LMC BULLETIN

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FAT COVERS DECLINE IN QUARTER 3

AN analysis of the price reported prime cattle kill for the third quarter of 2013 (July-September) has identified some interesting trends in terms of the fat cover scores being achieved by prime cattle when compared to previous years.

Some of the major processors reported an increase in the number of prime cattle awarded a 2 for fat cover during the period in question and this has been confirmed through analysis of the price reporting data. In general there has been a downward movement identified in the fat scores being achieved by prime cattle. Figure 1 displays the fat scores awarded for all price reported steers for the period July-September 2013 compared to the corresponding period in 2012.

The proportion of steer carcases awarded a 4 for fat cover has declined from 23.3 per cent in the period July-September 2012 to 16.2 per cent in the same period in 2013 while the proportion awarded a 3 for fat cover was relatively unchanged between the two periods, accounting for 55.8 per cent of the steer kill. Meanwhile the proportion of steer carcases awarded a 2 for fat cover increased from 18.1 per cent in the 2012 period to 24.1 per cent in the corresponding period in 2013.

Figure 1: Fat class scores for price reported steers July-September 2012/2013

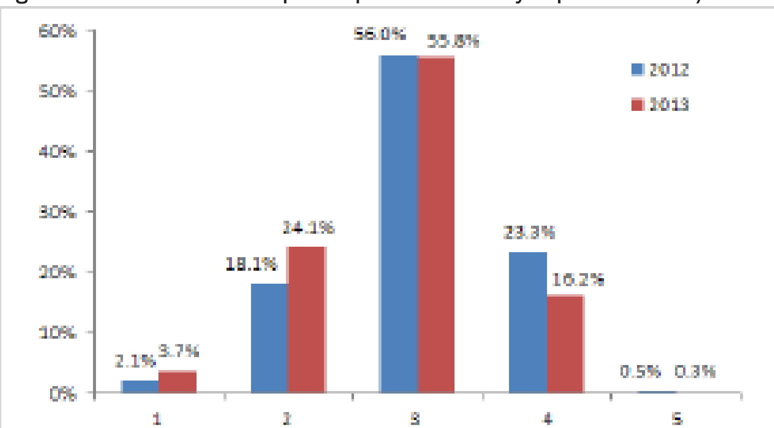

Table 1: Fat class scores for price reported heifers July-September 2012/2013

	1	2	3	4	5
2012	1.7%	10.5%	46.6%	39.0%	2.2%
2013	2.5%	15.5%	50.0%	30.5%	1.5%

A similar trend can be observed when considering the heifer kill as outlined in Table 1. Heifer carcases awarded a 4 for fat cover accounted for 39 per cent of the total heifer kill in the period July-September 2012 and during the same period in 2013 accounted for 30.5 per cent of the kill. The proportion of heifer carcases awarded a 3 for fat cover increased by 3.4 percentage points between the two periods in question to account for 50 per cent of the total heifer kill in July-September 2013. Over the same period the proportion of carcases awarded a 2 for fat cover increased by five percentage points from 10.5 per cent to 15.5 per cent of the heifer kill.

With many of the cattle killed during July-September being finished off grass and the much improved weather this summer when compared to previous years it may at first seem surprising that prime cattle have been slaughtered at lower fat covers. It is however likely that the combination of a number of factors have contributed to this downward trend.

The largest majority of prime cattle being slaughtered during the period July-September 2013 will have been at grass during last year's difficult summer. Difficulties experienced by producers in grazing management and poor animal thrive on many farms will have resulted in cattle going into the house last autumn at below optimum condition.

This combined with the delayed grass growth this spring and fodder shortages will have further added to this problem and resulted in cattle going back to grass in poorer condition than previous years. This disruption to the traditional systems operated on many farms across NI may have had a key role to play in the number of cattle being presented for slaughter at lower fat covers than previous years.

Another key factor is the level of concentrates being fed to finishing cattle. Industry sources have highlighted that with the improved grass growth this year many producers have reduced concentrate feeding levels in an attempt to reduce production costs. This is especially relevant this year given the high feed costs incurred by producers during 2012 and earlier this year. The latest available feed statistics from DARD indicate a 12 per cent reduction in the amount of beef concentrates purchased during August 2013 when compared to August 2012. However the kill was also lower during this period.

Some plants have also indicated a marked increase in the number of cattle being presented for slaughter earlier this summer that had stomach fluke. This will have had a detrimental effect on animal performance and will have played a role in reducing the level of carcase cover recorded. It is also worth noting that the wet summer of 2012 may have leached soil nutrients and has resulted in cattle becoming deficient in some essential minerals as a result. This will potentially have a negative influence on animal performance and carcase cover.

It is however worth noting the difficulties in quantifying the effect each of the factors outlined above will have had on carcase cover during the last quarter and that not all factors outlined above will have played a role on all farms in NI. There may also be other factors which must be considered at individual farm level which will have resulted in carcase cover to be reduced.

While each of the factors outlined above have the potential to exert a small influence on carcase cover levels it is their cumulative effect which is most likely to be the cause of the downward movement in the fat scores awarded to prime cattle during the period July-September 2013 when compared to the corresponding period in 2012.

EXPORTS ON THE AGENDA AT ANUGA

THE Northern Ireland red meat industry was putting its best foot forward at the Anuga food fair in Cologne Germany this week. Anuga is the leading trade fair for the international food industry and typically attracts in excess of 150,000 trade visitors from every corner of the world.

Trade exhibitors from the Northern Ireland red meat industry included ABP, Dunbia, Foyle Food Group, Hewitt Meats and Linden Foods and they were joined in the meat and poultry pavilions by Karro Foods and Moy Park who also have a strong base in the local pork and poultry sectors in Northern Ireland.

All of these local companies undertake significant business in export markets outside the UK and Anuga provides an ideal opportunity for these companies to meet with and strengthen relationships with existing customers, to show case their businesses and products to potential new customers, and to get a measure of competitors operating in the same market places.

The impressive Northern Ireland Naturally stand, which was organised by Invest NI, hosted a number of the local meat companies and was well positioned in the busy meat pavilion.

LMC Chairman Pat O'Rourke and Chief Executive Ian Stevenson also attended Anuga this week and as well as discussing beef and sheep meat trade and marketing issues with local companies exhibiting at the fair were able to meet up with all of the other UK and RoI levy bodies to work on pre-competitive matters for the benefit of the entire meat industry.

Amongst a number of important engagements in which LMC and local meat industry representatives participated was a red meat industry roundtable with UK Secretary of State for Environment Food and Rural Affairs Owen Paterson on Sunday 6th October. The Secretary of State was advised by LMC that the local red meat industry in Northern Ireland was eager to gain access to the Chinese market as soon as possible and that he should prioritise engagement at a high level in China to help move this matter forward.

The Secretary of State was also advised of the differences in approach to managing the export certification processes for consignments of meat and meat products from the UK to third countries relative to the more simplified approach taken by other EU member states such as RoI and the Netherlands.

The Secretary of State was asked to benchmark UK certification conditions for trade to third countries with conditions for other EU member states and to ensure that the UK was not placing businesses at a competitive disadvantage in the UK by having unnecessarily complicated export certification processes.

LMC will be engaging further with the Secretary of State on this matter and asked him to meet again with industry in early 2014 to review progress on these important matters.

Pictured with the UK Secretary of State for Environment, Food and Rural Affairs Rt Hon Owen Paterson MP (centre) at the launch of an International Action Plan for UK Food and Drink Exports at Anuga 2013 are left to right James Annett, Hewitt Meats; Pat O'Rourke, LMC Chairman; Ian Stevenson, LMC Chief Executive and Jim Hewitt from Hewitt Meats who supplied Northern Irish beef for consumption by guests at the event

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 07/10/13	Next Week 14/10/13
Prime		
U-3	366-368p	366-368p
R-3	360-362p	360-362p
O+3	354-356p	354-356p
* Plus 10-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	280-290p	280-290p
Steakers	250-270p	250-270p
Blues	180-185p	180-185p

REPORTED NI CATTLE PRICES - P/KG

W/E 05/10/13	Steers	Heifers	Young Bulls
U-3=	376.4	384.7	355.6
U=3=	384.3	384.5	362.6
U=4=	362.0	379.0	360.0
R=3=	376.6	380.3	356.5
R=4=	365.4	373.2	-
O+3=	374.2	370.3	350.3
O=3=	360.1	363.3	340.6
Average	366.8	371.3	344.1

REPORTED COW PRICES NI W/E 05/10/13

Grades	Price (p/kg)	Avg Wgt
O+3=	291.4	328.0
O-3+	271.5	313.3
P+2+	256.9	291.3
P+3+	261.2	303.1
P-1-	170.5	217.5

COMMODITY PRICE

W/E 05/10/13	Price (£) per tonne / 1000litre	% weekly change
Barley	159.50	+0.6
Wheat	170.50	-
Straw	17.14	-
Diesel	715-720	-

Deadweight Cattle Trade

BASE quotes from the plants this week for U-3 grade prime cattle have remained steady with quotes for steers of 366p/kg and 366-368p/kg for heifers. A further bonus of up to 10-14p/kg is available for cattle that kill out in spec. Quotes for O+3 cows have also remained steady and range from 280-290p/kg.

A total of 6,766 prime cattle were slaughtered in NI plants last week, 207 less than the previous week and markedly lower than the 7,721 slaughtered in the corresponding week in 2012. The cow kill last week totalled 2,045 head, an increase of 328 cows on the previous week and the highest weekly throughput recorded since early January. Imports of prime cattle from ROI last week were back 226 on the previous week and totalled 770 head with 199 cows also being imported for direct slaughter. Meanwhile exports of cattle to GB for direct slaughter consisted of 383 prime cattle and 87 cows.

The average steer price in NI last week increased by 1.8p/kg to 366.8p/kg while the R3 steer price increased by 2.6p/kg to 377.0p/kg. Meanwhile the average heifer price was unchanged at 371.3p/kg with the R3 heifer price back by 1.3p/kg to 378.9p/kg. Average young bull prices in NI last week were within half a penny of the previous week at 344.1p/kg with the price paid for O3 bulls increasing by 5.2p/kg to 344.3p/kg.

In GB the deadweight trade has shown an improvement with average steer and heifer prices up in the region of 1.5p/kg on the previous week to 399.3p/kg and 396.3p/kg respectively. Average steer and heifer prices were up by 1-2p/kg across all the GB regions last week. Meanwhile the young bull price in GB increased by 4p/kg to 373.6p/kg last week with strong increases in average prices recorded in both Northern England and the Midlands. The trade for cows in GB was quieter last week with the average price back by 4p/kg to 240.3p/kg. This was 16.1p/kg lower than the average NI price last week of 256.4p/kg.

The trade for finished cattle in ROI has shown signs of improvement this week with reports of tightening cattle numbers and increased demand from the plants. The average R3 steer price in ROI last week was the equivalent of 322.2p/kg (-2.1p/kg) while the R3 heifer price was unchanged at 332.5p/kg. Reports have also indicated an improvement in the liveweight market in ROI this week as Northern Irish buyers become more active in Southern marts.

This weeks marts

A good trade in the marts this week saw finished first quality steers sell to an average of 224p/kg liveweight with second quality selling to an average of 197p/kg. Finished first quality heifers sold to an average of 218p/kg with second quality selling to an average of 194p/kg. Beef cows sold to a top price of 217p/kg with first quality selling to an average of 176p/kg. Dairy bred cows sold from 70-153p/kg dependent on quality. The good trade for store cattle has continued with first quality 400-500kg bullocks selling to an average of 238p/kg and second quality selling to an average of 200p/kg.

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

W/E 05/10/13		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	380.3	331.3	421.0	401.9	403.2	405.3	408.5
	R3	377.0	322.2	415.5	400.4	396.2	394.9	402.4
	R4	372.8	320.5	419.1	411.5	393.2	389.6	406.2
	O3	363.4	304.9	403.7	390.7	375.1	373.7	387.6
	AVG	366.8	-	417.1	399.7	390.7	383.8	399.3
Heifers	U3	383.4	345.7	426.1	400.7	403.1	403.4	409.6
	R3	378.9	332.5	414.2	392.2	391.6	388.5	398.0
	R4	376.2	330.6	416.4	395.6	393.8	392.1	400.8
	O3	367.4	315.6	389.9	381.1	375.5	361.8	378.4
	AVG	371.3	-	414.2	391.6	392.0	380.4	396.3
Young Bulls	U3	358.1	326.7	414.1	382.8	393.5	390.5	393.2
	R3	356.4	319.2	403.3	372.9	380.8	377.0	379.8
	O3	344.3	294.7	373.0	354.0	356.2	361.1	358.6
	AVG	344.1	-	389.1	365.7	378.8	367.7	373.6
Prime Cattle Price Reported		5283	-	6297	5877	5415	3887	21476
Cows	O3	279.2	260.6	274.9	263.2	265.9	252.8	263.7
	O4	287.0	263.0	278.5	270.4	262.5	261.0	269.5
	P2	238.8	228.4	213.6	209.7	187.4	207.4	208.5
	P3	257.7	250.7	239.8	234.9	217.1	231.3	234.0
	AVG	256.4	-	265.9	238.8	245.2	218.4	240.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.82p 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 05/10/13	1st QUALITY From	1st QUALITY To	1st QUALITY Average	2nd QUALITY From	2nd QUALITY To	2nd QUALITY Average
Finished Cattle (p/kg)						
Steers	216	232	224	180	215	197
Friesians	130	168	140	110	128	120
Heifers	210	264	218	175	209	194
Beef Cows	160	217	176	112	159	135
Dairy Cows	102	153	114	70	101	85
Store Cattle (p/kg)						
Bullocks up to 400kg	225	275	235	170	224	200
Bullocks 400kg - 500kg	230	293	238	175	229	200
Bullocks over 500kg	215	247	223	160	214	190
Heifers up to 450kg	213	248	225	150	212	190
Heifers over 450kg	215	244	227	155	214	193
Dropped Calves (£/head)						
Continental Bulls	270	370	320	140	268	205
Continental Heifers	220	315	265	120	218	165
Friesian Bulls	70	112	90	20	68	45
Holstein Bulls	50	100	75	1	49	25

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 07/10/13	Next Week 14/10/13
NI Factories	360p >21.5kg	360p >21.5kg
ROI Factories	360p	360p

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 21/09/13	W/E 28/09/13	W/E 05/10/13
NI Liveweight	317.1p	322.2p	318.1p
NI Deadweight	357.2p	358.0p	356.9p
ROI Deadweight	352.8p	349.0p	350.2p
GB Deadweight	388.1p	387.6p	385.1p

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grade lambs have remained steady at 360p/kg up to 21.5kg with continued strong supplies reported. Lamb throughput in the plants last week totalled 11,713 head, an increase of 756 head on the previous week. The quality of the lambs have generally been very good with 31 per cent of the price reported NI kill last week awarded a U3 grade and 44 per cent a R3 grade. Exports to ROI for direct slaughter last week totalled 10,667 head, a 16 per cent increase on the previous week when 9,181 lambs were exported. Deadweight prices in NI, ROI and GB last week were similar to the previous week.

This week's marts

A similar trade to previous weeks has been reported across the marts this week with average prices ranging from 320-333p/kg. In Massereene on Monday 1,106 lambs sold from 315-342p/kg compared to 1,203 lambs last week selling from 315-344p/kg. In Saintfield on Tuesday 885 lambs sold from 325-365p/kg compared to 985 lambs last week selling from 310-350p/kg. In Ballymena on Wednesday a firm trade saw 1,515 lambs selling from 310-387p/kg (av 323p/kg) with a strong demand for well finished lambs. In Markethill on Wednesday 1,170 lambs sold to an average of 323p/kg compared to 1,550 lambs last week selling to an average of 327p/kg. The general trade for cull ewes was £50-70 with a top reported price of £86 in Rathfriland on Tuesday.

LATEST SHEEP MARTS					
From: 05/10/13 To: 10/10/13		Lambs (P/KG LW)			
		No.	From	To	Avg
Saturday	Omagh	1358	327	387	-
	Donemana	1290	312	338	331
	Newtownstewart	150	-	-	320
Monday	Massereene	1106	315	342	-
	Kilrea	650	317	334	325
Tuesday	Saintfield	885	325	365	-
	Rathfriland	1224	311	374	333
Wednesday	Ballymena	1515	310	387	323
	Enniskillen	495	320	347	-
	Markethill	1170	315	335	323
	Armoy	1170	315	335	323

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