

October 17, 2024

Key Points

- The StoneX Cattle Swap forward prices are accessible via an app 24/7, meaning users can check the forward markets all the time – **get in touch with me so you can have an account to view forward markets**
- When good falls of rain do little to stem supply or significantly affect price, its clear the cattle cycle and market's dynamic has shifted.
- Premiums for heavy cattle begin to dissipate as larger supplies place downward pressure on demand – expect this to continue through spring as numbers lift generally.

Supply

- Generally, numbers picked up across the board, paddock cattle are flowing freely, whilst saleyard supply bounced around, the earlier markets in the were the main centres to see numbers lift.
 - This kind of behaviour in supply indicates a few things, #1 producers are selling into a market they've seen fall for 3 weeks in a row, #2 seasonally it is peak turnoff time for the south #3 there's plenty of cattle around which need to be shifted, particularly as oats crops cut out.
- Melbourne Cup day on November 5 is the only public holiday between now and christmas, giving processors a clear run to the end of 2024.
- Looking ahead à clear weather next week should see supply return towards numbers seen prior to the long weekend, accessibility may be an issue for soaked paddocks but dry weather should support improved supply.
 - **With November expected to be on the warmer side with less significant rain events, it wouldn't surprise me to see a couple of big weeks of supply after cattle have been retained through a relatively cool and wet 1st half of Spring.**

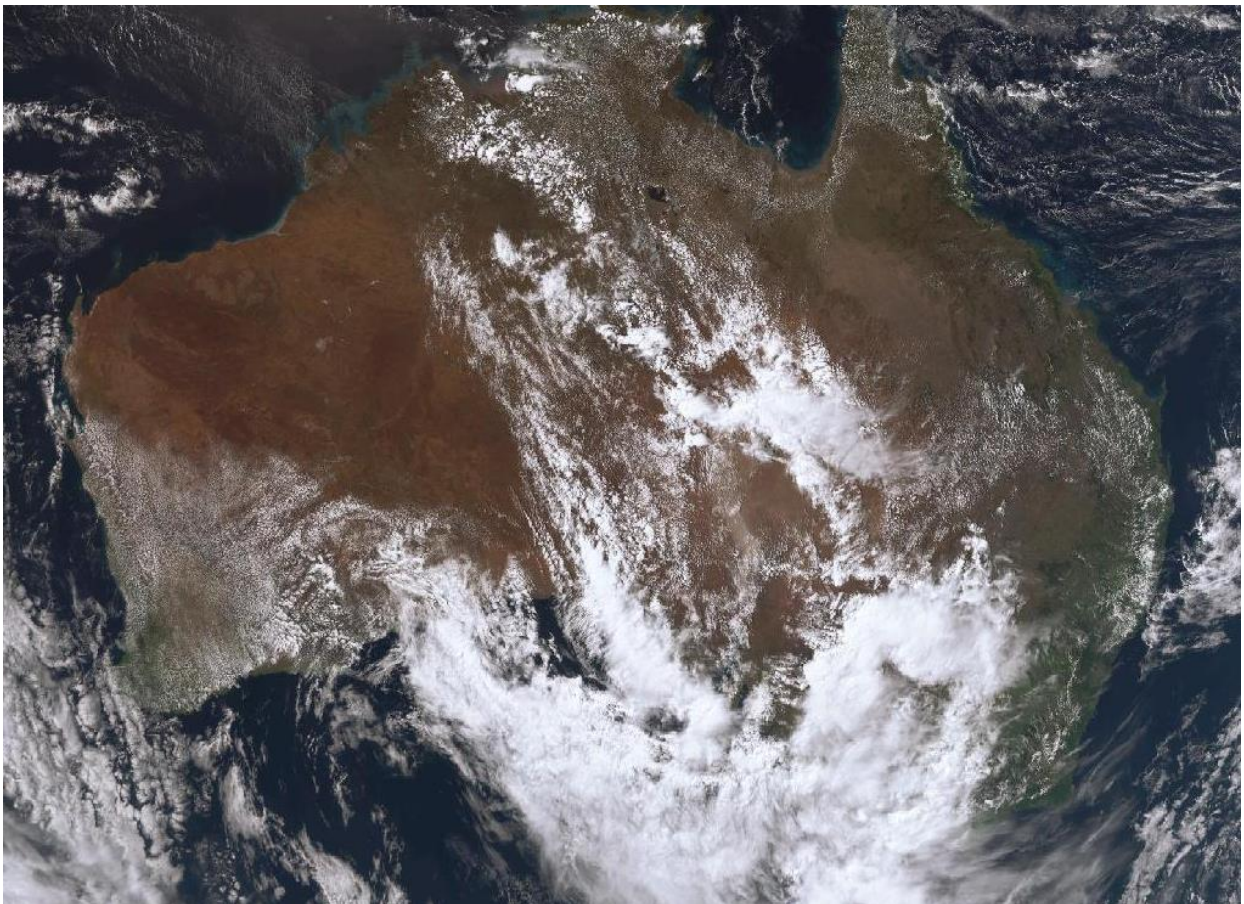
Demand

- The lack of adjustment to supply, downwards following rain and subsequently any real change to prices other than flat or a touch softer says feedlots and processors are comfortably covered for cattle.
- The market reads cheaper, although the well bred cattle continue to demand prices which have remained constant for a few weeks now, quality pays.
- **Lighter, well bred weaners will be aplenty at the annual weaner sales kicking off in a few weeks which run through into early 2025 – expect solid backgrounding/trading interest in these weaners at well priced rates, I think a few producers/agents will go again chasing a trade.**

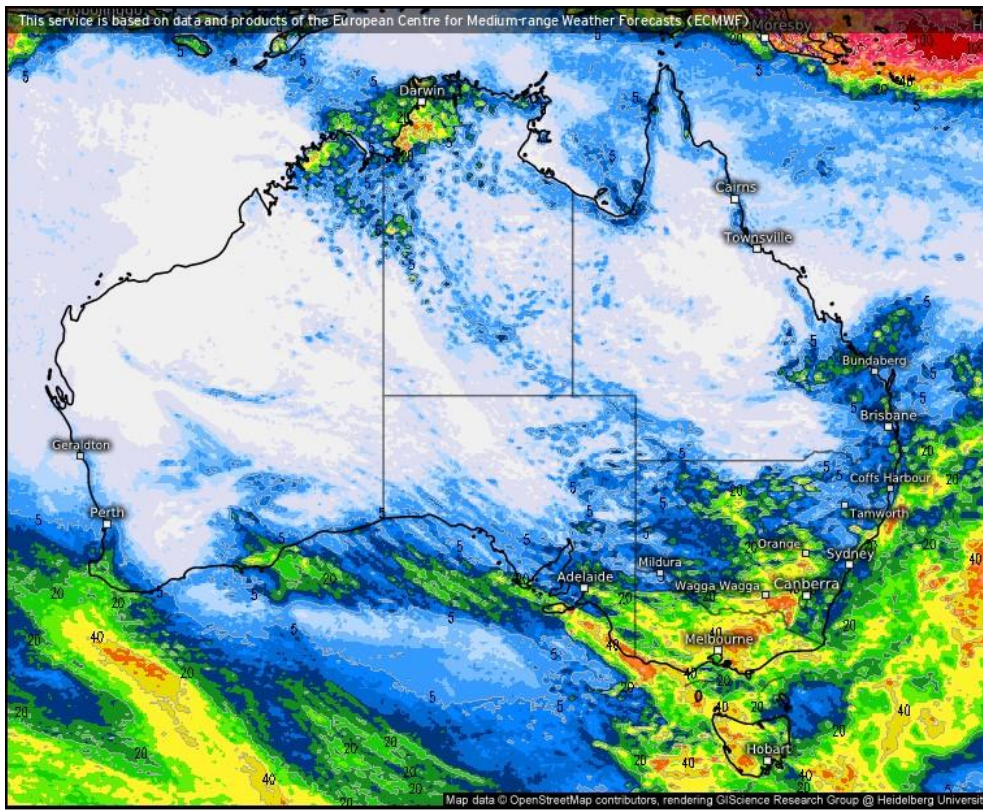
Price

- I'm still yet to see where the major upside to this market is between now and the end of the year;
 - Cash stretched producers, plenty of cattle supply, dearer grain bought long earlier in 2024 sitting in feedlot silo's / lower OTH fed cattle prices and a challenging meat exporting environment are fundamentally not conducive to upward pressure on price.
- Good supply is pressuring the market at the minute, particularly feeder and finished cattle. The lack of demand from feedlots & processors is evident in softer saleyard, grid & OTH price bids, continuing the trend seen for the last 2-3 weeks.
- **Conversations with a few people this week have confirmed my suspicion that price premiums for heavier cattle are starting to dissipate under the pressure of higher supply, this will continue through Spring.**
- Thinking back to 2022, a weather system like the one the eastern seaboard is going to experience over the next few days would have seen the market find another gear and lift 20c à it shows how the cyclical nature of the market has shifted the dial to different buyers within 2 years

Weather

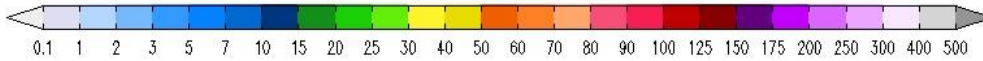


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- Satellite Imagery from the BOM at 3.40pm AEDT today
- **ECMWF 7 day accumulating total precipitation forecast below → most models in agreeance rain to fall is between today and Sunday, next week clears up with warmer weather returning.**



Accumulated total precipitation (mm)

From Wed 10/16/2024, 11:00pm AEDT
to Thu 10/24/2024, 05:00pm AEDT



Australia
ECMWF IFS HRES 02/12z (10 days) from 10/16/2024/12z