

DIFFERENTIAL IN QUOTES AND PRICES PAID FOR PRIME CATTLE

QUOTES from the major NI plants this week for in spec U-3 grade steers and heifers ranged from 336-346p/kg with the majority of plants quoting 342-344p/kg. Prime cattle slaughtered in NI are generally paid for on a pricing grid which uses the U-3 quote as a base price to work out a value of other individual grades. It should however be noted that the pricing grid is there as a guide only and there may be some variation in its application from plant to plant.

In reality the deadweight prices available for individual grades of prime cattle are primarily driven by supply and demand with the price paid open to negotiation between producers and processors. Given the degree of flexibility in the current pricing system there are often differences between what the plants are quoting for prime cattle and what is actually being paid.

Analysis of price reporting data allows a comparison to be drawn between the base quotes from the plants and the prices they paid. For the purposes of analysis we have used the deadweight

prices paid for 1,180 R-3 grade steers during the 15 weeks ending 13/01/2019. This grade is used for analysis purposes as it is the most common price reported grade in NI and therefore provides the most robust indicator of changes in the deadweight cattle trade.

Only steers that are in spec for age,

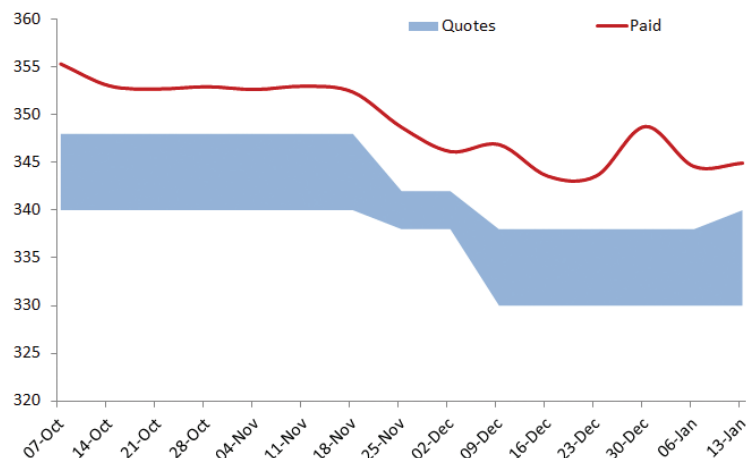
weight, grade, number of farms and FQ status have been included in the dataset. Aberdeen Angus, Hereford and Organic cattle have also been removed as any bonuses paid for these cattle are not included in base quotes from the major processors.

Figure 1 displays the range in quotes from the major NI processors for in spec

R-3 grade steers during the 15 weeks ending 13/01/2019 (blue band). The red line in Figure 1 indicates the prices paid for in spec R-3 grade steers over the same period. As indicated in the chart the prices paid have been consistently above the quoted prices during the period under analysis.

suggest for in spec R-3 grade steers and this differential has been maintained despite the deadweight beef trade coming under pressure towards the end of 2018. It is however worth noting that some in spec R-3 grade steers were bought at, and below, the quoted prices during the period under analysis while other cattle were paid more.

Figure 1: Quoted prices for R-3 steer prices from major NI processors and prices paid during the 15 week period ending 13/01/2019



15 weeks ending 13/01/2019
Difference in quoted and paid R-3 steer price averaged 6p/kg

The average differential between the top quoted prices from the major NI processors and the prices recorded in any given week during the period under analysis was 6p/kg. During this 15 week period the differential between the top quoted price and the price paid ranged from 4p/kg to 11p/kg.

This analysis indicates that higher prices are available than initial quotes

As outlined in Figure 1 there is a slight lag in the trends shown between the quoted prices and the prices paid. Some producers may negotiate a price for their cattle several weeks before they are actually slaughtered and price reported by which stage there may have been changes in the deadweight cattle trade.

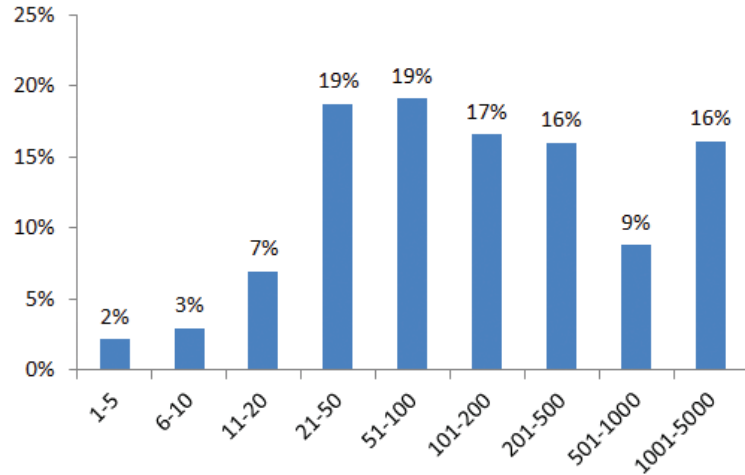
With a range in the prices paid for in-spec R-3 grade steers during any particular week producers are encouraged to produce cattle that meet market specifications and to use the base quotes from the major plants as a starting point for negotiation before presenting cattle for slaughter.

MORE PRIME CATTLE KILLED BY LARGER FINISHERS

ACCORDING to the DAERA June Agricultural census there are just over 20,000 farms in NI with cattle involved in beef production with the largest majority of these farms being classified as small or very small. A lot of these farms are suckler beef producers or keep store cattle with a much smaller number of producers taking prime cattle through to finish.

Analysis of price reported cattle has

Figure 2: Source of NI price reported prime cattle kill during 2018 broken down by finisher size.



shown that 7,546 individual producers presented prime cattle at one of the seven major meat plants in NI during 2018. This was back by 104 producers from 2017 when 7,650 individual herds presented cattle for slaughter. The largest majority of producers presenting cattle for slaughter in NI are killing very small numbers.

During 2018 33 per cent of producers who killed prime cattle killed five head

or less with animals from these farms accounting for just two per cent of the price reported prime kill as outlined in Figure 2. A further 29 per cent of producers killing prime cattle during 2018 presented between 6 and 20 head with these animals accounting for 10 per cent of the price reported kill.

Producers killing between 21 and 50 prime cattle accounted for 19 per cent of throughput in local plants with a similar proportion of the kill coming from producers killing between 51 and 100 head. Producers finishing between 101 and 200 head of prime cattle produced 17 per cent of plant throughput. These figures are generally similar to previous years.

There has however been a slight increase in the proportion of cattle being killed by larger finishers. During 2018 three per cent of individual herds who presented cattle for slaughter killed more than 200 head with the biggest finishers killing over 4,000 head of cattle. While there has been little change in the number of producers killing these larger numbers of cattle there has been a slight increase in their share of the price reported kill year on year.

Image 1: During 2018 41 per cent of price reported prime cattle in NI came from less than 200 finishers.



In 2016 producers killing over 200 prime cattle presented 36 per cent of the price reported kill for slaughter. This increased to 40 per cent in 2017 and increased slightly in 2018 to 41 per cent. Larger producers have the ability to negotiate better on price than smaller finishers when presenting cattle for slaughter at the processing plants due to the more consistent supply of cattle that they finish.

It is also worth noting that these finishers are also more likely to be presenting prime cattle for slaughter that meet current market specifications due to increased level of communication and interaction with the processors which further improves their ability to negotiate higher returns.



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WEEKLY BEEF & LAMB MARKETS



CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 14/01/19	Next Week 21/01/19
Prime		
U-3	336 - 344p	336 - 346p
R-3	330 - 338p	330 - 340p
O+3	324 - 332p	324 - 334p
P+3	278 - 292p	278 - 292p
Including bonus where applicable		
Cows		
O+3 & better	220 - 236p	222 - 236p
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 for in spec U-3 grade prime cattle slightly improved by the end of this week at 336-346p/kg. The majority of plants are quoting 342-344p/kg for steers and heifers. Quotes for cows this week also slightly improved at the lower end to 222-236p/kg with the majority of plants quoting in the region of 230p/kg. Similar quotes are expected for all types of cattle early next week.

The plants have reported steady supplies of all types of cattle coming forward for slaughter to meet demand for beef. Prime cattle throughput last week totalled 6,798 head, an increase of 1,478 head from the previous week. Cow throughput in NI last week totalled 1,807, an increase of 598 head from the previous week.

Imports from ROI for direct slaughter included 176 prime cattle and 72 cows last week, a notable increase in ROI imports when compared to the 37 prime cattle and eight cows in the corresponding week in 2018. A further 53 prime cattle and 125 cows were imported from GB for direct slaughter last week which is also up when compared to the corresponding week last year. Exports from NI to ROI for direct slaughter last week consisted of two prime cattle and 156 cows while no cattle made the journey to GB for direct slaughter.

The average steer price in NI last week was 340.8p/kg, back 1.6p/kg from the previous week however the R3 steer price increased by just over a penny to 350.3p/kg. The average heifer price in NI last week was 343p/kg, back 2.1p/kg from the previous week while the R3 heifer price last week was back 0.4p/kg to 349.7p/kg. The average young bull price in NI last week was 320.4p/kg, back 0.6p/kg from the previous week. However the U3 young bull price increased by 3.4p/kg to 337.6p/kg. The cow trade in NI firmed slightly with the average cow price up by 1.9p/kg to 211.2p/kg though the O3 cow price was back by 2.1p/kg to 231.1p/kg.

The deadweight cattle trade has continued to come under pressure in GB with the average steer price back by 1.3p/kg to 351.6p/kg while the R3 steer price was back by 2.9p/kg to 358.5p/kg. The average heifer price in GB last week was 352.7p/kg, back 2.4p/kg from the previous week. Meanwhile the R3 heifer price was back by 2.1p/kg to 358.3p/kg. This puts the differential between NI and the GB average R3 steer price at 8.2p/kg while the differential in R3 heifer prices between the regions was 8.6p/kg. The average cow price in GB last week decreased by 1.8p/kg to 207.5p/kg with the O3 cow price back by a similar margin to 232.9p/kg. This was 1.8p/kg above the O3 cow price in NI.

The deadweight prime cattle trade came under pressure in ROI last week in both euro and sterling terms. The R3 steer price was back 0.4p/kg to the equivalent of 331.7p/kg while the R3 heifer price decreased by 1.2p/kg to 343.3p/kg. The cow trade in ROI also came under pressure with the O3 cow price back by 2.9p/kg to the equivalent of 243.5p/kg. This was 12.4p/kg higher than the same price in NI.

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

W/E 12/01/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	349.4	340.5	364.2	360.6	360.0	361.0	361.4
	R3	350.3	331.7	362.8	361.6	355.3	356.3	358.5
	R4	350.2	330.9	367.9	370.1	355.3	356.9	364.3
	O3	340.9	317.1	346.2	338.0	330.8	332.2	336.9
	AVG	340.8	-	362.5	354.6	343.7	344.1	351.6
Heifers	U3	354.3	354.9	369.9	363.9	370.4	367.1	368.4
	R3	349.7	343.3	360.9	357.0	358.1	356.9	358.3
	R4	349.8	343.7	365.4	362.1	359.9	358.3	361.6
	O3	339.9	330.5	346.2	336.5	326.5	338.3	336.6
	AVG	343.0	-	363.8	353.9	346.0	346.5	352.7
Young Bulls	U3	337.6	329.7	360.8	344.7	326.1	342.7	341.7
	R3	333.2	320.0	349.1	338.6	339.6	319.7	340.7
	O3	317.8	305.0	318.1	306.1	310.2	334.5	311.6
	AVG	320.4	-	336.4	313.6	314.3	313.4	318.1
Prime Cattle Price Reported		5,949	-	6,921	7,325	7,244	4,748	26,238
Cows	O3	231.1	243.5	228.7	232.9	239.1	223.0	232.9
	O4	235.8	243.8	233.4	234.0	240.0	224.2	234.4
	P2	195.5	215.3	185.8	185.0	190.7	181.5	186.4
	P3	209.6	230.3	197.6	197.2	213.7	204.0	206.2
	AVG	211.2	-	220.3	210.0	210.8	191.7	207.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.96p 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 12/01/19	Steers	Heifers	Young Bulls
U3	348.2	353.8	337.4
R3	344.9	347.4	334.0
O+3	335.5	334.4	325.3

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 12/01/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	130.5	144.8	154.8	170.3
P2	148.5	179.5	193.8	205.1
P3	155.3	194.5	201.9	213.1
O3	195.0	197.2	221.8	232.4
O4	200.0	218.0	229.6	236.2
R3	-	-	-	252.0

LATEST LIVELWEIGHT CATTLE MART PRICES NI

W/E 12/01/19	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	194	208	200	165	190	182
Friesians	155	161	158	130	146	141
Heifers	200	216	208	170	194	182
Beef Cows	143	168	152	115	142	125
Dairy Cows	96	122	105	65	95	80
Store Cattle (p/kg)						
Bullocks up to 400kg	222	254	232	200	220	210
Bullocks 400kg - 500kg	209	228	216	190	207	197
Bullocks over 500kg	200	208	205	176	197	191
Heifers up to 450kg	215	256	225	190	214	200
Heifers over 450kg	195	209	200	170	194	182
Dropped Calves (£/head)						
Continental Bulls	325	385	355	210	320	265
Continental Heifers	260	315	285	140	255	190
Friesian Bulls	170	245	190	50	165	100
Holstein Bulls	90	180	120	10	85	50

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 14/01/19	Next Week 21/01/19
Hoggets> 22kg	425-430p	425-435p

REPORTED SHEEP PRICES

(P/KG)	W/E 29/12/18	W/E 05/01/19	W/E 12/01/19
NI L/W Hoggets/Lambs	-	394.3	399.0
NI D/W Hoggets/Lambs	404.8	413.6	429.8
GB D/W Hoggets/Lambs	423.8	431.8	433.2
ROI D/W	429.9	431.5	432.0

Deadweight Sheep Trade

BASE quotes from the major processing plants in NI this week ranged from 425-430p/kg for R3 grading hoggets with the plants paying up to 22kg. Similar quotes are expected for early next week. Hogget throughput in the local plants last week totalled 7,648 head which was an increase of 1,575 hoggets from the previous week. The average liveweight price in NI last week was 399p/kg, up 4.7p/kg from the previous week. The average deadweight hogget price in NI last week was 429.8p/kg, an increase of 16.2p/kg from the previous week. In ROI last week the average hogget price was 432p/kg which was similar to the previous week.

This week's marts

MANY of the marts have reported a firmer trade this week with numbers similar to last week. In Omagh last Saturday 1,035 hoggets sold from 394-462p/kg. In Kilrea a similar trade of 450 hoggets sold from 394-433p/kg this week compared to 350 hoggets last week selling from 390-436p/kg. In Rathfriland this week 519 hoggets sold from 375-450p/kg (avg 395p/kg) compared to last week when 500 hoggets sold from 350-448p/kg (avg 391p/kg). In Armoyn on Tuesday 459 hoggets sold from 383-440p/kg this week compared to 573 hoggets selling from 390-418p/kg last week. A good show of 1,966 hoggets in Ballymena this week sold from 370-435p/kg (avg 388p/kg) compared to 1,902 hoggets last week selling from 368-415p/kg (avg 384p/kg). Top reported prices for cull ewes are generally ranging from £90-112.

LATEST SHEEP MARTS

From: 11/01/19		Hoggets (P/KG LW)			
To: 17/01/19		No	From	To	Avg
Friday	Newtownstewart	223	367	406	-
Saturday	Swatragh	860	380	466	-
	Omagh	1035	394	462	-
Monday	Massereene	712	390	420	-
	Kilrea	450	394	433	-
Tuesday	Saintfield	701	390	461	-
	Rathfriland	519	375	450	395
Wednesday	Ballymena	1966	370	435	388
	Enniskillen	529	385	448	-
	Armoyn	459	383	440	-
	Markethill	1100	380	449	-

Contact us:

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Fax: 028 9263 3001

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Answerphone: 028 9263 3011

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