

PRIME CATTLE PRICES COMING UNDER PRESSURE ACROSS THE UK

STRONG supplies of prime cattle for slaughter combined with a difficult market for the additional volumes of beef being processed have contributed to a weakening in the deadweight beef trade in both NI and GB in recent weeks.

Prime cattle throughput in local NI plants last week totalled 7,111 head which takes throughput for the year to date to 54,683 head. This is back slightly from the 55,539 head killed in the same period in 2018 but well above the 46,698 prime cattle killed during the same period in 2017. Analysis of APHIS figures have indicated that supplies of local cattle should remain strong up until the middle of the year.

Supplies of prime cattle have also been strong in GB with 140,077 head slaughtered during January (latest available figures). This was ahead of the 138,303 head killed in January 2018

and notably higher than the 133,464 head killed in the same period in 2017.

The average R3 steer price in NI last week was 345.7p/kg, back 3.1p/kg from the previous week. The R3 steer price in NI is the lowest of all the UK regions as indicated in Figure 1. This is the fourth consecutive week in which the R3 steer price in NI has recorded a decline. In the same week last year the R3 steer price in NI was 358.2p/kg. This 12.5p/kg decline is the equivalent of £44 reduction in the value of a 350kg carcass year on year.

In GB last week the R3 steer price was 353.4p/kg, back 3p/kg from the previous week. Deadweight prices in GB have followed a similar trend to NI with this being the fifth consecutive week in which deadweight prices on the mainland have recorded a decline. In the corresponding week in 2018 the average R3 steer price in GB was

364.2p/kg. This decline by 10.8p/kg accounts for a £38 reduction in the value of a 350kg R3 grading carcass year on year.

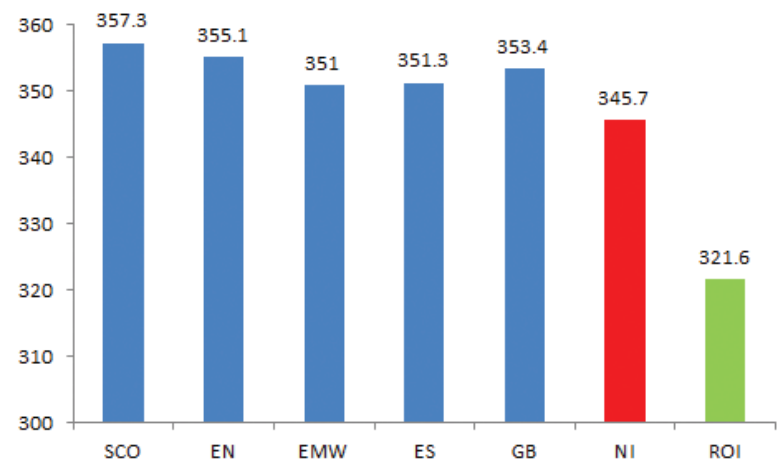
As outlined in Figure 1 there is some variability in R3 steer prices across the GB regions but deadweight prices in all of the regions have followed the same downward trend in recent weeks. The highest R3 steer price in GB last week was 357.3p/kg in Scotland which was back 1.7p/kg from the previous week. Meanwhile the lowest R3 steer price in GB last week was 351p/kg in the Midlands which was back 2.7p/kg from the previous week.

The differential between the R3 steer price in NI and the GB average last week was 7.7p/kg which is the equivalent of £27 on a 350kg carcass. This was just marginally wider than the corresponding week last year when the differential was 6p/kg or £21 on a

350kg carcass. With the differential remaining relatively narrow exports of prime cattle from NI to GB for direct slaughter have been very small. Just 22 prime cattle have been exported for direct slaughter during 2019 to date.

In ROI last week the R3 steer price was the equivalent of 321.6p/kg. This was 24.1p/kg behind the equivalent NI price which is a differential of £84 on a 350kg carcass. In the same week last year the differential was 16p/kg or £56.

Figure 1: R3 steer prices in GB, NI and ROI during the w/e 23 February 2019



MEETING MARKET SPECIFICATION FOR HOGGETS

A SMALLER carryover of lambs from 2018 into 2019 has contributed to tighter supplies of hoggets and reduced throughput in local plants in recent weeks. The local hogget kill for 2019 to date has totalled 43,530 head, running 18 per cent behind the corresponding period in 2018.

The major processing plants have a preference for R and U grading hoggets with a carcass weight of 18-22kg, a fat class 2 or 3 and that are Farm Quality Assured (FQ). Carcasses from hoggets that meet these criteria fulfil the widest range of customer specifications.

Despite the tighter supplies and lower throughputs processors are still keen to source hoggets that meet current market specifications. It is important that producers aim to present lambs for slaughter that fulfil specification requirements to help maximise returns to the farm enterprise.

During the six week period ending 22 February 2019 68 per cent of price reported hoggets achieved a fat class 3 at point of slaughter, a notable increase from 64 per cent of hoggets during the corresponding period in 2018. Meanwhile the proportion of hoggets achieving a fat class 2 has decreased by two percentage points to account for 24 per cent of the price reported kill during the 2019 period.

This improvement in the level of fat cover on lambs at point of slaughter this year may be due to the favourable production conditions this winter compared to the same time last year. Producers are encouraged to select lambs carefully for slaughter as under or over finished carcasses can attract penalties and reduce both the sale value and the profit margin.

At present the major processors are paying up to 22kg with no payment for any extra kg's above this weight limit. The average carcass weight of lambs killed in local plants in the last six weeks has been 22.9kg, an increase from the corresponding period in 2018 when the

Figure 2: Fat class scores of price reported hoggets during the six weeks ending 23/02/2019 and the corresponding period in 2018

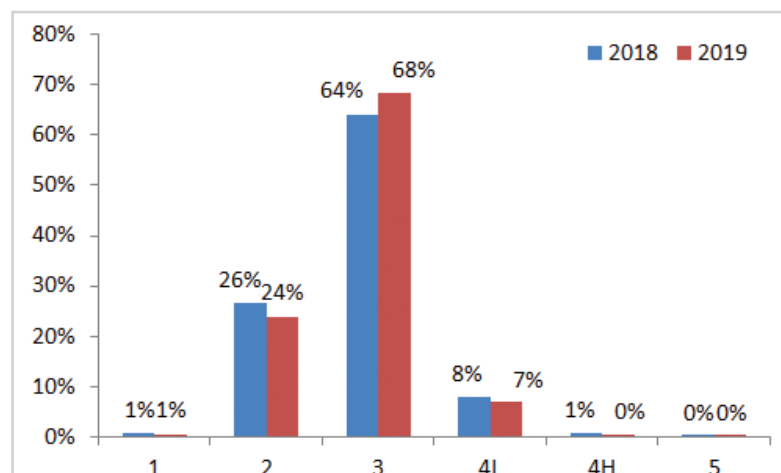


Figure 1: In spec hoggets meet the widest range of customer specifications



average carcass weight was 21.6kg. Producers are encouraged to draft lambs for slaughter regularly to prevent the production of overweight carcasses.

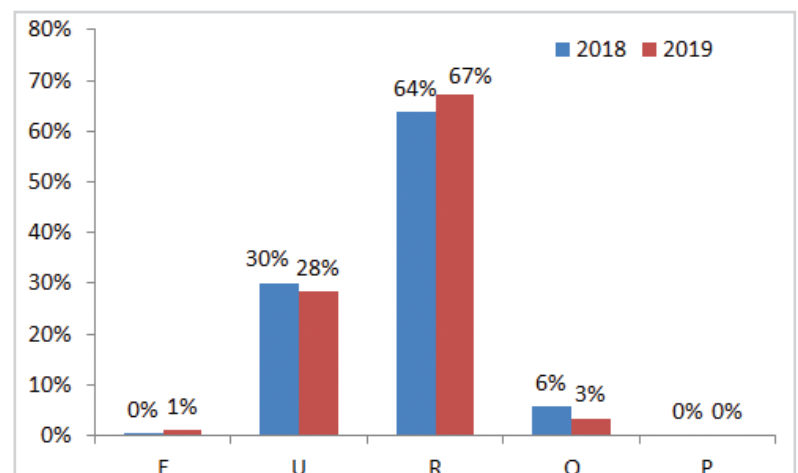
The largest majority of lambs killed in local plants have achieved the desired R and U grade conformation scores, although there has been a shift between the two grades year on year as indicated in Figure 3.

In the six weeks ending 22 February 2019 28 per cent of lamb carcasses achieved a U grade, back two percentage points from 30 per cent of carcasses in the corresponding period in 2018. Meanwhile the proportion of R

grade carcasses increases by three percentage points year on year to account for 67 per cent of carcasses in the 2019 period.

FQ status is also an important factor to consider when presenting hoggets for slaughter. Bonuses are paid for FQ lambs with some of the major processors now only killing sheep that have FQ status. Sourcing FQAS approved lambs is important for NI lamb processors as it allows them to service the high value retail and food service markets in the UK. For many of these customers FQ status is a key requirement of their specifications.

Figure 3: Conformation scores of price reported hoggets during the six weeks ending 23/02/2019 and the corresponding period in 2018



WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 25/02/19	Next Week 04/03/19
Prime		
U-3	330 - 340p	330 - 338p
R-3	324 - 334p	324 - 332p
O+3	318 - 328p	318 - 326p
P+3	272 - 286p	272 - 284p
Including bonus where applicable		
Cows		
O+3 & better	218 - 244p	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.

Deadweight Cattle Trade

BASE quotes from the plants this week for U-3 grading prime cattle range from 330-340p/kg with most of the plants quoting in the region of 336p/kg for both steers and heifers. Quotes for good quality O+3 grading cows ranged from 218-244p/kg this week. With such a range in quotes for all types of cattle producers are encouraged to shop around for the best deal and to use quotes as a starting point for negotiation.

Supplies of prime cattle for slaughter in local plants have remained strong with some reports indicating delays of up to 10 days in getting cattle killed. Prime cattle throughput last week totalled 7,111 head last week which was very similar to the previous week. There has been a general reduction in cow throughput with 1,686 head killed locally last week. This was the lowest weekly cow throughput since the first week of the year. Cow throughput for 2019 to date is running 16 per cent behind the same period in 2018 which is a reduction of 2,766 head.

The deadweight trade has continued to come under pressure with the average steer price in NI last week back by 4.3p/kg to 337.2p/kg. The R3 steer price was back by 3.1p/kg to 345.7p/kg which brings it to its lowest recorded level since October 2016. A similar trend has been observed in heifer prices with the average price back by 3.9p/kg to 339.2p/kg while the R3 heifer price was back by 2.9p/kg to 345.5p/kg. The average young bull price in NI last week was back 3.8p/kg to 318.6p/kg while the R3 young bull price was back 2.2p/kg to 331.4p/kg. The strongest recorded decline was for U3 young bulls which were back 10.7p/kg from the previous week. An increase in the proportion of heavy young bulls in the slaughter mix will have contributed to this decline.

In GB last week the average steer price was back 2.6p/kg to 347.1p/kg while the R3 steer price was back 3p/kg to 353.4p/kg. The deadweight trade for heifers followed a similar trend with average prices back 3.1p/kg to 348.6p/kg while the R3 heifer price was back 3p/kg to 354.9p/kg. R3 heifer prices came back in all of the GB regions with the strongest decline of 4.1p/kg recorded in Northern England.

The deadweight trade for cows has shown signs of recovery in GB with the average cow price up 1.7p/kg to 220.8p/kg. Average cow prices increased in all regions with the exception of Southern England where the average price was back by 3.9p/kg to 209.8p/kg. The cow trade in NI last week came under some pressure with the average price paid back by 2.8p/kg to 221.9p/kg which is just above the average cow price in GB.

The deadweight trade for all types of cattle stabilised in ROI last week in euro terms however a slight weakening in euro against sterling has meant the majority of reported prices were back in sterling terms. The R3 steer price in ROI last week was the equivalent of 321.6p/kg, back 1.9p/kg from the previous week. Meanwhile the R3 heifer price was back by the equivalent of 2.4p/kg to 332.6p/kg.

Deadweight Sheep Trade

BASE quotes started this week at 415-420p/kg up to 22kg for R3 grading hoggets and improved slightly to 420-425p/kg as the week progressed. Throughput of hoggets is operating well below previous years with 4,006 hoggets killed locally last week. This was the lowest throughput recorded since the w/e 07 April 2018. Exports to ROI for direct slaughter last week consisted of 6,003 hoggets and 708 ewes which was a notable increase from 4,059 hoggets and 486 ewes exported during the previous week. The average deadweight hogget price in NI last week was 423.4p/kg which was back 9.2p/kg from the previous week. In the same week last year the deadweight hogget price in NI was 454.2p/kg.

This week's marts

THE number of hoggets passing through the sale rings this week was similar to previous weeks but generally lower than this time last year. The marts have reported a steady trade for hoggets with good demand for lighter hoggets in particular. In Massereene this week a sharper trade saw 733 hoggets sold from 390-447p/kg compared to 642 hoggets last week selling from 380-410p/kg. In Enniskillen this week 290 hoggets sold from 361-410p/kg compared to 389 hoggets last week selling from 380-436p/kg. In Ballymena this week a larger entry of 1,368 hoggets sold from 370-450p/kg (avg 388p/kg) compared to 734 hoggets last week selling from 370-430p/kg (avg 393p/kg). Steady numbers of cull ewes passed through the marts this week with top prices of over £100 reported in the majority of marts.

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

W/E 23/02/19	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	346.2	329.5	360.1	360.5	354.2	357.8
	R3	345.7	321.6	357.3	355.1	351.0	353.4
	R4	344.7	323.2	361.0	369.0	350.3	359.7
	AVG	337.2	-	356.2	352.6	338.8	347.1
Heifers	U3	349.3	343.9	366.9	366.1	362.4	363.9
	R3	345.5	332.6	358.5	357.8	353.3	354.9
	R4	341.2	332.7	361.0	360.6	351.8	356.4
	AVG	339.2	-	359.1	351.3	342.1	348.6
Young Bulls	U3	330.0	308.3	347.2	340.6	337.8	344.6
	R3	331.4	299.2	339.6	334.9	334.6	334.8
	O3	315.5	284.5	320.6	305.8	293.6	302.9
	AVG	318.6	-	331.3	319.0	307.6	316.1
Prime Cattle Price Reported	6,542	-	7,230	7,266	8,170	5,061	27,727
Cows	O3	235.0	233.8	243.3	244.1	243.8	242.6
	O4	241.6	235.0	245.9	244.6	243.2	243.2
	P2	196.1	206.8	208.2	196.3	194.4	197.3
	P3	216.8	222.0	219.0	212.6	217.7	217.0
AVG	221.9	-	238.0	226.3	218.3	209.8	220.8

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=87.16p 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

REPORTED NI CATTLE PRICES - P/KG

W/E 23/02/19	Steers	Heifers	Young Bulls
U3	345.5	349.1	330.4
R3	342.1	343.2	331.5
O+3	333.2	333.5	320.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 23/02/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	136.3	146.0	155.0	168.1
P2	159.1	176.7	193.3	208.4
P3	185.6	193.8	211.6	219.0
O3	-	-	223.6	236.0
O4	-	-	237.5	241.6
R3	-	-	265.0	258.5

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 25/02/19	Next Week 04/03/19
Hoggets > 22kg	415-420p	420-425p

REPORTED SHEEP PRICES

(P/KG)	W/E 09/02/19	W/E 16/02/19	W/E 23/02/19
NI L/W Hoggets	412.2	395.0	399.2
NI D/W Hoggets	437.6	432.6	423.4
GB D/W Hoggets	425.8	424.1	419.7
ROI D/W	454.3	449.7	441.2

LATEST LIVELWEIGHT CATTLE MART PRICES NI

W/E 23/02/19	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	200	209	203	172	198	185
Friesians	153	159	156	138	153	148
Heifers	195	205	201	165	194	182
Beef Cows	139	192	152	112	138	125
Dairy Cows	104	127	115	65	102	85
Store Cattle (p/kg)						
Bullocks up to 400kg	226	266	245	205	225	215
Bullocks 400kg - 500kg	220	256	240	195	219	208
Bullocks over 500kg	205	219	212	175	204	190
Heifers up to 450kg	225	271	240	200	224	212
Heifers over 450kg	200	209	205	170	199	182
200						
Continental Bulls	300	425	370	200	285	245
Continental Heifers	290	480	340	175	285	225
Friesian Bulls	170	200	185	85	165	115
Holstein Bulls	75	130	100	5	70	40

LATEST SHEEP MARTS

From: 23/02/19		Hoggets (P/KG LW)			
To: 27/02/19		No	From	To	Avg
Friday	Newtownstewart	126	360	388	-
Saturday	Swatragh	600	390	466	-
	Omagh	405	385	439	-
Monday	Massereene	733	390	447	-
	Kilrea	450	402	436	-
Tuesday	Saintfield	290	370	442	-
	Rathfriland	250	370	428	396
Wednesday	Ballymena	1368	370	450	388
	Enniskillen	290	361	410	-
	Armoyle	223	405	444	-
	Markethill	900	390	458	-

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