

# Beef Industry “Reality”

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## Breeding herds

	Cow Numbers 2011	Cow Numbers 2014	% Reduction
<b>England</b>	<b>759,000</b>	<b>710,000</b>	<b>6%</b>
<b>Scotland</b>	<b>471,000</b>	<b>437,000</b>	<b>7%</b>
<b>Northern Ireland</b>	<b>269,000</b>	<b>255,000</b>	<b>9%</b>
<b>Wales</b>	<b>187,000</b>	<b>168,000</b>	<b>9%</b>

## How is the herd distributed? (14% Holdings with 50% Cows)



Herd Size	Holdings		Cows	
	Count	%	Count	%
1-19	4214	45%	28114	6%
20-49	2076	22%	68101	16%
50-99	1798	19%	126967	29%
100-149	703	8%	84277	19%
150+	557	6%	129067	30%
<b>Total</b>	<b>9348</b>		<b>436526</b>	

## Suckler Herds Calving 2014 (Weaning )



	Bottom Third £	Average £	Top Third £
<b>Calf Sales</b>	593.25	641.60	697.75
<b>Calf Payments</b>	45.44	46.31	49.11
<b>Gross Output</b>	638.69	687.91	746.86
<b>Less Replacement</b>	76.29	87.78	78.68
<b>Net Output</b>	562.4	600.13	668.16
<b>Variable Costs</b>	344.25	287.23	246.01
<b>Gross Margin</b>	218.16	312.90	422.17
<b>Fixed Costs</b>	396.94	422.48	400.49
<b>Net Margin</b>	-178.79	-109.58	21.69
<b>Number Reared</b>	86%	88%	91%

## Past Direct Support



	2004/2005
Suckler Cow Premium	£135.43
Beef National Envelope	£25.39
Beef Special Premium (7 to 20 mths)	£101.57
Beef Special Premium (20 mths plus )	£101.57
Extensification	£54.17
Slaughter Premium	£54.17
<b>Total</b>	<b>£472.30 Cow/Calf</b>
Less Favoured Area	£13/Ha

## Current Direct Support



	2015
Scottish Beef Calf Scheme	£74 per Calf or £110(Islands) ish
Less Favoured Area	??????

## Suckler Herds

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- It is simple to reduce numbers but the question must be asked
  - “If I sell 50 cows down the road does 50 cows worth of fixed costs go down the road at the same time”.
- Result could be that you increase the fixed cost per livestock unit if no action is taken



# Markets

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## Deadweight (Steers / Heifers )



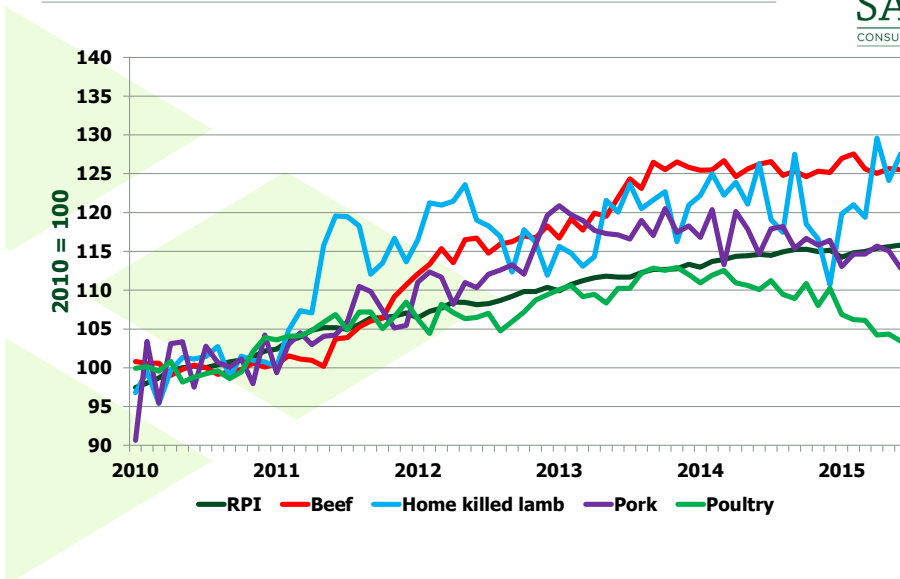
	Scotland p/kg DW	Northern Ireland p/kg DW	England /Wales p/kg DW
Feb 2014	373/376	357	361/370
June 2015	338/340	312	315/330
Nov 2015	368	325/330	343/350
April 2016	325		
June 2016	340/343	315	326/338
July 2016	354/358	329	334/340
Sept 16	378/380	334	354/367

## Cattle Trade



- Since April price up 50p/kg DW = £160 to £200
- Angus Premium – 25p/40p/kg DW more (Aldi )
- Scotch Beef Price = 23p above England
- Young Bulls – 365/368p/kg DW
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- Others – Shorthorn (+25p) or / and -50p/kg DW

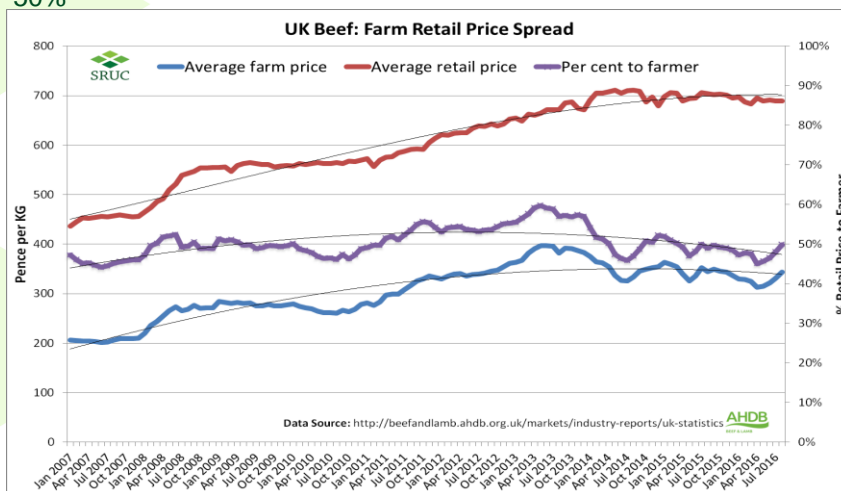
# Retail price movements 2010-2015



## Beef – retail share



- Whilst retail share improved in the rising market – as prices have flattened out and started to fall market share has decreased to below 50%



## Store Cattle - thoughts

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- Finished Cattle Price = 380p/kg DW
- If put to Liveweight at 56% Kill out = 212p/kg LW
- Store Cattle selling for about 225p/kg LW
- **Negative 13** pence live kilo out before majority finishers starts unless selling direct to butchers or live market.
- Could have paid more for them anyway
  - 420kg store = £55

## Selling Stores

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- Year old stores = 20p back currently.= £80 plus. Average trade 225p/kg - heavy stores taking the hit .
- Weaned Calves . Increased prices received as usual and increased demand as finishers seek to take them early. Plenty at 250p - 300p.
  - Steers average 273p (up 17.5p)
  - Heifers average 263p (up 23p)

## Finishing Costings – 200 days



			Forage Based	By Products
Sales	400kg DW	£3.50kg/DW	£1400	£1400
Purchase	430kg LW	£2.35 kg /LW	£1010	£1010
<b>Return</b>			<b>£390</b>	<b>£390</b>
Conc.	6kg/day	£160/t	£180	
Silage	16kg/day	£30/t	£96	
Potatoes,Draff				£200
Others	Vet, Market etc.		£100	£100
Variable Costs			£376	£300
<b>Gross Margin</b>			<b>£14</b>	<b>£90</b>
Fixed Costs			£80	£80
<b>Net Margin</b>			<b>-£66</b>	<b>£10</b>



# Where are we?

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## Market Specification

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- Deadweight Limits now moving to 380/400 kg DW
- Liveweight equivalent = 680 to 720kg
- Need to set these in stone and no fluctuation which distorts clear market signals
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## Deadweight Payments

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### Result

- 380kg Beast will now return £1406 Based on 370p/kg DW
- 450kg Beast will now return £1462 based on 325p/kg DW

380kg beast is now returning the same as a 450kg = 70kg deadweight (125 kg liveweight ) with no return to the finisher

Threat is now maximum paid weight at 400kg DW

## Store Production

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- Store producers are being made more aware that they need to look at selling stores at the optimum time (earlier for many) and at a time when the finishers can take them and then finish at the right stage.
- The majority of finishers want cattle at weaned stage up to 12 to 14 months at the 420 kg plus stage.
- This policy is certainly true with Continental types, whereas many of the maternal type cattle will continue to be kept longer so as to maximise weight and return to the producer. Weaned cattle trade still remains strong and the best policy for many.

## Store Markets

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- If steer slaughtered at 16- 18 months which will be the main drive by many then there will be an average gain per day throughout lifetime of 1.36 kg per day.
- If broken down it will be assumed to be 1.1 kg to weaning and then 1.55kg to slaughter at 700kg liveweight (380kg deadweight). If spring born then many of these calves will not be put back to grass the following Spring

## Finishing Cattle

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- Continuing issue with Heifers in still too many falling into over fat categories and the impact with grade penalties. Many finishers are chasing weight with heifers but often its not weight that goes on them in the final stages but fat. Putting no these extra kilos with Heifers is not paying for many
- It is expensive as 3 times as much energy goes into putting a kilo of fat compared to kilo of lean tissue. Heifers need to be on their own diet and stretched on more so keeping protein up and starch down till later stages of finishing.

## Future

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- Will VIA dominate
- Then will the type of beast change to paying where the top cuts are –Strip Loin
- Is this length wanted and so less emphasis on the back end

## Breed Movements (400day Bulls)

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	<b>Charolais</b>	<b>Angus</b>
<b>1980's</b>	<b>620kg</b>	<b>470kg</b>
<b>1990's</b>	<b>650kg</b>	<b>520kg</b>
<b>2000's</b>	<b>675kg</b>	<b>570kg</b>

## Market Specification

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- However Genetic progress over last few years has created cattle which get to very high weight and weight gains
- Terminal Bulls have been created with little fat which then leads to commercial cattle from terminal type cows going again to very high weights with little if any fat on them so producers keep feeding on

**Gestation**      **5.1**      **Bottom**  
**1%**  
**Calving Ease**    **-17.3**      **Bottom**  
**5%**  
**Birth Weight**    **4.1**      **Bottom**  
**5%**

**Bull 1 –176 CALVINGS**

JACKED DIFFICULT	CAESAR	LOST & STILLBORN	TWINS
<b>38</b>	<b>4</b>	<b>7</b>	<b>3</b>
<b>22%</b>	<b>2.2%</b>	<b>4%</b>	<b>1.7%</b>
<b><u>DO NOT</u></b>	<b><u>USE ON</u></b>	<b><u>AUTUMN</u></b>	<b><u>CALVERS</u></b>

## Fat Depth

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- Slaughter industry has commented that Charolais sired cattle were becoming too lean and late maturing.
- Also heifers were lean leading to later maturity and having adverse effects on fertility and age of puberty.
- Instead of leaner being “good” , the bar is reversed so leaner is more undesirable.

## Breeding Programme

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- Now we have to develop a type of cow that suits the environment , is fertile and is capable of producing a calf(product) wanted in the market place ex.
  - Luing Dam
  - Shorthorn Dam
  - Saler Dam
  - Stabiliser Dam
  - Hereford
  - Blue Grey

## Abattoir Issues

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- Following are areas that the abattoirs would like to keep reminding cattle finishers of
- Use of Scottish Potential Eligibility Cattle Checker for assurance (SPECC), before animals leave farm. Farmers should check status on purchase of stores. Use [www.scoteid.com/qms/specc](http://www.scoteid.com/qms/specc)
- Clean wagons (must clean / disinfect within 24 hrs of delivery by LAW), as this is being audited.
- Now extensive use of CCTV to monitor welfare at unloading etc.
- Cattle which are in calf should not be sent to an abattoir. This has become an increasing issue, and Trading Standards are acting on it. It is illegal to transport heavily pregnant females where more than 90% of the expected gestation period has passed.

## Abattoir Issues

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- Correct paperwork , food chain information (FCI) and passports. FCI must include any notes such as lameness, and have a licence to travel if required.
- Passport “gender” issues should be checked and corrected prior to leaving farm.
- Passports must be filled in correctly with all dates on /off completed, and signed.
- Correct individual identification of Steers / Heifers / Young Bulls on the movement document.