

DIFFERENTIAL IN QUOTES AND PRICES PAID

QUOTES from the major NI beef processors have steadied in recent weeks with 310-314p/kg being quoted this week for in spec U-3 steers and heifers. Prime cattle slaughtered in NI are generally paid for on a pricing grid which uses the U-3 price to work out a relative value of other individual grades. It should be noted however that the pricing grid is there as a guide and there may be some variation in its application across the plants.

In practice the price paid for individual grades is driven by supply and demand issues and is open to negotiation between producers and processors. Given the flexibility of the pricing system currently in place across the NI plants there are often marked differences in the quotes from the plants and the actual price paid.

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. For the purposes of analysis we have used the deadweight prices paid for 2,358 R-3 grade steers during the period July 2015 and January 2016 as this is the most popular price reported grade in NI and therefore provides the most robust indicator of changes in the deadweight cattle trade.

Only steers that are in spec for age, weight, grade, number of farms resided on and FQ status have been included in the dataset. Aberdeen Angus, Hereford and Organic cattle have also been removed as any bonuses paid for these cattle are not included in base quotes from the major processors.

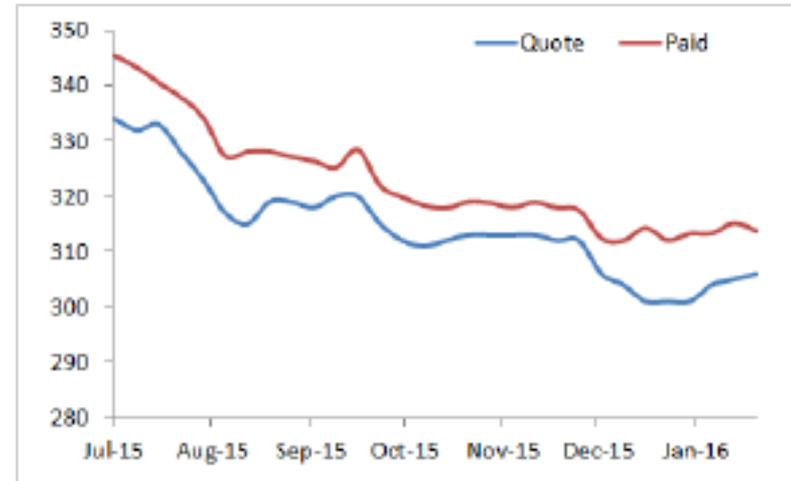
Figure 1 displays the quotes for in spec R-3 grade steers from the major NI processors and the deadweight prices actually paid for the period July 2015 to January 2016. As indicated in Figure 1 there is a slight lag in the trends

shown between the quoted prices and the prices paid. This is to be expected given that cattle may be bought at an agreed price a week, or in some cases several weeks, before they are slaughtered and price reported by which stage there may have been changes in the deadweight cattle trade.

As indicated in the chart there has been a notable differential in quoted prices for in spec R-3 grade steers and the prices paid throughout the period under analysis. The differential between quotes and prices recorded in any given week during the period under analysis ranged from 5p/kg to 13p/kg. The average differential between the quoted price and the price paid over the seven month period was 8p/kg.

It is however worth noting that while there is a differential between the quoted prices and the average price paid for in spec R-3 grade steers some

Figure 1: Quotes for R-3 steer prices from major NI processors and prices paid July 2015-January 2016



price reported cattle were bought at the quoted prices during the period under analysis while other cattle were paid significantly more.

With a range in the prices paid for in-

spec R-3 grade steers during any particular week producers are encouraged to use the base quotes for prime cattle from the major plants as a starting point for negotiation and to shop around for the best possible deal.

DECLINE IN BEEF EXPENDITURE AS RETAIL PRICE REMAINS STEADY

THE latest report from Kantar Worldpanel has indicated a decline in the value of UK retail beef sales to 540 million in the twelve weeks ending 3 January 2016. This is a 2.8 per cent decline from the same period in 2015 when expenditure on beef in the UK totalled 556 million.

This decline in total expenditure has occurred despite the average retail price remaining fairly steady at £7.85/kg in the twelve weeks ending in 3 January 2016. In the corresponding period in 2015 the average retail price was £7.88/kg.

Reports have indicated that there has been a decline in the volume of beef sold on promotion between the 2015 and 2016 periods and this has been a key factor behind the slight decrease in the average retail price.

Coinciding with the slight decrease in the average retail price has been a decline in volume sales year on year. In the 2015 period volume sales of beef totalled 70,486 tonnes and this declined to 68,794 tonnes in the 12 weeks ending 3 January 2016. This represents a 2.4 per cent decline in volume sales between the two periods and may be a consequence of the mild and wet weather conditions in the last quarter of 2015.

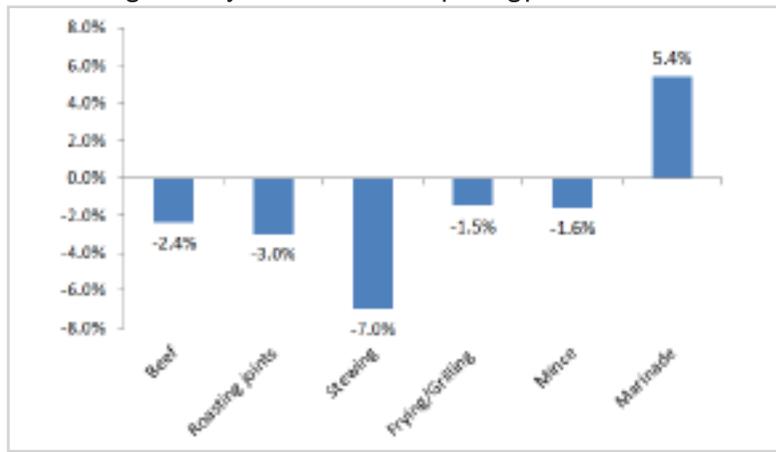
The latest Kantar data has indicated that there have been declines in the volume sales of the majority of individual cuts. The biggest decline in volume sales was for stewing beef which recorded a 7 per cent decline during the twelve weeks ending 3 January 2016 when compared to the same period in 2015.

Meanwhile volume sales of roasting joints were back by 3 per cent, mince by 1.6 per cent and frying/grilling steaks back by 1.5 per cent year on year. According to the latest Kantar data the only beef cut to record an increase in volume sales in the UK during the twelve weeks ending 3

January 2016 was beef marinades with volume sales 5.4 per cent higher year on year.

While sales of individual beef cuts have generally recorded volume declines during the twelve week period ending 3 January 2016 volume sales of processed beef have been mixed. Sales of pre-packed pasties recorded a 6.6 per cent increase year on year while volume sales of chilled ready meals increased by 3.5 per cent. Meanwhile sales of frozen ready meals decreased by 4.6 per cent with volume sales of pre-packed hot pies and frozen pies back by 4.2 per cent and 1.6 per cent respectively.

Figure 2: Percentage change in volume sales of individual beef cuts during 12 weeks ending 3 January 2016 and the corresponding period in 2015.



FAO FOOD PRICE INDEX JANUARY 2016

THE FAO Food Price Index is a measure of the change in international prices of a basket of food commodities and provides a useful guide to changes in the global food market. The index is calculated using Food Price Indexes for Meat, Dairy, Cereals, Vegetable Oils and Sugar.

During January 2016 the FAO Food Price Index averaged 150.4 points, a reduction of three points from December 2015 levels and 29 points lower than January 2015 levels. Index prices for sugar and dairy recorded the most notable declines during January 2016 although all food commodities involved in calculating the index recorded a decline.

The FAO Meat Index during January 2016 averaged 148.3 points, back by 1.7 points from December 2015 levels. Prices were back for most meat categories with global sheep meat prices recording the most notable decline as we move into the period of peak production for New Zealand and Australia. Meanwhile prices for poultry and beef were subdued by lacklustre demand according to the latest FAO report. One exception was pork which held steady, mainly due to the opening of private storage aid in the EU.

The FAO Cereal Price Index during January 2016 averaged 149.1 points,

back 2.5 points from December 2015 levels. The combination of good global supplies, increased demand for export markets and a strong US Dollar continued to have a negative influence on international wheat and maize prices.

Large winter milk production in the EU, better than expected milk production in Oceania and sluggish import demand on the global market have all contributed to the FAO Dairy Price Index declining by 4.4 points to 145.1 points during January 2016. While all dairy products involved in calculating the Index recorded a decline the most notable decline in global prices was for whole milk powders.

The FAO Vegetable Oil Index during January 2016 was 139.1 points, down 2.4 points from December 2015 levels. This drop can be attributed mainly to a marked drop in global soy oil prices due to strong forecast supplies of soybean. Meanwhile palm oil prices have remained stable as lower demand has been counteracted by forecasts of a production slowdown in the coming months.

The FAO Sugar Price Index during January 2016 averaged 199.4 points, back 8.4 points from December 2015 levels and is the first decline recorded after four months of steady rises.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

Deadweight Cattle Trade

BASE quotes this week for in spec U-3 grade prime cattle ranged from 310-314p/kg with the majority of plants quoting in the region of 312p/kg. Quotes for good quality O+3 grade cows this week ranged from 214-240p/kg across the plants. Similar quotes are expected for early next week.

The processors have reported steady supplies of prime cattle to meet demand for beef with a total of 6,251 prime cattle slaughtered in NI last week. This is five per cent lower than the 6,546 head slaughtered in the corresponding week in 2015. Cow throughput in NI has remained strong with 1,935 cows killed in NI last week, an increase of 32 per cent from the 1,471 cows killed in the corresponding week in 2015.

Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 474 head, a reduction from the 602 head imported the previous week however very similar to the 471 prime cattle imported during the corresponding week in 2015. The number of cows imported from ROI for direct slaughter in NI plants last week totalled 50 head compared to 155 cows the previous week. Meanwhile 188 cows were exported from NI for direct slaughter in ROI plants last week, similar to the 180 cows exported the previous week. Exports of prime cattle to GB for direct slaughter last week totalled 99 prime cattle, a decrease from 205 prime cattle exported during the previous week. Cow exports to GB for direct slaughter remained steady with a total of 35 head exported last week.

The average steer price in NI last week decreased by 1.9p/kg from the previous week to 307.5p/kg while the R3 steer price remained fairly steady at 317.9p/kg. The average heifer price in NI last week was back by almost a penny to 309.8p/kg while the R3 heifer price remained steady at 317.1p/kg. Meanwhile the average cow price in NI last week recorded an increase of 6.2p/kg to 210.1p/kg while the O3 cow price was up by 4.4p/kg to 229.3p/kg.

The deadweight cattle trade has continued to come under pressure in GB with the average steer price back by 1.3p/kg to 329.1p/kg while the R3 steer price was back by 0.7p/kg to 336.7p/kg. The differential in R3 steer prices last week between NI and the GB average was at 18.8p/kg which is the equivalent of £62 on a 330kg carcass. This is the narrowest differential in R3 steer prices since July 2015. The average heifer price in GB last week held steady at 331.7p/kg while the R3 heifer price was back by 1.6p/kg to 337.2p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 20.1p/kg which is the equivalent of £66 on a 330kg carcass.

The deadweight cattle trade in ROI has held relatively steady in euro terms but a slight weakening in euro against sterling has meant deadweight prices were back in sterling terms. The R3 steer price in ROI last week was the equivalent of 290.2p/kg, back by 1.4p/kg from the previous week while the R3 heifer price was the equivalent of 305.1p/kg, back by 1.9p/kg. The O3 cow price in ROI last week remained steady at 232.5p/kg which puts it 3.2p/kg higher than the equivalent price in NI.

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 01/02/16	Next Week 08/02/16
Prime		
U-3	310 - 314p	310 - 314p
R-3	304 - 308p	304 - 308p
O+3	298 - 302p	298 - 302p
P+3	222 - 260p	222 - 260p
	Including bonus where applicable	
Cows		
O+3 & better	214 - 240p	214 - 240p
Steakers	140 - 170p	140 - 170p
Blues	120 - 130p	120 - 130p

Cow quotes vary depending on weight and grade.
Pricing policies vary from plant to plant. Producers are advised to check pricing policies before presenting cattle for slaughter.

REPORTED NI CATTLE PRICES - P/KG

W/E 30/01/16	Steers	Heifers	Young Bulls
U3	315.8	320.2	307.6
R3	314.5	315.6	304.8
O+3	306.1	304.1	294.3

REPORTED COW PRICES NI - P/KG

w/e 30/01/16	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	124.9	135.3	142.1	153.6
P2	138.4	165.8	181.4	198.3
P3	156.8	188.3	204.4	211.7
O3	217.0	204.2	222.4	230.5
O4	162.0	189.0	223.5	230.9
R3	-	-	-	251.7

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

W/E 30/01/2016	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	316.1	294.3	349.0	342.9	344.4	344.6
	R3	317.9	290.2	344.7	335.0	332.4	336.7
	R4	314.3	291.1	345.4	348.4	329.8	341.1
	O3	302.5	279.8	321.7	309.2	297.9	308.1
	AVG	307.5	-	342.2	334.9	316.8	317.1
Heifers	U3	320.4	314.4	355.9	349.5	344.6	349.2
	R3	317.1	305.1	345.0	334.9	336.9	337.2
	R4	313.8	304.3	345.7	342.0	334.1	339.1
	O3	305.2	292.2	312.4	308.9	297.2	306.7
AVG	309.8	-	344.2	336.8	323.8	314.7	331.7
Young Bulls	U3	307.7	283.7	344.7	329.5	338.9	336.8
	R3	304.9	278.0	337.2	316.8	324.2	324.1
	O3	286.9	267.6	303.9	277.7	284.4	292.7
	AVG	290.5	-	322.9	291.3	302.2	310.2
Prime Cattle Price Reported	5172	-	7045	7044	5839	4041	23969
Cows	O3	229.3	232.5	214.2	216.9	210.8	217.4
	O4	229.7	234.0	222.6	219.9	223.2	220.4
	P2	185.7	210.0	165.1	179.0	179.5	174.6
	P3	208.2	224.3	186.0	193.0	194.9	191.1
	AVG	210.1	-	217.9	195.6	192.8	185.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=76.12p 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

W/E 30/01/16	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	180	194	185	160	179	170
Friesians	138	150	144	120	128	123
Heifers	182	204	193	154	178	163
Beef Cows	131	178	142	106	130	118
Dairy Cows	95	109	102	60	94	75
Store Cattle (p/kg)						
Bullocks up to 400kg	180	210	195	160	179	170
Bullocks 400kg - 500kg	180	202	191	155	179	170
Bullocks over 500kg	190	210	200	150	189	170
Heifers up to 450kg	180	210	195	155	179	170
Heifers over 450kg	170	206	185	150	169	160
Dropped Calves (£/head)						
Continental Bulls	270	370	305	150	268	210
Continental Heifers	225	320	270	120	222	170
Friesian Bulls	60	100	80	30	58	45
Holstein Bulls	40	80	60	2	38	20

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 01/02/16	Next Week 08/02/16
Hoggets	390 - 400p > 22kg	390 - 400p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 16/01/16	W/E 23/01/16	W/E 30/01/16
NI Lambs L/W	327.8	348.3	357.6
NI Lambs D/W	359.5	385.2	396.3
GB Lambs D/W	388.9	394.1	403.1
ROI D/W	372.9	382.6	392.3

Deadweight Sheep Trade

QUOTES from the major NI processors for R3 grade hoggets this week ranged from 390-400p/kg with plants paying up to 22kg. Similar quotes are expected for early next week. The plants have reported a tightening in the number of hoggets coming forward for slaughter with throughput last week totalling 5,797 head. This was a difference of 653 head from the 5,144 hoggets killed in NI plants during the corresponding week in 2015. A total of 10,016 sheep were exported from NI to ROI for direct slaughter last week compared to 9,262 sheep exported during the previous week. The average deadweight hogget price in NI last week increased by 11.1p/kg to 396.3p/kg while the deadweight hogget price in ROI last week increased by an equivalent of 9.7p/kg to 392.3p/kg.

This week's marts

THE live hogget trade remained fairly steady this week with marts reporting similar numbers passing through many of the sale rings. In Omagh on Saturday 1,200 hoggets sold from 347-382p/kg compared to 1,119 hoggets the previous week selling from 349-391p/kg. In Massereene on Monday 946 hoggets sold from 355-384p/kg compared to 925 hoggets last Monday selling from 365-393p/kg. In Saintfield on Tuesday 484 hoggets sold from 350-395 compared to 442 hoggets last week selling from 351-402p/kg. In Ballymena on Wednesday 1,709 hoggets sold from 340-418p/kg compared to 2,205 hoggets the previous week selling from 340-425p/kg. The ewe trade remained steady with a top reported price of £110 in Omagh last Saturday.

LATEST SHEEP MARTS

From: 29/01/16		Hoggets (P/KG LW)			
To: 04/02/16		No	From	To	Avg
Friday	Newtownstewart	220	330	398	-
Saturday	Omagh	1200	347	382	-
	Swatragh	725	340	406	380
Monday	Kilrea	450	345	367	-
	Massereene	946	355	384	-
Tuesday	Saintfield	484	350	395	-
	Rathfriland	836	319	389	359
Wednesday	Ballymena	1709	340	418	353
	Enniskillen	728	369	400	375
	Markethill	1250	340	384	350
	Armooy	444	360	405	388

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