LMC

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NI DEADWEIGHT PRIME CATTLE TRADE COMING UNDER PRESSURE

BASE quotes from the major NI beef processing plants for in-spec U-3 grade prime cattle have held relatively steady over the past few months with quotes early this week ranging from 350-356p/kg.

However reports from the major plants have indicated a slight weakening in the beef trade due to weaker demand for beef from the major retailers combined with steady supplies of prime cattle coming forward for slaughter. In response to this shift in supply and demand for beef base quotes from the local plants for prime cattle are expected to come under some pressure early next week.

Prime cattle throughput in NI during the first four weeks of 2018 totalled 27,218 head, a slight increase from the corresponding four week period in 2017 when 26,951 prime cattle were killed in local plants. This steady throughput has been maintained by improved supplies of cattle from local producers with imports for direct slaughter continuing to operate at low levels.

During the first four weeks of January 2018 141 prime cattle were imported from ROI for direct slaughter in local plants with a further 32 head imported from GB. This was a notable reduction from the corresponding four week period in 2017 when 544 prime cattle were imported from ROI and 17 prime cattle from GB for direct slaughter in local plants.

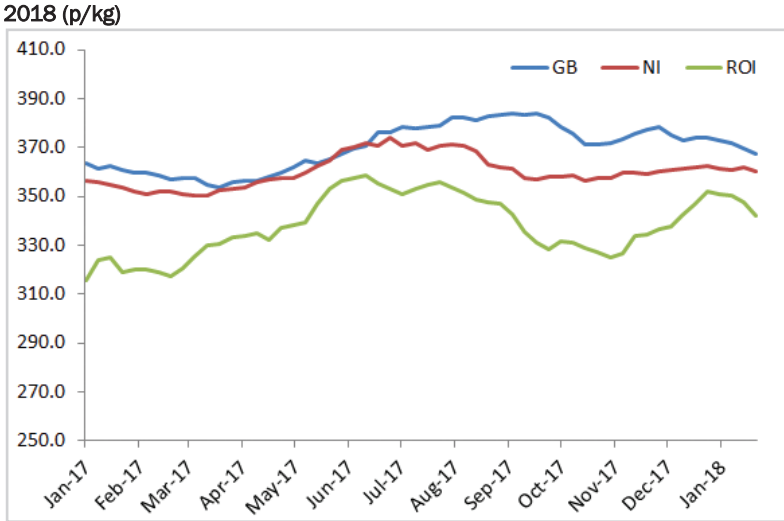
There has also been a slight increase recorded in the average carcase weight of prime cattle killed in local plants. During the first four weeks of January 2018 the average prime cattle carcase weight was 336.5kg, up from 334.1kg during the corresponding period in January 2017. This increase in the average carcase weight combined with the slight increase in throughput have resulted in a two per cent (155 tonne) increase in the volume of beef handled by local processors during the first four weeks of 2018.

Deadweight prices for prime cattle in NI have held relatively steady for several months however they have come under slight pressure in recent weeks as base quotes from some of the processors have started to come back. The R3 steer price in NI from January 2017 to January 2018 is displayed in Figure 1. The R3 steer price in NI last week was 360.3p/kg, back 1.5p/kg from the previous week.

Deadweight prices for prime cattle have also been coming under pressure in GB since the start of the year with an average R3 steer price last week of 367.1p/kg. This was back 2.4p/kg from the previous week and it was the fourth consecutive week in which the R3 steer price recorded a decline. The R3 steer price in GB last week was 6p/kg lower than it was in the week ending 06 January 2018 while in NI it was back by just under 1p/kg over the same period.

The stronger decline in R3 steer prices in GB compared to NI has narrowed the price differential between the two regions as outlined in Figure 1. The differential in R3 steer in prices last week was 6.8p/kg which was the narrowest difference recorded since July 2017. This equates to a differential of £24 on a 350kg R3 grading steer carcase between the regions. The narrowing differential in deadweight prices between the regions makes it less financially viable to transport prime cattle from NI to GB for direct slaughter. Last week no prime cattle were shipped from NI to GB for direct slaughter.

Figure 1: R3 steer prices in GB, NI and ROI from January 2017 until January 2018 (p/kg)



Meanwhile the differential in R3 steer prices between ROI and NI has widened in recent weeks as the deadweight beef trade in ROI comes under some pressure due to increased prime cattle throughput and a slight weakening of the euro against sterling. The R3 steer price in ROI last week was the equivalent of 341.8p/kg which was 18.5p/kg lower than the R3 steer price in NI. In monetary terms this puts the differential between ROI and NI at £65 on a 350kg steer carcase.

EU AGREE GUIDELINES FOR BREXIT TRANSITIONAL ARRANGEMENT

EU member states have approved a set of guidelines which will enable the EU Chief negotiator Michel Barnier to carry out talks with the UK while at the same time providing certainty to businesses and citizens about what they should expect during the transition period.

When the UK leaves the EU in March 2019 there will be a 21 month transition period which will last until 31 December 2020. During this transition period all EU legislation, legal acts, and court decisions which constitute the body of European Union law will apply in the UK as if it were a member state. All existing EU regulatory, budgetary, supervisory, judiciary and enforcement instruments and structures will also apply, including the competence of the Court of Justice of the European Union. The end date for the transition period, 31 December 2020 is the "easy option" because it also coincides with the end of the current budgetary period according to recent article from Agra Europe.

During the transition period, the UK will remain bound by the obligations stemming from the agreements concluded by the EU, while it will no longer participate in any bodies set up by those agreements. As the UK will continue to participate in the customs union and the single market (with all four freedoms) during the transition period, it will have to continue to comply with EU trade policy, to apply EU customs tariff and collect EU customs duties and to ensure all EU checks are being performed on the border. This also implies that during that period the UK will not become bound by international agreements in its own capacity in fields of competence of EU law, unless authorised to do so by the EU.

A recent Agra Europe article has outlined that although "sufficient progress" has been made on the three main priorities of citizens' rights, the divorce bill and the border with Northern Ireland, in the course of the second negotiating phase these provisions have to be put in legally binding language. Other areas that will need attention include public procurement, intellectual property issues and sensitive data.

Recently, the two EU politicians, Commission President Jean-Claude Juncker and EU Council President Donald Tusk, said that the offer to the UK to stay within the EU is always valid and that even if Britain went ahead with Brexit, it would apply to re-join the bloc at a later stage.

GIRA FORECAST AN INCREASE IN GLOBAL SHEEPMEAT CONSUMPTION

THE latest available figures for Gira have indicated a 1.1 per cent (+155,000 tonnes) increase in global goat/sheepmeat consumption during 2017 with a further 1.5 per cent (+215,000 tonnes) increase expected during 2018.

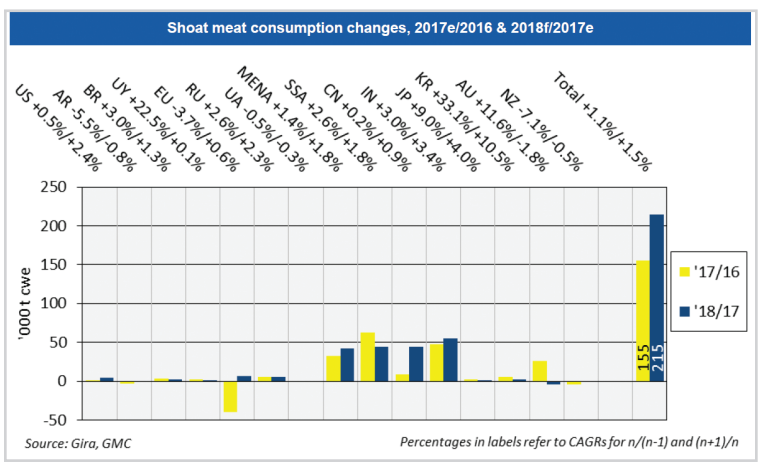
Much of this increase in global demand for goat/sheepmeat is fuelled by population growth, particularly in developing regions, with consumption per capita expected to remain stable in most regions of the world.

The strongest increase in terms of volume is expected in Sub-Saharan Africa where Gira estimates suggest a 2.6 per cent (+60,000 tonnes) increase in consumption in 2017 with a further 1.8 per cent (45,000 tonnes) increase forecast for 2018.

Steady consumption growth is also expected in the Middle East and North Africa (MENA) where growing populations and rising disposable incomes have resulted in higher demand. This is being serviced by an increase in domestic production as well as higher levels of imports. Total consumption in the region is expected to have risen by approx 30,000 tonnes in 2017 (+1 per cent) with an increase of approx 40,000 (+2 per cent) tonnes expected in 2018.

Total goat/sheepmeat consumption held steady in China in 2017 however rising populations and growing disposable income are expected to increase consumption by approx 45,000 tonnes in 2018 (+0.9 per cent). Consumption growth in the region is being limited however by product availability and high prices.

In India during 2017 goat/sheepmeat consumption increased by approx 50,000 tonnes (+ 3 per cent) with a similar increase expected in 2018. A shift away from cheap buffalo meat as disposable incomes increase is a key factor behind this growth. While goat meat is preferred sheepmeat is also consumed by all non-vegetarian religious groups in India. Goat/sheepmeat are the most expensive meats in India and prices are continuing to rise.



WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 29/01/18	Next Week 05/02/18
Prime		
U-3	350 - 356p	348 - 354p
R-3	344 - 350p	342 - 348p
O+3	338 - 344p	336 - 342p
P+3	290 - 306p	288 - 304p
	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 27/01/18	Steers	Heifers	Young Bulls
U3	362.5	362.6	350.2
R3	354.3	356.0	346.5
O+3	347.6	350.8	338.6

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 27/01/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	183.3	196.0	209.8	218.2
P2	195.7	221.2	240.4	248.7
P3	209.0	242.9	257.9	263.9
O3	197.2	254.9	274.3	283.6
O4	-	277.1	276.5	285.4
R3	-	-	342.0	307.1

Deadweight Cattle Trade

BASE quotes from the major plants this week for U-3 grade prime cattle ranged from 350-356p/kg with the majority of plants quoting 352p/kg for steers and 354p/kg for heifers. The plants have reported a weaker demand for beef from the major retailers and steady supplies of cattle with base quotes for next week back to 348-354p/kg. Quotes for O+3 grading cows ranged from 260-280p/kg across the plants this week with similar quotes expected early next week.

Prime cattle throughput in NI last week totalled 6,949 head. This was back 220 head from the previous week and just below the 7,059 killed in NI plants in the corresponding week in 2017. Cow throughput in NI last week totalled 2,405 head and this was the highest weekly throughput in local plants since early December 2017. Cattle imports from ROI for direct slaughter last week consisted of 62 prime cattle and 32 cows while a further 7 prime cattle and 181 cows were imported from GB. Exports to ROI for direct slaughter last week included 8 prime cattle, 134 cows and 5 bulls while no cattle were exported from NI to GB for direct slaughter.

The average steer price in NI last week was 351.1p/kg, unchanged from the previous week, while the R3 steer price was back by 1.5p/kg to 360.3p/kg. The average heifer price increased by almost a penny to 352p/kg while the R3 heifer price was up marginally to 359.6p/kg. There was an improvement in the young bull trade in NI last week with the average price up by 1.4p/kg to 335.1p/kg while the R3 young bull price increased by 1p/kg to 348.1p/kg.

In GB last week the deadweight trade for prime cattle has continued to come under pressure across all of the regions. The average steer price in GB last week was back by 1p/kg to 357.9p/kg while the average R3 steer price was back by 2.4p/kg to 367.1p/kg. The R3 steer price was back in all of the GB regions however the most notable decline was in Southern England where it came back 4.6p/kg to 361.4p/kg. The average heifer price in GB last week was back by almost a penny to 360.4p/kg while the average R3 heifer price was back by 1.5p/kg to 368p/kg. The R3 heifer price was back in all of the GB regions with the strongest decline recorded in Southern England where it was back by 4.5p/kg to 362.5p/kg.

The cow trade firmed in NI last week with the O3 cow price increasing by 1.7p/kg to 281.3p/kg. Meanwhile in GB the cow trade also improved with O3 cow prices increasing in all of the regions. The differential in O3 cow prices between NI and GB last week was 12.7p/kg. In ROI last week cow prices held relatively steady in euro terms but a weakening euro against sterling meant the O3 cow price in the region was back the equivalent of 4.5p/kg to 286.4p/kg. This puts the O3 cow price in ROI 5.1p/kg above the O3 cow price in NI.

Reported prices for prime cattle in ROI last week came under some pressure and this combined with a weaker euro meant the R3 steer price was back by 5.8p/kg to 341.8p/kg while the R3 heifer price was back by 7.8p/kg to 352.2p/kg.

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

W/E 27/01/2018		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	363.2	351.8	376.7	370.1	367.5	370.6	371.0
	R3	360.3	341.8	375.9	367.3	363.9	361.4	367.1
	R4	357.9	343.2	378.4	373.1	363.0	360.1	370.0
	O3	349.4	325.7	351.2	339.4	333.1	333.4	339.6
	AVG	351.1	-	374.3	357.3	350.6	346.9	357.9
Heifers	U3	363.7	364.6	383.7	377.2	375.7	375.2	378.0
	R3	359.6	352.2	376.4	364.0	367.1	362.5	368.0
	R4	356.9	353.5	377.5	365.3	367.8	360.4	368.1
	O3	351.4	338.3	358.8	339.8	338.6	339.3	344.2
	AVG	352.0	-	375.6	357.3	355.9	350.9	360.4
Young Bulls	U3	352.2	344.9	366.5	359.2	360.0	362.8	361.4
	R3	348.1	334.3	364.5	341.8	348.4	345.4	348.8
	O3	331.9	320.2	332.6	315.1	313.6	319.1	318.7
	AVG	335.1	-	353.5	328.6	323.8	331.6	331.9
Prime Cattle Price Reported		6333	-	6891	7291	6781	4669	25632
Cows	O3	281.3	286.4	271.8	264.6	271.6	264.7	268.6
	O4	284.8	287.1	275.2	265.5	270.5	263.8	268.4
	P2	237.8	257.7	220.5	222.7	221.1	216.9	220.3
	P3	260.8	277.1	240.6	239.7	242.1	237.2	240.6
	AVG	263.6	-	262.1	243.9	241.7	232.8	242.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.49p 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

	1st QUALITY			2nd QUALITY		
W/E 27/01/18	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	208	218	212	180	207	192
Friesians	150	166	157	125	149	135
Heifers	198	208	202	178	197	185
Beef Cows	154	187	162	120	153	140
Dairy Cows	110	130	120	60	109	85
Store Cattle (p/kg)						
Bullocks up to 400kg	235	274	245	190	234	210
Bullocks 400kg - 500kg	220	260	235	180	219	200
Bullocks over 500kg	190	218	205	160	189	175
Heifers up to 450kg	225	261	235	175	224	195
Heifers over 450kg	200	219	210	170	199	185
Dropped Calves (£/head)						
Continental Bulls	300	400	350	200	298	250
Continental Heifers	240	380	300	140	238	190
Friesian Bulls	140	225	165	80	138	100
Holstein Bulls	100	185	125	20	98	60

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 29/01/18	Next Week 05/02/18
Hoggets >22kg	405-410p	405-410p

REPORTED SHEEP PRICES

(P/KG)	W/E 13/01/18	W/E 20/01/18	W/E 27/01/18
NI L/W Hoggets	365.8	365.8	369.3
NI D/W Hoggets	401.4	407.2	410.6
GB D/W Hoggets	410.8	413.0	415.4
ROI D/W	420.2	417.7	412.7

Deadweight Sheep Trade

BASE quotes from the plants this week for R3 grading hoggets ranged from 405-410p/kg up to 22kg. Similar quotes are expected for early next week. The plants have reported steady supplies of hoggets to meet demand with 7,185 head killed locally last week. This was similar to the 7,119 head killed locally during the previous week. Exports to ROI for direct slaughter last week included 8,397 hoggets and 1,496 ewes/rams. The average deadweight hogget price in NI last week was 410.6p/kg, up 3.4p/kg from the previous week. In the corresponding week last year the average hogget price in NI was 367.4p/kg. The deadweight lamb price in ROI last week was the equivalent of 412.7p/kg, back 5p/kg from the previous week.

This week's marts

THE marts have reported a steady trade this week with firm demand for good quality hoggets. In Omagh last Saturday 805 hoggets sold from 359-417p/kg compared to a smaller show of 399 hoggets the previous Saturday selling from 368-402p/kg. In Kilrea this week 450 hoggets sold from 362-388p/kg compared to 400 hoggets last Monday selling from 369-391p/kg. In Rathfriland this week 533 hoggets sold from 350-383 (avg 372p/kg) compared to 683 hoggets last week selling from 360-405p/kg (avg 378p/kg). In Ballymena this week 1,506 hoggets sold from 350-407p/kg (avg 367p/kg) compared to 1,756 hoggets last week selling from 360-413p/kg (avg 370p/kg). Strong numbers of ewes passed through many of the marts this week with top reported prices generally ranging from £90-105.

LATEST SHEEP MARTS

From: 26/01/18		Hoggets (P/KG LW)			
To: 01/02/18		No	From	To	Avg
Friday	Newtownstewart	220	345	377	-
Saturday	Omagh	805	359	417	-
	Swatragh	700	331	388	-
Monday	Massereene	1276	375	398	-
	Kilrea	450	362	388	-
Tuesday	Saintfield	575	360	375	-
	Rathfriland	533	350	383	372
Wednesday	Ballymena	1506	350	407	367
	Markethill	800	360	405	-

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