

EXPENDITURE ON BEEF AND LAMB INCREASES BUT CONSUMPTION DECLINES

THE latest Kantar Worldpanel report has indicated increases in expenditure on both beef and lamb across the UK over the 52 week period ending the 5 August 2012. This increase has come about despite declines in the total volumes of both being purchased.

Expenditure on Beef

The latest report has indicated a five per cent increase in expenditure on beef across the UK in the 52 week period ending 5 August 2012. Beef sales over the period increased by £87 million to just under £2 billion. While this is good news for the beef industry the increases in the value of beef purchases were driven by higher retail prices and not as a result of increased sales. In fact the amount of beef purchased in terms of volume has actually declined by two per cent during the same period.

With rising deadweight prices for cattle year on year it is not surprising that the retail price of beef has also increased, up seven per cent on the previous year to £6.64/kg. A consequence of the current economic conditions and the rising price of beef products has been a decline in the volume of beef being sold. The increase in the value of the product being sold however has offset the decline in volume sales. It is also promising that almost 87 per cent of

the population purchased beef in the last 52 weeks compared to 77 per cent purchasing pork which is a cheaper product.

The decline in the volume of beef purchases has varied between beef cuts over the course of the last year. The biggest decline experienced was in beef roasting joints where retail sales declined by 14.2 per cent on the previous year. Meanwhile sales of beef frying/grilling steaks and beef mince were back 5.4 per cent and 2.8 per cent respectively. The less significant decline in the smaller and cheaper cuts of beef, when compared to the more expensive beef roasts, is perhaps an indication of shifts in consumer spending towards cheaper cuts of beef in response to the current economic conditions. This is also reflected in the reduced average weight purchased which was three per cent lower than the previous year at 13.1kg over the 52 weeks.

Expenditure on Lamb

Expenditure on lamb in the last year has also increased with the value of lamb sales up by two per cent. The value of lamb sales in the UK last year totalled £608 million compared to £594 million the previous year. With the volume of lamb being sold down three per cent year on year the increase in expenditure can be viewed, like the increase in the value of beef

sales, as a result of the increasing retail price of lamb. The average retail price of lamb in the last twelve months was £8.49, an increase of 49p/kg over the course of the year. This represents a six per cent increase in the retail lamb price year on year.

While the total volume of lamb being sold has decreased there has been a variance in how different cuts and products have performed. Over the course of the year sales of lamb mince were back 15.6 per cent, sales of lamb chops back 12.1 per cent and sales of lamb stewing meat back 5.4 per cent. On a more promising note however sales of lamb leg roasts was up 12 per cent over the 52 week period.

Sales of lamb showed strong levels of growth (+17 per cent) in the twelve week period leading up to the 05 August 2012 when compared to the same period in 2011. This increase was primarily driven by an 80 per cent increase in the volume of lamb leg roasting joints sold due to increased promotional activity on the previous year. Promotional sales of lamb accounted for 28 per cent of the total volume of lamb sold in this period.

In the four week period leading up to 05 August there were increases in the sales of lamb chops and lamb stewing by 14 per cent and 16 per cent respectively on the same period last year.

Expenditure on other meat products

When we are considering the retail sales of beef and lamb it is also useful to consider the sales of other meat products.

Pork is a significant alternative protein that consumers would consider to beef and lamb. Figures from the latest Kantar report indicate that sales of pork totalled £935 million in the 52 weeks to the 05 August, a five per cent increase on the previous twelve months. Like beef and lamb the increase in expenditure was driven by increases in the average retail price of pork products. The average retail price of pork over the 52 weeks was £5.03 per kg, a seven per cent increase on the previous year (+32p/kg). Changes in the volume of sales have also shown similarities to beef and lamb with sales showing a contraction of two per cent to 186,000 tonne.

Despite the two per cent decline in total pork sales certain cuts have performed well. Over the course of the year sales of pork loin roasts and pork belly increased by 18.2 per cent and 12.5 per cent respectively. These two cuts showed the greatest increase in terms of volume sales for all meat products when compared to the previous year. Meanwhile the sales of pork legs and shoulder roasting joints declined by 21.2 per cent and 8.5 per cent respectively in terms of the

volume sold over the twelve month period.

The strength of competition in terms of retail sales from the poultry sector has continued. Sales of fresh and frozen poultry continue to hold the largest market share of all meat products with sales to the value £2.7 billion. This is an eight per cent increase in sales value on the previous year and comes on the back of a four per cent increase in the volume of product sold. Fresh and frozen poultry was consumed by 93.7 per cent of households in the UK in the last twelve months.

The largest increase in expenditure can be observed for chilled convenience foods, up by thirteen per cent year on year while the volume sold increased by nine per cent. Meanwhile expenditure on chilled ready meals increased by nine per cent while the volume sold increased by three per cent over the same period.

This increase in the volume of sales of ready meals and convenience foods, at a time when the volume of fresh beef, lamb and pork sales are declining, is perhaps an indication of shifts in consumer choices rather than declines in the popularity of particular meat products and perhaps highlights the need for focus on adding value through new product development.

EU COMPARISON TABLE: GB RETAINS TOP SPOT

AN equivalent average R3 heifer price of 406.6c/kg in Northern Ireland for the month of August has meant it has remained in fifth place on the EU prices league table, as outlined in Table 1. The EU prices league table ranks 17 EU countries in terms of the prices received per kg for R3 heifers in euro terms. The average EU R3 heifer price increased from 389.2c/kg in July to 397.0c/kg in August (+7.8c/kg).

While Northern Ireland's average price has been relatively steady in euro terms (-0.7c/kg) for the month ending the 2 September the average R3 heifer price in GB increased by 2.8c/kg to 437.0c/kg. This increase has meant GB has remained in first position in the league table now since early in the summer. A strong increase in the R3 heifer price of 31.1c/kg in Sweden during the month has seen it move up the league table from sixth position to joint first with an average price of 437.0c/kg. The next biggest increase was in Spain where an increase in price by 21.9c/kg to 391.4c/kg moved it up the rankings from eleventh position

to seventh. Meanwhile the R3 heifer price in France increased by 10c/kg to 418.0c/kg, moving it up from fourth position to third for the month of August while German R3 heifer prices increased by 8.2c/kg to 385.6c/kg moving it from tenth position to eighth.

A slackening in the cattle trade in ROI during the month of August meant the R3 heifer price came back by 14.6c/kg to 385.5c/kg, moving it down from seventh place in the table to ninth. This decrease was only second to the fall in price experienced in Greece where the price came back 19.3c/kg to 403.8c/kg. This decline moved Greece from second position in the month of July to sixth position in the month of August.

The value of the euro against sterling has strengthened slightly- up from €1=78.7p to €1=79.3p. The increasing value of euro against sterling has made UK beef slightly more competitive on the EU market.

EU Deadweight Cattle Prices - Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth (w/e 05.08.12)	Price this Mth (w/e 02.09.12)	Change on Mth (cents)
1	1	Great Britain	434.2	437.0	+2.8
6	1	Sweden	406.0	437.0	+31.1
4	3	France	408.0	418.0	+10.0
3	4	Italy	409.3	410.5	+1.2
5	5	Northern Ireland	407.3	406.6	-0.7
2	6	Greece	423.1	403.8	-19.3
11	7	Spain	369.5	391.4	+21.9
10	8	Germany	377.4	385.6	+8.2
7	9	Ireland	400.1	385.5	-14.6
9	10	Denmark	378.5	379.1	+0.6
8	11	Luxembourg	381.2	378.6	-2.7
12	12	Austria	359.0	367.6	+8.6
13	13	Slovenia	327.3	326.9	-0.4
14	14	Belgium	320.5	326.0	+5.5
15	15	Poland	313.1	319.2	+6.1
16	16	Czech Republic	299.0	298.7	-0.3
17	17	Lithuania	260.2	263.2	+3.0
EU Average			389.2	397.0	+7.8
Euro sterling exchange rate			78.7	79.3	

Official prices reported to the EC Dressing Specification



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 10/09/12	Next Week 17/09/12
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

08/09/12	Steers	Heifers	Young Bulls
U-3=	323.1	323.6	312.3
U=3=	322.2	327.7	309.0
U=4=	313.3	322.3	310.0
R=3=	317.4	324.8	307.5
R=4=	314.7	322.1	-
O=3=	301.7	305.0	295.9
O+3=	310.3	312.0	300.7
Average	307.8	313.8	301.3

REPORTED COW PRICES NI W/E 08/09/12

Grades	Price (p/kg)	Avg Wgt
O+3=	272.4	319.7
O-3+	262.1	308.3
P+2+	248.5	293.4
P+3+	251.5	321.2
P-1-	173.3	223.6

COMMODITIES

COMMODITY PRICE

W/E 11/09/12	Price (£) per tonne / 1000litre	% weekly change
Barley	201.50	+0.3
Wheat	215.50	-0.2
Soya	496.50	-
Straw	15.17	-3.7
Red Diesel	720-760	-

Deadweight Cattle Trade

QUOTES from the factories for U-3 grade prime cattle this week remained at 310-312p/kg. The majority of factories are quoting 310p/kg for steers and 312p/kg for heifers. Similar quotes are expected next week with the plants reporting good supplies of prime cattle. Cow quotes remain in the range of 260-275p/kg for first quality cows.

Prime cattle slaughterings last week totalled 7,367 head, 300 head more than were killed the previous week and 214 head more than the 7,153 killed the same week last year. Imports of prime cattle from ROI for direct slaughter totalled 913 head, accounting for 12.4 per cent of the total prime kill. The cow kill last week was up to 2,134 head with 228 of these imported from ROI for direct slaughter (10.7 per cent).

With the drop in quotes in recent weeks the average steer price in NI was 307.8p/kg, down 4.6p/kg on the previous week. Meanwhile heifer prices remained fairly unchanged at 313.8p/kg. Young bull prices were 301.3p/kg, back 3.5p/kg on the previous week.

Average prices for steers and heifers in GB last week were back in the region of 1p/kg but trade varied across the regions. In Scotland the average steer price was up 1.3p/kg to 359.5p/kg while heifer prices were up slightly to 355.6p/kg. Steer prices in Northern England were up 2.9p/kg to 349.2p/kg while heifer prices showed a decline of 3.9p/kg to 341.9p/kg. Prices in the Midlands were under pressure with steer and heifer prices back 4.4p/kg and 1.9p/kg respectively. U3 heifer prices were back by 5.8p/kg in the region to 353.5p/kg.

In sterling terms R3 steer prices in ROI last week remained fairly consistent with the previous week at 296.2p/kg while R3 heifer prices were back by 2.3p/kg to 305.3p/kg.

This week's marts

THERE was a good trade for finished prime cattle passing through the sale rings this week with first quality steers selling in the range of 182-192p/kg, with plainer type steers selling from 166-181p/kg. First quality heifers sold to an average of 190p/kg with second quality heifers selling to an average of 170p/kg. Good quality continental cows sold to an average of 147p/kg with less well fleshed animals selling to an average of 127p/kg. Friesian type cows sold in the range of 85-135p/kg depending on quality.

Good quality store bullocks up to 400kg sold to an average of 200p/kg compared to 213p/kg last week. There was an improvement in the trade for second quality bullocks in the same weight range where average prices were 183p/kg (+13p/kg). First quality store heifers up to 450kg sold from 165-180p/kg compared to 160-180p/kg the previous week. Plainer type heifers in this range sold to an average of 157p/kg, up from 150p/kg the previous week.

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

W/E 08/09/2012		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	320.9	304.8	364.4	354.8	352.2	349.9	356.1
	R3	317.0	296.2	360.7	345.1	341.6	335.7	346.9
	R4	315.8	296.0	362.5	357.8	342.9	337.1	353.7
	O3	304.3	282.7	349.5	340.8	324.5	310.0	333.1
	AVG	307.8	-	359.5	349.2	336.3	314.3	342.0
Heifers	U3	326.0	318.3	363.8	354.5	353.5	343.2	355.1
	R3	322.3	305.3	356.5	344.5	341.4	336.3	345.5
	R4	321.1	303.9	360.6	346.3	342.5	337.4	348.3
	O3	307.0	290.9	339.9	331.2	332.6	321.6	331.6
	AVG	313.8	-	355.6	341.9	340.1	330.0	343.3
Young Bulls	U3	312.3	307.8	354.0	343.3	345.6	345.0	345.4
	R3	309.5	299.9	347.7	335.2	332.1	331.5	335.4
	O3	294.9	284.1	328.0	314.0	314.3	317.5	317.0
	AVG	301.3	-	340.3	326.8	326.6	321.3	326.9
Prime Cattle Price Reported		5593	-	5954	5935	3950	4339	20178
Cows	O3	263.4	249.0	284.1	276.7	282.0	265.6	277.1
	O4	267.8	251.7	290.9	276.5	286.3	271.7	280.4
	P2	232.2	224.5	230.0	234.3	247.0	221.4	230.9
	P3	251.1	244.6	253.1	251.8	272.7	243.1	251.5
	AVG	239.4	-	277.7	252.3	261.1	229.9	255.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.28p Stg
(ii) Shading indicates a lower price than the previous week.

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 08/09/12	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	182	192	186	166	181	173
Friesians	145	167	155	120	144	132
Heifers	180	204	190	160	179	170
Beef Cows	139	187	147	116	138	127
Dairy Cows	107	135	115	90	106	98
Store Cattle (p/kg)						
Bullocks up to 400kg	193	219	200	175	192	183
Bullocks 400kg - 500kg	189	203	199	172	188	180
Bullocks over 500kg	182	197	185	165	181	173
Heifers up to 450kg	165	180	173	150	164	157
Heifers over 450kg	170	181	175	155	169	162
Dropped Calves (£/head)						
Continental Bulls	200	265	220	120	198	160
Continental Heifers	175	240	200	100	172	135
Friesian Bulls	118	170	140	75	115	100
Holstein Bulls	100	140	120	2	98	60

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 10/09/12	Next Week 17/09/12
NI Factories	355-360p	350-355p
ROI Factories	372p	365-369p

Notes: (i) Lambs up to 21kg
(ii) ROI prices converted at 1 euro=79.28p Stg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 25/08/12	W/E 01/09/12	W/E 08/09/12
NI Liveweight	326.3p	320.4p	306.6p
NI Deadweight	365.0p	365.6p	347.6p
ROI Deadweight	358.6p	357.5p	355.1p
GB Deadweight	422.5p	416.8p	413.7p

Deadweight Sheep Trade

QUOTES from the plants this week came back to 350-355p/kg from the 355-360p/kg available last week. Total throughput was 11,121 head last week, taking the throughput for the year to date to 226,456, 43 per cent ahead of this time last year. Exports to ROI for direct slaughter last week totalled 11,336 head, 2,100 head more than the previous week. Exports to ROI for the year to date are currently running at 16 per cent behind the same time last year. The NI deadweight price came back by 18p/kg last week to 347.6p/kg. Meanwhile the deadweight price in GB also came back by a lesser degree, down 3.1p/kg to 413.7p/kg. The differential between NI and GB remains at over 65p/kg.

This week's marts

IN general trade was quieter across the marts this week with several marts reporting a more sluggish trade than previous weeks, particularly for plainer lambs. In Kilrea on Monday 570 lambs sold from 305-336p/kg (avg 313) compared to 900 lambs last week selling from 310-334p/kg (avg 324). A similar trend was observed in Rathfriland on Tuesday when 1083 lambs sold to an average of 319p/kg, back from 326p/kg the previous week for 995 lambs. A smaller entry of 327 lambs in Newtownstewart on Wednesday night sold to an average of 312p/kg compared to 425 lambs the previous week selling to an average of 316p/kg. A pen of well fleshed Texel ewes sold to £107 in Massereene on Monday but the general trade across the marts was £70-90 for strong lots.

LATEST SHEEP MARTS

From: 08/09/2012 To: 13/09/2012		Lambs (P/KG LW)			
		No.	From	To	Average
Saturday	Omagh	1441	329	372	-
	Hilltown	1100	335	371	-
	Swatragh	700	324	332	328
Monday	Donemana	709	294	326	-
	Kilrea	570	305	336	313
	Massereene	1228	300	332	-
Tuesday	Saintfield	602	310	336	321
	Armoyle	376	300	354	321
	Rathfriland	1083	298	351	319
Wednesday	Ballymena	1344	290	330	304
	Enniskillen	921	300	329	315
	Markethill	690	310	332	320
	Newtownstewart	327	300	328	312

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