

QMS MONTHLY MARKET UPDATE

January and February 2025

Purpose:

To provide an update on the key industry and economic factors driving cattle, sheep and pig markets in Scotland.

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AHDB

Data Disclaimer: All deadweight price data used in this report is supplied to QMS by AHDB, who collect the data from reporting abattoirs each week and publish a consolidated set of data, regionally within GB for cattle, and GB-wide for sheep and pigs.

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BEEF MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices

- After surging through January and the first half of February, prime cattle prices rose at a slower but still significant pace in the second half of February. Rising prices have come at a time of seasonally high availability for slaughter, signalling strong competition for cattle. Meanwhile, cow prices have shown a more significant seasonal uplift at the start of 2025 than usual, resulting in a smaller difference between prime and mature cattle prices than is normal for the time of year, highlighting strong demand for manufacturing grade beef.
- Store cattle prices have made a strong start to 2025, rebalancing higher in line with the finished beef trade. Despite a smaller calf crop in 2024, auction throughput has been higher so far this year, without dampening prices.

02 Production and beef supply

- An increase of nearly 3% in the GB prime cattle kill in 2024 was driven by older prime cattle and an elevated heifer kill, and these factors are likely to have helped support slaughter at the start of 2025. After a sluggish start to 2025, the weekly GB deadweight price reported prime kill picked up in February and slightly exceeded year-earlier levels, underpinned by heifers.
- The overall volume of supply added to the UK market increased by around 4% in 2024 without dampening beef prices, so the indication of a tighter market balance at the start of 2025 coupled with a continuing growth in consumer demand is likely to have driven market prices higher.

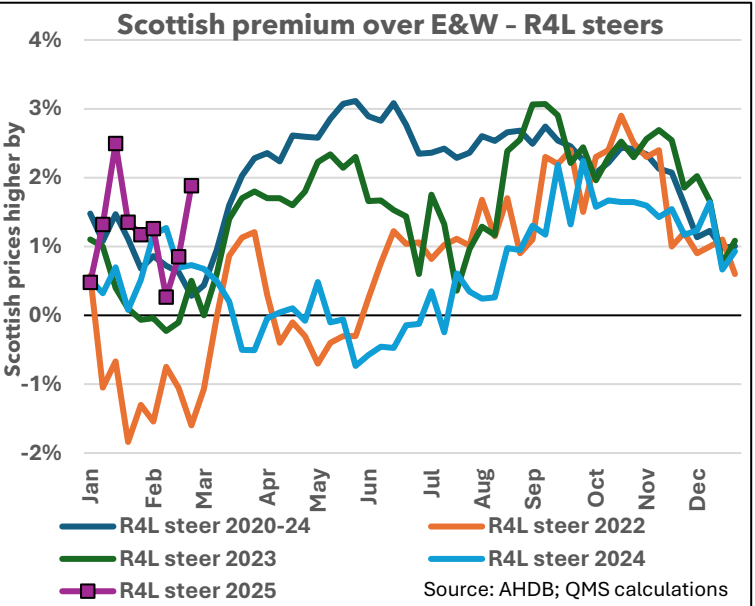
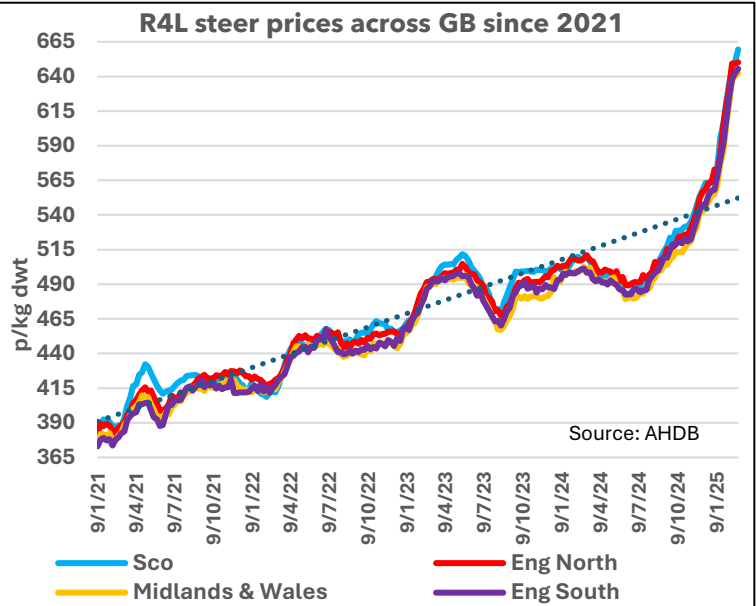
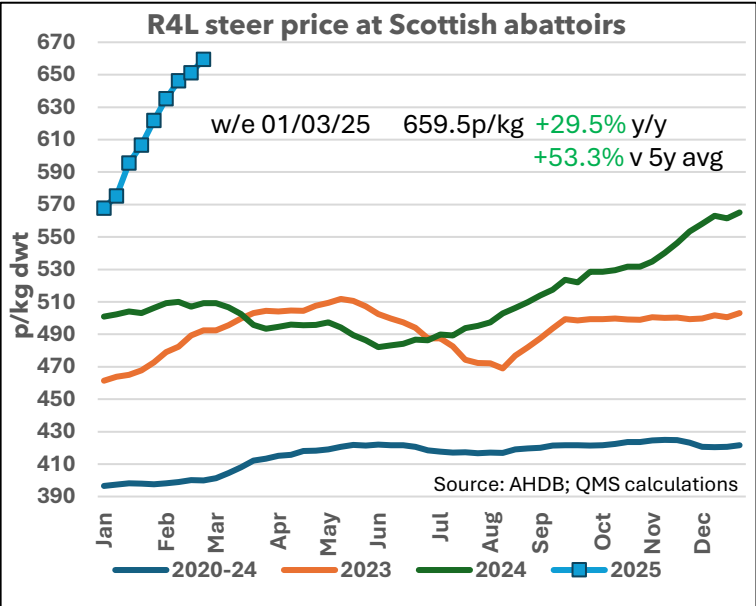
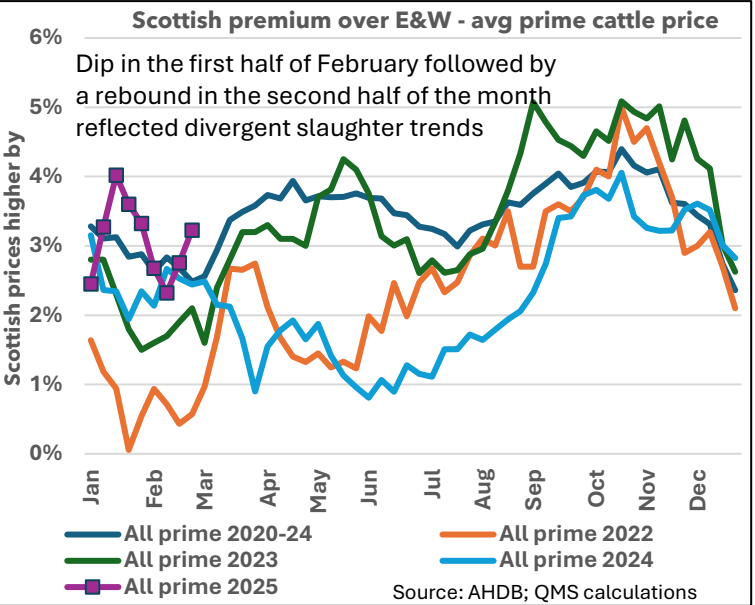
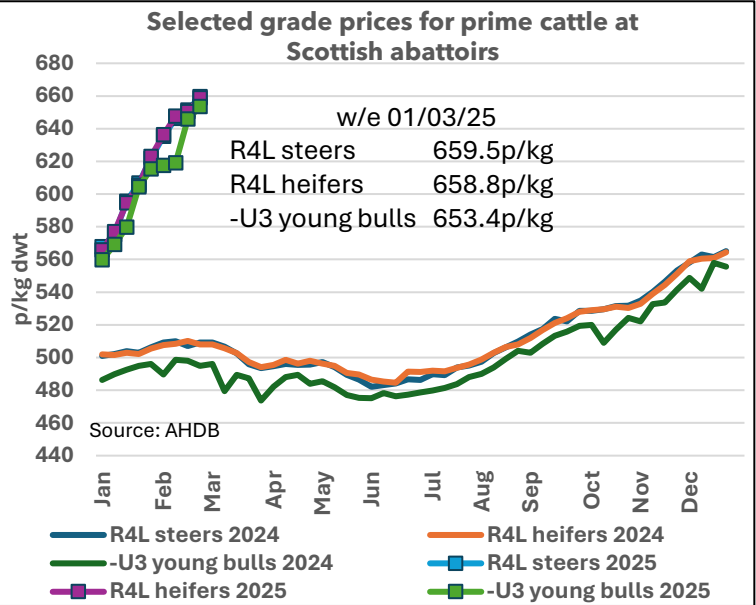
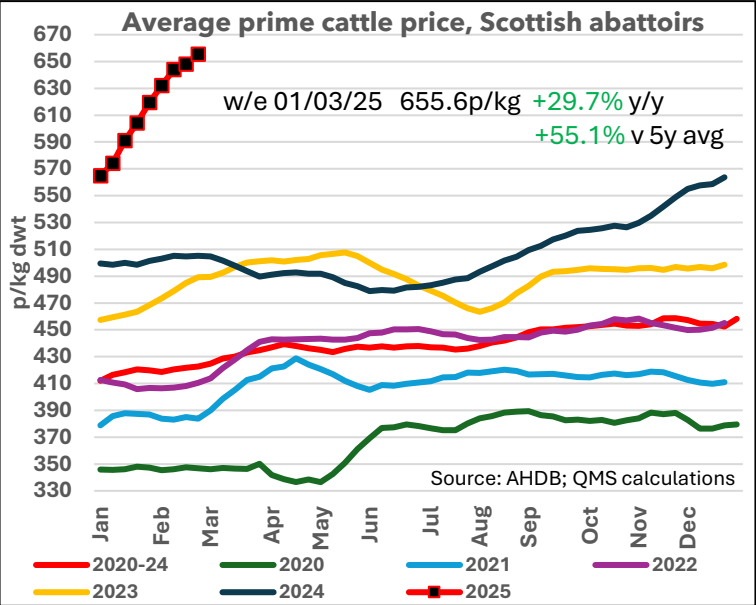
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 1 March	659.5	+8.2p	+6.1%	+29.5%	+53.3%
Prime cattle slaughter at price reporting Scottish abattoirs (est 85% of kill in Jan to Dec 2024)	Average in four weeks to March 1, head procured deadweight	6,174		+6.4%	+1.5%	-8.4%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to March 1, £ per head	£1,856		+9.7%	+28.6%	+53.0%
UK beef market supply	Tonnes in Nov 2024 to Jan 2025 (estimate)	264,200			-0.7%	0.0%

03 Outlook for production

- As well as starting 2025 at a seasonally high level, the October population data from BCMS suggested that prime cattle availability in Scotland could hold close to year-earlier levels in the first half of 2025. It is then likely to tighten more significantly year-on-year in the second half once the surplus of cattle aged over 18 months in October 2024 have been worked through and the smaller calf crops of 2023 and 2024 are supplying the market. Looking longer-term, continuing herd decline in 2024 points to further falls in production beyond 2025, which is a concern given that market signals are pointing to considerable opportunities for growth. Rising human populations in the UK and at a global level are set to support demand for red meat in the coming years.

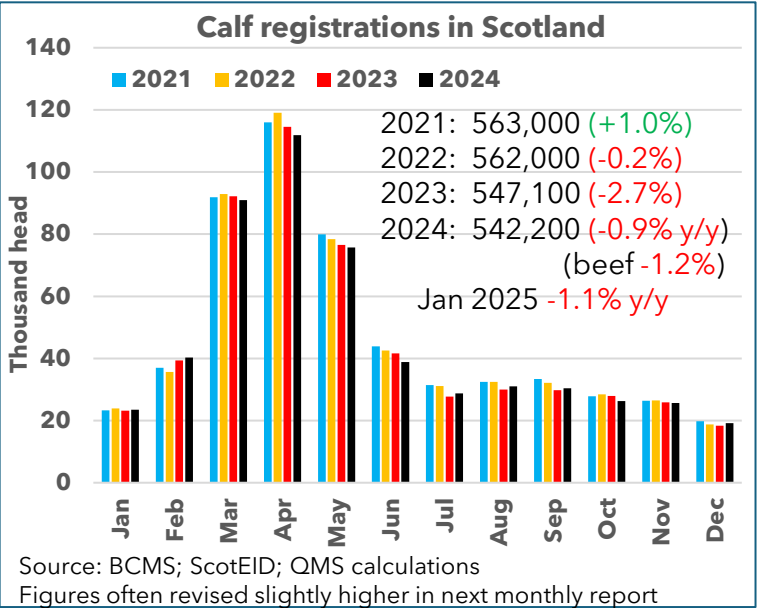
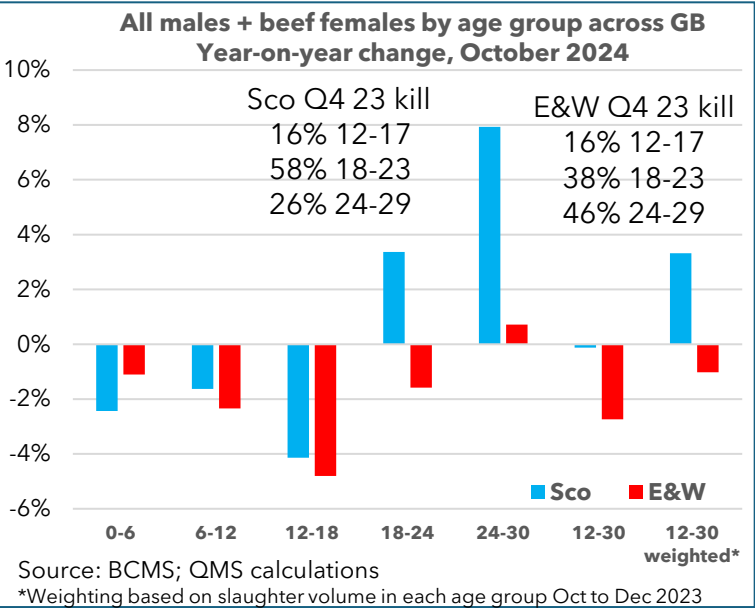
Farmgate prices

After surging through January and the first half of February, prime cattle prices increased at a slower pace in the second half of February. Rising prices have come at a time of seasonally high availability for slaughter, signalling intense competition for cattle and an underlying strength of demand.



Availability and slaughter

After rising nearly 3% in 2024, GB prime cattle slaughter edged above year-earlier levels at the start of 2025 and the deadweight price reported kill was slightly higher in February 2025 than a year earlier, driven by heifers. In Scotland, prime cattle numbers could hold up better in the first half as the population increase at over 18 months in October is worked through, before tightening in the second half due to the reduced calf crops of 2023 and 2024.

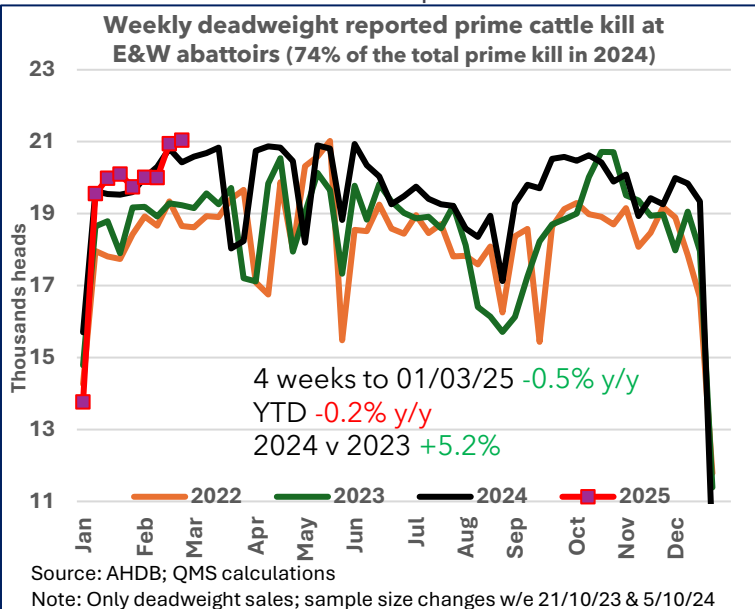
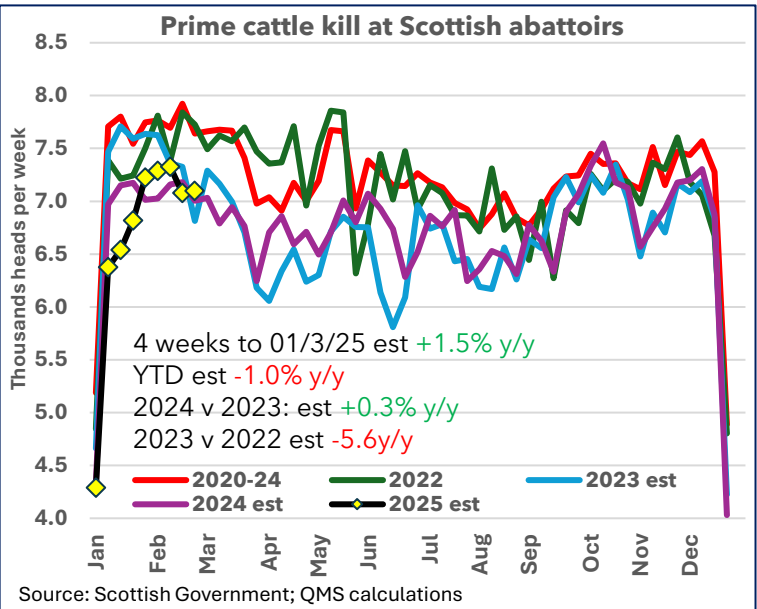
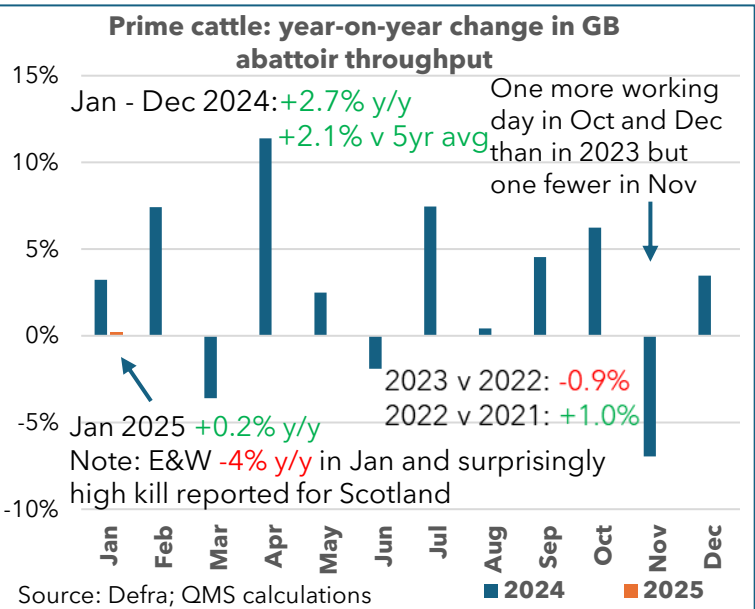


An increase of nearly 3% in the GB prime cattle kill in 2024 was driven by older prime cattle and an elevated heifer kill, and these factors are likely to have helped support slaughter at the start of 2025. In E&W, 43.5% of the deadweight price reported prime kill were heifers in the first nine weeks of 2025, up from 42.5% in 2024.

In Scotland, a sluggish start to the year was followed by a jump in slaughter in late-January and the first half of February, and there was the largest four-week total for nearly two years in the period to February 22. Though still seasonally high, numbers ran at a lower level in the second half of February and slipped back slightly behind 2024 again.

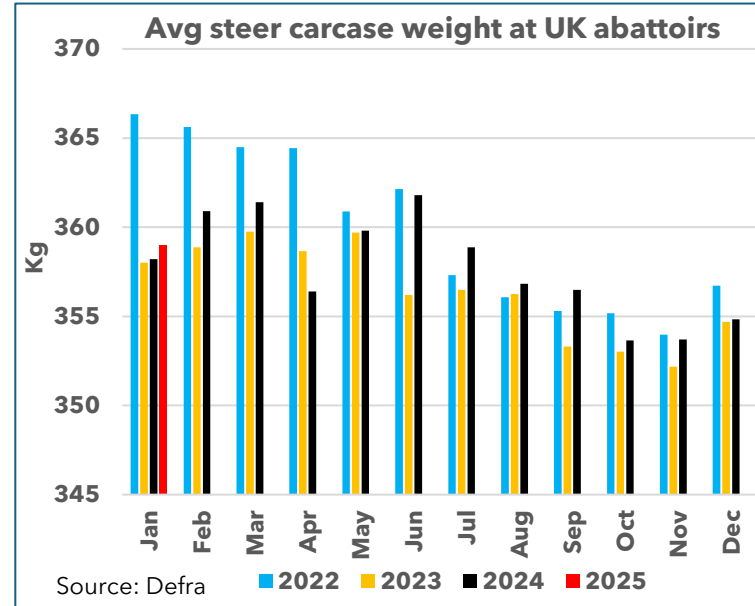
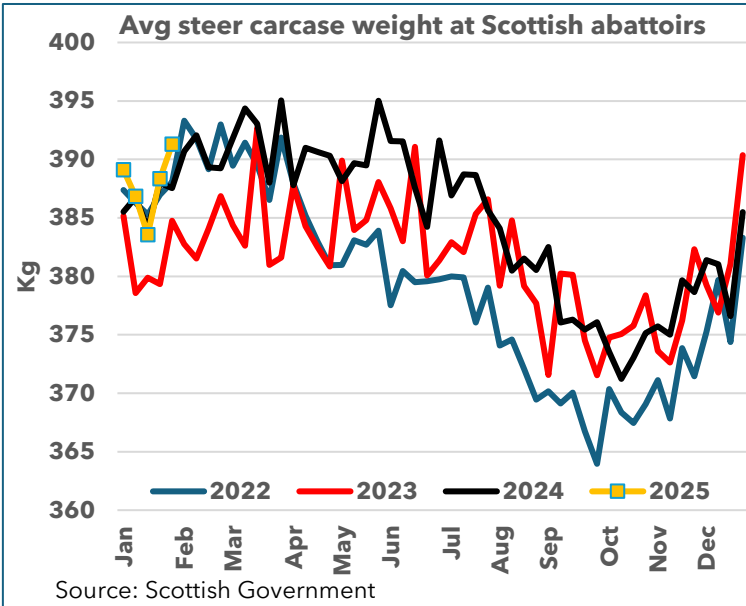
Meanwhile, the deadweight price reported kill in E&W took a step higher in the second half of February, reaching new record levels.

In the first half of 2025, numbers could hold up better in Scotland relative to 2024 as the October 2024 population data suggested that there could still be an increased population aged over 18 months to work through. As well as tightening seasonally in the summer, supply could tighten significantly year-on-year once abattoirs are only drawing from the smaller 2023 and 2024 calf crops.



Seasonality of production

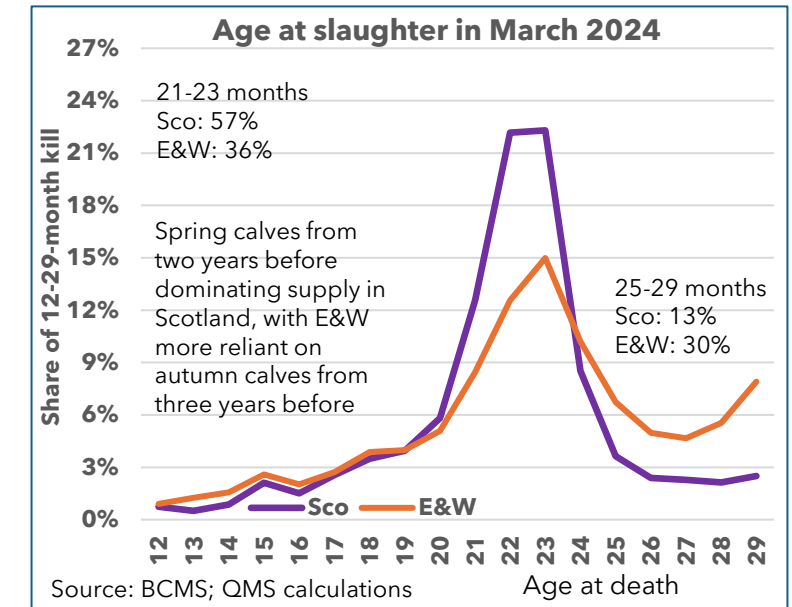
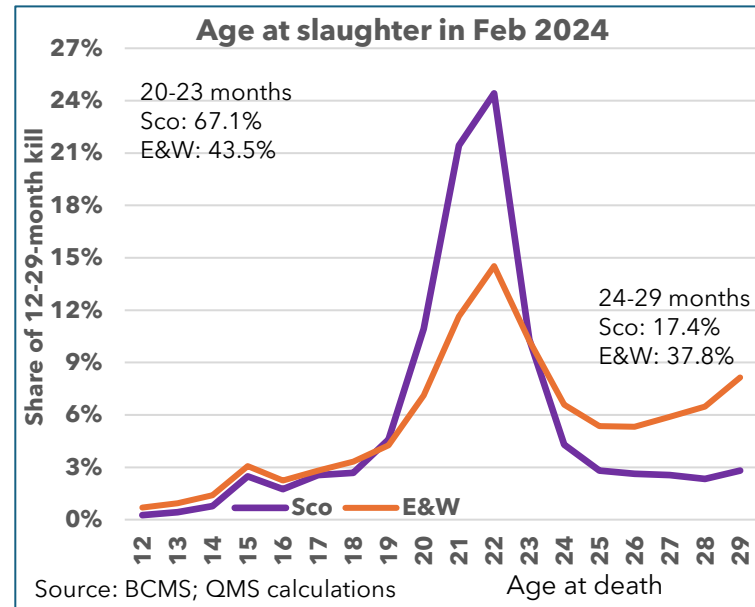
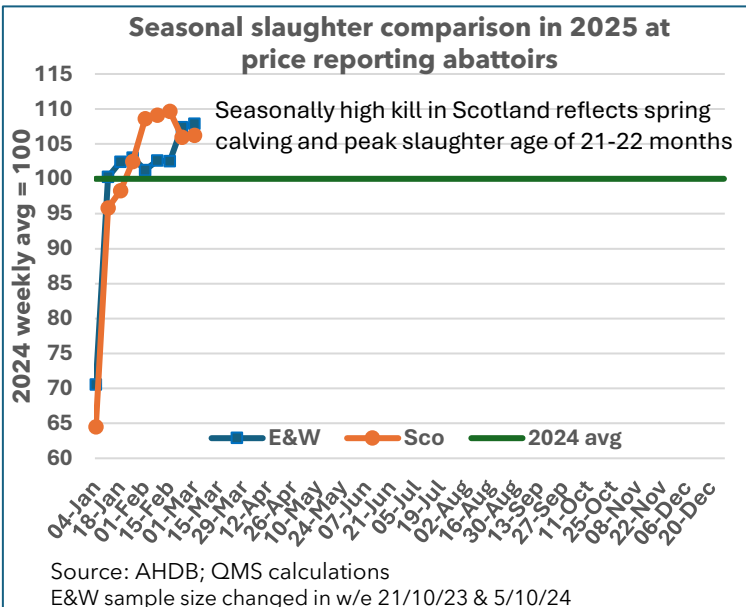
Availability for slaughter has been at a seasonally high level in early-2025 as the spring 2023 calf crop has been at its peak slaughter age. Seasonally high weights should have also provided support to production volumes.



The dominance of spring calving coupled with a peak slaughter age of just under two years ensures that slaughter availability is at a seasonally high level in the first quarter, with a slightly later peak in England & Wales likely to reflect the slightly older slaughter age profile.

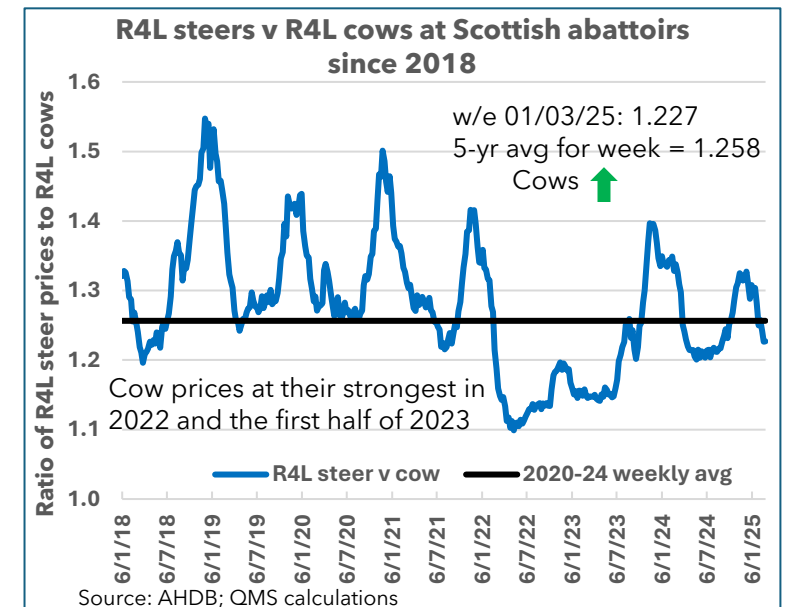
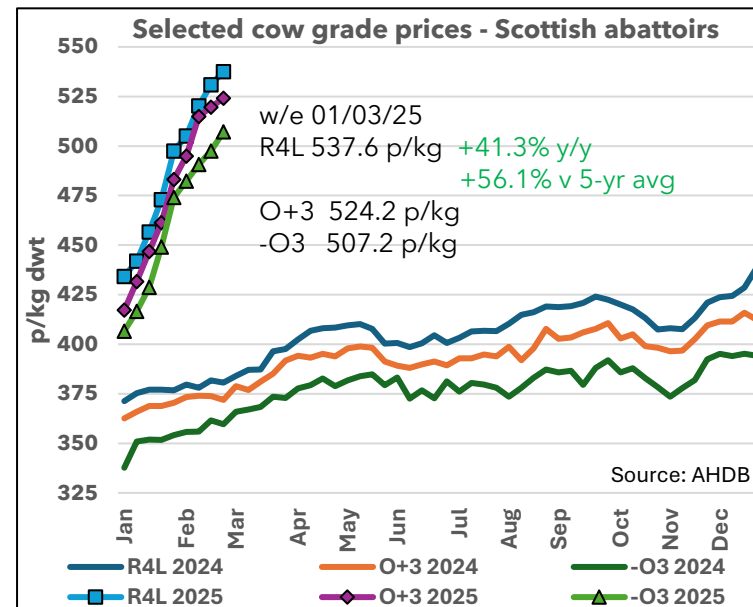
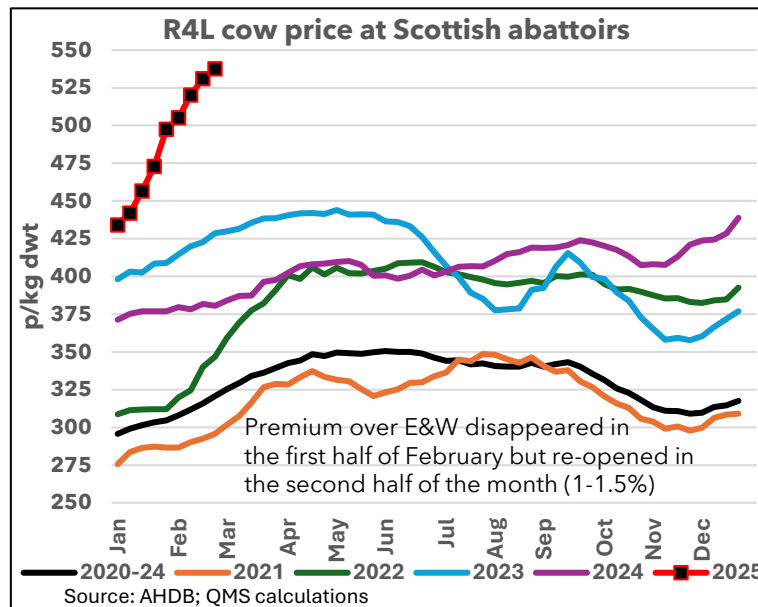
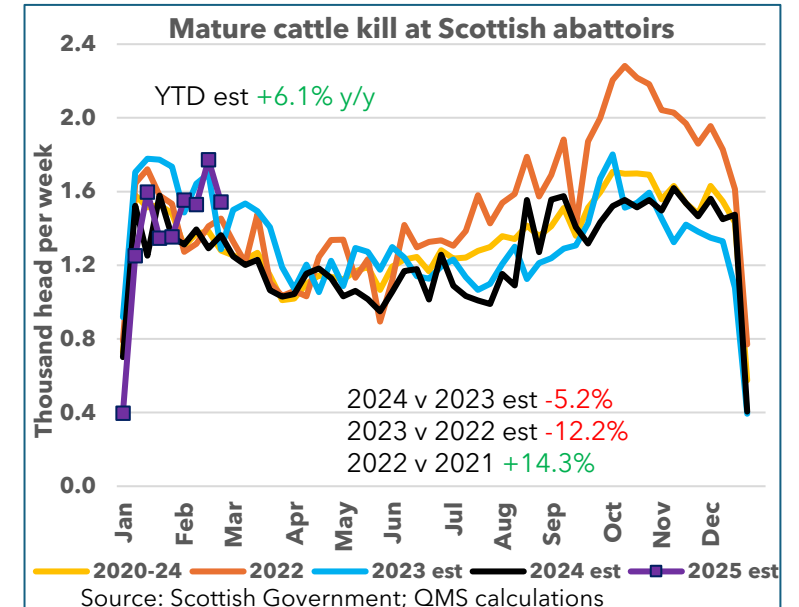
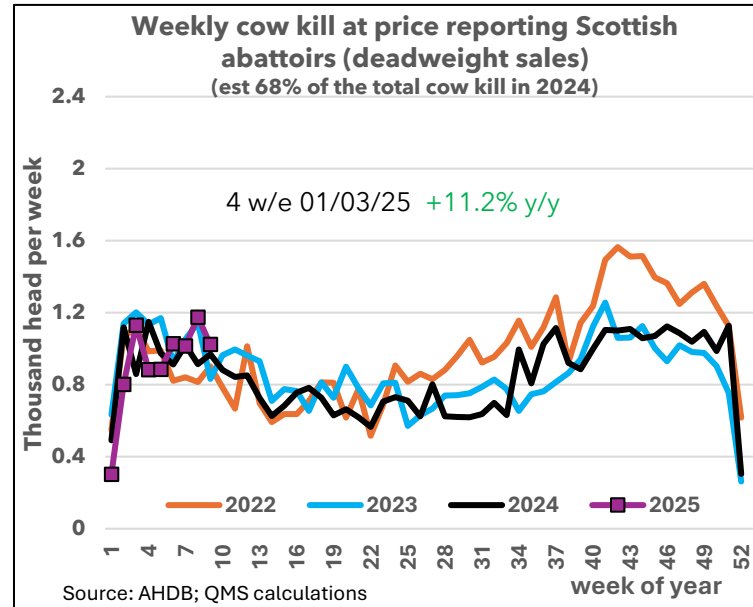
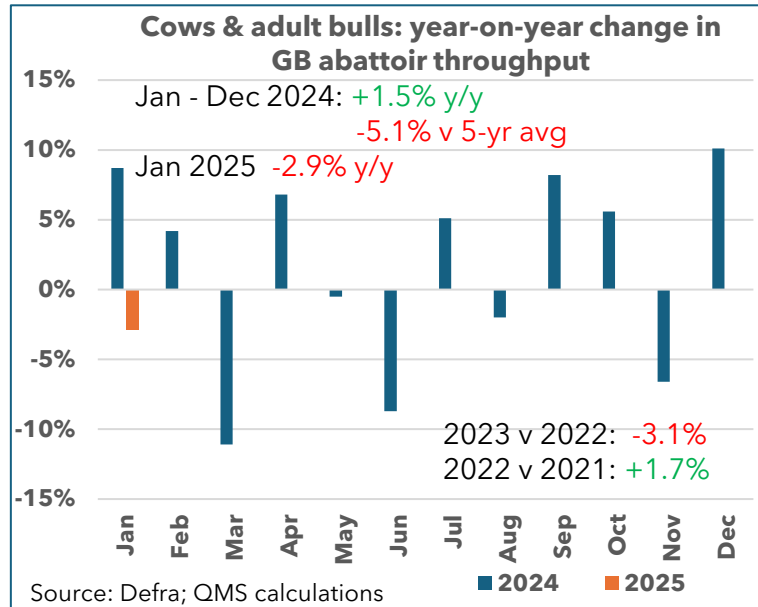
Meanwhile, seasonally high prime cattle carcass weights should also be underpinning production volumes.

Carcass weights have been showing year-on-year increases in Scotland for much of the time since spring 2023. Meanwhile, increases in the UK average in the second half of 2024 continued into 2025, supporting production volumes. An increase in older prime animals going to slaughter may have influenced the change in weights.

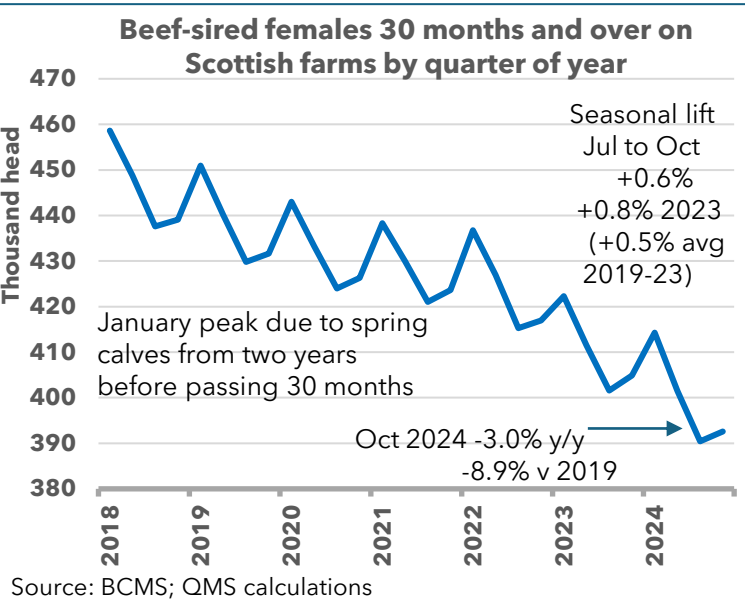
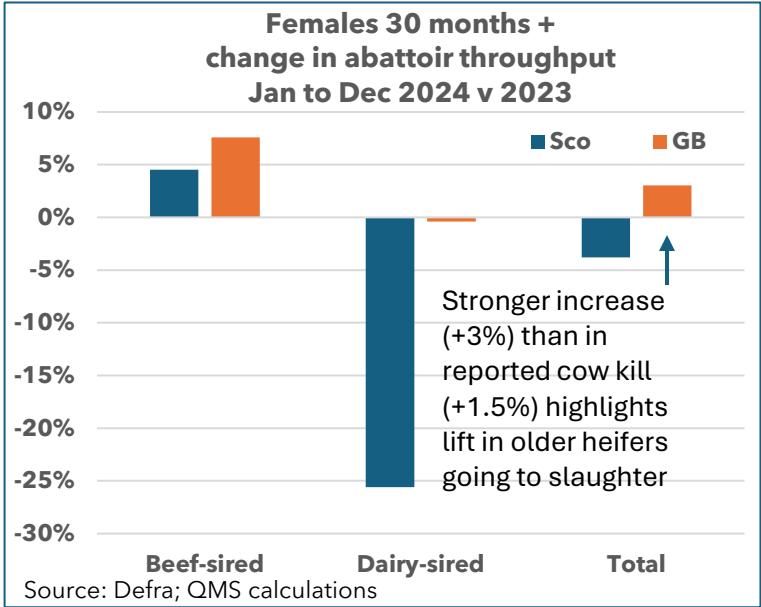


Mature cattle market

Cow prices have taken an unusually large seasonal upturn at the start of 2025, resulting in a smaller gap with prime cattle prices than usual for the time of year, highlighting the strength of demand for manufacturing grade beef. Increased slaughter in Scotland suggests a smaller outflow of cows to England & Wales in 2025.



Herd reduction gathering pace again in the beef sector



Females aged 30 months+ on Scottish farms (y/y change)			
Month	Dairy	Beef	All
Jan 2022	-1.3%	-0.4%	-0.6%
April 2022	-1.1%	-0.7%	-0.8%
July 2022	-1.0%	-1.4%	-1.3%
Oct 2022	-0.5%	-1.6%	-1.3%
Jan 2023	-1.0%	-3.3%	-2.7%
Apr 2023	-1.2%	-3.6%	-2.9%
Jul 2023	-1.0%	-3.3%	-2.6%
Oct 2023	-0.1%	-2.9%	-2.1%
Jan 2024	+0.8%	-1.9%	-1.1%
Apr 2024	+1.3%	-2.4%	-1.4%
July 2024	+1.7%	-2.8%	-1.5%
Oct 2024	+1.7%	-3.0%	-1.6%

Source: BCMS; QMS calculations

Females aged 30 months+ on farms in England & Wales and GB (y/y change in Oct 2024)			
Month	Dairy	Beef	All
E&W	-0.5%	-4.4%	-2.1%
GB	-0.3%	-4.0%	-2.0%

Source: BCMS; QMS calculations

In October 2024, there were 392,600 beef-sired females aged 30 months and over on Scottish holdings. This was a 3% decline from a year earlier, concerningly marking a further acceleration in year-on-year herd decline. It left numbers down by 9% on five years before. The total in October 2023 had been just under 404,900 head.

After a stronger seasonal uplift between July and October 2023 relative to the five-year average, seasonal changes between October and January, January and April, and April and July were all to the downside relative to the five-year average. However, there was then a marginal improvement in the July to October seasonal uplift in 2024.

Looking ahead, if the quarterly population changes were to match their five-year average rates, the year-on-year decline in the beef herd could soften a touch to 2.9% in January, followed by a steeper deceleration to -2.2% in April and -1.9% in July. While it is possible that a higher pool of beef-sired females aged 24-30 months on farm in October 2024 (+3,200 head) may provide some slight offsetting support to the herd in late-2024 and early 2025, it could just underpin the heifer kill.

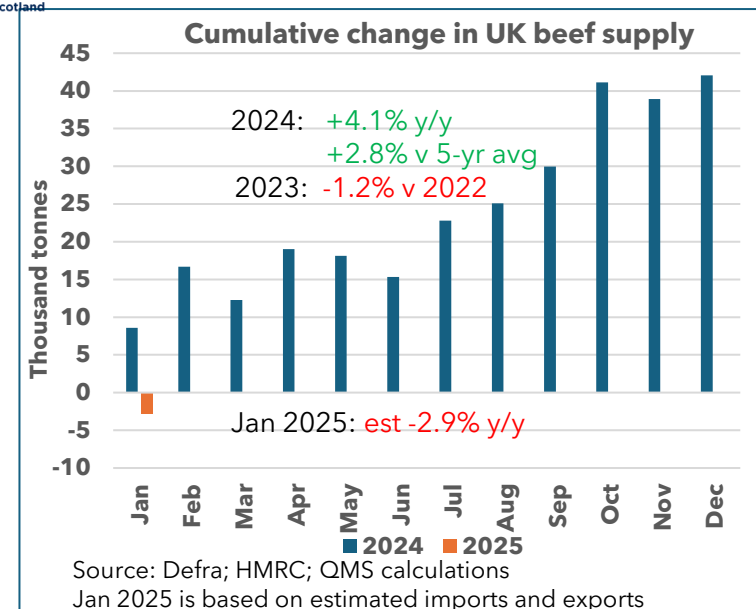
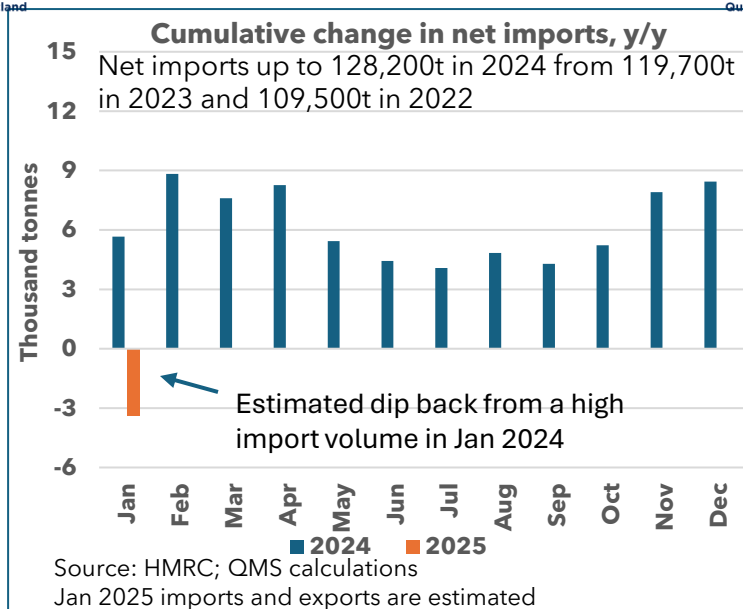
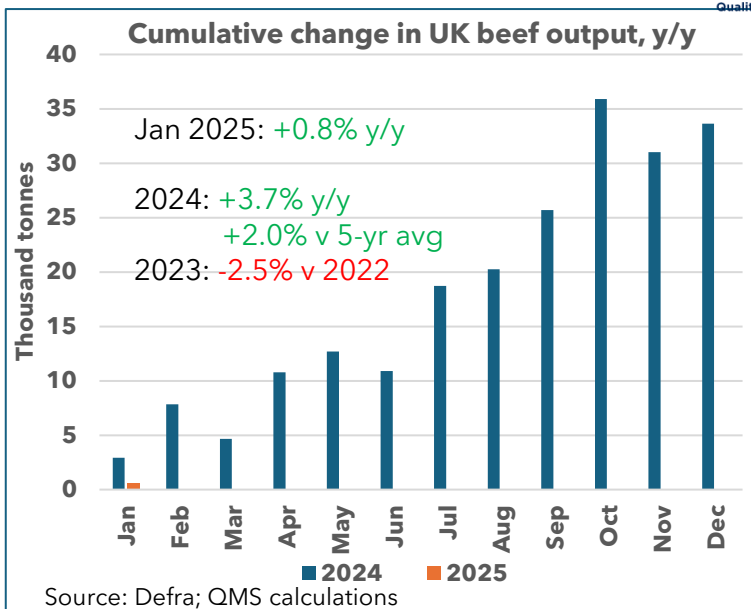
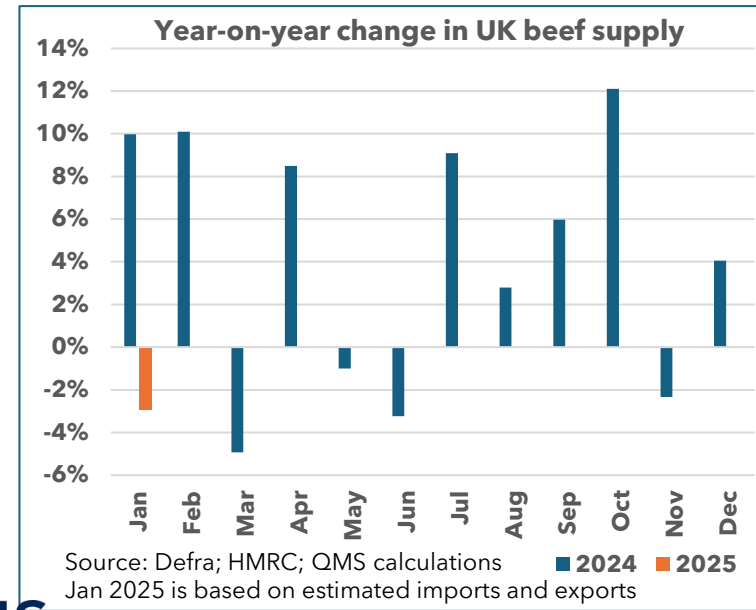
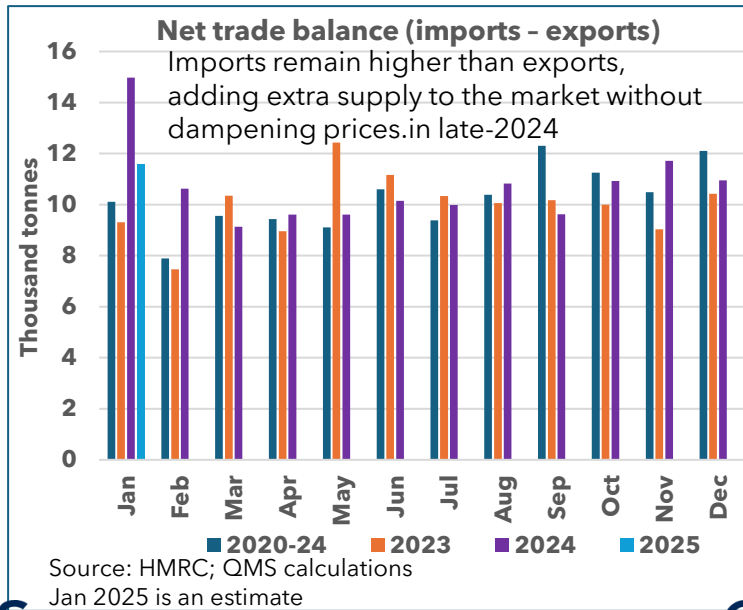
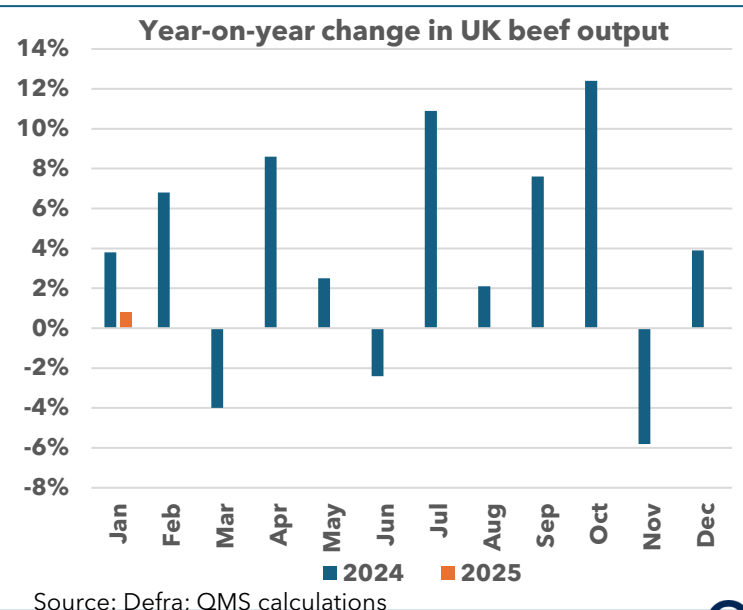
Continuing strong herd decline in England & Wales is set to maintain firm demand from English finishers for Scottish-born beef calves and has the potential to drive a renewed upturn in the level of outflow.

Latest breeding herd results - females over 2 years old with offspring (y/y change)			
	Dairy	Beef	All
Scotland (Jun 2024)	+2.3%	-3.1%	-1.4%
England (Dec 2024)	-0.2%	-5.3%	-2.0%

Source: Defra; Scottish Government; QMS calculations

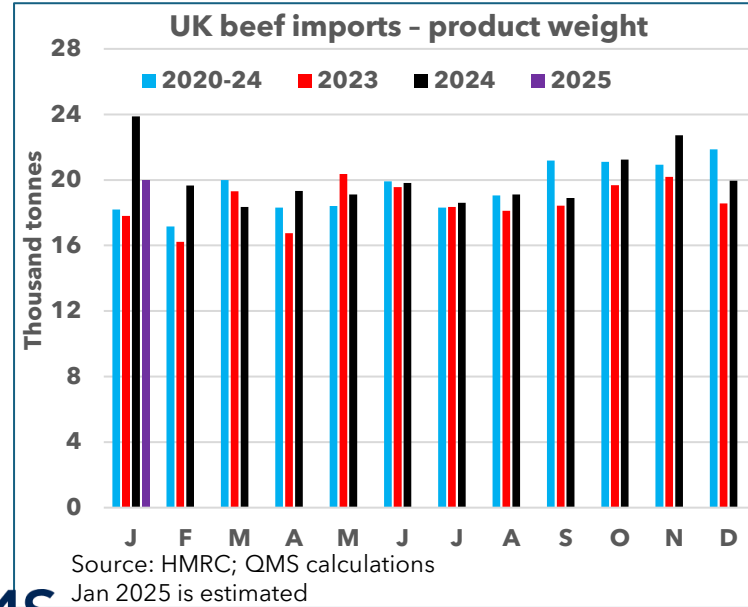
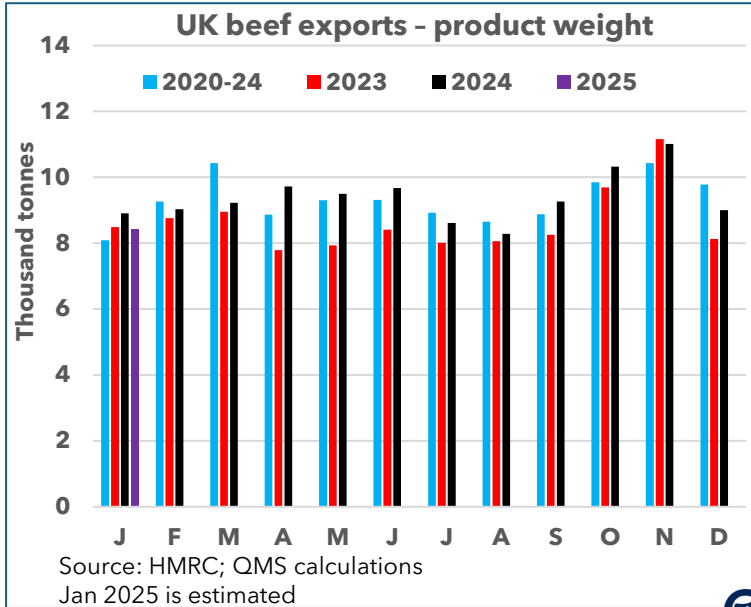
UK beef market supply

domestic production + (imports – exports) = supply



UK international trade

Export demand held firm in December while imports continued to increase, underpinned by a surge in non-EU trade from a low base.



UK beef exports dipped seasonally in December, largely reflecting a fall in production compared to November. However, they did return to year-on-year growth after a marginal dip in November. In December they exceeded year-earlier levels by 10.6%, running two percentage points higher than in the year as a whole, highlighting the continuing strength of export demand. Given the tight domestic market balance, considerably higher prices were achieved (see page 11).

Shipments to EU countries rose by 8% year-on-year in December compared to a rise of 6% in the calendar year, while sales to non-EU markets ended the year on a high, up 31% year-on-year after four months of declines, ensuring a 27% uplift in the calendar year.

UK beef imports ended the year at a three-month low but still ran above 2023 levels, up 7.5%, almost matching the calendar year increase. Non-EU trade remained the main driver, up 38% year-on-year (+64% in the calendar year), with imports from EU sources up 5.4% (+4.5% in the year).

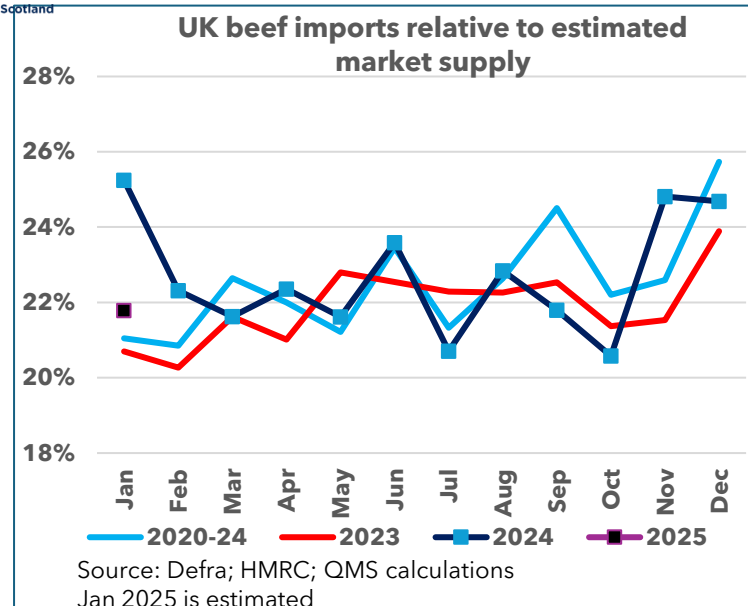
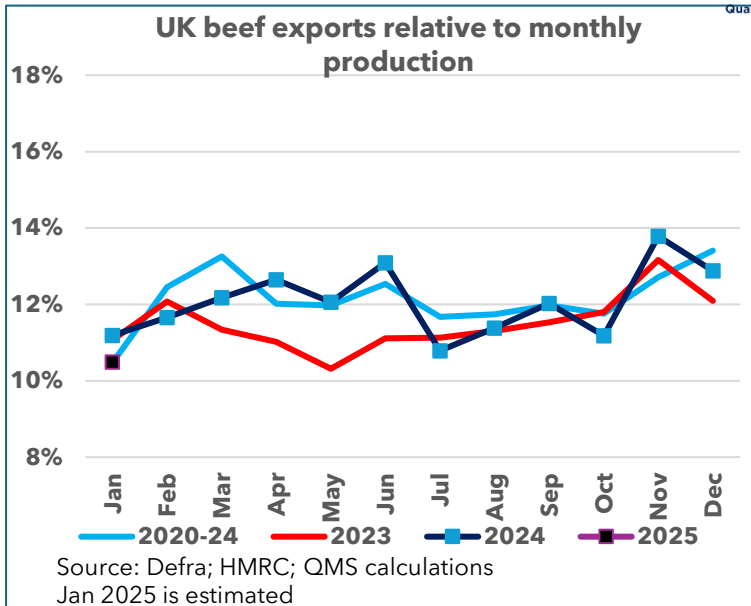
Imports from Australia and New Zealand accounted for 56% of non-EU shipments in December, with their calendar year share at 48% compared to 30.5% in 2023, as trade under the Free Trade Agreements which started on 31/5/23 continued to build. Australia and NZ accounted for 4% of total imports in 2024.

The EU supplied 91.7% of UK import volumes and bought 85.9% of UK exports in 2024.

Note:

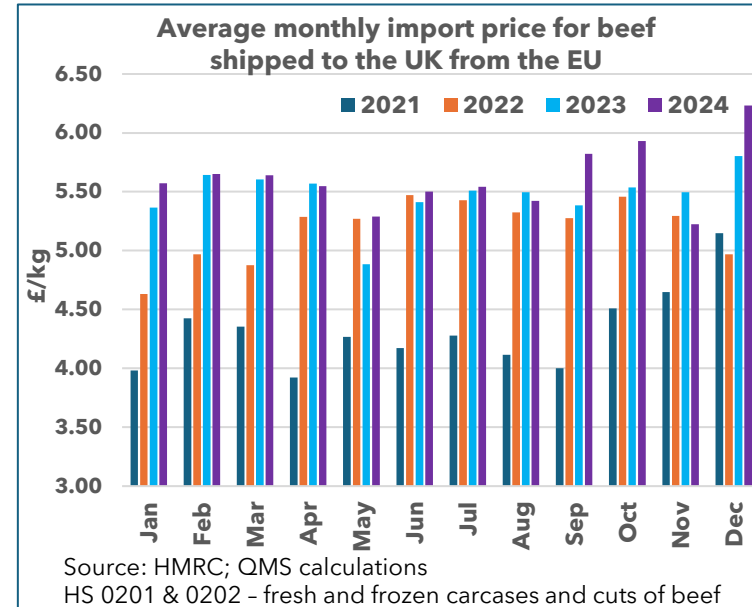
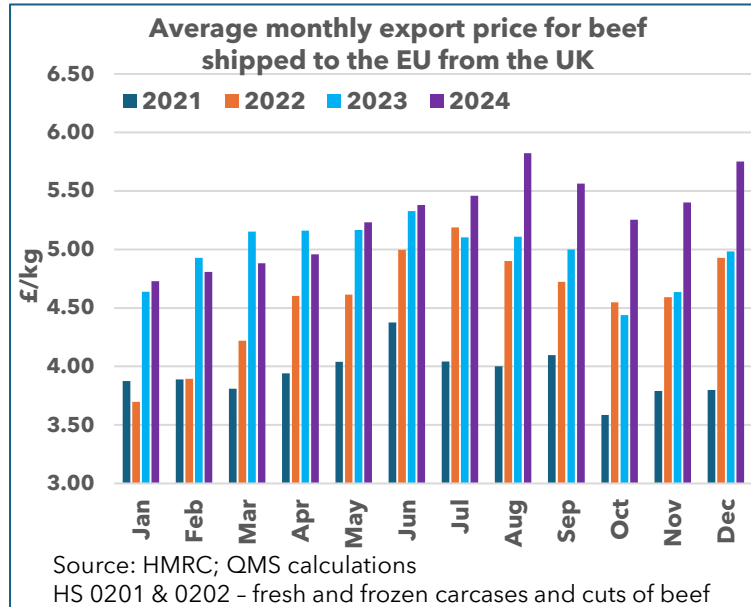
HMRC trade data covers HS codes 0201 & 0202 (fresh or chilled & frozen beef)

Estimates for January are based on seasonal trends in trade volumes and domestic production



Variables influencing international trade

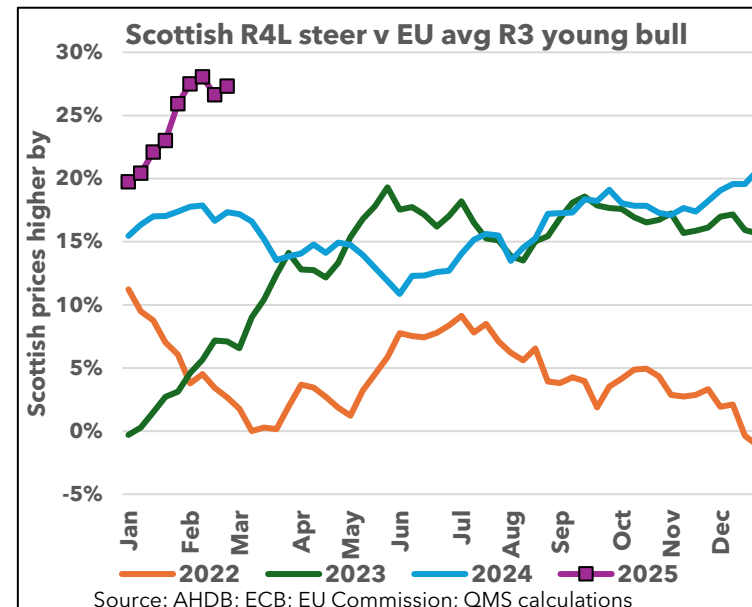
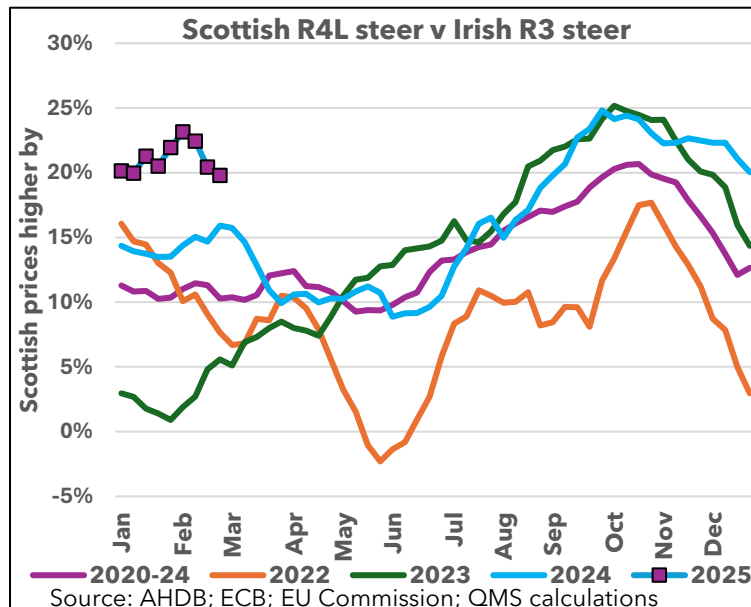
Scottish prices have shown an unusually strong premium at the start of 2025, but markets are tight across much of Europe, driving prices higher.



The Scottish premium over Ireland didn't fall as much as usual in the final weeks of 2024 and it held up at the start of 2025. However, it did narrow slightly in the second half of February.

After showing a general increase in the final quarter of 2024, EU beef prices have risen further at the start of 2025, just to a lesser extent than in Scotland, partly reflecting currency movements, which have seen the pound strengthen. As a result, the lead for Scottish R4L steers over the EU average for R3 young bulls widened from 20% at the beginning of the year to peak at 28% in mid-February, before softening slightly to end the month at 27%.

UK import and export prices reflected general market trends in the final quarter of 2024, rising significantly above year-earlier levels.



Selected EU cattle prices for R3 males, converted from euro to p/kg dwt

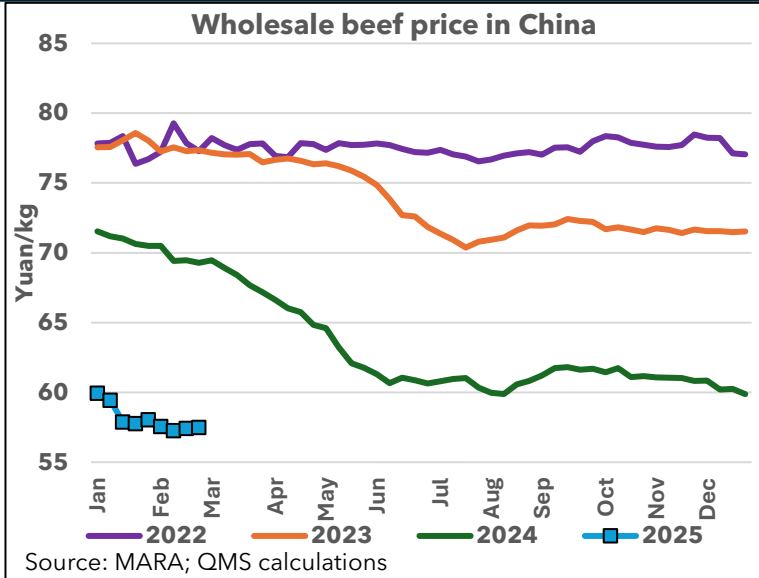
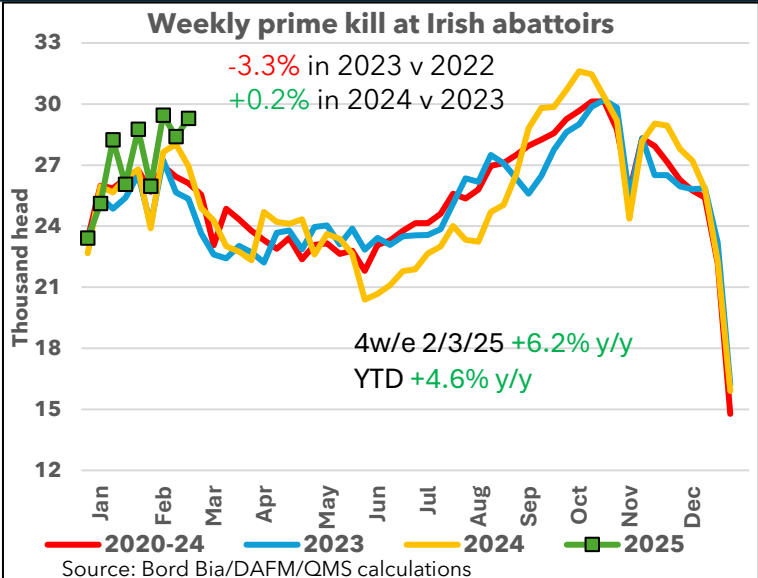
	Week 9 2025	Week 5 2025	Week 9 2024
Germany (young bull)	536.4	499.0	425.6
Netherlands (8-12 months)	512.1	500.7	394.3
Spain (young bull)	567.4	548.3	445.3
Poland (young bull)	497.2	479.5	411.9
Irish Republic (steer)	550.5	509.9	439.3
For comparison: Scotland R4L steer	658.5	621.8	509.2

Source: AHDB; EU Commission; LMC; QMS calculations

Please note that a +0.6% adjustment has been made to EU prices to reflect different spec and the weekly average exchange rate is sourced from the ECB

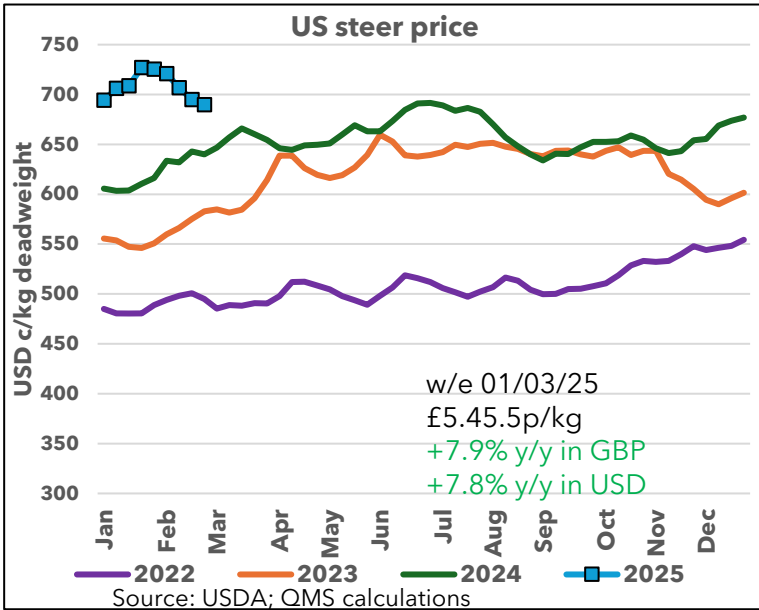
Variables influencing international trade

Tighter global market balance expected in 2025 as Brazil moves towards herd liquidation, EU supply tightens further, and US production rebalances lower.



In the Irish Republic, prime slaughter has made a surprisingly strong start to the year, with increases over 2024 underpinned by an elevated heifer kill, which has more than offset any tightness in younger cattle reaching slaughter age. However, production is set to fall seasonally towards an annual low in the second quarter. At EU level, production is expected to fall slightly this year, placing it around 10% below its 2018 peak, ensuring that competition for beef remains strong.

In the global market, while beef prices are still under pressure from weak purchasing power in China, Brazil is moving from herd liquidation into a period of tighter supply and market prices have rebounded in Australia, where production is now close to its cyclical peak. US beef prices remain historically firm with its production levels adjusting downwards following drought in 2021 and 2022, and the declines in output are expected to continue this year. However, increased tariffs on imports to the US and retaliatory measures put in place by trading partners could limit any further upwards pressure on prices through the demand channel.



The USDA is projecting a 1% reduction in global beef output in 2025. Significant supply and demand imbalances mean that competition for beef is set to remain strong, and global imports are projected to be 15% higher than in 2020.

Cattle on Irish farms in June (thousand head)

Age group	2022	2023	2024	y/y change 24 v 23
Cows	2,540.5	2,518.7	2,449.3	-2.8%
<12 months	2,134.5	2,074.2	2,026.4	-2.3%
<12 v cows	84.0%	82.4%	82.7%	+0.5%
1-2 years	1937.7	1910.8	1846.4	-3.4%
2+ (males & non-breeding females)	735.2	791.3	812.0	+2.6%

Source: CSO; QMS calculations

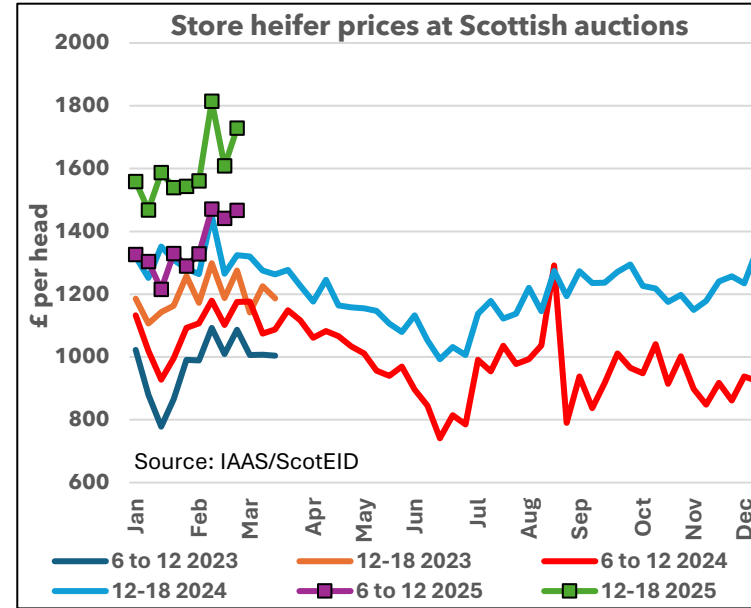
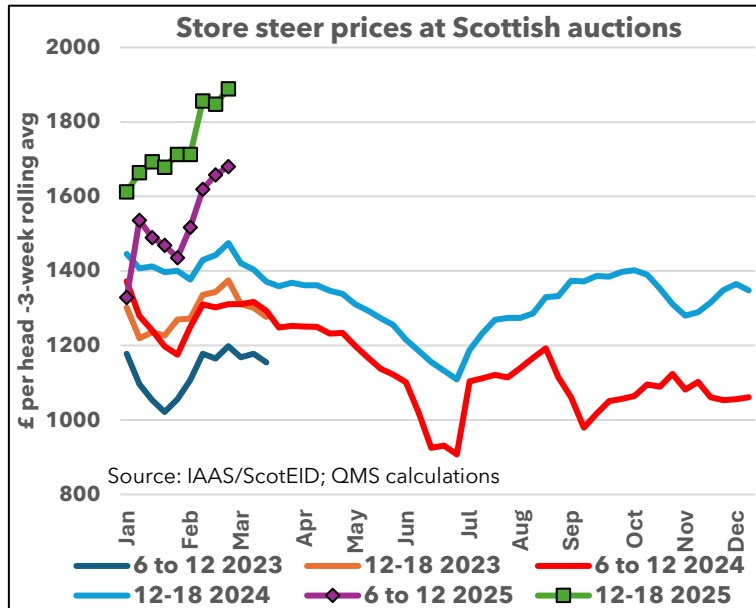
USDA Global Beef Market Forecasts, October 2024
(million tonnes carcase weight)

Key indicators	2022	2023	2024	2025
World, production	59.33	59.96	61.38	60.90
USA, production	12.89	12.29	12.30	11.81
Brazil, production	10.35	10.95	11.85	11.75
EU, production	6.72	6.46	6.60	6.50
Australia, production	1.88	2.22	2.56	2.62
All countries, imports	10.23	10.32	11.13	11.18
China, imports	3.50	3.58	3.78	3.83
USA, imports	1.54	1.69	1.99	2.01
EU, imports (from non-EU sources)	0.37	0.36	0.37	0.36

Source: USDA Foreign Agricultural Service

Store cattle trade

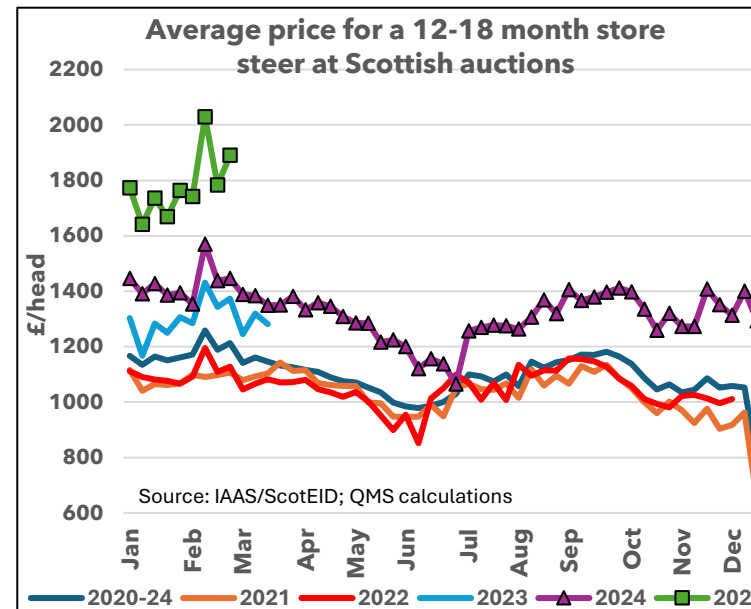
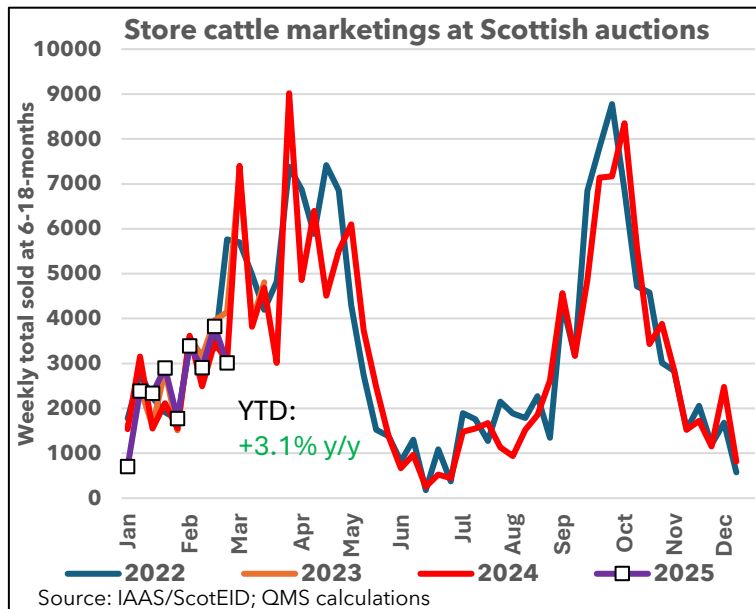
Prices have rebalanced higher to reflect the strong market for finished cattle.



Store cattle prices have made a strong start to 2025, rebalancing higher in line with the finished beef trade.

Despite a smaller calf crop in 2024, auction throughput has been higher so far this year, without dampening prices.

It is possible that higher throughput in 2025 reflects that high prices have encouraged some producers to sell extra calves store rather than finishing at home, although it is a little too early to draw conclusions on this given that the peak spring selling period is only just starting.



4 weeks to 1/3/24

Store cattle prices		y/y change
Steers, 6-12 months	£1,660	+27.2%
Steers, 12-18 months	£1,856	+28.6%
Heifers, 6-12 months	£1,424	+25.6%
Heifers: 12-18 months	£1,669	+26.9%
Store cattle marketings		y/y change
All steers & heifers, 6-18 months	13,100	+4.0%

Source: IAAS/ScotEID; QMS calculations
Prices rounded to nearest £1 and numbers to nearest 100



SHEEP MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices and availability for slaughter

- An increased carryover of hoggs has ensured a flatter pricing trend for lambs at the start of 2025, with a more limited upturn for Ramadan than had been the case in 2024. Nevertheless, prices remained historically high for the time of year at the start of March, close to the 350p/kg lwt mark.
- While a sharp reduction in auction and abattoir throughput in the second half of 2024 pointed to the potential for a significant carryover of hoggs into 2025, GB lamb slaughter continued to contract on a year-earlier in January. However, auction marketings in Scotland have exceeded year-earlier levels at the start of 2025, and although they rose by less than expected in the run up to Ramadan, they increased further at the start of March, returning close to their pre-Christmas peak.

02 Consumer demand

- GB retail data indicates that the higher farmgate prices of 2024 have started to pass through to retail prices and that demand has cooled. In the 12 weeks to late-January, spending fell 1.5% on a year earlier according to Kantar, translating into a reduction of more than 8% in the volume sold, with fewer households buying lamb and buying it less often. Looking ahead, Easter is three weeks later this year, moving the peak level of demand to mid-April.

Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
New season SQQ lamb price at Scottish auctions	p/kg lwt, w/e 5 March	347.43p/kg	-7.16p	+1.3%	+1.6%	+27.9%
Total lamb marketings at Scottish auctions	Average in four weeks to 5 March, head	23,062		+17.3%	+4.8%	+8.2%
Lamb slaughter at GB abattoirs	Total between November 2024 and January 2025, million head	2.962m			-5.7%	-8.4%
UK sheepmeat market supply	Tonnes in Nov 2024 to Jan 2025 (estimate)	66,800			-3.4%	-9.3%

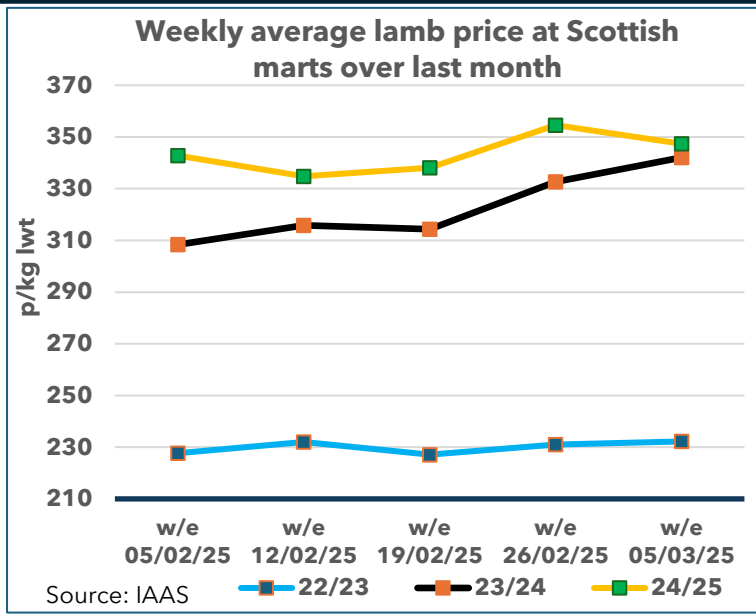
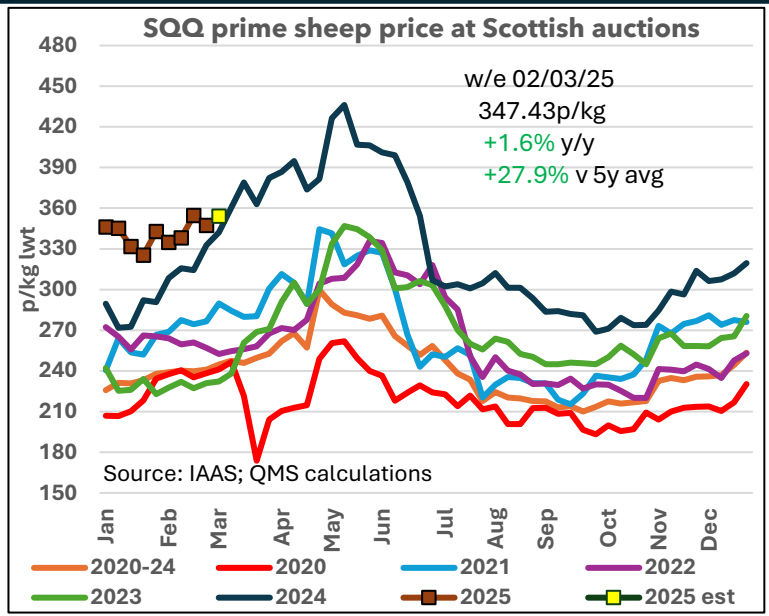
03 International trade

- Wholesale prices in France for imported lamb continue to signal an attractive export trade, although there was only a slight lift in prices for Ramadan. While UK export volumes fell from a year-earlier in the final quarter of 2024, this reflected the reduction in domestic production.
- Although now rising in price, lamb produced in Australia and NZ continues to look highly competitive, supporting UK import demand along with the underlying tightness of domestic supply. The market absorbed higher imports in 2024 without any significant downwards pressure on domestic farmgate prices, and a smaller NZ lamb crop could limit further import growth in the run up to Easter.



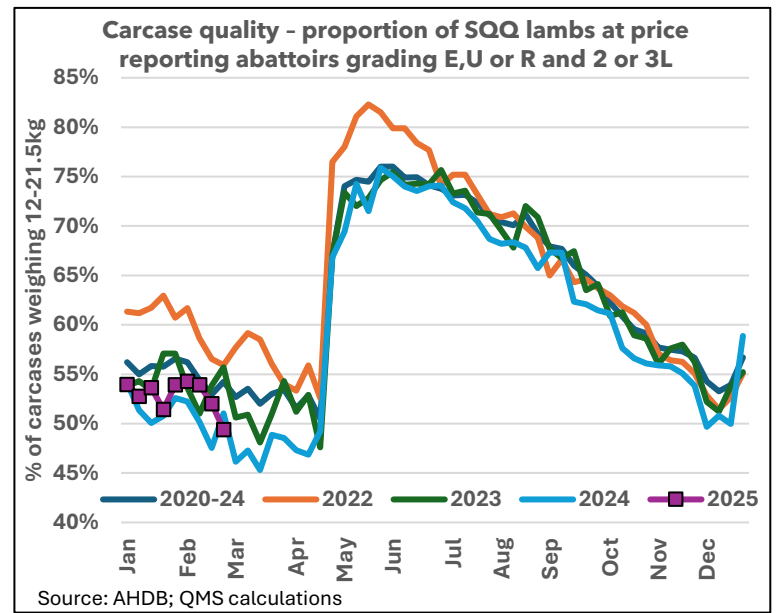
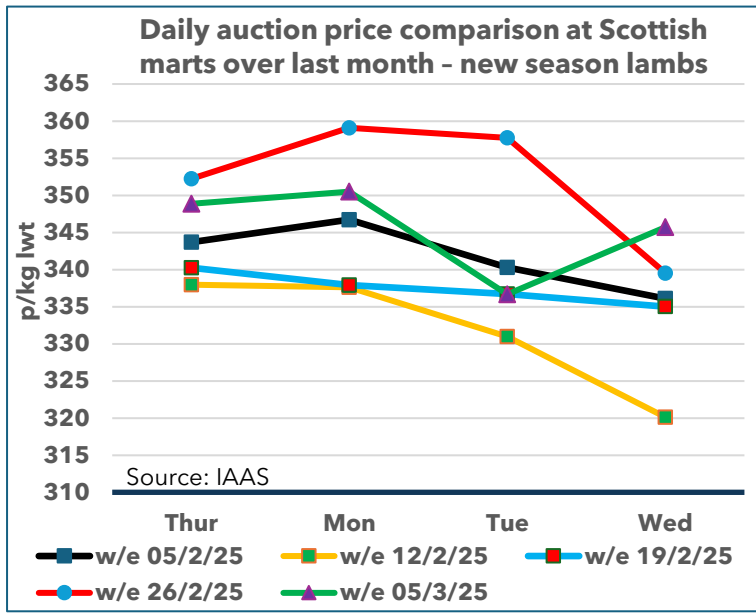
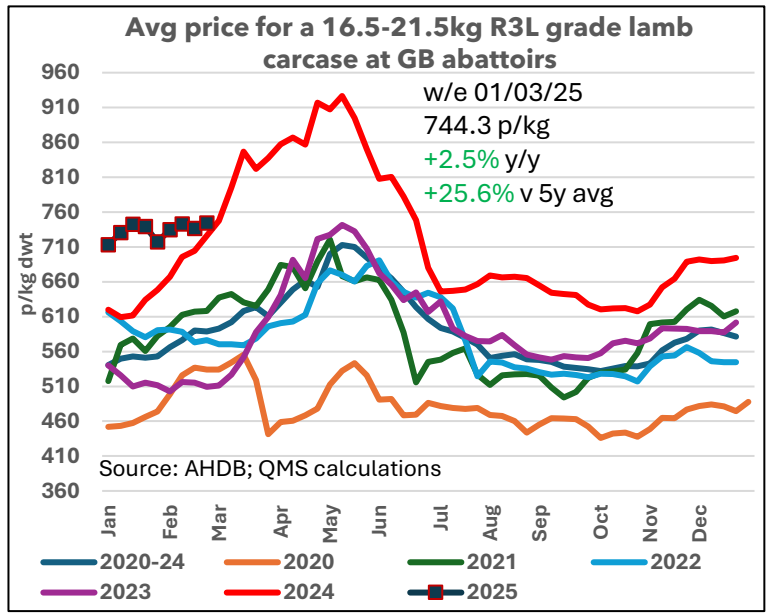
Farmgate prices - prime sheep

an increased carryover of hoggs has resulted in a relatively flat pricing trend in the first two months of 2025, with only a slight lift for Ramadan, and with prices converging on where they were at the start of Ramadan in 2024. Nevertheless, prices remain historically high for the time of year.



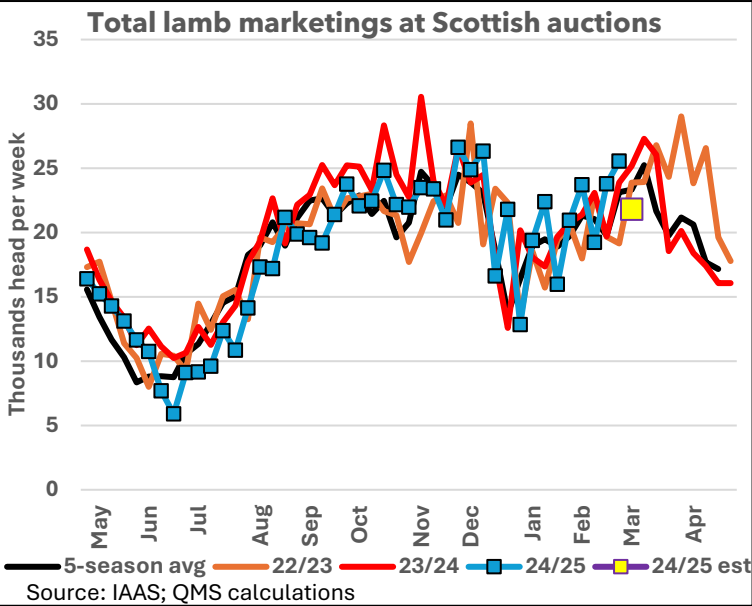
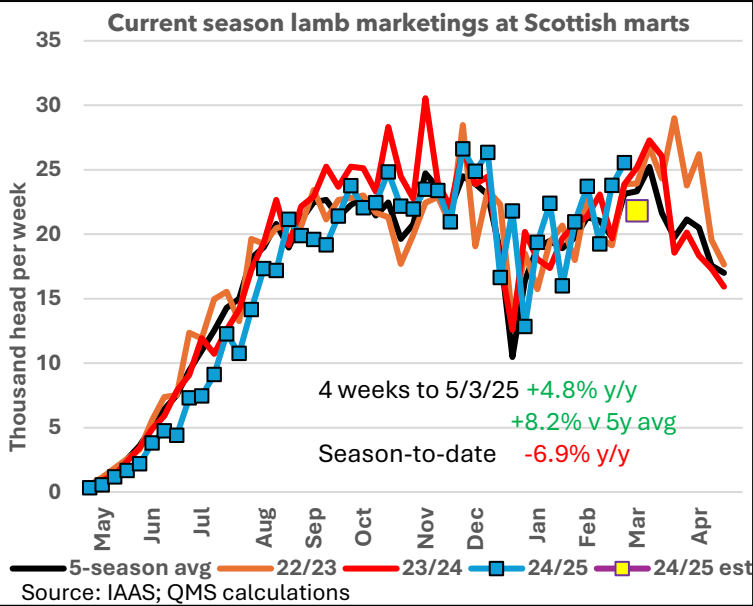
Lamb prices started the year on a firm footing following the lower marketing period of the festive season. After a dip in the second half of January prices rebounded in February and then took a small uplift ahead of Ramadan at the end of the month. A second week of elevated marketings at the start of March saw prices soften slightly again, but they were still slightly higher than at the turn of the year. However, there was a more significant upturn for Ramadan last year, and the flatter pricing trend this year has meant that prices have begun to converge with 2024 levels. Nevertheless, while up less than 2% on the year at the start of March, lambs still traded at a record high for the time of year.

GB deadweight prices have also shown a flatter pricing trend at the start of 2025, with little upwards momentum for Ramadan, and historical comparisons have remained similar to those of the Scottish auction trade.



Availability and slaughter

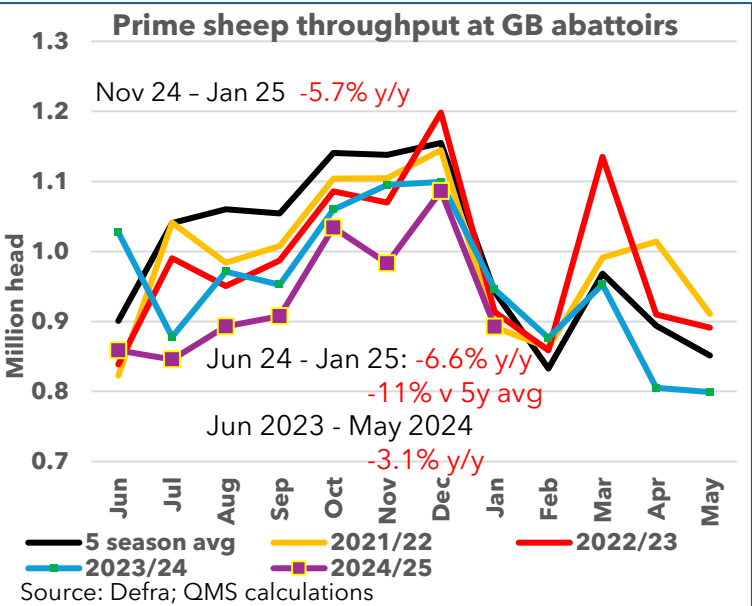
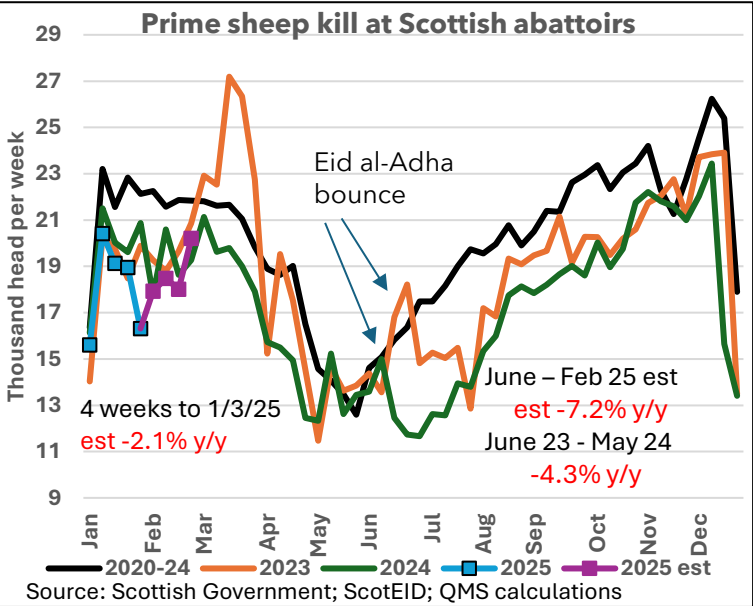
A sharp reduction in auction and abattoir throughput in the second half of 2024 pointed towards a significantly higher carryover of hogsgs into 2025. While GB abattoir throughput remained surprisingly soft in January, auction marketings have exceeded year-earlier levels in Scotland, returning close to their pre-Christmas peak at the start of March after a modest uplift for the start of Ramadan.



June census results from 2024 suggest that the GB lamb crop may have fallen by less than 2% in 2024. Given the much steeper decline in auction and abattoir throughput in the second half of 2024, it signalled the potential for a significantly higher carryover of hogs into 2025.

While the GB abattoir kill remained surprisingly soft in January, auction data suggests that extra hogs are now showing up in Scotland. Although auction marketings in the week leading up to Ramadan showed a relatively modest uplift, there was a further increase at the start of March, returning close to the pre-Christmas peak. Assuming there are still extra hogs on farm, there could be a large pre-Easter marketing period.

At Scottish abattoirs, lamb slaughter has had a subdued start to 2025 and there was a limited increase ahead of Ramadan.



Latest Census Results – Scotland, England & Wales (% change y/y)

June 2024 – Scotland, England and Wales

	Sco v 2023	Eng v 2023	Wal v 2023
Ewes for further breeding & slaughter	-2.3%	-4.7% y/y	-0.8%
New season lambs	-1.6%	-3.1% y/y	+2.6%

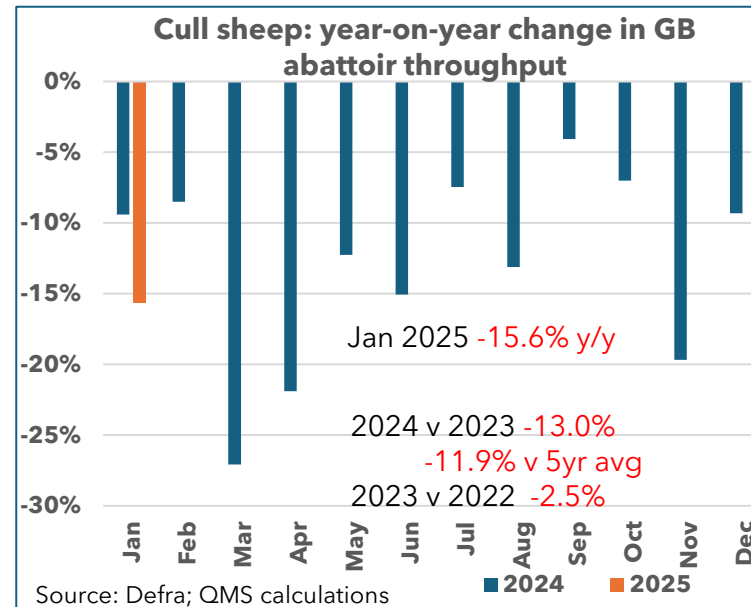
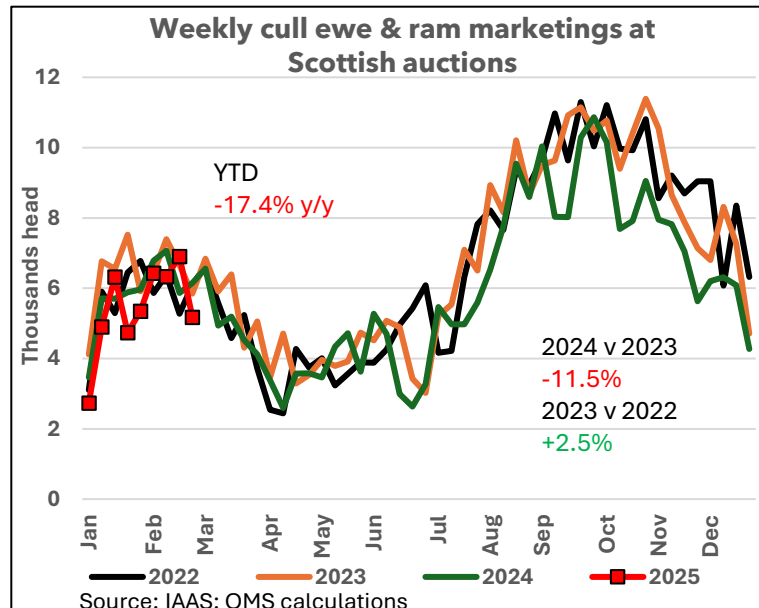
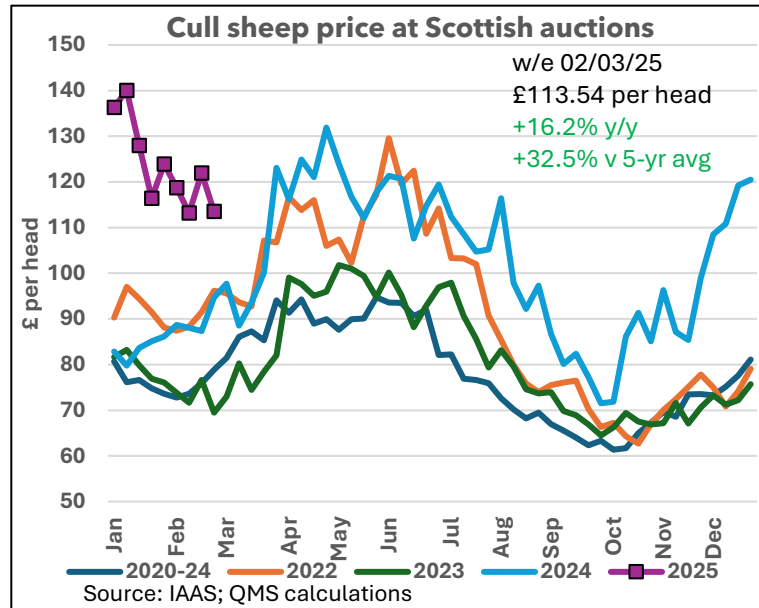
December 2024 – England

	Sco v 2023	Eng v 2023	Wal v 2023
Total female breeding flock	na	-4.7% y/y	na
Lambs	na	+3.5% y/y	na

Source: Defra; Scottish Government; Welsh Government; QMS calculations

Cull sheep market

Cull ewe prices remain historically high for the time of year, driven by a sharp reduction in ewe slaughter coupled with firm demand, and there was a lift at the end of February for Ramadan.



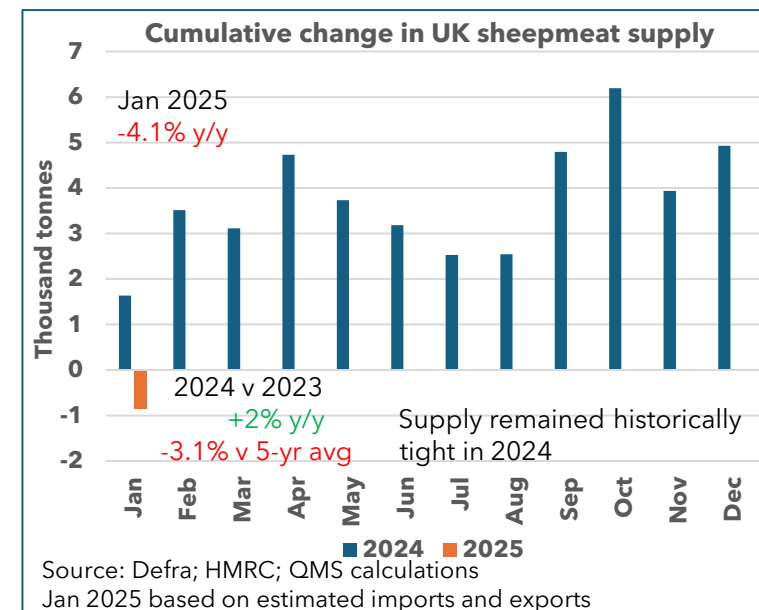
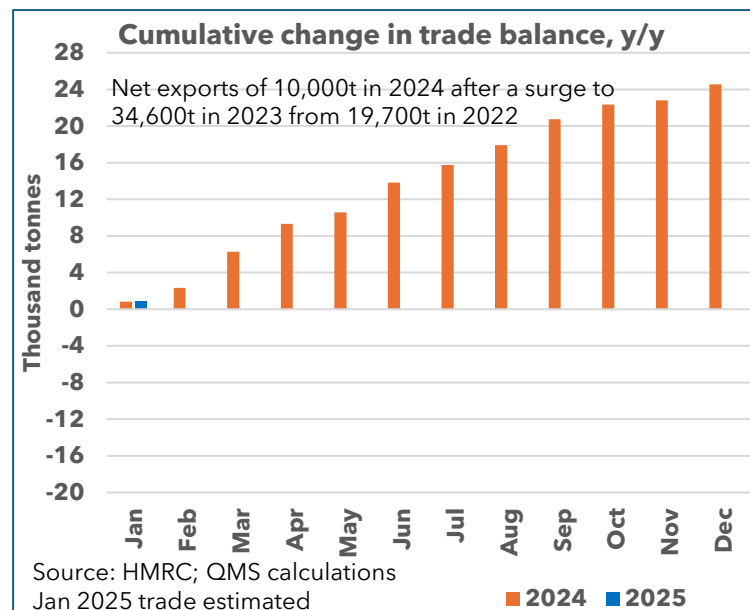
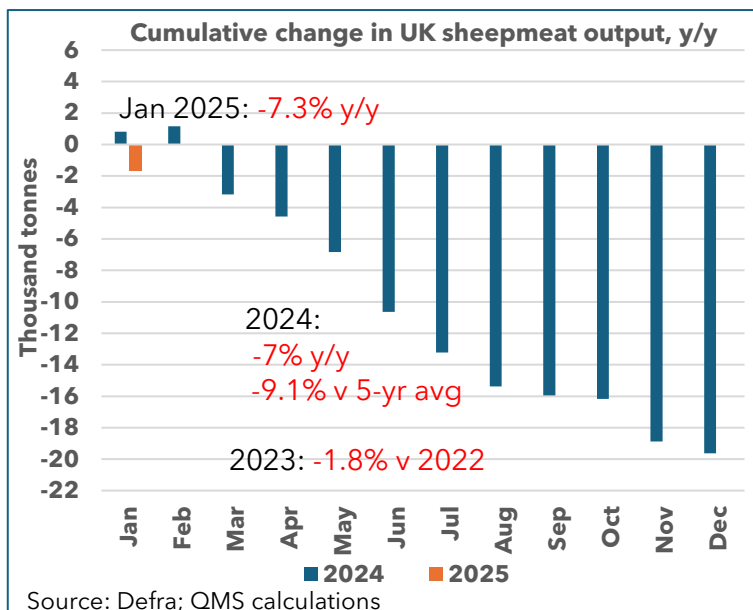
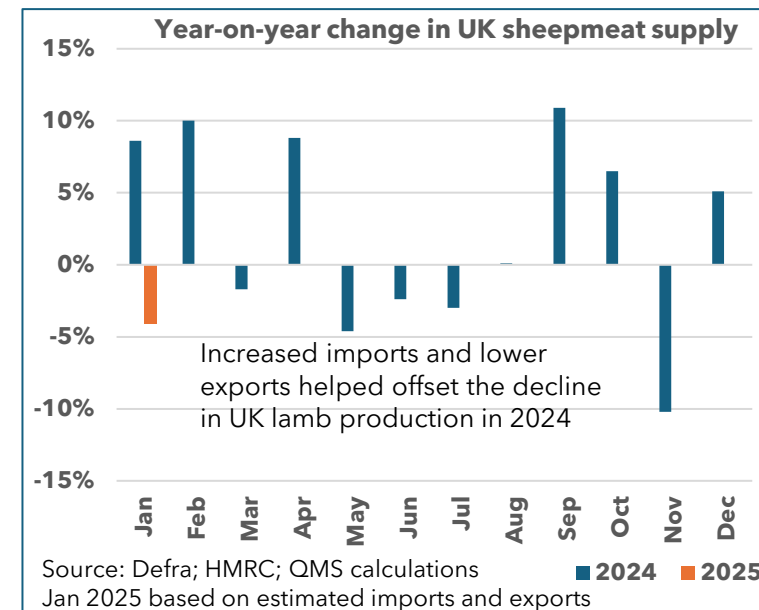
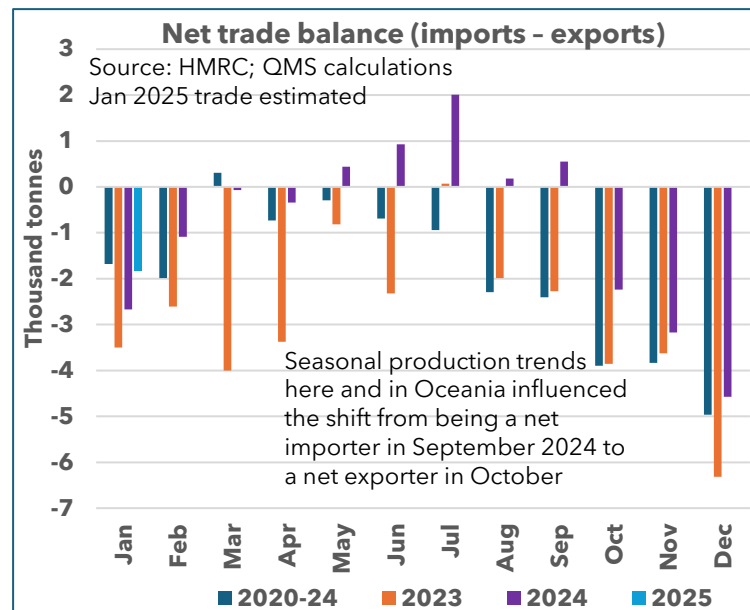
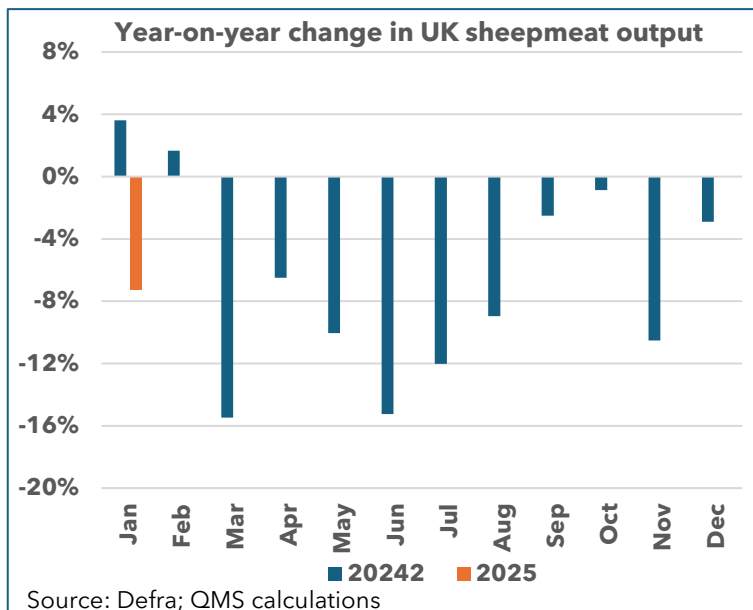
Cull ewe prices have fallen back from the highs of the festive period at Scottish marts but remain historically high for the time of year. A seasonal rise in marketings has placed some downwards pressure on prices in recent weeks, but this may be about to change given the start of Ramadan, which resulted in a lift in prices towards the end of February, plus the annual low period for auction throughput fast approaching.

Prices have continued to look historically high for the time of year due to a sharp reduction in ewe slaughter in 2024, which continued in January. While the scale of the fall in slaughter points towards flock rebuilding, England's December census results signalled a sharp reduction in the ewe flock.

Though remaining a small share of the total number of ewes going for slaughter from Scottish farms, the Scottish abattoir kill of ewes and rams surged in 2024, with nearly 30,000 processed compared to a total of less than 21,000 in 2023. However, numbers fell back to average less than 400 head per week in the final quarter, and Scottish slaughter statistics for January suggested that this lower level had been maintained at the start of 2025.

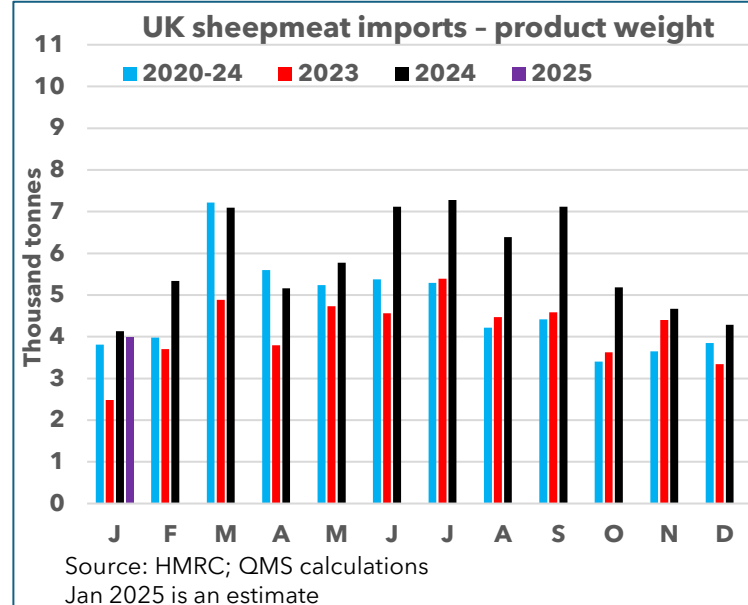
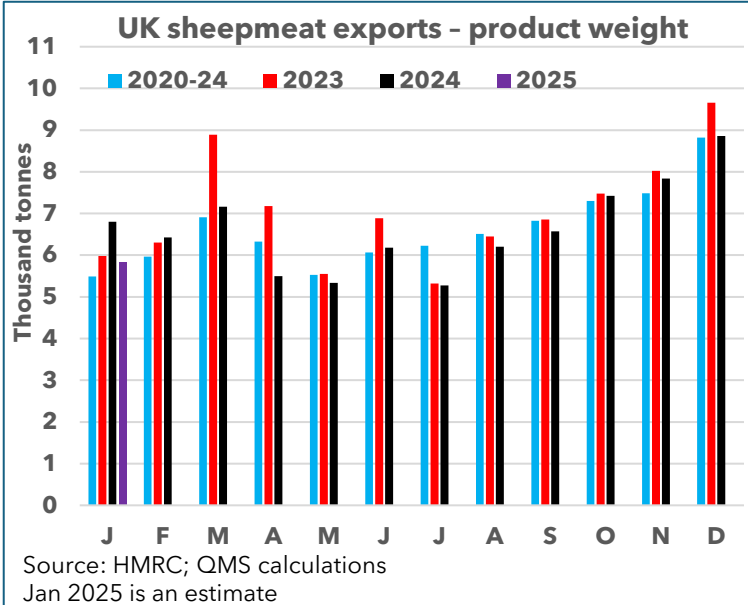
UK sheep market supply

domestic production + (imports – exports) = supply



UK international trade

Export sales continued to look historically firm at the end of 2024, although tight supply did squeeze volumes relative to late-2023. Import volumes declined seasonally through the final quarter of 2024 and while they continued to show significant year-on-year increases, there may be limited room for further growth in 2025.



In December, UK sheepmeat exports continued to rise seasonally and set a new high for the year for a third month running. Though still below year-earlier levels for a tenth straight month, they were slightly ahead of the five-year average, and well above it after factoring in lower domestic production. The price of lamb at Rungis market in Paris continues to point to attractive export margins and that demand is robust at a higher price point, reflecting a tight market balance in the EU where production has been trending downwards.

UK sheepmeat imports showed a further seasonal reduction in December and were at their second lowest of 2024, reflecting the start of the new season in the Southern Hemisphere. Nevertheless, volumes continued to grow considerably from the same month of 2023, driven by tight domestic supply and highly competitive prices in Australia and New Zealand. Imports were up 28% year-on-year but, unlike summer and autumn, looked soft relative to pre-covid levels, which may be a sign of a slowdown in production growth in the Southern Hemisphere at the start of the 2024/25 season. In the year as a whole, imports were at their highest since 2018.

While a tight market will be continuing to underpin import demand, a contraction in the NZ lamb crop and a peak in the Australian production cycle may limit further import growth in 2025 (see page 20).

In December, imports from NZ (2,200t) were up by 87% year-on-year while the volume arriving from Australia (1,300t) was a seven-month low but still up 21% year-on-year.

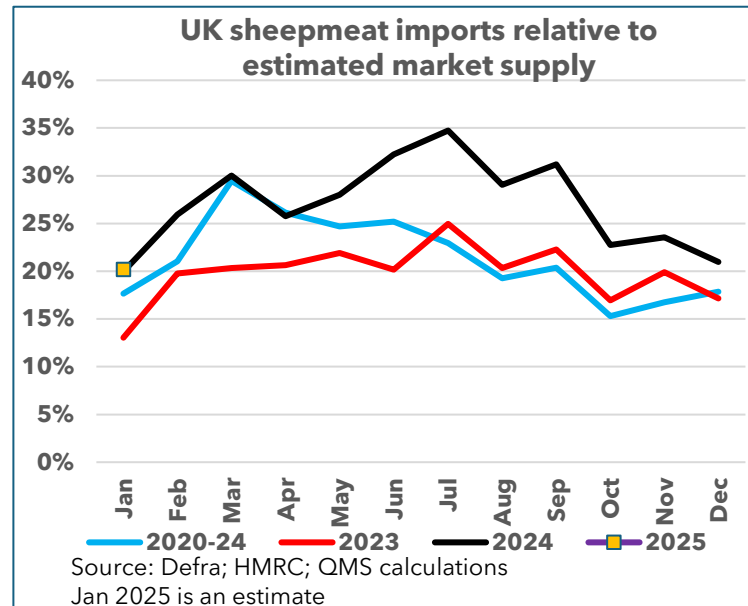
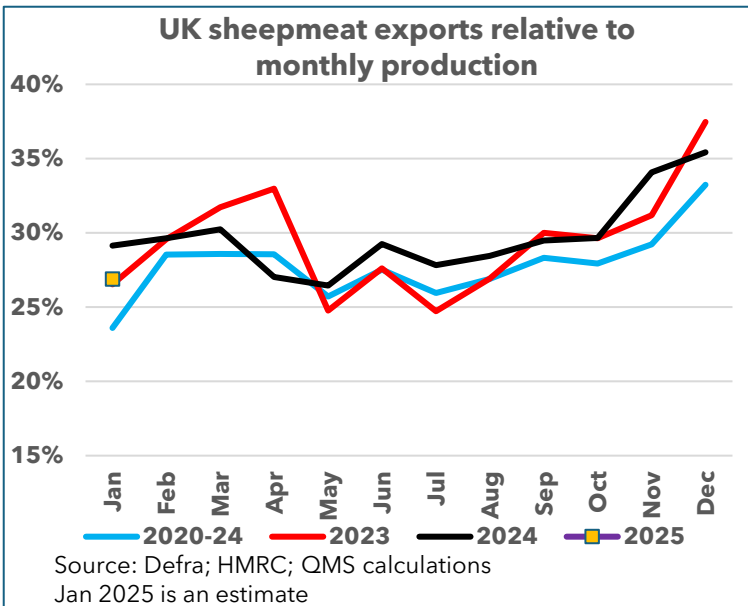
Although imported sheepmeat continued to trade at highly competitive prices, averaging around £5,000 per tonne from NZ and £5,600/t from Australia, prices have begun to rebound from the lows of 2023. Indeed, imports from NZ were 4% dearer than in December 2023 while there was a 38% increase for Australian sheepmeat.

Although higher imports due to the Free Trade Agreement with Australia remain a long-term downside pricing risk, the market has been strong enough to easily absorb this product so far.

Note:

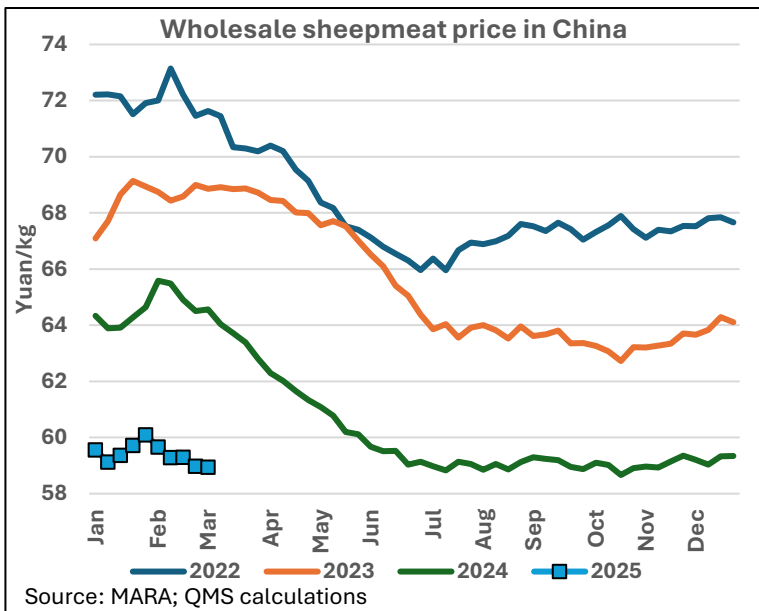
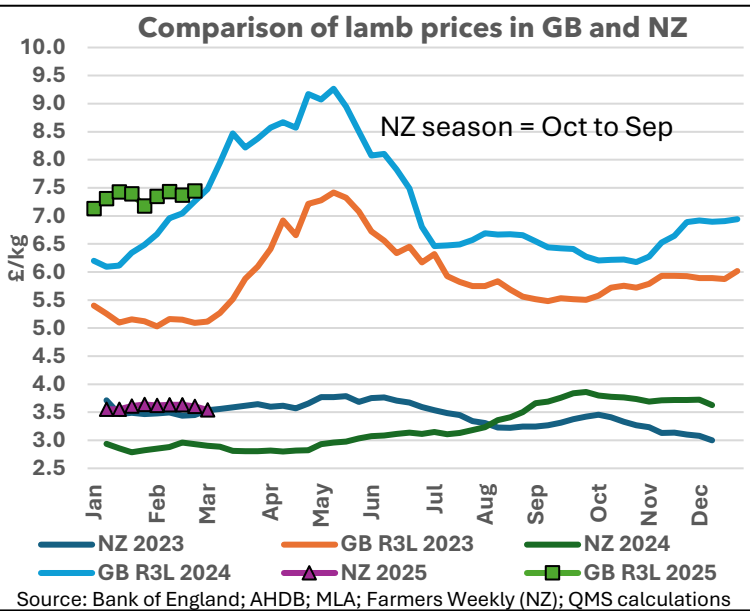
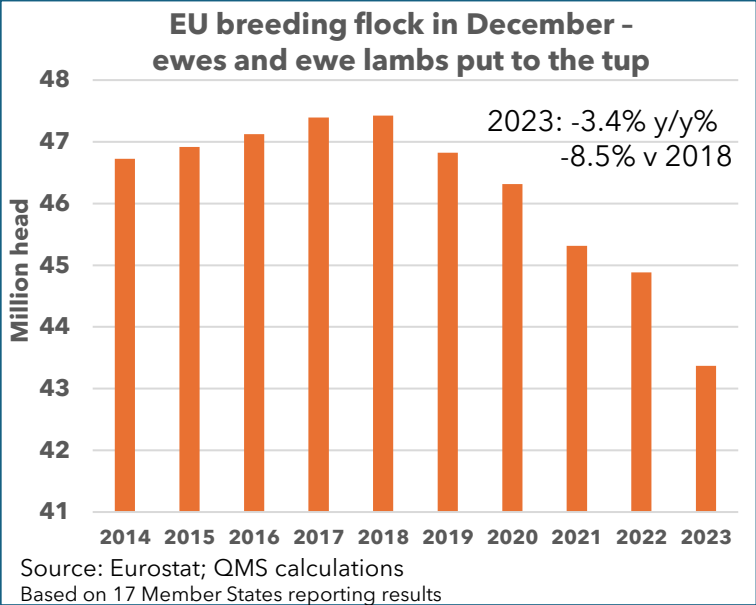
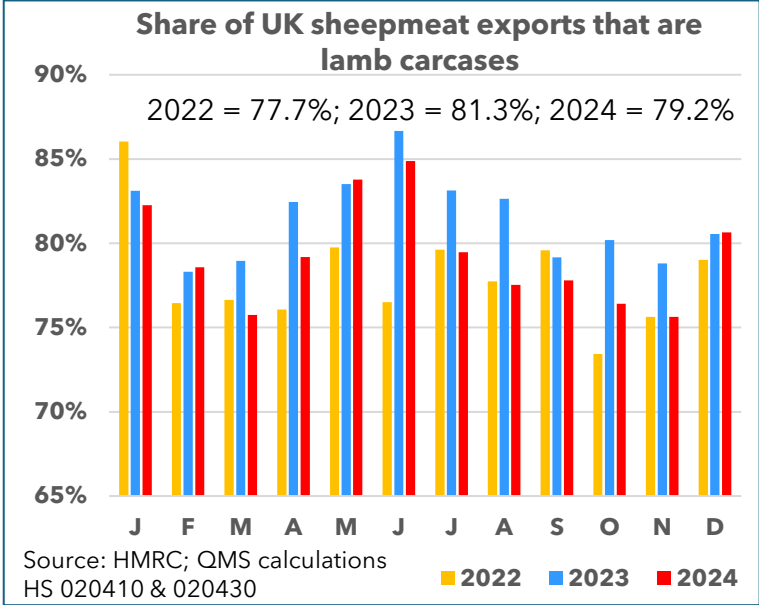
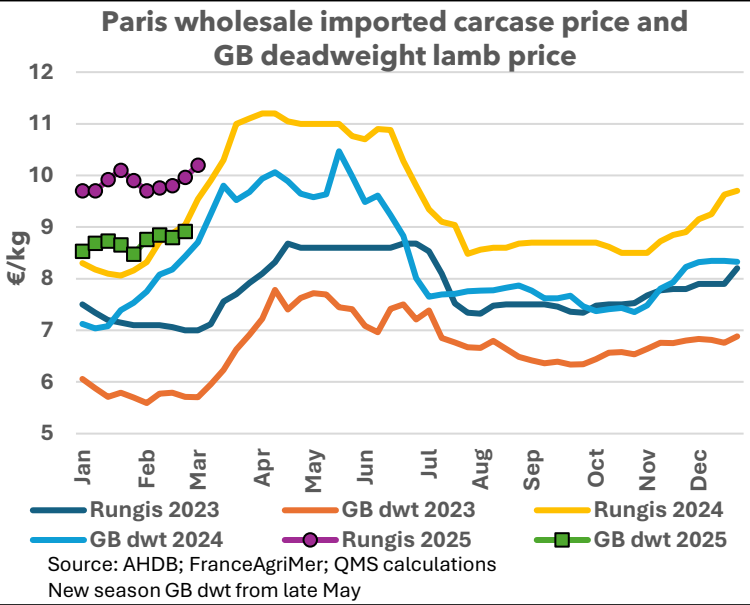
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat)

Estimates for January 2025 are based on seasonal trends in trade volumes and domestic production



Variables influencing international trade

Wholesale prices in France for GB lamb have continued to trade significantly higher than last year, reflecting a tight EU market balance, and export margins continue to look attractive. However, there has been limited uplift for Ramadan. Lamb produced in Australia and NZ remains highly competitive, supporting UK import demand along with the tight domestic market, but potential for further growth in imports from NZ could be limited by a sharp fall in production this season, while any further uplift in Australia's production in 2025 could be from mutton rather than lamb.



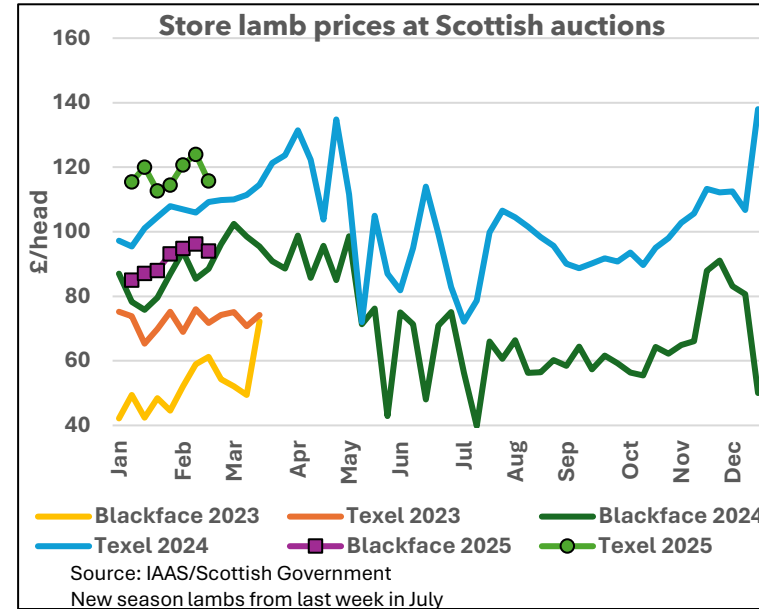
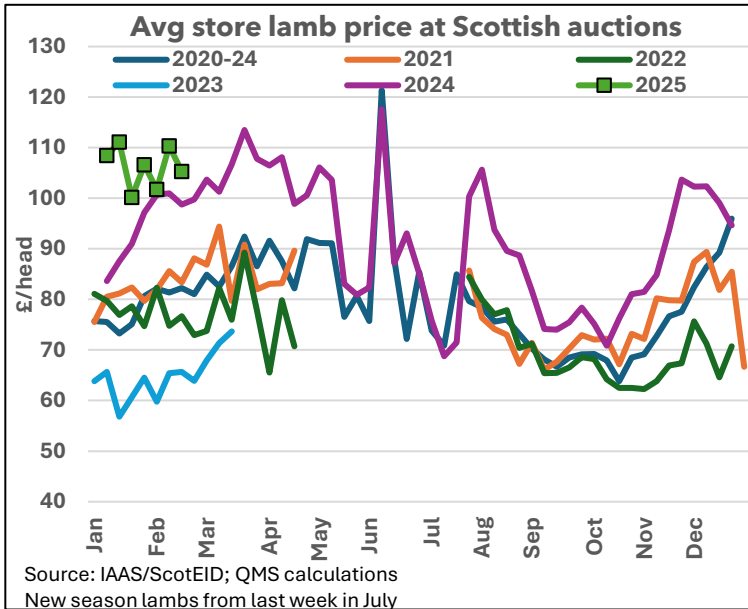
Oceania lamb production forecasts

	2022	2023	2024	2025	25 v 24
Australia: September 2024 Industry Projections (thousand tonnes)					
Sheepmeat production	710	849	915	924	+1%
Sheepmeat exports (product weight)	428	536	582	589	+1%
New Zealand: Lamb Crop Report, December 2024 (head)					
	2023/24	2024/25	y/y change		
Ewes to ram	14.80m	14.37m	-2.9%		
Total lamb crop	20.24m	19.16m	-5.3%		
Export lamb processing	18.2m	17.0m	-6.5%		

Source: MLA; Beef + Lamb NZ; QMS calculations

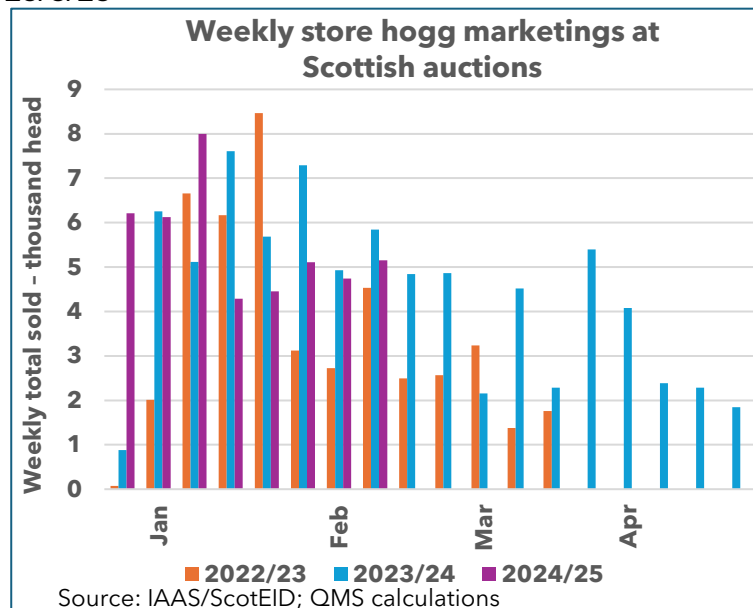
Store sheep trade

Seasonally low volumes, which have been lower than last year, and firm prices for finished lambs have supported store lamb values at the start of 2025



Store lamb values have continued to look firm at the start of 2025, underpinned by the combination of seasonally low volumes, which have been lower than last year, plus a strong finished lamb trade. In the final week of February, prices averaged 30% above the 2020-24 average.

Note: Prices may not be displayed between May and July due to small volumes and volatile prices; no data available for 2023 after w/e 25/3/23



Store lamb trade at Scottish auctions, 4 weeks to 1/3/25

Category	Average	% change y/y
Overall average	£105.80	+5.8%
Blackface	£95.70	+8.7%
Cheviot	£104.40	+13.5%
Suffolk	£116.00	+5.8%
Texel	£119.00	+10.7%
Weekly average number	4,600	-15.0%

Source: IAAS/ScotEID; QMS calculations
Prices rounded to nearest 10p



PIG MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices

- Per kilo pig prices have softened seasonally at the start of 2025, although a sharp seasonal increase in carcass weights has supported the overall value of a carcass. Prices have held around 20-25% above the five-year average, supporting the slow recovery of producer finances.

02 Slaughter numbers

- GB abattoir throughput showed a small rebound in 2024 and this trend had been expected to continue in 2025 given the continuing favourable balance between farmgate prices and input costs. However, the December census results for England are now signalling the potential for a more significant increase in domestic production this year, and this showed up in the January slaughter data published by Defra. While availability for slaughter has been at a seasonally high level, the deadweight price reports have signalled that it is has begun to slip back.
- A 4% rebound in the number of pigs leaving Scottish farms for slaughter in 2024 continued at the start of 2025, supporting some year-on-year increase in slaughter at Scottish abattoirs in January. However, the number leaving farms tightened in February without pressuring the kill at Scottish abattoirs.

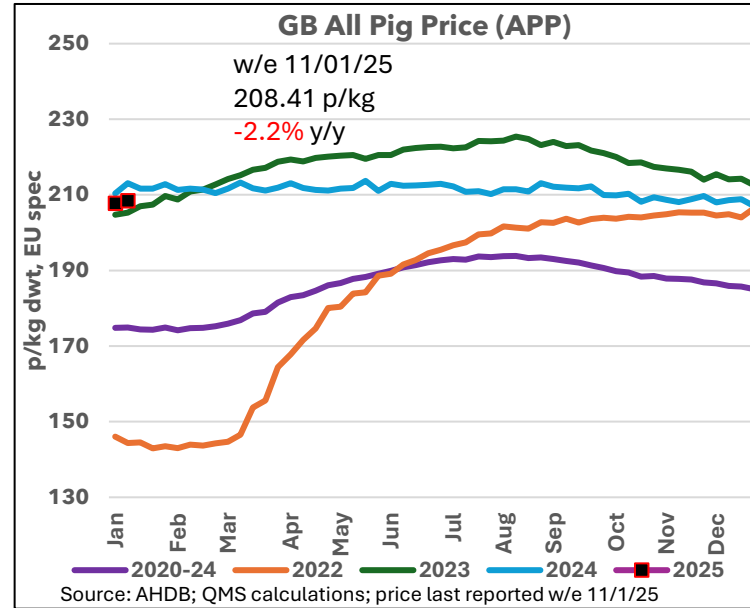
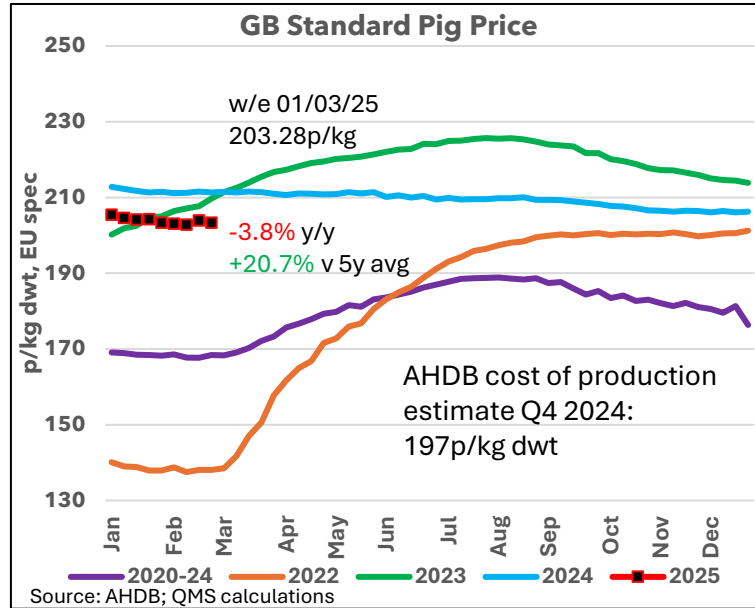
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
GB Standard Pig Price (SPP)	p/kg dwt, w/e 1 March	203.26p/kg	-0.68	+0.0%	-3.8%	+20.7%
Average carcass weight of standard pigs	Average in four weeks to 1 March, EU spec	91.68		-0.3%	+1.1%	+1.7%
Prime pig slaughter at GB abattoirs	Total during January 2025, thousand head	734.5		-1.5% (change in daily avg kill Jan v Dec)	+9.3%	+1.0%
UK pig market supply	Tonnes in Nov 2024 to Jan 2025 (estimate)	345,100			+5.8%	+2.2%

03 International trade and market supply

- UK pig market supply rebounded strongly in 2024, mostly driven by a recovery in domestic production from a slight lift in throughput and heavier weights. Soft overseas demand limited UK exports in 2024 but imports only edged higher despite highly attractive EU price levels.
- There has been little sign of a tighter Chinese pork market leading to a significant increase in import demand in 2024 or early-2025, and the USDA has signalled limited room for growth in global trade flows this year despite a further fall in production. However, the reauthorisation of two UK sites to export to China may generate opportunities.

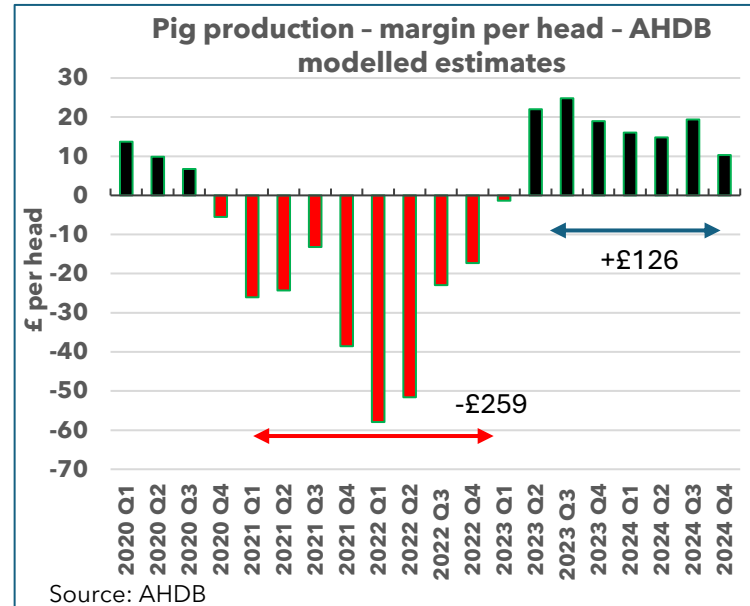
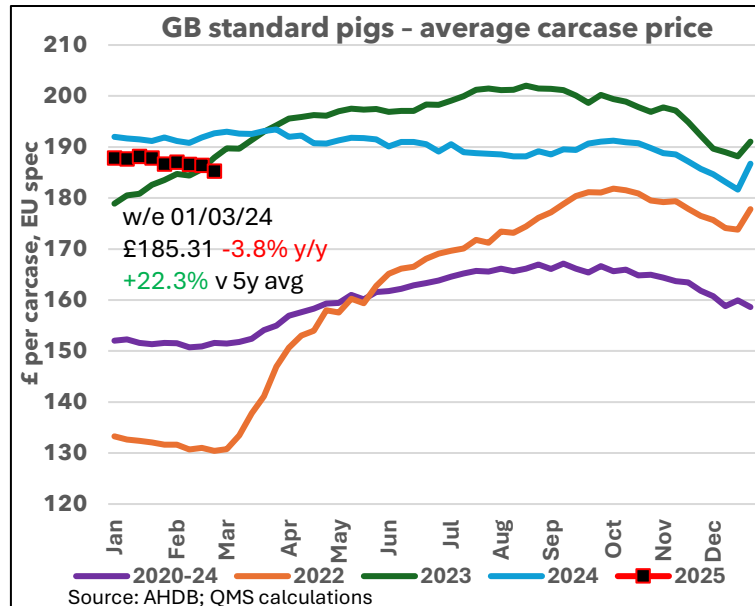
Farmgate prices – prime pigs

Pig prices have stabilised after a slight seasonal downturn, although a sharp seasonal reduction in carcase weights has reduced the overall value of a carcase. Prices have held around 20-25% above the five-year average, supporting the slow recovery of producer finances.



Pig prices have stabilised after a slight seasonal downturn, although a sharp seasonal reduction in carcase weights has reduced the overall value of a carcase. A smaller dip in prices between summer and winter has seen the the year-on-year price deficit narrow slightly, while prices have held around 20-25% above the five-year average.

The current combination of farmgate prices and feed costs is likely to be supporting recovery in producer finances from the period of substantial losses in 2021/22. However, the scale of past losses means that producer confidence remains relatively weak, limiting the potential for any expansion of production.

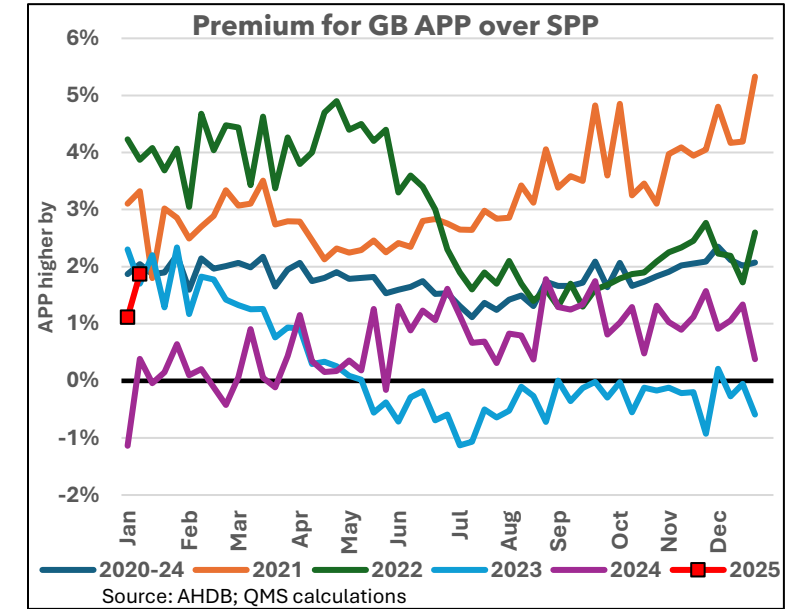
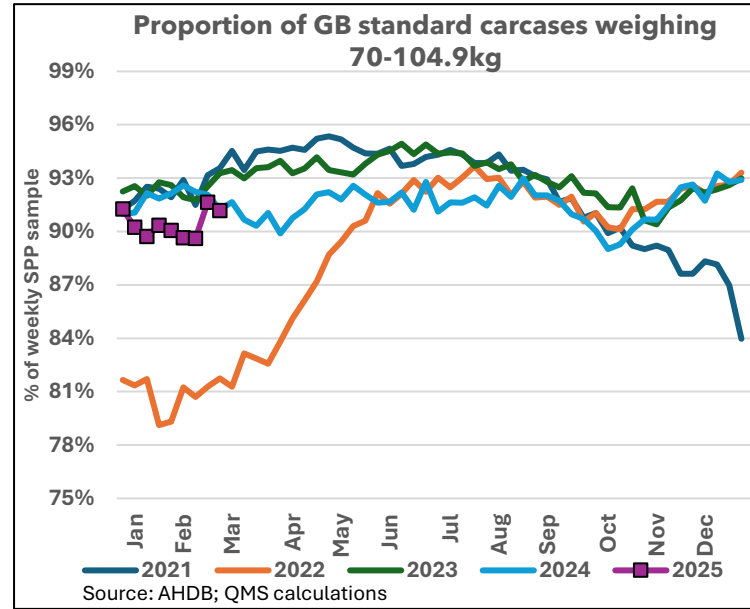
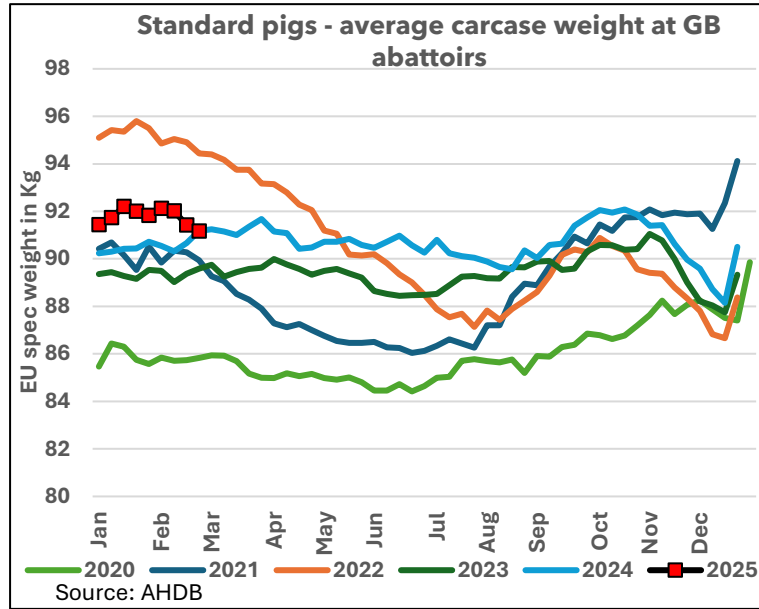


Please note that the reporting of the APP, which is collected from pig marketing groups rather than from abattoirs, has been placed on hold due to concerns over the sample size following the announcement of the merger of three major marketing groups.

Please note: pigs owned by processing companies excluded from deadweight price reporting; merger of major marketing groups has prevented the APP from being reported since w/e 11/1/25.

Indicators of market disruption

Carcase weights started 2025 at an elevated level, reflecting an increased proportion of heavy pigs on the market, but this changed in the second half of February, with average weights rebalancing lower again as a result. Meanwhile, a stronger premium for pigs with specific production characteristics at the start of the year pointed to a softer market balance.

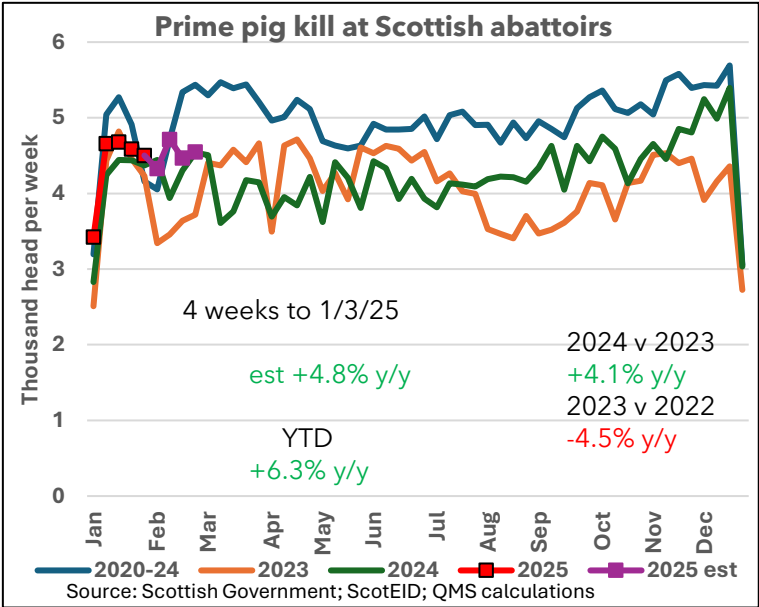
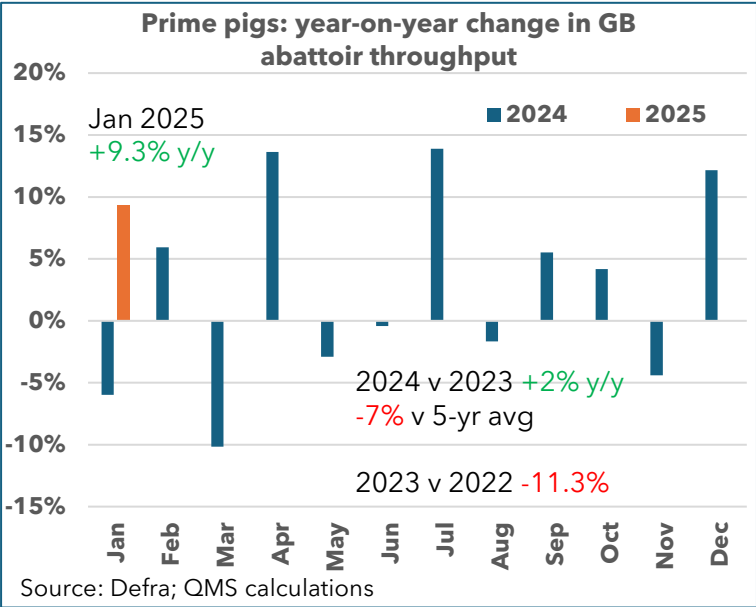


Carcase weights started 2025 at an elevated level, reflecting an increased proportion of heavy pigs on the market. However, this reversed in the second half of February, meaning that average weights fell back towards year-earlier levels. This downwards adjustment in the share of heavy pigs is in line with historic seasonal trends, in contrast to 2024, when there had been an unusually large number of heavy pigs on the market.

The year began with an increased premium for the average pig price (APP) over standard pigs (SPP), indicating that pigs with specific production characteristics were receiving a stronger premium in the marketplace, signalling a softer market balance. It should be noted that the two price reporting samples are not identical and the APP, which is based on prices reported by marketing groups, has not been reported since the merger of three major pig marketing groups was announced.

Availability and slaughter

England's December census results point to the potential for a more significant expansion of domestic production this year after a slight rebound in 2024. However, after a strong start, the number of pigs leaving Scottish farms for slaughter fell sharply in February, although this didn't prevent a continued year-on-year increase in slaughter at Scottish abattoirs. Production is set to dip seasonally through the spring.

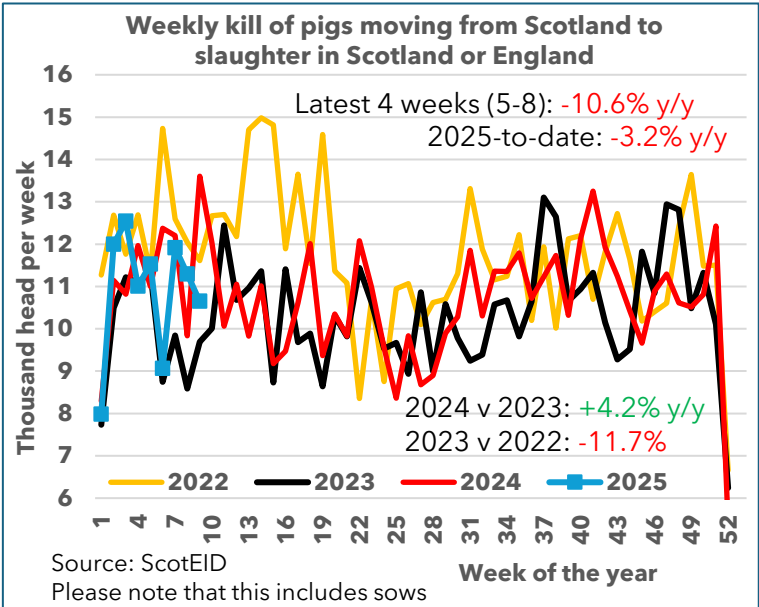
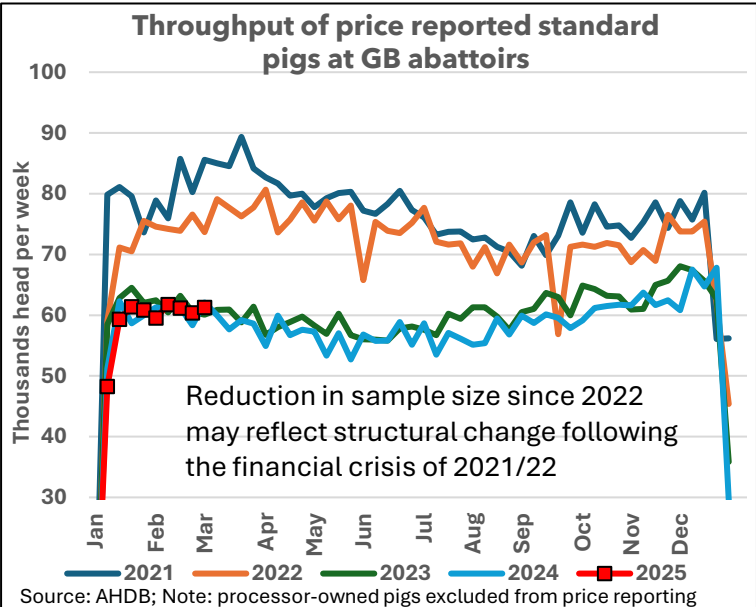


GB abattoir throughput showed a small rebound in 2024 and this trend had been expected to continue in 2025 given the continuing favourable balance between farmgate prices and input costs. However, the December census results for England are now signalling the potential for a more significant increase in domestic production this year.



Weekly availability for slaughter is likely to have been at a seasonally firm level at the start of 2025, but it is expected to ease back through the spring.

In Scotland, the number of pigs leaving Scottish farms for slaughter rose by around 4% in 2024 and this pattern held at the start of 2025, supporting a year-on-year increase in slaughter at Scottish abattoirs in January. However, this changed in February, with the number leaving Scottish farms falling sharply, although this didn't prevent a continuing increase in the kill at Scottish abattoirs relative to 2024. Slaughter data from ScotEID for 2024 contradicted the June census results which signalled the potential for a significant contraction of pig production in Scotland.



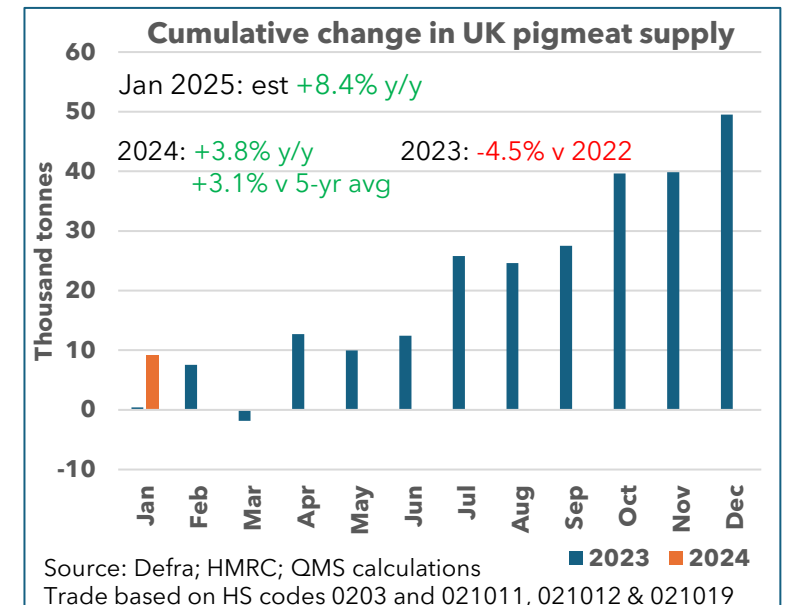
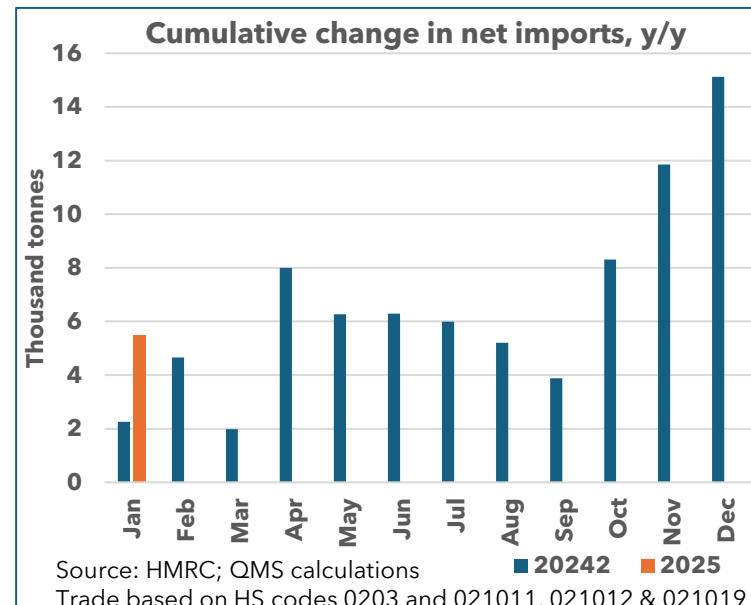
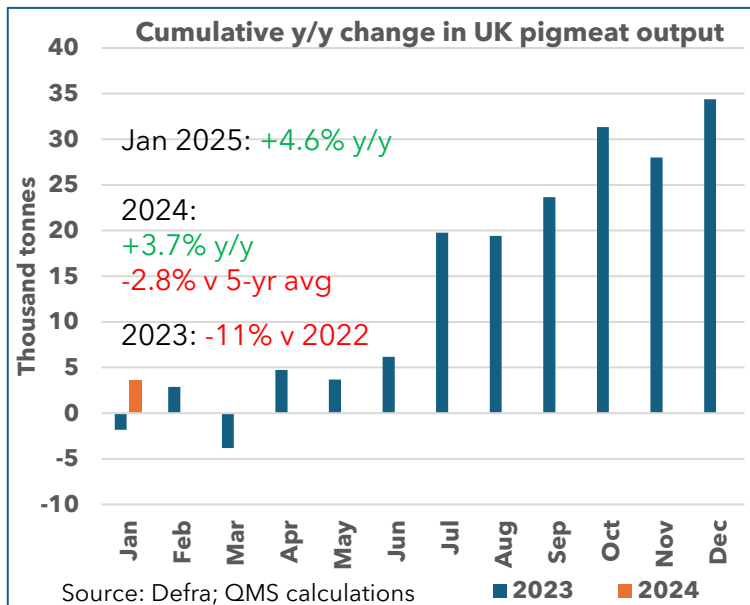
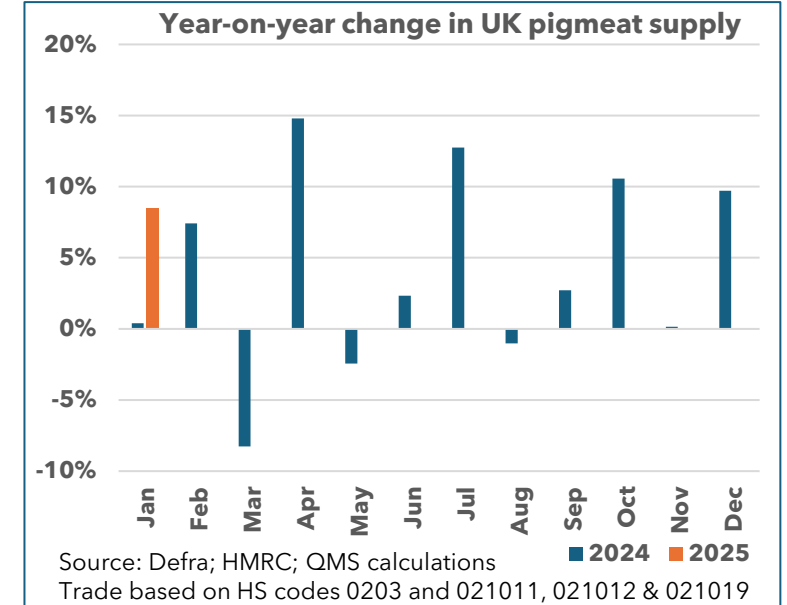
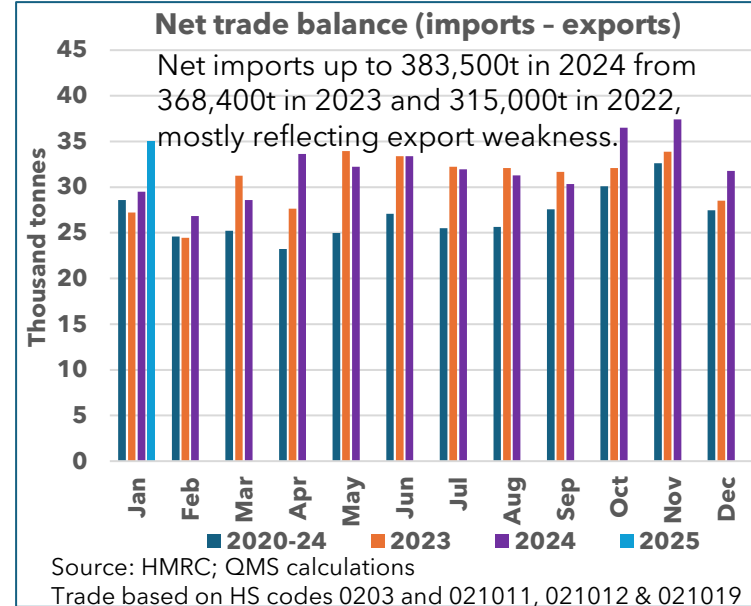
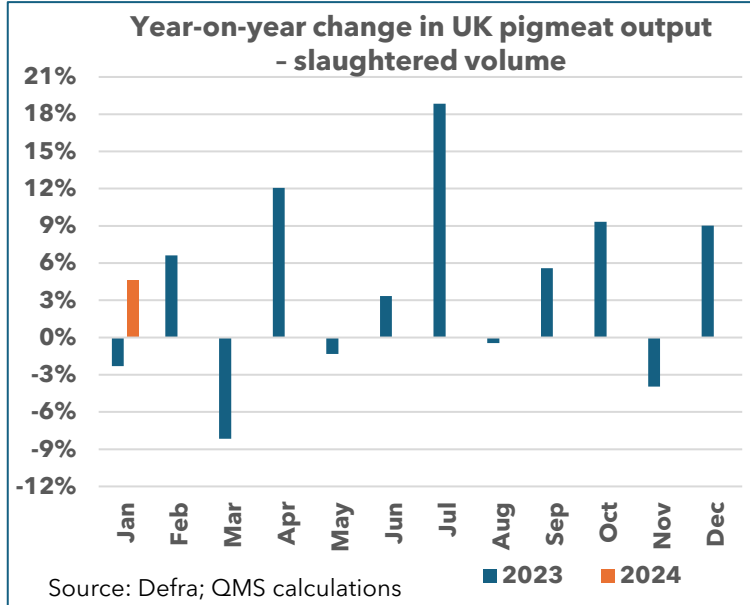
Latest Census Results – Scotland and England		
	Sco: June 2024 v 2023	Eng: Dec 2024 v 2023
Female breeding herd	-7.9% y/y	+8.1% y/y
Fattening pigs	-7.7% y/y	+8.5% y/y

Source: Defra; Scottish Government

UK pigmeat market supply

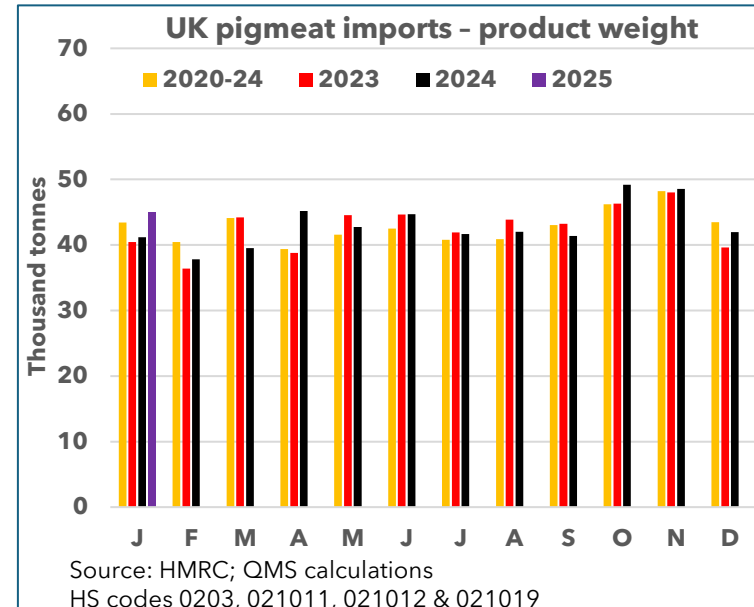
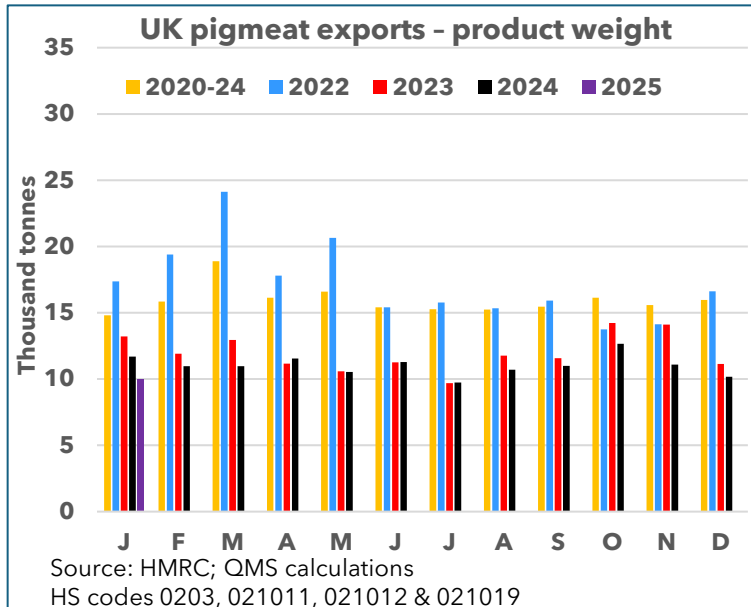
domestic production + (imports – exports) = supply

Trade balance and pigmeat supply calculations based on estimated imports and exports for Dec 2024



UK international trade

Exports continued to look historically soft in late-2024 due to weak demand from the EU and China. Imports rose modestly in Q4 2024 following a surge in EU price competitiveness.



UK pigmeat exports showed a further month of historically soft performance in December, being the second lowest monthly volume of the year and trailing the five-year average by 43%. Compared to year-earlier levels, they were down 8.5%.

UK pork exports (HS 0203) to the EU slumped to their lowest of the year in December, falling nearly a third behind December 2023 levels.

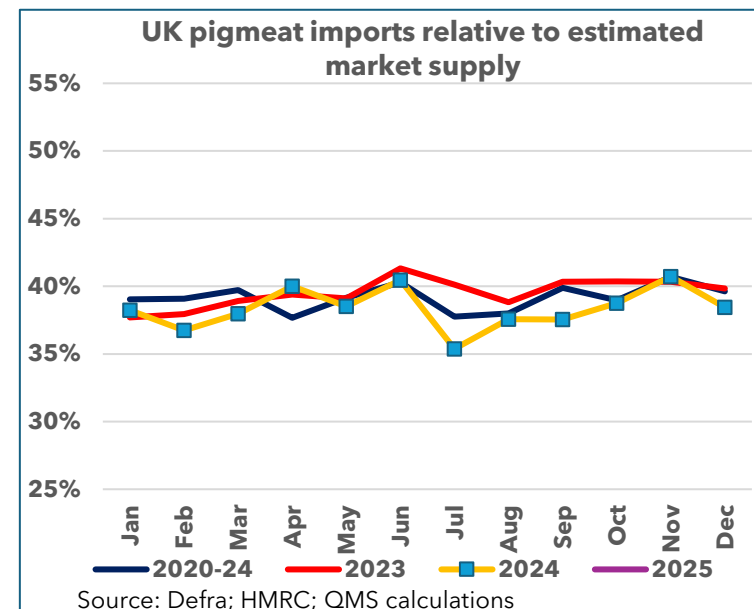
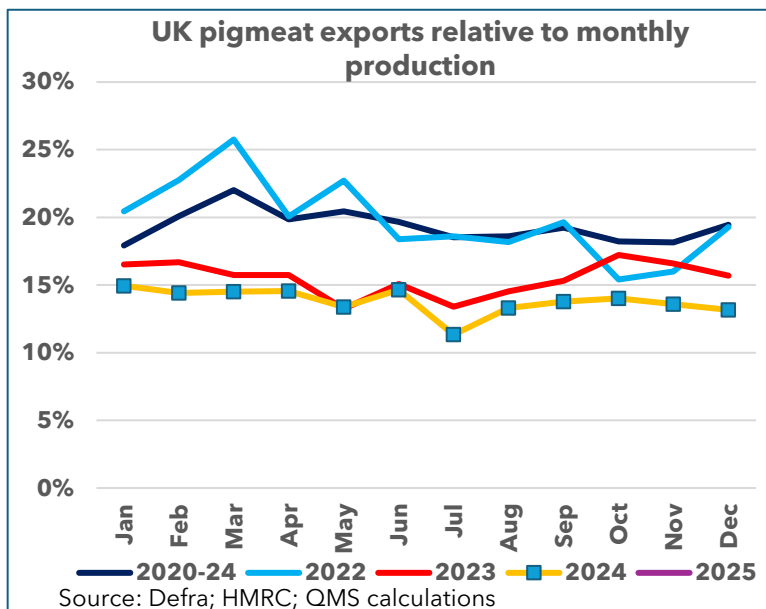
By contrast, pork exports to non-EU countries in December were above the monthly average for 2024 and exceeded year-earlier levels by 18% (HS 0203). Most of this year-on-year increase reflected higher exports to China, which were up by 34% on a low December-2023 volume, and at their third highest of 2024. Sales were still under half of their 2019-21 average for the month, but the reauthorisation of two UK sites could result in increased export opportunities in 2025.

Though slipping back seasonally in December, UK pigmeat imports ended 2024 with a third successive month of year-on-year growth, rising 6%. This increase was driven by pork (HS0203), up 12%, with bacon & ham (HS0210) slipping back by nearly 5% after two months of small uplift.

Note:

HMRC trade data used here covers HS codes 0203 (fresh or chilled & frozen swine meat) & 021011, 021012 & 021019 (bacon & ham – ‘salted, in brine, dried or smoked’).

Trade data for Jan 2025 is estimated



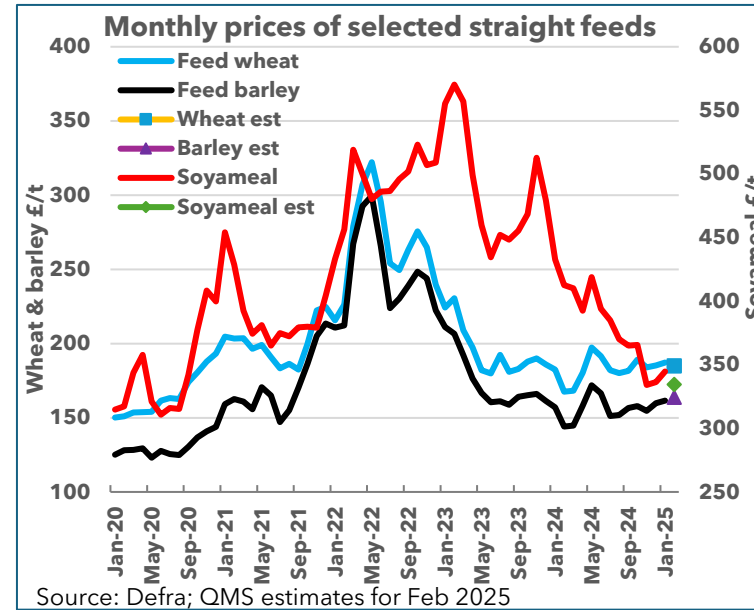
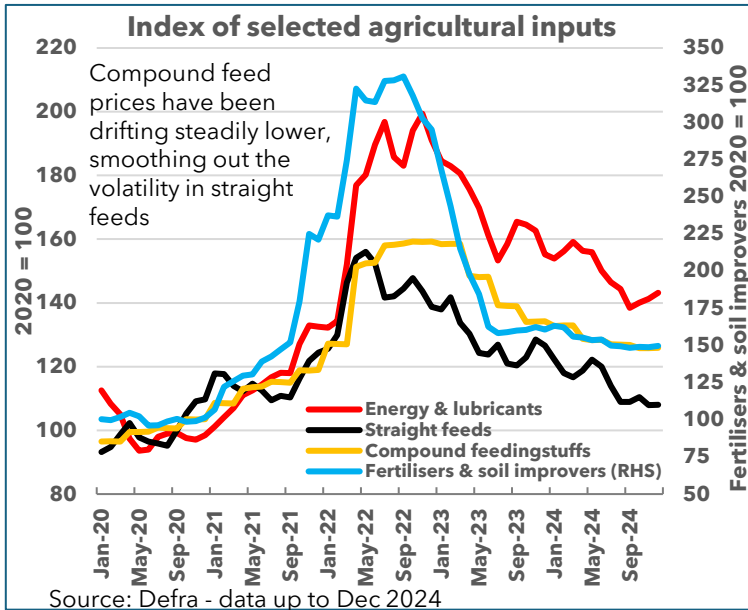


ECONOMIC DEVELOPMENTS

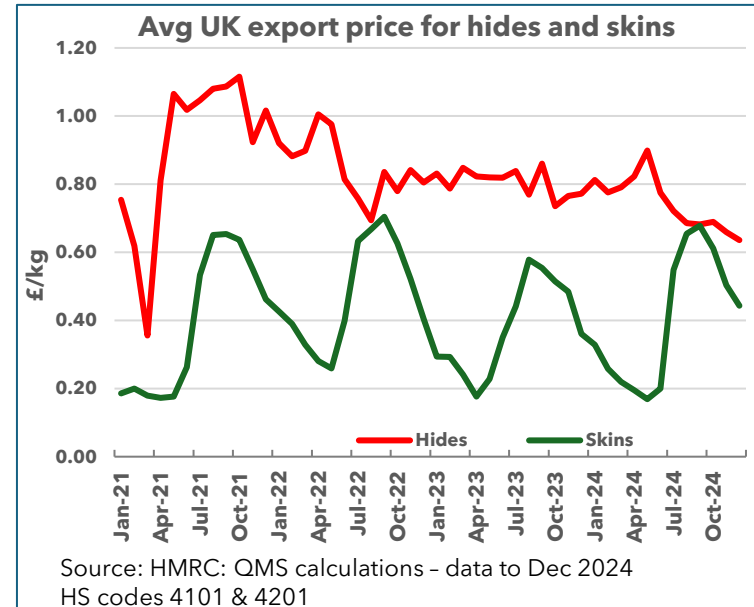
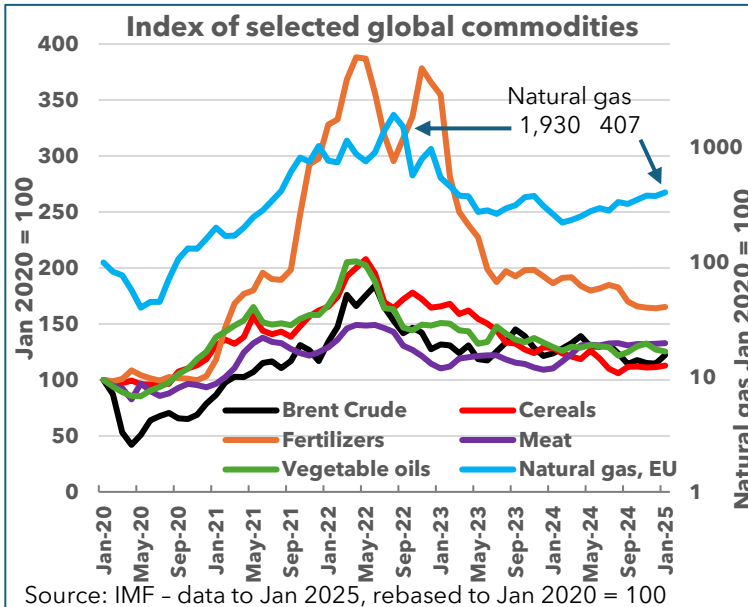
- Commodity prices generally trended slightly downwards in 2024 and most of the Ukraine war price shocks have unwound, while conflict in the Middle East had a surprisingly limited impact on commodity values, with smaller risk premia than in the past. However, a rise in natural gas has been feeding through to higher energy costs in 2025 and heightened geopolitical uncertainty ensures that there is a risk of greater volatility in commodity markets, with increased US tariffs at the start of March likely to have some impact.
- According to the ONS, average earnings growth picked up again towards 6% in the autumn, remaining above inflation, supporting disposable incomes. While food retail underperformed non-food in 2024 in a potential sign of spend becoming more discretionary, there was a strong start to 2025 for food stores.
- After a slightly softer end to 2024, GB retail meat trading conditions appear to have brightened, in general, at the start of 2025, with spending growth picking up. However, inflation rates have also accelerated, acting to balance out strong demand and relatively tight supply, and lamb sales have fallen back in comparison to a strong winter of 2023/24.
- Business surveys suggest that private sector activity growth has fallen back to a very marginal rate since the autumn and that companies have begun to cut staffing levels due to weak demand and rising employment costs. However, this is yet to be picked up by the ONS labour market survey, which is pointing to a more stable level of employment.
- Consumer confidence fell in the autumn on the expectation of higher energy prices and tax changes. However, a cut in interest rates gave confidence a slight boost in February, and a renewed upturn in wage growth has ensured that it remains well above inflation, supporting spending power.

Production costs and by-product revenues

While most of the Ukraine war price shocks have unwound, input costs are still above pre-covid levels and natural gas has been rising steadily again, raising energy costs in 2025. US trade policy has the potential to generate significant volatility this year.



Commodity prices generally trended slightly downwards in 2024 and most of the Ukraine war price shocks have unwound, while conflict in the Middle East had a surprisingly limited impact on commodity values, with smaller risk premia than in the past. Nevertheless, commodity values remain well above pre-covid levels, resulting in higher costs bases for businesses to manage. Meanwhile, a rise in natural gas has been feeding through to higher energy costs in 2025 and heightened geopolitical uncertainty ensures that there is a risk of greater volatility in commodity markets, with increased US tariffs at the start of March likely to have some impact.

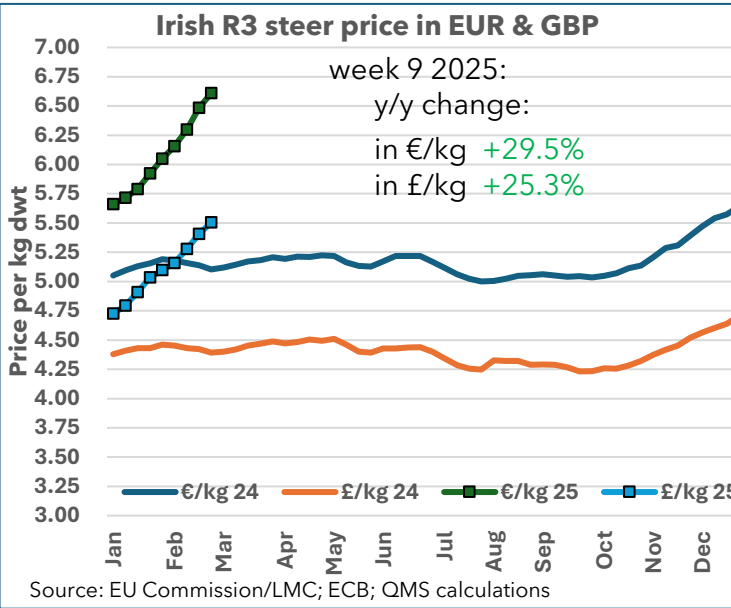
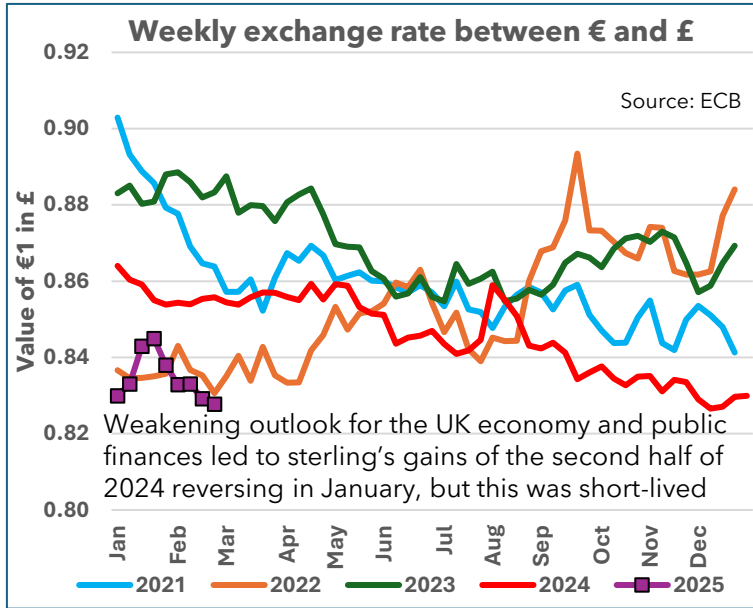


Feed grain prices picked up slightly at the end of 2024 and start of 2025, but the upside was limited by underlying expectations of a strong global grain crop. It has been a similar scenario for soyameal, with some slight upside driven by expectations of a slightly less bumper crop in South America in 2025.

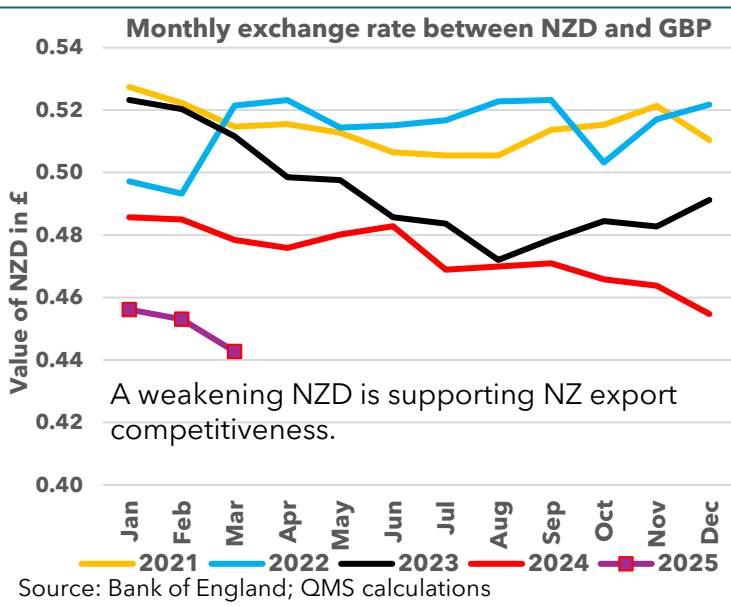
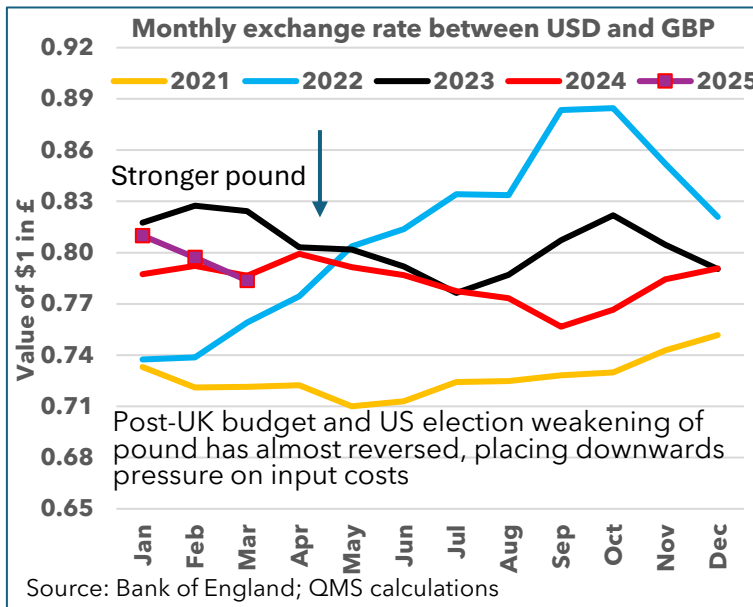
UK hide export prices have softened significantly since reaching a two-year high in May 2024. For sheepskins, after a soft first half, a strong seasonal rebound in export prices took values back to where they had been in 2021 and 2022. While softened from their seasonal autumn peak, they still closed 2024 significantly dearer than twelve months before.

Exchange Rate Movements

Exchange rates have been affected by political and economic uncertainty since mid-2024 and there has been some significant volatility as a result. A renewed uplift in sterling may reduce price competitiveness but soften input cost pressures.



After trending higher against the euro in the second half of 2024, reaching its highest levels since the EU referendum of June 2016, partly driven by mounting concern over economic and political crises in France and Germany, there was a sharp reversal in mid-January as the outlook for the UK economy and its public finances deteriorated. However, some of this pressure eased in the final week of January after a cut in eurozone interest rates, backed up in February by the Bank of England's guidance towards a slow pace of interest rate reductions and another ECB interest rate cut at the start of March.

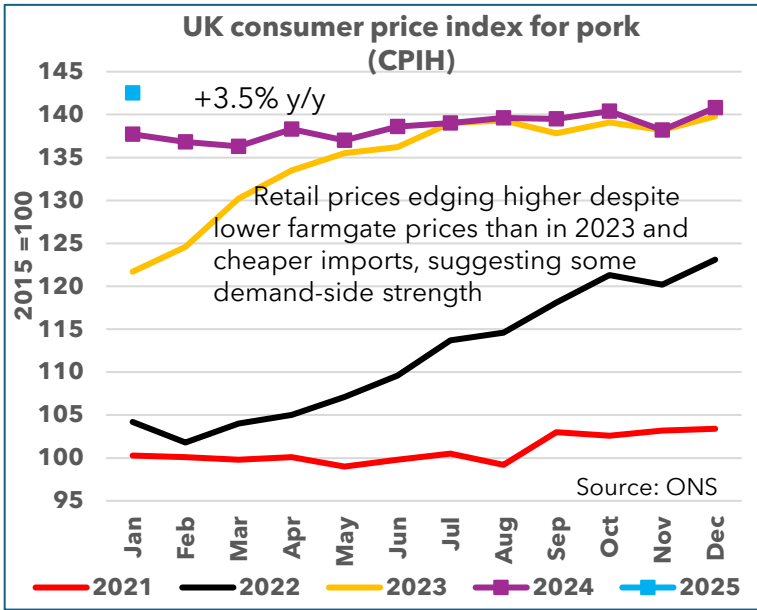
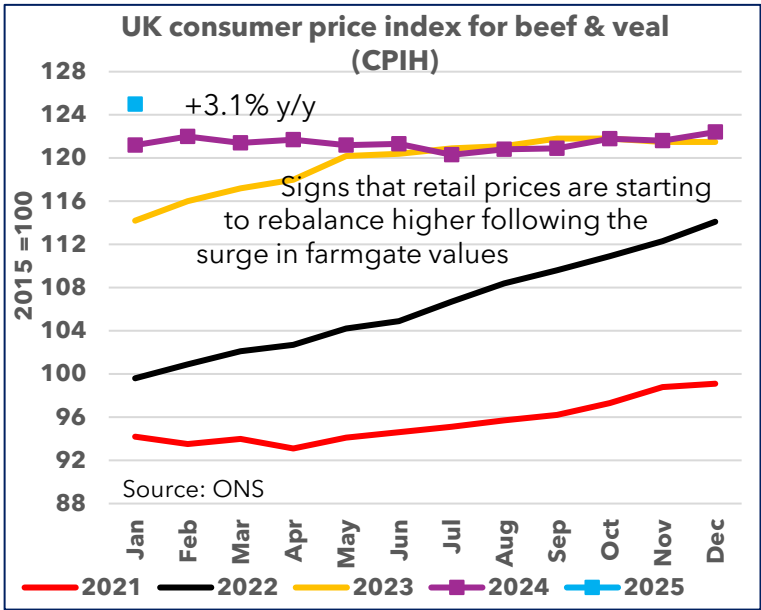


The relationship between sterling and the US dollar has also gone through some turbulence. As well as UK economic trends, the initial softening against the dollar was influenced by the potential for tax cuts in the US to be met with a tighter monetary response and slower interest rate reductions. However, this has reversed since mid-January, with fears mounting over the introduction of higher and/or new import tariffs in the US and the potential for economic contraction, and the need for lower interest rates in response.

A renewed strengthening of sterling may reduce price competitiveness against imports and in export markets, but it is likely to soften input costs, or at least slow any upwards pressure.

Consumer demand and prices

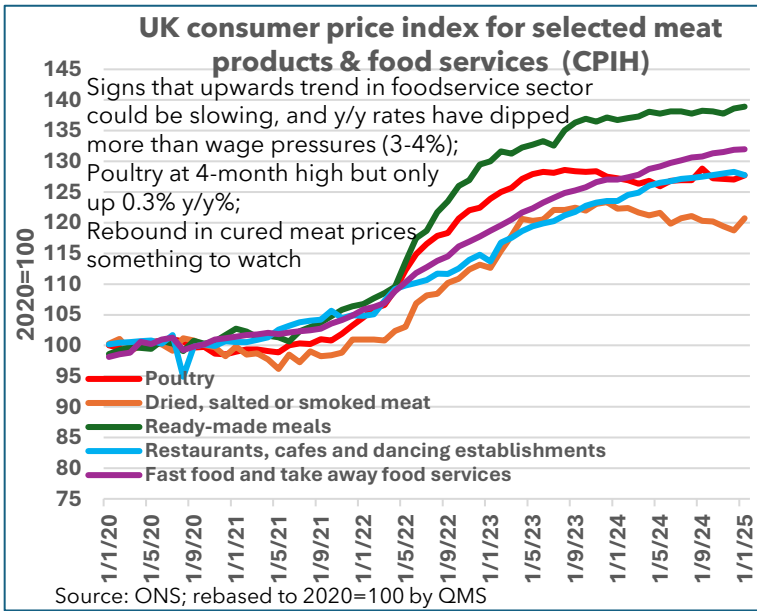
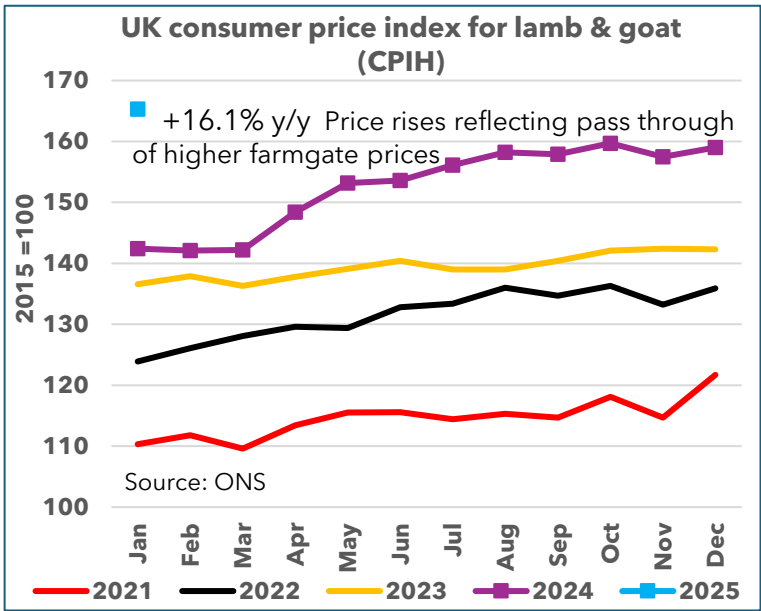
After a slightly softer end to 2024, GB retail meat trading conditions appear to have brightened, in general, at the start of 2025. However, inflation rates have picked up again, acting to balance out strong demand and relatively tight supply. A slowdown in foodservice sector price increases is something to watch given market conditions, suggesting that demand may have cooled.



Retail demand remains firm overall with a renewed uplift in UK wages (+5.6% y/y in Sep-Nov) supporting spending levels, and meat appears to have benefitted over the winter, in general. Lamb appears to be the exception, although this may partly reflect a strong winter 2023/24.

However, price inflation has also begun to lift again, limiting the room for sales volume growth, acting as a balancing mechanism given underlying market conditions of strong demand and relatively limited supply.

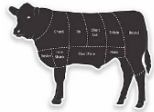
The ONS data is signalling a softening of the long-term upwards pricing trend in the foodservice sector, which is something to watch given continuing wage pressures and renewed food inflation, suggesting that demand may have cooled.



Y/Y change in GB retail sales reported by Kantar in 12 weeks to 23/2/25			
	Value	Volume	Avg price per kilo
Fresh beef	+8.8%	+1.1%	+7.6%
Fresh lamb	-1.9%	-7.0%	+5.5%
Fresh pork	+2.6%	+0.8%	+1.7%
Fresh poultry	+4.0%	+0.8%	+3.2%
Total grocery market	+3.7%	-0.3%	+4.0%
Source: Kantar			

Retail demand and prices

Retail demand continues to look fairly positive in GB, but with signs of price sensitivity having an impact on lamb sales, and reduced penetration is something to watch.



BEEF

12 weeks to 26 January 2025



LAMB

12 weeks to 26 January 2025



PORK

12 weeks to 26 January 2025

	GB		Scotland		GB		Scotland		GB		Scotland	
	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y
Value (£m)	695.4	+8.3%	63.6	+1.7%	188.3	-1.5%	9.4	+12.2%	221.7	+1.3%	14.1	-9.0%
Volume (t)	68,042	+1.2%	6,055	-4.1%	15,255	-8.4%	739	+9.7%	34,465	-0.1%	2,164	-9.2%
Avg price (£/kg)	10.22	+7.0%	10.50	+6.1%	12.35	+7.5%	12.74	+2.3%	6.43	+1.4%	6.51	+0.2%
Penetration*	70.3%	-0.1%	72.1%	-0.9%	27.0%	-5.6%	17.8%	+3.2%	44.9%	-1.8%	38.8%	-7.0%
Frequency**	4.8	+3.0%	4.8	+4.3%	2.3	-3.3%	2.1	-8.3%	3.0	+0.1%	2.7	-3.1%

Relationship between GB household beef purchases and retail prices in 12 weeks to 26/1/25



Source: Kantar

- Steaks and roasts volumes pressured by significant inflation (+4% and +19%).

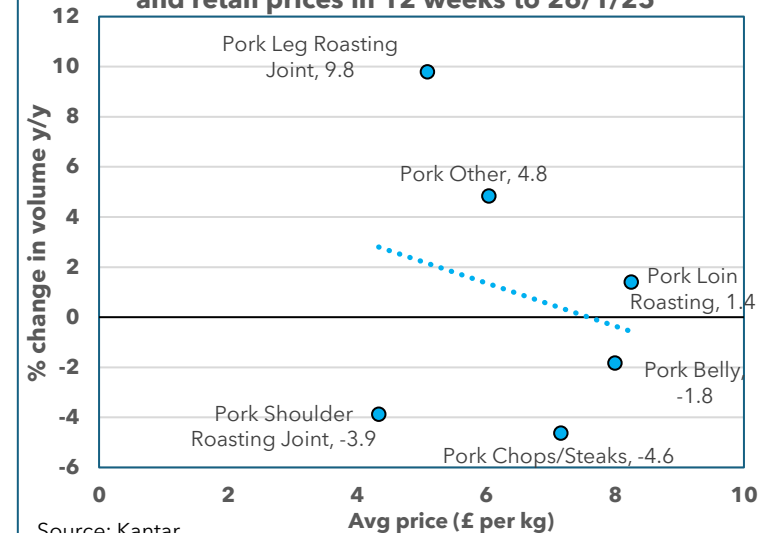
Relationship between GB household lamb purchases and retail prices in 12 weeks to 26/1/25



Source: Kantar

- Continued growth in spend on leg roasts offset by significant price inflation (+8%).

Relationship between GB household pork purchases and retail prices in 12 weeks to 26/1/25



Source: Kantar

- Cheaper prices than last year continued to support sales of loin roasts.

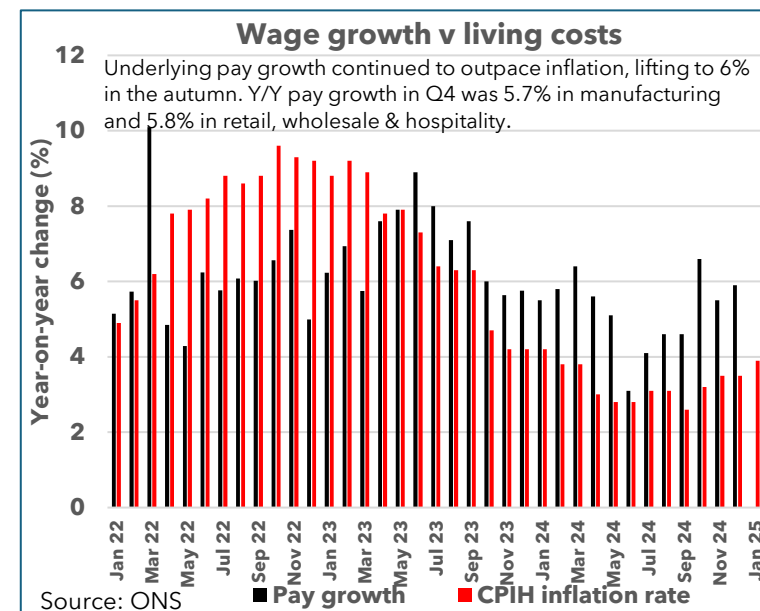
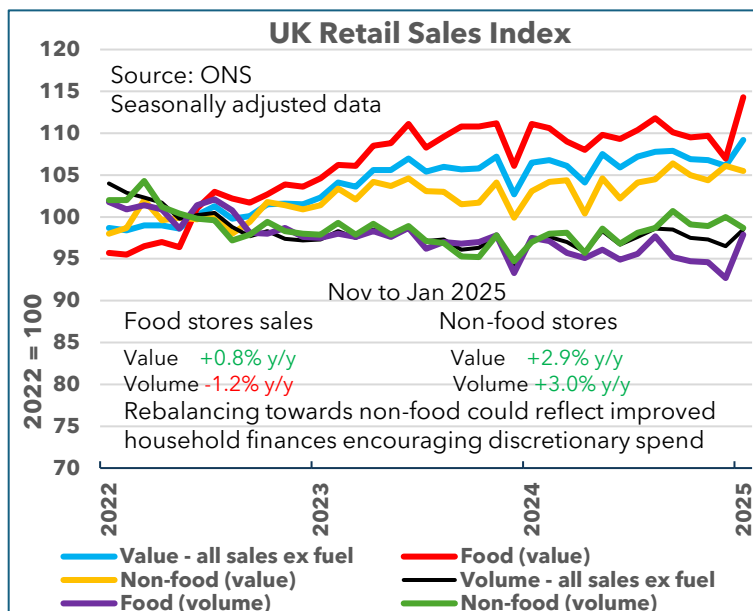
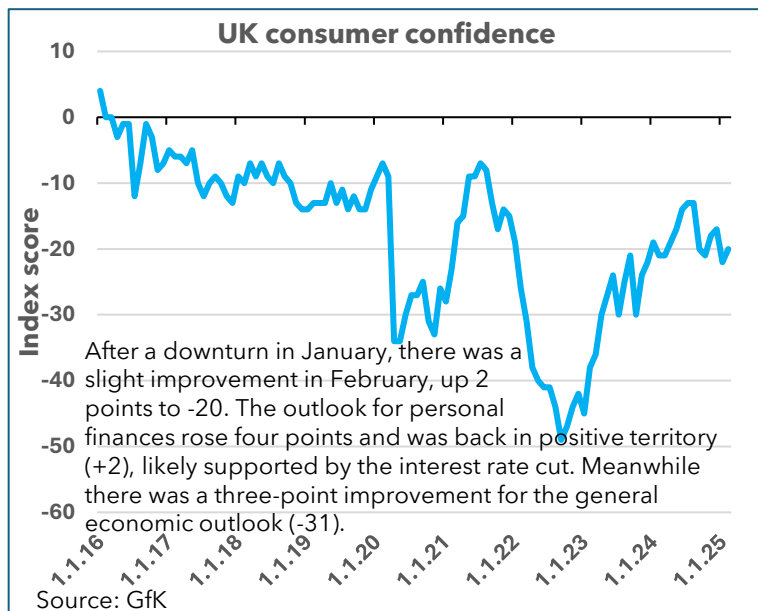
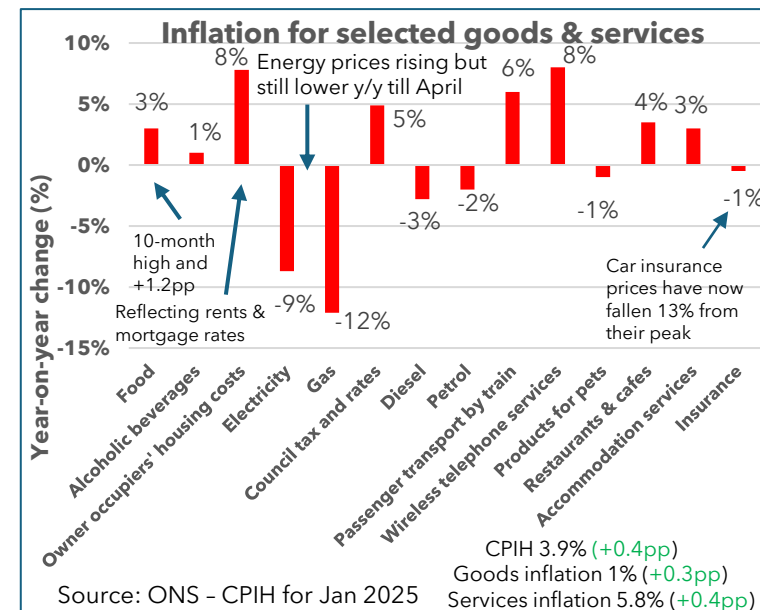
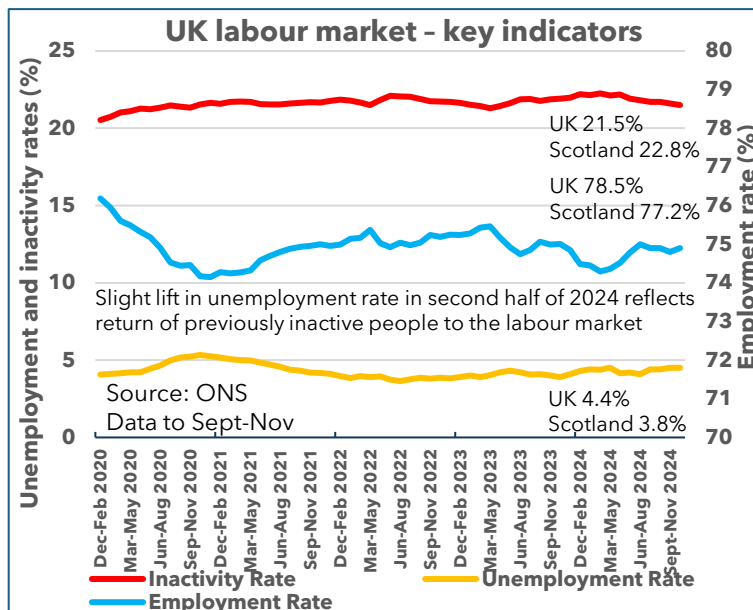
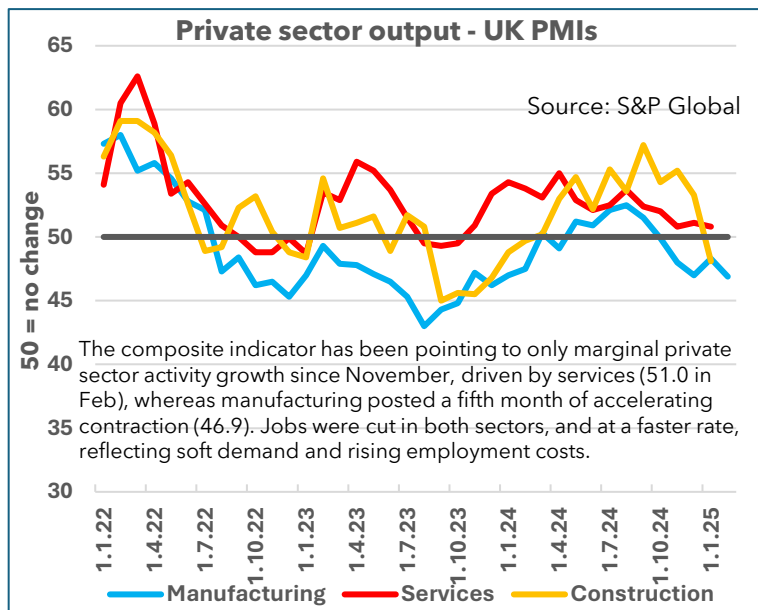
Source: Kantar; data covers sales of fresh and frozen unprocessed red meat; please note that sales data for Scotland can be volatile due to the limited sample size

*Penetration % - Number of households/individuals that bought at least once in the time period as a percentage of total households/individuals.

**Frequency - Average number of purchase trips per buyer in the time period.

Economic indicators

A softening of business conditions picked up in surveys in autumn 2024 has persisted at the start of 2025, and consumer confidence has remained lower than in summer 2024, but with a cut in interest rates supporting a slight uptick in February. The ONS has yet to find any deterioration in the labour market, with slightly higher unemployment reflecting the return of previously inactive workers to the labour force rather than reduced employment levels, while pay growth firmed again in the autumn, supporting household finances. After a soft period, food retail sales rebounded strongly at the start of 2025.



Scotch Beef UKGI is whole chain assured beef from Scotland

Scotch Beef UKGI is from specific animals that are sourced from selected Scottish farms which adopt best practice that includes high standards of animal welfare and natural production methods.



Scotch Lamb UKGI is whole chain assured lamb from Scotland

When you see the Scotch Lamb UKGI logo, you can be confident that the lamb was born, reared and processed in Scotland and that it holds whole life quality assurance from farm to fork.



Specially Selected Pork is assured pork from Scotland

Specially Selected Pork is from animals that are sourced from selected farms that adopt best practice. Specially Selected Pork is approved by The Scottish SPCA, who independently inspect farms and processors.

