LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

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ENGLISH PRICES UNDER PRESSURE IN JANUARY......

......NI PRICES MORE RESILIENT

THE cattle trade was exceptionally strong in 2011 with prices in all regions of GB and Ireland rising strongly over the course of the year. In GB in particular these prices increased very steadily over the year, peaking in December at unprecedented levels of 350p/kg in Scotland for R3 steers (see Figure 1 below). Since then GB prices have been under pressure.

NI prices did not reach the peaks hit in Scotland, and the trade here peaked slightly earlier. In the last week of November NI R3 steer prices hit a high of 330p/kg. Since then the trade has been up and down. Prices eased back in early December before rising again around the turn of the year and falling again in mid-January. Last week 326p/kg was the average price paid for R3 steers, a slight increase on the previous week.

Higher farmgate prices started to translate into higher retail prices in the autumn and by December concerns were being raised about lower volume sales. This may provide some explanation of the slippage in prices as December progressed and these declines were most obvious in GB.

There are usually significant price differences across the GB regions, with the highest prices generally in Scotland and Northern England and the lowest prices in the Midlands and Southern England respectively. It seems also that when pressure came on the GB trade in recent months, the trade further north was much more resilient than the trade in the south.

Since the last week of November 2011, Scottish R3 steer prices have eased back by 6p/kg. Corresponding prices in Northern England and in the Midlands and Wales have eased back by about 9p/kg with the sharpest declines in Southern England where the trade was back by 15p/kg during that period.

In contrast, prices in NI have been somewhat more resilient. In the same period that prices in Southern England fell by 15p/kg, NI prices have come back by just 4p/kg.

All of this means that the differential between NI and GB prices has narrowed in the last two months. The differential was at its (recent) widest in the third week of October 2011. At that time, Southern England R3 steer prices were 16p/kg higher than NI levels. This situation has now reversed and NI prices are 4p/kg higher than R3 steer prices in Southern England. Scottish prices were 27p/kg higher than NI prices in mid-October. The differential now is 17p/kg. In overall terms, GB R3 steer prices were 22p/kg ahead of the NI trade in the week ending 22 October. That gap has now narrowed to just 8p/kg.

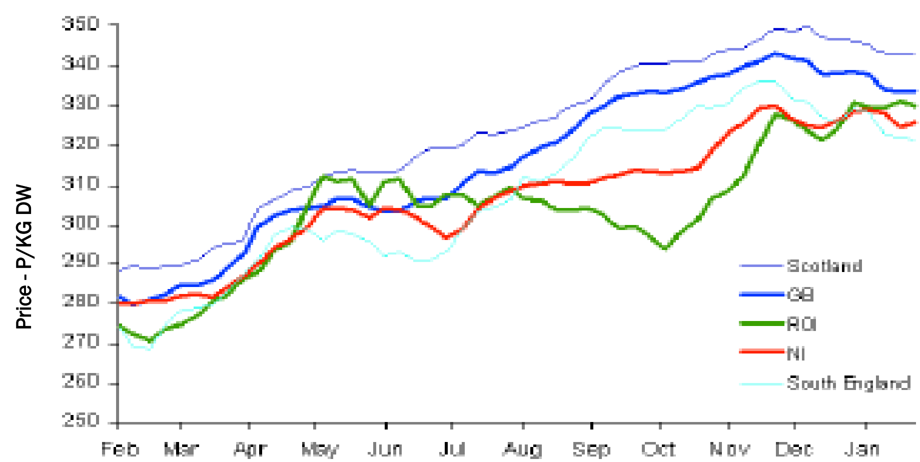
It is worth remarking that in the last three years the difference between NI and GB prices is typically lower in the first half of the year and widens out in the second half of the year as more cattle come off grass. The differential between NI R3 steer prices and GB levels is now similar to 2011 levels. This picture will undoubtedly change further in the coming months.

While GB prices have been under pressure, ROI prices have been quite buoyant and the strong southern trade may have been one driver that has allowed NI prices to hold up. It is certainly positive for local producers that NI prices are holding up in spite of the obvious pressure on the GB trade and reports of weak demand. This more resilient trade is probably an ongoing indication of weak supplies in the beef sector throughout Ireland.

Estimates suggest that NI slaughter numbers will be lower in 2012 with ROI supplies also expected to be under pressure.

In the first three weeks of January 2012, NI prime slaughter numbers were back by 16 per cent year on year. This is a significant reduction and while there may be pressure on demand due to the recession and the higher retail prices, this tight supply situation clearly remains an important driver of the trade and this along with some seasonal influences may help explain why NI (and ROI) prices have managed to hold up relative to overall GB levels in the last month.

Figure 1. Regional Cattle Prices in the UK and Ireland - R3 Steers
1 February 2011 - 28 January 2012 (Weekly Prices)



FQAS CORNER

DARD APPROVED DISINFECTANT – NOVAGEN FP APPROVED

FQAS members may be aware that the disinfectant Novagen FP was recently suspended from the DARD approved disinfectant list due to failure of tests conducted by Veterinary Laboratories Agency in GB against General Orders which includes Brucellosis and Swine Vesicular Disease.

As of 1 February 2012, Novagen FP is now approved again for General Orders, however is not approved for Swine Vesicular Disease. The manufacturer of Novagen FP and DEFRA have negotiated on a revised dilution rate for use of Novagen for General Orders.

Members of FQAS should be aware that Novagen FP can be used again as a DARD approved disinfectant within the scheme in order to comply with section 2.4 of the Standard. The reason FQAS requires a DARD approved disinfectant is to ensure that in the event of an outbreak of animal disease, that an effective disinfectant is in use.

Members of the scheme should note that to comply with section 2.4 of the Standard cleaning/washing facilities and a DARD approved disinfectant (which must be effective against Foot & Mouth Disease, TB and General Orders) must be available.

The FQAS unfortunately cannot send a list of DARD approved disinfectants to members as DARD and DEFRA update this list quite frequently depending on new disinfectants being added at manufacturers request after testing or disinfectants becoming suspended in the event of a failed test.

To keep up to date with current DARD approved disinfectants the lists can be found at the following websites

DARD:
http://www.dardni.gov.uk/index/publications/pubs-dard-animal-health/pubs-animal-health-and-welfare-approved-disinfectants.htm

LMC:
http://www.lmcni.com/industry/codesofpractice.cfm

REDUCED FACTORY IMPORTS FROM ROI

IN the last month, the volume of cattle imported by factories from ROI has fallen sharply. In previous years, imports for direct slaughter from ROI accounted for a small but significant proportion of the overall cattle kill and any decline of this nature has an impact on the availability of cattle for slaughter in NI.

So far this year about 1,250 head have been imported from ROI for direct slaughter by factories. This compares with about 2,400 in the same period last year. It is also worth remarking that the increase in numbers imported from GB for direct slaughter (+172 head) did little to compensate for the decline in numbers imported from ROI. This has therefore contributed significantly to the contraction in the beef kill in January. Last year about 30,000 head were imported from ROI for direct slaughter over the course of the year. This amounted to about 6.5 per cent of the overall cattle kill in 2011.

The reduced volume of imports has been driven to some extent by tight cattle supplies in ROI and strong farmgate prices in the south. On the demand side, there may be an element to this trade that is price driven. With strong prices in ROI early in the year, these imports may not be just as attractive.

The latest weekly figures show a recovery in this trade with over 500 head imported on the hoof by factories last week. While somewhat lower than the 665 head imported in the same week last year, this represents a significant increase in numbers compared to the first three weeks of January when on average only 240 head per week came north.

Notice - LMC Answerphone Back in Service

Due to a computer problem the LMC Answerphone Service was suspended for much of the last week. This problem was rectified late this week and as of this Thursday the service has been restored.
Call **028 9263 3011** for factory quotes and mart prices

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 30/01/12	Next Week 06/02/12
U-3	320p	320 - 322p
R-3	314p	314 - 316p
O+3	308p	308 - 310p
Cows	260 - 275p	260 - 275p

* Plus 8p/kg in-spec bonus where applicable.

LAST WEEK'S NI CATTLE PRICES - P/KG

W/E 28/01/12	Steers	Heifers	Young Bulls	Cows
U-3=	328.1	334.6	319.4	290.0
U=3=	326.9	334.9	320.8	292.0
U=4=	316.1	325.8		
R=3=	325.3	330.1	316.6	286.9
R=4=	322.4	323.7		278.1
O=3=	306.8	312.1	300.6	264.6
O+3=	321.9	321.2	306.1	278.8
O+4=	319.6	317.3	303.2	277.5
P+2=	291.4	280.4	286.2	236.5
P+3=	293.7	289.1	293.5	254.0
Average	319.0	321.4	308.1	246.1

Note: The table above shows prices for selected grades from the 15-point scale. The table below merges grades down to the 5-point scale for comparison with GB regions and ROI.

LAST WEEK'S CATTLE PRICES (UK / ROI)

W/E 28/01/12		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	349.8	342.3	342.0	336.6	327.0	340.7
	R3	342.7	335.3	329.9	321.4	325.7	330.0
	R4	345.4	342.4	331.2	322.0	321.8	330.1
	O3	328.5	314.9	313.2	304.5	312.5	314.4
	Average	343.0	332.4	325.1	310.7	319.0	-
Heifers	U3	350.2	341.0	345.6	334.0	334.6	349.9
	R3	341.6	333.3	329.4	320.6	328.8	338.4
	R4	343.1	333.8	330.5	320.5	324.6	337.8
	O3	321.2	315.1	312.4	299.1	316.9	324.4
	Average	341.6	330.8	327.0	311.6	321.4	-
Young Bulls	U3	333.5	326.7	334.8	325.5	320.1	337.7
	R3	330.0	317.5	318.6	305.3	316.1	330.9
	O3	309.3	300.2	307.4	296.2	301.9	319.2
	Average	312.0	305.6	304.1	298.0	308.1	-
Prime Cattle Price Reported		6985	6139	5037	3570	5253	-
Cows	O3	267.3	259.4	261.0	244.5	268.3	280.9
	O4	270.5	260.0	256.9	248.4	270.6	282.4
	P2	199.1	212.9	220.0	199.2	233.2	255.5
	P3	231.0	238.2	232.6	225.4	251.7	277.0

Notes:
(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.56p Stg.
(ii) Shading indicates a lower price than the previous week.

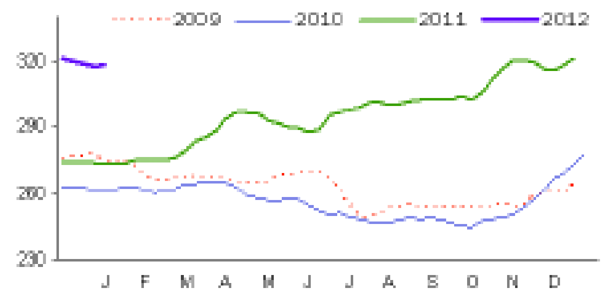
Deadweight Cattle Trade

NEXT week it is expected that the factories will continue to quote similar prices to this week, 320-322p/kg for U-3 grade steers and heifers. Last week's steer quotes were reasonably representative of the U3 prices that were subsequently reported. However, with reported U3 heifer prices of 335p/kg and R3 steer prices of 326p/kg last week, it is likely that deals have been done over and above the quoted price. With the trade expected to remain steady next week, producers with good loads of cattle should be shopping around for better deals.

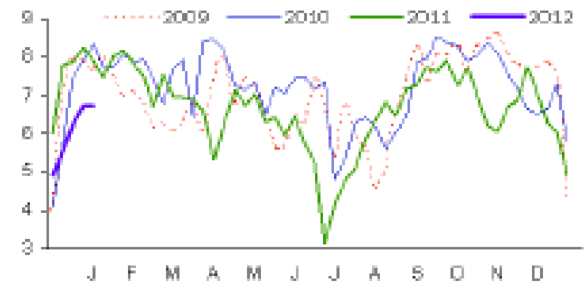
Last week the beef trade was reasonably firm in NI. Average steer prices increased by 2p/kg with average heifer prices unchanged. Young bull prices were back by 1p/kg with average cow prices down by 4p/kg. Supplies remain very tight with numbers well below previous year levels. The overall cattle kill in January was down by 15 per cent on 2011 levels. This decline was mainly driven by a drop in prime cattle numbers with cow numbers similar to previous year levels. The adjacent chart illustrates just how low the clean kill is compared to January for the last three years.

In GB last week prices were stand-on following several weeks of decline. In Northern & Midland England R3 steer prices increased by around 1p/kg. In Southern England and Scotland corresponding prices fell by about 0.5p/kg. R3 heifer prices were more-or-less unchanged also. The price reports showed that U3, R3 and R4 steer/heifer prices in ROI were down by about 3c/kg.

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



NI Clean Cattle Slaughterings ('000 head per week)



More detailed information on prices and explanations of these tables and charts are available from the LMC Technical Department: Call 028 9263 3000.

LATEST NI BEEF MARTS

Finished Cattle (£/100kg LW)			Store Cattle (£/100kg LW)			Dropped Calves (£/head)		
	from	to		from	to		from	to
Steers			Store bullocks up to 400kg			Continental bull calves		
1st quality	191	205	1st quality	195	217			
2nd quality	167	190	2nd quality	160	194	1st quality	290	380
Friesians	128	163				2nd quality	225	288
			Store bullocks 400kg-500kg					
Heifers			1st quality	190	229	Continental heifer calves		
1st quality	184	202	2nd quality	160	189			
2nd quality	160	183				1st quality	200	290
			Store bullocks over 500kg			2nd quality	120	195
Beef Cows			1st quality	185	219			
			2nd quality	155	184	Friesian bull calves		
1st quality	164	197						
2nd quality	125	163	Store heifers up to 450kg			1st quality	160	255
			1st quality	186	207	2nd quality	100	158
Dairy Cows			2nd quality	156	185			
						Holstein Bull Calves		
1st quality	116	131	Store heifers over 450kg				30	180
2nd quality	95	115	1st quality	182	212			
			2nd quality	150	180			

Taken from a sample of beef marts in the week ended 27/01/12

(ii) Shading indicates a lower price than the previous week.

Deadweight Sheep Trade

IT is expected that the factories will continue to pay strong prices for hoggets next week with 430p/kg being quoted at two plants for Monday. Deadweight reported prices show that in the three weeks to the end of January prices here increased by 14p/kg to 423p/kg. This is in marked contrast to the trade in GB where prices fell by 5p/kg over the same period, although prices there remain 16p/kg higher than NI levels. While sheep throughput was higher in early January it now appears to be under some pressure. Last week sheep NI slaughterings fell below 5,000 head, about five per cent higher than the corresponding week last year.

SHEEP QUOTES		
(P/KG DW)	This Week 30/01/12	Next Week 06/02/12
Hoggets	430p*	430p*

All plants paying up to 22kgs for FQAS hoggets.

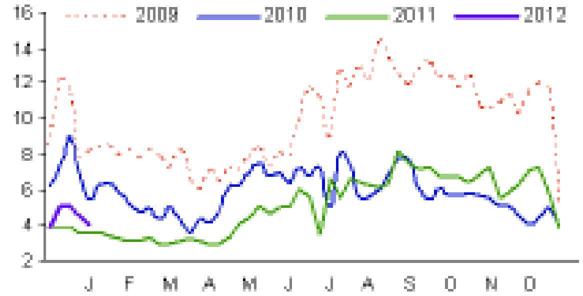
REPORTED HOGGET PRICES - P/KG			
(P/KG)	W/E 14/01/12	W/E 21/01/12	W/E 28/01/12
NI Liveweight	380.9p	391.0p	393.4p
NI Deadweight	408.7p	417.2p	422.6p
GB Deadweight	444.0p	438.5p	438.7p

LATEST SHEEP MARTS					
From: 27/01/2012 To: 02/02/2012		Hoggets (P/KG LW)			
		No.	From	To	Average
Saturday	Donemana	880	N/A	N/A	392
	Omagh	728	376	415	N/A
Monday	Kilrea	500	385	421	392
	Masserene	1087	385	422	N/A
Tuesday	Armoy	342	N/A	N/A	390
	Rathfriland	471	372	420	394
	Saintfield	471	385	444	395
Wednesday	Ballymena	1207	370	411	384
	Enniskillen	530	379	421	385
	Markethill	1050	380	401	391
	Newtownstewart	175	372	400	386
Thursday	Downpatrick	No Sale			

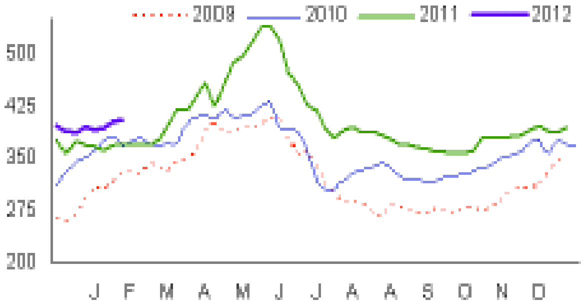
This week's marts

HOGGET prices remained firm about the sheep marts this week with average prices of 385-395p/kg in all of the marts. In Markethill this Wednesday prices averaged 391p/kg, down marginally since last Wednesday when prices average 393p/kg. Prices averaged 384p/kg in Ballymena last week, down from 388p/kg last Wednesday. In Markethill cull ewe prices reached a top of £114 with ewes in Ballymena selling to a top of £113.

NI Lamb / Hogget Slaughterings ('000 head per week)



NI Average Weekly Sheep Price (p/kg CW)



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