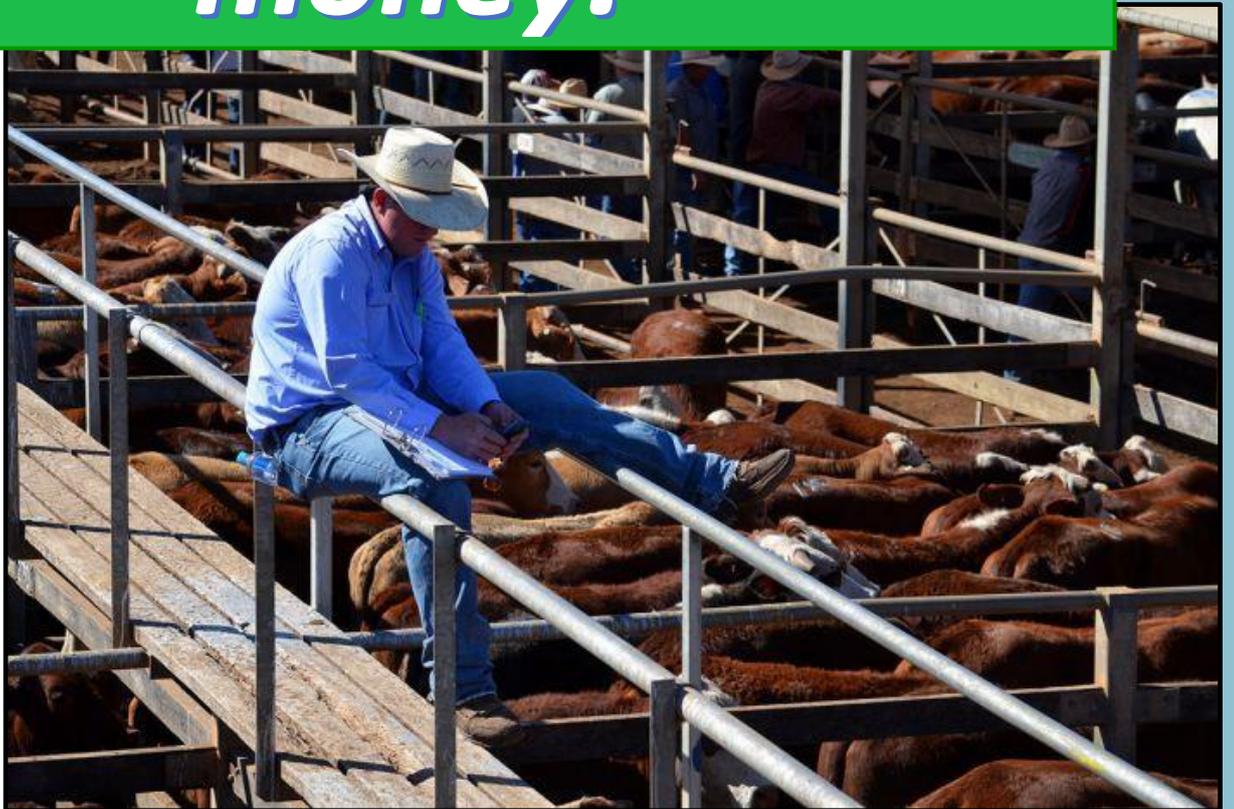


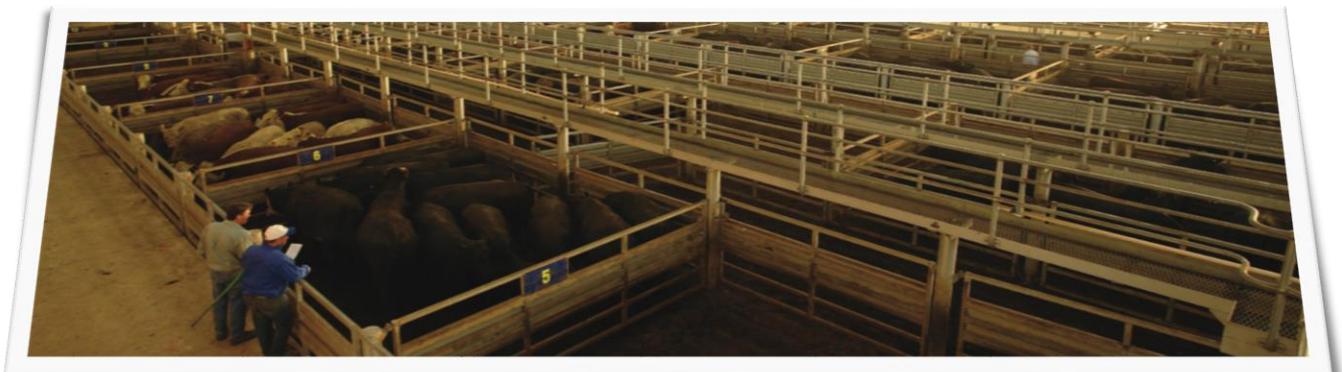
*How market reports  
can help you make  
money.*



*This leaflet has been commissioned by Victorian Livestock Exchange P/L (VLE) for the purpose of demonstrating how producers may utilise market reports to assist them in making more informed marketing decisions when selling livestock.*

*The data used in producing this leaflet has been sourced from Meat & Livestock Australia (MLA). This data has previously been presented to the public via the media and other means. Information in this leaflet is based on past data. All data was true and correct at the time of printing.*

*It is the reader's responsibility to ensure they use the information appropriately for their individual circumstances. VLE makes no representations or warranty for future prices. VLE is not liable for any loss or expense of any kind resulting from any use or misuse of the information.*



Every week Meat & Livestock Australia (MLA), through its National Livestock Reporting Service (NLRS), produce market reports for major markets across Australia.

We've all read these reports in the paper or listened to them on the radio. We've all seen the posters, such as shown below, at our local saleyard explaining how to read the market report.

Whilst we all check the reports to see what the cattle prices are in our local saleyards, how many of us have used the market reports as a means of increasing our income?

So how can this be done?

Consider if you were a smaller producer in the Cressy area, west of Geelong, producing 100 head a year and you were weighing up your saleyard options.

Knowing that your cattle type is Yearling Heifers of C3 grade and weigh upwards of 400Kg, you decide to look closer at Ballarat and Pakenham to see what prices are offered over time.

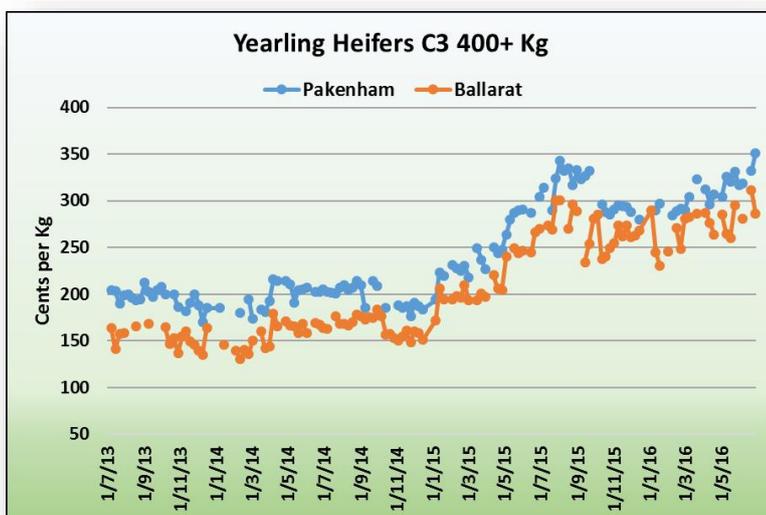
**Detailed saleyard report - Cattle**  
Market information provided by MLA's National Livestock Reporting Service (NLRS)

**Saleyard**  
Yarding Change: 3540 / 1244  
report date: 09 Feb 2016  
comparison date: 07 Feb 2016

**Annotations:**

- Green box:** The precursor to the grade score is used to distinguish between:  
GF - Certified graded cattle  
RS - Cattle purchased by restocker and are either finished or kept for future breeding  
FD - Cattle purchased by lotfeeders  
DA - Dairy bred cows, bulls and manufacturing steers  
LE - Stock purchased by live exporters  
PC - Pastoral cattle
- Red box:** These comments give a description of the yarding, a summary of the market trends and detail any factors contributing to price changes. These include the quality of stock, buyer attendance and seasonal conditions.
- Blue box:** Refers to the stock category and weight range.
- Green box:** Refers to the musculo score. There are 5 musculo scores that range from A (extreme muscling) to E (very light muscling).
- Green box:** Refers to the fat score. There are 6 fat scores ranging from 1 (limited coverage) to 6 (extreme coverage).
- Green box:** Refers to the actual liveweight price range and includes the low and high price, and the weighted average.
- Green box:** Represents the estimated dollar per head price. Calculations are based on the liveweight price multiplied by the liveweight.
- Green box:** Provides the estimated carcass weight price. Calculations are based on the liveweight price divided by the estimated dressing percentage.
- Green box:** Provides the price variation from the previous week's sale. The variation only shows the value changes in monetary terms and does not make allowances for the impact of quality on the market.

Reproduced courtesy of Meat & Livestock Australia Limited - [www.mla.com.au](http://www.mla.com.au)



So, from the market reports of the last 3 years, which are available from the MLA website, you record what the average price for your class of cattle has been.

Putting this information on to a graph, as shown to the left, you see that the price for your class of cattle is consistently higher in Pakenham.

Whilst a graph like this can be a quick and easy way for getting an estimation on your options, you're likely to want a little more detailed. For instance, you'd probably want to know that if there is a difference, how much of difference and how often is the difference there. At this point you look to compare the results of the two saleyards more directly.

Knowing that a particular class of cattle is not necessarily sold in a particular saleyard every single week, in order to be fair and accurate, you compare only the weeks when both saleyards have sold your class of cattle.

By looking at these comparable market weeks and deducting one average price from the other, then totalling the difference, an average difference can be calculated.

An example of this calculation is show to the right.

As can be seen, the average difference between the average price in Pakenham and Ballarat for the 9 week period shown, is 39 cents per kilo.

39 cents on a 400Kg animal equals \$156. Multiplied by the 100 animals you produce, this equals a gross benefit of \$15,600.

When you look at the data for the last 3 financial years, you find that the advantage Pakenham has offered over this time is an average of 36.7 cents per Kg. You also find that out of the 106 comparable markets that have occurred during this time, Pakenham has had the higher average price in every market.

**Yearling Heifers C3 400+ Kg**

No.	Week Commencing	Pakenham \$/Kg	Ballarat \$/Kg	Difference
1	18/11/13	\$1.91	\$1.49	\$0.41 /kg
2	25/11/13	\$2.00	\$1.46	\$0.54 /kg
3	2/12/13	\$1.88	\$1.40	\$0.48 /kg
4	9/12/13	\$1.71	\$1.35	\$0.35 /kg
5	16/12/13	\$1.85	\$1.64	\$0.21 /kg
6	10/2/14	\$1.80	\$1.30	\$0.50 /kg
7	24/2/14	\$1.94	\$1.36	\$0.59 /kg
8	3/3/14	\$1.74	\$1.50	\$0.24 /kg
9	17/3/14	\$1.83	\$1.60	\$0.23 /kg
<b>Total</b>				<b>\$3.55 /kg</b>

Source: Meat & Livestock Australia (MLA)

<b>Total</b>	<b>No. of Markets</b>	<b>Average Difference</b>
\$3.55	÷ 9	= \$0.39 /kg

<b>Financial Years of 2013/14 to 2015/16</b>	
What Percentage of Comparable Markets has Pakenham had a higher average price?	Average Price Advantage
<b>100%</b>	<b>36.7 c/Kg</b>

Information Source: Meat & Livestock Australia (MLA)

This would mean that over the last 3 financial years you would have had a very high probability of receiving an additional \$146 per head for your animals. As shown below, this would translate to a gross benefit over the 3 financial years of \$43,800.

No. of Head per Year	No. of Years	Total Head	Price Advantage per Head	Gross Benefit Over the 3 Years
100	x 3	= 300	x \$146	= \$43,800

Having decided that Pakenham offers a better outcome for you than Ballarat, you consider if there is saleyard option that is closer to you that could offer the same as Pakenham. So, going through the market reports of Colac and Camperdown, you repeat the process and compare their results to Pakenham. The results of this are shown in the table below

Financial Years of 2013/14 to 2015/16		
	What Percentage of Comparable Markets has Pakenham had a higher average price?	Pakenham's Average Price Advantage over this market
<b>Camperdown</b>	<b>99%</b>	<b>31 c/Kg</b>
<b>Colac</b>	<b>96%</b>	<b>28.5 c/Kg</b>

*Information Source: Meat & Livestock Australia (MLA)*

	No. of Head per Year	No. of Years	Total Head	Price Advantage per Head	Gross Benefit of Selling at Pakenham over the 3 Years
<b>Camperdown</b>	100	x 3	= 300	x \$124	= <b>\$37,200</b>
<b>Colac</b>	100	x 3	= 300	x \$114	= <b>\$34,200</b>

*Assuming, as earlier in the example, the animal weighs 400Kg*

From the above tables and your previous look at Ballarat, you find that there is very high probability you would have received a considerable gross benefit by selling your cattle at Pakenham than at Camperdown or Colac.

There are, however, other factors to consider.

You consider that it is at least 130km further to transport the cattle to Pakenham than it is to send them to any of the three yards of Ballarat, Camperdown or Colac. In addition to this, you've heard that the yard dues are higher at Pakenham than the other three saleyards. So, you factor this in to the equation. You allow an additional \$20 per head for transport and an additional \$10 per head for yard dues.

	Ballarat	Camperdown	Colac
<b>Pakenham's Price Advantage per Head</b>	\$146	\$124	\$114
<i>Less</i> Additional Transport Cost	\$20	\$20	\$20
<i>Less</i> Additional Yard Dues	\$10	\$10	\$10
<i>equals</i>			
Gross Advantage per Head After Additional Costs	<b>\$116</b>	<b>\$94</b>	<b>\$84</b>
<i>multiplied</i> by Head Produced per Year	100	100	100
<i>equals</i>			
<b>Pakenham's Gross Price Advantage per Full Year Production After Additional Costs</b>	<b>\$11,600</b>	<b>\$9,400</b>	<b>\$8,400</b>

As can be seen in the table to the left, you should always consider what additional costs may be involved as these can tip the balance of whether or not there is a benefit.

In this case, you have found that even after these additional costs there remains a substantial benefit in selling your cattle in Pakenham over selling them in one of the closer saleyards.

Armed with this knowledge, you consider what other options you might have. Perhaps there is another class of cattle that you could produce which would provide a benefit closer to home. Again, the market reports provide you with the information to do this and so you repeat the process with some other classes of cattle. A sample of some other categories of cattle are shown below.

Financial Years of 2013/14 to 2015/16				
	What Percentage of Comparable Markets has Pakenham had a higher average price?	Pakenham's Average Price Advantage over this market	Pakenham's Price Advantage in Dollars per Head	Gross Benefit of Selling 100 Head at Pakenham
<b>Yearling Steers C3 400+ Kg</b>				
Ballarat	99%	26.2 c/Kg	\$105	\$10,500
Camperdown	94%	25.5 c/Kg	\$102	\$10,200
Colac	94%	20 c/Kg	\$80	\$8,000

\*Based on an animal weighing 400Kg

Grown Steers C3 500 - 600 Kg				
	What Percentage of Comparable Markets has Pakenham had a higher average price?	Pakenham's Average Price Advantage over this market	Pakenham's Price Advantage in Dollars per Head	Gross Benefit of Selling 100 Head at Pakenham
Ballarat	100%	31.7 c/Kg	\$184	\$18,400
Camperdown	100%	26.5 c/Kg	\$154	\$15,400
Colac	98%	22.7 c/Kg	\$132	\$13,200

\*Based on an animal weighing 580Kg

Grown Steers C4 600 - 750 Kg				
	What Percentage of Comparable Markets has Pakenham had a higher average price?	Pakenham's Average Price Advantage over this market	Pakenham's Price Advantage in Dollars per Head	Gross Benefit of Selling 100 Head at Pakenham
Ballarat	99%	24.3 c/Kg	\$151	\$15,100
Camperdown	100%	24.5 c/Kg	\$152	\$15,200
Colac	97%	15.7 c/Kg	\$94	\$9,400

\*Based on an animal weighing 620Kg

Information Source: Meat & Livestock Australia (MLA)

Whilst the method we have used so far is quite thorough, some may find it to be too time consuming. An alternative is to calculate the average price range for a category of cattle at a particular market.

To do this, you record from the market reports the low and high price for a category of cattle over a series of markets.

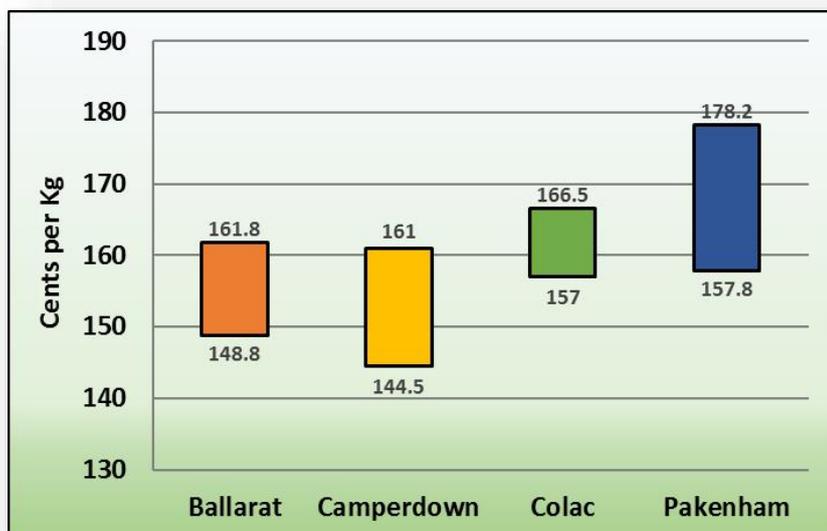
From these you then calculate the average low price and the average high price.

An example of this is shown below.

Category Weight	Sale Prefix	Muscle Score	Fat Score	Head	Live Weight c/kg		
					Low	High	Avg
<b>Grown Steer</b>							
0-400	FD	C	2	14	363.0	- 363.0	363.0
400-500	FD	C	2	20	345.0	- 354.0	351.8
	FD	C	3	151	298.0	- 361.0	334.8
		C	3	25	305.0	- 346.0	321.1

		Yearling Heifers C3 400+ Kg							
Week Commencing		Ballarat		Camperdown		Colac		Pakenham	
		Low	High	Low	High	Low	High	Low	High
1	4/05/2009	148	162	145	162	142	174	155	179.6
2	11/05/2009	142	165	145	162	158	158	160	189.6
3	18/05/2009	150	165	145	155	168	168	156.2	165.6
4	25/05/2009	155	155	143	165	160	166	160	178
<b>Total</b>		<b>595</b>	<b>647</b>	<b>578</b>	<b>644</b>	<b>628</b>	<b>666</b>	<b>631.2</b>	<b>712.8</b>
<i>divided by</i> number of markets		4	4	4	4	4	4	4	4
<i>equals</i>									
<b>Average</b>		<b>148.8</b>	<b>161.8</b>	<b>144.5</b>	<b>161</b>	<b>157</b>	<b>166.5</b>	<b>157.8</b>	<b>178.2</b>

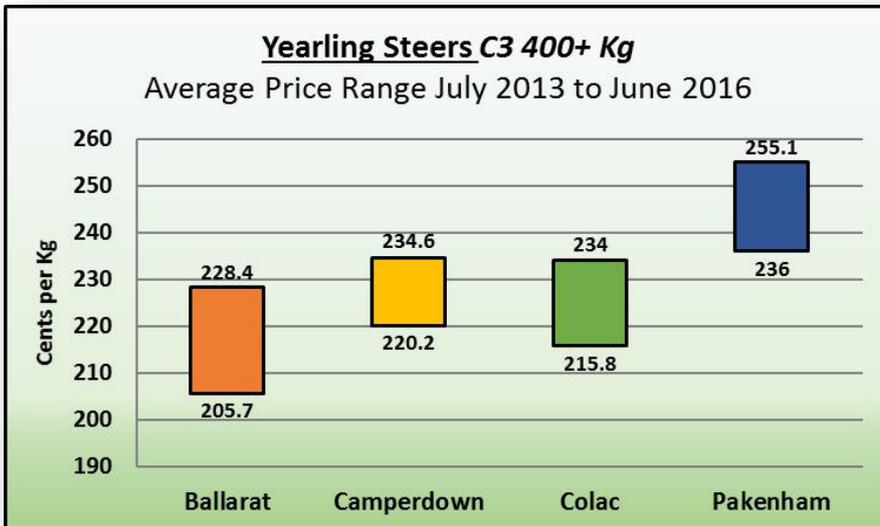
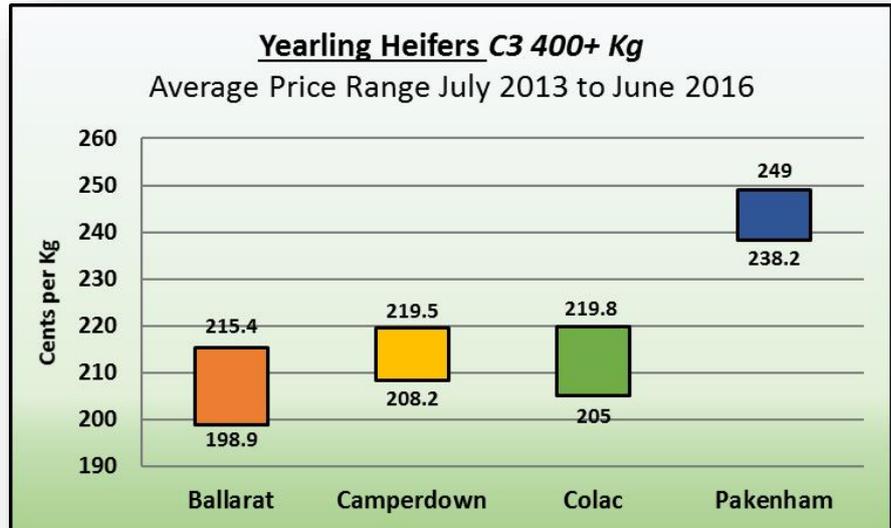
Information Source: Meat & Livestock Australia (MLA)



By knowing the average low price and average high price, the average price range has been calculated. From the example above, the average price range for Yearling Heifers at Camperdown during the month of May in 2009 was 144.5 c/Kg to 161 c/Kg. This information can then be put into a graph, as shown to the left, in order to make comparing saleyards easier.

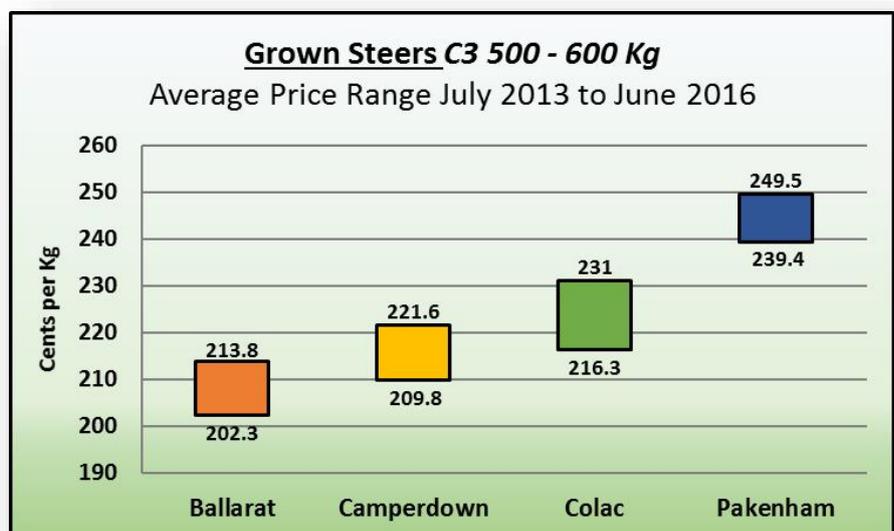
Shown on this page, using the method of the average price range, are graphs for some of the categories of cattle that we looked at using the previous method.

In the scenario where you produce 100 Yearling heifers a year, as seen in the graph to the right, you find your best market option to be Pakenham.



As it has no doubt been realised, calculating the average price range allows you to quickly and easily compare a number of saleyards, much faster than was done with the previous method.

Some may argue that calculating the average price range is a statistically more correct method in providing the full picture of a market's level. This is because it utilizes all sales, not just those that fall into being comparable to the sales in another saleyard.



Data used to create the above graphs was sourced from Meat & Livestock Australia (MLA)

In order to do a direct value comparison between saleyards when using the average price range, the fairest thing to do is to calculate the median of the range and then compare these medians.

The median of a range is simply the half point. For instance, if the low mark of a range is 100 and the high mark is 200, then the median point is 150.

Below is a table showing the median price for each of the graphs from the previous page. Also included is the category of Grown Steers of C4 grade, weighing between 600 and 750Kg, for purpose of comparing results of the method.

	<b>Median Prices (c/Kg)</b>			
	Years: July 2013 to June 2016			
	<b>Ballarat</b>	<b>Camperdown</b>	<b>Colac</b>	<b>Pakenham</b>
<b>Yearling Heifers C3 400+ Kg</b>	207.2	213.9	212.4	243.6
<b>Yearling Steers C3 400+ Kg</b>	217.1	227.4	224.9	245.6
<b>Grown Steers C3 500 - 600 Kg</b>	208.1	215.7	223.7	244.5
<b>Grown Steers C4 600 - 750 Kg</b>	209.0	203.6	220.9	237.8

*Data Source: Meat & Livestock Australia (MLA)*

As seen in the graphs before, your analysis has shown that you have a distinct benefit by selling at Pakenham. You can determine how much this is by subtracting the median prices of the other three saleyards from Pakenham's and then multiplying the difference by the weight of the animal and then by the number of animals. This is shown in the table below and over the page.

<b>Financial Years of 2013/14 to 2015/16</b>						
	Difference to Pakenham's Median Price (\$/Kg)	Weight (Kg)		Benefit Received at Pakenham (\$ per Head)	No. of Head	Gross Benefit of Selling at Pakenham
<b>Yearling Heifers C3 400+ Kg</b>						
<b>Ballarat</b>	\$0.364	X 400	=	\$145.60	X 100	= <b>\$14,560</b>
<b>Camperdown</b>	\$0.297	X 400	=	\$118.80	X 100	= <b>\$11,880</b>
<b>Colac</b>	\$0.312	X 400	=	\$124.80	X 100	= <b>\$12,480</b>
<b>Yearling Steers C3 400+ Kg</b>						
<b>Ballarat</b>	\$0.285	X 400	=	\$114.00	X 100	= <b>\$11,400</b>
<b>Camperdown</b>	\$0.182	X 400	=	\$72.80	X 100	= <b>\$7,280</b>
<b>Colac</b>	\$0.207	X 400	=	\$82.80	X 100	= <b>\$8,280</b>

<b>Financial Years of 2013/14 to 2015/16</b>						
	Difference to Pakenham's Median Price (\$/Kg)	Weight (Kg)		Benefit Received at Pakenham (\$ per Head)	No. of Head	Gross Benefit of Selling at Pakenham
<b>Grown Steers C3 500 - 600 Kg</b>						
<b>Ballarat</b>	\$0.364	X 400	=	\$145.60	X 100	= <b>\$14,560</b>
<b>Camperdown</b>	\$0.288	X 400	=	\$115.20	X 100	= <b>\$11,520</b>
<b>Colac</b>	\$0.208	X 400	=	\$83.20	X 100	= <b>\$8,320</b>
<b>Grown Steers C4 600 - 750 Kg</b>						
<b>Ballarat</b>	\$0.288	X 400	=	\$115.20	X 100	= <b>\$11,520</b>
<b>Camperdown</b>	\$0.342	X 400	=	\$136.80	X 100	= <b>\$13,680</b>
<b>Colac</b>	\$0.169	X 400	=	\$67.60	X 100	= <b>\$6,760</b>

The average price range can be used to verify the previous method of comparing the average price. In the situation that we've gone through, it would be quite reasonable to form the opinion that there is considerable financial reward to be had by selling your cattle at Pakenham rather than either of the other three saleyards given that both methods have shown similar results.

When reading this, it's easy just to see the figures as just numbers on the page. Except they're not. They are numeric representation of the times you and your partner couldn't afford to take the kids on that weekend away. The times you couldn't afford to fix that machine. Or that time you had to face the family after coming home from a difficult conversation with the bank manager. They are not just numbers on a page.

As we all know, in any business success information is a major factor. Having the right information may be one thing but knowing how to use it is vital. Hopefully this brochure has helped you in getting the best out of the market information available.

Market reports can be downloaded from the MLA website, [www.mla.com.au](http://www.mla.com.au).

Alternatively, you can contact MLA's Market Information line on (02) 9463 9372 or email at [marketinfo@mla.com.au](mailto:marketinfo@mla.com.au)

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