

BULLOCK HILLS
BHS
SIMMENTAL

February 2009
Edition No.10

PO Box 777
Katanning WA 6317
Telephone (08) 98228042
Facsimile (08) 9822 8043
Mobile 1 0427 228 042
Mobile 2 0427 228 043

info@bullockhills.com
www.bullockhills.com



2009 SALE BULLS

Welcome

This newsletter showcases this year's WA Supreme Bull Sale team. The Supreme sale will be held at Brunswick on Thursday, February 26, 2009.

On-farm inspection is welcomed.

We thank all who have given us the support and interest in our cattle and would like to thank those who bought bulls at auction and privately in 2008.

Yours sincerely
BRAD AND SYLVIA PATTERSON AND FAMILY.

WWW.BULLOCKHILLS.COM

BRUNSWICK SUPREME BULL SALE TEAM

9 Bulls on offer at WA Supreme Bull Sale
Thursday, February 26, 2009

CONTACT
Brad and Sylvia Patterson (08) 9822 8042



BULLOCK HILLS CATAPULT C65

SIRE: Rosemont Park Zottle Birthdate: 04/07/07
DAM: Bullock Hills Charisma



BULLOCK HILLS CRACKER C7 (ET)

SIRE: BHR Three Sixes Birthdate: 08/01/07
DAM: Bullock Hills Winnie



BULLOCK HILLS CLASSIFIED C40

SIRE: Shawacres Nacobi Birthdate: 30/05/07
DAM: Bullock Hills April



BULLOCK HILLS CALEB C41

SIRE: Shawacres Nacobi Birthdate: 23/05/07
DAM: Bullock Hills Cadence



BULLOCK HILLS CHEETAH C8 (ET)

SIRE: BHR Three Sixes Birthdate: 10/01/07
DAM: Bullock Hills Tango 0004



BULLOCK HILLS COOL CAT C64

SIRE: Rosemont Park Zottle Birthdate: 01/07/07
DAM: Bullock Hills Yippee

NEWS FROM THE HOME FRONT

BULLOCK HILLS welcomes you to our 2009 newsletter where we would like to inform fellow cattlemen of our breeding and bull selling program, and what's happening within the industry in Australia and worldwide.

Bullock Hills' focus on the viability of commercial cattle breeders remains of paramount importance. In today's economic climate it is more important than ever that a commercial herd is performing at its optimal level.

Finishing and marketing our own cattle allows us to measure our genetics in the commercial field. Our faith in the Simmental breed has never been stronger and our desire to consistently breed bulls of the highest standards continues. Before all bulls are available for sale, they are assessed structurally, semen tested and monitored for growth and performance. Growth and performance of young sires is monitored very closely post weaning.

A percentage is removed at weaning (5-7 months) while the rest are closely monitored. At 10-12 months, usually at the break of the season (May-June), bulls are set aside for four months with very little



☐ Sam (left), Lachlan and Hayden Patterson and Heinrich Momberg weaning the stud calves in January 2009

attention. Paddock performance in this period is critical.

Of equal importance is a bull's ability to perform and gain weight leading into summer and into the selling season. This exercise is only part of the rigid culling process but is becoming more important in our quest to sell honest and reliable bulls.

Bulls on offer in the 2009 WA Supreme sale have met all these requirements, met agents assessments, and in our belief are most suitable to our variable climatic conditions.

Our desire to breed suitable cattle for our environment and West Australian markets has been enhanced with our close association with Woonalee Simmentals in South Australia. This has seen the continued use of South African and proven Australian genetics both in artificial and embryo transfer programs.

We are very grateful for the support shown at auction and privately during the past thirteen years. It gives us great pleasure to introduce you to our 2009 team. We wish you all a very successful cattle season this year.

BULLOCK HILLS SIRES AT WORK COMMERCIALY



☐ Four and five-year-old working bulls purchased in 2006 and 2007 by Ross Manning, Busselton. Photographed January 29, 2009



☐ Private sale bulls - available for inspection on-farm

EXPECT CONFUSION IN 2009

BOTH the domestic and export markets are set to experience a year of confusion which may extend beyond 2009.

World beef production has continued to rise slowly and is forecast to reach a record level in 2009.

From about 1992 consumption generally exceeded production and consequently by 2005 world stocks had fallen to their lowest level in the last 20 years.

The Australian herd is forecast to rise from 28.3 million cattle to 28.85 million animals by the end of the year, of which 50% will be breeding females. A higher anticipated weaning rate of 69.5% reflects improved management techniques, particularly in the northern pastoral herds.

The forecast slaughter of 8.6 million head is evidence of further expansion of the herd evident since 2005 and the consequential decline in production since the rebuilding phase began.

Domestic consumption is likely to remain steady, although we may see a fall in retail price as export product is redirected to the Australian market. If so, it may be reflected as increased consumption of beef. A more likely scenario is an increase in chicken in the family diet.

Any increase in the production of domestic pork will take time to meet the expected increase in demand. Undoubtedly, this will be filled with a higher tonnage of imported product from Canada.

On the West Australian front, it is simply a case of wait-and-see as to what, if anything may transpire to provide sustainable profitability to our industry.

Lower input costs for grain finished cattle and a falling \$A will be beneficial to the local industry.

The international scene is only a little brighter. Japan maintains its place as our largest beef export market in 2008, although exports fell 4% to 364,302 tonnes.

Whilst exports for 2008 remained 10% below the record volume of 405,794 tonnes of 2006, it was still a very strong result given the low grainfed beef supply, higher A\$ during the first half of the year and increased competition from the US later in the year.

The increased cost of production during the extended drought resulted in grain-fed product making up only 41% of shipped weight – the lowest level since 2003.

Japanese consumers reacted to concerns over meat safety, significantly increasing pig meat and chicken consumption while decreasing beef consumption. Pork remains the preferred meat after fish with health concerns of BSE in beef remaining a serious issue in Japan.

It is noticeable that many Australian retail outlets are now marketing chilled, bagged beef branded in Japanese, indicating a redirection of product due to reduced spot-market purchasing.

With the US economy in turmoil and



□ Bullock Hills private sale bulls

500,000 jobs disappearing every month, consumers are moving from restaurants to burgers, bringing good news and bad news to Australia.

Demand for our premium cuts will diminish but already cow prices are on the move as greater tonnage of lean, manufacturing product is required to blend with US lotfed trimmings to attain the maximum taste threshold of 16% fat in a burger.

Sharp falls in shipping rates and a lower Australian dollar will counter the slump in US demand to some extent.

Russia, Australia's fourth-largest export destination, remains a volatile market and the financial crisis has dented the Russian economy severely.

Containers of Australian beef is being re-routed to alternate markets or shipped back to Australia in recent weeks as buyers are unable to source credit. Russian beef consumption will fall considerably and be replaced by chicken and pork in the immediate future.

Brazilian exports have declined sharply although the long-term outlook indicates that increased feedlotting, shorter fattening times, better pasture management and genetics will achieve a significant rise in production and export tonnage.

As expected, the Brazilian cattle industry the loss of 17 million hectares of beef production land to farming, mainly cropping is becoming apparent, although some expansion in the north (Amazon) is compensating for the loss.

Argentina has the world's sixth largest cattle herd but the fourth largest beef cow herd. This gives Argentina significant capacity to increase production but only if the government lifts the absurd tariff on exports, designed to artificially suppress the

price of domestic beef and placate the electorate.

With 11% of the value of a beast in the form of co-products, the chronically-ill market for hides and suppressed export demand for almost all offals is suppressing the cattle market further.

Hides are almost unsaleable and the market for leather in car and home furnishings upholstery will remain depressed for several years.

However opportunities will exist to maximize returns for 2008 drop calves during the winter months with weather-damaged grain and roughages on offer at discounted values. It is likely that beef produced to domestic specifications will compete with heavier export product in Australian food service and retail outlets in 2009 unless there is a dramatic and unlikely turnaround in financial markets throughout the world.

The truth of the matter is that we have yet to feel the impact of the global financial crisis.

Job losses are only a trickle at present, however forecasts of a long, difficult road to recovery become more realistic every day.

The financial performance and security of business enterprises will be scrutinized carefully by lenders and it is inevitable that some will be refused credit for both short and long-term borrowings.

Virtually all input products, particularly labour, are likely to become cheaper to put a lid on production costs.

As always, the misfortunes of people present the greatest opportunities for others and so it will be over the next two to three years. Astute farmers will be faced with opportunities for both agricultural and off-farm investment which have not been available for a number of decades.