



Media Release

14th February, 2011

Grainfed cattle numbers decline further

Difficult trading conditions for lot feeders continued to occur in the December quarter, with the ALFA/MLA survey recording a further 28,000 head reduction in cattle numbers on feed.

Australian Lot Feeders' Association (ALFA) President Jim Cudmore commented that "the reduction in cattle numbers on feed was experienced in all states (except WA) as declines in lot feeder margins and international competitiveness discouraged grain fed cattle placements".

"Increases in the price of feeder cattle, a strong and less competitive Australian dollar against the US and grain prices significantly higher year on year (despite widespread rain induced downgrading of the winter crop) have all combined to negatively impact upon trading conditions".

"With widespread rain and flush pastures experienced throughout the eastern seaboard, the market for suitable feeder cattle strengthened over the quarter due to restocker demand, the ability to finish grass fed stock at higher live weights and interrupted supply to feedlots and processors".

"In contrast, the higher cattle on feed numbers in WA reflected the inability of grass fed producers to finish cattle with the normal summer dry spell extending their drought period".

"For the December quarter, indicative feeder cattle prices averaged 14-17% above the corresponding period in 2009 with domestic steers peaking at the highest level since February 2006".

"Whilst heavy rain downgraded areas of the eastern seaboard winter crop (thereby increasing feed grain supplies), feed grain prices across the Darling Downs and Riverina nonetheless averaged 8-15% and 9-26% above the same period last year.

"Increased US competition in our major markets, assisted by a weak dollar compared to Australia, resulted in their beef imports increasing markedly".

Meat & Livestock Australia's Manager for Market Information and Analysis, Tim McRae stated that "Japanese and Korean imports of US beef for the quarter surged 43% and 37%, respectively year-on-year – with US trade to Japan the highest since the BSE induced trade ban in late 2003".

"Australian grainfed beef exports to Japan during the quarter contracted 2% year on year, whilst increasing 15% in Korea over the same period".

"The overall decline of 2% into Japan for the quarter was due to a 13% decline in chilled grainfed beef exports for the period, while the increase into Korea was due to strong consumer demand, especially for imported beef, and domestic slaughter levels tracking at historically low levels".

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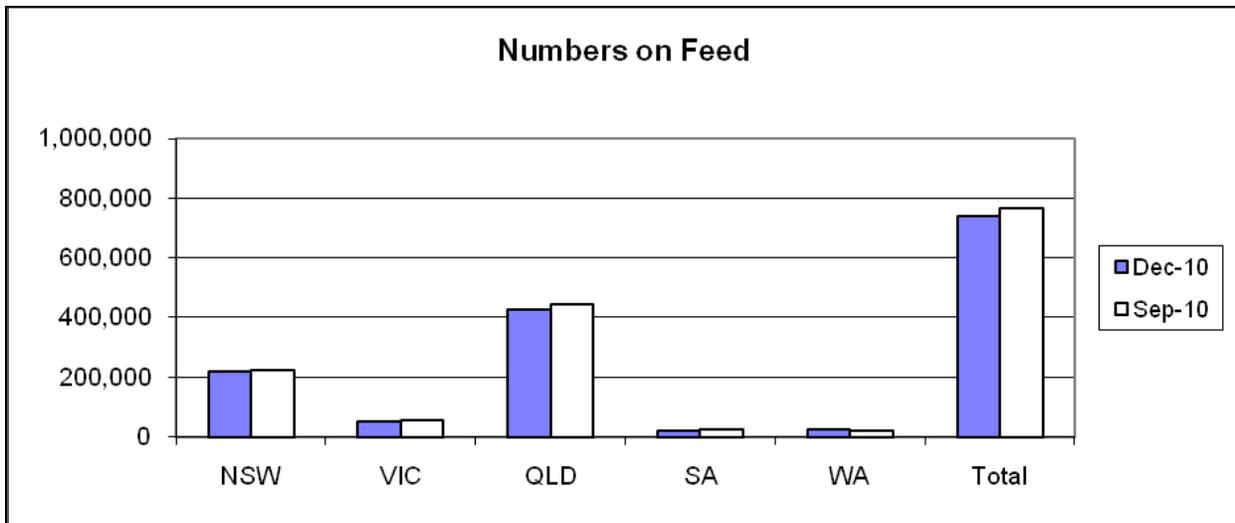
**ALFA / MLA FEEDLOT SURVEY
October – December 2010**

Cattle numbers on feed, capacity and capacity utilisation

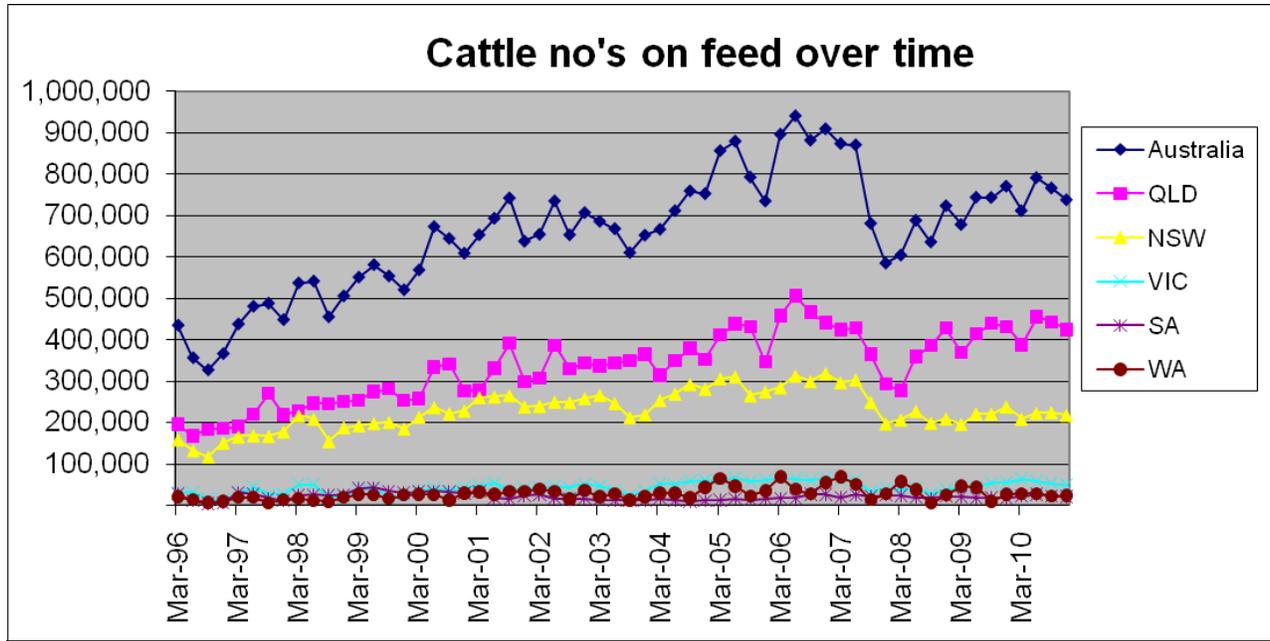
| Numbers on Feed | NSW | VIC | QLD | SA | WA | Total |
|------------------------|---------|--------|---------|--------|--------|----------------|
| Dec-10 | 218,650 | 48,835 | 424,554 | 20,956 | 24,434 | 737,429 |
| Sep-10 | 224,614 | 53,306 | 442,718 | 22,974 | 22,206 | 765,818 |
| Dec-09 | 238,579 | 55,300 | 431,695 | 18,217 | 26,432 | 770,223 |

| Capacity | NSW | VIC | QLD | SA | WA | Total |
|-----------------|---------|--------|---------|--------|---------|------------------|
| Dec-10 | 431,360 | 82,613 | 653,660 | 32,290 | 103,165 | 1,303,088 |
| Sep-10 | 427,659 | 82,313 | 636,380 | 31,449 | 99,965 | 1,277,766 |
| Dec-09 | 426,374 | 80,419 | 625,317 | 29,288 | 103,265 | 1,264,663 |

| Utilisation | NSW | VIC | QLD | SA | WA | Total |
|--------------------|-----|-----|-----|-----|-----|------------|
| Dec-10 | 51% | 59% | 65% | 65% | 24% | 57% |
| Sep-10 | 53% | 65% | 70% | 73% | 22% | 60% |
| Dec-09 | 56% | 69% | 69% | 62% | 26% | 61% |



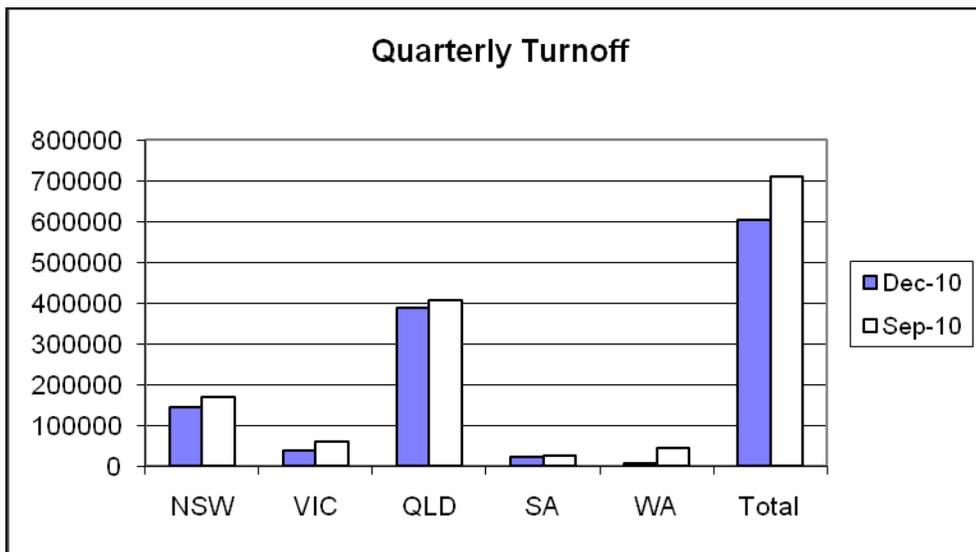
**ALFA / MLA FEEDLOT SURVEY
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Total Cattle Turnoff

| Total Turnoff (year ending) | NSW | VIC | QLD | SA | WA | Total |
|------------------------------------|------------|------------|------------|-----------|-----------|----------------|
| Dec-10 | 634526 | 207305 | 1468631 | 110831 | 112318 | 2533611 |
| Dec-09 | 587444 | 161614 | 1374959 | 77281 | 130601 | 2331899 |
| Dec-08 | 570099 | 150271 | 1212738 | 76910 | 124485 | 2134503 |

| Total Turnoff (quarterly) | NSW | VIC | QLD | SA | WA | Total |
|----------------------------------|------------|------------|------------|-----------|-----------|---------------|
| Dec-10 | 145382 | 39277 | 387744 | 23593 | 7710 | 603706 |
| Sep-10 | 171018 | 60278 | 407275 | 27561 | 44035 | 710167 |
| Dec-09 | 147215 | 45413 | 377437 | 17479 | 11559 | 599103 |



**ALFA / MLA FEEDLOT SURVEY
October – December 2010**

State Breakdown by Feedlot Size

| | Capacity Dec 10 | Capacity Sep 10 | Capacity Dec 09 | Numbers on Feed Dec 10 | Numbers on Feed Sep 10 | Numbers on Feed Dec 09 |
|--------------------------|--------------------|--------------------|--------------------|------------------------------|------------------------------|------------------------------|
| New South Wales | | | | | | |
| Less than 500 head | 7,459 | 7,309 | 7,499 | 2,164 | 2,369 | 2,039 |
| 500 -1000 head | 21,252 | 23,701 | 21,602 | 2,726 | 2,504 | 7,956 |
| 1000 - 10000 head | 117,076 | 111,076 | 111,700 | 32,384 | 44,407 | 51,136 |
| over 10000 head | 285,573 | 285,573 | 285,573 | 181,376 | 175,334 | 177,448 |
| <i>State Total</i> | <i>431,360</i> | <i>427,659</i> | <i>426,374</i> | <i>218,650</i> | <i>224,614</i> | <i>238,579</i> |
| Queensland | | | | | | |
| Less than 500 head | 46,926 | 50,128 | 46,419 | 4,660 | 9,173 | 10,643 |
| 500 -1000 head | 50,586 | 48,204 | 47,126 | 15,540 | 17,273 | 16,758 |
| 1000 - 10000 head | 233,742 | 227,642 | 224,366 | 140,264 | 159,447 | 175,068 |
| over 10000 head | 322,406 | 310,406 | 307,406 | 264,090 | 256,825 | 229,226 |
| <i>State Total</i> | <i>653,660</i> | <i>636,380</i> | <i>625,317</i> | <i>424,554</i> | <i>442,718</i> | <i>431,695</i> |
| Victoria | | | | | | |
| Less than 500 head | 1,814 | 1,814 | 420 | 714 | 927 | 0 |
| 500 -1000 head | 800 | 500 | 1,000 | 0 | 0 | 0 |
| 1000 - 10000 head | 29,657 | 24,610 | 24,494 | 15,041 | 20,026 | 19,426 |
| over 10000 head | 50,342 | 55,389 | 54,505 | 33,080 | 32,353 | 35,874 |
| <i>State Total</i> | <i>82,613</i> | <i>82,313</i> | <i>80,419</i> | <i>48,835</i> | <i>53,306</i> | <i>55,300</i> |
| South Australia | | | | | | |
| Less than 500 head | 3,390 | 3,290 | 3,978 | 1,025 | 1,243 | 1,997 |
| 500 -1000 head | 7,475 | 6,734 | 7,385 | 2,489 | 3,040 | 3,616 |
| 1000 - 10000 head | 21,425 | 21,425 | 17,925 | 17,442 | 18,691 | 12,604 |
| over 10000 head | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>State Total</i> | <i>32,290</i> | <i>31,449</i> | <i>29,288</i> | <i>20,956</i> | <i>22,974</i> | <i>18,217</i> |
| Western Australia | | | | | | |
| Less than 500 head | 15,265 | 15,465 | 19,065 | 2,550 | 78 | 1,493 |
| 500 -1000 head | 6,800 | 6,800 | 4,300 | 0 | 0 | 0 |
| 1000 - 10000 head | 71,100 | 77,700 | 79,900 | 21,884 | 22,128 | 24,939 |
| over 10000 head | 10,000 | 0 | 0 | 0 | 0 | 0 |
| <i>State Total</i> | <i>103,165</i> | <i>99,965</i> | <i>103,265</i> | <i>24,434</i> | <i>22,206</i> | <i>26,432</i> |
| Australia | | | | | | |
| Less than 500 head | 74,854 | 78,006 | 77,381 | 11,113 | 13,790 | 16,172 |
| 500 -1000 head | 86,913 | 85,939 | 81,413 | 20,755 | 22,817 | 28,330 |
| 1000 - 10000 head | 473,000 | 462,453 | 458,385 | 227,015 | 264,699 | 283,173 |
| over 10000 head | 668,321 | 651,368 | 647,484 | 478,546 | 464,512 | 442,548 |
| <i>Total</i> | <i>1,303,088</i> | <i>1,277,766</i> | <i>1,264,663</i> | <i>737,429</i> | <i>765,818</i> | <i>770,223</i> |