LMC BULLETIN

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UPDATE ON RESIDENCY DISCUSSIONS

OVER recent months LMC has been in contact with farming representatives, marts and meat processors about the contentious issue about the number of farm residencies. At present the value of finished cattle is determined in several factories, to some extent, by the number of farms on which they have resided. Meanwhile, most livestock marts, as a matter of policy, do not provide information on the number of residencies of cattle at sales. This clearly creates issues for beef finishers, buying store cattle, who are now dependent on this information to place a value on bought-in cattle and indeed to determine which cattle they buy.

Over recent months, LMC has been working to facilitate an agreement that would resolve the issue. There has been significant confusion on this issue, and LMC liaised with producer groups, factories and marts to establish the facts. LMC previously explained the situation on the number of farm residencies in the LMC Bulletin (Issue 2329, 19 July 2014). In the same Bulletin, LMC proposed a new Red Meat Industry Protocol with principles for dealing with the subject of specification.

In summary, LMC concluded the following:

- the number of farm residencies is a genuine market requirement
- it is appropriate that the market rewards delivery to specification and that price signals indicate what the market wants
- that in future, changes to specifications / associated incentives, must be better communicated by processors
- the provision of accurate animal data is essential to facilitate trade in cattle and this extends to the provision of information on the number of farm residencies in marts and farm to farm sales
- the industry will work in cooperation to resist any reduction in the specification of the maximum number of farm residencies

Since those findings and the protocol were published, LMC has continued to have intensive discussions on the issue of farm residencies, associated pricing policies and availability of the relevant information in livestock marts.

In arriving at the findings above and in the subsequent discussions, LMC found the parties on both sides of the debate to be eager to conclude an agreement. Both factories and marts are deeply aware that farmers, and beef finishers in particular, have been placed in a difficult position because of this issue. At this stage, factory representatives have accepted that communication on this issue could have been better. There also appears to be a growing appreciation and acceptance among both marts and producers of this area of specification.

As a result, LMC has received and tabled several proposals from producers, processors and marts with the intention of resolving this situation. All proposals have been welcome and have helped to progress the debate.

For example, marts have recently said that they are willing to display / announce movement information, conditional on a six month transitional period where no penalties are applied, at all factories, on cattle that have resided on more than four farms. This six month period would start once the Herds of Residency field is available in the marts' APHIS download.

To provide reassurance to marts and producers, processors for their part are are keen to stress that tighter specifications are not in their interest. As such they have requested the support and co-operation of wider industry to resist any future reduction in the specification of the maximum number of farm residencies. It has since been added that for a transitional period, given the provision of residency information in the marts, individual plants will endeavour to deal with suppliers of cattle that have resided on five or more residencies in a sympathetic manner.

LMC Recommendation

It is clear that both parties have moved from their previous positions on the issue, but an agreement has not yet been reached.

Therefore, LMC is tabling further recommendations (outlined below). In conjunction with the protocol previously tabled, we believe that these recommendations will help the parties towards a resolution of the issue. LMC would urge industry to accept these recommendations and it is worth noting that aspects of these have already been agreed.

RECOMMENDATIONS ON RESIDENCY

Availability of Information

- LMC will undertake an information campaign, to ensure that producers and marts have a clear understanding on how the number of residencies is calculated

- Marts will immediately request from DARD, an amendment to APHIS, which allows marts to easily display / announce the number of residencies at cattle sales

- LMC will request that DARD prioritise the provision of this information to the marts and in addition, amend APHIS online and core APHIS so that farmers can clearly see the number of herds of residency for cattle in their herd

Transitional Period

Until marts have electronic access to the Herds of Residency field from APHIS / DARD

- Marts calculate the number of herds of residency using the movement history information currently available in APHIS Online. This information will be displayed or announced in advance at sales

For a transitional period until 1 January 2015:

- Individual processors significantly reduce penalties on cattle with over four farm residencies. Any such reduction will be subject to negotiation and agreed between individual plants and suppliers

  Plants may achieve such reductions by exploring ways of reducing the cost of handling these cattle. For example, plants could assign and clearly communicate a dedicated day for slaughtering these cattle (eg Friday morning) to reduce batching costs.

Long Term

All parties accept the protocol, which commits the industry to the following:

- A commitment to the principle that the price paid for cattle reflects the value of end markets and compliance with customer specifications

- Prior consultation in advance of any broad change to specifications or associated incentives

- It has already been agreed, that in the event of any future request by industry customers to reduce the maximum number of farm residencies, processors will request the support and co-operation of wider industry to resist such a tightening of the specification

FQAS FARMER OF THE YEAR AWARD

THE Livestock and Meat Commission (LMC) have teamed up with the 'Farming Life and Danske Bank Awards' which aim to recognise the important role the farming sector plays in the local economy through its vast talent, entrepreneurship and excellence.

The theme of the awards is 'Celebrating Excellence in Farming'. The awards will give recognition to the best farmers and farming businesses in the sector. The awards will provide farmers and farm businesses with the opportunity to showcase their achievements and increase their profile.

LMC has sponsored the 'FQAS Farmer of the Year' award which aims to reward a producer who can provide evidence that they fulfil the following criteria

a) Entrants should demonstrate evidence of compliance with the FQAS Standard

b) Entrants should highlight how being a member of FQAS has been of advantage to their business

c) Entrants should illustrate how they stand out from the competition.

Entrants are also invited to include or attach additional information to highlight what efforts they have made to fulfil the standards of, and champion, the FQAS. A farmer or farming business can enter themselves into the competition or third parties can nominate farmers for the award.

Entry forms are available in the Farming Life newspaper or on the Farming Life website on www.farminglife.com

For further information or enquiries please contact Julie Forde on 028 3839 5504 or email Julie.forde@jpress.co.uk

FQAS Helpline
If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
028 9263 3024

Answerphone Service
Factory Quotes &
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Tel: 028 9263 3011

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WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 13/08/14	Next Week 18/08/14
Prime		
U-3	318-322p	314-322p
R-3	312-316p	308-316p
O+3	306-310p	302-310p
	Including bonus where applicable	
Cows		
O+3 & better	245-256p	245-252p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG			
W/E 09/08/14	Steers	Heifers	Young Bulls
U3	331.2	333.7	320.4
R3	322.3	325.7	316.7
O+3	315.2	314.6	296.4

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG				
w/e 09/08/14	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
O+3=	-	-	-	261.2
O-3+	-	-	251.0	241.5
P+2+	190.6	194.1	212.2	231.9
P+3+	-	-	221.1	224.1
P-1-	140.9	149.4	161.0	180.0

COMMODITY PRICE		
W/E 09/08/14	Price (£) per tonne / 1000litre	% weekly change
Barley	133.50	+0.8
Wheat	138.50	+0.4
Straw	17.00	-

Deadweight Cattle Trade

QUOTES from the processors this week ranged from 318-322p/kg for U-3 grade prime cattle with similar quotes for Monday from the majority of plants. One plant has quoted 314-316p/kg for early next week. Quotes for good quality O+3 grade cows ranged from 245-256p/kg across the plants this week with quotes for Monday ranging from 245-252p/kg. The processors have reported steady supplies of all types of cattle coming forward for slaughter to meet demand.

Throughput of prime cattle in the NI plants last week was similar to the previous week with 5,201 head slaughtered. The number of prime cattle imported from ROI last week totalled 651 head compared to 580 head the previous week. A further 50 prime cattle were imported from GB for direct slaughter in NI plants last week taking total prime cattle imports for direct slaughter to 701 head, accounting for 13.5 per cent of the NI prime cattle kill last week. Cow throughput in the NI plants last week was similar to the previous week with 1,692 head slaughtered. The average steer price in NI last week was up 1.8p/kg last week to 316.3p/kg while the R3 steer price increased by 3.7p/kg to 327.4p/kg. The average heifer price was back by 1.9p/kg to 317.8p/kg while the R3 heifer price was back by 2.5p/kg to 324.8p/kg. The average young bull price in NI last week was back by 3p/kg to 300.5p/kg while the average cow price was back by 4.7p/kg to 228.4p/kg.

In GB last week the deadweight cattle trade improved in some cases with the average steer price increasing by 1p/kg to 331.4p/kg although there was some variation across the regions. While average steer prices in the Midlands and Southern England increased by 3-4p/kg average prices in Northern England and Scotland declined in the region of 1-2p/kg. The R3 steer price in GB increased by just under 1p/kg to 337.1p/kg with the R3 steer price in most of the regions within half a penny of the previous week. The one exception to this was the Midlands where the R3 steer price was up by 3.5p/kg to 331.5p/kg.

Average heifer prices in GB last week increased by 2.3p/kg to 334.5p/kg with strong increases in average prices recorded in the Midlands and Southern England while average heifer prices were within a half a penny of the previous week in Scotland and Northern England. Meanwhile the average R3 heifer price increased by 4.1p/kg to 336.1p/kg in GB last week with increases of 3-6p/kg recorded across the GB regions. The average young bull price in GB last week increased by 3.2p/kg to 309.1p/kg while the average cow price was within half a penny of the previous week at 227.6p/kg.

The deadweight cattle trade in ROI has started to come under pressure this week with reports of lower base quotes for steers and heifers. Reported prices for last week were back for all classes of cattle with R3 steer and heifer prices back 1-2c/kg although a slight firming in the value of the euro against sterling meant they were relatively unchanged in sterling terms. The differential between ROI and NI for R3 steers was 37.8p/kg or £125 on a 330kg carcase.

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

W/E 09/08/2014		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	332.6	296.2	356.1	342.8	343.8	338.8	346.2
	R3	327.4	289.6	349.5	336.2	331.5	326.4	337.1
	R4	329.2	286.9	352.3	353.8	331.5	323.5	344.5
	O3	310.9	273.5	330.9	304.7	304.2	305.4	312.3
	AVG	316.3	-	347.2	336.2	317.1	315.6	331.4
Heifers	U3	327.4	305.5	360.2	341.6	344.4	339.4	347.6
	R3	324.8	295.2	350.9	330.9	329.9	327.5	336.1
	R4	321.5	292.7	352.1	338.1	330.6	323.7	338.1
	O3	312.2	278.3	322.9	318.7	306.3	306.7	315.8
	AVG	317.8	-	347.9	336.5	326.8	316.8	334.5
Young Bulls	U3	318.8	288.9	350.2	316.3	330.0	335.9	329.0
	R3	317.2	283.5	342.1	304.5	315.7	321.6	316.2
	O3	294.4	254.9	297.5	276.8	283.8	291.9	284.1
	AVG	300.5	-	336.1	294.5	311.1	311.3	309.1
Prime Cattle Price Reported		3515	-	6937	5959	5568	4014	22478
Cows	O3	248.0	236.7	256.1	246.6	252.3	239.2	248.4
	O4	253.7	238.5	257.3	245.4	253.1	245.2	249.5
	P2	211.4	208.8	196.1	205.2	193.6	189.3	195.7
	P3	228.1	230.1	218.0	222.5	222.7	216.6	219.3
	AVG	228.4	-	244.3	226.2	247.2	207.6	227.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.49p 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 09/08/14	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	190	200	195	155	189	172
Friesians	135	146	140	124	134	130
Heifers	190	208	197	150	189	170
Beef Cows	142	175	156	115	141	126
Dairy Cows	102	122	112	70	101	87
Store Cattle (p/kg)						
Bullocks up to 400kg	211	221	216	169	181	177
Bullocks 400kg - 500kg	192	214	204	160	190	175
Bullocks over 500kg	194	203	198	155	193	174
Heifers up to 450kg	195	208	202	174	194	185
Heifers over 450kg	154	181	168	140	146	143
Dropped Calves (£/head)						
Continental Bulls	270	370	320	150	268	210
Continental Heifers	200	345	280	120	198	160
Friesian Bulls	120	195	150	30	118	75
Holstein Bulls	100	160	120	11	98	50

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 13/08/14	Next Week 18/08/14
Lambs	350p>21kg	350-355p>21kg

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 26/07/14	W/E 02/08/14	W/E 09/08/14
NI Liveweight	330.4	322.9	318.6
NI Deadweight	352.0	353.6	349.0
ROI Deadweight	350.5	348.2	338.1
GB Deadweight	404.0	382.0	383.3

Deadweight Sheep Trade

QUOTES for Monday from the plants for R3 grade lambs range from 350-355p/kg with plants paying up to 21kg. Good supplies of lambs have been reported with 12,677 lambs slaughtered in NI plants last week. Lambs continue to be of very good quality with 24 per cent of the price reported lamb kill achieving a U3 grade and a further 49 per cent achieving an R3 grade. Exports of sheep to ROI for direct slaughter last week totalled 6,121 head, an increase of 360 head from the previous week and accounted for 31 per cent of total sheep output for slaughter from NI last week. The deadweight lamb price in NI last week was back 4.6p/kg to 349p/kg while prices in ROI were back by 10.1p/kg to 338.1p/kg. Meanwhile prices in GB steadied at 383.3p/kg.

This Week's Marts

REPORTS from the marts have indicated good numbers of quality lambs passing through the sale yards this week with a similar trade to previous weeks reported. In Massereene on Monday a good entry of 916 lambs sold from 310-338p/kg compared to 525 lambs last week selling from 305-357p/kg. An entry of 500 lambs in Kilrea on Monday sold from 325-349p/kg compared to 620 lambs the previous Monday selling from 318-358p/kg. In Rathfriland on Tuesday an improved trade saw 1,133 lambs selling to an average of 332p/kg compared to 1,064 lambs last week selling to an average of 322p/kg. In Ballymena this week 1,151 lambs sold to an average of 319p/kg compared to 1,456 lambs last week selling to an average of 315p/kg.

LATEST SHEEP MARTS					
From: 09/08/14		Lambs (P/KG LW)			
To: 15/08/14		No	From	To	Avg
Saturday	Swatragh	650	294	381	-
	Omagh	908	309	372	-
Monday	Massereene	916	310	338	-
	Kilrea	500	325	349	-
Tuesday	Saintfield	574	325	375	-
	Rathfriland	1133	318	396	332
Wednesday	Ballymena	1151	310	348	319
	Enniskillen	684	334	358	-
	Markethill	1020	310	340	320

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