

Diary Dates

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23 January 2010

Love Beef Week

8-14 February 2010

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LMC BULLETIN

Thursday January 07, 2010

Issue No. 2098

In 2009, with domestic lamb supplies down and reduced imports from New Zealand, NI lamb producers enjoyed very high prices with new season lambs hitting £5.00/kg. The higher prices lasted until about June when prices came under pressure for several weeks, eventually falling back to less than £3.00/kg.

We are already seeing signals that producers could be benefitting from higher prices in the first half of 2010 with hogget quotes of around £4.00/kg early this week and supplies forecast to be weaker than last year. However, producers need no reminding that lamb production is a seasonal business and that a weaker supply of hoggets / lambs in the first half of the year will be followed by a flood of supply in July and August. Farmers are also keenly aware that the increased supplies coincide with a seasonal weakness in demand. The seasonality of demand and supply in the lamb market is illustrated very

Dealing with sheep market seasonality in 2010

clearly in Figures 1 and 2 and this naturally has a knock-on effect on farmgate prices.

A consistently strong year-round sheep price is a natural ambition for farmers. However, as Figure 3 illustrates, this ambition has not been realised in recent years. Figure 3 shows that in 2008 and 2009, sheep prices have been high in the spring when lamb / hoggets were scarce and lower during periods of peak supply. This was also the case in 2007; however, it is clear that the impact of seasonality has been greater over the last two years.

With tighter supplies, increased retail prices and lamb increasingly becoming regarded as a niche product for special occasions this seasonality is likely to continue and farmers would be advised to expect further seasonal fluctuations in 2010.

Experience shows that farmers would do well to avoid marketing lambs between July and October, although for many, this is practically impossible. However, while it is difficult for farmers to beat the wider seasonal price swing between spring and autumn, it may be possible to exploit shorter-term price fluctuations, driven by increased demand prior to religious or ethnic festivals.

The impact of religious festivals on lamb demand in the British Isles is very clear given that Easter is typically associated with peak demand. However, the impact of the Muslim festival of Eid ul-Adha will not have been lost on any sheep farmers who sold lamb in November 2009. Due to increased ethnic demand, prices rose steadily in November in the run up to the festival, which occurred on the last weekend of the month. It is also worth noting that reduced retail prices during November also led to increases in general retail demand, which in turn drove up farmgate prices. We noted in the Bulletin at the time that the ethnic lamb market is no longer a niche business. With Muslim's making up 3% of

Figure 1. NI Sheep Slaughtering ('000 head per week)



Dealing with sheep market seasonality in 2010

the UK population, but consuming 20% of the lamb, the size and potential of this market is clear.

With several of these ethnic festivals throughout the year, lamb producers have an opportunity to time the slaughter of their sheep to correspond with occasions of greater demand, such as festivals. Figure 3, which denotes festivals using different coloured dots, illustrates how the festivals coincide with increases in price in the preceding weeks. Of course this is not always

guaranteed and it is important to stress that the impact of the increased demand does not compensate for the broader seasonal swing in prices. However, paying close attention to the timing of these festivals could mean that farmers maximise their price at times of high supply. Of course, if all farmers were to do this, any potential benefit would probably be lost.

Table 1 provides more details about these festivals, including dates for the next four years. It may be useful for reference later in 2010.

Table 1. Selected Christian, Jewish and Muslim Festivals 2009-2013

Key	Holiday	Religion	2009	2010	2011	2012	2013
●	Mawlid al-Nabi Prophet's Birthday	Muslim	09/Mar	26/Feb	15/Feb	04/Feb	24/Jan
●	Passover	Jewish	09-16/Apr	30/Mar - 06/Apr	19-26/Apr	07-14/Apr	26/Mar - 02/Apr
●	Easter	Christian	16/Apr	04/Apr	24/Apr	08/Apr	31/Mar
●	Start of Ramadan Month of Fasting	Muslim	22/Aug	11/Aug	01/Aug	20/Jul	09/Jul
●	Eid ul-Fitr Festival of Fast Breaking	Muslim	20/Sep	09/Sep	30/Aug	19/Aug	08/Aug
●	Josh Hashanah	Jewish	19-20/Sep	09-10/Sep	29-30/Sep	17-18/Sep	05-06/Sep
●	Eid ul-Adha Festival of Sacrifice	Muslim	27/Nov	16/Nov	06/Nov	26/Oct	15/Oct
●	Muharram Islamic New Year	Muslim	18/Dec	07/Dec	26/Nov	15/Nov	04/Nov
●	Christmas	Christian	25/Dec	25/Dec	25/Dec	25/Dec	25/Dec

Figure 2. GB Consumer Lamb Demand by Volume 2008-2009 (Four Week Periods)



Figure 3. Weekly Farmgate Lamb Price 2008-2009 / Religious / Ethnic Festivals



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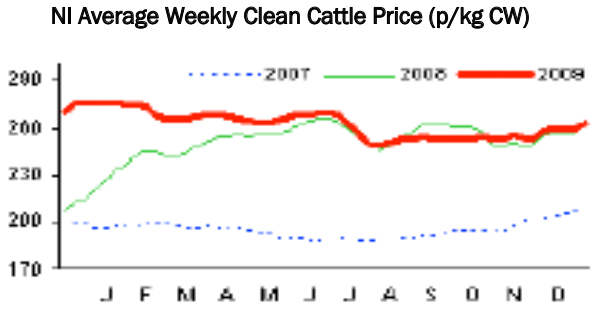
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NI CATTLE PRICES (W/E 02/01/2010)				
	Steers	Heifers	Young Bulls	Cows
U2	272.9	270.9	260.6	-
U3	271.3	275.7	262.9	210.0
U4L	259.6	269.6	259.3	224.0
R2	264.5	264.5	254.5	220.0
R3	268.0	270.1	256.7	207.6
R4L	261.4	265.4	254.7	216.3
O+2	250.5	262.9	249.3	179.6
O+3	264.6	261.1	251.4	213.2
O+4L	260.7	256.1	248.0	215.1
O3	251.6	246.6	251.5	197.6
O4L	249.8	244.7	238.0	206.4
P+2	-	-	-	157.0
P+3	-	-	-	191.1
Average	264.9	266.3	256.1	190.9

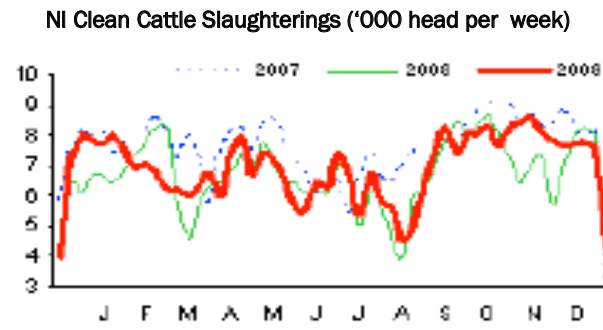
The NI Cattle Prices Table has been amended to include more detail with prices for a wider range of grades provided. If you need further information on prices contact the LMC Technical Department on 028 9263 3000.

UK & ROI CATTLE PRICES (W/E 26/12/2009)							
		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	ROI
Steers	U3	296.1	287.3	286.2	278.3	268.3	259.3
	R3	291.1	286.6	277.9	273.2	266.3	246.6
	R4	296.0	290.0	277.8	272.8	264.5	244.0
	O3	281.3	277.5	262.7	259.5	257.9	231.6
	Average	293.8	284.3	274.6	265.6	263.9	-
Heifers	U3	297.4	289.4	288.3	278.4	273.8	264.4
	R3	292.7	289.6	280.2	269.4	267.1	256.9
	R4	295.8	284.3	276.6	270.3	260.4	257.0
	O3	276.2	283.7	264.1	258.8	255.9	239.7
	Average	293.2	282.7	272.7	264.9	264.0	-
Young Bulls	U3	284.2	273.1	278.9	277.6	260.9	258.0
	R3	280.5	267.0	270.9	272.1	255.3	251.5
	O3	260.0	251.6	253.2	261.0	245.2	239.3
	Average	266.4	259.1	263.8	261.1	252.7	-
	Prime Cattle Price Reported	6,091	3,994	3,509	2,636	3,738	-
Cows	O3	181.8	192.7	183.9	163.9	199.9	197.4
	O4	182.4	198.3	184.6	163.9	205.0	199.1
	P2	127.9	156.1	145.0	139.3	150.9	169.2
	P3	141.6	178.7	158.7	153.1	175.3	189.0

Notes:
 (i) Prices are p/kg Sterling - ROI prices converted at 1 Euro = 89.5p Stg.
 (ii) Shading indicates a reduction on price reported in the previous bulletin. Further explanatory notes on these tables are available on request.



2007/2008 prices adjusted to provide a like-for-like comparison with prices calculated under the new UK Dressing Specification.



Prices (Steers and heifers combined)			
	W/E 19/12/09	W/E 26/12/09	W/E 02/01/10
U3	269.0p	271.1p	273.5p
R3	264.6p	266.7p	269.1p
O+3	257.5p	259.8p	262.9p

All reported prices and quotes based on the UK C/W.

Cattle

IN Christmas week, steer and heifer prices were stable in Scotland but up generally across the other UK regions. In NI average steer prices were up by 4p/kg with average heifer prices up by 2.5p/kg. In the English Midlands and Wales, the average heifer price was up by 5p/kg whereas heifer prices in Northern England were up by 4p/kg. The gap between NI and Scottish steer prices is 30p/kg on average. The differential

Prices edging up

OVER the last fortnight there has been a reduced kill in the plants due to the typical Christmas lull with the factories working shorter weeks and farmers finding it more difficult to get stock out of yards in the icy weather. The reduced availability has caused prices to edge up with the average steer and heifer price now 265p/kg and 266p/kg respectively. This means that last week's average steer price was 5p/kg higher than it was in the week ending 19 December.

Last week the factories paid 3p/kg more for U3 steers than in the previous week and the U3 heifer price was up by 2p having increased by about 4p/kg in the previous week. The U2 steer price and R2 heifer price were up by 4p/kg and 6p/kg respectively. The U2 steer price is now up by 8.5p/kg over the last fortnight. This means that last week's U2 steer price was actually higher than the U3 price.

These price increases were not reflected by an increase in quotes over the last fortnight, although this week some factories raised the U3 quote by 2p to 268p/kg. This means that the U3 quote is effectively 274-276p/kg for in-spec cattle, although the reported prices would indicate that farmers presenting cattle for slaughter in recent weeks were getting higher prices than would be suggested by the pricing grid.

Cattle Quotes		
	Last Week 30/12/09	This Week 06/01/10
U3	266p + 8p bonus for in spec cattle	266-268p + 8p bonus for in spec cattle
R3	260p + 8p bonus for in spec cattle	260-262p + 8p bonus for in spec cattle
O+3	254p + 8p bonus for in spec cattle	254-256p + 8p bonus for in spec cattle
Cows	205 - 210p	210p

Rol and GB price comparisons

between R4 heifer prices in Scotland and NI also remains wide at 35p/kg, although this has narrowed since the third week of November when the corresponding figure was 40p/kg. With prices rising in the UK during Christmas week, ROI prices were also up with U3 steers and heifers up by 3-4p/kg from the previous week. R4 heifers were up by almost 8p/kg.

Beef marts (£/100kg liveweight) (Seven Days Ending 04/01/10)

Finished Cattle			Store Cattle			Dropped Calves (£/head)		
	from	to		from	to		from	to
Steers			Store bullocks up to 400kg			Continental bull calves		
1st quality			1st quality	160	188	1st quality	180	310
2nd quality	No Sale		2nd quality	140	158	2nd quality	90	165
Friesians			Store bullocks 400kg-500kg			Continental heifer calves		
Heifers			1st quality	158	186	1st quality	160	260
1st quality	No Sale		2nd quality	120	155	2nd quality	75	145
2nd quality			Store bullocks over 500kg			Friesian bull calves		
Beef Cows			1st quality	145	180	1st quality	55	125
1st quality	100	138	2nd quality	125	140	2nd quality	25	48
2nd quality	88	98	Store heifers up to 450kg			Store heifers over 450kg		
Dairy Cows			1st quality	142	168	1st quality	145	175
1st quality	90	105	2nd quality	128	140	2nd quality	130	140
2nd quality	50	78						

Sheep Prices

Lamb Quotes

	Last Week 30/12/09	W/E 06/01/10
Hoggets	390-400p	380 -390p

PAID PRICES (Average) P/Kg

	W/E 19/12/09	W/E 26/12/09	W/E 02/01/10
NI Liveweight	334.61	342.2p	-
NI Deadweight	356.4	363.9p	386.1p
GB Deadweight	381.5p	398.1p	423.6p

SHEEP MART PRICES SEVEN DAYS ENDED 05/01/2010

		Hoggets		
		No.	From	To
Wednesday	Newtownstewart	150	322	372
Saturday	Donemana	417	372	390
	Swatragh	765	344	398
	Omagh	721	368	414
Monday	Crumlin	1032	370	398
	Kilrea	900	340	395
	Gortin	730	370	415
Tuesday	Saintfield	246	350	379
	Lisahally	235	370	400
	Rathfriland	210	327	390

Sheep

NI Sheep Slaughtering ('000 head per week)



Hogget quotes 380-390p/kg

LAST week there were reports of farmers having considerable trouble getting lambs out of yards due to the icy conditions. The consequent reduced supply drove prices upwards with some factories paying 390-400p/kg. Early this week, some factories were still paying 400p/kg with other factories quoting only 370p/kg. By mid-week the quotes had settled at 380-390p/kg.

NI Average Weekly Sheep Price (p/kg CW)



This week's marts

LAST week with most of the sale yards closed for Christmas, prices reached their highest levels since the first half of the year in those marts that were open. With the poor road conditions, there were only 420 lambs in Crumlin last Monday and prices ranged from 380-405p/kg. Gortin reported similar prices. There were more hoggets in Crumlin this week, despite the continuing difficulties in moving animals in the poor weather, with prices down by about 10p/kg. The weather seemed to have a bigger impact in the numbers through Saintfield mart with only 246 hoggets through the ring.