LMC
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LAMB TRADE UNDER PRESSURE

THE deadweight trade for lambs has continued to come under pressure this week with the local plants quoting 365-370p/kg for R3 grading lambs up to 21kg. Quotes from the plants have come back by 30p/kg over the last three weeks.

Lamb throughput in NI during the last six weeks has been particularly strong as indicated by the red line in Figure 1. The number of lambs being killed locally has been similar to those recorded in the same period in 2017 but notably higher than the corresponding period in 2018.

The increase in lamb throughput in local plants has contributed to the downward pressure on the local deadweight lamb trade. The average price paid last week for an R3 grading lamb was 381.1p/kg as outlined in Image 1. This was 21.8p/kg (£4.57/head) lower than the same week last year. In the same week in 2017 the R3 lamb price was 422.2p/kg which was 41.1p/kg (£8.63/head) above last week's prices.

The average carcase weight of lambs killed in local plants during the last six weeks was 21.2kg, notably lower than previous six week period when the average carcase weight was 22.9kg. The decline has been welcomed by the local processors as individual cuts from carcases outside the desired 18-21kg weight range are much more difficult to market. Reports from the plants have indicated that lambs being presented for slaughter have generally been of very good quality.

There has also been a drop in demand for NI lambs from processing plants in ROI. During the six weeks ending 20 July 2019 29,858 lambs were exported from NI for slaughter in ROI which was back from 35,424 head in the same six week period in 2018. This accounts for a 19 per cent decline year on year.

Despite the reduction in the number of NI origin of lambs being exported to ROI for direct slaughter in recent weeks unrestricted access to this market is vital for the NI sheep sector. During the last six weeks 36 per cent of lamb output from the NI sheep flock was exported across the border for direct slaughter. In the same period last year 44 per cent of NI lambs were exported for direct slaughter in ROI.

The downward pressure on deadweight lamb prices has also been observed in GB, ROI and across the EU with supplies of lambs for slaughter running ahead of market demand. There have however been some indications that New Zealand lamb exports that have been traditionally destined for the EU are now being redirected to more lucrative Asian markets. This drop in the volume of imported lamb on the EU market may help improve demand for domestic product.

Figure 1: Weekly lamb throughput in Northern Ireland May-Dec 2017-2019

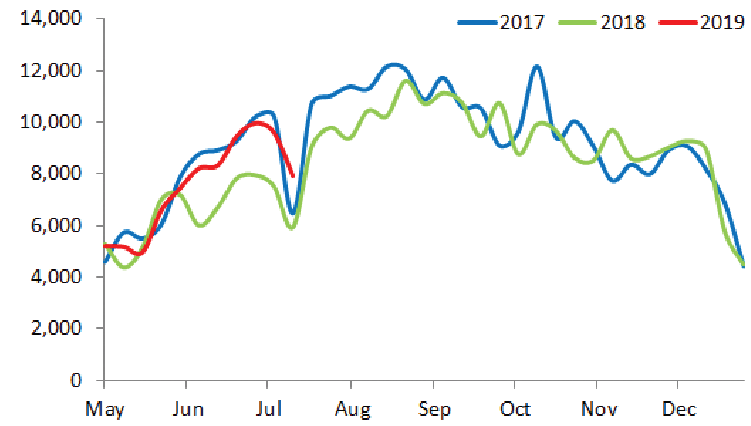


Image 1: Deadweight lamb prices well behind previous years in recent weeks

NI/GB PRICE DIFFERENTIAL NARROWS

THE deadweight cattle trade has been under pressure in all parts of the United Kingdom over the last few months with reported prices notably lower than this time last year as indicated in Table 1. In recent weeks however the rate of decline in prices has been higher in mainland Great Britain than in Northern Ireland which has narrowed the price differential between the regions as outlined in Figure 2.

Deadweight Prices

Last week the R3 steer price in NI increased by just over a penny to 333.1p/kg while the same price in GB held stable at 334.8p/kg. This has narrowed the differential in R3 steer price between the two regions to 1.7p/kg.

There was an improvement in the heifer trade in NI last week with the R3 price up by 6.6p/kg from the previous week to 338.4p/kg. Meanwhile in GB the equivalent price was back by 2p/kg to 334.4p/kg which brings it below the R3 heifer price in NI. This is the first time this has happened since 2011.

Deadweight prices have also come under significant pressure in ROI in recent weeks as indicated in Figure 2. The R3 steer price last week was 319.8p/kg, back 11.3p/kg from the first week of June this year. In euro terms however the decline was much more pronounced with the R3 steer back by 31.4c/kg since the first week of June. This equates to a decline of €110 in the value of a 350kg carcase.

Beef Sales

Some reports have indicated that lack of red meat product promotion by the major retailers has contributed to weakness in consumer demand for beef. The latest available Kantar data for the 12 weeks ending 16 June 2019 however has indicated that retail expenditure on beef in GB has increased marginally when compared to the same period in 2018. Volume sales of beef have also been more positive, increasing by 2.1 per cent over the same period.

Value and volume of beef sales have shown positive growth during the 12 weeks ending 16 June 2019

Beef Supplies

While these retail sales figures indicate some improvement in demand for beef there has also been an increase in beef supplies. During the first six months of 2019 there was a 6.3 per cent increase in the volume of prime beef processed by NI processors when compared to the same period in 2018. This increase in the volume of beef being processed locally is due to stronger prime cattle throughput and an increase in average carcase weights.

Meanwhile in GB prime cattle produced 355 thousand tonnes (cwe) of beef during the first six months of 2019, an increase of 1.6 per cent from the same period in 2018. With prime cattle throughput in GB fairly similar during the 2018 and 2019 periods much of the additional beef processed is due to higher carcase weights.

There have also been reports of processing plants across the UK having significant volumes of beef in storage. As this has been released onto the market it has contributed to the current over supply in the beef market and the subsequent weakness in the deadweight trade.

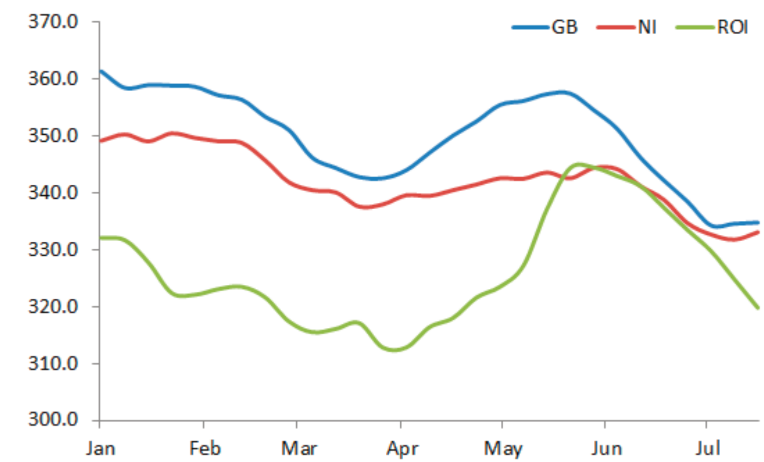
Forecast figures

On a more positive note the latest cattle kill forecast figures for NI have indicated a reduction in the number of cattle available for slaughter in the second half of 2019. With a similar downward trend in prime cattle supplies expected in GB this may help bring some stability to the deadweight trade.

Table 1: Price reported R3 steer prices in NI, GB and ROI during the week ending 20/07/19 and the corresponding weeks in 2017 and 2018 (p/kg)

R3 steer price (p/kg)	NI	GB	ROI
w/e 22/07/17	369.1	378.5	354.5
w/e 21/07/18	361.3	369.9	344.9
w/e 20/07/19	333.1	334.8	319.8

Figure 2: R3 steer prices in NI, GB and ROI January-July 2019



WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 22/07/19	Next Week 29/07/19
Prime		
U-3	320 - 330p	320 - 330p
R-3	314 - 324p	314 - 324p
O+3	308 - 318p	308 - 318p
P+3	260 - 274p	260 - 274p
	Including bonus where applicable	
Cows		
O+3 & better	235 - 250p	235 - 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 20/07/19	Steers	Heifers	Young Bulls
U3	329.6	338.3	323.6
R3	328.7	335.7	321.0
O+3	319.4	329.1	310.6

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 20/07/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	150.6	161.9	176.4	184.6
P2	158.0	195.1	210.0	228.1
P3	199.3	221.4	232.3	238.5
O3	-	236.0	255.4	257.6
O4	-	230.0	256.9	260.6
R3	-	-	-	276.3

Deadweight Cattle Trade

BASE quotes this week for in spec U-3 grade steers and heifers ranged from 320-330p/kg across the local plants with similar quotes expected for early next week. The cow trade has continued to remain steady this week with quotes for good quality O+3 cows ranging from 235-250p/kg.

Prime cattle slaughterings in local plants last week totalled 5,301 head which brings prime cattle throughput for the last six weeks to 35,003 head. This is an increase 1.5 per cent (+516 head) from the corresponding period in 2018 when prime cattle throughput totalled 34,487 head. Cow slaughterings in NI last week totalled 1,457 head which brings cow throughput for the last six weeks to 10,213 head, six per cent less than the 10,883 cows killed in the same period in 2018.

Cattle imports from ROI last week for direct slaughter consisted of 265 prime cattle and 42 cows with a further seven steers and 58 cows imported from GB. Meanwhile exports from NI for direct slaughter in ROI consisted of three prime cattle and 24 cows and for a fifth consecutive week no cattle made the journey to GB for direct slaughter.

The deadweight trade for prime cattle in NI showed signs of improvement last week. The average steer price was 324.7p/kg, up marginally from the previous week while the R3 steer price was up by 1.3p/kg to 333.1p/kg. Meanwhile the average heifer price in NI last week was up by 1.4p/kg to 327.8p/kg with the R3 heifer price notably up by 6.6p/kg to 338.4p/kg. The average young bull price in NI last week increased by 4.5p/kg to 312p/kg while the R3 young bull price back slightly from the previous week to 321.1p/kg. The cow trade improved in NI last week with the average cow price up by 0.7p/kg to 242.5p/kg while O3 cow price was up by 3.1p/kg to 257.3p/kg.

In GB price reported figures have indicated a mixed deadweight trade across the regions last week. The average steer price reported an increase of 0.4p/kg to 327.1p/kg last week while the R3 steer price increased marginally to 334.8p/kg. The R3 steer price generally held steady in Scotland (-0.2p/kg) and the Midlands and Wales (+0.3p/kg) with an increase in Southern England (+4.2p/kg) and a decrease in Northern England (-3.4p/kg). The average heifer price in GB last week was back by a penny to 329.5p/kg while the R3 heifer price indicated an overall decline of 2p/kg to 334.4p/kg from the previous week. The R3 heifer prices reported similar increases in the Midlands and Wales (+1.3p/kg) and Southern England (+1.4p/kg) while the price decreased in Scotland (-2.5p/kg) and Northern England (-9.9p/kg).

In ROI last week the deadweight trade for prime cattle continued to come under pressure. The R3 steer price in ROI last week was the equivalent 319.8p/kg, back 5p/kg from the previous week while the R3 heifer price indicated a decline of 5.9p/kg to 330.6p/kg. The O3 cow price recorded a decrease of 1.4p/kg to 254.9p/kg, 2.4p/kg less than the equivalent price in NI.

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

W/E 20/07/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	331.2	328.6	341.3	338.1	335.5	332.6	336.9
	R3	333.1	319.8	343.9	337.1	330.3	329.5	334.8
	R4	335.4	319.7	347.4	340.8	331.4	328.7	338.6
	O3	327.9	305.6	321.9	322.8	303.4	305.5	313.2
	AVG	324.7	-	341.0	331.7	316.2	318.0	327.1
Heifers	U3	338.0	344.4	347.9	341.8	341.4	337.0	342.4
	R3	338.4	330.6	342.0	331.6	331.8	332.1	334.4
	R4	336.1	330.8	346.2	338.2	334.5	332.5	338.2
	O3	322.2	317.3	329.7	323.9	303.1	310.1	316.1
	AVG	327.8	-	342.9	331.6	321.1	321.2	329.5
Young Bulls	U3	323.2	320.8	330.7	324.9	326.0	316.4	325.4
	R3	321.1	309.9	326.9	320.1	317.6	314.2	319.8
	O3	305.6	286.4	298.1	292.6	284.9	296.9	290.0
	AVG	312.0	-	324.1	310.5	311.1	304.2	312.5
Prime Cattle Price Reported		4,572	-	6,191	6,767	7,202	4,348	24,508
Cows	O3	257.3	254.9	256.7	255.1	255.6	257.5	256.1
	O4	260.5	255.8	258.7	258.6	256.2	256.6	257.4
	P2	216.6	228.0	206.1	212.9	208.9	218.2	211.9
	P3	236.3	248.3	223.0	233.6	231.8	234.9	231.8
	AVG	242.5	-	251.2	240.6	224.6	225.9	231.6

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=89.99p 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 20/07/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	207	213	210	174	194	184
Friesians	146	158	150	110	144	135
Heifers	205	213	209	180	204	192
Beef Cows	147	175	160	120	146	135
Dairy Cows	110	130	115	65	109	88
Store Cattle (p/kg)						
Bullocks up to 400kg	221	257	230	200	220	210
Bullocks 400kg - 500kg	200	225	215	170	199	190
Bullocks over 500kg	170	180	175	145	165	155
Heifers up to 450kg	220	251	230	185	219	200
Heifers over 450kg	190	210	200	160	189	175
Dropped Calves (£/head)						
Continental Bulls	385	480	400	250	380	300
Continental Heifers	275	395	310	150	270	210
Friesian Bulls	150	210	180	65	145	100
Holstein Bulls	85	150	120	20	80	50

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 22/07/19	Next Week 29/07/19
Lambs up to 21kg	370-375p	365-370p

REPORTED SHEEP PRICES

(P/KG)	W/E 06/07/19	W/E 13/07/19	W/E 20/07/19
NI L/W Lambs	353.2	365.1	345.2
NI D/W Lambs	391.2	387.0	382.6
GB D/W Lambs	433.5	414.9	414.6
ROI D/W	421.5	421.1	410.3

Deadweight Sheep Trade

QUOTES from the plants this week continued to come under pressure as more lambs become available for slaughter. The plants ended this week quoting 365-370p/kg for R3 grading lambs up to 21kg with quotes early next week expected to be similar. Lamb throughput in local plants last week totalled 8,473 head which is just behind the same week last year when 9,040 lambs were killed locally. Exports of lambs to ROI for direct slaughter last week totalled 4,934 head, well behind the 7,013 lambs exported to ROI for direct slaughter in the same week last year. The deadweight lamb price in NI last week was back by 4.4p/kg to 382.6p/kg. In ROI last week the deadweight lamb price was the equivalent of 410.3p/kg, back 10.8p/kg from the previous week.

This week's marts

DEMAND has remained fairly firm for good quality lambs across the marts however the liveweight trade has also come under pressure this week. In Omagh on Saturday 1,132 lambs sold from 354-410p/kg. In Kilrea on Monday 420 lambs sold from 324-352p/kg compared to 650 lambs last week selling from 348-373p/kg. In Saintfield this week a good entry of 1,004 lambs sold from 315-365p/kg. In Ballymena on Wednesday 1,247 lambs sold from 318-369p/kg (avg 330p/kg) compared to 1,464 lambs last week selling from 330-369p/kg (avg 336p/kg). In Enniskillen this week 548 lambs sold from 320-363p/kg compared to 502 lambs last week selling from 339-374p/kg. Top reported prices for cull ewes remain firm this week ranging from £96-£131.

LATEST SHEEP MARTS (P/KG LW)

From: 19/07/19		Lambs			
To: 25/07/19		No	From	To	Avg
Friday	Newtownstewart	490	300	350	-
Saturday	Swatragh	1400	335	420	-
	Omagh	1132	354	410	-
Monday	Massereene	904	330	363	-
	Kilrea	420	324	352	-
Tuesday	Saintfield	1004	315	365	-
	Rathfriland	715	330	382	357
Wednesday	Ballymena	1247	318	369	330
	Enniskillen	548	320	363	-
	Armoy	642	330	385	-
	Markethill	960	340	362	-

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