MEAT & LIVESTOCK AUSTRALIA MARKET INFORMATION

Lot feeding brief

Results for the March quarter 2023 feedlot survey

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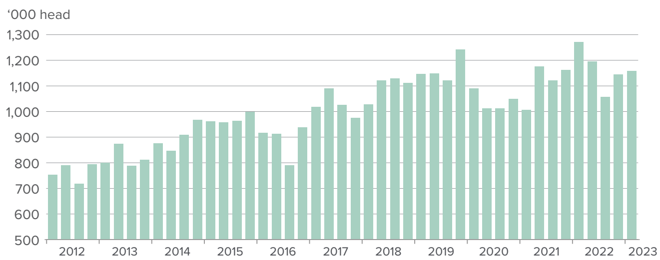
Summary

- The March 2023 quarter saw numbers on feed recover slightly across all states except Queensland, with numbers lifting 1.1% to 1,158,240 head.
- Utilisation rates remained stubbornly low at 74%, as a further lift in capacity was offset by no major improvements in numbers on feed due to the fall registered in Queensland.
- Margin pressure due to cattle price buy-ins is continuing for lot feeders, dependent on program length. This theme is expected to continue in the short term.

From the previous quarter:

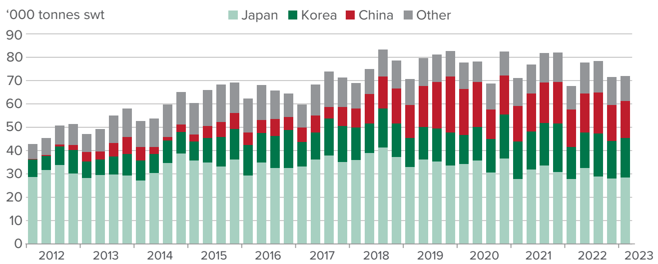
- In Q1 2023, all states experienced strong increases in numbers on feed except Queensland, which meant national numbers remained relatively firm quarter-on-quarter.
- Strong improvements in numbers on feed in Victoria, NSW and WA were the highlights, rising by 29%, 23% and 10% respectively.
- Queensland's large fall of 4.6% or 31,096 head on feed offset the strong gains seen in other states. Feeding program differences and access to cattle seem to have contributed to lower numbers in Queensland.

Figure 1: Cattle on feed



Source: MLA/ALFA

Figure 2: Quarterly grainfed beef exports



Source: DAWE

Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Mar-23	Dec-22	Mar-22	Mar-23	Dec-22	Mar-22	Mar-23	Dec-22	Mar-22
NSW	**456,368**	452,117	429,543	**342,256**	318,905	340,295	**75**	71	79
Vic	**83,717**	82,892	78,892	**63,933**	49,404	62,575	**76**	60	79
Qld	**868,227**	849,462	825,738	**644,776**	675,872	748,135	**74**	80	91
SA	**64,440**	63,594	58,914	**42,428**	41,812	45,498	**66**	66	77
WA	**82,753**	84,751	92,627	**64,847**	59,235	73,424	**78**	70	79
Australia	**1,555,505**	1,532,816	1,485,714	**1,158,240**	1,145,228	1,269,927	**74**	75	85

Source: MLA/ALFA

- National capacity grew a further 22,689 head or 1.5% throughout Q1 and now totals 1.55 million head.

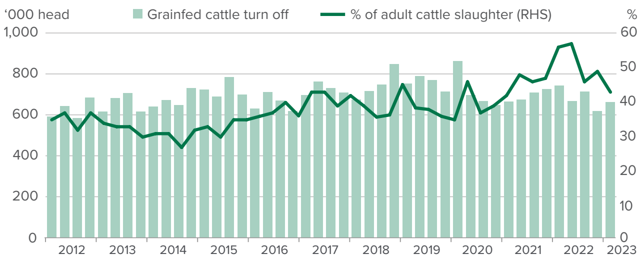
Grainfed exports

- Q1 grainfed exports remained firm quarter-on-quarter but lifted by 6% or 4,313 tonnes shipped weight (swt) when compared with Q1 2022.
- All major export countries saw modest improvements in quarterly volumes, although all other markets experienced an 11% downturn in volume, as cost-of-living pressure impacts demand.
- Comparing year-on-year performance, Q1 2023 saw South Korean grainfed export volumes increase by 23% or 3,201 tonnes swt. All grainfed export markets saw improvements, reflecting the strong first quarter for grainfed exports.

Domestic feeder cattle price, supply and weights

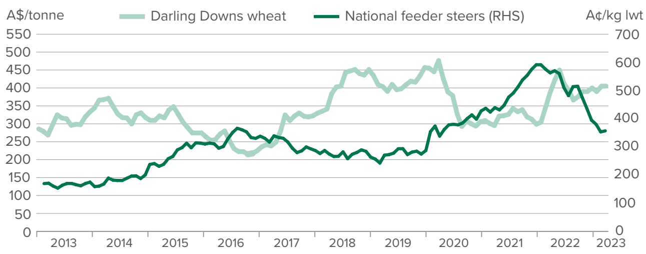
- Supply of feeder steers offered for sale via the saleyards declined by 36% or 22,718 head in Q1, with major reductions seen in NSW and Queensland. These key states accounted for 90% of the total national fall. Despite lower supply, the feeder steer price fell by 98¢ or 20% to average 389¢/kg liveweight (lwt) in Q1.
- Compared to Q1 2022, supply was softer by 41% or 28,000 head and equally, the average price fell by 30% or 168¢/kg lwt.
- Feeder steer weights lifted 2% or 8kg/head quarter on quarter to average 425kg/head. This figure represents the heaviest average weight of feeder steers sold via the saleyards on record.

Figure 3: Grainfed cattle turn-off



Source: ABS, MLA/ALFA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia

Grain prices

- Wheat prices for the Darling Downs strengthened in Q1, when compared with both Q4 2022 and year-on-year for Q1 2022. Quarter-on-quarter, prices were higher by 4.2% or $16 and averaged $400/tonne.
- Compared with Q1 2022 prices were higher by 27% or $85, averaging $315/tonne.
- The continuation of historically elevated grain prices coupled with high cattle prices will pressure lot feeders' profitability and margins.

Table 2: Numbers on feed by feedlot size

Feedlot size (head)	Mar-23	Dec-22	Mar-22
< 500	**10,943**	6,747	7,517
500-1,000	**32,984**	31,017	34,283
1,000-10,000	**362,106**	324,307	397,756
>10,000	**752,207**	783,157	830,371
Total	**1,158,240**	1,145,228	1,269,927

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Mar-23	Dec-22	Mar-22
		Head	
NSW	**173,156**	166,093	189,886
Vic	**35,677**	32,797	44,350
Qld	**391,005**	374,708	442,307
SA	**21,420**	24,896	28,932
WA	**41,486**	20,017	36,848
Australia	**662,744**	618,511	742,323

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2022	FY2021	FY2011
		Head	
NSW	**887,015**	718,248	824,689
Vic	**220,648**	167,839	263,881
Qld	**2,124,886**	1,542,780	1,816,789
SA	**121,480**	105,457	136,647
WA	**165,578**	122,577	76,360
Australia	**3,519,607**	2,656,901	3,118,366

Source: MLA/ALFA