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MORE HEAVY CATTLE IN NI SLAUGHTER MIX

THERE has been a notable increase in the average carcase weight of prime cattle slaughtered in NI plants. During 2016 to date the average steer carcase weight was 358kg, a 9kg increase from the corresponding period in 2015. Meanwhile the average heifer carcase weight during 2016 to date was 323kg, a 5kg increase from the same period in 2015.

A key requirement of most retail specifications is for prime cattle to have a carcase weight of between 280-380kg. During 2016 to date 62.4 per cent of price reported steers fulfilled this criteria as outlined in Figure 1. In the same period in 2015 65.9 per cent of price reported steer carcases were within the desired weight range which accounts for a 3.5 percentage point decrease year on year.

During the 2016 period 23.4 per cent of price reported steer carcases were 380-420kg, a 2.5 percentage point increase from the same period in 2015 when 20.9 per cent of steer carcases were within this weight range. There has also been an increase in the proportion of steer carcases over 420kg year on year. In the 2016 period 8.6 per cent of steer carcases were over 420kg, compared to 6.3 per cent in the 2015 period.

As outlined previously there has also been a notable increase in average heifer carcase weights year on year. Figure 2 outlines the proportion of heifer carcase within each weight range. The proportion of heifer carcases within the desired weight range of 280-380kg recorded a one percentage point decline year on year with 76.2 per cent of heifer carcases meeting the criteria in the first two months of 2016.

Meanwhile the proportion of heifers over 380kg accounted for 10.3 per cent of the price reported heifer kill during the 2016 period, an increase from 6.3 per cent during the corresponding period in 2015. The proportion of heifers slaughtered under 280kg recorded a decline to account for 13.5 per cent of the price reported heifer kill during 2016 to date. In the corresponding period in 2015 16.6 per cent of heifer carcases were within this weight range.

Figure 1: Carcase weight of price reported steers by weight category during 2016 to date and the corresponding period in 2015.

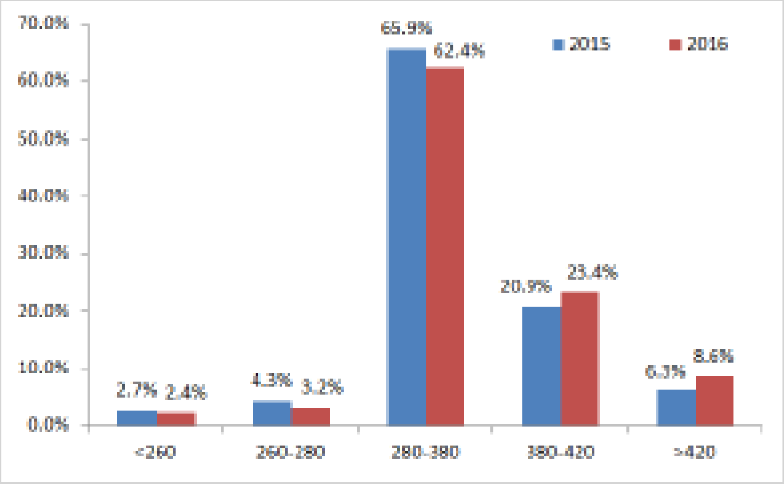
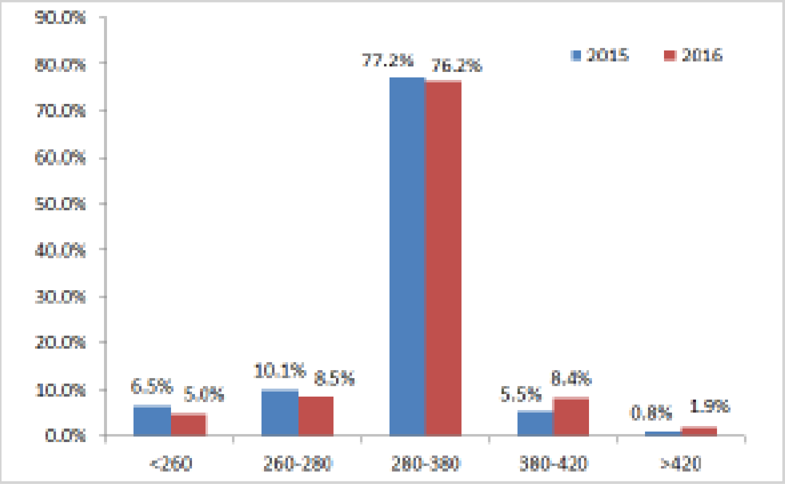


Figure 2: Carcase weight of price reported heifers by weight category during 2016 to date and the corresponding period in 2015.



Prices and penalties

The average price paid in NI for 280-380kg R3 steer carcases that also met other in spec requirements during the first two months of 2016 was 318.6p/kg while the average price paid for R3 steers between 380-420kg that fulfilled all other in spec requirements was 317p/kg.

The current quoted penalties from the major processors for prime cattle over 420kg are in the region of 20p/kg. During the two month period ending 27 February 2016 the average penalty on R3 grade steers over 420kg that were otherwise in spec was 13.5p/kg. While taking cattle to higher carcase weights to maximise returns is understandable it is important that producers aim to present prime cattle for slaughter within current market specifications.

However it is equally important that processors send the correct market signals to NI producers to encourage them to do so. NI beef producers are encouraged to liaise directly with the procurement staff of the individual plants before finishing cattle. This will help ensure that the cattle being presented for slaughter will meet current market specifications and maximise returns for the entire supply chain.

MORE HIGHER PRICED CUTS IN UK BEEF AND VEAL EXPORTS

UK beef and veal exports totalled 100,364 tonnes during 2015 according to the latest available data from HMRC. This was a 10.6 per cent reduction from 2014 levels when 112,260 tonnes of beef were exported out of the UK.

The EU remains the primary market destination for UK beef and veal exports, accounting for 92 per cent of beef exports in terms of volume during 2015. However during 2015 the strong sterling against euro made trading much more difficult for GB and NI processors on EU markets which will have been a key driver behind the reduction in exports noted above. The lower levels of export can be attributed to the reduced competitiveness of UK origin beef in relation to our competitors within the single currency.

Ireland continues to be the biggest single EU market for UK beef and veal with 36,758 tonnes exported during 2015. With several of the major NI processors having operations in both NI and ROI it is likely that much of this exported beef and veal originates from cattle imported from ROI for direct slaughter and exported back in carcase or primal form for further processing.

While there was little change in the volume of beef exported from the UK to ROI between 2014 and 2015 there was a notable increase in the proportion of the UK exports that were destined for ROI. UK beef exports to ROI accounted for 40 per cent of total UK beef and veal exports to the EU during 2015 compared to 35 per cent of total exports to the EU during 2014. This increase was driven by declines in volume exports to other EU countries.

The most notable decline in exports between 2014 and 2015 was to the Netherlands. In 2015 22,216 tonnes of beef and veal were exported from the UK to the Netherlands, a 34 per cent reduction from the 33,641 tonnes exported during 2014. This marked decline in exports of beef resulted in Netherlands share of the UK export market to the EU decline from 32 per cent in 2014 to 24 per cent in 2015.

France is the third biggest export market for UK beef and veal within the EU and accounted for 11 per cent of total exports in terms of volume during 2015. This was a slight increase from 2014 levels when France had a 9.5 per cent market share of UK exports to the EU. The volume of beef exported from the UK to France totalled 10,085 tonnes during 2015, a 2.5 per cent increase from 2014 levels.

There was also an increase recorded in the volume of beef exported from the UK to Denmark during 2015 although Denmark's market share of total UK beef exports to the EU remains relatively small. During 2015 1,557 tonnes of beef and veal were exported from the UK to Denmark, a 32 per cent increase from the 1,183 tonnes exported during 2014.

Recent data published by HMRC has outlined that UK beef and veal trade has seen a positive move away from exporting carcases and instead exporting higher priced cuts. During 2015 higher-priced boneless cuts of UK beef and veal represented almost 60 per cent of total exports from the UK compared to 40 per during 2014.

Figure 3: Composition of UK beef and veal exports 2014-2015

Figure 3 outlines the overall composition of UK beef and veal exports during 2014 and 2015.

During 2015 there were increases in the volume of exports of boneless cuts to a number of destinations. These included the UK's three major EU markets of Ireland, Netherlands and France but there were also increases recorded in the export of cuts to Denmark and Germany. Given recent movements in sterling against euro it is likely that UK processors will seek to grow their exports of added value beef and veal products to the EU in 2016 which will help to maximise returns for the whole industry supply chain.

During 2015 UK beef and veal exports were worth an average of £3,400/tonne. Meanwhile the value of fresh/chilled boneless cuts during 2015 was notably higher at £4,200/tonne while the average value of fresh/chilled carcases was £1,800/tonne. As a result of this shift towards exporting higher value cuts the total value of UK beef exports recorded a nine per cent decline year on year to £342 million in 2015 while the volume of beef exported recorded a more notable 10.6 per cent decline.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY QUOTES FOR CATTLE

(P/KG DW)	This Week 29/02/16	Next Week 07/03/16
Prime		
U-3	306 - 312p	306 - 310p
R-3	300 - 306p	300 - 304p
O+3	294 - 300p	294 - 398p
P+3	222 - 260p	222 - 258p
	Including bonus where applicable	
Cows		
O+3 & better	214 - 240p	218 - 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 27/02/16	Steers	Heifers	Young Bulls
U3	315.5	319.9	292.9
R3	312.6	313.2	305.8
O+3	303.4	304.6	292.9

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

w/e 27/02/16	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	132.3	138.6	149.8	159.4
P2	149.7	167.4	180.6	201.2
P3	150.0	190.5	202.7	211.3
O3	166.0	192.0	218.2	230.2
O4	-	196.0	222.6	232.9
R3	-	-	-	249.3

Deadweight Cattle Trade

BASE quotes this week for in spec U-3 grade prime cattle ranged from 306-312p/kg. Quotes for good quality O+3 grade cows this week remained steady at 214-240p/kg across the plants. Similar quotes are expected for all types of cattle early next week.

The processors have reported good supplies of prime cattle to meet demand for beef with a total of 6,576 prime cattle slaughtered in NI last week. This is six per cent lower than the 6,960 prime cattle slaughtered in the corresponding week in 2015. Cow throughput in NI has remained strong with 1,697 cows killed in NI last week, an increase of two per cent from the 1,669 cows killed in the corresponding week in 2015.

Prime cattle imports from ROI for direct slaughter in NI plants last week totalled 359 head, very similar to the 349 head imported the previous week however lower than the 519 prime cattle imported during the corresponding week in 2015. The number of cows imported from ROI for direct slaughter in NI plants totalled 47 head last week compared to 26 cows the previous week and 93 cows during the corresponding week in 2015. Meanwhile exports from NI to ROI for direct slaughter last week consisted of 37 prime cattle and 161 cows. This was fairly similar to the 80 prime cattle and 158 cows exported to ROI during the previous week. Exports from NI for direct slaughter in GB last week consisted of 52 prime cattle and 12 cows which is lower than the 175 prime cattle and 41 cows exported to GB the previous week.

The average steer price in NI last week decreased by 0.7p/kg to 305.3p/kg while the R3 steer price was back by 1.7p/kg to 314.3p/kg. The average heifer price in NI last week decreased by 3.1p/kg to 308p/kg while the R3 heifer price was back by 3.3p/kg to 314p/kg. The average cow price in NI last week remained steady at 211.2p/kg while the O3 cow price was back marginally to 229p/kg.

Deadweight prices for cattle in GB last week recorded similar changes with the average steer price back by 0.4p/kg to 329.5p/kg while the average R3 steer price decreased by 1.8p/kg to 335.7p/kg. The differential in R3 steer prices last week between NI and the GB average for R3 steers was 21.4p/kg which is the equivalent of £71 on a 330kg carcase. The average heifer price in GB last week was back by 1.3p/kg to 329.8p/kg while the R3 heifer price decreased by 2p/kg to 336.4p/kg. This puts the differential in R3 heifer prices last week between NI and the GB average at 22.4p/kg which is the equivalent of £74 on a 330kg carcase. R3 steer and heifer prices were back in all GB regions last week with the highest decreases recorded in Northern England, back by 3.1p/kg for R3 steers and 4.7p/kg for R3 heifers.

In ROI last week deadweight prices declined slightly in euro terms but a strengthening in euro against sterling increased deadweight prices in sterling terms. The R3 steer price in ROI last week was the equivalent of 300.2p/kg, up by 2.9p/kg from the previous week while the R3 heifer price was the equivalent of 313.6p/kg, up by 3.1p/kg from the previous week. The O3 cow price in ROI last week recorded an increase of 5.1p/kg to 242.4p/kg which is 13.4p/kg higher than the equivalent price in NI.

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

W/E 27/02/2016		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	315.8	306.0	346.5	342.1	343.7	344.0	344.1
	R3	314.3	300.2	340.9	333.8	334.7	332.9	335.7
	R4	312.7	300.5	342.0	346.7	333.3	333.7	340.4
	O3	300.5	287.7	318.4	305.0	304.6	307.7	309.2
	AVG	305.3	-	339.4	332.2	323.2	320.5	329.5
Heifers	U3	319.9	325.5	350.8	345.9	346.5	347.1	347.5
	R3	314.0	313.6	342.4	330.6	335.9	334.9	336.4
	R4	310.7	313.8	342.4	338.3	335.8	332.7	337.8
	O3	303.2	300.1	313.5	304.9	297.6	309.8	307.5
	AVG	308.0	-	340.6	330.5	322.9	321.2	329.8
Young Bulls	U3	294.0	291.5	340.9	322.8	339.1	345.8	335.2
	R3	303.4	286.8	330.0	316.8	328.5	317.8	323.8
	O3	287.4	275.6	284.1	280.5	291.3	294.2	287.8
	AVG	287.8	-	302.6	294.4	308.7	298.0	301.1
Prime Cattle Price Reported		5821	-	6901	6785	5191	4582	23459
Cows	O3	229.0	242.4	225.9	218.4	223.1	215.4	220.6
	O4	232.2	242.2	230.4	220.2	222.7	218.3	222.1
	P2	185.6	216.7	168.7	181.5	170.3	170.5	172.7
	P3	208.0	234.5	182.5	197.9	190.6	196.3	192.6
	AVG	211.2	-	213.9	199.2	190.9	190.1	195.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=78.57p 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 27/02/16	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	182	194	186	160	179	170
Friesians	140	152	146	120	138	128
Heifers	187	200	192	160	185	172
Beef Cows	138	165	145	105	137	121
Dairy Cows	91	106	97	60	90	75
Store Cattle (p/kg)						
Bullocks up to 400kg	195	206	200	180	194	187
Bullocks 400kg - 500kg	200	208	204	175	199	187
Bullocks over 500kg	191	200	196	170	190	180
Heifers up to 450kg	190	210	200	165	189	178
Heifers over 450kg	190	205	198	161	189	175
Dropped Calves (£/head)						
Continental Bulls	275	375	325	175	270	225
Continental Heifers	200	300	250	120	198	160
Friesian Bulls	80	130	105	20	78	45
Holstein Bulls	60	110	85	10	58	30

SHEEP TRADE

SHEEP QUOTES

(P/Kg DW)	This Week 29/02/16	Next Week 07/03/16
Hoggets	405p > 22kg	405p > 22kg

REPORTED SHEEP PRICES

(P/KG)	W/E 13/02/16	W/E 20/02/16	W/E 27/02/16
NI Lambs L/W	361.3	366.8	354.6
NI Lambs D/W	396.9	400.9	403.8
GB Lambs D/W	424.4	422.5	421.0
ROI D/W	411.7	413.6	413.4

Deadweight Sheep Trade

THE deadweight sheep trade has remained firm this week with quotes for R3 grade hoggets at 405p/kg up to 22kg. The major NI processors have reported steady supplies of hoggets coming forward for slaughter with throughout last week totalling 4,762 head. This is an increase of 486 head from the 4,276 hoggets killed in NI during the previous week. Exports of sheep from NI to ROI for direct slaughter last week totalled 6,645 head compared to 8,487 head the previous week. The average deadweight hogget price in NI last week increased by 2.9p/kg to 403.8p/kg while the deadweight hogget price in ROI last week remained steady at an equivalent of 413.4p/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 726 hoggets sold from 360-397p/kg compared to 702 hoggets last Monday selling from 370-402p/kg. In Saintfield on Tuesday 505 hoggets sold from 365-403p/kg compared to 425 hoggets last week selling from 352-400p/kg. In Ballymena on Wednesday 1,341 hoggets sold from 350-413p/kg compared to 1,300 hoggets last week selling from 345-446p/kg. In Armoy this week 412 hoggets sold from 350-425p/kg compared to 592 hoggets last week selling from 368-435p/kg. Prices for cull ewes this week generally ranged from £90-109 with a top reported price of £131 in Massereene on Monday.

LATEST SHEEP MARTS

From: 26/02/16		Hoggets (P/KG LW)			
To: 03/03/16		No	From	To	Avg
Friday	Newtownstewart	150	345	398	-
Saturday	Omagh	760	354	395	-
	Swatragh	815	354	403	375
Monday	Kilrea	350	375	395	-
	Massereene	726	360	397	-
Tuesday	Saintfield	505	365	403	-
	Rathfriland	707	349	409	377
Wednesday	Ballymena	1341	350	413	369
	Enniskillen	702	362	387	379
	Armoy	412	350	425	374

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