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# DIFFERENTIAL IN PRIME CATTLE PRICES BETWEEN NI AND GB WIDENS

QUOTES from the major NI processors for in spec U-3 grade steers and heifers this week ranged from 320-322p/kg. This is reduction from 324-328p/kg early last week with the plants indicating improved cattle availability in recent weeks combined with difficulties in sales as factors behind the drop in quotes.

Prime cattle throughput in NI plants during September 2015 totalled 22,584 head, a five per cent reduction on the 23,799 prime cattle slaughtered in NI during September 2014. Imports of prime cattle from ROI for direct slaughter during September 2015 totalled 2,264 head and accounted for 10 per cent of total prime cattle throughput. In the corresponding period in 2014 imports of prime cattle from ROI for direct slaughter totalled 3,434 head and accounted for 14 per cent of total prime cattle throughput.

While reported deadweight prices for prime cattle have been fairly steady in NI in recent weeks the deadweight trade for prime cattle in GB has steadily improved. Reports have indicated that a tightening in cattle availability in GB has been a key driver behind the improvement in the deadweight trade for prime cattle while processors in NI have indicated that they have enough prime cattle coming forward for slaughter to meet demand.

The R3 steer price in GB increased from 353.3p/kg in the week ending 29 August 2015 to 357.7p/kg in the week ending 26 September 2015. This is an increase of 4.4p/kg. Meanwhile in NI the R3 steer price decreased from 332.1p/kg in the week ending 29 August 2015 to 329.3p/kg in the week ending 26 September 2015. This is a decrease of 2.8p/kg.

Figure 1 outlines the R3 steer prices in NI, GB and ROI for 2015 to date. The prices paid for R3 steers in NI had been very close to prices pad for R3 steers in GB early in 2015 with an average differential for the first six months of 2015 of 5.9p/kg. As indicated in the chart the differential in R3 steer prices between NI and GB has gradually widened since June with a differential of 28.4p/kg in the week ending 26 September 2015.

With a differential of 28.4p/kg in R3 steer prices between NI and GB in the week ending the 26 September 2015 the differential in the value of a 330kg carcase was £94. This is an increase of £24/head from the week ending 29 August 2015 when the differential in the value of a 330kg R3 grade steer carcase was £70.

The widening in the differential in deadweight prices for prime cattle between NI and GB may trigger producers to consider exporting prime cattle to GB for direct slaughter. Exports of prime cattle from NI to GB have gradually increased in recent weeks with 236 prime cattle exported for direct slaughter last week. This takes prime cattle exports for September 2015 to 662 head. However the level of export remains lower than the corresponding period in 2014 when 841 prime cattle were exported to GB for direct slaughter.

LMC's GB/NI price differential report in December 2013 identified that the more seasonal nature of cattle supply in NI, relative to GB, with more cattle coming off grass in the autumn is a major factor leading to lower prices in NI during this period. A key recommendation of the report was that government and industry should focus more efforts on reducing barriers to live export trade with GB to capitalise on periods of strong cattle supplies in NI.

As indicated in Figure 1 the R3 steer price in ROI has remained below the equivalent price in NI for 2015 to date. In the week ending the 26 September 2015 the ROI/NI differential was 45.7p/kg which is the equivalent of £151 on a 330kg carcase. In the corresponding week last year the differential was 53.7p/kg or £177 on a 330kg carcase.

Stronger supplies of prime cattle coming forward for slaughter in ROI in recent weeks have put pressure on deadweight prices in euro terms. In addition sterling is currently trading strongly against euro and this has further widened the differential in deadweight prices for prime cattle between ROI and NI.

Figure 1: R3 steer prices in GB,NI and ROI for 2015 to date

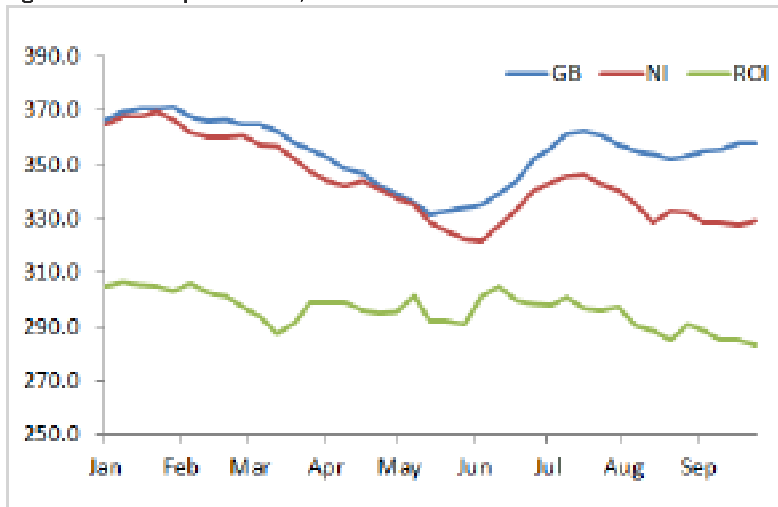
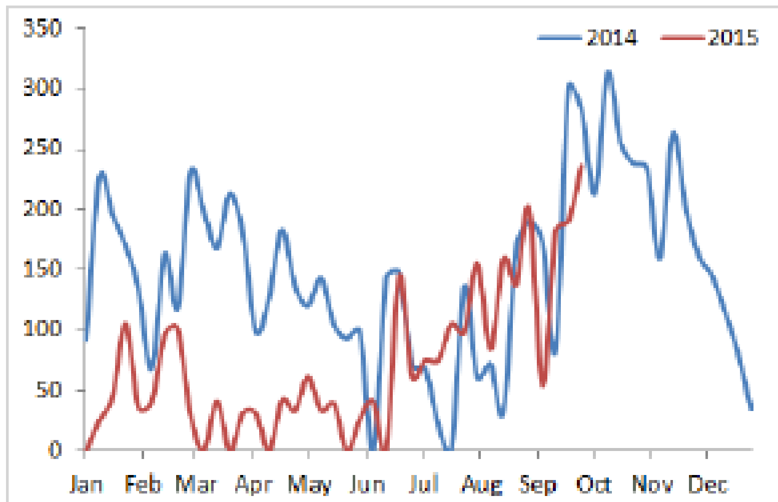



Figure 2: Exports of prime cattle for direct slaughter Jan 2014 - Sept 2015



# FQAS MART CLINICS

| LOCATION | DAY | DATE |
|---|---|---|
| **Markethill** | Tuesday | 06/10/2015 |
| **Saintfield** | Wednesday | 07/10/2015 |
| **Omagh** | Monday | 12/10/2015 |
| **Enniskillen** | Thursday | 15/10/2015 |
| **Kilrea** | Wednesday | 21/10/2015 |
| **Ballymena** | Friday | 30/10/2015 |

LMC's Farm Liaison Officer, Terry White, runs Farm Quality Assurance Scheme (FQAS) mart clinics at a range of Livestock Marts across Northern Ireland. Terry is present to assist members of FQAS with non-conformances, general scheme queries and any issues prior to or following an inspection.

Any farmers who wish to join the scheme can also do so through their local FQAS mart clinic. Terry will be available at the livestock marts listed above. For further information call (028) 9263 3024.

# SINGLE FARM PAYMENT EXCHANGE RATE SET

THE Single Farm Payment is the main agricultural subsidy scheme in the EU and came into force on 1st January 2005. It replaced most of the direct subsidy payments previously made to farmers. The Single Farm Payment provides a valuable contribution to the NI farming industry and in many cases represents a large proportion of the farm income.

When calculating Single Farm Payments in currencies other than the Euro the member state in question will calculate the value of the direct payment on the basis of the average exchange rate set by the European Central Bank during the month of September. This is a change from previous years when the Single Farm Payment was calculated using the exchange rate set by the European Central Bank on the last banking day of September each year.

The change to using a monthly average exchange rate is to reduce the potential impact of any short term fluctuations in exchange rates. The value of the euro against sterling has improved in recent weeks and average exchange rate from the European Central Bank for September 2015 was €1= £0.7309. Last year the single farm payment was calculated using an exchange rate of €1= £0.7773 which accounts for a six per cent decline year on year and is the lowest exchange rate used for the conversion since 2007.

In addition to the lower exchange rate this year there will also be changes to subsidy payments to individual farmers this year as 2015 is the first year of a seven year programme moving towards a flat rate payment which is estimated to be the equivalent of €329/ha by 2021.

While the lower exchange rate will have a direct effect on the money coming into the NI farming sector there are also secondary effects of a lower exchange rate to consider. The current low value of the euro against sterling makes trading more difficult for agri-food processors in European markets and makes produce from countries using the euro, such as ROI, much more competitive on both the European and domestic markets.

# WEEKLY BEEF & LAMB MARKETS

LMC

## CATTLE TRADE

### NI FACTORY QUOTES FOR CATTLE

| (P/KG DW) | This Week 28/09/15 | Next Week 05/10/15 |
|---|---|---|
| **Prime** | | |
| U-3 | 320 - 322p | 316 - 320p |
| R-3 | 314 - 316p | 310 - 314p |
| O+3 | 308 - 310p | 302 - 308p |
| P+3 | 264 - 290p | 258 - 288p |
| | Including bonus where applicable | |
| **Cows** | | |
| O+3 & better | 224 - 240p | 224 - 240p |
| 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.

### REPORTED NI CATTLE PRICES - P/KG

| W/E 26/09/15 | Steers | Heifers | Young Bulls |
|---|---|---|---|
| U3 | 329.5 | 335.4 | 323.0 |
| R3 | 327.0 | 328.7 | 323.5 |
| O+3 | 320.6 | 320.4 | 315.3 |

*Prices exclude AA, HER and Organic cattle

### REPORTED COW PRICES NI - P/KG

| w/e 26/09/15 | Wgt <220kg | Wgt 220-250kg | Wgt 250-280kg | Wgt >280kg |
|---|---|---|---|---|
| P1 | 128.1 | 133.8 | 143.8 | 156.7 |
| P2 | 160.6 | 176.1 | 188.9 | 210.8 |
| P3 | 170.2 | 205.2 | 208.5 | 222.5 |
| O3 | - | 210.7 | 235.2 | 244.0 |
| O4 | - | 212.0 | 239.7 | 242.5 |
| R3 | - | - | 265.0 | 258.2 |

## Deadweight Cattle Trade

QUOTES from the major NI processors for U-3 grade prime cattle this week ranged from 320-322p/kg. Some plants have indicated quotes of 316-318p/kg for early next week while other plants have maintained their quotes at 320p/kg. Quotes for good quality O+3 grade cows range from 224-240p/kg across the plants this week with similar quotes expected for early next week.

The major NI processors have reported steady supplies of prime cattle coming forward to meet demand with prime cattle throughput in NI last week totalled 6,113 head, the highest weekly throughput since late May this year. Throughput in the corresponding week last totalled 6,274 head. The number of cows coming forward for slaughter has also increased with 1,906 cows killed in NI plants last week compared to 1,752 cows the previous week. This takes total cow slaughterings for September 2015 to 7,117 head compared to the 6,804 cows killed in September 2014.

A further 297 cows were exported from NI to ROI for direct slaughter last week while 222 cows were imported from ROI for direct slaughter in NI plants. A total of 528 prime cattle were also imported from ROI for direct slaughter in NI plants. Meanwhile exports from NI to GB last week consisted of 236 prime cattle and 71 cows. This compares to 190 prime cattle and 48 cows exported from NI for direct slaughter in GB the previous week.

The average steer price in NI last week increased by 1.3p/kg to 320.9p/kg while the R3 steer price increased by a similar margin to 329.3p/kg. The average heifer price in NI last week was unchanged from the previous week at 324.1p/kg while the R3 heifer price was back by 1.3p/kg to 329.7p/kg. The trade for the small number of young bulls being slaughtered in NI recorded an improvement last week with the average deadweight price increasing by 2.4p/kg to 314.2p/kg and the R3 young bull price increasing by 1.9p/kg to 323.6p/kg.

In GB last week the deadweight trade for prime cattle remained fairly steady with the average steer price increasing by a penny to 352.4p/kg and the R3 steer price unchanged at 357.7p/kg. The R3 steer price was within a penny of the previous week in all of the GB regions. The average heifer price in GB last week was up by 1.9p/kg to 352.9p/kg while the R3 heifer price was unchanged at 358.2p/kg. The differential between NI and GB was 28.4p/kg for R3 grade steers and 28.5p/kg for R3 grade heifers last week. The cow trade in GB recorded an improvement with the average cow price increasing in all of the GB regions while the GB average price increased by 1.4p/kg to 214.5p/kg. This was 3.3p/kg above the average cow price in NI which was back by 3.6p/kg to 211.2p/kg

In ROI last week increased throughput of prime cattle put pressure on the deadweight trade with prices back in euro terms for the majority of reported grades. The R3 steer price in ROI last week was the equivalent of 283.6p/kg, back by 1.6p/kg from the previous week while the R3 heifer price was back by 2.6p/kg to the equivalent of 291.6p/kg.

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

| W/E 26/09/2015 | | Northern Ireland | Rep of Ireland | Scotland | Northern England | Midlands & Wales | Southern England | GB |
|---|---|---|---|---|---|---|---|---|
| Steers | U3 | 330.6 | 292.3 | 375.4 | 361.1 | 361.4 | 361.7 | 365.5 |
| | R3 | 329.3 | 283.6 | 371.8 | 355.7 | 350.3 | 349.8 | 357.7 |
| | R4 | 327.3 | 282.5 | 374.9 | 365.4 | 350.2 | 349.5 | 362.8 |
| | O3 | 317.0 | 268.3 | 352.0 | 337.7 | 326.3 | 329.7 | 337.0 |
| | AVG | 320.9 | - | 370.3 | 354.5 | 340.2 | 337.1 | 352.4 |
| Heifers | U3 | 335.6 | 300.4 | 385.4 | 368.4 | 362.0 | 362.2 | 371.4 |
| | R3 | 329.7 | 291.6 | 374.5 | 353.1 | 350.5 | 350.1 | 358.2 |
| | R4 | 327.2 | 290.6 | 373.2 | 359.3 | 352.4 | 350.6 | 360.5 |
| | O3 | 317.8 | 279.4 | 348.9 | 333.1 | 321.8 | 326.6 | 334.2 |
| | AVG | 324.1 | - | 371.6 | 353.4 | 339.4 | 336.3 | 352.9 |
| Young Bulls | U3 | 323.0 | 288.4 | 368.9 | 348.3 | 354.1 | 360.8 | 355.4 |
| | R3 | 323.6 | 282.2 | 365.3 | 336.9 | 342.1 | 343.4 | 343.6 |
| | O3 | 308.3 | 269.3 | 320.0 | 310.8 | 313.9 | 322.4 | 316.0 |
| | AVG | 314.2 | - | 345.8 | 329.8 | 329.2 | 329.8 | 331.6 |
| Prime Cattle Price Reported | | 4510 | - | 6721 | 6716 | 5669 | 4460 | 23566 |
| Cows | O3 | 242.8 | 246.8 | 240.1 | 239.8 | 238.3 | 232.3 | 238.2 |
| | O4 | 242.2 | 248.1 | 248.4 | 241.8 | 237.8 | 232.0 | 240.7 |
| | P2 | 197.0 | 212.3 | 184.5 | 203.0 | 189.3 | 189.6 | 191.7 |
| | P3 | 218.4 | 241.6 | 208.7 | 227.0 | 199.6 | 207.9 | 211.5 |
| | AVG | 211.2 | - | 238.5 | 218.6 | 197.4 | 197.8 | 214.5 |

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=73.00p 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

| | 1st QUALITY | | | 2nd QUALITY | | |
|---|---|---|---|---|---|---|
| W/E 26/09/15 | From | To | Avg | From | To | Avg |
| **Finished Cattle (p/kg)** | | | | | | |
| Steers | 185 | 200 | 193 | 160 | 184 | 173 |
| Friesians | 130 | 144 | 137 | 115 | 129 | 123 |
| Heifers | 190 | 207 | 198 | 165 | 189 | 178 |
| Beef Cows | 120 | 150 | 135 | 100 | 119 | 110 |
| Dairy Cows | 100 | 120 | 110 | 60 | 99 | 75 |
| **Store Cattle (p/kg)** | | | | | | |
| Bullocks up to 400kg | 203 | 226 | 212 | 175 | 202 | 190 |
| Bullocks 400kg - 500kg | 213 | 249 | 226 | 180 | 210 | 195 |
| Bullocks over 500kg | 200 | 218 | 208 | 170 | 199 | 185 |
| Heifers up to 450kg | 200 | 213 | 205 | 170 | 199 | 185 |
| Heifers over 450kg | 200 | 221 | 206 | 170 | 199 | 185 |
| **Dropped Calves (£/head)** | | | | | | |
| Continental Bulls | 300 | 415 | 350 | 200 | 298 | 250 |
| Continental Heifers | 260 | 380 | 325 | 160 | 258 | 210 |
| Friesian Bulls | 160 | 225 | 180 | 50 | 150 | 100 |
| Holstein Bulls | 75 | 195 | 120 | 5 | 70 | 35 |

# SHEEP TRADE

## SHEEP QUOTES

| (P/Kg DW) | This Week 28/09/15 | Next Week 05/10/15 |
|---|---|---|
| Lambs | 310>21kg | 305-310>21kg |

## REPORTED SHEEP PRICES

| (P/KG) | W/E 12/09/15 | W/E 19/09/15 | W/E 26/09/15 |
|---|---|---|---|
| NI Lambs L/W | 288.4 | 281.4 | 277.8 |
| NI Lambs D/W | 316.5 | 315.0 | 308.6 |
| GB Lambs D/W | 354.1 | 350.5 | 351.7 |
| ROI D/W | 323.7 | 327.7 | 323.3 |

## Deadweight Sheep Trade

The deadweight lamb trade in NI has remained steady with quotes of 310p/kg up to 21kg across the plants this week with 305-310p/kg up to 21kg expected for early next week. The plants have reported good supplies of lambs coming forward for slaughter with 13,314 lambs killed in NI last week. This takes total lamb throughput for September to 52,384 head, an 8 per cent increase on September 2014 levels when 48,600 lambs were killed in NI plants. A further 7,388 sheep were exported from NI to ROI for direct slaughter last week. The deadweight lamb price in NI last week was 308.6p/kg, back by 6.4p/kg from the previous week while reported prices in ROI were back by 4.4p/kg to the equivalent of 323.3p/kg.

## This week's marts

A similar trade to previous weeks was reported across the marts this week with good numbers passing through the sale rings. In Swatragh last Saturday 1,386 lambs sold from 251-310p/kg while in Omagh 1,508 lambs sold from 292-351p/kg. In Kilrea this week an entry of 650 lambs sold from 268-328p/kg compared to 680 lambs last week selling from 264-284p/kg. In Saintfield this week 723 lambs sold from 258-307p/kg compared to 644 lambs last week selling from 260-304p/kg. Another big entry of 2,032 lambs in Ballymena this week sold from 255-290p/kg (avg 268p/kg) compared to 2,044 lambs last week selling from 255-287p/kg (avg 269p/kg). Top reported prices for well fleshed cull ewes generally ranged from £70-90 across the marts this week.

## LATEST SHEEP MARTS

| From: 25/09/15 | | Lambs (P/KG LW) | | | |
|---|---|---|---|---|---|
| To: 01/10/15 | | No | From | To | Avg |
| Friday | Newtownstewart | 650 | 260 | 304 | - |
| Saturday | Omagh | 1508 | 292 | 351 | - |
| | Swatragh | 1386 | 251 | 310 | - |
| Monday | Massereene | 1102 | 260 | 288 | - |
| | Kilrea | 650 | 268 | 328 | - |
| Tuesday | Saintfield | 723 | 258 | 307 | - |
| | Rathfriland | 950 | 267 | 340 | 290 |
| Wednesday | Ballymena | 2032 | 255 | 290 | 268 |
| | Enniskillen | 687 | 280 | 295 | - |
| | Markethill | 1100 | 270 | 318 | 290 |
| Thursday | Armoy | 330 | 250 | 300 | 285 |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