

BEEF INDUSTRY UPDATE: OCTOBER 2013

BEEF performance indicators for October 2013 have identified some interesting trends when compared to the corresponding period in 2012.

The average prime cattle price in NI during October 2013 was 363.3p/kg compared to 309.1p/kg during October 2012, an increase of 17.5 per cent between the two periods. This increase will have helped to offset the higher production costs incurred due to the production difficulties experienced by sheep producers over the winter and spring 2012/2013..

The R3 steer price in NI during October 2013 was 376.6p/kg, a 17.6 per cent increase on the 320.2p/kg paid during October 2012. Meanwhile in GB the R3 steer price during October 2013 was 398.1p/kg, an increase of 12.3 per cent on the previous October. This means that there has been a significant narrowing in the gap between NI and GB prices over the two periods concerned.

Meanwhile in ROI R3 steer prices increased by 10.4 per cent to the equivalent of 329.5p/kg in October 2013 relative to October 2012. This means the gap between NI and ROI prices has widened from 22p/kg in October 2012 to 47p/kg in October 2013.

Average cow prices have also shown an improvement in NI, up by 7.2 per cent to 247.6p/kg in October 2013. This

increase has been driven by an increasing proportion of suckler cows in the slaughter mix.

In October 2012 35 per cent of the price reported cow kill were of suckler origin and this increased to 46 per cent in October 2013. The improved conformation of these suckler origin cows will have attracted higher prices and pushed up average prices. Cow carcass weights also increased when comparing the two periods tabulated, increasing by 10kg to 297kg in October 2013. Total cow slaughterings in NI during October 2013 were down 17.2 per cent on the same period in 2012 with 11,104 cows killed compared to 13,407 in the same period in 2012.

Meanwhile prime cattle slaughterings during October 2013 totalled 36,244 head, 1.2 per cent behind the 36,690 killed in October 2012. However a reduction in average carcass weights from 335kg in October 2012 to 325kg in October 2013 has meant there has been a 4.5 per cent reduction in beef produced from prime cattle when comparing the two months.

The makeup of the prime kill has also changed between the two periods. In October 2012 54 per cent of the prime kill were steers and this reduced to 49 per cent in the 2013 period. Meanwhile the proportion of young bulls in the prime kill increased from 15 per cent in October 2012 to 17 per cent in October 2013. The proportion of heifers also

showed an increase from 31 per cent of the prime kill in October 2012 to 34 per cent in October 2013.

The number of cattle imported for direct slaughter in NI plants during October 2013 totalled 4,679 head, an 18.6 per cent reduction on the number imported in October 2012. Cattle from ROI accounted for 97 per cent of the cattle imported with the remainder imported from GB. Prime cattle made up 77.5 per cent of all cattle imported for direct slaughter during October 2013.

Meanwhile exports out of NI for direct slaughter totalled 3,055 head during October 2013, an increase of 6.4 per cent on the number exported in October 2012. About half of the total cattle exported for direct slaughter during October 2013 were prime cattle destined for GB plants.

The number of cattle on the ground (12-30 month beef and dairy males only) in October 2013 was back 1.3 per cent on the previous year to 414,829 head. Beef sired cattle numbers were back 2.2 per cent between the two periods while the number of dairy sired males increased by 5.9 per cent.

Beef sired calf registrations during October 2013 were almost identical to the previous October at 16,982 head while the number of dairy sired male calves registered increased by five per cent year on year to 10,056 head.

NI Beef Industry Key Performance Indicators (October Snapshot)			
	Oct-12	Oct-13	% Change
Finished Cattle Prices (p/kg)			
Average Prime Cattle Price	309.1	363.3	+17.5%
Average Cow Price	231.0	247.6	+7.2%
Average R3 Steer Price (NI)	320.2	376.6	+17.6%
Average R3 Steer Price (ROI)	298.5	329.5	+10.4%
Average R3 Steer Price (GB)	354.4	398.1	+12.3%
Slaughterings			
Total Clean Slaughterings (Head)	36,690	36,244	-1.2%
Total Cow Slaughterings (Head)	13,407	11,104	-17.2%
Average Clean Carcass Weight (kg)	335	325	-2.9%
Average Cow Carcass Weight (kg)	287	297	+3.4%
Trade (Head)			
Live Imports for Direct Slaughter	5,748	4,679	-18.6%
Live Exports for Direct Slaughter	2,871	3,055	+6.4%
Availability (Head)			
No. Cattle on the Ground*	420,419	414,829	-1.3%
Beef Sired	376,390	368,181	-2.2%
Dairy Sired (Male Only)	44,029	46,648	+5.9%
Calf Births Registrations (Head)			
Calf Births	26,531	27,038	+1.9%
Beef Sired	16,958	16,982	+0.1%
Dairy Sired (Male Only)	9,573	10,056	+5.0%
Euro / Stg Exchange Rate (€ / £)			
	80.7	84.7	+5.0%

* Aged between 12-30 mths (Beef + Dairy Male Only)

All NI Figures Unless Otherwise Stated

FAO INDEX: COMMODITY PRICES INCREASE IN OCTOBER

CHANGE in international prices of a basket of food commodities from month to month can be measured using the FAO Food Price Index. The index is calculated using information on the prices of five major commodities (Cereal, Vegetable Oil, Dairy, Meat and Sugar).

In October 2013 the FAO food price index averaged 205.8 points, an increase of 2.7 points from the previous month and the first increase recorded since April 2013. The FAO index during October was 11.5 points lower than October 2012 when it was 217.3. All of the major commodities have recorded an increase between September 2013 and October 2013 as indicated in Table 1. The strongest price index increase was recorded for sugar amid global supply issues.

The FAO Meat Index during October 2013 was 184.2 points, up slightly from September 2013. Global prices for bovine and ovine meats have recorded

an increase between September and October while prices for pork and chicken have been reduced. Pork and chicken production has benefitted from lower feed prices making them more price competitive for consumers. Prices for bovine and ovine meat production have generally been supported by reduced availability of both meats for export.

The FAO Cereal Index price for October 2013 was 197.1 points, an increase of 2 points from September 2013 but 57.2 points lower than the 254.3 points in October 2012. This 22 per cent reduction in the cereal index year on year has been driven by record cereal production conditions and favourable supply outlooks, particularly for maize. One exception however is wheat which has recorded an increase in average price. This strengthening in price for wheat has been driven by strong import demands and poor production levels recorded in Argentina and the Black Sea region.

The Black Sea region is made up of Russia, Kazakhstan and Ukraine and has become a major player in the global export market and is now one of the biggest exporters of wheat in the world.

Despite this wheat exports out of the region are expected to be lower than expected next year due to production difficulties. Wheat quality is also expected to be of poorer quality as a result of wet soils and delayed planting of winter wheat. Reports have indicated that Russia is expected to export fifteen million tonnes of wheat, Kazakhstan six to eight million tonnes and Ukraine approximately nine million tonnes next year.

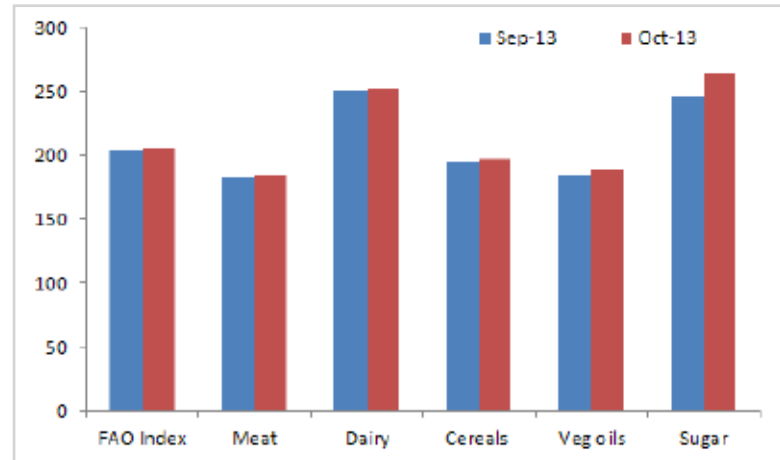
The Dairy Price Index during October 2013 was similar to the previous month at 252.1 points and almost 25 per cent ahead of October 2012 when the Index was 202.3 points. Demand for whole milk powder, especially from China, has remained very strong with increases recorded in average prices. Prices have

also remained strong for butter but prices for skimmed milk powder have weakened while prices for cheese have remained unchanged.

Production difficulties and poor weather conditions such as the recent drought in New Zealand have played a key role in keeping dairy commodity prices

relatively high during 2013 to date. The strong demand for dairy products from China, in response to a rapid increase in the number of middle income households and westernisation of diets, has had a strong influence on global demand levels and has played a key role in the maintenance of current price levels.

Chart 1: FAO Food Price Index changes September 2013 to October 2013.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle remained steady at 360-364p/kg with an additional 8-14p/kg bonus for steers and heifers that kill out in spec. Producers should consult with individual plants with regards to their bonus payments as it shows some variation between plants. Quotes for O+3 cows this week were also similar to last week and ranged from 245-260p/kg. Similar quotes are expected for Monday. The plants are reporting steady supplies of both prime cattle and cows to meet demand.

Prime cattle throughput in the NI plants last week totalled 6,644 head compared to 7,250 head the previous week. This reduction by 606 head represents an eight per cent decline in throughput and is the lowest weekly prime kill since mid-September. It is however similar to the 6,559 prime cattle slaughtered in the corresponding week in 2012. The cow kill in NI last week was similar to the previous week and totalled 2,268 head. This was 19 per cent lower than the 2,783 cows processed in the same week in 2012.

Imports from ROI last week for direct slaughter in NI plants totalled 705 head, with 460 of these being prime cattle. This was 272 head lower than the previous week when 732 prime cattle were imported. Meanwhile 247 cows were exported from NI for direct slaughter in ROI plants. Exports to GB for direct slaughter last week were fairly similar to the previous week and consisted of 256 prime cattle and 99 cows.

Average steer and heifer prices in NI last week were both back in the region of 1p/kg to 364.5p/kg and 367p/kg respectively. R3 steer prices were almost unchanged at 375.3p/kg while the R3 heifer price was back by nearly a penny to 375.9p/kg. Meanwhile the average young bull price in NI last week was back 3.5p/kg to 339.2p/kg. The price paid for U3 young bulls in NI last week was back 2.2p/kg on the previous week at 355.1p/kg.

In GB last week average steer prices were back 2.2p/kg to 389.4p/kg. Average steer prices in Scotland and Northern England were relatively unchanged from the previous week while prices in the Midlands and Southern England were back by 3p/kg and 5p/kg respectively. The R3 steer price in GB last week was back 3.5p/kg and was back across all GB regions in the region of 3-5p/kg. Average heifer prices in GB last week remained fairly steady at 389.5p/kg with prices in Northern England and the Midlands increasing by 4.2p/kg and 3.0p/kg respectively. Meanwhile the heifer price in Southern England was back by 7p/kg to 365.0p/kg, 2p/kg lower than the NI heifer price.

A steady trade for prime cattle has been reported in ROI this week but a drop in the value of the euro against sterling last week resulted in a drop in reported prices in sterling terms. R3 steer prices were back by 6.5p/kg to 328.1p/kg while R3 heifer prices were back by 5.3p/kg to 340.3p/kg. This puts the differential between ROI and NI last week at 47.2p/kg for R3 grade steers and 35.6p/kg for R3 grade heifers.

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

W/E 09/11/13	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	376.9	336.8	420.6	397.3	397.6	403.2
	R3	375.3	328.1	414.1	389.2	383.3	392.8
	R4	374.1	327.0	418.5	402.5	384.3	399.3
	O3	362.0	311.3	397.8	379.4	366.7	375.7
	AVG	364.5	-	413.7	390.1	378.5	389.4
Heifers	U3	381.1	351.6	426.9	400.0	397.7	406.9
	R3	375.9	340.3	413.6	386.5	382.1	391.8
	R4	373.9	339.0	414.8	393.0	385.1	394.9
	O3	361.9	324.8	380.0	369.4	365.5	367.2
AVG	367.0	-	410.4	388.8	383.5	389.5	
Young Bulls	U3	355.1	333.0	414.0	367.4	381.7	380.0
	R3	351.5	325.5	400.1	357.9	367.9	368.2
	O3	336.0	305.5	355.2	341.1	352.1	348.6
AVG	339.2	-	380.1	350.8	360.4	359.7	
Prime Cattle Price Reported	5377	-	6298	5834	5214	3807	21153
Cows	O3	256.7	265.3	249.1	244.5	224.6	239.0
	O4	260.8	267.4	255.3	246.9	252.0	244.5
	P2	211.0	228.2	201.7	199.0	174.8	188.3
	P3	235.1	253.2	210.1	220.4	224.3	206.0
	AVG	227.6	-	239.7	219.8	225.0	213.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.87p 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

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 11/11/13	Next Week 18/11/13
Prime		
U-3	360-364p	360-364p
R-3	354-358p	354-358p
O+3	348-352p	348-352p
* Plus 8-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	245-260p	245-260p
Steakers	150-220p	150-220p
Blues	125-170p	125-170p

REPORTED NI CATTLE PRICES - P/KG

W/E 09/11/13	Steers	Heifers	Young Bulls
U-3=	377.6	383.9	354.8
U=3=	377.6	380.8	348.0
U=4=	367.1	380.4	-
R=3=	375.5	375.3	352.9
R=4=	371.9	372.5	-
O+3=	369.9	368.7	340.6
O=3=	357.2	354.5	334.0
Average	364.5	367.0	339.2

REPORTED COW PRICES NI W/E 09/11/13

Grades	Price (p/kg)	Avg Wgt
O+3=	263.7	321.1
O-3+	249.6	324.1
P+2+	224.5	287.3
P+3+	236.0	289.3
P-1-	153.5	223.8

COMMODITY PRICE

W/E 09/11/13	Price (£) per tonne / 1000litre	% weekly change
Barley	160.50	-1.2
Wheat	183.00	-
Straw	17.10	-
Diesel	715-725	-

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 09/11/13	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	200	230	206	170	199	185
Friesians	149	188	167	124	134	131
Heifers	200	230	212	154	199	180
Beef Cows	150	208	172	110	149	130
Dairy Cows	110	144	123	70	109	90
Store Cattle (p/kg)						
Bullocks up to 400kg	210	246	218	145	209	180
Bullocks 400kg - 500kg	215	251	227	140	214	180
Bullocks over 500kg	200	219	207	135	199	170
Heifers up to 450kg	200	225	212	140	199	175
Heifers over 450kg	200	225	212	142	199	172
Dropped Calves (£/head)						
Continental Bulls	300	410	330	200	298	250
Continental Heifers	250	330	280	150	248	200
Friesian Bulls	118	150	135	40	115	78
Holstein Bulls	40	100	70	2	38	20

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 11/11/13	Next Week 18/11/13
NI Factories	370p > 22kg	370p > 22kg
ROI Factories	370p > 22kg	370p > 22kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 26/10/13	W/E 02/11/13	W/E 09/11/13
NI Liveweight	331.1p	327.6p	332.9p
NI Deadweight	361.1p	364.8p	365.2p
ROI Deadweight	355.2p	357.9p	-
GB Deadweight	394.7p	399.8p	400.7p

Deadweight Sheep Trade

QUOTES from the plants late this week for R3 grade lambs were 370p/kg with all plants now paying up to 22kg. The plants are reporting good supplies of quality lambs but have noted some lambs have been presented for slaughter leaner than previous years. Throughput of lambs in NI last week totalled 11,852 head, an increase of 1,406 head on the previous week. Meanwhile with reports of lamb numbers tightening in ROI exports from NI for direct slaughter in ROI plants increased to 11,601 head last week despite the drop in the value of the euro against sterling. This is an increase of 2,092 head on the previous week when 9,509 lambs were exported. Deadweight lamb prices in NI last week were within half a penny of the previous week at 365.2p/kg with prices in GB up by 1p/kg to 400.7p/kg.

This week's marts

A firm trade has been reported across the marts this week with average prices ranging from 324-339p/kg. In Kilrea on Monday 380 lambs sold from 320-330p/kg (avg 326p/kg) compared to 380 lambs last week selling from 322-332p/kg (avg 328p/kg). In Rathfriland on Tuesday 1,289 lambs sold from 317-368p/kg compared to 1,414 lambs last week selling from 310-376 p/kg. In Ballymena on Wednesday a large entry of 1,828 lambs sold to an average of 324p/kg compared to 2,155 lambs last week selling to an average of 326p/kg. Top prices for good quality cull ewes generally ranged from £65-80 across the marts with a top price of £83.50 reported in Kilrea on Monday.

LATEST SHEEP MARTS

From: 09/11/13 To: 14/11/13		Lambs (P/KG LW)			
		No.	From	To	Avg
Saturday	Omagh	954	339	352	-
	Donemana	1170	319	356	339
Monday	Hilltown	900	319	356	335
	Massereene	1126	330	362	-
Tuesday	Kilrea	380	320	330	326
	Saintfield	812	335	375	-
Wednesday	Rathfriland	1289	317	368	341
	Ballymena	1828	310	350	324
	Enniskillen	657	330	349	335
	Markethill	1420	320	353	326
	Armooy	375	325	350	331

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