

Diary dates

FQAS Liaison Officer – not sure what you need for your inspection?

Had an inspection and you're not sure how to deal with the action points?

Linda will be at the following marts next week:

Day	Week Commencing 19/10/09
Monday	Omagh
Wednesday	Camlough
Friday	Rathfriland

Answerphone Service

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LMC BULLETIN

Thursday October 15, 2009

Issue No. 2086

NI beef and lamb punches above its weight

THIS week LMC facilitated four NI meat companies at the Anuga International Food Fair, promoting NI beef and lamb. With meat processors, traders, butchers and retailers there from around the world, Anuga represents a great opportunity for the NI industry to meet new and existing customers and generate new business. With nearly 7,000 exhibitors from 95 countries world-wide and 160,000 visitors at the show, Anuga is like a microcosm of the entire global market for food and the sheer scale of the event demonstrates the size and complexity of the global market. NI beef and lamb has a very visible presence at the show and despite the fact that our share of the global beef market is less than 0.5 per

cent, the NI industry does "punch above its weight". This strong presence at the world's biggest food fair, together with a very strong euro has re-emphasised Northern Ireland red meat industry's position as a serious contender in European and International markets.

During the Anuga International Food Show in Cologne, Northern Ireland presented a very strong and positive image of its beef and lamb produce on a professional and well-branded stand, hosted by The Livestock & Meat Commission (LMC).

Speaking from the stand at Anuga, Mr David Rutledge, Chief Executive,

Livestock & Meat Commission (LMC), emphasised the importance of strong representation of Northern Ireland beef and lamb during the show: "There is no doubt that Northern Ireland punches above its weight on the international stage and can stand shoulder to shoulder alongside major players such as Brazil, Uruguay and Argentina. We offer high quality, traceable produce, farmed in a green and natural environment which is very important to the European and international markets. We used our presence at Anuga to emphasise these attributes which have been very well received. In addition, we are currently enjoying the benefits of a very strong euro which has made Northern Ireland produce extremely competitive and as an industry, we are determined to capitalise on these current market conditions."

Four major processors, ABP, Dunbia, the Foyle Food Group and Linden Foods joined LMC on the stand to show-case the best of Northern Ireland's beef and lamb. "A very strong message which we took away from Anuga was that European buyers recognise the high level of expertise which the Northern Ireland industry offers and want to tap into it," adds Mr

Rutledge. "European buyers are looking at the success of UK retailers and basically want a piece of it. They recognise that UK retailers are benefitting immensely from the expertise of our processors and they want to do business with the experts. The fact that so many of our experts were present on the stand during Anuga ensured that interested parties were well catered for."

"Anuga is an excellent opportunity to showcase the best of Northern Ireland beef and lamb on a world stage," concludes Mr Rutledge. "I am confident that the Northern Ireland red meat industry has grasped this opportunity with both hands and we will see the fruits of a successful show in due course. While we may be a relatively small player in comparison to other countries, we are in a very strong position to compete with the best. Our high standards of traceability and assurance, our production and processing skills, our reputation for producing a high quality and competitive product and our reliability and expertise as a trading partner will ensure that Northern Ireland meets the needs of the international marketplace".



THE MARKETS

NI CATTLE PRICES (W/E 10/10/2009)				
	Steers	Heifers	Young Bulls	Cows
U3	260.9	262.7	261.1	-
U4	255.7	257.6	-	-
R3	255.2	257.5	255.5	-
R4	252.3	252.4	-	-
O3	247.2	249.2	245.3	205.4
O4	246.5	247.7	-	208.3
P2	-	-	-	165.9
P3	-	-	-	194.7
Average	253.5	253.7	254.1	186.3

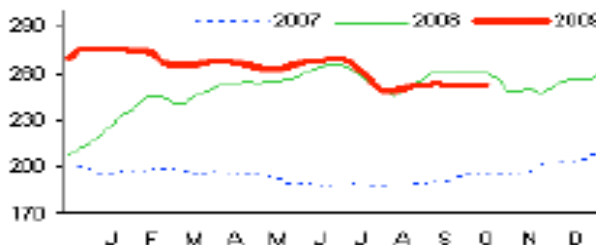
UK & ROI CATTLE PRICES (W/E 03/10/2009)							
		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	296.1	284.5	284.5	280.6	260.6	258.1
	R3	292.2	280.6	275.7	275.4	255.6	251.8
	R4	295.5	286.1	275.4	275.0	251.7	251.9
	O3	282.0	269.2	262.5	263.2	247.9	240.1
	Average	293.3	278.8	271.4	267.7	253.8	-
Heifers	U3	299.7	285.8	282.3	280.7	262.5	265.1
	R3	291.1	279.5	273.8	274.9	257.1	256.8
	R4	294.1	280.5	273.9	274.2	252.5	256.6
	O3	270.8	266.6	260.7	257.2	248.7	243.0
	Average	291.4	274.6	269.4	266.6	253.4	-
Young Bulls	U3	285.3	275.0	275.1	278.5	261.5	278.4
	R3	281.4	267.5	268.1	274.9	254.2	267.5
	O3	262.2	253.8	253.4	261.6	243.7	240.0
	Average	274.5	264.3	262.5	261.3	251.7	-
Prime Cattle Price Reported		6,764	5,702	5,025	4,123	6,287	-
Cows	O3	200.5	204.8	192.3	194.7	201.4	200.1
	O4	202.5	208.3	201.8	195.9	207.8	201.4
	P2	147.4	162.6	165.7	156.7	167.6	173.4
	P3	171.4	186.9	184.5	185.8	190.3	195.7

Notes

- (i) Prices are p/kg Sterling; ROI prices converted at 1 Euro= 91.44p Stg.
- (ii) ROI prices are exclusive of 5.2% VAT.
- (iii) "4" includes 4L/4H; "O" includes O+/O-/O-. "U" includes U+/U-/U-; "P" includes P+/P-/P-
- (iv) Prices are the total price paid inclusive of bonuses and top-ups.
- (v) Sources: AHDB, LMC & Irish Dept of Agriculture.
- (vi) Approximately 79% of NI and 60% of GB prime cattle are price reported.
- (vii) The average price displayed is the average price across all grades of cattle.
- (viii) Shaded areas indicate a reduction on the price reported in the previous Bulletin. For ROI, the shading applies to the original price quoted in Euros.
- (ix) All prices are based on the UK Dressing Specification. ROI prices have been converted using the appropriate coefficients.

the Northern Ireland industry offers and want to tap into it," adds Mr

NI Average Weekly Clean Cattle Price (p/kg CW)



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

NI Clean Cattle Slaughterings ('000 head per week)



Cattle Quotes

	Last Week 07/10/09	This Week 14/10/09
U3	260-262p	260-262p
R3	254-256p	254-256p
O+3	248-250p	248-250p
Cows	205-216p	205-214p

Cattle Prices Stable

THE stability in cattle prices continues this week with factories continuing to quote 260-262p/kg for U3 grade steers and heifers. This stability in prices to some extent reflects the consistently high throughput in recent weeks with the total cattle kill between 10,000 and 10,500 head over the last three weeks.

As expected, last week's reported prices show no significant change compared to the previous week. The reported U3 steer / heifer price is 261-263p/kg meaning that the factories are paying an average of one penny per kilo more than they are quoting to secure supply.

Factories continue to pay good prices for R3 and R4 cows with 217-220p/kg the average price for these cows last week. O3 grade cows were up in price by four pence to 205p/kg.

Last week there was a 30% decline in the numbers of cattle imported from ROI for direct slaughter by NI meat plants with only 685 cattle imported. This reduction reflects the higher cost of imports due to the strong euro and the greater availability of cattle available in NI.

Prices (Steers and heifers combined)

	W/E 26/09/09	W/E 03/10/09	W/E 10/10/09
U3	262.1p	261.6p	261.8p
R3	256.4p	256.4p	256.4p
O+3	246.7p	248.3p	248.2p

PLEASE NOTE THAT ALL REPORTED PRICES AND QUOTES FROM PLANTS ARE NOW BASED ON THE UK CARCASE WEIGHT.

Cattle

IN the week ending 03 October domestic cattle prices in ROI came under considerable pressure with factories attempting to compensate for the strength of the euro. Steer prices were down 4-5c/kg while heifer prices were reduced by 5-8c/kg. R3 and O3 grade young bull prices were also reduced, while cow prices also fell sharply. With the Euro continuing to appreciate the impact of these price reductions was diluted somewhat. ROI steer prices remain marginally more competitive than prices in NI while the U3 heifer price in ROI is about 2.5p/kg higher than an equivalent animal in NI. With sterling continuing to depreciate,

Roi and GB price comparisons

and some analysts speculating that the euro could breach parity, NI producers should eventually benefit from the extra competitiveness provided by a weak currency. The gap between the R4 steer price in NI and Scotland remains wide. In the first week of October, NI R4 steers were about 252p/kg, almost 44p/kg lower than the equivalent animal in Scotland. Prices in Southern England are as usual the lowest in GB prices about 15-20p/kg lower there than in Scotland for steers and heifers.

THE overwhelming size of the South American stands at Anuga leaves the visitor in no doubt that when it comes to volume, the South Americans are the global leaders in the beef market. The ubiquitous nature of the South American beef industry shown at Anuga brings into sharp focus the fact that the European market is currently insulated from any damaging impact of Brazilian beef imports.

However, it was apparent that the Brazilian presence at this year's show was smaller and more fragmented than in previous years. In comparison, the Argentinean stand was larger and more consolidated. This reduced Brazilian presence raises the question: Do the Brazilians have the capacity and the inclination to recover their export markets in Europe?

The capacity of the Brazilians to export beef to the EU market depends upon two factors. One is the domestic availability and demand for beef in Brazil and another is the adoption by Brazilian farms of EU standards.

The number of farms approved for export to the EU remains low at around 1,500. This compares with an estimated 10,000 farms that were affected by the export ban. While this figure has increased in 2009, the rate of increase is slow, partly because of an apparent lack of incentive for Brazilian producers to adhere to tough EU standards. Over the last year strong farmgate prices, coupled with the fact that farmers are not paid premiums on EU approved beef has meant that producers have not been inclined make the necessary investments to bring their practises up to the standard.

Reduced Brazilian Presence at Anuga

There are also reports that some processors believe current EU prices don't justify any required investment. While the rate of adoption of the EU standards is slow, Brazilian meat exporters are also inhibited by reduced supplies of domestic cattle in 2009. These reduced supplies have been caused by a reduction in the herd as producers switch to crop production such as soya and sugar cane and as producers rebuild their herds following the high slaughter rates prior to 2007. However, another interesting cause of the reduced cattle supplies has been the weakness of the beef processing industry which has caused some farmers to question their credit worthiness. This has prompted many farmers to retain stock for fear of not receiving payment.

Structural changes to the industry should alleviate these credit concerns. Over the last year consolidation has been a key characteristic of the Brazilian meat sector. This has been exemplified by JBS SA, now the largest meat processor on the globe. In the last few years for example, JBS has purchased 20 troubled meat processing companies. One of the first consequences of any renewed confidence in the credit worthiness of meat processors will be a temporary increase in supplies as previously nervous sellers return to the market. It is also possible that a more

consolidated processing sector could bring more pressure to bear on producers whereby compliance to EU regulations could become a basic requirement of supply. There is no doubt that a beef processing sector in Brazil that is less fragmented will be in a stronger position to resolve any logistical issues associated with the implementation of EU traceability standards.

However, even if the rate of EU farm approvals does increase, questions remain over Brazil's ability to supply the EU beef market. Bord Bia suggests that South American cattle production will fall by 10% in the next three years and Brazilian exports are already down by 16% from last year. Over the last two years the Brazilians have been net importers of beef with consumption outstripping domestic production.

With reduced export capacity the large debt-laden Brazilian companies will be keen to maximise the returns from their export markets and one way of achieving this will be by targeting the markets that provide the best returns. The Brazilians currently send over a third of their frozen beef exports to Russia. But the relative attraction of the Russian market for them is summed up by the fact that frozen exports to Russia account for only 35% of export revenue, despite accounting for 39% of the volume. In comparison, the EU market returned 6% of total

export revenue, despite accounting for only 3% of sales. The relative attraction of the EU market is further enhanced by exchange rate developments in 2009. However, it is important to note that the higher returns from the EU may be a reflection of differences in the respective quality of the beef exported to the two regions. Furthermore, the higher returns from the EU will also reflect the higher cost of producing beef and doing business in Europe.

Despite this, there are clear incentives for the Brazilian industry to gain access to the EU market, but reduced cattle numbers will continue to frustrate their efforts to grow their market share. Declining domestic production and a beef-hungry population will mean that Brazilian imports will not return to 2006 levels. Brazilian imports do have scope to rise, but the timescales are uncertain. AHDB figures suggest that Brazilian imports will remain low in the EU in 2010.

However, as more Brazilian farms achieve EU approval, the beef sector in Europe must maintain pressure on the EC to ensure the Brazilians consistently apply at least the same stringent controls adhered to by producers in the EU. Furthermore, the NI industry must continue to "punch above its weight" in the European market and carefully position itself in readiness for any renewed competition by continuing to compete on quality. Meanwhile, the ongoing decline of sterling puts NI producers in a much stronger competitive position on the European stage to deal with competition regardless of whether it comes from across the border or across the Atlantic Ocean.

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THE MARKETS

Beef marts (£/100kg liveweight) (Seven Days Ending 12/10/09)

Finished Cattle		Store Cattle		Dropped Calves (£/head)				
	from	to		from	to			
Steers			Store bullocks up to 400kg		Continental bull calves			
1st quality	148	167	1st quality	150	195	1st quality	220	325
2nd quality	120	149	2nd quality	135	155	2nd quality	120	258
Friesians	110	132	Store bullocks 400kg-500kg		Continental heifer calves			
Heifers			1st quality	150	188	1st quality	140	250
1st quality	142	171	2nd quality	128	150	2nd quality	75	178
2nd quality	125	149	Store bullocks over 500kg		Friesian bull calves			
Beef Cows			1st quality	145	180	1st quality	55	210
1st quality	110	145	2nd quality	125	144	2nd quality	25	128
2nd quality	88	117	Store heifers up to 450kg		Holstein Bull Calves			
Dairy Cows			1st quality	140	173		2	72
1st quality	90	110	2nd quality	120	140			
2nd quality	45	89	Store heifers over 450kg					
			1st quality	140	172			
			2nd quality	120	140			

Sheep

NI Sheep Slaughtering ('000 head per week)



This week's marts

OVER the last seven days prices have remained very firm in the sheep marts with numbers through the rings consistent with the previous week. In Saintfield the reported prices of 256-293p/kg was a few pence better than the previous week while in Crumlin the trade was also firm with the price of 260-296p/kg, about 5p/kg higher than the previous week.

Deadweight lamb prices

EARLY this week the factories increased their quotes by about 5p/kg for lambs. Some plants are paying 300p/kg up to 22kgs while others are paying 305p/kg up to 21 kg for lambs. With prices firm in the marts and throughput down 10 per cent last week in the factories this trade is being driven by reduced supplies. Last week's reported price reflected the increase in quotes with the factories paying an average of 293.5p/kg.

NI Average Weekly Sheep Price (p/kg CW)



Sheep Prices

Lamb Quotes

	Last Week 07/10/09	This Week 14/10/09
Lamb	295-300p	295-305p

PAID PRICES (Average) P/Kg

	W/E 26/09/09	W/E 03/10/09	W/E 10/10/09
NI Liveweight	254.08p	253.31p	265.25p
NI Deadweight	297.78p	287.12p	293.54p
GB Deadweight	322.1p	308.7p	316.0p

SHEEP MART PRICES SEVEN DAYS ENDED 13/10/2009

		Lambs		
		No.	From	To
Wednesday	Ballymena	1007	250	281
	Enniskillen	522	250	288
	Newtownstewart	588	250	275
Thursday	Markethill	350	260	291
	Downpatrick	385	245	275
Saturday	Hilltown	900	253	289
	Donemana	1456	248	272
	Swatragh	834	263	317
	Crumlin	1384	260	296
	Kilrea	1200	265	290
Tuesday	Gortin	1080	276	305
	Saintfield	411	256	293
	Lisahally	740	278	308
	Rathfriland	638	250	306