LMC BULLETIN

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LONG TERM CHANGES IN GB RETAIL MARKET

THE GB retail sector provides the biggest single market for NI origin beef and with UK beef prices currently the highest in Europe it offers a relatively strong return to the NI beef industry. A recent report from Kantar Worldpanel has outlined the effects of the changing retail market environment in the UK and evolving customer requirements.

There have been key changes to the structure of the GB retail sector over the past few decades with the emergence of the big four retailers (Tesco, Asda, Sainsbury's and Morrisons) and a decline in the market share of smaller independent retailers. In 2014 the four major retailers accounted for 75 per cent of retail sales in GB compared to the early 1970's when Asda, Sainsbury and Tesco accounted for about 20 per cent of the market.

In recent years however discounters such as Lidl and Aldi have increased their market share. In 2014 retail sales in Lidl and Aldi accounted for approx eight per cent of the GB retail market compared to around four per cent in 2004.

While the GB retail market has changed over time so has the consumer and their spending habits. In 1963 the grocery spend accounted for 24 per cent of the household income and by 2013 this was reduced to nine per cent. An increasing proportion of the GB household income now goes towards housing and utility bills with transport costs also accounting for a larger share of the household spend.

Reduced consumer confidence as a result of the recession have made consumers re-evaluate their household budgets and to prioritise spending towards essentials. However a recent report from Trading Economics has shown an improvement in consumer confidence to pre-recession levels. Domestic spend per household has been relatively unchanged in recent years with household spend rising in line with inflation. When inflation is considered real wages in 2012 were equivalent to 2003 levels according to the Office of National Statistics.

As the GB economy has developed the retail experience has also undergone change. The latest report from Kantar has indicated that during the period from 1964 to 2014 retail shops have got bigger, there is more promotional activity, chilled food availability has increased and the range of products available in store has notably expanded.

The report also outlines key changes to the markets which the retailers are serving. In 1964 the average GB household sat down to all eat the same home cooked meal at set meal times. However in 2014 the household meal plan is more individually focused with convenience based food becoming more prevalent as people's lives have become busier.

Key demographic changes have also had a profound effect on the retail environment and the needs of the consumer. Figure 2 provides a useful summary of changes to the GB population which have undoubtedly changed the GB retail market.

The general move towards smaller households has coincided with a move away from cooking full meals and instead moving towards convenience and prepared foods. In 2014 51 per cent of food was home cooked compared to 55 per cent in 1980. Food prepared in the microwave accounted for seven per cent of total household food consumption in 1980 and this increased to 12 per cent in 2014.

Figure 1: Changes to demographic structure of GB population 2013 (Source: Kantar)

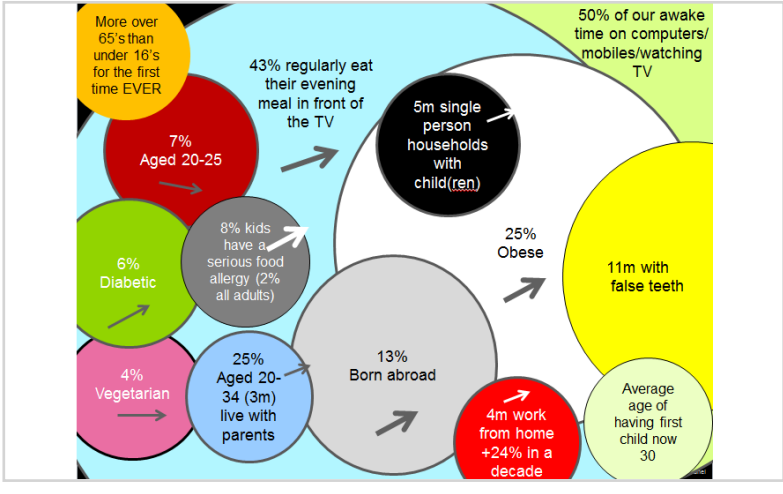
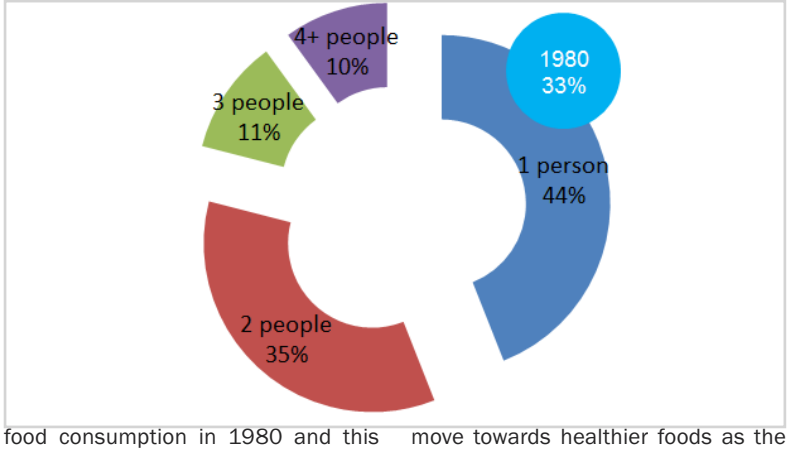


Figure 2: Breakdown of the meals by number of people served 2013 (Source kantar)



The rise in the popularity of prepared and convenience food has resulted in a decline in the amount of time spent in the kitchen. In 1980 the average time taken to prepare the main meal was 60 minutes and by 2013 this was reduced to 32 minutes. It has also become common for several different meals to be prepared at the same time as mealtimes become more focused on the individual.

The report indicates that a more fragmented family has changed the retail landscape and demands of the consumer. As outlined in Figure 2, 44 per cent of meals cooked in GB households are for one person compared to 33 per cent in 1980. Only ten per cent of meals cooked in households were for four or more people in 2014 according to the latest report from Kantar.

In recent times there has also been a move towards healthier foods as the general population becomes more health conscious. A consequence of this has been the increased labelling of food in terms of health information.

In 1995 11 per cent of households regarded health as an important factor when buying food and by 2014 this had increased to 22 per cent. Interestingly in 2013 39 per cent of survey participants indicated that enjoyment from food was important factor when buying food compared to 34 per cent in 1995.

With these key changes to the most important retail market for NI beef it is important that processors and producers work in liaison with the retailers in providing red meat which meets market requirements. With the GB consumer in general having a much busier lifestyle and the move towards more convenience and prepared food it shows the importance of product development in accessing this key market.

IMPROVED WEATHER REDUCES CONCENTRATE FEEDING ON NI FARMS

THE latest animal feed statistics released by DARD have indicated a general decline in the amount of concentrates fed on NI beef and sheep farms during the first nine months of 2014 when compared to year earlier levels.

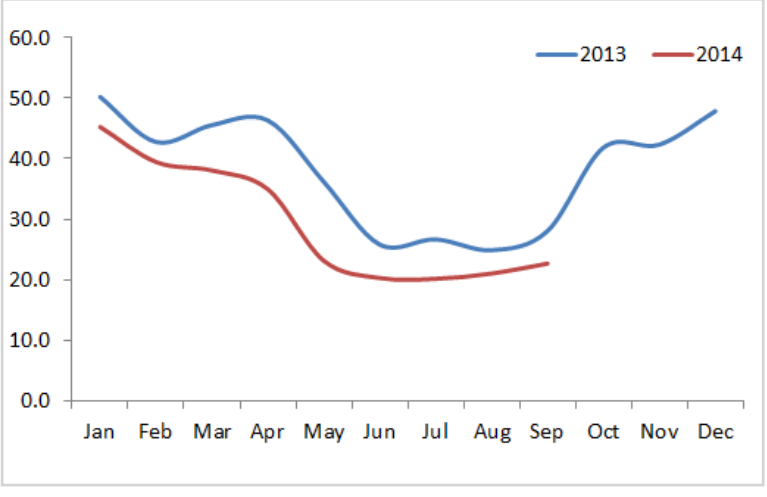
Figure 1 displays the total volume of beef cattle compounds and beef coarse mixes and blends delivered to NI farms from January 2013 to September 2014. The volume of deliveries every month in 2014 to date have been below the corresponding month in 2013.

An earlier spring and good grass growing conditions that continued right through the summer months reduced the need for concentrate feeding on NI farms. In the third quarter of 2014 (July, August and September) a total of 63.8 thousand tonnes of beef concentrates were delivered to NI farms. This was twenty per cent lower than the corresponding period in 2013 when 79.6 thousand tonnes were delivered.

The reduced use of beef concentrates during 2014 to date may also reflect a change in the slaughter mix to some degree, with fewer bulls being fed and farmers opting instead to produce steers.

During the third quarter of 2014 a total of 8.1 thousand tonnes of concentrates for feeding to sheep were delivered to NI farms. In the same period in 2013 a total of 9.5 thousand tonnes were delivered to NI farms, representing a 15 per cent reduction year on year.

Figure 3: Total volume of beef cattle compounds and beef coarse mixes and blends delivered to NI farms from January 2013 to September 2014



FQAS NOTICE ONLINE PAYMENTS

LMC has launched an online payment system for the Farm Quality Assurance Scheme. This allows producers to pay annual membership renewal and initial registration fees through the LMC website.

www.lmcni.com

FARM QUALITY ASSURED
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LMC

FQAS Helpline
If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
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WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 03/12/14	Next Week 08/12/14
Prime		
U-3	344-350p	344-350p
R-3	338-344p	338-344p
O+3	332-338p	332-338p
P+3	284-300p	284-300p
	Including bonus where applicable	
Cows		
O+3 & better	230-250p	230-250p
Steakers	140-170p	140-180p
Blues	120-130p	110-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 29/11/14	Steers	Heifers	Young Bulls
U3	353.3	355.8	333.0
R3	348.8	348.5	330.4
O+3	338.3	336.1	294.6

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 29/11/14	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	129.5	138.9	146.7	165.2
P2	148.6	173.2	192.9	207.2
P3	149.2	196.6	209.7	221.4
O3	-	226.3	220.7	239.1
O4	-	231.7	232.8	241.0
R3	-	-	-	257.2

COMMODITY PRICE

W/E 29/11/14	Price (£) per tonne / 1000litre	% weekly change
Barley	143.50	+0.7
Wheat	152.50	+3.4
Straw	12.14	--

Deadweight Cattle Trade

QUOTES from the meat plants this week were relatively unchanged from previous weeks and ranged from 344-350p/kg for U-3 grade steers and heifers. Next week similar quotes are expected, although several plants have raised quotes within that range of 344-350p/kg. Quotes for O+3 grade cows are expected to range from 230-250p/kg across the plants. Some plants have reported tighter supplies.

The prime cattle throughput in NI plants last week totalled 6,990 head compared to 6,882 head in the corresponding week last year. Prime cattle numbers were similar to the previous week. The cow kill was also higher than in the same week last year with 2,200 cows slaughtered. A major change is the 72 per cent decline in the young bull kill, with the steer kill up by 35 per cent compared the same week last year. This reflect the shift from bull to steer production.

Imports of cattle for direct slaughter from ROI by NI plants last week totalled 700 head. This was up from 650 head the previous week. Last week about 200 head were exported to GB for direct slaughter. This was down from about 270 head the previous week. Around 360 cows were exported from NI to ROI for direct slaughter last week. In the previous week, about 470 cows were exported for direct slaughter to the south. The high level of cow exports reflects the fact that there have been higher prices for cull cows in ROI compared to Northern Ireland.

The average steer price in NI last week was 339.1p/kg, up 0.8p/kg from the previous week while the R3 steer price was up by the same margin to 350.4p/kg. The average heifer price in NI last week was back 1p/kg to 343.2p/kg while the R3 heifer price was unchanged at 349.8p/kg. The average price of R3 young bulls in NI was lower last week but one of the main reasons was an increase in the number of over-age bulls in the slaughter mix. With small numbers of young bulls slaughtered, the lower price of these cattle pulled down the average. The price for under 16 month R3 bulls was only down by about 1p/kg.

Meanwhile in GB last week the deadweight trade for steers and heifers was similar to the previous week. The average heifer price in GB last week was within half a penny of the previous week at 356.6p/kg while the average steer price was unchanged at 355p/kg. Average steer and heifer prices were generally unchanged or slightly lower than the previous week across different GB regions with the exception of Southern England where the average steer price increased by 3.2p/kg to 335.1p/kg and the average heifer price increased by 3.6p/kg to 336p/kg.

Tighter supplies of cattle have helped to improve the deadweight trade for prime cattle in ROI with the R3 steer price last week up by 5c/kg and the R3 heifer price up by 6c/kg. With a slight decline in the value of the euro, R3 steer and heifer prices were up by 2p/kg and 3p/kg respectively in sterling terms.

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

W/E 29/11/2014		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	353.7	308.3	386.5	363.5	361.5	361.5	369.5
	R3	350.4	298.9	378.6	355.3	351.0	349.6	360.1
	R4	347.0	297.8	381.1	369.3	351.0	347.7	366.7
	O3	335.1	282.8	359.3	338.7	323.6	324.1	338.1
	AVG	339.1	-	377.1	357.4	337.8	335.1	355.0
Heifers	U3	356.2	317.0	388.4	367.5	366.3	364.6	373.1
	R3	349.8	307.2	376.0	355.3	355.1	347.6	360.0
	R4	346.7	306.4	378.6	359.6	353.7	347.4	362.3
	O3	335.6	292.4	358.7	338.2	319.7	320.4	337.3
	AVG	343.2	-	376.6	356.2	343.0	336.0	356.6
Young Bulls	U3	333.6	300.2	382.5	337.6	349.8	351.8	349.1
	R3	328.5	295.1	368.4	326.3	327.9	334.3	333.7
	O3	293.7	276.0	330.5	294.5	309.1	310.2	307.2
	AVG	313.2	-	349.0	313.0	310.7	313.8	317.0
Prime Cattle Price Reported		5530	-	6242	5637	5142	3818	20839
Cows	O3	236.7	246.2	236.2	229.4	219.9	214.3	226.2
	O4	240.5	248.3	242.0	231.3	228.9	218.9	231.2
	P2	195.4	215.4	176.4	180.7	176.0	160.4	174.0
	P3	217.0	237.1	193.3	205.9	201.3	192.9	198.4
	AVG	206.9	-	225.5	204.2	188.4	184.8	202.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.26p 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 29/11/14	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	193	206	199	155	186	177
Friesians	168	174	172	155	165	161
Heifers	197	215	202	148	189	176
Beef Cows	142	211	166	110	141	125
Dairy Cows	110	149	125	70	108	85
Store Cattle (p/kg)						
Bullocks up to 400kg	209	224	219	135	205	165
Bullocks 400kg - 500kg	202	217	208	145	200	172
Bullocks over 500kg	191	206	200	150	190	170
Heifers up to 450kg	195	214	204	150	194	175
Heifers over 450kg	190	211	200	155	189	172
Dropped Calves (£/head)						
Continental Bulls	280	388	330	180	278	230
Continental Heifers	250	340	280	140	248	190
Friesian Bulls	150	225	180	50	148	100
Holstein Bulls	70	140	100	2	68	35

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 03/12/14	Next Week 08/12/14
Lambs	380-385>22kg	380-385>22kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 15/10/14	W/E 22/11/14	W/E 29/11/14
NI Liveweight	335.2	345.2	354.0
NI Deadweight	358.0	367.2	373.8
ROI Deadweight	361.4	370.6	369.0
GB Deadweight	385.6	396.1	400.5

Deadweight Sheep Trade

IN Northern Ireland the deadweight sheep trade has continued to improve with supply tightening. Last week the domestic lambs kill was down by 20 per cent, with 7,100 lambs slaughtered. This is the lowest weekly lamb kill since May. The reduced lamb kill has been offset to a degree by an increase in the cull ewe kill last week. Live exports of sheep to ROI were five per cent lower last week, with just under 50 per cent of Northern Ireland sheep slaughtered in the south last week. The increase in the average NI price last week to 374p/kg reflected the increase in quotes in the last week of November. In GB, lamb prices increased to a similar extent, with prices there now reported to be slightly over 400p/kg.

This Week's Marts

PRICES have been steady in the marts this week with some marts recording larger sales than in previous weeks. On Wednesday Ballymena had a large show of over 2100 lambs, up from the previous week when 1652 head went through the ring. Lambs sold to an average price of 344p/kg, similar to the previous week. The sale in Marketkill was similar to the previous week with 1220 lambs selling to an average of 347p/kg. In Armoy 886 lambs sold to an average of 340p/kg with large numbers of heavy lambs through the rings selling from £85-90. There was a strong ewe trade this week with top prices for stock ranging from £90-105.

LATEST SHEEP MARTS

From: 29/11/14 To: 05/12/14		Lambs (P/KG LW)			
		No	From	To	Avg
Saturday	Donemana	1270	347	390	-
	Swatragh	845	332	406	-
	Omagh	1713	335	386	-
Monday	Massereene	820	340	366	-
	Kilrea	490	336	390	-
Tuesday	Saintfield	683	324	420	-
	Rathfriland	1453	332	418	351
Wednesday	Ballymena	2114	330	378	344
	Enniskillen	585	339	371	-
	Markethill	1220	330	365	347
	Armoy	886	-	-	340

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