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PRICE DIFFERENTIAL WITH GB WIDENS

THE major NI processors have reported tighter supplies of prime cattle coming forward for slaughter with a total of 5,155 prime cattle killed in NI plants last week. This was 357 head lower than the corresponding week in 2015 when 5,512 prime cattle were killed locally.

Reports have indicated that the tightening in prime cattle throughput has been combined with steady demand for beef and as a result reported deadweight prices for prime cattle in NI have firmed. The R3 steer price in NI last week was 335.7p/kg, up 2.3p/kg from the previous week and almost unchanged from the corresponding week in 2015 when the R3 steer price was 335.3p/kg.

Figure 1 provides a useful representation of the deadweight trade for prime cattle in NI, GB and ROI during the last year. For the purposes of analysis the R3 steer price is used as an indicator of the trade 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 also allows a like for like comparison to be made with the deadweight trade in GB and ROI.

While reported deadweight prices for R3 steers in NI have been gradually rising in recent weeks, the deadweight trade for prime cattle in GB has recorded a more notable increase as indicated in the chart. As a result of the different rates of increase in deadweight prices between NI and GB there has been a gradual widening of the differential in R3 steer prices between NI and GB in recent weeks. The improved trade in GB has also been attributed to tighter prime cattle supplies and good demand for beef.

At its narrowest the differential in R3 steer prices between NI and GB was 3.2p/kg during the week ending 25 June 2016, the equivalent of £11 on a 350kg carcase. However last week (w/e 06 August 2016) the differential in R3 steer prices had widened to 15p/kg which is the equivalent of £53 on a 350kg carcase. In the corresponding week in 2015 the differential was 20p/kg or £70 on a 350kg carcase.

While there is a differential in deadweight cattle prices between NI and average GB prices there is also variation in the deadweight trade between the GB regions. Figure 2 outlines R3 steer prices in NI, ROI and the individual GB regions for the week ending 06 August 2016. As indicated, the Scottish beef price was the highest in the UK last week with an R3 steer price of 360.5p/kg. The strong brand identity of Scotch beef, PGI certification and higher levies at point of slaughter providing more funds for promotion have contributed to Scotch beef commanding higher beef prices than the rest of the UK.

The differential in R3 steer prices between NI and Scotland last week was 24.8p/kg or £87 on a 350kg carcase while the differential in R3 steer prices between NI and Southern England was 13p/kg or £46 on a 350kg carcase.

In ROI over the last year the R3 steer price has been consistently below the equivalent price in NI apart from a marginal overlap during April 2016 as indicated in Figure 1. In recent weeks however the differential between NI and ROI has varied notably and this has been mostly due to the variation in the strength of the euro against sterling. Last week the differential in R3 steer prices between ROI and NI was 17.7p/kg, which is the equivalent of £62 on a 350kg carcase. In the corresponding week in 2015 the differential between ROI and NI was 44.7p/kg or £156 on a 350kg carcase.

Much of the narrowing in the price differential between ROI and NI can be attributed to the strengthening of the euro against sterling which has made ROI beef less price competitive against UK product. This narrowing of the differential between the regions combined with tighter domestic supplies of prime cattle locally and a steady demand for beef have all contributed to the firming in the prime cattle trade.

Exports to GB

As indicated in Figure 1 until recently there was a gradual narrowing in the differential in deadweight prices for prime cattle between NI and GB. As the differential narrowed the level of exports from NI to GB for direct slaughter has also generally declined. While the level of export to GB tends to decline in the summer months the level of trade during summer 2016 has been lower than previous years due to the narrower price differential between the two regions.

Figure 1: R3 steer prices in GB, NI and ROI from August 2015 to August 2016

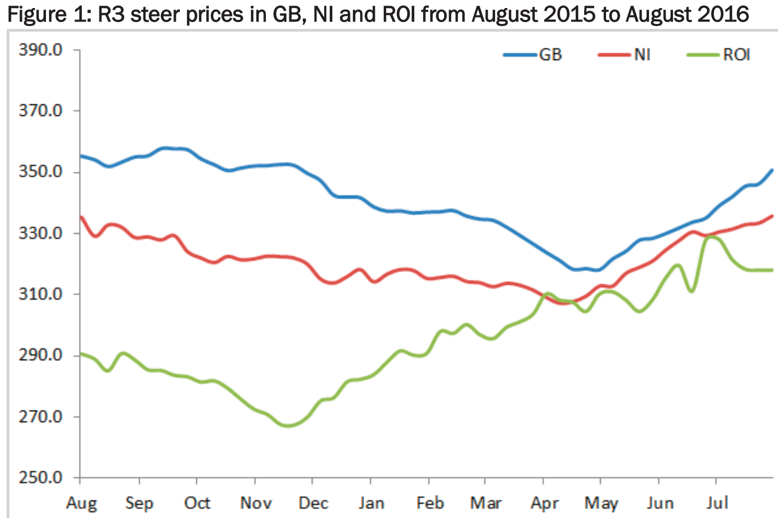
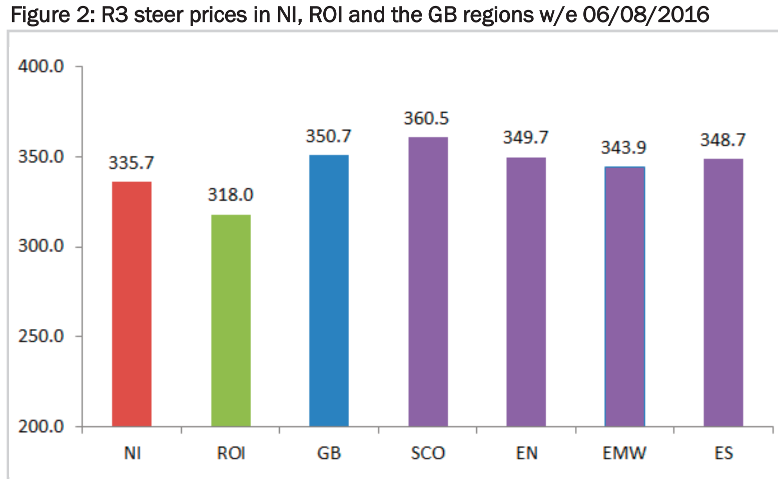


Figure 2: R3 steer prices in NI, ROI and the GB regions w/e 06/08/2016



The level of export has remained fairly steady in recent weeks with 70 prime cattle exported from NI to GB last week. This was lower than the same week in 2015 when 155 prime cattle were exported to GB. During 2016 to date a total of 2,876 prime cattle and 307 cows have been exported to GB for direct slaughter. While this is higher than the 1,626 prime cattle and 307 cows exported during the same period in 2015 the majority of cattle exported in the 2016 period were exported in the first quarter of the year.

JULY SNAPSHOT: NI LAMB MARKET REMAINS FIRM

THE average deadweight lamb price in NI during July 2016 was 390.2p/kg which was 78.5p/kg higher than the 311.7p/kg paid in July 2015. This is the equivalent of £16 on a 21kg lamb carcase and accounts for a 25.2 per cent increase year on year.

The increase in deadweight lamb prices in sterling terms has primarily been driven by a strengthening in euro against sterling as indicated in Table 1. In July 2015 €1 was worth 70.7 pence sterling and in July 2016 this had increased to €1 being worth 84.1 pence sterling. As a result of this NI origin lambs have been less expensive in euro terms therefore increasing the demand for NI origin lambs from ROI processors while also improving the competitiveness of local processors when selling lamb products on the EU market.

Deadweight prices improved in ROI by a similar margin to NI with the average deadweight lamb price the equivalent of 394.8p/kg during July 2016, 79.4p/kg higher than July 2015 when the average price was 315.4p/kg. Meanwhile in GB the average reported deadweight lamb price was 421.5p/kg in July 2016 compared to an average reported price of 339.8p/kg in July 2015. This accounts for a 24 per cent increase year on year.

The major processors have reported strong supplies of lambs available for slaughter to meet demand with lamb throughput in NI plants during July 2016 totalling 41,873 head. This was a 13.9 per cent decrease on the 48,641 lambs killed in NI plants during July 2015. As outlined previously the strengthening of euro against sterling has increased demand for NI lambs from ROI processors with 25,944 sheep exported from NI to ROI for direct slaughter during compared to 16,554 sheep during July 2016. This accounts for a 56.7 per cent increase year on year although it should be noted that exports to ROI were subdued last summer due to issues around the labelling of lambs born in NI but killed in ROI. These issues have since been resolved.

There has been a slight decrease in the average carcase weight of lambs killed in NI plants year on year. The average lamb carcase weight in July 2016 was 20.7p/kg, a 0.7kg decline from 21.4kg during July 2015. Meanwhile the average ewe and ram carcase weight was 29.9kg in July 2016, back 0.4kg from 30.3kg during July 2015. Ewe and ram throughput in NI during July 2016 totalled 1,705, back 15 per cent July 2015 levels.

NI Sheep Industry Key Performance Indicators (July Snapshot)

	Jul-15	Jul-16	% Change
Sheep Prices (p/kg)			
Average Deadweight Price NI (Combined)	311.7	390.2	+25.2%
Average Liveweight Price NI (Combined)	281.9	350.7	+24.4%
Average Weekly Price GB (D/W) (Com-	339.8	421.5	+24.0%
Average Weekly Price ROI (D/W)	315.4	394.8	+25.2%
Slaughterings			
Total Hoggets & Lambs Slaughterings	48,641	41,873	-13.9%
Total Ewes & Rams Slaughterings (Head)	2,007	1,705	-15.0%
Average Hogget & Lambs Carcase Weight	21.4	20.7	-3.0%
Average Ewe & Rams Carcase Weight (kg)	30.3	29.9	-1.3%
Trade (Head)			
Live Imports for Direct Slaughter	0	0	0
Live Exports for Direct Slaughter	16,554	25,944	+56.7%
Euro / Stg Exchange Rate (€ / £)	70.7	84.1	+19.1%
All NI Figures Unless Otherwise Stated			

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 08/08/16	Next Week 15/08/16
Prime		
U-3	326 - 332p	326 - 332p
R-3	320 - 326p	320 - 326p
O+3	314 - 320p	314 - 320p
P+3	260 - 276p	260 - 276p
	Including bonus where applicable	
Cows		
O+3 & better	238 - 250p	238 - 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 COW PRICES NI - P/KG

w/e 06/08/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	152.1	163.5	169.9	185.8
P2	161.6	180.3	207.2	223.8
P3	172.0	211.8	225.8	235.4
O3	235.0	226.9	240.8	249.1
O4	164.0	224.6	245.3	253.8
R3	-	-	-	268.3

REPORTED NI CATTLE PRICES - P/KG

W/E 06/08/16	Steers	Heifers	Young Bulls
U3	338.3	340.0	333.1
R3	333.4	333.7	328.8
O+3	324.6	327.3	320.5

*Prices exclude AA, HER and Organic cattle

Deadweight Cattle Trade

BASE quotes towards the end of this week for in spec U-3 grade prime cattle ranged from 326-332p/kg with the majority of plants quoting in the region of 330-332p/kg. Quotes for good quality O+3 grade cows towards the end of this week ranged from 238-250p/kg. Similar quotes are expected for all types of cattle early next week.

The major NI processors have reported steady supplies of prime cattle to meet demand for beef with a total of 5,155 prime cattle slaughtered in NI last week compared to 5,085 the previous week. In the corresponding week in 2015 a total of 5,512 prime cattle were slaughtered locally. Cow throughput in NI last week remained strong with a total of 2,161 cows killed, similar to the corresponding week in 2015 when 2,189 cows were killed in NI plants.

Imports of prime cattle from ROI for direct slaughter in NI last week totalled 105 head, a decline of 31 head from the previous week and accounting for two per cent of the total NI prime cattle kill. In the same week in 2015 a total of 267 prime cattle were imported from ROI accounting for 5 per cent of the total NI prime cattle kill. The number of cows imported from ROI for direct slaughter in NI plants last week totalled 59 head compared to 88 head in the same week in 2015. Meanwhile 112 cows were exported from NI for direct slaughter in ROI plants last week, an increase from 67 cows the previous week.

The deadweight trade for prime cattle has continued to firm with the average steer price in NI last week up by 1.6p/kg to 326.5p/kg while the R3 steer price was up by 2.3p/kg to 335.7p/kg. The average heifer price in NI last week increased by 4p/kg to 328.2p/kg while the R3 heifer price increased by 2.1p/kg to 335.3p/kg. This was the highest weekly price for both R3 steers and R3 heifers in NI since early August 2015. The average cow price in NI last week increased marginally by 0.3p/kg to 230p/kg while the O3 cow price was back by 1.8p/kg to 247.8p/kg.

In GB last week the average steer price increased by 3.5p/kg to 339.7p/kg while the R3 steer price increased by 4.5p/kg to 350.7p/kg. This puts the differential in R3 steer prices last week between NI and GB at 15p/kg which is the equivalent of £53 on a 350kg carcase. The average heifer price in GB last week was up by 2.7p/kg to 342.2p/kg while the R3 heifer price was up by 4.2p/kg to 350.9p/kg. The differential in R3 heifer prices last week between NI and GB was 15.6p/kg which is the equivalent of £55 on a 350kg carcase.

The deadweight cattle trade in ROI last week remained relatively steady in sterling terms however declined in euro terms. The R3 steer price in ROI last week was the equivalent of 318p/kg, unchanged from the previous week while the R3 heifer price was the equivalent of 328.5p/kg, up marginally by 0.4p/kg from the previous week. The O3 cow price in ROI last week increased by 2.4p/kg to 245.6p/kg which places it 2.2p/kg below the O3 cow price in NI and 3.2p/kg below the O3 cow price in GB.

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

W/E 06/08/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	338.9	325.8	356.3	352.6	353.2	353.8	353.9
	R3	335.7	318.0	360.5	349.7	343.9	348.7	350.7
	R4	334.2	317.0	361.7	355.6	342.8	343.6	353.1
	O3	323.5	304.7	334.8	323.4	311.9	315.5	321.9
	AVG	326.5	-	354.0	342.7	329.8	328.2	339.7
Heifers	U3	340.1	338.5	368.9	357.1	359.9	354.8	361.1
	R3	335.3	328.5	361.5	348.5	346.4	346.1	350.9
	R4	331.8	328.0	359.9	353.7	347.3	342.0	352.4
	O3	324.9	313.9	339.4	322.6	313.5	317.8	324.1
	AVG	328.2	-	357.7	343.8	333.2	327.3	342.2
Young Bulls	U3	333.2	321.4	353.3	339.9	345.3	349.3	345.8
	R3	329.1	315.9	349.1	323.5	336.4	343.5	336.9
	O3	312.1	297.9	307.5	289.3	304.2	315.0	301.3
	AVG	316.2	-	341.5	315.5	323.5	323.6	324.6
Prime Cattle Price Reported		4504	-	6100	6809	6318	4267	23494
Cows	O3	247.8	245.6	257.8	242.2	254.2	244.4	248.8
	O4	252.7	246.5	259.7	243.8	245.1	239.3	245.5
	P2	207.3	232.2	206.5	198.7	201.1	207.7	203.2
	P3	231.4	239.4	220.4	216.2	216.3	220.7	217.9
	AVG	230.0	-	244.9	218.1	210.3	208.2	215.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=84.43 p 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

W/E 06/08/16	1st QUALITY From	1st QUALITY To	1st QUALITY Avg	2nd QUALITY From	2nd QUALITY To	2nd QUALITY Avg
Finished Cattle (p/kg)						
Steers	187	197	191	165	186	176
Friesians	130	168	138	104	126	116
Heifers	188	208	195	160	187	173
Beef Cows	134	177	145	100	133	117
Dairy Cows	100	118	107	60	99	75
Store Cattle (p/kg)						
Bullocks up to 400kg	200	228	214	170	199	185
Bullocks 400kg - 500kg	190	208	200	160	189	175
Bullocks over 500kg	190	212	195	170	189	178
Heifers up to 450kg	200	222	211	165	199	182
Heifers over 450kg	185	201	195	160	184	172
Dropped Calves (£/head)						
Continental Bulls	250	375	300	130	248	190
Continental Heifers	230	370	285	100	228	165
Friesian Bulls	100	150	125	50	98	75
Holstein Bulls	80	145	105	40	78	60

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 08/08/16	Next Week 15/08/16
Lambs	375-380 > 21kg	390-395 > 21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 23/07/16	W/E 30/07/16	W/E 06/08/16
NI Lambs L/W	358.3	330.8	343.6
NI Lambs D/W	392.9	381.9	376.3
GB Lambs D/W	422.0	410.2	406.5
ROI D/W	401.3	384.5	377.2

Deadweight Sheep Trade

THE deadweight sheep trade has firmed again with quotes for R3 grade lambs towards the end of this week ranging from 390-395p/kg up to 21kg. The plants have reported steady supplies of lambs coming forward to meet demand, with lamb throughput last week totalling 11,497 head. The Eid al-Adha festival on 12 September 2016 is a major celebration for Muslims around the world and often coincides with a strengthening in demand for sheep meat. The average deadweight lamb price in NI last week was back by 5.6p/kg to 376.3p/kg while the average deadweight lamb price in ROI last week was back by 7.3p/kg to 377.2p/kg

This week's marts

A good trade was reported across the marts this week with increased numbers passing through the sale rings. In Omagh last Saturday 824 lambs sold from 349-391p/kg compared to 707 lambs the previous week selling from 329-379p/kg. In Massereene this week 1,012 lambs sold from 350-396p/kg compared to 947 lambs the previous week selling from 325-355p/kg. In Ballymena this week a large entry of 1,839 lambs sold to an average of 351p/kg compared to 1,122 lambs the previous week selling to an average of 345p/kg. The ewe trade also improved with top prices generally ranging from £90-120 with a top reported price of £133 in Newtownstewart last Friday.

LATEST SHEEP MARTS

From: 05/08/16 To: 11/08/16		Lambs (P/KG LW) No	From	To	Avg
Friday	Newtownstewart	372	337	370	-
Saturday	Omagh	824	349	391	-
Monday	Massereene	1012	350	396	-
Tuesday	Saintfield	582	350	390	-
	Rathfriland	1035	330	390	361
Wednesday	Ballymena	1839	338	376	351
	Enniskillen	843	355	372	-
	Markethill	1150	340	367	358
	Armoy	285	350	400	370

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