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SHEEP PRODUCTION UPDATE: AUGUST 2013

QUOTES from the plants this week for R3 grading lambs were 385-390p/kg with the plants paying up to 21kg. In the corresponding week in 2012 the plants were quoting 370-375p/kg for R3 grade lambs. A steady supply of lambs to meet demand has been reported by the plants with throughput last week totalling 10,831 head, the highest weekly throughput since November 2012.

Chart 1 displays the throughput of lambs/hoggets in the NI plants from January 2011 to August 2013. Total throughput for the year to date is running 4.5 per cent ahead of this time last year with 200,600 head slaughtered.

Much of this increase in throughput has stemmed from the increase in slaughterings in January and February this year as indicated in Chart 1. This increase in the number of hoggets carried over from 2012 can be attributed to poor weather conditions slowing down production. There was also an increase in the number of lambs on the ground in 2012 when compared to 2011 as a result of growth in the breeding flock year on year which may also have added to the increase in the number of hoggets carried over into 2013.

As 2013 has progressed the throughput of lambs in the NI plants has generally been similar to those recorded in 2012 as indicated in Chart 1. Throughput for much of 2013 has been markedly above the levels recorded in 2011 when there were fewer lambs on the ground and when a larger proportion of NI lambs were exported for direct slaughter in ROI.

In the period April-August 2013 55 per cent of NI sheep have been slaughtered in domestic plants with the remainder exported to ROI for direct slaughter. In several of the weeks during this period over 60 per cent of NI lambs were killed in the local plants.

Exports to ROI for direct slaughter during 2013 to date have totalled 270,581 head, a 17 per cent increase on the same period last year when 230,762 lambs/hoggets were exported. This increase in exports for direct slaughter occurred primarily in the first two months of the year due to the increase in the carryover of hoggets from 2012. As 2013 has progressed the level of exports to ROI have generally been behind the levels recorded in the corresponding period in 2012 but have followed the same seasonal trend.

The deadweight lamb prices in NI have remained relatively strong as 2013 has progressed when compared to previous years. The average deadweight lamb price in NI last week at 387.3p/kg was 6.1 per cent ahead of the 365.0p/kg paid in the corresponding week last year. Chart 2 displays the average price paid for R3 grade lambs in NI from April-August 2013 and the corresponding periods in 2011 and 2012.

As indicated in the chart the prices paid for R3 grade lambs during the period April-August 2013 have been above the price paid in the corresponding period in 2012 although the differential has started to narrow in recent weeks. The average price paid for R3 grade lambs last week was 387.5p/kg compared to 365.5p/kg in the same week in 2012. This differential year on year accounts for an additional £4.61 on a 21kg carcase. This increase has been welcomed by producers given the increase in the costs of production this year due to the difficult spring.

The average R3 lamb prices in NI from mid-May to the end of July 2013 was above the price paid for R3 lambs in the corresponding period in 2011 when lamb prices were particularly strong. The price being paid for R3 lambs in recent weeks has been broadly similar to the price paid in the corresponding weeks in 2011 as indicated in Chart 2.

While the plants have been reporting good supplies of lambs in recent weeks there have been reports of some lambs being presented for slaughter under finished and with poor kill out percentages. In some cases this may be due to aged lambs that had a poor start due to the difficult spring and have failed to compensate over the summer months. It may also be due to some lambs that have been grazed on poorer quality grass after weaning which may have benefitted from the introduction of concentrates to improve performance and carcase cover.

Analysis of the sheep price reporting indicates that 20.5 per cent of the price reported lamb kill were awarded a 1 or 2 for fat cover in the 8 weeks ending the 24 August 2013. Under finished lambs create difficulties for the processors as finding markets for cuts from these under finished carcases can be more challenging. This however an improvement on the corresponding period in 2012 when 23.8 per cent of the lamb kill were awarded a 1 or 2 for fat cover. The equivalent figure in 2011 was 18 per cent.

Chart 1: NI lamb/hogget slaughterings January 2011 to August 2013

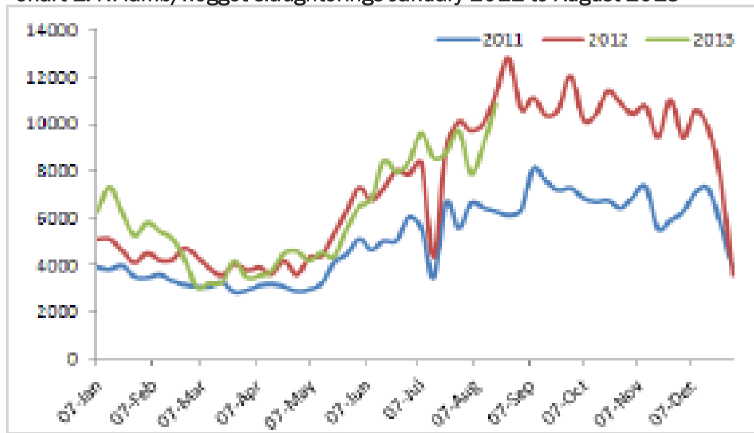
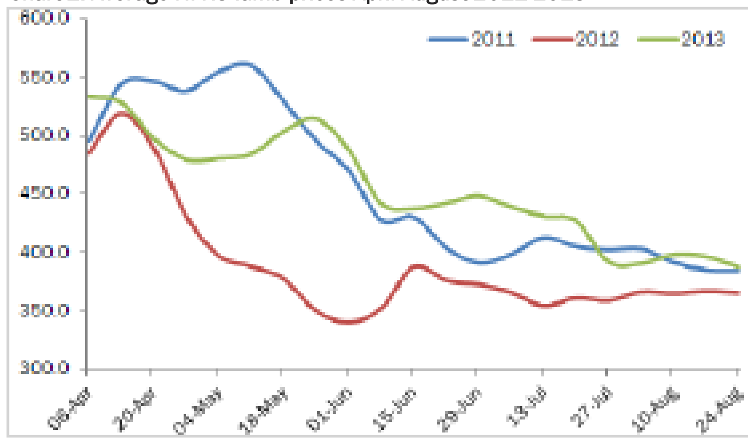


Chart 2: Average NI R3 lamb prices April-August 2011-2013



The difficult spring may also be one explanation for the 0.5kg decline in the average lamb carcase weight from 21.1kg in the period April-August 2012 to 20.6kg in the same period in 2013. However it may also be an indication that producers are moving towards producing lambs that meet current market specifications. Plants are currently paying to a maximum of 21kg.

In recent weeks the processors have been highlighting the importance of producing lambs to meet the specification of their customers. As well as producing lambs with the right carcase weight (17-21kg) and fat cover (ideally 3 or 4) an important aspect of meeting market specification is FQ assured status. At present FQ assured status can attract bonuses of 5pkg across the meat plants.

BENEFITS OF NI FARM QUALITY ASSURANCE FOR SHEEP PRODUCERS

NI sheep production tends to peak in the autumn and with throughput increasing in recent weeks the processors have been actively encouraging producers to present Farm Quality Assured sheep.

Reports from industry have indicated that the FQ status of lambs has become increasingly important this year with the major retailers anxious to purchase FQ assured lamb in light of the horse meat crisis earlier in 2013.

Sources have also indicated that FQ status could become increasingly important in accessing European markets in the future due to the enhanced assurances on animal welfare, food safety, traceability and care for the environment provided by the Farm Quality Assurance Scheme.

Achieving FQ assured status for sheep allows NI sheep producers to keep their options open when marketing their lambs. While FQ status is not currently a requirement for lambs that are exported for slaughter in plants in ROI it has become increasingly important for lambs which are destined for slaughter in NI plants.

It is worth noting that the export of lambs to ROI for slaughter is highly dependent on the euro/sterling exchange rate and with an increasing proportion of NI lambs being slaughtered domestically in recent weeks NI sheep producers should consider becoming FQ assured.

Over 10,000 NI farmers are now approved members of FQAS with the beef and lamb they produce eligible to carry the FQAS logo. In addition to this, beef and lamb produced in NI on FQAS farms can be marketed in the UK under the Red Tractor Logo which increases its market accessibility.

The FQ status of lambs passing through the marts has also become increasingly important with factory agents actively seeking finished lambs with FQ status.

It has also become important for marketing forward store lambs with lamb finishers often looking to purchase lambs from FQAS farms, particularly if they are not planning on keeping them for the full 60 day residency period currently required for FQAS.

In addition to these benefits the Food Standards Agency and DARD Service Delivery Group recognise FQAS farms as lower risk with members having a reduced likelihood of selection for certain statutory inspections (compared to non-FQAS farms).

FQAS inspections can also be viewed as an excellent way of preparing your farm for cross-compliance and other statutory inspections. As FQAS is a voluntary scheme, an opportunity to rectify any non-conformances against relevant legislation is generally allowed without penalty, unlike breaches of Cross Compliance where penalties to your SFP can be automatically applied.

How do I join FQAS?

LMC owns the FQAS on behalf of the NI red meat industry. NI Food Chain Certification (NIFCC) is contracted by LMC to independently certify the scheme. The registration, inspection and certification of producers is handled by NIFCC.

For further information about FQAS, the application process, the cost of participation and what is involved in a farm inspection please call the FQAS helpline at LMC on 028 9263 3024.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE		
(P/KG DW)	This Week 26/08/13	Next Week 02/09/13
Prime		
U-3	350-352p	350-352p
R-3	344-346p	344-346p
O+3	338-340p	338-340p
* Plus 8p/kg in spec bonus where applicable		
Cows		
O+3 & better	270-280p	274-280p
Steakers	250-270p	250-270p
Blues	180-185p	180-185p

REPORTED NI CATTLE PRICES - P/KG

W/E 24/08/13	Steers	Heifers	Young Bulls
U-3=	364.9	367.8	354.8
U=3=	361.7	372.3	347.9
U=4=	351.0	375.9	-
R=3=	360.9	366.0	339.2
R=4=	353.4	360.4	350.0
O+3=	359.1	360.2	332.6
O=3=	346.6	345.0	326.6
Average	352.7	357.1	334.5

REPORTED COW PRICES NI W/E 24/08/13

Grades	Price (p/kg)	Avg Wgt
O+3=	292.5	334.2
O-3+	266.8	300.8
P+2+	251.2	277.4
P+3+	264.9	297.8
P-1-	170.4	220.4

COMMODITY PRICE

W/E 24/08/13	Price (£) per tonne / 1000litre	% weekly change
Barley	159.00	-0.3
Wheat	168.00	-1.5
Straw	20.00	-
Diesel	718-725	-

Deadweight Cattle Trade

QUOTES from the plants for U-3 grade prime cattle have remained steady at 350-352p/kg this week with the 8p/kg bonus available for in spec steers and heifers. Quotes for cows have also remained similar to last week at 274-280p/kg. The plants are reporting a steady supply of both prime cattle and cows.

Throughput of prime cattle in the NI plants last week showed an increase for the third week in a row with a total of 6,072 head slaughtered. This brings total throughput for the year to date to 216,046 head, a 2.6 per cent increase on the 210,469 head processed in the corresponding period in 2012. A total of 56,355 cows have been killed in NI during 2013 to date, a 3.2 per cent increase on the same period in 2012. Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 689 head with 75 cows also imported. Meanwhile exports from NI to GB for direct slaughter last week consisted of 299 prime cattle and 68 cows.

With the drop in quotes in recent weeks the prices being paid for cattle in the plants have come back accordingly. The average price reported R3 steer price in NI last week was 361.9p/kg, 7.9p/kg back on the previous week with the R3 heifer price back 2.6p/kg to 364.7p/kg. The average steer price in NI last week was 352.7p/kg, down 5.5p/kg on the previous week while the average heifer price was back 3.3p/kg to 357.1p/kg. Prices last week for steers and heifers were 12.6 per cent and 13.2 per cent respectively ahead of the corresponding week last year.

The GB average steer price last week was back 2.6p/kg to 384.4p/kg with average steer prices back in all the GB regions, with the exception of Southern England where the average price increased by 2.3p/kg to 365.8p/kg. The average R3 steer price in GB last week was up 1.6p/kg on the previous week at 387.8p/kg with prices increasing in all the GB regions with the exception of Scotland where the R3 steer price was unchanged from the previous week at 406.5p/kg.

A steady beef trade has been reported in ROI with throughput last week increasing from 25,940 head to 27,283 head. Reported prices for last week for steers and heifers were within 1p/kg of the previous week for the majority of reported grades. Meanwhile the prices paid for young bulls generally increased on the previous week. The R3 young bull price increased by 4p/kg (+5 cents) to 339.3p/kg with the O3 young bull price up 5.5p/kg (+7 cents) to 315.8p/kg.

This weeks marts

FINISHED first quality steers sold to an average of 211p/kg liveweight this week with second quality selling to an average of 188p/kg. First quality finished heifers sold from 194-222p/kg (av 204p/kg) compared to 202-234p/kg (av 215p/kg) last week. Second quality finished heifers sold to an average of 182p/kg this week compared to an average of 185p/kg last week.

Store bullocks up to 400kg sold to an average of 214p/kg for first quality with second quality selling to an average of 185p/kg. Heavier bullocks over 500kg sold to an average of 207p/kg for first quality with second quality selling to an average of 180p/kg.

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

W/E 24/08/13		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	362.9	356.3	411.1	387.7	392.2	387.0	395.7
	R3	361.9	346.7	406.5	383.6	381.3	374.3	387.8
	R4	355.6	346.4	417.0	397.1	379.8	377.4	395.6
	O3	350.0	330.2	390.4	371.6	354.1	356.9	371.1
	AVG	352.7	-	407.5	384.3	370.1	365.8	384.4
Heifers	U3	371.9	370.0	406.9	390.8	386.5	381.6	392.9
	R3	364.7	357.3	399.0	379.1	375.4	377.8	383.8
	R4	363.1	356.6	405.1	384.9	374.8	381.5	388.2
	O3	351.6	339.0	379.2	371.1	362.1	356.0	368.3
	AVG	357.1	-	400.4	384.3	370.8	365.7	382.8
Young Bulls	U3	351.1	347.4	404.3	371.2	376.7	377.3	378.1
	R3	344.1	339.3	393.7	361.9	362.2	364.3	366.6
	O3	327.3	315.8	362.6	341.3	340.8	355.1	347.5
	AVG	334.5	-	389.4	356.0	359.2	357.8	361.6
Prime Cattle Price Reported		4004	-	6810	5965	5292	4121	22188
Cows	O3	282.0	273.8	278.2	277.0	258.8	258.4	271.7
	O4	284.3	277.1	284.8	277.4	272.1	259.8	274.4
	P2	236.2	244.9	223.8	229.2	219.8	203.0	218.8
	P3	263.9	268.2	246.8	252.7	269.2	234.5	245.3
	AVG	259.9	-	273.2	248.0	255.2	211.4	244.9

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.50p 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 24/08/13	1st QUALITY From	To	Average	2nd QUALITY From	To	Average
Finished Cattle (p/kg)						
Steers	200	226	211	180	199	188
Friesians	152	167	157	108	150	136
Heifers	194	222	204	170	193	182
Beef Cows	152	198	165	120	151	135
Dairy Cows	101	142	113	80	100	90
Store Cattle (p/kg)						
Bullocks up to 400kg	200	233	214	170	199	185
Bullocks 400kg - 500kg	217	244	227	180	215	190
Bullocks over 500kg	201	213	207	151	200	180
Heifers up to 450kg	200	231	215	175	199	187
Heifers over 450kg	210	261	225	180	209	194
Dropped Calves (£/head)						
Continental Bulls	238	350	290	140	235	190
Continental Heifers	150	248	200	70	148	100
Friesian Bulls	88	155	120	20	85	50
Holstein Bulls	62	120	80	8	60	30

SHEEP TRADE

LAMB QUOTES

(P/Kg DW)	This Week 26/08/13	Next Week 02/09/13
NI Factories	385- 390p	385p
ROI Factories	385p	385p

REPORTED LAMB PRICES - P/KG

(P/KG DW)	W/E 10/08/13	W/E 17/08/13	W/E 24/08/13
NI Liveweight	363.6p	349.4p	338.7p
NI Deadweight	399.6p	396.6p	387.3p
ROI Deadweight	396.3p	389.9p	382.8p
GB Deadweight	425.8p	423.2p	422.0p

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grade lambs were 385-390p/kg with the plants quoting 385p/kg for Monday. There have however been reports of reduced demand for lamb in France and the UK, the two major markets for NI lamb. With more lambs becoming available for slaughter throughput in the NI plants last week totalled 10,831, an 18 per cent increase on the 9,173 lambs processed the previous week. Exports to ROI for direct slaughter also increased last week with 10,209 sheep exported compared to 9,947 the previous week. The average NI deadweight lamb price last week was 387.3p/kg, back 9.3p/kg on the previous week. Meanwhile the GB deadweight price was back 1.2p/kg last week to 422.0p/kg.

This week's marts

THE trade in the marts this week has been fairly similar to the trade reported late last week. An entry of 420 lambs in Kilrea on Monday sold from 336-348p/kg (av 341p/kg) compared to 500 lambs last week selling from 325-351p/kg (av 332p/kg). In Saintfield on Tuesday 714 lambs sold from 340-381p/kg compared to 782 lambs last week selling from 335-385p/kg. In Ballymena on Wednesday 1,507 lambs sold to an average of 336p/kg compared to 1,106 lambs last week selling to an average of 338p/kg. In Armoy on Wednesday 356 fat lambs sold to an average of 341p/kg. The trade for good quality cull ewes is generally £60-75 with a top price of £79.50 reported in Kilrea on Monday for a batch of well fleshed ewes.

LATEST SHEEP MARTS

From: 24/08/13 To: 29/08/13		Lambs (P/KG LW)			
		No.	From	To	Avg
Saturday	Omagh	691	343	361	-
	Hilltown	750	330	349	333
	Newtownstewart	250	335	370	338
Monday	Massereene	1149	340	369	-
	Kilrea	420	336	348	341
Tuesday	Saintfield	714	340	381	-
	Rathfriland	1129	320	373	338
Wednesday	Ballymena	1507	325	359	336
	Enniskillen	521	320	352	-
	Markethill	980	325	369	336
	Armoy	356	332	364	341

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