

CATTLE SUPPLIES REMAIN TIGHT IN MARCH....

.....SHEEP KILL REMAINS FIRM

THE NI cattle kill remained under pressure in March following sharp year-on-year declines in the kill in January and February. Numbers have been very weak in recent months with the total cattle kill down by 14 per cent since the start of the year, and this rate of decline was sustained in March.

Last month the prime cattle kill was 14 per cent lower year-on-year. The heifer kill was down by 17 per cent, perhaps a sign of more heifers being retained for breeding.

The steer and young bull kill was down by 13 per cent. This substantial decline reflects the reduced number of male cattle on the ground generally relative to last year.

The tight cattle supply over the first quarter is in stark contrast to the same period last year when the kill remained relatively strong. It is important to bear

in mind that while numbers were very tight in 2011, the decline in supplies did not really start in earnest until last April. In the first quarter of 2011 the industry was still in a cycle of strong supply. Therefore the weakening of supplies in the first quarter of 2012 must be viewed relative to that stronger supply situation and not seen as a compounding of the general decline in numbers that was evident over 2011 as a whole.

While prime cattle supplies were weak generally throughout 2011, a strong cow kill helped counterbalance that decline. This year so far the cow kill is down six per cent year on year with an eight per cent decline in March. The mature bull kill (bulls over 24mths) is also weaker with numbers down by 40 per cent.

While beef numbers have been under pressure in the factories, the NI sheep

kill has been on the rise. The hogget kill was up by 25 per cent year on year, which is consistent with the general increase in numbers for the first quarter of 2012. This reflects a slight reduction in numbers of hoggets

exported live to ROI for direct slaughter with more producers choosing to finish lambs in local plants. Figures from Bord Bia show that the NI hogget price has been slightly ahead of ROI levels in recent months and this certainly helps

to explain the increased kill. Ewe and lamb slaughterings in NI increased by 30 per cent in March compared to the same four week period last year. In 2012 to date, the mature sheep kill was up by six per cent year-on-year.

TABLE 1. NI CATTLE AND SHEEP SLAUGHTERINGS FOR THE FOODCHAIN

	March			Year to Date		
	(4 weeks ended 31/03/12)			(13 weeks ended 31/03/12)		
	2011	2012	% Change	2011	2012	Change
CATTLE						
Steers	12,628	11,043	-13%	42,803	37,532	-12%
Heifers	11,061	9,230	-17%	38,056	32,067	-16%
Young Bulls / Calves	5,579	4,832	-13%	18,891	15,408	-18%
Total Prime Cattle	29,268	25,105	-14%	99,750	85,007	-15%
Cows	5,498	5,053	-8%	20,954	19,672	-6%
Mature Bulls	741	447	-40%	2,770	1,343	-52%
Total Cattle	35,507	30,605	-14%	123,474	106,022	-14%
SHEEP						
Lambs & Hoggets	12,136	15,130	+25%	44,047	56,111	+27%
Ewes & Rams	1,899	2,467	+30%	8,145	8,644	+6%
Total Sheep	14,035	17,597	+25%	52,192	64,755	+24%

The above figures are provisional; any amendments will be incorporated in the cumulative data (source DARD).

PRICE DIFFERENTIAL A SIGNIFICANT INCENTIVE FOR FQAS MEMBERSHIP

THE article above serves as a useful reminder about the tightness of supply in the cattle trade right now. Factories are struggling to attract adequate supplies and at times like this it is not unusual to hear of deals where cattle are bought at a flat price and not on the grade. It is sometimes remarked that at times of tight supplies in the cattle trade, buyers forget about

specifications such as age, weight and quality assurance with throughput becoming the priority. With this in mind, it is perhaps useful to conduct a quick check whether factories are continuing to pay a differential for quality assured stock over-and-above non-quality assured cattle.

The price reporting figures for the month of March (see Figure 1) clearly

show that there continues to be a substantial differential between FQAS and non-FQAS cattle. These deadweight price reported figures are provided by the factories that are obliged to report prices to Brussels via LMC.

The figures are very clear. For U3 steers and heifers, the typical differential between FQAS and non-

FQAS cattle during the four weeks ending 24 March was 11p/kg (difference with chart due to rounding). A similar difference was identified for FQAS and non-FQAS R3 steers and heifers. Meanwhile for O+3 steers and heifers the difference between FQAS and non-FQAS stock was greater at 13p/kg.

It is worth pointing out that from a price per carcass perspective, these differentials amount to more than the £30/head penalty that is typically quoted for non-FQAS cattle.

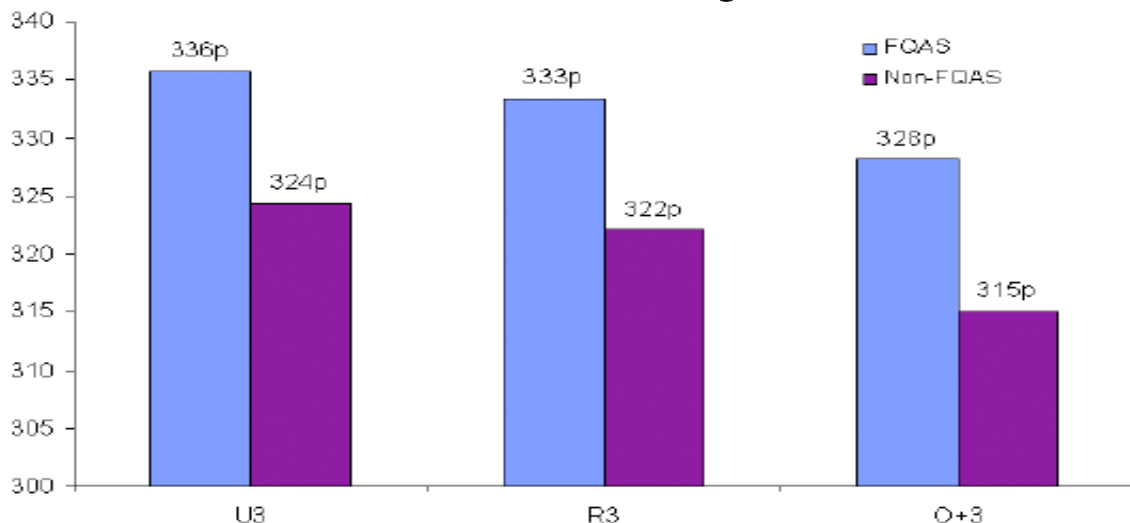
The main reason for this is the fact that the 8p/kg bonus will be paid on a proportion of FQAS cattle that are also in-spec for weight, age and origin. With FQAS essential to attract this bonus, the financial benefits of FQAS are now greater than previous to Autumn 2009 when the main financial incentive for membership was that £30/head difference.

No matter whether you see this differential as a bonus for membership or as a penalty for non-membership depends on your perspective. Nevertheless, it is a significant incentive. However, it is not

the only reason for FQAS membership. It is also worth bearing in mind that FQAS membership, knowledge of the standard, the associated record keeping and inspections are a good basis to help producers prepare for statutory cross compliance inspections which can have serious implications when it comes to single farm payment penalties.

Indeed, DARD Service Delivery Group recognises FQAS membership as a risk reduction factor and this is reflected reduced likelihood of selection for statutory inspections for GAEC and food and feed law.

Figure 1. Average prices paid for FQAS and non-FQAS steers and heifers U3, R3, O+3 Grades, Four Weeks Ending 24 March 2012



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CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 02/04/12	Next Week 10/04/12
U-3	326 - 330p	326 - 330p
R-3	320 - 324p	320 - 324p
O+3	314 - 318p	314 - 318p
Cows	270 - 286p	280 - 286p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 31/03/12	Steers	Heifers	Young Bulls	Cows
U-3=	335.6	344.1	329.4	297.0
U=3=	338.6	350.0	329.9	
U=4=	327.2	343.0	322.6	
R=3=	337.0	337.5	325.7	305.0
R=4=	328.6	333.0	312.0	303.0
O=3=	320.8	319.8	311.2	276.5
O+3=	330.4	326.4	317.8	296.7
O+4=	321.7	330.4	312.0	292.3
P+2=	296.2	293.0	299.9	261.7
P+3=	301.6	295.8	302.0	270.1
Average	327.7	332.2	314.3	258.6

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 31/03/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland	
Steers	U3	357.6	352.4	353.6	348.5	336.7	336.2
	R3	352.5	344.3	341.9	335.6	335.2	328.5
	R4	353.3	350.2	341.2	335.2	330.6	329.0
	O3	342.0	326.3	322.7	313.7	321.4	314.6
Average	352.5	341.4	338.4	322.5	327.7	-	
Heifers	U3	358.3	354.4	352.9	350.9	345.0	350.7
	R3	351.6	340.5	341.2	337.1	339.0	338.4
	R4	352.3	343.8	341.5	336.2	334.0	337.7
	O3	336.7	327.5	323.5	310.2	323.6	325.2
Average	350.8	339.0	337.7	324.0	332.2	-	
Young Bulls	U3	345.0	337.5	349.0	344.3	330.8	332.7
	R3	340.5	331.0	332.4	333.7	325.9	327.0
	O3	320.4	311.0	313.8	312.7	311.1	316.6
	Average	326.6	317.4	323.6	319.8	314.3	-
Prime Cattle Price Reported		6386	5938	5580	4163	4532	-
	O3	290.7	282.9	277.5	260.5	284.4	288.9
	O4	294.8	284.2	282.2	265.8	281.9	290.6
	P2	236.8	238.7	233.4	210.2	245.8	252.8
	P3	264.4	261.6	254.0	231.9	264.9	283.2

Notes:

(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.60p Stg.

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

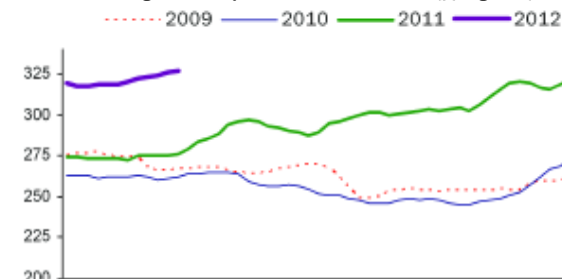
Deadweight Cattle Trade

THIS week the factories continued to quote 326-330p/kg for U-3 grade prime cattle. These quotes were consistent with previous weeks and when most of the factories reopen on Tuesday a similar if not slightly stronger trade is expected with most plants quoting 330p/kg for steers and heifers.

Last week there was a sharp increase in U3 heifer prices. The factories price reported 165 U3 heifers at an average price of 345p/kg. This was a four pence increase on the previous week. None of the factories were quoting above 330p/kg for U-3 heifers last week. Even when we account for those cattle that attract the bonus these prices are significantly higher than quotes and this ought to provide producers with a great deal of encouragement to shop around for better prices. It is also worth noting that the difference between the average U3 steer and heifer price last week was 8.3p/kg, which is a clear indication of the premium that heifers are commanding in the market at the present time.

While the average NI heifer price rose by 2.4p/kg, heifer prices in England were under pressure with average prices falling by 4p/kg in Southern England and by 3p/kg in Northern England. Steer prices were also back (-2.2p/kg) in Southern England, but elsewhere in England steer prices were steady. In Scotland the average steer and heifer price was up by about 1p/kg. In ROI, U3 steer and heifer prices were up by 2.8c/kg and 1.6c/kg respectively. With sterling slightly weaker, these price increases were greater in sterling terms.

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:
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LATEST NI BEEF MARTS						
Finished Cattle (£/100kg LW)		Store Cattle (£/100kg LW)		Dropped Calves (£/head)		
	from	to		from	to	
Steers	1st quality	200	224	Store bullocks up to 400kg		Continental bull calves
	2nd quality	180	199	1st quality	192	
	Friesians	143	171	2nd quality	170	190
Heifers	1st quality	193	217	Store bullocks 400kg-500kg		Continental heifer calves
	2nd quality	170	192	1st quality	200	
				2nd quality	180	199
Beef Cows	1st quality	166	201	Store bullocks over 500kg		245
	2nd quality	130	165	1st quality	205	233
				2nd quality	185	204
Dairy Cows	1st quality	134	154	Store heifers up to 450kg		Friesian bull calves
	2nd quality	100	133	1st quality	200	
				2nd quality	180	198
			Store heifers over 450kg		Holstein Bull Calves	
			1st quality	210	264	2
			2nd quality	190	208	218

Taken from a sample of beef marts in the week ended 30/03/12

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

Deadweight Sheep Trade

THE deadweight sheep trade remained reasonably steady last week with quotes of 460p/kg for hoggets and spring lamb quotes stable at 540p/kg. These quotes remain behind corresponding levels in 2011. On 6 April last year, the factories were quoting 490p/kg for hoggets. Reported deadweight prices have been rising steadily over recent weeks (see below) and GB deadweight prices have also increased albeit off a higher base and are now more than 20p/kg higher than NI levels.

SHEEP QUOTES

(P/KG DW)	This Week 02/04/12	Next Week 09/04/12
Hoggets	440 - 460p*	460p*
Spring Lambs	540p	540p

All plants paying up to 22kgs for FQAS hoggets.

REPORTED LAMB/HOGGET (COMBINED) PRICES P/KG

(P/KG)	W/E 17/03/12	W/E 24/03/12	W/E 31/03/12
NI Liveweight	401.1p	403.5p	419.0p
NI Deadweight	432.6p	443.6p	449.2p
GB Deadweight	444.1p	458.6p	471.6p

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LATEST SHEEP MARTS

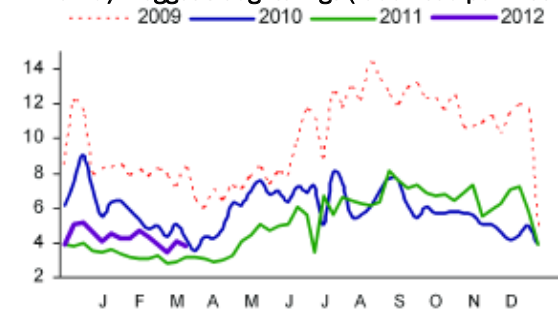
From: 30/03/2012 To: 05/04/2012		Hoggets (P/KG LW)				Spring Lambs (P/KG LW)			
		No.	From	To	Average	No.	From	To	Average
Saturday	Omagh	664	397	431	-	45	448	517	-
	Donemana	341	-	-	407	67	-	-	560
Monday	Massereene	1509	390	445	-	64	520	550	-
Tuesday	Saintfield	611	385	442	400	90	514	540	-
	Rathfriland	576	384	452	-	97	476	535	-
	Armoiy	264	395	420	410	-	-	-	511
Wednesday	Ballymena	709	380	418	385	20	-	-	547
	Enniskillen	823	375	412	390	-	-	-	-
	Markethill	1100	375	408	398	95	500	556	525
	Newtownstew'		380	432	402		517	528	
Thursday	Downpatrick	300	365	400	375				

This week's marts

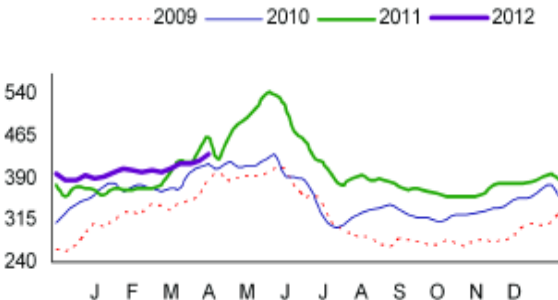
THIS week at the sheep marts the hogget trade was steady relative to last week although prices appeared to tail off at Downpatrick on Thursday where the average price was 375p/kg. Elsewhere prices were reasonably strong averaging 385-410p/kg. Ballymena reported a slightly lower average price at 385p/kg for hoggets, down from 393p/kg last week. Spring lamb sales remain quite small for the time being, with prices averaging 525p/kg for 95 lambs in Markethill on Wednesday evening.

SHEEP TRADE

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



NI Average Weekly Sheep Price (p/kg CW)



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