

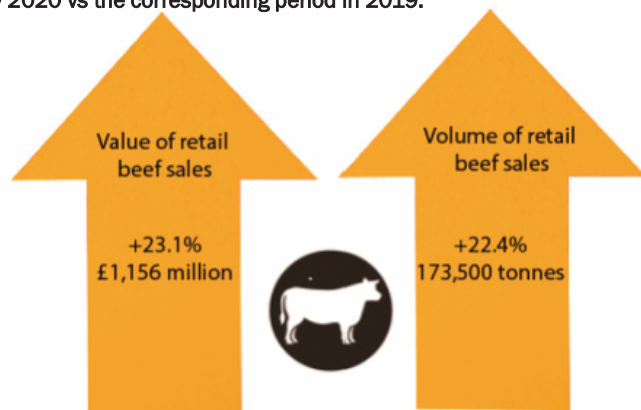
STRONG INCREASES IN GB RETAIL BEEF SALES

Covid-19 restrictions and the almost complete closure of the food-service sector in the UK have resulted in consumers cooking more at home. This has been reflected in the latest Kantar statistics for the 12 week period ending 17 May 2020 which have indicated strong growth in both the value and volume of retail beef sales in Great Britain.

Strong promotional activity from red meat levy bodies across the UK combined with some promotional pricing in some of the major retailers have also contributed to this uplift in beef sales.

During the 12 week period ending 17 May 2020 retail beef sales in Great Britain were valued at £1,156 million, a significant increase of 23.1 per cent from the corresponding period in 2019. This increase in the total value

Figure 1: Value and volume of retail beef sales in Great Britain during the 12 w/e 17 May 2020 vs the corresponding period in 2019.



of sales was driven primarily by growth in the volume of beef sales, up by 22.4 per cent during the 2020 period when compared to 2019 levels.

All the major beef cuts have recorded volume and value growth in terms of retail sales in Great Britain during the 12 week period ending 17 May 2020 as outlined in **Figure 2**.

Primary beef

Primary beef sales through retailers in Great Britain were valued at £599.1 million during the 12 weeks ending 17 May 2020, up by 26.5 per cent or £125.5 million from the same period in 2019.

During the same period in 2020 the volume of primary beef sales totalled 80,500 tonnes, up 29 per cent from 2019 levels. The increase in the overall value of primary beef sales was driven

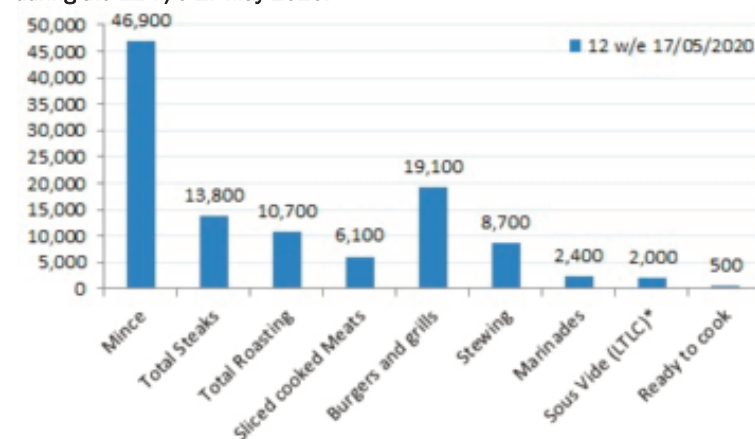
by the volume growth in sales, with the average retail price back by two per cent to £7.44/kg. Primary beef sales include roasting joints, stewing beef, steaks and mince.

Mince continues to account for more than half of all primary beef sales in the retail sector in Great Britain in terms of volume sales with 46,900 tonnes of mince sold during the 12 weeks ending 17 May 2020. This was a 36.3 per cent increase from the corresponding period in 2019. The average retail price of mince was £5.36/kg during the 2020 period, back 1.3 per cent from the corresponding period in 2019.

There was also a strong growth in sales of beef stewing pieces, albeit from a small base. Volume sales totalled 8,700 tonnes during the 2020 period, up by more than a third from the same period in 2019. The value of sales increased by a similar proportion to total £69.6 million in the 2020 period. The average retail price was almost unchanged at £7.99/kg.

Retail sales of steaks have also performed better in the 2020 period with volume sales increasing by 24 per cent to total 13,800 tonnes. Reports have indicated increased promotional activity on steak cuts in particular in several of the big retailers which has contributed to this increase. Overall retail spend on steak cuts increased by 21.2 per cent to £184.5 million however the average price was back by

Figure 2: Retail beef sales in Great Britain in volume terms by individual cuts during the 12 w/e 17 May 2020.



2.3 per cent to £13.37/kg in the 2020 period.

There has also been volume and value growth in sales of beef roasts, although not to the same extent as the other primary cuts. During the 12 weeks ending 17 May 2020 volume sales of beef roasting joints totalled 10,700 tonnes, up 5.5 per cent from 2019 levels. This increase combined with a 6.2 per cent rise in the average retail price to £8.61/kg contributed to the 12 per cent uplift in the overall value of beef roast sales to £92.2 million.

Processed beef

Sales of processed beef have also performed well with the value and volume of sales up by 24.3 and 25.1 per cent respectively during the 12 weeks ending 17 May 2020. Sales of

burgers/grills recorded the strongest growth in value terms, up by 43.6 per cent to £114.1 million during the 2020 period. This was driven by the 41.4 per cent increase in the volume of retail sales and a 1.7 per cent increase in the average retail to £5.99/kg.

Added value beef products

Added value beef products have also performed well during the 2020 period, in particular beef marinades. During the 12 w/e 17 May 2020 they were valued at £26.5 million, a 40.6 per cent increase from the corresponding period in 2019. This increase in the value of beef marinade sales was driven by a 35.5 per cent increase in the value of sales to 2,400 tonnes and a 3.8 per cent increase in the average retail price to £11.25/kg.

FAO FORECASTS DECLINE IN GLOBAL MEAT PRODUCTION IN 2020

The Food and Agriculture Organisation of the United Nations (FAO) has just released the June 2020 global food market report. The report provides insight and analysis into all the major food groups with all sectors expected to face many more months of uncertainty related to the Covid-19 pandemic.

Global beef production

Global beef production is forecast to decline by 0.8 percent to 72 million tonnes in 2020. This decline in production follows in from five years of continuous growth in production.

This negative forecast reflects projected declines in beef output from six of the world's leading beef producers, (the USA, Australia, India, South Africa, the EU and the UK and New Zealand). While increases in

production are expected in other parts of the world including China and Brazil this will not be enough to counteract the overall declines expected.

Most of the countries facing reductions in beef production have suffered market disruptions due to Covid-19 however other factors have also had an impact. Reduced availability of cattle due to herd rebuilding in Oceania will contribute to the declines in beef production while in the USA beef output is predicted to conclude 2020 with beef production five per cent behind year earlier levels due to labour shortages in the processing sector.

There are tighter cattle supplies forecast in the EU/UK due to the continued decline in herd numbers and while this is expected to be partly offset by higher carcase weights

overall production is expected to decline.

The loss or decline of demand for beef from the food service market has had a negative impact on beef prices in many parts of the world which is not incentivising producers to slaughter animals.

By contrast, beef output in China is projected to increase due to a growing domestic cattle herd, particularly on large-scale farms, and firm demand from Chinese consumers for beef due to the decline in pork availability. In Brazil, growth in beef production is also forecast due to an increase in cattle throughput and increasing carcase weights. Favourable weather and competitive feed costs in the region are expected to contribute to this trend.

Global sheep meat production

World sheep/goat meat output is forecast to increase by almost one per cent to 16 million tonnes in 2020. Most of this increase will be concentrated in China with some modest growth in sheep/goat meat production also expected in Africa.

Sheepmeat production in Oceania, which accounts for 80 percent of global trade, is forecast to decline. This would be a fifth year of decline recorded since 2013. Issues with drought have reduced flock sizes in previous years however better weather conditions this year has encouraged lamb retention for flock expansion.

In China, sheep meat production is forecast to register a 2.3 per cent increase, stemming from flock growth due to higher prices attracting more

herders into the sector in recent years. Following strong growth in 2019, sheep/goat meat output in the EU and the UK is set to stabilise with limited availability of animals.

Global pork production

For the second year in a row, world pig meat output is forecast to contract, back eight per cent to 101 million tonnes in 2020. Most of the decline is because of continuing production declines in China due to the impact of African Swine Fever with the disease also impacting production in Vietnam and the Philippines. In the USA a negative production forecast is mainly linked to Covid-19 market disruptions.

Meanwhile moderate increases in pork production are expected in the EU and the UK, Brazil, the Russian Federation, Mexico and Canada during 2020.

FQAS Helpline

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WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 15/06/20	Next Week 22/06/20
Prime		
U-3	346 - 356p	346 - 356p
R-3	340 - 350p	340 - 350p
O+3	334 - 344p	334 - 344p
P+3	284 - 298p	284 - 298p
	Including bonus where applicable	
Cows		
O+3 & better	260 - 275p	260 - 280p
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

With the availability of locally produced prime cattle remaining tight base quotes from the major NI plants continued to strengthen this week. Quotes for in-spec U-3 grade prime cattle ended this week ranging from 348-356p/kg with similar quotes expected for early next week. Quotes for good quality O+3 cows have held steady this week at 260-275p/kg with the majority of plants quoting in the region of 270p/kg.

Throughput of prime cattle in NI last week totalled 6,733 head. This was similar to the previous week and well above the 6,072 prime cattle processed in local plants during the corresponding week in 2019. Cow throughput in NI last week totalled 2,095 head, up 217 head from the previous week and higher than the 1,847 cows processed in the same week in 2019.

Prime cattle imports from ROI for direct slaughter last week totalled 523 head and accounted for 7.8 per cent of the total NI prime cattle kill. In the corresponding week last year 65 prime cattle were imported from ROI for direct slaughter in NI and accounted for just one per cent of the total NI prime cattle kill. A further 291 cows were imported last week from ROI for direct slaughter in NI plants and accounted for 13.9 per cent of the total cow kill. Meanwhile exports from NI to ROI last week consisted of one steer and 14 cows while for the twelfth consecutive week reports indicate no cattle made the journey to GB for direct slaughter.

The NI deadweight trade for cattle last week continued to improve in response to the tightening in cattle supplies. The majority of grades generally increased by 2 to 5p/kg from the previous week. The average NI steer price increased by 2.8p/kg to 348.7p/kg while the R3 steer price was up by 4p/kg to 358.7p/kg. Last week the average NI heifer price and R3 heifer price both reported increases of 1.3p/kg to 351.4p/kg and 358.8p/kg respectively. The average NI young bull price last week was up by 3.8p/kg to 340.3p/kg while the R3 young bull price increased by 4.6p/kg to 352p/kg. The average NI cow price last week was up by 2.5p/kg to 267.7p/kg with the O3 cow price up by 7.5p/kg to 286.1p/kg.

The deadweight trade for prime cattle also continued to strengthen in GB last week. The average steer price increased by 5.5p/kg to 358.1p/kg with the R3 steer price up by 4.5p/kg to 364.7p/kg. The differential in the R3 steer price between NI and GB widened by half a penny to 6p/kg last week. The average heifer price in GB last week was up by 5.7p/kg to 359.7p/kg while the R3 heifer price increased by 4.2p/kg to 364.9p/kg. The differential in R3 heifer prices between NI and GB last week widened by just over 3p/kg to 6.1p/kg when compared to the previous week.

The deadweight trade for prime cattle in ROI came under some pressure last week with a strong increase in prime cattle throughput recorded. The R3 steer price last week decreased by 0.4p/kg to 324.7p/kg with the R3 heifer price in ROI back by just over a penny to the equivalent of 328.6p/kg, 30.2p/kg less than the same price in NI. The O3 cow price in ROI was back by 4.3p/kg to the equivalent of 243.7p/kg, 42.4p/kg below the O3 cow price in NI.

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

	W/E 13/06/20	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	359.7	334.0	380.3	365.0	367.5	367.7	371.2
	R3	358.7	324.7	379.8	361.0	361.6	361.6	364.7
	R4	356.6	325.9	381.5	368.6	360.0	361.3	372.0
	O3	345.5	309.7	363.9	342.5	337.0	340.1	341.9
	AVG	348.7	-	377.0	355.0	348.5	352.2	358.1
Heifers	U3	362.9	341.4	387.4	369.2	377.0	369.5	375.5
	R3	358.8	328.6	381.2	361.8	363.7	361.9	364.9
	R4	356.5	328.0	380.4	366.3	363.6	360.7	370.4
	O3	349.0	315.3	358.3	349.8	338.1	338.6	343.4
	AVG	351.4	-	378.4	357.2	352.4	351.1	359.7
Young Bulls	U3	355.6	323.5	378.2	358.5	369.0	364.2	371.4
	R3	352.0	312.2	374.7	351.5	357.1	361.3	362.3
	O3	333.7	295.3	340.9	316.1	331.6	328.6	330.1
	AVG	340.3	-	371.9	343.5	350.9	338.8	355.1
Prime Cattle Price Reported	5,260	-	6,933	7,475	7,668	5,366	27,442	
Cows	O3	286.1	243.7	289.3	279.2	279.8	272.9	278.7
	O4	286.6	245.1	291.1	276.7	280.6	264.2	276.9
	P2	249.5	221.5	245.6	235.2	237.1	238.2	237.5
	P3	266.1	235.4	257.4	254.7	254.3	255.0	254.7
	AVG	267.7	-	282.6	260.5	253.6	247.8	256.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.32p 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 13/06/20	Steers	Heifers	Young Bulls
U3	358.6	362.2	354.0
R3	356.6	357.0	351.6
O+3	347.1	347.5	341.2

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 13/06/20	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	179.0	195.1	202.0	209.2
P2	203.9	225.6	252.3	258.6
P3	227.6	236.7	261.3	268.8
O3	-	-	282.6	286.4
O4	-	287.0	283.1	286.7
R3	-	-	-	301.3

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 13/06/20	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	220	231	225	190	219	204
Friesians	162	180	171	100	161	130
Heifers	223	232	227	190	222	206
Beef Cows	182	219	200	130	181	155
Dairy Cows	130	155	142	90	125	107
Store Cattle (p/kg)						
Bullocks up to 400kg	196	268	232	178	195	186
Bullocks 400kg - 500kg	201	226	213	165	200	182
Bullocks over 500kg	202	211	206	170	201	185
Heifers up to 450kg	218	236	227	182	210	196
Heifers over 450kg	201	225	213	175	200	187
Dropped Calves (£/head)						
Continental Bulls	450	530	475	250	445	345
Continental Heifers	400	455	425	200	395	295
Friesian Bulls	155	205	180	70	150	110
Holstein Bulls	50	120	85	15	45	30

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 15/06/20	Next Week 22/06/20
Lambs up to 21kg	440-460p	430-440p

REPORTED SHEEP PRICES

(P/KG)	W/E 30/05/20	W/E 06/06/20	W/E 13/06/20
NI L/W Lambs	459.0	454.6	437.9
NI D/W Lambs	491.0	472.1	472.7
GB D/W Lambs	526.7	491.6	492.7
ROI D/W	500.8	484.9	482.4

Deadweight Sheep Trade

Quotes from the local processors for R3 grading lambs ended this week ranging from 440-450p/kg up to 21kg with quotes of 430-440p/kg expected for early next week. Lamb supplies increased last week with 9,831 lambs processed in local plants, up 1,030 lambs from the previous week. This is the highest weekly throughput of lambs/hoggets to date in 2020. In the same week last year 8,334 lambs were processed locally. A further 5,165 lambs were exported from NI to ROI for direct slaughter last week, an increase of 449 lambs from the previous week. The deadweight lamb price in NI last week was 472.7p/kg, up 0.6p/kg from the previous week. In the same week last year the NI deadweight lamb price was 426.6p/kg. Last week the average ROI lamb price was the equivalent of 482.4p/kg, back 2.5p/kg from the previous week.

Liveweight Sheep Trade

Increasing numbers of lambs were presented for sale across many of the marts with trade back from last week. In Omagh last weekend 479 lambs sold from 406-449p/kg compared to 385 lambs the previous week selling from 454-498p/kg. On Monday in Massereene 705 lambs sold from 420-445p/kg compared to 667 lambs last week selling from 445-470p/kg. In Rathfriland this week 710 lambs sold from 400-475p/kg (avg 430p/kg) compared to 700 lambs last week selling from 441-474p/kg (avg 458p/kg). In Markethill on Wednesday 650 lambs sold from 420-463p/kg compared to 670 lambs last week selling from 440-483p/kg. Top reported prices for first quality fat ewes ranged from £90-£160 across the marts.

LATEST SHEEP MARTS (P/KG LW)

From: 13/06/20		Lambs			
To: 18/06/20		No	From	To	Avg
Saturday	Omagh	479	406	449	-
	Swatragh	790	353	425	-
Monday	Massereene	705	420	445	-
	Kilrea	430	406	433	-
Tuesday	Saintfield	444	400	460	-
	Rathfriland	710	400	475	430
Wednesday	Ballymena	1219	400	447	424
	Enniskillen	250	390	410	-
	Armoy	348	430	462	-
	Markethill	650	420	463	-

Strict Covid - 19 restrictions are in place across all of the livestock marts

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