LMC
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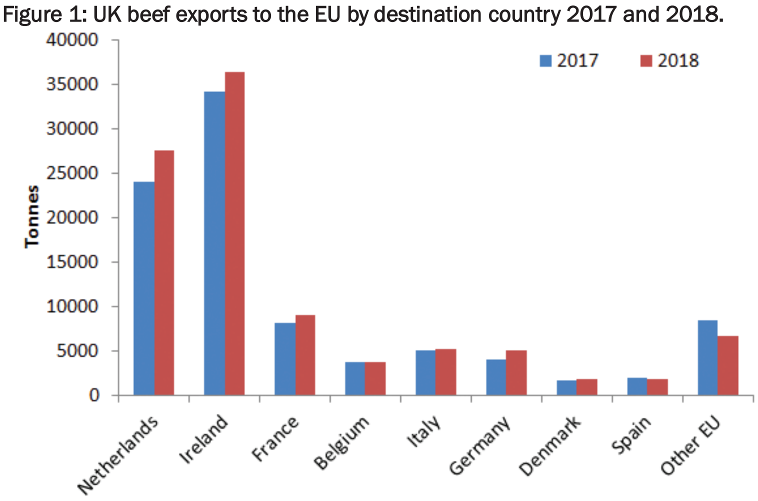
EU REMAINS BIGGEST TRADING PARTNER

DURING 2018 the UK exported 109,951 tonnes of beef according to the latest available statistics from HMRC which accounted for approximately 12 per cent of domestic beef production. In volume terms this was a four per cent increase from 2017 levels when the UK exported 105,601 tonnes of beef.

Exports to the EU increased by 6,172 tonnes to total 97,469 tonnes during 2018. These exports to the EU accounted for 89 per cent of total UK beef exports, up from 86 per cent in 2017. Ireland continues to be the largest single outlet for UK beef exports with 36,379 tonnes exported to the region during 2018. This was up six per cent from 2017 levels and was similar to the level of export recorded in 2016.

The Netherland also continues to be an important market for UK beef and is the UK's second largest export destination for beef. During 2018 25 per cent of all UK beef exports were destined for the Netherlands with 27,622 tonnes exported according to the latest HMRC data, a 15 per cent increase from 2017 levels. There were also increases in the volume of beef exports to France, Belgium, Italy, Germany and Denmark, during 2018 although these remain fairly small market outlets.

Figure 1: UK beef exports to the EU by destination country 2017 and 2018.



Non-EU destined exports of beef totalled 12,482 tonnes during 2018, a 13 per cent reduction from the 14,305 tonnes exported to non-EU markets in 2017. Non-EU exports accounted for 11 per cent of total UK beef exports in 2018, back from 14 per cent in 2017. Access to both EU and third country export markets is vital for the UK beef industry for the purposes of carcase balance as some beef products are undervalued or not consumed in big enough quantities domestically. Export markets therefore provide an important outlet for these products and maximise the total value of beef carcases.

Despite the importance of access to export markets the UK continues to be a net importer of beef with 284,271 tonnes of beef imported during 2018. This was a three per cent increase from year earlier levels when 275,464 tonnes of beef were imported. Imports of beef from the EU accounted for 94 per cent of all beef imported during 2018 which was similar to 2017 levels.

In volume terms beef imports from the EU increased by three per cent to total 268,202 tonnes during 2018 with the imports from ROI totalling 205,508 tonnes. This was a six per cent increase from 2017 levels when 194,036 tonnes were imported. The UK also imported 19,298 tonnes of beef from the Netherlands during 2018 however this was back from 20,710 tonnes during 2017 (- 7 per cent). Meanwhile imports from Poland totalled 17,160 tonnes during 2018, back 12 per cent from year earlier levels. There was a mixed performance for beef imports from other EU countries however the volumes of beef involved remain relatively small.

Imports of beef from non-EU markets totalled 16,069 tonnes during 2018, up two per cent from 2017 levels. Much of this increase was driven by increases in imports from South American countries and New Zealand while imports from Australia declined. The volumes involved however are very small in comparison to overall beef imports.

TARIFF UPDATES

Reports from the UK this week have indicated that tariffs on imports of sensitive products will be applied in the case of a no deal Brexit to provide protections for British farming. However under WTO trading rules the UK would have to apply the same tariffs on EU imports as they do on imports from third countries. Exports of beef and lamb from the UK to the EU would also face very high rates of Common External Tariffs which are applied on entry to the EU. This could potentially lead to a significant disruption to UK-EU trade in livestock products in particular.

Given the UK's current reliance on food imports from the EU-27 the imposing of tariffs is likely to lead to increases in food prices for consumers which would be unsustainable in the longer term. This would especially be the case if sterling depreciates against world currencies in the case of a no deal scenario, as many economists have predicted. UK ministers are also therefore considering Tariff Rate Quotas for beef and lamb imports which are likely to be made available to all global players that can meet the required standards.

NI MOVES UP EU LEAGUE TABLE OF R3 HEIFER PRICES

THE EU Deadweight Cattle Prices League Table compares farmgate R3 heifer prices across the EU in euro terms and allows a useful comparison to be drawn between deadweight cattle prices across the EU.

The average R3 heifer price in the EU during the w/e 10 February 2019 was 380.7c/kg, back almost 1c/kg from the w/e 13 January 2019 when the average R3 heifer price was 381.5c/kg. There has however been some variation in the performance of R3 heifer prices at individual country level as outlined in Table 1

R3 heifer prices in NI were the fourth highest in the EU during the w/e 10 February 2019 with an equivalent price of 397.8c/kg. This was two places higher than the w/e 13 January 2019 when NI was in sixth place with an R3 heifer price of 386.3c/kg. As outlined in Table 1 R3 heifer prices in NI increased by the equivalent of 11.4c/kg between the two weeks tabulated, which was the strongest increase recorded in the EU.

Table 1: Price reported R3 heifer prices in selected EU countries (cent/kg)

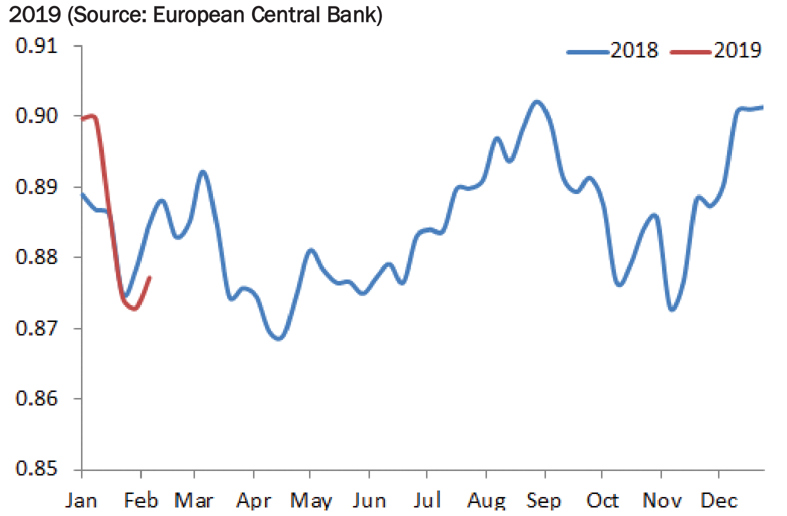
Position last Mth	Position this Mth	Country	Price last Mth (w/e 13.01.19)	Price this Mth (w/e 10.02.19)	Change on Mth (cents)
1	1	Italy	422.0	427.7	+5.7
2	2	Sweden	408.8	406.3	-2.5
4	3	Great Britain	395.9	405.7	+9.8
6	4	Northern Ireland	386.3	397.8	+11.4
5	5	France	391.0	391.0	+0.0
3	6	Spain	401.1	387.6	-13.5
7	7	Ireland	379.4	379.9	+0.6
8	8	Germany	373.3	371.0	-2.3
9	9	Austria	359.6	362.1	+2.5
10	10	Denmark	343.8	347.9	+4.1
11	11	Slovenia	342.7	343.2	+0.6
13	12	Belgium	320.0	320.0	+0.0
12	13	Poland	324.2	315.9	-8.3
14	14	Lithuania	292.1	301.6	+9.5
15	15	Czech Republic	277.4	272.4	-5.1
		EU Average	381.5	380.7	-0.9
	Euro (€1=)		90.0	87.7	-2.2

This has widened the price differential between NI and the EU average from 4.8c/kg in the w/e 13 January 2019 to 17.1c/kg in the w/e 10 February 2019. While deadweight prices have improved in NI much of the increase recorded has been driven by a weakening in the value of euro against sterling as outlined in Figure 2. The average exchange rate was €1 = 90p in the w/e 13 January 2019 and decreased to €1 = 87.7p/kg in the w/e 10 February 2019.

This weakening in the value of the euro has also contributed to an improvement in R3 heifer prices in GB in euro terms. In the w/e 10 February 2019 the R3 heifer price in GB was 405.7c/kg, up 9.8c/kg from the w/e 13 January 2019. This increase has moved it up one place on the league table into third position and widened the differential with the EU average R3 heifer price to 25c/kg.

Deadweight cattle prices in ROI have held relatively steady with an R3 heifer price of 379.9c/kg in the w/e 10 February 2019. This was up marginally from the previous month and keeps ROI in seventh position on the league table. The R3 heifer price in ROI was 0.8c/kg lower than the EU average in the w/e 10 February 2019. A stable deadweight trade has also been recorded in France where the R3 heifer price was 391c/kg during the w/e 10 February 2019. This is just above the EU average price and keeps France in fifth position in the league table.

Figure 2: Average weekly euro/sterling exchange rate January 2018-February 2019 (Source: European Central Bank)



Italy continues to top the EU league table with an R3 heifer price of 427.7c/kg during the w/e 10 February 2019. This was up 5.7c/kg from the previous month and comes on the back of growing demand for meat by Italian consumers. Beef consumption in the region increased by an estimated five per cent in 2018, albeit from a low base, with strong demand for locally produced beef in particular.

Meanwhile deadweight prices have come under some pressure in Spain where the R3 heifer price came back 13.5c/kg to 387.6c/kg in the w/e 10 February 2019. This was the biggest decrease recorded in the EU and moved Spain down from third position in the league table to sixth position. Declining beef consumption and lower retail sales of beef in Spain have contributed to a weakening in deadweight prices in the region.

WEEKLY BEEF & LAMB MARKETS

LMC

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 18/02/19	Next Week 25/02/19
Prime		
U-3	336 - 344p	330-340p
R-3	330 - 338p	324-334p
O+3	324 - 332p	318-328p
P+3	278 - 292p	272-286p
	Including bonus where applicable	
Cows		
O+3 & better	218 - 240p	218-244p
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 16/02/19	Steers	Heifers	Young Bulls
U3	347.7	352.1	341.8
R3	344.9	346.4	333.7
O+3	336.5	336.8	326.8

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 16/02/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	134.1	147.2	158.2	174.2
P2	158.1	172.0	195.8	208.6
P3	159.3	195.1	208.0	216.3
O3	-	226.6	231.2	236.3
O4	210.0	-	232.2	241.4
R3	-	-	300.0	262.3

Deadweight Cattle Trade

BASE quotes from the major beef processing plants have come under some pressure this week with quotes back to 334-340p/kg. Quotes for early next week range from 330-340p/kg. Reports of strong cattle supplies and a difficult beef market have contributed to the downward movement in quotes. Most of the plants are quoting 336-338p/kg for steers and 338-340p/kg for heifers. The cow trade has held relatively steady with most plants quoting 230p/kg for O+3 grading cows.

Prime cattle throughput in NI last week totalled 7,103 head which was similar to previous weeks. Throughput during 2019 to date has totalled 47,572 which is back marginally from the corresponding period in 2018. There has been an increase in the number of young bulls being killed locally, accounting for 11 per cent of prime cattle throughput during 2019 to date. This is up from 9 per cent in the same period last year. Cow throughput in local plants last week totalled 1,821 head which takes throughput for the year to date to 13,309. This is running 14 per cent behind the same period last year.

Imports of prime cattle for direct slaughter in local plants last week totalled 143 head which accounted for two per cent of total prime cattle throughput. Meanwhile 98 cows were imported from ROI and GB which accounted for five per cent of total cow throughput. Exports of cattle from NI to ROI for direct slaughter last week included 11 prime cattle and 177 cows. This was the highest weekly export of cows to ROI since early November 2018. There were no cattle exports to GB for direct slaughter last week for the fourth week in a row.

The deadweight trade for prime cattle held fairly steady in NI last week despite some downward pressure on base quotes in the plants. The average steer price in NI last week was 341.5p/kg, up slightly from the previous week however the R3 steer price was back marginally to 348.8p/kg. The average heifer price in NI last week was back marginally to 343.1p/kg while the R3 heifer price was back 2.6p/kg to 348.4p/kg. In the corresponding week last year the NI R3 heifer price was 356.8p/kg. This decline by 8.4p/kg equates to a decline of £28 in the value of a 330kg carcase. The average young bull price improved by half a penny to 322.4p/kg while the U3 price increased by 5.4p/kg to 340.7p/kg.

The deadweight trade was also fairly steady in GB last week with the average steer price back marginally to 349.7p/kg while the R3 price was back almost a penny to 356.4p/kg. There was a mixed trade across the regions with the R3 steer price improving in Northern and Southern England but coming back in the Midlands and Scotland. The average heifer price in GB last week was 351.7p/kg, up a penny from the previous week. The average R3 heifer price was unchanged at 357.9p/kg however while prices increased in Northern England by 4.1p/kg they were back in all other regions by around a penny. Reported deadweight prices in ROI last week held steady with R3 steer and heifer prices within half a penny of the previous week. Prime cattle throughput has been very strong in ROI with 28,972 head slaughtered last week, up from 26,886 head in the corresponding week last year.

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

W/E 16/02/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	348.4	331.2	362.2	362.6	357.9	362.6	361.2
	R3	348.8	323.5	359.0	359.2	353.7	355.1	356.4
	R4	349.5	324.1	362.6	367.5	354.2	352.3	360.8
	O3	338.0	308.2	338.1	340.5	329.0	329.8	334.5
	AVG	341.5	-	358.4	354.5	341.5	343.2	349.7
Heifers	U3	354.1	348.0	367.7	371.4	365.5	363.2	366.9
	R3	348.4	335.0	360.4	361.9	355.8	354.5	357.9
	R4	346.9	335.1	365.0	362.4	354.8	355.3	359.5
	O3	338.3	320.5	345.3	340.3	332.3	330.6	337.3
	AVG	343.1	-	361.5	354.4	344.5	345.9	351.7
Young Bulls	U3	340.7	311.6	356.7	342.7	338.7	352.9	344.7
	R3	333.6	302.6	349.2	340.1	338.1	346.1	341.2
	O3	319.8	286.7	320.8	305.4	305.1	322.8	309.2
	AVG	322.4	-	334.9	310.7	311.7	324.6	317.0
Prime Cattle Price Reported		6,353	-	6,979	7,540	7,998	4,964	27,481
Cows	O3	235.9	235.8	242.8	241.0	243.6	237.3	241.7
	O4	241.0	236.9	243.1	243.8	244.2	237.8	242.6
	P2	196.4	203.8	194.8	193.9	194.8	198.4	195.5
	P3	211.7	224.5	207.9	207.1	222.8	217.4	217.3
	AVG	224.7	-	234.3	224.6	214.7	213.7	219.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.75p 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 16/02/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	202	209	206	172	198	185
Friesians	150	160	153	140	148	145
Heifers	200	210	206	170	199	188
Beef Cows	142	205	158	115	140	130
Dairy Cows	110	135	125	70	107	90
Store Cattle (p/kg)						
Bullocks up to 400kg	230	272	250	210	229	220
Bullocks 400kg - 500kg	225	262	245	200	224	215
Bullocks over 500kg	206	213	208	180	205	190
Heifers up to 450kg	225	270	240	200	224	212
Heifers over 450kg	200	217	208	170	199	185
Dropped Calves (£/head)						
Continental Bulls	300	390	340	200	295	255
Continental Heifers	280	390	305	150	275	210
Friesian Bulls	155	240	192	65	145	105
Holstein Bulls	40	85	65	10	35	25

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 18/02/19	Next Week 25/02/19
Hoggets> 22kg	420-430p	415-420p

REPORTED SHEEP PRICES

(P/KG)	W/E 02/02/19	W/E 09/02/19	W/E 16/02/19
NI L/W Hoggets	420.0	412.2	395.0
NI D/W Hoggets	436.9	437.6	432.6
GB D/W Hoggets	425.0	425.8	424.1
ROI D/W	447.5	454.3	449.7

Deadweight Sheep Trade

QUOTES from the major processing plants came under some pressure towards the end of last week however have stabilised this week at 420-430p/kg for R3 grading hoggets. Quotes are 415-420p/kg for early next week with all plants paying up to 22kg. Hogget throughput locally last week totalled 4,124 head, the lowest local kill recorded since late April 2018. Exports to ROI last week consisted of 4,059 hoggets and 486 ewes, back from 5,680 hoggets and 1,270 ewes exported during the previous week. The deadweight hogget price in NI last week was 432.6p/kg, back 5p/kg from the previous week. Deadweight prices in ROI were back by a similar margin to 449.7p/kg.

This week's marts

THROUGHPUT of hoggets through the local marts has remained fairly subdued with numbers generally back on this time last year. In Massereene on Monday 642 hoggets sold from 380-410p/kg, back from 821 hoggets last week selling from 385-418p/kg. In Saintfield this week there was a similar trade to the previous week for a smaller entry of 351 hoggets which sold from 381-438p/kg. In Ballymena this week 734 hoggets sold from 370-430p/kg. This was a sharper trade than the previous week although throughput was well back. In Markethill this week 650 hoggets sold from 380-432p/kg, a firmer trade than the 390-423p/kg recorded for 980 hoggets the previous week. The cull ewe trade has held fairly steady with top prices of over £100 recorded in several of the marts.

LATEST SHEEP MARTS

From: 16/02/19		Hoggets (P/KG LW)			
To: 21/02/19		No	From	To	Avg
Friday	Newtownstewart	-	-	-	-
Saturday	Swatragh	600	390	496	-
	Omagh	462	399	446	-
Monday	Massereene	642	380	410	-
	Kilrea	300	399	446	-
Tuesday	Saintfield	351	381	438	-
	Rathfriland	300	360	429	378
Wednesday	Ballymena	734	370	430	393
	Enniskillen	389	380	436	-
	Armoy	266	385	441	-
	Markethill	650	380	432	-

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