



Co-product market report

August 2017

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Beef Co-products

Beef offal prices were generally steady in July, with rumen pillars remaining very firm, however whilst beef tongues were considerably softer, trade in halal products started again after the Ramadan lull.

Table 1: Beef co-product prices

	Average (Jul Data)	Range	Responses	Monthly Change	Annual Change
Beef Lips	\$3.64	\$0.56	4	7.1%	42.5%
Beef Lips - Halal	\$3.46	\$0.31	3	6.2%	19.4%
Cheekmeat	\$6.96	\$3.50	4	-0.4%	5.1%
Diap. Membrane	\$5.23	\$2.30	4	36.3%	36.2%
Hc Tripe	\$6.14	\$1.05	4	-2.1%	-6.3%
Hc Tripe - Halal	\$7.00		2	-4.8%	16.9%
Headmeat	\$4.45	\$1.50	3	4.7%	
Headmeat - Halal	\$5.55		2	13.3%	23.8%
Heart	\$1.90	\$0.40	4	-3.8%	8.6%
Heart - Aorta	\$6.79	\$1.92	3	23.7%	94.1%
Heart - Aorta - Halal	\$6.24		2	1.6%	-17.8%
Heart - Halal	\$1.97	\$0.20	3	-4.1%	5.6%
Kidneys	\$0.95	\$0.45	5	-9.5%	-25.5%
Ligamentum	\$3.43	\$1.55	5	-7.3%	-22.4%
Liver	\$1.16	\$0.80	4	-17.0%	8.1%
Liver - Halal	\$1.35	\$0.75	3	-12.9%	25.6%
Lungs	\$1.98	\$1.50	4	-17.7%	
Omasum	\$3.73	\$1.30	3	65.9%	-23.0%
Omasum - Halal	\$3.93		2	-19.9%	-16.9%
Rum.Pill > 500 < 700	\$12.88	\$0.80	4	6.4%	73.4%
Rum.Pill > 700	\$15.39	\$1.00	4	1.9%	45.2%
Rum.Pill < 500	\$7.36	\$0.75	4	9.1%	92.5%
Rum.Pill < 500 - Halal	\$7.00		2	-11.9%	21.4%
Rum.Pill > 500 < 700 - Halal	\$12.65		2	-5.2%	37.4%
Rum.Pill > 700 - Halal	\$15.88		2	-6.1%	27.0%
Tail	\$8.59	\$0.90	4	8.0%	5.0%
Tail - Halal	\$7.93	\$0.20	3	-6.7%	-0.8%
Tendons	\$7.30	\$1.90	3	15.0%	
Thickskirt	\$6.66	\$1.50	5	5.7%	-29.1%
Thickskirt - Halal	\$7.50		2	12.8%	-26.4%
Thinskirt	\$5.93	\$1.50	5	-5.9%	-46.0%
Thinskirt - Halal	\$7.10		2	12.7%	-32.9%
Tongue Root Meat	\$2.55		2	15.9%	41.7%
Tongue SW	\$11.70	\$5.00	4	-22.9%	-41.5%
Tongue SW - Halal	\$10.58		2	-28.5%	-46.1%
Tripe Pieces	\$3.28	\$1.05	3	-4.8%	
Tripe Pieces - Halal	\$3.58	\$0.50	3	6.2%	24.6%

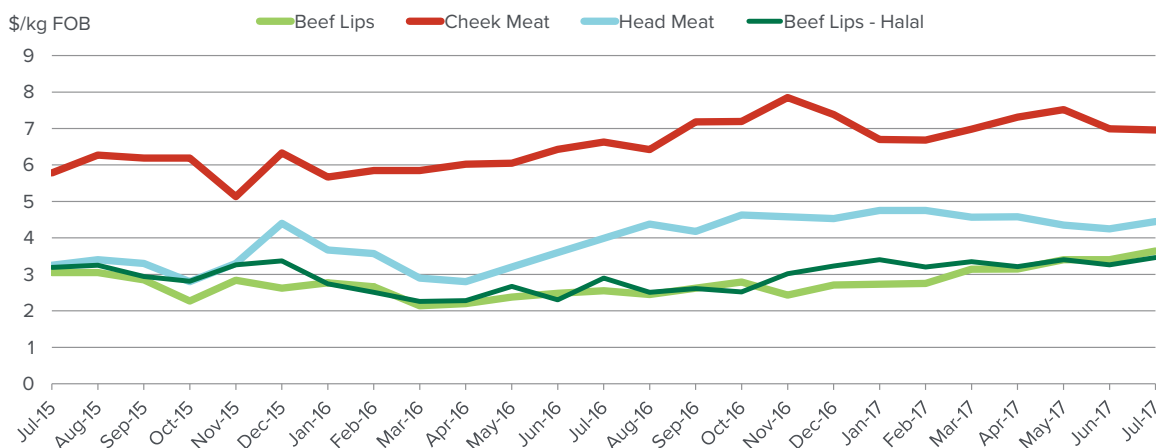
Price quoted is average price reported in \$/kg FOB Australian port.

Head offal

Head offal products were firmer month-on-month. Head meat averaged \$4.45/kg, up 90¢/kg from year-ago levels and 20¢/kg higher than last month. Cheek meat was 33¢/kg dearer compared to the corresponding period last year, averaging \$6.96/kg -3¢/kg lower than July.

Lip export prices to the US and Mexico lifted 24¢/kg month-on-month, averaging \$3.64/kg and \$1.09/kg higher year-on-year. Halal lips averaged \$3.46/kg and were 20¢/kg higher month-on-month and 56¢/kg above year-ago levels.

Figure 1: Trends in beef head offal prices

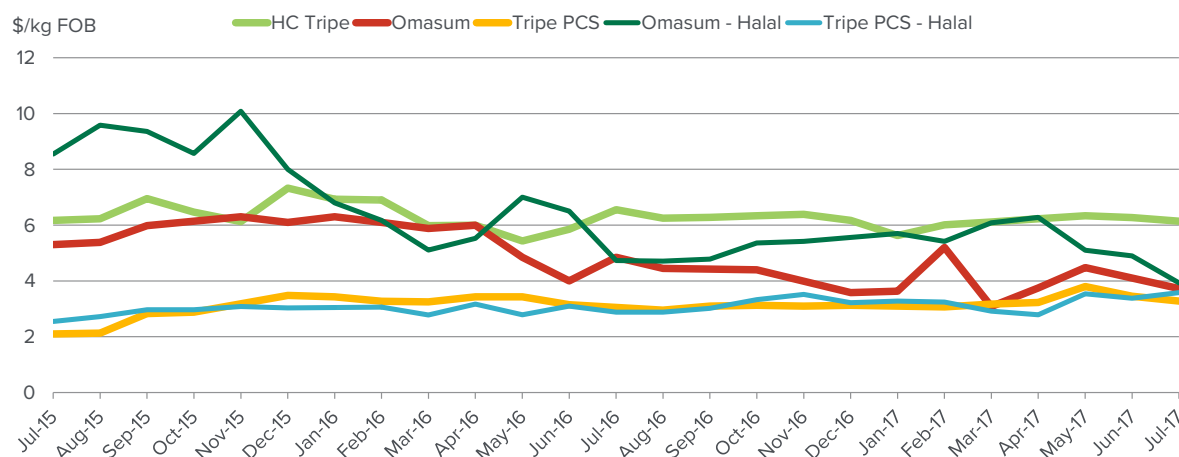


Beef offal trends

Omasum has eased 75¢/kg in last two months to average \$3.73/kg, whilst halal omasum followed the same pattern to average \$3.93/kg, down 97¢/kg month-on-month. Halal tripe pieces averaged \$3.58/kg to be 20¢/kg firmer month-on-month, up 70¢/kg year-on-year. Non-halal product averaged \$3.28/kg, which was 17¢/kg below last month. Honeycomb tripe eased 13¢/kg month-on-month averaging \$6.14/kg. Halal product was reported to average \$7.00/kg, down 35¢/kg across the month.

Aorta averaged \$6.79/kg, reversing the fall last month to be up \$1.30/kg from June and almost unchanged year-on-year, whilst halal product increased 10¢/kg to average \$6.24/kg.

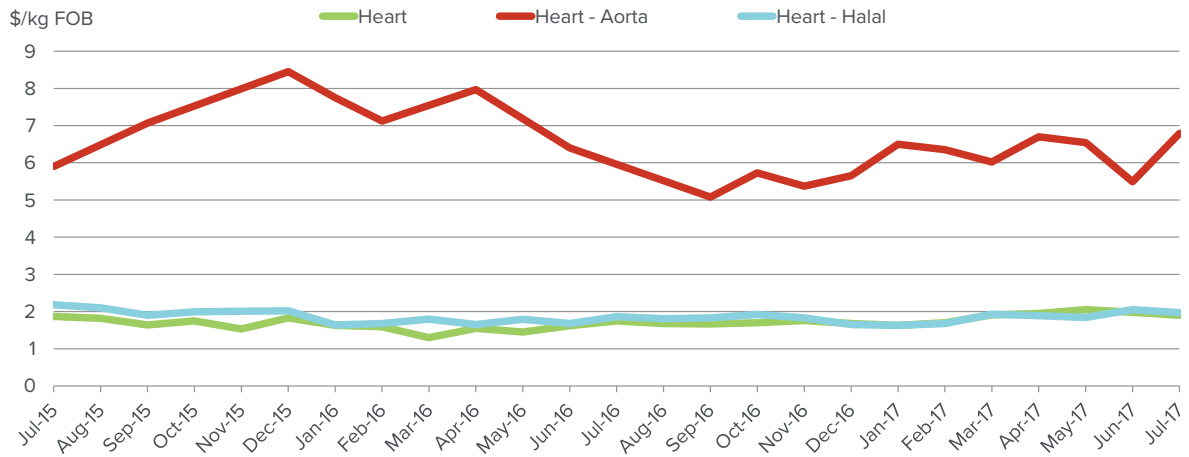
Figure 2: Trends in beef tripe prices



Beef offal trends continued...

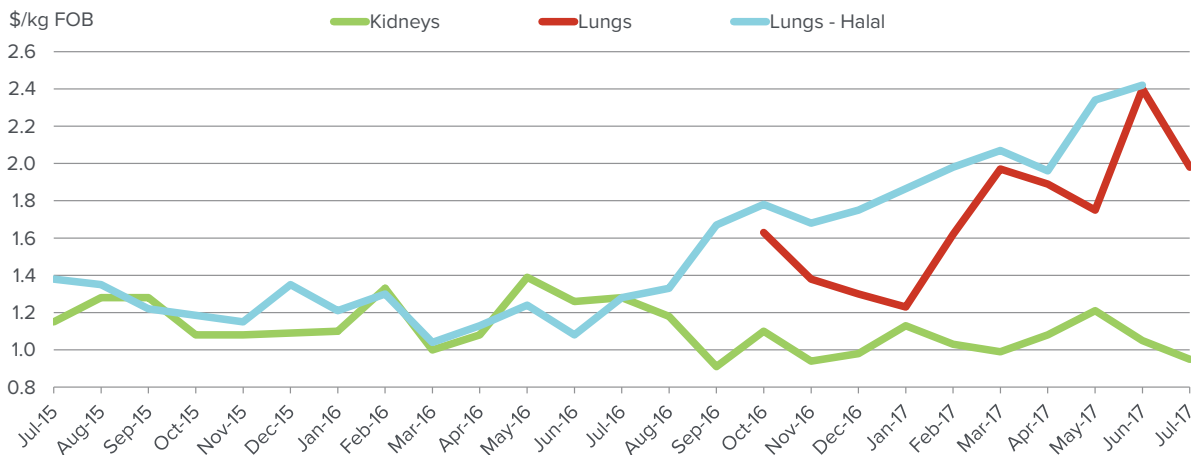
Heart prices were down 8¢/kg compared to last month, averaging \$1.90/kg and was 15¢/kg above the year-ago average. Halal hearts averaged \$1.97/kg, down 8¢/kg month-on-month but was 11¢/kg dearer compared with year-ago levels.

Figure 3: Trends in beef offal prices



Kidneys were reported at an average of 95¢/kg, down a further 10¢/kg for the month and were 33¢/kg lower year-on-year. Non-halal lungs were reported at an average of \$1.98/kg, down 42¢/kg on last month. Halal lungs were not reported this month.

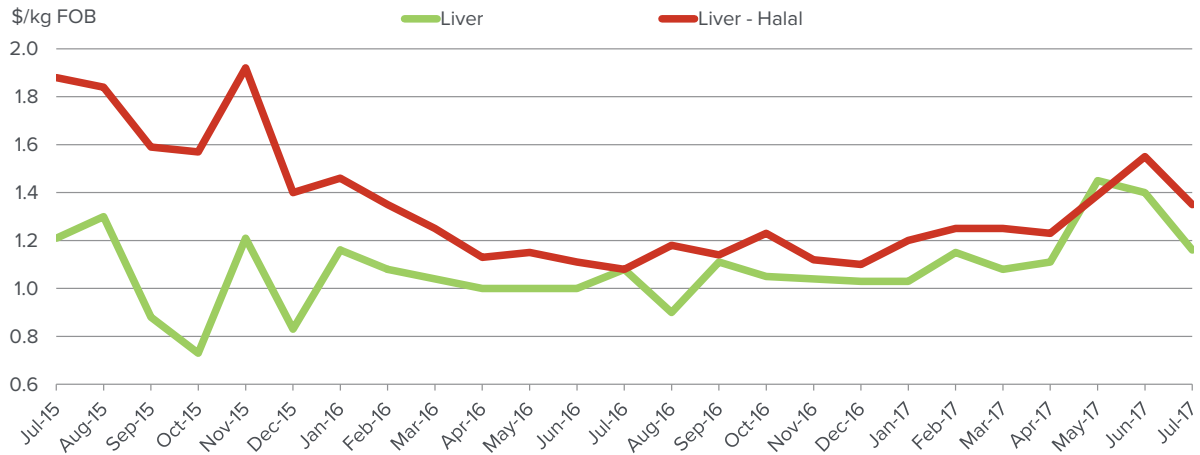
Figure 4: Trends in beef offal prices



Beef offal trends continued...

Liver prices averaged \$1.16/kg, down 24¢/kg month-on-month but 8¢/kg above year ago levels. Halal livers eased 20¢/kg month-on-month but remain 27¢/kg firmer year-on-year, with sales averaging \$1.35/kg.

Figure 5: Trends in beef offal prices



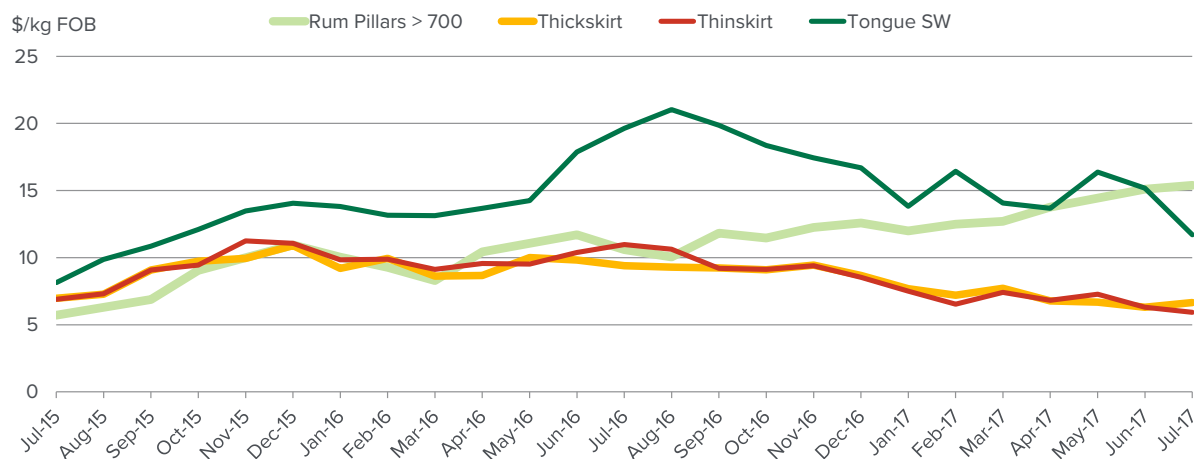
Japanese and Korean Offals

The mixed messages last month on tongue prices galvanised into a strong downward month-on-month fall of \$3.48/kg to average \$11.70/kg- \$7.93 softer than last year's price.

Thick skirt was \$2.74/kg lower year-on-year but 36¢/kg firmer month-on-month, averaging \$6.66/kg. While thin skirt prices fell 37¢/kg from last month, averaging \$5.93/kg which is \$5.05/kg lower than the year-ago very strong prices.

Rumen pillars were stronger again this month with heavy weight product averaging \$15.39/kg, up 29¢/kg since June but \$4.79/kg firmer the year ago levels. Halal product averaged \$15.88/kg.

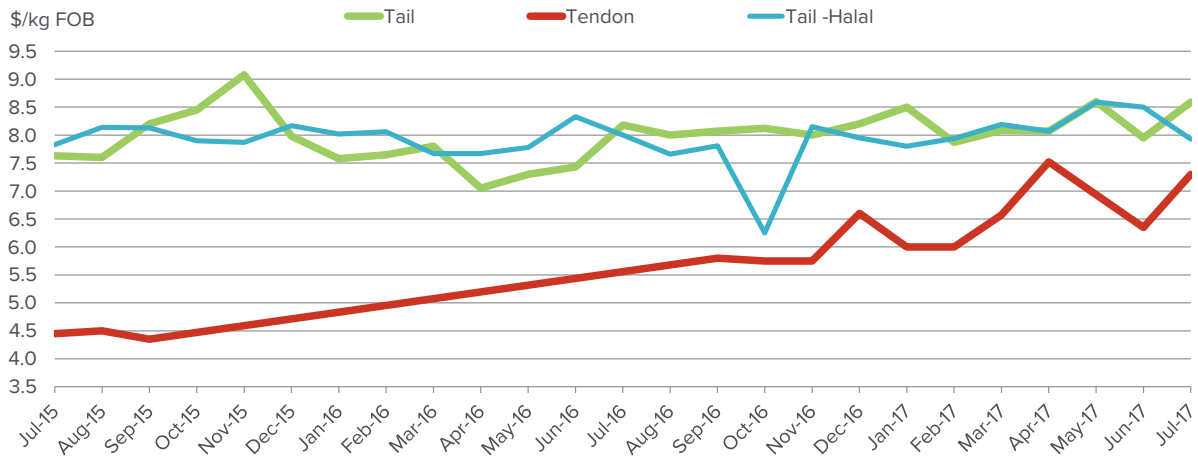
Figure 6: Trends in Japanese offal prices



Tails and Tendons

Tail prices into Japan averaged \$8.59/kg to reverse the price drop last month, now 41¢/kg dearer than this time last year. Halal tails eased 57¢/kg on last month's price to be slightly weaker by 7¢/kg year-on-year, averaging \$7.93/kg. Tendons were reported to average \$7.30/kg, up 95¢/kg month-on-month.

Figure 7: Trends in tail and tendon prices



Sheep Co-products

Sheep offal prices were softer across all item, however tripe prices were not available with few reports received. Both lamb and sheep runner prices were again firmer with prices achieving traditional returns.

Table 2: Sheep co-product prices

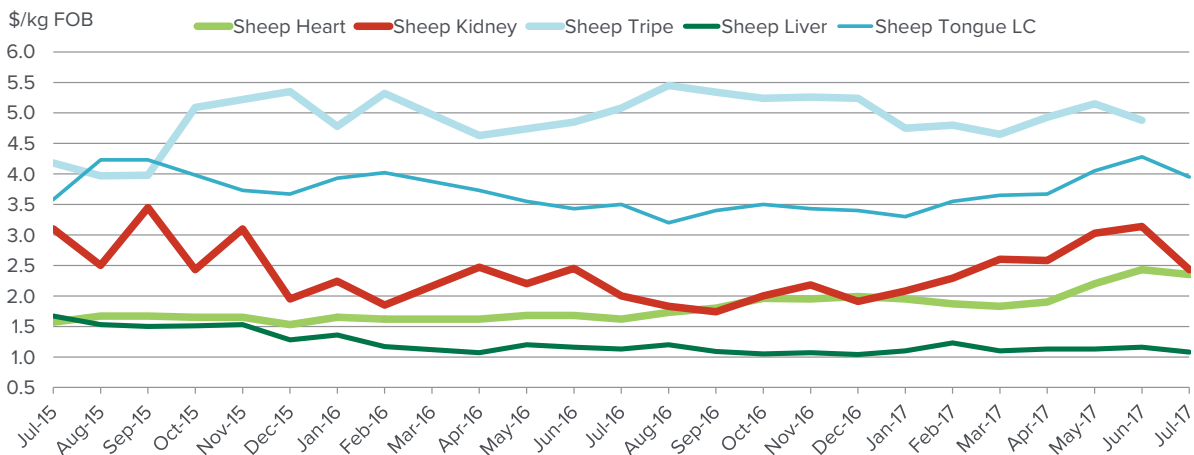
	Average (Jul Data)	Range	Responses	Monthly Change	Annual Change
Heart Sheep - Halal	\$2.35		2	-3.1%	45.4%
Kidneys Sheep - Halal	\$2.43		2	-22.7%	21.3%
Liver Sheep - Halal	\$1.08		2	-7.5%	-4.4%
Runners Lamb	\$5.38		2	21.7%	88.6%
Runners Sheep	\$3.88		2	19.2%	109.5%
Tongue LC Sheep - Halal	\$3.95		2	-7.6%	12.9%

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

Sheep offal

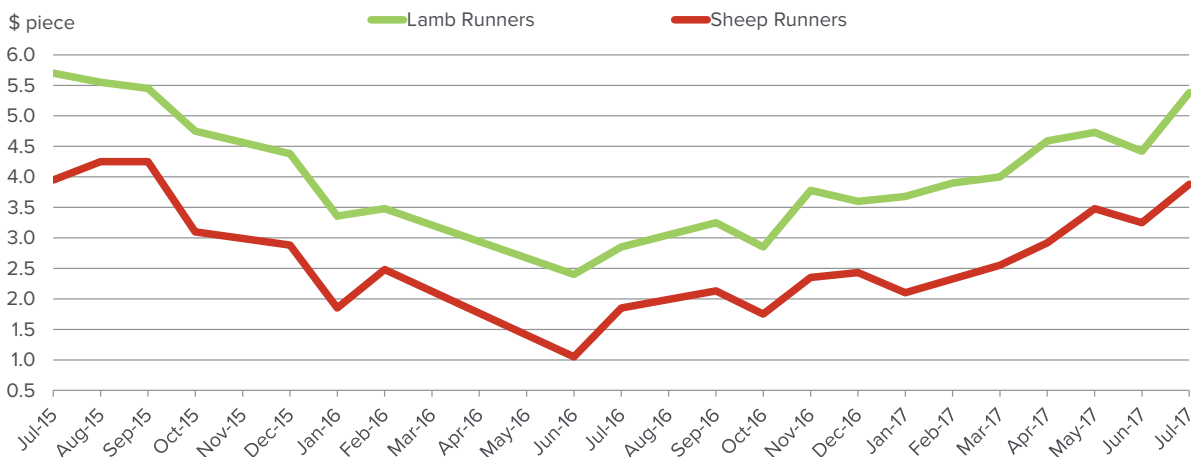
Sheep hearts averaged \$2.35/kg, down 8¢/kg month-on-month but were 73¢/kg dearer than July last year. Sheep livers averaged \$1.08/kg, which was also 8¢/kg down month-on-month and 5¢/kg lower year-on-year. Kidney prices returned \$2.43/kg, down 71¢/kg on last month's price but still 43¢/kg firmer than a year ago. Sheep tripe was not reported this month. Sheep long cut tongue averaged \$3.95/kg, down 33¢/kg month-on-month and 45¢/kg firmer than a year ago.

Figure 8: Trends in sheep offal prices



Lamb runners averaged \$5.38/piece which was 96¢/piece above the price last month and \$2.53/piece above last year's price. Sheep runners also firmed, averaging \$3.88/piece for July, up 63¢/piece month-on-month which is a \$2.03/piece improvement year-on-year.

Figure 9: Trends in runner prices



Pharmaceutical products

Pharmaceutical product remained firm for July with European eligible foetal blood in demand and concentrated gall hitting new highs.

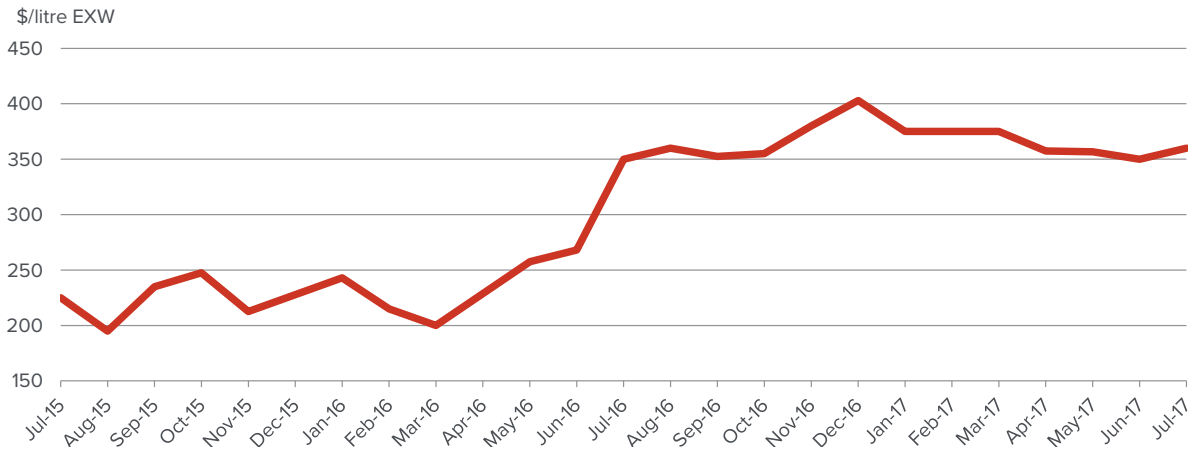
Table 3: Pharmaceutical prices

	Average (Jul Data)	Range	Responses	Monthly Change	Annual Change
Foetal Blood	\$360.00	\$70.00	3	2.9%	2.9%
Gall Concentrated	\$32.75		2	11.0%	31.0%

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

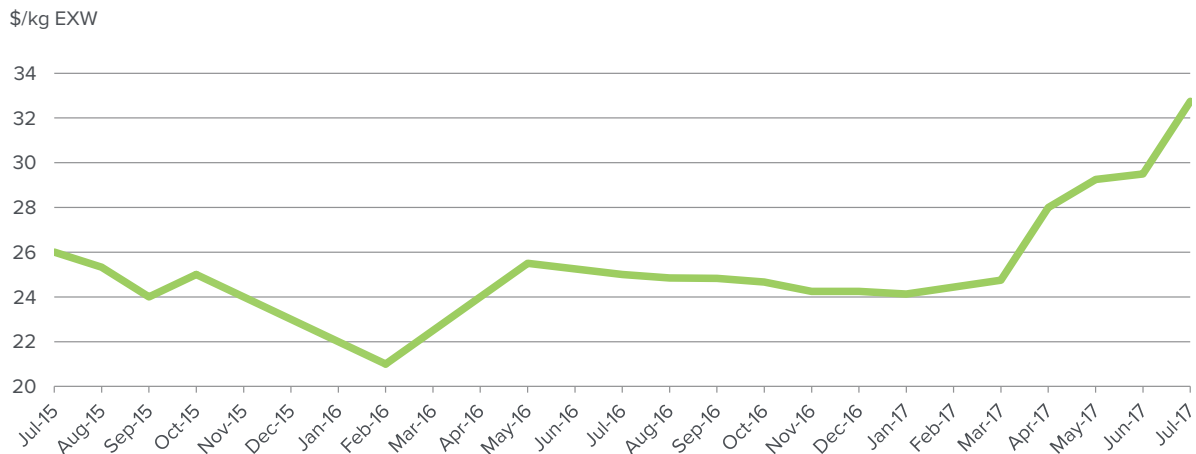
Foetal blood averaged \$360/litre, with the monthly prices fluctuating around the \$350/litre benchmark.

Figure 10: Trends for foetal blood prices



Concentrated gall has accelerated the firmer trend, to average \$32.75/kg, up \$3.25/kg month-on-month and \$7.75/kg higher than last year. Buyers report strong demand going forward.

Figure 11: Trends for concentrated gall prices



Rendered products

All rendered products have been softer this month. Traders continue to work on tallow markets neglected during the Singapore bio-diesel era whilst falling soybean meal prices have driven down meat and bone meal prices as the two compete to be included in finished feeds.

Table 4: Rendered product prices

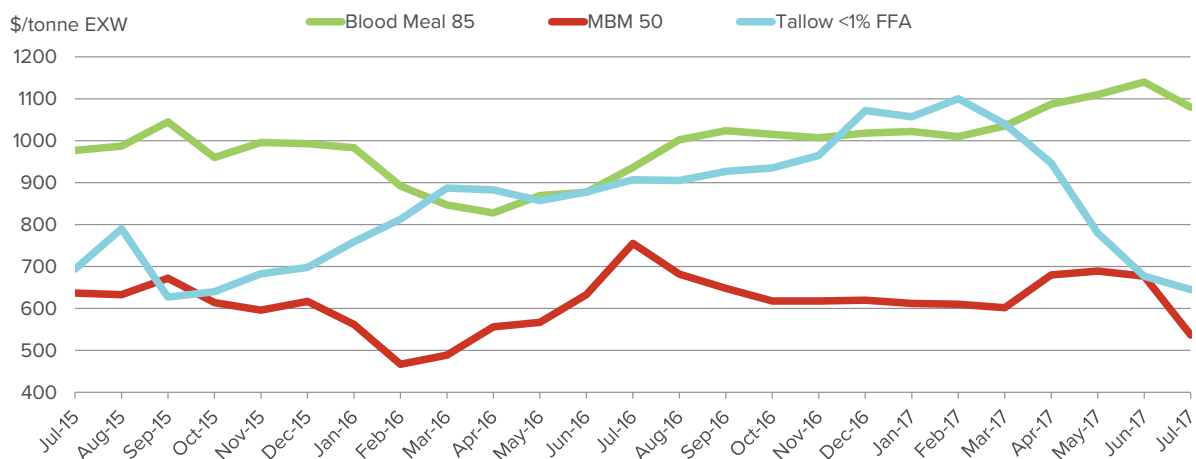
	Average (Jul Data)	Range	Responses	Monthly Change	Annual Change
Bloodmeal 85	\$1,080.00	\$100.00	5	-5.3%	15.4%
MBM 50	\$537.29	\$726.00	7	-20.6%	-28.8%
Tallow Ined.<1FFA	\$645.20	\$126.00	5	-4.7%	-28.8%
Tallow Ined.<2FFA	\$652.00	\$126.00	3	-5.5%	-23.2%
Tallow Ined.<4FFA	\$624.00	\$126.00	4	-5.9%	-26.0%

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

Meat and bone meal (MBM) prices really suffered this month, with the price for 50% protein averaging \$537/tonne, \$140/tonne below the price last month and \$218/tonne lower year-on-year. The price spread compared to soybean meal is back to usual levels. Blood meal prices eased slightly helped by short supply, averaging \$1,080/tonne ex-works, which was down \$60/tonne on last month's price but still \$144/tonne higher than last year. Reduced production and strong demand is supporting firm prices.

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 \$645/tonne, down \$32/tonne on last month price and now \$262/tonne below the price a year ago.

Figure 12: Trends in rendered co-product prices



Hides

Hide prices have finally succumbed to the difficult market conditions. Hide markets are oversupplied with large volumes from Europe, USA and Brazil at a time when tanneries are closing for the summer holidays.

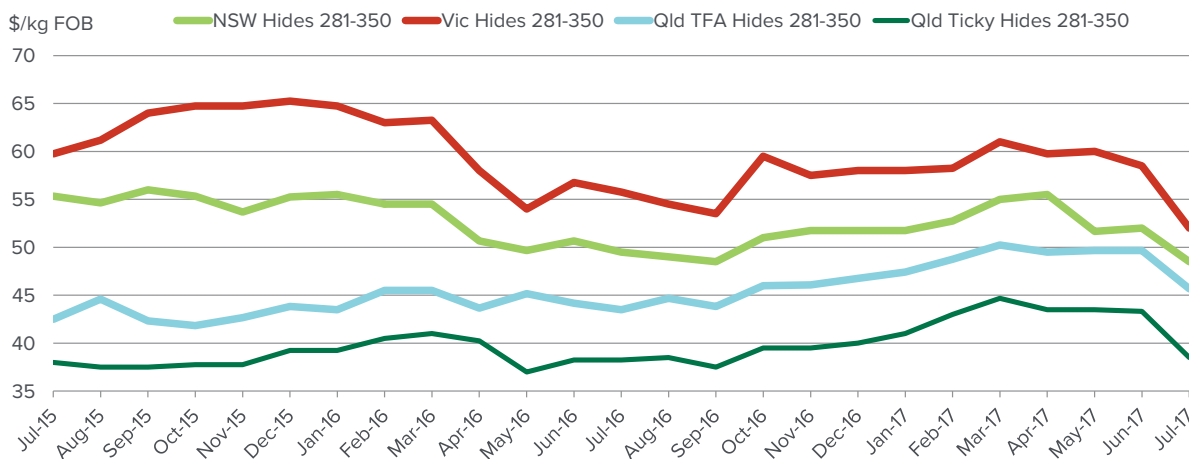
Table 5: Hide prices

	Average (Jul Data)	Range	Responses	Monthly Change	Annual Change
Hides NSW 141- 180	\$22.50		2	-9.1%	-8.2%
Hides NSW 181 - 220	\$29.00		2	-10.8%	-7.9%
Hides NSW 221 - 280	\$36.25		2	-9.4%	-7.1%
Hides NSW 281 - 350	\$48.50		2	-6.7%	-2.0%
Hides NSW 351 Up	\$59.50		2	-10.5%	-8.8%
Hides QLD TFA 141 - 220	\$25.50		2	-3.8%	4.1%
Hides QLD TFA 221 - 280	\$34.75		2	-3.5%	3.7%
Hides QLD TFA 281 - 350	\$45.67	\$12.00	3	-8.1%	5.0%
Hides QLD TFA 351 Up	\$55.00	\$24.00	3	-10.3%	2.5%
Hides QLD Ticky 281 - 350	\$38.50		2	-11.2%	0.7%
Hides QLD Ticky 350 Up	\$46.50		2	-12.3%	-3.1%
Hides VIC 141-180	\$27.50		2	-6.8%	1.9%
Hides VIC 181-220	\$34.00		2	-9.9%	-6.2%
Hides VIC 221 - 280	\$43.50		2	-7.0%	-1.1%
Hides VIC 281-350	\$52.00		2	-11.1%	-6.7%
Hides VIC 351 Up	\$64.00		2	-9.2%	-9.2%

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

Local prices for hides were down month-on-month from \$2.00/hide for light weight hides, to \$7.00/hide for the heavier end. Traders have been predicting this correction was inevitable, due to the downturn in the leather industry in general. With slaughter numbers overseas continuing to remain at current levels we will see even more pressure to reduce prices. The tanneries will not resume normal production until September when we might see some demand return.

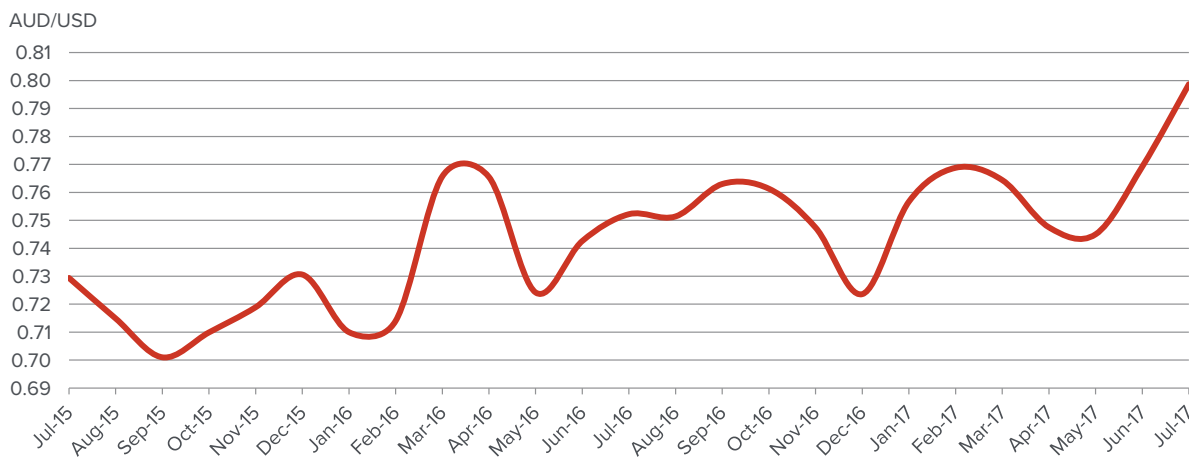
Figure 13: Trends in hide prices (East Coast Ex Works)



Currency exchange

The Australian dollar recovered against the US dollar during July, opening at 76.75 US¢, and trading from a level of 75.85US¢ and continuing to strengthen to a high of 80.46US¢ before finishing the month at 79.87 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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