

Cattle



February Monthly Update



Tom Herbert
Agricultural Analyst

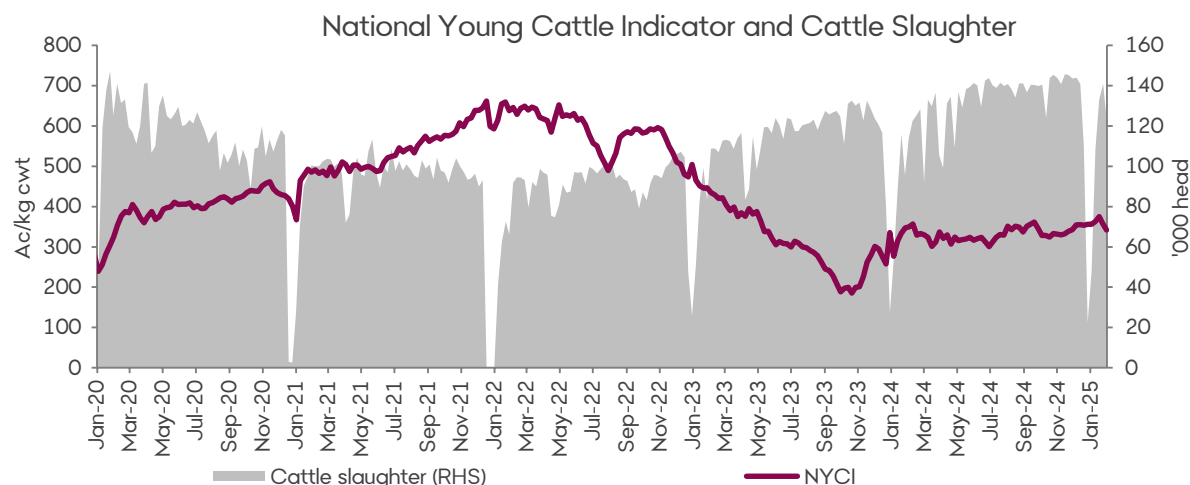
Key Watchpoints – February

- Beef exports to the US are expected to be stronger in February with higher monthly production forecasts and no tariffs applied on Aussie beef.
- Coles is working towards a formal commitment to remove deforestation from their supply chain, this would join them up with Woolworths and McDonalds in the initiative. Will we see any market response to this news?

Cattle prices could see upside in February as exports are likely to rise

Australian cattle prices recorded a mixed beginning to 2025. The National Young Cattle Indicator burst out of the blocks in the first few weeks of January, peaking at 379c/kg. However, the weight of elevated supply numbers on local markets, poor seasonal conditions and less buying from processing centres who are booked out into March applied downwards pressure on prices. Export markets are forecast to become more active throughout February, barring any supply chain issues from the wet weather in Queensland. This will provide some upside for local prices, but the factors mentioned above may still loom large, limiting gains.

Processing rates have hit the ground running in 2025, sitting comfortably above this time a year ago and are also above the five-year average for this time of year. Weekly average slaughter rates currently sit 18 per cent higher year-to-date. Reports of most processing centres, particularly in Queensland, being booked out until March suggests that processing rates will elevate throughout February, in the absence of any disruptions from recent weather conditions.



Source: MLA



Australia became the largest source of imports for the US in 2024

The latest USDA data has confirmed that Australia overtook Canada in December to become the largest supplier of imported beef in 2024. A key measurement to demonstrate the change, is total volume contributions. Australia in 2023 contributed 17 per cent to total US imports, whereas in 2024 there was a six per cent increase to 23 per cent, clearly showing the growing trend of Australian beef being transported to the United States. This is an intriguing story given the potential for further growth should the US move ahead with implementing import tariffs on Canada and Mexico from March 1.

The story of US tariffs has only just begun....

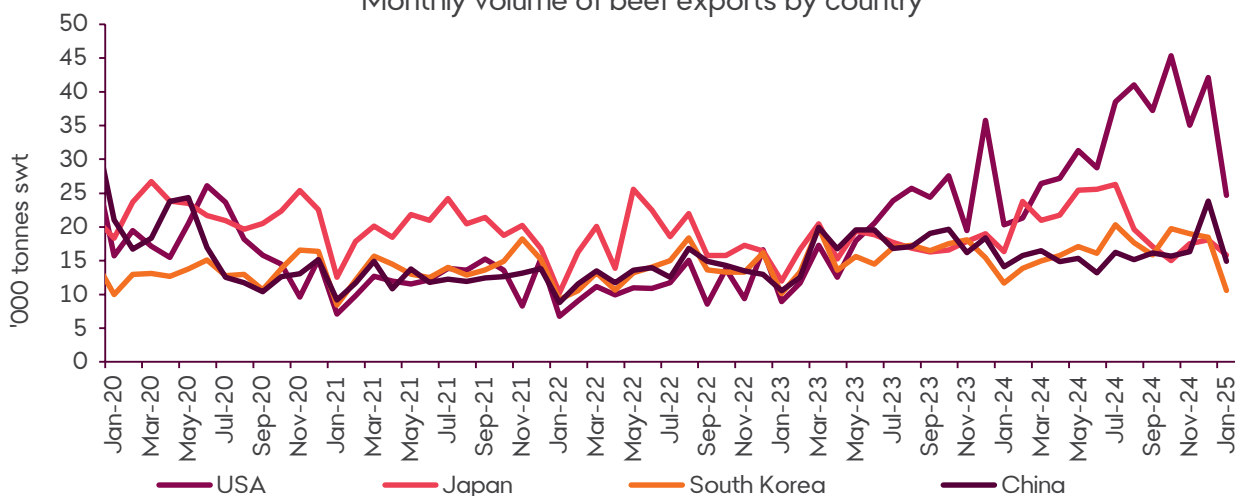
The United States recently announced a 25 per cent tariff on Canada and Mexico beef. This was initially due to come into force from February 1, though has now been delayed until March. Considering both countries between them make up 38 per cent of total US beef imports, the global market is set to undergo changes should these tariffs eventuate. Australian producers are not currently subject any of the new tariffs by the US, so could US buyers be eyeing off more Australian beef in 2025? Australia's supply availability remains strong, and we provide high quality product which does position us as a viable alternative should Mexican and Canadian producers be sluggish with tariffs. Time will tell, but competition for the market share in the US which could be lost by Mexico and Canada will be tight, especially with robust South American production.

Beef exports kick off 2025 with a bang..

Australia's beef exports began 2025 at just over 81,000 tonnes. Despite this being a decline when compared to December, export volume is up seven per cent when compared to this time last year. Production disruptions due to the Christmas and New Year break meant exports were limited in January. However, with output set to increase throughout late January and into February, exports are likely to see a strong boost. The United States continues to be the largest export market, raking in just under 25,000 tonnes, up 22 per cent when compared to this time last year. It's no secret now that US domestic production can not meet local demand levels at the present time and with an increase in production expected, exports are likely to lift in February.

Japan began the year slightly softer than a year ago, with just under 16,000 tonnes exported. However, with the Golden Week holiday in April, export volume is likely to rise in February. China's beef imports from Australia were just under 15,000 tonnes, a solid six per cent increase when compared to this time last year. Australia's access to both of these markets has improved following the removal of temporary market safeguard tariffs. Tariffs were placed on Australian beef in the second half of 2024 by both China and South Korea after export quotas were exceeded. The tariffs, implemented in the middle of 2024, saw the cost of beef products into China cop a 12 per cent increase and in South Korea's case it was a lift from 11 per cent to 24 per cent.

Monthly volume of beef exports by country



Source: Global Trade Atlas



This report has been created by Bendigo Bank Agribusiness Insights. It is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). The information herein is believed to be reliable and includes information obtained from official or other sources considered reliable. Bendigo and Adelaide Bank makes no representation as to or accepts any responsibility for the accuracy or completeness of information contained in this report. Any opinions, estimates and projections in this report do not necessarily reflect the opinions of Bendigo and Adelaide Bank and are subject to change without notice. Bendigo and Adelaide Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth therein, changes or subsequently becomes inaccurate. Information contained in this report does not take into account your personal circumstances and should not be relied upon without consulting your legal, financial, tax or other appropriate professional. Bendigo Bank Agribusiness Insights is a division of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879.