

PRIME CATTLE SUPPLIES FORECAST TO TIGHTEN

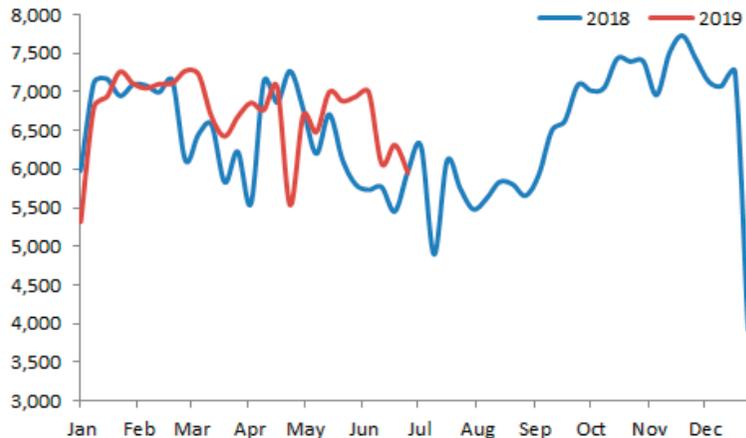
DURING the first six months of 2019 174,528 prime cattle were killed in local plants, a 3.8 per cent increase on the corresponding six month period in 2018.

Prime cattle supplies have been particularly strong in recent weeks with throughput running ahead of the same time last year as outlined in Figure 1. During 2019 to date the average carcass weight of prime cattle has also increased to 342.7kg. This is up 8kg from the same period last year. The average steer carcass weight increased

8.7kg to 360.2kg, the average heifer carcass weight by 7.3kg to 323.2kg and the young bull carcass weight by 9.6kg to 340.9kg.

As we move into the second half of the year prime cattle numbers are forecast to tighten with a reduction in the number of cattle on NI farms for beef production. Initial forecast figures have indicated a 5.5 per cent reduction in the local prime cattle kill in the third quarter of 2019 and a 4.7 per cent reduction in the final quarter when compared to 2018 levels.

Figure 1: Weekly prime cattle slaughtering in NI plants 2018-2019



APHIS figures have indicated there has been a 2.3 per cent increase in the number of cattle for beef production aged between 24-30 months which accounts for an extra 3,000 cattle or approximately half a week's kill. Meanwhile there were 104,817 cattle aged 18-24 months on NI farms at the end of June 2019, a five per cent decline from the 110,297 head recorded at the same time last year.

There has also been a reduction in the number of cattle aged from 12-18 months with 231,248 head recorded at

the end of June 2019. This was a 5.1 per cent reduction from June 2018 levels. Cattle in these two age categories will provide the majority of prime cattle throughput for local plants over the next six months. The decline in cattle numbers on NI farms stems mostly from a reduction in beef sired calf registrations recorded in NI since early 2017.

Reductions in the NI suckler cow herd in particular have contributed to this decline in calf registrations. In the December 2018 Agricultural Survey

there were 245,100 suckler cows recorded on NI farms, back five per cent from the previous December.

While calf registrations to suckler cows have been declining the number of beef sired calf registrations to dairy cows have held relatively steady. This will mean a larger proportion of the cattle on the ground are beef-cross cattle from the dairy herd.

Beef sired cattle from the dairy herd tend to score O's and R's for conformation whereas cattle from the suckler herd tend to grade U's and R's. Beef cross cattle also tend to produce lighter carcasses than their suckler counterparts. This shift in conformation scores and average carcass weights is expected to be reflected in the local prime cattle kill as we move into the second half of the year.

Cow kill

Cow throughput during 2019 to date has totalled 43,126 head during the first half of 2019, back 6,688 head from the same period in 2018. This lower level of throughput is expected to carry through into the second half of the year due to relatively good production conditions on NI farms, good forage supplies and a smaller cow herd.

Table 1: Cattle for beef production on NI farms by age category June 2017- 2019 (beef sired cattle and dairy sired males)

	2017	2018	2019	2018/2019	2017/2019
0-6	224,915	211,096	207,768	-1.6%	-7.6%
6-12	145,493	137,727	136,283	-1.0%	-6.3%
12-18	245,032	243,585	231,248	-5.1%	-5.6%
18-24	109,442	110,297	104,817	-5.0%	-4.2%
24-30	124,677	129,161	132,144	+2.3%	+6.0%

EU AND MERCOSUR REACH HISTORIC TRADE DEAL

THE EU and Mercosur reached agreement on a bilateral trade deal early this week which brings to an end two decades of negotiations. The EU is the first major partner to strike a trade pact with Mercosur, a bloc comprising Argentina, Brazil Paraguay and Uruguay.

year. With regards to the EU industrial sector, the deal will help boost exports of EU products that have so far been facing high and sometimes prohibitive tariffs in Mercosur countries. Figure 2 below outlines existing tariffs on some products that will be removed or reduced under the newly agreed trade deal.

The EU agri-food sector meanwhile will benefit from the lowering of existing Mercosur high tariffs on EU export products such as chocolates and confectionery (20%), wines (27%), spirits (20 to 35%), and soft drinks (20 to 35%). The agreement will also provide duty-free access subject to

quotas for EU dairy products (currently 28% tariff), notably for cheese.

Disadvantages of the deal?

While both sides of the negotiating table have welcomed the landmark deal it has been widely condemned by farm lobby groups right across the EU with the Commission being accused of sacrificing the EU agricultural sector to get a deal over the line.

The most controversial elements include for annual tariff rate quotas (TRQs) of 99,000 tonnes (cwe) for hormone free beef, 600,000 tonnes for ethanol and 150,000 tonnes of sugar from the South American countries.

These figures have been condemned by European farmers' organisations as "far too high."

Earlier this month, the EU's main farming association Copa-Cogeca warned that a Mercosur deal would be "a dead end" for EU beef farmers, claiming that European producers would be undermined by the increase in imports of cheaper and less sustainable products from South America.

The European beef market is currently marginally over supplied and given the potential impact of Brexit on the European beef trade by interrupting existing trade flows farmers groups across the EU, but particularly in ROI have described the Mercosur deal as a 'devastating' development.

While Mercosur countries had originally sought to supply 300,000 tonnes of beef into the EU market each year the agreed TRQ of 99,000 tonnes (cwe) will be divided equally between fresh and chilled beef products and involve a 7.5% tariff. Most of the quota (40,000 tonnes) is reserved for Brazil with further 30,000 tonnes reserved for Argentina. The splitting up of the quota

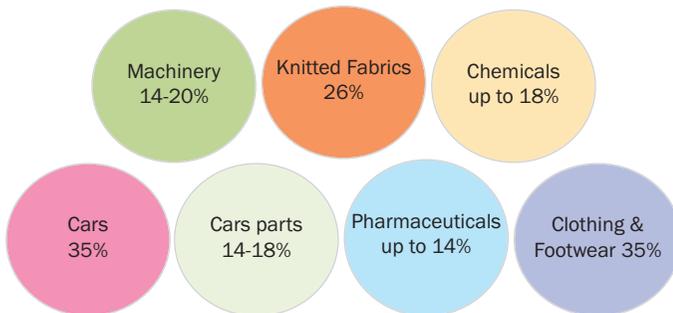
Image 1: The EU-Mercosur deal will give South American countries a Tariff Rate Quota (TRQ) of 99,000 tonnes (cwe) to the EU market for hormone free beef.



is pre-agreed by the four Mercosur countries and is based on the historic amounts registered over the last three years.

While the EU and Mercosur have reached an agreement it still needs to be ratified by the national parliaments of all member countries of both blocs, as well as by the European Parliament and EU Council.

Figure 2: Existing tariffs on EU industrial goods that will be reduced or removed under the EU-Mercosur trade deal.



EU Trade Chief Cecilia Malmstrom has described the agreement as an 'historic moment' whilst the EU Commissioner for Agriculture and Rural Development Phil Hogan described the agreement as: "a fair and balanced deal with opportunities and benefits on both sides, including for Europe's farmers."

Benefits of the deal

The bilateral agreement covers a free trade area of 773 million people and once the agreement is fully operational European businesses could save an estimated €4 billion worth of duties per



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 01/07/19	Next Week 08/07/19
Prime		
U-3	320 - 328p	320 - 328p
R-3	314 - 322p	314 - 322p
O+3	308 - 316p	308 - 316p
P+3	260 - 272p	260 - 272p
Including bonus where applicable		
Cows		
O+3 & better	235 - 250p	235 - 250p
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 from the major NI plants this week for in spec U-3 grade prime cattle came back to 320-328p/kg with the processors indicating similar base quotes for early next week. The cow trade remained steady across the plants this week at 235-250p/kg for good quality O+3 grade cows with similar quotes expected for early next week.

Prime cattle throughput in local plants last week totalled 5,956 head, a decrease of 359 head on the 6,315 prime cattle slaughtered the previous week. Throughput of prime cattle for June totalled 25,342 head, an 11 per cent increase on the corresponding period in 2018 when 22,922 prime cattle were slaughtered. In NI last week the number of cows slaughtered totalled 1,841 head. Cow throughput in June totalled 7,088 an eight per cent increase on the 6,560 cows killed in the same period in 2018.

Imports for direct slaughter from ROI last week consisted of 84 prime cattle and 16 cows. This brings the total imports to date from ROI to 5,367 head, an increase of 3,884 head when compared to the same period in 2018. Exports from NI for direct slaughter in ROI plants last week consisted of 23 prime cattle and 119 cows. This brings the total exports to date from ROI to 2,776 head, a decrease of 1,357 head when compared to the same period in 2018.

The deadweight trade for prime cattle in NI last week continued to come under pressure with the average prices for all types of cattle back from the previous week. The average steer price in NI last week was 325.8p/kg, back 3.3p/kg from the previous week while the R3 steer price was back by 4.1p/kg to 334.7p/kg. The average heifer price in NI last week was back by 1.2p/kg to 331.1p/kg while the R3 heifer price was back marginally to 337.5p/kg. The cow trade in NI last week also continued to come under pressure with the average cow price back 3.1p/kg to 235.5p/kg and the O3 cow price back 4.4p/kg to 251.2p/kg.

The deadweight trade for prime cattle also came under pressure across GB last week with the average steer price back by 3.9p/kg to 330.9p/kg while the R3 steer price was back 3.7p/kg to 338.5p/kg. This puts the differential in R3 steer price in NI and GB at 3.8p/kg compared to 7.8p/kg in the same week in 2018. The average heifer price in GB last week decreased by 3.7p/kg to 334.1p/kg while the R3 heifer price was back by 3.6p/kg to 339.4p/kg. This puts the differential between NI and GB at 1.9p/kg while in the same week in 2018 it was at 10.6p/kg.

In ROI last week the deadweight trade for prime cattle has come under pressure with prime cattle throughput totalling 26,409 head. The R3 steer price in ROI last week was back the equivalent of 3.9p/kg to 333.5p/kg, 1.2p/kg below the R3 steer price in NI. Meanwhile the R3 heifer price in ROI was back by 3.4p/kg to 346.1p/kg last week, 8.6p/kg above the equivalent NI R3 heifer price.

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

	W/E 29/06/19	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	332.1	343.1	346.2	340.6	334.7	336.1	339.2
	R3	334.7	333.5	349.1	340.0	332.9	334.0	338.5
	R4	333.1	333.9	354.3	343.9	331.4	331.8	341.6
	AVG	325.4	320.0	331.4	319.8	310.8	310.5	318.0
Heifers	U3	339.7	358.2	353.5	345.8	345.5	336.3	345.6
	R3	337.5	346.1	348.6	342.1	334.8	334.4	339.4
	R4	336.5	345.2	352.1	342.2	337.3	334.6	342.0
	AVG	331.0	331.6	329.6	325.7	311.5	311.9	319.1
Young Bulls	U3	324.5	337.7	342.4	332.3	329.3	326.7	332.2
	R3	322.6	325.3	336.6	328.4	322.2	318.5	326.5
	O3	303.9	300.7	303.6	291.5	287.4	302.9	293.1
	AVG	312.3	-	335.7	319.8	311.0	313.2	318.3
Prime Cattle Price Reported		5,247	-	6,472	6,742	7,520	4,736	25,470
Cows	O3	251.2	260.8	261.7	255.3	255.1	256.1	256.2
	O4	256.4	261.6	263.1	257.9	252.7	253.0	255.7
	P2	219.3	236.4	221.0	221.7	206.3	219.7	213.6
	P3	235.2	252.5	234.4	233.5	228.0	233.3	231.3
AVG	235.5	-	257.7	241.6	221.6	233.3	233.0	

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.51p 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 29/06/19	Steers	Heifers	Young Bulls
U3	331.9	338.6	324.5
R3	330.5	333.5	322.3
O+3	324.5	327.1	311.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 29/06/19	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	150.8	165.9	173.6	185.7
P2	169.6	190.2	212.7	231.7
P3	194.4	202.8	232.3	237.5
O3	138.0	231.9	251.3	252.3
O4	-	224.0	250.9	256.7
R3	-	-	-	273.9

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 29/06/19	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	193	201	197	170	192	182
Friesians	-	-	-	-	-	-
Heifers	202	211	206	173	194	183
Beef Cows	152	192	162	125	151	135
Dairy Cows	106	130	114	60	104	82
Store Cattle (p/kg)						
Bullocks up to 400kg	230	268	248	200	229	215
Bullocks 400kg - 500kg	204	233	219	180	203	191
Bullocks over 500kg	186	209	198	160	185	172
Heifers up to 450kg	235	279	257	180	234	207
Heifers over 450kg	190	210	200	160	191	176
Dropped Calves (£/head)						
Continental Bulls	350	415	380	240	340	290
Continental Heifers	260	350	320	130	255	200
Friesian Bulls	160	260	193	80	150	115
Holstein Bulls	80	120	100	2	75	40

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 01/07/19	Next Week 08/07/19
Lambs up to 21kg	390-395p	385-390p

REPORTED SHEEP PRICES

(P/KG)	W/E 15/06/19	W/E 22/06/19	W/E 29/06/19
NI L/W Lambs	418.1	403.0	362.7
NI D/W Lambs	426.6	431.1	411.2
GB D/W Lambs	451.5	451.6	449.7
ROI D/W	460.1	461.2	433.6

Deadweight Sheep Trade

QUOTES from the major processors for R3 grade lambs came under pressure and ended this week at 380-385p/kg up to 21kg. Quotes are expected to range from 385-390p/kg early next week. Throughput in local plants has continued to increase with 9,962 lambs killed last week the highest weekly kill to date in 2019. Throughput of lambs/hoggets for the first six months of 2019 totalled 152,859 head, a 3.8 per cent decrease on the same period in 2018 when 158,878 lambs/hoggets were slaughtered. Lamb exports to ROI last week for direct slaughter totalled 4,858 head, back 654 head from the previous week. The average deadweight lamb price in NI last week declined by 19.9p/kg from the previous week to 411.2p/kg. Meanwhile in ROI the deadweight trade for lambs decreased by the equivalent of 27.6p/kg to 433.6p/kg

This week's marts

MANY of the marts reported good numbers of lambs passing through the sale rings this week with the trade back from last week. In Massereene this week 839 lambs sold from 345-374p/kg compared to 675 lambs last week selling from 385-417p/kg. In Saintfield on Tuesday 532 lambs sold from 345-380p/kg compared to 505 lambs last week selling from 360-400p/kg. In Rathfriland this week 601 lambs sold from 335-380p/kg (avg 359p/kg) compared to 757 lambs last week selling from 340-404p/kg (avg 378p/kg). In Armoyn this week 246 lambs sold from 355-385p/kg compared to 228 lambs last week selling from 350-395p/kg. Top reported prices for good quality ewes generally ranged from £85-134 across the marts this week.

LATEST SHEEP MARTS (P/KG LW)

From: 28/06/19		Lambs			
To: 04/07/19		No	From	To	Avg
Friday	Newtownstewart	223	344	357	-
Saturday	Swatragh	750	335	374	-
	Omagh	696	339	365	-
Monday	Massereene	839	345	374	-
	Kilrea	450	348	370	-
Tuesday	Saintfield	532	345	380	-
	Rathfriland	601	335	380	359
Wednesday	Ballymena	710	345	370	355
	Enniskillen	387	342	370	-
	Armoyn	246	355	385	-
	Markethill	620	350	380	-

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NSA SHEEP NI EVENT GOES FROM STRENGTH TO STRENGTH

LIVESTOCK and Meat Commission (LMC) Chief Executive, Ian Stevenson, has highlighted the success of this week's NSA Sheep NI event, held in Ballymena.

"It's important for the sheep industry to have its own technical event, which allows producers to find out about the very latest developments taking place within their sector," he said.



National Sheep Association

"The organisers and hosts of NSA Sheep NI 2019 have to be congratulated for putting on this important event in these very uncertain times to celebrate all that is good about the sheep sector and its vital role in the future.

"Sheep continue to play a crucial role within Northern Ireland's agri-food economy.

"Lamb consumption across Europe continues to come under pressure with levels at best static within most categories. It's important, therefore, that the versatility of lamb is continually highlighted, particularly to younger people."

The sheep sector accounts for approximately 11 to 12 per cent of the levy income secured by LMC annually. Recent years have seen the organisation target lamb to young people, courtesy of the work ongoing in post primary schools.

"Dishes such as Yummy Lamb Curry are a particular favourite with the school pupils," said Stevenson. "We have also been actively promoting the versatility of lamb to consumers in the 'Flavour Your Life' advertising campaign and our aim is to generate the best possible payback with the levy monies received from the sheep sector.

"Sheep farmers are very passionate about what they do. They produce excellent meat full of flavour and nutrition but also manage and maintain the countryside for current and future generations."

Discussions with farmers coming on to the LMC stand at Sheep NI covered a wide range of topics. These included current market conditions, the implications of Brexit and the need to boost lamb consumption levels.

"Sheep will be the sector worst affected by a no deal Brexit," said Stevenson. "Analysis carried out by LMC Economist, Seamus McMenamin, confirms that 73 per cent of our lamb production ends up, directly or indirectly, on EU markets.

"Under these circumstances the impact of a no deal Brexit becomes obvious for the local sheep sector. It's a scenario that is not worth contemplating, where the sheep industry is concerned."

Stevenson confirmed the scope to increase the footprint of the Farm

Quality Assurance Scheme (FQAS) within the sheep sector.

"Currently, we export approximately 50 per cent of our lambs to the Republic of Ireland for processing. But even in this context the relevance of FQAS is becoming greater.

"We must never overlook the fact that retailers and the final customers for our meat products are becoming more interested in its provenance and traceability. FQAS plays a critical role in this regard."

Image 1: LMC's Industry Development Manager, Colin Smith, is pictured with Wilbert Boyle, from Gleno, at this year's NSA Sheep NI event



MERCOSUR THREAT NOW A REALITY

THE recent trade deal struck between the EU and the Mercosur group, if ratified, will allow the South American trading bloc to export 99,000t of beef annually into Europe at a reduced tariff rate.

"It's not a free trade deal as such, where beef is concerned," explained LMC Chief Executive, Ian Stevenson.

offensive interests of the EU to get better access to Mercosur for manufactured goods and services have resulted in significant concessions being given on the defensive interests of beef and other agricultural products. For its part Northern Ireland, since the lifting of the BSE beef export ban in 2006 has been seeking the widest possible access for its beef to markets around the world. We want the EU to do trade deals with the rest of the world. But we must have a level playing put in place where Mercosur is concerned," he said.

"Here in Northern Ireland beef producers must factor-in the environmental and conservation footprint of their farms. The same principles must also hold for beef farmers in the Mercosur region."

Stevenson continued: "The new trading arrangements put in place between the EU and Mercosur must be totally transparent.

"I am in no doubt that the likes of Brazil, Argentina and Uruguay will be targeting the UK market with its top-end beef cuts. But this meat must be produced to the same standards expected of farmers and processors in Northern Ireland."

He concluded: "The ratification process will provide lobby groups with the opportunity to ensure that a level playing field is put in place, when it comes to assessing the suitability of beef imports from the Mercosur region.

"There is a particular need for Europe to put in place verification measures, which will help ensure that Mercosur farmers and processors are meeting the quality standards demanded of them."



"The tariff rate has been reduced to 7½ per cent. However, it is low enough to act as a real incentive for the Mercosur members to up their focus on the EU market."

He continued: "The EU beef market is finely balanced. More product coming our way will only have one outcome: a reduction in prices.

"EU Agriculture Commissioner, Phil Hogan, has already confirmed this. In response to such an eventuality Brussels is to make available a €1 billion support fund to assist the industry through a transition period when market displacement may occur.

"We can't be seen to be hypocrites on the issue of international trade but it appears as though the

IN MY OPINION: RICHARD HALLERON

I have covered numerous stories over the past few months featuring farm families who have made the switch from suckled to milk production. The rationale is a very simple one: milk generates a regular income stream and, at the same time, it is perceived to be a sector with a more certain future than suckler beef production.

Suckling has been a traditional farming enterprise in this part of the world, going back many generations. Given its particular significance in those parts of the country where farming alternatives are very limited, the need for the UK government to support the sector post Brexit is obvious.

This, however, is only part of the story. Suckling also ticks every environmental and conservation-related box that governments and stakeholder groups can come up with. The grazing impact of suckler cows - and breeding sheep - has helped create the beautiful countryside, particularly in hill areas, for which Northern Ireland is famous the world over.

In other words, sucklers are a special case. And they must be treated as such. The last year or so has seen all the farm lobby groups in the Republic of Ireland pressing for a bespoke €200 per head support payment on suckler cows. Here in Northern Ireland we have seen an end to payments under the Areas of Natural Constraint (ANC) Scheme and after Brexit payments from the European Union's Common Agricultural Policy (CAP) will no longer be available to support the income of farmers. However, the need for

specific - and additional assistance - to be made available for our suckler herds should be made loud and clear to the authorities in London.

Back in the day, this was the case, courtesy of bona fide suckler cow headage payments. And, I firmly believe that a new form of targeted support for sustainable and productive suckler beef production must be brought into play with immediate effect.

Suckler cows have a key role to play at the very heart of the local livestock sector. The reality is that sucklers are synonymous with the production of high-quality beef, which can be sold the world over.

There is no reason why the size of the suckler herd in Northern Ireland cannot be increased significantly. Quality beef from suckler herds in Northern Ireland with excellent sustainability credentials must continue to be available to supply discerning customers in domestic and overseas markets.

Image 2: More support is needed for the Northern Ireland suckler industry



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