LMC BULLETIN

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APPLICATION OF PENALTIES AND BONUSES BASED ON AGE

AT present the major processors in NI have a series of bonuses and penalties in place to encourage producers to supply them with prime cattle within their desired specification. Last week the Bulletin (Issue no 2241) looked at the penalties and bonuses currently in place with regards to carcase weights and how these have been implemented in the four months from July-October 2012. This week we will look at penalties and bonuses currently in place based on the age of prime cattle at slaughter and how these have been applied over the same period.

For the year to date steers have accounted for 51.5 per cent of the prime kill compared to 52.6 per cent during the same period in 2011. Meanwhile heifers have accounted for 31.3 per cent of the prime kill for the year to date, down from 32.5 per cent in the same period in 2011. The average age of slaughter for steers and heifers in NI has been gradually declining over the last number of years. For the period July to October 2012 the average age of slaughter was 26.3 months compared to 26.4 months in the same period in 2011 as outlined in Table 1. This decline in the average age has meant steers and heifers were slaughtered on average four days sooner in July-Oct 2012 when compared to the same period in 2011 and 25 days sooner than the same period in 2010. The further reduction in the age at slaughter during July-October 2012 compared to the same period in previous years has come about despite NI beef producers having to contend with one of the most difficult summers for grassland management on record. As a result many producers have had to use higher levels of concentrates to maintain animal performance this summer as discussed in a previous bulletin article (Issue no 2239).

Despite the average age at slaughter for price reported steers and heifers during July-October 2012 showing a decline on previous years the proportion slaughtered under 30 months of age has increased slightly year on year as outlined in Figure 1. In July-October 2009 85.9 per cent of steers and heifers were under 30 months and this increased to 89.4 per cent during the same period in 2011 before showing a decline to 88.2 per cent in 2012. In July-October 2012 11.8 per cent of price reported steers and heifers were over 30 months compared to 10.6 per cent during the same period in 2011.

The upper age limit of slaughter for steers and heifers to avoid any penalty for the age of the animal is 30 months and after this penalties for overage are applied. At present the plants are quoting a penalty of 10p/kg for overage steers and heifers but these animals also fall outside the specification for the 8p/kg bonus which is currently available. This increases the potential differential to 18p/kg for animals under and over 30 months of age.

Table 2 outlines the average price paid for price reported steers and heifers during July-October 2012 that fulfilled all the criteria of the 8p/kg bonus in place across the major processors (Average price UTM). Also tabulated are steers and heifers that fulfilled all other requirements but were over 30 months of age so therefore did not qualify for the bonus (Average price OTM). For the period July-October 2012 the average price for steers and heifers that were under 30 months and qualified for the bonus was 322.8p/kg while the average price for those over 30 months was 308.4p/kg. This is a differential of 14p/kg which equates to a difference of £53.20 on a 380kg carcase.

While the overage penalty for steers and heifers is applied at 30 months the processors are quoting a penalty of 10p/kg for young bulls over 16 months of age. There is no bonus available from the processors for young bulls. In the four month period July-October 2012 there were 19,290 young bulls slaughtered in NI, accounting for 17.2 per cent of the total prime kill during this period. This represents an increase in the proportion of young bulls in the prime kill from 14.9 per cent in the same period in 2011.

During the four month period July-October 2012 58.4 per cent of the price reported young bull kill were over 16 months of age. The average weighted overage penalty applied was 2.3p/kg during this period. However the differential in price paid between young bulls under sixteen months and those over sixteen months has shown variation across the base grades during the period July-October 2012. Table 3 outlines the price differences paid for the most common occuring base grades for young bulls that are under and over sixteen months of age.

While the 10p/kg overage penalty for young bulls is obviously not being strictly applied across the plants it would appear that better conformed animals are being penalised more than poorer conformed animals but this may because the better conformed animals are also more likely to be outside current weight specifications. For example the differential in price for U2 grade young bulls over and under 16 months was 3p/kg while the differential for O2 young bulls was 1p/kg.

It is important that producers liaise with their processors when they are operating production systems that produce overage or out of spec cattle to ensure that there is a market for them. This is particularly relevant when with relation to young bull beef production where there are high costs of production due to the level of concentrates required. We are aware of some producers who currently incur no penalties for producing 18 month young bulls and this serves to highlight that there is a market for this type of beef. However a good relationship with your plant is essential to ensure access to these markets. It is also important to bear in mind that finishing animals at earlier ages is one of the key focal points of industry efforts to improve the carbon efficiency per kg of beef produced in NI.

Figure 1: Proportion of the combined steer and heifer kill over and under 30 months of age July to October 2009-2012

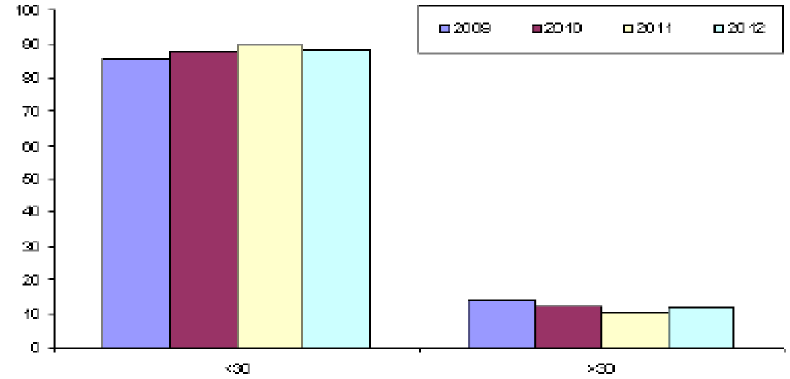

Table 1: Average age of slaughter for steers and heifers July to October 2009-2012.

	2009	2010	2011	2012
July	25.9	26.4	26.3	25.9
August	26.7	27.0	26.5	26.2
September	26.9	27.4	26.6	26.4
October	27.0	27.2	26.3	26.3
Average (Months)	26.6	27.0	26.4	26.3
Average (Days)	828	840	819	815

Table 2: Average price differential between steer and heifers over and under 30 months broken down by base grade for the period July to October 2012

Base Grade Code	Average Price UTM	Average Price OTM	Differential	% OTM
O+3	318.3	303.2	-15p	8.5%
R3	324.5	311.7	-13p	5.9%
R (4-,4=)	323.2	309.2	-14p	5.6%
U3	328.8	317.5	-11p	4.3%
U (4-,4=)	326.6	314.4	-12p	5.8%
Average	322.8	308.4	-14p	6.4%

Table 3: Average price differential for young bulls over and under 16 months broken down by base grade for the period July to October 2012

Base Grades	No of Animals	Average Price <16 months	Average price >16 months	Differential	% > 16 months
O2	2,102	293.6	292.2	-1p	66.0%
O3	1,556	299.5	297.8	-2p	71.1%
R2	1,698	310.4	308.2	-2p	50.1%
R3	2,265	314.2	312	-2p	53.2%
U2	1,445	316.8	313.9	-3p	49.5%
U3	1,468	319.7	316.2	-3p	53.4%

EU PRICES LEAGUE TABLE UPDATE OCTOBER 2012

EU Deadweight Cattle Prices - Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth w/e 30.09.12	Price this Mth w/e 28.10.12	Change on Mth (cents)
1	1	**Great Britain**	**439.5**	**433.7**	**-5.8**
3	2	Italy	416.9	420.0	+3.1
2	3	Greece	422.0	417.6	-4.4
4	4	France	413.0	413.0	+0.0
6	5	Spain	395.0	399.6	+4.6
5	6	**Northern Ireland**	**402.4**	**393.9**	**-8.5**
7	7	Luxembourg	390.9	389.7	-1.3
9	8	Germany	386.6	386.6	+0.0
8	9	**Ireland**	**387.4**	**381.7**	**-5.7**
10	10	Denmark	383.1	381.3	-1.8
11	11	Sweden	372.7	377.8	+5.1
12	12	Austria	360.2	359.4	-0.8
13	13	Slovenia	337.8	334.5	-3.3
14	14	Belgium	331.5	334.0	+2.5
15	15	Poland	318.1	317.0	-1.1
16	16	Czech Republic	300.4	298.0	-2.4
17	17	Lithuania	252.2	263.2	+11.0
EU Average			397.1	397.4	+0.3
Euro/sterling exchange rate			79.6	80.9	

Official prices reported to the EC Dressing Specification

WITH an equivalent average price of 433.7c/kg for the month ending the 28 October 2012 GB has retained top spot in the latest EU R3 heifer prices league table. This is despite a 5.8c/kg reduction on the previous month. Meanwhile NI has moved down one place to sixth position on the table with an average R3 heifer price of 393.9c/kg. This is a reduction of 8.5c/kg on the previous month and puts NI prices 3.5c/kg below the EU average. This was the biggest reduction in the R3 heifer price across the EU in the last month.

The R3 heifer price in ROI last month was 381.7c/kg, a drop of 5.7c/kg on the previous month which moved it down one place to ninth position in the table. Meanwhile the R3 heifer price in Italy and Spain has increased by 3.1c/kg and 4.6c/kg respectively month on month, moving both up one position on the league table. The biggest increase in the R3 heifer price was in Lithuania where prices increased by 11c/kg to 263.2c/kg. The EU average price was 397.4c/kg, almost unchanged from the previous month.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE (P/KG DW)	This Week 05/11/12	Next Week 12/11/12
Prime		
U-3	314-318p	316-320p
R-3	308-312p	310-314p
O+3	302-304p	304-308p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	260-275p	264-275p
Steakers	180-245p	180-245p
Blues	160-180p	160-180p

REPORTED NI CATTLE PRICES - P/KG

W/E 03/11/12	Steers	Heifers	Young Bulls
U-3=	326.7	331.2	315.8
U=3=	324.3	327.6	311.4
U=4=	325.8	326.7	302.0
R=3=	320.8	323.6	312.4
R=4=	314.6	320.7	304.0
O=3=	306.1	304.1	298.5
O+3=	315.1	315.8	305.0
Average	312.0	315.3	303.5

REPORTED COW PRICES NI W/E 03/11/12

Grades	Price (p/kg)	Avg Wgt
O+3=	269.2	329.7
O-3+	258.3	304.2
P+2+	238.2	283.3
P+3+	246.1	303.2
P-1-	168.5	223.3

COMMODITIES

COMMODITY PRICE

W/E 09/11/12	Price (£) per tonne / 1000litre	% weekly change
Barley	208.50	+2.5%
Wheat	222.00	+2.1%
Soya	489.00	+1.0%
Straw	16.00	-
Red Diesel	717-750	-

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle have increased to 316-320p/kg. The majority of plants are quoting 316-318p/kg for steers and 318-320p/kg for heifers. The quotes from the plants for cows have remained within the range of 260-275p/kg for first quality cows. Strong supplies of cows have been reported with prime cattle numbers described as steady by the factory buyers.

Prime cattle throughput in NI last week was 6,608 head, back 180 head on the previous week. In the same week last year 6,209 head of prime cattle were slaughtered. Prime cattle imports from ROI for direct slaughter last week totalled 892 head, a slight increase on the 862 imported the previous week. Meanwhile exports of cattle to GB for direct slaughter totalled 192 head, down from 430 head the previous week.

The average steer price in NI last week increased by 1p/kg to 312.0p/kg while the heifer price increased by 6.2p/kg to 315.3p/kg. Average prices across GB have been within 2p/kg of last week for reported grades. The R3 steer price was marginally down at 353.3p/kg while the R3 heifer price was back 1.5p/kg to 351.1p/kg. The differential between NI and the GB average for R3 steers and heifers last week was 31.2p/kg and 26.6p/kg respectively.

In Scotland steer and heifer prices were generally similar to last week with the exception of the O3 heifer price which was back 7.1p/kg to 339.9p/kg. The average heifer price in the region was back 3.1pkg to 357.6p/kg, In Northern England the average heifer price was back 2p/kg to 344.9p/kg while the steer price increased by 1.3p/kg to 352.2p/kg.

Prices in ROI last week were fairly similar to the previous week with the majority of reported prices within 1p/kg of the previous week. In sterling terms the R3 steer price was back slightly to 298.1p/kg while the R3 heifer price was unchanged at 310.5p/kg.

This week's marts

TRADE for finished first quality finished steers this week showed an improvement on last week with average prices up 8p/kg to 194p/kg with second quality steer prices up 6p/kg to 176p/kg. The trade for finished heifers remained fairly consistent with last week with first quality heifers selling to an average of 187p/kg with plainer type finished heifers selling to an average of 170p/kg. The trade for cull cows was similar to last week with first quality beef cows selling to an average of 155p/kg.

The store cattle trade this week was slightly quieter when compared to last week with average prices for the majority of categories showing a decline. Bullocks up to 400kg sold to a top price of 216p/kg this week compared to a top price of 225p/kg last week with average prices down 7p/kg to 196p/kg. One exception to this were heifers up to 450kg which sold to an average of 187p/kg, up 4p/kg on last week.

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

W/E 03/11/2012		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	324.3	308.2	366.8	358.9	360.1	350.5	360.5
	R3	322.1	298.1	361.9	355.8	347.5	343.2	353.3
	R4	318.7	297.6	364.6	360.7	348.2	342.9	356.4
	O3	308.9	283.4	352.9	347.9	332.2	327.6	342.5
	AVG	312.0	-	362.0	352.2	344.7	332.5	349.7
Heifers	U3	331.3	324.6	366.9	358.2	361.6	354.1	361.3
	R3	324.5	310.5	360.4	351.4	347.4	340.1	351.1
	R4	321.7	310.7	360.9	350.9	347.4	344.3	352.1
	O3	310.3	295.0	339.9	337.1	332.1	326.0	334.3
	AVG	315.3	-	357.6	344.9	343.1	329.9	345.5
Young Bulls	U3	316.0	308.2	350.3	341.5	352.5	347.1	347.3
	R3	312.0	301.3	345.9	334.6	339.2	336.7	337.6
	O3	299.6	287.0	327.1	319.8	316.8	317.9	319.5
	AVG	303.5	-	339.0	327.9	331.7	319.2	328.8
Prime Cattle Price Reported		4595	-	6825	6439	5360	4169	22793
Cows	O3	261.9	250.3	265.5	257.7	245.9	244.3	254.3
	O4	265.8	252.3	269.5	256.5	252.9	246.5	256.8
	P2	223.5	221.1	203.3	215.9	205.6	205.4	207.9
	P3	244.5	241.8	227.0	231.0	230.0	226.5	228.2
	AVG	228.0	-	256.7	227.6	226.0	208.8	230.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=80.44p 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 03/11/12	1st QUALITY From	To	Average	2nd QUALITY From	To	Average
Finished Cattle (p/kg)						
Steers	191	208	194	165	190	176
Friesians	140	159	148	115	139	133
Heifers	180	205	187	160	179	170
Beef Cows	146	188	155	120	145	130
Dairy Cows	110	132	120	80	109	94
Store Cattle (p/kg)						
Bullocks up to 400kg	190	216	196	154	189	172
Bullocks 400kg - 500kg	194	222	202	160	193	176
Bullocks over 500kg	175	192	181	150	174	162
Heifers up to 450kg	177	197	187	130	176	157
Heifers over 450kg	170	192	181	125	169	147
Dropped Calves (£/head)						
Continental Bulls	220	310	270	140	218	175
Continental Heifers	190	355	235	100	188	145
Friesian Bulls	100	165	120	10	98	45
Holstein Bulls	70	120	90	1	68	30

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 05/11/12	Next Week 12/11/12
NI Factories to 22kg	330p	330p
ROI Factories	330p	330p

Notes: (i) Lambs up to 22kg
(ii) ROI prices converted at 1 euro=80.44p Stg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 20/10/12	W/E 27/10/12	W/E 03/11/12
NI Liveweight	296.9p	295.9p	287.7p
NI Deadweight	335.3p	333.8p	327.1p
ROI Deadweight	340.8p	339.2p	333.4p
GB Deadweight	364.9p	364.6p	356.9p

Deadweight Sheep Trade

THE factories have been quoting 330p/kg up to 22kg this week for R3 grading lambs with similar quotes expected for Monday. Strong supplies of lambs have been reported by the plants with a total kill in NI last week of 10,425 lambs, 450 less than the lamb kill the previous week. The deadweight price in NI last week was 327.1p/kg, down 6.7p/kg on the previous week. Meanwhile prices in GB have come back 7.7p/kg to 356.9p/kg. Exports to ROI for direct slaughter last week were well back with 9,708 lambs exported, a drop of 4,300 head on the previous week and the lowest level of exports since early September. Exports to ROI for direct slaughter for the year to date are running just under 50,000 head behind the same period last year.

This week's marts

TRADE across the sheep marts early this week was generally quieter than last week with the trade improving slightly as the week progressed. In Kilrea on Monday 300 lambs sold to an average of 280p/kg compared to 700 lambs last week selling from an average of 294p/kg. In Saintfield on Tuesday 702 lambs sold from 280-300p/kg (avg 290p/kg) compared to 711 last week selling from 292-305 (avg 294p/kg).The sale in Rathfriland on Tuesday showed a similar trade to the previous week with lambs selling to an average of 291p/kg compared to 293p/kg last week. In Ballymena on Wednesday an improved trade saw 1,305 lambs sell to an average of 292p/kg compared to 1,513 last week selling to 284p/kg. The trade for cull ewes remains strong with a top price of £84 in Massereene on Monday.

LATEST SHEEP MARTS

From: 02/11/2012 To: 08/11/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	767	292	309	-
	Hilltown	500	268	295	270
Monday	Kilrea	300	266	291	280
	Massereene	1166	280	308	-
Tuesday	Saintfield	702	280	300	290
	Rathfriland	684	274	324	291
	Armoy	384	280	300	291
Wednesday	Ballymena	1305	280	315	292
	Enniskillen	463	284	318	-
	Markethill	900	280	312	296
	Newtownstewart	300	280	313	292
Thursday	Downpatrick	280	285	306	294

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