

AUSTRALIAN CATTLE PRODUCTION



January 2023

CURRENT CONDITIONS IN AUSTRALIA

The Australian cattle herd is expected to continue to rebuild its numbers in 2023, growing beyond the long-term national average. This has been driven by three La Niña seasons in a row (for only the third time since 1970).

Producers in Queensland received widespread rain throughout 2022 after several years of drought, and good rains extended across the south-eastern states for a third consecutive year. The current La Niña weather pattern is weakening and forecast to finish in early 2023.

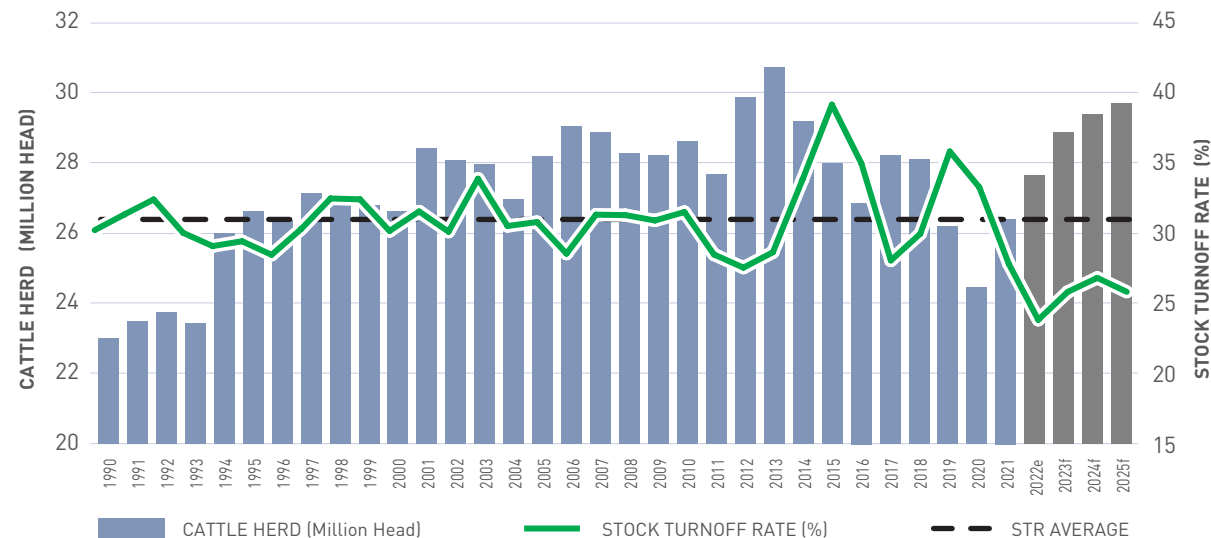
The national herd numbers are estimated to have increased 5.6% from 2021 to 2022 due to the widespread favourable seasonal conditions and are forecast to increase further in 2023. This means more cattle will gradually become available for slaughter and live export as 2023 progresses.

OUTLOOK FOR AUSTRALIAN CATTLE PRICES

The price of Australian cattle is impacted by a number of factors. The weather is a key driver of the market, influencing the number of animals available and therefore the price. The value of the Australian dollar, interest rates, demand from overseas markets and market access also play a role.

Increased supply of cattle across all categories can be expected as the herd rebuild and expansion progress in 2023. As a result, there is likely to be downward pressure on prices and a return to longer term averages would be a reasonable assumption of market conditions for the year.

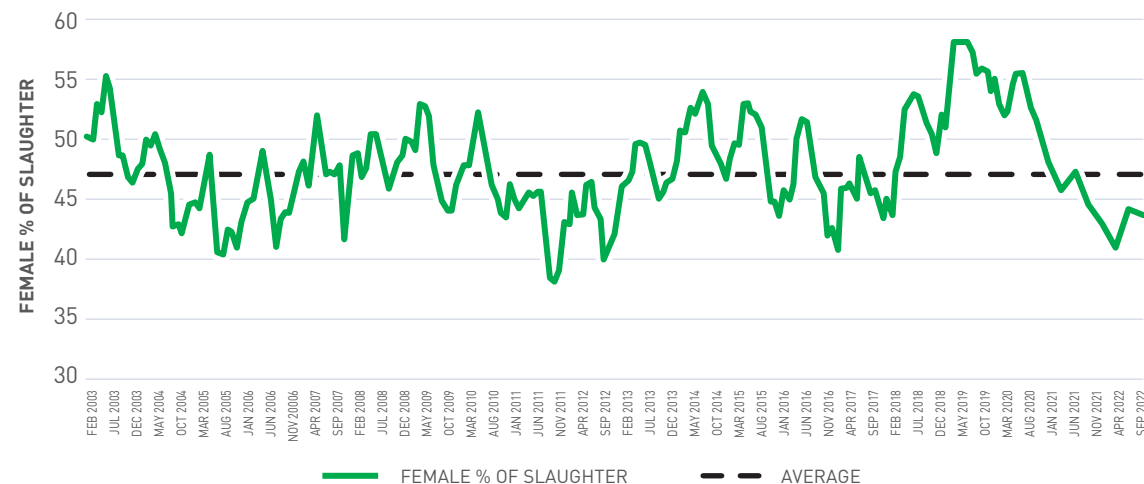
Weather and seasonal variability will determine buyer confidence and therefore influence market movements as the year progresses.



Australian Cattle Herd

As a result of several favourable seasons extending into Queensland and producers being confident of the outlook for the medium-term, Australian cattle numbers are forecast to increase to 28.7 million head in 2023.

Source: Australian Bureau of Statistics, MLA estimates



Increased Female Cattle Processing

A female slaughter rate (FSR) below 47% indicates the herd is in a rebuild phase. For 15 consecutive months since the September 2021 quarter, the FSR has averaged its lowest figure on record prior to then, eclipsing the 2010-2012 rebuilding period.

Source: Australian Bureau of Statistics, MLA estimates

Please refer to **MLA's NLRS** figures for the latest slaughter figures by state and territory.

AUSTRALIAN CATTLE PRODUCTION



LIVECORP
THE AUSTRALIAN LIVESTOCK
EXPORT CORPORATION



CATTLE PRODUCTION IN AUSTRALIA GOES IN CYCLES

In good conditions, prices and demand are strong, and farmers focus on breeding to grow the size of their herds. When numbers get high, there are more cattle available and therefore less competition for them. Prices start to fall and some farmers have to sell even more cattle to earn an income. The national herd gets low, and farmers have to start holding onto their cattle to focus on breeding – and so the cycle begins again – unless it is interrupted by bad weather such as drought or flood.

The amount of rain, and when it falls, can severely affect the amount of feed available and therefore cattle numbers, particularly in northern Australia.

Drought may mean less feed is available (pasture, hay and grain crops). This forces farmers to sell their cattle to protect their land and bring in income. Droughts in Australia can last for many years.

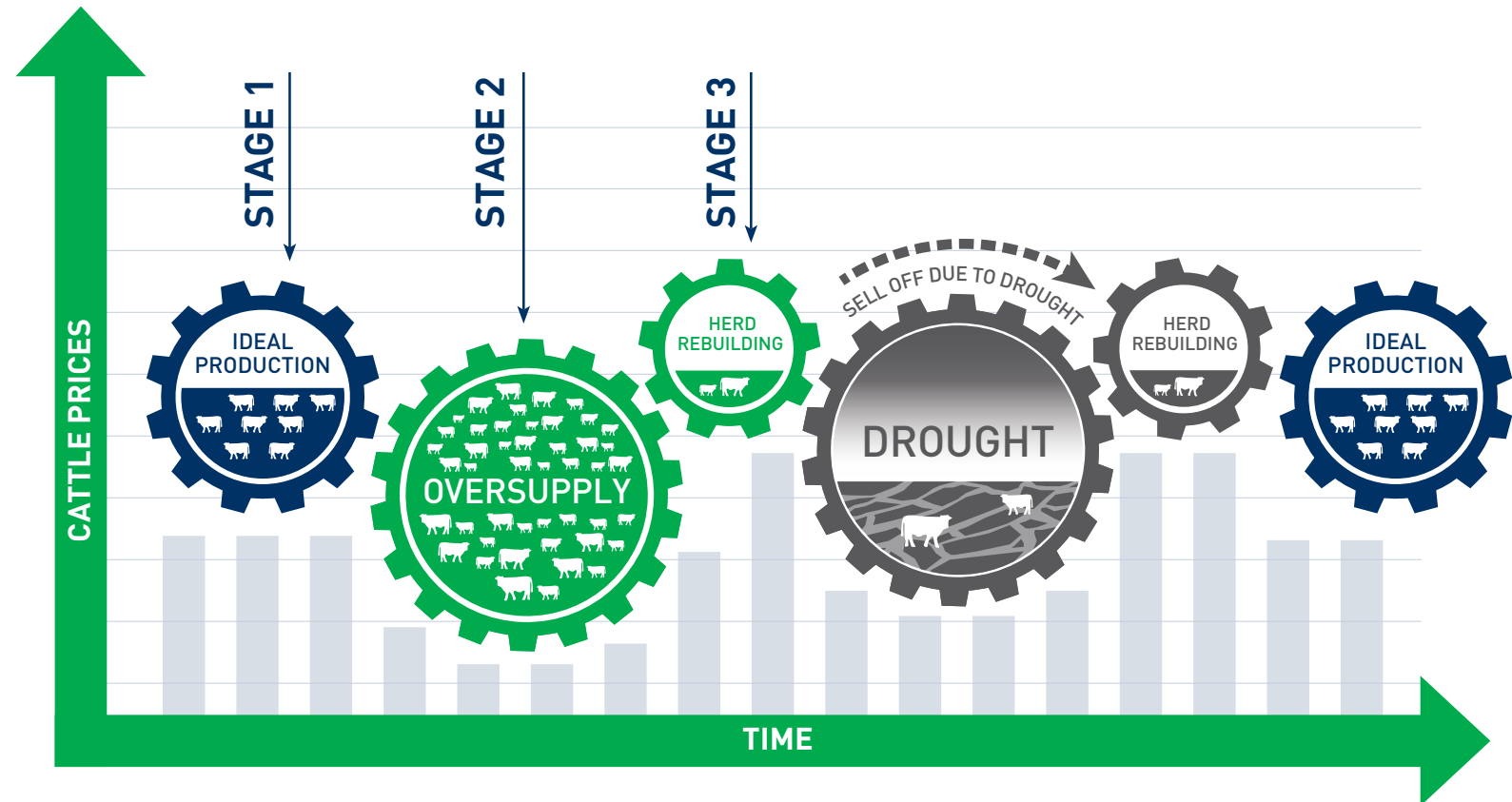
Widespread flooding may mean a lot of feed is available once flood waters recede but can also stop farmers reaching parts of their farms or nearby town for weeks or even months at a time.

Favourable conditions such as rain at the right time of year may mean cows are fit and healthy when they are due to get pregnant, with enough grass for calves to grow fast and strong.

CATTLE PRICES

Australian cattle producers have very little control over the price of their livestock.

Prices are typically higher when the supply of cattle is lower than demand for the livestock. Buyers include other farmers, lot feeders, domestic processors and live exporters. Major drivers of cattle prices also include international demand for Australian cattle and beef, and global influences such as the value of the Australian dollar, inflation and interest rates.



STAGE 1

IDEAL PRODUCTION

- Favourable weather conditions mean a stable and healthy breeding herd, with cows and calves all in top condition
- There is an increased number of quality steers available for sale
- Strong demand for beef and rising prices encourages farmers to breed more cattle, increasing the size of the national herd

STAGE 2

DOMESTIC OVERSUPPLY

- As more cattle are born, farms don't have enough space or feed to keep them
- The number for sale (supply) gets bigger than the demand in Australia and overseas, so prices fall
- Farmers sell both feeder and breeding cattle to bring in enough income to cover costs

STAGE 3

HERD REBUILDING

- Herd numbers get low, and farmers start to keep more breeding cows and calves
- Not as many cattle for sale means competition and higher prices for those available, to meet demand