LMC BULLETIN

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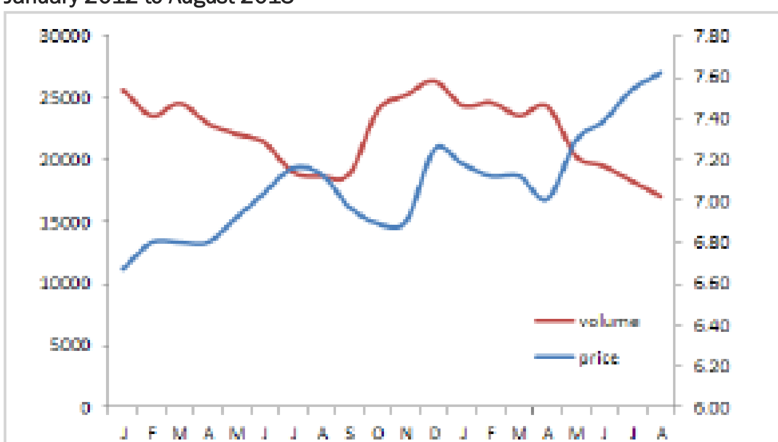
DECLINES IN BEEF AND LAMB SALES RECORDED

THE latest available consumption data from Kantar World panel has indicated a two per cent contraction in the value of total fresh and frozen meat sales to £741 million in the UK during the twelve weeks ending 18 August 2013 when compared to the corresponding period in 2012. A similar trend for expenditure on beef between the two periods resulted in a three per cent contraction in spending to £392 million while the value of lamb sales was unchanged year on year at £131 million.

The volume of beef sold in GB during the twelve week period ending 18 August 2013 was back nine per cent on the corresponding period in 2012 to 51,714 tonnes. A key factor in the decline recorded in the volume of beef sold has been the seven per cent increase in the average retail price to £7.58. This has resulted in a drop in household penetration which was back three per cent to 66 per cent between the two twelve week periods.

Chart 1 plots the average retail price of beef for the period January 2012 to August 2013 against the volume of beef purchased by UK consumers. The chart clearly indicates that there is a strong relationship between the average retail price of beef and the volume of purchased by consumers.

Chart 1: Average retail beef price plotted against volume sales for the period January 2012 to August 2013



In the four week period ending 18 August 2013 the average retail price for beef was £7.62, an increase of 49p/kg on the corresponding four week period ending August 2012. This accounts for a 6.8 per cent increase in retail price between the two periods. Meanwhile the volume of beef purchased by UK consumers has shown a decline. During August 2013 17,034 tonnes of beef were purchased by UK consumers, a decline of 1,617 tonnes on the same period in 2012 when 18,651 tonnes were purchased.

All the major cuts of beef have shown declines in the four week period ending the 18 August 2013 compared with the same period in 2012. Sales of roasting joints in particular were impacted by the warmer weather this summer with sales back 8.5 per cent year on year with sales of beef stewing steak back 8.4 per cent year on year. Sales of beef mince and beef frying/grilling steaks were back by 2.1 per cent and 10.4 per cent respectively between the two periods.

The volume of lamb sold on the UK market during the twelve weeks ending the 18 August 2013 showed a two per cent increase year on year to 16,216 tonnes. Sales have however struggled over the four week period ending the 18 August 2013 with the volume of sales back six per cent on the corresponding period in 2012.

The recent dip in sales was driven by a seven per cent drop in the number of households purchasing lamb when compared to the same period in 2012. The average retail price showed a one per cent increase to £8.72 in the four weeks ending 18 August 2013.

Sales of lamb stewing steak showed the strongest decline with sales in the four week period ending the 18 August 2013 back 29.4 per cent on the same period in 2012. A strong decline was also recorded in the sales of lamb shoulder roasting joints which were back 20.6 per cent over the same period.

Strong promotional activity over the last six months and increased supplies of lamb from New Zealand resulted in lamb performing strongly in terms of both the volume and value of sales. However lower levels of promotion in recent weeks have had a negative impact on sales levels.

On a more positive note the volume of sales of lamb chops and lamb mince have increased by three per cent and four per cent respectively when considering the four week period ending the 18 August 2013 and the same period in 2012.

With beef and lamb sales having struggled this summer it is also useful to consider how the sales of alternative meats have fared.

Sales of pork have also struggled with the total value of sales during the four week period ending 18 August 2013 down three per cent on the previous year. The volume of pork purchased has recorded a ten per cent reduction when comparing the two four week periods, driven primarily by the seven per cent increase in the average price per kg.

Showing a similar trend to beef and lamb the sales of pork roasting joints have struggled this summer with shoulder and loin roasting joints back by 37.7 per cent and 19.7 per cent respectively. Leg roasting joints however have performed strongly, up 26.7 per cent over the same period.

There has however been a strong demand for marinades (e.g. ribs) with gains in both the volume and value of sales year on year. Sales of sliced and cooked hams have also shown an improvement with volume purchases up six per cent and spending up by seven per cent.

Meanwhile volume sales of fresh and frozen poultry products have remained constant when considering the 52 week period ending the 18 August 2013 and the corresponding period ending August 2012. Expenditure on these products did however record a five per cent increase when comparing the two periods with market penetration remaining strong at 94 per cent.

EXPORT DEAL FINALISED WITH RUSSIA

THE UK and Russia finalised a deal last week which will allow the UK access to the Russian beef and lamb market. This development is worth a potential £100 million to the UK beef and lamb sectors over the next three years.

With a deal on offal also finalised last week it brings to an end the ban on British beef and lamb imposed by Russia after the outbreak of BSE in the 1990's despite the ban being lifted elsewhere in 2006.

Russia first indicated that they would open the beef and lamb markets to UK produce in November 2012 but technical issues have kept the red meat market closed until now. As the number of plants across the UK approved to export to Russia increases the trade between the two countries is expected to grow and strengthen. Whilst the economics of servicing stringent Russian import conditions are challenging the high beef prices in Russia and restricted levels of domestic supplies make it an important market for countries with the capabilities to export into this expanding market.

A growing demand for beef in Russia combined with a growing population and tight domestic supplies has provided the UK with an important export opportunity. Much of the growing demand from Russia has been for manufacturing beef which will undergo further processing. The demand for high end premium beef products is limited on the Russian market and this niche market is currently serviced through well established relationships with Australia and from domestic production.

Until recently domestic beef production had been on the decline in Russia with year on year contraction of suckler cow numbers. However large scale government investment has encouraged growth in the sector with a particular focus placed on the development of suckler herds based on Aberdeen Angus cattle. While this will increase Russia's domestic beef supplies in the future it will take a considerable time before this will have any impact on the level of demand for imported beef.

FQAS MART CLINICS OCTOBER

LMC's Farm Liaison Officer, Terry White, runs Farm Quality Assurance Scheme (FQAS) mart clinics at a range of Livestock Marts across Northern Ireland.

Terry is present to assist members of FQAS with non-conformances, general scheme queries and any issues prior to or following an inspection. Any farmers who wish to join the scheme can also do so through their local FQAS mart clinic.

Terry will be available at the livestock marts listed below. For further information call (028) 9263 3024.

FQAS Liaison Officer
Mart Clinics Timetable

Markethill	Tuesday	08/10/2013
Saintfield	Wednesday	09/10/2013
Kilrea	Wednesday	16/10/2013
Enniskillen	Thursday	17/10/2013
Omagh	Wednesday	23/10/2013
Ballymena	Thursday	24/10/2013

FQAS NOTICE

ONLINE PAYMENTS

LMC has recently launched an online payment system for the Farm Quality Assurance Scheme. This allows producers to pay annual membership renewal and initial registration fees through the LMC website.

www.lmcni.com

CHANGES TO YOUNG BULL PAYMENTS

LMC understands that factories are currently reviewing their payment structure on young bulls with a view to encouraging producers to slaughter bulls under 16 months. So far this year, fewer than 50 per cent of bulls have been finished under 16 months with over age bulls currently subject to penalties of 10 – 20p/kg from the base quote. There is no information as yet on the nature of these changes to the payment structure, however, NIMEA has indicated that any such changes will not be implemented until after 1 January 2014. Producers of young bulls should make themselves aware of plant requirements if planning to kill bulls over this age.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 30/09/13	Next Week 07/10/13
Prime		
U-3	364-368p	364-368p
R-3	358-362p	358-362p
O+3	352-356p	352-356p
* Plus 8-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	270-290p	270-290p
Steakers	250-270p	250-270p
Blues	180-185p	180-185p

REPORTED NI CATTLE PRICES - P/KG

W/E 28/09/13	Steers	Heifers	Young Bulls
U-3=	374.5	382.6	361.9
U=3=	377.7	380.9	358.3
U=4=	369.5	378.0	-
R=3=	373.1	380.9	357.3
R=4=	377.2	370.1	-
O+3=	374.0	368.8	350.6
O=3=	365.0	361.5	335.4
Average	363.0	371.5	343.7

REPORTED COW PRICES NI W/E 28/09/13

Grades	Price (p/kg)	Avg Wgt
O+3=	295.1	324.0
O-3+	270.7	301.1
P+2+	258.2	292.8
P+3+	257.4	305.1
P-1-	171.9	218.6

COMMODITY PRICE

W/E 28/09/13	Price (£) per tonne / 1000litre	% weekly change
Barley	158.50	+1.9
Wheat	170.50	+1.8
Straw	17.14	-
Diesel	715-720	-

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle are 364-368p/kg with the majority of plants quoting 366p/kg for steers and 366-368p/kg for heifers. The quotes for O+3 cows from the plants this week ranged from 270p/kg to 290p/kg. Prime cattle throughput in the plants has continued to rise gradually week on week with 6,973 head slaughtered last week. Throughput however remains behind the levels recorded in previous years. In the corresponding week last year 7,469 prime cattle were slaughtered. Meanwhile the number of cows slaughtered has remained fairly steady with 1,717 slaughtered last week. This is markedly behind the 2,466 cows processed in the same week in 2012.

The number of prime cattle imported from ROI for direct slaughter last week totalled 996 head, a reduction of 166 head on the previous week. The number of cows imported for direct slaughter was also back, down 50 head to 219 cows last week. Exports to GB from NI showed a slight increase last week to 366 head, the highest level of export for direct slaughter since mid-April this year.

There has been a general improvement in the trade for prime cattle in NI in recent weeks with an average steer price last week of 365p/kg, an increase of 2.6p/kg on the previous week. The average heifer price in NI last week was 371.5p/kg, an increase of 5.8p/kg on the previous week with the R3 heifer price up by 4.8p/kg on the previous week to 380.2p/kg. In the corresponding week last year the R3 heifer price was 322.5p/kg. This represents an increase of 57.7p/kg over the course of the year and accounts for an 18 per cent increase in the prices.

In GB the market has steadied with average prices for steers and heifers within a penny of the previous week's prices. In Scotland the average steer price increased by 1.9p/kg to 415.4p/kg while average prices were back by 1-2p/kg across all other GB regions. Average heifer prices in Scotland last week were up 1.3p/kg on the previous week to 413.1p/kg while the average price in the Midlands increased by 1.9p/kg to 391.3p/kg. There was however a strong decline in the average heifer price in Northern England where prices were back by 5.6p/kg to 390.0p/kg.

In ROI prices have continued to come under pressure with an equivalent R3 steer price last week of 324.3p/kg (-2.3p/kg) and a R3 heifer price of 332.6p/kg (-4.1p/kg).

This weeks marts

FIRST quality finished steers sold to an average of 228p/kg this week with second quality selling to an average of 202p/kg. First quality finished heifers sold to an average of 224p/kg this week compared to an average of 220p/kg last week while second quality sold to an average of 197p/kg (196p/kg last week). This week store bullocks over 500kg sold to an average of 223p/kg for first quality while second quality sold to an average of 185p/kg. Meanwhile first quality store heifers over 450kg sold to an average of 216p/kg this week and second quality to an average of 188p/kg.

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

W/E 28/09/13		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	374.5	334.1	418.9	399.3	404.5	406.4	407.9
	R3	374.4	324.3	416.2	398.5	394.4	391.9	401.2
	R4	372.4	323.1	418.6	404.5	394.5	390.2	403.6
	O3	363.2	306.6	397.9	386.7	378.2	370.0	384.7
	AVG	365.0	-	415.4	397.4	390.2	382.1	397.7
Heifers	U3	382.0	345.6	427.9	401.6	407.1	408.3	412.4
	R3	380.2	332.6	411.1	388.3	391.6	387.7	396.0
	R4	373.5	331.5	417.6	394.2	391.9	389.0	399.7
	O3	365.9	315.9	380.0	379.6	377.6	369.1	377.1
	AVG	371.5	-	413.1	390.0	391.3	377.9	394.9
Young Bulls	U3	359.4	329.6	411.5	381.7	391.2	398.2	392.2
	R3	355.2	323.1	400.5	367.7	374.9	380.3	376.3
	O3	339.1	296.4	362.8	346.9	356.6	366.5	356.1
	AVG	343.7	-	391.4	361.1	369.3	369.0	369.6
Prime Cattle Price Reported		4990	-	6326	5795	5411	3996	21528
Cows	O3	279.5	262.2	280.8	269.5	271.3	255.1	268.6
	O4	284.8	265.6	283.6	275.3	289.7	267.0	275.5
	P2	235.0	231.7	214.2	214.4	204.2	213.2	213.8
	P3	257.4	250.8	234.9	238.8	223.5	234.0	235.3
	AVG	256.7	-	275.3	237.8	250.3	220.6	244.2

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=84.18p 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 28/09/13	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	220	252	228	190	219	202
Friesians	160	170	165	124	157	142
Heifers	215	240	224	180	214	197
Beef Cows	150	219	174	115	149	134
Dairy Cows	107	164	117	75	106	90
Store Cattle (p/kg)						
Bullocks up to 400kg	218	292	230	170	216	195
Bullocks 400kg - 500kg	215	271	234	165	214	195
Bullocks over 500kg	216	249	223	147	215	185
Heifers up to 450kg	208	238	216	156	207	190
Heifers over 450kg	203	233	216	164	202	188
Dropped Calves (£/head)						
Continental Bulls	270	370	320	150	268	200
Continental Heifers	200	285	245	100	198	150
Friesian Bulls	135	245	170	50	132	85
Holstein Bulls	80	190	115	2	78	40

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 30/09/13	Next Week 07/10/13
NI Factories	360p >21.5kg	360p >21.5kg
ROI Factories	360p	360p

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 14/09/13	W/E 21/09/13	W/E 28/09/13
NI Liveweight	324.2p	317.1p	322.2p
NI Deadweight	360.9p	357.2p	358.0p
ROI Deadweight	353.6p	352.8p	349.0p
GB Deadweight	394.0p	388.1p	387.6p

Deadweight Sheep Trade

QUOTES from the NI plants this week have remained steady with plants quoting 360p/kg up to 21.5kg. Good supplies of lambs have been reported with 10,957 slaughtered in NI plants last week. These bring total slaughterings for the month of September to 45,661 head, a three per cent increase on the 44,137 lambs slaughtered in September 2012. Exports of lambs for slaughter in ROI plants last week totalled 9,100 head, an increase of 1,279 head on the previous week when 7,821 lambs were exported. Deadweight lamb prices in both NI and GB were generally steady last week while ROI prices were down the equivalent of 3p/kg.

This week's marts

AVERAGE prices across the marts this week were similar to the previous week and ranged from 315-332p/kg. In Newtownstewart last Saturday 310 lambs sold from 300-328p/kg (av 320p/kg) compared to 250 lambs the previous week selling from 300-331p/kg (av 320p/kg). In Kilrea on Monday 750 lambs sold from 316-350p/kg compared to 480 lambs last week selling from 310-320p/kg. A quieter trade in Ballymena on Wednesday saw 1,912 lambs sell to an average of 315p/kg compared to 1,532 last week selling to an average of 324p/kg. A large entry of 1,550 lambs in the first sheep sale in Markethill's new premises on Wednesday sold to an average of 327p/kg. The top prices paid for good quality cull ewes generally ranged from £65-70 across the marts this week.

LATEST SHEEP MARTS					
From: 28/09/13 To: 03/10/13		Lambs (P/KG LW)			
		No.	From	To	Avg
Saturday	Omagh	1453	327	398	-
	Donemana	1090	298	339	321
	Newtownstewart	310	300	328	320
Monday	Massereene	1203	315	344	-
	Kilrea	750	316	350	-
Tuesday	Saintfield	985	310	350	-
	Rathfriland	1231	302	358	332
Wednesday	Ballymena	1912	300	345	315
	Enniskillen	542	315	340	328
	Markethill	1550			327
	Armoy	333	315	360	325

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