



**Rabobank**

*Media release  
June 3, 2014*

## ***A “phenomenal” market provides opportunities – US beef industry expert in Queensland***

Rabobank’s Saint Louis-based vice president for animal proteins, Don Close is touring Queensland this week, presenting to local beef producers on the extraordinary state of the US beef industry.

Queensland beef producers and industry stakeholders from Brisbane, Emerald, Rockhampton, Townsville, and Hughenden will hear from Mr Close on the current challenges facing the US beef sector – with particular focus on where the upside may lie for Australia.

Mr Close says US cattle prices are at all time record highs for every category of cattle and beef, with annual average monthly retail meat prices for 2014 continuing to increase month-on-month in 2014.

“It has been a phenomenal market,” Mr Close says.

“We are still fighting severe drought in many areas however there have been some excellent rains in some of the driest areas this past week and while this rainfall event won’t end the drought, it will sure help.”

In spite of the drought conditions, Mr Close says there are signs that producers have received the ‘economic signal’ and are taking measures to expand.

As of mid-May, the USDA’s Drought Monitor reveals approximately 50 per cent of the United States remains in drought, with ‘extreme’ and ‘exceptional’ drought conditions declared for the south west (California) and south central areas (Texas).

Mr Close says a result of the drought’s impact on the US herd, it will take a minimum of two years at the very least to rebuild beef cattle numbers to previous levels, but he says, realistically, the projected recovery and will be closer to four or five years.

“Our needs for imported beef are not going to subside,” he says.

“In fact, if anything, our reliance on imported beef will increase. It will increase because we have more and more beef consumption in the form of ground beef and once the cow supply stops, we will have an even shorter supply of lean beef for blending.”

The US cattle industry is currently sitting at 88 million head, including approximately 38 million cows. US demand for Australian and New Zealand beef imports remains strong.

Mr Close speaks positively of the trade relationship between the US and Australia, which is important at a time where the US will need to source imported beef supplies from markets such as Australia.

“I think trade relations between Australia and the United States are good,” he says.



**Rabobank**

**Media release  
June 3, 2014**

“Everyone has degrees of tension in regards to getting a Trans Pacific Partnership agreement completed and the hopes that the ‘negotiating beef clock’ stays unified in the push to eliminate tariffs.”

Mr Close says the US is “keenly aware” of the explosive growth in demand for feedstuffs to China.

“To date, the majority of the US agricultural produce destined for China has been in the form of grains, soybeans and pork,” he says.

“The US still doesn’t have direct trade access to China for beef – we are still going through the ‘grey channel’. We are behind Australia on that front.”

Mr Close is part of Rabobank’s Food & Agribusiness Research and Advisory division (FAR) where he is responsible for analysing the beef and protein sectors. Comprised of a network of some 80 analysts spread across every major production and consumption region of the world, FAR is a central component of Rabobank’s capacity for informed credit decision making, product development, advisory services and strategic client partnerships.

With a lifetime spent working in many roles in the US beef sector, including livestock buying, broking, meat-packing, risk management and lot-feeding, Mr Close has in-depth knowledge of the North American beef cattle industry.

Looking at the global picture, Mr Close says he sees overall world demand for food and especially animal proteins growing.

“In the beef sector, with the major suppliers being North America, South America and Australia, we have concerns over whether we will be able to keep up with demand and keep beef priced in a range that is accessible to all consumers,” he says.

“I imagine Australian producers would also be seeing this as a potential issue in the future, when it comes to selling Australian beef products into international markets at an affordable but profitable margin.”

Accompanying Mr Close on his Queensland tour this week is Rabobank QLD/NT state manager Brad James.

Mr James says it’s such a privilege to have someone of Don’s calibre present to clients in their local area.

“Hearing the latest information about what’s happening in the US and how it could impact our local industry is fascinating and really important for our clients to know where the markets could track over the next 12-18 months,” Mr James said.



**Rabobank**

**Media release  
June 3, 2014**

“With a pure focus on agribusiness, Rabobank is able to leverage the knowledge of our sector experts like Don, who are visiting other parts of the world to share their insights and help our clients make more informed decisions for their businesses. Knowledge is key.”

<ends>

**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 42 countries, servicing the needs of approximately 10 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.**

**Media contacts:**

Denise Shaw  
Media Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Jess Martin  
Media Relations  
Rabobank Australia & New Zealand  
Phone: 07 3115 1832 or 0418 216 103  
Email: [jess.martin@rabobank.com](mailto:jess.martin@rabobank.com)