

NI SHEEP OUTPUT REMAINS FIRM IN 2017

HOGGET throughput in local plants last week totalled 5,565 head, taking throughput for the year to date to 71,269 head. This is a 23 per cent increase on the 57,847 hoggets killed during the corresponding period in 2016. Figure 1 displays weekly lamb/hogget throughput in local plants from January 2015 - March 2017.

Meanwhile exports of hoggets from NI to ROI for direct slaughter have remained steady over the past few weeks with 7,262 hoggets exported last week. This takes total exports for the year to date to 69,826 head, a 10 per cent decrease on the corresponding period in 2016 when 77,631 hoggets were exported as indicated in Figure 2. Overall however total output from the NI sheep flock during 2017 to date has been running four per cent higher than the corresponding period in 2016.

This increase in output from the NI sheep flock during 2017 to date can be attributed a larger carryover of 2016 born lambs into 2017. The changeable weather experienced in NI during summer 2016 impacted grass growth and had a negative impact on lamb performance on many farms across the province. This reduced performance resulted in longer finishing periods and as a result a smaller proportion of the

total 2016 lamb crop were presented for slaughter locally or exported to ROI for direct slaughter during the 2016 calendar year.

This reduced performance and longer finishing times experienced on NI sheep farms was reflected in the final results of the DAERA NI Agricultural Survey in December 2016 which indicated a total of 391,600 lambs on NI farms. This was a 13 per cent increase from the 346,500 lambs recorded on NI farms during the previous December.

The trade for hoggets in NI has remained relatively steady in recent weeks with quotes for R3 grade hoggets in the region of 405p/kg up to 22kg this week. In the corresponding week in 2016 quotes from the local plants were in the region of 405-415p/kg up to 22kg.

Local sheep producers have benefitted from a weakening in the value of sterling against euro which has made NI origin lamb more cost competitive on key EU markets. The stronger euro has also made NI lambs more attractive for processors in ROI during 2017 to date when compared to year earlier levels.

While prices have remained firm in recent weeks it is important to note that

the largest majority of NI origin lamb is destined for the EU market. Following the decision by the UK to leave the European Union continued access to this valuable market outlet is not guaranteed and there is the potential of significant interruption to trade flows in the form of tariffs and trade barriers over the next few years.

If no trade agreement can be reached between the UK and the EU before the UK officially leaves the union trade regulations would default to WTO rules. Both regions would then be obliged to enforce tariffs and other trade restrictions that apply to the rest of the world. These tariffs are most significant in the food and agriculture sectors with a 46 per cent tariff on chilled lamb carcasses and a 61 per cent tariff on chilled boneless sheepmeat.

It is therefore vitally important that every effort is made to progress trade negotiations and retain access to existing markets while continuing to identify third country markets for NI lamb products. LMC are actively working in this area through their participation in the UK Export Certification Partnership (UKECP) and good progress is being made in accessing some key priority markets, in particular Asia and North America.

Figure 1: Weekly lamb/hogget throughput in NI January 2015 - March 2017

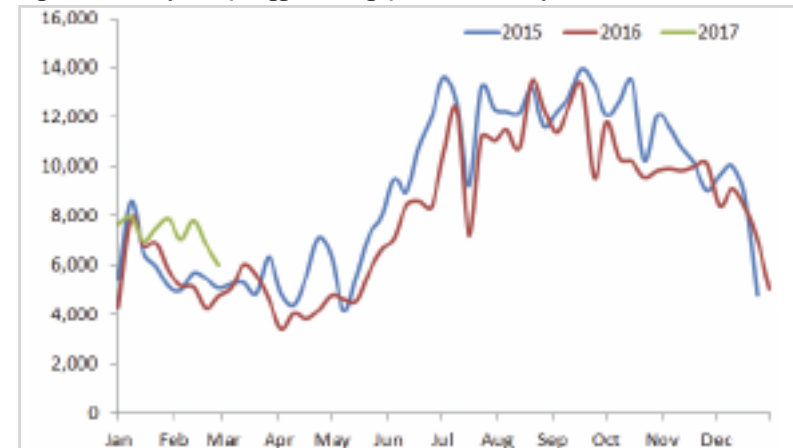


Figure 2: Weekly exports of lambs/hoggets to ROI for direct slaughter in NI January 2015 - March 2017



INCREASE IN EU BEEF PRODUCTION EXPECTED IN 2017

THE EU Short Term Outlook Report has indicated continued growth in the EU suckler cow herd with numbers increasing by 80,000 head to 12.4 million head according to the December 2016 livestock survey. This accounts for a 0.6 per cent increase year on year. However despite the increase in total suckler cow numbers in the EU as a whole during 2016 the majority of EU countries recorded a lower level of growth in suckler cow numbers than recorded the previous year. In some regions of the EU the number of suckler cows actually recorded a reduction.

The slowdown in suckler cow growth is more notable in the EU-15 than in the EU-N13 with strong declines in suckler cow numbers recorded in Italy and the Netherlands where suckler cow numbers were back by 24,000 head and 15,000 head respectively in December 2016 when compared to year earlier levels. In contrast to these declines there was notable growth in suckler cow numbers in Spain (+41,000), in the UK (+19,000) and in France (+14,000) during 2016.

However despite the increases in these regions during 2016 the suckler cow herd in the EU-15 is expected to contract by 1 per cent in 2017 and a further 1.5 per cent in 2018. Meanwhile in the EU-N13 the suckler cow herd is expected to continue its slow growth with numbers expected to increase by 2 per cent in 2017 and then by a

further 1 per cent in 2018.

Dairy cow numbers in the EU totalled 23.3 million head in December 2016, a 0.4 per cent decline from December 2015 levels. The EU dairy herd is expected to further decline in 2017 by 1.6 per cent although milk production is expected to increase by 2 per cent in 2017 due to improved efficiency at farm level. This decline in the EU dairy herd is expected to impact beef production in the EU in coming years due to reduced beef production potential.

Beef Production

EU beef production during 2016 increased by 2.3 per cent to total 7.9 million tonnes. Production in the EU-15 increased by 1.9 per cent or 128,000 tonnes while production in the EU-N13 increased by 5.9 per cent or 50,000 tonnes. The increase in EU production during 2016 was driven primarily by herd restocking in the dairy sector with notable increases in cow and heifer slaughtering across the EU.

Beef production in the EU is expected to increase by a further 1.2 per cent in 2017. With the continued increase in the cow herd in the EU the beef production capacity remains high. In addition the ongoing restructuring of the dairy herd will continue to provide high numbers of cows and heifers for slaughtering in the short term. This will be the fourth consecutive year in which total beef production in the EU will increase

however this is expected to come to an end in 2018 with beef production forecast to be back 1.7 per cent from 2017 levels.

Live Exports

Live bovine exports from the EU during 2016 were 23 per cent higher than 2015 levels with the live trade focused primarily on countries around the Mediterranean. During 2016 Turkey was the primary outlet for EU cattle exports with 322,000 cattle exported to the region. A further 176,000 cattle were exported to Israel while 155,000 head were exported to Lebanon. These three countries accounted for two thirds of total cattle exports out of the EU during 2016. Total live exports are expected to increase by a further ten per cent during 2017 provided that there are no interruptions to trade.

Beef Exports

EU beef exports totalled 244,000 tonnes during 2016, an 18 per cent increase from 2015 levels. This increase in exports was driven by firm demand on the global beef market, particularly from China, which opened relatively high priced opportunities to the EU. Exports of fresh and chilled beef from the EU increased by 14 per cent during 2016 while exports of frozen beef increased by a notable 33 per cent during the same period.

This growth in exports is expected to continue into 2017 with exports forecast to increase by a

further 5 per cent as the EU gains access to new niche markets.

Beef Imports

EU beef imports increased by two per cent during 2016 with the largest proportion of imports coming from Brazil (42 per cent), Uruguay (17 per cent) and Argentina (13 per cent). Imports from the US declined during 2016 as the US shifted produce towards the more lucrative Japanese market and also in response to a less favourable dollar/euro exchange rate. Australian exports to the EU increased in the first half of 2016 but then completely stopped in the second half as Australia started to recapitalise beef herds in response to improved pasture conditions. Australian beef exports to the EU ended 2016 six per cent lower than 2015 levels.

Total EU beef imports are expected to increase by a further three per cent in 2017 due to increases in the supply of beef on the world market at competitive prices.

Beef Consumption

During 2016 beef consumption in the EU increased by 2.2 per cent and this is expected to continue into 2017 with consumption forecast to increase by a further 1.2 per cent due to ample availability of beef on the market. In 2018 however there could be a potential shortage of beef on the EU market.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 13/03/17	Next Week 20/03/17
Prime		
U-3	336 - 346p	336 - 344p
R-3	330 - 340p	330 - 338p
O+3	324 - 334p	324 - 332p
P+3	270 - 294p	270 - 292p
Including bonus where applicable		
Cows		
O+3 & better	240 - 254p	240 - 254p
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 11/03/17	Steers	Heifers	Young Bulls
U3	351.7	352.9	340.6
R3	347.2	346.5	338.6
O+3	339.4	337.4	331.6

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 11/03/17	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	159.4	164.3	174.5	205.2
P2	174.8	197.8	220.4	230.1
P3	199.3	215.9	235.1	242.1
O3	-	234.2	244.0	259.7
O4	-	234.2	252.0	262.8
R3	-	-	265.0	275.8

Deadweight Cattle Trade

BASE quotes from the major NI processors this week for in spec U-3 grade steers and heifers ranged from 336-346p/kg. Quotes for early next week are expected to be in the region of 336-344p/kg. The trade for good quality O+3 grade cows remained steady this week ranging from 240-254p/kg across the plants.

Prime cattle throughput in NI plants last week totalled 6,549 head, a decrease of 213 head from the previous week and four per cent higher than the 6,308 prime cattle slaughtered in the corresponding week in 2016. Meanwhile a total of 2,003 cows were killed in NI plants last week, an increase of 207 from the previous week. This is ten per cent higher than the 1,815 cows slaughtered in NI plants in the same week in 2016.

Prime cattle imports from ROI for direct slaughter in NI plants last week totalled 168 head, accounting for three per cent of the total NI prime cattle kill. In the corresponding week in 2016 a total of 261 prime cattle were imported from ROI which accounted for four per cent of the total NI prime cattle kill. The number of cows imported from ROI for direct slaughter in NI last week totalled 62 head compared to seven cows in the same week in 2016. Meanwhile 114 cows were exported from NI for direct slaughter in ROI last week which was lower than the 262 cows exported during the same week in 2016. During the last week there were no exports of cattle from NI to GB for direct slaughter.

The deadweight trade for prime cattle in NI last week generally weakened with the average steer price back marginally to 340.5p/kg while the R3 steer price decreased by 0.8p/kg to 350.3p/kg. The average heifer price in NI last week was back by 3.2p/kg to 341.8p/kg while the R3 heifer price decreased by 2.2p/kg to 348.8p/kg. The average cow price in NI last week recorded an increase of four pence to 241.4p/kg while the O3 cow price was up by almost two pence to 258.1p/kg.

Deadweight prices for prime cattle in GB last week also weakened with the average steer price back by 0.8p/kg to 347.2p/kg while the average R3 steer price was almost unchanged at 357.4p/kg. The differential in R3 steer prices last week between NI and GB was 7.1p/kg or £25 on a 350kg carcass. The average heifer price in GB last week was back by 2.3p/kg to 348.9p/kg while the average R3 heifer price was almost unchanged at 357.9p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 9.1p/kg or £29 on a 320kg carcass.

In ROI last week the deadweight cattle trade increased in euro and sterling terms with a strengthening in euro against sterling. The R3 steer price in ROI last week was the equivalent of 325.8p/kg, up by five pence from the previous week while the R3 heifer price was up by 5.5p/kg to the equivalent of 336.3p/kg. The O3 cow price in ROI last week recorded a similar increase of 5.2p/kg to the equivalent of 266.7p/kg which puts it 8.6p/kg above the equivalent price in NI.

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

W/E 11/03/2017	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	352.7	334.1	359.2	359.5	360.6	360.2
	R3	350.3	325.8	363.1	352.1	358.8	354.1
	R4	350.4	327.4	362.8	362.7	356.8	353.6
	AVG	340.5	-	357.1	347.0	342.9	340.1
Heifers	U3	354.5	348.0	368.8	365.0	370.4	368.0
	R3	348.8	336.3	360.2	352.2	360.7	355.6
	R4	346.2	337.0	360.4	354.6	356.6	353.3
	AVG	341.8	-	359.5	348.3	345.6	339.5
Young Bulls	U3	340.8	327.6	348.6	342.6	349.7	349.0
	R3	338.6	318.0	344.9	332.9	337.2	345.0
	O3	324.7	304.1	312.8	299.4	304.1	317.7
	AVG	322.4	-	321.0	308.5	312.7	316.8
Prime Cattle Price Reported	5845	-	6892	7059	6711	4785	25447
Cows	O3	258.1	266.7	254.9	256.6	255.4	250.2
	O4	262.2	267.5	260.0	257.6	257.9	246.1
	P2	219.8	239.6	203.7	219.9	206.0	202.6
	P3	238.7	257.8	219.1	235.6	220.5	222.8
AVG	241.4	-	243.0	233.8	223.0	211.7	

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.73p 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 11/03/17	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Steers	202	208	206	170	201	185
Friesians	146	164	156	125	144	133
Heifers	202	215	207	170	200	185
Beef Cows	135	185	150	105	134	120
Dairy Cows	105	127	110	65	104	85
Bullocks up to 400kg	230	275	250	205	228	220
Bullocks 400kg - 500kg	210	238	225	185	209	198
Bullocks over 500kg	200	216	208	170	199	185
Heifers up to 450kg	220	249	235	175	219	200
Heifers over 450kg	205	220	212	165	204	188
Continental Bulls	245	345	300	140	242	200
Continental Heifers	225	325	275	125	222	175
Friesian Bulls	100	180	140	45	98	70
Holstein Bulls	80	140	110	15	78	45

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 13/03/17	Next Week 20/03/17
Hoggets	405 > 22kg	395-405 > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 25/02/17	W/E 04/03/17	W/E 11/03/17
NI Hoggets L/W	359.8	368.7	356.6
NI Hoggets D/W	389.2	396.7	401.8
GB Hoggets D/W	384.2	384.1	390.4
ROI D/W	390.2	405.4	412.8

Deadweight Sheep Trade

THE deadweight hogget trade remained relatively steady in NI this week with quotes for R3 grade hoggets in the region of 405p/kg with plants paying up to 22kg. Quotes for Monday are expected to range from 395-405p/kg. The processors have reported a reduction in the number of hoggets coming forward for slaughter with throughput last week totalling 5,565 head compared to 6,024 head the previous week. In the corresponding week in 2016 hogget throughput also totalled 6,024 head. Exports of sheep to ROI for direct slaughter last week totalled 8,220 head, an increase of 254 head from the previous week and almost unchanged from the number of sheep exported to ROI during the same week in 2016. The average deadweight hogget price in NI last week recorded an increase of 5.1p/kg to 401.8p/kg while the average deadweight hogget price in ROI last week increased by the equivalent of 7.4p/kg to 412.8p/kg.

This week's marts

A good trade was reported across the marts this week with smaller numbers of hoggets passing through the sale rings compared to the previous week. In Swatragh last Saturday 820 hoggets sold from 340-441p/kg compared to 840 hoggets the previous week selling from 339-423p/kg. In Massereene on Monday 901 hoggets sold from 355-390p/kg compared to 1,156 hoggets the previous week selling from 355-392p/kg. In Rathfriland on Tuesday 257 hoggets sold to an average of 355p/kg compared to 601 hoggets the previous week selling to an average of 347p/kg. In Enniskillen on Wednesday 484 hoggets sold from 359-400p/kg compared to 475 hoggets the previous week selling from 364-401p/kg. The ewe trade remained firm this week with top prices generally ranging from £90-115 and a top reported price of £128.50 in Newtownstewart last Friday.

LATEST SHEEP MARTS

From: 10/03/17		Hoggets (P/KG LW)			
To: 16/03/17		No	From	To	Avg
Friday	Newtownstewart	284	347	398	-
Saturday	Omagh	1118	362	399	-
	Swatragh	820	340	441	-
Monday	Kilrea	260	358	386	-
	Massereene	901	355	390	-
Tuesday	Saintfield	360	345	372	-
	Rathfriland	257	340	371	355
Wednesday	Ballymena	1440	340	397	348
	Enniskillen	484	359	400	-
	Markethill	900	340	375	-
	Armoy	384	340	390	-

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