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Report Highlights:

Conditions facing the Australian cattle and beef industry are mixed. The outlook for CY 2009 points towards reduced slaughter, production and exports as well as lower prices for live cattle. Domestic consumption is expected to increase slightly while live exports are expected to fall slightly but otherwise remain firm.

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SECTION ONE: SITUATION AND OUTLOOK**Summary**

At time of writing this report, the conditions facing the Australian cattle and beef industry are mixed. The outlook for CY 2009 points towards reduced slaughter, production and exports as well as lower prices for live cattle. Domestic consumption is expected to increase slightly while live exports are expected to fall slightly but otherwise remain firm.

Above-average rainfall in November and December in southern Australia sharply improved pasture conditions and summer fodder production. Some parts of northern Australian experienced widespread flooding in February and this is expected to partially interrupt cattle supply moving forward. As a result of these climatic events, the availability of fodder and pasture is expected to remain higher for much of CY 2009 relative to year previous.

The forecast supply of slaughter cattle is expected to fall in CY 2009 as a result of greatly increased feed supplies and historically low numbers of cattle on feed. Reduced slaughter is expected to cause lower production and lower exports.

Despite low slaughter and production, prices are also expected to remain low for the majority of CY 2009. A lack of export demand in traditional high-end markets such as Japan and Korea is expected to place downward pressure of domestic prices for the foreseeable future.

Closing inventory for CY 2009 is forecast to increase significantly. Low fodder prices and the sharply increased fodder supply, combined with low domestic cattle prices is expected to see inventory grow significantly as producers retain stock rather than slaughter at low prices.

Post expects domestic demand to increase in CY 2009 as a result of lower prices. Industry sources suggest exports to the US are likely to increase in CY 2009 despite downward pressure on exports in other markets. Prices received for grinding beef are expected to benefit from a fall in average incomes worldwide as consumers trade down to cheaper cuts.

The state of Victoria has recently suffered from severe "bush fires". Good fall of rain in November and December followed by record breaking heat waves created the worst bushfire conditions in Australia's recorded history. Despite hundred of fatalities and large areas destroyed by fire, post advises that the impact of this event on cattle and beef production to be minor. Much of the area affected was forested.

Post expects the Australian pig meat industry to begin the process of rebuilding following low periods of extremely poor returns and has forecast closing inventories, production and exports to increase in CY 2009.

SECTION TWO: STATISTICAL TABLES

PSD Table

Animal Numbers, Cattle

	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Total Cattle Beg. Stks	28,400	28,400	28,400	28,100	28,100	28,040	28,300	28,300	28,580	(1000 HEAD)
Dairy Cows Beg. Stocks	1,800	1,800	1,796	1,730	1,730	1,617	1,750	1,750	1,641	(1000 HEAD)
Beef Cows Beg. Stocks	12,750	12,750	12,750	12,700	12,700	12,700	12,800	12,800	12,950	(1000 HEAD)
Production (Calf Crop)	9,429	9,429	9,369	9,765	9,765	10,238	10,100	10,100	9,845	(1000 HEAD)
Intra-EU Imports	0	0		0	0		0	0	0	(1000 HEAD)
Other Imports	0	0		0	0		0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Supply	37,829	37,829	37,769	37,865	37,865	38,278	38,400	38,400	38,425	(1000 HEAD)
Intra EU Exports	0	0		0	0		0	0		(1000 HEAD)
Other Exports	719	719	719	800	800	870	900	900	825	(1000 HEAD)
Total Exports	719	719	719	800	800	870	900	900	825	(1000 HEAD)
Cow Slaughter	3,844	3,844	3,844	3,600	3,600	3,600	3,550	3,550	3,550	(1000 HEAD)
Calf Slaughter	910	910	910	850	850	820	800	800	840	(1000 HEAD)
Other Slaughter	4,206	4,206	4,206	4,265	4,265	4,358	4,250	4,250	4,210	(1000 HEAD)
Total Slaughter	8,960	8,960	8,960	8,715	8,715	8,778	8,600	8,600	8,600	(1000 HEAD)
Loss	50	50	50	50	50	50	50	50	50	(1000 HEAD)
Ending Inventories	28,100	28,100	28,040	28,300	28,300	28,580	28,850	28,850	28,950	(1000 HEAD)
Total Distribution	37,829	37,829	37,769	37,865	37,865	38,278	38,400	38,400	38,425	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0	0		0	0	0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0	0		0	0	0	(1000 HEAD)
Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	-300	-300	-360	200	200	540	550	550	370	(1000 HEAD)
Inventory Change	2	0	2	-1	0	-1	1	0	2	(PERCENT)
Cow Change	-2	0	-2	-1	0	0	1	0	0	(PERCENT)
Production Change	-7	0	-7	4	0	9	3	0	-4	(PERCENT)
Production to Cows	65	65	64	68	68	72	69	69	67	(PERCENT)
Trade Balance	719	719	719	800	800	870	900	900	825	(1000 HEAD)
Slaughter to Inventory	32	32	32	31	31	31	30	30	30	(PERCENT)

PSD Table

Meat, Beef and Veal

	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Slaughter (Reference)	8,960	8,960	8,960	8,715	8,715	8,778	8,600	8,600	8,600	(1000 HEAD)
Beginning Stocks	31	31	31	91	91	91	82	82	115	(1000 MT CWE)
Production	2,172	2,172	2,172	2,100	2,100	2,159	2,070	2,070	2,100	(1000 MT CWE)
Intra-EU Imports	0	0		0	0		0	0		(1000 MT CWE)
Other Imports	7	9	7	7	7	8	7	7	7	(1000 MT CWE)
Total Imports	7	9	7	7	7	8	7	7	7	(1000 MT CWE)
Total Supply	2,210	2,212	2,210	2,198	2,198	2,258	2,159	2,159	2,222	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0		0	0		(1000 MT CWE)
Other Exports	1,400	1,400	1,400	1,386	1,386	1,408	1,350	1,350	1,350	(1000 MT CWE)
Total Exports	1,400	1,400	1,400	1,386	1,386	1,408	1,350	1,350	1,350	(1000 MT CWE)
Human Dom. Consumption	719	721	719	730	730	735	737	737	740	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0	0		(1000 MT CWE)
Total Dom. Consumption	719	721	719	730	730	735	737	737	740	(1000 MT CWE)
Ending Stocks	91	91	91	82	82	115	72	72	132	(1000 MT CWE)
Total Distribution	2,210	2,212	2,210	2,198	2,198	2,258	2,159	2,159	2,222	(1000 MT CWE)
CY Imp. from U.S.	0	0		0	0		0	0		(1000 MT CWE)
CY. Exp. to U.S.	420	420	420	365	365	332	340	340	400	(1000 MT CWE)
Balance	0	0	0	0	0	0	0	0	0	(1000 MT CWE)
Inventory Balance	60	60	60	-9	-9	24	-10	-10	17	(1000 MT CWE)
Weights	242	242	242	241	241	246	241	241	244	(1000 MT CWE)
Production Change	-1	1	-1	-3	0	-1	-1	0	-3	(PERCENT)
Import Change	-22	-33	-22	-22	0	14	0	0	-13	(PERCENT)
Export Change	-2	-2	-2	-1	0	1	-3	0	-4	(PERCENT)
Trade Balance	1,393	1,391	1,393	1,379	1,379	1,400	1,343	1,343	1,343	(1000 MT CWE)
Consumption Change	-4	-1	-4	1	0	2	1	0	1	(PERCENT)
Population	0	0		0	0		0	0		(HEAD)
Per Capita Consumption	0	0	0	0	0	0	0	0	0	(KG)

PSD Table

Animal Numbers, Swine

	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Total Beginning Stocks	2,471	2,471	2,471	2,605	2,605	2,605	2,550	2,550	2,181	(1000 HEAD)
Sow Beginning Stocks	340	286	288	315	280	299	310	275	312	(1000 HEAD)
Production (Pig Crop)	5,484	5,484	5,480	5,030	5,030	4,422	4,950	4,950	4,619	(1000 HEAD)
Intra-EU Imports	0	0		0	0	0	0	0		(1000 HEAD)
Other Imports	0	0		0	0	0	0	0		(1000 HEAD)
Total Imports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Total Supply	7,955	7,955	7,951	7,635	7,635	7,027	7,500	7,500	6,800	(1000 HEAD)
Intra EU Exports	0	0		0	0	0	0	0		(1000 HEAD)
Other Exports	0	0		0	0	0	0	0		(1000 HEAD)
Total Exports	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Sow Slaughter	0	0		0	0	0	0	0		(1000 HEAD)
Other Slaughter	5,350	5,350	5,346	5,085	5,085	4,846	5,000	5,000	4,600	(1000 HEAD)
Total Slaughter	5,350	5,350	5,346	5,085	5,085	4,846	5,000	5,000	4,600	(1000 HEAD)
Loss	0	0		0	0	0	0	0	0	(1000 HEAD)
Ending Inventories	2,605	2,605	2,605	2,550	2,550	2,181	2,500	2,500	2,200	(1000 HEAD)
Total Distribution	7,955	7,955	7,951	7,635	7,635	7,027	7,500	7,500	6,800	(1000 HEAD)
CY Imp. from U.S.	0	0		0	0	0	0	0		(1000 HEAD)
CY. Exp. to U.S.	0	0		0	0	0	0	0		(1000 HEAD)
Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Inventory Balance	134	134	134	-55	-55	-424	-50	-50	19	(1000 HEAD)
Inventory Change	-1	-1	-1	5	0	5	-2	0	-16	(PERCENT)
Sow Change	1	-1	1	-7	0	4	-2	0	4	(PERCENT)
Production Change	3	-1	3	-8	0	-19	-2	0	4	(PERCENT)
Production to Sows	16.	19.	19.	16.	18.	14.8	16.	18.	14.8	(PERCENT)
Trade Balance	0	0	0	0	0	0	0	0	0	(1000 HEAD)
Slaughter to Inventory	217	217	216	195	195	186	196	196	211	(PERCENT)

PSD Table Meat, Swine

	2007 Revised			2008 Estimate			2009 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Slaughter (Reference)	5,350	5,300	5,346	5,085	5,200	4,846	5,000		4,600	(1000 HEAD)
Beginning Stocks	24	24	24	35	43	37	44		33	(1000 MT CWE)
Production	386	383	386	367	375	348	361		355	(1000 MT CWE)
Intra-EU Imports	0	0	0	0	0	0	0		0	(1000 MT CWE)
Other Imports	141	125	141	150	150	151	155		140	(1000 MT CWE)
Total Imports	141	125	141	150	150	151	155		140	(1000 MT CWE)
Total Supply	551	532	551	552	568	536	560		528	(1000 MT CWE)
Intra EU Exports	0	0	0	0	0	0	0		0	(1000 MT CWE)
Other Exports	54	54	54	48	60	48	52		57	(1000 MT CWE)
Total Exports	54	54	54	48	60	48	52		57	(1000 MT CWE)
Human Dom. Consumption	462	435	460	460	450	455	459		450	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	0		0	(1000 MT CWE)
Total Dom. Consumption	462	435	460	460	450	455	459		450	(1000 MT CWE)
Ending Stocks	35	43	37	44	58	33	49		21	(1000 MT CWE)
Total Distribution	551	532	551	552	568	536	560		528	(1000 MT CWE)
CY Imp. from U.S.	40	40	41	45	45	0	0		0	(1000 MT CWE)
CY. Exp. to U.S.	0	0	0	0	0	0	0		0	(1000 MT CWE)
Balance	0	0	0	0	0	0	0		0	(1000 MT CWE)
Inventory Balance	11	19	13	9	15	-4	5		-12	(1000 MT CWE)
Weights	72	72	72	72	72	72	72		77	(1000 MT CWE)
Production Change	-1	-2	-2	-5	-2	-10	-2		2	(PERCENT)
Import Change	29	21	29	6	20	7	3		-7	(PERCENT)
Export Change	-10	-5	-10	-11	11	-11	8		19	(PERCENT)
Trade Balance	-87	-71	-87	-102	-90	-103	-103		-83	(1000 MT CWE)
Consumption Change	8	2	5	0	3	-1	0		-1	(PERCENT)

SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

Cattle

Inventory

Closing inventory for CY 2009 at 28.95 million head representing an increase of nearly 500,000 head on the revised estimate for the previous year. Low prices and significant improvements in fodder and pasture supplies is expected to see stock withheld from slaughter, some for breeding purposes.

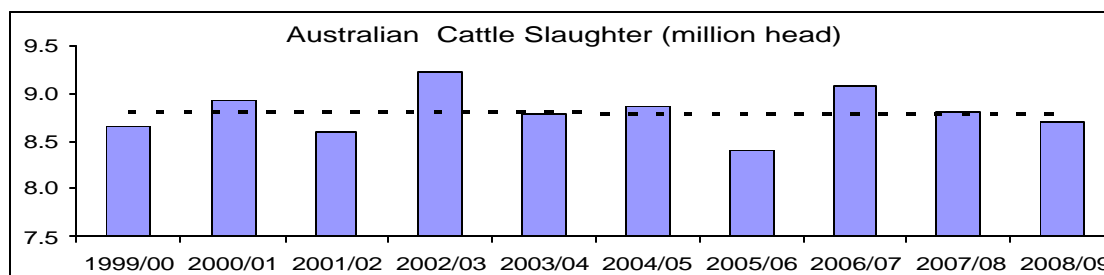
Widespread flooding in northern parts of Australia, particularly in the state of Queensland, has been widely reported by domestic and international media. Flooding has affected transport for cattle in many remote areas and stemmed the flow of cattle suitable for slaughter. According to industry sources, between 100,000 and 150,000 head of cattle may have been drowned as a result of flooding. Despite these losses, post acknowledges the increased feed supply generated by widespread rainfall and advises that increases in closing inventory will only be partially constrained by these events.

Forecast increases in closing inventory for CY 2009 are contingent upon average weather conditions for CY 2009. A return to drought conditions would likely see slaughter and production surpass forecast levels.

Slaughter

Total slaughter for CY 2009 is forecast to fall to 8.6 million head, down two percent on the 8.79 million head estimated for the previous year. Low prices currently being received for live cattle, combined with increased fodder and pasture supplies, is expected to cause some cattle withheld from slaughter. Official cattle slaughter figures for January shows slaughter numbers falling for the sixth consecutive month.

Forecast slaughter remains below the ten-year-average of 8.8 million head and would represent the lowest level for the past four years.



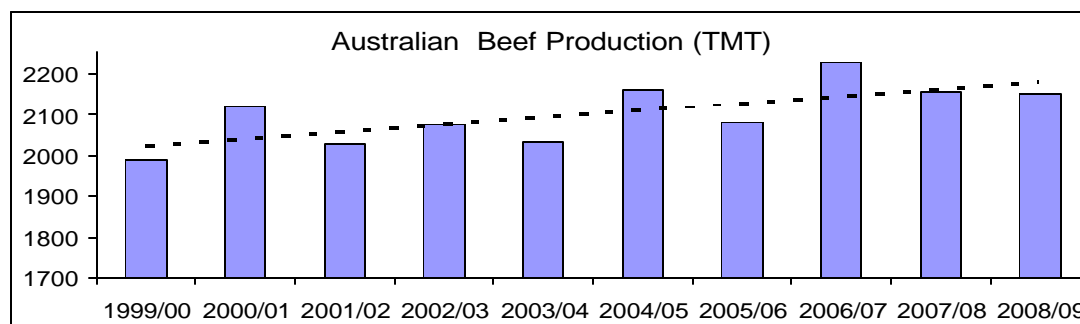
Source: ABARE data (July/June)

Above average rainfall leading into CY 2009 has greatly improved the pasture and fodder supply outlook. Furthermore, regional flooding in northern Australia is likely to interrupt supply of cattle for the first half of CY 2009. Losses from flooding will also constrain slaughter somewhat.

Post advises that forecast slaughter for CY 2009 relies on Australia receiving average rainfall. Below average rainfall, or in the worst case scenario, a return to widespread drought conditions would likely see slaughter surpass current forecasts.

Production

Total beef and veal production for CY 2009 is forecast at 2,100 TMT, representing a three percent decline on the previous year. According to historical data provided by ABARE, this forecast is almost exactly equal to the ten-year-average.



Source: ABARE data (July-June)

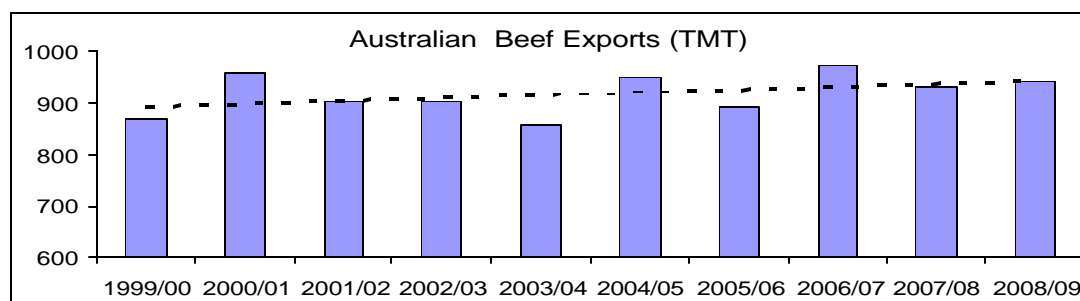
Forecast lower slaughter, combined with a slight reduction in carcass weights will drive this expected decline. Lower cattle prices and improved fodder and pasture supply is expected to see some cattle held back from slaughter, at least for the first half of CY 2009.

Post's forecast remains at odds with both MLA and ABARE who have both forecast a slightly increase in production for CY 2009. Post advises however, that, more recently, the outlook has further deteriorated. Industry sources report reduced cattle demand from feedlots and processing plants "working fewer shifts". Prices for cattle have also fallen recently, despite the devaluation of the Australian dollar. A lower Australian dollar traditionally boosts domestic cattle prices and was expected to underpin forecast increases in production.

Post's production forecast is contingent upon normal weather conditions, and more importantly, average rainfall. Below average rainfall or a return to drought would likely see production exceed Post's forecast.

Exports

Total beef and veal exports for CY 2009 are forecast at 1,350 TMT Carcass Weight Equivalent (CWE). This would equate to roughly 964 TMT shipped weight using a conversion factor of 1.4. If achieved, posts forecast would represent a four percent decline of the previous year but remains slightly above the ten-year average.



Source: ABARE Data (July-June)

The primary driver behind falling exports is lower cattle supply due to improved pasture conditions and fodder supply. Recent falls in cattle prices, despite a lower Australian dollar, are also expected to see cattle withheld from slaughter.

Poorer demand in export markets such as Korea and Japan are also expected to see exports to these destinations decline in CY 2009. ABARE recently forecast a four percent decline in exports to Japan for 2009/10, however post sees this forecast as optimistic.

Exports to the US are expected to improve, as poorer economic conditions are expected to lead to increased demand for grinding beef traditionally shipped to this market. The devaluation of the Australian dollar against the US dollar, compared to a year ago, boosts exports to that destination.

Exports to Russia, which recently emerged as a key market, are expected to decline sharply in CY 2009. Poor demand and currency issues have constrained these exports greatly in recent times. A recent review, conducted by Russian Authorities, is expected to see conditions for exports to Australia to become more stringent according to industry sources.

Swine

Inventory

Total swine inventory is forecast to increase in CY 2009, following a period of significant herd liquidation. High grain prices, severe fodder shortages and low prices forced some pig meat producers to either exit the industry or lower production.

A recent increase in the availability of feed grains, following a more successful winter cropping season and record sorghum harvest, is expected to greatly improve the outlook for pig meat production in Australia. Furthermore, the recent devaluation of the Australian dollar is expected boost exports and constrain imports, greatly improving the competitiveness of Australian pig meat producers.

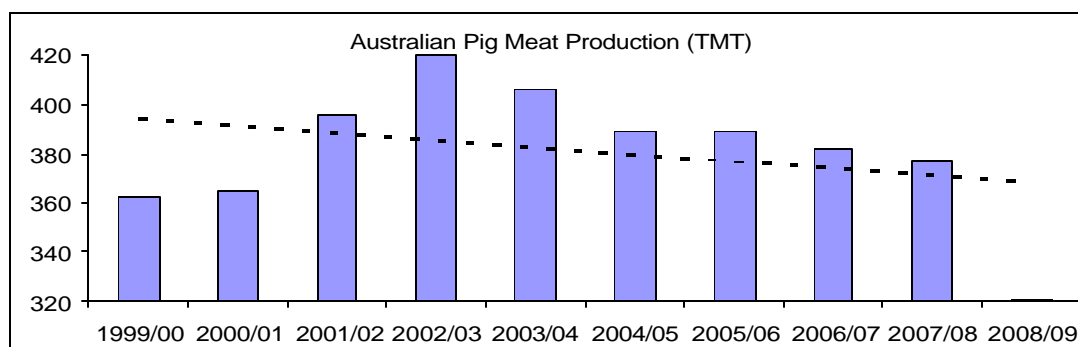
Slaughter

Slaughter is forecast to decline around five percent to 4.6 million head in CY 2009 as industry begins the process of rebuilding the productive capacity lost during the recent period of extremely low returns.

Production

Production is forecast to increase only slightly during CY 2009 reaching 355 TMT. This slight increase is forecast despite a forecast fall in slaughter. Improved feed grain supplies are expected to see average slaughter weights increase throughout CY 2009 and lift production from the decade-low levels achieved in the previous year.

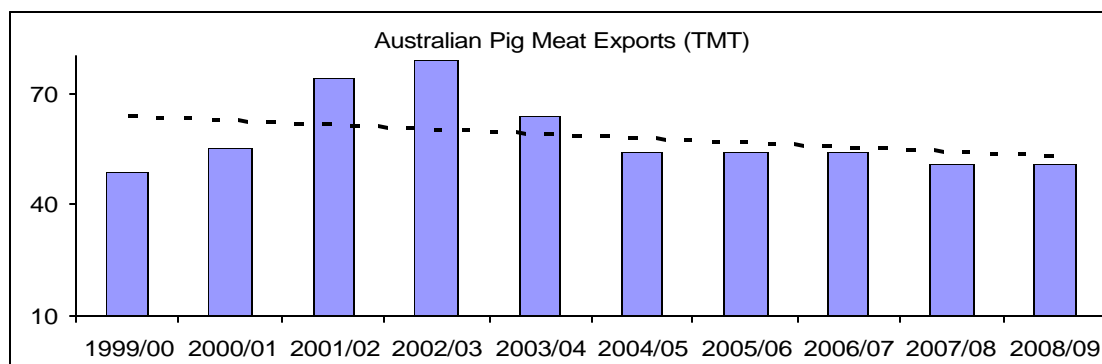
Post advises that despite the forecast increase in Australian Pig meat production, a forecast of 355 TMT remains well below the ten-year-average of 380 TMT.



Source: ABARE Data (July-June)

Exports

Total exports of pig meat are expected to slightly increase in CY 2009 to 57 TMT. The devaluation in the Australian dollar, compared to a year ago, is expected to make Australian exports more competitive. Despite this increase, post advises that Australian pork exports are recovering from a relatively low base following a prolonged period of downward pressure.



Source: ABARE Data (July-June)

Imports

Total imports of pork are forecast to fall to 140 TMT in CY 2009. A lower Australian dollar is expected to increase the relative price of imports and somewhat reduce their competitiveness relative to locally produced pig meat.