



MLA co-product market report

September 2016

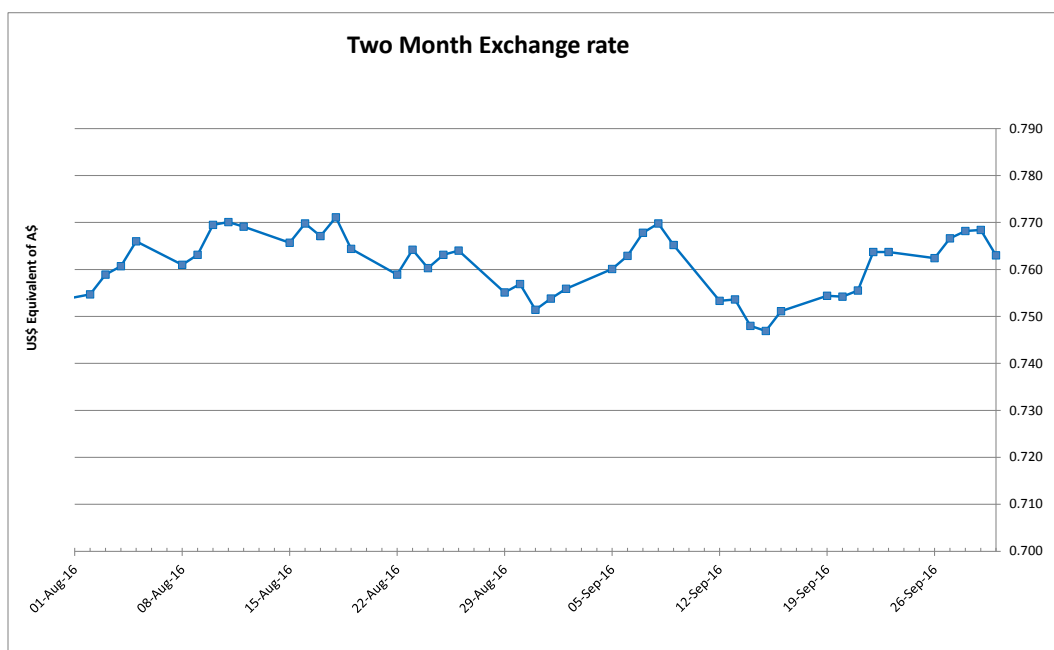
Table 1: Co-products Prices

Product	Average	Range	Responses	Monthly Change	Annual Change
Beef					
BEEF LIPS	\$2.62	\$0.70	3	6.8%	-8.2%
BEEF LIPS - HALAL	\$2.61	\$1.10	5	3.7%	-11.3%
CHEEKMEAT	\$7.18	\$2.50	4	11.8%	15.9%
CHEEKMEAT - HALAL	\$7.69	\$2.75	5	12.3%	33.4%
DIAP. MEMBRANE	\$4.06	\$1.00	5	2.2%	25.8%
HC TRIPE	\$6.25	\$1.45	3	0.0%	-10.1%
HC TRIPE - HALAL	\$6.28	\$2.20	4	6.4%	-15.6%
HEADMEAT	\$4.18	\$0.70	3	-4.4%	26.8%
HEADMEAT - HALAL	\$4.37	\$1.50	3	-8.1%	30.3%
HEART	\$1.67	\$0.30	3	-0.5%	1.6%
HEART - HALAL	\$1.83	\$0.20	6	0.7%	-3.9%
HEART -AORTA	\$5.08	\$2.45	3		-28.1%
HEART -AORTA - HALAL	\$6.28	\$3.00	4	-15.2%	-3.8%
KIDNEYS	\$0.91	\$0.35	4	-22.9%	-28.9%
KIDNEYS - HALAL	\$1.11	\$0.70	5	4.1%	-14.6%
LIGAMENTUM	\$3.88	\$4.90	6	-0.4%	31.0%
LIVER	\$1.11	\$0.40	4	23.6%	27.1%
LIVER - HALAL	\$1.14	\$0.40	5	-3.0%	-28.4%
LUNGS - HALAL	\$1.67	\$0.30	3	25.8%	37.0%
OMASUM - HALAL	\$4.78	\$3.00	4	1.3%	-49.0%
RUM.PILL < 500	\$5.03	\$0.40	3	30.7%	11.0%
RUM.PILL > 500 < 700	\$8.53	\$2.70	3	14.5%	54.2%
RUM.PILL > 700	\$11.83	\$2.50	3	17.7%	72.1%
RUM.PILL< 500 - HALAL	\$5.47	\$1.18	3	-9.4%	46.0%
RUM.PILL> 500 < 700 - HALAL	\$10.08	\$2.70	3	2.4%	110.1%
RUM.PILL> 700 - HALAL	\$13.53	\$1.10	3	0.4%	62.1%
TAIL	\$8.07	\$0.20	3	0.8%	-1.6%
TAIL - HALAL	\$7.81	\$1.00	6	1.9%	-3.9%
TENDONS	\$5.80		2		33.3%
TENDONS - HALAL	\$6.50	\$1.30	4	-8.8%	24.2%
THICKSKIRT	\$9.23	\$2.00	4	-0.8%	1.6%
THICKSKIRT - HALAL	\$9.17	\$1.20	5	-7.7%	3.6%
THINSKIRT	\$9.20	\$1.70	4	-13.5%	1.3%
THINSKIRT - HALAL	\$9.57	\$1.35	5	-9.9%	8.1%
TONGUE RT FILLET	\$5.60	\$1.70	4	-4.1%	16.1%
TONGUE RT MEAT	\$1.87	\$0.25	3		55.6%
TONGUE SW	\$19.87	\$2.50	5	-4.6%	82.9%
TONGUE SW - HALAL	\$20.20	\$4.00	5	-4.0%	124.4%
TRIPLE PCS	\$3.10	\$0.50	3	5.1%	9.7%
TRIPLE PCS - HALAL	\$3.02	\$0.70	5	5.0%	1.8%

Product	Average	Range	Responses	Monthly Change	Annual Change
Sheep					
HEART SHEEP - HALAL	\$1.80	\$0.25	5	3.8%	8.0%
KIDNEYS SHEEP - HALAL	\$1.74	\$0.80	5	-5.1%	-49.6%
LIVER SHEEP - HALAL	\$1.09	\$0.17	5	-8.8%	-27.1%
RUNNERS LAMB	\$3.25	\$2.00	3	62.5%	-40.4%
RUNNERS SHEEP	\$2.13		2	77.1%	-50.0%
TONGUE LC SHEEP HALAL	\$3.40	\$0.90	5	6.3%	-19.5%
TRIBE SHEEP - HALAL	\$5.34	\$0.50	5	-2.0%	34.3%
Pharmecuetical					
FOETAL BLOOD	\$352.50	\$40.00	4	-2.1%	50.0%
GALL CONCENTRATED	\$24.83	\$2.50	3	-0.1%	3.5%
Rendered Products					
BLOODMEAL 85	\$1,023.75	\$115.00	4	2.2%	-2.0%
MBM 50	\$648.00	\$95.00	5	-4.9%	-3.5%
TALLOW INED.<1FFA	\$926.67	\$60.00	3	2.4%	47.9%
TALLOW INED.<2FFA	\$895.00	\$75.00	3	3.2%	47.9%
TALLOW INED.<4FFA	\$890.00		2	4.2%	56.1%
Hides					
HIDES NSW 141- 180	\$23.00		2	-4.2%	-26.6%
HIDES NSW 181 - 220	\$29.50		2	-4.8%	-23.7%
HIDES NSW 221 - 280	\$38.00		2	-1.3%	-18.0%
HIDES NSW 281 - 350	\$48.50		2	-1.0%	-13.4%
HIDES NSW 351 UP	\$63.50		2	-0.8%	-2.8%
HIDES QLD TFA 141 - 220	\$25.50		2	-1.9%	8.5%
HIDES QLD TFA 221 - 280	\$34.50		2	-1.4%	11.3%
HIDES QLD TFA 281 - 350	\$43.83	\$11.50	3	-1.9%	3.5%
HIDES QLD TFA 351 UP	\$53.00	\$17.00	3	-2.5%	3.9%
HIDES QLD TICKY 281 - 350	\$37.50		2	-2.6%	0.0%
HIDES QLD TICKY 350 UP	\$47.25		2	-1.6%	3.3%
HIDES VIC 141-180	\$26.00		2	-3.7%	-21.8%
HIDES VIC 181-220	\$34.50		2	-2.8%	-22.5%
HIDES VIC 221 - 280	\$42.25		2	-1.7%	-22.5%
HIDES VIC 281-350	\$53.50		2	-1.8%	-16.4%
HIDES VIC 351 UP	\$68.00		2	-1.8%	-9.3%

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

The A\$ continued to hover in the same range against US\$ during September, starting at 75.38US¢, and traded within a range of 74.69– 76.98US¢ before finishing the month at 76.30US¢ and averaging 75.95US¢.



Beef offal prices were reasonably steady during August, with beef tongues easing slightly and rumen pillars in demand. Sheep offal prices were steady, however sheep kidneys have continued the downward trend observed during the year. Halal offal

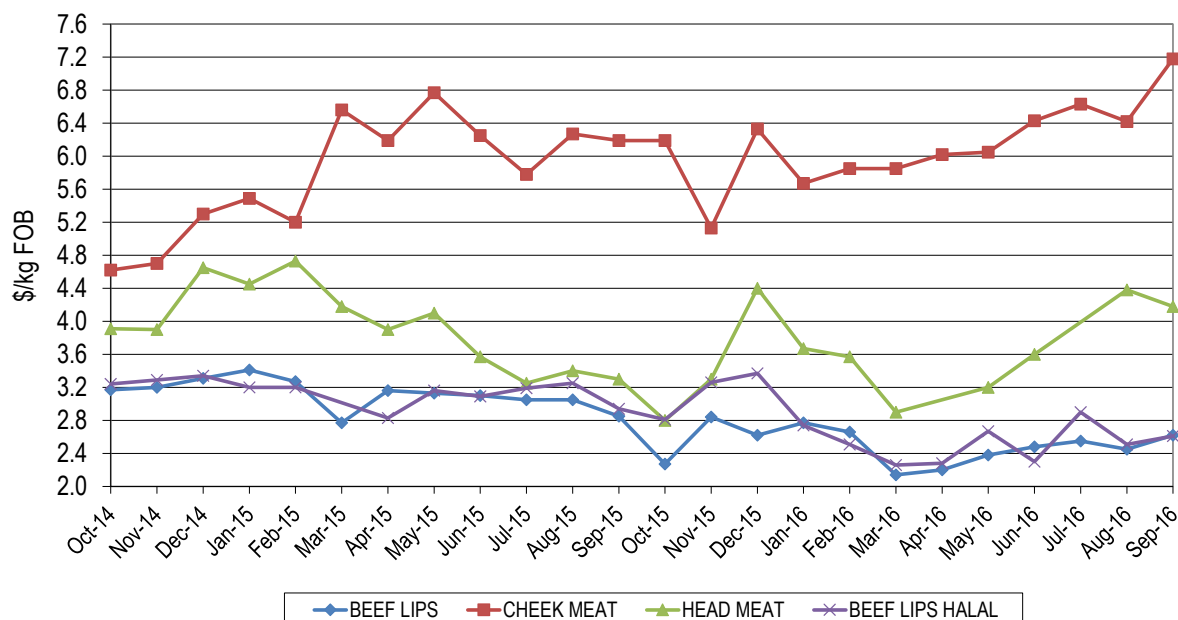
prices were steady on the back of lower offal production and accompanied by reasonable demand which assisted prices. The announcement of Indonesia further opening the market to offal products is welcome news and should firm halal prices.

Blood meal prices were dearer however meat and bone meal prices weakened. Tallow prices trended dearer, assisted by lower production, stable demand from Singapore and dearer palm prices.

Hide prices remained steady, with poor demand for finished leather and strong supply from USA and Brazil to China, Australia's largest market. Demand for sheep skins remains uncertain due to the forced closure of many tanneries in China as a result of environmental issues.

Head Offal Prices

Figure 1: Trends in beef head offal prices

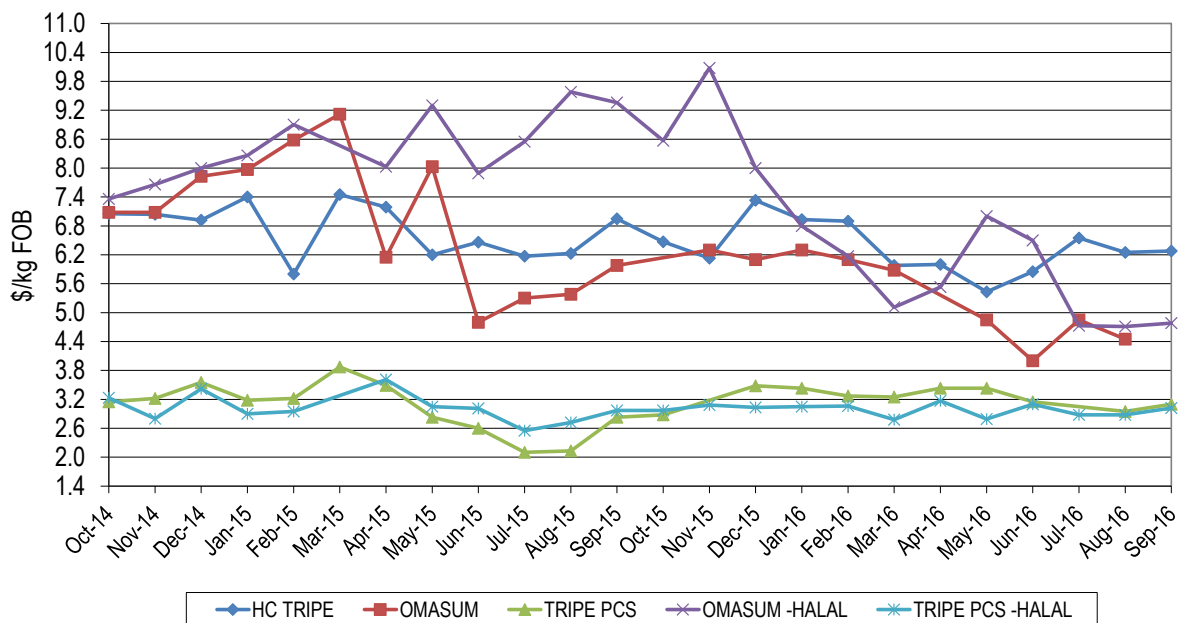


Head offal products averaged slightly higher month-on-month, however head meat averaged \$4.18/kg, up 88¢/kg on year-ago levels but 20¢/kg lower than a month ago. Cheek meat was 99¢/kg stronger compared to the corresponding period last year, averaging \$7.18/kg, and was up 76¢/kg compared with last month.

Lip export prices to the US and Mexico firmed slightly this month, averaging \$2.62/kg and were 17¢/kg higher than last month but 23¢/kg easier than 2015. Halal lips returned \$2.61/kg, up 10¢/kg month-on-month and were 33¢/kg lower than year-ago levels.

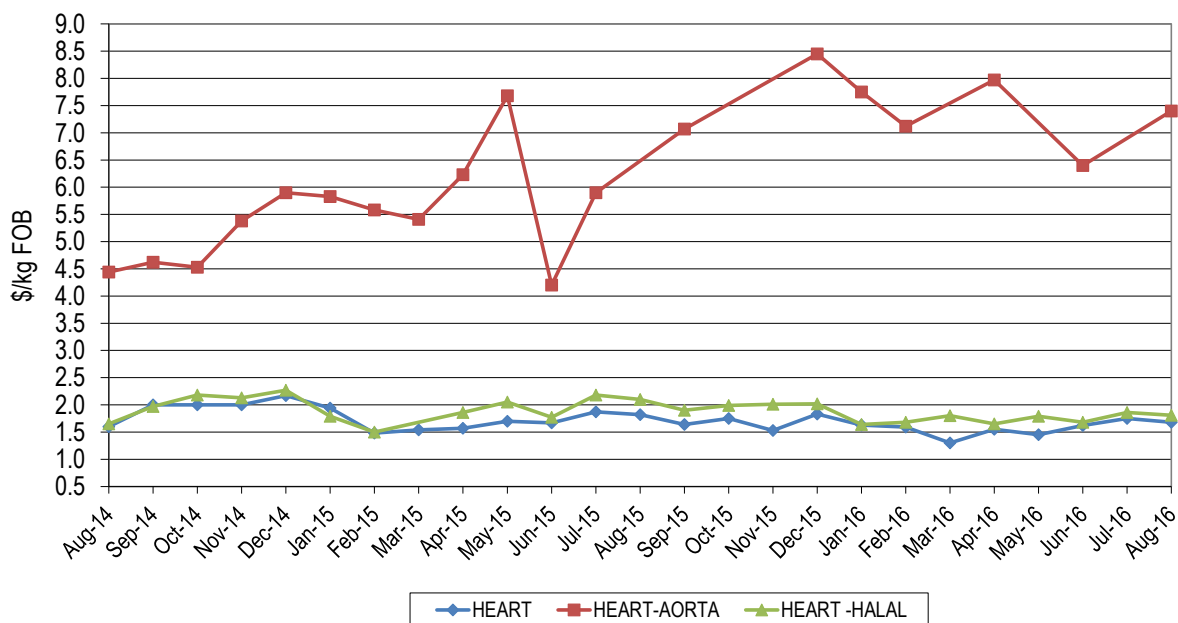
Beef Offal Trends

Figure 2: Trends in beef tripe prices



Omasum was not reported during September, whilst halal omasum prices remained steady at \$4.78/kg, up 7¢/kg from August and \$4.58/kg lower year-on-year. Non-halal tripe pieces averaged \$3.10/kg to be 27¢/kg dearer year-on-year and 15¢/kg up month-on-month. Honeycomb tripe steadied during September, averaging \$6.28/kg, which was up 3¢/kg month-on-month and 67¢/kg lower than the corresponding period last year. Halal tripe pieces returned \$3.02/kg, up 15¢/kg on last month and 5¢/kg higher year-on-year.

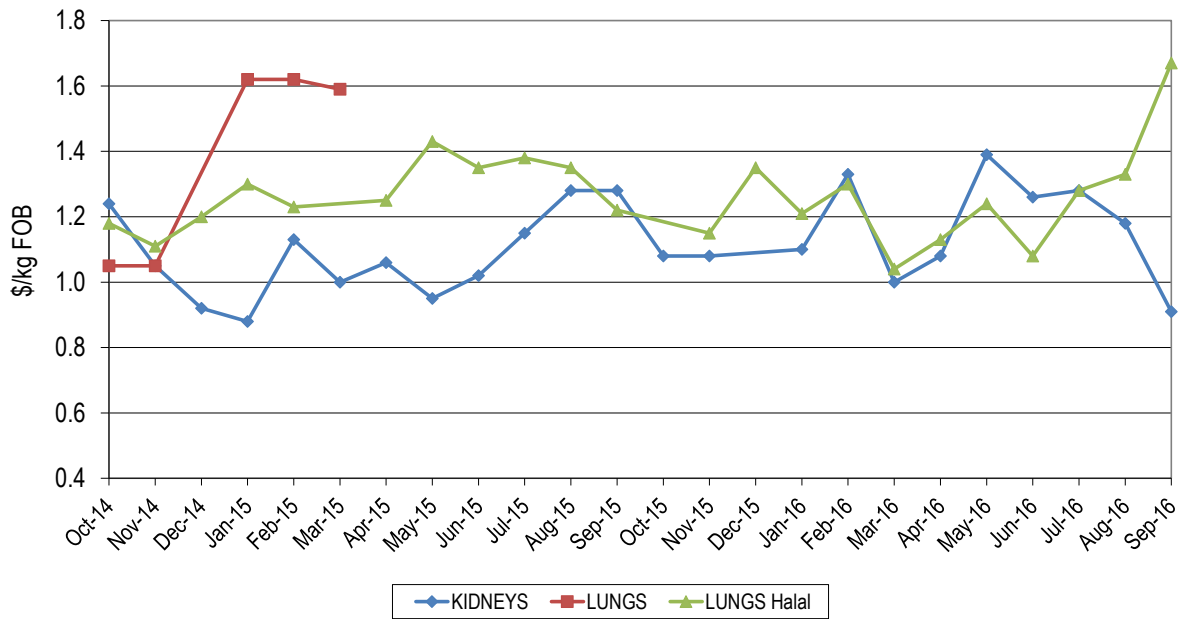
Figure 3a: Trends in beef offal prices



Aorta averaged \$5.08/kg to be \$1.99/kg lower year-on-year, whilst halal product averaged \$6.28/kg, down \$1.12/kg month-on-month.

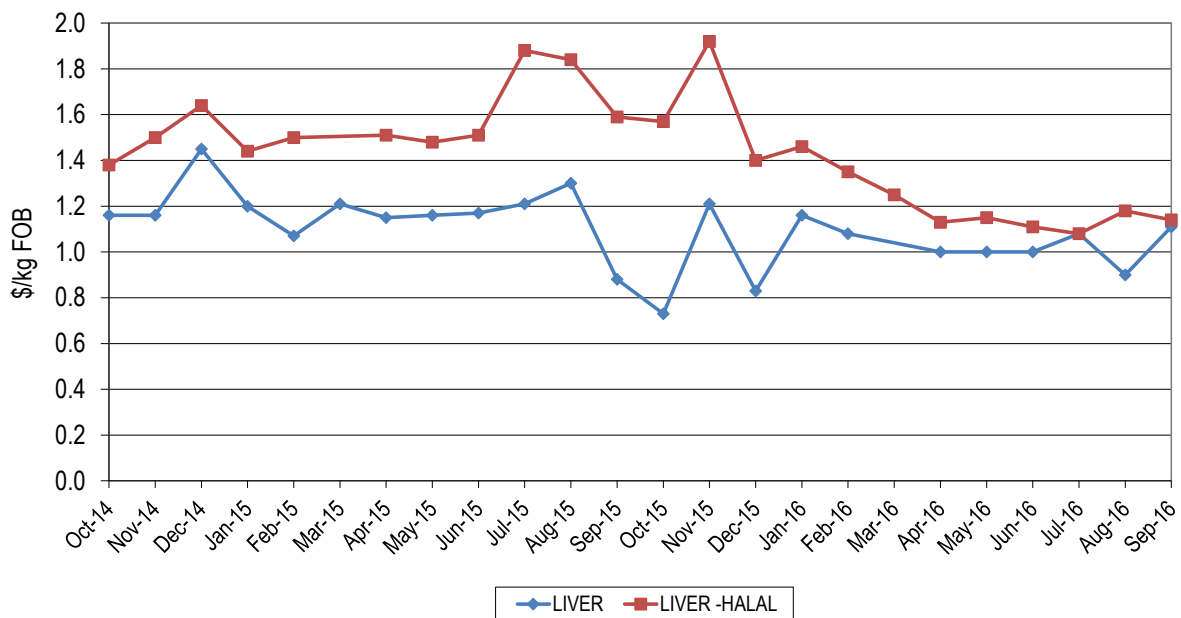
Heart prices were steady, averaging \$1.67/kg, down 1¢/kg for the month and 3¢/kg higher than August 2015. Halal hearts averaged \$1.83/kg, up 2¢/kg month-on-month however were 7¢/kg lower than year-ago levels.

Figure 3b: Trends in beef offal prices



Kidneys were reported at an average of 91¢/kg, down 27¢/kg on last month and 37¢/kg weaker on last year’s price. Halal lungs averaged \$1.67/kg, up 34¢/kg on last month, and were 45¢/kg stronger year-on-year while reports for non-halal lungs have been absent for over twelve months.

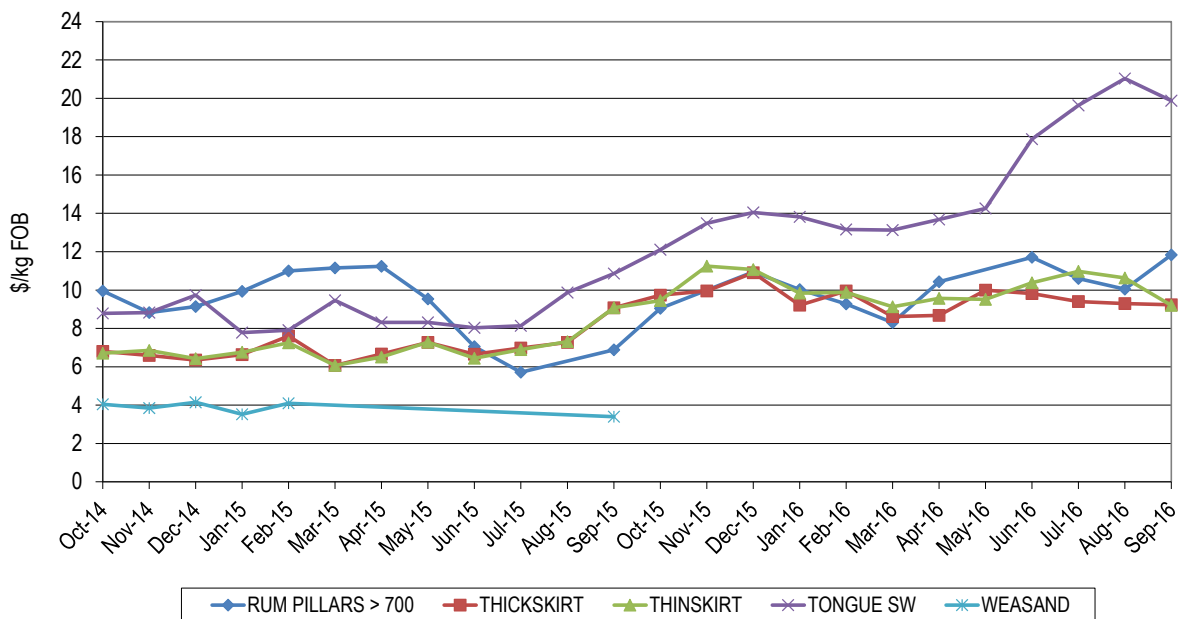
Figure 3c: Trends in beef offal prices



Non-halal liver prices averaged \$1.11/kg, firming 21¢/kg month-on-month and were 23¢/kg dearer than this time last year. Halal livers eased by 4¢/kg month-on-month, with sales averaging \$1.14/kg but were down 45¢/kg year-on-year.

Japanese and Korean Offals

Figure 4: Trends in Japanese offal prices



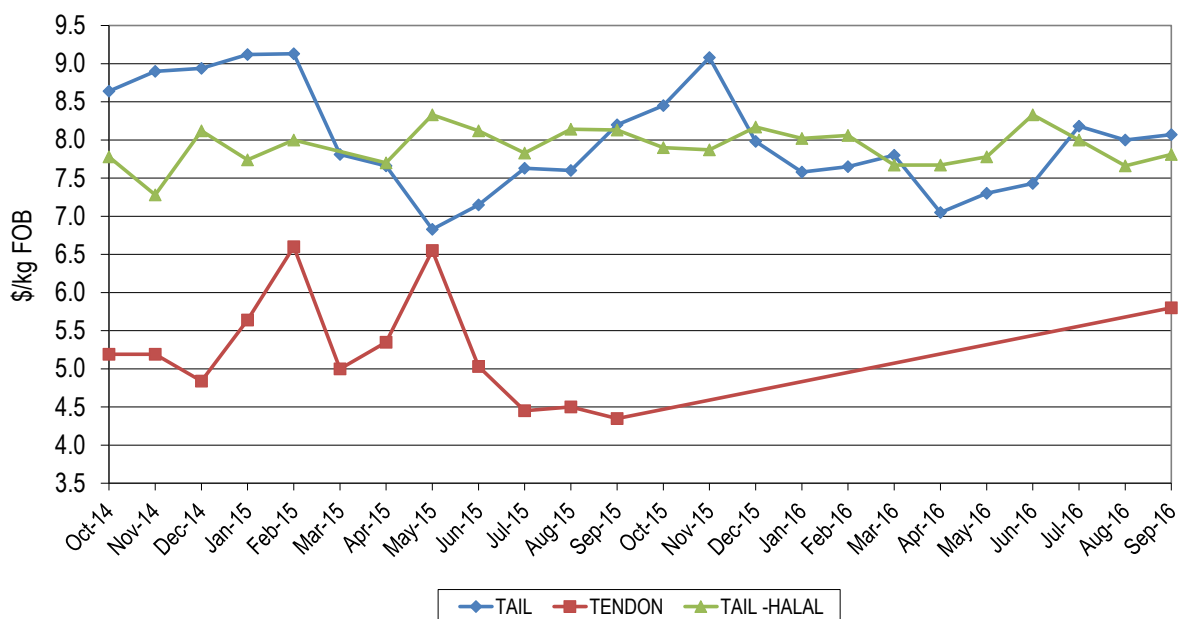
Tongue prices reversed the recent trend, averaging \$19.87/kg, which was still \$9.01/kg dearer from year-ago levels but \$1.16/kg lower month-on-month.

Thick skirt was 15¢/kg dearer on last year but 7¢/kg down month-on-month, averaging \$9.23/kg, while thin skirt prices were 12¢/kg higher than year-ago levels and \$1.43/kg lower month-on-month, realizing \$9.20/kg.

Rumen pillars were considerably stronger this month, with heavy weight product making \$11.83/kg which was \$1.78/kg up month-on-month and \$4.95/kg dear than a year ago. Halal 700gm rumen pillars returned \$13.53/kg, up 5¢/kg month-on-month. Weasand was again not reported.

Tails and Tendons

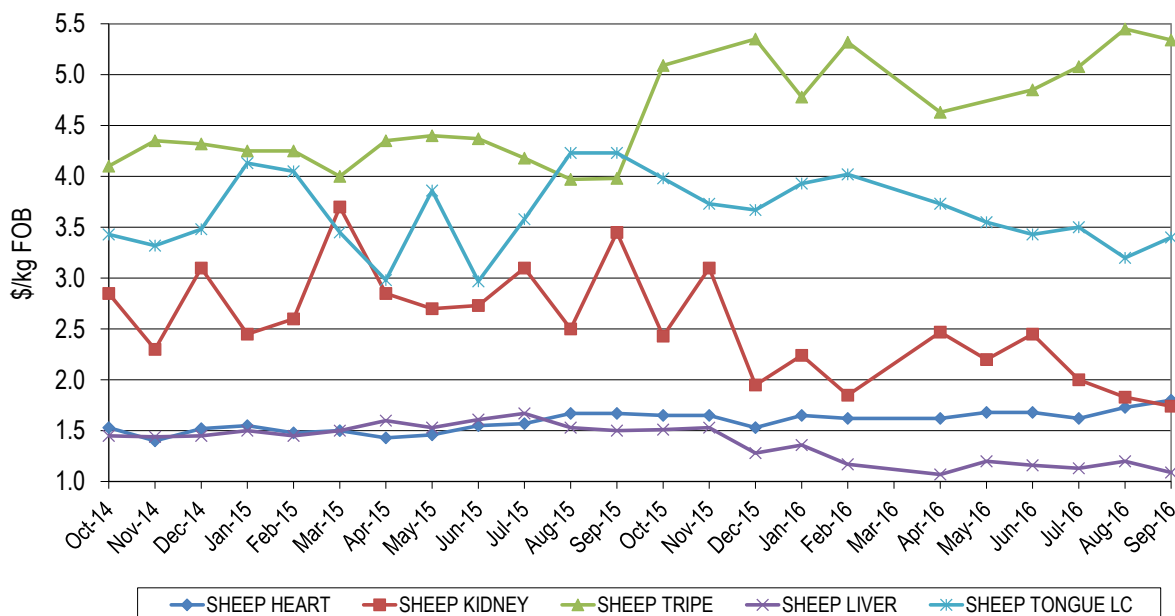
Figure 5: Trends in tail and tendon prices



Tail prices into Japan averaged \$8.07/kg, up 7¢/kg from August but 13¢/kg lower than same period last year. Halal tails were also slightly firmer this month, up 15¢/kg month-on-month but 32¢/kg lower year-on-year, at \$7.81/kg. Non-halal tendons averaged \$5.80/kg, up \$1.45/kg year-on-year however halal tendons returned an average of \$6.50/kg, which was 63¢/kg below last month.

Sheep Offals

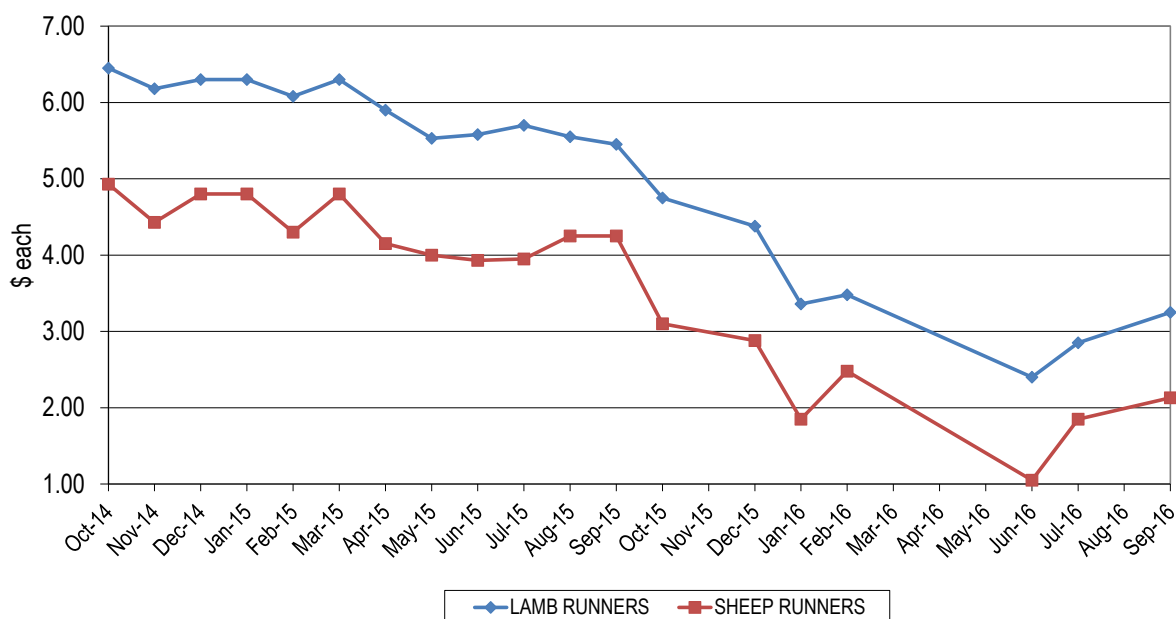
Figure 6a: Trends in sheep offal prices



Sheep offal remains relatively steady.

Hearts averaged \$1.80/kg, up 7¢/kg from August and were 6¢/kg dearer than last year. Livers eased to \$1.09/kg, which was 11¢/kg down month-on-month and 41¢/kg lower than year-ago levels. Kidney prices weakened to return \$1.74/kg, down 9¢/kg on August prices and were back \$1.71/kg year-on-year. Sheep tripe averaged \$5.34/kg, down 11¢/kg month-on-month however was \$1.36/kg dearer than year-ago levels. Sheep long cut tongue averaged \$3.40/kg, up 20¢/kg month-on-month and 83¢/kg cheaper than August 2015.

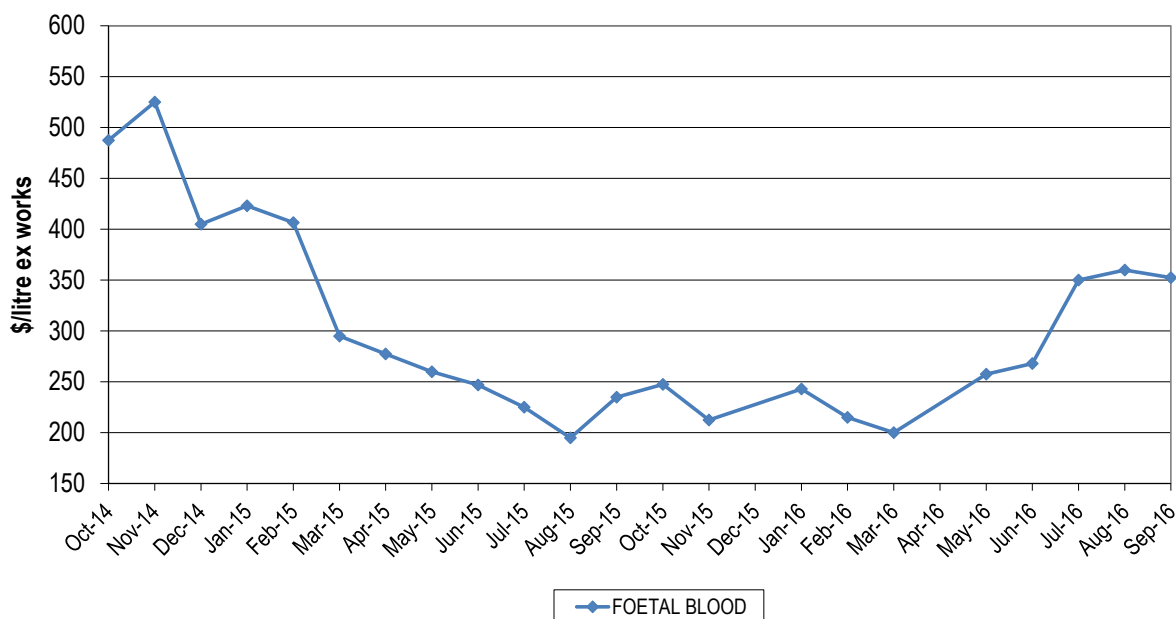
Figure 6b: Trends in runner prices



Lamb runners averaged \$3.25/piece which is down \$2.20/piece year-on-year but 40¢/piece firmer than two months ago. Sheep runners returned an average of \$2.13/piece, up 18¢/piece since July when last reported but \$2.12/piece below year-ago prices.

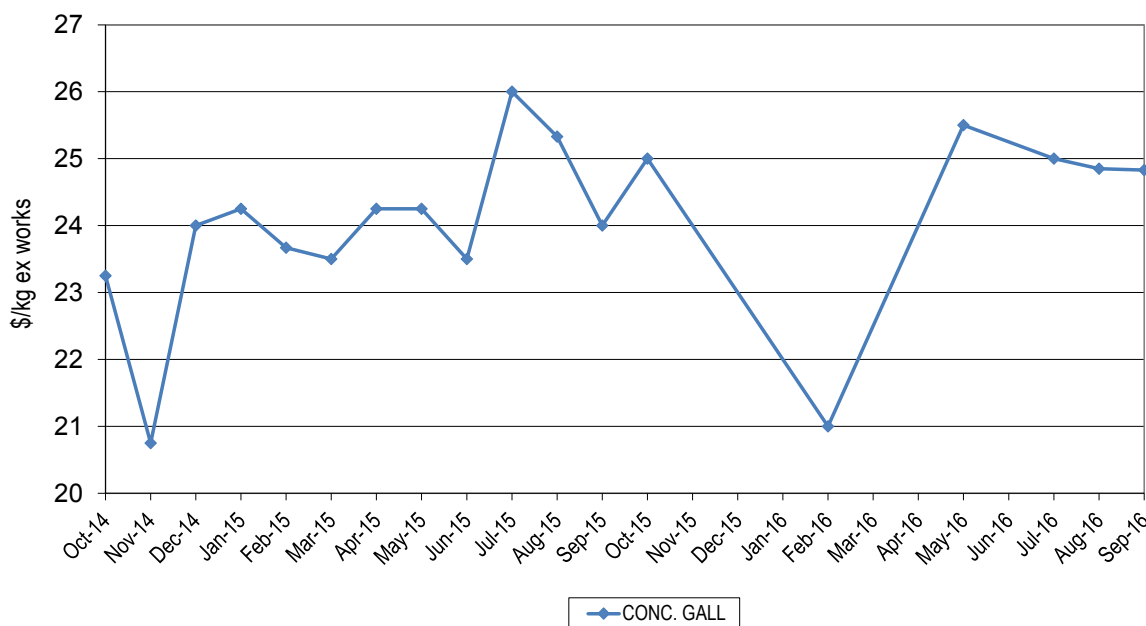
Pharmaceutical products

Figure 7a: Trends for foetal blood prices



Foetal blood averaged \$352.50/litre, down \$7.50/litre month-on-month and \$117.50/litre dearer than year-ago levels.

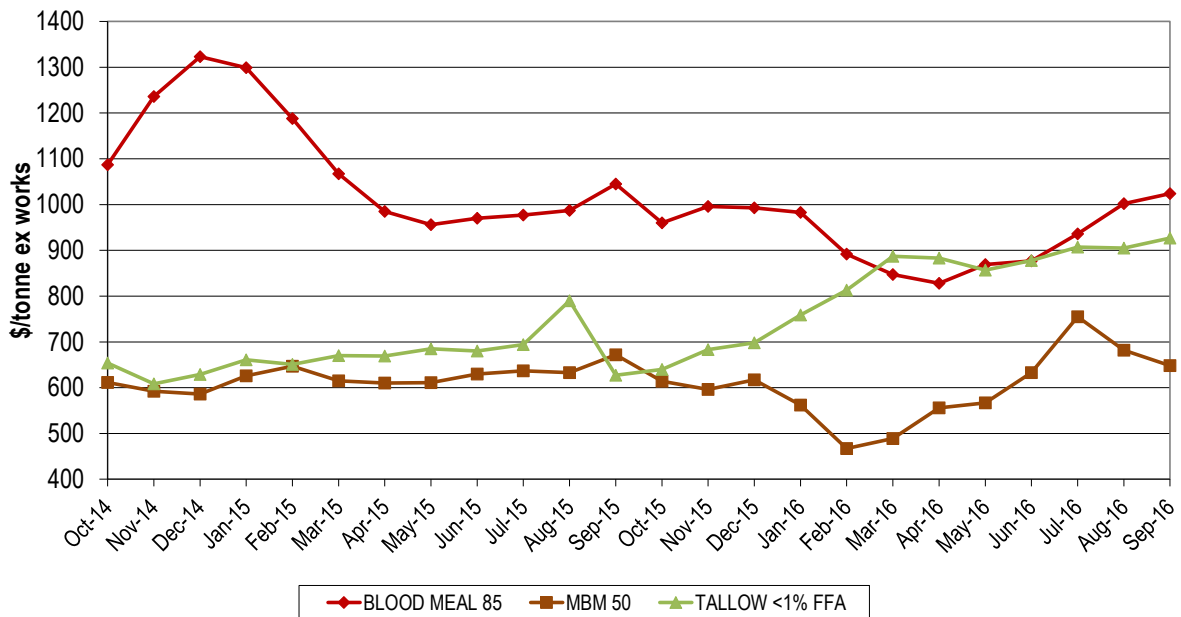
Figure 7b: Trends for concentrated gall prices



Concentrated gall averaged \$24.83/kg in August, which was 83¢/kg firmer year-on-year but down 2¢/kg from August.

Rendered Products

Figure 8: Trends in rendered co-product prices

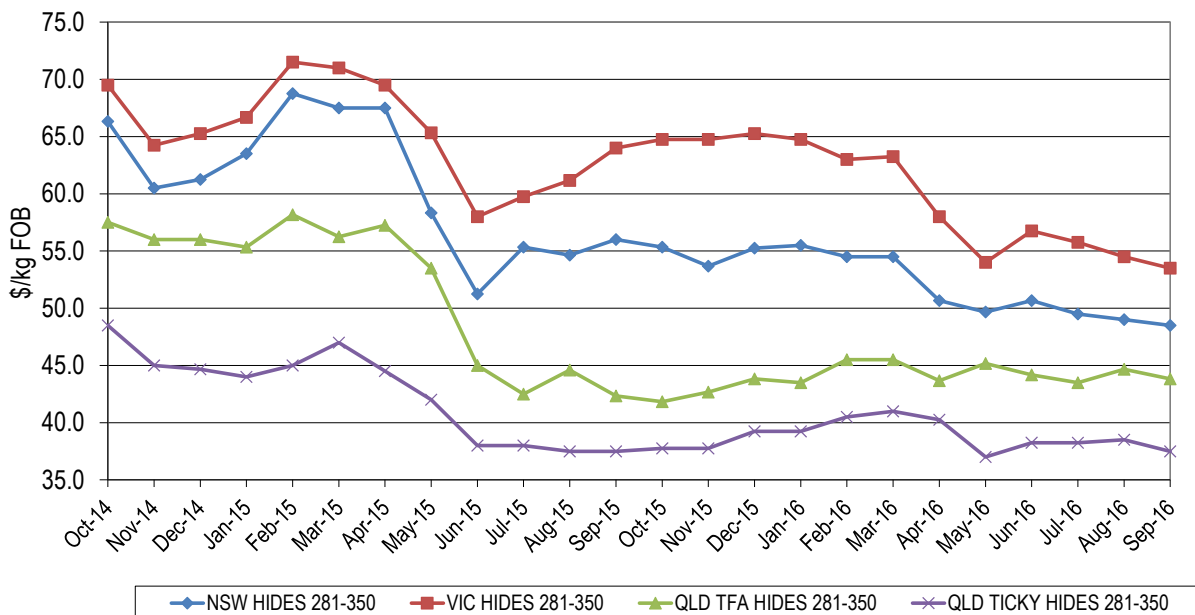


Meat and bone meal (MBM) prices continued the downward trend, to fall by \$34/tonne month-on-month, with the price for 50% protein averaging \$648/tonne, \$24/tonne lower than the same time last year. Blood meal prices continued to strengthen on the back of improved aqua demand and short supply, averaging \$1,024/tonne ex-works, which was up \$22/tonne on last month's price but \$21/tonne weaker than last year. The reduced production of rendered product continues to assist rendered protein meal price.

Tallow prices strengthened again, with Singapore keeping up steady demand for bio-diesel production. The price of palm stearin continued its strong performance, also assisting the tallow market. September prices for 1% FFA tallow averaged \$927/tonne, up \$22/tonne on last month but was \$21/tonne lower year-on-year.

Hides

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



Local prices for hides eased slightly as markets felt the pressure of increased supplies from USA, Europe and Brazil. Coupled with the downward demand for leather goods, the market remains stagnant, and is not expected to rally in the short term. The reduced slaughter numbers in Australia have helped keep the price paid domestically relatively stable.

Beef and veal offal exports (tonnes swt)					
Destination	Sep-15	Aug-16	Sep-16	Monthly change	Annual change
JAPAN	2,881	1,680	2,299	37%	-20%
INDONESIA	117	1,290	2,086	62%	1682%
KOREA	1,774	1,714	1,901	11%	7%
HONG KONG	1,864	1,519	1,241	-18%	-33%
SOUTH AFRICA	1,216	667	1,026	54%	-16%
MIDDLE EAST	1,551	517	617	19%	-60%
THAILAND	664	766	518	-32%	-22%
MALAYSIA	451	491	453	-8%	1%
CHINA	367	345	390	13%	6%
OTHER	3,151	1,447	1,233	-15%	-61%
TOTAL	14,038	10,436	11,765	13%	-16%
Offal cut	Sep-15	Aug-16	Sep-16	Monthly change	Annual change
TRIPE	3,327	2,728	2,266	-17%	-32%
LIVER	2,182	1,514	1,822	20%	-17%
SKIRT	1,420	945	1,219	29%	-14%
HEART	1,160	776	1,033	33%	-11%
TONGUES	1,156	721	998	39%	-14%
MANUFACTURING	747	618	843	36%	13%
TAIL	791	542	614	13%	-22%
INTESTINES	579	442	547	24%	-6%
CHEEK MEAT	635	424	543	28%	-14%
TENDON	456	362	432	19%	-5%
KIDNEY	374	272	338	24%	-10%
LIPS	539	340	320	-6%	-41%
HEAD	267	260	299	15%	12%
LUNGS	272	265	284	7%	4%
SPLEEN	130	223	203	-9%	56%
OTHER	2	5	4	-11%	66%
TOTAL	14,038	10,436	11,765	13%	-16%

Destination	Offal cut	Sep-15	Sep-16	Annual change
Japan	CHEEK MEAT	115	78	-32%
	HEART	29	6	-80%
	INTESTINES	369	290	-21%
	OTHER	2368	1925	-19%
Indonesia	HEART		644	-
	MANUFACTURING		555	-
	TONGUES	33	246	649%
	OTHER	84	641	662%

Source: DAWR

Destination	Offal cut	Sep-15	Sep-16	Annual change
Korea	CHEEK MEAT	476	418	-12%
	TAIL	174	375	116%
	SKIRT	380	360	-5%
	OTHER	745	748	1%
Hong Kong	TRIPE	1,769	1,166	-34%
	OTHER	95	75	-21%

Mutton, lamb and goat offal exports (tonnes swt)					
Destination	Sep-15	Aug-16	Sep-16	Monthly change	Annual change
HONG KONG	932	719	823	14%	-12%
SAUDI ARABIA	849	736	727	-1%	-14%
PAPUA NEW GUINEA	282	215	211	-2%	-25%
UAE	111	72	120	66%	8%
CHINA	91	42	115	172%	26%
KUWAIT	37	19	97	425%	165%
SOUTH AFRICA	75	131	81	-38%	9%
OTHER	710	363	459	26%	-35%
TOTAL	3,086	2,298	2,634	15%	-15%
Offal cut	Sep-15	Aug-16	Sep-16	Monthly change	Annual change
LIVER	1,211	952	951	0%	-21%
TRIPE	1,199	793	941	19%	-22%
HEART	343	242	310	28%	-10%
KIDNEY	112	73	193	164%	72%
TONGUES	133	150	138	-8%	4%
HEAD	31	47	47	0%	52%
OTHER	57	41	54	33%	-5%
TOTAL	3,086	2,298	2,634	15%	-15%

Destination	Offal cut	Sep-15	Sep-16	Annual change
HONG KONG	TRIPE	921	821	-11%
	OTHER	10.5	2	-80%
SAUDI ARABIA	LIVER	784	641	-18%
	OTHER	65	86	34%

Source: DAWR

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