

MEDIA RELEASE

19 November 2018

Cattle on feed, capacity and grain fed beef export records tumble

Cattle on feed reached the unprecedented level of 1,126,666 head for the July – September 2018 quarter, increasing a further 6,207 head or just over 0.5% from the June quarter, according to the results of the latest Australian Lot Feeders' Association (ALFA) and Meat & Livestock Australia (MLA) quarterly feedlot survey.

An increase in numbers on feed was recorded in Queensland and South Australia. Queensland increased by 22,581 head, an increase of 4% from the previous quarter to 652,074 head, while South Australia was up 5% to 34,526 head during the same period. Western Australia saw a decrease of 30% to 24,596 head, a reflection of the seasonal placement of cattle onto feed in that state.

ALFA President, Bryce Camm, said that 2018 has been a year dictated by east coast drought conditions which has driven feedlot cattle inventory and grain fed beef exports to record levels.

"All supply chain participants are being challenged under the current conditions and it's no surprise that commodity markets and cattle inputs are impacting feedlot margins. Yet cattle on feed hit an all-time high again this quarter reflecting the important role feedlots play in managing seasonal variability," Mr Camm said.

"Licensed capacity reached 1,309,905 head, breaking another record, with an additional 8,510 head up on last quarter, indicating that the underlying drivers and support for the feedlot industry go beyond drought mitigation."

"Global demand for consistent high-quality Australian beef, driven by the exponential growth in Australian branded beef, are the fundamentals that are behind investor confidence in the feedlot sector," Mr Camm said.

Scott Tolmie, MLA's Manager of Market Intelligence, said that continued strong demand, a favourable currency and grain fed beef supply caused export volumes to break the record set in the previous quarter, totalling 83,222 tonnes swt; up 13% from the same period last year.

"Shipments to Japan increased 9% year-on-year, totalling 41,150 tonnes swt, and grain fed beef exports to Korea increased 6% year-on-year, to 16,734 tonnes swt. Volumes to China lifted 184% from year-ago levels, to 13,768 tonnes swt; which was a new record for China," Mr Tolmie said.

"On the production side, strong demand for grain collided with weak eastern Australian supply driving up grain prices and squeezing feedlot margins; with some feedstocks nearing 10-year highs in August."

"Wheat ex-Darling Downs averaged \$433/tonne, while barley averaged \$424/tonne, an increase of 14% and 11% on the June quarter and 36% and 37% year-on-year, respectively."

"The national saleyard feeder steer indicator demonstrated vulnerability to spiking grain prices during the quarter, falling to a three-year low of 257¢/kg lwt in August. The indicator rallied during September, ending the quarter at 277¢/kg lwt; 3% below where it finished in the June quarter."

“Supported by Asian demand and a depreciating Australian dollar, the Queensland 100-day grain fed steer over-the-hooks (OTH) indicator averaged 533¢/kg cwt which was up 3% year-on-year and gave some minor relief to feedlot balance sheets,” Mr Tolmie said.

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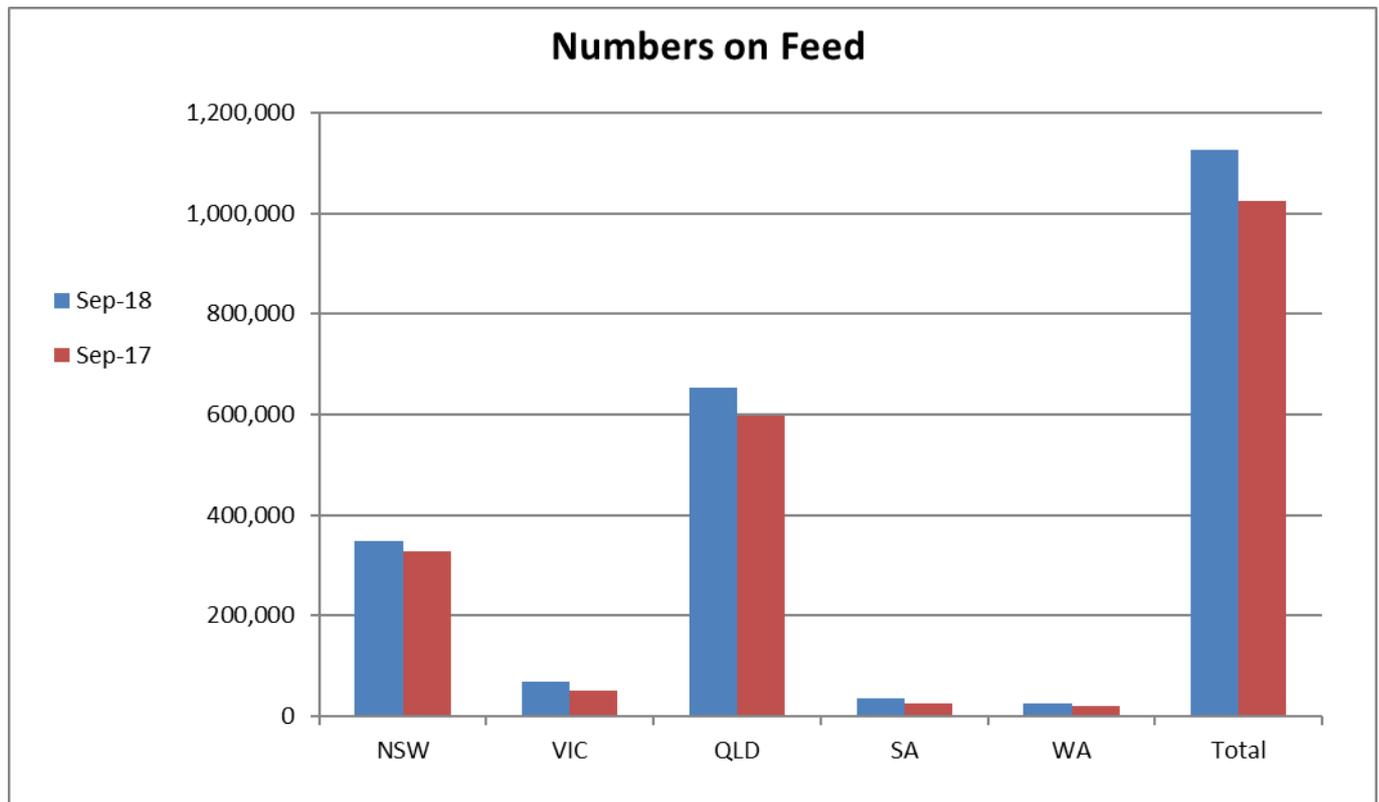
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Cattle Numbers on Feed

Numbers on Feed	NSW	VIC	QLD	SA	WA	Total
Sep-18	346,958	68,512	652,074	34,526	24,596	1,126,666
Jun-18	351,821	70,965	629,493	32,894	35,285	1,120,459
Sep-17	328,584	51,771	597,239	26,218	20,936	1,024,748



Total Cattle Turnoff

Total Turnoff (quarterly)	NSW	VIC	QLD	SA	WA	Total
Sep-18	194,346	35,612	468,746	20,431	29,444	748,579
Jun-18	187,463	46,027	420,512	22,061	40,674	716,738
Sep-17	192,131	49,871	437,949	25,003	25,827	730,781

Cattle Numbers on Feed

	Numbers on Feed Sep 18	Numbers on Feed Jun 18	Numbers on Feed Sep 17
New South Wales			
Less than 500 head	1,156	1,404	916
500 -1000 head	10,135	13,312	22,430
1000 - 10000 head	121,544	117,916	93,047
over 10000 head	214,124	219,189	212,191
State Total	346,958	351,821	328,584
Queensland			
Less than 500 head	8,327	7,941	10,949
500 -1000 head	23,034	14,373	19,813
1000 - 10000 head	225,050	223,287	175,838
over 10000 head	395,663	383,892	390,639
State Total	652,074	629,493	597,239
Victoria			
500 -1000 head	4,762	4,960	4,522
1000 - 10000 head	25,250	19,005	7,834
over 10000 head	38,500	47,000	39,415
State Total	68,512	70,965	51,771
South Australia			
Less than 500 head	1,306	1,136	0
500 -1000 head	1,665	1,388	0
1000 - 10000 head	17,556	17,371	12,718
over 10000 head	14,000	13,000	13,500
State Total	34,526	32,894	26,218
Western Australia			
Less than 500 head	717	611	200
500 -1000 head	4,590	3,868	2,448
1000 - 10000 head	19,289	30,806	18,288
State Total	24,596	35,285	20,936
Australia			
Less than 500 head	11,505	11,092	12,065
500 -1000 head	44,186	37,900	49,212
1000 - 10000 head	408,688	408,386	307,726
over 10000 head	662,287	663,081	655,745
Total	1,126,666	1,120,459	1,024,748

Total Feedlot Capacity

Total Capacity	NSW	VIC	QLD	SA	WA	Total
Sep-18	392,763	76,551	724,660	43,879	72,052	1,309,905
Jun-18	392,143	76,551	716,522	44,427	71,752	1,301,395
Sep-17	389,263	73,552	701,955	40,637	72,777	1,278,184

Source: Feedlot Capacity figures are provided by AUS-MEAT Limited (AUS-MEAT). AUS-MEAT owns and administers the National Feedlot Accreditation Scheme (NFAS) on behalf of ALFA and the feedlot sector. Actual Feedlot Capacity figures are reported under the NFAS.

Cattle Numbers on Feed over time

