MARKET INFORMATION

MEAT & LIVESTOCK AUSTRALIA

Lot feeding brief

Results for the March quarter 2018 feedlot survey

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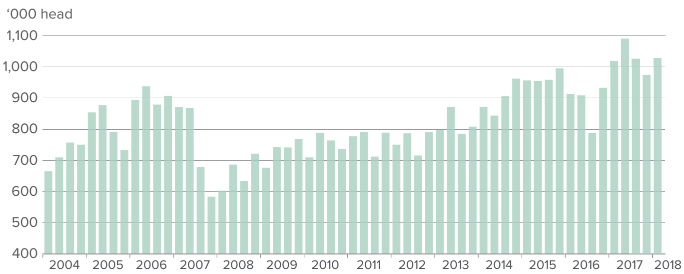
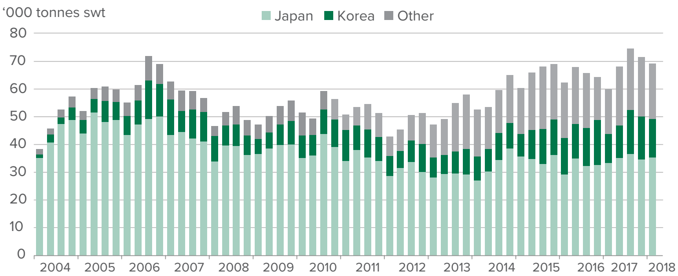
- Cattle on feed at the end of the March 2018 quarter increased 52,506 head (or 5%) from the December quarter, to 1.03 million head – which is 12% above the five-year average for the March quarter, and only the fourth time the figure has exceeded one million head. Dry conditions during summer combined with robust demand for grainfed product in key exports markets contributed to the lift.
- The national saleyard feeder steer indicator averaged 290¢/kg lwt during the March quarter – also finishing the quarter at that level – representing a 17¢ (or 6%) decline from where it ended the December quarter. Below-average rainfall across eastern Australia led to reduced competition in saleyards, which saw prices trend lower.
- The Queensland 100-day grainfed steer over-the-hook indicator averaged 501¢/kg cwt during the March quarter, 1% (or 5¢) lower than the December quarter average. However, prices rallied in March due to late seasonal rainfall in Queensland, which led to temporary supply constraints. This saw the indicator end the quarter at 525¢/kg cwt, up 3%.
- Wheat ex-Darling Downs averaged $330/tonne, while barley averaged $328/tonne, an increase of 39% and 55% year-on-year, respectively. A lack of rainfall in key grain growing regions, both in Australia and the US, saw prices appreciate during the March quarter.

Figure 1: Cattle on feed



Source: ALFA/MLA

Figure 2: Quarterly grainfed beef exports



Source: DAWR

Table 1: MLA/ALFA Survey of feedlot activity

	Feedlot capacity			Numbers on feed			Utilisation %		
	Mar-18	Dec-17	Mar-17	**Mar-18**	Dec-17	Mar-17	**Mar-18**	Dec-17	Mar-17
NSW	**397,363**	394,863	389,662	**320,897**	317,414	329,170	**81**	80	84
Vic	**76,552**	73,552	74,652	**64,322**	65,761	60,008	**84**	89	80
Qld	**707,066**	709,999	667,432	**561,531**	518,749	556,886	**79**	73	83
SA	**40,937**	40,937	40,307	**31,576**	20,959	29,864	**77**	51	74
WA	**70,752**	74,272	67,777	**47,356**	50,293	40,548	**67**	68	60
Australia	**1,292,670**	1,293,623	1,239,830	**1,025,682**	973,176	1,016,475	**79**	75	82

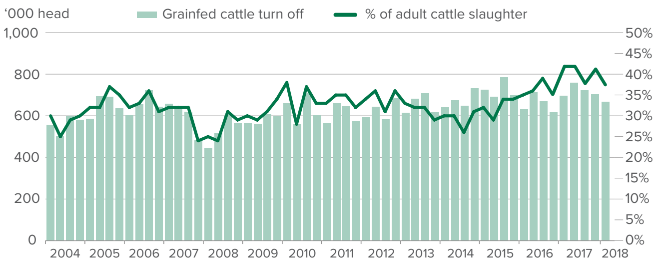
Source: MLA/ALFA – Feedlot Capacity figures are provided by AUS-MEAT Limited (AUS- MEAT)

■ The A$ traded at an average of US78.6¢ for the March quarter, 2% higher than the December quarter. Resurgent commodity prices and a recovering global economy saw the A$ break through the US80¢ barrier in January. Since that time, concerns surrounding US protectionist policies and potential consequences for global trade, along with the prospect of higher US interest rates, saw the A$ decline 5% between January 31 and March 29.

■ For the March quarter, Australian grainfed beef exports totalled 68,897 tonnes shipped weight (swt), up 16% on the same period last year. Compared to the record volumes in the December 2017 quarter, however, grainfed shipments were down 3%. Frozen grainfed exports remained historically high, at 33,450 tonnes swt, up 24% year-on-year. Grainfed beef contributed to 29% of all Australian beef exports, eclipsing the previous high of 27% in the previous quarter.

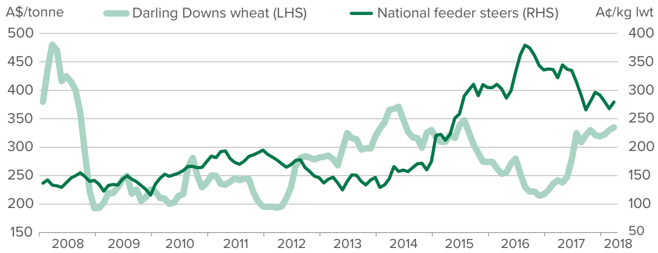
■ Shipments to Japan for the first three months of 2018 increased 9% year-on-year, totalling 35,994 tonnes swt, with the chilled component rising 13%. Despite increased competition stemming from rising production in the US, Australia has benefited from an advantageous tariff rate under the Australian-Japan Economic Partnership Agreement.

Figure 3: Grainfed cattle turn-off



Source: ABS, ALFA/MLA

Figure 4: Feed grain and feeder steer prices



Source: MLA, Profarmer Australia

Figure 5: Queensland 100-day grainfed steer over-the-hook indicator

Source: MLA

■ Grainfed exports to Korea in the March quarter increased 31% year-on-year, to 13,808 tonnes swt. Following a fall in beef shipments in 2017, due to various short-term factors, export volumes for the March quarter were back in-line with 2016 levels, as Korea maintains its position as Australia's second largest grainfed beef market.

■ Volumes to China lifted 30% from year-ago levels to, 8,116 tonnes swt for the March quarter, supported by a 1,534 tonne increase in frozen grainfed shipments. Consumer demand for premium imported beef continues to grow in China, fuelled by continuing urbanisation and rising disposable incomes.

Table 2: Numbers on feed by feedlot size

	Mar-18	Dec-17	Mar-17
Feedlot size (head)			
< 500	**11,993**	7,975	14,348
500-1,000	**29,404**	61,279	33,624
1,000-10,000	**364,716**	297,031	329,324
>10,000	**619,570**	606,890	639,178
Total	**1,025,682**	973,176	1,016,475

Source: MLA/ALFA

Table 3: Quarterly cattle feedlot turn-off

	Mar-18	Dec-17	Mar-17
NSW	**195,004**	203,024	219,141
Vic	**40,865**	42,012	35,909
Qld	**391,388**	401,886	397,154
SA	**17,696**	14,169	5,985
WA	**29,022**	47,743	40,008
Australia	**673,976**	708,834	698,199

Source: MLA/ALFA

Table 4: Feedlot turn-off

	FY2007	FY2016	**FY2017**
NSW	746,350	860,094	**796,366**
Vic	223,617	215,902	**160,051**
Qld	1,448,374	1,571,212	**1,637,252**
SA	83,903	78,106	**45,046**
WA	166,566	103,564	**104,161**
Australia	2,668,810	2,828,877	**2,742,827**

Source: MLA/ALFA