LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

Saturday September 01, 2012 Issue No. 2232

IMPORTS OF ROI CATTLE TO NI FOR DIRECT SLAUGHTER INCREASE

IN recent weeks the number of cattle imported from ROI for direct slaughter in Northern Ireland has increased to their highest levels since August 09. There are several factors that have an influence on the number of animals imported and these include the availability of cattle, the euro/sterling exchange rate and the price differential between ROI and NI at the time of import. Another key factor which also needs to be considered is the ability of the plants importing cattle to find a market for ROI sourced beef.

Due to the range of influencing factors on the level of cattle imported it is difficult to determine the exact effect that each has on the trade at any point in time. For the year to date there have been 21,257 head imported from ROI, an increase of 26.7 per cent on the 16,784 head imported in the same period last year. This increase in imports from ROI was not anticipated earlier in the year.

Plants in NI have been reporting a steady supply of prime cattle to meet their needs and as a result the slaughter figures have remained fairly constant over the last number of weeks. The average weekly throughput of prime cattle for the month of August to date has been just under 6,200 head, very similar to throughput over the same four week period in 2011. However there has been a 103 per cent increase in the number of imported cattle from 1,934 head to 3,926 head when we compare August 2012 to date with the same period in August 2011. Last week 887 prime cattle were imported for direct slaughter, accounting for 13 per cent of the total prime kill in NI

In recent weeks base quotes from the plants in NI for U-3 grade prime cattle have remained fairly steady at 314-316p/kg. In the majority of cases 316p/kg is available for both steers and heifers with a few plants quoting 314p/kg for steers. The 8p/kg bonus is also available for animals that kill out within factory specifications. The average R3 steer and heifer prices last week were 322.5p/kg and 325.5p/kg, up slightly from the previous week (up by 0.7p/kg and 1.8p/kg respectively). In the same week last year R3 steer prices were 310.2p/kg while heifer prices were 311.9p/kg. Meanwhile in ROI prices have been under pressure with the R3 steer and heifer price 299.0p/kg and 309.9p/kg respectively in sterling terms last week. This compares to R3 steer and heifer prices in the same week last year of 303.8p/kg and 312.0p/kg.

The value of cattle killed in ROI compared to NI is strongly influenced by fluctuations in the value of the euro against sterling. The current euro exchange rate is €1=£0.79 and the average for the month of August to date is £0.78. This compares to an average exchange rate in August 2011 of £0.88. This drop in the value of the euro against sterling has made ROI cattle much more competitive in sterling terms and thus the increase in the number of animals imported to NI for direct slaughter.

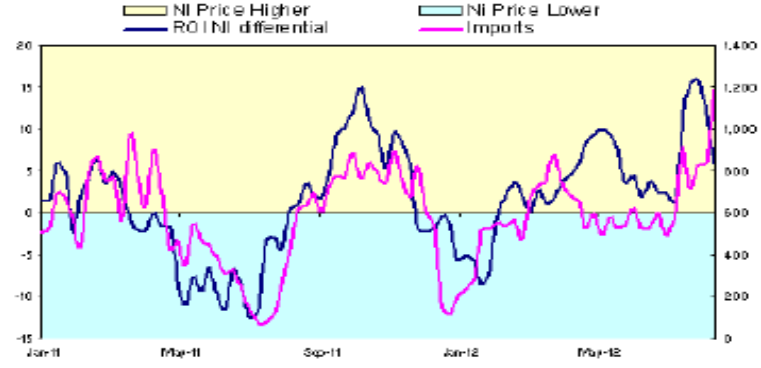
In sterling terms the farm gate price differential between NI and ROI for R3 grading heifers and steers last week was 15-24p/kg. At last week's average R3 steer price in NI a 380kg carcase would be worth £1225.50. In ROI at the average R3 steer price a 380kg steer carcase would be worth £1136.20. This puts the current price differential for R3 grading steers at £89.30 (c€120). This differential can be seen as a driving factor behind the increasing number of cattle being imported to NI for direct slaughter.

Chart 1 plots the differential between the average R3 steer price in NI and ROI against the level of imports from ROI to NI for direct slaughter. In general the line showing the level of imports mirrors the line showing the differential between NI and ROI. For example when cattle prices are higher in ROI than in NI the level of imports will be lower and where the prices in NI are higher than ROI the level of imports will increase. It is however interesting that even when prices are higher in ROI cattle are still being imported from ROI for direct slaughter in NI. This shows the importance of this trade to some factories in terms of maintaining throughput.

It can therefore be concluded that the level of imports of ROI cattle to NI for direct slaughter are driven to some degree by prevailing market conditions. However as mentioned previously it is important to remember that imports of cattle are also strongly influenced by other factors and that these should be considered.

One factor is the availability of cattle in ROI for export to NI. During the period from May to July 2012 there was a reported scarcity of cattle in ROI and for the year to date slaughterings are running 14.7 per cent behind the same period last year. Low levels of export and reduced slaughterings in ROI would indicate that the cattle were not available for export to NI despite a sizeable price differential. We heard at the LMC Red Meat Prospects Conference back in March that an increase in ROI's kill was likely by the end of the year. In recent weeks the number of cattle being imported to NI has begun to show an increase with 2,254 head imported in the last fortnight indicating an increase in availability. As mentioned previously the marketing of the beef from these cattle is slightly more limited as they do no qualify for the NIBL FQAS or Red Tractor logo. This creates a challenge for the processors in terms of servicing retail orders where UK origin and/or UK quality assurance is a requirement.

Chart 1: ROI and NI R3 steer price differential plotted against imports of cattle for direct slaughter from ROI to NI



EXPORTS OF CATTLE FROM NI TO MAINLAND GB INCREASE AS DIFFERENTIAL WIDENS

THE number of cattle being exported from NI to GB for direct slaughter has seen an increase over the last four weeks to an average of 214 head per week. In the previous 30 weeks of 2012 there was an average of 90 head per week exported for direct slaughter. With the increase in exports in recent weeks exports for the year to date are 3,553 head, an increase of 1349 head on the same period in 2011. This accounts for a 61 per cent increase.

Like ROI, a key factor in determining the level of trade in live cattle from NI to GB for direct slaughter is the deadweight price differential. Chart 2 shows the average R3 steer price for NI, ROI and GB between May 2011 and August 2012. It is clearly visible that there have been significant variations in prices over the period in question and that the difference between NI and GB prices has widened in recent weeks. Last week in NI the average R3 steer price was 322.5p/kg. At this price a 380kg steer would be worth £1225.50. If we look at the GB average R3 steer price of 350.3p/kg a 380kg steer would be worth £1331.14. This is a difference in value of £105.64. It should however be noted that there is significant variation across the regions of GB as outlined in Table 1. The average price paid for an R3 steer in Scotland, the most convenient export destination, was 361.1p/kg. A 380kg steer would therefore have been worth £1372.18, £146.68 higher than the value in NI. At present the NI market returns the lowest R3 prices of all the UK regions.

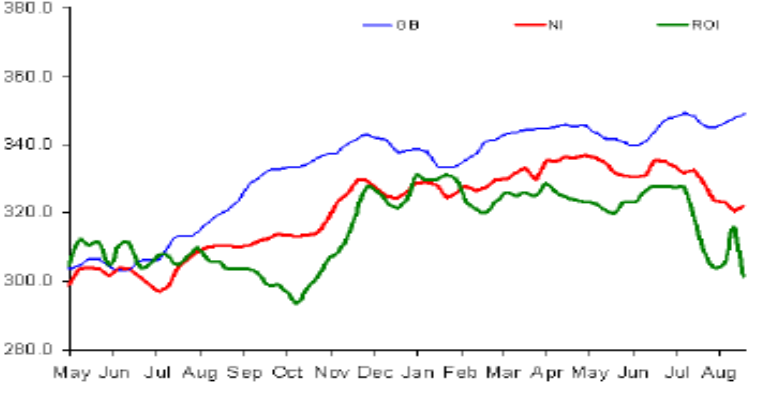
At the current differential it could appear advantageous for producers to consider exporting their animals live to GB for slaughter. There are several important factors which must first be considered such as the cost of transportation. In addition to this the average paid prices in GB are inclusive of bonuses which NI born cattle may not necessarily qualify for due to customer specifications e.g. Scotch Select Scheme which requires the animal to be born, reared and finished in Scotland.

The increase in exports to GB in recent weeks is not surprising given the extent of the regional price differences. This trade provides a valuable alternative outlet for NI beef producers and would be expected to continue while the price differential remains at current levels.

Table 1: R3 steer prices in the UK and Ireland w/e 25/08/2012

w/e 25/08/2012	Scotland	Northern England	Midlands and Wales	Southern England	ROI	NI
R3 Steer price (p/kg)	361.1	352.0	345.3	333.5	299.0	322.5
Differential with NI p/kg	+38.6	+29.5	+22.8	+11.0	-23.5	-

Chart 2: Average R3 Steer prices for ROI, NI and GB May 2011- Aug 2012



WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

CATTLE QUOTES		
(P/KG DW)	This Week 27/08/12	Next Week 03/09/12
U-3	314 - 316p	308 - 312p
R-3	308 - 310p	302 - 306p
O+3	302 - 304p	296 - 300p
Cows	264 - 275p	264 - 275p

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

LAST WEEK'S NI CATTLE PRICES - P/KG				
W/E 25/08/12	Steers	Heifers	Young Bulls	Cows
U-3=	323.0	333.7	319.6	315.1
U=3=	325.7	316.5	318.7	286.0
U=4=	315.3	322.3	-	271.7
R=3=	321.1	327.2	313.3	289.0
R=4=	312.6	314.3	-	287.9
O=3=	302.9	302.7	296.0	264.4
O+3=	312.3	321.4	304.3	274.1
O+4=	312.2	313.9	-	276.7
P+2=	285.4	-	286.8	237.2
P+3=	289.8	283.9	281.0	253.9
Average	313.3	315.5	305.7	237.8

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 25/08/12		Scotland	Northern England	Midlands & Wales	Southern England	Northern Ireland	Rep of Ireland
Steers	U3	364.1	355.8	355.7	349.7	325.3	308.5
	R3	361.1	352.0	345.3	333.5	322.5	299.0
	R4	361.5	356.5	345.6	331.6	317.1	298.8
	O3	350.1	337.4	320.2	308.2	307.9	284.1
	Average	359.5	349.1	338.0	312.3	313.3	-
Heifers	U3	363.0	355.9	354.9	338.8	328.5	320.4
	R3	354.2	345.7	343.6	320.9	325.5	309.9
	R4	358.0	347.3	343.9	332.4	319.9	308.8
	O3	337.9	329.0	321.0	322.0	312.6	294.0
	Average	354.7	342.6	338.8	322.7	315.5	-
Young Bulls	U3	352.5	345.4	343.9	339.7	318.5	311.1
	R3	345.8	334.2	330.2	325.6	313.5	302.4
	O3	327.6	316.8	310.9	316.4	297.2	289.5
	Average	342.6	329.2	328.4	318.2	305.7	-
Prime Cattle Price Reported		6174	6383	4821	3905	4826	-
Cows	O3	289.2	275.2	276.1	261.9	266.4	252.1
	O4	292.9	278.3	275.9	267.4	269.2	254.8
	P2	227.7	222.9	235.1	212.0	228.5	227.7
	P3	259.2	260.4	250.0	240.6	248.8	247.6

Notes:
(i)Prices are p/kg Sterling-ROI prices converted at 1 euro=78.81p Stg.
(ii) Shading indicates a lower price than the previous week.

Deadweight Cattle Trade

PLANTS continued to quote 314-316p/kg for U-3 grade prime cattle this week. The majority of plants quoted 316p/kg for heifers and steers with a few quoting 314p/kg for steers. Quotes for cows remained within the range of 264-275p/kg. A reduction in base quotes for prime cattle is expected for Monday to 308-312p/kg as factories report an increase in the supply of grass fed cattle coming through. The prime kill throughput in the factories last week was 6,795 head, the highest throughput since February 2012. There was an increase of 479 head on the previous week (+7.6 per cent). Imports of cattle from ROI for direct slaughter last week totaled 1,069 head and these account for 12 per cent of the total kill.

Average steer and heifer prices in NI last week increased in the region of 1p/kg to 313.3p/kg and 315.5p/kg respectively. Young bull prices were back 0.7p/kg to 305.7p/kg while the cow price was back 4.3p/kg to 237.8p/kg.

Meanwhile in Scotland the steer price increased by 2.2p/kg to 359.5p/kg, while the heifer price was up slightly to 354.7p/kg. In the Midlands steer and heifer prices were back almost 0.5p/kg to 338.0p/kg and 338.8p/kg respectively. R3 steer and heifer prices in the Midlands were up in the region of 2p/kg to 345.3p/kg and 343.6p/kg respectively. Steer prices in Southern England were up 5.2p/kg to 312.3p/kg with U3 steer prices showing a 9.3p/kg increase on the previous week to 349.7p/kg. Meanwhile average heifer prices were back almost 2p/kg to 322.7p/kg.

Prices in ROI have declined in sterling terms despite a slight improvement in the value of the euro. The R3 steer price last week was back 2.3p/kg (-4.7c/kg) while the R3 heifer price was back 3.5p/kg (-6.3c/kg)

INFORMATION UPDATE

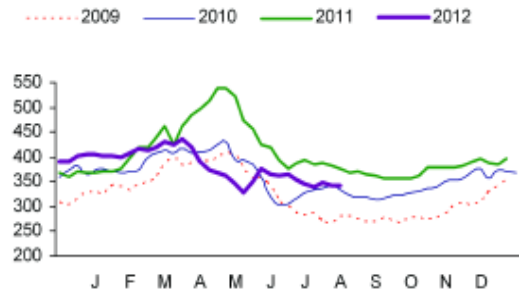
Preliminary results of the June Agricultural Census 2012 released

In brief

Cattle: Total cattle numbers were 2% higher than in 2011.
The number of beef cows rose by 4%.

Sheep: There was a 4% increase in the number of breeding ewes.

NI Average Weekly Clean Cattle Price (p/kg CW)



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)	from	to
Steers		
1st quality	185	206
2nd quality	165	184
Friesians	110	155
Heifers		
1st quality	180	205
2nd quality	160	179
Beef Cows		
1st quality	146	175
2nd quality	120	145
Dairy Cows		
1st quality	112	134
2nd quality	90	111

Store Cattle (£/100kg LW)	from	to
Store bullocks up to 400kg		
1st quality	180	209
2nd quality	165	179
Store bullocks 400kg-500kg		
1st quality	193	221
2nd quality	170	192
Store bullocks over 500kg		
1st quality	194	210
2nd quality	170	193
Store heifers up to 450kg		
1st quality	170	187
2nd quality	155	169
Store heifers over 450kg		
1st quality	170	185
2nd quality	155	169

Dropped Calves (£/head)	from	to
Continental bull calves		
1st quality	280	390
2nd quality	200	278
Continental heifer calves		
1st quality	270	375
2nd quality	180	268
Friesian bull calves		
1st quality	130	205
2nd quality	80	128
Holstein Bull Calves		
	12	112

Taken from a sample of beef marts in the week ended 25/08/12

SHEEP TRADE

Deadweight Sheep Trade

BASE quotes of 370-375p/kg were available for R3 grading lambs this week with the plants reporting a good supply of lambs. The plants are quoting 370p/kg for Monday. With a throughput of 12,813 head last week the plants processed the highest number of lambs since August 2009 and 1,542 head more than the previous week. Plants have reported a number of lambs lacking in cover being presented for slaughter, most likely due to the poor summer weather conditions. Producers should avoid presenting under-fleshed lambs as there can be substantial price penalties of up to 50p/kg. With average deadweight prices in NI and GB remaining fairly similar to the previous week the price differential has remained at over 55p/kg Live exports for direct slaughter in ROI totalled 13,149 head last week, the highest number since November 2010.

SHEEP QUOTES

(P/KG DW)	This Week 27/08/12	Next Week 03/09/12
Lambs	370 - 375p	370p

Lambs up to 21kgs.

REPORTED LAMB PRICES - P/KG

(P/KG)	W/E 11/08/12	W/E 18/08/12	W/E 25/08/12
NI Liveweight	326.5p	332.7p	326.3p
NI Deadweight	366.0p	365.7p	365.0p
GB Deadweight	403.2p	421.6p	422.5p

LATEST SHEEP MARTS

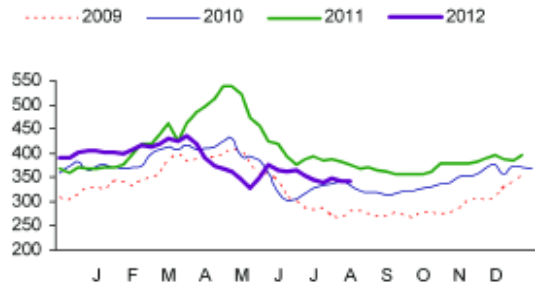
From: 25/08/2012 To: 30/08/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	1439	323	373	-
	Donemana	524	324	357	340
	Hilltown	1300	320	400	360
Monday	Kilrea	700	320	348	336
	Massereene	1440	320	371	338
Tuesday	Saintfield	701	320	360	332
	Armoy	322	300	348	329
	Rathfriland	1117	306	355	328
Wednesday	Ballymena	2153	300	334	313
	Enniskillen	714	318	340	-
	Markethill	1067	325	346	328
	Newtownstewart	552	305	335	319
Thursday	Downpatrick	285	290	330	320

This weeks marts

THE marts have recorded good numbers of lambs through the rings this week with the majority reporting a similar trade to last week. In Massereene on Monday 1,440 lambs sold in the range of 320-371p/kg (av 338) compared to 1,545 lambs the previous week selling from 325-350p/kg (av 338). In Armoy on Tuesday 322 lambs sold to an average of 329p/kg compared to 331p/kg the previous week. Trade was softer in Ballymena on Wednesday where 2,153 lambs sold to an average price of 313p/kg compared to 1,503 lambs selling to 326p/kg the previous week. Prices available for cull ewes was in general reduced across the marts with well fleshed ewes in Enniskillen on Wednesday selling to a top of £70 being typical of the trade.

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

NI Average Weekly Sheep Price (p/kg CW)



Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FQAS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com