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UK REMAINS STRONGEST MARKET OUTLET FOR NI BEEF INDUSTRY

THE NI beef industry is well renowned for its ability to produce high quality beef which meets the highest customer specifications on the domestic NI market, the GB market as well as further afield. NI as a region produces far more beef than it consumes and it is therefore heavily dependent on unrestricted access to export markets.

GB continues to be the most important market outlet for the NI beef industry with approximately 80 per cent of all the beef we produce destined for this high value market. It is important that any decision made in the on-going Brexit negotiations ensures this access continues. However equally important to the NI beef industry post Brexit is access to the EU and third country markets. These are outlets for forequarter beef and offals in particular and are therefore important to the NI beef industry for the purposes of carcass balance.

Equivalence between the Northern Ireland Farm Quality Assurance

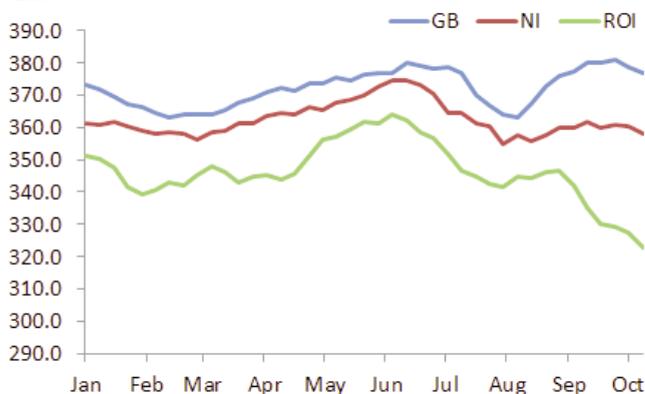
Scheme and the Red Tractor Scheme in the UK allows FQAS beef from UK origin cattle to be marketed in the UK under the Red Tractor Logo. With NI beef farmers producing high quality beef to the same standards as producers in GB it is imperative that our industry continues to avail of the higher premium that the UK market returns for UK origin beef.

Image 1: NI FQAS beef qualifies to carry the Red Tractor Logo in GB retail outlets.



Figure 1 displays the R3 steer price in GB, NI and ROI from January to October 2018 and as indicated in the chart deadweight prices have started to come under pressure in all three regions during late September/early October. Reports from industry have indicated strong supplies of prime cattle coming forward for slaughter with stable demand for beef from the major retailers.

Figure 1: Average R3 steer price in NI, GB and ROI from January to October 2018.

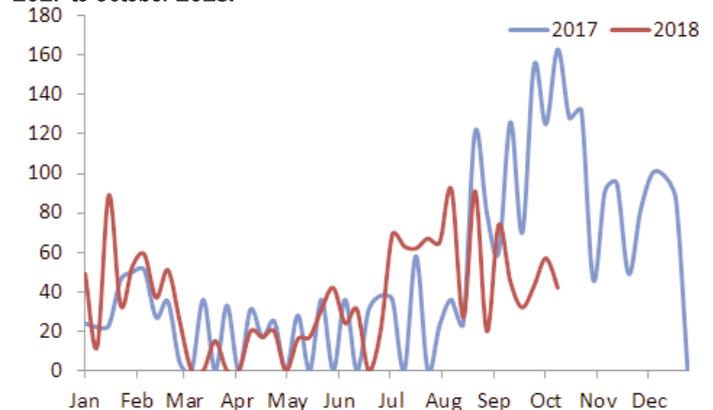


The price differential in R3 steer prices between NI and GB was relatively narrow from January to August 2018 before widening significantly. During the week ending 13 October 2018 the R3 steer price in NI was 358.3p/kg which was 18.5p/kg below the equivalent price in GB. For a 350kg steer carcass this equates to a differential of £65 between the two regions. This was similar to the corresponding week in 2017 when the differential was 17.3p/kg or £61 on a 350kg carcass.

With a wider differential in prices between NI and GB it gives NI producers the option to export cattle to GB for direct slaughter. However while the differential in R3 steer prices between NI and GB has widened in recent weeks the number of prime cattle being exported from NI to GB for direct slaughter has continued at relatively low levels.

Figure 2 displays weekly exports of prime cattle from NI to GB for direct slaughter during 2017 and 2018. In the six weeks ending 13 October

Figure 2: Weekly exports from NI to GB for direct slaughter from January 2017 to October 2018.



2018 293 prime cattle were exported from NI to GB for direct slaughter, notably lower than the corresponding six week period in 2017 when 699 prime cattle were exported. A small number of cows were also exported from NI to GB for direct slaughter.

Deadweight prices for prime cattle have also come under pressure in ROI in sterling terms as indicated in Figure 1. The R3 steer price in ROI was the equivalent of 322.9p/kg during the week ending 13 October 2018 which was 35.4p/kg lower than the equivalent price in NI. This was the widest price differential in R3 steer prices between the two regions since the first week of January 2017.

A strong euro against sterling has contributed to this widening price differential in deadweight cattle prices. Beef produced in ROI cannot carry the Red Tractor Logo in the UK however many of the major UK retailers import beef from ROI to service non premium lines as it is very competitively priced compared to domestic beef products.

FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the

FQAS helpline:
028 9263 3024

Answerphone Service

Factory Quotes & Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service

Free Price Quotes sent to your mobile phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

CHANGES TO THE PRIME KILL SLAUGHTER MIX

DURING the first nine months of 2018 the prime cattle kill in NI has totalled 245,680 head. This is 2,216 head higher than the same period in 2017 and is 15,823 head higher than the same period in 2016.

Steers have traditionally provided the largest proportion of the prime cattle kill in NI and during the first nine months of 2018 they have accounted for 47 per cent of prime cattle throughput. This is a decline from the corresponding period in 2017 when steers accounted for 50 per cent of the NI prime cattle kill.

Meanwhile the proportion of young bulls in the NI slaughter mix has increased from 12 per cent of the kill in the first nine months of 2017 to 14 per cent in the same period in 2018. Some producers may have opted to finish male cattle as young bulls to benefit from shorter finishing times and improved feed efficiency.

Young bull production however is not for everyone and usually requires an intensive finishing period and the correct handling facilities. There are also significant penalties in place for young bulls that are killed over 16 months of age as these animals do not meet the specifications of many of the major retailers.

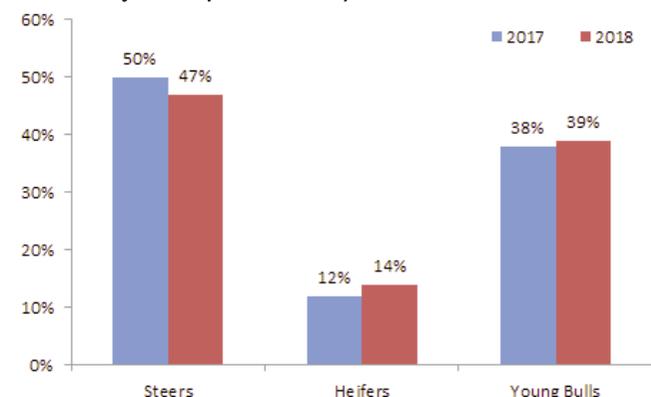
There has also been an increase in the proportion of heifers in the prime cattle kill. During the first nine months of 2018 heifers accounted for 39 per cent of the prime cattle kill, up from 38 per cent in the same period in 2017.

While there have been some changes to the type of cattle in the NI prime cattle kill there have also been some changes to the origin of prime cattle. Beef sired cattle from the dairy herd now account for a larger proportion of the NI prime cattle kill due to an increase in the use of beef sires on dairy cows. There has also been a decline in calf registrations to suckler cows in the last two years which has contributed to this trend.

During 2018 to date 59 per cent of price reported steers in NI originated from the suckler herd while a further 27 per cent of the steer kill were beef cross animals. The final 14 per cent of the steer kill were dairy sired. In the same period in 2017 60 per cent of steers came from the suckler herd, 24 per cent were beef cross and 16 per cent were dairy sired.

The biggest shift in the source of cattle can be observed in the NI young bull kill during 2018. Suckler origin young bulls accounted for 54 per cent of the total young bull kill

Figure 3: Changes to the type of prime cattle in the NI slaughter mix between July and September 2017/2018.



during January to September 2018, beef cross animals for 19 per cent of the kill while dairy sired young bulls accounted for the remaining 26 per cent. In the same period in 2017 51 per cent of young bulls were of suckler origin, 16 per cent were beef crosses while 32 per cent were dairy sired males.

Suckler origin heifers accounted for 68 per cent of the NI heifer kill during the first nine months of 2017 while a further 26 per cent were beef crosses and the remaining six per cent were dairy sired. There was an increase in the dairy influence on the NI heifer kill in 2018 with beef cross heifers accounting for 29 per cent of the kill while a further six per cent were dairy sired heifers. This reduced the

suckler proportion of the heifer kill to 65 per cent.

According to the DAERA June Agricultural Census there were 255,900 suckler cows on NI farms in June 2018, the second consecutive year in which they have declined. With suckler cows accounting for a smaller proportion of the total cow herd in NI the dairy herd has become increasingly important as a source of raw material.

With the NI dairy herd having a growing influence on the beef slaughter mix it is important that the two industries work together to ensure the dairy herd is providing the type of cattle needed by the NI beef industry.

SOURCE OF BEEF CATTLE IMPACTING CARCASS WEIGHTS

THE carcass weight of prime cattle is heavily determined by the management decisions of the individual beef finisher and when they decide to slaughter the animal. However the genetic potential of the animal also plays an important role and as outlined in the article above there have been some shifts in the source of the prime cattle kill in NI.

During the first nine months of 2018 the average steer carcass weight in NI was 352kg, up 2kg from the same period last year. Suckler origin steers had an average carcass weight of 370kg, up from 368kg in the same period last year. Meanwhile the average carcass weight of beef cross steers recorded an increase from 336kg in the 2017 period to 338kg in the 2018 period. The carcass weight of dairy sired steers also increased by 2kg to 309kg in the 2018 period.

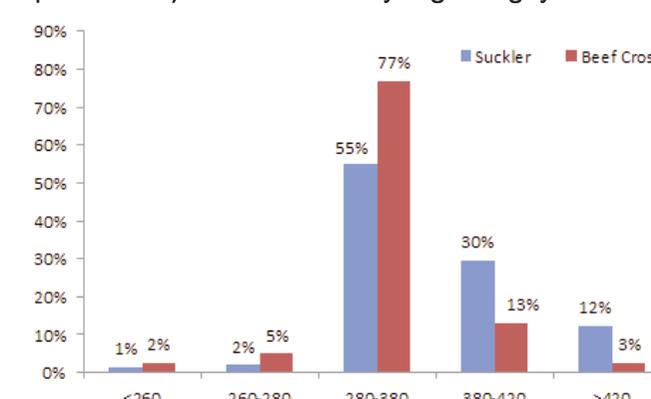
Figure 4 provides a breakdown of the suckler origin and beef cross steer kill in NI by weight category

during the first nine months of 2018.

Current retail specifications are predominantly for beef from carcasses within the 280-380kg carcass weight range although some market outlets will accept beef from carcasses up to 420kg. As indicated in Figure 4 55 per cent of suckler origin steers produced carcasses within the 280-380kg weight range during 2018 to date with a further 30 per cent producing carcasses between 380-420kg. Steer carcasses in excess of 420kg accounted for 12 per cent of suckler origin steers during the first nine months of 2018.

If we look at the carcass weight ranges for beef cross steers during 2018 to date 77 per cent were within the desired 280-380kg carcass weight range while a further 13 per cent produced carcasses between 380-420kg. During the 2018 period just three per cent of beef steers produced carcasses in excess of 420kg.

Figure 4: Carcass weight of suckler and beef cross steers January to September 2017/2018 broken down by weight category.



During the 2018 period 76 per cent of suckler origin heifer carcasses met the 280-380kg carcass weight while two per cent of heifers produced carcasses in excess of 420kg. Meanwhile 70 per cent of beef cross heifers produced carcasses within the desired weight range while a further two per cent producing carcasses from 380-420kg. A very small number of heifers in this category produced

carcasses in excess of 420kg.

While producers are encouraged to finish beef cattle within the desired carcass weight ranges to meet current market specifications it is equally important that the processors give the correct market signals by rewarding producers who produce these in spec cattle.

MEETING BEEF MARKET SPECIFICATIONS

PRODUCING prime cattle to meet the market specifications of the major UK retailers has become increasingly important in recent times with these markets providing the best returns for our high quality NI beef.

For this reason producers should aim to present cattle for slaughter within the desired specifications. Table 1 provides a guide to the current specification requirements across the plants. **It should be noted that this is only a guide and that there may be variation across the plants so producers should consult directly with the procurement staff of individual processors before presenting cattle for slaughter.**

The current specification for carcase weight is 280-380kg for steers and heifers. During the period July-September 2018 72 per cent of price reported heifers in NI met this weight requirement, similar to the corresponding period in 2017 when 73 per cent of heifer carcasses met this specification. The average heifer carcase weight in NI during July-September was 313kg, a slight decrease on the same period in 2017 when the average carcase weight was 314kg.

The average steer carcase weight during July-September 2018 was 350kg, a 2kg increase on the corresponding period in 2017. The proportion of steer carcasses meeting the 280-380kg weight specification has held steady year on year at 61 per cent.

The current penalty quoted by the processors for prime cattle with carcasses over 420kg is 20p/kg with further penalties for cattle over 450kg in some plants. During the last quarter the average penalty on R3 grade steers over 420kg that were otherwise in spec was 12.4p/kg. It is important that clear market signals are given from processors to encourage the production of cattle that best meet current market specifications.

The current age requirement for steers and heifers (excluding premium cattle) is under 30 months and during the period June-September 88 per cent of steers and 86 per cent of heifers fulfilled this requirement. The current penalty for cattle over 30 months of age is 10p/kg with the major processors. During July-September 2018 the average penalty on R3 grade steers and heifers over 30 months of age that were otherwise in spec was 10.1p/kg across the plants.

Young bulls under 16 months also meet the specifications of some of the major retailers. During July-September 78 per cent of price reported young bulls were killed under 16 months compared to 82 per cent in the same period last year. Young bulls accounted for 19 per cent of the prime cattle kill in NI during July-September 2018, up from 13 per cent in the same period last year.

Current retail specifications also require prime cattle to have FQ

Table 1: Current in spec criteria for prime cattle across the major NI processors

| Current In Spec Criteria | |
|---|---|
| Grades | E,U,R, 3, 4-, 4= and 0+3 |
| Weight | 280-380kg |
| Age | Under 30 Months (Steers and Heifers) Under 16 months (Young Bulls) |
| FQAS | Yes |
| Country of Origin | UK Only |
| No of Residencies | 4 Farms or Less |
| Time on last farm | 21-90 days |
| There may be variations from these criteria at different factories and some factories apply additional criteria | |

status at point of slaughter and during July-September 2018 99 per cent of price reported prime cattle in NI fulfilled this criteria. With such a high proportion of NI beef qualifying for FQ status it is difficult to quantify the level of penalties being applied to the small number of prime cattle slaughtered without FQ status. Quoted penalties from the plants range from £100-150 per head.

Another important aspect of many retail specifications is the number of farms that a beef animal has resided on in its lifetime. The criteria being applied by the processors at present is for four or less farms with penalties of up to £150 being applied for cattle that fail to meet this criteria. However as with FQ status outlined above the

number of prime cattle failing to meet this criteria is very small and it is therefore difficult to quantify the level of penalty being applied.

During July-September 99 per cent of price reported prime cattle resided on four or less farms. This is similar to the same period in 2017 when 99 per cent of prime cattle also met this requirement.

Another key aspect of many retail specifications is that the animal must come straight from farm for slaughter and must have been on the last farm for between 21 and 90 days depending on the retailer being supplied. During July-September 2018 95 per cent of prime cattle slaughtered in NI plants fulfilled this criteria.

MEETING LAMB MARKET SPECIFICATIONS

THE major lamb processing plants have a preference for lambs with a fat class 3 as these meet the widest range of customer specifications however some retailers will also accept lambs that achieved a fat class 2. It is important that producers aim to present lambs for slaughter that meet current market requirements to help maximise returns to the farm enterprise.

During the three month period July-September 2018 62 per cent of price reported lambs achieved a fat class 3 at point of slaughter, a notable decline from 72 per cent of lambs during the corresponding period in 2017. Meanwhile the proportion of lambs achieving a fat class 2 has increased to account for 34 per cent of the price reported

kill during July-September 2018. This is a 12 percentage point increase from the corresponding period in 2017.

Image 2: There has been a decline in the fat scores of lambs killed in local plants this summer



This downward movement in the level of fat cover on lambs at point of slaughter in recent weeks may be due to the changeable weather conditions affecting lamb performance at grass. Producers are encouraged to select lambs

carefully for slaughter as under finished carcasses can attract penalties and reduce the sale value and profit margin.

Fat class is only one aspect of current market specifications for lambs with conformation, carcase weight and FQ status also important factors to consider when presenting lambs for slaughter. At present the major processors are paying up to 21kg with no payment for any extra kilos above this weight limit. The average carcase weight of lambs killed in local plants during July-September was 21.1kg, a slight increase from the corresponding period in 2017 when the average carcase weight was 21kg.

The largest majority of lambs killed in local plants have achieved the

desired R and U grade conformation scores, although there has been a shift between the two grades year on year. During July-September 2018 39 per cent of lamb carcasses achieved a U grade compared to 42 per cent of carcasses in the 2017 period. R grading lambs accounted for 59 per cent of price reported carcasses during 2018 period, up from 56 per cent in the same period in 2017.

FQ status is also an important factor to consider when presenting lambs for slaughter. Sourcing FQAS approved lambs is important for NI lamb processors as it allows them to service the high value retail and food service markets in the UK. For many of these customers FQ status is a key requirement of their specifications.

REDUCING MORTALITY TO REDUCE COSTS

CATTLE mortality on farm represents a huge cost to the NI beef industry every year with just over 61,000 cattle passing through the two major rendering plants during 2017 according to the latest available figures from APHIS. The total figure for on farm mortality is higher than this with some bovine carcasses disposed of through hunt kennels and smaller processors.

During the first nine months of 2018 49,688 bovine carcasses passed through the two major rendering plants in NI. This was a 12 per cent increase from the corresponding nine month period in 2017 when 44,545 cattle were processed by the two outlets.

There has been a strong increase in cow throughput in particular with 22,075 cows processed during the first nine months of 2018. This is an increase of 2,404 head from the same period in 2017 when 19,671 cows were processed. That is an increase in cow throughput by approximately one weeks local cow kill year on year.

Cattle mortality on NI farms peaks annually in the spring to coincide with the peak calving period in NI with a smaller peak in September/October which coincides with autumn calving and

the housing period. While not all mortality on farm can be prevented there are measures that producers can take to help minimise the risk of losses. These measures may include the implementation of a preventative health plan for example or changes to animal housing to improve ventilation and help reduce disease risk.

With this in mind LMC has once again joined up with UFU, CAFRE, AFBI and the NBA to deliver an annual conference to our local stakeholders with a theme this year of 'Healthy Cattle, Healthy Profits'.

This event will take place on **Wednesday 21st November at CAFRE'S Greenmount Campus, Antrim from 9.30am to 4.15pm.** The conference is open to all with an interest in beef production. The fee is £20 and includes refreshments and lunch. Bookings are encouraged online at www.ufuni.org or if you need assistance please contact Angela in the UFU head office on 028 9037 0222.

To ensure that the sector has a viable future, consideration must be given to all elements of current production systems. The objectives of the conference are to highlight what the industry currently does well, but also to identify potential

Healthy Cattle, Healthy Profits

Beef Conference 2018

CAFRE, Greenmount Campus

Wednesday 21 Nov 2018

Registration from 9.30am



A must-attend event for beef farmers in Northern Ireland.

Visit www.UFUNI.org to register.
Registration fee £20.00. (Includes lunch)

A conference jointly organised by



areas for improvement. Progress in beef production is the focus of the conference, with speakers from both practical farming and research backgrounds. Speakers and those

attending the event will share their knowledge of how best to improve the health of their cattle and in turn receive a healthier profit.

FARM FAMILY FIRST AID WORKSHOPS

DUE to the huge interest in First Aid training from the farming community, CAFRE in conjunction with NFU Mutual continue to offer First Aid Awareness training. This is part of the Farm Family Key Skills [FFKS] scheme under the Farm Business Improvement Scheme (FBIS) part of the Rural Development Programme 2014 – 2020 which receives co-financing from the European Agricultural Fund for Rural Development (EAFRD).

The First Aid Awareness course is specifically tailored for the farming sector and provides advice and skills on how to deal with a medical emergency on the farm including basic First Aid procedures for common farm based injuries. Courses are FREE and available to everyone linked to a farm business including farmers, members of the farm family and employees.

To date almost 600 farmers, their families and employees have already availed of this training. Given that approximately 100 accidents occur on Northern Ireland farms per month, CAFRE and NFU Mutual are encouraging more rural community groups, farmer

groups, YFC etc to get involved in hosting a Farm Family First Aid Awareness training in their local area. Autumn workshops have also been organised throughout Northern Ireland as listed below. Please note there is a requirement to book for these workshops. For further information on the dates below or to organise a course in your area contact Global Horizon Skills on 028 8225 6772 or Email info@ghskills.com.

| FIRST AID AWARENESS WORKSHOPS IN YOUR AREA | | |
|--|--------|---|
| November 2018 | | |
| DATE | TIME | LOCATION |
| Thursday 08 Nov | 7.00pm | Dungannon Mart, 90 Granville Road, Dungannon, BT70 1NJ |
| Monday 19 Nov | 7.00pm | Newtownards YFC, Victoria Avenue, Newtownards, BT22 2AZ |
| Tuesday 20 Nov | 2.00pm | Ballymena Mart, Woodside Road East, Ballymena, BT42 4QJ |

Information Point

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