

23 June 2016

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## WEATHER OUTLOOK

May rainfall was mixed across much of the country, but the start of the month registered good falls in the **Kimberley, central Australia, western Queensland** and **south-eastern Australia**. Two separate fronts brought a deluge of rain to the eastern states in the first half of June but rainfall across northern Australia was limited to Queensland.

The latest three month outlook by the **Bureau of Meteorology (BOM)** suggests a wetter than average June to August across much of mainland Australia. Northern regions are forecast to receive “average” to “above average” rainfall over the June to August period – albeit during the lowest rainfall period of the year. The BOM is still modelling a 50% chance of a La Niña weather system developing in the second half of 2016.

## LIVE EXPORTS

After easing throughout April and May – on the back of ample cattle supplies, full utilisation of first trimester Indonesian import permits and delays in the release of second trimester permits – export quotes have recovered since the final week of May. There appears to be strong, rain induced upward momentum in markets across the country, with various store market indicators surging to new highs this week.

Historically (past five years), **Darwin feeder steer** prices have typically bottomed out in June and trended dearer in the second half of the year. With other markets surging to record highs and the prospect of tighter supplies later in the year, this may well come to fruition. The live export **feeder steer** indicator delivered to **Darwin** is currently 323¢/kg lwt, with some quotes as high as 330¢/kg lwt, while the **Townsville feeder steer** indicator is 300¢/kg lwt.

## SALEYARD PRICES

Throughput in May at **CQLX Gracemere** and **Charters Towers** was close to steady with the previous month, but the average weekly yarding at **Emerald** halved over the period. Recorded showers sparked consistent restocker enthusiasm during the month and live export presence at yardings reportedly had a strong influence on market conditions, particularly in the first week of June.

A mixed trend underlined saleyard indicators in May, with most holding firm to slightly dearer month-on-month. The **restocker steer** and **heifer** indicators eased 8¢, to average 292¢ and 252¢/kg in May, respectively, while the **medium cow** indicator was back 2¢, at 197¢/kg cwt (or an estimated 418¢/kg cwt). Most of the indicators have continued to trend dearer throughout June. Recent rain is yet to cause any major divergence between northern saleyard prices and grids, with the northern saleyard indicators within a few cents of their over-the-hook counterparts last week.

## OVER-THE-HOOK INDICATORS AND SLAUGHTER

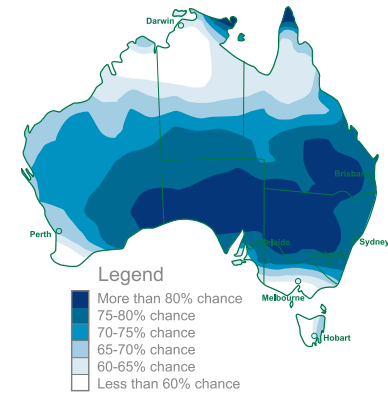
**North Queensland weekly cattle slaughter** tracked slightly higher in May, averaging 20,600 head, but was still 25% below year-ago levels. In the second week of June, the kill reached its highest level so far this year, at 21,988 head, with females making up the majority – the female portion typically declines throughout the second half of the year. Availability of heavier categories, in particular, has resulted in persistent competition from processors, with activity reportedly lifting throughout saleyards as many look to fill orders.

A steady start to May saw the **north Queensland over-the-hook** indicators average slightly lower than April. However, tightening cattle supplies throughout June saw processor grids lift, with the latest indicators up over 50¢/kg cwt on the May average. This week, the **trade steer** indicator was 529¢ while the **heavy steer** indicator was 539¢/kg cwt. The **medium cow** indicator also recorded a significant improvement, reaching 468¢/kg cwt.

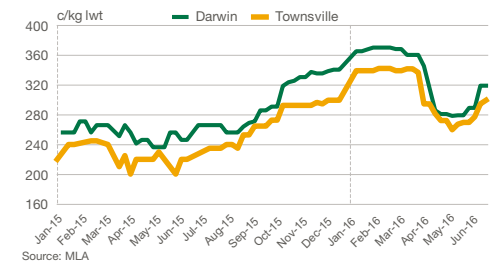
The **90CL imported US** beef indicator reached 202US¢ last week, increasing 3US¢/lb week-on-week (up 11A¢, to 603A¢/kg CIF) on the back of tight supplies. While export values have increased, the premium over Australian livestock has narrowed in local currency to levels recorded in 2011 and may present a barrier to further prime market price increases.

### Weather outlook

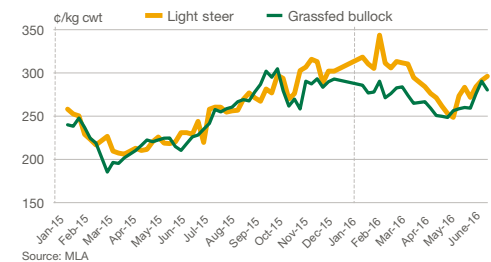
Chance of exceeding the median rainfall June – August 2016



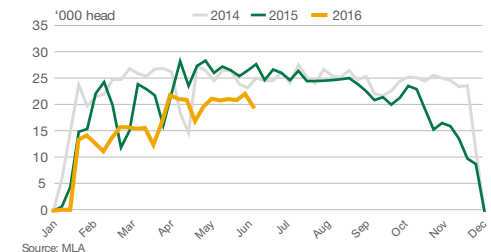
### Live export feeder steer indicators



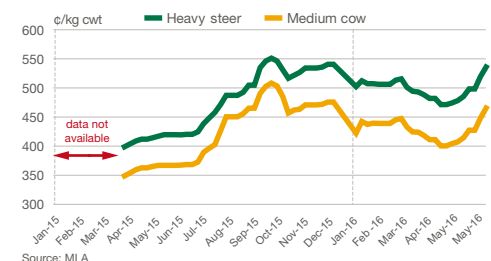
### North Queensland saleyard indicators



### North Queensland weekly adult cattle slaughter



### North Queensland over-the-hook indicators



# North of the Tropic Beef Report

23 June 2016

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## Live export indicators

Cattle (¢/kg lwt)	Darwin			Townsville			Broome*		
	May-16	Apr-16	May-15	May-16	Apr-16	May-15	May-16	Apr-16	May-15
Feeder steer	286	303	247	268	296	220	365	365	240
Feeder heifer	267	280	227	248	271	184	350	350	220
Slaughter steer	280	280	250	261	271	228	NQ	NQ	NQ
Slaughter heifer	260	260	208	241	241	190	NQ	NQ	NQ

All live export cattle quotes are for cattle destined for Indonesia and Vietnam. \*Broome is lightly reported.

Source: MLA

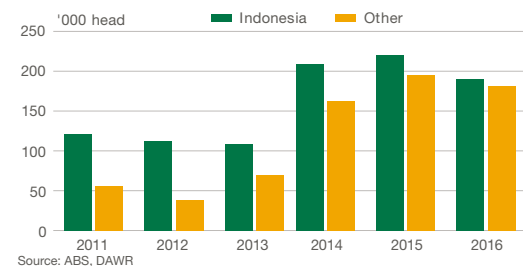
## Australian feeder and slaughter cattle exports (January – April)

Head exported	All ports		
	2016	2015	2014
Indonesia	189,312	221,361	209,687
Vietnam, China & Japan**	100,853	121,980	61,646
other	81,053	74,690	100,441
<b>TOTAL</b>	<b>371,218</b>	<b>418,031</b>	<b>371,774</b>

\*\*Please note, ABS did not provide individual country data for Vietnam, China and Japan from October 2015 on but the majority of cattle in this group were destined for Vietnam. April totals comes from DAWR. [Click here to read the latest edition of LiveLink.](#)

Source: ABS, DAWR

## Australian feeder and slaughter cattle exports (January – April)



Source: ABS, DAWR

## North Queensland over-the-hook indicators

Cattle (¢/kg cwt)	Dentition	Weight	Muscle	Fat	May-16	Apr-16	May-15
Trade steer	0-2 (YG)	240-260kg	A-C	5-22	475	510	410
Medium steer	0-4 (YP)	260-280kg	A-C	5-23	474	511	410
Heavy steer	0-4 (YP)	300-400kg	A-C	5-24	484	521	420
Medium cow	0-8 (C)	260-280kg	A-E	0-32	413	450	369
<b>Average weekly slaughter (head)</b>				<b>Male</b>	<b>9,787</b>	9,230	12,284
				<b>Female</b>	<b>10,812</b>	10,184	15,071
				<b>TOTAL</b>	<b>20,599</b>	19,414	27,355

Source: MLA

## Young Cattle Indicators

¢/kg cwt	May-16	Apr-16	May-15
EYCI	568	557	479
Roma Store (EYCI cattle)	575	557	471

Source: MLA

**North Queensland is approximately defined as north of and including Rockhampton.**

## North Queensland saleyard indicators

Cattle (¢/kg lwt)	Category	Live weight	Muscle/Fat	CQLX Gracemere			Emerald			Charters Towers			Average		
				May-16	Apr-16	May-15	May-16	Apr-16	May-15	May-16	Apr-16	May-15	May-16	Apr-16	May-15
Restocker steer	Vealer & yearling	200-330kg	D2	298	308	223	270	293	221	289	282	NQ	292	300	224
Restocker heifer	Vealer & yearling	200-330kg	D2	251	259	183	224	267	197	263	235	NQ	252	260	188
Light steer	Yearling steer	330-400kg	D2	278	269	228	263	267	218	300	248	NQ	271	271	223
Medium steer	Grown steer	400-500kg	D2	271	254	220	238	223	211	250	224	NQ	259	255	217
Grassfed bullock	Grown steer	500-750kg	C-D4	260	253	234	260	256	222	NQ	NQ	NQ	260	257	232
Medium cow	Cow	400-520kg	D3	201	200	174	202	199	173	198	192	NQ	197	199	174
<b>Average weekly saleyard throughput (head)</b>				<b>3,257</b>	<b>3,243</b>	<b>3,497</b>	<b>984</b>	<b>1,784</b>	<b>2,131</b>	<b>1,552</b>	<b>1,341</b>	<b>NQ</b>	<b>4,591</b>	<b>6,372</b>	<b>5,340</b>

Source: MLA