LMC BULLETIN

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FAO FOOD PRICE INDEX REACHES ALMOST TWO-YEAR HIGH IN JANUARY 2017

THE FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities and provides a useful guide to changes in the global food market. The Index is calculated using average Food Price Indexes for Meat, Dairy, Cereals, Vegetable Oils and Sugar and is weighted with the average export shares of each of the groups.

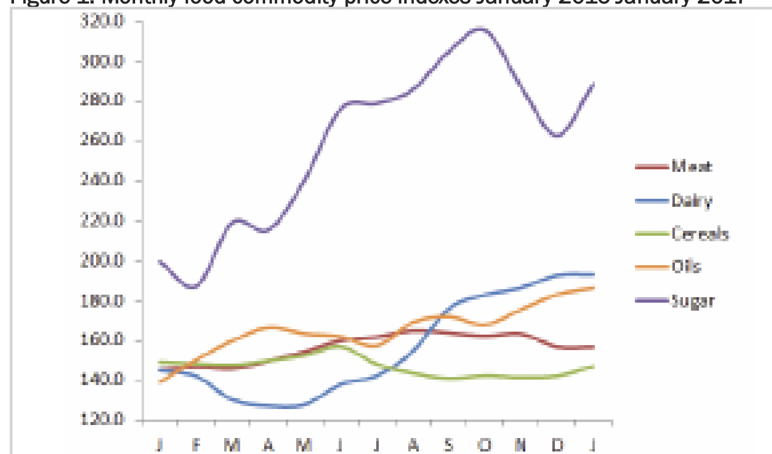
During January 2017 world prices of the main food commodities rebounded to an almost two-year high with a 3.7 point (2.1 per cent) rise on the revised December value. The FAO Food Price Index averaged 173.8 points in January 2017, which is the highest FAO Index recorded since February 2015 and as much as 24.5 points (16.4 per cent) above its level in the corresponding period last year. The strong rebound in the January value of the FAO Index was the sixth monthly increase in a row after drops over the previous five years and comes despite world cereal stocks set to hit a new record high and overall output remaining high. This rise was driven by a surge in international sugar quotations combined with sharp increases in export prices of cereals as well as vegetable oils. Meat and dairy markets meanwhile remained stable.

The FAO Cereal Price Index during January 2017 averaged 147 points, an increase of 4.8 points from December 2016 representing a six month high, however back by 2.1 points from January 2016 when the Cereal Price Index averaged 149.1 points. Wheat values rose on concerns over unfavourable weather hampering 2017 crops and reduced planting in the US, while maize values firmed reflecting strong demand and uncertain crop prospects across South America. International rice prices also strengthened partly due to Indian state procurement programmes limiting the quantities available for export.

The FAO Meat Price Index during January 2017 averaged 156.7 points, almost unchanged from December 2016 levels. During January 2016 the FAO Meat Index was 145.2 points accounting for an increase of 11.5 points year on year. A rise in bovine meat quotations were recorded mainly due to herd rebuilding in Australia which constrained supplies of bovine meat for export and caused prices to climb. This was offset by lower prices of ovine meats with Oceania export prices back for the third month in a row, reflecting the seasonal slaughter peak and an associated boost in supply. Poultry and pig meat recorded a small decrease in quotations with generally abundant world supplies and stable demand.

The FAO Dairy Price Index during January 2017 averaged 193 points, unchanged from December 2016. With peak seasonal production moving from the southern to northern hemisphere and many major buyers having secured supplies in earlier months, trade remained subdued.

Figure 1: Monthly food commodity price indexes January 2016-January 2017



The FAO Vegetable Oil Price Index averaged 186.3 points in January 2017, an increase of 3.3 points from December 2016 marking the third consecutive monthly increase. This rise was due mostly to low global stock levels of palm oil and lower output in Southeast Asia. Meanwhile the FAO Sugar Price Index increased by 26 points from December 2016 to average 288.5 points in January 2017. This accounted for an increase of 89.1 points from January 2016. The rise in sugar prices during January 2017 has been mainly due to expectations of tighter supplies in some of the key sugar producing regions, specifically Brazil, India and Thailand.

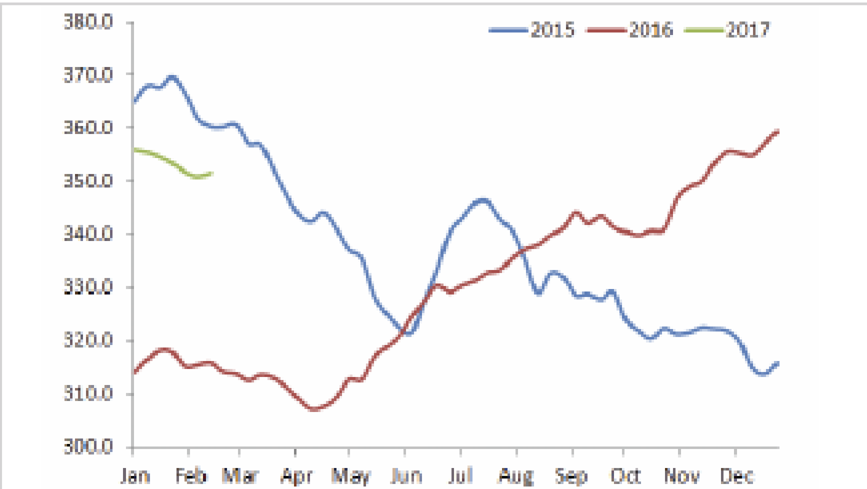
DEADWEIGHT CATTLE PRICES UPDATE

THE deadweight cattle trade in NI has started to come under some pressure in recent weeks with quotes for in spec U-3 grade prime cattle ranging from 336-346p/kg this week. The prices being paid for prime cattle during 2017 to date however remain notably higher than the corresponding period in 2016, but below those paid in the first weeks of 2015.

The major NI processors have reported relatively steady supplies of prime cattle coming forward for slaughter in recent weeks combined with a slightly weaker demand for beef from their major retail customers. Prime cattle throughput in the NI plants during 2017 to date has totalled 46,854 head, a six per cent increase from the corresponding period in 2016. Cow throughput has also remained firm in local abattoirs with 14,307 cows killed during 2017 to date, up nine per cent from 2016 levels. The combination of these factors has helped maintain beef throughput in NI plants and put pressure on the deadweight trade for prime cattle.

Figure 2 outlines the average R3 steer price in NI from January 2015-February 2017 on a weekly basis. R3 steers are used for comparison purposes as this is the most common reported grade in NI and therefore gives the best indication of trends over a longer period. The R3 steer price in NI last week was 351.7p/kg, a slight increase from 351p/kg the previous week. Deadweight prices remain higher than the corresponding week in 2016 when the average R3 steer price was 316p/kg. This differential is the equivalent of £125 on a 350kg steer carcase. The trade in recent weeks however has been below the same period in 2015 as indicated in Figure 2.

Figure 2: NI R3 steer prices from January 2015-2017 to date



Reports from GB have also indicated steady supplies of prime cattle coming forward for slaughter to meet demands for beef. This has resulted in the deadweight trade for prime cattle coming under pressure in GB over the last few weeks, although the decline in deadweight prices has been less notable than the decline in NI. The average R3 steer price in GB last week was 358.8p/kg, 7.1p/kg higher than the equivalent price in NI. However in the corresponding week in 2016 the differential between the R3 steer price in NI and GB was significantly wider at 21.5p/kg.

The R3 steer price in ROI last week was the equivalent of 318.7p/kg, 33p/kg lower than the equivalent price in NI. This differential is the equivalent of £116 on a 350kg carcase. In the corresponding week in 2016 the R3 steer price in ROI was 297.3p/kg, 18.7p/kg lower than the 316p/kg paid for R3 steers in NI. This was the equivalent of £65 on a 350kg carcase. The euro was worth an average of £0.85 last week while in the corresponding week last year the euro was trading at £0.77. This significant change in the exchange rate has been a key factor behind changes in the differentials between NI and ROI year on year as the current exchange rate makes it much more difficult for ROI beef products to compete on the GB market.

FQAS MART CLINICS MARCH 2017

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.

LOCATION	DAY	DATE
Omagh	Monday	06/03/2017
Markethill	Tuesday	07/03/2017
Saintfield	Wednesday	15/03/2017
Enniskillen	Thursday	16/03/2017
Kilrea	Wednesday	22/03/2017
Ballymena	Friday	24/03/2017

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 20/02/17	Next Week 27/02/17
Prime		
U-3	340 - 346p	336 - 346p
R-3	334 - 340p	330 - 340p
O+3	328 - 334p	324 - 334p
P+3	274 - 294p	270 - 294p
	Including bonus where applicable	
Cows		
O+3 & better	240 - 250p	240 - 254p
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 18/02/17	Steers	Heifers	Young Bulls
U3	351.6	354.5	345.8
R3	347.1	348.4	344.6
O+3	338.9	339.3	331.4

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 18/02/17	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	159.5	168.8	175.6	193.0
P2	177.2	202.5	217.0	230.3
P3	185.9	219.2	234.2	238.0
O3	230.0	234.7	252.5	256.0
O4	-	231.4	253.5	258.5
R3	-	-	275.0	274.7

Deadweight Cattle Trade

BASE quotes from the major NI processing plants for in spec U-3 grade prime cattle have weakened with quotes towards the end of this week ranging from 336-346p/kg. Base quotes for good quality O+3 grade cows however strengthened slightly towards the end of the week ranging from 240-254p/kg across the plants.

Prime cattle throughput in NI plants last week totalled 6,765 head, an increase of 402 head from the previous week. In the corresponding week in 2016 a total of 6,626 prime cattle were slaughtered in NI plants accounting for a two per cent increase year on year. Cow throughput in NI increased slightly to 2,147 head last week compared to 2,001 cows the previous week. In the same week last year a total of 1,848 cows were slaughtered locally accounting for 16 per cent increase year on year.

Imports of prime cattle from ROI for direct slaughter in NI plants totalled 164 head last week, a decrease of 26 head from the previous week and 185 head lower than the 349 prime cattle imported during the corresponding week in 2016. A total of 85 cows were imported from ROI for direct slaughter last week which is the highest weekly import total since the end of October 2016. Meanwhile 84 cows were exported from NI for direct slaughter in ROI last week, a decrease from the 158 cows exported during the corresponding week last year. Exports from NI to GB for direct slaughter last week were small with 27 prime cattle and 13 cows compared to 174 prime cattle and 41 cows the same time last year.

The average steer price in NI last week was back by almost a penny to 342.2p/kg while the R3 steer price increased by 0.7p/kg to 351.7p/kg. The average heifer price in NI last week was up marginally to 344.5p/kg while the R3 heifer price increased by 1.1p/kg to 351.4p/kg. The average cow price in NI last week recorded a decrease of 1.1p/kg to 239.9p/kg while the O3 cow price was up by 1.6p/kg to 255.2p/kg.

The average steer price in GB last week was back by 0.6p/kg to 349.1p/kg while the average R3 steer price similarly decreased by 0.7p/kg to 358.8p/kg. This puts the differential in R3 steer prices last week between NI and GB at 7.1p/kg or £25 on a 350kg carcase. The average heifer price in GB last week was back by 1.1p/kg to 352.4p/kg while the average R3 heifer price increased by almost a penny to 360.4p/kg. The differential in R3 heifer prices last week between NI and the GB average was 9p/kg or £29 on a 320kg carcase.

In ROI last week the deadweight cattle trade remained steady in euro terms however a weakening in euro against sterling has meant a decline in ROI deadweight prices in sterling terms. The R3 steer price in ROI was the equivalent of 318.7p/kg, back by 1.1p/kg from the previous week while the R3 heifer price was the equivalent of 328.9p/kg, back by 1.9p/kg. The O3 cow price in ROI last week recorded a decrease of 0.6p/kg to 258.8p/kg which is 3.6p/kg higher than the equivalent price in NI.

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

W/E 18/02/2017		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	352.4	327.3	359.0	358.1	363.3	367.0	361.7
	R3	351.7	318.7	361.9	354.1	357.4	360.9	358.8
	R4	349.4	319.6	362.9	362.9	354.2	358.8	360.2
	O3	340.2	305.2	339.2	321.5	325.8	332.2	329.6
	AVG	342.2	-	357.8	347.4	344.4	346.2	349.1
Heifers	U3	355.5	340.8	367.9	366.0	372.7	369.9	369.4
	R3	351.4	328.9	361.9	354.3	360.0	363.6	360.4
	R4	349.8	329.7	361.5	360.1	359.1	358.1	359.8
	O3	341.9	314.5	345.0	332.4	332.3	338.5	337.3
	AVG	344.5	-	360.1	352.3	348.0	347.7	352.4
Young Bulls	U3	345.9	319.9	358.7	345.1	352.0	351.3	351.0
	R3	344.6	309.7	348.8	330.7	340.3	349.6	340.4
	O3	323.5	296.5	304.3	299.1	309.9	321.6	307.3
	AVG	326.8	-	329.8	311.1	315.0	320.8	317.5
Prime Cattle Price Reported		5703	-	6777	7168	6819	4968	25732
Cows	O3	255.2	258.8	252.5	243.8	250.4	246.4	248.6
	O4	258.0	259.4	253.3	247.6	252.0	243.9	249.7
	P2	218.2	232.9	199.8	207.3	199.3	200.8	201.3
	P3	235.8	249.7	217.6	224.7	217.0	224.3	220.2
	AVG	239.9	-	245.2	223.9	217.6	213.0	221.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.16p 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 18/02/17	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	200	210	206	170	199	183
Friesians	160	172	166	124	158	146
Heifers	201	217	208	165	200	180
Beef Cows	132	185	149	110	131	120
Dairy Cows	101	126	107	60	100	80
Store Cattle (p/kg)						
Bullocks up to 400kg	220	266	235	185	219	200
Bullocks 400kg - 500kg	200	233	215	165	199	185
Bullocks over 500kg	200	226	212	170	199	182
Heifers up to 450kg	220	267	235	180	219	200
Heifers over 450kg	200	218	210	165	199	185
Dropped Calves (£/head)						
Continental Bulls	300	400	340	185	298	235
Continental Heifers	255	355	285	140	250	195
Friesian Bulls	100	175	135	35	98	70
Holstein Bulls	70	170	110	20	68	45

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 20/02/17	Next Week 27/02/17
Hoggets	370-375 > 22kg	370-395 > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 04/02/17	W/E 11/02/17	W/E 18/02/17
NI Hoggets L/W	343.5	344.4	347.9
NI Hoggets D/W	368.1	368.9	369.3
GB Hoggets D/W	377.9	381.9	382.3
ROI D/W	375.3	374.5	381.9

Deadweight Sheep Trade

THE deadweight hogget trade in NI strengthened notably during this week with quotes for Monday for R3 grade hoggets expected to range from 370-395p/kg with plants paying up to 22kg. The plants have reported an increase in the number of hoggets coming forward for slaughter with throughput last week totalling 7,807 head from 7,068 head the previous week. In the corresponding week in 2016 a total of 4,276 hoggets were killed in NI plants accounting for an increase of 83 per cent year on year. Exports of sheep to ROI for direct slaughter last week totalled 8,108 head, compared to 8,487 head during the same week last year. The average deadweight hogget price in NI last week was up by 0.4p/kg to 369.3p/kg while the average deadweight hogget price in ROI last week increased by the equivalent of 7.4p/kg 381.9p/kg.

This week's marts

A markedly firmer trade was reported across the marts this week with increased numbers of hoggets passing through the majority of sale rings when compared to the previous week. In Omagh on Saturday 795 hoggets sold from 363-407p/kg compared to 775 hoggets the previous week selling from 351-388p/kg. In Massereene on Monday 1,004 hoggets sold from 350-396p/kg compared to 855 hoggets the previous week selling from 340-376p/kg. In Rathfriland on Tuesday 504 hoggets sold from 324-389p/kg to an average of 355p/kg compared to 523 hoggets the previous week selling from 313-375p/kg to an average of £344p/kg. The ewe trade continued to improve this week with top prices generally ranging from £90-110 and a top reported price of £113 in Omagh on Saturday.

LATEST SHEEP MARTS

From: 17/02/17		Hoggets (P/KG LW)			
To: 23/02/17		No	From	To	Avg
Friday	Newtownstewart	120	311	352	-
Saturday	Omagh	795	363	407	-
	Swatragh	740	320	396	-
Monday	Kilrea	360	356	372	-
	Massereene	1004	350	396	-
Tuesday	Saintfield	427	345	390	-
	Rathfriland	504	324	389	355
Wednesday	Ballymena	1738	335	395	350
	Enniskillen	418	345	383	-
	Markethill	1150	350	386	-
	Armoy	600	330	375	350

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