

# NI DEADWEIGHT CATTLE PRICES COME UNDER PRESSURE

THE deadweight trade for prime cattle has come under pressure in recent weeks with base quotes from the major beef processing plants in NI gradually coming back. Quotes towards the end of this week were 348-354p/kg for in spec U-3 grade steers and heifers with similar base quotes expected for early next week.

The R3 steer price is used as an indicator of the deadweight cattle trade as this is the most popular price reported grade in NI and therefore provides the most robust sample of data for analysis. The R3 steer price in the region during the w/e 08 July 2018 was 364.7p/kg, back 5.8p/kg from the previous week.

This was the fourth consecutive week in which it recorded a decline in NI with the R3 steer price back by 10.1p/kg over this period. This is the equivalent of £35 on a 350kg steer carcass. The prices paid for R3 steers has now dipped below the corresponding period in 2017 as indicated in Figure 1 which displays R3 steer prices in the region from January 2017 until July 2018.

During the w/e 08 July 2018 the average R3 steer price in GB was 378.9p/kg, up 0.6p/kg from the previous week. Over the four week period ending 08 July 2018 the R3 steer price in GB increased by 1.9p/kg while, as discussed previously, the R3 steer

price in NI came back by 10.1p/kg. While there is variability in deadweight prices available across GB the trade in all of the regions has held relatively steady over the past few weeks.

The weakening in the NI deadweight trade combined with a relatively firm trade in GB resulted in the price differential between the two regions widening during the four week period ending 08 July 2018. In the w/e 10 June 2018 the differential in R3 steer prices between the regions was 2.2p/kg, or £8 on a 350kg carcass and by the w/e 08 July 2018 the differential widened to 14.2p/kg or £50 on a 350kg carcass.

Figure 2 outlines the R3 steer price in NI, GB and ROI during 2018 to date. As indicated in the chart the R3 steer price has also come under pressure in ROI in recent weeks with an average R3 steer price of 351.7p/kg during the w/e 08 July 2018. This was back 12.2p/kg from the 363.9p/kg paid in the w/e 09 June 2018 which is the equivalent of £43 on a 350kg carcass.

The differential in deadweight R3 steer prices between NI and ROI was 13p/kg during the week ending 08 July 2018 which is the equivalent of £46 on a 350kg carcass. This has widened from 10.9p/kg in the w/e 09 June 2018 which was the equivalent of £38 on a 350kg carcass

NI processors have indicated the weakening deadweight trade in NI has been due to a steady supply of prime cattle coming forward for slaughter combined with quieter demand for beef from major retail customers. Prime cattle throughput in NI during the four weeks ending 08 July 2018 totalled 23,484 head with 7,892 tonnes of beef from prime cattle processed in local plants during this period.

In the corresponding period in 2017 prime cattle throughput in NI was very similar at 23,490 head with 7,850 tonnes of beef from prime cattle processed. With prime cattle throughput almost identical during the two four week periods the increase in the volume of beef processed has been driven by a slight increase in carcass weights. In the 2017 period the average carcass weight of prime cattle was 334.4kg and this increased to 336.1kg in the 2018 period.

Meanwhile in GB prime cattle throughput during the four weeks ending 01 July 2018 (latest available data) totalled 135,716 head, back marginally from 136,903 head in the corresponding week last year. The volume of beef processed from prime cattle in GB has also declined slightly from 57.4 thousand tonnes in the 2017 period to 56.5 thousand tonnes in the 2018 period.

Figure 1: Price reported R3 steer prices in NI January 2017- July 2018 (p/kg)

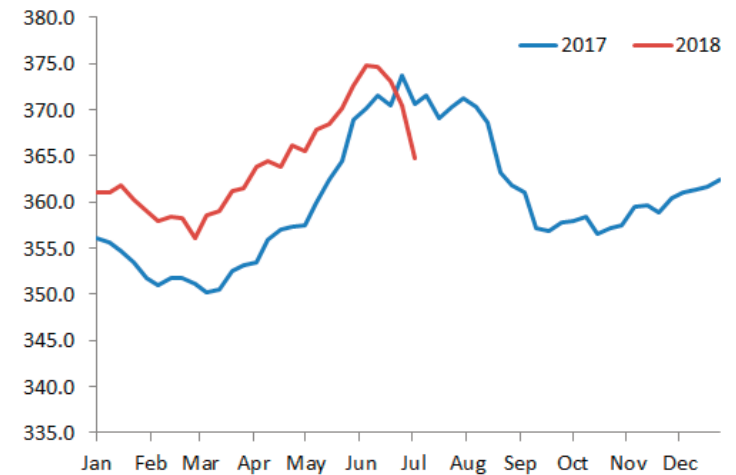
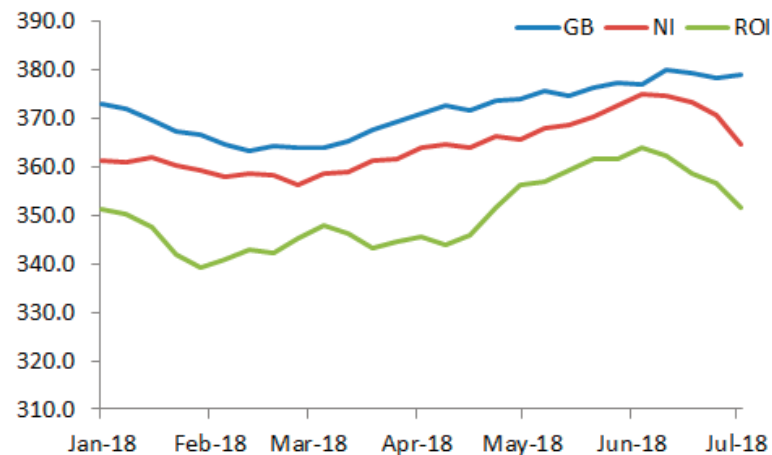


Figure 2: Price reported R3 steer prices in GB, NI and ROI during 2018 to date (p/kg)



# UK WHITE PAPER PROPOSAL FOR FUTURE UK AND EU RELATIONS

LAST week the UK government published plans for its future relationship with the EU after Brexit. The paper calls for a relationship which is "broader in scope than any other that exists between the EU and a third country" and reflects "the EU's deep history, close ties and unique starting point" with the UK.

Under the proposed plans the UK will cease to be a full member of the single market but will choose to stay inside it for goods and maintain a "common rulebook". This means the UK will continue to follow EU standards for the trade of goods after it has left the trading bloc. The UK Government is proposing the establishment of a free trade area for goods which would allow the frictionless access at the border to each other's markets.

This free trade area would protect the uniquely integrated supply chains and 'just-in-time' processes that have

developed across the UK and the EU, and the jobs and livelihoods dependent on them. This would ensure that businesses in both the UK and the EU can continue operating through their current value and supply chains.

This arrangement would avoid the need for customs and regulatory checks at the border, and would mean that businesses would not need to complete costly customs declarations. The UK feels that this solution would avoid the need for a hard border between NI and ROI, without harming the internal market of the UK and at the same time respecting the integrity of the EU's Single Market, Customs Union, and its rules-based framework

While the UK government could decide in the future not to follow some EU rules there could be harsh penalties for doing so which include reduced access to the single market. This plan effectively permanently ties Britain to EU rules.

There has been some opposition to this as it means EU rules would continue to apply in the UK despite it no longer being a member state. It could also make free trade deals with countries with different standards, like the USA, much more complicated.

It is also doubtful whether the EU will agree to a Brexit deal which would give the UK privileged access to their markets without signing up to the same responsibilities as members. Some parties however feel that the proposal doesn't keep the UK close enough to the single market, as there is no mention of single market treatment for services. Services accounts for 80% of the UK economy.

The UK wants to form an unprecedented customs relationship with the EU in which the UK would collect EU tariffs for goods headed for the EU before they get there. The UK government believes that this

'Facilitated Customs Arrangement' would go some way to preserving the open Irish border, as there would be no need for customs checks at the border. Again, it is doubtful whether the EU would agree to this proposed arrangement as the suggested model is highly complex and would be difficult to deliver prior to the end of the transition period in December 2020. This is partly because the technology needed to make the system work doesn't currently exist.

The UK wants to continue participating in EU agencies covering aviation, medicines and chemicals post Brexit as a clean break from agencies like the European Medicines Agency and European Aviation Safety Agency could have detrimental consequences. To maintain this involvement in EU agencies the UK will have to make financial contributions to the EU.

The UK has claimed that Brexit will end

the European Court of Justice (ECJ) direct jurisdiction over the UK however these agencies are policed by the ECJ, meaning the UK will not be totally free from European judges after it has left the bloc. In addition any disputes relating to the "common rulebook" of cross-border trading standards mentioned previously, UK judges would be obliged to follow the lead of the ECJ, as only EU judges can interpret EU law.

The UK white paper states that the free movement of people (the right of EU citizens to travel, work and live freely across the bloc) will cease to apply to the UK after it has left. However the UK government wants to negotiate "reciprocal mobility arrangements," suggesting that EU citizens could be given preferential treatment in a future immigration system. A more liberal post-Brexit immigration system is being suggested amid staff and skill shortages in the NHS and other key industries, including agriculture.



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## CATTLE TRADE

### NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 16/07/18	Next Week 23/07/18
<b>Prime</b>		
U-3	348 - 354p	348 - 354p
R-3	342 - 348p	342 - 348p
O+3	336 - 342p	336 - 342p
P+3	290 - 302p	290 - 302p
	Including bonus where applicable	
<b>Cows</b>		
O+3 & better	258 - 290p	252 - 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.

### REPORTED NI CATTLE PRICES - P/KG

W/E 14/07/18	Steers	Heifers	Young Bulls
U3	361.0	363.8	356.1
R3	357.5	358.6	352.2
O+3	348.5	352.8	335.9

\*Prices exclude AA, HER and Organic cattle

## Deadweight Cattle Trade

**B**ASE quotes from the plants came back early this week to 348-354p/kg for in-spec U-3 grade in spec steers and heifers. The majority of plants are quoting 352-354p/kg for steers and heifers. The deadweight trade for good quality O+3 grade cows also came under pressure early this week with quotes back to 252-290p/kg. Similar base quotes for all types of are cattle expected in the major plants early next week.

Prime cattle throughput in NI last week totalled 4,896 head, back 1,399 head from the previous week. This strong decline was mainly due to the reduced working week in many of the local plants. Cow throughput last week totalled 1,221 head, back 991 head from the previous week. In the corresponding week in 2017 a total of 4,522 prime cattle and 1,385 cows were killed in local plants.

Imports of cattle for direct slaughter from GB last week consisted of four steers and 31 cows while only two cows were imported from ROI. Exports of cattle from NI to ROI for direct slaughter last week included 22 prime cattle and 23 cows while a further 38 steers were exported from NI to GB for direct slaughter.

The deadweight trade for prime cattle continued to come under pressure in NI last week with the majority of average reported prices back from the previous week. The average steer price in NI last week reported an increase of 1.3p/kg from the previous week to 357.1p/kg, while the R3 steer price was back marginally to 364.5p/kg. The average heifer price in NI last week was back 1.4p/kg to 356.5p/kg while the R3 heifer price was back 2.1p/kg to 361.5p/kg. The deadweight cow trade also came under pressure last week with the average cow price back 2.1p/kg to 268p/kg. Meanwhile the O3 cow price in NI last week was back 2.9p/kg from the previous week to 284p/kg.

In GB last week the deadweight cattle trade came under pressure with the majority of price reported grades indicating a decline. The average steer price recorded declines in all regions with the overall average steer price was back 2.5p/kg to 367.8p/kg. Meanwhile the R3 steer price in GB was back by 1.9p/kg to 377p/kg. The biggest decline in R3 steer prices was recorded in Northern England where it was back 4.3p/kg to 373.9p/kg. The average heifer price in GB last week was back 2.3p/kg to 371.1p/kg while the R3 heifer price was back 3.1p/kg to 375.3p/kg. R3 heifer prices recorded declines in all of the GB regions last week with the biggest decline of 6.5p/kg to 383.7p/kg reported in Scotland.

Deadweight prices for prime cattle in ROI also continued to come under pressure last week. The R3 steer price was back by 5.1p/kg to 346.6p/kg last week while the R3 heifer price was back 5.7p/kg to 357.9p/kg. The deadweight cow trade was also back in ROI with the O3 cow price reporting an 8.4p/kg decline to 275p/kg. This put it 9p/kg below the equivalent O3 cow price in NI.

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

	W/E 14/07/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	362.5	356.2	383.6	380.6	375.0	380.7	379.7
	R3	364.5	346.6	387.9	373.9	372.9	373.2	377.0
	R4	368.9	347.7	394.5	383.4	375.5	373.6	382.8
	O3	357.6	332.7	367.6	350.2	343.4	350.4	353.0
	AVG	357.1	-	384.7	364.8	359.2	361.5	367.8
Heifers	U3	364.3	371.9	391.4	382.3	384.0	381.0	384.8
	R3	361.5	357.9	383.7	372.3	372.9	371.7	375.3
	R4	360.9	357.4	395.4	381.4	376.2	372.4	381.9
	O3	354.5	341.9	368.3	352.1	345.5	356.3	355.6
	AVG	356.5	-	389.6	370.0	361.6	360.6	371.1
Young Bulls	U3	356.8	356.4	381.9	360.3	365.9	365.7	367.7
	R3	351.3	344.9	375.1	361.7	358.7	358.7	362.8
	O3	331.6	325.2	344.5	327.3	334.0	326.7	331.8
	AVG	343.0	-	375.6	343.1	351.6	346.0	353.2
Prime Cattle Price Reported	4317	-	6597	6915	6280	4676	24468	
Cows	O3	284.0	275.0	294.1	281.8	283.3	279.9	283.6
	O4	287.5	274.9	294.2	282.6	283.4	276.3	283.1
	P2	238.1	249.1	250.6	234.1	238.8	236.4	239.0
	P3	263.0	263.5	260.5	255.7	254.1	255.6	255.3
	AVG	268.0	-	288.0	260.4	248.4	245.7	254.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=88.38p 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 07/07/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
<b>Finished Cattle (p/kg)</b>						
Steers	214	219	216	200	211	205
Friesians	173	187	180	140	167	153
Heifers	222	228	225	180	208	194
Beef Cows	165	196	180	135	164	149
Dairy Cows	115	144	129	95	114	104
<b>Store Cattle (p/kg)</b>						
Bullocks up to 400kg	221	251	236	203	220	211
Bullocks 400kg - 500kg	208	221	214	180	206	195
Bullocks over 500kg	200	215	205	170	195	180
Heifers up to 450kg	220	228	224	175	210	190
Heifers over 450kg	200	206	203	170	195	180
<b>Dropped Calves (£/head)</b>						
Continental Bulls	370	450	410	300	365	335
Continental Heifers	310	435	370	200	305	252
Friesian Bulls	100	225	160	40	90	65
Holstein Bulls	10	175	90	-	-	-

# SHEEP TRADE

## SHEEP BASE QUOTES

(P/Kg DW)	This Week 16/07/18	Next Week 23/07/18
Lambs >21kg	400-410p	400p

## REPORTED SHEEP PRICES

(P/KG)	W/E 30/06/18	W/E 07/07/18	W/E 14/07/18
NI L/W Lambs	431.6	395.4	373.5
NI D/W Lambs	471.4	446.7	423.2
GB D/W Lambs	495.6	462.0	440.3
ROI D/W	487.9	484.5	475.9

## Deadweight Sheep Trade

QUOTES from the plants for R3 grade lambs have come under some pressure this week as increased supplies of lambs become available for slaughter. The major processors were quoting 400p/kg for lambs up to 21kg towards the end of this week with a similar trade expected early next week. With the reduced kill last week lamb throughput in local plants was back by 1,580 head to 5,927 head. In the same week in 2017 6,469 lambs were slaughtered in local plants. Exports to ROI for direct slaughter were back 2,080 head to 5,943 head. The deadweight lamb price in NI last week came back by 23.2p/kg to 423.2p/kg compared to the previous week. In ROI last week the deadweight lamb price was the equivalent of 475.9p/kg back 8.6p/kg from the previous week.

## This week's marts

GOOD numbers of lambs passed through the sale rings this week as the majority of the marts were closed last week. In Swatragh last Saturday 555 lambs sold from 329-380p/kg compared to 700 lambs selling from 333-394p/kg the previous week. In Kilrea on Monday 450 lambs sold from 345-368p/kg while in Massereene 709 lambs sold from 360-388p/kg compared to 714 lambs selling from 367-418p/kg last week. In Rathfriland on Tuesday 805 lambs sold from 328-378p/kg with an average price of 354p/kg. In Ballymena on Wednesday a large entry of 1,474 lambs sold from 340-381p/kg with an average price of 360p/kg. Good numbers of cull ewes also passed through the marts with top reported prices generally ranging from £88-126.

## LATEST SHEEP MARTS

From: 13/07/18		Lambs (P/KG LW)			
To: 19/07/18		No	From	To	Avg
Saturday	Swatragh	555	329	380	-
Monday	Massereene	709	360	388	-
	Kilrea	450	345	368	-
Tuesday	Saintfield	776	348	391	-
	Rathfriland	805	328	378	354
Wednesday	Ballymena	1474	340	381	360
	Enniskillen	500	355	402	-
	Armoy	364	370	410	-
	Markethill	750	340	371	-

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