

CRITICAL TIME FOR NI RED MEAT INDUSTRY

LMC welcomes the progress made towards a withdrawal agreement as a no deal scenario, as outlined in LMC's WTO report published last year, would be a devastating blow to the NI red meat industry. A withdrawal agreement will allow talks to move to the next negotiating phase which will focus on the future EU/UK trading relationship post Brexit.

With Brexit only months away, it's more vital than ever that the local meat industry gets fair and equitable access to the widest possible range of markets around the world to maximise the value for every technical component of the beef and lamb carcass that can be marketed.

This is the view of Livestock and Meat Commission for Northern Ireland (LMC) Chief Executive, Ian Stevenson who recently attended the Global Roundtable for Sustainable Beef (GRSB) conference in Kilkenny and SIAL Food Fair in Paris alongside LMC board members.

Mr Stevenson said: "LMC's attendance at SIAL and the GRSB conference was essential to develop industry contacts, to check out new innovations, to see what strategies competitors around the world are deploying to further develop their businesses and to gather ideas on how to shape the industry's future.

"In the case of SIAL, over 7,200 companies from over 100 countries were at the event, including an impressive representation from Northern Ireland. Food Fairs like SIAL are invaluable to our local industry as it offers a platform to showcase our high quality produce and professional industry amongst global competition.

"There were many topics for discussion during SIAL but one of the most prevalent was the urgent need to draw a line under the uncertainty caused by Brexit in order to allow companies to make informed decisions about their future investment and development plans.

"This is a point that was also echoed

during the GRSB conference in Kilkenny which saw an attendance of 230 delegates from 25 major beef producing and consuming countries worldwide.

"Key note speakers at the conference highlighted the importance of properly engaging with consumers about the meat industry and underlined the need for more leadership to shape the future of the beef industry."

Going forward, Mr Stevenson believes that Northern Ireland's high quality produce, industry reputation and levels of customer service will stand the Province in good stead once the UK exits the EU in March 2019 coupled with the fact that currently Northern Ireland is the only UK region with BSE negligible risk status.

He added: "As we've seen earlier this year, Northern Ireland exported beef to the Philippines for the first time in 22 years and this came off the back of a comprehensive inspection of BSE controls by the Philippine authorities. At the moment, Northern Ireland is the

only country in the UK with negligible risk status which is something our producers, processors and the wider industry should take pride and confidence in.

"We've long since known that Northern Ireland beef and lamb is a premium and

Image 1: Some of the Northern Ireland red meat exhibitors at the recent global food fair at SIAL Paris.



trusted product and whilst the UK and EU will remain key markets for our produce we must continue to pursue export certification to markets such as Japan, China and the USA where good opportunities exist for certain cuts and products."

RISING GLOBAL MEAT PRODUCTION DURING 2018



Food and Agriculture Organization of the United Nations

GLOBAL meat production is expected to reach 335 million tonnes in 2018 according to the latest FAO Outlook Report. This is 1.5 per cent higher than 2017 production levels however it is a reduction from what earlier forecasts had predicted.

Rising feed costs and disease issues in China have negatively affected poultry and pig production in the region and have contributed to the revision in forecast production. Lower than anticipated beef and pigmeat production in the US has also contributed to the downward movement in the revised forecasts. On the other hand meat production forecasts increased for the EU and Australia where higher rates of animal slaughter were recorded in response to drought conditions in some regions.

The volume of meat being exported globally is forecast to reach 33.6 million tonnes in 2018. This is an increase of 2.6 per cent from 2017 levels and an increase of 300,000 since the July forecast. There has been export growth in several regions including the EU, the US, Australia and Thailand while exports from India, Brazil and South Africa are expected to record a decline. Demand for imports is expected to increase in China, Japan, Korea and Mexico while they are expected to fall in Russia, Saudi Arabia, Egypt and Singapore.

The FAO Meat Price Index averaged 161.6 points during October 2018, a 6.6 per cent decline from year earlier levels. Compared with January 2018 the overall meat price index has weakened, mainly due to the strong supplies of meat for export, particularly beef and pork. New import restrictions due to fresh cases of African Swine Fever have also had an impact on pork prices while market sluggishness has impacted poultry meat prices.

However sheepmeat prices have increased globally due to strong import demand from Asia and Middle Eastern countries combined with limited export supplies in Oceania.

DISCOUNTERS CONTINUE TO INCREASE MARKET SHARE

MORE and more UK households are now visiting one of the discount retailers according to the latest Grocery Market Share report issued by Kantar this week. During the 12 week period ending 04 November 2018 UK shoppers made an additional 14 million trips to Aldi and Lidl than in the corresponding 12 week period in 2017.

The total UK grocery market was valued at £26,641 million during the 12 weeks ending 04 November 2018, an increase of 2.6 per cent from year earlier levels. Multiple retailers continue to dominate the UK market and generated 98.4 per

cent of sales during the 2018 period which is a slight increase from 98.2 per cent of sales during the same period last year.

Aldi has recorded a 15.5 per cent increase in the value of its retail sales during the 12 week period ending 04 November 2018 which has increased its share of the UK retail market to 7.6 per cent as outlined in Figure1 below.

Lidl has also recorded double digit growth in the value of sales during the 2018 period with sales valued at £1,470 million. This is a 10.2 per cent increase

Image 2: LIDL and ALDI now account for 13.1 per cent of the UK retail market

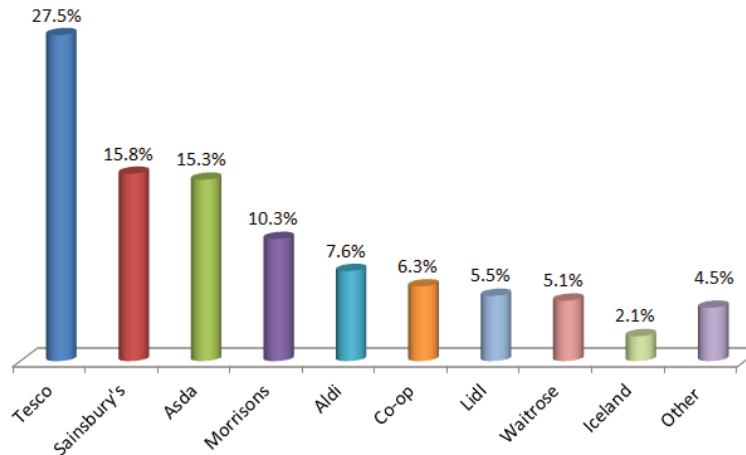


from the same period in 2017 and has increased Lidl's market share to 5.5 per cent.

Tesco continues to have the largest share of the UK market with retail sales accounting for 27.5 per cent of the total grocery market during the 12 weeks ending 04 November 2018. However despite an increase in the overall value of Tesco sales during the 2018 period by £30 million their market share has come back slightly from 28.1 per cent in the same twelve week period in 2017.

Sainsbury's retail sales were valued at £4,198 million in the 2018 period which accounted for 15.8 per cent of the market. Sainsbury's has also seen a decline in market share, back from 16.3 per cent in the 2017 period. Meanwhile Asda and Morrisons have maintained their share of the UK retail market at 15.3 per cent and 10.3 per cent respectively.

Figure 1: Tesco continues to dominate the UK retail market but discounters are starting to make gains and increase market share.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 12/11/18	Next Week 19/11/18
Prime		
U-3	346 - 354p	344 - 350p
R-3	340 - 348p	338 - 344p
O+3	334 - 342p	332 - 338p
P+3	288 - 302p	286 - 298p
	Including bonus where applicable	
Cows		
O+3 & better	228 - 265p	224 - 250p
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

BASE quotes from the plants this week for in spec U-3 grade prime cattle ranged from 346-354p/kg towards the end of the week with the majority of plants quoting 346-350p/kg for steers and heifers. Quotes for O+3 grading cows continue to come under pressure with quotes from 228-260p/kg towards the end of the week.

Prime cattle throughput last week totalled 6,960 head, a decrease of 434 head from the previous week and 232 head lower than the same week in 2017. Cow throughput in NI last week was similar to the previous week at 2,551 head though it was back 317 cows when compared to the corresponding period in 2017.

Imports of prime cattle for direct slaughter last week totalled 200 head 198 head from ROI with a further two steers from GB. Cow imports for direct slaughter last week totalled 85 head, 51 of which were imported from ROI and a further 34 imported from GB. Exports from NI to ROI consisted of 195 cows and 24 prime cattle with 33 prime cattle and 11 cows making the journey from NI to GB last week.

The deadweight trade in NI for prime cattle came under pressure last week. The average steer price decreased by 0.7p/kg to 348.2p/kg while the R3 steer price was back by a similar margin to 356.4p/kg when compared to the previous week. Meanwhile the average heifer price decreased by 1.6p/kg to 351.2p/kg and the R3 heifer price was back by 2p/kg to 357.8p/kg. The average young bull price was back 5p/kg to 329.2p/kg while the R3 young bull price was back by 0.6p/kg to 343.8p/kg. The cow trade in NI also came under pressure last week with the average cow price back by 7.5p/kg to 229.9p/kg. The O3 cow price decreased by 6.8p/kg to 251.9p/kg last week. This is the lowest recorded O3 cow price in NI since December 2016.

In GB last week the deadweight trade for prime cattle reported a mixed trade. The average steer price in GB came back marginally to 362.4p/kg while the R3 steer price increased by 0.3p/kg to 372.9p/kg. This puts the differential with NI last week at 16.5p/kg or £58 on an R3 steer 350kg carcass. The average heifer price in GB last week decreased by 0.9p/kg to 363.2p/kg while the R3 heifer price decreased by 1.1p/kg to 372.3p/kg. This puts the differential between NI and GB at 14.5p/kg or £46 on an R3 heifer 320kg carcass.

Prime cattle throughput increased to 30,164 head in ROI last week, an increase of 4,712 prime cattle from the previous week and the highest weekly throughput of prime cattle during 2018 to date. In ROI last week the prime cattle trade remained steady in euro terms however with a weakening euro the deadweight cattle prices came back in sterling terms. The R3 steer price came back by 5.3p/kg to 321.7p/kg while the R3 heifer price decreased by a similar margin to the equivalent of 332.4p/kg. The cow trade also came under pressure this week with the O3 cow price back by the equivalent of 7.5p/kg to 257.5p/kg.

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

	W/E 10/11/2018	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	356.0	332.1	382.3	372.9	372.0	378.5	375.9
	R3	356.4	321.7	382.1	373.0	366.8	370.8	372.9
	R4	354.4	321.1	385.1	382.7	369.7	367.8	378.2
	O3	348.3	304.8	363.4	349.9	337.5	344.2	348.8
	AVG	348.2	-	378.7	365.9	350.2	354.0	362.4
Heifers	U3	360.7	343.6	385.1	376.7	380.4	379.5	380.5
	R3	357.8	332.4	379.8	370.5	369.7	369.0	372.3
	R4	355.6	332.7	381.4	376.1	371.6	365.3	374.4
	O3	352.9	320.0	362.7	348.2	336.9	346.3	348.9
	AVG	351.2	-	378.2	366.0	353.8	353.2	363.2
Young Bulls	U3	344.3	330.7	369.7	354.5	357.3	368.9	359.3
	R3	343.8	320.7	361.7	347.6	352.5	351.5	352.7
	O3	326.0	306.3	330.3	303.7	319.9	327.8	317.3
	AVG	329.2	-	348.5	327.5	329.1	337.9	333.4
Prime Cattle Price Reported	6,198	-	7,116	7,244	7,839	5,122	27,321	
Cows	O3	251.9	257.5	244.1	241.0	242.4	236.6	241.1
	O4	256.8	258.0	247.1	241.8	242.5	232.6	241.1
	P2	212.0	220.2	202.3	194.7	199.7	198.8	199.0
	P3	231.3	243.0	217.4	211.5	221.6	211.1	217.4
	AVG	229.9	-	236.0	215.4	204.4	198.4	209.1

- Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.29p 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 10/11/18	Steers	Heifers	Young Bulls
U3	353.8	360.4	343.9
R3	351.1	354.4	343.4
O+3	343.6	345.6	333.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 10/11/18	Wgt <220kg	Wgt 220- 250kg	Wgt 250- 280kg	Wgt >280kg
P1	147.9	159.5	169.9	179.0
P2	161.3	194.7	208.4	222.7
P3	164.5	209.2	228.7	234.8
O3	-	225.9	243.7	254.0
O4	130.0	234.0	250.5	257.6
R3	-	-	254.0	274.0

LATEST LIVELWEIGHT CATTLE MART PRICES NI

W/E 10/11/18	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	202	216	209	180	200	191
Friesians	138	149	142	118	131	127
Heifers	202	213	206	165	195	175
Beef Cows	140	172	155	105	139	122
Dairy Cows	100	108	104	60	99	80
Store Cattle (p/kg)						
Bullocks up to 400kg	220	245	230	175	219	195
Bullocks 400kg - 500kg	220	252	232	165	219	190
Bullocks over 500kg	190	205	198	160	189	175
Heifers up to 450kg	200	227	215	160	199	175
Heifers over 450kg	200	222	210	165	192	180
Dropped Calves (£/head)						
Continental Bulls	340	450	380	225	335	275
Continental Heifers	250	320	280	120	245	180
Friesian Bulls	150	215	175	70	135	100
Holstein Bulls	80	135	105	1	75	40

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 12/11/18	Next Week 19/11/18
Lambs >21kg	380p	380-385p

REPORTED SHEEP PRICES

(P/KG)	W/E 27/10/18	W/E 03/11/18	W/E 10/11/18
NI L/W Lambs	352.4	348.1	346.7
NI D/W Lambs	375.5	376.9	374.3
GB D/W Lambs	387.4	386.7	387.2
ROI D/W	392.3	392.1	376.9

Deadweight Sheep Trade

QUOTES from the plants towards the end of this week ranged from 380-385p/kg for R3 grading lambs with all the plants continuing to pay up to 21kg. There were 9,697 lambs killed in local plants last week, up 3,476 head from the previous week and an increase of 1,968 lambs when compared to the same week in 2017. Lamb exports to ROI last week for direct slaughter totalled 8,328 head, an increase of 1,029 lambs from the previous week. The deadweight lamb price in NI last week was back 2.6p/kg to 374.3p/kg. In the corresponding week last year the average deadweight lamb price in NI was 367.4p/kg. Meanwhile the ROI lamb price was back by 15.2p/kg last week to the equivalent of 376.9p/kg.

This week's marts

THE marts have reported steady numbers of lambs passing through the sale rings this week with a slightly sharper trade reported. In Swatragh last Saturday 950 lambs sold from 335-384p/kg compared to the previous Saturday when 900 lambs sold from 315-363p/kg. In Saintfield this week 702 lambs sold from 330-406p/kg, a firmer trade compared to last week when 700 lambs sold from 330-376p/kg. In Ballymena on Wednesday 1,827 lambs sold to an average of 337p/kg compared to 1,922 lambs last week selling to an average of 331p/kg. In Markethill this week 900 lambs sold from 340-370p/kg compared to 1,100 lambs last week selling from 330-362p/kg. Top reported prices for cull ewes generally ranged from £74 -100 across the marts.

LATEST SHEEP MARTS

From: 09/11/18		Lambs (P/KG LW)			
To: 15/11/18		No	From	To	Avg
Friday	Newtownstewart	222	315	345	-
Saturday	Omagh	1018	351	407	-
	Swatragh	950	335	384	-
Monday	Massereene	886	340	361	-
	Kilrea	450	337	383	-
Tuesday	Saintfield	702	330	406	-
	Rathfriland	711	328	414	347
Wednesday	Ballymena	1827	320	362	337
	Enniskillen	387	347	368	-
	Markethill	900	340	370	-
	Armoyn	339	335	382	-

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