



Rabobank

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Rethinking export markets – strong growth prospects for Australian beef and sheepmeat producers

Global macro economic developments and adverse weather shocks will prompt Australian beef and sheepmeat producers to ‘rethink’ their export markets as new trends in supply and demand emerge, according to Rabobank’s senior animal proteins analyst visiting southern New South Wales farmers this week.

Rabobank’s Sarah Sivyer, based in Sydney, is touring southern parts of the state visiting local producers from Griffith to Wagga Wagga, Goulburn to Cooma, who are keen to hear of the opportunities facing the beef and sheepmeat sectors in coming months.

Presenting throughout the week, Ms Sivyer says adverse weather in the United States and increasing income growth across the Middle East pose strong growth opportunities for the Australian beef and sheepmeat industries.

“The drought in the United States is the worst seen in more than 50 years which for the medium term is presenting strong growth opportunities Australian beef producers,” Ms Sivyer says.

“Australian exports to the US are up 40 per cent this year and we see this likely to continue at these levels, depending on where the Australian dollar is sitting in coming months.”

Ms Sivyer says the US is forecast to become a net beef importer again for 2013/14 due to tight local supply as the domestic herd continues to contract.

“The US herd size continues to contract – even though slaughter rates are below 2011 levels. We’re also seeing US producers trying very hard to retain their heifers albeit in extremely dry conditions,” she says.

“And while expected tight supply in the US is certainly an opportunity for Australian producers, we can empathise with the American producers dealing with severe drought conditions.”

Part of Rabobank’s Food & Agribusiness Research and Advisory team comprised of more than 80 analysts globally, Ms Sivyer is responsible for analysing market trends across the animal proteins sectors (beef, sheepmeat, pork and poultry).

Looking closer to home, Ms Sivyer says slaughter rates have been down the first half of 2012, but Rabobank would expect that to correct later in the year.

“The season has been good in Australia for the most part which has resulted in beef producers holding onto their stock for a little longer,” she said.

“We also expect Australian beef production to increase into 2013 and, for the medium term, the overall outlook is optimistic for the industry.”



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Ms Sivyer says tighter global supply should help to support prices although the Australian dollar is putting a dampener on demand from our traditional north Asian markets, who are becoming increasingly more price conscious.

While the prospects are looking positive for beef, so too are the emerging opportunities for Australian sheepmeat farmers.

Ms Sivyer says the Middle East remains a key region for Australian sheepmeat exports and will continue to show promising opportunities.

“We’re seeing an increase in demand across the Middle East. With lamb exports to Jordan, the United Arab Emirates and Qatar particularly strong,” she says.

“Despite the general growth in these markets, subdued demand from Europe has affected the export destinations of our main competitor – New Zealand – so they have shifted focus to the Middle East and China. So, now in direct competition with New Zealand, Australian exporters and producers might be seeing increased volumes but not the same increase in value.”

Overall, Ms Sivyer says sheepmeat-wise, there are good long-term prospects stemming from growing demand from Middle East and China however the indirect impact of subdued demand from Europe and hence increased competition from New Zealand will tend to slow the increase in export value.

Rabobank regional manager southern NSW Michael White, who is accompanying Ms Sivyer throughout the week, says the bank has made a special effort to host the beef and sheepmeat forums in-region to be closer to the clients Rabobank supports.

“This week’s events are all being held in local community areas outside the normal Rabobank branch towns which is in-line with our focus on the community and getting the bank as close as we can to our customer base,” Mr White says.

“Another key focus for us is to bring the best available research and market intelligence directly to our clients so they can make well-informed decisions for their business.

“There’s a bit of volatility in the sheep and beef sectors at the moment and we like to keep our customers abreast of market developments locally and internationally.”

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Rabobank Australia & New Zealand is a part of the international Rabobank Group, the world’s leading specialist in food and agribusiness banking. Rabobank has more than 110 years’ experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 48 countries, servicing the needs of more than nine million clients worldwide through a network of more than 1600 offices and branches. Rabobank Australia & New Zealand is one of Australasia’s leading rural lenders and a significant provider of business and corporate banking and financial services to the region’s food and agribusiness sector. The bank has 93 branches throughout Australia and New Zealand.



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