LMC BULLETIN

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

Saturday 20 February 2016 Issue No. 2407

AGE DISTRIBUTION OF NI PRIME CATTLE KILL

PRODUCING steers and heifers that meet market specifications is vital for producers looking to maximise returns for prime cattle that they present for slaughter in NI's major processing plants. A key requirement at present is for steers and heifers to be under 30 months of age at point of slaughter. There are however some cases where there is an upper age limit of 36 months for steers and heifers but it should be noted that there are very limited market outlets for these cattle.

During 2015 85 per cent of price reported steers and heifers in NI were slaughtered under 30 months of age as outlined in Figure 1. A further 13 per cent of steers and heifers were killed between 30 and 36 months with the remaining two per cent slaughtered between 36 and 48 months.

These figures were similar to 2014 levels and highlight an area of the NI beef industry where efficiency could be improved. During 2015 the average price paid for price reported steers and heifers under 30 months was 332.5p/kg compared to 318.4p/kg for steers and heifers aged over 30 months of age during the same period.

With an average carcase weight of price reported steers and heifers during 2015 of 340.9kg and with a price differential of 14.1p/kg between over and under 30 months of age this is the equivalent of £48.06 per head. With 15 per cent of the price reported steer and heifer kill over 30 months of age and a total steer and heifer kill of 284,602 head during 2015 there were approximately 42,500 prime cattle in NI killed at over 30 months. This is a potential loss to the NI beef industry of just over £2 million during 2015 which could have been available if these animals were killed on time.

Figure 2 outlines the age distribution of the NI price reported steer and heifer kill during 2015 aged between 13 months to 48 months. As indicated in the chart the majority of steers and heifers slaughtered in NI are aged between 22 and 29 months of age. During 2015 63.5 per cent of steers and heifers killed were within this age bracket, a slight decrease from 65.4 per cent of steers and heifers during 2014.

As indicated in Figure 2 there is a notable increase in the proportion of steers and heifers killed at 29 months of age as producers kill cattle before the 30 month age deadline and there is then a steady decline in the proportion slaughtered at each age. As indicated in the chart there is then a small increase in throughput of prime cattle aged 35 months in response to the 36 month age deadline before the decline continues.

There have however been slight reductions in the average age at slaughter of steers and heifers killed in NI which indicates an improvement in efficiency. During 2015 the average age at slaughter of price reported heifers was 782 days (25.2 months) compared to 786 days (25.3 months) during 2014 representing a reduction of four days year on year.

Meanwhile the average age at slaughter for price reported steers during 2015 was 787 days (25.4 months) compared to 797 days during 2014 representing a reducton of ten days year on year. The better production conditions on NI farms and an increase in average carcase weights are likely to have been key factors behind this earlier slaughtering of prime cattle.

This improvement in efficiency is encouraging and shows that the NI beef industry is moving in the right direction. Producers are encouraged to keep a close eye on the age of prime cattle they are finishing and amend finishing regimes accordingly to help avoid penalties for age at point of slaughter. For help and advice on producing cattle to meet current market specifications producers should contact their local CAFRE advisor through the DARD direct line on 0300 200 7840.

Producers are also encouraged to liaise with the procurement staff of individual plants before finishing cattle to help ensure the cattle they present for slaughter meet current market specifications. Meeting current market specifications will help maximise returns to the entire supply chain.

Figure 1: Proportion of NI steer and heifer kill by age category 2015

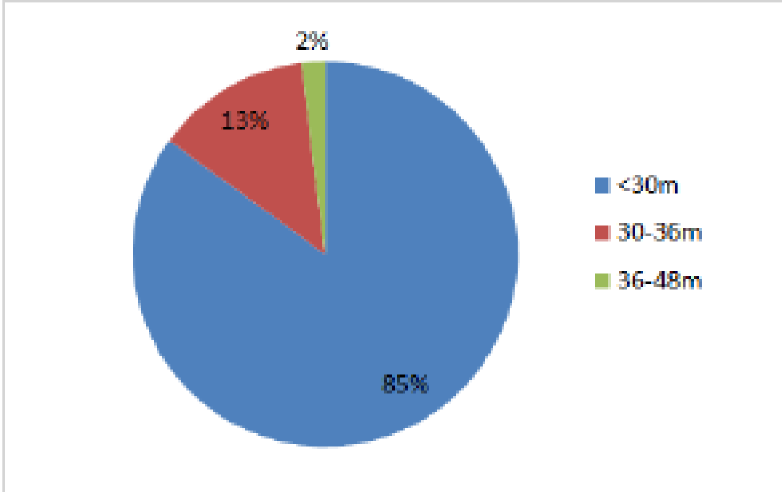
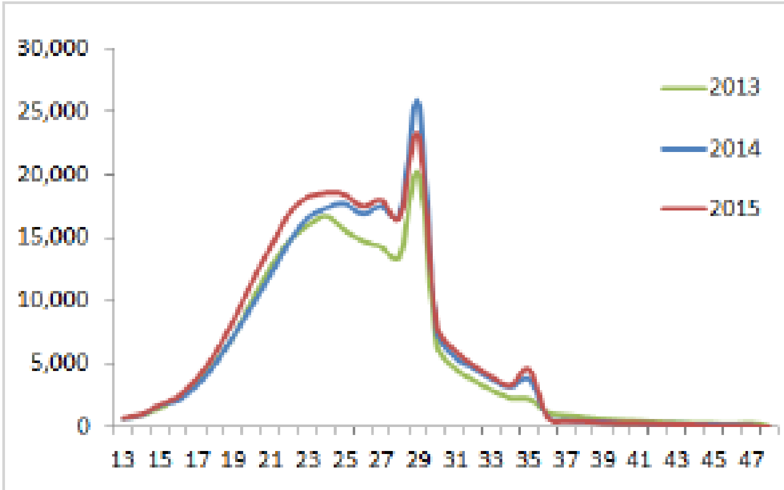


Figure 2: Age distribution of NI steer and heifer kill 2013 - 2015



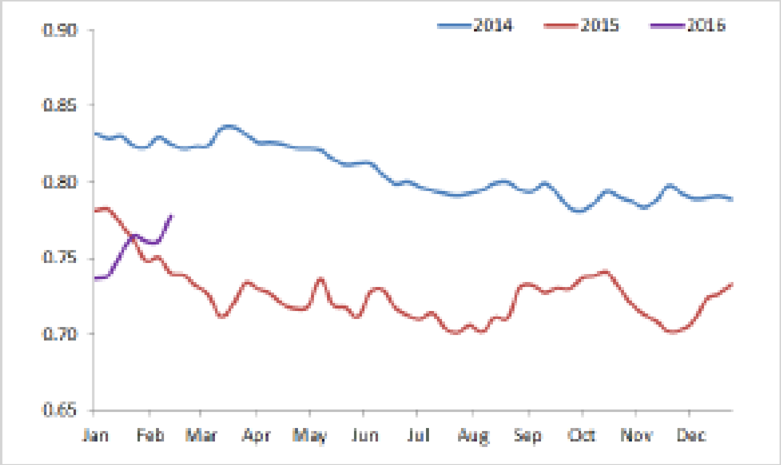
EURO/STERLING EXCHANGE RATE INFLUENCES BEEF TRADE

DEADWEIGHT beef prices in NI have remained steady in recent weeks with the major NI processors quoting in the region of 310-312p/kg for U-3 prime cattle this week.

Deadweight prices however are significantly lower than year earlier levels with the average R3 steer price in NI last week at 315.6p/kg compared to 360.4p/kg in the corresponding week in 2015. This 44.8p/kg decline in the average R3 steer price accounts for a £148 decline in the value of a 330kg carcase year on year.

A combination of factors have put downward pressure on the deadweight beef trade in NI with prices gradually declining since July 2015. While the largest majority of NI beef is destined for the UK retail market the NI beef industry it is still influenced by the EU and wider global markets as these offer valuable outlets for prime beef, manufacturing beef and fifth quarter products.

Figure 3: Euro/Sterling exchange rate from January 2014 to date



There is also competition on the UK retail market to be considered with some retailers stocking both UK and ROI origin beef on their shelves, with the latter becoming comparatively less expensive if sterling gains against the euro. Figure 3 displays the euro-sterling exchange rate from January 2014 to date.

The average euro-sterling exchange rate from the European Central Bank during the week ending 13 February 2016 was €1 = 77.80p. The value of the euro has gradually increased against sterling in recent weeks after reaching a recent low point of €1 = 70.18p during November 2015.

This week's average euro-sterling exchange rate has almost reached the highest exchange rate during 2015 which peaked at €1 = 78.14p however despite the recent increase in the value of euro against sterling it remains well below 2014 levels.

The value of the euro against sterling during 2015 was significantly lower than during 2014 with the average exchange rate for 2015 at €1=72.65p compared to €1=80.68p in 2014. This accounts for a 10 per cent decline year on year.

The differential in euro terms between NI and the EU average was as wide as 109c/kg or €360 on a 330kg R3 heifer carcase in late July 2015 however the differential between NI and the EU average has progressively narrowed in recent months. The average R3 heifer price in NI during the week ending 7 February 2016 was the equivalent of 412.8c/kg, 27c/kg higher than the EU average price of 385.8c/kg. This brings the differential to the equivalent of €89 on a 330kg R3 heifer carcase.

At current exchange rates imports such as cereals, fertiliser and fuel could be slightly more expensive for NI and UK producers than the corresponding period in 2015 if they are sourced in the Eurozone or traded in euros. However whilst a strong euro against sterling can increase input costs for UK producers it makes NI and UK beef and lamb less expensive in euro terms which can make trading on the EU, and on the wider global market much easier.

Global competition in the meat sector is extremely challenging but there is no doubt that with the right market access Northern Ireland beef and lamb processors have the quality of products, levels of service and the overall desire to provide NIFQA beef and lamb to discerning consumers all over the world.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 15/02/16	Next Week 22/02/16
Prime		
U-3	310 - 312p	308 - 312p
R-3	304 - 306p	302 - 306p
O+3	298 - 300p	296 - 300p
P+3	222 - 260p	220 - 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 13/02/16	Steers	Heifers	Young Bulls
U3	316.6	321.4	310.9
R3	312.9	315.1	309.6
O+3	304.6	303.3	299.8

REPORTED COW PRICES NI - P/KG

w/e 13/02/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	126.3	137.7	145.0	158.9
P2	142.6	166.6	178.3	200.0
P3	163.5	183.2	208.8	211.5
O3	204.3	223.0	217.3	230.7
O4	-	221.0	218.5	231.8
R3	-	-	-	250.6

Deadweight Cattle Trade

BASE quotes this week for in spec U-3 grade prime cattle ranged from 310-312p/kg. Quotes from the major NI processors for early next week range from 308-312p/kg. Quotes for good quality O+3 grade cows this week have remained steady at 214-240p/kg across the plants.

The processors have reported steady supplies of prime cattle to meet demand for beef with 6,192 prime cattle slaughtered in NI last week. This is five per cent lower than the 6,517 prime cattle slaughtered in the corresponding week in 2015. Meanwhile cow throughput has remained strong with a total of 1,808 cows killed in NI last week which is 15 per cent higher than the 1,579 cows killed in the corresponding week in 2015.

Imports of prime cattle from ROI for direct slaughter in NI last week totalled 230 head and accounted for four per cent of the total NI prime cattle kill. In the corresponding week last year prime cattle imports from ROI for direct slaughter totalled 431 head and accounted for seven per cent of the total prime kill in NI. A total of 40 cows were also imported from ROI for slaughter in NI plants last week compared to 52 cows in the same week in 2015. Meanwhile 216 cows were exported from NI for direct slaughter in ROI plants last week, similar to the 220 cows the previous week. Exports of prime cattle to GB for direct slaughter last week remained steady at 196 head but was notably higher than the 96 head exported in the corresponding week last year.

The average steer price in NI last week was back by 2.2p/kg to 305.2p/kg while the R3 steer price remained steady at 315.6p/kg. The average heifer price in NI last week remained steady at 309.7p/kg while the R3 heifer price was back marginally to 316.9p/kg. Meanwhile the average cow price in NI last week recorded a decrease of 2.8p/kg to 209.5p/kg while the O3 cow price similarly declined by 2.3p/kg to 229.2p/kg.

The average steer price in GB last week remained almost unchanged at 330.4p/kg while the average R3 steer price remained steady at 337.1p/kg. This puts the differential in R3 steer prices last week between NI and the GB average at 21.5p/kg which is the equivalent of £71 on a 330kg carcase. The average heifer price in GB last week was back by 1.7p/kg to 330.6p/kg while the R3 heifer price was back by 1.2p/kg to 337.7p/kg. The differential in R3 heifer prices last week between NI and the GB average was at 20.8p/kg which is the equivalent of £69 on a 330kg carcase.

Reports from ROI have indicated strong supplies of prime cattle with throughput totalling 27,179 last week. The deadweight cattle trade in ROI held steady in euro terms however a strengthening in euro against sterling has meant deadweight prices in ROI increased in sterling terms. The R3 steer price in ROI last week was the equivalent of 297.9p/kg, up by 7.1p/kg from the previous week while the R3 heifer price was the equivalent of 310.6p/kg, an increase of 5.6p/kg. Cow prices in ROI also recorded increases last week with the O3 cow price up by 5.1p/kg to 238.5p/kg which is 9.3p/kg higher than the equivalent price in NI.

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

W/E 13/02/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	316.6	304.7	350.2	341.9	340.2	346.6	344.2
	R3	315.6	297.9	345.4	334.5	333.1	335.3	337.1
	R4	315.0	298.1	344.7	348.0	332.4	331.7	340.9
	O3	300.6	285.8	319.2	313.6	303.5	305.4	310.3
	AVG	305.2	-	341.9	335.3	320.4	320.3	330.4
Heifers	U3	321.7	321.3	355.2	345.4	348.8	346.1	349.1
	R3	316.9	310.6	344.3	335.0	334.5	336.4	337.7
	R4	313.4	311.0	345.4	342.0	334.5	329.9	338.8
	O3	303.7	296.9	316.5	306.2	300.1	306.9	307.8
	AVG	309.7	-	345.3	333.3	322.0	315.5	330.6
Young Bulls	U3	311.7	289.6	344.9	328.6	338.6	345.6	337.1
	R3	309.4	283.7	337.1	312.5	324.2	327.5	323.7
	O3	290.8	272.5	301.2	283.2	288.5	304.8	290.8
	AVG	292.4	-	318.7	296.4	300.4	307.1	303.2
Prime Cattle Price Reported		5546	-	7000	6952	5876	4304	24132
Cows	O3	229.2	238.5	225.1	219.6	223.3	213.9	220.8
	O4	231.1	239.5	232.3	220.9	223.6	214.1	222.1
	P2	182.4	213.5	171.4	179.6	174.3	166.9	173.5
	P3	209.3	230.5	193.0	198.5	194.6	190.8	194.3
	AVG	209.5	-	216.7	195.0	195.3	184.8	195.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=77.80p 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 13/02/16	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	184	197	190	165	183	175
Friesians	136	143	138	112	134	124
Heifers	190	205	197	160	189	175
Beef Cows	128	170	140	104	127	115
Dairy Cows	90	113	98	60	89	75
Store Cattle (p/kg)						
Bullocks up to 400kg	-	-	-	-	-	-
Bullocks 400kg - 500kg	190	207	198	150	189	170
Bullocks over 500kg	190	208	198	154	188	173
Heifers up to 450kg	200	222	212	142	198	170
Heifers over 450kg	175	190	185	133	174	160
Dropped Calves (£/head)						
Continental Bulls	320	420	340	200	315	250
Continental Heifers	250	350	280	150	248	185
Friesian Bulls	120	205	150	40	118	80
Holstein Bulls	85	165	110	15	82	45

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 15/02/16	Next Week 22/02/16
Hoggets	400p > 22kg	400-405p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 30/01/16	W/E 06/02/16	W/E 13/02/16
NI Lambs L/W	357.6	354.3	361.3
NI Lambs D/W	396.3	395.1	396.9
GB Lambs D/W	403.1	408.0	424.4
ROI D/W	392.3	377.0	411.7

Deadweight Sheep Trade

THE deadweight sheep trade has remained firm this week with quotes at 400p/kg up to 22kg. The major NI processors have reported steady supplies of hoggets coming forward for slaughter with throughput last week totalling 4,892 head. This was a reduction of 283 head from the 5,175 hoggets killed in NI during the previous week. Exports of sheep from NI to ROI for direct slaughter last week totalled 8,346 head compared to 10,920 head the previous week. The average deadweight hogget price in NI last week increased by 1.8p/kg to 396.9p/kg while the deadweight hogget price in ROI last week increased by an equivalent of 34.7p/kg to 411.7p/kg.

This week's marts

A firm trade was reported across the marts this week with some marts indicating a slight reduction in the numbers of hoggets passing through the sale rings. In Massereene on Monday 812 hoggets sold from 370-409p/kg compared to 888 hoggets last Monday selling from 365-396p/kg. In Saintfield on Tuesday 501 hoggets sold from 342-404p/kg compared to 606 hoggets last week selling from 352-400p/kg. In Ballymena on Wednesday 1,523 hoggets sold from 350-427p/kg compared to 1,781 hoggets last week selling from 345-422p/kg. In Armoy this week 473 hoggets sold from 380-420p/kg compared to 644 hoggets last week selling from 385-415p/kg. The ewe trade remained steady with a top reported price of £114 in Rathfriland on Tuesday.

LATEST SHEEP MARTS

From: 12/02/16		Hoggets (P/KG LW)			
To: 18/02/16		No	From	To	Avg
Friday	Newtownstewart	120	342	389	-
Saturday	Omagh	1056	354	411	-
	Swatragh	925	335	400	390
Monday	Kilrea	425	366	392	-
	Massereene	812	370	409	-
Tuesday	Saintfield	501	342	404	-
	Rathfriland	650	360	400	370
Wednesday	Ballymena	1523	350	427	365
	Enniskillen	985	368	409	-
	Markethill	750	350	386	365
	Armoy	473	380	420	391

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