

CATTLE SUPPLIES THIN ON THE GROUND LOCALLY IN JANUARY

THROUGHOUT 2011, tight cattle supplies had been a significant feature of the NI beef trade with higher farmgate prices a key consequence. The latest slaughter reports from DARD show that in January 2012 supplies have tightened further.

The slaughter figures for January (4 weeks ending 28/01/12) make for fairly stark reading, with prime cattle supplies down by 16 per cent year-on-year. The total kill was down by 15 per cent. This represents a continuation of the tight supply situation that was prevalent throughout much of 2011. In considering these figures however, it is important to point out that the first quarter of 2011 was the tail end of a cycle of strong finished cattle supplies with the kill remaining relatively strong last January. The current cycle of sharp declines in slaughter numbers did not begin in earnest until last April, so these figures do not represent a compounding of the tight supply situation that prevailed through most of 2011.

By any measure however, the January clean cattle kill was very low. From 2009-2011 the January kill averaged about 30,000 head for the month. Table 1 clearly shows that the kill this January was about 4,500 head fewer at around 25,500 head last month. The prime cattle supplies chart overleaf illustrates this decline very clearly.

It is worth noting that in contrast with 2011, the decline in numbers was significant for all categories of prime cattle this January. Over the course of 2011 there was sharp decline in the availability of young bulls (-17%) and while numbers of steers (-2%) and heifers (-5%) were also lower, the reductions were more subdued. At the start of this year steer numbers are back by 13% with heifer numbers down by 15%. For processors trying to meet orders, such a decline in steer and heifer numbers is an obvious concern.

While prime cattle supplies had been under pressure throughout 2011, the cow kill was very high last year (+14% on 2010 levels), compensating for some of the decline in clean beef availability. Once again, this contrasts with the kill profile in January 2012. Last month the cow kill was down by two per cent, contributing to the overall decline in the availability of beef in NI.

Another factor which contributed significantly to the reduced kill this January is reduced imports for direct slaughter. The bulk of these imports are sourced in the south and over the course of 2011, imports for direct slaughter from ROI generally accounted for about 6.5% per cent of the overall cattle kill, with around 570 head imported each week by factories from ROI. Last month, the number of finished cattle imported from ROI fell by almost 50 per cent, from 2,400 head to just 1,250 head. It seems therefore that tight supplies elsewhere is also impacting cattle throughput in

Northern Ireland.

This issue has also manifested itself through reduced numbers of store cattle and weanlings imported onto NI farms from ROI in 2011. In 2010, these nomad cattle, as they are known, accounted for a small but significant proportion of NI slaughterings. With strong prices for finished cattle in the ROI market last year, NI farmers became less inclined to import and the number of nomads on the ground in NI is now much lower than previous year levels. Price reporting data shows that local slaughterings of ROI origin cattle this January were down by 32 per cent compared to January 2011.

All of these factors have combined to lead to reduced supplies. The impact of these developments on processing businesses becomes a growing issue the longer this situation prevails. Throughout 2011 competition for finished cattle was intense and while they may have to pay higher prices, factories may also be able to recover greater returns from customers. Perhaps a greater concern at the processing end is the impact of falling throughput and excess capacity on unit costs and overheads. To put the decline in context, the fall of around 5,500 head in the total cattle kill since last January would probably account for the entire January kill in most local factories. There is no doubt that some local processing businesses will be coming under pressure as a result.

From a producer perspective, the picture is obviously quite positive since tight supplies have the potential to generate upward pressure on price. Of course for that to happen the right demand conditions also have to be in place and it seems that this was not the case in January. A combination of excess stocks in factories' chills (the kill was stronger in December) and weak post-Christmas demand may have contributed to the subdued farmgate prices throughout the UK at the start of this year. Looking ahead over the coming months it is expected that supply will remain tight and it is likely that this will help to underpin the trade.

Stronger Sheep Kill

In contrast to cattle supplies, sheep availability has been very strong in the new year with the total kill up by 17 per cent since last January. The hogget kill is up by 24 per cent and this increased availability will be welcomed by lamb processors who had been struggling with tight supplies in recent years.

This year-on-year increase is an extension of a trend that prevailed over the last quarter of 2011 and with exports for direct slaughter to ROI greater than 2011 levels this January, it would seem that the increase has not come at the expense of reduced exports.

Table 2. NI CATTLE AND SHEEP SLAUGHTERINGS & PRODUCTION

January 2012 v January 2011 (4 weeks ended 28/01/12)

	Slaughterings (Head)			Production (Tonnes CW)		
	2011	2012	Change	2011	2012	Change
CATTLE						
Steers	13,119	11,356	-13%	4,619	4,064	-12%
Heifers	11,415	9,694	-15%	3,583	3,045	-15%
Young Bulls / Calves	5,916	4,557	-23%	1,973	1,579	-20%
Total Prime Cattle	30,450	25,607	-16%	10,175	8,687	-15%
Cows	6,747	6,580	-2%	2,074	1,991	-4%
Mature Bulls	1,076	436	-59%	410	177	-57%
Total Cattle	38,273	32,623	-15%	12,659	10,855	-14%
SHEEP						
Lambs & Hoggets	15,221	18,932	24%	338	423	25%
Ewes & Rams	3,367	2,861	-15%	103	82	-21%
Total Sheep	18,588	21,793	17%	441	505	14%

The above figures are provisional; any amendments will be incorporated in the cumulative data (source DARD).

Table 2. NI Beef Industry Key Performance Indicators (January Snapshot)

	Jan-11	Jan-12	% Change
Finished Cattle Prices (p/kg)			
Average Prime Cattle Price	274.2	318.5	+16.2%
Average Cow Price	203.5	248.6	+22.2%
Average R3 Steer Price (NI)	279.4	325.9	+16.6%
Average R3 Steer Price (ROI)	274.8	330.1	+20.1%
Average R3 Steer Price (GB)	289.0	334.6	+15.8%
Slaughterings			
Total Clean Slaughterings (Head)	30,450	25,607	-15.9%
Total Cow Slaughterings (Head)	6,747	6,580	-2.5%
Average Clean Carcase Weight (kg)	337	342	+1.4%
Average Cow Carcase Weight (kg)	307	302	-1.6%
Trade (Head)			
Live Imports for Direct Slaughter	2,390	1,415	-40.8%
Live Exports for Direct Slaughter	925	1,321	+42.8%
Availability (Head)			
No. Cattle on the Ground*	393,049	376,685	-4.2%
Beef Sired	342,464	332,758	-2.8%
Dairy Sired (Male Only)	50,585	43,927	-13.2%
Calf Births Registrations (Head)			
Calf Births	26,577	28,066	+5.6%
Beef Sired	17,576	18,428	+4.8%
Dairy Sired (Male Only)	9,001	9,638	+7.1%
Euro / Stg Exchange Rate (€ / £)	84.7	83.2	-1.8%

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

All NI Figures Unless Otherwise Stated



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 06/02/12	Next Week 13/02/12
U-3	320 - 322p	320 - 322p
R-3	314 - 316p	314 - 316p
O+3	308 - 310p	308 - 310p
Cows	260 - 275p	260 - 275p

* Plus 8p/kg in-spec bonus where applicable.

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 04/02/12	Steers	Heifers	Young Bulls	Cows
U-3=	330.4	334.6	322.6	295.0
U=3=	325.5	329.8	321.7	
U=4=	317.9	333.1		
R=3=	325.5	328.3	314.9	281.1
R=4=	321.5	322.4	312.0	283.9
O=3=	312.2	313.9	301.2	267.5
O+3=	324.8	318.3	307.2	278.6
O+4=	317.9	317.5	298.0	277.8
P+2=	292.4	275.0	288.0	246.9
P+3=	298.6	285.7	291.5	254.3
Average	318.7	322.4	308.4	246.9

Note: The table above shows prices for selected grades from the 15-point scale. The table below merges grades down to the 5-point scale for comparison with GB regions and ROI.

LAST WEEK'S CATTLE PRICES (UK / ROI)						
W/E	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
04/02/12						
U3	350.3	343.5	341.5	337.7	328.6	333.7
R3	344.3	335.7	331.9	324.6	327.7	323.7
R4	347.2	342.0	333.5	325.7	324.2	324.2
O3	332.8	319.0	313.8	309.3	313.8	308.7
Average	344.6	333.4	328.4	315.6	318.7	-
U3	351.4	342.6	345.4	329.5	334.2	345.7
R3	342.4	333.2	331.4	326.7	328.7	333.4
R4	344.8	335.4	332.2	325.3	323.9	332.4
O3	331.7	316.2	314.1	307.9	315.3	318.8
Average	343.3	330.4	329.0	316.7	322.4	-
U3	324.7	329.8	335.2	323.2	322.1	332.1
R3	328.3	320.2	314.4	319.1	316.4	324.5
O3	304.3	302.2	305.9	299.9	301.9	312.4
Average	310.8	310.6	304.5	304.1	308.4	-
Prime Cattle Price Reported	6703	6212	5357	3503	5442	-
O3	267.1	263.2	264.5	251.8	267.4	278.9
O4	271.4	262.5	260.9	258.6	272.4	280.0
P2	200.5	215.0	217.3	218.0	237.2	252.0
P3	217.4	238.8	235.8	222.6	253.4	272.9

Notes:

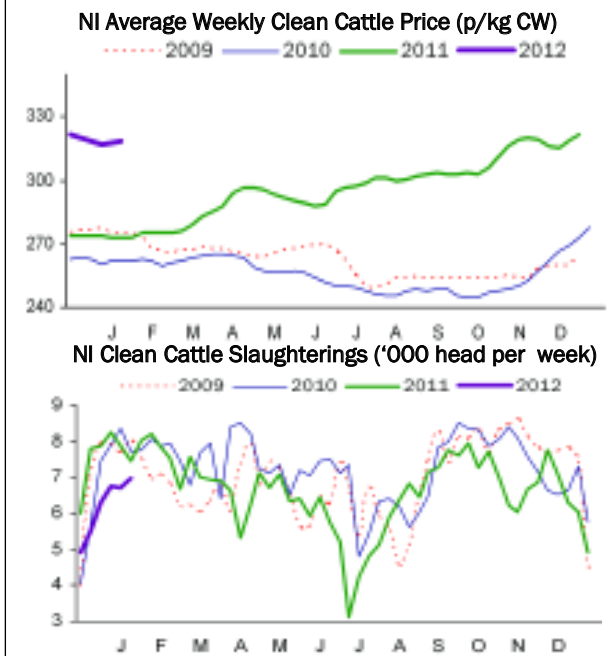
- (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.24p Stg.
- (ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

THIS week the cattle trade remained reasonably firm with quotes of 320-322p/kg, with similar quotes expected for Monday coming. However, producers should bear in mind that reported prices indicate that higher prices have been paid in recent weeks. Cow quotes are also expected to remain steady with quotes of 270-275p/kg expected for good cows on Monday morning at most plants.

Reported prices from last week show that the trade was reasonably steady with no significant change in prices. Average steer and young bull prices were more-or-less unchanged with average heifer prices up by 1p/kg. Average cow prices were also up by 1p/kg. Once again, last week's R3 steer and heifer prices were well above quotes. The R=3= quote for steers and heifers was 316-318p/kg last week. Reports from the factories show that 328p/kg and 329p/kg was paid on average last week for R3 steers and heifers. This is 10-11p/kg more than quotes. Such a difference cannot be explained by the in-spec and other bonuses and it seems therefore that deals were available. Under these circumstances producers should be clear that quotes are a starting point for negotiation.

Elsewhere, the trade in GB improved last week with average prices for prime cattle in Southern England up by 5-6p/kg. In the Midlands steer and heifer prices were up by 2-3p/kg while Scottish steer and heifer prices rose by 1-2p/kg. In ROI the trade came under some pressure with steer prices back by 6-7c/kg and heifer prices back by 4-6c/kg.



More detailed information on prices and explanations of these tables and charts are available from the LMC Technical Department: Call 028 9263 3000.

LATEST NI BEEF MARTS

Finished Cattle (£/100kg LW)		Store Cattle (£/100kg LW)		Dropped Calves (£/head)	
	from	to		from	to
Steers			Store bullocks up to 400kg		
1st quality	189	204	1st quality	0	0
2nd quality	170	188	2nd quality	0	0
Friesians	140	167			
			Store bullocks 400kg-500kg		
Heifers			1st quality	190	204
1st quality	189	214	2nd quality	170	189
2nd quality	162	188			
			Store bullocks over 500kg		
Beef Cows			1st quality	196	210
1st quality	163	195	2nd quality	165	195
2nd quality	130	162			
			Store heifers up to 450kg		
Dairy Cows			1st quality	188	223
1st quality	118	135	2nd quality	170	187
2nd quality	100	117			
			Store heifers over 450kg		
			1st quality	182	217
			2nd quality	165	181

Taken from a sample of beef marts in the week ended 03/02/12

Deadweight Sheep Trade

THIS week the factories had been quoting 430p/kg all for R3 hoggets, similar to previous week levels. However, there is some uncertainty about next week's trade with no factories prepared to quote a price for Monday at the end of this week. Reported prices show that the NI trade has been reasonably steady in recent weeks with GB prices up by 2.5p/kg last week compared to the previous week. Supplies have been stronger in NI during January and this situation continued last week with numbers up compared to the same week last year.

SHEEP QUOTES		
(P/KG DW)	Next Week 06/02/12	This Week 13/02/12
Hoggets	430p*	430p*

All plants paying up to 22kgs for FQAS hoggets.

REPORTED HOGGET PRICES - P/KG			
(P/KG)	W/E 21/01/12	W/E 28/01/12	W/E 04/02/12
NI Liveweight	391.0p	393.4p	391.6p
NI Deadweight	417.2p	422.6p	422.3p
GB Deadweight	438.5p	438.7p	441.1p

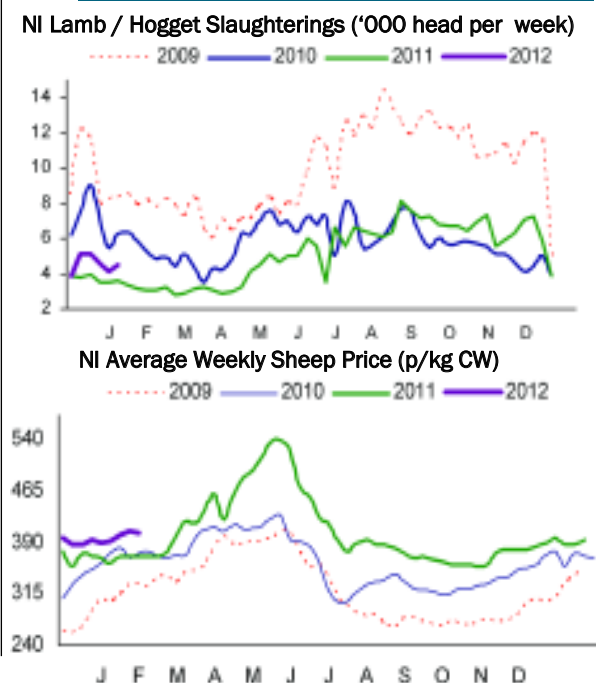
LATEST SHEEP MARTS

From: 03/02/2012		Hoggets (P/KG LW)			
To: 09/02/2012		No.	From	To	Average
Saturday	Donemana	561	N/A	N/A	395
	Omagh	668	383	423	N/A
Monday	Kilrea	450	378	400	390
	Masserene	627	385	409	N/A
Tuesday	Arroy	412	380	421	383
	Rathfriland	476	373	434	390
Wednesday	Saintfield	444	379	415	394
	Ballymena	1356	370	405	381
Thursday	Enniskillen	686	368	422	385
	Markethill	650	375	405	383
Friday	Newtownstewart	118	374	426	386
	Downpatrick	220	375	440	390

This week's marts

AT the sheep marts, hogget prices have held up reasonably well this week. Reported prices from the marts continued to average 380-395p/kg over the course of the week, similar to previous week levels. In Ballymena prices were back 3p/kg on previous week levels at an average of 381p/kg. The trade was also softer in Markethill with average prices back by about 8p/kg compared to the previous week when an average of 391p/kg was reported.

SHEEP TRADE



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