



14th January, 2008

Media Release

Feedlot cattle numbers decline further though more positive signs emerging

Continuing unfavourable market conditions has led to a further 14% reduction in cattle numbers on feed since the previous quarter results according to the December ALFA/ MLA quarterly survey.

Australian Lot Feeders' Association (ALFA) President, Malcolm Foster said "the collective impacts of high grain prices, strong feeder cattle prices and a persistently high Australian dollar were continuing to ensure lot feeder margins were low or non-existent".

"Feed wheat, sorghum and barley prices were on average 28% higher in the December quarter while year on year the Australian dollar averaged 16% higher against the US dollar and 11% higher against the Japanese yen."

"However on a positive note, feeder cattle prices declined by 12% compared to the September quarter, grain prices weakened from record levels in October and feedlot capacity levels continue to increase despite the current market conditions".

"Regardless lot feeders over the December quarter were forced to further reduce cattle numbers on feed with utilisation of feedlot capacity decreasing from 59% to 51% over the survey period. This is down from 83% from the same time last year with cattle numbers on feed now similar to those experienced in 2000".

"The survey also indicated that while the reduction in numbers was felt across all feedlot sizes, the larger feedlots (over 10,000 head) in Queensland and NSW experienced the highest percentage decline over the survey period (20% and 19% respectively)".

Manager for Market Information and Analysis at Meat & Livestock Australia, Peter Weeks stated that unsurprisingly "grain fed beef exports to Japan and Korea declined 18% and 10% in the December quarter compared to the same quarter in 2006, while exports to the US declined by 45% during the December quarter alone".

Mr Foster continued stating "while current conditions are still unfavourable, there are more positive signs emerging and feedlots have the ability to react quickly to changing market conditions".

"We are also hopeful that Australia's sorghum crop and winter grain harvest address current domestic grain stock shortages and that current export reductions in Japan and Korea will lead to price increases given Australia's current market presence there".

"We also hope that world grain and food prices are not further artificially inflated by US Government support for grain derived ethanol production and that the Australian Federal Government does not repeat the same mistakes here".

"To this end we call on NSW Government to rescind its legislation mandating ethanol content; current grain stock shortages clearly indicate that there is insufficient grain in eastern Australia, Mr Foster concluded".

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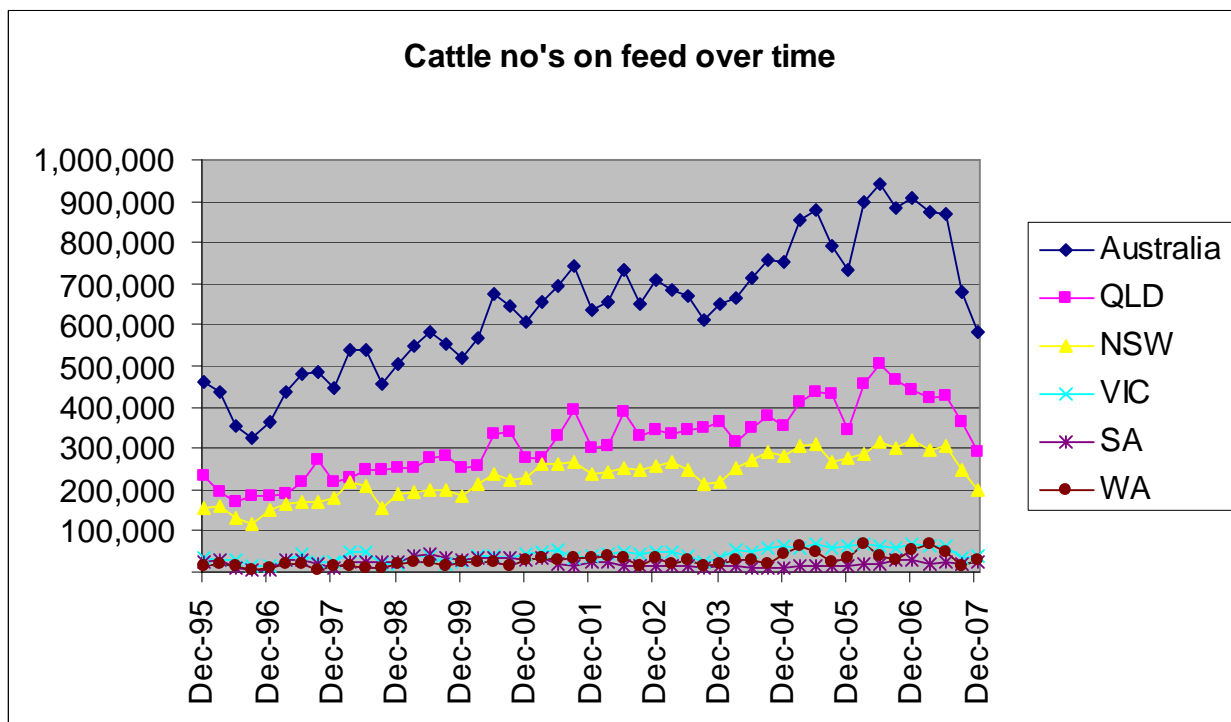
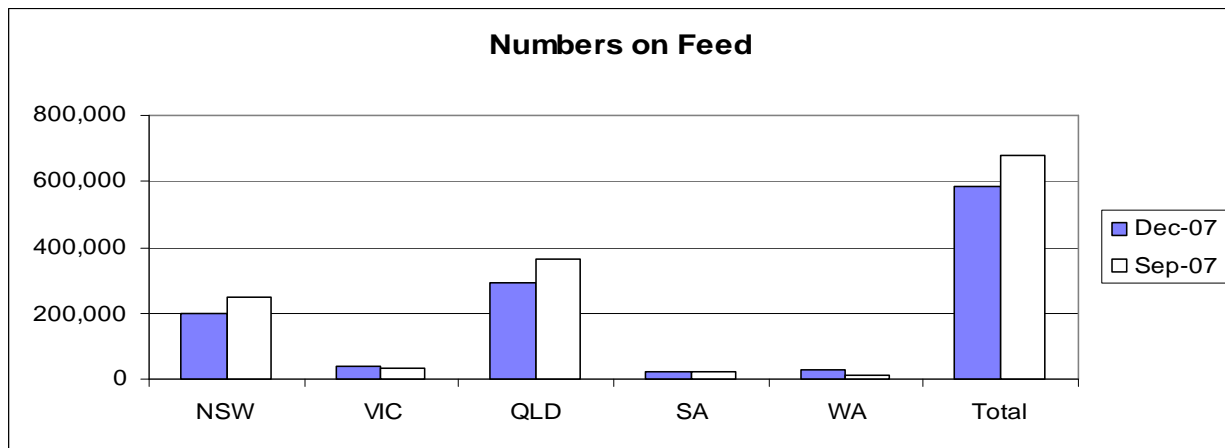
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**ALFA / MLA FEEDLOT SURVEY
October - December 2007**

Numbers on Feed	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-07	197,706	41,189	292,990	24,701	27,886	584,472
Sep-07	249,164	32,212	365,372	20,548	13,223	680,519
Dec-06	319,067	67,468	440,704	27,161	54,420	908,820
Capacity	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-07	389,501	77,255	551,567	32,594	101,566	1,152,483
Sep-07	388,902	65,255	564,647	32,594	100,399	1,151,797
Dec-06	369,521	72,097	528,675	34,539	86,890	1,091,722

Utilisation	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Dec-07	51%	53%	53%	76%	27%	51%
Sep-07	64%	49%	65%	63%	13%	59%
Dec-06	86%	94%	83%	79%	63%	83%



**ALFA / MLA FEEDLOT SURVEY
October - December 2007**

Market and feedlot size analyses

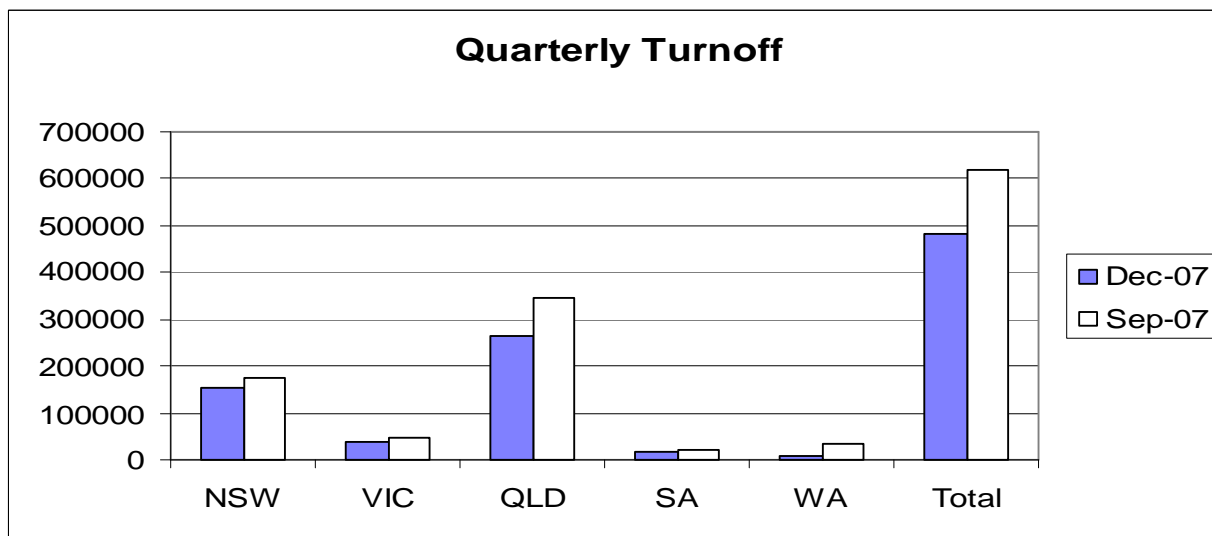
Destination	Dec-07		Sep-07		Dec-06	
	Numbers	%	Numbers	%	Numbers	%
Export	417650	71.5%	461719	67.8%	579299	63.7%
Domestic	160224	27.4%	205785	30.2%	298621	32.9%
Unknown	6598	1.1%	13015	1.9%	30900	3.4%
Total	584,472	100.0%	680,519	100.0%	908,820	100.0%

Breakdown by Feedlot Size	Capacity Dec 07	Capacity Sep 07	Capacity Dec 06	Numbers on Feed Dec 07	Numbers on Feed Sep 07	Numbers on Feed Dec 06
	Less than 500 head	78,459	78,319	71,197	10,896	11,101
500 -1000 head	79,758	80,298	88,637	29,418	34,205	57,114
1000 - 10000 head	388,025	391,533	363,265	193,832	222,540	291,071
over 10000 head	606,242	601,647	568,623	350,326	412,673	529,271
Total	1,152,483	1,151,797	1,091,722	584,472	680,519	908,820

Total Cattle Turnoff

Total Turnoff (year ending)	NSW	VIC	QLD	SA	WA	Total
Dec-07	717243	197930	1261965	79036	148021	2404195
Dec-06	702085	208248	1495867	70054	149847	2626101
Dec-05	755550	220123	1494793	54673	131161	2609194

Total Turnoff (quarterly)	NSW	VIC	QLD	SA	WA	Total
Dec-07	151751	38037	265156	16243	10310	481497
Sep-07	177100	45755	344868	19949	32498	620170
Dec-06	174590	51888	375397	22045	19265	643185



ALFA / MLA FEEDLOT SURVEY
October - December 2007

State Breakdown by Feedlot Size

	Capacity Dec 07	Capacity Sep 07	Capacity Dec 06	Numbers on Feed Dec 07	Numbers on Feed Sep 07	Numbers on Feed Dec 06
<i>New South Wales</i>						
Less than 500 head	7,399	7,799	8,478	1,172	2,872	6,509
500 -1000 head	20,610	20,610	20,610	9,532	9,206	15,590
1000 - 10000 head	102,160	101,160	99,100	35,957	50,228	61,428
over 10000 head	259,333	259,333	241,333	151,045	186,858	235,540
<i>State Total</i>	389,501	388,902	369,521	197,706	249,164	319,067
<i>Queensland</i>						
Less than 500 head	43,502	43,502	44,480	7,418	6,142	17,130
500 -1000 head	45,586	45,586	40,970	11,989	18,453	21,250
1000 - 10000 head	173,245	173,245	167,935	104,799	130,810	158,811
over 10000 head	289,234	302,314	275,290	168,784	209,967	243,513
<i>State Total</i>	551,567	564,647	528,675	292,990	365,372	440,704
<i>Victoria</i>						
Less than 500 head	1,345	805	1,497	647	470	1,170
500 -1000 head	3,160	3,700	4,600	2,736	1,667	3,463
1000 - 10000 head	15,075	20,750	14,000	7,309	14,227	12,617
over 10000 head	57,675	40,000	52,000	30,497	15,848	50,218
<i>State Total</i>	77,255	65,255	72,097	41,189	32,212	67,468
<i>South Australia</i>						
Less than 500 head	4,347	4,347	4,527	1,659	1,451	2,835
500 -1000 head	8,902	8,902	8,982	5,161	4,879	7,834
1000 - 10000 head	19,345	19,345	21,030	17,881	14,218	16,492
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	32,594	32,594	34,539	24,701	20,548	27,161
<i>Western Australia</i>						
Less than 500 head	21,866	21,866	12,215	0	166	3,720
500 -1000 head	1,500	1,500	13,475	0	0	8,977
1000 - 10000 head	78,200	77,033	61,200	27,886	13,057	41,723
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	101,566	100,399	86,890	27,886	13,223	54,420
<i>Australia</i>						
Less than 500 head	78,459	78,319	71,197	10,896	11,101	31,364
500 -1000 head	79,758	80,298	88,637	29,418	34,205	57,114
1000 - 10000 head	388,025	391,533	363,265	193,832	222,540	291,071
over 10000 head	606,242	601,647	568,623	350,326	412,673	529,271
<i>Total</i>	1,152,483	1,151,797	1,091,722	584,472	680,519	908,820