



AUSTRALIAN HIDE, SKIN & LEATHER EXPORTERS ASSOCIATION LTD

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AUSTRALIAN REPORT FOR THE ICHSLTA AGM

SHEEP/LAMBS

Lamb slaughter in 2015 is forecast to decline 12% year on-year, to 19.8 million head, after what were two consecutive years of record lamb slaughter. In 2013, Australia killed a record number of lambs, almost 21.9 million head, and 2014 is estimated (final figures released in February) to have surpassed the previous record, at 22.4 million head. High slaughter was the result of three consecutive years of flock expansion, followed by two years of 'below average' rainfall in the key lamb producing regions. Australian mutton slaughter is expected to contract 27% year-on-year, to 7.2 million head in 2015. Consequently, mutton production is forecast to fall 29.7% on year-ago levels, to 168,600 tonnes cwt.

After persistent hot and dry conditions during 2014 –officially Australia's third-warmest year on record – a slow phase-out of drought is expected to occur throughout 2015. While the pace of the seasonal improvements will vary, overall, 'average' conditions have been assumed for the majority of Australia's sheep and lamb producing regions. The Bureau of Meteorology's latest three month rainfall outlook indicates that conditions for February – April will be moderate for much of the eastern states, while conditions in WA are likely to be drier than average. This comes after widespread summer rainfall activity across much of the eastern states, providing producers with some short-term relief leading into autumn.

Hot and dry conditions persisted across much of the country over the spring of 2013 and summer of 2013- 14, and deteriorating feed conditions pressured producers to cull older sheep. Some respite came with good rain in southern regions in the autumn of 2014 and sheep slaughter eased year-on-year. However, dry conditions returned in the second half of 2014, as El Niño-like conditions set in, and sheep slaughter picked up again, averaging higher year-on-year in September, October and November. (Source: MLA Sheep Forecast Feb 2015)

CATTLE

Australian adult cattle slaughter during 2015 is expected to decline 15% year-on-year, to 7.8 million head. Before 2013 and 2014, where adult slaughter was 8.34 million head and 9.17 million head respectively, the average for the ten years prior was 7.7 million head. Thus, while 2015 adult cattle slaughter will be a significant contraction from the previous year, it remains slightly above the long term average. It is anticipated, however, that while annual slaughter will be relatively high, the first half of the year is expected to account for a greater portion than the latter.

Looking further forward, due to an expected strong intention from producers to focus on herd rebuilding from 2016 onwards, further reductions are anticipated out to 2017, when slaughter is expected to bottom out at 7.25 million head – the lowest level since 1996.

Largely contributing to adult cattle slaughter during 2014 were females. It is estimated that 52% of the national kill in 2014 was accounted for by cows and heifers, up significantly from the long-term average of 47%. (Source: MLA Cattle Forecast Feb 2015)

Garry King
President