

**April 2008**

### **ABARE warns on live exports**

The demand for Australian live cattle and sheep in major export markets is set to increase, but ABARE executive director, Phillip Glyde, today warned of a downside if restrictions are placed on the trade, to placate the animal welfare lobby.

He says live exports face two big challenges:

- Increased community concern for the welfare of exported animals, with some groups pressuring for an end to live exports, in favour of exporting sheepmeat from Australia.
- Potential competition from lower-cost suppliers in South America represents a challenge to the future of the industry.

But Phillip Glyde said, "The lack of refrigeration across a large proportion of south-east Asia and religious and cultural preferences for live animals mean that importing countries are expected to source livestock from competing suppliers, rather than buy frozen meat from Australia, if restrictions were to be placed on live animal exports."

The report, "Live Animal Exports: A Profile of the Australian Industry", shows that live cattle exports were worth more than \$430 million and live sheep exports at around \$290m in 2006-07.

Continued population and income growth in south-east Asia and the Middle East, it says, should underpin expansion in these markets.

"Australia has secured its current share of these live export markets because it is free of diseases such as foot and mouth and has a reputation for delivering animals of reliable quality," Phillip Glyde says.

"Producers in some regions of western and northern Australia are reliant on live exports to maintain their farm incomes and we see only limited prospects for substituting trade in meat for live exports," Mr Glyde points out. (ABARE)

---

### **Australia Wheat Output May Almost Double**

Australia, the world's sixth-largest wheat exporter, may almost double output of the grain as farmers boost plantings to a record to benefit from higher prices.

Production may rise to 26 million metric tons in 2008-09, up from last year's drought-reduced 13.1 million tons, the Australian Bureau of Agricultural and Resource Economics said today in a report released in Canberra.

Higher output may slow gains in wheat prices that have more than doubled in the past year because of shrinking stockpiles. Record prices are prompting farmers to increase plantings, with global output forecast to climb 7 percent by June 30, 2009, the International Grains Council said last week.

"The opportunities in global wheat prices, grain prices, is very attractive," Khan Horne, general manager of agribusiness at National Australia Bank Ltd., said by phone before the report was released.

"There is a key incentive about price, all we need is rain to kick it off."

Wheat futures for May delivery rose 16.5 cents, or 1.5 percent, to \$11.025 a bushel on the Chicago Board of Trade when last traded yesterday. Prices reached a record \$13.495 on Feb. 27.

Output of 26 million tons would be Australia's second-largest wheat crop, after the 26.1 million tons harvested in 2003-04, according to the bureau's data. (Bloomberg)

---

### **Restrictions placed on wheat exports**

One of the world's largest wheat exporters has placed restrictions on exports to guard against food shortages.

Kazakhstan has joined Russia, Argentina and the Ukraine in imposing tariffs on wheat exports.

The futures market reacted by peaking at \$450 tonne before settling at \$400 a tonne.

Luke Chandler from Rabobank says the decision is timely, given Kazakhstan and the US are the only countries exporting wheat at present.

"It potentially limits exports by two to three million tonnes which isn't really significant in a normal season," he says.

"But when we have supplies as tight as they are at the moment, it's more been the timeliness of this announcement that's really caught the market unawares and given the bullish nature of the market we have at the moment, really fuelled the fire and sent prices sky rocketing". (ABC Rural)

---

### **Cotton price at highest level in four years**

A rally in cotton futures has pushed prices to their highest level in almost four and a half years.

The March contract has finished trading at 33 cents a kilogram, the best since October 2003.

General manager of Weil Brothers Cotton, Pete Johnson, says the rise was caused by mills trying to guarantee their supplies.

He says prices could go even higher.

"For next year prices, I believe, are up close to \$500 per bale for 2009, that's for their lint only and they're getting a bit more for their cotton seed," he says.

"Then 2010 we're seeing prices edging up towards \$530 which is really good and it's a great sign that everyone has got a bit of a spring in their step because there is some water around and these good prices on offer". (ABC Rural)

---

### **Wheat Jumps on Supply Concerns**

Wheat futures shot up 60 cents a bushel Monday after Kazakhstan said it would slow grain exports by imposing customs duties, adding to concerns over tightening global supplies.

Other commodities traded mixed, with crude oil gaining and gold falling.

Wheat prices have surged to historic highs as bad weather has battered crop after crop around the globe, most recently in India and Canada. Foreign buyers scrambling to lock in supplies have increasingly turned to other wheat-growing countries like the United States and Kazakhstan, which are exporting the grain at record pace. Kazakhstan's Agriculture Ministry said Sunday the country has sold about 75 percent of its wheat and will impose customs duties on what's left — about 110 million bushels.

"In a normal year, 110 million bushels wouldn't be a big deal, but with tight supplies like you have, it's a chunk of wheat," said Jason Ward, analyst with Northstar Commodities in Minneapolis.

Wheat for May delivery surged the 60-cent daily trading limit to fetch \$11.245 a bushel on the Chicago Board of Trade. That was shy of wheat's recent all-time high of \$11.6975 a bushel.

Other agriculture products joined wheat's rally. Soybeans for May delivery jumped to a record \$14.85 a bushel on the CBOT before easing back slightly to \$14.695 a bushel, still up 31.25 cents. March corn rose 13 cents to \$5.35 a bushel after earlier hitting a record \$5.4175 a bushel.

Relentless demand for agricultural products from fast-growing countries including China and India has exacerbated the supply crunch for wheat, which has more than doubled in price since last year.

(Associated Press)

---

### **USDA shows record red meat and pork production in January**

The United States Department of Agriculture reports that total red meat and pork production set record highs for the month of January. Total commercial red meat production during January 2008 came out at 4.416 billion pounds up 9% from December 2007 and 8% more than January 2007.

Pork production was pegged at 2.158 billion pounds, 9% higher than the December total of 1.973 billion and 14% above the year ago figure of 1.898 billion. The number of hogs slaughtered was 10.557 million head, 9% more than December and up 13% from January 2007. The average live weight was placed at 273 pounds, up 1 from the previous month and 2 heavier than last year.

Beef production totaled 2.232 billion pounds, 8% higher than December and 3% more than January 2007. Cattle slaughter was reported at 2.848 million head, compared to 2.603 million the month prior and 2.799 million a year ago. The average live weight of 1,291 pounds was 11 pounds lighter than in December but 1 pound heavier than the January 2007 average.

Veal production was placed at 11.3 million pounds, 8% above December 2007 but 21% below January 2007. The number of calves slaughtered during January 2008 was pegged at 71,500 head. That's 17% above the month before but 4% below last year. The average weight of 269 pounds was down 19 from December and 55 below January 2007.

Lamb and mutton production came out at 14.8 million pounds, compared to 15.4 million during December and 15.1 million for January 2007. The USDA says that 213,400 head of sheep and lambs were slaughtered in January 2008, 3% higher than the previous month and essentially steady with a year ago. The average live weight of 139 pounds was 4 pounds above December and unchanged from January 2007. (Brownfield)

---

### **February 17 Beef Recall Biggest In U.S. Agricultural History**

The beef recall is turning out to be the largest ever in the history of U.S. agriculture, with the total amount of recalled meat topping 143 million pounds. Although there is no official estimate of the total value of destroyed beef, an official of the Grocery Manufacturers of America confirmed it runs into hundred of millions of dollars.

While the volume and amount of recalled beef products is staggering, after two weeks of recall, no evidence of food contamination or illness has been reported. The U.S. Department of Agriculture said the chances that American consumers will be at risk is remote.

Because of the minimal risk involved, some grocers consider the recall an over reaction. William Marler, a lawyer for one of the plaintiff's handling E. coli cases described the massive recall as "an enormous waste of resources." Marler added, "Recalls should be reserved for products that put the public at risk, and this isn't it."

The USDA maintained this recall should not be treated differently from other food recalls in the past, following an increase in E. coli contaminations connected with meat recalls.

The previous record holder for meat recall in the U.S. was in 1999 when 35 millions of ready-to-eat meats were pulled off from grocery shelves. (AHN)

---

### **Sheep giving way to cropping in WA**

The forecast for the continuation of high grain prices throughout 2008 has encouraged many WA producers to plan an increase in cropping operations for the coming season, at the expense of sheep production.

According to Meat and Livestock Australia, the increased focus on cropping across WA is likely to come at the expense of traditional sheep and lamb production, with continued large yardings being recorded during 2008.

MLA says several years of drought has seen the WA sheep flock plummet to its lowest level in more than 40 years, with many producers reportedly not planning to rebuild flocks to previous levels.

The traditional wether producing regions, particularly in the east and mid west of the State, have already changed their focus towards cropping, with turn-off and lamb numbers expected to be well down in 2008.

Unlike much of eastern Australia, which has benefited from widespread rain, WA producers have continued to experience hot and dry conditions, with low water supplies and unviable supplementary feed prices.

The current large numbers of lambs entering saleyards are not usually witnessed until March, with Katanning's lamb numbers during January 23pc above the five-year average.

Similarly, sheep numbers at Katanning were 5pc above the five-year average. Midland's lamb and sheep yarding for January were 6pc and 13pc, respectively, above the five-year average. During the first two-thirds of February, State sheep numbers were 24pc above same time last year. (MLA)

---

### **Grain crop up despite SA drought**

The grain crop is up significantly on the previous drought year. South Australian grain farmers have had a significant improvement in their harvest. Yields are up almost 80 per cent on the previous drought year. The latest crop report from the Australian Bureau of Agricultural and Resource Economics shows SA's grain harvest was almost five-million tonnes, a significant rise on the year before, but still one-third below the five-year average. Grain farmers had a good start to the season, but did not get follow-up rain until late October, which affected yields and grain quality. Higher-than-usual temperatures and strong winds last August put stress on crops. About 25,000 hectares of crops were cut for hay, mainly due to frost damage and expected low yields. (ABC News)

---

### **USDA orders massive recall of Calif. beef**

The U.S. Department of Agriculture announced Sunday the recall of 143 million pounds of raw and frozen beef from a troubled meatpacking company, deeming it unfit for human consumption because of lapses in required inspections. Agriculture Department officials called it the largest beef recall in the United States, surpassing the ban in 1999 of 35 million pounds of ready-to-eat meat. The USDA said the recall of beef from Westland/Hallmark Meat Co. of Chino, Calif., was not based on the same levels of concern for public health as in some prior recalls. "There is a remote probability of any serious health concern ... but we are taking this action because of our regulations," a spokesman said. Problems at the plant first went public following the release of a video showing inhumane treatment of animals at the plant. The video led to schools nationwide pulling beef supplied by the company from cafeterias. (Associated Press)

---

### **Wheat prices hit record on crop failures**

A stretch of cold, rainy weather in the middle of the wheat growing season on the Prairies is being blamed for a dramatic shortfall in stockpiles that in turn has pushed prices for the grain well into record territory. "We are at price levels that are unprecedented," said Marlene Boersch, a partner at Mercantile Consulting Venture in Winnipeg. Stockpiles of durum, used to make pasta and bread, were at 15.15 million tonnes at the end of December, down more than 30% a year ago, according to a report by Statistics Canada. For varieties excluding durum, supplies slumped the same proportion to 12.28 tonnes. Concern sparked by dwindling inventories around the world helped lift prices above US\$10 a bushel on the Chicago Board of Trade, North America's biggest grain market. On the Minneapolis Grain Exchange, the contract for March delivery jumped to US\$14.63 a bushel, the highest ever. "If we have one more bad crop in a major wheat producing area next year, this will seem like a picnic," said Larry Weber, owner of Weber Commodities in Saskatoon. "This is going to get out of control." Global demand for everything from wheat and barley to corn has been soaring for the past 18 months,

driven by a succession of droughts and crop failures in producing countries including Canada, the world's second-biggest exporter.

In addition, rising affluence in China and India has enabled the middle class there to move to more Western-style diets favouring wheat.

A third factor is the growth of the biofuel industry, where government subsidies in the United States and Europe have created an additional source of demand for grain crops. (Financial Post)

---

### **Prospects good for sheep and cattle in 2008**

Meat and Livestock Australia expects the cattle and lamb industries to bounce back this year, following several difficult years of drought.

Official projections from the industry's peak body show both cattle and sheep numbers will rise by up to three per cent, though producers will try and hold on to more stock.

MLA's chief market analyst, Peter Weeks, says prices will rise for most cattle categories, while sheep prices could set new records.

"The rain is the key factor", he says.

"After six years of drought in large parts of Australia and now above average rains, we're looking forward to hopefully a complete break by autumn and that should allow cost structures for producers to come back down.

"It should allow productivity on farm to improve and hopefully, by the winter harvest, there'll be some relief on the grain price front as well". (ABC Rural)

---

### **Australia PM calls summit to tackle drought, reforms**

Australia's government said on Sunday it will hold a summit to tackle the country's greatest problems including economic reform, the worst drought for a generation, climate change and the plight of aboriginal people.

Prime Minister Kevin Rudd said the so-called 2020 Summit in late April would bring together 1,000 experts to deal with 10 long-term challenges too important to be sidelined by the pressures of national elections every three years.

"The summit will bring together some of the best and brightest brains from across the country to tackle the long-term challenges confronting Australia's future," Rudd told reporters.

With its popularity at risk from rising interest rates and inflation at 16-year highs in the December quarter, the conference is an attempt to paint Rudd's new centre-left Labor government as nation-builders above day-to-day politics. (Reuters)

---

### **ABB Grain appoints chief financial officer**

Australian agribusiness, ABB Grain, today announced the appointment of Kingsley David as chief financial officer.

ABB managing director, Michael Iwaniw, said Mr David's appointment was the culmination of a four-month Australia-wide search to fill the vacancy.

Mr David, 39, has 20 years' experience in finance and has been ABB's acting chief financial officer since February 2007.

He has been with ABB (and previously AusBulk) for seven years. His previous experience includes 12 years with Santos Ltd.

"In our quest and assessment of candidates to fill this important executive role, Kingsley's extensive experience within ABB, his performance as acting CFO and personal attributes came to the fore," Mr Iwaniw said.

"Kingsley has held acting and deputy CFO roles within ABB and has been closely involved with ABB's organic growth process, the merger with AusBulk and integration of Joe White Maltings into ABB's

divisional structure.

"I congratulate Kingsley on his appointment and wish him all the best in this very important role within ABB." (North QLD Register)

---

### **China May Import Up to 4Mt of Cotton in 2008**

China may import between 3 million and 4 million tonnes of cotton in 2008, with the figure ultimately dependent on the level of consumption, according to a forecast by the China Cotton Association (CCA). Domestic cotton prices this year might range between RMB 14,500 (\$2,013.89) and RMB 16,500 (\$2,291.67) per tonne.

Cotton imports and prices in 2008 will be shaped by domestic cotton consumption, which is closely tied to China's textile products exports.

The CCA said it predicts cotton prices in China will grow modestly this year on the back of rising agricultural material and labour costs. Potential declines in cotton cultivation, as farmers shift to more lucrative grain crops, may act as a further support for higher cotton prices. (Interfax China)

---

### **Fonterra plans \$212m dairy plant**

Fonterra plans to build a \$212 million milk powder plant at Edendale to process increased milk supply in the South Island.

The plant will bring Edendale's peak processing capacity to more than 15 million litres a day and make it one of the largest powder plants in the world, Fonterra chief executive Andrew Ferrier said.

The dryer should be operating by the end of the year, he said. (NZ Herald)

---

### **EU suspends Brazil beef imports**

EU Officials are not satisfied with Brazil's foot-and-mouth controls

The European Union will suspend all imports of Brazilian beef from Thursday saying the country's foot-and-mouth disease checks are "unacceptable".

Last month, the EU warned that only beef from an authorised list of Brazilian farms would be allowed into Europe from 31 January.

But no agreement was reached on the list, so Brazil has been told none of its beef can be exported to EU nations.

Brazil's government said the temporary ban was "unjustifiable and arbitrary".

The country is the world's biggest beef exporter, selling more than \$4bn of beef last year.

EU Health and Food Safety Commissioner Markos Kyprianou said the EU could not accept Brazilian claims that a vast number of its farms are free of the disease and safe for their cattle to be exported to Europe.

"There will be no holdings authorized to export to the EU," he said.

European producers have raised concerns that Brazilian beef does not meet the same strict standards laid down for Europe's farmers. (BBC News)

---

### **Government appoints new president of the Canadian Wheat Board**

The new head of the Canadian Wheat Board carefully steered clear of taking sides in the heated battle over whether to end the agency's monopoly on barley sales.

The long-rumoured appointment of Ian White as the new president and CEO of the wheat board became a reality Wednesday as Agriculture Minister Gerry announced White's three-year term. He replaces former president Adrian Measner, who was fired in 2006 over his public opposition to Ottawa's plan that would allow barley farmers to bypass the board.

"I wouldn't want to be pre-judging anything," said White, speaking via conference call to reporters from Brisbane, Australia.

But he quickly noted it's not his mandate to stop the Winnipeg-based board's marketing monopoly. "It's certainly not my mandate to end the single desk. What I would want to be doing is understanding all the issues of value associated with it," White said.

White, 58, is managing director and CEO of Australia's Queensland Sugar Limited, an industry-owned company that markets raw sugar. Australia had a single desk arrangement where all sugar was acquired by Queensland Sugar, but it was deregulated in 2006, says [www.canegrowers.com](http://www.canegrowers.com), an Australian website for sugar producers. Despite deregulation, the website says sugar growers still sell their product through Queensland Sugar.

That change has some critics of Ottawa's plan wondering if that's the reason White was hired to run the wheat board, especially since the federal government pledged to introduce legislation within three weeks that would allow barley producers to bypass the Canadian Wheat Board. (The Canadian Press)

---

### **Record lamb exports in Aust**

Australian lamb exports during 2007 smashed the previous calendar year record, as increased domestic production was matched by strong export demand, says Meat and Livestock Australia (MLA).

But exports for 2008 are forecast to decline from the 2007 record volumes as tighter lamb production, higher lamb prices and a high Aussie dollar affect shipments.

The MLA reported that shipments for 2007 surpassed the previous record of 2006 by 10 per cent, to 161,037 tonnes.

The United States remained Australia's largest lamb destination, with shipments at a record 44,500 tonnes. China established itself as Australia's second largest market, with exports jumping 23 per cent, to 14,504 tonnes. (The Dominion Post)

---

### **SA grain harvest way above forecast**

With harvest virtually completed across South Australia, nearly 5 million tonnes of grain has been produced – a stark contrast to last season's 2.9 million tonne crop.

This season, SA produced, the second-highest crop volume of the graingrowing states, behind only Western Australia, which saw an yield increase of 19pc on that of the previous season.

NSW was badly affected by well below average rainfall, with production estimated to be 17pc less than last year's drought-reduced crop.

In Victoria there were significant variations in yields, but they were, in general, well below average.

The SA harvest this season will be only 300,000 tonnes down on the State's five-year average.

But it's down 1 million tonnes on the 10-year average with droughts in 2002 and 2006 reducing the five-year average down significantly.

Harvest is finished in all districts apart from Kangaroo Island, (KI).

Bushfires during December, destroyed a significant area of crop in that area, as well as in some areas at the bottom end of the Yorke Peninsula and the Lower South East.

Condition-wise it was a challenging season, with 2007 the warmest year for South Australia since Statewide records started in 1910.

Winter-spring rainfall for 2007 was the driest on record for the State.

Severe frosts in the Upper SE in early October appear to have had a significant impact on some crops, particularly canola, with estimates of up to 30 per cent yield loss in some parts.

ABB sent the first bulk export of feed barley from SA for this season last week, with 60,500 tonnes bound for the Middle East.

Before Christmas, ABB sent off SA's first bulk export shipment of new season malting barley, with 5000t loaded on the Erasmusgrachy at Wallaroo, destined for Taiwan. (North Queensland Register)

### **USDA: Little progress made with sluggish corn planting**

Weather is expected to cause more delays after moderating later this week.

Not much progress has been made in getting the '08 corn crop in the ground in the last week, according to Monday's USDA-NASS Crop Progress report.

As of Sunday, four percent of the country's corn crop has been planted. This doubles last week's two-percent progress mark, but is lagging significantly behind the average pace. Typically, 17% of the nation's corn crop has been planted by this week.

The most significant planting delays are in the mid-South and southern Corn Belt, according to Monday's report. In Tennessee, normal progress has 64% of the state's corn in the ground by this time, but as of Sunday, only 17% of Tennessee corn is planted. A similar story is developing in Missouri, where only four percent of the corn crop is planted compared to the average progress level of 53% by this week. (Agriculture Online)

---

### **Victorian grain companies fight to save rail freight**

A group of Victorian grain companies have banded together in an attempt to rescue the state's failing rail freight industry.

Several rival packing, processing and transport companies say they'll leave Victoria if rail services aren't improved. If they leave, 50 million dollars of investment and 140 jobs are at risk.

The rail operator Pacific National will soon decide if it will pull out of Victoria and the companies want the state government to guarantee continuing rail services.

It comes as the 2020 summit in Canberra heard regional transport services are critical to the future of rural Australia.

The Victorian State Government says it supports the rail industry. However, it is unwilling to comment further saying it doesn't want to pre-empt May's state budget. (ABC Rural)

---

### **From paddock to plate: new grain export**

Indonesia will receive Australia's first shipment of quality-assured traceable grain from Esperance.

The wheat is known as grain pool integrated quality and has a premium traceability allowing customers to track detailed information about the crop including what stock previously grazed in the paddock.

Grain handler Cooperative Bulk Handling says detailed traceability is extremely important in Asia. CBH Group Chairman Neil Wandel says the product will give Australian growers a major point of difference in the international market.

"The world is looking for safer and cleaner food and we believe our QA [quality assurance] program is going to deliver a competitive edge for our growers," he said.

Mr Wandel says farmers in Grass Patch have lead the project and resurrected the State's quality assured program. (ABC News)

---

### **Multi-national grain buyer decides to go cropping**

Multi-national grain buyer, Glencore, will go cropping this year leasing an estimated 40,000ha across three States in five-year arrangements.

The cropping program is another sign of confidence from the corporate sector in continuing high grain values.

While the notoriously private company would not comment publicly, sources close to the business says Glencore has seen an opportunity to exploit its vertically integrated supply chain.

Glencore this year will plant crops in South Australia, NSW and Victoria.

Although Glencore has said it will look at farming in all districts that meet its criteria of yield versus price, its activities centre in low rainfall zones this year due to the chances of getting the best returns for its leasing dollars.

One source said that much of the activity would centre on Victoria's western central Mallee, in areas such as Hopetoun and Ouyen, with other pockets in the South Australian Mallee in place such as Pinnaroo and Loxton.

The Mallee is seen as a good return on investment, given the land prices in other areas.

The lighter Mallee soil types have proven to be relatively reliable, even in dry seasons, as opposed to the heavier Mallee clay loams which cannot grow a crop on as little rainfall as can be done on sandier soils. All the Glencore leases are over five years, and the business has committed to cropping to best practice standards. (Stock & Land)

---

### **World's biggest dairy exporter will start selling milk online**

Fonterra Cooperative Dairies Ltd - the world's biggest dairy exporter - says it is introducing online trading in commodities for the first time. Up to 20 per cent of Fonterra's New Zealand milk commodities will be sold through a website called globalDairyTrade. The company already controls more than one-third of the international dairy trade.

The online trading is expected to eventually lead to an international dairy futures or derivatives market, similar to trading in commodities such as oil, sugar and coal.

Trading will start in July and about \$1 billion worth of milk powder is expected to be sold during the first year, with other commodity groups added during the year. Fonterra chief executive Andrew Ferrier said the new trading platform will allow the cooperative and its customers to be more responsive to shifting global prices.

The company has not been able to take full advantage of soaring dairy prices over the past season because it usually signs deals with key customers up to a year in advance.

World dairy prices began rising dramatically at the end of last year, but Fonterra had already committed a lot of product to contracts signed at lower prices.

From July, customers will tender for commodity products each month through the website, making bids for different specifications of product and delivery times. After a number of bidding rounds the price would adjust to match demand and all customers would pay the final price.

The process will be run by an independent trading manager and Fonterra said it will eventually allow its supply partners and possibly even competitors to participate.

"This is likely to lead to enhanced price transparency," said Mr Ferrier.

"GlobalDairyTrade represents a significant shift away from some of the contracting practices that we have traditionally used," he said. The global dairy market - once overhung by massive stockpiles such as a European "butter mountain" was evolving because of rapid changes in supply and demand, as well as in global stock levels.

"We expect more price volatility for the foreseeable future," Mr Ferrier said.

Online trading would help Fonterra and its customers manage their exposure to changing prices, and key sales results from the website will be made public. (NZPA)

---

### **Lower feed grain prices help lift feedlot cattle numbers**

Reflecting marginally improved trading conditions on the domestic market, the numbers of cattle on feed have increased by 3pc since the December quarter, according to the March survey.

However, there has been no improvement on cattle numbers on feed for the export market with the increase largely driven by the need in Western Australia to finish cattle in feedlots due to normal dry summer conditions.

This survey, for the quarter ended March 31, is conducted by Australian Lot Feeders' Association (ALFA) and Meat and Livestock Australia (MLA).

ALFA president Malcolm Foster said, "A 23pc fall in sorghum prices along, with a 17pc fall in barley prices over the quarter helped offset rises in feeder cattle prices and a resilient Australian dollar".

"Regardless, trading conditions remain tight and it is not surprising that cattle numbers as a proportion of feedlot capacity remain at 51pc - the same as for the December quarter.

"This is down from 77pc at the same time last year".

"The survey indicated that the larger feedlots in Western Australia and New South Wales drove the overall cattle number increases while the majority of feedlots in Queensland, Victoria and South Australia continued to experience reductions".

Manager for market information at MLA Peter Weeks confirmed the lack of improvement in the numbers of cattle on feed for export markets, which remained at 417,000 head at the end of March, down almost 30pc on numbers for the previous year".

"Beef demand in Japan and Korea is being constrained by increased competition from the US and higher prices for Australian beef - primarily due to decreased production and high grain costs. "The decline in US grain fed exports is due to tight supplies, lacklustre demand and the high Australian dollar".

"The small improvement in numbers of cattle on feed in the March quarter will benefit predominantly domestic consumers, with cattle on feed for this market up 15pc on December, to 184,000 head, but still 30pc down on a year earlier." (MLA and ALFA)

---

### **Fears farmers will miss out on wheat exporting positions**

The Western Australian Farmers Federation says it is concerned producers may be excluded from a new wheat export authority.

The Federal Government has called for expressions of interest for positions on Wheat Exports Australia, the new independent watchdog being set up to oversee Australia's bulk wheat export arrangements.

It will replace the Wheat Export Commission, which was established in the wake of the AWB scandal. Members applying for positions on the new authority are required to have expertise in areas including finance, economics and international trade.

The Farmers Federation's Derek Clauson has criticised the selection criteria because he says they place too much importance on business qualifications.

"I think there's some very very capable farmers around the place that have business experience outside of farming that can contribute," he said.

"Obviously the closer they are to the wheat producing industry, the more interest they'll take in ensuring that they keep a very close eye on events and try and position the industry where growers don't get hurt." (ABC News)

---

### **Still no deal between U.S. and South Korea on beef**

It looks like President Bush and the new South Korean President Lee Myung-bak won't be announcing a deal to resume U.S. beef exports when Mr. Lee visits the U.S. tomorrow.

A South Korean deputy agriculture minister told Yonhap news Monday that South Korean and U.S. negotiators meeting in Seoul had been unable to reach a deal on the beef issue. South Korea reportedly offered to resume bone-in beef imports from cattle under 31 months of age. But U.S. negotiators continue to insist

on complete market access for U.S. beef based on international standards established by World Organization for Animal Health (OIE).

The impasse comes as South Korean livestock groups met Monday with that nation's ag minister and urged him to break off talks with the U.S. on the beef issue. (Brownfield)

---

### **Dairy-product prices unlikely to rise**

Fonterra says dairy products will probably not rise in price after a 40-cent increase in the forecast milk payout to farmers.

The managing director of Fonterra Brands New Zealand, Peter McClure, said consumers were resisting higher prices for butter and cheese with sales 10 per cent down on the same time last year.

In 2007 cheese prices jumped 37 per cent and butter soared 66 per cent. By contrast milk rose much less - 16 per cent. Milk sales were not falling and demand was fairly "inelastic", McClure said.

There was a lot of competition in milk pricing and consumers who shopped around got good deals.

The milk payment to farmers drove the wholesale and retail price of milk.

On Friday Fonterra increased the forecast to a record \$7.30 a kilogram of milk solids, 40c higher than the forecast late last year.

The high kiwi dollar was limiting the price paid to farmers and helping to restrain the retail price.

McClure said he was reviewing prices to see if there was room for an increase.

When the forecast payout increased to \$6.90 a kg last year it was hard for the New Zealand brands division, essentially the manufacturer and wholesaler of products, to recover all the extra cost in wholesale prices to customers, mainly supermarkets.

"It would be very difficult to put another increase into the marketplace," McClure said.

He had to weigh up whether the market could bear an increase and in the next farming year the payment to farmers for the raw milk was likely to be a bit lower.

Dairy prices would probably not rise as a result of the latest increase in the forecast payment to farmers.

Butter and cheese prices were set internationally and had risen more than whole milk and skim milk power because there was more demand for them, he said.

Discount supermarket Pak N' Save in central Christchurch was selling two litres of milk produced by small local processor Al and Son for \$1.99 at the weekend.

Al and Son managing director Brent Thornton said that was less than the price the company sold it to the supermarket.

He was grateful for the contract he had struck with Pak N' Save and another local supermarket.

(Dominion Post)

---

### **N. Korea asks China to export 150,000 tons of corn this year**

North Korea has asked China to export 150,000 tons of corn this year to help ease a food shortage in the North aggravated by severe flooding last year, informed sources here said Sunday.

The North's request came as China is restricting food exports due to rising domestic demand and increasing grain prices on the international market.

"At the request of North Korea, China has decided to export 50,000 tons of corn this year," one source said, adding Beijing will likely decide later on whether to ship more corn.

North Korea's corn imports from China rose 1,523 percent to 27,600 tons in February this year alone over the same period last year, according to statistics released recently by Chinese authorities.

"The sharp rise in China's corn exports to North Korea should be seen as the result of China's having increased the corn export quota for North Korea," the source said.

Another source predicted North Korea will likely ask for further exports of corn during the remainder of the year, but added "China may find it difficult to increase corn exports to North Korea for the time being until the food supply is stabilized in China where grain prices have risen sharply recently." (The Hankyoreh)

---

### **Big bags best for grain storage**

Grain silos could soon be a thing of the past across South Australia's landscape.

Farmers on the Eyre Peninsula are looking to store grain in polythylene bags rather than replace traditional silos.

It's an initiative by a group of farmers called "Free Eyre" which are looking at ways of marketing their own grain.

Free Eyre's Kerry Hanel says these bags can hold up to 200 tonnes of grain and are more of a cost effective storage facility.

"If we were to replace the current system in place today, or if the owner was to replace the system it would cost millions of dollars" he said.

"To establish a silo bag site costs virtually nothing. We need machines to fill bags, we need some machines to empty bags and the bags themselves, they're available to buy to hold 200 tonnes for about eight hundred and eighty dollars." (ABC Rural)

---

### **Another strong year tipped for live cattle trade**

Fourteen thousand cattle from across northern Queensland have left the port of Townsville this week bound for markets in South-East Asia.

The Australian Livestock Exporters Council says the resurgence in the live cattle trade is likely to continue this year, with demand and prices strong.

Spokesman Lach MacKinnon says while uncertainty in global financial markets and currency problems could affect the outlook, conditions still look positive.

"The live trade, especially into South-East Asia with cattle is very strong and looks strong for the foreseeable future," he said.

"Queensland has sent a lot more cattle out over the last two years or 18 months - for example 14,000 have just left Townsville in the last couple of days.

"Last year was extremely strong and we're looking for another strong year this year as well for the northern cattle trade." (ABC News)