

# HIGHER PRICES AVAILABLE THAN BASE QUOTES SUGGEST

Quotes from the major beef processing plants in NI this week for U-3 grading prime cattle range from 360-366p/kg with the majority of plants quoting in the region of 362-364p/kg. Base quotes from the plants have stabilised in the last few weeks after several months of a steady increase.

Prime cattle slaughtered in the major NI processing plants are generally paid for

on a pricing grid which uses the U-3 grade quote as a base price to work out a value of other individual grades. The pricing grid agreed by industry is to be used as a guide only and there may be some variation in its application from plant to plant.

In reality the deadweight prices paid for individual grades of prime cattle are primarily driven by supply and demand.

The price paid for the finished beef animal is open to negotiation between the producer and the processor. With this flexibility in the current pricing system there are often differences between what the plants are quoting for prime cattle and what is being paid.

Deadweight cattle price reporting data allows a comparison to be drawn between the base quotes from the plants and the prices that were actually paid. For the purposes of analysis we have used the deadweight prices paid for R-3 grade steers during 2020 to date. R-3 grading steers are the most common price reported grade in NI and therefore provide the best indication of changes in the deadweight cattle trade over a period of time.

Only R-3 grading steers that are in spec for age, weight, grade, number of farms and FQ status have been included in the dataset. Aberdeen Angus, Hereford and organic cattle have also been removed as any bonuses paid for these cattle at point of slaughter are not included in base quotes from the major NI processors.

Figure 1 displays the quoted prices from the major beef processing plants in NI during 2020 to date for in-spec R-3 grading steers (blue area) while the green line indicates the average price paid. As indicated in the chart the prices paid have been consistently above the quoted prices during 2020 to date.

quotes and prices paid has been maintained despite the upward movement in the deadweight beef trade in recent months. It is however worth noting that during 2020 to date some in spec R-3 grade steers were bought at, and below, quoted prices from the processors.

It is also worth noting that R-3 grading steers that meet all other specification requirements meet the widest range of retailer orders and are therefore more likely to be rewarded by the market than other cattle. For this reason the differential between quoted price and price paid may not be as wide for other grades of cattle.

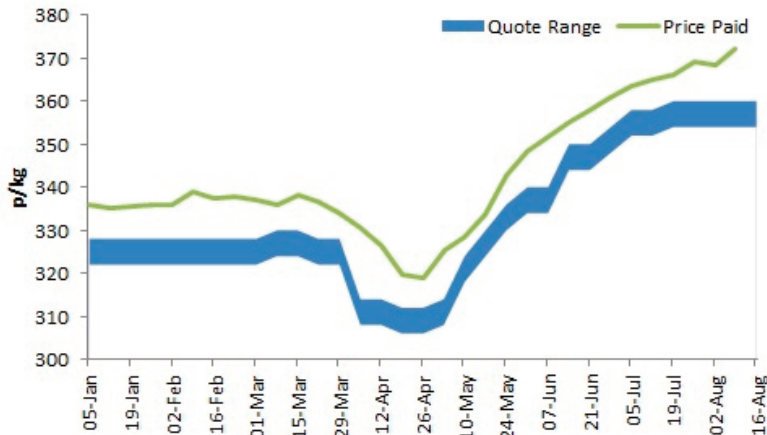
With a range in the prices paid for in-spec R-3 grade steers during any particular week producers are encouraged to produce cattle that meet market specifications and to use the base quotes from the major plants as a starting point for negotiation before presenting cattle for slaughter.

**During 2020 to date the average differential in the top quoted price and the price paid for in-spec R-3 grading steers was 8p/kg.**

The average differential between the top quoted prices from the major NI processors and the prices recorded during 2020 to date was 8p/kg. The widest differential between quoted and paid prices for R-3 grading steers was 17p/kg and was recorded in the week ending 05 April 2020. This differential narrowed significantly to just 4p/kg in the week ending 10 May 2020.

This analysis indicates that higher prices are available than initial quotes would suggest and this differential in

Figure 1: Range of quoted base prices for R-3 grading steers and the actual price paid during 2020 to date. (Source: LMC Deadweight Cattle Price Reporting)



# PRIME CATTLE SUPPLIES TO REMAIN TIGHT IN THE SHORT TERM

There has been a reduction in the availability of slaughter ready cattle on local farms in recent months due to some producers opting to push cattle to finish in the first quarter of the year while other producers opted to allow cattle another grazing season.

These management decisions combined with lower calf registrations back in 2018 have all contributed to tighter supplies of locally produced cattle for processing in NI plants over recent months and has also resulted in an increase in the number of prime cattle being imported for direct slaughter from ROI.

The latest available data on local cattle populations from APHIS has indicated that the tighter supplies of locally produced prime cattle are expected to remain tight over the next few months before recovering as we move towards the end of the year.

At the start of August 2020 there were 118,546 cattle for beef production (all beef sired cattle and dairy males) on local farms in the 24-30 month age bracket. This was a reduction of just under 10,000 head from the 128,508 cattle in this age group in August 2019.

This accounts for a 7.8 per cent decline in cattle numbers in this age group year on year.

## NI cattle for beef production August 2020 vs August 2019

18-24 months: +2%  
24-30 months: -7.8%

Cattle on NI farms in the 18-24 month age category totalled 110,955 head at the start of August 2020, up just over 2,000 head or two per cent from August 2019 levels. While this increase is encouraging it does not compensate for the reduction in beef cattle in the 24-30 month age range on local farms as outlined previously. It should also be noted that the number of cattle for beef production in the 18-24 month age category in August 2020 was 2.5 per cent lower than August 2018 levels.

Cattle in the 12-18 month age category at the start of August 2020 will generally start to come forward for slaughter as we move towards the end of the year. Cattle in this age group totalled 229,228 head in August 2020, up just over 6,000 head or 2.8

per cent from year earlier levels. Again while this increase is encouraging the number of cattle in this age group is 3.3 per cent lower than August 2018 levels.

An improvement in beef sired calf registrations during 2020 to date have contributed to an increase in the number of cattle for beef production aged under 12 months on local farms.

At the start of August 2020 there were 151,055 cattle in the 6-12 month age category, up almost 10,000 head or 6.9 per cent from year earlier levels. Meanwhile there has also been an increase in the number of cattle aged 0-6 months on local farms which totalled 221,360 head at the start of August 2020. This was up almost 8,000 head or 3.7 per cent from August 2019 levels.

The number of dairy sired male cattle on local farms has increased in all age groups of cattle up to 24 months at the start of August 2020 when compared to previous years. However despite these increases the numbers involved remain very small in comparison to the number of beef sired cattle on local farms.

Figure 2: Cattle for beef production on local farms at the start of August 2018, August 2019 and August 2020 by age category (Source: APHIS/DAERA)

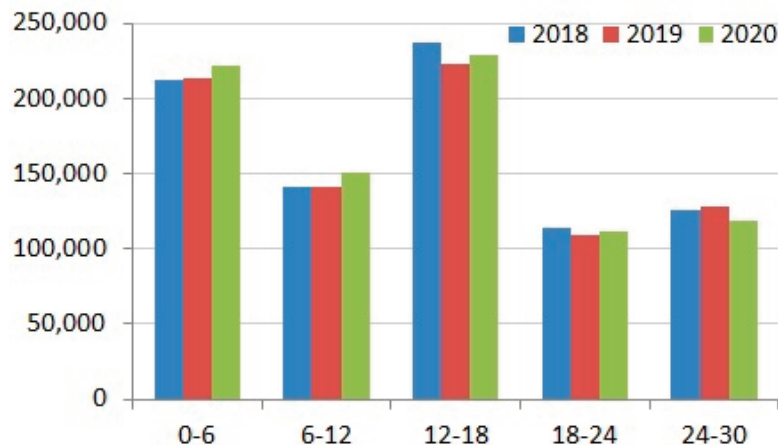


Table 1: Cattle for beef production on local farms at the start of August 2018, August 2019 and August 2020 by age category (Source: APHIS/DAERA)

Age (months)	2018	2019	2020	2019/2020	2018/2020
0-6	212,776	213,396	221,360	+3.7%	+4.0%
6-12	141,515	141,290	151,055	+6.9%	+6.7%
12-18	237,126	222,982	229,228	+2.8%	-3.3%
18-24	113,831	108,795	110,955	+2.0%	-2.5%
24-30	125,229	128,508	118,546	-7.8%	-5.3%
30 +	306,476	290,798	288,056	-0.9%	-6.0%

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Free weekly price quotes sent to your mobile phone  
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# WEEKLY BEEF & LAMB MARKETS

## CATTLE TRADE

### NI FACTORY BASE QUOTES FOR CATTLE

(P/KG DW)	This Week 17/08/20	Next Week 24/08/20
<b>Prime</b>		
U-3	360 - 366p	354 - 364p
R-3	354 - 360p	348 - 358p
O+3	348 - 354p	342 - 352p
P+3	298 - 308p	292 - 306p
	Including bonus where applicable	
<b>Cows</b>		
O+3 & better	270 - 280p	260 - 275p
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.

### Deadweight Cattle Trade

Quotes from the major processing plants this week for U-3 grade prime cattle ranged from 360-366p/kg. Some plants have reduced their quotes for prime cattle next week with quotes expected to range from 354-364p/kg. Quotes for O+3 cows have come under some pressure this week and are expected to range from 260-275p/kg early next week.

The plants have reported good numbers of all types of cattle coming forward for slaughter. Prime cattle throughput in local plants last week totalled 6,192 head, back 237 head from the previous week. In the same week in 2019 prime cattle throughput in local plants totalled 5,977 head. Cow throughput also remained steady with 1,896 cows processed in NI last week. This is back 208 cows from the previous week and also back when compared to the 2,042 cows processed in the same week in 2019.

Cattle imports to NI for direct slaughter from ROI last week included 462 prime cattle and 205 cows while a further two steers and 29 cows were imported from GB. Cattle exports from NI to ROI last week included two steers and 57 cows with 20 heifers and two cows exported to GB for direct slaughter last week.

The NI deadweight cattle trade reported a mixed trade last week with the average steer back 0.4p/kg to 365.9p/kg. The R3 steer price decreased by just under a penny to 374.5p/kg however prices remain well above the same week in 2019 when the R3 steer price in NI was 332p/kg. The average heifer price in NI last week increased by 1.5p/kg to 369.1p/kg with the R3 heifer price up just over a penny to 375.5p/kg. In the same week last year the R3 heifer price in NI was 336.3p/kg. The NI young bull trade came under some pressure last week with the average young bull and R3 young bull prices both back by 2.9p/kg to 354.4p/kg and 363.2p/kg respectively. The cow trade in NI firmed last week compared to the previous week with the average cow price up by 3.7p/kg to 270.9p/kg and the O3 cow price up by 0.4p/kg to 289.1p/kg.

In GB last week the deadweight trade for prime cattle continued to improve. The average steer price was up 2.3p/kg to 371.6p/kg with the R3 steer price up by 2.9p/kg to 379.8p/kg. The R3 steer price increased across all the regions except in Northern England where it was similar to the previous week. Last week the average heifer price in GB increased by 3p/kg to 372.9p/kg with the R3 heifer price up by 2.6p/kg to 378.5p/kg. The R3 heifer prices increased across all regions except in Northern England where a decline of almost half a penny was reported. Meanwhile last week the average cow price in GB decreased by 1.5p/kg to 265.3p/kg while the O3 cow price held steady at 289.5p/kg.

In ROI last week the deadweight trade for steers and heifers came back in euro terms. The R3 steer price decreased by the equivalent of 3.7p/kg to 336.9p/kg which puts it 37.6p/kg behind the same price in NI. The R3 heifer price was back by 2.9p/kg to 340.3p/kg, 35.2p/kg lower than the same price in NI. The O3 cow price in ROI improved last week by just over half a penny to 269.7p/kg which placed it 19.4p/kg behind the corresponding price in NI

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

W/E 15/08/20	Northern Ireland	Rep of Ireland	Scotland	Northern England	Midlands & Wales	Southern England	GB	
Steers	U3	376.5	347.6	390.7	376.0	377.2	381.5	382.4
	R3	374.5	336.9	391.2	378.7	375.8	376.9	379.8
	R4	373.2	337.9	393.1	383.4	374.3	376.2	384.8
	O3	364.1	321.2	376.4	363.2	354.0	356.4	360.0
	AVG	365.9	-	387.5	372.0	363.9	364.5	371.6
Heifers	U3	380.2	352.4	398.2	379.8	387.3	383.5	388.2
	R3	375.5	340.3	389.9	376.8	377.0	374.0	378.5
	R4	373.0	340.8	390.7	377.7	376.9	375.8	382.0
	O3	365.8	326.3	370.5	361.3	355.6	354.9	358.9
	AVG	369.1	-	388.4	371.7	367.3	361.6	372.9
Young Bulls	U3	369.2	334.8	379.9	367.4	382.6	373.3	377.8
	R3	363.2	322.3	376.4	370.4	372.1	372.1	373.3
	O3	347.8	307.5	340.6	338.5	341.0	335.4	339.7
	AVG	354.4	-	370.5	357.6	367.9	366.3	366.4
Prime Cattle Price Reported	4,855	-	6,320	6,984	7,441	4,922	25,667	
Cows	O3	289.1	269.7	291.0	288.0	290.0	290.6	289.5
	O4	292.0	269.5	294.1	288.3	291.0	287.2	290.0
	P2	255.4	243.4	253.9	249.0	251.2	261.2	254.1
	P3	272.2	261.1	261.2	267.0	263.9	271.4	266.1
	AVG	270.9	-	284.0	267.6	261.3	260.8	265.3

Notes: (i) Prices are p/kg Sterling-ROI prices converted at 1 euro=90.20p 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 LIVELWEIGHT CATTLE MART PRICES NI

W/E 15/08/20	1st QUALITY			2nd QUALITY		
	From	To	Avg	From	To	Avg
<b>Finished Cattle (p/kg)</b>						
Steers	225	242	228	200	224	212
Friesians	158	174	166	133	152	140
Heifers	204	238	212	190	203	197
Beef Cows	171	235	183	128	170	149
Dairy Cows	116	138	126	100	115	108
<b>Store Cattle (p/kg)</b>						
Bullocks up to 400kg	230	264	247	200	229	215
Bullocks 400kg - 500kg	220	264	238	190	219	205
Bullocks over 500kg	215	237	229	180	214	200
Heifers up to 450kg	225	258	240	180	224	202
Heifers over 450kg	190	205	200	170	189	180
<b>Dropped Calves (£/head)</b>						
Continental Bulls	370	500	425	250	365	305
Continental Heifers	275	375	325	200	270	235
Friesian Bulls	160	290	210	50	140	100
Holstein Bulls	75	140	110	35	70	55

### REPORTED NI CATTLE PRICES - P/KG

W/E 15/08/20	Steers	Heifers	Young Bulls
U3	375.6	379.4	369.2
R3	371.5	373.1	363.2
O+3	363.1	367.4	350.4

\*Prices exclude AA, HER and Organic cattle

### REPORTED COW PRICES NI - P/KG

W/E 15/08/20	Weight Bands			
	<220kg	220-250kg	250-280kg	>280kg
P1	185.6	200.2	218.5	232.5
P2	214.9	237.6	254.9	263.4
P3	227.5	257.8	271.3	273.6
O3	225.0	258.8	284.9	290.3
O4	172.0	-	292.5	292.4
R3	-	-	297.1	306.1

# SHEEP TRADE

## NI SHEEP BASE QUOTES

(P/Kg DW)	This Week 17/08/20	Next Week 24/08/20
Lambs up to 21kg	440-445p	445-450p

## REPORTED SHEEP PRICES

(P/KG)	W/E 01/08/20	W/E 08/08/20	W/E 15/08/20
NI L/W Lambs	415.7	404.0	413.3
NI D/W Lambs	452.1	441.1	433.4
GB D/W Lambs	480.1	469.0	468.3
ROI D/W	460.9	438.8	438.2

## Deadweight Sheep Trade

Quotes from the local plants for R3 grading lambs improved as the week progressed and ended this week ranging from 445-450p/kg with all plants paying up to 21kg. The plants have reported strong supplies of lambs coming forward for slaughter with 11,907 lambs processed locally last week. This was up 546 lambs from the previous week and is the highest weekly throughput to date this year. Exports of lambs to ROI for direct slaughter increased to 5,546 head last week with a further 1,802 ewes making the journey to plants in ROI. The NI deadweight lamb price last week decreased by 7.7p/kg to 433.4p/kg, in the corresponding week last year the deadweight lamb price in NI was 374p/kg. The ROI deadweight lamb price last week was back 0.6p/kg to the equivalent of 438.2p/kg.

## Liveweight Sheep Trade

A steady demand for good quality lambs was reported across the marts this week. A good trade was reported along with good numbers passing through the sale rings. In Swatragh last Saturday 1,400 lambs sold from 395-441p/kg compared to 1,100 lambs last week selling from 380-430p/kg. In Massereene on Monday 836 lambs sold from 415-443p/kg compared to 906 lambs last week selling from 405-427p/kg. On Tuesday in Saintfield 575 fat lambs sold from 404-450p/kg compared to 505 lambs last week selling from 400-440p/kg. In Ballymena this week a large entry of 2,546 lambs sold from 390-473p/kg (avg 412p/kg) compared to 2,109 lambs last week selling from 390-426p/kg (avg 408p/kg). Top reported prices for cull ewes this week ranged from £97 - £129.

## LATEST SHEEP MARTS (P/KG LW)

From: 15/08/20		Lambs			
To: 20/08/20		No	From	To	Avg
Saturday	Omagh	935	432	469	-
	Swatragh	1400	395	441	-
Monday	Massereene	836	415	443	-
	Kilrea	420	410	433	-
Tuesday	Saintfield	575	404	450	-
	Rathfriland	600	415	485	439
Wednesday	Ballymena	2546	390	473	412
	Enniskillen	882	400	432	-
	Armoyn	476	408	464	-
	Markethill	1120	410	445	-

Strict Covid - 19 restrictions are in place across all of the livestock marts

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