



Co-product market report

September 2017

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Beef Co-products

Beef offal prices were generally lower in August, however rumen pillars remain very firm and lungs were quite bullish, whilst beef tongues continued the downward trend seen throughout July.

Table 1: Beef co-product prices

	Average (Aug Data)	Range	Responses	Monthly Change	Annual Change
Beef Lips	\$3.60		2	-1.0%	46.9%
Beef Lips - Halal	\$3.48	\$1.07	6	0.5%	38.5%
Cheekmeat	\$6.43	\$1.80	4	-7.7%	0.1%
Cheekmeat - Halal	\$6.44	\$1.65	4	-23.4%	-6.0%
Diap. Membrane	\$4.24	\$1.70	5	-18.9%	6.8%
Hc Tripe	\$5.93	\$0.60	4	-3.5%	-5.2%
Hc Tripe - Halal	\$6.15	\$2.00	4	-12.1%	4.2%
Headmeat - Halal	\$4.08	\$0.75	3	-26.4%	-14.0%
Heart	\$1.83		2	-3.9%	9.0%
Heart - Halal	\$1.84	\$0.20	6		1.6%
Heart - Aorta - Halal	\$6.40	\$2.00	3	2.6%	-13.5%
Kidneys	\$0.98		2	2.6%	-17.6%
Kidneys- Halal	\$0.93	\$0.25	3	-25.3%	-12.5%
Ligamentum	\$3.98	\$1.15	6	16.1%	2.1%
Liver	\$1.00		2	-14.0%	11.1%
Liver - Halal	\$1.13	\$0.25	6	-16.7%	-4.3%
Lungs	\$2.88		2	45.6%	
Lungs - Halal	\$2.19	\$0.20	5	-12.4%	65.3%
Omasum - Halal	\$4.23	\$2.29	4	7.7%	-10.3%
Rum.Pill < 500	\$6.65		2	-9.7%	72.7%
Rum.Pill < 500 - Halal	\$7.55	\$1.00	3	7.9%	24.9%
Rum.Pill > 500 < 700	\$9.53		2		27.9%
Rum.Pill > 500 < 700 - Halal	\$13.02	\$0.70	3	2.9%	32.1%
Rum.Pill > 700	\$15.40		2		53.2%
Rum.Pill > 700 - Halal	\$16.65	\$1.90	3	4.9%	23.5%
Tail	\$8.45		2	-1.6%	5.6%
Tail - Halal	\$8.54	\$1.80	6	7.7%	11.5%
Tendons - Halal	\$6.98	\$1.03	3	7.3%	-2.1%
Thickskirt	\$6.36	\$2.80	5	-4.5%	-31.6%
Thickskirt - Halal	\$6.50		2	-13.3%	-34.6%
Thinskirt	\$5.50	\$1.80	5	-7.3%	-48.3%
Thinskirt - Halal	\$5.60		2	-21.1%	-47.3%
Tongue Root Fillet	\$5.18	\$2.65	3	-21.5%	-11.2%
Tongue Root Meat	\$2.87	\$1.80	3	12.4%	
Tongue Root Meat - Halal	\$2.56	\$0.75	4		40.4%
Tongue SW	\$9.68		2	-17.3%	-53.6%
Tongue SW - Halal	\$10.00	\$4.05	4	-5.4%	-52.5%
Tripe Pieces	\$3.20		2	-2.5%	8.5%
Tripe Pieces - Halal	\$3.08	\$0.55	4	-14.2%	7.0%

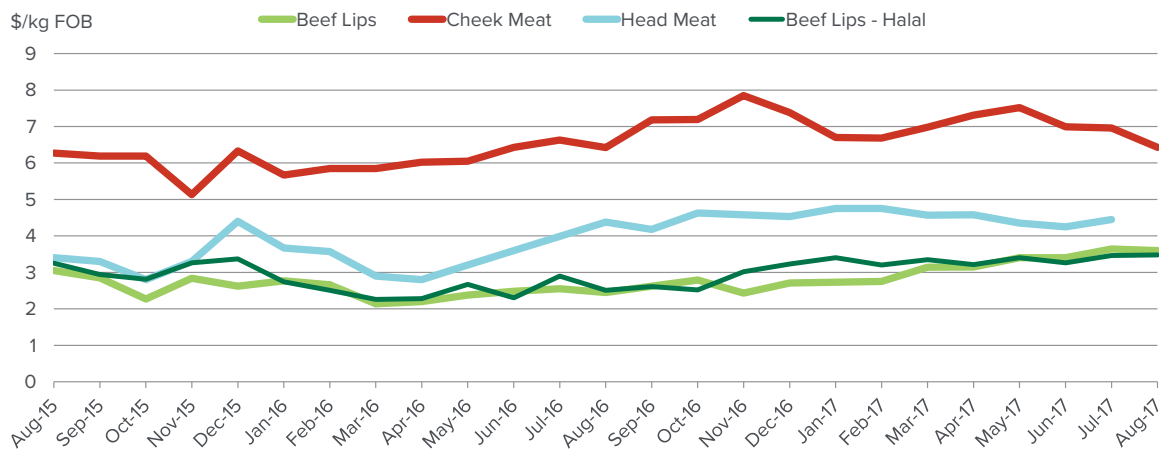
Price quoted is average price reported in \$/kg FOB Australian port.

Head offal

Head offal products were cheaper month-on-month. Head meat was not reported but halal product averaged \$4.08/kg which was 37¢/kg lower than last month. Cheek meat was 1¢/kg lower compared to the corresponding period last year, averaging \$6.43/kg but eased 53¢/kg from July levels.

Lip export prices to the US and Mexico eased 4¢/kg month-on-month, averaging \$3.60/kg but remained \$1.15/kg higher year-on-year. Halal lips averaged \$3.48/kg which was up 2¢/kg month-on-month and 97¢/kg above year-ago levels.

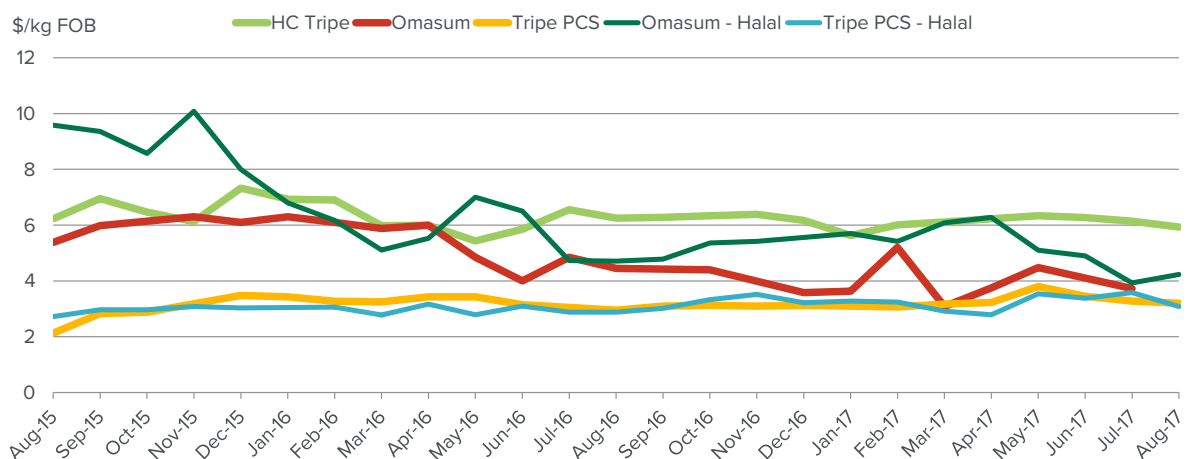
Figure 1: Trends in beef head offal prices



Beef offal trends

Omasum was not reported for the month but halal omasum strengthened 30¢/kg month-on-month to average \$4.23/kg, but was 48¢/kg lower than a year ago. Halal tripe pieces averaged \$3.08/kg to be 50¢/kg easier month-on-month, however were up 20¢/kg year-on-year. Non-halal product averaged \$3.20/kg, which was 8¢/kg below last month. Honeycomb tripe eased 21¢/kg month-on-month, averaging \$5.93/kg. Halal product was reported to average \$6.15/kg, down 85¢/kg from last month.

Figure 2: Trends in beef tripe prices

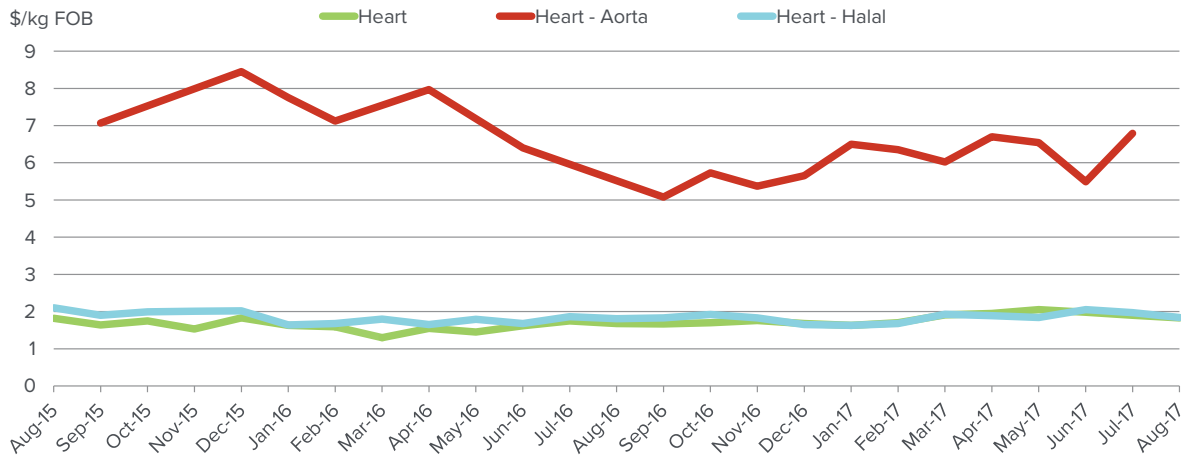


Beef offal trends continued...

Aorta was also not reported this month whilst halal product increased 16¢/kg to average \$6.40/kg.

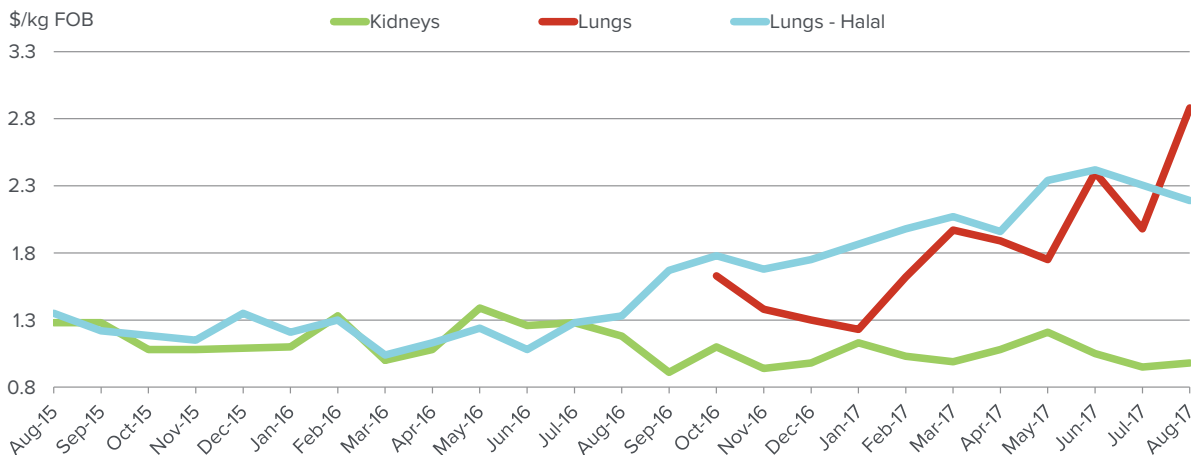
Heart prices were down 7¢/kg compared to last month, averaging \$1.83/kg and remained 15¢/kg above the year-ago average. Halal hearts averaged \$1.84/kg, trending 13¢/kg lower month-on-month and 3¢/kg dearer year-on-year.

Figure 3: Trends in beef offal prices



Kidneys were reported at an average of 98¢/kg, up 3¢/kg from last month however 20¢/kg lower year-on-year. Non-halal lungs were reported at an average of \$2.88/kg, up 90¢/kg on last month and certainly the highest price seen in recent times. Halal lungs averaged \$2.19/kg this month to settle 86¢/kg above year ago prices.

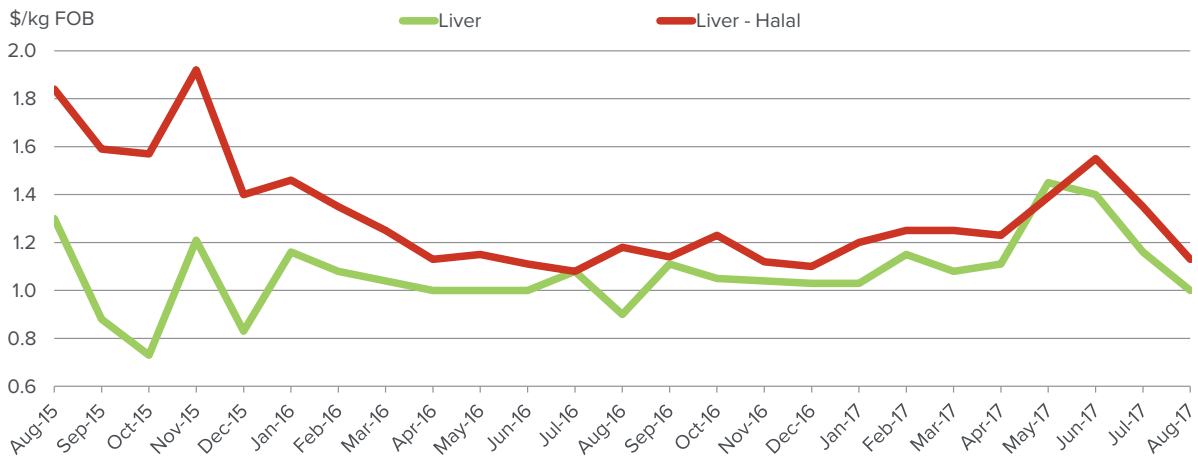
Figure 4: Trends in beef offal prices



Beef offal trends continued...

Liver prices averaged \$1.00/kg, down 16¢/kg month-on-month but remained 10¢/kg above year-ago levels. Halal livers eased 22¢/kg month-on-month and 5¢/kg year-on-year, with sales averaging \$1.13/kg.

Figure 5: Trends in beef offal prices



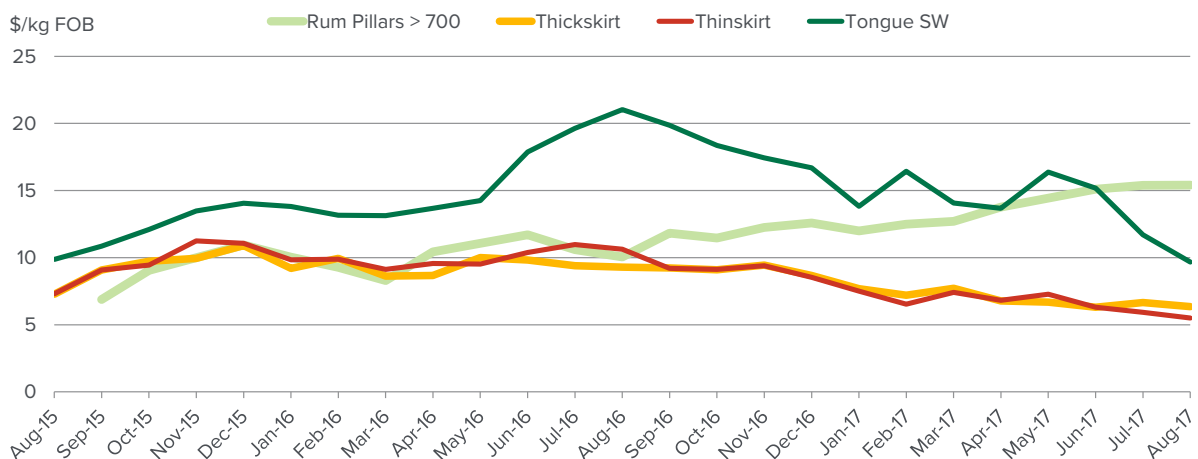
Japanese and Korean Offals

Tongue prices continued the strong downward trend as the Japan quota for the quarter filled early, settling at the lowest price recorded since July 2015. Prices recorded a month-on-month fall of \$2.02/kg and were back \$11.35/kg from last year's price to average \$9.68/kg.

Thick skirt was \$2.94/kg lower year-on-year and 30¢/kg easier month-on-month, averaging \$6.36/kg. Thin skirt prices fell 43¢/kg from last month and almost halved year-on-year, averaging \$5.50/kg.

Rumen pillars remained firm again this month with heavy weight product averaging \$15.40/kg, up 1¢/kg from July and \$5.35/kg dearer than year ago levels. Halal product averaged \$16.65/kg, up 77¢/kg month-on-month.

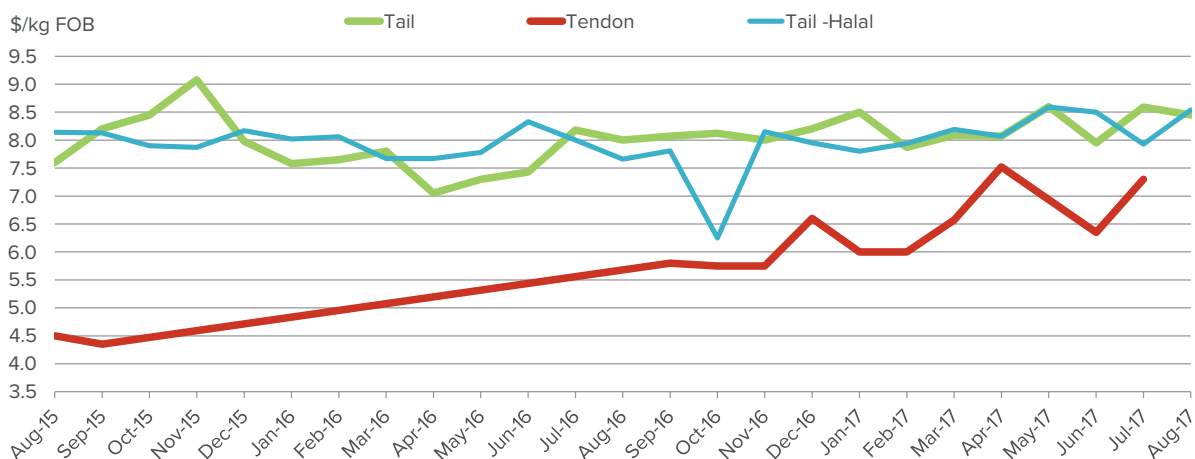
Figure 6: Trends in Japanese offal prices



Tails and Tendons

Tail prices into Japan eased 14¢/kg from last month, but remained 45¢/kg dearer than August 2016, averaging \$8.45/kg. Halal tails rallied 61¢/kg on last month's price and were 88¢/kg dearer year-on-year, averaging \$8.54/kg. Halal tendons were reported to average \$6.98/kg, up 48¢/kg month-on-month but 14¢/kg lower than a year ago. Non-halal product was not reported.

Figure 7: Trends in tail and tendon prices



Sheep Co-products

Sheep offal prices steadied this month. Both lamb and sheep runner prices were also steady, with prices now aligning with more traditional returns.

Table 2: Sheep co-product prices

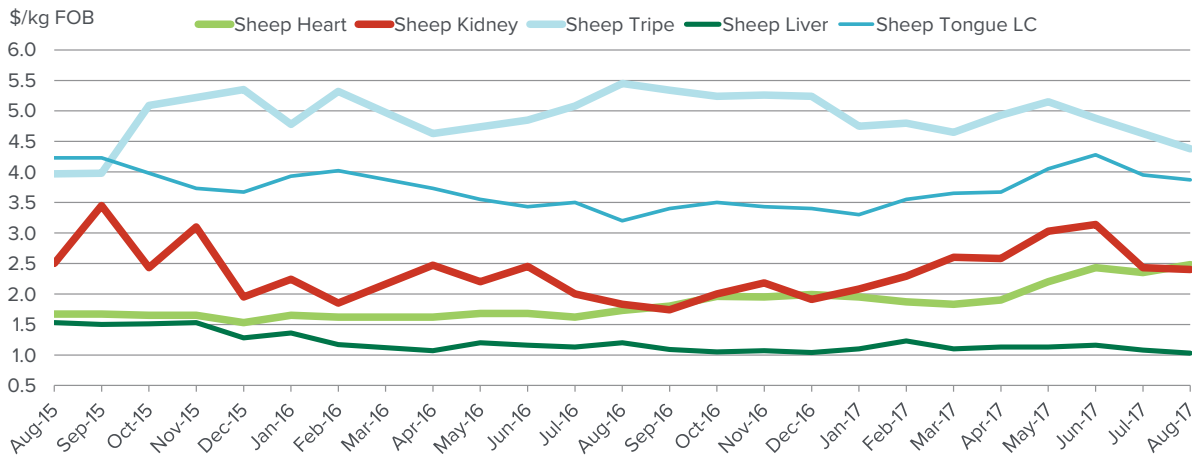
	Average (Aug Data)	Range	Responses	Monthly Change	Annual Change
Heart Sheep - Halal	\$2.48	\$0.15	3	5.7%	43.3%
Kidneys Sheep - Halal	\$2.40	\$0.80	3	-1.0%	30.9%
Liver Sheep - Halal	\$1.03	\$0.10	3	-3.9%	-13.9%
Runners Lamb	\$5.35		2	-0.5%	167.5%
Runners Sheep	\$3.85		2	-0.6%	220.8%
Tongue LC Sheep - Halal	\$3.87	\$0.10	3	-2.1%	20.8%

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

Sheep offal

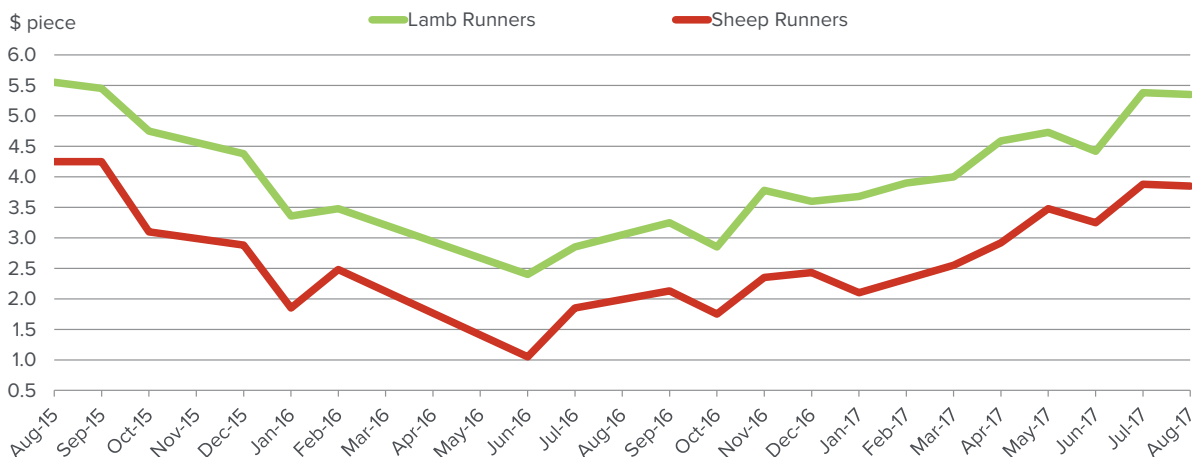
Sheep hearts averaged \$2.48/kg, up 13¢/kg month-on-month and 75¢/kg dearer than August last year. Sheep livers averaged \$1.03/kg, which was back 5¢/kg month-on-month and 17¢/kg lower year-on-year. Kidney prices returned \$2.40/kg, down 3¢/kg on July’s price but still 57¢/kg dearer than year-ago levels. Sheep tripe prices continued a downward trend this month to average \$4.38/kg, down \$1.07/kg compared to last year. Sheep long cut tongue averaged \$3.87/kg, down 8¢/kg month-on-month but 67¢/kg firmer than a year ago.

Figure 8: Trends in sheep offal prices



Lamb runners averaged \$5.35/piece which was 3¢/piece below July prices but around \$2.30/piece above last year’s price. Sheep runners also eased slightly, averaging \$3.85/piece for July, down 3¢/piece month-on-month but improved \$2.00/piece year-on-year.

Figure 9: Trends in runner prices



Pharmaceutical products

Pharmaceutical product remained firm during August with European eligible foetal blood in demand and concentrated gall easing slightly.

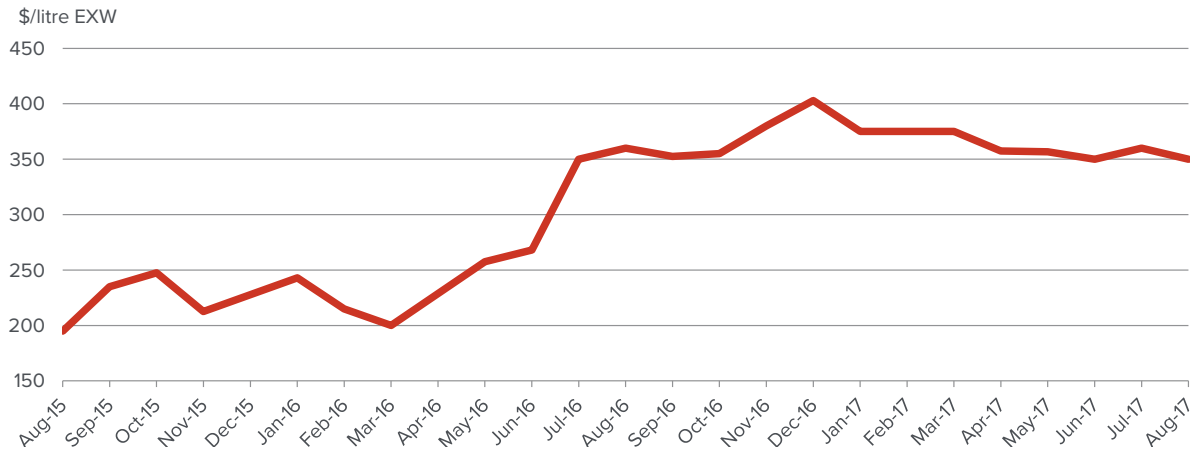
Table 3: Pharmaceutical prices

	Average (Aug Data)	Range	Responses	Monthly Change	Annual Change
Foetal Blood	\$350.00		2	-2.8%	-2.8%
Gall Concentrated	\$28.25		2	-13.7%	13.7%

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

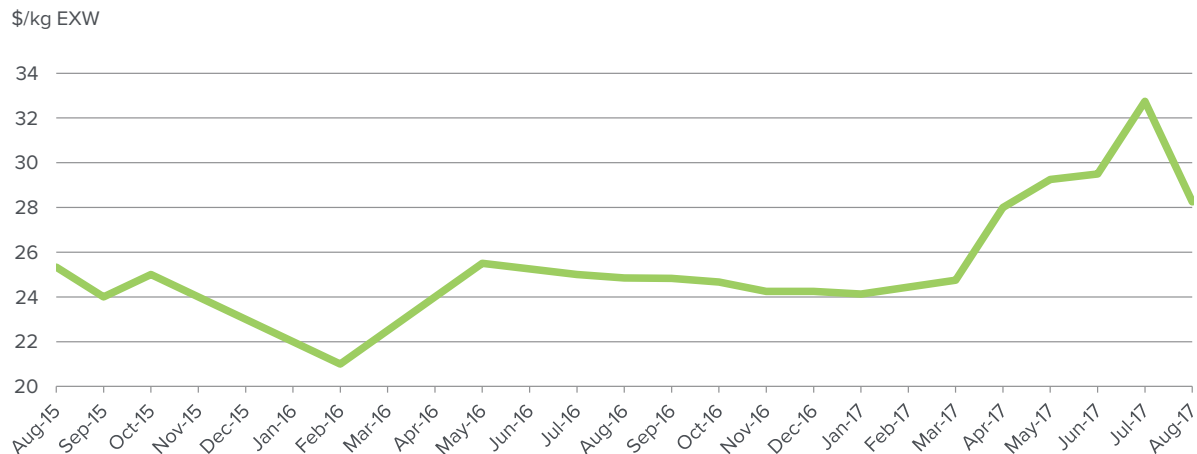
Foetal blood averaged \$350/litre, remaining relatively steady.

Figure 10: Trends for foetal blood prices



Concentrated gall price trends reversed slightly from the dearer trend of the last quarter, averaging \$28.25/kg. This was \$4.50/kg lower month-on-month but \$3.40/kg higher than last year. Buyers continue to report strong demand going forward.

Figure 11: Trends for concentrated gall prices



Rendered products

All rendered products have recovered slightly this month. Traders continue to work with more traditional tallow markets as Singapore concentrates on securing supply from USA. A shortening of supply has seen meat and bone meal prices rally slightly.

Table 4: Rendered product prices

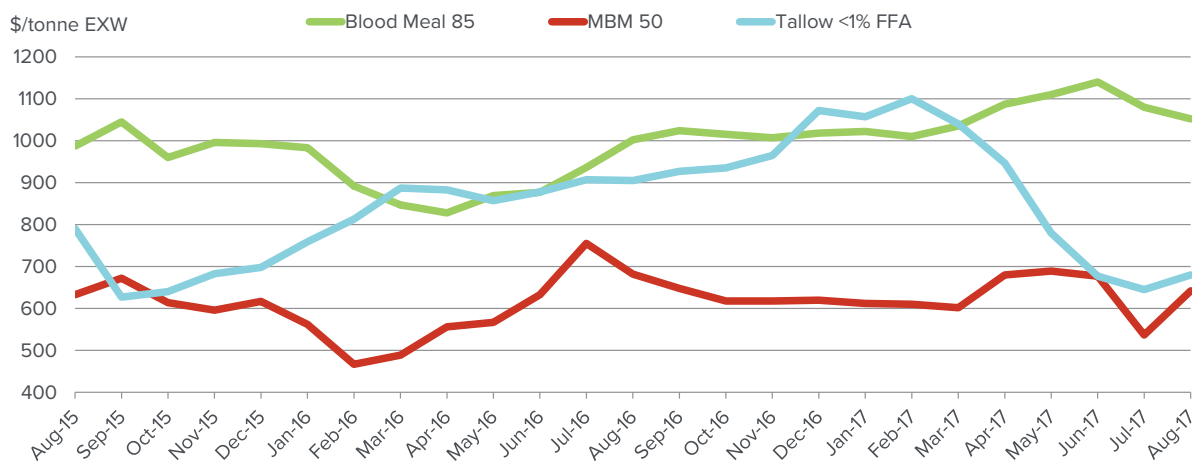
	Average (Aug Data)	Range	Responses	Monthly Change	Annual Change
Bloodmeal 85	\$1,052.50	\$90.00	4	-2.5%	5.1%
MBM 50	\$642.40	\$131.00	5	19.6%	-5.8%
Tallow Ined.<1FFA	\$680.25	\$106.00	4	5.4%	-24.8%
Tallow Ined.<2FFA	\$642.20	\$161.00	5	-1.5%	-26.0%
Tallow Ined.<4FFA	\$624.00	\$106.00	4	0.0%	-26.9%

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

Meat and bone meal (MBM) recovered, with the price for 50% protein averaging \$642/tonne, \$105/tonne above the price last month however \$40/tonne lower year-on-year. Reduced production and strong demand continued to support blood meal prices. Prices eased slightly, averaging \$1,052/tonne ex-works, which was down \$28/tonne on last month's price but still \$50/tonne stronger than last year.

Tallow prices also recovered slightly as steady trade resumed in the oleo and industrial markets. August prices for 1% FFA tallow averaged \$680/tonne, up \$35/tonne on last month price but have slipped \$225/tonne below the price a year ago.

Figure 12: Trends in rendered co-product prices



Hides

Hide prices have continued to suffer the difficult market conditions. Increased supply of USA hides being offered at sharply reduced prices has created a challenging market for Australian traders. Europe and Brazil are also joining the rush to lower prices. At the recent Shanghai Leather Fair, numbers attending were well down on previous years.

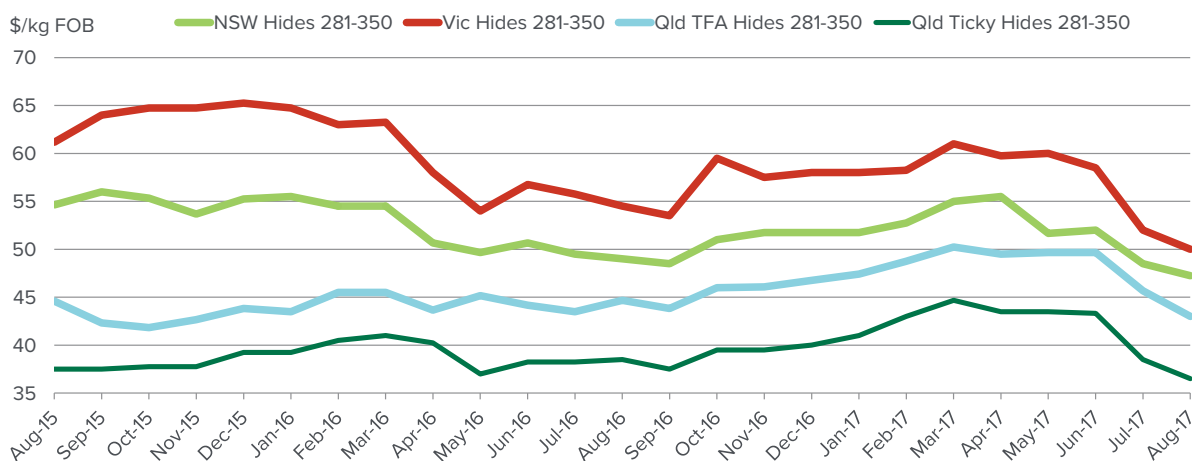
Table 5: Hide prices

	Average (Aug Data)	Range	Responses	Monthly Change	Annual Change
Hides NSW 141- 180	\$21.50		2	-4.4%	-10.4%
Hides NSW 181 - 220	\$28.00		2	-3.4%	-9.7%
Hides NSW 221 - 280	\$35.50		2	-2.1%	-7.8%
Hides NSW 281 - 350	\$47.25		2	-2.6%	-3.6%
Hides NSW 351 Up	\$58.50		2	-1.7%	-8.6%
Hides QLD TFA 141 - 220	\$23.25		2	-8.8%	-10.6%
Hides QLD TFA 221 - 280	\$31.75		2	-8.6%	-9.3%
Hides QLD TFA 281 - 350	\$43.00	\$7.00	3	-5.8%	-3.7%
Hides QLD TFA 351 Up	\$51.33	\$18.00	3	-6.7%	-5.5%
Hides QLD Ticky 281 - 350	\$36.50		2	-5.2%	-5.2%
Hides QLD Ticky 350 Up	\$44.00		2	-5.4%	-8.3%
Hides VIC 141-180	\$26.50		2	-3.6%	-1.9%
Hides VIC 181-220	\$33.00		2	-2.9%	-7.0%
Hides VIC 221 - 280	\$41.50		2	-4.6%	-3.5%
Hides VIC 281-350	\$50.00		2	-3.8%	-8.3%
Hides VIC 351 Up	\$61.50		2	-3.9%	-11.2%

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

Local prices for hides were again down month-on-month, selling from \$1.00/hide to \$4.00/hide, particularly for the lower quality end. With slaughter numbers overseas continuing to remain at current levels we will see this continued pressure to reduce prices. Tanneries are set to resume normal production however with oversupply of raw material there will not be a quick resolution to this situation.

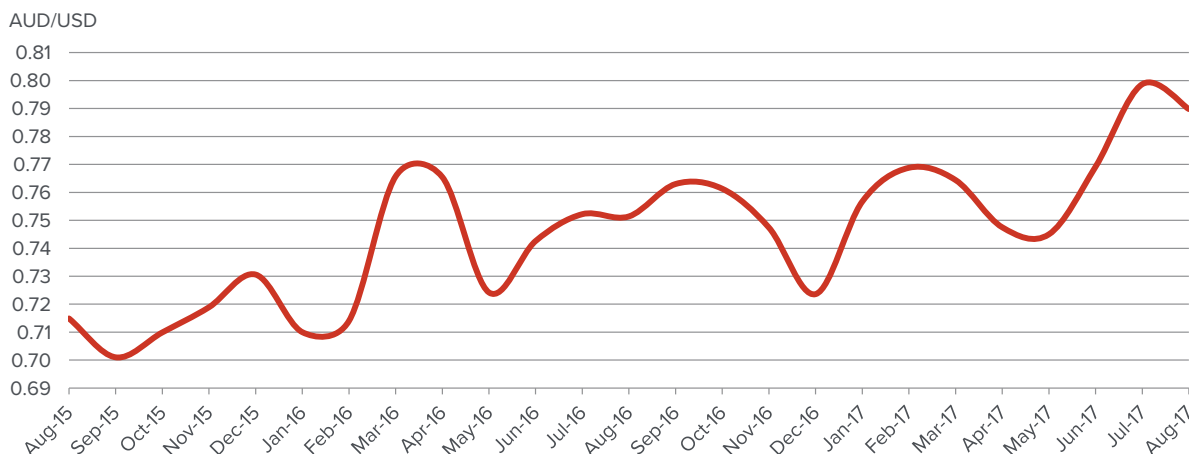
Figure 13: Trends in hide prices (East Coast Ex Works)



Currency exchange

The Australian dollar recovered against the US dollar during August, opening at a high of 80.11US¢, and trading down to a level of 78.42US¢ before finishing the month at 78.98US¢.

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:

Please call Adam Cheetham on 02 9463 9354 or acheetham@mla.com.au

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



MEAT & LIVESTOCK AUSTRALIA

Market Information
 Meat & Livestock Australia
 Ph: 02 9463 9372
 Fax: 02 9463 9220
 Email: marketinfo@mla.com.au
www.mla.com.au/prices-markets

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