

Lot feeding brief



RESULTS FOR THE SEPTEMBER QUARTER 2016 FEEDLOT SURVEY

- The latest ALFA/MLA lotfeeding survey results for the September quarter indicate cattle numbers on feed eased 18% from year-ago levels to 788,873 head – accounting for approximately 65% of the Australian feedlot capacity.
- On the back of tighter cattle supply and increased competition from the restocking sector for young cattle, numbers on feed declined across all eastern states. Cattle on feed in NSW and Queensland eased 11% year-on-year to 250,430 head and 20% to 461,839 head, respectively. Numbers in Victoria decreased 30% to 46,875 head and SA eased 60% to 9,757 head. Meanwhile, as a result of increased herd numbers, cattle on feed in WA jumped 53% year-on-year to 19,972 head.
- The A\$ strengthened over the September 2016 quarter, averaging 4% higher year-on-year at 75.7US¢, as a result of a depreciating US\$. Against the Yen, however, the A\$ weakened 13% from year-ago levels, averaging 77.6¥, and remained firm against the Korean Won, at 849.5₩ for the July to September period.
- Underpinned by fewer cattle on feed, Australian grainfed beef exports for the September 2016 quarter were 3% lower year-on-year, totalling 65,813 tonnes swt. Despite this, total exports for the year-to-September period reached 196,096 tonnes swt - up 1% from 2015 levels, driven by larger volumes shipped earlier in the year.

Figure 1 Cattle on feed

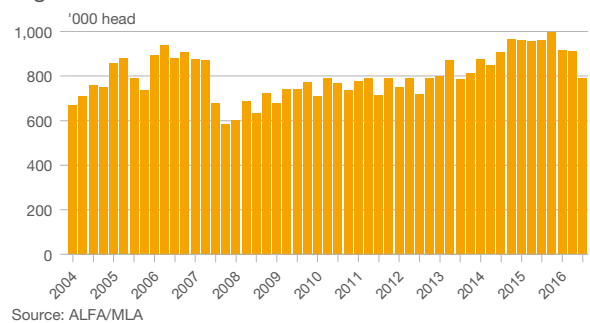


Figure 2 Quarterly grainfed beef exports

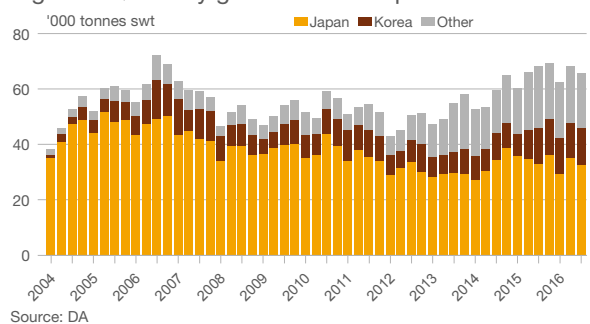


Table 1 MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Sep-16	Jun-16	Sep-15	Sep-16	Jun-16	Sep-15	Sep-16	Jun-16	Sep-15
NSW	387,749	378,297	365,349	250,430	285,128	281,960	65	75	77
Vic	94,093	103,275	77,538	46,875	63,368	66,735	50	61	86
Qld	650,808	642,089	628,981	461,839	515,088	575,242	71	80	91
SA	29,373	33,614	28,849	9,757	16,990	24,371	33	51	84
WA	53,640	56,749	50,500	19,972	30,393	13,020	37	54	26
Australia	1,215,663	1,214,024	1,151,216	788,873	910,967	961,328	65	75	84

Source: MLA/ALFA

Results for the 2016 feedlot survey – September quarter

- Grainfed exports to Japan during the September quarter eased 2% year-on-year, to 32,370 tonnes swt. The lower volume to Japan was predominantly the result of tighter Australian cattle supplies, coupled with greater competition from US beef. The proportion of grainfed and grassfed beef exports to Japan each accounted for 50% of the total for the year-to-September, illustrating a shift towards grainfed supplies while grassfed production is limited.
- High Hanwoo beef prices in Korea and tight supplies of Australian grassfed beef resulted in Australian grainfed exports to Korea increasing over the quarter. Furthermore, as volumes of Australian beef approached KAFTA stipulated safe guard volumes (which have recently being triggered), importers were reportedly pushing to secure product before the 40% tariff was imposed. Shipments to Korea for the September quarter were 18% higher than the corresponding period in 2015, at 13,727 tonnes swt. For the year-to-September, volumes were 26% higher than year-ago levels, at 39,517 tonnes swt.
- Exports of Australian grainfed beef to China for the September quarter lifted 13% year-on-year, to 7,300 tonnes swt, and totalled 17,901 tonnes swt for the year-to-September period, up 21%. Volumes to the EU, US and Middle East were down 12% year-on-year (to 4,011 tonnes swt), 61% (to 1,864 tonnes swt) and 41% (to 1,527 tonnes swt), respectively, for the September quarter.

Figure 3 Grainfed cattle turn-off

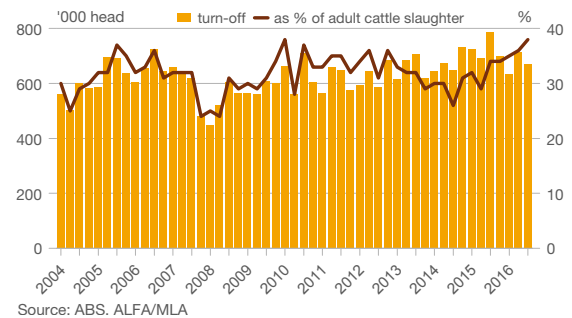


Figure 4 Feed grain and feeder steer prices

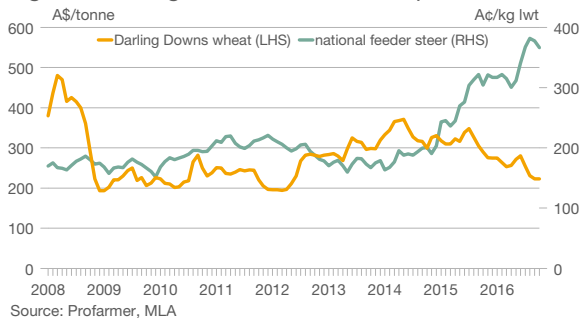


Figure 5 Queensland 100-day grainfed steer over-the-hook indicator

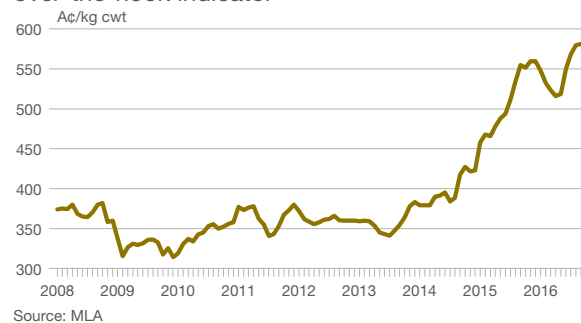


Table 2 Activity by feedlot size

Feedlot size (head)	Feedlot capacity			Numbers on feed		
	Sep-16	Jun-16	Sep-15	Sep-16	Jun-16	Sep-15
< 500	39,802	33,314	35,387	13,845	22,902	19,877
500-1,000	88,472	87,118	81,995	39,834	32,475	46,425
1,000-10,000	434,228	455,223	410,979	270,819	329,826	341,472
>10,000	653,161	638,370	622,855	464,374	525,764	553,554
Total	1,215,663	1,214,024	1,151,216	788,873	910,967	961,328

Source: MLA/ALFA

Table 3 Quarterly cattle feedlot turn-off

	Sep-16 head	Jun-16 head	Sep-15 head
NSW	226,828	231,453	212,160
Vic	40,351	58,383	53,205
Qld	367,528	350,577	492,086
SA	8,118	28,031	8,284
WA	27,279	44,060	19,846
Australia	670,105	712,504	785,580

Source: MLA/ALFA

Table 4 Feedlot turn-off

	FY2007	FY2015	FY2016
NSW	746,350	832,500	860,094
Vic	223,617	200,157	215,902
Qld	1,448,374	1,583,644	1,571,212
SA	83,903	98,605	78,106
WA	166,566	81,084	103,564
Australia	2,668,810	2,795,989	2,828,877

Source: MLA/ALFA

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