LMC BULLETIN
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NI COW KILL UP 4.5 PER CENT

WITH autumn approaching we are moving towards the peak cow slaughtering period in NI so it is perhaps a useful time to look at the cow kill for 2013 to date. In the period January to July 2013 a total of 50,922 cows were slaughtered in NI plants compared to the 48,740 head slaughtered in the corresponding period in 2012. This represents a 4.5 per cent increase in cow throughput for the year to date.

This increase in throughput has been offset to some degree by a drop in average carcase weights from 300.7kg in the 2012 period to 296.4kg in the 2013 period. This drop by 4.3kg represents a 1.5 per cent drop in average carcase weights year on year. Chart 1 outlines the proportion of cows within a range of carcase weight categories during July 2013 and the corresponding period in July 2012.

As indicated in Chart 1 the most notable decline has been the drop in the proportion of cow carcases over 340kg from 26 per cent of the price reported cow kill during July 2012 to 22 per cent during July 2013. Meanwhile the proportion of carcases falling within the 260-280kg, 280-300kg and 300-320kg weight ranges each increased in the region of two percentage points year on year. The processors have a preference for cows which will kill out with carcase weights in excess of 300kg. Current base quotes from the plants are for O+3 and better grading cows and the price paid for all other grades of cows are worked out from here. The prices paid for cows tend to be based on both the grade and carcase weight of the cows presented for slaughter.

For the purposes of analysis the average prices paid for O3 and P2 cows during July 2013 across the range of carcase weight brackets have been displayed in Chart 2. The chart clearly indicates that the price paid for both grades increased as the carcase weight increased up until the 300-340kg weight range. The average price paid per kg for cow carcases over 340kg showed a slight drop when compared to the price paid for cattle in the 320-340kg carcase weight range for both grades.

Table 1: Average price paid for cows July 2013 by grade

Grade	Price
P1	192.7
P2	252.7
P3	280.1
O2	278.6
O3	299.8
O4	303.1
R3	317.1
R4	317.5

Table 1 outlines the average price paid for the most common grades of cows during the month of July 2013. There is a gradual increase in the average price paid as the carcase grade improves. This is unsurprising given that better quality carcases can be utilised by the processors to fulfil a wider order base.

It is also worth noting that there has been a change in the make up in the NI cow kill year on year. In July 2013 54 per cent of the price reported cow kill were of suckler origin compared to 45 per cent in July 2012. This increase in the proportion of the cow kill sourced from the suckler herd has resulted in an improvement in the grading results of the cow kill. The proportion of cows achieving an O3 grade increased from 13.4 per cent in July 2012 to 20.7 per cent in July 2013 while the proportion of cows achieving an R3 grade increased from 5.1 per cent to 7.9 per cent between the two periods.

Meanwhile the proportion of cows awarded a P grade showed a decline year on year to coincide with the decline in dairy influence in the cow kill. The increasing proportion of the cow kill sourced from the suckler herd may be one explanation for the average cow carcase weight not declining to the same degree as the prime cattle kill. As previously mentioned the average cow carcase weight for the period January-July 2013 was back 4.3kg on the same period the previous year while the average prime cattle carcase weight declined by 14kg between the same two periods.

The increase in the proportion of suckler cows in the NI cow kill year on year should be of concern to the NI beef industry as a whole moving forward. The increased number of suckler cows being slaughtered during 2013 to date is likely to be a knock on effect of the difficult production conditions experienced by producers during 2012/13, the negative impact this had on cow fertility and subsequently the number of calves produced. The current high

Chart 1: Proportion of cows within each weight category July 2012/13

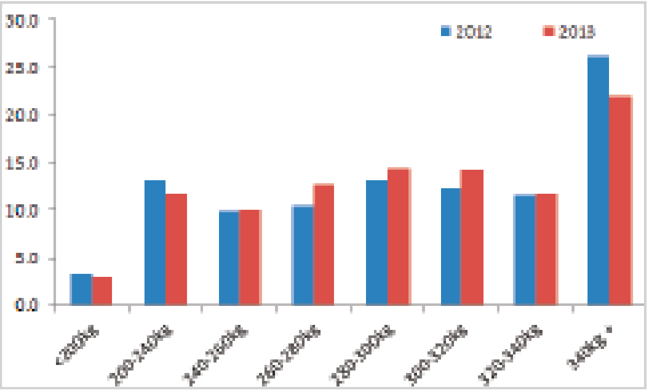
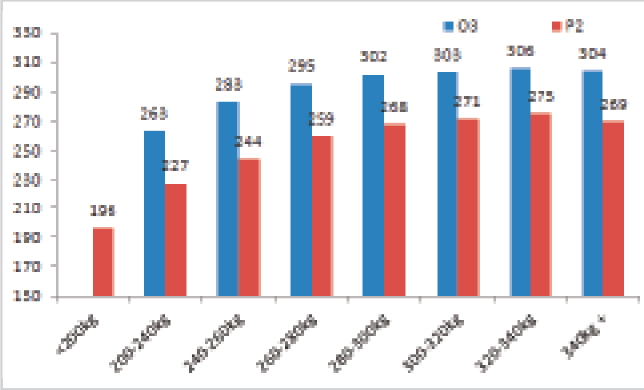


Chart 2: Average price for O3 and P2 cows by weight range July 2013



costs of maintaining a suckler cow and relatively high cow beef price will have encouraged producers to cull unproductive or underperforming cows.

It is also worth noting that the number of heifers being slaughtered in NI plants during 2013 to date has totalled 73,739 head, an eight per cent increase on the 68,592 heifers slaughtered in the corresponding period in 2012. This may indicate that fewer heifers are being retained for breeding which is particularly concerning given the increase in the number of cows being killed.

IMS ECONOMICS WORKSHOP: CO KILKENNY
GROWING BEEF DEMAND IN CHINA

A key message from the IMS Economics Workshop recently held in Co Kilkenny was the increasingly important role of China on the global meat market, with particular emphasis placed on its importance on the global beef industry. The workshop is an annual event organised at different locations across the world aimed at economists, analysts and other professionals with expertise in the meat and livestock sector.

Beef production in China is widely spread across the country but with the two most important beef production regions being the North and Northeast. The Chinese beef industry experienced strong growth between 1978 and 2006 and this was followed by a period of contraction and falling beef production from 2006 to 2012. This fall in production was driven by a lack of profitability in small scale backyard beef production which had been the major source of cattle for the Chinese beef industry.

This decline in production occurred despite beef being the most expensive of the major meats. Other important factors in the decline in beef production were high grain prices and concerns about the over grazing of grasslands. These factors encouraged movements away from beef production towards dairy production and where conditions allowed the production of other crops.

Consumption of beef in China has shown a gradual increase since 2011 with demand for beef products increasing as the Chinese population becomes increasingly affluent. After a period of decline in beef production between 2006 and 2011 the levels of beef production in China have remained fairly constant between 2011 and 2013.

With a growing demand for beef and no increase in domestic production China has become reliant on imports to meet demand. The demand for beef has grown further in China on the back of safety scares in pork and poultry production. This increased consumer demand and high beef prices have led to a renewed interest in beef production in recent times in China but in the form of larger scale, more efficient production systems.

Australia currently dominates the beef import market in China with 20,000 tonnes of frozen beef imported into China in 2011. There are however signs of Uruguay increasing their share of this lucrative market. Imports are primarily high quality cuts of beef to meet China's growing demand for beef muscle cuts with imported beef tending to be the best quality of beef available on the Chinese market. These high value imports can compete against domestic produce due to tight supplies and the high domestic beef price.

With a rapidly growing Chinese population that reached 1.4 billion people in 2012 and with beef consumption reaching 4.9kg/person/year any domestic growth in beef production will be unable to meet the growing consumer demand for beef in China. Increasing demand led to imports of beef increasing from 26.7 thousand tonne in 2011 to 70.6 thousand tonne in 2012 and can be expected to grow further in the future as demand outstrips domestic supply.

FQAS NOTICE
ONLINE PAYMENTS

LMC has recently 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 NORTHERN IRELAND

FQAS Liaison Officer Mart Clinics Timetable

Markethill	Tuesday	20/08/2013
Kilrea	Wednesday	28/08/2013
Ballymena	Thursday	29/08/2013

LMC

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

Answerphone Service
Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service
Free Price Quotes sent to your mobile phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 12/08/13	Next Week 19/08/13
Prime		
U-3	354-356p	350-352p
R-3	348-350p	344-346p
O+3	342-344p	338-340p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	285-295p	274-285p
Steakers	250-270p	250-270p
Blues	180-185p	180-185p

REPORTED NI CATTLE PRICES - P/KG

W/E 10/08/13	Steers	Heifers	Young Bulls
U-3=	377.8	381.1	359.4
U=3=	372.9	379.2	362.0
U=4=	363.2	352.0	-
R=3=	370.9	378.8	356.4
R=4=	379.4	372.3	-
O+3=	373.1	383.1	344.4
O=3=	366.2	374.1	341.6
Average	365.3	370.4	348.0

REPORTED COW PRICES NI W/E 03/08/13

Grades	Price (p/kg)	Avg Wgt
O+3=	305.3	318.1
O-3+	286.5	311.1
P+2+	272.8	286.2
P+3+	275.8	288.2
P-1-	186.6	219.6

COMMODITY PRICE

W/E 03/08/13	Price (£) per tonne / 1000litre	% weekly change
Barley	163.50	-1.2
Wheat	177.50	-1.4
Straw	20.00	-
Diesel	715-725	-

Deadweight Cattle Trade

QUOTES from the NI plants this week for U-3 grade prime cattle were 354-356p/kg with the 8p/kg bonus available for steers and heifers that kill out in spec. Quotes for O+3 grade cows have remained fairly steady this week at 285-295p/kg. Quotes for Monday are 350-352p/kg for prime stock and 274-285p/kg for O+3 grade cows. Throughput of prime cattle in the NI plants last week was up 426 head on the previous week at 5,722 head with 1,720 cows also slaughtered. Imports of prime cattle from ROI for direct slaughter last week totalled 556 head with 95 cows also imported. Meanwhile 109 cows were exported from NI for direct slaughter in ROI plants. Exports of prime cattle to GB for direct slaughter last week totalled 115 head with 69 cows also exported.

Early last week there was a drop in the prices being quoted by the plants for U-3 grade prime cattle to 360-362p/kg, 8-10p/kg less than the previous week. Despite this fall in base quotes the average price paid for U-3 steers last week was 377.6p/kg. Assuming that all U-3 steers qualified for the 8p/kg bonus, which is unlikely, the price paid was still 7.6p/kg higher than the highest quote (362p/kg) would suggest. The average U-3 heifer price last week was 378.4p/kg.

Prices in GB have come under pressure over the past number of weeks but the prices being paid for prime cattle still remain well above NI prices. The average steer price in GB last week was 390.4p/kg, back 5.1p/kg on the previous week while the average heifer prices were back 6.2p/kg to 387.2p/kg. Average prices recorded a decline in all of the GB regions for steers, heifers and young bulls last week with reports of retail sales struggling with the continuing warm weather. There are however reports of cattle supplies remaining tight across GB with strong demand for quality assured product.

Meanwhile prices continued to come under pressure in ROI last week with the R3 steer price back the equivalent of 4.6p/kg to 348.9p/kg while the R3 heifer price was back 2.7p/kg to 361.2p/kg. However the beef trade has reportedly steadied in ROI this week with ideal grazing conditions and good grass growth taking the pressure off producers to sell stock with reduced supplies reported as a result.

This week's marts

FINISHED first quality steers sold to an average of 210p/kg liveweight in the marts this week with second quality selling to an average of 185p/kg. The trade for finished first quality heifers was back on last week to 206p/kg (-7p/kg) while the trade for second quality heifers showed an improvement to 180p/kg (+10p/kg).

A general improvement in the trade for store cattle saw first quality bullocks up to 400kg sell from 202-225p/kg (avg 213p/kg) compared to 191-234p/kg (avg 208p/kg) last week. First quality bullocks over 500kg sold to an average of 207p/kg this week with second quality steers in the same weight range selling to an average of 183p/kg. Heifers up to 450kg sold to 214p/kg for first quality and 188p/kg for second quality.

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

W/E 10/08/13		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	376.3	357.5	413.2	390.6	394.3	385.9	397.2
	R3	373.9	348.9	408.7	396.1	384.8	372.7	391.4
	R4	373.6	349.4	414.6	402.8	383.9	379.9	398.8
	O3	364.0	333.0	392.2	390.0	371.8	355.1	380.2
	AVG	365.3	-	409.0	395.7	380.2	366.6	390.4
Heifers	U3	380.5	374.0	412.7	394.6	403.9	384.8	401.0
	R3	375.8	361.2	404.3	385.8	382.7	369.8	387.2
	R4	374.7	360.4	409.7	389.2	385.3	376.6	392.2
	O3	371.3	342.3	382.1	368.0	366.0	352.6	368.3
	AVG	370.4	-	405.6	387.7	380.9	365.3	387.2
Young Bulls	U3	359.6	349.8	407.2	373.1	381.3	381.6	381.8
	R3	357.5	340.1	398.0	360.4	371.1	366.9	369.7
	O3	339.7	312.7	367.0	345.1	343.5	340.9	346.8
	AVG	348.0	-	396.4	358.3	364.2	353.4	363.7
Prime Cattle Price Reported		3912	-	6771	5925	5377	4070	22143
Cows	O3	293.2	270.4	292.0	283.3	269.8	258.7	277.9
	O4	297.8	274.0	294.1	281.0	276.1	259.3	278.5
	P2	252.2	237.4	222.2	223.3	230.3	208.8	218.5
	P3	273.7	260.6	241.1	246.1	230.5	224.9	237.5
	AVG	274.3	-	280.8	251.8	257.2	217.1	249.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.26p 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

W/E 03/08/13	1st QUALITY From	To	Average	2nd QUALITY From	To	Average
Finished Cattle (p/kg)						
Steers	202	220	210	170	201	185
Friesians	154	172	163	109	153	127
Heifers	195	230	206	165	194	180
Beef Cows	155	209	170	115	154	130
Dairy Cows	120	147	125	85	119	102
Store Cattle (p/kg)						
Bullocks up to 400kg	202	225	213	170	201	188
Bullocks 400kg - 500kg	210	253	221	180	209	194
Bullocks over 500kg	192	225	207	173	191	183
Heifers up to 450kg	203	228	214	162	202	188
Heifers over 450kg	200	230	212	160	199	180
Dropped Calves (£/head)						
Continental Bulls	200	340	270	120	198	160
Continental Heifers	185	280	220	100	182	142
Friesian Bulls	85	105	100	20	82	50
Holstein Bulls	20	50	35	1	18	10

SHEEP TRADE

LAMB QUOTES		
(P/Kg DW)	This Week 12/08/13	Next Week 19/08/13
NI Factories	400-410p	390-400p
ROI Factories	405p	405p

REPORTED LAMB PRICES - P/KG			
(P/KG DW)	W/E 27/07/13	W/E 03/08/13	W/E 10/08/14
NI Liveweight	346.6p	360.3p	363.3p
NI Deadweight	390.5p	391.2p	399.6p
ROI Deadweight	399.7p	394.8p	396.3p
GB Deadweight	409.6p	412.7p	425.8p

Deadweight Sheep Trade

QUOTES from the plants for R3 grading lambs have come back this week to 400p/kg with the plants citing a recovery in the supply of lambs. The plants had been quoting 410p/kg for lambs late last week. Throughput in the NI plants last week increased by 15 per cent on the previous week to 10,013 head. Meanwhile exports of lambs for direct slaughter in ROI plants was similar to the previous week with 8,570 head exported.

The deadweight lamb price in NI last week increased by 8.4p/kg to 399.6p/kg to coincide with the increase in quotes last week. In the corresponding week last year the deadweight lamb price in NI was 366p/kg. Meanwhile in GB the deadweight lamb price increased by 13p/kg on the previous week to 425.8p/kg.

This week's marts

TRADE in the marts has come under pressure this week with increasing numbers passing through the rings and average prices back in the majority of the marts. In Massereene on Monday 1,133 lambs sold from 355-386p/kg compared to 926 lambs the previous week selling from 355-392p/kg. An entry of 1,685 lambs in Ballymena sold to an average of 344p/kg compared to 1,057 lambs last week selling to an average of 366p/kg. In Markethill this week 925 lambs sold from 335-360p/kg (avg 344p/kg) compared to 825 lambs last week selling from 360-402p/kg (avg 372p/kg). The top reported prices for ewes generally ranged from £70-80.

LATEST SHEEP MARTS					
From: 03/08/13 To: 08/08/13		Lambs (P/KG LW)			
		No.	From	To	Avg
Saturday	Omagh	1047	357	381	-
	Newtownstewart	185	-	-	365
Monday	Massereene	1133	355	386	-
	Kilrea	600	350	374	358
Tuesday	Saintfield	1148	345	395	-
	Rathfriland	1217	342	372	361
Wednesday	Ballymena	1685	320	382	344
	Enniskillen	778	338	364	350
	Markethill	925	335	360	344
	Armoy	584	335	371	349

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