

# AUSTRALIAN CATTLE UPDATE



In 2016, the EYCI average was

**633** c/kg

up 24% on 2015

Cattle slaughter for the year to November was

**19.5%**

lower than in 2015

Beef exports for the year to November were

**21.2%**

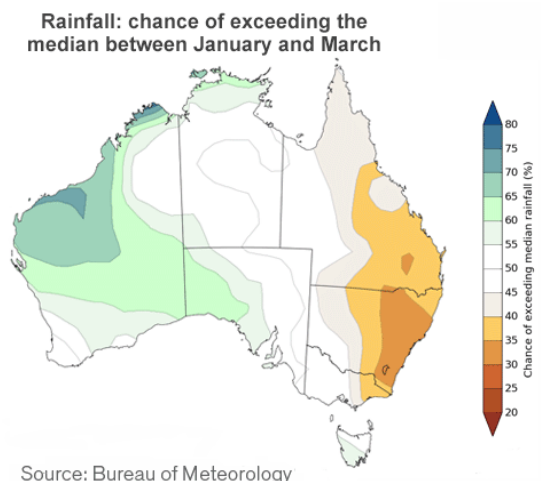
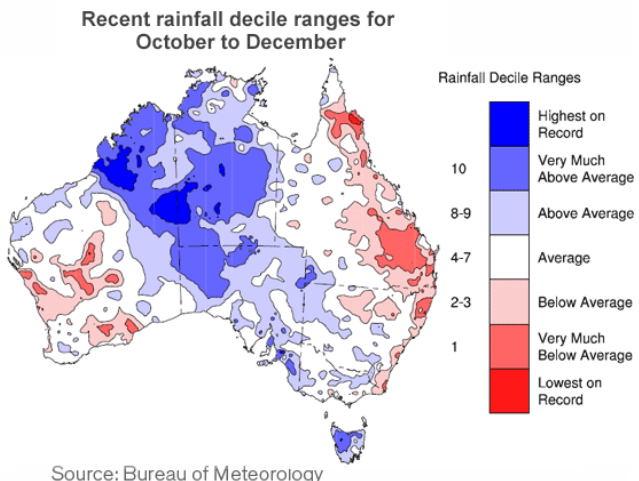
lower than in 2015

The majority of Australian cattle producers will enter 2017 in a good position after receiving high prices in 2016. The weather and direction of the market in the United States will be key factors affecting continued herd rebuilding and prices in early 2017.

Most of the country experienced a drier end to 2016, with average to below average rainfall in all regions except for central Australia and Tasmania. January to March is expected to be drier and warmer than normal for most of eastern Australia. Wetter and cooler conditions are likely in northern and central Western Australia. Prolonged dry conditions through summer and autumn could slow restocker demand, which was a significant

driver of higher prices in 2016.

Beef export volumes continued to slide further below 2015 levels. The latest data from November shows a year-to-date decline of 21.2%. Increased production in the US, combined with tight supplies and high prices out of Australia, has led to a 44% drop in year-to-date exports to the US. Lower volumes exported to the US have returned Japan to the number one export market for Australian beef despite exports declining 7% from 2015. The number of live cattle exports is 17% below 2015. Live exports to Indonesia and Vietnam declined 6% and 45%, respectively.



# PRICE

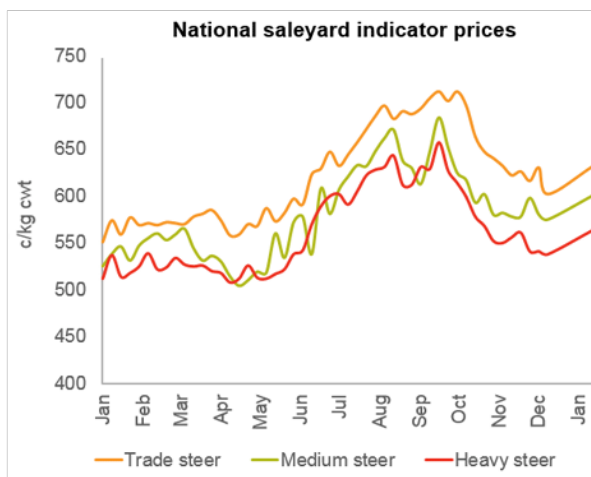
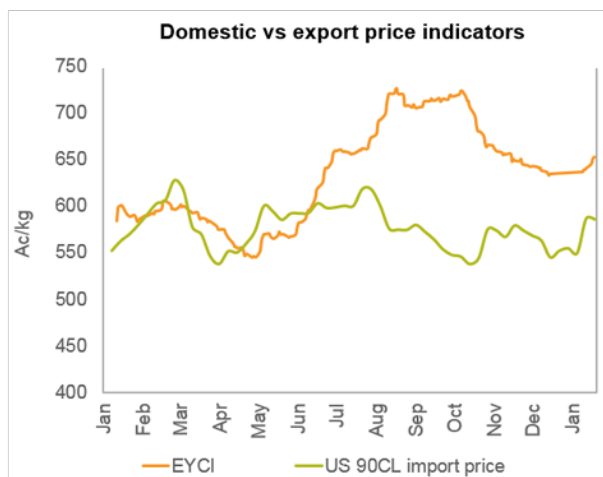
	Current (23 Jan)	January 2016	Five-year average	80th percentile	20th percentile
<b>Eastern young cattle indicator (c/kg cwt)</b>					
EYCI	653	589	431	579	325
<b>Trade steers 330-400kg (c/kg lwt)</b>					
NSW	352	316	243	317	192
QLD	328	339	229	307	177
SA	350	292	230	308	175
TAS	369	255	226	300	180
VIC	327	286	239	308	189
WA	297	280	257	313	208
<b>Live export feeder steers (c/kg lwt)</b>					
NT	375	370	241	325	180
<b>Australian dollar</b>					
AUD/USD	0.76	0.69	0.88	1.03	0.75

Data: Meat & Livestock Australia (MLA), Reserve Bank of Australia

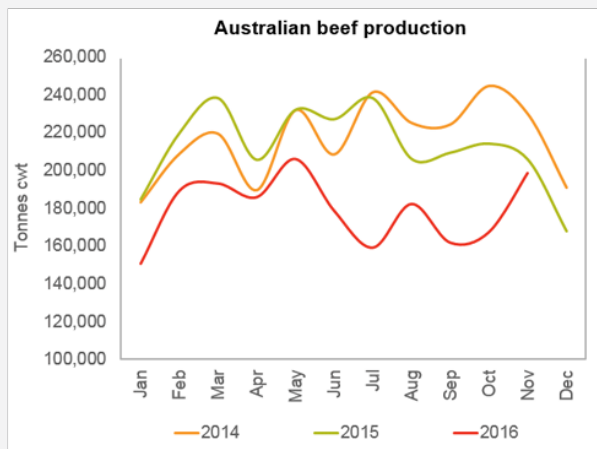
Australian cattle prices increased by 2.8% to open 2017 after steadily declining by 12% between October and December. Despite the seasonal decline late last year, Australian cattle prices are still very high from a global perspective. A price correction appears inevitable later this year depending on how key factors play out.

The weather will be a big factor in prices, with the response of restockers to the dry seasonal outlook

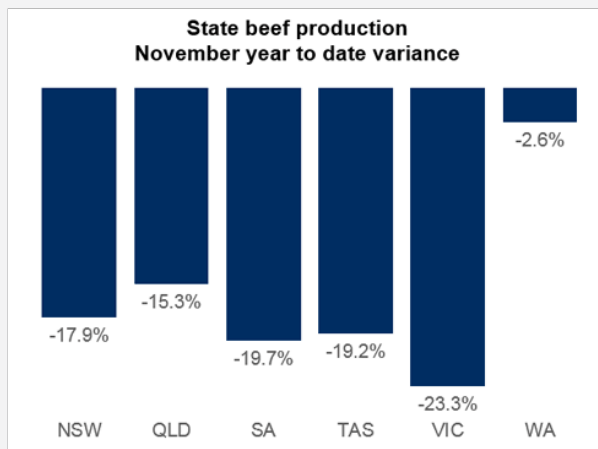
potentially easing while a tightening supply of slaughter cattle will support prices. Low grain prices will encourage feedlots, however they will also be watching the direction of finished cattle prices. A rebound in the US live cattle futures price, which has increased by 25% since mid-October, is likely to add confidence to the outlook for cattle prices in Australia.



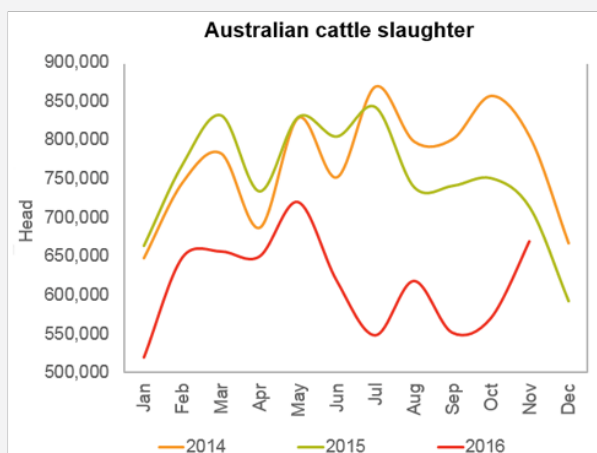
# PRODUCTION



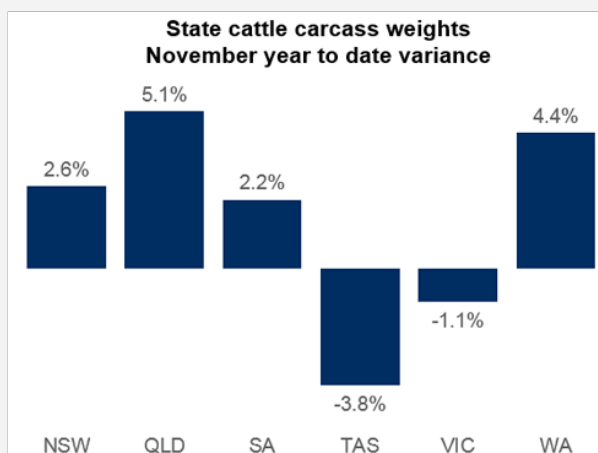
Data: MLA



Data: MLA



Data: MLA



Data: MLA

Slaughter cattle hit markets in November after being delayed by rain earlier in spring. This later flush of cattle led to a 17% increase in cattle slaughter from October to November. National slaughter for the year to November was 19.5% lower than the same period in 2015. Carcass weights of adult cattle continued to average higher, with a national gain of 4.9%. This has partially offset the effect of lower slaughter rates on production, which was 17.1% lower than 2015 for the year to November.

The good pasture conditions seen during winter and spring in 2016 are expected to have put good weight on slaughter cattle earlier than normal. As a result, slaughter numbers are expected to be good in early 2017 before tightening again after autumn. Restocking activity is expected to continue, weather depending, which will contribute to slaughter rates trending lower over the course of the year.

# TRADE

Volume of beef exported to USA from Jan-Nov was

**44%**

lower than 2015

Beef export volumes to South Korea are

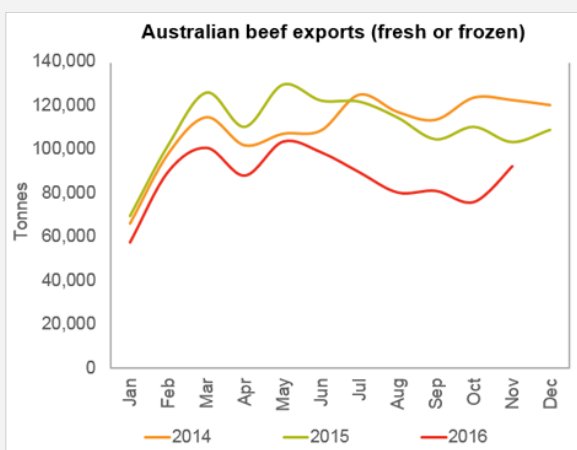
**9%**

higher than Jan-Nov

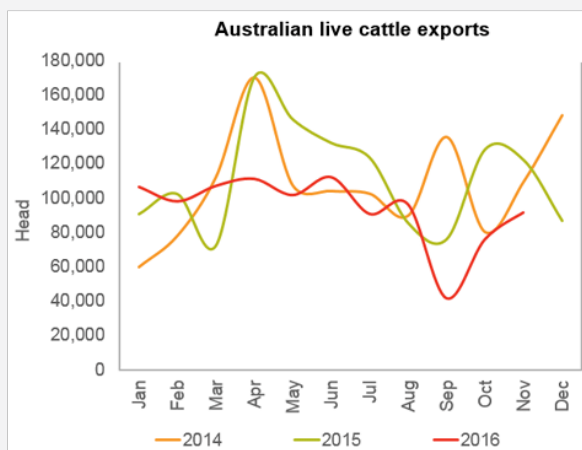
Live cattle exports for the year to November were

**17%**

lower than in 2015



Data: GTIS



Data: GTIS

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