

Cattle



June Monthly Update



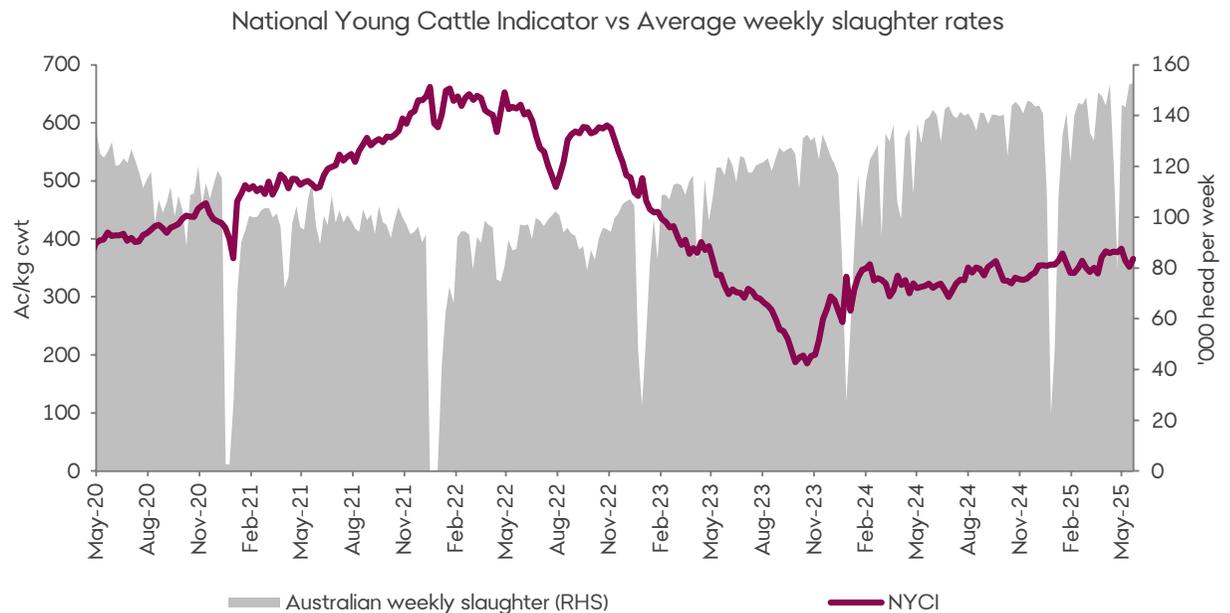
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Key Watchpoints – June

- Brazil has been declared foot and mouth disease free now; what will this mean for Australian exports to key markets like China, South Korea and Japan?
- The contentious issue regarding ownership over the Port of Darwin, where live exports occur, will be one to watch throughout 2025.

Cattle prices lifted throughout May and could be heading higher in June...

Australian cattle prices were broadly stronger throughout May. The Eastern Young Cattle Indicator now sits at 728c/kg, up 22 per cent from the beginning of the year. The National Young Cattle Indicator also saw some growth, now at 389c/kg, a 23 per cent increase from early January. Competition at local markets between restockers and processing centres was prevalent during May as the recent rainfall has boosted confidence in the northern states. Southern processors have followed the trend of late last year and early 2025, traveling into the northern states to purchase new stock. However, there are reports that most of these buyers are now fully stocked up, so this may impact markets in June. Despite this, prices are still expected to be supported by strong export demand and the competitive nature of local markets.



Source: MLA



Tensions rise over ownership of the Port of Darwin

The Chinese ambassador visited the Port of Darwin during May following debate surrounding ownership of the port currently owned by Chinese company, Landbridge Group. The port was initially leased for 99 years in 2015 and is used amongst other things to load livestock for export. Both major parties campaigned around this issue throughout the election campaign, with tensions rising regarding when and how this will occur.

Ambassador Xiao Qian stated “A decade ago, the Landbridge Group secured the lease for the Port of Darwin through an open and transparent bidding process, fully compliant with Australian laws and market principles. Over the past 10 years, Landbridge Group has made significant investments in maintaining and building Darwin Port's infrastructure, optimising its operations and management, and expanding its customer sources.” (ABC News). However, the federal Labor government have been in talks with several Australian firms in an effort to explore potential options regarding a takeover of the lease. This will be an interesting watchpoint moving into the second half of the year given the improving Chinese-Australian trade relations seen over the past 18 months.

Brazil has reached a new hallmark in May – what is it and what does it mean for Australia?

The World Health Organisation for Animal Health has announced this month that Brazil has been declared Foot and Mouth Disease free without vaccination. So, what does this mean for Australia?

In short, an increase in competition for export markets. It opens up new business opportunities for Brazil including Indonesia where Australia typically sends live exports. The bigger Asian markets such as Japan and South Korea will also be circling new deals with Brazilian exporters. However, whilst Brazil may be able to match Australia in supply, what they can't in is quality. Interestingly, Brazil is now also willing to track individual animals from birth to slaughter, to help boost their global image as being more open and transparent. EU requirements also stipulate this, so it will open more trade opportunities for Brazil into those nations.

Ultimately, this will be a fascinating watch over the coming months to see what trade deals they obtain in the ongoing battle for market access.

How much more can be exported to China before the safeguard tariff mechanism kicks in?

National beef exports to China so far in 2025 have been very strong, to the extent that Australia may be close to triggering a safeguard tariff in July or August. Chinese domestic demand has been firm, while other factors driving the strong growth include trade tensions with the United States and a reduced US herd, leaving countries like Australia and Brazil to fill the gap. Australia can export 191,000 tonnes of beef to China per year tariff free; as of April the total is just over 78,000 tonnes, up by a significant 27 per cent year-to-date. It is very likely that May saw another strong month of export volume. Once the safeguard has been triggered, which is anticipated to occur around late July to early August, Chinese importers will see a 12 per cent tariff on Australian beef. This is likely to leave total monthly exports marginally lower each month for the rest of 2025. China will most likely consider a deal with Brazil to supplement supply, now that the latter is Foot and Mouth Disease free. The next three months could be a defining period for the rest of 2025 as China considers importing more Brazilian beef and Australian shipments trigger the safeguard mechanism. This potential for additional competition into what is a key market for Australian exporters will remain closely watched throughout the remainder of 2025.

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