

Market Report

June 2015

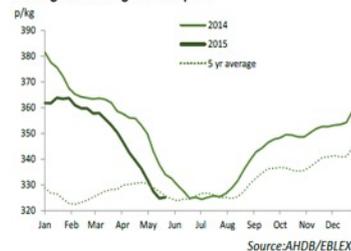
UK Beef

Welcome stability in the prime cattle trade

Despite the supply/demand balance remaining very narrow, in week ended 23 May the deadweight cattle trade edged up in some areas. At 325.2p/kg the GB all prime average was a fraction up on the week, which brought to an end the consistent trend of falling prices which have dominated the trade so far this year. With slaughterings estimated to be back around 2,200 head on the week earlier, the effect of tightening domestic supplies has just tipped the balance into producers' favour. In addition to the domestic situation, supplies in Ireland have been starting to show some signs of slowing up in recent weeks. In the latest week, prime cattle supplies at Irish export meat plants stood at around 20,500 head, their lowest weekly level all year and some 15% behind supplies in the same week in 2014.

With steer numbers estimated to be back to the greatest degree, average steer values levelled, while the R4L average increased 2p on the week to 337.2p/kg, demonstrating better demand for 'in spec' cattle. Heifers meeting the target specification came back a penny to 333.9p/kg, while R3 young bulls were 2p dearer on the week at 316.1p/kg. Looking ahead, it remains to be seen whether this latest development will mark the low point in the trade.

Average deadweight cattle price



GB Deadweight prices week ending 23/05/15			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	337.2	+1.7
	All	326.4	+0.2
Heifers :	R4L	333.9	-0.6
	All	329.3	+0.9
Young bulls :	R3	316.1	+2.4
	All	307.9	-
Cows :	-O4L	247.3	-1.0
	All	226.5	-0.4

GB Estimated slaughterings		
	23/05/15	16/05/15
Steers	15,000	16,200
Heifers	10,700	11,400
Young bulls	4,200	4,600
All prime	29,500	31,700
Cows	8,000	8,500

Source: AHDB/EBLEX/LAA/IAAS

Global Snapshot

- Brazil; Beef Exports fall 10%
- Russian; Markets firm on improved demand
- New Zealand; Reports sheep flock numbers lowest since 1943
 - 1982 Peak herd NZ had 22 sheep per person @ 70.3m sheep today this is now down to an estimated 6 sheep per person
- EU; Pork exports increase by 19% on sales to China, south Korea & Japan
- Australia; Grain Fed Cattle 13% up in first quarter YOY to 2.7m head



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UK Lamb

Lamb prices continue to decline

New season lamb prices at GB auction markets have continued to fall in the past week. In the week ended 27 May the NSL SQQ was back over 9p at 184.7p/kg. However, prices have shown more stability in recent days, with the SQQ on Wednesday 27 May up 3p on the week at 185.2p/kg. This leaves prices almost 56p/kg lower than in the same week in 2014, despite numbers being lower. Throughputs continued to increase as the season progresses, but were only up by 2% on the previous week due to the reduced trading following the Bank Holiday. Expectations of high supplies later in the year are thought to be reducing the effects of current slightly reduced numbers and leading to prices continuing to fall. Throughputs of old season lambs coming forward are continuing to fall as numbers dry up – numbers in the past week were half those of the previous week. The OSL SQQ fell by over 18p on the week to 149.4p/kg, 51p back year on year. The deadweight trade has followed the liveweight market and fell in the latest week. The overall NSL SQQ in week ended 23 May was down by 5p on the week earlier to 421.3p/kg. This means prices are now over £1 per kilo lower than those seen around the same time in 2014.



Sheep market at a glance

GB Liveweight prices week ending 27/05/15

	Price p/kg	p/kg change on wk
Lambs SQQ - OSL	149.4	-18.5
Lambs SQQ - NSL	184.7	-9.4
	£ per head	£ change on week
Cull ewes	76.0	-3.8
Store lambs - OSL	52.6	-9.5

Deadweight prices week ending 23/05/15

	Price p/kg	p/kg change on wk
GB lambs SQQ - OSL	382.6	-11.3
GB lambs SQQ - NSL	421.3	-5.2

European prices week ending 24/05/15 (converted from €)

United Kingdom	417.6	+12.0
Republic of Ireland	382.9	+2.0
France	456.4	-2.1
EU-25	412.9	+4.1

Estimated slaughterings (lambs)

	23/05/15	16/05/15
Great Britain	188,300	177,800
Northern Ireland	7,200	5,600
Republic of Ireland	40,000	38,600

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

Imports from New Zealand surge

According to the latest figures from HMRC, imports of sheep meat to the UK continued to increase in March and were up by over a third on levels seen in 2014, at 15,200 tonnes. The largest increase came from New Zealand, with imports up by over 50% to 12,800 tonnes. This is a continuing result of the high slaughterings following the drought in New Zealand and the weak levels of demand for sheep meat shown by China so far in 2015. Some of this increase continues to be offset by lower imports from both Australia and Ireland, down 11% and 47% respectively. In value terms, increased average unit prices led to a 45% increase in the total value of imports, to £72 million. There is concern that the export data for March again does not show the true picture, with exports reported to be down 23% on the year at 6,500 tonnes, even though Easter was earlier this year. It includes a 15% decrease in exports to France.

UK sheep meat imports, March



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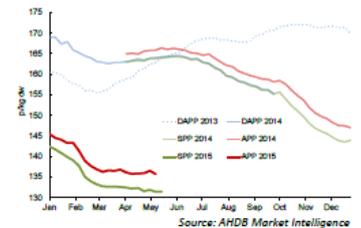
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Pork

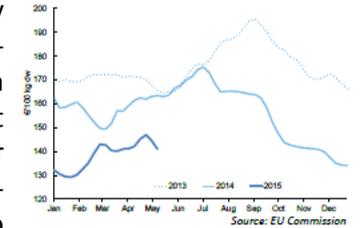
UK pig prices

Pig prices have remained low but stable over the last two months, although given that they would normally be rising seasonally at this time of year, this doesn't necessarily indicate a turning point for the market. The EU-spec GB APP averaged 136.02p/kg in April, less than a penny down on the previous month but 29p lower than in April 2014. The average price fluctuated during the month but without any clear trend. The gap between EU and UK prices has narrowed somewhat but still remains at around 25p/kg, very high by historical standards. This is contributing to the subdued domestic prices, along with relatively plentiful supplies. With little having changed in early May, the APP stood at 135.72p/kg for week ended 9 May. The SPP followed a similar trend to the APP, although the gap between them rose further. The April average EU-spec SPP of 132.07p/kg was 31p down on a year earlier but less than a penny lower than in March. Further slight falls in early May took the SPP to 131.44p/kg for week ended 16 May.

GB finished pig prices



EU Average Pig Reference Price



EU pig prices

Since the beginning of March, the EU average pig reference price has fluctuated between €140 and €147 per 100kg but with no clear trend. The price rose through much of April, increasing from around €141 per 100kg at the end of March to €147 four weeks later. However, prices then fell back in early May, losing all of the ground gained during April. In the latest week, ended 17 May, the price stabilised to stand at €140.75 per 100kg, €22 lower than a year earlier.

Pork exports from the EU during March were up 19% on a year earlier, at 139,000 tonnes. While shipments in March 2014 were down in the wake of the Russian ban, the latest figure is also higher than the same month in earlier years. Indeed, it is the highest March figure in records back to 2002. As in most recent months, strong sales to Asia and Oceania have driven the increase, with China, South Korea and Australia among the major growth markets. The weak euro has ensured that EU pork remains competitive on these markets as demand strengthens. This means that, although prices were 19% lower in US dollar terms (the dollar being the currency of international trade), they were actually 4% up in euros. That meant that the value of exports rose by nearly a quarter year on year, to €319 million.

Poultry

Chicken prices remain static, in the main this is due to the feed costs & harvests being level with no adverse weather conditions having affected the last couple of seasons internationally, this is measured by the CBOT market prices with feed costs representing over 60% of the growing cost of poultry, however with poultry seen as a key BBQ commodity the recent good weather will begin to add pressure to the supply of thighs, Legs, Wings, drumsticks and breast meat for kebabs.

