



## 50 million meals/year

THE reality of being directly involved in the food industry was highlighted at last weeks official opening of the Grassdale Feedlot when Meat and Livestock Australia general manager **David Palmer** extrapolated the magnitude of the annual output from the new facility to be in the order of 50 million meal servings a year at its present capacity and more than 90m once fully completed. The opening was a great celebration for all involved and paid tribute to the commitment made in advancing the industry by key stakeholders **Jane and Peter Hughes, Mort & Co, Charlie Mort** and recognised selected members of Mort and Co staff such as **Scott Braund** and **Ben Maher**, who have guided the development with the myriad of the suppliers, contractors and staff involved. The near-perfect autumn feedlot conditions provided a very comfortable environment for the bus tour of the feedlot, a few relaxing refreshments, and a sit down lunch for just under 300 people.

Queensland Minister for Primary Industries and Fisheries **Tim Mulherin** conducted the official duties on behalf of Queensland Premier **Anna Bligh** and amid his address made reference to his desire to push hard for appropriate policy balance between the important intensive livestock feeding industry and the emerging biofuel sector. We trust that the significance of the meals produced by the Queensland lotfeeding sector (approximately 575m for the 12 months to the end of March), as highlighted by David Palmer, is a sufficient and timely reminder to the critical contribution this sector makes in value adding within the beef industry and overall food production for Australia's domestic and export markets.

## Currency and exports

THE Australian dollar hit its highest level since March 1984 last Thursday at US96.44c. This is up 10 percent so far this calendar year and up a total of 17pc during the past 12 months. MLA reported that average retail prices for imported beef (chilled loin cuts) in Japan are the highest since they commenced the survey in August 2003. While Australian beef exports to Japan increased 8pc during April, overall, the total volume of grainfed exports to Japan for the first four months of the year is down 18pc compared to the same period last year.

They also report that US beef imports for the first quarter of 2008 fell by 17pc compared to year ago levels, being the lowest March quarter volume since 1999. As part of this decline, imports from Australia fell by 16pc with strong currency and tight cow supply the leading factors. With



Feedlot manager **Ben Maher**, Mort and Co principal **Charlie Mort** and Mort and Co feedlots general manager **Scott Braund** at the newly-opened Grassdale Feedlot.

the US herd declining, lower import levels, continued production cost pressure from the biofuel sector and the current time coinciding with the popular barbecue season manufacturing beef prices in the US have never been higher and is expected to remain bullish for the coming months.

## Wheat futures ease

CURRENT Chicago Board of Trade (CBOT) futures pricing for July and December 2008 delivery wheat is around 752 and US789c/bushel respectively (at the time of writing). While all you hear about currently is the soft commodity boom, we have seen the July values decline by 30pc from two months ago. Domestically as lotfeeders, this decline has kept downward pressure on the still plentiful supply of sorghum.

Reports from northern NSW suggest that the sorghum crop there is still being harvested and in some areas is one of the three largest produced crops in the past 15 years. As expected, anyone with the ability to crop is gearing up for a winter crop planting like no other to cash in on the price opportunity available.

We read with interest that our fellow lotfeeders, **the Coggans**, Meandarra, are aiming for a world record planting as soon as possible. We understand that they got into lotfeeding only in the past couple of years as a logical value add for their advanced cropping enterprise. The Mort and Co business has developed from the other direction, but now

given the market dynamics as a farmer, we totally understand and are very focused on the potential productivity of our cropping capacity and we wish the Coggans well with their record attempt when the rain comes. Driving virtually anywhere in southern Queensland and northern NSW can't help but make the observer

believe that the region has Buckley's of a record planting unless there is a massive amount of prescriptive rainfall in most, if not all, areas and even that looks like it will just get the job done.

Surprisingly, some parts of northern NSW, particularly around Moree, only need one to two inches to

engage a full moisture profile, so good luck to all in getting your prescriptions filled.

The best record we can think of to follow the record grain prices for grain producers and lotfeeders would be a record planting followed by a record harvest.

## Cattle market

THE expected flow of cattle that has hit the more efficient feedlots over the past 6 to 8 weeks as a result of continued dry weather, easing store prices (EYCI down to lowest level since December 12, 2007) and the improved lotfeeding returns from the inclusion of sorghum has subsequently resulted in an expected easing of processor rates and forward contract pricing.

The reality of the current surge in future supply and the fact that the live export sector has recorded its biggest March shipments ever means the flow of cattle and subsequent decline in store pricing is likely to continue until there is significant rainfall. Rainfall at this stage in most areas will stem the flow to a reasonable extent but provide little joy in terms of live weight gains. The question then becomes what to expect for finished values.

There is a fair chance that the levels we are now seeing could be as low as we are likely to see for a while as operators may well prefer to speculate that prices will either rise or stay the same and the willingness to punt on this tends to happen, particularly if suppliers continue to come on to feed amid declining store values.



Minister **Tim Mulherin**, **Peter Hughes**, **Richard Hughes** and **Charlie Mort** at the opening of the Grassdale Feedlot.

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