

AUSTRALIAN CATTLE UPDATE



The Eastern Young Cattle Indicator (EYCI) hit a record high of

725.7

c/kg cwt in August 2016

Cattle slaughter for the year to June is

17.8%

lower than in 2015

Beef exports for the year to June are

18.2%

lower than in 2015

The cattle industry sits in a tug-of-war between strong domestic demand for tightening supplies, and softening international markets, which are responding to increasing global production and greater competition into major export markets.

Rainfall between May and July was above average for most of the country's major cattle regions. This promoted good pasture growth going into winter and kick-started price surges in saleyards as re-stockers have become more prominent.

The outlook for the next three months is for continued wetter conditions in the eastern states and average rainfall in the west.

This should keep re-stockers active, supporting prices and assisting efforts to rebuild herds in major cattle regions.

A reduction in the amount of beef produced in the last 12 months has been reflected in a 13% decline in export volumes from Australia. This decline has been partially offset by an 8% increase in the unit price, resulting in the value of beef exports declining only 6%. Exports to the USA and Japan are trending lower, while increased volumes have been going to South Korea and China. Low cattle availability has seen fewer live cattle exported.

PRICE

	Current (26 Aug)	August 2015	Five-year average	80th percentile	20th percentile
Eastern Young Cattle Indicator (c/kg cwt)					
EYCI	717	566	409	535	325
Trade steers 330-400kg (c/kg lwt)					
NSW	376	331	231	307	192
QLD	342	278	218	287	178
SA	380	326	218	288	176
TAS	328	269	214	265	180
VIC	371	344	227	288	189
WA	326	305	248	305	208
Live export feeder steers					
NT	345	260	227	270	180
Australian dollar					
AUD/USD	0.76	0.74	0.90	1.03	0.76

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

The Eastern Young Cattle indicator made strong gains during winter, reaching a peak of 725c/kg cwt. Despite a recent decline, prices are 28% above the same time last year and should remain high for the rest of 2016 with favourable seasonal conditions driving strong demand for limited supplies, particularly from re-stockers.

The US lean beef import price is trending lower and currently 21% lower than a year ago.

Increased production in the US has been the driver of downward pressure on import prices since October 2015.

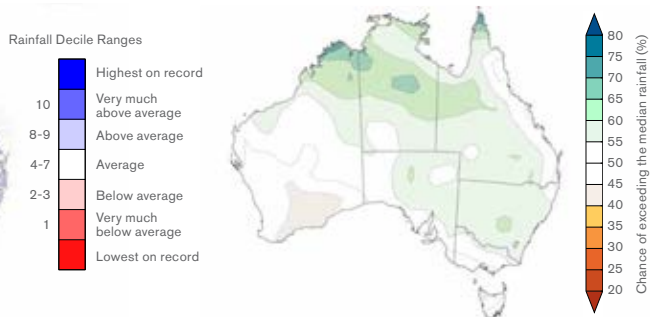
Prices for live feeder steers from Darwin to Indonesia are 28% above year ago levels. The outlook for prices is positive as the supply of cattle tightens further as producers focus on rebuilding herds.

Recent rainfall decile ranges for May to July 2016

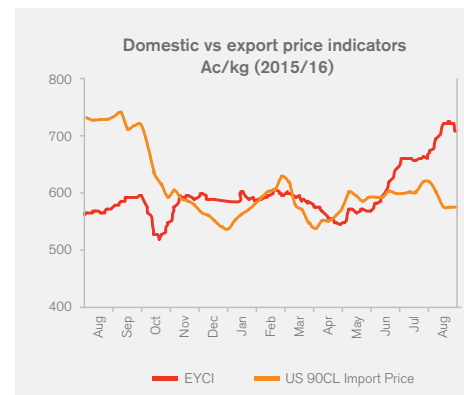


Source: Bureau of Meteorology

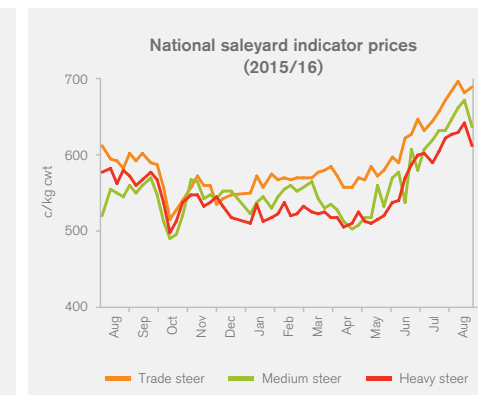
Chance of exceeding the median rainfall between September and November 2016



Source: Bureau of Meteorology

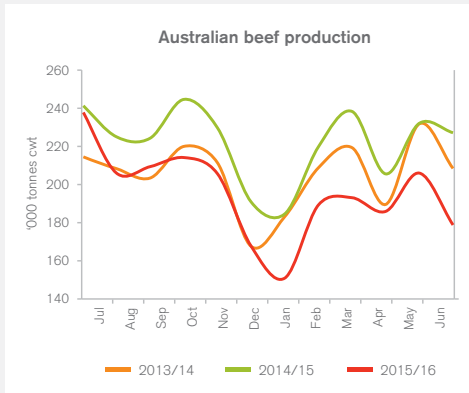


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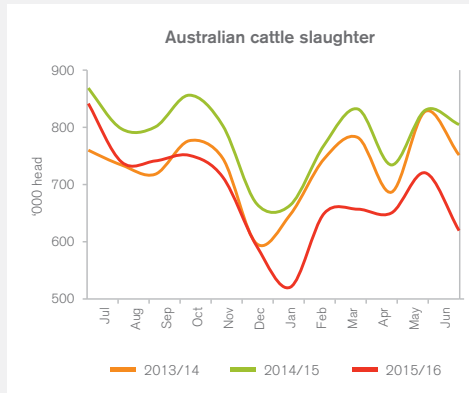


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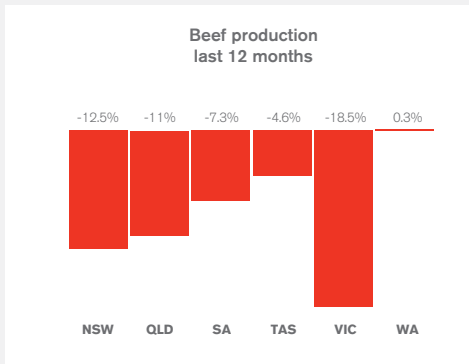
PRODUCTION



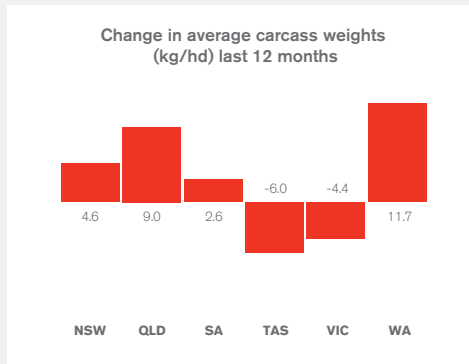
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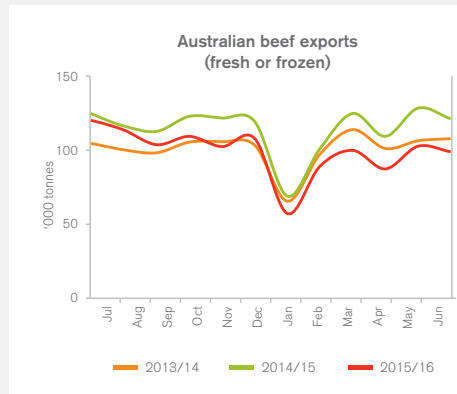
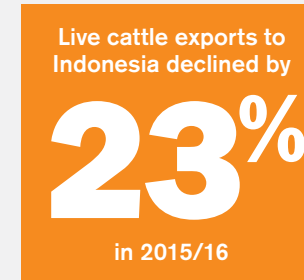
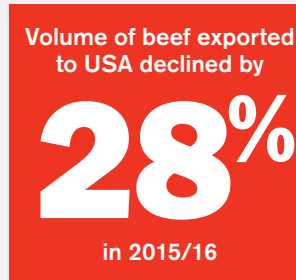
Australian beef production for the year to June is 16% lower than the same period last year. This is largely due to a significant decline in the number of cattle slaughtered, which is 18% lower for the year to June. Average carcass weights of adult cattle have increased, partially offsetting the effect of lower slaughter rates on production.

Declining slaughter rates in the last 12 months have been most prominent in New South Wales and Queensland, down 15% and 14%

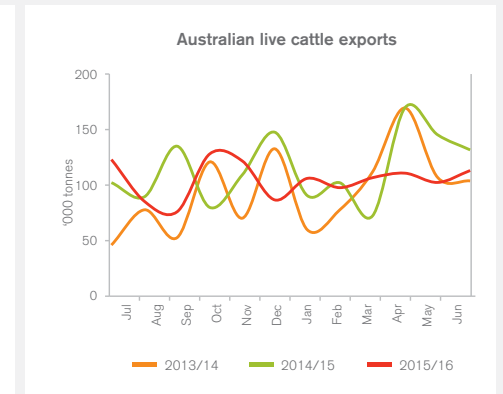
respectively. Beef production has declined to a lesser extent due to gains in average carcass weights which have resulted from improved feed availability, a lower proportion of females in the slaughter and increased numbers on feed.

Producers will be looking to retain breeding stock as improved seasonal conditions allow them to start rebuilding herds. As a result, slaughter rates are expected to continue to trend lower, particularly for female cattle.

DEMAND



Data: Global Trade Information Services (GTIS)



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