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EXPENDITURE ON BEEF INCREASES DESPITE DROP IN SALES

EXPENDITURE on beef in GB during the 52 week period ending 28 October 2012 has shown an increase on the corresponding period in 2011. Total expenditure on beef and beef products in GB showed a four per cent increase between these periods to £1,994 million for the year ending 28 October 2012.

This increase in the value of sales has come about despite a decline in the volume of beef sold on the domestic market. The increase in the value of sales has therefore come about as a result of an increase in the cost per kg of beef as opposed to an increase in sales. The average retail price increased by seven per cent to £6.72/kg in the year ending 28 October 2012 when compared to the previous year.

It is likely that the rising cost of beef to the consumer has been responsible for the decline in volume sales which were back three per cent in the 52 weeks ending 28 October 2012 compared to the previous year. This drop in volume sales has resulted in a three per cent drop in the average weight purchased to 13kg/per head. The 52 week penetration figures indicate that 86.6 per cent of GB households purchased beef at some point in the last 52 weeks. This is back one per cent on the previous year.

While all major beef cuts have shown a decline in volume sales between the two periods there has been a variation in the performance of particular cuts of beef. For example sales of beef roasting joints experienced a 13 per cent decline in sales year on year, sales of frying and grilling steaks were back 7.6 per cent and sales of stewing steak were back 3.3 per cent. Sales of beef mince showed the lowest level of decline with a 3.2 per cent drop in sales. However while beef sales over the 52 weeks have shown a decline for the major cuts there has been an increase in the sale of beef marinades which sold an additional 9,279 tonne and in doing so increased its volume market share from 1.9 per cent to 5.1 per cent. The lower value of these products however has meant the additional sales have had little impact on the total spend on beef.

On a more promising note stronger beef sales over the four weeks ending 28 October have led to a slight increase in volume purchases when compared to the same period in 2011 (+1 per cent) as outlined in Figure 1. The six per cent increase in the average price of beef to £6.89/kg during this period has driven an increase in the expenditure on beef by seven per cent on the corresponding period in 2011 (Figure 2).

However as with the 52 week data there has been a variance in how sales of particular cuts have performed. Sales of beef roasting joints during the four week period showed a strong increase of 13.1 per cent year on year while sales of beef mince were up 4.1 per cent on the same period in 2011. In contrast sales of stewing steak were down four per cent while sales of frying and grilling steaks were back 4.4 per cent when comparing the two periods.

Figure 1: Volume of beef purchased in GB 2010-2012 (tonnes)

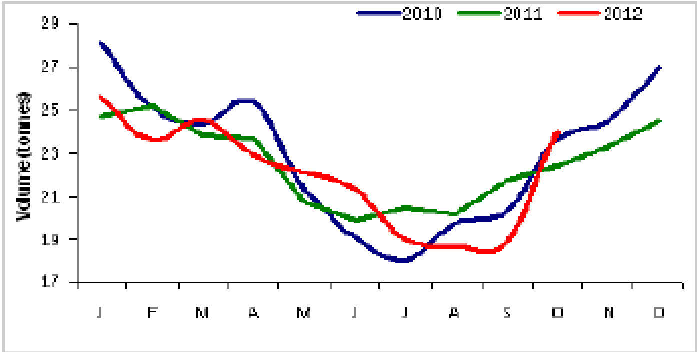
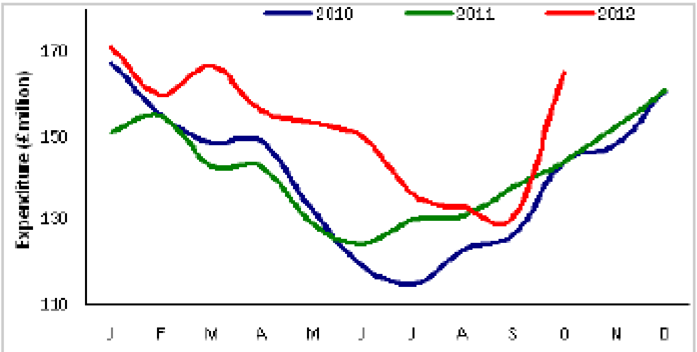


Figure 2: Expenditure on beef in GB 2010-2012 (Millions)



NI BEEF INDUSTRY KEY PERFORMANCE INDICATORS UPDATE

THE trade for finished cattle in Northern Ireland in November 2012 has been similar to the trade in November 2011. The average prime cattle price during November 2012 was 318.4p/kg with an average R3 steer price of 328.9p/kg. These figures are in the region of 2p/kg above prices in November 2011 when the average prime cattle price was 316.8p/kg and the average R3 price was 327.1p/kg.

In ROI the average R3 steer price for the month of November 2012 was 303.5p/kg, 15.5p/kg less than the 319.0p/kg recorded in November 2011 (-4.9 per cent). Meanwhile in GB the R3 steer price has increased by 19p/kg when comparing November 2011 and November 2012, representing an increase of 5.6 per cent.

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The throughput of prime cattle through the meat plants in NI in November 2012 totalled 34,286 head, a two per cent increase on the throughput in November 2011. However cow slaughterings during November 2012 were markedly higher than the previous November at 13,472 head (+20.4 per cent).

For 2012 to date there has been an overall trend towards higher carcase weights but when comparing November 2012 with the previous November carcase weights have actually declined slightly. The average prime carcase weight was down 4kg to 333kg (-1.4 per cent) while the average cow carcase was back 12kg to 285kg (-4.1per cent). The plants have been reporting an increase in the proportion of under finished dairy cows in the kill which goes some way to explain the decline in the average cow carcase weight. The average price paid for cull cows has also shown a decline between the two periods due to the increase in the dairy influence, back 14.7p/kg to 231.8p/kg (-6 per cent).

The number of beef and dairy sired (male) cattle on the ground aged 12-30 months are used as an indication of total cattle numbers and future availability of cattle. Comparing November 2011 and November 2012 numbers have increased by 2.3 per cent (8,956 head). The number of beef sired cattle has increased by 1.5 per cent while the number of dairy sired males has increased by 9.2 per cent.

The future availability of cattle will also be influenced by the number of calf registrations. Calf registrations in November 2012 totalled 25,953, a 2.2 per cent reduction on the number in November 2011. In absolute terms this is a reduction of 597 calf registrations in November 2012 versus November 2011.

The availability of cattle is also influenced by the level of imports and exports of cattle for direct slaughter. In November 2012 imports for direct slaughter totalled 5,567 head, a 32.1 per cent increase on the 4,213 head imported in November 2011. During the same period exports for direct slaughter have totalled 2,984 head, a 76.3 per cent increase on the 1,693 head exported in November 2011.

The level of imports and exports are strongly influenced by the value of the euro against sterling. In November 2012 the average euro/sterling exchange rate was 80.4p compared to 85.7p in November 2011. This reduction in the value of the euro has made cattle in ROI cheaper in sterling terms and has encouraged an increase in the movement of cattle across the border from ROI to NI for direct slaughter in recent months.

NI Beef Industry Key Performance Indicators (November Snapshot)			
	Nov-11	Nov-12	% Change
Finished Cattle Prices (p/kg)			
Average Prime Cattle Price	317.3	318.4	+0.3%
Average Cow Price	246.5	231.8	-6.0%
Average R3 Steer Price (NI)	327.1	328.8	+0.6%
Average R3 Steer Price (ROI)	319.0	303.5	-4.9%
Average R3 Steer Price (GB)	340.7	359.8	+5.6%
Slaughterings			
Total Clean Slaughterings (Head)	33,566	34,286	+2.1%
Total Cow Slaughterings (Head)	11,185	13,472	+20.4%
Average Clean Carcase Weight (kg)	337	333	-1.4%
Average Cow Carcase Weight (kg)	297	285	-4.1%
Trade (Head)			
Live Imports for Direct Slaughter	4,213	5,567	+32.1%
Live Exports for Direct Slaughter	1,693	2,984	+76.3%
Availability (Head)			
No. Cattle on the Ground*	392,902	401,858	+2.3%
Beef Sired	351,379	356,509	+1.5%
Dairy Sired (Male Only)	41,523	45,349	+9.2%
Calf Births Registrations (Head)			
Calf Births	26,550	25,953	-2.2%
Beef Sired	16,406	16,061	-2.1%
Dairy Sired (Male Only)	10,144	9,892	-2.5%
Euro / Stg Exchange Rate (€ / £)	85.7	80.4	-6.2%

* Aged between 12-30 mths (Beef + Dairy Male Only)

All NI Figures Unless Otherwise Stated

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WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 10/12/12	Next Week 17/12/12
Prime		
U-3	328-330p	328-330p
R-3	322-324p	322-324p
O+3	316-318p	316-318p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	260-275p	260-275p
Steakers	180-245p	180-245p
Blues	160-180p	160-180p

REPORTED NI CATTLE PRICES - P/KG			
W/E 08/12/12	Steers	Heifers	Young Bulls
U-3=	339.0	341.8	329.4
U=3=	337.2	343.7	333.0
U=4=	336.0	334.7	322.0
R=3=	338.5	336.7	325.3
R=4=	328.1	331.2	319.0
O=3=	322.2	316.8	310.2
O+3=	331.0	332.3	316.9
Average	327.9	329.2	319.9

REPORTED COW PRICES NI W/E 08/12/12		
Grades	Price (p/kg)	Avg Wgt
O+3=	280.9	328.1
O-3+	257.0	325.9
P+2+	242.6	294.6
P+3+	247.5	309.2
P-1-	168.3	220.4

COMMODITIES

COMMODITY PRICE		
W/E 15/12/12	Price (£) per tonne / 1000litre	% weekly change
Barley	214.50	+0.94
Wheat	230.00	+0.87
Soya	492.00	+2.50
Straw	16.00	-
Red Diesel	715-755	-

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle were 328-330p/kg with similar quotes expected for Monday. The additional 8p/kg bonus is also available for steers and heifers that kill out within specification. The quotes for cows have remained at 260-275p/kg with the plants reporting a strong supply of cows.

The throughput of prime cattle last week was 7,400 head, a decrease of 120 head on the previous week but 300 head more than the same week last year. Meanwhile the cow kill last week was similar to the previous week at 2,351 head. The cow kill for the last twelve weeks has been 19 per cent ahead of the corresponding period in 2011.

The average steer price in NI last week increased by 4.2p/kg to 327.9p/kg while the heifer price increased by 2.3p/kg to 329.2p/kg. The young bull price increased by 4p/kg to 319.9p/kg. Prices across the GB regions also generally improved with average heifer prices increasing across all the regions with the same trend apparent across the regions for steers with the exception of the Midlands where prices were back a penny to 358.2p/kg.

The GB R4 steer price last week was up 2.5p/kg to 369.5p/kg and the R4 heifer price was up by the same margin to 365.8p/kg. The prices paid for R4 steers and heifers increased across all the regions with the exception of the Midlands where prices were back in the region of 1-2p/kg. The differential last week between NI and the GB average for R4 steers was 38.2p/kg. The differential ranges from 30.4p/kg in the Midlands to 42.9p/kg in Scotland. A similar trend can be observed for R4 heifers across the regions.

Prices in ROI for prime cattle last week showed increases for all reported grades in the region of 2-3p/kg. The average R4 steer price increased by 3p/kg to the equivalent of 312.4p/kg, 18.9p/kg behind the NI price last week. The differential between ROI and NI was narrower for R4 heifers last week at 8.1p/kg.

This weeks marts

THE trade across the marts this week has been fairly similar to the previous week with a strong trade for finished cattle continuing. Finished first quality steers sold to an average of 194p/kg with plainer finished steers selling to 176p/kg. The trade for finished heifers was also similar to last week with first quality animals selling from 186-210p/kg (av 190p/kg) and second quality heifers selling from 160-185p/kg (av 172p/kg).

The trade for strong store cattle has remained similar to previous weeks with first quality bullocks 400-500kg selling to 190p/kg with second quality bullocks in the same weight range selling to 165p/kg. First quality heifers over 450kg sold from 175-198p/kg (av 185p/kg) compared to 170-188p/kg (av 180p/kg) last week. Plainer type heifers in the same weight bracket sold from 145-174p/kg (av 160p/kg).

LAST WEEK'S DEADWEIGHT CATTLE PRICES (UK / ROI)								
W/E 08/12/2012		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	337.8	321.4	374.9	372.6	374.5	369.1	373.3
	R3	336.6	312.4	370.1	368.1	362.0	359.1	365.6
	R4	331.3	312.4	374.2	373.1	361.7	362.2	369.5
	O3	322.8	299.3	356.3	352.1	347.3	339.2	349.9
	AVG	327.9	-	370.2	365.2	358.4	352.3	362.7
Heifers	U3	342.0	338.3	373.3	373.0	373.3	366.2	371.9
	R3	337.4	327.7	367.8	366.7	361.3	355.3	363.3
	R4	335.1	327.0	371.3	369.0	361.1	357.5	365.8
	O3	323.9	312.3	351.7	352.8	345.9	336.3	348.2
	AVG	329.2	-	367.3	363.3	358.2	350.4	361.0
Young Bulls	U3	330.7	319.0	362.1	358.7	362.8	365.4	361.5
	R3	324.9	314.5	355.1	347.6	353.7	350.6	351.1
	O3	310.7	303.1	337.2	331.3	331.7	338.0	333.9
	AVG	319.9	-	345.2	340.6	343.5	338.6	341.6
Prime Cattle Price Reported		5580	-	6854	6578	5256	4147	22835
Cows	O3	268.5	261.4	263.3	261.9	257.8	242.5	255.5
	O4	268.2	262.6	268.7	262.8	260.1	250.8	261.2
	P2	227.3	227.3	209.5	215.5	219.7	196.2	207.3
	P3	249.9	251.4	228.2	244.6	217.6	216.4	229.0
	AVG	236.7	-	252.1	241.9	242.2	210.9	235.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=81.08p 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						
	1st QUALITY			2nd QUALITY		
W/E 08/12/12	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	189	209	194	165	188	176
Friesians	145	168	153	125	144	140
Heifers	186	210	190	160	185	172
Beef Cows	166	213	175	125	165	145
Dairy Cows	115	149	121	80	114	100
Store Cattle (p/kg)						
Bullocks up to 400kg	180	206	190	150	179	165
Bullocks 400kg - 500kg	180	207	190	150	179	165
Bullocks over 500kg	172	204	184	140	171	160
Heifers up to 450kg	175	199	185	145	174	160
Heifers over 450kg	175	198	185	145	174	160
Dropped Calves (£/head)						
Continental Bulls	240	370	290	120	238	180
Continental Heifers	170	300	240	100	168	135
Friesian Bulls	100	210	120	30	98	65
Holstein Bulls	40	90	65	2	38	20

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 10/12/12	Next Week 17/12/12
NI Factories to 22kg	330p	330p
ROI Factories	335p	330p

Notes: (i) Lambs up to 22kg
(ii) ROI prices converted at 1 euro=81.08p Stg

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 24/11/12	W/E 01/12/12	W/E 08/12/12
NI Liveweight	299.7p	295.0p	293.2p
NI Deadweight	325.5p	329.8p	316.9p
ROI Deadweight	332.9p	333.3p	331.3p
GB Deadweight	350.8p	353.8p	359.0p

Deadweight Sheep Trade

THE quotes from the plants for lambs this week have remained steady at 330p/kg with plants paying up to 22kgs. The plants are reporting good availability of lambs with throughput last week totalling 10,570 head, an increase of 1,150 head on the previous week. Exports of lambs to ROI for direct slaughter have continued at high levels with 12,774 head exported last week, a decline of 1700 head on the previous week. The NI deadweight price was back 13p/kg to 316.9p/kg last week while the deadweight price in GB increased by 5.2p/kg to 359.0p/kg. This has widened the differential between NI and GB to over 40p/kg.

This week's marts

THE trade across the marts this week has been fairly similar to previous weeks with 1,142 lambs in Omagh selling from 290-319p/kg compared to 802 lambs last week selling from 294-317p/kg. In Kilrea on Monday 500 lambs sold to an average of 297p/kg compared to 600 lambs last week selling to an average of 296p/kg. A better trade in Ballymena on Wednesday saw 1,510 lambs selling to an average of 298p/kg compared to 1207 lambs last week selling to an average of 291p/kg. The trade for cull ewes has remained strong with a top price of £105.50 for well fleshed cull ewes in Kilrea on Monday. The general trade for cull ewes across the marts this week has been £50-90 for first quality ewes.

LATEST SHEEP MARTS

From: 08/12/2012 To: 13/12/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	1142	290	319	-
	Donemana	603	289	309	298
Monday	Kilrea	500	288	308	297
	Massereene	1382	290	315	-
Tuesday	Saintfield	606	285	333	298
	Rathfriland	549	290	322	302
	Armoy	342	280	304	295
Wednesday	Ballymena	1510	280	315	298
	Enniskillen	520	280	310	292
	Markethill	700	295	312	301
	Newtownstewart	354	280	310	295

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