LMC
Livestock & Meat Commission

WEEKLY PUBLICATION OF THE LIVESTOCK AND MEAT COMMISSION FOR NORTHERN IRELAND

Saturday 17 August 2019 Issue No. 2582

GB R3 HEIFER PRICES LOWER THAN EU

DEADWEIGHT prices for prime cattle have been under pressure across the UK over the last few months. With cattle supplies holding steady and heavier carcases in the slaughter mix supplies of beef are generally running ahead of demand. Some reports have also indicated that there is a lot of beef in storage which is also putting some downward pressure on the deadweight trade.

Deadweight beef prices have also been coming under pressure across much of the EU as beef supplies run ahead of demand. Table 1 displays the EU Deadweight Cattle Prices League Table which 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 trading bloc.

Northern Ireland

As indicated in the table Northern Ireland has moved up one place in the league table into sixth position with an equivalent R3 heifer price of 367.3c/kg during the w/e 04 August 2019. This places it 1.6c/kg above the EU average price of 365.7c/kg. In early January 2019 the R3 heifer price in NI was the equivalent of 386.8c/kg and was 4.7c/kg higher than the EU average. This decline equates to a decline of €63 in the value of a 320kg carcase since the start of the year.

Great Britain

Meanwhile GB has moved down one place in the league table into seventh position during the w/e 04 August 2019 with an R3 heifer price the equivalent of 363.7c/kg. This places it 2/c below the EU average price and 3.6c/kg below the equivalent price in Northern Ireland.

w/e 04/08/2019
R3 heifer prices
EU: 365.7c/kg
NI: 367.3c/kg (+1.6c/kg)
GB: 363.7p/kg (-2.0c/kg)

In the first week of January 2019 the R3 heifer price in GB was the equivalent of 398.2c/kg and was 10.1c/kg above the EU average. In euro terms the R3 heifer price in GB has come back by 35.3c/kg since the start of the year. This decline is the equivalent of €113 on a 320kg carcase.

Ireland

Beef prices have also continued to come under significant pressure in ROI with an R3 heifer price of 356.5c/kg during the week ending 04 August 2019, back 20.5c/kg from the previous month. This was the strongest decline recorded in all of the EU beef markets during the last month. ROI currently exports half of the beef it processes to the UK and the weakening sterling has made Irish beef much less competitive on the UK market. This is being reflected in the returns paid to farmers in ROI.

During the w/e 04/08/2019 the average exchange rate was €1 = 91.3p, up from 89.7p/kg the previous month. In the corresponding week last year €1 = 89.1p.

Figure 1: R3 heifer prices in GB, NI, ROI and the EU average (c/kg) during 2019 to date

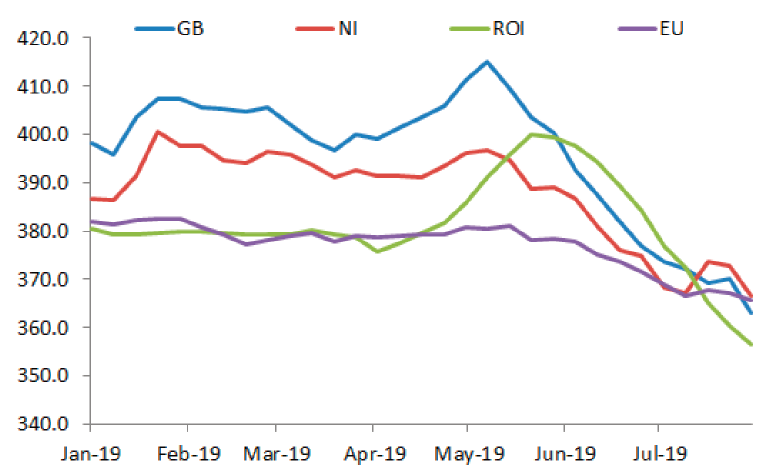


Table 1: EU Deadweight Cattle Prices – Heifers R3 Equivalent (€ Cents)

Position last Mth	Position this Mth	Country	Price last Mth (w/e 07.07.19)	Price this Mth (w/e 04.08.19)	Change on Mth (cents)
3	1	Italy	401.8	414.1	+12.3
2	2	Luxembourg	402.7	400.0	-2.6
1	3	Sweden	403.6	397.8	-5.8
4	4	France	393.0	391.0	-2.0
8	5	Spain	361.8	378.3	+16.6
7	6	Northern Ireland	368.5	367.3	-1.2
6	7	Great Britain	373.8	363.7	-10.1
5	8	Ireland	377.1	356.5	-20.5
9	9	Austria	354.4	350.5	-3.9
10	10	Germany	350.7	346.3	-4.3
11	11	Denmark	340.2	342.5	+2.3
12	12	Slovenia	336.0	331.1	-4.9
13	13	Belgium	327.0	325.5	-1.5
14	14	Poland	306.3	305.8	-0.5
16	15	Czech Republic	286.3	291.1	+4.8
15	16	Lithuania	289.1	283.6	-5.6
		EU Average	369.0	365.7	-3.3
	Euro (€1=)		89.7	91.3	+1.6

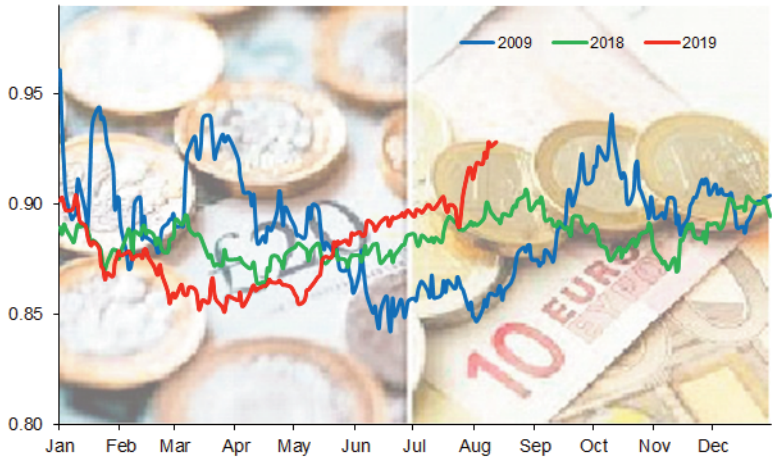
STERLING TRADING AT A 10 YEAR LOW

STERLING is now trading at its lowest levels against the euro in a decade with €1 worth £0.928 early this week. Experts have indicated that this decline in the value of sterling is partly due to the increasing risk of a no deal Brexit. Other factors influencing the sterling/euro exchange rate are the effects of a slowing UK economy, global economic weakness, the increasing chance of a cut to interest rates.

New Brexit Deal?

The British Prime Minister Boris Johnston has insisted he is "confident" it would be possible to reach a new agreement with the European Union before Britain is due to leave on October 31. However, he also outlined that Brexit could not be delayed any longer than 31 October and that the "unacceptable" Northern Ireland backstop had to go.

Image 1: Sterling has continued to decline against the euro in recent weeks as Brexit confusion continues.



The backstop, part of the withdrawal agreement that former Prime Minister Theresa May struck in November, has been a major sticking point in efforts to prevent a disorderly Brexit. The EU has said it will not consider the removal of the Irish backstop from any agreement. The backstop is an insurance policy that would keep Northern Ireland in the single market and the whole of the UK in a customs union with the bloc to avoid a hard border on the island of Ireland

Weaker sterling

A weaker sterling works to the benefit of the NI beef market in some ways by making imported beef more expensive and therefore less cost competitive against domestic produce for the major UK retailers. A weaker sterling also makes UK beef exports more competitive in the important EU market. Access to the EU beef market in particular provides an important carcase balancing function for the local trade and provides the greatest return for products that are currently under utilised by UK consumers.

However while a weaker sterling may make our beef more competitive it will also increase the costs of imports such as feed, fuel and fertiliser for UK beef producers. This will increase costs of production at individual farm level.

Another important factor is that a weaker sterling will increase the value of the last CAP payment to local farmers. CAP payments will be converted from euro to sterling based on the average exchange rate during September 2019. In September 2018 the average exchange rate was €1 = £0.89281.

Tariffs

Some reports in recent weeks have indicated that buyers in the EU are unwilling to engage in longer term contracts with UK meat suppliers because of fears of no-deal Brexit tariffs on UK exports to the EU.

If the UK leaves the EU on the 31 October 2019 without a deal then WTO tariffs will automatically be applied on all UK goods being exported to the EU. Under these trading conditions red meat is particularly badly affected. As a result, UK meat companies are currently being forced to export day to day at 'spot prices' in the absence of any longer term trading arrangements being put in place.

The UK is currently a net importer of beef so under a no-deal scenario any exported beef could in theory be redirected to the domestic market. However under the UK's proposals for a no-deal Brexit 230,000 tonnes of beef can be imported tariff free, as well as beef which travels through NI. In the longer term the UK beef market may be seriously weakened by the availability of imported beef from South America under the new UK-tariff regime.

WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 12/08/19	Next Week 19/08/19
Prime		
U-3	320 - 326p	318 - 326p
R-3	314 - 320p	312 - 320p
O+3	308 - 314p	306 - 314p
P+3	260 - 268p	258 - 268p
	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 10/08/19	Steers	Heifers	Young Bulls
U3	327.2	337.4	323.2
R3	326.2	332.4	320.1
O+3	317.6	325.2	304.0

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 10/08/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	151.2	165.3	182.3	182.4
P2	172.0	201.7	219.0	233.1
P3	183.4	222.8	236.0	241.4
O3	200.0	219.1	249.9	256.4
O4	-	-	254.9	260.2
R3	-	-	-	274.5

Deadweight Cattle Trade

BASE quotes from the plants this week for in spec U-3 grading steers and heifers came back this week to 320-326p/kg with most of the plants quoting 324p/kg for both steers and heifers. Quotes next week are expected to range from 318-326p/kg for in spec U-3 steers and heifers. Quotes for O+3 grading cows ranged from 235-250p/kg across the plants this week with similar quotes expected next week.

Prime cattle throughput totalled 5,537 head in NI last week, similar levels from the previous week. In the corresponding week last year 5,617 prime cattle were killed in local plants. Cow throughput remained strong in NI last week with 2,053 cows slaughtered. This was up 161 head from the previous week and up by 147 head when compared to the 1,906 cows killed in the same week last year.

Cattle imports from ROI for direct slaughter in local plants last week included 303 prime cattle and 67 cows while a further one steer and 65 cows were imported from GB. Live cattle exports last week from NI to ROI for direct slaughter included two steers and 63 cows. For the eighth consecutive week there were no cattle exported to GB for direct slaughter.

The deadweight trade for prime cattle in NI generally came back last week. The average steer price last week was back just under a penny to 323.3p/kg while the R3 steer price decreased by 2.1p/kg to 332.1p/kg. The average heifer price was back by half a penny to 328.9p/kg while the R3 heifer price decreased by 1.5p/kg to 335p/kg. The average young bull price in NI last week was back by 0.7p/kg to 310.6p/kg while the R3 young bull price was almost unchanged at 320.9/kg. In NI last week the average cow price was back by 2.3p/kg to 233.7p/kg with the O3 cow price holding steady at 255.3p/kg.

There continues to be a mixed deadweight trade across the regions in GB with an average steer price of 325.9p/kg last week, back just under a penny from the previous week. The R3 steer price in GB last week was 332.3p/kg, back almost a penny from the previous week. The R3 steer price decreased across all of the GB regions except the Midlands and Wales where an increase of 1.7p/kg was reported. The average heifer price in GB last week was up by half a penny to 328.3p/kg while the R3 heifer price was up by 0.6p/kg to 333.8p/kg. The R3 heifer price reported declines in Scotland (-0.4p/kg) and Northern England (-4.3p/kg) with increases reported in the Midlands and Wales (+2.7p/kg) and Southern England (+0.9p/kg). The cow trade came under pressure in GB last week with the O3 cow price back by 2.5p/kg to 253.9p/kg.

In ROI last week reported deadweight prices were mostly similar to the previous week in euro terms however with a strengthening in the euro prices have firmed in sterling terms. The R3 steer price increased by the equivalent of 3.2p/kg to 320.4p/kg while the R3 heifer price increased by 3p/kg to 330.4p/kg. The cow trade has also firmed in sterling terms with an O3 cow price of 262.2p/kg, up 4.3p/kg from the previous week.

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

W/E 10/08/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	328.1	330.6	345.5	333.7	332.8	330.1	335.6
	R3	332.1	320.4	342.4	334.5	329.4	324.2	332.3
	R4	329.3	322.1	347.4	340.6	326.6	324.9	337.1
	O3	328.6	304.2	320.5	322.6	306.4	306.9	314.1
	AVG	323.3	-	341.5	329.7	317.0	313.8	325.9
Heifers	U3	338.2	343.6	349.0	339.6	341.3	332.3	341.2
	R3	335.0	330.4	340.9	334.2	332.5	327.3	333.8
	R4	333.1	328.7	347.8	339.2	330.7	327.0	337.4
	O3	329.7	318.0	305.2	323.4	306.8	308.5	310.4
	AVG	328.9	-	343.5	331.3	319.8	315.4	328.3
Young Bulls	U3	323.0	325.9	331.5	325.0	323.8	320.6	325.3
	R3	320.9	317.0	326.5	322.1	316.0	314.0	320.2
	O3	303.5	291.9	294.7	290.9	287.1	290.2	290.1
	AVG	310.6	-	325.6	317.0	312.8	308.2	315.7
Prime Cattle Price Reported		4,743	-	6,168	6,717	6,898	4,562	24,345
Cows	O3	255.3	262.2	254.3	253.4	254.9	252.3	253.9
	O4	260.0	264.8	257.5	255.2	256.0	249.8	254.8
	P2	222.6	244.3	198.9	206.1	214.9	215.7	211.8
	P3	239.6	255.3	217.8	224.0	231.1	232.3	228.9
	AVG	233.7	-	248.2	235.0	225.8	220.8	229.5

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=92.20p 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 10/08/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	205	213	208	175	203	190
Friesians	144	149	146	128	144	139
Heifers	204	214	208	180	203	190
Beef Cows	153	179	163	120	152	135
Dairy Cows	106	119	110	55	105	80
Store Cattle (p/kg)						
Bullocks up to 400kg	210	235	225	180	209	195
Bullocks 400kg - 500kg	210	229	218	170	209	190
Bullocks over 500kg	180	191	185	150	179	165
Heifers up to 450kg	210	224	218	175	209	195
Heifers over 450kg	185	201	195	160	184	175
Dropped Calves (£/head)						
Continental Bulls	350	465	390	225	345	285
Continental Heifers	250	360	300	170	245	200
Friesian Bulls	150	220	185	50	145	100
Holstein Bulls	100	150	125	15	95	55

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 12/08/19	Next Week 19/08/19
Lambs up to 21kg	370-380p	370-380p

REPORTED SHEEP PRICES

(P/KG)	W/E 27/07/19	W/E 03/08/19	W/E 10/08/19
NI L/W Lambs	336.5	348.6	353.5
NI D/W Lambs	364.9	370.9	374.8
GB D/W Lambs	399.5	395.5	395.2
ROI D/W	400.4	392.3	415.3

Deadweight Sheep Trade

BASE quotes from the major lamb processing plants in NI this week for R3 grading lambs ranged from 370-380p/kg with all plants paying up to 21kg. The local processors have reported steady supplies of lambs coming forward for slaughter with 12,016 lambs killed last week, up by 1,604 head from the previous week. This is the highest weekly throughput of lambs since October 2017. Exports of lambs to ROI last week for direct slaughter totalled 9,255 head. This was up 1,571 head from the previous week and is the highest level of export recorded to date in 2019. The NI deadweight lamb price increased by 3.9p/kg last week to 374.8p/kg while in ROI the reported deadweight lamb price increased by the equivalent of 23p/kg to 415.3p/kg.

This week's marts

STRONG numbers of lambs passed through many of the marts this week with reports indicating that the trade came under pressure as the week progressed. In Omagh last Saturday a large entry of 1,456 lambs sold from 372-417p/kg compared to 1,118 lambs the previous week selling from 357-402p/kg. In Kilrea on Monday 700 lambs sold from 332-364p/kg compared to last week when 550 lambs sold from 340-388p/kg. In Rathfriland this week 935 lambs sold from 320-406p/kg (avg 350p/kg) compared to 1,035 lambs last week selling from 344-401p/kg (avg 370p/kg). In Armoy this week 424 lambs sold from 325-370p/kg compared to 633 lambs last week selling from 335-395p/kg. The top reported prices for cull ewes ranged from £85 - £139.

LATEST SHEEP MARTS (P/KG LW)

From: 09/08/19		Lambs			
To: 15/08/19		No	From	To	Avg
Friday	Newtownstewart	428	329	351	-
Saturday	Swatragh	1100	330	379	-
	Omagh	1456	372	417	-
Monday	Massereene	1004	340	379	-
	Kilrea	700	332	364	-
Tuesday	Saintfield	832	322	380	-
	Rathfriland	935	320	406	350
Wednesday	Ballymena	2088	315	360	332
	Armoy	424	325	370	-
	Markethill	1200	320	348	-

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