AUSTRALIAN HIDE, SKIN & LEATHER EXPORTERS ASSOCIATION LTD

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AUSTRALIAN COUNTRY REPORT 2018

SHEEP/LAMBS

Lamb and sheep slaughter are both expected to drop slightly in 2018, to 22.5 million head and 7.2 million head, respectively. A small increase in lamb carcase weights will help offset the lower slaughter, resulting in stable lamb production at 514,000 tonnes carcase weight (cwt). It is a slightly different story for sheep, with carcase weights expected to ease from record highs in 2017 back towards their longer term trend. This, combined with declining Slaughter numbers, suggests a small reduction in mutton production to 177,000 tonnes cwt.

Encouragingly, industry survey results signal producers are intending to retain more replacements and expand their operations, and there is a strong price incentive to do so. An unprecedented run of wool price rises over the last year has also enticed producers to retain more Merino wether lambs for wool production. With added stock retention and an improvement in marking rates, the national sheep flock is forecast to expand a further 2.5% in 2018. Consumer demand for sheepmeat has been robust with lamb exports hitting record highs, mutton exports up 11% and reasonably flat domestic consumption.

KEY POINTS

- Lamb production to be similar in 2018
- Mutton production to decline with lower slaughter
- Strong international demand to continue to support prices
- NZ production and exports to remain steady

KEY 2018 NUMBERS

Lamb slaughter: 22.5 million head

Lamb production: 514,000 tonnes cwt

Lamb exports: 241,000 tonnes swt

Sheep slaughter: 7.2 million head

* Graphic illustrates year-on-year change

Situation and outlook for the Australian sheep industry

	2013	2014	2015	2016	2017[s]	2018[f]	% change 2018 on 2017	2019[f]	2020[f]	2021[f]	2022[f]	% change 2022[f] on 2017[f]
Sheep and lamb numbers ('000 head)*												
As at 30 June	72,394	69,361	68,025	67,543	69,800	71,400		72,400	72,900	73,300	73,500	6%
Percentage change		-4.2%	-1.9%	-0.7%	3.1%	2.5%		1.4%	0.7%	0.5%	0.3%	
Slaughterings ('000 head)												
Sheep	9,615	10,086	8,487	6,965	7,555	7,200	-5%	7,500	7,800	8,000	8,100	7%
Lamb	21,886	22,251	22,876	22,956	22,650	22,500	-1%	22,900	23,250	23,600	23,850	5%

(Source: MLA Sheep Industry Projection 2018)

CATTLE

Cattle supplies are anticipated to remain tight in 2018 with only a small rise forecast in adult slaughter to 7.4 million head, as the herd rebuild continues. A dry winter/spring across many parts of Australia resulted in higher than expected turn-off in the second half of 2017, which is likely to result in another restricted year for cattle flow in 2018. If the three-month rainfall outlook from the Bureau of Meteorology (BOM) comes to fruition, it is likely to see tight supplies in certain regions, particularly through the mid part of the year.

Despite the dry winter and spring, the herd rebuild is still very much underway across many parts of the nation. The southern regions of NSW and Victoria are expected to achieve pre-drought herd numbers in the coming year, with their recovery helped along by comparatively higher and less volatile branding rates. The success of the wet season in Queensland will set the stage for the year ahead and determine how supply should be expected to track. Queensland, which hosts about half the national beef herd, has not had a substantial wet season since 2011–12 and will be thirsty for cattle given the right conditions.

Female slaughter remains in rebuild territory, averaging 45% of the adult kill for the year-to-November. The rolling annual total is likely to remain under 47% for the next few years as the rebuild progresses. Current projections have the national herd reaching its pre-drought (2012) levels by 2020 under the assumption of average seasonal conditions between now and then.

KEY POINTS

- Herd rebuilding to continue
- Cattle supplies to remain tight with small increase in slaughter
- Drop in cattle on feed from record highs
- Strong international competition from US and Brazil

KEY 2018 NUMBERS

Slaughter: 7.4 million head

Carcase weights: 293 kg/head

Production: 2.17 million tonnes cwt

Beef exports: 1.05 million tonnes swt

* Graphic illustrates year-on-year change

Situation and outlook for the Australian cattle industry

	2013	2014	2015	2016	2017[e]	2018[f]	% change 2018[f] on 2017[f]	2019[f]	2020[f]	2021[f]	2022[f]	% change 2022[f] on 2017[e]
Cattle numbers ('000 head)*												
cattle	29,291	29,100	27,413	26,845	27,245	27,550		27,916	28,373	28,954	29,370	8%
percentage change	3.1%	-0.7%	-5.8%	-2.1%	1.5%	1.1%		1.3%	1.6%	2.0%	1.4%	
Slaughterings ('000 head)												
cattle	8,344	9,226	9,007	7,288	7,175	7,400	3%	7,700	7,900	8,050	8,200	14%
calves	690	688	667	542	480	550	15%	565	575	600	600	25%
total	9,034	9,914	9,675	7,830	7,655	7,950	4%	8,265	8,475	8,650	8,800	15%

(Source: MLA Cattle Industry Projection 2018)

Victor Topper
President