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STRONG THROUGHPUT PUTS PRESSURE ON DEADWEIGHT CATTLE PRICES

REPORTS from the major processing plants have indicated strong supplies of prime cattle available for slaughter in recent weeks. Analysis of APHIS figures support these observations with 196,044 cattle for beef production aged 18-24 months on NI farms at the end of October 2018. While this figure was unchanged from October 2017 levels availability was 8.2 per cent higher than October 2016 levels.

In the last six weeks prime cattle throughput in local plants has increased with 43,742 prime cattle slaughtered. This is a 3.8 per cent increase from the corresponding six week period in 2017 and 9.4 per cent higher than the 39,992 killed in the same period in 2016.

While prime cattle throughput has increased there has also been an increase in average carcase weights.

Figure 1: Weekly prime cattle throughput in NI 2016-2018.

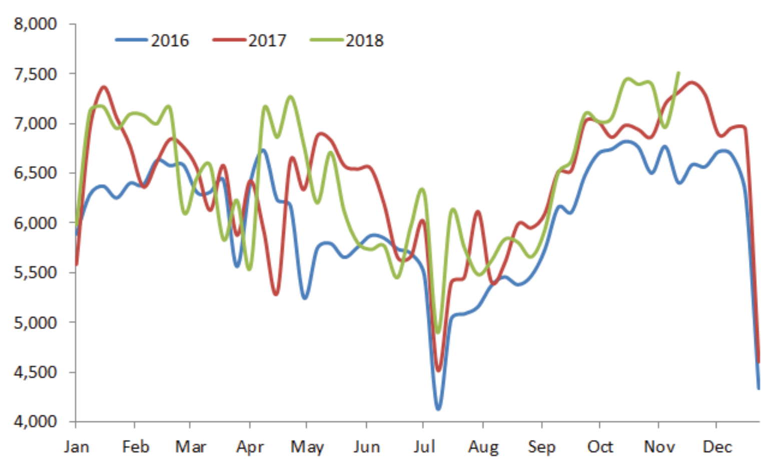


Table 1 provides a breakdown of average carcase weights by category for the six weeks ending 18 November 2018 and the corresponding period in 2017.

The strongest increase in carcase weights has been for steers with an average carcase weight of 358kg during the 2018 period. This was up 8kg from the same period in 2017. The average young bull carcase weight increased by 5kg to 343kg in the six weeks ending 18 November 2018 while the average heifer carcase weight increased by 2kg to 319kg over the same period.

Strong cattle throughput and increasing average carcase weights have resulted in more prime beef being handled by local processors. During the six weeks ending 18 November 2018 14,940 tonnes of beef from prime cattle was processed in NI, a five per cent increase from the same period in 2017.

The increase in prime cattle throughput has also been observed in GB. During October 2018 (latest available figures) 151,331 prime cattle were slaughtered in GB, a 6.4 per cent increase from October 2017 levels. With average carcase weights in GB similar to October 2017 levels the volume of prime beef processed increased by 6.3 per cent year on year.

Table 1: Average carcase weight of prime cattle by category during the six weeks ending 18 November 2018 and the same period in 2017.

	Steers	Heifers	Young Bulls	Total
2017	350	317	338	337
2018	358	319	343	342
Difference (kg)	8	2	5	5
Difference (%)	2%	1%	1%	1%

Increased beef supplies in both NI and GB have put pressure on the deadweight cattle trade in both regions with deadweight prices coming under pressure in recent weeks. The R3 steer price in NI last week was 355.9p/kg, back half a penny from the previous week and the seventh consecutive week in which it has recorded a decline. Over this seven week period the R3 steer price in NI has declined by 4.8p/kg which equates to £17 on a 350kg carcase. Meanwhile in GB the R3 steer price last week was 370.2p/kg, back 2.7p/kg from the previous week. This puts the differential between NI and GB at 14.3p/kg or £50 on a 350kg carcase.

R3 STEER PRICES
w/e 18/11/2018

NI: 355.9/kg (-0.5p/kg)
GB: 370.2p/kg (-2.7p/kg)

Differential: 14.3p/kg

BEEF AND LAMB SALES UNDER PRESSURE

RETAIL beef sales in the UK were valued at 465.4 million during the 12 weeks ending 07 October 2018 according to the latest available data from Kantar Worldpanel. This is a 3.2 per cent decline from the same period in 2017 when sales were valued at £480.3 million.

This decline in the value of sales has been driven primarily by a decline in the volume of beef sold through the major retailers from 61,584 tonnes in the 2017 period to 58,876 tonnes in the 2018 period. This accounts for a 4.6 per cent decline year on year.

The average retail price of beef in the UK was £7.90/kg during the 12 weeks ending 07 October 2018 which was an increase of 10p/kg from the corresponding period in 2017 when the average retail price was £7.80/kg. This increase in retail prices will have contributed to the decrease in volume sales.

However on a more positive note there has been an increase in the market penetration of beef during the 2018 period. Kantar figures have indicated that during the 12 week period ending 07 October 2018 71.4 per cent of UK households purchased beef, an increase of 1.7 percentage points from the 2017 period.

While there has been an overall decline in the

Figure 2: Declines in volume sales of beef have driven declines in overall expenditure during 12 weeks ending 07 Oct 2018

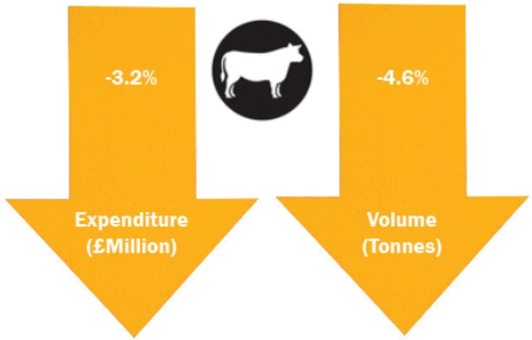
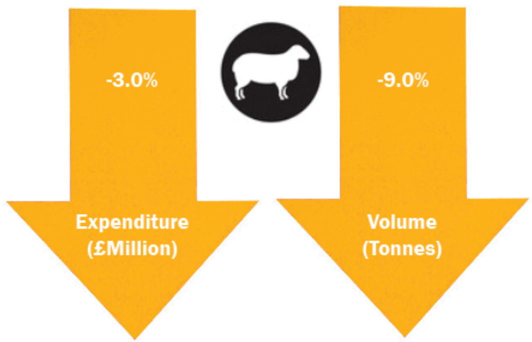


Figure 3: Kantar data has indicated reduced expenditure on lamb and declining volume sales during 12 weeks ending 07 Oct 2018



volume of beef sales there has been a more mixed performance if we look at the type of beef being sold. Volume sales of roasting joints and stewing beef have struggled during the 2018 period with sales back 19.2 per cent and 12.2 per cent respectively from the same period in 2017. Mince sales also came under pressure during the same period, back 4.1 per cent from 2017 levels.

There was some recovery in mince sales towards the end of the reporting period with volume sales of mince during September 2018 similar to September 2017 levels. Meanwhile sales of beef marinades increased strongly during the 2018 perod with sales of frying/grilling steaks and burgers also recording year on year increases.

Retail lamb sales in the UK were valued at £117.2 million during the 12 weeks ending 07 October 2018 which was a three per cent decline from the corresponding period in 2017 when sales were valued at £121.2 million. There was however some improvement in lamb sales during September and early October with the value of sales 4.3 per cent higher than the same perod in 2017.

There was a notable nine per cent decline in the volume of lamb sold through major retailers during the 12 weeks ending 07 October 2018. The volume of sales totalled 12,116 tonnes compared to 13,206 tonnes in the same period last year. This decline in volume sales may be a direct result of less cheaper imported product on supermarket shelves this year.

The average retail price of lamb was £9.67/kg in the 12 weeks ending 07 October 2018. This was an increase of 53p/kg from the £9.14 paid during the corresponding 12 week period in 2017. While the majority of lamb cuts recorded declines in volume sales during the 12 weeks ending 07 October 2018 the most notable decline was for lamb shoulder roasting joints which were back 22.9 per cent from the same period in 2017.

There was however been some recovery in lamb sales during the four weeks ending 07 October 2018 with total volume sales back just 1.2 per cent from 2017 levels. While sales of lamb shoulder joints continued to struggle in this period volume sales of lamb chops/steaks and lamb leg roasting joints both recording improvements from 2017 levels.

Pork sales have also struggled in the 12 weeks ending 07 October 2018 with expenditure back 4.4 per cent to 165.3 million while volume sales recorded a 3.2 per cent decline to total 35,284 tonnes.

WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 19/11/18	Next Week 26/11/18
Prime		
U-3	344 - 350p	344 - 348p
R-3	338 - 344p	338 - 342p
O+3	332 - 338p	332 - 336p
P+3	286 - 298p	286 - 296p
	Including bonus where applicable	
Cows		
O+3 & better	224 - 250p	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.

REPORTED NI CATTLE PRICES - P/KG

W/E 17/11/18	Steers	Heifers	Young Bulls
U3	353.1	361.0	345.3
R3	351.0	355.2	343.2
O+3	343.0	345.2	330.4

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 17/11/18	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	142.6	152.3	164.2	171.7
P2	167.6	186.1	198.4	215.8
P3	219.1	200.6	218.4	225.6
O3	230.0	239.8	234.0	246.8
O4	180.0	236.9	245.8	254.3
R3	-	-	-	269.8

Deadweight Cattle Trade

BASE quotes from the plants for U-3 grade prime cattle ended this week ranging from 346-350p/kg with the majority of plants quoting 346-348p/kg for steers and heifers. The deadweight cow trade in NI has continued to come under pressure with quotes for O+3 grading cows ranging from 224-250p/kg this week. Similar quotes for all types of cattle are expected early next week.

Prime cattle throughput has remained strong with 7,509 prime cattle killed in local plants last week. This is a 549 head increase from the 6,960 head killed during the previous week and was the highest weekly throughput to date in 2018. Cow throughput in local plants reported a decline of 292 head last week to 2,259 cows when compared to the previous week and is back by 512 cows when compared to the same week in last year.

Imports of prime cattle for direct slaughter last week totalled 253 head, 249 head of which came from ROI and the remaining four steers from GB. Cow imports for direct slaughter have remained similar to previous weeks with 51 cows from ROI and a further 31 from GB last week. Exports out of NI for direct slaughter have continued at similar levels to previous weeks with 8 prime cattle, 215 cows and two bulls exported to ROI with a further 29 prime cattle and 10 cows exported to GB.

The deadweight trade for prime cattle in NI has continued to come under pressure with the majority of grades. The average steer price in NI last week was back 1.6p/kg to 346.6p/kg while the R3 steer price was back half a penny to 355.9p/kg. The average heifer price in NI last week was marginally back to 351.1p/kg while the R3 heifer price decreased half a penny to 357.3p/kg. The cow trade in NI continued to come under pressure with the average cow price back 1.2p/kg to 228.7p/kg while the O3 cow price was notably back by 6p/kg to 245.9p/kg.

In GB last week the deadweight trade came under pressure across the regions for prime cattle. The average steer price in GB last week was back 2.4p/kg to 360p/kg with the R3 steer price reporting a decrease of 2.7p/kg to 370.2p/kg. The strongest regional decreases for R3 steers were reported in Scotland (-4.8p/kg) and Southern England (-3.4p/kg). The average heifer price in GB last week was back 3.5p/kg to 359.7p/kg with the R3 heifer price back by a similar margin to 368.8p/kg. The strongest regional decrease last week in R3 heifer price was reported in Northern England (-7.2p/kg).

In ROI last week deadweight prime cattle prices remained steady in euro terms and with a strengthening in the euro the deadweight prime cattle prices increased in sterling terms. The R3 steer price increased by the equivalent of 1.2p/kg to 322.9p/kg. This brings the differential to 33p/kg below the R3 steer price in NI. The R3 heifer price increased by 1.4p/kg to 333.8p/kg this puts the differential at 23.5p/kg behind the corresponding price in NI.

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

W/E 17/11/2018		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	354.3	331.2	382.1	370.0	368.8	378.1	374.3
	R3	355.9	322.9	377.3	371.5	365.1	367.4	370.2
	R4	355.9	322.1	380.3	381.4	363.8	366.4	375.0
	O3	347.4	306.4	353.7	351.8	332.6	343.5	345.7
	AVG	346.6	-	375.3	363.8	346.8	352.9	360.0
Heifers	U3	361.4	345.3	386.5	375.3	377.2	375.7	378.9
	R3	357.3	333.8	377.0	363.3	367.2	365.9	368.8
	R4	356.7	334.3	380.0	370.5	367.2	363.8	370.9
	O3	351.1	320.7	354.0	350.3	339.0	347.9	347.6
	AVG	351.1	-	376.5	360.3	350.5	350.9	359.7
Young Bulls	U3	345.7	330.7	372.1	354.6	352.9	346.8	356.7
	R3	343.6	320.6	365.9	352.0	349.1	352.3	353.8
	O3	327.8	306.6	327.3	306.8	317.1	327.9	318.4
	AVG	332.0	-	353.6	332.0	328.5	313.0	331.6
Prime Cattle Price Reported		6,572	-	6,971	7,326	7,990	5,061	27,348
Cows	O3	245.9	250.3	239.9	238.0	241.7	234.3	238.9
	O4	253.4	253.0	241.2	238.6	241.9	230.2	238.3
	P2	204.7	214.4	198.3	190.1	197.4	193.6	195.3
	P3	223.8	236.7	212.7	206.9	218.1	209.4	213.6
	AVG	228.7	-	231.5	214.7	207.2	197.7	209.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.66p 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 17/11/18	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	200	220	207	175	194	185
Friesians	150	169	158	127	148	137
Heifers	191	210	198	160	190	175
Beef Cows	135	184	150	105	134	120
Dairy Cows	98	109	103	60	96	78
Store Cattle (p/kg)						
Bullocks up to 400kg	225	260	235	180	224	200
Bullocks 400kg - 500kg	200	224	212	160	199	180
Bullocks over 500kg	200	221	208	160	199	180
Heifers up to 450kg	200	218	210	160	199	180
Heifers over 450kg	190	202	195	165	189	175
Dropped Calves (£/head)						
Continental Bulls	305	375	340	200	300	250
Continental Heifers	230	310	265	120	225	170
Friesian Bulls	155	280	200	50	110	80
Holstein Bulls	85	150	118	2	80	40

SHEEP TRADE

SHEEP BASE QUOTES		
(P/Kg DW)	This Week 19/11/18	Next Week 26/11/18
Lambs	380-385p >21kg	375-390p >22kg

REPORTED SHEEP PRICES			
(P/KG)	W/E 03/11/18	W/E 10/11/18	W/E 17/11/18
NI L/W Lambs	348.1	346.7	352.4
NI D/W Lambs	376.9	374.3	373.0
GB D/W Lambs	386.7	387.2	390.3
ROI D/W	392.1	376.9	393.5

Deadweight Sheep Trade

QUOTES from the plants for R3 grading lambs continued to range from 380-385p/kg up to 21kgs towards the end of this week. From early next week the plants will be paying up to 22kgs with quotes expected to range from 375-390p/kg for R3 grading lambs. Lamb throughput in local plants decreased to 8,602 head last week a decline of 1,095 from 9,697 lambs killed last week. This is higher than the corresponding week last year when 8,365 lambs were killed in local plants. Exports of lambs to ROI for direct slaughter also increased last week with 9,000 lambs making to journey to plants in ROI. The deadweight lamb price in NI last week was back by 1.3p/kg to 373p/kg while the deadweight lamb price in ROI was increased to 393.5p/kg.

This week's marts

A steady demand for good quality lambs has been reported this week with many marts reporting a slightly sharper trade. In Omagh last Saturday 1,104 lambs sold from 369-401p/kg compared to 1,018 lambs the previous Saturday selling from 351-407p/kg. In Massereene this week a slightly sharper trade saw 986 lambs selling from 340-378p/kg compared to 886 lambs last week selling from 340-361p/kg. In Saintfield this week 701 lambs sold from 340-397p/kg compared to 702 lambs last week selling from 330-406p/kg. In Enniskillen this week 508 lambs sold from 335-383p/kg compared to 387 lambs last week selling from 347-368p/kg. In Armoy this week 221 lambs sold from 342-404p/kg compared to 339 lambs last week selling from 335-382p/kg.

LATEST SHEEP MARTS					
From: 16/11/18		Lambs (P/KG LW)			
To: 22/11/18		No	From	To	Avg
Friday	Newtownstewart	250	330	372	-
Saturday	Omagh	1104	369	401	-
	Swatragh	861	320	361	-
Monday	Massereene	986	340	378	-
	Kilrea	400	341	403	-
Tuesday	Saintfield	701	340	397	-
Wednesday	Ballymena	1740	330	387	344
	Enniskillen	508	335	383	-
	Markethill	650	350	385	-
	Armoy	221	342	404	-

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