LMC

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NI CONFORMATION SCORES UPDATE Q3 2017

THE major NI processors have reported strong supplies of prime cattle for slaughter throughout summer and early autumn 2017. Prime cattle throughput during the third quarter of 2017 totalled 76,560 head, an 8 per cent increase from the corresponding period in 2017 when 71,014 prime cattle were slaughtered in local plants.

A cold wet summer has made finishing cattle at grass much more difficult this year and it is likely that producers had to introduce meal feeding at grass to maintain performance and in some cases opted to house cattle altogether. This will have increased production costs at farm level and put pressure on margins on some farms.

Figure 1 displays the conformation scores achieved by price reported steers in NI during Q3 2017 and the same period in 2016. As indicated in the chart there has been a slight downward movement recorded in the conformation scores awarded to price reported steers year on year and some of this shift may be due to poorer cattle performance at grass.

In the 2017 period 18 per cent of steer carcases were awarded a U grade, back from 19 per cent in the 2016 period, while the proportion of R grading steer carcases declined by two percentage points to account for 35 per cent of the kill in the 2017 period. The proportion of O grading steer carcases increased by two percentage points to account for 35 per cent of the kill in the 2017 period while the proportion of P grading carcases increased marginally to account for 12 per cent of the steer kill.

A similar downward trend can be observed in the conformation scores achieved by price reported heifers. In the 2017 period the proportion of U grading carcases was unchanged from 2016 levels at 15 per cent. Meanwhile the proportion of R grading carcases was back by two percentage points to account for 45 per cent of the kill while the proportion of O grading carcases increased by one percentage point to account for 33 per cent of the kill. The proportion of P grading heifer carcases was unchanged year on year at 7 per cent.

The average carcase weight of price reported steers was 351kg during Q3 2017, back slightly from 352kg in the corresponding period in 2016. Meanwhile the average carcase weight of price reported heifers in NI was unchanged at 316kg between the two periods. With average carcase weights holding steady it is unlikely that this has contributed to the slight downward movement in conformation scores.

There has however been a slight increase in the proportion of the NI prime cattle kill that originated from the dairy herd. During Q3 2017 41 per cent of price reported steers had a dairy dam compared to 38 per cent in the same period in 2016. Meanwhile the proportion of heifers killed that had a dairy dam increased from 32 per cent in the 2016 period to 34 per cent in the 2017 period. This may also have been a contributing factor to the slight downward movement in conformation scores.

Another factor that may have contributed to this trend is the increase in the proportion of AA and Hereford cattle in the NI prime cattle kill. In Q3 2017 22 per cent of price reported steers were either AA or Hereford, an increase of two percentage points from 20 per cent in the corresponding period in 2016. Meanwhile 25 per cent of the price reported heifer kill in NI were either AA or Hereford in the 2017 period, up from 23 per cent in the 2016 period. The largest majority of these animals achieved an O grade at point of slaughter.

Figure 1: Conformation score of NI price reported steer kill Q3 2016/2017

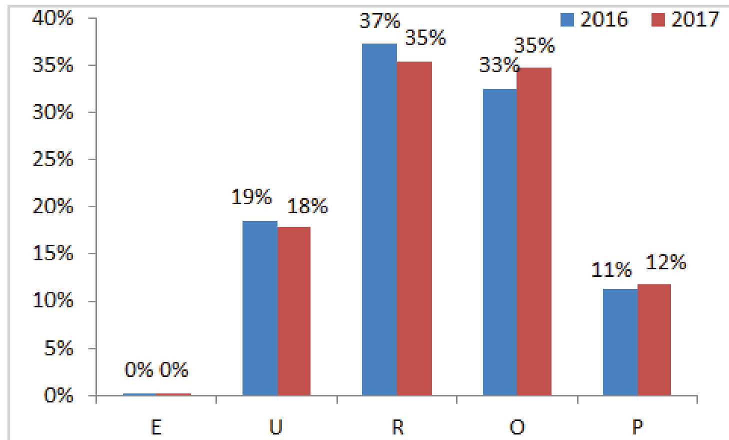
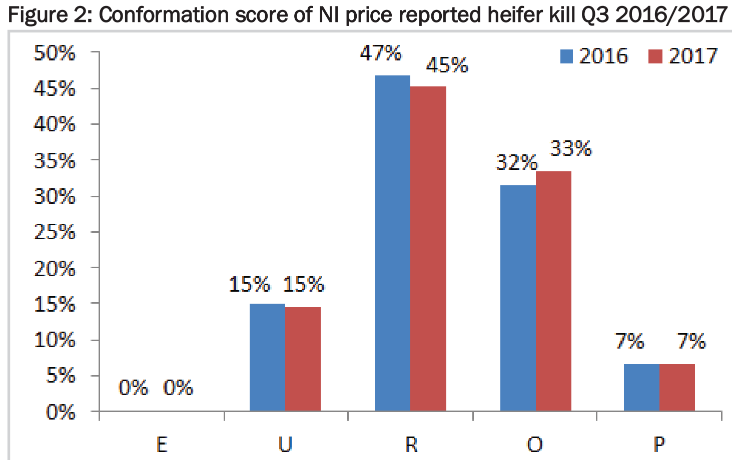


Figure 2: Conformation score of NI price reported heifer kill Q3 2016/2017



NI YOUNG BULL KILL INCREASES IN Q3

DURING Q3 2017 10,028 young bulls were killed in NI plants and these accounted for 13 per cent of total prime cattle throughput. The number of young bulls killed locally recorded an increase from the corresponding period in 2016 when 9,484 young bulls were killed locally, however there was no change to the proportion of the prime kill that they accounted for year on year.

The average carcase weight of young bulls was 339kg during Q3 2017, a notable increase from 329kg in the corresponding period in 2016. This 10kg increase in the average carcase weight has been driven primarily by an increase in the proportion of the NI young bull kill that were sourced from the suckler herd. This increase in suckler influence on the young bull kill has also contributed to a general improvement in the conformation scores achieved by young bulls year on year as indicated in Table 1

U grading young bulls accounted for 29 per cent of price reported young bulls in Q3 2017, up from 23 per cent in the corresponding period in 2016. Meanwhile R grading young bulls accounted for 32 per cent of price reported young bulls, up from 28 per cent in the 2016 period. The proportion of O grading young bulls declined from 34 per cent in Q3 2016 to 28 per cent in Q3 2017 with the proportion of P grading young bulls declined from 12 per cent to 9 per cent over the same period.

With significant penalties of up to 50p/kg currently being quoted across the major processing plants for young bulls that are slaughtered over 16 months it is unsurprising that the majority of young bulls are killed below this age limit. During Q3 2017 84 per cent of young bulls met this criteria at point of slaughter, down slightly from 89 per cent in the same period in 2016.

Table 1: Conformation score of NI price reported young bulls Q3 2016/2017

Kill Year	E	U	R	O	P
2016	3%	23%	28%	34%	12%
2017	3%	29%	32%	27%	9%

DEADWEIGHT LAMB PRICES COMING UNDER PRESSURE

THE quotes from the plants have been coming under pressure in recent weeks with quotes of 365-370p/kg for R3 grading lambs up to 21kg this week. Weaker demand for lamb, a slight strengthening in the value of sterling against euro and steady supplies have all contributed to this decline.

The average R3 lamb price in NI last week was 359.8p/kg, back 7.7p/kg from the previous week. This is the seventh consecutive week in which it has recorded a decline. As indicated in Figure 3 the R3 lamb price in NI in recent weeks has dipped below the prices paid for lambs during the corresponding period in 2016.

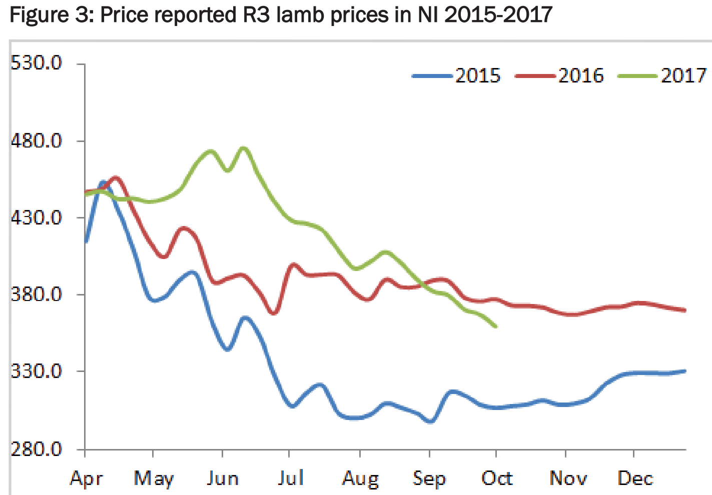
In the corresponding week last year the R3 lamb price in NI was 377.5p/kg which accounts for a 17.7p/kg decline year on year. On a 21kg lamb carcase this is a differential of £3.71. However while the trade has been below 2016 levels in recent weeks it remains well above the corresponding period in 2015 as indicated in Figure 3.

During much of 2015 sterling was trading strongly against euro which placed a downward pressure on NI lamb prices. A strong sterling makes exports to the EU less competitive and makes NI lambs less attractive to processors in ROI.

A total of 9,619 lambs were killed in local plants last week bringing throughput for the last six weeks to 62,450 head. In the corresponding period last year 68,875 lambs were killed locally. This decline by 6,425 head accounts for a 9 per cent decline in throughput year on year.

A further 44,521 lambs were exported from NI for direct slaughter in ROI during the last six weeks. These accounted for 42 per cent of total lamb output from NI. In the corresponding period last year 48,598 lambs were exported to ROI for direct slaughter accounting for 41 per cent of total NI lamb output.

Figure 3: Price reported R3 lamb prices in NI 2015-2017



WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 09/10/17	Next Week 16/10/17
Prime		
U-3	348 - 354p	348 - 354p
R-3	342 - 348p	342 - 348p
O+3	336 - 342p	336 - 342p
P+3	288 - 306p	288 - 306p
	Including bonus where applicable	
Cows		
O+3 & better	260 - 280p	260 - 280p
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 07/10/17	Steers	Heifers	Young Bulls
U3	358.1	361.2	350.7
R3	354.2	354.2	350.1
O+3	345.3	346.5	342.4

Prices for w/e 30/09/2017 were unavailable at time of publication. *Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 07/10/17	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	177.3	189.7	196.5	211.4
P2	191.7	218.5	232.6	245.4
P3	196.5	229.4	252.3	258.3
O3	212.3	246.9	273.3	274.0
O4	-	250.0	277.0	279.1
R3	-	-	310.0	295.7

Deadweight Cattle Trade

QUOTES from the plants this week for in spec U-3 grade prime cattle have held steady at 348-354p/kg. The majority of plants are quoting 352p/kg for steers and heifers. Quotes for O+3 grading cows this week ranged from 260-280p/kg. Similar quotes are expected for all types of cattle early next week.

The plants have reported strong supplies of all types of cattle to meet demand for beef. Prime cattle throughput last week totalled 7,018 head, the highest weekly throughput of prime cattle since late January 2017. Cow throughput in NI last week totalled 2,499 head, an increase of 120 head from the previous week. In the corresponding week last year 6,696 prime cattle were killed in NI plants along with 2,266 cows.

Cattle imports from ROI for direct slaughter consisted of 69 prime cattle and 59 cows last week. This compares to 123 prime cattle and 54 cows imported from ROI during the previous week. Imports from GB for slaughter in NI last week consisted of 12 prime cattle and 86 cows. This was similar to the previous week. Meanwhile exports for direct slaughter from NI to ROI last week included 14 prime cattle and 246 cows with a further 125 prime cattle and 66 cows exported to GB.

The average steer price in NI last week was 348.3p/kg, up almost a penny from the previous week while the R3 steer price was unchanged at 357.9p/kg. Meanwhile the average heifer price in NI last week was back 1.7p/kg to 348.4p/kg and the R3 heifer price was back by 1.3p/kg to 356.9p/kg. The average young bull price in NI last week was unchanged at 338.1p/kg while the R3 young bull price was up 3.1p/kg to 350.7p/kg. The cow trade came under some pressure in NI last week with the average cow price back by 2.9p/kg to 247.6p/kg and the O3 cow price back by a similar margin to 272.8p/kg.

The deadweight trade in GB came under pressure last week with the majority of price reported grades recording a decline. The average steer price in GB last week was back 3.1p/kg to 367.7p/kg while the R3 steer price was back by 3.8p/kg to 378.3p/kg. The biggest declines in R3 steer prices were recorded in Scotland and the Midlands where they were back by 4.4p/kg and 7.2p/kg respectively. The average heifer price in GB last week was back by 3.9p/kg to 369.1p/kg while the R3 heifer price was back by 6.9p/kg to 376.6p/kg. R3 heifer prices were back in all regions of GB last week with the biggest declines recorded in the Midlands and Southern England.

In ROI last week deadweight prices for prime cattle held relatively steady in euro terms however with the euro firming against sterling prices recorded an increase in sterling terms. The R3 steer price was up the equivalent of 2.9p/kg last week to 331.4p/kg while the R3 heifer price was up by 3.3p/kg to 340.9p/kg. Cow prices also improved in ROI last week with the average O3 cow price up 3.2p/kg to 281.7p/kg. This was 8.9p/kg higher than the equivalent price in NI.

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

W/E 07/10/2017		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	358.5	342.5	390.9	379.2	375.5	378.7	381.0
	R3	357.9	331.4	392.6	376.9	369.8	375.5	378.3
	R4	354.9	330.6	393.6	386.5	370.6	374.8	383.4
	O3	348.6	313.3	368.7	346.7	341.0	350.2	351.8
	AVG	348.3	-	386.3	367.8	355.6	358.8	367.7
Heifers	U3	362.3	351.6	397.6	383.2	384.2	381.6	387.1
	R3	356.9	340.9	390.9	368.8	372.5	371.3	376.6
	R4	355.3	340.3	391.0	378.4	373.5	373.4	379.6
	O3	350.3	327.9	370.7	344.8	344.1	353.8	353.6
	AVG	348.4	-	388.2	366.8	357.9	361.3	369.1
Young Bulls	U3	351.8	340.0	382.4	366.9	368.4	382.5	370.7
	R3	350.7	330.2	373.6	356.7	359.7	370.8	361.8
	O3	334.9	313.2	329.3	317.4	327.4	342.3	326.9
	AVG	338.1	-	359.3	335.3	339.6	345.9	342.6
Prime Cattle Price Reported		6306	-	6479	7179	6904	4630	25192
Cows	O3	272.8	281.7	283.7	266.6	276.2	272.5	274.2
	O4	278.8	283.3	283.9	266.1	279.6	269.2	275.5
	P2	234.2	255.9	237.0	226.1	230.0	241.0	232.7
	P3	255.4	273.6	250.3	247.3	241.0	250.5	245.2
	AVG	247.6	-	268.4	239.2	237.0	233.7	240.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=88.93p 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 07/10/17	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	194	203	198	170	192	180
Friesians	147	170	158	136	146	140
Heifers	197	214	207	165	196	182
Beef Cows	160	207	170	125	159	140
Dairy Cows	103	127	110	60	102	82
Store Cattle (p/kg)						
Bullocks up to 400kg	200	228	215	170	199	185
Bullocks 400kg - 500kg	220	248	235	185	219	200
Bullocks over 500kg	200	220	210	160	199	180
Heifers up to 450kg	200	227	215	160	199	180
Heifers over 450kg	195	211	205	155	194	178
Dropped Calves (£/head)						
Continental Bulls	270	390	315	170	268	225
Continental Heifers	200	300	250	100	198	155
Friesian Bulls	100	115	110	30	98	65
Holstein Bulls	60	100	80	5	58	30

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 09/10/17	Next Week 16/10/17
Lambs >21kg	365-370p	360-365p

REPORTED SHEEP PRICES

(P/KG)	W/E 23/09/17	W/E 30/09/17	W/E 07/10/17
NI Lambs L/W	334.3	331.9	313.5
NI Lambs D/W	370.5	366.6	359.5
GB Lambs D/W	386.9	380.1	382.5
ROI D/W	391.6	389.4	390.1

Deadweight Sheep Trade

QUOTES from the plants this week for R3 grading lambs ranged from 365-370p/kg with plants paying up to 21kg. Similar quotes are expected for early next week. The plants have reported steady supplies of lambs coming forward for slaughter with lamb throughput in local plants totalling 9,619 head last week which was very similar the previous week. A further 6,288 lambs were exported to ROI for direct slaughter last week. The average liveweight lamb price in NI marts last week was back 18.4p/kg last week to 313.5p/kg while the average deadweight price was back by 7.1p/kg to 359.5p/kg. In ROI last week the average lamb price was the equivalent of 390.1p/kg, up marginally from the previous week.

This week's marts

THE marts have reported a quieter liveweight trade this week with good numbers of lambs continuing to pass through the sale rings. In Omagh last Saturday 1,440 lambs sold from 320-399p/kg compared to 1,526 lambs the previous Saturday selling from 348-388p/kg. In Massereene on Monday 1,076 lambs sold from 300-325p/kg compared to 968 lambs last Monday selling from 325-352p/kg. In Ballymena this week 1,679 lambs sold from 300-345p/kg (avg 318p/kg) compared to 1,925 lambs last week selling from 290-340p/kg (avg 313p/kg). In Markethill on Wednesday 1,450 lambs sold from 310-341p/kg compared to 1,500 lambs last week selling from 320-354p/kg. In Armoy this week 396 lambs sold from 300-335p/kg compared to 384 lambs last week selling from 320-372p/kg.

LATEST SHEEP MARTS

From: 06/10/17		Lambs (P/KG LW)			
To: 12/10/17		No	From	To	Avg
Friday	Newtownstewart	354	302	328	-
Saturday	Omagh	1440	320	399	-
	Swatragh	1010	307	336	-
Monday	Kilrea	450	300	316	-
	Massereene	1076	300	325	-
Tuesday	Saintfield	525	300	345	-
	Rathfriland	1000	290	371	320
Wednesday	Ballymena	1679	300	345	318
	Enniskillen	220	310	330	-
	Markethill	1450	310	341	-
	Armoy	396	300	335	-

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