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NI CATTLE SLAUGHTERINGS UPDATE

PRIME cattle throughput in NI during the 12 week period ending 19 March 2016 totalled 74,216 head. This was a 6.4 per cent decrease from the 79,277 prime cattle slaughtered in NI plants during the corresponding period in 2015. Despite the decline in throughput the major processing plants in NI have indicated that steady supplies of prime cattle are coming forward for slaughter to meet demand for beef.

Slaughter mix

During the 12 weeks ending 19 March 2016 steers accounted for 50.7 per cent of the total prime cattle kill. This proportion was back slightly from the corresponding period in 2015 when steers accounted for 52.3 per cent of the NI prime cattle kill. This decline in steer throughput can be partly attributed to a slight increase in the proportion of young bulls in the NI slaughter mix. During the 2015 period young bulls accounted for 8.5 per cent of the total prime cattle throughput in NI and this increased to 11.2 per cent of the kill in the 2016 period. There was also a slight decline in the proportion of heifers in the NI slaughter mix, declining from 39.1 per cent of the prime kill in the 2015 period to 38.1 per cent in the 2016 period.

Average carcase weights

There has also been an increase in the average carcase weight of the prime cattle kill in NI. During the 2015 period the average prime cattle carcase weight in NI was 336kg and this increased to 343kg during the 2016 period. This increase in the average carcase weight by 7kg represents a two percent increase year on year. The average steer carcase weight in NI increased from 350kg in the 2015 period to 359kg in the corresponding period in 2016. Meanwhile the average heifer carcase weight increased from 318kg in the 2015 period to 324kg in the 2016 period. The average young bull carcase weight increased from 327kg in the 2015 period to 335kg in the 2016 period.

The increase in average carcase weights of all classes of prime cattle slaughtered in NI year on year has helped somewhat to offset the decline in prime cattle throughput. The volume of beef sourced from prime cattle processed in NI plants during the 12 weeks ending 19 March 2016 totalled 25,425 tonnes, a decline of 4.4 per cent from the corresponding period in 2015 when 26,596 tonnes of prime beef was processed in NI plants.

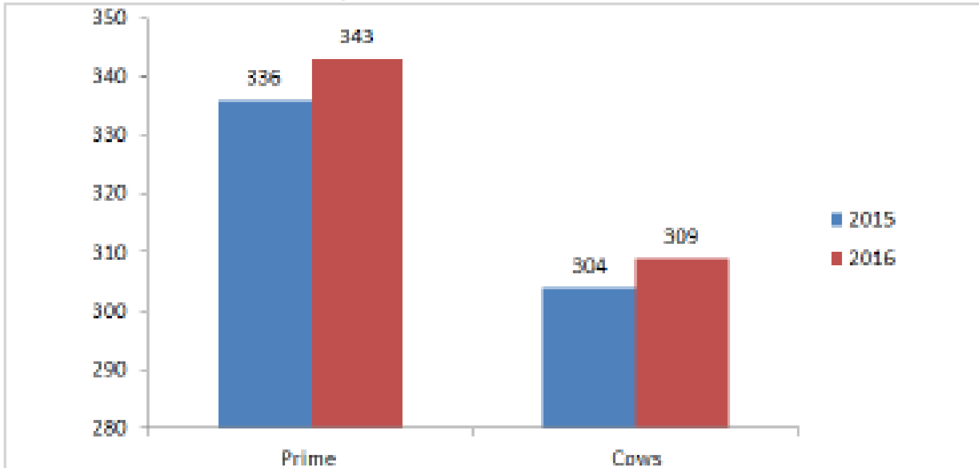
Cow throughput

Cow throughput in NI during 2016 to date has totalled 20,645 head and accounted for 21.2 per cent of the total cattle throughput in NI plants. In the corresponding period in 2015 cow throughput totalled 18,876 head and accounted for 18.8 per cent of the total cattle throughput in NI plants. This represents an 8.6 per cent increase in cow throughput in NI year on year.

Cow carcase weights

The average cow carcase weight in NI has also recorded an increase year on year. During the 12 week period ending 19 March 2016 the average cow carcase weight in NI was 309kg. This was 5kg higher than the corresponding period in 2015 when the average cow carcase weight was 304kg. With an increase in the average cow carcase weight and an increase in cow throughput there has been an increase in the volume of cow beef processed in NI plants. During the 12 weeks ending 19 March 2016 6,377 tonnes of cow beef were processed in NI plants, an 11 per cent increase on the 5,744 tonnes processed during the corresponding period in 2015.

Figure 1: Average carcase weight (kg) of prime cattle and cows during 12 week period ending 19 March 2016 and the corresponding period in 2015



INSIGHT INTO JAPANESE BEEF MEAT MARKET

GIRA is a strategic consultancy and market research firm which provides key insights into the food and drink sectors on a global scale particularly on meat production. LMC is a member of GIRA's meat club and LMC procures strategic market intelligence reports regularly from GIRA. GIRA have recently completed a study into the Japanese meat market which has produced some interesting findings.

The population of Japan has been recording a decline since 2011 with a total population in 2015 of 126.7 million people. Japan has a rapidly ageing population and this is seen as a disadvantage for its future economic growth. The recent GIRA study into the Japanese meat market has indicated a decline in domestic beef production over recent years with production forecast to decrease by two per cent in Japan during 2016.

Beef cattle within Japan are classified into three main categories comprising of Wagyu (over 65 per cent of the total herd), Dairy (Holstein males) and Crossbred (Wagyu sire crossed with a dairy female). Throughput of Wagyu steers for slaughter declined by two per cent in Japan during 2014 and recorded a three per cent decline in throughput during the first three quarters of 2015. Wagyu cow throughput in Japan decreased by 6.7 per cent in 2014 and by a further five per cent during the first three quarters of 2015. GIRA have suggested that this decline in cow throughput indicates that Japanese producers are retaining cows in response to rising prices for Wagyu feeder calves however despite the reduction in cow slaughterings the total cattle herd in Japan has continued to steadily decline.

The Japanese cattle herd peaked at 4.42 million head in 2009 and has since steadily declined, with further declines expected in 2016. During 2015 the Japanese beef herd declined to 2.488 million head, back by 3.1 per cent from 2014 levels. Meanwhile the dairy herd declined by 1.7 per cent during 2015 to 1.371 million head. This continuing reduction of both beef and dairy herds in Japan indicates a reduction in domestic beef production is expected over the coming years.

GIRA research has indicated that beef consumption in Japan has remained at a lower level since 2004 following constraints from BSE outbreaks and the import ban on US beef. Additional factors that have impacted beef consumption in Japan have been the steadying of the Japanese economy and a weakening in the value of the Japanese Yen which has reduced consumer spending power. To coincide with this, world beef prices have increased in response to an increase in demand for beef from new emerging markets. Retail demand for beef in Japan has declined throughout 2015 due to competition from cheaper meats on the market with consumers preferring less expensive pork and chicken on supermarket shelves. Food service demand however has remained steady.

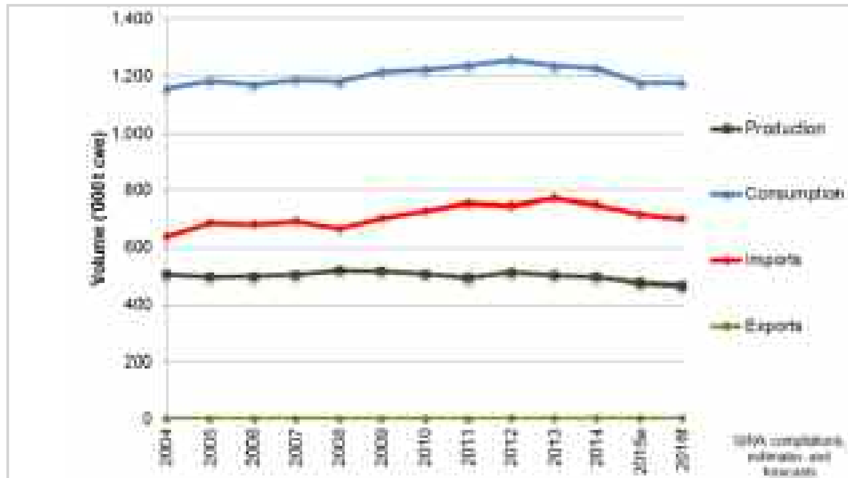
Overall beef consumption in Japan during 2015 is estimated to have declined by 4.4 per cent compared to 2014 levels however it is expected to stabilise during 2016. Total beef consumption is forecast to increase by 0.3 per cent during 2016 when compared to 2015 levels. This is despite a decline in the Japanese population which indicates an increase in beef consumption per capita.

Imports

Imports of beef cuts to Japan are dominated by Australia and the US with additional market shares from New Zealand, Canada and Mexico. Australia is currently Japan's largest supplier of beef meat and during 2015 benefited from the preferential duties under the Japan-Australia Economic Partnership Agreement (JAEPA). Supplies from the US have fluctuated in recent years due to the expansion of market access with Japanese consumers having a preference for highly marbled grain fed beef which the US can provide. This is due to the similarities of the US corn fed beef to the highly marbled Japanese Wagyu beef while the grass fed beef sourced from Australia is much less marbled. For this reason there was strong substitution of Australian beef with US beef in Japanese imports in 2013 although the weakening Yen and strong beef prices in the US have reduced the level of US imports since.

Japanese beef imports in 2015 were estimated to have decreased by 4.5 per cent when compared to 2014 levels and imports during 2016 are expected to decrease by a further two per cent with Japanese consumers seeking low prices and remaining value conscious. However despite the forecast declines in beef imports to Japan it remains an important player in the global beef market. While NI does not currently have direct market access to Japan this is a strategic priority for the UK Export Certification Partnership of which LMC is a member. Whilst Japanese import demand is being well serviced by global meat exports from Oceania and the Americas there are opportunities for business including sought after products such as Mountain Chain Tripe and Tongue.

Figure 2: Japanese Beef Balance 2004 - 2016f



Source: GIRA

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 21/03/16	Next Week 28/03/16
Prime		
U-3	304 - 310p	304 - 310p
R-3	298 - 304p	298 - 304p
O+3	292 - 298p	292 - 298p
P+3	222 - 260p	222 - 260p
	Including bonus where applicable	
Cows		
O+3 & better	214 - 240p	214 - 235p
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 19/03/16	Steers	Heifers	Young Bulls
U3	312.3	317.7	300.6
R3	310.5	310.5	297.6
O+3	304.9	301.6	299.3

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 19/03/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	128.6	138.2	143.3	160.7
P2	144.2	163.8	178.2	201.3
P3	161.8	184.0	206.1	212.7
O3	-	206.3	214.8	230.0
O4	-	-	217.5	232.2
R3	-	-	185.8	249.3

Deadweight Cattle Trade

THE deadweight cattle trade remains under some pressure in NI with base quotes this week for in spec U-3 grade prime cattle ranging from 304-310p/kg. Quotes for good quality O+3 grade cows this week remained steady at 214-240p/kg across the plants. Similar quotes are expected for all types of cattle early next week.

Prime cattle throughput in NI last week totalled 6,310 head, almost unchanged from the previous week and very similar to the 6,296 prime cattle killed in NI during the corresponding week in 2015. Cow throughput has remained steady with 1,476 cows killed in NI last week. This is a decrease of 339 head from the previous week and also similar to the corresponding week in 2015 when 1,542 cows were killed in NI.

Imports of prime cattle from ROI for direct slaughter in NI plants totalled 322 head last week, an increase of 61 head from the previous week and accounting for five per cent of the total prime cattle kill. In the corresponding week in 2015 354 prime cattle were imported from ROI for direct slaughter and accounted for six per cent of the total prime cattle kill. A small total of 14 cows were also imported from ROI for direct slaughter in NI plants last week while 182 cows were exported from NI for direct slaughter in ROI. Exports from NI to GB for direct slaughter last week consisted of 137 prime cattle and 13 cows, compared to 84 prime cattle and 14 cows exported to GB the previous week.

The average steer price in NI last week increased by a penny to 304.7p/kg while the R3 steer price increased by 1.1p/kg to 313.7p/kg. The average heifer price in NI last week increased by half a penny to 307.5p/kg while the R3 heifer price was back by 2.1p/kg to 312p/kg. The average cow price in NI last week was also back by 2.1p/kg to 208.9p/kg while the O3 cow price increased by 1.2p/kg to 227.1p/kg.

The deadweight cattle trade has continued to come under pressure in GB with the average steer price back by 2.3p/kg to 325.6p/kg while the R3 steer price was back by 2.2p/kg to 332.1p/kg. The differential in R3 steer prices last week between NI and the GB average for R3 steers was 18.4p/kg which is the equivalent of £61 on a 330kg carcase. This is the narrowest differential in R3 steer prices since July 2015. The average heifer price in GB last week decreased by 1.9p/kg to 326.5p/kg while the R3 heifer price decreased by 1.6p/kg to 332.7p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 20.7p/kg which is the equivalent of £68 on a 330kg carcase.

The deadweight cattle trade in ROI has held steady in euro terms and a strengthening in euro against sterling has increased deadweight prices in ROI in sterling terms. The R3 steer price in ROI last week was the equivalent of 299.3p/kg, up by 3.7p/kg from the previous week while the R3 heifer price was the equivalent of 310.8p/kg, up by 3.3p/kg from the previous week. The O3 cow price in ROI last week recorded an increase of 2.9p/kg to 241.6p/kg which is 14.5p/kg higher than the equivalent price in NI.

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

W/E 19/03/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	313.0	305.1	339.5	338.5	338.4	339.4	338.9
	R3	313.7	299.3	334.8	331.7	330.7	331.3	332.1
	R4	310.1	299.6	336.7	342.5	329.2	328.7	336.0
	O3	300.4	287.0	315.2	308.1	301.2	303.5	307.0
	AVG	304.7	-	332.9	330.5	319.5	315.6	325.6
Heifers	U3	318.1	322.3	348.3	344.5	344.4	345.0	345.6
	R3	312.0	310.8	337.6	328.6	331.8	331.8	332.7
	R4	310.1	311.5	337.3	335.7	329.8	326.4	333.2
	O3	300.9	298.2	310.3	311.0	293.7	305.5	306.0
	AVG	307.5	-	334.7	330.8	319.6	314.1	326.5
Young Bulls	U3	300.8	291.8	334.2	321.7	331.5	335.6	328.3
	R3	297.7	286.2	326.6	308.7	320.1	322.3	317.3
	O3	293.0	274.7	291.6	281.4	289.8	303.2	289.9
	AVG	289.0	-	311.6	294.4	304.8	294.1	300.0
Prime Cattle Price Reported		5443	-	7007	7203	4990	4433	23633
Cows	O3	227.1	241.6	227.8	221.2	219.8	213.9	220.0
	O4	231.5	242.3	230.6	222.8	223.0	218.7	223.1
	P2	182.3	209.5	167.8	181.1	169.7	163.1	170.7
	P3	209.5	233.8	191.5	200.0	192.4	192.9	194.1
	AVG	208.9	-	215.2	199.3	187.1	183.7	192.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=78.12p 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 19/03/16	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	174	193	182	155	173	167
Friesians	146	153	149	138	145	141
Heifers	164	198	170	150	163	160
Beef Cows	125	158	138	100	124	112
Dairy Cows	95	113	100	55	94	75
Store Cattle (p/kg)						
Bullocks up to 400kg	210	253	233	180	208	195
Bullocks 400kg - 500kg	195	210	202	160	194	175
Bullocks over 500kg	190	208	196	165	189	177
Heifers up to 450kg	200	231	212	170	198	185
Heifers over 450kg	180	208	192	150	179	165
Dropped Calves (£/head)						
Continental Bulls	300	420	350	200	298	250
Continental Heifers	250	420	300	120	248	185
Friesian Bulls	102	192	140	30	100	65
Holstein Bulls	50	100	75	1	48	25

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 21/03/16	Next Week 28/03/16
Hoggets	400 - 420p > 22kg	400 - 420p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 05/03/16	W/E 12/03/16	W/E 19/03/16
NI Hoggets L/W	365.5	376.6	377.1
NI Hoggets D/W	409.4	410.4	412.0
GB Hoggets D/W	423.2	428.0	435.0
ROI D/W	408.9	410.9	421.7

Deadweight Sheep Trade

QUOTES from the NI plants this week for R3 grade hoggets ranged from 400-420p/kg with plants paying up to 22kg. Similar quotes are expected for early next week. The plants have reported steady supplies of hoggets coming forward for slaughter to meet demand with throughout last week totalling 5,618 head. This was a difference of 754 head from the corresponding week in 2015 when 4,864 hoggets were killed in NI plants. Exports of sheep from NI to ROI for direct slaughter last week totalled 8,025 head compared to 8,227 head the previous week. The average deadweight hogget price in NI last week increased by 1.6p/kg to 412p/kg while in ROI last week the deadweight hogget price increased by the equivalent of 10.8p/kg to 421.7p/kg.

This week's marts

A relatively steady trade was reported across the marts this week with similar numbers to previous weeks passing through the sale rings. In Massereene on Monday 1,216 hoggets sold from 365-438p/kg compared to 1,021 hoggets last Monday selling from 370-418p/kg. In Rathfriland this week 676 hoggets sold from 364-425p/kg compared to 800 hoggets last week selling from 345-423p/kg. In Ballymena this week 1,226 hoggets sold from 350-409p/kg compared to 1,205 hoggets last week selling from 355-431p/kg. A very small number of spring lambs passed through the sale rings this week with average reported prices ranging from 400-416p/kg. Top reported prices for ewes this week generally ranged from £90-112 across the marts.

LATEST SHEEP MARTS

From: 18/03/16		Hoggets (P/KG LW)			
To: 24/03/16		No	From	To	Avg
Friday	Newtownstewart	227	368	424	-
Saturday	Omagh	722	357	405	-
	Swatragh	895	336	376	-
Monday	Kilrea	550	376	395	-
	Massereene	1216	365	438	-
Tuesday	Saintfield	481	362	410	-
	Rathfriland	676	364	425	377
Wednesday	Ballymena	1226	350	409	360
	Enniskillen	802	368	423	390
	Markethill	1305	350	386	362
	Armoy	542	350	406	384

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