

Australian Cattle Industry Overview

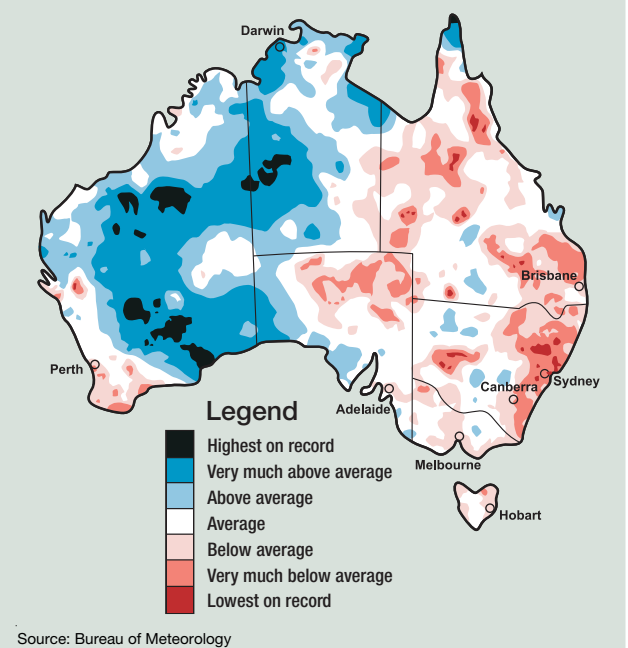
February 2014

MLA's Market Information Service 02 9463 9163

Key cattle drivers

- Underpinned by widespread drought conditions throughout the eastern states, average eastern states cattle slaughter was up 19% year-on-year, at 121,654 head per week, with the dry conditions exacerbated by a hot January in eastern Australia.
- The cattle indicators were heavily impacted by the continuing deteriorating season, with the Eastern Young Cattle Indicator in January averaging 10% below the corresponding month in 2013, at 286¢/kg cwt. Similarly, medium cows commenced the year averaging 12% below the close of 2013, and also 12% lower year-on-year. In contrast, while the heavy category averaged 5% cheaper than December, the tighter supply of finished cattle saw heavy steers average 3% dearer compared to January 2013, at 309¢/kg cwt.
- The A\$ averaged 88US¢ in January, down 16% year-on-year, continuing the welcome trend established through the final months of 2013.
- The drought-induced surge in slaughter meant exports reached a January record, at 69,511 tonnes swt, up 26% year-on-year, with volumes to most markets higher.
- January saw shipments to Japan remain sluggish, down 9% year-on-year and 14% below the five-year average, totalling 15,486 tonnes swt, as competition for US beef remained strong in Japan. In contrast, volumes to the US were 16% greater than January 2013 and 25% higher on the five-year average, at 13,831 tonnes swt.
- Exports to Korea during January increased 31% compared with the corresponding period last year, reaching 10,214 tonnes swt for the month – up 57% on the five-year average.
- Volumes to China were once again significantly greater in comparison to the previous year (up 125%), totalling 10,002 tonnes swt for the opening month of 2014.
- During December, total live cattle export numbers reached 133,278 head, almost five times greater than the 2012 level, taking the calendar year total for 2013 to 850,923 head – up 37% year-on-year.

Figure 1
Australian rainfall analysis January 2014



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Key cattle and beef statistics

Table 1 Cattle and beef statistical summary

				Fiscal year to January comparisons				
	Jan-14	% change Dec-13	% change Jan-13	2014	2013	% change	Dec-13	Jan-13
Livestock indicator prices (c/kg cwt) (MLA's NLRS)								
Eastern Young Cattle Indicator	286	-11%	-10%	311	353	-12%	321	316
Heavy steer	309	-5%	3%	326	330	-1%	325	300
Medium steer	300	-7%	-1%	313	324	-3%	322	304
Trade steer	314	-4%	-1%	335	356	-6%	327	317
Medium cow	230	-12%	-12%	258	269	-4%	260	260
Domestic feeder steer (c/kg lwt)	186	-2%	-3%	185	202	-8%	189	192
Export indicator prices (trade)								
Child grassfed f/sets (Ac/kg FOB)	628	-3%	22%	595	525	13%	648	515
Frozen full brisket (Ac/kg FOB)	441	-2%	18%	425	378	12%	449	373
90CL manufacturing beef (Ac/kg FAS) (Steiner)	469	1%	13%	436	403	8%	464	416
Exchange rates (RBA)								
A\$/US\$	0.88	-2%	-16%	0.92	1.04	-12%	0.90	1.05
US\$/¥	105	2%	18%	100	81	23%	103	89
A\$/¥	92	0%	-1%	92	84	9%	92	93
Average weekly eastern states slaughter - head (MLA's NLRS)								
Cattle	121,654	-2%	19%	142,893	124,288	15%	124,077	102,301
Australian beef and veal exports (tonnes swt)	69,511	-28%	26%	669,246	569,273	18%	96,349	55,147
Japan	15,486	-32%	-9%	163,113	174,636	-7%	22,882	16,964
US	13,831	-22%	16%	125,956	117,939	7%	17,703	11,947
Korea	10,214	-37%	31%	93,080	83,988	11%	16,215	7,790
China	10,002	-29%	125%	102,413	34,295	199%	14,104	4,437
Indonesia	4,003	-15%	269%	28,024	14,324	96%	4,704	1,086
Middle East	3,626	-2%	11%	34,278	20,615	66%	3,699	3,280
Other	12,349	-28%	28%	122,382	123,478	-1%	17,042	9,642

Source: DA, ABS, MLA's NLRS, RBA

Table 2 Australian live cattle exports (head)*

				Calendar year to December comparisons				
	Dec-13	% change Nov-13	% change Dec-12	2013	2012	% change	Nov-13	Dec-12
Indonesia	100,993	143%	2926%	454,152	278,767	63%	41,476	3,337
Vietnam	12,497	194%	-	66,951	3,353	1897%	4,249	0
Israel	7,740	29%	-	98,320	50,087	96%	6,000	0
China	4,543	-56%	-53%	66,573	55,912	19%	10,294	9,601
Other	7,505	-9%	-47%	164,927	231,299	-29%	8,280	14,106
Total	133,278	90%	393%	850,923	619,418	37%	70,299	27,044

Source: ABS

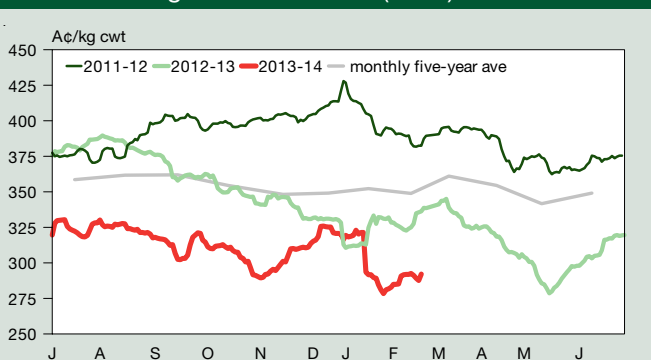
Table 3 Annual and quarterly forecasts

	2013	Q1	Q2	Q3	Q4	2014	2015
Australian adult cattle slaughter ('000 head)	8,334	1,850	1,975	1,925	1,850	7,600	7,450
Australian beef exports ('000 tonnes cwt)	1,617	365	390	380	364	1,499	1,470
Australian live cattle exports ('000 head)	851	na	na	na	na	900	920
US beef and veal production ('000 tonnes cwt)	11,665	2,642	2,839	2,828	2,735	11,045	na
US beef and veal exports ('000 tonnes cwt)	1,172	243	272	283	261	1,059	na
US beef and veal imports ('000 tonnes cwt)	1,021	247	281	268	240	1,036	na

Source: USDA, DA, ABS, MLA Forecasts

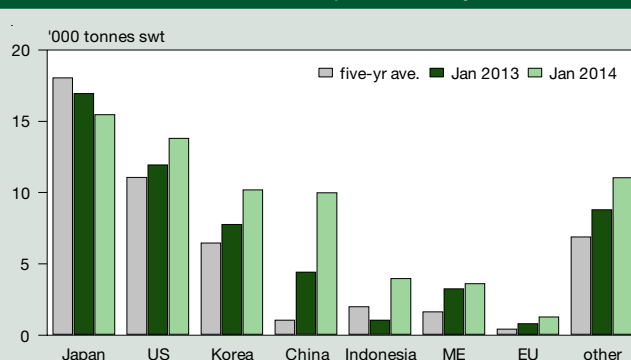
italics indicate forecasts

Figure 2 Eastern Young Cattle Indicator (EYCI)



Source: MLA's NLRS

Figure 3 Australian beef and veal exports to key markets



Source: DA

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