MEAT & LIVESTOCK AUSTRALIA MARKET INFORMATION

Lot feeding brief

Results for the March quarter 2019 feedlot survey

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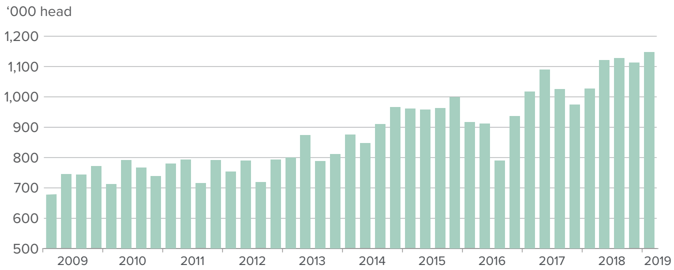
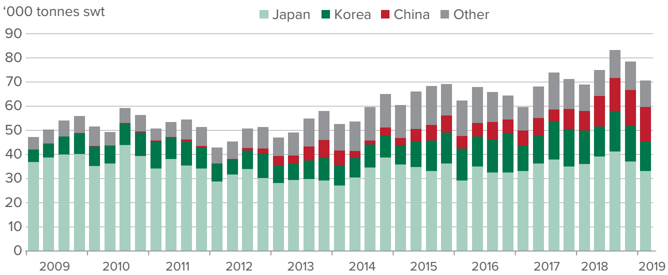
- Cattle on feed at the end of the March 2019 quarter surpassed the previous record set in September 2018, rising almost 35,000 head (or 3%) on the December quarter, to 1,145,563 head. Cattle on feed have been sustained in excess of one million head since the March 2018 quarter.
- National feedlot capacity also set a new record in the March quarter, rising 4% on the December quarter to 1,363,046 head. Feedlots continue to boost national beef production during a difficult period, which has assisted the industry to maintaining valuable relationships with key export markets.
- The national saleyard feeder steer indicator averaged 261¢/kg lwt during the March quarter, down 10% on the same period in 2018. Severe weather conditions culminated in a large-scale destocking event in late February, with feeder steers falling to a four-year low at 232¢/kg lwt on 12 March. Prices then staged a recovery following widespread rain, with feeder steers ending the quarter at 280¢/kg lwt, just 1% below the beginning of the quarter.
- The Queensland 100-day grainfed steer over-the-hook indicator rose 9% year-on-year in the March quarter to average 554¢/kg cwt. Finished cattle prices have found support from robust global demand, in particular for grainfed beef.

Figure 1: Cattle on feed



Source: ALFA/MLA

Figure 2: Quarterly grainfed beef exports



Source: DAWR

Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Mar-19	Dec-18	Mar-18	**Mar-19**	Dec-18	Mar-18	**Mar-19**	Dec-18	Mar-18
NSW	**400,291**	393,012	397,363	**318,941**	326,322	320,897	**80**	83	81
Vic	**76,151**	76,551	76,552	**70,572**	73,173	64,322	**93**	96	84
Qld	**763,393**	725,911	707,066	**653,528**	631,286	561,531	**86**	87	79
SA	**51,734**	43,879	40,937	**50,166**	40,439	31,576	**97**	92	77
WA	**71,477**	68,077	70,752	**52,355**	39,469	47,356	**73**	58	67
Australia	**1,363,046**	1,307,430	1,292,670	**1,145,563**	1,110,689	1,025,682	**84**	85	79

Source: MLA/ALFA

■ For the March quarter, wheat ex-Darling Downs averaged $430/tonne, while barley averaged $393, an increase of 30% and 20% year-on-year, respectively. Despite easing slightly during the quarter, domestic grain prices are significantly elevated relative to global indicators, particularly in eastern Australia.

■ During the March quarter, the A$ averaged US71.2¢, 1% lower than the December quarter. Despite momentarily hitting a ten-year low in early January, the A$ spent the majority of the quarter trading between S70-72¢. Trade talks between the US and China, the strength of Australia's economy, as well as RBA interest rate decisions remain key factors to watch moving forward.

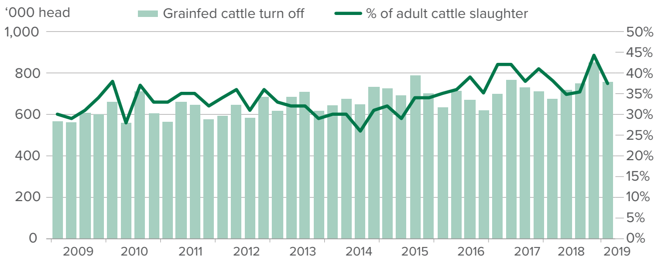
■ Australian grainfed beef exports totalled 70,685 tonnes swt in the March quarter, up 3% from the same period last year.

■ Volumes to China lifted 77% from year-ago levels, to 14,347 tonnes swt for the quarter. China has become a major market for Australian grainfed exports in recent years, competing extensively for product with more traditional markets, such as Japan and Korea.

■ March quarter shipments to Japan decreased 8% year-on-year, totalling 32,958 tonnes swt. While demand for high-quality grainfed beef remains strong, Australian product continues to compete head-on with increased volumes coming from the US.

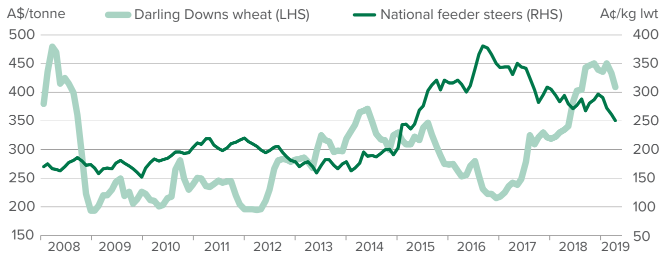
■ Grainfed exports to Korea in the March quarter declined 11% year-on-year, to 12,284 tonnes swt. The decline was largely due to higher US exports – which enjoy an advantageous tariff agreement in this market.

Figure 3: Grainfed cattle turn-off



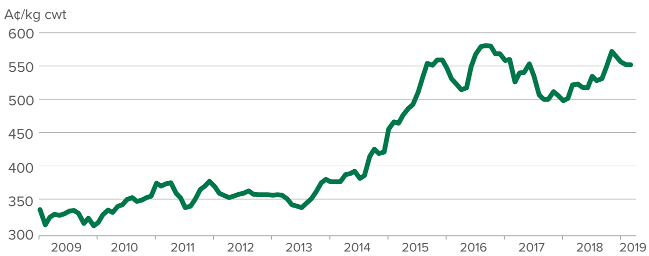
Source: ABS, ALFA/MLA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia

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



Source: MLA

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Mar-19	Dec-18	Mar-18
< 500	**14,351**	8,566	11,993
500-1,000	**34,971**	35,135	29,404
1,000-10,000	**419,236**	405,036	364,716
>10,000	**677,004**	661,952	619,570
Total	**1,145,563**	1,110,689	1,025,682

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Mar-19	Dec-18	Mar-18
		Head	
NSW	**199,843**	201,083	195,004
Vic	**55,507**	51,229	40,865
Qld	**428,618**	565,278	391,388
SA	**29,182**	23,657	17,696
WA	**39,602**	7,753	29,022
Australia	**752,752**	848,999	673,976

Source: MLA/ALFA

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