
THICKSKIRT SHEEP - HALAL	\$4.00		2		233.3%
TONGUE LC SHEEP HALAL	\$3.45		2		-16.4%
TRIPLE SHEEP - HALAL	\$4.00		2	-7.3%	7.0%

Product	Average	Range	Respondents	Monthly Change	Annual Change
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$293.33	\$60.00	3	-27.6%	-16.8%
GALL CONCENTRATED	\$23.50		2	-2.1%	-4.1%
<b>Rendered Products</b>					
BLOODMEAL 85	\$1,067.50	\$240.00	4	-19.3%	-3.8%
MBM 50	\$614.33	\$50.00	6	4.8%	0.2%
TALLOW INED.<1FFA	\$670.00	\$100.00	2	6.6%	-25.6%
TALLOW INED.<2FFA	\$642.33	\$143.00	3	0.0%	-25.3%
TALLOW INED.<4FFA	\$588.50		2	-3.0%	-28.5%
<b>Hides</b>					
HIDES NSW 141- 180	\$38.25		2	17.7%	
HIDES NSW 181 - 220	\$46.00		2	19.5%	
HIDES NSW 221 - 280	\$55.75		2	9.3%	
HIDES NSW 281 - 350	\$67.50		2	10.2%	
HIDES NSW 351 UP	\$80.00		2	23.6%	
HIDES QLD TFA 141 - 220	\$36.00		2	-1.4%	
HIDES QLD TFA 221 - 280	\$47.25		2	2.7%	
HIDES QLD TFA 281 - 350	\$56.25		2	0.4%	
HIDES QLD TFA 351 UP	\$67.00		2	7.2%	
HIDES QLD TICKY 141 - 220	\$31.00		2	10.7%	
HIDES QLD TICKY 221 - 280	\$39.00		2	6.4%	
HIDES QLD TICKY 281 - 350	\$47.00		2	5.2%	
HIDES QLD TICKY 350 UP	\$61.00		2	8.9%	
HIDES VIC 141-180	\$40.50		2	14.1%	
HIDES VIC 181-220	\$53.00		2	9.3%	
HIDES VIC 221 - 280	\$62.00		2	5.1%	
HIDES VIC 281-350	\$71.00		2	8.8%	
HIDES VIC 351 UP	\$82.00		2	14.3%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

The AUD/USD exchange rate is still heading south and helping to support export prices. Indonesia has fallen off the radar after stopping the import of offal, with only tails and tongues permitted. Omasum into Hong Kong continued the linear improvement in price, with honeycomb tripe also back in the picture.

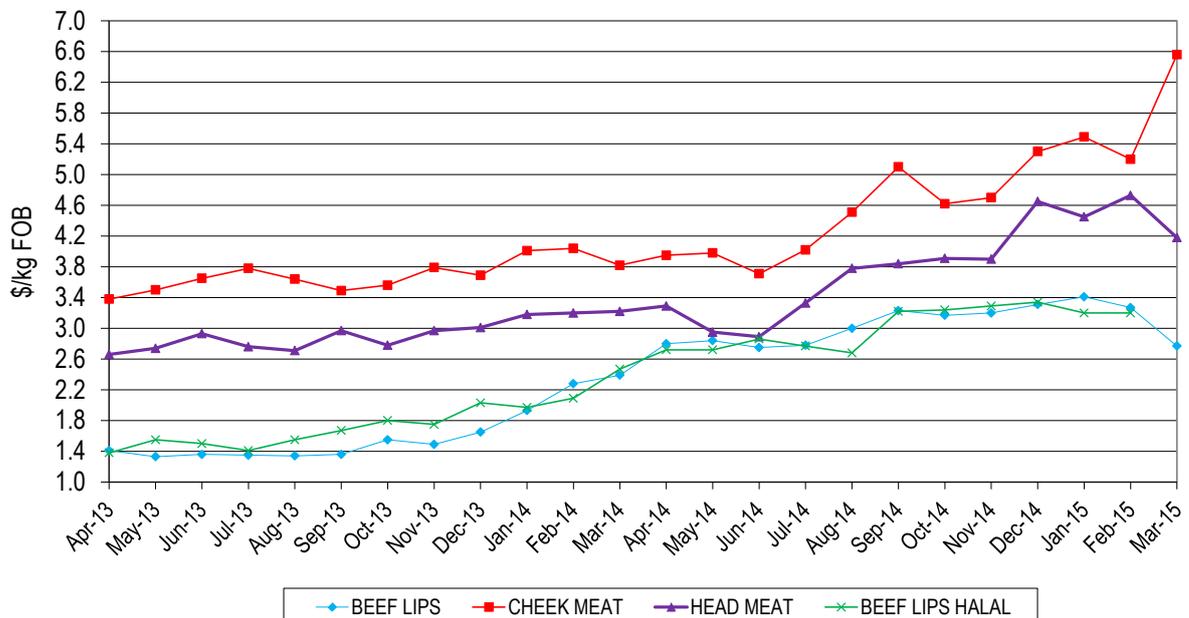
Meat and bone meal prices continued to fall and the price for blood meal dropped significantly.

Tallow has now aligned itself well and truly to the palm stearin prices and is slavishly following the trends in that market. Tallow really is a case of back to the future. Singapore is taking some tallow for bio-diesel production but at much reduced prices.

Hide prices have improved somewhat, but this is expected to be temporary and is only supported by the falling dollar. The weaker Euro brought European hides into the Asian tannery market, and this has allowed tanners to force the USD price for hides down due to the increased competition from sellers.

## Head Offal Prices

Figure 1: Trends in beef head offal prices

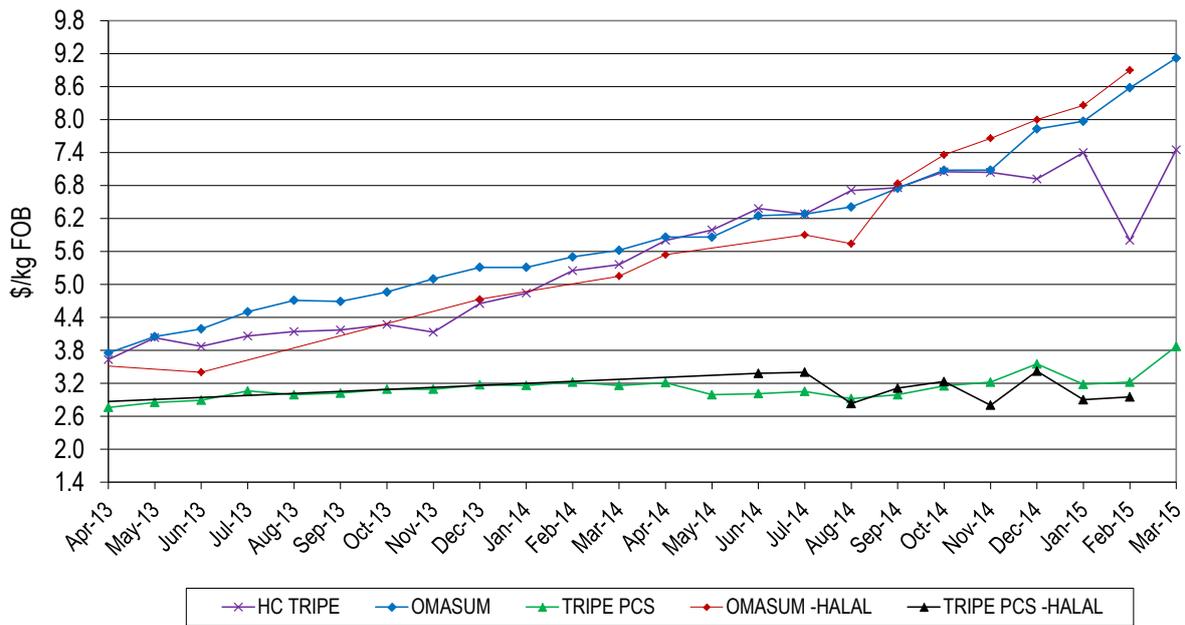


Head offals, in general, continue their strong performance, with firm improvement year-on-year but did come off somewhat on last month despite the falling dollar. Cheek meat improved \$2.74/kg over the March price last year, to average \$6.56/kg, up \$1.36/kg on last month. Lips fell 50¢/kg, to average \$2.77/kg. No halal prices were reported this month.

Exporters are still striving to find new markets for their halal product following the Indonesian ban and a lot of halal product is going to non-halal markets.

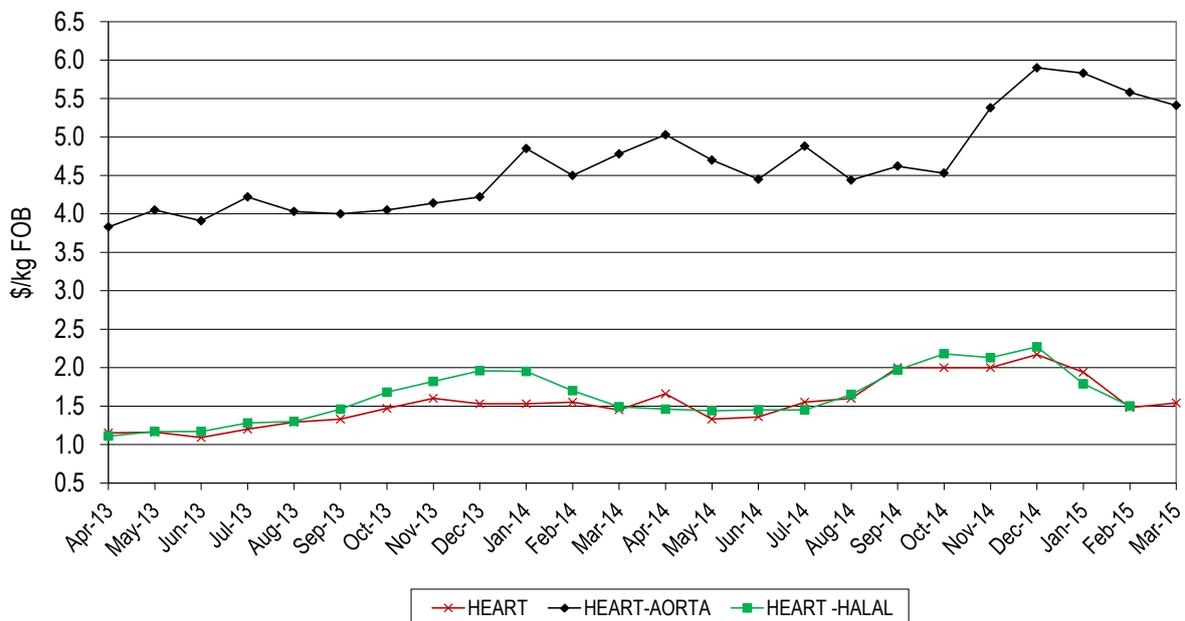
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Tripe pieces improved by 65¢/kg to realize an average of \$3.87/kg, which is the highest price seen in some time, while honeycomb tripe reversed last month's drop and regained the January price of \$7.45/kg, which is \$2.09/kg up on last year. Records continue to be broken, with omasum climbing to \$9.12/kg up another 54¢/kg for the month. Non-halal product has now risen \$3.50/kg year-on-year.

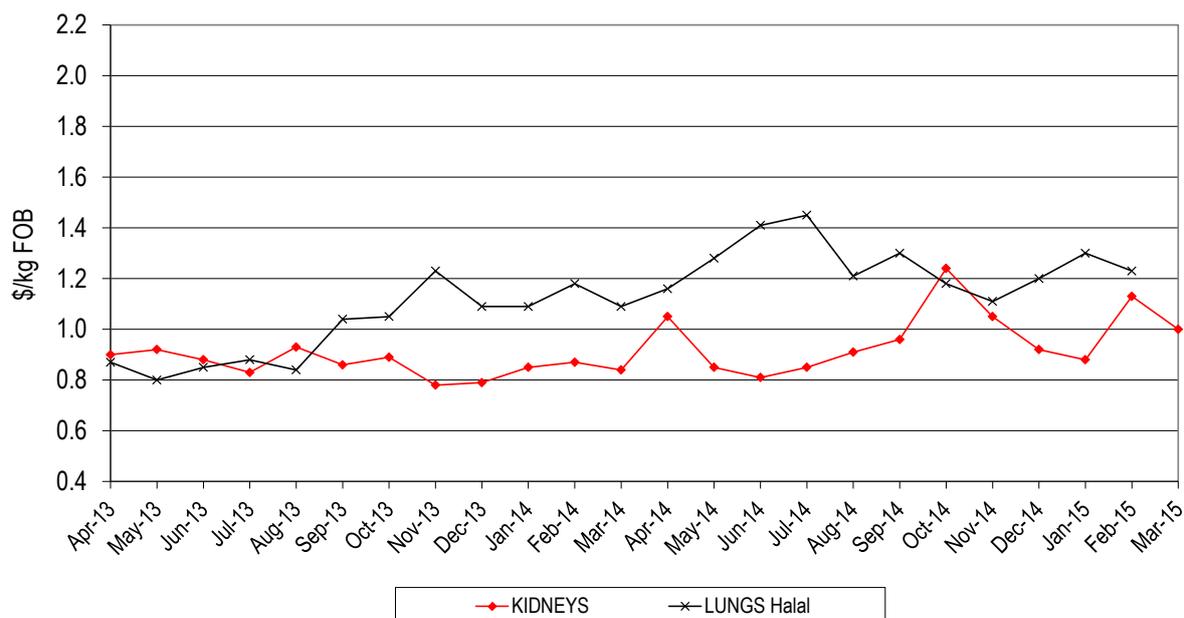
### Figure 3a: Trends in beef offal prices



Heart products traded steadily this month. Non-halal hearts were up 6¢/kg on last month and 9¢/kg year-on-year, averaging \$1.54/kg. Again Halal hearts mainly ended up in the non-halal market.

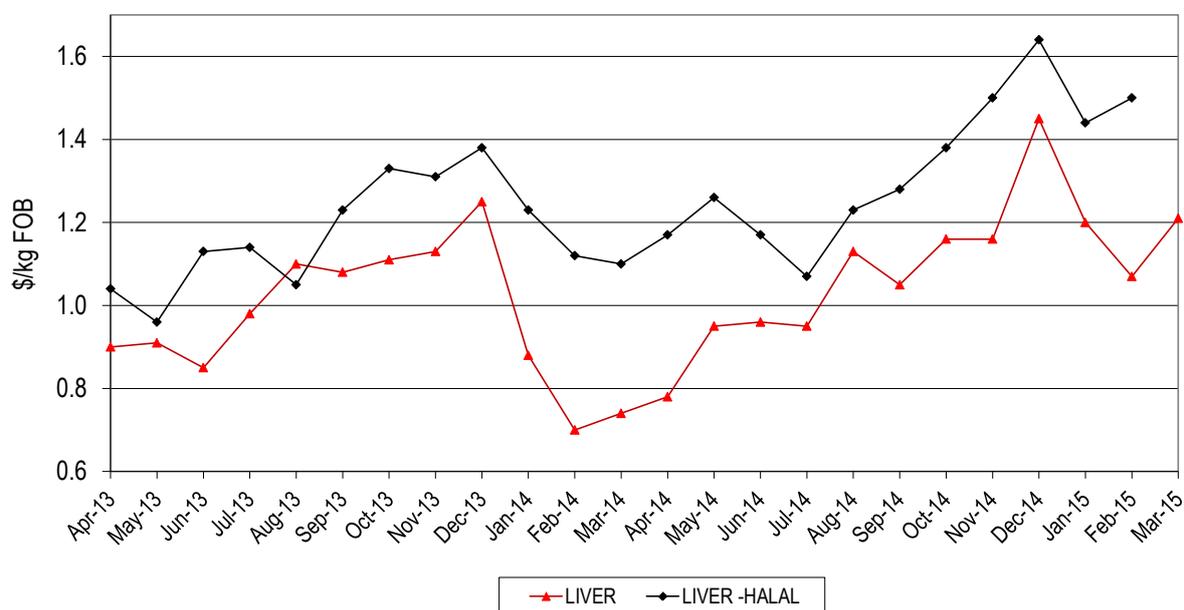
Aorta fell slightly again this month to average \$5.41/kg, down 17¢/kg on last month but up 63¢/kg on March last year.

**Figure 3b: Trends in beef offal prices**



Kidneys slipped 13¢/kg, to record \$1.00/kg in March, up 16¢/kg on last year. Non-halal lungs moved 3¢/kg down, to finish at \$1.59, up 50¢/kg on last year, while halal product, also going into the non-halal market, were also supported by the falling dollar, helping to maintain a fairly steady return.

**Figure 3c: Trends in beef offal prices**

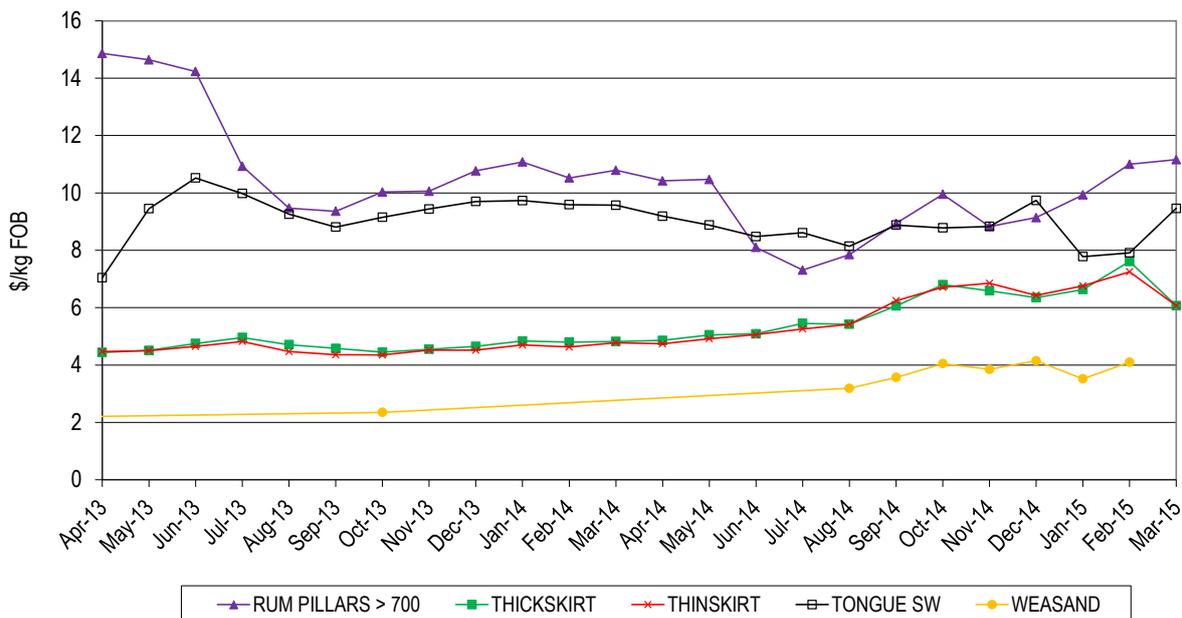


Livers rallied after last month's fall, with prices improving 14¢/kg over February, to trade back at \$1.21/kg, which is 47¢/kg up year-on-year.

No reports of halal sales were received however that may well be a result of the Easter break and some respondents not getting the reports in before they went on leave. Export volume into Egypt increased again in March, predominantly made up of liver shipments.

## Japanese and Korean Offals

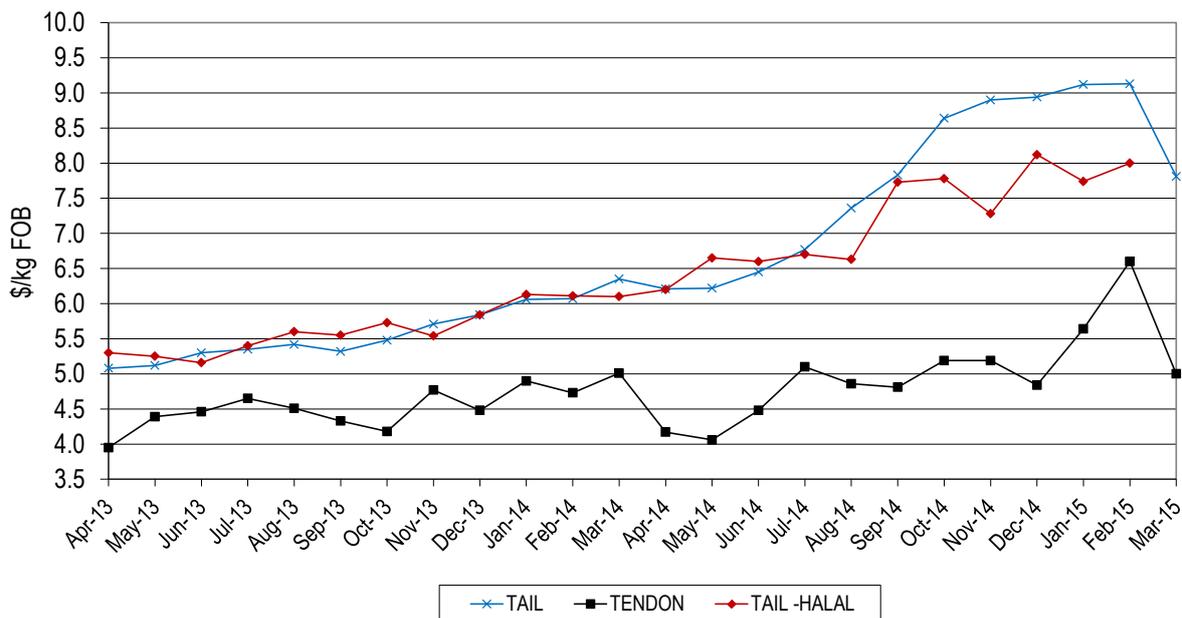
### Figure 4: Trends in Japanese offal prices



The price of tongues spiked this month, up \$1.55/kg compared to last month, which is only 11¢/kg down on last year, but again the falling dollar had a big effect on that result. Prices of heavy weight range rumen pillars stabilised and traded at \$11.16/kg which is 37¢/kg up on last year. Demand in Korea for rumen pillars remains steady. Thick skirt traded \$1.25/kg up on last year, at \$6.07/kg, and thin skirt prices were \$1.29/kg higher for the same period, averaging \$6.07/kg also. Weasand was not reported this month. Overall demand for frozen offals into Japan remains subdued, despite a falling dollar, while Korean demand remains steady.

## Tails and Tendons

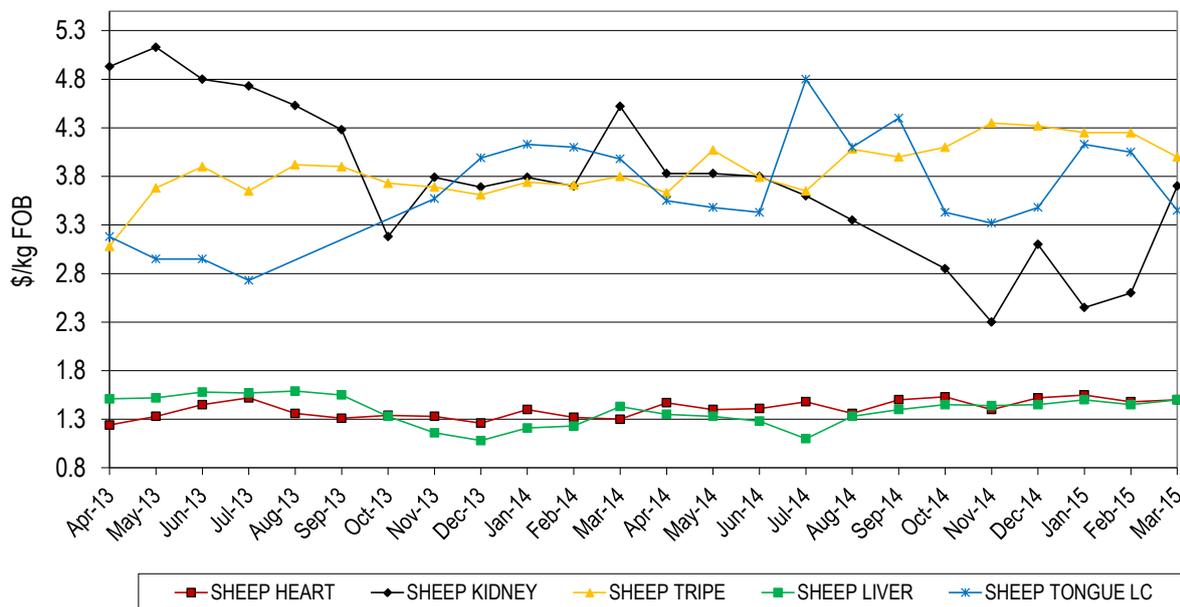
### Figure 5: Trends in tail and tendon prices



Tail prices took a dive this month but were still \$1.46/kg above last year, averaging \$7.81/kg, which is down \$1.32 on last February. Tendons also received a correction to trade down \$1.60/kg month-on-month, to average \$5.00, which is on parity with the price a year ago.

## Sheep Offals

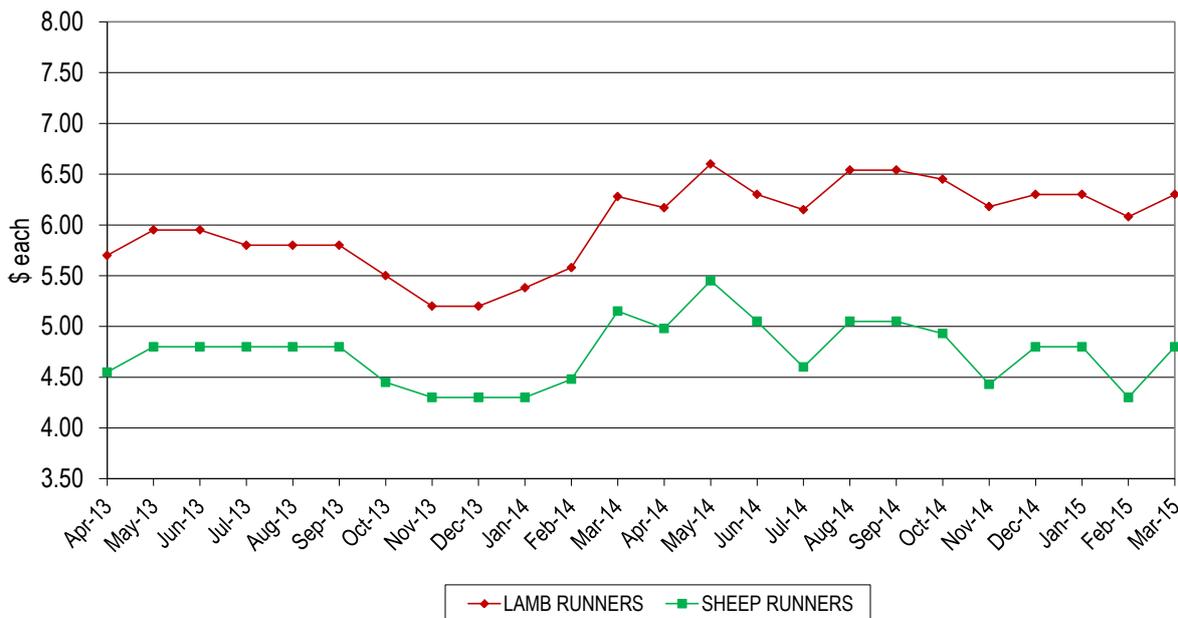
**Figure 6a: Trends in sheep offal prices**



Sheep offals continued to trade steady across the board. Tongues traded down, at an average of \$3.45/kg, while kidneys rallied significantly to \$3.70/kg. They were, however, lightly reported so we will need to check again next month to see if this is an aberration.

Sheep tripe prices improved 20¢/kg across the year, to trade at \$4.00/kg, 25¢/kg down on last month. Sheep hearts have been steady all year, still hovering around \$1.50/kg, and averaged \$1.50/kg this month.

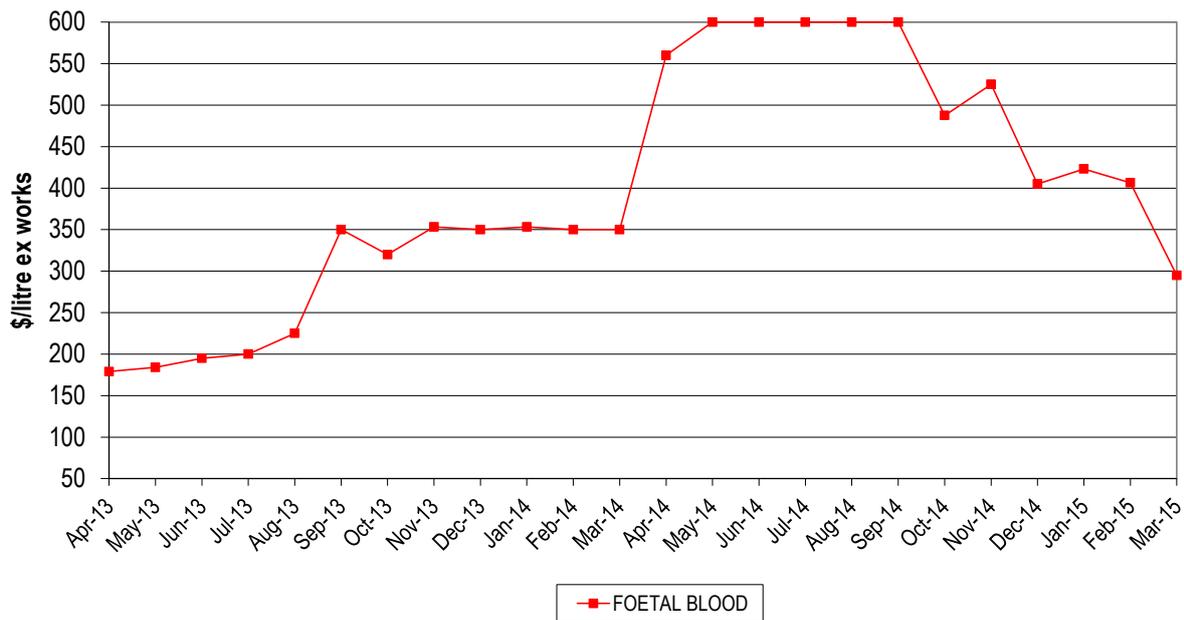
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners was steady, trading at \$6.30/piece for lamb and \$4.80/piece for sheep, however all sheep offals were lightly reported.

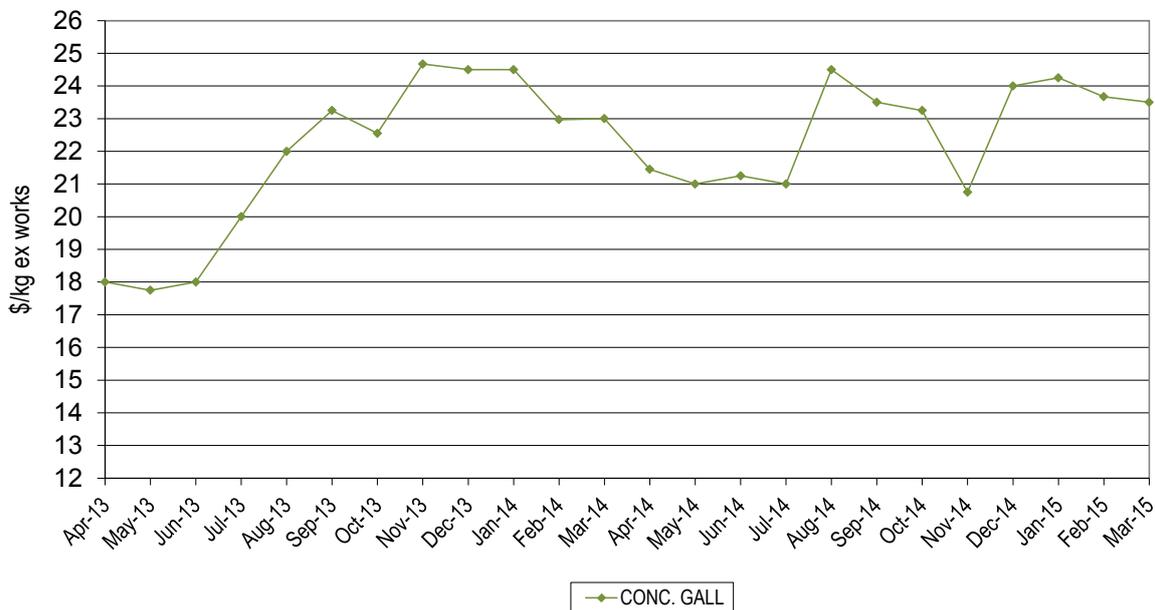
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



The foetal calf blood average price is now around where the real market is, as long term contracts dry up. There may still be some downside.

### Figure 7b: Trends for concentrated gall prices

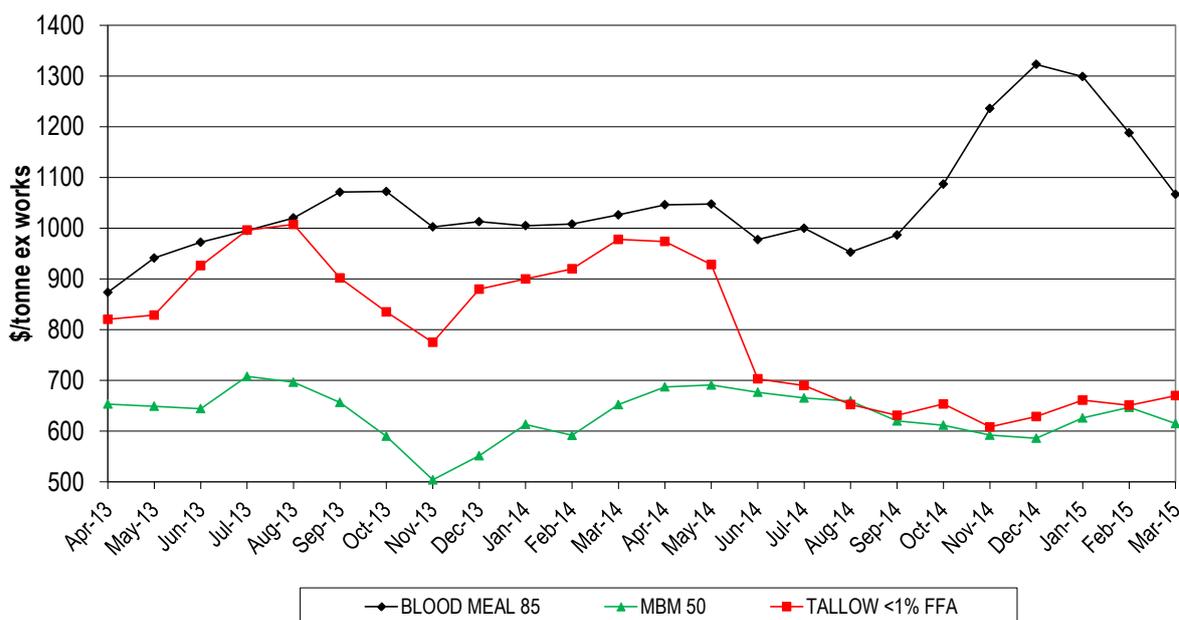


Concentrated gall remains fairly steady however it was also lightly reported. The average price is down 17¢/kg on last month however this was up 50¢/kg on last year's price.

Overall, the market is somewhat subdued because of market closures and will depend upon what develops over the next few months.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Meat and bone meal (MBM) prices have continued to decline throughout the month, with soybean meal production remaining strong and keeping prices down to clear large stocks. Accordingly reduced use of MBM in feed rations has meant local sales are at significant discount to export prices.

Blood meal prices continued the slide that started last month with aquaculture demand still very low and sellers having to find alternative feed sources, such as poultry rations, which are at a discount to aqua feed. The average prices now being quoted are around \$1068/tonne ex-works, a further \$120/tonne down on last month.

Tallow remains soft on the back of continuing low palm stearin prices and large supply volumes of palm stearin in the market. Limited interest from Singapore has not helped improve prices for tallow either. The price of 1%FFA tallow averaged \$670/mt, to rise \$20/mt on last month, while 2%FFA product realised \$642/mt, up \$7/mt on last month.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$38.25	\$40.50	140-220	\$36.00	\$31.00
180-220	\$46.00	\$53.00			
220-280	\$55.75	\$62.00	220-280	\$47.25	\$39.00
280-350	\$67.50	\$71.00	280-350	\$56.25	\$47.00
350 up	\$80.00	\$82.00	350 up	\$67.00	\$61.00

Hide markets remain challenging at the moment, despite local prices improving across all classes due to the softer Australian dollar. With the softening of the Euro, supplies from Europe at lower prices are putting pressure on Australian and US hides sellers to reduce prices to compete. The only positive in the leather trade is automotive and upholstery tanners have orders. Nevertheless, these tanners are aware of the abundance of material, due to the soft shoe, handbag and garment market, and they are able to take a hard line on prices. It will be interesting to see what happens following the annual Asia Pacific Leather Fair in Hong Kong which was held at the end of March.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
Destination	Mar-14	Feb-15	Mar-15	Monthly change	Annual change
KOREA	2,207	2,528	2,721	8%	23%
HONG KONG	1,994	1,817	2,538	40%	27%
JAPAN	2,258	2,226	2,494	12%	10%
SOUTH AFRICA	1,713	1,723	1,848	7%	8%
EGYPT	222	817	1,098	34%	395%
SINGAPORE	104	747	738	-1%	609%
CHINA	696	369	483	31%	-31%
MEXICO	192	342	379	11%	97%
US	292	242	374	55%	28%
MALAYSIA	691	324	303	-7%	-56%
OTHER	2,994	2,125	1,702	-20%	-43%
Total	13,364	13,259	14,678	11%	10%
<b>Offal cut</b>	<b>Mar-14</b>	<b>Feb-15</b>	<b>Mar-15</b>	<b>Monthly change</b>	<b>Annual change</b>
TRIPE	3,172	3,048	3,529	16%	11%
LIVER	2,161	2,240	2,531	13%	17%
HEART	1,249	1,270	1,476	16%	18%
TONGUES	870	931	1,016	9%	17%
THIN SKIRT	842	787	857	9%	2%
TAIL	750	762	839	10%	12%
CHEEK MEAT	720	657	733	12%	2%
THICK SKIRT	545	522	594	14%	9%
TENDON	503	512	533	4%	6%
LIPS	476	447	510	14%	7%
INTESTINES	651	471	491	4%	-25%
TONGUE ROOT	582	463	423	-9%	-27%
KIDNEY	234	325	411	27%	76%
HEAD	284	374	354	-5%	24%
OTHER	325	453	382	-16%	17%
Total	13,364	13,259	14,678	11%	10%
<b>Destination</b>	<b>Offal cut</b>	<b>Mar-14</b>	<b>Mar-15</b>	<b>Annual change</b>	
KOREA	CHEEK MEAT	486	633	30%	
	TAIL	255	407	60%	
	TRIPE	250	376	50%	
	THICK SKIRT	260	321	23%	
	THIN SKIRT	418	260	-38%	
	Other	538	724	35%	
JAPAN	TONGUES	815	882	8%	
	THIN SKIRT	393	484	23%	
	TRIPE	263	285	8%	
	INTESTINES	260	268	3%	
	THICK SKIRT	278	266	-4%	
	Other	249	310	24%	

HONG KONG	TRIPE	1,941	2,442	26%	
	Other	54	97	80%	
SOUTH AFRICA	LIVER	1,397	1,098	-21%	
	HEART	1	439	52477%	
	KIDNEY	114	266	133%	
	OTHER	201	45		

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
Destination	Mar-14	Feb-15	Mar-15	Monthly change	Annual change
HONG KONG	836	849	1,155	36%	38%
SAUDI ARABIA	464	792	874	10%	88%
JORDAN	197	107	169	58%	-14%
PNG	172	193	148	-23%	-14%
UAE	135	100	142	43%	6%
EU	149	102	125	22%	-16%
CHINA	115	102	100	-2%	-13%
SRI LANKA	146	23	100	337%	-32%
OTHER	650	504	686	36%	6%
Total	2,864	2,771	3,498	26%	22%
<b>Offal cut</b>	<b>Mar-14</b>	<b>Feb-15</b>	<b>Mar-15</b>	<b>Monthly change</b>	<b>Annual change</b>
TRIPE	1,157	894	1,359	52%	17%
LIVER	861	1,048	1,218	16%	42%
HEART	358	306	402	31%	12%
KIDNEY	158	205	199	-3%	26%
TONGUES	122	89	161	80%	32%
OTHER	208	228	159	-30%	-24%
Total	2,864	2,771	3,498	26%	22%
<b>Destination</b>	<b>Offal cut</b>	<b>Mar-14</b>	<b>Mar-15</b>	<b>Annual change</b>	
HONG KONG	TRIPE	812	1,123	38%	
	OTHER	24	33	35%	
SAUDI ARABIA	LIVER	312	777	149%	
	OTHER	152	97	-36%	

Source: Dept. of Agriculture

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# **MLA co-product market report**

**April 2015**

**Table 1: Co-products Prices**

<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Respondents</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Beef</b>					
BEEF LIPS	\$3.16	\$1.36	4	14.0%	12.9%
BEEF LIPS - HALAL	\$2.83	\$0.32	3		4.0%
CHEEKMEAT	\$6.19	\$2.60	5	-5.6%	56.6%
CHEEKMEAT - HALAL	\$5.57	\$0.90	3		
DIAP. MEMBRANE	\$3.61	\$1.38	3	-10.2%	6.5%
HC TRIPE	\$7.19	\$1.46	4	-3.5%	23.9%
HC TRIPE - HALAL	\$7.02	\$0.45	3		
HEADMEAT	\$3.90	\$1.50	3	-6.7%	18.5%
HEADMEAT - HALAL	\$2.75	\$0.50	2		
HEART	\$1.57	\$0.07	4	2.2%	-5.3%
HEART - HALAL	\$1.86	\$0.70	4		27.4%
HEART -AORTA	\$6.23	\$1.64	2	15.2%	23.8%
HEART -AORTA - HALAL	\$5.20	\$1.20	2		
KIDNEYS	\$1.06	\$0.85	4	6.3%	1.4%
KIDNEYS - HALAL	\$1.23	\$0.45	4		11.4%
LIGAMENTUM	\$3.26	\$2.00	5	-7.1%	18.2%
LIVER	\$1.15	\$0.90	5	-5.0%	48.4%
LIVER - HALAL	\$1.51	\$0.55	4		29.8%
LUNGS - HALAL	\$1.25	\$0.10	2		
OMASUM	\$6.15	\$3.50	2	-32.5%	4.9%
OMASUM - HALAL	\$8.03	\$1.55	2		44.9%
RUM.PILL < 500	\$4.82	\$1.85	4	-7.9%	-17.1%
RUM.PILL > 500 < 700	\$6.98	\$1.93	4	-3.5%	-10.4%
RUM.PILL > 700	\$11.24	\$1.72	3	0.7%	7.9%
RUM.PILL< 500 - HALAL	\$5.96	\$0.21	2		
RUM.PILL> 500 < 700 - HALAL	\$6.83	\$1.95	2		
TAIL	\$7.66	\$1.35	5	-1.9%	23.3%
TAIL - HALAL	\$7.70	\$0.80	3		24.2%
TENDONS	\$5.35	\$3.69	2	6.8%	28.2%
TENDONS - HALAL	\$4.33	\$1.65	2		
THICKSKIRT	\$6.67	\$3.50	5	10.0%	37.3%
THICKSKIRT - HALAL	\$5.88	\$2.95	3		
THINSKIRT	\$6.51	\$3.30	5	7.3%	37.4%
THINSKIRT - HALAL	\$5.88	\$2.95	3		
TONGUE RT FILLET	\$5.06	\$1.45	4	3.9%	36.3%
TONGUE RT MEAT	\$1.14	\$0.61	3	-26.0%	-20.7%
TONGUE SW	\$8.31	\$3.05	6	-12.1%	-9.6%
TRIPLE PCS	\$3.49	\$2.25	4	-9.9%	8.6%
TRIPLE PCS - HALAL	\$3.61	\$1.97	3		

<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Respondents</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.43	\$0.15	2	-5.0%	
KIDNEYS SHEEP - HALAL	\$2.85	\$1.70	2	-23.0%	-25.5%
LIVER SHEEP - HALAL	\$1.60	\$0.20	2	6.7%	
TONGUE LC SHEEP HALAL	\$2.98	\$0.95	2	-13.8%	-16.2%
TRIPLE SHEEP - HALAL	\$4.35	\$0.70	2	8.7%	20.0%
RUNNERS LAMB	\$5.90	\$0.80	2	-6.3%	-4.3%
RUNNERS SHEEP	\$4.15	\$1.30	2	-13.5%	-16.7%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$277.50	\$30.00	4	-5.4%	-50.4%
GALL CONCENTRATED	\$24.25	\$5.00	4	3.2%	13.1%
<b>Rendered Products</b>					
BLOODMEAL 85	\$985.00	\$140.00	6	-7.7%	-5.9%
MBM 50	\$609.50	\$140.00	8	-0.8%	-11.3%
TALLOW INED.<1FFA	\$668.75	\$100.00	4	-0.2%	-31.3%
TALLOW INED.<2FFA	\$630.50	\$133.00	4	-1.8%	-31.6%
TALLOW INED.<4FFA	\$611.75	\$168.00	4	4.0%	-31.3%
<b>Hides</b>					
HIDES NSW 141- 180	\$36.25	\$11.00	4	-5.2%	
HIDES NSW 181 - 220	\$45.00	\$15.00	4	-2.2%	
HIDES NSW 221 - 280	\$54.63	\$13.00	4	-2.0%	
HIDES NSW 281 - 350	\$67.50	\$16.00	4	0.0%	
HIDES NSW 351 UP	\$75.88	\$24.50	4	-5.2%	
HIDES QLD TFA 141 - 220	\$36.00	\$10.00	4	0.0%	
HIDES QLD TFA 221 - 280	\$46.06	\$10.00	4	-2.5%	
HIDES QLD TFA 281 - 350	\$57.25	\$13.50	4	1.8%	
HIDES QLD TFA 351 UP	\$69.80	\$18.00	5	4.2%	
HIDES QLD TICKY 141 - 220	\$27.50	\$9.00	2	-11.3%	
HIDES QLD TICKY 221 - 280	\$36.00	\$8.00	2	-7.7%	
HIDES QLD TICKY 281 - 350	\$44.50	\$5.00	2	-5.3%	
HIDES QLD TICKY 350 UP	\$59.33	\$22.00	3	-2.7%	
HIDES VIC 141-180	\$37.33	\$8.00	3	-7.8%	
HIDES VIC 181-220	\$49.67	\$7.00	3	-6.3%	
HIDES VIC 221 - 280	\$59.33	\$6.00	3	-4.3%	
HIDES VIC 281-350	\$69.67	\$15.00	3	-1.9%	
HIDES VIC 351 UP	\$78.00	\$20.00	3	-4.9%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

The AUD/USD exchange rate steadied this month to recover to near US\$0.80. Beef offal exports for the month were fairly sluggish. Omasum into Hong Kong has hit the price barrier, with prices falling significantly, along with honeycomb tripe also feeling the pressure.

Foetal blood prices are now aligned to the current market, six months in the making as long term contracts expired.

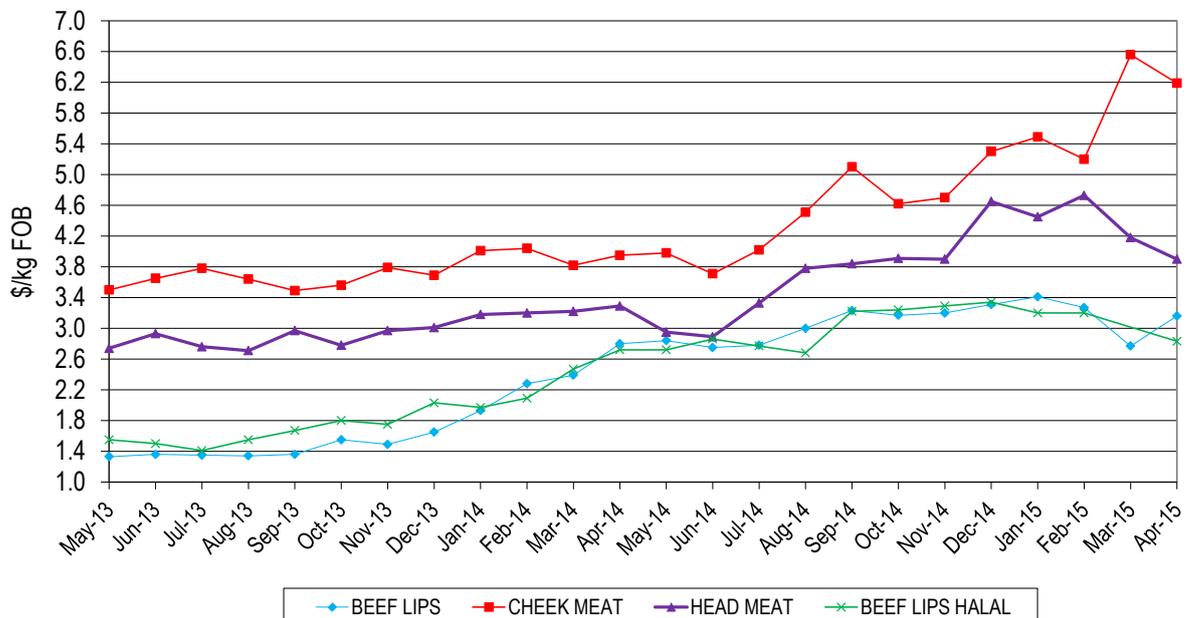
Meat and bone meal prices have stabilised with export support however the price for blood meal continues southward.

Tallow is seeing additional support, with demand from Singapore improving for biodiesel production. Sales are back around the 20,000mt per month level.

Hide prices came under a lot of pressure this month, with Asian tanners struggling to secure orders at current price levels. US exporters' offer prices are significantly down, with other origins following suit. This will have a flow on effect locally.

## Head Offal Prices

Figure 1: Trends in beef head offal prices

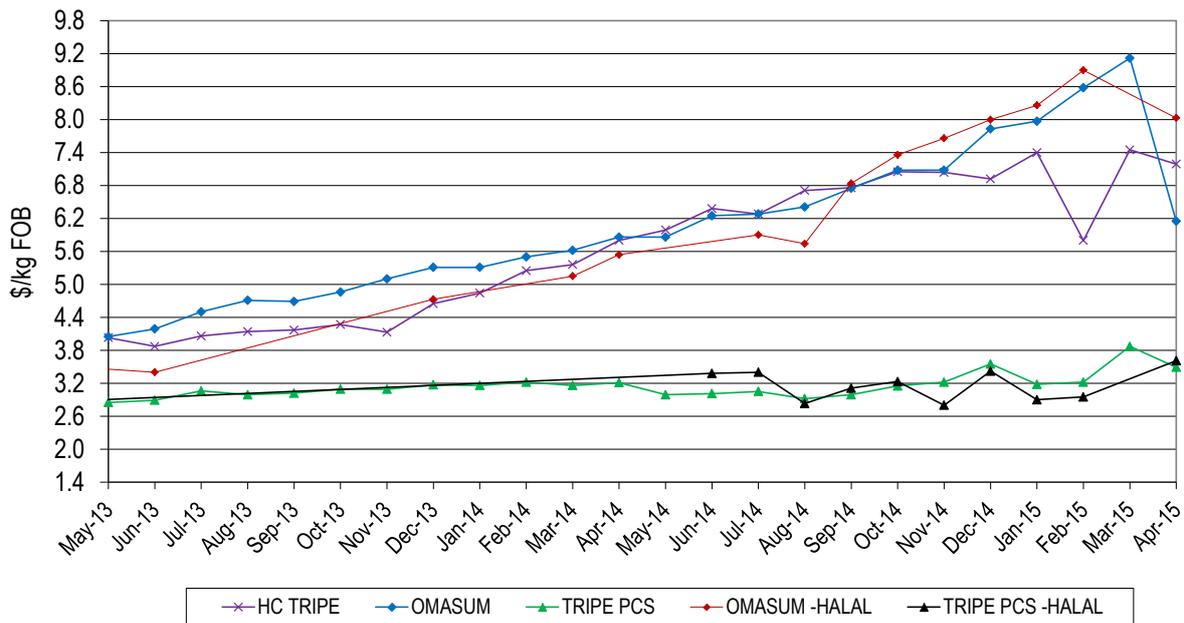


Head offals softened slightly but continue their strong performance, maintaining a large improvement year-on-year and still supported by the falling dollar. Cheek meat is \$2.24/kg better than the March price last year at \$6.19/kg, but down 37¢/kg on last month. Lips rose 39¢/kg, to average \$3.16/kg. Halal lips returned \$2.83/kg, which is 11¢/kg up on last year.

Exporters are still striving to find new markets for their halal product following the Indonesian ban and a lot of halal product is going to non-halal markets. Export volumes are down 2,000mt for the month, spread across all markets.

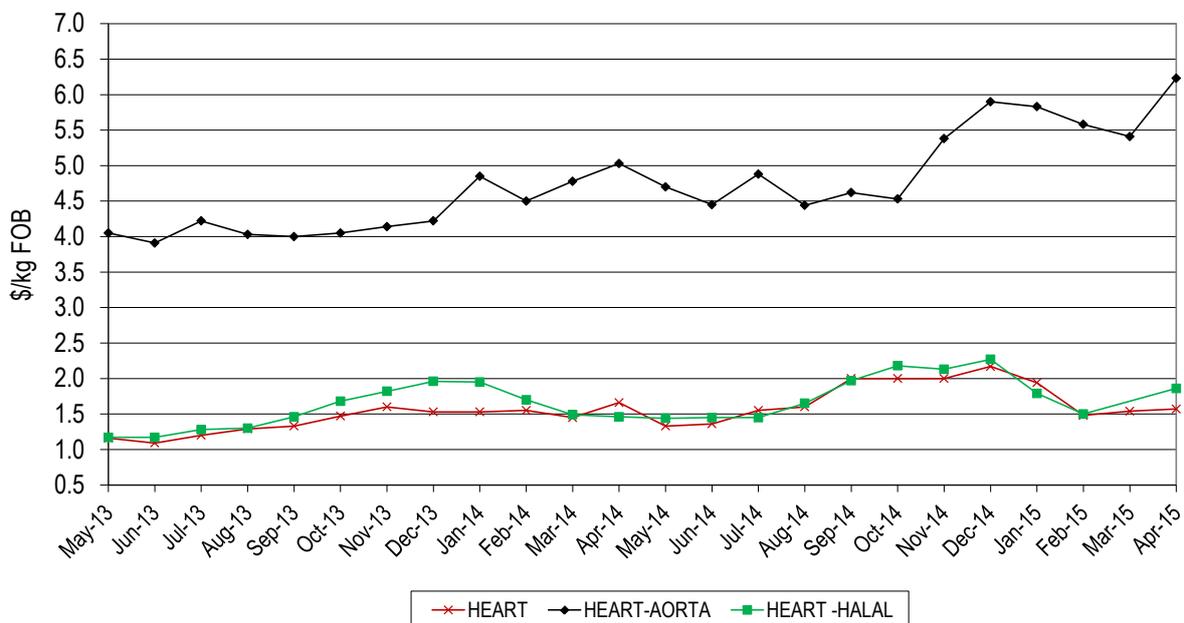
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



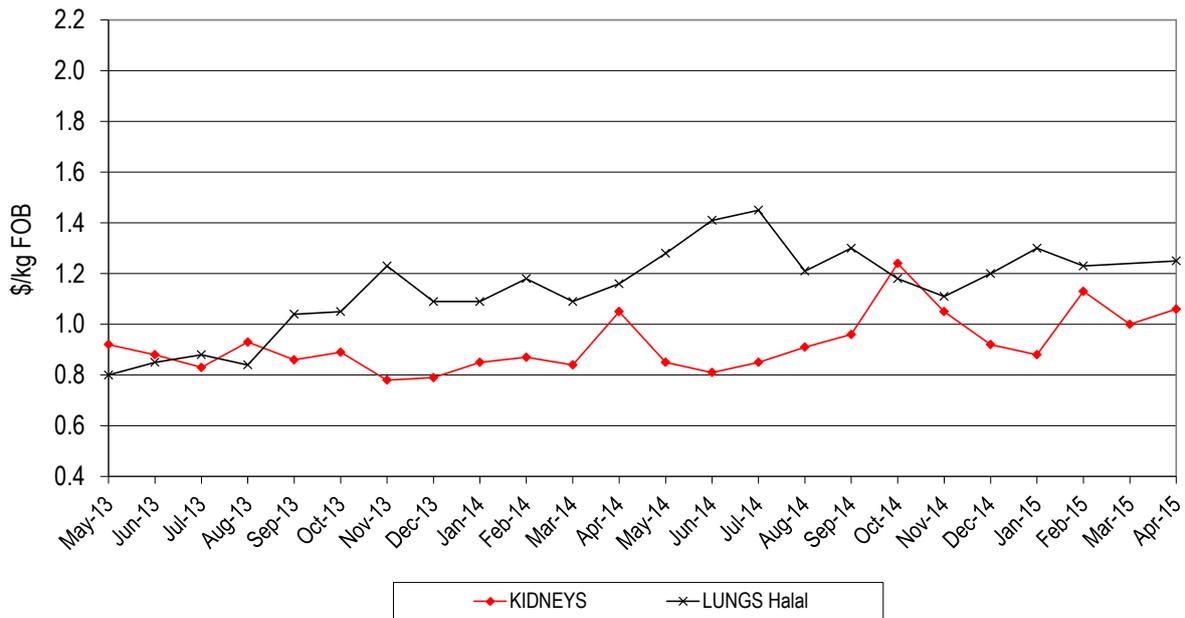
Most tripe lines were weaker for the month. Tripe pieces fell by 38¢/kg, to realize an average of \$3.49/kg, which is 28¢/kg up on last year. Honeycomb tripe saw a downward correction of 26¢/kg, to \$7.19, which is still \$1.39/kg up on last year. Omasum prices hit a brick wall and are now averaging \$6.15/kg, down \$2.97/kg for the month. Halal product fared better, to average \$8.03/kg, for a year-on-year gain of \$2.49 however it remains to be seen if it can hold in the face of a weak market.

### Figure 3a: Trends in beef offal prices



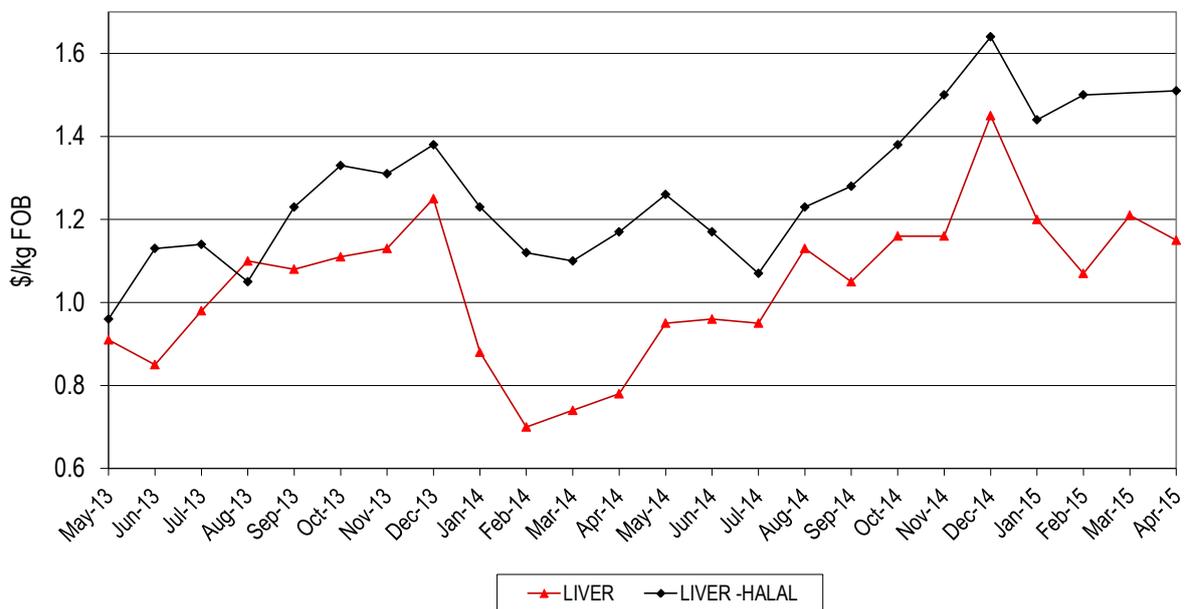
Heart products continued to trade steadily this month as they have done for quite some time. Non-halal hearts were up 3¢/kg on last month but down 9¢/kg year-on-year, averaging \$1.57/kg. Again, halal hearts mainly ended up in the non-halal market but there were some sales at \$1.86/kg for those lucky enough to find a buyer. Aorta bucked the trend to average \$6.23/kg, up 82¢/kg on last month and \$1.20/kg on Aprilpc last year.

**Figure 3b: Trends in beef offal prices**



Kidneys rallied slightly to record \$1.06/kg, up 6¢/kg for the month but in line with last year. Non-halal lungs were very lightly reported while halal product traded steadily, supported by the falling dollar, to trade at \$1.25/kg, which is just 9¢/kg above the price this time last year.

**Figure 3c: Trends in beef offal prices**



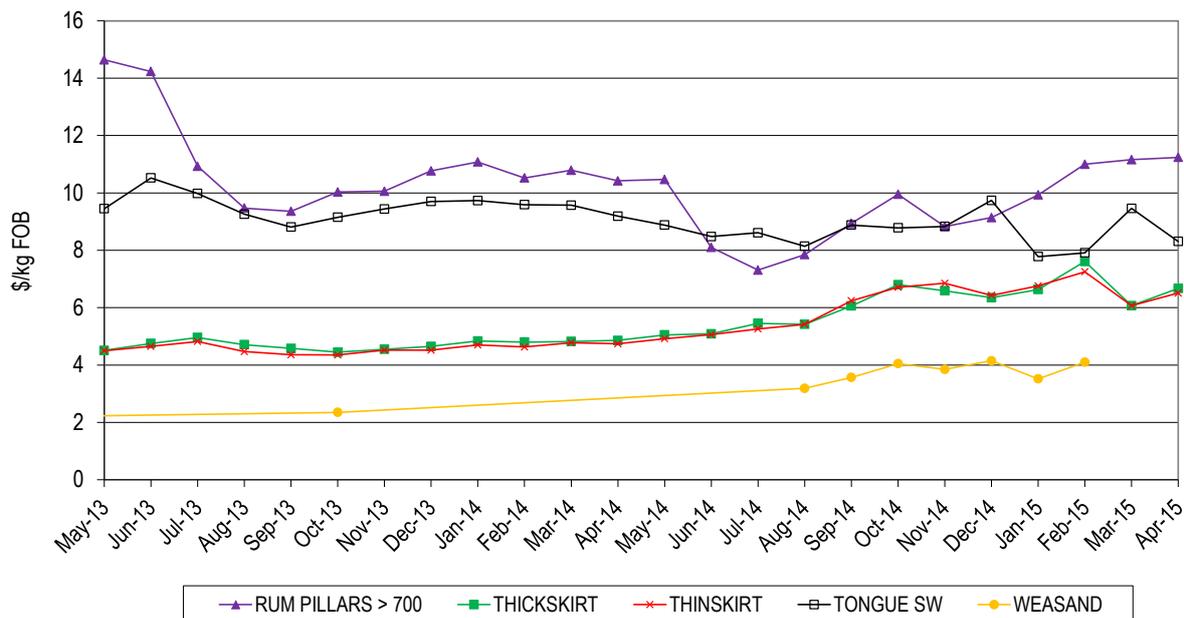
Livers were also fairly lack lustre, with prices for non-halal product falling by 6¢/kg across the month, to trade at \$1.15/kg, however this is 37¢/kg up year-on-year.

Halal liver prices were consistent with the reported February prices, which supports previous comments from last month that the Easter break interfered with price reports being submitted.

Halal sales averaged \$1.51/kg, which is up 34¢/kg year on year. Export volume into Egypt remained solid for the month, and this newly developed volume of sales is certainly supporting the halal liver price.

## Japanese and Korean Offals

### Figure 4: Trends in Japanese offal prices

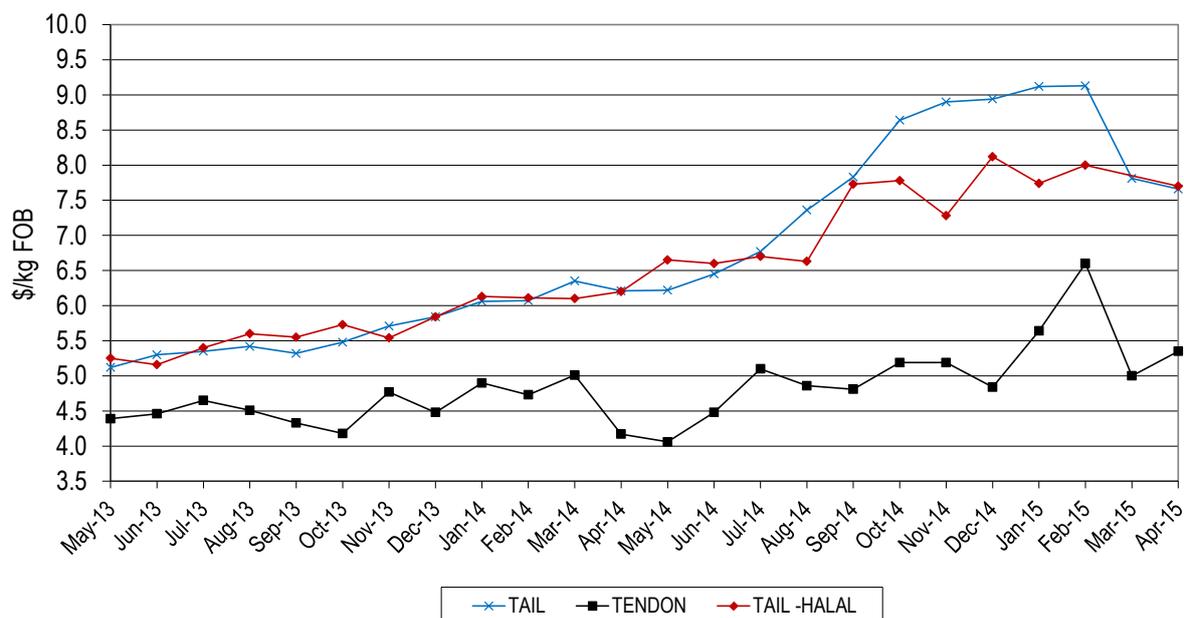


The price of tongues corrected this month, reversing the \$1.55/kg jump last month, with average prices returning to \$8.31/kg, which is 88¢/kg down on last year but, again, the falling dollar had a big effect on minimising that result. Prices of heavy weight range rumen pillars remained steady, to trade at \$11.24/kg, which is 82¢/kg up on last year. Demand in Korea for rumen pillars remains steady.

Thick skirt traded \$1.81/kg up on last year, at \$6.67/kg, and thin skirt prices were \$1.77/kg higher for the same period, averaging \$6.51/kg. Weasand was not reported again this month. Japan and Korean sales volumes of frozen offals are both up 14% year on year and sales volumes to both nations are very similar in tonnage.

## Tails and Tendons

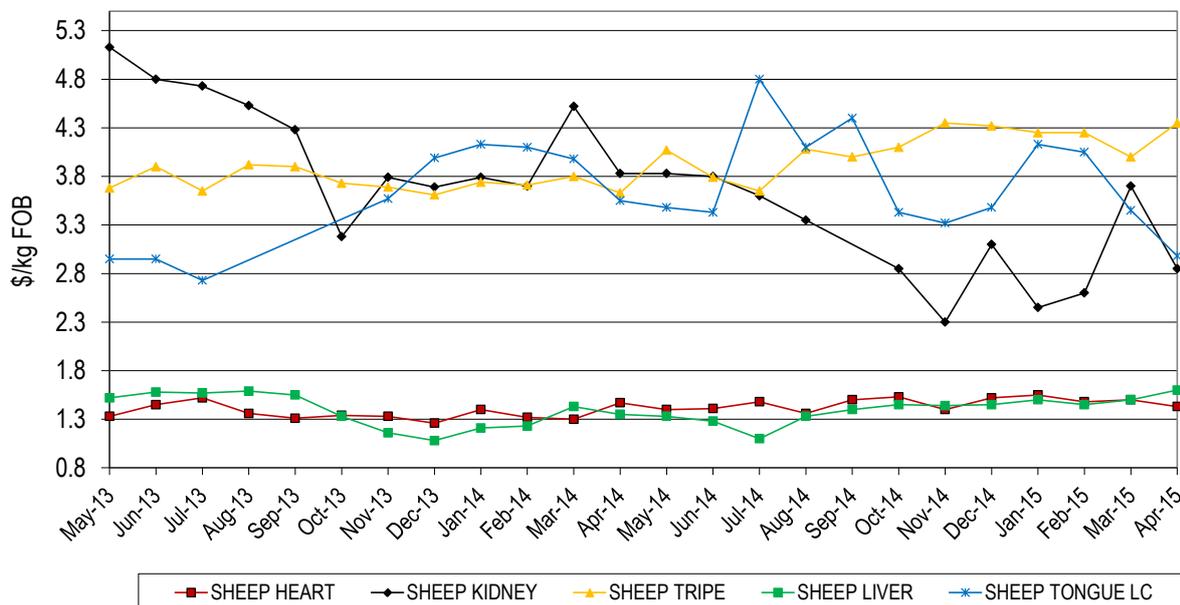
### Figure 5: Trends in tail and tendon prices



Tail prices steadied this month and non-halal and halal prices were almost on a par, averaging \$7.66/kg and \$7.70, respectively, and around \$1.50/kg up on last year. Tendons rallied slightly, up 35¢/kg month-on-month, to average \$5.35, which is \$1.18 above the price a year ago.

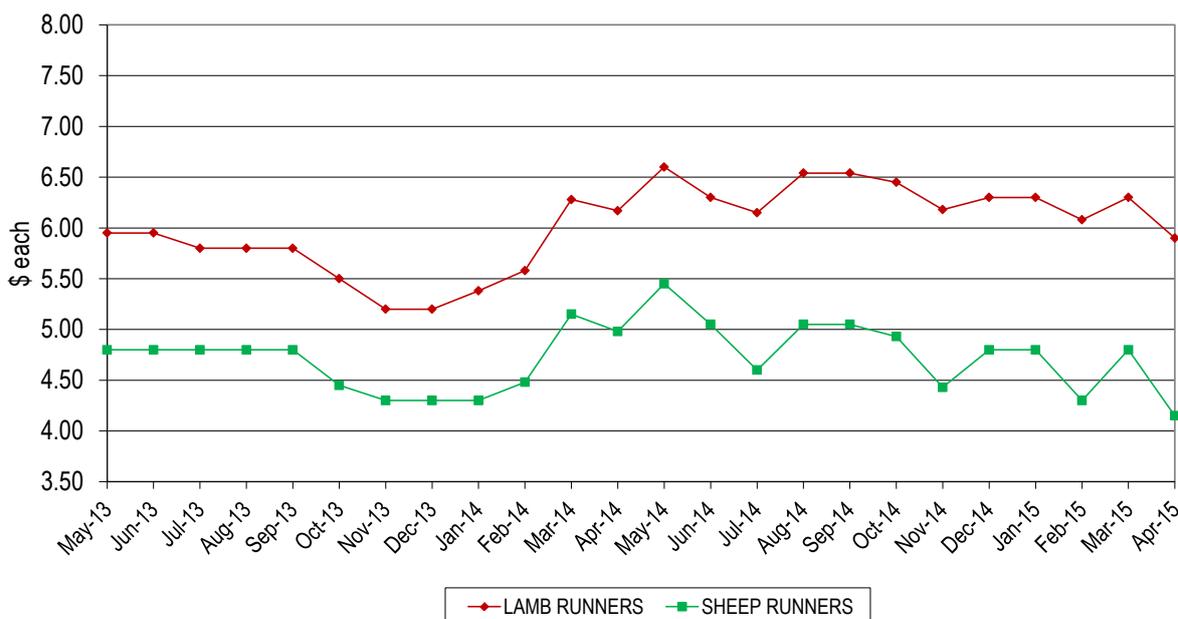
## Sheep Offals

**Figure 6a: Trends in sheep offal prices**



Sheep hearts and livers traded steadily month-on-month, with only small movements reported. Tongues traded down, at an average of \$2.98/kg, while kidneys came back to \$2.85/kg, reversing last month spike and finishing 25¢/kg up on the price two months ago. Last month's spike looks like an aberration. Sheep tripe prices improved 72¢/kg across the year, to trade at \$4.35/kg, 35¢/kg up on last month. Sheep hearts have been steady all year and averaged \$1.43/kg this month, while livers improved 10¢/kg, to average \$1.60/kg.

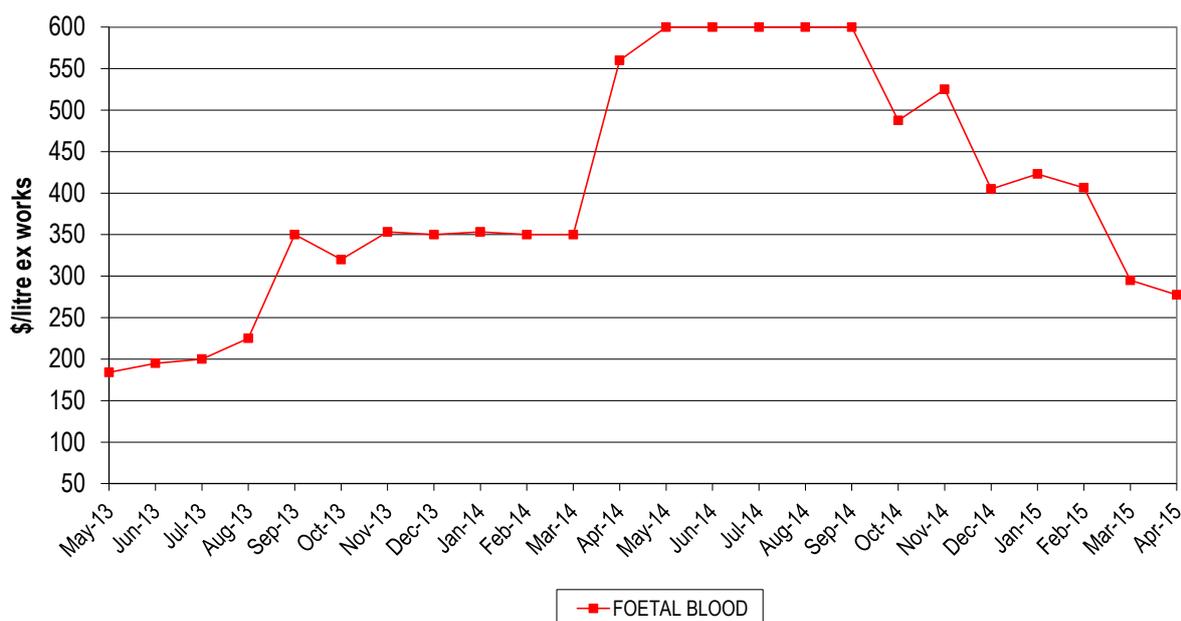
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners fell slightly this month, with \$5.90/piece being realised for lamb, which is 40¢/piece down on last month, and \$4.15/piece for sheep, down 65¢/piece however, all sheep offals were lightly reported.

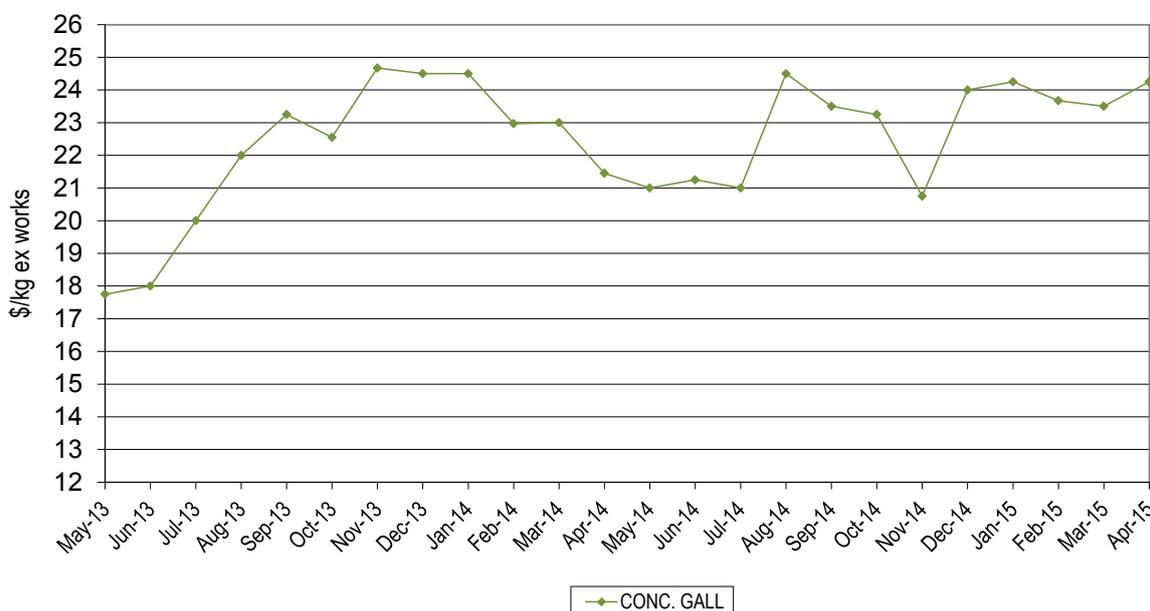
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



The foetal calf blood average price is now in alignment with buyers quotes of \$270/litre. The last of the long term contracts have expired and plants are reporting equivalent prices again.

### Figure 7b: Trends for concentrated gall prices



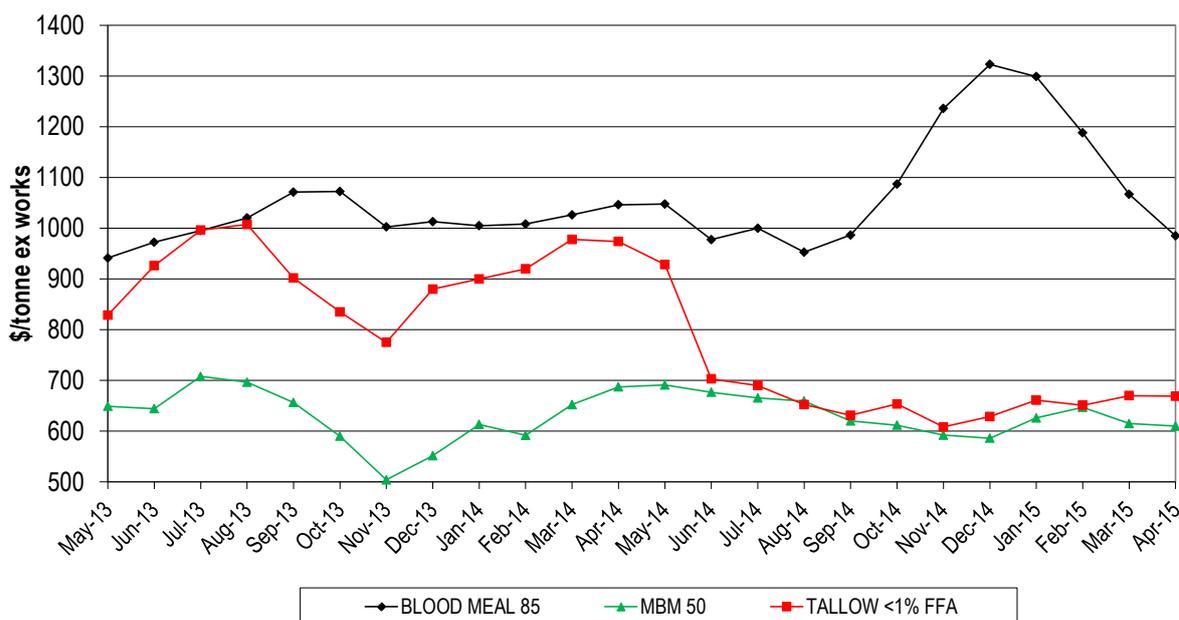
Concentrated gall remains fairly steady however it was lightly reported. The average price has improved 75¢/kg on last month which is an increase of \$2.80/kg on last year's price.

The market for frozen offals in general is fairly soft because of market closures which are reflected in sales volumes falling 13% for the month.

However the volume of sales into the higher priced markets of Japan, Korea and Hong Kong, while back somewhat in volume this last month, have certainly been assisting the return to the carcass over the course of the year.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



Meat and bone meal (MBM) prices have stabilised this month, and while soybean meal prices continue to fall, the recent BSE incident in Canada has opened an opportunity for Australian product to fill the shortfall in Indonesia at much improved prices. This has created a widening gap between domestic prices, with plenty of soybean meal stocks available to Australian feed millers. Accordingly, reduced use of MBM in feed rations has meant local sales are at significant discount to export prices.

Blood meal prices continued the slide that started in February, with aquaculture demand still very low and sellers having to find alternative feed sources, such as poultry rations, which are at a discount to aqua feed. The average prices now being quoted are around \$985/tonne ex-works, a further \$82/tonne down on last month with further falls expected.

Tallow looks likely to improve somewhat with renewed interest from Singapore. The price of 1%FFA tallow averaged \$669/mt, on a par with last month, mainly due to the recent rally of the Aussie dollar.

## Hides

### Green Hide (East Coast) \$/hide Ex Works

HCW	NSW	Vic	HCW	Qld TFA	Qld Ticky
140-180	\$36.25	\$37.50	140-220	\$36.00	\$27.50
180-220	\$45.00	\$49.50			
220-280	\$54.63	\$59.00	220-280	\$46.00	\$36.00
280-350	\$67.50	\$69.50	280-350	\$57.25	\$44.50
350 up	\$76.00	\$78.00	350 up	\$70.00	\$59.50

Hide prices started to come under pressure as demand from China waned. Concerns are being expressed by some exporters around the world of buyers looking to renege on contracts due to falling offer prices, particularly from US exporters.

Many were hoping the Hong Kong leather fair would stimulate a new round of business but it only confirmed the business is well down on last year.

We can expect further price adjustments until tanners see some light at the end of the tunnel and a return to profitability.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Apr-14</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>Monthly change</b>	<b>Annual change</b>
JAPAN	2,073	2,494	2,372	-5%	14%
HONG KONG	2,056	2,538	2,292	-10%	11%
KOREA	1,915	2,721	2,186	-20%	14%
SOUTH AFRICA	1,198	1,848	1,478	-20%	23%
EGYPT	392	1,098	1,085	-1%	177%
SINGAPORE	172	738	873	18%	406%
CHINA	525	483	357	-26%	-32%
MALAYSIA	565	303	271	-11%	-52%
THAILAND	632	275	256	-7%	-59%
US	234	374	227	-39%	-3%
OTHER	3,435	1,805	1,391	-23%	-60%
Total	13,197	14,678	12,788	-13%	-3%
<b>Offal cut</b>	<b>Apr-14</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>Monthly change</b>	<b>Annual change</b>
TRIPE	3,058	3,529	3,027	-14%	-1%
LIVER	2,022	2,531	2,165	-14%	7%
HEART	1,148	1,476	1,088	-26%	-5%
TONGUES	958	1,016	1,043	3%	9%
THIN SKIRT	682	857	825	-4%	21%
CHEEK MEAT	646	733	687	-6%	6%
TAIL	661	839	682	-19%	3%
THICK SKIRT	501	594	505	-15%	1%
INTESTINES	663	491	490	0%	-26%
TONGUE ROOT	861	423	489	16%	-43%
TENDON	479	533	434	-19%	-9%
LIPS	487	510	396	-22%	-19%
KIDNEY	368	411	365	-11%	-1%
HEAD	355	354	310	-13%	-13%
OTHER	308	382	282	-26%	-8%
TOTAL	13,197	14,678	12,788	-13%	-3%
<b>Destination</b>	<b>Offal cut</b>	<b>Apr-14</b>	<b>Apr-15</b>	<b>Annual change</b>	
KOREA	CHEEK MEAT	493	603	22%	
	TAIL	216	361	67%	
	TRIPE	156	216	39%	
	THICK SKIRT	267	284	6%	
	THIN SKIRT	312	262	-16%	
	OTHER	470	461	-2%	
JAPAN	TONGUES	723	847	17%	
	THIN SKIRT	346	486	41%	
	TRIPE	254	289	14%	
	INTESTINES	293	287	-2%	
	THICK SKIRT	229	212	-8%	
	OTHER	225	250	11%	

<b>Beef and veal offal exports (tonnes swt)</b>					
HONG KONG	TRIPE	2,018	2,178	8%	
	OTHER	38	114	198%	
SOUTH AFRICA	LIVER	1,039	973	-6%	
	KIDNEY	90	212	136%	
	HEART	54	140	161%	
	OTHER	164	164	0%	

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Apr-14</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>Monthly change</b>	<b>Annual change</b>
SAUDI ARABIA	631	874	826	-5%	31%
HONG KONG	699	1,155	695	-40%	-1%
EU	125	125	175	41%	41%
SOUTH AFRICA	186	83	121	45%	-35%
CHINA	110	100	119	19%	8%
PNG	159	148	118	-21%	-26%
UAE	149	142	97	-32%	-35%
SRI LANKA	149	100	75	-25%	-50%
OTHER	442	771	439	-43%	-1%
TOTAL	2,649	3,498	2,665	-24%	1%
<b>Offal cut</b>	<b>Apr-14</b>	<b>Mar-15</b>	<b>Apr-15</b>	<b>Monthly change</b>	<b>Annual change</b>
LIVER	974	1,218	995	-18%	2%
TRIPE	938	1,359	930	-32%	-1%
HEART	304	402	272	-32%	-11%
KIDNEY	137	199	150	-25%	10%
TONGUES	126	161	112	-30%	-11%
OTHER	169	159	207	30%	22%
Total	2,649	3,498	2,665	-24%	1%
<b>Destination</b>	<b>Offal cut</b>	<b>Apr-14</b>	<b>Apr-15</b>	<b>Annual change</b>	
HONG KONG	TRIPE	650	693	7%	
	OTHER	49	2	-96%	
SAUDI ARABIA	LIVER	501	754	50%	
	OTHER	130	72	-45%	

Source: Dept. of Agriculture

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Free to MLA members

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# **MLA co-product market report**

**May 2015**

**Table 1: Co-products Prices**

<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Respondents</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Beef</b>					
ABOMASUM	\$2.55		2	-17.6%	-15.2%
BEEF LIPS	\$3.13	\$1.01	3	-0.9%	10.3%
BEEF LIPS - HALAL	\$3.16	\$1.25	4	11.9%	16.4%
CHEEKMEAT	\$6.77	\$1.50	3	9.4%	70.0%
CHEEKMEAT - HALAL	\$5.78	\$0.85	3	3.9%	
DIAP. MEMBRANE	\$3.05	\$2.28	4	-15.7%	-10.6%
HC TRIPE	\$6.20	\$2.30	3	-13.8%	3.6%
HC TRIPE - HALAL	\$7.20		2	2.6%	
HEADMEAT	\$4.10	\$0.70	3	5.1%	86.4%
HEADMEAT - HALAL	\$4.03		2	46.4%	23.8%
HEART	\$1.70	\$0.55	3	8.3%	28.3%
HEART - HALAL	\$2.05	\$0.90	3	10.1%	42.4%
HEART -AORTA	\$7.68		2	23.3%	63.4%
HEART -AORTA - HALAL	\$6.95		2	33.7%	
KIDNEYS	\$0.95		2	-10.6%	11.2%
KIDNEYS - HALAL	\$1.34	\$0.65	4	9.2%	70.4%
LIGAMENTUM	\$3.33	\$2.20	4	2.0%	20.2%
LIVER	\$1.16	\$0.53	3	0.9%	22.1%
LIVER - HALAL	\$1.48	\$0.80	4	-2.5%	17.4%
LUNGS - HALAL	\$1.43		2	14.0%	-25.0%
OMASUM	\$8.03		2	30.5%	37.0%
OMASUM - HALAL	\$9.30	\$3.30	3	15.9%	
RUM.PILL < 500	\$4.11	\$1.93	3	-14.8%	-33.5%
RUM.PILL > 500 < 700	\$7.11	\$0.83	4	1.8%	-3.1%
RUM.PILL > 700	\$9.54	\$0.75	4	-15.2%	-8.9%
RUM.PILL< 500 - HALAL	\$3.65		2	-38.7%	
RUM.PILL> 500 < 700 - HALAL	\$6.55		2	-4.0%	
RUM.PILL> 700 - HALAL	\$9.20		2	-14.8%	
SPLEEN	\$1.55		2		51.2%
TAIL	\$6.83	\$0.95	3	-10.8%	9.9%
TAIL - HALAL	\$8.33	\$0.30	3	8.2%	25.3%
TENDONS - HALAL	\$6.55		2	51.4%	
THICKSKIRT	\$7.27	\$1.30	4	8.9%	43.8%
THICKSKIRT - HALAL	\$7.00		2	19.0%	40.0%
THINSKIRT	\$7.28	\$1.40	4	11.8%	48.1%
THINSKIRT - HALAL	\$6.80		2	15.6%	38.8%
TONGUE RT FILLET	\$4.91	\$1.04	3	-2.9%	32.3%
TONGUE RT MEAT	\$1.26		2	10.4%	-28.3%
TONGUE SW	\$8.32	\$2.02	4	0.1%	-6.3%
TONGUE SW - HALAL	\$8.45		2	6.3%	
TRIPLE PCS	\$2.83		2	-19.1%	-5.5%
TRIPLE PCS - HALAL	\$3.05	\$0.35	3	-15.5%	

<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Respondents</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.46	\$0.25	4	2.6%	
KIDNEYS SHEEP - HALAL	\$2.70	\$1.70	3	-5.3%	-29.6%
LIVER SHEEP - HALAL	\$1.53	\$0.40	4	-4.7%	
TONGUE LC SHEEP HALAL	\$3.86	\$0.85	4	29.8%	10.9%
TRIBE SHEEP - HALAL	\$4.40	\$0.70	4	1.1%	8.2%
RUNNERS LAMB	\$5.53	\$1.50	3	-6.2%	-16.2%
RUNNERS SHEEP	\$4.00	\$1.30	3	-3.6%	-26.6%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$260.00		2	-6.3%	-56.7%
GALL CONCENTRATED	\$24.25		2	0.0%	15.5%
<b>Rendered Products</b>					
BLOODMEAL 85	\$956.67	\$110.00	3	-2.9%	-8.7%
MBM 50	\$610.50	\$88.00	4	0.2%	-11.6%
TALLOW INED.<1FFA	\$685.00		2	2.4%	-26.2%
TALLOW INED.<2FFA	\$629.00		2	-0.2%	-31.4%
TALLOW INED.<4FFA	\$630.00		2	3.0%	-27.2%
<b>Hides</b>					
HIDES NSW 141- 180	\$33.67	\$4.00	3	-7.1%	
HIDES NSW 181 - 220	\$38.33	\$4.00	3	-14.8%	
HIDES NSW 221 - 280	\$46.67	\$4.00	3	-14.6%	
HIDES NSW 281 - 350	\$58.33	\$7.00	3	-13.6%	
HIDES NSW 351 UP	\$66.33	\$13.00	3	-12.6%	
HIDES QLD TFA 141 - 220	\$31.00	\$4.00	4	-13.9%	
HIDES QLD TFA 221 - 280	\$39.75	\$5.00	4	-13.7%	
HIDES QLD TFA 281 - 350	\$53.50	\$4.00	4	-6.6%	
HIDES QLD TFA 351 UP	\$62.75	\$4.00	4	-10.1%	
HIDES QLD TICKY 141 - 220	\$23.00	\$3.00	3	-16.4%	
HIDES QLD TICKY 221 - 280	\$33.67	\$4.00	3	-6.5%	
HIDES QLD TICKY 281 - 350	\$42.00	\$2.00	3	-5.6%	
HIDES QLD TICKY 350 UP	\$51.00	\$7.00	3	-14.0%	
HIDES VIC 141-180	\$36.33	\$4.00	3	-2.7%	
HIDES VIC 181-220	\$46.00	\$6.00	3	-7.4%	
HIDES VIC 221 - 280	\$55.67	\$7.00	3	-6.2%	
HIDES VIC 281-350	\$65.33	\$6.00	3	-6.2%	
HIDES VIC 351 UP	\$74.33	\$9.00	3	-4.7%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

The Aussie Dollar was volatile in May, peaking at just over 81US¢ and finishing the month at just under 77US¢. Beef offal prices for the month were fairly sluggish. Omasum into Hong Kong recovered almost \$2/kg after last month's fall in price however this is expected to be short lived. Honeycomb tripe continued its downward trend.

Foetal blood prices have steadied to more sustainable levels.

Meat and bone meal prices are steady with export support however the price for blood meal continues southward.

Tallow also remains fairly steady, with improving orders from Singapore keeping demand steady. Sales into Singapore remain around the 20,000mt per month level.

Hide prices continued to suffer this month, with Asian tanners showing little interest at current price levels. Prices are expected to continue the downward trend over the next few months. Sheep skins on the other hand improved.

## Head Offal Prices

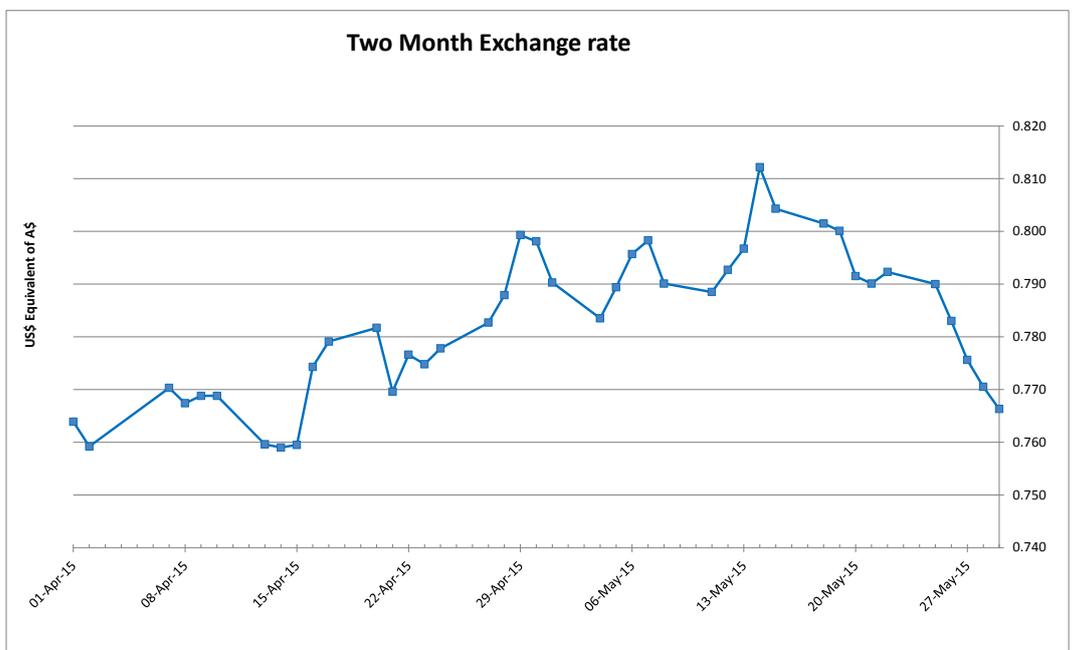
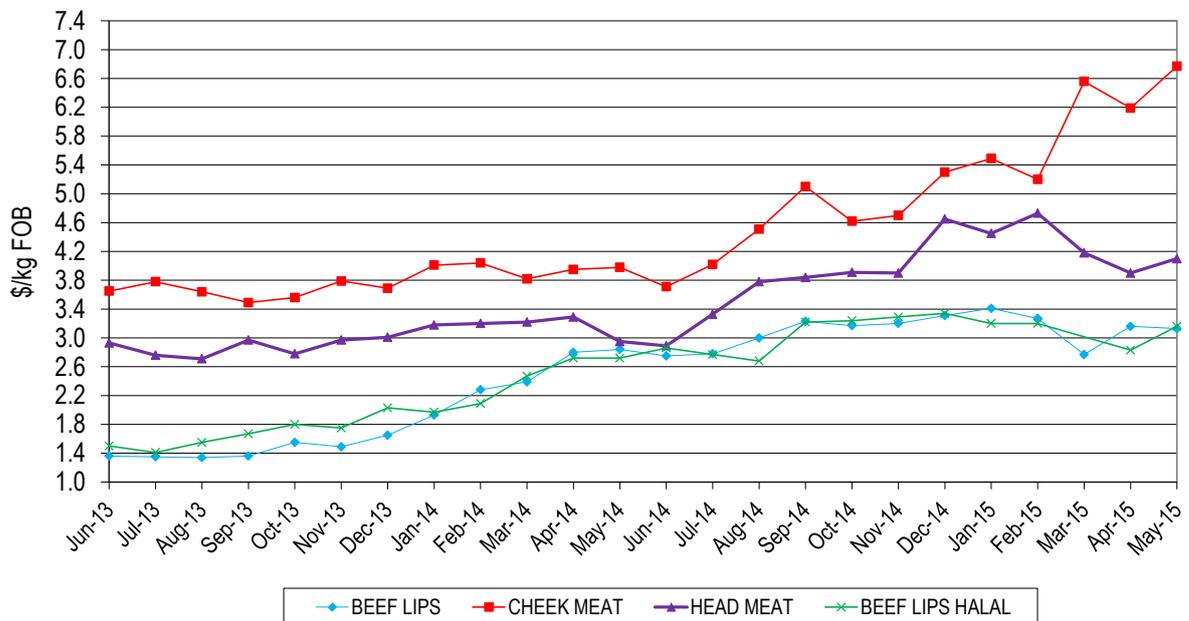


Figure 1: Trends in beef head offal prices

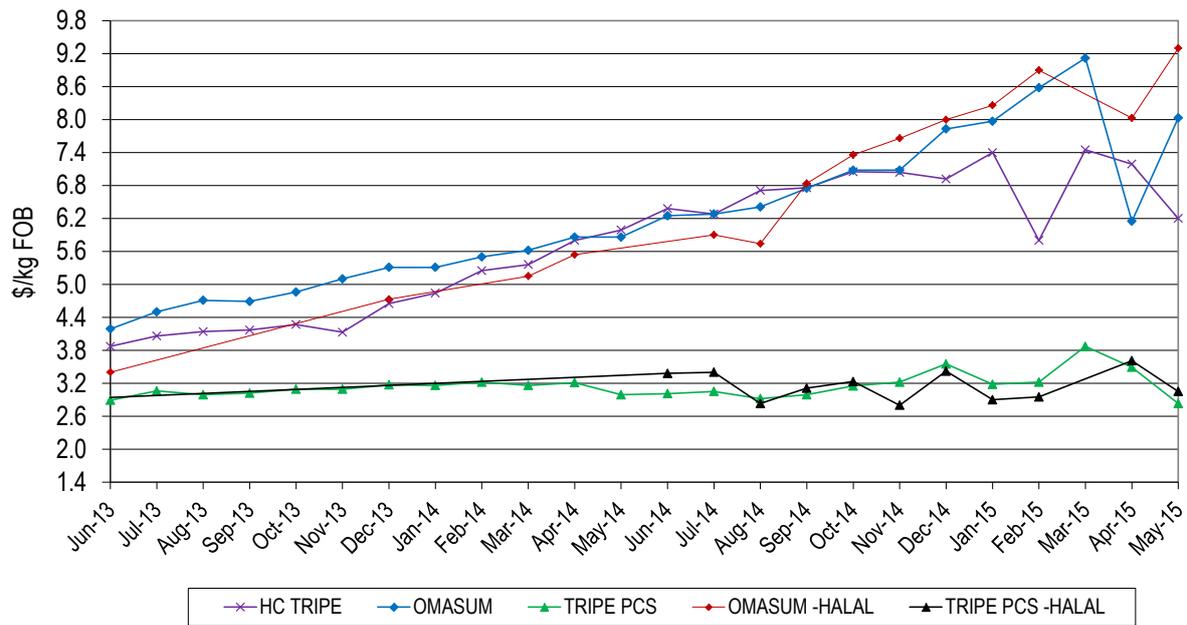


Head offals in general continue to maintain a large improvement year-on-year, also being supported by the falling dollar. Cheek meat is \$2.79/kg better than the May price last year at \$6.77/kg, up 58¢/kg on last month, while head meat is trading \$1.15/kg higher year-on-year and 20¢/kg up on last month. The Korean cold stores have plenty of cheek meat in stock so prices are expected to soften moving forward.

Lips are coming under some pressure both in USA and Mexico, however their prices are still better than alternative markets such as South Africa.

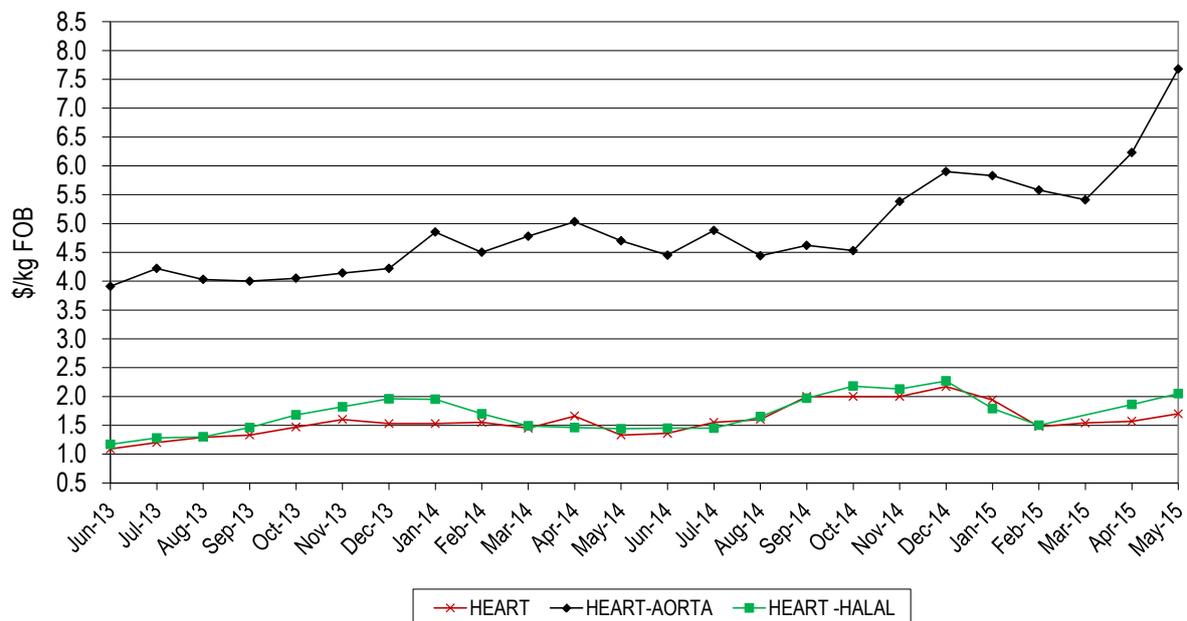
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



Most tripe lines were weaker for the month. Tripe pieces fell by 66¢/kg, to realize an average of \$2.83/kg, which is 16¢/kg down on last year. Honeycomb tripe saw a downward correction of 99¢/kg, to \$6.20/kg, which is still 21¢/kg up on last year. Omasum prices, whilst recovering \$1.88/kg for the month, are looking at a major correction over the next few weeks with sales looking very difficult to achieve.

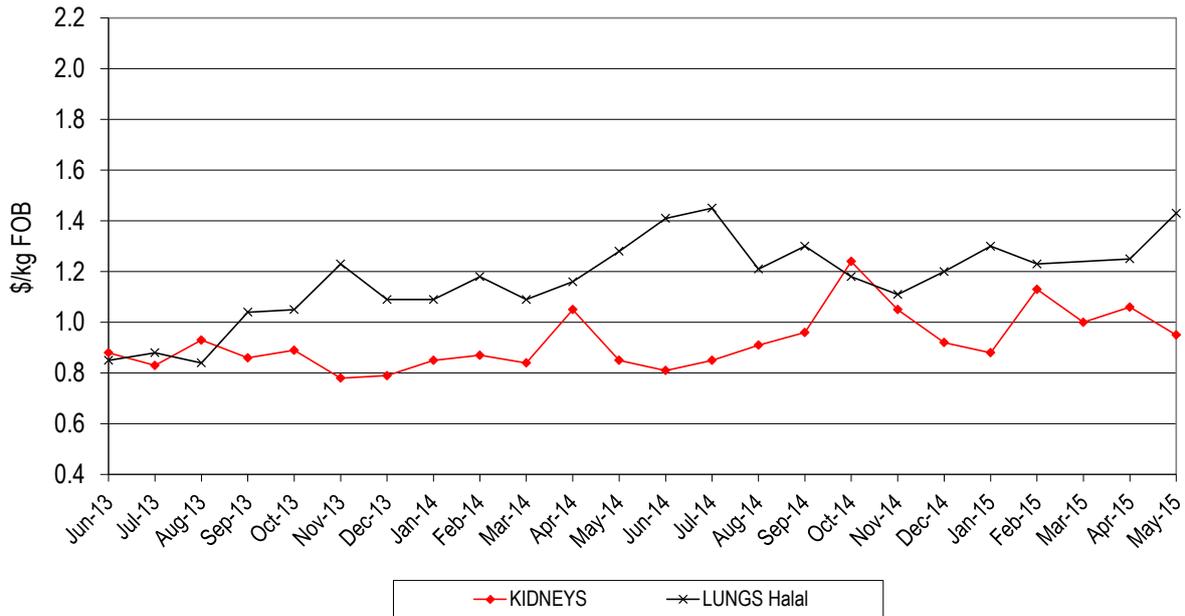
### Figure 3a: Trends in beef offal prices



Heart products continued to trade steadily this month as they have done for quite some time. Non-halal hearts were up 13¢/kg on last month and up 37¢/kg year-on-year, averaging \$1.70/kg. Halal hearts found an average of \$2.05/kg, which is an improvement of 19¢/kg over last month and a welcome 61¢/kg over the same time last year.

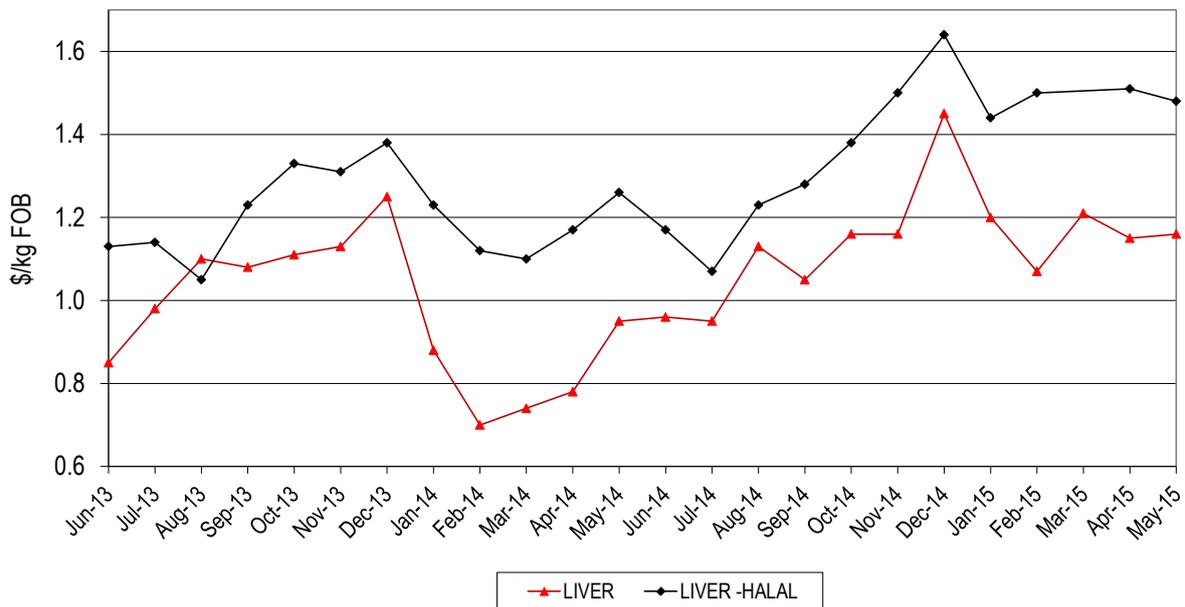
Aorta was the big winner in May, sharply trending upward to average \$7.68/kg, up \$1.45/kg on last month and a healthy \$2.98/kg rise over May prices last year. The market into China is looking very firm into the future.

**Figure 3b: Trends in beef offal prices**



Kidneys and lungs both continued to achieve a fairly steady price, with slight variations averaging out over the 12-month period. Kidneys recorded 95¢/kg, down 11¢/kg for the month but a 10¢/kg improvement over last year. Non-halal lungs were very lightly reported while halal product traded firm, supported by the falling dollar, to average \$1.43/kg, which is 15¢/kg above this time last year and 18¢/kg up on April.

**Figure 3c: Trends in beef offal prices**



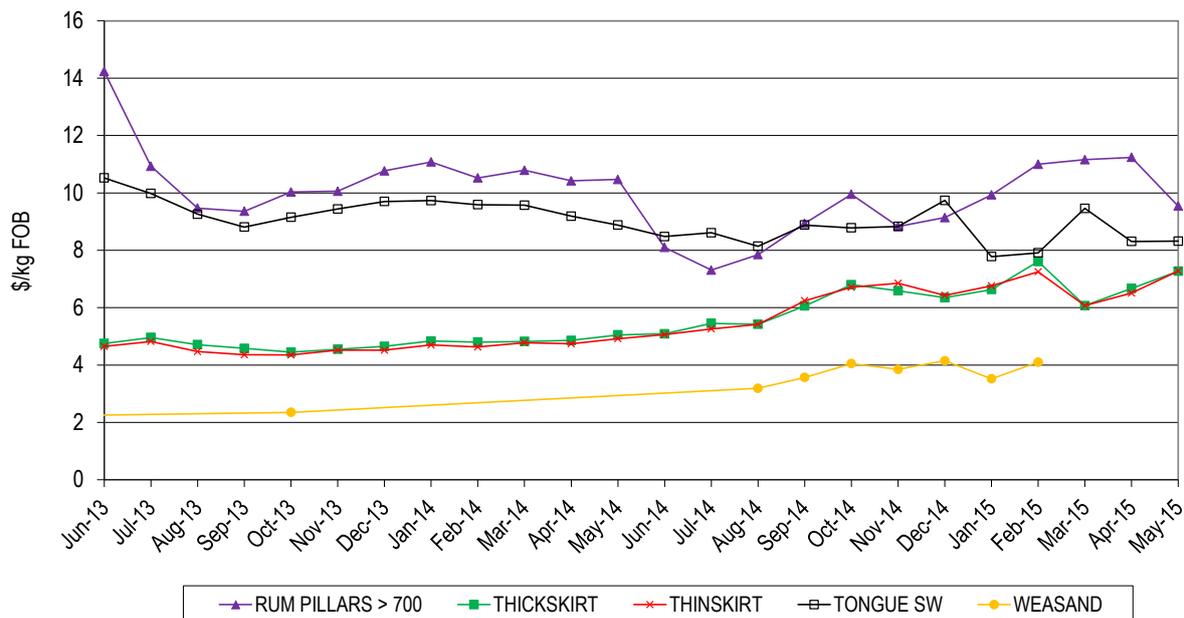
Livers were steady across the month, with prices for non-halal product improving just 1¢/kg since April, to trade at \$1.16/kg, however this is 21¢/kg up year-on-year.

Halal sales averaged \$1.48/kg, down 3¢/kg on prices recorded in April, however these prices are an improvement of 34¢/kg year on year.

Egypt continues to lead the way on halal liver sales.

## Japanese and Korean Offals

### Figure 4: Trends in Japanese offal prices



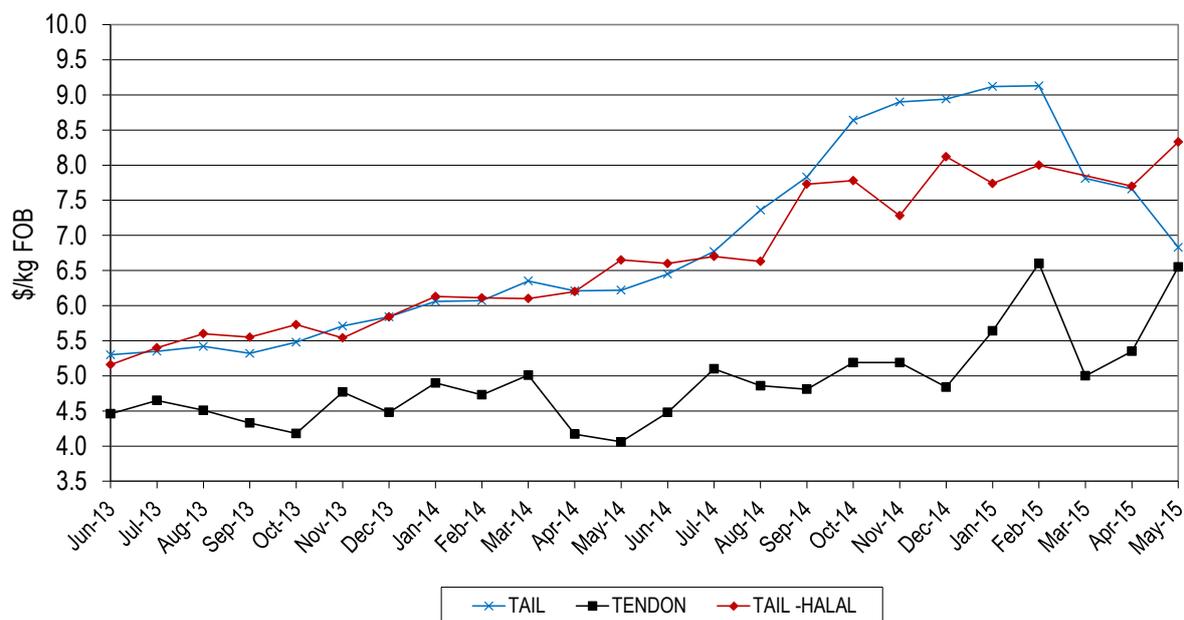
The price of tongues steadied this month, trading just 1¢/kg higher than April, with average prices returning \$8.32/kg. With US Dollar prices under pressure this is 56¢/kg down on last year. Thick skirt traded \$2.22/kg up on last year, at \$7.27/kg, and thin skirt prices were \$2.36/kg higher for the same period, averaging \$7.28/kg. With full bond warehouses in Japan awaiting third quarter quota, it is expected the market will remain soft looking to the future.

Prices of heavy weight range rumen pillars also fell sharply, to trade at \$9.54/kg, a fall of \$1.70 since April and 93¢/kg lower than this time last year. Again high stock levels in the cold stores are affecting prices.

Prices are going to remain under pressure for both markets.

## Tails and Tendons

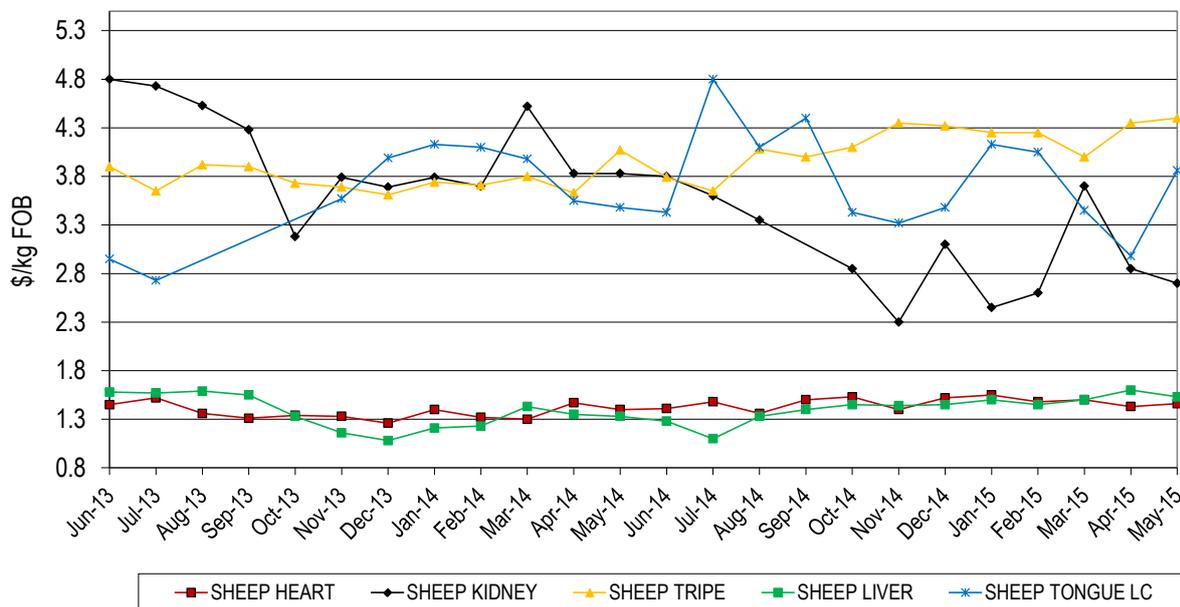
### Figure 5: Trends in tail and tendon prices



Tail prices in Japan also suffered, averaging \$6.83/kg, down 83¢/kg since April. Halal tails fared better, at \$7.70/kg, which is \$1.68/kg up on last year's price and 63¢/kg better than April. Tendons improved by \$1.20/kg month-on-month, to average \$6.55, which is \$2.49 above the price a year ago.

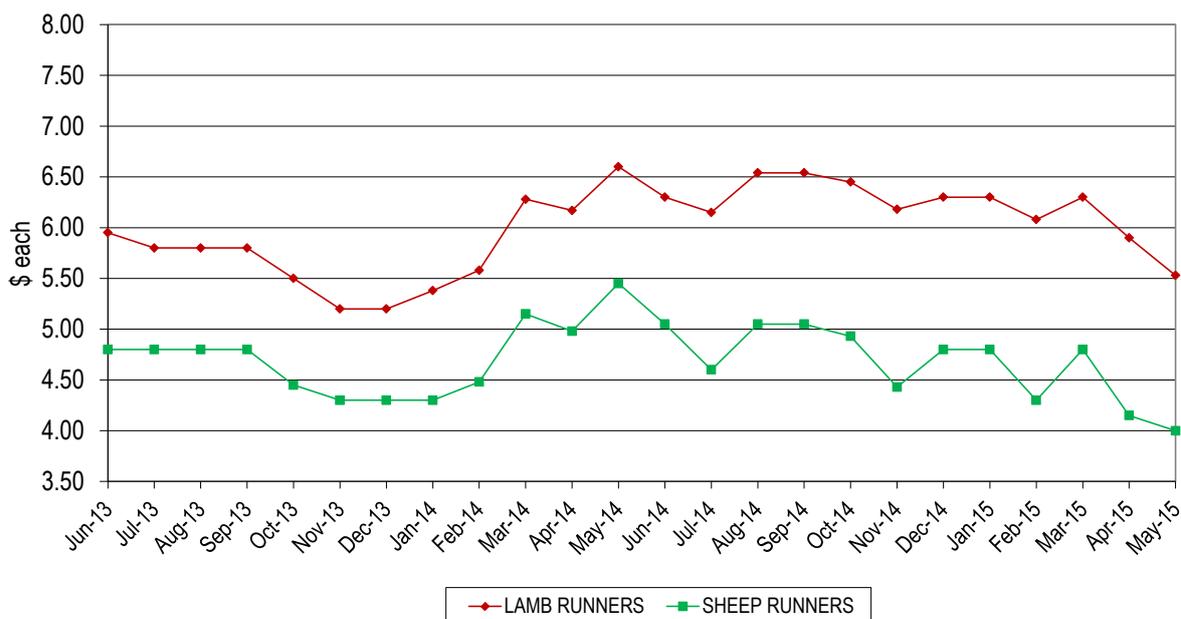
## Sheep Offals

**Figure 6a: Trends in sheep offal prices**



Sheep hearts and livers continued to trade steadily as they have all year, with only small movements reported. Tongues recovered, to average \$3.86/kg, while kidneys fell 15¢/kg month-on-month, to record \$2.70/kg. Sheep tripe prices improved 33¢/kg across the year, to trade at \$4.40/kg, which is 5¢/kg up on last month. Sheep hearts have been steady all year and averaged \$1.46/kg this month, while livers fell 7¢/kg, to average \$1.53/kg.

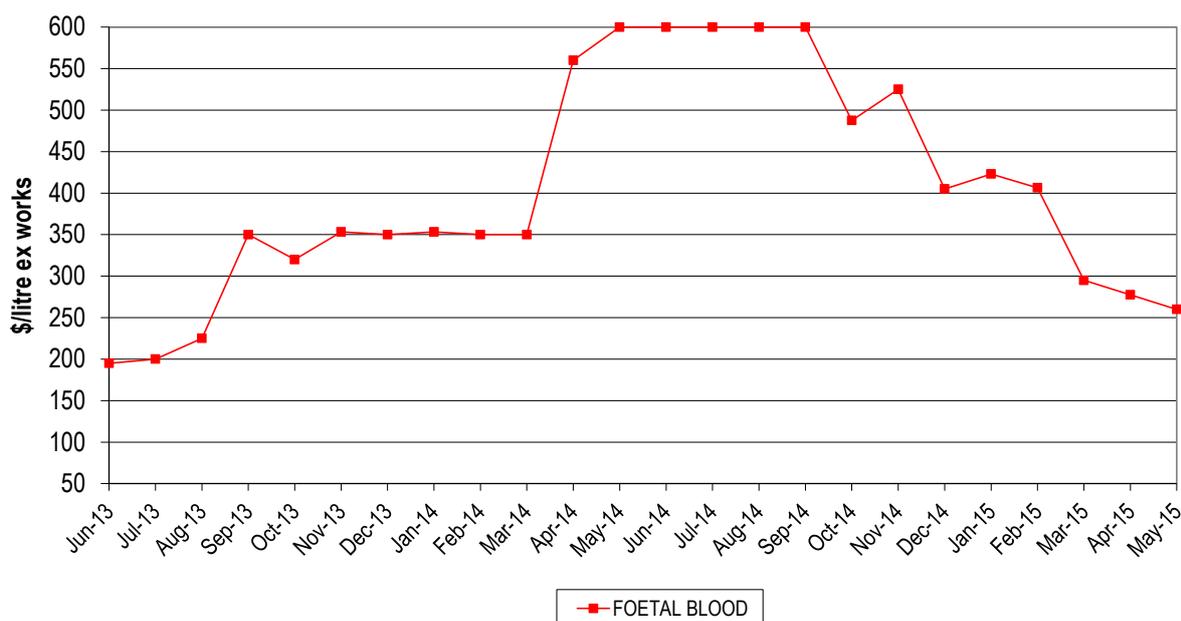
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners were under pressure during the month, with \$5.53/piece being realised for lamb, which is 37¢/piece down on last month's price, and \$4.00/piece for sheep, down 15¢/piece month-on-month. However, once again, all sheep offals were lightly reported.

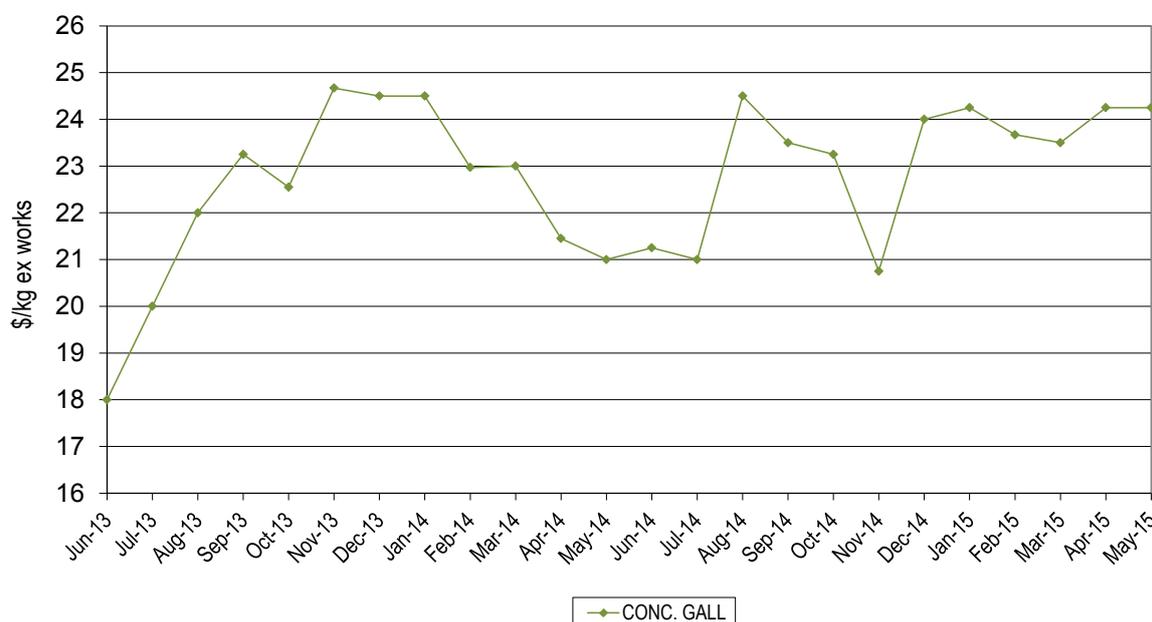
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



The foetal calf blood average price of \$260/litre appears to have now stabilised to around a workable price for buyers.

### Figure 7b: Trends for concentrated gall prices



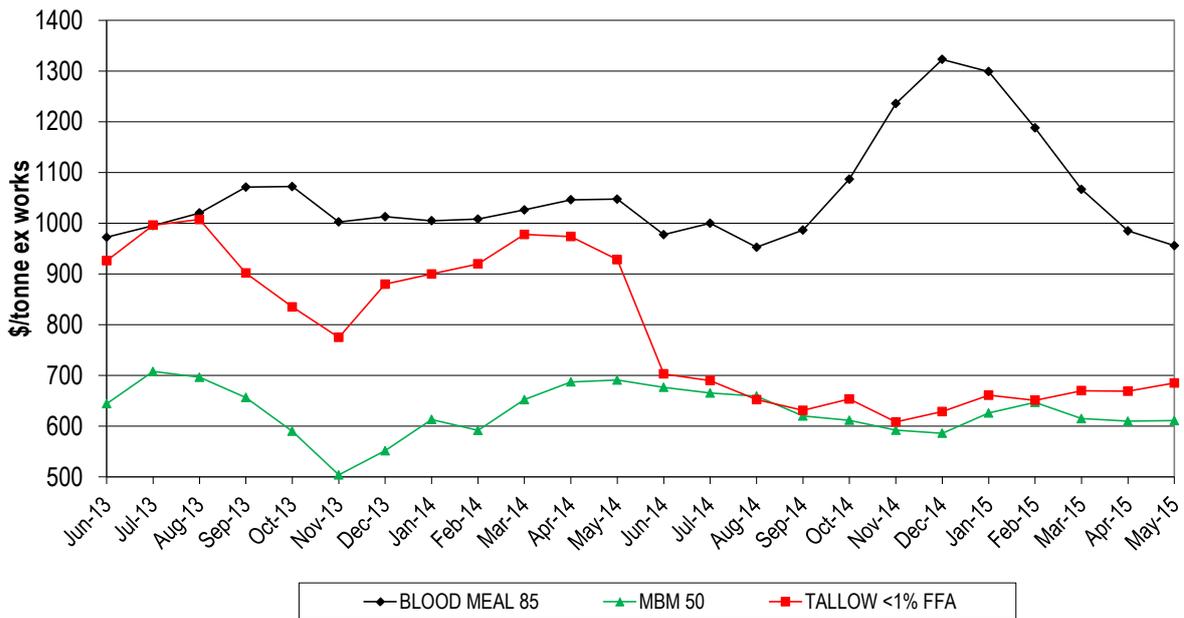
Concentrated gall remains fairly steady however it was lightly reported. The average price of \$24.25/kg is identical to last month, which is an increase of \$3.25/kg on last year's price.

The market for frozen offals in general is fairly soft because of market closures and red offal quota in Japan being over-subscribed. This is expected to deliver a downward trend for a number of offals as we go forward into the third and fourth quarters of the year.

Traders are expecting a difficult time, with lower prices becoming the answer to buyer reluctance and the need to re-position some items to alternate, lower value markets.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



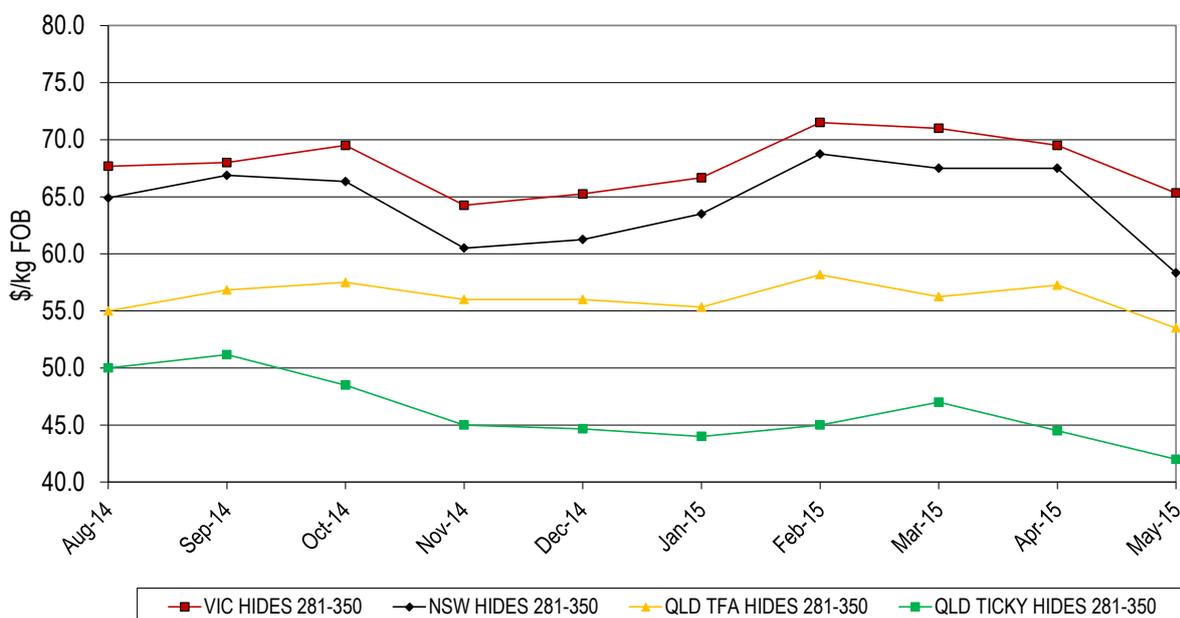
Meat and bone meal (MBM) prices have stabilised this month and, while soybean meal prices continue to languish and keep a lid on domestic sale prices, export sales to Indonesia are helping hold the price steady. This has created a widening gap between domestic and export prices, with plenty of soybean meal stocks available to Australian feed millers. Accordingly, reduced use of MBM in feed rations has meant local sales are at significant discount to export prices.

Blood meal prices continued the slide that started in February, with aquaculture demand still very low and sellers having to find alternative feed sources, such as poultry rations which are at a discount to aqua feed. The average prices now being quoted are around \$956/tonne ex-works, a further \$29/tonne down on last month with further falls expected.

Tallow looks likely to improve somewhat with renewed interest from Singapore. The price of 1%FFA tallow averaged \$685/mt, \$16/mt up on last month.

## Hides

**Figure 9: Trends in hide prices (East Coast Ex Works)**



Hide prices continue to come under pressure and, as the graph shows, the trend is certainly downwards. Leather markets are generally weak on reduced orders and tanners are reluctant to commit to purchases. All in all the hide market is fairly messy and will take some weeks to resume trading again, albeit at lower prices which are not expected to rebound in the short term.

Sheep skins, particularly those with a heavier cover, have seen the market improve.

The China market for skins, with 12mm of wool for the clothing market, is strong and improving, particularly with the short supply caused by reduced slaughter numbers. The less than 12mm of wool market is still weak, as it is based on the lining market, however the short supply should see a marked recovery here too.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>May-14</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Monthly change</b>	<b>Annual change</b>
HONG KONG	2,278	2,292	2,742	20%	20%
KOREA	2,119	2,186	2,512	15%	19%
JAPAN	2,428	2,372	2,045	-14%	-16%
EGYPT	512	1,085	1,409	30%	175%
SINGAPORE	312	873	1,368	57%	339%
SOUTH AFRICA	1,722	1,478	1,355	-8%	-21%
CHINA	243	357	394	11%	62%
THAILAND	300	256	349	36%	16%
MALAYSIA	355	271	348	28%	-2%
TAIWAN	374	161	294	83%	-21%
OTHER	3,076	1,457	1,592	9%	-48%
TOTAL	13,719	12,788	14,408	13%	5%
<b>Offal cut</b>	<b>May-14</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Monthly change</b>	<b>Annual change</b>
TRIPE	3,272	3,027	3,669	21%	12%
LIVER	2,251	2,165	2,494	15%	11%
HEART	1,188	1,088	1,383	27%	16%
CHEEK MEAT	673	687	804	17%	20%
TONGUES	1,036	1,043	804	-23%	-22%
TAIL	752	682	761	12%	1%
THIN SKIRT	837	825	684	-17%	-18%
TONGUE ROOT	698	489	625	28%	-10%
TENDON	459	434	577	33%	26%
THICK SKIRT	505	505	532	5%	5%
INTESTINES	626	490	511	4%	-18%
LIPS	424	396	453	14%	7%
HEAD	358	310	381	23%	7%
KIDNEY	293	365	378	4%	29%
OTHER	349	282	351	24%	1%
TOTAL	13,719	12,788	14,408	13%	5%

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Offal cut</b>	<b>May-14</b>	<b>May-15</b>	<b>Annual change</b>	
KOREA	CHEEK MEAT	539	672	25%	
	TAIL	377	447	18%	
	TRIPE	110	213	94%	
	THICK SKIRT	214	304	42%	
	THIN SKIRT	433	244	-44%	
	HEAD	54	314	486%	
	OTHER	392	320	-18%	
JAPAN	TONGUES	865	652	-25%	
	THIN SKIRT	383	392	2%	
	TRIPE	314	245	-22%	
	INTESTINES	299	275	-8%	
	THICK SKIRT	281	222	-21%	
	OTHER	287	260	-9%	
HONG KONG	TRIPE	2,212	2,553	15%	
	OTHER	67	189	183%	
EGYPT	LIVER	415	1,000	141%	
	HEART	95	266	180%	
	KIDNEY	2	143	7116%	

Source: Dept. of Agriculture

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>May-14</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Monthly change</b>	<b>Annual change</b>
HONG KONG	1,089	695	723	4%	-34%
SAUDI ARABIA	649	826	648	-22%	0%
UAE	98	97	145	50%	48%
JORDAN	144	36	133	269%	-8%
PNG	180	118	121	3%	-33%
EU QUOTAS	150	175	99	-43%	-34%
EGYPT	125		93		-25%
SOUTH AFRICA	110	121	93	-24%	-16%
OTHER	595	597	420	-30%	-29%
TOTAL	3,140	2,665	2,477	-7%	-21%
<b>Offal cut</b>	<b>May-14</b>	<b>Apr-15</b>	<b>May-15</b>	<b>Monthly change</b>	<b>Annual change</b>
LIVER	1,049	995	937	-6%	-11%
TRIPE	1,163	930	852	-8%	-27%
HEART	304	272	271	0%	-11%
KIDNEY	182	150	150	0%	-17%
TONGUES	193	112	121	8%	-37%
OTHER	248	207	145	-30%	-41%
TOTAL	3,140	2,665	2,477	-7%	-21%
<b>Destination</b>	<b>Offal cut</b>	<b>May-14</b>	<b>May-15</b>	<b>Annual change</b>	
HONG KONG	TRIPE	1,007	697	-31%	
	OTHER	82	26	-68%	
SAUDI ARABIA	LIVER	559	532	-5%	
	OTHER	89	117	31%	

Source: Dept. of Agriculture

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# **MLA co-product market report**

**June 2015**

**Table 1: Co-products Prices**

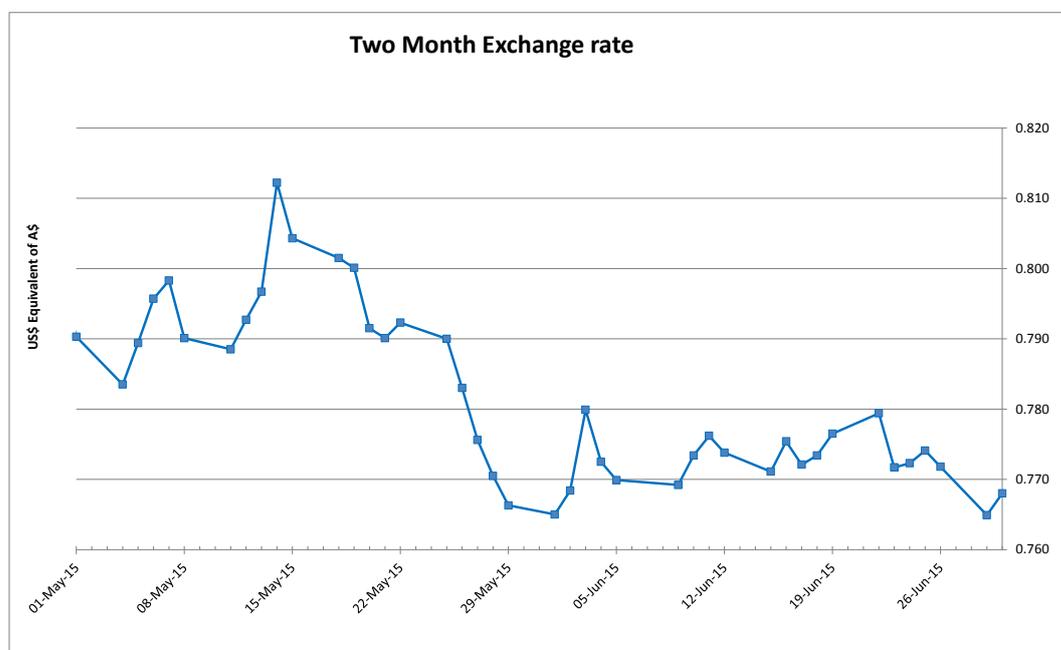
<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Reports</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Beef</b>					
BEEF LIPS	\$3.10	\$0.60	3	-1.0%	12.7%
BEEF LIPS - HALAL	\$3.09	\$0.80	6	-2.2%	8.0%
CHEEKMEAT	\$6.25	\$2.50	4	-7.6%	68.5%
CHEEKMEAT - HALAL	\$6.84	\$5.00	5	18.3%	90.0%
DIAP. MEMBRANE	\$2.72	\$0.85	3	-10.8%	-15.5%
HC TRIPE	\$6.46	\$2.95	4	4.2%	1.3%
HC TRIPE - HALAL	\$7.79	\$1.00	4	8.2%	
HEADMEAT	\$3.57	\$0.50	3	-13.0%	23.5%
HEADMEAT - HALAL	\$4.23	\$2.20	3	5.2%	30.7%
HEART	\$1.67	\$0.25	3	-2.0%	22.3%
HEART - HALAL	\$1.77	\$1.00	7	-13.6%	22.5%
HEART -AORTA - HALAL	\$5.50	\$1.40	3	-20.9%	
KIDNEYS	\$1.02	\$0.15	3	7.0%	26.0%
KIDNEYS - HALAL	\$1.29	\$0.50	6	-3.4%	39.5%
LIGAMENTUM	\$2.89	\$1.40	5	-13.1%	0.6%
LIVER	\$1.17	\$1.00	3	0.6%	21.2%
LIVER - HALAL	\$1.51	\$0.90	7	2.2%	28.3%
LUNGS - HALAL	\$1.35	\$0.10	2	-5.3%	
OMASUM	\$4.80	\$0.00	2	-40.2%	-23.2%
OMASUM - HALAL	\$7.89	\$0.95	4	-15.2%	
RUM.PILL < 500	\$3.50	\$3.00	2	-14.8%	-18.8%
RUM.PILL > 500 < 700	\$4.80	\$1.00	2	-32.5%	-21.2%
RUM.PILL > 700	\$7.05	\$0.10	2	-26.1%	-13.0%
RUM.PILL< 500 - HALAL	\$3.30	\$1.20	3	-9.6%	
RUM.PILL> 500 < 700 - HALAL	\$5.60	\$1.60	3	-14.5%	
RUM.PILL> 700 - HALAL	\$8.83	\$0.90	3	-4.0%	
TAIL	\$7.15	\$1.65	3	4.6%	10.9%
TAIL - HALAL	\$8.12	\$0.20	6	-2.6%	23.0%
TENDONS	\$5.03	\$3.00	3	-16.1%	12.4%
TENDONS - HALAL	\$4.04	\$5.50	4	-38.4%	0.9%
THICKSKIRT	\$6.65	\$2.50	4	-8.5%	30.7%
THICKSKIRT - HALAL	\$6.97	\$4.20	5	-0.4%	39.4%
THINSKIRT	\$6.45	\$2.00	4	-11.4%	27.5%
THINSKIRT - HALAL	\$6.89	\$4.20	5	1.3%	40.6%
TONGUE RT MEAT	\$1.03	\$0.10	3	-17.7%	-46.1%
TONGUE RT MEAT - HALAL	\$1.20	\$0.70	3		
TONGUE SW	\$8.03	\$1.90	5	-3.5%	-5.3%
TONGUE SW - HALAL	\$8.08	\$0.70	4	-4.4%	
TRIPLE PCS - HALAL	\$3.01	\$0.20	4	-1.2%	-10.7%

<b>Product</b>	<b>Average</b>	<b>Range</b>	<b>Reports</b>	<b>Monthly Change</b>	<b>Annual Change</b>
<b>Sheep</b>					
HEART SHEEP - HALAL	\$1.55	\$0.30	4	6.0%	
KIDNEYS SHEEP - HALAL	\$2.73	\$2.10	4	0.9%	-28.3%
LIVER SHEEP - HALAL	\$1.61	\$0.40	5	5.6%	
TONGUE LC SHEEP HALAL	\$2.97	\$1.95	5	-23.1%	-13.3%
TRIPLE SHEEP - HALAL	\$4.37	\$0.70	5	-0.7%	15.3%
RUNNERS LAMB	\$5.58	\$1.50	4	0.8%	-11.5%
RUNNERS SHEEP	\$3.93	\$1.70	4	-1.9%	-22.3%
<b>Pharmecuetical</b>					
FOETAL BLOOD	\$246.67	\$110.00	3	-5.1%	-58.9%
GALL CONCENTRATED	\$23.50	\$5.00	2	-3.1%	10.6%
<b>Rendered Products</b>					
BLOODMEAL 85	\$970.83	\$180.00	6	1.5%	-0.7%
MBM 50	\$628.33	\$180.00	6	2.9%	-7.2%
TALLOW INED.<1FFA	\$680.00	\$90.00	3	-0.7%	-3.3%
TALLOW INED.<2FFA	\$667.50	\$100.00	4	6.1%	-0.7%
TALLOW INED.<4FFA	\$650.00	\$110.00	4	3.2%	-0.1%
<b>Hides</b>					
HIDES NSW 141- 180	\$25.50	\$12.00	4	-24.3%	
HIDES NSW 181 - 220	\$31.50	\$13.00	4	-17.8%	
HIDES NSW 221 - 280	\$40.75	\$14.00	4	-12.7%	
HIDES NSW 281 - 350	\$51.25	\$11.00	4	-12.1%	
HIDES NSW 351 UP	\$59.75	\$8.00	4	-9.9%	
HIDES QLD TFA 141 - 220	\$26.33	\$11.00	3	-15.1%	
HIDES QLD TFA 221 - 280	\$35.67	\$10.00	3	-10.3%	
HIDES QLD TFA 281 - 350	\$45.00	\$11.00	4	-15.9%	
HIDES QLD TFA 351 UP	\$53.50	\$10.00	4	-14.7%	
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HIDES VIC 221 - 280	\$47.50	\$15.00	2	-14.7%	
HIDES VIC 281-350	\$58.00	\$10.00	2	-11.2%	
HIDES VIC 351 UP	\$70.00	\$0.00	2	-5.8%	

Table 1 shows the average price, reported as \$/kg FOB Australian port; ex. works \$/tonne for rendered co-products and ex. works \$/each or \$/head for hides, skins and sheep runners.

The Aussie Dollar floated around 77US¢ to 78US¢ during June and finished the month just under 77US¢, right where it started. Beef offal prices for the month traded well down across the board. Omasum into Hong Kong, as predicted last month, was very slow and prices fell \$3.23/kg, but it was also very lightly reported. Aorta also followed the same downward trend, falling \$3.48/kg.

Foetal blood prices continued the downward trend.

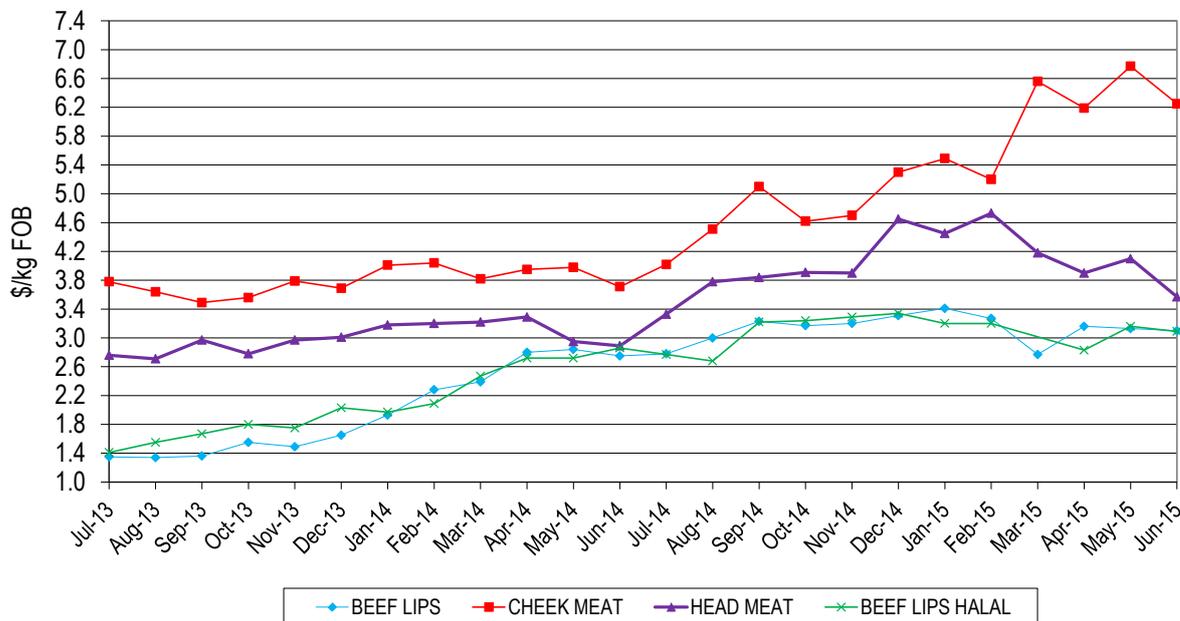


Meat and bone meal prices showed a slight improvement, with good export support, while the price for blood meal improved on the back of stronger domestic demand. Tallow also remained fairly steady. The renderer's symposium being held this month on the Gold Coast will bring many buyers and sellers together.

Hide prices continued to suffer in June, with many buyers unable or unwilling to open letters of credit and renegeing on higher priced contracts. There are reports of lots being sold up to three times before shipment taking place. Sheep skins on the other hand remained firm.

## Head Offal Prices

Figure 1: Trends in beef head offal prices

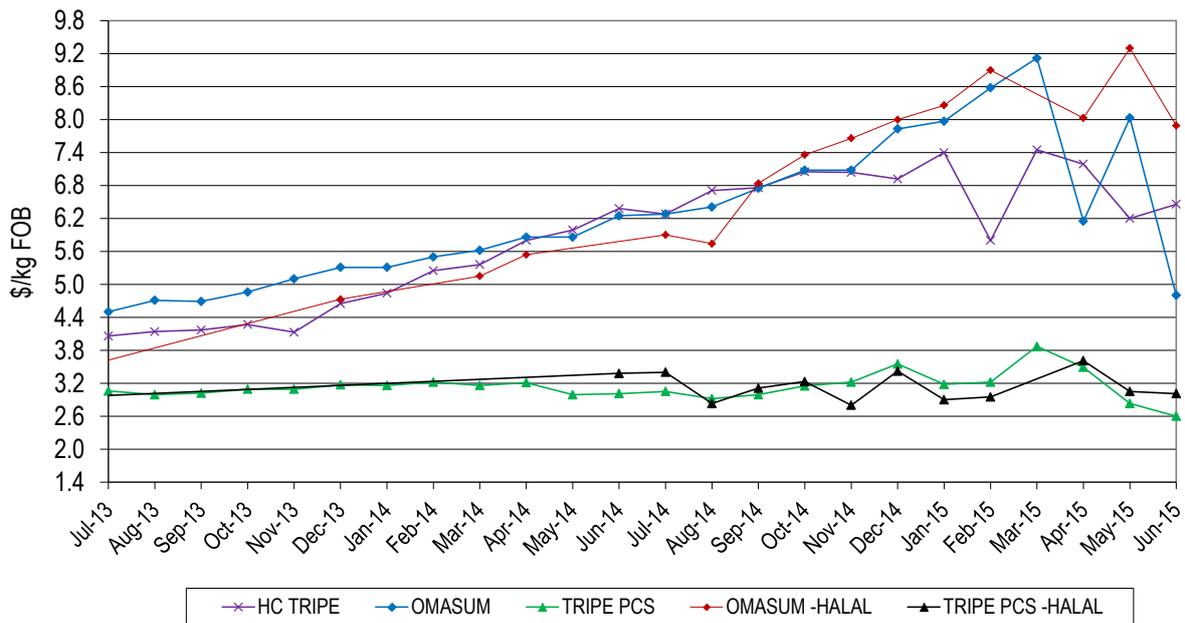


Head offals, in general, continued to maintain an improvement year-on-year however month-on-month a fall was recorded. Cheek meat is \$2.54/kg better than the May price last year, at \$6.25/kg, which is 52¢/kg down on last month, while head meat is trading 68¢/kg higher year-on-year but down 53¢/kg on last month, at \$3.57/kg. The Korean cold stores remain well stocked so prices are expected to remain soft for a while yet.

Lip exports to the US and Mexico were on a par with last month, showing prices just 3¢/kg down on last month, at \$3.10/kg, which is still 35¢/kg up on last year.

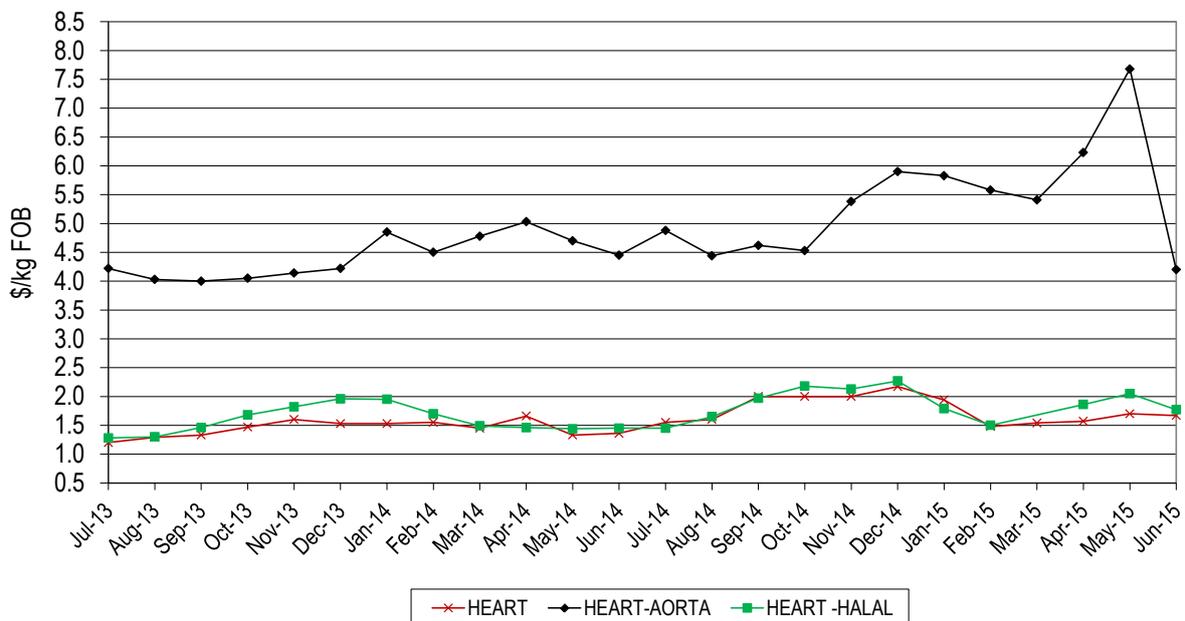
## Beef Offal Trends

### Figure 2: Trends in beef tripe prices



As expected omasum prices plummeted \$3.23/kg for the month, to trade at \$4.80/kg, but sales were very lightly reported. Halal omasum fared a little better, dropping \$1.41/kg, but this is right on par with the price last year. Most other tripe lines were also weaker for the month. Tripe pieces fell by 23¢/kg, to realize an average of \$2.60/kg, which is 41¢/kg down on last year. Honeycomb tripe bucked the trend, rising 26¢/kg to \$6.46/kg, which is 8¢/kg up on last year.

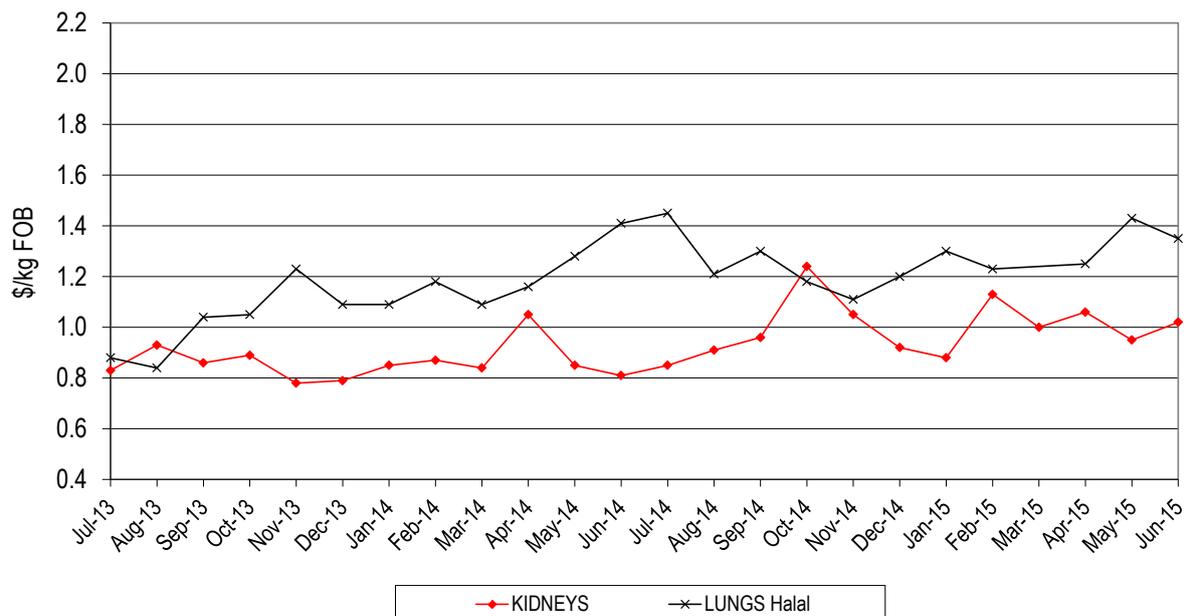
### Figure 3a: Trends in beef offal prices



Aorta joined the omasum discount and fell by \$3.48/kg during the month, at \$4.20/kg, which is also 25¢/kg down on prices this time last year

Hearts continued to trade steadily this month as they have done for quite some time. Non-halal hearts were down 3¢/kg on last month and up 31¢/kg year-on-year, averaging \$1.67/kg. Halal hearts averaged \$1.77/kg, which is back 28¢/kg over last month but still 32¢/kg better than the same time last year.

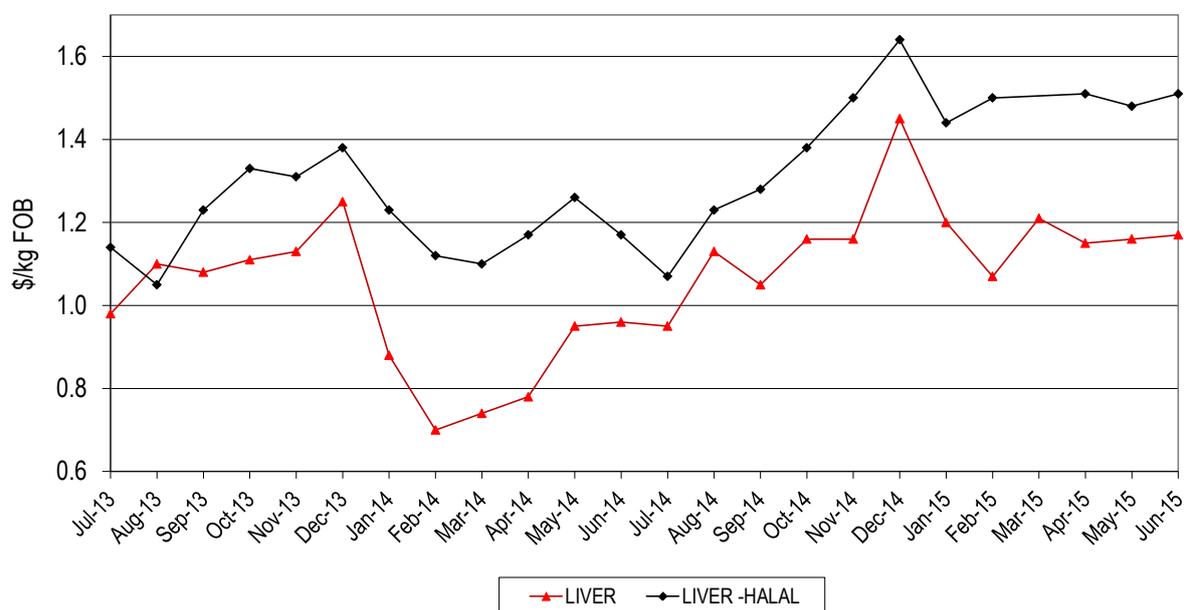
**Figure 3b: Trends in beef offal prices**



Kidneys recorded \$1.02/kg, up 7¢/kg for the month and a 21¢/kg improvement over last year.

Non-halal lungs were again not reported this month with packers unable to find a market at a workable price. However, halal product traded at \$1.35/kg, which is 6¢/kg down this time last year and 8¢/kg off the price last month.

**Figure 3c: Trends in beef offal prices**

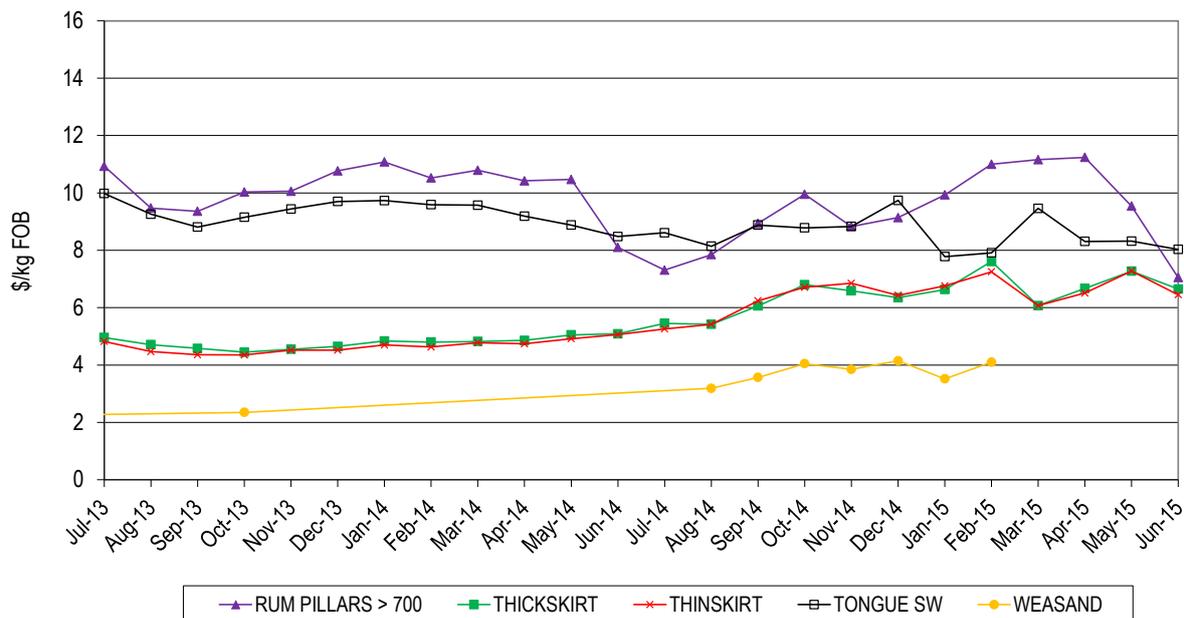


Livers were again steady across the month, with prices for non-halal product improving just 1¢/kg since May, to trade at \$1.17/kg, an improvement of 21¢/kg year-on-year.

Halal liver sales averaged \$1.51/kg, recovering the 3¢/kg drop last month and maintaining the 34¢/kg improvement over last year, with Egypt still showing strong demand.

## Japanese and Korean Offals

### Figure 4: Trends in Japanese offal prices



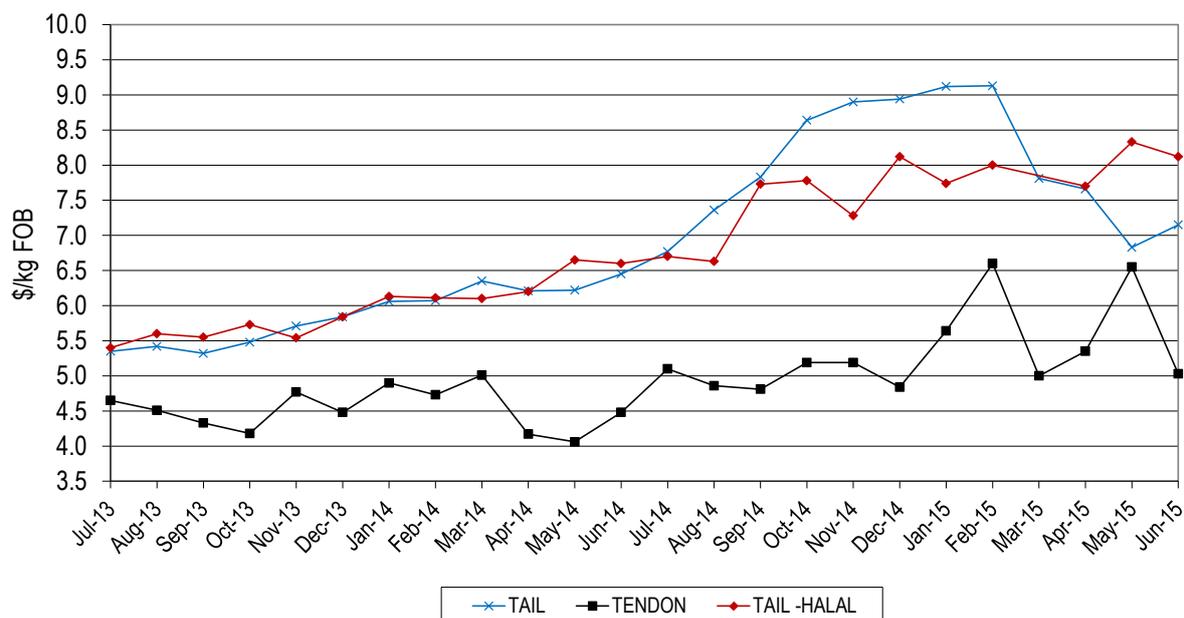
Tongue prices continued to ease this month, trading 29¢/kg lower than May, with average prices returning \$8.03/kg, a fall of 45¢/kg from the same period last year.

Thick skirt traded \$1.56/kg up on last year, at \$6.65/kg, and thin skirt prices were \$1.39/kg higher for the same period, averaging \$6.45/kg. Quota into Japan is looking likely to be filled well ahead of time which will have a major influence on prices into the future.

Prices of rumen pillars also fell sharply this month, down \$2.49/kg for the month, with heavy weight range product trading at \$7.05/kg. This represents a cumulative fall of \$4.19/kg since April and is \$1.05/kg lower than this time last year. Again high stock levels in the cold stores are affecting prices.

## Tails and Tendons

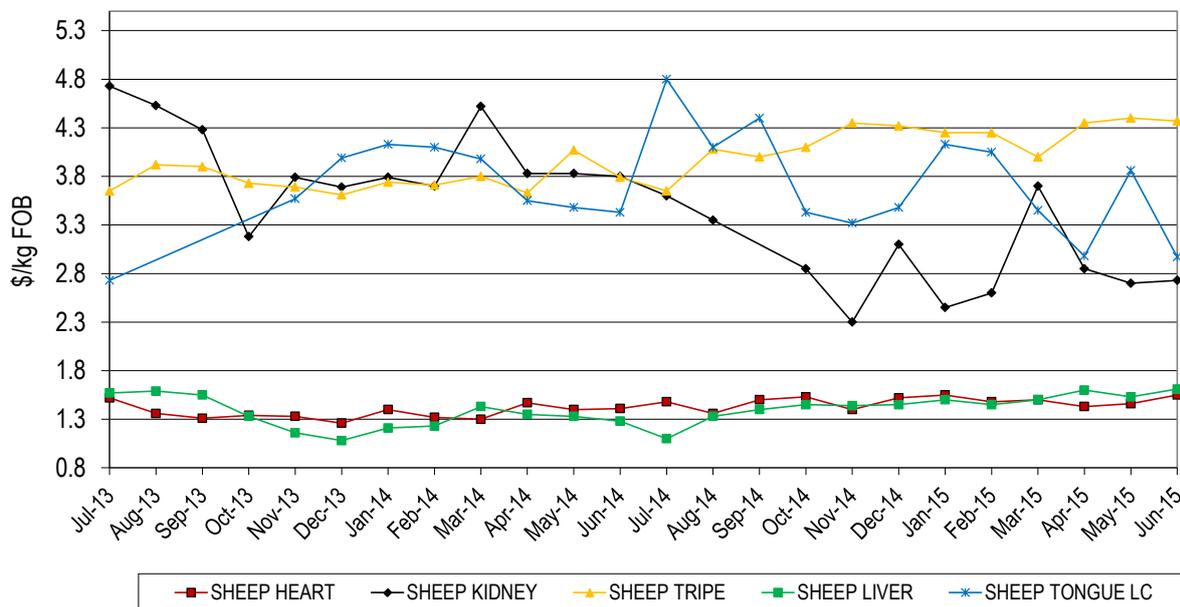
### Figure 5: Trends in tail and tendon prices



Tail prices into Japan averaged \$7.15/kg, up 32¢/kg for the month. Halal tails, however, were almost a dollar better at \$8.12/kg, which is \$1.52/kg up on last year's price. Tendons followed the aorta path and slumped \$1.52/kg month-on-month, to average \$5.03, however this is 55¢/kg above the price a year ago.

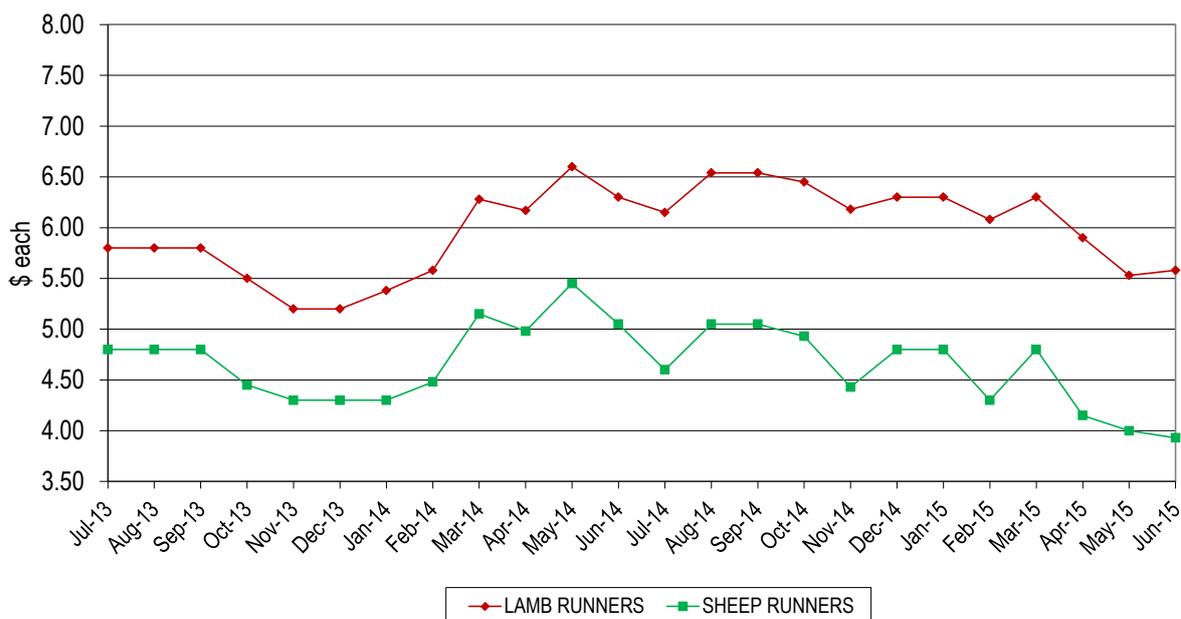
## Sheep Offals

**Figure 6a: Trends in sheep offal prices**



Sheep hearts and livers continued to trade steadily as they have all year, with only small movements reported. Tongues reversed their upward trend last month, to average \$2.97/kg, while kidneys rallied 3¢/kg month-on-month, to record \$2.73/kg. Sheep tripe prices improved 58¢/kg across the year, to trade at \$4.37/kg, which is 3¢/kg down on last month. Sheep hearts have been steady all year and averaged \$1.55/kg this month, while livers rose 8¢/kg, to average \$1.61/kg.

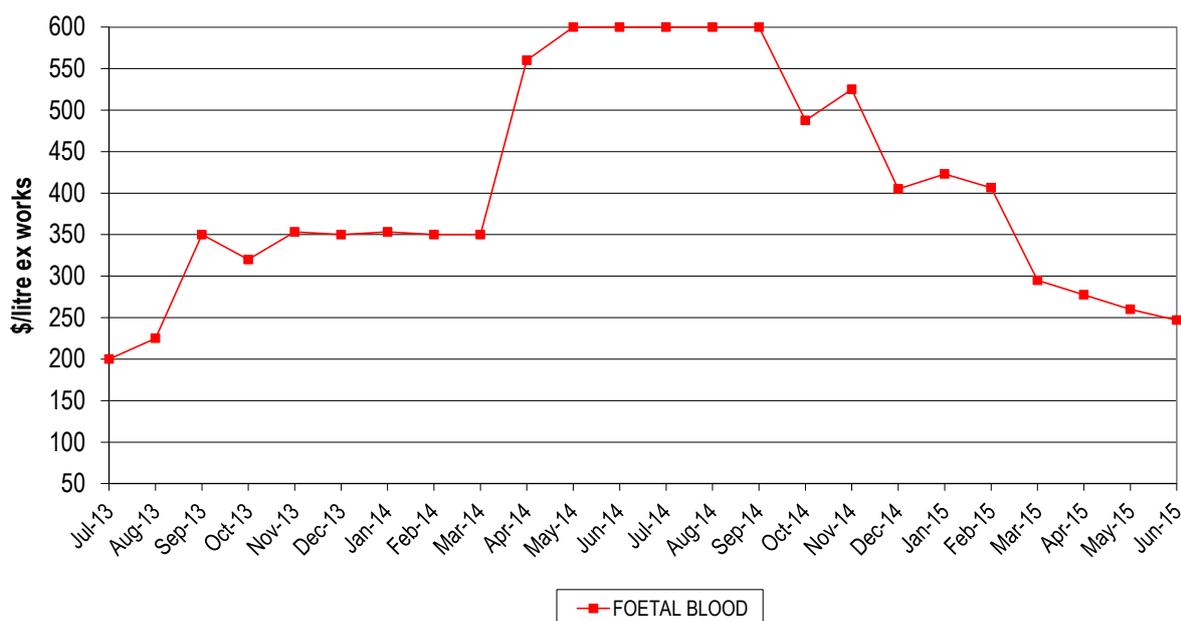
**Figure 6b: Trends in runner prices**



The average price of lamb and sheep runners settled during the month, with \$5.58/piece being realised for lamb, and, whilst this is 5¢/piece up on last month's price, it is down 72¢/piece on last year. Sheep runners averaged \$3.93/piece during June, back 7¢/piece month-on-month and \$1.12/piece down on last year's price.

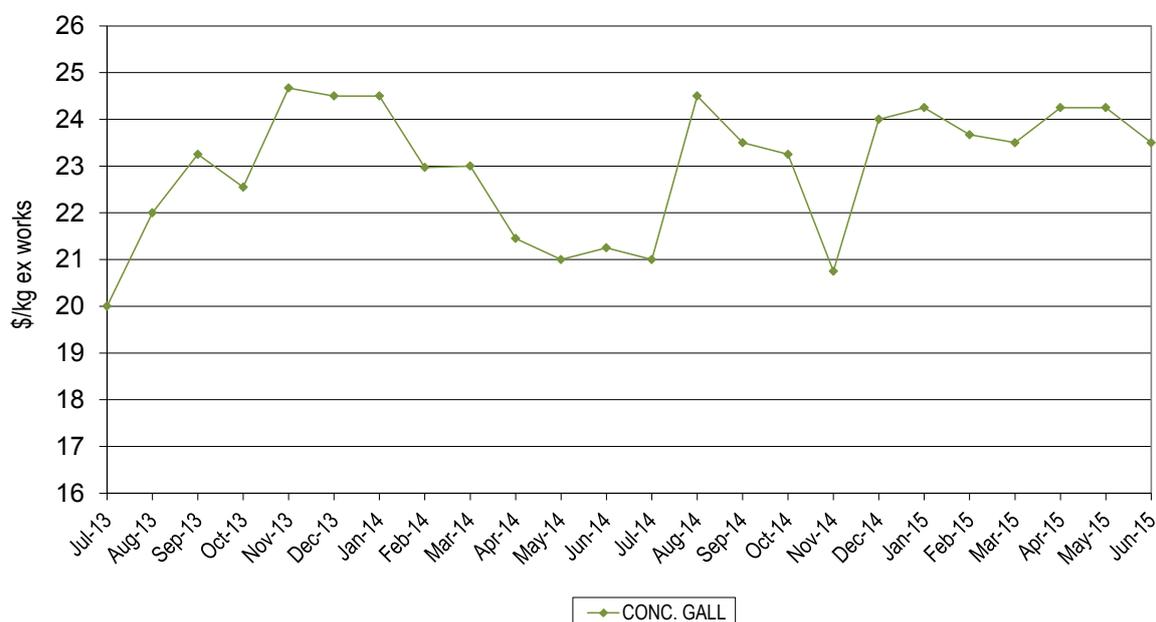
## Pharmaceutical products

### Figure 7a: Trends for foetal blood prices



The foetal calf blood average price dropped to \$247/litre and buyers are again quoting lower prices going forward.

### Figure 7b: Trends for concentrated gall prices



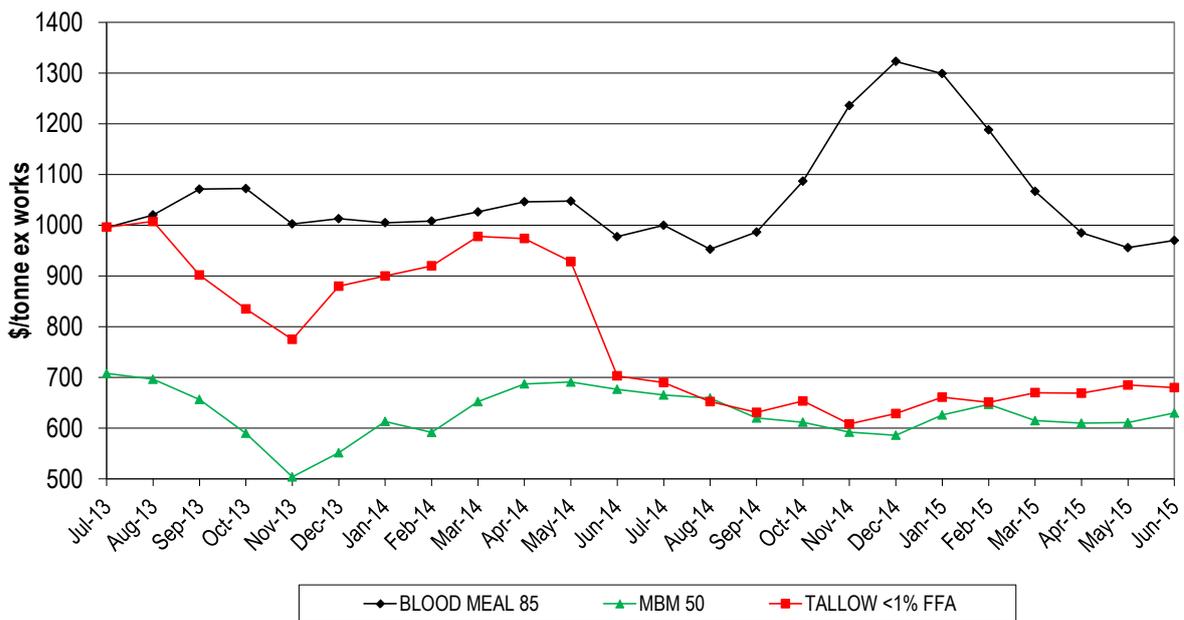
Concentrated gall remains fairly steady however it was again lightly reported. The average price of \$23.50/kg was from just two reports.

The market for frozen offals in general remains soft because of market closures and the red offal quota into Japan well ahead of schedule in shipments. This is expected to deliver a downward trend for a number of offals as we go forward into the third and fourth quarters of the year.

Russia has extended the ban on beef items from Australia for a further 12 months, with the Russian Prime Minister signing the decree last week.

## Rendered Products

**Figure 8: Trends in rendered co-product prices**



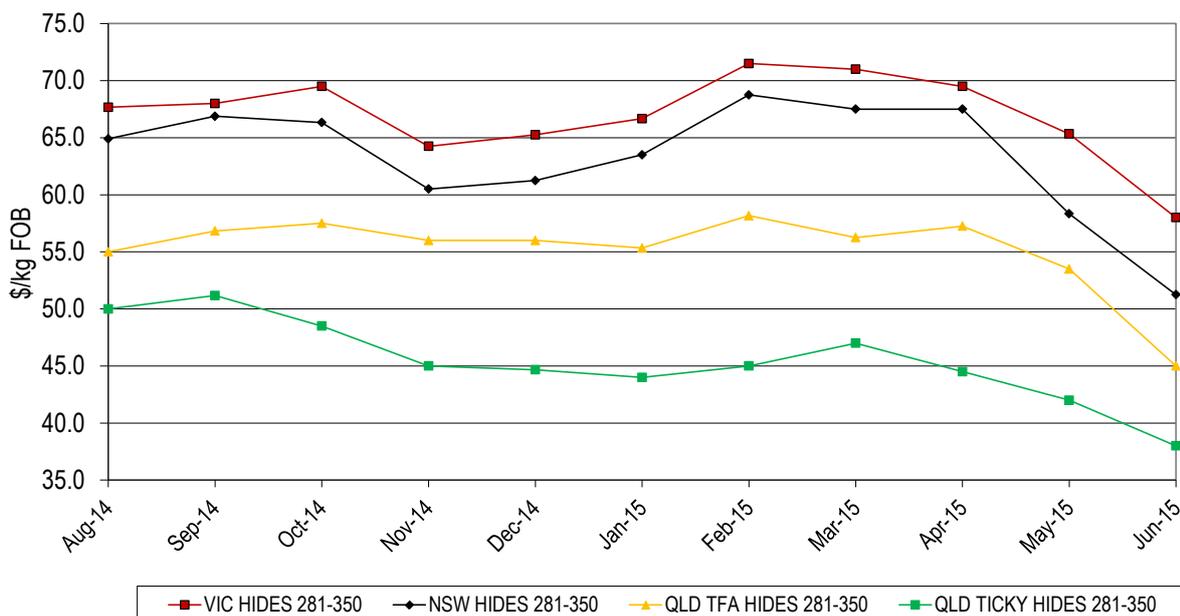
Meat and bone meal (MBM) prices have stabilised somewhat. While soybean meal prices remain under pressure and consequently keep a lid on domestic MBM prices, export sales to Indonesia are helping hold the price steady. With plenty of soybean meal stocks available to Australian poultry and swine feed millers the reduced use of MBM in feed rations domestically has meant local sales are at significant discount to export prices.

Blood meal prices have steadied on the domestic market with improved demand. The average prices now being quoted are around \$970/tonne ex-works, up \$14/tonne on last month, however this remains driven by domestic demand.

Tallow prices have stabilised over the last few months on the back of the Singapore bio-diesel market. The price of 1% FFA tallow averaged \$680/mt, down just \$5/mt on last month.

## Hides

**Figure 9: Trends in hide prices (East Coast Ex Works)**



Hide prices continued to languish and, as the graph shows, the trend is certainly downwards. All traders reported very difficult conditions, with many buyers reneging on contracts due to their inability to open letters of credit or their desire to chase cheaper prices based on the ongoing price collapse. The reduced prices on splits are also not assisting the market. Add to this, the environmental impositions imposed by Chinese authorities are creating problems with production capacity and this looks like a difficult time ahead.

Sheep skins, particularly those with a heavier cover, remain firm.

The China market for skins, with 12mm of wool for the clothing market, is strong and improving, particularly with the short supply caused by reduced slaughter numbers. Those skins with less than 12mm continue to be under pressure with prices still weak, as this market is based on the lining market.

## Export Statistics

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Jun-14</b>	<b>May-15</b>	<b>Jun-15</b>	<b>Monthly change</b>	<b>Annual change</b>
JAPAN	2,265	2,045	2,985	46%	32%
KOREA	1,935	2,512	2,620	4%	35%
HONG KONG	2,393	2,742	2,163	-21%	-10%
SINGAPORE	205	1,368	1,501	10%	633%
EGYPT	643	1,409	1,376	-2%	114%
SOUTH AFRICA	1,723	1,355	1,305	-4%	-24%
MALAYSIA	388	348	467	34%	20%
CHINA	226	394	366	-7%	62%
TAIWAN	278	294	366	25%	31%
THAILAND	384	349	320	-8%	-17%
OTHER	2,397	1,592	1,306	-18%	-46%
TOTAL	12,837	14,408	14,774	3%	15%
<b>Offal cut</b>	<b>Jun-14</b>	<b>May-15</b>	<b>Jun-15</b>	<b>Monthly change</b>	<b>Annual change</b>
TRIPE	3,085	3,669	3,398	-7%	10%
LIVER	2,000	2,494	2,357	-6%	18%
TONGUES	898	804	1,241	54%	38%
HEART	981	1,383	1,195	-14%	22%
THIN SKIRT	718	682	914	34%	27%
TAIL	671	761	754	-1%	12%
TONGUE ROOT	726	625	730	17%	1%
CHEEK MEAT	719	804	721	-10%	0%
THICK SKIRT	509	532	625	17%	23%
LIPS	469	453	592	31%	26%
INTESTINES	588	511	587	15%	0%
TENDON	443	577	562	-3%	27%
KIDNEY	270	378	392	4%	45%
HEAD	381	381	320	-16%	-16%
OTHER	380	352	388	10%	2%
TOTAL	12,837	14,408	14,774	3%	15%

<b>Beef and veal offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Offal cut</b>	<b>Jun-14</b>	<b>Jun-15</b>	<b>A n n u a l change</b>	
KOREA	CHEEK MEAT	575	620	8%	
	TRIPE	176	401	128%	
	TAIL	308	391	27%	
	THIN SKIRT	304	291	-4%	
	THICK SKIRT	160	272	70%	
	HEAD	44	250	469%	
	OTHER	367	395	8%	
JAPAN	TONGUES	828	1086	31%	
	THIN SKIRT	382	558	46%	
	TRIPE	236	346	47%	
	THICK SKIRT	343	346	1%	
	INTESTINES	232	325	40%	
	OTHER	244	321	32%	
HONG KONG	TRIPE	2,270	2,066	-9%	
	OTHER	123	97	-21%	
Singapore	HEART		339		
	T O N G U E ROOT		317		
	LIVER	1	267	47779%	
	LIPS	2	249	11964%	
	OTHER	202	327	62%	

Source: Dept. of Agriculture

<b>Mutton, lamb and goat offal exports (tonnes swt)</b>					
<b>Destination</b>	<b>Jun-14</b>	<b>May-15</b>	<b>Jun-15</b>	<b>Monthly change</b>	<b>Annual change</b>
HONG KONG	837	723	554	-23%	-34%
SAUDI ARABIA	668	648	544	-16%	-19%
UAE	83	145	176	21%	113%
PAPUA NEW GUINEA	68	121	175	44%	158%
EGYPT	29	93	156	67%	431%
CHINA	83	50	92	83%	11%
SOUTH AFRICA	328	93	90		-73%
OTHER	576	603	419	-31%	-27%
TOTAL	2,672	2,477	2,205	-11%	-17%
<b>Offal cut</b>	<b>Jun-14</b>	<b>May-15</b>	<b>Jun-15</b>	<b>Monthly change</b>	<b>Annual change</b>
LIVER	883	937	813	-13%	-8%
TRIPE	945	852	737	-14%	-22%
HEART	335	271	301	11%	-10%
KIDNEY	166	150	153	2%	-8%
TONGUES	93	121	113	-7%	21%
OTHER	249	145	88	-40%	-65%
TOTAL	2,672	2,477	2,205	-11%	-17%
<b>Destination</b>	<b>Offal cut</b>	<b>Jun-14</b>	<b>Jun-15</b>	<b>Annual change</b>	
HONG KONG	TRIPE	753	554	-26%	
	OTHER	84		-100%	
SAUDI ARABIA	LIVER	574	479	-16%	
	OTHER	95	65	-32%	

Source: Dept. of Agriculture

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