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UK BEEF IMPORTS UPDATE JUNE 2016

IMPORTS of beef into the UK totalled 22,889 tonnes during June 2016 according to the latest available data from HMRC. This takes the total beef imports for the first six months of 2016 to 127,959 tonnes, a slight decline from the corresponding period in 2015 when 128,306 tonnes of beef were imported.

Beef imports from EU countries

UK beef imports during June 2016 were predominantly from the EU with 91 per cent of total beef imports during June 2016 coming from EU sources. This was an increase from June 2015 levels when 87 per cent of UK beef imports were from EU destinations.

The largest majority of EU beef imported into the UK is sourced from ROI with 15,132 tonnes imported from the region during June 2016. While this is similar to the 15,064 tonnes of beef imported from ROI during June 2015 there has been a decline in the proportion of imported beef sourced from ROI year on year. In June 2015 imports from ROI accounted for 77 per cent of total EU beef imports while in June 2016 they accounted for 73 per cent, a four percentage point decline year on year.

With many of the major processors operating in NI also having businesses in ROI it is likely that a proportion of the beef imported by the UK will have been in carcase form for further processing in NI plants before being returned to ROI.

While the volume of beef imports from ROI remained fairly steady year on year there has been a mixed performance in the volume of beef imported from other EU countries. It should however be noted that the volumes involved remain relatively small when compared to the level of trade with ROI.

The Netherlands is the second biggest source of beef imports for the UK after Ireland and accounted for eight per cent of beef imports from the EU during June 2016. The volume of beef imported by the UK from the Netherlands declined slightly from 1,737 tonnes in June 2015 to 1,645 tonnes in June 2016. This accounts for a five per cent decrease year on year.

The volume of beef imported by the UK from France also recorded a decline year on year, declining from 233 tonnes in June 2015 to 156 tonnes in June 2016. This accounts for a 33 per cent decrease between the two periods.

Beef imports to the UK from Germany increased from 706 tonnes during June 2015 to 1,262 tonnes in June 2016. This increase by 556 tonnes between the two periods accounts for a 79 per cent increase in the volume of imports year on year. Beef imports from Germany accounted for six per cent of total beef imports from the EU during June 2016, an increase from four per cent in June 2015.

Imports of beef by the UK from Poland during June 2016 totalled 1,489 tonnes, an increase of 435 tonnes from the 1,054 tonnes imported during June 2015. This accounts for a 41 per cent increase in imports from the region year on year. Imports of beef from Poland accounted for seven per cent of total beef imports from the EU during June 2016, up from five per cent in June 2015.

There were also increases in imports from a number of other EU markets although the volumes involved remained very small. Imports of beef from Italy recorded a 70 per cent increase to 259 tonnes during June 2016 while imports from Spain increased by 64 per cent to 361 tonnes during the same period. Meanwhile the volume of beef imported from Belgium increased from 178 tonnes in June 2015 to 241 tonnes in June 2016 to account for a 35 per cent increase year on year. Imports of beef from Denmark were almost unchanged year on year with 69 tonnes imported during June 2016.

Beef imports from non-EU countries

During June 2016 beef imports to the UK from non-EU countries totalled 2,116 tonnes and accounted for nine per cent of total beef imports. In the corresponding month in 2015 beef imports from non-EU countries totalled 2,859 tonnes and accounted for 13 per cent of total UK beef imports. This decline represents a 26 per cent decline in the volumes imported and a four percentage point decline in market share year on year.

UK beef imports from Australia during June 2016 totalled 710 tonnes, almost unchanged from the 735 tonnes imported during June 2015 and accounting for a third of UK beef imports from non-EU countries. This makes Australia the biggest non-EU supplier of beef to the UK market.

The second biggest source of beef imports to the UK from non-EU countries after Australia is Uruguay with imports during June 2016 totalling 368 tonnes. This accounted for 17 per cent of beef imports from non-EU countries however the volume imported was back by 16 per cent from June 2015 levels.

Imports from Namibia during June 2016 accounted for 15 per cent of UK beef imports from non-EU countries.

Figure 1: Proportion of UK beef imports from EU and non-EU souces June 2015 and June 2016

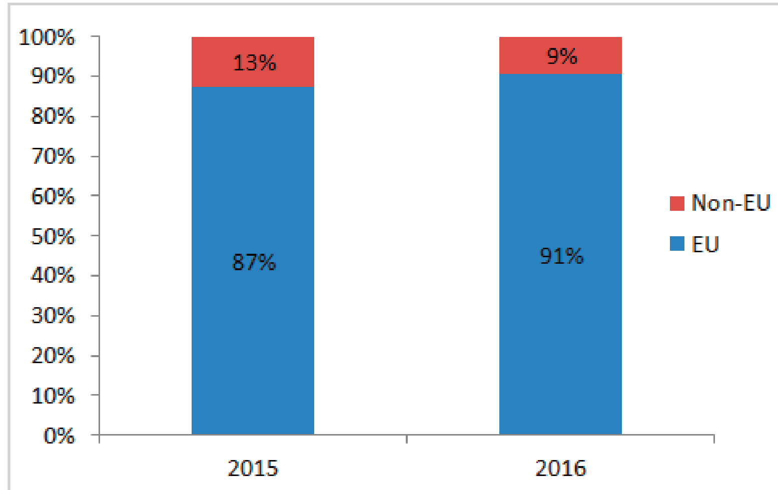
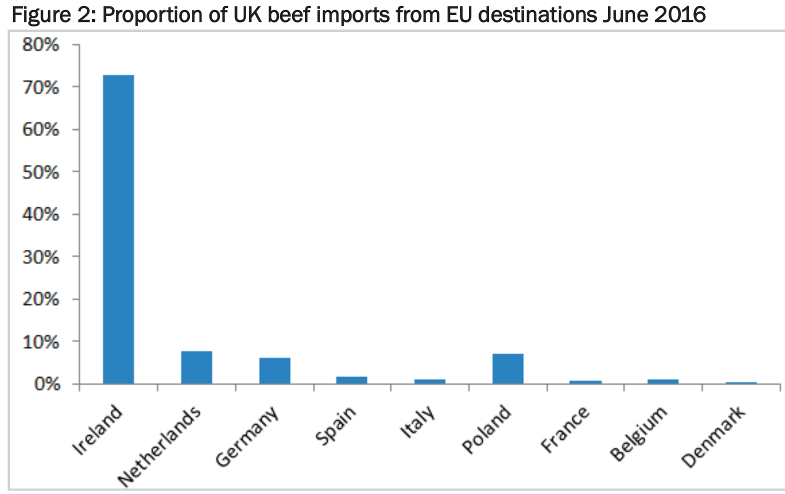


Figure 2: Proportion of UK beef imports from EU destinations June 2016



The volumes imported however recorded a decline of 51 per cent from 643 tonnes in June 2015 to 317 tonnes in June 2016.

Outlets for imported beef

With most of the major retailers operating in the UK only stocking exclusively UK origin beef, and in some cases only UK and Irish origin beef, the majority of beef imported by the UK from outside the British Isles is destined for the secondary processing and foodservice markets. However with the drop in the value of sterling in recent weeks following the Brexit vote the volume of beef imported from these regions, as well as imports from ROI, could potentially decline in the short term while exports have the potential to increase.

EURO TRADES STRONGLY AGAINST STERLING

A significant drop in the value of sterling against euro over recent weeks has made UK agricultural produce much more competitive on the EU market. Whilst a strong euro against sterling can increase input costs for UK producers, it does make NI and UK beef and lamb less expensive in euro terms which can make trading on the EU and wider global market much easier.

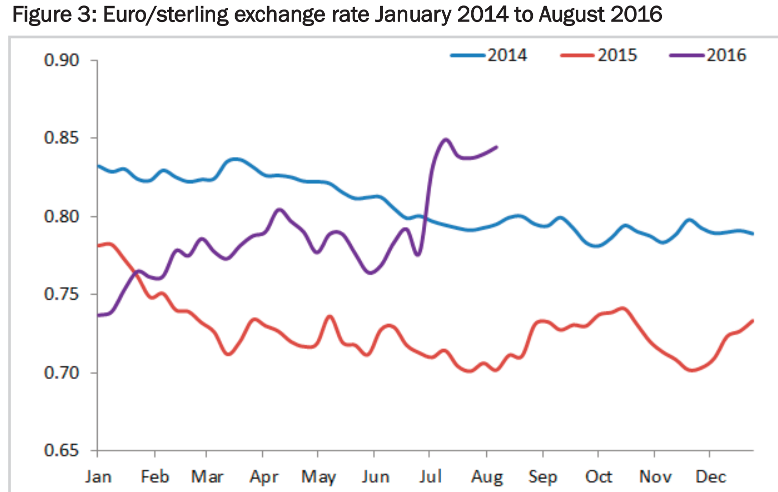
In addition a strong euro against sterling generally leads to lower imports of cattle into Northern Ireland from ROI for direct slaughter and during 2016 to date total imports of cattle from ROI are just over 8,000 head which is just over half of 2015 levels.

Figure 3 displays the euro/sterling exchange rate from 2014-2016 to date. The average euro-sterling exchange rate from the European central Bank during the week ending 13 August 2016 was €1 = 85.60p. The value of the euro against sterling increased sharply during July 2016 to bring the euro/sterling exchange rate above 2014 and 2015 levels for the first time this year.

The upward trend of the euro/sterling exchange rate during 2016 has brought the average exchange rate during 2016 to date to €1=78.78p, which is above the 2015 average of €1=72.65p and close to the 2014 average of €1=80.68p.

In addition to competition on the EU market, competition on the UK retail market should also be considered with some retailers stocking both UK and ROI origin beef on their shelves. As the euro gains against the sterling UK origin beef will become comparatively less expensive against ROI origin beef therefore encouraging retailers to stock increasing volumes of UK origin produce,

Figure 3: Euro/sterling exchange rate January 2014 to August 2016



WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 15/08/16	Next Week 23/08/16
Prime		
U-3	326 - 332p	326 - 334p
R-3	320 - 326p	320 - 328p
O+3	314 - 320p	314 - 322p
P+3	260 - 276p	260 - 278p
	Including bonus where applicable	
Cows		
O+3 & better	238 - 250p	240 - 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 13/08/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	149.9	156.3	163.4	170.0
P2	160.8	185.5	202.8	222.1
P3	176.6	207.7	226.7	234.0
O3	-	226.4	242.9	250.5
O4	170.0	236.8	251.2	251.5
R3	-	-	245.0	267.4

REPORTED NI CATTLE PRICES - P/KG

W/E 13/08/16	Steers	Heifers	Young Bulls
U3	338.2	340.4	332.8
R3	334.6	334.2	328.5
O+3	326.4	323.8	320.8

*Prices exclude AA, HER and Organic cattle

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 15/08/16	Next Week 22/08/16
Lambs	385-395 > 21kg	385 > 21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 30/07/16	W/E 06/08/16	W/E 13/08/16
NI Lambs L/W	330.8	343.6	353.3
NI Lambs D/W	381.9	376.3	390.8
GB Lambs D/W	410.2	406.5	417.4
ROI D/W	384.5	377.2	395.5

Deadweight Cattle Trade

THE deadweight cattle trade firmed towards the end of this week with quotes for in spec U-3 grade prime cattle ranging from 326-334p/kg. The majority of plants are quoting from 330-334p/kg. Quotes for good quality O+3 grade cows this week have remained fairly steady ranging from 240-250p/kg across the plants.

Prime cattle throughout in NI last week totalled 5,368 head, an increase of 213 head from the previous week when 5,155 prime cattle were slaughtered locally and similar to the corresponding week in 2015 when 5,300 prime cattle were killed in NI plants. A total of 1,814 cows were slaughtered in NI last week, a decrease of 347 head from the previous week when 2,161 cows were killed. In the corresponding week in 2015 a total of 1,947 cows were slaughtered in NI plants.

Imports of prime cattle from ROI for direct slaughter in NI plants last week were almost unchanged from the previous week with a total of 103 head imported. This accounted for two per cent of the total NI prime cattle kill and was below the corresponding week in 2015 when 280 prime cattle were imported for direct slaughter in NI plants, accounting for five per cent of the total NI prime cattle kill. A total of 22 cows were imported from ROI last week for direct slaughter compared to 43 cows in the same week last year. Exports of cows from NI to ROI for direct slaughter last week totalled 146 head, up from 112 cows the previous week. Exports from NI for direct slaughter in GB last week consisted of 90 prime cattle and 19 cows, compared to 70 prime cattle and 13 cows exported during the previous week.

The average steer price in NI last week increased by half a penny to 327p/kg while the R3 steer price increased by 1.6p/kg to 337.3p/kg. The average heifer price in NI last week was up by 1.7p/kg to 329.9p/kg while the R3 heifer price was up by half a penny to 335.8p/kg. The average cow price in NI was back by 0.9p/kg to 229.1p/kg while the O3 cow price increased by 1.8p/kg to 249.6p/kg.

In GB last week the average steer price increased by 3.7p/kg to 343.4p/kg while the R3 steer price was up by 3.4p/kg to 354.1p/kg. The differential in R3 steer prices last week between NI and the GB average was 16.8p/kg which is the equivalent of £58 on a 350kg carcase. The average heifer price in GB last week was up by 3.8p/kg to 346p/kg while the average R3 heifer price was up by a similar margin to 354.6p/kg. This puts the differential in R3 heifer prices last week between NI and GB average at 18.8p/kg which is the equivalent of £66 on a 350kg carcase.

In ROI last week deadweight prices for prime cattle remained relatively steady in euro terms but the continued strengthening of the euro against sterling meant prices increased in sterling terms. The R3 steer price in ROI last week was the equivalent of 323.2p/kg, up by 5.2p/kg from the previous week while the R3 heifer price was up by 4.6p/kg to 333.1p/kg. The O3 cow price in ROI last week recorded an increase of 4.9p/kg to 250.5p/kg which is just above the equivalent price in NI.

Deadweight Sheep Trade

THE deadweight sheep trade has come back slightly towards the end of this week after a strong previous week with quotes for R3 grade spring lambs at 385p/kg and plants paying up to 21kg. Throughput of lambs in the NI plants last week totalled 10,743 head, a decrease of 754 head from the previous week. Meanwhile exports of sheep to ROI for direct slaughter last week totalled 6,566 head compared to 6,185 head the previous week. The average deadweight lamb price in NI last week increased by 14.5p/kg to 390.8p/kg while the deadweight hogget price in ROI increased by the equivalent of 18.3p/kg to 395.5p/kg.

This week's marts

REPORTS from the marts this week have indicated an increase in the number of lambs passing through many of the sale rings with the trade generally back compared to the previous week. In Omagh last Saturday 1,535 lambs sold from 340-385p/kg compared to 824 lambs the previous week selling from 349-391p/kg. In Saintfield this week 977 lambs sold from 326-376p/kg compared to 582 lambs the previous week selling from 350-390p/kg. In Markethill this week 1,180 lambs sold from 330-373p/kg compared to 1,150 lambs the previous week selling from 340-367p/kg. The ewe trade was back slightly this week with top prices generally ranging from £78-100 with a top reported price of £112 in Rathfriland on Tuesday.

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

W/E 13/08/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	338.4	331.7	367.4	352.8	354.6	359.5	358.2
	R3	337.3	323.2	366.8	352.5	347.4	350.0	354.1
	R4	334.5	323.4	366.7	361.2	344.8	348.3	357.1
	O3	326.7	308.3	343.7	321.7	322.6	320.9	327.6
	AVG	327.0	-	360.9	343.6	332.3	333.7	343.4
Heifers	U3	341.2	344.0	370.1	359.4	361.9	360.9	363.3
	R3	335.8	333.1	363.3	348.7	352.1	352.5	354.6
	R4	334.2	332.9	364.4	353.3	350.4	346.3	354.7
	O3	327.0	317.6	346.3	320.7	327.5	330.1	331.8
	AVG	329.9	-	361.8	344.7	339.3	332.3	346.0
Young Bulls	U3	334.3	326.6	359.9	343.6	346.5	355.2	349.5
	R3	329.1	319.2	351.3	329.5	339.7	349.3	340.3
	O3	317.1	300.9	308.9	291.2	305.1	304.0	301.8
	AVG	319.0	-	341.8	322.5	324.3	334.8	328.5
Prime Cattle Price Reported		4615	-	6300	6708	6411	4031	23450
Cows	O3	249.6	250.5	259.6	241.2	247.8	242.1	246.0
	O4	251.1	252.0	259.8	244.0	244.7	243.4	246.1
	P2	205.9	232.9	204.9	201.9	197.1	201.2	200.1
	P3	230.2	244.6	218.1	215.1	211.0	228.7	216.8
	AVG	229.1	-	244.5	215.8	205.8	206.8	212.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.60p 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 13/08/16	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	191	206	198	170	190	180
Friesians	134	167	142	111	130	123
Heifers	190	210	200	162	189	175
Beef Cows	140	193	148	105	139	120
Dairy Cows	103	128	112	65	102	80
Store Cattle (p/kg)						
Bullocks up to 400kg	205	235	220	170	204	190
Bullocks 400kg - 500kg	200	224	212	165	199	182
Bullocks over 500kg	190	205	197	170	189	178
Heifers up to 450kg	200	228	214	165	199	182
Heifers over 450kg	190	220	205	160	189	175
Dropped Calves (£/head)						
Continental Bulls	250	350	300	120	248	185
Continental Heifers	200	305	250	100	198	150
Friesian Bulls	80	125	105	20	78	50
Holstein Bulls	75	105	90	10	72	40

LATEST SHEEP MARTS

From: 12/08/16		Lambs (P/KG LW)			
To: 18/08/16		No	From	To	Avg
Friday	Newtownstewart	554	344	375	-
Saturday	Swatragh	1273	340	402	365
	Omagh	1535	340	385	-
	Kilrea	550	350	360	-
Monday	Massereene	1046	345	378	-
Tuesday	Saintfield	977	326	376	-
	Rathfriland	672	333	365	344
Wednesday	Ballymena	1688	300	353	328
	Enniskillen	425	340	372	-
	Armoy	385	315	365	333
	Markethill	1180	330	373	355

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