

# Lot feeding brief



## RESULTS FOR THE MARCH QUARTER 2016 FEEDLOT SURVEY

- The ALFA/MLA quarterly feedlot survey indicated the number of cattle on feed at the end of the March quarter had receded 5% year-on-year, to 914,901 head. Underpinning the decrease was NSW, with 291,312 head on feed (back 6%), and Queensland, with 495,578 head (back 5%). However, the number on feed remained historically high, buoyed by the low A\$, easing grain prices and continued strong international demand for grainfed beef.
- Grainfed cattle turnoff during the quarter fell to 631,726 head, down 13% to represent 35% of national adult cattle slaughter. Shipments of grainfed beef for the March quarter reached 62,282 tonnes swt and were up 3%, or 1,888 tonnes swt, compared to the same period in 2015 (DAWR).
- While the A\$ strengthened against the US\$ during the March quarter, averaging 72.18US¢, it remained 8% below 2015. Against the Yen the A\$ averaged 83.27¥ for the quarter, back 11% year-on-year. On the back of increased production, first quarter US grainfed exports was more competitive with Australian product; shipments to Japan lifted 7% year-on-year, to 42,963 tonnes swt, and exports to Korea increased 18%.
- There was a large volume of Australian grainfed beef shipped to Korea in the first quarter, which jumped 63% from last year, to 13,187 tonnes swt, assisted by the third tariff cut occurring at the beginning of the year, combined with less locally produced Hanwoo product on the market.

Figure 1 Cattle on feed

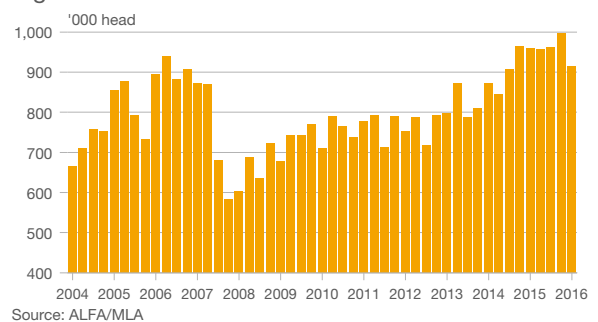


Figure 2 Quarterly grainfed beef exports

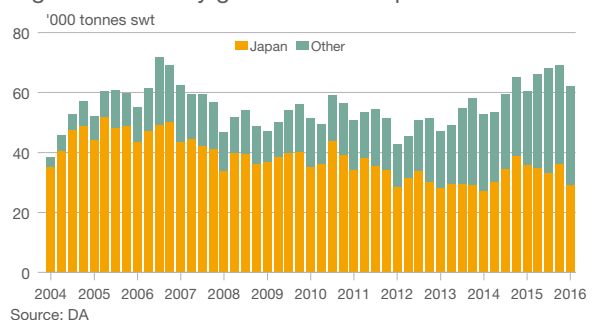


Table 1 MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Mar-15	Dec-15	Mar-16	Mar-15	Dec-15	Mar-16	Mar-15	Dec-15	Mar-16
NSW	365,483	409,571	352,273	308,274	358,067	291,312	84	87	83
Vic	71,272	85,344	115,791	58,582	75,387	62,889	82	88	54
Qld	614,785	658,510	662,243	519,248	513,969	495,578	84	78	75
SA	40,131	39,619	28,382	33,108	30,738	25,146	82	78	89
WA	55,324	45,694	60,824	39,929	19,604	39,976	72	43	66
<b>Australia</b>	<b>1,146,995</b>	<b>1,238,738</b>	<b>1,219,513</b>	<b>959,141</b>	<b>997,765</b>	<b>914,901</b>	<b>84</b>	<b>81</b>	<b>75</b>

Source: MLA/ALFA

## Results for the 2016 feedlot survey – March quarter

Figure 3 Grainfed cattle turn-off

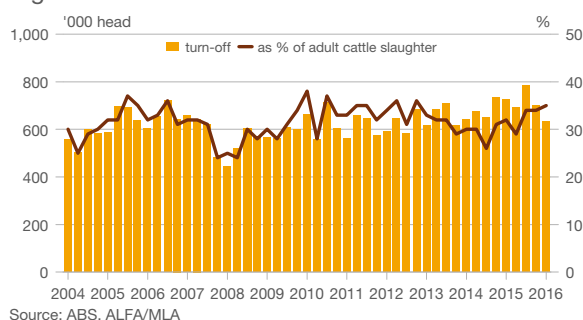
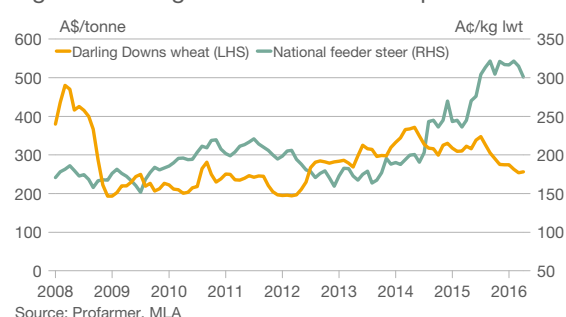


Figure 4 Feed grain and feeder steer prices



- On the other hand, there was an 18% decline in grainfed shipments to Japan, to 29,208 tonnes swt. Japanese demand was somewhat sluggish due to the reportedly high volumes many traders had at the time and increased competition from the US. Despite the fall, Japan still accounted for 47% of the quarter's total exports.
- Australian feeder cattle prices for the March quarter remained well above year-ago levels, with the eastern states saleyard feeder steer indicator up 33%, averaging 319.26¢/kg lwt, while the paddock purchased domestic feeder steer indicator increased 32% year-on-year. Grainfed cattle prices did not increase to the same extent, with the Queensland grainfed over-the-hook indicator averaging 535¢/kg cwt during the quarter, up 15% year-on-year.
- Partially offsetting the high cost of feeder cattle was cheaper feed grain prices, underpinned by high global supplies. Darling Downs feed wheat prices averaged 16% cheaper year-on-year, averaging \$263/tonne for the quarter, sorghum prices declined 22%, to \$228/tonne, while barley prices averaged \$239/tonne, back 21% year-on-year (Profarmer).

Figure 5 Queensland 100-day grainfed steer over-the-hook indicator



Table 2 Activity by feedlot size

Feedlot size (head)	Feedlot capacity			Numbers on feed		
	Mar-15	Dec-15	Mar-16	Mar-15	Dec-15	Mar-16
< 500	43,381	32,851	32,327	19,860	11,851	12,219
500-1,000	81,874	110,120	157,730	48,179	32,822	46,877
1,000-10,000	408,282	431,894	454,358	341,048	341,356	340,534
>10,000	613,458	663,873	575,099	550,053	611,736	515,271
<b>Total</b>	<b>1,146,995</b>	<b>1,238,738</b>	<b>1,219,514</b>	<b>959,140</b>	<b>997,765</b>	<b>914,901</b>

Source: MLA/ALFA

Table 3 Quarterly cattle feedlot turn-off

	Mar-15 head	Dec-15 head	Mar-16 head
NSW	214,949	210,286	206,195
Vic	37,489	60,765	43,549
Qld	419,993	399,377	329,172
SA	32,525	21,946	19,845
WA	20,255	6,693	32,965
<b>Australia</b>	<b>725,211</b>	<b>699,067</b>	<b>631,726</b>

Source: MLA/ALFA

Table 4 Feedlot turn-off

	FY2007	FY2014	FY2015
NSW	746,350	695,249	832,500
Vic	223,617	177,070	200,157
Qld	1,448,374	1,610,357	1,583,644
SA	83,903	82,959	98,605
WA	166,566	74,516	81,084
<b>Australia</b>	<b>2,668,810</b>	<b>2,640,151</b>	<b>2,795,989</b>

Source: MLA/ALFA

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