

BRITISH ISLES CATTLE SUPPLIES UNDER PRESSURE IN FIRST FOUR MONTHS OF THE YEAR

THE cattle trade in NI has been very firm in the first four months of the year, with prices starting to ease slightly from early May. The strong trade was in no small part due to tight supplies in both Northern Ireland and further afield. The largest market for NI beef and Irish beef generally is Great Britain, and while supplies have been under pressure here, a similar picture has unfolded across the Irish sea and in the south.

In the four months to the end of April 2012, the total NI cattle kill was down by 10 per cent on the same period last year. Some of the reasons for this and the nature of the decline across categories has been described in detail in recent Bulletins.

In GB, the decline in the kill has almost been as steep. In the first four months of the year the GB kill was seven per cent lower than in the same period in 2011. Early last year, supplies had generally been quite abundant across GB and this remained the case for much of the year. However, the predicted decline in the kill eventually kicked in and for the UK as a whole the kill was down by eight per cent year-on-year. In headage terms this is a decline of about 78,000 head across the UK and 62,000 head across GB.

In Scotland, the total cattle kill was down by nine per cent (15,600 head) in the first four months of the year, a steeper fall than in England and Wales. This was driven in part by a sharp drop

in the number of producers finishing young bulls. The reduction in the bull kill is familiar to NI producers since the bull slaughtering here were down sharply over the last year. It is not surprising that a similar decline has been in evidence in GB. However, while the rate of decline in the young bull kill appears to have slowed in NI in recent months, the reduction in Scotland in particular appears to be faster than in NI.

It is very possible that there are increasing retentions of heifers for breeding in the UK with the fall off in the heifer kill generally steeper than the decline in the steer kill. The cow kill across the UK has also been under pressure which ought to lead to increased calf births in the coming year.

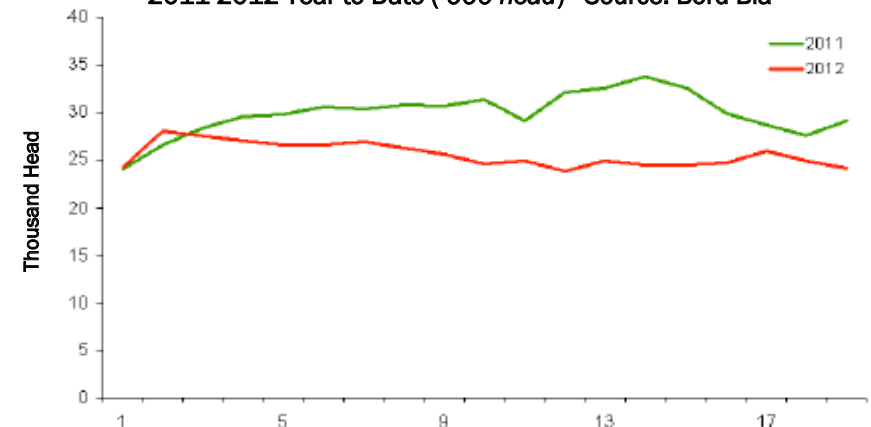
Figure 1 clearly illustrates how the ROI cattle kill remains under pressure relative to last year. From January to mid-May the weekly kill was consistently lower than 2011 levels. So far this year the southern cattle kill is 14.5 per cent lower than this time last year.

In contrast to the UK the young bull kill in ROI has been on the rise since the start of the year. Efficiency reasons perhaps have been a factor in the eight per cent increase in the young bull kill. The steer kill on the other hand is down by 28 per cent, with the heifer kill down by 16 per cent. The cow kill in ROI is generally stable since the start of the year although the mature bull kill is significantly lower (-35%).

Table 1. Percentage Change in UK Cattle Kill January - April 2011/12 - Source: DEFRA

Change 2011/12	Heifers	Steers	Young Bulls	Adult Bulls	Cows	All Cattle
UK	-8%	-5%	-17%	-30%	-6%	-8%
GB	-7%	-5%	-18%	-19%	-6%	-7%
EW	-6%	-4%	-16%	-21%	-7%	-7%
SC	-10%	-7%	-30%	-1%	1%	-9%
NI	-14%	-8%	-15%	-45%	-2%	-10%

Figure 1. Total Weekly Cattle Kill, Republic of Ireland 2011-2012 Year-to-Date ('000 head) - Source: Bord Bia



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In the last quarter of 2010 it was widely reported that international beef prices had risen sharply towards EU levels, with the Brazilian trade particularly robust. At the time the EU trade was fairly flat, and the stronger international prices gave rise to great interest and speculation that the stronger international trade would help to drive forward the trade in Europe.

The upward pressure on international prices was perhaps one of many factors in driving up NI prices in the last year.

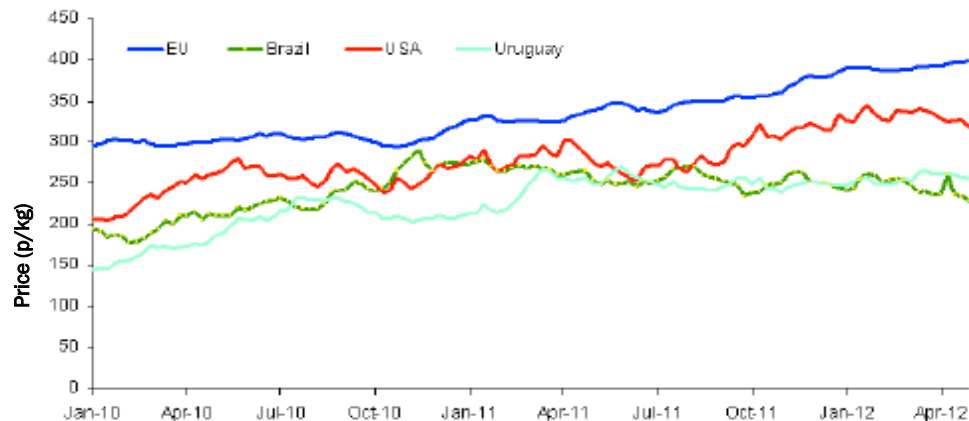
This increase in EU prices is evident in Figure 2 where international prices are illustrated in euro terms. As farmgate R3 steer prices have risen across the EU, the gap between prices in Europe and other global prices has widened once again.

In euro terms, Brazilian prices have edged backward from the highs of late 2010. In the eight weeks ending 7 April 2012, the average weekly R3 steer price in Brazil was 146c/kg lower than the equivalent EU price. In the corresponding period in 2011 the difference was just 60c/kg.

By contrast, the US R3 steer price has risen sharply since mid-2011 before tailing off slightly in recent weeks. The average weekly R3 steer price there was 56c/kg lower than the equivalent EU price in the eight weeks ending 7 April 2012. In the same period last year the difference was 36c/kg.

The Uruguayan price is included since the trade there is seen by some as a good proxy for a global price given the reliance on exports in Uruguay. Prices there have been broadly stable over the course of the last year.

Figure 2. International Farmgate Beef Prices
January 2010 - April 2012, EURO c/kg for R3 Steers - Source: Bord Bia



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

CATTLE QUOTES

(P/KG DW)	This Week 21/05/12	Next Week 28/05/12
U-3	322 - 326p	320 - 326p
R-3	316 - 320p	314 - 320p
O+3	310 - 314p	308 - 314p
Cows	280 - 290p	280 - 290p

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

LAST WEEK'S NI CATTLE PRICES - P/KG

W/E 19/05/12	Steers	Heifers	Young Bulls	Cows
U-3=	334.7	339.6	328.3	290.0
U=3=	336.6	341.2	329.7	310.0
U=4=	330.5	333.1	-	-
R=3=	332.4	336.1	323.6	300.6
R=4=	328.7	331.4	316.6	302.5
O=3=	316.9	316.2	308.7	281.9
O+3=	327.3	322.7	313.9	292.0
O+4=	320.0	321.8	314.0	292.7
P+2=	296.9	292.7	295.1	257.4
P+3=	301.3	291.4	298.5	271.4
Average	325.3	326.3	315.4	264.7

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 19/05/12	Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers U3	358.2	347.3	347.0	342.7	335.2	327.7
R3	353.1	340.2	335.5	332.7	331.5	320.1
R4	354.4	342.6	336.5	330.0	327.6	319.9
O3	338.5	332.9	315.7	309.2	318.2	307.9
Average	352.3	339.0	331.5	312.4	325.3	-
Heifers U3	357.9	351.6	346.3	339.9	341.1	341.8
R3	351.1	339.2	333.9	330.3	335.0	330.8
R4	353.3	338.1	336.0	329.2	330.7	330.5
O3	336.0	328.3	320.3	311.6	320.6	315.6
Average	351.2	335.9	333.1	319.3	326.3	-
Young Bulls U3	346.5	334.5	341.7	344.0	328.7	326.3
R3	339.3	325.8	328.8	325.3	322.7	320.2
O3	325.2	308.2	308.0	307.1	307.0	310.8
Average	337.2	316.6	321.7	323.0	315.4	-
Prime Cattle Price Reported	7344	6138	5661	4396	4955	-
Cows O3	294.3	278.3	279.3	264.2	282.2	283.4
O4	298.0	277.6	278.8	268.0	287.0	285.7
P2	216.0	229.6	233.6	226.0	245.9	251.7
P3	259.2	256.2	253.8	246.4	268.2	279.6

Notes:

(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=80.09p Stg.

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

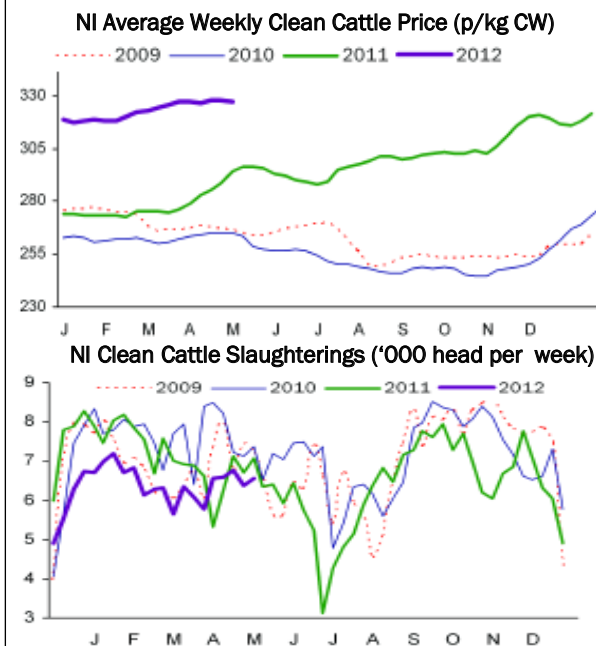
Deadweight Cattle Trade

AST week factories were quoting 322-326p/kg for U-3 grade prime cattle. This week one factory has reduced quotes to 320p/kg for steers and heifers with several others continuing to quote 324-326p/kg for steers and heifers respectively. It is unusual to have such a wide range in quotes and it certainly underlines the importance from a producer's perspective in pricing around to achieve the best prices. It is also worth adding that those factories quoting 320p/kg may struggle to attract sufficient stock when others are quoting 326p/kg. It would not be surprising to also learn that better prices were available.

With some pressure on the trade, reported prices from last week indicate that the trade in NI held up reasonably well. Average steer and heifer prices were back by about 1.5p/kg and average bull prices were back slightly.

The kill was slightly stronger last week with 8,500 head slaughtered, up from about 8,000 head the previous week although there are reports that numbers this week have been tighter at the factories.

In England last week the trade was under pressure. In Northern England steer and heifer prices were 3p/kg lower, while in Southern England steer and heifer prices were back by 4-4.5p/kg. The Scottish trade was steadier with average prices up by about 1p/kg. The competitive edge afforded to the ROI trade by the stronger pound is clear. In sterling terms prices there were generally stable last week, but up by 1-2c/kg in euro terms.



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	183 - 206	1st quality	180 - 215	1st quality	230 - 335
2nd quality	170 - 182	2nd quality	160 - 179	2nd quality	140 - 228
Friesians	145 - 168	Store bullocks 400kg-500kg		Continental heifer calves	
Heifers		1st quality	191 - 217	Continental heifer calves	
1st quality	178 - 203	2nd quality	170 - 190	1st quality	200 - 350
2nd quality	160 - 177	Store bullocks over 500kg		2nd quality	100 - 198
Beef Cows		1st quality	181 - 206	Friesian bull calves	
1st quality	150 - 191	2nd quality	160 - 180	Friesian bull calves	
2nd quality	120 - 149	Store heifers up to 450kg		1st quality	170 - 200
Dairy Cows		1st quality	180 - 200	2nd quality	120 - 168
Dairy Cows		2nd quality	160 - 179	Holstein Bull Calves	
1st quality	121 - 144	Store heifers over 450kg		Holstein Bull Calves	
2nd quality	100 - 120	1st quality	200 - 227	Holstein Bull Calves	
		2nd quality	175 - 199	Holstein Bull Calves	
				10	110

Taken from a sample of beef marts in the week ended 18/05/12

Deadweight Sheep Trade

THE deadweight sheep trade was under continued pressure again this week with quotes reduced to 360p/kg in two plants. Last week quotes of 390-400p/kg were available. Currently only one plant is prepared to quote for next week, with 350p/kg being offered. Other plants are not killing lambs until Tuesday and as such are waiting to until early next week before setting a price. The reported combined lamb/hogget price below shows that a wider gap has opened up between the NI and GB trade with a 62p/kg difference last week.

SHEEP QUOTES

(P/KG DW)	This Week 21/05/12	Next Week 28/05/12
Spring Lambs	360p	350p*

Lambs up to 21kgs at one plant, other plants not quoting

REPORTED COMBINED LAMB/HOGGET PRICES - P/KG

(P/KG)	W/E 05/05/12	W/E 12/05/12	W/E 19/05/12
NI Liveweight	366.3p	360.4p	354.9p
NI Deadweight	384.8p	381.4p	376.0p
GB Deadweight	419.0p	434.4p	438.2p

LATEST SHEEP MARTS

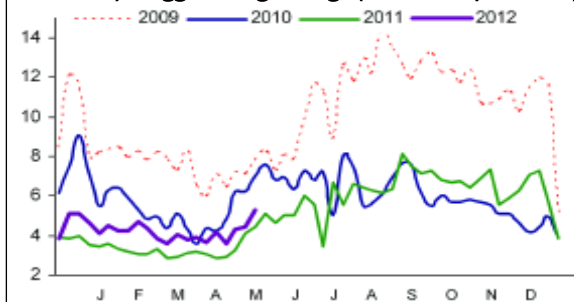
From: 20/05/2012 To: 25/05/2012		Spring Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	109	319	356	-
Monday	Massereene	618	325	340	-
Tuesday	Saintfield	522	300	320	307
	Rathfriland	500	290	320	309
Wednesday	Armooy	124	305	317	314
	Ballymena	640	285	334	300
Thursday	Markethill		300	327	
	Newtownstewart	157	288	310	302
Thursday	Downpatrick	200	293	315	305

This week's marts

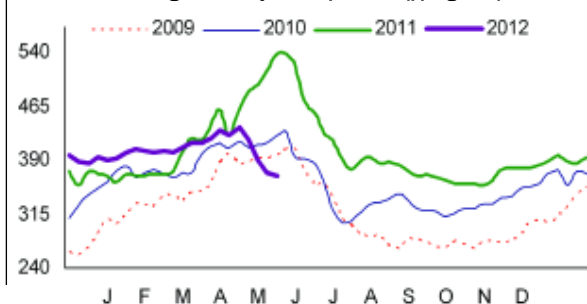
WITH a weaker euro and greater availability, interest from southern buyers in the northern sheep marts has been curtailed and this continues to act as a drag on the live trade. Reported spring lamb prices across the marts last week were generally 300-310p/kg with Armooy reporting an average price of 314p/kg. These prices were weaker than last week with the average price in Ballymena of 300p/kg down from 355p/kg last week. Similarly the reported average price in Saintfield was 307p/kg, down from 364p/kg last week.

SHEEP TRADE

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



NI Average Weekly Sheep Price (p/kg CW)



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