



Putting the Store Market into Context

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To say that the store market is “in a good space” would be an understatement. COVID-19 has wreaked havoc on almost every corner of the globe. The way people conduct business has changed forever through social distancing; there has been billions of dollars have been wiped off the ASX and the US unemployment rate to reach its highest point since the Great Depression, (rising to 14.7% in April 2020). However, in contrast to this the domestic store sheep and cattle market has not flinched, as producers and growers have been flocking to online sales to fill their paddocks.

A combination of extreme drought, resulting in a depletion of stock numbers, then followed by widespread rain, has created the perfect storm for domestic store stock prices to soar. To review the current run of the store market, the AuctionsPlus Market Insights team (AMI) has utilised key stock category data to contextualise how strong it is despite other events that are wreaking havoc on businesses around the world.

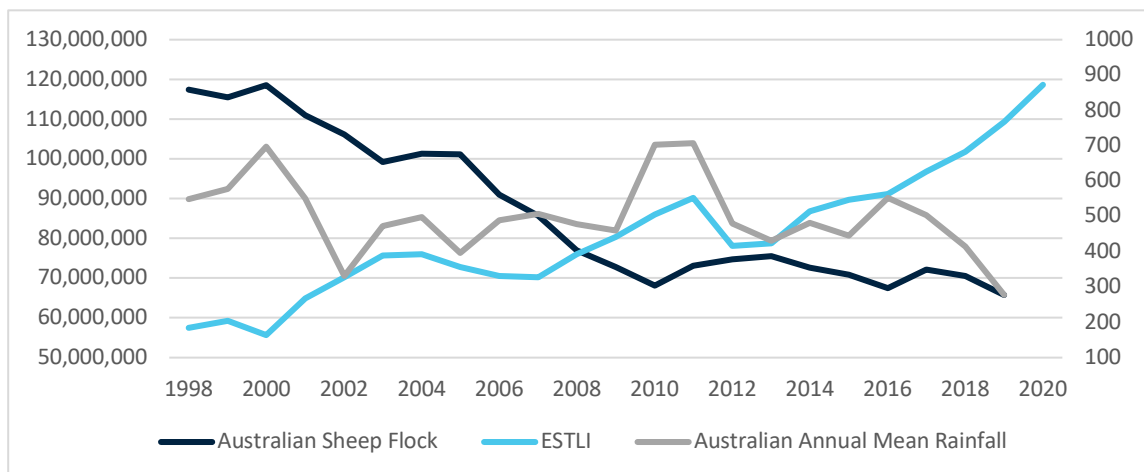


Figure 1. The Australian Sheep Flock 1998 to 2019 vs The ESTLI 1998 to 2020 vs Australian Annual Mean Rainfall, source Meat and Livestock Australia and Australian Bureau of Meteorology

The Australian sheep flock is almost at a 100 year low, and growers are scrambling to find mobs. The demand for stock has seen prices rise sharply. The average price for Merino ewe lambs and wether lambs since January 2015 to May 2020, has risen 101% and 139% respectively, from \$105 to \$211 for ewe lambs; and \$66 to \$157/head for wether lambs. While Scanned in Lamb (SIL) Merino and First Cross ewes have risen 105% and 161%, to average \$291 and \$367, respectively.



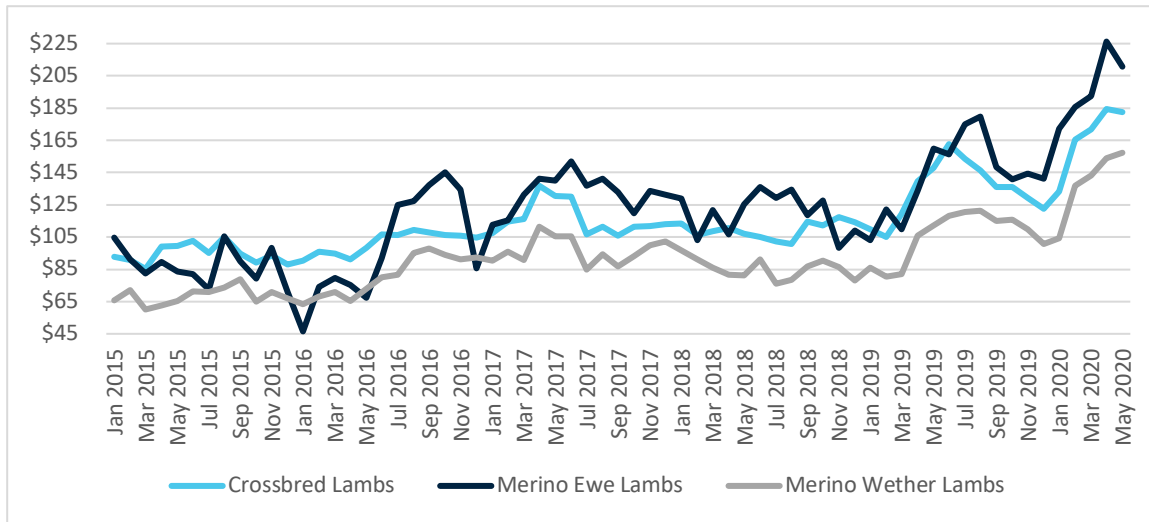


Figure 2. Average prices paid online for Merino ewe and wether lambs on AuctionsPlus, January 2015 through May 2020

On the cattle front, the ‘beef boom’ of the 2016/17 season saw cattle prices climb to these dizzying heights, seen below (Figure 3.). However, 2020 has since surpassed those levels. In September 2016 weaner steers online on AuctionsPlus averaged 414c, while weaner heifers averaged 406c in May 2017. As of May 2020, weaner steers and heifers are averaging 461c and 428c respectively.

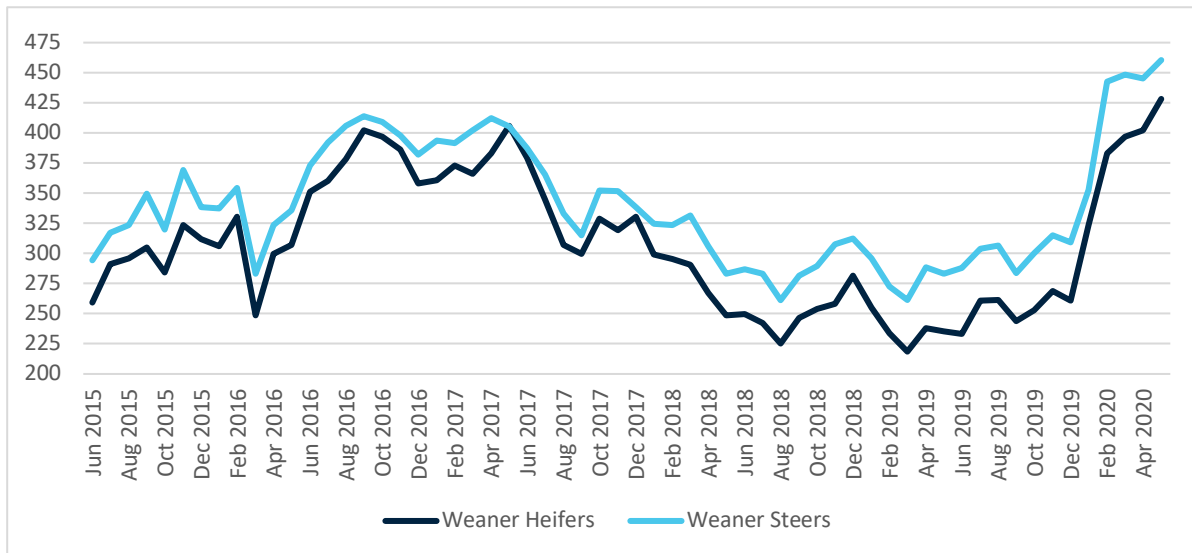


Figure 3. Average prices paid online for Weaner Steers and Heifers on AuctionsPlus, January 2015 through May 2020

Breeding articles in the cattle market have experienced similar positive trends. With the Australian cattle herd at a near 30 year low, the rush to fill paddocks full of feed is on for many producers,





driving prices upwards. The Central West and North West Slopes & Plains of NSW, and Southern Queensland have been the dominant buying regions of PTIC stock, and cows with calves at foot. With the low supply of breeding stock the average price between PTIC stock vs Station Mated has fallen from 42% to 26% from 2019 to 2020 shown in a [recent AMI article](#).

Looking forward, the extreme low stock numbers signal a buoyant sheep and cattle market for the short to medium term as Australia breeds up its livestock herd after years of depletion. However, growers' and producers' willingness to pay these current record prices for stock will only continue, as long as feed is in paddocks, and domestic and overseas markets continue to buy Australian beef and lamb.

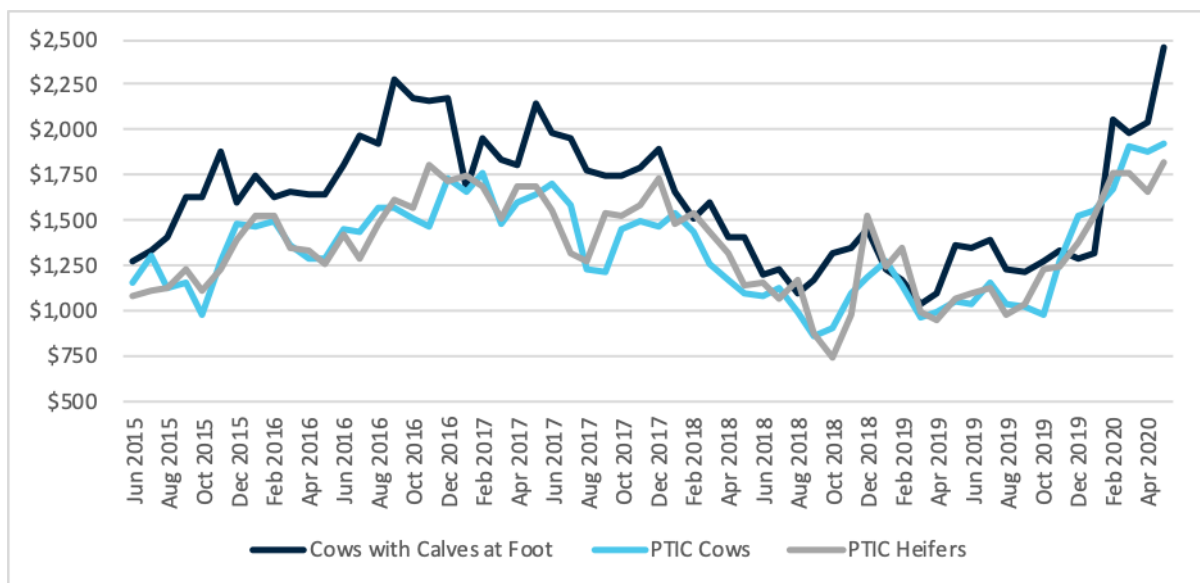


Figure 4. Average prices paid online for Cows with Calves at foot, PTIC and PTIC Heifers on AuctionsPlus, June 2015 through May 2020

