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NI SHEEP SECTOR HEAVILY RELIANT ON ACCESS TO EU MARKETS

DURING 2018 the NI sheep flock produced just under 750,000 lambs/hoggets for slaughter in local processing plants or for exporting to plants in ROI for direct slaughter.

Analysis of DAERA figures has indicated that 392,867 of lambs/hoggets produced in NI were killed in local processing plants which accounted for 52 per cent of total production. This was back from 55 per cent of flock output in in 2016 and 56 per cent in 2017.

Lambs and hoggets killed in NI during 2018 had an average carcase weight of 21.5kg and produced a combined carcase weight of 8,454 tonnes. This will have produced an estimated 6,340 tonnes of saleable meat with just under half of this lamb sold onto the EU market during 2018. The balance will have been marketed domestically in NI and GB.

DAERA figures have indicated that during 2018 356,201 lambs/hoggets were exported live from NI for direct slaughter in ROI plants which accounted for 48 per cent of total output from the NI sheep flock. Assuming a similar average carcase weight and meat yield to those killed domestically these exported lambs would have produced approximately 5,744 tonnes of saleable meat.

Figure 1 provides a breakdown of output from the NI sheep flock in terms of saleable lamb produced for each end market. As outlined in the chart 28 per cent of meat output from NI origin lambs/hoggets was marketed locally in GB/NI during 2018.

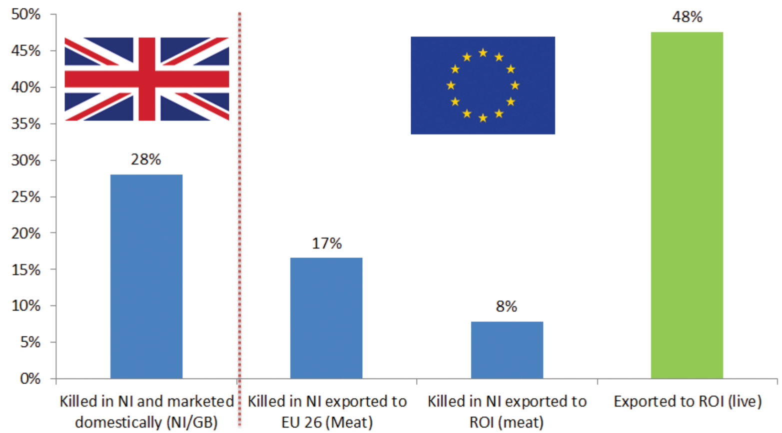
A further 17 per cent of total meat output from the NI sheep flock was killed and processed in NI plants before being exported to mainland Europe. ROI is the biggest single market in the EU for lamb from carcases killed and processed in NI so we have segregated it from other EU markets for the purpose of this analysis. This market accounted for eight per cent of total meat output from the NI sheep flock in 2018.

As indicated in Figure 1 the largest single outlet for the NI sheep industry is the live trade to ROI for direct slaughter. This accounted for 48 per cent of output from the NI sheep flock during 2018 when expressed in terms of usable meat.

Figure 1 shows that more than 70 per cent of lamb originating from the NI sheep flock was exported to the EU in the form of either meat or live animals during 2018. With this in mind the importance of achieving a Brexit deal with the EU which allows unrestricted access to the EU market for the NI sheep sector cannot be over emphasised.

NI processors have the capacity to increase lamb throughput to offset some of the lambs currently being exported live to ROI for slaughter however this does not provide a workable solution without access to an alternative market outlet for the lamb produced.

Figure 1: Destination of NI origin lamb expressed in terms of meat yield 2018



MORE CATTLE IMPORTED FROM ROI DURING JANUARY

LAST week there were 529 prime cattle imported from ROI for direct slaughter in local plants which took total imports for January 2019 to 1,398 head. Last week recorded the largest weekly import of prime cattle from ROI for slaughter in NI plants since early January 2016.

A further 198 prime cattle were imported from GB during January 2019 which took total imports for direct slaughter to 1,596 head. With a total prime cattle throughput of 33,421 head in NI during January 2019 these imported cattle accounted for five per cent of the total prime cattle kill.

Imports from ROI for direct slaughter last week also included 100 cows which took cow imports during January 2019 to 344 head. A further 673 cows were imported from GB during January 2019 which takes total cow imports for direct slaughter to 1,017 head. In January 2018 combined cow imports for direct slaughter from ROI and GB totalled 800 head. Direct slaughter imports accounted for 11 per cent of the total cow kill in NI during January 2019, up from seven per cent of cow throughput in January 2018.

While imports for direct slaughter from ROI have increased during January 2019 the number of cattle being imported for further production has continued at low levels. Cattle imports from ROI and GB for further breeding and production totalled 764 head during January 2019, up slightly from 734 head in January 2018.

A narrower differential in deadweight prices between NI and GB in recent months has resulted in a decline in the number of cattle being exported from NI to mainland GB for direct slaughter during January 2019. Exports for further breeding and production during January 2019 have also remained low and were similar to previous months.

Prime cattle imports for direct slaughter

January 2018: 270 head
January 2019: 1,596 head

Cow imports for direct slaughter

January 2018: 800 head
January 2019: 1,017 head

SOME RECOVERY IN NI DEADWEIGHT COW PRICES

THERE has been a slight improvement in the deadweight cow trade in NI over the past few weeks with quotes for O+3 grading cows ending this week at 222-240p/kg. Most plants are quoting in the region of 230p/kg. However despite the slight improvement in quotes recorded in recent weeks the trade remains significantly behind previous years.

The average price paid for an O3 grading cow in NI last week was 237.9p/kg, up 1.5p/kg from the previous week. This was very similar to the O3 cow price in GB last week of 237.8p/kg. There was however some variance across the GB regions from a high of 240.7p/kg in the Midlands to a low of 231.4p/kg in Southern England.

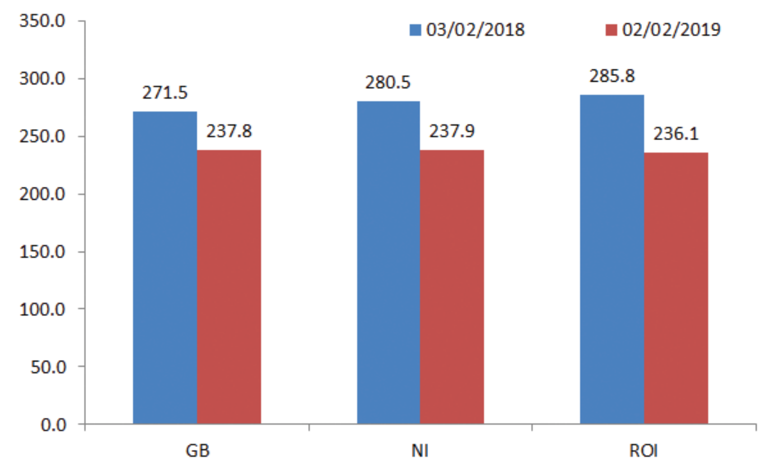
In the corresponding week last year the O3 cow price in NI was 280.5p/kg which was 42.6p/kg above current levels. On a 300kg carcase this equates to a decline of £128 year on year. The O3 cow price in GB during the same week last year was 271.5p/kg with average prices ranging from 278.1p/kg in the Midlands to 267p/kg in Southern England.

Cow prices in NI are usually ahead of prices in GB due to our proximity to the strong cow market in ROI. However this differential was eroded in late 2018 and early 2019 with deadweight cow prices in NI dipping below the equivalent prices in GB. The recovery in cow prices locally has brought O3 cow prices in NI back to parity with the GB trade in the last few weeks.

The trade for plainer P grading cows remains more difficult in NI with an average P2 cow price of 196.2p/kg last week. This was back 1.4p/kg from the previous week however despite the weaker trade in NI the prices available remain above those being paid in GB. The average P2 cow pice on the mainland last week was 190.3p/kg with a lowest regional price of 188.7p/kg reported in Scotland.

Cow prices in ROI also came under pressure towards the end of 2018 although prices remained ahead of NI prices until recently. The O3 cow price in ROI last week was the equivalent of 236.1p/kg, 1.8p/kg behind the same price in NI. In the corresponding week last year the O3 cow price in ROI was the equivalent of 285.8p/kg. This decline of 49.7p/kg equates to a decline of £149 on a 300kg carcase.

Figure 2: O3 cow prices in NI, GB and ROI during the w/e 02 February 2019 and the corresponding week in 2018 (p/kg)



WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 04/02/19	Next Week 11/02/19
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	222 - 240p	218 - 240p
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 02/02/19	Steers	Heifers	Young Bulls
U3	349.5	356.0	335.6
R3	346.0	347.3	334.1
O+3	338.6	338.7	325.2

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 02/02/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	134.3	145.4	160.2	171.8
P2	153.9	176.7	193.5	207.9
P3	179.3	199.5	208.0	218.4
O3	230.0	235.1	236.4	238.1
O4	160.0	229.8	240.3	241.2
R3	-	-	-	259.4

Deadweight Cattle Trade

BASE quotes for in spec U-3 grade prime cattle ranged from 336-344p/kg this week. The majority of plants are quoting 342-344p/kg for steers and heifers. Quotes from the plants for good quality O+3 grading cows this week ranged from 222-240p/kg. Similar quotes are expected for all types of cattle early next week.

Prime cattle throughput in local plants totalled 7,106 head last week, a decrease of 155 head when compared to the previous week. Throughput of prime cattle for January 2019 has totalled 33,421 head compared to 34,311 prime cattle slaughtered in January 2018. Cow throughput in local plants totalled 1,819 head last week, a decrease of 302 cows when compared to the previous week. Throughput for cows in January 2019 has totalled 9,081 head back 16 per cent when compared to the 10,797 cows slaughtered locally in January 2018.

Cattle imports for direct slaughter from ROI last week increased to 529 prime cattle and 100 cows while a further 29 prime cattle and 140 cows were imported from GB. During January 2019 there has been a total of 1,596 prime cattle imported to NI from GB and ROI compared to 270 prime cattle imported from the same regions in January last year. Meanwhile exports out of NI for direct slaughter last week consisted of one steer and 128 cows to ROI, with no cattle exported to plants in GB.

The average steer price in NI last week increased marginally to 343.3p/kg however the R3 steer price was back by 0.8p/kg to 349.7p/kg. The average heifer price reported a decrease of a penny last week to 343.7p/kg with the R3 heifer price back by 3.2p/kg to 349.1p/kg. The average young bull price in NI last week was 322.8p/kg, back 2.4p/kg while the R3 young bull price was back by 0.6p/kg to 334.7p/kg. The average cow price in NI last week decreased by 2.6p/kg to 220.9p/kg however the O3 cow price increased by 1.5p/kg to 237.9p/kg.

The deadweight prime cattle trade continued to come under some pressure in GB last week. The overall average steer price came back 1.5p/kg to 350.2p/kg last week with the R3 steer price in GB marginally back to 358.7p/kg. This puts the R3 steer price differential with NI at 9p/kg or £32 on a 350kg carcase. The overall average heifer price in GB decreased by half a penny to 350.8p/kg with the average R3 heifer price back by a similar margin to 357.8p/kg. This puts the R3 heifer price differential with NI at 8.7p/kg or £28 on a 320kg carcase. In GB last week the cow trade firmed with the average O3 cow price increasing by 1.5p/kg to 237.8p/kg which was similar to the O3 cow price in NI.

In ROI last week the prime cattle deadweight cattle trade held relatively steady. The R3 steer price was back by the equivalent of 0.3p/kg to 322.1p/kg with the R3 heifer price also back by a similar margin to 333.6p/kg. This puts the differential with NI at 27.6p/kg for R3 grading steers and 15.5p/kg for R3 grading heifers. The O3 cow price in ROI came back by half a penny to the equivalent of 236.1p/kg. This was 1.8p/kg below the equivalent price in NI.

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

W/E 02/02/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	349.8	329.5	362.7	362.9	357.7	362.0	361.0
	R3	349.7	322.1	362.0	361.2	355.1	358.0	358.7
	R4	349.3	323.3	363.4	367.8	354.8	357.9	361.9
	O3	343.2	306.7	341.4	337.0	330.5	333.9	335.7
	AVG	343.3	-	359.5	354.7	341.8	344.3	350.2
Heifers	U3	356.3	346.1	367.5	367.6	363.5	372.0	366.8
	R3	349.1	333.6	360.6	359.1	355.8	356.4	357.8
	R4	348.0	334.1	364.7	358.8	353.8	357.4	358.7
	O3	341.6	319.1	343.0	343.1	325.2	333.7	335.9
	AVG	343.7	-	362.5	353.8	341.1	345.2	350.8
Young Bulls	U3	335.4	313.9	354.2	338.1	335.9	350.0	342.0
	R3	334.7	304.5	348.9	342.9	337.6	341.6	341.8
	O3	321.4	286.4	326.6	305.5	309.6	318.1	311.7
	AVG	322.8	-	342.5	307.7	312.0	316.1	316.8
Prime Cattle Price Reported		5,883	-	6,976	6,964	7,267	4,275	25,482
Cows	O3	237.9	236.1	233.2	238.5	240.7	231.4	237.8
	O4	240.9	236.8	236.8	240.1	238.9	229.4	237.6
	P2	196.2	206.8	188.7	192.1	190.2	190.0	190.3
	P3	215.6	224.4	206.9	207.6	212.7	208.1	210.3
	AVG	220.9	-	229.0	221.5	211.3	201.4	213.9

Notes:
(i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.29p 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 02/02/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	201	215	206	183	200	191
Friesians	153	166	160	148	150	149
Heifers	203	213	207	180	200	190
Beef Cows	146	198	158	115	145	132
Dairy Cows	101	115	108	70	104	85
Store Cattle (p/kg)						
Bullocks up to 400kg	230	267	245	210	229	220
Bullocks 400kg - 500kg	215	243	230	195	214	205
Bullocks over 500kg	202	217	207	175	198	186
Heifers up to 450kg	220	269	235	190	219	205
Heifers over 450kg	205	230	212	175	204	195
Dropped Calves (£/head)						
Continental Bulls	305	400	340	200	300	255
Continental Heifers	280	380	315	160	275	220
Friesian Bulls	130	180	155	50	125	85
Holstein Bulls	80	130	110	20	75	45

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 04/02/19	Next Week 11/02/19
Hoggets> 22kg	435-445p	440-450p

REPORTED SHEEP PRICES

(P/KG)	W/E 19/01/19	W/E 26/01/19	W/E 02/02/19
NI L/W Hoggets	403.2	414.1	420.0
NI D/W Hoggets	425.4	434.0	436.9
GB D/W Hoggets	431.7	430.4	425.0
ROI D/W	434.5	439.8	447.5

Deadweight Sheep Trade

BASE quotes from the major processors for R3 grading hoggets at the start of this week were ranging from 435-445p/kg up to 22kg. Quotes for early next week are expected to range from 440-450p/kg up to 22kg. There were 5,095 hoggets killed in local plants last week, back 328 head from the previous week. This brings total throughput for hoggets in January 2019 to 30,512 head, back 13 per cent when compared to the 35,246 hoggets killed in January 2018. Last week 6,876 hoggets were exported from NI to ROI for direct slaughter taking the total forJanuary 2019 to 37,723 head. This was a 12 per cent decrease from the 43,040 hoggets exported to the region in January 2018. The deadweight hogget price in NI last week was 436.9p/kg, up 2.9p/kg from the previous week.

This week's marts

STEADY numbers of hoggets have continued to pass through the local marts this week. In Omagh last Saturday 330 hoggets sold from 431-481p/kg while in Swatragh 700 hoggets sold from 380-475p/kg. In Saintfield this week 404 hoggets sold from 415-463p/kg compared to 451 hoggets last week selling from 400-494p/kg. In Ballymena on Wednesday 1,716 hoggets sold from 360-459p/kg (avg 396p/kg) compared to last week when 1,765 hoggets sold from 380-463p/kg (avg 410p/kg). In Armoy this week 346 hoggets sold from 398-440p/kg compared to 130 hoggets last week selling from 400-435p/kg. Ewe numbers passing through the marts have remained steady this week with top reported prices ranging from £90-137.

LATEST SHEEP MARTS

From: 02/02/19		Hoggets (P/KG LW)			
To: 07/02/19		No	From	To	Avg
Saturday	Swatragh	700	380	475	-
	Omagh	330	431	481	-
Monday	Massereene	1105	390	445	-
	Kilrea	400	409	430	-
Tuesday	Saintfield	404	415	463	-
	Rathfriland	400	393	470	412
Wednesday	Ballymena	1716	360	459	396
	Enniskillen	672	398	443	-
	Armoy	346	398	440	-
	Markethill	1380	390	441	-

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