

GLOBAL MEAT MARKET OUTLOOK

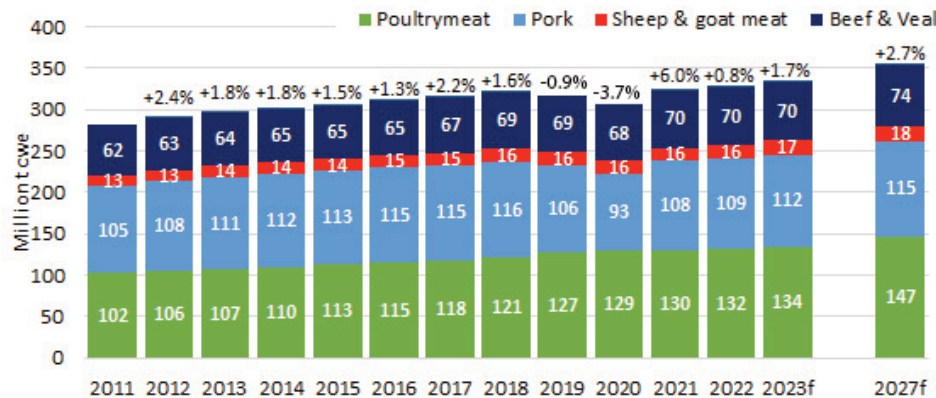
Representatives from LMC recently attended the annual market outlook conference hosted by Gira for subscribers to its global, regional and country meat market analysis reports. The core of the research undertaken by Gira (which is now into its 47th consecutive year) is short-term forecasts for herds/flocks, production, foreign trade, consumption and prices set in the context of reliable historic data series, with five-year headline trends, accompanying relevant analysis and commentary.



Considering world meat production in the first instance Gira is forecasting a slow but steady growth for all of the main meat categories. By 2027 Gira is forecasting a growth in world meat production of 25.9 million tonnes carcass weight equivalent (cwe) with rises in production in most meat producing areas of the world with the notable exceptions of the European Union, UK and New Zealand. Pork output is recovering from the worst impacts of African Swine Fever in Southeast Asia but with high volatility in China and input cost problems everywhere sees growth rates remaining behind historical trends.

Growth in world poultry meat production was somewhat stymied in 2021 and 2022 due to historically high level feed prices and supply disruption in Europe and the USA however production growth prospects to 2027 indicate that poultry meat will account for 15.2 million tonnes of the forecast world meat production growth.

Figure 1: Global meat consumption by category from 2011-2022 and forecasted consumption during 2023 and 2027. Source: Gira.



Production forecasts for the world ruminant sectors of beef, veal, sheep and goat meat are continuing on an upward trend for the five-year period to 2027 albeit at much slower growth rates than those which are forecast for the intensive sectors of pork and poultry.

Turning to consumption of meats the global trend up to 2018 had been one of steady growth for all meats with poultry, pork, beef and veal, sheep and goat meat accounting for 121, 116, 69 and 16 million tonnes (cwe) respectively of global meat consumption across these four main species. The impact of African Swine Fever and other global crises saw world pork consumption contracting to 93 million tonnes in 2020 and Gira is forecasting that world consumption of pork will only recover to slightly below 2018 levels by 2027 at 115 million tonnes. This forecast is displayed in **Figure 1**. In contrast world poultry meat consumption is forecast to have grown by 21.2% in 2027 relative

to 2018 (to 147 million tonnes), with sheep and goat meat growing 14.8% over the same period (to 18 million tonnes) and beef and veal by 6.9% (to 74 million tonnes).

Total meat consumption on a per capita basis is largely influenced by disposable income and availability of meats with consumers in the USA at the top end of the scale currently consuming over 130kg of meat per capita annually. This level of consumption is over three times the world average and is over 50kg more than levels of per capita consumption in the European Union.

Gira is forecasting that meat consumption volumes at the world level will increase by 26.2 million tonnes (cwe) by 2027 with much of the additional volume growth focused on Asia.

In terms of trade Gira is anticipating that there will be a return to growth in volumes of meat traded

Meat consumption in China is one of the biggest factors in the performance of global meat markets and whilst per capita consumption dipped significantly in China during 2019 and 2020 (due to ASF and other global factors), current per capita levels have recovered (to just over 60 kg per annum) and with prospects in easing back of China's Zero Covid policy, consumption of the main meat categories is anticipated to grow by 7.2 million tonnes (cwe) in the country by 2027.

across the world in 2023 after declines in the last two years. Despite some softening in China import demand the country (which has 19% of the world's population) is a huge importer of all meats and currently accounts for over 30% of the world's beef and veal imports and over 30% of the world's sheep and goat meat imports. Argentina, Brazil and Uruguay have huge export dependence on China (and Hong Kong) for their beef and veal export portfolios as is the case with New Zealand when it comes to its sheep meat exports.

When consider some of the main factors at play in analysing world market prospects it is important to consider the global economic outlook, inflation, exchange rates, raw material prices, labour costs and availability, energy prices, feed prices, animal disease outbreaks, the logistics of world trade and the residual impacts of covid 19. It is also important to look at levels of consumer confidence and how consumers are likely to utilise their disposable income in the face of high meat prices. Overall, the Gira analysis suggests that the combination of drivers and brakes on world meat markets are leading to a collective cautionary attitude for the year ahead in 2023.

UKRAINE INSIGHT

Amongst many of the very insightful presentations given at the Gira Meat Club this year was a special analysis of what is happening in Ukraine with regards to agricultural production and trade. At a socio-economic level the war with Russia has severely impacted the situation on the ground in Ukraine.

During 2022 Gross Domestic Product (which measures the size and health of the economy) has contracted by 31.5 per cent, average inflation has jumped to over 30 per cent and the average exchange rate of the Ukrainian currency (Hryvnia) has weakened by over a third against the US dollar since 2021. With over 7.5 million Ukrainian refugees now living abroad whilst the war continues and a further 6.5 million people displaced internally within Ukraine the country is facing a very challenging situation to operate let alone recover and rebuild in the years ahead.

At farm level Gira is forecasting that because of the war and drought conditions that grain production in Ukraine will be 40 per cent lower in 2022 relative to 2021, which had been a record year for Ukraine. This estimated output is shown in **Figure 2**. Production of wheat has been most impacted by the war as the South and East are the main producing areas where the most intense fighting has been taking place. The corn production area is more central and northern located and with energy infrastructure having been seriously

damaged in the country there are major concerns about drying of the crop.

Gira is forecasting that exports of grains from Ukraine will be down by 44 per cent in 2022 with huge uncertainties ahead for 2023.

In terms of agriculture Ukraine has been mostly in the spotlight regarding its production of grains and oilseeds and their availability to world markets. It is however worth noting that Ukraine has a sizeable meat production industry which has continued to operate despite the many challenges it faces.

Poultry production is the biggest sector of the livestock industry in Ukraine and in the years 2019 to 2021 the country produced approximately 1.4 million tonnes carcass weight equivalent (cwe) of poultry meat. Whilst the major poultry production facilities in Ukraine are largely located outside the occupied areas the chaos and uncertainty caused by the war coupled with a shortage of workers, broken infrastructure and supply chains it is forecast by Gira that poultry meat production will contract by 11 per cent in 2022.

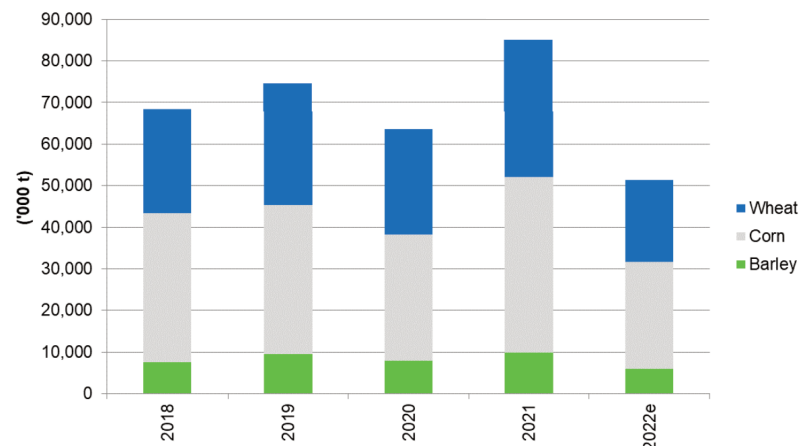
Poultry meat exports from Ukraine in 2021 were just over 450 thousand tonnes product weight with over 55 per cent of that volume going to the Middle East & North Africa (MENA) and Sub-Saharan Africa (SSA). In 2022 Gira is forecasting that poultry meat exports will be down by approximately

100k tonnes on 2021 levels with the European Union becoming a much more significant export destination for product as physical access to some of the normal export markets in MENA and SSA is severely impacted.

Pig meat production in Ukraine had been relatively stable for the 10-year period between 2011 and 2021 with just short of 800k tonnes of pig meat (cwe) produced annually. Domestic consumption of pork in Ukraine typically runs at a level slightly

higher than production so the country has been a net importer of pork with very little engagement in export markets. Through 2022 and 2023 domestic production and consumption of pork in Ukraine is forecast by Gira to decline by an estimated 200k tonnes per year. 23 per cent of pre-war pig production took place in occupied areas. Beef and sheep meat production and consumption volumes in Ukraine are at much lower levels than poultry and pork and neither sector are significant players in import or export markets.

Figure 2: Grain output from Ukraine from 2018-2021 and the estimated production during 2022 when grain production is estimated to have fallen by 40 per cent and grain exports are expected to have declined 44 per cent year on year. Source: Gira/Indexmundi/USDA.



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WEEKLY BEEF & LAMB MARKETS

CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 12/12/22	Next Week 19/12/22
Prime		
U-3	418 - 432p	418 - 432p
R-3	412 - 426p	412 - 426p
O+3	406 - 420p	406 - 420p
P+3	350 - 364p	350 - 364p
	Including bonus where applicable	
Cows		
O+3	308 - 335p	308 - 335p

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.



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1992-2022

REPORTED COW PRICES NI - P/KG

W/E 10/12/22	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	234.4	250.2	261.0	276.7
P2	257.4	285.4	305.0	322.4
P3	253.6	299.3	316.9	325.4
O3	-	314.9	343.1	345.1
O4	-	316.0	334.6	349.6
R3	-	-	-	369.4

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 12/12/22	Next Week 19/12/22
R3 Lambs up to 22kg	520 - 540p	520 - 540p

REPORTED SHEEP PRICES

(P/KG)	W/E 26/11/22	W/E 03/12/22	W/E 10/12/22
NI L/W Lambs	490.7	479.0	475.3
NI D/W Lambs	531.0	536.6	523.9
GB D/W Lambs	549.6	561.1	552.2
ROI D/W	559.8	565.6	567.5

Deadweight Cattle Trade

Base quotes from the major processing plants ended this week ranging from 418-432p/kg for in spec U-3 grade prime cattle. With the majority of plants quoting 426p/kg upwards. With the range in quotes producers are encouraged to shop around to get the best possible deal. Quotes for good quality O+3 grading cows continued to range from 308-335p/kg across the plants this week. Similar quotes are expected for all types of cattle early next week.

Prime cattle throughput in local plants last week totalled 6,885 head, a decline of 780 head from the previous week when 7,665 head were processed. Cow throughput in NI plants last week totalled 2,722 head, back 244 head from the previous week when 2,966 cows were processed.

Imports of prime cattle from ROI for direct slaughter last week were similar to the previous weeks levels consisting of 275 prime cattle. Cow imports totalled 208 head, up 40 head from the previous week. Prime cattle imports from ROI for direct slaughter during 2022 to date have totalled 14,245 head, similar to the same period in 2021 when 14,297 prime cattle were imported. Meanwhile live cattle exports from NI to ROI for direct slaughter last week included one steer and 25 cows. This brings the total year to date cattle exports to 330 prime cattle and 3,083 cows, compared to the same period in 2021 when 243 prime cattle and 2,422 cows were exported to ROI for direct slaughter. No cattle moved between NI and GB for direct slaughter last week.

The local deadweight trade for prime cattle reported increase across all grades but one last week when compared to the previous week. The average steer price increased 2.9p/kg 433.3p/kg while the R3 steer price was up 2.2p/kg to 443.8p/kg. The average heifer price was up by 3.8p/kg to 434.3p/kg last week while the R3 heifer price increased by 3.4p/kg to 445.3p/kg. The average young bull price increased by 4.6p/kg to 415.2p/kg last week with the R3 young bull price up by 2p/kg to 428.7p/kg. U3 young bulls were the only category recording a decline, back by 7p/kg to 425.3p/kg. Meanwhile the average cow price in NI increased by 7.5p/kg to 311p/kg while the O3 cow price increased by 5.2p/kg from the previous week to 344.6p/kg.

In GB last week the deadweight cattle trade reported declines across the majority of grades from the previous week. The average steer was back 1.8p/kg to 442.4p/kg while the R3 steer price declined by 1.2p/kg to 449.8p/kg. The R3 steer price in GB was 6p/kg higher than the R3 steer price in NI last week. The average heifer price in GB last week was back 2.8p/kg to 438.7p/kg while the R3 heifer price declined by 1.5p/kg from the previous week to 447.8p/kg. This narrowed the differential between the R3 heifer price in GB and NI to 2.5p/kg last week.

In ROI last week the deadweight prime cattle trade strengthened from the previous week in euro terms. The R3 steer price was the equivalent of 419p/kg, up 7.4p/kg from the previous week, while the R3 heifer price in ROI was 422.6p/kg, up 7.9p/kg from the previous week. The O3 cow price in ROI also increased by 6.4p/kg to 357.6p/kg.

Deadweight Sheep Trade

Base quotes from the plants for R3 grading lambs ended this week ranging from 520-540p/kg up to 22kg across the plants. Lamb slaughterings in local plants totalled 11,013 head last week, an increase of 711 head from the previous week. This brings the total lamb throughput during the last six week period to 62,194 head, an increase of 8,624 head when compared to the same period in 2021 when 53,570 lambs were processed in NI plants. Exports of lambs to ROI for direct slaughter last week decreased to 6,010 head, bringing lamb exports during the last six week period to 41,332 head. The deadweight lamb price in NI last week decreased by 12.7p/kg from the previous week to 523.9p/kg during the same week last year the average deadweight lamb price was 560.4p/kg.

Liveweight Sheep Trade

Smaller shows of lambs passed through the marts this week with a softer liveweight trade reported across most marts. In Omagh last Saturday 605 lambs sold from 476-509p/kg compared to 616 lambs the previous week selling from 468-501p/kg. In Kilrea on Monday 740 lambs sold from 474-510p/kg compared to 800 lambs last week selling from 474-521p/kg. On Wednesday in Ballymena a good entry of 2,108 fat lambs sold to an average of 488p/kg an improvement on last week when 1,550 lambs sold to an average of 480p/kg. In Markethill this week 990 lambs sold from 470-589p/kg compared to 1300 lambs last week selling from 470-500p/kg. Top prices for cull ewes generally ranged from £111-140 across the marts with a top reported price of £210 in Swatragh on Saturday.

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

	W/E 10/12/22	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	South- ern England	GB
Steers	U3	448.4	426.5	454.5	454.8	453.1	455.0	454.4
	R3	443.8	419.0	454.4	452.8	446.1	446.9	449.8
	R4	445.1	418.4	455.1	456.6	444.9	446.3	453.4
	AVG	433.3	-	451.2	446.5	436.3	433.8	442.4
Heifers	U3	448.7	432.7	458.8	456.2	455.9	455.4	456.8
	R3	445.3	422.6	450.3	448.8	446.9	446.2	447.8
	R4	441.0	423.7	453.8	451.6	444.8	444.8	450.4
	AVG	434.3	-	449.9	442.4	432.2	429.2	438.7
Young Bulls	U3	425.3	415.5	442.5	444.1	446.9	445.5	443.9
	R3	428.7	410.1	436.1	439.2	436.7	428.9	436.7
	O3	415.2	398.3	418.4	409.0	406.5	416.1	410.6
	AVG	415.2	-	432.2	422.3	416.6	410.2	421.0
Prime Cattle Price Reported	5,437	-	6,071	7,066	7,012	4,820	24,969	
Cows	O3	344.6	357.6	360.9	356.3	350.9	347.4	353.5
	O4	348.6	357.9	362.9	358.6	351.8	350.9	355.5
	P2	308.2	316.2	314.6	316.8	307.0	312.2	310.9
	P3	321.3	339.1	328.5	332.6	328.4	331.9	330.6
AVG	311.0	-	356.3	334.0	313.9	315.7	324.7	

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=86.17p 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 LIVELWEIGHT CATTLE MART PRICES NI

	W/E 10/12/22	1st QUALITY			2nd QUALITY		
		From	To	Avg	From	To	Avg
Finished Cattle (p/kg)							
Steers		265	296	277	215	264	240
Friesians		212	215	213	203	211	208
Heifers		246	290	258	190	245	210
Beef Cows		209	242	221	160	208	180
Dairy Cows		146	197	164	74	145	110
Store Cattle (p/kg)							
Bullocks up to 400kg		255	347	280	210	254	230
Bullocks 400kg - 500kg		230	335	260	188	229	208
Bullocks over 500kg		250	285	260	174	249	210
Heifers up to 450kg		230	300	255	175	229	202
Heifers over 450kg		215	255	230	177	214	195
Dropped Calves (£/head)							
Continental Bulls		375	450	410	250	370	310
Continental Heifers		320	440	360	220	315	265
Friesian Bulls		215	215	215	10	28	20
Holstein Bulls		22	42	30	1	20	12

LATEST SHEEP MARTS (P/KG LW)

From: 10/12/22		Lambs			
To: 15/12/22		No	From	To	Avg
Saturday	Omagh	605	476	509	-
	Swatragh	490	448	514	-
Monday	Kilrea	740	474	510	-
	Massereene	439	478	508	-
Tuesday	Saintfield	388	480	520	-
	Rathfriland	257	468	490	480
Wednesday	Ballymena	2108	460	559	488
	Enniskillen	412	492	518	-
	Armoy	275	470	510	-
	Markethill	990	470	589	-

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