AUSTRALIAN HIDE SKIN AND LEATHER EXPORTERS' ASSOCIATION INC

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AUSTRALIAN REPORT FOR THE 2012 ICHSLTA AGM

SHEEP/LAMBS

Positive conditions for the sheep meat industry are forecast to continue through 2012. In particular, the improved seasonal conditions in the east is resulting in much stronger flock rebuilding than had been forecast 6 months earlier. 2012 is predicted to see a 6.4% increase for lamb supply with prices expected to be lower than the record levels of 2011.

Evidence suggest that the Australian flock will maintain its growth in 2012 and beyond with indications from a wide cross section of producers that they intend to increase their ewe numbers. In 2012 the national flock is forecast to increase a further 4.2% to 77.38 million head.

Lamb slaughter is forecast to recover from the lower numbers seen in 2011.
In 2012 lamb slaughter is forecast to grow 7.4% to 19.27 million head, and sheep slaughter to rise 8% to 5.25 million head.

The Australian Eastern Market indicator (EMI) for wool averaged 42% higher during 2011 than 2010, at 1.279 cents/kg clean. The Australian Wool Production Forecasting Committee (AWPFC) predicts a 1.5% increase in wool production for 2011-12 financial year, to 350 million kg greasy – with 3.3% increase in the number of sheep expected to be shorn. However, average fleece weights per head are forecast to decline 1.7% during 2011-2012.

Total Australian and global wool stocks are forecast to remain relatively tight, following the run down of Australian volumes. Price will depend heavily on the economic conditions in Europe and the flow on effects on the PRChina.

Statistics
(x '000 head)

	2011	% change	2012	% change
Sheep & Lamb numbers	74,283	4.9%	77,380	4.2%

Average carcass weights			
Sheep	23.4 kg	3.5%	22.5 kg -3.7%
Lamb	22.2 kg	2.8%	22.0 kg -0.9%
Slaughterings			
Sheep	4,860	-21.1%	5,250 8.0 %
Lambs	17,950	-3.5%	19,270 7.4%
Sheep Exports	2,458	-17.5%	2,600 5.8%

CATTLE

On the back of two very wet years (2010 and 2011) across key cattle breeding regions, Australian cattle producers are firmly entrenched in the rebuilding mode. ABS five yearly national census shows Australian cattle herd (including dairy cattle) of 28,809 million head as at 30 June, 2011 an increase of 9% from the previous 5 year census survey. Herd growth shown in Queensland (+11%) NT (+11%) as well as NSW and South Australia.

Queensland and Northern Territory account for 52% of the national herd. NSW and Victorian cattle numbers have fallen 6% and 8% respectively. Cattle prices in 2011 rose 6-12% above previous year due to a fall in global supplies. Significant negative demand shifts were more than off-set by supply side factors of global contraction in beef supplies.

Cattle supply during 2012 is expected to rise but remain tight compared to drought years. Beef and veal production for 2012 is forecast to reach a record 2.197 million tonnes up 2.3%. Beef production is expected to show increasing average carcase weights producing heavier weight hide averages. 713,728 cattle were on feed lots as at the end of September, 2011 down 26% from the peak in 2006. Cattle slaughter breakdown is 48% Queensland, 22% NSW, 17% Victoria, and 13% combined for WA, SA and Tasmania.

Statistics
(x'000 head)

Cattle numbers	28,809 in 2011 being a change of +4.6% on 2010 30,400 in 2012 being a change of +4.1% on 2011.
Slaughterings	
Cattle	7,325 in 2011 down 2.0% on 2010 slaughterings 7,550 estimated in 2012 up 3.1% on 2011 slaughterings
Calves	685 in 2011 down 14.5% on 2010 slaughterings 750 estimated in 2012 up 9.5% on 2011 slaughterings.
Total cattle/calves	8.010 in 2011 down 2.0% on 2010 slaughterings 8,300 estimated in 2012 up 3.6% on 2011 slaughterings.

John R Gorman OAM
President