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Report Highlights:

The Australian cattle industry is expected to continue its strong herd rebuild in 2023 and Australian beef supply is expected to recover after falling to the lowest level in twenty-five years in 2021 and in 2022. With the support of increased female slaughter, it is expected that overall cattle slaughter, beef production, and beef exports will all rise in 2023. The live cattle export trade is also forecast to increase in 2023 as a result of improved trading conditions with Australia's major trade partner. Australian pork production is forecast to decline slightly in 2023 after stronger than expected production in 2022. Pork producers in early 2023 are being challenged by high feed grain prices relative to pork prices which is anticipated to have an impact on slaughter numbers and pork production in the latter part of 2023. Australian pork imports and exports are forecast to remain stable for 2023.

EXECUTIVE SUMMARY

Australian beef supply is forecast to make a significant step towards recovery in 2023, after falling to the lowest level in twenty-five years in 2021 and in 2022. There are signs that female slaughter was near to bottoming out in 2022 and it is likely to increase in 2023. Female slaughter rates fell even further in 2022, from the already very low level in 2021, which had marked the onset of a herd rebuild following a severe multi-year drought. The Australian cattle industry is expected to continue its strong herd rebuild in 2023. However, with the support of rising female slaughter it is expected that overall cattle slaughter, beef production, and beef exports will all increase in 2023.

Live export volumes are also set for a boost in 2023 from the lowest level in almost two decades in 2022. The moderation of live export cattle prices and the reported improving management of foot and mouth disease by Australia's major trading partner, Indonesia, in the last quarter of 2022 resulted in an improvement in live trade which is expected to flow into 2023.

Most cattle producers have experienced great pasture conditions for the third successive season since the onset of drought-breaking rains in early 2020. However, for the first time since then the Bureau of Meteorology is forecasting a well-below-average chance of achieving median rainfall in the coming months across much of Australia. If realized, this is expected to result in producers making more cattle available for slaughter and reduce the pace of the herd expansion.

Australian pork production is forecast to decline slightly in 2023 after stronger than expected production in 2022. Pork producers in early 2023 are being challenged by high feed grain prices relative to pork prices, which is anticipated to have an impact on slaughter numbers and pork production in the latter part of 2023. Australia imports over a third of its pork needs, and for 2023 imports are forecast to remain stable as are exports, which are very low at only around eight percent of production.

CATTLE

Production

2023

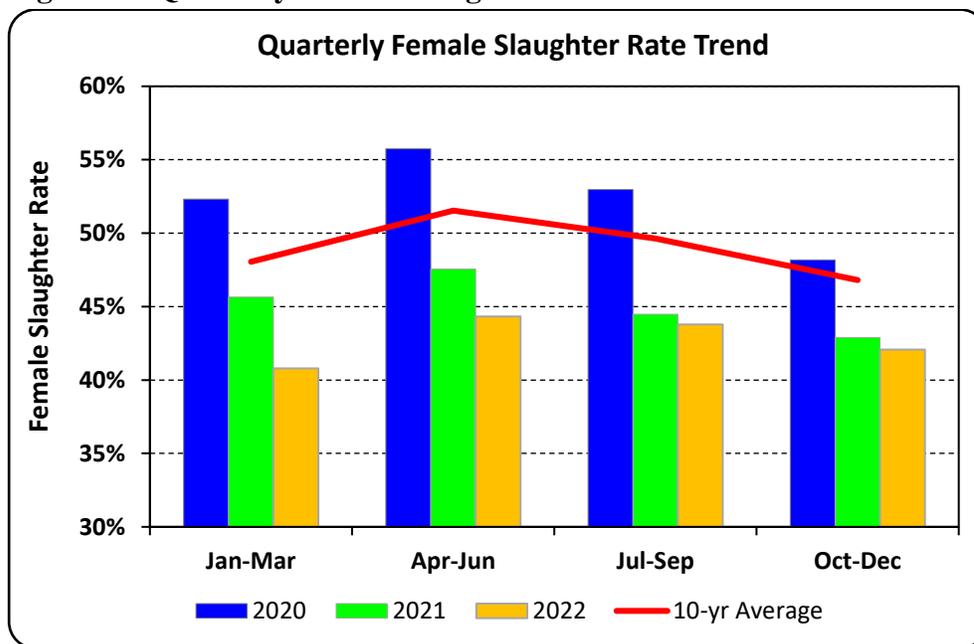
There has been strong herd rebuilding momentum of over the three years since a major drought decimated the national herd, and this has enabled producers to build up breeder numbers. As a result, FAS/Canberra forecasts cattle (calf crop) production in 2023 to increase by eight percent from the prior year. The rapid degree of herd rebuilding has been enabled by excellent seasonal pasture production conditions over the last three years across many of the major beef producing regions.

The female slaughter rate remained very low in 2022 and showed no signs of abating in the final quarter of 2022, at a rate of 42.1 percent, far below the 10-year average for that quarter of 46.8 percent (see Figure 1). This is indicative of the industry continuing to strongly rebuild the herd throughout 2022 and is anticipated to continue well into 2023, supporting strong expected growth in the national herd in the

coming years. With such high retention of females, particularly over the last two years, the breeder numbers have improved markedly to enable the anticipated growth in cattle (calf crop) production for 2023. The very strong market price for cattle (along with excellent pasture production conditions over the last three years) has been another reason that has encouraged a strong herd rebuild, resulting in the low female slaughter rate.

Labor shortages have continued to impede in particular the more intensive agriculture sectors throughout 2022. This, along with the strong cattle prices, has resulted in some farms (particularly dairy farms in the southern states) entirely or partially converting to beef production. This conversion has propped up the demand for breeding females and hindered any rise in the female slaughter rate.

Figure 1 – Quarterly Female Slaughter Rate Trend



Source: Australian Bureau of Statistics

The dairy industry has suffered a seven percent decline in milk production over the last two years, despite very good seasonal conditions and record milk prices. On the ground reports indicate that many dairy farmers are finding it challenging to find adequate labor which has resulted in them seeking alternatives. Some have been attracted to partially or fully switch their dairy operation to beef production because of the easy transition from dairy to beef which has also been supported by the high beef prices. With this they have been able to reduce their labor requirements. Much of the decline in milk production is believed to be attributed to the number of dairy farms transitioning beef production.

2022

FAS/Canberra's cattle (calf crop) production for 2022 is unchanged and remains in line with the USDA official estimate.

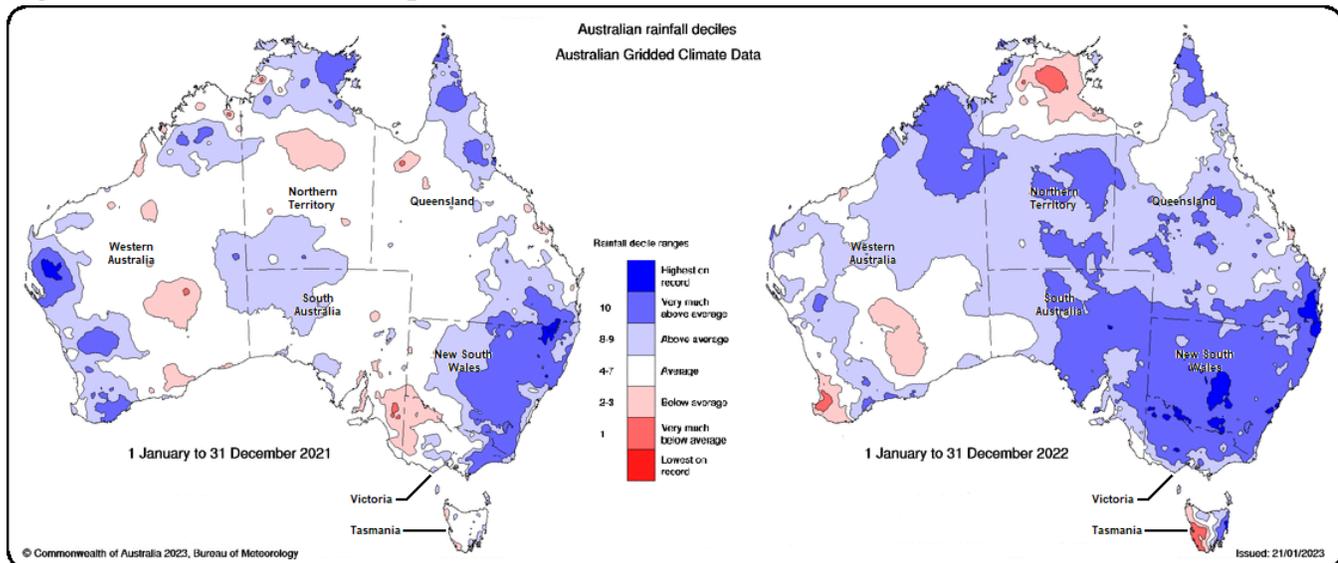
Slaughter

2023

FAS/Canberra forecasts an increase in cattle slaughter in 2023 to 6.7 million head, a 586,000 head increase over the downward revised 2022 outcome of 6.11 million head. However, the FAS/Canberra's downward revised forecast is 500,000 head below that of the official USDA forecast. This is in part due to the lower-than-expected slaughter outcome for 2022 and the very low female slaughter rate in the final quarter of 2022, which is expected to carry into 2023. Good grass production has encouraged retaining and growing out females as breeders.

Rainfall in 2022 across the major beef cattle producing regions was even better than for 2021 (see Figure 2) with well-above-average rainfall across most parts. This set up a strong feed base in 2022 which has carried well into 2023 and continues to support a low female slaughter rate and moderate the overall slaughter number forecast in the first half of the year.

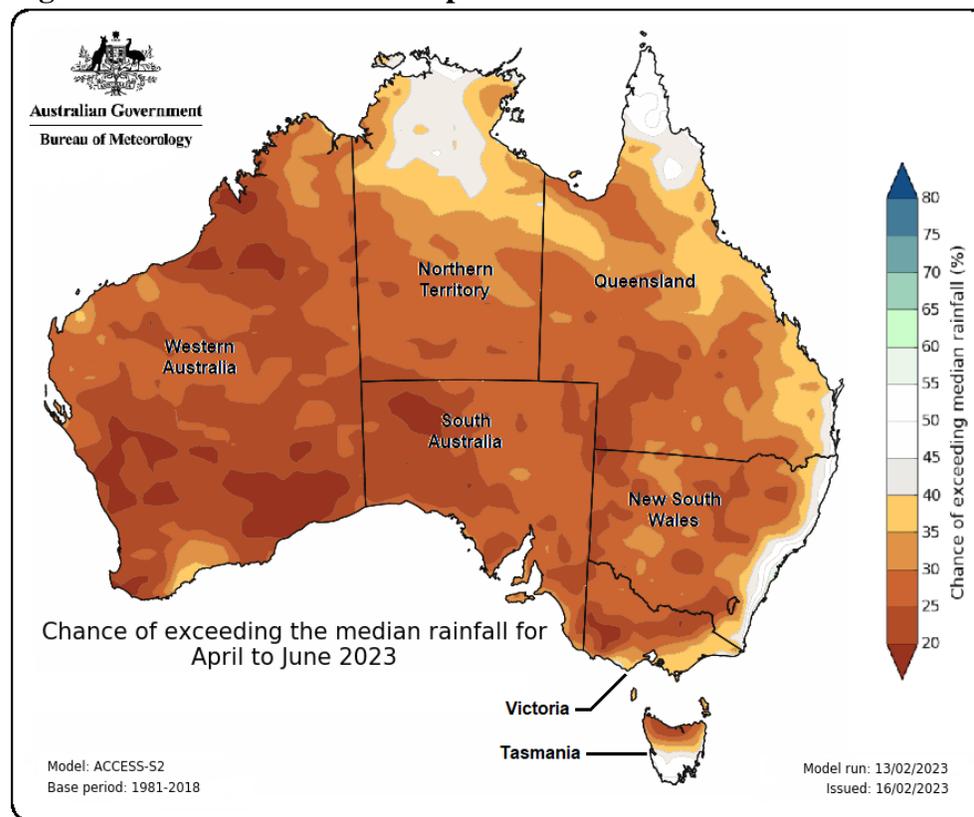
Figure 2 – Rainfall Decile Map 2021 and 2022



Source: Australian Bureau of Meteorology

However, in contrast to the near ideal conditions leading into 2023, the Australian Bureau of Meteorology forecasts a low chance of exceeding medial rainfall for the April to June 2023 period (see Figure 3). If this drier forecast is realized, with less pasture cattle producers are likely to begin to temper their focus on herd growth and make greater numbers of females available for slaughter in the second half of the forecast year. This circumstance has been factored into the FAS/Canberra forecast slaughter number for 2023.

Figure 3 – Rainfall Forecast – April to June 2023



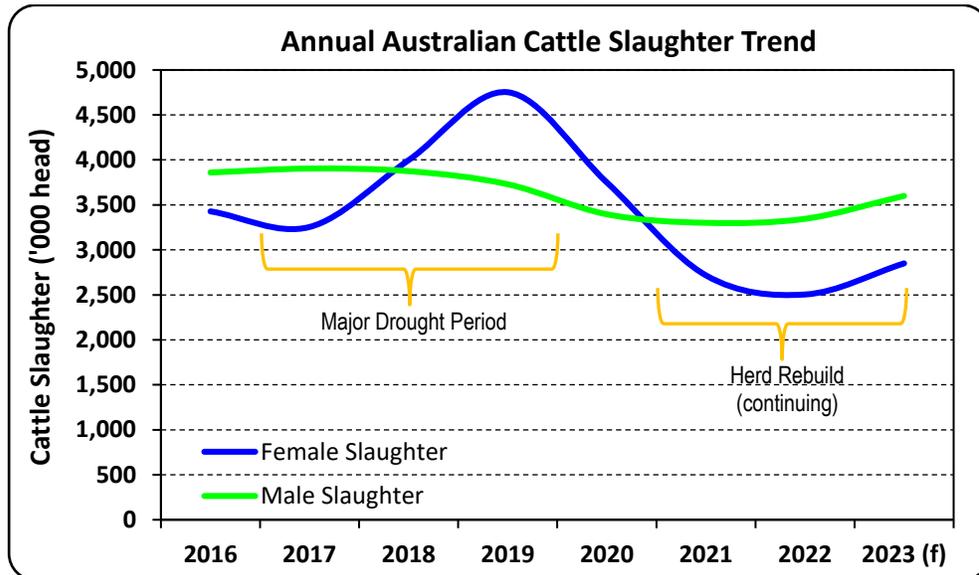
Source: Australian Bureau of Meteorology

The biggest influence on cattle slaughter numbers which subsequently flows through to beef production is the female slaughter rate. The influence of drought and recovery has multiple stages which create large fluctuations in the rate of female slaughter (see Figure 4):

- There is typically a lag period from the commencement of drought before producers decide to reduce their stocking rates which mainly occurs through the sell-off of female cattle while they preserve available feed to finish off male cattle ready for slaughter.
- After a substantial sell-off of females there is a step down in male slaughter numbers due to an overall lower national herd size and in particular, less females to produce calves.
- At the same time there is a decline in female slaughter as producers had at that point culled the lower performing and older females and kept the core of their breeding females.
- After a major drought begins to end, there is typically a lag period to allow pastures to recover and rebuild a base of feed before producers establish confidence to enter the next phase.
- Producers then commence a herd rebuild phase, retaining as many female calves as practical to become breeders, resulting in a substantial dip in the female slaughter relative to male slaughter.
- After approaching or reaching the optimal breeder numbers the female slaughter numbers begin to rise and approach the volumes of male slaughter.
 - A female slaughter rate of 47 percent is widely accepted as the steady state point at which the national herd is not rebuilding nor is it declining.

The female cattle slaughter trends indicate that they may have reached a low point in 2022 (see Figure 4) and are likely to begin to increase in 2023 which is expected to have a positive impact on the overall slaughter number and beef production in 2023. It is anticipated that there will be further gains in beef production in 2024 and beyond due to the strength of the current herd rebuild.

Figure 4 – Annual Australian Cattle Slaughter Trend



Source: Australian Bureau of Statistics / FAS/Canberra

2022

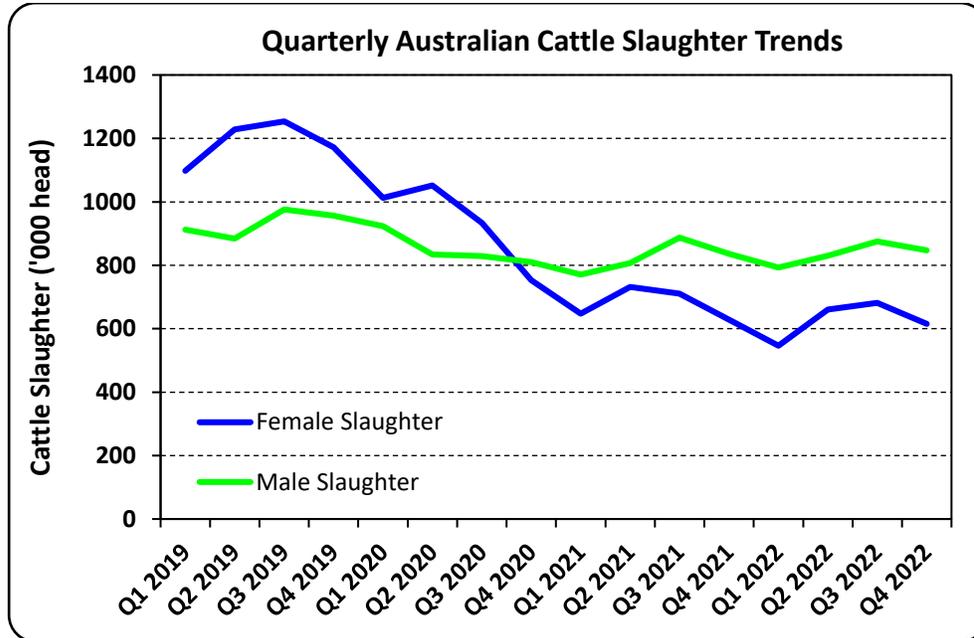
FAS/Canberra has revised down the 2022 slaughter number to 6.11 million head from the official USDA estimate of 6.25 million head, based on year end data from the Australian Bureau of Statistics. This decline is mainly due to lower-than-expected female slaughter, which is continuing to drive the national herd rebuild. A further factor that has influenced the overall slaughter volume was labor shortages at processing facilities impacting slaughter capacity. Female slaughter numbers have a major influence on the overall slaughter numbers as male slaughter typically fluctuates much less (see Figure 5).

With the unemployment rate in Australia reaching a 48-year low in 2022, there was very strong economy-wide competition for labor. Processors reported that although they were unable to attract adequate labor to the sector, and labor retention was a major issue due the strong competition from other sectors.

A further factor that is serving to support beef cattle numbers in Australia has been a strong trend towards declining calf slaughter in Australia (see Figure 6) with the volume reaching its lowest level on record at 265,000 head. This declining calf slaughter trend has little direct impact on beef production due to very low carcass weights, but it has a significant indirect impact. The Australian calf slaughter is mainly from the dairy industry and there has been a growth in both heifers reared for the live dairy cattle

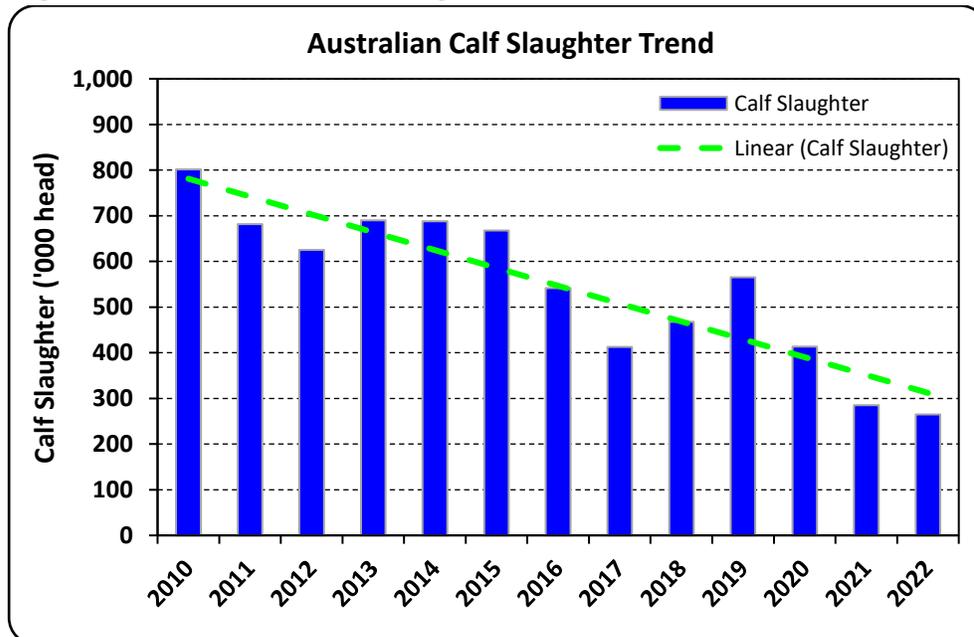
trade, mainly to China, but also an increasing number of male dairy calves retained and grown out for beef production.

Figure 5 – Quarterly Australian Cattle Slaughter Trends



Source: Australian Bureau of Statistics

Figure 6 – Australian Calf Slaughter Trend



Source: Australian Bureau of Statistics

In addition, with the increasing use of sexed semen by dairy farmers, they are better able to target their artificial insemination programs for both the live heifer export trade and males for beef production. The Holstein Friesian, which makes up the majority of the Australian dairy herd, is known for its meat marbling capacity, and grass-fed dairy beef production has been expanding.

Trade

2023

FAS/Canberra forecasts cattle exports in 2023 to increase moderately to 750,000 head from the 592,000 head exported in 2022. The upward revised FAS/Canberra forecast is 125,000 head higher than the official USDA forecast mainly as a result of improved trading conditions in Indonesia.

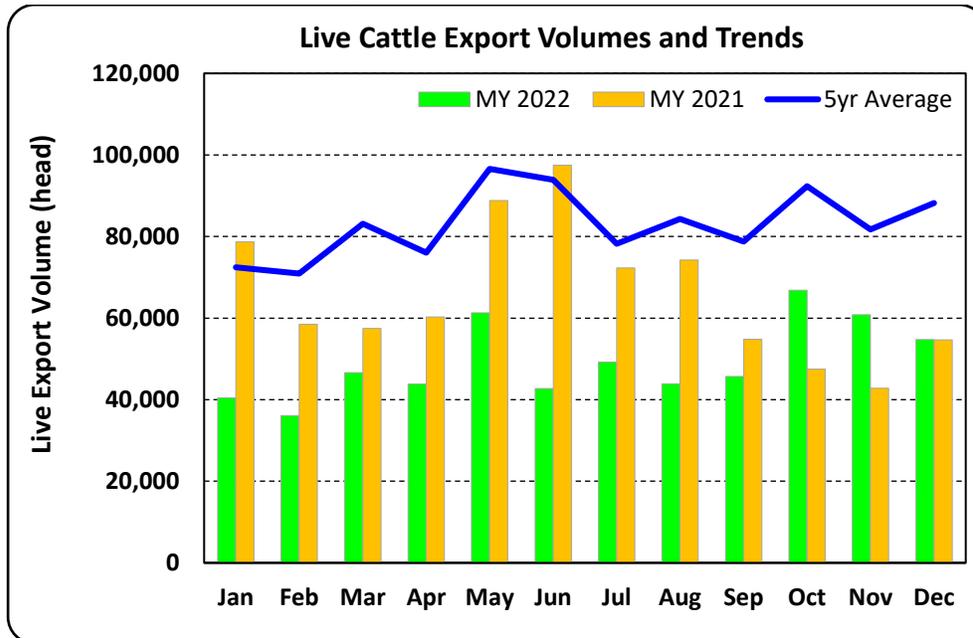
The live export trade had slowed considerably in 2022, hindered by very high livestock prices as well as that in May 2022 Australia's main live export trade partner - Indonesia - announced that there had been an incursion of foot and mouth disease (FMD). Since then, the live export trade diminished considerably, but there were signs of improvement in the trade in the last quarter of 2022. An easing of cattle prices from northern Australia (where the majority of live export beef cattle are sourced from) along with improvements in the management of FMD in Indonesia since its incursion had provided some degree of confidence to step up the trade. The FMD outbreak in Indonesia is yet to be fully managed but there have been reported improvement. With this there is industry confidence that there will be some further recovery in the live export trade in 2023, particularly to Indonesia which generally accounts for around half of the live cattle trade.

2022

The live cattle export result for 2022 from the Australia Bureau of Statistics was 592,000 head, 42,000 head above the official USDA estimate of 550,000 head. This was due to an unexpected improvement in trade in the last quarter of 2022, leaping well above the 2021 fourth quarter levels (despite 2021 having a much higher full year result of 788,000 head) (see Figure 7).

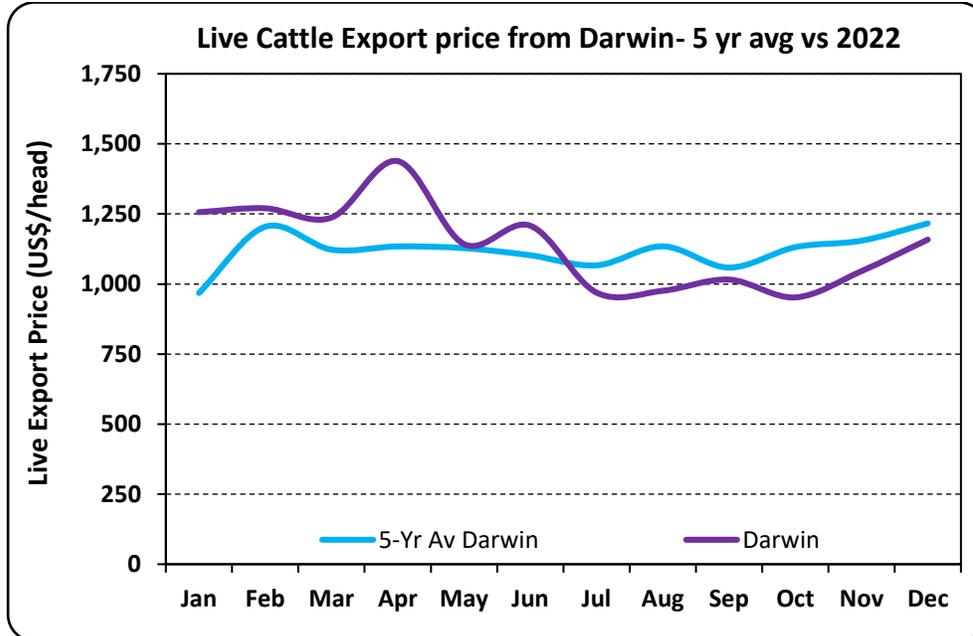
While the incursion of FMD impacted trade later in the year, the majority of the decline in live cattle exports in the first half of 2022 was due to exceptionally high live export cattle prices in early 2022. This hindered export volumes, but export prices had eased in the second half of the year to below the previous 5-year average (see Figure 8).

Figure 7 – Live Cattle Export Volumes and Trends



Source: Australian Bureau of Statistics

Figure 8 – Monthly Live Cattle Export Price from Darwin

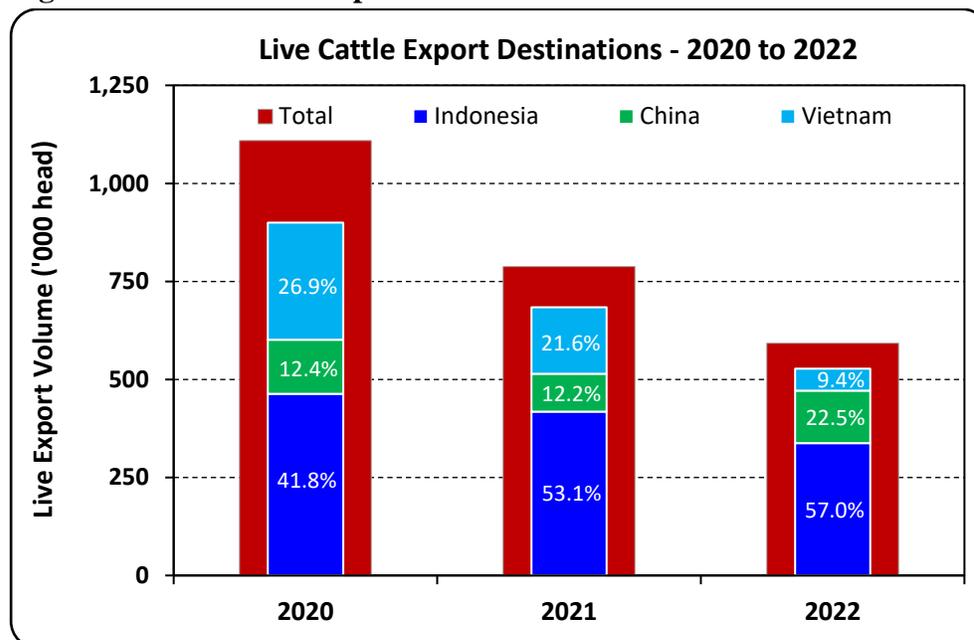


Source: Australian Bureau of Statistics

The major live export destinations for beef cattle are Indonesia and Vietnam, which have a preference for Bos Indicus (tropical breed) cattle to suit their conditions. There is also a significant trade to China, but this is driven by the dairy heifer trade rather than beef cattle. Interestingly, the live cattle trade to

Vietnam, although significantly smaller than to Indonesia, has fallen by a far greater degree than that to Indonesia in 2022 relative to the previous two years (see Figure 9). This relates to Vietnam’s system of buying heavier live cattle and lot feeding for a shorter period being less economical when cattle prices are high.

Figure 9 – Live Cattle Export Destinations –2020 to 2022



Source: Australian Bureau of Statistics

Table 1 - Production, Supply, and Distribution of Cattle Animal Numbers

Animal Numbers, Cattle Market Year Begins	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Total Cattle Beg. Stks (1000 HEAD)	23021	23021	23944	23944	25710	25800
Dairy Cows Beg. Stocks (1000 HEAD)	1410	1410	1420	1420	1420	1375
Beef Cows Beg. Stocks (1000 HEAD)	10000	10000	10600	10600	11500	12000
Production (Calf Crop) (1000 HEAD)	8200	8200	8760	8760	9300	9500
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	31221	31221	32704	32704	35010	35300
Total Exports (1000 HEAD)	788	788	550	592	625	750
Cow Slaughter (1000 HEAD)	2717	2717	2575	2504	3100	2850
Calf Slaughter (1000 HEAD)	285	285	270	265	300	250
Other Slaughter (1000 HEAD)	3301	3301	3400	3345	3800	3600
Total Slaughter (1000 HEAD)	6303	6303	6245	6114	7200	6700
Loss and Residual (1000 HEAD)	186	186	199	198	200	200
Ending Inventories (1000 HEAD)	23944	23944	25710	25800	26985	27650
Total Distribution (1000 HEAD)	31221	31221	32704	32704	35010	35300
(1000 HEAD)						

BEEF

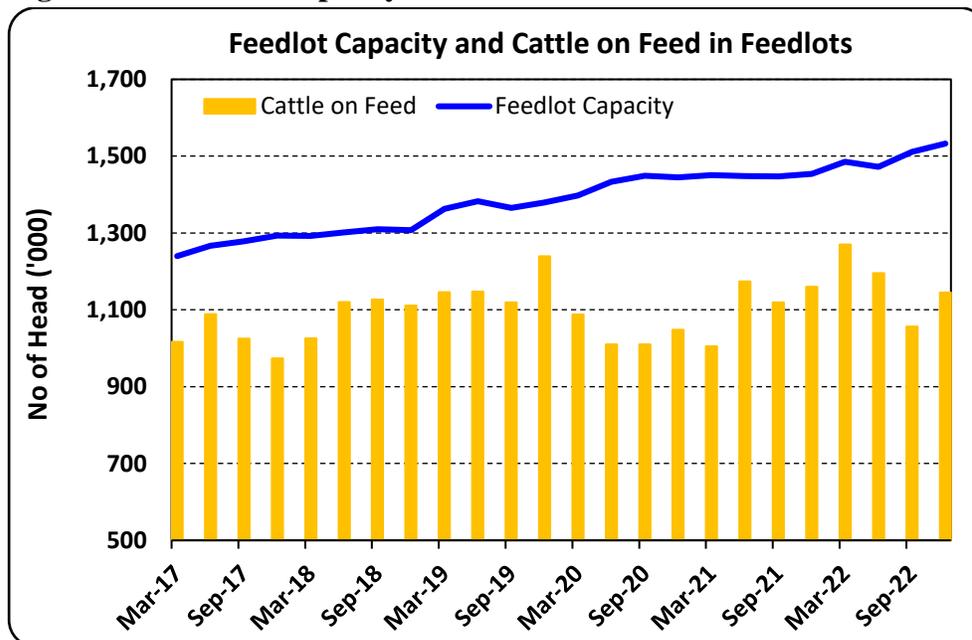
Production

2023

FAS/Canberra forecasts beef production in 2023 at 2.05 million metric tons (MMT) Carcass Weight Equivalent (CWE), 160,000 MT (CWE) below the official USDA forecast. Despite the lower position, FAS/Canberra's forecast is still nine percent higher than the 2022 outcome of 1.88 MMT (CWE). The 2023 forecast correlates with an expected 10 percent increase in the cattle slaughter volume, but slaughter weights are expected to decline slightly with an anticipated lower proportion of total slaughter from feedlot cattle and also a higher rate of female slaughter.

In Australia there has been growing interest in expanding feedlot capacity over many years. Over the last five years alone the capacity has increased by 18 percent. Over the same period the number of cattle on feed has also risen by 14 percent (see Figure 10).

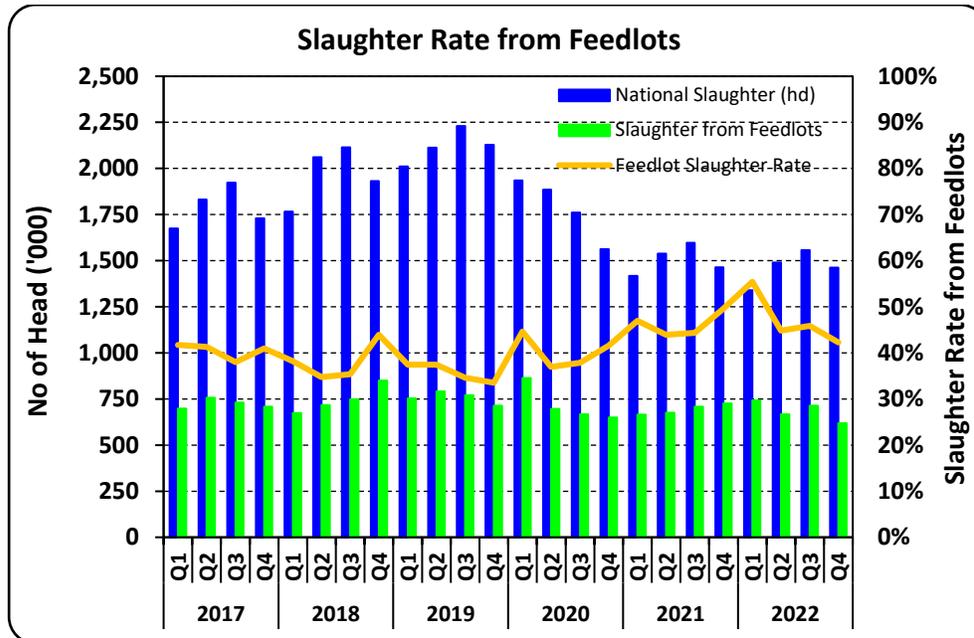
Figure 10 – Feedlot Capacity and Cattle on Feed in Feedlots



Source: Meat & Livestock Australia / Australian Bureau of Statistics

The number of cattle slaughtered from feedlots had a small decline in 2022 (2.742 million head) from 2021 (2.775 million head) and is not expected to change significantly in 2023. In the first quarter of 2022 the proportion of feedlot cattle slaughtered relative to the national slaughter peaked at 55 percent and then declined to 42 percent by the fourth quarter as the volume of grassfed cattle slaughtered increased. This is still well above the pre-drought average levels of around 37 percent (see Figure 11).

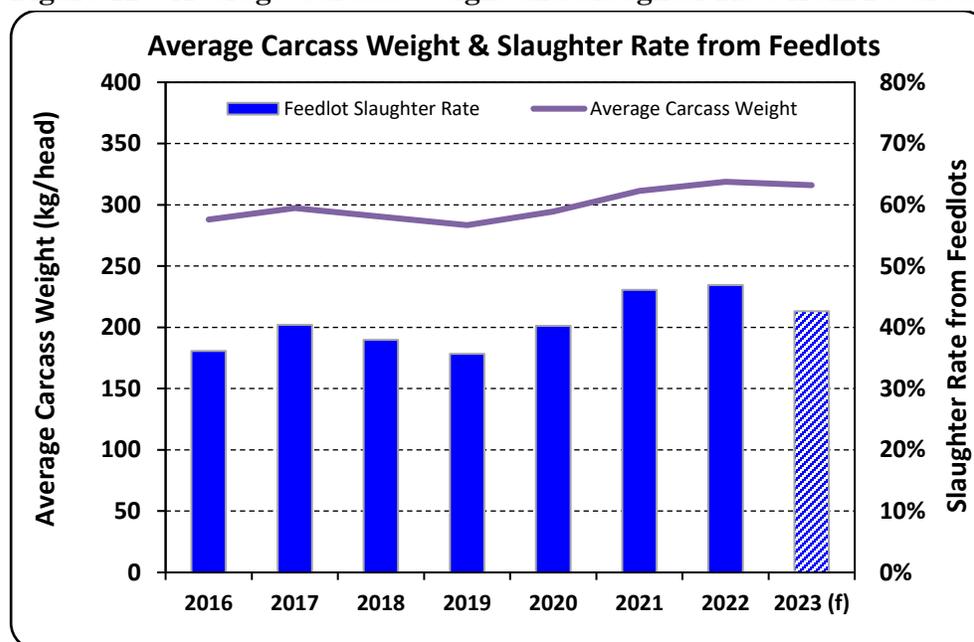
Figure 11 – Slaughter Rate from Feedlots



Source: Meat & Livestock Australia / Australian Bureau of Statistics

Typically, grass-fed finished cattle have lower slaughter weights than cattle finished in feedlots. With the expectation of an increase in cattle slaughter numbers for 2023 and a relatively flat volume from feedlots, the proportion of the total cattle slaughtered coming from feedlots will decline further towards past levels. On this basis the average carcass weight for adult cattle slaughtered (excludes calves) is expected to decline in the forecast year to a little below 316 kg/head compared to an outcome of almost 319 kg/head for 2022. This is still relatively high compared to past results (see Figure 12) due to the strong pasture production conditions in 2022 setting up a very good body of grass feed available for early 2023. Also, there are industry reports that in early 2023 slaughter weights from grassfed cattle have been higher than in 2022. This is a reflection of the even better seasonal pasture production conditions experienced in 2022 than the previous year. But if the forecast of below-average rainfall for the April to June 2023 period is realized, then grassfed slaughter weights in the second half of the year are likely to decline from current reported levels. So, with the forecast for a 10 percent increase in the national slaughter number, a lower average carcass weight is expected to result in forecast beef production only rising nine percent in 2023.

Figure 12 – Average Carcass Weight and Slaughter Rate from Feedlots Trend



Source: Australian Bureau of Statistics / FAS/Canberra

Note: (e) = estimate, (f) = forecast

Slaughter Rate from Feedlots is the percentage of national slaughter from feedlot cattle

2022

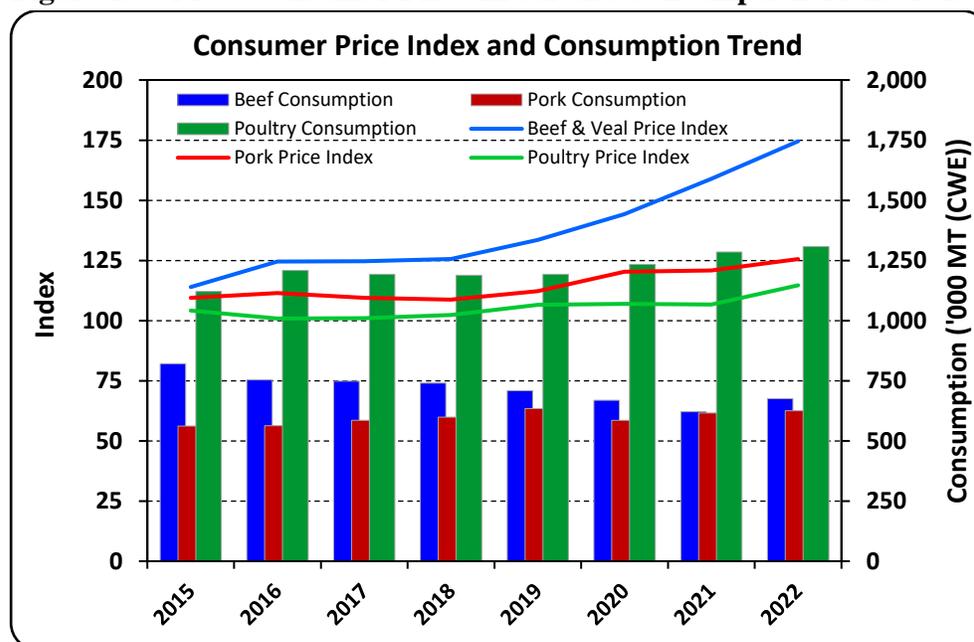
The FAS/Canberra beef production outcome for 2022 is revised down by one percent to 1.89 MMT (CWE) from the official USDA estimate of 1.90 MMT (CWE), based on Australia Bureau of Statistics year end data. This is a direct reflection of the lower than anticipated slaughter numbers for 2022.

Consumption

2023

FAS/Canberra forecasts beef consumption for 2023 at 675,000 metric tons (MT) (CWE), 30,000 MT (CWE) below the official USDA forecast. FAS/Canberra's forecast is still almost three percent higher than the 2022 estimate of 658,000 MT (CWE). This anticipation of a modest increase in beef consumption for 2023 is primarily related to the forecast rise in domestic beef production. If realized, this would be the highest level of consumption since 2019 when for many years consumption was substantially higher. With higher beef production expected in 2023 the competitiveness of beef compared to other meats is anticipated to improve which will support higher consumption. Beef prices in Australia have increased strongly since 2019 and the trend has continued in 2022. In comparison, pork and poultry had modest price increases but remain much lower than the price of beef (see Figure 13). Nevertheless, as the price of beef escalated over recent years there was not a commensurate fall in consumption. With this, it is anticipated that as the price competitiveness of beef improves in 2023 relative to poultry and pork, its consumption will also improve. However, this growth will be limited by the economy wide inflationary pressures impacting on consumers disposable income levels.

Figure 13 – Meat Consumer Price Index and Consumption Trend 2015 to 2022



Source: Australian Bureau of Statistics / USDA Production Supply and Demand

2022

The FAS/Canberra beef consumption estimate for 2022 at 658,000 MT (CWE) is similar to the official USDA estimate of 659,000 MT (CWE).

Trade

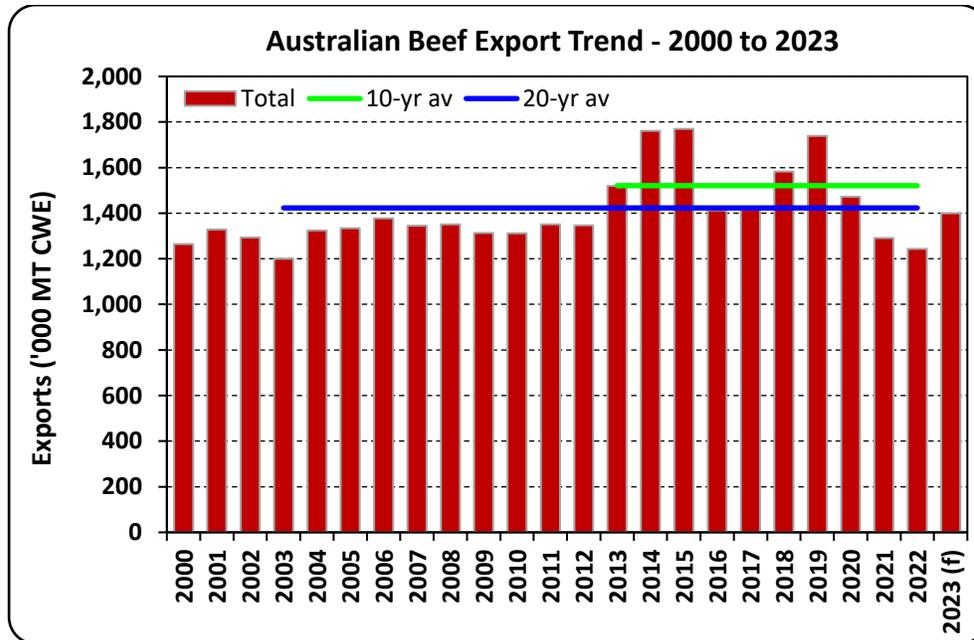
2023

FAS/Canberra forecasts beef exports in 2023 to rise to 1.4 MMT (CWE) from 1.24 MMT (CWE) in 2022, but 125,000 MT (CWE) less than the official USDA forecast. However, exports will still be far below the recent peaks of over 1.7 MMT (CWE) in 2014, 2015 and 2019. The forecast increase of beef exports mainly relates to the expected rise in beef production in 2023. Other contributing factors include expected reduced competition from the United States as herd rebuilding is expected to begin there, as well as the weaker-than-usual Australian currency improving the competitiveness of Australian export beef.

If the forecast level of beef exports of 1.4 MMT (CWE) is achieved in 2023 it will be the highest since 2020 and nearing that achieved in 2016 and 2017 (1.412 and 1.416 MMT (CWE)). The result would still be eight percent below the previous 10-year average and marginally below the previous 20-year average (1.423 MMT (CWE)) (see Figure 14). Beef exports from 2000 to 2012 were relatively flat before reaching peaks in 2014 and 2015 prompted by drought conditions, and similar circumstances drove the peak in 2018 and 2019. The forecast beef export is in line with the pre-drought level achieved in 2016

and 2017, however the herd rebuild that commenced in early 2021 has been very strong and it is expected that total export volumes will continue to expand for the next few years.

Figure 14 – Australian Beef Export Trend – 2000 to 2023



Source: Australian Bureau of Statistics / FAS/Canberra

Analysts anticipate that drought and subsequent herd rebuilding in the United States in 2023 will reduce competition for Australia in third country markets, especially in Asia. Also, with indications of reduced cow slaughter in the United States in the latter half of 2023, this also likely offers the Australian beef industry the opportunity to increase grinding beef exports to the United States.

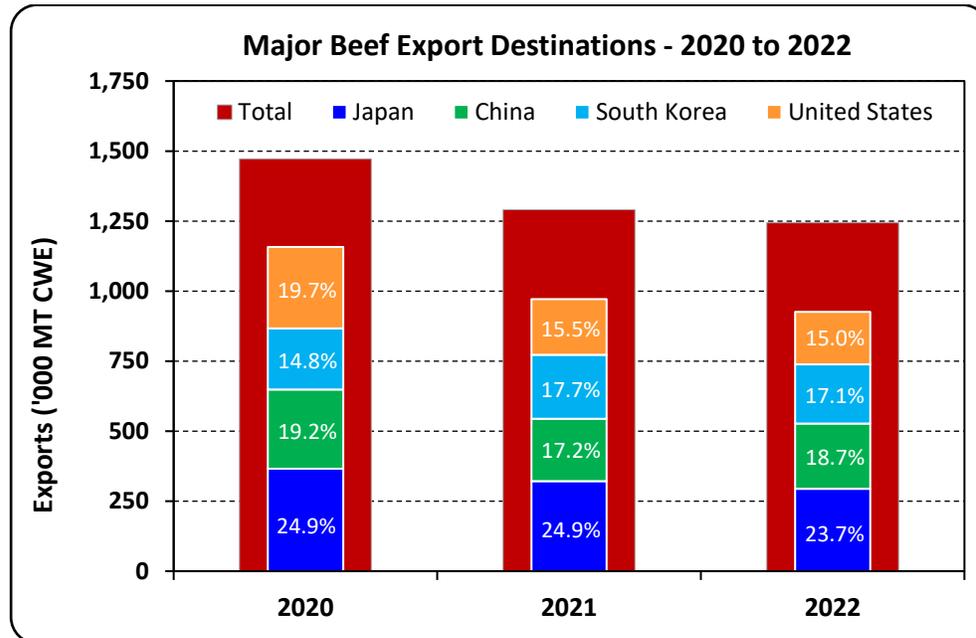
A further positive factor impacting Australian beef exports in early 2023 is that the Australian dollar has been relatively weak at around AU\$1.45 to one U.S. dollar, while for a period in early 2022 it was trading at around AU\$1.35. However, many economists are forecasting the Australian currency to strengthen against the US dollar during 2023, negating some of this current competitive advantage it holds for beef exports.

2022

Beef exports for 2022 were 1.24 MMT (CWE), four percent below 2021 levels and the lowest level in almost two decades as the Australian herd rebuilding was continuing in earnest.

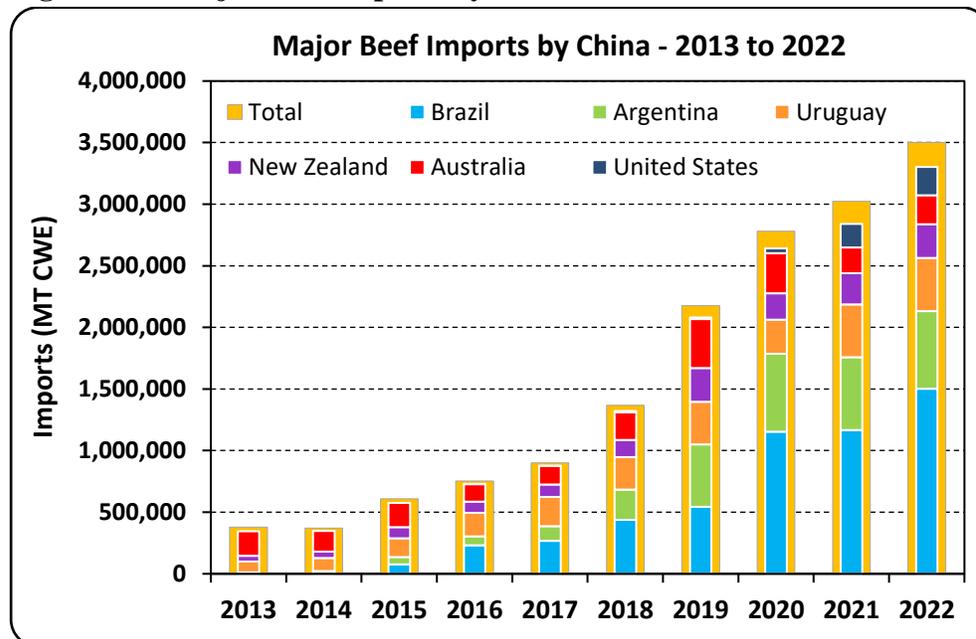
The four major export destinations for Australian beef - Japan, China, United States and South Korea - have in recent years accounted for 75 to 80 percent of Australian beef exports. Despite a decline in overall exports over the last two years, as Australian producers rebuild the herd, the proportion of beef exports to the four major destinations has remained very stable (see Figure 15).

Figure 15 – Major Beef Export Destinations – 2020 to 2022



Source: Australian Bureau of Statistics

Figure 16 – Major Beef Imports by China – 2013 to 2022



Source: Trade Data Monitor

China, in contrast to the other three major beef export destinations for Australia has experienced extraordinary growth in their beef imports over the last 10 years, including through the COVID-19

pandemic (see Figure 16). China has six major suppliers of beef that account for around 95 percent of all of their imports, which includes Australia. Ten years ago, Australia accounted for 53 percent of China’s beef imports but has fallen to only seven percent, even with an increase in total volume over the 10-year period. With such strong growth in beef imports by China and reported signs of improving trade relations between Australia and China, analysts expect that there is an opportunity for increased Australian beef exports to China as supply from Australia begins to improve in 2023.

Table 2 - Production, Supply, and Distribution of Meat, Beef and Veal

Meat, Beef and Veal Market Year Begins Australia	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	6303	6303	6245	6114	7200	6700
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	1888	1888	1895	1878	2210	2050
Total Imports (1000 MT CWE)	24	24	24	24	20	25
Total Supply (1000 MT CWE)	1912	1912	1919	1902	2230	2075
Total Exports (1000 MT CWE)	1291	1291	1260	1244	1525	1400
Human Dom. Consumption (1000 MT CWE)	621	621	659	658	705	675
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	621	621	659	658	705	675
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	1912	1912	1919	1902	2230	2075

(1000 HEAD) ,(1000 MT CWE)

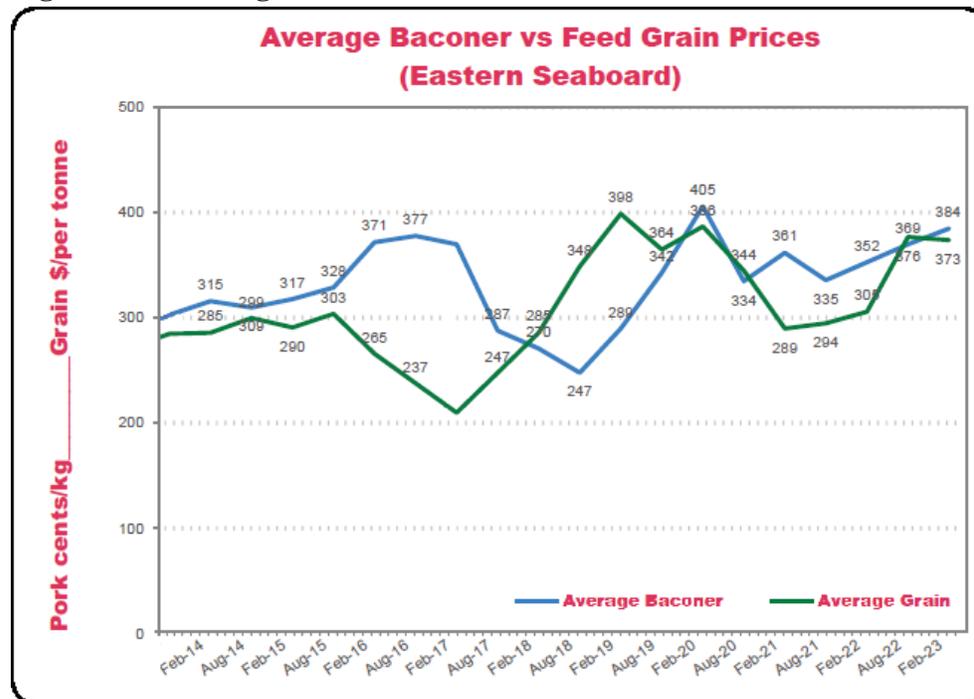
PORK

Production

FAS/Canberra forecasts Australia’s pork production in 2023 to decline to 425,000 MT (CWE), 20,000 MT (CWE) higher than the official USDA forecast but 11,000 MT (3 percent) lower than the 2022 production outcome. This forecast decline is mainly due to grain prices rising at a greater rate than pork prices in the back half of 2022 and in early 2023, which is expected to have a dampening impact on pork production in 2023.

From around mid-2022, grain prices for Australian pork producers began to rise sharply. Now in early 2023 the grain price, a major cost for pork producers, is very high relative to the price of pork (see Figure 17). Given the breeding cycle timeline plus the period to grow out pigs to slaughter weight, it is anticipated that the impact of reduced production will not begin to be seen until the latter part of 2023. For this reason, it is forecast that there will only be a small impact on pork production in 2023. However, circumstances may change during the year to strengthen pork prices and widen the gap with grain prices which would lessen the impact.

Figure 17 – Average Baconer and Feed Grain Prices



Source: Australian Pork Limited – Produced by Pro Farmer

2022

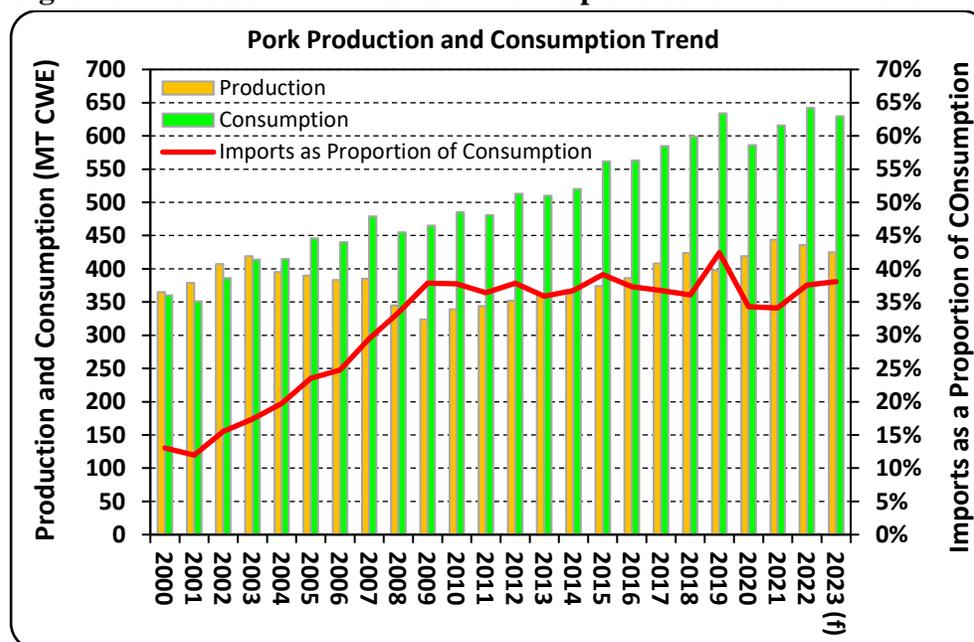
The pork production outcome for 2022 was 436,000 MT (CWE) according to the Australian Bureau of Statistics, 26,000 MT (CWE) above the official USDA estimate. This is because the second half of 2022 produced higher-than-expected pork production. The main factor influencing the 2022 outcome was that the impact of Japanese Encephalitis Virus (JEV) in Australian piggeries was not as great as previously anticipated. Also, the pork price had continued to strengthen throughout 2022, and for much of the year grain prices remained favorable. It was not until the second half of the year that grain prices rose to unfavorable levels relative to pork prices, the effects of which would not be evident until 2023.

Consumption

Pork consumption is forecast to decline slightly in 2023 to 630,000 MT (CWE) from an estimated 642,000 MT (CWE) in 2022. Consumption in 2022 is the highest on record but may in part be related to importers taking advantage of lower prices of EU pork than the previous year. Analysts anticipate imported EU pork prices to be higher in 2023 which could dampen Australia’s enthusiasm for pork imports in the forecast year.

Over the last two decades, pork production in Australia has varied somewhat but has broadly remained flat. In the early 2000s, Australia produced a similar amount of pork as it consumed, but over time consumption has increased and it has essentially been met from increasing imports (see Figure 18). Although there has been some variation in the proportion of imports to consumption, since 2009 it has essentially remained flat at 38 percent with some minor variances.

Figure 18 – Pork Production and Consumption Trend - 2000 to 2023



Source: Australian Bureau of Statistics / USDA Production Supply and Demand

Consumption of pork in 2022 has been revised upward slightly to 642,000 MT (CWE) from the official USDA estimate of 638,000 MT (CWE).

Trade

Imports

FAS/Canberra forecasts Australia’s pork imports to remain relatively steady at 240,000 MT (CWE), 20,000 MT (CWE) lower than the official USDA forecast for 2023. Although the forecast decline in production may be a trigger for increased imports, this is balanced by an expectation that there will be less low-priced EU pork available, and that stocks from higher-than expected 2022 production may be carried into the new year.

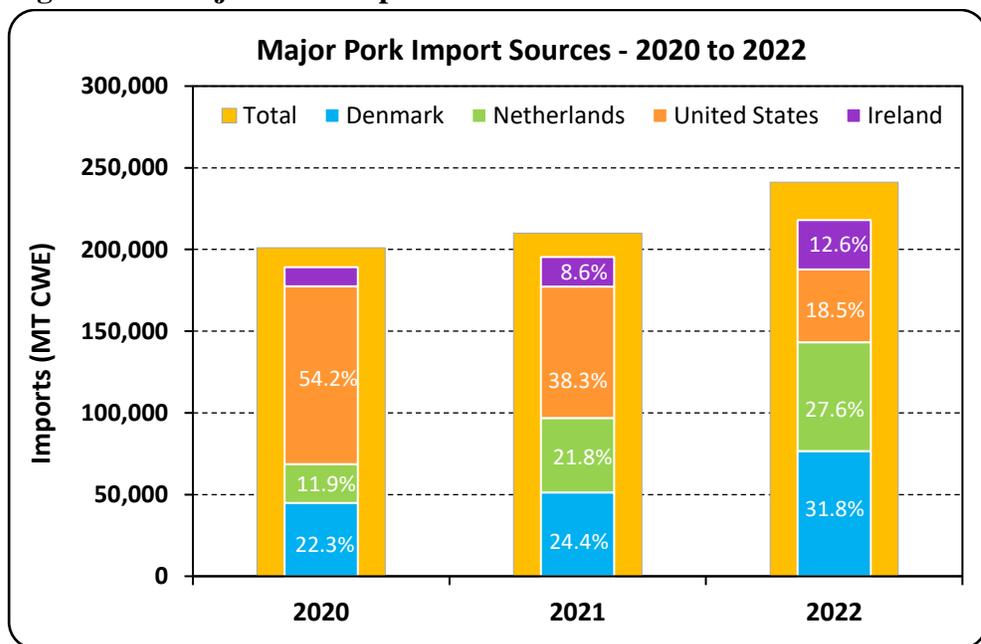
There is an expectation that EU pork production by the end of 2022 had broadly adjusted downwards to meet the reduced world export demand. The high pork export supply in 2022 had resulted in a substantial reduction in pork import prices from the EU, which encouraged higher Australian pork imports in 2022.

Pork imports in Australia for 2022 was at 241,000 MT (CWE), 19,000 MT (CWE) below the official USDA estimate set some months prior to the end of the year. This lower import outcome was mainly as a result of higher production than previously expected. However, the import outcome for 2022 was still 31,000 MT (CWE) higher than that for 2020.

The fresh pork market in Australia is supplied by local producers as biosecurity regulations prevent imports of fresh and chilled pork. Processed pork, which includes ham, bacon and small goods, is mainly supplied from frozen pork imports. Local manufacturers are typically less competitive in producing processed pork than other major pork producing nations, so large variances in imports from year to year are generally not expected. However, importers increased pork imports in 2022, taking advantage of the average import price of pork in 2022 being 12 percent below that of 2021.

Over recent years the top four suppliers of pork to Australia have accounted for almost 95 percent of overall imports. However, the dynamics of the importance of these suppliers has changed substantially over the last two years. In the past the United States had supplied around half of Australia’s pork import needs, but this has declined down to 19 percent in over the last two years. There has been a substantial shift in the source of Australian pork imports towards Denmark, Netherlands, and to a lesser extent Ireland (see Figure 19). The rapid drop in pork imports by China from the EU resulted in a decline in world pork prices, particularly from the EU, which shifted the focus of Australian pork imports.

Figure 19 – Major Pork Import Sources – 2020 to 2022



Source: Australian Bureau of Statistics

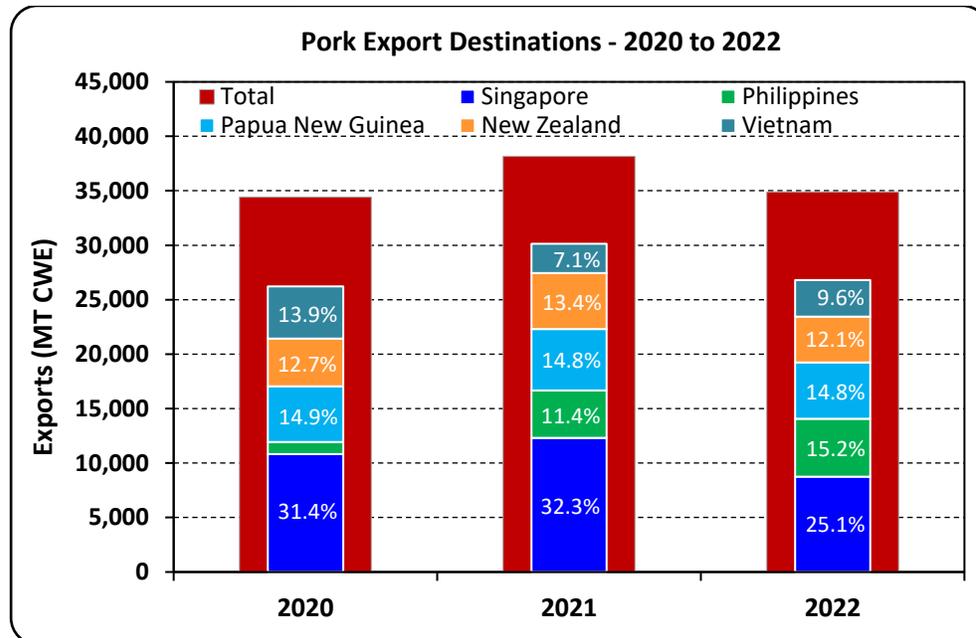
Exports

FAS/Canberra forecasts exports in 2023 to remain stable at a low level of 35,000 MT (CWE), 10,000 MT (CWE) above the official USDA forecast. Australia is a small exporter of pork at around eight percent of production but also exports far less than it imports. With little change to production and imports forecast, there is no change in exports expected for 2023.

Although Australian pork producers were challenged by JEV in 2022 the impact was not as extensive as first anticipated which led to production at above expectation and enabled exports to be maintained. In conjunction with reduced pork supply, particularly from the EU, world prices have firmed, and the strength of the Australian dollar is a little weaker which all supports the competitiveness of Australian pork exports.

Australian pork exports are relatively low and over 75 percent is to five countries, mainly in Asia. Singapore is the most important destination with around 30 percent of overall exports, but fell to 25 percent in 2022 and this volume was substituted by imports from Brazil. The Philippines, Papua New Guinea, and New Zealand are all of similar importance ranging from 12 to 16 percent (see Figure 20), with Vietnam increasing its importance to near 10 percent in 2022.

Figure 20 – Pork Export Destinations – 2020 to 2022



Source: Australian Bureau of Statistics

The export result for 2022 was 35,000 MT (CWE), down only slightly from 2021.

Table 3 - Production, Supply, and Distribution of Swine Meat

Meat, Swine Market Year Begins Australia	2021		2022		2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	5580	5580	5335	5437	5215	5300
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	444	444	410	436	405	425
Total Imports (1000 MT CWE)	210	210	260	241	260	240
Total Supply (1000 MT CWE)	654	654	670	677	665	665
Total Exports (1000 MT CWE)	38	38	32	35	25	35
Human Dom. Consumption (1000 MT CWE)	616	616	638	642	640	630
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	616	616	638	642	640	630
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	654	654	670	677	665	665
(1000 HEAD) ,(1000 MT CWE)						

Attachments:

No Attachments