LMC
Livestock & Meat Commission

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NI DEADWEIGHT TRADE FOR PRIME CATTLE REMAINS UNDER PRESSURE

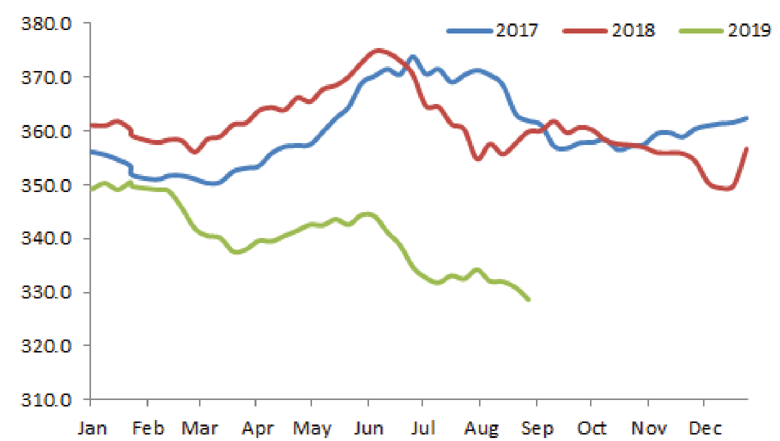
THE average price paid for an R3 steer in NI last week was 328.7p/kg. This was back 2.2p/kg from the previous week and significantly behind the 359.9p/kg paid for R3 grading steers in the corresponding week last year.

Deadweight prices for prime cattle have been under pressure in Northern Ireland since early in 2019 as outlined in Figure 1. The value of a 350kg R3 grading steer carcase has come back from £1,222 in the first week of the year to £1,150 last week. This accounts for a decline of £72/head over the last eight months.

The weakening of beef prices can be attributed to an imbalance between supply and demand of beef. Good supplies of prime cattle for slaughter during 2019 in all parts of the UK combined with heavier carcase weights has meant there is more beef on the market. Some reports have also indicated that there is lots of beef in storage which has further contributed to the downward pressure on the deadweight trade.

Consumer demand for beef has not matched the increased supplies on the market however there have been some more positive signs in beef sales data in recent months which has been welcomed. With supplies of beef running ahead of demand however this has done little to help improve the deadweight trade.

Figure 1: Current R3 steer prices in Northern Ireland are significantly lower than 2017 and 2018.



Retail beef sales

UK retail sales of beef increased by 3.3 per cent in volume terms during the 12 w/e 14 July 2019 according to the latest available data from Kantar. There was however a mixed performance if we consider the volume sales of individual cuts.

Volume sale of roasting joints, and in particular mini-roasting joints, recorded an improvement during the 2019 period. Volume sales of stewing beef, mince and beef marinades also recorded a firm improvement in volume sales. However it was not all good news with sales of mince, frying/grilling steaks and burgers all recording declines in volume sales.

There has been a decline in the average retail price of beef in the UK from £7.94/kg in the 12 w/e 15/07/2018 to £7.80/kg in the corresponding period in 2019 which may have contributed to the increase in volume sales of beef.

Household penetration has meanwhile remained unchanged with 69 per cent of households buying beef during the 2019 period.

Currency

A weaker sterling has worked in the favour of the UK beef market by making our exported beef products more competitive. However this accounts for only a small proportion of total output from the UK beef industry and deals mostly with lower value cuts and products that are currently under-utilised in the domestic market.

UK beef imports during the first half of 2019 were 12 per cent behind the same period last year with a weaker sterling working in favour of the UK beef market by making imported beef less competitive. With local supplies of beef expected to tighten as we move into the last quarter of the year a weaker sterling may help put some upward pressure on deadweight prices.

WHY DO WE USE AN R3 STEER PRICE?

R3 steers are the most commonly price reported type of prime cattle in Northern Ireland. Analysis of R3 steer prices therefore provides to most representative indicator of the overall trade for prime cattle in the region.

In some GB regions the prices paid for R4 grading steers are used for analysis purposes. These animals are much less frequent in the Northern Ireland slaughter mix.

Market outlets for beef from R4 grading prime cattle is more limited as carcases with a fat class 4+ do not meet the widest range of customer specifications and can attract penalties at point of slaughter in local plants which can distort any analysis completed.

Figure 2: Current R3 steer prices in Northern Ireland are significantly lower than 2017 and 2018.

CONSIDER COSTS WHEN BUYING STORE LAMBS

WITH peak trading underway in the marts over recent weeks, the numbers of lambs passing through the NI sale rings has gradually increased with a firm trade being reported for good quality lambs.

The average live weight lamb price in NI during the week ending 31/08/2019 was 326.6p/kg while in the corresponding week in 2018 the average live weight lamb price in NI was 347.5p/kg. This decrease by 20.9p/kg accounts for a six per cent decline in the liveweight price.

With sales of store lambs expected to remain strong over the coming weeks it is important that buyers consider the cost of taking these stores through to slaughter. If grass supplies are limited then producers should opt for short keep store lambs and where there are more plentiful grass supplies longer keep store lambs may be a viable option.

Provided that the lambs purchased are of good quality, store lambs on good quality grazing can be expected to gain 180-200g per day during September. As the year progresses the performance of lambs at grass will ease back to 150-170g/day moving into October and down to 100g/day in late October and November.

It is important to take these growth rates into account when purchasing store lambs and producers should consider supplementing lambs with meal where applicable to maintain performance and allow them to meet finishing targets. When calculating a finishing budget producers should also remember to factor in miscellaneous costs such as mortality, veterinary and transport costs.

Buyers should try to purchase store lambs to suit their finishing system by focusing on the weight, price and quality of lambs on offer. Where possible store lambs should be bought in even batches as this should mean they should all come fit for slaughter at a similar time.

Meeting market specifications at point of slaughter will help maximise returns from finishing store lambs. The current specification from the major processors is for R grading lambs or better with a fat score of 2 or 3 and a carcase weight of 21kg. Processors also have a strong preference for lambs with FQ status with bonuses available in some plants while other plants will not handle non assured lambs.

Achieving FQ assured status for sheep allows NI sheep producers to keep their options open when marketing their lambs. The enhanced assurances on animal welfare, food safety, traceability and care for the environment provided by the NI Farm Quality Assurance Scheme allows the processors to service the high value retail and food service markets in the UK. For many of these customers FQAS status is a key requirement of their product specification.

Image 1: With more store lambs coming onto the market producers should consider the costs of taking these lambs through to finish.

WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 02/09/19	Next Week 09/09/19
Prime		
U-3	314 - 322p	312 - 320p
R-3	308 - 316p	306 - 314p
O+3	302 - 310p	300 - 308p
P+3	254- 264p	252 - 262p
	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 31/08/19	Steers	Heifers	Young Bulls
U3	326.1	332.4	320.0
R3	323.8	327.9	316.6
O+3	314.9	317.4	308.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 31/08/19	Wgt <220kg	Wgt 220-250kg	Wgt 250-280kg	Wgt >280kg
P1	150.6	166.8	181.3	191.3
P2	171.9	197.1	218.0	229.8
P3	190.0	213.9	232.7	236.9
O3	160.0	241.4	243.5	255.5
O4	-	240.2	251.6	259.3
R3	-	-	-	271.6

Deadweight Cattle Trade

BASE quotes from the major processing plants this week ranged from 314-322p/kg for in spec U-3 grade prime cattle with the majority of plants quoting 320p/kg for steers and heifers. Quotes for next week are expected to range from 312-320p/kg. Quotes for good quality O+3 grade cows ranged from 235-250p/kg across the plants this week.

Prime cattle throughput in local plants last week reported similar levels from the previous week at 6,088 head. This brings the total prime cattle throughput for August to 23,684 head which accounts for a 3.3 per cent increase on the corresponding period in 2018 when 22,913 prime cattle were slaughtered in NI plants. Cow throughput in NI plants last week totalled 2,144 head, up 233 head from the previous week when 1,911 cows were killed. This brings cow throughput for August to 8,150 cows, a six per cent increase from 7,694 cows killed during August 2018.

Imports for direct slaughter from ROI last week consisted of 41 prime cattle and 31 cows with a further ten prime cattle and 82 cows imported from GB for slaughter in local plants last week. Exports from NI to ROI for direct slaughter last week consisted of four prime cattle and 62 cows while no cattle made the journey to GB for direct slaughter.

In NI last week the average steer price was back by 1.3p/kg to 320.5p/kg while the R3 steer price decreased by 2.2p/kg to 328.7p/kg. The average heifer price held steady at 324.6p/kg last week with the R3 heifer price marginally up from the previous week to 330.8p/kg. The average young bull price came back by 3.4p/kg to 306.5p/kg while the R3 young bull price was back by 1.3p/kg from the previous week to 316.9p/kg. The average NI cow price last week reported an increase of 1.4p/kg to 235.7p/kg with the O3 cow price slightly increasing to 254.4p/kg.

In GB last week the deadweight cattle trade generally reported a mixed trade with variations reported across the regions. The average steer price was marginally back to 326.7p/kg while the R3 steer price decreased by 0.8p/kg to 333p/kg. This puts the differential in the R3 steer price between NI and GB at 4.3p/kg last week compared to 16.2p/kg in the corresponding week in 2018. The average heifer price in GB last week was slightly back to 328.4p/kg while the R3 heifer price decreased by just under a penny to 334p/kg. This puts the differential in the R3 heifer price between NI and GB at 3.2p/kg last week compared to 15.9p/kg in the same week last year. The average GB cow price reported an increase of half a penny to 225.7p/kg when compared to the previous week with the O3 cow price back by 1.3p/kg to 251.8p/kg.

In ROI last week the R3 steer price was the equivalent of 312.8p/kg. This was back 3.4p/kg from the previous week and 15.9p/kg lower than the R3 steer price in NI. The R3 heifer price in ROI was 321.8p/kg, back 2p/kg from the previous week and 9p/kg below the R3 heifer price in NI. The O3 cow price in ROI last week was the equivalent of 258.4p/kg, 4p/kg higher than the O3 cow price in NI.

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

W/E 31/08/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	327.1	321.8	344.6	338.4	331.3	329.1	335.9
	R3	328.7	312.8	345.8	333.4	328.5	326.1	333.0
	R4	329.3	312.4	348.7	339.1	330.5	328.7	337.8
	O3	321.8	296.9	327.0	317.5	306.1	305.4	314.2
	AVG	320.5	-	342.7	329.2	318.6	314.3	326.7
Heifers	U3	333.3	332.7	350.0	345.6	337.4	334.2	342.0
	R3	330.8	321.8	343.5	332.5	331.7	328.1	334.0
	R4	330.6	320.1	347.3	332.9	333.7	330.5	336.4
	O3	321.8	307.8	319.7	319.6	305.0	306.7	312.4
	AVG	324.6	-	344.3	329.5	321.5	316.4	328.4
Young Bulls	U3	320.4	311.6	331.6	326.5	325.7	326.8	327.1
	R3	316.9	304.7	329.3	319.3	319.0	312.5	320.7
	O3	300.2	286.3	286.4	285.0	287.0	303.5	287.3
	AVG	306.5	-	323.8	315.2	311.3	304.8	314.0
Prime Cattle Price Reported		5,341	-	6,261	6,549	6,943	4,512	24,265
Cows	O3	254.4	258.4	252.8	249.8	252.7	252.0	251.8
	O4	259.0	259.5	252.8	251.4	252.2	246.7	250.9
	P2	220.5	230.1	217.6	202.5	210.9	220.6	213.3
	P3	235.4	250.8	223.5	215.8	229.4	232.4	227.5
	AVG	235.7	-	246.7	229.9	219.4	222.3	225.7

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=90.63p 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 31/08/19	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	198	209	201	170	197	185
Friesians	142	150	147	128	136	133
Heifers	195	208	201	170	192	182
Beef Cows	156	183	172	120	155	138
Dairy Cows	106	126	113	60	105	80
Store Cattle (p/kg)						
Bullocks up to 400kg	200	251	220	165	199	182
Bullocks 400kg - 500kg	200	224	212	165	199	182
Bullocks over 500kg	180	194	190	160	179	170
Heifers up to 450kg	200	223	205	165	199	180
Heifers over 450kg	175	190	182	155	174	165
Dropped Calves (£/head)						
Continental Bulls	320	430	380	200	295	260
Continental Heifers	285	405	315	175	280	225
Friesian Bulls	120	230	155	45	90	65
Holstein Bulls	55	80	68	10	50	30

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 02/09/19	Next Week 09/09/19
Lambs up to 21kg	355-365p	360-365p

REPORTED SHEEP PRICES

(P/KG)	W/E 17/08/19	W/E 24/08/19	W/E 31/08/19
NI L/W Lambs	340.8	330.2	326.6
NI D/W Lambs	374.0	367.3	362.7
GB D/W Lambs	394.4	392.0	391.9
ROI D/W	412.1	391.7	390.8

Deadweight Sheep Trade

QUOTES from the plants for R3 grading lambs ended this week ranging from 360-365p/kg up to 21kg across the plants. Lamb slaughterings in local plants totalled 9,470 head last week, back by 854 head from the previous week when 10,324 lambs were killed. This brings the total lambs slaughtered in August to 43,057 head, a similar throughput to the same period in 2018 when 43,012 lambs were killed in NI plants. Exports of lambs to ROI for direct slaughter last week increased to 9,168 head. This brings the total lambs exported to ROI in August to 34,181 head, a 22.5 per cent increase when compared to the 27,893 lambs exported in the same period in 2018. The deadweight lamb price in NI last week decreased by 4.6p/kg to 362.7p/kg.

This week's marts

GOOD numbers of lambs continue to pass through the marts with trade generally back from last week. In Massereene on Monday 996 lambs sold from 310-342p/kg compared to 1,116 lambs last week selling from 325-352p/kg. In Rathfriland this week 1,023 lambs sold from 300-360p/kg (avg 328p/kg) compared to 670 lambs last week selling from 310-381p/kg (avg 334p/kg). In Enniskillen this week 522 lambs sold from 318-339p/kg compared to 581 lambs last week selling from 322-346p/kg. In Markethill on Wednesday 1,200 lambs sold from 320-347p/kg compared to 1,080 lambs last week selling from 325-350p/kg. Top reported prices this week for cull ewes ranged from £85-£123 across the marts.

LATEST SHEEP MARTS (P/KG LW)

From: 30/08/19		Lambs			
To: 05/09/19		No	From	To	Avg
Friday	Newtownstewart	336	298	338	-
Saturday	Swatragh	1200	312	351	-
	Omagh	872	341	423	-
Monday	Massereene	996	310	342	-
	Kilrea	700	316	333	-
Tuesday	Saintfield	655	315	364	-
	Rathfriland	1023	300	360	328
Wednesday	Ballymena	2202	302	347	318
	Enniskillen	522	318	339	-
	Markethill	1200	320	347	-
	Armoy	364	308	339	-

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MONTHLY NEWS

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MEDIA BIAS AGAINST RED MEAT PRODUCTION

LMC has responded to what it regards as the 'bias' against red meat production and consumption that has featured in many of the press reports generated in the wake of the recent United Nations Intergovernmental Panel on Climate Change (IPCC) report.

Image 1: LMC questions media coverage of the United Nations' IPCC report

"The report actually recognises the positive role of sustainable red meat production in delivering a balanced diet for people around the world," confirmed the Commission's Industry Development Manager, Colin Smith. "This is a policy which the beef and lamb industry in Northern Ireland fully supports."

Smith also takes issue with the fact that the climate change debate is almost always couched in the context of the emissions produced by various countries.

He added: "Little mention is made of the tremendous power of grassland, hedgerows and woodland to remove carbon from the atmosphere and store it in biomass and soils. This fundamental carbon sequestration process is helping to greatly mitigate the impact of climate change in regions such as Northern Ireland."

"LMC chairs the Red Meat Sub Group of the Greenhouse Gas Implementation Partnership (GHGIP) and work continues apace to deliver the Efficient Farming Cuts Greenhouse Gases Action Plan for 2016 – 2020," he said.

"GHGIP was established with the aim of ensuring that local food production is undertaken in the most carbon efficient manner possible. Its work has been focussed on the development and implementation of a series of efficiency measures, which can improve farm performance and reduce the carbon intensity of all the food produced here in Northern Ireland."

LMC also uses its membership of the Meat Matters initiative, co-ordinated by AHDB on behalf of UK red meat stakeholders, to deliver the perspective of Northern Ireland's red meat industry on a range of issues that have a direct bearing on the international consumption of beef and lamb.

He said: "These include climate change, the role of red meat in a balanced diet and human health-related matters that have a direct bearing on beef and lamb consumption.

"The initiative has been designed to provide science based information on all aspects of beef, pork and lamb. Its key messages are that red meat is a valuable part of a healthy balanced diet while beef and lamb can be used in a wide range of easy, enjoyable and nutritious meals.

Colin added : "All this work is carried out on a proactive basis, with media outlets throughout the UK provided with regular updates on the benefits of including beef and lamb as part of a balanced diet. But this is only a small fraction of the work undertaken by Meat Matters. The project has also brought together a high-level Food Advisory Board.

"This comprises a group of independent experts working in the fields of health care, medicine and nutrition and climate change. They are available to communicate the core messages behind beef and lamb, courtesy of media interviews and other press initiatives."

He added: "Red meat is under constant attack from a range of critics who take issue with modern farming practises, red meat production and consumption in general.

"These organisations must be responded to vigorously and factually by the collective efforts of the red meat industry. With the strategic support and direction of red meat levy bodies it's Meat Matters' job to undertake this important role in Great Britain on our behalf.

"The general public must be provided with the real story concerning the exemplary standards that are being achieved by cattle and sheep farmers every day of the year."

Image 2: LMC's Industry Development Manager, Colin Smith

FINISHING BEEF ROAD SHOWS

THE coming week will see the LMC, AFBI, AgriSearch and CAFRE co-host finishing beef roadshows at two local marts. The venues are: Ballymena mart on Tuesday 10th September at 7.00pm and Markethill mart on Thursday 12th September, again at 7.00pm.

The packed agenda will see LMC's Industry Development Manager, Colin Smith and LMC's Economist, Seamus McMenamin, discussing market specification and consumer demands. Attendees will also hear from AFBI's Francis Lively who will outline the nutrition required by beef cattle while Natasha Ferguson, from CAFRE, will speak about feeding options for the winter.

Animal health plans, including dosing and vaccination, for the housing period will be discussed by Lynsey Drummond, AFBI's Veterinary Sciences Division. Meanwhile, Denise Lowe, AFBI, will highlight the findings of recent studies on flooring systems for beef housing and David Farrell, from AFBI's Food Science Division will share how farmers can maximise the quality of their meat.

Speaking about the upcoming events, Colin said: "Our role is to set the background for the discussions that will take place at each venue. Specifically, we will give an introduction to markets and discuss meeting market specification and consumer demands. The beef road shows follow-on from the very successful finishing lamb road shows, held last week. These events focussed on the need for sheep farmers to produce lambs that meet current market specifications.

"In the wake of a possible disorderly Brexit coming down the track, local sheep producers may find themselves in the situation where the British market becomes increasingly important to them. Controlling what happens inside the farm gate in terms of technical efficiency and market readiness can make a big difference to the bottom line and resilience of the business to market volatility and other external factors."

All farmers will be made welcome at next week's road show events. They are being hosted as part of a series on "Future Proofing Beef & Sheep Farming". Their role is to help communicate the latest findings of livestock research carried out in Northern Ireland.

Image 3: Ballymena and Markethill marts are hosting beef finishing road shows, co-hosted by LMC, AgriSearch, AFBI and CAFRE this week

LMC CELEBRATES LOVE LAMB WEEK

THE Livestock and Meat Commission (LMC) must be congratulated for hosting another successful Love Lamb Week.

The beginning of September traditionally sees local consumers receiving a strong reminder of just how versatile lamb can be as a meat that can be enjoyed by everyone.

The initiative also acts as a reminder to sheep farmers that the Commission remains fully committed to reflecting their interests within a fast-changing marketplace.

Some recent press reports have highlighted what some people consider to be a decline in lamb consumption levels here in Northern Ireland relative to other meats. But let's keep matters in perspective; the reality is that many headlines can be totally misleading.

One fact, though, remains constant. And it's this: local sheep farmers produce some of the best lamb in the world. It is a meat produced almost completely from grazed grass, making it a consumer's dream.

Locally produced lamb ticks every box. Exquisite taste and quality are guaranteed, traits that are further embellished by the traceability, welfare and other guarantees provided for courtesy of the Farm Quality Assurance Scheme.

Lamb is one of the most versatile meats that we can enjoy. Nutritionally, it contains a host of the minerals and vitamins we need for our health and well-being. And, of course, it can be prepared for the table in many ways. Lamb mince, for example, is delicious and can be included in a range of different dishes.

LMC staff are in schools across Northern Ireland throughout the year. An important part of their brief is to promote the true value of lamb to young people. This momentum must be maintained.

There is tremendous support for locally produced food right across Northern Ireland. And this sentiment is likely to gain further traction.

The good news is that the lamb industry has a tremendously positive story to tell. And, no doubt, this message will sink home with local consumers to an even greater extent during the period ahead.

Image 4: LMC's Lauren Hyde, Colin Smith and demonstrator, Liz Brown, pictured with U105's Carolyn Stewart at the Love Lamb Week sampling event in Victoria Square, Belfast

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