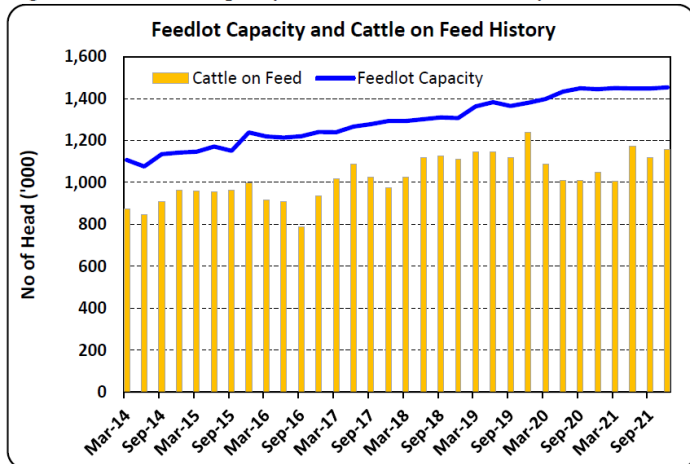


The Australia [Livestock and Product Semi-Annual](#) USDA FAS GAIN (Global Agricultural Information Network) report released on March 3, 2022, is forecasting a 12% (761,000 head) increase in cattle slaughter for 2022 to 7.05 million head. The report notes that “this is a large increase in forecast cattle slaughter, other than 2021 it still remains the lowest since 1984.” According to the report, good rainfall since 2020 has improved pasture conditions which has allowed producers to start rebuilding the herd and increase cattle slaughter. Australia’s herd rebuilding efforts have started “in force in south-eastern Australia, but the recovery is a little further behind in the northern regions.”

The higher cattle slaughter is expected to result in a corresponding 12% increase in beef production to 2.115 million metric tons (MMT) carcass weight equivalent (CWE) in 2022. The report notes that Australia has been shifting more towards feedlot beef production “with slaughter from feedlots comprising 50 percent of total slaughter in the October to December 2021 period.” During this year the report notes that “the overall number of cattle slaughtered from feedlots may increase in 2022 but the overall rise in grass-fed cattle slaughtered is expected to be even higher.” The shift towards more feedlot production has occurred “over the last 5 years, feedlot capacity has increased by 17 percent and cattle on feed by 24 percent.” However, this will also make their beef industry more susceptible to changes in feed grain prices.

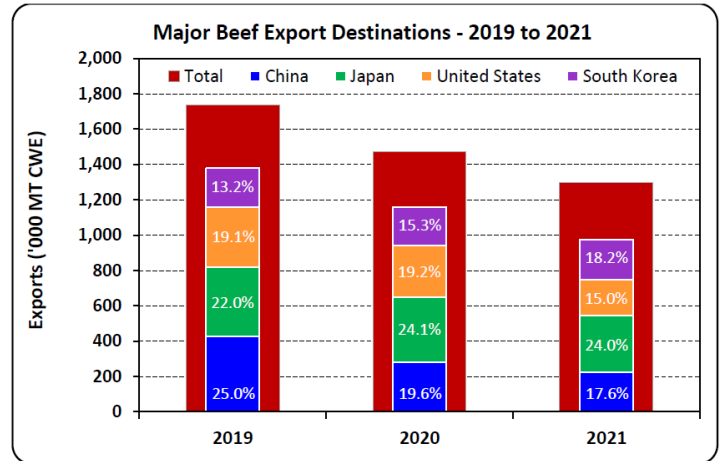
Australia’s beef exports are forecast at 1.47 MMT CWE, up 13% from 2021. Japan, China, United States, and South Korea are the top four export destinations and “in recent years accounted for 75 to 80 percent of Australian beef exports.” As the report notes, “the majority of beef exports to the United States is lean grinding beef mainly from cows.” USDA FAS is forecasting a 10% increase in cow slaughter for 2022 which

Figure 15 – Feedlot Capacity and Cattle on Feed History



Source: Meat & Livestock Australia

Figure 16 – Major Beef Export Destinations - 2019 to 2021

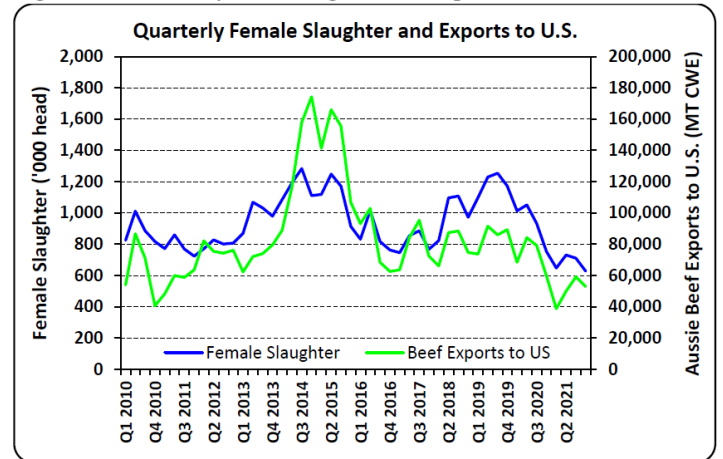


Source: Australian Bureau of Statistics

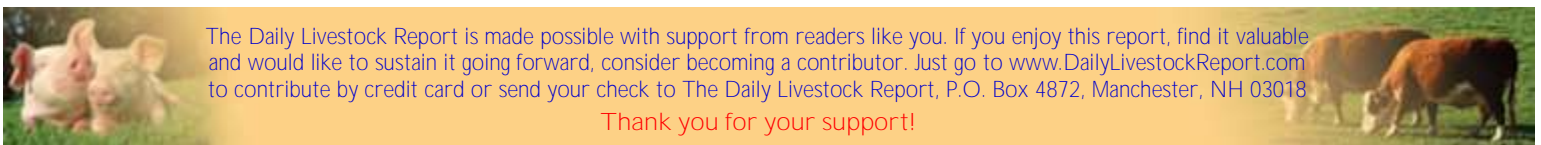
could translate to a similar increase in exports to the U.S. This would likely occur based on “the last 10 years there appears to be a relatively strong correlation between cow slaughter in Australia and beef exports to the United States.” Key export markets have also developed an “increasing preference for grain-fed beef.” Both factors are expected to contribute to the forecasted increase in Australia’s beef exports in 2022.

Data reported in the Australia Livestock and Product Semi-Annual report are unofficial USDA statistics. Official USDA statistics will be released on April 8, 2022 in the Livestock and Poultry: World Markets and Trade report released by USDA FAS.

Figure 18 – Quarterly Cow Slaughter and Exports to the United States



Source: Australian Bureau of Statistics



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