

NI BEEF PRICES CONTINUE TO IMPROVE

THE price reported R3 steer price in NI last week was 370.2p/kg, up 1.3p/kg from the previous week. R3 steer prices in NI have consistently improved every week since the start of March this year and last week's increase brings the R3 steer price in the region to the highest recorded level since December 2013. In the corresponding week in 2016 the R3 steer price in NI was 324.6p/kg which accounts for a 45.6p/kg increase year on year which equates to £160 on a 350kg carcass.

The deadweight trade for prime cattle has also continued to improve in the majority of GB regions with the average R3 steer price last week up by 2.3p/kg to 369.8p/kg. Last week was the second consecutive week in which the

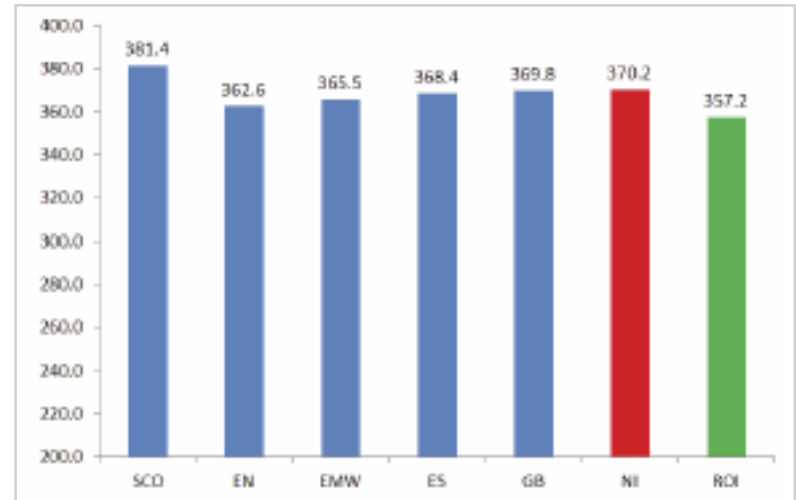
R3 steer price in NI has been higher than the average R3 steer price in GB. There is however some variation in deadweight prices if we look at the individual GB regions as indicated in Figure 1. Last week the R3 steer price in Northern England was 362.6p/kg. This was 7.6p/kg lower than the equivalent price in NI and was back by 1.5p/kg from the previous week.

In the Midlands and Wales last week the R3 steer price was 365.5p/kg. This was 4.7p/kg lower than the equivalent price in NI however it was up marginally from the previous week. Meanwhile in Southern England the R3 steer price was 368.4p/kg last week. This was 1.8p/kg lower than the R3 steer price in NI however it was up 6.2p/kg from the previous week.

The only region in the UK last week to have an R3 steer price higher than NI was Scotland. The R3 steer price in the region was 381.4p/kg, 11.2p/kg higher than the R3 steer price in NI. In the corresponding week last year the R3 steer price in Scotland was 13.9p/kg higher than NI which indicates a slight narrowing in the differential year on year.

The R3 steer price in ROI last week increased marginally in sterling terms from the previous week to 357.2p/kg as indicated in Figure 1. This puts the R3 steer price in ROI 13p/kg lower than the R3 steer price in NI and 12.6p/kg behind the equivalent price in GB. These differentials in price between the regions are similar to the corresponding week in 2016.

Figure 1: Price reported R3 steer prices in NI, GB and ROI during the week ending 10 June 2017



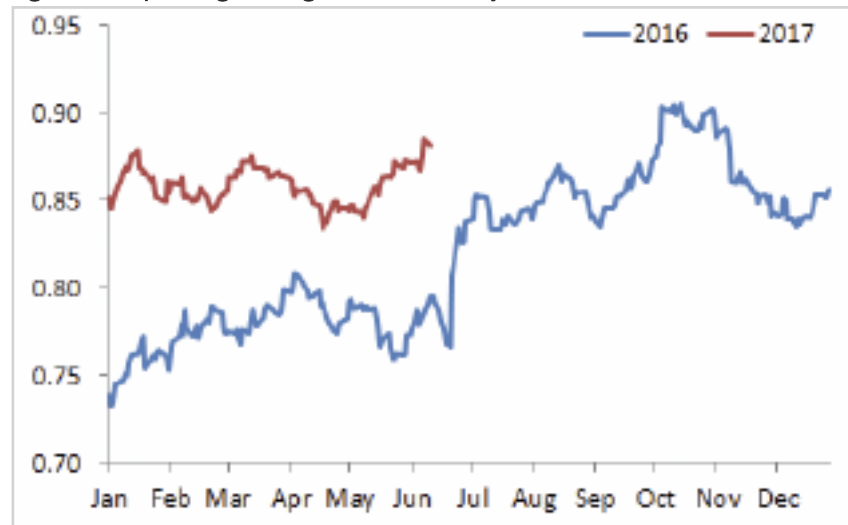
EURO MAKES GAINS AGAINST STERLING

THE euro has traded strongly against sterling during 2017 to date and following the UK General Election last week the euro continued to make gains against sterling as indicated in the chart below. The average exchange rate last week was €1= £0.87 with the euro peaking at £0.876 last Friday. Early this week the euro continued to make gains against sterling with €1= £0.885 on Monday. However despite recent gains against sterling the euro has failed to reach the levels recorded in October and November last year when the €1= £0.90 as indicated in Figure 2 below.

While a weaker sterling against euro has the potential to increase the cost of some inputs to NI farm businesses such as fuel, feed and fertilisers there are also some key advantages. One such advantage is that a weaker sterling makes NI, and UK, beef more competitive on key EU markets while it also increases the cost of imports from other Eurozone countries, in particular ROI. During 2016 92 per cent of all UK beef and veal imports originated in the EU and with the euro currently trading strongly against sterling it reduces the cost competitiveness of imported beef.

A weaker sterling also provides benefits for local sheep producers. Exports of sheepmeat to the EU accounted for 96 per cent of all UK sheepmeat exports during 2016 with France and Germany being the two largest market outlets. A weaker sterling makes UK lamb more cost competitive against other Eurozone product and this makes it easier for local processors to secure market outlets. A weaker sterling also makes NI lambs more attractive to processors in ROI and this increases competition for lambs with the local processors. This has had a positive impact on the live trade in local marts and also has helped boost deadweight quotes early this week to 480-490p/kg up to 21kg in local plants.

Figure 2: Euro/sterling exchange rate from January 2016 to June 2017



FAO GLOBAL OVERVIEW OF BEEF PRODUCTION IN 2017

ACCORDING to the bi-annual Food Outlook report published by the FAO global beef production has been forecast to increase by 1.9 per cent to 69.6 million tonnes during 2017. Substantial increases in production are expected in Brazil and the US with more moderate increases expected in Argentina, China and the EU. Meanwhile beef outputs from Australia, New Zealand and Russia are forecast to decline during 2017.



In Brazil a favourable international market has encouraged producers to expand their herds despite stagnant domestic demand for beef. Beef production in Brazil during 2017 is expected to be 2.7 per cent higher than 2016 levels due to increased cattle throughput and also an increase in average carcass weights. Good pasture conditions combined with reductions in feed prices are both expected to contribute to the increase in average carcass weights.

In Argentina beef production in 2017 is expected to rise by 4.2 per cent to 2.8 million tonnes. This expected increase will be driven by increased cattle availability for slaughter following a period of herd expansion combined with an increase in carcass weights in response to better pasture conditions. Production in Uruguay is also expected to increase in 2017 as herd rebuilding comes to an end while in Paraguay beef

production is expected to remain stable.

In India subdued global demand was expected to slow the growth of bovine meat production in 2017 however recent developments in the country banning the sale of aged cattle for slaughter at the country's livestock markets and stricter documentation requirements for any sale and purchase of bovines will have a notable negative influence on bovine meat production in the region.

In China beef production is expected to rise by 1.4 per cent to total 7.1 million tonnes in 2017. Steady domestic beef prices have encouraged investment in beef production in China while marginal returns from milk production is expected to encourage further downscaling of the Chinese dairy herd. Meanwhile in Korea beef production is also expected to rise as weak prices encourage producers to kill cattle earlier while in Japan beef production is expected to remain stable.

The FAO report has forecast beef production in the US to increase by 5.1 per cent to 12.1 million tonnes during 2017, taking total production to the highest levels in nine years. This forecast increase will be driven by an increase in availability of cattle for slaughter and an increase in average carcass weights.

A notable increase in heifer retention in Canada during 2016 was thought to be an indication of herd rebuilding

but this growth has not continued with cattle numbers on the ground expected to remain stable in 2017. Beef production during 2017 is forecast to be just above 1.2 million tonnes with any increase in throughput offset by a reduction in average carcass weights.

Beef production in Australia is forecast to be 2 million tonnes during 2017, back three per cent from 2016 levels. While increases in carcass weights are expected due to improved pasture conditions total cattle throughput is forecast to decline as producers enter a period of herd rebuilding.

A reduction in beef production is also expected in New Zealand during 2017 with the FAO forecasting a 4.5 per cent drop in production to 588,000 tonnes as a result of reduced slaughtering. An improvement in the global dairy market has halted the heavy culling of dairy cows which will contribute to the reduction in cattle throughput and lower beef production.

Beef production in Russia is forecast to be 1.6 million tonnes during 2017, a two per cent reduction from year earlier levels. The reduction in output has been forecast in response to poor profitability discouraging investment in beef production and a decline in the national herd. Meanwhile in the EU beef production is forecast to increase by 1.2 per cent during 2017 where restructuring of the dairy industry has increased the availability of cattle for slaughter.

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 12/06/17	Next Week 19/06/17
Prime		
U-3	358 - 366p	360 - 366p
R-3	352 - 360p	354 - 360p
O+3	346 - 354p	348 - 354p
P+3	294 - 314p	296 - 314p
Including bonus where applicable		
Cows		
O+3 & better	270 - 290p	270 - 290p
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 processors for in spec U-3 steers and heifers ranged from 358-366p/kg this week with the majority of plants quoting from 362-366p/kg. Meanwhile quotes for good quality O+3 grade cows ranged from 270-290p/kg across the plants. Similar quotes for all types of cattle are expected for early next week.

The plants have reported steady supplies of prime cattle coming forward to meet demand for beef with throughput last week similar to previous weeks at 6,547 head. This takes prime cattle throughput in NI for the last six weeks to 39,708 head compared to 34,066 head during the corresponding six week period in 2016. This accounts for a 17 per cent increase in throughput year on year however some of this increase in throughput has been offset by a decline in average carcass weights from 338.6kg in the 2016 period to 332.5kg during the 2017 period. Cow throughput in NI last week totalled 1,709 head taking throughput for the last six weeks to 9,977 head. This is an 18 per cent increase from the 8,490 cows killed during the corresponding period in 2016.

Imports of cattle for direct slaughter from ROI last week were similar to previous weeks and consisted of 147 prime cattle and 87 cows. A further 13 prime cattle and 128 cows were imported from GB for direct slaughter in NI plants. Cattle exports to ROI last week for direct slaughter included 26 prime cattle, 144 cows and 5 bulls while no cattle were exported to GB for direct slaughter for the second consecutive week.

The deadweight trade for prime cattle continued to improve in NI last week with the average steer price up by a penny to 359.6p/kg while the R3 steer price was up by 1.3p/kg to 370.2p/kg. Meanwhile the average heifer price in the region was up by 2.3p/kg to 361.5p/kg with the R3 heifer price up by a similar margin to 368.3p/kg. The deadweight trade for young bulls has also improved with the average price up by 3.8p/kg last week to 352.2p/kg while the R3 price was up by 5.2p/kg to 364.7p/kg. The deadweight trade for cull cows held steady last week with the average price unchanged at 268.3p/kg while the O3 cow price was within half a penny of the previous week at 284.3p/kg.

The deadweight trade for prime cattle also generally improved in GB last week with the average steer price up by almost a penny to 358.9p/kg while the R3 steer price was up by 2.3p/kg to 369.8p/kg. The average heifer price in GB was up by 1.2p/kg last week to 363.4p/kg while the R3 heifer price was up 2.9p/kg to 372.5p/kg.

In ROI last week the R3 steer price was up half a penny from the previous week at 357.2p/kg while the R3 heifer price was up by a similar margin to 366.9p/kg. The deadweight cow trade came under some pressure in ROI last week with the O3 cow price back the equivalent of 4.9p/kg to 289.9p/kg. This has narrowed the differential between NI and ROI for O3 cows to 4.9p/kg. Prime cattle throughput in ROI remained steady last week at 22,091 head while cow throughput was back by 1,953 head from the previous week at 8,255 head.

Deadweight Sheep Trade

QUOTES from the plants early this week for R3 grade lambs ranged from 480-495p/kg up to 21kg. Tighter supplies of lambs available for slaughter and increased competition from processors in ROI contributed to this improvement in quotes for lambs however quotes are back for early next week to 465-480p/kg up to 21kg. Lamb throughput in NI last week was similar to previous weeks at 6,143 head while exports to ROI for direct slaughter totalled 4,574 head. In the corresponding week in 2016 8,441 lambs were killed locally while a further 4,658 lambs were exported to ROI for direct slaughter. The deadweight lamb price in NI last week was 462.9p/kg, back 8.6p/kg from the previous week. Meanwhile in ROI the lamb price last week was the equivalent of 475.1p/kg, back by 9.8p/kg from the previous week.

This week's marts

A firm trade was reported for good quality lambs passing through the marts this week although reports have indicated smaller numbers than previous years which has contributed to the firm trade. A firming of the euro against sterling has also made NI lambs more attractive to processors in ROI. In Massereene on Monday 629 lambs sold from 470-511p/kg compared to 612 lambs last week selling from 420-454p/kg. In Saintfield this week 486 lambs sold from 465-500p/kg compared to 452 lambs last week selling from 420-460p/kg. In Ballymena this week a good entry of 1,100 lambs sold to an average of 460p/kg compared to 655 lambs last week selling to an average of 436p/kg. The trade for cull ewes remained steady with top reported prices generally from £80-100 across the marts this week.

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

W/E 10/06/2017	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	371.3	366.0	380.9	366.9	377.3	373.1
	R3	370.2	357.2	381.4	362.6	368.4	369.8
	R4	367.1	357.5	383.1	369.2	368.7	370.7
	AVG	359.6	-	377.5	353.5	350.0	358.9
Heifers	U3	373.3	380.4	387.1	371.7	381.0	380.0
	R3	368.3	366.9	384.0	360.2	368.8	373.7
	R4	366.7	366.8	383.4	363.7	369.9	371.4
	AVG	361.5	-	380.7	357.9	357.0	363.4
Young Bulls	U3	367.5	362.1	375.1	356.8	366.7	365.5
	R3	364.7	352.5	364.8	350.5	352.4	354.9
	O3	345.3	336.4	325.2	310.1	326.4	320.8
	AVG	352.2	-	356.8	334.6	345.7	345.0
Prime Cattle Price Reported	5857	-	6817	7176	6929	4745	25667
Cows	O3	284.3	289.2	282.2	270.8	278.0	276.3
	O4	287.3	290.2	285.5	277.5	278.9	279.2
	P2	245.1	264.3	218.1	228.7	225.9	227.5
	P3	262.9	281.7	248.3	251.6	246.1	248.8
AVG	268.3	-	269.0	251.3	246.8	246.2	250.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.13p 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 LIVELWEIGHT CATTLE MART PRICES NI

W/E 10/06/17	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	216	233	223	190	215	200
Friesians	165	184	170	134	164	149
Heifers	211	228	217	175	209	192
Beef Cows	163	238	180	125	162	144
Dairy Cows	122	170	128	80	121	100
Store Cattle (p/kg)						
Bullocks up to 400kg	230	286	245	200	229	215
Bullocks 400kg - 500kg	215	249	230	190	212	200
Bullocks over 500kg	200	219	210	170	199	185
Heifers up to 450kg	210	249	228	170	208	190
Heifers over 450kg	200	225	212	165	198	180
Dropped Calves (£/head)						
Continental Bulls	300	450	350	200	298	250
Continental Heifers	230	350	290	120	228	175
Friesian Bulls	140	225	175	80	138	100
Holstein Bulls	80	150	115	10	78	50

REPORTED NI CATTLE PRICES - P/KG

W/E 10/06/17	Steers	Heifers	Young Bulls
U3	370.5	372.4	367.5
R3	367.0	367.2	364.3
O+3	357.6	357.8	353.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 10/06/17	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	187.8	207.2	222.3	247.6
P2	195.5	223.6	250.1	259.2
P3	210.0	247.2	259.6	266.4
O3	-	261.2	273.4	285.4
O4	238.0	278.0	297.3	287.3
R3	-	-	-	300.1

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 12/06/17	Next Week 19/06/17
Lambs >21kg	480-495p	465-480p

REPORTED SHEEP PRICES

(P/KG)	W/E 27/05/17	W/E 03/06/17	W/E 10/06/17
NI Lambs L/W	463.3	442.1	447.4
NI Lambs D/W	465.5	471.5	462.9
GB Lambs D/W	498.3	504.4	504.3
ROI D/W	479.3	484.9	475.1

LATEST SHEEP MARTS

From: 09/06/17		Lambs (P/KG LW)			
To: 15/06/17		No	From	To	Avg
Friday	Newtownstewart	144	442	481	-
Saturday	Omagh	369	496	539	-
	Swatragh	450	439	483	-
Monday	Kilrea	380	470	512	-
	Massereene	629	470	511	-
Tuesday	Saintfield	486	465	500	-
	Rathfriland	845	440	495	461
Wednesday	Ballymena	1100	430	504	460
	Enniskillen	490	468	495	-
	Markethill	920	450	481	-
	Armoys	185	450	500	-

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