

A\$ impacting export categories

With the A\$ lifting to 90US¢ (up 30% on last year) and 80 yen (up 14%), export cattle, lamb and sheep prices remain under downward pressure. However, falls have been contained this week, due to continued declines in cattle and lamb turnoff, as producers hold back stock.

Export cow prices fell further in the main export states of NSW and Queensland this week, though lower numbers lifted rates in all other states, to raise the national indicator slightly. National cow prices are now 18% down on a year ago, led by the 34% fall in cow beef prices into the US market. US market prices have fallen faster than Australian cow values, indicating that the negative pressure on cow prices is set to continue.

In contrast, Japan ox prices lifted in Queensland and NSW this week, reflecting tight supplies and some lift in export prices in recent weeks (despite the A\$ impact). The gap between export prices to Japan and Japan ox values has finally started to recover, having been low since June.

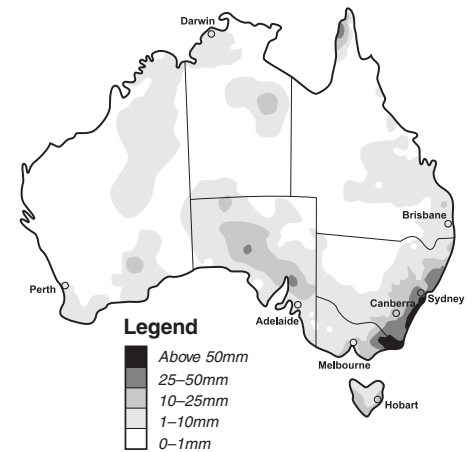
Export lamb prices and sheep values fell with the rising A\$ this week, down 8¢ and 5¢/kg cwt nationally, though they remain 9% and 80% higher than last year, respectively. Lighter lamb categories and Merino lambs rose again this week, on lower numbers and restocker demand, to be 30% higher than a year ago.

Key developments:

- The Brazilian cattle herd is confirmed to have headed north – page 6
- Brazilian beef production decreased 7% in 2008-09 – page 6
- National lamb production higher in August year-on-year – page 7
- Latest MLA sheep and lamb survey open 12 October – page 7
- The global economy on track for a recovery in 2010, albeit slow – page 8
- Rate rise to 3.25% saw the A\$ push through 90US¢ – page 8

Weather watch...

Rainfall analysis – week ending 8 October 2009



Source: Bureau of Meteorology

Rain favours east coast

The past week saw more patchy rain fall across southern Australia, with the heaviest falls located along the southern NSW and Victorian coast and the southern NSW tablelands. Some of the worst drought affected regions of eastern NSW scored favourable falls for the week, including 51mm at Braidwood, 49mm at Bega and 18mm at Goulburn. Good falls were also registered throughout central SA, with mild to cold conditions in Victoria and southern NSW.

National saleyard indicators

MLA's NLRS

Cattle	Weight	Muscle/Fat		TW	LW	LY
Trade steer	330-400kg	C3	(c/kg lwt)	174	177	188
			(c/kg cwt)	321	326	357
Medium steer	400-500kg	C3	(c/kg lwt)	161	162	189
			(c/kg cwt)	298	301	354
Japan ox	500-600kg	C4	(c/kg lwt)	165	164	203
US cow	400-520kg	D3	(c/kg lwt)	122	121	150
			(c/kg cwt)	251	248	307
Feeder steer	330-400kg	C2	(c/kg lwt)	166	172	186

Sheep and lambs

Restocker/feeder lamb	0-18kg	1-2	(\$/head)	71	69	54
Merino lamb	16-22kg	2-3	(c/kg cwt)	364	360	280
Light lamb*	12-18kg	2-3	(c/kg cwt)	398	386	324
Trade lamb [#]	18-22kg	2-4	(c/kg cwt)	437	444	374
Heavy lamb [#]	22+kg	2-4	(c/kg cwt)	414	422	380
Mutton	18-24kg	2-3	(c/kg cwt)	278	283	156

*1st & 2nd cross & Merino, [#]1st & 2nd cross

National over the hooks indicators

MLA's NLRS

Cattle (c/kg cwt)	Weight	Muscle	Fat	TW	LW	LY
Trade steer **	220-260kg	A-C	3-12	321	323	339
Medium steer	260-300kg	A-C	7-22	291	292	328
Japan ox	300-420kg	A-C	7-22	288	291	329
US cow	200-240kg	A-D	3-22	235	238	278

Sheep and lambs (c/kg cwt)	Weight	Muscle	Fat	TW	LW	LY
Light trade lamb	18-20kg	2-4		417	414	374
Heavy trade lamb	20-22kg	2-4		424	421	375
Heavy lamb	22-24kg	2-4		422	420	376
Mutton	18-24kg	2-4		260	261	156

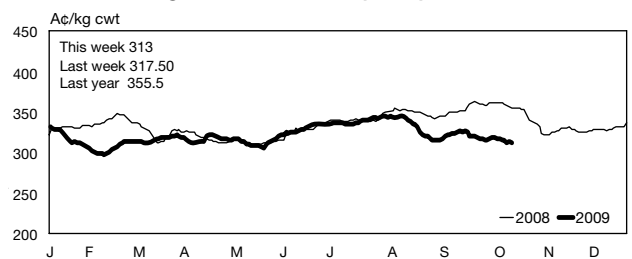
TW = This week, LW = Last week, LY = Last year

** New OTH weight changes on trade steers (see note on page S1)

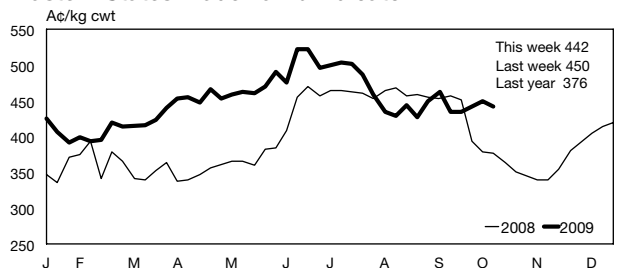
Livestock prices

MLA's NLRS

Eastern Young Cattle Indicator (EYCI)



Eastern States Trade Lamb Indicator



National cattle slaughter restrained

The current tough trading environment and weather patterns played a vital role throughout September in determining cattle slaughter. Slaughter fell 5% on August and 9% year-on-year, despite both NSW and SA remaining unchanged.

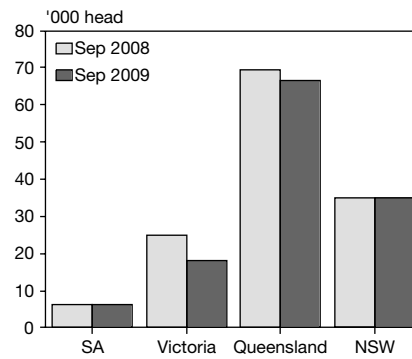
The trade was affected by subdued overseas demand and a rising A\$ during the month. This encouraged processors to reduce prices and shifts, as producers responded by holding on to stock.

The 15% fall year-on-year in national cattle supply at MLA's NLRS reported markets was also partly a result of a lack of overall numbers due to the well received rainfall across Victoria and South Australia. The lack of export demand, and narrowing supply, encouraged several processors to reduce kill days during the month, which further reduced slaughter.

Average weekly slaughter fell 4% year-on-year in Queensland, due to lower supply and a competitive live export market. Following the national trend, reduced demand and supply also encouraged reduced kill days and the closure of a plant for maintenance.

In Victoria, good rainfall and heavy turnoff in previous months resulted in average weekly slaughter falling 27% compared with the corresponding period last year. Several producers opted to hold on to stock with the improved seasonal outlook and falling prices. Several abattoirs also reduced shifts, or closed for maintenance.

Average weekly cattle slaughter



Source: MLA's NLRS

MLA's NLRS

Trade cattle shortage

The supply of trade yearling steers during September fell 19% compared with last year. The large drop in supply was heavily influenced by a 40% and 34% reduction in numbers in both Queensland and Victoria, respectively. In contrast, there was a 4% rise year-on-year in the number of trade cattle penned in NSW markets.

The drop in throughput across Queensland has largely been driven by the fall in prices, along with a general lack of numbers across supply areas. The reduction in trade cattle in Victoria was the result of good rainfall across the state, which restricted cattle movement.

MLA's NLRS

Cattle movements

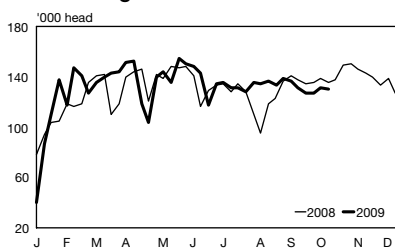
Slaughter statistics - for week ending 02/10/09

		TW	LW	LY
Qld	Cattle	66,454	69,250	67,650
	Calves	588	515	486
NSW	Cattle	36,332	35,302	34,469
	Calves	3,024	3,526	2,320
Vic	Cattle	17,832	18,082	26,223
	Calves	8,565	10,442	11,513
SA	Cattle	6,873	5,685	6,535
	Calves	23	92	66
Tas	Cattle	2,929	2,743	nq
	Calves	2,107	2,686	nq

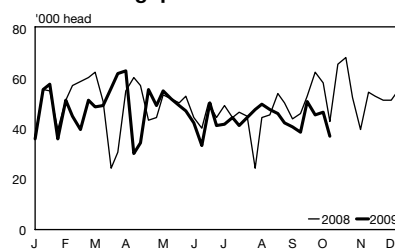
At NLRS reported centres

	TW	LW	LY
Qld	9,332	13,560	13,475
NSW	14,227	19,559	8,834
Vic	7,327	6,620	13,289
SA	3,129	3,627	4,642
WA	2,553	2,763	2,360
Tas	100	110	205

Cattle slaughter*



Cattle throughput*



*figure includes Tasmania as of March 2009

Cattle price data is contained on page 1 of the statistics section.

Prices fall for eastern states feeders

Cattle going direct to feedlots this week met a weaker market, as several contributors dropped their prices compared with last week.

As the season continues to deteriorate across NSW and Queensland, producers are offloading stock. This combined with softer restocker and slaughter demand has prompted feedlots to reduce their prices. The high A\$ and lack of export demand has also contributed to the weakening market. Another influence has been the end of the peak buying period for the feedlot sector to satisfy Japanese demand over summer.

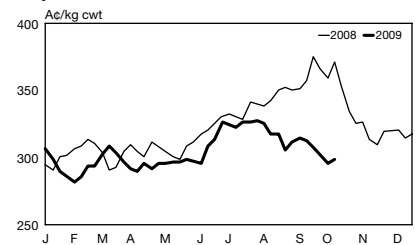
Domestic steers and heifer prices fell 2¢ to 3¢ on last week, with steers averaging 179¢/kg lwt. Short fed steers fell 1¢ to 3¢, with the Angus breed averaging 180¢/kg lwt. Medium fed steers slipped 2¢ to 4¢, with the Angus breed at 185¢. The long fed categories lost 1¢, with most sales around 191¢/kg lwt.

MLA's NLRS

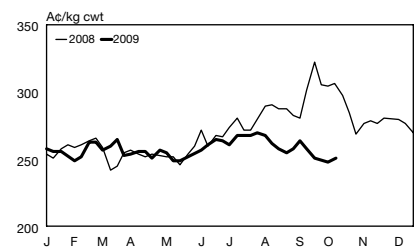
National indicators

MLA's NLRS

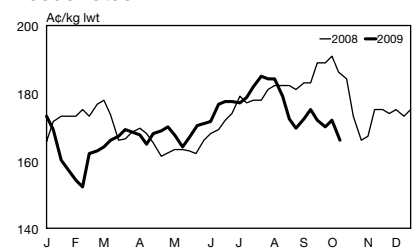
Japan ox



US cow



Feeder steer



Rains revive restockers

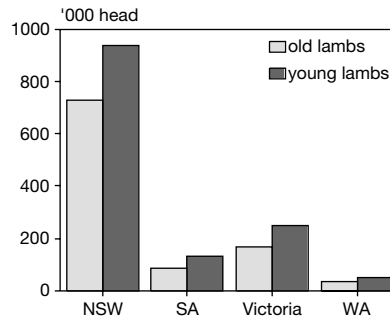
Recent rainfall across south eastern Australia has contributed to the surge in demand from restockers for both new and old season lambs. As a result, prices this week increased 42% year-on-year. Nationally, the restocker lamb indicator finished the week at 470¢, up 138¢/kg cwt on last week.

Restocker purchases in SA increased 9% on last week. Buyer interest offset the increase in supply, with prices up 42% compared with the same period last year. Buyers at Naracoorte responded to the good seasonal conditions, with \$4/head gains recorded on last week. Strong demand was also noted in Victoria, as prices improved 29% on last year. NSW prices gained momentum during the week, up 40% year-on-year, as supply was down 39% over the same period. Southern NSW and Victorian producers entered the market, as restocker lambs at Wagga sold to a firm trend, averaging \$63/head. The WA market remained firm, as restocker lamb prices at Midland remained stable, despite an increase in supply.

Restocker interest saw old lamb prices lift 20% nationally on the same period last year – with SA values particularly strong. Merino lamb values gained 27% year-on-year, aided by increased demand in both NSW and SA.

MLA's NLRS

September lamb supply



Source: MLA's NLRS

Mixed trends for eastern states sheep and lamb indicators

At the conclusion of Thursday's markets, eastern states sheep and lamb indicators registered a mixed trend. This was mainly the result of lamb numbers declining 18% from last week, due to rain, the public holiday early in the week, and the high A\$. The public holiday on Monday in NSW and SA contributed to sheep yardings dropping 5% on last week.

Mild weather contributed to both new and old lamb quality improving, which had a positive impact on prices. Good producer demand lifted restocker lamb values 45¢ from last week, to settle at 474¢, while Merino lambs gained 5¢ to average 366¢/kg cwt.

Light lamb finished 11¢ dearer, at 401¢/kg cwt. Trade lamb eased slightly from the previous week to 442¢/kg cwt, with large numbers offered. The advancing A\$ impacted heavy lamb values – losing 12¢ to finish at 417¢/kg. Mutton prices sustained the dearer trend, gaining 10¢ to finish at 296¢/kg cwt.

MLA's NLRS

New lambs compose the majority of yardings

In September, 58% of the lambs offered at MLA's NLRS reported saleyards were young lambs with national young lamb supply 70% higher than last year. The largest share of new season lambs yarded was in NSW, which accounted for 69% of national supply.

Good to excellent quality young lambs entered the market during September, as weather conditions were favourable in south eastern Australia and values remained high. However, the deteriorating seasonal outlook in NSW encouraged producers to sell young lambs and boosted supply during late September. Similarly, yardings late in the month increased in Victoria, moving Bendigo to split sales in early October.

MLA's NLRS

Sheep and lamb movements

MLA's NLRS

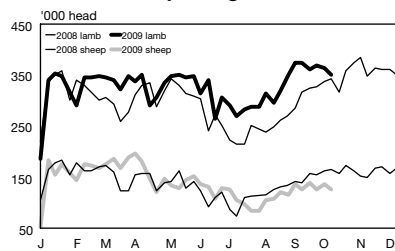
Slaughter statistics - for week ending 02/10/09

		TW	LW	LY
Vic	Lambs	153,969	161,546	157,553
	Sheep	45,557	46,792	65,122
NSW	Lambs	104,977	103,043	96,646
	Sheep	51,269	57,625	59,781
SA	Lambs	83,360	83,954	81,378
	Sheep	21,416	23,854	29,411
Qld	Lambs	2,851	7,796	6,969
	Sheep	9,227	8,405	12,184
Tas	Lambs	7,522	9,072	nq
	Sheep	810	390	nq

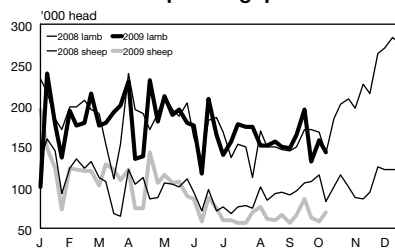
Saleyard throughput - for week ending 08/10/09

		TW	LW	LY
Vic	Lambs	37,186	32,484	43,078
	Sheep	16,266	9,188	18,217
NSW	Lambs	76,810	106,739	60,761
	Sheep	27,650	33,580	27,780
SA	Lambs	20,973	13,643	27,774
	Sheep	2,603	4,500	11,500
WA	Lambs	8,503	4,500	10,000
	Sheep	22,476	11,869	24,375
Tas	Lambs	350	400	435
	Sheep	0	0	350

Lamb and sheep slaughter*



Lamb and sheep throughput*

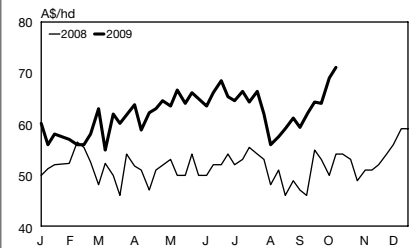


*figure includes Tasmania as of March 2009

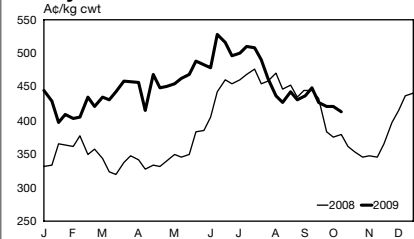
National sheep and lamb indicators

MLA's NLRS

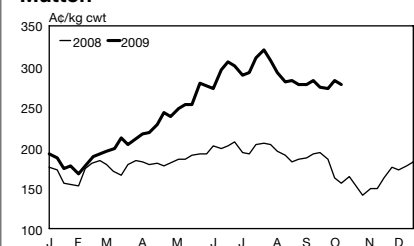
Restocker feeder lamb



Heavy lamb



Mutton



Sheep and lamb price data is contained on page 1 of the statistics section.

Queensland throughput saleyard survey

The results for the 2008-2009 financial year Queensland throughput saleyard survey have been finalised. The throughput data was collected from 31 cattle and five sheep saleyards across Queensland, with some selling both sheep and cattle.

Queensland cattle

Once again, the Roma saleyard held on to the top spot for the state and was ahead of second place Dalby by 194,000 head. This was a result of the large store sales that Roma has each week. Cloncurry dropped from second to third place, with Gracemere holding out third place for the fourth year in a row. Rounding out the top five saleyards was Blackall, which has risen up from seventh to fifth place.

Queensland sheep

Warwick has managed to continue its dominance as the major Queensland sheep market by accounting for 80% of the states' yardings. Dalby has managed to hold onto second place by 12,271 head, with Gatton coming up from fourth place to third place. Gympie has come into fourth place from fifth last year. In fifth place was Gracemere, which has risen steadily through the ranks.

Queensland cattle				
Position 2008-2009	Saleyard	Prime	Store	Total
1	Roma	88,540	318,878	407,418
2	Dalby	101,900	111,572	213,472
3	Cloncurry	0	188,443	188,443
4	Gracemere	13,367	120,302	133,669
5	Blackall	32,207	80,662	112,869
State total		684,845	1,135,331	1,820,176

Queensland sheep				
Position 2008-2009	Saleyard	Prime	Store	Total
1	Warwick	54,806	0	54,806
2	Dalby	11,507	1,087	12,594
3	Gatton	268	55	323
4	Gympie	0	174	174
5	Gracemere	0	30	30
State total		66,581	1,346	67,927

MLA's NLRS

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Hides hold steady

Hide prices from the majority of contributors have remained unchanged. There was, however, slight variation from a couple of contributors for some green and wet blue hides. This trend is still the result of local tanners competing for supplies.

There has been some steady enquiry for good quality hides, however, overseas tanners are not willing to pay over what their leather sales allow. In fact, there is still a push for a reduction in rates.

MLA's NLRS

Young lambskins prices lift

New season lambskins were firm to around \$1/skin dearer due to increased interest from China. The firmer rates are for good clean skins only. However, shorn lambskins are very difficult to move due to very little inquiry and general mixed quality. The high A\$ is also placing pressure on new sales.

Sheepskin rates were unchanged as demand has been soft. There is little interest in skins over two inches and the majority of sheepskins offered are under one inch.

MLA's NLRS

Hide indicator (\$/hide)

MLA's NLRS

	Green hides w/e 2/10/09					
	141-180kg cwt			221-280kg cwt		
Qld	TW	LW	LY	TW	LW	LY
NSW	11.00	11.00	18.10	14.00	17.67	32.10
Vic & SA - cow	13.25	12.50	18.80	21.38	20.38	34.50
Vic & SA - ylg, ox, hfr	12.75	12.75	16.86	20.25	20.25	37.17
	15.33	15.00	26.57	27.08	25.83	42.64
Weight	Tick free			Ticky		
	TW	LW	LY	TW	LW	LY
20+kg/hide	26.00	26.00	47.00	15.00	15.00	38.67
26+kg/hide	38.00	38.00	60.50	26.00	26.00	54.00
Brine cured hides (Qld)						
23-27kg/hide	47.00	46.00	65.00	26.00	27.00	55.21
27-31kg/hide	54.00	53.00	74.26	40.00	43.00	64.63
Wet blue hides (NSW, Vic & Qld)						

Weekly saleyard quote

MLA's NLRS

South Eastern Australia saleyard quote

After some excellent winter rainfall, much of the South East was under water, but drier spring weather has witnessed pastures drying out and starting to grow rapidly. This has led to a lift in cattle and lamb quality over the past couple of weeks, as this region enters its normal selling period.

Cattle sold to the usual Victorian, NSW and SA processor competition, with prices rising over the past week, after a month of reduced rates.

More young lambs are starting to appear after an initial setback, due to the cold wet winter months. Most lambs are in 2 to 4 score condition, as producers take advantage of the good saleyard prices being paid over the past couple of weeks.

Grain feed prices (\$/tonne)

Daring Downs	TW	LW	LY
Wheat	205	205	320
Barley	195	195	235
Sorghum	175	175	205
Riverina			
Wheat	200	200	300
Barley	167	167	280
Sorghum*	250	250	290

*includes freight

Eastern Market Wool Indicator (¢/kg)

AWEX E.M.I	TW	LW	LY
	848	876	868

Source: Australian Wool Exchange Ltd.
www.awex.com.au

Skin indicator (¢/skin)

MLA's NLRS

w/e 2/10/09				
Lambs		TW	LW	LY
2"+	16.1 - 20kg	300	300	725
	20.1 - 24kg	375	375	825
	24.1kg +	400	400	925
1"-2"	16.1 - 20kg	300	300	775
	20.1 - 24kg	375	375	950
	24.1kg +	400	400	1050
0.5"-1"	16.1 - 20kg	175	250	625
	20.1 - 24kg	200	250	750
	24.1kg +	250	250	850
New season	16.1 - 20kg	nq	nq	1025
	20.1 - 24kg	nq	nq	1200
	24.1kg +	nq	nq	1300
Merino sheep (average 25 micron)				
1.5"-2"	16.1 - 20kg	300	250	725
	20.1 - 24kg	400	300	875
	24.1kg +	550	550	1050

Beef exports to Japan fall 8% in September

Australian beef and veal exports to Japan in September fell 8% year-on-year, to 27,734 tonnes sw. Trading was impacted by various factors, such as Japan's recessive economy and sluggish consumer demand along with the rising A\$, and subsequent reduction in meat packing activity in Australia.

Australia sent 13,314 tonnes of chilled beef (up 8% on last year) and 14,420 tonnes of frozen beef (down 20%) to Japan during September, according to data from the Department of Agriculture, Fisheries and Forestry.

The increase in chilled items was assisted by soft export prices from Australia due to reduced competition from other markets. Chilled beef export prices to Japan in September were estimated to have been 10% and 15% lower than a year ago in US\$ and A\$ terms, respectively. The relatively firm performance by the Japanese retail sector also contributed to the upward trend.

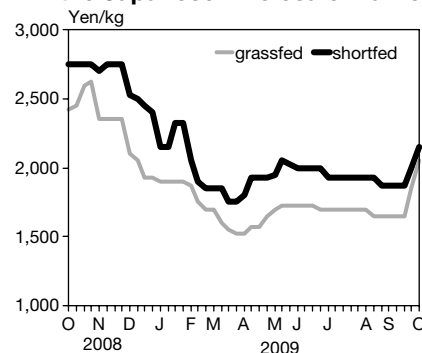
In contrast, frozen volumes to Japan remained subdued in September, compared with last year's relatively high volumes (27% above the five-year average). The slow performance of the foodservice sector – a volume user of Australian frozen beef – impacted demand, as well as Japanese buyers' cautious buying behavior to avoid risks of overstocking.

Tenderloin prices improve in Japan

Beef trading with Japan was mixed this week. Inquiry for Australian beef increased, but the strong A\$ limited product purchases. Export prices to Japan eased both in US\$ and A\$ terms from last week, reflecting buyers' intense pressure for lower prices.

Wholesale demand for Australian chilled grassfed beef strengthened in Japan this week, lifting prices in most categories. Grassfed tenderloin was traded at around 2,050 yen/kg, the highest weekly average since December 2008. Shortfed tenderloin was also in good demand.

Australian chilled tenderloin prices in the Japanese wholesale market



Source: Chikusan Nippo

Chuseok clears stocks

A week after Chuseok, Korean wholesale prices for Australian beef strengthened due to low stocks, but prices for US beef remained steady. It was quiet this week, as the majority of Korean importers will start evaluating stocks to plan their purchases for a cooler season.

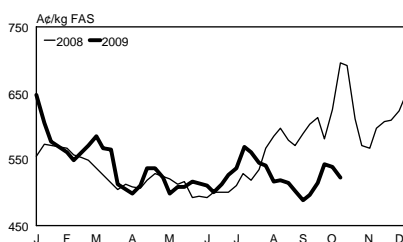
Korean import figures for August this year reveal a strong Australian product presence for Chuseok, but also the increasing interest for US beef. Australian beef imports increased from 10,208 to 11,086 tonnes swt from July to August, while US volumes lifted from 4,573 to 5,278 tonnes swt, and New Zealand from 2,860 to 2,920 tonnes swt during the same period (KITA).

Although Australian exports to Korea have remained strong months ahead of Chuseok, the rising A\$ against the US\$ have constrained profitability for most Australian exporters.

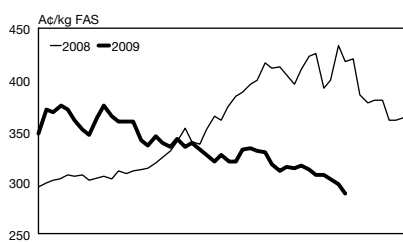
Export price watch

Source: Australian trade, US trade

Japan grassfed fullset price



90CL cow price to US



Weaker US demand

Imported beef prices into the US moved lower this week due mainly to reduced domestic demand and, to a lesser extent, adequate domestic supply at this stage.

CIF prices for Australian 90CL averaged 130US¢/lb CIF, down 1US¢/lb on last week. The stronger Australian currency saw FAS prices in A\$ terms fall by a larger percentage, down 9.2A¢/kg over the past week to 288.6¢/kg FAS – 34% lower than a year earlier.

Trading was limited this week, with reports of market participants reducing inventory positions. Reportedly, this contributed a large spread between US bid offerings and offer prices from Australia and NZ.

Competitor products such as pork and chicken are retailing at discounted rates. This is influencing consumers' choice of protein, to the detriment of ground beef. While there was a modest improvement in US restaurant trade over the US spring and early summer, the restaurant tracking index has recently trended lower. This is indicative of the current US economic climate, with unemployment presently at 9.8%. US cattle prices have also declined sharply in recent weeks to US\$81.38 cwt in the cash market, 13% lower than the same time last year.

Major demand indicators (A¢/kg FAS)

Japan	TW	LW	LY
Grassfed f/set	522	539	696
Shortfed f/set	584	610	790
Fore/hind blended	289	291	525
US			
Cow 90CL	289	298	438
Trim 85CL	263	273	416
Knuckles - steer	398	404	508

Source: Trade

US lamb market

	w/e 8/10/09	TW	LW	LY
HRI leg (US¢/lb)	355	355	380	
HRI rack (US¢/lb)	610	610	730	
US lambs 55-65lb (US¢/lb dw)*	213	212	232	
US sheep and lamb slaughter ('000 head)*	48	49	48	

*w/e 2/10/09
Source: HRI Buyers Guide, USDA

Exchange rate

Major currencies against the A\$	TW	LW	LY
US dollar	0.902	0.881	0.691
Japanese yen	79.64	79.26	69.71
Korean won	1054	1040	972
UK pound	0.564	0.552	0.400
Euro	0.611	0.602	0.505
NZ dollar	1.218	1.221	1.134
Indonesia rupiah	8449	8492	6644

Source: Infoscian

TW = This week, LW = Last week, LY = Last year

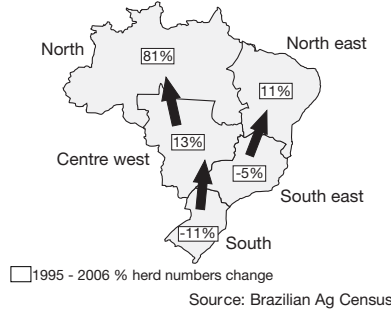
Brazilian herd northern movement confirmed

The Brazilian cattle herd is confirmed to have headed north, as stated by the results of the recently released 2006 Brazilian Agricultural Census (*Brazilian Statistics and Geography Institute*). The shift was primarily the result of competition from increasingly profitable agricultural crops in the more productive, accessible and dearer southern land.

The North region increased its cattle numbers by 81.4% in 2006 when compared with the previous census in 1995. Meanwhile, the North-east increased its numbers by 10.9% and the Centre-west by 13.3%. In contrast, the herd shrank 10.9% in the South region and 5.3% in the South-east region. According to AgraFNP, these movements are affecting the whole beef industry, as meatpackers need to reposition plants.

The total herd has reportedly increased 12% to 171.6 million over the period. Despite the increase in total animal numbers, pasture land area has decreased 10.7%, indicating higher productivity and increased lot feeding.

Brazilian cattle herd movements



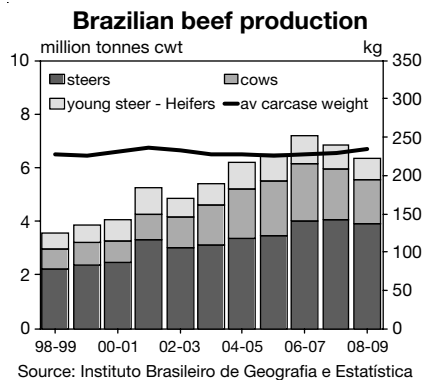
Brazilian production down again

Brazilian beef production decreased 7% year-on-year in 2008-09 to 6.4 million tonnes cwt, a larger fall than the 5% registered in 2008-07, according to recently released figures from the Brazilian Statistics and Geography Institute (IBGE). However, during the past fiscal year, the decline in production was lower than the 9% fall in slaughter, which totalled 27.17 million head, as average carcass weights increased 2% to 234.5 kg.

Most noticeable in 2008-09 was the 15% decrease in cow and 50% drop in calve slaughter, indicating that the Brazilian cattle industry remains focused on rebuilding the herd after the high slaughter between 2005 and 2007. In contrast, steer slaughter was down only 5% and young steer and heifer slaughter declined by 9%.

Although IBGE's data accounts for only around 75% of total Brazilian slaughter (as there is a percentage of informal slaughter which is not registered) and total annual slaughter is estimated at around 40 million head, it is an indicator of the cattle trends.

Slaughter and production have declined from the 2006-07 peak, as a result of tightening supply, an appreciating real (which has impacted export competitiveness) and rising consumption in the local market, in addition to the trade disruptions during 2008-09 due to the financial crisis. While production decreased 11% from 2006-07 to 2008-09, exports declined 31% during the period (*World Beef Report*).



New Zealand commodity prices surge

World prices for a basket of New Zealand's (NZ's) top export commodities rose 7% in September – the steepest rise in over 20 years – as optimism about the strength of a global economic recovery continued to prove buoyant for commodity prices (ANZ Commodity Price Index).

The largest rise in price was seen for dairy goods (NZ's largest export), which cumulatively rose 33% since February this year. A range of other commodities, including lamb (up 2.3%) and beef (up 2.2%) recorded smaller increases in price.

Unfortunately for exporters; most of the price-rise was masked by a similar increase in the exchange rate. The NZ\$ has rallied 31% since January, to trade above 73US¢ this week (*Infoscan*). Hence, despite the firming in commodity prices, export prices for NZ meat remain flat. Chilled lamb legs to the EU are currently averaging 822NZ¢/kg – 17% lower than a year ago. Racks destined for the US market currently average 1,866NZ¢/kg, also 17% less than a year earlier (*AgriFax NZ*).

US beef price indicators (US¢/lb)

	TW	LW	LY
90CL fresh	125.0	126.0	147.5
Chucks	139.5	140.5	175.0
Choice beef cutout	132.6	135.4	150.4
5 mkt fed steer (lwt)	81.4	83.5	93.7
CME feeder cattle (lwt)	94.5	95.8	100.9
Cutter cow carcass (lwt)	73.0	74.0	87.0

Source: Umer Barry, USDA

Cattle slaughter ('000 head)

	TW	LW	LY
w/e 26/9/09			
US - total	648	645	660
year to date	24,641	23,993	24,998
US - cows	115	116	121
year to date	4,519	4,404	4,406
w/e 3/10/09			
Uruguay - total	44	44	31
year to date	1,758	1,714	1,751

Source: USDA, World Beef Report

NZ livestock prices (A¢/kg)

	TW	LW	LY
w/e 2/10/09			
Bulls 296-320kg	250	254	372
Cows 170-195kg	170	174	300
Steers 295-320kg	272	280	394

Source: Agri-Fax

NZ export lamb market

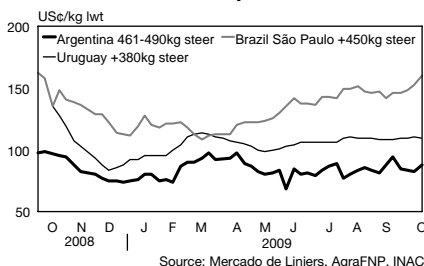
	TW	LW	LY
A¢/kg			
w/e 2/10/09			
NZ chilled export leg to EU (FAS)	726	738	864
SI lamb 15kg dw	467	483	456

Source: Agri-Fax, AgBrief

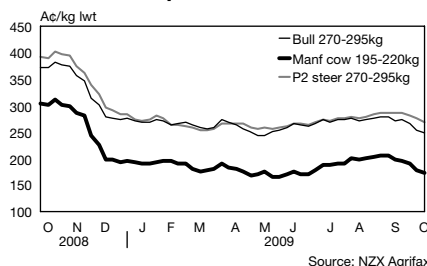
TW = This week, LW = Last week, LY = Last year

Competitor prices

South America cattle prices



NZ OTH cattle prices



Mutton production down in August

Australian mutton production during August fell 15% year-on-year, to 14,803 tonnes cwt (Australian Bureau of Statistics). During the calendar year to August, production also declined 15% on the same period last year, to 140,244 tonnes cwt.

Contributing to the lower production for the month was a 17% fall in sheep slaughter, to 684,000 head, due to limited national sheep supply. However, the improvement in feed supply across a number of regions and the mild winter contributed to a 3% increase in average sheep carcase weights, to 21.7kg/head.

The largest fall in mutton production during August was recorded in WA, where production declined 40% year-on-year, driven by a 36% fall in sheep slaughter.

Mutton production in NSW and Victoria during August declined 8% and 14%, respectively, with the lower slaughter partly offset by higher carcase weights.

Mutton production in SA increased 2% year-on-year due to a 7% rise in average carcase weights, which more than offset a 4% fall in sheep slaughter.

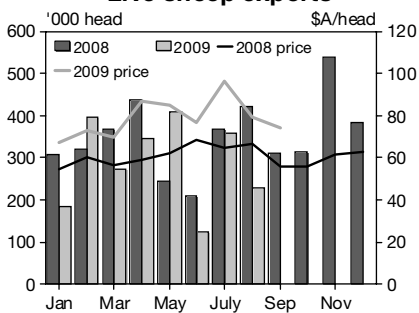
Live sheep exports fall in August

Australian exports of live sheep fell 46% year-on-year in August to 227,025 head. Exports for the calendar year to date were 2.3 million head, 13% below a year earlier (ABS).

There were lower shipments of sheep in August to all major markets, falling 13% to Bahrain (64,580 head), 5% to Kuwait (95,650 head), 43% to the UAE (14,014 head) and 56% to Oman (21,042 head).

The live trade is becoming increasingly hampered by the lack of supply, with the declining flock and decreased turnoff. Live wether export prices (Midlands saleyard, WA) continue to rise, averaging 29% higher so far this year, at \$78.6/head.

Live sheep exports



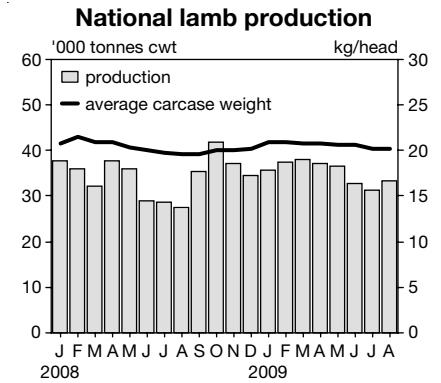
Source: ABS, Livecorp

Eastern states drive lamb production

National lamb production during August increased 22% year-on-year, to 33,275 tonnes cwt (Australian Bureau of Statistics). As a result, lamb production during the calendar year to August was 7% higher than the same period last year, at 282,471 tonnes cwt.

Contributing to the rise in lamb production for the month was a 17% year-on-year increase in lamb slaughter, to 1.6 million head, and a 4% increase in average lamb carcase weights, to 20.3kg/head. The mild winter, strong prices and improvement in feed availability relative to last year boosted both slaughter and carcase weights during the month.

Lamb production during August in NSW, Victoria and SA increased 35%, 31% and 41% year-on-year, respectively, on the back of higher slaughter and average carcase weights.



Source: ABS

In contrast, WA lamb production during August fell 42% year-on-year, due to a 41% decline in lamb slaughter. Enterprise shifts away from sheep, the late autumn break and processor closures contributed to the limited supply during the month. Similarly, lamb production in Tasmania and Queensland declined 6% and 8% year-on-year, respectively.

Strong sales for Lebaran in Indonesia

Beef sales in Indonesia were very strong during Ramadan, and particularly during Lebaran (breaking of the fast – 20-22 September 2009). This is a celebration period for Indonesians, and beef is an important part of their celebratory meals.

Beef is supplied to meet this demand from local cattle, Australian cattle and chilled and frozen imported beef.

Initial reports indicate that stocks now need replacing. While wholesale market prices have eased following this peak demand period, market sources indicate that sales continue to be good.

Be part of the October 2009 MLA sheep and lamb producer survey

The October 2009 MLA sheep and lamb producer survey will be open on Monday 12 October for producers to complete. The new survey is designed to obtain feedback from lamb and wool producers across the country, to provide the industry with up-to-date information on the composition of the national flock and its' supply capabilities.

The information collected will assist MLA with supply forecasting activities, and the lamb industry with future market enhancement programs.

In return for your assistance, you will receive a copy of the survey report, and be entered in the draw to win an Engel 38 litre fridge/freezer, with matching transit bag worth RRP\$1,129.

To fill out the survey, go to www.mla.com.au/sheepsurvey.

Your responses will be aggregated with the replies from other participants to create state and national lamb industry data. Individual responses remain strictly CONFIDENTIAL.

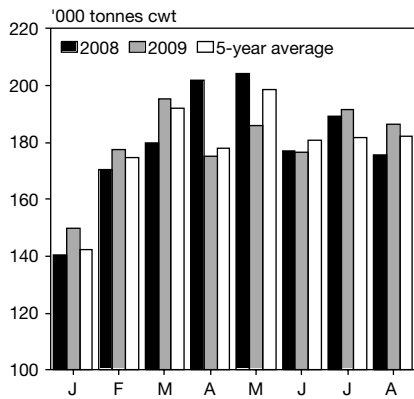
We ask that survey responses for the October 2009 sheep and lamb producer survey be submitted by 7 November 2009.

If you would like further information or require assistance in completing the survey, please call 02 6773 3146 or toll free on 1800 023 100, or email sheepsurvey@news.mla.com.au.

Beef production up in August

Australian beef and veal production during August increased 6% year-on-year, boosted by a surge in Queensland adult cattle slaughter, as record August heat and deteriorating seasonal conditions saw producers increase turnoff. Production for August reached 186,256 tonnes cwt, with a 17% year-on-year rise in Queensland offsetting falls in NSW, Victoria, WA and Tasmania (Australian Bureau of Statistics).

Australian beef and veal production



Source: ABS

The deteriorating season throughout southern Queensland during August contributed to a 16% jump in total adult cattle slaughter, as processors benefitted from reduced competition from restockers and feeders. Adding to the large year-on-year rise was the reduced cattle slaughter recorded in August last year, as transport issues restricted cattle movements during the first week of the month. While male and female slaughter in Queensland for August were up 15% and 20%, respectively, on the same period last year, compared with the five-year average, they were up only 1% and 7%, respectively.

Average rainfall across much of Victoria tightened cattle turnoff in August, with total adult slaughter falling 13% year-on-year, with male and female numbers back 14% and 12%, respectively. After a rapid start to the year, boosted by drought and weak conditions for the dairy sector, female cattle turnoff has now declined for the past four months. A very wet August had total adult cattle slaughter in Tasmania down 19% year-on-year.

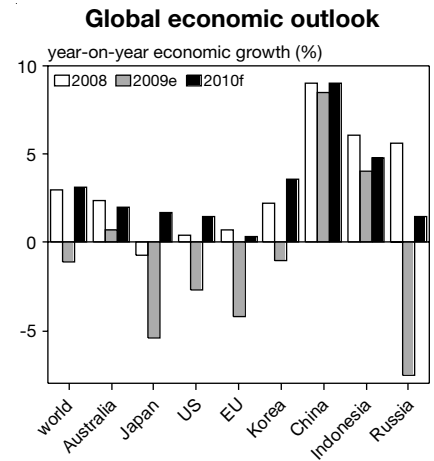
NSW cattle slaughter during August declined 3% year-on-year, with female and male numbers tightening 4% and 2%, respectively.

Economic recovery on track for 2010: IMF

The global economy is on track for a recovery in 2010, albeit slow, with almost all advanced economies forecast to return to positive growth after a tumultuous 2009. The latest global economic outlook from the International Monetary Fund (IMF) forecasts world economic growth to return to 3.1% in 2010, after registering -1.1% for the current year, with advanced economies rebounding from -3.4% in 2009, to 1.3% for 2010.

While the slowdown in economic activity for 2008 and 2009 has hit advanced economies the hardest, Australia is forecast to be the only advanced economy to record positive growth in 2009, at 0.7%. Australia's economic growth is forecast to increase to 2% in 2010, while consumer prices remain relatively steady at 1.5%.

Given the extent of the economic slowdown in late 2008 and 2009, led by Japan, the US and EU, the recovery in most advanced economies for 2010 will be slow, but will return to positive territory. According to the IMF, Japan's economic growth in 2009 is estimated to come in at -5.4%, and recover to 1.7% in 2010. Similarly, the US, after recording -2.7% in 2009, is forecast to have growth return to 1.5% in 2010, while the EU is tipped to recover from -4.2% in 2009, to 0.3% in 2010.



Source: IMF

Other major trading partners for Australia are expected to register increased growth in 2010, including Korea 3.6%, China 9% and the Middle East 4.2%, while growth across South East Asia is forecast to hit 4%, after falling to 0.7% in 2009, with Indonesia reaching 4.8% next year.

The IMF's forecast for an improvement in economic conditions in 2010 will be very welcome news for Australian red meat exports, especially for beef. The past 12 months has seen global beef demand hit hard by the downturn in economic conditions, especially in Japan, the US, Europe and Russia, as consumers turned towards cheaper protein choices, which has put pressure upon both retail and export beef prices.

Rate rise boosts A\$

This week's rise in official interest rates by the Reserve Bank of Australia, to 3.25%, saw the A\$ push through 90US¢, as the Australian economy continued to outpace growth from most other advanced economies. The A\$ traded above 90US¢ during Thursday, taking it 30% above the corresponding period last year.

Given that the worst of the economic and financial conditions hit the A\$ during October 2008, with the A\$ falling 31% throughout the month, to a low of 61US¢, the year-on-year difference in the A\$ will only increase over the next few weeks. Over the past two months, the A\$ has steadily appreciated 7% and is up 27% since the start of 2009.

While the weakness of the US\$ has played a major role in the A\$ appreciation, the A\$ has been more subdued against other major currencies in recent weeks. As at Thursday, the A\$ was trading at 79.6¥, which was 12% above the corresponding period last year and just above the average for the past two months, at 78.8¥. Similarly, the A\$ has been relatively steady against the Euro during the past two months, largely trading between 58 and 60 euro, averaging 59euro. As at Thursday, the A\$ had increased slightly, trading at 61euros.

With Australia's interest rates expected to increase further in the coming month, while those in other countries remain steady, the A\$ is likely to experience further upwards pressure. The higher A\$ is contributing to the difficult beef trading conditions at present, as demand and beef prices in the US and Japan remain subdued.

Domestic Indicators

TW = This week, LW = Last week, LY = Last year

Category definitions are as per tables on front page.

Over the hooks cattle indicators (¢/kg cwt) MLA's NLRS

	Qld*			NSW			Vic			SA			WA			Tas		
	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY
Trade steer**	281	281	332	289	297	341	345	345	353	nq	nq	nq	360	360	330	330	330	340
Medium steer	274	276	346	278	281	345	340	340	340	nq	nq	nq	261	261	268	300	300	340
Japan ox	279	281	341	289	301	348	310	310	348	nq	nq	nq	261	261	265	300	300	342
US cow	220	221	273	229	234	287	234	244	289	230	230	270	nq	nq	nq	260	260	270
EU steers	280	280	375	323	333	385	nq	nq	nq	nq	nq	nq	261	261	265	nq	nq	nq

* Qld quotes are for Southern Queensland only

** New OTH weight changes on trade steers (see note below)

Saleyard cattle indicators MLA's NLRS

	Qld			NSW			Vic			SA			WA			Tas		
	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY
Trade steer (¢/kg lwt)	168	171	185	175	179	200	180	183	191	179	172	181	nq	nq	153	nq	186	184
(¢/kg cwt)	316	316	361	318	328	365	334	341	354	323	307	327	nq	nq	284	nq	342	340
Medium steer (¢/kg lwt)	165	160	189	158	162	191	167	165	183	165	164	180	nq	nq	140	173	168	nq
(¢/kg cwt)	303	296	358	293	301	353	312	308	340	311	308	321	nq	nq	255	320	312	nq
Japan ox (¢/kg lwt)	164	162	205	164	161	205	166	173	188	170	167	187	nq	nq	152	170	nq	181
(¢/kg cwt)	294	290	376	298	294	368	309	320	347	306	303	340	nq	nq	275	312	nq	331
US cow (¢/kg lwt)	120	122	147	118	120	158	130	125	148	131	123	148	117	111	98	126	125	141
(¢/kg cwt)	244	249	297	245	251	331	264	256	300	280	247	306	235	219	205	265	265	294
Feeder steer (¢/kg lwt)	172	172	193	163	172	191	169	169	179	175	173	181	160	nq	151	nq	nq	nq

Over the hooks sheep and lamb indicators (¢/kg cwt) MLA's NLRS

	Vic			NSW			SA			WA			Tas			Qld		
	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY
Light trade lamb	414	409	372	424	425	392	383	383	380	446	443	338	440	430	410	395	395	350
Heavy trade lamb	418	413	373	429	431	387	403	403	380	446	444	349	440	430	410	405	405	350
Heavy lamb	410	403	365	437	434	393	393	393	380	443	440	351	430	430	415	420	420	350
Mutton	265	265	161	253	253	167	290	290	150	215	215	100	285	290	180	250	250	175

Saleyard sheep and lamb indicators (¢/kg cwt) MLA's NLRS

	Vic			NSW			SA			WA			Tas		
	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY
Restocker/feeder (\$/head)	76	70	56	68	69	53	73	72	56	44	35	34	nq	nq	59
Merino lamb (¢/kg cwt)	325	335	255	367	363	282	357	355	283	nq	312	273	nq	nq	nq
Light lamb (¢/kg cwt)	393	387	331	396	383	307	420	427	352	378	375	293	465	443	364
Trade lamb (¢/kg cwt)	426	430	361	444	448	381	435	442	394	398	452	296	455	470	386
Heavy lamb (¢/kg cwt)	401	404	373	429	434	378	414	412	398	381	468	305	nq	422	nq
Mutton (¢/kg cwt)	288	287	151	299	289	172	268	219	160	219	254	121	nq	nq	173

Over the hooks pig indicators (¢/kg cwt) MLA's NLRS

	NSW			Qld			Vic			SA			WA			Tas		
	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY	TW	LW	LY
Pork DF 45 - 60kg	364	364	349	353	353	328	383	383	334	363	363	302	340	340	302	nq	nq	nq
Bacon GI 60 - 75kg	330	330	319	313	313	299	331	331	323	320	320	322	322	322	262	nq	nq	nq
Backfatter sows 90kg+	181	181	125	161	161	129	203	203	134	215	215	138	88	88	79	nq	nq	nq

Live export price quotes (¢/kg lwt)

		TW	LW	LY
Light steers (280 - 400 kg)	Darwin	175	175	190
	Fremantle	nq	nq	nq
Heavy steers (400+ kg)	Darwin	170	170	185
	Fremantle	nq	nq	nq
Export wethers (A\$/head)	Midland	77	76	nq

Source: MLA's NLRS, Landmark

Tallow (\$/t, delivered in store)

	TW	LW	LY
Prime - Melbourne	nq	750	680
Prime - Brisbane	nq	780	680
Bleachable fancy	nq	700	640

Source: Trade

Feeder cattle indicators (A¢/kg lwt)

Domestic	Paddock sales	w/e 2/10/09		
		TW	LW	LY
Domestic	Steers 280-350kg	179	181	191
	Heifers 280-350kg	168	170	183
Export	Shortfed 100-120 DOF	174	175	186
	Mediumfed 120-220 DOF	180	183	196
	Longfed 220+ DOF	191	193	202

MLA/SFE Cattle Futures (¢/kg cwt)

week ending	High	Low	Volume	Settle	Open Interest
08/10/09	nq	nq	0	309.00	10
Nov-09	nq	nq	0	317.50	5
Jan-10	nq	nq	0		

EYCI: 313

Source: MLA/SFE

NOTE: Feeder cattle prices are for cattle purchased for direct entry into feedlots.

Japan market

TW = This week, LW = Last week, LY = Last year

Imported beef price in Kanto wholesale market

¥/kg spot, US¢/lb C&F*	TW	LW	LY	
From Australia chilled				
grassfed	¥/kg	720	700	839
fullset	US¢/lb	248	237	255
shortfed	¥/kg	820	820	983
fullset	US¢/lb	284	279	301
midfed	¥/kg	1015	1015	1234
fullset	US¢/lb	355	348	380
longfed	¥/kg	1270	1270	1489
fullset	US¢/lb	447	439	461
grassfed navel	¥/kg	675	625	755
end brisket	US¢/lb	232	210	229
grassfed	¥/kg	615	600	790
chuck roll	US¢/lb	211	201	240
shortfed navel	¥/kg	795	775	810
end brisket	US¢/lb	275	263	246
shortfed	¥/kg	725	725	880
chuck roll	US¢/lb	250	246	268
Frozen				
brisket	¥/kg	510	510	620
	US¢/lb	177	174	190
chuck/blade	¥/kg	570	570	nq
	US¢/lb	199	195	nq
cow meat (85CL)	¥/kg	420	420	580
	US¢/lb	144	142	177
From US chilled				
chuck rib	¥/kg	1150	1150	1565
	US¢/lb	403	396	485
short rib	¥/kg	2025	2025	2475
	US¢/lb	719	706	772
steak ready	¥/kg	1800	1800	2200
	US¢/lb	638	626	685
Frozen				
chuck roll	¥/kg	nq	nq	nq
	US¢/lb	nq	nq	nq
short plate	¥/kg	775	775	865
	US¢/lb	273	268	268

Source: Chikusan Nippo

Imported offal prices in Kansai wholesale offal market

¥/kg spot, US¢/lb C&F*	TW	LW	LY	
From Australia frozen				
tongue	¥/kg	1025	1275	1515
(swiss cut)	US¢/lb	444	545	579
thick skirt	¥/kg	430	430	460
	US¢/lb	181	178	170
thin skirt	¥/kg	405	405	460
	US¢/lb	170	167	170
mountain	¥/kg	490	490	1375
chain tripe	US¢/lb	234	230	592
From Chile frozen				
tongue	¥/kg	nq	nq	nq
(swiss cut)	US¢/lb	nq	nq	nq
From Mexico frozen				
tongue	¥/kg	1025	1275	1825
(swiss cut)	US¢/lb	444	545	699
From US frozen				
mountain	¥/kg	nq	nq	nq
chain tripe	US¢/lb	nq	nq	nq

Source: Shokuniku Sokuho

Prices are indicator only

* Export price equivalent (C&F) after removing from the wholesale price import tariffs, indicative landing charges, marine insurance and other import costs (converted into US¢/lb).

Australian export prices to Japan are converted from US¢/lb C&F to Ac/kg FAS terms using the \$A/\$US exchange rate, converting from lbs to kgs and calculating the average freight rate to Tokyo Port (chilled = Ac40/kg; frozen = Ac30/kg). An average of northern and southern export processor prices.

For subscriptions and information please phone 1800 023 100 or visit www.mla.com.au/marketinformation or www.mla.com.au/nlrs

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Beef export prices to Japan

Ac/kg FAS, US¢/lb C&F#	TW	LW	LY	
Chilled				
grassfed fullset	US¢/lb	230	232	231
	Ac/kg	522	539	696
shortfed fullset	US¢/lb	255	260	260
	Ac/kg	584	610	790
Frozen				
chuck/blade	US¢/lb	158	160	170
	Ac/kg	355	370	513
thick flank	US¢/lb	185	188	194
	Ac/kg	422	439	588
fore/hind	US¢/lb	131	129	174
blended	Ac/kg	289	291	525
topside	US¢/lb	192	199	206
	Ac/kg	438	468	626
silverside	US¢/lb	163	168	182
	Ac/kg	367	389	549
brisket	US¢/lb	156	163	174
	Ac/kg	351	377	524

Source: Australian trade

Domestic beef carcass prices – Tokyo

Steer	¥/kg	TW	LW	LY
Wagyu (A5)		2237	2286	2251
Dairy (B3)		nq	nq	nq
F1 (B3)		1215	1223	1243
Dairy (B2)		nq	821	803
F1 (B2)		1022	990	1045

Source: Shokuniku Sokuho

Korea market

Korean wholesale prices

won/kg	TW	LW	LY
Korean domestic wholesale*			
Hanwoo carcass	17696	17696	11459
dairy steer	9821	9821	6337
pig carcass	3952	4074	3827
Australian wholesale			
brisket deckle off	6200	6100	7000
rump	7400	7400	7200
chuck roll	6400	6300	7500
short rib	7500	7100	10000
US wholesale			
grainfed chuck roll	6500	6500	8200
grainfed short rib	9000	9000	17000

* w/e 3/10/09

Source: Korean trade press, Korean trade

US domestic/export markets

Beef export prices to the US

US¢/lb CIF, Ac/kg FAS	TW	LW	LY	
Frozen				
Bull 95CL	US¢/lb	139.5	143.0	154.0
	Ac/kg	311.8	327.8	453.9
Cow 90CL	US¢/lb	130.0	131.0	148.5
	Ac/kg	288.6	297.8	436.4
CC/CF 85CL	US¢/lb	120.5	122.0	142.5
	Ac/kg	265.4	275.4	417.3
Shank 90CL	US¢/lb	128.5	129.0	147.5
	Ac/kg	284.9	292.8	433.2
Trim 85CL	US¢/lb	119.5	121.0	142.0
	Ac/kg	263.0	272.9	415.7
Trim 80CL	US¢/lb	110.5	111.0	132.0
	Ac/kg	241.1	247.9	383.9
Trim 75CL	US¢/lb	102.0	105.0	122.5
	Ac/kg	220.3	233.0	353.7
Trim 65CL	US¢/lb	80.0	82.5	112.5
	Ac/kg	166.7	176.9	321.8
Chucks 85CL	US¢/lb	nq	nq	nq
	Ac/kg	nq	nq	nq
Outside flats - steer	US¢/lb	nq	nq	nq
	Ac/kg	nq	nq	nq
Knuckles - steer	US¢/lb	175.0	173.5	171.0
	Ac/kg	398.3	403.8	508.0
Inside cap off	US¢/lb	190.0	189.0	212.5
	Ac/kg	434.9	442.5	640.1

Source: Steiner Consulting Group

US cattle futures

US¢/lb lwt	Contract	TW	LW	
Live cattle	Feb-10	85.45	85.33	
	Apr-10	87.75	87.48	
	Jun-10	84.75	83.93	
	Aug-10	85.78	84.55	
	Sep-10	nq	nq	
	Oct-09	81.88	84.10	
	Nov-09	nq	nq	
	Dec-09	84.33	84.98	
	Feeder cattle	Jan-10	94.70	95.88
		Mar-10	95.83	96.85
Apr-10		97.28	97.83	
May-10		97.98	98.90	
Aug-10		98.90	99.95	
Sep-10		98.98	100.00	
Oct-09		93.98	94.95	
Nov-09		93.80	94.93	

Source: CME

US domestic prices

Boneless beef US¢/lb - Fresh	TW	LW	LY
90CL	125.0	126.0	147.5
85CL	115.0	115.0	141.0
75CL	nq	nq	nq
50CL	47.0	44.3	80.5
2pc b/less chuck insides	139.5	140.5	175.0
outsides	185.0	180.0	242.5
knuckles	172.0	174.5	191.5
	155.0	155.0	187.5

Source: Umer Barry

Australian export prices to the US are converted from CIF to FAS terms by calculating an average shipping rate to the Port of Philadelphia (freight plus surcharges for a 20ft reefer), insurance, the A\$/US\$ exchange rate and the conversion from lbs to kgs.

CL = Chemical Lean – lean meat as a % of total meat.