

STRONG BEEF EXPENDITURE IN JANUARY IN GREAT BRITAIN

In the last quarter of 2011, it became clear that the higher farmgate prices that were evident throughout 2011 right across the British Isles, were starting to generate upward pressure on retail prices. The latest market research report from Kantar Worldpanel shows that the average retail price of beef in the four weeks ending 22 January 2012 was 11 per cent higher than the same period last year at approximately £6.80/kg. This has had some interesting consequences on beef sales in volume and value terms.

Volume sales of beef in January were down by four per cent compared to the same period last year. This is unsurprising. Higher prices generally lead to reduced demand. However, as we well know, supplies of beef generally have been weak on the domestic market in the last few months and this may well have contributed to reduced consumption.

Compared to the same period last year, a smaller proportion of shoppers purchased beef. According to Kantar 57 per cent of shoppers purchased beef this January. This equivalent figure last year was 58 per cent. The average weight per purchase was down from 1.7kg last year to 1.6kg this year.

In volume terms, only stewing showed an increase in sales (+1.2) relative to last January. Mince sales were down four per cent and roasting sales were down by nine per cent. Frying and grilling sales were down by 11 per cent year-on-year.

However, despite these reductions in volume sales, revenue from beef sales was up by six per cent. This is quite positive and perhaps demonstrates a robust consumer base that can absorb price increases to some degree, given that the price increase was not matched by a proportionate decline in demand, meaning of course that expenditure remains strong.

Reduced lamb consumption

Retail lamb consumption continued to be under pressure in January 2012. At farmgate level, in mid-January, prices were about eight per cent higher than in the same week last year. Retail lamb prices for the four weeks ending 22 January were 13 per cent higher than in the corresponding period last year.

This is a significant increase and as a result lamb demand has fallen off significantly. In January demand was 23 per cent lower than last January. The proportion of consumers putting lamb in their

shopping trolley fell to 18 per cent from over 21 per cent last year. Of those 18 per cent of shoppers that did buy lamb, the average weight purchased was just less than 1kg.

Lamb chop sales were back by 23 per cent year on year, with leg roasting sales down by 15 per cent.

Unlike the retail beef market, lamb sales fell more than proportionate to the increase in price and this meant that expenditure fell by 13 per cent year-on-year, which is an obvious concern. All eyes will be on the retail lamb trade in the coming months to see how it performs during the Easter trade which came under some pressure last year.

Table 1. GB Retail Beef and Lamb Sales - Four Weeks Ending 22 January 2012
Change from same period last year

KPI	Key Performance Indicators / Year-on-Year Change			
	Beef	% Change	Lamb	% Change
Expenditure (£million)	£160m	+6%	£38m	-13%
Volume (Tonnes)	23,549t	-4%	4,236t	-23%
Average Retail Price (£/kg)	£6.80/kg	+11%	£9.05/kg	+13%
Penetration (%)	56.6%	-2%	18.3%	-14%
Average Weight per Purchase (kg)	1.6kg	-3%	0.9kg	-11%

PRICES LEVEL OUT ACROSS EU DURING JANUARY

In the week-ending 5 February 2012, NI R3 heifer prices averaged 392c/kg and were sixth highest in the EU, well above the EU average for the grade, 378.4c/kg. However, NI prices were lower than corresponding prices in GB and ROI in the same week. In early February, ROI and GB R3 heifer prices were almost on a par at 398 - 399c/kg.

Over the course of January, prices across the EU had remained fairly steady, edging up by about 0.5c/kg from the first week of January to the first week of February. However, in those regions where prices were highest, the trade came under some pressure over that period.

Greek, NI and GB prices eased back by about 2c/kg. ROI prices were down by 7c/kg with Spanish and Italian prices down by 5c and 9c/kg respectively.

However, in other regions where prices had been significantly lower in early January the trade has improved over the course of those four weeks. French prices were up 10c/kg to 367c/kg for R3 heifers in the week ending 5 February. Danish, German and Swedish prices were all up sharply in the first four weeks of the year meaning that there has been something of a balancing in prices across the 17 countries in the table.

DATE FOR YOUR DIARY

Thursday 29 March 2012
Greenmount College
LMC Red Meat Prospects
Conference

Free Entry - Booking Essential
Further Details:
conference@lmcni.com
028 9263 3000

VISIT THE LMC STAND

AT THE

NI BEEF EXPO 2012

Tuesday 6 March 2012
Dungannon Farmers' Mart
Granville, Dungannon



FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
028 9263 3024

TABLE 2. EU Deadweight Cattle Prices - Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth (w/e 08.01.12)	Price this Mth (w/e 05.02.12)	Change on Mth (cents)
1	1	Greece	412.3	410.2	-2.1
4	2	Great Britain	401.2	399.1	-2.0
2	3	Ireland	405.0	398.2	-6.9
5	4	Spain	400.4	395.3	-5.1
3	5	Italy	404.1	395.2	-8.9
6	6	Northern Ireland	394.0	392.2	-1.7
7	7	Sweden	378.2	388.0	+9.8
8	8	Denmark	370.4	384.7	+14.3
10	9	France	357.0	367.0	+10.0
9	10	Luxembourg	360.4	356.4	-3.9
11	11	Germany	341.7	347.8	+6.1
12	12	Austria	322.9	332.7	+9.8
13	13	Slovenia	321.4	314.0	-7.4
15	14	Poland	270.0	301.7	+31.7
14	15	Belgium	296.5	299.0	+2.5
16	16	Czech Republic	253.9	264.5	+10.6
17	17	Lithuania	236.1	233.8	-2.4
EU Average			378.0	378.4	+0.4
Exchange Rate: Euro / Sterling			83.1	83.2	

Official prices reported to the EC Dressing Specification

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

CATTLE QUOTES

(P/KG DW)	This Week 13/02/12	Next Week 20/02/12
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 11/02/12	Steers	Heifers	Young Bulls	Cows
U-3=	329.1	330.0	317.3	287.3
U=3=	329.3	335.0	319.1	
U=4=	319.2	327.9		
R=3=	328.1	330.7	315.6	285.8
R=4=	319.2	326.1	316.0	286.4
O=3=	314.0	314.7	302.6	269.6
O+3=	323.3	322.6	307.2	280.3
O+4=	317.6	316.9	302.0	278.1
P+2=	296.2	287.9	287.6	232.5
P+3=	295.8	291.3	290.7	255.9
Average	319.7	322.7	304.1	246.5

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 11/02/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	352.1	345.3	344.8	338.6	329.1
	R3	346.0	336.4	334.9	328.9	326.4
	R4	348.5	342.2	335.3	330.1	323.4
	O3	332.3	321.2	318.7	307.9	314.7
Average	346.5	334.7	331.2	314.4	319.7	-
Heifers	U3	353.6	346.0	347.0	337.0	333.5
	R3	346.4	335.7	334.1	330.7	329.8
	R4	346.2	339.4	334.1	330.6	325.4
	O3	332.8	319.1	321.4	298.4	316.7
Average	345.1	333.4	332.1	319.6	322.7	-
Young Bulls	U3	338.6	332.6	336.0	338.7	318.8
	R3	334.6	324.7	325.4	323.5	315.0
	O3	308.8	302.4	311.1	308.2	301.8
	Average	322.0	310.3	316.7	311.3	304.1
Prime Cattle Price Reported		6962	5997	5178	3909	5552
	O3	271.4	270.2	269.0	250.6	268.3
	O4	274.2	270.2	267.1	255.4	270.0
	P2	209.1	225.2	229.2	211.7	232.1
Cows	P3	197.4	250.7	244.4	229.8	252.7
						272.2

Notes:

(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.32p Stg.

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

Deadweight Cattle Trade

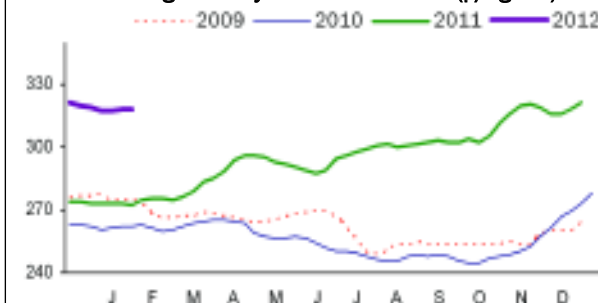
THIS week the factories continued to quote 320-322p/kg for U-3 grade prime cattle. Cow quotes remained at 270-275p/kg for R 3/4 grades at most plants. On Monday we expect similar quotes although it is possible that higher prices will be available.

Last week's reported prices show a generally stable trade. On average, steer prices increased by 1p/kg, with heifer prices up marginally by 0.3p/kg on average. Average young bull prices were down by 4p/kg with cow prices more-or-less unchanged, down by 0.4p/kg on average.

The kill was stronger last week with over 9,000 head killed in total, with about 7,300 prime cattle slaughtered. The kill was about 2.5 per cent higher than the previous week, but remains low relative to last year. The overall kill was 6 per cent lower than in the same week in 2011. Of those cattle slaughtered last week, about 550 were imported from ROI for direct slaughter, with about 70 imported from GB by the factories.

Prices in the south came under pressure last week with prime cattle prices generally back by 3-5c/kg. In GB, heifer prices were up by about 2-3p/kg last week. Steer prices increased by a similar degree with the exception of Southern England where steer prices were back by 1p/kg on average. Young bull prices rose very sharply last week in Scotland, up by 11p/kg. In the Midlands and Southern England average young bull prices rose by 12p/kg and 7p/kg respectively.

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



NI Clean Cattle Slaughtering ('000 head per week)



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	from	to
Steers		Store bullocks up to 400kg		Continental bull calves	
1st quality	193	195	218	1st quality	340
2nd quality	175	175	194	2nd quality	445
Friesians	140	169			338
Heifers		Store bullocks 400kg-500kg		Continental heifer calves	
1st quality	185	190	208	1st quality	260
2nd quality	170	170	189	2nd quality	440
Beef Cows		Store bullocks over 500kg		Friesian bull calves	
1st quality	164	190	208	1st quality	150
2nd quality	140	155	189	2nd quality	228
Dairy Cows		Store heifers up to 450kg		Holstein Bull Calves	
1st quality	124	180	199	1st quality	30
2nd quality	100	180	199	2nd quality	225

Taken from a sample of beef marts in the week ended 10/02/12

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

taken from a sample of beef marts in the week ended 10/02/12

Deadweight Sheep Trade

DESPITE some uncertainty around deadweight sheep prices last weekend, the trade remained firm last week with factories continuing to quote 430p/kg. Similar quotes are expected next week. This remains about 30p/kg higher than quotes in the corresponding week last year. Throughput at the local plants remains higher than 2011 levels. Last week the sheep kill was up 14 per cent compared to the same week last year. However, the number of sheep exported to the south has been significantly lower. In the three weeks ending 11 February, exports of sheep to ROI, recorded by DARD were down by around a quarter compared to the same period last year.

SHEEP QUOTES		
(P/KG DW)	This Week 13/02/12	Next Week 20/02/12
Hoggets	430p*	430p*

All plants paying up to 22kgs for FQAS hoggets.

REPORTED HOGGET PRICES - P/KG			
(P/KG)	W/E 28/01/12	W/E 04/02/12	W/E 11/02/12
NI Liveweight	393.4p	391.6p	387.8p
NI Deadweight	422.6p	422.3p	421.9p
GB Deadweight	438.7p	441.1p	440.7p

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LATEST SHEEP MARTS

From: 10/02/2012 To: 16/02/2012		Hoggets (P/KG LW)			
		No.	From	To	Average
Saturday	Donemana	506	N/A	N/A	402
	Omagh	541	368	407	N/A
Monday	Kilrea	680	380	408	384
	Masserene	732	385	418	N/A
Tuesday	Rathfriland	456	373	432	388
	Saintfield	617	378	415	394
Wednesday	Ballymena	951	365	419	378
	Markethill	550	375	405	387
	Newtownstewart	250	364	398	N/A

This week's marts

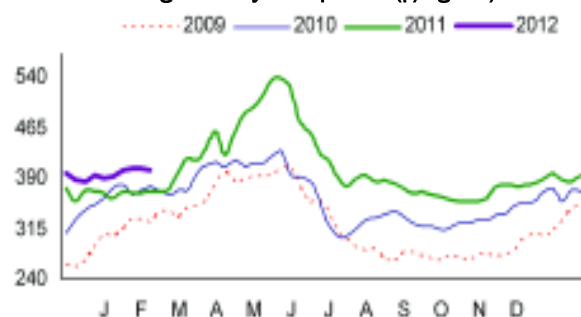
AT the marts through the week the trade was broadly similar to last week. On Tuesday in Saintfield, average prices were unchanged at 394p/kg for hoggets. On Wednesday in Ballymena, prices were down slightly (-3p) compared to the previous week at 378p/kg. In Markethill the trade was slightly stronger (+4p) than last week with an average reported price of 387p/kg. Cull ewes sold to a top of £90-105 in the second half of the week.

SHEEP TRADE

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



NI Average Weekly Sheep Price (p/kg CW)



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