LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

Saturday 01 February 2014 Issue No. 2305

DIFFERENTIAL BETWEEN NI AND ROI WIDENS

ANALYSIS of the R3 steer price can be used as an indicator of the overall trade for prime cattle as it is the most common price reported grade in NI. The average R3 steer price in NI last week was 365.3p/kg, 24.3p/kg higher than the corresponding week last year when the average price was 341.0p/kg.

Chart 1 displays the R3 steer price in NI, ROI and GB from the week ending 05 January 2013 up until the week ending 25 January 2014. As indicated in the chart the R3 steer price in GB has consistently been above the price paid in NI with an average differential over the period outlined on the graph of 21p/kg.

There is however some variation across the regions in GB with the differential with NI tending to widen as you move from south to north. Chart 2 displays the average R3 steer price in each of the GB regions, NI and ROI during the week ending 25 January 2014. The differential between NI and Southern England between January 2013 and January 2014 was 12.2p/kg, although this has narrowed significantly in recent weeks and was 1.7p/kg last week. The average differential between R3 steer prices in NI and Scotland between January 2013 and January 2014 was 33.1p/kg. This has also narrowed in recent weeks but not to the same degree and was 27.8p/kg last week.

As indicated in Chart 1 prices in both GB and NI recorded a peak in early summer 2013 before easing back. However with slaughter numbers tight in early autumn 2013 NI and GB prices began to increase approximately six weeks sooner than they normally would be expected to.

The trade for prime cattle started to come under pressure in both GB and NI early October with industry sources citing difficulties in sales and lower than expected consumer demand for beef. The combination of the unseasonably mild autumn, a relatively high retail beef price and competition from other meats will all have impacted on volume beef sales.

While prime cattle prices have generally been declining in GB since October they have come under increased pressure in recent weeks with processors reporting a drop in demand for beef year on year and ample supplies of prime cattle coming forward for slaughter. Meanwhile in NI processors have indicated that supplies of prime cattle are adequate to meet demand despite throughput during the first four weeks of 2014 being 2,893 head lower than the corresponding period in 2013. This represents an eleven per cent decline year on year.

The differential between R3 steer prices in NI and GB has remained broadly similar between January 2013 and January 2014 although the margin narrowed to 12.5p/kg last week. Meanwhile the gap between prices paid in NI and ROI has widened significantly as indicated in Chart 1. During February and March 2013 the R3 steer price in ROI was actually higher than the NI R3 steer price but has been consistently below the NI price ever since with the differential widening as the year progressed.

The R3 steer price (in sterling terms) peaked in early July and has generally decreased since. The differential between NI and ROI last week was 45.8p/kg, the equivalent of £151 on a 330kg carcase. The average R3 price in ROI for the period January 2013 to January 2014 was 346.9p/kg as indicated in Chart 2. This puts the average differential with NI for this period at 23.1p/kg, or £76 on a 330kg carcase.

The increased preference for UK Origin Red Tractor Farm Quality Assured beef by the major retailers, and consumers, in GB following the horsemeat crisis early last year has been a key factor in widening the differential between beef prices in NI and ROI. Northern Ireland Farm Quality Assured Beef can be labelled and sold as Red Tractor in GB and can therefore service a much wider market than beef sourced from ROI producers.

Despite beef prices in GB coming under pressure in recent months it still has the highest beef prices in the EU according to the latest EU Deadweight Cattle Prices League Table. In the week ending the 26 January 2014 the average R3 heifer price in GB was the equivalent of 451.9c/kg, 47.1c/kg above the EU average R3 heifer price of 404.9c/kg. NI has retained second place on the table with an R3 heifer price of 442.5c/kg in the week ending the 26 January 2014. Meanwhile with an R3 heifer price of 403.2c/kg ROI was in seventh place on the league table.

Chart 1: Average R3 steer price in NI, ROI and GB Jan 2013 to Jan 2014

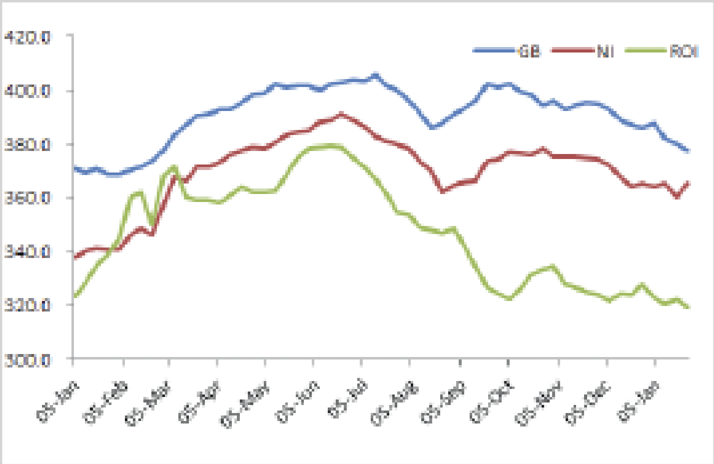
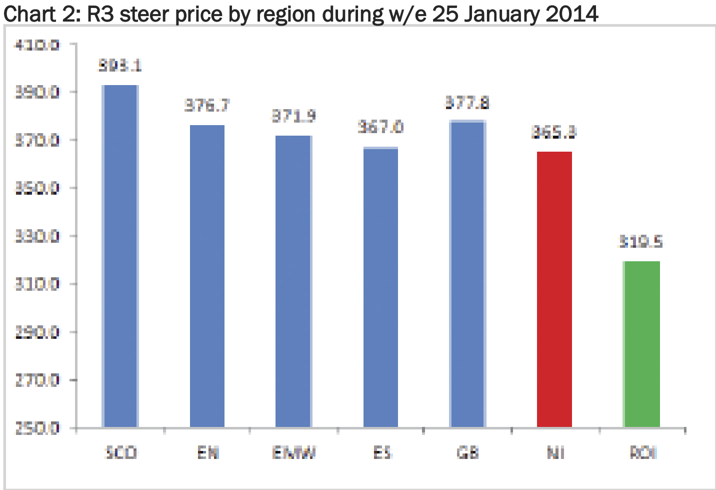


Chart 2: R3 steer price by region during w/e 25 January 2014



PROJECTED DECLINE IN EU BEEF AND SHEEPMEAT CONSUMPTION OVER THE NEXT DECADE

A medium term outlook on EU agricultural commodity markets has recently been released by DG AGRI (Directorate General for Agriculture and Rural Development) which predicts the future of the EU markets for key products until the year 2023.

The EU meat sector is expected to be supported by strong global demand over the next decade which will be driven by improved economic conditions across the member states. With a return to economic growth predicted for the EU consumers should have more disposable income allowing for an increase in the level of meat consumption. Per capita meat consumption in the EU during 2013 was at its lowest level in 11 years at 64.7kg/head but this is expected to recover in 2014 as more meat comes onto the market.

Meat consumption in the EU is expected to reach 66.1kg by 2023, similar to the levels recorded in 2011. Over the next decade poultry meat and pork sales are expected to remain strong while the consumption of both beef and sheep meat are forecasted to decline.

EU beef production is forecasted to decline by seven per cent from the 2010/12 average to 7.6 million tonnes in 2023 with the decrease in supplies expected to lead to a drop in exports to non EU countries. A shift in the export destinations for EU beef is expected over the next decade with Russia and Turkey forecasted to import less beef due to increased domestic production and lower demand. Meanwhile increasing demand for beef from South Korea, the Middle East and Egypt could create new opportunities.

The forecasted drop in beef production is expected to lead to a drop in consumption levels in the EU to 10.5kg per capita in 2023. This is 5.7 per cent lower than the 2010-2012 average. Tight supplies of beef over the next decade are expected to keep prices firm and close to the record prices seen in 2012/2013.

Sheep meat production in the EU over the next decade is expected to continue to decline, although at a slower rate than has previously been recorded. Sheep meat accounts for only 2.7 per cent of total EU meat consumption, lower than any other meat, and consumption in the EU is expected to remain under pressure and potentially fall further over the next decade.

The level of imports from non EU countries is expected to show marginal growth towards 2023 but still remain below quota levels despite the forecasted increase in production in both Australia and New Zealand. Neither country are expected to fulfill their EU quota over the next decade due to the growing opportunities in non EU countries.

NEW CATEGORY Z FOR BEEF CARCASE GRADING

FROM the 1st January 2014 there have been changes to the statutory categorisation of adult bovine carcases.

Up until December 2013 five separate categories were used A,B,C,D,E, representing Young Bulls, Bulls, Steers, Cows, and Heifers respectively. An additional category, category Z, has now been added and represents animals from 8-12 months of age as these are now considered adult bovines for the purposes of classification and price reporting.

This change to the categorisation will be reflected on the carcase labels used by the processors and the remittance slips received by producers when they slaughter cattle.

FQAS Liaison Officer Mart Clinics Timetable

Omagh	Monday	03/02/2014
Markethill	Tuesday	04/02/2014
Saintfield	Wednesday	12/02/2014
Enniskillen	Thursday	13/02/2014
Kilrea	Wednesday	19/02/2014
Ballymena	Friday	21/02/2014

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 27/01/14	Next Week 03/02/14
Prime		
U-3	350-354p	342p
R-3	344-348p	336p
O+3	338-342p	330p
* Plus 8-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	225-250p	225-250p
Steakers	150-200p	150-200p
Blues	110-130p	110-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 25/01/14	Steers	Heifers	Young Bulls
U-3=	366.3	367.7	337.3
U=3=	364.7	373.2	321.2
U=4=	363.7	369.4	-
R=3=	367.3	364.4	334.9
R=4=	364.6	364.0	329.8
O+3=	361.9	357.5	331.4
O=3=	346.0	349.4	319.6
Average	356.1	360.8	325.2

REPORTED COW PRICES NI W/E 25/01/14 (p/kg)

Grades	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
O+3=	-	-	233.7	254.0
O-3+	-	-	212.4	229.6
P+2+	-	163.0	216.5	215.9
P+3+	-	-	206.0	219.6
P-1-	122.4	121.8	128.8	-

COMMODITY PRICE

W/E 25/01/14	Price (£) per tonne / 1000litre	% weekly change
Barley	158.00*	-
Wheat	174.50	+1.7
Soya	17.40	-
Straw	710-720	-

* Latest available data

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle ranged from 350-354p/kg with bonuses available for steers and heifers that kill out in spec. The plants have indicated a quieter trade for prime cattle early next week with base quotes from the three plants that quoted of 342p/kg. The quotes for O+3 cows this week were generally 240-250p/kg with one plant quoting in the region of 225p/kg.

The plants have reported a slight improvement in the supply of cattle this week but have reported some difficulties in marketing some parts of the carcase, particularly the forequarter. Throughput of prime cattle in the NI plants last week totalled 6,163 head, an increase of 293 head on the previous week but 611 head lower than the corresponding week in 2013. The cow kill in NI last week totalled 1,637 head bringing the total for the year to date to 5,921 head. This is 24 per cent behind the number of cows killed in the same four week period in 2013.

Imports of prime cattle for direct slaughter from ROI last week totalled 348 head, accounting for 5.6 per cent of the total prime cattle kill in NI. A total of 35 cows were also imported from GB for direct slaughter in NI plants last week. Meanwhile exports to ROI from NI consisted of 32 prime cattle and 235 cull cows. A total of 230 cattle were exported from NI for slaughter in GB plants last week, consisting of 170 clean cattle and 60 cows.

The average steer price in NI last week increased by 3.5p/kg to 356.1p/kg while the R3 steer price increased by 5.1p/kg to 365.3p/kg. The average heifer price increased in the region of 1p/kg to 360.8p/kg while the R3 heifer price increased by 1.5p/g to 367.3p/kg. Meanwhile in GB the deadweight cattle trade remains under pressure with average steer and heifer prices back in all regions. The average steer price in GB last week was back 3.8p/kg to 374.9p/kg with the average price in Northern England back by 6p/kg to 375.7p/kg. The average heifer price in GB was back by 3.5p/kg to 374.9p/kg last week with the average R3 price back by 4.4p/kg to 375.1p/kg. This was the lowest weekly R3 heifer price in GB since early March 2013.

Average young bull prices were back in all the GB regions last week with the GB average price back by 7.9p/kg to 335.1p/kg while in NI the average price was within a penny of the previous week at 325.2p/kg. This has put the differential between the NI and GB average young bull prices last week at 10p/kg. Cow prices in NI last week were up by 2.1p/kg on the previous week to 223.2p/kg, a penny higher than the GB average of 222.1p/kg

In ROI the trade for prime cattle was broadly similar to the previous week in euro terms but a weakening in the euro against sterling meant prices were back in sterling terms. The R3 steer price in ROI last week was back by 2.7p/kg to 319.5p/kg with the R3 heifer price back by a similar margin to 334.2p/kg. Young bull prices in ROI remain under pressure with the R3 young bull price back by the equivalent of 5.5p/kg to 294.6p/kg.

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

W/E 25/01/14		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	364.7	325.5	401.5	383.8	382.6	376.1	387.2
	R3	365.3	319.5	393.1	376.7	371.9	367.0	377.8
	R4	365.6	319.3	394.4	386.7	375.8	364.3	382.7
	O3	349.5	305.1	373.0	360.8	352.3	348.5	359.4
	AVG	356.1	-	393.5	375.7	368.0	356.5	374.9
Heifers	U3	371.1	345.7	402.0	390.5	383.1	381.1	390.3
	R3	367.3	334.2	389.6	376.4	367.5	363.7	375.1
	R4	364.8	333.5	391.1	379.2	371.2	365.0	377.9
	O3	351.0	319.2	347.9	362.0	353.7	347.2	352.3
	AVG	360.8	-	389.8	377.2	367.8	357.5	374.9
Young Bulls	U3	337.2	300.9	391.3	345.6	372.2	372.2	368.2
	R3	341.7	294.6	380.3	337.1	354.4	359.6	352.7
	O3	321.9	270.7	340.1	312.8	336.5	336.1	328.4
	AVG	325.2	-	361.2	315.6	342.0	337.6	335.1
Prime Cattle Price Reported		4584	-	6153	5547	5085	3718	20503
Cows	O3	237.3	242.1	247.0	238.8	253.4	220.4	237.2
	O4	241.3	244.0	247.4	239.9	255.8	225.8	240.2
	P2	192.4	204.1	185.4	190.6	185.9	167.8	182.2
	P3	215.8	229.7	211.7	218.8	226.7	192.6	209.1
	AVG	223.2	-	240.5	221.5	244.8	194.2	222.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=82.40p 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 25/01/14	1st QUALITY From	To	Average	2nd QUALITY From	To	Average
Finished Cattle (p/kg)						
Steers	204	217	208	160	203	180
Friesians	134	152	143	116	134	125
Heifers	196	218	205	155	195	175
Beef Cows	160	212	180	115	159	130
Dairy Cows	100	128	116	55	99	77
Store Cattle (p/kg)						
Bullocks up to 400kg	217	243	231	158	212	185
Bullocks 400kg - 500kg	212	251	226	160	210	185
Bullocks over 500kg	213	233	221	170	212	190
Heifers up to 450kg	201	223	212	165	200	183
Heifers over 450kg	197	231	210	170	196	183
Dropped Calves (£/head)						
Continental Bulls	250	425	300	140	248	200
Continental Heifers	220	350	270	100	218	160
Friesian Bulls	135	200	170	40	132	85
Holstein Bulls	80	170	105	2	78	40

SHEEP TRADE

HOGGET QUOTES		
(P/Kg DW)	This Week 27/01/14	Next Week 03/02/14
NI Factories	390p > 22kg	390p > 22kg

REPORTED HOGGET PRICES - P/KG			
(P/KG DW)	W/E 11/01/14	W/E 18/01/14	W/E 25/01/14
NI Liveweight	348.3p	350.0p	347.9p
NI Deadweight	387.1p	379.1p	380.6p
ROI Deadweight	363.4p	369.5p	363.7p
GB Deadweight	402.9p	394.7p	397.2p

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grading hoggets have steadied at 390p/kg to 22/kg with similar quotes expected for next week. The average R3 hogget price in NI last week was 380.9p/kg compared to an average price of 316.9p/kg in the corresponding week in 2013. Throughput in the NI plants has been declining in recent weeks as supplies of hoggets start to tighten in line with normal seasonal trends. A total of 6,677 hoggets were killed in NI plants last week with a further 6,207 hoggets exported to ROI for direct slaughter. The average deadweight price in NI last week was 380.6p/kg, up 1.5p/kg on the previous week. In GB last week the average deadweight price was 397.2p/kg, up 2.5p/kg on the previous week.

This week's marts

TRADE in the marts this week was broadly similar to previous weeks with throughput remaining fairly strong. In Massereene on Monday 1,026 hoggets sold from 340-378p/kg compared to 673 hoggets last week selling from 340-370p/kg. In Rathfriland on Tuesday 745 hoggets sold to an average of 352p/kg compared to 451 hoggets last week selling to an average of 352p/kg. In Ballymena on Wednesday 1,167 hoggets sold from 335-374p/kg (avg 347p/kg) compared to 1,152 hoggets last week selling from 330-358p/kg (avg 343p/kg). In Armoy on Wednesday a similar trade to last week saw 562 hoggets sell to an average of 353p/kg compared to 585 hoggets last week selling to an average of 352p/kg. Top prices for good quality cull ewes generally ranged from £70-80 across the marts.

LATEST SHEEP MARTS					
From: 25/01/14		Hoggets (P/KG LW)			
To: 30/01/14		No	From	To	Avg
Saturday	Omagh	818	343	368	-
	Swatragh	750	348	415	-
Monday	Massereene	1026	340	378	-
	Kilrea	520	344	397	-
Tuesday	Saintfield	606	351	384	-
	Rathfriland	745	330	377	352
Wednesday	Ballymena	1167	335	374	347
	Enniskillen	580	345	369	-
	Markethill	985	340	371	349
	Armoy	562	340	380	353

Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FQAS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com