LMC BULLETIN

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REASSURING RED MEAT CONSUMPTION FIGURES FROM GREAT BRITAIN

THE most recent Kantar data, which monitors GB retail purchases of beef and lamb, indicates that the consumer response to the unfolding horsemeat crisis was reasonably measured with retail expenditure on beef two per cent higher in the four weeks ending 17 February, compared to the same period last year. This was a consequence of the combined impact of a three per cent increase in the average retail beef price and a one per cent decline in volume sales.

The horse DNA crisis which has been evolving since mid-January, has been primarily associated with highly-processed, low cost beef and ready meal products manufactured at a variety of locations around Europe. At the outbreak of this series of incidents, there were concerns that consumers would respond with a general backlash against beef products regardless of provenance, quality or traceability. However, as the story developed, it became clear that consumers were becoming more discerning in the beef that they purchased and to some extent, where they purchased it.

The Kantar data provides some clarity on the consumer response to the crisis. It confirms that consumers have reduced expenditure on more highly processed products. Fresh and frozen beef burger volumes were down 35.2% compared to last year. Chilled and frozen ready meals were also down, all impacted by the horsemeat investigations.

When analysing the impact of the horsemeat crisis it is important to consider that its was associated with some significant product recalls and it is difficult to establish how much of the consumption change should be directly attributed to consumer concerns around the horsemeat investigations and how much was impacted by the removal of products from shelves by some retailers. This may become clearer in the coming months.

Otherwise, as indicated, consumer demand for beef remained generally stable. Sales of frying and grilling cuts were particularly strong with a 14 per cent increase in sales year-on-year in the four weeks ended 17 February. This increase in volumes of frying and grilling was a general feature of the trade over the longer 12 week period ending 17 February. Mince sales were generally stable with volumes steady over the four weeks to mid-February - again this is a continuation of the general trend for the longer 12 week period.

There has been a general trend of reduced consumption of beef roastings in the 12 weeks ending 17 February and this was slightly more pronounced in the four weeks ending 17 February. This particular trend was driven to a certain degree by some switching by consumers to lamb which has enjoyed something of a resurgence at a retail level over the last year.

Average retail lamb prices were 16 per cent lower in the four weeks ending 17 February and this led to a more than proportionate increase in consumption with volume sales up by 44 per cent. In the 12 week period ending 17 February volume sales were up by 22 per cent year, so this change reflects an acceleration of that ongoing increase in sales.

This increase in lamb sales has been driven by a substantial uplift in lamb leg roasting joints where sales were up by more than 50 per cent in the last quarter. Strong promotional activity compared to last year has helped boost sales. Household penetration over the 12-week period for lamb reached 38.3%, this is the highest point seen since June 2011. Volumes purchases (12-week) for lamb were higher than any point seen during 2012, including popular occasions such as Easter.

Retail Beef Sales Key Performance Indicators (KPI)	Four Weeks Ending 17 February 2013		12 Weeks Ending 17 February 2013	
	2013	Change Year-on-Year	2013	Change Year-on-Year
Expenditure (£ Million)	£175	+2%	£541	+6%
Volume (Tonnes)	24,605t	-1%	75,323t	+1%
Average Price (£/Kg)	£7.12	+3%	£7.19	+5%
Penetration %	56.7%	-1%	74.3%	-1%
Average Weight Purchased (Kg)	1.6	No Change	3.8	+2%

Retail Lamb Sales Key Performance Indicators (KPI)	Four Weeks Ending 17 February		12 Weeks Ending 17 February	
	2013	Change Year-on-Year	2013	Change Year-on-Year
Expenditure (£ Million)	£56	+21%	£159	+13%
Volume (Tonnes)	7,246t	+44%	19,931t	+22%
Average Price (£/Kg)	£7.68	-16%	£8.00	-7%
Penetration %	23.3%	+12%	38.3%	+8%
Average Weight Purchased (Kg)	1.2	+28%	2.0	+13%

LMC ACTIVE IN THE SUSTAINABLE AGRICULTURE INITIATIVE (SAI) PLATFORM

THE SAI Platform is a global food industry initiative aimed at contributing to the development of sustainable agriculture worldwide. Its activities are open to stakeholders of the food chain, including farmers, whose involvement is crucial to the successful design and implementation of sustainable agricultural practices. Sustainable agriculture has important social, environmental and economic dimensions. These dimensions cover a wide range of issues, which can vary according to farming systems and their unique conditions. In 2002 Nestlé, Unilever and Danone created the Platform, a not for profit organization to facilitate sharing, at precompetitive level, of knowledge and initiatives to support the development and implementation of sustainable agriculture practices. The SAI Platform which is headquartered in Brussels now has over 40 members including LMC who actively share the same view on sustainable agriculture.

The SAI Platform works to coordinate activities that leverage collective knowledge on sustainable agriculture at farm level; that provide a sustainable supply of high-quality and safe agricultural products in competitive conditions, that meet the food and fibre needs of populations (with respect to safety, availability and affordability) and that conserve and possibly improve natural resources.

In order to support the implementation of sustainable agricultural practices worldwide, the SAI Platform coordinates Working Groups on Arable and Vegetable Crops, Dairy, Coffee, Fruit, Water and Agriculture, Beef. These groups agree key work programmes and desired outcomes and collaborate pre-competitively, to achieve these results.

LMC joined the SAI Platform Working Group on Sustainable Beef when it was established in 2011 and has actively participated in the work of the group since then on behalf of the NI red meat industry. As an important source of protein for many of the world's population, the global desire for beef is increasing. With global populations expected to peak at more than nine billion by 2050, so to will the demand for beef and other meat products.

Beef production today is a very diverse and complex business with stringent supply criteria. Beef producers need to have a wide understanding of many factors if they wish to build and maintain a successful, sustainable business including soil and pasture management; maintenance of biodiversity; water use efficiency; understanding of and reduction of GHG emissions; efficient use of inputs such as fuel and chemicals; animal welfare; accurate and effective management and business, and; links with the local community.

It is with an aim to help the food industry and its suppliers meet the above-mentioned challenges that the Working Group on Sustainable Beef Production was established in early 2011. A key focus of the group from the outset has been to achieve an industry consensus on a Life Cycle Analysis methodology for measuring the GHG footprint of the beef sector by the end of 2013. Key research expertise from organisations such as AFBI and Teagasc has been drawn upon to ensure that the methodology under development is both sound and practical to apply.

Whilst Direct Retail membership of the SAI Platform is not currently permitted in its membership criteria the Working Group on Sustainable Beef has recognised the importance of the whole supply chain being involved in its activities to achieve aligned growth and development. For this reason the Working Group has agreed to have regular dialogue and provide 6 monthly reports to Retailers who have agreed to support this initiative.

The Working Group has also been actively engaging with the Global Roundtable for Sustainable Beef which was launched in November 2010 in Denver USA by the World Wildlife Fund (WWF). A strong working relationship has been established and the Beef Group is interacting closely with WWF in the evolution of this much larger initiative.

Members of the Working Group on Sustainable Beef include ABP, Bord Bia, Dawn Meats, EBLEX, Inalca, Livestock & Meat Commission (LMC) for Northern Ireland, McDonald's, McKey Food Services, Nestle, OSI Food Solutions, Quality Meat Scotland, Unilever and Vion. Keith Kenny, Senior Supply Chain Director of McDonald's Europe, is the Chairman of the Group.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 25/03/13	Next Week 01/04/13
Prime		
U-3	360-366p	364-366p
R-3	354-360p	358-360p
O+3	348-354p	352-354p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	275-305p	275-305p
Steakers	255-280p	255-280p
Blues	170-185p	170-185p

REPORTED NI CATTLE PRICES - P/KG

W/E 23/03/13	Steers	Heifers	Young Bulls
U-3=	367.2	380.3	363.9
U=3=	374.3	380.6	362.6
U=4=	356.2	361.7	354.0
R=3=	370.0	376.8	355.5
R=4=	361.4	369.9	346.0
O+3=	367.1	366.8	350.4
O=3=	359.7	353.0	345.4
Average	363.0	366.3	350.4

REPORTED COW PRICES NI W/E 23/03/13

Grades	Price (p/kg)	Avg Wgt
O+3=	305.3	338.4
O-3+	282.3	302.2
P+2+	264.8	282.4
P+3+	271.0	287.9
P-1-	180.5	212.3

COMMODITIES

COMMODITY PRICE

W/E 23/03/13	Price (£) per tonne	% weekly change
Barley	207.50	+0.2%
Wheat	226.50	+0.7%
Straw (large round bale)	18.50	

Deadweight Cattle Trade

THE deadweight cattle trade in Northern Ireland remains buoyant with quotes of 360-366p/kg available at factories during this week. Most plants are now quoting 364-366p/kg for next week. This means that the top in-spec quote for steers and heifers is 374p/kg. In reality higher prices are being paid for in-spec cattle with factories continuing to report tight supplies. There is a wide range of quotes for good cows (O+3 and better). One plant is quoting 305p/kg while other factories are quoting between 275-300p/kg. In this environment farmers should be shopping around for deals given the intense competition for cattle.

Supplies of cattle in Northern Ireland remain tight. Last week's cattle kill was the lowest for the year to date with about 7,330 head slaughtered in NI. The prime kill was two per cent lower than the previous week, but about two per cent higher than in the same week last year when factory throughput was particularly low.

U3 Heifer Price - 380p/kg

Last week's reported prices reflect the ongoing increases in factory quotes. The U3 heifer price averaged 380p/kg last week - up by 3.5p/kg on the previous week. With top U-3 quotes of 364p/kg last week, this clearly demonstrates that prices in some cases are significantly ahead of quotes, even when bonuses are accounted for. The average R3 steer price was 372p/kg last week, up by 5p/kg on the previous week. R3 heifer prices averaged 375.5p/kg - again up by 6p/kg on the previous week. Liveweight prices for finished cattle in NI remain strong, with reports of an average of 222p/kg paid in marts for steers and heifers last week.

Sharp increases in NI prices

NI prices increased at a faster rate last week than elsewhere in the UK where price increases were more measured. Across GB, the R3 steer price increased by 3p/kg on the previous week, while the R3 heifer price was up by 1.6p/kg. Price increases were slightly stronger in Southern England where the trade has performed strongly in recent weeks. R3 steer prices in Southern England were just about 2p/kg below corresponding prices in the midlands. Scottish R3 steer prices remain about 8p/kg higher than Southern England prices and about 23p/kg higher than prices in NI. In the case of R3 heifers, the gap is not just as wide at 16p/kg.

Strong heifer prices in ROI

In ROI, prices were generally stable in sterling terms given that sterling rallied against the euro. However, this may have given ROI prices some latitude to increase in domestic terms and R3 steer and heifer prices were up by 6c/kg and 8c/kg compared to the previous week. Another feature of the trade in ROI, that is less pronounced elsewhere, is the substantial difference between steer and heifer prices. Last week's reported prices show that R3 steer prices were almost 22c/kg lower than R3 heifer prices.

LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)

W/E 23/03/13		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	371.5	366.9	400.6	396.8	402.0	398.0	399.8
	R3	371.7	359.5	394.5	390.9	388.0	386.2	390.3
	R4	367.8	359.1	397.1	392.9	388.9	384.4	392.0
	O3	360.6	344.4	382.8	372.5	374.6	365.7	374.2
	AVG	363.0	-	395.8	387.5	386.7	374.6	387.2
Heifers	U3	379.9	390.6	401.0	397.1	398.4	394.0	398.3
	R3	375.5	378.3	391.9	386.2	386.5	384.2	387.7
	R4	370.9	377.7	394.6	387.1	386.3	383.0	388.4
	O3	362.7	360.6	386.1	371.6	373.4	369.0	375.7
	AVG	366.3	-	393.4	383.1	384.8	372.3	384.5
Young Bulls	U3	362.5	354.8	385.1	374.6	388.1	393.5	383.3
	R3	357.9	350.0	375.6	371.1	378.7	379.1	375.7
	O3	344.8	338.1	355.2	350.2	360.4	369.1	357.8
	AVG	350.4	-	362.7	359.5	373.4	370.4	366.1
Prime Cattle Price Reported		4582	-	7079	6095	5220	4307	22701
Cows	O3	293.3	297.2	308.8	304.3	296.5	284.2	299.9
	O4	297.5	300.9	314.2	302.7	306.4	286.9	302.3
	P2	241.5	252.8	261.3	252.5	253.6	229.6	248.5
	P3	269.8	290.5	277.0	278.3	272.1	239.2	266.3
	AVG	265.1	-	303.2	279.3	295.3	242.4	278.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.43p Stg
(ii) Shading indicates a lower price than the previous week.
(iii) AVG is the average of all grades in the category, not just those listed

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 23/03/13	1st QUALITY From	To	Average	2nd QUALITY From	To	Average
Finished Cattle (p/kg)						
Steers	214	236	222	185	213	200
Friesians	160	186	170	131	159	136
Heifers	214	237	222	190	213	201
Beef Cows	160	192	170	120	159	140
Dairy Cows	124	149	129	90	123	106
Store Cattle (p/kg)						
Bullocks up to 400kg	197	235	217	178	196	187
Bullocks 400kg - 500kg	200	239	217	170	199	185
Bullocks over 500kg	207	227	216	175	206	190
Heifers up to 450kg	200	238	213	157	197	177
Heifers over 450kg	200	238	212	160	198	180
Dropped Calves (£/head)						
Continental Bulls	250	350	275	130	248	180
Continental Heifers	160	240	180	80	155	120
Friesian Bulls	80	190	125	20	78	50
Holstein Bulls	50	95	75	1	48	25

SHEEP TRADE

HOGGET/LAMB QUOTES

(P/Kg DW)		This Week 25/03/13	Next Week 01/04/13
NI Factories	Hoggets	440p	440-450p
	Spring Lambs	540p	540p

REPORTED HOGGET PRICES - P/KG

(P/KG DW)	W/E 09/03/13	W/E 16/03/13	W/E 23/03/13
NI Liveweight	353.6p	381.1p	382.7p
NI Deadweight	406.5p	420.4p	434.7p
ROI Deadweight	410.1p	426.6p	
GB Deadweight	402.1p	430.2p	455.4p

REPORTED SPRING LAMB PRICES - P/KG

(P/KG DW)	W/E 23/03/13
NI Liveweight	482.35p
NI Deadweight	469.42p

Deadweight Sheep Trade

THIS week factories were quoting 440p/kg for hoggets and one plant is quoting 450p/kg for next week. Factories are now slaughtering spring lambs and quotes of 540p/kg are available. This is similar to the same time last year. NI deadweight hogget prices have increased by nearly 30p/kg in the last fortnight to an average of 435p/kg. Last week the NI sheep kill was 1,100 head higher than the previous week. However, exports to ROI were down by 1,600 head which indicates that the seasonal decline in production is continuing as expected.

This week's marts

DESPITE the ongoing crisis associated with drifting snow in the Dromara Hills and in the Glens of Antrim, sheep sales went ahead in those areas, albeit with smaller numbers through the ring. In Rathfriland on Wednesday, 322 hoggets sold to an average of 404p/kg, similar to last week when 618 hoggets sold to an average of 405p/kg. Around 10 spring lambs sold in Rathfriland to an average of 638p/kg. In Ballymena 1,171 hoggets sold to an average of 379p/kg. This was down from 1,500 head sold last week at an average price of 386p. About 30 spring lambs in Ballymena sold to an average price of 475p/kg. This was a similar trade to the previous week when there were more lambs through the ring.

LATEST SHEEP MARTS

From: 23/03/13 To: 28/03/13		Hoggets (P/KG LW)				Spring Lambs (P/KG LW)			
		No.	From	To	Avg	No.	From	To	Avg
Saturday	Hilltown	480	408	412		40	515	635	
	Omagh	793	369	412		38	444	565	
	Donemana	260	368	411	388	13	475	559	
Monday	Massereene	1127	390	430		63	550	582	
	Kilrea	900	400	441	415				
Tuesday	Saintfield	761	390	525	405				
	Rathfriland	322	380	423	404	10	599	666	638
	Armoy	144	390	412	402				
Wednesday	Enniskillen	704	390	426					
	Ballymena	1171	370	412	379	28	460	528	475
	Markethill	670	370	395	376				

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