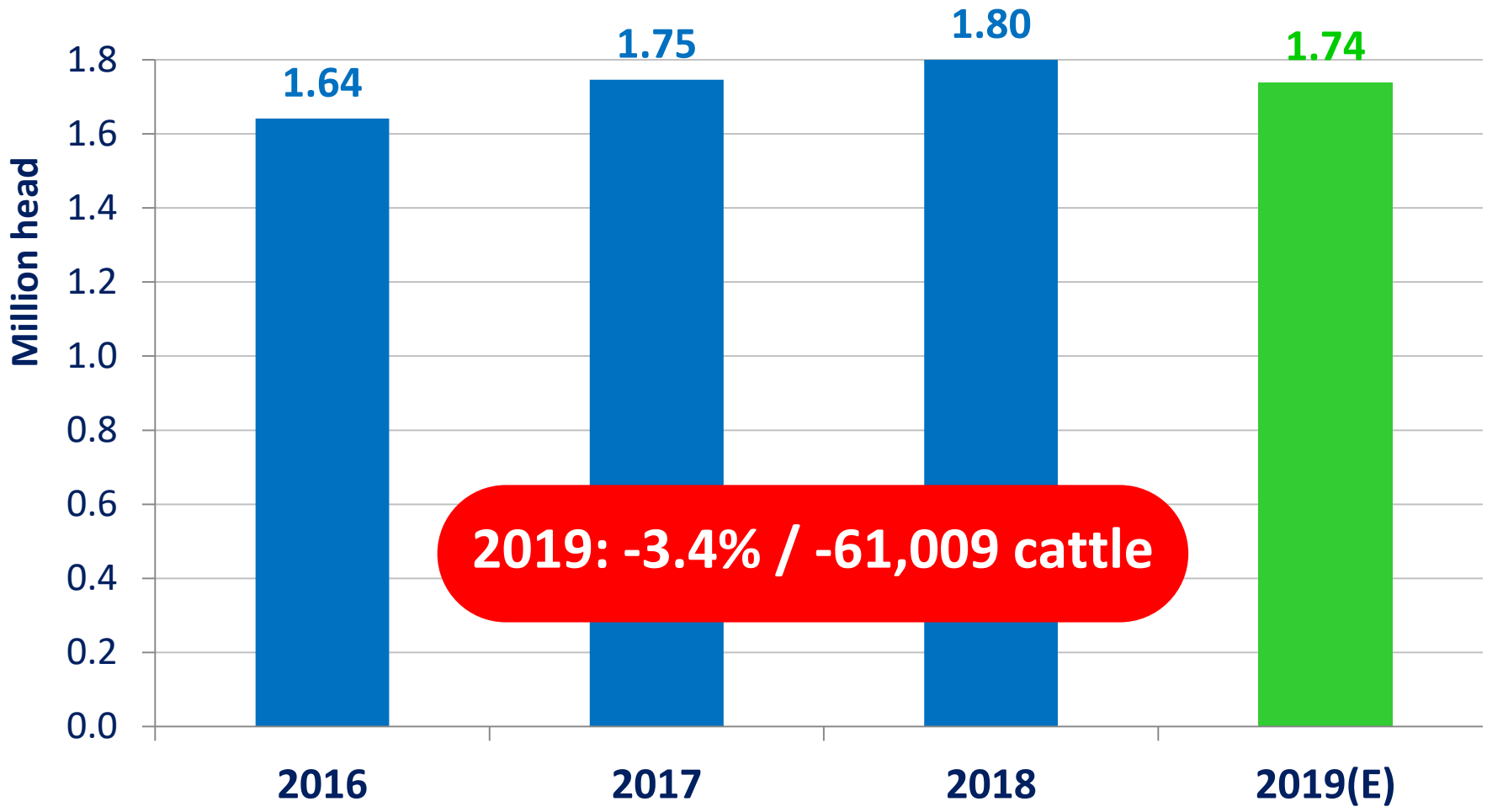
Beef Market Update

January 2020

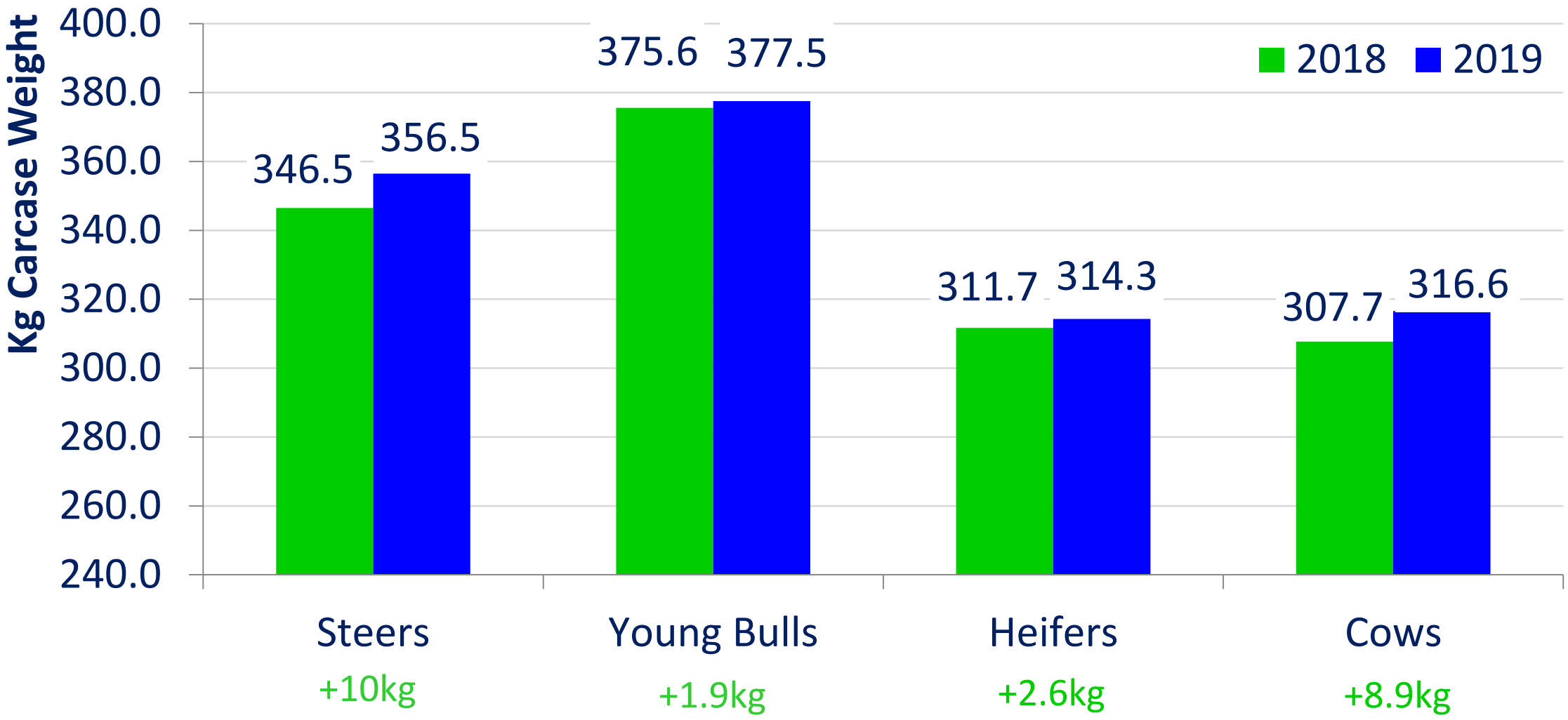
Growing the success of Irish food & horticulture

Bord Bia
Irish Food Board

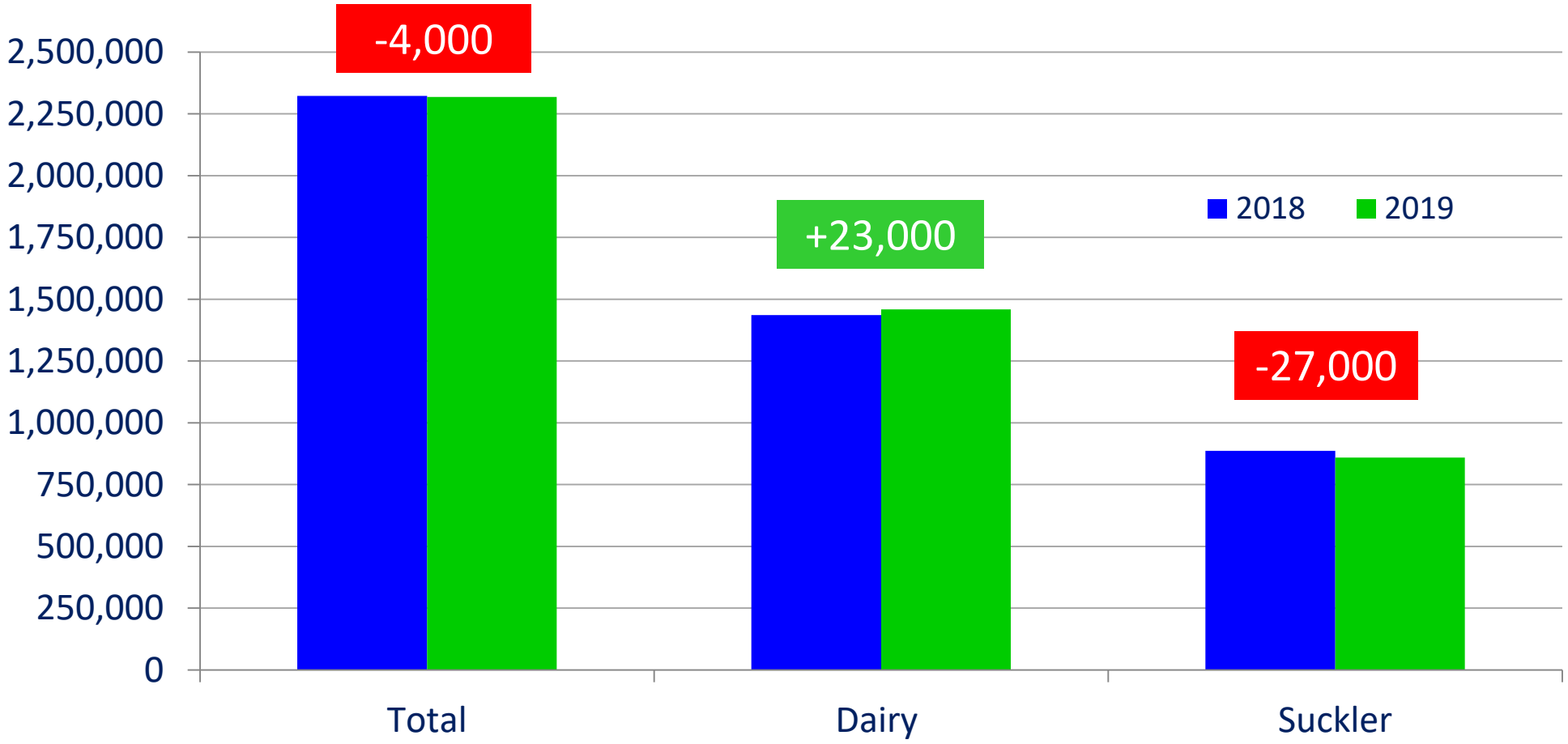
Finished Cattle Supplies - Export Meat Plants
2016 - 2019



Carcase weights increase by 2% / +6.8kg

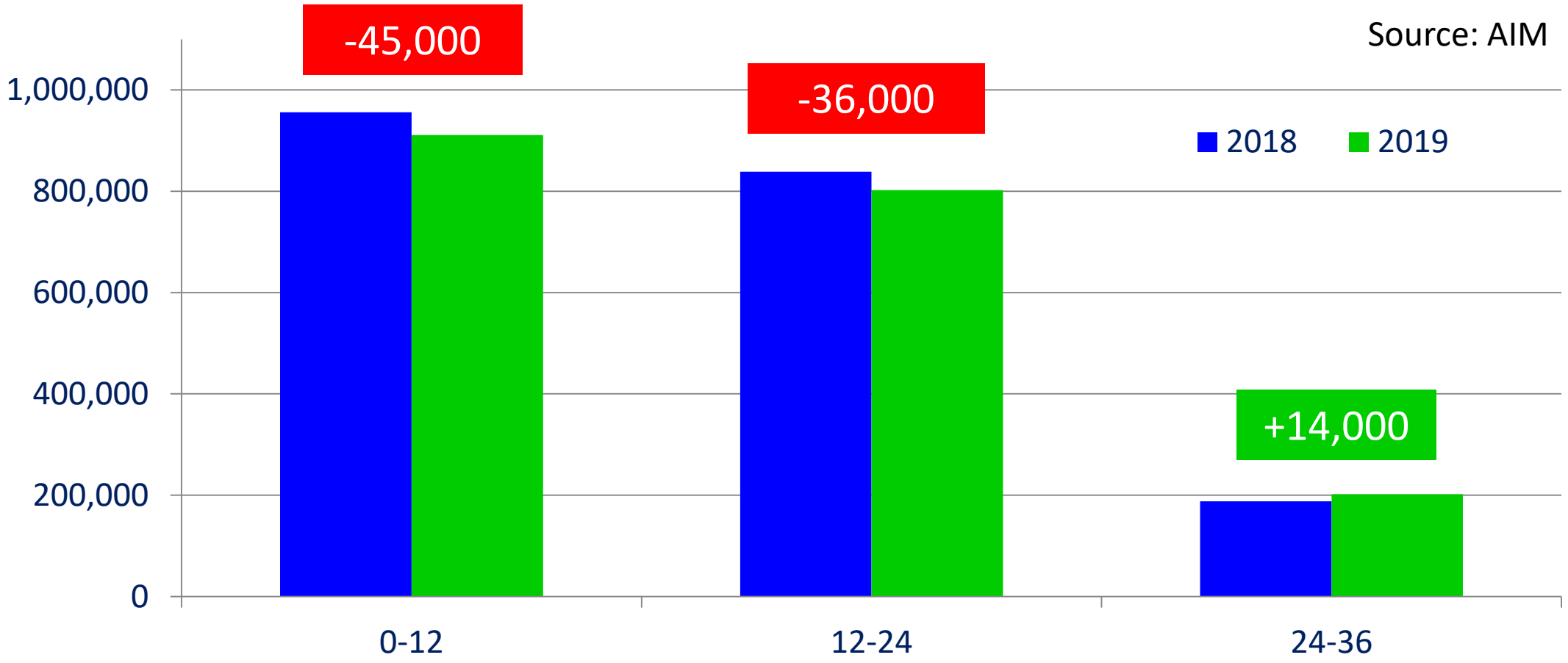


Calf Registrations marginally lower in 2019

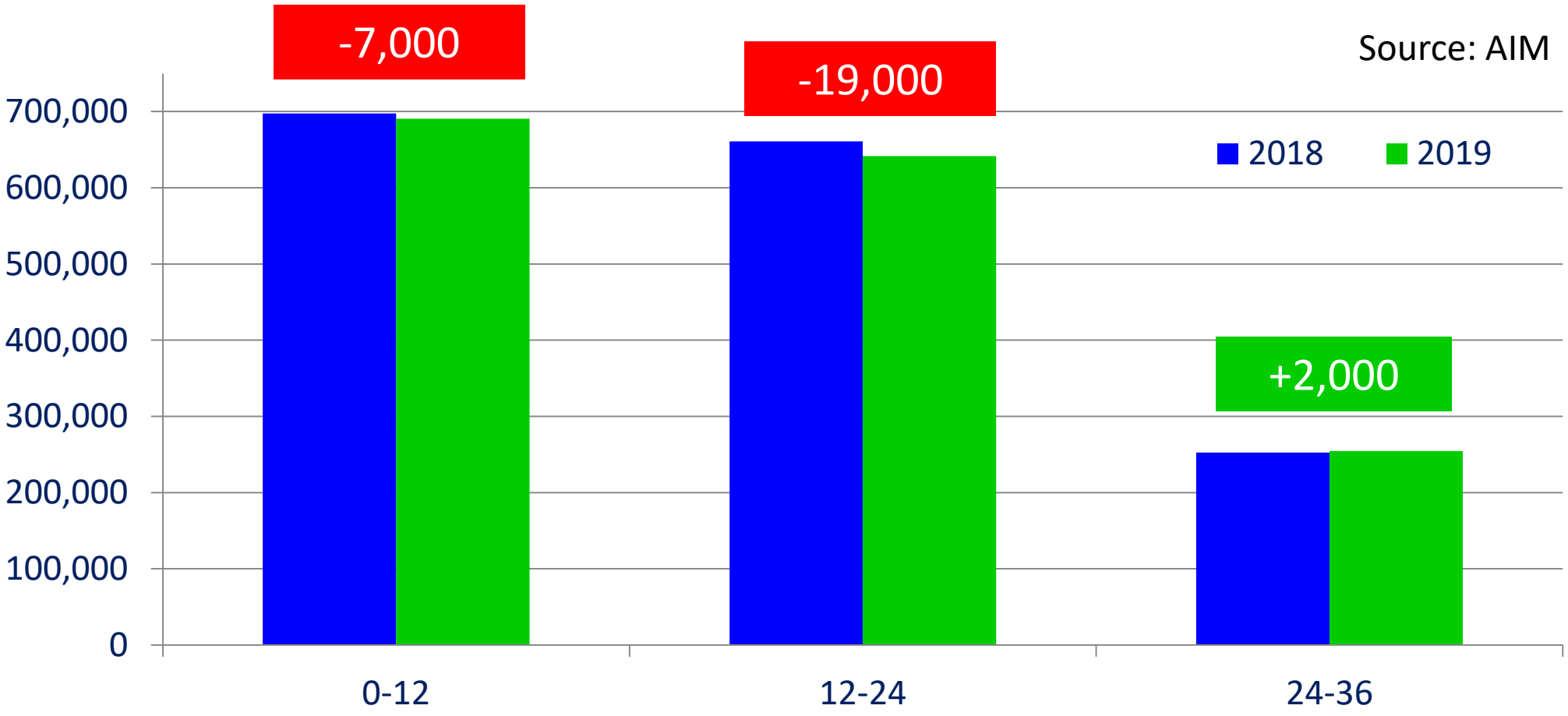


Source - ICBF / AIM

Male Cattle Numbers by Age Category on 1st of November

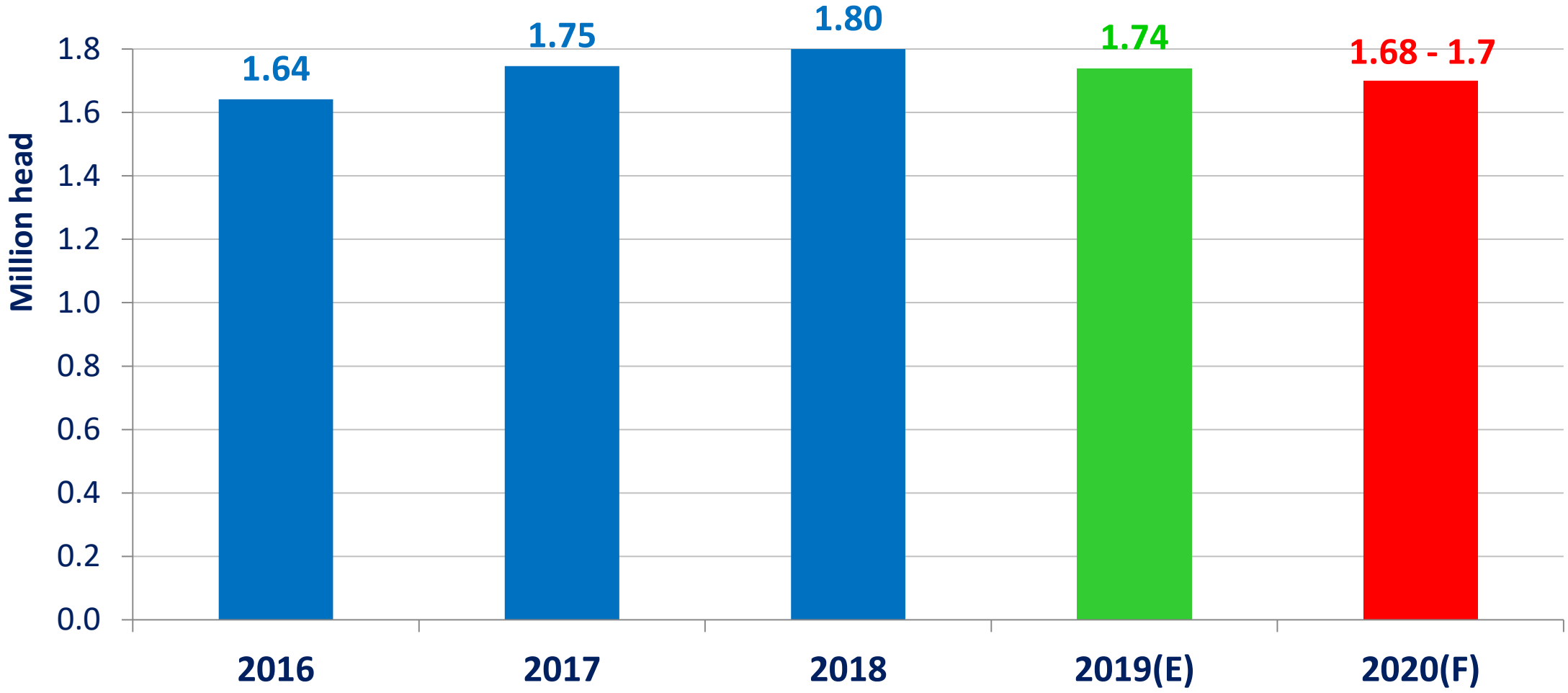


Female Beef Cattle No.s by Age Category on 1st of November



Finished Cattle Supplies - Export Meat Plants

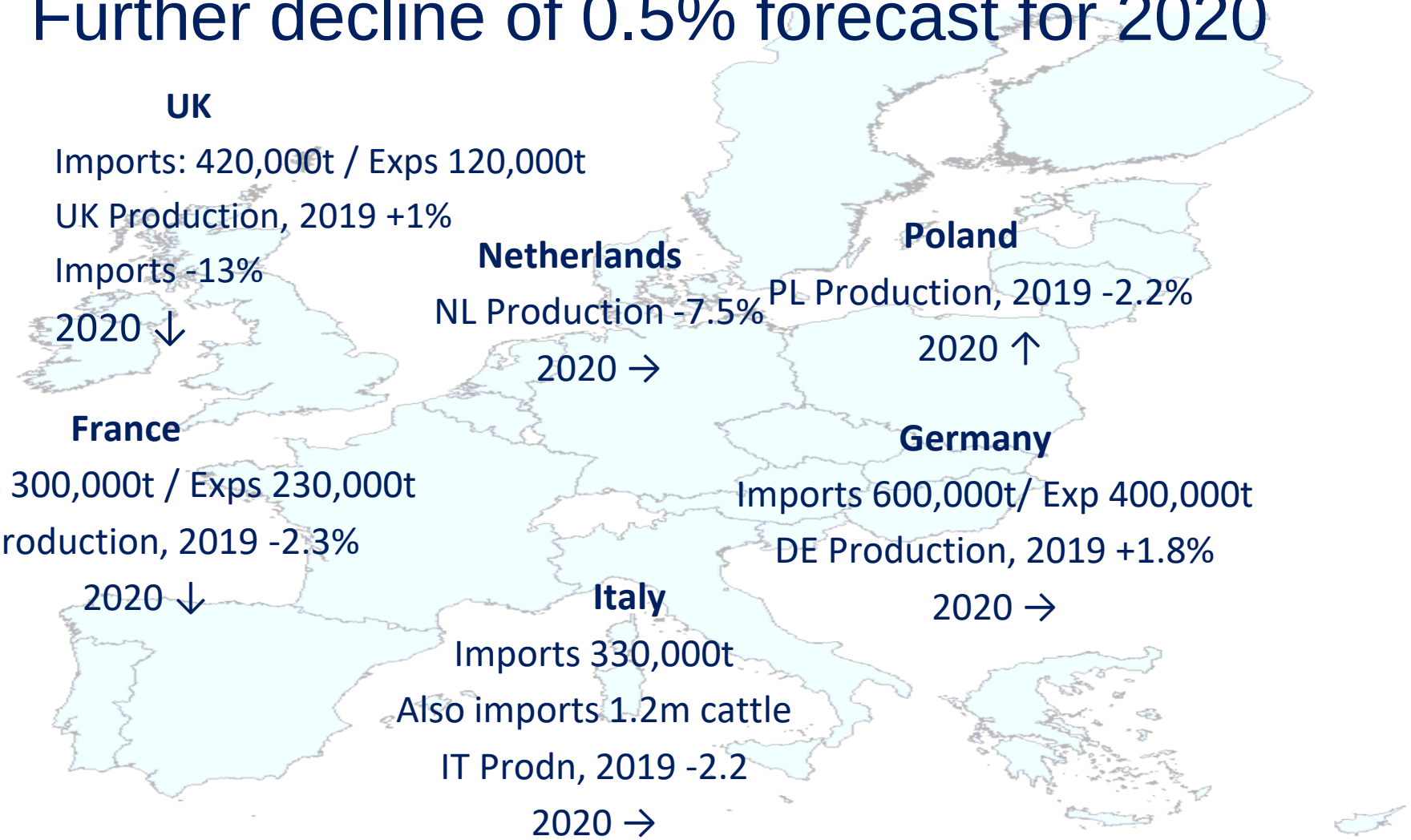
2016 - 2020(F)



IRISH BEEF EXPORTS 2019

Total	560,000 Tonnes	-1.5%
	€2.25bn	-7%
Britain	**265,000T (cwe)**	**-11%**
Continental EU	**250,000T (cwe)**	**n/c**
International	**45,000T (cwe)**	**+80%**

EU Beef Production declined by 0.5% in 2019
Further decline of 0.5% forecast for 2020



UK

Imports: 420,000t / Exps 120,000t

UK Production, 2019 +1%

Imports -13%

2020 ↓

Netherlands

NL Production -7.5%

2020 →

Poland

PL Production, 2019 -2.2%

2020 ↑

France

Imports 300,000t / Exps 230,000t

FR Production, 2019 -2.3%

2020 ↓

Germany

Imports 600,000t/ Exp 400,000t

DE Production, 2019 +1.8%

2020 →

Italy

Imports 330,000t

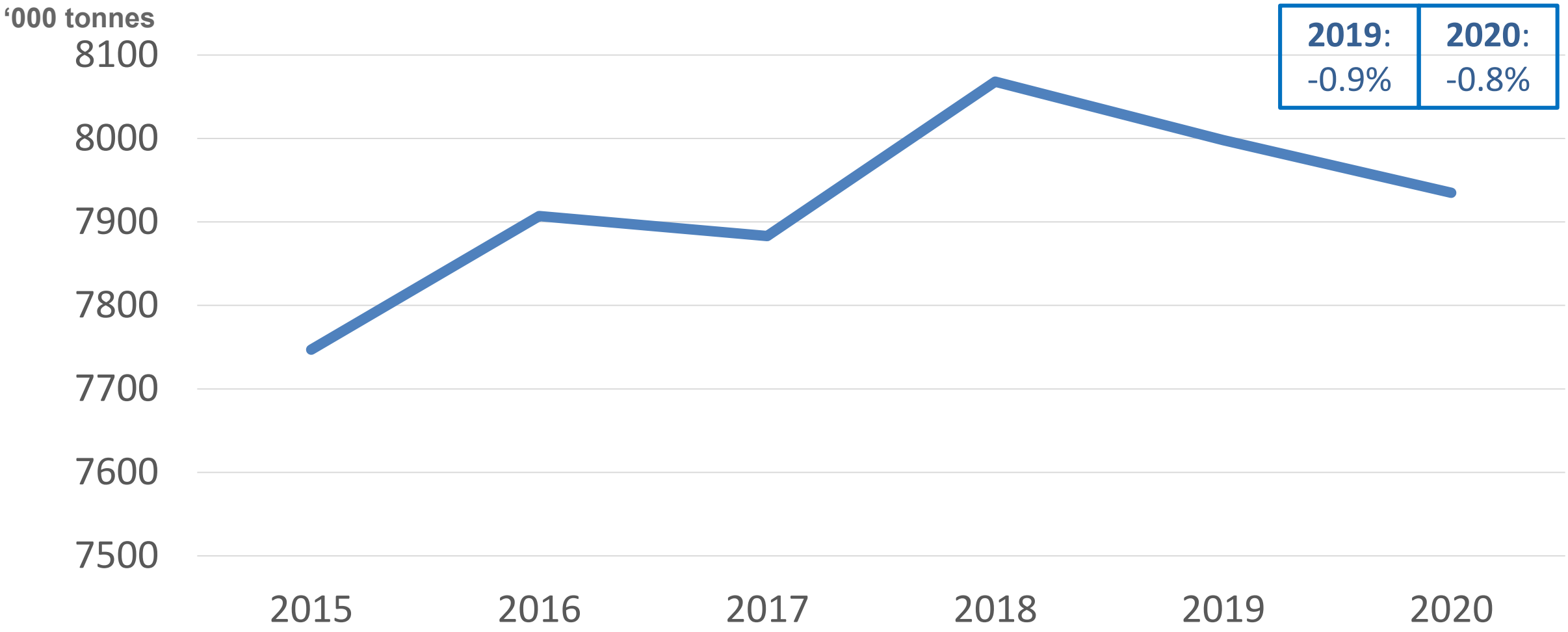
Also imports 1.2m cattle

IT Prodn, 2019 -2.2

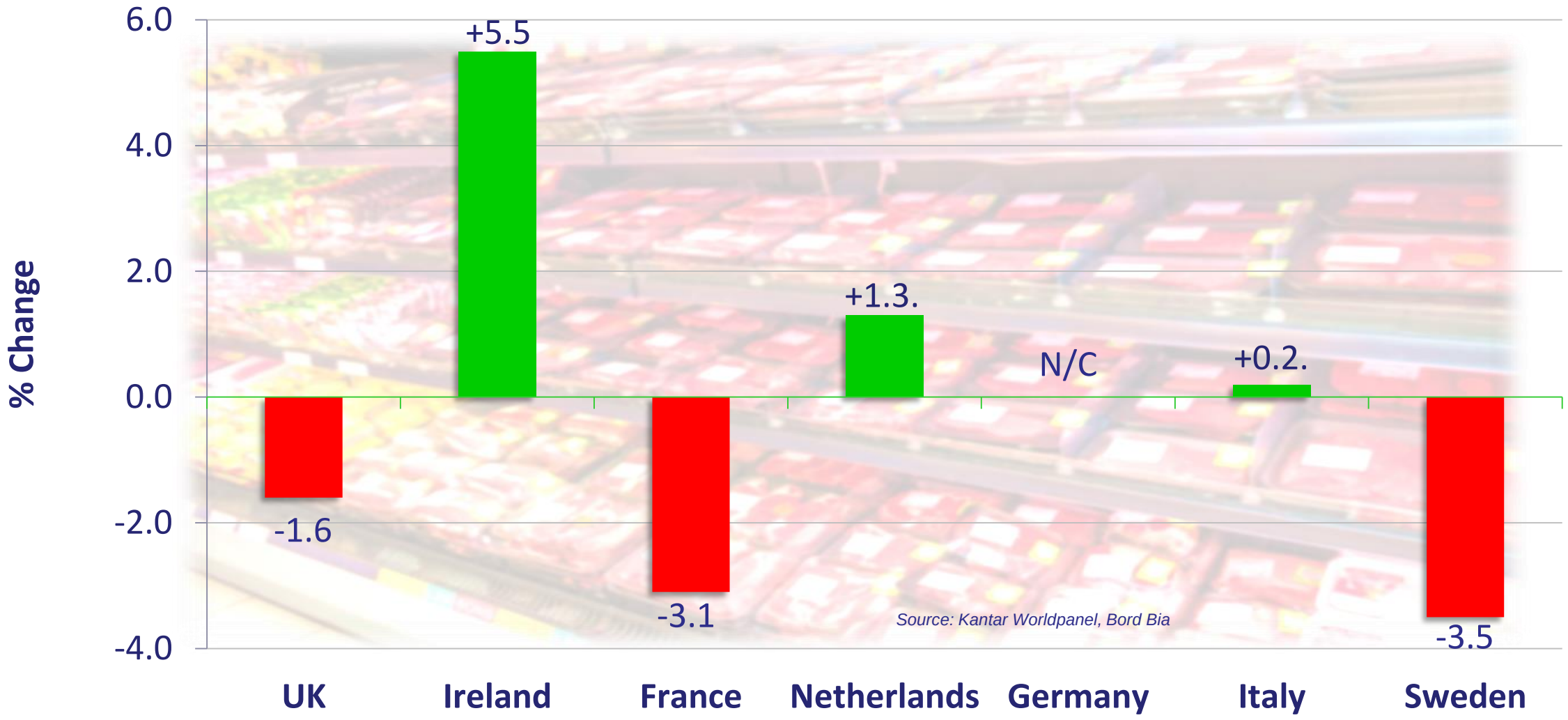
2020 →

EU-28 Beef Consumption

Source: EU Commission



Retail Beef Sales – Key Markets 2019



Source: Kantar Worldpanel, Bord Bia

Britain - Most pressure on higher value cuts

Retail consumption

Last Updated:	Monday 30 December 2019
Contact:	econ@ahdb.org.uk
Website:	http://beefandlamb.ahdb.org.uk
Source:	Kantar Worldpanel
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AHDB BEEF & LAMB

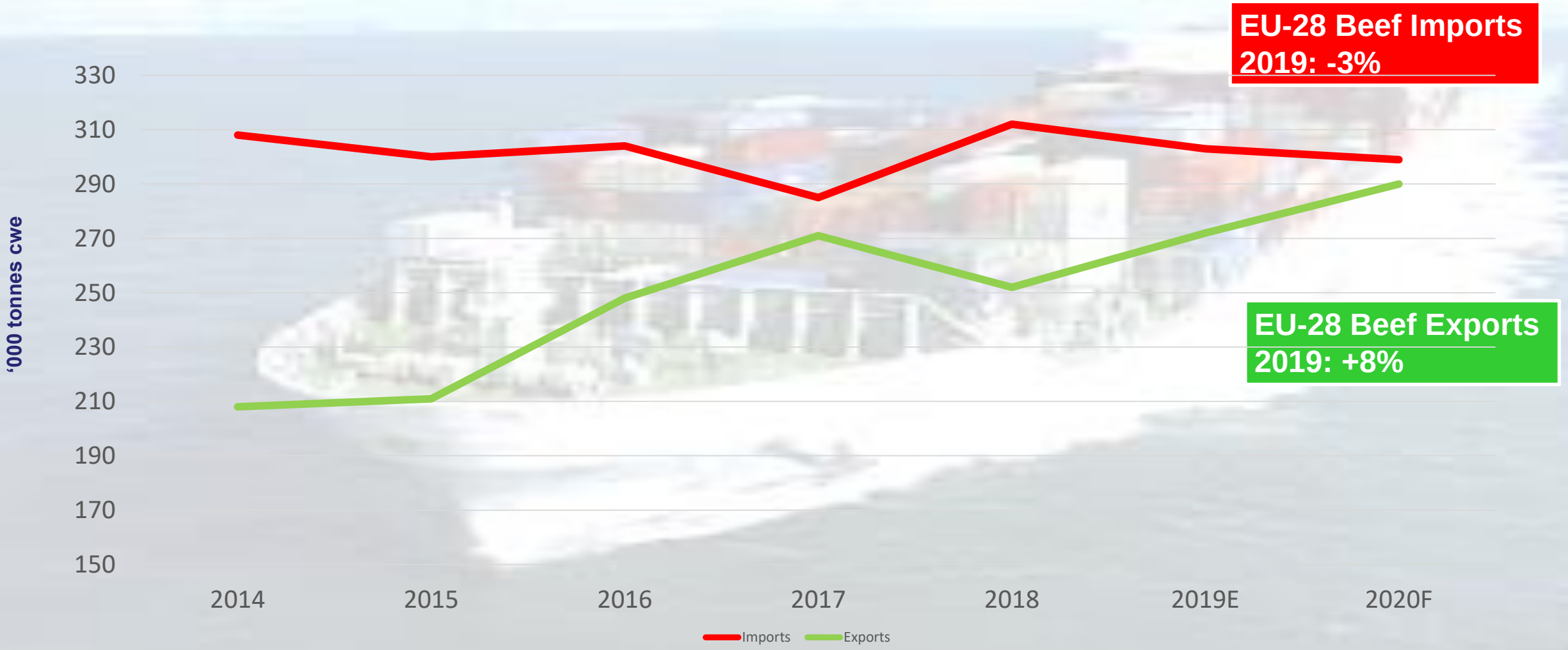
Period ending **1st December 2019**

Annual volume change %	12 weeks ended: 1st December 2019	52 weeks ended: 1st December 2019
Fresh & frozen beef	-1.6	-0.9
- Roasting	-2.9	-5.7
- Stewing	-2.6	-2.2
- Frying/grilling steak	+3.9	-4.7
- Mince	-2.7	+2.2
- Marinade	+1.0	+1.7

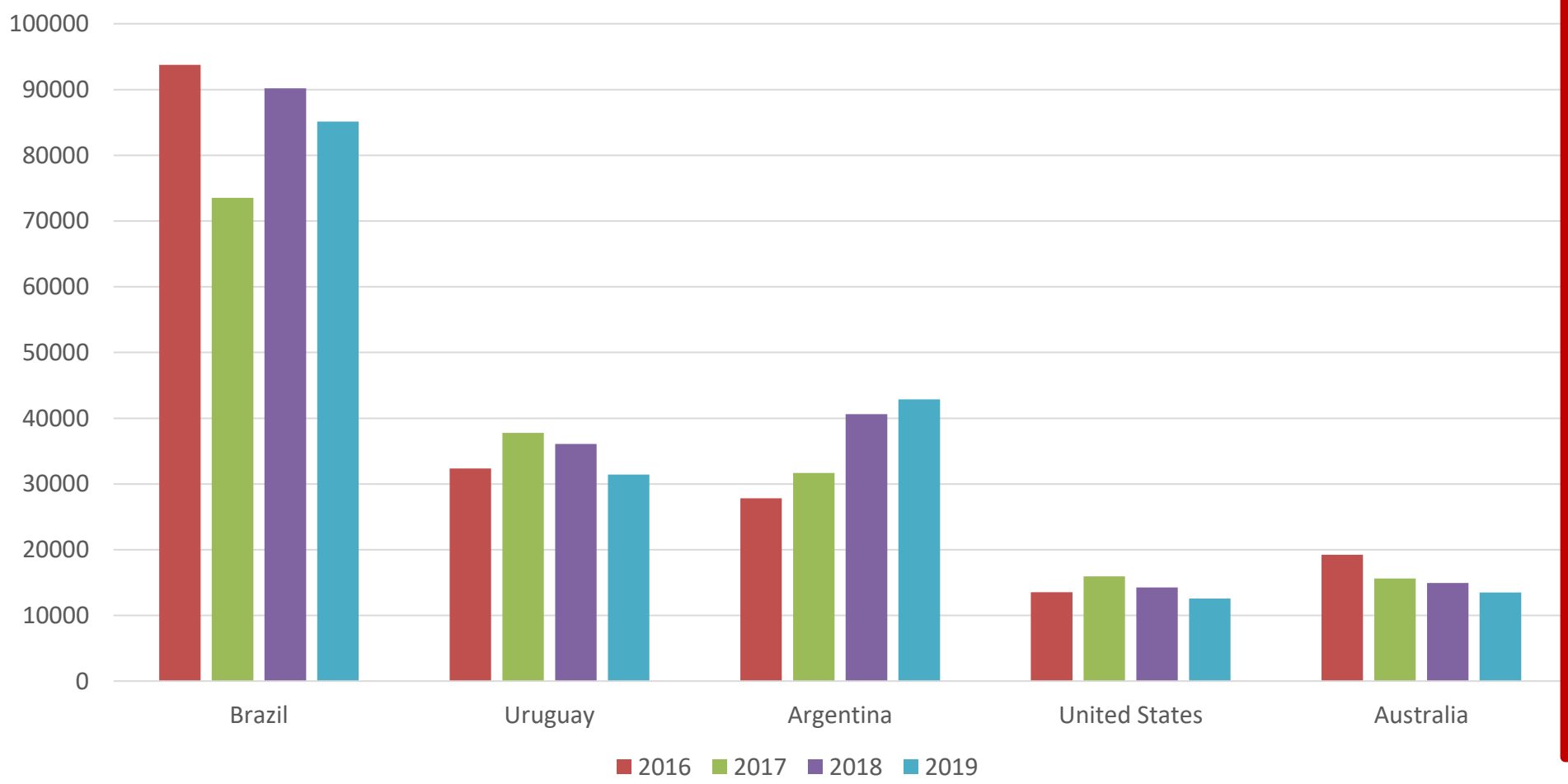
Please note Kantar data may be revised on a monthly basis.

EU Beef Imports/Exports

Source: EU Commission



EU Beef Import Trend 2019 (Jan-Oct)

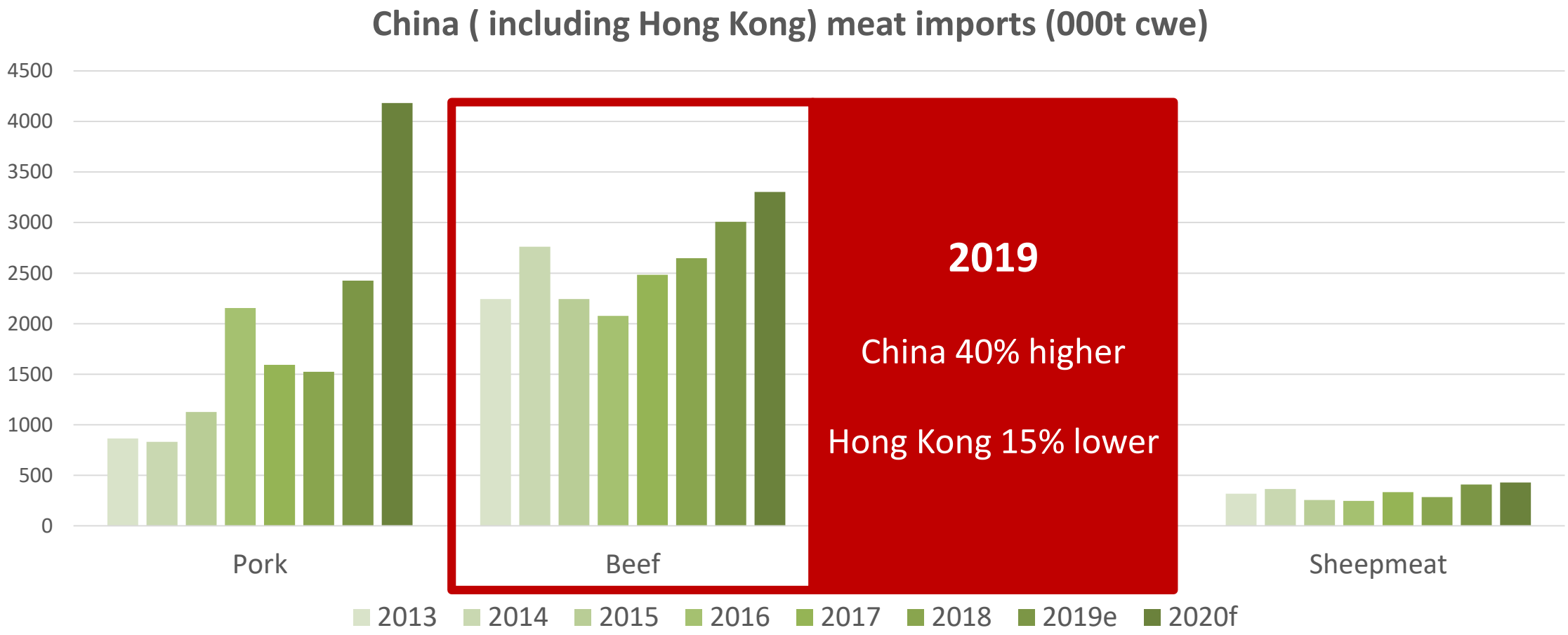


Reports of imports strengthening in late 2019, particularly steak cuts

Source: EU Commission

Significant Increase in Chinese Meat Imports

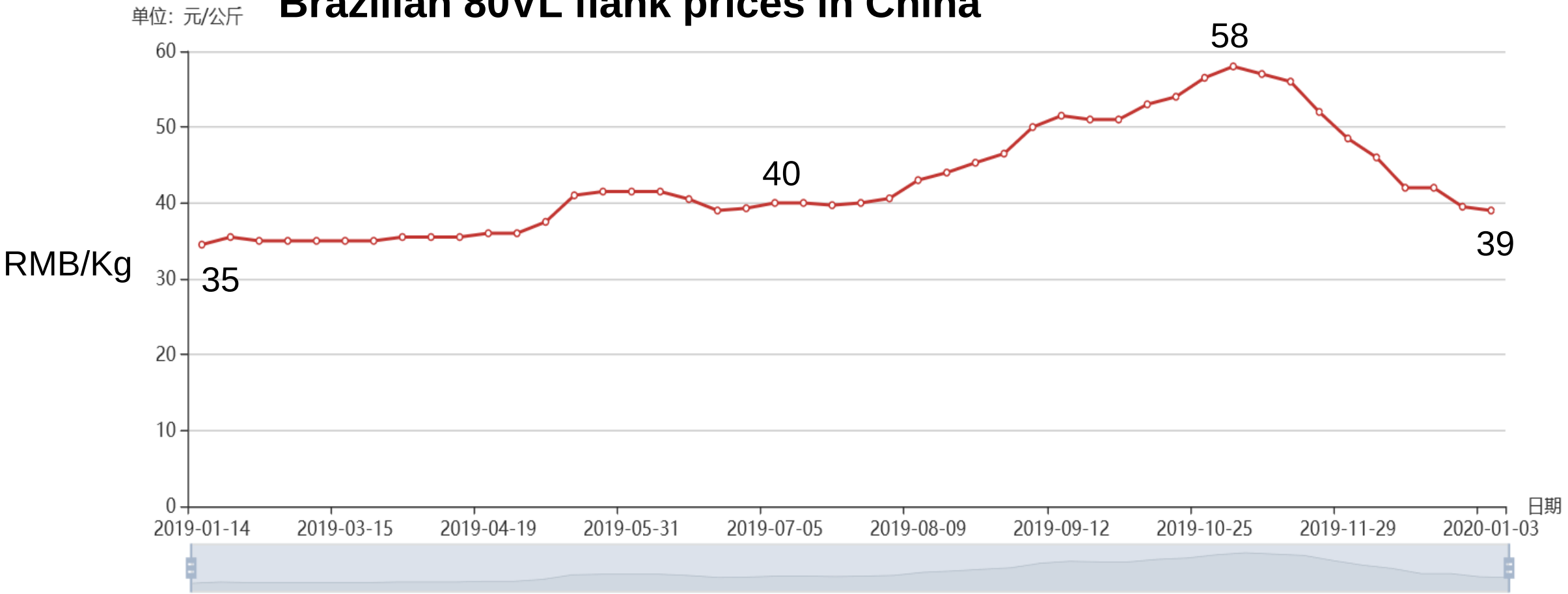
(Overall imports almost 2m tonnes higher in 2019, similar increase for 2020)



Source: GIRA

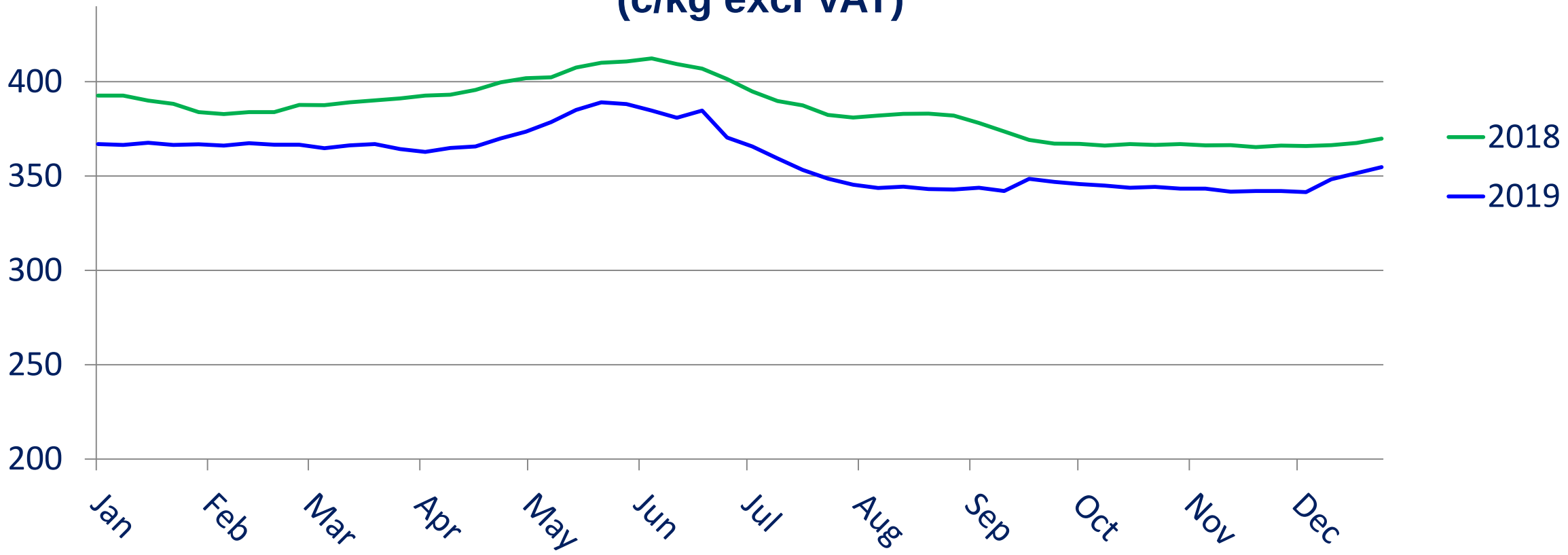
But, significant volatility …….

Brazilian 80VL flank prices in China



Producer Prices: Ireland R3 Steer

(c/kg excl VAT)

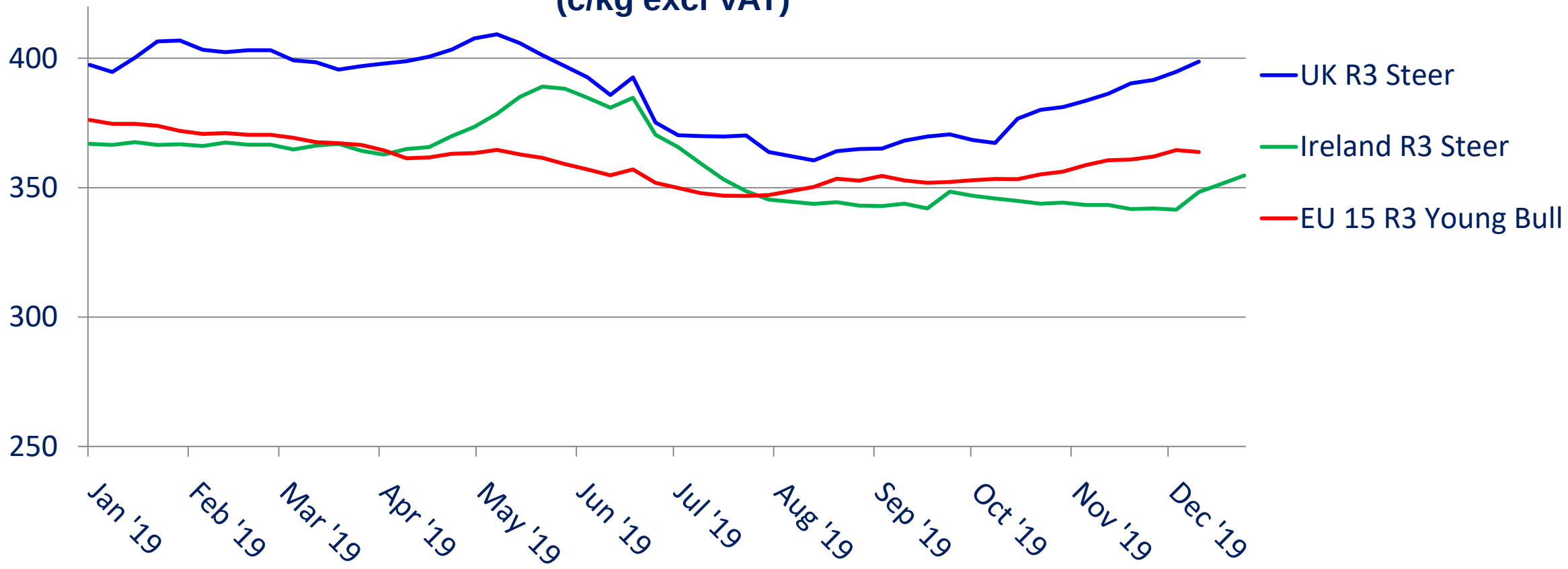


During 2019, the Irish R3 steer price declined by 6.8% vs. 2018 (€3.60 vs. €3.85)

(w/e 29/12) Irish Price Dec ’19: €3.55/kg vs. Dec. ‘18: €3.70/kg

Producer Prices: Ireland vs. UK & Continental EU

(c/kg excl VAT)



During 2019, Irish R3 steer €3.60 vs. UK R3 steer €3.88, Continental EU R3 YB €3.60

Latest prices: Ireland €3.55/kg vs. UK €3.99 vs. Continental EU: €3.64/kg

Irish Composite Price vs Export Benchmark Price (€/kg Deadweight excl. VAT)

This price comparison involves a more detailed analysis which takes account of the prices paid for each of the different categories of animals and grades.

The Irish Composite cattle price equates to the average price per kilo paid for all animals slaughtered in Ireland on a weekly basis, based on the percentage of animals in the different categories annually (steers, young bulls, heifers and cows) and the main carcase grades.

The Export Benchmark Price is a market indicator which takes account of the prevailing cattle prices for the different carcase categories and grades, across the main EU markets for Irish beef (including the UK, France, Italy, Germany, the Netherlands and Sweden), as reported by the European Commission. Essentially, this equates to the average price that Irish producers would theoretically receive, if their cattle were priced according to the prevailing carcase prices across the primary export markets. The Export Benchmark does not take into account the additional transport costs incurred by Irish beef exports to the UK and continental Europe, in comparison with domestically-produced beef in these markets.

Country	Current Week	Same Week Last Year	% Change Previous Week	% Change Previous Year	Average to Date Last Year	Average to Date Current Year	% Change Average to Date from Last Year
Irish Composite	€ 3.28	€ 3.44	1.5%	-4.6%	€ 3.63	€ 3.34	-8.0%

Prime Irish Composite Price vs Prime Export Benchmark Price (€/kg Deadweight excl. VAT)

This exercise is similar to the previous price comparison, except that it focuses entirely on the prices paid for prime cattle (steers, young bulls and heifers).

Again, the Prime Irish Composite price relates to the average price per kilo paid for prime beef animals slaughtered in Ireland on a weekly basis, based on the share of annual throughput falling within the respective categories and the main carcase grades.

Likewise, the Prime Export Benchmark price is a reflection of the prices being paid for prime cattle of the different carcase categories and grades, and is weighted according the relative importance of key EU markets for Irish beef (the UK, France, Italy, Germany, the Netherlands and Sweden). The Export Benchmark does not take into account the additional transport costs incurred by Irish beef exports to the UK and continental Europe, in comparison with domestically-produced beef in these markets.

Country	Current Week	Same Week Last Year	% Change Previous Week	% Change Previous Year	Average to Date Last Year	Average to Date Current Year	% Change Average to Date from Last Year
Prime Irish Composite	€ 3.48	€ 3.66	1.4%	-5.1%	€ 3.80	€ 3.53	-7.2%

US By-Product Market Indicator (€/kg Carcase Weight)

In relation to the offal and hide coming from an animal, these by-products contribute to the overall value returned from the market, and therefore they influence the demand for finished cattle by beef processors.

While there are no published prices for Irish or EU hides or offal products, there are regular reports available from the USDA. Because these are globally traded commodities, the US data provides a reasonable reflection of market trends. (EU returns tend to be somewhat lower, on account of market access and the EU ban on meat & bone meal and blood meal in animal feed.)

By-products may be broadly classed into three categories: Hide, Red Offals (tongue, liver, tail etc) and White Offals (tripes, fats etc.) The following table and graph summarises the latest market trends in the hide and offal markets, on a € per kg of Carcase Weight basis, as reported by USDA.

By-Product Values for Current Date and Same Period Last Year (€/kg of Carcase Weight)

Week Ending	Saturday 22 December 2018	Saturday 21 December 2019
Hide	€0.09	€0.08
White Offals	€0.09	€0.10
Red Offals	€0.09	€0.11
Overall	€0.27	€0.29

By-Product Value (€/kg Carcase Weight)

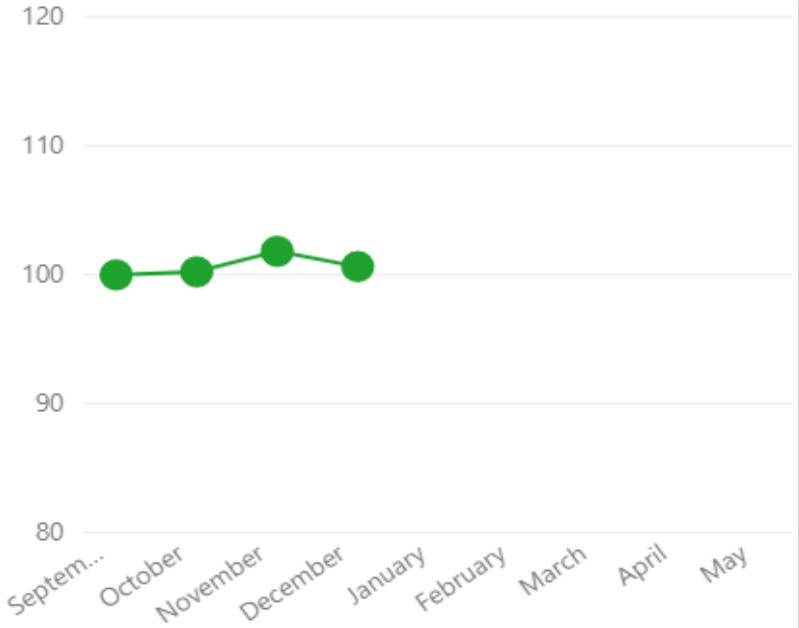
Wholesale & Retail Beef Price Indices

The Beef Market Price Index is intended to provide insight into the price performance of prime beef in key markets over time, at the level of the retail or wholesale customer. The index acts as a monthly indicator of market conditions for Irish beef, relative to the situation prevailing during the initial base period of this study, which was September 2019.

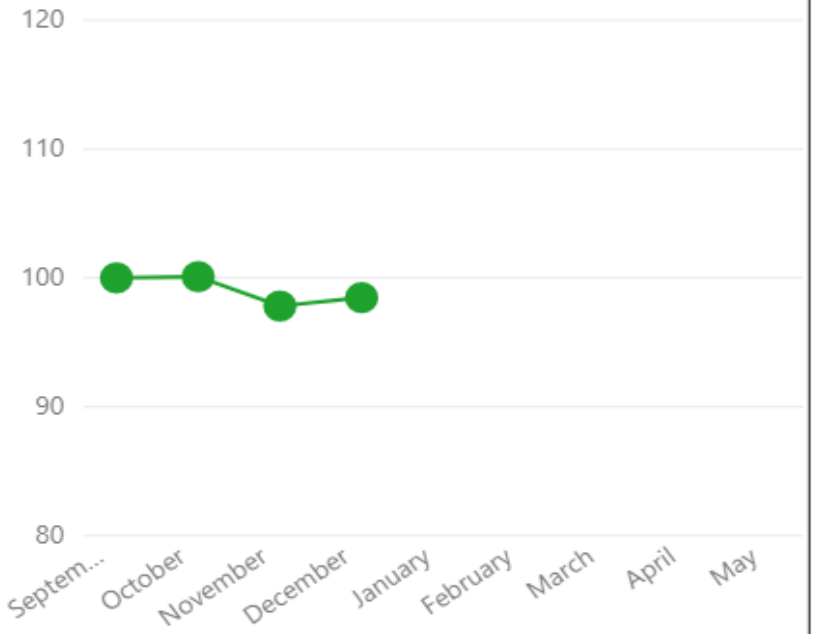
Each month, Bord Bia monitors specific retail and wholesale prices across seven principal markets (Ireland, the UK, France, Italy, the Netherlands, Germany and Sweden) which collectively account for over 90 percent of Irish beef sales (2018). Within each market, prices are recorded for steak, round and forequarter beef cuts.

Market prices are weighted according to their relative importance, and collated into a Retail Sub-Index and a Wholesale Sub-Index, whose values are aggregated to form an Overall Beef Market Index. The base-line value of the indices is set at 100, according to their respective values during the initial base period (September 2019).

Retail Market Sub Index (September 2019 = 100 points)



Wholesale Market Sub Index (September 2019 = 100 points)



Overall Beef Market Index (September 2019 = 100 points)

Summary

- Tighter Irish cattle supplies in 2020
- Slight decline anticipated in EU production while consumption to remain sluggish
- Retail sales data showing pressure on higher value cuts
- Significant correction in China over recent weeks, putting pressure on global prices
- EU steak market under pressure
- Some recovery evident in Irish prices

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