LMC
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VARIATION IN CARCASE WEIGHT OF PRIME CATTLE IMPACTS MARKETABILITY

THE major beef processors in NI have a preference for steer and heifer carcases in the 280-380kg weight range. Cuts from these carcases meet the widest range of specifications from major retail and foodservice customers. While processors can find customers for beef from carcases outside this desired weight range potential market outlets are much more limited and tend to be of lower value.

The average steer carcase weight in NI during the last 12 weeks was 349.7kg, up 2kg from the same period last year when the average carcase weight was 347.7kg. There is however significant variation in the carcases processed by local beef plants as outlined in Figure 1. During the last 12 weeks 63 per cent of steer carcases have been within the desired 280-380kg weight range.

A further 13 per cent of steer carcases were between 380-400kg during the same period while 17 per cent of steers had a carcase weight in excess of 400kg. Meanwhile seven per cent of price reported steers had a carcase weight of less than 280kg.

There is also variation in the carcase weight when you break down the steer kill by source. During the last 12 weeks suckler origin steers accounted for 57 per cent of price reported steers and just 55 per cent of these produced carcases within the desired 280-380kg weight range. A further 17 per cent of suckler origin steers produced carcases between 380-400kg while 25 per cent of suckler origin steers produced carcases in excess of 400kg.

Beef cross steers accounted for 29 per cent of the price reported steer kill in NI during the last 12 weeks and 77 per cent of these produced carcases within the desired 280-380kg weight range. A further eight per cent of beef cross steers produced carcases between 380-400kg while seven per cent produced carcases in excess of 400kg.

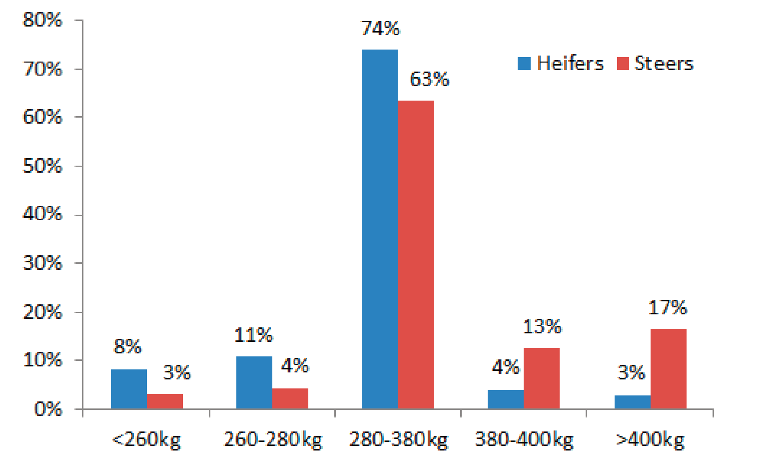
The average heifer carcase weight in NI during the last 12 weeks was 313.9kg, a 0.7kg increase from the same period in 2017 when the average carcase weight was 313.2kg. As with the steers there is significant variation in the weight of carcases produced by heifers killed in local plants. During the last 12 weeks 74 per cent of heifer carcases were within the desired 280-380kg weight range with a further four per cent between 380-400kg and three per cent over 400kg. Meanwhile eight per cent of heifer carcases were under 260kg while 11 per cent were between 260-280kg.

As with the steers there was a notable variation in the carcase weight of heifers when broken down by source. Suckler origin heifers accounted for 65 per cent of the price reported heifer kill during the 12 weeks under analysis and 78 per cent of these produced carcases within the 280-380kg weight range. A further ten per cent of suckler origin heifers produced carcases over 380kg. Meanwhile five per cent of suckler origin heifers produced carcases under 260kg while eight per cent of heifers produced carcases between 260-280kg.

During the last 12 weeks beef cross heifers accounted for 30 per cent of all price reported heifers and seventy per cent of these produced carcases within the desired 280-380kg carcase weight range. Meanwhile 12 per cent of beef cross heifers killed during the last 12 weeks produced carcases less than 260kg while a further 17 per cent of carcases were between 260-280kg. Just two per cent of beef cross heifers killed in NI during the last 12 weeks produced carcases in excess of 380kg.

Producers should aim to present cattle for slaughter that produce carcases within the desired weight range as these meet the widest range of market specifications and will ensure penalties for overweight/under weight carcases are avoided. It is however equally important that the processors give producers the correct market signal through best rewarding producers who are producing cattle that meet current market specifications.

Figure 1: Price reported steers and heifers by weight category during the 12 weeks ending 12 August 2018.



FIRST SHIPMENTS OF NI BEEF ARRIVE IN THE PHILIPPINES

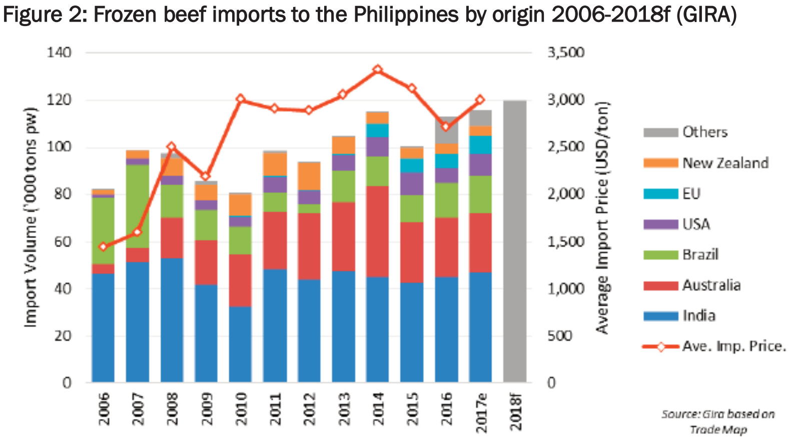
DURING summer 2017 the UK gained approval to export beef to the Philippines and reports this week have indicated that following agreements on export paperwork the first shipments of beef from NI have just arrived in the Philippines. Further shipments from NI to the region are expected to follow.

LMC co-funded, with the other UK levy bodies, an official visit to the UK in November 2016 by the Philippines National Meat Inspection Service and Bureau of Animal Industry to progress the export of UK beef to the Philippines and news of the arrival of the first consignment of beef is a welcome and positive development.

The UK already had permission to export pork, lamb and poultry to the south-east Asian nation however the market had been closed to UK beef imports since 1996 following the BSE crisis. Beef exports to the Philippines is already a significant trade for some of the UK's European competitors and the NI industry is therefore keen to benefit commercially.

The Philippines is one of South East Asia's largest markets and beef exports to the region, which has a population of 103m people, are expected to be worth £34m to the UK economy. It is believed that this trade could be worth £5.5m to the industry in Northern Ireland over the next five years.

Figure 2: Frozen beef imports to the Philippines by origin 2006-2018f (GIRA)



Fish accounted for 45 per cent of all meat consumption in the Philippines during 2017 according to the latest available data from GIRA, a strategic market consultancy and forecasting company which operates at every level of the food supply chain. Pork accounted for a further 26 per cent of meat consumption in terms of volume during 2017 with poultry accounting for a further 24 per cent.

While beef consumption accounted for just five per cent of total meat consumption in the Philippines demand is expected to continue to increase. Per capita beef consumption is expected to remain steady at 3kg however total beef consumption in the region will increase as a result of a growing population combined with strong GDP growth.

While there has been a slight increase in domestic beef production in the Philippines in recent years it remains a very small part of the local market. During 2017 the Philippines produced 215,000 tonnes of beef which accounted for just six per cent of total meat production in the region. In addition the cattle and buffalo herd are stagnating and there is a growing reliance on imported product to meet consumer demand.
Live cattle imports in the Philippines mainly consist of feeding cattle weighing between 320-380kg which has led to the development of feedlot operations. Most of these cattle are sourced from Northern Australia with imports peaking at 30,000 head in 2014. However reduced availability of cattle in Australia due to restocking after a prolonged drought and the reduced competitiveness of this system against imported beef products has meant import levels of live cattle are unlikely to grow. This is expected to further increase the demand for imported beef products.

Beef imports to the Philippines are expected to continue to grow on the back of the increasing population and continued economic growth. GIRA have forecast a 4.2 per cent increase in beef imports by the Philippines during 2018 with imports expected to continue to increase at similar levels up to 2022. The latest GIRA information has forecast that beef imports by the Philippines are expected to account for just under half of all beef consumption in the region by 2022.

Frozen beef accounts for almost all beef imports by the Philippines, with beef sourced from a wide range of markets across the world as indicated in Figure 2. While exports from NI and the UK to the Philippines are likely to be lower value cuts access to this growing market is a very positive step forward for the NI and UK beef markets.

LMC continues to play a strategic role in helping to secure new export opportunities for NI's beef and sheep industry through its membership of the UK Export Certification Partnership (UKECP). This is a Government /Industry grouping that is dedicated to securing and maintaining market access for UK meat and livestock producers.

Gaining market access to a range of high value markets for UK beef and lamb is a key priority for the NI red meat industry. This has become increasingly important following the UK's decision to leave the EU and the on-going uncertainty regarding future access to this key market. During 2017 87 per cent of UK beef/veal exports were destined for EU markets, back slightly from 89 per cent in 2016.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 13/08/18	Next Week 20/08/18
Prime		
U-3	348 - 352p	348 - 352p
R-3	342 - 346p	342 - 346p
O+3	336 - 340p	336 - 340p
P+3	290 - 300p	290 - 300p
	Including bonus where applicable	
Cows		
O+3 & better	252 - 270p	252 - 270p
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 11/08/18	Steers	Heifers	Young Bulls
U3	353.9	359.5	348.2
R3	351.1	353.3	346.3
O+3	345.1	344.6	335.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 11/08/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	164.7	175.9	187.7	195.6
P2	196.0	205.8	227.7	239.5
P3	225.8	228.2	242.7	249.4
O3	-	249.7	258.4	266.9
O4	170.0	237.4	258.9	272.2
R3	-	-	-	285.0

Deadweight Cattle Trade

BASE quotes from the plants this week for in spec U-3 grading steers and heifers held steady at 348-352p/kg with most of the plants quoting 350p/kg for both steers and heifers. Quotes for O+3 grading cows ranged from 252-270p/kg across the plants this week with similar quotes for all types of cattle are expected early next week.

Prime cattle throughput totalled 5,617 head in NI last week, up 136 head from the previous week. In the corresponding week last year 5,412 prime cattle were killed in local plants. Cow throughput remained strong in NI last week with 1,906 cows slaughtered. This was up 171 head from the previous week and similar to the 1,826 killed in the same week last year.

Cattle imports from ROI for direct slaughter in local plants last week included 47 prime cattle and 22 cows while a further 5 prime cattle and 95 cows were imported from GB. Live cattle exports from NI to ROI for direct slaughter included 5 prime cattle, 176 cows and 2 bulls last week while 67 prime cattle, 11 cows and 2 bulls were exported to GB.

The deadweight trade for prime cattle stabilised last week after several weeks of prices coming under pressure. The average steer price in the region last week was back half a penny to 347p/kg while the R3 steer price increased by 2.8p/kg to 357.6p/kg. The average U3 steer price was up by a penny to 355.4p/kg. The heifer trade also showed some signs of stabilising with the average price back fractionally to 351.3p/kg while the R3 heifer price increased by 0.7p/kg to 356.9p/kg. This increase in the R3 heifer price comes after seven consecutive weeks in which it recorded a decline.

The average young bull price in NI last week was back slightly to 336.9p/kg while the R3 young bull price was almost unchanged at 345.5p/kg. Meanwhile the cow trade in NI has continued to come under pressure with the average cow price back by 4p/kg last week to 241.3p/kg. The O3 cow price was back by 2.9p/kg to 265.4p/kg last week which is the lowest recorded price since May 2017.

The trade has continued to come under pressure in GB with an average steer price of 355.2p/kg last week, back half a penny from the previous week. The R3 steer price in GB last week was 363.2p/kg, back almost a penny from the previous week. R3 steer prices were back in all of the GB regions except the Midlands where the R3 steer price increased by 1.2p/kg to 359.2p/kg. The average heifer price in GB last week was back by 0.8p/kg to 356p/kg while the R3 heifer price was back by 0.4p/kg to 362.2p/kg.

In ROI last week reported deadweight prices were mostly similar to the previous week in euro terms however a stronger euro has meant prices have firmed in sterling terms. The R3 steer price increased by 3.1p/kg to 344.6p/kg while the R3 heifer price increased by 2.4p/kg to 353.7p/kg. The cow trade has also firmed in sterling terms with an O3 cow price of 272p/kg, up 3.9p/kg from the previous week.

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

W/E 11/08/2018		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	355.4	353.7	375.4	365.1	363.0	366.5	367.3
	R3	357.6	344.6	373.2	361.4	359.2	359.3	363.2
	R4	357.1	345.5	378.3	382.2	359.9	360.2	373.2
	O3	354.2	328.0	352.2	338.7	332.4	339.3	340.5
	AVG	347.0	-	371.7	357.8	343.9	345.0	355.2
Heifers	U3	361.1	367.2	378.3	369.7	371.4	372.4	372.8
	R3	356.9	353.7	368.9	361.2	359.0	359.8	362.2
	R4	359.5	355.8	377.2	367.3	361.2	363.4	367.4
	O3	355.6	337.3	353.1	345.9	329.6	339.3	342.0
	AVG	351.3	-	372.4	359.2	342.7	347.9	356.0
Young Bulls	U3	348.3	351.1	364.5	349.1	349.7	353.0	352.8
	R3	345.5	340.1	361.5	344.1	343.5	349.6	347.8
	O3	327.1	323.7	318.1	313.0	312.7	321.4	314.4
	AVG	336.9	-	356.2	334.3	331.5	326.5	336.2
Prime Cattle Price Reported		4957	-	5879	6815	6837	4101	23632
Cows	O3	265.4	272.0	263.3	261.5	256.8	255.6	258.7
	O4	270.9	273.7	265.4	265.3	255.2	248.4	258.0
	P2	227.3	238.2	218.1	215.4	211.2	219.1	214.7
	P3	247.0	260.1	230.5	232.0	227.8	233.7	230.0
	AVG	241.3	-	253.6	235.2	215.3	213.4	223.2

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.69p 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 11/08/18	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	201	216	208	180	198	191
Friesians	150	165	159	131	147	142
Heifers	195	213	202	172	194	182
Beef Cows	141	192	156	120	140	130
Dairy Cows	115	148	122	85	114	100
Store Cattle (p/kg)						
Bullocks up to 400kg	225	257	235	185	224	205
Bullocks 400kg - 500kg	220	245	230	185	219	200
Bullocks over 500kg	200	214	207	160	199	182
Heifers up to 450kg	215	258	228	180	214	195
Heifers over 450kg	200	221	208	170	199	185
Dropped Calves (£/head)						
Continental Bulls	340	460	375	230	330	280
Continental Heifers	255	355	300	150	245	200
Friesian Bulls	100	120	108	25	70	50
Holstein Bulls	-	-	-	-	-	-

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 13/08/18	Next Week 20/08/18
Lambs >21kg	400-410p	400p

REPORTED SHEEP PRICES

(P/KG)	W/E 28/07/18	W/E 04/08/18	W/E 11/08/18
NI L/W Lambs	370.9	376.5	365.8
NI D/W Lambs	399.2	411.6	403.5
GB D/W Lambs	432.9	421.5	423.6
ROI D/W	473.7	475.2	-

Deadweight Sheep Trade

BASE quotes from the major lamb processing plants in NI this week for R3 grading lambs ranged from 400-410p/kg with all plants paying up to 21kg. The plants are quoting 400p/kg for R3 grading lambs for early next week. The processors have reported steady supplies of lambs coming forward for slaughter with 10,455 lambs killed locally last week. This is the highest weekly throughput of lambs since October 2017. Exports of lambs to ROI last week for direct slaughter totalled 7,494 head. This was up 455 head from the previous week and is the highest level of export recorded since February 2018. The average deadweight lamb price in NI last week was 403.5p/kg, back 8.1p/kg from the previous week. Meanwhile in GB the reported deadweight price increased by 2.1p/kg to 423.6p/kg.

This week's marts

STRONG numbers of lambs passed through many of the marts this week with reports indicating a similar trade to the previous week. In Swatragh last Saturday a large entry of 1,140 lambs sold from 334-411p/kg compared to 1,000 lambs the previous week selling from 336-389p/kg. In Kilrea on Monday 500 lambs sold from 360-387p/kg, a similar trade to the previous week when 600 lambs sold from 360-377p/kg. In Ballymena this week 1,805 lambs this week sold from 350-388p/kg (avg 365p/kg) compared to 1,847 lambs last week selling from 350-400 (avg 369p/kg). In Markethill this week a sharper trade saw 920 lambs sold from 350-382p/kg compared to 980 lambs last week selling from 340-372p/kg.

LATEST SHEEP MARTS

From: 10/08/18		Lambs (P/KG LW)			
To: 16/08/18		No	From	To	Avg
Friday	Newtownstewart	352	353	391	-
Saturday	Omagh	1013	365	458	-
	Swatragh	1140	334	411	-
Monday	Massereene	967	364	398	-
	Kilrea	500	360	387	-
Tuesday	Saintfield	850	356	385	-
	Rathfriland	905	330	395	-
Wednesday	Ballymena	1805	350	388	365
	Enniskillen	742	340	402	-
	Armoy	350	345	387	-
	Markethill	920	350	382	-

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