



Co-product market report

June 2019

Beef Co-products

Beef offal prices fluctuated throughout the month, with industry participants buoyed by the depreciating Australian dollar against the US dollar. Rumen pillars rallied along with tongues, however tripe pieces eased along with tendons.

Table 1: Beef co-product prices

	Average (May Data)	Range	Responses	Monthly Change	Annual Change
Beef Lips	\$3.45	\$0.90	5	-0.6%	46.8%
Beef Lips - Halal	\$3.63	\$0.80	3	-4.4%	-10.8%
Cheekmeat	\$4.89	\$1.90	4	4.7%	-13.5%
Cheekmeat - Halal	\$4.83	\$2.10	3	2.8%	-20.3%
Diap. Membrane	\$4.90	\$4.80	3	5.4%	36.1%
Hc Tripe	\$7.85	\$2.30	4	6.1%	14.8%
Hc Tripe - Halal	\$7.90	\$2.70	3	3.6%	5.3%
Headmeat	\$4.00	\$1.70	5	-3.4%	-8.4%
Headmeat - Halal	\$3.97	\$0.80	3	-6.7%	-7.8%
Heart	\$2.22	\$1.00	5	-9.0%	-11.2%
Heart - Halal	\$2.27	\$0.70	3	-8.0%	-10.5%
Heart - Aorta	\$8.07	\$1.70	3	5.9%	12.0%
Heart - Aorta - Halal	\$7.50		2	-5.1%	2.0%
Kidneys	\$1.50	\$1.70	3	2.3%	46.3%
Kidneys- Halal	\$0.95		2	-34.5%	5.6%
Ligamentum	\$2.04	\$2.05	5	16.6%	-49.6%
Liver	\$1.04	\$0.15	4	3.8%	-13.5%
Liver - Halal	\$1.00		2	-11.1%	-21.6%
Lungs	\$1.18	\$0.50	4	3.7%	-2.1%
Lungs - Halal	\$1.35	\$0.90	3	-10.0%	8.0%
Omasum	\$6.74	\$3.30	5	1.2%	-4.4%
Omasum - Halal	\$7.30	\$3.40	3	6.6%	11.5%
Rum.Pill - Halal < 500	\$12.00		2	2.0%	2.6%
Rum.Pill - Halal > 500 < 700	\$23.75		2	7.6%	42.2%
Rum.Pill - Halal > 700	\$25.25		2	6.2%	28.5%
Rum.Pill < 500	\$12.58	\$1.30	4	9.3%	11.9%
Rum.Pill > 500 < 700	\$22.09	\$5.10	4	11.6%	43.3%
Rum.Pill > 700	\$24.34	\$2.50	4	7.9%	26.3%
Tail	\$9.88	\$1.50	5	1.5%	-4.2%
Tail - Halal	\$9.90	\$1.50	3	-0.3%	-2.9%
Tendons	\$6.81	\$1.50	4	-4.3%	-2.7%
Tendons - Halal	\$6.70	\$1.50	3	-4.1%	-4.3%
Thickskirt	\$9.35	\$1.20	4	9.4%	52.4%
Thickskirt - Halal	\$9.25		2	10.3%	49.2%
Thinskirt	\$8.33	\$1.20	4	6.7%	37.2%
Thinskirt - Halal	\$8.15		2	6.3%	44.2%
Tongue Root Fillet	\$5.40		2	0.5%	8.0%
Tongue Root Meat	\$2.85		2		39.0%
Tongue SW	\$12.05	\$1.30	4	11.3%	25.1%
Tongue SW - Halal	\$12.05		2	11.7%	29.6%
Tripe Pieces	\$3.47	\$0.50	5	-11.7%	3.1%
Tripe Pieces - Halal	\$3.55	\$0.50	3	-10.4%	0.9%

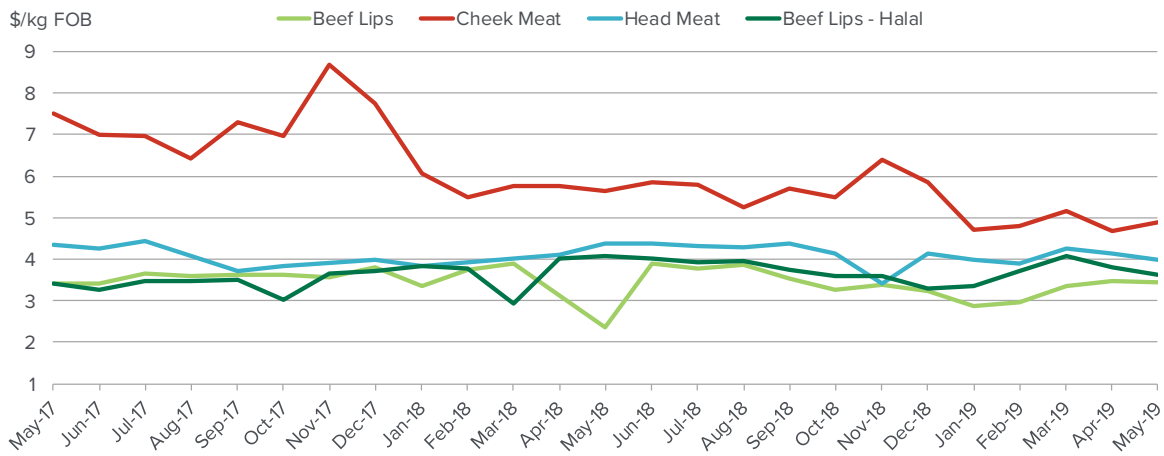
Price quoted is average price reported in \$/kg FOB Australian port.

Head offal

Prices for head offal products were mostly weaker this month. Head meat averaged \$4.00/kg, easing 37¢/kg from year-ago prices and 14¢/kg below last month. Cheek meat was 76¢/kg cheaper than year-ago levels, averaging \$4.89/kg, an improvement of 22¢/kg from last month.

Lip export prices to the US and Mexico eased 2¢/kg month-on-month, to average \$3.45/kg. Halal lips averaged \$3.63/kg, 17¢/kg below last month and down 45¢/kg from April 2018.

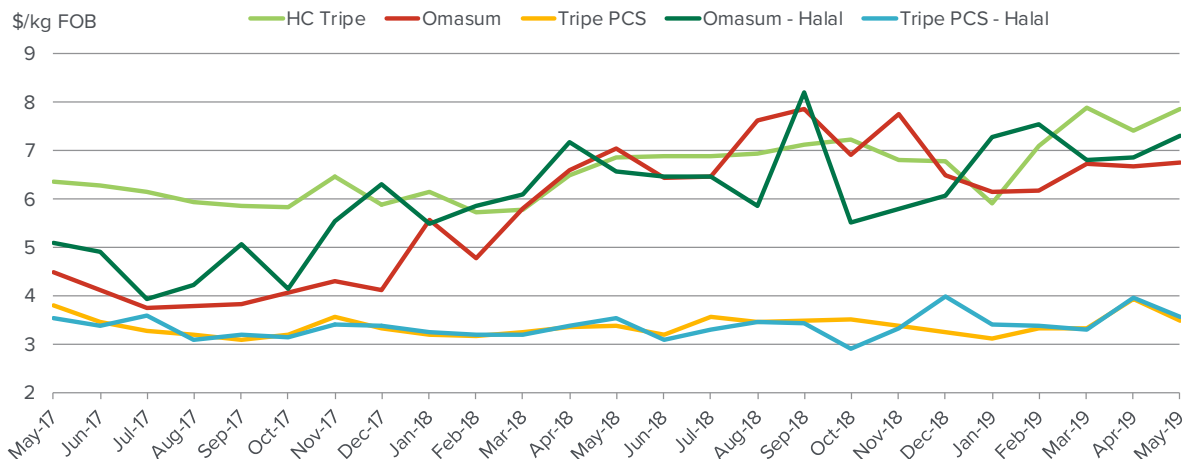
Figure 1: Trends in beef head offal prices



Beef offal trends

Omasum rallied 8¢/kg from last month, to average \$6.74/kg, 31¢/kg lower than year-ago prices. Halal omasum averaged \$7.30/kg, up 45¢/kg from last month and 75¢/kg above year-ago prices. Halal tripe pieces averaged \$3.55/kg, easing 41¢/kg from April and 3¢/kg above last years levels. Non-halal product eased 46¢/kg from last month's prices, averaging \$3.47/kg, an improvement of 10¢/kg on last year. Honeycomb tripe rallied to average \$7.85/kg, an increase of 45¢/kg month-on-month and \$1.01/kg above May 2018 prices.

Figure 2: Trends in beef tripe prices

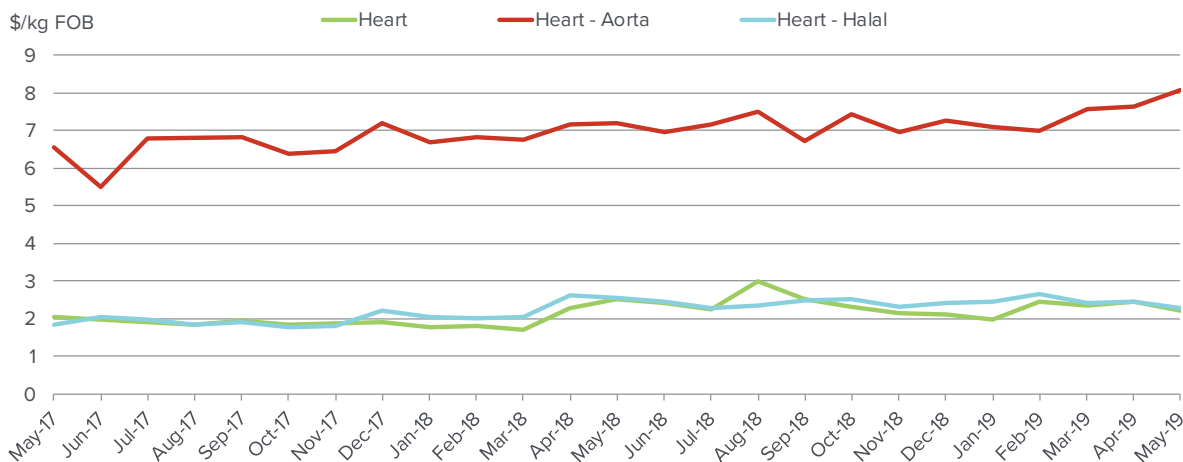


Beef offal trends continued...

Aorta averaged \$8.07/kg for the month; which was 45¢/kg firmer month-on-month and 87¢/kg above year-ago levels.

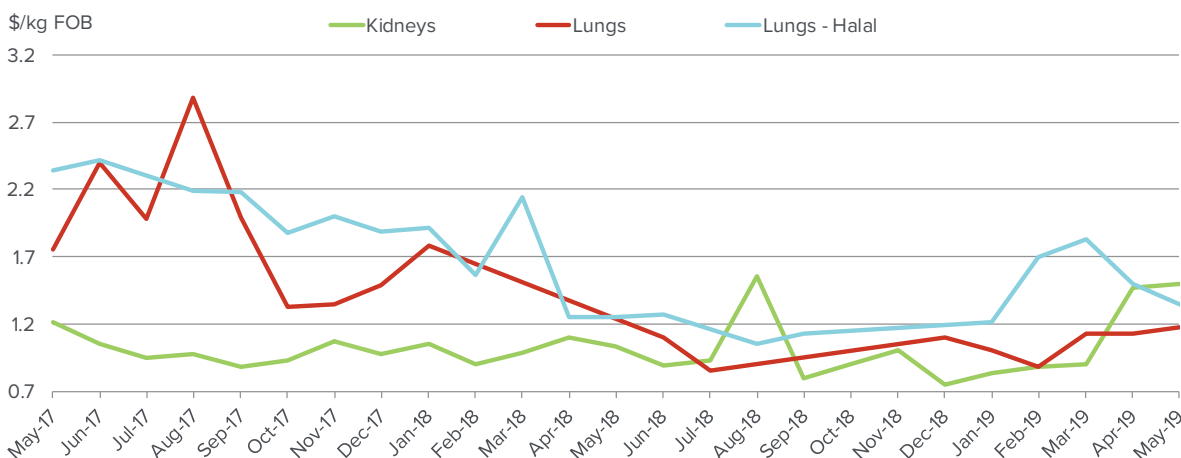
Heart prices eased 22¢/kg from last month, averaging \$2.22/kg, to be 28¢/kg weaker than year-ago levels. Halal hearts averaged \$2.27/kg, easing 19¢/kg month-on-month and back 26¢/kg year-on-year.

Figure 3: Trends in beef offal prices



Kidneys were reported at an average of \$1.50/kg, improving 3¢/kg across the month, and 47¢/kg above year-ago levels. Non-halal lungs were reported at \$1.18/kg, 5¢/kg above last month. Halal lungs averaged \$1.35/kg, easing 15¢/kg month-on-month, but improving 10¢/kg from year-ago prices.

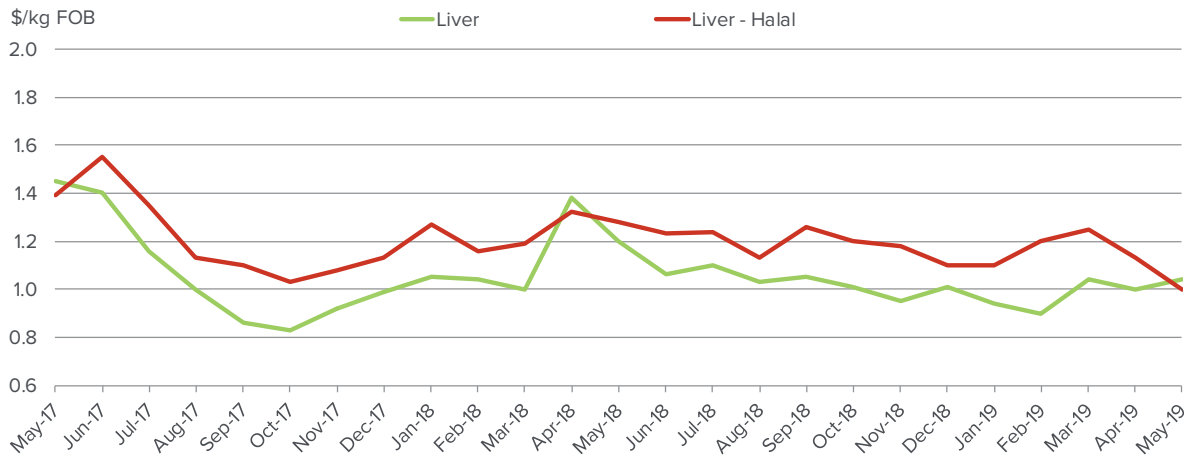
Figure 4: Trends in beef offal prices



Beef offal trends continued...

Liver prices averaged \$1.04/kg, improving 4¢/kg month-on-month to be 16¢/kg below year-ago levels. Halal livers eased 13¢/kg from last month's price to average \$1.00/kg, down 28¢/kg on year-ago prices.

Figure 5: Trends in beef offal prices



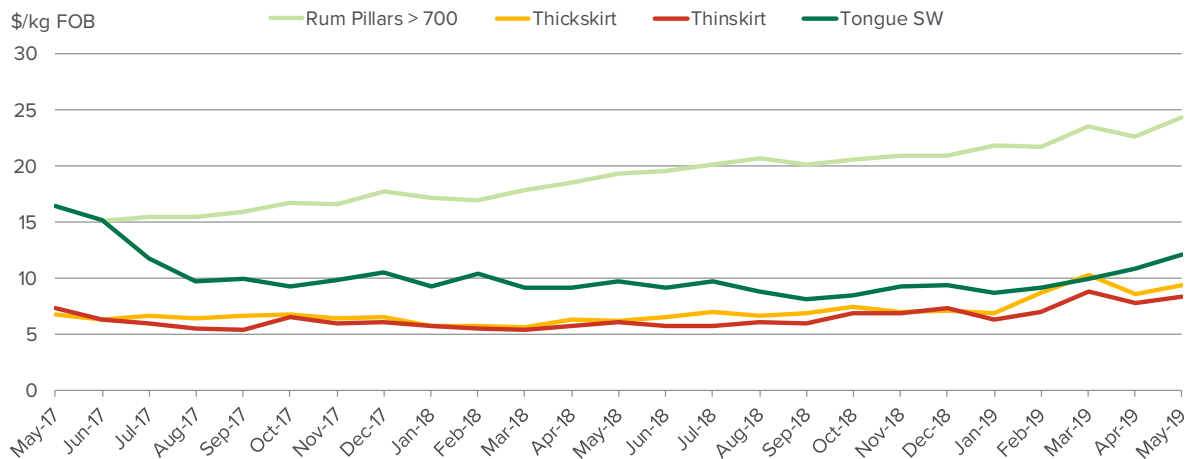
Japanese and Korean Offals

Tongue prices averaged \$12.05/kg, an increase of \$1.22/kg month-on-month and \$2.42/kg above year-ago levels.

Thick skirt was \$3.22/kg higher year-on-year and 80¢/kg firmer than last month, averaging \$9.35/kg. Thin skirt averaged \$8.33/kg, an improvement of 53¢/kg month-on-month and \$2.26/kg above year-ago prices.

Rumen pillars went up another notch, with heavy weight product averaging \$24.34/kg, up \$1.79/kg month-on-month and \$5.07/kg dearer than May 2018 levels. The last time prices were this high was August 2005.

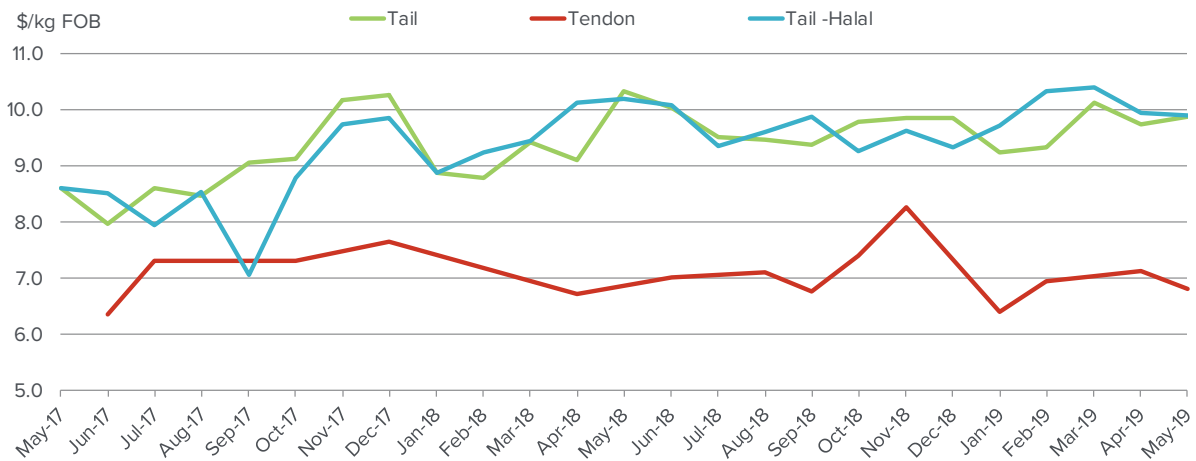
Figure 6: Trends in Japanese offal prices



Tails and Tendons

Tail prices to Korea were 15¢/kg higher month-on-month, averaging \$9.88/kg to be 44¢/kg lower than year-ago levels. Halal tails averaged \$9.90/kg, a decrease of 3¢/kg from last month and 30¢/kg below year-ago prices. Tendons averaged \$6.81/kg, easing 31¢/kg month-on-month.

Figure 7: Trends in tail and tendon prices



Sheep Co-products

Sheep offal prices were again poorly reported and showed mixed results, while runners were again not reported.

Table 2: Sheep co-product prices

	Average (May Data)	Range	Responses	Monthly Change	Annual Change
Heart Sheep - Halal	\$3.15		2	3.3%	17.8%
Kidneys Sheep - Halal	\$4.85		2	3.7%	54.8%
Liver Sheep - Halal	\$1.88		2	25.0%	45.6%
Tongue LC Sheep - Halal	\$5.10		2		28.3%
Tripe Sheep - Halal	\$4.05		2		-3.6%

Price quoted is average price reported in \$/kg FOB Australian port and runners as \$/piece.

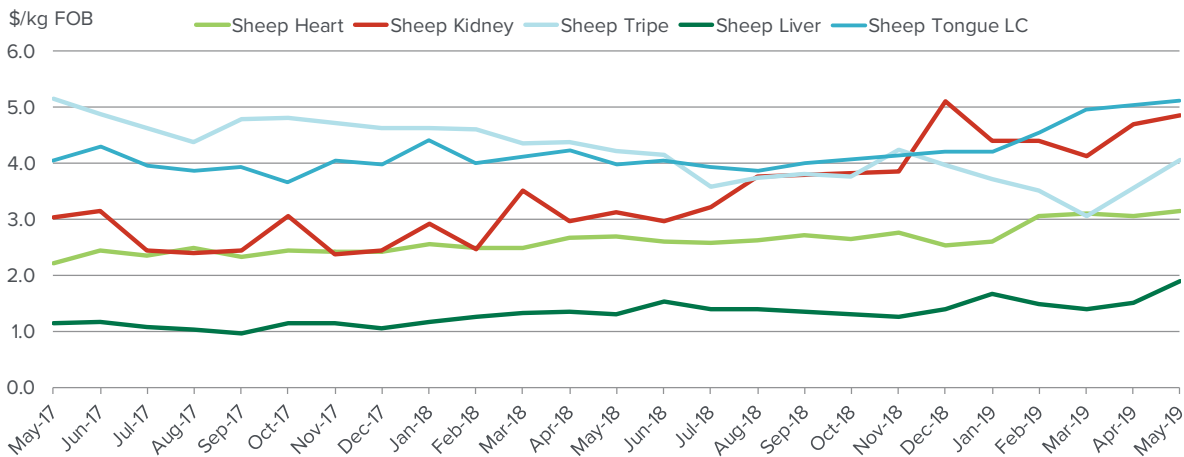
Sheep offal

Sheep hearts averaged \$3.15/kg, an increase of 10¢/kg month-on-month and 47¢/kg dearer than year-ago levels. Kidney prices returned \$4.85/kg, an improvement of \$1.72/kg from year ago levels and 17¢/kg firmer than April prices.

Sheep livers were 38¢/kg firmer month-on-month to average \$1.88/kg, which is 59¢/kg firmer than a year ago.

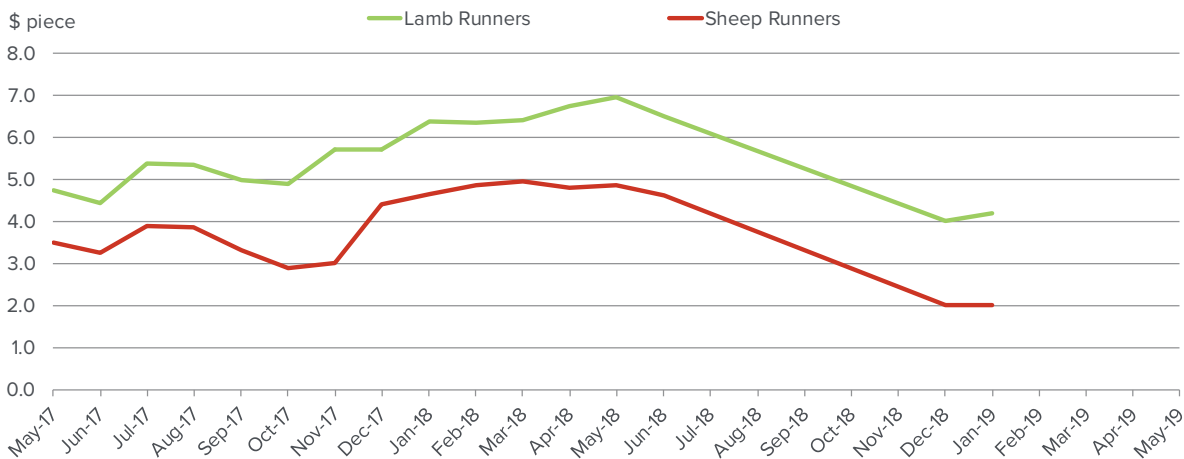
Sheep tripe averaged \$4.05/kg, down 15¢/kg from year-ago levels. Long cut tongues returned \$5.10/kg, improving \$1.12/kg from May 2018.

Figure 8: Trends in sheep offal prices



Both lamb and sheep runners remain under pressure, with excess product in the European market, making product hard to sell. Neither were reported this month.

Figure 9: Trends in runner prices



Pharmaceutical products

Pharmaceutical products were relatively steady.

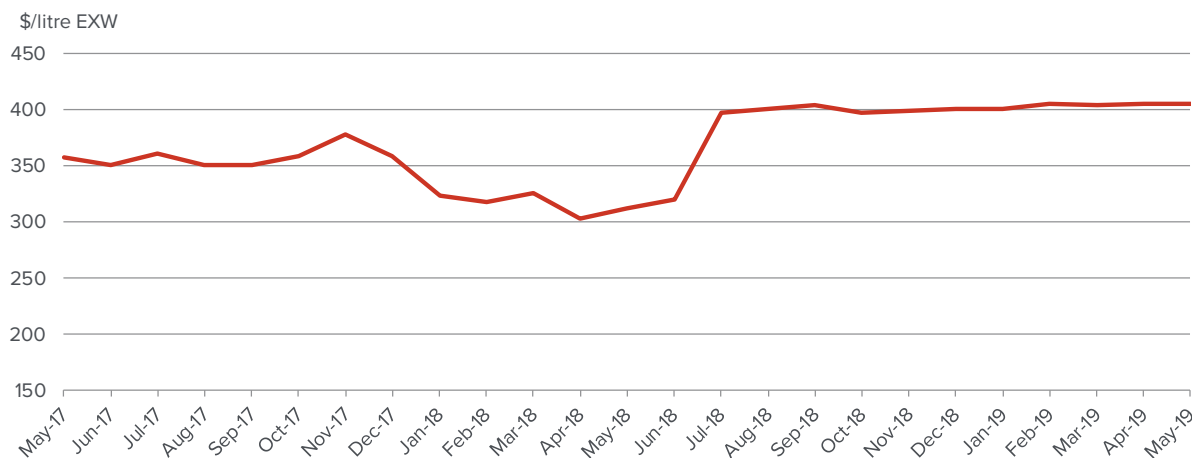
Table 3: Pharmaceutical prices

	Average (May Data)	Range	Responses	Monthly Change	Annual Change
Foetal Blood	\$405.00	\$10.00	3	0.0%	29.9%
Gall Concentrated	\$31.50		2	13.2%	

Price quoted is average price reported in \$/kg FOB Australian port and foetal blood \$/litre EXW

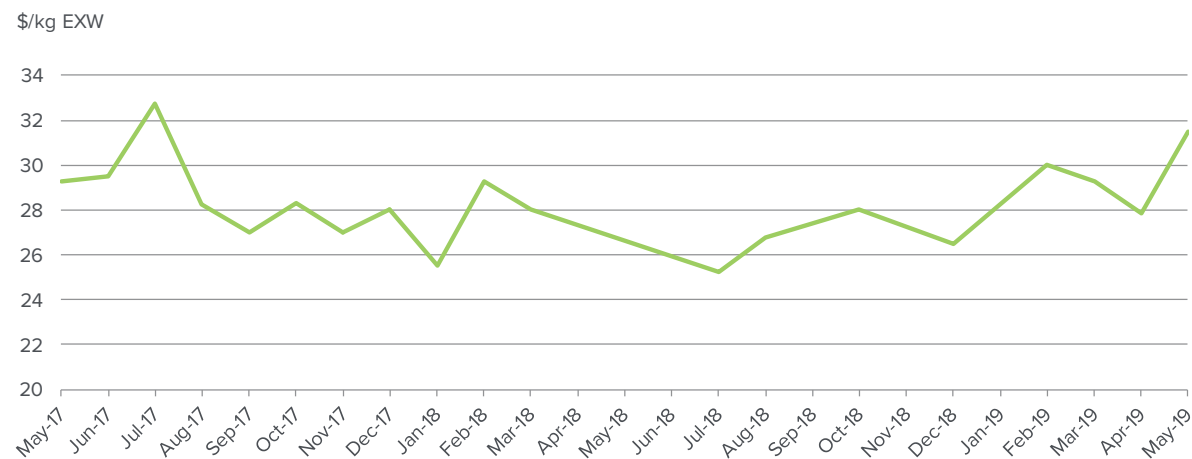
Foetal calf blood into Europe was even with last month to average \$405/litre, a gain of \$93/litre from a year ago.

Figure 10: Trends for foetal blood prices



Concentrated gall averaged \$31.50/litre, firming \$3.67/litre month-on-month.

Figure 11: Trends for concentrated gall prices



Rendered products

Rendered products were slightly firmer across the board, with meat and bone meal under pressure due to the loss of a key overseas market, causing oversupply in the domestic market.

Table 4: Rendered product prices

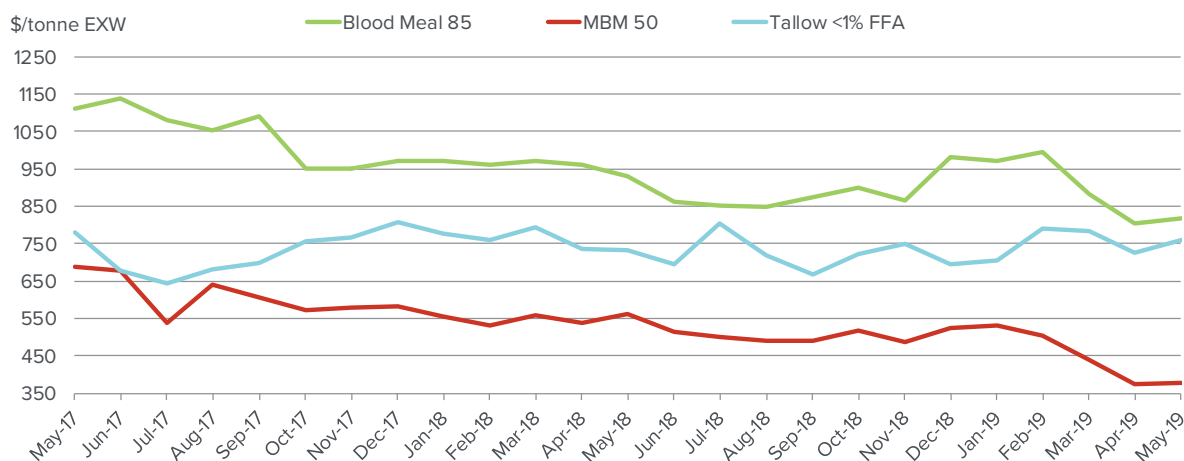
	Average (May Data)	Range	Responses	Monthly Change	Annual Change
Bloodmeal 85	\$816.67	\$20.00	3	1.7%	-12.2%
MBM 50	\$377.50		2	1.1%	-32.9%
Tallow Ined.<1FFA	\$760.00	\$50.00	3	4.6%	3.9%
Tallow Ined.<2FFA	\$755.00		2	5.6%	-1.8%
Tallow Ined.<4FFA	\$735.00		2	6.5%	4.7%

Price quoted is average price reported ex works\$/tonne.

The price for 50% protein MBM improved \$5/tonne from last month, averaging \$378/tonne, to be \$185/tonne below May 2018 levels. Blood meal averaged \$817/tonne, a decrease of \$113/tonne on last year's price, but \$14/tonne firmer month-on-month.

Tallow prices rallied, with the price for 1% FFA tallow averaging \$760/tonne, up \$33/tonne on last month's price but \$28/tonne below year-ago prices. Tallow remains at a premium of approximately \$100/tonne to palm stearin, due to demand from Singapore, China and the USA.

Figure 12: Trends in rendered co-product prices



Hides

The hide market continues to weaken further with more product becoming of no commercial value. Poor demand for leather continues to make product difficult to sell.

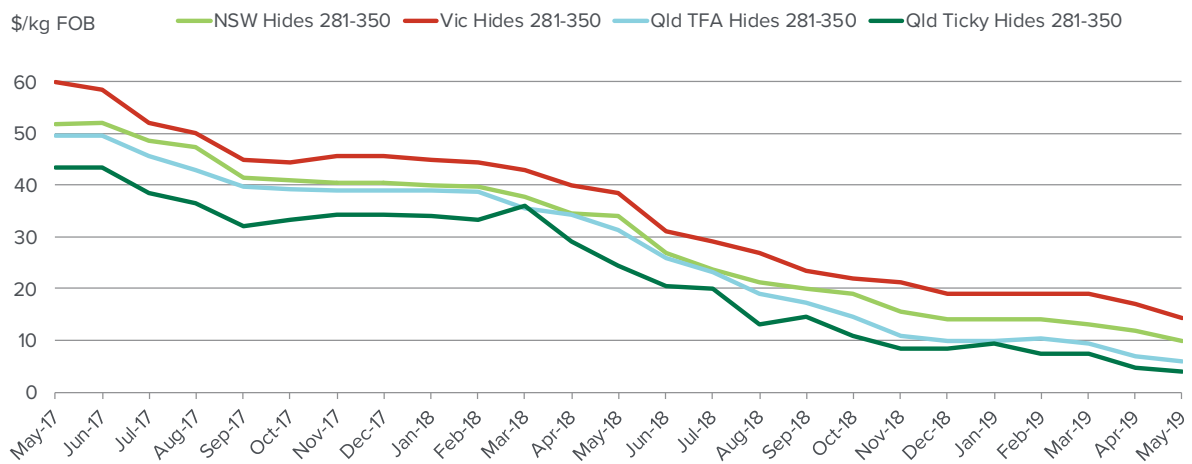
Table 5: Hide prices

	Average (May Data)	Range	Responses	Monthly Change	Annual Change
Hides NSW 141- 180	\$2.25		2	-18.2%	-86.8%
Hides NSW 181 - 220	\$4.00		2	-11.1%	-80.0%
Hides NSW 221 - 280	\$5.75		2	-20.7%	-78.7%
Hides NSW 281 - 350	\$10.00		2	-14.9%	-70.6%
Hides NSW 351 Up	\$17.00		2	-17.1%	-61.8%
Hides QLD TFA 141 - 220	\$0.50		2	-75.0%	-96.6%
Hides QLD TFA 221 - 280	\$2.00		2	-38.5%	-91.3%
Hides QLD TFA 281 - 350	\$5.83	\$2.50	3	-16.7%	-81.4%
Hides QLD TFA 351 Up	\$9.83	\$3.50	3	-7.8%	-74.3%
Hides QLD Ticky 281 - 350	\$4.00	\$2.00	3	-15.8%	-83.7%
Hides QLD Ticky 350 Up	\$6.00	\$2.00	3	-14.3%	-80.3%
Hides VIC 141-180	\$4.00		2	-11.1%	-78.9%
Hides VIC 181-220	\$6.25		2	-21.9%	-74.0%
Hides VIC 221 - 280	\$9.00		2	-12.2%	-70.5%
Hides VIC 281-350	\$14.25		2	-16.2%	-63.0%
Hides VIC 351 Up	\$20.75		2	-12.6%	-56.8%

Price quoted is average price reported for ex works \$/each.

Local prices for hides continued the downward trend across the market, with even heavier lower grade hides showing processors negative returns.

Figure 13: Trends in hide prices (East Coast Ex Works)



Currency exchange

The Australian dollar declined against the US dollar during May. The A\$ opened the month at 70.54US¢ before dipping to 68.75US¢. It recovered to close at 69.16US¢, to average 69.49US¢ for May, a fall of 1.66US¢ month-on-month, and down 5.78US¢ from May 2018.

Figure 14: AUD /USD Foreign Exchange



Source: Reserve Bank Australia

Export statistics



To access the latest co-products statistics please click here:



For more information:

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This report is produced from a monthly MLA survey of approximately 25 processors across Australia, collating average prices and analysing trends on a range of co-products items



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