LMC BULLETIN

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NI SHEEP MARKET UPDATE: JULY 2014

LAMB throughput in the NI plants has remained strong in recent weeks with good supplies of lamb coming forward for slaughter. The processors are reporting steady supplies of lambs to meet demand with the lambs presented for slaughter generally being of a very good quality.

Since early June weekly throughput in the NI plants has been consistently above the levels recorded in the corresponding weeks the previous year as outlined in Figure 1. In the eight week period ending 27 July 2014 91,469 lambs were slaughtered in NI plants compared to 68,208 lambs killed in the corresponding period in 2013. This is an increase in throughput of 34 per cent year on year.

The increase in throughput combined with an increase in the average carcase weight by 0.6kg year on year to 21.4kg in the 8 week period ending 27 July 2014 has increased the volume of lamb processed by NI plants. In the 8 week period ending 27 July 2014 1,962 tonnes were processed by the NI processors, a 38.3 per cent increase on the 1,419 tonnes processed in the corresponding period in 2013.

The much improved production conditions in NI during 2014 have helped producers to get lambs to slaughter weight quicker than previous years and this has been one factor in the increasing processor throughput. The much milder spring in 2014 when compared to 2013 will also have decreased lamb mortality and thereby increasing the number of lambs coming forward for slaughter.

Another key factor driving the increase in throughput in the NI plants is a decline in the proportion of NI origin lambs being exported to ROI for direct slaughter. During the eight week period ending 27 July 36,021 sheep were exported to ROI for direct slaughter compared to 50,806 sheep during the corresponding period in 2013. This reduction by 14,785 head accounts for a 29 per cent reduction year on year.

The declining number of lambs being transported to ROI for direct slaughter has meant that the NI lamb kill has represented a higher proportion of the total NI lamb output in recent weeks. In the 8 week period ending 27 July 2014 73 per cent of NI origin lambs were slaughtered locally compared to 59 per cent in the corresponding period in 2013.

Throughput in the ROI plants during 2014 to date has also been running higher than year earlier levels despite the reduction in imports of NI lambs for direct slaughter. In the 8 week period ending 27 July 2014 407,886 lambs were slaughtered in ROI plants, a 9.2 per cent increase on the 373,406 lambs killed in the corresponding period in 2013.

The increase in domestic lamb supplies in ROI will have reduced the demand for lambs imported from NI for direct slaughter. The decrease in the value of euro against sterling also made lambs in NI relatively more expensive than ROI born lambs. However with the deadweight lamb price in NI falling to just above the equivalent price in ROI last week there was an increase in the number of sheep exported to ROI for direct slaughter to 7,155 head, the highest weekly number exported since late March this year.

During the 8 week period ending 27 July 2014 the average euro/sterling exchange rate was €1 = 79.8p and in the corresponding 8 week period in 2013 €1 = 85.7p. With the strengthening value of sterling against the euro 1,563 lambs have been imported into NI for direct slaughter from ROI during 2014 to date. These are the first imports of sheep from ROI for direct slaughter in NI plants since early in 2011.

Meanwhile in GB during the 8 weeks ending 27 July 2014 sheep throughput in the processing plants was 8.5 per cent higher than the corresponding period in 2013. The strong number of sheep coming forward for slaughter has resulted in deadweight prices falling significantly in GB in recent weeks, although they did record an increase last week. The average deadweight lamb price in the UK last week was 404p/kg compared to 392.8p/kg the previous week. In the corresponding week last year the deadweight lamb price in GB was 409.6p/kg.

The deadweight lamb price in NI has also come under pressure as more lambs have started to come forward for slaughter although there have been some signs of the market steadying with the plants maintaining quotes for lambs at around 360p/kg up to 21kg. The average deadweight lamb price in NI last week was 352p/kg compared to 390.5p/kg in the same week last year. Figure 2 displays the R3 lamb price in NI for the period April to July in 2012-2014. R3 lamb prices during the 2014 period (green line) have shown a steady decline with an R3 lamb price last week of 353.6p/kg. This puts the NI price 38.2p/kg below the R3 lamb price in the corresponding week in 2013 and just below the 358.9p/kg paid for R3 grade lambs in the corresponding week in 2012.

Figure 1: Weekly lamb/hogget slaughterings in NI plants 2012-2014

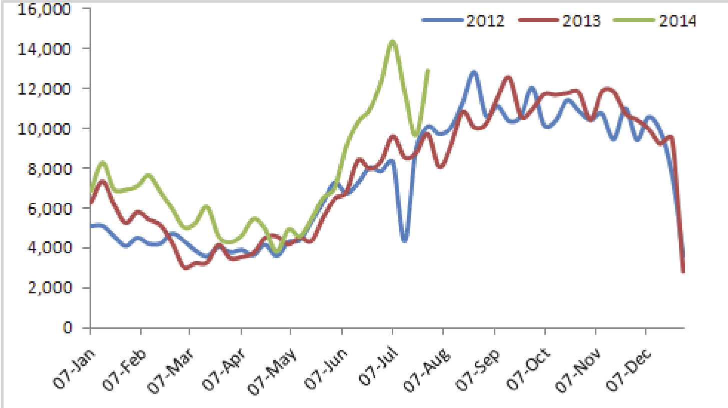
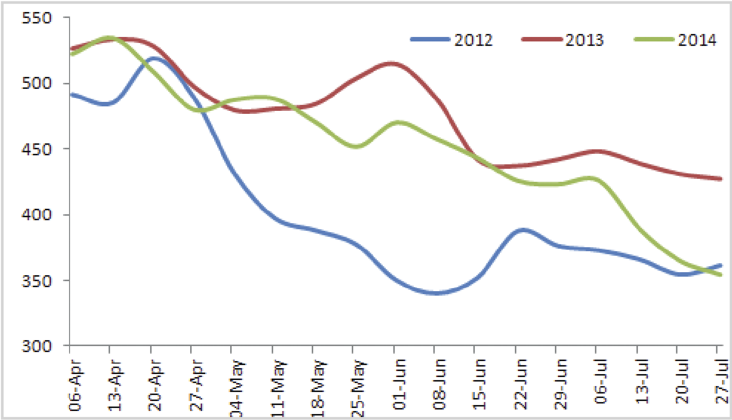


Figure 2: Weekly R3 lamb prices in NI for the period April-July 2012-2014



FQAS MART CLINICS AUGUST 2014

LOCATION	DAY	DATE
Omagh	Monday	11/08/2014
Saintfield	Wednesday	13/08/2014
Markethill	Tuesday	19/08/2014
Enniskillen	Thursday	21/08/2014
Kilrea	Wednesday	27/08/2014
Ballymena	Friday	29/08/2014

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 above. For further information call (028) 9263 3024.

VALUE OF EURO DECLINES AGAINST STERLING

THE value of euro against sterling has been declining steadily since March 2014 with €1 worth £0.79 last week compared to €1 worth £0.86 in the corresponding week last year. In general an increase in the value of sterling against euro increases the value of UK agricultural exports to the EU and meanwhile reduces the costs of agricultural imports such as feed and fertiliser. However as the euro weakens against sterling UK red meat exports become less competitive on EU markets as product prices are increasing in euro terms.

At present a high proportion of NI lamb production is destined for the EU market and in particular France. The biggest competitor for this important export market is Irish lamb and when the euro weakens against sterling ROI produced lamb becomes more price competitive than NI produced lambs.

Therefore when the euro is weak against sterling trading conditions for NI processors marketing beef or lamb is more difficult in EU markets.

The euro/sterling exchange rate also affects the level of export of lambs from NI for direct slaughter in ROI plants and thereby has a key role to play in the availability of lambs for slaughter in NI plants.

Figure 3: Euro/Sterling exchange rate January 2013 to July 2014

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 30/07/14	Next Week 04/08/14
Prime		
U-3	316-320p	316-320p
R-3	310-314p	310-314p
O+3	304-308p	304-308p
	Including bonus	
Cows		
O+3 & better	245-256p	245-256p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 26/07/14	Steers	Heifers	Young Bulls
U3	330.8	330.2	317.1
R3	321.8	324.5	313.1
O+3	313.4	314.9	306.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 26/07/14	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
O+3=	-	-	253.3	259.7
O-3+	-	-	236.0	248.2
P+2+	190.0	212.9	201.8	231.5
P+3+	-	191.0	235.0	235.0
P-1-	141.2	151.2	144.4	-

COMMODITY PRICE

W/E 19/07/14	Price (£) per tonne / 1000litre	% weekly change
Barley	139.00	-1.8
Wheat	159.00	-1.2
Straw	17.00	-

Deadweight Cattle Trade

QUOTES from the plants this week for prime cattle have remained steady with plants continuing to quote 316-320p/kg for U-3 grade prime cattle. Quotes for O+3 cows range from 245-256p/kg with the majority of plants quoting in the region of 250p/kg.

The plants have reported steady supplies of cattle to meet demand for beef with prime cattle throughput in the NI plants last week totalling 4,765 head compared to 5,318 head killed in the corresponding week in 2013. Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 483 head with a further 121 prime cattle imported from GB for direct slaughter. These accounted for 13 per cent of the prime cattle kill in NI last week. The cow kill in NI plants last week totalled 1,290 head bringing cow throughput for the year to date to 42,541 head. This is a 13 per cent reduction on the 49,109 cows killed in the same period in 2013.

The average steer price in NI last week was back 2.8p/kg to 313.5p/kg while the R3 steer price was back by 1.7p/kg to 323.1p/kg. Meanwhile heifer prices have generally improved with R3 heifer prices up by 4p/kg to 326.3p/kg while the average heifer price increased by 1.4p/kg to 319.4p/kg. The average young bull price in NI last week was unchanged at 302.7p/kg while the average cow price increased by 4.8p/kg to 236.3p/kg.

In GB last week the trade was generally steady for steers with average reported prices within 1p/kg of the previous week in all the GB regions while the GB average steer price was unchanged at 328.3p/kg. There was however a general improvement in the trade for heifers in all the GB regions last week with the exception of Scotland where the average heifer price was back by 1p/kg to 346.6p/kg. Average heifer prices in the other GB regions were up by 3-4p/kg last week.

The trade for young bulls in GB continued to come under pressure last week with the average GB price back by 4.6p/kg to 304.1p/kg. All regions recorded a notable decline in average prices with the exception of Southern England where the average young bull price was unchanged at 303.4p/kg. Meanwhile the average young bull price in Northern England was back by 5p/kg to 292.6p/kg, 10p/kg below the average price paid in NI last week. Cow prices have also come under pressure in GB with the average GB cow price back by 3.3p/kg to 226.6p/kg. This was 9.7p/kg lower than the 236.3p/kg paid for cows in NI last week.

The deadweight cattle trade in ROI last week showed signs of steadying with the reduction in the number of cattle coming forward for slaughter. The R3 steer price in ROI last week was the equivalent of 289.5p/kg, up 1.6p/kg from the previous week while the R3 heifer price was unchanged at 295p/kg. Young bull prices in ROI last week were on par with the previous weeks prices for all reported grades while reported cow prices were up by 2-3p/kg.

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

W/E 26/07/2014		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	330.9	297.9	353.5	340.8	337.9	334.8	342.7
	R3	323.1	289.5	348.3	334.0	330.9	321.4	335.0
	R4	320.9	287.6	349.7	352.9	331.3	322.1	342.3
	O3	310.0	275.9	329.4	308.5	297.5	295.7	308.8
	AVG	313.5	-	345.9	334.2	316.6	307.9	328.3
Heifers	U3	330.1	306.2	353.1	340.3	339.6	333.9	343.1
	R3	326.3	295.0	346.0	332.7	328.9	322.3	333.7
	R4	322.8	293.7	348.2	340.9	327.6	319.6	336.6
	O3	311.9	280.7	333.5	316.4	302.7	302.0	316.0
	AVG	319.4	-	346.6	337.6	323.0	310.5	332.5
Young Bulls	U3	317.3	289.2	348.0	311.3	322.1	324.4	321.8
	R3	313.4	282.0	340.0	301.7	311.3	310.5	311.6
	O3	298.9	256.9	286.7	266.1	282.3	285.5	277.1
	AVG	302.7	-	334.5	292.6	304.3	303.4	304.1
Prime Cattle Price Reported		3725	-	7104	6053	5705	3894	22756
Cows	O3	248.9	237.3	254.5	247.7	250.2	238.0	247.1
	O4	252.6	238.7	255.1	247.5	251.5	242.9	248.7
	P2	205.7	214.6	193.3	200.6	205.8	186.7	193.8
	P3	230.9	230.2	210.5	219.3	223.5	209.5	213.3
	AVG	236.3	-	243.7	223.8	239.0	209.1	226.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.12p 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 26/07/14	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	190	205	195	150	189	170
Friesians	144	147	146	129	138	133
Heifers	190	210	196	150	189	170
Beef Cows	142	186	152	115	141	126
Dairy Cows	105	128	112	70	104	87
Store Cattle (p/kg)						
Bullocks up to 400kg	205	231	218	170	204	187
Bullocks 400kg - 500kg	200	218	209	170	199	185
Bullocks over 500kg	180	195	190	136	179	160
Heifers up to 450kg	178	180	179	157	177	167
Heifers over 450kg	167	170	169	160	166	163
Dropped Calves (£/head)						
Continental Bulls	300	430	360	180	298	240
Continental Heifers	200	330	260	100	198	150
Friesian Bulls	90	140	110	30	88	60
Holstein Bulls	80	135	100	25	78	50

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 30/07/14	Next Week 04/08/14
Lambs	350-360p>21kg	350-360p>21kg

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 12/07/14	W/E 19/07/14	W/E 26/07/14
NI Liveweight	335.6	333.1	330.4
NI Deadweight	365.0	353.5	352.0
ROI Deadweight	358.6	346.6	350.5
GB Deadweight	419.4	392.8	404.0

Deadweight Sheep Trade

QUOTES from the processors this week for R3 grade lambs ranged from 350-360p/kg with the majority of the plants at the higher quote. Good supplies of lambs have continued to come forward for slaughter with 12,887 lambs killed in NI plants last week. A further 7,155 sheep were exported to ROI for direct slaughter last week, the highest level of export recorded since late March. Exports to ROI for direct slaughter last week accounted for 35 per cent of sheep output in NI compared to 48 per cent in the corresponding week last year. The deadweight lamb price in NI last week was back 1.5pkg to 352p/kg with prices in ROI recovering slightly to 350.5p/kg. Average deadweight prices in GB last week increased by 11.2p/kg to 404p/kg.

This Week's Marts

A similar trade was reported across most of the marts this week with good numbers passing through the sale yards. In Omagh last Saturday 855 lambs sold from 329-348p/kg compared to 457 lambs the previous Saturday selling from 328-347p/kg. In Saintfield on Tuesday 1,114 lambs sold from 315-360p/kg compared to 801 lambs last week selling from 325-370p/kg. Meanwhile in Rathfriland this week 1,300 lambs sold from 315-368p/kg (avg 324p/kg) compared to 1,652 lambs last week selling from 328-400p/kg (avg 342p/kg). The top prices recorded for cull ewes generally ranged from £80-90 with reports of a quieter trade.

LATEST SHEEP MARTS					
From: 26/07/14		Lambs (P/KG LW)			
To: 01/08/14		No	From	To	Avg
Saturday	Swatragh	700	313	409	-
	Omagh	855	329	348	-
Monday	Massereene	1215	315	340	-
	Kilrea	300	325	356	-
Tuesday	Saintfield	1114	315	360	-
	Rathfriland	1300	315	368	324
	Ballymena	1330	302	374	318
Wednesday	Enniskillen	862	328	355	-
	Armoy	474	317	373	-
	Hilltown	1035	320	414	-

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

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