

LMC ATTENDS WORLD MEAT CONGRESS 2014

LMC recently attended and supported the attendance of several key industry representatives from UFU, NIAPA and NIMEA at the 20th World Meat Congress which was held in Beijing, China from 14-16 June 2014. This major event which draws together meat and livestock professionals from across the world is organised every 2 years by the International Meat Secretariat (IMS) and was co-hosted in Beijing by the China Meat Association.

LMC is one of approximately 100 meat and livestock member organisations which are brought together under the IMS umbrella which acts as a global forum for exchange of ideas and experience on issues influencing the meat and livestock sector. In addition to the World Meat Congress the IMS operates a series of species specific committees including beef, sheep, veal and pork as well as a number of technical committees including marketing, human nutrition & health, economics, animal care, science, finance and sustainability.

At the pre congress sheep committee and beef committee meetings which took place at the Beijing International Convention Centre on 14 June a number of important items were on the agenda for discussion. These included production forecasts, international trade, consumer demand, market outlook for beef and lamb, promotional activity, animal welfare matters and sustainability initiatives.

The Theme of the World Meat Congress was 'Prospects for the Sustainable Development and Growth of the Global Meat Industry' with over 250 delegates from 30 different international countries, as well as several hundred local delegates from China, in attendance. Speakers from across the world addressed a series of topics

which on the first day included China and its Neighbours: Issues and Innovation in Asian Meat Markets, and; Food and Meat Security.

The second day of the conference focussed on Ensuring Food and Meat Safety, Balancing Global Supply and Demand and Developments in Sustainable Meat Production. Whilst it is impossible in a short article to summarise all of the important information that was presented and discussed at the World Meat Congress a few interesting snippets of information gleaned by the author of this article (LMC Chief Executive Ian Stevenson) are outlined below:

- The consumption of meat in China during 2013 amounted to 85 million tonnes of which 2.5 million tonnes was imported from 19 different countries. To put this in context the European Union is forecast to produce 44.5 million tonnes of meat per year by 2023.

- 'Grey channel' imports to China are likely to lift import levels of meat to 4 million tonnes in 2014. 25% of all sheep meat exports globally are destined for China.

- Significant investment is going into the Chinese meat industry to modernise and professionalise the sector but despite this investment the gap between growth of imports to China and growth of exports from China is widening.

- With growing demand for meat the price of beef in China rose by 18.5% in 2013 and mutton by 14.3% in 2013. Mutton prices in China are on average £6/kg rising to over £10/kg in some southern cities.

- The three main challenges facing the meat industry in China are meat security, quality and

safety and structural adjustment. Since 2009 over 5,000 meat companies have been closed down that did not meet minimum standards and many more 'low end' companies are to follow. Poor animal health in China accounts for an estimated 20% loss in the meat industry, with antibiotic resistance a major problem and disease control measures typically lagging 5 to 10 years behind academic knowledge.

- The per capita consumption of meat in China has risen from 35kg to 60kg in the last two decades with pork representing 65% of domestic meat consumption. China is expected to overtake the EU in the next decade in per capita consumption of pork and this alone could lead to a 5-8% increase in price.

- China will account for 50% of total growth in meat demand in the next 10 years and with limited resources the country is keen to learn from other countries about food safety, standards, sustainable development and to adopt new science and technology. China also recognises the need to leverage external resources and to import more meat for its own food security needs.

- According to the FAO there are 1.7 billion people in the world fully or partly dependent on livestock for survival. Over 25% of protein in human diets comes from livestock products (over 40% in developed countries) and contrary to some populist opinions over 80% of livestock feed comes from human inedible sources (so livestock play a key role in conversion of this feed to human edible protein).

- Over 70% of the world's livestock are in developing countries and markets for livestock products in these countries are largely traditional and informal in nature (i.e. no chill chain).

- 20% of all beef produced in Brazil is exported but unlike in 1997 when over 70% of beef exports were destined for the EU the current figure is closer to 27%.

- In Uruguay there are 3 million people and 13 million cattle. An export focussed country with all cattle electronically tagged Uruguay exports to 120 countries world-wide and is very proud of its reputation for hormone free beef and world leading traceability.

In next week's Bulletin we will feature a series of perspectives and insights from other members of the delegation in China

Image 1: Chinese consumers browsing the displays at a typical meat counter in Carrefour Beijing



PAID PRICES CONSISTENTLY HIGHER THAN QUOTES

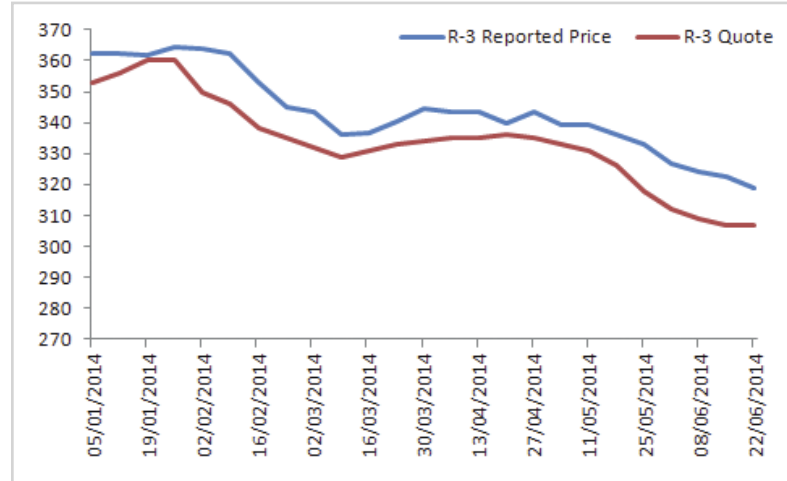
QUOTES for U-3 grade steers and heifers steadied this week with plants generally quoting 312-314p/kg for steers and 314-316p/kg for heifers. These base quotes are inclusive of the in spec bonus which is applied in some plants.

work out a relative value of other individual grades. It is however worth noting that the pricing grid is there as a guide and there is some variation in its application from plant to plant. In practice the price paid for individual grades is driven by supply and demand issues and is open to negotiation.

Prime cattle are generally paid for on a pricing grid which uses the U-3 price to

Given the flexibility of the pricing system

Figure 1: Weekly R-3 steer quoted price and reported price during 2014 to date



currently in place across the NI plants there are often marked differences in the quotes from the plants and the actual price paid. Careful analysis of price reporting data allows a comparison to be drawn between the prices being quoted by the plants and the prices they actually paid.

Figure 1 displays the weekly mid point quotes from the plants for in spec R-3 grade steers for 2014 to date and the actual price paid for in spec R-3 grade steers over the same period. These figures are based on 2,120 R-3 grade steers slaughtered during 2014 to date and if prices were paid strictly in line with quotes one would expect these cattle to be 6p/kg below the quoted U-3 price. Aberdeen Angus, Hereford and Organic cattle have been excluded from the analysis as these attract additional bonuses.

As indicated in Figure 1 the prices paid for R-3 grade in spec steers has been consistently above the quoted price for steers over the 25 week period under analysis. The average differential

between quoted prices and the actual price paid was 9.8p/kg. However there has been some significant variation in this from week to week with the differential varying from 1.6p/kg in the w/e 19 January 2014 to 16.1p/kg in the w/e 09 February 2014.

This analysis indicates that higher prices are available than initial quotes would suggest for R-3 grade in spec steers and that this differential has remained while both the quotes and paid prices have come under pressure. While the quoted price and paid price have followed a similar trend over the period in question there appears to be a time lag between changes to the base quote and changes in the prices being paid. This is understandable given that some cattle are being forward bought with some animals killed in any particular week purchased at the previous week's prices.

With this differential in quoted prices and the prices being paid it is important that producers should shop around to get the best possible deal. This applies

to the marketing of both in and out of spec cattle.

The plants have been reporting a tightening in the availability of prime cattle in recent weeks with prime cattle throughput in the NI plants last week totalling 5,138 head. This was the lowest weekly throughput for 2014 to date and 1,077 head lower than the 6,215 head killed in the corresponding week last year. Prime cattle throughput for the year to date has totalled 159,215 head, 3.4 per cent lower than the 164,760 killed in the corresponding period in 2013.

However with supplies of cattle remaining strong in GB, the main outlet for NI beef, and reports of reduced consumer demand for beef the plants have reported adequate supplies of cattle to meet demand. There have also been reports of the processors having large volumes of forequarter beef in storage as a consequence of reduced consumer demand and difficulty in sales.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 23/06/14	Next Week 30/06/14
Prime		
U-3	310-316p	310-316p
R-3	304-310p	304-310p
O+3	298-304p	298-304p
Including bonuses where applicable		
Cows		
O+3 & better	230-245p	230-250p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade prime cattle have steadied with plants generally quoting 312-314p/kg for steers and 314-316p/kg for heifers. Quotes for O+3 cows range from 230-250p/kg across the plants. Similar quotes are expected for early next week.

Reports from the plants have indicated a tightening in prime cattle availability in recent weeks and this was reflected in reduced throughput in the plants last week. Prime cattle throughput last week totalled 5,138 head, the lowest weekly throughput (excluding Christmas week) since August 2011. A total of 1,424 cows were also slaughtered in the NI plants last week bringing total throughput for the year to date to 35,929. Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 311 head compared to 423 head the previous week. Meanwhile four prime cattle and 61 cows were exported from NI for direct slaughter in ROI plants with a further 148 prime cattle and 18 cows exported to GB for direct slaughter.

There have been some indications of the deadweight beef market steadying as prime cattle availability tightens. The average steer price in NI last week was back marginally to 312.6p/kg while the R3 steer price was back by 2p/kg to 322.2p/kg. The average heifer price was back in the region of a penny to 315.9p/kg while the R3 heifer price was up half a penny to 322.6p/kg. The average young bull price increased by a similar margin to 292.5p/kg in NI last week.

Meanwhile in GB deadweight cattle prices have continued to come under pressure with the average steer price back by 2.8p/kg to 327.5p/kg with average steer prices back in all the GB regions. The most notable declines were in Northern England, where prices were back by 5.3p/kg to 334.6p/kg and in the Midlands where the average steer price was back by 4.5p/kg to 313.7p/kg. Heifer prices in GB followed a similar trend with the average GB heifer price back by 2.7p/kg to 331.3p/kg last week with the most notable declines also recorded in Northern England and the Midlands.

The cull cow trade has remained relatively steady in NI during 2014 to date with the average cow price in NI last week increasing by 2.4p/kg to 230.3p/kg. Similar increases were recorded in Northern England and the Midlands where average cow prices were 238p/kg and 247p/kg respectively. The average cow price in GB last week was 233.4p/kg, up 1p/kg from the previous week and 3.1p/kg higher than the average cow price in NI.

In ROI last week prices continued to come under pressure with the ROI kill last week totalling 31,301, more than 3,500 higher than the corresponding week last year. The decline in the value of euro against sterling has reduced prices in sterling terms. The R3 steer price was back the equivalent of 6.1p/kg (4.8c/kg) to 291.9p/kg and R3 heifer prices were back by 5.3p/kg (3.5c/kg) to 302.8p/kg.

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

W/E 21/06/2013	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	323.9	300.2	353.2	340.6	334.4	329.7	341.3
	R3	322.2	291.9	344.9	333.9	325.3	320.5	332.4
	R4	320.8	290.7	346.1	347.4	330.4	321.3	339.4
	O3	306.4	278.0	326.8	308.0	292.8	290.2	305.6
AVG	312.6	-	345.6	334.6	313.7	305.2	327.5	
Heifers	U3	327.6	318.1	354.3	341.2	336.7	331.6	342.7
	R3	322.6	302.8	343.4	330.8	326.8	315.2	331.3
	R4	318.8	300.2	346.7	334.5	326.9	317.4	334.0
	O3	305.4	282.6	328.8	320.9	297.5	296.0	313.5
AVG	315.9	-	345.8	335.0	322.1	308.5	331.3	
Young Bulls	U3	311.8	290.9	349.5	313.7	323.1	325.7	325.1
	R3	303.8	285.3	338.0	297.5	308.3	310.8	308.2
	O3	283.6	256.7	298.2	265.5	287.3	283.1	279.5
	AVG	292.5	-	332.0	286.3	303.2	304.4	302.1
Prime Cattle Price Reported	4345	-	6854	5974	5441	4226	22495	
Cows	O3	243.9	228.0	254.0	252.2	249.0	241.3	250.4
	O4	249.1	229.8	259.0	253.1	250.6	241.8	251.7
	P2	199.5	200.7	195.2	210.2	211.6	181.1	195.0
	P3	226.7	219.2	219.4	229.3	229.3	206.3	219.3
AVG	230.3	-	245.7	238.0	247.0	209.3	233.4	

- Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.89p 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

REPORTED NI CATTLE PRICES - P/KG

W/E 21/06/14	Steers	Heifers	Young Bulls
U-3=	320.9	328.4	309.1
U=3=	324.8	328.9	310.7
U=4=	321.3	323.7	326.0
R=3=	318.8	325.9	306.9
R=4=	324.8	319.2	296.0
O+3=	315.0	312.1	287.5
O=3=	302.3	296.9	282.2
Average	312.6	315.9	292.5

REPORTED COW PRICES NI - P/KG

w/e 21/06/2014	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
O+3=	-	-	-	256.2
O-3+	-	219.2	238.3	237.6
P+2+	-	-	214.9	219.7
P+3+	-	202.0	210.1	232.2
P-1-	143.0	153.5	152.2	180.0

COMMODITY PRICE

W/E 21/06/14	Price (£) per tonne / 1000litre	% weekly change
Barley	146.50	-2.0
Wheat	166.50	n/c
Straw	17.50	-

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 21/06/14	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	176	189	180	157	175	168
Friesians	140	162	151	108	139	125
Heifers	185	200	192	155	184	170
Beef Cows	138	189	157	105	137	122
Dairy Cows	108	128	114	75	107	92
Store Cattle (p/kg)						
Bullocks up to 400kg	209	231	218	150	208	180
Bullocks 400kg - 500kg	200	222	207	163	197	180
Bullocks over 500kg	187	195	190	151	168	160
Heifers up to 450kg	180	194	186	162	179	171
Heifers over 450kg	185	198	192	149	184	160
Dropped Calves (£/head)						
Continental Bulls	270	350	300	180	268	220
Continental Heifers	220	310	255	100	218	160
Friesian Bulls	85	138	110	15	82	48
Holstein Bulls	28	88	58	1	26	15

SHEEP TRADE

HOGGET/LAMB QUOTES

(P/Kg DW)	This Week 23/06/14	Next Week 30/06/14
Lambs	440>21kg	400-420>21kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 07/06/14	W/E 14/06/14	W/E 21/06/14
NI Liveweight	418.3	422.0	406.2
NI Deadweight	443.3	434.4	428.8
ROI Deadweight	433.1	430.0	411.7
GB Deadweight	524.7	521.1	502.1

Deadweight Sheep Trade

NI processors were quoting 440p/kg early in the week for R3 grade lambs up to 21kg. However as the week progressed quotes came back to 420-430p/kg in response to strong supplies of lamb with the plants indicating 400-420p/kg for early next week. Throughput in the NI plants last week totalled 10,948 head, up 623 head from the previous week. This throughput was markedly higher than the 7,967 lambs killed in the corresponding week last year. Exports of sheep to ROI for direct slaughter last week totalled 5,606 head, an increase of 46 per cent on the 3,850 head exported the previous week. Meanwhile 265 sheep were imported from ROI for direct slaughter in NI plants last week. The average deadweight lamb price in NI last week was 428.8p/kg, 5.6p/kg back from the previous week.

This Week's Marts

REPORTS from the marts this week have indicated an easing in the trade in line with the increasing lamb supplies and reduced quotes from the plants. In Kilrea on Monday 550 lambs sold from 396-411p/kg compared to 415 lambs last week selling from 415-433p/kg. In Saintfield on Tuesday 604 lambs sold from 370-430p/kg compared to 634 lambs last week selling from 400-440p/kg. In Rathfriland on Wednesday 1,319 lambs sold to an average of 390p/kg compared to 900 lambs last week selling to an average of 420p/kg. In Enniskillen this week 558 lambs sold to an average of 385p/kg. The good trade for well fleshed cull ewes has continued with top reported prices of over £100 in several marts this week.

LATEST SHEEP MARTS

From: 21/06/14		Lambs (P/KG LW)			
To: 27/06/14		No	From	To	Avg
Saturday	Donemana	500	410	428	416
	Omagh	509	388	421	-
	Swatragh	600	392	442	-
Monday	Kilrea	550	396	411	-
Tuesday	Saintfield	604	370	430	-
	Rathfriland	1319	365	420	390
Wednesday	Ballymena	1088	358	418	370
	Enniskillen	558	380	408	385
	Markethill	800	350	400	370
	Armoyle	483	360	400	-

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