

NI SHEEP INDUSTRY KEY PERFORMANCE INDICATORS: SEPTEMBER 2012

LAMB slaughterings in Northern Ireland in September 2012 totalled 44,137 head, a 46.4 per cent increase on the 30,152 lambs killed in September 2011 as indicated in Table 1. This increase is fairly indicative of the situation for 2012 so far with slaughterings in NI for the year to date running 44 per cent ahead of 2011 levels.

This huge increase in throughput when comparing September 2011 and September 2012 has come on the back of a growth in the breeding sheep flock. The preliminary DARD census figures for June 2012 have indicated a four per cent increase in the number of breeding ewes in NI. This growth was a result of an increased confidence in the sheep sector due to higher returns last year.

However when considering the increase in the supplies of lambs between 2011 and 2012 it is important to remember that there was a particularly poor lamb crop in 2011 due to a combination of a hard winter and a wet spring. This has made the increased lamb production experienced in 2012 appear even greater. The reduction in lamb supply in 2011 led to higher lamb prices and encouraged producers to increase the number of ewes put to the ram in autumn 2011. This has led to the increased lamb crop in 2012.

Live exports for direct slaughter in ROI in September 2012 were fairly similar to the previous September (-0.9 per cent) at 48,068 head. The increase in lamb slaughterings in Northern Ireland for the month of September can

therefore be viewed primarily as a result of an increase in domestic production rather than a consequence of a reduction in live exports for direct slaughter.

However for the year to date lamb exports to ROI have been 315,942 head, 12.9 per cent behind the number exported in the same period last year. The euro/sterling exchange rate is a key factor in driving the level of this cross border trade and the reduction in the value of the euro between 2011 and 2012 have made NI lambs more expensive for the processors in ROI. However exports of lamb for direct slaughter in ROI have shown marked increases in recent weeks. Last week the number of lambs exported increased by just over 1,600 head on the previous week to 14,251, the highest level since October 2010.

As with most businesses the price of the product is fundamentally driven by supply and demand. Prices for lambs last year where uncharacteristically high due to a scarcity of lamb in both the UK and Ireland and this year, as production levels have increased the average deadweight price has come back. The NI deadweight price has fallen to below 2010 levels in recent weeks as indicated in Figure 1. Increased production can therefore be viewed as a contributory factor to the decline in the deadweight price. Total lamb production in NI for the year to date has been just over 5809 thousand tonne, a 43.8 per cent increase on the same period in 2011.

Table 1 indicates that the average deadweight lamb price for September

2012 was 341.9p/kg, an 8.8 per cent reduction on the value in September 2011. With a deadweight lamb price in NI last week of 330.1p/kg the prices paid are now below 2010 levels as shown in Figure 1. This reduction in the value of finished lambs year on year has come at a time when costs of production have been on the increase and margins of finishing lambs squeezed due to the poor weather conditions and increasing concentrate costs.

The plants have indicated strong supplies of lambs to fulfil their orders and this has been shown with the increasing kill in the past few weeks. Some plants have also reported that the poor weather conditions this summer have led to an increase in the number of lambs being presented for slaughter under-fleshed. Significant penalties of up to 50p/kg are in place for under-fleshed lambs and this could be a factor in dragging down the average price. For this reason producers should be aiming to finish lambs within market specifications (with 3's and 4's in cover). In line with this reported trend there has been a decrease in average carcase weights from 22kg in September 2011 to 21kg in September 2012.

For September 2012 the average lamb price in GB was 395.5p/kg, 53.6p/kg higher than the price paid in NI. With an average deadweight price of 366.1p/kg in GB last week the differential between deadweight lamb prices in NI and GB was 36.5p/kg. This differential has been over 50p/kg for much of the summer and early autumn due to reduced availability of lambs in GB compared to previous

years. As a result 2,500 lambs were exported from NI to GB for direct slaughter earlier in the summer to avail of the higher prices available. The deficit in lamb numbers on the mainland was attributed by EBLEX to the poor weather conditions slowing down the finishing process and this helped to hold up the deadweight lamb price. The NI/GB differential has been greatly reduced in recent weeks as increasing supplies of lambs have become available for slaughter

Meanwhile the latest Kantar data for August 2012 has indicated a two per cent increase in the volume of lamb sold in GB to 4,753 tonne when compared to September last year. This is primarily due to increased promotion on leg roasting joints which has seen sales increase by 30.1 per cent when compared to September 2011. Sales of lamb frying and grilling steaks have also performed well, increasing by 10.5 per cent over the same period. However sales of shoulder roasting joints and lamb chops are back 18.9 per cent and 8.8 per cent respectively compared to September 2011. This increase in volume sales between the two four week periods has coincided with a decrease in the average price, down five per cent to £8.52/kg. This decline in the average price has seen total expenditure on lamb decline by two per cent when compared to September 2011.

If we consider the Kantar data for the 52 weeks ending in September 2012 the volume of lamb sold in GB has declined by two per cent. This compares to a four per cent contraction in beef sales and a two per

cent reduction in pork sales. One explanation for the reduction in sales of all three meats could be the higher retail prices. Lamb retail prices increased by 37p/kg to £8.46 when compared to the 52 week ending September 2011 and this helped to increase the value of retail lamb sales by three per cent year on year.

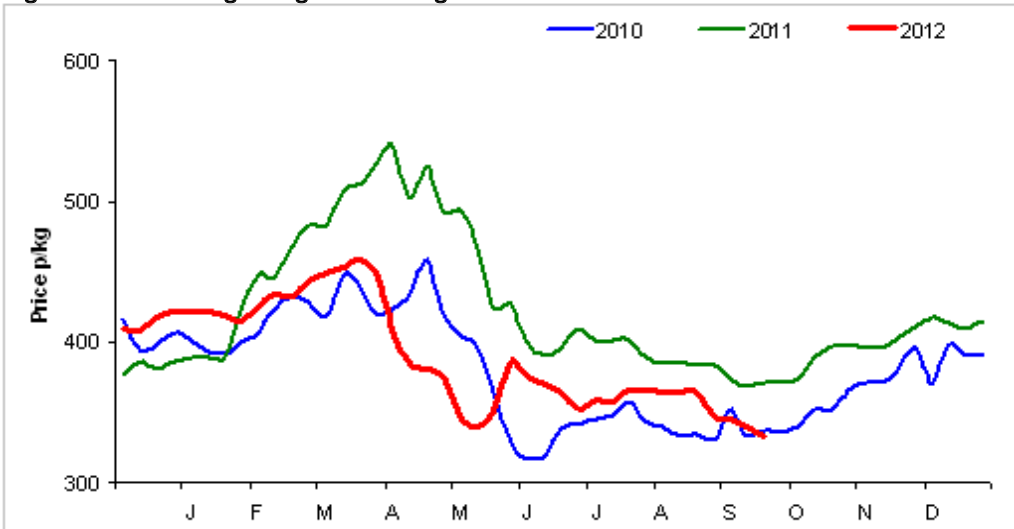
In NI, for the period from June to September 2012, the combination of domestic throughput and exports for direct slaughter are running 11 per cent ahead of the same period last year. This marked increase in slaughterings will reduce the availability of lambs on the ground and could potentially lead to a reduction in the availability of lamb later in the season.

It is also worth considering that an increase in demand for lamb is expected in the next few weeks with the Eid al Adha Muslim festival on October 26th as well as the usual seasonal uplift as we move into the winter months.

Quotes from the plants for lambs have been coming under pressure in recent weeks with the supply of lambs outstripping market demand. This expected increase in demand in the coming weeks combined with the potential of a reduced lamb supply over the next few months may help stabilise the current lamb market. The plants are currently quoting 335p/kg for R3 grading lambs and are paying up to 21 kg. It remains to be seen if the expected uplift will materialise

Table 1: NI Sheep Industry Key Performance Indicators: September 2012

	Sep-11	Sep-12	% Change
Sheep Prices (p/kg)			
Average Deadweight Price	374.9	341.9	-8.8%
Average Liveweight Price	349.6	302.8	-13.4%
Average Weekly Price (GB)	380.8	395.5	+3.9%
Slaughtering			
Total Hoggets & Lambs Slaughtering (Head)	30,152	44,137	+46.4%
Total Ewes & Rams Slaughtering (Head)	4,334	4,063	-6.3%
Average Hogget & Lambs Carcase Weight (kg)	22	21	-2.7%
Average Ewe & Rams Carcase Weight (kg)	28	27	-4.7%
Trade (Head)			
Live Imports for Direct Slaughter	0	0	0.0%
Live Exports for Direct Slaughter	48,504	48,068	-0.9%

Figure 1: Chart showing Average NI Deadweight Lamb Prices 2010-2012

All NI Figures Unless Otherwise Stated

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 08/10/12	Next Week 15/10/12
Prime		
U-3	310-312p	310-312p
R-3	304-306p	304-306p
O+3	298-300p	298-300p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	260-275p	260-275p
Steakers	180-245p	180-245p
Blues	160-180p	160-180p

REPORTED NI CATTLE PRICES - P/KG

W/E 06/10/12	Steers	Heifers	Young Bulls
U-3=	317.6	326.7	313.4
U=3=	327.8	325.9	314.6
U=4=	311.1	323.5	-
R=3=	322.1	320.6	310.1
R=4=	311.9	317.9	304.0
O=3=	300.2	298.6	292.3
O+3=	315.5	312.5	302.3
Average	308.5	310.8	301.1

REPORTED COW PRICES NI W/E 06/10/12

Grades	Price (p/kg)	Avg Wgt
O+3=	273.0	319.1
O-3+	257.9	315.8
P+2+	242.6	298.7
P+3+	252.2	324.2
P-1-	173.5	222.7

COMMODITIES

COMMODITY PRICE

W/E 13/10/12	Price (£) per tonne / 1000litre	% weekly change
Barley	197.00	-0.51
Wheat	213.50	+0.70
Soya	484.00	+0.62
Straw	16.00	-
Red Diesel	715-750	-

Deadweight Cattle Trade

QUOTES for U-3 grade prime cattle have remained in the range of 310-312p/kg this week with the majority of plants quoting 310p/kg for steers and 312p/kg for heifers. One plant continues to quote 312p/kg for both steers and heifers. There have however been reports of loads of good heifers getting 314p/kg in some plants and with average U3 steer and heifer prices in NI last week 320.9p/kg and 325.1 p/kg respectively there is an indication that some producers are receiving more than quoted prices, even when the 8p/kg in spec bonus for qualifying cattle is considered. Quotes for cows have remained in the range of 260-275p/kg.

The plants are anticipating good supplies of cattle for the next few weeks and after that supply is expected to tighten. Prime cattle slaughterings in NI last week totalled 7,728 head, an increase of 577 on the previous week. There were 1,064 prime cattle imported from ROI last week for direct slaughter, accounting for 13.8 per cent of the prime kill. Meanwhile 320 cattle were exported to GB for direct slaughter. The cow kill last week was 2,369 head, an increase of 518 head on the same week last year (+28 per cent).

Average steer and heifer prices in NI last week came back in the region of 1p/kg to 308.5 and 310.8p/kg respectively. Meanwhile average prime cattle prices in GB were fairly similar to the previous week in all the regions. The biggest change in average prices was in the Midlands where the steer price increased by 1.3p/kg to 346.1p/kg. The O3 young bull price in Southern England showed the biggest increase of all the grades across the regions, up 9.6p/kg to 325.1p/kg.

Prices in ROI came back in the region of 3-5c/kg for the majority of grades but a slight strengthening in the value of the euro against sterling meant this was a 1-2p/kg reduction in prices paid in sterling terms. One price that showed an increase was for U3 steers which increased by 1.7p/kg to 308.5p/kg. This was 12.4p/kg lower than the equivalent price in NI last week.

This week's marts

THE trade for finished heifers through the ring this week has shown a slight improvement on last week with first quality heifers selling in to an average of 188p/kg, a 7p/kg increase on last week. The trade for plainer type heifers meanwhile was up in the region of 5p/kg to 170p/kg. The cull cow trade has remained fairly similar to the previous week.

The trade for stronger store bullocks has shown an improvement on last week with good 400-500kg bullocks selling to an average of 210p/kg compared to 196p/kg last week. Prices for second quality bullocks in the same weight range also improved, increasing by 9p/kg to 190p/kg. Store heifers over 450kg were a similar trade to last week with average prices for heifers up to 450kg back around 12p/kg. Trade for 400-500kg store bullocks was back by a similar amount.

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

W/E 06/10/2012	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	320.9	308.5	366.5	358.6	361.4	360.9
	R3	319.9	297.6	361.9	356.3	348.6	348.5
	R4	314.6	297.3	364.7	360.6	350.4	342.3
	O3	305.1	283.1	354.3	345.5	332.9	318.3
AVG	308.5	-	361.8	353.1	346.1	322.6	348.0
Heifers	U3	325.1	319.8	367.3	358.4	358.2	358.4
	R3	320.9	308.9	361.7	352.0	348.9	345.4
	R4	317.4	307.8	362.7	352.6	349.2	345.6
	O3	304.6	293.8	350.6	339.4	337.8	329.9
AVG	310.8	-	360.9	347.1	346.5	335.7	348.9
Young Bulls	U3	314.6	308.0	355.0	347.5	352.0	346.4
	R3	309.8	299.5	349.1	336.9	341.5	323.8
	O3	295.5	284.5	330.1	319.2	320.1	325.1
	AVG	301.1	-	342.8	331.5	337.9	320.1
Prime Cattle Price Reported	5831	-	6518	6456	5786	4651	23411
Cows	O3	264.6	250.1	273.5	269.3	279.3	263.3
	O4	266.4	251.2	283.7	273.1	275.4	268.2
	P2	231.0	224.7	212.2	219.6	236.8	223.5
	P3	250.6	244.3	245.9	252.7	246.4	235.0
AVG	234.3	-	265.4	235.7	260.6	225.0	244.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=80.14p Stg
(ii) Shading indicates a lower price than the previous week.

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 06/10/12	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	188	200	190	165	187	176
Friesians	139	170	148	110	138	125
Heifers	180	205	188	160	179	170
Beef Cows	142	180	153	115	140	133
Dairy Cows	102	128	109	80	101	90
Store Cattle (p/kg)						
Bullocks up to 400kg	185	212	194	165	184	175
Bullocks 400kg - 500kg	202	220	210	180	200	190
Bullocks over 500kg	185	197	188	170	184	177
Heifers up to 450kg	170	185	177	150	169	160
Heifers over 450kg	170	190	180	150	169	160
Dropped Calves (£/head)						
Continental Bulls	230	350	260	160	228	195
Continental Heifers	200	365	250	130	198	165
Friesian Bulls	135	275	155	50	132	85
Holstein Bulls	80	120	100	1	78	35

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 08/10/12	Next Week 15/10/12
NI Factories	330-335p	335p
ROI Factories	330-335p	335p

Notes: (i) Lambs up to 21kg
(ii) ROI prices converted at 1 euro=80.14p Stg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 22/09/12	W/E 29/09/12	W/E 06/10/12
NI Liveweight	300.9p	296.0p	290.4p
NI Deadweight	340.1p	334.3p	330.1p
ROI Deadweight	345.0p	338.3p	341.5p
GB Deadweight	386.2p	378.9p	366.1p

Deadweight Sheep Trade

QUOTES from the factories this week were 335p/kg for R3 grading lambs with similar quotes expected on Monday. The plants have been reporting strong supplies of lambs with last weeks lamb kill totalling 10,202 head. This was a reduction of 1,800 head on the previous week.

The average deadweight price in NI last week was back 4.2p/kg to 330.1p/kg while in GB the deadweight price came back 12.8p/kg to 366.1p/kg. This decline is likely to be caused by an increase in lamb supplies in GB in recent weeks after tight supplies for most of the summer. The lamb kill in GB last week was 10 per cent ahead of the same week last year. Exports of lamb to ROI increased by just over 1,600 head to 14,251 last week with an average ROI deadweight price of 341.5p/kg (426.2c/kg).

This week's marts

THE trade across the marts early this week was generally quieter than last week. In Kilrea on Monday 520 lambs sold to an average of 287p/kg compared to 670 lambs selling to an average of 293p/kg last week. However a slightly better trade was reported as the week progressed with lambs in Rathfriland on Tuesday selling to an average of 296p/kg compared to 291p/kg last week. In Ballymena on Wednesday lambs sold from 282-308p/kg (av 293p/kg) compared to 280-313 (av 287p/kg) the previous week. The strong trade for cull ewes has continued across all the marts with a top price of £88 for well fleshed ewes in Omagh on Saturday.

LATEST SHEEP MARTS

From: 06/09/2012 To: 11/10/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	1091	292	386	-
Monday	Kilrea	520	-	-	287
	Massereene	1434	290	316	-
Tuesday	Saintfield	790	284	310	294
	Armoy	412	280	303	293
	Rathfriland	714	285	327	296
Wednesday	Ballymena	1525	282	308	293
	Enniskillen	717	304	335	-
	Markethill	730	288	303	292
	Newtownstewart	330	285	300	294

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