LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

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TIGHTENING SUPPLIES ACROSS UK

EARLIER in February, LMC reported on the substantial decline in the availability of cattle in Northern Ireland relative to the same period last year. In January, the prime cattle kill was about 15 per cent lower than in January 2011, with the cow kill just slightly lower. The latest figures from DEFRA show that the decline in cattle supplies in NI corresponded with a substantial decline in factory throughputs in GB. This follows last year, when factory throughput in GB held up very well relative to NI levels.

GB represents the main market for NI beef and the availability of slaughter cattle in GB has an important impact on the local beef trade. Furthermore, any tightening supplies in GB has much greater potential to impact the overall UK trade than a tightening in supplies confined solely to Northern Ireland given the greater numbers of cattle in GB. In January, NI accounted for about 17 per cent of the prime UK kill.

The 15 per cent decline in prime cattle supplies in NI last month accounted for a decline of around 5,500 head in throughput. Last month the prime cattle kill in GB was 11 per cent lower than in January 2011, a decline of about 20,000 head. This is a significant reduction which put a serious dent in beef production during January across the UK. Total UK beef production has fallen by 11,000 tonnes compared to last January with beef offal production down by almost 1,000 tonnes.

Table 1 clearly shows that the combination of the decline in supplies in GB and NI led to a decline of 25,000 head in the UK prime kill in January. In NI the cow kill held up reasonably well, but the GB cow kill fell by 7,000 head year-on-year exacerbating the tight supply situation generally across the UK in January.

It would seem that supplies are set to remain tight in GB over the course of the coming months. The latest information from the British Cattle Movement Service (BCMS) show a significant tightening of the number of cattle on the ground.

The number of beef males on the ground aged between 24 and 30 months at 1st January was down by 23 per cent year-on-year. This will have been one of the factors in the reduced kill during January and will continue to have an impact over the coming months. Reduced dairy males on the ground also has a significant impact on the number of cattle available for slaughter in GB. The number of dairy males between 12-24 months in GB was 13 per cent lower year-on-year on 1st January.

While beef supplies contracted sharply during January, hogget supplies in GB also fell, although not to the same extent. This contrasts sharply with the trend in NI during January where the hogget kill increased by 25 per cent last month, year-on-year.

The NI sheep kill accounts for a very small proportion of the UK sheep kill, particularly now that so much stock is exported to ROI for direct slaughter from NI.

Last month the GB hogget kill fell by five per cent year-on-year, or by about 49,000 head. With the NI kill up by a modest 4,750 head in January, the overall decline in the UK kill was about 44,500 head compared to last January.

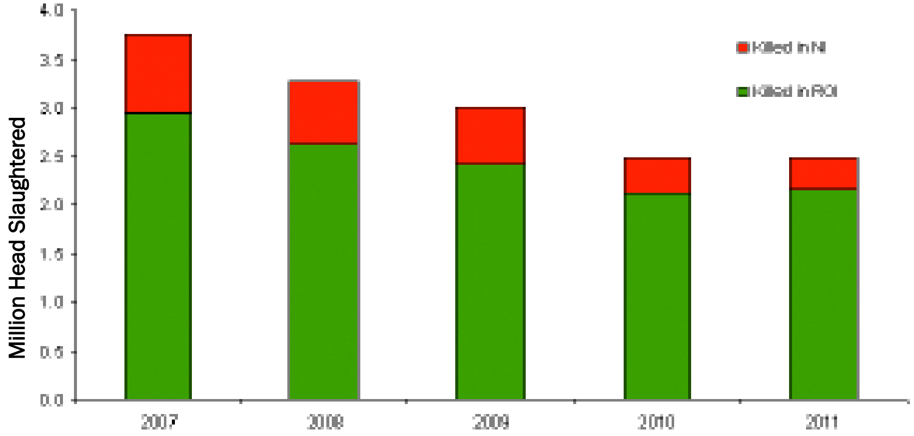
The decline in GB hogget production in January was most pronounced in Scotland where throughput was back by a substantial 13 per cent. In general across the UK, ewe and ram slaughterings were well below January 2011 figures, with a 13 per cent decline across the UK. In contrast with the hogget situation however, the decline in ewe and ram slaughterings in Scotland was less pronounced, with a six per cent decline in slaughterings.

Table 1. Cattle and Sheep Throughput at UK Factories, by Region - January 2011 v January 2012

	Prime Cattle			Cows			Hoggets			Ewes / Rams		
	Jan 2011	Jan 2012	Change	Jan 2011	Jan 2012	Change	Jan 2011	Jan 2012	Change	Jan 2011	Jan 2012	Change
UK	214,990	189,719	-12%	65,207	57,906	-11%	1,022,555	977,870	-4%	196,244	170,503	-13%
GB	177,180	157,453	-11%	56,612	49,674	-12%	1,003,858	954,424	-5%	192,334	167,022	-13%
Eng / Wal	132,019	117,855	-11%	50,557	43,907	-13%	855,812	825,687	-4%	190,088	164,915	-13%
Scotland	45,161	39,598	-12%	6,055	5,767	-5%	148,046	128,737	-13%	2,246	2,107	-6%
NI	37,810	32,266	-15%	8,595	8,232	-4%	18,697	23,446	+25%	3,910	3,481	-11%

Source:Defra

Figure 1. NI and ROI Sheep Slaughterings
Annual Kill 2008-2011



Source: Bord Bia

STABILISATION IN THE SHEEP KILL ACROSS THE ISLAND OF IRELAND

OVER the course of the last eighteen months, the LMC Bulletin has kept a watching brief on the proportion of lambs killed locally and the numbers exported to ROI for direct slaughter. This live export trade in lambs has a significant impact on the NI trade given that it has a key role in determining the size of the local lamb kill and the performance of the trade generally in NI. Given the changes in the export trade over recent years it is also worth considering the lamb kill across Ireland as a whole.

In 2011, around 38 per cent of NI sheep were exported to ROI for direct slaughter (this figure excludes cull ewes exported to GB for slaughter). With reduced availability of lambs in ROI in recent years, factories there, with dedicated lamb lines were anxious to maintain throughput and were very active in NI marts. Since Foyle Meats closed its lamb line in July 2010 there has been no dedicated lamb line in NI and perhaps as a result the competition provided to these southern buyers was not just as intense as it would otherwise have been.

Another angle to this trade has been the strong euro and over the course of 2011, this was a key factor with southern buyers often having extra scope in the bidding around the marts with a favourable exchange rate often meaning that they had extra purchasing power.

The reduced lamb throughput at local plants certainly raised concerns but as 2011 progressed it became clear that the share of lambs slaughtered by local processors had stabilised at just over one third of stock available for slaughter in NI. In some weeks as little as 27 per cent of sheep were slaughtered locally with the remainder slaughtered in the south, although in other weeks, particularly in May and June, as much as 50 per cent of the available NI sheep were slaughtered by factories locally.

This backdrop to this increase in the live export trade in recent years has been reducing availability of lamb on a general basis in Ireland. Between 2009 and 2010 lamb slaughterings in Ireland as a whole fell by 17 per cent. However, numbers have stabilised over the course of 2011 on the island. In the first half of 2011 throughput was down five per cent year-on-year, but in the second half of the year numbers were up by three per cent, meaning that for the year as a whole, the all-island lamb kill was similar to 2010 levels.

In the first six weeks of 2012, the all-island lamb kill was nearly eight per cent higher than in the same period in 2011. This perhaps has taken some of the pressure off factories generally in terms of lamb throughput at factories in ROI and NI. In the last six weeks 39 per cent of NI lamb has been slaughtered locally, with the proportion exported to ROI falling slightly over the course of that six week period.

DATE FOR YOUR DIARY

Thursday 29 March 2012
Greenmount College
LMC Red Meat Prospects Conference

Free Entry - Booking Essential
Further Details:
conference@lmcni.com
028 9263 3000

VISIT THE LMC STAND

AT THE

NI BEEF EXPO 2012

Tuesday 6 March 2012
Dungannon Farmers' Mart
Granville, Dungannon

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 20/02/12	Next Week 27/02/12
U-3	320 - 322p	320 - 324p
R-3	314 - 316p	314 - 318p
O+3	308 - 310p	308 - 312p
Cows	260 - 275p	265 - 275p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 18/02/12	Steers	Heifers	Young Bulls	Cows
U-3=	327.3	331.8	319.6	295.0
U=3=	330.7	336.7	321.5	
U=4=	325.2	329.1	316.0	296.0
R=3=	326.7	329.5	317.4	291.7
R=4=	322.1	324.6	316.1	287.7
O=3=	311.0	313.4	303.7	271.5
O+3=	322.2	319.4	307.7	277.3
O+4=	314.8	316.4	308.7	281.4
P+2=	290.7	280.2	289.9	243.9
P+3=	296.5	283.3	295.2	256.3
Average	319.7	321.1	307.8	248.9

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 18/02/12		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	354.2	348.1	349.4	346.2	327.8	329.9
	R3	347.2	340.5	338.5	333.5	327.4	320.1
	R4	350.2	345.4	338.8	332.1	323.4	321.0
	O3	333.8	323.8	321.1	313.6	314.5	304.6
	Average	348.4	337.5	334.2	315.1	319.7	-
Heifers	U3	354.3	348.4	352.3	346.3	334.6	341.3
	R3	345.8	338.3	337.2	335.3	329.7	329.4
	R4	348.1	338.9	338.8	332.6	324.2	329.3
	O3	324.3	315.9	325.1	317.1	315.5	315.4
	Average	346.9	332.9	334.8	324.6	321.1	-
Young Bulls	U3	339.1	337.3	345.0	341.8	320.9	328.2
	R3	335.0	327.2	332.8	330.0	317.0	319.8
	O3	317.4	310.0	315.3	311.3	303.3	307.4
	Average	320.0	317.1	320.5	315.2	307.8	-
Prime Cattle Price Reported		7100	6088	5486	4026	5006	-
Cows	O3	275.8	273.1	275.6	248.9	270.5	276.8
	O4	276.9	272.3	274.3	255.5	272.4	278.8
	P2	218.8	231.2	225.0	221.4	233.7	251.0
	P3	234.5	250.0	245.4	228.6	253.0	271.5

Notes:
(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.42p Stg.
(ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

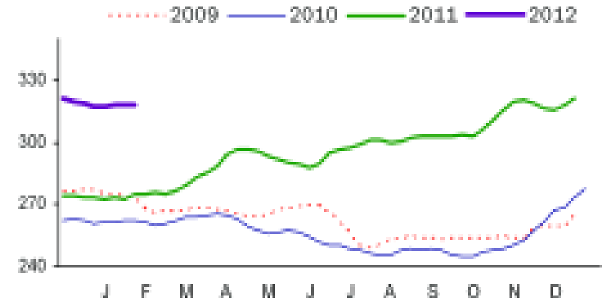
THIS week the deadweight cattle trade has started to move with several plants increasing quotes by 2p/kg. For several weeks, quotes had been steady at 320-322p/kg, but at the start of the week, two plants raised heifer quotes to 324p/kg and as the week progressed, several other factories followed suit. On Monday morning we expect quotes of 320-324p/kg, with some plants quoting 324p/kg for steers and heifers.

Last week's reported prices showed a reasonably stable trade in NI. Average steer prices were unchanged last week, while heifer prices were back by 1.6p/kg on average. Average young bull prices on the other hand increased by 3.7p/kg.

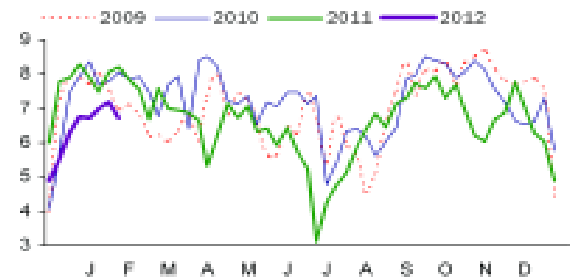
Prime cattle supplies took a dip last week with just over 6,700 steers, heifers and young bulls slaughtered. With a total kill of 8,500 head, throughput at the NI plants was 15 per cent lower than in the same week in 2011.

Across the water the trade improved last week. In Scotland average steer and heifer prices increased by 2p/kg. In Northern England, while steer prices were 3p/kg higher, heifer prices were down slightly. In the Midlands / Wales steer and heifer prices were up by 3p/kg. In Southern England the average heifer price was up by 5p/kg while young bull prices were up sharply across England. In ROI prices edged back. Prime cattle prices were back by 1-3c/kg with cow prices also down slightly.

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	194	212	1st quality	200	220			
2nd quality	170	193	2nd quality	170	199	1st quality	300	420
Friesians	106	168				2nd quality	230	298
			Store bullocks 400kg-500kg					
Heifers			1st quality	194	230	Continental heifer calves		
1st quality	188	210	2nd quality	170	193			
2nd quality	165	187				1st quality	250	430
			Store bullocks over 500kg			2nd quality	180	248
Beef Cows			1st quality	200	214			
			2nd quality	175	199	Friesian bull calves		
1st quality	166	202						
2nd quality	136	165	Store heifers up to 450kg			1st quality	170	250
			1st quality	190	218	2nd quality	70	168
Dairy Cows			2nd quality	150	189			
						Holstein Bull Calves		
1st quality	123	157	Store heifers over 450kg				15	238
2nd quality	100	122	1st quality	184	213			
			2nd quality	155	183			

Taken from a sample of beef marts in the week ended 17/02/12

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

Deadweight Sheep Trade

IN the middle of the week one of the factories reduced hogget quotes to 425p/kg with another plant continuing to quote 430p/kg. On Monday no change is expected and it is likely that quotes will continue to range from 425-430p/kg although the stronger euro could put some upward pressure on the trade. Last week, deadweight prices in NI edged back by almost 4p/kg according to the DARD figures. By contrast, liveweight prices recorded in the marts were up by 4p/kg. The latest sheep slaughter report from DARD shows a kill of almost 4,900 head for last week. This was 28 per cent higher than the same week last year, showing a continuation of the trend since the autumn of last year whereby there have been year-on-year increases in the sheep kill.

SHEEP QUOTES

(P/KG DW)	This Week 20/02/12	Next Week 27/02/12
Hoggets	430p*	425 - 430p*

All plants paying up to 22kgs for FQAS hoggets.

REPORTED HOGGET PRICES - P/KG

(P/KG)	W/E 04/02/12	W/E 11/02/12	W/E 18/02/12
NI Liveweight	391.6p	387.8p	391.8p
NI Deadweight	422.3p	421.9p	418.1p
GB Deadweight	441.1p	440.7p	442.2p

LATEST SHEEP MARTS

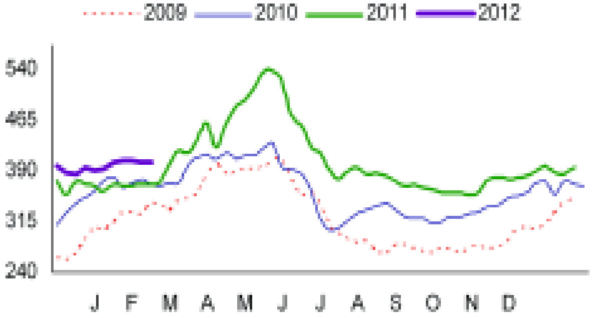
From: 17/02/2012 To: 23/02/2012		Hoggets (P/KG LW)			
		No.	From	To	Average
Saturday	Donemana	446	N/A	N/A	402
	Omagh	564	372	415	N/A
	Hilltown	286	352	405	378
Monday	Kilrea	600	370	400	380
	Masserene	1263	380	410	N/A
Tuesday	Rathfriland	364	371	433	389
	Saintfield	511	378	415	390
	Armoy	274	380	422	391
Wednesday	Ballymena	908	370	403	379
	Enniskillen	523	382	410	390
	Markethill	720	375	415	385
	Newtownstewart		370	396	393
Thursday	Downpatrick	285	360	410	388

This week's marts

AT the marts this week, prices generally averaged 380-390p/kg liveweight with top prices in several marts exceeding 410p/kg. In Ballymena on Wednesday, prices averaged 379p/kg, similar to last week when average prices of 378p/kg were reported. Markethill reported an average price of 385p/kg which was again similar to the 387p/kg reported last Wednesday. Markethill reported cull ewes selling to a top of £126 with ewes in Newtownstewart and Ballymena selling to top of £107 and £100 respectively.

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

NI Average Weekly Sheep Price (p/kg CW)



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