LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

Saturday July 21, 2013 Issue No. 2226

FAT CLASS STATISTICS UPDATE

The previous issue (2225) of the LMC Bulletin provided a brief analysis of developments in carcase conformation over the last year, with consideration given to the introduction of VIA, the associated change in the grading standard and the impact of other factors on grading. This week the Bulletin will examine developments in fat class for NI beef carcases.

The introduction of Video Imaging Analysis (VIA) for the grading of beef carcases in April 2011 saw the implementation of the fifteen point scale for carcase conformation and fat class. The introduction of VIA meant that cattle were graded on a 15 point scale for fat class (2+, 3-. 3=, 3+, 4- etc). Prior to April 2011, carcases were awarded fat scores on a 5 point scale (1, 2, 3 etc).

Table 1 outlines the proportion of prime cattle falling into each fat class from April 2009 to March 2012. This table essentially shows how fat class distribution changed following the introduction of VIA. For the purposes of comparison the sub classes within each fat class have been grouped together for the April 2011 – March 2012 period when the 15 point scale was in use. In the first two years tabled there is minimal change in fat class distribution but in the year April 2011 to March 2012, the first year of VIA, there are noticeable shifts in the proportion of carcases in each fat cover. This is not surprising given that the machine was calibrated to the EU grading standard by five EU graders. The most pronounced change is the decline in the proportion of fat score 3 from 60.0 per cent in 2010/2011, to 48.5 per cent in 2011/2012. Meanwhile the proportion of carcases grading fat scores 1, 2, 4 and 5 had increased. Bulletin Issue 2225 outlined that there are several factors that have an influence on conformation statistics beyond the classification method and associated grading standard (i.e. VIA or manual). With this in mind, Table 2 below is useful, since it provides a comparison of fat class for the eight-week period of April / May 2010 (manual grading), 2011 and 2012 (VIA). Looking firstly at a comparison of April/May 2010 with April/May 2011, the proportion of prime cattle carcases awarded fat score 3 fell from 59.6 per cent in April/May 2010 to 49.0 per cent in the same period in 2011, with an associated increase in the proportion of cattle killing at each of the other fat covers. This was broadly in line with the data for the full year provided in Table 1 and these changes in the proportion of cattle falling into each fat class could be explained to a large degree by the change in the grading standard in terms of fat cover implemented by the mechanical grading. The comparison of the figures for April / May 2011 with April / May 2012 in Table 2 is worthwhile given that the classification method for both periods was VIA. The changes that occurred between 2011 and 2012 in terms of fat cover are less pronounced than the changes between 2010 and 2011 but are none the less important to analyse. The changes observed are more difficult to explain as several additional factors could have played a key role. There has been a decline in the number of carcases that were classified as fat class 2 from 18.5 per cent to 15.7 per cent when comparing the period April-May 2011 and 2012. This coincided with an increase in the proportion of carcases in the total prime kill that scored 4 for fat cover from 28.0 per cent in April-May 2011 to 32.4 per cent in 2012. A possible explanation for these shifts is that producers have made changes at farm level in terms of finishing practices and cattle selection for slaughter on the basis of VIA grading results and the tighter grading standard. The shifts in fat cover distribution since VIA's introduction suggests perhaps that producers are putting a greater level of finish on carcases to ensure that they fit factory specifications. At present only steers and heifers with covers of 3-, 3=, 3+, 4- and 4= qualify for the in spec bonus's available. The changes in the proportion of prime cattle falling within each fat class April-May 2010-2012 is illustrated in Figure 1 below. Another possible explanation for the developments in fat score statistics is changes in the make up of the prime kill. Steers and heifers are more likely to score 3 or 4 for fat cover while young bulls are more likely to score 2 or 3 (see Figure 2), so changes in the slaughter mix can have an impact on grading statistics for the prime kill and the proportion of young bulls in the slaughter mix will have a strong influence on the proportion of carcases classified as 2 in cover. The proportion of young bulls in the slaughter mix has shown a slight decline from 2011 to 2012. In April-May 2011 20 per cent of the prime kill was made up of young bulls and by 2012 this had declined to 18 per cent. This decline between 2011 and 2012 is one explanation for the declining number of carcases grading 2 for cover, down from 18.5 per cent in April/May 2011 to 15.7 per cent in April/May 2012. The increase in the proportion of steers and heifers in the kill could help explain the increase in the proportion of carcases with 4 in cover over the same period, from 28.0 per cent to 32.4 per cent respectively.

The bulletin has previously looked at the increase in average carcase weight since the introduction of VIA (Issue 2225) in April 2011. This bulletin identified a 12kg increase in the average prime cattle carcass when comparing April-May 2011 and April-May 2012. Several possible reasons for this were identified including producers increasing slaughter weights to maximise returns per head and an associated rise in the level of meal feeding. These changes may have ultimately resulted in an improvement in the level of cover on these carcases as weight, conformation and fat cover are closely linked.

The introduction of mechanical grading in the form of VIA resulted in changes in the distribution of fat class due to the adjustments in the grading standard but it is important to note that VIA is not the only factor that needs to be considered. The dynamic nature of farming systems and the type of cattle coming through to slaughter will also undoubtedly have an influence. However, it is impossible to quantify the effect that each of these factors has on the spread of fat cover classification in the prime cattle kill and it is likely that the changes shown are influenced by them all to some degree.

Figure 1: Proportion of the prime cattle kill within each fat classd April-May 2010-12

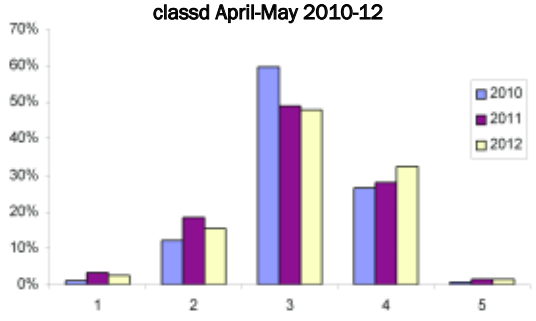


Figure 2: Proportion of young bulls within each fat class April-May 2010-12

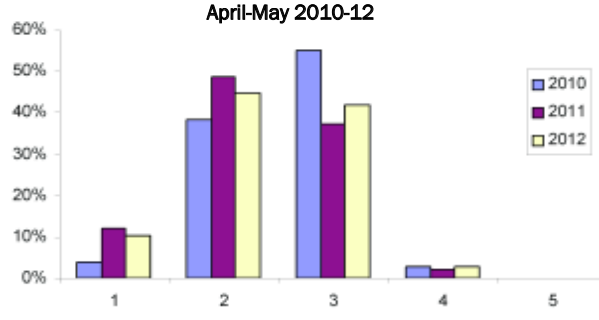


Table 1: Proportion of the price reported prime kill within each fat class 2009-2012

Year	1	2	3	4	5	Total kill
April 2009- March 2010	0.8%	13.5%	59.8%	25.3%	0.6%	293814
April 2010- March 2011	1.0%	13.2%	60.0%	25.1%	0.7%	290774
April 2011- March 2012	3.8%	19.2%	48.5%	27.4%	1.1%	248252

Table 2: Proportion of the price reported prime kill within each fat class April-May 2010-12

Year	1	2	3	4	5
April-May 2010	1.0%	12.1%	59.6%	26.7%	0.7%
April-May 2011	3.2%	18.5%	49.0%	28.0%	1.4%
April-May 2012	2.7%	15.7%	48.0%	32.4%	1.3%

POOR WEATHER TO TIGHTEN BEEF MARGINS

The recent spell of bad weather has caused severe disruption to the whole farming industry across the UK. Silage cutting, crop harvesting and livestock production are all being hampered by the cool wet weather and the poor soil conditions. The combination of these will play a key role in the margins produced from beef systems over the coming months.

Well managed beef systems with good grazing management can benefit from the cheap live-weight gain that can be achieved while at grass. This reduces the reliance on expensive concentrates and helps to reduce production costs within the beef system. However this is largely reliant on the weather and the widespread heavy rainfall in recent months has saturated fields making the management of grazing stock extremely difficult. As a result beef production on many farms is behind target.

The unseasonal weather has meant that producers have had to change their production practices accordingly. In many cases concentrates have been introduced at grass to help keep animals settled and to maintain live-weight gain. Some producers have taken the decision to house livestock altogether to prevent field damage and maintain animal performance. With concentrate prices currently in the region of £240-250 per tonne these changes from the usual farming system will further tighten the margins of beef production by increasing production costs.

However with further increases in concentrate prices forecasted production costs are expected to increase accordingly. In the short term the delay in the UK wheat harvest due to poor weather will increase prices as existing stores of wheat will have to go further to meet demand until the new crop is harvested. Increasing demand for concentrates from livestock systems over recent months due to poor weather has increased pressure on supplies. In the longer term prices could see further increases as the changeable weather has also created an uncertainty over expected yields and therefore the amount of feed that will be available.

Changeable and unsettled weather has also been causing problems on a global scale with the US Department of Agriculture (USDA) estimating that its maize harvest will be 12 per cent lower than forecasted as a result of drought and wildfires in the mid-west. Recent figures from AHDB indicate that in general crop yields have also been lower across the EU due to problems with drought and flooding. For example in the Ukraine the average grain yield for the year to date is 1.9t/ha compared to 2.8t/ha in the same period last year. Since the UK is heavily reliant on cereal imports the combination of these global trends will put upward pressure on concentrate prices on the domestic market.

As outlined above this increase in cereal feed costs coincides with an increase in the domestic demand for cereals in livestock production systems due to poor weather conditions. With margins already tight and further increases in production costs forecasted any further decline in beef prices could have a negative effect on many beef enterprises.

AGRISEARCH FARM WALKS
REDUCING FIRST CALVING AGE TO MAXIMISE PROFITS!
2PM EACH DAY

Tues July 24: Arthur Birt, 30 Deerpark Rd Portaferry BT22 1PN

Wed July 25: Sean McBride 28 Fairhead Rd Ballycastle BT54 6RD

Thurs July 26: Hugh Mc Collum 42 Spallon Rd Balykelly Limavady BT49 9DT

Fri July 27: Patrick and Ciaran Kearney 350 Lisnaragh Rd Plumbridge BT79 8AP

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 16/07/12	Next Week 23/07/12
U-3	316-320p	310-318p
R-3	310 - 314p	304-312p
O+3	304 - 318p	298-306p
Cows	275p	275-285p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 14/07/12	Steers	Heifers	Young Bulls	Cows
U-3=	335.7	343.6	325.9	312.0
U=3=	336.2	340.0	326.2	-
U=4=	305.1	332.7	320.0	-
R=3=	332.8	332.4	318.4	300.3
R=4=	326.6	332.4	316.0	301.2
O=3=	315.5	313.5	304.1	285.4
O+3=	324.6	326.7	313.6	294.7
O+4=	324.8	318.4	306.0	296.8
P+2=	299.5	275.4	292.0	252.3
P+3=	303.5	294.4	295.5	272.3
Average	323.7	325.4	313.7	267.6

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 14/07/12		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	365.4	355.2	355.6	347.8	334.1	328.0
	R3	358.4	349.7	342.2	337.0	332.6	318.3
	R4	361.0	352.9	342.4	336.0	327.0	317.6
	O3	346.0	340.4	322.7	309.5	316.8	304.6
	Average	358.2	346.7	339.3	313.8	323.7	-
Heifers	U3	364.7	354.7	355.3	343.3	338.8	339.3
	R3	355.7	348.6	342.8	332.3	335.7	328.4
	R4	357.9	347.1	342.4	332.8	330.3	327.5
	O3	337.7	340.9	324.9	316.2	319.5	313.8
	Average	355.0	345.2	340.7	322.4	325.4	-
Young Bulls	U3	352.0	340.5	346.3	345.9	327.0	329.1
	R3	347.5	333.8	331.8	327.5	321.2	321.6
	O3	326.3	312.5	313.7	315.2	306.4	305.7
	Average	343.2	320.1	333.5	319.0	313.7	-
Prime Cattle Price Reported		6382	6367	5408	4487	3720	-
Cows	O3	297.3	284.4	287.6	266.7	286.1	274.6
	O4	297.2	283.5	281.2	273.8	290.1	276.1
	P2	241.0	227.7	235.7	230.4	245.5	243.1
	P3	263.9	261.5	254.4	252.0	269.7	270.5

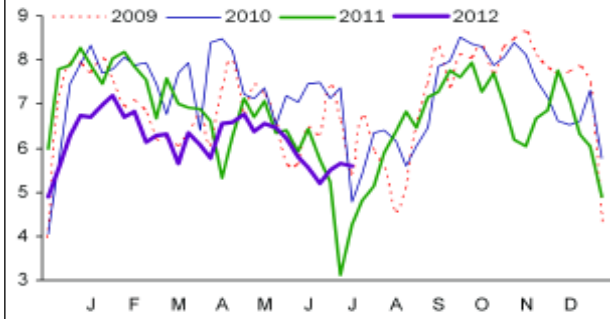
Notes:
(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=78.99p Stg.
(ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

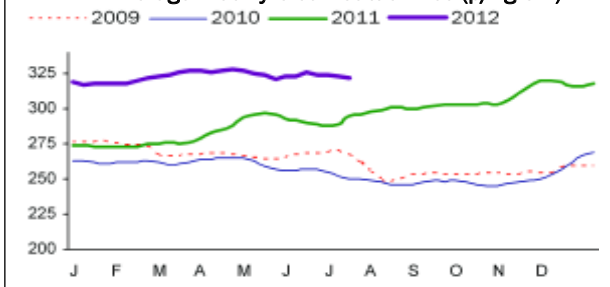
Base quotes of 316-320p/kg were available this week with the majority of plants quoting 316p/kg for steers and heifers.Quotes for Monday are 310-318p/kg with one plant quoting 310p/kg for steers and 312p/kg for heifers. Plants are reporting good supplies of prime cattle. The trade for cows has remained strong with quotes for first quality cows this week 275-285p/kg. Last week's reported average price for steers was 323.7p/kg, unchanged from the previous week. Meanwhile the average heifer price was down 1.4p/kg to 325.4p/kg with the average R=3= heifer price down 5.1p/kg. The average price for young bulls was back 2.2p/kg to 313.7p/kg.

The trade across most of the rest of the UK has shown a similar trend to Northern Ireland. In Scotland the average steer price was relatively unchanged from the previous week while average heifer and young bull prices were back 1.6p/kg and 1.7p/kg respectively. The average steer price in Northern England remained unchanged at 346.7p/kg while the average heifer price increased by 1.7p/kg to 345.2p/kg. The average R3 heifer price in Northern England increased by 4.2p/kg to 348.6p/kg. The average prices paid in Southern England declined for all grades of prime cattle. R3 steer prices were back 1.6p/kg to 337.0p/kg while R3 heifer prices showed the most pronounced change, back 8.5p/kg to 332.3p/kg. Prices paid for cattle in ROI have shown a decline in euro terms with the average R3 steer and heifer prices back 6c/kg on the previous week. In sterling terms the average R3 steer and heifer prices were back in the region of 9p/kg due to the weakening value of the euro against sterling.

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)	from	to	Store Cattle (£/100kg LW)	from	to	Dropped Calves (£/head)	from	to
Steers			**Store bullocks up to 400kg**			**Continental bull calves**		
1st quality	194	208	1st quality	181	210			
2nd quality	180	193	2nd quality	160	180	1st quality	265	355
Friesians	138	169				2nd quality	200	260
			Store bullocks 400kg-500kg					
Heifers			1st quality	180	219	**Continental heifer calves**		
1st quality	187	219	2nd quality	160	179			
2nd quality	170	186				1st quality	260	460
			Store bullocks over 500kg			2nd quality	180	258
Beef Cows			1st quality	181	209			
			2nd quality	160	180	**Friesian bull calves**		
1st quality	160	212						
2nd quality	125	159	**Store heifers up to 450kg**			1st quality	185	260
			1st quality	190	224	2nd quality	120	182
Dairy Cows			2nd quality	175	189			
						Holstein Bull Calves		
1st quality	130	149	**Store heifers over 450kg**				10	240
2nd quality	100	129	1st quality	185	211			
			2nd quality	170	184			
Taken from a sample of beef marts in the week ended 06/07/12								

Deadweight Sheep Trade

With increasing lamb numbers there has seen a slight reduction in the quotes for R3 grade lambs from the plants. The quoted lamb price of 375p/kg last week was reduced to 360-365p/kg earlier this week but 365-370p/kg was available later in the week. Similar quotes are expected for Monday. The average NI deadweight price last week was 352.4p/kg, down almost 12p/kg on the previous week. Meanwhile average deadweight prices in GB remained fairly consistent with the previous week at 407.5p/kg. There is now a differential between mainland GB and Northern Ireland of 55.1p/kg.

SHEEP QUOTES

(P/KG DW)	This Week 16/07/12	Next Week 23/07/12
Lambs	375p	365-370p

Lambs up to 21kgs.

REPORTED LAMB PRICES - P/KG

(P/KG)	W/E 30/06/12	W/E 07/07/12	W/E 14/07/12
NI Liveweight	354.1p	338.9p	331.0p
NI Deadweight	371.0p	364.2p	352.4p
GB Deadweight	429.3p	406.7p	407.5p

LATEST SHEEP MARTS

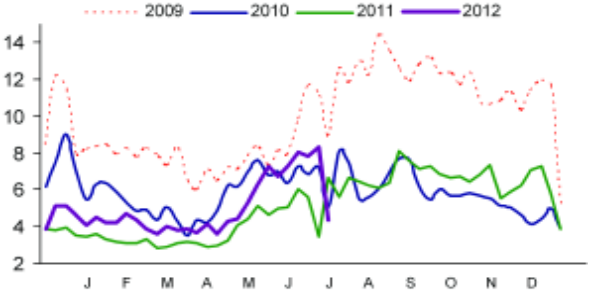
From: 14/07/2012 To: 20/07/2012

		Spring Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	368	326	364	
	Donemana	356	328	347	338
Monday	Kilrea	570	346	373	360
Tuesday	Saintfield	701	340	382	350
	Rathfriland	860	322	403	342
	Armoy	370	340	370	350
Wednesday	Ballymena	1235	320	377	332
	Enniskillen	438	338	352	340
	Markethill	600	340	362	347
	Newtownstewart	672	330	340	335

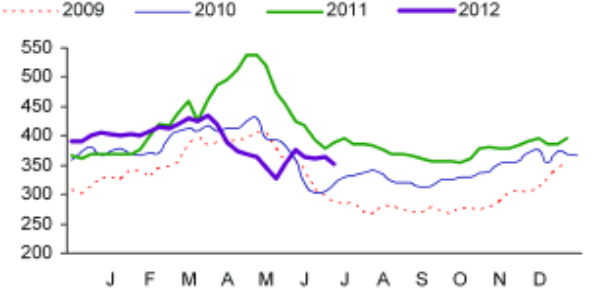
This weeks marts

With the majority of markets closed last week due to the holidays there were larger numbers of lambs passing through the sale rings this week. A good trade in Kilrea on Monday saw 570 lambs sell in the range of 346-373p/kg (average 360p/kg). In Rathfriland on Tuesday 860 lambs sold to an average price of 342p/kg, a slight increase on last week when the average price was 338p/kg. The strong trade for cull ewes continues across the markets with prices in excess of £90 reported in Saintfield and Kilrea for good quality lots.

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



NI Average Weekly Sheep Price (p/kg CW)



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