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BREXIT DELAYED UNTIL 31 OCTOBER 2019

THE UK will remain an EU member state until October 31 following an agreement by EU leaders in Brussels to grant an extension to the 'Article 50' Brexit process. This has delayed the immediate threat of a 'no deal' Brexit.

Under the current extension the UK has the option of leaving at any time before October 31 if it can get parliamentary agreement on the UK-EU Withdrawal Agreement before then. However the UK will need to hold elections to the European Parliament on May 23, if the House of Commons have not agreed to approve the Brexit deal by the previous day.

With the UK Government anxious to avoid having to run European Parliament elections next month the Prime Minister is still hoping that the Withdrawal Agreement may yet be approved, despite it already suffering three heavy defeats in the House of Commons in recent months.

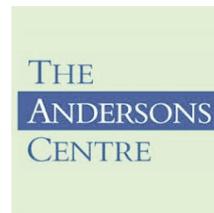
While this may be achieved with cross-party agreement on a

different form of future relationship with the EU the UK parliament remains as divided as ever over the Brexit issue, and there is still no clarity over which solution will ultimately be preferred.

The on-going indecision and moving deadlines for Brexit has meant it has been difficult for our stakeholders and other local businesses to make definitive future plans. These are being hampered by the on-going uncertainties around future trading relationships, labour availability, agricultural support arrangements and access to markets among many other things. Clarity is urgently required so that our local industry can put appropriate plans in place to ensure a strong future in a post-Brexit world.

LMC teamed up with the Irish Farmers Journal to deliver a spring conference in Armagh earlier this month in conjunction with the Andersons Centre. The theme of the conference was "Prospects for NI and UK agriculture" and focused on both the short and long term future for agriculture in both

Northern Ireland and across the UK.



The conference was delivered by experts from the Andersons Centre, and addressed the challenges and opportunities that exist across all of the main farming sectors. Andersons is recognised across the UK and internationally as a leading provider of economic, policy and market analysis covering all aspects of agriculture.

Michael Haverty from the Andersons Centre outlined that it has proved so difficult to find an acceptable deal in the Brexit negotiations because the UK Government has made three mutually-exclusive promises as outlined in Figure 1. While any two of these promises can be delivered simultaneously it is not possible to deliver all three at

once. Two of these promises relate to Northern Ireland which is why it has become central to many Brexit discussions.

The UK Government agreed in December 2017 that there should be no hard border on the island of Ireland to guarantee the peace process and respect the Good Friday Agreement. However it also needs to ensure that Northern Ireland is not treated differently from the rest of the UK to keep the support of the Democratic Unionist Party, with whom the Conservatives have a confidence and supply agreement in the UK Parliament. This combined with Teresa May's original 'red lines' of withdrawal from the Customs Union and Single Market makes a solution almost impossible.

According to Andersons some parties involved in Brexit negotiations see technology as the answer to delivering these three mutually exclusive promises. However this is untried and does not negate the need for physical checks for agri-food.

Figure 1: The Andersons Centre have described the mutually exclusive promises made by the UK Government as the 'Backstop Trilemma'.

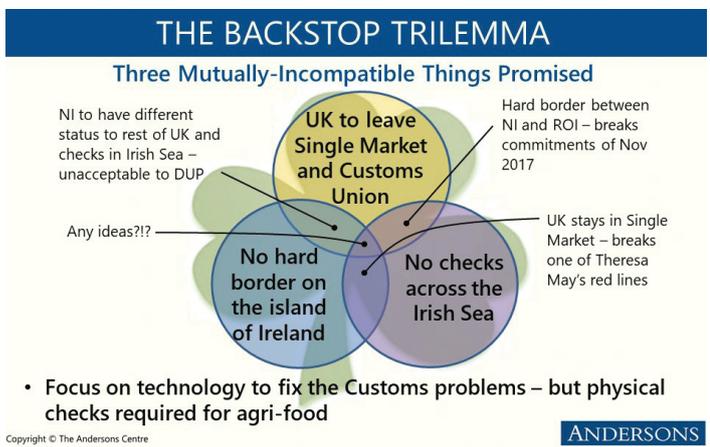


Image 1: Representatives from LMC, IFJ and the Andersons Centre at the Spring Conference held in Armagh City Hotel.



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LOCAL PRIME CATTLE SUPPLIES TO TIGHTEN

PRIME cattle throughput in local plants during the first quarter of 2019 totalled 88,966 head. This was a 2.5 per cent increase on the corresponding period in 2018 when 86,738 prime cattle were slaughtered locally. This is the highest level of throughput recorded in quarter one since 2011.

With this increase in prime cattle throughput and an increase in average carcase weights the major processors are reporting that the volume of beef currently being processed is meeting current demand for beef from major customers. These strong supplies of cattle have led to some delays for producers in getting cattle slaughtered in local plants.

Analysis of APHIS data for the end of March 2019 has identified 146,310 cattle for beef production (beef sired and dairy males) on Northern Ireland farms in the 18-24 month age category. This is back one per cent from March 2018 levels and indicates that cattle supplies in the next few months should be similar to the corresponding months last year.

However as we move into the

second half of the year cattle availability for slaughter is expected to tighten. At the end of March 2019 there were 187,255 cattle for beef production on Northern Ireland farms aged between 12-18 months, a notable 5.3 per cent decline from March 2018 levels.

A similar level of decline can also be seen if we look at the number of beef sired and dairy male cattle on Northern Ireland farms in the 6-12 month and 0-6 month age brackets. These declines in cattle numbers on the ground are a direct result of the fall in calf registrations in Northern Ireland over the last two years as outlined in Figure 2.

The latest forecasting data has indicated a 1.7 per cent decline in prime cattle throughput in local plants during quarter two of 2019. As we move into the third quarter of the year supplies are expected to be back by 4.4 per cent and by 5.3 per cent in the final quarter of the year. If we consider 2019 as a whole then prime cattle throughput is expected to end the year 2.2 per cent behind 2018 levels.

A similar trend in prime cattle supplies for slaughter is expected in GB with calf registrations

Figure 2: Beef sired calf registrations in Northern Ireland 2017-2019

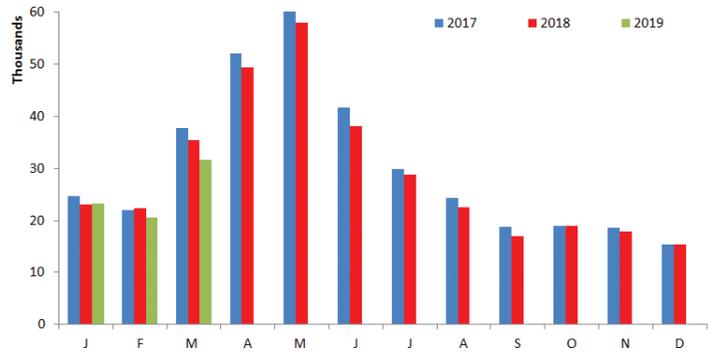
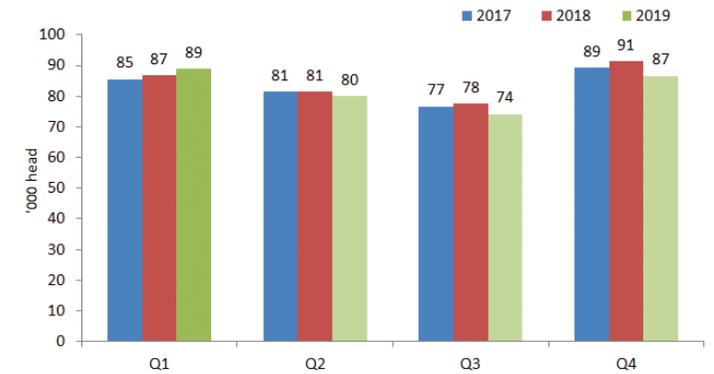


Figure 3: Quarterly prime cattle throughput in Northern Ireland from 2017-2019(f)



following a similar trend to the one observed in Northern Ireland. With tighter cattle supplies expected across the UK over the remainder

of 2019 and into 2020 some industry sources have forecast a firming in the deadweight cattle trade as the year progresses.

LMC MARKET INFORMATION SURVEY UNDERWAY

A key function of LMC is the provision of Market Information Services which are designed to support, examine and inform the Northern Ireland red meat industry. The service aspires to support producers and processors with their decision making by making available accurate and timely information that creates a better understanding of the trade.

LMC is currently seeking views from our stakeholders on the services provided to our stakeholders by our Market Information Department.

In particular LMC would like stakeholder's views on current printed outputs from the Market Information department (e.g.LMC Bulletin, LMC News, LMC Quarterly) to ensure that the information being generated is meeting the needs of our stakeholders.

LMC are also seeking the views of stakeholders regarding other forms of communication from the Market Information Department. These include information streams such

as text messaging, email, website, social media and through public events such as our annual beef/lamb conference and our



attendance at Balmoral Show. This piece of work was put out to tender earlier this year and the

project was successfully awarded to a locally based company called Social Market Research. As part of the project delivery Social Market Research will be conducting a short online survey that LMC encourage as many of our stakeholders as possible to participate in.

LMC welcomes all types of feedback, both positive and negative, as good stakeholder participation in this review process will allow LMC to identify what Market Information outputs are currently valued by stakeholders and also to identify any other areas

that may need improvement. Good stakeholder participation in this review process will allow LMC to shape the future outputs of the Market Information Department to ensure they meet the needs of our stakeholders now and in the future.

Stakeholders can access our online survey through the LMC website www.lmcni.com and it should take no more than ten minutes of your time. The final results of the survey will be published in the next edition of the LMC Quarterly.

HIGHER CARCASE WEIGHTS DRIVING THROUGHPUT

THE average carcase weight of prime cattle killed in Northern Ireland during the first quarter of 2019 was 342kg. This was an increase of 6.7kg from 335.3kg in the corresponding period in 2018 and the highest average carcase weight during quarter one since 2016.

Steers

The average carcase weight of steers during the 2019 period was 359.9kg, up 7.4kg from the corresponding period in 2018. The retailers ideally want carcasses within 280-380kg and during the first quarter of 2019 60 per cent of steer carcasses met the 280-380kg requirement.

It is worth noting that no penalties on weight are being applied until 400kg in most of the major processing plants. With the increase in average carcase weights there has been an increase in the proportion of heavier carcasses in the slaughter mix. During 2019 to date 21 per cent of price reported steer carcasses have been over 400kg, an increase from 17 per cent of the steer kill in the same period last year.

Heifers

The average heifer carcase weight during the first three months of 2019 was 323.2kg, up 6.2kg from the corresponding period in 2018.

Heifers tend to meet the desired weight specifications quite well with 76 per cent of heifers producing carcasses within the desired weight range during the first quarter of 2019. Just 3.8 per cent of heifers produced carcasses over 400kg during the first quarter of 2019, a similar proportion to the same period in 2018.

Young bulls

There has been an increase in the number of young bulls killed in Northern Ireland with 9,829 head killed during the first quarter of 2019. In the same period in 2018 8,779 young bulls were killed locally. While the number of young bulls being killed has increased so have their average carcase weights.

In the first quarter of 2019 the average carcase weight was 337.1kg, up 10.4kg from the same period in 2018. This increase has resulted in more overweight young bulls with 16.1 per cent of young bulls producing carcasses of over 400kg during the first quarter of

Image 2: Increasing carcase weights are contributing to an increase in the volume of beef from prime cattle being processed in local plants.



2019, up from 13.2 per cent in the same period in 2018.

Prime beef production

The increase in average carcase weights during the first quarter of 2019 combined with an increase in throughput of prime cattle has resulted in more beef being processed locally. During the 2019 period 30,430 tonnes of carcase beef passed through local processing plants. This was a 4.6 per cent increase from the 29,088 tonnes of carcase beef that passed through during the first quarter of 2018.

Cows

While there has been an increase in the volume of prime beef being processed by local plants during 2019 to date the volume of cow beef processed has declined significantly.

The average cow carcase weight increased from 299.8kg in the first quarter of 2018 to 307.5kg in the first quarter of 2019 however this increase was offset by a 15 per cent decline in cow throughput. The volume of cow beef processed by local plants declined by 12.5 per cent between the first quarter of 2018 and the first quarter of 2019.

NI SUCKLER HERD CONTINUES TO DECLINE

EARLIER this year DAERA released the final results of the December 2018 Agricultural Survey which indicated a notable decline in suckler cow numbers in Northern Ireland.

The combined influences of reduced profitability, difficult production conditions early in 2018, poor grass during the summer months and a relatively firm cull cow trade during much of 2018 all contributed to a high rate

of cow culling in the suckler herd.

A total of 245,600 suckler cows were recorded on Northern Ireland farms in December 2018, back five per cent from the 258,400 head recorded in December 2017. This is the second consecutive year in which suckler cow numbers have declined and takes cow numbers in Northern Ireland back to December 1988 levels.

The number of beef heifers in calf

on Northern Ireland farms has also recorded a decline, back by one per cent to total 59,700 head in December 2018.

This decline in suckler cow numbers has been reflected in calf registrations in Northern Ireland in recent months. During the last six months of 2018 there were 70,277 calves registered to suckler cows, a notable 7.2 per cent decline from the corresponding period in 2017.

This downward trend has continued into 2019 with 38,832 calves registered to suckler cows during the first quarter, back 4,492 head or 10.4 per cent from the corresponding period in 2018. While the number of calf registrations to suckler cows has decreased the number of beef sired calves registered to dairy cows has held relatively steady.

During the second half of 2018 49,688 beef cross calves were registered in Northern Ireland, almost unchanged from the 49,729 registrations recorded in the same period in 2017. In the first

three months of 2019, 36,273 beef cross calves were registered in Northern Ireland, back two per cent from year earlier levels.

Calf registrations to suckler cows back 10 per cent in Q1 2019

The decline in beef calf registrations in Northern Ireland over the last two years will start to impact on cattle availability for slaughter as we move into the second half of 2019. While the number of prime cattle available for slaughter is expected to tighten there will also be an increase in the proportion of beef cross cattle in the slaughter mix which will have a negative impact on average carcase weights.

While beef cross animals are generally suitable to meet current market specifications for beef their lighter carcasses will have a lower meat yield which will further decrease the volume of beef available for processing locally.

Image 3: Suckler cow numbers were back five per cent in December 2018 to total 258,400 head.



BALMORAL SHOW 2019!!

LMC has taken its regular spot on stand B4 at this year's Balmoral Show.

Come and visit us for a cup of tea and catch up with industry news!



RISING PER CAPITA MEAT CONSUMPTION

GLOBAL demand for meat will continue to grow over the next decade according to the latest available information from Gira. Traditionally population growth has been the major driver behind increasing meat demand however over the next decade this will account for just 25 per cent of global consumption growth.

The projected growth in demand for meat globally will instead be driven primarily by growth in per capita consumption which is linked to growing levels of disposable incomes. Three population groups have been identified by Gira as key drivers of per capita consumption growth in the long term.

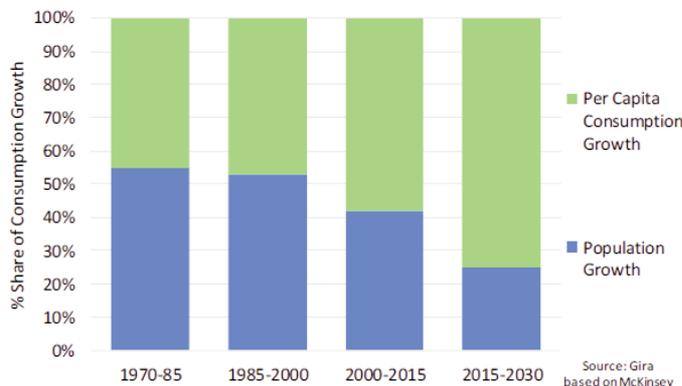
The first group is retiring and elderly people in developed regions (>64 years). Older consumers in these areas spend a larger proportion of their income on meat and with many now delaying retirement they are increasing their purchasing power in later life. Increases in life expectancy are also increasing the number of older people in developed regions which is contributing to higher meat demand.

The second key group that will influence demand for meat is China's working class consumers. This sector is expected to grow by 20 per cent by 2030 which will add 100 million more consumers to this group. In addition the average expenditure on meat within this group is expected to double with more emphasis placed on premium brands which are perceived to be superior quality.

The third group identified is North America's working class consumers.

Figure 4: Rising per capita meat consumption will drive growing global demand for beef

Sources of Global Consumption Growth, (total value consumer goods) 1970-2030



This generation of consumers is better educated and more ethnically diverse than previous generations in the USA. Diversification of product categories will be particularly important to certain groups within this bracket, especially in the growing cities.

Other notable groups that will drive global demand for meat is China's >64 bracket, Latin America's working class and Asia's working class, particularly in South East Asia.

Information Point

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Read it Weekly in the Farming Life or online at www.lmcni.com

FARMGATE:

LMC Price Reports Weekday Mornings & Evenings on BBC Radio Ulster

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