

FAO FOOD INDEX PRICE DECREASES

THE FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities. It is based on the five key commodity groups (cereal, vegetable oil, dairy, meat and sugar).

The FAO Food Price Index during August 2014 dropped to 196.6 points, its lowest level since September 2010. The index was down 7.3 points from the previous month and was the fifth consecutive month in which it recorded a decline.

In August 2013 the food price index was 204.5p/kg, representing a decline of 7.9 points year on year. This accounts for a 3.9 per cent decline year on year. Figure 1 outlines the FAO Indexes for Meat, Dairy, Cereals and Total Food from January 2013 to August 2014. Except for meat, all the other food sub-indices dipped markedly in August, with dairy values showing the most marked decline.

In August 2014 the FAO Meat Price Index (red line) averaged 207.3 points, 2.5 points higher than the 204.8 points recorded during July 2014. This increase in the meat index was driven by a strong rise in beef prices in

Australia, where herd rebuilding has reduced export supplies.

This combined with the continued strong import demand from Asia, particularly China, have been responsible for increasing the index at a time when the indexes of other major commodities were recording a decline. During August global prices for poultry were almost unchanged while global prices for pork and sheepmeat recorded a decline.

During August 2014 the FAO Cereal Price Index (purple line) averaged 182.5 points, back 2.8 points from July 2014 and 24.2 points (11.7 per cent) lower than the corresponding month in 2013. Forecasts of excellent crop harvests and good supplies of wheat and coarse grains have driven this decline in the cereal index and brought it to its lowest level since August 2010.

Wheat prices are now at their lowest level since July 2010 due to record levels of global production while global maize prices have fallen to a four year low due to the almost ideal production conditions while stocks are already at a very high level. The latest forecast for world cereal production from FAO for

2014 stands at 2,512 million tonnes, putting it just fractionally below last year's record global harvest.

The FAO Dairy Price Index (green line) averaged 200.8 points in August bringing it to its lowest level since September 2012. This was down 25.3 points from the previous month and represented an 11.2 per cent decline. In the corresponding month in 2013 the FAO Dairy Index was 247.6 points representing a decline of 46.8 (18.9 per cent) year on year.

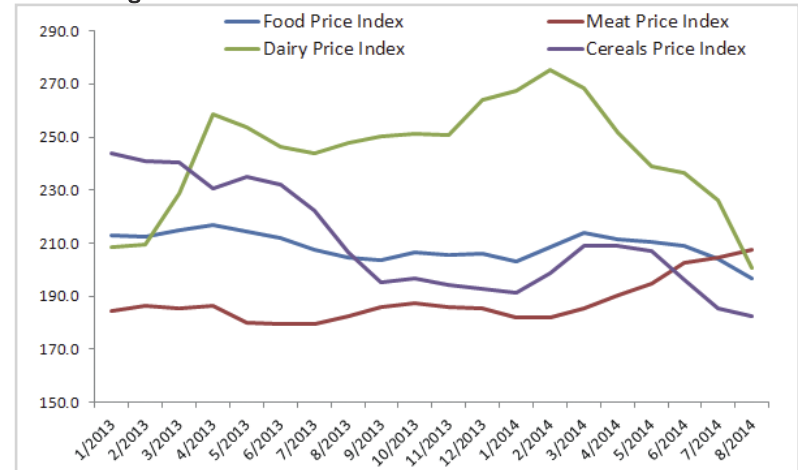
This marked drop in the index was a result of all dairy products recording a decline as a result of abundant export availability and reduced import demand on a global basis. Export supplies have increased in the EU during 2014 to date while conditions are favourable for a strong start to the new season in Oceania.

The introduction of the Russian Federation ban on imports of dairy products during August combined with reduced demand from China for whole milk powder have also contributed to market uncertainty concerning demand over the coming months.

The FAO Vegetable Oil Price Index averaged 166.6 points in August, 14.5 points (8 percent) less than the previous month and the lowest level since November 2009. The strong decline recorded in August 2014 was primarily driven by a decline in palm oil prices due to increased production and lower than anticipated global demand, particularly from China and India. The index for the other major oils (soy, rape and sunflower) also remained on a downward trend as a result of positive forecasts for supplies.

During August 2014 the FAO Sugar Price Index averaged 244.3 points, down by 14.8 points (5.7 percent) from July, but still 2.2 points (1 percent) higher than in August 2013. The marked drop in prices was triggered by improved production prospects in India, the European Union and the Russian Federation. In addition, reports of lower than expected import demand by China had a negative influence on international prices.

Figure 1: FAO Price Index for Meat, Dairy, Cereals and Total Food from January 2013 to August 2014



BEEF SIRED CALF REGISTRATIONS UPDATE

Recovery in beef sired calf registrations during the period May-August 2014 when compared to the corresponding period in 2013 has been welcome news for the NI beef industry after a prolonged period of reduced calf registrations.

This decline in calf registrations had been driven by fertility problems in both the suckler and dairy herds due to unpredictable weather and difficult production conditions. To coincide with these problems there was a reduction in the suckler cow herd in 2013 in response to rising costs of production and difficult market conditions. The preliminary census results for June 2014 have indicated a continuation of this trend with suckler cow numbers back five per cent on year earlier levels to 257,000 head.

However during August 2014 22,796 beef sired calves were registered on NI farms compared to 21,580 calves during August 2013. This increase by 1,216 head accounts for a 5.6 per cent increase year on year and is the fourth consecutive month in which beef sired calf registrations have been higher than year earlier levels. A similar trend can be observed in the number of dairy sired male calves registered.

This improvement in registrations in recent months has been welcomed with the number of beef sired calf registrations during 2014 to date running just one per cent lower than year earlier levels. However registrations are running 8.8 per cent lower than the levels recorded in the corresponding period in 2012 with 23,714 fewer beef calves registered. It

remains to be seen if the recent improvement in calf registrations will be maintained and narrow this gap as the year progresses.

Analysis of the latest available Aphis data has indicated declines in the number of beef sired cattle on the ground. The number of beef sired cattle on NI farms in the 6-12 months, 12-18 months and 18-24 month age brackets are all down on year earlier levels as outlined in Table 1.

Combined there are 21,218 fewer beef sired cattle in these categories than year earlier levels and 38,297 fewer cattle when compared to the same period in 2012. With an annual prime cattle throughput of approximately 330,000 head by NI processors the current shortfall of 21,218 head accounts for 6 per cent of annual throughput.

These trends are likely to cause a tightening in prime cattle supplies coming forward for slaughter in the months ahead although there has been a notable increase in the number of prime cattle being imported from ROI for direct slaughter in recent weeks in line with normal seasonal trends which will go some way to reduce the deficit in cattle numbers.

The major processors have indicated that current prime cattle supplies are in line with current demand for beef.

RED FQAS VERIFICATION FORMS

FQAS verification forms are required by meat processors when sheep or lambs are being presented for slaughter. These red forms are needed to verify that lambs have completed 60 days on a farm quality assured farm/farms prior to slaughter. FQAS approved lamb producers may incur price penalties from their processor if lambs are not accompanied by these forms as this is an essential FQAS check.

Farm Quality Assurance Scheme participants who are approved for sheep can request lamb verification forms by calling the FQAS Helpline on: 028 9263 3024.



Table 1: Beef sired cattle by age category on NI farms during August 2012-2014

	2012	2013	2014	2013/2014	2012/2014
0-6	181501	169237	174794	3.3%	-3.7%
6-12	128530	115370	109501	-5.1%	-14.8%
12-18	201111	190782	183197	-4.0%	-8.9%
18-24	98274	104684	96920	-7.4%	-1.4%
24-30	99031	93456	97713	4.6%	-1.3%
30-36	36261	33440	35293	5.5%	-2.7%

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

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 10/09/14	Next Week 15/09/14
Prime		
U-3	322-326p	322-326p
R-3	316-320p	316-320p
O+3	310-314p	310-314p
Including bonus where applicable		
Cows		
O+3 & better	245-256p	245-256p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 06/09/14	Steers	Heifers	Young Bulls
U3	319.9	327.2	318.3
R3	318.0	322.6	311.0
O+3	308.6	314.5	299.7

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 06/09/14	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
O+3=	-	-	259.8	250.9
O-3+	-	-	244.0	237.8
P+2+	-	205.3	214.5	226.7
P+3+	-	-	237.0	231.0
P-1-	142.0	149.2	139.2	143.2

COMMODITY PRICE

W/E 06/09/14	Price (£) per tonne / 1000 litre	% weekly change
Barley	133.50	+3.1
Wheat	136.00	+2.3
Straw	13.70	-

Deadweight Cattle Trade

QUOTES from the plants this week for U-3 grade steers and heifers ranged from 322-326p/kg, including the in spec bonus in some plants. This is an improvement from the previous weeks and brings quotes more in line with what has been paid in recent weeks. Producers should continue to shop around as better deals may be available. The quote for good quality O+3 grade cows this week were similar to previous weeks and ranged from 245-256p/kg across the plants.

Prime cattle throughput in NI last week totalled 5,736 head, back 168 head from the previous week. It was however 307 head higher than the 5,429 head slaughtered in the corresponding week in 2013. Imports of prime cattle from ROI for direct slaughter last week totalled 797 head with 208 cows also imported. This compares to 840 prime cattle and 141 cows imported from ROI for direct slaughter the previous week. Exports from NI to GB for direct slaughter last week were similar to previous weeks with 173 prime cattle and 51 cows exported while a further 96 cows were exported to ROI for direct slaughter.

Cow throughput in NI last week was up slightly from the previous week with 1,812 head slaughtered. In the corresponding week in 2013 1,494 cows were slaughtered representing a 21 per cent increase year on year. Cow throughput in NI during the last six weeks has totalled 10,300 head, very similar to throughput in the corresponding period in 2013. However during the last six weeks there have been changes to the slaughter mix when compared to the same period last year. In the last six weeks 41 per cent of the price reported cow kill were of suckler origin compared to 50 per cent in the corresponding period in 2013. This has increased the proportion of dairy origin cows from 50 per cent to 59 per cent year on year.

The average steer price in NI last week was back 2.2p/kg to 309.6p/kg while in GB the average steer price increased by 3.8p/kg to 346.1p/kg. Increases were recorded in all the GB regions last week with the biggest increase recorded in Scotland where the average steer price increased by 5.1p/kg to 363.2p/kg. Meanwhile the R3 steer price in NI was back 1.6p/kg to 321.3p/kg while in GB the R3 steer price increased by 5.9p/kg to 351.6p/kg. This was driven by strong increases in Scotland and Northern England in particular.

The average heifer price in NI last week increased by 1p/kg to 318.6p/kg while the average heifer price in GB increased by 2.5p/kg to 345.4p/kg. However while increases of 4-5p/kg were recorded in average heifer prices in Scotland and Northern England prices in the Midlands and Southern England were back by 1p/kg. The strongest increase recorded for an individual grade was for R3 grade heifers in Northern England which increased by 10p/kg to 347.2p/kg last week.

Meanwhile in ROI the trade has shown some signs of steadying with R3 steer and heifer prices last week within a penny of the previous week at 280.6p/kg and 284.3p/kg respectively. The differential between ROI and NI for an R3 steer last week was 40.7p/kg (£134 on a 330kg carcass).

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

W/E 06/09/2014	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	320.3	287.9	369.7	355.0	353.1	358.6
	R3	321.3	280.6	365.7	350.3	344.1	351.6
	R4	319.5	278.6	367.6	360.9	343.1	356.2
	O3	311.0	264.1	353.5	334.7	319.3	332.1
	AVG	309.6	-	363.2	349.1	333.8	331.0
Heifers	U3	327.4	294.4	372.4	354.4	353.9	352.9
	R3	324.8	284.3	362.3	347.2	339.6	339.8
	R4	320.6	282.6	365.1	347.5	342.6	338.3
	O3	313.4	269.3	347.8	323.5	316.1	320.5
Young Bulls	U3	318.3	282.6	364.1	332.4	345.3	350.2
	R3	308.5	273.2	354.6	315.6	330.3	335.4
	O3	294.0	249.3	315.4	286.3	305.8	307.2
	AVG	292.5	-	339.6	312.8	325.8	316.6
Prime Cattle Price Reported	4323	-	6570	5842	5544	3949	21905
Cows	O3	244.5	232.5	255.4	243.2	257.3	242.6
	O4	249.1	234.2	257.6	248.0	261.8	245.1
	P2	204.4	207.8	196.8	201.6	198.4	191.1
	P3	226.8	224.3	214.7	225.0	226.4	217.1
	AVG	221.7	-	248.0	224.7	249.1	208.9

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=79.40p 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 06/09/14	1st QUALITY			2nd QUALITY		
	From	To	Average	From	To	Average
Finished Cattle (p/kg)						
Steers	188	208	194	150	187	170
Friesians	128	135	132	100	106	103
Heifers	185	207	190	135	184	160
Beef Cows	129	171	141	100	128	114
Dairy Cows	95	112	102	70	94	82
Store Cattle (p/kg)						
Bullocks up to 400kg	197	226	203	160	196	178
Bullocks 400kg - 500kg	199	233	214	176	198	187
Bullocks over 500kg	194	207	200	150	193	172
Heifers up to 450kg	185	209	196	145	184	165
Heifers over 450kg	180	200	190	150	179	165
Dropped Calves (£/head)						
Continental Bulls	245	345	300	140	240	190
Continental Heifers	200	300	250	100	198	150
Friesian Bulls	88	115	98	5	60	33
Holstein Bulls	30	60	45	1	28	15

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 10/09/14	Next Week 17/09/14
Lambs	340-345p>21kg	335p>21kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 23/08/14	W/E 30/08/14	W/E 06/09/14
NI Liveweight	320.4	309.7	303.2
NI Deadweight	348.5	343.5	341.9
ROI Deadweight	343.5	340.3	340.3
GB Deadweight	376.4	374.7	369.5

Deadweight Sheep Trade

QUOTES from the plants early this week for R3 grade lambs were 340-345p/kg with quotes for Monday of 335p/kg. The plants have reported steady supplies of good quality lambs coming forward for slaughter with 31 per cent of the price reported lambs last week achieving a U3 grade and a further 49 per cent achieving an R3 grade. Throughput in the NI plants last week totalled 13,129 head, an increase of 1,151 from the previous week. Meanwhile exports to ROI for direct slaughter increased to 9,831 head, the highest weekly level of export during 2014 to date. The deadweight lamb price in NI last week was back 1.6p/kg to 341.9p/kg while the deadweight price in ROI was unchanged at 340.3p/kg. In GB last week the deadweight price was back by 5.2p/kg to 369.5p/kg.

This Week's Marts

GENERALLY the marts reported a slightly quieter trade for lambs this week with strong numbers continuing to pass through the sale rings. In Swatragh last Saturday 1000 lambs sold from 300-342p/kg compared to 1200 lambs the previous Saturday selling from 299-349p/kg. In Massereene on Monday 1,166 lambs sold from 295-329p/kg compared to 1,320 the previous Monday selling from 300-331p/kg. In Enniskillen on Wednesday 635 lambs sold from 292-328p/kg compared to 524 last week selling from 302-338p/kg. A good trade has been reported for well fleshed cull ewes with top prices generally ranging from £85-95.

LATEST SHEEP MARTS

From: 06/09/14		Lambs (P/KG LW)			
To: 12/09/14		No	From	To	Avg
Saturday	Newtownstewart	200	292	300	295
	Swatragh	1000	300	342	325
	Omagh	1275	286	336	-
Monday	Massereene	1166	295	329	-
	Kilrea	520	294	333	-
Tuesday	Saintfield	661	290	341	-
	Rathfriland	1104	285	330	311
Wednesday	Ballymena	1763	280	372	294
	Enniskillen	635	292	328	-
	Arroy	334	295	360	312
	Markethill	1100	290	324	304

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