

GLOBAL BEEF PRODUCTION FORECAST TO RISE IN 2016

THE Food and Agriculture Organisation of the United States (FAO) have recently published their biannual Food Outlook Report. According to the report global beef production in 2016 is forecast to increase by 0.8 percent to 68.4 million tonnes.

In South America mixed weather conditions have resulted in variations in production trends across the region. In Brazil, favourable international demand and increased competitiveness due to currency devaluation have encouraged producers to expand herds despite a reduction in domestic demand for beef. As a result bovine meat production in the region is expected to increase by 2.1 per cent to 9.6 million tonnes. Growth in beef production is also expected in neighbouring Paraguay and Uruguay in response to increased international demand.

Meanwhile in Argentina, a 2.2 per cent drop in output to 2.7 million tonnes has been forecast as more cattle are

retained to facilitate herd expansion. The lifting of export restrictions imposed by the previous Government is expected to result in considerable change within the Argentinian beef industry. These include an increase in the average age at slaughter to increase carcase weights rather than the lighter animals favoured by domestic consumers.

Meanwhile, in Chile, Colombia and Ecuador, chronic dry to drought conditions are having a negative influence on production, which may fall.

In Asia a reduction in international demand for buffalo meat is expected to reduce growth in bovine meat production in India, which exports approximately 70 percent of its total output. Production is forecast to drop in the Republic of Korea, where improved prices have encouraged herd rebuilding and some small-scale producers have left the industry. Production in Japan also could fall, due to continued herd reduction, especially

dairy cattle, while high prices for Wagyu beef have encouraged some retention of stock. Meanwhile in China stable prices are attracting investment in production and may result in a limited increase in output.

Several parts of North Africa received adequate rainfall during the first part of the year which has led to a moderate increase in forecast bovine meat production. Meanwhile, in eastern and southern Africa many areas experienced dry to drought conditions in 2015 and early 2016 which has negatively affected pastures and feed availability. As a result beef production may be constrained in these two subregions.

In North America, bovine meat production in the United States is forecast to rise by almost 5 percent due to larger cattle supplies and heavier slaughter weights. Output is forecast at 11.3 million tonnes which would be the highest in three years. The long-term herd decline in Canada appears to have come to an end and

expansion in cattle numbers has been forecast for 2016. Despite lower slaughter numbers, increased carcase weights could maintain bovine meat production at 1.1 million tonnes. In Mexico government incentives are improving both genetics and encouraging herd expansion. As in Canada, heavier slaughter weights are expected to counterbalance a decline in cattle slaughter.

In Australia, following three-years of dry weather, improved rainfall in some parts of the country at the beginning of 2016 has aided pasture conditions and encouraged stock retention. However, a further fall in the national herd is expected, which could reach a 21-year low of 25.6 million head, as a result of the high level of cow slaughter in previous years. With a focus on herd rebuilding, bovine meat production in Australia could fall to 2.3 million tonnes, an 11.8 percent decline from 2015.

Likewise, output in New Zealand is foreseen to fall, dropping by 4.3

percent to 660 000 tonnes, due to a significantly higher slaughter rate in 2015, caused by sharply lower milk prices which led farmers to reduce their dairy herds and resulted in a smaller calf crop.

In the Russian Federation, 2016 bovine meat output may reach 1.6 million tonnes, somewhat down from 2015. Output is declining because of greater herd retention in the dairy industry, which supplies approximately 90 percent of the cattle used by the meat processing industry, and limited investment in pure beef production.

Meanwhile in the EU, production is expected to increase by up to 2 percent in 2016 when compared to year earlier levels. This increase will be driven by the increased culling of dairy cows in some countries, heavier average slaughter weights and an increase in the retention of male dairy calves for finishing as beef.

FQAS MART CLINICS JULY 2016

| LOCATION | DAY | DATE |
|-------------|-----------|------------|
| Omagh | Monday | 04/07/2016 |
| Saintfield | Wednesday | 06/07/2016 |
| Markethill | Tuesday | 19/07/2016 |
| Kilrea | Wednesday | 20/07/2016 |
| Enniskillen | Thursday | 28/07/2016 |
| Ballymena | Friday | 29/07/2016 |

LMC's Farm Liaison Officer, Terry White, runs Farm Quality Assurance Scheme (FQAS) mart clinics at a range of Livestock Marts across Northern Ireland. Terry is present to assist members of FQAS with non-conformances, general scheme queries and any issues prior to or following an inspection. Any farmers who wish to join the scheme can also do so through their local FQAS mart clinic. Terry will be available at the livestock marts listed in the table. For further information call (028) 9263 3024.

DEADWEIGHT PRICES FOR PRIME CATTLE IMPROVE ACROSS THE UK

THE major processors in NI have reported relatively steady supplies of prime cattle coming forward for slaughter in recent weeks to meet demands for beef with 5,738 prime cattle killed in NI plants last week. This was notably higher than the corresponding week in 2015 when 4,774 prime cattle were killed locally.

For the purposes of analysis we use the R3 steer price as an indicator of the trade as it is the most popular price reported grade in NI and GB and therefore provides the most robust sample for analysis. Using the prices paid for R3 grade steers also allows a like for like comparison to be made with the deadweight cattle trade between NI and GB.

The deadweight cattle trade has gradually improved in NI since April with the R3 steer price in NI last week at 330.5p/kg, up 2.8p/kg from the previous week. The steady supplies at present have followed a period of relatively tight cattle supplies during April and May 2016 which contributed to a rise in deadweight prices.

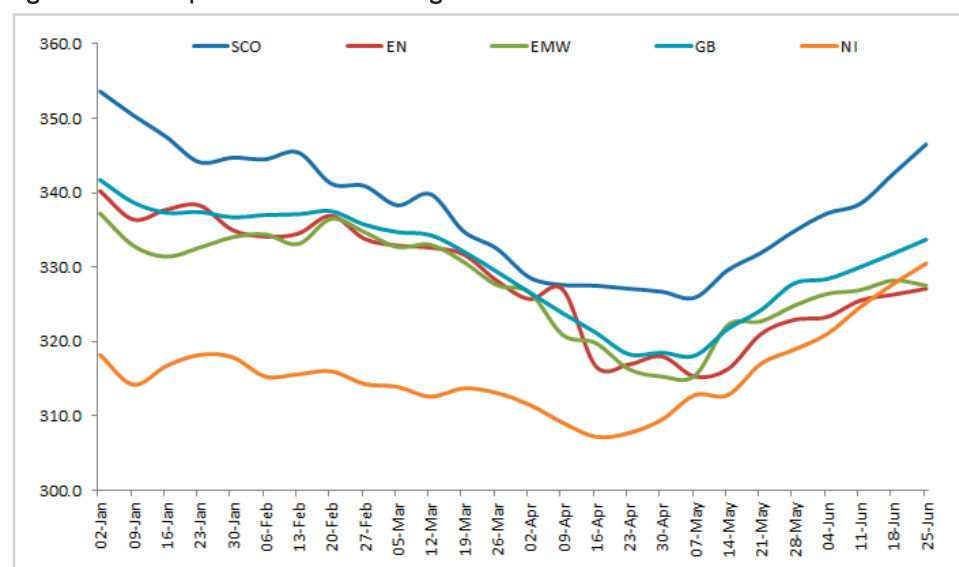
The deadweight cattle trade has also been improving in GB with an average R3 steer price last week of 333.7p/kg, an increase of 1.9p/kg from the previous week and the highest weekly deadweight price since early March this year. Figure 1 provides a useful representation of the deadweight trade for prime cattle in NI and GB during 2016 to date.

The trade in GB during the first quarter of 2016 came under pressure with reports of steady cattle supplies and weaker demand for beef while the trade in NI stayed relatively steady. This resulted in a gradual narrowing of the differential in deadweight prices between NI and GB. At its widest the differential in R3 steer prices between NI and GB during 2016 to date was 24.5p/kg during the week ending 9 January 2016, which is the equivalent of £81 on a 330kg carcase.

This differential has since narrowed with the differential between NI and GB deadweight prices last week of 3.2p/kg, which is the equivalent of £11 on a 330kg carcase.

As indicated in Figure 1 the R3 steer price in NI last week was 3.4p/kg higher than the equivalent price in Northern England and 3p/kg higher than the Midlands and Wales. The R3 steer price in Scotland last week was 16p/kg higher than the R3 steer price in NI at 346.5p/kg.

Figure 1: R3 steer prices in NI and GB during 2016 to date



WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

| (P/KG DW) | This Week 27/06/16 | Next Week 04/07/16 |
|--------------|----------------------------------|-----------------------|
| Prime | | |
| U-3 | 322 - 326p | 322 - 328p |
| R-3 | 316 - 320p | 316 - 322p |
| O+3 | 310 - 314p | 310 - 316p |
| P+3 | 260 - 276p | 260 - 276p |
| | Including bonus where applicable | |
| Cows | | |
| O+3 & better | 238 - 250p | 238 - 250p |
| 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 COW PRICES NI - P/KG

| w/e 25/06/16 | Wgt <220kg | Wgt 220- 250kg | Wgt 250- 280kg | Wgt >280kg |
|--------------|---------------|-------------------|-------------------|---------------|
| P1 | 151.1 | 163.0 | 173.0 | 192.9 |
| P2 | 175.1 | 190.0 | 204.8 | 221.2 |
| P3 | 188.8 | 206.7 | 223.7 | 234.3 |
| O3 | 203.9 | 215.9 | 236.0 | 249.6 |
| O4 | - | 230.0 | 238.0 | 252.4 |
| R3 | - | - | - | 262.4 |

REPORTED NI CATTLE PRICES - P/KG

| W/E 25/06/16 | Steers | Heifers | Young Bulls |
|--------------|--------|---------|-------------|
| U3 | 331.8 | 333.5 | 326.6 |
| R3 | 328.7 | 328.1 | 322.4 |
| O+3 | 320.0 | 318.7 | 309.1 |

SHEEP TRADE

SHEEP QUOTES

| (P/Kg DW) | This Week 27/06/16 | Next Week 04/07/16 |
|-----------|-----------------------|-----------------------|
| Lambs | 390 > 21kg | 395-400 > 21kg |

REPORTED SHEEP PRICES

| (P/KG) | W/E 11/06/16 | W/E 18/06/16 | W/E 25/06/16 |
|--------------|-----------------|-----------------|-----------------|
| NI Lambs L/W | 369.7 | 341.5 | 357.2 |
| NI Lambs D/W | 392.7 | 382.2 | 367.8 |
| GB Lambs D/W | 433.8 | 412.5 | 397.9 |
| ROI D/W | 396.9 | 380.8 | 365.4 |

Deadweight Cattle Trade

BASE quotes towards the end of this week for in spec U-3 grade prime cattle ranged from 322-328p/kg with the majority of plants quoting in the region of 324-326p/kg. Quotes for O+3 grade cows remained steady at 238-250p/kg across the plants. Similar quotes are expected for all types of cattle early next week.

The major NI processors have reported steady supplies of prime cattle to meet demand for beef with a total of 5,738 prime cattle slaughtered in NI last week, compared to 5,847 head slaughtered during the previous week. In the corresponding week in 2015 a total of 4,774 prime cattle were slaughtered locally. Cow throughput in NI last week remained strong with 1,963 cows slaughtered, the highest weekly throughout since January this year. In the corresponding week in 2015 cow throughput totalled 1,503 head, a 31 per cent increase year on year.

Imports of prime cattle from ROI for direct slaughter in NI last week totalled 84 head, a decline of 29 head from the previous week and accounting for one per cent of the total NI prime cattle kill. In the same week in 2015 a total of 598 prime cattle were imported from ROI accounting for 13 per cent of the total NI prime cattle kill. The number of cows imported from ROI for direct slaughter in NI plants last week totalled 53 head compared to 163 head in the same week in 2015. Meanwhile 183 cows were exported from NI for direct slaughter in ROI plants last week, similar to the previous week when 200 cows were exported.

The deadweight trade for prime cattle has continued to strengthen with the average steer price in NI last week up by 2.2p/kg to 320.7p/kg while the R3 steer price was up by 2.8 p/kg to 330.5p/kg. The average heifer price in NI last week increased by 2.8p/kg to 322.2p/kg while the R3 heifer price increased by 3.6p/kg to 330p/kg. The average cow price in NI last week recorded a notable increase of 6.1p/kg to 234.3p/kg while the O3 cow price increased by 0.6p/kg to 247.4p/kg.

In GB last week the average steer price remained steady at 323.9p/kg while the R3 steer price increased by 1.9p/kg to 333.7p/kg. This puts the differential in R3 steer prices last week between NI and GB at 3.2p/kg which is the equivalent of £11 on a 330kg carcass. The average heifer price in GB last week increased by four pence to 329.7p/kg while the R3 heifer price increased by two pence to 336.1p/kg. The differential in R3 heifer prices last week between NI and GB was 6.1p/kg which is the equivalent of £20 on a 330kg carcass.

Prime cattle with throughput in ROI last week totalled 22,812 head, the highest weekly throughout since mid-April this year. Deadweight prices for prime cattle in ROI were back in both euro and sterling terms last week. The R3 steer price in ROI was the equivalent of 311.2p/kg, back by 8.3p/kg from the previous week while the R3 heifer price in ROI was back by 7.6p/kg to 330p/kg.

Deadweight Sheep Trade

THE deadweight sheep trade has continued to firm with quotes for R3 grade lambs towards the end of this week ranging from 395-400p/kg up to 21kg. The plants have reported steady supplies of lambs coming forward to meet demands, with lamb throughput last week totalling 8,399 head. In the corresponding week in 2015 a total of 12,035 lambs were slaughtered locally. Exports of sheep to ROI for direct slaughter last week totalled 5,174 head, compared to 2,632 head in the same week last year. The average deadweight lamb price in NI last week was back by 14.4p/kg to 367.8p/kg while the average deadweight lamb price in ROI was back by a similar margin to 365.4p/kg.

This week's marts

A good trade was reported across the marts this week with increased numbers passing through the sale rings. In Omagh last Saturday 671 lambs sold from 379-423p/kg compared to 296 lambs the previous week selling from 347-391p/kg. In Saintfield this week 844 lambs sold from 365-411p/kg compared to 464 lambs last selling from 331-375p/kg. In Rathfriland last week 1,000 lambs sold from 358-405p/kg compared to 600 lambs the previous week selling from 342-370p/kg. In Ballymena last week 1,156 lambs sold from 350-404p/kg compared to 605 lambs the previous week selling from 330-385p/kg. The ewe trade remained steady with a top reported price of £124 in Rathfriland on Tuesday.

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

| W/E 25/06/2016 | Northern Ireland | Rep of Ireland | Scotland | Northern England | Midlands & Wales | Southern England | GB | |
|-----------------------------|------------------|----------------|----------|------------------|------------------|------------------|-------|-------|
| Steers | U3 | 332.3 | 319.0 | 348.1 | 335.9 | 334.8 | 339.2 | 339.1 |
| | R3 | 330.5 | 311.2 | 346.5 | 327.1 | 327.5 | 333.3 | 333.7 |
| | R4 | 328.3 | 311.2 | 347.0 | 337.4 | 326.7 | 332.9 | 337.1 |
| | AVG | 320.7 | - | 342.8 | 323.5 | 312.5 | 314.5 | 323.9 |
| Heifers | U3 | 333.8 | 333.8 | 358.4 | 342.4 | 341.4 | 344.8 | 346.7 |
| | R3 | 330.0 | 321.4 | 351.1 | 328.8 | 330.4 | 332.3 | 336.1 |
| | R4 | 326.2 | 320.8 | 351.7 | 332.2 | 328.5 | 330.1 | 336.3 |
| | AVG | 322.2 | - | 349.1 | 328.5 | 319.0 | 317.1 | 329.7 |
| Young Bulls | U3 | 326.4 | 315.6 | 345.8 | 326.1 | 331.9 | 334.3 | 333.7 |
| | R3 | 322.5 | 307.8 | 339.3 | 311.3 | 323.7 | 331.6 | 324.8 |
| | O3 | 305.2 | 290.6 | 304.7 | 268.7 | 288.7 | 301.3 | 288.8 |
| | AVG | 313.9 | - | 333.3 | 303.5 | 311.2 | 316.9 | 314.1 |
| Prime Cattle Price Reported | | 5167 | - | 6709 | 7053 | 7195 | 4487 | 25444 |
| Cows | O3 | 247.4 | 241.2 | 261.4 | 234.0 | 243.3 | 235.6 | 241.2 |
| | O4 | 251.6 | 242.3 | 256.2 | 238.1 | 240.9 | 231.4 | 240.3 |
| | P2 | 208.0 | 221.9 | 219.2 | 192.0 | 196.4 | 193.0 | 197.4 |
| | P3 | 230.3 | 234.8 | 225.0 | 209.7 | 209.9 | 216.1 | 213.1 |
| | AVG | 234.3 | - | 246.8 | 214.8 | 208.8 | 205.5 | 213.7 |

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro 77.65 =p 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 25/06/16 | 1st QUALITY | | | 2nd QUALITY | | |
|--------------------------------|-------------|-----|-----|-------------|-----|-----|
| | From | To | Avg | From | To | Avg |
| Finished Cattle (p/kg) | | | | | | |
| Steers | 180 | 199 | 185 | 160 | 179 | 170 |
| Friesians | 140 | 159 | 149 | 120 | 140 | 134 |
| Heifers | 180 | 200 | 186 | 160 | 179 | 170 |
| Beef Cows | 133 | 168 | 140 | 105 | 132 | 120 |
| Dairy Cows | 101 | 121 | 107 | 70 | 100 | 85 |
| Store Cattle (p/kg) | | | | | | |
| Bullocks up to 400kg | 210 | 237 | 220 | 170 | 209 | 190 |
| Bullocks 400kg - 500kg | 195 | 212 | 203 | 160 | 194 | 175 |
| Bullocks over 500kg | 175 | 191 | 185 | 155 | 174 | 165 |
| Heifers up to 450kg | 210 | 249 | 222 | 160 | 208 | 185 |
| Heifers over 450kg | 195 | 220 | 205 | 160 | 194 | 177 |
| Dropped Calves (£/head) | | | | | | |
| Continental Bulls | 230 | 350 | 285 | 125 | 228 | 185 |
| Continental Heifers | 200 | 320 | 250 | 100 | 198 | 150 |
| Friesian Bulls | 140 | 245 | 170 | 25 | 138 | 80 |
| Holstein Bulls | 80 | 165 | 115 | 15 | 78 | 45 |

LATEST SHEEP MARTS

| From: 24/06/16 | | Lambs (P/KG LW) | | | |
|----------------|----------------|-----------------|------|-----|-----|
| To: 30/06/16 | | No | From | To | Avg |
| Friday | Newtownstewart | 120 | 354 | 385 | - |
| Saturday | Omagh | 671 | 379 | 423 | - |
| | Swatragh | 635 | 350 | 395 | - |
| Monday | Kilrea | 440 | 358 | 378 | - |
| Tuesday | Saintfield | 844 | 365 | 411 | - |
| | Rathfriland | 1000 | 358 | 405 | 370 |
| Wednesday | Ballymena | 1156 | 350 | 404 | 374 |
| | Enniskillen | 420 | 370 | 391 | - |
| | Markethill | 1150 | 340 | 382 | 363 |
| | Armoyle | 464 | 370 | 398 | 374 |

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COMMISSION LAUNCHES NEW ADVERTISING CAMPAIGN

MONDAY of this week saw the LMC launch its new beef and lamb advertising campaign in the presence of farm minister Michelle McIlveen. The event also provided Commission Chairman Gerard McGivern with a unique opportunity to highlight the wide range of important roles which the LMC undertakes on

behalf of the beef and lamb sectors as a whole. Specifically, he highlighted the fact that almost 100% of the beef and lamb processed in Northern Ireland is farm quality assured at point of slaughter.

Here in Northern Ireland the APHIS system guarantees total animal

traceability. Combine this with the new statutory BVD eradication programme and one would have thought that the retailers would be keen to profile Northern Ireland as a 'model region', from the point of view of producing beef cattle to the highest standards.

Courtesy of his presentation at the launch event, LMC Chief Executive Ian Stevenson confirmed the impact previous advertising campaigns had had with consumers. Citing the high levels of public recognition for farm quality assurance, where both beef and lamb are concerned, he pointed out that such levels of awareness have been positively linked to red meat sales across Northern Ireland.

The new advertising campaign promotes the relevance of farm quality assured beef and lamb from Northern Ireland as a dietary choice for couples with young families. They also link in a very creative way, the fact that red meat consumption is a key driver for a healthy and active lifestyle.

Given the issue of the Brexit vote was

Image 2: Tony O'Neill, John Hood and Nidel Hardy at the launch of the LMC advertising campaign in Deane's Meat Locker on Monday



Image 1: LMC's Chief Executive Ian Stevenson with Agriculture Minister Michelle McIlveen and LMC Chairman Gerard McGivern



always likely to be raised at the event Gerard McGivern made an extremely insightful comment when saying that the UK might be coming out of the EU but, possibly, not the Single Market.

These few words encapsulate the dilemma now facing agriculture and

food in Northern Ireland. If we manage to secure tariff-free access to the EU, post Brexit, then it's business as usual: if not then issues such as the border and trading with Europe in general will become real challenges for all sectors of the NI agriculture and food industries.

BUSINESS AS USUAL AT LMC

LMC CEO Ian Stevenson has confirmed that the organisation has retained a full working capacity, despite the recent fire which devastated the Commission's former Lissue House headquarters' building on the outskirts of Lisburn. "Thankfully, we had all our information data bases backed up electronically," he said.

"This information was always backed-up off site. But the one good news story to emanate from the fire was that all the data that was stored on our servers is retrievable. So we should be able to fully access all of this information in due course. As a consequence, our price reporting activities to Brussels have been maintained in full while our role in working with NIFCC to help deliver Farm Quality Assurance inspections has been similarly kept on track".

Stevenson also confirmed that all Commission staff are working as normal. "We have specific targets built into our current business plan. Their attainment will be, in no way, affected by the fire or that we are now working from temporary premises," he explained.

"The period ahead will be critically

important for the beef and sheep sectors. LMC plays a critical stakeholder role within both industries. What's more, 2016 has been dedicated the Year of Food and Drink in Northern Ireland. The Commission has developed a specific marketing campaign on behalf of the red meat sectors, as part of this overall initiative. This is being rolled out in full throughout the year."

The Commission's CEO said that the 30-strong LMC and NIFCC teams are currently working out of temporary premises at CAFRE Greenmount. "Our aim is to secure more permanent office accommodation in the Lisburn area within the foreseeable future," said Stevenson.

"The fire at Lissue House was devastating. But the fact that we have been able to maintain our full range of services to both producers and processors is testimony to the planning processes previously put in place for such an eventuality. We are grateful to DAERA and our stakeholders for the support they have given us since the fire occurred."

THE PUSH FOR BSE NEGLIGIBLE RISK STATUS IS GAINING MOMENTUM

THE securing of BSE Negligible Risk Status will deliver a range of benefits for Northern Ireland's beef sector, according to LMC Economist Seamus McMenamín.

"At a very fundamental level it will consign the stigma of BSE to the history books," he said. "And looking ahead it may help our meat processing sector secure new markets. And, therein, lies our future." McMenamín was commenting in the wake of the consultation that Northern Ireland may seek BSE Negligible Risk Status, a designation that is officially conferred by the World Organisation for Animal Health (OIE).

"My understanding is that the request would be discussed at the OIE annual congress due to take place in May 2017. DEFRA had indicated that if requested by DAERA it will officially submit all of the required documentation on Northern Ireland's behalf prior to this. However, LMC has committed to paying the €9,000 fee that must accompany the request for

the new certification protocol."

McMenamin confirmed that Northern Ireland currently meets the criteria to secure BSE Negligible Risk Status. "Once secured, it will deliver immediate benefits for the beef sector. Significant cost saving with regard to the disposal of specified risk materials is a case in point. And these savings should benefit the entire supply chain."

The Commission's Economist pointed to LMC's active membership of the UK's Export Certification Partnership as further evidence of his organisation's commitment to securing new market outlets for beef produced in Northern Ireland. "This group, which involves the active participation of UK levy bodies, devolved administration and DEFRA, assists in the drafting of export health certificates which are generally required before exports can take place," he added.

According to McMenamín, China, USA,

Japan, South Korea, and the Philippines are key targets for Northern Ireland's beef processing sector. It is believed that access to these markets could deliver over £12 million per annum in additional revenues. But the legacy of BSE remains a concern for authorities in these markets.

"It can take up to 7 years to secure access to new markets with beef: with some quicker to open their doors than others," explained the Commission's Economist. "But there is no doubt that the attainment of BSE Negligible Risk Status, hopefully in the spring of 2017, will make this job a bit easier."

"NI can be recognised as a distinct region by OIE for the purposes of BSE risk designation and DEFRA fully supports the case for Northern Ireland to secure this. So, all things being equal, it should be a straightforward process to get official OIE backing, where this important matter is concerned."