

STRONG PRIME CATTLE THROUGHPUT IN LOCAL PLANTS

PRIME cattle throughput in local plants has increased in recent weeks with 7,283 head killed in NI last week. This brings prime cattle throughput for the year to date to 292,626 head, a six per cent increase on the corresponding period last year when 276,545 prime cattle were killed in local plants.

There has been a firm demand for prime cattle from the plants with reports that some of the major processors are actively seeking cattle to fulfil demand for beef from their major customers in the run up to Christmas. Reports have also indicated that deals are being done for in spec prime cattle above the quoted base prices of 352-354p/kg for U-3 grade cattle. Producers are encouraged to use these quotes as a starting point for negotiation and shop around to get the best possible deal.

The increase in prime cattle slaughterings in local plants can be attributed to the increase in the number

of cattle for beef production on NI farms as outlined in Figure 1. During October 2017 there were 183,774 beef sired cattle on NI farms aged from 18-24 months. This was an 11 per cent increase from October 2016 levels when there were 166,093 beef sired cattle in this age range.

There was also an increase in the number of beef sired cattle in the 24-30 month age category on NI farms. In October 2017 there were 82,618 beef sired cattle in this age category, up 9 per cent from the 75,882 head on farm in October 2016.

Meanwhile the number of dairy sired male cattle in the 18-24 month age category on NI farms recorded an 11 per cent decline to total 13,539 head in October 2017 while the number in the 24-30 month age category increased by 10 per cent to 9,156 head. This decline in dairy sired cattle numbers is most likely due to relatively steady export levels of dairy sired calves over the last

two years despite a reduced number of these calves being registered in NI.

One factor behind this improvement in cattle availability for slaughter in NI is the increase in the number of beef sired calves coming from the dairy herd. These have been retained by NI farmers and are now starting to come forward for slaughter. In addition to this there has been a notable decrease in the number of store cattle being exported out of NI for further finishing in GB in recent years which will also have contributed to increasing cattle numbers on NI farms.

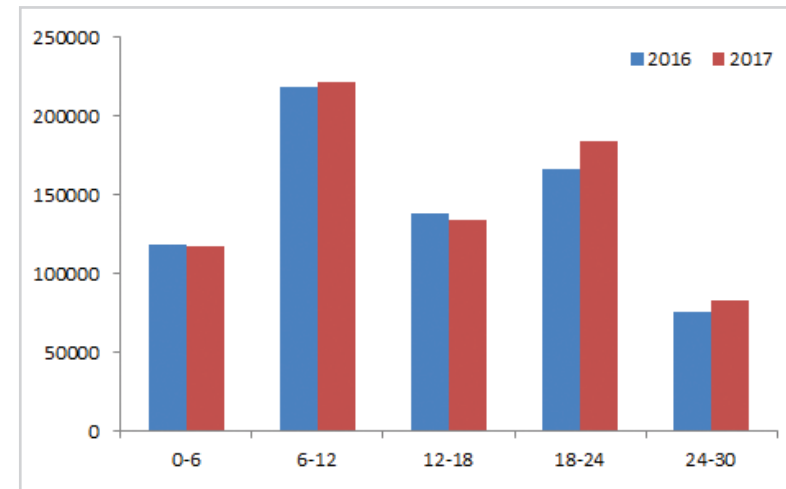
The number of prime cattle being exported out of NI for direct slaughter has also recorded a decline during 2017. During the year to date 2,140 prime cattle have been exported to GB for direct slaughter compared to 4,683 head in the same period in 2016. This accounts for a 54 per cent decline year on year. Prime cattle exports to ROI for direct slaughter have totalled 1,204

head during 2017 to date, back from 1,966 head in the same period in 2016.

While exports of prime cattle out of NI for direct slaughter have decreased the number of prime cattle being imported for direct slaughter has held relatively

steady. For 2017 to date 7,912 prime cattle have been imported from ROI with a further 459 head from GB. This compares to 7,975 head from ROI and 206 head from GB in the same period in 2016.

Figure 1: Beef sired cattle on NI farms by age category October 2017



MORE LAMB EXPORTED TO THE EU IN 2017 BUT WILL THIS CONTINUE POST BREXIT?

ACCORDING to the latest available data from HMRC UK lamb exports to the EU increased to 58,540 tonnes during the period January-September 2017. In the same period last year lamb exports to the EU totalled 53,180 tonnes. This accounts for a 10 per cent increase year on year.

France continues to be the largest market for UK lamb exports with 29,490 tonnes exported to the region during the first nine months of 2017. This was a three per cent increase from 2016 levels when 28,607 tonnes were exported to France.

Germany has been a growing market outlet for UK lamb exports with 9,958 tonnes exported to the region between January and September 2017. This is a 21 per cent increase from the same period in 2016. There has also been an increase in the volume of UK lamb exports to ROI (+12 per cent), Belgium (+18 per cent), Italy (+21 per cent) and the Netherlands (+19 per cent) during the first nine months of 2017 when compared to year

earlier levels.

The EU continues to be the primary outlet for UK origin lamb with 94 per cent of total UK exports in terms of volume destined for the region during the first nine months of 2017. This was a slight decline from the corresponding period in 2016 when 96 per cent of UK lamb exports were destined for the EU market.

Exports to non-EU countries totalled 3,710 tonnes during the 2017 period, a notable 83 per cent increase from 2016 levels. The volumes involved however remain small with exports to non EU countries accounting for just six per cent of total UK lamb exports during the 2017 period.

The largest non-EU market for UK lamb is Hong Kong with 2,365 tonnes exported to the region during January-September 2017. This was almost double 2016 levels when 1,202 tonnes of lamb were exported from the UK to Hong Kong. There has also been strong growth in lamb exports to

Ghana with 393 tonnes exported during 2017 to date. This compares to 90 tonnes in the same period in 2016.

While UK lamb exports to regions outside the EU are growing they only account for a very small proportion of total UK lamb exports. This highlights the importance of the UK maintaining a strong trading relationship with the EU, particularly for the sheep sector, when the UK leaves the EU in March 2019.

If the UK fails to reach a trading agreement with the EU prior to Brexit in March 2019 then the UK will automatically default to WTO trading tariffs. This would be hugely detrimental to the UK sheep sector as it is heavily reliant on access to the valuable EU market. The potential impacts of WTO trading conditions on the NI lamb sector have been explored in more depth in a recent study commissioned by LMC.

The EU's import tariffs for lamb are considerable and would be a major impediment to trade if they were applied post Brexit. Tariffs vary significantly for individual products due to the variability in selling price and this highlights the significant challenge in dealing with tariffs which are based on the estimated value of the product (i.e. 12.8 per cent) and also include a weight based fixed component.

The EU tariff rates for selected sheep commodities based on NI lamb prices in 2016 are outlined in

Table 1. The application of these tariffs would severely impact the ability of NI lamb processors to compete on the EU market and would effectively close down this market outlet. It should also be noted that there are significant tariffs on live exports to the EU which would affect the approx. 400,000 sheep exported from NI to ROI each year for direct slaughter. It is therefore vitally important that every measure is taken to maintain current tariff free access to the EU market.

A key recommendation of the recent LMC report was for the UK to seek a five year interim period during which access to the Single Market and Customs Union membership should provide a framework for trading relationships. The authors of the report felt that this approach would permit a smoother transition, facilitate a better long-term trading arrangement and enable suitable cross-border management systems to be established.

Another key recommendation from the report is expanding market access in countries outside the EU and also opening new third country markets. Gaining access to important markets beyond the EU in Asia, Northern America and the Middle East is a key priority for Northern Ireland's meat exporters. LMC plays a strategic role facilitating the opening of new markets through its membership of the UK Export Certification Partnership (UKECP). LMC is a co-founder of this joint industry/government programme, the aim of which is to establish access for UK red meat products into third country markets.

Table 1: EU tariff rates for selected sheep commodities based on NI lamb prices in 2016

CN Code	Description	EU Common External Tariff	Total Tariff EU-27 (%)
02041000	Fresh/chilled lamb/sheep meat carcasses and half carcasses	12.8% + €171.30/100kg	48%
02042230	Fresh/chilled lamb cuts	12.8% + €188.50/100kg	49%
02042300	Fresh/chilled boneless lamb/sheepmeat	12.8% + €311.80/100kg	69%
02044310	Frozen lamb/sheep meat cuts	12.8% + €234.50/100kg	75%



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 20/11/17	Next Week 27/11/17
Prime		
U-3	352 - 354p	352 - 354p
R-3	346 - 348p	346 - 348p
O+3	340 - 342p	340 - 342p
P+3	290 - 306p	290 - 306p
Including bonus where applicable		
Cows		
O+3 & better	260 - 280p	260 - 280p
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 18/11/17	Steers	Heifers	Young Bulls
U3	359.5	362.8	347.4
R3	355.6	355.3	345.5
O+3	347.1	347.3	336.8

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 18/11/17	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	176.2	184.3	199.0	205.2
P2	195.8	215.5	234.7	245.0
P3	216.0	238.8	252.7	255.2
O3	214.9	246.0	271.5	275.5
O4	230.0	249.3	271.6	279.2
R3	-	-	-	294.0

Deadweight Cattle Trade

BASE quotes from the plants for U-3 grade prime cattle this week ranged from 352-354p/kg however reports have indicated that higher prices are available and producers are encouraged to shop around to get the best possible deal. There has been a firm demand for prime cattle this week, particularly for cattle that meet current market specifications. The deadweight cow trade in NI has held steady with quotes for O+3 grading cows ranging from 260-280p/kg this week. Similar quotes for all types of cattle are expected early next week.

Prime cattle throughput has remained strong with 7,283 prime cattle killed in local plants last week. This is a slight increase from the 7,216 head killed during the previous week and was the highest weekly throughput since January this year. Cow throughput has also remained strong in NI plants with 2,784 head killed locally last week. This takes throughput for the last six weeks to 16,100 head, up 540 head from the same period in 2016.

Imports of prime cattle for direct slaughter last week remained small in comparison to the corresponding week in previous years. A total of 82 prime cattle were imported last week, 80 head of which came from ROI and the remaining two from GB. Cow imports for direct slaughter have remained firm with a total of 204 cows were imported last week. The largest majority of these cows came from GB. Exports out of NI for direct slaughter have continued at similar levels to previous weeks with 20 prime cattle, 219 cows and 8 bulls exported to ROI with a further 73 prime cattle and 25 cows exported to GB.

The deadweight trade for prime cattle in NI has held relatively steady with the majority of prices for price reported prime cattle within a penny of the previous week. The average steer price in NI last week was back marginally to 349.3p/kg while the R3 steer price was up marginally to 359.7p/kg. The average heifer price in NI last week was back by 0.7p/kg to 349.8p/kg while the R3 heifer price was back by a similar margin to 357.3p/kg. The deadweight trade for young bulls firmed in NI last week with the average price up 4.1p/kg to 337.3p/kg.

In GB last week there was a mixed trade across the regions for prime cattle. The average steer price in GB last week was up 1.5p/kg to 364.2p/kg while the R3 steer price was up 2.5p/kg to 375.8p/kg. There were strong increases in the R3 steer price in Scotland (+5.7p/kg) and Northern England (+3.9p/kg) while the R3 steer price in the Midlands improved by a smaller margin (+1.9p/kg). Meanwhile the R3 steer price in Northern England was back 2.2p/kg to 369.7p/kg. A similar trend can be observed in the deadweight heifer trade across the GB regions.

In ROI last week deadweight prices firmed in euro terms and this combined with a strengthening euro resulted in strong increases in deadweight prices in sterling terms. The R3 steer price increased by the equivalent of 6.7p/kg to 333.6p/kg last week while the R3 heifer price increased by 6.3p/kg to 344.8p/kg.

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

W/E 18/11/2017	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	360.5	343.6	392.2	379.2	376.9	382.2
	R3	359.7	333.6	386.8	369.7	371.5	375.8
	R4	356.9	333.7	386.0	383.0	369.1	372.7
	O3	348.9	318.1	366.7	340.2	341.5	346.7
	AVG	349.3	-	383.5	361.3	353.9	356.5
Heifers	U3	363.3	356.2	397.8	385.2	389.5	388.3
	R3	357.3	344.8	387.4	370.2	377.1	372.3
	R4	356.5	344.3	385.8	375.3	374.8	371.6
	O3	349.3	332.0	365.4	343.7	341.8	345.9
Young Bulls	U3	347.4	341.3	380.6	363.4	368.2	381.7
	R3	345.5	333.3	372.2	354.6	362.5	363.5
	O3	332.6	319.8	338.3	325.5	322.1	335.2
	AVG	337.3	-	360.3	340.9	334.5	336.0
Prime Cattle Price Reported		6512	-	6924	7493	7152	4632
Cows	O3	274.5	281.7	269.4	258.9	268.8	259.8
	O4	278.3	282.1	271.3	258.3	268.7	257.6
	P2	234.9	250.4	218.3	217.4	220.9	224.1
	P3	253.2	270.5	230.8	235.3	229.9	237.4
	AVG	251.9	-	258.4	231.6	228.3	224.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.42p 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 LIVELWEIGHT CATTLE MART PRICES NI

W/E 18/11/17	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	196	208	200	170	195	182
Friesians	144	152	148	130	143	138
Heifers	204	218	210	160	192	178
Beef Cows	150	192	165	120	149	135
Dairy Cows	110	132	115	70	109	90
Store Cattle (p/kg)						
Bullocks up to 400kg	220	250	230	180	219	200
Bullocks 400kg - 500kg	212	226	219	170	205	190
Bullocks over 500kg	200	214	207	165	199	180
Heifers up to 450kg	190	210	200	160	189	175
Heifers over 450kg	190	209	197	165	189	175
Dropped Calves (£/head)						
Continental Bulls	300	400	340	180	298	240
Continental Heifers	280	385	310	150	278	215
Friesian Bulls	80	150	100	20	78	45
Holstein Bulls	70	145	85	2	68	35

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 20/11/17	Next Week 27/11/17
Lambs >22kg	380-385p	390-400p

REPORTED SHEEP PRICES

(P/KG)	W/E 04/11/17	W/E 11/11/17	W/E 18/11/17
NI Lambs L/W	340.5	347.7	354.0
NI Lambs D/W	368.6	367.4	375.2
GB Lambs D/W	385.6	389.1	396.2
ROI D/W	390.2	394.8	-

Deadweight Sheep Trade

QUOTES from the plants for R3 grading lambs firmed to 390-400p/kg towards the end of this week with similar quotes expected for early next week. Lamb throughput in local plants increased to 8,372 head last week although this is notably lower than the corresponding week last year when 10,017 lambs were killed in local plants. Exports of lambs to ROI for direct slaughter also increased last week with 9,945 lambs making to journey to plants in ROI. This is the highest weekly export of lambs for the year to date and this has been driven by a favourable exchange rate and firm demand for lamb from plants in ROI. The deadweight lamb price in NI last week increased by 7.8p/kg to 375.2p/kg. In the same week last year the average lamb price in NI was 368.9p/kg.

This week's marts

A firm demand for good quality lambs has been reported this week with many marts reporting a slightly sharper trade. In Omagh last Saturday 1,276 lambs sold from 379-411p/kg compared to 1,032 lambs the previous Saturday selling from 361-401p/kg. In Massereene this week a slightly sharper trade saw 983 lambs sold from 350-392p/kg compared to 943 lambs last week selling from 335-362p/kg. In Rathfriland this week 900 lambs sold from 335-414p/kg (avg 358p/kg) compared to 755 lambs last week selling from 320-405p/kg (avg 349p/kg). In Markethill this week 1,250 lambs sold from 330-371p/kg compared to 1,550 lambs last week selling from 330-371p/kg. In Arroy this week 284 lambs sold from 340-395p/kg compared to 344 lambs last week selling from 340-375p/kg.

LATEST SHEEP MARTS

From: 17/11/17		Lambs (P/KG LW)			
To: 23/11/17		No	From	To	Avg
Friday	Newtownstewart	206	332	370	
Saturday	Omagh	1276	379	411	
	Swatragh	877	279	358	
Monday	Kilrea	450	355	369	
	Massereene	983	350	392	
Tuesday	Saintfield	972	338	407	
	Rathfriland	900	335	414	358
Wednesday	Ballymena	1901	335	373	348
	Markethill	1250	330	371	-
	Arroy	284	340	395	-

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