

FAO FOOD PRICE INDEX FEBRUARY 2016

THE FAO Food Price Index is a measure of the 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 Food Price Indexes for Meat, Dairy, Cereals, Vegetable Oils and Sugar.

During February 2016 the FAO Food Price Index averaged 150.2 points, almost unchanged from January 2016 levels when it was 150 points. The FAO Index during February 2016 recorded a notable decline from February 2015 levels when it was 175.8 points. This decline by 25.6 points year on year accounts for a 14.5 per cent decline.

The FAO Meat Price Index during February 2016 averaged 148.2 points, up by one point from January 2016 levels. International prices for bovine meat and pigmeat recorded increases while prices for poultry and ovine meat have recorded declines. Bovine meat prices have risen as a result of tighter supplies of beef in both Australia and the United States.

Meanwhile EU pigmeat prices have continued to be underpinned by the opening of private storage aid within

the EU, although this has recently closed. Sheepmeat prices have recorded a decline for the fourth consecutive month in February 2016 in line with normal seasonal trends and can be attributed to the seasonal peaking of supplies from Oceania coming onto the market. Lower feed prices have continued to contribute to a decline in poultry prices on a monthly basis since June 2015.

The FAO Dairy Price Index during February 2016 averaged 142 points which is a decrease of 2.9 points from January 2016 levels and brings the FAO Dairy Price Index to its lowest value since August 2015 when it was 135.5 points. The FAO have attributed this decrease in dairy prices to the increased availability of export supplies outweighing demand on the global market for dairy products.

There have also been reports of import demand being particularly sluggish in China in recent months. Reports have indicated that markets are well-supplied in terms of dairy products to meet immediate and short term needs. This has resulted in limited purchases for stock replenishment by some importers which has reduced demand and impacted on dairy prices.

The FAO Cereal Price Index averaged 148.3 points during February 2016, back by less than one point from January 2016 however back by 28.4 points compared to February 2015 when the Cereal Price Index averaged 171.7 points. Wheat prices recorded the most notable decline during February 2016 (-1.5 per cent), with slow trade activity and expectations that export supplies will remain high having a negative effect on price.

The FAO Sugar Price Index during February 2016 averaged 187.1 points; a decline of 12.3 points from January 2016 levels and brings the Sugar Index to its lowest level since October 2015. The decrease in prices was largely due to higher than expected sugar production in the main sugar producing region of Brazil as a result of good crop growing conditions.

The FAO Vegetable Oil Price Index averaged 150.3 points in February 2016, a notable increase of 11.2 points from January 2016 levels and is the highest Vegetable Oil Price Index since June 2015. This recent increase was primarily driven by developments in the palm and soy oil markets.

Figure 1: Monthly food commodity price indexes February 2015-February 2016

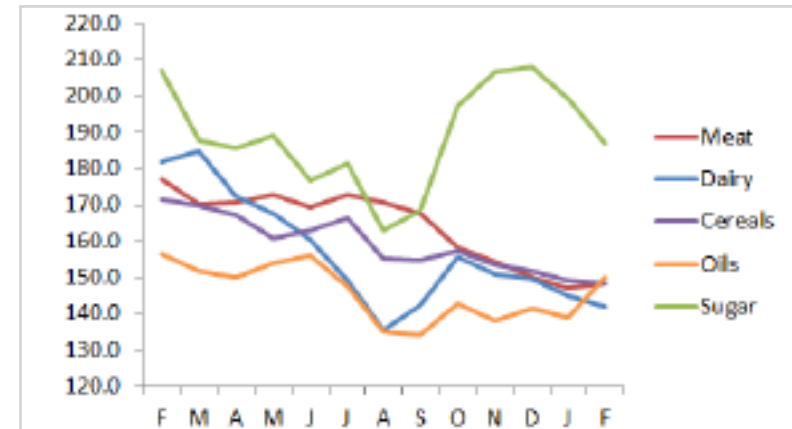
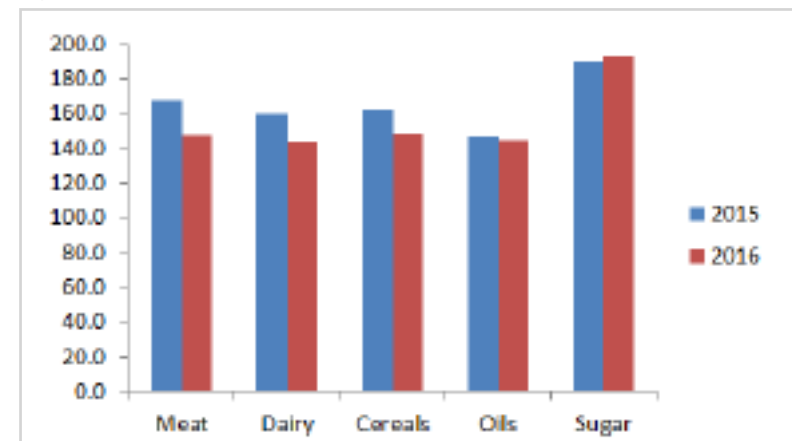


Figure 2: Annual food commodity price indexes from 2015-2016 to date



STRONGER EURO NARROWS DIFFERENTIAL IN R3 STEER PRICES BETWEEN ROI AND NI

FQAS NOTICE ONLINE PAYMENTS

THE average euro-sterling exchange rate from the European Central Bank during the week ending 12 March 2016 was €1=77.3p. The value of the euro has recorded a gradual increase against sterling since November 2015 when it reached a low of €1=70.18p.

In recent weeks the euro-sterling exchange rate has reached a high of €1 = 78.6p which exceeded the highest exchange rate during 2015 which was €1= 78.1p. However despite this recent increase in the value of euro against sterling the euro continues to trade well below 2014 levels.

The gradual strengthening in euro against sterling since November 2015 to date has correlated with a reduction in the differential in deadweight cattle prices between NI and ROI. Figure 3 provides a useful representation of the deadweight trade for prime cattle in NI, GB and ROI throughout 2015 and during 2016 to date. For the purposes of analysis we use the R3 steer price as an indicator of the trade in NI as it is the most popular price reported

grade and therefore provides the most robust sample for analysis. Using the prices paid for R3 grade steers in NI also allows a like for like comparison to be made with the deadweight cattle trade in GB and ROI.

In ROI the R3 steer price has been consistently below the equivalent price in NI however as indicated in Figure 3 the differential has narrowed notably in recent months as the euro has gained in strength against sterling. During the week ending 28 November 2015 the differential in R3 steer prices between NI and ROI was at a high of 54.7p/kg, which is the equivalent of £181 on a 330kg carcass.

By comparison the differential last week (w/e 12 March 2016) was 17p/kg which is the equivalent of £56 on a 330kg carcass. This is a slight widening of the differential in R3 steer prices from the week ending 27 February 2016 when the differential was as narrow as 14.1p/kg. This is the equivalent of £47 on a 330kg carcass.

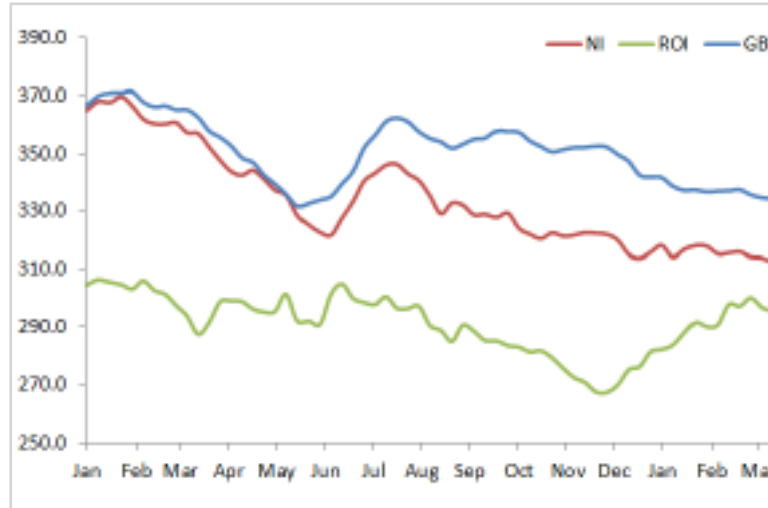
Meanwhile in GB the deadweight trade

for prime cattle has come under pressure in recent months with reports of good prime cattle supplies and weak consumer demand for beef. This has resulted in a decline in R3 steer prices in GB as indicated in Figure 3. While the trade in NI has also come under pressure it has not been to the same degree as experienced in GB which has resulted in a narrowing of the differential in R3 steer prices

between the two regions.

During the week ending 12 December 2015 the differential in R3 steer prices between NI and GB was at a high of 32.2p/kg, the equivalent of £106 on a 330kg carcass, however last week (w/e 12 March 2016) the differential in R3 steer prices had narrowed to 21.7p/kg which is the equivalent of £72 on a 330kg carcass.

Figure 3: R3 prices in NI, ROI and GB from January 2015 to date



www.lmcni.com



LMC QUARTERLY

SIGN UP NOW TO RECEIVE IT

FREE BY POST

CONTACT:

TEL: 028 9263 3000

EMAIL: bulletin@lmcni.com



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

Answerphone Service

Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service

Free Price Quotes sent to your mobile phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

Deadweight Cattle Trade

BASE quotes this week for in spec U-3 grade prime cattle ranged from 306-310p/kg. Quotes for good quality O+3 grade cows this week ranged from 218-235p/kg across the plants. Similar quotes are expected for all types of cattle early next week.

A total of 6,308 prime cattle were slaughtered in NI plants last week. This was similar to the 6,581 head slaughtered during the previous week but was a decrease of 656 head from the 6,964 prime cattle killed in NI during the corresponding week in 2015. Cow throughput in NI has remained strong with 1,815 cows slaughtered last week which was similar to the previous week and an increase of 427 head from the corresponding period in 2015.

Prime cattle imports from ROI for direct slaughter in NI last week totalled 261 head, accounting for four cent of the total prime cattle kill. In the corresponding week in 2015 461 prime cattle were imported from ROI for direct slaughter and accounted for seven per cent of the prime cattle kill. A small number of cows were imported from ROI for direct slaughter in NI plants last week, similar to the previous week and 44 head less than the 51 cows imported during the same period in 2015. Meanwhile 262 cows were exported from NI for direct slaughter in ROI plants last week, similar to the previous week when 246 cows were exported to ROI. Exports to GB for direct slaughter last week consisted of 84 prime cattle and 14 cows.

The average steer price in NI last week remained steady at 303.7p/kg while the R3 steer price was back by 1.3p/kg to 312.6p/kg. The average heifer price in NI last week decreased by 1.9p/kg to 307p/kg while the R3 heifer price remained steady at 314.1p/kg. The average cow price in NI last week was up marginally to 211p/kg while the O3 cow price was back by 1.3p/kg to 225.9p/kg.

The average steer price in GB last week was back by 0.4p/kg to 327.9p/kg while the average R3 steer price was back by the same margin to 334.3p/kg. The differential in R3 steer prices last week between NI and the GB average for R3 steers was 21.7p/kg which is the equivalent of £72 on a 330kg carcass. The average heifer price in GB last week was almost unchanged at 328.4p/kg while the R3 heifer price was back by 1.1p/kg to 334.3p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 20.2p/kg which is the equivalent of £67 on a 330kg carcass.

Reports from ROI have indicated a tightening in the supplies of prime cattle with throughput last week totalling 24,549 head, a five per cent decrease from the 25,788 prime cattle killed in ROI plants during the previous week. Deadweight prices for prime cattle in ROI held relatively steady in euro terms but were back slightly in sterling terms. The R3 steer price in ROI last week was the equivalent of 295.6p/kg, back by 1.3p/kg from the previous week while the R3 heifer price was the equivalent of 307.5p/kg, back by 2.5p/kg from the previous week. The O3 cow price in ROI last week recorded a decrease of 2p/kg to 238.7p/kg which is 12.8p/kg higher than the equivalent price in NI.

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

W/E 12/03/2016	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	314.7	300.7	342.4	339.2	340.6	344.5	341.1
	R3	312.6	295.6	339.8	332.6	333.0	331.3	334.3
	R4	310.5	296.2	339.7	342.8	331.5	329.1	337.5
	O3	298.7	283.4	316.4	305.9	301.8	304.9	307.4
	AVG	303.7	-	337.5	331.0	322.0	317.4	327.9
Heifers	U3	318.0	318.6	349.4	342.6	347.1	346.8	346.2
	R3	314.1	307.5	338.0	334.0	334.0	330.9	334.3
	R4	311.4	307.5	339.5	337.6	332.7	327.7	335.1
	O3	303.7	295.8	311.7	304.6	302.8	303.4	305.9
	AVG	307.0	-	338.0	330.2	323.9	317.4	328.4
Young Bulls	U3	305.5	289.2	338.1	333.8	340.6	335.3	337.3
	R3	300.7	283.3	324.2	312.9	326.4	316.1	319.9
	O3	286.9	271.8	290.9	276.0	295.2	299.4	289.7
	AVG	285.5	-	306.1	295.5	312.1	299.7	303.5
Prime Cattle Price Reported	5489	-	6944	6902	5065	4624	23535	
Cows	O3	225.9	238.7	229.3	220.1	224.1	215.5	222.2
	O4	230.8	239.6	231.4	222.9	221.1	214.9	221.5
	P2	184.5	207.2	167.9	184.7	173.6	166.3	174.5
	P3	205.9	229.9	187.9	200.7	190.9	194.5	193.7
	AVG	211.0	-	216.1	200.0	190.2	189.3	195.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=77.30p 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

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 14/03/16	Next Week 21/03/16
Prime		
U-3	306 - 310p	306 - 310p
R-3	300 - 304p	300 - 304p
O+3	294 - 298p	294 - 298p
P+3	222 - 258p	222 - 258p
Including bonus where applicable		
Cows		
O+3 & better	218 - 235p	218 - 240p
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 12/03/16	Steers	Heifers	Young Bulls
U3	313.7	317.5	305.5
R3	310.1	311.8	303.1
O+3	301.2	302.4	296.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 12/03/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	127.9	137.0	151.4	155.6
P2	141.5	163.6	182.4	199.7
P3	169.2	185.0	200.9	209.5
O3	190.0	202.3	215.1	227.5
O4	-	-	206.0	231.1
R3	-	-	224.0	246.5

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 12/03/16	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	181	198	187	174	180	177
Friesians	130	145	140	110	128	118
Heifers	177	181	179	160	174	166
Beef Cows	132	188	146	105	131	118
Dairy Cows	97	115	102	57	96	78
Store Cattle (p/kg)						
Bullocks up to 400kg	220	272	235	190	219	200
Bullocks 400kg - 500kg	200	225	212	165	199	182
Bullocks over 500kg	185	204	195	160	184	172
Heifers up to 450kg	200	234	215	170	199	180
Heifers over 450kg	190	208	198	160	189	175
Dropped Calves (£/head)						
Continental Bulls	250	350	300	150	248	200
Continental Heifers	180	320	250	100	178	140
Friesian Bulls	90	150	120	25	85	55
Holstein Bulls	50	100	75	5	45	25

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 14/03/16	Next Week 21/03/16
Hoggets	405-415p > 22kg	400-420p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 27/02/16	W/E 05/03/16	W/E 12/03/16
NI Lambs L/W	354.6	365.5	376.6
NI Lambs D/W	403.8	409.4	410.4
GB Lambs D/W	421.0	423.2	428.0
ROI D/W	413.4	408.9	410.9

Deadweight Sheep Trade

QUOTES from the NI plants this week for R3 grade hoggets ranged from 405-415p/kg with plants paying up to 22kg. Quotes for early next week range from 400-420p/kg. The major NI processors have reported an increase in the number of hoggets coming forward for slaughter with 6,024 hoggets killed in NI last week. This was 929 head higher than the previous week and 706 head higher than throughput in the corresponding week in 2015. Exports of sheep from NI to ROI for direct slaughter last week totalled 8,128 head compared to 7,084 head the previous week. The average deadweight hogget price in NI last week increased by a penny to 410.4p/kg while the deadweight hogget price in ROI last week increased by an equivalent of 2p/kg to 410.9p/kg.

This week's marts

A steady trade was reported across the marts this week with some marts indicating a rise in numbers passing through the sale rings. In Omagh last Saturday 719 hoggets sold from 361-405p/kg compared to 688 hoggets the previous week selling from 358-402p/kg. In Massereene on Monday 1,021 hoggets sold from 370-418p/kg compared to 812 hoggets last Monday selling from 365-415p/kg. In Rathfriland on Tuesday 800 hoggets sold from 345-423p/kg compared to 810 hoggets last week selling from 349-405p/kg. In Ballymena on Wednesday 1,205 hoggets sold from 355-431p/kg compared to 1,542 hoggets last week selling from 345-417p/kg. The first spring lambs passed through the marts this week with the average price ranging from 425-473p/kg for the small numbers of spring lambs on offer.

LATEST SHEEP MARTS

From: 11/03/16		Hoggets (P/KG LW)			
To: 17/03/16		No	From	To	Avg
Friday	Newtownstewart	250	368	404	-
Saturday	Omagh	719	361	405	-
	Swatragh	785	343	378	365
Monday	Kilrea	450	382	418	-
	Massereene	1021	370	418	-
Tuesday	Saintfield	470	367	405	-
	Rathfriland	800	345	423	378
Wednesday	Ballymena	1205	355	431	375
	Enniskillen	537	380	412	392
	Markethill	920	360	424	370
	Arroy	674	360	412	391

Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FAQS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com

Information supplied by LMC / DARD/ AHDB/ DAFM

LMC does not guarantee the accuracy or completeness of any third party information provided in or included with this publication. LMC hereby disclaims any responsibility for error, omission or inaccuracy in the information, misinterpretation or any other loss, disappointment, negligence or damage caused by reliance on third party information.

Not for further publication or distribution without prior permission from LMC

