



15th October, 2007

Media Release

Feedlot cattle numbers slashed

The September ALFA/MLA quarterly survey has confirmed expectations of a dramatic fall in numbers on feed nationwide. The total cattle on feed dropped by 189,506 head, or 22%, to 680,519, compared with the June quarter which stood at 870,025 head. Year-on-year the drop was even more substantial at 200,762 head or 23%.

“These results reflect the impact of the most difficult trading conditions ever seen by the industry,” said ALFA vice-president Jim Cudmore. “The record high grain prices are compounded by a very strong Australian dollar. There seems little relief in sight for either.” With both local and export customers reluctant to raise prices, and feeder cattle prices still not low enough to restore a margin, feedlots are unable to offset the escalation in feed input costs. “There are few choices available other than cutting back the numbers of cattle on feed.”

Low world stocks of grain and high global demand boosted by biofuels have driven international grain prices to record levels. Australia’s drought has compounded the pressure on grain prices. It is therefore difficult to foresee any fundamental weakening of grain markets.

Numbers of cattle on feed tumbled in all States. Worst hit was Qld with a fall of 62,561 (15%) for the quarter and 101,000 year-on-year. NSW lost 55,137, or 18%, for the quarter and Victoria dropped by 29,141 or 47.5%. Big percentage falls were also evident in SA and WA.

No feedlot has escaped being affected and the smaller feedlots have cut numbers most drastically. In the quarter those with fewer than 1,000 head capacity slashed numbers by 43,383 (49%) and feedlots of 1,000 – 10,000 head dropped by 25%, or 75,719. The remainder of the cut (70,404) was in the over 10,000 head group.

Feedlot utilisation contracted from 77% in June to 59% in September. This is the second lowest ever recorded, and a new low for the September quarter. However, feedlot capacity has continued to build. This can be attributed to the lag between commissioning and utilising pen space. This will support Australia’s long term ability to supply grainfed beef beyond the current difficulties.

Shipments to the major export markets have slowed. MLA’s Peter Weeks said September quarter grainfed beef exports to Japan (42,128 tonnes swt) declined 14% year-on-year. Shipments fell 5% in July, 15% in August and 23% in September. Shipments to Korea (10,620 tonnes swt) during the September quarter were 41% higher than for the June quarter but fell 24% year-on-year, as US beef returned to the market. The on-again-off-again return of the USA beef, however, makes for continued uncertainty for exporters to this key market.

The survey found that feedlots expected numbers on feed to continue to fall in the December quarter. “With continuing drought, ongoing tight global grain stocks and the A\$ some 20% stronger in the past 12 months (hitting a 23 year high of US90c in October), it is hard to see any immediate reversal of the trend,” said Mr Cudmore.

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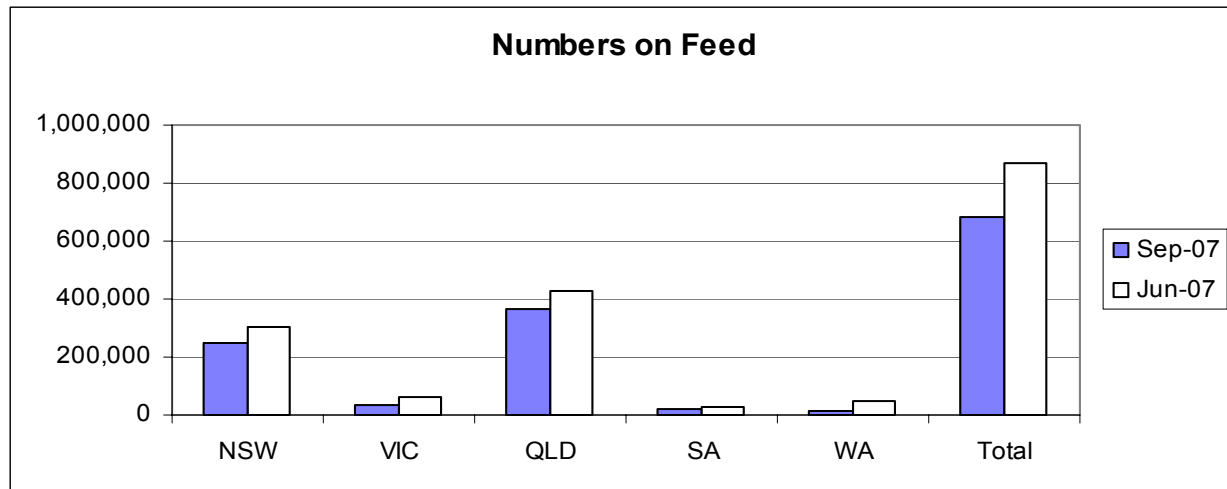
ALFA / MLA FEEDLOT SURVEY

July - September 2007

Capacity	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Sep-07	388,902	65,255	564,647	32,594	100,399	1,151,797
Jun-07	396,341	85,405	513,512	31,244	97,565	1,124,067
Sep-06	368,238	73,292	550,130	38,610	101,937	1,132,207

Numbers on Feed	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Sep-07	249,164	32,212	365,372	20,548	13,223	680,519
FAJun-07	304,301	61,353	427,933	25,523	50,915	870,025
Sep-06	299,937	60,220	466,466	27,033	27,625	881,281

Utilisation	<i>NSW</i>	<i>VIC</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	Total
Sep-07	64%	49%	65%	63%	13%	59%
Jun-07	77%	72%	83%	82%	52%	77%
Sep-06	81%	82%	85%	70%	27%	78%



Market Destination	Sep-07		Jun-07		Sep-06	
	Numbers	%	Numbers	%	Numbers	%
Export	461719	67.8%	588623	67.7%	557409	63.2%
Domestic	205788	30.2%	267664	30.8%	287942	32.7%
Unknown	13015	1.9%	13738	1.6%	35932	4.1%
Total	680,522	100.0%	870,025	100.0%	881,283	100.0%

Breakdown by Feedlot Size	Capacity Sep 07	Capacity Jun 07	Capacity Sep 06	Numbers on Feed Sep 07	Numbers on Feed Jun 07	Numbers on Feed Sep 06
Australia						
Less than 500 head	78,319	75,705	79,634	11,101	35,667	37,964
500 -1000 head	80,298	88,884	92,331	34,205	53,022	51,291
1000 - 10000 head	391,533	381,855	401,593	222,540	298,259	293,774
over 10000 head	601,647	577,623	558,649	412,673	483,077	498,252
Total	1,151,797	1,124,067	1,132,207	680,519	870,025	881,281

ALFA / MLA FEEDLOT SURVEY

July - September 2007

State Breakdown by Feedlot Size

	Capacity Sep 07	Capacity Jun 07	Capacity Sep 06	Numbers on Feed Sep 07	Numbers on Feed Jun 07	Numbers on Feed Sep 06
New South Wales						
Less than 500 head	7,798	7,798	11,249	2,872	4,875	4,008
500 -1000 head	20,610	21,110	19,653	9,206	7,939	9,294
1000 - 10000 head	101,160	100,100	96,503	50,228	64,234	74,077
over 10000 head	259,333	267,333	240,833	186,858	227,253	212,558
<i>State Total</i>	<i>388,901</i>	<i>396,341</i>	<i>368,238</i>	<i>249,164</i>	<i>304,301</i>	<i>299,937</i>
Queensland						
Less than 500 head	43,502	46,764	51,055	6,142	23,767	30,627
500 -1000 head	45,586	44,447	40,856	18,453	28,859	30,135
1000 - 10000 head	173,245	172,011	192,403	130,810	160,582	165,323
over 10000 head	302,314	250,290	265,816	209,967	214,725	240,381
<i>State Total</i>	<i>564,647</i>	<i>513,512</i>	<i>550,130</i>	<i>365,372</i>	<i>427,933</i>	<i>466,466</i>
Victoria						
Less than 500 head	805	4,905	1,305	470	3,917	284
500 -1000 head	3,700	500	4,237	1,667	0	3,474
1000 - 10000 head	20,750	20,000	15,750	14,227	16,337	11,149
over 10000 head	40,000	60,000	52,000	15,848	41,099	45,313
<i>State Total</i>	<i>65,255</i>	<i>85,405</i>	<i>73,292</i>	<i>32,212</i>	<i>61,353</i>	<i>60,220</i>
South Australia						
Less than 500 head	4,347	4,347	4,913	1,451	1,752	2,282
500 -1000 head	8,902	9,552	11,230	4,879	10,433	5,819
1000 - 10000 head	19,345	17,345	22,467	14,218	13,338	18,932
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>32,594</i>	<i>31,244</i>	<i>38,610</i>	<i>20,548</i>	<i>25,523</i>	<i>27,033</i>
Western Australia						
Less than 500 head	21,866	11,891	11,112	166	1,356	763
500 -1000 head	1,500	13,275	16,355	0	5,791	2,569
1000 - 10000 head	77,033	72,399	74,470	13,057	43,768	24,293
over 10000 head	0	0	0	0	0	0
<i>State Total</i>	<i>100,399</i>	<i>97,565</i>	<i>101,937</i>	<i>13,223</i>	<i>50,915</i>	<i>27,625</i>
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ALFA / MLA FEEDLOT SURVEY

July - September 2007

Total Cattle Turnoff

Total Turnoff (year ending)	NSW	VIC	QLD	SA	WA	Total
Dec-06	702085	208248	1495867	70054	149847	2626101
Dec-05	755550	220123	1457222	54673	131161	2609194
Dec-04	684645	171388	1264864	43745	77619	2242261

Total Turnoff (quarterly)	NSW	VIC	QLD	SA	WA	Total
Sep-07	177100	45755	344868	19949	32498	620170
Jun-07	189412	62970	312570	22893	56042	643887
Sep-06	183368	57591	421036	19014	42088	723097

