

INCREASED U.S. DEMAND FOR IMPORTS IN 2015

FAVOURABLE weather, a record corn harvest and reductions in feed costs resulted in a remarkable 2014 for the entire US Meat and Poultry Industry according to a recent study by GIRA into the US meat market.

In addition to this reduction in production costs there was a marked increase in deadweight prices for all types of livestock. US beef and cattle prices increased by 20-25 per cent over the course of the year according to GIRA's latest report with tight cattle supplies and steady consumer demand driving the price increases.

Strong profits at all levels of the supply chain have created an optimism in the US beef trade which is expected to encourage expansion during 2015. In the short term this will mean a further decline in supplies of beef as heifers are retained for herd rebuilding.

Total beef production in the US during 2014 totalled 11 million tonnes, its lowest annual output since 1993 and a six per cent reduction on year earlier levels. This drop in production can be directly related to the steady decline in the US cow herd since 2001. The beef cow herd in the US during 2014 was back two per cent on year earlier levels

and 14 per cent lower than 2000 levels. The US beef cow herd is now at its lowest levels since the 1960's.

There are a number of reasons identified in the GIRA report as factors behind the reduction in cow numbers and lack of herd building in the US despite profitability in beef calf production in recent years. The factors discouraging herd expansion include problems with drought in recent times in major cattle producing regions. This led to poor pasture conditions and high feed costs and thereby driving up production costs.

These increasing costs make beef production a very high cost and high risk enterprise which has discouraged investment. There is also some evidence that younger producers are turning away from beef production and towards grain farming instead as high grain prices have made grain enterprises more attractive than beef production. The result of this has been a steady decline in the availability of cattle coming forward for slaughter.

With a reduction in domestic cattle supplies there has been strong demand for cattle imports from Mexico and Canada which usually account for 6-7 per cent of total cattle slaughterings in

the US. Traditionally imports of cattle from Mexico have been younger feeder cattle into Texas and southern feedlots while Canada ships both feeder and slaughter cattle.

With reduced domestic supplies in the US there has been strong demand for imported cattle from both Canada and Mexico. In 2014 total cattle imports were 14 per cent higher than year earlier levels. While the demand for imported cattle is expected to remain strong in 2015 any further growth in import levels will be challenged by tight cattle supplies in both Mexico and Canada.

With consumer demand for beef in the US expected to remain steady in 2015 import demand is expected to be very strong. Declining domestic production, higher domestic prices and a strengthening in the US dollar on the global market has meant improved conditions for imports. According to GIRA the main issue with regards to imports is not so much US demand for beef but the ability of global suppliers to supply product.

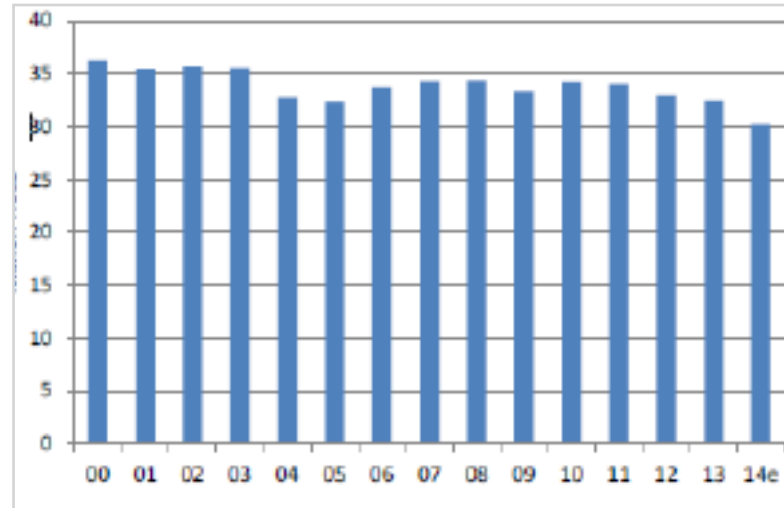
US beef imports in 2014 are estimated between 1.2 and 1.3 million tonnes cwe, an increase of 23 per cent from 2013 levels. The major beef suppliers

to the US market are Australia, Canada and New Zealand with several South American countries also acting as an important source of beef.

However beef imports are expected to decrease by 14 per cent in 2015 due to lower global production. This decrease in the level of imports is expected despite higher prices and strong markets for imported beef in the US. This creates opportunities for other countries to develop export markets in the US.

Earlier this year Ireland secured access to the US beef market and NI is currently in the process of getting plants approved for exporting beef to the US. At the end of April 2015 LMC sponsored mock inspections of NI plants for USDA approval standards to be undertaken. It is hoped that these mock inspections will facilitate a smoother route through the formal export approval process when USA official inspectors arrive later this year to inspect UK systems and premises.

Figure 1: US total cattle slaughterings 2000-2014e (Source USDA NASS)



LMC ATTENDING BALMORAL SHOW 2015

THE Balmoral Show is Ireland's largest Agricultural and Food Show that entertains the whole family. The newly developed and spacious Balmoral Park will be host to the Balmoral Show 2015 from the 13-15 May 2015.

This year LMC has an action packed programme of events for everyone to enjoy. Come and join us at any time on any of the three days of the show for a cup of tea or coffee (Stand B30). Our staff will be on hand, whether you would like to discuss FQAS, industry developments, red meat promotion or the state of the trade.

On all three days of the show we will be highlighting the versatility of Northern Ireland Farm Quality Assured produce by sampling hot beef and lamb rolls in the LMC stand. Filling, nutritious and tasty this is the easiest way to demonstrate the convenience of cooking with beef and lamb. Come and see for yourself, samples are being distributed between noon and 2pm each day.



DIFFERENTIAL IN CATTLE QUOTES AND PRICES PAID

QUOTES from the major plants this week for U-3 grade steers and heifers ranged from 328-330p/kg. Prime cattle are generally paid for on a pricing grid which uses the U-3 price to work out a relative value of other individual grades. It is however worth noting that the pricing grid is there as a guide and there is some variation in its application from plant to plant.

In practice the price paid for individual grades is driven by supply and demand issues and is open to negotiation between producers and processors.. Given the flexibility of the pricing system currently in place across the NI plants there are often marked differences in the quotes from the plants and the actual price paid. Careful analysis of price reporting data allows a comparison to be drawn between the prices being quoted by the plants and

the prices they actually paid.

Figure 2 displays the highest mid week quotes from the plants for in spec R-3 grade steers for 2015 to date and the actual price paid for in spec R-3 grade steers over the same period. These figures are based on 1,899 in spec R-3 grade steers slaughtered during 2015 to date and if prices were paid strictly in line with quotes one would expect these cattle to be 6p/kg below the quoted U-3 price. Aberdeen Angus, Hereford and Organic cattle have been excluded from the analysis as these attract additional bonuses.

As indicated in Figure 2 the prices paid for R-3 grade in spec steers has been consistently above the quoted price for R-3 steers during the period under analysis. The average differential between quoted prices and the actual price paid was 7.4p/kg.

However there has been some significant variation in this from week to week with the differential varying from 4.8p/kg in the w/e 08 February 2015 to 10p/kg in the w/e 05 April 2015. This analysis indicates that higher prices are available than initial quotes

would suggest for R-3 grade in spec steers and that this differential has remained while both the quotes and paid prices have come under pressure.

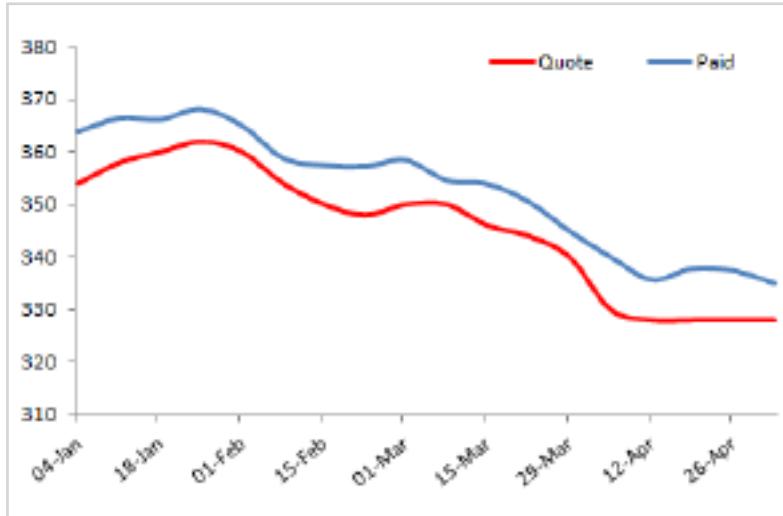
While the quoted price and paid price have followed a similar trend over the period in question there appears to be a time lag between changes to the base quote and changes in the prices being paid. This is understandable given that some cattle are being forward bought with some animals killed in any particular week purchased at the previous week's prices.

With this differential in quoted prices and the prices being paid it is important that producers check with the factories and negotiate to get the best possible deal. This applies to the marketing of both in and out of spec cattle.

REMINDER SINGLE APPLICATION DEADLINE

PRODUCERS are reminded that the deadline for submission of Single Applications is 15 May 2015. Up to 30,000 Single Applications are expected to be received by the DARD this year and producers are being encouraged to submit their applications as soon as possible.

Figure 2: Weekly R-3 steer quoted price and reported price during 2015 to date



FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the

FQAS helpline:
028 9263 3024

Answerphone Service

Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service

Free Price Quotes sent to your mobile
phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 04/05/15	Next Week 11/05/15
Prime		
U-3	328 - 330p	320 - 324p
R-3	322 - 324p	314 - 318p
O+3	316 - 318p	308 - 312p
P+3	278 - 296p	270 - 290p
Including bonus where applicable		
Cows		
O+3 & better	230 - 250p	230 - 250p
Steakers	140 - 170p	140 - 170p
Blues	120 - 130p	120 - 130p

Cow quotes vary depending on weight and grade. Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

REPORTED NI CATTLE PRICES - P/KG

W/E 02/05/15	Steers	Heifers	Young Bulls
U3	339.1	341.0	332.1
R3	336.2	335.2	328.2
O+3	328.2	323.4	312.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 02/05/15	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	137.5	143.0	150.5	168.8
P2	156.2	172.3	189.5	211.7
P3	-	193.4	221.3	226.2
O3	-	219.5	230.5	243.6
O4	-	-	251.8	250.4
R3	-	-	-	264.9

Deadweight Cattle Trade

QUOTES from the major plants this week for in spec U-3 grade steers and heifers were 328-330p/kg with quotes for Monday expected to be back to 320-324p/kg. The plants have reported difficulties in beef sales in recent weeks with steady supplies of prime cattle coming forward. Meanwhile quotes for good quality O+3 grade cows have remained steady at 230-250p/kg with the majority of plants quoting from 240-250p/kg.

Throughput of prime cattle in NI last week totalled 6,158 head, an increase of 300 head from the previous week. This brings prime cattle throughput for the year to date to 115,958 head, a two per cent increase on the 113,738 head slaughtered in the corresponding period in 2014. Imports of prime cattle from ROI for direct slaughter last week totalled 607 head, the highest weekly import for the year to date, and accounted for 10 per cent of total prime cattle throughput. Exports from NI to ROI for direct slaughter last week included 103 prime cattle and 209 cows. Meanwhile exports to GB for direct slaughter have remained low with 61 prime cattle and 6 cows exported last week.

The deadweight trade came under some pressure in NI last week with the average steer price back by 1.5p/kg to 327.2p/kg and the R3 steer price back by 3.8p/kg to 337.3p/kg. This takes the R3 steer price in NI to its lowest level since September 2014. The average heifer price in NI last week was 329.5p/kg, down 3.3p/kg from the previous week with the R3 heifer price back by 4.1p/kg from the previous week to 335.8p/kg.

The deadweight cattle trade in GB has also come under pressure in recent weeks with reports of reduced demand for beef from some major retailers combined with steady supplies of cattle being presented for slaughter. The average steer price in GB last week was back by 4.8p/kg to 333.3p/kg while the R3 steer price was back by 3.1p/kg to 339.4p/kg. This was 2.1p/kg higher than the equivalent price in NI. The R3 steer price in Northern England last week was unchanged from the previous week at 343.2p/kg with all other GB regions recording declines in the R3 steer price of 3-6p/kg.

The average heifer price in GB last week was back by 3p/kg to 335.6p/kg, 6.1p/kg higher than the equivalent price in NI. Meanwhile the R3 heifer price in GB last week was 340.3p/kg, back 2p/kg from the previous week. While the R3 heifer price was back in the region of 3p/kg in Scotland, Northern England and the Midlands the R3 heifer price in Southern England increased by 2p/kg to 335p/kg.

In ROI last week deadweight prices were within 1p/kg of the previous week for the majority of reported grades. The R3 steer price in ROI last week was the equivalent of 295.5p/kg, 41.8p/kg lower than the equivalent price in NI. This accounts for a differential of £134 on a 320kg carcass. The R3 heifer price in ROI last week was the equivalent of 304.3p/kg, 31.5p/kg below the equivalent price in NI. This accounts for a differential of £101 on a 320kg carcass.

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

W/E 02/05/2015	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	339.3	303.7	351.6	351.4	343.9	339.2	347.7
	R3	337.3	295.5	347.3	343.2	333.6	328.9	339.4
	R4	332.9	295.6	347.3	352.1	334.7	328.8	343.9
	O3	321.4	281.4	330.9	316.3	306.4	305.9	315.5
	AVG	327.2	-	345.5	340.1	322.9	316.3	333.3
Heifers	U3	341.7	315.6	353.8	354.6	346.6	340.5	351.3
	R3	335.8	304.3	346.3	339.7	338.1	335.0	340.3
	R4	333.2	304.9	345.2	344.4	335.7	329.5	340.3
	O3	322.7	290.4	325.0	315.1	309.5	313.2	316.6
	AVG	329.5	-	344.8	340.8	327.5	320.1	335.6
Young Bulls	U3	332.1	299.7	348.6	326.6	334.8	335.8	334.5
	R3	327.7	291.0	338.7	315.2	322.7	319.7	321.4
	O3	305.1	276.1	309.5	288.1	288.5	305.7	295.6
	AVG	310.5	-	321.9	303.6	306.9	312.8	309.2
	Prime Cattle Price Reported	5026	-	6280	5642	5286	3854	21062
Cows	O3	241.7	251.1	261.6	251.1	246.5	242.4	252.0
	O4	250.4	253.9	264.4	252.5	248.4	243.4	253.5
	P2	192.5	222.7	191.8	217.6	193.3	186.9	196.0
	P3	223.8	245.6	221.6	230.0	215.4	209.1	219.0
	AVG	222.1	-	252.6	235.0	210.2	210.4	228.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=71.85p 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 02/05/15	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	190	209	197	160	189	175
Friesians	136	153	143	116	136	126
Heifers	195	215	208	168	194	181
Beef Cows	134	166	143	110	133	117
Dairy Cows	108	123	115	60	107	85
Store Cattle (p/kg)						
Bullocks up to 400kg	208	247	226	160	207	185
Bullocks 400kg - 500kg	205	233	213	170	204	190
Bullocks over 500kg	200	212	204	155	198	176
Heifers up to 450kg	200	218	209	150	199	175
Heifers over 450kg	205	223	214	160	204	182
Dropped Calves (£/head)						
Continental Bulls	300	420	360	200	298	250
Continental Heifers	240	360	300	120	238	185
Friesian Bulls	100	165	125	40	98	70
Holstein Bulls	60	120	90	2	58	30

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 04/05/15	Next Week 11/05/15
Hoggets	320-340>22kg	320-340>22kg
Spring Lambs	370-390>21kg	385-390>21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 18/04/15	W/E 25/04/15	W/E 02/05/15
NI Hoggets L/W	322.8	292.0	292.2
NI Hoggets D/W	378.9	341.0	302.8
GB Hoggets D/W	445.4	417.2	387.1
ROI D/W	404.9	375.1	372.8
NI Spr Lmbs L/W	388.0	380.2	355.6
NI Spr Lmbs D/W	431.8	405.3	377.0
GB Spr Lmbs D/W	514.3	492.9	441.8

Deadweight Sheep Trade

QUOTES from the plants late this week for R3 grade spring lambs ranged from 385-390p/kg up to 21kg with quotes of 320-340p/kg up to 22kg for the small number of hoggets on offer. Lamb and hogget throughput in NI last week totalled 6,355 head, a reduction of 740 head from the previous week but markedly higher than the corresponding week in 2014 when 4,937 lambs/hoggets were slaughtered in NI plants. Exports of sheep to ROI for direct slaughter last week totalled 2,716 head, the lowest for 2015 to date. Deadweight prices continued to come under pressure in NI last week with an average spring lamb price of 355.6p/kg. The deadweight trade has also come under pressure in GB with an average deadweight lamb price of 441.8p/kg last week, back 51.1p/kg from the previous week.

This Week's Marts

SMALL numbers of sheep passed through many of the marts this week with trade showing some signs of improvement towards the end of the week. In Kilrea on Monday 162 spring lambs sold from 345-385p/kg compared to 120 spring lambs last week selling from 352-369p/kg. In Rathfriland this week 310 spring lambs sold to an average of 348p/kg compared to 200 spring lambs last week selling to an average of 366p/kg. In Markethill this week 150 spring lambs sold from 360-398p/kg compared to 100 spring lambs last week selling from 330-370p/kg. The 200 hoggets on offer this week sold from 270-340p/kg compared to 180 hoggets last week selling from 250-310p/kg.

LATEST SHEEP MARTS

From: 02/05/15		Hoggets (P/KG LW)				Spring Lambs (P/KG LW)			
To: 08/05/15		No	From	To	Avg	No	From	To	Avg
Saturday	Omagh	174	306	339	-	54	316	357	-
Monday	Kilrea	-	-	-	-	162	345	385	-
Tuesday	Saintfield	120	275	310	-	74	336	386	-
	Rathfriland	224	280	400	330	310	323	368	348
Wednesday	Ballymena	208	260	325	290	182	330	395	345
	Enniskillen	184	310	345	338	148	380	408	390
	Markethill	200	270	340	-	150	360	398	-
	Armoyle	188	290	325	-	112	370	390	-

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