

COVID-19 HAS A MAJOR IMPACT ON GLOBAL BEEF PRODUCTION IN 2020

Covid-19 has been a key factor behind a decline in global beef production during 2020 according to the latest available information from Gira, a strategic consultancy and market research firm founded 50 years ago this year.

Widespread weaker demand for beef globally due to a decline in foodservice demand combined with plant closures and reduced processing capacity to curb disease spread impacted beef production in key regions during 2020. In addition the ongoing impacts of drought and herd rebuilding in Australia have also impacted global beef supplies.

The most notable decline in beef production during 2020 was recorded in Brazil where beef output is expected to be back by four per cent or just over 400,000 tonnes. A strong decline in production also occurred in China with output back in the region of 220,000 tonnes while in Australia output for 2020 is expected to be back eight per cent or almost 200,000 tonnes.

There was some recovery in beef production the second half of 2020 however despite this improvement overall beef production is forecast to end the year two per cent lower than 2019 levels. The recovery in production recorded in the second half of 2020 is expected to carry through into 2021

with global beef production next year expected to increase by one per cent or 700,000 tonnes.

**Global Beef
Production Forecast
GIRA December 2020**

2019/2020: -2%

2020/2021: +1%

2021/2025: +4%

This increase is driven primarily by a four per cent increase in beef output in the US which is the equivalent of an additional 500,000 tonnes of beef as outlined in **Figure 1**. An increase in beef production is also forecast in China during 2021 with an additional 200,000 tonnes of beef expected to come onto the market.

There is however expected to be a three per cent decline recorded in beef output in Argentina with production in Brazil expected to be back by two per cent and a further one per cent decline

in the EU-27 next year. These declines will offset some of the gains made by increased production in the US.

Longer term outlook

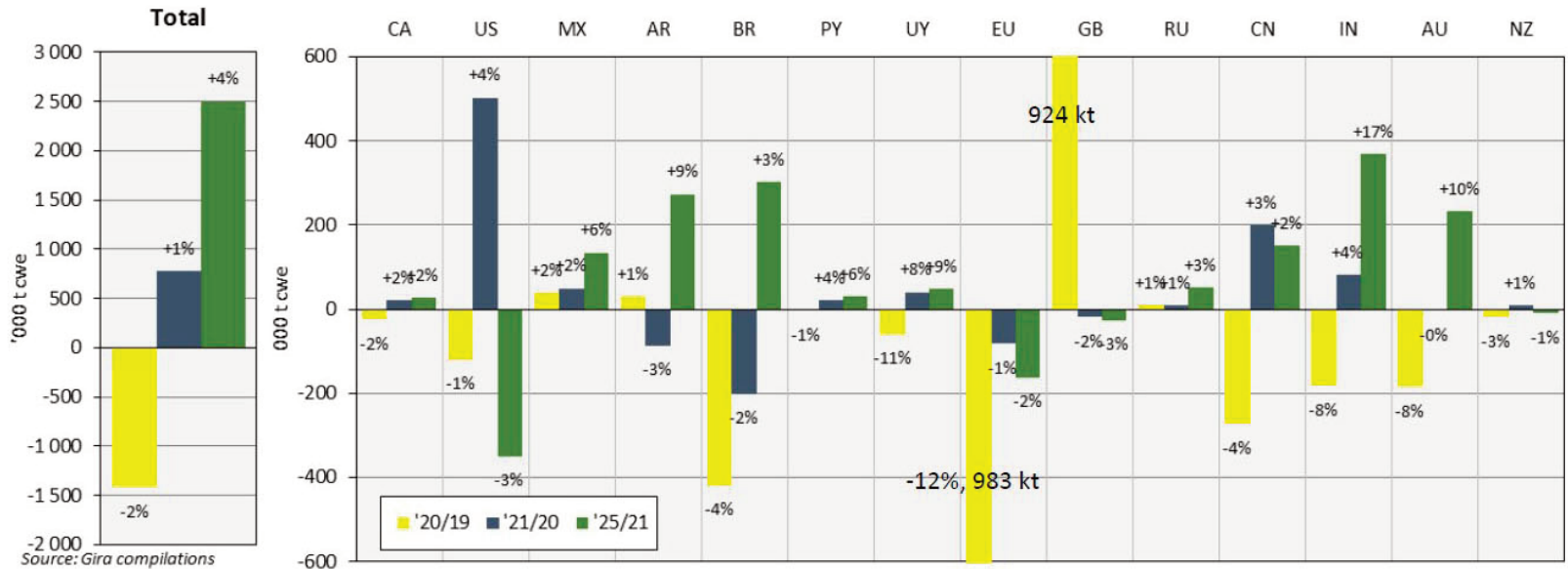
Global beef production is expected to increase in the longer term with global output of beef expected to increase by 2.5 million tonnes or four per cent between 2021 and 2025.

Strong increases in beef production in both Argentina and Brazil is expected by 2025 with output expected to increase in both countries in the region

of 300,000 tonnes. A ten per cent increase in beef production is expected in Australia by 2025 as it recovers from the longer term impacts of drought with beef production, primarily from buffalo, is expected to grow by 17 per cent or 380,000 tonnes in India.

Some of this growth in beef output by 2025 is expected to be offset by declines in production in the US which is forecast to be back by three per cent. A two per cent decline is also expected in beef output from the EU-27 by 2025.

Figure 1: Beef and veal net production changes in key markets 2020/2021 (f)/2025 (f) Source: Gira



Source: Gira compilations

CHINA AND US DRIVING GLOBAL DEMAND FOR BEEF

During 2020 just over 10.5 million tonnes of beef were traded globally, a 1.6 per cent decline from 2019 levels according to the latest figures from Gira.



The reduced availability of beef for export due to the negative impact of Covid-19 restrictions on production in many key beef producing regions was a key factor in the decline in the volume of beef being traded. In addition reduced demand from the food service sector in particular in key importing markets also had a negative influence.

However despite the impacts of the

Covid-19 global pandemic in 2020 the volume of beef imported by China continued to grow. The latest figures from Gira put Chinese beef imports for 2020 at 3.5 million tonnes, up from 3.3 million tonnes in 2019.

Meanwhile beef imports into other Asian markets recorded a decline during 2020. Japan imported 813,000 tonnes of beef during 2020, back two per cent from 2019 levels while Korea imported 551,000 tonnes, a three per cent decline from 2019 levels.

The combined imports of other Asian markets recorded a stronger decline during 2020, back 19 per cent from 2019 levels to 1.1 million tonnes.

Beef imports into the Middle East and North Africa (MENA) also recorded a

decline in 2020 to 944,000 tonnes. This was back by 27 per cent from the 1.2 million tonnes imported during 2019.

The US has continued to be a major player in the global import market for beef with 1.3 million tonnes imported during 2020. This was a three per cent increase from 2019 levels.

Future import demand

Global demand for beef is expected to recover by 6.2 per cent in 2021 according to Gira with strong growth expected in beef imports by China and other Asian markets in particular. Some moderate growth is expected in the level of beef imports in MENA and US markets next year while some declines are expected in import demand in both the EU and GB.

DEADWEIGHT CATTLE TRADE FIRMS

The deadweight cattle trade has continued to firm in Northern Ireland in the run up to Christmas with strong demand for both prime cattle and cows from local processors.

Quotes for in spec U-3 grading prime cattle this week range from 356-368p/kg with most of the plants quoting towards the upper end of this range. This is significantly ahead of the same week last year when the plants were quoting 324-332p/kg.

The firmer trade for prime cattle is also being reflected in paid prices with an R3 steer price last week of 376.8p/kg. This was up 1.5p/kg from the previous week. In the same week last year the R3 steer price in Northern Ireland was 337.5p/kg.

Supplies of prime cattle for processing have remained steady with 6,892 prime cattle passing through local plants last week. This takes prime cattle throughput for the last six weeks to 42,901 head, a two per cent increase from the same six week period in 2019.

Cow throughput in local plants during the last six weeks has totalled 14,101 head, back 343 head from the same period in 2019. Quotes for good quality O+3 grading cows have firmed slightly in recent weeks with the majority of plants quoting 255-265p/kg.

There was a decline in the number of cattle imported for direct slaughter from ROI last week with 229 prime cattle and 69 cows imported. This was back from 242 prime cattle and 199 cows imported during the previous week.

FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
Tel: 028 9263 3024

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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 07/12/20	Next Week 14/12/20
Prime		
U-3	356 - 368p	356 - 368p
R-3	350 - 362p	350 - 362p
O+3	344 - 356p	344 - 356p
P+3	290 - 306p	290 - 306p
	Including bonus where applicable	
Cows		
O+3 & better	240 - 265p	240 - 265p
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

Base quotes from the major NI plants this week for in-spec U-3 grading prime cattle remained steady ranging from 356-368p/kg with most of the processors quoting 360-368p/kg. Quotes for good quality O+3 grading cows ranged from 240-265p/kg this week with most plants in the region of 255-265p/kg. Similar quotes for all types of cattle are expected for early next week.

The NI plants have indicated steady supplies of cattle to meet demand for beef with 6,892 prime cattle processed last week. This was up slightly from the previous week and 285 head more than the 6,607 prime cattle processed in the same week last year. Cow throughput was back by 381 head from the previous week with 2,120 cows processed locally last week.

Imports of cattle for direct slaughter from ROI decreased last week to 229 prime cattle and 69 cows. A further 31 cows were imported from GB last week for slaughter in local plants, similar levels to previous weeks. Exports of cattle out of NI for direct slaughter have continued to operate at very low levels with seven prime cattle and 96 cows exported to ROI last week while no cattle were exported to GB.

The NI deadweight prime cattle trade generally reported increases last week across the majority of grades from the previous week. The NI average steer price held steady last week at 366.9p/kg with the R3 steer price increasing by 1.5p/kg to 376.8p/kg. In the same week in 2019 the R3 steer price in NI was 337.5p/kg. The average heifer price in NI last week increased by 3p/kg to 369.3p/kg while the R3 heifer price was up by 1.8p/kg to 376.2p/kg. In the same week in 2019 the R3 heifer price in NI was 339.3p/kg. The average NI young bull price increased last week by 3.7p/kg to 352.2p/kg with the R3 young bull price up by almost a penny to 363.3p/kg. Meanwhile last week the NI cow trade came under some pressure with the average cow price back by half a penny to 239.7p/kg while the O3 cow price was back by 3.3p/kg to 265.2p/kg.

In GB last week the deadweight prime cattle trade came under pressure with average steer price back by 3.5p/kg to 372.4p/kg while the R3 steer price decreased by 2.8p/kg to 379.3p/kg. This narrows the differential in R3 steer prices last week between NI and GB to 2.5p/kg. The average heifer price in GB decreased by 3.7p/kg to 371.1p/kg with the R3 heifer price back by a similar margin to 377.8p/kg. This narrows the differential in R3 heifer prices between NI and GB to 1.6p/kg. Meanwhile the cow trade in GB showed signs of improvement last week with the O3 cow price up by 1.5p/kg to 247.2p/kg.

In ROI last week the deadweight cattle trade sharpened across the majority of grades from previous weeks. This combined with a strengthening euro against sterling last week has resulted in a strong improvement in deadweight cattle prices in sterling terms. The R3 steer price in ROI last week increased by the equivalent of 8.7p/kg to 337.5p/kg while the R3 heifer price was up by 9.7p/kg to 343p/kg. This puts the differential last week with NI at 39.3p/kg for R3 steers and 33.2p/kg for R3 heifers. The O3 cow price in ROI last week increased by the equivalent of 10.5p/kg to 263.6p/kg, 1.6p/kg below the same price in NI.

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

	W/E 05/12/20	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	377.1	346.8	387.0	383.4	383.5	385.6	385.1
	R3	376.8	337.5	387.3	382.3	376.0	373.3	379.3
	R4	374.6	337.5	388.2	386.8	376.8	373.3	384.2
	O3	365.2	323.1	369.1	364.1	351.8	352.4	356.7
	AVG	366.9	-	383.7	375.2	365.2	364.2	372.4
Heifers	U3	378.5	352.0	394.4	385.1	388.5	382.6	387.9
	R3	376.2	343.0	388.6	378.2	376.6	373.3	377.8
	R4	374.0	343.4	388.6	380.7	378.2	373.1	381.7
	O3	366.6	332.2	356.1	361.7	348.4	351.3	353.0
	AVG	369.3	-	385.4	372.3	364.8	362.5	371.1
Young Bulls	U3	365.3	331.2	376.1	368.1	376.1	373.3	374.8
	R3	363.3	322.6	364.3	362.3	363.0	347.4	361.7
	O3	347.1	308.6	326.4	347.3	333.1	345.2	335.3
	AVG	352.2	-	355.5	346.4	352.5	336.6	350.8
Prime Cattle Price Reported	5492	-	6543	7205	8204	4936	26888	
Cows	O3	265.2	263.6	247.5	251.0	247.7	240.4	247.2
	O4	270.1	263.6	249.3	251.7	244.6	239.7	246.2
	P2	229.0	233.6	199.5	207.3	203.0	201.9	203.1
	P3	249.4	250.8	214.6	220.0	221.3	215.2	219.1
	AVG	239.7	-	239.1	232.0	215.2	211.4	220.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=90.15p 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 05/12/20	Steers	Heifers	Young Bulls
U3	376.3	378.7	364.9
R3	372.2	375.3	362.7
O+3	363.1	365.3	356.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 05/12/20	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	159.0	170.5	180.1	194.5
P2	180.0	206.6	225.8	240.0
P3	183.8	214.0	241.8	252.2
O3	-	247.0	274.1	264.9
O4	-	250.0	260.0	270.3
R3	-	-	265.0	284.2

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 05/12/20	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	226	244	235	205	225	218
Friesians	177	194	183	160	169	165
Heifers	220	237	225	200	219	210
Beef Cows	167	216	175	135	166	150
Dairy Cows	115	136	122	100	114	107
Store Cattle (p/kg)						
Bullocks up to 400kg	230	282	250	200	229	215
Bullocks 400kg - 500kg	225	256	240	200	224	212
Bullocks over 500kg	210	231	218	180	209	195
Heifers up to 450kg	230	260	242	200	229	215
Heifers over 450kg	210	226	220	190	209	200
Dropped Calves (£/head)						
Continental Bulls	400	495	435	300	395	350
Continental Heifers	375	460	400	270	370	315
Friesian Bulls	180	245	210	100	160	130
Holstein Bulls	100	140	120	35	95	60

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 07/12/20	Next Week 14/12/20
R3 Lambs up to 22kg	460 - 470p	465 - 475p

REPORTED SHEEP PRICES

(P/KG)	W/E 21/11/20	W/E 28/11/20	W/E 05/12/20
NI L/W Lambs	436.9	429.5	434.8
NI D/W Lambs	456.4	461.8	459.6
GB D/W Lambs	462.2	473.9	479.1
ROI D/W	466.0	468.3	473.7

Deadweight Sheep Trade

Quotes from the major processors for R3 grading lambs ranged from 460-470p/kg this week. All the plants are paying up to 22kg and have indicated that base quotes are expected to firm slightly to 465-475p/kg early next week. Supplies of lambs increased last week with lamb throughput in local plants up 509 head to 9,501 lambs from the previous week. In the corresponding week in last year 8,837 lambs were processed locally. Lamb exports to ROI for direct slaughter last week increased to 7,553 head with a further 670 ewes and rams also exported. The deadweight lamb price in NI last week was back by just over 2p/kg from the previous week to 459.6p/kg. This remains considerably ahead of the same week last year when the deadweight lamb price in NI was 387.7p/kg.

Liveweight Sheep Trade

The marts continue to report a firm trade for good quality lambs this week with numbers generally back from previous weeks. In Swatragh last Saturday 650 lambs sold from 445-460p/kg compared to 700 lambs the previous week selling from 405-439p/kg. In Massereene this week 618 lambs sold from 430-468p/kg compared to 620 lambs last week selling from 425-468p/kg. A similar trade in Ballymena this week saw 2,402 lambs sold from 420-478p/kg (avg 433p/kg) compared to 2,463 lambs last week selling from 415-477p/kg (avg 431p/kg). In Enniskillen on Wednesday 690 lambs sold from 412-458p/kg compared to 508 lambs last week selling from 408-454p/kg. Smaller numbers of cull ewes have also passed through the sale rings this week with top reported prices ranging from £106-£188 across the marts.

LATEST SHEEP MARTS (P/KG LW)

From: 05/12/20		Lambs			
To: 10/12/20		No	From	To	Avg
Saturday	Omagh	579	422	476	-
	Swatragh	650	445	460	-
Monday	Massereene	618	430	468	-
	Kilrea	580	432	469	-
Tuesday	Saintfield	607	427	487	-
	Rathfriland	491	415	492	447
Wednesday	Ballymena	2402	420	478	433
	Enniskillen	690	412	458	-
	Armoy	563	430	480	-
	Markethill	1050	430	471	-

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

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