

EU PUBLISHES SHORT TERM OUTLOOK

EU beef production declined by 0.9 per cent during 2019 which stemmed from the continued decline in the EU cattle herd. The overall EU cow herd declined by 0.8 per cent during 2019 with most of this decline coming from a reduction in dairy cow numbers. Suckler cow numbers meanwhile stabilised within the trading bloc as a whole during 2019 with increases in cow numbers in Spain, Poland and Italy as a result of improved export opportunities.

EU beef production is forecast to decline by a further 0.6 per cent in 2020 in response to lower cattle availability and lower deadweight

prices. Covid-19 is expected to negatively impact markets for specific beef products, especially high-value cuts due to the closure of foodservice and butchery departments in supermarkets.

EU beef imports remain relatively small however they increased by 3.9 per cent during 2019, primarily due to increased imports from Argentina. The level of EU beef imports from South America is expected to hold steady during 2020 with many beef exporters opting to divert their high value cuts to Asian markets including China, Japan and South Korea.

Covid-19 may also undermine EU beef imports from South America by negatively impacting demand from foodservice for high-value cuts and also lower domestic beef prices in the EU making imported beef less competitive.

EU beef exports declined by three per cent during 2019, driven primarily by a ten per cent reduction in UK beef exports. EU beef exports are expected to recover slightly and increase by one per cent during 2020. This recovery is dependent on expanding opportunities in Asian markets including Japan, Hong Kong, China and the Philippines.

Sheepmeat

Sheepmeat production in the EU increased strongly during 2019 with a 5.5 per cent increase in the volume of sheepmeat processed. This increase however is not expected to continue with production expected to level off in 2020 due to a decline in the EU sheep flock.

Covid-19 is expected to have a negative influence on the EU sheepmeat market due to the impact of declining demand from foodservice. This decline is not expected to be absorbed by any associated increase in retail demand.

EU sheepmeat exports increased strongly during 2019 and are expected to increase by a further two per cent in 2020. This continued increase stems from increasing levels of export to the Middle East and Hong Kong.

EU sheepmeat imports declined by 6.1 per cent during 2019. The primary driver behind this decline was the redirection of product from New Zealand to Asia in response to strong demand and higher prices in some key importing countries. Imports are expected to decline by a further one per cent during 2020.

Figure 1: Overview of key beef market statistics during 2019 and forecast 2020 figures. (Source: European Commission)

BEEF		2019	2020
Production	📉	-0.9%	📉 -0.6%
Exports	📉	-3.0%	📈 +1.0%
Imports	📈	+3.9%	➡️ +0.0%
Consumption	➡️	-0.5%	📉 -0.7%

Figure 2: Overview of key sheep market statistics during 2019 and forecast 2020 figures. (Source: European Commission)

SHEEP & GOAT		2019	2020
Production	📈	+5.5%	➡️ +0.0%
Exports	📈	+12%	📈 +2.0%
Imports	📉	-6.1%	📉 -1.0%
Consumption	📈	+2.2%	➡️ -0.4%

STRONG INCREASE IN SHEEP TRADE

This week the local processing plants increased quotes for R3 grading hoggets to 490p/kg up to 22kg while quotes for R3 grading spring lambs increased to 530p/kg up to 21kg.

This brings the deadweight trade in Northern Ireland well above the corresponding week last year when quotes for R3 grading hoggets were 445-455p/kg up to 22kg and quotes for spring lambs were 480-485p/kg up to 21kg.

Tighter supplies

The strong uplift in quotes for both hoggets and spring lambs in Northern Ireland in recent weeks has been driven by tighter supplies for processing and increasing competition for the hoggets/lambs available from both local processors and processing plants south of the border.

Last week there were 3,837 lambs/hoggets processed in Northern Ireland plants, notably lower than the 5,271 lambs/hoggets processed during

the same week last year. A further 3,465 lambs/hoggets were exported to plants in the Republic of Ireland for direct slaughter. This was also significantly lower than the 4,589 head exported during the corresponding week last year.

Ramadan

Ramadan is a Muslim festival which runs from the 23 April to 23 May this year. The festival typically contributes to an increase in demand for lamb due to an increase in the number of family gatherings to break the fast each evening with lamb often being the meat of choice.

However with ongoing restrictions on family gatherings in both the UK and France (the UK's biggest export market) it remains to be seen if the restrictions will have an impact on lamb demand, particularly in the run up to Eid al-Fitr which is a celebration marking the end of Ramadan.

EUROPEAN COMMISSION ANNOUNCES SUPPORTS FOR BEEF AND LAMB



European Commission

The European Commission has proposed additional exceptional measures to support the agri-food sectors worst affected by the COVID-19 crisis. The measures are expected to be worth nearly €80 million with €46 million of the fund available to the beef and sheepmeat sectors.

The measures identified include Private Storage Aid, flexibility for market support and exceptional derogations from EU competition rules. The draft regulations were distributed to EU Member States earlier this week and a vote is expected to take place on Monday 27 April 2020 where some changes to the proposed measures could be brought forward.

It is hoped these measures will restore some level of market equilibrium with the European Commission aiming to have these measures in place by the end of April 2020.

BEEF PROPOSAL

EC proposal for Private Storage Aid for beef (steaks) – aid for an estimated volume of 25,000 t of fresh or chilled meat of bovine animals aged 8 months or older to be stored for minimum 3 months to maximum 5 months.
Total budget: €26 million

LAMB PROPOSAL

EC proposal for Private Storage Aid for sheep and goat (carcasses or half carcasses) – aid for a maximum of 36,000 t of fresh or chilled meat of ovine and caprine animals aged less than 12 months and to be kept in storage for minimum 3 months to maximum 5 months.
Total budget: €20 million

Reports from processors have indicated significant difficulties in selling steak meat in particular during the last few weeks following the shutdown of the food service market with many plants opting to freeze product prior to this announcement.

Sheep meat production in NI is currently operating at low levels in line with

normal seasonal trends with demand for product currently running ahead of supply. However as we move towards the summer months and peak lamb production this supply and demand balance will shift in the other direction.

This could potentially have a negative impact on the deadweight lamb trade, particularly if the ongoing pandemic has any impact on the volume our lamb being sold into valuable EU export markets

While this announcement of Private Storage Aid may provide some short term respite to the beef and lamb markets it is worth noting that freezing products, and in particular steak meat, reduces the value of individual cuts on the marketplace. A reduction in the value of the most valuable cuts in particular will inevitably result in a weakening in deadweight prices.

Also as outlined above any products placed in storage under the Private Storage Aid scheme will come back onto the market between three and five months later. This could potentially have a detrimental impact on the deadweight trade further down the line if it creates an imbalance between supply and demand.

Image 1: Tighter hogget/lamb supplies and an uplift in demand due to Ramadan have contributed to an improvement in the deadweight trade for sheep.



FQAS Helpline

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 20/04/20	Next Week 27/04/20
Prime		
U-3	308 - 318p	308 - 318p
R-3	302 - 312p	302 - 312p
O+3	296 - 306p	296 - 306p
P+3	248 - 260p	248 - 260p
Including bonus where applicable		
Cows		
O+3 & better	224 - 230p	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.

Deadweight Cattle Trade

The deadweight cattle trade remained steady this week with base quotes from the major NI processors for in spec U-3 grade prime cattle ranging from 308-318p/kg. Most of the major processors are quoting in the region of 314-316p/kg. The trade for good quality O+3 cows also remained steady with base quotes this week ranging from 224-230p/kg. Similar quotes are expected for all types of cattle early next week.

Prime cattle throughput in NI decreased by 776 head last week to total 5,868 head. This is a 17 per cent decrease from the same week in 2019 when 7,065 prime cattle were processed locally. The average prime cattle carcass weight in NI last week was 344kg compared to 338kg in the same week last year. Cow throughput in NI last week decreased by 267 head to total 1,072 head. This is the lowest weekly throughput of cows during 2020 to date and is back 20 per cent from the same week last year. The average cow carcass weight last week was 304kg compared to 309kg in the corresponding week in 2019.

Imports from ROI for direct slaughter last week consisted of 45 prime cattle with no cattle imports from GB to NI for direct slaughter. Exports from NI to ROI for direct slaughter last week consisted of three prime cattle and 21 cows while no cattle made the journey from NI to GB for direct slaughter.

Last week in NI the deadweight trade for prime cattle generally came under pressure when compared to the previous week. The average steer price in NI was 315.3p/kg, back by 2.9p/kg from the previous week while the R3 steer price decreased by 5.8p/kg to 323.1p/kg. The average heifer price came back by 1.3p/kg to 319p/kg while the R3 heifer price reported an increase of 1.7p/kg to 326.5p/kg. Meanwhile the average NI cow price decreased by 3.3p/kg to 209.1p/kg last week with the O3 cow price reporting an increase of 2.2p/kg to 235.1p/kg.

The deadweight trade for prime cattle also continued to come under pressure in GB last week. The average R3 steer price decreased by 6p/kg to 323.7p/kg with the average R3 heifer price decreasing by a similar margin to 329p/kg. The differential in paid prices between NI and GB last week for an R3 grading steer was 5.9p/kg while the differential between the regions for an R3 grading heifer was 2.6p/kg. Deadweight prices for cows have generally remained steady in GB with the average cow reporting a similar price to the previous week at 209.4p/kg while the O3 cow price increased half a penny to 236.3p/kg.

Last week the deadweight prime cattle trade in ROI also came under pressure. The R3 steer price in ROI was the equivalent of 299.2p/kg, back by just over 4p/kg from the previous week. Meanwhile the R3 heifer price in ROI decreased by 4.7p/kg to 304p/kg. This puts the R3 steer price in ROI 23.9p/kg behind the R3 steer price in NI while the R3 heifer price in ROI last week was 22.5p/kg lower than the equivalent NI price. The O3 cow price in ROI last week remained steady at the equivalent of 220.4p/kg, 14.7p/kg below the same price in NI.

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

	W/E 18/04/20	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	324.2	305.9	339.6	336.9	330.7	329.7	334.4
	R3	323.1	299.2	340.9	334.0	326.5	322.3	329.0
	R4	321.3	299.6	343.7	345.7	327.2	323.5	338.6
	O3	311.9	284.4	325.5	309.4	302.2	302.4	305.8
	AVG	315.3	-	338.9	327.9	315.6	312.3	323.7
Heifers	U3	329.0	317.7	346.6	340.8	337.5	330.9	339.4
	R3	326.5	304.0	340.6	332.3	326.9	322.8	329.1
	R4	322.2	304.0	342.3	336.6	328.3	325.2	335.4
	O3	315.8	289.0	322.3	316.8	300.3	303.0	307.5
	AVG	319.0	-	341.0	329.0	317.4	312.9	326.0
Young Bulls	U3	312.4	293.3	334.0	320.9	323.6	325.9	328.7
	R3	314.1	282.4	327.7	316.5	315.8	311.9	318.7
	O3	291.0	267.5	296.6	286.0	284.5	283.1	286.9
	AVG	297.3	-	322.2	305.8	302.1	308.3	309.2
	Prime Cattle Price Reported	5,126	-	5,456	5,713	6,495	4,083	21,747
Cows	O3	235.1	220.4	240.9	242.7	233.0	228.7	236.3
	O4	239.8	219.3	240.4	241.8	233.5	224.6	235.2
	P2	189.4	196.8	185.2	202.3	188.8	187.3	190.1
	P3	214.3	209.5	195.2	218.0	205.8	205.7	206.5
	AVG	209.1	-	223.0	227.0	202.0	198.4	209.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.19p 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 18/04/20	Steers	Heifers	Young Bulls
U3	323.0	328.7	311.6
R3	320.4	325.4	314.8
O+3	311.2	317.1	303.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 18/04/20	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	130.7	141.6	149.9	157.3
P2	144.9	170.9	188.5	203.0
P3	170.0	196.6	207.2	216.2
O3	-	-	223.0	235.8
O4	-	218.0	220.0	240.3
R3	-	-	-	251.1

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 20/04/20	Next Week 27/04/20
Hoggets up to 22kg	460-470p	470-480p
Spring Lambs up to 21kg	490p	510-520p

REPORTED SHEEP PRICES

(P/KG)	W/E 04/04/20	W/E 11/04/20	W/E 18/04/20
NI D/W Spring Lambs	470.4	466.2	492.2
NI D/W Hoggets	414.7	434.5	464.9
GB D/W Spring Lambs	489.8	509.0	506.7
GB D/W Hoggets	439.9	457.6	457.8
ROI D/W	450.3	479.4	493.6

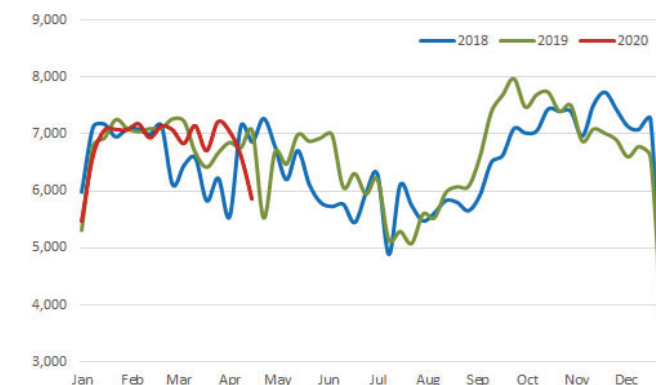
Deadweight Sheep Trade

Quotes this week for hoggets and spring lambs strengthened as the week progressed. Quotes for hoggets ended this week ranging from 470-490p/kg up to 22kg while quotes for spring lambs ranged from 500-530p/kg up to 21kg. Quotes early next week for hoggets are expected to range from 470-480p/kg up to 22kg with spring lambs ranging from 510-520p/kg up to 21kg.

Total lamb/hogget throughput in NI last week totalled 3,837 head, back 480 head from the 4,317 lambs/hoggets processed the previous week. This is also a 27 per cent decrease when compared to the same week in 2019 when 5,271 lambs/hoggets were processed locally. Exports of lambs/hoggets from NI to ROI for direct slaughter last week decreased by 917 head to 3,465 head. In the corresponding week last year 4,589 lambs/hoggets were exported to ROI for direct slaughter.

The average deadweight hogget price in NI last week was 464.9p/kg, a notable increase of 30.4p/kg from the previous week. In the same week last year the deadweight hogget price was 452.6p/kg. Increasing numbers of spring lambs were reported with an average NI deadweight price of 492.2p/kg. In the same week in 2019 the NI spring lamb price was 485.6p/kg. In ROI last week the lamb/hogget price was up by the equivalent of 14.2p/kg to 493.6p/kg. Last week in GB the hogget price was marginally up to 457.8p/kg. A small number of spring lambs were reported last week with an average GB deadweight price of 506.7p/kg.

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



Marts Update

The majority of local beef and sheep marts continue to remain closed in response to the ongoing Covid-19 outbreak across the province. Some marts commenced online sales this week although most remain closed for business. The Northern Ireland Livestock Auctioneers Association (NILAA) is understood to be liaising with DAERA about the possibility of opening marts with stringent conditions in place. 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

