

DECLINE IN BEEF SIRE CALF REGISTRATIONS DURING 2018

DURING 2018 there were 516,971 calves registered in Northern Ireland, back 22,725 head from 2017 when 539,696 calves were registered in the region. This accounts for a four per cent decline year on year. The overall decrease in calf registrations in NI is not surprising given the decline in cow numbers on NI farms.

The June Agricultural census recorded 255,900 suckler cows in the region, a decline of four per cent from year earlier levels. Meanwhile the total number of dairy cows stood at 310,700 head, back two per cent from year earlier levels. Dairy cows accounted for 55 per cent of the total NI cow herd in the June agricultural census, a proportion that has been gradually increasing since 2013 when dairy cows accounted for 51 per cent of the NI cow herd.

This growth in the dairy herd has had an impact on the type of calves being registered in NI and decisions made by dairy producers when choosing bulls is having a growing influence on the type of prime cattle being presented for slaughter in local plants.

The strongest fall in calf registrations has been recorded for beef sired animals with 346,675 beef sired calves registered in Northern Ireland during 2018. This is a decline of 18,922 head

from 2017 levels when 365,597 beef sired calves were registered in the region which accounts for a five per cent decline year on year. This takes beef sired calf registrations to their lowest recorded levels since 2015.

Meanwhile dairy sired calf registrations in NI totalled 170,296 head during 2018, a decline of 3,803 head from the 174,099 dairy sired calves registered in 2017. This accounts for a two per cent decline year on year.

Volatility in milk prices and improvements in the use of sexed semen have contributed to an increase in the number of dairy cows being served using beef genetics in recent years. During 2018 35 per cent of all beef sired calves were registered to a dairy dam, a slight increase from 34 per cent of registrations during 2017.

The proportion of beef sired calves sourced from the dairy herd has been steadily increasing in recent years with beef cross animals accounting for just 27 per cent of total beef registrations in 2014 as outlined in Figure 1.

Aberdeen Angus continues to be the most popular beef sire used on the NI dairy herd and accounted for 40 per cent of beef sired registrations to dairy cows in 2018. This is up from 37 per

cent in 2017. Limousin is the next most popular beef sire used and accounted for 15 per cent of registrations; however this was back from 18 per cent in 2017. Hereford calves accounted for 16 per cent of beef sired registrations to dairy cows in 2018, a proportion unchanged from 2017.

Charolais and Limousin sires continue to dominate in the NI suckler herd with both accounting for 32 per cent and 31 per cent of registrations respectively during 2018 as outlined in Figure 2. Aberdeen Angus accounts for a further 13 per cent of registrations, Simmental for 8 per cent and Hereford for 4 per cent. These proportions are all unchanged from year earlier levels.

ROI

The latest available figures for ROI have identified a five per cent decline in beef sired calf registrations when compared to 2017 while the number of dairy sired calves recorded a three per cent increase year on year.

GB

Meanwhile in GB there was a 1.4 per cent decline in beef sired calf registrations during the period January-October 2018 when compared to the same period in 2017 while dairy sired calf registrations were back by 2.7 per cent over the same period.

Figure 1: Proportion of beef sired calves broken down by dam type in Northern Ireland 2014-2018

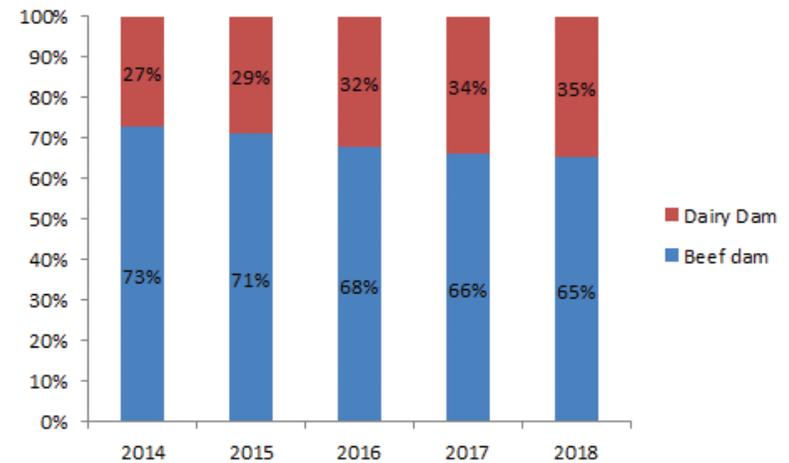
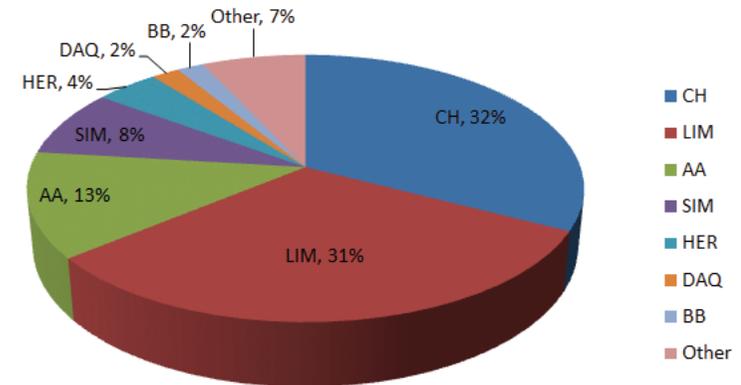


Figure 2: Calf registrations to suckler cows in Northern Ireland by breed 2018



EU AGRICULTURAL MARKET OUTLOOK REPORT 2018-2030

THE EU Agricultural Market Outlook report 2018-2030 has recently been published and has forecast EU meat production to remain stable at around 48 million tonnes. However the market share of the different meats is

expected to shift as outlined in Figure 3 with changes driven by changes in consumer preferences, export potential and profitability.

While EU poultry meat production is

expected to continue to increase, it is expected to do so at a slower rate than currently. Growth in this sector will be driven by strong demand from the domestic sector and positive export prospects. Meanwhile EU pig meat production is expected to record a slight decline by 2030 as export competition increases. Increasing social and environmental pressures are also expected to curb any growth in EU pig meat production between now and 2030.

EU beef production is expected to return to its downward trend after the restructuring of the milk sector which led to a short lived increase in EU beef production. EU beef exports are facing strong competition from other major beef producers on global markets. There is however a more positive outlook for the EU ovine sector with production of sheep and goat meat expected to grow by 5 per cent by 2030, having stagnated in recent years.

While EU meat consumption is expected

to decline slightly the region is expected to remain a domestically focused market for meat between 2018 and 2030. The largest majority of meat produced in the EU will be consumed within the territory however a slight increase in the proportion of poultry and pig meat production that is exported onto the competitive global market is expected.

Per capita meat consumption in the EU has recorded an increase of 4.4kg between 2014 and 2018 to total 69.3kg and this is expected to decline marginally to 68.7kg by 2030. The decline in consumption will be driven by lower availability and will also be impacted by an increasing preference for lower meat intake and meat substitutes.

Consumption trends are expected to vary for different meat categories with pig meat and beef expected to come under pressure while poultry meat will continue to increase. A slight increase in the market share of sheep meat is

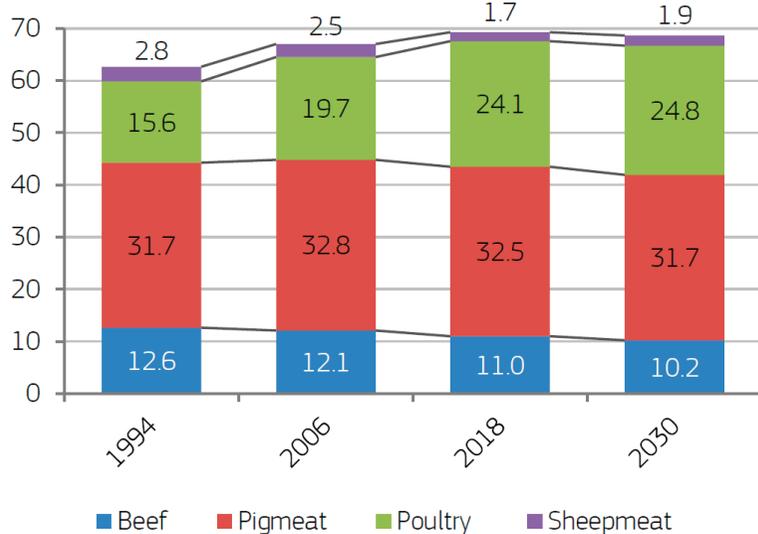
expected between 2018 and 2030 due to the diversification of the meat diet and changes to the EU population

Global picture

Global meat consumption is expected to grow by 48 million tonnes between 2018 and 2030 and to total 378 million tonnes by the end of this period. This equates to a per capita consumption of 35.7kg and while this continue to increase the rate of growth is expected to slow. Population growth and economic improvements will drive meat consumption, particularly in the developing world.

This increased global demand for meat will lead to an increase in import demand. Major growing markets are Vietnam, the Philippines and other Asian countries, Sub-Saharan African and the Middle East and North Africa. While China is expected to offset rising consumption levels of meat with an increase in domestic production the region will continue to be the world's largest export market for meat.

Figure 3: EU consumption by meat type (kg per capita) (Source EU Agricultural Outlook Report)



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 31/12/18	Next Week 07/01/19
Prime		
U-3	336 - 344p	336 - 344p
R-3	330 - 338p	330 - 338p
O+3	324 - 332p	324 - 332p
P+3	278 - 292p	278 - 292p
	Including bonus where applicable	
Cows		
O+3 & better	218 - 240p	218 - 236p
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 held steady at 336-344p/kg for U-3 grade in spec steers and heifers from the major processing plants this week. Quotes for cows have also remained steady, ranging from 218-240p/kg. Similar quotes are expected for all types of cattle early next week.

The plants have reported good supplies of all types of cattle coming forward for slaughter to meet demand for beef. Due to the Christmas holidays the majority of NI beef processing plants operated on a three day week last week and as a result there was a notable decline in total cattle throughput. The prime cattle throughput in NI last week totalled 3,923 head compared to 4,605 head during the corresponding week last year. This brings the total prime cattle throughput to 336,991 in 2018, a one per cent increase on the 332,715 prime cattle slaughtered in 2017. Meanwhile the cow throughput in local plants last week totalled 648 head compared to 950 head during the same week last year. This brings the total cows slaughtered in 2018 to 103,533 head, a marginal increase on the 103,440 cows killed last year.

The deadweight trade for prime cattle improved for the majority of grades in NI last week with the average steer price up 4.6p/kg to 344.5p/kg while the R3 steer price increased by 6.8p/kg to 356.7p/kg. Meanwhile the average heifer price in NI last week increased by 3.8p/kg to 346.6p/kg while the R3 heifer price was up by 3.1p/kg to 351.2p/kg. The differential between NI and GB in terms of average R3 steer and heifer prices was 5.7p/kg and 9.5p/kg respectively last week. The O3 cow price in NI last week was back 2.2p/kg to 228.4p/kg which places it 6.2p/kg below the average O3 cow price in GB last week.

In GB last week the deadweight trade for prime cattle improved in the majority of regions. The average steer price in GB last week was up 3.5p/kg to 355.8p/kg with the average steer price increasing in all of the regions. The average R3 steer price increased by 2.6p/kg to 362.4p/kg with the R3 steer price holding steady in Scotland at 365.1p/kg and increases reported in all other regions. The average heifer price in GB last week was up by 3.1p/kg to 355.9p/kg last week with the average heifer prices increasing in all regions except Midlands and Wales. The R3 heifer price in GB last week was up by 1.3p/kg to 360.7p/kg. The average R3 heifer prices increased in all of the regions with the exception of the Midlands and Wales where it came back by just over a penny.

In ROI last week there was an increase in reported prices in euro terms and with the euro gaining slightly against sterling this increase was also apparent in sterling terms. The R3 steer price in ROI last week was up the equivalent of 2.2p/kg to 335.2p/kg. This puts it 21.5p/kg behind the R3 steer price in NI. Meanwhile the R3 heifer price in ROI last week held steady at 344.4p/kg which puts it 6.8p/kg lower than the equivalent price in NI. The O3 cow price in ROI last week was the equivalent of 246.7p/kg, 18.3p/kg higher than the equivalent price in NI.

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

W/E 29/12/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	351.4	344.1	366.9	363.8	365.1	365.3
	R3	356.7	335.2	365.1	363.4	361.2	362.4
	R4	352.8	336.0	369.4	372.4	362.9	367.8
	O3	343.6	322.4	347.6	342.3	333.9	340.2
	AVG	344.5	-	364.6	360.3	349.4	355.8
Heifers	U3	351.7	360.0	371.9	366.1	370.7	370.2
	R3	351.2	344.4	363.4	360.8	357.7	360.7
	R4	348.8	346.8	365.7	363.3	360.0	362.2
	O3	344.1	331.9	348.7	340.3	322.4	338.7
Young Bulls	AVG	346.6	-	364.9	358.8	346.7	353.9
	U3	325.5	334.0	359.0	344.8	344.3	347.7
	R3	333.3	324.1	346.8	342.7	343.3	344.1
	O3	318.2	310.6	323.3	314.8	310.0	315.1
Cows	AVG	320.3	-	337.8	331.9	319.9	326.2
	Prime Cattle Price Reported	3,721	-	4,432	3,670	4,260	14,979
	O3	228.4	246.7	228.5	232.6	238.4	234.6
	O4	228.0	245.9	235.0	233.1	241.3	237.5
Cows	P2	193.0	216.2	161.7	186.6	182.0	181.5
	P3	213.4	233.7	210.0	209.8	208.8	208.8
	AVG	214.1	-	223.5	220.9	208.0	210.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=90.13p 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 29/12/18	Steers	Heifers	Young Bulls
U3	348.9	351.9	325.5
R3	348.1	347.7	332.2
O+3	341.2	338.7	326.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 29/12/18	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	122.3	146.3	156.1	162.2
P2	150.6	163.5	188.5	210.2
P3	-	189.9	212.4	214.6
O3	210.0	220.0	224.0	229.6
O4	-	-	216.1	228.5
R3	-	-	-	253.9

LATEST LIVELWEIGHT CATTLE MART PRICES NI

W/E 22/12/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	200	213	206	165	199	185
Friesians	194	200	197	165	193	178
Heifers	-	-	-	-	-	-
Beef Cows	141	153	147	110	135	118
Dairy Cows	87	96	91	58	76	68
Store Cattle (p/kg)						
Bullocks up to 400kg	215	239	225	170	214	195
Bullocks 400kg - 500kg	200	220	210	170	199	185
Bullocks over 500kg	190	200	195	160	189	175
Heifers up to 450kg	220	256	230	170	219	195
Heifers over 450kg	190	215	200	150	189	175
Dropped Calves (£/head)						
Continental Bulls	330	455	390	220	325	270
Continental Heifers	225	350	300	140	220	180
Friesian Bulls	125	205	160	40	105	70
Holstein Bulls	55	140	100	15	50	35

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 31/12/18	Next Week 07/01/19
Lambs/Hoggets > 22kg	410p	415-430p

REPORTED SHEEP PRICES

(P/KG)	W/E 15/12/18	W/E 22/12/18	W/E 29/12/18
NI L/W Lambs	376.7	384.2	-
NI D/W Lambs	405.4	402.8	404.8
GB D/W Lambs	408.9	414.1	423.8
ROI D/W	422.2	-	-

Deadweight Sheep Trade

QUOTES from the major NI processing plants ended the week for R3 grading hoggets in the region of 410p/kg up to 22kg. Quotes are expected to range from 415-430p/kg up to 22kg for early next week. Lamb throughput in the local plants last week totalled 3,357 head compared to 4,430 lambs killed in the corresponding week last year. This brings total lamb/hogget throughput in 2018 to 392,867 head, back seven per cent when compared to the 423,247 lambs/hoggets killed in 2017. The average deadweight lamb price in NI last week was up 2p/kg to 404.8p/kg. In the corresponding week last year the deadweight lamb price in NI was 379.9p/kg.

This week's marts

DU E to the Christmas and New Year Holidays very few marts operated sheep sales this week however normal service is expected next week. In Swatragh last Saturday 700 lambs sold from 365-429p/kg. In Massereene on Monday 650 lambs sold from 370-402p/kg. In Ballymena this week a good entry of 1,571 hoggets sold from 365-410p/kg (avg 385p/kg). In Markethill this week 1,120 hoggets sold from 370-416p/kg. Small numbers of cull ewes passed through the sale rings this week with top reported prices ranging from £78 to £124 for well fleshed ewes.

LATEST SHEEP MARTS

From: 29/12/18		Lambs/Hoggets (P/KG LW)			
To: 03/01/19		No	From	To	Avg
Saturday	Swatragh	700	365	429	
Monday	Massereene	650	370	402	
	Kilrea	450	396	448	
Wednesday	Ballymena	1571	365	410	385
	Enniskillen	340	360	397	
	Markethill	1120	370	416	

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LMC REPRESENTED AT THE OXFORD FARMING CONFERENCE

THIS week has seen Livestock and Meat Commission (LMC) Chairman Gerard McGivern and Chief Executive Ian Stevenson attend the Oxford Farming Conference.

The Oxford Farming Conference (OFC) is the leading international conference held in the UK for farming and agribusiness. It takes place in January every year located in the historic and inspiring surroundings of Oxford University. The OFC's mission is to inform, challenge and inspire the delegates who attend, to resonate and be a force for positive change throughout the industry.

"This year's conference was attended by over 500 delegates from the various regions of the UK and beyond", said Stevenson. "So, at a very fundamental level it was a great networking opportunity for the both of us. Given that Brexit is less than 100 days away, we felt it important to attend this year's event. It represents a critically important start to most farming years. But doubly so in 2019, given the many changes that are coming down the

track for the farming and food industry in the UK."

He added: "We sat in on all of the key sessions that make up the conference. The future relationships which the UK fosters with the EU and how it trades with other countries around the world were key subjects of debate. The speech given by DEFRA Secretary of State Michael Gove put in perspective the latest farm policy ideas for agriculture that are emanating from Whitehall, and there was much discussion around the need for supporting agriculture's key role in feeding people and delivering public goods to society.

"It was also evident that new technologies and innovation, across a wide range of disciplines, will drive agriculture forward in the future. This was obvious courtesy of the main presentations made to both the conference itself and many of the fringe events that are organised in tandem with it.

"The Oxford Conference is attended by

many of the most important opinion formers within UK agriculture and food. It was important to hear their views on the many challenges and opportunities that will present themselves to farmers in Northern Ireland in particular in a post-Brexit world. The two-day event was a key scene setter for the year ahead."

Stevenson believes that policy makers must grasp the opportunity to create bespoke farm support policies that are specifically tailored to meet the needs of agriculture in Northern Ireland. This chimes with the broad range of perspectives expressed at the conference, which was themed: a world of opportunity for British food.

NFU president Minette Batters said that there are few places on the globe better suited to food production than the UK. She added: "Ultimately, it will be a moral failure if we don't capitalise on that natural advantage and instead rely on other parts of the world to feed us, particularly at a time when those countries are increasingly struggling to feed themselves."

Batters believes that producing quality, safe food for people on all incomes, is also of major moral importance. "Food was noticeably absent from the Agricultural Bill when it was published in September. But making it central to UK policy is a moral obligation," she said.

"As climate change becomes more serious, the UK may be able to produce food when many parts of the world won't, making it a moral imperative to use UK land to grow food while still having a strong environmental focus."

Image 1: Michael Gove outlined his vision for the future of British farming to the delegates of the Oxford Farming Conference, titled "Farming for the next Generation"



LATEST EXPORT FIGURES HIGHLIGHT SHEEP SECTOR'S EXPOSURE TO A BAD BREXIT DEAL



THE latest Department of Agriculture, Environment and Rural Affairs (DAERA) figures confirm that circa 355,000 lambs/hoggets were exported live to the ROI for processing in 2018 with a further 65,000 ewes/rams also exported. The lambs/hoggets exported live to ROI for direct slaughter accounted for 48 per cent of output from the NI sheep flock during 2018.

"But that's only part of the story," added LMC's Economist Seamus McMenemy. "The NI sheep meat industry is more exposed to the effects of a no deal Brexit as NI processing plants export a larger proportion of their lamb to markets in the EU than their counterparts in GB. In the first ten

months of 2018 95 per cent of all sheep exports from the UK were destined for EU markets".

"In addition almost all lambs born in mainland GB are processed domestically while almost half of NI lambs are exported live to ROI. This leaves the NI sheep sector much more exposed to any changes in access to key EU markets than GB.

"These are trends that confirm just how vulnerable the local sheep sector is to any Brexit deal which would see the introduction of significant tariffs on exports from the UK to Europe. These circumstances would become reality if the UK crashed out of the EU in the wake of a No-Deal Brexit."



Significantly, this opinion concurs with the results of an independent economic report carried out by The Andersons Centre with support from Oxford Economics on behalf of LMC early last year. This points to a significant weakening of sheep prices in Northern Ireland, should World Trade Organisation (WTO) default trade tariffs kick-in after Brexit.

One of the publication's authors, Michael Haverty from the Anderson centre said: "We project that farm gate sheep prices in Northern Ireland will fall, assuming a hard Brexit and the introduction of default WTO tariffs. This is because the UK is a net exporter of sheep meat."

The Anderson team has also examined in detail a radical version of unilateral trade liberalisation in which the UK sets zero tariffs on imports from both the EU and the rest of the world, while exports from the UK face trading partners' Most Favoured Nation (MFN) tariffs.

This scenario has a depressing impact on UK prices and output values across all commodities particularly in the beef

and sheep sectors where international competition is very strong. In such circumstances, a large increase in imports is envisaged in these sectors from the rest of the world with significant downward pressures on UK prices and production resulting. Within this scenario Northern Ireland beef and sheep meat output could decline by 21

per cent, with exports to the EU collapsing by over 90 per cent.

Full copies of the Anderson report commissioned by LMC can be accessed on the LMC website.

Image 2: The NI sheep sector is more exposed to the effects of a disorderly Brexit than GB given its greater reliance on access to key EU markets for exports.



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