

STOCK & LAND

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HD **Beef prospects look bright: MLA**
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FARMERS can look forward to a promising future for at least the next two years, according to Meat & Livestock Australia senior market analyst Ben Thomas, who was a guest speaker at last week's East Gippsland Beef Conference.

"The future is bright for several reasons," he said, "including the high percentage of female slaughter in one of the largest years seen so far".

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Peaking in March this year, the female slaughter reached 54 per cent of the monthly kill, compared to 47pc and 49pc in 2012 and 2103 respectively.

Mr Thomas said the massive slaughter of female cattle, driven by the continuous drought in northern Australia across the past number of years, had caused the national herd to fall by 2.6 **million** head during the past 12 months.

"Compounding this is the expectation that the herd will fall to 26m head in 2015-16," he said.

Mr Thomas said Australian cattle prices had been good, but were currently flat as there were not enough processors.

However, this is changing as we speak with several new or re-opened abattoirs commencing late 2014 and early 2015 in Victoria.

This scenario is not restricted just to Victoria either.

Mr Thomas said the influx was largely due to the huge increase in export tonnage to **China**.

"**China** has a growing obsession for luxury items, which includes better cuts of beef, with **China's** middle-class expected to reach 52pc of their population in 2025," he said.

Australia's clean, green image is also helping to drive demand from **China** and other countries who are seeing our country as a safe supplier of red meat.

"The US remains Australia's largest customer followed closely by Japan," Mr Thomas said.

"The Japanese economy slowed dramatically after the tsunami and global financial crisis. However, it remains a formidable customer, and this will only improve as the Japanese economy slowly recovers."

Australia's largest export continues to be the lean grinding beef market (90CL) to the US.

The US herd has been in decline during the past two years, and is currently at its lowest for 60 years, Mr Thomas said.

Exports to the US are surging, due in part to their increasing economy, but more importantly because of their herd reduction, he said.

Eddie Hams, Landmark Leongatha, recently returned from a trip to the US, and he brought back a copy of the West's ag weekly newspaper Capital Press.

In this were cattle market reports from California, Washington and Oregon.

Prices for feeder steers 600 to 800 pounds (or 285-360kg) liveweight **sold** from 200-241 cents/lb (440-530c/kg) lwt.

Most of the cattle go direct in the US, so these figures could be a little tainted, but they give a good indication how far behind we are in Australia.

It also shows why our lean meat export prices are at all-time records about 630c/kg FAS for 90CL grinding beef.

"Live export of cattle has increased to higher levels, partly due to Indonesia accepting more of our cattle, after the closing of this market two years ago," Mr Thomas said.

"While Indonesia is a largest customer, Vietnam is emerging as the next largest importing more than 100,000 cattle for the 2013-14 financial years."

Other Asian countries are coming on **board** too, and just recently it was announced Cambodia will increase significantly.

Add to this live exports to **China** (mostly **dairy** cattle), and Russia (which has not been embargoed by trade bans), and Australia has exported between one **million** and 1.1m head of cattle this year.

More from the conference p21

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