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SIGNS OF RECOVERY IN THE DEADWEIGHT BEEF TRADE

BASE quotes for in-spec U-3 grading prime cattle began showing signs of recovery late last week and have continued to improve this week. Quotes from the major plants now range from 320-326p/kg with some reports indicating that higher prices are available than these quotes suggest, particularly for cattle that meet market specifications.

With supplies of grass cattle now finished the availability of cattle for slaughter has started to tighten. The latest APHIS figures have indicated that there were 184,624 cattle for beef production aged between 18-24 months on NI farms at the end of October 2019. This was back by almost six per cent or 11,420 head from the same time last year.

The average R3 steer price in NI last week was 325.2p/kg, up marginally from the week before. This was the second consecutive week in which the R3 steer price has recorded a recovery after a prolonged period of decline as outlined in Figure 1. There was also an improvement in the deadweight cattle trade in GB with the R3 steer price last week increasing by half a penny to 331.7p/kg. This puts the differential between NI and GB at 6.5p/kg.

While the deadweight trade in NI and GB has shown some early signs of improvement the trade in ROI continues to come under pressure. Strong supplies of prime cattle for slaughter in the region combined with a weakening euro against sterling have resulted in a notable decline in reported prices in sterling terms during the last few weeks. The R3 steer price in ROI last week was the equivalent of 298.4p/kg which is the lowest recorded price in the region in sterling terms since February 2016.

Recovery in prices

While the recent improvement in deadweight beef prices in NI is welcomed it is worth noting that prices are recovering from a very low base and are well below previous years as indicated in Figure 2. Deadweight prices for R3 steers in NI in recent weeks have been at their lowest recorded level since May 2016.

NI R3 Steer prices during October 2019 were at their lowest recorded level since May 2016

With an average R3 steer price of 325.2p/kg in NI last week the value of a 350kg carcase was £1,138. This was £124 less than the corresponding week last year when the equivalent animal was worth £1,249.

Figure 1: Weekly R3 steer prices in NI, GB and ROI during 2019 to date. Source: LMC/AHDB/DAFM

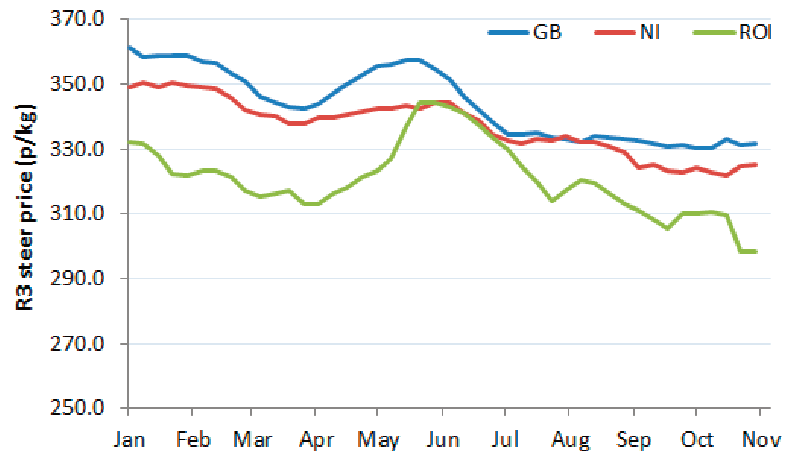


Figure 2: R3 steer prices in Northern Ireland during the week ending 02/11/2019 and the corresponding weeks in 2017 and 2018. Source: LMC Price Reporting.

DECLINE IN UK BEEF IMPORTS DURING 2019

DURING the first eight months of 2019 the UK imported 160,289 tonnes of beef, a notable 15 per cent decrease from the 188,336 tonnes imported during the corresponding period in 2018.

Imports of beef from the EU during this period totalled 155,387 tonnes which accounted for 97 per cent of total beef imports. Ireland continues to be the most important source of beef for the UK with 124,309 tonnes of beef imported during the 2019 period. This accounted for more than 75 per cent of all beef imports.

While Ireland remains the biggest source of imported beef for the UK there has been a decline in the volume imported when compared to previous years. In the first eight months of 2018 there were 133,408 tonnes of beef imported from Ireland, 9,099 tonnes more than the 2019 period.

While the UK imports beef from other EU countries the volumes involved are relatively small in comparison to the trade with Ireland. The Netherlands is the second biggest source of beef imports for the UK with 11,471 tonnes imported during the first eight months of 2019. This was back 1,170 tonnes or nine per cent from the previous year.

UK Beef Imports
January-August 2019

Total: 160,289 tonnes (-15 %)
EU: 155,387 tonnes (-12.4%)
Non EU: 4,901 tonnes (-55.2%)

A similar trend can be observed in UK imports of beef from other EU countries but in particular from Poland where exports to the UK are back by 2,092 tonnes or 18 per cent and from Germany where exports to the UK are back by 3,026 tonnes or 47 per cent.

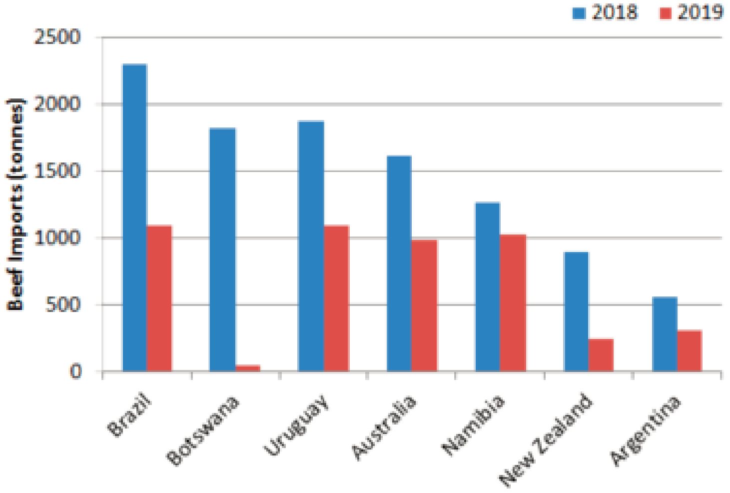
Non-EU beef imports

The UK also imports beef from non-EU countries and during the first eight months of 2019 it imported 4,901 tonnes of beef. This was less than half of the 10,949 tonnes of beef it imported from non-EU countries during the same period in 2019. There have been notable declines in the volume of beef imported from all importing countries as indicated in Figure 3.

Increased domestic supplies in the UK combined with a weak sterling has made the UK market a less attractive market for beef exporting countries. While the overall volume of beef being imported by the UK is relatively small in comparison to domestic production the type of beef being imported can impact the local market.

The UK, and the EU as a whole, has the highest value market for steak meat in the world and as a result much of the imported product in both regions is high value steak cuts. Recent Kantar sales data has indicated a weaker demand for these products on the UK retail market with volume sales during the 52 weeks ending 06 October 2019 running 6.5 per cent behind year earlier levels.

Figure 3: UK beef imports from non-EU countries January-August 2018/2019
Source: IHS Maritime & Trade – Global Trade Atlas®/UK HMRC



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If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the FQAS helpline:
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WEEKLY BEEF & LAMB MARKETS

LMC Livestock & Meat Commission

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 04/11/19	Next Week 11/11/19
Prime		
U-3	318 - 322p	320 - 326p
R-3	312 - 316p	314 - 320p
O+3	306 - 310p	308 - 314p
P+3	258 - 264p	260 - 268p
	Including bonus where applicable	
Cows		
O+3 & better	230 - 250p	230 - 256p
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 02/11/19	Steers	Heifers	Young Bulls
U3	321.7	330.5	312.2
R3	320.1	324.7	312.8
O+3	314.7	317.1	305.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 02/11/19	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	148.1	161.3	172.6	185.8
P2	162.6	182.3	209.9	223.0
P3	174.4	209.9	223.6	230.3
O3	-	226.7	244.3	250.4
O4	-	226.0	244.6	253.8
R3	-	-	-	269.4

Deadweight Cattle Trade

Base quotes from the major NI processing plants have firmed this week with quotes ranging from 318-322p/kg for in spec U-3 grade prime cattle. Quotes for next week are expected to range from 320-326p/kg. Quotes this week for good quality O+3 grade cows ranged from 230-250p/kg with next week's quotes ranging from 230-256p/kg.

Prime cattle throughput in local plants totalled 7,511 head last week, up 105 head from the previous week. Throughput of prime cattle has totalled 293,057 head for 2019 to date, a 3.9 per cent increase on the corresponding period in 2018 when 281,970 prime cattle were killed locally. Cow throughput in local plants last week totalled 2,662 head. This was an increase of 176 head from the previous week. This brings the total cow throughput in 2019 to 82,185 cows, a six per cent decrease when compared to the same period in 2018.

Imports from ROI for direct slaughter last week included 322 prime cattle and 65 cows. This brings the total prime cattle imports from ROI for direct slaughter in 2019 to 8,951 head, an increase of 4,996 head when compared to the same period in 2018. Meanwhile exports from NI for direct slaughter in ROI last week included one steer and 39 cows. This brings the total prime cattle exports from NI to ROI for direct slaughter to 691 head during 2019 to date, a decrease of 781 head when compared to the corresponding period in 2018.

The average steer price in NI last week was back 1.3p/kg to 314.8p/kg while the R3 steer price was slightly up by 0.3p/kg to 325.2p/kg. The average NI heifer price last week held steady at 320.2p/kg while the R3 heifer price was up by 0.7p/kg to 328.2p/kg. The average young bull price in NI increased by 1.2p/kg to 301.1p/kg with R3 young bull prices up by 1.4p/kg from last week to 312.9p/kg. The cow trade came under some pressure last week with the O3 cow price reporting a decrease of 1.7p/kg to 249.3/kg while the average cow price decreased by 1.4p/kg to 222p/kg.

The average steer price in GB last week increased by 0.4p/kg to 322.3p/kg while the R3 steer price increased by 0.6p/kg to 331.7p/kg. There was some variation across the regions with R3 steer prices holding steady in Scotland, a decline reported in Southern England (-0.8p/kg) and increases reported in Northern England (+1.2p/kg) and the Midlands and Wales (+2.4p/kg). The average heifer price in GB last week was back by 2.2p/kg to 321p/kg while the R3 heifer price increased by 2.4p/kg to 331.5p/kg. Across the regions the R3 heifer price increased in Scotland (+5.2p/kg), the Midlands and Wales (+4.2p/kg) and Southern England (+3.2p/kg) while it came back by 5.7p/kg to 326.6p/kg in Northern England.

In ROI last week the R3 steer price was slightly back to the equivalent of 298.4p/kg from the previous week. This is 26.8p/kg below the R3 steer price in NI last week. The R3 heifer price in ROI reported a decrease of 0.7p/kg to 306.7p/kg, 21.5p/kg below the R3 heifer price in NI last week.

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

W/E 02/11/19		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	322.5	305.7	344.3	331.2	331.3	330.1	334.2
	R3	325.2	298.4	341.8	334.0	328.2	323.9	331.7
	R4	327.2	296.5	344.3	340.0	327.2	322.6	335.5
	O3	316.4	281.1	325.6	311.9	300.2	305.1	310.6
	AVG	314.8	-	339.9	323.6	312.5	312.4	322.3
Heifers	U3	331.1	317.0	348.9	336.4	338.4	334.1	339.7
	R3	328.2	306.7	343.2	326.6	329.4	325.6	331.5
	R4	326.7	304.6	343.3	330.0	329.4	324.2	332.4
	O3	318.5	291.9	329.0	313.0	303.6	307.5	312.8
	AVG	320.2	-	341.0	321.9	315.9	301.6	321.0
Young Bulls	U3	310.8	286.0	336.4	319.1	327.8	329.7	326.5
	R3	312.9	277.9	326.8	317.9	318.5	298.2	319.0
	O3	300.1	263.4	290.3	285.8	285.0	292.3	287.3
	AVG	301.1	-	308.9	304.2	303.1	277.7	301.2
Prime Cattle Price Reported		6,242	-	6,921	7,386	7,911	5,158	27,376
Cows	O3	249.3	224.8	232.5	237.0	229.3	226.4	231.1
	O4	253.5	225.7	236.2	234.1	230.4	216.7	228.9
	P2	212.1	198.0	199.2	187.0	188.6	192.0	190.6
	P3	227.9	214.8	199.7	208.7	207.3	201.6	205.4
	AVG	222.0	-	230.4	209.0	195.3	189.2	201.0

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.20p 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

W/E 02/11/19	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	196	203	198	170	195	185
Friesians	130	141	137	120	125	123
Heifers	191	204	196	165	189	175
Beef Cows	140	168	154	115	139	130
Dairy Cows	104	124	109	65	103	85
Store Cattle (p/kg)						
Bullocks up to 400kg	200	234	217	165	199	182
Bullocks 400kg - 500kg	205	223	215	165	204	187
Bullocks over 500kg	185	204	195	165	184	175
Heifers up to 450kg	200	236	215	160	199	175
Heifers over 450kg	185	200	190	160	184	172
Dropped Calves (£/head)						
Continental Bulls	360	510	395	240	355	290
Continental Heifers	280	370	320	170	275	230
Friesian Bulls	200	245	215	50	90	75
Holstein Bulls	85	225	155	2	80	40

SHEEP TRADE

SHEEP BASE QUOTES

(P/Kg DW)	This Week 04/11/19	Next Week 11/11/19
Lambs up to 21kg	350p	350-360p

REPORTED SHEEP PRICES

(P/KG)	W/E 19/10/19	W/E 26/10/19	W/E 02/11/19
NI L/W Lambs	316.6	315.4	320.9
NI D/W Lambs	339.6	340.1	342.4
GB D/W Lambs	374.3	373.5	377.1
ROI D/W	363.1	364.6	365.5

Deadweight Sheep Trade

Quotes from local processors strengthened as the week progressed with plants quoting from 350-360p/kg for R3 grading lambs up to 21kg. There were 8,438 lambs killed in local plants last week, back 142 head from the previous week. Throughput of hoggets/lambs during 2019 to date totalled 322,276 head, a 2.7 per cent decrease on the same period in 2018 when 331,124 hoggets/lambs were killed locally. Lamb exports to ROI for direct slaughter came back last week by 1,591 lambs to 7,009 head. This takes the total lamb/hogget exports for the year to date to 262,322 head, a 9.6 per cent decrease when compared to 290,021 lambs/hoggets in 2018. The deadweight lamb price in NI last week increased by 2.3p/kg to 342.4p/kg.

This week's marts

An improving trade was reported across the NI marts with smaller numbers of lambs passing through many of the sale rings this week. In Swatragh last Saturday 746 lambs sold from 290-359p/kg compared to the previous week when 580 lambs sold from 290-344p/kg. In Rathfriland on Tuesday 518 lambs sold from 304-388p/kg (avg 328p/kg) compared to 728 lambs last week selling from 309-388p/kg (avg 320p/kg). In Enniskillen this week 422 lambs sold from 300-351p/kg compared to 422 lambs last week selling from 300-347p/kg. In Markethill this week 920 lambs sold from 320-363p/kg, an improved trade from last week when 820 lambs sold from 300-330p/kg. Top reported prices for cull ewes ranged from £78 - £120 across the marts.

LATEST SHEEP MARTS (P/KG LW)

From: 01/11/19		Lambs			
To: 07/11/19		No	From	To	Avg
Friday	Newtownstewart	242	296	346	-
Saturday	Swatragh	746	290	359	-
	Omagh	956	343	401	-
Monday	Massereene	776	310	333	-
	Kilrea	280	311	334	-
Tuesday	Saintfield	454	310	391	-
	Rathfriland	518	304	388	328
Wednesday	Ballymena	1670	285	360	315
	Enniskillen	422	300	351	-
	Armoy	322	308	347	-
	Markethill	920	320	363	-

Contact us

T: 028 9263 3000
E: bulletin@lmcni.com
W: www.lmcni.com