

AN INITIATIVE OF
Making More From Sheep



It's Ewe Time

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EVENT
PARTNERS:



Ruralco
HOLDINGS LIMITED



EVENT
SUPPORTERS:



STATE
PRIMARY
INDUSTRY
AGENCIES

Key themes for this presentation

- State of the lamb, wool and sheep industries
 - Some thoughts for good sheep production
 - A view to the future
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Genetics

Health

Productivity

Management

Feed

Markets

Its EWETIME

Where are we now?

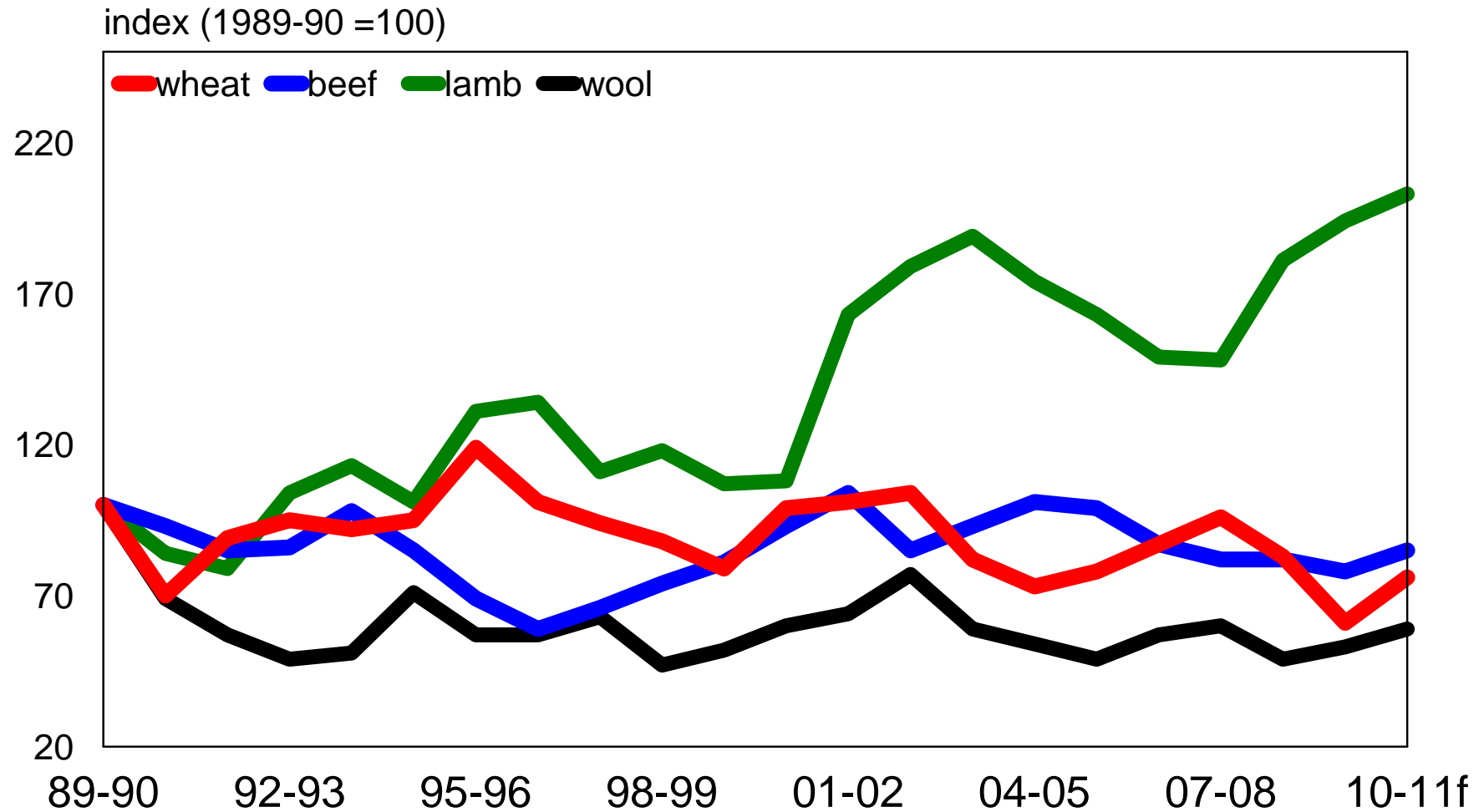
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- Sheep flock at 100-year low
- A\$ at record levels against US\$
- Lamb and sheep slaughter behind last year
- Lamb prices well above historical levels
- Wool prices have strengthened
- Ewe prices strong
- Rebuilding the flock

Commodity prices

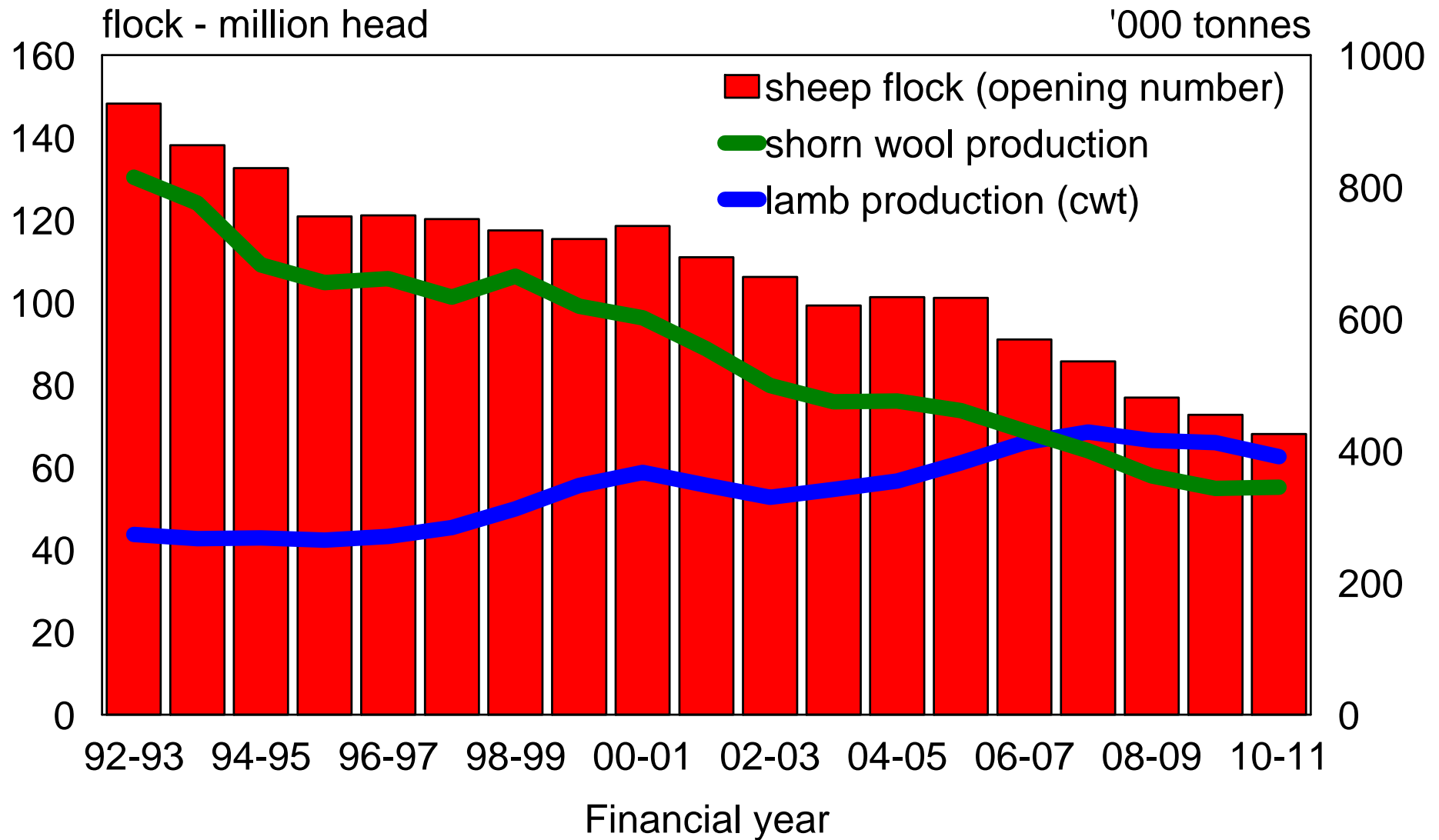
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Source: ABARE

Australian flock; lamb and wool production

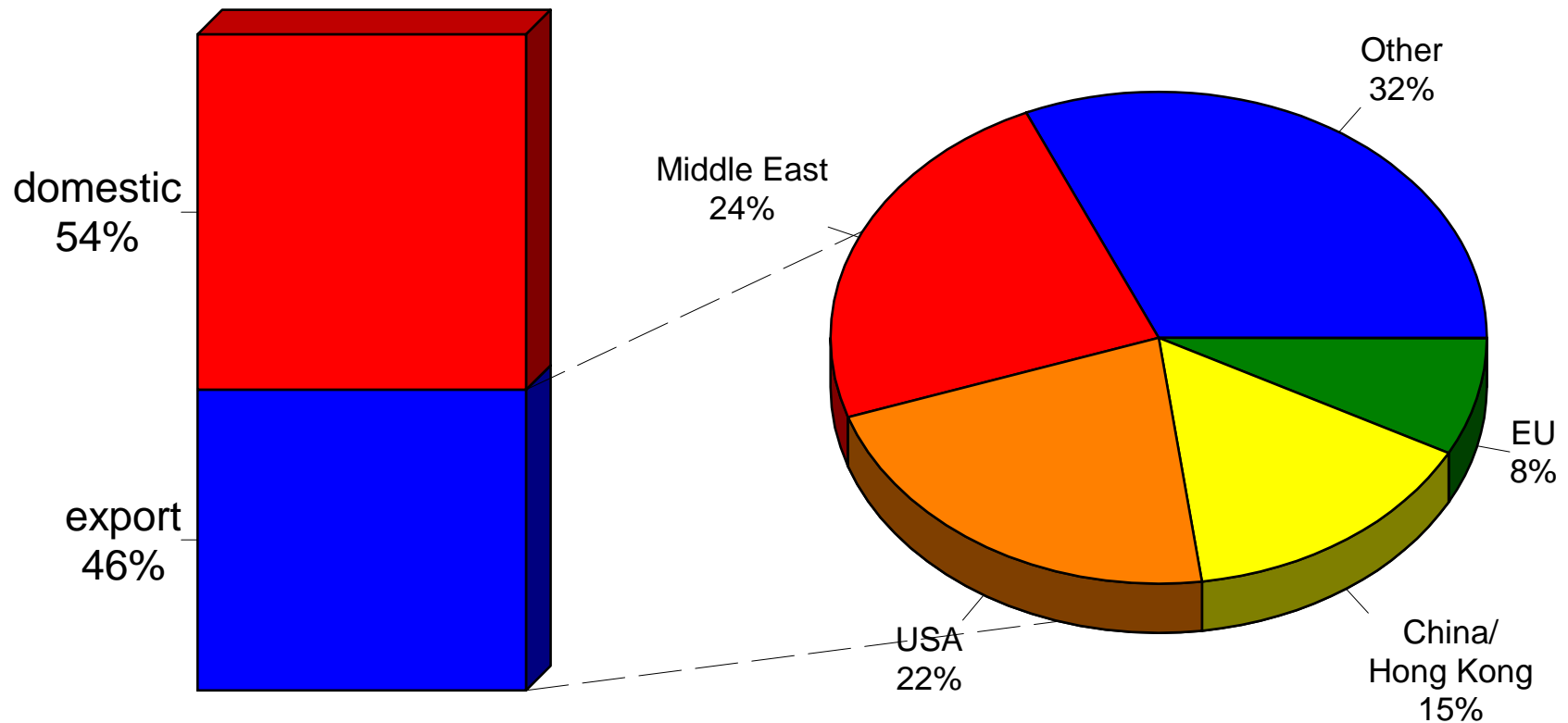
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Source: ABS, Australian Wool Production Forecasting Committee

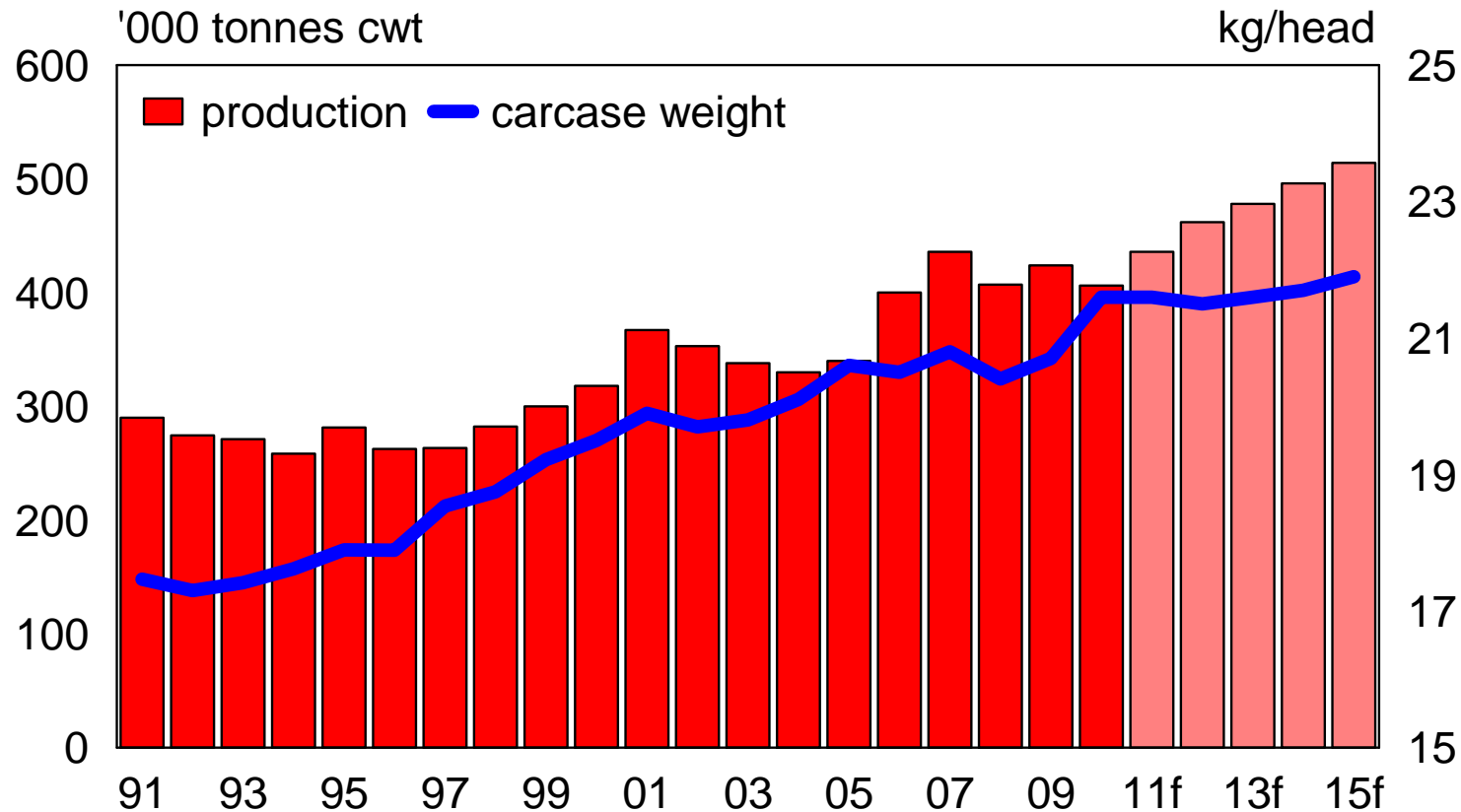
Australian lamb production and exports

2010 lamb production = 401,863 tonnes cwt



Source: DAFF, ABS, MLA

7% lamb production increase to 436,000t

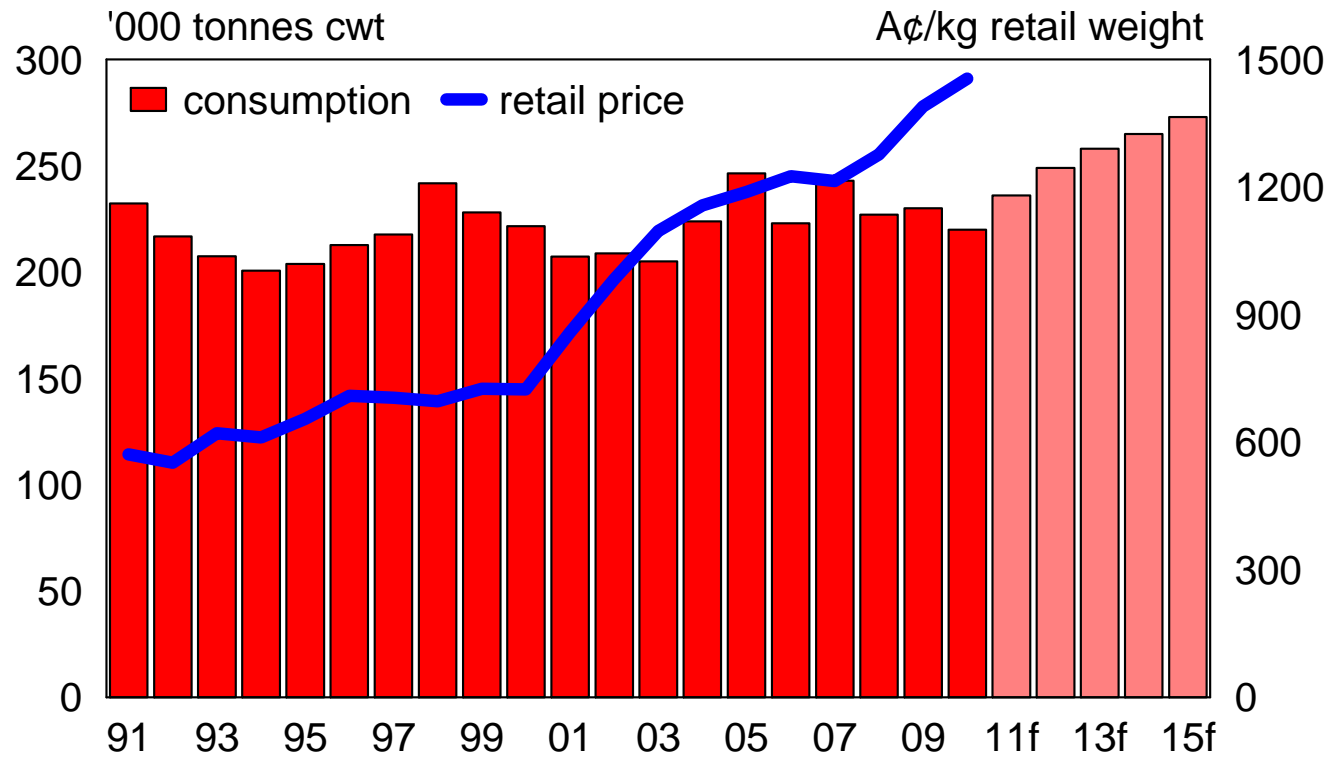


Source: ABS, MLA forecasts

f = forecast

Lamb production to lift by 26% to 514,000 tonnes by 2015

Consumption resilient despite price



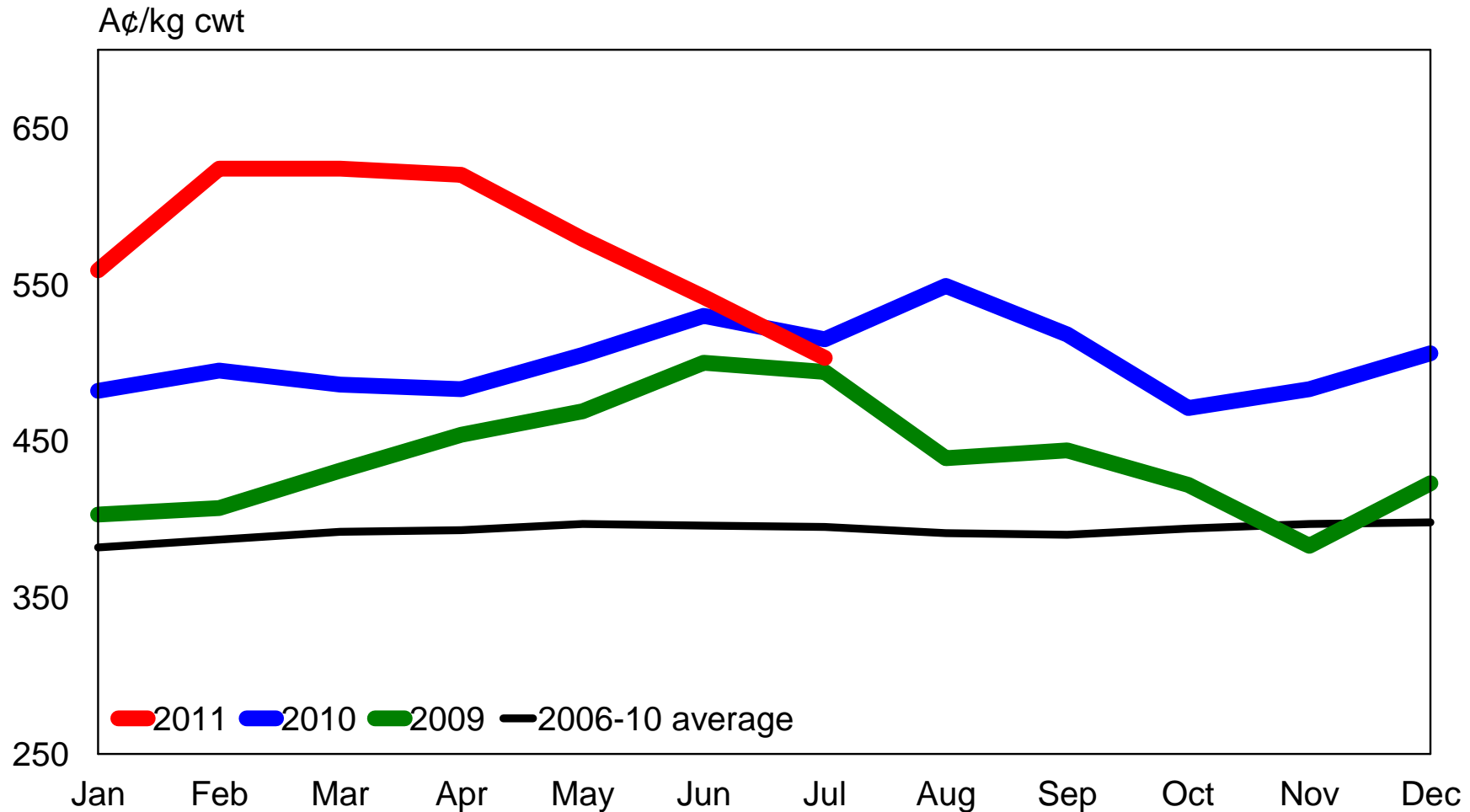
Source: ABS, ABARE, MLA forecasts

f = forecast

**In 2011, domestic consumption is expected to grow 7% to 236,000t
By 2015, growth of 24% to 273,000t**

Trade lamb prices now below year ago

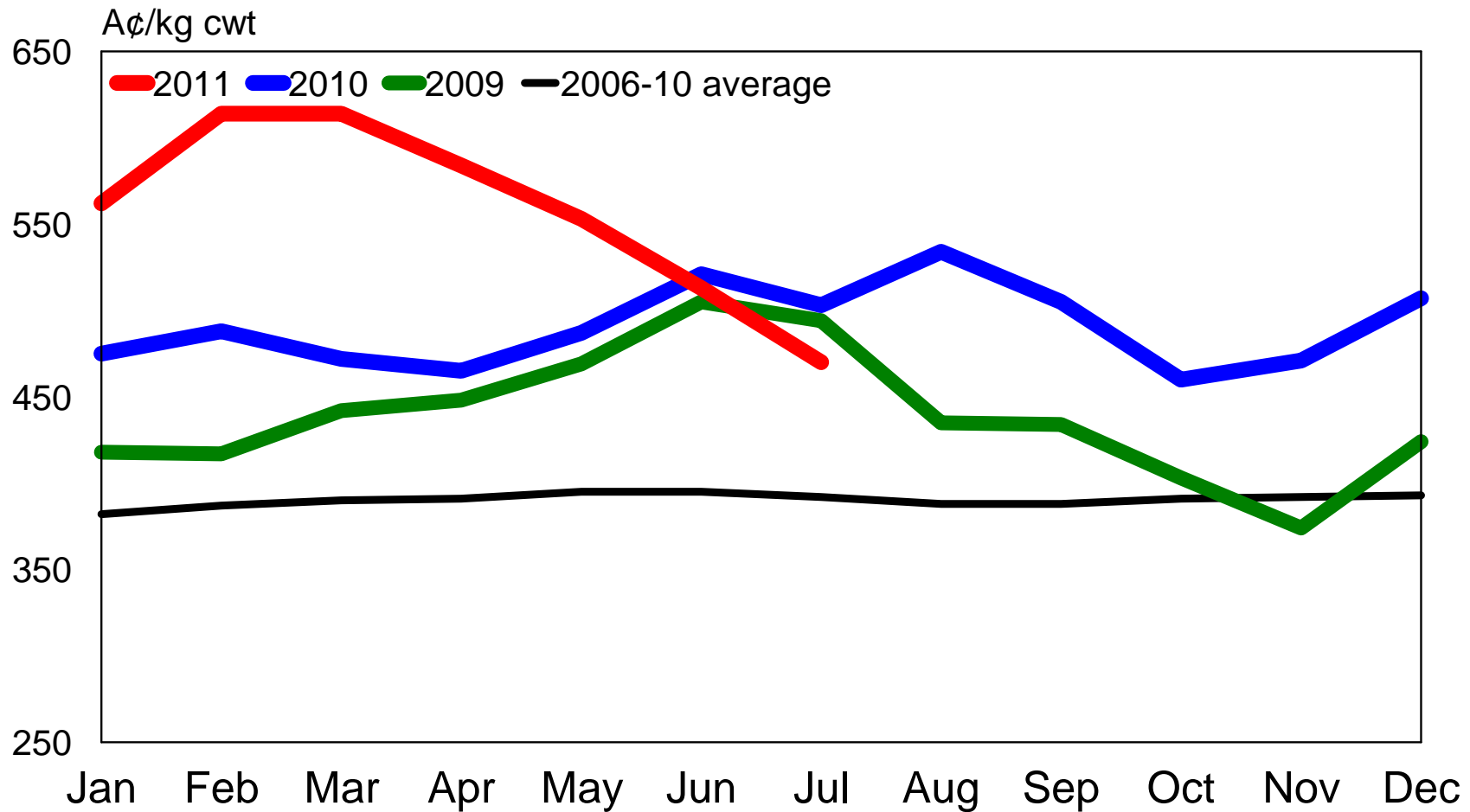
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Source: MLA's NLRS

....same for heavy lamb prices

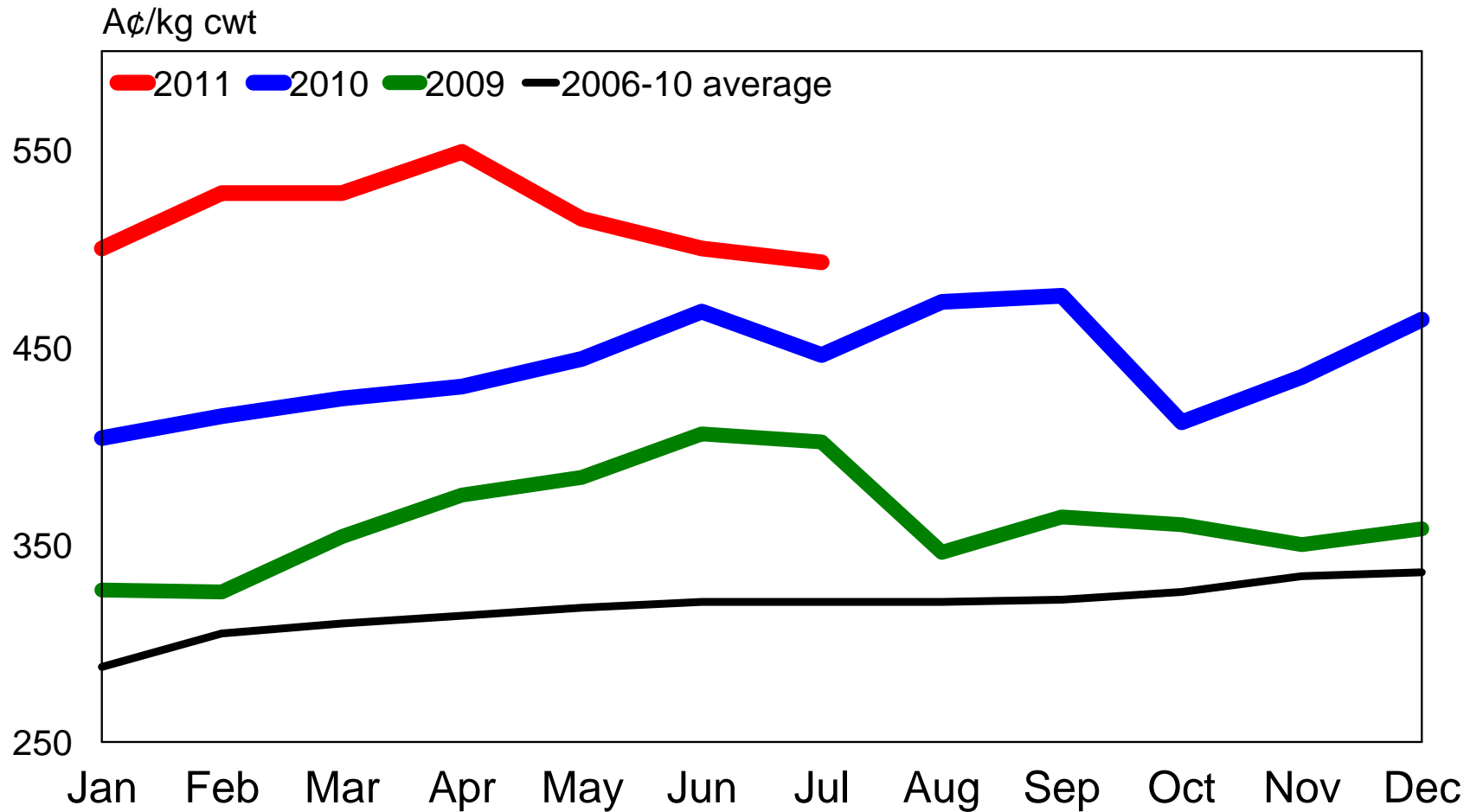
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Source: MLA's NLRS

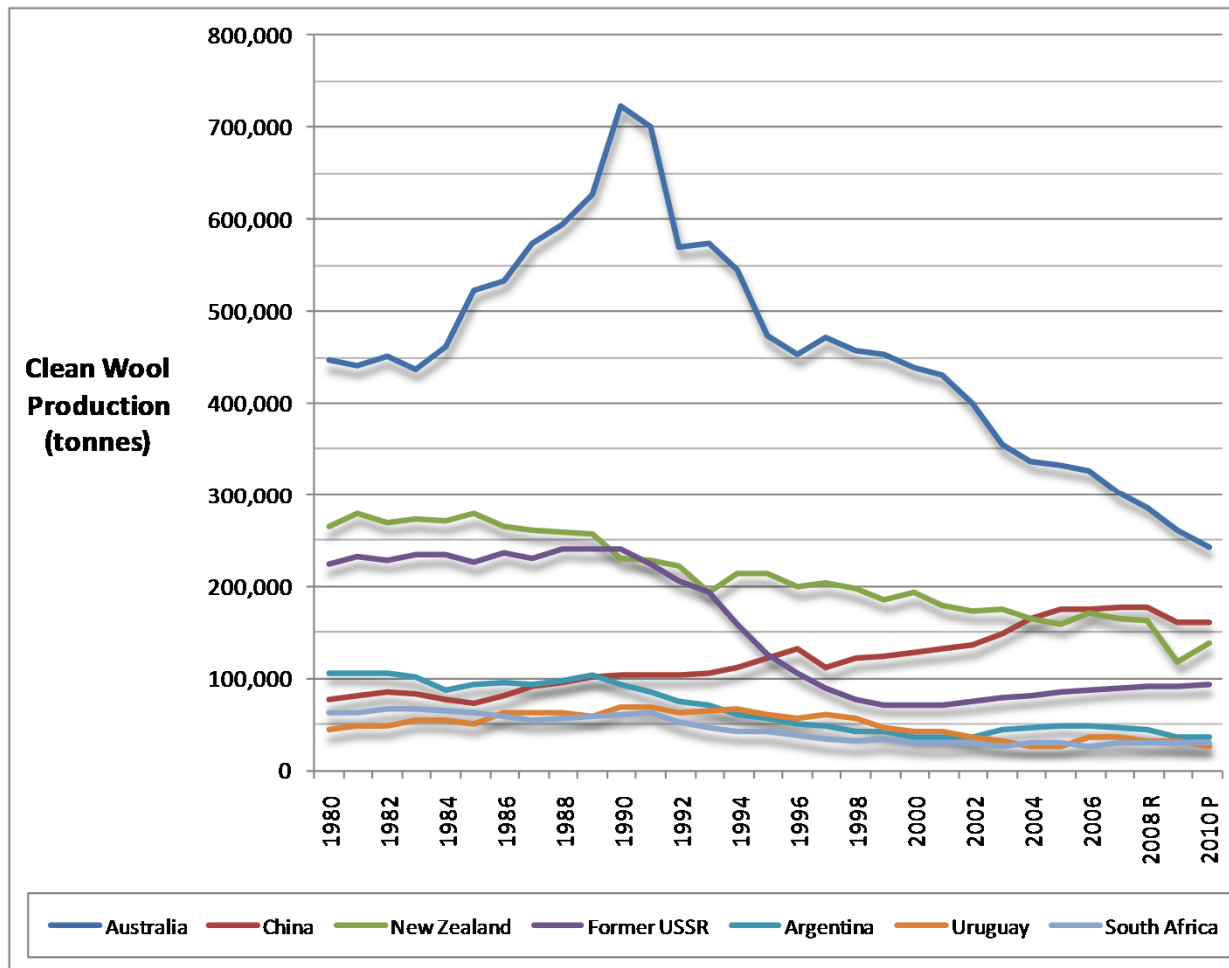
Merino lambs now similar to trade

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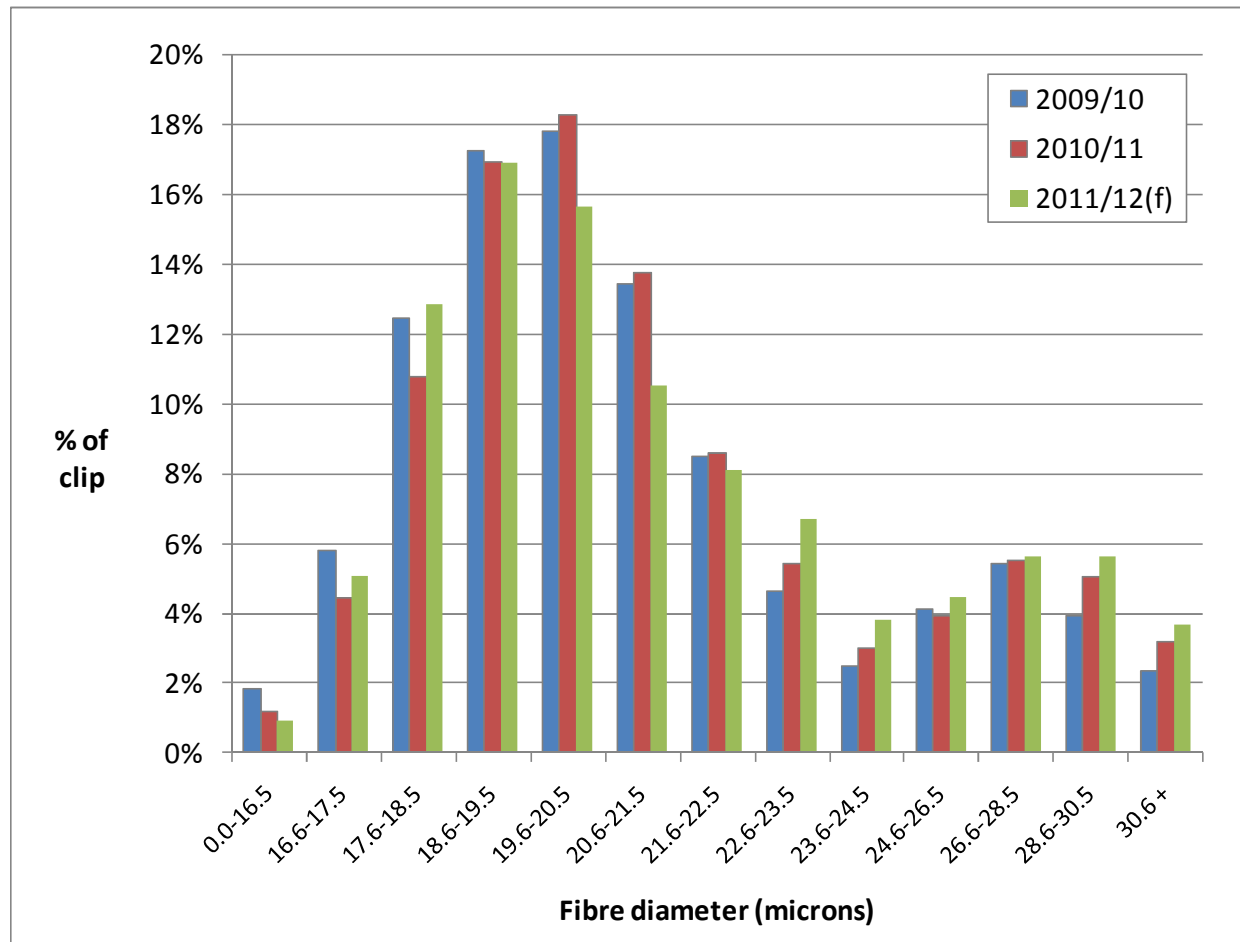
Source: MLA's NLRS

Global wool supply reduction



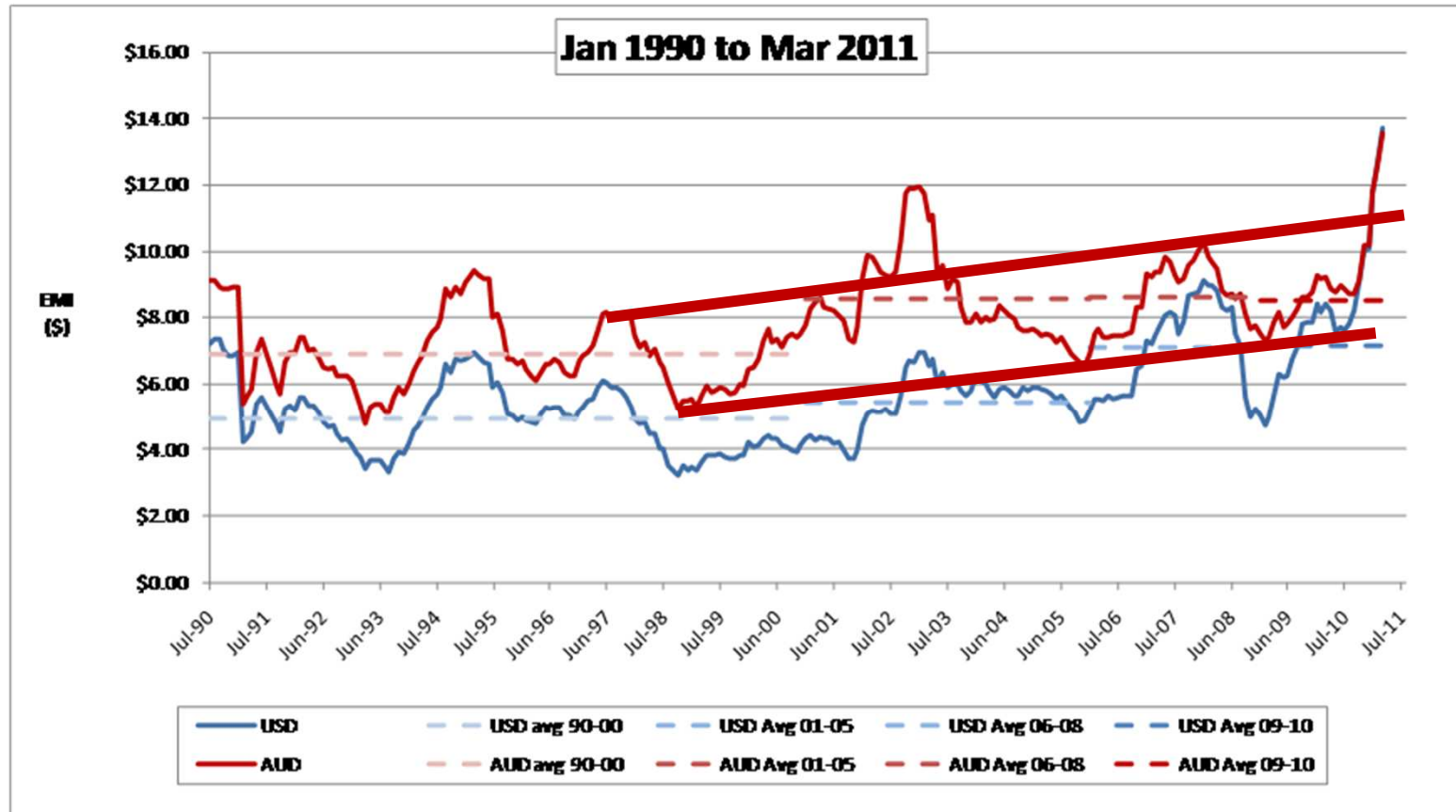
Sources: FAO, AWPFC, Beef and Lamb NZ; AWI and MLA Australian Sheep Industry Projections 2011

Tight supply at low micron range

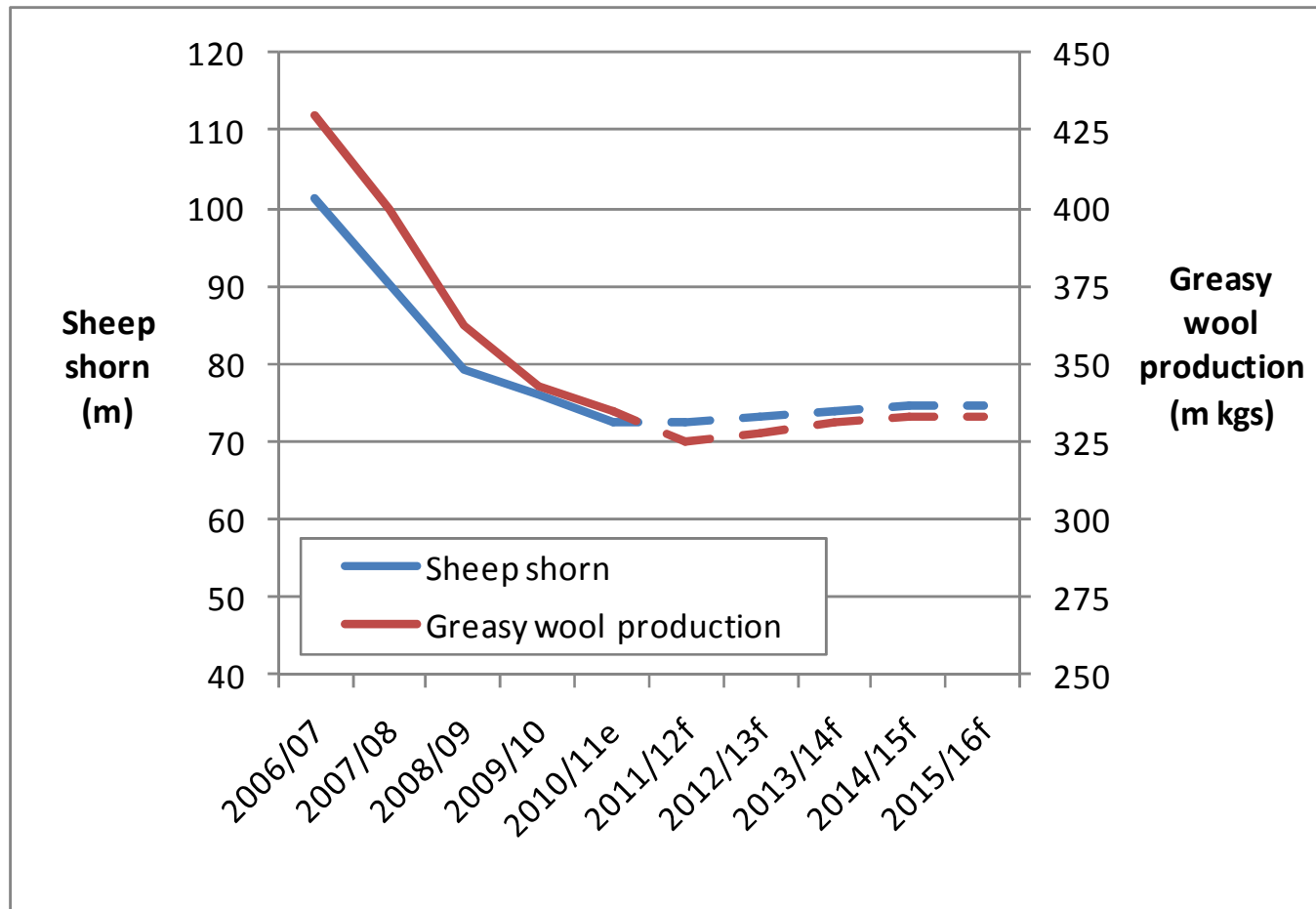


Eastern Market Indicator

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Slow rebuilding forecast



Sources: AWI, ABARES; MLA Australian Sheep Industry Projections 2011

Expectations for second half of year?

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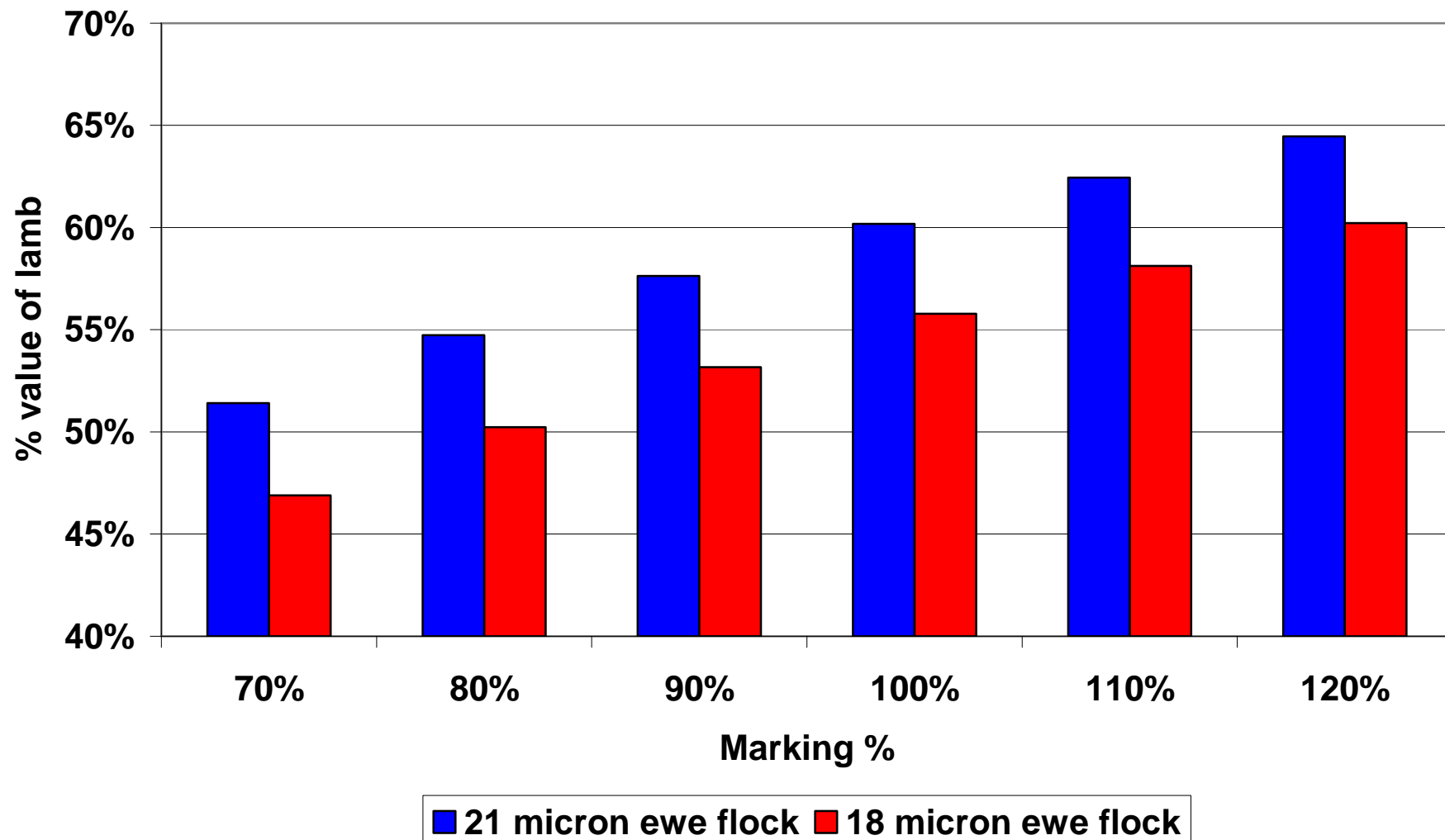


- Lamb slaughter in spring and second half of the year should be above that in 2010.
 - excellent season
 - retention of ewe lambs
- Some release of pressure on the domestic market
- Export growth to continue to be a challenge
- Prices to remain strong for lamb and wool

What can we do.....

- Concentrate on management ~ which means know your business and production
 - Concentrate on genetics for both meat and wool
 - Focus on the consumer and what they require
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Contribution of Income Source



What's EWETIME

Weaning
%



Growth
Rate

Carcase
\$\$

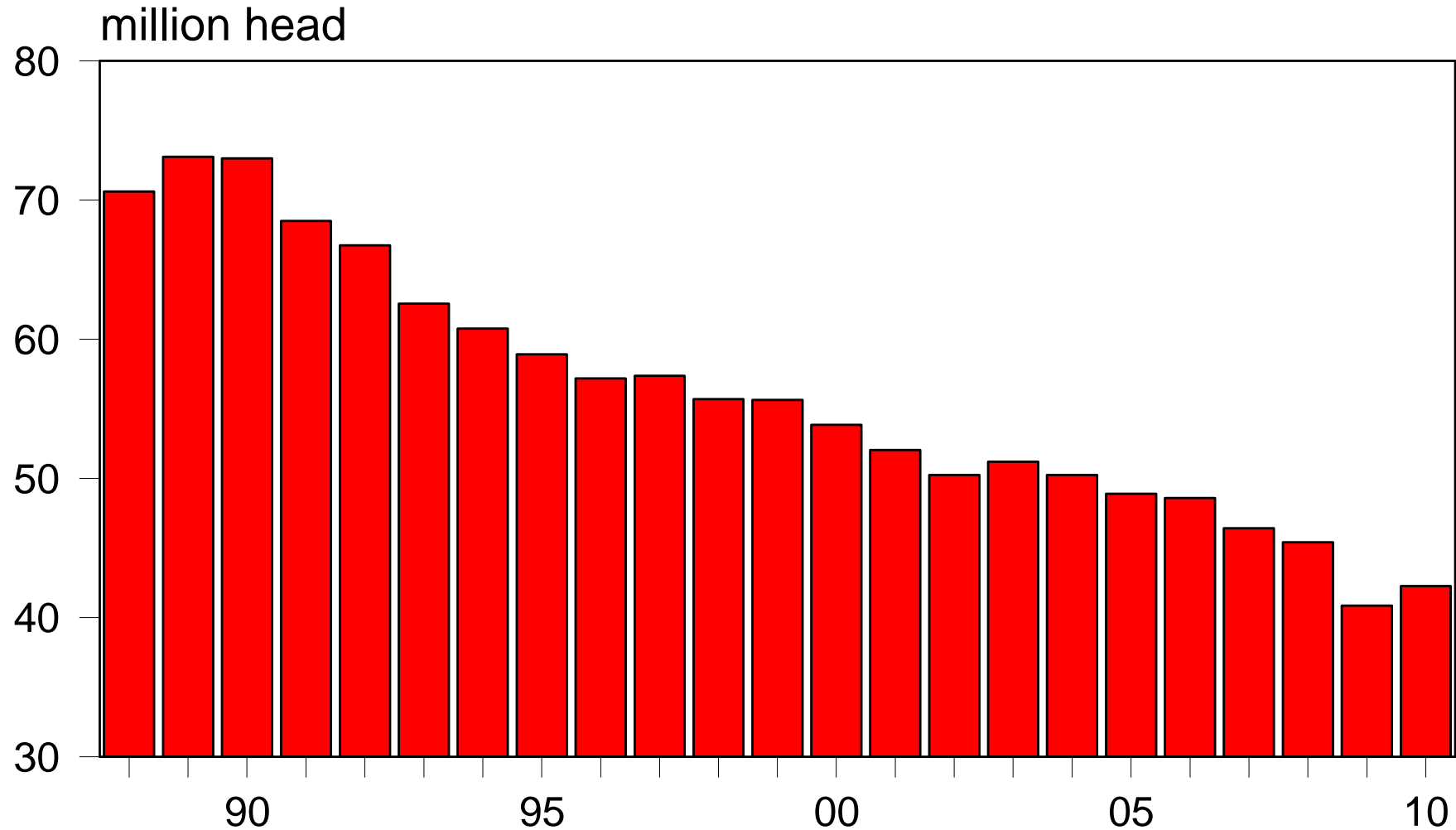
Wool \$\$

Mature
Ewe Size

Worm
Resistance

Australian breeding ewe flock

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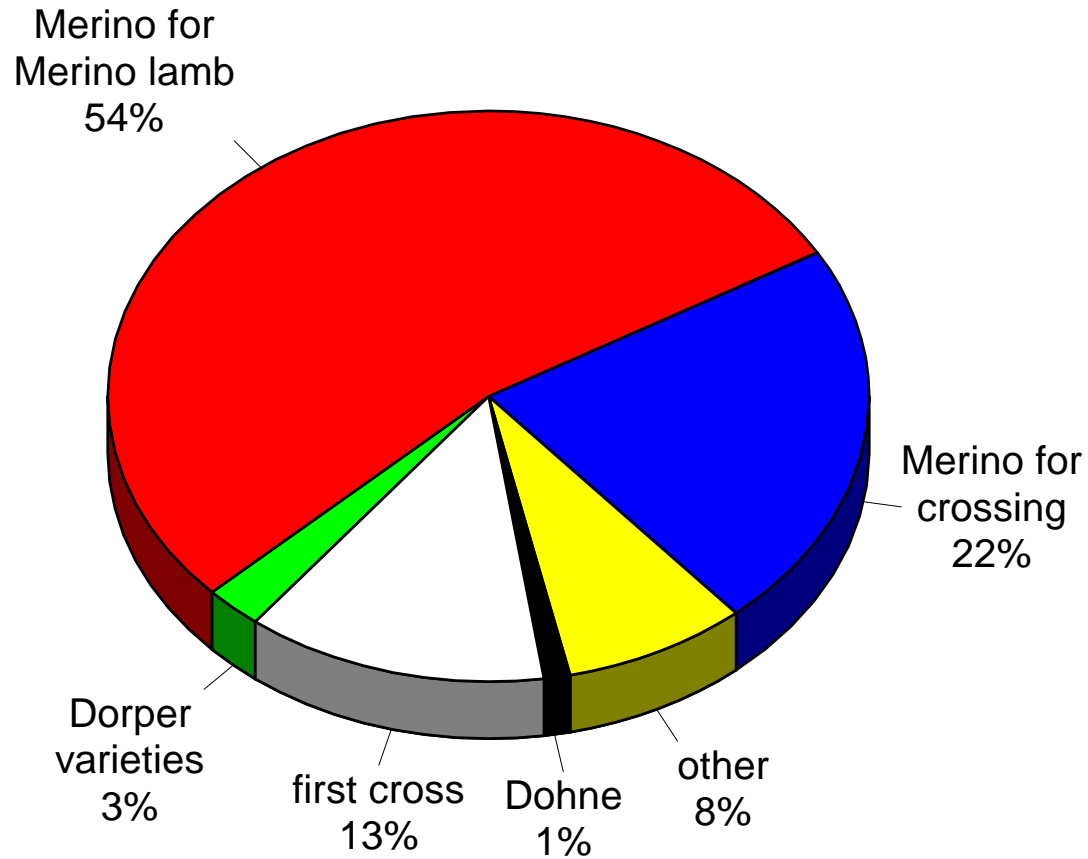


31 March until 1999, 30 June from 2000

Source: ABS

The ewe flock

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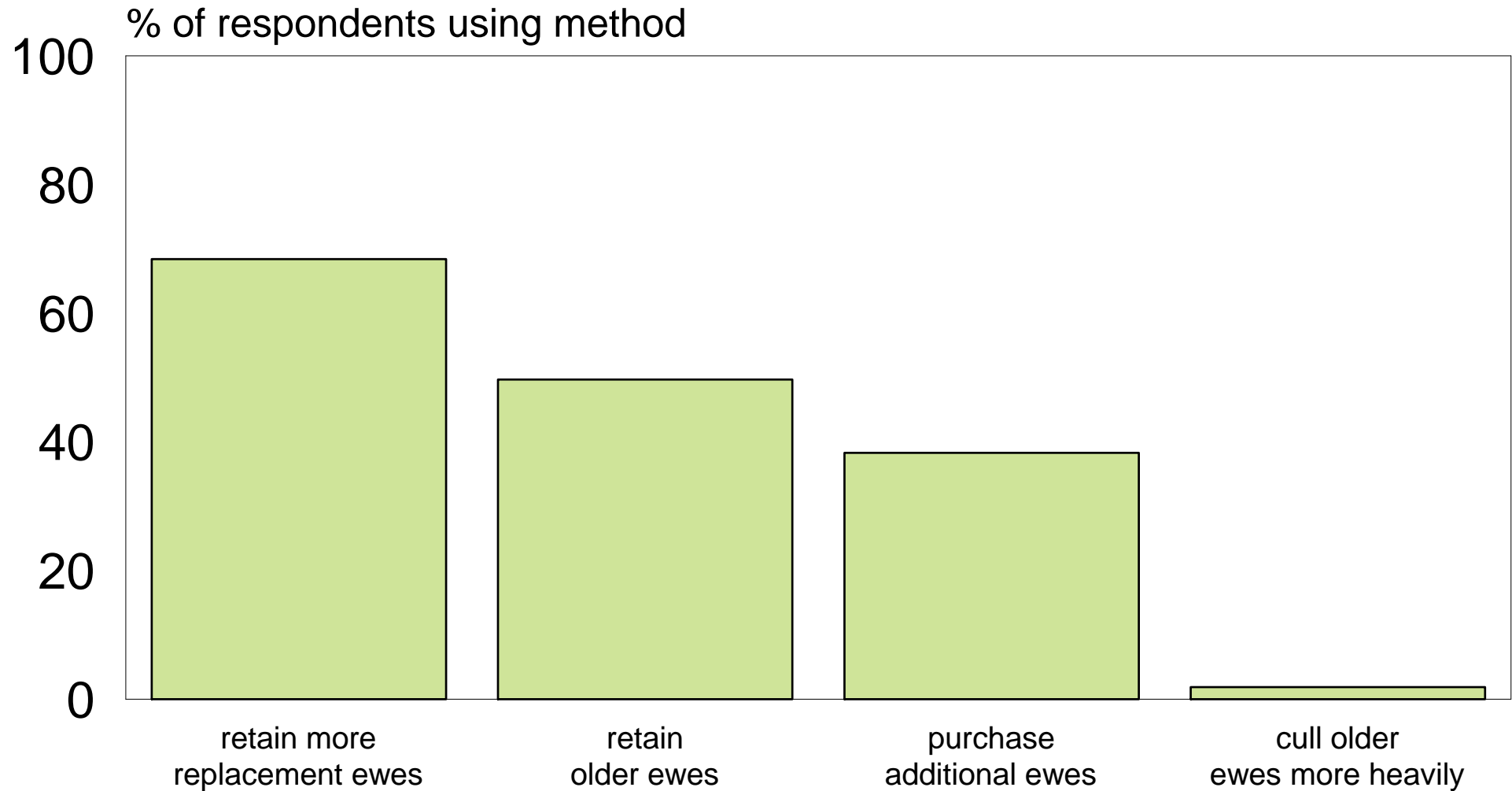
n = 2,011

weighted ewe population = 40.3 million

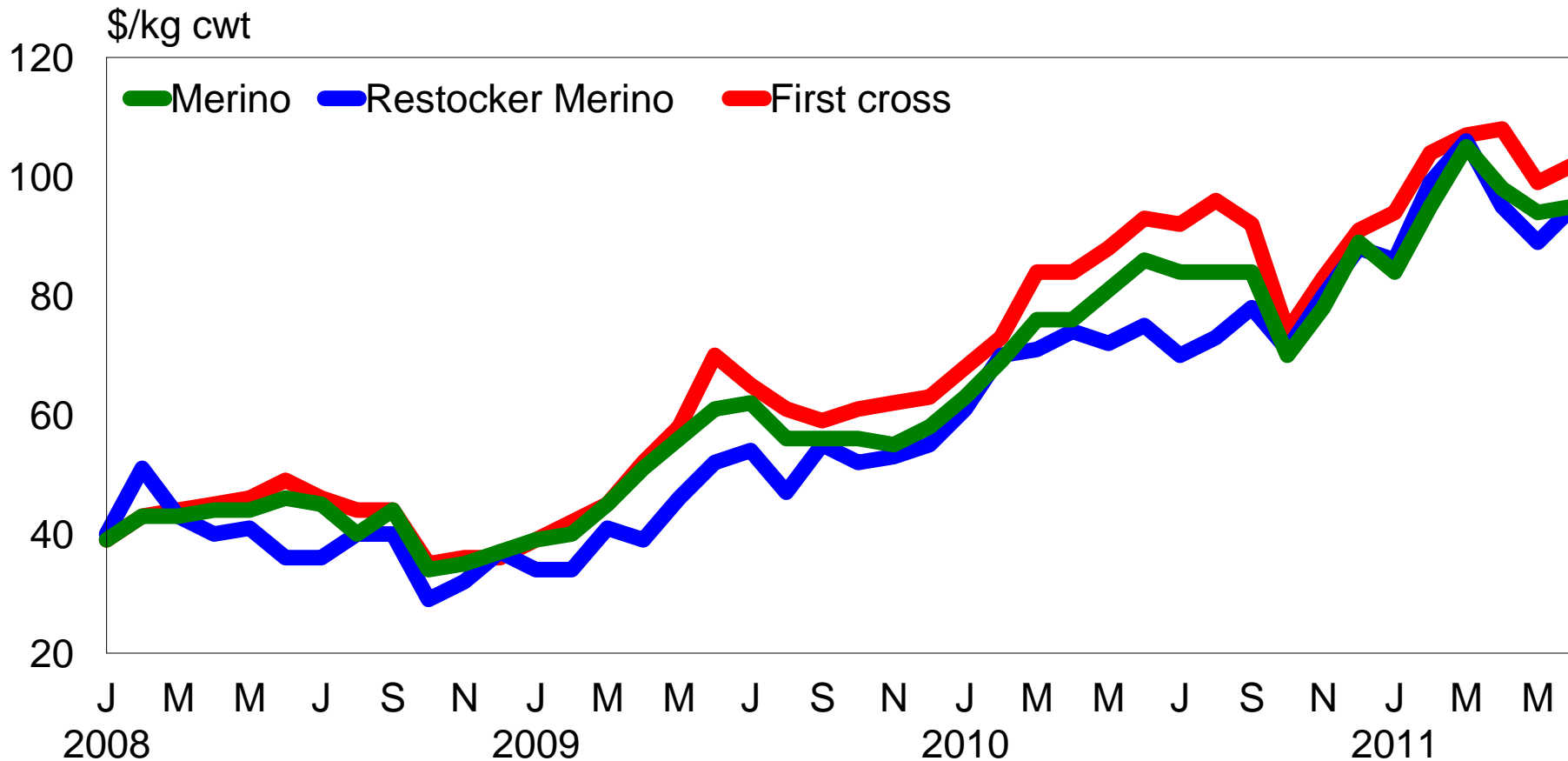
Source: MLA & AWI sheepmeat and wool survey June 2011

How will increase be achieved - Australia

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National average saleyard ewe prices



Source: MLA's NLRS



The sleeping cost (ewe depreciation)

	Merino	Mer x Ter	Extreme	Beef cows
Weaning %	85%	100%	140%	85%
Buy In Price	\$100	\$120	\$250	\$1,200
CFA price	\$75	\$70	\$100	\$700
<i>Cost</i>	\$25	\$50	\$150	\$500
<i>Years in use</i>	4	4	4	8
Lifetime progeny weaned				
<i>Lifetime progeny weaned</i>	3.4	4.0	5.6	6.8
Cost / progeny	\$7.35	\$12.50	\$26.79	\$73.53
<i>Carcase weight</i>	20	22	22	255
Cost / kg carcase sold	\$0.37	\$0.57	\$1.22	\$0.29
<i>Wool weight</i>	5.5	5.0		
Cost / kg wool sold	\$1.14	\$2.50		

Conclusions

- If you are not excited about sheep then you should be...
 - Market outlooks for lamb, sheep and wool are good
 - It is time to make those investments for the long term
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