



Co-product market report

July 2017

Beef Co-products

Beef offal prices were generally softer across the board in June, with rumen pillars, halal hearts and lungs being the only items to show some strength during a fairly lacklustre trading month.

Table 1: Beef co-product prices

	Average (Jun Data)	Range	Responses	Monthly Change	Annual Change
Beef Lips	\$3.40		2	0.0%	36.7%
Beef Lips - Halal	\$3.26	\$1.70	4	-4.1%	41.7%
Cheekmeat	\$6.99	\$2.90	4	-7.0%	8.8%
Cheekmeat - Halal	\$8.20		2	10.3%	30.9%
Diap. Membrane	\$3.83	\$0.50	3	0.2%	-3.9%
Hc Tripe	\$6.27	\$0.80	3	-1.1%	7.1%
Hc Tripe - Halal	\$7.35		2	7.0%	20.5%
Headmeat	\$4.25		2	-2.3%	18.1%
Headmeat - Halal	\$4.90		2	-6.7%	14.6%
Heart	\$1.98		2	-3.7%	21.9%
Heart - Halal	\$2.05	\$0.30	4	11.4%	21.8%
Heart -Aorta	\$5.49	\$1.50	3	-16.0%	-14.2%
Heart -Aorta - Halal	\$6.14		2	-2.4%	-25.1%
Kidneys	\$1.05		2	-13.2%	-16.8%
Kidneys - Halal	\$1.04	\$0.35	4	-17.0%	-17.0%
Ligamentum	\$3.70	\$2.05	5	-15.5%	-20.8%
Liver	\$1.40		2	-3.4%	40.0%
Liver - Halal	\$1.55	\$0.50	4	11.5%	39.6%
Lungs	\$2.40		2	37.1%	
Lungs - Halal	\$2.42	\$0.20	3	3.4%	123.1%
Omasum - Halal	\$4.90	\$2.70	3	-3.9%	-24.6%
Rum.Pill < 500	\$6.75		2	-17.2%	57.3%
Rum.Pill > 500 < 700	\$12.10		2	-9.7%	42.7%
Rum.Pill > 700	\$15.10		2	-8.5%	28.9%
Rum.Pill< 500 - Halal	\$7.95		2	5.5%	
Rum.Pill> 500 < 700 - Halal	\$13.35		2	0.1%	
Rum.Pill> 700 - Halal	\$16.90		2	1.4%	
Tail	\$7.95		2	-7.6%	7.0%
Tail - Halal	\$8.50	\$1.80	4	-1.0%	2.0%
Tendons	\$6.35		2	-2.3%	
Tendons - Halal	\$6.35		2	-2.3%	-7.3%
Thickskirt	\$6.30		2	-5.7%	-35.8%
Thickskirt - Halal	\$6.65		2	0.8%	-36.4%
Thinskirt	\$6.30		2	-13.3%	-39.3%
Thinskirt - Halal	\$6.30		2	-4.5%	-48.2%
Tongue Rt Fillet	\$4.95		2	2.1%	-12.4%
Tongue Rt Meat - Halal	\$2.55	\$0.85	3	2.0%	6.3%
Tongue Sw	\$15.18		2	-7.4%	-15.1%
Tongue Sw - Halal	\$14.78	\$2.75	3	-8.7%	-10.1%
Tripe Pcs	\$3.45		2	-9.2%	9.5%
Tripe Pcs - Halal	\$3.38	\$0.70	4	-4.6%	8.9%

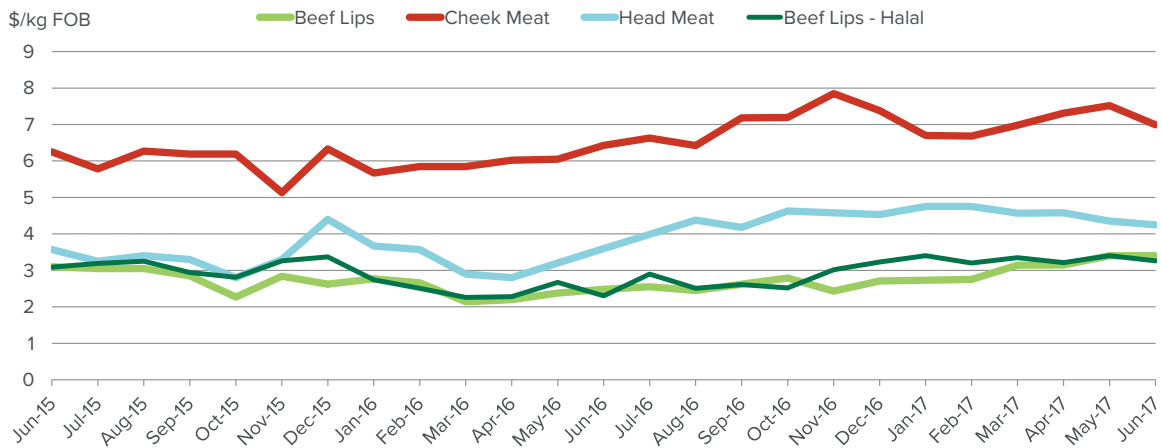
Price quoted is average price reported in \$/kg FOB Australian port.

Head offal

Apart from beef lips, head offal products were softer month-on-month. Head meat averaged \$4.25/kg, up 65¢/kg from year-ago levels but 10¢/kg lower than last month. Cheek meat was 56¢/kg dearer compared to the corresponding period last year, averaging \$6.99/kg which was 53¢/kg lower than June.

Lip export prices to the US and Mexico were unchanged month-on-month, averaging \$3.40/kg and 92¢/kg higher year-on-year. Halal lips averaged \$3.26/kg and were 14¢/kg lower month-on-month but 96¢/kg above year-ago levels.

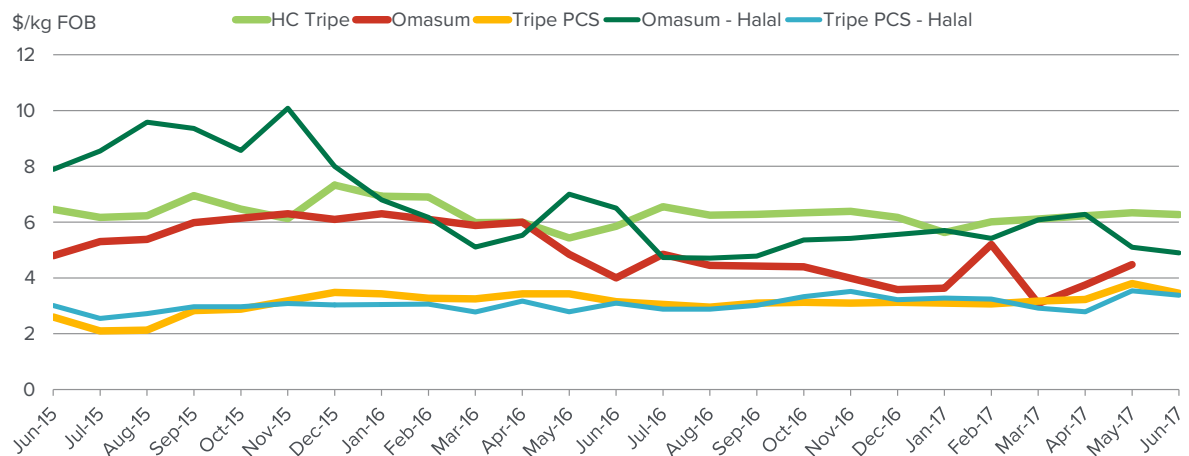
Figure 1: Trends in beef head offal prices



Beef offal trends

Omasum was not reported this month, whilst halal omasum eased slightly to \$4.90/kg, down 20¢/kg. Halal tripe pieces averaged \$3.38/kg to be 16¢/kg softer month-on-month however up 28¢/kg year-on-year. Non-halal product averaged \$3.45/kg, which was up 30¢/kg year-on-year but 35¢/kg below last month. Honeycomb tripe eased slightly averaging \$6.27/kg, down 7¢/kg month-on-month. Halal product was reported to average \$7.35/kg, improving 48¢/kg since May.

Figure 2: Trends in beef tripe prices

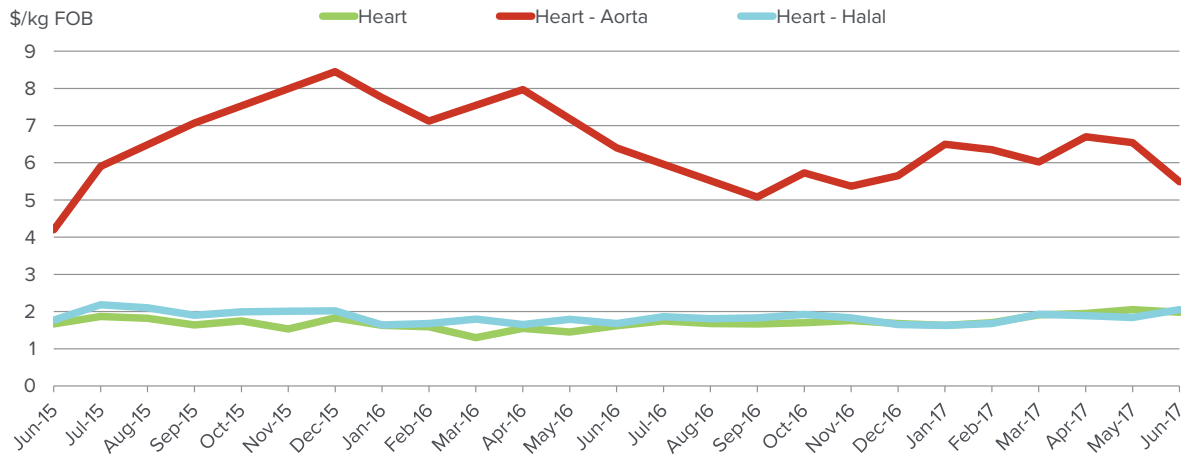


Beef offal trends continued...

Aorta averaged \$5.49/kg, down \$1.05/kg month-on-month and 91¢/kg weaker year-on-year, whilst halal product eased 15¢/kg to average \$6.14/kg.

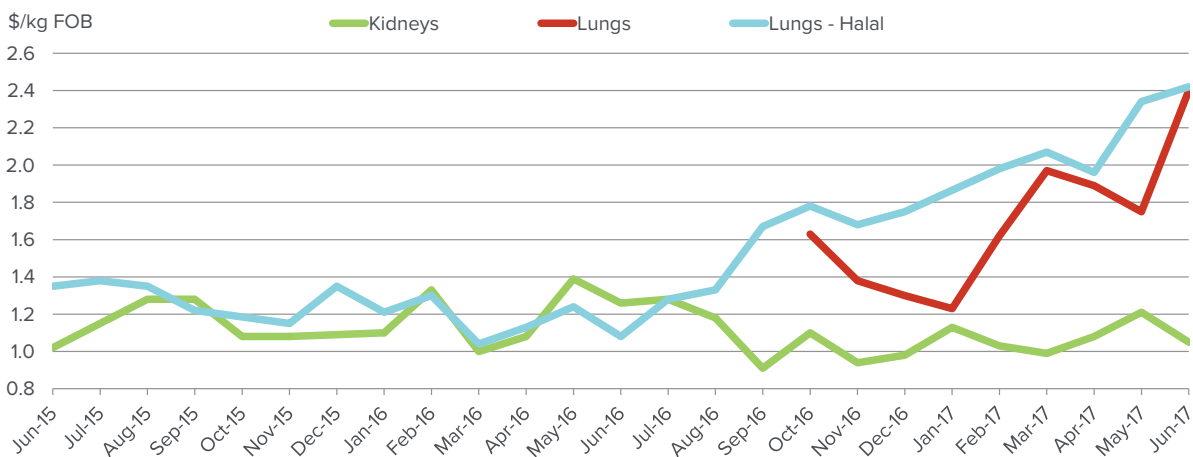
Heart prices were down 7¢/kg compared to last month, averaging \$1.98/kg and was 36¢/kg above the year-ago average. Halal hearts averaged \$2.05/kg, up 21¢/kg month-on-month and was 37¢/kg dearer compared with year-ago levels.

Figure 3: Trends in beef offal prices



Kidneys were reported at an average of \$1.05/kg, down 16¢/kg on last month and were 21¢/kg lower year-on-year. Non-halal lungs were reported at an average of \$2.40/kg, up 65¢/kg on last month. Halal lungs lifted to average \$2.42/kg which was \$1.34/kg above the June 2016 price and 8¢/kg dearer month-on-month.

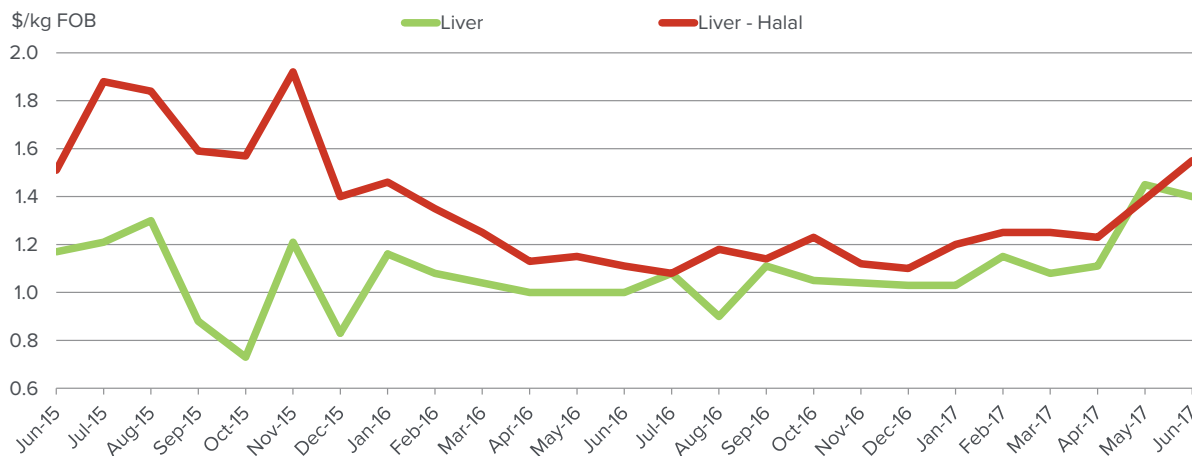
Figure 4: Trends in beef offal prices



Beef offal trends continued...

Liver prices averaged \$1.40/kg, down 5¢/kg month-on-month but 40¢/kg above year ago levels. Halal livers continued their firmer trend improving 16¢/kg month-on-month and 44¢/kg year-on-year, with sales averaging \$1.55/kg.

Figure 5: Trends in beef offal prices



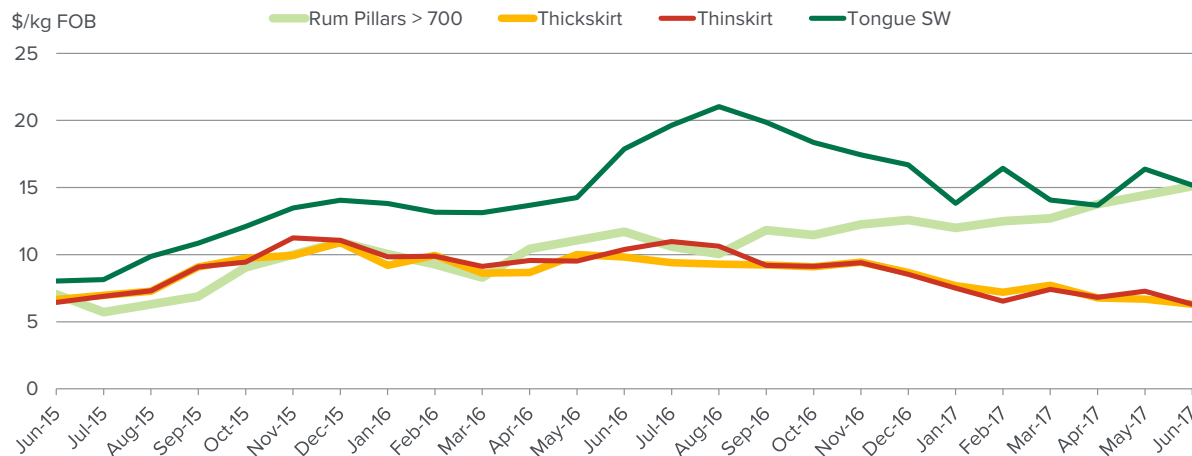
Japanese and Korean Offals

Tongue prices were mixed, with a spread of prices affecting the average which settled at \$15.18/kg, down \$1.20/kg on last month and \$2.69 softer than last year’s price.

Skirt prices eased this month with thick skirt \$3.52/kg lower year-on-year and 38¢/kg weaker month-on-month, averaging \$6.30/kg. While thin skirt prices fell 97¢/kg from last month, averaging \$6.30/kg which is \$4.08/kg lower than year-ago very firm levels.

Rumen pillars were firmer this month than recent levels, despite not showing last month in the reports. Heavy weight product averaged at \$15.10/kg, up \$3.39/kg year-on-year while halal product averaged \$16.90/kg.

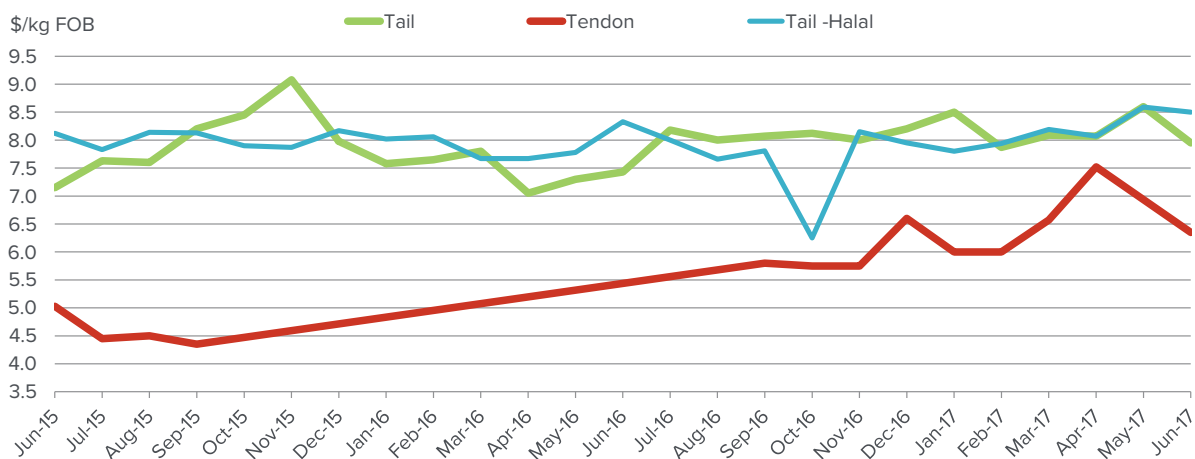
Figure 6: Trends in Japanese offal prices



Tails and Tendons

Tail prices into Japan averaged \$7.95/kg, down 65¢/kg month-on-month and 52¢/kg dearer than this time last year. Halal tails eased 9¢/kg on last month's price to be up 17¢/kg year-on-year, averaging \$8.50/kg. Tendons were reported to average \$6.35/kg with halal tendons matching that price and being diverted to the non-halal market.

Figure 7: Trends in tail and tendon prices



Sheep Co-products

Sheep offal prices were firmer for most items except tripe which eased slightly and were well reported. Both lamb and sheep runner prices were slightly softer but are now back in demand with the market starting to recover towards more traditional returns.

Table 2: Sheep co-product prices

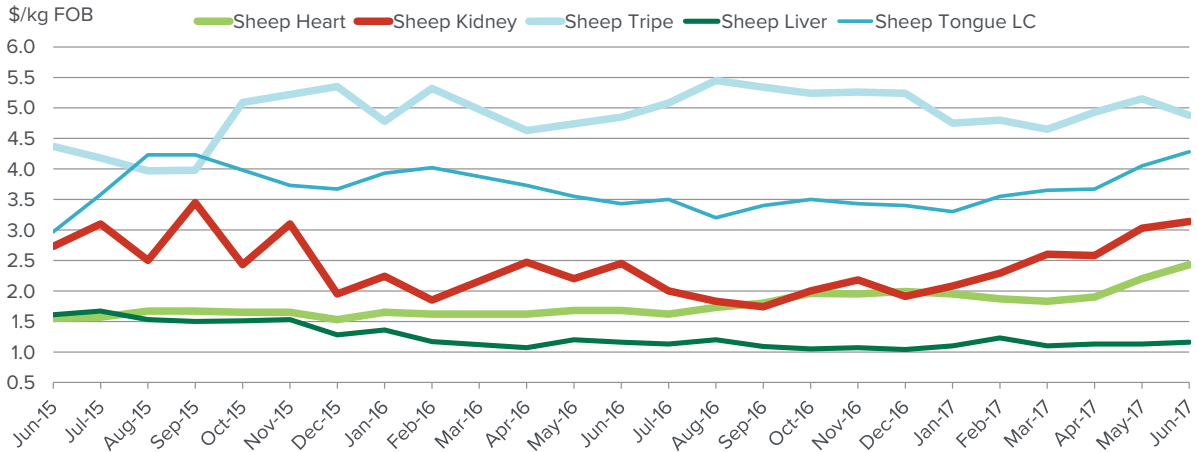
	Average (Jun Data)	Range	Responses	Monthly Change	Annual Change
Heart Sheep - Halal	\$2.43	\$0.40	4	10.2%	44.8%
Kidneys Sheep - Halal	\$3.14	\$0.70	4	3.7%	28.1%
Liver Sheep - Halal	\$1.16	\$0.15	4	3.3%	0.0%
Runners Lamb	\$4.42	\$1.75	3	-6.5%	84.0%
Runners Sheep	\$3.25	\$2.05	3	-6.5%	209.5%
Tongue Lc Sheep Halal	\$4.28	\$0.10	4	5.6%	24.5%
Tripe Sheep - Halal	\$4.88	\$0.20	3	-5.2%	0.7%

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

Sheep offal

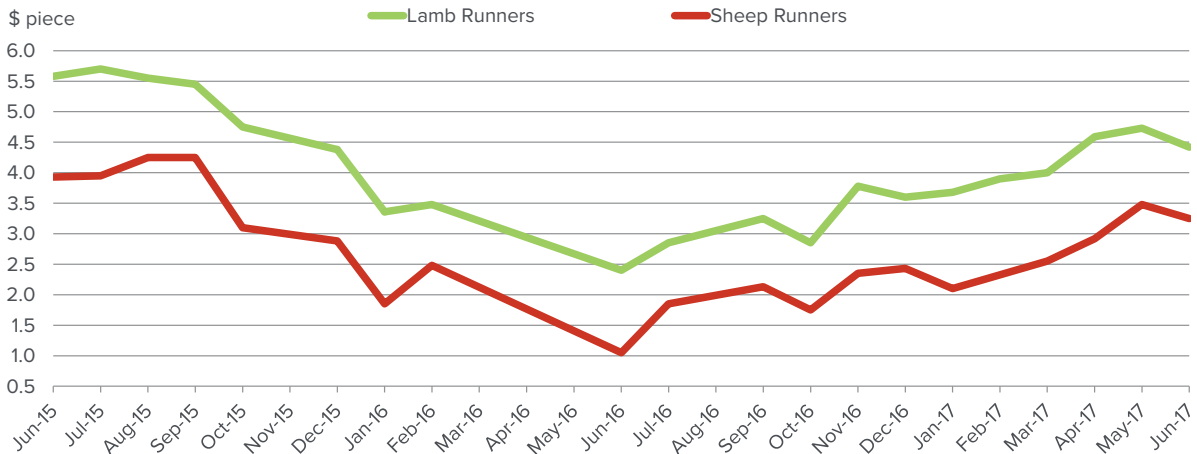
Sheep hearts averaged \$2.43/kg, up 23¢/kg month-on-month and were 75¢/kg dearer than June last year. Sheep livers averaged \$1.16/kg, which was 3¢/kg up month-on-month and even year-on-year. Kidney prices returned \$3.14/kg, an improvement of 11¢/kg on last month's price and 69¢/kg firmer than a year ago. Sheep tripe averaged \$4.88/kg, reversing the rise reported last month to finish 3¢/kg up year-on-year. Sheep long cut tongue averaged \$4.28/kg, up 23¢/kg month-on-month and 85¢/kg firmer than June 2016.

Figure 8: Trends in sheep offal prices



Lamb runners averaged \$4.42/piece which was 31¢/piece below the price last month however \$2.02/piece above last year's price. Sheep runners also eased, averaging \$3.25/piece for June, down 23¢/piece month-on-month however that is a \$2.20/piece improvement over last year.

Figure 9: Trends in runner prices



Pharmaceutical products

Pharmaceutical product remained firm for June with Europe eligible foetal blood in demand.

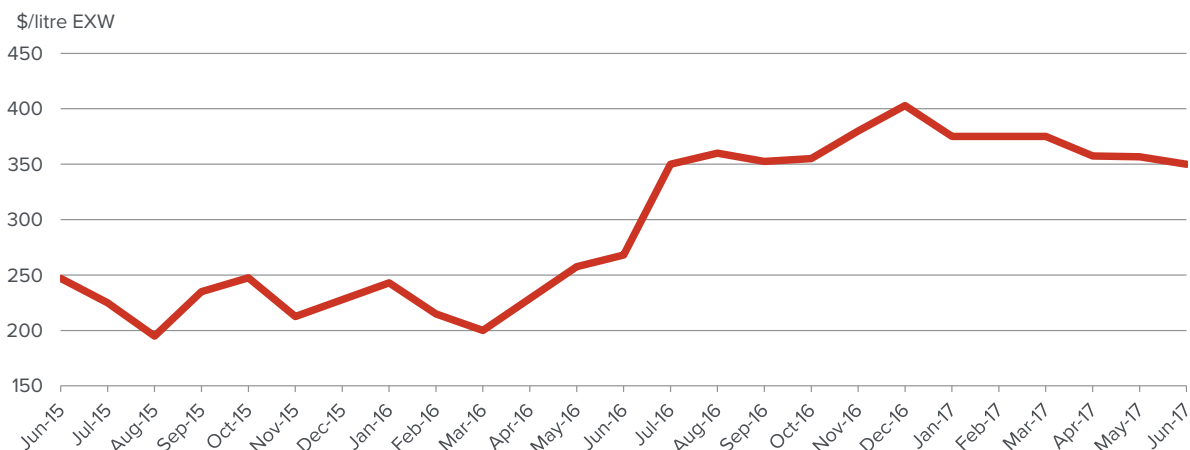
Table 3: Pharmaceutical prices

	Average (Jun Data)	Range	Responses	Monthly Change	Annual Change
Foetal Blood	\$350.00		2	-1.9%	30.4%
Gall Concentrated	\$29.50		2	0.9%	25.5%

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

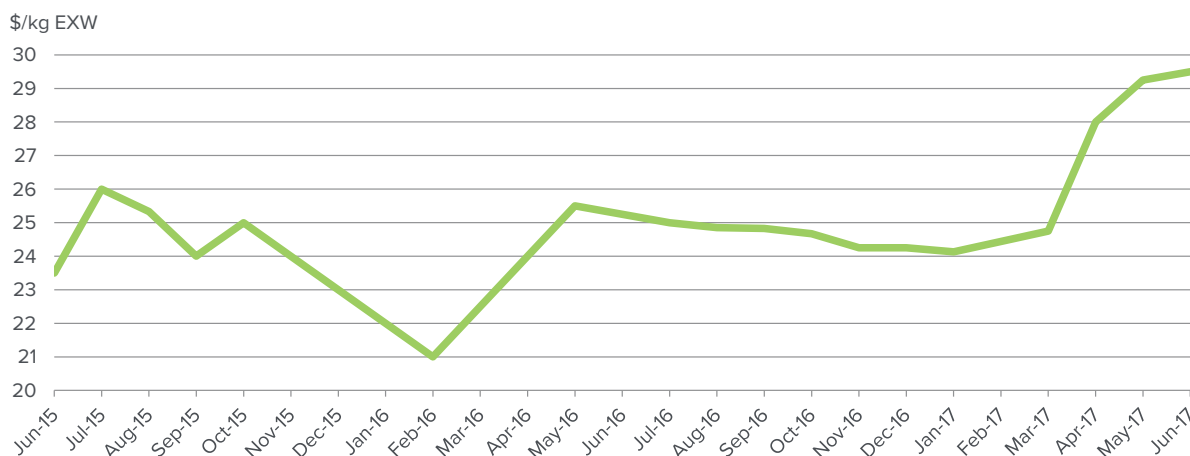
Foetal blood averaged \$350/litre, with buyer and seller expectations aligned.

Figure 10: Trends for foetal blood prices



Concentrated gall continued the firmer trend, to average \$29.50/kg, up 25¢/kg month-on-month and \$4.00/kg higher than last year.

Figure 11: Trends for concentrated gall prices



Rendered products

Apart from blood meal, rendered meal prices were lower in June. Tallow prices continued to soften, losing almost \$400/tonne in the last quarter. Traders are scrambling to reopen markets neglected during the demand for production of bio-diesel drove prices up.

Table 4: Rendered product prices

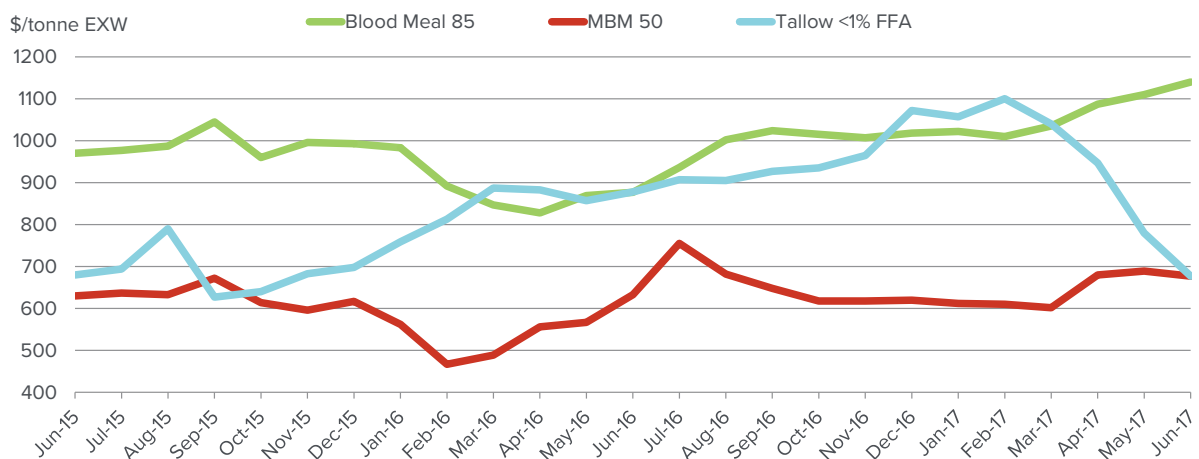
	Average (Jun Data)	Range	Responses	Monthly Change	Annual Change
Bloodmeal 85	\$1,140.00	\$30.00	4	2.7%	30.0%
Mbm 50	\$677.00	\$55.00	5	-1.8%	6.9%
Tallow Ined.<1Ffa	\$676.67	\$70.00	3	-15.0%	-22.9%
Tallow Ined.<2Ffa	\$690.00		2	-12.2%	-19.4%
Tallow Ined.<4Ffa	\$663.33	\$10.00	3	-10.5%	-16.9%

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

Meat and bone meal (MBM) prices still remain firm, with the price for 50% protein averaging \$677/tonne, \$9/tonne below the price last month but \$44/tonne dearer year-on-year. The price spread compared to soybean meal is starting to push prices down. Blood meal prices continued to firm on the back of short supply, averaging \$1,140/tonne ex-works, which was up \$30/tonne on last month's price and \$263/tonne higher than last year. Reduced production and strong demand is assisting in keeping prices firm.

Tallow prices continue to suffer a downward spiral with prices now attractive to the more traditional oleo use and prices aligning with palm stearin, the price of which has also been falling in line with higher production. June price for 1% FFA tallow averaged \$677/tonne, down \$103/tonne on last month price and now \$201/tonne below the price a year ago.

Figure 12: Trends in rendered co-product prices



Hides

Hide prices were slightly softer with improved supply from the northern hemisphere and summer marking the start of tanneries beginning to shut for the holidays not too far away- overall demand has been weaker.

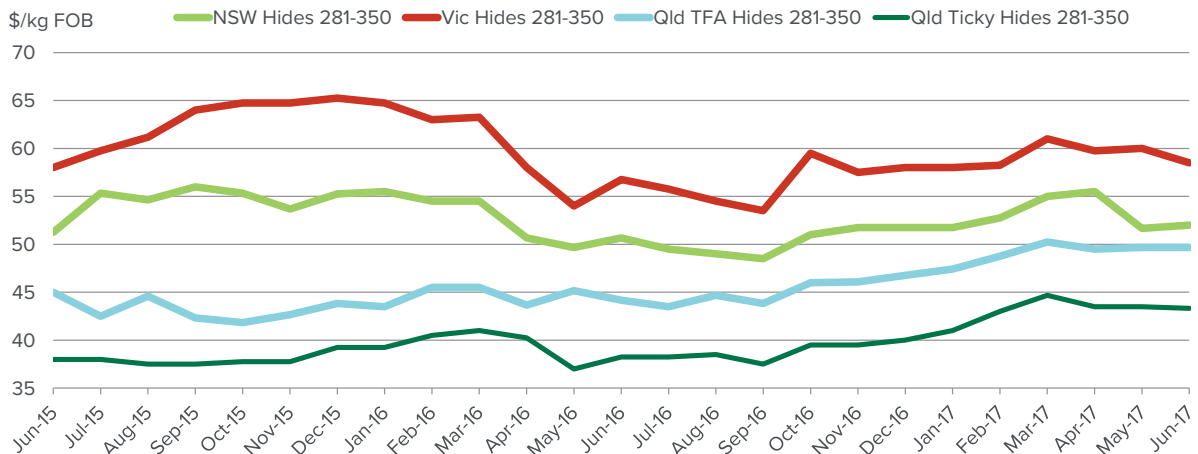
Table 5: Hide prices

	Average (Jun Data)	Range	Responses	Monthly Change	Annual Change
Hides Nsw 141- 180	\$24.75		2	-10.0%	-3.6%
Hides Nsw 181 - 220	\$32.50		2	-3.5%	-0.5%
Hides Nsw 221 - 280	\$40.00		2	-3.2%	-2.4%
Hides Nsw 281 - 350	\$52.00		2	0.6%	2.6%
Hides Nsw 351 Up	\$66.50		2	4.5%	2.0%
Hides Qld Tfa 141 - 220	\$26.50		2	0.0%	6.0%
Hides Qld Tfa 221 - 280	\$36.00		2	0.0%	11.3%
Hides Qld Tfa 281 - 350	\$49.67	\$5.00	3	0.0%	12.5%
Hides Qld Tfa 351 Up	\$61.33	\$9.00	3	0.0%	24.3%
Hides Qld Ticky 141 - 220	\$17.50		2	2.9%	-2.8%
Hides Qld Ticky 221 - 280	\$26.50		2	1.9%	1.9%
Hides Qld Ticky 281 - 350	\$43.33	\$1.00	3	-0.4%	13.3%
Hides Qld Ticky 350 Up	\$53.00	\$5.00	3	-0.9%	9.3%
Hides Vic 141-180	\$29.50		2	0.0%	5.4%
Hides Vic 181-220	\$37.75		2	0.0%	1.3%
Hides Vic 221 - 280	\$46.75		2	0.0%	3.1%
Hides Vic 281-350	\$58.50		2	0.0%	3.1%
Hides Vic 351 Up	\$70.50		2	0.0%	-0.7%

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

Local prices for hides were stable month-on-month with little difference across all weight ranges. Compared to a year ago there is also very little difference reflecting the long term downturn in the leather industry in general. With US slaughter numbers continuing to rise we will see even more pressure to reduce prices.

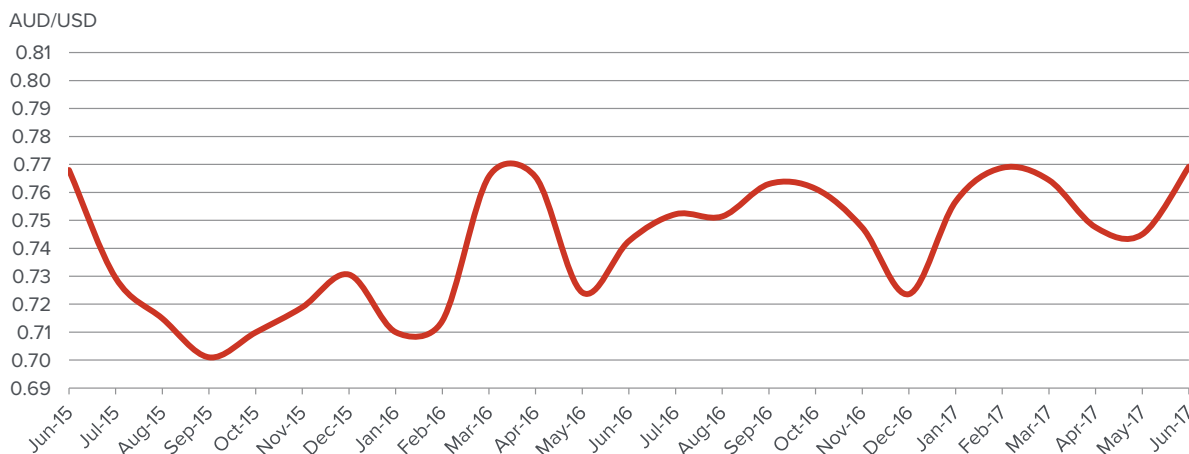
Figure 13: Trends in hide prices (East Coast Ex Works)



Currency exchange

The Australian dollar recovered against the US dollar during June, opening at 74.03 US¢, and trading from a level of 73.90 and remaining firmer in the last half of the month and finishing at the top of the range at 76.92 US¢.

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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