LMC
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CHINA DRIVING GLOBAL DEMAND FOR LAMB

CHINA is now the world's largest importer of sheepmeat and during 2018 imports totalled 344 thousand tonnes. This was a notable 16 per cent increase from the 297 thousand tonnes of sheepmeat imported during the previous year.

Initial forecasts from GIRA published last year had indicated a levelling off in Chinese sheepmeat imports during 2019 following the strong increases recorded during 2017 and 2018. Sheepmeat production in China tends to follow a boom bust cycle with production increasing when domestic prices improve and vice versa. Domestic production of sheepmeat in China was expected to increase enough to meet increasing consumer demand in 2019.

The Chinese sheep and goat flock totalled 299.1 million head in 2018 and is expected to increase to 303 million head during 2019. While improvements have been made in recent times sheepmeat production in China is largely a backyard industry and the highly fragmented production base makes it more difficult to establish an efficient and sustainable supply base.

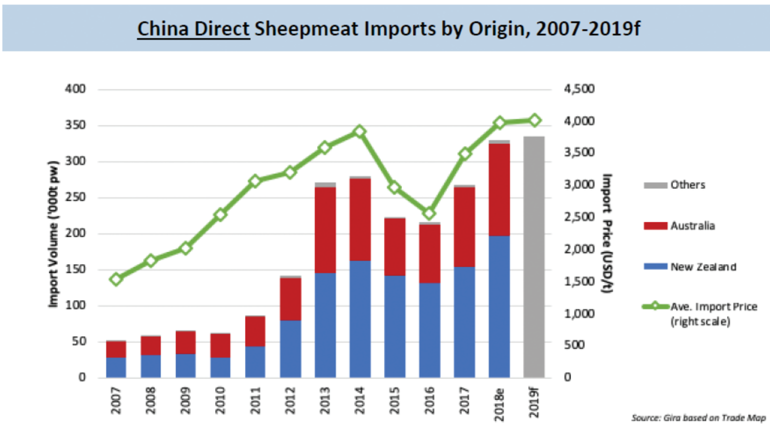
The combination of a larger breeding flock and improved productivity is expected to increase domestic production in China during 2019 to 4,759 thousand tonnes. However with consumer demand for sheepmeat continuing to grow faster than domestic production the strong demand for imported sheepmeat has continued into the first quarter of 2019.

New Zealand and Australia dominate the Chinese import trade for sheepmeat and accounted for 60 per cent and 38 per cent of the trade respectively during 2018. New Zealand has zero tariff access to China for sheepmeat while trade with Australia is currently operating under reduced tariffs following a Free Trade Agreement in 2015. Under this agreement tariffs on Australian sheepmeat will reduce to zero in 2023.

The largest majority of sheepmeat imports now arrive in China directly with the grey channel through Hong Kong becoming much less important over time. Shipments from the EU to China continue to move via Hong Kong with product from the UK and Ireland accounting for the largest proportion of this trade. Both countries are in the process of developing direct access to China for sheepmeat.

Image 1: Lamb consumption in China is groing at a faster rate than domestic consumption so there is a stromg demand fo imported product.

Figure 1: Direct imports of sheepmeat in China have increased strongly since 2016 (Source: Gira)



During the first quarter of 2019 Chinese imports of sheepmeat from New Zealand were 11 per cent higher than the same period in 2018. Meanwhile the volume of sheepmeat imports from Australia were 19 per cent higher than year earlier levels. However despite this increase in demand for imports in China it remains a highly volatile market which is impacted strongly by changes in domestic production and domestic prices.

Demand for imported sheeepmeat has remained strong in recent times due to strong domestic prices making imported product much more competitive. A weakening in the New Zealand dollar and Australian dollar have also contributed to the strong increase in imports in recent years.

Consumer demand for sheepmeat in China has continued to increase, particularly with middle and upper class consumers. Per capita consumption of sheepmeat in China was 3.5kg during 2018 according to the latest available figures from Gira and is forecast to increase to 3.6kg during 2019. With a relatively high retail price many poorer consumers are being priced out of the market. Issues with African Swine Fever (ASF) in the Chinese pork sector have also resulted in an increase in sheepmeat demand due to product substitution.

Sheepmeat in China is traditionally eaten in the cooler winter months however changing consumption patterns, particularly in urban areas, is raising year round demand. Chinese producers are working to break the seasonality of production in China through modifying breeding cycles and expanding cold chain availability across the country. There will continue to be demand for imported sheepmeat in the Chinese market, particularly for the higher end cuts for the retail trade.

The growth in Chinese sheepmeat imports from both Australia and New Zealand in recent years has resulted in a shift in trading patterns across the globe. China will continue to have a huge influence on the global sheepmeat market due to the huge volumes of product it can absorb. The growing demand from China has seen a notable reduction in the volume of Australian and New Zealand lamb being exported to the EU and UK markets.

LMC MARKET INFORMATION SURVEY

A key function of LMC is the provision of Market Information Services which are designed to support, examine and inform the Northern Ireland red meat industry. The service aspires to support producers and processors with their decision making by making available accurate and timely information that creates a better understanding of the trade.

LMC is currently seeking views from our stakeholders on the services provided to our stakeholders by our Market Information Department. Good stakeholder participation in this review process will allow LMC to shape the future outputs of the Market Information Department to ensure they meet the needs of our stakeholders now and in the future.

Stakeholders wil get the opportunity to participate in our survey in person on Friday 17th May at Balmoral Show where representatives from our designated research company (Social Market Research) will be on hand to capture the views of our stakeholders. Stakeholders can also access our short online survey through the LMC website www.lmcni.com

LMC

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WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 06/05/19	Next Week 13/05/19
Prime		
U-3	332 - 338p	332 - 338p
R-3	326 - 332p	326 - 332p
O+3	320 - 326p	320 - 326p
P+3	272 - 282p	272 - 282p
	Including bonus where applicable	
Cows		
O+3 & better	240 - 250p	240 - 250p
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 04/05/19	Steers	Heifers	Young Bulls
U3	341.4	346.7	332.9
R3	339.7	341.5	329.9
O+3	332.6	334.7	318.8

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 04/05/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	151.4	164.3	173.8	195.8
P2	162.2	191.1	216.7	228.5
P3	183.6	226.2	229.8	236.2
O3	-	210.6	254.2	250.7
O4	-	-	251.5	255.6
R3	-	-	-	273.2

Deadweight Cattle Trade

Base quotes for prime cattle ranged from 332-338p/kg across the major plants this week. The majority of plants are quoting 334-336p/kg for steers and heifers. The cow trade has also remained firm in NI with base quotes for good quality O+3 grading cows ranging from 240-250p/kg with the majority of plants quoting 250p/kg. Similar quotes are expected for all types of cattle early next week.

Reports have indicated steady supplies of both prime cattle and cows available for slaughter. Prime cattle throughput in NI last week totalled 6,697 head. This was up 1,162 head from the 5,535 prime cattle killed locally during the previous week. Cow throughput in NI last week totalled 1,506 head, up 422 head from 1,084 cows killed during the previous week.

Imports of prime cattle from ROI for direct slaughter in NI last week totalled 170 head with 29 cows also imported. A further 13 steers and 18 cows were imported from GB for direct slaughter in local plants last week. Meanwhile 25 cattle were exported from NI for direct slaughter in ROI last week with no cattle making the journey to GB for direct slaughter.

The R3 steer price in NI last week was up 1.1p/kg from the previous week to 342.6p/kg. In the corresponding week last year the R3 steer price in NI was 365.5p/kg. The overall average steer price was up by 1.2p/kg to 334.7p/kg. The R3 heifer price in NI last week increased by 0.9p/kg to 343.1p/kg. In the corresponding week in 2018 the R3 heifer price in NI was 366p/kg. The overall average heifer price was up by 1.4p/kg to 337.6p/kg. The young bull trade has also continued to improve in NI with an overall average price of 317.9p/kg last week, up 1.2p/kg from the previous week. The NI O3 cow price decreased last week by 1.2p/kg to 250.4p/kg, while the overall average cow price was up by 3.4p/kg to 234.1p/kg compared to the previous week.

The deadweight trade for prime cattle has also continued to firm in GB with the average R3 steer price up by 2.9p/kg to 355.5p/kg. The R3 steer price improved in all the GB regions with the strongest increase reported in Scotland where it was up by 4.5p/kg to 364.4p/kg. The differential in R3 steer prices between NI and the GB average widened from the previous week to 12.9p/kg last week. The average R3 heifer price in GB last week was 356.1p/kg, up 3.2p/kg from the previous week. This increase was driven by improvements in all of the GB regions with the strongest increase reported in Northern England where it was up by 7p/kg to 356p/kg. The differential in R3 heifer prices between NI and GB last week also widened to 13p/kg when compared to the previous week.

In ROI deadweight prices continued to strengthen in both sterling and euros terms. Last week the R3 steer price was the equivalent of 323.5p/kg, up 1.9p/kg from the previous week. This puts the ROI price 19.1p/kg below the NI R3 steer price. The R3 heifer price in ROI last week was the equivalent of 334p/kg, up 2.2p/kg from the previous week. This puts the ROI price 9.1p/kg lower than NI R3 heifer price.

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

W/E 04/05/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	342.2	332.1	365.5	354.0	356.1	358.2	358.3
	R3	342.6	323.5	364.4	352.5	353.1	351.9	355.5
	R4	341.6	324.4	365.4	355.6	348.8	353.2	355.7
	O3	333.5	308.3	346.1	335.3	326.6	328.6	334.1
	AVG	334.7	-	361.4	346.0	340.6	342.8	347.6
Heifers	U3	346.9	344.8	371.2	358.8	364.2	361.0	364.4
	R3	343.1	334.0	365.3	356.0	352.9	350.6	356.1
	R4	342.7	333.7	366.6	356.1	352.1	353.6	357.1
	O3	333.2	317.8	337.8	337.0	325.5	328.7	332.4
	AVG	337.6	-	364.1	350.2	345.3	342.0	350.8
Young Bulls	U3	332.4	318.2	361.7	349.7	352.0	353.8	353.8
	R3	330.6	305.4	357.0	343.4	345.2	340.6	346.3
	O3	313.2	289.7	326.9	308.6	303.3	328.8	311.2
	AVG	317.9	-	349.9	328.3	327.8	344.6	334.4
Prime Cattle Price Reported		5,973	-	7,096	7,138	8,183	5,127	27,544
Cows	O3	250.4	248.2	276.3	270.1	266.0	270.3	269.3
	O4	255.5	249.5	279.8	273.9	267.9	266.4	270.8
	P2	216.8	222.3	232.6	227.8	220.8	232.2	226.0
	P3	234.0	242.0	251.9	244.5	239.3	240.3	242.0
	AVG	234.1	-	271.1	256.4	236.2	242.9	246.1

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.08p 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 04/05/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	206	218	209	185	205	195
Friesians	145	157	150	128	144	137
Heifers	200	209	205	175	199	185
Beef Cows	155	197	168	130	154	140
Dairy Cows	110	125	116	70	109	90
Store Cattle (p/kg)						
Bullocks up to 400kg	235	267	250	210	234	220
Bullocks 400kg - 500kg	225	256	238	205	224	212
Bullocks over 500kg	200	231	215	170	199	185
Heifers up to 450kg	215	246	230	180	214	198
Heifers over 450kg	200	214	207	165	199	185
Dropped Calves (£/head)						
Continental Bulls	300	380	340	200	295	250
Continental Heifers	270	380	325	160	265	220
Friesian Bulls	150	215	190	50	145	100
Holstein Bulls	100	175	135	20	95	55

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 06/05/19	Next Week 13/05/19
Hoggets> 22kg	410-430p	390-420p
Spring Lambs> 21kg	470-475p	470p

REPORTED SHEEP PRICES

(P/KG)	W/E 20/04/19	W/E 27/04/19	W/E 04/05/19
NI L/W Hoggets	378.6	397.1	391.4
NI D/W Hoggets	452.6	442.9	448.8
GB D/W Hoggets	468.2	465.8	462.1
ROI D/W	463.1	463.1	460.9
NI L/W Spr Lambs	443.7	464.9	450.7
NI D/W Spr Lambs	485.6	483.5	473.7
GB D/W Spr Lambs	508.5	510.5	513.7

Deadweight Sheep Trade

BASE quotes from the plants for spring lambs this week were in the region of 470-475p/kg with plants paying up to 21kg. The number of spring lambs coming forward for slaughter has increased in recent weeks in line with normal seasonal trends with spring lambs accounting for 63 per cent of the price reported kill last week. The hogget season is coming to an end with the plants quoting 410-430p/kg this week for the small numbers coming forward for slaughter. The total lamb/hogget throughput in NI plants last week was 5,211 head up by 1,289 head on the previous week and similar to the same week last year when 5,290 lambs/hoggets were killed in local plants. The deadweight spring lamb price in NI last week was 473.7p/kg, back by 9.8p/kg while the NI hogget price increased by 5.9p/kg to 448.8p/kg.

This week's marts

THE trade across the marts was generally back from previous weeks with the number of lambs passing through starting to increase. In Massereene on Monday 212 spring lambs sold from 450-485p/kg compared to 226 spring lambs last week selling from 450-500p/kg. In Saintfield this week 301 spring lambs sold from 425-475p/kg compared to 181 spring lambs last week selling from 430-500p/kg. In Ballymena on Wednesday 452 spring lambs sold from 314-500p/kg (avg 419p/kg) compared to 236 spring lambs last week selling from 410-490p/kg (avg 445p/kg). In Enniskillen this week 302 spring lambs sold from 432-470p/kg compared to 202 spring lambs selling from 430-492p/kg last week. The top reported prices for cull ewes ranged from £90-142.

LATEST SHEEP MARTS (P/KG LW)

From: 04/05/19		Hoggets				Spring Lambs			
To: 09/05/19		No	From	To	Avg	No	From	To	Avg
Saturday	Swatragh	450	336	408	-	150	434	464	-
	Omagh	321	356	426	-	51	418	454	-
Monday	Massereene	236	380	410	-	212	450	485	-
	Kilrea	-	-	-	-	180	420	446	-
Tuesday	Saintfield	-	-	-	-	301	425	475	-
	Rathfriland	-	-	-	-	317	435	490	468
	Armoy	-	-	-	-	73	425	468	-
Wednesday	Ballymena	-	-	-	-	452	314	500	419
	Enniskillen	-	-	-	-	302	432	470	-
	Markethill	350	350	410	-	390	440	487	-

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