

UPDATE ON GLOBAL SHEEP MEAT MARKET

A recent report published by The International Meat Secretariat (IMS) has outlined that the global sheep market has undergone considerable changes in recent years. While sheep meat production has remained widely distributed across the world the emergence of China as the largest producer, consumer and importer of sheep meat has been a key factor behind changing dynamics in the global sheep meat market.

China Dominates Imports

There are a large number of countries importing sheep meat and as a result the global import market for sheep meat has remained notably fragmented as outlined in Figure 1. China overtook France to become the world's largest importer of sheep meat in 2012 and during 2013 imports to China accounted for 25 per cent of global trade. To put this in context the EU as a whole accounted for one third of global sheep meat imports during 2013 with the United Kingdom accounting for 10 per cent of the global import trade.

Although the Chinese sheep sector has come under pressure in recent years, namely due to sharp increases in production costs, domestic sheep meat production has increased. However this increase in production did not keep pace with the growth in demand for sheep meat in China which resulted in a notable increase in the volume of sheep meat imported by China. During 2009 and 2010 imports of mutton and lamb into China averaged 80,000 tonnes

product weight with an increase to 300,000 tonnes in 2014 according to the recent IMS report.

New Zealand is China's largest supplier of sheep meat with a market share of 52-56 per cent during 2008 to 2014. The balance of imports is mainly supplied by Australia however Uruguay also emerged as a small supplier of sheep meat to China with a market share of three per cent during 2014.

Global Sheep Meat Exports

The global export trade of sheep meat is very concentrated with the market being dominated by two major exporters, Australia and New Zealand. Based on data for 2013, Australia and New Zealand accounted for 68 per cent of the global export trade based on an equal split of 34 per cent each. The UK is the third largest global sheep meat exporter with a market share of nine per cent in 2013. This was over twice as much as Ireland whose exports accounted for four per cent of global exports and who were the fourth largest global sheep meat exporter.

As a result of better returns on the world market for lamb relative to wool the Australian sheep industry has shown a steady increase in lamb production and export during recent years. New Zealand in comparison has come under some pressure with a less positive export development for lamb due to competition from better returns in both dairy farming and forestry. Problems with drought in recent years in New

Zealand has also impacted production in recent times with the lowest lamb crop in 60 years recorded in 2015.

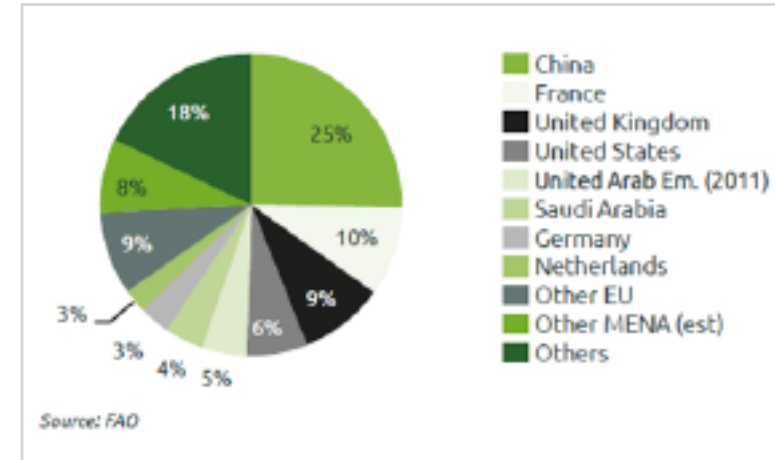
Figure 2 shows the share of New Zealand lamb exports by major market from 2003 to 2014. Within the last four years there has been a notable change in New Zealand's export markets for lamb with the EU share falling from 50 per cent in 2010 to 38 per cent in 2014. The UK share of New Zealand's total trade has declined from 22-24 per cent during the 2003 to 2010 period to 19 per cent in 2014.

Meanwhile China's increasing dominance in the global sheep meat market since 2011 has led to an increase in the volume of sheep meat exports from New Zealand destined for the Chinese market. During 2003-2008 China accounted for 7-10 per cent of total sheep meat exports from New Zealand and this increased to 33 per cent during 2014.

UK Sheep Meat Market

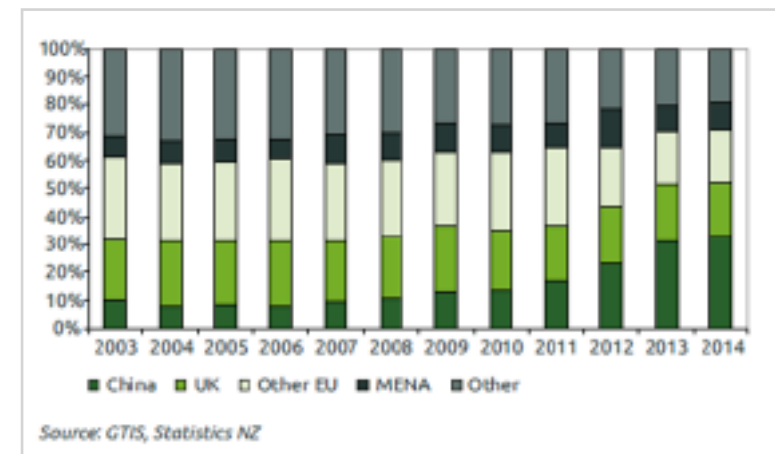
Overall the UK is the third largest consumer, importer and exporter of sheep meat globally according to the recent IMS report. The UK market therefore plays a key part in the global sheep meat trade. While UK exports of sheep meat are currently concentrated on the EU market a key focus of the UK levy bodies, including LMC is obtaining access to new global markets. This continues to be a key factor in developing the UK's competitiveness.

Figure 1: Major sheep meat importers, 2013



Source: World Sheep Meat Market to 2025

Figure 2: New Zealand lamb exports by major market, 2003-2014



Source: World Sheep Meat Market to 2025

INCREASE IN LAMB EXPENDITURE AND VOLUME SALES

THE value of retail lamb sales in the UK totalled £160 million during the twelve week period ending 3 January 2016 according to the latest consumer data from Kantar. This accounts for a 6.7 per cent increase in expenditure on lamb in the UK year on year.

The increase in total expenditure on lamb in the UK coincided with an increase in volume sales year on year. In the 2015 period volume sales of lamb totalled 18,230 tonnes and this increased by 6.1 per cent to total 19,416 tonnes in the 12 weeks ending 3 January 2016.

The increase in the volume and value of lamb retail sales was driven primarily by an increase in promotional activity for lamb across the UK. According to the latest Kantar data the average retail price of lamb in the UK remained relatively steady at £8.22/kg in the twelve weeks

ending 3 January 2016. In the corresponding period in 2015 the average retail price of lamb in the UK was £8.16p/kg. The average spend by buyer on lamb has also remained steady at £20.60 in the 12 weeks ending 3 January 2016 period compared to £20.40 in the 2015 period.

The majority of individual lamb cuts have recorded an increase in terms of total volume sales year on year with the strongest increase shown in lamb marinades. Marinade sales recorded a 42.9 per cent increase in volume sales during the twelve weeks ending 3 January 2016 when compared to the same period in 2015. This indicates the growing importance of product development and meeting consumer needs by providing products which suit busy lifestyles and minimise wastage.

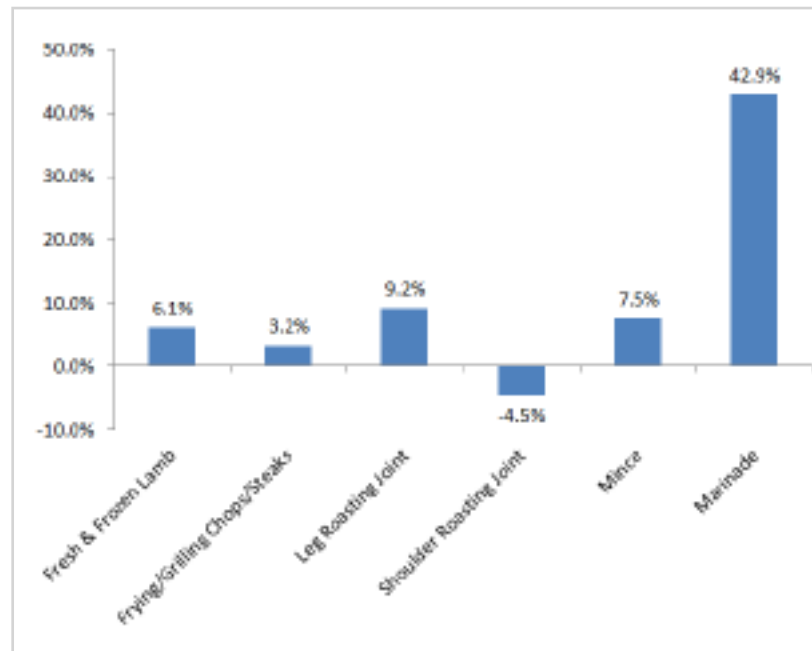
Meanwhile volume sales of lamb leg

roasting joint were up by 9.2 per cent, mince by 7.5 per cent and frying/grilling chops/steaks up by 3.2 per cent when compared to year earlier levels.

According to the latest report from Kantar the only major lamb cut to record a decline in volume sales in the UK during the twelve weeks ending 3 January 2016 was lamb shoulder roasting joints. Volume sales were back by 4.5 per cent year on year.

With sales of individual lamb cuts generally recording volume increases during the twelve week period ending 3 January 2016 volume sales of processed lamb in the form of ready meals (chilled) have also performed strongly. Volume sales of chilled ready meals recorded an increase of 11.1 per cent year on year according to the latest consumer data from Kantar.

Figure 3: Percentage change in volume sales of individual lamb cuts during 12 weeks ending 3 January 2016 and the corresponding period in 2015.



FQAS Helpline

If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the

FQAS helpline:
028 9263 3024

Answerphone Service
Factory Quotes &
Mart Results
Updated 5pm Daily

Tel: 028 9263 3011

Text Service
Free Price Quotes sent to your mobile
phone weekly

Email - bulletin@lmcni.com
Tel: 028 9263 3000

WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

Deadweight Cattle Trade

QUOTES from the major processors this week for in spec U-3 grade prime cattle ranged from 310-314p/kg with the majority of plants quoting in the region of 312p/kg. Quotes for good quality O+3 grade cows this week ranged from 214-240p/kg across the plants. Prime cattle throughput in NI last week totalled 6,399 head, the largest kill for 2016 to date. In the corresponding week in 2015 a total of 6,530 prime cattle were killed in NI plants. Meanwhile cow throughput has remained strong with a total of 1,757 cows slaughtered in NI last week, similar to the 1,699 cows killed in the corresponding week in 2015.

Prime cattle imports from ROI for direct slaughter in NI plants last week totalled 350 head and accounted for 5 per cent of the total prime cattle kill. This was similar to the corresponding week in 2015 when 395 prime cattle were imported from ROI for direct slaughter and accounted for 6 per cent of the prime cattle kill. The number of cows imported from ROI for direct slaughter in NI plants last week totalled 76 head compared to 28 cows in the same week in 2015. Meanwhile exports from NI to ROI for direct slaughter last week consisted of 63 prime cattle and 220 cows compared to 34 prime cattle and 238 cows in the corresponding week in 2015. Exports from NI for direct slaughter in GB last week consisted of 148 prime cattle and 35 cows which was a notable increase from the same week in 2015 when 40 prime cattle and 3 cows were exported to GB from NI.

The average steer price in NI last week remained steady at 307.4p/kg while the R3 steer price was back by 2.6p/kg from the previous week to 315.3p/kg. The average heifer price in NI last week was back by half a penny to 309.3p/kg while the R3 heifer price remained steady at 317p/kg. Meanwhile the average cow price in NI last week recorded an increase of 2.2p/kg to 212.3p/kg while the O3 cow price was also up by 2.2p/kg to 231.5p/kg.

The average steer price in GB last week increased by 1.4p/kg to 330.5p/kg while the average R3 steer price was up marginally to 337p/kg. The differential in R3 steer prices last week between NI and the GB average was 21.7p/kg which is the equivalent of £72 on a 330kg carcass. Southern England saw the largest increase in deadweight R3 steer price last week with an increase of 2.0p/kg to 334.4p/kg however Northern England saw a decrease of almost a penny to 334.1p/kg. The average heifer price in GB last week increased by 0.6p/kg to 332.3p/kg while the R3 heifer price was up by 1.7p/kg to 338.9p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 21.9p/kg which is the equivalent of £72 on a 330kg carcass.

Prime cattle throughput in ROI last week remained strong with 26,801 head slaughtered. Reports from ROI last week have indicated steady deadweight prices for prime cattle in both euro and sterling terms. The R3 steer price in ROI last week was the equivalent of 290.8p/kg, an increase of 0.6p/kg from the previous week while the R3 heifer price held steady at 305p/kg.

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

W/E 06/02/2016	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	316.1	297.3	350.1	345.0	344.5	344.9	346.2
	R3	315.3	290.8	344.5	334.1	334.4	334.4	337.0
	R4	313.2	290.6	345.3	347.6	332.0	332.5	341.2
	O3	303.7	279.1	321.3	314.7	304.2	306.6	311.3
	AVG	307.4	-	342.0	336.9	319.6	318.9	330.5
Heifers	U3	319.7	316.1	356.4	347.2	348.1	346.9	350.0
	R3	317.0	305.0	345.2	336.6	336.0	337.0	338.9
	R4	313.9	304.6	344.7	340.8	334.9	333.2	339.0
	O3	303.2	291.6	317.6	311.2	304.5	311.7	311.6
	AVG	309.3	-	344.5	333.8	324.7	321.3	332.3
Young Bulls	U3	304.5	284.3	346.9	327.2	338.9	345.4	338.0
	R3	301.7	278.1	336.5	315.2	320.2	333.4	323.8
	O3	290.1	267.4	299.3	279.4	288.7	301.0	290.2
	AVG	289.6	-	305.8	288.9	298.9	290.5	295.9
	Prime Cattle Price Reported	5443	-	7056	6988	6010	4255	24309
Cows	O3	231.5	233.4	227.9	213.9	220.3	213.9	217.9
	O4	231.1	234.4	232.4	219.2	224.8	218.2	223.0
	P2	185.8	211.2	167.0	175.2	177.6	164.0	172.8
	P3	209.4	225.9	191.0	193.4	193.8	187.4	192.1
	AVG	212.3	-	225.2	194.3	197.4	186.9	198.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=76.17p 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

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 08/02/16	Next Week 15/02/16
Prime		
U-3	310 - 314p	310 - 312p
R-3	304 - 308p	304 - 306p
O+3	298 - 302p	298 - 300p
P+3	222 - 260p	222 - 260p
	Including bonus where applicable	
Cows		
O+3 & better	214 - 240p	214 - 240p
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 06/02/16	Steers	Heifers	Young Bulls
U3	315.7	319.4	304.7
R3	313.5	314.5	302.5
O+3	306.6	303.1	299.1

REPORTED COW PRICES NI - P/KG

w/e 06/02/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	126.9	140.1	149.5	150.4
P2	144.1	159.9	181.6	202.5
P3	177.3	184.8	199.4	213.2
O3	-	207.2	218.3	232.4
O4	-	180.0	249.7	230.6
R3	-	-	-	250.0

LATEST LIVEWEIGHT CATTLE MART PRICES NI

W/E 06/02/16	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	180	192	187	160	177	168
Friesians	140	158	145	120	135	129
Heifers	181	205	189	154	178	163
Beef Cows	125	168	135	105	124	114
Dairy Cows	94	114	100	60	93	77
Store Cattle (p/kg)						
Bullocks up to 400kg	178	210	195	156	177	168
Bullocks 400kg - 500kg	180	205	194	152	179	168
Bullocks over 500kg	185	208	197	160	184	172
Heifers up to 450kg	180	203	192	155	179	170
Heifers over 450kg	175	207	190	150	174	162
Dropped Calves (£/head)						
Continental Bulls	265	370	310	185	262	225
Continental Heifers	235	335	275	140	230	180
Friesian Bulls	52	100	75	20	50	35
Holstein Bulls	40	98	60	10	38	25

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 08/02/16	Next Week 15/02/16
Hoggets	390 - 400p > 22kg	400p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 23/01/16	W/E 30/01/16	W/E 06/02/16
NI Lambs L/W	348.3	357.6	354.3
NI Lambs D/W	385.2	396.3	395.1
GB Lambs D/W	394.1	403.1	408.0
ROI D/W	382.6	392.3	377.0

Deadweight Sheep Trade

QUOTES from the major NI processors for R3 grade hoggets this week remained firm at 390-400p/kg with plants paying up to 22kg. The plants have reported a tightening in the number of hoggets coming forward for slaughter with throughput last week totalling 5,175 head however this was similar to the 4,999 hoggets killed in NI plants during the corresponding week in 2015. A total of 10,816 sheep were exported from NI to ROI for direct slaughter last week compared to 6,143 sheep exported during the same week in 2015. The average deadweight hogget price in NI last week decreased by 1.2p/kg to 395.1p/kg. Meanwhile the deadweight hogget price in ROI last week decreased by an equivalent of 15.3p/kg to 377p/kg.

This week's marts

A steady trade was reported across the marts this week with similar numbers passing through many of the sale rings. In Massereene on Monday 888 hoggets sold from 365-396p/kg compared to 946 hoggets last Monday selling from 355-384p/kg. In Saintfield on Tuesday 606 hoggets sold from 352-400p/kg compared to 484 hoggets last week selling from 350-395p/kg. In Ballymena on Wednesday 1,781 hoggets sold from 345-422p/kg compared to 1,709 hoggets last week selling from 340-418p/kg. In Armoys this week 644 hoggets sold from 385-415p/kg compared to 444 hoggets last week selling from 360-405p/kg. The ewe trade remained steady with a top reported price of £107 in Rathfriland on Tuesday.

LATEST SHEEP MARTS

From: 05/02/16		Hoggets (P/KG LW)			
To: 11/02/16		No	From	To	Avg
Friday	Newtownstewart	158	338	368	-
Saturday	Omagh	1039	341	381	-
	Swatragh	945	326	351	335
Monday	Kilrea	450	350	390	-
	Massereene	888	365	396	-
Tuesday	Saintfield	606	352	400	-
	Rathfriland	842	348	409	368
Wednesday	Ballymena	1781	345	422	365
	Enniskillen	895	370	385	375
	Markethill	1200	350	388	360
	Armoys	644	385	415	391

Contact us:

Website: www.lmcni.com

Telephone: 028 9263 3000

Fax: 028 9263 3001

FQAS Helpline: 028 9263 3024

Answerphone: 028 9263 3011

Comments: bulletin@lmcni.com

Information supplied by LMC / DARD/ AHDB/ DAFM

LMC does not guarantee the accuracy or completeness of any third party information provided in or included with this publication. LMC hereby disclaims any responsibility for error, omission or inaccuracy in the information, misinterpretation or any other loss, disappointment, negligence or damage caused by reliance on third party information.



Not for further publication or distribution without prior permission from LMC