

# THE IMPACT OF THE RUSSIA : UKRAINE WAR ON GLOBAL MEAT SUPPLIES

Writing in the April issue of the International Meat Secretariat (IMS) Newsletter, Rupert Claxton – the Meat and Livestock Director of the international consultancy and research firm Gira – confirmed that the war between Russia and Ukraine came at a point when global, commodity supply balances were already tight.

**Image 1: Rupert Claxton, Meat and Livestock Director of Gira.**



He added: “Demand was starting to recover from two years of Covid-19, oil prices were increasing, and OPEC was slowly working to readjust production to maintain balance. “The war caused a price boom to USD128/barrel, before settling back around US\$105/barrel, which is still very high! “In the livestock sector feed costs were already high, reflecting strong demand, concerns over the 2022/23 harvest outlook, and low stocks globally.

“For the global meat system, the war between Russia and the Ukraine is primarily an issue for feed supply and its dramatic global price impact, rather than that of a disrupted Ukrainian meat supply.”

According to Claxton, Ukraine has traditionally been a significant exporter of chicken. In 2020 its combined exports to the Middle East and North Africa (MENA), Africa and the EU-27 totalled 431,086t product weight. However, volumes will likely be substituted by Brazil and others without too much market disruption.

From a Russian perspective, the further devaluation of the Rouble does make its modest meat export volumes even more competitive. Moreover, most of the main destination countries for this produce (China, Central Asia, MENA) will remain as customers.

Claxton continued: “The Ukrainian feed outlook is extremely serious. Whilst winter wheat was planted last year, the spring planting campaign for corn, sunflower, barley, and rapeseed should now be in full swing and as usual this is extremely time sensitive. “To date the claim is that early plantings have gone well. The redirection of the Russian war effort to the East will remove some of the barriers to planting in the west of Ukraine. However Ukrainian farmers are still very short of inputs, fuel and labour, logistics are fractured ... and the duration of the war is unknown.

“Even if 80% of spring acreage is sown, it seems unlikely that average yields can be achieved and so the harvest outturn is likely to be well down, let alone the export volumes. Claxton went on to point out that Russia continues to blockade Ukraine’s ports while grain export infrastructure is badly damaged. He further explained: “Significant exports in the second half of 2022 are unlikely.



So the question becomes: how much of the combined pre-war export volume of 55Mt of grain and oilseed can they produce, let alone export?

The Gira representative believes that other sources will not quickly fill these supply gaps. South American first quarter 2022 harvest yields have been disappointing, and whilst EU crops have overwintered well, there are cost and availability challenges for agrochemicals.

The US wheat crop is already drought-stressed and the Mid-West outlook is dry. China has had two disappointing harvests in a row, which have been unable to meet the needs of rapidly rising industrial feed demand: hence the surge in corn and wheat imports, in addition to its vast soybean imports.

Record high global fertiliser prices suggest that farmers will apply less in 2022 growing season and maybe in 2023. “Lower yields seem inevitable, at higher costs,” Claxton explained. “The challenge of recovering the surging feed, labour, fuel, packaging and freight costs all though the meat supply chain is confronting two major obstacles.

“Retailers are battling for share of a market which is diminished by a resurgent foodservice sector. “Secondly, consumer disposable income is being squeezed by very widespread cost inflation of everything else that they buy and Governments who will be wanting to increase taxes to pay for the pandemic consequences.

“Adequate meat price increases are going to be difficult to achieve. Whilst it is essential to pass rising costs on to the consumer, the result is that consumers will down-trade their meat choices, and ultimately eat less meat. We are already seeing this in a number of EU markets. The effect in developing markets of high feed costs will be more abrupt.

He concluded: “The positive outlook for meat demand in 2022 has been lost in most markets, with the global industry looking to rationalise for another tough phase. The impact of this war continues to shift: the challenges though remain significant.”

# IN MY OPINION BY RICHARD HALLERON: A RELIANCE ON IMPORTS CAN NEVER DELIVER FOOD SECURITY

The current UK government's frenzy to sign free trade agreements with the world's agri producing superpowers while, at the same time, paying only scant regard to the yearning need for enhanced food sufficiency levels at home strikes me as a policy priority that has 'danger' written all over it.

The principle of ensuring that easy access to nutritious, wholesome and safe food is available to everyone at a competitive price must always be aspired to. But to base this policy on a commitment to food imports while also downgrading a country's inherent ability to produce food is fundamentally flawed.

We live in truly unpredictable times! Who would have thought, up to two months ago, that Europe would ever again be gripped in the throes of a major war? Events in Russia and Ukraine continue to escalate. All of the world's commodity and food markets have reacted in ways that we have not witnessed since the outbreak of World War Two. And who knows what direction of travel events will take over the coming months?

The fact that the war is taking place in the bread basket of Europe has brought the issue of global food security into extremely sharp focus.

There is now little doubt that grain and oilseed exports from Ukraine and Russia will be deeply affected by the ongoing conflict for the foreseeable future. And this will have major implications for every food producing nation on the planet.

History teaches us that, in times of crisis, the challenge of delivering food security begins – and possibly ends – on our own doorsteps. And, given this backdrop, I would humbly suggest that the seeming unwillingness by Westminster to support the UK farming industry in ways that allow it to increase its sustainable food production capacity is totally devoid of foresight.

But even before the spectre of the Russia: Ukraine conflict rose to prominence, there was a host of other important issues that brought Westminster's raging desire to strike free trade agreements into genuine question.

UK consumers rightly demand high quality food: but they also want it to be ethically and sustainably produced. Recent years have seen the UK's farming and food sectors invest in improved production systems that genuinely put issues such as animal welfare and environmental

protection at the very forefront of the industry's priorities.

Much of this success has been supported by the development of farm quality assurance schemes that truly deliver full traceability – and so much more - from farm to fork. Here in Northern Ireland, this is a heritage that we can be justifiably proud of. As a case in point, our APHIS traceability scheme is the envy of the world. So why would Westminster want to put this stability at risk on the back of a 'cheap food' policy, which may not turn out to be that cheap at all?



In the wake of what is happening in Ukraine, countries like Australia and New Zealand will, no doubt, be focussing on their own food security priorities. I also sense that these same countries

will be looking to focus their future export activities in the direction of China and the rest of Asia. One also has to question the environmental sustainability of bringing food half way around the world to the UK. The carbon footprint associated with this form of commerce is enormous.

Meanwhile, Northern Ireland's farming industry is producing enough food calories to feed 10m people. To say that we punch our weight in this regard is an understatement. The scope to develop this level of output further, on a wholly sustainable basis, is immense. And, no doubt the same principle holds, where the rest of the UK is concerned.

Making this happen will require a fundamental commitment from government, one which recognises the true potential of production agriculture both here in Northern Ireland and the rest of the UK.

In such circumstances food security and self-sufficiency become one and the same thing. One would like to think that Westminster will wake up to this fundamental reality in the very near future!

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# WEEKLY BEEF & LAMB MARKETS

## CATTLE TRADE

### NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 18/04/22	Next Week 25/04/22
<b>Prime</b>		
U-3	392 - 420p	392 - 420p
R-3	386 - 414p	386 - 414p
O+3	380 - 408p	380 - 408p
P+3	324 - 358p	324 - 358p
	Including bonus where applicable	
<b>Cows</b>		
O+3	280 - 344p	280 - 344p

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 16/04/22	Steers	Heifers	Young Bulls
U3	429.9	433.7	416.3
R3	423.5	427.3	412.2
O+3	415.4	417.3	400.3

\*Prices exclude AA, HER and Organic cattle

### REPORTED COW PRICES NI - P/KG

W/E 16/04/22	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	248.3	263.3	276.9	293.8
P2	254.8	283.4	308.2	324.6
P3	265.0	295.9	325.7	332.5
O3	-	310.0	344.9	350.6
O4	-	-	-	349.7
R3	-	-	340.0	371.7

### 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 392-420p/kg. With a differential in prices paid and quotes producers should use these quotes as a starting point for negotiation. The trade for good quality O+3 cows also remained steady with base quotes ending the week ranging from 280-344p/kg, with the majority of processors quoting at the upper end of this range. Similar quotes are expected for all types of cattle early next week.

Cattle import and export data was not available at the time of publication.

Deadweight cattle prices in NI last week continued to strengthen for all but one grade. The average steer price last week was up 4.2p/kg to 417.2p/kg while the R3 steer price increased to 425.7p/kg, up 3.2p/kg. Meanwhile the average heifer price in NI last week was up by 4.6p/kg to 419.4p/kg while the R3 heifer price increased by 3.8p/kg to 427.7p/kg. The average young bull price in NI increased by 4.8p/kg to 397.2p/kg while the R3 young bull price was back marginally to 410.9p/kg. The average cow price in NI last week recorded an increase of 2.6p/kg to 322.1p/kg while the O3 cow price strengthened 3.9p/kg 349.7p/kg. NI cow prices have continued to strengthen in recent months, reporting the highest price in 13 years. Deadweight prices for heifers have strengthened across the EU in recent times with all of the price reporting countries recording an increase in R3 heifer prices.

In GB last week the deadweight trade for prime cattle strengthened across the majority of grades with the average steer price up by 4.1p/kg to 436.9p/kg while the R3 steer price increased by 3.9p/kg to 443.1p/kg. The differential in R3 steer prices last week between NI and GB was 17.4p/kg or £61 on a 350kg carcass. The average heifer price in GB last week was up by 4.3p/kg to 436.7p/kg while the R3 heifer price increased by 3.5p/kg to 443.9p/kg. This puts the differential in R3 heifer prices last week between NI and GB at 16.2p/kg or £52 on a 320kg carcass.

In ROI last week deadweight cattle prices firmed. The R3 steer price in ROI was the equivalent of 403.9p/kg, up by 2.7p/kg from the previous week, which puts the differential between NI and ROI at 21.8p/kg or £76 on a 350kg carcass. The R3 heifer price was also up by a similar margin to the equivalent of 407.6p/kg. This puts the differential between NI and ROI at 20.1p/kg or £64 on a 320kg carcass. The O3 cow price in ROI last week increased by 1.6p/kg to 344.3p/kg, 5.4p/kg below the NI price.



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

	W/E 16/04/22	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	430.4	412.0	444.5	450.1	451.0	448.0	448.0
	R3	425.7	403.9	444.1	446.6	442.6	438.0	443.1
	R4	422.7	405.5	445.8	447.4	440.8	438.0	444.9
	O3	412.3	394.8	433.8	425.0	422.6	418.9	424.0
	AVG	417.2	-	441.7	439.9	434.0	429.3	436.9
Heifers	U3	434.3	418.3	453.0	452.6	453.4	451.6	452.8
	R3	427.7	407.6	445.4	446.0	444.3	439.6	443.9
	R4	424.1	409.4	449.1	445.8	443.0	438.4	445.7
	O3	414.2	400.0	434.1	427.2	414.5	418.7	420.9
	AVG	419.4	-	446.3	438.2	432.1	427.8	436.7
Young Bulls	U3	414.3	398.6	442.5	447.4	442.3	447.5	444.2
	R3	410.9	390.0	430.4	440.6	435.7	427.5	434.8
	O3	391.1	374.1	413.6	414.8	406.6	324.3	408.7
	AVG	397.2	-	431.4	434.0	421.7	414.9	426.3
Prime Cattle Price Reported	5,368	-	6,427	6,421	6,322	4,343	23,513	
Cows	O3	349.7	344.3	379.6	380.9	375.4	376.7	377.8
	O4	349.7	342.7	381.8	382.1	376.9	374.4	378.6
	P2	305.3	314.9	336.9	340.4	336.3	331.7	335.7
	P3	327.5	331.8	356.4	357.8	350.4	349.0	351.4
	AVG	322.1	-	374.7	362.2	348.6	345.6	353.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=83.33p 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

### LATEST LIVEWEIGHT CATTLE MART PRICES NI

	W/E 16/04/22	1st QUALITY			2nd QUALITY		
		From	To	Avg	From	To	Avg
<b>Finished Cattle (p/kg)</b>							
Steers		260	276	266	210	259	230
Friesians		186	202	193	160	185	174
Heifers		250	274	256	205	249	220
Beef Cows		200	262	210	150	199	175
Dairy Cows		157	179	161	112	156	130
<b>Store Cattle (p/kg)</b>							
Bullocks up to 400kg		250	321	270	200	249	225
Bullocks 400kg - 500kg		240	307	260	190	239	212
Bullocks over 500kg		230	269	242	180	229	210
Heifers up to 450kg		230	279	245	185	229	215
Heifers over 450kg		215	240	225	170	214	195
<b>Dropped Calves (£/head)</b>							
Continental Bulls		320	550	370	200	315	260
Continental Heifers		280	390	320	160	275	210
Friesian Bulls		150	265	180	75	145	100
Holstein Bulls		100	150	125	2	95	50

# SHEEP TRADE

## NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 18/04/22	Next Week 25/04/22
R3 Hoggets up to 22kg	570-590p	570-590p
R3 Spring Lambs up to 21kg	620-625p	620-625p

## REPORTED SHEEP PRICES

(P/KG)	W/E 02/04/22	W/E 09/04/22	W/E 16/04/22
NI L/W Hoggets	516.8	517.9	Not available at the time of publication
NI D/W Hoggets	568.3	570.8	Not available at the time of publication
GB D/W Hoggets	576.1	592.9	595.4
ROI D/W	606.7	609.2	608.1

## Deadweight Sheep Trade

Quotes for R3 grade hoggets came under pressure this week with the major NI plants quoting 570-590p/kg up to 22kg with similar quotes expected early next week. Quotes for R3 grade spring lambs are also back ranging from 620-625p/kg paying up to 21kg with similar quotes expected for next week. In ROI last week the average deadweight hogget price was down marginally to 608.1p/kg.

Sheep export data was not available at the time of publication

## Liveweight Sheep Trade

Generally there was a quieter trade across those marts which were on this Easter week, with hogget supplies tightening smaller numbers of hoggets passed through the sale rings. In Swatragh last Saturday 317 hoggets sold from 490-560p/kg compared to 420 hoggets selling from 480-630p/kg the previous Saturday. In Ballymena 750 hoggets sold from 470-545p/kg (av 500p/kg) and 290 spring lambs sold from 560-614p/kg (575p/kg) which is back compared to last week when 1102 hoggets sold from 490-585p/kg (av 515p/kg) and 125 spring lambs sold from 570-651p/kg (av 585p/kg). In Markethill on Wednesday 600 hoggets sold from 520-560p/kg compared to 580 hoggets last week selling from 530-590p/kg. The number of spring lambs passing through the marts this week remains subdued with reported prices ranging from 550-614p/kg. The cull ewe trade continues to remain firm this week with top reported prices ranging from £192-278.

## LATEST SHEEP MARTS (P/KG LW)

From: 16/04/22		Hoggets				Spring Lambs			
To: 21/04/22		No	From	To	Avg	No	From	To	Avg
Saturday	Swatragh	317	490	560	-	-	-	-	-
Tuesday	Saintfield	235	505	605	-	-	-	-	-
Wednesday	Ballymena	750	470	543	500	290	560	614	575
	Enniskillen	500	500	553	-	-	-	-	-
	Armoyle	344	495	537	-	-	-	-	-
	Markethill	600	520	560	-	220	550	595	-

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