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PRIME CATTLE TRADE REMAINS FIRM

THE deadweight trade for prime cattle has remained firm in NI with quotes this week for in spec R-3 grade steers and heifers ranging from 344-350p/kg across the major beef processing plants. The majority of plants quoting are 348-350p/kg.

While a proportion of prime cattle are purchased at this quoted price there is room for negotiation between the producer and the processor. This negotiation is based on the type of cattle being presented, the supply and demand balance for prime cattle during any particular week and the relationship between the two parties.

With a range of prices available across the plants in any given week producers are encouraged to shop around to get the best possible deal for their cattle. Figure 1 outlines the top quoted price for in spec R-3 grade steers in NI during 2017 to date (purple line). Also indicated in the chart is the average weekly price paid for in spec R-3 grade steers during this period (blue line).

For the purposes of this analysis premium cattle which attract a bonus at point of slaughter (Aberdeen Angus, Hereford and Organic) have been removed from the data set. The differential between the quoted price and the price paid indicates that there is indeed room for negotiation between the producer and the processor at point of slaughter.

The differential between quotes and prices has shown some variance during 2017 to date. In the week ending 28 May 2017 the differential between the top quoted price and the average price paid was at its narrowest at 1.8p/kg. The differential between quotes and prices was at its widest during the week ending the 06 August 2017 when it was 10.9p/kg.

The average differential between quotes and prices paid was 5.7p/kg during 2017 to date. It should however be noted that the graph indicates the average price paid and that there is a range in prices paid for cattle in any given week.

The graph also indicates that there is a time lag between quoted prices and the prices paid for prime cattle. This reflects the nature of the NI beef industry whereby cattle can be booked in for slaughter at an agreed price several weeks prior to being slaughtered. For this reason when there is a change in the deadweight cattle trade and a change in the direction of the quotes it sometimes takes a week or two for this to be reflected in the price reporting statistics.

The deadweight cattle trade in NI has remained quite firm for much of 2017 when compared to previous years as indicated in Figure 2. After coming under significant pressure in the 2015 the deadweight trade for prime cattle recorded steady improvement through much of 2016. The trade has then remained relatively steady during 2017.

Prices in recent weeks have been getting closer to prices paid in the corresponding weeks last year as indicated in Figure 2. The average R-3 steer price in NI last week was 355.4p/kg, 4.6p/kg higher than the corresponding week last year when it was 350.8p/kg. In monetary terms this is an increase of £16 in the value of a 350kg carcase year on year.

The deadweight trade for prime cattle has been notably firmer than 2015 levels in the second half of 2017, In the corresponding week in 2015 the average in spec R-3 steer price in NI was 315.6p/kg. This was 39.8p/kg lower than the equivalent price last week and accounts for a £130 increase in the value of a 350kg carcase.

Producers are encouraged to liaise directly with the procurement staff of the individual plants prior to finishing cattle. This will help ensure that the cattle coming forward for slaughter meet the widest range of retailer specifications and help to improve returns at all stages of the supply chain.

Figure 1: Quotes from the major NI processors for R-3 grade steers and the prices paid during 2017 to date

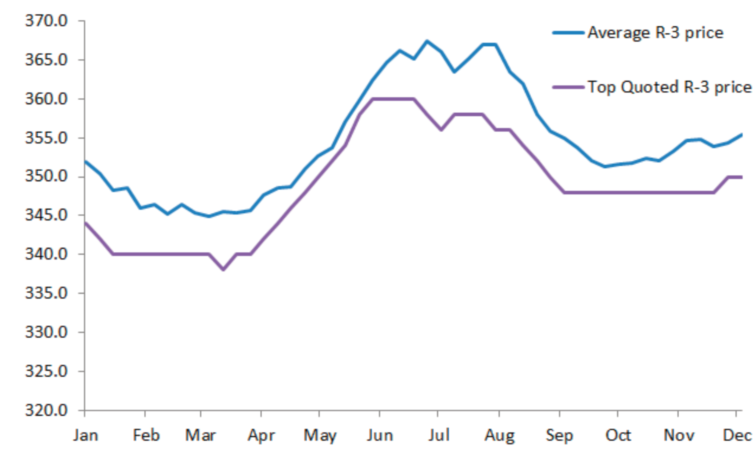
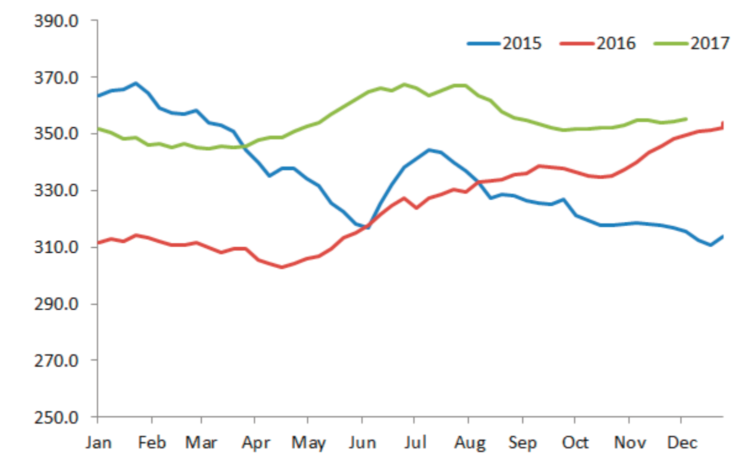


Figure 2: In spec R-3 steer prices in NI January 2015 until December 2017



CONSUMER SPEND INCREASES IN RUN UP TO CHRISTMAS

DURING the 12 weeks ending 03 December 2017 the value of supermarket sales increased by 3.1 per cent from the same period in 2016 according to the latest available data from Kantar Worldpanel. Inflation due to a weaker sterling has made food and drink imports more expensive and this has been the primary driver behind the increase in the total value of grocery sales.

During the 12 weeks ending 03 December 2017 grocery inflation was +3.6 per cent with prices rising steadily since the 12 weeks ending 01 January 2017. This is the highest recorded level of inflation since 2013 and prices have been rising the fastest in markets such as butter, fish and fresh pork. The inflation recorded in grocery prices in 2017 followed on from a 30 month period in which there was a deflation in grocery prices (September 2014 to December 2016).

Total grocery sales in the UK were valued at £27,026 million during the 12 weeks ending 03 December 2017 with the large multiple retailers accounting for 98.3 per cent or £26,558 million of these sales. Tesco continues to be the most popular grocery retailer in the UK and accounted for 28.2 per cent grocery sales during the 12 weeks ending 03 December 2017. This was a 2.5 per cent increase from the same period in 2016 and makes it the fastest growing of the 'Big Four' retailers. However it should be noted that the other three major retailers (Sainsbury's, Asda and Morrisons) also recorded growth in the value of sales year on year as outlined in Table 1.

While the big four continue to dominate the UK retail market budget retailers such as Aldi and Lidl continue to record high levels of growth. Aldi was the UK's fastest growing retailer during the 12 weeks ending 03 December 2017 with the value of sales increasing by 15.1 per cent from the corresponding period in 2016. This growth has increased its share of the UK grocery market to 6.9 per cent. Meanwhile the value of sales in Lidl during the 12 weeks ending 03 December 2017 recorded an increase of 14.5 per cent year on year. This increased the retailers market share to 5.1 per cent in the 2017 period.

The latest reports from Kantar Worldpanel have indicated that the major retailers are now fully focused on the critical Christmas trading season. With Christmas falling on a Monday this year the Friday before (22 December) is expected to be the busiest shopping day of the year. Between Friday 22 and Saturday 23 December Kantar expect UK shoppers to spend £1.5 billion on groceries as they fill their trollies for the festivities.

Total Till Roll - Consumer Spend	12 wks - 04/12/16	Share	12 wks - 03/12/17	Share	Change
	£M	%*	£M	%*	%
Total Grocers	26,225	100.0	27,026	100.0	3.1%
Total Multiples	25,753	98.2	26,558	98.3	3.1%
Tesco	7,425	28.3	7,608	28.2	2.5%
Sainsbury's	4,326	16.5	4,413	16.3	2.0%
Asda	4,009	15.3	4,057	15.0	1.2%
Morrisons	2,829	10.8	2,869	10.6	1.4%
Aldi	1,618	6.2	1,862	6.9	15.1%
Co-op	1,644	6.3	1,620	6.0	-1.5%
Waitrose	1,339	5.1	1,360	5.0	1.6%
Lidl	1,206	4.6	1,381	5.1	14.5%
Iceland	574	2.2	581	2.2	1.3%
Ocado	339	1.3	357	1.3	5.2%
Other Multiples	444	1.7	450	1.7	1.2%
Symbols & Independents	472	1.8	468	1.7	-0.8%

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WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 11/12/17	Next Week 18/12/17
Prime		
U-3	350 - 356p	350 - 356p
R-3	344 - 350p	344 - 350p
O+3	338 - 344p	338 - 344p
P+3	290 - 306p	290 - 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 09/12/17	Steers	Heifers	Young Bulls
U3	364.4	364.4	349.1
R3	357.1	358.2	344.5
O+3	348.9	351.3	336.8

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 09/12/17	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	172.4	188.2	198.3	208.5
P2	188.3	216.2	232.7	242.7
P3	199.2	236.5	254.0	254.7
O3	220.0	259.7	268.3	274.7
O4	-	241.1	272.4	279.2
R3	-	-	291.4	296.1

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 11/12/17	Next Week 18/12/17
Lambs >22kg	385-390p	385-390p

REPORTED SHEEP PRICES

(P/KG)	W/E 25/11/17	W/E 02/12/17	W/E 09/12/17
NI Lambs L/W	358.2	346.1	352.4
NI Lambs D/W	386.5	390.9	385.6
GB Lambs D/W	397.1	397.7	398.5
ROI D/W	413.4	413.7	409.1

Deadweight Cattle Trade

BASE quotes from the plants this week for in-spec U-3 grade prime cattle were unchanged from the previous week at 350-356p/kg. The majority of plants are quoting 354p/kg for both steers and heifers. The cow trade has also held steady with quotes for good quality O+3 grading cows ranging from 260-280p/kg. The majority of plants are quoting in the region of 270p/kg.

Prime cattle throughput totalled 6,887 head in NI last week, back almost 400 head from the previous week. In the same week last year prime cattle throughput in local plants was 6,716 head. Cow throughput in local plants has remained strong with 2,553 cows killed last week. This was an increase of 207 head from the previous week when 2,346 cows were killed in local plants.

Imports for direct slaughter in local plants from both GB and ROI have continued but at relatively low levels. Imports for direct slaughter from GB last week consisted of 4 prime cattle and 107 cows. This was up from 2 prime cattle and 34 cows imported from GB during the previous week. A further 17 prime cattle and 8 cows were imported from ROI for slaughter in local plants last week compared to 26 prime cattle and 34 cows during the previous week. Exports from NI to GB last week for direct slaughter included 70 prime cattle and 18 cows. This was similar to the previous week when 81 prime cattle and 13 cows were exported to GB. Meanwhile exports to ROI last week included 13 prime cattle and 237 cows compared to 11 prime cattle and 181 cows exported during the previous week.

The deadweight trade for prime cattle held steady in NI this week with the majority of reported prices within a penny of the previous week. The average steer price in NI last week was up by half a penny to 351.7p/kg while the R3 steer price was up by a similar margin to 361p/kg. The average heifer price in NI last week was back by 1.4p/kg to 352.6p/kg while the R3 heifer price was unchanged at 359.9p/kg. The average young bull price was up 1.3p/kg to 336.6p/kg while the R3 young bull price was back 3.4p/kg to 345.8p/kg. The U3 young bull price however increased by 1.8p/kg to 349.7p/kg. The average cow price in NI last week firmed by 3.9p/kg to 252.6p/kg while the O3 cow price was back marginally to 273.5p/kg.

The deadweight trade for prime cattle came under pressure in GB last week with the majority of reported prices recording a decline. The average steer price in GB last week was back by 3.8p/kg to 363.7p/kg while the average R3 price was back by a similar margin to 374.8p/kg. The average heifer price in GB last week was back 2.3p/kg to 366.1p/kg while the R3 heifer price was back by the same margin to 375.9p/kg. The average young bull price was back by 5.6p/kg to 338.7p/kg while the average cow price was back by a penny to 230.5p/kg.

In ROI last week the R3 steer price was the equivalent of 337.8p/kg, up a penny from the previous week. The R3 heifer price in ROI last week was up by a similar margin to 348.7p/kg.

Deadweight Sheep Trade

QUOTES from the major processing plants this week for R3 grading lambs ranged from 385-390p/kg with plants paying up to 22kg. Similar quotes are expected for early next week. Lamb throughput in NI last week totalled 9,071 head. This was similar to the previous week and also similar to the corresponding week last year. Exports to ROI last week for direct slaughter totalled 11,507 head, the highest weekly level of export during 2017 to date. Lamb imports from GB for direct slaughter in local plants have continued at similar levels with 200 lambs imported last week. The average lamb price in Ni last week was 385.6p/kg, back 5.3p/kg from the previous week. The average lamb price in ROI last week was the equivalent of 409.1p/kg.

This week's marts

THE number of lambs passing through the sale rings this week was generally lower than previous weeks due to the poor weather conditions. In Kilrea on Monday 200 lambs sold from 358-379p/kg compared to 500 lambs last week selling from 345-361p/kg. In Saintfield this week 505 lambs sold from 346-400p/kg, a sharper trade from the previous week when 856 lambs sold from 336-383p/kg. In Rathfriland this week 540 lambs sold to an average of 356p/kg compared to 729 lambs last week selling to an average of 352p/kg. In Ballymena this week 1,204 lambs sold to an average of 358p/kg compared to 2,007 lambs last week selling to an average of 345p/kg. Small numbers of cull ewes were presented across the marts this week with top reported prices generally ranging from £90-100.

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

W/E 09/12/2017		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	366.0	347.3	388.0	379.5	376.7	377.5	380.4
	R3	361.0	337.8	383.6	374.4	371.4	370.1	374.8
	R4	359.8	338.5	383.5	379.2	369.6	369.9	376.9
	O3	349.2	323.9	364.7	340.7	341.7	343.1	347.6
	AVG	351.7	-	380.5	362.1	355.8	354.1	363.7
Heifers	U3	365.1	359.9	391.9	386.5	387.0	382.7	387.4
	R3	359.9	348.7	384.5	371.5	374.9	370.0	375.9
	R4	357.6	348.1	384.2	375.8	373.1	367.2	376.1
	O3	352.1	336.1	368.0	348.0	345.5	345.1	352.0
	AVG	352.6	-	381.9	366.2	358.1	353.3	366.1
Young Bulls	U3	349.7	343.5	378.5	366.6	367.1	374.3	369.6
	R3	345.8	335.1	377.8	355.7	357.0	358.6	360.7
	O3	330.2	323.2	335.8	314.5	323.7	340.9	325.5
	AVG	336.6	-	354.8	328.3	336.6	341.1	338.7
Prime Cattle Price Reported		6108	-	7247	7394	6716	4520	25877
Cows	O3	273.5	282.6	265.0	259.2	269.9	258.3	263.9
	O4	278.4	283.3	270.7	259.0	269.8	255.7	264.3
	P2	232.5	252.5	217.5	211.6	211.9	214.7	213.3
	P3	252.7	271.5	226.3	232.5	232.1	233.0	231.7
	AVG	252.6	-	258.0	232.6	227.9	220.8	230.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.97p 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 09/12/17	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	200	214	207	165	199	182
Friesians	148	158	153	145	148	147
Heifers	207	216	210	175	203	189
Beef Cows	150	187	162	118	149	125
Dairy Cows	110	133	118	70	109	90
Store Cattle (p/kg)						
Bullocks up to 400kg	200	224	212	175	199	187
Bullocks 400kg - 500kg	205	220	212	170	204	187
Bullocks over 500kg	205	224	215	170	202	185
Heifers up to 450kg	190	202	195	170	189	180
Heifers over 450kg	210	224	217	165	209	188
Dropped Calves (£/head)						
Continental Bulls	270	350	295	140	220	170
Continental Heifers	235	275	250	100	180	152
Friesian Bulls	130	180	150	70	128	100
Holstein Bulls	60	100	75	1	50	25

LATEST SHEEP MARTS

From: 08/12/17		Lambs (P/KG LW)			
To: 14/12/17		No	From	To	Avg
Friday	Newtownstewart	225	328	363	-
Saturday	Omagh	362	348	383	-
	Swatragh	323	330	393	-
Monday	Kilrea	200	358	379	-
	Massereene	336	350	376	-
Tuesday	Saintfield	505	346	400	-
	Rathfriland	540	328	381	356
Wednesday	Ballymena	1204	340	381	358
	Enniskillen	428	332	361	-
	Markethill	550	350	378	-
	Armoy	190	335	385	-

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