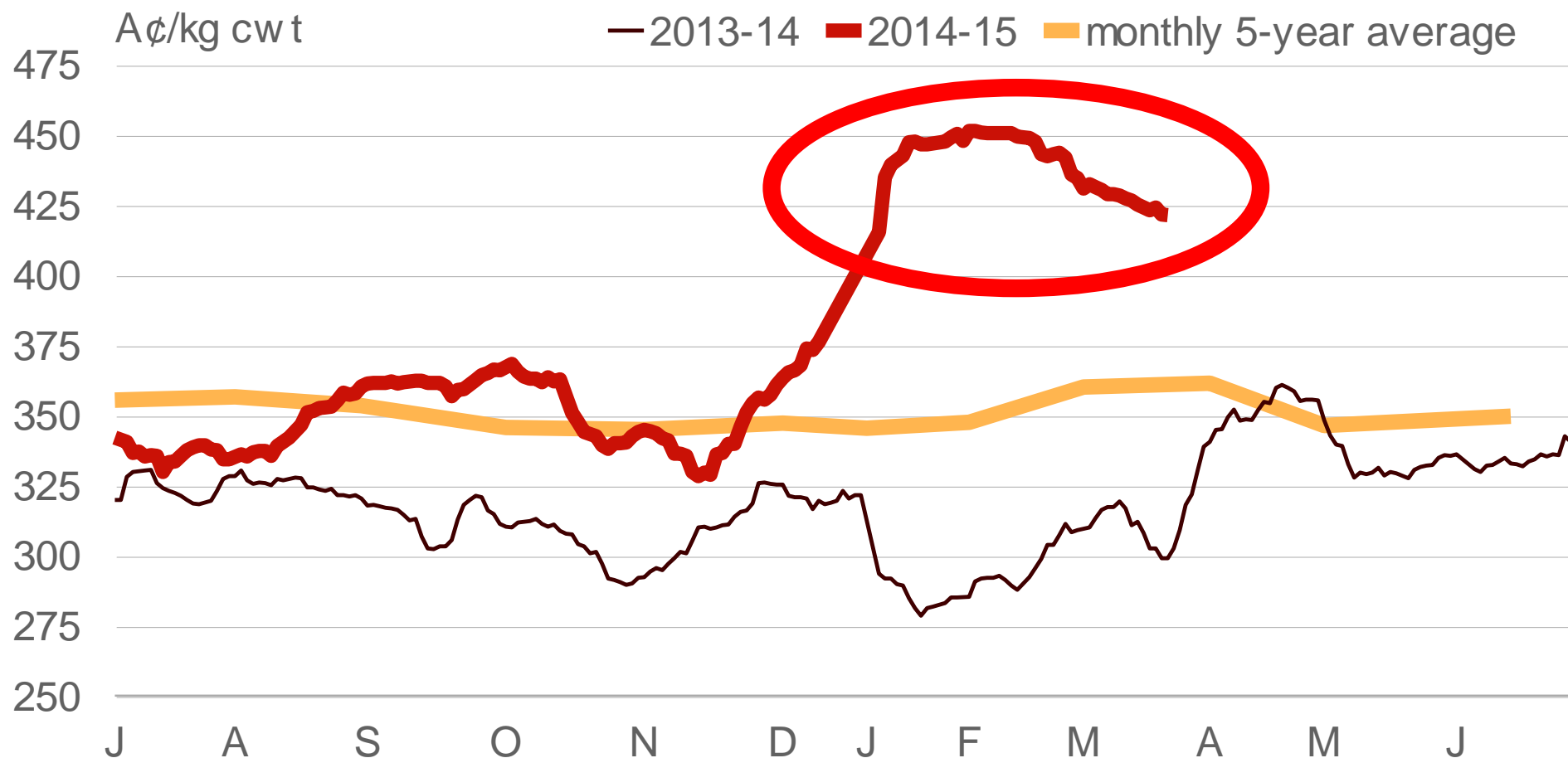


# **MINTRAC – Paddock to Plate**

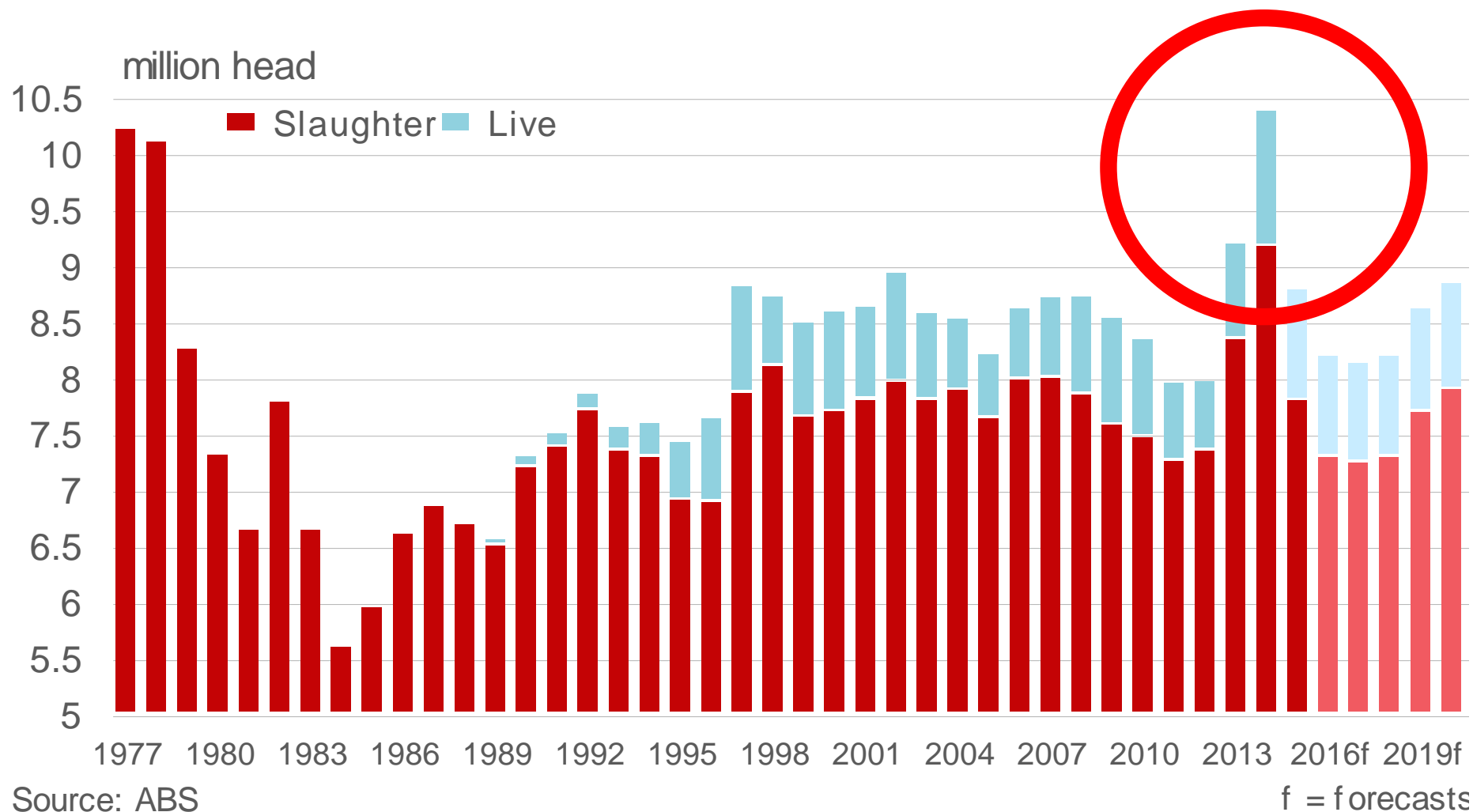
## **Overseas and Domestic Market Trends**

Ben Thomas – Manager, Market  
Information

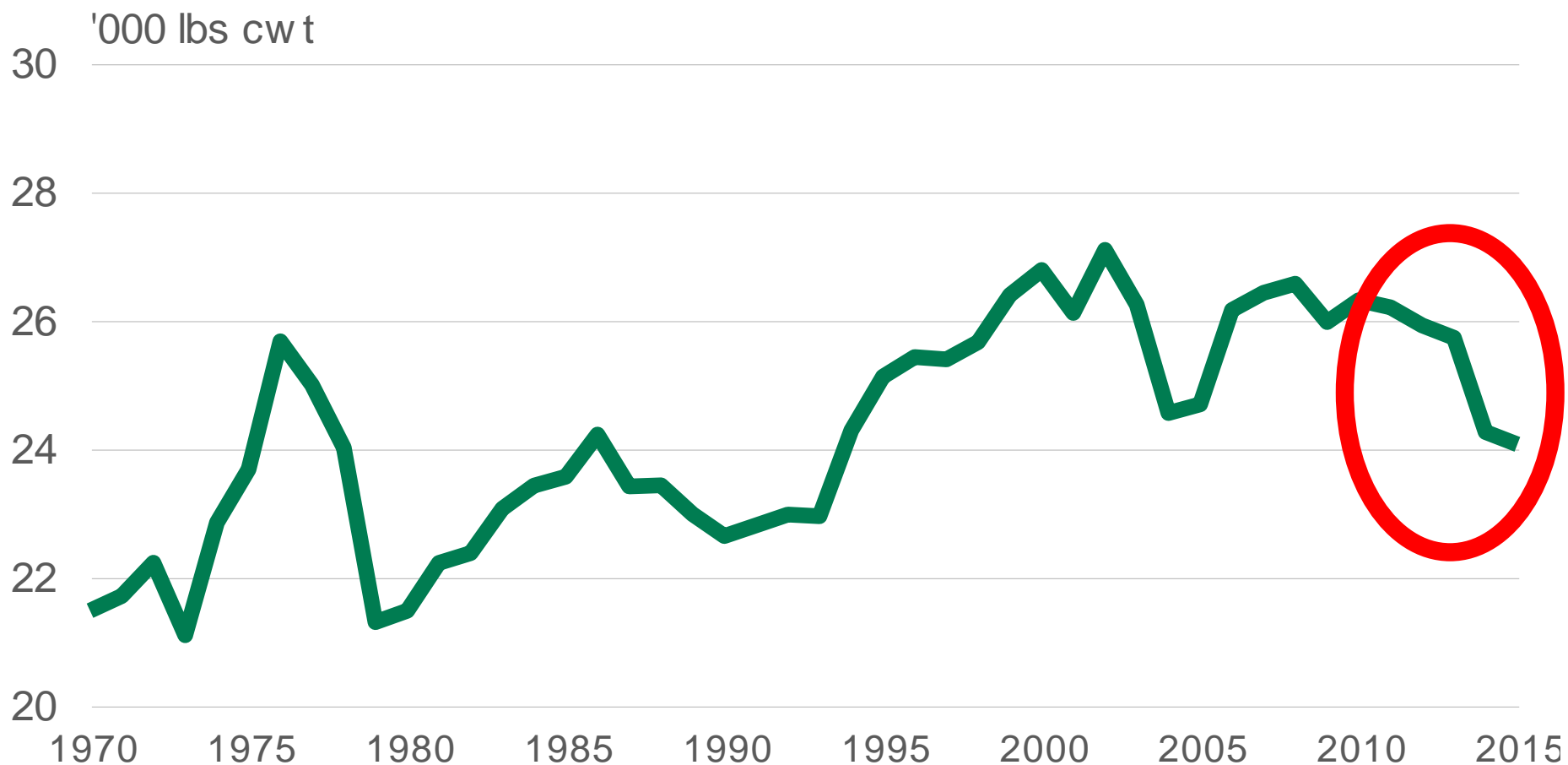
# Cattle prices in remarkable territory



# Unmatched cattle turn-off

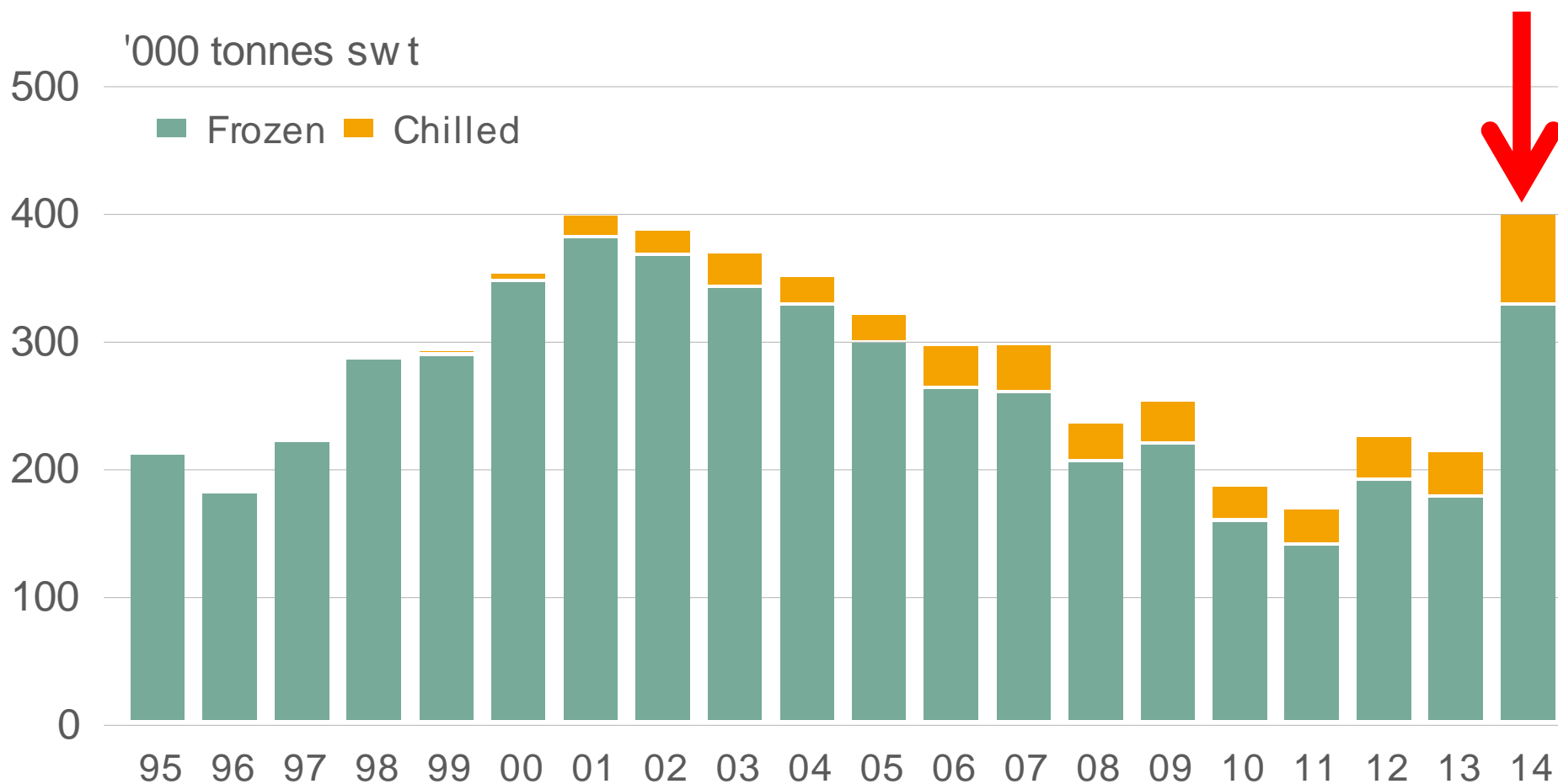


## US beef production at a low point



Source: USDA

## Australian beef exports to the US surging



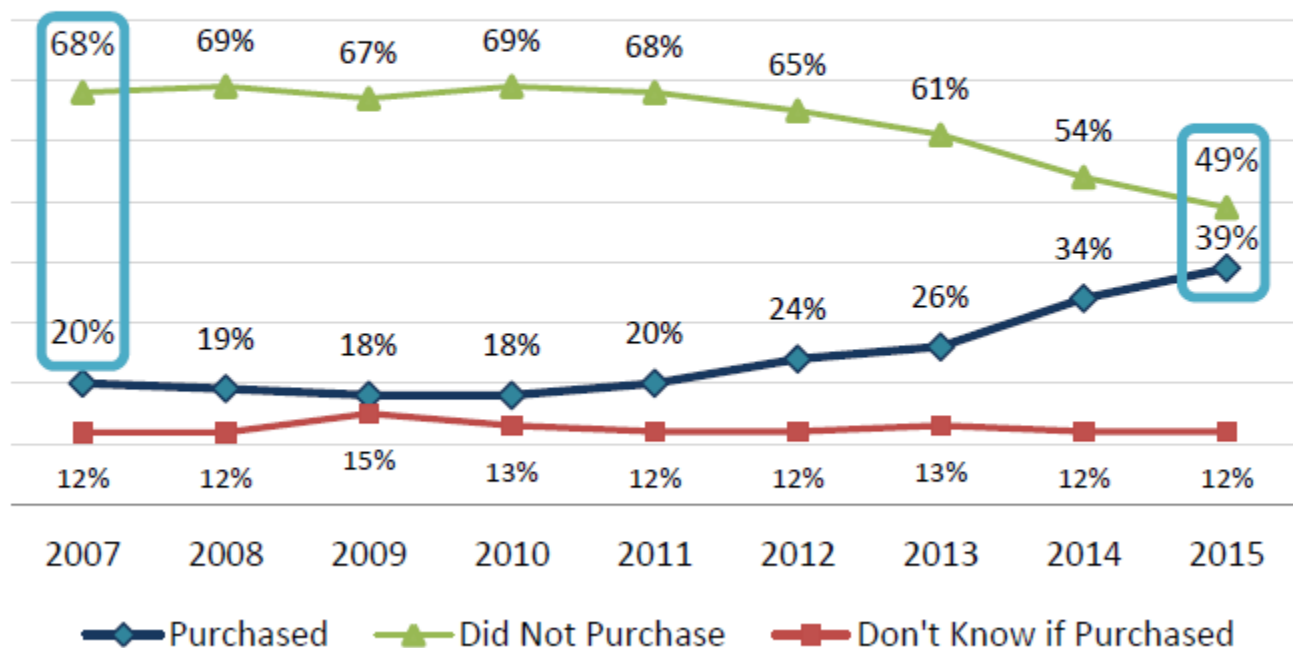
Source: DA

## **Most Australian beef to US is trimmings**



# Natural/organic beef demand increasing

Natural/organic meat/poultry purchases  
in the past 3 months



Above-average  
purchasing by:

- Higher-income of \$100K and above
- Shoppers ages 39 or younger
- Shoppers who spend and shop more than average
- Families with children living at home
- Often college educated and working full time
- Supermarket and/or specialty store shoppers



# Beef the winner in Japan deal

By MATTHEW CAWOOD

## Red meat wins

THE Japan-Australia Partnership Agreement may have arrived in the nick of time for exporters.

### EXPORTERS' FEAST

Japan trade deal pp5, 8-9

**Exporters celebrate FTA deal with China**

**Tariff cuts open the door for producers**

**Boost for red meat and livestock**

**Meat sector 'to benefit by \$11b'**

Currently, Japan places a 38.5 per cent tariff on beef imported from Australia.

**Boost for beef and dairy, but others must wait**

**Breakthrough over Korean FTA trade deal means millions for Australian beef**

by Beef Central 05 December 2013

**Sheepmeat tariff phase-out means big dollar rewards**

AGRICULTURE

SID MAHER

NATIONAL AFFAIRS EDITOR

THE Australia-China free trade agreement is expected to give a boost to the beef industry.

these markets for Australian

Tariffs on beef and sheep meat

nistachic

**Benefits will flow**

**Cattlemen toast China deal**

**Trade deal winners**

Commodity	Outcome	Tariff elimination	Current Value (2013-14)*	NFF Overall Rating
Dairy	Cheese, infant formula, milk	4-11 years	421 million	★★★★★

**Elimination of tariffs will benefit farmers**

★★★★★

**Agreements boost to beef industry**

**Beef, sheepmeat, hort big China FTA winners**

(ChAFTA) announced by Australian Prime Minister his meeting with Chinese Prime Minister

**Free trade glee**

Free trade agreements open window of opportunity

**Korean deal serves up \$5b export boost**





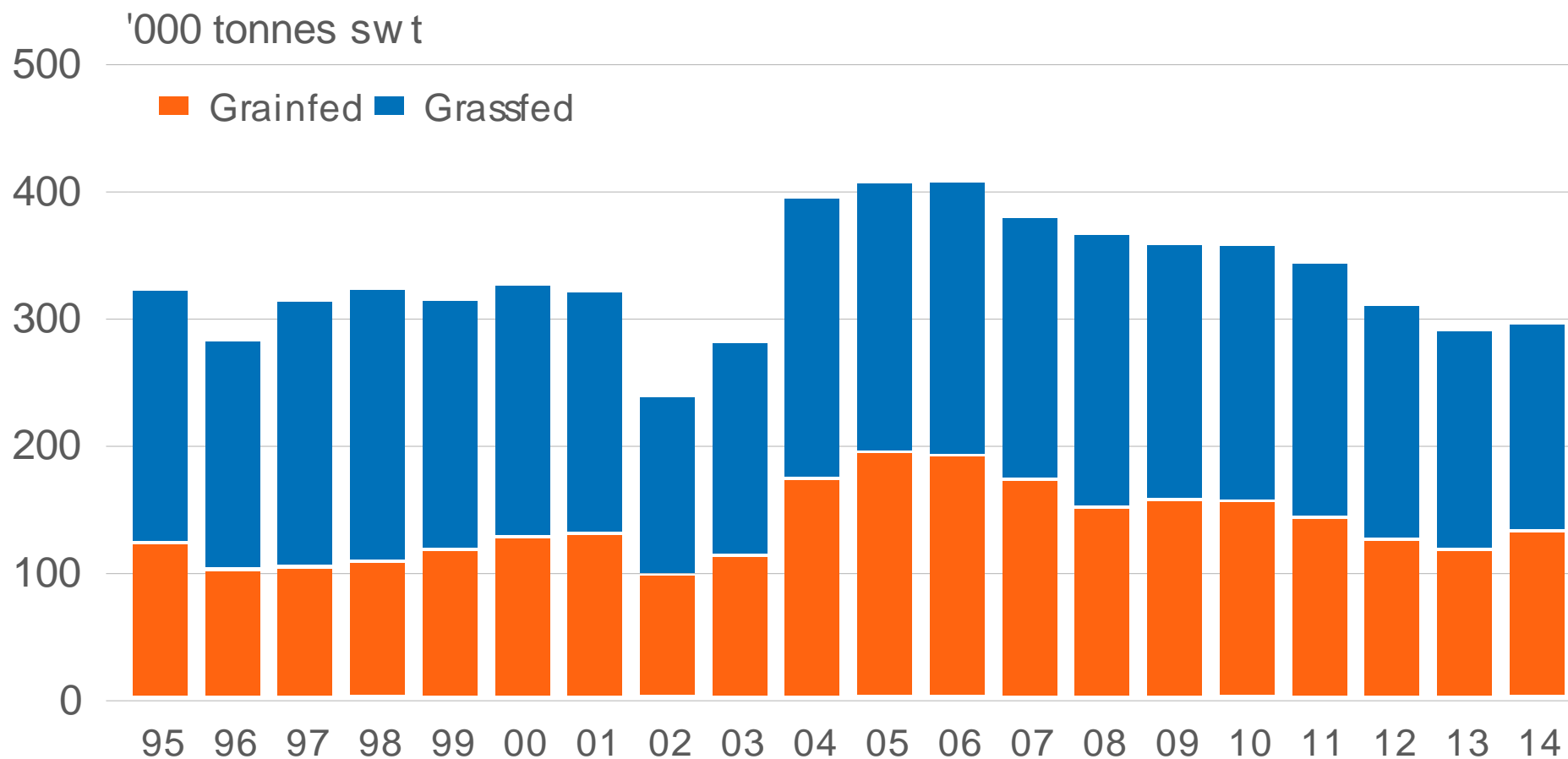
# Benefits from recent North Asia FTAs

A\$ million	Japan	Korea	China	Total
<b>Beef</b>				
Annual benefits by 2024 <sup>1</sup>	407	247	273	927
Total over next 20 years <sup>1</sup>	5,217	4,013	3,245	12,475
<b>Sheepmeat</b>				
Annual benefits by 2024 <sup>1</sup>	-	22	121	143
Total over next 20 years <sup>1</sup>	-	269	1,495	1,765
<b>Co-products</b>				
Annual benefits by 2024 <sup>1</sup>	-	-	436	436
Total over next 20 years <sup>1</sup>	-	-	6,000	6,000
<b>TOTAL over next 20 years</b>				<b>\$20 billion</b>

1. Benefits in 2013 prices & undiscounted  
Source: CIE GMI Model, Nov 2014

Trade reform = taking costs out of the supply chain

## Japan – largest grainfed market



Source: DA



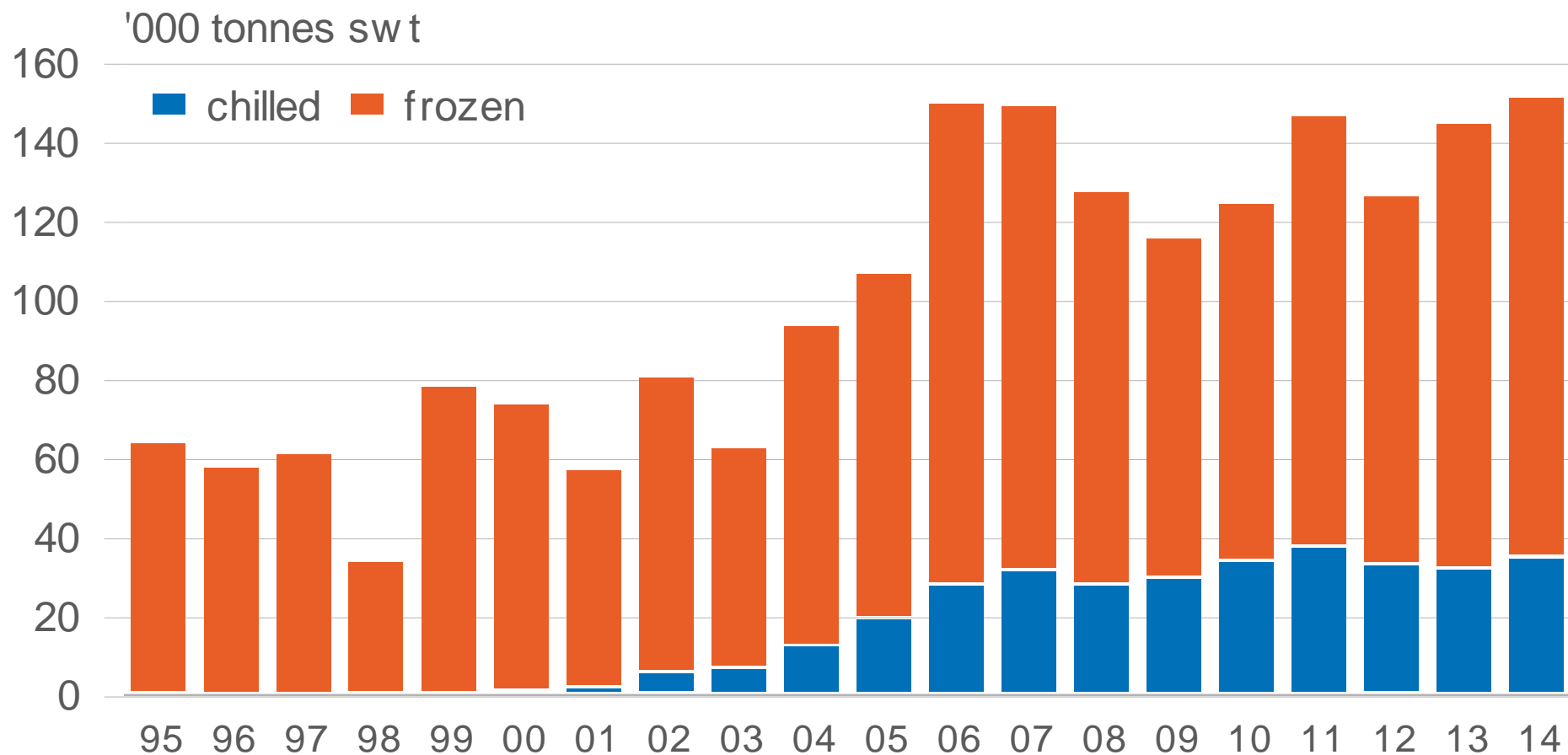
3.1 BEEF 認定証

出荷者	斉藤 新一	血統	817
トレサビ	0838109166	産地	安福久
			熊本

大人気の血統で、素晴らしい霜降りがギッシリと詰まっています。

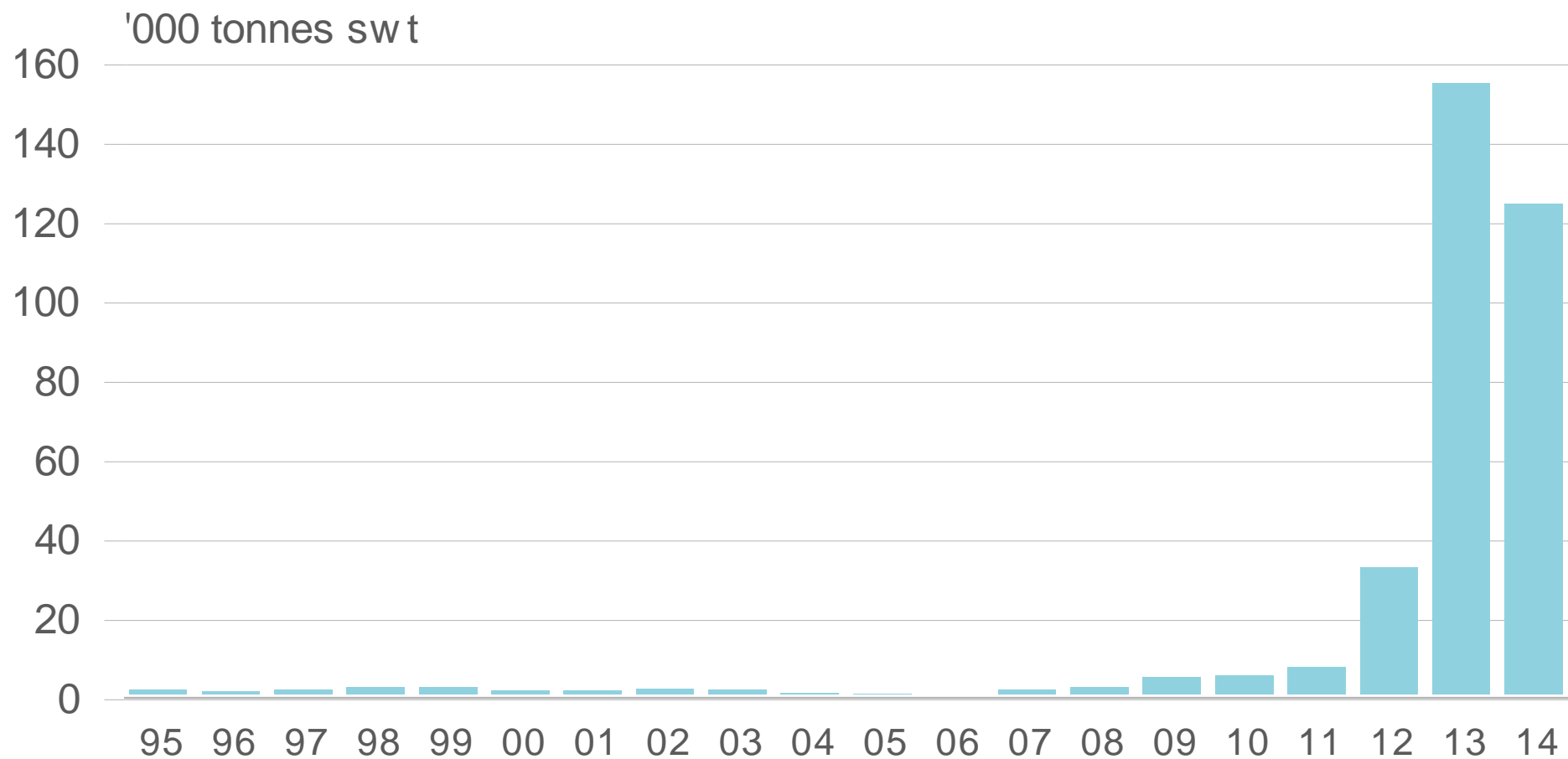


## Consistent demand from Korea



Source: DA

## Huge growth to China

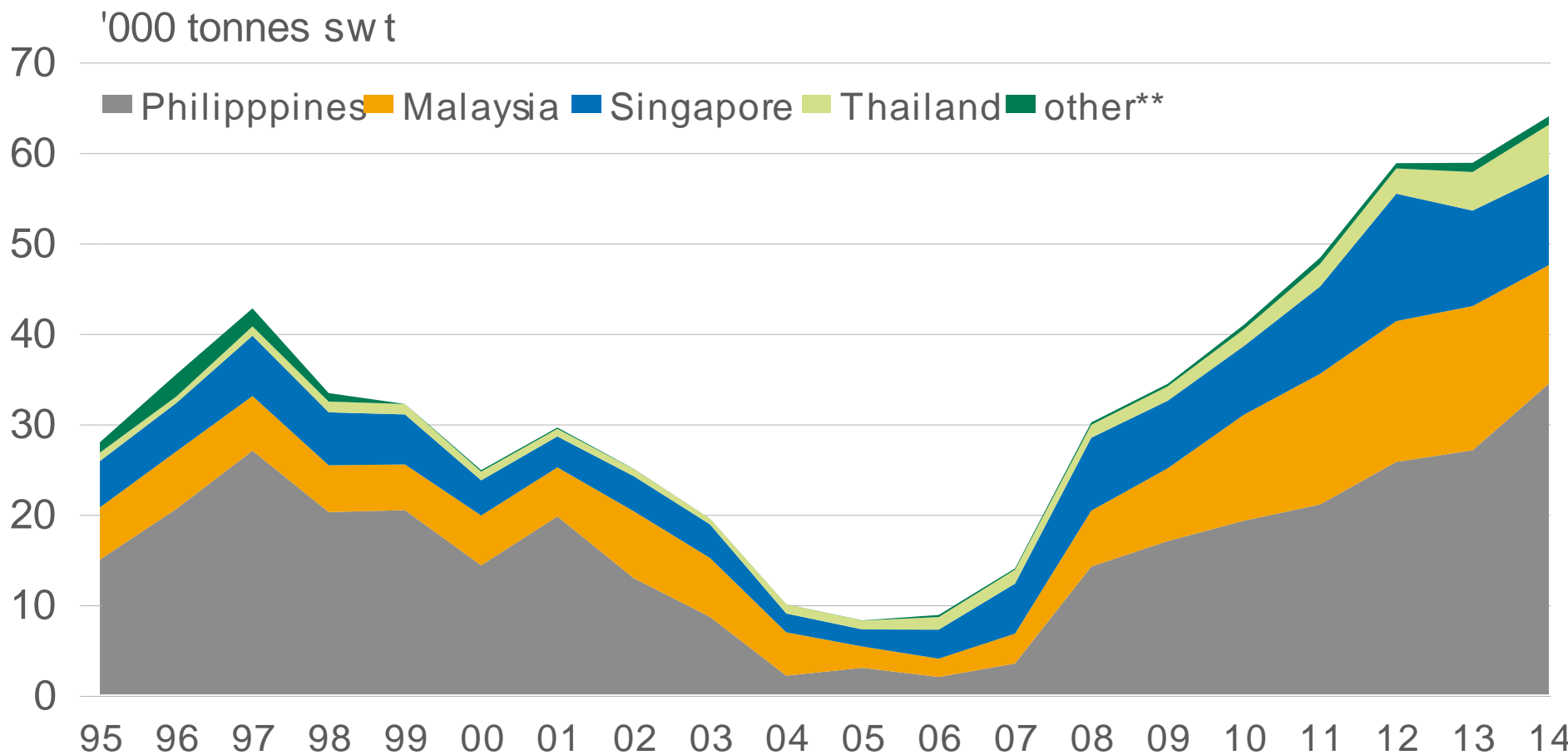


Source: DA

# China meat purchasing considerations

#	Attributes	Average 2014 ranking*
1	Freshness	2.8
2	Guaranteed safe to eat	3.7
3	High nutritional value	4.8
4	Taste	5.6
5	Consistent quality standards	5.7
6	Can be used in many different meals	6.8
7	Low in fat	6.9
8	Is easy and convenient to prepare	7.1
9	The animal is well-cared for	7.1
10	Cheaper	7.2
11	The industry is environmentally sustainable	8.3

## The little dragons



Source: DA \*excluding Indonesia \*\* Brunei, Cambodia, Laos and Myanmar







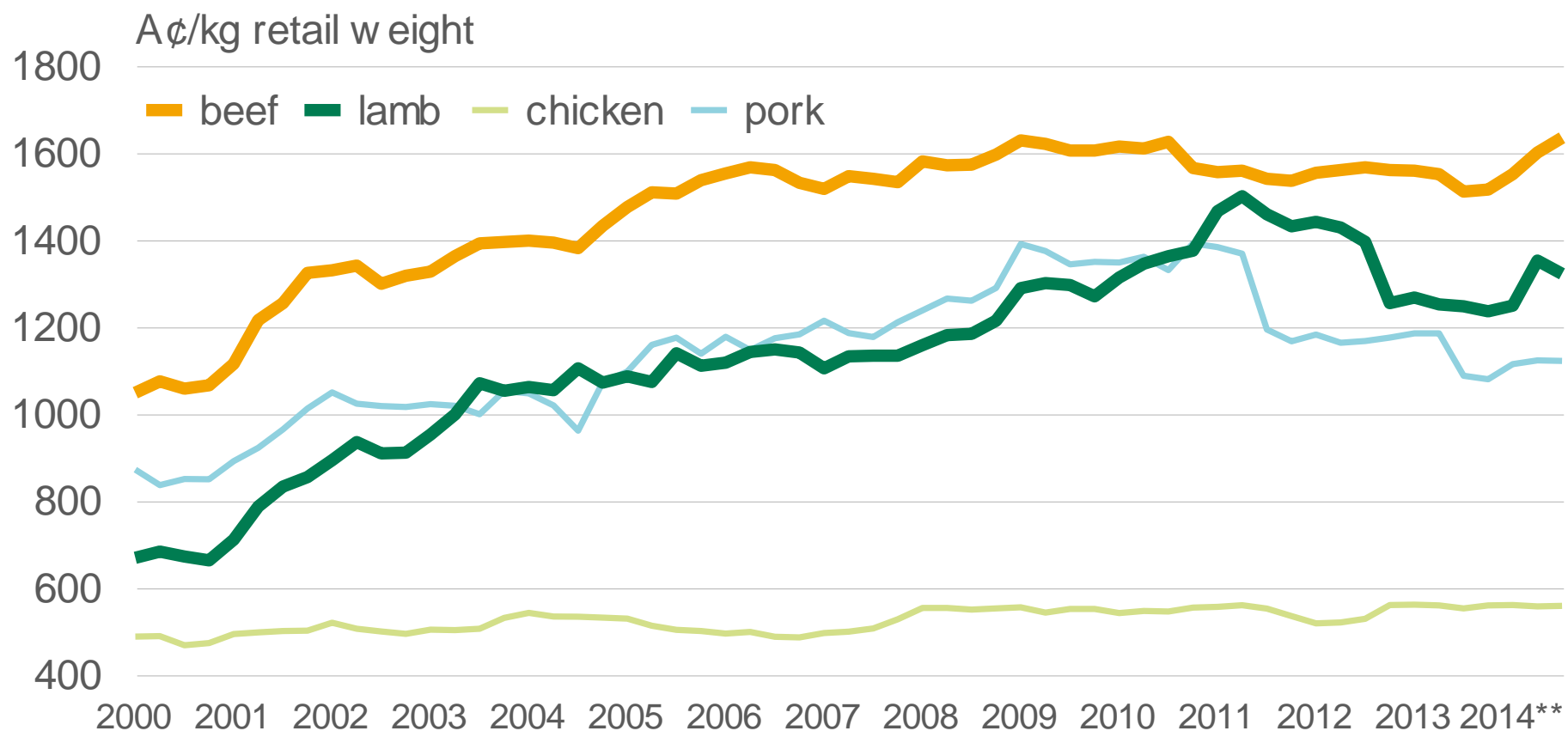
## What's happening in our own backyard?



## **Still the single largest market, but...**

- 64% of production exported in 2004
- 74% of production exported in 2014
- Retail prices are increasing
- Domestic market likely to become stretched

# Retail beef and lamb prices increasing



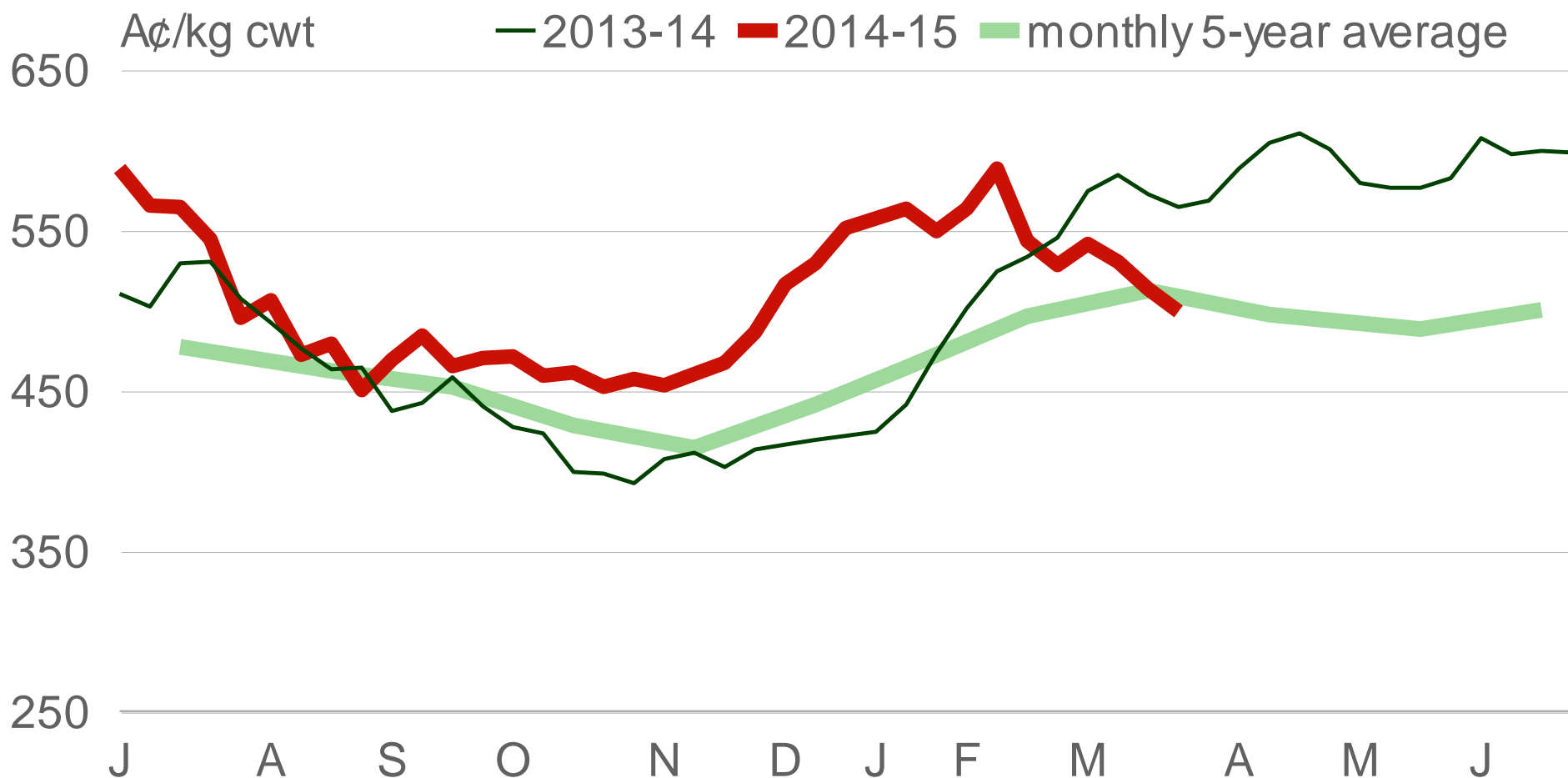
Source: ABS

\* = subject to revisor  
\*\* = calendar year to September

## **Lamb demand fundamentals positive**

- Reduced competition from New Zealand
- A\$ trading at less than 80US¢
- Buoyant demand from the US, China and the Middle East
- Domestic demand remains strong

# Lamb prices under feed and water pressure



# Conclusion

- Cattle prices benefiting from strong global demand
- International trade increasingly important
- Australia remains the single largest beef and lamb market
- Lamb prices currently under feed and water pressure