



Lot feeding brief

Results for the December quarter 2019 feedlot survey

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February 2020

■ Cattle on feed numbers increased by 10.7% reaching a new record high of 1,239,560 head in the December 2019 quarter.

■ The lot feeding sector has played a key role in drought mitigation for producers in 2019, with national feedlot capacity increasing 19% year-on-year. The longer term increase in capacity represents a response to increased demand from key export markets for high quality grainfed beef.

■ All states recorded increased numbers on feed from the September quarter. In line with seasonal trends, WA recorded the largest increase in numbers, up 105%, while Queensland and NSW both saw improvements of 9% from the previous quarter. Victoria numbers remained stable quarter-on-quarter.

■ National feedlot utilisation increased 8% to 90% in the December quarter, with Queensland, NSW and WA reporting significant improvements from the September quarter.

■ For the 2019 calendar year, grainfed cattle turnoff increased 1% to a record 3,028,226 head. SA and Victoria turnoff increased by 47% and 28% respectively, while WA reported an increase of 14%, followed by NSW at 2%. Queensland saw a decline in cattle turnoff of 4% throughout the year.

Figure 1: Cattle on feed

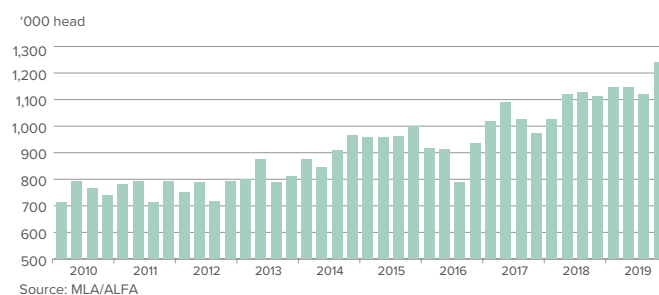


Figure 2: Quarterly grainfed beef exports

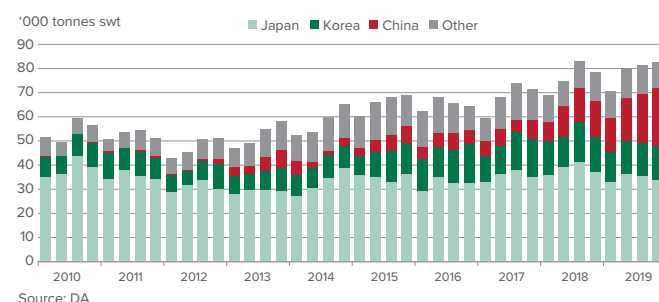


Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Dec-19	Sep-19	Dec-18	Dec-19	Sep-19	Dec-18	Dec-19	Sep-19	Dec-18
NSW	395,038	391,037	393,012	349,694	321,951	326,322	89	82	83
Vic	76,692	76,692	76,551	67,255	67,051	73,173	88	87	96
Qld	780,839	774,290	725,911	720,055	660,269	631,286	92	85	87
SA	53,614	50,124	43,879	46,367	42,588	40,439	86	85	92
WA	73,477	72,977	68,077	56,193	27,470	39,469	76	38	58
Australia	1,379,660	1,365,120	1,307,430	1,239,563	1,119,329	1,110,689	90	82	85

Source: MLA/ALFA – Feedlot capacity figures are provided by AUS-MEAT Limited (AUS-MEAT)

■ Despite record turnoff numbers in the lot feeding sector, grainfed cattle as a percentage of national slaughter eased below 35% in the second half of 2019. However, with the expectation of a sharp decline in total slaughter in 2020, grainfed turnoff percentages may push record levels.

■ The record number of cattle on feed reported in the December quarter will support grainfed beef production during the first quarter of 2020. However, assuming a return to average seasonal conditions, as the herd shifts to a rebuild phase, reduced supply will see competition between restockers, processors and feeders intensify.

■ In the December quarter, feeder buyers were operating at an average premium of 45¢ to restockers and 27¢ to processors for EYCI eligible cattle.

■ The national saleyard feeder steer indicator averaged 289¢/kg live weight (lwt) for the December quarter, back 2% from the previous quarter and 1% below year-ago levels. Competition for feeder cattle remained robust throughout 2019, as the market responded to increased international demand for high quality grainfed beef from Australia.

■ The Queensland 100 day grainfed steer over-the-hook (OTH) indicator broke records in the December quarter, climbing to a high of 609¢/kg at the end of October, to average 605¢/kg carcass weight (cwt) for the quarter, an increase of 3% from the September quarter and 11% above year-ago levels. Throughout 2019, OTH prices outperformed young feeder cattle, as demand for finished product saw processor competition intensify.

Figure 3: Grainfed cattle turn-off

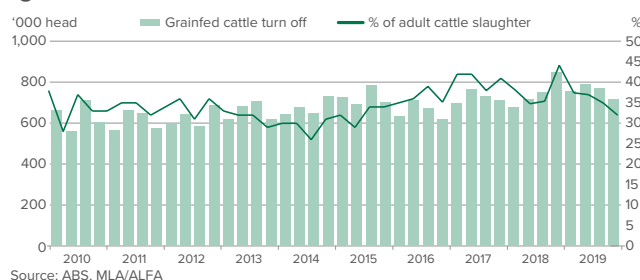


Figure 4: Feed grain and feeder steer prices

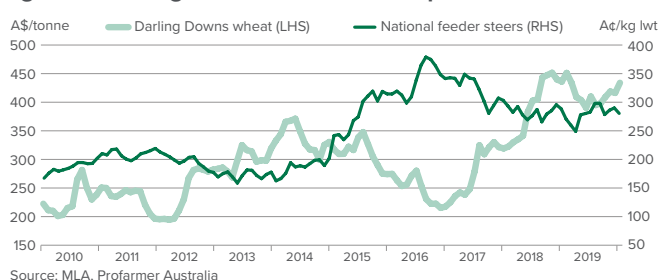


Figure 5: Queensland 100-day grainfed steer over-the-hook indicator



■ For the December quarter, Australian grainfed exports totalled 82,520 tonnes shipped weight (swt), an increase of 5% from year-ago levels and 2% higher than volumes in the September quarter.

■ Volumes to China continued to climb, improving 61% year-on-year to 23,989 tonnes swt, up 20% from the previous quarter. The impact of the African Swine Fever (ASF) outbreak saw a reshaping of the global meat trade as large volumes of product destined for other export markets were diverted to China.

■ Exports to Japan eased 10% from the same quarter last year to 33,565 tonnes swt, while grainfed exports to Korea fell 2% year-on-year to 14,168 tonnes swt.

■ Wheat ex-Darling Downs averaged \$422/tonne in the December quarter, back 5% year-on-year, while barley averaged \$381/tonne, a decline of 10% from year-ago levels. Grain prices remained relatively stable throughout the quarter, before gaining momentum at the beginning of December.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Dec-19	Sep-19	Dec-18
< 500	12,733	9,751	8,566
500-1,000	56,067	41,071	35,135
1,000-10,000	426,001	386,550	405,036
>10,000	744,763	681,957	661,952
Total	1,239,563	1,119,329	1,110,689

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Dec-19	Sep-19	Dec-18
	Head		
NSW	186,757	212,310	201,083
Vic	49,989	59,185	51,229
Qld	431,375	446,772	565,278
SA	28,783	28,039	23,657
WA	16,601	24,667	7,753
Australia	713,505	770,973	848,999

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2009	FY2018	FY2019
	Head		
NSW	570,069	777,622	791,526
Vic	135,641	178,776	200,875
Qld	1,394,227	1,651,735	1,920,116
SA	78,819	78,929	110,853
WA	116,801	143,266	117,958
Australia	2,295,557	2,830,329	3,141,328

Source: MLA/ALFA