LMC
Livestock & Meat Commission

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UNPRECEDENTED TIMES IN RED MEAT SECTOR

As we go to print the market conditions for beef and lamb sales are incredibly challenging. Initial panic buying of consumers in retail outlets has started to level out and shoppers are now purchasing foodstuffs, including red meat, at more normal levels.

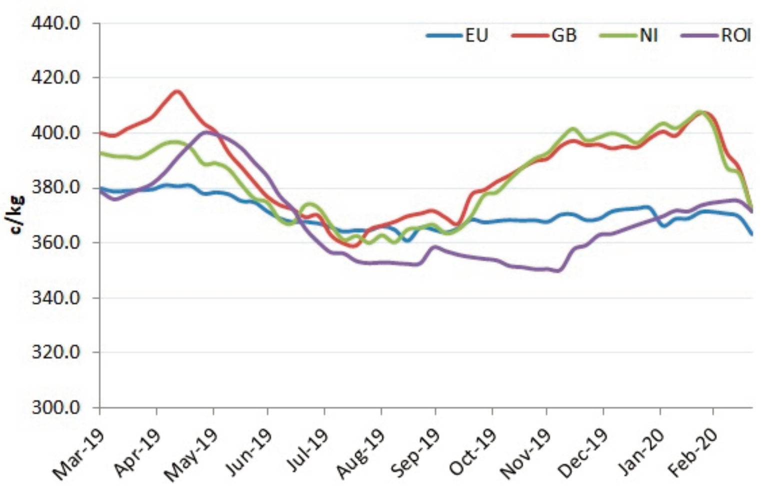
However, the severe distortion of markets, particularly with the closure of most food service businesses has given rise to extreme carcase balance issues at processing level. Steaks and other high value hindquarter cuts of beef, fifth quarter products and lamb sales have all come under severe pressure in the marketplace. These products are not benefitting from increased demand for food at retail level which has tended to be for lower value cuts.

Serious intervention and support from government will be required to support all levels of the supply chain if the current period of economic uncertainty and market distortion continues.

The EU league table provides a useful comparison of the deadweight cattle trade in the EU by ranking countries in terms of their farmgate R3 heifer prices and identifying changes from the previous month.

There have been significant fluctuations in the value of sterling against euro in the last few weeks as the Covid-19 crisis continues to impact both the UK and wider EU economies. During the w/e 22 March 2020 €1 was worth 91.6p, up from 83.3p in the w/e 23 February 2020. This significant weakening in the value of sterling has driven down UK beef prices in euro terms.

Figure 1: R3 heifer prices in the EU, GB, NI and ROI during the 52 w/e 22 March 2020 (€ Cents)



Under normal circumstances a weaker sterling works in the favour of local beef producers by making our beef much more competitive on export markets while making beef imports relatively more expensive. However with the ongoing Covid-19 crisis this has not been the case.

The significant shift in demand for beef in the domestic UK market has created carcase balancing issues and this combined with difficulties in accessing export markets and a collapse in the value of the fifth quarter has had a negative impact on the deadweight trade.

There have been strong declines in reported deadweight prices in a number of key EU beef producing regions as outlined in **Table 1** which has resulted in a weakening in the overall beef trade in the trading bloc. The average R3 heifer price in the EU during the week ending 22 March 2020 was 363.2c/kg, back 8.1c/kg from the previous month.

In the week ending 22 March 2020 the R3 heifer price in NI was the equivalent of 373.1c/kg. This was back 34.5c/kg from the previous month and moved NI down from second place in the league table to seventh position.

This notable decline in NI beef prices in euro terms has narrowed the differential between R3 heifer prices in NI and the EU average from 36.3c/kg in the w/e 23 February 2020 to 9.9c/g in the w/e 22 March 2020. This has narrowed the differential in the value of an 330kg carcase from €120 to €33.

Table 1: EU Deadweight Cattle Prices - Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth (w/e 23.02.20)	Price this Mth (w/e 22.03.20)	Change on Mth (cents)
1	1	Italy	409.7	443.6	+33.9
5	2	Sweden	403.3	398.0	-5.3
6	3	France	389.0	390.0	+1.0
4	4	Luxembourg	404.5	387.0	-17.5
8	5	Portugal	377.8	381.5	+3.7
7	6	Spain	382.0	379.4	-2.6
2	7	Northern Ireland	407.6	373.1	-34.5
3	8	Great Britain	407.3	373.1	-34.2
9	9	Ireland	373.7	371.5	-2.2
11	10	Austria	350.6	347.4	-3.2
12	11	Denmark	338.3	342.5	+4.2
13	12	Slovenia	326.7	326.8	+0.1
10	13	Germany	352.7	320.2	-32.5
15	14	Belgium	316.0	317.5	+1.5
16	15	Lithuania	298.5	305.8	+7.3
14	16	Poland	324.2	291.8	-32.4
17	17	Czech Republic	277.5	257.2	-20.3
		EU Average	**371.3**	**363.2**	**-8.1**
		Euro (€1=)	**83.3**	**91.6**	**+8.2**

A similar decline in deadweight prices in euro terms has been recorded in GB where the R3 heifer price was back by the equivalent of 34.2c/kg to 373.1c/kg in the w/e 22 March 2020. This has moved GB down five places in the EU league table to eighth place.

In ROI the R3 heifer price was 371.5c/kg in the w/e 22 March 2020, back 2.2c/kg from the previous month.

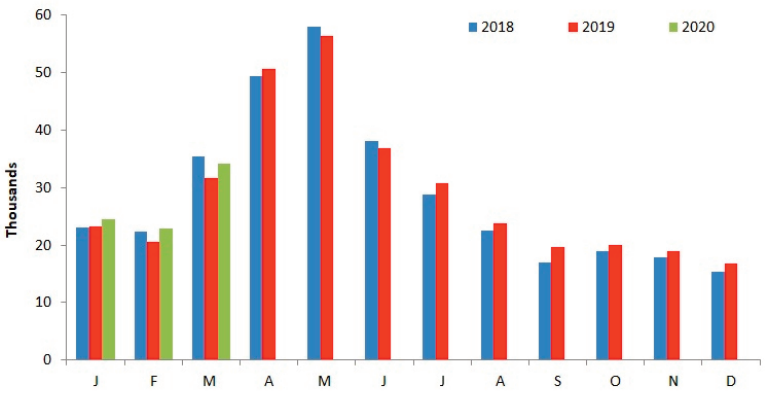
With prices in ROI holding relatively steady in euro terms while prices in GB and NI came under pressure there has been a notable narrowing in the differential in prices. R3 heifer prices in ROI were marginally behind the equivalent prices in NI and GB during the w/e 22 March 2020 compared to a differential of over 30c/kg during the w/e 23 February 2020.

NI CALF REGISTRATIONS UPDATE

During the first three months of 2020 there were 81,481 beef sired calves registered in Northern Ireland. This was an increase of 6,100 head from the corresponding period in 2019 when 75,381 beef sired calves were registered.

This increase in beef sired calf registrations has been driven by an increase in registrations to both suckler and dairy cows during 2020 to date.

Figure 2: Monthly beef sired calf registrations in Northern Ireland 2018-2020



Suckler cows

Calf registrations to suckler cows totalled 42,885 head during 2020 to date which accounts for 53 per cent of all beef sired calf registrations in Northern Ireland. This is an increase of 4,053 head or ten per cent from the 38,832 head registered in the same period last year.

This increase in calf registrations to suckler cows has occurred despite a relatively strong cow kill in Northern Ireland in recent weeks and a further reduction in suckler cow numbers recorded in the DAERA December 2019 Agricultural survey which was released in the last few weeks.

The survey recorded 235,794 suckler cows on Northern Ireland farms, back 9,339 head or 3.8 per cent from December 2018 levels. This is the third consecutive year in which suckler cow numbers in Northern Ireland have recorded a decline and brings cow numbers to their lowest level since 1987.

Calf Registrations Summary

Registrations to suckler cows
+10 per cent /+4,053 head

Beef calf registrations to dairy cows
+6 per cent /+2,119 head

Dairy calf registrations to dairy cows
- 3 per cent / -1,565 head

Dairy Cows

There were 38,392 beef sired calves registered to dairy cows during the first three months of 2020, an increase from 36,273 registrations during the same period in 2019. This is an increase of 2,119 head or six per cent year on year.

Meanwhile the number of dairy sired calves registered in Northern Ireland has declined by 1,565 head or three per cent to total 45,577 head during the first three months of 2020. The number of dairy sired male calves registered totalled 18,408 head during the 2020 period, back from 20,925 head in the same period in 2019.

Overall there has been a marginal increase in the total number of calves registered to dairy cows in Northern Ireland during 2020 to date, up from 83,415 head last year to 83,969 head this year.

The DAERA December 2019 Agricultural Survey identified 314,275 dairy cows on Northern Ireland farms, the highest number on record in December when numbers are typically lower then recorded in the June census. This was up 1.7 per cent or 5,284 head from December 2018 levels.

WEEKLY BEEF & LAMB MARKETS

LMC Livestock & Meat Commission

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 30/03/20	Next Week 06/04/20
Prime		
U-3	324 - 330p	316 - 320p
R-3	318 - 324p	310 - 314p
O+3	312 - 318p	304 - 308p
P+3	264 - 272p	256 - 262p
	Including bonus where applicable	
Cows		
O+3 & better	230 - 240p	224 - 230p
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 28/03/20	Steers	Heifers	Young Bulls
U3	338.6	343.6	329.2
R3	335.5	338.7	329.0
O+3	328.1	330.3	316.7

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 28/03/20	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	156.8	168.2	177.8	190.1
P2	176.8	198.9	219.4	229.9
P3	194.8	212.8	231.3	240.1
O3	204.0	228.9	248.4	258.8
O4	-	224.0	242.8	261.0
R3	-	-	-	281.9

Deadweight Cattle Trade

Base quotes this week for in spec U-3 grading steers and heifers came back at the upper end by 4p/kg to 324-330p/kg across the NI processing plants. The cow trade also came back as anticipated with base quotes for good quality O+3 grading cows ranging from 230-240p/kg this week. Quotes are expected to come back further to 316-320p/kg for prime cattle and 224-230p/kg for cows early next week.

Prime cattle throughput in NI last week totalled 7,217 head which brings throughput during 2020 to date to 89,607 head. This is marginally higher than the same period in 2019 when 88,966 prime cattle were processed locally. Cow throughput in local plants decreased slightly last week to 1,848 head, bringing cow throughput for 2020 to date to 25,181 head. This was up almost ten per cent from the 22,920 cows processed in local plants in the first quarter of 2019.

Cattle imports to NI for direct slaughter from ROI last week consisted of only one young bull. This brings the total prime cattle imports from ROI in the first quarter of 2020 to 2,426 head, up 77 head from the same period in 2019. A further two steers and 67 cows were imported from GB for direct slaughter last week. Cattle exports from NI to ROI last week included nine prime cattle and 53 cows. This brings the total prime cattle exports to ROI in the first quarter of 2020 to 111 head, back from 292 head in the same period in 2019.

The deadweight trade for prime cattle came under some pressure in NI last week with the average steer price back 0.6p/kg to 330.5p/kg and the R3 steer price back by a similar margin to 338.9p/kg. The average heifer price in NI last week was back 1.2p/kg to 332.8p/kg while the R3 heifer price was back 2.6p/kg to 339.6p/kg. The cow trade firmed in NI last week with the average cow price up by 4p/kg to 240p/kg while the O3 cow price was slightly back by 0.3p/kg to 257.7p/kg.

In GB last week the average steer price increased by 1.3p/kg to 337p/kg while the R3 steer price increased by 0.7p/kg to 343.2p/kg. This puts the differential in R3 steer price in NI and GB at 4.3p/kg, similar to the same week in 2019 when the differential was 4.6p/kg. The average heifer price in GB last week was back marginally to 336.6p/kg while the R3 heifer price decreased by 0.8p/kg to 341.4p/kg. This puts the differential in R3 heifer prices last week between NI and GB at 1.8p/kg compared to a differential of 6.3p/kg in the same week in 2019. Meanwhile the cow trade came under pressure in GB with the O3 cow price back 5.4p/kg to 255.9p/kg last week.

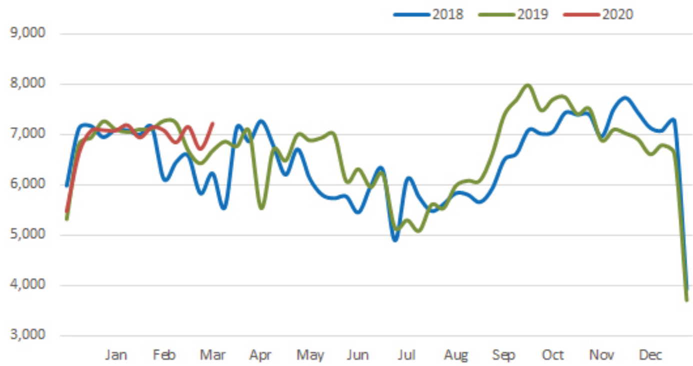
The deadweight trade for all types of cattle came under pressure in ROI last week. The R3 steer price decreased by the equivalent of 3.4p/kg to 335.7p/kg with the R3 heifer price decreasing by 3.6p/kg to 338.7p/kg. Prime cattle throughput was back alsmot 2,000 head from the previous week at 25,317 head. The cow trade also came under pressure in ROI with the O3 cow price back by the equivalent of 9.8p/kg to 259.9p/kg last week. Cow throughput reamined similar to previous weeks at 6,770 head.

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

	W/E 28/03/20	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	339.3	344.3	350.6	348.3	345.8	348.5	348.3
	R3	338.9	335.7	351.0	347.9	340.0	336.3	343.2
	R4	338.1	336.2	350.4	355.0	338.7	337.6	348.0
	O3	327.6	319.7	336.1	323.2	315.0	315.2	320.1
	AVG	330.5	-	347.1	341.1	329.0	329.0	337.0
Heifers	U3	343.6	351.9	357.5	351.8	353.1	349.5	353.1
	R3	339.6	338.7	350.4	345.2	340.1	335.7	341.4
	R4	337.5	339.2	350.3	347.9	340.7	336.8	345.2
	O3	329.0	323.6	330.8	328.1	315.6	315.6	321.0
	AVG	332.8	-	347.5	339.0	330.9	327.4	336.6
Young Bulls	U3	329.2	322.5	340.8	333.8	338.3	336.3	337.7
	R3	326.9	313.3	334.1	330.0	329.5	326.8	330.2
	O3	309.9	298.0	315.1	299.8	305.6	299.1	306.6
	AVG	313.9	-	327.2	316.6	317.4	317.0	319.3
Prime Cattle Price Reported		6,350	-	7,124	7,893	8,209	5,223	28,449
Cows	O3	257.7	259.9	259.5	254.9	258.1	251.8	255.9
	O4	260.3	260.7	261.1	256.2	254.7	246.8	254.0
	P2	219.2	229.3	216.8	212.1	209.6	205.8	209.3
	P3	236.5	246.7	231.3	225.6	227.9	222.9	226.6
	AVG	240.0	-	254.9	234.5	228.2	225.0	230.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=91.53p 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

Figure 3: Prime cattle throughput in Northern Ireland 2018-2020



SHEEP TRADE

NI SHEEP BASE QUOTES		
(P/Kg DW)	This Week 30/03/20	Next Week 06/04/20
Hoggets up to 22kg	400p	420p
Spring Lambs up to 21kg	420-430p	440-450p

REPORTED SHEEP PRICES			
(P/KG)	W/E 14/03/20	W/E 21/03/20	W/E 28/03/20
NI L/W Hoggets	432.1	427.6	-
NI D/W Hoggets	479.8	479.5	460.0
GB D/W Hoggets	539.7	551.4	516.6
ROI D/W	488.7	499.1	492.3

Deadweight Sheep Trade

Quotes started this week for R3 grading hoggets at 400p/kg up to 22 kg after falling significantly the previous week. There was however some improvement with quotes increasing to 420p/kg as the week progressed. Small numbers of spring lambs are starting to become available with base quotes of 440-450p/kg up to 21kg for R3 grading lambs.

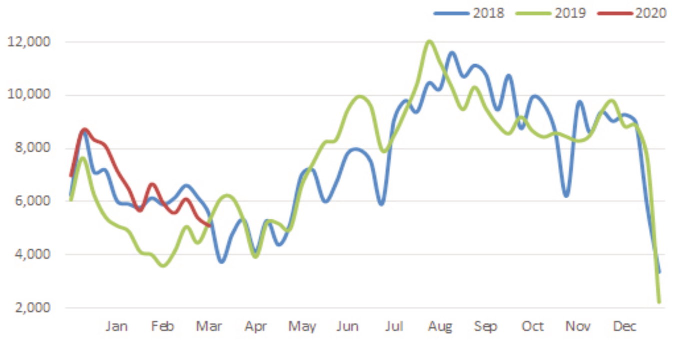
Throughput of hoggets/lambs in NI plants last week totalled 5,096 head. This brings the total number of hoggets/lambs processed in the first quarter of 2020 to 86,165 head, up 30 per cent when compared to the same period in 2019 when 66,040 hoggets/lambs were processed in local plants. ROI continues to act as an important outlet for NI with 4,912 lambs/hoggets exported for direct slaughter last week. This brings the total number of hoggets/lambs exported to ROI for processing the first quarter of 2020 to 82,246 head, up 7.2 per cent when compared to the same period in 2019 when 76,737 hoggets/lambs were exported to ROI.

Deadweight hogget prices came under pressure across all the regions last week. In NI the deadweight hogget price was 460p/kg back 19.5p/kg from the previous week. In the same week last year the NI deadweight hogget price was 429.2p/kg. In ROI last week the lamb/hogget price was back by the equivalent of 6.8p/kg to 492.3p/kg. In the same week in 2019 the hogget price was 426.7p/kg. Meanwhile in GB the hogget price last week was back 34.8p/kg to 516.6p/kg, in the same week last year the GB hogget price was 438.2p/kg.

Marts Update

All local beef and sheep marts announced last week that they will be closing for at least two weeks in response to the ongoing **Covid-19** outbreak across the province.The decision was announced by the Northern Ireland Livestock Auctioneers Association (NILAA) and follows on from the decsion of many livestock marts to close their doors. LMC will begin to publish livestock cattle and sheep information once the marts open again for business.

Figure 4: Lamb/Hogget throughput in Northern Ireland 2018-2020



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MONTHLY NEWS

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BUSINESS AS USUAL FOR MARKET SUPPORT WORK AT LMC

Despite the challenges posed by the current Covid-19 restrictions, LMC is continuing to play a very proactive role in communicating the benefits of Northern Ireland Farm Quality Assured beef and lamb in a balanced diet to consumers across Northern Ireland.

Industry Development Manager Colin Smith explains:"Due to the Covid-19 pandemic our annual school cookery demonstration programme came to an end two weeks early on Friday March 13th. However, the 2019/20 academic year marked our strongest level of engagement yet with schools province-wide.

Colin continued: "Our beef and lamb advertising campaign for 2019/2020 has just finished. It featured prominently on television, radio, outdoor, in print media and on line. Levy -funding is playing a critical role in making this happen. Initial feedback on the impact of the campaign has been very positive.

> One of the most encouraging aspects to our work with the schools is the universal recognition that LMC has gained as a wholly impartial source of advice, where the inclusion of red meat in the diet is concerned. Obviously we will be building on this for the future
>
> Lauren Hyde LMC

"However, we shall be carrying out a thorough assessment of the actual impact made by the campaign during the period ahead. I can also confirm that planning is already underway regarding the themes and content of a new LMC advertising campaign, which will be developed for 2020/21."

According to Colin, social media is also playing a very important role in allowing LMC to communicate a wide range of important messages to the public at large, in tandem with farmers and agri stakeholders.

> Our recent press statements highlighting the absolutely vital work carried out by those employed in food companies the length and breadth of Northern Ireland during the Covid-19 pandemic was extremely well received across all of LMC's social media platforms.
>
> Colin Smith LMC

"The coming days will see us follow this up with a campaign advising farmers to take particular care when it comes to their own general health and safety at this time. We will also be taking the opportunity to launch a further campaign that will have a specific focus on mental health-related issues. For many, farming is a very solitary occupation. The current Covid-19 restrictions are adding to this sense of isolation. Our upcoming campaign will specifically highlight where farmers can get the professional advice they need to address these matters."

Colin concluded;"LMC is a multi-faceted organisation. We perform a wide range of stakeholder-related activities at the very heart of the farming and food sector. Covid-19 is posing many challenges for everyone at the present time. However, the good news is that modern technologies are allowing the entire LMC team to continue with their core duties and responsibilities. This is good news for our stakeholders and consumers across the board."

Image 1: LMC are continuously communicating a wide range of important messages to the general public through our social media platforms

LMC HELPING INDUSTRY CHART A PATH THROUGH COVID-19 AND BEYOND

The fast changing market conditions that have so characterised the beef and lamb sectors over recent days have been marked by a very proactive and positive response from LMC staff. Their objective has been to help industry stakeholders to find ways of stabilising returns in the most efficient way possible.

"Yes there has been a growth in retail demand for certain red meat products, beef mince in particular," LMC's Chief Executive Ian Stevenson explained. "But the catering sector has, to all intents and purposes, imploded. The most immediate losers in this unfolding scenario have been sheep producers, with lamb prices taking a particular hit. Beef producers are also extremely worried about the downward pressure on prices that severe market distortions are bringing to the sales of steak meat, high value hind quarter cuts and the fifth quarter"

He continued: "In response to these developments LMC has met with representatives from the Northern Ireland Meat Exporters' Association and the Ulster Farmers' Union over recent days. Our aim has been to ensure that all stakeholders are singing from the one hymn sheet when it comes to indentifying measures for supporting the redmeat industry through this time.

Ian also confirmed a very positive recent engagement between LMC and representatives from the Stormont Agriculture, Environment and Rural Affairs (AERA) committee prior to the Covid-19 Emergency Bill. The meeting was specifically held to discuss the longer term challenges facing beef and lamb in Northern Ireland.

> We had a very wide ranging discussion with AERA committee members, all of whom were keen to pose questions that get to the very heart of the challenges confronting farmers and red meat processers in equal measure in the months and years ahead
>
> Ian Stevenson LMC

"Not surprisingly, the potential impact of Brexit on the red meat sector was discussed in detail. The need to secure sustainable support measures for farmers moving forward was also addressed."

The LMC representative confirmed that AERA members fully recognised the vital role played by beef and sheep farmers in helping Northern Ireland to meet its climate change obligations. He said: "Our reliance on permanent grassland is ensuring that the beef and lamb we produce is playing an important role in sequestering carbon into soils and maintaining biodiversity in grazed pasture lands.

AERA Committee members were briefed on the opportunities that exist to promote beef and lamb from Northern Ireland throughout the UK and beyond. Ian Stevenson again: "AERA Committee members were made fully aware of the tremendous role played by the Beef and Lamb Farm Quality Assurance Scheme in underpinning the provenance of our entire red meat sector, from farm through to fork. But the absolute imperative of protecting our home market in the UK from cheap red meat imports was also discussed."

Ian continued: "The need for the UK government to maintain current import tariffs on beef from countries such as Brazil is vital. Meat produced in these regions is not produced to the same standards as expected form farmers here in Northern Ireland. It is all about creating a level playing field for local farmers and I am very confident that the members of the AERA Committee took this point fully on board."

"Ian concluded:"We had a very positive engagement with the committee members. There was unanimous agreement that the local beef and lamb industry has an important role to play in the economy of Northern Ireland and we were encouraged by members to continue our important work to support industry efforts both here at home and abroad.

LMC EXPLORING WAYS TO FACILITATE NEW APPLICANTS

LMC is continuing to identify ways by which new applicants can be accepted for the Northern Ireland Beef and Lamb Farm Quality Scheme (NIBL FQAS). Last week saw the United Kingdom Accreditation Services (UKAS) assert that new applications could not be ratified without a physical a farm inspection having taken place. LMC took the decision to halt all farm inspections on March 18th past in tandem with Northern Ireland Food Chain Certification, the body charged with the responsibility of assessing all farm inspections including FQAS applications.

The Commission's Industry Development Manager Colin Smith explained: "LMC is continuing to explore ways in which we can adapt the FQAS application process to allow farmers who may desperately need an outlet for finished cattle and lambs to become assured.

"We recognise the growing pressures on farmers at this time. We are working closely with the FQAS Board, NIFCC, UKAS and other assurance schemes to get the right solution."

He added:"FQAS continues to operate and existing participants' assured status will continue to be certified during the period of inspection deferral. Members whose renewals fall due will be invited to pay the annual renewal fee in order to continue participation in the scheme. Members will be advised to pay online during this period."

Turning to the matter of FQAS documents that are required by farmers, Colin explained that LMC is working with NIFCC to see if the posting of all relevant literature and record books to members can, once again, be facilitated.

But he also pointed out that documentation, such as the FQAS Standard, feed book, and medicines' book are available on line at https://www.lmcni.com/farm-quality-assurance/documentation/

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