

## CONSIDER FINISHING COSTS WHEN BUYING STORE LAMBS

**W**ITH peak trading underway in the marts over recent weeks, the numbers of lambs passing through the NI sale rings has gradually increased with a firm trade being reported for good quality lambs.

The average live weight lamb price in NI during the week ending 08 September 2018 was 351.7p/kg while in the corresponding week in 2017 the average live weight lamb price in NI was 343.7p/kg. This increase by 8p/kg gives accounts for a 2.3 per cent increase in the liveweight price.

With sales of store lambs expected to remain strong over the coming weeks it is important that buyers consider the economics of taking these stores through to slaughter. If grass supplies are limited then producers should opt for short keep store lambs and in cases where there are more plentiful grass

supplies longer keep store lambs may be a viable option.

Provided that the lambs purchased are of good quality, store lambs on good quality grazing can be expected to gain 180-200g per day during September. As the year progresses the performance of lambs at grass will ease back to 150-170g/day moving into October and down to 100g/day in late October and November.

It is important to take these growth rates into account when purchasing store lambs and producers should consider supplementing lambs with meal where applicable to maintain performance and allow them to meet finishing targets. When calculating a finishing budget producers should also remember to factor in miscellaneous costs such as mortality, veterinary and transport costs.

Buyers should try to purchase store lambs to suit their finishing system by focusing on the weight, price and quality of lambs on offer. Where possible store lambs should be bought in even batches as this should mean they should all come fit for slaughter at a similar time.

Meeting market specifications at point of slaughter will help maximise returns from finishing store lambs. The current specification from the major processors is for R grading lambs or better with a fat score of 2 or 3 and a carcass weight of 21kg. Processors also have a strong preference for lambs with FQ status with bonuses available in some plants while other plants will not handle non assured lambs.

Achieving FQ assured status for sheep allows NI sheep producers to keep their options open when marketing their

lambs. The enhanced assurances on animal welfare, food safety, traceability and care for the environment provided by the NI Farm Quality Assurance Scheme allows the processors to

service the high value retail and food service markets in the UK. For many of these customers FQAS status is a key requirement of their product specification.

**Image 1: With more store lambs coming onto the market finishers should consider the costs of taking these lambs through to finish.**



# MEAT DEMAND IN THE US WILL CONTINUE TO GROW

THE consumption of beef, pork and poultry has remained strong in the US despite very high consumer prices according to the latest available data from GIRA. Lamb however continues to be a niche product with consumption continuing at very low levels as outlined in Figure 1.

It is worth noting however that while US consumer prices for meat are high they are in decline. Food inflation in the US is very low and this has meant current retail prices are similar to 2017 levels, or in some cases slightly lower. With the US economy showing clear signs of improvement consumer confidence is strong with consumer spending on food in particular recording an increase.

Overall US meat consumption has enjoyed a slow steady growth over the last decade with demand shifting from weak to robust during this time. Consumer tastes and the overall demand profile has changed from being relatively negative towards the meat and poultry industry to being a positive force. US consumers have become much more aware of the benefits of meat derived protein in their diets.

In addition there is also a much greater awareness around the merits and benefits of animal fats in the diet in the US which have gone against the warning and misconceptions that have been

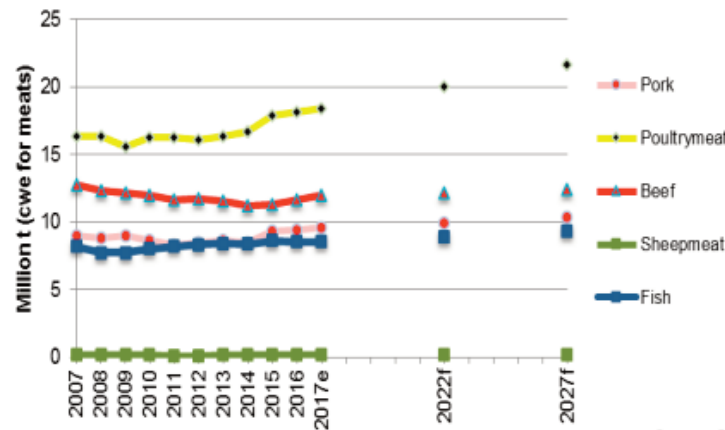
commonplace for the last 30 years.

Chicken continues to be the most widely consumed meat in the US and is followed by beef and then pork. Despite increases in retail prices between 2014 and 2017 overall meat consumption and per capita meat consumption increased in the US due to a growing demand for meat. The strong demand performance of meat has helped keep pricing much stronger through the chain than otherwise would have been possible with increases in production.

GIRA forecasts that meat consumption in the US will continue to slowly increase

**Figure 1: GIRA forecasts have indicated that meat consumption in the US is expected to continue to increase over the next decade.**

## Consumption by Species, 2007-17e, 22f, 27f



Source: Gira

# FAO FOOD PRICE INDEX HOLDS STEADY IN AUGUST

THE FAO Food Price Index is a measure of the monthly change in international prices of a basket of food commodities and is based on the price indices of five key commodity groups.

During August 2018 the FAO Food Price Index averaged 167.6 points. While this was almost unchanged from July 2018 levels it was 9.6 points (5.4 per cent) higher than August 2017 levels. This increase has been driven primarily by rises in cereal prices indices and to some extent meat prices while prices for sugar, vegetable oil and dairy products all recorded a decline.

The FAO Cereal Price Index averaged 168.4 points during August 2018 which was 6.5 points (4.0 per cent) higher than the equivalent price in July 2018. The Cereal Price Index during August 2018 was 15 points higher (10 per cent) higher than August 2017. A strong increase in wheat prices due to tighter export supplies and weaker production forecasts for the EU and Russia in particular have contributed to the increase.

The FAO Meat Price Index averaged 163.3 points in August 2018. This was similar to the previous month however it was 4.6 per cent lower than August 2017 levels. During August 2018 there were increases in price quotations for pigmeat due to strong import demand

from China combined with slow supply from the EU while sheep prices increased on the back of solid import demand and weak exports from Oceania. Meanwhile beef prices decreased slightly due to strong export supplies from the US while a weaker import demand for poultry impacted prices.

The FAO Dairy Price Index averaged 196.2 points during August 2018. This was back almost 3 points (1.5 per cent) from the previous month and was the third consecutive month in which it recorded a decline. Price quotations for butter, Skim Milk Powder and Whole Milk Powder all recorded declines while there was some recovery in cheese prices. This overall decline reflects limited market activity which is not unusual for this time of year and some uncertainty about export availabilities. Total milk production is expected to fall in the EU and Australia due to droughts however this is expected to be offset to some degree by higher than expected milk production in New Zealand.

The Vegetable Oil Price Index averaged 138.2 points in August 2018 which was the lowest monthly average since September 2015. Strong supplies and weaker import demand have contributed to this decline. Meanwhile the Sugar Price Index was back to 157.3 points in August 2018, its lowest level in a decade.



### FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline: 028 9263 3024

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# WEEKLY BEEF & LAMB MARKETS



## CATTLE TRADE

### NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 10/09/18	Next Week 17/09/18
<b>Prime</b>		
U-3	350 - 356p	352 - 356p
R-3	344 - 350p	346 - 350p
O+3	338 - 344p	340 - 344p
P+3	292 - 304p	294 - 304p
Including bonus where applicable		
<b>Cows</b>		
O+3 & better	255 - 275p	255 - 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.

## Deadweight Cattle Trade

THE deadweight trade for prime cattle has improved this week with quotes ending the week ranging from 352-356p/kg for U-3 grade prime cattle. The majority of plants are quoting 354-356p/kg for steers and heifers. Quotes from the plants for O+3 grading cows held steady at 255-275p/kg across the plants this week. Similar quotes for all types of cattle are expected early next week.

Prime cattle throughput in NI plants totalled 5,926 head last week, an increase of 268 head from the previous week. In the same week last year prime cattle throughput totalled 6,091 head which represents a decrease of 165 head. Cow throughput in NI last week totalled 2,235 head. This is an increase of 225 head from the previous week and 374 cows above the 1,861 cows killed in the corresponding week in 2017.

Imports of cattle from ROI for direct slaughter in local plants last week increased to 321 prime cattle and 94 cows when compared to the previous week 175 prime cattle and 48 cows were imported. A further 16 prime cattle and 127 cows were imported from GB for direct slaughter. Exports from NI to ROI for direct slaughter last week consisted of 1 steer and 74 cows with 74 prime cattle and 5 cows exported for direct slaughter in GB plants.

Deadweight prices for prime cattle in NI held fairly steady with the average steer price up by 1.3p/kg to 351.4p/kg while the R3 steer price was up 0.2p/kg to 360.1p/kg compared to the previous week. The average heifer price last week was back a penny to 354p/kg, while the R3 heifer price in NI last week was up by 1.1p/kg to 361.5p/kg when compared to the previous week. The average young bull price was up by 1.1p/kg to 340.9p/kg with the R3 young bull price increasing by 1.7p/kg to 350.7p/kg. Meanwhile the cow trade improved last week with the average cow price up 5.2p/kg to 257.7p/kg.

The deadweight trade for prime cattle improved across the GB regions last week. The average GB steer price was up by 0.9p/kg to 368.3p/kg while the R3 steer price was up 1.1p/kg to 377.2p/kg. R3 steer prices recorded an increase in all of the regions last week except Northern England where it recorded a 1.1p/kg decline. The average heifer price in GB last week increased by 2.6p/kg to 369.7p/kg while the R3 heifer price increased by 1.3p/kg to 377.6p/kg. The R3 heifer price increased in all of the GB regions with the exception of Southern England where the R3 heifer price was back by 0.4p/kg. The deadweight cow trade in GB improved last week with the average cow price up by 2p/kg to 238.4p/kg.

The deadweight trade for prime cattle in ROI has come under pressure this week with declines in reported prices for all cattle grades. The R3 steer price was back by the equivalent of 4.7p/kg to 342.1p/kg last week. This puts the differential between ROI and NI at 18p/kg or £63 on 350kg carcass. The R3 heifer price was back by the equivalent of 3.6p/kg to 352p/kg, this puts the differential in R3 heifers between ROI and NI at 9.5p/kg or £30 on a 320kg carcass.

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

	W/E 08/09/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	359.2	353.1	391.1	372.5	375.6	382.1	379.7
	R3	360.1	342.1	388.6	371.8	372.3	376.3	377.2
	R4	358.1	343.3	392.8	380.7	372.5	375.3	380.8
	O3	356.5	324.9	370.9	357.0	340.8	352.7	355.8
	AVG	351.4	-	386.9	366.7	357.9	360.7	368.3
Heifers	U3	365.1	363.0	397.0	377.0	385.5	384.3	386.4
	R3	361.5	352.0	387.8	373.7	374.7	373.7	377.6
	R4	361.1	350.8	391.0	375.9	376.0	373.5	379.5
	O3	355.4	335.6	362.9	359.1	342.6	355.3	355.2
	AVG	354.0	-	387.9	368.1	361.5	359.0	369.7
Young Bulls	U3	353.8	346.3	385.1	350.9	367.0	371.9	365.7
	R3	350.7	337.9	373.0	355.5	361.9	361.7	362.3
	O3	335.1	319.8	342.1	321.6	324.5	334.6	327.6
	AVG	340.9	-	372.1	339.7	343.6	349.1	348.7
Prime Cattle Price Reported	5019	-	6468	6990	6921	4465	24844	
Cows	O3	275.2	274.0	276.2	267.4	267.8	272.5	269.4
	O4	280.4	275.3	276.2	271.2	271.7	265.1	270.9
	P2	234.7	240.5	235.4	224.0	223.9	230.8	226.8
	P3	254.0	261.3	247.8	241.8	238.6	250.3	242.4
	AVG	257.7	-	266.6	248.2	230.4	232.1	238.4

- Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.93p 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

## REPORTED NI CATTLE PRICES - P/KG

W/E 08/09/18	Steers	Heifers	Young Bulls
U3	358.0	363.8	354.0
R3	356.5	358.6	349.7
O+3	349.6	347.5	339.0

\*Prices exclude AA, HER and Organic cattle

## REPORTED COW PRICES NI - P/KG

W/E 08/09/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	170.4	183.0	197.0	200.2
P2	185.0	213.7	234.5	245.5
P3	196.0	228.5	249.1	257.5
O3	206.5	264.1	273.3	276.7
O4	225.3	260.6	261.6	281.8
R3	185.9	-	-	298.4

## LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 08/09/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
<b>Finished Cattle (p/kg)</b>						
Steers	206	220	213	180	205	192
Friesians	141	143	142	-	-	-
Heifers	207	229	218	180	204	192
Beef Cows	150	183	165	120	149	135
Dairy Cows	112	128	120	70	111	95
<b>Store Cattle (p/kg)</b>						
Bullocks up to 400kg	220	247	232	175	219	198
Bullocks 400kg - 500kg	212	237	225	175	210	190
Bullocks over 500kg	200	221	212	170	199	185
Heifers up to 450kg	215	244	228	180	214	198
Heifers over 450kg	210	252	222	175	208	185
<b>Dropped Calves (£/head)</b>						
Continental Bulls	320	410	348	200	290	245
Continental Heifers	220	310	270	150	218	185
Friesian Bulls	100	160	130	65	98	80
Holstein Bulls	65	100	82	20	62	40

# SHEEP TRADE

## SHEEP BASE QUOTES

(P/Kg DW)	This Week 10/09/18	Next Week 17/09/18
Lambs >21kg	385-390p	380-385p

## REPORTED SHEEP PRICES

(P/KG)	W/E 25/08/18	W/E 01/09/18	W/E 08/09/18
NI L/W Lambs	342.0	347.5	351.7
NI D/W Lambs	394.6	396.3	388.5
GB D/W Lambs	425.7	424.8	422.1
ROI D/W	417.6	409.5	409.0

## Deadweight Sheep Trade

**Q**UOTES from the plants for R3 grading lambs ranged from 385-390p/kg up to 21kg this week with quotes for next week ranging from 380-385p/kg. Throughput of lambs in NI has remained firm with 11,127 lambs slaughtered locally last week. This is an increase of 419 head from the previous week however it remains lower than the corresponding week last year when 11,728 lambs were killed locally. A further 7,051 lambs were exported from NI to ROI for direct slaughter last week which accounted for 39 per cent of total NI lamb output. The deadweight lamb price in NI last week was 388.5p/kg back 7.8p/kg from the previous week. The deadweight lamb price in ROI last week was the equivalent of 409p/kg, back half a penny from the previous week.

## This week's marts

**S**TRONG numbers of lambs continue to pass through the local marts with a steady trade reported for good quality lambs. In Massereene on Monday 1,226 lambs sold from 345-370p/kg compared to 1,206 lambs last week selling within a similar price range of 345-379p/kg. In Rathfriland on Tuesday a good entry of 1,099 lambs sold from 322-391p/kg (avg 334p/kg) compared to 885 lambs last week selling from 333-384p/kg (avg 361p/kg). A large entry of 2,480 lambs in Ballymena on Wednesday sold from 320-370p/kg (avg 335p/kg) compared to 1,304 lambs last week selling from 332-367p/kg (avg 345p/kg). In Enniskillen this week 680 lambs sold from 332-368p/kg compared to 822 lambs last week selling from 345-379p/kg. Top prices for ewes generally ranged from £80-100 across the marts with a top reported price of £109 in Ballymena on Wednesday.

## LATEST SHEEP MARTS

From: 07/09/18		Lambs (P/KG LW)			
To: 13/09/18		No	From	To	Avg
Friday	Newtownstewart	725	334	379	-
Saturday	Omagh	1311	368	448	-
	Swatragh	1300	335	419	-
Monday	Massereene	1226	345	370	-
	Kilrea	460	346	387	-
Tuesday	Saintfield	909	325	370	-
	Rathfriland	1099	322	391	334
Wednesday	Ballymena	2480	320	370	335
	Enniskillen	680	332	368	-
	Armoy	320	325	371	-
	Markethill	1000	335	382	-

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