



Lot feeding brief

Results for the September quarter 2019 feedlot survey

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November 2019

■ Cattle on feed numbers reported a modest, 28,000 head decline in the September 2019 quarter, to 1,119,329 head. The number of cattle on feed has been sustained over one million head for the sixth consecutive quarter.

■ Despite an overall decline in the number of cattle on feed, both NSW and Queensland feedlots reported increases of 5,000 and 7,400 head respectively, from the June 2019 quarter.

■ Feeders were the driving force of cattle price movements in the September quarter, with feeder buyers of EYCI eligible cattle trading at an average premium of 53¢ to restockers. Competition for young cattle throughout the lot feeding sector has been buoyed by the robust value of finished cattle throughout 2019.

■ The national saleyard feeder steer indicator averaged 294¢/kg live weight (lwt) in the September quarter, an increase of 4% from the previous quarter and 5% above year-ago levels.

■ The Queensland 100-day grainfed steer OTH indicator rose 11% year-on-year to average 589¢/kg cwt in the September quarter. Throughout the quarter, the indicator steadily increased to be in line with record prices set in October 2016. Strong export demand for grainfed beef, particularly in Asian markets, has seen prices for finished cattle improve throughout the year.

Figure 1: Cattle on feed

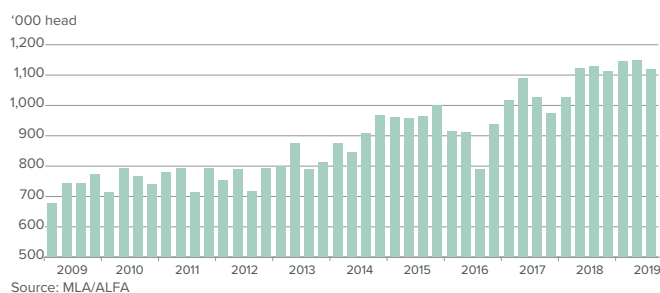


Figure 2: Quarterly grainfed beef exports

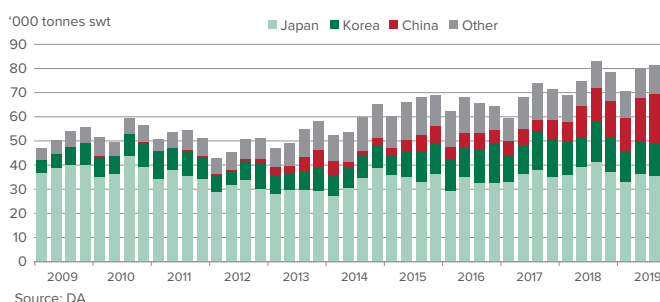


Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Sep-19	Jun-19	Sep-18	Sep-19	Jun-19	Sep-18	Sep-19	Jun-19	Sep-18
NSW	391,037	402,641	392,763	321,951	316,812	346,958	82	79	88
Vic	76,692	76,792	76,551	67,051	76,552	68,512	87	100	89
Qld	774,290	779,797	724,660	660,269	652,829	652,074	85	84	90
SA	50,124	51,734	43,879	42,588	47,747	34,526	85	92	79
WA	72,977	71,477	72,052	27,470	53,454	24,596	38	75	34
Australia	1,365,120	1,382,441	1,309,905	1,119,329	1,147,393	1,126,666	82	83	86

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

■ For the September quarter, wheat ex-Darling Downs averaged \$401/tonne, while barley averaged \$400/tonne, representing a decline of 7% and 6% year-on-year, respectively. Grain prices have seen an overall decline from the beginning of 2019, however remain elevated compared to historical levels.

■ During the September quarter the A\$ averaged US69¢, back 2% from the June quarter. Throughout the quarter, the A\$ fluctuated within the US67-71¢ trading band. 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 81,233 tonnes shipped weight (swt) for the September quarter, a decline of 2% from the same quarter last year, yet 2% above the June 2019 quarter.

Figure 3: Grainfed cattle turn-off

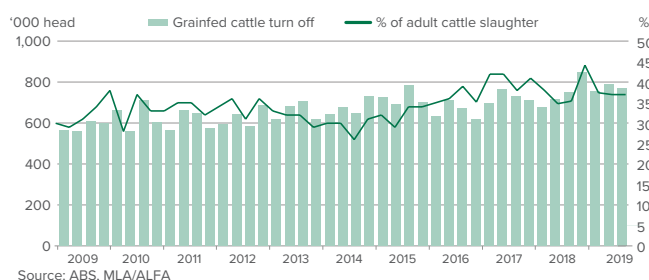


Figure 4: Feed grain and feeder steer prices

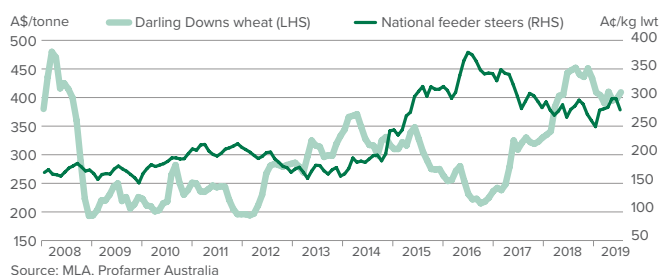
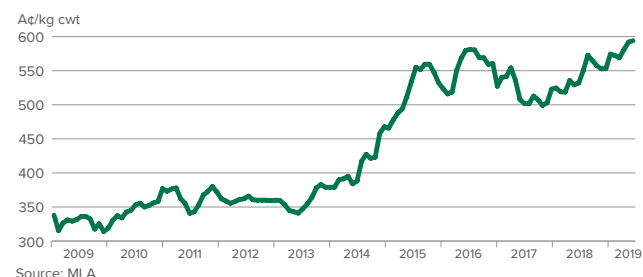


Figure 5: Queensland 100-day grainfed steer over-the-hook indicator



■ Grainfed exports to China increased 45% year-on-year to 19,990 tonnes swt for the September quarter. The underlying demand for red meat in China, fuelled by the African Swine Fever (ASF) outbreak has helped support grainfed exports across all product categories.

■ Volumes to Japan eased 14% year-on-year for the September quarter, totalling 35,318 tonnes swt, while grainfed exports to Korea declined 16% from year-ago levels to 13,973 tonnes swt. Increased competition, as higher volumes of US beef enter both markets, has impacted Australian shipments.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Sep-19	Jun-19	Sep-18
< 500	9,751	10,078	11,505
500-1,000	41,071	37,374	44,186
1,000-10,000	386,550	409,615	408,688
>10,000	681,957	690,326	662,287
Total	1,119,329	1,147,393	1,126,666

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Sep-19	Jun-19	Sep-18
	Head		
NSW	212,310	196,255	194,346
Vic	59,185	58,526	35,612
Qld	446,772	457,474	468,746
SA	28,039	37,584	20,431
WA	24,667	41,159	29,444
Australia	770,973	790,996	748,579

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