LMC BULLETIN

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DEVELOPMENTS IN GB LAMB DEMAND

THE latest report from Kantar Worldpanel indicates that the volume of lamb being purchased across GB continues to decline. The key drivers behind this trend are the reduced domestic demand due to the increasing price of lamb, developments in the import and export trade and the growing market share of relatively cheaper protein sources on the supermarket shelves.

The retail price of lamb in GB increased by 12 per cent in the year ending 13 May 2012 relative to the previous year. Not surprisingly this has impacted demand. In the year ending 13 May 2012 total lamb consumption was back 10 per cent in GB when compared to the year ending 15 May 2011. Total purchasing levels declined from 77,299 tonnes in 2011 to 69,256 tonnes in 2012. Figure 1 outlines the decline in volume demand in GB from 2010-2012. In particular lamb chop steaks and lamb mince have shown the greatest decrease in purchases, down by 16-17 per cent in the last year.

Table 1 outlines the changes to the market share of lamb since 2010 in terms of retail sales of other red meats and pork. Lamb market share has fallen from 13.2 per cent to 12 per cent of red meat sales in the last year. During the same period the volume of fresh and frozen poultry purchased increased from 573,200 tonnes to 595,327 tonnes. This represents a 4 per cent increase in sales and an increase in expenditure of 9 per cent. During the same 12 month period the average price per kg of both beef and pork increased by 6 per cent but with no corresponding decline in volume purchased, this meant that expenditure on these products was 6 per cent higher year on year.

The lower levels of domestic lamb consumption coincided with a seven per cent increase in the amount of lamb being exported out of GB in the first quarter of 2012. Imports of lamb into GB were also 20 percent lower in when compared to 2011. Imports of lamb from New Zealand were down 10 percent from March 2011 to March 2012. The decline in consumption should therefore be viewed in the context of reduced availability on the domestic market.

The decline in domestic demand for lamb from 2011 to 2012 has been offset to some degree by the 12 per cent increase in the average retail price per kg. This has meant that total expenditure on lamb has remained fairly constant when compared to 2011 as indicated in Figure 2.

In May 2012 (4 weeks ending 12 May) sales of lamb were back 9 per cent on the equivalent 4 weeks in 2011 and this resulted in a decline in sales value of 5 percent. It should however be noted that Easter fell within the reference period in 2011 and not in 2012 and this makes comparison difficult due to the traditional increase in demand over the Easter period.

If we look at the two weeks leading up to Easter in 2011 and 2012 the comparison is much more promising. Year on year comparison shows a 34 per cent increase in the volume of lamb roasting joints sold and a 47.3 per cent increase in the value of sales. This increase can be attributed to a strong focus on Easter promotions in Easter 2012 by the major retailers, with 42 per cent of all lamb sold on promotion in the retail GB trade.

Table 1: Retail market share of lamb in GB 2010-2012

2010	15.60%
2011	13.20%
2012	12.00%

Figure 1: Retail lamb demand GB 2010-2012

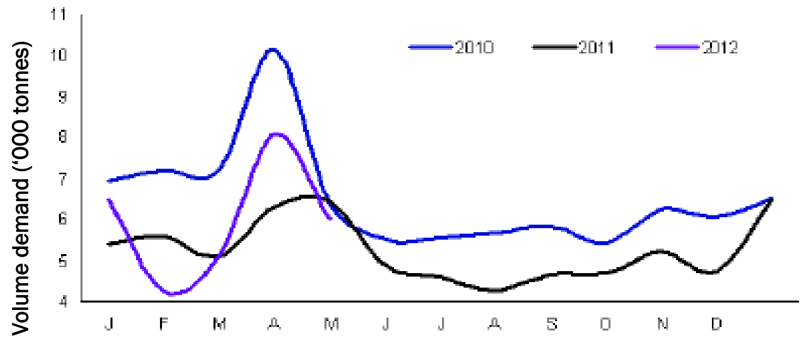
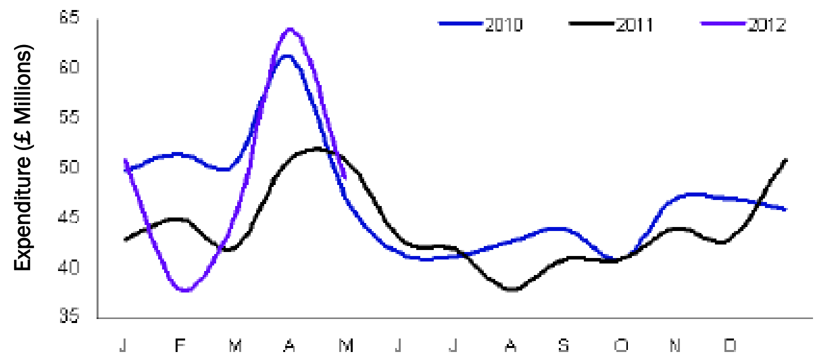


Figure 2: Retail lamb expenditure GB 2010-2012



Source: Kantar

EU PRICES LEAGUE TABLE

AN equivalent average R3 heifer price of 412.3c/kg placed Northern Ireland third in EU cattle prices league table in the week ending 9 June 2012 (Table 2). This EU league table ranks 17 EU countries in terms of the price paid per kg for R3 heifers, and shows prices in euro terms for the weeks ending the 12 May and the 9 June 2012. The continuing strong value of sterling against the euro has meant that NI beef is more expensive in export terms making it less competitive on the EU market. The weakening of the euro has pushed NI up the EU league table from sixth position back in December 2011. In the weeks under analysis GB ranked first in the EU league table with a price of 417.8c/kg. ROI was ranked in second position with a price of 413.0c/kg, slightly above R3 prices in NI at the time.

Prices for R3 heifers in NI showed a decrease in euro terms by 1.5c/kg from the 413.8c/kg paid in the week ending 12 May. Meanwhile GB prices for R3 heifers declined by 2c/kg in the 4 weeks leading up to 9 June and over the same period ROI prices increased by 4.7c/kg. This increase pushed it up from fourth position in May. During the same period R3 heifer prices in France rose by 7c/kg to move it up from eighth to fifth in the league table with a price of 394.0c/kg.

Between May and June GB and NI have remained in first and third position respectively on the league table. This trend can be attributed to the consistency in the value of the euro against the sterling over this period. The value of the euro on the 12 May was 80.4p and on the 9 June it was 80.8p

Spain and Greece have continued to show greatest volatility in terms of beef prices, declining by 18.7c/kg and 26.2c/kg respectively between the week ending the 12 May and the week ending 9 June 2012. Both countries have shown pronounced volatility over the last six months with marked increases and decreases in R3 heifer value. Perhaps the ongoing economic uncertainty in the Eurozone is having a key impact on these markets.

Table 2: EU Deadweight Cattle Prices - Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth (w/e 12.05.12)	Price this Mth (w/e 09.06.12)	Change on Mth (cents)
1	1	**Great Britain**	**419.9**	**417.8**	**-2.0**
4	2	**Ireland**	**408.3**	**413.0**	**+4.7**
3	3	**Northern Ireland**	**413.8**	**412.3**	**-1.5**
6	4	Sweden	398.2	399.9	+1.7
8	5	France	387.0	394.0	+7.0
5	6	Italy	401.6	392.1	-9.5
2	7	Greece	417.2	391.0	-26.2
9	8	Denmark	375.4	377.4	+2.1
7	9	Spain	390.2	371.6	-18.7
10	10	Germany	363.1	368.2	+5.1
11	11	Luxembourg	361.1	366.6	+5.5
12	12	Austria	341.5	349.1	+7.6
13	13	Slovenia	320.6	324.2	+3.6
14	14	Belgium	305.5	309.8	+4.3
15	15	Poland	298.2	291.6	-6.6
16	16	Czech Republic	286.6	287.0	+0.4
17	17	Lithuania	260.8	255.4	-5.4
EU Average			386.1	383.0	-2.4
Euro / sterling exchange rate			80.4	80.8	

Official prices reported to the EC Dressing Specification

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 18/06/12	Next Week 25/06/12
U-3	324 - 326p	324 - 328p
R-3	318 - 320p	318 - 322p
O+3	312 - 314p	312 - 316p
Cows	280 - 290p	280 - 290p

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

LAST WEEK'S NI CATTLE PRICES - P/KG

W/E 16/06/12	Steers	Heifers	Young Bulls	Cows
U-3=	337.3	344.3	328.8	307.6
U=3=	338.8	346.0	328.8	-
U=4=	326.5	334.0	-	307.3
R=3=	334.3	341.8	324.6	298.5
R=4=	330.4	330.3	300.2	300.3
O=3=	316.5	319.0	308.8	286.0
O+3=	327.4	327.5	313.9	299.4
O+4=	326.7	319.1	-	300.6
P+2=	297.4	234.6	297.7	256.1
P+3=	302.6	296.9	295.9	276.3
Average	328.5	328.2	316.6	270.5

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 16/06/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	360.8	353.0	349.9	345.7	338.1	335.6
	R3	354.4	344.6	338.6	332.4	335.1	327.6
	R4	356.2	348.1	339.6	331.1	330.3	327.3
	O3	340.1	336.0	322.0	311.0	321.0	315.5
	Average	354.4	342.5	334.6	314.3	328.5	-
Heifers	U3	361.9	355.3	350.9	344.8	340.8	348.3
	R3	352.8	338.9	339.0	330.7	337.6	337.5
	R4	354.7	341.8	339.4	332.0	331.1	337.1
	O3	336.0	330.6	323.5	318.3	322.9	323.3
	Average	352.9	338.6	337.8	324.2	328.2	-
Young Bulls	U3	350.2	339.5	343.6	343.3	329.0	335.4
	R3	343.7	328.7	332.1	326.4	323.8	328.9
	O3	325.8	309.5	312.2	308.7	308.3	316.4
	Average	342.0	320.3	329.1	327.4	316.6	-
Prime Cattle Price Reported		6701	6259	5027	4084	4223	-
Cows	O3	295.6	290.1	291.2	268.3	287.8	283.4
	O4	300.5	287.0	288.8	269.8	291.4	285.1
	P2	244.5	232.7	243.1	229.0	247.6	253.7
	P3	256.3	269.2	272.0	245.7	272.7	278.4

Notes:
(i)Prices are p/kg Sterling-ROI prices converted at 1 euro=80.78p Stg.
(ii) Shading indicates a lower price than the previous week.

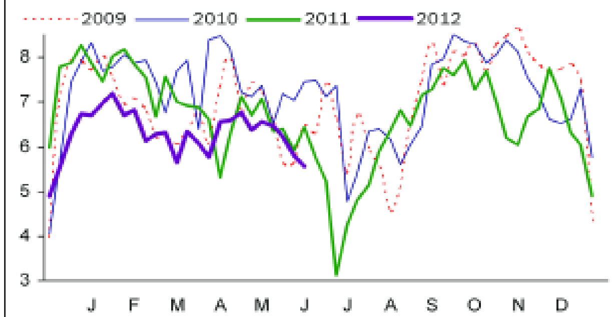
Deadweight Cattle Trade

FACTORIES are quoting 324-328p/kg for U-3 grade prime cattle this week with 328p/kg being quoted for heifers at one factory. Similar quotes are expected for Monday. The cull cow trade remains strong with quotes of 280-290p/kg available for first quality cows. Last week's reported prices indicate that the trade remains strong with the average price paid for all classes of cattle showing an increase on the previous week. Average steer and young bull prices have increased by 4p/kg and 3.2p/kg respectively while average heifer prices have shown an increase of almost 1p/kg. The prime cattle kill for last week was 5,560 head, a slight decrease on the 5,814 head killed the previous week

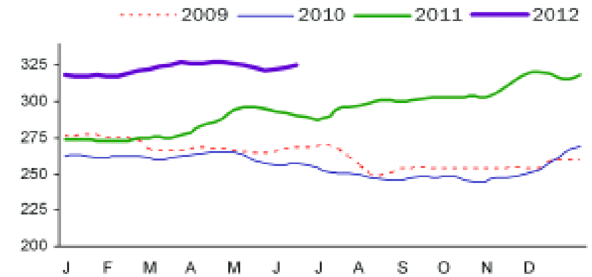
In general the trade has improved across most regions of the UK. In Scotland the average R3 steer price increased by 1.6p/kg to 354.4p/kg while the R3 heifer price increased by 2.4p/kg to 352.8p/kg. Average Scottish steer and heifer prices increased by 2p/kg generally. In Northern England prices have also continued to improve with the R3 steer price now 344.6p/kg, a 4.3p/kg increase on the previous week. The average R3 heifer price has increased by 2.7p/kg to 338.9p/kg. The average prices paid for all grades of prime stock have improved in the Midlands and Wales with average steer prices up 6.2p/kg to 334.6p/kg and average heifer prices up 5.5p/kg to 337.8p/kg.

The prices paid for cattle in ROI have also shown a slight improvement with the average R3 steer price for last week 403.2c/kg, an increase of 2c/kg on the previous week. R3 heifer prices have shown a 2.4c/kg increase to 415.4c/kg.

NI Clean Cattle Slaughterings ('000 head per week)



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



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	196	212	1st quality	200	259			
2nd quality	175	195	2nd quality	180	199	1st quality	285	400
Friesians	145	166				2nd quality	200	280
			Store bullocks 400kg-500kg					
Heifers			1st quality	190	231	Continental heifer calves		
1st quality	187	225	2nd quality	175	189			
2nd quality	163	186				1st quality	240	310
			Store bullocks over 500kg			2nd quality	160	238
Beef Cows			1st quality	191	217			
			2nd quality	175	190	Friesian bull calves		
1st quality	160	198						
2nd quality	135	159	Store heifers up to 450kg			1st quality	170	235
			1st quality	185	210	2nd quality	100	168
Dairy Cows			2nd quality	170	184			
						Holstein Bull Calves		
1st quality	129	148	Store heifers over 450kg				20	170
2nd quality	100	128	1st quality	190	217			
			2nd quality	170	189			

Taken from a sample of beef marts in the week ended 15/06/12

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

SHEEP TRADE

Deadweight Sheep Trade

THE quotes from the factories for lambs at the beginning of this week were 390p/kg and this came back slightly to 380-385p/kg by the end of the week. Similar quotes are reported for early next week. All factories are reporting good supplies of lambs with almost 7900 head slaughtered last week. This represents a 10 percent increase in slaughterings from the previous week. This is markedly more than the 5700 sheep slaughtered in the same week in 2011. The number of sheep killed to date this year stands at just over 129,000, representing an increase by approx 28,000 head when compared to the same time last year.

SHEEP QUOTES

(P/KG DW)	This Week 18/06/12	Next Week 25/06/12
Lambs	390p	380 - 385p

Lambs up to 21kgs.

REPORTED LAMB PRICES - P/KG

(P/KG)	W/E 02/06/12	W/E 09/06/12	W/E 16/06/12
NI Liveweight	320.2p	351.3p	369.6p
NI Deadweight	340.5p	350.8p	386.7p
GB Deadweight	400.5p	407.2p	422.2p

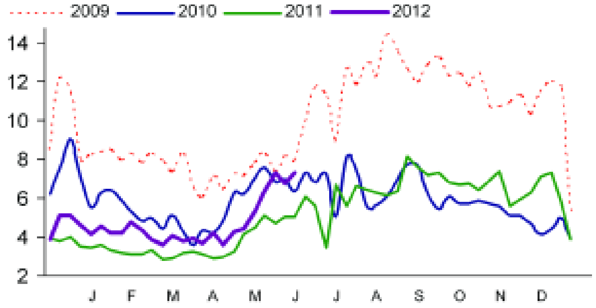
LATEST SHEEP MARTS

From: 16/06/2012 To: 22/06/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	283	357	401	-
Monday	Kilrea	700	358	384	366
	Massereene	945	350	384	-
Tuesday	Saintfield	560	340	394	364
	Rathfriland	460	325	373	360
	Armoy	204	340	370	354
Wednesday	Ballymena	601	345	413	355
	Enniskillen	315	358	374	363
	Markethill	450	350	368	360
	Newtownstewart	210	340	405	350

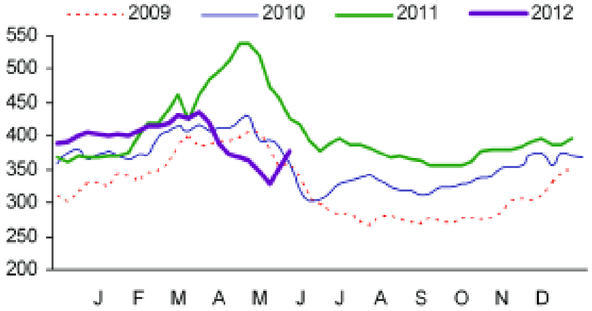
This week's marts

AN increasing number of lambs going through some of the sale rings this week resulted in a slight softening of the trade but with strong demand for all quality lots. In Massererene on Monday 945 lambs sold from 350-384p/kg compared to 865 lambs the previous week selling from 375-398 p/kg. In Newtownstewart on Wednesday 210 lambs sold from 340-405p/kg with an average price of 350p/kg. This compares to 180 lambs the previous week selling to an average price of 360p/kg. The cull ewe trade remains strong across all the marts with first quality ewes selling up to £85 in Ballymena on Wednesday.

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



NI Average Weekly Sheep Price (p/kg CW)



Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FQAS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com