



Lot feeding brief

Results for the June quarter 2019 feedlot survey

Penny Graham – Market Information Analyst – pgraham@mla.com.au

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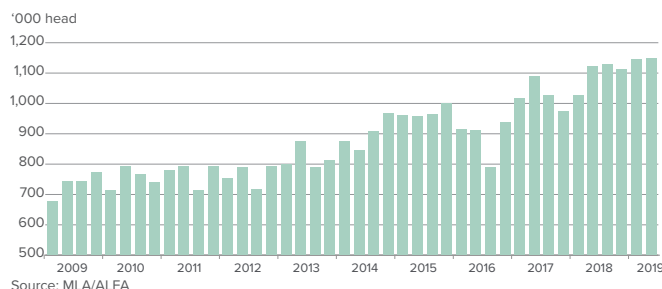
■ The number of cattle on feed rose again in the June 2019 quarter, increasing by 1,830 head on the March quarter, to a record 1,147,393 head. Cattle on feed have now been sustained in excess of one million head for the fifth consecutive quarter.

■ National feedlot capacity also set a new record in the June quarter, rising 1% on the March quarter to 1,382,441 head. The lot feeding sector continues to support national beef production and has been a critical link in the supply chain during the prolonged dry period but is also increasingly underpinning valuable relationships with key export markets.

■ The national saleyard feeder steer indicator averaged 282.1¢/kg lwt during the June quarter, up 2% on the same period in 2018. For the June quarter, the Queensland feeder steer indicator was operating at a discount to NSW, averaging 276¢ and 287¢/kg lwt, respectively, with both increasing 2% from last year.

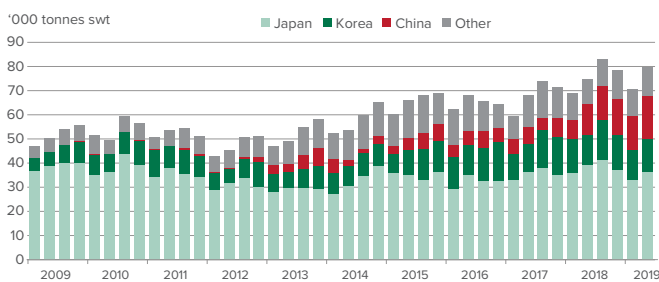
■ The Queensland 100-day grainfed steer over-the-hook indicator rose 10% year-on-year in the June quarter to average 571.8¢/kg cwt. Prices for finished cattle have improved this year, supported by strong export demand, in particular from Asian markets for grainfed beef.

Figure 1: Cattle on feed



Source: MLA/ALFA

Figure 2: Quarterly grainfed beef exports



Source: DAWR

Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Jun-19	Mar-19	Jun-18	Jun-19	Mar-19	Jun-18	Jun-19	Mar-19	Jun-18
NSW	402,641	400,291	392,143	316,812	318,941	351,821	79	80	90
Vic	76,792	76,151	76,551	76,552	70,572	70,965	100	93	93
Qld	779,797	763,393	716,522	652,829	653,528	629,493	84	86	88
SA	51,734	51,734	44,427	47,747	50,166	32,894	92	97	74
WA	71,477	71,477	71,752	53,454	52,355	35,285	75	73	49
Australia	1,382,441	1,363,046	1,301,395	1,147,393	1,145,563	1,120,459	83	84	86

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

■ For the June quarter, wheat ex-Darling Downs averaged \$401/tonne, while barley averaged \$397, an increase of 5% and 4% year-on-year, respectively.

■ The A\$ averaged US71.5¢ for the 2018-19 financial year, back 8% year-on-year, easing further in the back half of the year, to average US70¢ in the June quarter. This has been driven by stronger than expected economic conditions in the US but also slower growth rates in Australia and falling interest rates. Uncertainty, from Australia’s largest trading partner – China – has also underpinned a devaluation of the Australian dollar, as the trade stand-off between the US and China continues to have implications for global trade.

■ For the June quarter, Australian grainfed beef exports totalled 79,632 tonnes shipped weight (swt), an increase of 6% against the same quarter last year. Grainfed exports for the 2018-19 fiscal year totalled 311,986 tonnes swt, easily surpassing the record established in the 2017-18 fiscal year.

■ Volumes to China lifted 40% from year-ago levels, to 17,751 tonnes swt for the quarter. China has become a major market for Australian grainfed exports, with Australian product becoming increasingly positioned towards the premium segment of the market, as South American suppliers increase volumes of lower-quality product.

■ Grainfed exports to Japan eased 7% year-on-year for the June quarter, totalling 36,201 tonnes swt. Demand remains strong for high quality grainfed beef, however Australian products continues to compete with increasing shipments from the US.

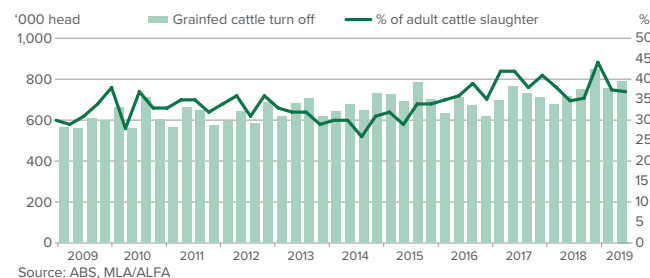
■ Volumes to Korea lifted 9% year-on-year to 13,719 tonnes swt for the June quarter. The supply of Australian beef to the market continues to diversify in order to keep pace with changing consumer preferences, supporting grainfed shipments to Korea.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Jun-19	Mar-19	Jun-18
< 500	10,078	14,351	11,092
500-1,000	37,374	34,971	37,900
1,000-10,000	409,615	419,236	408,386
>10,000	690,326	677,004	663,081
Total	1,147,393	1,145,563	1,120,459

Source: MLA/ALFA

Figure 3: Grainfed cattle turn-off



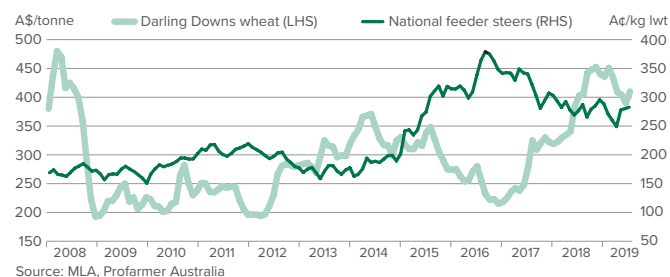
Source: ABS, MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Jun-19	Mar-19	Jun-18
Head			
NSW	196,255	199,843	187,463
Vic	58,526	55,507	46,027
Qld	457,474	428,618	420,512
SA	37,584	29,182	22,061
WA	41,159	39,602	40,674
Australia	790,996	752,752	716,738

Source: MLA/ALFA

Figure 4: Feed grain and feeder steer prices



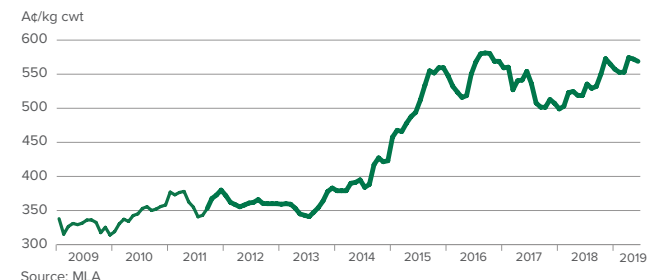
Source: MLA, Profarmer Australia

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

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



Source: MLA