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Media Release

Lot Feeders - responsive to drought influence

Results from the latest ALFA/MLA feedlot survey indicate an increase in the number of cattle on feed in Australia to 908,820 head during the December 2006 quarter.

According to the Australian Lot Feeders' Association (ALFA) President Malcolm Foster, "These numbers are the second highest on record, up 24% on December 2005 and 3% on September 2006. We have also seen an increase in capacity utilization (to 83%), as the industry has responded to the demand for drought feeding."

"The supply push (due to drought) of cattle into feedlots has meant the beef industry has maintained its ability to consistently supply consumers with finished cattle, both here and overseas," said Foster. "Feedlot turnoff for 2006 was a record 2,626,101 head, slightly up on 2005 levels and 17% above those in 2004."

"The robust grain fed beef exports in the December quarter can be put down to a continuation of strong demand. There's been ongoing strong trade to Japan and Korea," said Foster.

In the Korean market (still without US product) Australian grain fed exports reached the second highest quarterly exports on record, at 11,770 tonnes swt, 83% higher than the same period in 2005. Grain fed beef exports to Japan for the December quarter were 50,178 tonnes swt, which was the second highest quarterly exports on record and just 3% below the record exports in the June 2005 quarter.

"Despite this strength, the feedlot industry is heavily influenced by the current drought inflated domestic feed grain costs. Upwards pressures on the price of grain have put downward pressure on the price of cattle going into feedlots," said Foster. Feed barley averaged \$329/tonne for the December quarter, an increase of 59% on the September 2006 quarter and 92% on the December 2005 quarter. Sorghum prices averaged \$302/tonne during the period, up 49% on the September quarter and 88% above the average for the December 2005 quarter.

"The feeder cattle market in Australia will come under greater strain if this trend continues, despite the buoyant beef demand," said Foster. In the latest quarter this pressure has seen prices for cattle suitable to be put on feed for the long fed export market falling 18% on the September quarter, to an average of 181¢/kg lwt. Steers bought into lots for domestic markets only had a 13% decline, to 172¢/kg lwt. "These prices are a function of the amount of time on feed and the impact of higher feed costs," Mr Foster said.

"Ongoing high feed costs and the US return to Asian markets will make for a very challenging year ahead," he concluded.

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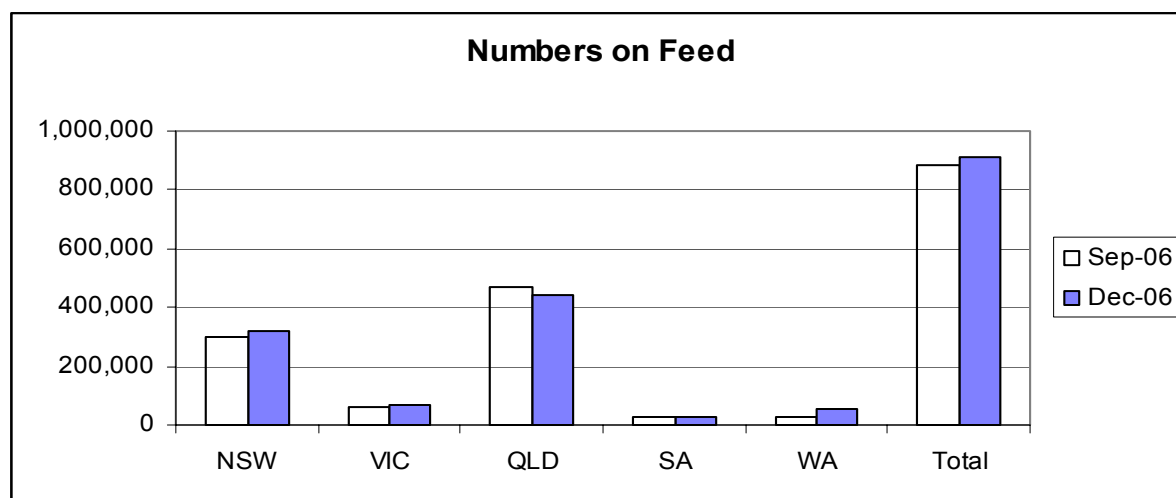
ALFA/MLA FEEDLOT SURVEY

October - December 2006

Capacity	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-06	369,521	72,097	528,675	34,539	86,890	1,091,722
Sep-06	368,238	73,292	550,130	38,610	101,937	1,132,207
Dec-05	353,544	72,655	543,531	25,209	106,669	1,101,608

Numbers on Feed	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-06	319,067	67,468	440,704	27,161	54,420	908,820
Sep-06	299,937	60,220	466,466	27,033	27,625	881,281
Dec-05	274,824	61,150	346,257	16,654	35,473	734,358

Utilisation	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-06	86%	94%	83%	79%	63%	83%
Sep-06	81%	82%	85%	70%	27%	78%
Dec-05	78%	84%	64%	66%	33%	67%



Market Destination	Dec-06		Sep-06		Dec-05	
	Numbers	%	Numbers	%	Numbers	%
Export	579299	63.7%	557409	63.2%	478066	65.1%
Domestic	298621	32.9%	287942	32.7%	230401	31.4%
Unknown	30900	3.4%	35932	4.1%	25891	3.5%
Total	908,820	100.0%	881,283	100.0%	734,358	100.0%

Breakdown by Feedlot Size	Capacity Dec 06	Capacity Sep 06	Capacity Dec 05	Numbers on Feed Dec 06	Numbers on Feed Sep 06	Numbers on Feed Dec 05
Australia						
Less than 500 head	71,197	79,634	77,367	31,364	37,964	25,169
500 - 1000 head	88,637	92,331	98,817	57,114	51,291	32,582
1000 - 10000 head	363,265	401,593	371,505	291,071	293,774	233,080
over 10000 head	568,623	558,649	553,919	529,271	498,252	443,527
Total	1,091,722	1,132,207	1,101,608	908,820	881,281	734,358

ALFA/MLA FEEDLOT SURVEY

October - December 2006

State Breakdown by Feedlot Size

	Capacity Dec 06	Capacity Sep 06	Capacity Dec 05	Numbers on Feed Dec 06	Numbers on Feed Sep 06	Numbers on Feed Dec 05
New South Wales						
Less than 500 head	8,478	11,249	11,029	6,509	4,008	6,079
500 -1000 head	20,610	19,653	19,674	15,590	9,294	5,639
1000 - 10000 head	99,100	96,503	80,508	61,428	74,077	60,096
over 10000 head	241,333	240,833	242,333	235,540	212,558	203,010
<i>State Total</i>	<i>369,521</i>	<i>368,238</i>	<i>353,544</i>	<i>319,067</i>	<i>299,937</i>	<i>274,824</i>
Queensland						
Less than 500 head	44,480	51,055	46,963	17,130	30,627	14,015
500 -1000 head	40,970	40,856	51,307	21,250	30,135	16,097
1000 - 10000 head	167,935	192,403	185,675	158,811	165,323	123,374
over 10000 head	275,290	265,816	259,586	243,513	240,381	192,771
<i>State Total</i>	<i>528,675</i>	<i>550,130</i>	<i>543,531</i>	<i>440,704</i>	<i>466,466</i>	<i>346,257</i>
Victoria						
Less than 500 head	1,497	1,305	1,060	1,170	284	265
500 -1000 head	4,600	4,237	4,595	3,463	3,474	3,070
1000 - 10000 head	14,000	15,750	15,000	12,617	11,149	10,069
over 10000 head	52,000	52,000	52,000	50,218	45,313	47,746
<i>State Total</i>	<i>72,097</i>	<i>73,292</i>	<i>72,655</i>	<i>67,468</i>	<i>60,220</i>	<i>61,150</i>
South Australia						
Less than 500 head	4,527	4,913	4,117	2,835	2,282	1,263
500 -1000 head	8,982	11,230	6,647	7,834	5,819	5,339
1000 - 10000 head	21,030	22,467	14,445	16,492	18,932	10,052
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>34,539</i>	<i>38,610</i>	<i>25,209</i>	<i>27,161</i>	<i>27,033</i>	<i>16,654</i>
Western Australia						
Less than 500 head	12,215	11,112	14,198	3,720	763	3,547
500 -1000 head	13,475	16,355	16,594	8,977	2,569	2,437
1000 - 10000 head	61,200	74,470	75,877	41,723	24,293	29,489
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>86,890</i>	<i>101,937</i>	<i>106,669</i>	<i>54,420</i>	<i>27,625</i>	<i>35,473</i>
Australia						
Less than 500 head	71,197	79,634	77,367	31,364	37,964	25,169
500 -1000 head	88,637	92,331	98,817	57,114	51,291	32,582
1000 - 10000 head	363,265	401,593	371,505	291,071	293,774	233,080
over 10000 head	568,623	558,649	553,919	529,271	498,252	443,527
<i>Total</i>	<i>1,091,722</i>	<i>1,132,207</i>	<i>1,101,608</i>	<i>908,820</i>	<i>881,281</i>	<i>734,358</i>

ALFA/MLA FEEDLOT SURVEY

October - December 2006

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
Dec-06	174590	51888	375397	22045	19265	643185
Sep-06	183368	57591	421036	19014	42088	723097
Dec-05	170146	52508	387923	14081	12689	637347

