LMC BULLETIN

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LIVE CATTLE TRADE BETWEEN NI AND GB

THE live cattle trade between NI and mainland GB has been, and remains to be, important to the NI beef industry. Trade in live cattle provides farmers and processors with options to help balance the market when cattle supplies are sub-optimal relative to market needs at any point in time.

This trade is important for the export of prime cattle to GB for direct slaughter as well as store and weanling cattle for further breeding and production. Cattle are also imported into NI from GB for direct slaughter and further keep as part of this two way trade.

The level of trade between NI and GB for cattle for both direct slaughter and further breeding and production is largely price driven The trade is also driven by the supply of, and demand for, beef cattle in both GB and NI which in turn influences the volume of the trade.

The level of exports between NI and GB tends to increase in the autumn months as indicated in Figure 1 and tends to be driven by increased supplies of both finished and store cattle in NI coming off our grass based systems. In conjunction with this increase in cattle supplies in NI there is a seasonal uplift in demand for beef in GB where there is not such a pronounced seasonal increase in cattle supplies from GB farms.

During 2013 as a whole there was a strong increase in exports from NI to GB when compared to 2012 levels. This increase in exports was based on a combination of a wider price differential and strong demand for quality assured, UK Origin cattle in GB. During 2013 there was the highest recorded level of exports to GB in recent years, with over 15,000 head exported for direct slaughter and a further 12,900 cattle exported for further production or breeding.

For 2014 to date, exports have operated at a lower level. Exports for direct slaughter were down by 45 per cent on year earlier levels, with exports for further production down by almost 25 per cent. This reduced export activity was a consequence of a narrower price differential, stronger cattle supplies in GB and weaker consumer demand for beef.

From May to July this year, the price differential between NI and GB was relatively narrow, averaging 10p/kg in June and July on R3 steers as indicated in Figure 2. However, the gap in prices between NI and GB widened during September, with an average differential in R3 steer prices of 25p/kg. This widening in the price differential coupled with a tightening in prime cattle supplies in GB led to an increase in exports to GB in September for both direct slaughter and further production.

Provisional figures show that during September 2014 1,200 head were shipped to GB factories for direct slaughter, more than double the levels recorded in August this year. Despite the strong increase in exports recorded month on month the levels being exported remained markedly lower than the 1,800 exported for direct slaughter in September 2013.

Meanwhile, provisional figures show that the number of cattle being exported from NI to GB for further breeding and production during September 2014 totalled 1,604 head (excluding calves) compared to 1,286 head in the corresponding month in 2013. This accounts for a 25 per cent increase year on year.

The level of export for further production recorded during September 2014 is also a marked increase from the 634 head exported during the previous month. The monthly level of export during September 2014 was the highest monthly export since May 2013 when 1,787 cattle were exported for further breeding and production.

It remains to be seen whether increase in exports to GB this September will be sustained. NI prices have shown strong increases in recent weeks, with quotes up by 24p/kg since the last week of September. The latest reported prices, which reflect just part of this increase in quotes, have also recorded an increase.

Last week the R3 steer price in NI increased by 8.4p/kg to 339.1p/kg placing it 16.3p/kg behind the average GB price. The differential will have narrowed further since then and the increased level of exports to GB during September will have been one factor behind the improvement recorded in the deadweight cattle trade in Northern Ireland in recent weeks.

Figure 1: Exports of cattle from NI to GB for further Breeding and Production 2012-2014 (excluding calves)

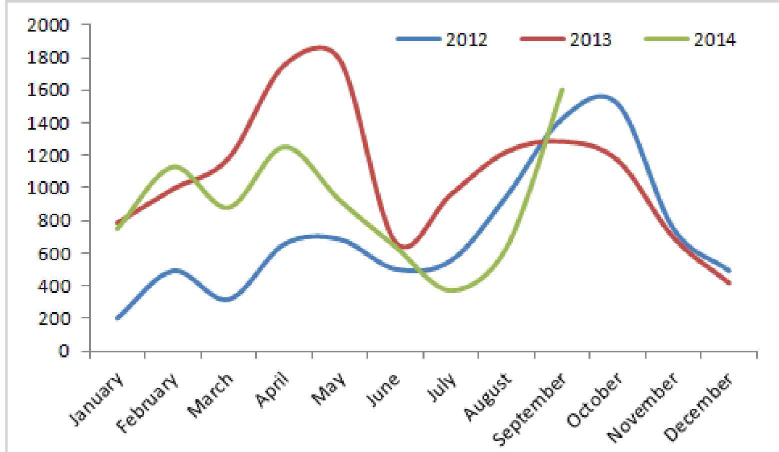
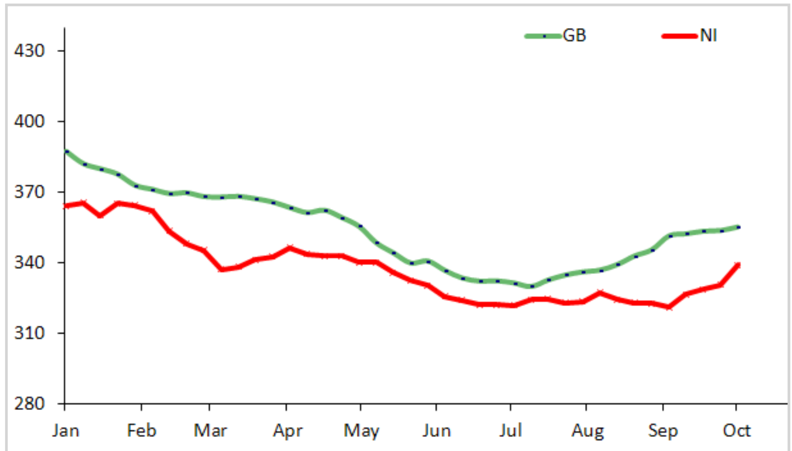


Figure 2 – Average R3 steer prices in NI and GB January to October 2014



EU COMMISSION SHORT TERM FORECAST INDICATES AN INCREASE IN EU BEEF SUPPLIES

The latest short term forecast from the European Commission have indicated that EU beef production is likely to increase in 2014. The increase on 2013 production levels is expected to be in the region of 110,000 tonnes.

The primary driver behind this expected increase in beef production is the increase in the number of dairy cows across the EU in anticipation of the abolition of the dairy quota system in 2015.

The knock on effect of this increase in the dairy herd is the increased supply of calves for beef production. Two thirds of the beef produced in the EU is currently sourced from the dairy herd while in NI the proportion of beef animals sourced from the dairy herd is closer to one third.

In addition to this increase in cattle supplies lower feed costs and good forage quality is expected to increase average carcase weights across the EU which will further increase beef supplies. The average prime cattle carcase weight in NI during September 2014 was 330.5kg compared to 322.1kg in September 2014. This increase by 8.4kg year on year accounts for a 2.6 per cent increase year on year.

The projected changes in beef production during 2014 shows some significant variation across the EU and is dependent primarily on how advanced the rebuilding of the dairy herd is in each member state.

The EU Short Term Forecast uses Ireland as an example with total slaughterings for the first seven months of 2014 running 15 per cent ahead of year earlier levels. The report attributes some of this increase to more cull cows in the slaughter mix as well as an increase in the number of dairy origin male cattle being presented for slaughter. The expansion in the Irish dairy herd began four years ago so it has already started to bring additional meat onto the market.

By comparison in Spain and Italy, where the dairy herd rebuilding is still in its early stages and there is strong dairy herd growth (5.2 per cent and 3 per cent respectively) there has been a reduction in beef production due to higher heifer retention for herd rebuilding. In the first seven months of 2014 net beef production in both Spain and Italy was back in the region of 4-5 per cent.

The report indicates that in the coming months there may be an increase in cow slaughterings in some EU member states. This increase may be due to the expected downward milk price adjustments but also to help limit milk production above the 2014/2015 quota. This should contribute to a higher beef supply with early estimates of beef production in 2015 to increase by a further 2.6 per cent.

FQAS ONLINE PAYMENTS

LMC would like to remind Northern Ireland Beef and Lamb Farm Quality Assurance Scheme members that they can now use the online payment system to pay annual renewal fees at www.lmcni.com. This service can also be used to pay initial registration fees but producers should note that completed application forms need to be forwarded via post.

Previously all FQAS members had to pay their annual renewal/initial registration by cheque however members can now pay online with a valid credit/debit card. Paying your membership fee online is quick and easy and facilitates a more streamline payment service. The online payment system is available 24 hours a day and is completely secure through the LMC website. It should be noted that cheques are still accepted as a valid means of payment.

In order to pay using credit/debit card, FQAS members must pay through the website and it is important to remember that card details cannot be taken over the phone for security reasons. At this time we are unable to process Maestro debit cards but can facilitate the majority of major debit/credit cards.

If you have any queries regarding online payments please contact the FQAS team in LMC on 028 9263 3024.

FARM QUALITY ASSURED
NORTHERN IRELAND

LMC

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

Answerphone Service
Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service
Free Price Quotes sent to your mobile phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 08/10/14	Next Week 13/10/14
Prime		
U-3	348-352p	346-352p
R-3	342-346p	340-346p
O+3	336-340p	334-340p
	Including bonus where applicable	
Cows		
O+3 & better	240-264p	240-264p
Steakers	140-170p	140-170p
Blues	120-130p	120-130p

REPORTED NI CATTLE PRICES - P/KG

W/E 04/10/14	Steers	Heifers	Young Bulls
U3	340.9	343.6	335.3
R3	337.5	339.4	328.3
O+3	329.2	329.6	317.1

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 04/10/14	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	142.6	151.8	154.4	160.8
P2	162.6	184.3	209.6	228.0
P3	211.9	218.2	233.9	234.6
O3	-	230.1	240.6	253.6
O4	-	214.1	245.0	258.5
R3	-	-	259.0	272.9

COMMODITY PRICE

W/E 04/10/14	Price (£) per tonne / 1000litre	% weekly change
Barley	126.50	-0.4
Wheat	128.00	+1.6
Straw	12.14	-

Deadweight Cattle Trade

QUOTES from the major plants late this week for U-3 grade steers and heifers ranged from 346-352p/kg. With a variation in the base quotes across the plants producers are encouraged to shop around to get the best possible price. Quotes for O+3 grade cows ranged from 240-264p/kg across the plants with the majority of the plants quoting 250-260p/kg for good quality cows. The plants are reporting steady supplies of all types of cattle coming forward for slaughter to meet demand.

The prime cattle kill in the NI plants last week was similar to the previous week with 6,287 head slaughtered. In the corresponding week last year 6,766 prime cattle were slaughtered in NI plants accounting for a seven per cent decline year on year. Imports of prime cattle from ROI for direct slaughter last week were the highest for the year to date at 934 head and accounted for 15 per cent of total plant throughput. In the corresponding week last year 810 prime cattle were imported from ROI for direct slaughter in NI plants accounting for 12 per cent of total prime cattle throughput. The cow kill in NI last week was also similar to the previous week at 1,611 head, markedly lower than the 2,045 cows killed in the same week last year.

Deadweight prime cattle prices recorded strong increases in NI last week in response to an increase in base quotes from the major processors. The average steer price in NI last week was up 9.7p/kg to 327.9p/kg while the R3 steer price increased by 8.4p/kg to 339.1p/kg. Meanwhile in GB the average R3 steer price increased by 1.5p/kg to 355.4p/kg putting the differential between NI and GB at 16.3p/kg. In the previous week the differential had been 23.2p/kg. Across the GB regions last week there was some variation in the trade. R3 steer prices in Scotland and Northern England recorded increases of 4.4p/kg and 2.6p/kg respectively while R3 steer prices in the Midlands and Southern England were back in the region of 1p/kg.

Meanwhile the average heifer price in NI last week increased by 7.5p/kg to 332.6p/kg with the NI R3 heifer price increased by 9.3p/kg to 340.1p/kg. This puts the differential in R3 heifer prices between NI and GB at 15.4p/kg or £51 on a 330kg carcase. In the previous week the differential in R3 heifer prices between NI and GB was 23.1p/kg which equates to a differential of £76 on a 330kg R3 grade carcase. The average R3 heifer price in GB last week increased by 1.6p/kg to 355.5p/kg with increases recorded in all the GB regions. The strongest increase was in Scotland where the R3 heifer price increased by 2p/kg to 374.7p/kg.

Meanwhile in ROI the trade has shown a slight improvement with the majority of reported grades recording an increase in euro terms. A slight weakening in the value of the euro meant that in sterling terms the R3 steer price increased by 1p/kg to 278p/kg while the R3 heifer price increased by a similar margin to 282.3p/kg. The price differential in R3 steer prices between ROI and NI last week was the equivalent of £201 on a 330kg carcase while the differential in R3 grade 330kg heifer carcase was the equivalent of £190.

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

W/E 04/10/2014		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	341.6	285.6	382.2	357.9	354.9	353.1	363.4
	R3	339.1	278.0	377.1	351.3	344.7	341.7	355.4
	R4	335.3	276.3	378.8	362.6	345.8	342.5	360.4
	O3	326.0	261.1	360.7	334.0	320.9	320.8	335.7
	AVG	327.9	-	372.9	351.8	336.4	333.0	350.6
Heifers	U3	344.3	293.1	380.0	359.0	358.8	356.7	365.0
	R3	340.1	282.3	374.7	349.4	346.2	344.3	355.5
	R4	336.2	280.9	374.8	353.3	346.2	342.5	356.6
	O3	326.8	266.2	360.4	337.3	324.2	319.8	338.4
	AVG	332.6	-	371.5	349.4	340.1	332.6	351.2
Young Bulls	U3	335.4	284.4	374.4	338.4	348.3	353.1	348.4
	R3	328.8	275.3	365.8	325.0	335.2	339.2	335.8
	O3	312.0	254.8	330.1	299.6	306.5	308.4	307.8
	AVG	315.8	-	352.2	321.3	326.6	304.7	324.5
Prime Cattle Price Reported		4402	-	6230	5737	5490	3811	21268
Cows	O3	252.0	235.5	254.8	246.9	251.6	233.6	246.5
	O4	256.9	236.9	258.3	244.5	255.7	235.5	247.3
	P2	214.3	209.1	187.6	200.7	213.6	180.6	190.9
	P3	233.2	229.6	213.9	223.8	231.5	207.0	216.1
	AVG	225.9	-	244.8	223.5	235.5	201.3	224.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=78.12p 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

	1st QUALITY			2nd QUALITY		
W/E 04/10/14	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	190	207	198	160	189	185
Friesians	135	143	138	116	125	122
Heifers	195	206	199	155	194	180
Beef Cows	144	196	160	110	143	127
Dairy Cows	103	137	112	70	102	86
Store Cattle (p/kg)						
Bullocks up to 400kg	205	224	212	160	204	180
Bullocks 400kg - 500kg	205	225	215	165	204	185
Bullocks over 500kg	192	207	200	155	191	175
Heifers up to 450kg	190	210	200	150	189	175
Heifers over 450kg	190	202	196	150	189	175
Dropped Calves (£/head)						
Continental Bulls	300	395	335	200	298	250
Continental Heifers	250	360	305	150	248	200
Friesian Bulls	70	150	105	20	68	40
Holstein Bulls	50	100	75	2	48	25

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 08/10/14	Next Week 13/10/14
Lambs	330-340p>22kg	330-335>22kg

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 20/09/14	W/E 27/09/14	W/E 04/10/14
NI Liveweight	311.5	314.0	320.5
NI Deadweight	334.4	339.5	338.2
ROI Deadweight	335.2	331.7	-
GB Deadweight	357.0	353.9	354.3

Deadweight Sheep Trade

QUOTES from the plants towards the end of this week were 330-335p/kg with plants paying up to 22kg. Similar quotes are expected for early next week. The plants are reporting good supplies of lambs with 12,414 lambs killed in NI plants last week. This was an increase of 567 head from the previous week. Meanwhile exports of sheep to ROI for direct slaughter last week recorded a strong increase with 12,542 sheep exported. This accounts for a 37 per cent increase in exports to ROI from the previous week (+3,415 head) and is the highest weekly level of export for 2014 to date. Deadweight lamb prices have held steady in NI with an average deadweight price last week of 338.2p/kg with prices also holding steady in GB with an average lamb price last week of 354.3p/kg.

This Week's Marts

A similar trade to previous weeks was reported across the marts this week with strong numbers passing through many of the sale rings. In Massereene on Monday 1,266 lambs were sold from 300-334p/kg compared to 1,526 lambs the previous week selling from 305-336p/kg. In Saintfield on Tuesday 914 lambs sold from 295-360p/kg compared to 1,157 lambs last week selling from 296-359p/kg. In Enniskillen this week a larger entry of 742 lambs sold from 313-334p/kg compared to 476 lambs last week selling from 310-345p/kg. A good trade was reported in Markethill on Wednesday with 1,360 lambs selling from 305-345p/kg (avg 317p/kg). The trade for cull ewes has also been steady with top prices generally in the range of £80-90 across the marts.

LATEST SHEEP MARTS

From: 04/10/14		Lambs (P/KG LW)			
To: 10/10/14		No	From	To	Avg
Saturday	Swatragh	1200	288	393	-
	Omagh	324	309	377	-
Monday	Massereene	1266	300	334	-
	Kilrea	655	298	346	-
Tuesday	Saintfield	914	295	360	-
	Rathfriland	1352	300	400	310
Wednesday	Ballymena	1772	290	330	303
	Enniskillen	742	313	334	-
	Markethill	1360	305	345	317
	Armoy	424	296	332	304

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