LMC Livestock & Meat Commission

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REDUCED OUTPUT FROM NI SHEEP FLOCK

THE DAERA June Agricultural census 2018 recorded a two per cent decline in breeding ewe numbers when compared to 2017 levels and a three per cent decline in lamb numbers.

A smaller carryover of hoggets from 2017 impacted availability for slaughter early in 2018 and as the year progressed the smaller ewe flock combined with difficult production conditions on NI farms have impacted lamb availability for both slaughter locally and for export to ROI. Availability of finished lambs has also been impacted by reduced lamb performance on many farms due to the cold spring and challenging grass growing conditions this summer.

More favourable production conditions on NI farms as we moved into the late summer and autumn 2018 helped to improve lamb performance at grass and has contributed to a recovery in lamb availability for slaughter in recent weeks. Good numbers of quality lambs are also passing through local marts.

However despite increases in throughput recently annual throughput for 2018 to date is running behind year earlier levels as indicated in Figure 1 which displays cumulative lamb/hogget throughput in NI plants from January 2016 to November 2018. Throughput in local plants during the first 11 months of 2018 has totalled 365,532 head which is a seven per cent decrease from the same period in 2017 when 394,711 lambs/hoggets were processed locally.

NI lamb processors have handled 7,832 tonnes of lamb during 2018 to date which is an eight per cent decline from the corresponding period in 2017. A slight decrease in average carcase weights from 21.7kg in the first 11 months of 2017 to 21.4kg in the 2018 period has further contributed to the decline in lamb throughput.

Exports of lambs/hoggets out of NI for direct slaughter have also been behind year earlier levels for much of 2018 to date due to the tighter lamb/hogget supplies. The levels of export have shown some recovery in recent weeks. During November 2018 35,485 NI lambs were exported from NI for direct slaughter in ROI and these accounted for 49 per cent of total lamb output from the region.

This is a slight decrease in number terms from the 37,806 lambs exported from NI to ROI for direct slaughter during November 2017. However despite the decline in the overall number of lambs exported during November 2018 they accounted for a slightly larger proportion of total output from the NI sheep flock than in November 2017

A smaller lamb crop in GB this year, a weak sterling and strong demand for NI origin lambs in ROI have all contributed to the stability in lamb prices in recent weeks as outlined in Figure 2. The average R3 lamb price in NI last week was 407.6p/kg which puts the value of a 22kg lamb carcase at £89.67. In the same week in 2017 the R3 lamb price in NI was 387.1p/kg which put the value of a 22 kg lamb carcase at £85.16.

Figure 1: Cumulative lamb/hogget throughput in NI from January 2016 to November 2018

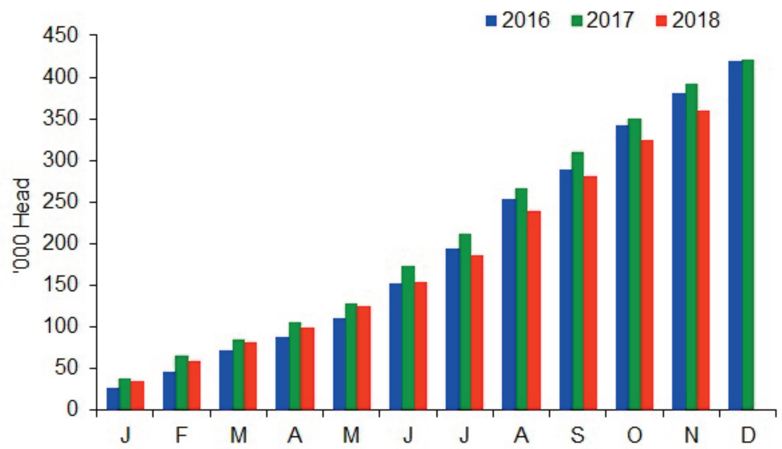
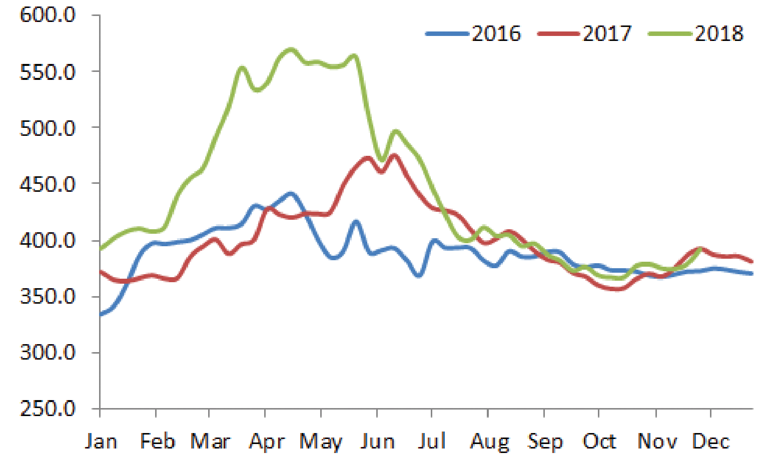


Figure 2: Weekly R3 lamb/hogget price in NI from January 2016 to December 2018



UK GAINS ACCESS TO INDIA FOR SHEEPMEAT

LAST week the UK secured access to the Indian market for sheepmeat with the deal expected to be worth £6 million to the UK sheep sector over the next five years.

The UK government said it has secured the new agreement following a detailed process of inspections and negotiations, carried out in tandem with the Agriculture and Horticulture Development Board (AHDB) and UK Export Certification Partnership (UKECP), of which LMC is a founding member.

The opening of the Indian market is good news for the UK sheep sector, especially given the on-going uncertainty around our future trading relationship with the EU. The EU accounted for 94 per cent of UK lamb exports during 2017 with exports of sheepmeat to the region estimated to be worth £372 million during that period. Exports to non EU markets accounted for the remaining 6 per cent of UK lamb exports during 2017 and were valued in the region of £14 million.

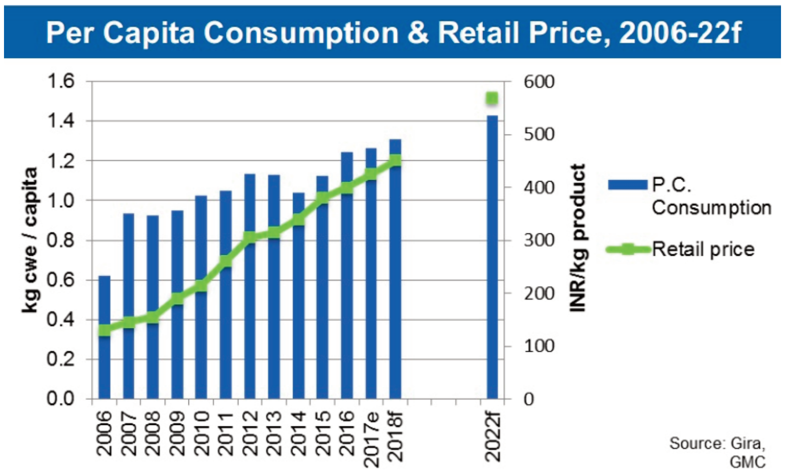
While India represents a relatively small market for UK sheep meat exports it is a market with the potential for future growth. With a population expected to reach 1.34 billion people by 2022 and an improving economic situation the demand for meat, and in particular sheepmeat, is expected to increase.

According to the latest available figures from GIRA per capita meat consumption in India was 5.1kg during 2018 with sheepmeat accounting for approximately 20 per cent of total meat consumption in the region. While per capita consumption of meat is very low it is expected to increase to 6.5kg by 2022 with sheepmeat consumption forecast to increase to 1.4kg per capita.

Demand for sheepmeat in India is forecast to increase however growth in consumption levels is expected to be limited by supply constraints. Lack of grazing lands and an inability to adapt to intensive production is limiting flock growth in the region and has kept domestic sheepmeat production as predominantly a backyard industry. This creates a fragmented domestic production base with most flocks having less than five animals.

This limited capacity for growth in domestic supplies combined with high retail prices has increased demand for imported product which creates opportunities for countries with direct market access.

Figure 3: Per capita consumption of sheepmeat/goatmeat in India and average retail price 2006-2022(f) (Source: GIRA)



FQAS LAMBS IN DEMAND

THERE is currently no additional cost to become FQAS approved for sheep if you are already approved for beef. The annual renewal fee for FQAS membership is the same whether a producer is approved for 'Beef', 'Sheep' or 'Beef & Sheep'. If a FQAS participant is currently only approved for beef and would like to gain approval for sheep it is a relatively simple process.

Sourcing FQAS approved lambs is important for NI sheep 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 on lamb is a key requirement of their specification. FQAS provides additional assurances on animal welfare, food safety, traceability and care for the environment, all of which retailers place in high regard.

FQAS approved status allows producers to keep their options open when marketing lambs and producers slaughtering animals in local plants may receive a financial bonus for eligible animals. In addition producers with FQAS lambs will find it easier to secure sales than those presenting non-FQAS lambs. This avoids the need to hold finished lambs for longer periods than necessary and thereby reduces costs. Buyers in the local marts are also increasingly seeking to purchase finished and short keep lambs that have FQ status

A further benefit of FQAS membership is that scheme membership is recognised by the Food Standards Agency (FSA) and DAERA Service Delivery Group as having a lower risk and therefore there is a reduced likelihood of selection for a cross compliance inspection in this area when compared to non-FQAS members.

Should you wish to apply for FQAS, increase your scope to cover sheep, or require any FQAS documentation please call the FQAS Helpline on 028 9263 3024.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 10/12/18	Next Week 17/12/18
Prime		
U-3	336 - 344p	336 - 344p
R-3	330 - 338p	330 - 338p
O+3	324 - 332p	324 - 332p
P+3	282 - 294p	282 - 294p
	Including bonus where applicable	
Cows		
O+3 & better	218 - 236p	218 - 235p
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 08/12/18	Steers	Heifers	Young Bulls
U3	349.2	353.2	338.5
R3	346.6	347.0	334.7
O+3	340.1	338.7	329.2

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 08/12/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	131.9	143.2	152.6	173.7
P2	157.4	173.3	189.3	205.8
P3	185.8	198.0	206.6	213.9
O3	166.0	216.4	225.1	234.2
O4	-	222.0	222.2	236.2
R3	-	-	-	253.3

Deadweight Cattle Trade

BASE quotes from the plants for in-spec U-3 grade prime cattle continued to come under pressure early this week ranging from 336-344p/kg. The majority of plants are quoting 342p/kg for both steers and heifers with similar quotes expected early next week. The cow trade remained fairly steady with quotes early in the week for good quality O+3 grading cows ranging from 218-240p/kg however quotes are back for next week to 218-235p/kg

The processors have reported strong supplies of cattle to meet demand for beef with prime cattle throughput totalling 7,133 head in NI last week. This was back 296 head from the previous week. Throughput is running ahead of the same week last year when 6,887 prime cattle were slaughtered locally. Cow throughput last week totalled 2,201 head, back slightly from the previous week.

Imports for direct slaughter in local plants from both GB and ROI have continued at similar levels to previous weeks. Imports for direct slaughter from GB last week consisted of one steer and 70 cows. A further 263 prime cattle and 117 cows were imported from ROI for slaughter in local plants last week. In the same week in 2017 imports from ROI consisted of 17 prime cattle and 8 cows. Exports from NI to GB last week for direct slaughter included 27 prime cattle and 13 cows. Meanwhile exports to ROI last week included 6 prime cattle and 121 cows. In the same week in 2017 exports to ROI consisted of 13 prime cattle and 237 cows.

The NI deadweight trade for prime cattle continued to come under pressure last week. The average steer price in NI last week was back by 2p/kg to 341.8p/kg while the R3 steer price was back by 3p/kg to 350.4p/kg. The average heifer price in NI last week was back by 2.4p/kg to 343p/kg while the R3 heifer price was back a penny at 350.4p/kg. The cow trade also continued to come under pressure with the average cow price back by 4.6p/kg to 210.7p/kg. Meanwhile the O3 cow price decreased by 3.8p/kg to 233p/kg which is the lowest recorded O3 cow price since April 2016.

The deadweight trade for prime cattle also came under pressure in GB last week. The average steer price in GB last week was back by 2p/kg to 354.5p/kg while the average R3 price was back by 1.4p/kg to 365.2p/kg. The average heifer price was back 2.7p/kg to 354.3p/kg while the R3 heifer price was back by 2.4p/kg to 364p/kg. This puts the differential in R3 heifer prices last week between NI and GB at 13.6p/kg or £44 on a 320kg carcase.

In ROI last week the deadweight prime cattle trade generally held steady and with a strengthening in the euro the majority of prices increased in sterling terms. The R3 steer price was up by 1.6p/kg to 327.7p/kg which brings the differential with NI to 22.7p/kg. The R3 heifer price increased by the equivalent of 1.2p/kg to 338.3p/kg this puts it 12.1p/kg behind the equivalent Ni price. The cow trade continued to come under pressure last week with the O3 cow price back by the equivalent of 2.4p/kg to 241.4p/kg.

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

W/E 08/12/2018		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	350.4	336.1	374.3	367.8	366.4	373.1	369.8
	R3	350.4	327.7	370.9	364.6	362.0	364.4	365.2
	R4	350.1	326.9	374.4	372.0	362.1	357.7	368.4
	O3	340.5	310.8	349.2	344.1	333.2	338.0	341.2
	AVG	341.8	-	369.0	355.6	346.6	345.6	354.5
Heifers	U3	353.5	350.6	378.8	372.4	371.7	373.8	374.1
	R3	350.4	338.3	368.7	363.4	362.3	361.6	364.0
	R4	348.5	338.5	372.2	366.2	363.9	357.2	365.5
	O3	343.6	324.8	354.9	346.4	330.2	342.2	343.3
	AVG	343.0	-	369.7	352.7	347.3	346.3	354.3
Young Bulls	U3	338.6	329.8	364.4	351.2	355.2	349.0	354.4
	R3	335.0	321.1	359.3	349.5	347.6	337.7	350.3
	O3	323.0	306.4	313.8	316.7	312.0	310.1	313.8
	AVG	327.1	-	345.0	329.8	314.5	321.1	325.6
Prime Cattle Price Reported		6,174	-	7,239	7,021	7,322	5,103	26,685
Cows	O3	233.0	241.4	234.2	233.8	235.0	219.8	232.0
	O4	235.4	242.2	233.1	234.1	234.1	215.0	230.5
	P2	193.2	204.4	188.9	186.6	192.2	181.6	188.6
	P3	211.3	227.3	201.9	202.5	214.3	195.1	206.8
	AVG	210.7	-	218.3	207.2	198.9	183.6	200.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.02p 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 08/12/18	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	196	200	199	168	195	183
Friesians	144	147	146	126	144	135
Heifers	202	217	207	170	200	185
Beef Cows	138	190	158	110	136	123
Dairy Cows	99	107	103	62	92	77
Store Cattle (p/kg)						
Bullocks up to 400kg	215	241	228	170	214	192
Bullocks 400kg - 500kg	200	221	210	170	199	185
Bullocks over 500kg	190	208	200	160	189	175
Heifers up to 450kg	215	243	227	165	214	192
Heifers over 450kg	190	196	193	159	180	168
Dropped Calves (£/head)						
Continental Bulls	330	435	365	220	325	270
Continental Heifers	250	340	310	140	240	190
Friesian Bulls	60	115	80	40	50	45
Holstein Bulls	45	100	72	20	32	25

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 10/12/18	Next Week 17/12/18
Lambs > 22kg	410-415p	405p

REPORTED SHEEP PRICES

(P/KG)	W/E 24/11/18	W/E 01/12/18	W/E 08/12/18
NI L/W Lambs	364.6	371.8	386.4
NI D/W Lambs	380.0	393.5	408.4
GB D/W Lambs	396.0	399.0	402.9
ROI D/W	399.3	407.6	419.3

Deadweight Sheep Trade

BASE quotes from the major processing plants for R3 grading lambs started this week ranging from 410-415p/kg with plants paying up to 22kg. Quotes for early next week are expected to be in the region of 405p/kg up to 22kg. The local lamb kill totalled 9,273 head last week, a 245 head increase on the 9,028 head slaughtered during the previous week and similar to the corresponding week last year. Exports of lambs to ROI last week for direct slaughter totalled 9,762 head, the highest level of export during 2018 to date. The average lamb price in NI last week was 408.4p/kg, a strong increase of 14.9p/kg from the previous week. The average lamb price in ROI last week also increased strongly to the equivalent of 419.3p/kg.

This week's marts

THE marts have continued to report good numbers of good quality lambs passing through the sale rings. In Omagh last Saturday 1,242 lambs sold from 398-427p/kg compared to 1,194 lambs the previous Saturday selling from 381-424p/kg. In Massereene on Monday 1,226 lambs sold from 365-398p/kg compared to 1,046 lambs last week selling from 375-400p/kg. In Rathfriland this week 1,000 lambs sold to an average of 377p/kg compared to 600 lambs last week selling to an average of 387p/kg. In Ballymena on Wednesday a similar trade saw 2,380 lambs sold from 340-400p/kg (avg 375p/kg) compared to 2,300 lambs last week selling from 365-419p/kg (avg 376p/kg). Top reported prices for cull ewes ranged from £75-£137.

LATEST SHEEP MARTS

From: 07/12/18		Lambs (P/KG LW)			
To: 13/12/18		No	From	To	Avg
Friday	Newtownstewart	318	347	392	-
Saturday	Omagh	1242	398	427	-
	Swatragh	1000	365	437	-
Monday	Massereene	1226	365	398	-
	Kilrea	500	365	439	-
Tuesday	Saintfield	1092	360	430	-
	Rathfriland	1000	355	411	377
Wednesday	Ballymena	2380	340	400	375
	Enniskillen	489	358	410	-
	Markethill	1500	370	415	-
	Armoy	488	358	415	-

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