

TIGHT BEEF SUPPLIES DRIVING STRONG DEADWEIGHT TRADE

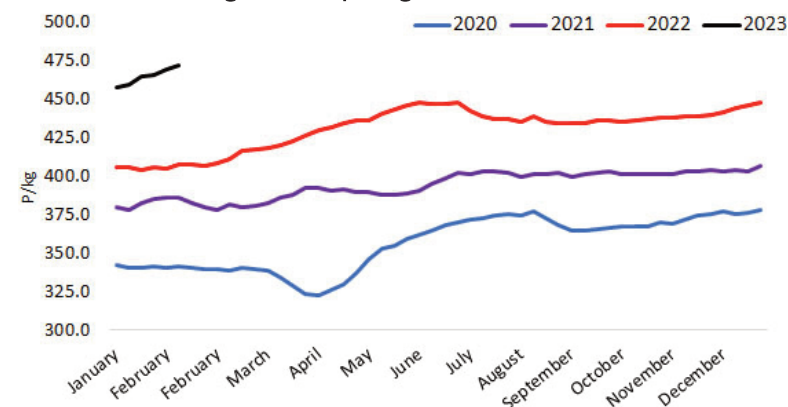
Throughout 2022, strong cattle supplies had been a significant feature of the NI beef trade with higher farmgate prices unaffected by supply. The latest slaughter reports show to date during 2023 supplies have tightened as a consequence of the high kill seen in NI last year. The deadweight cattle trade has continued to firm in NI during 2023 to reach record levels. A tightening in prime cattle supplies for slaughter combined with steady demand from the major processing plants have contributed to the upward movement in the market.

The R3 steer price is used as an indicator of the deadweight cattle trade as this is the most popular price reported grade in NI and therefore provides the most robust sample of data for analysis.

The R3 steer price in NI last week was 472p/kg, up 2.7p/kg from the previous week, making the average price paid for a 350kg R3 grade steer carcass £1,652. The price paid for R3 steers in NI has increased steadily from the beginning of the year up by 14.5p/kg, or £50.75 on the value of a 350kg carcass over this six week period. Moreover, the latest weekly deadweight price report to the week ending 11 February was the eighteenth consecutive week in which R3 steer prices in NI have recorded an increase. During this period the average R3 steer price in NI has increased by 36.4p/kg or by £127.40 on the value of a 350kg carcass.

Comparatively, during the same period last year week ending 12 February 2022 the R3 steer price in NI was 406.9p/kg, 24.4p/kg ahead of the 382.5p/kg paid during the same week in 2021. **Figure 1** outlines how far ahead of previous years levels current reported deadweight beef prices in NI are.

Figure 1: NI weekly average price paid for R3 grade steers 2020 to date in 2023. Source: LMC Deadweight Price Reporting.



The slaughter figures for 2023 to date reveal steer supplies in NI are back by almost 10 per cent year on year. The total prime cattle kill was down by almost four per cent. It is worth noting the decline in numbers is most significant for steers vs the other categories of prime cattle. During 2023 to date, heifer throughput has increased by approximately three per cent, while young bulls slaughterings are back by 2.5 per cent. For processors trying to meet orders and operate in the current economic climate, such a decline in steer and young bulls numbers is an obvious concern.

A factor which contributed significantly to the reduced prime cattle kill this year is reduced prime cattle imports for direct slaughter. The majority of these imports are sourced from the Republic of Ireland and over the course of 2022, prime cattle imports for direct slaughter from ROI accounted for approximately four per cent of the overall prime cattle kill, with an average of 284 head imported each week by NI processing plants.

This year to date the number of finished prime cattle imported from ROI has declined by over 50 per cent, to average just 137 head per week. It seems therefore that tight supplies elsewhere is also impacting cattle throughput in Northern Ireland. As is the case in NI, official reports from the Republic of Ireland for the first six weeks of 2023 reveal the prime cattle kill is also back by 7,241 head or 4.6 per cent on 2022 levels.

This issue of tightening supply in NI has also manifested through reduced numbers of store cattle and weanlings imported onto NI farms from ROI during 2022. During 2022, these nomad cattle, as they are known, accounted for a small proportion of NI

slaughterings. With strong prices for finished cattle in the ROI market and good cattle availability in NI local farmers became less inclined to import and the number of nomad cattle on the ground currently in NI is now much lower than previous year levels.

All of these factors combined have led to reduced supplies. With slaughter reports confirming competition for finished cattle is intense and while processors may have to pay higher prices, they may also be able to recover greater returns from customers. The latest available data from Kantar Worldpanel for the 12 weeks ending 22 January 2023 reports year on year the average beef price in the GB retail market increased 10.7 per cent, total spend on beef increased by 8 per cent to £1.1 billion although overall volumes were down by 2.5 per cent.

From a producer perspective, the picture is quite positive with tight supplies generating upward pressures on price. Looking ahead over the coming months it is expected that supply will remain tight and that this will help to underpin the trade.

The right demand conditions have also been in place with consumer spend on beef during the 12 weeks ending 22 January 2023 also up year on year. The beef trade has been held strong by the keen demand for minced beef in the UK retail market outlined in **Figure 2**. Mince is driving demand for beef being the cheapest beef product at an average price of £6.02/kg.

Figure 3 shows the volumes of beef purchased by category during the 12 week period. Mince is one of just two beef product categories recording increased demand. Year on year mince has seen a 1.3 per cent growth in volume sales, while steaks have recorded the largest decline.

The deadweight prime cattle trade in ROI has also reached record levels in recent weeks. Last week the average price paid for R3 grading steers in ROI was the equivalent of 469.9p/kg. This equates to the equivalent of £1,645 on a 350kg steer carcass. Last week was the fourteenth consecutive week the R3 steer price had increased, and it has increased by 21.7p/kg from the beginning of the year.

While prime cattle supplies in NI have been under pressure to date in 2023, the cow kill remains high with slaughter throughput during the first six weeks of 2023, running just ahead

Figure 2: The average year on year change in spend on beef by category in the GB retail market for the 12 week period ending 22 January 2023. Source: AHDB.

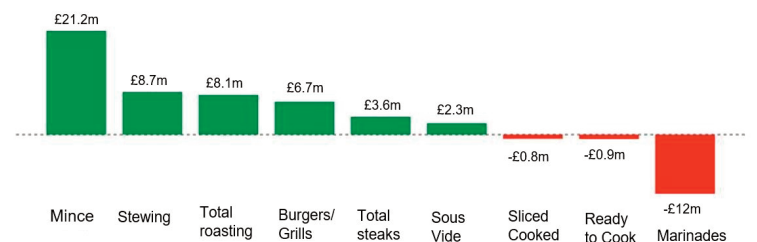
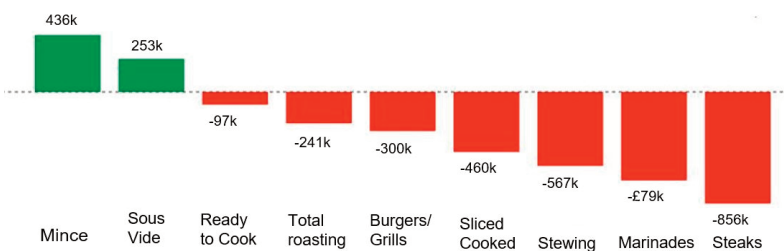


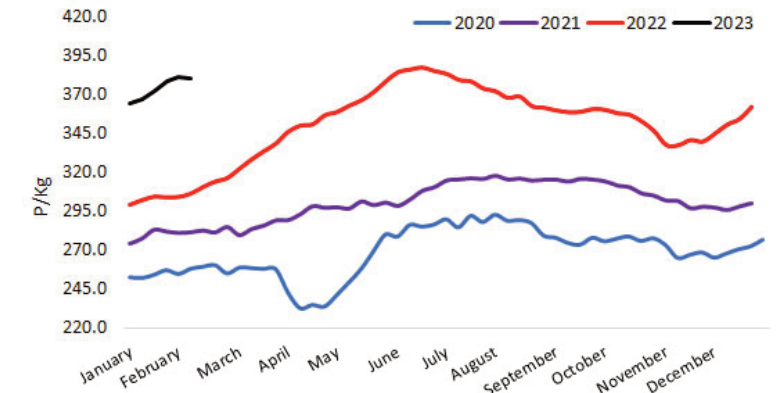
Figure 3: The year on year change in volume sales of beef by category (Kg) in the GB retail market for the 12 week period ending 22 January 2023. Source: AHDB.



of 2022 levels, compensating for some of the decline in clean beef availability. The cow trade in NI during recent weeks has also reached record levels with **Figure 4** displaying the O3 cow price from 2020 to date during 2023. The O3 cow price last week in NI was significantly ahead of previous years with the average price paid last week at 380.6p/kg or £1,066 for a 280kg carcass.

Cow prices across the grades remain well ahead of 2022 levels. In the corresponding week in 2022 the O3 cow price was 306p/kg, 74.6p/kg behind the O3 cow price last week which year on year equates to an additional £210 for the producer on a 280kg carcass. Meanwhile last week's O3 cow price was a notable 99.5p/kg ahead of the corresponding week in 2021, when the O3 cow price was 281.1p/kg. The differential in the two year period equates to an additional £279 for the producer on a 280kg carcass.

Figure 4: NI weekly average price paid for O3 grade cows 2020 to date in 2023. Source: LMC Deadweight Price Reporting.



WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 13/02/23	Next Week 20/02/23
Prime		
U-3	444 - 458p	450 - 462p
R-3	438 - 452p	444 - 456p
O+3	432 - 446p	438 - 450p
P+3	376 - 390p	376 - 394p
Including bonus where applicable		
Cows		
O+3	355 - 374p	358 - 374p

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

Base quotes from the major NI processing plants ended this week ranging from 444-462p/kg for in spec U-3 grade prime cattle. Next week the processors have indicated an improved trade with base quotes expected to range from 450-462p/kg. Quotes for O+3 grading cows this week ranged from 355-374p/kg across the plants. Next week quotes of 358-374p/kg are expected for O+3 grading cows. Producers are reminded these base quotes should be used as a starting point for negotiation.

Prime cattle throughput in NI last week remained steady from the previous week totalling 7,339 head. This was however a decline of 302 head from the 7,641 head processed during the corresponding week of 2022. Cow throughput in NI last week was relatively steady from both the previous week and the corresponding week last year totalling 2,388 head.

Imports of prime cattle from ROI for direct slaughter last week totalled 190 head, with a further 98 cows imported. Exports from NI to ROI consisted of 38 cows and one bull, with no cattle moved between NI to GB for direct slaughter last week.

Last week the prime cattle deadweight trade in NI reported strengthening from the previous week. The average steer price increased by 2.1p/kg to 461.3p/kg while the R3 steer price was up by 2.7p/kg to 472p/kg. Meanwhile the average heifer price increased by 2.3p/kg to 462.2p/kg with the R3 heifer price up by 3.1p/kg to 472.3p/kg. However last week the average young bull price was back 1.9p/kg to 442p/kg with the R3 young bull price up by 2p/kg to 459.2p/kg. The cow trade in NI continued to remain strong last week with the average cow price up 5p/kg to 355.4p/kg with the O3 cow price slightly back just over half a penny from the previous week to 380.6p/kg.

In GB last week the deadweight trade for prime cattle reported improvements across the majority of grades. The average steer price in GB was up 5.2p/kg to 469.6p/kg while the R3 steer price increased by 5.7p/kg to 476.7p/kg. This widened the differential last week in R3 steer prices with NI to 4.7p/kg. The average heifer price in GB last week increased by 4.1p/kg to 467.6p/kg while the R3 heifer price increased by 5.6p/kg to 476.3p/kg. This widened the differential between NI and GB to 4p/kg. Meanwhile the cow trade in GB continued to strengthen last week with the O3 cow up by 3p/kg to 392p/kg, 11.4p/kg ahead of the equivalent price in NI.

Prime cattle throughput totalled 24,074 head in ROI last week, a decline of 2,460 prime cattle from the previous week with the deadweight trade for prime cattle continuing to strengthen. Last week the R3 steer price was up by the equivalent of 1.6p/kg from the previous week to 469.9p/kg. Meanwhile the R3 heifer price increased 2.2p/kg to the equivalent of 474.6p/kg, 2.3p/kg ahead of the R3 heifer price in NI. Last week the cow trade strengthened in ROI for the fourteenth consecutive week with the O3 cow price up by the equivalent of 2.4p/kg to 403.2p/kg, ahead of the NI price and all GB regions.

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

	W/E 11/02/23	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	475.1	478.8	477.4	481.3	485.0	482.2	480.9
	R3	472.0	469.9	476.0	479.7	476.1	474.2	476.7
	R4	469.2	473.9	478.5	483.0	473.8	475.6	478.8
	AVG	461.3	-	473.4	473.5	466.5	463.1	469.6
Heifers	U3	478.4	487.5	482.6	484.4	489.5	485.4	485.7
	R3	472.3	474.6	475.3	477.1	477.8	474.2	476.3
	R4	469.6	477.9	477.9	479.8	475.1	471.7	476.9
	AVG	462.2	-	475.0	471.4	464.4	458.7	467.6
Young Bulls	U3	467.0	465.7	467.7	473.9	478.2	478.3	471.2
	R3	459.2	457.4	458.6	460.4	464.5	469.2	461.9
	O3	442.0	444.9	427.7	436.7	434.0	452.8	434.3
	AVG	442.0	-	451.5	452.7	445.9	437.1	448.5
Prime Cattle Price Reported	6,101	-	6,652	6,824	7,169	5,194	25,839	
Cows	O3	380.6	403.2	399.9	393.0	391.2	387.3	392.0
	O4	385.2	403.7	401.7	392.9	390.6	388.1	392.1
	P2	346.6	376.4	355.3	349.8	348.2	347.6	348.9
	P3	365.6	390.0	373.7	372.1	365.0	368.1	367.6
AVG	355.4	-	392.5	374.9	363.9	359.1	368.7	

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=88.86p 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 11/02/23	Steers	Heifers	Young Bulls
U3	474.2	478.4	466.1
R3	469.5	471.9	458.9
O+3	461.2	463.3	445.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 11/02/23	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	266.5	288.8	303.5	310.4
P2	293.1	323.4	344.9	358.5
P3	314.8	347.4	361.9	368.8
O3	-	361.3	375.1	381.8
O4	272.0	351.0	375.2	386.7
R3	-	-	-	401.4

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 13/02/23	Next Week 20/02/23
R3 Hoggets up to 22kg	510 - 525p	510-535p

REPORTED SHEEP PRICES

(P/KG)	W/E 28/01/23	W/E 04/02/23	W/E 11/02/23
NI L/W Hoggets	477.9	474.2	467.3
NI D/W Hoggets	516.5	524.3	513.2
GB D/W Hoggets	510.2	506.2	496.9
ROI D/W	540.3	543.5	536.7

Deadweight Sheep Trade

Base quotes from the NI processing plants for R3 grade hoggets strengthened as the week progressed and ended this week in the region of 525p/kg up to 22kg. Preliminary quotes of 510-535p/kg have been received for next week, with just one processor quoting at the lower end. Throughput decreased last week with 9,096 hoggets killed across local plants, back by 482 head from the previous week. Hogget exports to ROI last week for direct slaughter totalled 4,866 head, back 1,169 head from the previous week. The deadweight NI hogget price was back by 11.1p/kg last week to 513.2p/kg. In the corresponding week last year the NI deadweight hogget price was 541.1p/kg. In ROI the deadweight hogget price decreased by the equivalent of 6.8p/kg to 536.7p/kg last week.

Liveweight Sheep Trade

The liveweight hogget trade in NI last week firmed from the previous week. Last Saturday in Omagh 531 hoggets sold from 464-505p/kg compared to 899 hoggets the previous week selling from 469-509p/kg. In Kilrea on Monday 550 hoggets sold from 487-553p/kg compared to 550 hoggets last week selling from 474-513p/kg. In Saintfield this week 525 hoggets sold from 483-530p/kg compared to 685 hoggets last week selling from 475-515p/kg. On Wednesday in Ballymena 1,904 hoggets sold from 475-541p/kg (avg 482p/kg) compared to 1,201 hoggets last week selling from 475-547p/kg (avg 490p/kg). In Arroy this week 492 hoggets sold from 470-538p/kg compared to 312 hoggets last week selling from 469-512p/kg. Top reported prices for good quality cull ewes held relatively steady ranging from £146-248.

LATEST LIVELWEIGHT CATTLE MART PRICES NI

	W/E 11/02/23	1st QUALITY			2nd QUALITY		
		From	To	Avg	From	To	Avg
Finished Cattle (p/kg)							
Steers		280	315	289	210	279	245
Friesians		216	233	221	200	215	209
Heifers		258	299	274	200	257	228
Beef Cows		232	289	249	170	231	202
Dairy Cows		160	224	174	100	159	125
Store Cattle (p/kg)							
Bullocks up to 400kg		275	343	300	230	274	250
Bullocks 400kg - 500kg		260	341	280	200	259	230
Bullocks over 500kg		255	318	267	200	254	222
Heifers up to 450kg		252	340	282	200	251	225
Heifers over 450kg		260	340	278	190	259	220
Dropped Calves (£/head)							
Continental Bulls		350	490	425	235	345	285
Continental Heifers		300	435	360	200	295	250
Friesian Bulls		135	200	150	50	130	80
Holstein Bulls		100	175	115	2	95	50

LATEST SHEEP MARTS (P/KG LW)

From: 11/02/23		Hoggets			
To: 16/02/23		No	From	To	Avg
Saturday	Swatragh	805	490	575	-
	Omagh	531	464	505	-
Monday	Kilrea	550	487	553	-
	Markethill	500	470	498	-
Tuesday	Saintfield	525	483	530	-
	Rathfriland	407	470	530	491
Wednesday	Ballymena	1904	475	541	482
	Arroy	492	470	538	-

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