

## TIGHTER SUPPLIES DRIVING A STRONG STORE CATTLE TRADE IN NORTHERN IRELAND

Reports from the marts have indicated a firm trade for store cattle passing through the sale rings across NI in recent weeks and months. Analysis of APHIS data indicates there are fewer young cattle on NI farms this year when compared to previous years however with deadweight beef prices reaching record levels in recent weeks there is competition around the ring for good quality store cattle and liveweight prices are running ahead of previous years.

Due to the variability of the quality and type of cattle sold through the sale yards in any given week it is difficult to draw a comparison based on the price paid alone within a particular weight bracket on a week to week basis. It is however possible to identify trends by looking at average prices over a longer period of time.

Figure 1 and 2 displays the weekly average price per head of 300-400kg steers and heifers across the NI livestock marts between January 2021 and February 2023.

As outlined in Figure 1 the weekly average price per head paid for 300-400kg steers in recent weeks is notably higher than the corresponding period of previous years.

Figure 1. Stores - weekly average price paid in Northern Ireland for 300-400kg steers 2021 - 2023. (£/head) Source: DAERA.

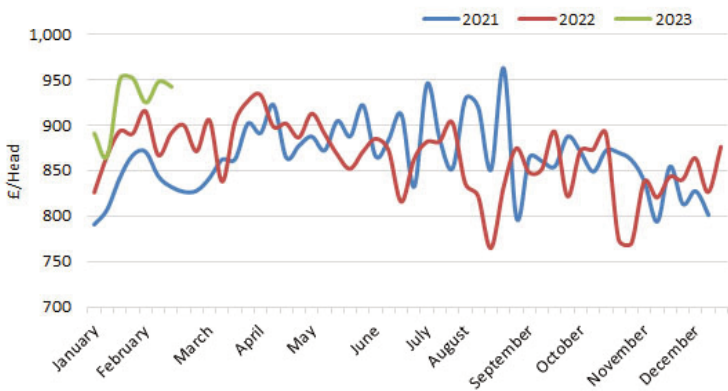
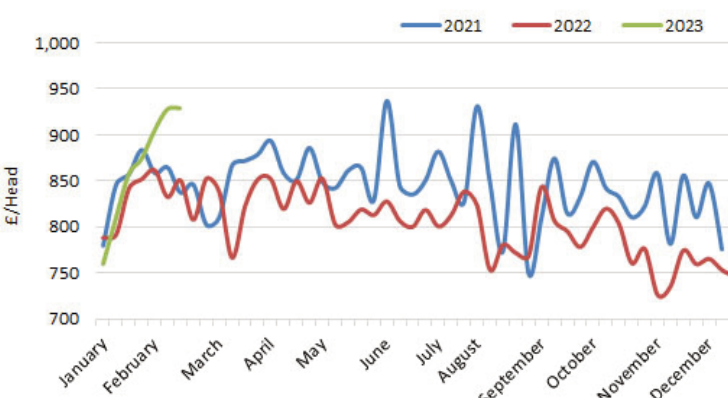


Figure 2. Stores - weekly average price paid in Northern Ireland for 300-400kg heifers 2021 - 2023. (£/head) Source: DAERA.



A similar trend can be observed in weekly average heifer prices within the same weight bracket during the year to date as Figure 2 illustrates, and this differential has increased in recent weeks.

The maintenance of a firm trade in the sale rings for good quality store cattle has been welcomed by primary beef producers and producers selling forward stores given the difficult production conditions experienced during 2022 resulting from increased costs of production.

The firm trade for good quality store cattle in the marts can be attributed to a combination of several key factors. Tighter supplies of cattle on NI farms has increased competition for the cattle available.

At the end of February 2023 there were 173,212 beef sired cattle aged 18-24 months on NI farms compared to 180,242 head at the close of February 2022. This decline by 7,030 head represents a 3.9 per cent decline in the number of beef cattle within this age bracket.

Meanwhile the number of male dairy origin cattle on the ground aged 18-24

months has also declined by 1,180 head, from 9,457 head in February 2022 to 8,277 in February 2023. This represents a decline of 12.5 per cent over the course of the year as outlined in Figure 3.

There have also been reductions recorded in the number of cattle intended for beef production aged 6-18 months old and 24-30 month old cattle on NI farms, back by 1.4 and 0.1 per cent respectively when comparing February 2022 and February 2023.

This drop in the number of cattle on the ground cannot however be attributed to a reduction in calf registrations on NI farms over the past six months. The number of beef sired cattle under six months old was the only cattle age category recording an increase in numbers on local farms this February, up by 5,424 head while the number of dairy sired male cattle was back 5,031 head or 22.3 per cent year on year, seeing the category record an overall increase of 0.3 per cent or 393 head. Recently published NI census data from June 2022 has also recorded a marginal increase in total cattle and calf numbers of 0.3% relative to June 2021.

Reduced levels of imports from ROI for further feeding has also increased competition for NI born cattle available and helped maintain strong liveweight prices in the local marts.

During 2023 to date 2,231 cattle over six months old have been imported onto NI farms from ROI for further breeding and production. This is less than half of the 5,138 ROI born cattle over six months old imported onto NI farms in the corresponding period of 2022. This reduction in the number of cattle being imported from ROI has increased the demand for NI born livestock and thus helped to firm prices in the sale rings.

The second major cost of beef finishing is the cost of feed and producers also have little control over this as cereal prices are driven by supply and demand and are heavily impacted by the weather during the previous growing and harvesting season.

Early last year, while cattle prices were rising sharply, producers were apprehensive to push cattle on to early finish due to the pressure being put on margins by rising feed costs. This was a feature of beef production during 2022 that had forced some producers to reappraise their production systems

and react by selling store cattle earlier than they normally would.

High barley prices remain a feature of beef production in NI as outlined in Table 1 and is likely to have a significant impact on smaller scale producers who would have fed cattle. Many producers who had limited or poorer quality forage supplies due to production conditions experienced last summer should consider feed costs while they remain historically high and fuel and fertiliser costs remain an issue, but the strong store cattle trade in NI currently may provide an outlet for cattle.

Beef finishers have limited scope to determine the price they receive for their finished cattle and in this scenario of tight cattle supplies beef finishers have limited control over the price they have to pay for quality store cattle if they want to maintain the scale of their beef enterprise.

Producers should aim to buy store cattle that suit their production system and consider the economics of keeping these cattle to sell for further finishing or to take them right through to slaughter. Producers who intend to take cattle right through to finish should try to maximise market returns by producing the type of cattle that the market wants and altering their production systems accordingly. Producers are encouraged to liaise with the individual processors regarding market specifications and the types of cattle that they have a market outlet for.

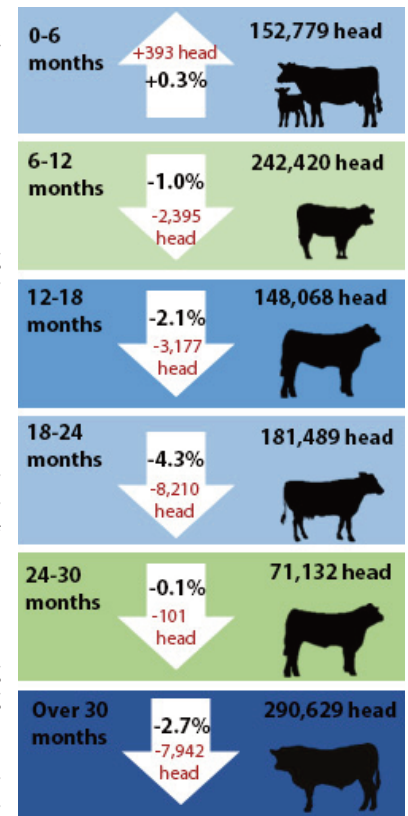
In general producers have limited control over the cost of their inputs but they do have control over the efficiency of their production system. However for improvements in efficiency to be achieved producers must first know their costs of production and only then can they identify areas where they can improve.

For a beef enterprise it is important that producers know how much it costs their farm business to produce 1kg liveweight, the carrying cost of a suckler cow, if a breeding herd is in place, and

Table 1: Average weekly price of barley, straw and silage in Northern Ireland January & February 2021 - 2023. Source: DAERA.

	Barley (£/tonne)	Straw (£/round bale)	Silage (£/round bale)
2021	198.4	20.2	17.8
2022	254.6	21.8	22.4
2023	256.9	20.5	28.1

Figure 3: Total cattle for beef production on NI farms at 28 February 2023 by age category and the change from 28 February 2022. Source: APHIS.



what price they need to achieve to leave a margin. When producers are monitoring this information they can alter production systems to try and increase output and reduce costs to maximise returns.

The NI farm business discussion groups and CAFRE benchmarking programs are an excellent source of support for farmers who want to improve their efficiency. The programme allows producers to gauge their own progress by comparing their farms with other similar enterprises to identify improvement measures.

For further information on benchmarking your farm business contact CAFRE Benchmarking on 028 9442 6771 or visit the website at www.cafre.ac.uk



## VISION DOCUMENTS PUT SHEEP SECTOR ON THE FRONT FOOT

In March 2022 Future Agricultural Policy Decisions for Northern Ireland were announced by then Agriculture Minister Edwin Poots MLA. No proposals for support to incentivise productivity in breeding ewes were brought forward at that time. However, the summary paper published in March 2022 indicated that work would be undertaken to explore options for support that would improve the overall performance and resilience of the sheep sector.

Hence the absolute significance for the sector of the 'vision documents' recently produced by the Northern Ireland (NI) sheep industry task force. Two inter-related publications have been produced: a vision for the development of the NI sheep industry and a vision for stimulus packages to support the development.

The Livestock and Meat Commission (LMC) has been centrally involved with the work of the taskforce. Also involved are: the Ulster Farmers' Union (UFU); the Northern Ireland Meat Exporters Association (NIMEA); the Northern Ireland Agricultural Producers' Association (NIAPA) and the National Sheep Association (NSA).

The over-arching objective of the task force has been to deliver a resilient, vibrant and sustainable sheep industry. It will be a sector that uses leading edge technologies to deliver safe high-quality meat and wool through increased productivity. It will also add value by increasing carbon sequestration, reducing greenhouse gas intensity and enhancing landscape biodiversity. Critical within all of this will be the need to maintain the mosaic landscape of Northern Ireland's hills and uplands, while also securing social cohesion.

Delivering this level of resilience will be achieved through the outworking of the following five priority action points:

- To increase the access to quality data and the use of that data by developing a national data base and access framework.
- To increase animal productivity through high animal health and welfare standards, genetic improvement, and resource planning.
- To increase environmental sustainability through reducing greenhouse gas emissions, sequestering carbon, improving soil and water management, and increasing biodiversity on farms through, for example, including multi species grass mixes, and legumes into crop and grassland management plans.
- To increase access to knowledge transfer and knowledge exchange to update knowledge and skills and demonstrate best practice through peer-to-peer learning and the training and provision of technical consultants within the supply chain.
- To maximise market opportunity for meat and wool through market development and improved supply chain feedback.

Previous studies have shown that the presence of sheep production in the rural economy is vital to both the social and cultural capital of rural regions particularly as they are often located in marginal or economically disadvantaged areas. There are a range of sheep breeds used in NI from hill to lowland breeds and all are vitally important in delivering a productive and profitable national flock.

LMC Chief Executive Ian Stevenson commented: "Sheep farming is part of the fabric of NI agriculture, with almost 4 in 10 farm businesses contributing to sheep production. At a very fundamental level the sector supports primary producers and their families, but also generates employment throughout the supply chain and the wider economy." Ian continued: "LMC is committed to working with industry stakeholders to enhance productivity while

meeting attainable sustainability targets. Supporting the vision of the sheep industry taskforce will help build resilient and dynamic farm businesses, in turn safeguarding this vital sector for future generations."

The task force is chaired by UFU deputy president John McLenaghan. He commented: Over the course of the last few months, the NI sheep industry has come together and formed an industry taskforce. "Its focus has been to look at how possible future agricultural support might be used to address issues within the sector and make it more resilient, efficient and capable of dealing with future challenges. "One key objective was to produce a robust evidence-based report outlining the industry's vision for the sector, so I hope you take time to read it along with our 'vision for stimulus packages to support the development of the NI sheep industry."

### Maintaining current levels of primary production

As the vision document rightly points out, the activity of sheep farming contributes significantly to the wider rural economy through its upstream and downstream demand for services including specialist contractors. It is widely accepted that one job in agriculture generates a further one-point-five jobs in the wider economy.

The contribution of the sector to the wider employment and output of NI will be heavily influenced by having a critical mass of primary production. As a consequence, a decline in primary production diminishes the need for up and downstream businesses and as these ancillary businesses disappear, particularly in fragile rural communities, then the ability to maintain primary production is compromised and a cycle of economic decline will begin.

Indeed, there is already a recognised shortage of specialist sheep veterinarians and sheep husbandry technical consultants and scientists that could compromise some of the ambition of this vision statement. Consequently, the first component of a vision for the future of the NI sheep sector is to maintain the critical mass needed to secure the infrastructure needed to develop the sector and secure a level of profitability to pay family labour and support future capital investment needed to build resilience.

The starting point for that critical mass is the current level of physical output of meat and wool. The longer-term future would be better secured if productivity was increased and output grew. Securing extra output can come from extra breeding animals or more yield from existing breeding animals. The members of the task force view the latter option as the best route for development to follow.

### Resilience

The second component of the vision for the NI sheep sector is to secure the long-term capability of the natural capital used in sheep farming and enhance the delivery of public goods. This includes carbon capture and sequestration, soil quality and water management while at the same time reducing greenhouse gas emissions from sheep production over the next decade. This vision for the NI sheep sector will only be delivered if each individual business is resilient. Farms must be economically viable to the extent that investments can be made to enable the animals and the land used to deliver productivity gains. These productivity gains will be delivered by capturing genetic gains from the breeding sheep used, improved animal health and welfare, soil, and grassland management.

### Stimulus packages

The stimulus programme envisaged by the sheep taskforce seeks to encourage capital investment and adoption of best practice to drive resilience, animal productivity, skills development and

reduced greenhouse gas emissions. To encourage actions to build resilience and animal productivity requires on farm infrastructure to allow the collection of on farm data and to simplify the handling of sheep to improve animal health and welfare. Examples of such infrastructure include mobile dippers and sheep handling pens as well as the integration of information technology to measure and record key performance indicators into equipment like weigh crates and sheep handling equipment. These investments can take many years to deliver cost savings or productivity gains to cover the initial investment. Access to capital grants would provide a stimulus for infrastructure investment.

Skills development and attendance at knowledge exchange events, either in person or virtually, would encourage the adoption of best practice and new technologies. In-person attendance would have additional health and wellbeing benefits for those attending through the social interaction that would occur. Skills updating could be introduced as a condition of access to targeted sheep enterprise development support.

**Image 1: The NI sheep taskforce has outlined its proposal for a sustainability package to the NI sheep sector.**



Improving animal health and welfare has been identified as a key component of improving productivity. A starting point to this is the development of sheep health plans with the assistance of the farmers veterinary surgeon. For some businesses, the professional fees associated with the preparation and monitoring of annual health plans can be significant when compared to the annual gains in income they facilitate. The preparation of an annual health plan should be a condition of access to targeted sheep enterprise development support.

Further resilience for the industry will come from the increased use of improved genetics within the flock. This action is currently constrained by a lack of availability of performance recorded ewes and rams within Northern Ireland (NI). Targeted sheep enterprise support should include provision of a stimulus to increase the genetic merit of the NI sheep flock.

And, finally, the availability of a crisis management package is also envisaged for the sheep sector.

In summary the vision put forward by the sheep industry taskforce has been proposed to ensure that full advantage can be taken of the opportunity to develop a sustainable agricultural industry in which sheep farmers are supported on an equitable basis to make best use of the assets at their disposal and enabling them to invest in all forms of capital - physical, environmental and human. Advancement of bespoke stimulus measures will ensure the delivery of a profitable, productive, environmentally sustainable, resilient and supply chain focused sheep industry in Northern Ireland.



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