

FAO OUTLOOK REPORT

BEEF PRODUCTION TO INCREASE IN 2015

ACCORDING to the latest Food Outlook Report on Global Food Markets from FAO world meat production is forecast to expand by 1.3 per cent in 2015 to 318.7 million tonnes.

Increasing production

This increase in production is expected to be driven by volume increases in total meat production in China, the EU, the US and Brazil with the majority of growth expected in the pork and poultry sectors. Meanwhile beef and sheep meat production in all these regions is expected to remain fairly constant.

While total global beef production is expected to remain fairly constant at 68 million tonnes in 2015 changes are expected at individual country level. In South America cattle availability and total cattle slaughterings have increased with most of the growth in output coming from Brazil.

The 1.6 per cent growth in production expected in Brazil in 2015 has been supported by improvements in productivity and genetics in recent years and this has been supported by favourable beef prices on the export market. Strong growth in production is also expected in Paraguay and Uruguay in 2015 while output from Argentina is

expected to remain relatively stable.

Meanwhile in Asia Indian beef production is expected to grow in 2015 due to government programmes to utilise male buffalo calves from the countries expanding dairy herd. However in China beef production is expected to record a decline due to increased competition for water, space and fodder supplies.

In the US total beef production is expected to record a 2.3 per cent decline in 2015 to 10.9 million tonnes due to greater heifer retention for herd expansion. This would put US beef production at its lowest levels since 1994 according to the latest FAO report. However on a more positive note some of this potential reduction in beef production is expected to be offset by higher slaughter weights due to lower feed costs. Meanwhile in Canada the long term decline recorded in its beef herd is expected to continue.

Beef production in Australia in 2015 is forecast to be back by 7.1 per cent to 2.3 million tonnes in 2015 as producers restock after several difficult years of drought which had stimulated heavy culling of stock. Meanwhile problems with drought and lower milk prices in New Zealand are expected to stimulate

higher beef production in New Zealand to 590,000 tonnes. The dairy herd provides 80 per cent of beef output in New Zealand in the form of cull cows and calves for beef production.

In Russia production is expected to remain fairly steady with improvements in production and slaughter facilities expected to offset the continuing decline in overall herd size.

The EU is the third largest global beef producer behind the US and Brazil respectively and is expected to produce 7.8 million tonnes of beef in 2015. This is an increase of 1.7 per cent on 2014 levels. With the beef herd continuing to decline in the EU this forecast increase in production has stemmed from increased beef output from the expanding dairy sector in the form of cull cows and male calves for beef production.

Global meat trading

While global meat production is forecast to increase in 2015 by 1.3 per cent the overall volume of meat traded on the global market is forecast to increase by 1.7 per cent to 31.2 million tonnes.

Poultry meat is the largest traded meat product by volume and this is followed by bovine, pig and sheepmeat

respectively according to the latest FAO report.

The volume of beef traded on the world market is expected to grow by 1.9 per cent to 9.8 million tonnes in 2015. North American and Asia will continue

to be key target markets for beef exporters in 2015 and significant efforts are being made to gain market access for UK exporters in these regions.

Figure 1: FAO World Meat production forecast 2015 (Source FAO).

WORLD MEAT MARKET AT A GLANCE				
	2013	2014 estim.	2015 f'cast	Change: 2015 over 2014
	million tonnes			%
WORLD BALANCE				
Production	311.1	314.7	318.7	1.3
Bovine meat	67.8	67.8	67.9	0.2
Poultry meat	108.6	110.2	111.8	1.4
Pigmeat	115.0	117.2	119.4	1.9
Ovine meat	13.9	13.9	14.0	0.8
Trade	29.7	30.6	31.2	1.7
Bovine meat	8.9	9.6	9.8	1.9
Poultry meat	12.5	12.7	13.1	2.6
Pigmeat	7.1	7.0	7.1	1.6
Ovine meat	1.0	1.0	0.9	-8.5

GROWING DEMAND FOR BEEF IN THE PHILIPPINES

DURING early March 2015 LMC sponsored the visit of DARD Veterinary Services officials, alongside their colleagues from DEFRA UK, to the Philippines to meet with the bodies and groups involved in the import accreditation process.

Gaining access to the Philippines market has been highlighted as a priority for the UK beef industry in recent years and has become especially important for the NI beef industry since ROI plants gained approval to recommence exports to the Philippines during 2014.

Prior to BSE the UK had access to the Philippines market so the aim of the visit sponsored by LMC was to re-establish this market access. It is hoped that the visit by officials from DARD and DEFRA will encourage officials involved in import accreditation in the Philippines to prioritise official visits to the UK later this year.

The demand for meat in the Philippines has traditionally been pork and fish with

poultry consumption recording steady growth in recent times. There is however a growing demand for beef as the population grows and the economy returns to strong levels of growth following the financial crisis of 2008.

According to a recent report from GIRA beef consumption per capita in the Philippines was estimated at 2.07kg in 2014 with farmgate prices for beef increasing by 17 per cent between 2009 and 2014. It is projected that the Philippines economy will grow by 6.3-6.5 per cent during 2014 and 2015. However despite the strong economic growth there is a vast wealth divide with 25 per cent of the population living below the official poverty threshold.

Modern retail is expanding fast in the rapidly growing urban regions of the Philippines although most Filipinos prefer to shop at traditional wet markets and small convenience stores. Meat is mainly sold through these wet markets (90 per cent of total meat sales) with a strong preference for fresh meat.

The remaining 10 per cent of meat is

sold through supermarkets and this tends to be frozen imported product. There is however a slow change towards buying meat from modern retail outlets as populations becomes increasingly urbanised and affluent.

Livestock production in the Philippines is largely dominated by backyard production with poor government investment due to profitability issues, problems with the reliability of feed imports and a lack of high genetic quality breeding stock. The bovine herd in the country has recorded declines in recent years, although commercial cattle production has recorded a slightly higher rate of decline than backyard production.

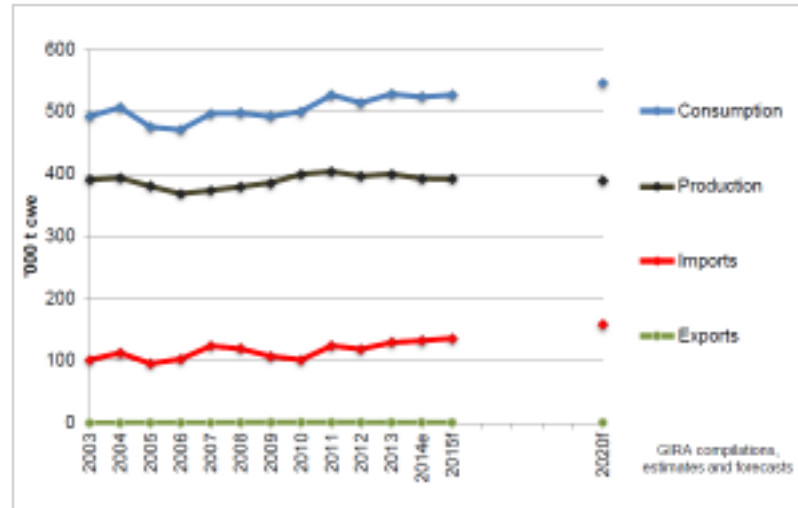
There has however been growth in the commercial feedlot fattening operation to meet the growing demand for beef. With declines in the domestic beef herd these operations are almost completely reliant on imports of feeder cattle, primarily from Australia. A total of 33,000 cattle were imported into the Philippines in 2014 with imports in 2015 expected to reach 34,700 head.

According to the latest report from GIRA stagnated domestic beef production in the Philippines and slow growth in bovine imports has resulted in a decline in per capita consumption by 1.1 per cent per annum between 2003-2013.

With a population of 100 million people and population growth estimated at 1.8

per cent per annum there is strong potential for growth in demand for beef as the population becomes more affluent. This indicates that there is a vital gap between demand and supply and it is therefore important that every measure is taken to allow NI processors to service this potential market.

Figure 2: Philippines beef balance 2003-2020f (Source GIRA).



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

Deadweight Cattle Trade

Quotes from the plants this week for U-3 grade prime cattle ranged from 318-324p/kg. The plants have reported difficulties in beef sales and pressure on the deadweight trade in GB as key factors behind the decline in quotes in recent weeks. Quotes for good quality O+3 grade cows this week have remained similar to previous weeks with the majority of plants quoting 240-250p/kg.

Prime cattle throughout in NI last week totalled 5,837 head. This was 321 head lower than the previous week but it should be noted that there was a shorter working week for many of the plants.

Imports of prime cattle from ROI last week for direct slaughter totalled 530 head and accounted for nine per cent of prime cattle throughput in NI. Meanwhile exports to ROI for direct slaughter last week consisted of 28 prime cattle and 298 cows.

The plants are reporting steady supplies of cattle to meet demand with throughput of prime cattle for 2015 to date running 1.5 per cent ahead of year earlier levels. While throughput of prime cattle has increased year on year so has the average carcase weight. During 2015 to date the average carcase weight of prime cattle was 335.9kg compared to 330.5kg in the same week last year.

The average steer price in NI last week was 325.5p/kg, a 1.7p/kg reduction on the previous week while the R3 steer price was back by a similar margin to 335.5p/kg. The average heifer price in NI last week was 328.8p/kg back 0.7p/kg from the previous week while the R3 heifer price was unchanged at 336p/kg.

Meanwhile in GB last week the average steer price was back by 5p/kg to 328.3p/kg with the R3 steer price back by 3.5p/kg to 335.9p/kg. The average steer price recorded a decline in all GB regions last week most notable declines in Northern England and Southern England. The deadweight heifer trade in GB last week followed a similar trend with the R3 heifer price back by 4.5p/kg to 335.8p/kg. The R3 heifer average also recorded a decline in all GB regions with the biggest recorded decline in Southern England at 10.3p/kg.

The R3 steer price in ROI last week was the equivalent of 301.5p/kg while the R3 heifer price was the equivalent of 311.2p/kg. The sterling euro exchange rate last week was €1 = 73.62p. The differential in R3 steer prices between NI and ROI last week was 34p/kg while the differential between R3 heifer price was 24.8p/kg.

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 11/05/15	Next Week 18/05/15
Prime		
U-3	318-324p	310-320p
R-3	312-318p	304-314p
O+3	306-312p	298-308p
	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 09/05/15	Steers	Heifers	Young Bulls
U3	337.1	339.9	324.5
R3	334.5	335.0	323.7
O+3	322.8	324.5	315.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 09/05/15	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	139.8	148.8	149.4	160.9
P2	155.0	175.1	194.1	213.1
P3	172.9	205.1	222.5	226.3
O3	180.0	214.2	235.7	246.7
O4	-	-	-	249.6
R3	-	-	-	270.2

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

W/E 09/05/2015	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	338.1	309.8	349.7	345.8	341.2	335.4	344.7
	R3	335.5	301.5	344.6	335.7	334.0	321.7	335.9
	R4	330.9	301.9	342.8	346.6	332.6	325.8	339.3
	O3	320.0	286.7	326.4	307.0	303.7	298.0	309.8
	AVG	325.5	-	341.1	334.0	320.3	309.4	328.3
Heifers	U3	340.0	322.1	350.8	349.2	345.6	339.2	348.2
	R3	336.0	311.2	341.9	334.2	337.0	323.7	335.8
	R4	331.7	311.3	342.7	339.1	334.1	323.9	336.5
	O3	321.4	297.2	322.6	313.9	303.6	301.3	311.9
	AVG	328.8	-	341.9	335.6	325.8	309.8	331.1
Young Bulls	U3	324.5	305.2	346.2	325.3	328.4	332.2	330.8
	R3	324.0	296.6	336.5	309.0	315.5	318.1	316.4
	O3	302.1	281.6	302.6	284.7	287.2	303.7	291.4
	AVG	307.9	-	324.9	309.7	306.7	302.3	309.0
Prime Cattle Price Reported		4836	-	6566	6592	5905	3880	22943
Cows	O3	244.5	258.5	264.8	253.9	243.3	240.1	252.5
	O4	249.6	259.4	266.1	254.8	247.6	243.9	254.5
	P2	197.1	229.1	192.9	207.0	193.0	184.5	194.1
	P3	222.1	252.1	222.5	230.0	209.6	203.7	218.1
	AVG	224.7	-	250.3	238.8	207.8	211.8	228.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=73.62p 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 09/05/15	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	191	206	198	160	190	175
Friesians	136	147	140	108	134	126
Heifers	190	202	196	160	189	176
Beef Cows	138	180	150	112	137	125
Dairy Cows	112	120	115	60	111	86
Store Cattle (p/kg)						
Bullocks up to 400kg	210	247	220	170	209	190
Bullocks 400kg - 500kg	190	209	200	160	189	175
Bullocks over 500kg	195	213	202	153	194	173
Heifers up to 450kg	180	203	190	151	179	165
Heifers over 450kg	185	208	196	146	184	165
Dropped Calves (£/head)						
Continental Bulls	310	400	350	200	305	250
Continental Heifers	250	360	300	150	248	200
Friesian Bulls	80	140	100	25	78	50
Holstein Bulls	50	100	70	10	48	25

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 11/05/15	Next Week 18/05/15
Lambs	370-390>21kg	400 > 21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 25/04/15	W/E 02/05/15	W/E 09/05/15
NI Hoggets L/W	292.0	292.2	290.8
NI Hoggets D/W	341.0	302.8	330.9
GB Hoggets D/W	417.2	387.1	382.6
ROI D/W	375.1	372.8	394.0
NI Lambs L/W	380.2	355.6	366.1
NI Lambs D/W	405.3	377.0	378.1
GB Lambs D/W	492.9	441.8	422.0

Deadweight Sheep Trade

Base quotes for R3 grade lambs this week remained steady at 370-390p/kg up to 21kg. Lamb throughput has increased in recent weeks and accounted for 80 per cent of price reported sheep last week. Quotes from the plants for the small number of hoggets on offer are in the region of 320-340p/kg. Total lamb/hogget throughput in the NI plants was 4,165 head last week compared to 4,586 head in the corresponding week last year. Meanwhile exports to ROI last week for direct slaughter totalled 3,522 head compared to 2,716 head the previous week.

This Week's Marts

There was a steadier trade across the marts this week for the smaller entries of lambs passing through the sale rings. Only small numbers of hoggets passed through the marts this week. In Kilrea on Monday 270 lambs sold from 372-416p/kg compared to 162 lambs last week selling from 345-385p/kg. An improved trade in Saintfield this week saw 333 lambs sell from 350-400p/kg. In Ballymena on Wednesday 284 lambs sold from 360-404p/kg compared to 182 lambs last week selling from 330-395p/kg. Meanwhile top prices for cull ewes of over £110 were reported in several of the marts with numbers remaining low.

LATEST SHEEP MARTS

From: 09/05/15		Hoggets (P/KG LW)				Lambs (P/KG LW)			
To: 15/05/15		No	From	To	Avg	No	From	To	Avg
Saturday	Omagh	101	346	365	-	91	342	386	-
	Swatragh	150	289	300	-	150	383	428	-
Monday	Kilrea	-	-	-	-	270	372	416	-
	Massereene	-	-	-	-	302	360	409	-
Tuesday	Saintfield	134	285	342	-	333	350	400	-
	Rathfriland	100	258	329	300	290	340	402	375
Wednesday	Ballymena	106	260	320	301	284	360	404	370
	Enniskillen	-	-	-	-	228	382	404	390
	Markethill	170	280	340	300	480	350	400	360
	Armoy	140	295	330	-	225	-	-	380

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