LMC BULLETIN
WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND
Saturday 08 October 2016
Issue No. 2439

MORE BEEF SIRED CATTLE ON NI FARMS

INCREASES in suckler cow numbers in NI combined with an increase in the number of beef cross calves being produced by the dairy herd have resulted in a notable increase in the number of beef sired calf registrations in NI over the past 18 months. As a result there has been an increase in the number of beef sired cattle intended for beef production on NI farms.

The latest figures from APHIS have indicated that at the end of September 2016 there were 155,486 beef sired cattle on NI farms aged 0-6 months. This was a 2.5 per cent increase from September 2015 levels and 7.6 per cent higher than September 2014 levels.

In the 6-12 month age category there were 180,993 beef sired cattle on NI farms in September 2016, a 12.5 per cent increase from September 2015 levels. Meanwhile there were 169,307 beef sired cattle in the 12-18 month age bracket, a 4.6 per cent increase on year earlier levels.

Beef sired cattle in the 18-24 month age category are generally the cattle that will be coming forward for slaughter over the next six months. At the end of September 2016 there were 137,693 beef sired cattle in this age range on NI farms, a 9.9 per cent increase from September 2015 levels. This strong increase takes the number of cattle in this age category back up to September 2013 levels.

APHIS figures for the end of September 2016 have also indicated an increase in the number of dairy sired male cattle on NI farms in the 12-18 month and 18-24 month age categories when compared to year earlier levels. Availability in these categories is up 17 per cent and 3.6 per cent respectively although the numbers involved remain relatively small. Meanwhile the number of younger dairy sired male cattle on NI farms has recorded a notable decline with lower calf registrations and an increase in the level of exports recorded.

With the number of cattle on the ground for beef production in NI higher than previous years the availability of cattle for slaughter from local producers is expected to remain firm for the remainder of 2016 and into early 2017.

In recent months however there has been a notable decline in the number of prime cattle being imported from ROI for direct slaughter in NI plants due to a narrowing price differential between the two regions. During the 12 week period ending 01 October 2016 1,253 prime cattle were imported from ROI for direct slaughter, accounting for two per cent of total throughput.

This is a notable decline from year earlier levels when 5,267 prime cattle were imported, accounting for eight per cent of total throughput in NI plants.

This decline in imports of prime cattle for direct slaughter in NI plants is expected to offset some of the increase in availability from local producers.

With beef throughput from prime cattle in NI expected to remain firm in the months ahead it is important that the NI beef industry works to ensure that it continues to produce beef that meets the right specification for domestic and export markets and in doing so maximise the returns to all levels of the supply chain.

Figure 1: Beef sired calf registrations in NI January 2014-September 2016

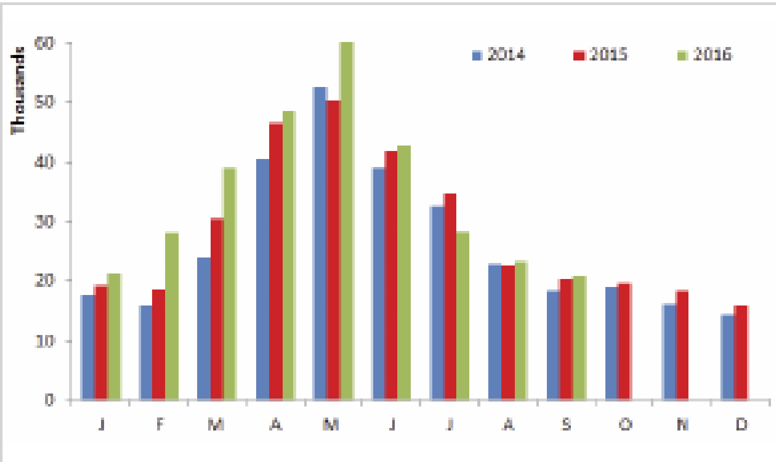
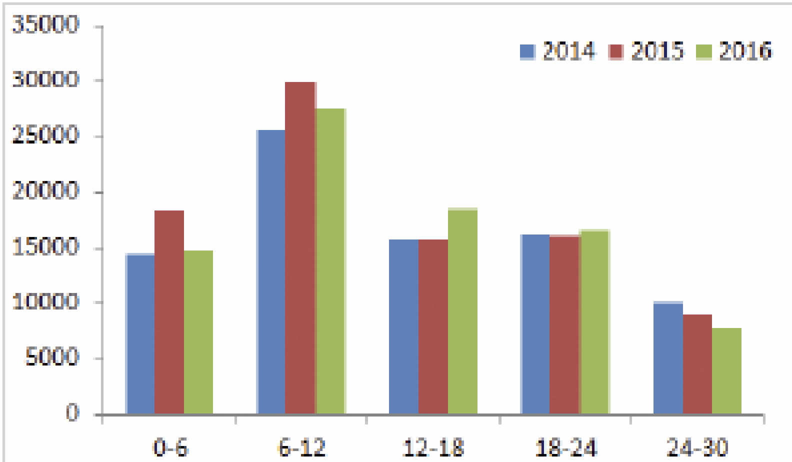


Figure 2: Beef sired cattle on NI farms by age category September 2014-2016



STERLING WEAKENS FURTHER AGAINST EURO

THE news that the UK will trigger Article 50 of the Lisbon Treaty before March 2017, the clause needed to officially start the process of leaving the EU, was announced last weekend. This means that the UK is likely to leave the EU by mid-2019. In response to this announcement sterling fell in value against the euro with an European Central Bank (ECB) exchange rate on Monday 03 October of €1=87.3p. This is the lowest value of sterling against euro since August 2011.

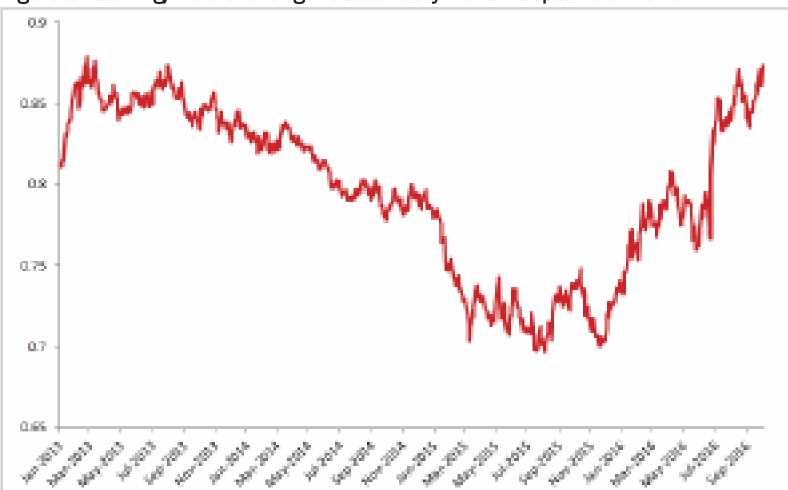
In the short term a weaker sterling has made UK beef and lamb much more competitive and this is being reflected by an increase in the level of both beef and lamb exports according to the latest available data from HMRC. In addition there has been a notable decrease in the volume of beef being imported by the UK from ROI, our biggest source of beef imports, as the weaker sterling has made ROI beef more expensive and therefore less cost competitive on UK supermarket shelves.

In addition UK and NI producers have also benefitted from an increase in the value of their Single Farm Payments which have been enhanced by a weak sterling. When calculating Single Farm Payments in currencies other than the Euro the member state in question will calculate the value of the direct payment on the basis of the average exchange rate set by the European Central Bank during the month of September. This is a change from previous years when the Single Farm Payment was calculated using the exchange rate set by the European Central Bank on the last banking day of September each year.

The average exchange rate from the European Central Bank for September 2016 was £0.85228. This accounts for a 16.5 per cent increase from September 2015 when the average exchange rate was €1= £0.73129 and represents an estimated £39 million increase in the net value of 2016 Direct Payments to NI producers when compared to 2015 levels. Basic Payments will continue until the UK formally leaves the EU but it is as yet unclear what format subsidy payments, if any, will take when the UK exits the Common Agricultural Policy

There is certainly the possibility of less direct support at farm level and more exposure to world markets moving forward. With this in mind every effort should be made to improve efficiency at all levels of the supply chain as well as securing market access to valuable export markets.

Figure 3: Sterling/Euro exchange rate January 2013 - September 2016



MORE YOUNG BULLS IN SLAUGHTER MIX

THERE was a notable decline in the proportion of young bulls in the NI slaughter mix following the introduction of significant penalties for young bulls slaughtered over 16 months of age in January 2014. There has however been an increase in young bull throughput in NI plants during 2016 to date.

During the six weeks ending 01 October 2016 a total of 3,797 young bulls have been slaughtered in NI plants which accounted for eleven per cent of the total prime cattle kill. In the corresponding period in 2015 the NI young bull kill totalled 2,846 head and accounted for eight per cent of the total prime cattle kill.

In the 2016 period 90 per cent of price reported young bulls were slaughtered at under 16 months of age, similar to the corresponding period in 2015. By comparison just 63 per cent of price reported young bulls were slaughtered at U16 months of age during the corresponding period in 2013, prior to the increased penalties being applied.

Dairy sired young bulls accounted for 35 per cent of price reported young bulls killed in local plants during the six week period ending 01 October 2016, an increase from 32 per cent of the kill during the corresponding period in 2015. This increase in throughput of dairy sired young bulls can be attributed to lower dairy bull calf exports during 2014/2015 when a strong sterling made NI origin calves expensive for exporters.

A further 13 per cent of price reported young bulls were beef sired from dairy cows during the six week period ending 01 October 2016, a slight increase from 12 per cent in the corresponding period in 2015. Overall 48 per cent of young bulls killed in local plants were sourced from the dairy herd during the six weeks ending 01 October 2016, an increase from 44 per cent during the 2015 period.

This increase in the dairy influence will have been one factor behind the drop in the average carcase weight of young bulls killed in local plants from 344kg in the six weeks ending 03 October 2015 to 330kg in the corresponding period in 2016. The average carcase weight of price reported dairy origin young bulls during the 2016 period was 287kg while the average carcase weight of suckler origin young bulls was 368kg.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 03/10/16	Next Week 10/10/16
Prime		
U-3	330 - 334p	330 - 336p
R-3	324 - 328p	324 - 330p
O+3	318 - 322p	318 - 324p
P+3	264 - 282p	264 - 284p
	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 01/10/16	Steers	Heifers	Young Bulls
U3	343.3	345.0	337.0
R3	338.2	338.9	333.7
O+3	329.0	330.2	320.4

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 01/10/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	158.8	171.2	177.2	184.7
P2	170.9	193.7	209.3	225.3
P3	164.9	210.2	228.4	237.0
O3	202.3	233.7	242.1	253.1
O4	-	230.0	240.6	255.9
R3	-	-	-	271.2

Deadweight Cattle Trade

THE deadweight cattle trade has come under some pressure in NI this week with base quotes for U-3 grade prime cattle back in some plants. The range however has remained unchanged with quotes generally ranging from 330-334p/kg across the majority of plants with one plant quoting 336p/kg for heifers. There continues to be a differential between quotes and prices paid so producers are encouraged to shop around to get the best possible deal. Quotes for good quality O+3 grade cows this week remained steady ranging from 240-250p/kg.

Prime cattle throughput in NI last week increased to 6,475 head compared to 6,108 head the previous week. This was similar to the corresponding week in 2015 when a total of 6,389 prime cattle were killed locally. Cow throughput has remained steady with a total of 2,209 cows slaughtered in NI last week compared to 2,250 cows during the previous week. In the corresponding week last year a total of 1,967 cows were killed in NI plants.

Imports of prime cattle from ROI for direct slaughter in NI plants last week totalled 103 head and accounted for two per cent of the total NI prime cattle kill. A total of 57 cows were also imported from ROI for direct slaughter last week compared to 177 cows during the same week in 2015. Meanwhile 68 cows were exported from NI for direct slaughter in ROI plants last week, a decrease from the 364 cows exported during the same week last year. Exports from NI to GB for direct slaughter last week consisted of 164 prime cattle and 27 cows, compared to 240 prime cattle and 57 cows during the corresponding week in 2015.

The deadweight trade for steers came under pressure last week with the average reported steer price in NI back by 1.4p/kg to 332.2p/kg while the R3 steer price decreased by 2.1p/kg to 341.5p/kg. The heifer trade in NI improved last week with the average heifer price up by 1.5p/kg to 337.1p/kg while the R3 heifer price increased by 1.3p/kg to 342.1p/kg. The average cow price in NI last week recorded an increase of 5.2p/kg to 233.5p/kg while the O3 cow price was back by a penny to 251.6p/kg.

The deadweight trade for prime cattle in GB last week also came under some pressure with the average steer price back by 0.7p/kg to 356.3p/kg while the R3 steer price decreased by 1.3p/kg to 365.3p/kg. The differential in R3 steer prices between NI and the GB average last week was 23.8p/kg which is the equivalent of £83 on a 350kg carcase. The average heifer price in GB last week was unchanged at 357.8p/kg while the R3 heifer price was back by 2.6p/kg to 364.4p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 22.3p/kg which is the equivalent of £78 on a 350kg carcase.

The deadweight cattle trade in ROI last week recorded a decrease in euro terms however remained relatively steady in sterling terms. The R3 steer price in ROI last week was the equivalent of 316.3p/kg, unchanged from the previous week while the R3 heifer price was back by 0.6p/kg to 325.9p/kg. The O3 cow price in ROI last week decreased by half a penny to 249.5p/kg which put it 2.1p/kg below the equivalent price in NI.

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

W/E 01/10/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	343.9	325.4	382.6	361.1	362.5	368.2	368.4
	R3	341.5	316.3	381.5	358.0	357.7	362.9	365.3
	R4	341.1	315.5	385.8	374.9	354.4	358.0	372.2
	O3	333.7	299.5	359.5	337.2	326.6	331.2	339.1
	AVG	332.2	-	378.6	356.7	342.2	342.5	356.3
Heifers	U3	346.0	337.2	388.6	365.8	370.6	367.3	373.7
	R3	342.1	325.9	383.2	356.1	358.2	356.7	364.4
	R4	342.0	324.8	383.2	362.1	358.8	358.6	366.4
	O3	335.4	313.8	363.1	339.4	331.5	333.6	342.2
	AVG	337.1	-	379.8	358.1	344.9	343.2	357.8
Young Bulls	U3	337.2	323.0	377.5	348.5	351.3	362.6	355.5
	R3	333.3	314.9	369.9	336.4	342.2	352.7	347.1
	O3	311.5	302.7	328.2	300.9	306.0	320.7	311.0
	AVG	320.0	-	347.1	316.4	329.9	335.2	330.5
Prime Cattle Price Reported		5884	-	6644	7056	6536	4591	24827
Cows	O3	251.6	249.5	256.1	242.7	246.0	245.8	246.2
	O4	254.7	251.6	256.9	239.6	240.2	237.3	241.4
	P2	210.9	226.7	216.9	200.1	196.4	205.2	201.6
	P3	232.2	241.1	220.9	214.1	206.9	225.7	214.0
	AVG	233.5	-	237.3	209.5	196.6	203.9	205.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.39p 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 01/10/16	1st QUALITY From	To	Avg	2nd QUALITY From	To	Avg
Finished Cattle (p/kg)						
Steers	200	215	205	160	199	180
Friesians	140	164	152	110	139	127
Heifers	180	198	189	159	178	170
Beef Cows	130	184	145	100	129	115
Dairy Cows	98	115	105	55	97	76
Store Cattle (p/kg)						
Bullocks up to 400kg	210	238	218	165	208	188
Bullocks 400kg - 500kg	205	239	220	140	204	175
Bullocks over 500kg	190	219	200	165	189	178
Heifers up to 450kg	200	234	217	133	199	170
Heifers over 450kg	190	213	200	164	189	175
Dropped Calves (£/head)						
Continental Bulls	290	405	320	140	288	205
Continental Heifers	170	290	225	80	168	125
Friesian Bulls	80	125	100	50	78	65
Holstein Bulls	60	120	90	5	58	35

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 03/10/16	Next Week 10/10/16
Lambs	375 > 21kg	375-380 > 21kg

REPORTED SHEEP PRICES

(P/KG)	W/E 17/09/16	W/E 24/09/16	W/E 01/10/16
NI Lambs L/W	329.9	342.3	334.5
NI Lambs D/W	378.3	376.7	377.5
GB Lambs D/W	406.3	405.1	400.8
ROI D/W	385.4	389.2	389.1

Deadweight Sheep Trade

QUOTES for R3 grade lambs this week ranged from 375-380p/kg with plants paying up to 21kg. The processors have reported an increase in the number of lambs coming forward for slaughter with throughput last week totalling 11,801 head. This was an increase of 2,257 head from the previous week and similar to the corresponding week in 2015 when 12,091 lambs were killed locally. Meanwhile exports of sheep to ROI for direct slaughter last week totalled 8,741 head compared to 9,719 sheep exported to ROI the previous week. The average deadweight lamb price in NI last week was up by 0.8p/kg to 377.5p/kg while the average deadweight lamb price in ROI last week remained almost unchanged at the equivalent of 389.1p/kg.

This week's marts

A steadier trade was reported across the marts this week with fewer numbers of lambs passing through the majority of sale rings when compared to the previous week. In Massereene on Monday 881 lambs sold from 320-348p/kg compared to 971 lambs the previous week selling from 340-371p/kg. In Saintfield on Tuesday 612 lambs sold from 320-360p/kg compared to 815 lambs the previous week selling from 330-378p/kg. In Enniskillen this week 389 lambs sold from 332-356p/kg compared to 422 lambs the previous week selling from 330-362p/kg. In Markethill this week 1,450 lambs sold from 320-354p/kg compared to 1,630 lambs the previous week selling from 320-371p/kg. The ewe trade was back slightly this week with top prices generally ranging from £80-90 and a top reported price of £104 in Rathfriland on Tuesday.

LATEST SHEEP MARTS

From: 30/09/16		Lambs (P/KG LW)			
To: 06/10/16		No	From	To	Avg
Friday	Newtownstewart	710	320	348	-
Saturday	Swatragh	1345	328	380	360
	Omagh	1690	349	377	-
Monday	Massereene	881	320	348	-
	Kilrea	350	334	353	-
Tuesday	Saintfield	612	320	360	-
	Rathfriland	650	321	377	346
Wednesday	Ballymena	2033	315	368	326
	Enniskillen	389	332	356	-
	Markethill	1450	320	354	340
	Armoy	444	325	346	-

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