

EU COUNCIL NOT HAPPY WITH LACK OF PROGRESS ON BREXIT



THE European Council expressed concerns late last week that “no substantial progress” has been made on agreeing the ‘backstop’ solution for the Northern Irish border in Brexit talks. In its conclusions, the Council outlined that negotiations on an EU-UK Withdrawal Agreement can only progress if all commitments made by the UK in relation to the island of Ireland and the avoidance of a hard border “are respected in full.”

The issue of the NI/ROI border is one of the most difficult issues left to be rectified following the UK’s decision to

leave the EU. It is a particularly important issue for the agriculture industry in both NI and ROI due to the integrated nature of the food and farming sector. If no agreement is reached, and a hard border is put in place between the two regions it will negatively affect the food and farming industries on all parts of the island.

The NI/ROI border will be the only land interface between the UK and the EU following Brexit and as a result agriculture and food traders in both regions would face a more complex and disruptive trading situation than any region of the UK, or indeed any other EU country.

Agricultural products and food are a hugely important source of trade between ROI and NI and according to figures from Agra-Europe over €525 million worth of food and drink was

exported by ROI to NI during 2016. Meanwhile food and drink imports into ROI from NI reached €428 million during the same period. In addition to this trade approximately seventy per cent of Northern Ireland’s £1.15bn-worth of annual food exports to the EU passes through ROI.

There is also significant trade in live cattle and sheep between NI and ROI and a hard border between the two regions could potentially disrupt this trade. During 2017 approximately 15,000 cattle were imported by NI from ROI for further breeding and production with a further 11,000 cattle imported for direct slaughter. An estimated 10,000 pigs are also imported by NI each week from ROI for direct slaughter in local plants.

Meanwhile exports from NI to ROI during 2017 included 9,000 cattle and

402,000 sheep for direct slaughter with a further 1,500 cattle and 78,000 sheep exported for further breeding and production.

According to Agra-Europe the value and volume of food trade between ROI and the UK has increased substantially over the last decade with the UK now importing around 54 per cent of total Irish meat and livestock exports. In addition the UK imports 30 per cent of ROI’s dairy exports, 70 per cent of prepared consumer food exports, 30 per cent of beverage exports and 65 per cent of Ireland’s cheddar cheese exports.

There has also been growth in the export trade between the UK and ROI with the value of exports increasing by €700 million since 2010. ROI is currently the main export market for UK food and drink products and accounted

for almost one fifth of the total export trade at €3.1 billion in 2015. The trade between the UK and ROI in food and drink products is worth more than the combined value of exports to France and the Netherlands, the next two largest export markets.

During negotiations both the UK and the EU have agreed to include a so-called “backstop” option in any Brexit treaty, which would commit the UK to align with an EU regulatory framework in the absence of a wider trade deal. However the shape of that backstop remains controversial, with the EU rejecting a UK contention that it should only be temporary, even if a broader agreement fails to materialise. It is vitally important that any agreed outcome takes into consideration the value of the food and drinks industry in NI and the detrimental impact a hard Brexit could have upon it.

MORE ABERDEEN ANGUS AND HEREFORD CATTLE IN NI SLAUGHTER MIX

THE higher prices available for Aberdeen Angus and Hereford prime cattle at point of slaughter in several of the local major processing plants have created a strong demand for these types of cattle at all stages of beef production.

In response to this increased demand more Aberdeen Angus and Hereford sired calves have been registered in NI in recent years, particularly to dairy cows as outlined in Figure 1. In 2015 there were 58,425 Aberdeen Angus calves registered in NI and this increased by 19 per cent to 69,334 head in 2016 and by a further seven per cent to 74,237 head during 2017.

The number of Hereford calves has also increased strongly, however the numbers involved remain well behind the level of Aberdeen Angus registrations. In 2015 22,841 Hereford calves were registered in NI and this increased by 24 per cent to 28,310 in 2016 and a further three per cent to 29,256 head in 2017.

These additional Aberdeen Angus and Hereford calf registrations between 2015 and 2017 are now starting to influence the breakdown of the prime cattle kill. Figure 2 outlines the proportion of Aberdeen Angus and Hereford cattle in the price reported steers and heifer kill in NI during the first six months of 2015-2018.

In the first six months of 2015 14 per cent of the price reported steer and heifer kill in NI were Aberdeen Angus and this has steadily increased to reach 18 per cent in the first six months of 2018. Meanwhile the proportion of Hereford steers and heifers in the price reported kill has increased from four per cent in the first six months of 2015 to six per cent in 2018.

If we combine the two breeds their proportion in the slaughter mix has increased from 18 per cent in the first six months of 2015 to 24 per cent in the same period in 2018. This is a notable shift in a three year period and reflects how NI beef producers are shaping the production base to supply cattle that are in high demand.

However while a shift to using traditional breeds allows producers to achieve a higher price per kg of beef produced the system does not suit everyone. Aberdeen Angus and Hereford cattle tend to finish at lower carcass weights and ages than more continental bred cattle and therefore the overall value of the finished animal may not necessarily be any higher at point of slaughter despite the bonuses available. Producers should consult with the procurement staff of individual processing plants before changing their production systems to ensure there is an outlet for the cattle they are finishing.

Figure 1: AA and HER calf registrations in Northern Ireland 2015-2017

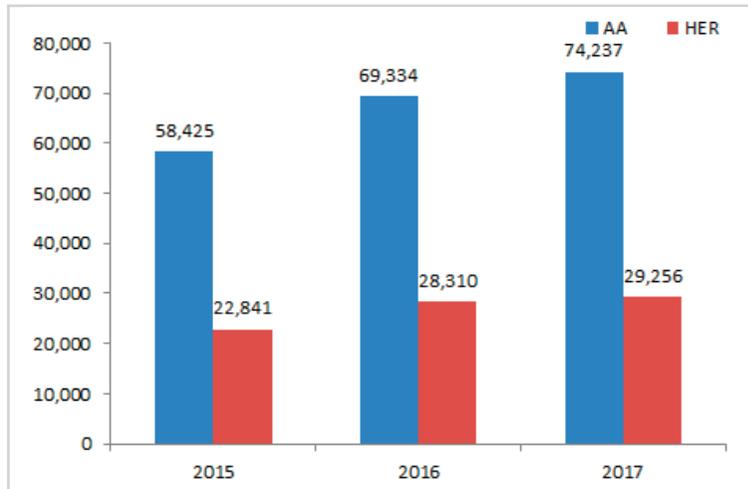
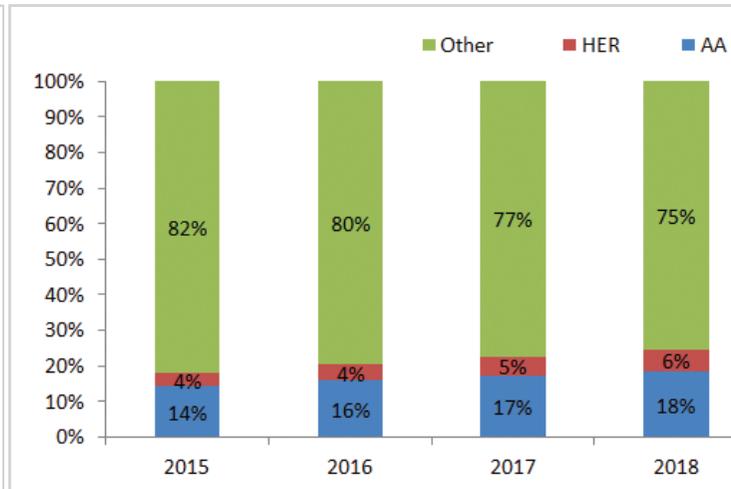


Figure 2: Proportion of AA and HER cattle in the price reported steer and heifer kill has increased during the first six months of 2015-2018



LMC Livestock & Meat Commission Holiday Arrangements

LMC's offices will be closed on the 12 and 13 July 2018 and will reopen on Monday 16 July 2018

Answerphone & Text Service
There will be no answerphone or text message service during the July holidays.

LMC Bulletin
There will be no LMC Bulletin published on Saturday 14 July 2018



FQAS Helpline

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 02/07/18	Next Week 09/07/18
Prime		
U-3	354 - 360p	350 - 358p
R-3	348 - 354p	344 - 352p
O+3	342 - 348p	338 - 346p
P+3	296 - 308p	292 - 306p
Including bonus where applicable		
Cows		
O+3 & better	260 - 290p	260 - 290p
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.

Deadweight Cattle Trade

BASE quotes from the major NI plants this week for in spec U-3 grade prime cattle came back to 350-360p/kg with the majority of plants quoting 354-356p/kg for early next week. The cow trade remained steady across the plants this week at 260-290p/kg for good quality O+3 grade cows with similar quotes expected for early next week.

Prime cattle throughput in local plants last week totalled 5,969 head, an increase of 518 head on the 5,451 prime cattle slaughtered the previous week. Throughput of prime cattle for the first six months of 2018 to date totalled 168,097 head, a 0.7 per cent increase on the corresponding period in 2017 when 166,904 prime cattle were slaughtered. There has also been an increase in average carcass weights from 333kg during 2017 period to 335kg in 2018. In NI last week the number of cows slaughtered totalled 1,796 a slight decrease on the previous week. Cow throughput in NI plants in the first six months of 2018 totalled 49,814, a seven per cent increase on the 46,466 cows killed in the same period in 2017.

Imports for direct slaughter from ROI last week consisted of 30 prime cattle and 7 cows while a further 12 steers and 90 cows were imported from GB for direct slaughter in NI plants. Exports from NI for direct slaughter in ROI plants last week consisted of 53 prime cattle and 116 cows while no cattle made the journey to GB for direct slaughter.

The deadweight trade for prime cattle in NI last week continued to come under pressure with the average prices for all types of cattle back from the previous week. The average steer price in NI last week was 361.2p/kg, back 4.3p/kg from the previous week while the R3 steer price was back by 2.6p/kg to 370.5p/kg. The average heifer price in NI last week was back by 2.2p/kg to 363.1p/kg while the R3 heifer price was back by 3.1p/kg to 368.9p/kg. The cow trade in NI last week also continued to come under notable pressure with the average cow price back 12.2p/kg to 271.2p/kg and the O3 cow price back 5.3p/kg to 291.2p/kg.

The deadweight trade for prime cattle held relatively steady across GB last week with the average steer price up by 0.8p/kg to 371.8p/kg while the R3 steer price was back 0.8p/kg to 378.3p/kg. This puts the differential in R3 steer price in NI and GB at 7.8p/kg compared to 2.5p/kg in the same week in 2017. The average heifer price in GB last week was up marginally to 373.3p/kg while the R3 heifer price was up slightly to 379.5p/kg. This puts the differential between NI and GB at 10.6p/kg while in the same week in 2017 it was at 5p/kg.

In ROI last week the deadweight trade for prime cattle has come under some pressure with prime cattle throughput totalling 24,294 head. The R3 steer price in ROI last week was back the equivalent of 2.1p/kg to 356.6p/kg, 13.9p/kg below the R3 steer price in NI. Meanwhile the R3 heifer price in ROI was back by 0.9p/kg to 368.8p/kg last week just below the equivalent NI price.

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

W/E 30/06/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	368.7	366.1	387.9	377.7	378.5	381.7
	R3	370.5	356.6	388.0	375.2	374.7	378.3
	R4	369.4	357.8	394.8	385.0	378.4	384.6
	AVG	361.2	-	387.6	369.4	365.1	371.8
Heifers	U3	371.5	382.3	395.9	383.1	386.8	388.0
	R3	368.9	368.8	388.7	376.7	375.3	379.5
	R4	367.3	368.5	392.3	380.2	380.2	382.7
	AVG	363.1	-	388.0	372.1	367.0	373.3
Young Bulls	U3	362.4	366.1	382.5	366.8	369.8	371.6
	R3	358.4	356.2	375.9	361.5	365.2	365.7
	O3	341.1	333.2	337.4	326.5	327.9	330.4
	AVG	348.6	-	375.4	349.6	356.2	358.5
Prime Cattle Price Reported	5339	-	6706	6870	6316	4650	24542
Cows	O3	291.2	293.3	303.9	293.0	291.8	293.3
	O4	291.2	294.6	305.0	293.8	293.6	292.6
	P2	250.6	263.3	253.1	244.9	245.3	246.6
	P3	269.5	282.8	271.2	266.5	264.4	266.1
AVG	271.2	-	300.2	271.1	256.5	256.0	264.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=88.30p 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

REPORTED NI CATTLE PRICES - P/KG

W/E 30/06/18	Steers	Heifers	Young Bulls
U3	368.5	370.9	362.0
R3	366.7	367.2	358.3
O+3	359.7	362.1	347.4

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 30/06/18	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	183.4	193.5	210.0	220.3
P2	200.7	227.8	250.1	262.5
P3	249.0	247.5	268.4	270.9
O3	-	258.4	290.1	291.8
O4	240.0	267.9	279.5	292.4
R3	-	-	-	309.9

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 30/06/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	208	227	217	190	210	200
Friesians	140	162	151	-	-	-
Heifers	200	228	214	178	199	188
Beef Cows	170	206	185	155	169	162
Dairy Cows	117	135	126	80	116	98
Store Cattle (p/kg)						
Bullocks up to 400kg	239	276	258	210	235	217
Bullocks 400kg - 500kg	190	228	210	170	189	177
Bullocks over 500kg	205	250	225	170	204	188
Heifers up to 450kg	221	251	236	185	220	202
Heifers over 450kg	205	220	210	170	205	188
Dropped Calves (£/head)						
Continental Bulls	345	420	380	225	330	270
Continental Heifers	255	340	290	140	245	195
Friesian Bulls	92	180	135	40	90	65
Holstein Bulls	65	140	102	40	60	50

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 02/07/18	Next Week 09/07/18
Lambs >21kg	445-450p	420-435p

REPORTED SHEEP PRICES

(P/KG)	W/E 16/06/18	W/E 23/06/18	W/E 30/06/18
NI L/W Lambs	494.4	440.1	431.6
NI D/W Lambs	495.2	487.3	471.4
GB D/W Lambs	542.0	524.6	495.6
ROI D/W	488.6	486.5	487.9

Deadweight Sheep Trade

QUOTES from the major processors for R3 grade lambs came back this week to 440-445p/kg up to 21kg. Quotes are expected to be back early next week. Throughput in local plants has continued to increase with 7,955 lambs killed last week. Throughput of lambs/hoggets for the first six months of 2018 totalled 153,905 head, an eleven per cent decrease on the same period in 2017 when 173,272 lambs/hoggets were slaughtered. Sheep exports to ROI last week for direct slaughter totalled 7,029 head, back 709 head from the previous week. The average deadweight lamb price in NI last week continued to decline with the price back 15.9p/kg from the previous week to 471.4p/kg. Meanwhile in ROI the deadweight trade for lambs increased by the equivalent of 1.4p/kg from the previous week to 487.9p/kg.

This week's marts

MANY of the marts reported good numbers of lambs passing through the sale rings this week with the trade back from last week. In Massereene this week 762 lambs sold from 425-469p/kg compared to 626 lambs last week selling from 430-475p/kg. In Saintfield on Tuesday 1,101 lambs sold from 390-430p/kg compared to 384 lambs last week selling from 420-465p/kg. In Ballymena this week 1,525 lambs sold from 360-448p/kg (avg 385p/kg) compared to 1,152 lambs last week selling from 415-485p/kg (avg 435p/kg). In Arroy this week 374 lambs sold from 395-428p/kg compared to 326 lambs last week selling from 415-467p/kg. Top reported prices for good quality ewes generally ranged from £80-134 across the marts this week.

LATEST SHEEP MARTS

From: 29/06/18		Lambs (P/KG LW)			
To: 05/07/18		No	From	To	Avg
Friday	Newtownstewart	230	396	413	-
Saturday	Omagh	619	417	469	-
	Swatragh	550	380	438	-
Monday	Massereene	762	425	469	-
	Kilrea	500	410	437	-
Tuesday	Saintfield	1101	390	430	-
	Rathfriland	1000	385	420	402
Wednesday	Ballymena	1525	360	448	385
	Enniskillen	498	380	407	-
	Arroy	374	395	428	-
	Markethill	1100	350	393	-

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LATEST GIRA REPORT PROFILES WORLD MEAT TRENDS FOR THE NEXT DECADE

THE Livestock and Meat Commission (LMC) has procured the latest Long Term Meat Strategy Report, produced by the renowned GIRA food consultancy and research centre. It was presented to industry representatives by LMC at an event at CAFRE in mid-June and is now available to all LMC stakeholders for their use as a strategy development aid.



GIRA is a strategic consultancy and market research firm which has a long and well established reputation for its analysis and forecasting at every level of the food supply chain.

This latest publication assesses the potential of the beef, lamb, poultry and pork sectors through to 2027 on an international basis. "The outlook for all of the meat sectors is extremely positive," confirmed LMC Economist Seamus McMenamin. "While total consumption of beef and lamb is

projected to fall slightly in Europe as the population stabilises over the next decade this trend will be offset by the growing global demand for meat. The increasing global consumption of beef and lamb will be driven by increasing populations and rising income levels across the globe, particularly in developing markets"

According to the GIRA report, the world's meat industry has changed dramatically. Continuous, if sometimes modest, increases in global consumption and trade hide enormous changes in the very structure of the industry, changes which are still far from complete, and whose outcomes are still far from clear.

Meat demand continues to grow, especially in Asia where prices are high and imports have grown. New and rapidly growing forces in world meat supply, including the power house that is Brazil, will drive fundamental change within world meat markets. At the same time new, "non-market" factors are fast moving to the front of the stage. These

include: ecology & welfare; health & obesity; vegetarianism & substitution – geopolitics & nationalism plus genetics & feed. All of these factors will impact the global meat industry over the next decade.

Meanwhile, China is now the world's single largest meat importer, with around 6.6 million tons of carcass weight equivalent imported, not including offal, annually. This is 20 per cent of the total world trade in the four main meats. Moreover, it is a figure that is rising and will have a key, short-term influence on meat market prices all over the world.

The GIRA report also points out that emerging consumer markets, new demands on suppliers and the necessity of lowest cost production are all important factors to be considered by those operating within the various meat sectors. But, periodically, these same operations may face some issues with regards to food safety concerns, sanitary disruptions, political crises, and changing societal demands.

China, the US, Brazil and the EU represent the four key regions for the future of the global meat industry. These four regions are expected to impact global availability and price and as such the GIRA Long Term Meat Strategy Report focuses strongly on these key countries. In addition the report also provides 26 individual country profiles. The recent study will allow readers to robustly analyse the key challenges facing the global meat

industry over the next 10 years. Moreover, the analysis of these global forces for change has been overlapped with specific research in the biggest and most influential meat markets.

To access the Long Term Meat Strategy Report or any other GIRA information please contact the LMC Market Information Department on 028 9263 3000.

Image 1: Richard Brown from GIRA presenting the Long Term Meat Strategy Report to LMC stakeholders in CAFRE during June 2018.



NEW STUDENT PLACEMENT AT LMC

FOOD Business Management undergraduate Sarah Toland, from Aghagallon in Co Antrim, has joined the staff at the LMC for a 12-month period, which will see her gain a wide range of food industry-related experiences during her placement year.

The CAFRE student has previously completed a two year food and nutrition foundation course at Loughry College. While with LMC, Sarah will spend three days a week working on various media and educational campaigns. She will also play a key role in helping to organise all of the events hosted and attended by the LMC.

"We are delighted to have Sarah with us for the next 12 months," confirmed LMC's Education Services Manager Cherrie Kenny. "Sarah will be heavily involved in all the preparation for events such Balmoral Show, Lamb Week, Beef Week and our annual Home Economics Teachers' Conference".

"Helping to develop our media presence will be another aspect to the work that Sarah will undertake. This will include the further profiling of our social media presence and the development of our website. When not working on these matters, she will be getting a well-rounded experience of all the activities which LMC undertakes on behalf of the red

meat sector. So she has a pretty busy year to look forward to."

Sarah has a strong farming background and she intends following a career in the food industry, once she has completed her studies.

Image 2: Sarah Toland started her undergraduate student placement during June 2018 and will be involved in LMC Education Services activities over the next 12 months.



IN MY OPINION.....RICHARD HALLERON CHINA SHOULD BE A GOOD NEWS STORY FOR OUR SUCKLER BEEF SECTOR

THE latest report from the GIRA Food Consultancy highlights the critical role played by China at the very heart of the global meat industry. Imports into China currently account for 20 per cent of the world's total trade in beef, lamb, pork and poultry meat. And this figure is growing.

The confirmation of these figures coincides with the decision by the Beijing authorities to allow the lifting of the BSE ban preventing the importation of beef from the UK. China's red meat consumers are to be found amongst the country's fast-growing middle classes. This same grouping of people are, no doubt, getting a taste for quality beef, a development that really should constitute a good news story for the suckler sector here in Northern Ireland.

Suckler cows have a key role to play at the very heart of the local livestock sector. The reality is that sucklers are synonymous with the production of high quality beef, which can be sold the world over. In fact, there is no reason why the size of the suckler herd in Northern Ireland cannot be increased. Quality beef will never overhang the market. As a consequence, exports can act as a key driver to maintain sustainable returns for suckler farmers.

Suckling has been a traditional farming enterprise in this part of the world, going back many generations. Given its particular significance in those parts of the country where farming alternatives are very limited,

the need for the UK government to support the sector post Brexit is obvious. The reality is that suckling will always be an inherently inefficient business. The one cow: one calf scenario, which underpins the industry, is hardly the best starting point one could ever have wished to consider if it was simply a case of determining how to put a farm's resource to best use.

This, however, is only part of the story. Suckling also ticks every environmental and conservation-related box that governments and stakeholder groups can come up with. The grazing impact of suckler cows - and breeding sheep - has helped create the beautiful countryside, particularly in hill areas, for which Northern Ireland is famous the world over.

In other words, sucklers are a special case. And they must be treated as such. Currently, all the farm lobby groups in the Republic of Ireland are pressing for a bespoke €200 per head support payment on suckler cows. Here in Northern Ireland we may be leaving the EU. However, the need for specific - and additional assistance - to be made available for our suckler herds should be made loud and clear to the authorities in London.

Back in the day, this was the case, courtesy of bona fide suckler cow headage payments. And, I firmly believe that this state-of-affairs must be brought back into play with immediate effect.