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GIRA MEAT CLUB MID-YEAR UPDATE

LMC recently participated in a mid-year update presentation to Gira Meat Club (GMC) members by the team of expert market analysts at Gira Food. The GMC is a multi-client annual study that is now into its 46th consecutive year of operation. The core purpose of the GMC is to enable members to access global short-term forecasts and research reports into herds/flocks, production, foreign trade, consumption and prices at a world and regional level.

The GMC typically meets in conference once per year close to Gira's office in France to receive presentations and discuss the findings of the research. With the Covid-19 Pandemic continuing to affect most parts of the world physical meetings of the GMC have not been possible since late 2019 but online seminars have been a useful alternative. The most recent seminar in July 2021 was a mid-year update to GMC members.

For the purposes of this Bulletin article LMC is focusing on the presentation given by Gira on some of the current major disruptors affecting global meat markets.

China: 2021 is a year of celebration for the People's Republic of China as July 2021 marks 100 years since the formation of the Communist Part of China which is the sole governing political party. China has taken great strides forward since the Covid-19 pandemic first struck the country and there has been strong recovery in its export economy. Consumer spending in China has not recovered as quickly as the export economy due to Covid-19 restrictions on travel internally within China and to/ from the country.

However the ongoing impact of African Swine Fever (ASF) in China and surrounding Asian nations such as Indonesia and the Philippines remains the dominant factor in the global meat market outlook and performance. The meat supply gap that has evolved in some of these Asian countries, as huge culling of pig herds takes place to control the spread of ASF, is not reducing as quickly as anticipated and demand for meat imports is generally on an upward trend.

Looking at the situation in China the consumer demand for non-pork proteins has risen on the back of the ASF emergency and pig meat is losing market share as a consequence. Beef and sheep meat prices have reached record levels in China and in June 2021 retail beef prices were 29 per cent higher than their strongest point prior to Covid-19.

Covid-19: Covid-19 is far from resolved at world level with a range of variants continuing to spread and threaten recovery in many nations. Vaccination of populations is taking place at a different pace across the world and there is huge uncertainty over what the impact on global meat demand will be when governments start to fully withdraw their Covid-19 support measures.

The International Monetary Fund recently updated on its growth forecasts for 2021 maintaining a 6 per cent growth forecast for the world as a whole. Within this forecast the IMF upgraded its growth forecasts for wealthy developed economies such as the USA, UK and the Euro Zone where there is good access to vaccines and fiscal support measures but downgraded its forecasts for large parts of the developing world where Covid-19 infections are high and where a slower roll out of vaccines are weighing heavily on economic activity.

With regard to the meat industry the food service sector remains an important outlet for carcase balancing and for sales of high value cuts. As countries start to get on top of Covid-19 and restrictions ease then food service will no doubt continue its rebound but the recovery to pre Covid-19 levels will be slow.

Image 1. Demand for non-pork protein has increased in China due to ASF with retail beef prices up by 29 per cent in June 2021 relative to their strongest point prior to the covid-19 pandemic.

Image 2. Sustainability continues to be a main focus for the agriculture industry which will be further highlighted at the 26th UN Climate Change Conference of the Parties (COP 26) later this year.

China is forecast to see a return to growth in its food service sector this year and by the end of Quarter 4 of 2021 is expected to be at a level 5 per cent higher than pre pandemic levels. Contrast this with the USA where food service in Quarter 4 2021 is expected to have recovered to a level 16 per cent below pre pandemic levels and the EU 27 plus UK is expected to have recovered to a level 22 per cent below pre pandemic levels.

Production Costs: Beef and sheep meat producers and processors will be familiar with the increases in commodity prices that have been very evident in the last few months as societies reopen after Covid-19 and economies start to rebuild. Gira reported in its mid-year update that global feed prices started an upward rise in June 2020 as China started to rebuild pig herds on the back of ASF culls. It was noted in the twelve months from June 2020 to June 2021 that soybean meal prices increased by 30 per cent, wheat by 34 per cent and corn by 103 per cent.

One off events such as a spike in global demand for heavy industrial production of Covid-19 sanitiser products has also contributed to the rise of corn prices. With oil prices back up to 2018 levels and other production costs rising due to trade disruption, increased transit times and access to containers to transport goods the costs in supply chains have moved up significantly.

In a UK context labour availability across the entire value chain is also proving problematic at the current time and this will further drive up costs as different sectors compete for workers with transferable skills. Recovering production cost increases from end consumers through increased retail prices is always challenging and can be detrimental to sales volumes so striking the right balance is essential.

Environmental Issues: From the context of the Northern Ireland beef and sheep meat industry the single biggest challenge facing the industry at the current time besides Covid-19 and EU Exit is Climate Change and Government policy to achieve Net Zero greenhouse emissions.

At the GMC mid-year update it was noted that the centre piece of many countries' Covid-19 recovery plans focused on green recovery with the European Green Deal cited as an example of an over-arching framework for the direction of travel of many EU Policies including the Common Agricultural Policy, Farm to Fork Strategy and EU Food and Drink Promotional Programmes.

In the UK the hosting of the UN Conference of the Parties on Climate Change (COP 26) later this year in Glasgow will bring a strong focus on GHG emissions and country strategies to limit global warming through well governed and serious mitigation strategies.

Within Northern Ireland the agriculture industry has been focusing on a wide range of sustainability related issues in recent times including the Climate Change Bills currently being discussed at the Northern Ireland Assembly; the reduction of losses through improved animal health (such as TB and BVD); the current and future support instruments available to industry to improve productivity and sustainability, and; the importance of UK trade and economic policies when it comes to issues such as the Level Playing Field with close competitors and the prevention of perverse outcomes such as Carbon Leakage to third countries where production costs are lower and environmental policies may be less stringent.

WEEKLY BEEF & LAMB MARKETS

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CATTLE TRADE

NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 02/07/21	Next Week 09/08/21
Prime		
U-3	384 - 394p	384 - 394p
R-3	378 - 388p	378 - 388p
O+3	372 - 382p	372 - 382p
P+3	318 - 332p	318 - 332p
	Including bonus where applicable	
Cows		
O+3	280 - 302p	280 - 302p

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 31/07/21	Steers	Heifers	Young Bulls
U3	401.2	407.4	395.6
R3	399.6	400.3	395.9
O+3	390.6	388.8	375.5

*Prices exclude AA, HER and Organic cattle

REPORTED COW PRICES NI - P/KG

W/E 31/07/21	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	208.4	222.9	232.5	231.7
P2	235.4	254.4	273.1	286.9
P3	260.0	279.5	285.3	298.1
O3	260.0	304.9	308.4	316.9
O4	265.0	295.4	304.9	316.5
R3	-	-	-	335.0

Deadweight Cattle Trade

Base quotes for in spec U-3 grade steers and heifers remained steady this week ranging from 384-394p/kg across the major NI processing plants. The cow trade also remained steady this week with quotes for good quality O+3 cows ranging from 280-302p/kg with similar quotes expected for early next week.

Prime cattle throughput in NI plants last week totalled 6,622 head, an increase of 242 head from the previous week. This is also an increase compared to the 6,117 prime cattle processed in the same week in 2020. Meanwhile a total of 2,023 cows were processed in NI plants last week, a slight increase from the previous week when 1,976 cows were processed and a 112 head decrease relative to the same week in 2020.

Imports of cattle from ROI for direct slaughter in local processing plants decreased last week to 302 prime cattle and 136 cows with no cattle imported from GB for direct slaughter. Exports from NI to ROI for direct slaughter also decreased with no prime cattle and 33 cows exported last week while 33 prime cattle and eight cows made the journey from NI to GB for processing.

Deadweight prime cattle prices in NI last week were generally back from the previous week with steer prices showing the most resilience. Both the average steer price and the R3 steer price increased marginally to 393.3p/kg and 403p/kg respectively. The average heifer price in NI last week was back by 1.6p/kg from the previous week to 395.3p/kg with the R3 heifer price back by 0.7p/kg to 401.9p/kg. The average young bull price in NI last week recorded a decrease of 2.3p/kg to 383.1p/kg with the R3 young bull price up by 1.2p/kg to 395.3p/kg. Meanwhile the average NI cow price last week was back 5.6p/kg from the previous week to 288.9p/kg, with the O3 cow price back by 0.4p/kg to 315.6p/kg.

The GB deadweight trade for prime cattle improved last week compared to the previous week. The average steer price was up by 1.2p/kg to 406.4p/kg while the R3 steer price increased by 1.8p/kg to 413.4p/kg. This placed the GB R3 steer price 10.4p/kg above the R3 steer price in NI last week. The average heifer price in GB last week was 405.2p/kg, up 1.2p/kg from the previous week while the R3 heifer price increased by 2.1p/kg to 413.3p/kg. This puts the GB R3 heifer price 11.4p/kg higher than the equivalent price in NI last week. The average cow price in GB decreased by 1.4p/kg to 292.4p/kg last week with the O3 cow price up by 2p/kg to 319.2p/kg.

In ROI last week the R3 steer price was back 2.4p/kg to the equivalent of 366.2p/kg, putting the differential between ROI and NI to 36.8p/kg. This equates to an additional £129 on a 350kg steer carcase. The R3 heifer price in ROI decreased by almost 4p/kg to 369.2p/kg last week, 32.7p/kg lower than the equivalent NI R3 heifer price. This differential equates to an additional £105 on a 320kg heifer carcase. The O3 cow price in ROI reported a decrease of 2.2p/kg to the equivalent of 301.7p/kg last week, almost 14p/kg below the O3 cow price in NI.

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

W/E 31/07/21		Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB
Steers	U3	401.5	373.8	419.6	417.5	417.7	422.1	418.9
	R3	403.0	366.2	419.3	414.0	410.5	410.8	413.4
	R4	402.6	368.0	420.3	412.0	409.2	411.3	415.0
	O3	391.4	354.5	405.3	397.5	388.3	392.8	394.2
	AVG	393.3	-	416.8	405.6	400.7	401.7	406.4
Heifers	U3	407.1	379.1	426.5	416.4	422.0	419.1	422.0
	R3	401.9	369.2	422.1	409.3	413.4	410.2	413.3
	R4	399.6	370.4	421.0	410.3	411.6	412.0	414.9
	O3	393.4	361.1	403.5	393.8	388.9	389.3	392.1
	AVG	395.3	-	416.7	403.3	401.9	398.4	405.2
Young Bulls	U3	396.0	366.3	414.2	406.7	417.6	409.1	414.0
	R3	395.3	356.0	408.1	400.3	406.7	405.1	406.0
	O3	376.7	337.9	379.8	376.9	374.9	350.3	375.0
	AVG	383.1	-	405.7	395.2	399.8	385.3	399.9
Prime Cattle Price Reported		5491	-	6540	6508	7615	4270	24933
Cows	O3	315.6	301.7	323.3	318.5	319.0	318.4	319.2
	O4	315.5	302.1	327.0	319.5	318.9	314.7	319.6
	P2	276.6	276.8	278.1	273.1	278.1	284.2	279.5
	P3	294.4	292.9	291.2	288.1	289.7	291.4	290.1
	AVG	288.9	-	312.2	300.2	287.5	283.8	292.4

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=85.26p 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 31/07/21	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
Finished Cattle (p/kg)						
Steers	250	267	255	215	249	230
Friesians	180	208	187	140	179	162
Heifers	237	261	245	210	236	220
Beef Cows	180	248	195	140	179	160
Dairy Cows	137	158	142	114	136	123
Store Cattle (p/kg)						
Bullocks up to 400kg	250	284	270	215	249	232
Bullocks 400kg - 500kg	250	307	260	200	249	225
Bullocks over 500kg	220	251	230	175	219	200
Heifers up to 450kg	220	280	246	190	219	205
Heifers over 450kg	218	245	232	190	217	205
Dropped Calves (£/head)						
Continental Bulls	425	620	465	300	420	380
Continental Heifers	385	600	450	250	370	310
Friesian Bulls	150	280	200	75	145	110
Holstein Bulls	150	260	175	5	145	80

SHEEP TRADE

NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 02/08/21	Next Week 09/08/21
R3 Lambs up to 21kg	480-485p	480 - 485p

REPORTED SHEEP PRICES

(P/KG)	W/E 17/07/21	W/E 24/07/21	W/E 31/07/21
NI L/W Lambs	436.0	421.6	439.3
NI D/W Lambs	505.4	472.8	469.9
GB D/W Lambs	548.5	560.5	565.5
ROI D/W	540.4	529.6	516.3

Deadweight Sheep Trade

Quotes from the plants for R3 grading lambs ended this week ranging from 480-485p/kg up to 21kg. Lamb throughput in NI plants last week totalled 10,062 head. This is a 418 head decrease from the previous week and a greater 1,435 head decrease from the same week in 2020. A further 7,801 lambs were exported to ROI for direct slaughter last week, up 2,281 head from the previous week. In the same week last year 6,797 lambs were exported to ROI for direct slaughter. Last week the average NI deadweight lamb price decreased by almost 3p/kg to 469.9p/kg. In ROI last week the average lamb price was the equivalent of 516.3p/kg, back 13.3p/kg from the previous week.

Liveweight Sheep Trade

Many of the marts reported a stronger number of lambs passing through the sale rings this week compared to the previous week. In Omagh last Saturday 892 lambs sold from 447-478p/kg compared to 491 lambs the previous week selling from 433-473p/kg. In Massereene this week 747 lambs sold from 430-474/kg compared to 1,004 lambs last week selling from 420-440p/kg. On Tuesday in Rathfriland 1,189 lambs sold from 415-490p/kg (avg 450p/kg) compared to 711 lambs last week selling from 425-525p/kg (avg 458p/kg). In Markethill on Wednesday 1,710 lambs sold from 420-453p/kg compared to 1,150 lambs last week selling from 450-491p/kg. Top reported prices for good quality ewes ranged from £134-187 across the marts.

LATEST SHEEP MARTS (P/KG LW)

From: 31/07/21		Lambs			
To: 05/08/21		No	From	To	Avg
Saturday	Omagh	892	447	478	-
	Swatragh	1500	448	531	-
Monday	Kilrea	420	430	455	-
	Massereene	747	430	474	-
Tuesday	Saintfield	575	430	475	-
	Rathfriland	1189	415	490	450
Wednesday	Ballymena	2006	415	504	440
	Enniskillen	1062	414	484	-
	Armoy	684	425	478	-
	Markethill	1710	420	453	-

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MONTHLY NEWS

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OPEN FARM WEEKEND – A TREMENDOUS SUCCESS

Despite its virtual format, the organisers and sponsors of the recent Open Farm Weekend have hailed the event a tremendous success. The Livestock and Meat Commission (LMC) has been involved with the initiative as a sponsor and contributor. According to LMC Chief Executive Ian Stevenson, it plays a critically important role in communicating all that is positive about farming in Northern Ireland while allowing consumers to get a real sense of how their food is actually produced. He added: "This was the 10th year of the event: it continues to grow from strength to strength." Ian went on to point out that the events taking place over the Open Farm Weekend further added to the public's growing interest in home-produced food and cooking at home.

Image 1.: LMC's Chief Executive Ian Stevenson pictured with Ulster Farmers Union deputy president David Brown and John Best from Acton House Farm who participated in BOI virtual farm weekend.

He continued: "This is all very positive and is a trend that must be built on for the future. Last weekend provided further confirmation to the effect that social media can play a critically important role in allowing the local farming and food industries to communicate strong and clear messages to the public at large.

"All of the farmers involved in this year's Open Farm Weekend activities must be congratulated. They demonstrated that modern farming has at, it's very heart, a strong commitment to environmental protection and the highest possible animal welfare standards. It also highlighted the often misunderstood fact that farming in Northern Ireland is strongly rooted in a family farm model with passionate and committed people at the heart of every farm business. Members of the public were also made very aware of the fact that agriculture is a fundamental part of the solution, where climate change is concerned."

A highlight of this year's Open Farm Weekend was the 'virtual' lamb barbeque workshop hosted by LMC demonstrator Arlene Thompson at Millbank Farm, Co Down, home of Northern Ireland Farm Quality Assured sheep farmers Adrian and Emily McGowan.

"We chose lamb because it reflects everything that is positive about the red meat sector at this time of the year," Ian Stevenson explained. "Adding to its attraction is the fact that the meat is produced almost entirely from grazed grass. We also wanted to communicate the benefits of lamb to a younger audience. Unfortunately, it is a meat that is traditionally characterised by an older age consumer profile. However, the reality is that lamb is one of the most healthy and taste-filled meats that can be eaten by people of all ages. Last weekend's cookery demonstration, with its strong profile on social media, helped us to communicate this message in a very clear and effective manner."

Ian concluded: "The Farm Open Weekend initiative continues to play a crucial role in communicating all that is good about farming in Northern Ireland. Let's hope that next year the event can take place in a more normal setting, one that will allow members of the general public to visit our farms in a more traditional manner."

'GOOD HONEST FOOD – THE TRUTH ABOUT BEEF' CAMPAIGN PROVES AN ABSOLUTE WINNER WITH CONSUMERS

The LMC's recent advertising campaign, themed: Good Honest Food: The Truth About Beef has proven to be a real winner with local consumers. And the analytics, now available, fully confirm this very welcome trend.

The campaign told the real story of Northern Ireland Farm Quality Assured (NIFQA) beef, from the perspective of renowned local chef James Devine as he chatted to Dr Ruth Price, from Ulster University's School of Biomedical Sciences; Agri-Food and Biosciences' Institute (AFBI) research scientist Dr Steven Morrison; NIFQA beef farmer Stuart Hamilton and fellow chef Pearson Morris.

LMC's Marketing and Communications Manager, Lauren Patterson commented: "The campaign featured on TV, radio, outdoor sites and across a range of digital platforms and the first results, analysing the impact of the campaign, are extremely positive." She added: "They confirm a 62% awareness of the campaign amongst NI consumers, which is much higher than the UK average."

According to the research, those who are aware of the messages contained within the campaign are significantly more likely to purchase NIFQA beef and lamb. Lauren went on to confirm that those in the 16-24 and 50-64 age groups were most likely to be aware of 'the truth about beef' messaging.

She said: "This is a really positive outcome for the campaign as these two demographics have the biggest percentage of 'red meat waverers' for environmental and health reasons. These were demographics highlighted in previous research that we hoped to reach as part of the activity, so it is hugely encouraging that the campaign messaging is being acknowledged amongst these individuals.

In addition, those who had exposure to the campaign are more likely to agree that NIFQA beef is a natural source of nutrition, kind to the environment and high quality in nature. The campaign aim was to raise awareness of our world class NIFQA beef and lamb, and highlight the vital role it plays in the diet and our environment and it has already made a great impact in the first burst." The Good Honest Food campaign will launch again this autumn, armed with a host of new lamb assets to accompany the existing beef content.

Image 2: Local chef James Devine helped inform consumers about the health benefits of NIFQA red meat during LMC's recent advertising campaign

CONSUMERS HAIL NIFQA BEEF AND LAMB 'HIGH QUALITY'

LMC has highlighted the most recent meat consumption trends contained within a survey commissioned by the organisation. They confirm that 2021 was marked by a decrease in reports of consumers describing themselves as vegan or vegetarian, relative to the previous year. Similar to 2019 trends, only 1% reported to be vegan.

Specifically, where red meat is concerned, the regularity of beef purchasing in Northern Ireland has increased during 2021, compared to 2020. Lamb consumption has remained the same with 60% of respondents consuming or purchasing lamb at least once a week.

Significantly, smaller numbers of people are planning to reduce their consumptions of red meat (28%) or believed it was the ethical thing to do (30%). Females in the 16-24 age group are, however, less likely to eat beef than consumers in all other age and gender categories.

LMC's Lauren Patterson confirmed an extremely high level of awareness, where Northern Ireland Farm Quality Assured (NIFQA) beef and lamb are concerned. She said: "The latest figures confirm that 80% of all consumers in Northern Ireland recognise the NIFQA logo. This is a notable uplift on previous years, with awareness is strongest in the 25-65 age group."

Lauren added: "Encouragingly, 83% of consumers are aware of the NIFQA label on beef products, which is an increase on last year. Of these respondents, 90% were also aware of the 'truth about beef' campaign. The significance of this relationship is extremely encouraging and it is promising to see that LMC marketing activities continue to positively impact a large proportion of our local consumers."

According to the Commission's Marketing and Communications Manager, there is a significant increase in the percentage of consumers always trying to buy beef and lamb with the NIFQA logo on it, compared to 2020. Consistent with 2020 trends, almost three quarters of consumers (73%) were in agreement that NIFQA beef is a natural source of vitamins and minerals with two thirds (68%) believing that NIFQA beef has health benefits.

Some 3 in 5 respondents agreed that the farm management protocols espoused by the Northern Ireland Farm Quality Assurance Scheme, resulted in NIFQA beef that was kind to the environment, increasing from the 57% recorded last year.

Lauren concluded: "Encouragingly, 82% of the people taking part in the survey regarded NIFQA beef as a high quality meat while 75% felt that it is a naturally produced food. These results are hugely reassuring with consumers showing outward support of our local NIFQA beef and lamb farmers, who should be proud to produce world class beef and lamb."