THE RISE OF GRAIN-FED BEEF AND WHAT COMES NEXT

PRESENTATION TO BEEFEX 2026

GOLD COAST CONVENTION & EXHIBITION CENTRE
23RD SEPTEMBER 2026

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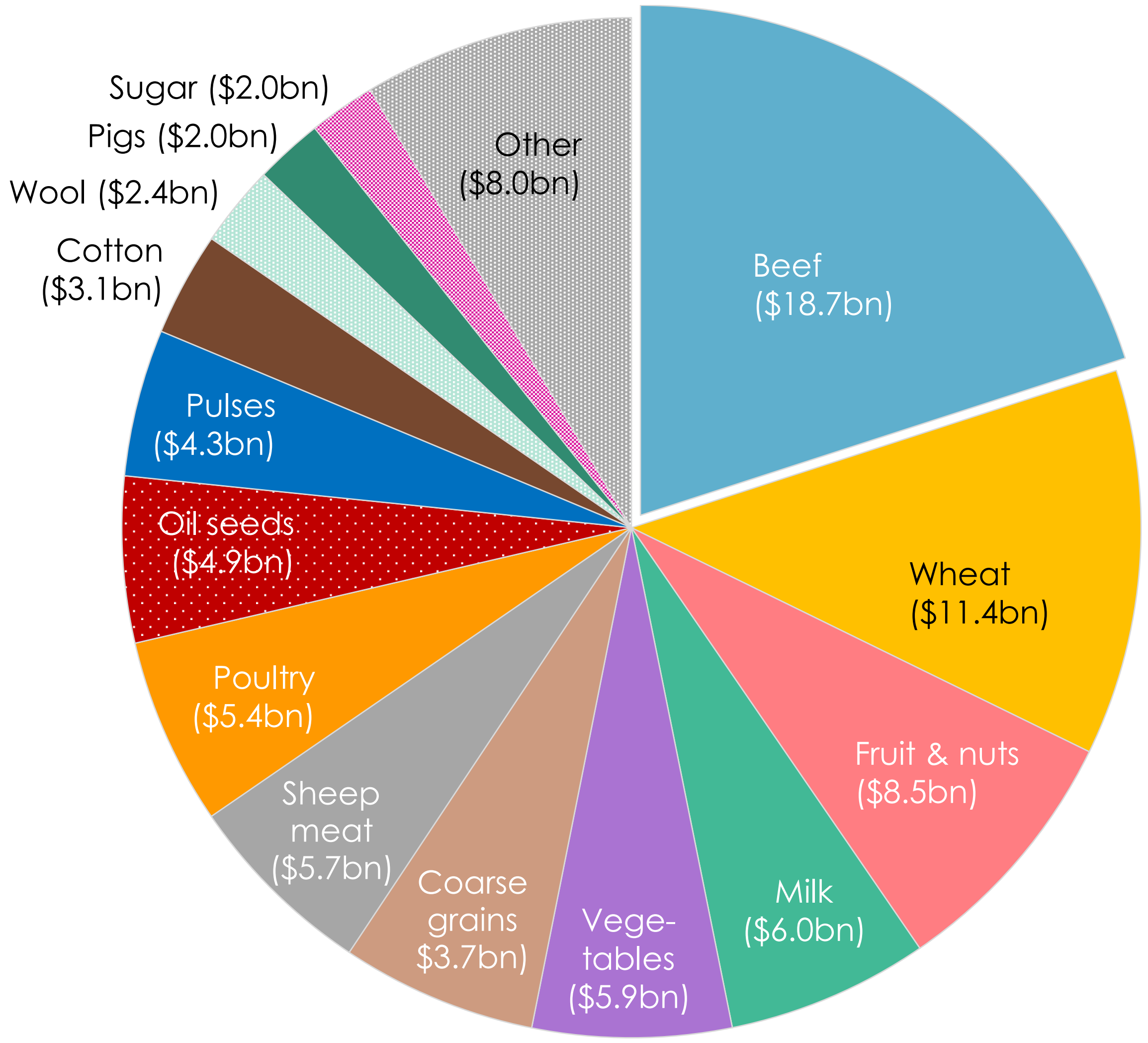
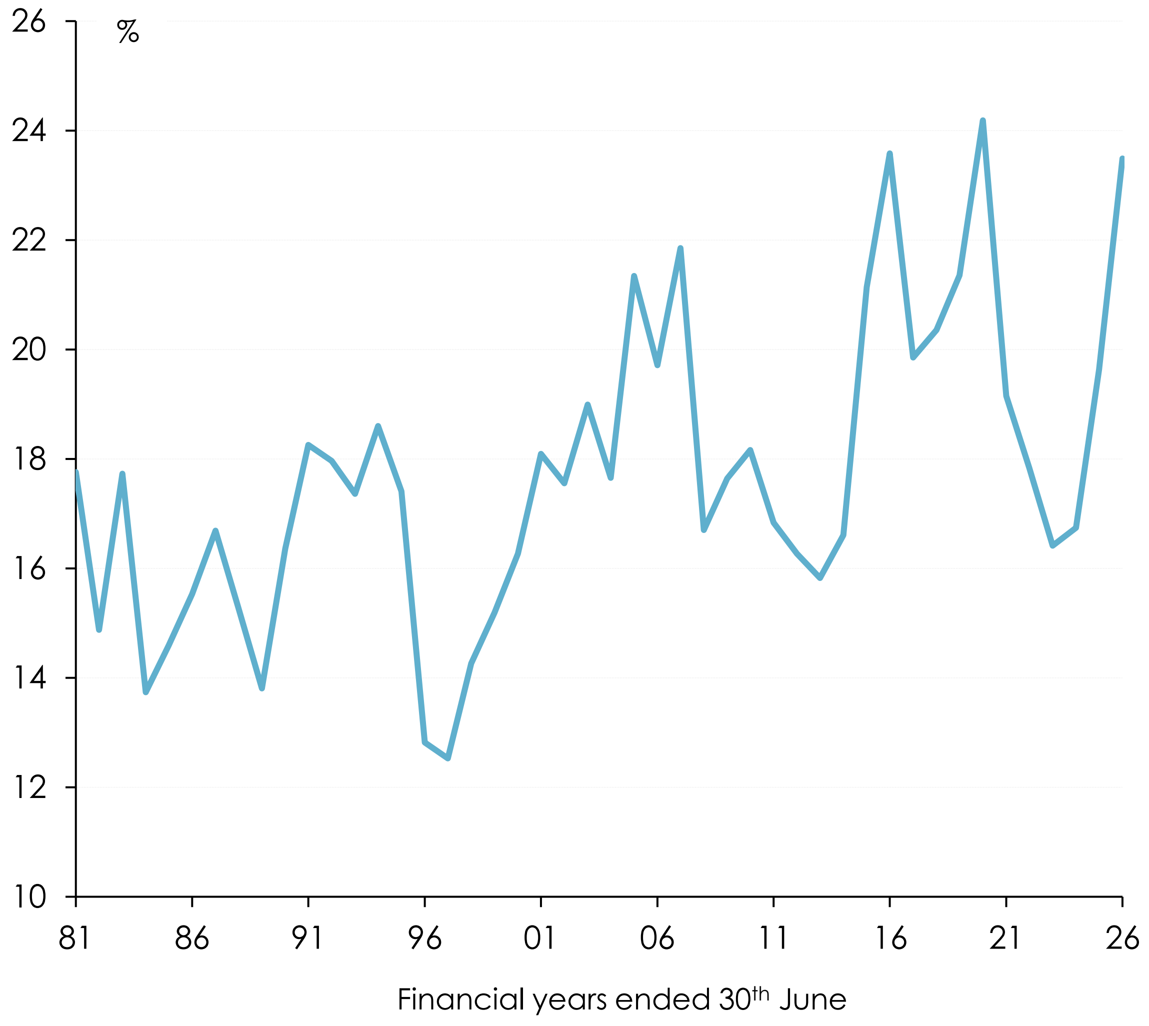
The Australian feedlot industry – an overview

The beef industry is the most valuable part of Australian agriculture

Gross value added by Australian farm businesses, 2025-26



Gross value added by cattle producers, as a percentage of total farm gross value added



Source: ABARES, Agricultural commodities and trade data.

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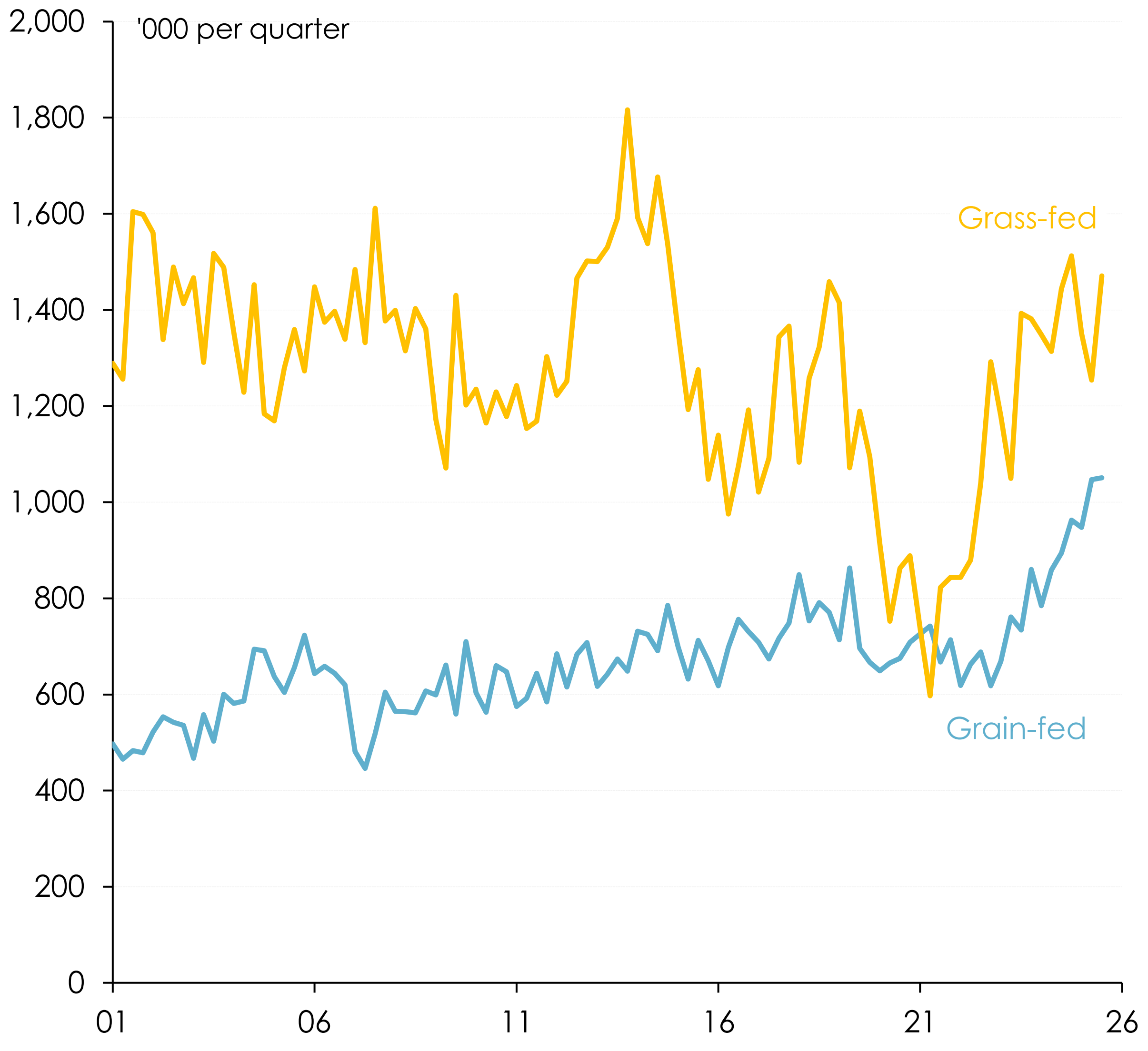
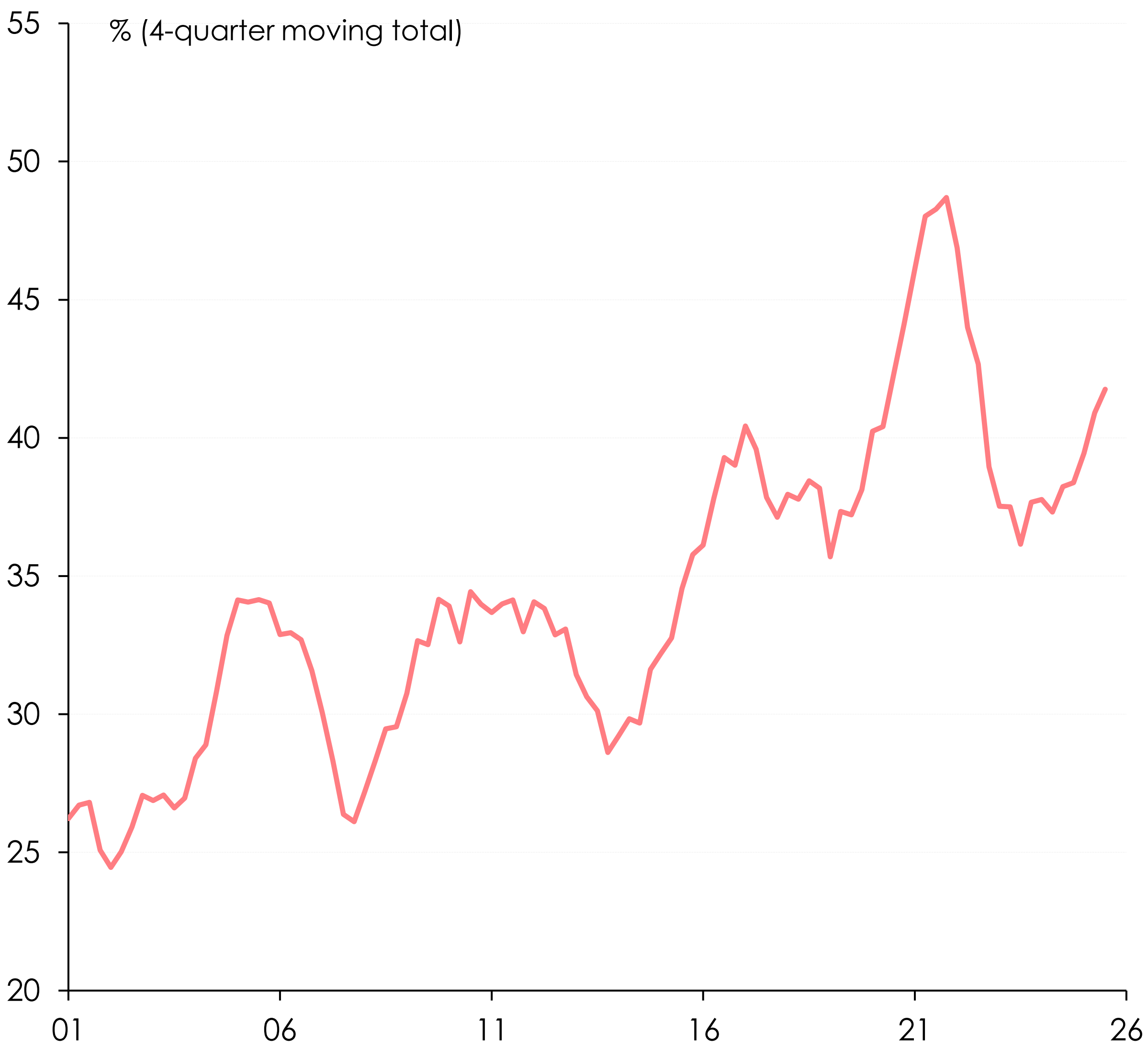
And feedlots are an increasingly important part of the Australian beef industry

Grass- and grain-fed cattle turn off



Grain-fed cattle-turn off as share of total



Source: Meat and Livestock Australia.

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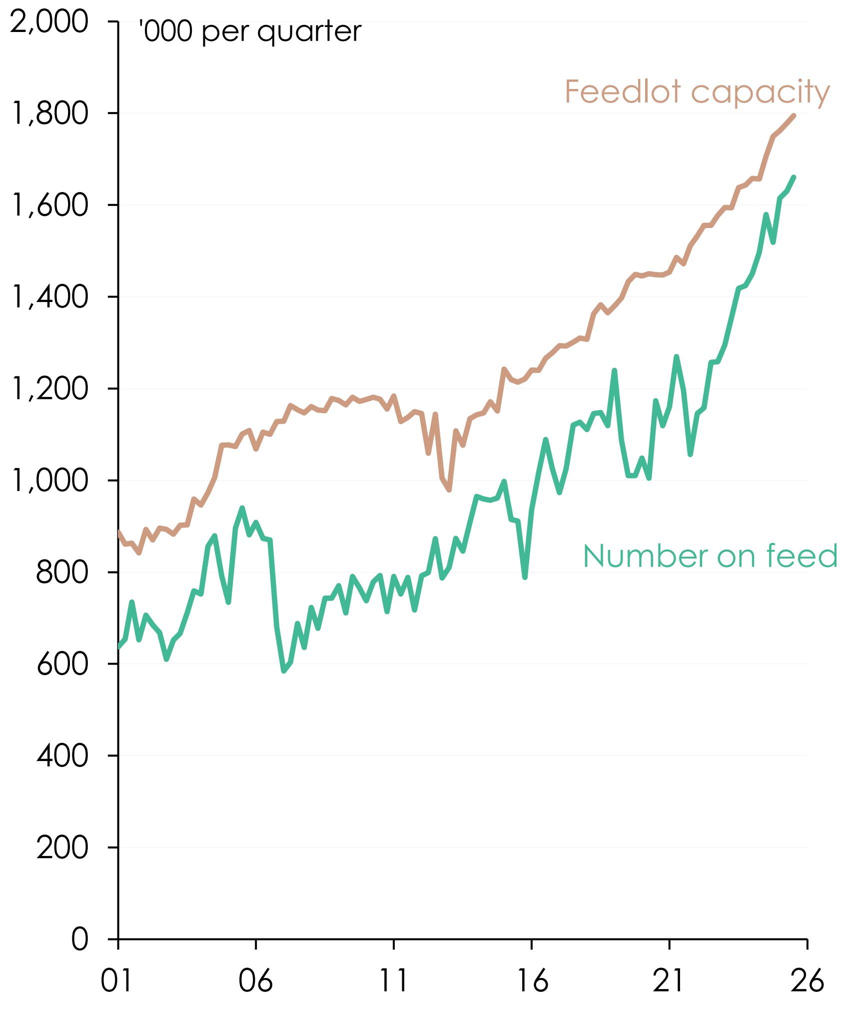
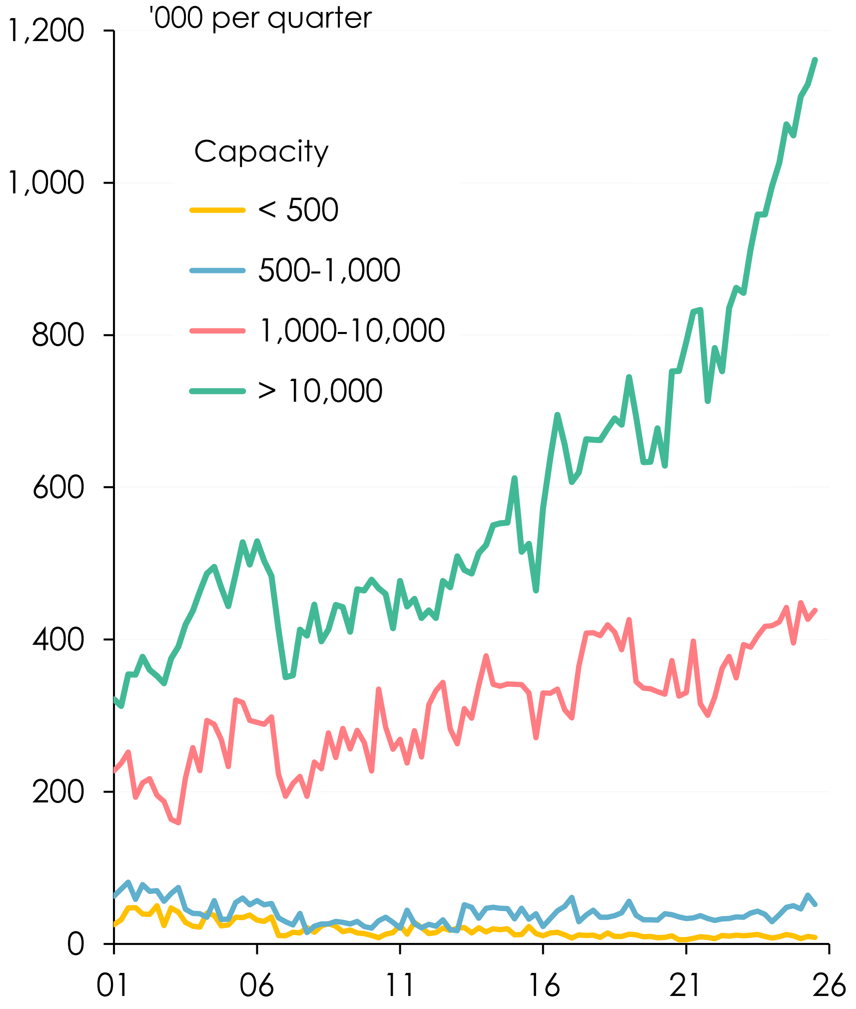
Feedlot capacity is growing – and being more fully utilized

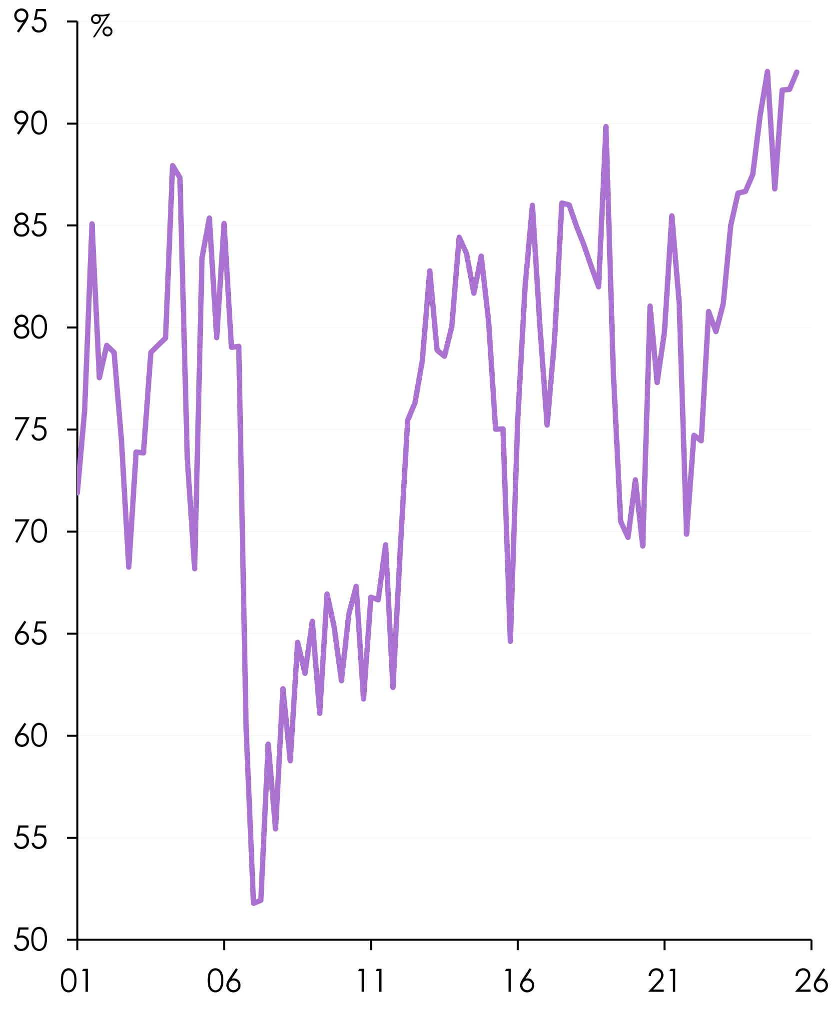
Feedlot capacity and number of cattle on feed



Number of cattle on feed by size of feedlot



Feedlot capacity utilization



Source: Meat and Livestock Australia.

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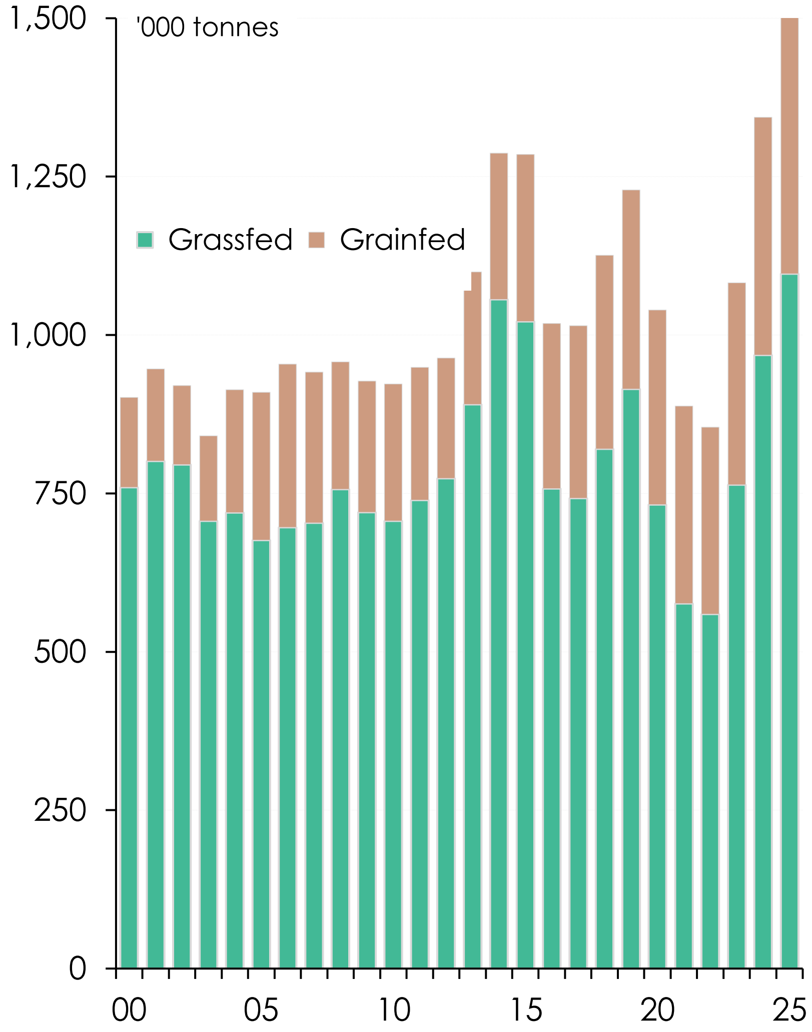
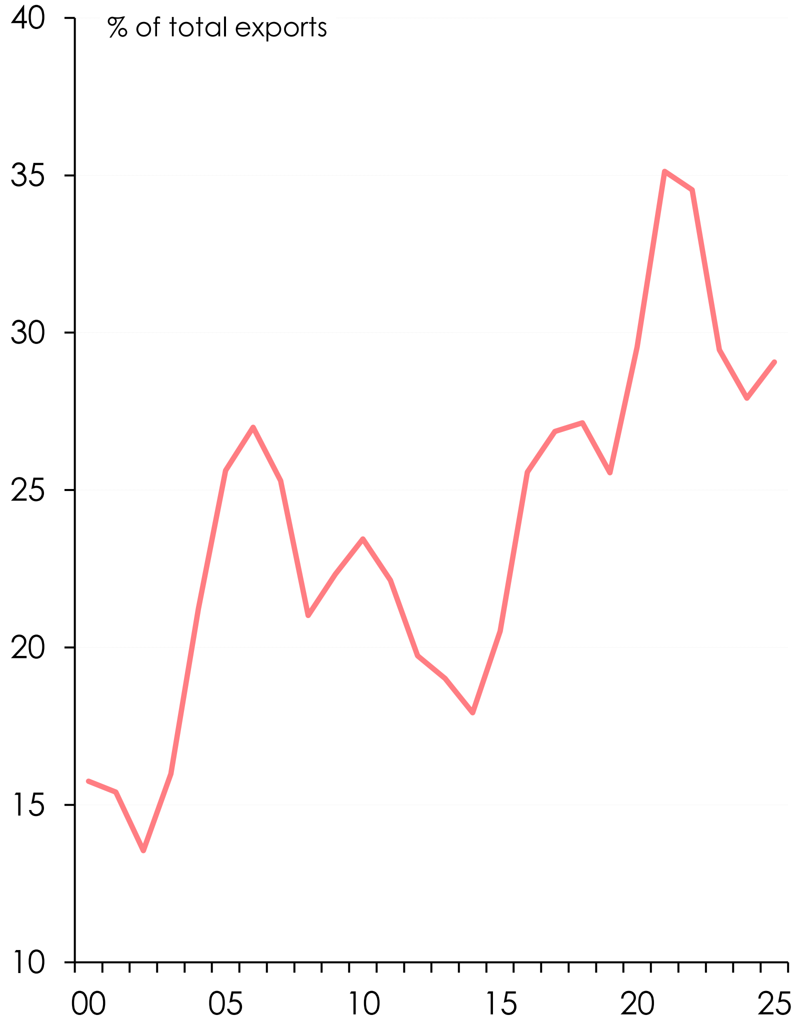
Grain-fed beef is contributing a growing share of exports – and exports are accounting for a greater share of feedlot production

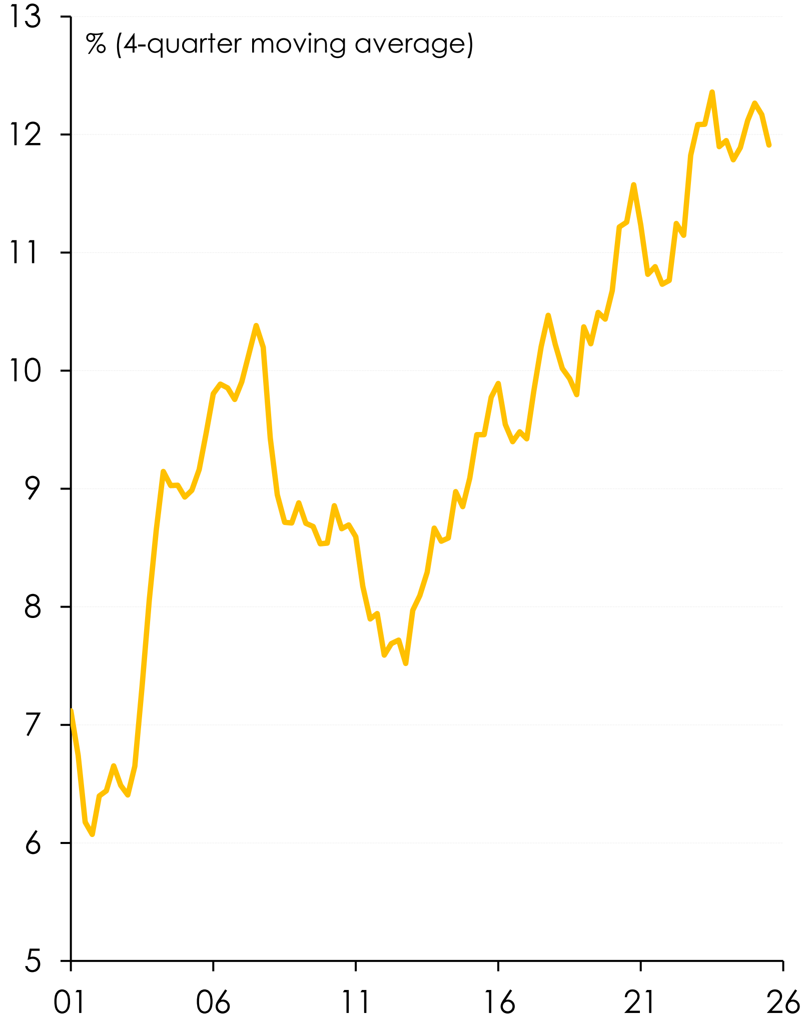
Grain- and grass-fed beef exports



Grain-fed exports as a percentage of total beef exports



Exports as a percentage of feedlot turn-offs



Source: Meat and Livestock Australia.

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A very timely article in *The Wall Street Journal*

THE WALL STREET JOURNAL.

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Last week: DJIA 51682.64 ▼ 890.65 1.69% NASDAQ 26522.55 ▲ 0.7% STOXX 600 635.45 ▼ 0.6% 10-YR. TREASURY ▼ 5/32, yield 4.995% OIL $100.30 ▲ $0.25 EURO $1.1486 YEN 156.88

OPINION

Where's the Beef? Down Under

By David Williams

Melbourne, Australia

President Trump, you're right about American beef—a problem with the U.S. industry is driving up costs for American shoppers. But you're trying to fix the wrong end of the cow.

I've been watching the president's attempts to lower prices from Australia, where beef is also important. We're one of the world's largest exporters and eat about as many hamburgers per person as America, except topped with beetroot. Mr. Trump seems to think the concentration of meat processors—JBS, Tyson, Cargill and National Beef—is jacking up prices in grocery stores. But you can't slaughter cattle you don't have.

That's the real issue. The American herd over the past seven years has declined, due largely to drought and feed prices. My country has been a great beneficiary of the U.S. cattle shortage. We've shipped enormous quantities of rump across the Pacific for ground beef for hamburgers.

I myself have 5,000 acres of Wagyu and am happy to keep supplying it, but Australian ranchers have more to offer than meat. We could help rebuild America's herd.

The solution to high U.S. meat prices can be found in Australia.

It's a solution on a scale that only America could contemplate: launching an American Herd Rebuilding Program to increase the number and productivity of breeding females significantly by mixing in elements of the Australian herd. We have sophisticated breeding programs, world-class genetics and an enormous herd of cattle developed to perform in the harshest conditions. If Washington gives American ranchers temporary incentives to retain their best heifers, then imports breeding females from Australia as well as embryos and sexed semen, Mr. Trump could marry the best of the two countries' genetics.

That would produce breeding females as quickly as biology allows. Rebuilding a herd usually takes years, but Mr. Trump could cut that time with this ambitious plan. There are biosecurity constraints and they shouldn't be compromised, but Washington and Canberra can control that risk. They already have sophisticated import checks that protect people and animals from disease.

Washington would need to mobilize ranchers, geneticists, veterinarians, universities and the U.S. Department of Agriculture to contribute to this effort. The government would have to remove unnecessary regulations. Principal among these: Allow Australian producers to send live cattle, preferably pregnant live cattle, to America. Washington should also provide temporary financial incentives for U.S. ranchers to retain their herds and expand them, rather than slaughtering. Expanding this to dairy cows going to slaughter and joining them with Australian semen will provide a very large and quick increase in the American herd.

While America rebuilds, Australia will keep supplying high-quality beef. Mr. President, I would gladly put a couple of my Wagyu on a plane to Washington and share a steak with you.

Don't tackle the beef problem with abattoirs. Start with the cow. Together, we can rebuild the greatest cattle herd in the world.

Mr. Williams is founder of Kidder Williams Ltd., an investment bank.

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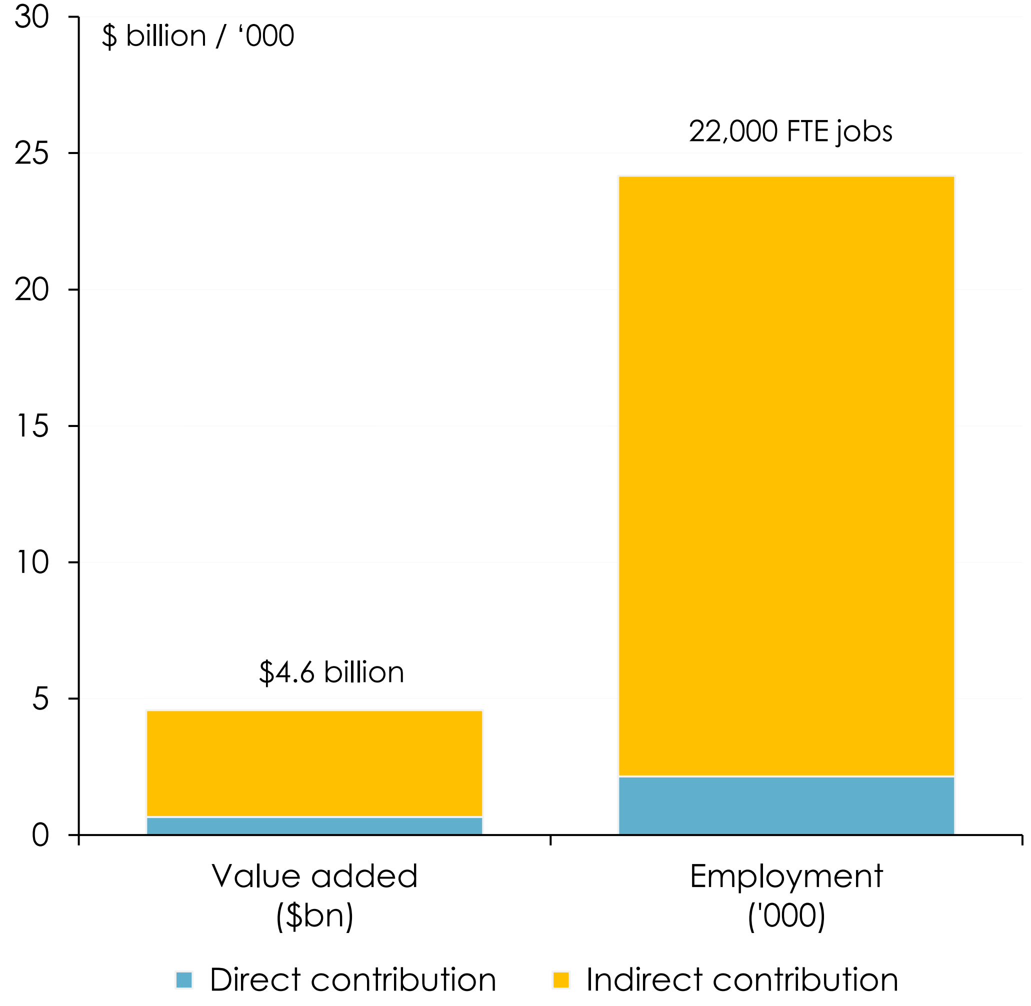
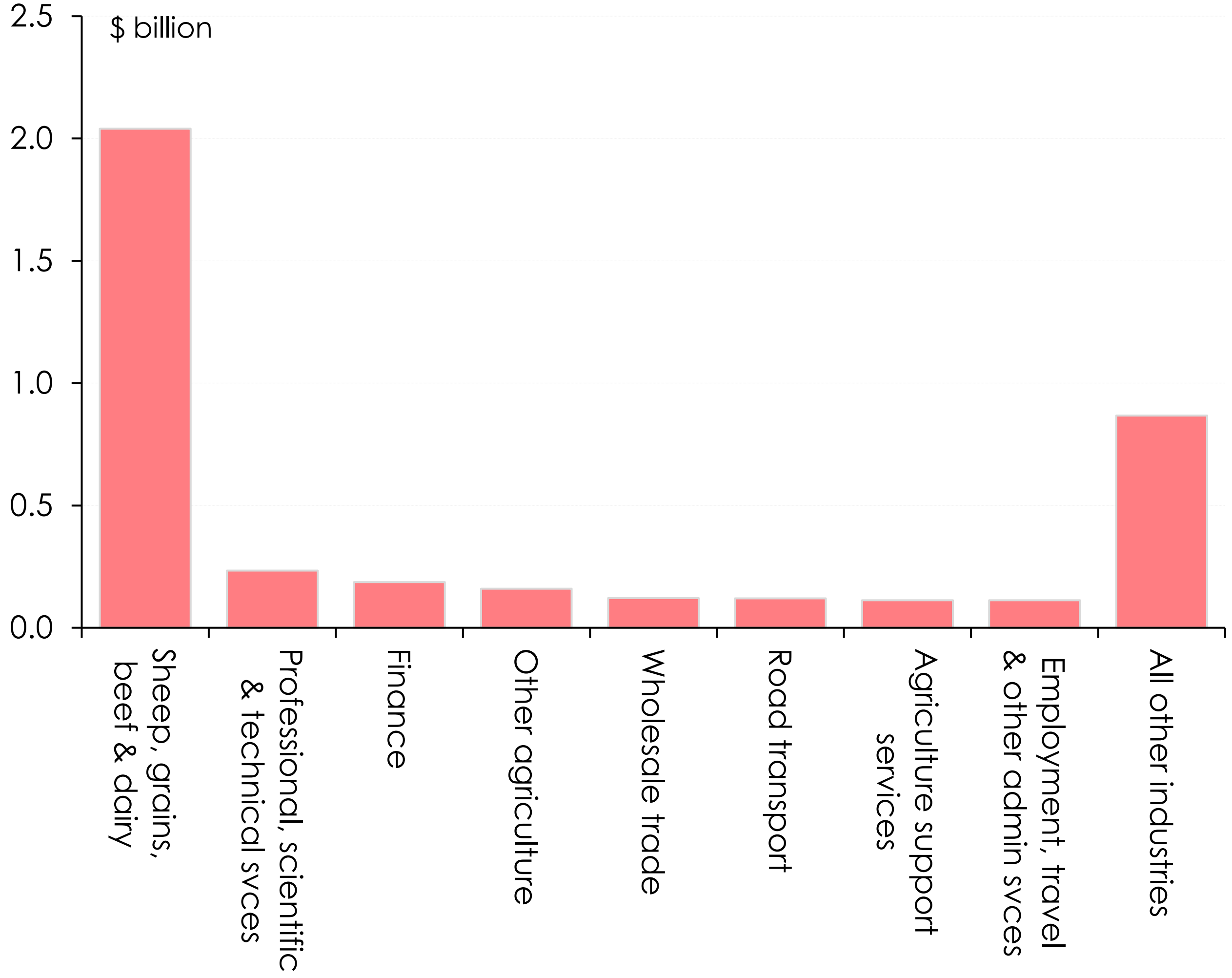
The feedlot industry directly contributed $660mn to GDP and 2,150 jobs in 2023-24 – and over $4½bn to GDP and 22,000 jobs directly and indirectly

Feedlot industry contributions to total gross value added and employment, 2023-24



Feedlot industry indirect contributions to other industries, 2023-24



Source: Deloitte Access Economics, *Regional feedlot investment study*, November 2025.

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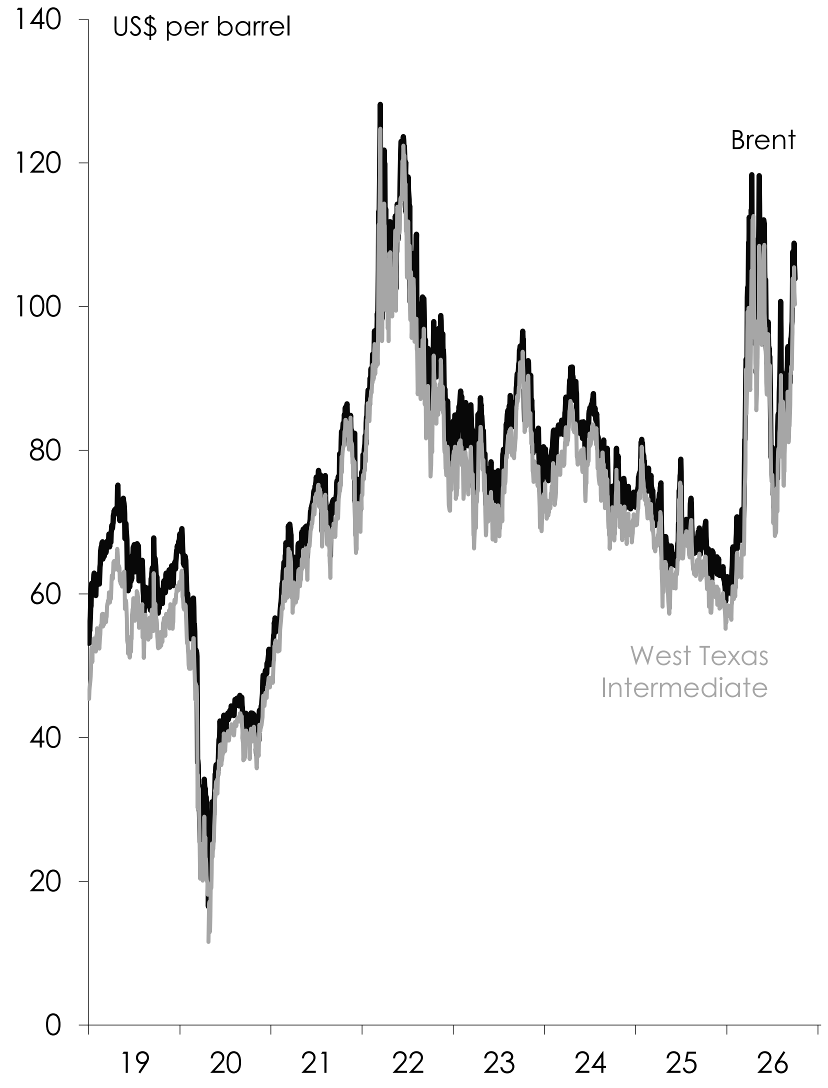
The main drivers of growth in the feedlot industry seem likely to continue

- **Rising demand globally for grain-fed beef**
  - consumer perception of grain-fed beef as a 'premium product' (higher marbling scores)
  - rising real incomes especially in Asia
  - long-term decline in US herd numbers creating greater opportunities for imports of grain-fed beef
- **On-going success of 'branded' beef**
  - strong preference of 'branded' beef marketers for 'traceability' and consistency of supply
  - which feedlot operators are well-placed to deliver
- **Continuing scope for improving the productivity of the meat processing industry**
  - through the supply of higher-specification cattle and more varied product types
- **Increasingly frequent supply chain disruptions due to droughts and floods (climate change)**
  - feedlots provide a reliable mechanism for managing / mitigating climate-induced supply chain disruptions

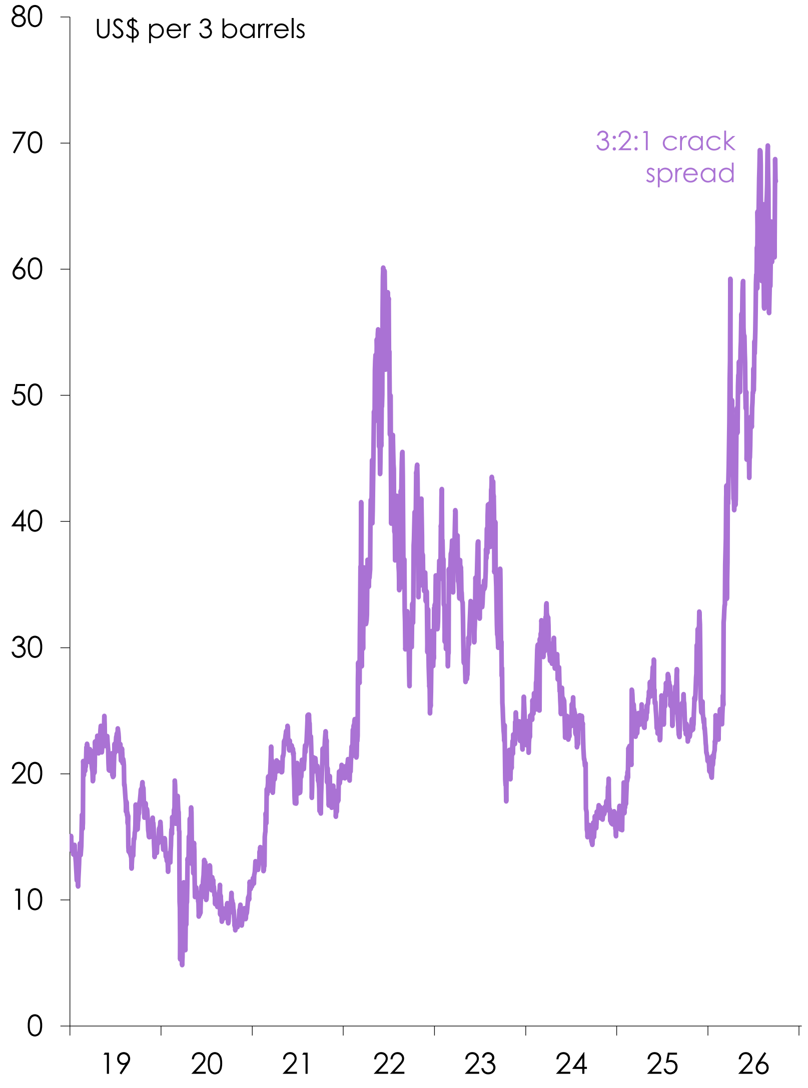
Challenges and opportunities for Australia’s feedlot industry

Oil prices are once again back over US$100 a barrel, and 'crack spreads' (refinery margins) remain elevated

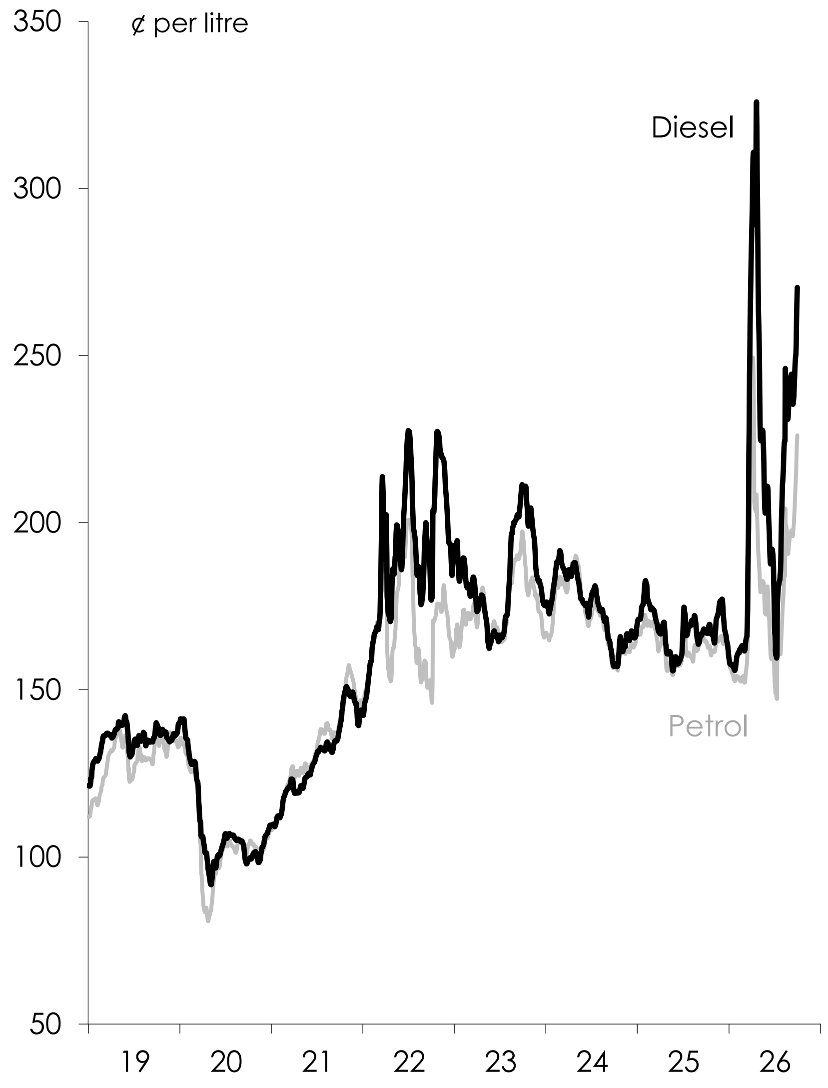
Crude oil prices



'Crack spread' (refinery margin)



Australian terminal gate prices



Note: The "3:2:1 crack spread" is a measure of refining profit margins, defined as the difference between the per-barrel price of 3 barrels of crude and 2 barrels of petroleum (gasoline) plus one barrel of distillate (diesel or heating oil). *Sources:* LSEG Datastream; Australian Institute of Petroleum; data up to 18th September

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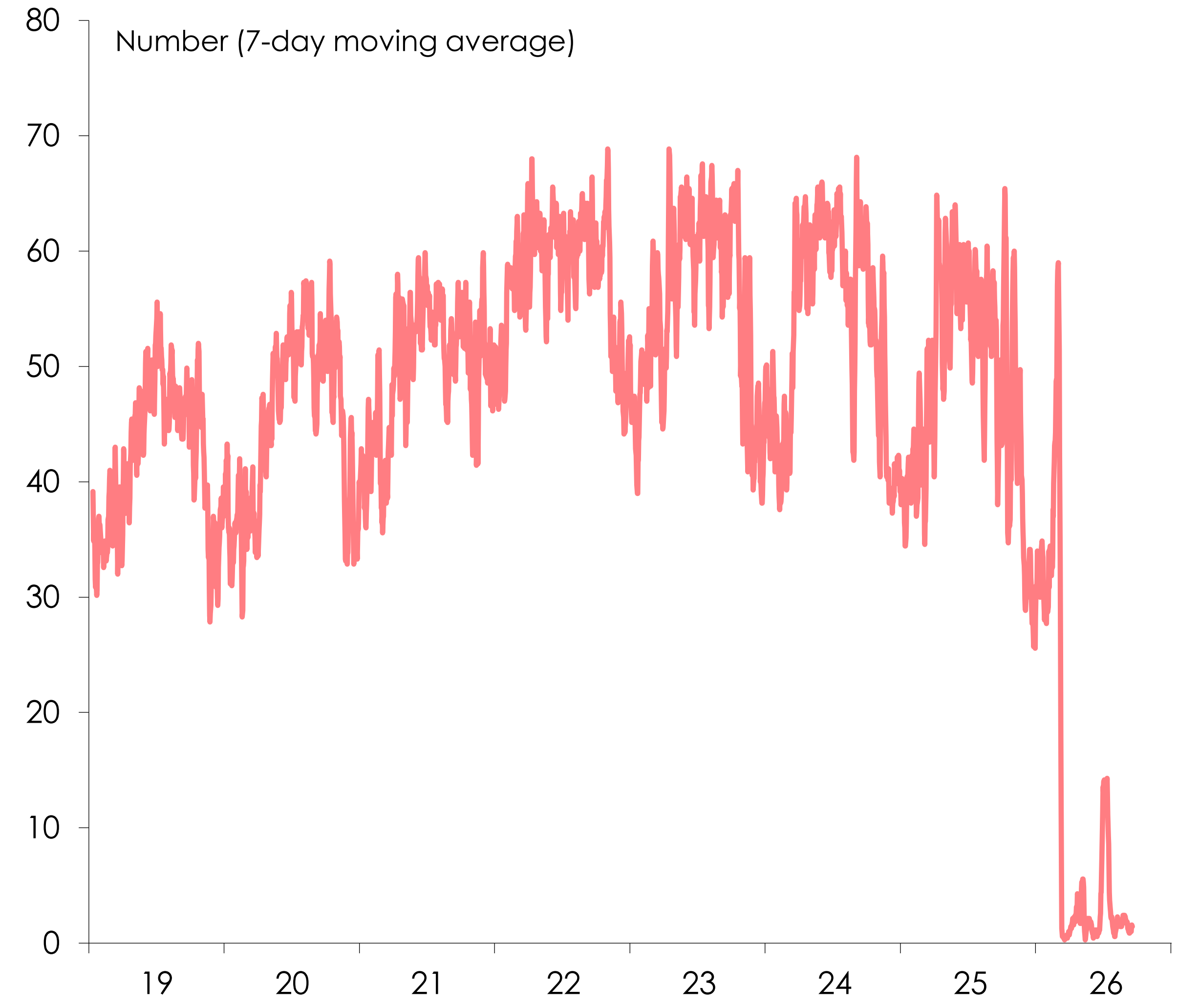
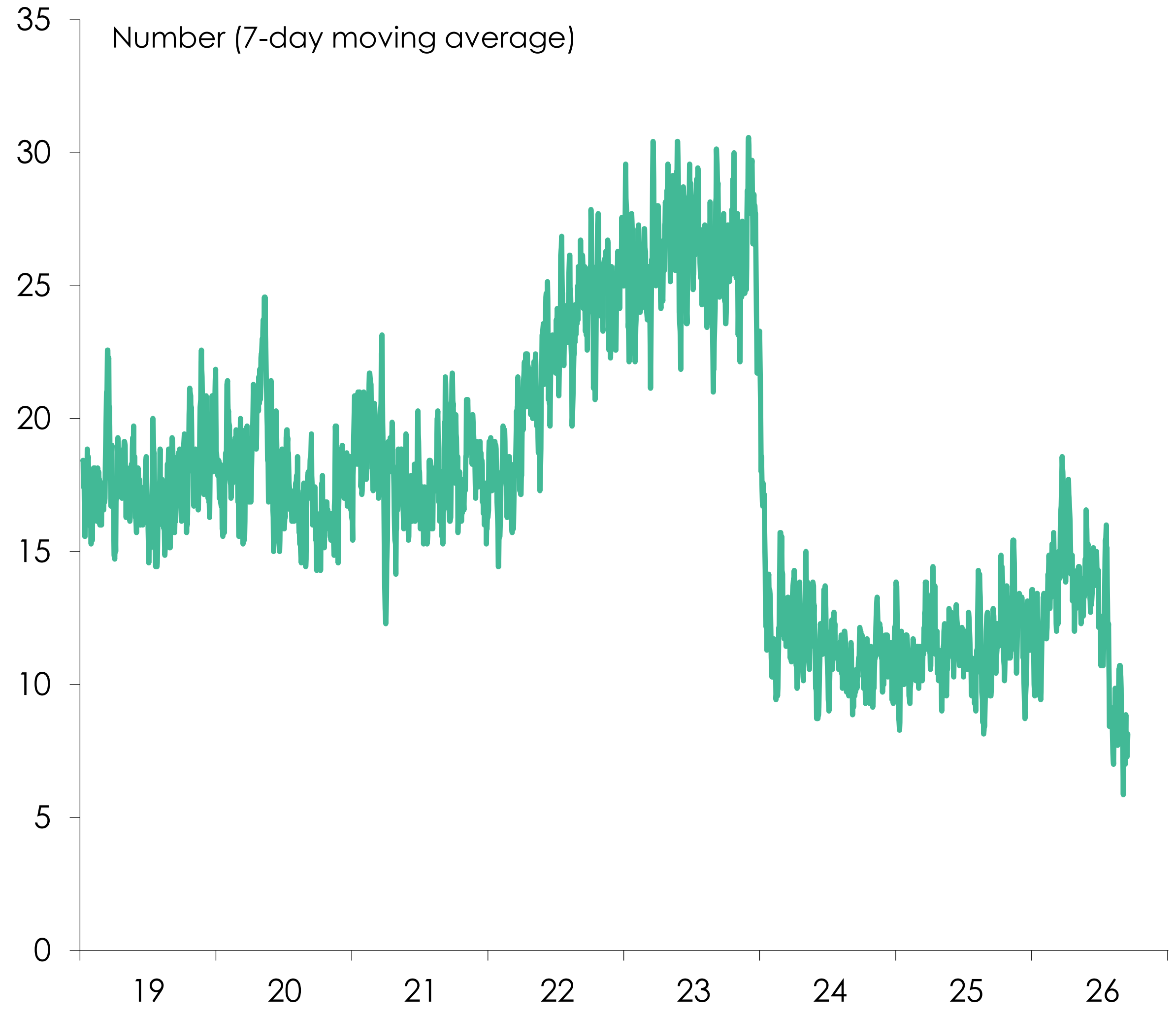
Crude oil (and refined product) supplies out of the Persian Gulf region remain at very low levels due to actions of Iran and its proxies

Tankers transiting through the Strait of Hormuz



Tankers transiting through Bab-el-Mandeb Strait



Note: The Bab-el-Mandab Strait links the Red Sea with the Arabian Sea and Indian Ocean; traffic through it is vulnerable to attacks from Iranian-aligned Houthi rebels based in Yemen. *Source:* IMF and Oxford University, PortWatch; data up to 13th September.

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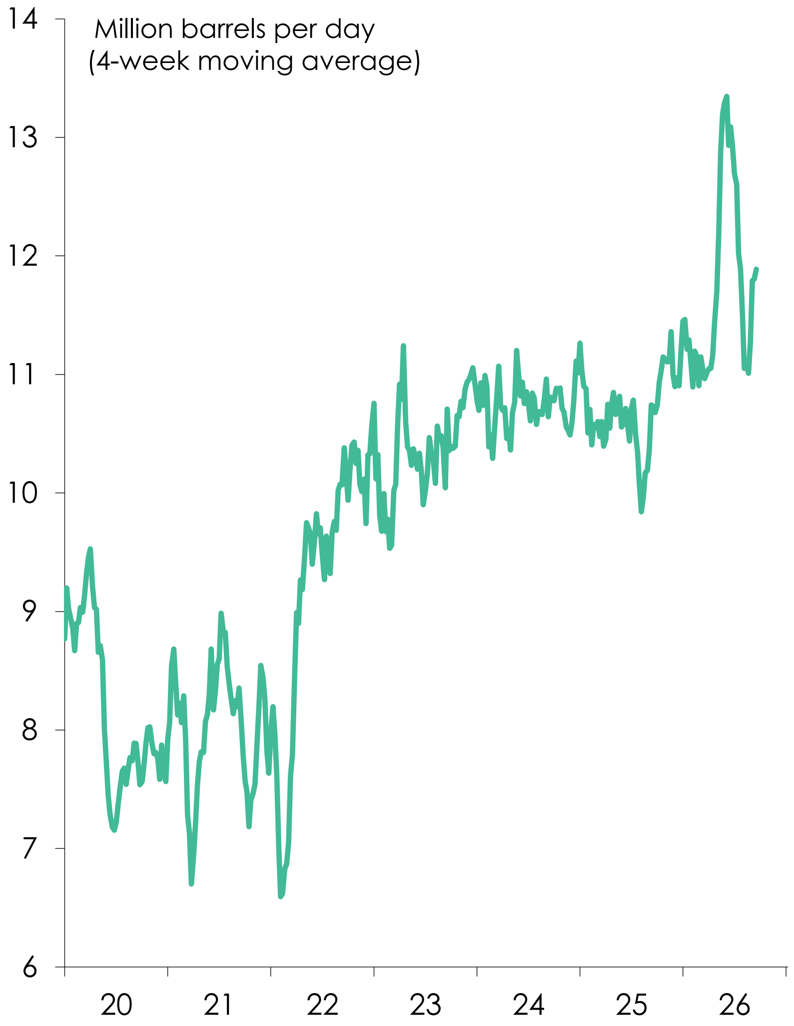
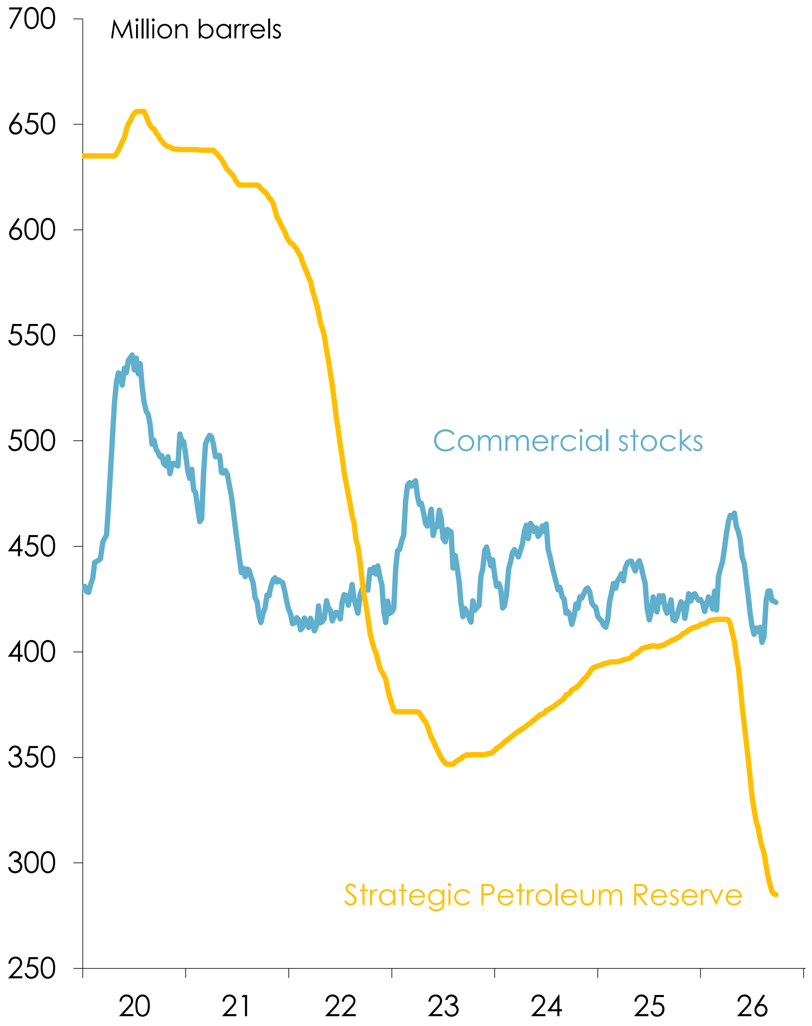
The US and China are no longer running down reserves in order to boost exports and cut imports (which previously helped to hold down prices)

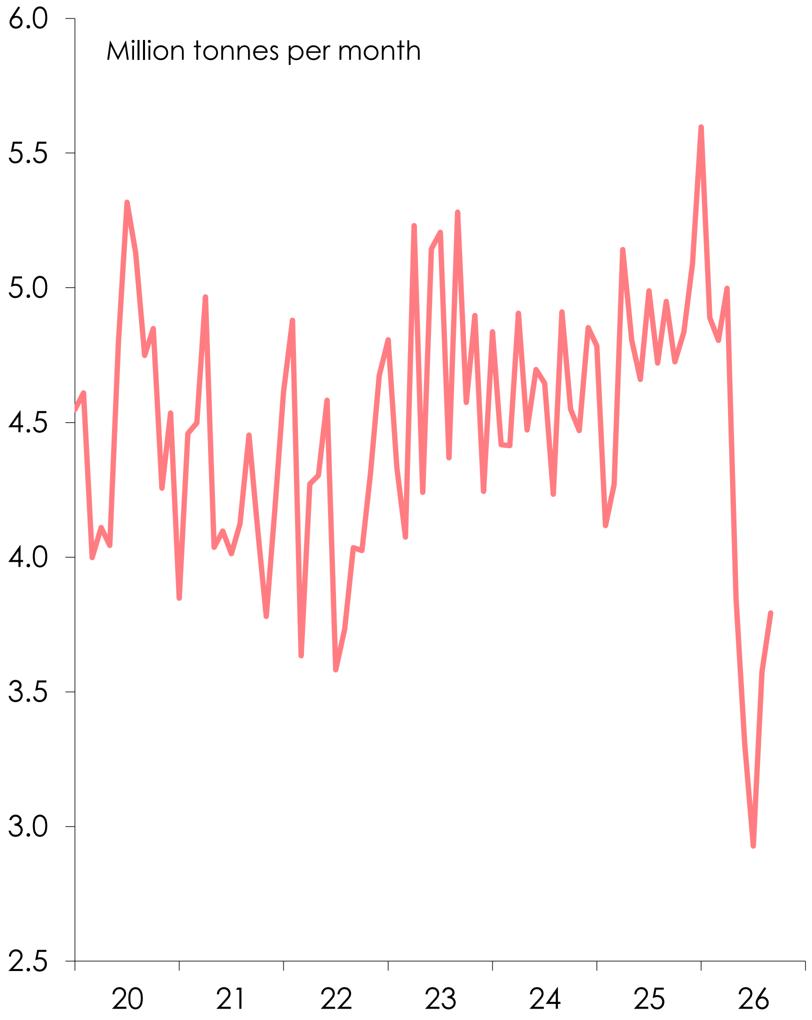
US crude oil and refined petroleum product exports



US commercial and government oil inventories



China crude oil and refined petroleum product imports



Sources: US Energy Information Administration, Petroleum & Other Liquids: Weekly Supply Estimates; and China General Administration of Customs, China's Major Imports by Quantity and Value.

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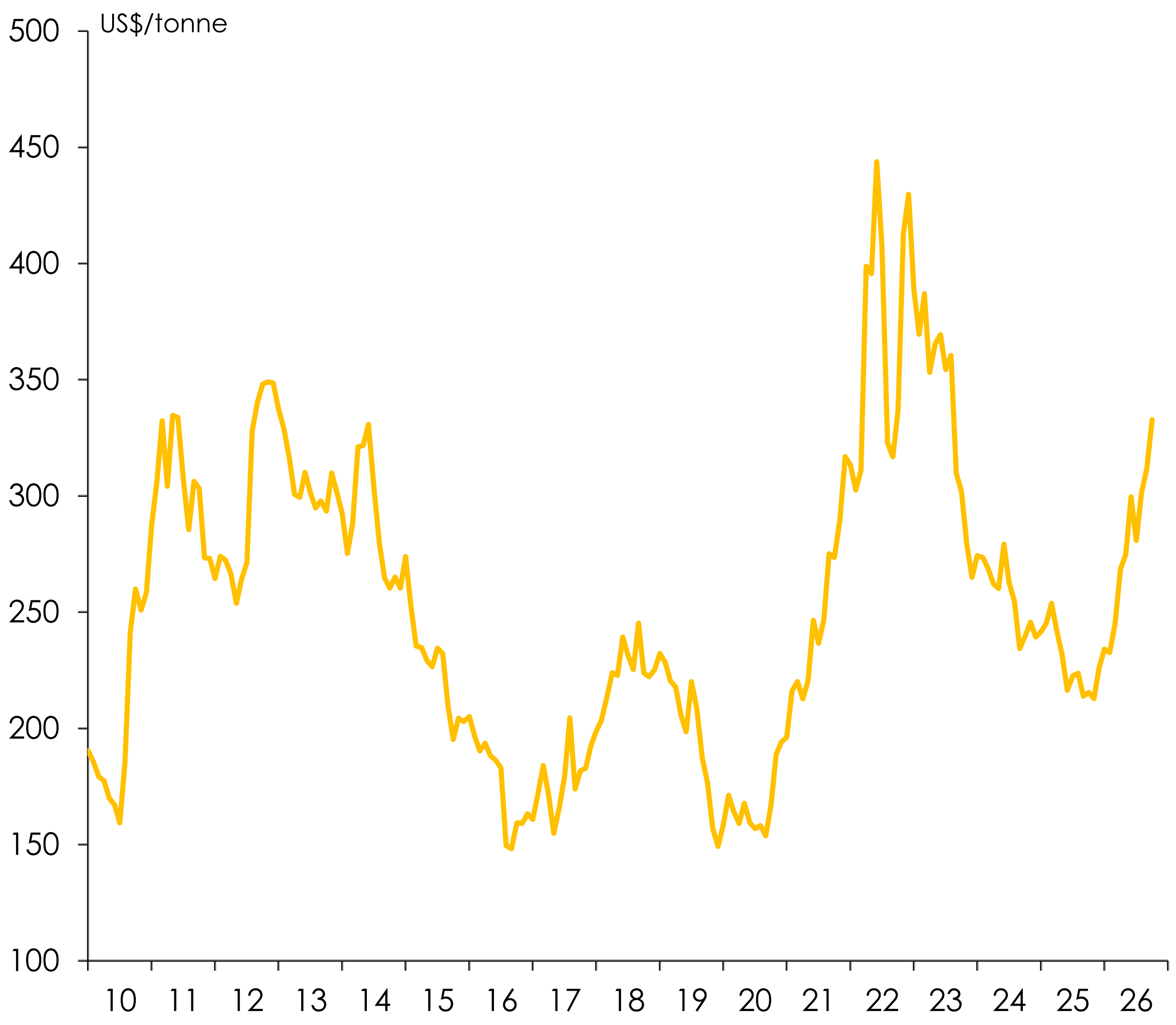
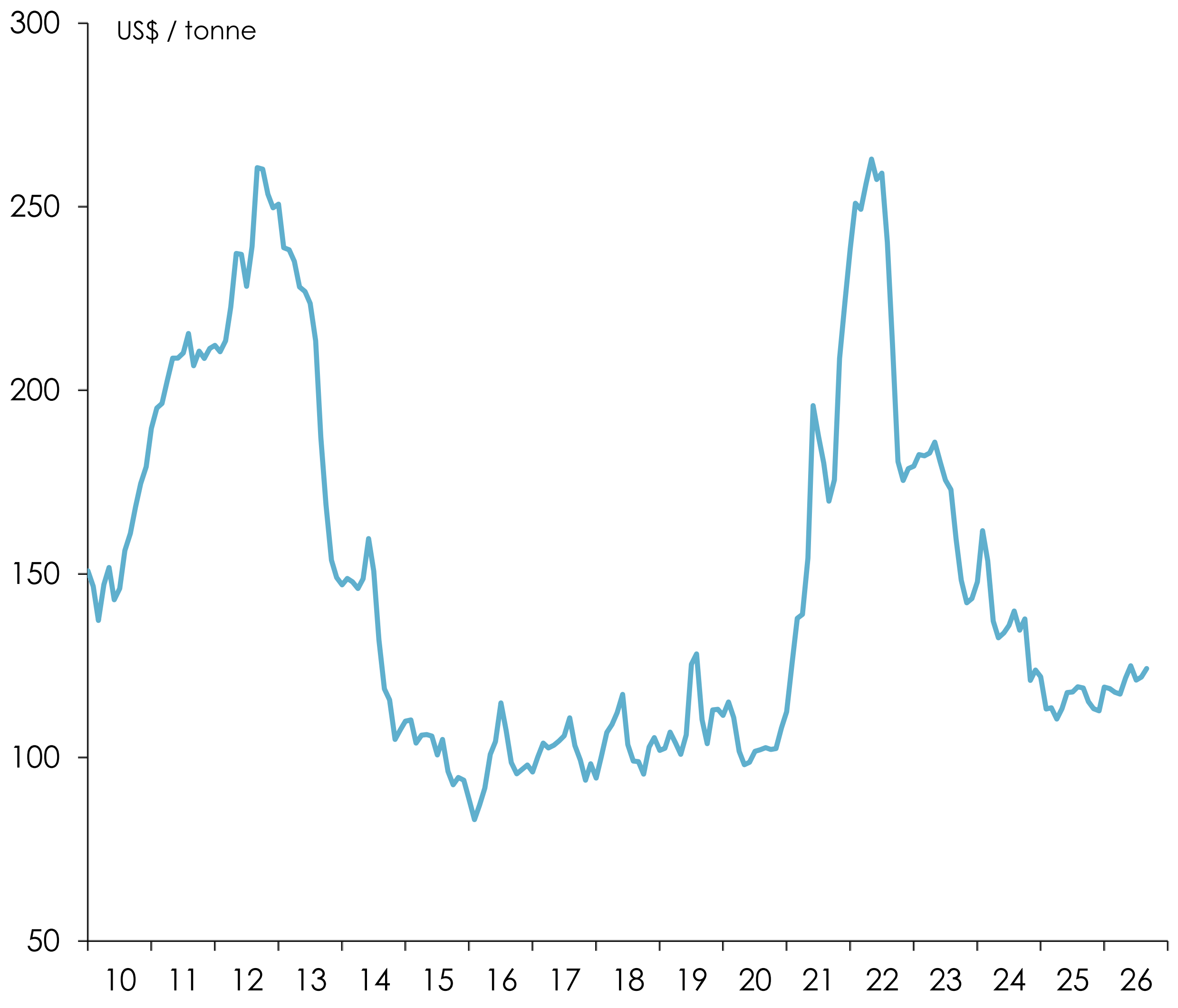
Global developments are also putting upward pressure on grain prices

Wheat prices



Barley prices



Note: Data are monthly averages up to 18th September for wheat and 31st August for barley. *Sources:* LSEG Datastream and IMF.

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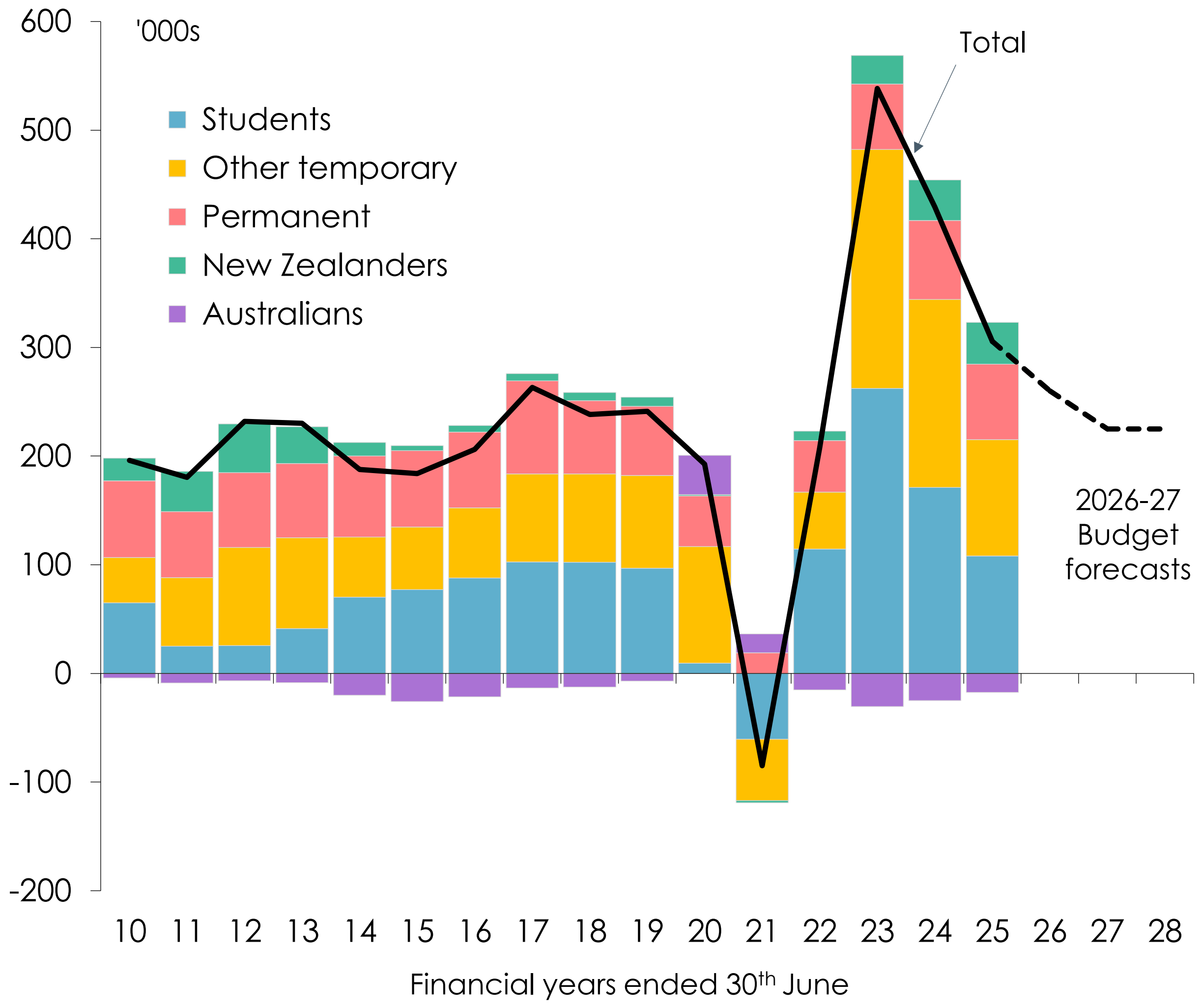
The availability and cost of labour could also be an issue depending on migration policies (and who implements them)

Net overseas migration, by visa category



Sources: ABS, and Overseas Migration, 2024-25; and Australian Government, 2026-27 Budget Paper No. 1, Statement 2: Economic Outlook.

- **Migrants make up some 10-20% of the feedlot workforce**
  - primarily sourced through the Meat Industry Labour Agreement (MILA) and Designated Area Migration Agreements, along with specialized skilled migration visas and the PALM scheme
- **A new Ministerial Directive (MD 119) which took effect in July this year excluded agriculture and regional occupations from the priority processing list**
  - this followed an earlier change which removed agricultural workers from priority settings under the MILA
- **Further changes announced last week restored agriculture to the migration priority processing list**
  - although the delay in processing skilled visa applications arising from previous changes is likely to persist for some time
  - tightening of eligibility for Working Holiday ('back packer') visas may have an adverse impact on parts of the feedlot supply chain (in particular feed)
- **The Coalition and One Nation Parties have announced or foreshadowed much larger reductions in immigration than the Government**
  - depending on the categories of visas affected, these could have much more significant adverse implications for the feedlot industry

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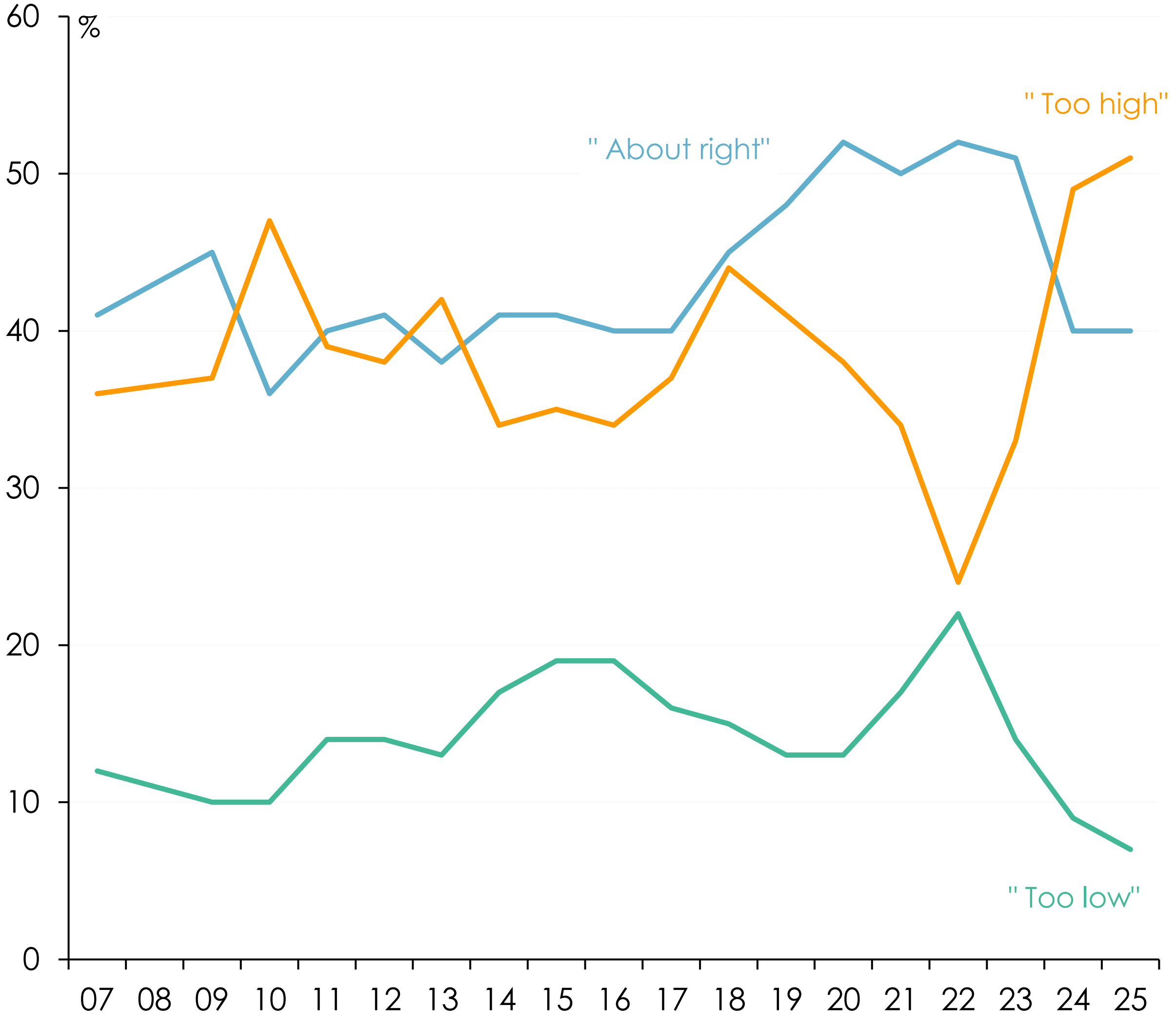
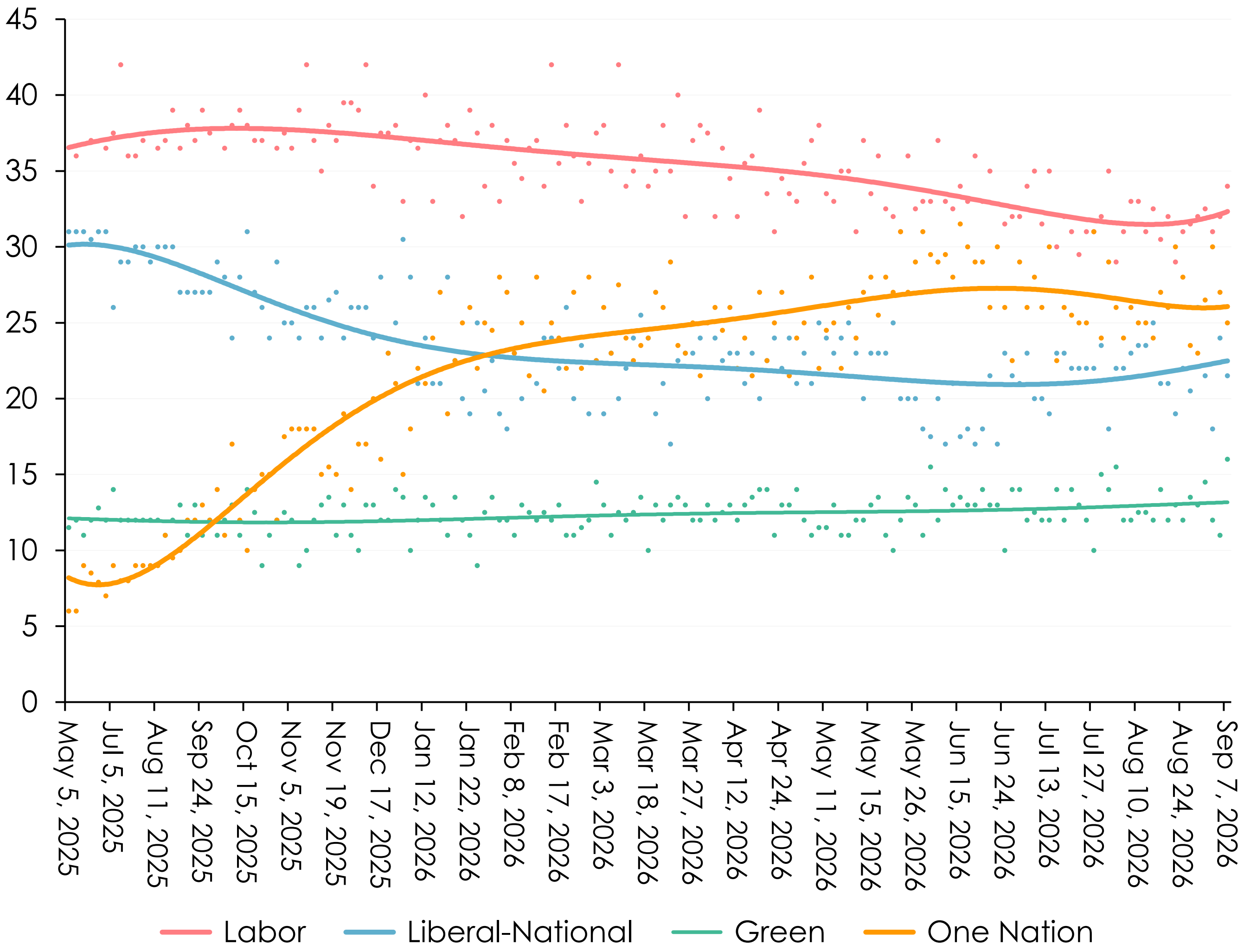
Australians appear to be becoming less comfortable with current levels of immigration – and that is in turn driving political trends

Australian attitudes to the level of immigration



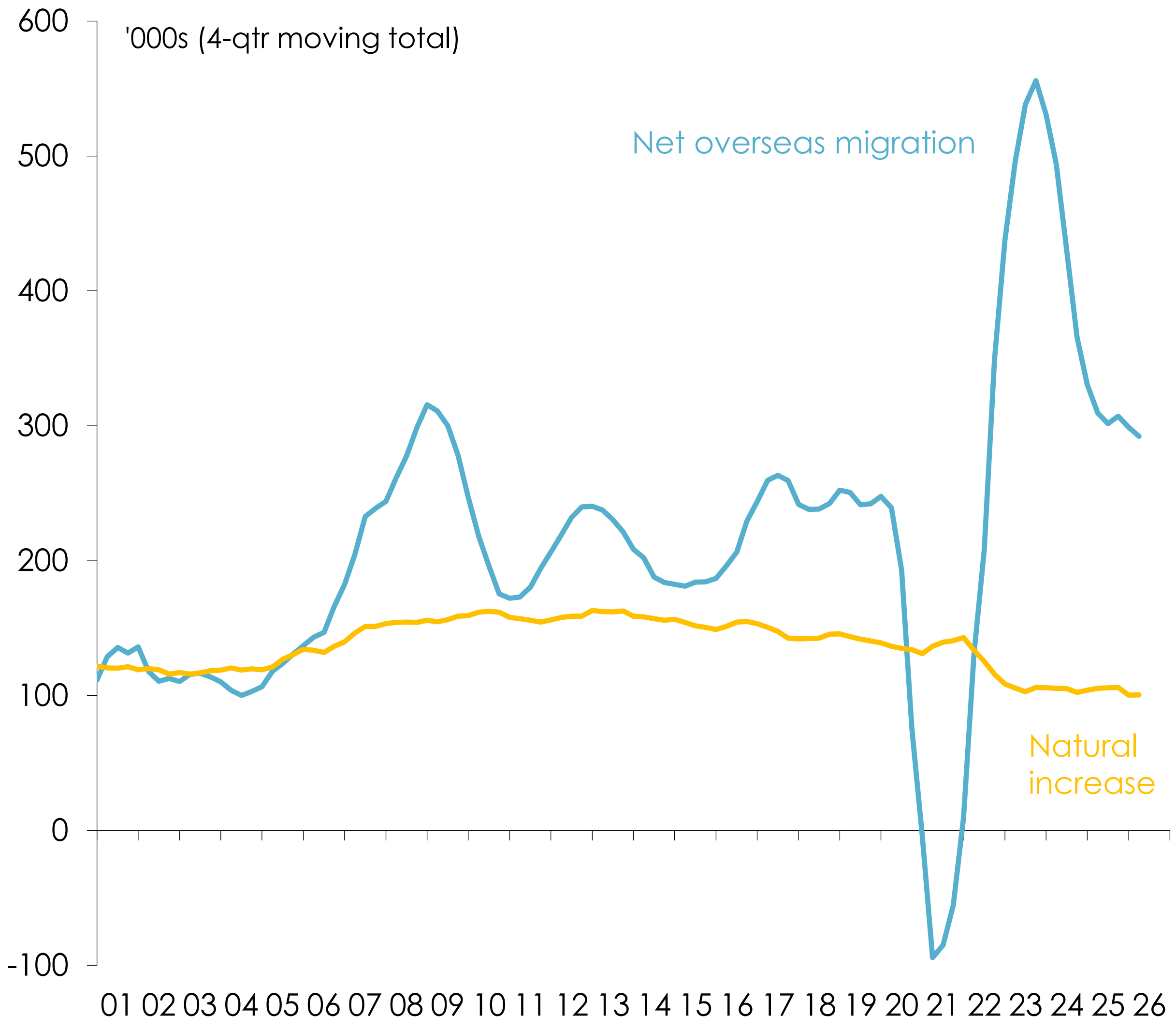
Primary voting intention – average of opinion polls



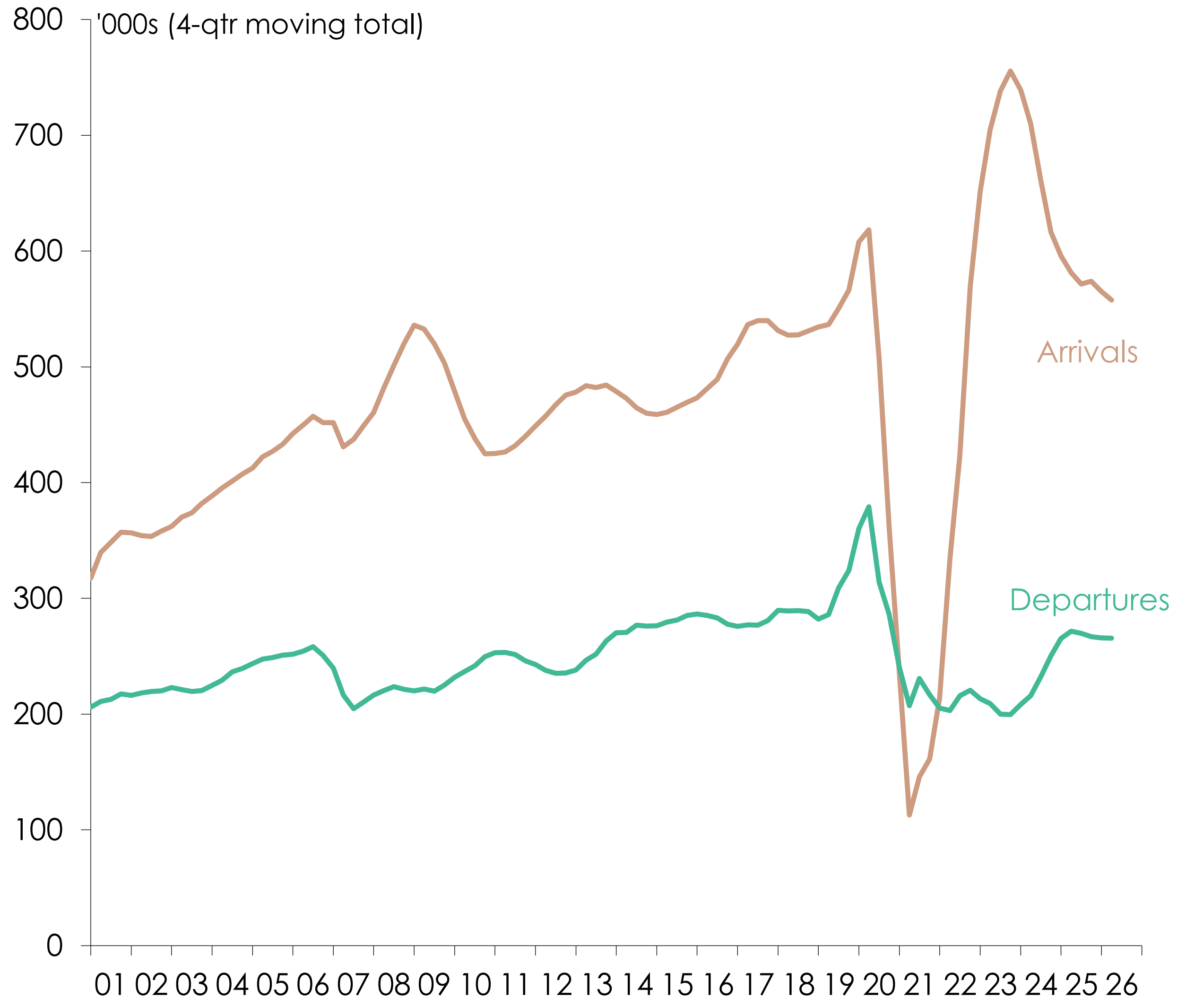
Sources: James O'Donnell, Alice Falkiner & Katarzyna Szachna, 2025 Mapping Social Cohesion Report, Scanlon Foundation Research Institute; William Bowe, The Poll Bludger - BludgerTrack 2028.

Net immigration is heading back towards pre-Covid levels – and what's preventing it being there already is lower departures, not higher arrivals

Net overseas migration



Overseas migrant arrivals and departures



Source: Australian Bureau of Statistics, National, state and territory population, March 2026.

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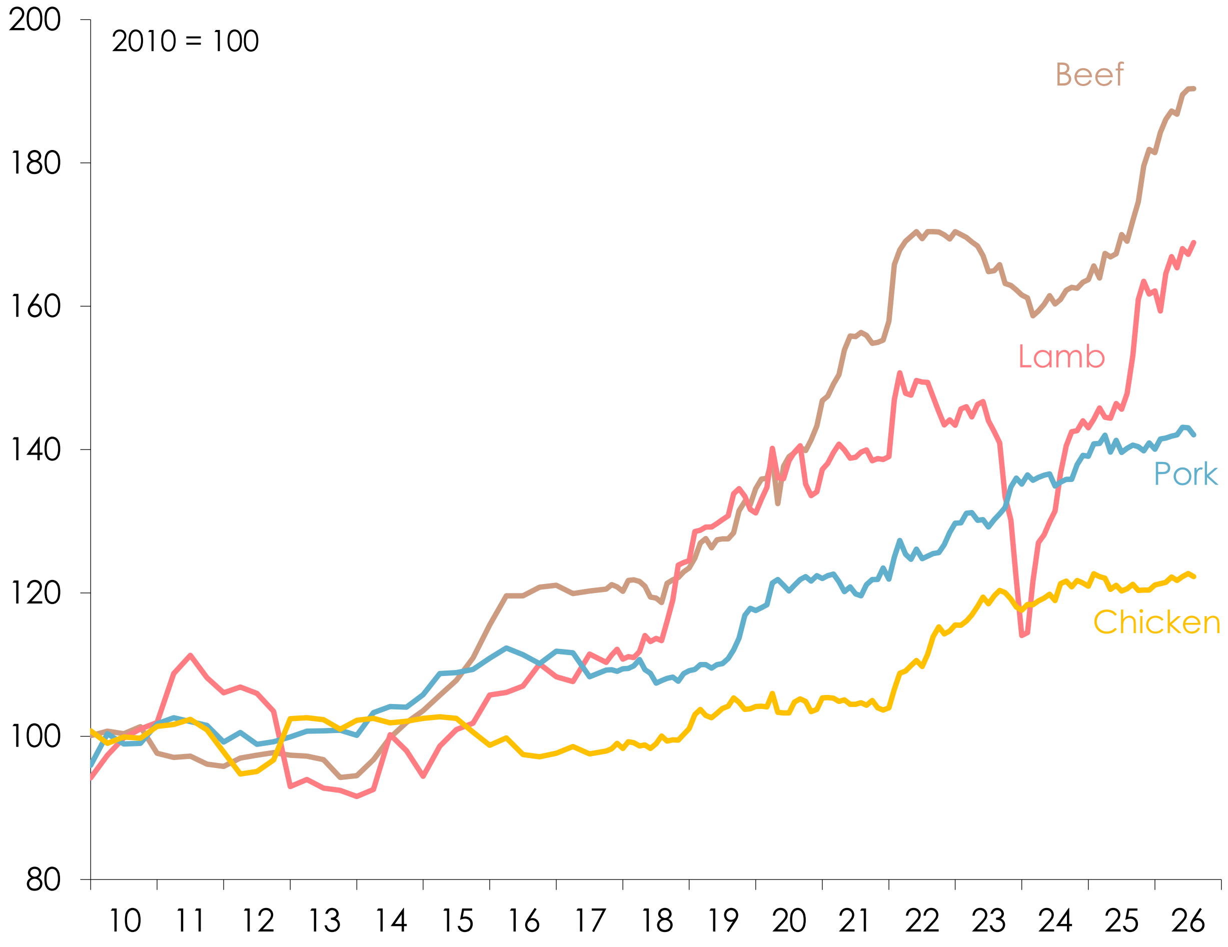
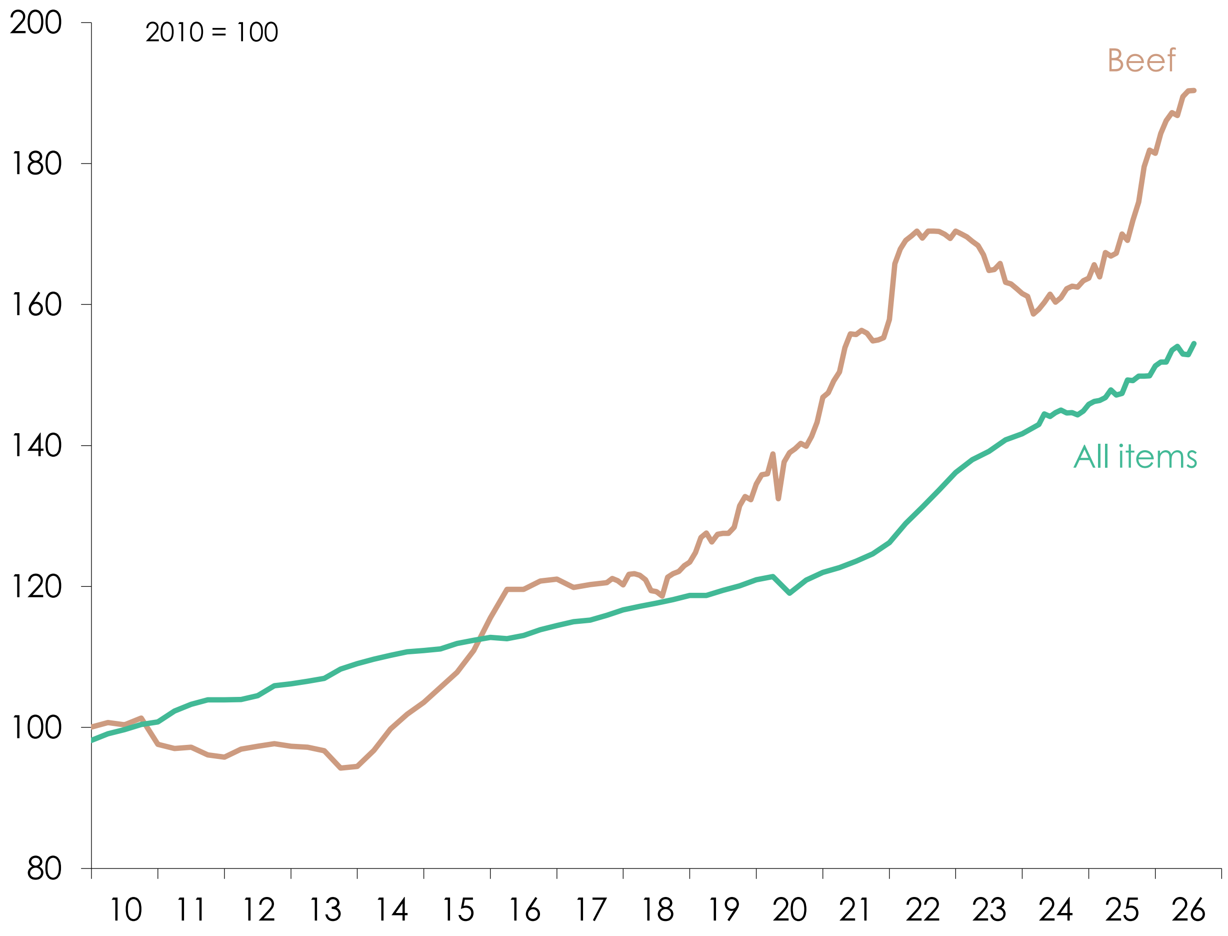
Beef is getting very expensive, in Australia …

Beef prices vs other meats



So far this decade, retail beef prices have risen by 42%, compared with lamb 29%, pork 21% and chicken 17½%

Beef prices vs the CPI



The 42% increase in beef prices this decade compares with a 27.7% increase in the CPI (or a 25.6% increase in average weekly earnings)

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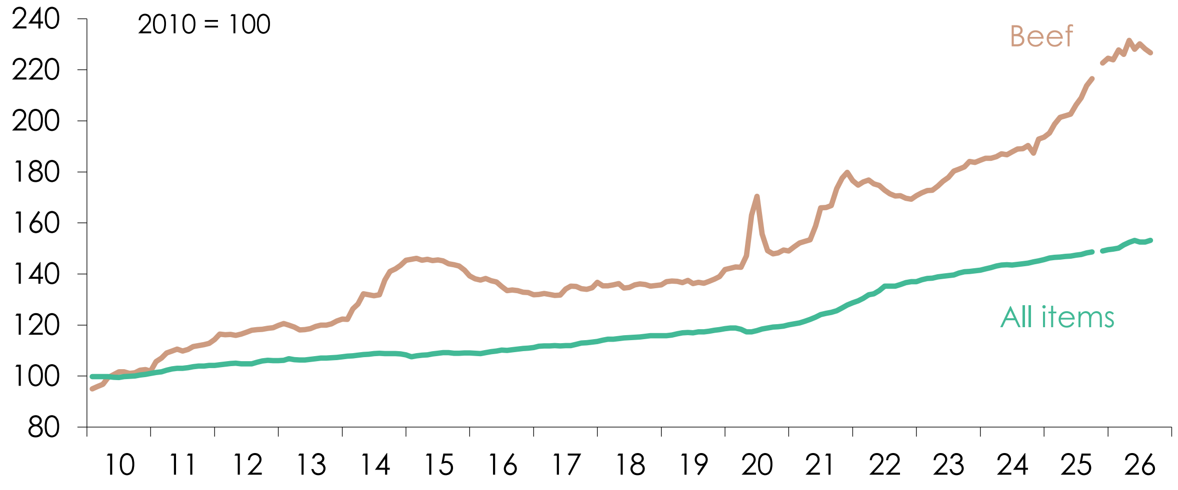
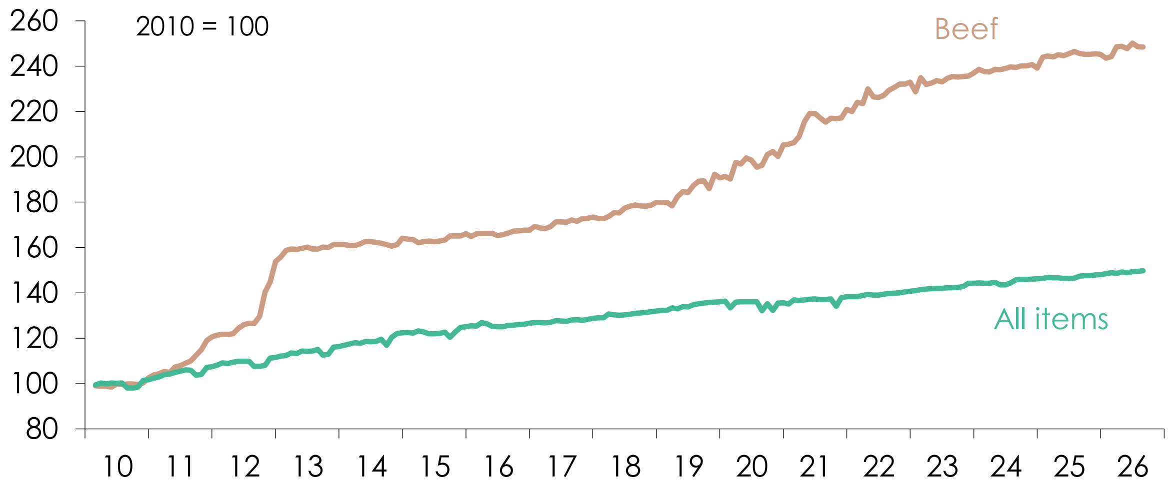
.*Source:* Australian Bureau of Statistics, Consumer price index, July 2026.

… and in other countries to which Australia exports beef

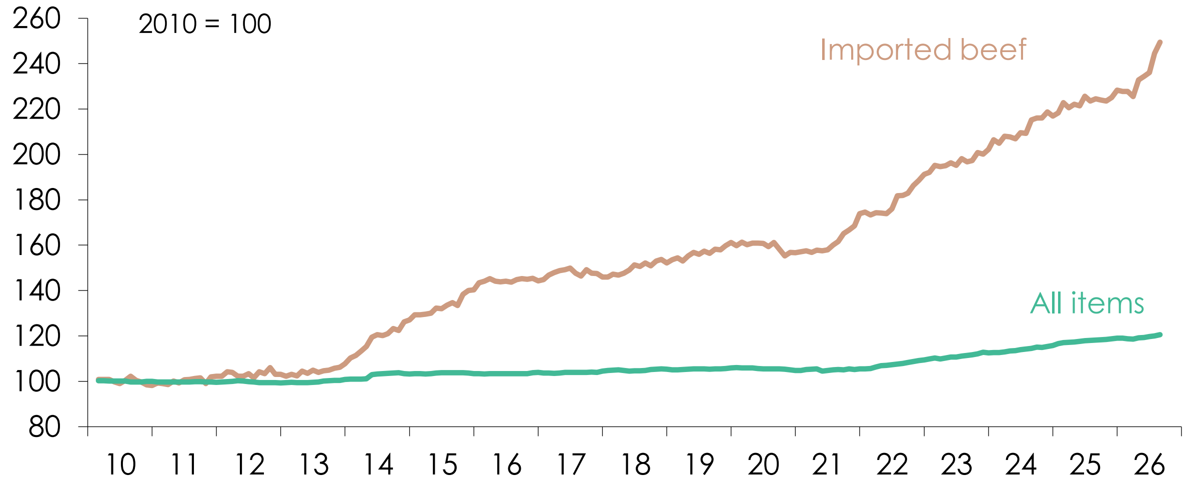
US – beef prices and the CPI



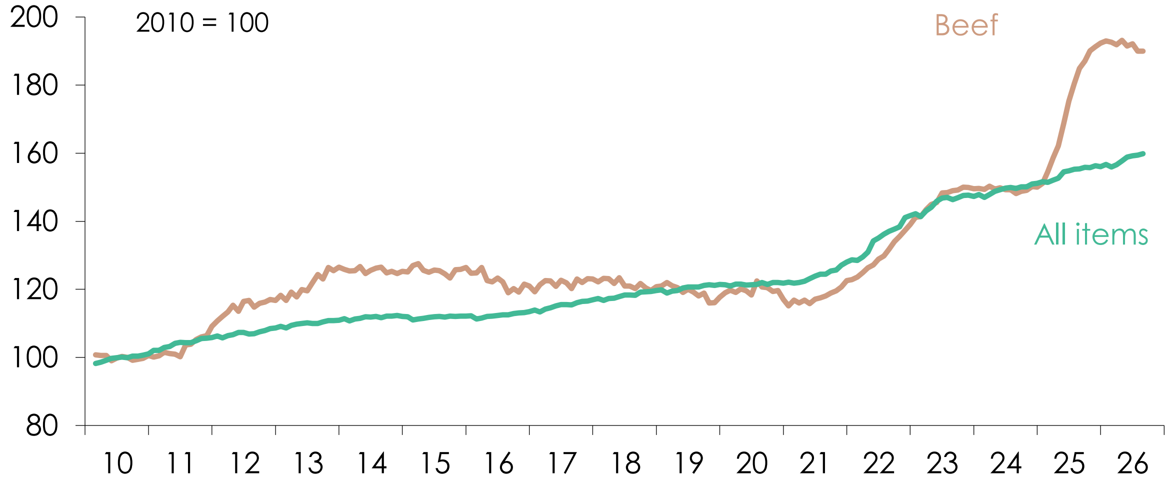
Hong Kong – beef prices and the CPI



Japan – beef prices and the CPI



UK – beef prices and the CPI



.*Sources:* US Bureau of Labor Statistics; Statistics Bureau of Japan; Hong Kong Census and Statistics Department; and UK Office for National Statistics.

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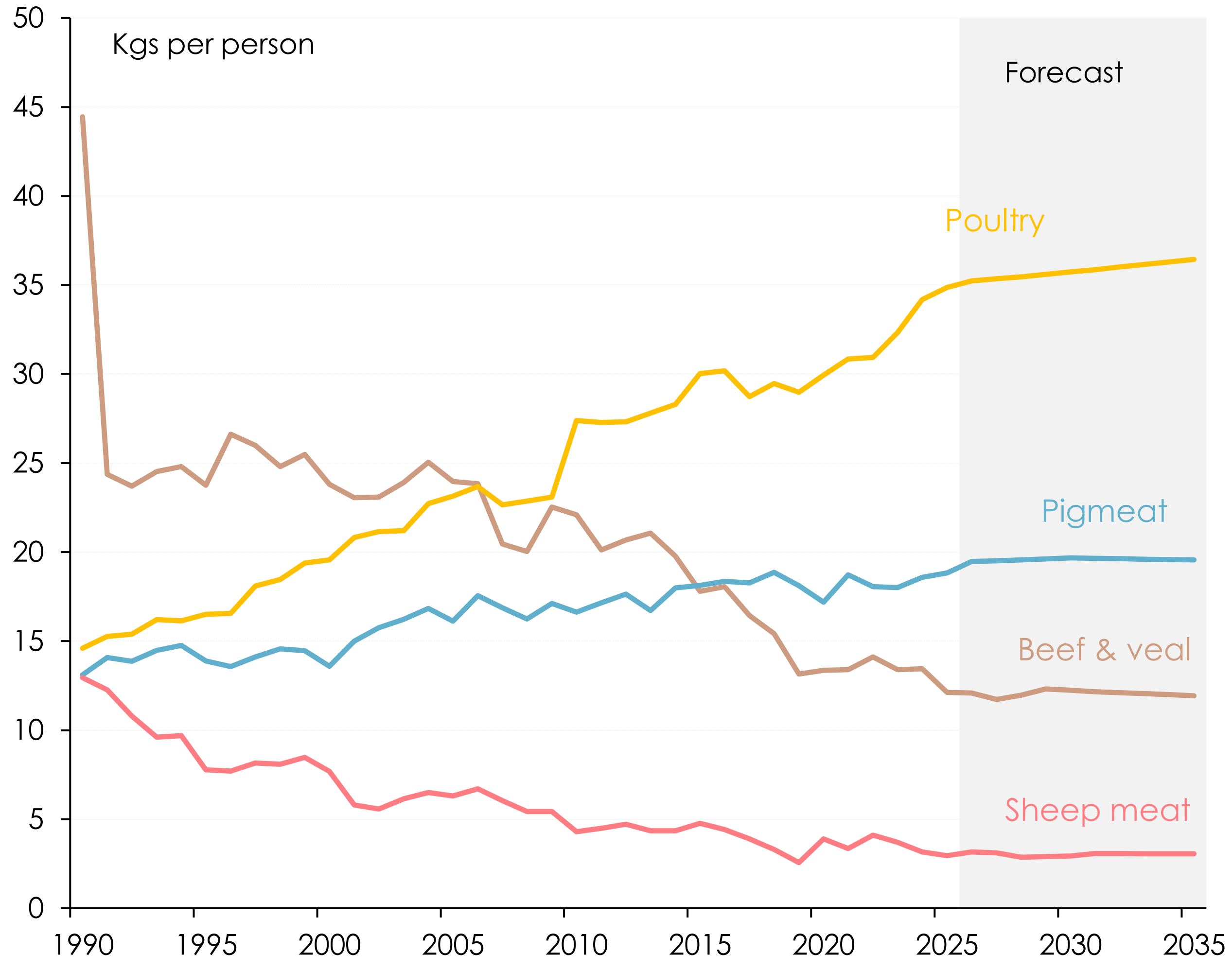
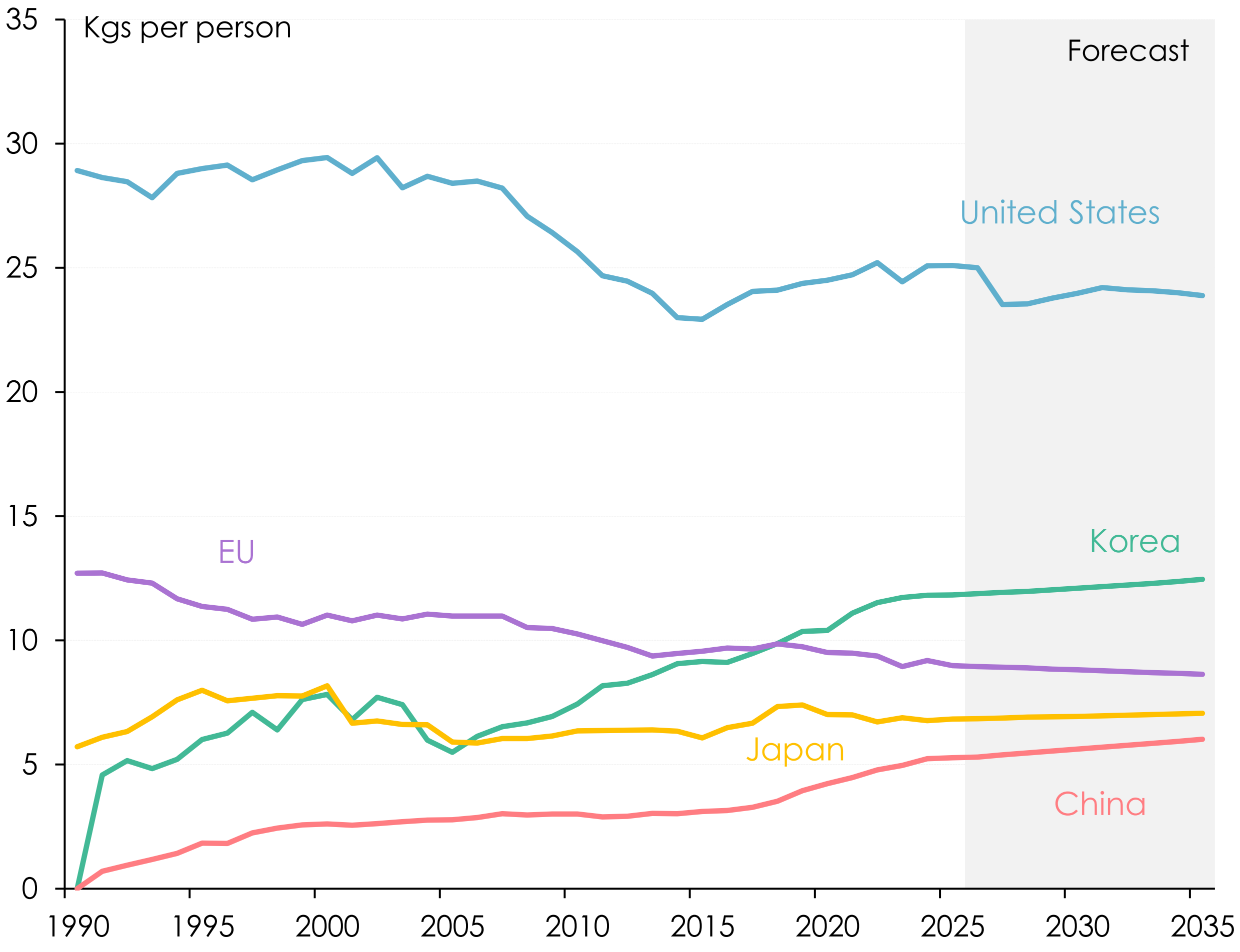
Higher beef prices, relative to prices of other meats and relative to incomes, could lead to lower consumption

Australian per capita consumption of beef and other meats



Per capita consumption of beef in major markets



.*Source:* Organization for Economic Co-operation & Development, and Food & Agricultural Organization, *OECD-FAO Agricultural Outlook 2026-2035*.

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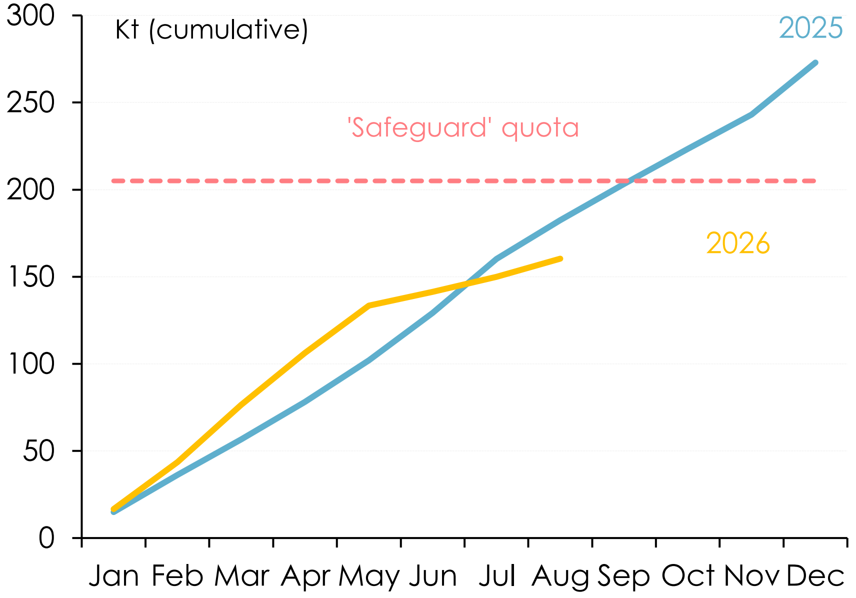
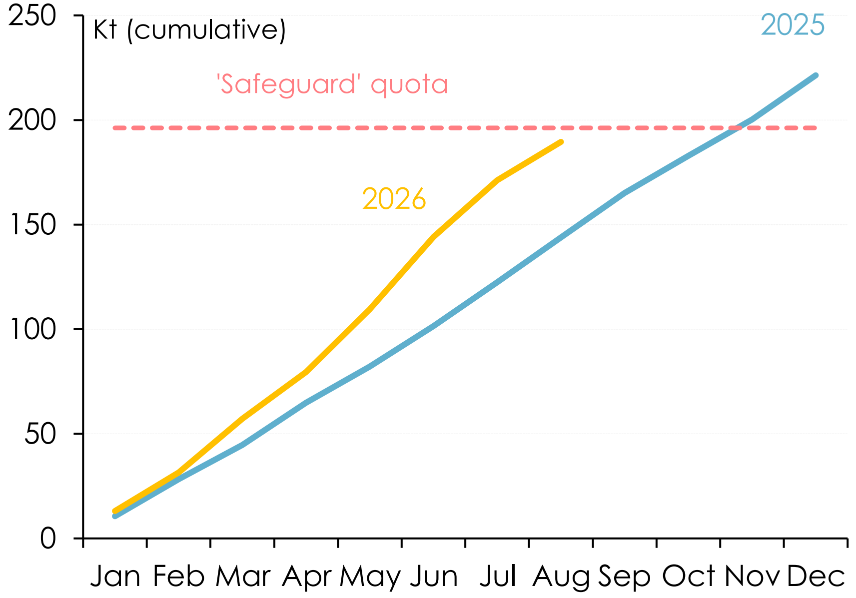
‘Safeguard quotas’ in three of Australia’s major beef export markets will have a negative effect over the remainder of this year (and in future years)

Australian beef exports to China



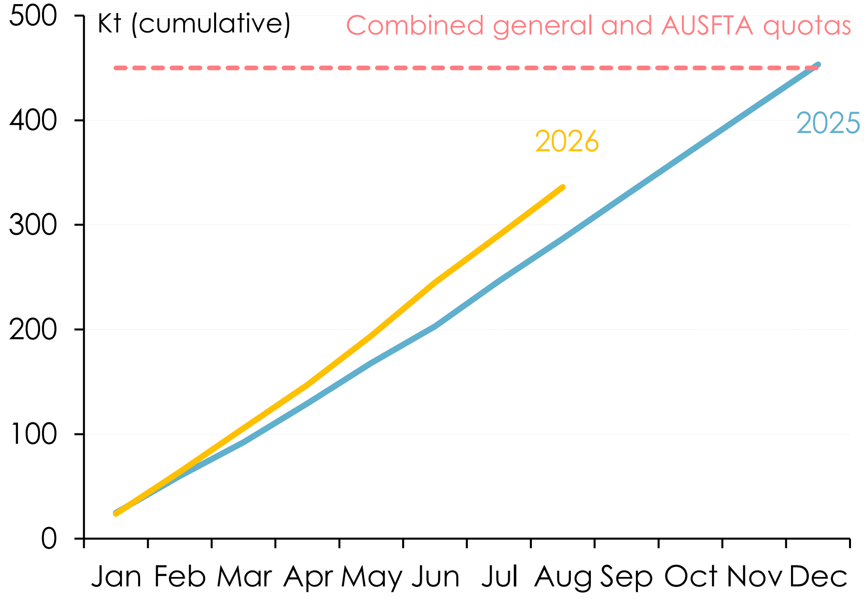
- China set a ‘safeguard quota’ on beef imports from Australia of 205 Kt for 2026, which was reportedly ‘triggered’ in mid-June
- Further imports from Australia are subject to an additional 55% tariff (until next January)
- Brazil’s (rather more generous) quota (of 1,106 Kt) was triggered in August
- US exporters will likely eat Australia’s (and Brazil’s) lunch in China

Australian beef exports to Korea



- Korea has set a quota on imports of Australian beef of about 196 Kt – which was reached in mid-July
- Imports from Australia are now subject to a tariff of 24% until the end of this year
- The ‘within-quota’ tariff will fall from 5.2% to 2.6% next year, and to zero in 2028
- … and the quota will be abolished from the beginning of 2029

Australian beef exports to the US



- US beef imports from Australia are subject to a quota of just over 378 Kt plus a separate AUSFTA threshold of 71.7 Kt
- If that combined threshold is reached, imports from Australia will be subject to a 26.4% tariff
- Australia was excluded from the additional 300Kt quota the US will allow from 1 Sep to 30 Nov this year

Note: Tariff quotas are based in importing country’s data, not the Australian export data shown here. *Source:* Meat & Livestock Australia, *Global market data and insights*.

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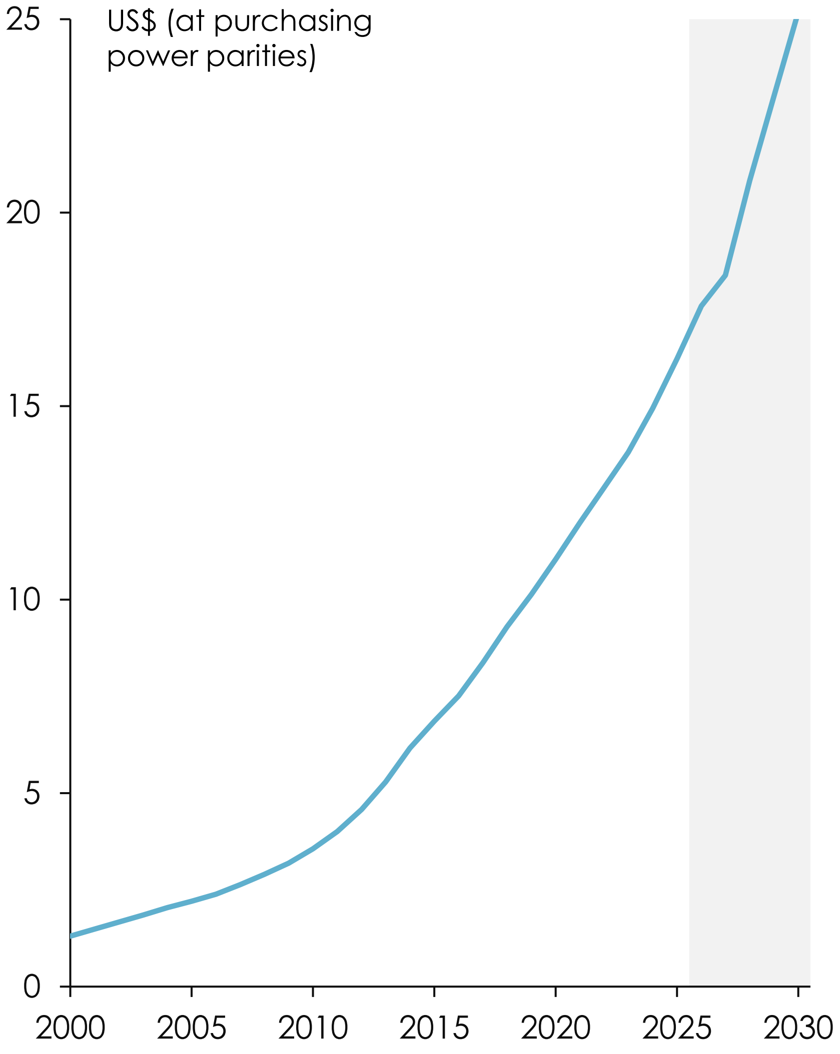
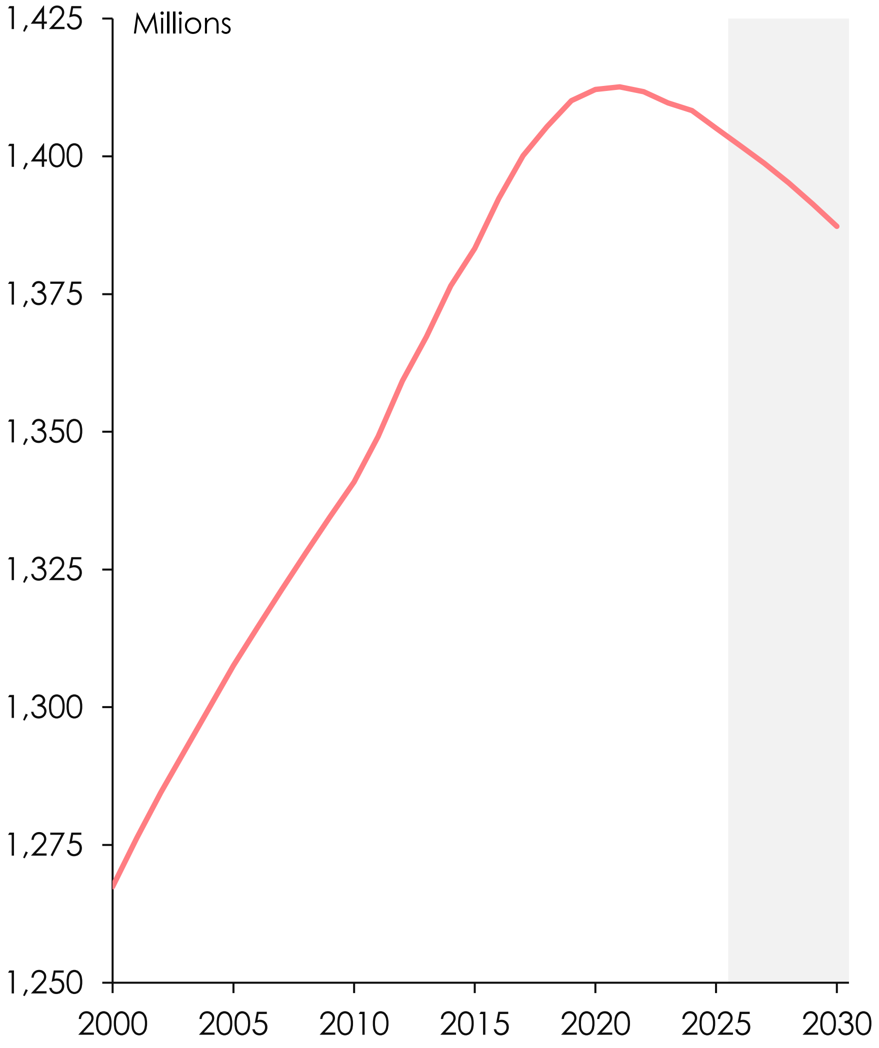
The average Chinese is getting richer – but there are fewer of them, and economic growth is steadily slowing

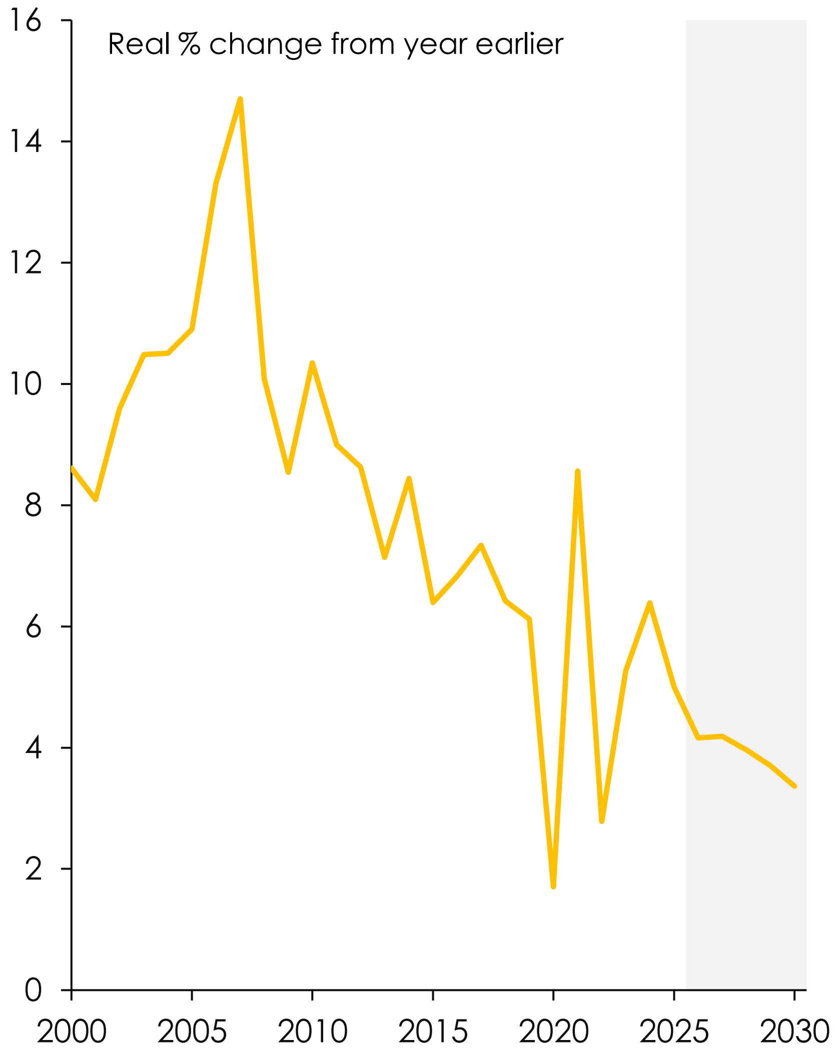
China per capita GDP



China population



China real GDP growth



Source: International Monetary Fund, *World Economic Outlook Entire Dataset in Excel*, April 2026.

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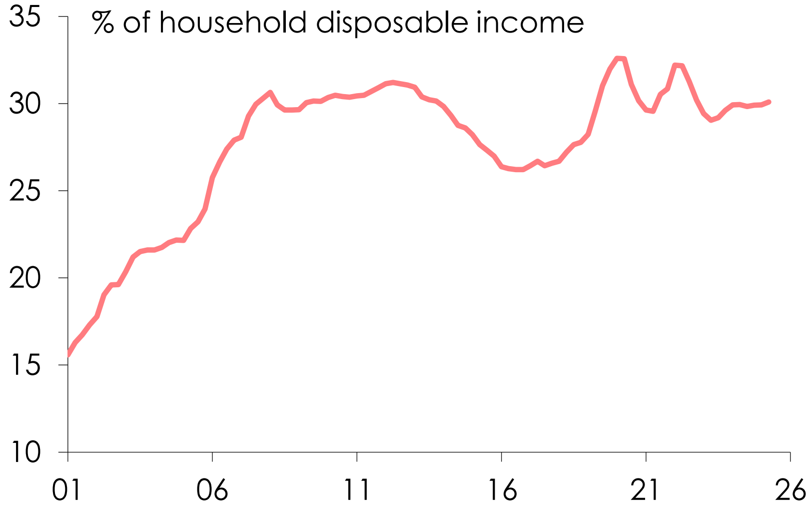
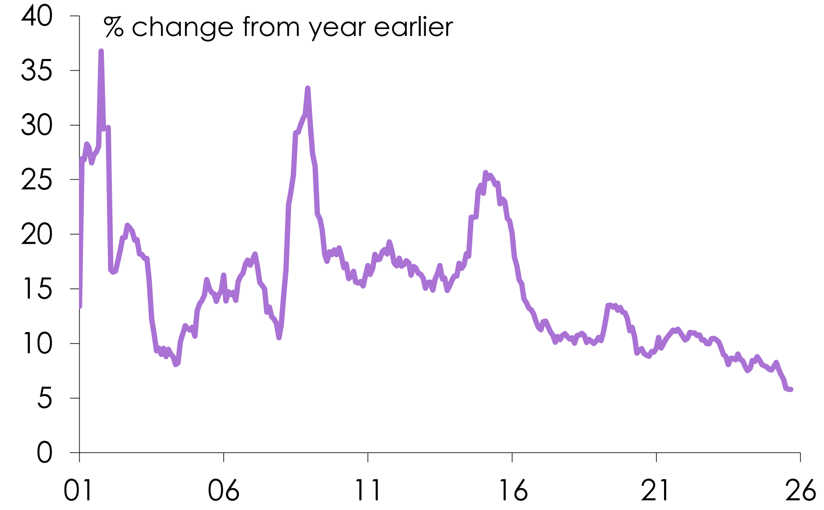
China's consumers are in a funk – largely because the 'housing bubble' has burst – and 'the authorities' aren't doing anything about it

Consumer sentiment

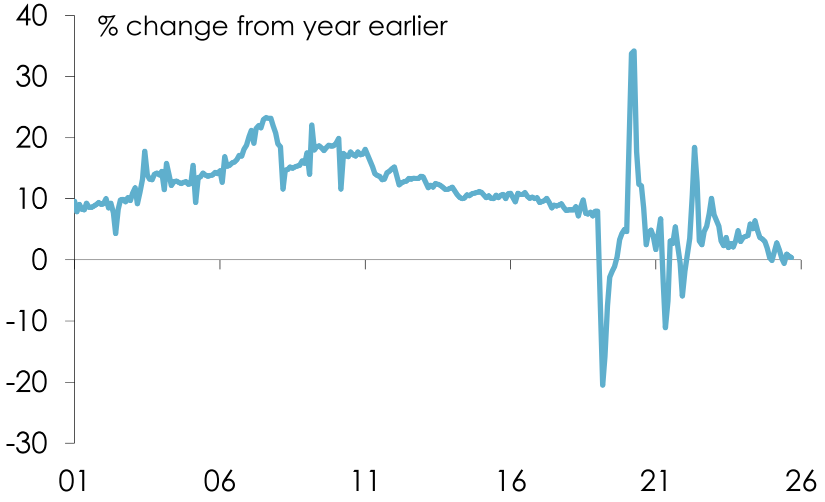
Household saving rate



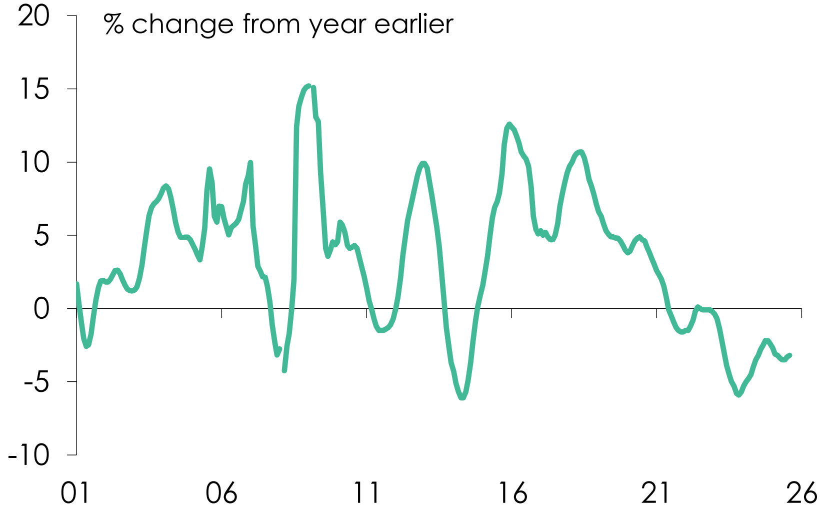
Bank lending



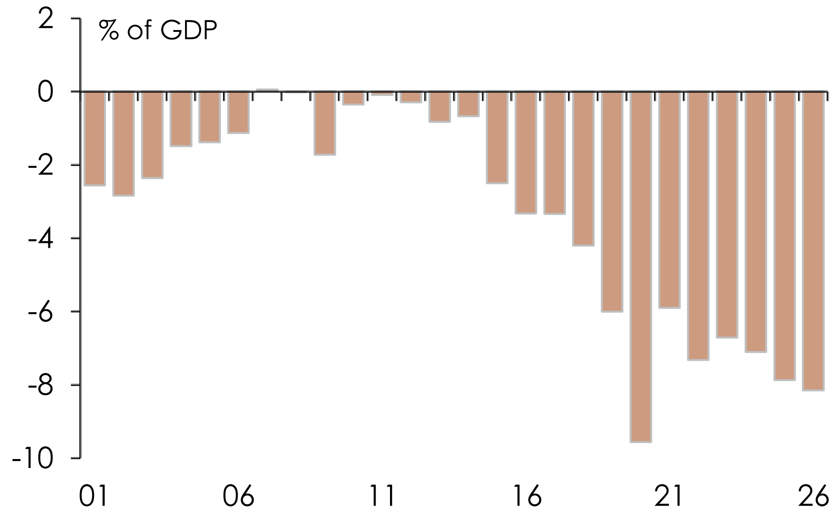
Retail sales



Housing prices



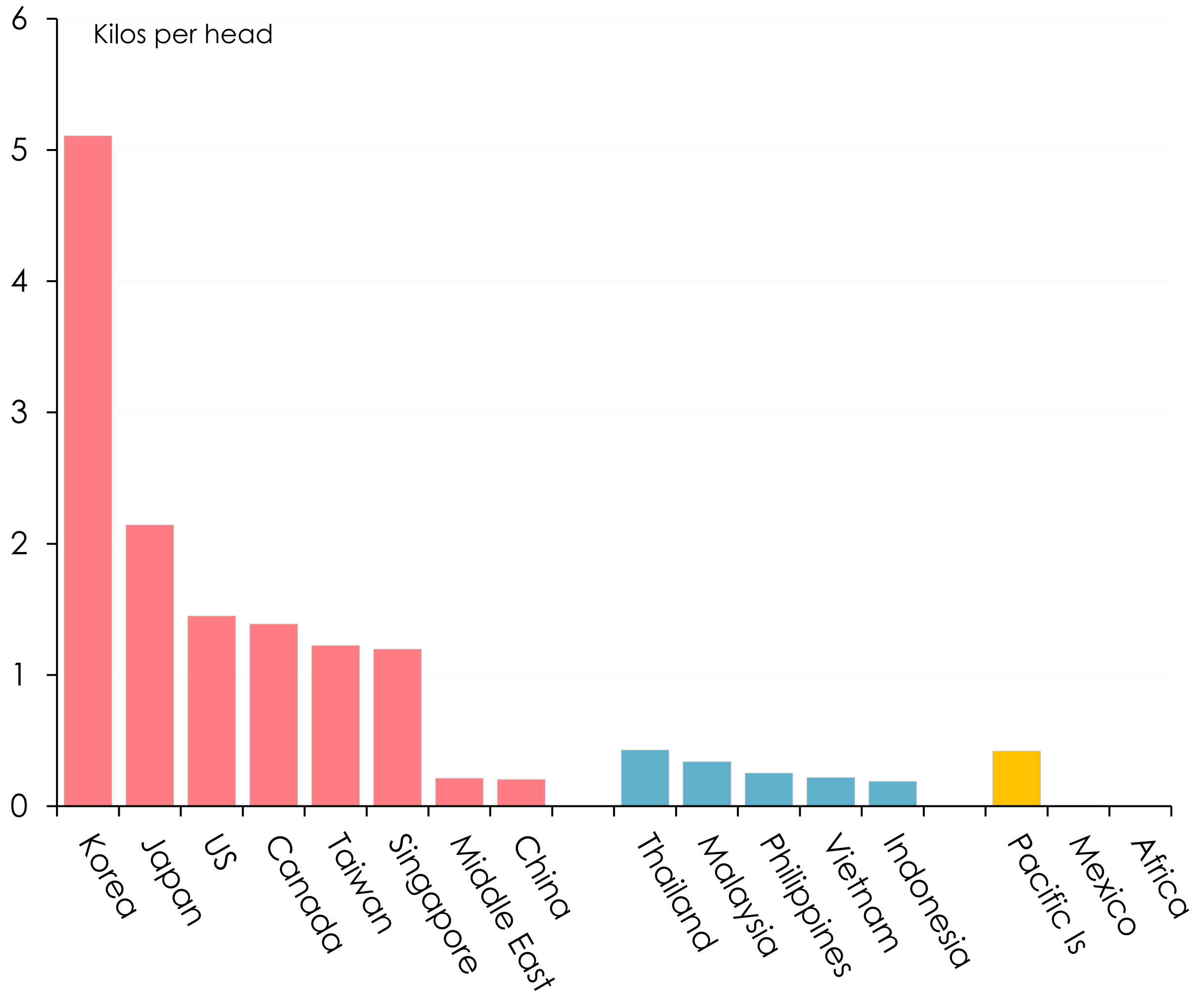
Government budget balance



Sources: National Bureau of Statistics of China; People's Bank of China; International Monetary Fund, *Fiscal Monitor*, April 2026.

Maybe Australia's beef industry needs to look beyond its traditional major markets

Australian beef exports in 2025-26, per head of population in destination market



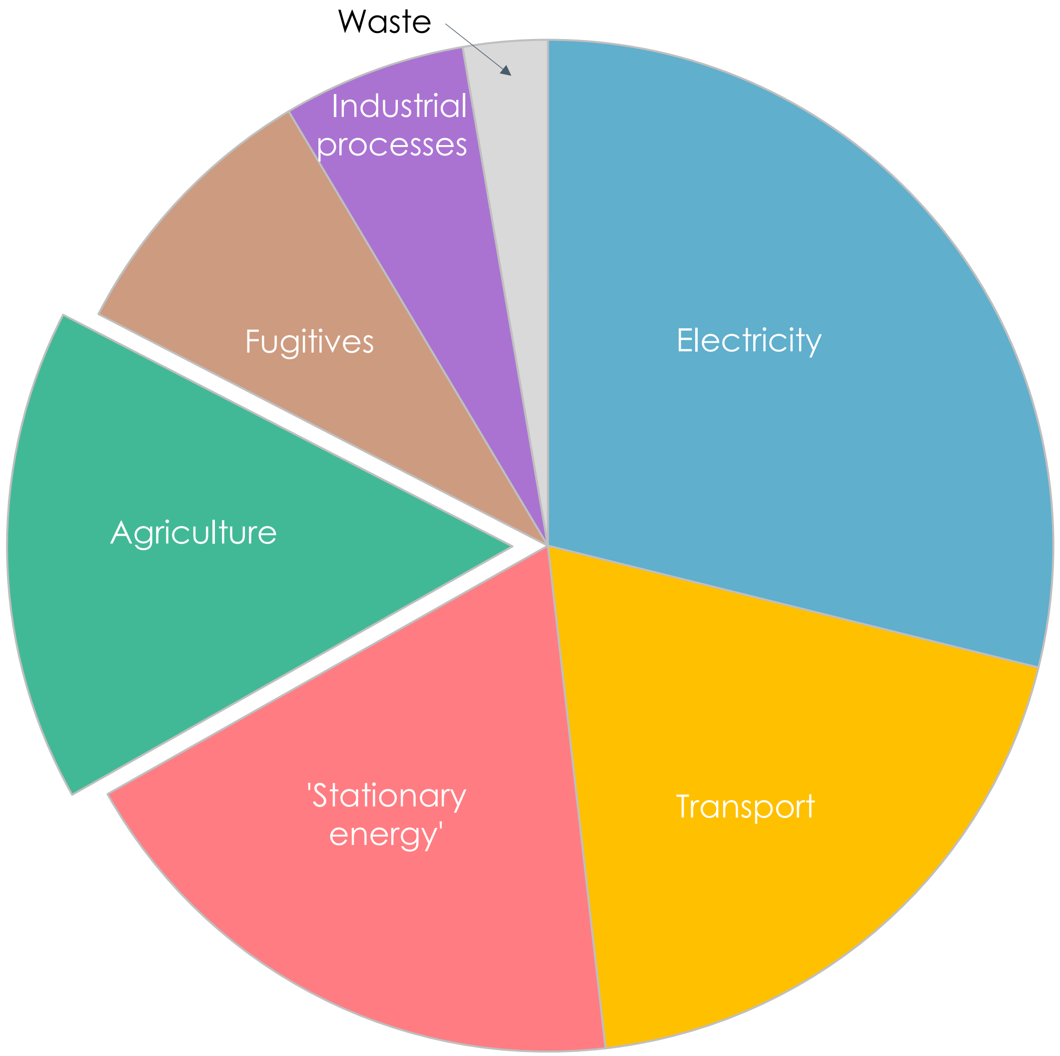
Sources: Meat & Livestock Australia, *Global market data and insights*, and International Monetary Fund, *World Economic Outlook Entire Dataset in Excel*, April 2026.

Some hypothetical illustrations of the potential of alternative markets

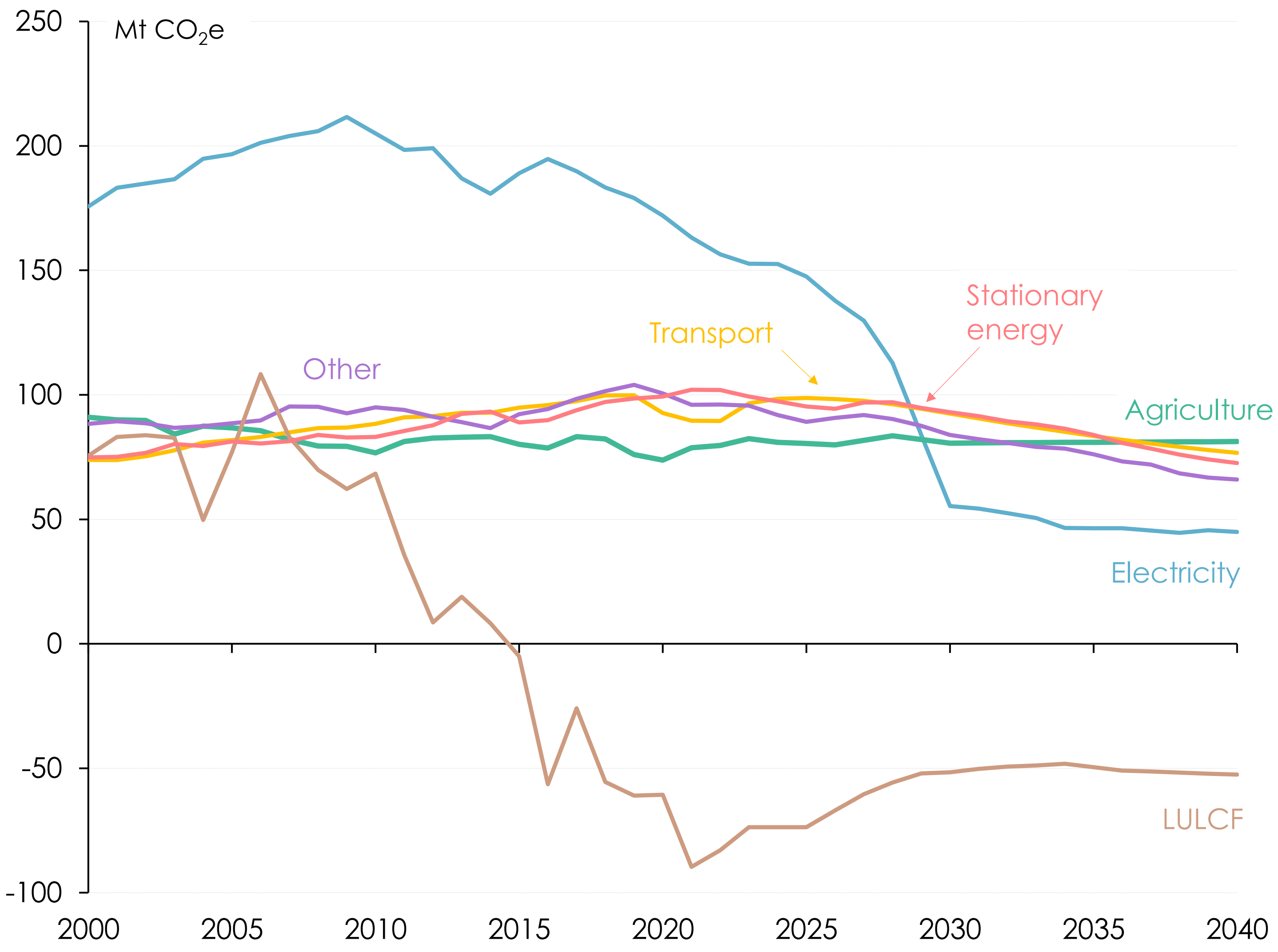
- **If Australia could export as much beef to Indonesia, Vietnam, the Philippines and Malaysia per head of population as it did to Thailand in 2025-26, it would lift beef exports by over 120,000 tonnes**
  - of which almost 67,800 would be to Indonesia, 21,000 to Vietnam, 20,000 to the Philippines and 11,000 to Malaysia
- **If Australia could export as much beef to the Middle East per head of population as it did to Taiwan in 2025-26, it would lift beef exports by 198,000 tonnes**
- **If Australia could export half as much beef to Mexico per head of population as it did to the US and Canada in 2025-26, it would lift beef exports by almost 300,000 tonnes**
  - that's because in 2025-26 Australian beef exports to Mexico (population 133 million) were only 811 tonnes (6 grams per head), compared with 1.5 kilos per head to the US and 1.4 kilos per head to Canada
- **If Australia could export one-quarter as much to Africa (excl. Egypt) per head of population as it did to the Pacific Islands in 2025-26, it would lift beef exports by almost 150,000 tonnes**

Agriculture accounts for about 16% of Australia's carbon emissions – but on current projections will account for 24% of all emissions by 2040

Sources of CO_2 emissions, 2025



Historical and projected emissions by sector



Note: 'Stationary energy' refers to emissions released by burning fossil fuels for on-site energy, heating and manufacturing processes other than electricity generation and transportation. 'Fugitive' emissions are releases occurring during the extraction, processing and transport of fossil fuels. 'LULCF' is land use, land use clearing and forestry (including 'carbon sinks'). *Source:* Department of Climate Change, Energy, the Environment and Water, Australia's emissions projections 2025.

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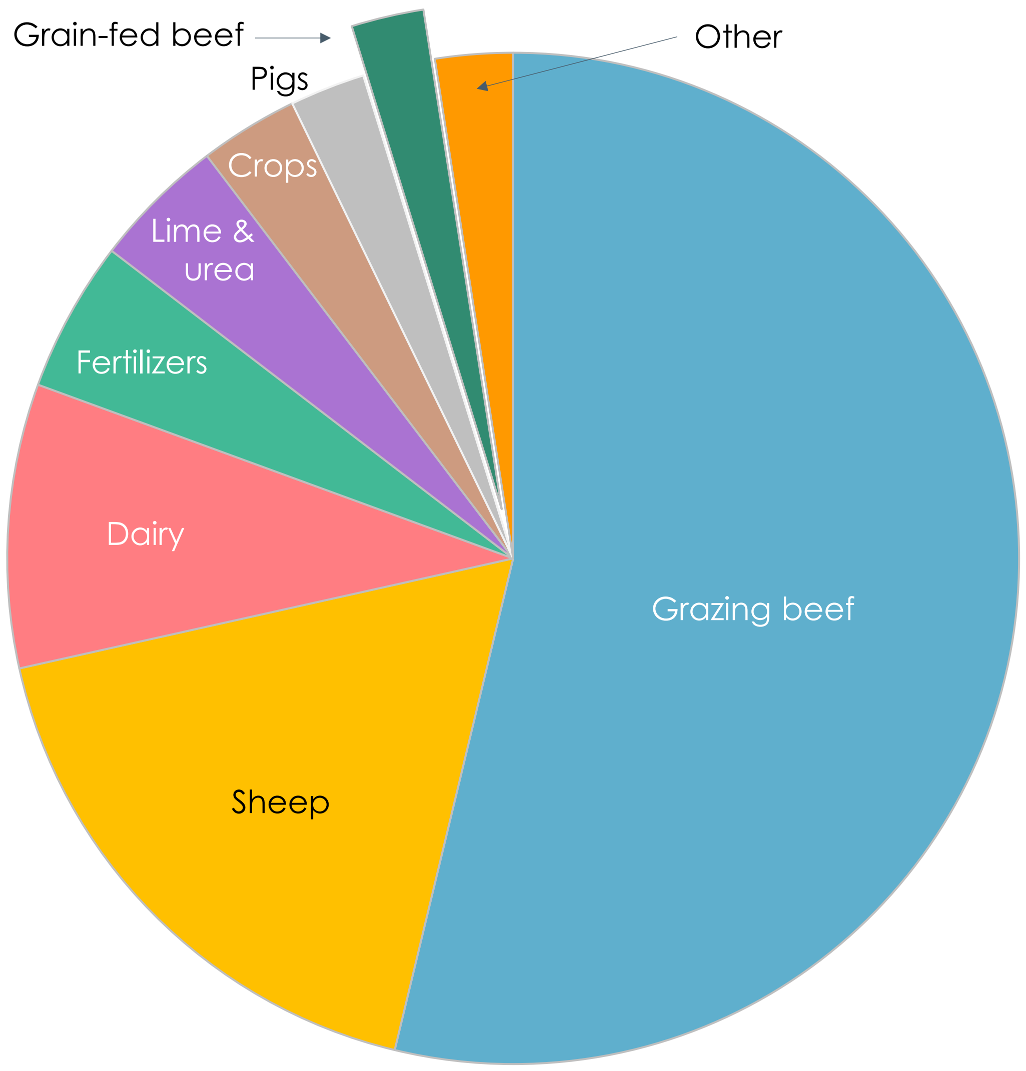
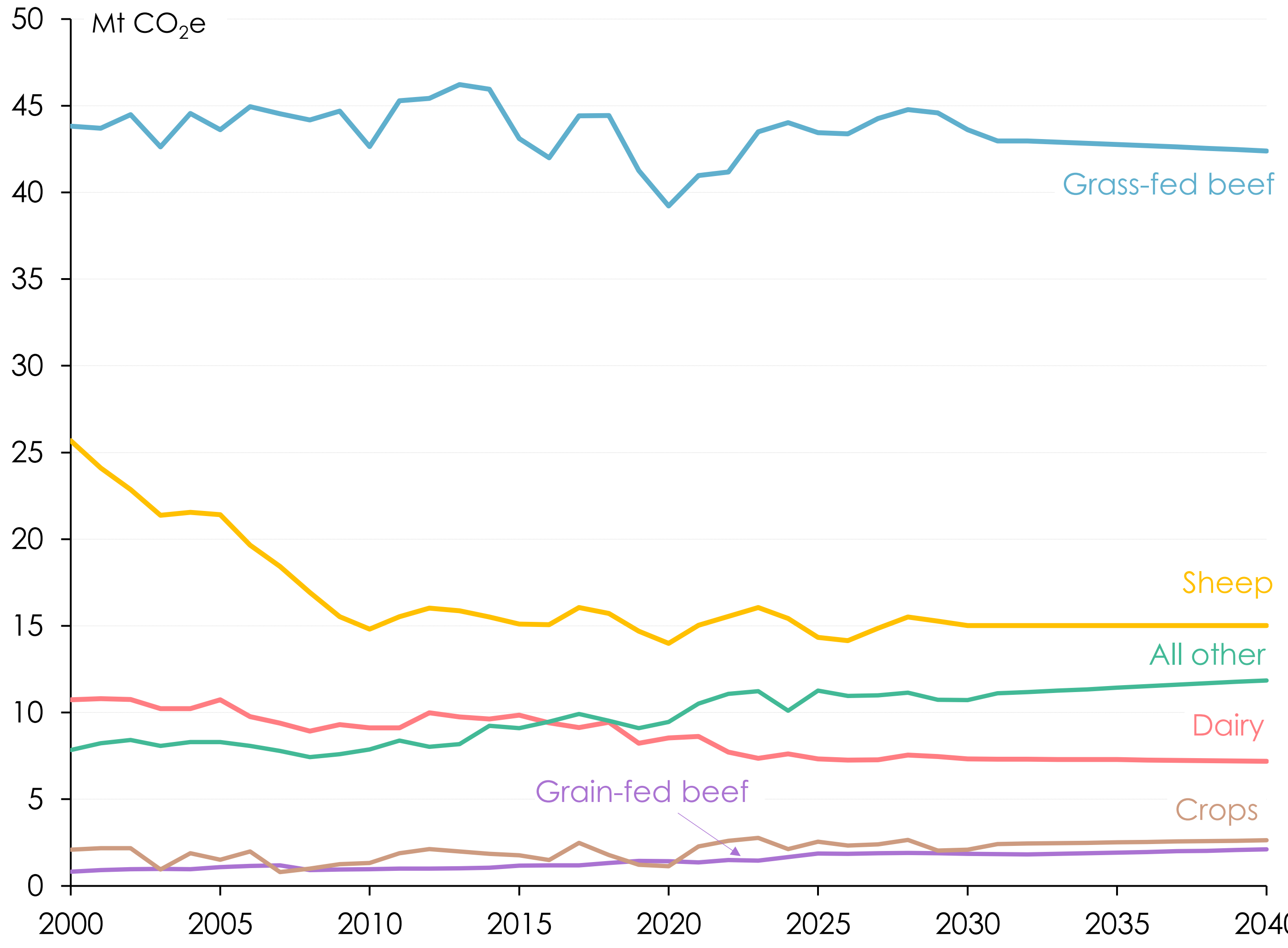
Grain-feeding may be one of the most important channels for reducing CO_2 emissions in Australian agriculture

Agriculture CO_2 emissions, 2025



Historical and projected CO_2 emissions in agriculture



Source: Department of Climate Change, Energy, the Environment and Water, Australia's emissions projections 2025.

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Conclusion

- From its beginnings on the Darling Downs in 1964, the Australian feedlot industry has grown to become a major component of the Australian beef supply chain, and a significant contributor to Australian economic activity, employment and exports
- There are good reasons to expect the main drivers of feedlot industry growth to continue
  - producing premium products tailored for increasingly discerning export markets
  - enhancing traceability and other brand characteristics
  - assisting the broader beef industry's capacity to manage climate-related risks
  - potential for on-going productivity improvements
- But the industry also faces some important short- and longer-term challenges
  - cost increases and profit-margin squeeze arising from on-going conflict in the Middle East
  - potential labour shortages and/or labour cost increases arising from changes in immigration policies
  - potential adverse consumer reactions (in Australia and in export markets) to persistent increases in the price of beef products relative to other meats, and to prices and incomes more generally
  - new trade barriers in key export markets (in particular China and the United States)
  - longer-term demographic and economic trends in China
- Growth in feedlots could be part of Australian agriculture's response to climate change

Important information

This document has been prepared by Saul Eslake on behalf of Corinna Economic Advisory Pty Ltd, ABN 165 668 058 69, whose registered office is located at Level 11, 114 William Street, Melbourne, Victoria 3000 Australia.

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