



Lot feeding brief

Results for the June quarter 2018 feedlot survey

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August 2018

■ Cattle on feed at the end of the June 2018 quarter rose to a record 1.12 million head, which was an increase of almost 95,000 head (or 9%) from the March quarter, and 3% higher than the previous record set in June 2017.

■ The national saleyard feeder steer indicator averaged 276¢/kg lwt during the June quarter – closing the quarter at 286¢/kg lwt – representing a 4¢ (or 1%) decline from where it finished the March quarter. Deteriorating seasonal conditions led to falls across the majority of cattle saleyard indicators during the quarter, however, suitable feeder cattle remained relatively stable.

■ The Queensland 100-day grainfed steer over-the-hooks indicator averaged 521¢/kg cwt in the June quarter, representing a decline of 4% (or 24¢) from the same period last year. Grainfed cattle over-the-hooks indicators were stable relative to saleyard cattle prices during the 2017-18 fiscal year, largely due to robust Asian demand for grainfed product.

■ During the June quarter, grain prices continued to rise following strong gains during the March quarter. Wheat ex-Darling Downs averaged \$381/tonne, while barley averaged \$383/tonne, an increase of 48% and 58% year-on-year, respectively.

Figure 1: Cattle on feed

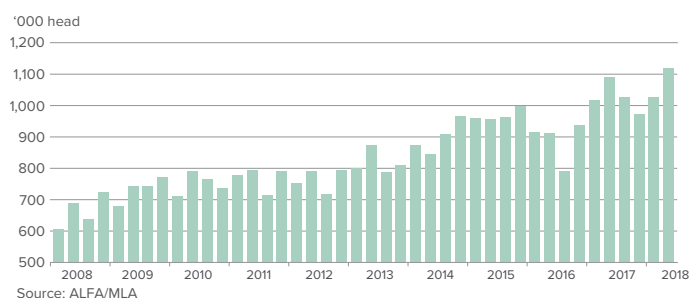


Figure 2: Quarterly grainfed beef exports

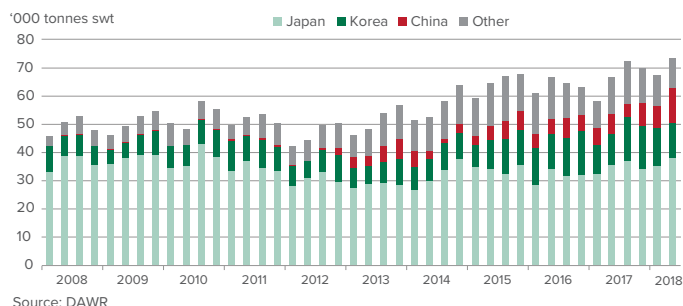


Table 1: MLA/ALFA Survey of feedlot activity

| | Feedlot capacity | | | Numbers on feed | | | Utilisation % | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------|-----------|-----------|
| | Jun-18 | Mar-18 | Jun-17 | Jun-18 | Mar-18 | Jun-17 | Jun-18 | Mar-18 | Jun-17 |
| NSW | 392,143 | 397,363 | 389,263 | 351,821 | 320,897 | 338,406 | 90 | 81 | 87 |
| Vic | 76,551 | 76,552 | 73,552 | 70,965 | 64,322 | 64,184 | 93 | 84 | 87 |
| Qld | 716,522 | 707,066 | 695,163 | 629,493 | 561,531 | 626,580 | 88 | 79 | 90 |
| SA | 44,427 | 40,937 | 40,637 | 32,894 | 31,576 | 34,235 | 74 | 77 | 84 |
| WA | 71,752 | 70,752 | 67,777 | 35,285 | 47,356 | 25,668 | 49 | 67 | 38 |
| Australia | 1,301,395 | 1,292,670 | 1,266,392 | 1,120,459 | 1,025,682 | 1,089,072 | 86 | 79 | 86 |

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

■ The Australian Dollar (A\$) averaged US75.7¢ for the June quarter, 4% lower than the March quarter. The A\$ continued its downward trajectory throughout the quarter, falling to a 12-month low of US73.5¢ on 28 June. Pressure on the A\$ came in the form of a strengthening US dollar, while unresolved trade disputes between the US and other countries led to global trade uncertainty. Another factor, which contributed to the decline, was the widening yield spread between Australia and the US. The weaker A\$ supported the competitiveness of Australian beef exports during the quarter.

■ For the June 2018 quarter, Australian grainfed beef exports reached a new quarterly high of 74,932 tonnes shipped weight (swt), up 10% from the same period last year. Grainfed beef exports for the 2017-18 fiscal year were the largest fiscal year volume on record at 288,833 tonnes swt, a lift of 12% year-on-year – accounting for 27% of total Australian beef exports for the year.

■ Grainfed beef shipments to Japan for the June quarter increased 8% year-on-year, totalling 38,985 tonnes swt. A recovering domestic economy, combined with a growing preference for red meat among younger generations, contributed to growing Japanese demand for beef. Fiscal year grainfed exports to Japan accounted for 51% of Australia's total – similar to that of the previous two fiscal years – at 147,826 tonnes swt.

■ Grainfed exports to Korea in the June quarter rose 8% year-on-year, to 12,545 tonnes swt. This brought the 2017-18 fiscal year total to 57,578 tonnes swt, 11% higher year-on-year. Demand for Australian grainfed exports in Korea remained strong, despite heightened competition stemming from increasing US exports.

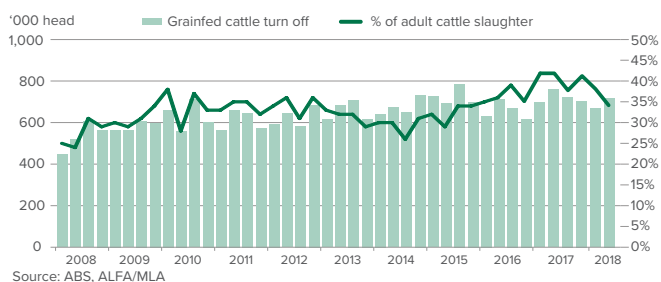
■ Volumes to China lifted 74% from year-ago levels, to 12,653 tonnes swt for the June quarter. This saw China overtake South Korea to become Australia's second largest market (in volume terms) for grainfed beef for the quarter. Total grainfed shipments for 2017-18 reached 33,746 tonnes swt, up 27% year-on-year.

Table 2: Numbers on feed by feedlot size

| Feedlot size (head) | Jun-18 | Mar-18 | Jun-17 |
|---------------------|------------------|-----------|-----------|
| < 500 | 11,092 | 11,993 | 15,454 |
| 500-1,000 | 37,900 | 29,404 | 43,323 |
| 1,000-10,000 | 408,386 | 364,716 | 334,947 |
| >10,000 | 663,081 | 619,570 | 695,349 |
| Total | 1,120,459 | 1,025,682 | 1,089,072 |

Source: MLA/ALFA

Figure 3: Grainfed cattle turn-off



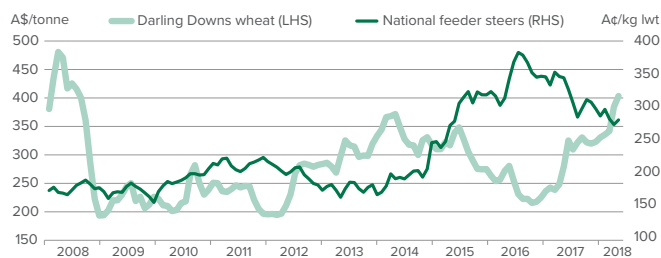
Source: ABS, ALFA/MLA

Table 3: Quarterly cattle feedlot turn-off

| | Jun-18 | Mar-18 | Jun-17 |
|------------------|----------------|---------|---------|
| | Head | | |
| NSW | 187,463 | 195,004 | 194,905 |
| Vic | 46,027 | 40,865 | 51,811 |
| Qld | 420,512 | 391,388 | 464,255 |
| SA | 22,061 | 17,696 | 19,480 |
| WA | 40,674 | 29,022 | 25,766 |
| Australia | 716,738 | 673,976 | 756,216 |

Source: MLA/ALFA

Figure 4: Feed grain and feeder steer prices



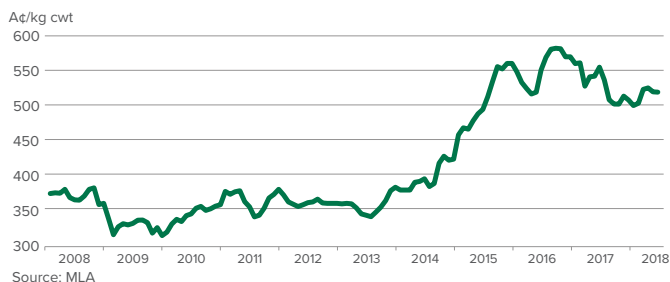
Source: MLA, Profarmer Australia

Table 4: Feedlot turn-off

| | FY2008 | FY2017 | FY2018 |
|------------------|------------------|------------------|------------------|
| | Head | | |
| NSW | 598,104 | 796,366 | 777,622 |
| Vic | 157,577 | 160,051 | 178,776 |
| Qld | 1,099,405 | 1,637,252 | 1,651,735 |
| SA | 78,050 | 45,064 | 78,929 |
| WA | 133,173 | 104,161 | 143,266 |
| Australia | 2,066,309 | 2,742,827 | 2,830,329 |

Source: MLA/ALFA

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



Source: MLA