

Market Report

AB&S Wholesale

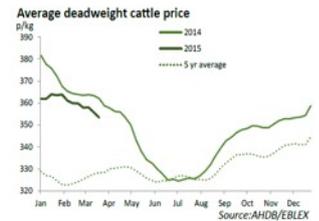
MEAT, POULTRY & SPECIALIST GAMMON CURERS
QUALITY SERVICE PASSION

April 2015

UK Beef

Cattle trade eases again

In week ending 21 March, prime cattle prices came back again as the market continues to be finely balanced between supply and demand. Prices for most types of cattle were down on the previous week. The overall steer price was back 4p to 354.3p/kg, while the average heifer price eased a penny to 356.8p/kg. Young bull prices also came back as buyers continued to be more selective. Consequently, the all prime average was down 2p at 353.0p/kg.



GB Deadweight prices week ending 21/03/15			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	363.3	-2.9
	All	354.3	-3.6
Heifers :	R4L	362.8	-1.2
	All	356.8	-0.6
Young bulls :	R3	340.8	-2.8
	All	320.4	-3.7
Cows :	O4L	251.9	-0.3
	All	229.7	-2.0

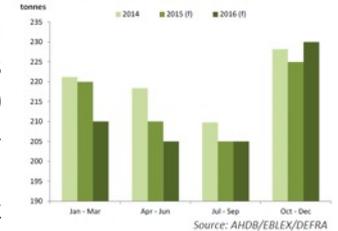
GB Estimated slaughtering		
	21/03/15	14/03/15
Steers	16,600	16,800
Heifers	12,400	12,100
Young bulls	2,300	2,500
All prime	31,300	31,400
Cows	8,800	9,100

Source: AHDB/EBLEX/LAA/AAAS

Improved prospects for the UK beef sector

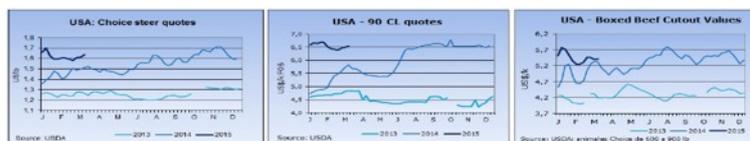
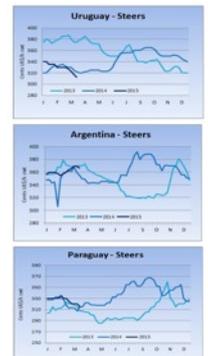
The effects of reduced calf registrations in late 2012 and 2013 will start to influence the availability of cattle for slaughter this year. With fewer cattle on the ground in the imminent slaughter age categories, prime cattle slaughter is forecast to be back 2% on the year at 1.92 million head. However, somewhat more encouraging in the longer term, improved productivity last year on the back of better conditions and what was then a better outlook for the dairy sector has resulted in calf registrations last year being up around 50,000 head on 2013 levels. It is the first time since 2011 that non-dairy calf registrations have recorded a year-on-year increase. Consequently, slaughtering in 2016 are forecast to edge back up a fraction. In recent years, the breeding herd in the UK has steadily declined. However, with a more optimistic dairy sector more recently, the component parts of the UK breeding herd have begun to move in opposite directions.

Actual and forecast UK beef and veal production, 2014-16



Global Snapshot

- US; McDonalds & Burger King push chicken amid high beef costs
- Brazil; Feb sees a slow start for exports of beef
- Uruguay; Steer prices see lowest level since Jan 2011
- Argentina; Exports 27% higher than last year prices remain firm
- Paraguay; Increased availability continues downward pressure on prices
- Russia; Takes first delivery of buffalo beef from India



Market Report

AB&S Wholesale
MEAT, POULTRY & SPECIALIST GAMMON CURERS
QUALITY SERVICE PASSION

April 2015

UK Lamb

Has the fine balance in the lamb trade tipped?

As Easter approach's, despite prices tracking just below last year's position, the lamb trade has held up relatively well, given the number of lambs available. While it appears that demand has been underpinning trade to some extent, with procurement for Easter ending, the market remains very finely balanced. As old season lambs have come forward in higher numbers, there has been some downwards pressure on price at GB auction marts in the latest week.

In week ended 25 March, at 197.2p/kg the GB OSL SQQ dropped over 3p on the week. Notably, trade on Wednesday 25 was back around 10p on the week and indications for Thursday 26 suggest a similar week on week fall. Despite this pressure on the lamb trade, the cull ewe market maintained its positivity as the reduced numbers forward continue to have an impact. At £86 per head, the average was up £2 on the week to be £13 ahead of year earlier levels. A significant proportion of the lambs carried over into this year have now gone through the system. In the first two months of the year, almost 165,000 extra lambs were processed. It is reasonable to assume that many of the remainder will have been marketed, especially with an earlier Easter this year. Consequently, if the expected increased supplies from New Zealand hit the market as the old season trade tails off and before the new season trade establishes itself, its effect ought to be less damaging.

Sheep market at a glance

GB Liveweight prices week ending		
	Price p/kg	p/kg change on wk
Lambs SQQ - OSL	200.5	+2.7
	£ per head	
Cull ewes	83.9	-0.2
Store lambs - OSL	64.6	+1.1
Deadweight prices week ending 15/03/15		
	Price p/kg	p/kg change on wk
GB lambs SQQ - OSL	442.8	+5.4
European prices week ending 15/03/15 (converted from €)		
United Kingdom	438.7	+5.5
Republic of Ireland	369.7	-6.2
France	454.0	-3.2
EU-25	421.7	+0.9

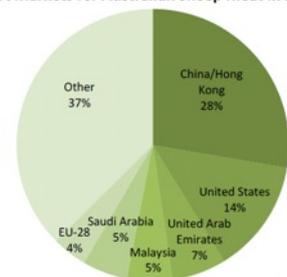
Estimated slaughtering (lambs)		
	14/03/15	07/03/15
Great Britain	205,100	212,800
Northern Ireland	5,300	5,300
Republic of Ireland	n/a	30,400

Source: AHDB/EBLEX/LAA/IAAS, EU Commission, Bord Bia, DARD

Sharp fall in Australian production

Sheep meat production in Australia has been increasing sharply in recent years, culminating in an exceptional production level in 2014, with lamb output reaching a new record. However, a sharp downturn is forecast by Meat and Livestock Australia (MLA) in 2015, with little further change in 2016. In the case of lamb, there has been the switch from wool to meat breeds over the years, given better profitability of lamb production helped by growing global demand and major improvements in productivity. In 2013 and 2014, the increasing lamb crop as a result of previous increases in ewe numbers was accompanied by some deterioration in climatic conditions and return of drought in some states, which resulted in increased offtake. Reduced demand for ewe lamb replacements contributed to this development. However, with the breeding flock now smaller and requiring higher ewe lamb replacements to compensate for the lower ewe flock, lamb production is expected to take a sharp downturn, forecast at 12%, in 2015. Production could even be lower than in 2012. Assuming a gradual return to more normal seasonal conditions in 2015, a modest upturn is forecast in 2016.

Export markets for Australian sheep meat in 2014



Source: GTIS, ABS



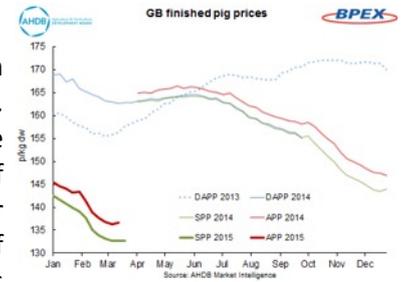
Market Report

April 2015

Pork

UK pig prices

The EU-spec GB SPP in the week ended 21 March averaged 132.64p per kg, a fall of only 0.01p on the week. This could indicate that the bottom of the market price has been reached for now, as this is the second week of minimal decreases. The SPP does, however, remain over 30p down on the DAPP this time last year as a result of almost ten months of continuous decreases. This stabilisation, as also seen on the continent, comes even as UK supply continues to run ahead of last year, according to AHDB/EBLEX estimates. This balanced market suggests that there are some signs of improving domestic demand going into the spring. Carcase weights, as a factor of overall production, continued to fall, reaching 82.5kg a head, the lowest average this year. At 136.61p per kg, the EU-spec GB APP for the week ended 14 March was up 0.36p on the week, the largest weekly increase since May last year. This widened the difference between the APP and the SPP for the same time period to almost 4p.



UK trading slow at the start of 2015

In January 2015, according to data from HMRC, the UK imported 3% less pork than a year before, with lower deliveries from Germany, Ireland and France. This decrease from European partners, despite the growing gap between EU and UK prices due to the weakening of the euro, concurs with the increased domestic supply and consumer preference for UK product. Denmark retained over a quarter share of the market and increased the volume of pork it delivered to the UK in January by 5%. There was also a significant increase in Polish pork imports, perhaps a remnant of redistribution of product previously destined for Russia. The other legacy of an ample supply, particularly within the EU, was 17% lower unit prices. Bacon and sausages were also cheaper on the year and these categories did increase in import volume. A 3% rise in bacon imports was supported by Germany and Ireland, as product from the Netherlands decreased and was replaced by Danish bacon. 11% more sausages were imported, with the same key European trade partners involved. Less processed pork was imported, however, as the result of Irish, Dutch and Danish reductions.

Poultry

UK Poultry statistics (Defra) March 26th

- UK broiler chick placings were up 2.7% at 74.4 million chicks.
- The number of turkey chick placings were down 2.8% at 1million chicks.
- Turkey slaughterings were up 3.7% at 1.3 million birds.
- UK broiler slaughterings were 2.2% higher at 70.7 million birds.

Total UK poultry meat production was 122.9 thousand tonnes, down 3.9%.

