AuctionsPlus
Market Insights

How big is the NSW cattle herd deficit?

As the NSW cattle herd slowly climb out of a multi-decade low, the growth in the herd over the past 12 months has been initially slow, geographically uneven and for some producers, very expensive. As a follow-up from the recent "Buyer and Seller Power Rankings", the AuctionsPlus Market Insights (AMI) team has reviewed the annual size of the NSW cattle herd on a regional basis – highlighting the massive deficit of cattle that still exists for many regions through the state.

As of June 30, 2021, the NSW cattle herd is estimated to be at approximately 3.98 million head, up slightly from the 3.7 million head in June 2020, but still 25% below the most recent high point in June 2017. In absolute numbers, the NSW herd is estimated to be down 1.3 million head over the four full years between June 2017 and June 2021, with most of the liquidation done between the 16-month period stretching from October 2018 to January 2020.

The two NSW regions as of June 30, 2021 which will have the largest herd deficit, will be North West NSW, at 358,000 head fewer than four years earlier, and the Central West of NSW, with 218,000 head less (see table 1). Unsurprisingly, given the extent of the drought through 2018 and 2019, the deficit is widely shared across the central and northern regions of the state, with the Northern Tableland (-215,000 head), Hunter (-170,000 head), the Central Tablelands (-140,000 head) and Western region (-107,000 head) all showing the impact of the drought liquidation.

Table 1: NSW cattle herd by region

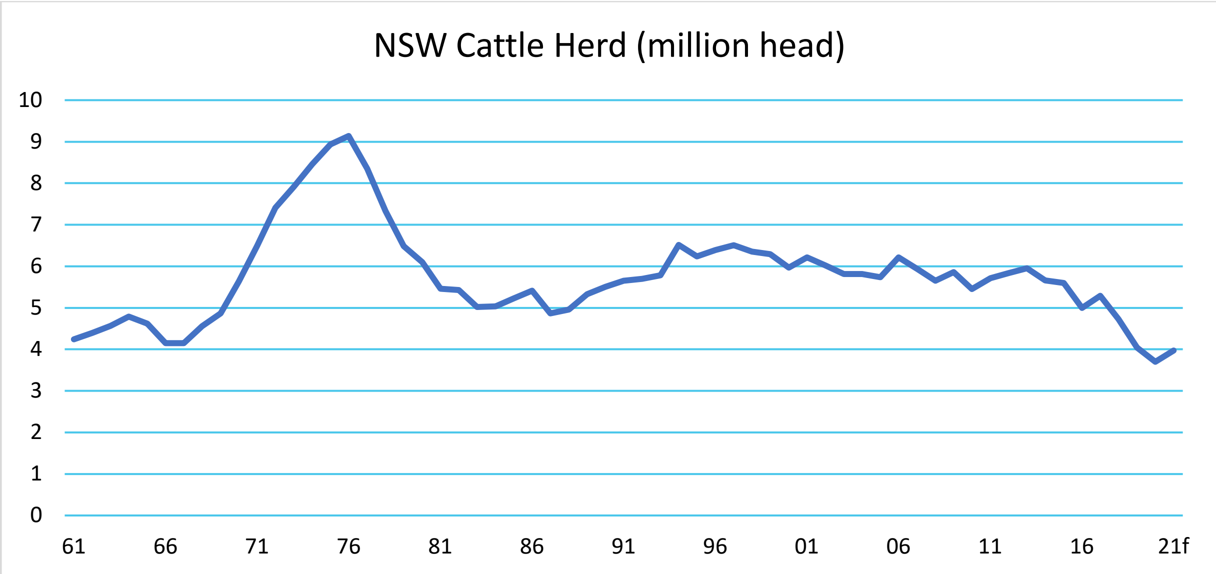
NSW Region	Estimated NSW cattle herd June 30, 2021*	Herd deficit from June 30 2017
	No. of head	*No. of head*
North West NSW	540,000	-358,000
Riverina	536,500	-28,500
Central West	480,000	-218,000
Northern Tablelands	470,000	-215,000
Murray	425,000	-25,000
South East NSW	393,000	-30,000
North Coast	355,000	-22,000
Central Tablelands	342,000	-140,000
Hunter	333,000	-170,000
Western (Lower Murray Darling)	85,000	-107,000
Greater Sydney	24,500	-6,000

*Source: ABS, MLA, AuctionsPlus Market Insights Estimates**

Of the regions stated, the relatively small decline in the southern NSW cattle herd for the Riverina and Murray, as the second largest and fifth largest regions, at 536,500 head and 425,000 head, respectively, is somewhat in contrast to the significant falls registered for the major cattle regions in central and northern regions. Reviewing data back to 2015, the herd for the Riverina and Murray appears very stable. However, further research suggests that the significant liquidation for both regions occurred through the previous drought periods, and the "relatively" steady numbers in recent years is more reflective of a regional herd that has been maintained at a historically low level over the previous four years - with any expansion coming through other industries, such as lamb, sheep, and cropping.

To put in a historical context, utilising data collected by the Australian Bureau of Statistics and collated by MLA, the NSW cattle herd was at a low point of 3.7 million head in June 2020 - the lowest level since 1960 (see chart 1). In 1960, the Australian cattle herd was at 15.4 million head in 1960, which gave NSW 25% of the national herd. The largest NSW herd on record was recorded in 1976, at an astounding 9.14 million head, as the national herd hit its all-time high 31.8 million head – which was right in the middle of the worst extended cattle market slump experienced by Australian producers.

Chart 1: NSW Cattle herd (million head)



*Source: ABS, MLA, AuctionsPlus Market Insights Estimates**

It appears that the NSW cattle herd still has a very long way to go before it reaches the 2017 level of 5.3 million head, and even further if the 30-year average of 5.78 million head is to be challenged. While the desire from producers to rebuild is currently very strong, assisted by the current price outlook, history shows that a run of favorable seasonal conditions will be the underlying factor for the sustainability of this rebuild.

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