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FAO FOOD PRICE INDEX REACHES 15 MONTH HIGH IN AUGUST 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 August 2016 the FAO Food Price Index averaged 165.6 points, an increase of 3.1 points from July 2016 levels and the highest FAO Index recorded since May 2015. The FAO Index during August 2016 was up by 10.6 points from August 2015 levels when it was 155 points, accounting for a seven per cent increase year on year. Index prices for all food communities involved in calculating the index, with the exception of cereals, recorded an increase during August 2016.

The FAO Cereal Price Index during August 2016 averaged 143.6 points, a decrease of 4.5 points from July 2016 and back by 11.5 points from August 2015 when the Cereal Price Index averaged 155.1 points. With wheat harvests in the northern hemisphere almost complete wheat quotations declined due to seasonal harvest pressure. With plentiful supplies of low quality wheat available for use as animal feed the value of maize also came under pressure. International rice prices were negatively affected by the combination of low buying interest and the prospects of larger availabilities from imminent crop harvests.

The FAO Meat Price Index during August 2016 averaged 162.2 points, up by half a point from July 2016 levels. The Meat Index however is five per cent below August 2015 levels when it was 170.8 points. International prices for ovine meat, pig meat and poultry meat all recorded an increase during August 2016. This was due to tighter supplies of pig meat in the EU and sheep meat from Oceania along with firm international demand particularly from Asia for poultry meat. International bovine meat prices however recorded a decline during August 2016 due to a recovery in bovine meat production in the United States. This increase in production resulted in a reduced requirement for beef imports by the US which had a negative influence on international beef prices.

The FAO Dairy Price Index during August 2016 averaged 154.6 points which is an increase of 12.3 points from the previous month and brings the Dairy Index to its highest value since October 2015. During August 2015 the FAO Dairy Index was 135.5 points accounting for an increase of 14 per cent year on year. International prices increased for all dairy commodities involved in calculating the index, most notably for cheese, whole milk powder and butter. The FAO have attributed this increase in dairy prices to tight export supply prospects as a result of falling milk production in the EU and a steady dairy market in Oceania. Prices for skimmed milk powder were also low.

The FAO Vegetable Oil Price Index averaged 169 points in August 2016, an increase of 11.7 points from July 2015 levels and is the highest Vegetable Oil Price Index since July 2014. This recent rebound was primarily driven by developments in the palm oil and rapeseed oil markets.

Meanwhile the FAO Sugar Price Index increased by 6.9 points from July 2016 to average 285.6 points in August 2016 bringing the Sugar Index to its highest value since October 2012. This accounted for an increase of 122.4 points from August 2015. The rise in sugar prices over recent months has been mainly due to a continuous strengthening of the Brazilian currency (Real) along with the anticipated loss in global sugar markets during 2016/17.

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

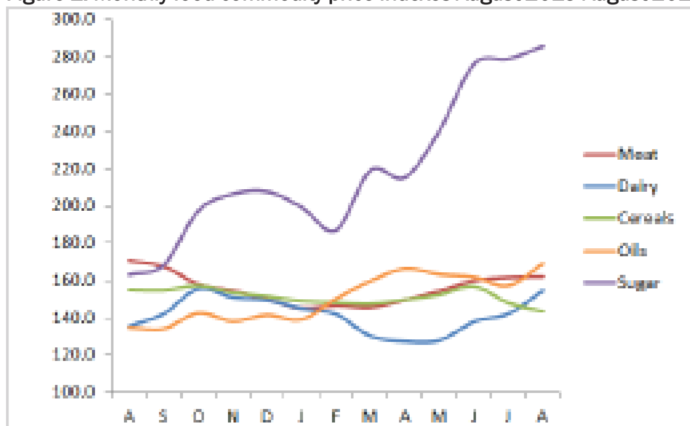
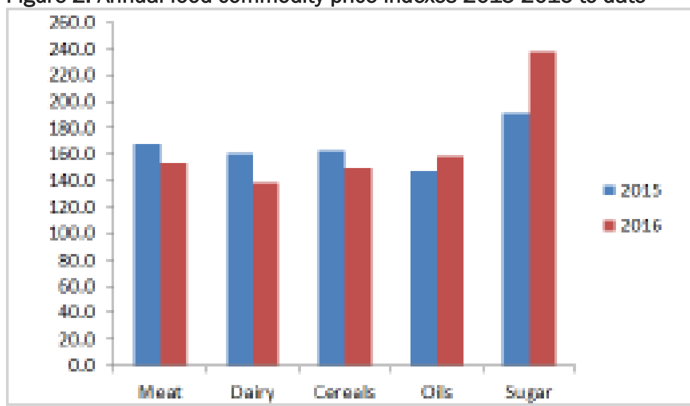


Figure 2: Annual food commodity price indexes 2015-2016 to date



UK LAMB IMPORTS UPDATE: JULY 2016

DURING July 2016 6,505 tonnes of lamb were imported into the UK, a 14 per cent reduction on July 2015 levels when 7,539 tonnes were imported according to the latest available data from HMRC.

Imports from EU countries during July 2016 totalled 516 tonnes, a 24 per cent decline from year earlier levels when 680 tonnes were imported. However imports from the EU accounted for just eight per cent of total lamb imports to the UK during July 2016.

UK lamb imports from non EU countries recorded a 13 per cent decline in volume terms during July 2016 when compared to July 2015 levels with a total of 5,989 tonnes imported. New Zealand continues to be the biggest source of UK lamb imports with 5,135 tonnes imported during July 2016. While this was a 14 per cent decline from year earlier levels, imports from New Zealand accounted for 79 per cent of total UK lamb imports during July 2016.

The June 2016 stock survey in New Zealand recorded a 3.1 per cent decline in ewe numbers on New Zealand farms. This drop in ewe numbers combined with an outbreak of facial eczema, competition from cattle enterprises and issues with drought in some regions are all expected to negatively impact lamb production and ultimately the availability of lamb for export in the 2016/2017 season.

Australia is the second largest source of UK lamb imports, accounting for 11 per cent of total UK lamb imports during July 2016. Imports totalled 709 tonnes during July 2016, a 16 per cent decline from July 2015 levels when 841 tonnes were imported.

The latest livestock survey in Australia in June 2016 indicated a two per cent increase in the breeding ewe flock and an increase in the number of lambs on the ground which will increase lamb availability for slaughter for the remainder of 2016. Lamb availability for slaughter however is expected to tighten in the first half of 2017 which is expected to reduce the availability of lamb for export.

Imports of fresh/chilled lamb in the UK during July 2016 totalled 1,239 tonnes and accounted for 19 per cent of total imports. This was a 31 per cent decline from the 1,802 tonnes imported during July 2015 when fresh/chilled lamb accounted for 24 per cent of total lamb imports. Meanwhile imports of frozen lamb into the UK totalled 5,266 tonnes during July 2016, an eight per cent reduction from July 2015 levels when 5,737 tonnes were imported.

The latest HMRC data has also indicated a notable 20 per cent reduction in the volume of bone-in-cuts of lamb imported by the UK during July 2016 when compared to year earlier levels. Imports of bone in cuts from EU countries declined by 26 per cent between the two periods while imports from non-EU countries declined by 20 per cent year on year. Bone-in-cuts accounted for 58 per cent of total lamb imports during July 2016 compared to 62 per cent in July 2015.

Meanwhile the volume of boneless cuts remained steady in volume terms year on year with 2,651 tonnes imported during July 2016. Imports from both EU and non-EU countries remained similar in volume terms year on year.

LMC ANSWERPHONE SERVICE

THE LMC MARKET INFORMATION ANSWERPHONE SERVICE FOR FACTORY QUOTES & SHEEP MART PRICES HAS NOW BEEN RESTORED. THE SERVICE IS UPDATED BY 5PM DAILY AND CAN BE ACCESSED USING THE SAME NUMBER AS PREVIOUSLY

TEL: 028 9263 3011

FQAS MART CLINICS OCTOBER 2016

LOCATION	DAY	DATE
Markethill	Tuesday	04/10/2016
Saintfield	Wednesday	05/10/2016
Omagh	Monday	10/10/2016
Enniskillen	Thursday	13/10/2016
Kilrea	Wednesday	19/10/2016
Ballymena	Friday	21/10/2016

LMC's Farm Liaison Officer, Terry White, runs Farm Quality Assurance Scheme (FQAS) mart clinics at a range of Livestock Marts across Northern Ireland. Terry is present to assist members of FQAS with non-conformances, general scheme queries and any issues prior to or following an inspection.

Any farmers who wish to join the scheme can also do so through their local FQAS mart clinic. Terry will be available at the livestock marts listed in the table above from 10am to 1.30pm. For further information call (028) 9263 3024.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 19/09/16	Next Week 26/09/16
Prime		
U-3	334 - 338p	330 - 338p
R-3	328 - 332p	324 - 332p
O+3	322 - 326p	318 - 326p
P+3	268 - 282p	264 - 282p
	Including bonus where applicable	
Cows		
O+3 & better	240 - 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 NI CATTLE PRICES - P/KG

W/E 17/09/16	Steers	Heifers	Young Bulls
U3	343.5	347.5	339.0
R3	340.0	340.2	335.5
O+3	331.5	333.1	330.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 17/09/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	157.0	162.9	170.3	187.8
P2	171.6	193.0	210.2	226.3
P3	190.6	210.6	229.9	237.9
O3	140.0	231.5	243.6	254.8
O4	196.1	230.1	246.8	256.6
R3	-	-	269.0	271.0

Deadweight Cattle Trade

QUOTES for U-3 grade prime cattle this week were in the region of 334-338p/kg in the majority of plants with one plant quoting 330-332p/kg towards the end of the week. Quotes for good quality O+3 grade cows remained steady ranging from 240-250p/kg across the plants.

Prime cattle throughput in NI last week totalled 6,155 head, an increase of 428 head from the previous week when 5,727 prime cattle were slaughtered locally and an increase of nine per cent from the corresponding week in 2015 when 5,653 prime cattle were killed in NI plants. Meanwhile cow throughput was similar to the previous week with a total of 1,998 cows slaughtered in NI last week and this is 14 per cent higher than the 1,752 cows killed in the corresponding week in 2015.

Prime cattle imports from ROI for direct slaughter in NI plants last week totalled 105 head, accounting for two per cent of the total NI prime cattle kill. This was well below the corresponding week in 2015 when 588 prime cattle were imported for direct slaughter in NI plants which accounted for 10 per cent of the total NI prime cattle kill. The number of cows imported from ROI last week for direct slaughter in NI totalled 87 head, compared to 151 head in the corresponding week last year. Meanwhile 102 cows were exported from NI for direct slaughter in ROI last week, a decrease from 325 cows during the same week last year. Exports from NI for direct slaughter in GB last week consisted of 128 prime cattle and 21 cows.

The average steer price in NI last week was back by a penny to 333p/kg while the R3 steer price decreased by 2.1p/kg to 342.2p/kg. The average heifer price in NI last week was up by 2p/kg to 336.5p/kg while the R3 heifer price was up by a similar margin to 343.4p/kg. The average cow price in NI last week increased by 3.6p/kg to 231.2p/kg while the O3 cow price recorded a decrease of 0.6p/kg to 252.9p/kg.

The deadweight trade has steadied in GB with the average steer price up by 0.6p/kg to 355p/kg last week while the R3 steer price remained steady at 364.3p/kg. The differential in R3 steer prices between NI and the GB average last week was 22.1p/kg which is the equivalent of £77 on a 350kg carcase. This is the widest differential since January this year. Northern England saw the largest increase in deadweight R3 steer price last week with an increase of 2.4p/kg to 361p/kg however Southern England saw a decrease in R3 steer prices by 1.3p/kg to 359.9p/kg. The average heifer price in GB last week increased by 2.7p/kg to 359p/kg while the R3 heifer price remained steady at 365.6p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 22.2p/kg which is the equivalent of £78 on a 350kg carcase.

The deadweight cattle trade in ROI last week recorded a decrease in both euro and sterling terms. The R3 steer price in ROI last week was the equivalent of 315.9p/kg, back 0.7p/kg from the previous week while the R3 heifer price decreased by a similar margin to 324.9p/kg. The O3 cow price in ROI last week recorded an increase of 0.7p/kg to the equivalent of 250.1p/kg.

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

W/E 17/09/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	343.6	324.5	384.5	360.3	365.1	367.8	369.5
	R3	342.2	315.9	380.9	361.0	355.3	359.9	364.3
	R4	341.5	315.7	384.8	369.8	352.3	360.4	369.3
	O3	332.4	299.8	361.0	331.8	328.4	328.5	338.0
	AVG	333.0	-	377.4	354.6	341.6	341.8	355.0
Heifers	U3	348.0	336.5	393.0	368.6	371.4	373.4	377.2
	R3	343.4	324.9	386.6	356.2	356.9	360.1	365.6
	R4	340.9	323.8	385.1	364.6	357.5	357.2	367.3
	O3	338.4	311.3	366.5	341.5	335.5	331.5	344.3
	AVG	336.5	-	381.8	355.7	348.0	345.0	359.0
Young Bulls	U3	339.0	320.8	375.1	348.3	355.7	356.2	356.3
	R3	334.8	313.3	365.4	332.5	344.3	343.6	345.0
	O3	318.5	297.4	328.3	292.7	311.9	324.7	311.3
	AVG	322.7	-	354.5	316.2	331.1	331.2	331.6
Prime Cattle Price Reported		5531	-	6391	7063	6401	4384	24239
Cows	O3	252.9	250.1	260.0	248.6	249.3	239.4	247.9
	O4	255.2	250.4	260.6	248.2	240.4	239.8	244.6
	P2	212.7	228.2	212.1	203.5	196.0	205.3	201.5
	P3	234.8	242.4	228.6	215.2	209.1	215.7	214.1
	AVG	231.2	-	245.0	217.3	201.4	206.4	210.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=84.94p 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 17/09/16	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	202	221	212	162	199	181
Friesians	144	161	150	115	138	129
Heifers	197	215	204	155	196	175
Beef Cows	136	175	145	108	135	120
Dairy Cows	101	111	106	60	100	80
Store Cattle (p/kg)						
Bullocks up to 400kg	210	238	225	165	209	185
Bullocks 400kg - 500kg	200	227	214	160	199	180
Bullocks over 500kg	190	215	202	165	189	180
Heifers up to 450kg	200	225	212	160	199	180
Heifers over 450kg	185	211	200	150	184	168
Dropped Calves (£/head)						
Continental Bulls	275	395	315	120	270	190
Continental Heifers	180	280	230	80	178	130
Friesian Bulls	80	160	120	40	78	60
Holstein Bulls	75	135	100	30	72	50

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 19/09/16	Next Week 26/09/16
Lambs	375-380 > 21kg	380-385 > 21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 03/09/16	W/E 10/09/16	W/E 17/09/16
NI Lambs L/W	352.7	355.0	329.9
NI Lambs D/W	386.9	388.3	378.3
GB Lambs D/W	405.1	407.9	406.3
ROI D/W	388.2	387.5	385.4

Deadweight Sheep Trade

QUOTES for R3 grade lambs started this week at 375-380p/kg however quotes firmed towards the end of the week to 380-385p/kg. The processors have reported strong supplies of lambs coming forward for slaughter with throughput last week totalling 13,316 head. This was an increase of 832 head from the previous week and 651 head lower than the corresponding week in 2015. Exports of sheep to ROI for direct slaughter last week recorded a notable decrease with a total of 6,790 head exported compared to 12,089 head exported the previous week. The average deadweight lamb price in NI last week was back by 10p/kg to 378.3p/kg while the average deadweight lamb price in ROI last week decreased by 2.1p/kg to the equivalent of 385.4p/kg.

This week's marts

REPORTS from the marts this week indicated steady numbers of lambs passing through the sale rings with the liveweight trade generally stronger than the previous week. In Massereene this week 806 lambs sold from 340-367p/kg compared to 1,126 lambs the previous week selling from 335-355p/kg. In Kilrea this week 500 lambs sold from 338-363p/kg compared to 384 lambs the previous week selling from 329-341p/kg. In Rathfriland this week 905 lambs sold from 330-397p/kg compared to 1,000 lambs the previous week selling from 327-389p/kg. In Ballymena this week 2,224 lambs sold from 325-371p/kg to an average of 337p/kg compared to 1,507 lambs the previous week selling from 310-368p/kg to an average of 326p/kg. The ewe trade remained steady with a top reported price of £107 in Omagh on Saturday.

LATEST SHEEP MARTS

From: 16/09/16		Lambs (P/KG LW)			
To: 22/09/16		No	From	To	Avg
Friday	Newtownstewart	400	328	344	-
Saturday	Swatragh	1365	329	392	370
	Omagh	1311	368	418	-
Monday	Massereene	806	340	367	-
	Kilrea	500	338	363	-
Tuesday	Saintfield	651	338	384	-
	Rathfriland	905	330	397	355
Wednesday	Ballymena	2224	325	371	337
	Enniskillen	398	329	354	-
	Markethill	1200	340	366	-
	Armoy	334	325	365	339

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