

## STATE OF THE TRADE

### SOME KEY PERFORMANCE INDICATORS OF THE BEEF TRADE IN MAY 2012

In the first five months of 2012 the NI beef trade has remained firm with tight supplies one of the main reasons for the strong trade. This has remained the case over the course of May and Table 1 adjacent provides a useful summary of some of the key performance indicators of the beef trade last month.

During May, the average prime cattle price in NI, averaged 324p/kg. This is 10 per cent or 30p/kg higher than the equivalent prices reported for May 2011. The average cow price remains at around 80 per cent of the average prime cattle price, with the cow price up by about 12 per cent year-on-year.

It is worth noting that the position of NI prices relative to prices in GB and in the south has changed somewhat since May last year. Last May, there was the unusual position whereby average R3 steer prices in ROI were higher than those in NI and GB. With a weaker euro that situation has reversed in May 2012. Whereas R3 steer prices in NI prices were almost on a par with corresponding prices in GB in May 2011, a gap has re-emerged and in May 2012, NI prices are about 8p/kg lower than corresponding prices in GB. NI

prices were also 11p/kg higher than those in ROI during May.

One of the key factors in helping to underpin prices during May and in 2012 in general has been tight supply. In May, total prime cattle slaughterings were down by three per cent year-on-year.

A stronger cow kill has compensated somewhat for the weaker prime cattle kill in the month of May. Heavier carcasses in prime cattle have also played a role in allowing production to hold up despite reduced slaughtering activity.

The beef kill has been under pressure due to reduced imports of cattle by factories for direct slaughter. This trade generally emanates from ROI with about one lorry load of cattle a week imported from GB by factories. In May imports were down by about nine per cent and this is broadly in line with the 11 per cent decline in imports from ROI for direct slaughter for the year-to-date. With a significantly weaker euro and more competitive ROI cattle prices this decline in imports could be regarded as something of a surprise, but it is also driven by reduced availability of cattle south of the border.

One of the features of the trade last spring and last May in particular was a sharp increase in cattle exports for direct slaughter to ROI. This trade has not been as prominent in May 2012 with exports to ROI more than halved. Increased exports to GB however, mean that overall exports for direct slaughter this May are down by 38 per cent year-on-year.

The obvious reason for ongoing tight supplies is reduced numbers of cattle on the ground. Cattle availability in NI was very tight last May as reduced calf-births in previous years and reduced imports of stores conspired to thin out supplies. In May 2012, numbers remained tight and are slightly below last May's levels. This would indicate that availability of cattle for slaughter would be likely to remain tight in the coming months.

Last year, there had been a notable increase in calf births which has the potential to lead to increases in the beef kill further down the line. In April, the beef calf births were significantly higher than in April 2011. However, in May, calf births were down on previous year levels by about 10 per cent. This may be more of a seasonal shift than a sign of reduced calf production.

Table 1. NI Beef Industry Key Performance Indicators (May Snapshot)

	May-11	May-12	% Change
<b>Finished Cattle Prices (p/kg)</b>			
Average Prime Cattle Price	294.4	324.2	+10.1%
Average Cow Price	234.9	263.2	+12.1%
Average R3 Steer Price (NI)	304.5	333.2	+9.4%
Average R3 Steer Price (ROI)	309.9	321.9	+3.9%
Average R3 Steer Price (GB)	305.1	341.4	+11.9%
<b>Slaughtering</b>			
Total Clean Slaughterings (Head)	33,873	32,796	-3.2%
Total Cow Slaughterings (Head)	7,176	7,958	+10.9%
Average Clean Carcase Weight (kg)	332	342	+2.3%
Average Cow Carcase Weight (kg)	311	298	-4.2%
<b>Trade (Head)</b>			
Live Imports for Direct Slaughter	3,142	2,850	-9.3%
Live Exports for Direct Slaughter	2,636	1,645	-37.6%
<b>Availability (Head)</b>			
No. Cattle on the Ground*	466,066	458,017	-1.7%
Beef Sired	421,069	416,094	-1.2%
Dairy Sired (Male Only)	44,997	41,923	-6.8%
<b>Calf Births Registrations (Head)</b>			
Calf Births	67,377	60,579	-10.1%
Beef Sired	59,479	53,767	-9.6%
Dairy Sired (Male Only)	7,898	6,812	-13.8%
<b>Euro / Stg Exchange Rate (€ / £)</b>	87.8	80.4	-8.5%
* Aged between 12-30 mths (Beef + Dairy Male Only)			
<b>All NI Figures Unless Otherwise Stated</b>			

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# GB BEEF DEMAND HOLDS UP IN MAY DESPITE HIGHER RETAIL PRICES

**T**ABLE 1 above clearly shows the strength of the beef trade at the present time with NI farmgate prices about 10 per cent higher this May than in May 2011. Usually, higher prices come at a cost, with volume demand coming under pressure. The latest figures from Kantar Worldpanel for GB red meat consumption are positive in that they show that GB beef volumes have held up well relative to the same period in 2011.

In the four weeks ending 13 May 2012, GB retail beef prices were 12 per cent higher than in the same period in 2011 at an average price of £7.04 per kilo.

#### **Slight reduction in volume sales**

Despite this very sharp increase in price, sales of beef generally were

robust. Kantar estimate sales of approximately 21,000 tonnes during the four weeks ending 13 May 2012. This was only one per cent lower than the same period last year, despite the sharp increase in price.

Despite the higher prices, a slightly greater percentage of consumers purchased beef in the four weeks ending 13 May 2012 compared to the same period last year. It does appear however, that those who did purchase beef, bought less of it. The average weight purchased was down by three per cent to 1.5kg in the four weeks ending 13 May, compared with the same period in 2011.

#### **Stewing and mince to the fore**

During that four week period, there does seem to have been a shift in the

beef products that have been purchased on a retail basis in GB. Higher retail prices appear to have led to more trading down with a 39 per cent decline in roasting sales year-on-year. Stewing (+46%) and mince (+9%) sales are by contrast much stronger than in April / May 2011. At processor level this may present an issue in terms of carcass balance given that there will be so much retail emphasis on the forequarter at the expense of the hind.

#### **Strong expenditure figures**

However, on the surface the picture does appear to be fairly positive. The combination of higher prices and the slight reduction in demand was a sharp increase in expenditure year-on-year. Beef expenditure was 11 per cent higher, illustrating robust retail demand for beef generally over the course of the

months of late April and early May.

While the figures for the four week period ending 13 May 2012 provide a good indicator of the trade in recent weeks, it may be useful to look at the 12 week period ending mid-May to consider medium-term trends.

During that period, average retail beef prices in GB were 12 per cent higher than last year. The impact was a five per cent decline in volume sales and a seven per cent increase in expenditure levels. Although these figures are not just as positive, the increase in expenditure over that period still ought to provide encouragement to the sector given that the impact of higher prices over that three month period was a less than proportionate fall-off in demand.



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## CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 11/06/12	Next Week 18/06/12
U-3	324 - 326p	324 - 326p
R-3	318 - 320p	318 - 320p
O+3	312 - 314p	312 - 314p
Cows	280 - 290p	280 - 290p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 09/06/12	Steers	Heifers	Young Bulls	Cows
U-3=	330.6	341.2	326.3	300.0
U=3=	333.9	338.8	324.9	306.0
U=4=	328.2	332.7	322.9	-
R=3=	331.1	332.3	321.2	286.2
R=4=	325.6	331.0	314.0	296.2
O=3=	313.7	316.9	306.2	284.8
O+3=	327.5	326.3	313.7	295.3
O+4=	319.9	324.4	310.0	295.5
P+2=	300.3	287.7	295.0	254.7
P+3=	302.1	290.1	297.9	271.7
Average	324.5	327.4	313.4	268.1

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 09/06/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland	
Steers	U3	360.2	348.4	346.1	339.5	332.1	334.4
	R3	352.8	340.3	335.2	330.0	331.0	326.4
	R4	354.3	342.1	335.1	330.8	326.4	326.0
	O3	338.2	333.7	312.4	309.5	318.1	313.1
Average		352.2	338.7	328.4	315.3	324.5	-
Heifers	U3	359.4	348.8	347.4	339.3	339.4	346.6
	R3	350.4	336.2	335.4	331.6	335.1	335.8
	R4	352.5	338.5	335.9	331.3	330.9	335.2
	O3	332.2	323.0	315.7	305.1	318.5	321.8
Average		350.8	335.2	332.3	322.5	327.4	-
Young Bulls	U3	347.9	336.1	340.1	339.1	326.1	334.2
	R3	343.4	326.8	325.0	324.1	321.6	327.1
	O3	322.1	309.0	301.1	312.1	306.6	315.6
Average		341.3	318.0	319.8	316.6	313.4	-
Prime Cattle Price Reported							
	6360	5198	3856	3537	4364	-	
Cows	O3	289.2	288.0	283.1	249.7	285.8	281.6
	O4	296.2	288.5	281.0	267.0	290.9	284.3
	P2	224.4	224.9	249.0	221.4	250.2	247.0
	P3	245.1	263.2	250.0	245.7	270.6	277.2

Notes:

(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=80.83p Stg.

(ii) Shading indicates a lower price than the previous week.

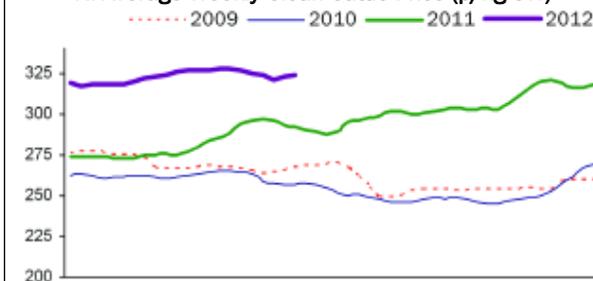
## Deadweight Cattle Trade

THIS week the factories were quoting 324-326p/kg for U-3 grade prime cattle, with most factories quoting 326p/kg for steers and heifers. Similar quotes are expected on Monday. Quotes for cows continued to range between 280-290p/kg this week and the cull cow trade is expected to remain firm next week.

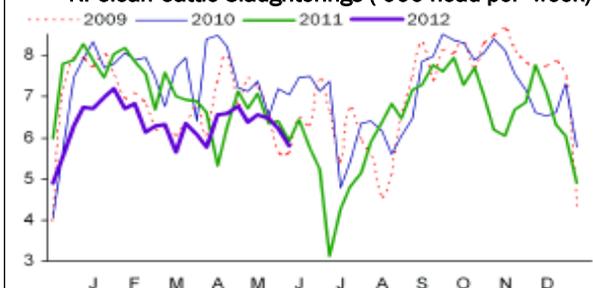
Last week's reported prices show that the trade remained firm. Average steer and heifer prices were up by almost 1p/kg, with the R3 steer and heifer price up marginally. The average young bull price was up by about 1.5p/kg last week and the average cow price also increased by a similar margin. The cattle kill in NI has tightened in recent weeks as illustrated by the adjacent chart. Last week about 7,400 head were slaughtered in NI, which was six per cent lower than the previous week and about nine per cent lower than the same week last year, when numbers were already very tight.

Elsewhere last week, the trade was reasonably steady. In Scotland, R3 steer prices were up by 1p/kg, with a similar level of increase in the Midlands/Wales and Southern England. In Northern England the R3 steer price was up by about 1.5p/kg. R3 heifer prices in Scotland were more-or-less unchanged and corresponding prices in the Midlands and Wales were back by 1p/kg. In Southern England however, R3 heifer prices were up by about 3p/kg. R3 steer prices were slightly higher in ROI last week, but the R3 heifer price was back by about 1.5c/kg. With a stronger euro, these changes translated into higher ROI prices in sterling terms.

NI Average Weekly Clean Cattle Price (p/kg CW)



NI Clean Cattle Slaughterings ('000 head per week)



More detailed information on prices and explanations of these tables and charts are available from the LMC

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LATEST NI BEEF MARTS									
Finished Cattle (£/100kg LW)			Store Cattle (£/100kg LW)			Dropped Calves (£/head)			
	from	to		from	to		from	to	
<b>Steers</b>			<b>Store bullocks up to 400kg</b>			<b>Continental bull calves</b>			
1st quality	190	210	1st quality	N/A	N/A				
2nd quality	170	189	2nd quality	N/A	N/A	1st quality	265	375	
Friesians	125	167				2nd quality	190	260	
			<b>Store bullocks 400kg-500kg</b>			<b>Continental heifer calves</b>			
<b>Heifers</b>			1st quality	N/A	N/A				
1st quality	180	223	2nd quality	N/A	N/A				
2nd quality	155	179				1st quality	215	290	
			<b>Store bullocks over 500kg</b>			2nd quality	140	210	
<b>Beef Cows</b>			1st quality	N/A	N/A	<b>Friesian bull calves</b>			
1st quality	160	190	2nd quality	N/A	N/A				
2nd quality	126	159				1st quality	135	175	
			<b>Store heifers up to 450kg</b>			2nd quality	80	130	
<b>Dairy Cows</b>			1st quality	N/A	N/A	<b>Holstein Bull Calves</b>			
1st quality	115	148	2nd quality	N/A	N/A				
2nd quality	90	114				1	170		
			<b>Store heifers over 450kg</b>						
			1st quality	N/A	N/A				
			2nd quality	N/A	N/A				

Taken from a sample of beef marts in the week ended 08/06/12

(n) Shading indicates a lower price than the previous week.

## Deadweight Sheep Trade

**T**HIS week the NI sheep trade continued to improve with factories raising quotes and higher prices about the marts. Factory quotes increased to 400p/kg early in the week, following quotes of 370p/kg late last week. This marks a significant improvement from the quotes of 350p/kg a fortnight ago. With no lamb kill until next Tuesday, factories are not quoting for next week's lambs at this stage. The factories are dealing with greater volumes of stock with about 7,100 head slaughtered last week. This was 10 per cent lower than the previous week's kill, but 40 per cent more than the 5,000 head slaughtered in the same week last year.

### SHEEP QUOTES

(P/KG DW)	This Week 11/06/12	Next Week 18/06/12
Spring Lambs	400p	No Quote

Lambs up to 21kgs.

### REPORTED COMBINED LAMB/HOGGET PRICES - P/KG

(P/KG)	W/E 26/05/12	W/E 02/06/12	W/E 09/06/12
NI Liveweight	312.5p*	320.2p*	351.3p*
NI Deadweight	345.9p	340.5p*	350.8p*
GB Deadweight	441.0p*	400.5p*	407.2p*

\*Lambs only

## LATEST SHEEP MARTS

From: 09/06/2012 To: 15/06/2012		Spring Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	320	374	415	-
Monday	Kilrea	340	380	408	-
Tuesday	Massereene	865	375	398	-
	Saintfield	712	372	407	385
Wednesday	Rathfriland	856	355	405	383
	Armooy	156	352	386	377
Thursday	Ballymena	1064	345	381	360
	Enniskillen	323	338	372	-
Friday	Markethill	750	355	402	370
	Newtownstewart	180	344	370	361
Saturday	Downpatrick	316	330	385	350

## This week's marts

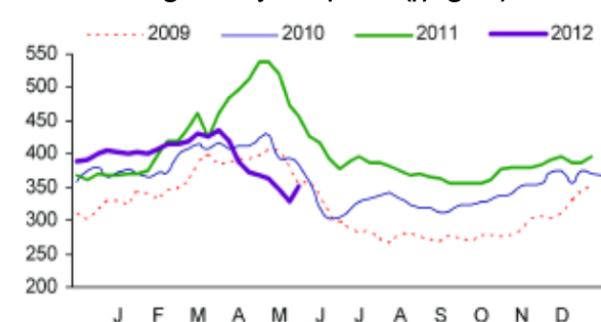
**T**HE trade continued to improve at the marts this week with prices particularly strong early in the week at Saintfield and Rathfriland. Both marts report average lamb prices of about 385p/kg, up from about 355p/kg the week before. On Wednesday prices generally ranged from about 360-370p/kg. Ballymena reported a price of 360p/kg which was 20p/kg more than the average price reported last Wednesday. On Thursday 316 lambs sold in Downpatrick to an average of 350p/kg, 5p/kg more than the previous week. First quality cull ewes in Downpatrick sold at £65-85 per head.

# SHEEP TRADE

## NI Lamb / Hogget Slaughterings ('000 head per week)



## NI Average Weekly Sheep Price (p/kg CW)



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