

Cattle



April Monthly Update



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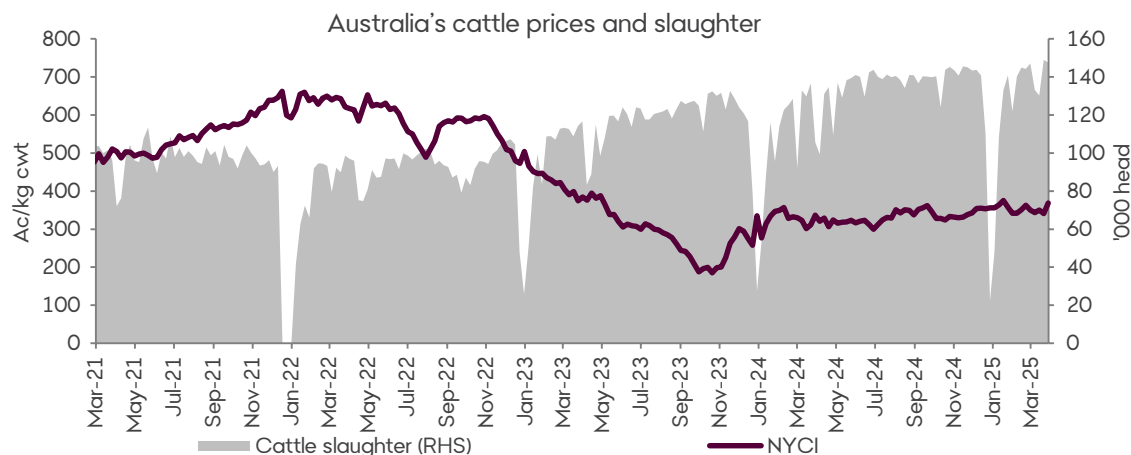
Key Watchpoints – April

- The major watch point for April will be the implementation of US tariffs on the beef industry. The whole industry will be following how this affects beef exports.
- Supply chain issues are expected due to excessive rainfall in northern states, could this translate into a decline in slaughter rates and slow production?

Cattle prices continued to rise throughout March but could face pressure in April

Australian cattle prices moved higher across the country month-on-month, with the National Young Cattle Indicator (NYCI) peaking on the last day of the month at 371c/kg. This is also up 12 per cent from a year ago when the industry was coming out of the low points that haunted sellers in late 2023. Despite the increase, prices are still 15 per cent below the five-year average. The strong export demand continued to draw headlines as a driver of prices. However northern states got a quick boost in the last week of March, as the recent rainfall conditions have blocked some major producers from getting to markets, leaving less stock available but firm demand. This in turn spiked prices late in the month as exporters need to fill quotas and were willing to pay a bit extra to get the stock they needed.

Where do prices go now? The industry is set for a very intriguing month ahead, now that the threat of tariffs from the US is a reality. However, ongoing rainfall and wet paddocks could continue to limit producers' ability to get cattle to markets and keep prices strong. Sentiment is also growing that northern producers may keep their stock on farm even once these issues are worked out. The rainfall will boost soil moisture and allow them to build up cattle weights over the coming months rather than immediately sell.





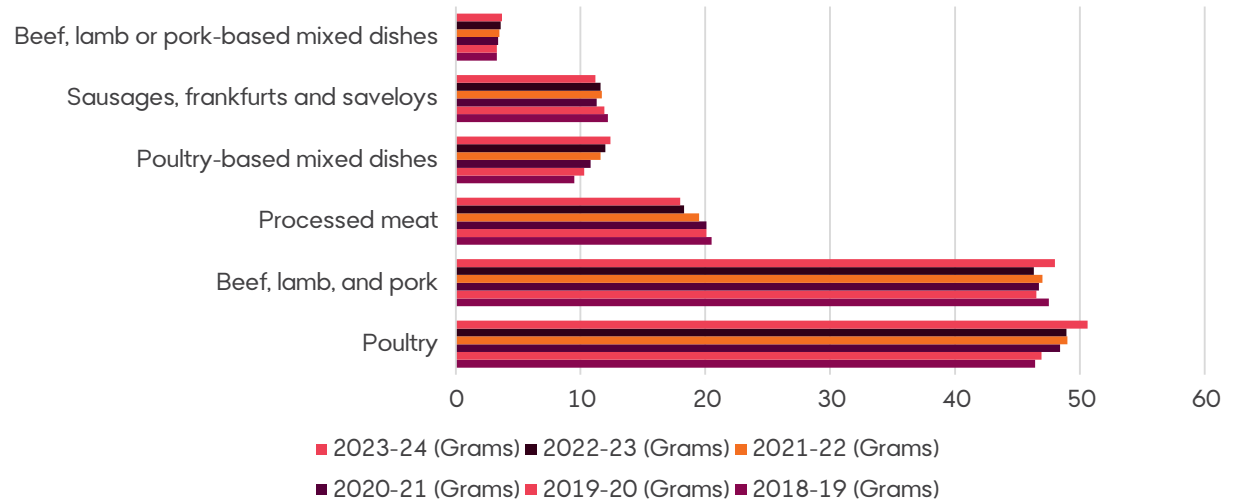
Australians eating more meat in 2023-24

Australian Bureau of Agricultural and Resource Economics released figures detailing the latest trends in Australians' eating habits throughout 2023-24. The data revealed that Australians were eating two per cent more poultry and meat than in the previous year. The average person consumes over 145 grams per day. However, whilst we have seen consistent growth in this stat for the past five years, it is only now we are seeing consumption back to being marginally in front of pre-covid levels. Beef, lamb and pork contributed over 36 per cent to total consumption, whilst poultry remains the highest contributor at 44 per cent.

Interestingly, processed meats have seen a continuous decline over the past five years. This could be an indication that Australians are beginning to move away from these products and into more fresh and unprocessed meats. It also could be a reaction to the cost-of-living pressures, with less people purchasing higher priced meats. Processed meats have recorded a 12 per cent decline since 2018-2019.

The report also showed average daily consumption of vegetable products to be marginally declining along with milk and fruit.

Australian meat consumption 2023-2024 (grams per person per day)



Source: ABS

US tariff update

In an eagerly anticipated announcement on the 3rd of April, US President Donald Trump has imposed a ten per cent tariff on Australian beef imports. The President stated that "we imported \$3 billion of Australian beef from them just last year alone. They won't take any of our beef. They don't want it because they don't want it to affect their farmers." In fact, the primary reason for strong growth in US beef imports from Australia is a reduction in their national herd, leaving the country needing higher import volumes – and particularly the lean beef that makes up the majority of our shipments. The ten per cent tariff is expected to translate into only a minimal reduction of Australian beef export volume to the US, although there are many moving parts that will make fascinating viewing over the next few months. The interesting component of the tariff implementation will be the cost to US businesses and customers. Beef always has been, and going forward appears to be, in high demand from consumers and with the US beef importers, who will now be paying more to get product. It seems likely this will have a flow on effect onto their domestic consumers. All in all, beef export volumes to the United States are expected continue to be at high levels in March as witnessed over the past year, with the only limiting factor being the processing capacity of local centres due to supply chain issues.

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