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BEEF EXPENDITURE HOLDING UP IN GB BUT VOLUMES UNDER PRESSURE

IN the latest 4-week retail report from Kantar, it is reported that demand for beef, lamb and pork in GB was under pressure relative to the same period last year. However, with higher prices, expenditure on all of these meats was stronger year-on-year according to Kantar.

Demand and supply theory suggests that reduced supply will lead to higher prices and consequently reduced demand until market equilibrium is restored. This certainly appears to be reflected in the beef market over the course of the last year.

Higher farmgate prices (see Table 1 March Snapshot adjacent) are now being passed onto the consumer with a 12 per cent increase in retail beef prices in the four weeks ending 18 March compared to the same period last year. During that period in 2011, the retail beef price averaged £6.00/kg in GB according to Kantar's data. In the four week period ending 18 March 2012, corresponding prices averaged 80p/kg more. It is worth noting by way of comparison, that average prime cattle prices in Northern Ireland increased by 50p/kg over the same period (see table 1 adjacent).

GB remains the largest market for NI beef and it is a concern that in the four weeks ending 18 March 2012, retail beef volume sales are down seven per cent year-on-year. However, first and foremost this decline has to be seen in the context of reduced supplies of beef from the home market. Throughput at the factories in NI, GB and ROI has been much reduced since the start of the year and in this respect is no surprise that retail volume sales are under pressure and perhaps it lessens the concern at this decline.

In the four weeks ending 18 March beef stewing sales fell sharply, with volumes down by 14 per cent year-on-year. Beef frying and grilling sales were down 10 per cent with sales of roasting joints down by nine per cent compared to the corresponding period last year. With the tough economic environment, it is perhaps no surprise that of all cuts, mince sales are holding up the best. However, mince volumes were still down three per cent year-on-year in the four weeks ending 18 March 2012.

Higher retail prices leading to reduced volume sales may be a concern, but it is very reassuring that consumer expenditure on beef is holding up. Beef expenditure was up by four per cent in the four weeks ending 18 March. However, the rate of increase was slightly slower than that for the last year.

Looking at the data for the entire year ending 18 March, consumer expenditure on beef was up five per cent. Despite a five per cent increase in price, volume demand did not change at all year-on-year. In the 12 weeks at the end of that period, a 12 per cent increase in price led to a four per cent decline in volumes and consequently expenditure increased by seven per cent. The rate of increase in expenditure appears to have slowed in the four weeks ending 18 March 2012. Nonetheless, it remains encouraging that retail expenditure in the sector continues to grow.

Lamb sales holding up well compared to 2011

Lamb volumes have been under serious pressure over last year in particular with sales down 16 per cent. The latest data from Kantar shows that demand may be stabilising however.

In the four weeks ending 18 March 2012, the average retail price of lamb was up by five per cent year-on-year compared to the same period in 2011. Despite this however, volume sales of lamb were only down by one per cent year-on-year meaning that expenditure on lamb in GB during that period was up by three per cent. Lamb leg roasting (+22%) and stewing (+6%) sales were particularly strong during that period. However, sales of lamb roasting (-19%), mince (-15%) and chops (-13%) were under pressure.

However, the fact that overall sales held up reasonably well along with expenditure is positive, particularly since GB is a key lamb market for the NI industry along with France.

GB Retail Beef Expenditure, Four Week Periods 2008-2012

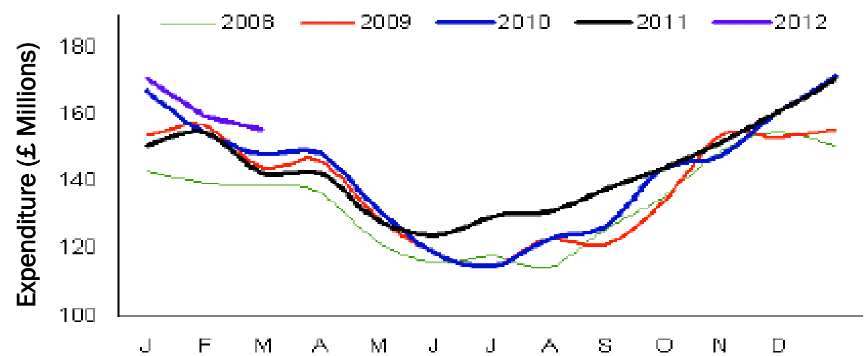


TABLE 1. BEEF INDUSTRY KEY PERFORMANCE INDICATORS - MARCH SNAPSHOT
5 WEEKS ENDING 31 MARCH 2012

	Mar-11	Mar-12	% Change
Finished Cattle Prices (p/kg)			
Average Prime Cattle Price	275.5	324.5	+17.8%
Average Cow Price	209.6	256.0	+22.1%
Average R3 Steer Price (NI)	283.3	332.8	+17.5%
Average R3 Steer Price (ROI)	280.1	326.0	+16.4%
Average R3 Steer Price (GB)	287.4	343.9	+19.7%
Slaughterings			
Total Clean Slaughterings (Head)	37,227	31,341	-15.8%
Total Cow Slaughterings (Head)	7,100	6,565	-7.5%
Average Clean Carcase Weight (kg)	333	342	+2.8%
Average Cow Carcase Weight (kg)	304	298	-2.2%
Trade (Head)			
Live Imports for Direct Slaughter	4,480	3,628	-19.0%
Live Exports for Direct Slaughter	829	1,380	+66.5%
Availability (Head)			
No. Cattle on the Ground*	431,882	424,161	-1.8%
Beef Sired	382,388	379,190	-0.8%
Dairy Sired (Male Only)	49,494	44,971	-9.1%
Calf Births Registrations (Head)			
Calf Births	37,687	40,295	+6.9%
Beef Sired	28,978	31,614	+9.1%
Dairy Sired (Male Only)	8,709	8,681	-0.3%
Euro / Stg Exchange Rate (€ / £)	86.7	83.4	-3.8%

* Aged between 12-30 mths (Beef + Dairy Male Only)

All NI Figures Unless Otherwise Stated

AGRISEARCH: RESEARCH CHALLENGE FUND FARM WALKS

DAIRY-ORIGIN beef production will be the focus of two farm walks next week organised by Agrisearch.

The first is on Tuesday 24th April 2012 at the farm of Eric and Gary Reid, 26A Ahorey Rd, Richhill, BT61 9LY. Approximately 320 cattle are finished on their 155 acre farm annually. These are purchased as light weight stores in spring, grazed and finished out of the house the following year. Currently, dairy-origin bull beef production is practised on the farm. Last year bulls turned out in spring gained on average 0.85 kg/day off grass alone before being finished indoors on a grass silage/concentrate diet with live weight gains in excess of 1.5 kg/day being achieved. A key management focus on the farm is maximising live weight gain from pasture and grass silage. Livestock on the farm are regularly weighed through a well designed handling facility to monitor performance.

The second farm walk is on Thursday 26th April 2012 at the farm of Robert, David & Martin Sloan 32 Lisnastrean Rd, Lisburn, BT27 5PB.

All beef progeny from their 280 cow dairy herd are finished off the farm as steers at 24 months. Maximal use of grazed grass and high quality grass silage are used for rearing and finishing their animals with minimal concentrate input. Staff from AFBI and CAFRE will be on hand at both farm walks to update producers on a wide range of issues.

Both walks will start at 2pm sharp and will last approximately 2 hours. For details visit www.agrisearch.org or phone 028 8778 9770.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 16/04/12	Next Week 23/04/12
U-3	330 - 332p	330 - 332p
R-3	324 - 326p	324 - 326p
O+3	318 - 320p	318 - 320p
Cows	280 - 290p	280 - 290p

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

LAST WEEK'S NI CATTLE PRICES - P/KG

W/E 14/04/12	Steers	Heifers	Young Bulls	Cows
U-3=	337.2	346.1	329.5	312.0
U=3=	336.1	343.5	331.4	310.0
U=4=	329.2	331.9	-	295.0
R=3=	335.6	338.3	325.5	304.3
R=4=	333.0	332.7	320.0	301.8
O=3=	321.4	320.1	312.3	282.8
O+3=	330.2	329.4	318.6	294.0
O+4=	328.5	322.6	-	291.9
P+2=	301.9	-	295.4	252.1
P+3=	304.2	297.6	303.6	274.9
Average	328.4	328.7	315.0	262.5

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 14/04/12		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	361.4	352.2	353.3	348.9	336.8	332.3
	R3	356.7	343.0	342.8	335.5	336.0	324.9
	R4	356.5	349.0	342.1	334.3	333.2	325.3
	O3	342.7	330.9	323.5	315.0	324.2	312.0
	Average	354.5	342.8	337.8	319.4	328.4	-
Heifers	U3	360.5	352.8	354.4	347.2	342.8	348.4
	R3	355.4	342.1	341.6	337.2	337.3	336.5
	R4	354.6	342.8	342.3	335.6	332.6	334.7
	O3	339.5	325.8	323.4	320.6	324.8	321.8
	Average	352.9	340.6	339.6	326.7	328.7	-
Young Bulls	U3	349.9	341.2	346.9	345.6	329.1	329.9
	R3	343.0	330.8	334.6	338.5	325.9	323.6
	O3	325.6	311.3	316.3	314.8	312.1	314.9
	Average	338.3	321.3	324.6	329.0	315.0	-
Prime Cattle Price Reported		5608	5724	5027	3927	4079	-
Cows	O3	294.7	283.1	279.9	271.0	284.4	287.0
	O4	300.7	285.1	283.2	272.4	287.2	288.8
	P2	241.0	240.7	230.2	218.0	243.1	245.1
	P3	259.9	263.9	239.4	242.2	267.8	281.6

Notes:
(i)Prices are p/kg Sterling-ROI prices converted at 1 euro=82.56p Stg.
(ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

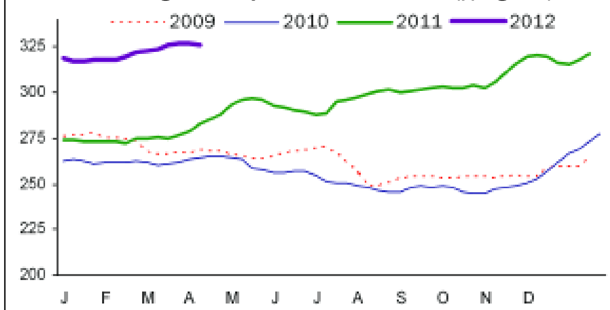
THIS week the factories were continuing to quote 330-332p/kg for U-3 grade steers and heifers. Meanwhile quotes for cows ranged from 280-290p/kg although at the top end prices came back slightly in some plants as the week progressed to 286p/kg. Next week a similar trade is expected with all plants quoting at least 330p/kg for steers and heifers. Four plants are quoting 332p/kg for heifers and it is likely that better prices will be available if recent reported prices are anything to go by.

Last week in NI, average heifer prices were back by 2p/kg. However, average steer prices were up by about 1p/kg. Average young bull and cow prices were back by 1p/kg and 3p/kg respectively last week.

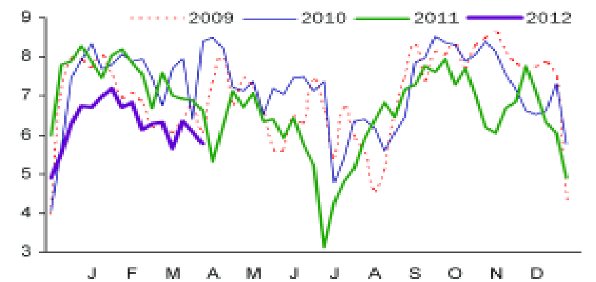
Cattle numbers tightened again last week with the total cattle kill down by about 400 head or six per cent compared to the previous week. With only 7,000 head killed last week, the kill was 14 per cent lower than the same week last year. Some factories were reporting improved availability this week.

In Scotland last week, U3 steer prices were up by 2p/kg to 361p/kg, while U3 heifer prices were back by 2p/kg to 360.5p/kg. U3 heifer prices in Northern England were up by 3p/kg while U3 steer prices were back to a similar degree. In ROI last week, U3 steer prices were generally stable with U3 heifer prices up by 2c/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	205	221	1st quality	-	-			
2nd quality	180	204	2nd quality	-	-	1st quality	300	410
Friesians	130	170				2nd quality	230	298
			Store bullocks 400kg-500kg					
Heifers			1st quality	-	-	Continental heifer calves		
1st quality	195	218	2nd quality	-	-			
2nd quality	170	194				1st quality	250	360
			Store bullocks over 500kg			2nd quality	180	248
Beef Cows			1st quality	-	-			
			2nd quality	-	-	Friesian bull calves		
1st quality	160	205						
2nd quality	120	159	Store heifers up to 450kg			1st quality	180	300
			1st quality	-	-	2nd quality	120	178
Dairy Cows			2nd quality	-	-			
						Holstein Bull Calves		
1st quality	125	154	Store heifers over 450kg				45	200
2nd quality	105	124	1st quality	-	-			
			2nd quality	-	-			

Taken from a sample of beef marts in the week ended 13/04/12

Deadweight Sheep Trade

THE deadweight sheep trade was under pressure this week. In recent weeks factories had been quoting 540p/kg for spring lambs and 460p/kg for hoggets. However, early this week quotes were reduced in two plants to 510p/kg for spring lambs and 450p/kg for hoggets. With a weaker trade in ROI and in France, the factories were not prepared to quote for stock for next week on Friday, perhaps preferring instead to wait until they see how the live trade performs early next week.

SHEEP QUOTES

(P/KG DW)	This Week 16/04/12	Next Week 23/04/12
Hoggets	450p	No Quote
Spring Lambs	510p	No Quote

Hoggets paying upto 22kgs & Spring Lambs upto 21kgs

REPORTED COMBINED LAMB/HOGGET PRICES - P/KG

(P/KG)	W/E 31/03/12	W/E 07/04/12	W/E 14/04/12
NI Liveweight	419.0p	406.9p	420.4p
NI Deadweight	449.2p	453.6p	459.6p
GB Deadweight	471.6p	468.2p	466.2p

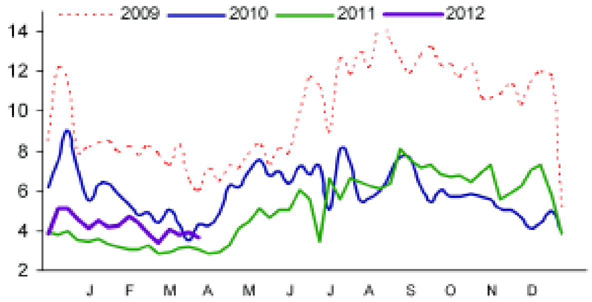
LATEST SHEEP MARTS

From: 13/04/2012 To: 19/04/2012		Hoggets (P/KG LW)				Spring Lambs (P/KG LW)			
		No.	From	To	AVG	No.	From	To	AVG
Sat	Omagh	513	382	411	-	51	432	501	-
	Donemana	572	-	-	437	110	521	544	-
Mon	Massereene	960	380	425	-	207	450	520	-
Tue	Saintfield	606	-	-	390	115	460	505	-
	Rathfriland	420	336	392	340	168	463	496	480
	Armoy	246	360	409	390	-	-	-	-
Wed	Ballymena	676	340	384	360	142	420	490	440
	Enniskillen	483	370	408	-	-	-	-	-
	Markethill	850	340	393	355	220	420	466	440
	Newtowns'					84	413	452	430
	Downpatrick	300	340	390					

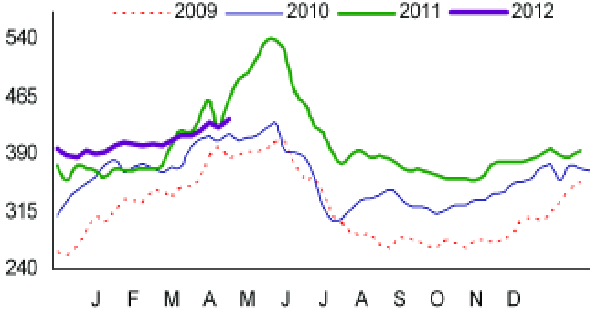
This week's marts

THE liveweight lamb trade came under pressure last week with average hogget prices down sharply in the marts mid-week. Saintfield reported an average price of 390p/kg on Tuesday afternoon but on Wednesday evening in Rathfriland the reported average hogget price was back to 340p/kg with average prices of 360p/kg reported in Ballymena the following day. The Ballymena price was 20p/kg lower than last week. Spring lamb prices averaged 430-440p/kg in marts on Wednesday, somewhat lower than those prices reported last week. A weaker euro is not helping the live trade and on Friday its value dropped to 81.9p.

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



NI Average Weekly Sheep Price (p/kg CW)



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