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GB RETAIL LAMB MARKET: HIGHER PRICES BUT VOLUMES DOWN

THE GB retail market remains a very important outlet for the NI lamb sector. With a significant proportion of NI lamb destined for GB multiple retailers, analysis of developments in this market is useful to understand trends and developments in the local sheep trade. Kantar Worldpanel provides an indication of trends within the GB retail market, looking at price, volume sales and expenditure.

Retail lamb prices had been at unprecedented levels in 2011 and early 2012, before falling sharply in the spring of 2012. To a large degree this mirrored the farmgate trade at that time and up until the first half of 2013 retail lamb prices had been coming under pressure relative to year earlier levels.

In the second half of 2013 retail lamb prices recovered to some degree and in the 12 weeks ending 2 February prices averaged £8.17/kg. This was 5 per cent higher than previous year levels with a similar trend evident in the last four weeks of this period.

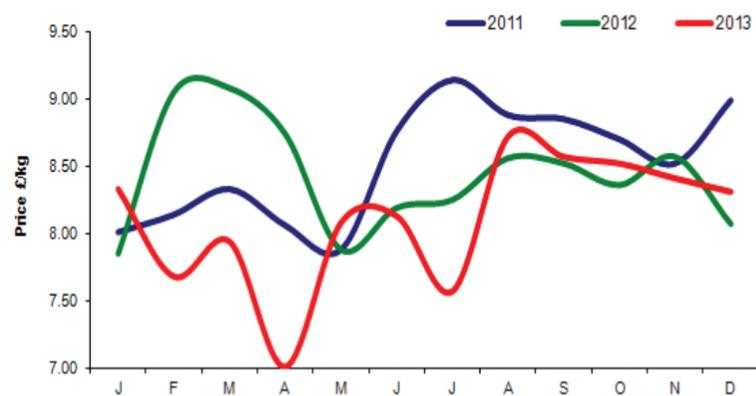
The result of higher prices has been a decline in the volumes of lamb sold in retail outlets with sales down by four per cent in the 12 weeks ending 2 February. During the last four weeks of this period, volume lamb sales were down by seven per cent. This decline in sales has manifested itself in two ways. Firstly, the proportion of consumers purchasing lamb fell by four per cent over the 12 week period. Secondly, those consumers that continued to purchase lamb, bought smaller

volumes. The average weight per purchase fell by one per cent.

During the 12 week period ending 2 February 2014, lamb mince sales were up by nine per cent year-on-year. However, during the same period, volume sales of all other major lamb cuts fell. Lamb stewing sales were down by 18 per cent. Sales of leg roastings were down by nine per cent with shoulder roasting joints down by six per cent.

The net impact of higher retail prices and reduced volume sales was slightly higher expenditure in the 12 weeks ending 2 February. However, in the last four weeks of this period, consumer expenditure on lamb was down by three per cent.

Figure 1. GB Retail Lamb Sales 2011 - 2013
Four Weekly Periods



Source: Kantar Worldpanel

INCREASED DEMAND FOR MEAT IN DEVELOPING COUNTRIES

Increases in the global demand for meat over the next decade is expected to be driven by improved economic growth in developing countries with demand in developed countries expected to remain steady according to the latest annual projections from US Department of Agriculture.

Global meat consumption is forecasted to grow at 1.9 per cent per annum during 2014-2023 with demand from the developing world driven by rising incomes and growing populations. This growth will result in the increasing importance of developing countries, particularly China, India, other areas of developing Asia, Africa and Latin America in the global meat market.

With increased demand for meat from these regions the USDA has forecast a 22 per cent increase in world meat trade due to improved standards of living and higher levels of disposable income. The report has also forecast a decline in the level of meat imports into Russia in response to improvements in domestic meat production as a result of government policies stimulating production.

Beef production in Asian countries is forecast to grow over the next decade, particularly in India. Demand from developing countries for India's lower priced and lower quality buffalo origin beef is projected to continue rising rapidly with India's increasing exports expected to

account for 36 per cent of the forecast increases in world beef exports over the next ten years.

Australia has generally been the world's second largest beef exporter behind Brazil but with Australia's beef herd currently rebuilding after declines due to prolonged periods of drought has meant Australian beef exports are forecast to stagnate over the next decade. According to USDA forecasts this stagnation in exports will result in exports from India and the US to overtake Australia and make it the fourth largest global beef exporter.

Canada is another key player in the global meat market but its cow herd has contracted in recent years. With stronger returns producers are expected to rebuild herds and as a result beef exports are projected to rise steadily but not to exceed the levels recorded in the previous decade. Argentina's beef herd is expected to follow a similar trend with exports expected to rise gradually over the next decade.

Between 2014 and 2023 imports by major beef importing countries are expected to increase by almost 2.3 million tonnes to 9.1million tonnes. This represents an increase of 34 per cent with two thirds of this growing demand being met from increased exports of lower priced beef from India and Brazil. Russia is expected to remain a strong market for EU and South American beef exports over the next decade but the level of imports is expected to fluctuate around 1.2 million tonnes as

rising consumer demand is expected to be offset by increased domestic production.

Meanwhile beef imports by China and Hong Kong are expected to grow by 55 per cent over the next decade as increasing incomes and a growing demand for beef will outstrip any growth in domestic production. Imports of beef by the US is also forecast to grow over the next decade and it is expected to be the largest beef importer and account for 13 per cent of the increase in global imports. The US has recently aligned its BSE policy with that of the OIE and work has now begun to firm up arrangements for trading of beef between the EU and US.

The Middle East and Asia are projected to be the key growth areas for beef over the next decade and account for almost two thirds of the increase in global imports in the 2014- 2013 period.

The USDA report has predicted increases in livestock production and per capita red meat consumption in the US over the next decade as the agricultural industry recovers from high feed costs and problems with drought. Beef production is projected to decline until 2016 as producers retain heifers to help build up herds and to increase gradually thereafter. Beef cow numbers in the US are expected to increase from 29 million in 2013 to 33 million in 2023. This fourteen per cent increase in beef cow numbers and projected increases in slaughter weights will further add to total beef production.

EU PERSPECTIVES ON AGRICULTURE

A recent survey conducted by the EU aimed to establish how important farming and agriculture were to EU citizens. The survey was conducted in November/December 2013 and included participants from across the range of social and demographic groups within the EU. The report identified that Europeans are attributing increasing importance to agriculture with 53 per cent of respondents identifying agriculture as very important for the future. This is 7 percentage points higher than the proportion recorded in 2009.

When questioned about the CAP three quarters of respondents believed that CAP benefitted all EU citizens and over 90 per cent support the main trends of the new CAP such as making aid fairer and more targeted and linking the granting of aid to farmers adherence to environmental friendly farming practices. In addition to this 80 per cent of respondents support the key CAP objectives such as guaranteeing food product supplies, more balanced rural development and aid for young farmers.

The survey also explored respondents views on what information should be displayed on foodstuffs. The ability to determine the origin of all types of meat was identified as particularly important to European consumers with 88 per cent of respondents sharing this view. A large proportion of participants in the survey felt that it was important that where the animal was raised was displayed (83 per cent) while 62 per cent of respondents identified where the animal was slaughtered as important.

For 26 of the Member States involved in the study the quality of the product was the most important factor identified when purchasing meat while in Sweden and Austria the origin of the product was most important. Four member states (Portugal, Hungary, Bulgaria and Romania) identified price as the most important factor when purchasing meat. A majority of respondents (53 per cent) identified that they would be willing to pay more (1-2 per cent) to see information on places of origin to appear on the labels of other types of meat. The report also identified that respondents over 55 years of age were more willing to pay for this information than their younger counterparts.

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WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 10/03/14	Next Week 17/03/14
Prime		
U-3	320-322p	320-324p
R-3	314-316p	314-318p
O+3	308-310p	308-312p
* Plus 8-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	230-244p	230-244p
Steakers	130-180p	130-180p
Blues	110-130p	110-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 08/03/14	Steers	Heifers	Young Bulls
U-3=	337.8	347.1	311.6
U=3=	339.3	350.1	318.7
U=4=	335.8	337.4	-
R=3=	337.9	339.9	296.9
R=4=	331.3	338.4	330.0
O+3=	331.2	328.5	298.8
O=3=	318.2	314.8	293.1
Average	327.6	334.0	296.2

REPORTED COW PRICES NI (p/kg)

Grades	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
O+3=	-	-	242.5	248.9
O-3+	-	180.0	206.7	230.4
P+2+	-	162.4	209.8	215.2
P+3+	-	206.0	203.4	219.7
P-1-	126.9	132.2	133.1	150.0

COMMODITY PRICE

W/E 21/02/14	Price (£) per tonne / 1000litre	% weekly change
Barley	165.50	+6.4
Wheat	185.00	+5.1
Straw	17.00	-

SHEEP TRADE

HOGGET QUOTES

(P/Kg DW)	This Week 10/03/14	Next Week 17/03/14
NI Factories	430p > 22kg	430p > 22kg
ROI Factories	425 > 23.5kg	

REPORTED HOGGET PRICES - P/KG

(P/KG DW)	W/E 22/02/14	W/E 01/03/14	W/E 08/03/14
NI Liveweight	366.8p	376.2p	383.9p
NI Deadweight	394.1p	412.9p	421.3p
ROI Deadweight	384.1p	391.1p	399.2p
GB Deadweight	422.4p	423.4p	428.0p

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 prime cattle were generally 320p/kg for steers and 322p/kg for heifers. It is expected that next week several plants will be quoting 324p/kg for steers and heifers. The processors are reporting steady supplies of prime cattle to meet demand for beef. Quotes for O+3 cows this week have remained similar to previous weeks, ranging from 230-244p/kg.

Prime cattle throughput in the NI plants last week totalled 6,787 head compared to 6,971 head the previous week. This has taken total prime cattle throughput for 2014 to date to 64,007 head, 3.8 per cent lower than the corresponding period in 2013. The average prime cattle carcass weight during 2014 to date was 329kg compared to 332.4kg during the 2013 period. The lower throughput combined with this decline in average carcass weights has resulted in a five per cent drop in the volume of beef processed from prime cattle when comparing the two ten week periods. Cow throughput was also back in the NI plants last week with 1,564 cows slaughtered compared to 1,768 cows the previous week. Cow throughput for 2014 to date is running 9.4 per cent behind throughput in the same period in 2013.

Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 533 head, the highest weekly import since early November 2013 and brings the total number imported for 2014 to date to 3,327 head. Exports of cattle from NI to ROI for direct slaughter last week consisted of 74 prime cattle and 96 cows while exports to GB for direct slaughter consisted of 199 prime cattle and 45 cows.

The average steer price in NI last week was back by 5.5p/kg to 327.6p/kg while the R3 steer price was back by 8p/kg to 337.4p/kg. The average heifer price in NI last week was 334p/kg, back 6p/kg from the previous week while the R3 heifer price was back by 6.4p/kg to 339.4p/kg. This is the lowest R3 heifer price in NI since December 2012. Young bull prices in NI last week were back by 5p/kg to 296.2p/kg while average cow prices were back by 1.3p/kg to 222.4p/kg.

In GB last week prime cattle prices have shown signs of stabilising with average steer and heifer prices within a penny of the previous week at 366.7p/kg and 366.9p/kg respectively. Average steer prices were within a penny of the previous week in all the GB regions with the exception of Northern England where they increased by 3.9p/kg to 372.2p/kg. Meanwhile average heifer prices were within 2p/kg of the previous week in all of the GB regions. Average cow prices in GB were back by 1.4p/kg to 231.1p/kg.

In ROI last week trade was generally similar to the previous week. The R3 steer price was the equivalent of 314.3p/kg, 23.1p/kg behind the R3 steer price in NI. Meanwhile the R3 heifer price in ROI last week decreased by 1p/kg to 323.5p/kg and was 15.9p/kg lower than the equivalent price in NI.

Deadweight Sheep Trade

QUOTES for R3 grade hoggets this week remained steady at 430p/kg with plants continuing to pay up to 22kg. Reports from the plants have indicated a lot of heavy lambs being presented for slaughter with an average carcass weight last week of 22kg. In the corresponding week last year the average carcass weight was 21.2kg. Throughput last week was up 200 head on the previous week with 5,246 hoggets slaughtered. Exports to ROI for direct slaughter last week totalled 7,599 head, an increase of 441 head from the previous week. Average deadweight prices in NI increased by 8.4p/kg to 421.3p/kg last week while prices in GB increased by 4.6p/kg to 428p/kg.

This week's marts

THE trade in the marts this week was similar to previous weeks but a large proportion of heavy lambs passing through the rings have pulled back reported prices in some marts. In Omagh last Saturday 1,085 hoggets sold from 376-416p/kg compared to 1,061 head the previous Saturday selling from 357-406p/kg. In Kilrea on Monday 600 hoggets sold from 378-408p/kg compared to 500 hoggets last week selling from 378-402p/kg. In Rathfriland on Tuesday 881 hoggets sold to an average of 385p/kg compared to 850 hoggets last week selling to an average of 394p/kg. A smaller show of hoggets in Enniskillen on Wednesday met a firm trade with 443 hoggets selling from 391-430p/kg compared to 902 hoggets last week selling from 384-427p/kg. The trade for cull ewes has also firmed with top prices generally ranging from £80-90.

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

W/E 08/03/2013	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	337.5	322.9	387.4	377.9	377.9	380.2
	R3	337.4	314.3	377.2	368.6	364.2	368.1
	R4	335.5	314.6	381.0	380.1	366.9	374.7
	AVG	327.6	-	379.3	372.2	358.1	366.7
Heifers	U3	347.1	336.4	388.3	378.5	380.5	381.8
	R3	339.4	323.5	376.4	365.4	365.6	367.8
	R4	337.8	323.8	377.9	370.7	365.6	370.0
	AVG	323.5	307.4	351.8	355.4	344.4	348.5
Young Bulls	U3	334.0	-	377.2	369.7	361.0	366.9
	R3	311.6	291.1	374.5	346.6	358.5	358.1
	R4	304.2	282.3	367.0	327.6	345.2	341.8
	AVG	294.3	261.8	315.2	302.6	320.1	314.0
Prime Cattle Price Reported	5055	-	6226	5577	5142	3750	20695
Cows	O3	236.9	229.2	252.8	242.9	249.8	246.2
	O4	240.0	230.4	255.9	247.8	254.6	250.5
	P2	191.5	190.1	190.9	197.0	203.7	192.2
	AVG	222.4	-	244.3	227.2	242.9	231.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=82.43p 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 LIVELWEIGHT CATTLE MART PRICES NI

W/E 08/03/14	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	190	212	200	170	189	180
Friesians						
Heifers	190	207	197	160	189	175
Beef Cows	140	183	150	100	139	120
Dairy Cows	100	132	114	50	99	78
Store Cattle (p/kg)						
Bullocks up to 400kg	225	240	234	195	224	209
Bullocks 400kg - 500kg	208	238	221	164	207	185
Bullocks over 500kg	201	224	212	160	199	180
Heifers up to 450kg	201	230	212	160	200	180
Heifers over 450kg	190	215	201	150	189	173
Dropped Calves (£/head)						
Continental Bulls	255	355	300	150	250	200
Continental Heifers	200	325	260	100	198	150
Friesian Bulls	80	130	100	20	78	50
Holstein Bulls	50	120	70	1	48	25

LATEST SHEEP MARTS

From: 28/02/14		Hoggets (P/KG LW)			
To: 06/03/14		No	From	To	Avg
Saturday	Omagh	1085	376	416	-
	Swatragh	1250	369	406	-
Monday	Massereene	965	370	417	-
	Kilrea	600	378	408	-
Tuesday	Saintfield	545	357	410	-
	Rathfriland	881	352	417	385
Wednesday	Ballymena	1480	360	411	375
	Enniskillen	443	391	430	-
	Markethill	1150	372	409	382
	Arroy	424	390	424	402

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