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GB BEEF RETAIL MARKET REMAINS RELATIVELY STABLE

THE latest available data from Kantar Worldpanel for the 12 week period ending 13 September 2015 has valued GB retail sales at £443.8 million, almost unchanged from the corresponding 12 week period in 2014. It is however 7.7 per cent higher than the same period in 2013 when beef sales were valued at £412.1 million.

Beef sales accounted for 57.7 per cent of the value of total retail sales for meat during the 12 weeks ending 13 September 2014, a slight increase from the corresponding period in 2014 when retail sales of beef accounted for 56.5 per cent of total meat sales.

Volume sales of beef in GB have also remained fairly stable year on year with 55,497 tonnes of beef sold through retail outlets during the 12 weeks ending 13 September 2015. This was 0.5 per cent lower than year earlier levels but a 3.5 per cent increase on the 53,605 tonnes of beef sold through GB retailers in the 12 weeks ending 15 September 2013.

The average retail price of beef during the 12 weeks ending 13 September 2015 was £8.00/kg, up slightly from £7.97/kg in the corresponding period in 2014. It was however 4 per cent higher than the corresponding period in 2013 when the average retail price was £7.69.

During the twelve week period ending 13 September 2015 67.8 per cent of GB households purchased beef. This was a slight reduction from the 68.5 per cent of households who purchased beef in the corresponding

period in 2014 but remained above 2013 levels when 67.3 per cent of households purchased beef.

While there has been a slight reduction in the number of households buying beef total spend per household on beef is also back slightly. In the 12 weeks ending 14-September 2014 the average spend per household on beef was £95.63 and this was back to £94.92 in the 12 weeks ending 13 September 2015.

While beef retail sales have been relatively steady in terms of both value and volume between the 2014 and 2015 period there have been some key changes to the types of beef products being purchased as outlined in Table 1.



Volume sales of roasting joints back by 2.8 percent in 2015 period

During the 12 weeks ending 13 September 2015 volume sales of beef roasting joints were back by 2.8 per cent from the corresponding period in 2014 while sales of mini roasting joints were back by 3.9 per cent.

Volume sales of stewing steak were back by 9.9 per cent during the 12 weeks ending 13 September 2015 which is perhaps a result of the mild autumn this year. This may also be an

influencing factor behind the 5.2 per cent increase in volume sales of frying and grilling steaks year on year.

Meanwhile volume sales of mince during the 12 week period ending 13 September 2015 were back by 0.6 per cent from 2014 levels while sales of beef marinades increased by 1.5 per cent year on year.

While of some of the major beef cuts have struggled in terms of volume sales the retail market has strengthened for beef included in convenience products. In the 12 week period ending 13 September 2015 volume sales of burgers and grills increased by 4.4 per cent from year earlier levels.

Volume sales of chilled ready meals increased by 12.2 per cent during the twelve weeks ending 13 September 2015 while volume sales of frozen ready meals were 5.2 per cent higher

than the corresponding period in 2014.

As outlined in Table 1 volume sales of fresh pre-packed hot pies and pasties both performed strongly with volume sales increasing by 2.6 per cent and 4.5 per cent respectively. The only convenience product to perform negatively was frozen pies/puddings which were back by 1.5 per cent in terms of volume sales.

With these key changes to the most important retail market for NI beef it is important that processors and producers work in liaison with the retailers in providing red meat which meets market requirements. With the GB consumer in general having a much busier lifestyle and the move towards more convenience and prepared food it shows the importance of product development in accessing this key market.

Table 1: Year on year percentage changes in volume sales of a range of beef products during 12 weeks ending 13 September 2015

Beef Product	% Change YOY
Fresh & frozen beef	-0.5
Roasting	-2.8
of which, mini roasting	-3.9
Stewing	-9.9
Frying/grilling steak	+5.2
Mince	-0.6
Marinade	+1.5
Burgers and grills	+4.4
Chilled ready meals	+12.2
Frozen ready meals	+5.2
Fresh pre-packed hot pies	+2.6
Fresh pre-packed pasties	+4.5
Frozen pies/puddings	-1.5

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If you have had a recent inspection and need help and advice to rectify any non-conformances, contact the

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LIMOUSIN MOST POPULAR COW BREED IN NI

ANALYSIS of calf registrations data from APHIS for the period January-September 2015 has identified Limousin as the most popular suckler cow breed in NI as outlined in Figure 1 below.

The NI suckler cow herd provides 50 per cent of the genetics to our suckler beef production systems and therefore has a strong influence on the type of beef produced and sold to consumers. Cow type and breed will also have

a strong influence on the productivity and profitability of suckler beef production in NI.

During the first nine months of 2015 78,146 Limousin cows had a calf birth registered against them in NI and these accounted for 36.7 per cent of all registrations against suckler cows during this period. This proportion was unchanged from the corresponding period in 2014.

The next most popular cow breed in NI is Aberdeen Angus. During January-September 2015 28,296 births registered to Aberdeen Angus cows and these accounted for thirteen per cent of all calf registrations to suckler cows.

Charolais cows also accounted for thirteen per cent of calf registrations during the 2015 period with a total of 27,992 Charolais cows registered as having a calf. Simmental cows accounted

for a further twelve per cent of calf registrations during the 2015 period with Belgian Blue and Hereford cows accounting for seven per cent and six per cent respectively.

These six cow breeds accounted for 88 per cent of all calf registrations to suckler cows during the first nine months of 2015 and the proportion of each breed was unchanged from 2014 levels.

Figure 1: Most popular suckler cow breeds in NI by calf registrations January - September 2015

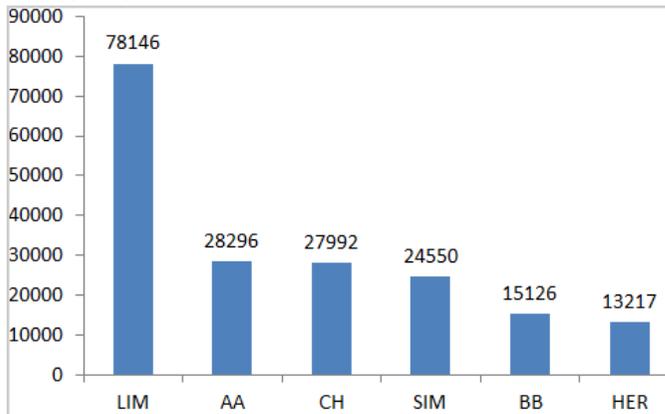


Image 1: Limousin cows are the most popular cow breed on NI suckler farms



EURO STRENGTHENS AGAINST STERLING

THE average euro-sterling exchange rate from the European Central Bank during the week ending 10 October 2015 was €1 = £0.7386. The value of the euro has gradually increased against sterling in recent weeks after reaching a low point of €1 = £0.7017 in mid August. Figure 2 displays the euro-sterling exchange rate from January 2014-October 2015. Despite the increase in the value of euro against sterling in recent weeks it remains well below 2014 levels.

At current exchange rates imports such as cereals, fertiliser and fuel could be cheaper than the corresponding period in 2014 if they are sourced in the Eurozone or traded in euros. However while a strong sterling against euro can help to reduce input costs for UK producers it makes NI and UK beef and lamb more expensive in euro terms. This makes trading on the EU, and on the wider global market, much more difficult. The differential in beef prices between NI and the EU average has been narrowing as indicated in Figure 2.

The average R3 heifer price in NI during the week ending 10 October 2015 was the equivalent of 440.7c/kg, 47.7c/kg higher than

the EU average price of 393c/kg. In monetary terms this differential is the equivalent of €157 on a 330kg R3 grade heifer carcass. The differential in euro terms between NI and the EU average had been as wide as 109c/kg or €360 on a 330kg R3 heifer carcass in late July 2015.

Meanwhile the R3 heifer price in ROI during the week ending 10 October 2015 was marginally above the average EU price at 393.2c/kg as indicated in Figure 3. This put the differential in R3 heifer prices between ROI and NI at €157 in the week ending 10 October 2015.

While the largest majority of NI beef is destined for the UK retail market the NI beef industry it is still influenced by the EU and wider global markets as these offer valuable outlets for prime beef, manufacturing beef and fifth quarter products. There is also competition on the UK retail market to be considered with some retailers stocking both UK and ROI origin beef on their shelves, with the latter becoming comparatively less expensive as sterling has gained against the euro.

The NI beef industry was putting its

Figure 2: Euro/Sterling exchange rate January 2014- October 2015

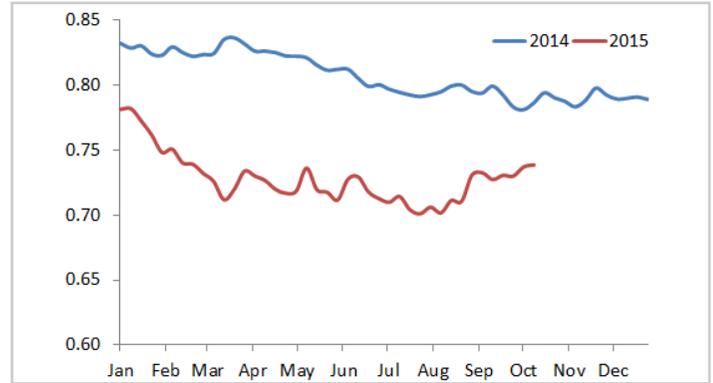
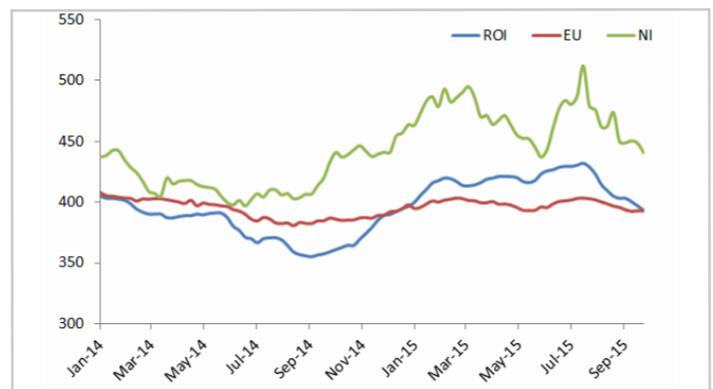


Figure 3: R3 heifer prices in NI, EU and ROI in euro terms January 2014 - October 2015.



best foot forward at the ANUGA global food fair in Cologne, Germany in October 2015. Global competition in the meat sector is fierce but there is no doubt that with the right market access

Northern Ireland beef and lamb processors have the desire, the quality of products and levels of service to provide NIFQA beef and lamb to discerning consumers all over the world.

CONFORMATION SCORES IMPROVE IN Q3

THE conformation scores achieved by prime cattle slaughtered in NI during July-September 2015 recorded a general improvement from the corresponding period in 2014.

Steers

During the period under analysis U grading steers accounted for 20.8 per cent of the price reported steer kill in NI, a 1.2 percentage point increase from the corresponding period in 2014. The proportion of R grading cattle also recorded an increase year on year and accounted for 38.9 per cent of the NI steer kill compared to 37.5 per cent in the 2014 period. Meanwhile the proportion of O and P grading steers in the NI prime cattle kill recorded a decline as outlined in Table 2.

It is likely that this improvement in the conformation scores achieved by the NI steer kill year on year is a result of the combination of several factors. In the period July-September 2015 the average price reported steer carcass weight was 356kg, a 12kg increase from the corresponding period in 2014 when the average carcass weight was 344kg. This increase in average carcass weights is perhaps a result of producers attempting to maximise returns by pushing animals into higher weights before slaughter.

This high cost of store cattle at present has incentivized producers to maximise carcass weights however it is very important that producers continue to produce animals within current market specifications to avoid financial penalties. The favourable grazing conditions this spring/summer will also have allowed producers to get cattle to grass earlier and maximise carcass gain from grass.

Work by AFBI has suggested that increasing carcass weights by 10kg can help improve the carcass grade by one sub-class. With the improvement in conformation scores and the increase in carcass weights recorded during July-September 2015 it is possible that production systems on NI finishing farms have been changed slightly to help increase carcass weights and thereby improve conformation scores and increase returns.

Changes to market specifications requiring young bulls to be

slaughtered under 16 months of age have also resulted in producers altering production systems and opting to castrate young bulls and finish them as steers instead. This may have led to more higher quality suckler origin cattle being finished as steers instead of young bulls which will result in an improvement in carcass conformation.

As expected there are notable differences in the conformation of beef sired steers sourced from the NI suckler herd and beef cross steers sourced from the NI dairy herd when looking at the NI cattle kill from July to September 2015. However it is worth noting that both have recorded an improvement year on year.

Suckler origin steers accounted for 62.7 per cent of the price reported steer kill during July-September 2015. As outlined in Figure 4 32.3 per cent of suckler origin beef sired steers achieved a U grade during the 2015 period, an increase from 31 per cent in the corresponding period in 2014. R grading carcasses accounted for a further 52.1 per cent of suckler origin steer carcasses with O and P grading carcasses accounting for 14.5 per cent and 0.5 per cent of the suckler origin steer kill respectively.

The average carcass weight of suckler origin steers increased from 363kg in the 2014 period to 373kg in the 2015 period. Meanwhile the average carcass weight of beef cross steers from the dairy herd increased from 330kg in the 2014 period to 340kg in the 2015 period.

U grade carcasses accounted for just 2.2 per cent of beef sired steers from the dairy herd during July-

Table 2: Conformation scores of total NI steer kill July-Sept 2014/2015

Year	E	U	R	O	P
2014	0.3%	19.6%	37.5%	30.9%	11.7%
2015	0.4%	20.8%	38.9%	29.7%	10.3%

Table 3: Conformation scores of NI total heifer kill July-Sept 2014/2015

Year	E	U	R	O	P
2014	0.1%	17.3%	51.0%	27.4%	4.3%
2015	0.2%	19.2%	49.4%	26.1%	5.1%

September 2015 while 30.6 per cent of carcasses achieved an R grade. This was an increase from 27.8 per cent in the corresponding period in 2014.

Meanwhile the proportion of O grade carcasses declined from 66.1 per cent in the 2014 period to 64.3 per cent in the 2015 period. The proportion of P grade carcasses also declined year on year with 2.8 per cent of the beef cross kill achieving a P grade.

Heifers

There have also been changes to the conformation scores achieved by the NI heifer kill during July-September 2015 when compared to the same period in 2014 as outlined in Table 3.

The proportion of U grading heifer carcasses increased to 19.2 per cent in the 2015 period while the proportion of R grade carcasses was similar to year earlier levels at 49.4 per cent. Meanwhile the proportion of O grade carcasses was back by 1.3 percentage points to account for 26.1 per cent of the price reported heifer kill while P grade heifers accounted for 5.1 per cent.

Suckler origin heifers accounted for 76.6 per cent of price reported heifers during July-September 2015

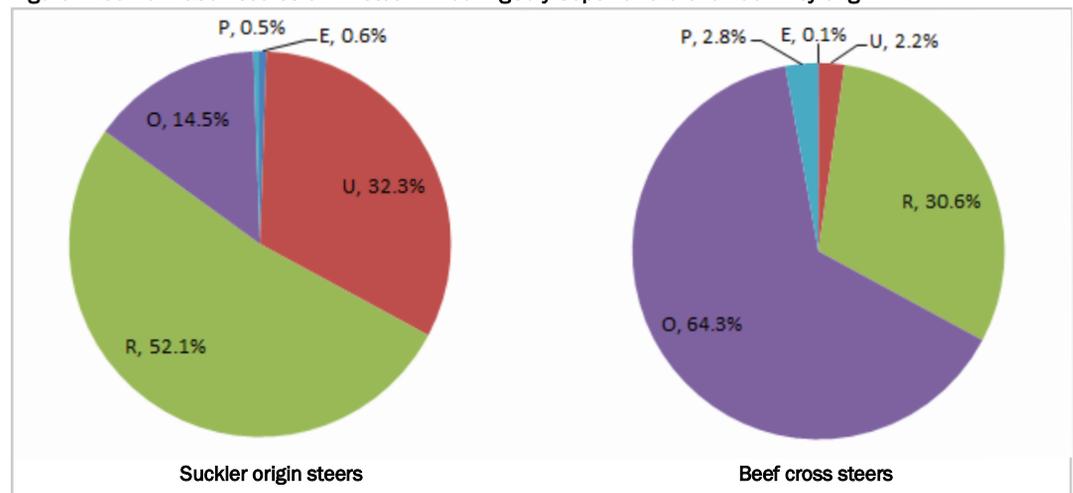
and as expected there is also a notable difference in the conformation scores of these suckler origin heifers when compared to beef cross heifers sourced from the dairy herd.

U grade heifers accounted for 26.2 per cent of the suckler origin heifer kill during July-September 2015, a notable increase from 22.9 per cent in the corresponding period in 2014. The proportion of R grade heifers was back by one percentage point to 58.6 per cent of the suckler origin heifer kill while O grades were back by two percentage points to 14.7 per cent.

Beef cross heifers from the dairy herd accounted for 23.4 per cent of the total heifer kill and conformation scores also recorded a general improvement year on year. The proportion of R grade carcasses increased by 2.2 percentage points to 33.8 per cent of the beef cross heifer kill while the proportion of O and P grade carcasses were back in the region of 1.5 percentage points to 61.9 per cent and 2.1 per cent respectively.

Average reported carcass weights increased by 10kg for suckler origin and beef cross heifers to 329kg and 304kg respectively during July-September 2015.

Figure 4: Conformation scores of NI steer kill during July-Sept 2015 broken down by origin.



Changes to market specifications requiring young bulls to be

MORE ROI ORIGIN CATTLE ON NI FARMS

IMPORTS of store cattle from ROI for further production on NI farms recorded an increase in September 2015 when compared to 2014 levels.

A total of 1,058 male cattle were imported from ROI during September 2015 compared to 662 head during September 2014 and the largest majority of these will be destined for slaughter rather than for breeding. The level of import however remains notably lower than September 2013 levels when 1,592 male store cattle were imported. Figure 5 displays monthly imports of male store cattle from ROI for the period January 2013 – September 2015.

During the first nine months of 2015 imports of male store cattle from ROI for further production on NI farms totalled 5,403 head, an increase of 1,558 head from the corresponding period in 2014 when 3,845 male cattle were imported. This accounts for a 41 per cent increase year on year. This is the highest level of import recorded for the first nine months of the year since 2012.

The increase in the level of export during 2015 to date has resulted in an increase in the number of ROI born cattle on NI farms. At the end of September 2015 there were 4,920 male cattle on NI farms that originated from ROI. This was a 19 per cent increase from September

2014 levels when there were 4,128 ROI born male cattle on NI farms. Figure 6 displays the number of ROI born male cattle on NI farms broken down by age category.

The number of ROI origin male cattle aged 6-12 months showed the most notable increase with 798 head on NI farms in September 2015, a 69 per cent increase on the 473 head on NI farms in September 2014 levels. Meanwhile the number of ROI origin male cattle in the 12-18 month and 18-24 month age categories increased by 15 per cent from year earlier levels while the number of ROI origin male cattle aged 24-30 months increased by 11 per cent on year earlier levels.

However despite the increase in the level of store cattle imports from ROI during 2015 to date ROI origin cattle only make up a small proportion of total cattle supplies on NI farms. During September 2015 ROI origin male cattle accounted for just 1.2 per cent of male cattle on NI farms aged under 30 months.

The strength of sterling against euro will have been a key factor in the decision for some NI producers to consider buying ROI origin stock for further production despite the significant penalties for these so called nomadic cattle at point of slaughter. The tighter supplies of store cattle available in NI until

Figure 5: Imports of male cattle from ROI for further breeding and production in NI January 2013-September 2015

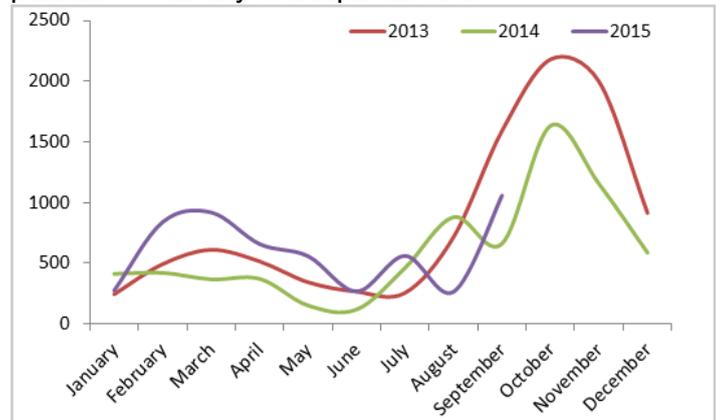
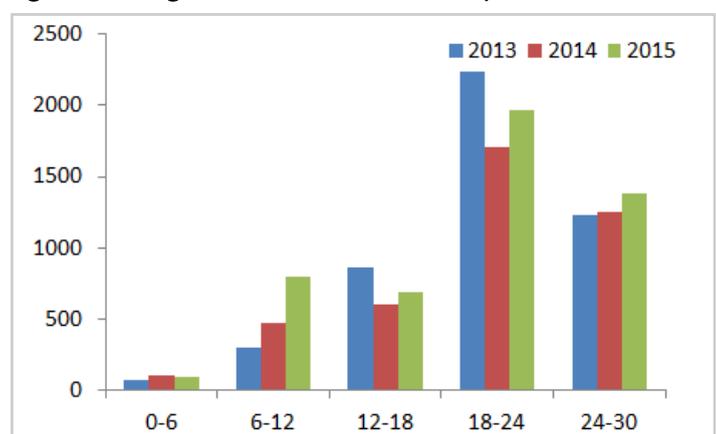


Figure 6: ROI origin male cattle on NI farms in September 2013-2015



recently due to the reduced calf registrations and low levels of imports will also have prompted some producers to consider importing ROI origin stock.

Anyone considering importing cattle for further production should be aware of the potential for significant penalties to be applied to these mixed origin cattle at point of slaughter reflecting their lower end

market value. Processors can still market these types of animals but will do so at a price that may be below that of UK born animals.

It is therefore important that producers have consulted the processors and organised an outlet for these animals prior to purchase to understand what their end market value may be when they are coming ready for slaughter.

Image 2: Imports of male store cattle from ROI for further production on NI farms increase in September 2015



FQAS NOTICE ONLINE PAYMENTS

LMC has launched an online payment system for the Farm Quality Assurance Scheme. This allows producers to pay annual membership renewal and initial registration fees through the LMC website.

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