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U.S. drought good news for Australian cattle export market

By Michael Fielding on 10/21/2011

The continued decline in U.S. beef production next year will be a boon for Australian beef exports to the U.S., according to a recently-released industry report, the Rabobank Beef Quarterly.

According to the report, 25 percent of U.S. beef cows live in the drought-stricken states of Texas, Oklahoma and New Mexico – areas that are experiencing the worst drought on record, leading to massive reductions of cattle herds.

Drought is driving aggressive cow slaughter rates on an already-low herd. As a result, U.S. beef production is expected to surge in early 2012.

Some analysts are predicting prices to set records with quarterly averages climbing to \$115 to \$120 and peak seasonal prices in the early spring of 2012 reaching \$125. Beef production is then expected to decline rapidly later in the year and to remain low until at least 2014.