

13th August, 2007

Media Release

Cattle on feed slip from recent trends

The number of cattle on feed nationally has fallen by 70,072 or 7.5% year on year to 870,025 head for the June 2007 quarter, compared with 940,097 12 months ago.

Compared with the prior quarter, the total number of cattle on feed dropped by under 1%. However year on year, cattle numbers on feed fell across all the major east coast states. Most notable was a drop of 78,713 or 16% for Queensland to 427,933 head compared with June 2006.

ALFA President Malcolm Foster said, "The result goes against the usual trend of an increase in cattle on feed between the March and June quarters. Since 1999 there has been an average rise of 7% for that three month period. The June result sees a halt to that trend."

Mr Foster said that the slow down in growth of cattle numbers on feed related directly to the widespread lack of profitability that the industry is experiencing. "The local drought and impact of international biofuels demand have combined to keep grain prices high. Also, the escalation in the dollar this year has really started to bite on beef prices internationally."

For the June quarter the \$A value against the yen was up 18% compared with a year ago. Grainfed beef exports to the major north Asian markets have fallen. The June quarter saw shipped tonnages to Korea down by 41% compared with the March quarter, with ongoing uncertainty around the USA's re-entry and the high A\$ the main causes. The strong \$A has also impacted prices in Japan and grain fed tonnages fell by 16% for the month of June. One brighter spot was a lift in grainfed beef shipped to the USA.

Turnoff for the quarter, at 643,887 head, was down 2.2% compared with the prior quarter and this was also lower than 12 months ago. However, the fiscal year 06/07 turnoff was an all time record, at 2.67 million.

National feedlot capacity remains virtually unchanged at 1.124 million head. The survey found that 68% of cattle on feed at the end of June were destined for the export market and 31% for the domestic market, with 1% unspecified.

Mr Foster pointed out that, "Due to drought and tight cattle supplies, feeder cattle prices to date have not adjusted as might have been expected, given the other pressures in the market. However, once more cattle come forward in spring, feeder cattle prices would be expected to ease." This would restore more confidence to the feedlot sector which has been weathering a rough trading period throughout 2007. "Under current conditions, if cattle prices do not adjust however, numbers on feed would be expected to come back further."

MLA's Peter Weeks said that feeder cattle prices for the June quarter came back just 2% on the prior quarter, at 176c/kg liveweight, and 8% year-on-year. "Strong demand for

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feeder cattle was underpinned by improved seasonal conditions in the south and tighter numbers,” he noted.

Whilst in the first half of 2007 feed grain prices retreated about 5%-7%, average feed wheat prices for the June quarter still tracked 45% higher than the same period in 2006. Sorghum and barley prices averaged 52% and 75% higher.

“The upcoming winter crop harvest result will also be an important factor for the industry,” Mr Foster concluded.

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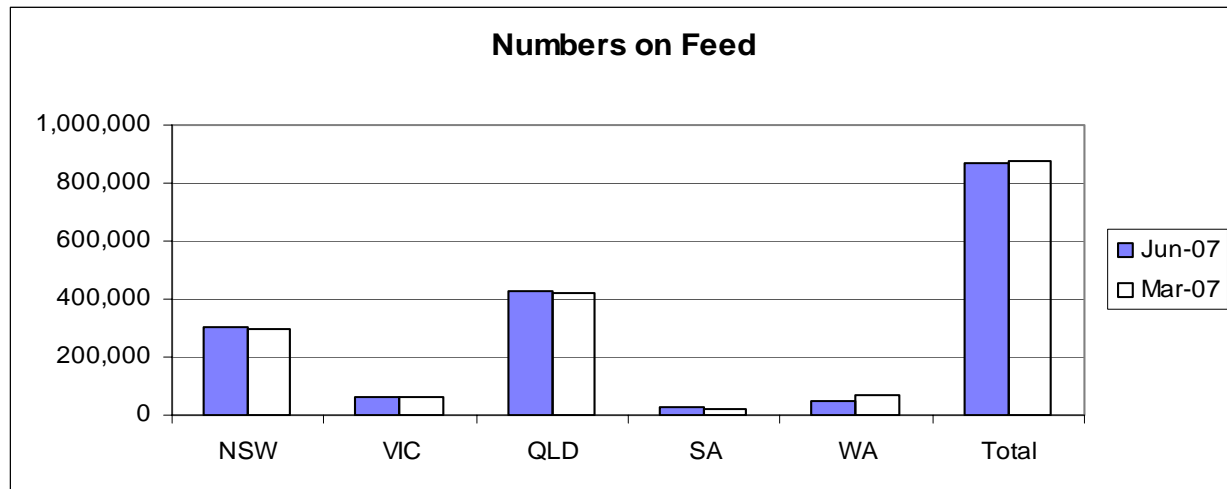
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Capacity	NSW	VIC	QLD	SA	WA	Total
Jun-07	396,341	85,405	513,512	31,244	97,565	1,124,067
Mar-07	377,484	77,638	550,769	31,544	91,366	1,128,801
Jun-06	358,438	70,530	571,892	25,852	105,136	1,131,848

Numbers on Feed	NSW	VIC	QLD	SA	WA	Total
Jun-07	304,301	61,353	427,933	25,523	50,915	870,025
Mar-07	297,305	63,639	423,923	19,466	68,932	873,265
Jun-06	313,219	63,740	506,646	17,505	38,987	940,097

Utilisation	NSW	VIC	QLD	SA	WA	Total
Jun-07	77%	72%	83%	82%	52%	77%
Mar-07	79%	82%	77%	62%	75%	77%
Jun-06	87%	90%	89%	68%	37%	83%



Market Destination	Jun-07		Mar-07		Jun-06	
	Numbers	%	Numbers	%	Numbers	%
Export	588623	67.7%	578529	66.2%	576905	61.4%
Domestic	267664	30.8%	263343	30.2%	308634	32.8%
Unknown	13738	1.6%	31397	3.6%	54558	5.8%
Total	870,025	100.0%	873,269	100.0%	940,097	100.0%

Breakdown by Feedlot Size	Capacity Jun 07	Capacity Mar 07	Capacity Jun 06	Numbers on Feed Jun 07	Numbers on Feed Mar 07	Numbers on Feed Jun 06
Australia						
Less than 500 head	75,705	69,747	75,620	35,667	29,838	34,732
500 -1000 head	88,884	93,517	94,650	53,022	51,546	60,374
1000 - 10000 head	381,855	370,780	390,798	298,259	288,446	316,998
over 10000 head	577,623	594,757	570,780	483,077	503,435	527,993
Total	1,124,067	1,128,801	1,131,848	870,025	873,265	940,097

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April - June 2007

State Breakdown by Feedlot Size

	Capacity Jun 07	Capacity Mar 07	Capacity Jun 06	Numbers on Feed Jun 07	Numbers on Feed Mar 07	Numbers on Feed Jun 06
New South Wales						
Less than 500 head	7,798	8,441	9,058	4,875	5,852	5,306
500 -1000 head	21,110	20,610	15,193	7,939	11,813	7,309
1000 - 10000 head	100,100	100,100	97,354	64,234	58,867	78,955
over 10000 head	267,333	248,333	236,833	227,253	220,773	221,649
<i>State Total</i>	<i>396,341</i>	<i>377,484</i>	<i>358,438</i>	<i>304,301</i>	<i>297,305</i>	<i>313,219</i>
Queensland						
Less than 500 head	46,764	43,963	48,571	23,767	17,005	26,036
500 -1000 head	44,447	44,447	51,785	28,859	20,928	43,112
1000 - 10000 head	172,011	167,935	186,589	160,582	145,388	178,172
over 10000 head	250,290	294,424	284,947	214,725	240,602	259,326
<i>State Total</i>	<i>513,512</i>	<i>550,769</i>	<i>571,892</i>	<i>427,933</i>	<i>423,923</i>	<i>506,646</i>
Victoria						
Less than 500 head ①	4,905	805	1,060	3,917	880	122
500 -1000 head ②	500	4,833	4,595	0	5,222	3,455
1000 - 10000 head	20,000	20,000	15,875	16,337	15,477	13,145
over 10000 head	60,000	52,000	49,000	41,099	42,060	47,018
<i>State Total</i>	<i>85,405</i>	<i>77,638</i>	<i>70,530</i>	<i>61,353</i>	<i>63,639</i>	<i>63,740</i>
South Australia						
Less than 500 head	4,347	4,647	3,678	1,752	2,274	963
500 -1000 head	9,552	9,552	7,463	10,433	5,608	5,245
1000 - 10000 head	17,345	17,345	14,711	13,338	11,584	11,297
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>31,244</i>	<i>31,544</i>	<i>25,852</i>	<i>25,523</i>	<i>19,466</i>	<i>17,505</i>
Western Australia						
Less than 500 head	11,891	11,891	13,253	1,356	3,827	2,305
500 -1000 head	13,275	14,075	15,614	5,791	7,975	1,253
1000 - 10000 head	72,399	65,400	76,269	43,768	57,130	35,429
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>97,565</i>	<i>91,366</i>	<i>105,136</i>	<i>50,915</i>	<i>68,932</i>	<i>38,987</i>
Australia						
Less than 500 head	75,705	69,747	75,620	35,667	29,838	34,732
500 -1000 head	88,884	93,517	94,650	53,022	51,546	60,374
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<i>Total</i>	<i>1,124,067</i>	<i>1,128,801</i>	<i>1,131,848</i>	<i>870,025</i>	<i>873,265</i>	<i>940,097</i>

① & ② **NOTE:** Two survey categories combined – Numbers on Feed June 2007.

ALFA / MLA FEEDLOT SURVEY April - June 2007

Total Cattle Turnoff

Total Turnoff (year ending)	NSW	VIC	QLD	SA	WA	Total
Dec-06	702085	208248	1495867	70054	149847	2626101
Dec-05	755550	220123	1457222	54673	131161	2609194
Dec-04	684645	171388	1264864	43745	77619	2242261

Total Turnoff (quarterly)	NSW	VIC	QLD	SA	WA	Total
Jun-07	189412	62970	312570	22893	56042	643887
Mar-07	198980	51168	339371	19951	49171	658641
Jun-06	176678	47007	377137	13083	41867	655772

