

OPPORTUNITIES FOR BEEF AND LAMB WILL DEVELOP OVER THE COMING YEARS

Livestock and Meat Commission (LMC) Chief Executive Ian Stevenson firmly believes that opportunities to further expand the footprint of beef and lamb supplies from Northern Ireland to the rest of the UK and to export markets will develop over the coming years. He also holds the view that the basic direction of travel in NI, where future farm support measures are concerned, is the right one.



Ian was commenting after attending the first of the Andersons Centre Spring Seminars in London which focussed on Prospects for UK Agriculture. "Global beef consumption is set to increase by 1.4% year on year up to 2030," and he further explained, the UK will be part of this mix."

However, there will be major constraints placed on beef production in some regions of the UK over the coming years. "A case in point is the halving of the basic payment support (BPS) in England by 2024, which will be reduced to zero by 2028. "Livestock farmers throughout the UK know full well just how important the basic payment is to the overall profitability of their businesses. However, we have now a scenario unfolding, which will see beef and sheep farmers losing their basic payment completely in England. The pressure put on these farmers to make a living from livestock production will be immense."

New schemes such as the Environmental Land Management Scheme and Sustainable Farming Incentive will come nowhere near replacing the lost income from BPS when it comes to adding to the bottom line of a cattle and sheep farming business.

Meanwhile Northern Ireland is looking to retain a 'de facto' basic income support payment beyond 2023, in the form of a proposed area-based resilience measure. Ian Stevenson again: "This will give a significant level of support to local beef and sheep farmers into the future."

The scope to increase red meat output over the coming years also exists as farmers improve productivity and focus on the environment becoming both an enterprise and a profit centre on farms. "But this must be achieved on a sustainable basis. Making this happen will require the implementation of better skills and management-based programmes on-farm. "And, again, it is encouraging to note that the future farm support proposals, recently consulted on by NI farm minister Edwin Poots are taking full account of these issues."

The Andersons Centre event addressed the opportunities and threats confronting agri-food, both in the long and short term. "One of the most important themes addressed at the seminar was that of future land use policy," commented the LMC's chief executive. "Currently 77% of the UK's land area is farmed. However, this figure could drop significantly as actions around releasing land for other uses such as re-wetting and tree planting are taken, as a direct response to climate change." "What's more, it currently takes an additional 100% of the UK's agricultural land area to grow the food imports that are currently required by the country." He added: "But here in NI, we have a tremendously positive story to tell, where production agriculture is concerned. "Our agricultural land area only accounts for 4% of the UK land total. However, we are currently feeding the equivalent of 10 million people."

Increasing Cost of Production

Ian went on to confirm that agriculture in the UK enjoyed a positive year in 2021. Total Income From Farming, or TIF, amounted to just over £6 billion. "Approximately half of this figure was accounted for by direct support payments," he added. "While the longer term outlook for beef and sheep in NI is positive, there are some very real challenges coming down the track. "The increases in feed and fertiliser prices are already a reality."

However, the Andersons Centre is predicting that beef prices throughout 2022 may not remain as buoyant as 2021, easing back as the year progresses. "Factors coming into play here include the post-Covid resurgence of the catering sector, which imports larger quantities of beef and the prospect of increased competition from Australia and New Zealand towards the end of the year."

"We have also seen a major ramping up of energy prices over recent weeks. There is a lot of evidence to show that when incomes come under pressure, individual consumers and family groups will opt for cheaper options when it comes to filling their shopping baskets."

The LMC representative confirmed that inflation within the farm gate will significantly exceed the Office of Budget Responsibility (OBR) figure for the country as a whole during 2022. He further

Image 1: Northern Ireland beef and lamb production is based on a grass fed diet and LMC is working to market NI red meat using this credential



explained: "A lot hinges on what happens in Russia, Ukraine and Belarus over the coming months. Russia and Ukraine, combined, account for 30% of the wheat traded on global markets; 15% of corn; 13% of rapeseed, and over 65% of sunflower seed oil. Russia and Belarus also account for a very significant proportion of the potash that comes on to world markets. So the area that now lies at the very heart of the Ukrainian conflict dictates so much of what happens on the world's agri-food markets."

Beef Outlook

The Andersons Centre highlighted the longer-term impact of the recent trade deals agreed by the UK with New Zealand and Australia. "There is no immediate prospect of either country targeting significant quantities of beef on to the UK market in the short term," Ian commented. "But by Year 14 of the agreements put in place, New Zealand and Australia will have the potential to put volumes of beef into the UK, equivalent to that imported entirely from Ireland at the present time." He continued: "It is critically important that NI continues to punch above its weight in securing its share of the UK red meat market."

Sheep Outlook

But there is good news, where the future of beef and lamb are concerned. For example, sheep meat consumption levels in China are expected to increase from the 1990 level of 2.5kg per head of population per year up to 3.6kg by 2030. Ian Stevenson again: "Developments of this nature will encourage greater levels of exports from Australia and New Zealand to China. This, in turn, will help take the pressure off exports that might have been destined for the UK and the EU. But the fundamental drivers of supply and demand will also kick-in on an international basis. Assuming Chinese consumers continue to eat more sheep meat, the prospects for a stronger international market for lamb improves in equal measure."

According to the Andersons Centre, the outlook for 2022 lamb prices in the UK remains very positive. He said: "Prices may not reach the highs of last year. But they are projecting price levels to stay above the 5-year historic average of 2015-2019." "Increased administration costs incurred by GB lamb processors will affect their competitiveness on

EU markets, relative to their Irish counterparts. Meanwhile, lamb produced in Northern Ireland will continue to secure unfettered access across all UK and EU markets."

Image 2: Chinese lamb consumption continues to increase



"The second half of this year will see GB implementing all the border operating controls relating to the Brexit agreement which will create more friction for imports from the EU. Trade in agri-food products remains a key component of UK: EU trading patterns. "There is evidence to confirm that agri-food trade volumes from Britain to the EU have declined since Brexit," the LMC representative confirmed. "In many ways, this was to be expected. And, certainly, where lambs are concerned, there is scope for local farmers and processors to increase trading levels courtesy of Northern Ireland's ongoing alignment with the EU Regulatory Zone."

Reflecting on the key trends brought out at the Anderson's Centre seminar Ian Stevenson highlighted the challenges that will confront beef and sheep farmers in GB over the coming years. "The possibility of beef production levels falling-off in England is a very real one," he stressed. "And, in turn this opens up potential opportunities for the livestock sector here in NI. "But this will only be the case if local farmers can improve productivity levels within their businesses and meet the requirements of the sectoral plans for agriculture that will be developed under Northern Ireland Climate Change legislation."

"Making this happen will require producers here to receive the required support and training resources to help them adapt their businesses for the future. "And, at this stage, it looks as this may well happen." Ian concluded: "But overriding all of this is the ongoing success of the Northern Ireland Beef and Lamb Farm Quality Assurance Scheme. "It guarantees beef and lamb produced in Northern Ireland across the board access to all of the premium retail and catering outlets in the UK. "And, again, we need to build on this for the future."

"Grass fed beef and lamb is a hallmark of the local livestock sector. This is another facet of our industry that can be used to secure sustainable farmgate prices into the future. "Work is ongoing to have Northern Ireland included with the proposed Protected Geographical Indication, or PGI, application for Irish Grass Fed Beef. "So there is plenty to look forward to, where beef and lamb from NI are concerned."

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WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 14/03/22	Next Week 21/03/22
Prime		
U-3	392 - 404p	392 - 404p
R-3	386 - 398p	386 - 398p
O+3	380 - 392p	380 - 392p
P+3	324 - 342p	324 - 342p
	Including bonus where applicable	
Cows		
O+3	280 - 324p	280 - 324p

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 continued to strengthen this week. Base quotes from the major NI processors for in spec U-3 grade prime cattle ranged from 392-404p/kg. The trade for good quality O+3 grade cows saw a rise of 10p/kg at the upper end by one processor, with quotes ranging from 280-324p/kg across the plants this week. Similar quotes are expected for next week.

Prime cattle throughput in NI plants last week totalled 7,517 head, a decrease of 65 head from the previous week and 850 head more than the 6,667 prime cattle slaughtered in the corresponding week in 2021. Meanwhile a total of 2,168 cows were killed in NI plants last week, a decrease of 122 cows from the previous week. However this is 417 head more than the 1,751 cows processed locally in the same week in 2021.

Imports from ROI for direct slaughter in NI plants last week totalled 390 head, with 253 prime cattle and 137 cows imported for direct slaughter. In the corresponding week in 2021 there were 399 prime cattle and 128 cows imported from ROI for direct slaughter. Last week no cattle made the journey between GB and NI for direct slaughter, while two prime cattle and 68 cows made the journey out of NI to ROI for direct slaughter.

The NI deadweight trade for prime cattle last week continued to strengthen with prices for the majority of grades up from the previous week. The average steer price was up 5.4p to 407.1p/kg, while the R3 steer price was up by 5.3p/kg to 416.2p/kg when compared to the previous week. The average heifer price in NI last week increased by 5.3p/kg to 407.6p/kg with the R3 heifer price up by 4.2p/kg to 415.5p/kg. The average young bull price in NI last week was up just over 4p/kg to 385p/kg with the R3 young bull price up just over a penny to 399.3p/kg. The cow trade in NI saw a notable rise in prices last week when compared to the previous week. The NI average cow price was up by 7.7p/kg to 299.1p/kg while the O3 cow price increased by 6p/kg to 322p/kg.

In GB last week the deadweight prime cattle trade also continued to strengthen across the grades. The average steer price in GB was up 2.8p/kg to 412p/kg while the average R3 steer price increased by 2.5p/kg to 418.1p/kg. The differential in R3 steer prices last week between NI and GB was 1.9p/kg or £6.65 on a 350kg carcass. The average heifer price in GB last week was up 1.4p/kg to 411p/kg while the average R3 heifer price was up 3.2p/kg to 419.5p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 4p/kg or £12.80 on a 320kg carcass.

In ROI last week the R3 steer price was up by the equivalent of 8.2p/kg to 390.8p/kg, placing it 25.4p/kg behind the R3 steer price in NI. Meanwhile the R3 heifer price saw a notable increase of 8.4p/kg last week to the equivalent of 394.8p/kg which puts it 20.7p/kg below the corresponding price in NI. The O3 cow price in ROI last week recorded an increase of 6p/kg to the equivalent of 329.1p/kg, just over 7p/kg ahead of the same price in NI.

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

	W/E 12/03/22	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	419.2	397.7	414.4	421.7	424.7	427.1	421.0
	R3	416.2	390.8	413.7	420.3	418.2	419.1	418.1
	R4	414.5	393.3	416.9	421.7	419.2	419.8	419.2
	O3	403.2	381.0	402.3	404.1	397.5	397.5	399.9
	AVG	407.1	-	412.4	414.6	409.8	410.5	412.0
Heifers	U3	420.5	404.0	423.7	424.4	429.7	430.3	426.9
	R3	415.5	394.8	419.3	420.2	420.3	417.9	419.5
	R4	412.7	396.8	419.1	420.1	418.1	418.4	419.0
	O3	403.6	387.8	401.3	399.0	395.2	392.2	396.4
	AVG	407.6	-	416.7	412.3	407.6	406.8	411.0
Young Bulls	U3	402.0	384.6	412.4	419.4	396.5	423.7	413.0
	R3	399.3	373.7	407.6	411.1	404.5	413.3	408.6
	O3	384.0	362.1	381.8	390.2	388.4	393.7	387.2
	AVG	385.0	-	401.3	400.6	380.5	403.4	393.0
Prime Cattle Price Reported		6,276	-	6,523	6,816	6,614	5,189	25,142
Cows	O3	322.0	329.1	342.3	340.7	337.6	338.8	339.3
	O4	323.2	329.2	345.2	343.7	336.1	334.9	339.1
	P2	286.1	302.2	292.4	296.3	298.1	301.3	298.3
	P3	303.2	319.9	313.6	312.7	310.4	318.3	313.8
	AVG	299.1	-	338.4	323.7	310.6	312.1	316.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.51p 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 12/03/22	Steers	Heifers	Young Bulls
U3	420.0	420.5	402.0
R3	413.9	415.1	399.2
O+3	405.7	404.9	390.6

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 12/03/22	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	221.5	235.8	253.0	271.4
P2	231.6	261.1	285.6	299.4
P3	236.7	279.7	297.4	308.5
O3	-	310.0	314.4	322.6
O4	-	294.0	305.1	323.5
R3	-	-	-	341.2

LATEST LIVEWEIGHT CATTLE MART PRICES NI

	W/E 12/03/22			1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)									
Steers	250	274	260	210	249	228			
Friesians	178	197	188	152	177	171			
Heifers	238	262	245	195	237	215			
Beef Cows	194	258	200	145	193	170			
Dairy Cows	140	159	148	105	139	122			
Store Cattle (p/kg)									
Bullocks up to 400kg	268	338	290	220	267	242			
Bullocks 400kg - 500kg	240	298	265	200	239	225			
Bullocks over 500kg	230	280	245	185	229	205			
Heifers up to 450kg	250	308	272	200	249	225			
Heifers over 450kg	220	258	244	175	219	200			
Dropped Calves (£/head)									
Continental Bulls up to 2 months	360	420	385	250	355	310			
Continental Heifers	270	380	320	150	265	200			
Friesian Bulls up to 4 months	140	210	185	65	130	95			
Holstein Bulls	115	185	140	1	110	60			

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 14/03/22	Next Week 21/03/22
Hoggets up to 22kgs	550-560p	550-560p

REPORTED SHEEP PRICES

(P/KG)	W/E 26/02/22	W/E 05/03/22	W/E 12/03/22
NI L/W Hoggets	497.7	507.8	514.9
NI D/W Hoggets	533.7	537.4	541.0
GB D/W Hoggets	570.9	574.4	565.1
ROI D/W	561.3	559.5	575.3

Deadweight Sheep Trade

Base quotes from the main NI processors remained steady this week for R3 grade hoggets with quotes this week ranging from 550-560p/kg up to 22kg. Similar quotes are expected for early next week. A total of 7,783 hoggets were processed in NI last week taking the year to date hogget throughput to 73,097 head. In the same week last year 7,724 hoggets were processed locally. A further 6,276 hoggets were exported to ROI for direct slaughter last week, this brings total hogget exports to ROI for the year to date to 53,497 head. The average deadweight hogget price in NI last week increased by 3.6p/kg to 541p/kg from the previous week. Meanwhile last week the average ROI hogget price was up by the equivalent of 15.8p/kg to 575.3p/kg.

Liveweight Sheep Trade

Similar numbers of hoggets passed through most of the sale rings this week. In Omagh last Saturday 556 hoggets sold from 504-538p/kg compared to the previous week when 583 hoggets sold from 489-562p/kg. On Monday in Kilrea 450 hoggets sold from 500-524p/kg compared to 500 hoggets selling from 506-532p/kg last week. In Ballymena on Wednesday 1,309 hoggets sold from 490-552p/kg (avg 510p/kg) compared to last week when 1,605 hoggets sold from 480-560p/kg (avg 510p/kg). In Enniskillen this week 738 hoggets sold from 502-562p/kg compared to 738 hoggets selling from 505-548p/kg last week. The strong trade for culled ewes continued this week with top reported prices ranging from £175-258 across the marts

LATEST SHEEP MARTS (P/KG LW)

From: 12/03/22		Hoggets			
To: 17/03/22		No	From	To	Avg
Saturday	Swatragh	654	428	584	-
	Omagh	556	504	538	-
Monday	Kilrea	450	500	524	-
	Massereene	400	498	547	-
Tuesday	Saintfield	395	490	550	-
	Rathfriland	519	491	600	526
Wednesday	Ballymena	1309	490	552	510
	Enniskillen	738	502	562	-
	Arroy	424	505	552	-
	Markethill	1055	520	578	-

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