LMC BULLETIN

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No Immediate Change to In-Spec Incentives

In-spec bonus to remain in place

THERE has been an intense debate in recent weeks about red meat factories' proposed introduction of steeper penalties on out of spec cattle. In February factories had announced plans to apply tougher penalties on prime cattle that had not completed required standstill periods on the finishing farm and that had resided on more than four farms prior to slaughter. Indeed a significant overhaul of all incentives for in-spec cattle was proposed.

It was suggested that the current 8-14p/kg bonus for in-spec cattle would be absorbed into the base quote and that out of spec cattle could be penalised up to £150 per head and this was likely to vary across plants. It was indicated that these changes were to be introduced on 1st April 2014.

These plans have been the cause of contention over the last six weeks, particularly those proposals that relate to standstill and the number of farm residencies. There has been vocal opposition to these proposals from both livestock marts and from some farmer representatives.

No change from 1st April

LMC contacted individual plants on Thursday and Friday of this week for an updated on these proposals. At this stage, it seems certain that there will be no significant change to any processor's current incentive schemes on Tuesday 1st April. In-spec bonuses which range between 8-14p/kg will continue to be paid. There appears to be no immediate prospect of £150 penalties on cattle that have exceeded the number of residencies or not completed the required standstill.

However, LMC understands that most factories remain intent on reducing the volume of out-of-spec cattle by implementing changes to incentives or penalties. Questions remain about the timing of any such changes, and how such penalties / incentives are to be applied at each plant.

Current Situation

At the moment, there is an 8-14p/kg bonus on in-spec cattle in most plants. Some plants award a 10p/kg bonus for cattle that meet the requirements on age, weight, grade and FQAS. A further 4p/kg is then awarded for cattle that meet the requirements on the number of farm residencies.

We understand that for at least one plant receipt of the entire 14p/kg bonus is currently dependent on meeting all aspects of the specification, including age, weight, grade, FQAS, number of farm residencies and standstill periods. Reports indicate that this has been the case since at least the start of the year.

Changes planned in some plants from end of April

LMC understands that one other processor appears likely to adopt this approach from the end of April by making the entire in-spec bonus contingent on meeting *ALL* aspects of the specification, including the residency criteria.

Some of the processors concerned have said that they are not ruling out further changes to their pricing policies should they deem it necessary to reduce the number of out-of-spec cattle.

Meanwhile, It remains to be seen what approach other factories will take. Yesterday, several plants told us they had not decided on the nature or the timing of any changes to pricing policies although in several cases it seems that a change is likely at some stage. There are indications that some plants have not been actively discounting these cattle to date. What they do in the future remains to be seen.

Wider considerations

Amid these ongoing changes to in-spec incentives, it must also be noted that there has been no resolution to the issue of displaying the number of farm residencies in the marts. The combination of these pricing policies and the lack of information about the number of farm residencies at the point of sale places farmers in an difficult position.

At the moment the cattle trade has started to improve with prices on the rise and supplies tightening. There have been reports of producers receiving good deals amid more intense competition between plants for stock. In this environment, factories will be carefully considering the impact of changes to their pricing policies on plant throughput.

Therefore, LMC continue to advise producers to liaise with factory procurement staff to keep up to date with any changes to factory pricing policies. Where possible producers should ensure that their cattle are in-spec and to avoid penalties where possible.

FQAS MART CLINICS TIMETABLE APRIL 2014

LMC's Farm Liaison Officer, Terry White, runs Farm Quality Assurance Scheme (FQAS) mart clinics at a range of Livestock Marts across Northern Ireland.

Terry is present to assist members of FQAS with non-conformances, general scheme queries and any issues prior to, or following, an inspection. Any farmers who wish to join the scheme can also do so through their local FQAS mart clinic.

Terry will be available at the livestock marts listed in the table. For further information call (028) 9263 3024.

LOCATION	DAY	DATE
Omagh	Monday	07/04/2014
Enniskillen	Thursday	10/04/2014
Markethill	Tuesday	15/04/2014
Saintfield	Wednesday	16/04/2014
Kilrea	Wednesday	23/04/2014
Ballymena	Friday	25/04/2014

FQAS NOTICE: ACCEPTABLE DISINFECTANTS FOR FQAS

IT is important for FQAS members to note that Total Farm Disinfectant has been reinstated on the DARD approved list. It was removed from the DARD approved list and thus became unacceptable for use in FQAS. However, DARD appears to have removed this in error based on misinformation from their counterparts in DEFRA (GB) and have now reinstated it.

Table 1 is a list of disinfectants approved by the Department of Agriculture and Rural Development under the Diseases of Animals (Approval of Disinfectants) Order (NI) 2008 specifying the dilutions at which they are respectively approved. Please note that approved dilution rates are expressed as parts water to one part disinfectant. The following disinfectants are approved for Foot and Mouth Disease, TB and General Orders for the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme

DARD APPROVED DISINFECTANTS AS OF 14 MARCH 2014 AND DILUTION RATES (PARTS WATER TO PARTS DISINFECTANT)

DISINFECTANT	FOOT & MOUTH DISEASE	SWINE VESICULAR DISEASE	POULTRY DISEASES	TB	GENERAL ORDERS
FAM	525	400	150	15	110
FAM 30	550	100	100	20	90
FARM FLUID HD (ROW)	700	50	200	15	60
FARMSAN	550	100	100	20	90
NOVAGEN FP	240	---------	80	18	120
TOTAL FARM DISINFECTANT	550	100	100	20	90
VIROPHOR 2.8%	550	150	185	33	50

LMC QUARTERLY

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WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 24/03/14	Next Week 31/03/14
Prime		
U-3	322-328p	324-328p
R-3	316-322p	318-322p
O+3	310-316p	312-316p
* Plus 8-14p/kg in spec bonus where applicable		
Cows		
O+3 & better	230-244p	230-250p
Steakers	130-180p	140-170p
Blues	110-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 22/03/14	Steers	Heifers	Young Bulls
U-3=	337.1	348.1	307.5
U=3=	340.2	346.2	327.9
U=4=	326.4	344.2	-
R=3=	341.6	339.8	305.6
R=4=	336.4	340.3	318.0
O+3=	338.4	329.6	297.8
O=3=	325.8	321.1	293.7
Average	330.6	334.6	298.0

REPORTED COW PRICES NI W/E 22/03/14 (p/kg)

Grades	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
O+3=	-	-	-	255.4
O-3+	-	-	246.0	229.7
P+2+	120.0	206.1	211.0	216.6
P+3+	-	180.0	202.1	221.8
P-1-	120.5	135.6	148.2	-

COMMODITY PRICE

W/E 15/03/14	Price (£) per tonne / 1000litre	% weekly change
Barley	169.50	-0.9
Wheat	190.50	-0.3
Straw	17.00	-1.7
Red Diesel	675-685	-

Deadweight Cattle Trade

THIS week the factories were quoting 322-328p/kg for U-3 grade prime cattle and it is likely that similar quotes will be available next week. Throughput has come under pressre at the plants in recent weeks with reports that better prices are being made for good loads of heifers where producers are shopping around for deals. Factories are quoting 230-250p/kg for O+3 cows.

Last week the NI cattle kill was at its lowest level so far this year. The plants killed a total of 7,100 head. This was 1,600 fewer than the previous week, an 18 per cent decline. The prime cattle kill was down by 1,100 head last week (-16%), with the majority of that decline being the heifer and young bull kill. The cow kill was down by 20 per cent week on week.

Last week, NI factories imported 448 cattle from the south for direct slaughter. Meanwhile 64 cattle, mainly cows, were exported in the opposite direction. Almost 240 cattle were exported from Northern Ireland to GB for direct slaughter.

With numbers tightening the prices reported by the factories for last week were firm. R3 steer prices in Northern Ireland were up by 3p/kg, to 341p/kg. R3 heifer prices fell by 1p/kg. In GB last week, the trade came under a small degree of pressure. R3 steer and heifer prices across GB were down by 1p/kg. However, in Scotland and Southern England, R3 heifer prices increased by 1-2p/kg, while equivalent prices fell by 3p/kg in Northern England and in the Midlands and Wales.

In GB, R3 steer prices are currently 26p/kg higher than NI levels, with a similar gap between GB and NI R3 heifer prices. Scottish R3 steer prices are 36p/kg higher than NI levels with Southern England prices 21p/kg higher than in NI. NI R3 heifer prices are now 2c/kg ahead of the average R3 heifer prices across the EU.

Last week ROI prices generally increased, with R3 steer and heifer prices up by the equivalent of 1.6p/kg and 1p/kg respectively. Cow prices in ROI were more or less unchanged with the exception of P2 cow prices which were up by 3.5p/kg.

At the marts this week first quality finished steers sold to an average of 212p/kg lw, 4p/kg more than last week. Second quality steers sold to an average of 185p/kg, a similar trade to last week. Average finished heifer prices were slightly higher this week in the marts, with an average price of 209p/kg for first quality heifers. The marts reported a strong price for bullocks up to 400kg, with an average price of 236p/kg for first quality stock, up 18p/kg on the previous week. The average price of first quality heifers up to 450kgs was also higher, with prices for heavier stock more or less unchanged week on week.

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

W/E 22/03/2013		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	337.1	327.1	386.7	375.6	374.1	373.2	378.0
	R3	341.4	318.6	377.2	365.1	362.6	362.1	367.4
	R4	340.8	317.4	379.7	379.0	365.4	361.9	373.8
	O3	326.6	302.6	352.1	342.1	341.9	336.4	343.4
	AVG	330.6	-	377.4	368.8	357.7	347.4	364.3
Heifers	U3	347.3	341.6	386.8	373.7	371.6	373.6	377.0
	R3	340.7	327.6	376.2	364.1	362.2	361.6	366.8
	R4	338.5	326.6	378.1	368.5	362.5	359.4	368.4
	O3	326.4	311.7	354.8	344.3	340.8	339.1	345.4
	AVG	334.6	-	378.2	366.7	359.0	348.5	364.9
Young Bulls	U3	309.7	293.4	370.5	348.7	364.4	369.9	357.9
	R3	311.8	286.8	354.7	337.3	348.9	342.0	342.5
	O3	292.1	263.9	329.2	295.0	326.1	336.0	318.8
	AVG	298.0	-	339.2	321.0	335.2	321.0	327.8
Prime Cattle Price Reported		4492	-	6166	5641	5086	3723	20616
Cows	O3	237.7	233.6	256.7	242.2	258.6	246.4	249.5
	O4	244.3	234.4	257.6	249.1	258.8	248.0	252.4
	P2	187.7	194.5	190.8	202.0	215.1	190.0	195.1
	P3	216.2	219.7	214.4	222.5	230.3	222.2	220.4
	AVG	221.3	-	243.8	228.7	250.2	220.8	233.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.64p 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 LIVEWEIGHT CATTLE MART PRICES NI

	1st QUALITY			2nd QUALITY		
W/E 22/03/14	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	205	221	212	160	204	185
Friesians	141	155	145	120	139	132
Heifers	200	215	209	160	199	180
Beef Cows	141	177	157	110	140	125
Dairy Cows	100	127	108	60	99	80
Store Cattle (p/kg)						
Bullocks up to 400kg	215	272	236	175	212	195
Bullocks 400kg - 500kg	218	238	230	170	217	200
Bullocks over 500kg	207	232	214	160	206	185
Heifers up to 450kg	215	224	220	146	214	178
Heifers over 450kg	200	218	208	160	199	180
Dropped Calves (£/head)						
Continental Bulls	280	370	305	180	278	230
Continental Heifers	200	288	230	100	198	150
Friesian Bulls	125	195	140	50	122	80
Holstein Bulls	70	142	95	1	68	35

SHEEP TRADE

HOGGET QUOTES

(P/Kg DW)	This Week 24/03/14	Next Week 31/03/14
NI Factories	430-440p > 22kg	460-470p>22kg
ROI Factories	430>22.5kg	-

REPORTED HOGGET PRICES - P/KG

(P/KG DW)	W/E 08/03/14	W/E 15/03/14	W/E 22/03/14
NI Liveweight	383.9	389.8	408.7
NI Deadweight	421.3	430.7	441.5
ROI Deadweight	399.2	404.7	409.7
GB Deadweight	428.0	448.8	468.0

Deadweight Sheep Trade

THE deadweight sheep trade was strong this week with high prices in the marts driving up factory quotes. At the end of last week top factory quotes were 440p/kg. However. on Monday factories opened quoting 460p/kg. As the week progressed some plants raised quotes to 470p/kg with others paying 480p/kg and more to secure supply. Factory throughput in NI is under pressure with the hogget kill down by 25% (-1,500) head) last week. The ewe kill has also come under pressure. Last week, over 7,000 sheep were exported from NI to ROI.

This weekś marts

THE liveweight hogget trade was strong early in the week with marts reporting strong demand in the rings. In Ballymena there was a large show of 1,520 hoggets with prices ranging from 400-494p/kg. Prices averaged 436p/kg. This was a significant improvement on the previous week when 1,400 hoggets sold to an average of 403p/kg. Similarly in Saintfield, prices ranged 407-480p/kg for 384 hoggets compared to prices of 378-425p/kg the previous week. In Markethill this week, prices for 910 hoggets ranged from 420-472p/kg. This was up from 370-432p/kg last week. Ewe prices have been strong about the marts with top prices well in excess of £100 across almost all marts.

LATEST SHEEP MARTS

From: 22/03/14		Hoggets (P/KG LW)			
To: 28/03/14		No	From	To	Avg
Saturday	Omagh	712	423	471	-
	Donemana	390	410	436	423
	Swatragh	750	406	452	-
Monday	Massereene	1020	410	473	-
	Kilrea	520	430	478	-
Tuesday	Saintfield	384	407	480	-
	Rathfriland	828	405	488	452
	Armoy	384	440	491	-
Wednesday	Ballymena	1520	400	494	436
	Enniskillen	1089	482	507	-
	Markethill	910	420	472	-

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