

AuctionsPlus Quarterly Buyer & Seller Power Rankings

AuctionsPlus inaugural quarterly **Buyer and Seller Power Rankings** has been developed by the AuctionsPlus Market Insights (AMI) team to increase market awareness regarding the transactional trends and regional movement of cattle through Australia's largest cattle market. With all livestock sales on AuctionsPlus, the geographic data of the participants is provided, but remains confidential on an individual basis. However, the aggregation of the geographic data of buyers and sellers over a longer period, in this instance quarterly, can be very instructive and highlight various transactional trends in regions across Australia.

Methodology:

1. Aggregate AuctionsPlus cattle transaction data for 1st January – 31st March 2021
2. Categorize data into 36 defined regions across Australia
3. Classify regional data into buyers and sellers
4. Sort each of the buyer and seller data by sex
5. Weight regions by AMI's national cattle herd estimates for the defined 36 regions
6. Apply a constant assessment score across all 36 regions to attain ranking

Key features for Buyer and Seller Power Rankings for 1st January – 31st March 2021:

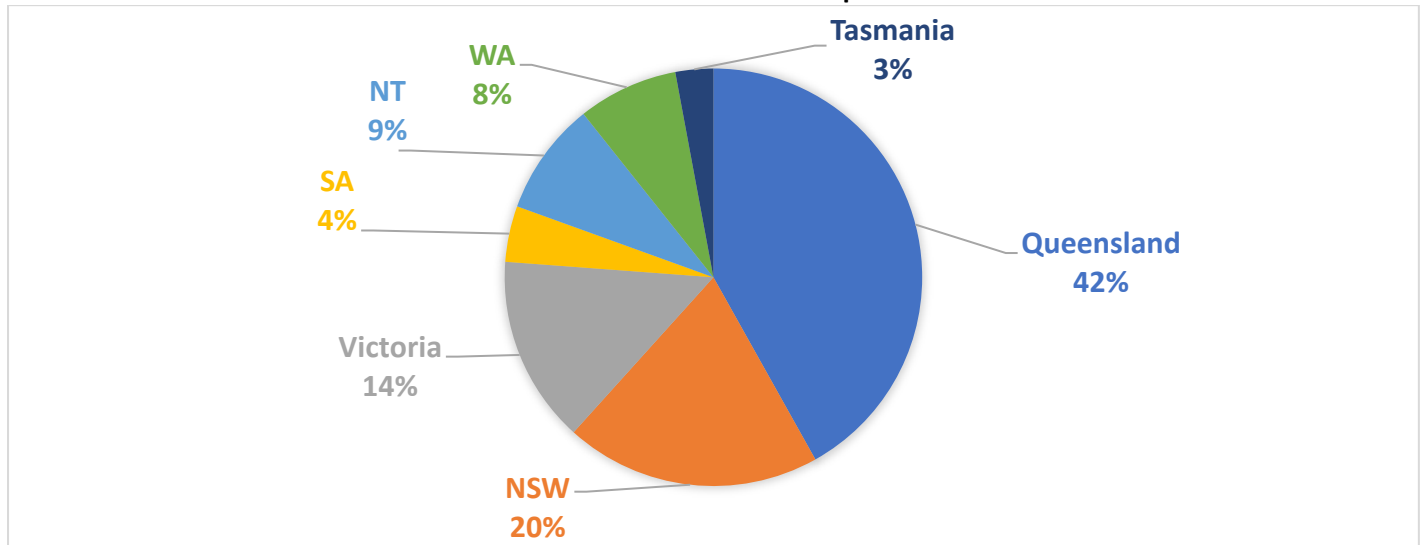
- **190,000 head of cattle were offered through AuctionsPlus**
- **Average clearance rate was 83.6%**
- **Australian cattle herd as March 2021 estimated at 24.9 million head (AMI estimates)**
- **A region must have had greater than 1,000 head transacted to be included in final rankings**
- **Ranking is also influenced by AuctionsPlus participation rates across the 36 regions**

Buyer Power Rankings – March Quarter 2021

Results: Given the significant turnaround in seasonal conditions throughout 2020, the highest-ranking regions in the buyer category for the March quarter were primarily regions at the end of their first year of a rebuilding phase. Table 1 lists the top 10 weighted buying regions in Australia which have transacted through AuctionsPlus. The prevalence of larger NSW regions in the rankings was largely anticipated, however, based on weighted rankings for the quarter, the top spot went to the SA Eastern Pastoral region.

Given that AuctionsPlus purchases for each of the 36 regions is weighted by its estimated total herd, Queensland regions were largely “underweight” for buying this quarter. In absolute terms however, Queensland accounted for 33% of all cattle purchased through the AuctionsPlus platform for the March quarter of 2021, while it was estimated to carry 42% of the national herd for the same period (see chart 1). Patchy seasonal conditions across Queensland dampened widespread sentiment for rebuilding throughout the quarter, as experienced by NSW.

Chart 1 – Australian cattle herd distribution – AMI estimates March quarter 2021



Source: AuctionsPlus Market Insights Estimates (AMI), ABS

Rank 1: The very first number 1 ranking for the inaugural buyer rankings was somewhat surprising, in the Eastern Pastoral zone of South Australia, with a ranking score of 207 - a region that contains the SA Murray Darling Basin through to the Mount Lofty Ranges & Adelaide. Of the cattle purchased through AuctionsPlus for the quarter, 58% were female, which compares to the 62% nationally for the same period. Compared to the same period in 2020, purchases by the region increased 52%.

Rank 2: The Northern and North East region of Victoria pipped the larger NSW and Queensland regions into the second ranking for the quarter. Compared to the number 1 ranked SA regions, this region in absolute terms had 68% more purchases, but has a herd which is estimated to be 104% larger. In contrast to many of the top 10 buyer regions, the majority of purchases were steers.

Table 1: Buyer Power Ranking – March Quarter 2021

Rank	State	Region	AMI Ranking Score*
1	SA	Eastern Pastoral	207
2	VIC	Northern & North East	170
3	NSW	Northern Tablelands	155
4	NSW	Riverina	141
5	QLD	South West	130
6	NSW	NW Slopes and Plains	122
7	NSW	Central West	115
8	VIC	South West	95
9	SA	Mid & Upper North SA	86
10	NSW	Hunter	92

Example: For an individual region to gain a higher-ranking score in the June 2021 quarter, it would need to purchase an increased proportion of total AuctionsPlus purchases nationally, assuming the regions weighting of the national cattle herd remained unchanged.

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Rank 3 & 4: The Northern Tablelands and Riverina regions of NSW secured rankings 3 & 4 for the quarter. While at either end of NSW, both regions purchasing was influenced by the same factors of rain and rebuilding. For Northern Tablelands purchases, female purchases for the quarter hit 70% of all acquisitions - a clear indication of the rebuilding intentions in one of the key breeding regions. For the Riverina, the female proportion was lower at 53%, but considerably higher than the same period in 2020.

Rank 5: South West Queensland came in ranked number 5 for the quarter. Given the patchy seasonal conditions through Queensland in the quarter, many of the purchases were reportedly out of the neighboring southern and western regions – which only received drought breaking rains in late March.

Rank 6 -10: Given the first five ranked regions, there was no great surprises in the regions ranked 6-10 for the quarter. For the three NSW regions, the rebuilding intentions were front-and-center in purchases, with females making up 73%, 79% and 65%, of purchases for the NW Slopes and Plains, the Central West and Hunter, respectively. The Mid & Upper North of SA just made the cut-off to be included in the rankings, with just over 2,000 head offered for the quarter.

Seller Power Rankings – March Quarter 2021

Just as you cannot have heads without tails, you cannot have a buyer power ranking without a seller ranking. For the March quarter 2021, the top 10 ranked selling regions was dominated by NSW, with the state making up 56% of the sales, but only 20% of the estimated national herd for the quarter.

As per Table 2, there was a very surprising number 1 ranked region – being the region that encompasses the Central Coast, Illawarra & Sydney Basin (see below for further details).

Despite the very surprising result for number 1, the absence of Queensland selling regions within the top 10 is notable at first glance. However, on further consideration it is not surprising – given the structure of the industry in Queensland and large flow of heavy and finished cattle directly to the processing or live export sectors. Indeed, while accounting for 33% of all cattle purchased throughout the quarter through AuctionsPlus, Queensland only accounted for 24.8% of AuctionsPlus sales, with the South East corner making up for 75%. According to the ABS, Queensland accounted for 45% of Australia's adult cattle slaughter in 2020.

Rank 1: With only an estimated 0.1% of the national herd for the quarter, the number of cattle sold out from the Central Coast, Illawarra and Sydney Basin region of NSW was well above its proportional representation – easily exceeding the 1000 head cut-off for the rankings. In validating the result, anecdotal reports suggest that the lack of major physical saleyards within this region clearly favored the online platform, hence the overweight representation in sales. Additionally, the record prices available for almost all lines of cattle throughout the quarter encouraged the marketing of cattle.

Comparatively, this region failed to make the cut-off in the buyer rankings, with less than 1,000 head being purchased. It will be very interesting to see how this region performs in future rankings, but it is suspected this is a one-off performance. However, the data is correct, the ranking true and therefore it gets its number 1 ranking for the quarter.

Table 2: Seller Power Ranking – March 2021

Rank	Region	Region	AMI Ranking Score*
1	NSW	Central Coast, Illawarra & Sydney Basin	632
2	NSW	Central West	205
3	NSW	Northern Tablelands	158
4	NSW	North West Slopes and Plains	157
5	NSW	Riverina	155
6	SA	Eastern Pastoral	134
7	VIC	Southern & Snowy	128
8	VIC	North East & Northern	125
9	NSW	Monaro, Southern Tablelands & South Coast	110
10	NSW	Hunter	100

Example: For an individual region to gain a higher-ranking score in the June 2021 quarter, it would need to record an increased proportional of total AuctionsPlus sales nationally, assuming the regions weighting of the national cattle herd remained unchanged.

Rank 2 – 5: The four NSW regions, placed 2 through 5 in the sellers’ rankings for the quarter all experienced very similar factors underpinning the high rating. The favorable seasonal conditions for the regions that had spanned the previous twelve months delivered an excellent crop of weaners throughout 2020, albeit reduced in absolute numbers given the drought induced herd liquidation of the previous years. Rankings highlight that many producers have chosen to capitalize on the higher prices and sell young cattle throughout the quarter, bringing in unprecedented per head incomes – either helping to pay down the high costs incurred from drought years, or chase higher priced additional proven females for herd rebuilding. Given these regions also appear in the top 10 buyer power rankings (see Table 1), it is evident that most cattle were purchased and transferred within each region.

Rank 6 – 10: Interestingly, the five regions, which were relatively closely ranked, all demonstrated very similar features throughout the quarter. Similarities include a larger than average percentage of females sold - ranging from 70% in the Hunter and Southern region of Victoria, to 56% and 58% in North East Victoria and the Eastern Pastoral zone in SA, respectively. Some reports indicated producers choosing to sell weaner heifers at the very favorable returns, while holding steers to finish to heavier weights, given the improved seasonal conditions. Analysis of the buyer activity for these regions fails to indicate whether the sales of females was aimed at purchasing older, proven breeders (such as cows with calves at foot), which would accelerate rebuilding activities.

Summary:

Given the extensive geographic and transactional data that AuctionsPlus collects from every sale, it is anticipated with time that the above analysis will be instructive, interesting, and if nothing else, a novel way to look at the buying and selling activity through Australia’s largest cattle market.

While every survey, or series of reports must have a first edition, it is expected that future ranking lists will be released in the first week of each quarter. As the quarters accumulate, the trends, intentions and producer sentiments for AuctionsPlus participants will start to emerge - which will add some fresh and timely information to the existing resources for the supply dynamics of the Australian cattle herd.

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