



## Southern Weaners: You've got to know when to hold them, know when to fold them, and know when to sell!

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Leading up to the traditional Southern Weaner selling season, the AuctionsPlus Market Insights (AMI) team has reviewed market and sale data to offer insights for buyers and sellers. Following on from the [first article which reviewed major buyers and sellers their decisions for the upcoming season](#); the AMI team will now look at potential options for sellers.

To build a profile on Southern Weaners the AMI team has reviewed data of steers and unjoined heifers from South Australia and Victoria, 12 months and under, offered during the traditional selling season of November through to February. From here, 240kg steers and unjoined heifers sold in October compared to January have been compared.

With an abundance of feed across much of the Eastern Seaboard and a strong Northern store market knocking at the door, Southern producers have a range of options in selling their weaners this year. This article will review the potential costs and profit the producers can gain in selling early, holding onto stock, another enterprise option and impacts on their paddocks as a result on these options.

To begin with, sale data has been plotted to compare selling a 240kg steer on 1<sup>st</sup> of October at 496c (lw) or growing out that steer at 1kg/day and 1.5kg/day, and selling on 8<sup>th</sup> January at 450c (lw); whilst comparing if the market rises or falls by 20%. Should the market rise another 20%, the 240kg steers grows in value from a \$1,190 to a \$2,106 steer; but a fall of 20% would see it only grow by \$215/head to a \$1,404 animal.

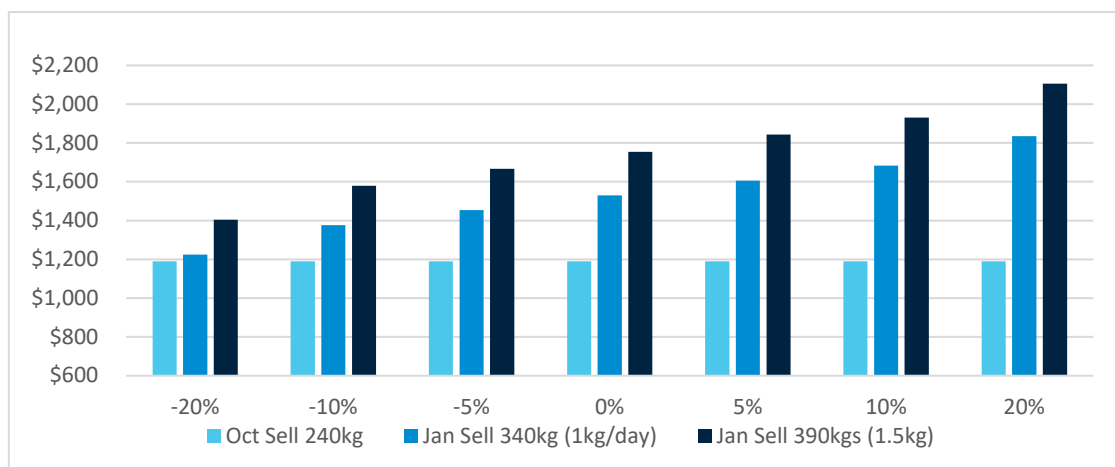


Figure 1. 240kg steer sold October 1<sup>st</sup> for 496c (lw), compared to selling a 340kg and 390kg steer sold January 8<sup>th</sup> for 450c (lw), comparing a market rise of up to 20% and fall of down to 20%





With grass in paddocks there is opportunity to grow cattle out, so producers must consider their options and forecasts for the future. A 20% is not completely out of the question, from January 2020 to March 2020, the average price on AuctionsPlus for weaner steers rose 49%, from \$834/head to \$1,241. However, this was in the peak of the “grass fever” buying that was seen after widespread rain fell across much of the Eastern States of Australia. Since then weaner steers have only risen 0.4% to average \$1,242/head. So, a 20% rise is not expected, even with more rain on the radar, the massive growth in the market has already happened. Can the market fall 20%? This is also unlikely; producers are keen to rebuild their herds after prolong drought. The Australian herd is at a very low point so there is not an plethora of cattle about, and there is no pressure to sell from drought anymore, as many people have grass to feed cattle. Finally, COVID has impacted the retail end of cattle markets to a degree, however these markets are diverse enough to not see a market fall of 20%. So, taking the above factors into consideration, January 2021 will likely see a stable cattle market for producers to sell onto. Thus, the question remains whether the potential profits in January outweigh benefits from selling in October and the impact that will have on paddock management, animal health and business costs.

The other piece to the puzzle is another enterprise option. Producers who are set up can also look at running lambs could look at spreading risk through growing lambs out. Seen below in *Figure 2*. purchasing \$130/head store lamb in Oct and growing out at 300g/day sold in early January at a current locked in rate of \$6.60 (dw) can draw \$37/head.

<b>Purchase Cost (1st Oct)</b>	<b>\$ 130</b>
<b>Sale Costs (8th Jan)</b>	<b>\$ 166</b>
<b>Wool</b>	<b>\$ 6</b>
<b>Costs (mgmt)</b>	<b>\$ 3</b>
<b>Freight to works</b>	<b>\$ 2</b>
<b>Profit</b>	<b>\$37.00</b>

*Figure 2. Purchasing store lambs in October to be sold in January at a locked in contract of 660c (dw)*





Comparing the above to the steers selling at a 0% market increase at 340kgs of \$1,530/head where the profit from selling at \$1,190 is \$340, if a producer run's at a rate of 10 lambs to 1 steer the profit is at a similar level.

With livestock markets in such a positive space, producers have many options available to them, understanding the factors which work best for their business are key to staying profitable.

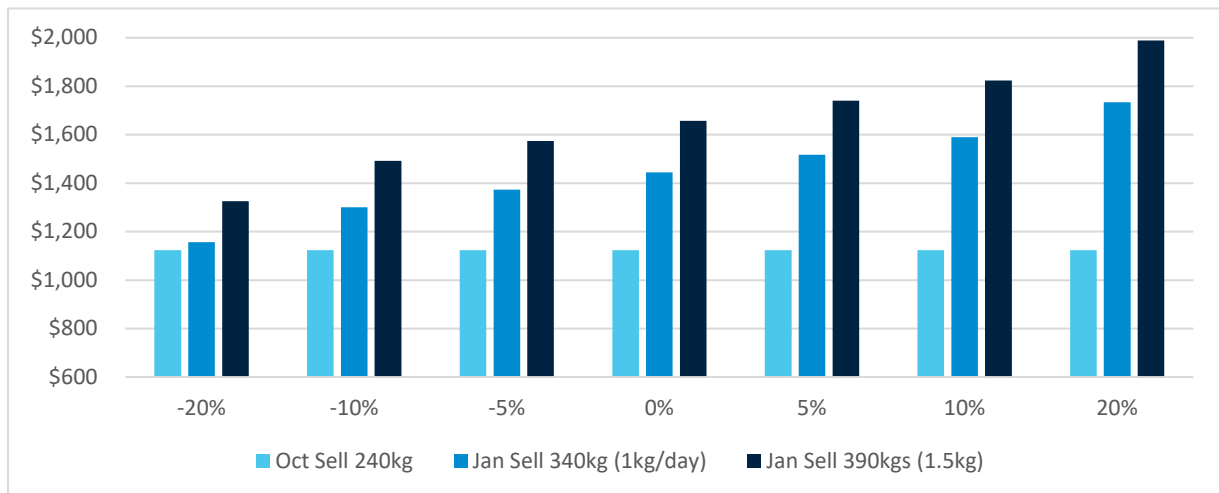


Figure 3. 240kg heifer sold October 1<sup>st</sup> for 468fc (lw), compared to selling a 340kg and 390kg heifer sold January 8<sup>th</sup> for 425c (lw), comparing a market rise of up to 20% and fall of down to 20%

