# Australia Northern Feeder Cattle Delivered Pricing – a relevant and reliable index, created with the industry, for the industry

*Frequently Asked Questions*

## Who is Argus?

Argus is one of the world's leading price reporting agencies, with over 50 years' experience in the commodities markets. Argus price data are used to settle many financial contracts listed on major global exchanges. Companies in 140 countries use Argus data to index physical trade and as benchmarks in financial derivatives markets, as well as for analysis and planning purposes.

## What is Argus doing in the Australian cattle market?

Argus publishes a weekly average price for northern Australia-delivered feeder cattle every Thursday. The index launched at the end of October 2021. It has been developed in close consultation with numerous industry participants, including producers, feedlots and processors, and responds to growing demand for more transparency and risk management tools in this volatile market. Contributions from a wide pool of sources across the supply chain ensure that the index reflects fair market value.

## What methodology underpins the index?

Argus has worked with over 30 companies in the eastern Australian cattle market to develop the northern feeder cattle index, based on transactions taking place between farmers and feedlots in the country's major cattle heartland, the Darling Downs.

| | |
|---|---|
| Location | 300km radius around Dalby, Queensland |
| Basis | Delivery to the feedlot's weighbridge |
| Volume | Minimum 2-deck or 44-head of cattle |
| Timing | Market information received after 4pm Eastern Time each Thursday may not be included in the assessment |
| Delivery period | Within one month from the assessment date |
| Unit | AUS cents/kg (liveweight) |
| Cattle specifications | Weight: 380-480kg (liveweight) Dentition: 0-2 teet Breed: Flatback (less than 51% tropical breed content) |

### Weekly Argus northern feeder cattle index (AUD c/kg lwt)

**Argus Feeder Steer (AUD c/kg)**

1M  2M  3M  6M  **1Y**  5Y  📅 Custom



30 Mar 23
**355.00** AUD c/kg
**406.00** AUD c/kg

- 🟦 Australia northern feeder cattle delivered
- 🟪 Australia northern Angus feeder cattle delivered

## Australian Feeder Cattle Pricing

| Description | Australian northern feeder cattle delivered | Australian northern feeder cattle delivered monthly avg |
|---|---|---|
| Units | AUS c/kg | AUS c/kg |
| Period | Prompt | Prompt |
| Price | 390.00 | 397.50 |
| Change | -5.00 | -42.10 |
| Date | 2 Feb 23 | 31 Jan 23 |

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## Why has Argus decided to launch the index?

Australia is the world's second-largest exporter of beef. Drought in 2017-19 resulted in cattle prices plummeting as farmers had to sell cattle that they could not feed or water. Prices then more than doubled since the start of 2020 amid the return of widespread rain. These increasingly volatile weather events, combined with seasonal and logistical issues, are driving the need for market participants to hedge their risk and manage their margins. Argus' move into livestock pricing complements its 2020 expansion into the global grains and oilseeds markets, whilst drawing on synergies with its biofuels coverage in markets such as beef tallow.

## Why does the Australian cattle industry need trusted benchmarks?

With the elevated price volatility comes the requirement for trusted benchmarks to manage growing risk, protect margins, monitor price spreads and track opportunities. The index can be used in physical supply agreements and financial derivatives contracts, as well as for analysis and planning.
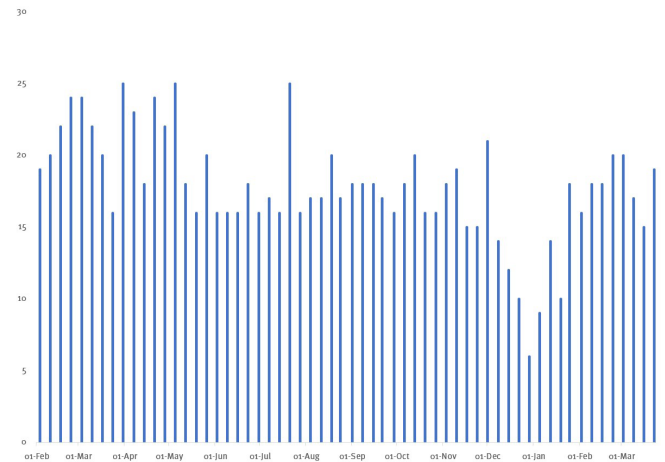
## What sets the Argus pricing apart?

The Australia northern feeder cattle index has been created with the industry, for the industry. It is this close collaboration that ensures price inputs from a deep pool of sources across the supply chain to produce a relevant and trusted price benchmark.

The methodology is based on a tight specification that has been carefully chosen to ensure that the market knows exactly what it is transacting on. This allows for clearer basis markets to be priced off the index, and enables market participants to clearly identify spread opportunities. It also allows market participants to measure correlations between the index and their own off-spec price data, in order to evaluate hedging strategies.

Attempted derivatives products for the Australian cattle market have failed to gain traction in the past because the index underpinning them has been too broad, meaning that market participants do not know what they are hedging with. In contrast, the specificity of the Argus index allows for the development of these much-needed hedging tools.
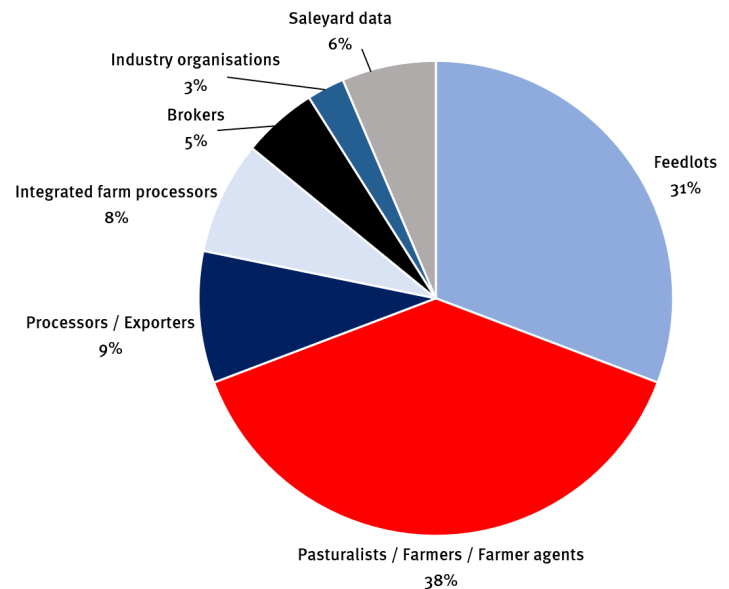
### 2022/23 weekly submissions to Argus northern feeder cattle assessment



### Contributors by type
*Total unique contributors since inception: 78*



- Saleyard data 6%
- Industry organisations 3%
- Brokers 5%
- Integrated farm processors 8%
- Processors / Exporters 9%
- Feedlots 31%
- Pasturalists / Farmers / Farmer agents 38%

## How do I get in touch with Argus on Australian cattle?

To participate in the Argus assessment process or for further information, please contact Jo Clarke, Associate Editor, Sydney: **jo.clarke@argusmedia.com**

Or Fiona Poynter, Global Agricultural Lead, London: **fiona.poynter@argusmedia.com**

## More information

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