

# THE 3R MARKET REPORT

*The Monthly Cattle Market Newsletter of 3R Livestock*

## MONTHLY SUMMARY

EYCI Open: \$434c (Low \$385.25c)

EYCI Close: \$494.00c (High)

Liveweight EYCI: \$272c

Monthly Movement: \$60c (Up 13.8%)

Feeder Yearling Steer: \$279.6c (Up 11.4%)

Medium Cow: \$196.7c (Up 11.6%)

## EASTERN YOUNG CATTLE INDICATOR

*The Eastern Young Cattle Indicator (EYCI) is a weighted average of 24 young cattle types recorded from 26 saleyards across Australia's Eastern Seaboard (QLD, NSW & Vic). The EYCI is a carcass weight equivalent number calculated using a 55% yield of liveweight.*

The month of March was a rollercoaster ride for the EYCI opening at \$434c before drought plunged the market into deep despair. By the 8th of March the EYCI had fallen 11.25% to \$385.25c, the lowest level since December 2014. In the week that followed the prospects of rain appeared on the forecasts and the market immediately responded rocketing \$109c (28%) to finish the month at \$494c. The 10 yr rolling average of the EYCI is currently \$438c. Whilst the dip below was severe, the ability for the market to maintain young cattle values above this average despite the severity of seasonal conditions shows the tremendous demand for Australian beef in our key export markets.

Good rain across the majority of QLD, including crucial follow up rain, and Eastern NSW put a strong halt on total cattle to market across Eastern Australia with the final 2 weeks of the month around 38,000 hd, a stark contrast to the 74,000 hd of early March. With further rain now predicted, and a generally kinder outlook for the year ahead, the prospect of further upside for vendors appears likely.

Breeders were a standout category in the later half of the month rising 48.5% on the national indicator. As the wave of breeders booked in to Processors before the rain came now comes to an end the prospect of further upside in this category is clearly evident with renewed competition from Restockers.

*This report is for information purposes only & shouldn't be relied upon.*

# THE 'GREEN NEW DEAL'

In mid-March 'The Green New Deal' resolution was introduced to the USA House & Senate. This deal was proposed, drafted and introduced by Presidential 'Hopeful' Alexandria Ocasio-Cortez or AOC (or Alexandria Occasionally Correct to some). At it's highest level this 'deal' is about reducing climate change over the next 10 years however the methods prescribed should greatly concern Agriculture, particularly our industry. While this is the latest instalment in the USA there is no doubt this movement exists globally and a increasing concern to all.

While 'The Green New Deal' is not in the format to be enacted into law, the desired outcome is clearly to create a lightning rod to attract the left leaning, Trump adverse, population to the cause. One could argue that engaging President Trump is the ultimate marketing plan. If sufficient community support can be harnessed the push to legislation may not be too far away and there is certainly precedent to show the global spread of such movements. Despite 1 Farmer feeding 600 People every single day the majority of the population are terribly disconnected from their food. As Farmers we must start rebuilding this relationship.

*So how does this relate to the beef industry?* While the final version of the deal does not directly reference cattle, the supporting fact sheets state "We set a goal to get to net-zero, rather than zero emissions, in 10 years because we aren't sure that we'll be able to fully get rid of farting cows and airplanes that fast." To assume that cattle are not in the cross hairs of global environmental campaigners would be incredibly naïve.

*So why do cattle cause so much concern?* The history of cattle being considered a major contributor to climate change (or previously global warming) stems back to 2006 when the United Nations released a report titled 'Livestock's Long Shadow'. This report incorrectly stated livestock contribute 18% of global emissions – more than global transport. The calculation methods were called out as inconsistent and agenda driven and in 2010, after 4 long years of campaigning, a retraction was issued. Unfortunately the retraction did not have the marketing budget of the report and to this day this false statistic remains the common reason for public scrutiny.

In 2016, 10 Years after the first report, the USA Environmental Protection Authority (EPA) completed an extensive study which found that livestock contributed only 2% of GHG emissions. Transport was 28% - more realistic BUT nothing has had the same impact on the greater population than the well-funded, factually incorrect report from 2006. The UN continue pushing their agenda and are now promoting 'lower consumption'.

*But cattle still omit methane right?* Cattle do omit methane, as all ruminants do. The vast majority of methane emission come out the front end not the back as fodder ferments. Scientists are discovering that after 10 years methane transitions to carbon. As we know, plants (including grasses) need carbon to grow. We should also recognise that the methane levels of today were, in part, contributed to by the herd 10 years ago. Consider the production improvement made in the last decade in genetics, management and efficiency and there is a strong case we are well ahead in the GHG reduction quest.

*So what is the good message?* Cattle producers today are producing vastly more beef from fewer resources (cattle, land and inputs). This is being achieved through higher efficiency. The vast majority of the earths surface is not suitable to produce food for human consumption yet cattle are great generators of protein, in fact per single gram of protein consumed cattle produce 2.53 grams of protein. Globally farmers are custodians of much of the land and manage this for the good of society. Beef is a remarkable product that generates health to our population, vitality to our communities and a future for the growing population. We will continue to hear about the 'Green New Deal' until something even more sensational arises but rest easy knowing that there is not a single factory in the world that can do what you do – the world needs you every single day.