



Lot feeding brief

Results for the December quarter 2020 feedlot survey

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Summary

- The number of cattle on feed rose slightly in the December quarter, reported at 1,048,307 head, a decline of 15% on year-ago levels.
- The number of cattle on feed for the December quarter is now sitting 1% below the five-year average.
- National feedlot capacity this quarter fell slightly from the record levels posted in the September quarter, to 1,445,136 head – demonstrating the confidence of the lot feeding industry.
- The number of cattle on feed in NSW increased 6% from the previous quarter to 314,281 head. Similarly, WA numbers increased 22% to 46,302 head.
- Cattle on feed numbers in Victoria and SA rebounded this quarter, increasing by 21% and 11% to 56,816 and 42,216 head, respectively.
- The number of cattle on feed in Queensland remained steady at 588,692, a decline of 0.5% on the previous quarter.
- National feedlot utilisation remained steady at 73% for the December quarter, well below the five-year December quarter average of 81%. All states besides Queensland improved utilisation levels over the December quarter, with NSW up 5%, Victoria up 12%, SA up 8% and WA up 11%. Queensland utilisation remained in line with the previous quarter at 71%.

Figure 1: Cattle on feed

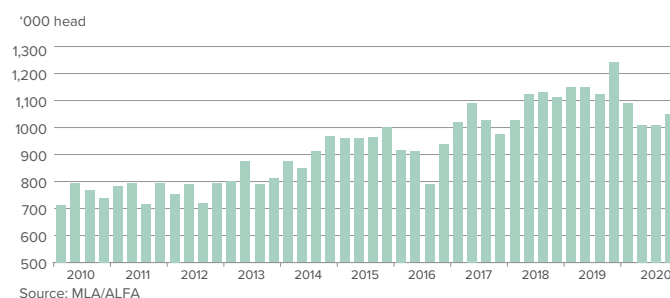


Figure 2: Quarterly grainfed beef exports

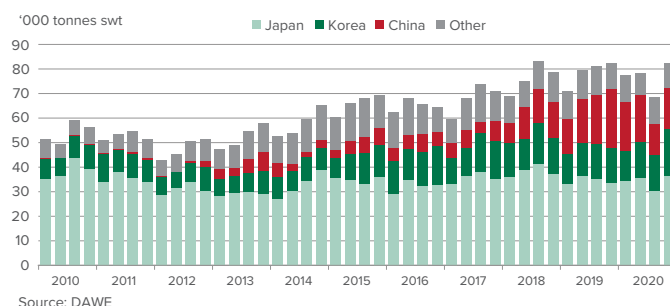


Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Dec-20	Sep-20	Dec-19	Dec-20	Sep-20	Dec-19	Dec-20	Sep-20	Dec-19
NSW	408,277	411,538	395,038	314,281	295,752	349,694	77	72	89
Vic	79,392	79,392	76,692	56,816	46,963	67,255	72	59	88
Qld	830,376	831,179	780,839	588,692	591,664	720,055	71	71	92
SA	53,614	53,614	53,614	42,216	38,003	46,367	79	71	86
WA	73,477	73,477	73,477	46,302	37,938	56,193	63	52	76
Australia	1,445,136	1,449,200	1,379,660	1,048,305	1,010,320	1,239,564	73	70	90

Source: MLA/ALFA, AUS-MEAT

Currency

■ In the December quarter, the A\$ averaged US73¢, an increase of 2% on the previous quarter and 7% higher year-on-year.

■ Against the Japanese Yen, the A\$ increased 1% from the September quarter to average 76.29¥ in the December quarter.

■ Against the Korean Won, the A\$ averaged 816.14₩, a notable decrease of 4% on the previous quarter. However, it was reasonably consistent year-on-year, up 2% on the 2019 December quarter.

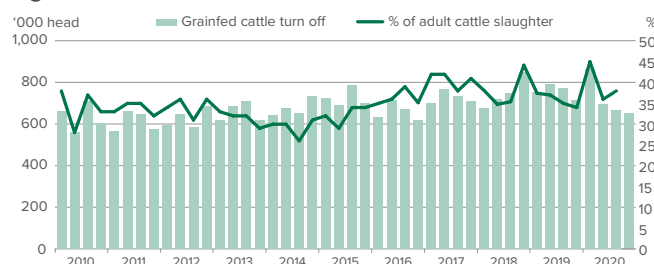
Grainfed exports

■ Australian grainfed exports increased 21% in the December quarter to 82,783 tonnes shipped weight (swt), similar to volumes for the December 2019 quarter.

■ Japan continued to be Australia's largest export market for grainfed beef, with volumes exported reaching 36,509 tonnes swt for the quarter, the highest level since the 2018 December quarter.

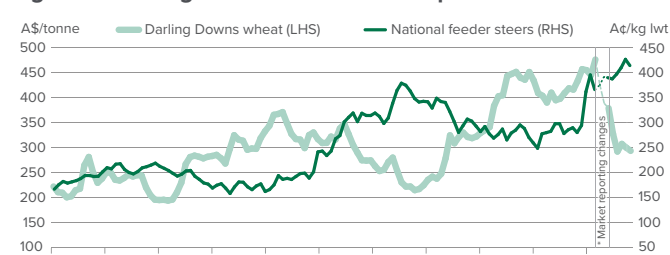
■ Korea surpassed China in volume of grainfed exports in the December quarter, increasing 31% on the previous quarter to 18,912 tonnes swt and an impressive 33% increase year-on-year. Exports to China recovered 22% in the December quarter to 16,641 tonnes swt, after a significant decline in the September quarter.

Figure 3: Grainfed cattle turn-off



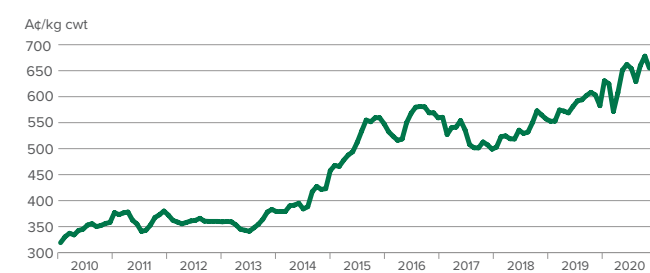
Source: ABS, MLA/ALFA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia * Market reporting changes occurred from 26 March until 3 June 2020

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



Source: MLA's NLRS

Domestic feeder cattle prices

■ The Queensland 100-day Grainfed Steer OTH Indicator continued to trade at elevated levels. In the December 2020 quarter, the indicator posted a record quarterly average of 669¢/kg carcase weight (cwt). This was 3% higher than the September quarter and 10% above year-ago levels. The ongoing herd rebuild is maintaining store competition and lowering throughput for the finished market. As a result, prices remained extremely strong in the second half of 2020.

■ The National Feeder Steer Indicator averaged 420¢/kg live weight (lwt) in the December quarter, an increase of 6% on the previous quarter. The indicator steadily increased throughout the quarter due to continuing restocker competition. As a result, it finished the year with a record high quarterly average.

Grain prices

■ In the December quarter, wheat ex-Darling Downs prices fell 11% from the previous quarter to average \$301/tonne. This price is 29% below December 2019 levels. Barley averaged \$261/tonne, down 12% on the previous quarter and 31% below year-ago levels. Both ex-Darling Downs wheat and barley haven't been this low since late 2017.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Dec-20	Sep-20	Dec-19
< 500	7,995	9,903	12,733
500-1,000	31,390	31,918	56,067
1,000-10,000	331,470	335,335	426,001
>10,000	677,450	633,164	744,763
Total	1,048,305	1,010,320	1,239,564

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Dec-20	Sep-20	Dec-19
	Head		
NSW	175,172	152,377	186,757
Vic	33,084	41,066	49,989
Qld	409,843	413,908	431,375
SA	22,588	27,901	28,783
WA	8,554	31,570	16,601
Australia	649,241	666,822	713,505

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2020	FY2019	FY2010
	Head		
NSW	794,237	791,526	636,347
Vic	215,592	200,875	210,209
Qld	1,758,572	1,920,116	1,377,701
SA	121,512	110,853	93,191
WA	154,221	117,958	108,493
Australia	3,044,134	3,141,328	2,425,941

Source: MLA/ALFA