LMC BULLETIN
WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND
Saturday 23 May 2015
Issue No. 2370

DEADWEIGHT CATTLE PRICES UNDER PRESSURE ACROSS GB

IN recent weeks quotes for U-3 grade prime cattle in NI have come under pressure with quotes this week ranging from 310-320p/kg for in spec steers and heifers. The majority of plants are quoting in the region of 316p/kg.

Reports from processors have indicated that the recent declines in base quotes for prime cattle in NI are a result of steady supplies of cattle coming forward for slaughter combined with reduced demand on the market for beef. Similar trends have been reported in mainland GB in recent weeks with deadweight prices for prime cattle following a similar trend to deadweight prices in NI. .

Prime cattle supplies

There have however been some indications that the deadweight trade may be steadying with the numbers coming forward for slaughter tightening. Figure 1 displays weekly prime cattle throughput in NI from January 2014-May 2015 and indicates that throughput in the last few weeks has been below year earlier levels.

Prime cattle throughput in NI during the six week period ending 17 May 2015 totalled 34,846 head, a 12 per cent reduction on the corresponding period in 2014. Tightening supplies of cattle coming forward for slaughter in NI have been expected as a consequence of reduced calf registrations in 2012/2013 and lower levels of cattle imports from ROI for further production.

At the end of April 2015 the number of beef sired cattle on NI farms in the 18-24 month age category was two per cent lower than the same time in 2014 while the number of beef sired cattle aged 24-30 months was five per cent lower than year earlier levels.

R3 steer prices

Figure 2 displays the R3 steer price in NI, GB and ROI for the period May 2014 to May 2015. As outlined in Figure 2 the differential in R3 steer prices between NI and GB narrowed significantly late in 2014 and since the start of 2015 the R3 steer price in NI has been tracking slightly below the equivalent price in GB.

The R3 steer prices in NI and GB have followed a very similar pattern during 2015 to date and have both been gradually declining since January. In the last few weeks R3 steer prices in NI and GB have been within 3p/kg of each other as outlined in Figure 2.

The R3 steer price in NI last week was 328.6p/kg, 41.1p/kg lower than the 369.7p/kg paid for R3 steers in the week ending 24 January 2015. This accounts for an 11 per cent decline in the R3 steer price in NI over a 16 week period. Meanwhile in GB the average R3 steer price last week was 331.7p/kg, 39.3p/kg lower than the week ending 24 January 2015 when the R3 steer price was 371p/kg. This also accounts for an 11 per cent decline over the sixteen week period or £125 on a 320kg R3 grade carcase.

Following a similar trend to NI reports from GB have indicated that prime cattle availability for slaughter has started to tighten. Prime cattle throughput in GB last week was three per cent lower than the corresponding week in 2014.

ROI

Meanwhile in ROI last week the average R3 steer price was the equivalent of 292.3p/kg, 36.3p/kg lower than the R3 steer price in NI. As indicated in Figure 2 the differential in R3 steer prices between NI and ROI has narrowed slightly as the year has progressed but still remains significant. This makes ROI origin beef very competitive against NI product in retail markets that don't demand UK origin beef.

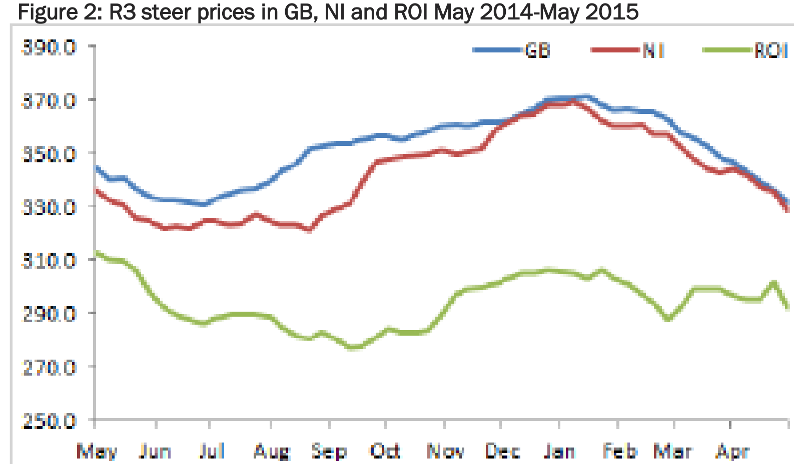
The weakening of the euro against sterling and strong cattle supplies have been key factors in maintaining the differential in deadweight cattle prices between NI and ROI. However in recent weeks reports have indicated that the availability of prime cattle for slaughter in ROI has also tightened.

Market access

Gaining access to important markets in Asia, North America and the Middle East has been identified as a key priority by meat exporters, particularly for manufacturing beef, and considerable efforts are being made by both the UK and ROI to progress these negotiations and approvals.

Figure 1: Prime cattle throughput in NI January 2014-May 2015

Figure 2: R3 steer prices in GB, NI and ROI May 2014-May 2015



BENEFITS OF FQAS FOR SHEEP PRODUCERS

WITH supplies of spring lambs being presented for slaughter starting to increase processors are keen to source FQAS approved lambs. With this in mind, it is important to consider the positive implications of becoming FQAS approved for sheep.

There is currently no additional cost for being approved for sheep with the annual renewal fee for FQAS membership the same whether a producer is approved for 'Beef', 'Sheep' or 'Beef & Sheep'. This fee is £66 including VAT. If a FQAS participant is only approved for beef and would like to gain approval for sheep, it is a relatively simple process. A spot check inspection can be organised in order to include sheep in the inspection scope or alternatively the surveillance inspection can be brought forward.

Sourcing FQAS approved lambs is important for NI lamb processors as it allows them service the high value retail and food service markets in the UK. For many of these customers FQ status on lamb is a key requirement of their specification. FQAS provides additional assurances on animal welfare, food safety, traceability and care for the environment, all of which retailers place in high regard.

Achieving FQAS approved status allows sheep producers to keep their options open when marketing their lambs. Producers slaughtering lambs in local plants may receive a financial bonus when lambs are FQAS approved at slaughter.

In addition producers with FQAS lambs will find it easier to secure sales than those producers presenting non-FQAS lambs. This will help reduce costs to the producer by not having to hold finished lambs for a longer period of time. At present Farm Quality Assured status is not a requirement when lambs are exported from NI for direct slaughter in ROI plants.

Export of lambs for direct slaughter to ROI is highly dependent on the euro/sterling exchange rate and the demand from ROI processors. The recent weakening of the euro and some issues with regards to lamb labelling have meant an increased proportion of NI lambs have been slaughtered domestically. FQAS approval has therefore taken on a greater importance, when there are a greater proportion of locally produced lambs being slaughtered in NI.
It is important to also consider that when lambs are being presented for sale in local marts FQAS approved status is increasingly important with factory agents looking to purchase finished lambs that have FQ status. In addition finishers buying lambs for a short keep will favour lambs with FQAS approved status or a large proportion of the required 60-day residency completed.

An additional benefit of FQAS membership is that scheme membership is recognised by the Food Standards Agency (FSA) and DARD Service Delivery Group as having a lower risk and therefore have a reduced likelihood of selection for cross compliance inspection in this area when compared to non-FQAS members.

Should you wish to apply for FQAS, increase your scope to cover sheep, or require any FQAS documentation, please call the FQAS Helpline on 028 9263 3024.

REMINDER:

RED FQAS LAMB FORMS

FQAS verification forms are required by meat processors when sheep or lambs are being presented for slaughter. These red forms are needed to verify that lambs have completed 60 days on a Farm Quality Assured farm/farms prior to slaughter.

FQAS approved lamb producers may incur price penalties from their processor if lambs are not accompanied by these forms as this is an essential FQAS check.

Farm Quality Assurance Scheme participants who are approved for sheep can request lamb verification forms by calling the FQAS Helpline on: 028 9263 3024.

WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 18/05/15	Next Week 25/05/15
Prime		
U-3	310 - 320p	310 - 316p
R-3	304 - 314p	304 - 310p
O+3	298 - 308p	298 - 302p
P+3	260 - 284p	260 - 280p
	Including bonus where applicable	
Cows		
O+3 & better	230 - 250p	230 - 250p
Steakers	140 - 170p	140 - 170p
Blues	120 - 130p	120 - 130p

Cow quotes vary depending on weight and grade.
Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

REPORTED NI CATTLE PRICES - P/KG

W/E 16/05/15	Steers	Heifers	Young Bulls
U3	330.8	335.6	321.1
R3	327.9	327.7	320.9
O+3	317.3	318.5	311.8

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 16/05/15	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	134.7	144.2	149.1	148.5
P2	149.3	172.2	198.0	209.6
P3	160.9	190.9	217.7	228.4
O3	-	226.0	230.4	244.6
O4	-	-	247.0	250.0
R3	-	230.0	-	265.7

Deadweight Cattle Trade

QUOTES from the plants this week for in spec U-3 grade prime cattle range from 310-320p/kg with the majority of plants quoting in the region of 316p/kg. Quotes for early next week range from 310-316p/kg. Meanwhile quotes for good quality O+3 grade cows have remained steady with the majority of plants quoting in the region of 240-250p/kg.

Reports from the processors have indicated tighter supplies of prime cattle coming forward for slaughter but with some plants reducing kill days and reports of reduced demand for beef cattle supplies have kept in line with demand. Prime cattle throughput in NI last week was similar to the previous week with 5,994 head slaughtered. In the corresponding week last year prime cattle throughput in NI totalled 7,448 head which represents a 20 per cent decline year on year.

Imports of prime cattle from ROI for direct slaughter last week totalled 362 head which brings imports for 2015 to date to 8,610 head. In the corresponding period in 2014 imports from ROI for direct slaughter in NI plants totalled 6,400 head which accounts for a 35 per cent increase in imports year on year. Meanwhile exports of prime cattle from NI to GB for direct slaughter last week totalled 39 head bringing the total for the year to date to 789 head. This is a notable decline from the 3,071 prime cattle exported for direct slaughter in the corresponding period on 2014. The narrowing of the price differential between NI and GB has made it less financially viable to export cattle to mainland GB for direct slaughter during 2015 when compared to year earlier levels.

The average steer price in NI last week was 317.8p/kg, down 7.7p/kg from the previous week while the R3 steer price was back by 6.9p/kg to 328.6p/kg. This brings the R3 steer price to its lowest level since September 2014. The deadweight heifer trade in NI also recorded notable declines last week with the average heifer price back by 6.6p/kg to 322.2p/kg and the R3 heifer price back by 7.8p/kg to 328.2p/kg.

The deadweight prime cattle trade in GB last week also continued to come under pressure with all reported grades recording declines. The decline in the trade in GB however was not as notable as the declines recorded in NI last week. The average steer price in GB last week was back 2.1p/kg to 326.2p/kg while the R3 steer price was back by 4.2p/kg to 331.7p/kg. Meanwhile the average heifer price was back by 2.7p/kg to 328.4p/kg with the R3 heifer price back by 3.6p/kg to 332.2p/kg.

Reports have indicated a steadying in the deadweight cattle trade in ROI this week as cattle supplies tighten and factories compete for available cattle. The value of the euro against sterling weakened last week to 1 euro=71.95p Stg compared to 1 euro=73.62p Stg the previous week. The R3 steer price in ROI last week was the equivalent of 292.3p/kg, back the equivalent of 9.2p/kg from the previous week, while the R3 heifer price was the equivalent of 301.8p/kg in ROI last week, back 9.4p/kg from the previous week.

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

W/E 16/05/2015		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	330.6	300.1	345.9	344.8	335.8	334.5	341.4
	R3	328.6	292.3	340.2	334.7	327.1	320.8	331.7
	R4	323.7	291.9	340.5	342.6	327.9	321.7	335.9
	O3	310.7	278.7	323.5	303.1	296.7	296.7	305.8
	AVG	317.8	-	338.7	332.5	316.5	308.3	326.2
Heifers	U3	336.1	313.0	346.6	345.3	339.0	334.6	342.6
	R3	328.2	301.8	339.7	330.3	331.5	324.0	332.2
	R4	323.0	301.9	341.3	336.7	330.3	318.6	334.0
	O3	312.7	287.6	321.7	309.1	296.8	298.7	307.8
	AVG	322.2	-	340.0	332.6	321.2	309.9	328.4
Young Bulls	U3	321.1	296.3	347.0	321.1	324.6	327.8	327.6
	R3	320.8	289.4	334.7	307.7	313.5	309.3	313.7
	O3	297.1	273.3	298.6	282.9	283.9	286.9	286.0
	AVG	305.3	-	329.5	301.1	305.2	308.8	307.9
Prime Cattle Price Reported		5150	-	6989	7224	6065	4335	24613
Cows	O3	243.3	251.0	257.5	252.1	246.8	238.7	250.1
	O4	249.9	252.8	264.6	255.0	247.8	246.0	254.5
	P2	192.9	216.6	193.5	210.0	188.0	193.5	194.7
	P3	222.0	245.3	220.1	230.2	207.0	213.9	216.8
	AVG	224.2	-	248.1	233.5	207.7	212.3	226.9

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=71.95p 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 16/05/15	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	185	196	188	156	183	174
Friesians	133	144	139	122	132	127
Heifers	184	193	189	150	179	168
Beef Cows	138	169	150	110	137	123
Dairy Cows	108	130	113	62	107	85
Store Cattle (p/kg)						
Bullocks up to 400kg	204	227	216	136	195	165
Bullocks 400kg - 500kg	192	203	197	157	180	168
Bullocks over 500kg	190	210	200	135	189	162
Heifers up to 450kg	194	226	208	157	192	175
Heifers over 450kg	174	184	179	126	173	150
Dropped Calves (£/head)						
Continental Bulls	282	350	322	180	280	230
Continental Heifers	240	405	300	140	238	190
Friesian Bulls	100	172	120	40	98	65
Holstein Bulls	50	100	70	1	48	20

SHEEP TRADE

SHEEP QUOTES		
(P/Kg DW)	This Week 18/05/15	Next Week 25/05/15
Lambs	400>21kg	390-400>21kg

REPORTED SHEEP PRICES			
(P/KG)	W/E 02/05/15	W/E 09/05/15	W/E 16/05/15
NI Lambs L/W	355.6	366.1	369.6
NI Lambs D/W	377.0	378.1	389.4
GB Lambs D/W	441.8	422.0	426.5
ROI D/W	372.8	394.0	390.0

Deadweight Sheep Trade

QUOTES from the NI plants this week for R3 grade lambs were 400p/kg with plants paying up to 21kg. The plants are reporting steady supplies of lambs coming forward for slaughter with very small numbers of hoggets also being slaughtered. Throughput in the NI plants last week totalled 5,328 head, an increase of 1,163 head from the previous week. Exports of lambs and hoggets to ROI for direct slaughter last week was similar to previous weeks and totalled 3,253 head. The deadweight lamb price in NI last week was 389.4p/kg, up 11.3p/kg from the previous week. The deadweight lamb price in GB last week was up 4.5p/kg to 426.5p/kg.

This Week's Marts

A steady trade has been reported across the marts this week with the number of lambs passing through the sale rings increasing gradually as the season progresses. In Kilrea on Monday 295 lambs sold from 368-387p/kg compared to 270 lambs last week selling from 372-416p/kg. A similar trade in Rathfriland this week saw a larger entry of 527 lambs sold to an average of 375p/kg compared to 290 lambs last week also selling to an average of 375p/kg. In Ballymena on Wednesday 500 lambs sold to an average of 370p/kg compared to 284 lambs last week also selling to an average of 370p/kg. Small numbers of well fleshed cull ewes passed through the sale rings this week with top reported prices of over £110 in many of the marts.

LATEST SHEEP MARTS					
From: 16/05/15		Lambs (P/KG LW)			
To: 22/05/15		No	From	To	Avg
Saturday	Omagh	197	341	395	-
	Swatragh	450	344	375	-
Monday	Kilrea	295	368	387	-
	Massereene	315	365	410	-
Tuesday	Saintfield	398	347	400	-
	Rathfriland	527	358	412	375
Wednesday	Ballymena	500	364	434	370
	Enniskillen	493	368	395	384
	Markethill	650	360	380	366
	Armoy	144	366	382	370

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