



Challenges and opportunities

An outlook for Australian cattle exports to SEA

Tim Ryan – MLA Market Analyst

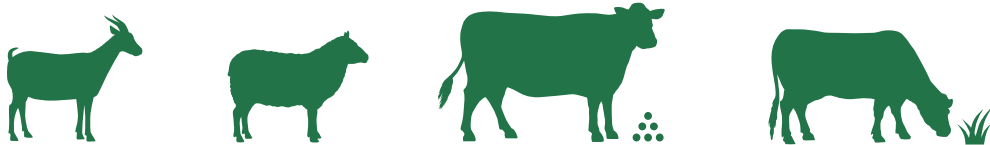
1. SEA leads global beef demand growth
2. Australian supply in recovery
3. Challenges and opportunities





About MLA

Working in collaboration with the Australian Government and the wider red meat industry, MLA invests in initiatives that contribute to **producer profitability, sustainability and global competitiveness.**





MLA's remit

- Research, Development and Adoption
- Marketing

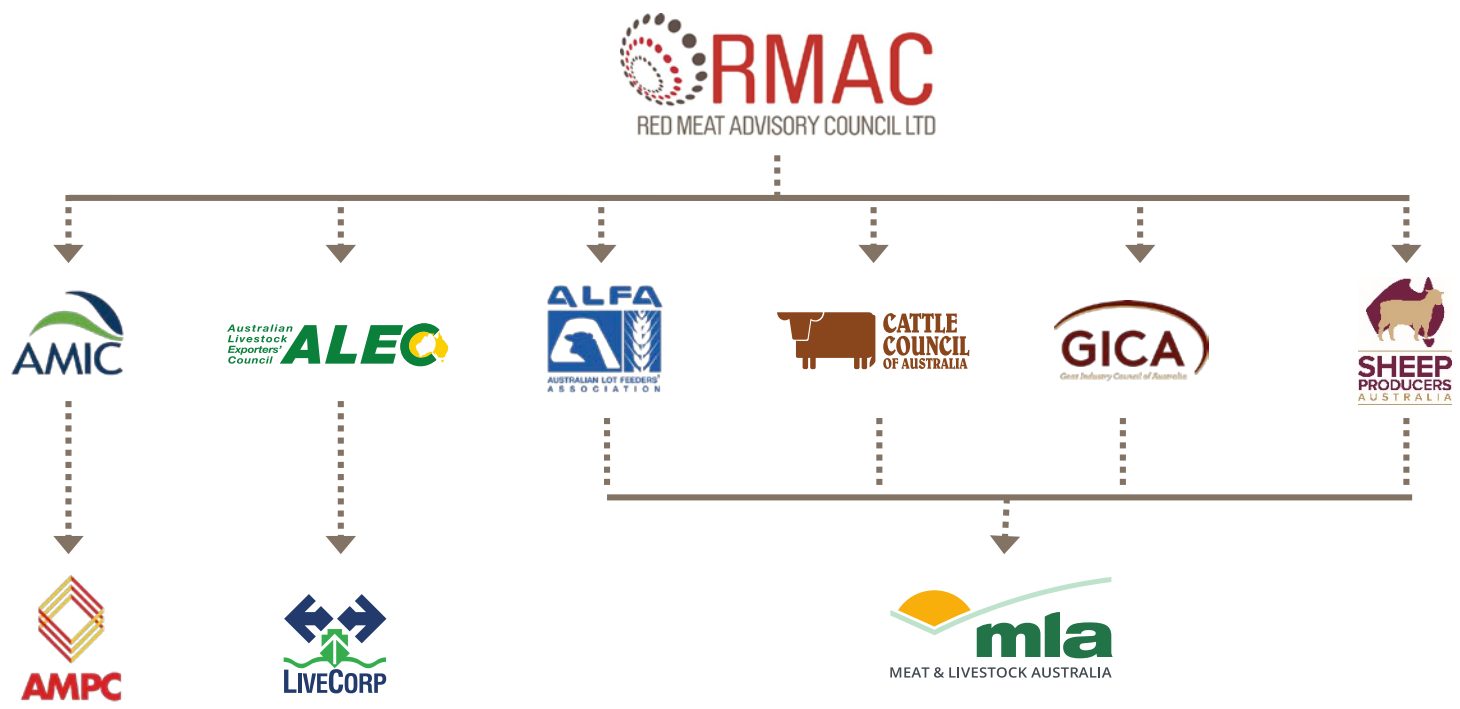




Industry structure

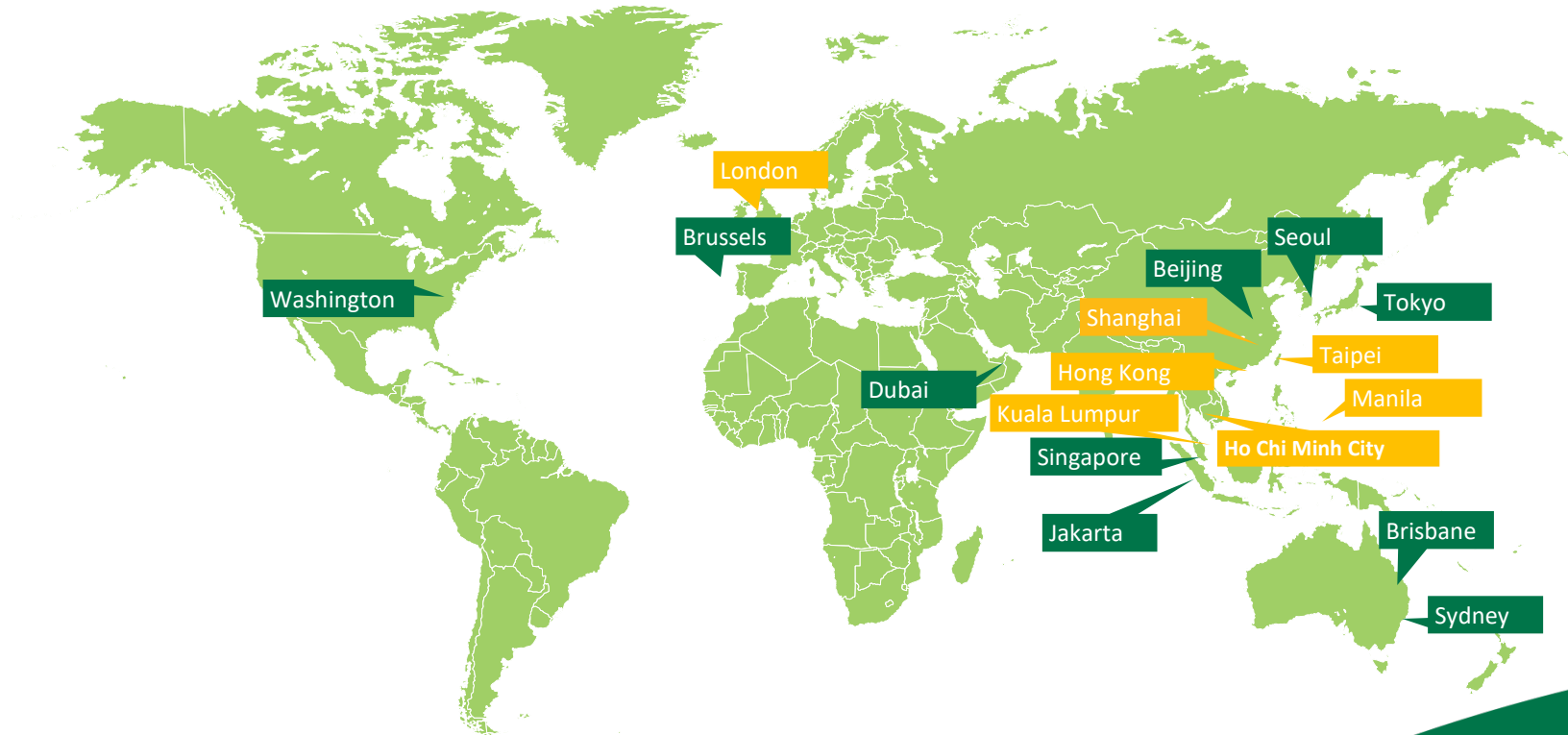
POLICY AND
STRATEGY

SERVICE
PROVIDER





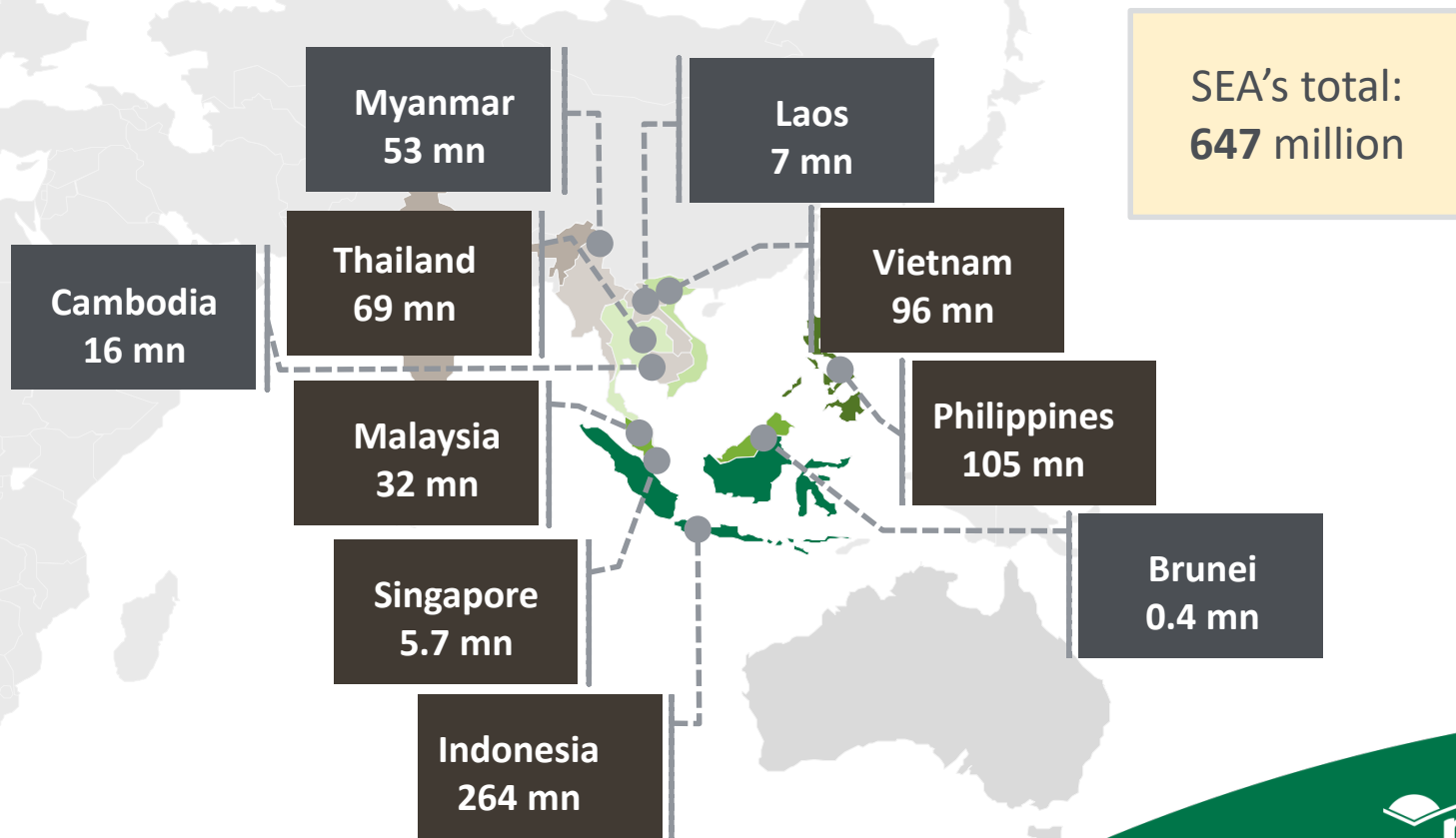
MLA Offices + Representatives



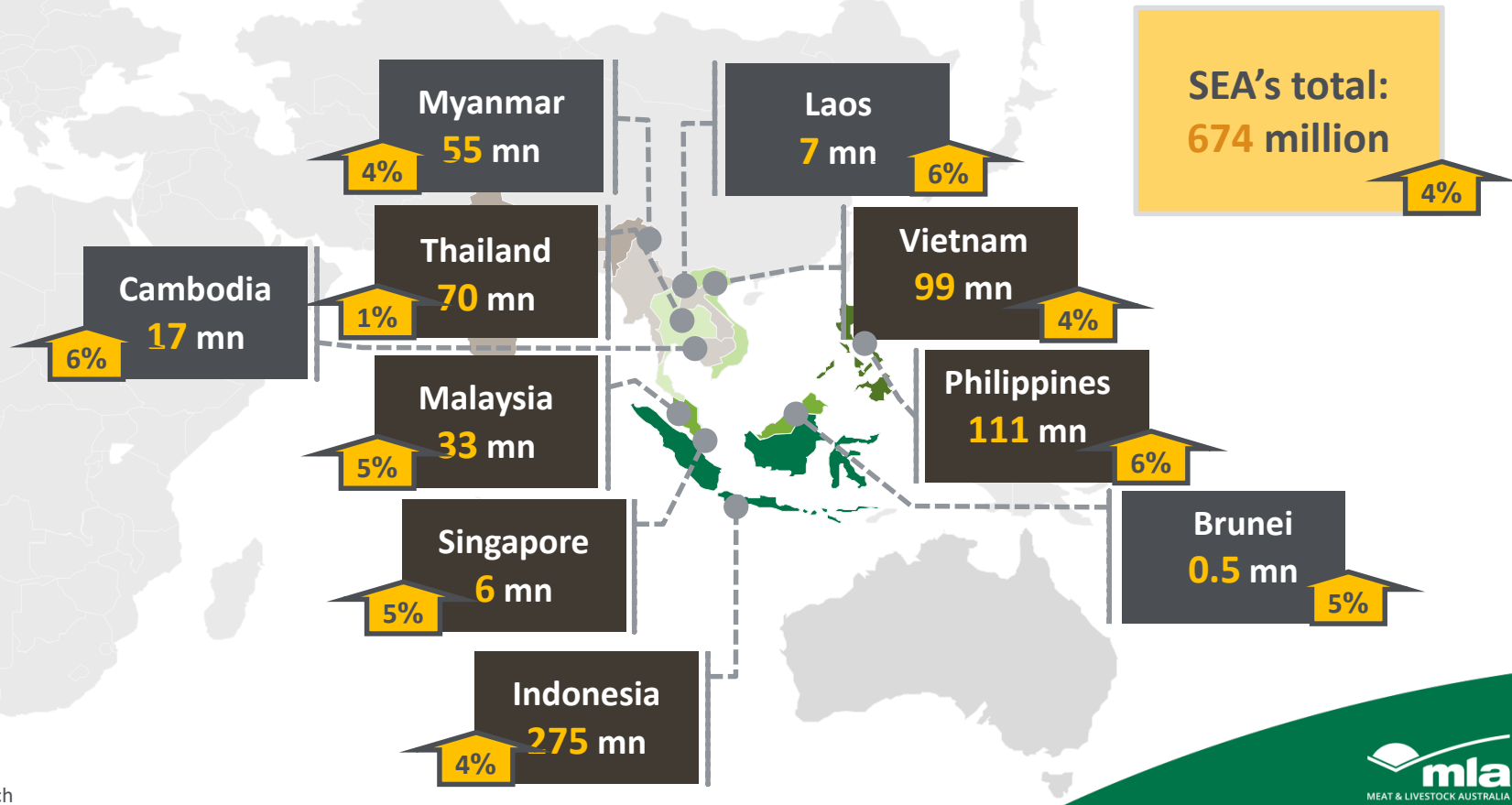
1. SEA leads global beef demand

- Increasing population
- Rising household wealth
- Meat consumption to grow

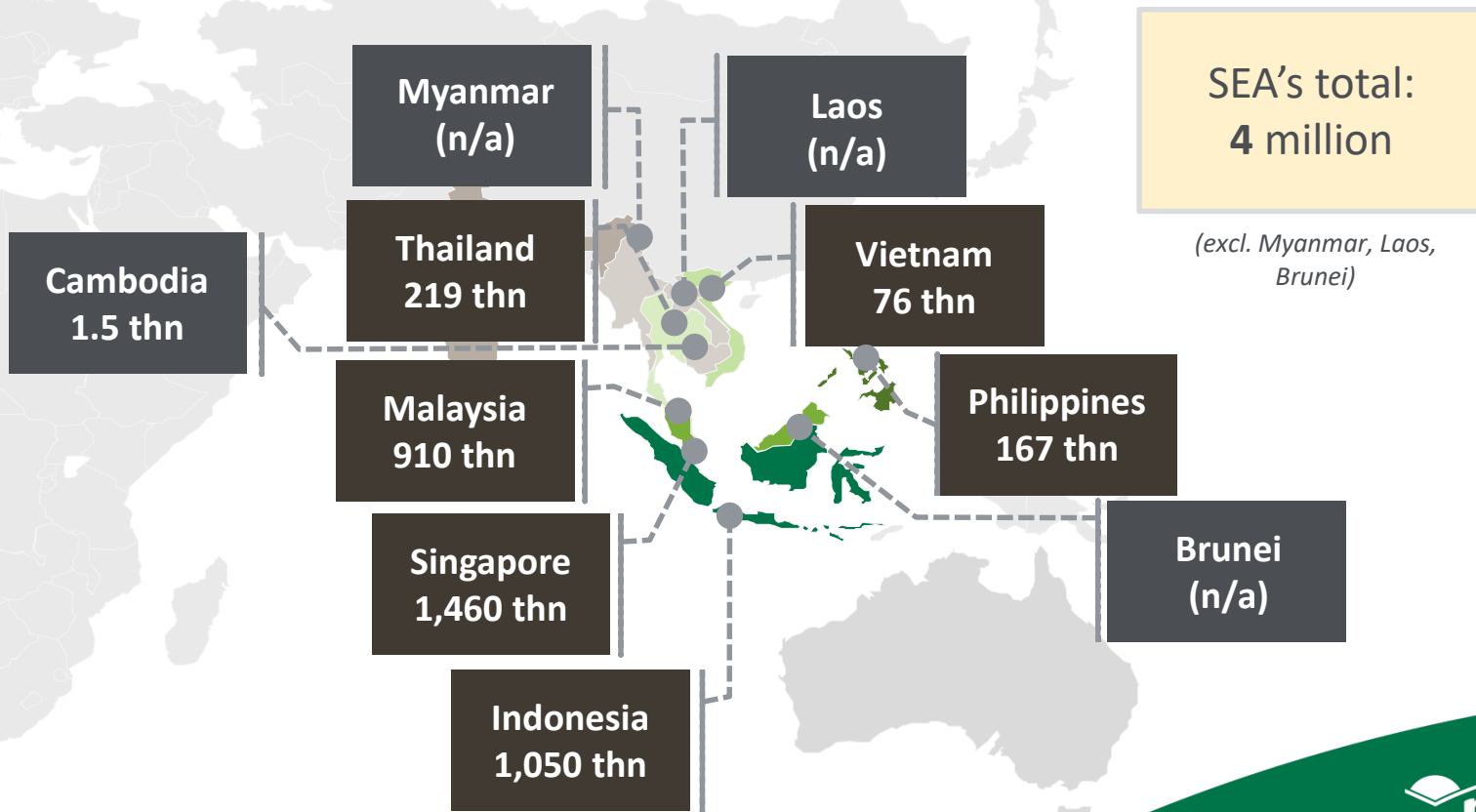
Population (2017)



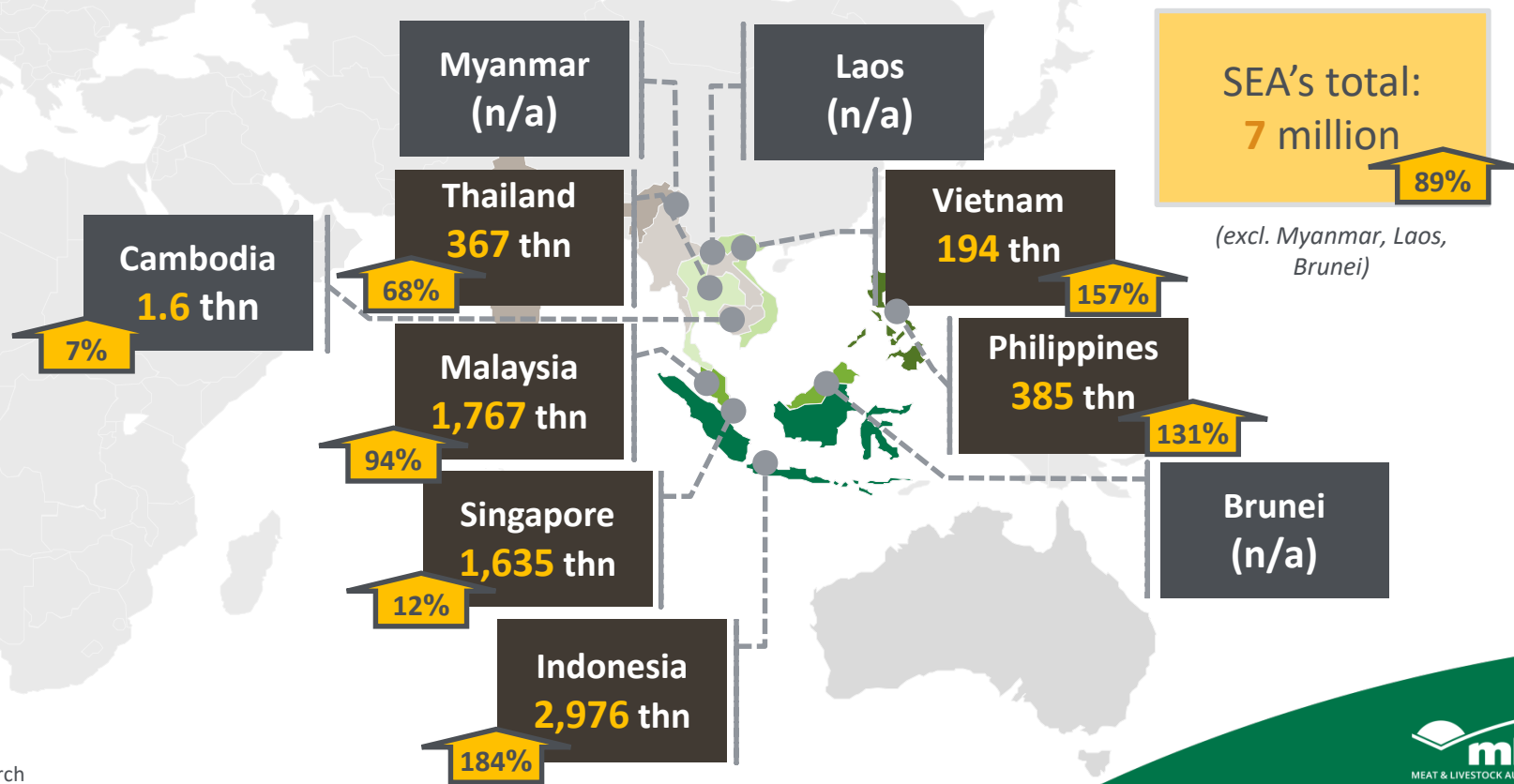
Population (2021)



Households earning US\$35,000+ p.a (2017)

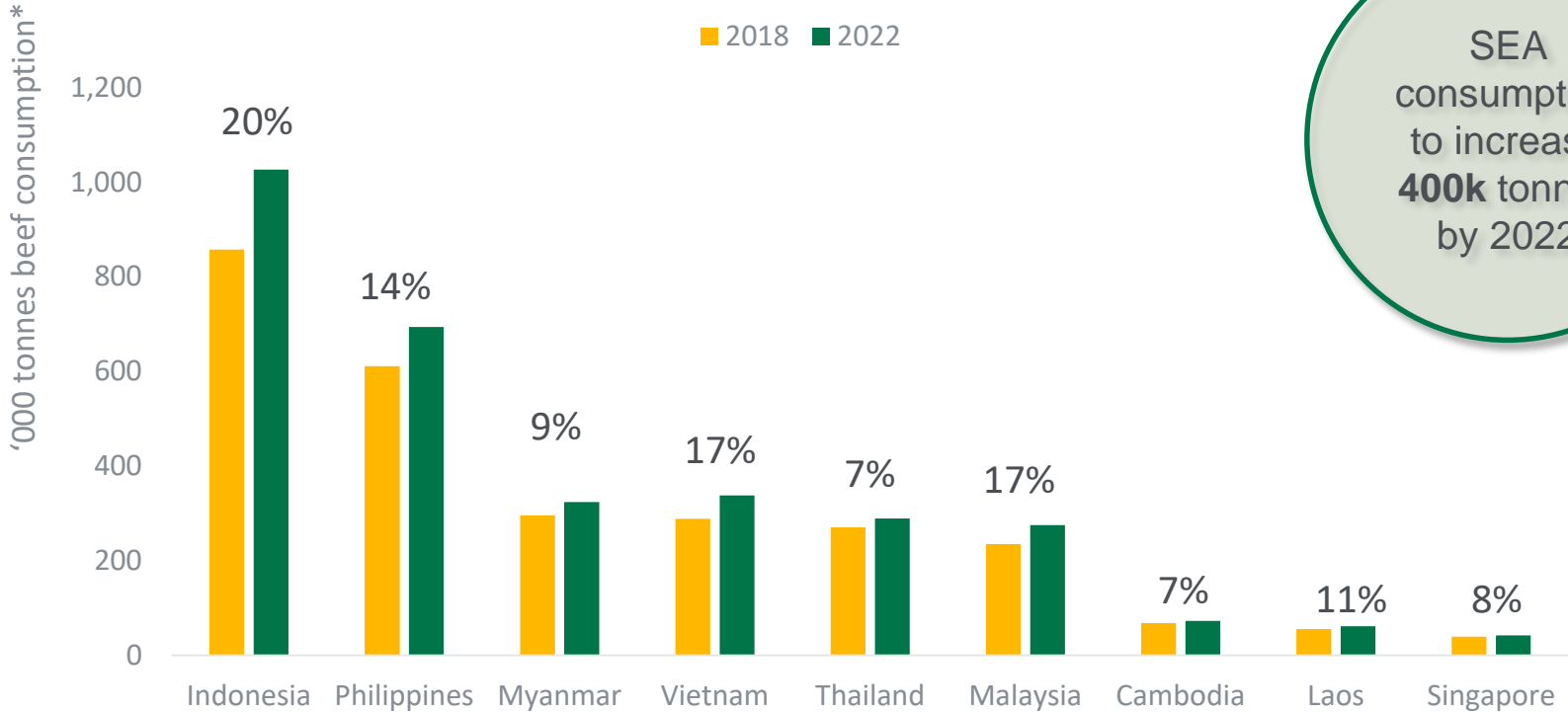


Households earning US\$35,000+ pa (2021)





SEA beef consumption to grow 15%



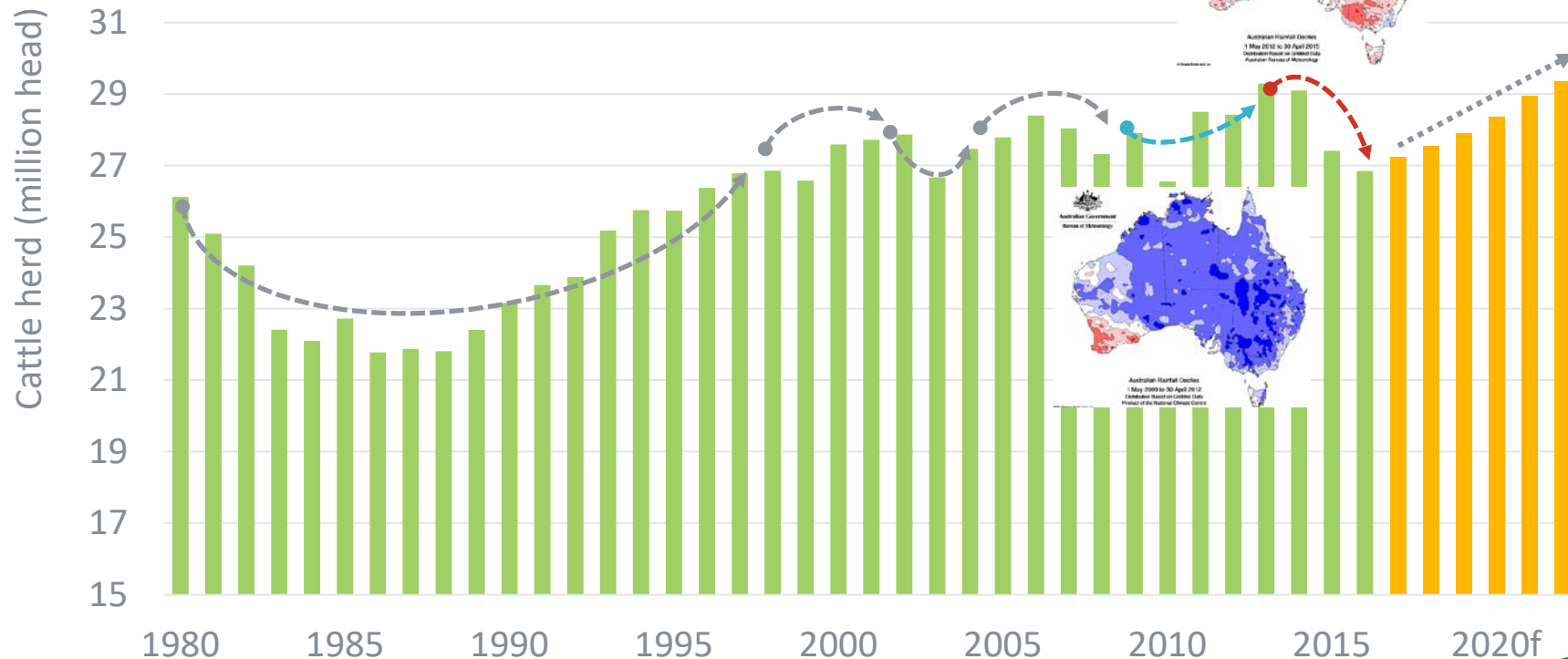
SEA consumption to increase **400k tonnes** by 2022

Source: BMI Research, GIRA (Singapore, Laos, Cambodia, and Myanmar)
*figures in carcase weight equivalent, % is growth rate over period

2. Australian supply in recovery

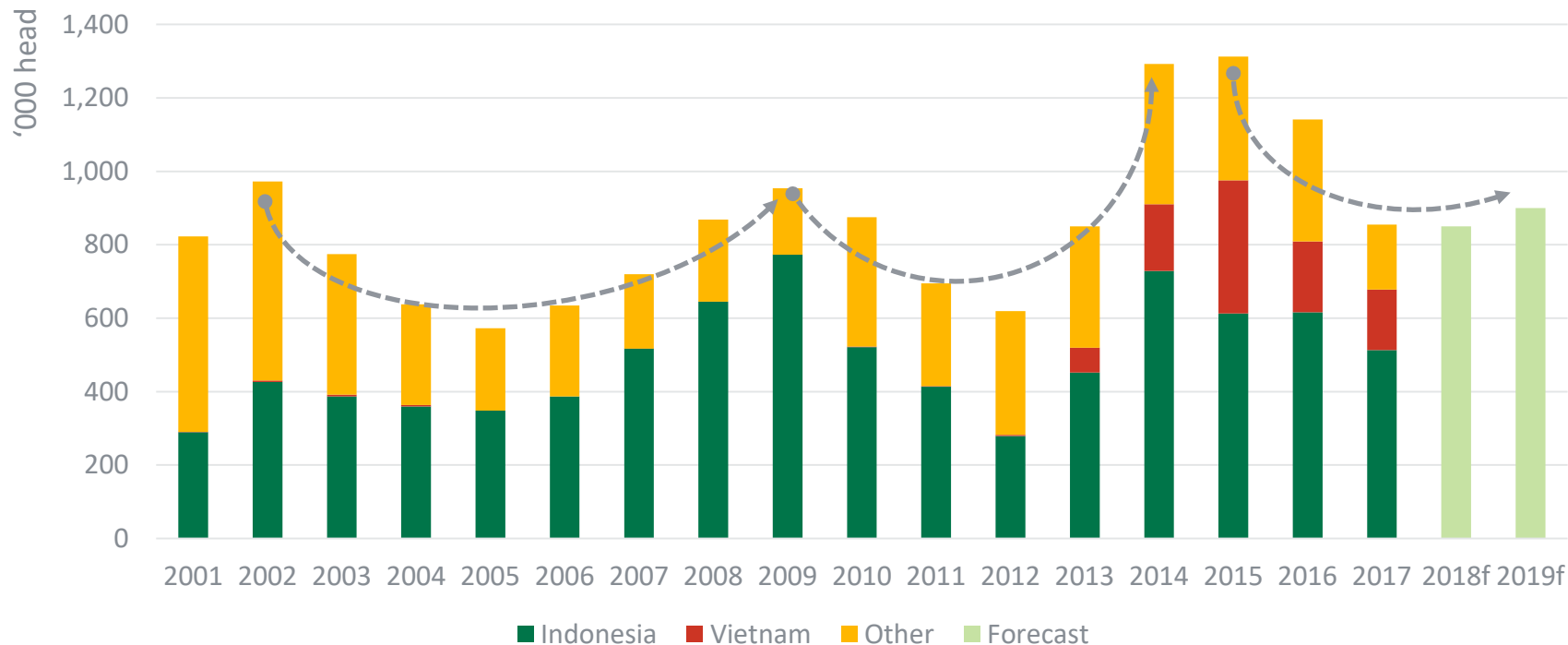
- Signs of herd growth
- Live exports to recover
- Export breeder availability

Emerging from supply trough



Source: ABS, MLA forecast
Includes beef and dairy cattle

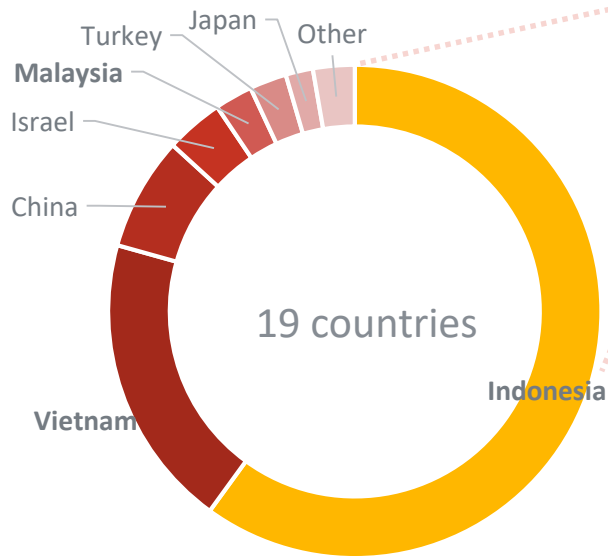
Live exports to recover



Source: ABS, DAWR, MLA forecast
Includes beef breeder and dairy cattle

Australian cattle go to many markets

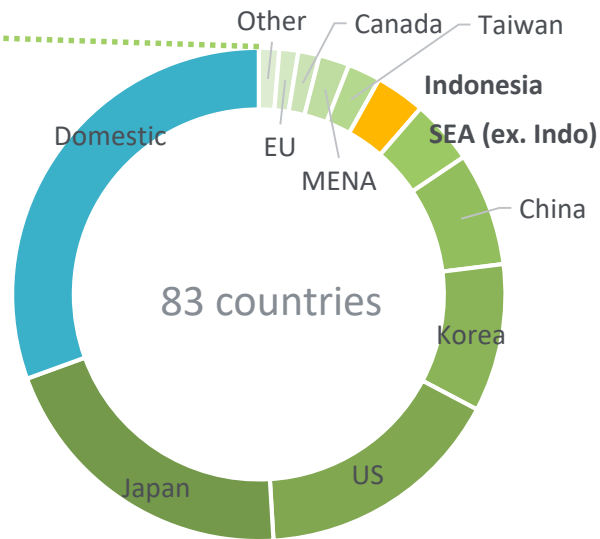
Live export markets



Live export – 11%

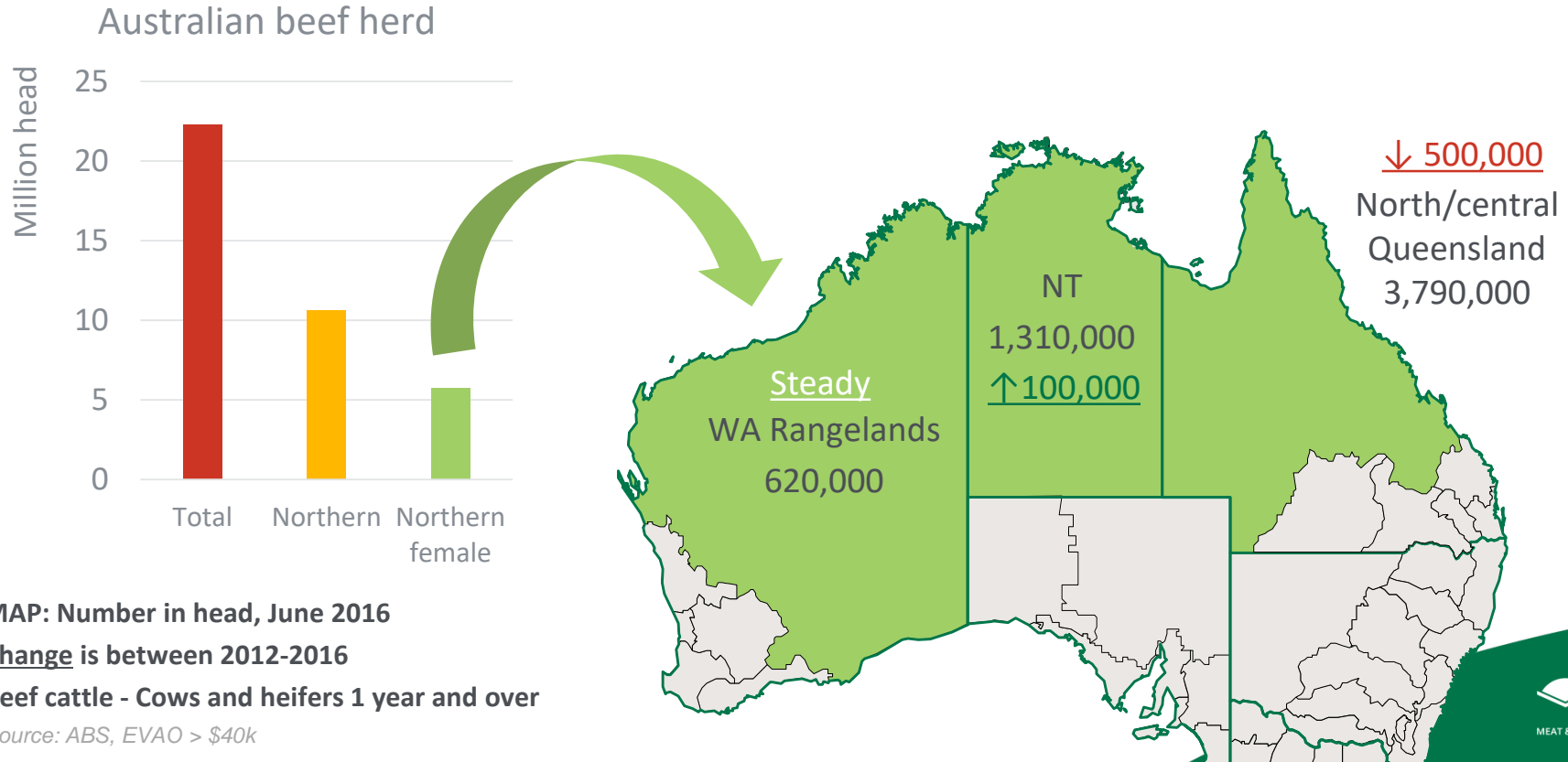
Slaughter – 89%

Beef markets



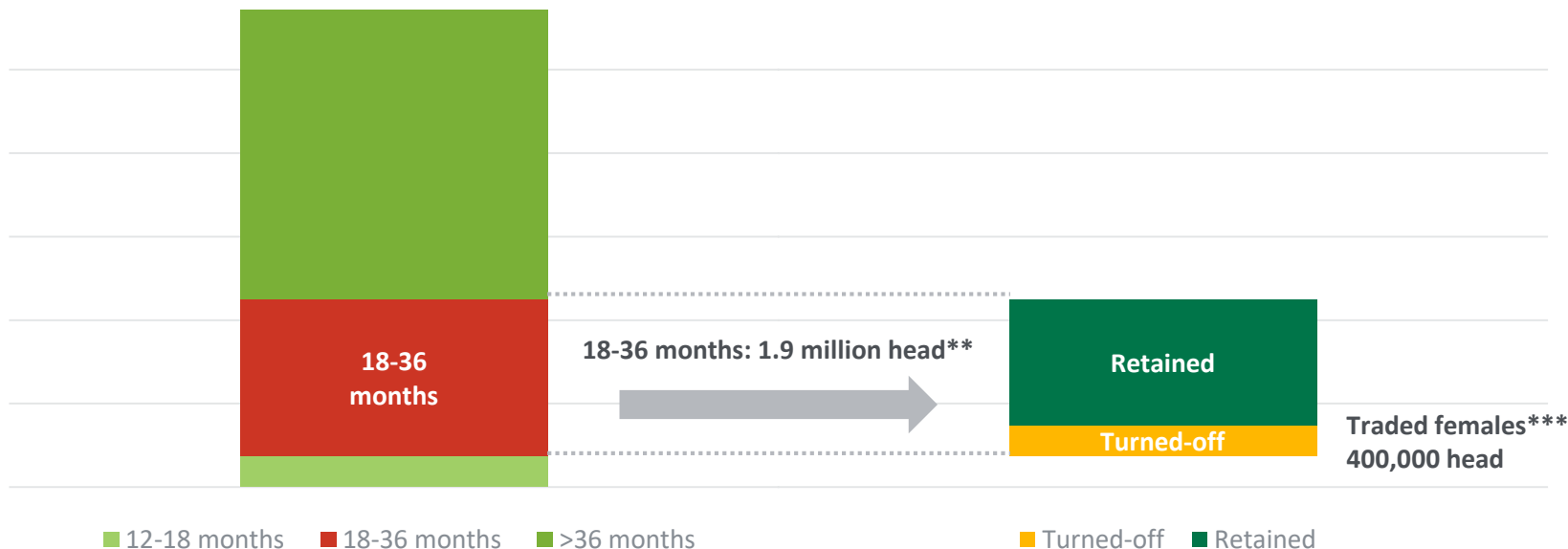


How are breeders distributed across Australia?



But how many breeders would be eligible?

Total northern female: 5.7 million head*



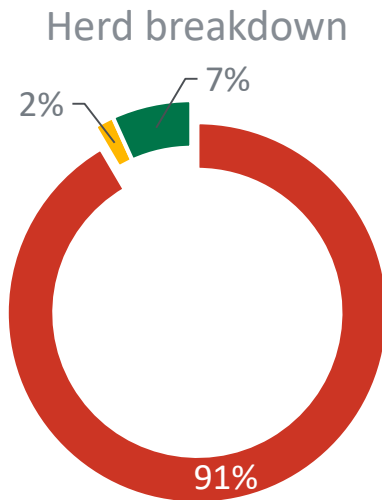
*Numbers as of June 2016

**Based on the assumption that 33% of the female herd aged 1 year and over could be 18-36 months

***Based on an estimate that 20% of the 18-36 months would be turned over – this figure would vary widely across regions, seasonal conditions and the cattle market

Source: MLA estimates

So the breeders are available but...



- Rest of herd
- Eligible and traded breeders
- Eligible but retained breeders

Many buyers in the market:

- Live exporters
- Restockers
- Domestic feedlots
- Processors

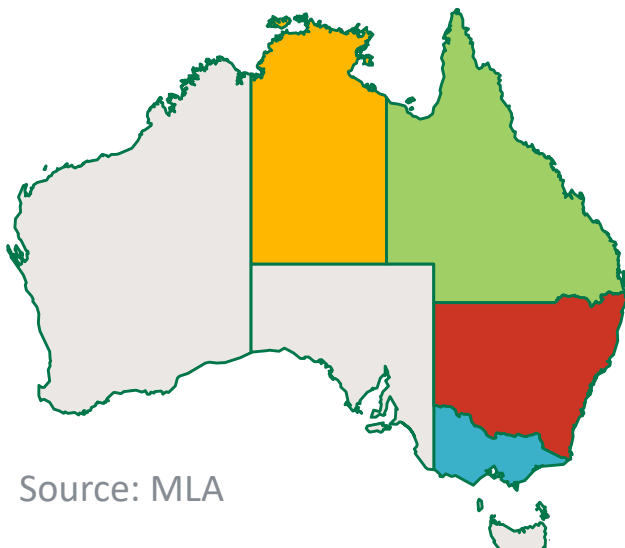


3. Challenges and opportunities

- Cattle still near peak of price cycle
- Increased competition from low cost suppliers
- Need to differentiate and lift productivity

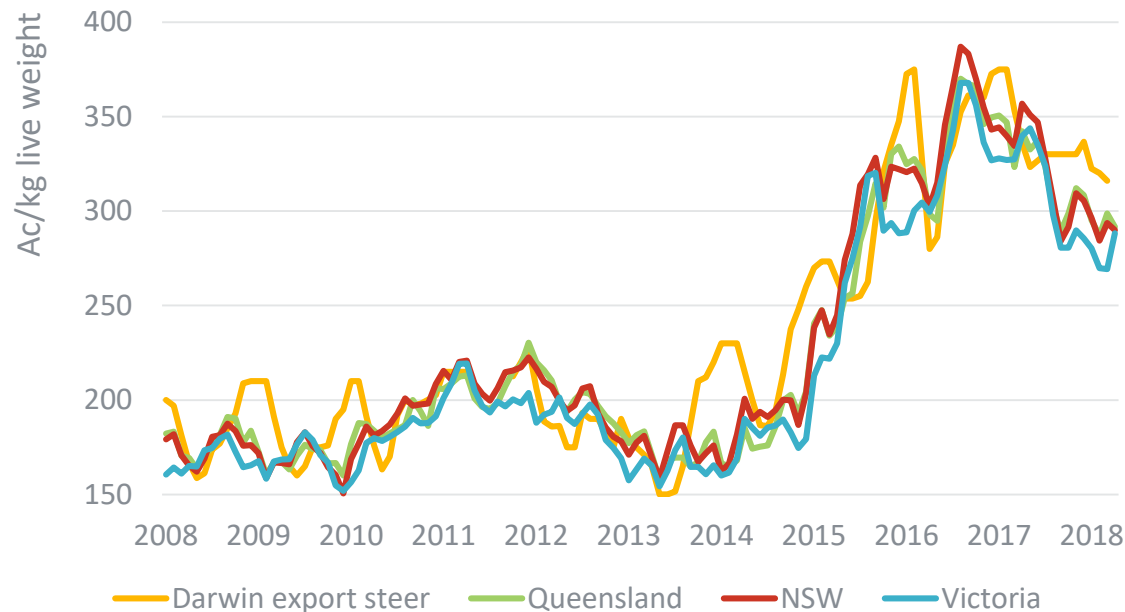
Australian cattle near peak of price cycle

- High prices across Australia
- Cattle markets interlinked
- Influenced by many variables



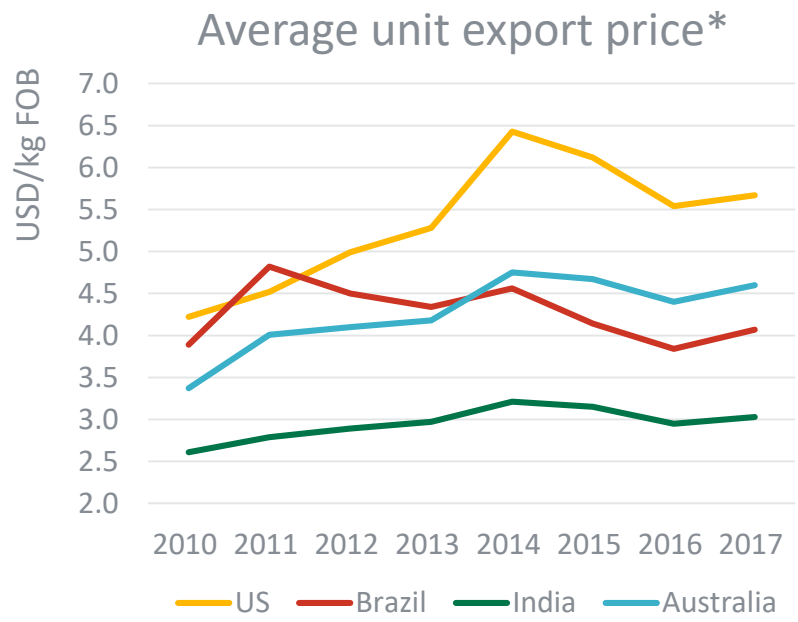
Source: MLA

Export and domestic feeder cattle indicators

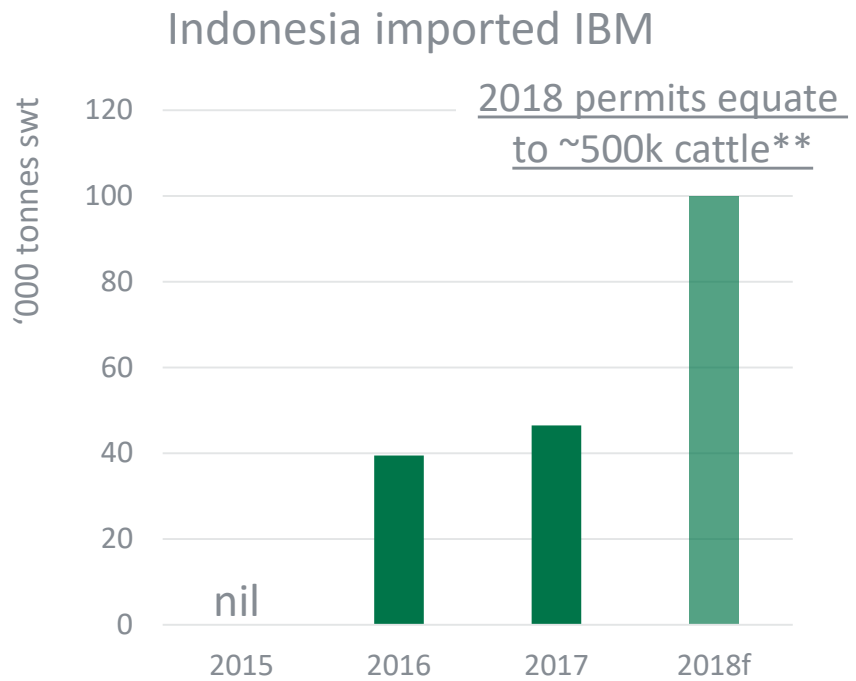




Increased competition from low cost suppliers



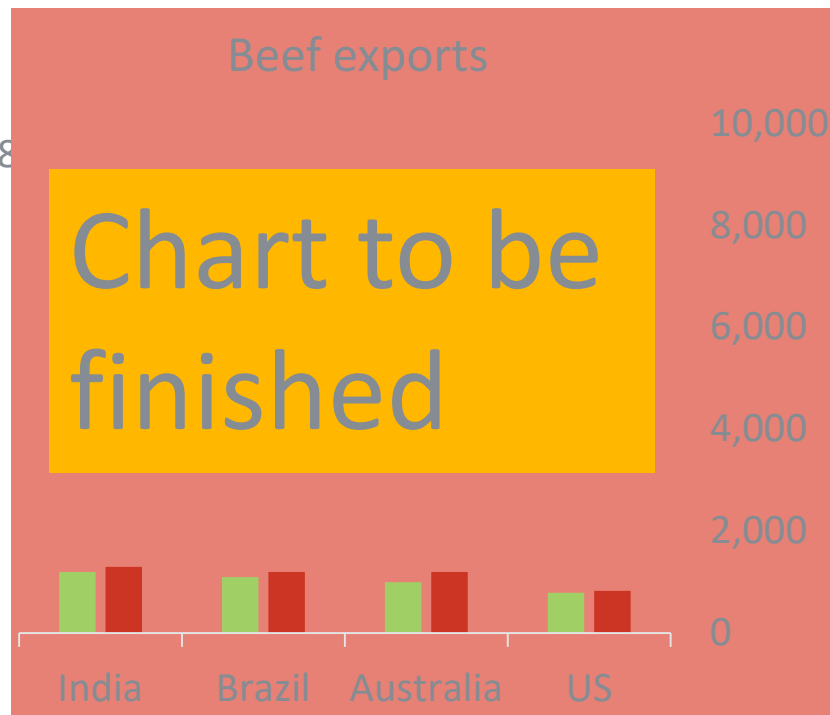
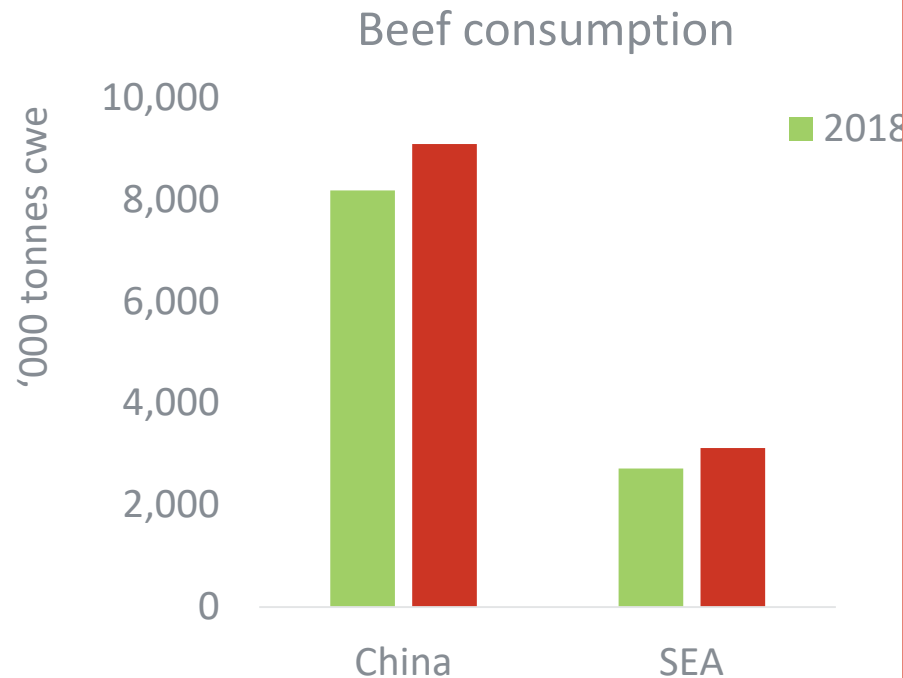
*frozen boneless beef unit export price



Source: GTA, MLA

**assumed slaughter live weight of 465kg

No one supplier can meet demand growth



Source: BMI Research, GIRA (SEA excludes Brunei), MLA

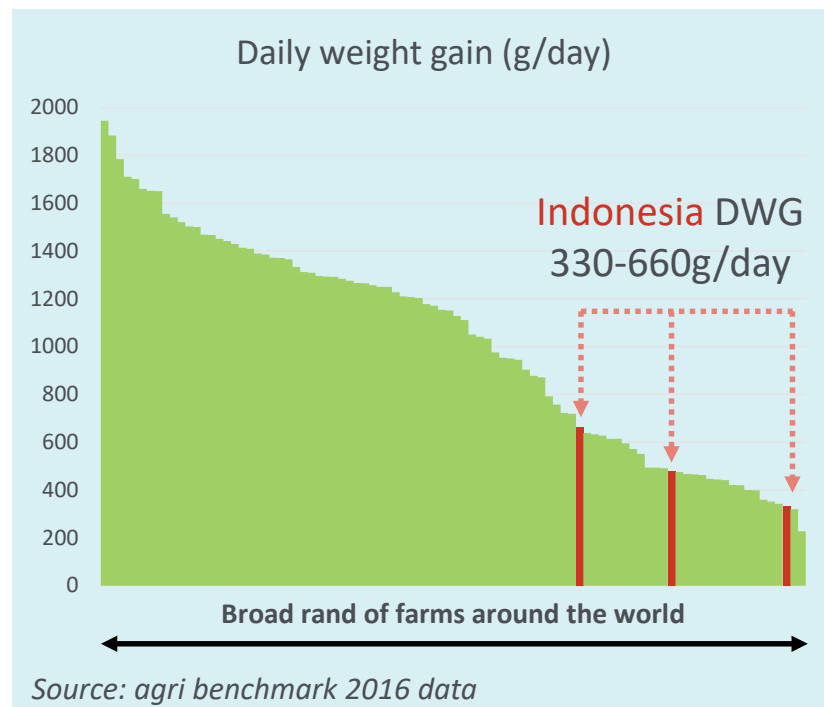
Competition means: *Need to differentiate...*

Top five important themes motivating beef purchase (Jakarta)

1	Halal
2	Freshness
3	Safety
4	Natural
5	Value

Source: MLA Global Consumer Tracker, 2017, Indonesia

Or we could split table/chart across slides and add image – see next slide
or increase productivity



Competition means:

Need to differentiate...

Marketing image

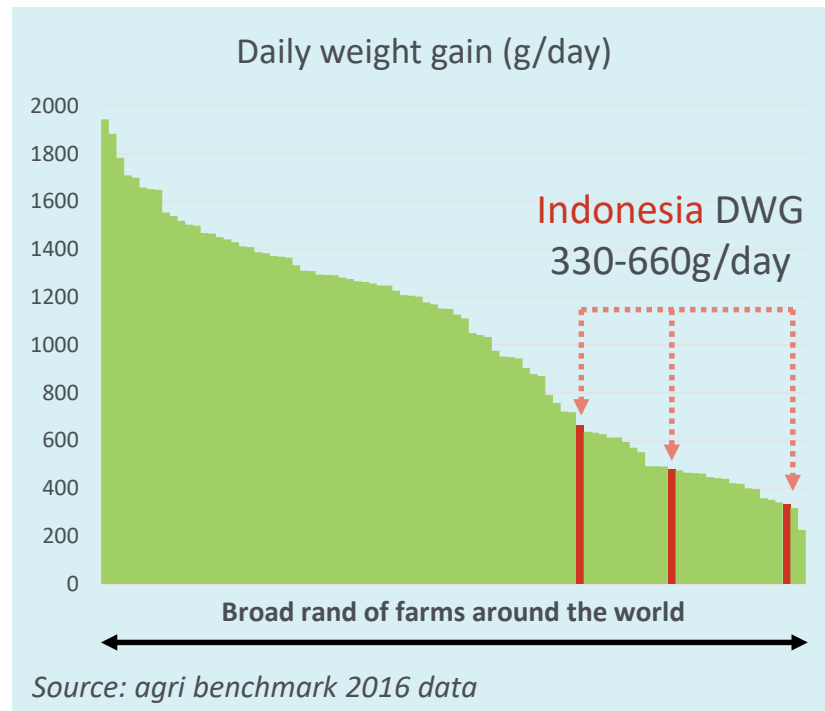
Top five important themes motivating beef purchase (Jakarta)

1	Halal
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Source: MLA Global Consumer Tracker, 2017, Indonesia

Competition means: *...or increase productivity*

Cattle feeding trial image



An outlook for Australian cattle exports to SEA

SEA leading global beef consumption growth

Australian supplies in recovery

Challenges remain but opportunities present

Thank you – any questions?

Tim Ryan

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More information: <https://www.mla.com.au/prices-markets>