

Strong prices paid for heifers in recent weeks

Producers will be pleased to see a rising trade at the moment but in recent weeks, it has become clear that there is quite a difference between base quotes from the factories and reported prices, particularly in the case of heifers. These reported prices show that more money is being paid for prime cattle than quotes would suggest. Last week factories paid an average of 339p/kg for U-3= grade heifers. The top quote was 326p/kg in one plant. Most factories were quoting 324p/kg for U-3 heifers.

Difference between prices and quotes

There are various reasons for differences between quotes and reported prices. One obvious reason, commonly cited, is that average prices reported by the plants include Angus and Hereford stock which drives up these reported prices and can cause a difference between those and base quotes which are exclusive of such bonuses.

The quotes provided to LMC by factories also exclude the bonuses paid by factories for in-spec cattle. For example, most factories were quoting 324p/kg last week for U-3 grade heifers; one plant reported quotes up to 326p/kg. With many of those cattle attracting the 8p/kg in-spec bonus, the actual price is obviously going to be higher than quotes and reported prices of around 330-332p/kg will be more likely depending on how many cattle are in-spec. However, the reported U-3= price was much higher again at 339p/kg.

The drawback of looking at sub-grades (+/-/=) is that a couple of outliers can have a significant impact on the average price because there may only be a small number of cattle in a particular sub-grade. There were just 26 U-3= heifers last week for example. Base grades (for example, U3) which include all combinations of +/-/- ought to provide a better indication of prices for comparison with quotes.

The overall U3 grade heifer price last week was 337p/kg (excl. Angus and Hereford). Based on last week's base U-3 heifer quote of 324-326p/kg,

this would require that almost all U3 heifers were U+ grade (+4p/kg on the grid) and in-spec, an unlikely scenario. An average price of 337p/kg for U3 heifers also begs the question; *if this is the average, what is the range?* Some prices clearly must be higher again.

The curse of the average

Average prices for cattle are very useful in that they give a general idea about how the trade performed in any given week and these figures are comparable from one week to the next. However, there are drawbacks of using averages and one is that these prices often disguise higher and lower values within the data.

The average price paid for U3 steers last week was 332p/kg with the average U3 heifer price much higher at 337p/kg. There were over 300 U3 steers and 100 U3 heifers price reported last week and while these average prices are useful, it may be informative to see the range of prices within this kill.

Table 1 provides this analysis and this should help to give readers a better idea of the figures that make up the average. For each grade/category, this table splits the kill into three distinct subsets based on price; top, middle and bottom thirds. For example, the top third shows the average price of cattle whose prices were in the top 33 per cent of

the kill for that grade. For the purpose of comparison it excludes Angus and Hereford cattle.

Wide range in reported prices

The first point that some readers will note from Table 1 is the wide difference between the top third and bottom third in each case. This comes as no great surprise.

It is likely that most of the cattle in the top third are in-spec and are therefore attracting a bonus. By comparison the bottom third may be more likely to be out of spec (overage, overweight, non-FQAS etc) and may attract a penalty. The combination of these bonuses and penalties alone could account for as much as 18p/kg of difference between cattle of the same grade if penalties are being applied rigidly. Another factor which may explain the difference between quotes and reported prices may be the availability of any special bonuses in factories which are supplying orders with particularly tight / exceptional specifications or organic bonuses.

Furthermore, it is important to note that we are looking at base grades in this analysis. For example, within the U3 base grade, the U+3= grade will attract 4p/kg more than U-3= grade according to the pricing grid. It is possible that the bottom third contains more U-3 grades while the top third may contain more U+3 grades. However,

it is also worth noting that in last week's heifer kill there were only 5 U+3 grades and 31 U=3 grades. The remainder were U-3.

It is also likely that those cattle in the top third of prices were sold by larger producers who have greater leverage in the negotiation process. Perhaps they are producing to contract, have bigger loads or there is the promise of ongoing supplies of good quality in-spec cattle. Owners of cattle in the bottom third of prices may have had less room for negotiation.

Some strong prices paid last week

Notwithstanding the wide range in prices, one of the key points emanating from these figures is that some very strong prices were paid for cattle last week. The standout figure is that the top third of U3 heifers attracted 344p/kg. At last week's quotes, even assuming all those cattle were in-spec U+3 heifers, this price is at least 6p/kg higher than top quotes plus bonuses. When the trade is sluggish the difference between quotes and actual prices paid will often be negligible, but as the trade improves and the prices paid for prime cattle are rising, procurement staff in the plants will often have to pay more than quotes to attract sufficient stock. With supplies tight right now, it comes as no surprise that top prices are stronger and producers should continue to shop around to find the best prices for their stock.

Table 1. Last Week's Reported Cattle Prices in NI

Reported prices include in-spec penalties and bonuses. Quotes do not.	U3 Steers Base Quote 322-328P/KG Includes U-, U= & U+		R3 Steers Base Quote 316-322P/KG Includes R-, R= & R+		U3 Heifers Base Quote 324-330P/KG Includes U-, U= & U+		R3 Heifers Base Quote 318-324P/KG Includes R-, R= & R+	
	No. Cattle	Avg Price (p/kg)	No. Cattle	Avg Price (p/kg)	No. Cattle	Avg Price (p/kg)	No. Cattle	Avg Price (p/kg)
Top Third	100	340.3p	156	337.2p	33	344.5p	112	338.4p
Middle Third	101	330.6p	156	328.1p	33	336.7p	112	330.7p
Bottom Third	101	325.0p	156	321.0p	34	330.8p	112	321.9p
Total Head / Overall Average	302	331.7p	468	328.8p	100	337.2p	336	330.4p

This table shows prices for U3 and R3 steers and heifers. The kill for each grade has been sorted by price and split into three equal groups of three based on the highest, middle and lowest prices. Average prices for the Top, Middle and Bottom third of prices are provided for each grade. Angus and Hereford prices have been excluded from this report. This table shows reported prices for base grades (U3/R3) as opposed to sub-grades (U=3= etc) due to the greater numbers in the dataset.

TIGHT BEEF SUPPLY CONTINUES

In the month of February factories in NI have been hit by very tight supplies which perhaps underlines one of the reasons why reported prices have been higher than quotes in recent weeks. Since the start of the year the heifer kill is down 15 per cent on the same period last year, with the steer and young bull kill down by 12 per cent and 21 per cent respectively. In February, while the decline in the young bull kill eased slightly, the decline in the steer and heifer kill accelerated and that will cause some concern to the factories. While the higher cow kill allowed numbers to hold up well in 2011, it too has come under pressure early in 2012. A stronger sheep kill will provide some respite for factories anxious to maintain throughput. The hogget kill was up 33 per cent in February and is up by more than a quarter since the start of the year. The ewe and ram kill is on a par with 2011 levels in the first two months of the year following a sharp increase in the mature sheep kill in February.

TABLE 2. NI CATTLE AND SHEEP SLAUGHTERINGS FOR THE FOODCHAIN

	February			Year to Date		
	(4 weeks ended 03/03/12)			(9 weeks ended 03/03/12)		
	2011	2012	% Change	2011	2012	Change
CATTLE						
Steers	13,803	11,968	-13%	30,175	26,489	-12%
Heifers	12,372	10,384	-16%	26,995	22,837	-15%
Young Bulls / Calves	5,823	4,845	-17%	13,312	10,576	-21%
Total Prime Cattle	31,998	27,197	-15%	70,482	59,902	-15%
Cows	6,861	6,387	-7%	15,456	14,619	-5%
Mature Bulls	739	379	-49%	2,029	896	-56%
Total Cattle	39,598	33,963	-14%	87,967	75,417	-14%
SHEEP						
Lambs & Hoggets	13,214	17,535	+33%	31,911	40,981	+28%
Ewes & Rams	2,336	2,696	+15%	6,246	6,177	-1%
Total Sheep	15,550	20,231	+30%	38,157	47,158	+24%

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

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Thursday 29 March 2012

Greenmount College

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 - Global Market
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- Further details in next week's Bulletin

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 05/03/12	Next Week 12/03/12
U-3	322 - 326p	324 - 326p
R-3	316 - 320p	318 - 320p
O+3	310 - 314p	312 - 314p
Cows	265 - 276p	270 - 280p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 03/03/12	Steers	Heifers	Young Bulls	Cows
U-3=	332.8	338.7	325.2	
U=3=	332.3	336.9	325.8	302.0
U=4=	326.9	330.3		302.0
R=3=	328.7	329.6	321.2	290.3
R=4=	325.3	327.5		292.9
O=3=	315.1	308.7	303.9	277.3
O+3=	328.2	323.9	311.7	288.9
O+4=	320.7	320.2	306.9	286.7
P+2=	294.4	301.5	290.0	240.6
P+3=	296.1	292.4	293.3	265.3
Average	323.5	324.3	311.8	252.1

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 03/03/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland	
Steers	U3	356.4	353.3	351.6	346.3	332.2	335.8
	R3	348.9	342.5	340.7	337.8	330.0	325.8
	R4	351.3	349.6	341.6	334.6	328.2	325.7
	O3	339.9	323.2	322.2	311.9	317.6	311.0
Average		350.2	340.2	338.3	316.4	323.5	-
Heifers	U3	356.2	352.9	353.2	350.7	337.5	347.9
	R3	348.1	341.1	340.6	335.2	332.0	335.9
	R4	349.4	341.7	341.3	336.5	327.5	335.8
	O3	334.9	324.4	325.6	315.3	318.3	319.9
Average		347.5	339.8	338.8	326.1	324.3	-
Young Bulls	U3	342.2	337.6	344.0	330.5	326.9	332.5
	R3	334.5	328.9	331.0	325.4	320.3	323.7
	O3	316.8	312.0	318.4	309.0	306.1	312.6
	Average		327.2	317.6	315.9	307.7	311.8
Prime Cattle Price Reported		7054	6386	5526	4191	4700	-
Cows	O3	284.3	276.1	276.5	261.5	274.5	283.8
	O4	286.0	278.9	273.5	261.0	277.6	285.1
	P2	218.6	233.1	235.2	206.0	238.2	257.1
	P3	245.4	259.6	251.5	231.5	259.2	279.0

Notes:

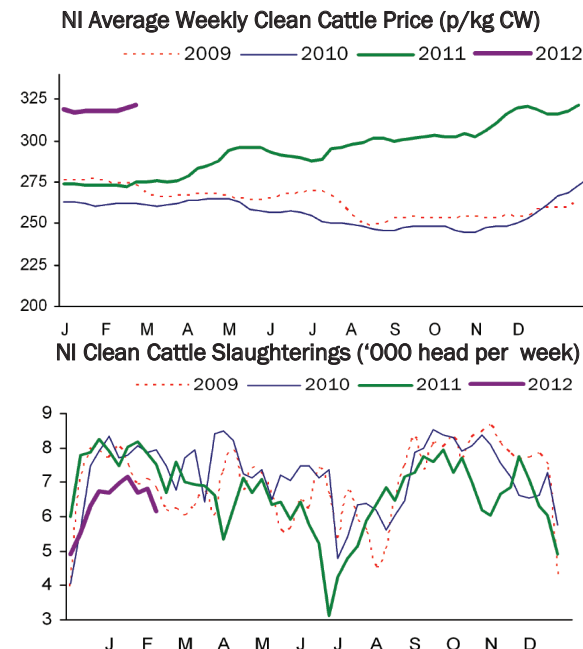
- (i) Prices are p/kg Sterling, ROI prices converted at 1 euro=84.09p Stg.
- (ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

THE cattle trade continued to improve this week with several factories having lifted quotes for U-3 grade steers and heifers last weekend to 324-326p/kg. Some plants were persevering with quotes of 322p/kg for steers. Next week it is expected that several factories will raise quotes again with all plants quoting at least 324p/kg for steers for Monday. Some factories tell us that they will be quoting 326p/kg for steers while all factories are quoting 326p/kg for heifers. Higher prices are clearly available and producers should be pricing around given the pressure on supply.

Last week's reported prices showed that U3 steer prices were up by 2p/kg to 332p/kg. U3 heifer prices averaged over 337p/kg up by 2.5p/kg since the previous week. The cow trade was also improved last week with the average price up by about 4.5p/kg. Supplies of prime cattle in NI continue to be tight. Last week's prime cattle kill was 22 per cent lower than the same week last year with just 6,139 prime cattle slaughtered. This was down from over 6,800 the week before.

The trade in GB and ROI was firm last week. In Scotland U3 steer prices were up by 2.5p/kg while in Northern England corresponding prices were up by 4p/kg. In Southern England U3 steer prices were down by 2.4p/kg. U3 heifer prices were up right across GB last week however. In Scotland and Northern England U3 heifer prices were up by 2p/kg while in the Midlands and Southern England corresponding prices were also up by 3p/kg and 5p/kg respectively. In ROI, U3 steer and heifer prices were up by 4c/kg and 6c/kg respectively last 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			
Steers			Store bullocks up to 400kg		Continental bull calves			
	1st quality	195	209	1st quality	200	242		
	2nd quality	174	194	2nd quality	175	198		
	Friesians	135	164	Store bullocks 400kg-500kg		Continental heifer calves		
Heifers			1st quality	193	232			
	1st quality	192	209	2nd quality	170	192		
	2nd quality	170	191	Store bullocks over 500kg		Continental heifer calves		
Beef Cows			1st quality	198	215			
	1st quality	150	195	2nd quality	168	197	Friesian bull calves	
	2nd quality	120	149	Store heifers up to 450kg		Continental heifer calves		
			1st quality	197	235			
Dairy Cows			2nd quality	170	196			
	1st quality	126	161	Store heifers over 450kg		Holstein Bull Calves		
	2nd quality	100	125	1st quality	190	227		
			2nd quality	170	189			

Taken from a sample of beef marts in the week ended 02/03/12

(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=84.09p Stg.
 (ii) Shading indicates a lower price than the previous week.

Taken from a sample of beef marts in the week ended 02/03/12

Deadweight Sheep Trade

THIS week NI factories increased their sheep quotes to 440p/kg following a few weeks of stability and in some cases uncertainty when quotes were generally around 430p/kg. Next week further upward pressure is possible with some buyers suggesting that quotes of 450p/kg are more likely. That would be similar to quotes in the same week last year when quotes of around 450p/kg were available. Last week's sheep kill was around 5,000 head, eight per cent lower than the previous week but about one third higher than the kill in the same week last year.

SHEEP QUOTES		
(P/KG DW)	This Week 05/03/12	Next Week 12/03/12
Hoggets	440p*	440-450p*

All plants paying up to 22kgs for FQAS hoggets.

REPORTED HOGGET PRICES - P/KG			
(P/KG)	W/E 18/02/12	W/E 25/02/12	W/E 03/03/12
NI Liveweight	391.8p	389.9p	
NI Deadweight	418.1p	415.1p	
GB Deadweight	442.2p	441.3p	440.1p

LATEST SHEEP MARTS

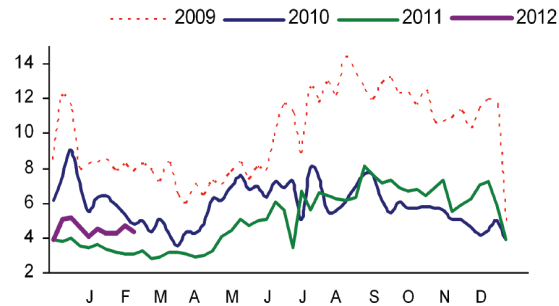
From: 03/03/2012 To: 09/03/2012		Hoggets (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	434	383	418	N/A
Monday	Kilrea	530	390	415	406
	Masserene	990	385	417	N/A
Tuesday	Saintfield	435	392	430	400
	Armoys	312	385	413	406
	Rathfriland	311	381	425	403
Wednesday	Ballymena	908	375	443	396
	Enniskillen	565	372	423	388
	Markethill	1050	386	435	406
	Newtownstewart	230	380	434	396
Thursday	Downpatrick	150	385	410	395

This week's marts

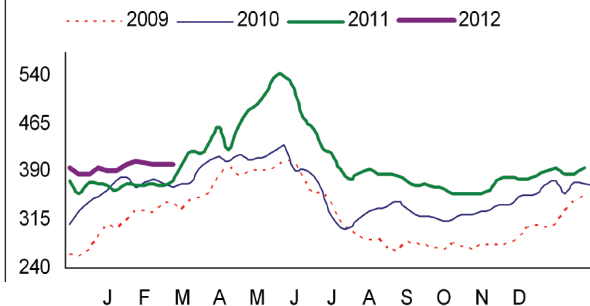
PRICES were generally stronger at the marts this week with average prices generally ranging from 395-405p/kg, with the odd exception. In Ballymena on Wednesday, prices averaged 396p/kg, up 10p/kg from last week. Meanwhile in Markethill on Wednesday evening, an average price of 406p/kg was reported, up from 389p/kg last week. In several marts, top cull ewe prices ranged from £110-120 during the week, also up on earlier levels.

SHEEP TRADE

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



NI Average Weekly Sheep Price (p/kg CW)



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