

EU DEADWEIGHT CATTLE PRICES: R3 HEIFERS

THE contraction in beef prices in both GB and NI in recent weeks while prices in the EU have remained fairly steady has led to a narrowing in the differential between prices in both regions and average EU prices. Table 1 outlines R3 heifer prices in the EU for the week ending 1 June 2014 and the corresponding week in May 2014.

In the week ending 1 June 2014 the average R3 heifer price in the EU was 396.9c/kg, unchanged from the 397c/kg in the week ending 4 May

2014. The euro weakened slightly against sterling from €1=82.2p in the week ending 4 May 2014 to €1=81.2p in the week ending 1 June 2014.

In the week ending 4 May 2014 the R3 heifer price in GB was the equivalent of 425.7c/kg which placed it in first position. However a decline by 12c/kg to 413.7c/kg in the week ending 1 June 2014 moved it down into third position on the table. This drop in the GB R3 heifer price while the EU price remained stable narrowed the differential from 28.7c/kg in the w/e

4 May 2014 to 16.8c/kg in the w/e 1 June 2014.

Meanwhile in NI the R3 heifer price in the week ending 1 June 2014 was the equivalent of 404.9c/kg, down 9.7c/kg from 414.5p/kg in the week ending 4 May 2014. This moved it down one position on the EU league table from fourth into fifth place. The NI R3 heifer price was 8.0c/kg higher than the EU average in the w/e 1 June 2014 compared to 17.5c/kg in the w/e 4 May 2014.

In ROI the R3 heifer price was 391.0c/kg in the w/e 1 June 2014, up slightly from the 390.2c/kg paid in the w/e 4 May 2014. It was however 5.9c/kg below the EU average price and 13.9c/kg lower than the equivalent price in NI.

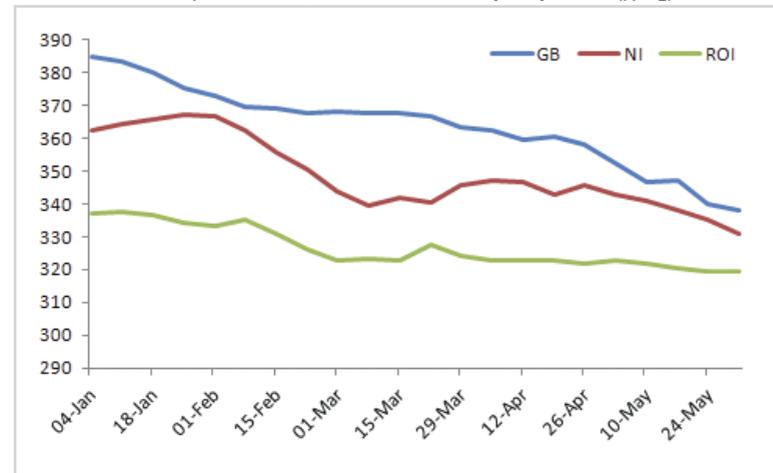
The biggest positive mover in the EU league table was Spain which moved from fifth position in the w/e 4 May 2014, with a R3 heifer price of 403.7c/kg, up to first position in the w/e 1 June 2014 with a R3 heifer price of 416.5c/kg. This increase by 12.8c/kg puts the R3 heifer price in Spain 19.6c/kg above the EU average.

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

Position last Mth	Position this Mth	Country	Price last Mth (w/e 04.05.14)	Price this Mth (w/e 01.06.14)	Change on Mth (cents)
5	1	Spain	403.7	416.5	+12.8
2	2	France	422.0	416.0	-6.0
1	3	Great Britain	425.7	413.7	-12.0
3	4	Italy	415.5	409.5	-6.0
4	5	Northern Ireland	414.5	404.9	-9.7
7	6	Ireland	390.2	391.0	+0.7
8	7	Sweden	386.8	387.4	+0.6
10	8	Denmark	360.1	372.7	+12.6
9	9	Germany	372.7	372.6	-0.1
11	10	Austria	353.0	355.5	+2.5
12	11	Belgium	341.0	341.0	+0.0
6	12	Luxembourg	395.0	335.9	-59.1
13	13	Slovenia	323.9	323.5	-0.4
14	14	Poland	303.1	306.7	+3.6
15	15	Czech Republic	266.7	265.8	-0.9
16	16	Lithuania	250.7	242.3	-8.4
EU Average			397.0	396.9	-0.1
Euro (€1=)			82.2	81.2	-

Official prices reported to the EC Dressing Specification

Chart 1: R3 heifer prices in GB, NI and ROI January-May 2014 (p/kg)



CHINA: AN EXPANDING MARKET

A recent report from GIRA has described beef consumption and production in China as being on completely different paths. Beef consumption in China has been rising steadily while production has responded slowly to higher domestic prices.

Domestic beef production in China recorded a slow but steady decline between 2005 and 2011 before recording small increases in the 2011-2013 period. Small back yard producers have responded to improved market values and pressures to consolidate production for food safety reasons by selling cattle into the meat market.

There were more than 15 million small farmers raising less than ten cows each in 2007 but since then has declined by almost a million each year as producers struggle with high feed prices, middlemen in the market and slow production times. An increase in the number of larger and more efficient beef finishing units has gone some way to compensate for the decline in backyard producers but has been unable to accommodate the increasing demand for beef from China's urban economy and has thus led to an increase in imports.

In the last decade a new system called 'Feeding quarters' has emerged which is where small cattle producers can send cattle to be finished. Producers pay a small rent to keep their animals in these Feeding Quarters where they use a standardised feeding system and quarantine measures. These systems are linked to modern slaughterers who are able to buy increasingly standardised cattle and it offers the best prospect for modernising China's beef production without completely excluding small farmers from the market.

Government policy in China is focused primarily on supporting dairy, pork and poultry production but has offered some modest assistance to beef producers. Higher priced products such as beef and lamb continue to be very popular in the rapidly expanding urban restaurant trade in China and also benefit from a more natural image than pork and poultry.

GIRA have predicted that these trends will continue through to 2019. While the Chinese beef herd is expected to grow during this period demand is expected to outstrip production with an increasing reliance on imports to satisfy consumption demand.

While high domestic prices are improving returns for Chinese beef producers production is being challenged by the long production cycle in comparison to alternative enterprises. Farmers have therefore been tempted by high prices to switch to raising soybeans or corn which have a much quicker financial turnover. The consolidation of the beef industry in recent times has led to a concentration of beef production in the North-East of the country where there is more grain, more space for large operations and broad grasslands suitable for grazing.

However while productivity has improved in larger finishing units in these regions there has been a stagnation in average carcase weights. High feed costs and a lack of technical knowledge in the management of finishing cattle have hampered improvements in beef production and specialisation.

GIRA have forecasted the beef herd in China to reach 50 million head in 2019, up six per cent on current levels, while the dairy herd is forecast to grow by forty per cent to 20 million head. Although the beef herd will only be marginally higher production is forecast to rise as carcase weights increase and

technical efficiency improves. The high domestic prices in the last few years will stimulate investment in the Chinese beef industry with improvements in production practices and the importation of improved animal genetics expected to be key drivers in increasing productivity.

Beef consumption in China is expected to continue to rise, although not as fast as it has in the last two years. GIRA have predicted an increase in per capita beef consumption from 4.7kg/head in 2013 to 5.4kg/head in 2019 although there is significant variation across the regions. Any increase in domestic production in China will be unable to meet robust consumer demand for beef so imports will have to make up the deficit.

Massive year on year increases in the volumes of fresh and frozen beef imported into China were recorded in 2012 and 2013. In 2013 China imported as much beef every month as it imported in the whole of 2011 to meet the growing demand. Direct imports of beef accounted for six per cent of consumption in China in 2013 with Australia, Uruguay, New Zealand and Canada being the main countries supplying this market. However there

are reports that a significant volume of beef enters China via the unofficial 'Grey market' through Hong Kong and Vietnam from countries such as the US, Brazil and India. Once these indirect imports are also considered total imports accounted for 12 per cent of total consumption in China in 2013.

Direct beef imports to China are forecast to grow by 15 per cent per year over the next three years and eventually reach 200 million tonnes per annum, driven by increasing demand for beef and the inability of the Chinese domestic market to meet the growing demands. A significant proportion of imports is expected to continue to enter China indirectly through 'Grey' channels but this is more risky as Chinese officials can block these imports as and when it deems necessary.

The increasing demand for beef in China is now exerting an increasingly important influence on the global meat market. With high domestic prices China has become internationally attractive to exporters and has now overtaken the Middle East and North Africa to be the largest meat importer in the world.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 09/06/14	Next Week 16/06/14
Prime		
U-3	314-316p	310-316p
R-3	308-310p	304-310p
O+3	302-304p	298-304p
Including bonuses where applicable		
Cows		
O+3 & better	235-255p	235-250p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 31/05/14	Steers	Heifers	Young Bulls
U-3=	329.2	329.9	311.8
U=3=	325.4	334.0	307.5
U=4=	319.1	325.4	-
R=3=	324.0	324.7	306.4
R=4=	321.5	320.3	-
O+3=	315.5	314.9	292.1
O=3=	313.8	307.0	284.4
Average	315.0	319.6	294.3

REPORTED COW PRICES NI - P/KG

w/e 07/06/2014	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
O+3=	-	-	236.9	257.7
O-3+	-	-	222.7	236.2
P+2+	196.0	186.5	215.3	228.0
P+3+	196.0	-	232.0	225.1
P-1	134.3	138.0	164.4	-

COMMODITY PRICE

W/E 07/06/14	Price (£) per tonne / 1000litre	% weekly change
Barley	152.00	+0.3
Wheat	166.50	-0.9
Straw	17.50	-

Deadweight Cattle Trade

BASE quotes from the plants this week for U-3 grade steers and heifers ranged from 314-316p/kg including the in spec bonus in some plants. Similar base quotes are expected for early next week in the majority of plants with one plant quoting 310-312p/kg. With a spread in base quotes across the plants producers should shop around to ensure they get the best possible price. Quotes for O+3 grading cows this week ranged from 235-255p/kg with similar quotes expected for early next week in some plants while others have indicated a decline of 4p/kg.

Supplies of prime cattle have shown signs of tightening with throughput last week totalling 6,015 head, a reduction of 952 head or 14 per cent from the previous week. In the corresponding week last year 6,452 prime cattle were slaughtered in NI plants. Imports of prime cattle from ROI for direct slaughter last week totalled 183 head and accounted for three per cent of the NI prime cattle kill. In the corresponding week last year 459 prime cattle were imported from ROI for direct slaughter and accounted for seven per cent of the NI prime cattle kill. Meanwhile imports from GB last week for direct slaughter in NI plants consisted of 79 prime cattle and 31 cows. Cow throughput in NI has remained fairly steady with 1,286 cows killed last week.

Deadweight prime cattle prices in NI continued to come under pressure last week in line with the reduced base quotes from the plants. The average steer price last week was 315p/kg, down 3.8p/kg from the previous week, while the R3 steer price was back 4.7p/kg to 325.9p/kg. Deadweight heifer prices followed a similar trend with the average heifer price back by 4.2p/kg to 319.6p/kg and the R3 heifer price back by 4p/kg to 326.7p/kg.

Deadweight cattle prices have also continued to come under pressure across GB with average steer and heifer prices back in the region of 3p/kg to 332.9p/kg and 334.5p/kg respectively. There has however been some variation across the regions. Average steer prices in Southern England last week were back by 5.3p/kg to 311.4p/kg while average steer prices in the Midlands and Northern England were back in the region of a penny. Meanwhile average heifer prices in Southern England and the Midlands were back 4-5p/kg while prices in Scotland and Northern England were back by 1-2p/kg. The differential in R3 steer prices between NI and GB last week was 11p/kg while the differential in heifer prices between the regions was 9p/kg. The average cow price in NI last week increased by 2p/kg to 232.3p/kg with average prices also improving in all the GB regions by 3-4p/kg. The average cow price in GB last week was 234.4p/kg, 2.1p/kg higher than the NI cow price.

Prime cattle prices have continued to come under pressure in ROI with reports of strong supplies of cattle and delays in getting cattle slaughtered. The R3 steer price in ROI last week was the equivalent of 306.4p/kg, down 3.4p/kg from the previous week while the R3 heifer price was the equivalent of 316.7p/kg, down 2.7p/kg from the previous week.

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

W/E 07/06/2013	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	327.7	314.4	353.9	349.5	346.5	339.1	348.0
	R3	325.9	306.4	347.9	340.7	334.6	319.4	336.9
	R4	321.3	306.8	349.7	359.0	336.0	325.9	346.5
	O3	308.7	292.1	327.0	313.2	296.7	297.7	309.7
	AVG	315.0	-	347.3	342.1	321.7	311.4	332.9
Heifers	U3	330.9	331.3	358.8	349.8	346.3	337.1	349.2
	R3	326.7	316.7	347.1	337.9	331.9	318.9	335.5
	R4	323.1	314.7	348.4	344.8	331.3	320.4	338.5
	O3	311.8	298.3	331.6	324.4	298.0	303.5	316.8
	AVG	319.6	-	347.7	343.1	324.7	311.2	334.5
Young Bulls	U3	311.0	305.0	349.8	324.2	326.3	327.1	329.0
	R3	306.3	298.5	340.3	306.5	313.7	313.2	314.1
	O3	282.2	277.0	288.6	264.3	284.0	296.6	278.9
	AVG	294.3	-	338.1	290.5	306.1	305.3	305.1
Prime Cattle Price Reported	5108	-	6668	5880	5410	4057	22015	
Cows	O3	244.0	239.1	253.5	251.4	255.9	240.6	249.9
	O4	247.2	240.2	259.5	252.5	256.8	243.8	252.4
	P2	200.8	204.5	202.7	210.5	205.1	194.1	201.7
	P3	224.9	229.6	223.5	229.9	218.2	216.4	221.4
	AVG	232.3	-	248.7	235.5	244.7	216.0	234.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=81.23p 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 LIVELINE CATTLE MART PRICES NI

W/E 24/05/14	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	183	191	188	165	182	174
Friesians	134	148	143	102	132	117
Heifers	180	197	187	160	179	172
Beef Cows	150	200	160	110	149	128
Dairy Cows	102	129	110	75	101	88
Store Cattle (p/kg)						
Bullocks up to 400kg	176	200	188	138	175	158
Bullocks 400kg - 500kg	186	201	193	140	177	160
Bullocks over 500kg	175	190	182	137	174	156
Heifers up to 450kg	190	217	206	145	189	167
Heifers over 450kg	175	192	185	138	174	154
Dropped Calves (£/head)						
Continental Bulls	280	380	330	180	278	230
Continental Heifers	200	260	230	80	198	140
Friesian Bulls	102	168	150	25	90	65
Holstein Bulls	50	100	75	2	48	25

SHEEP TRADE

HOGGET/LAMB QUOTES

(P/Kg DW)	This Week 09/06/14	Next Week 16/06/14
Lambs	445-455>21kg	440-460>21kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 24/05/14	W/E 31/05/14	W/E 07/06/14
NI Liveweight	438.2	410.4	418.3
NI Deadweight	469.0	456.0	443.3
ROI Deadweight	448.4	442.2	431.1
GB Deadweight	523.7	522.6	524.7

* ROI price is lamb and hogget prices combined

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grade lambs firmed with 455p/kg up to 21kg available as the week progressed with increasing demand from the processors. Quotes for Monday range from 440-460p/kg. Supplies of lambs have also started to improve with 9,101 slaughtered in NI plants last week. This was an increase of 2,080 head from the previous week when 7,021 lambs were slaughtered and was the highest weekly throughput for 2014 to date. Meanwhile 3,190 sheep were exported to ROI for direct slaughter, the lowest weekly export for 2014 to date. The deadweight lamb price in NI last week was back 12.7p/kg to 443.3p/kg with prices in ROI coming under similar pressure. Meanwhile in GB the average lamb price remained fairly steady at 524.7p/kg.

This Week's Marts

THE improved deadweight trade has been reflected by a general improvement in the trade in the marts. In Massereene on Monday 605 lambs sold from 420-465p/kg compared to 486 lambs last week selling from 410-440p/kg. In Saintfield this week 465 lambs sold from 400-440p/kg compared to 444 lambs last week selling from 395-435p/kg. In Rathfriland this week 746 lambs sold to an average of 436p/kg compared to 471 lambs last week selling to an average of 424p/kg. A firm trade in Markethill saw a large entry of 840 lambs sell to an average of 428p/kg compared to 350 lambs last week selling to an average of 425p/kg.

LATEST SHEEP MARTS

From: 07/06/14		Lambs (P/KG LW)			
To: 13/06/14		No	From	To	Avg
Saturday	Donemana	390	412	440	-
	Omagh	357	433	469	-
	Swatragh	350	398	472	-
Monday	Hilltown	220	393	400	-
	Massereene	605	420	465	-
Tuesday	Kilrea	300	426	439	-
	Saintfield	465	400	440	-
	Rathfriland	746	408	463	436
Wednesday	Ballymena	720	400	495	422
	Markethill	840	410	445	428
	Armoyle	312	405	448	440

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