

# QMS MONTHLY MARKET UPDATE

## September and October 2024

### Purpose:

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

### Contact:

[marketintelligence@qmscotland.co.uk](mailto:marketintelligence@qmscotland.co.uk)

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### Prepared by:

Iain Macdonald, Market Intelligence Manager

Abby Tong, Category Specialist

Heather Macdonald, External Affairs Assistant

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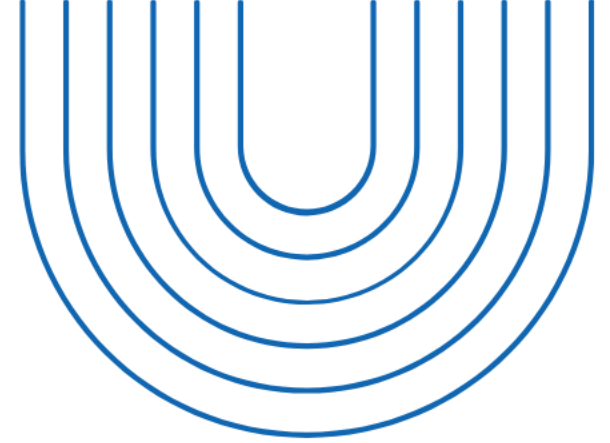
Data Disclaimer: All deadweight price data used in this report is supplied to QMS by AHDB, who collect the data from reporting abattoirs each week and publish a consolidated set of data, regionally within GB for cattle, and GB-wide for sheep and pigs.

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# BEEF MARKET

## SUMMARY OF MARKET DEVELOPMENTS

### 01 Prices

- Prime cattle prices showed signs of steadying at record levels at Scottish abattoirs at the end of October at the same time as weekly slaughter sipped from its autumn peak, suggesting that stocks have been built or the winter and competition is not as intense. Prices have pushed 6-7% higher than last year and more than 25% above the five-year average. Although cow prices have fallen seasonally, they are looking relatively firm compared to prime beef for the time of year.
- Tight supply and rising finished cattle prices ensured that store calves traded at historically firm levels during the main autumn selling period.

### 02 Production and beef supply

- Prime cattle slaughter has increased at GB level this year, up 3% in the first nine months. In October, weekly deadweight slaughter reached an autumn peak at reporting abattoirs across GB, running 4-5% higher than its average for the year so far, before dipping slightly at the end of the month.
- The overall volume of supply added to the UK market has increased this year and while pressuring the market in the spring, it has not been enough to satisfy demand in the autumn as import growth has been subdued and export growth has held firm.

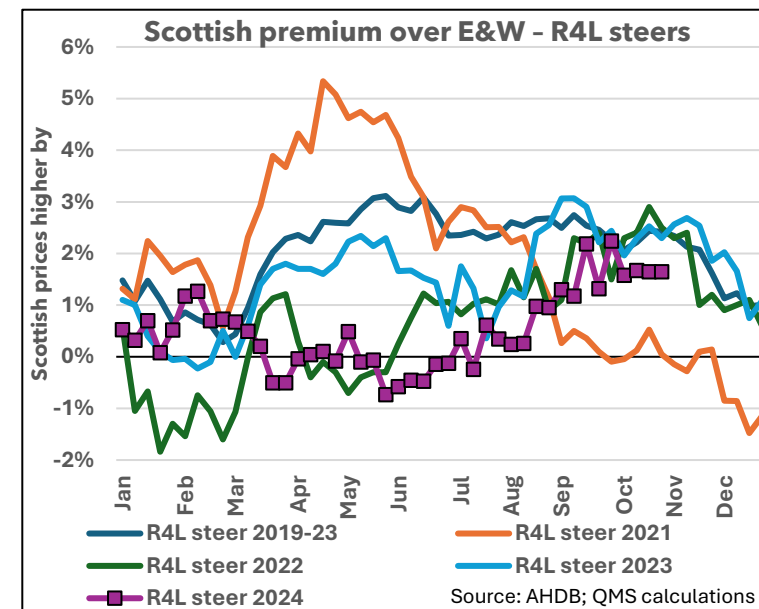
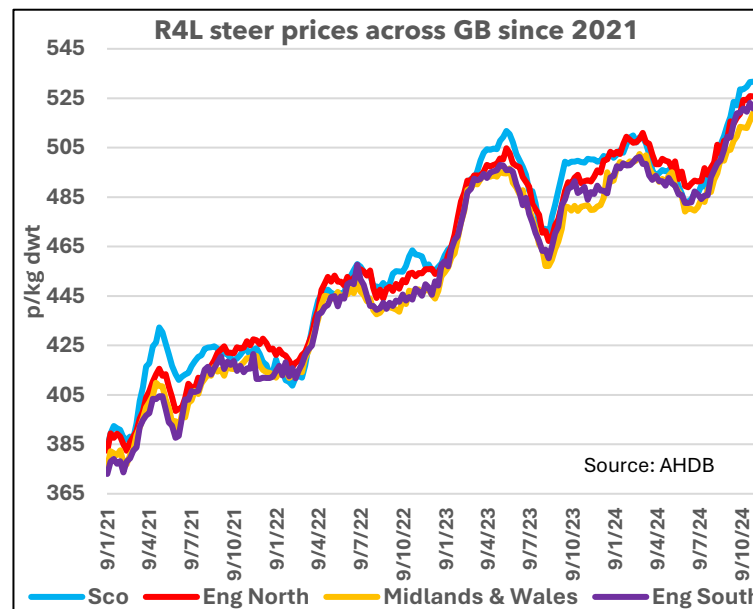
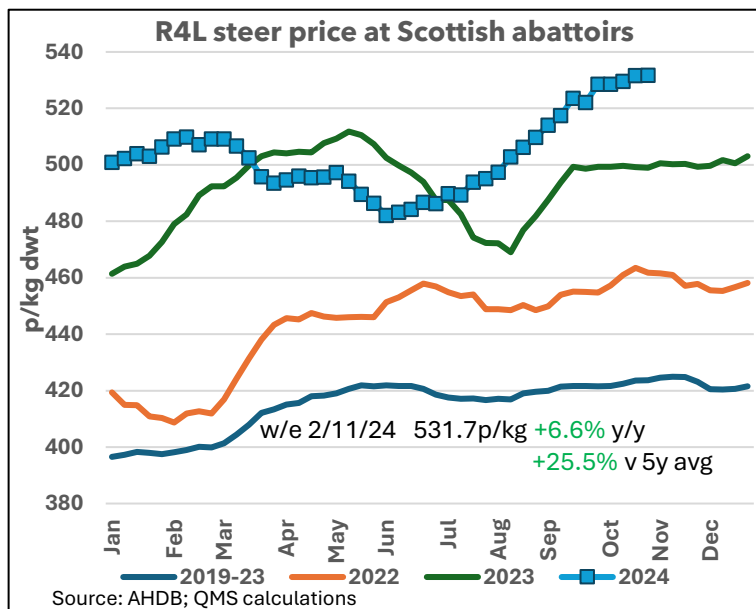
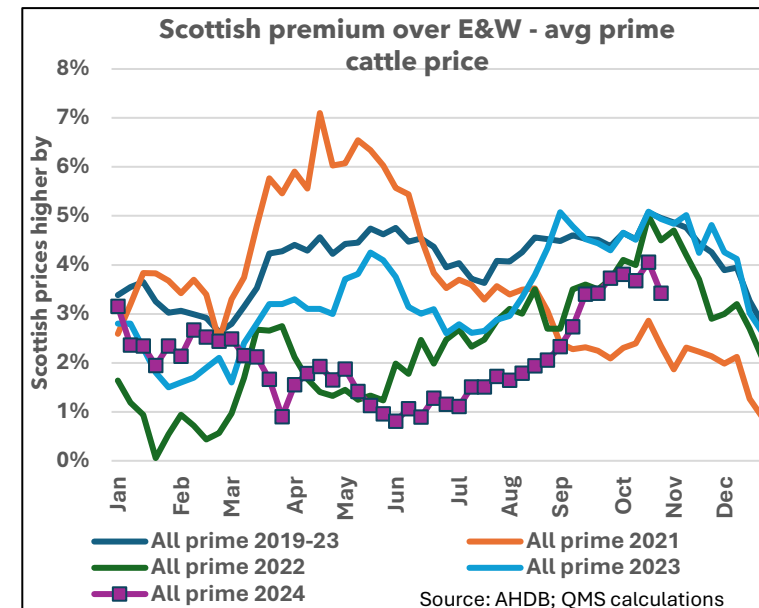
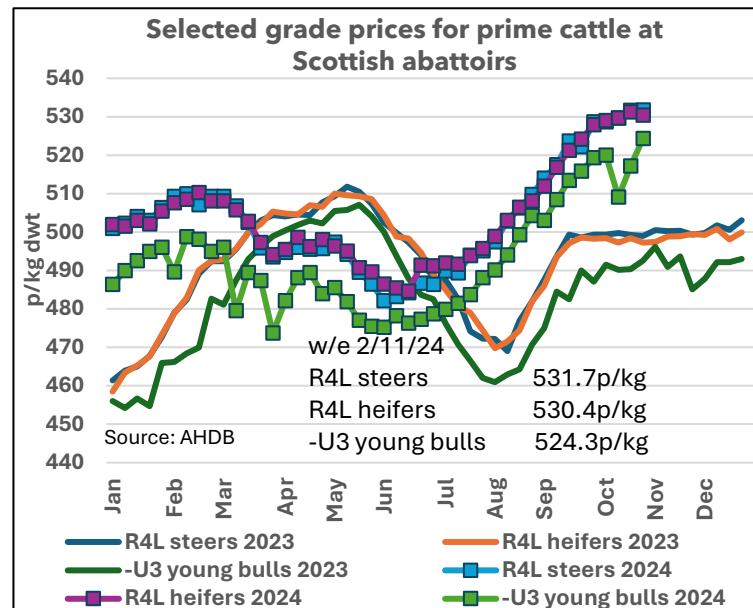
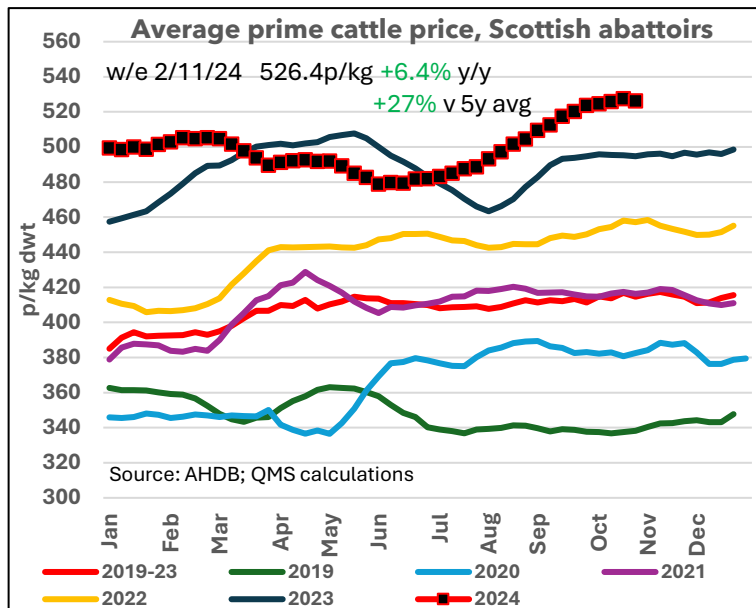
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 2 November	531.7	+0.1p	+0.6%	+6.6%	+25.5%
Prime cattle slaughter at price reporting Scottish abattoirs (87.5% of kill in Jan to Sep 2024)	Average in four weeks to November 2, head procured deadweight	6,155		+7.7%	+1.9%	-4.3%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to November 2, £ per head	£1,349		-3.1%	n/a	+39.7% (v 2018-22)
UK beef market supply	Tonnes in Q3 2024 (estimate)	261,200			+6.4%	+3.2%

### 03 Outlook for production

- High weekly slaughter through October suggests that the autumn peak may have arrived early for a second consecutive year in Scotland, potentially squeezing numbers in November. However, there was a renewed lift last year in December. The July population data suggested that prime cattle availability could continue to show some year-on-year uplift into 2025. However, the sharpest decline in the 2023 calf crop came during the middle of the year, and this will eventually filter through to availability. Looking longer-term, continuing herd decline in 2024 points to further falls in production beyond 2025.

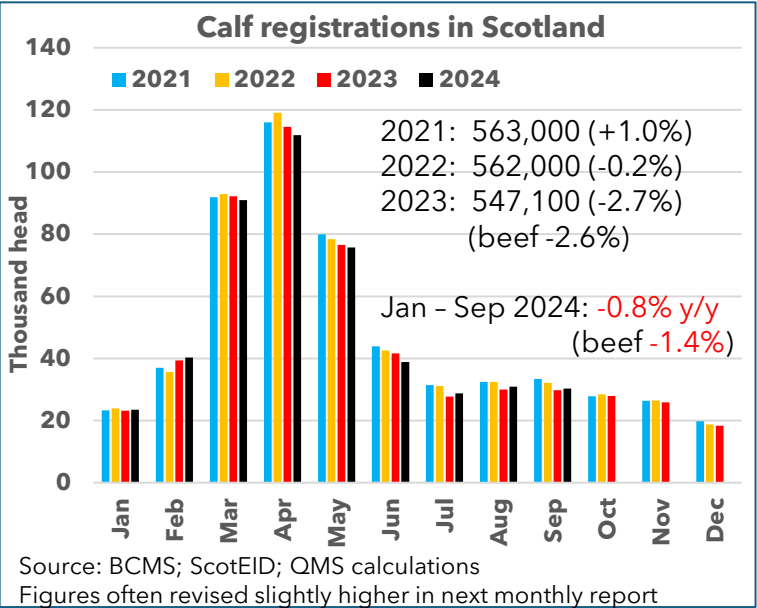
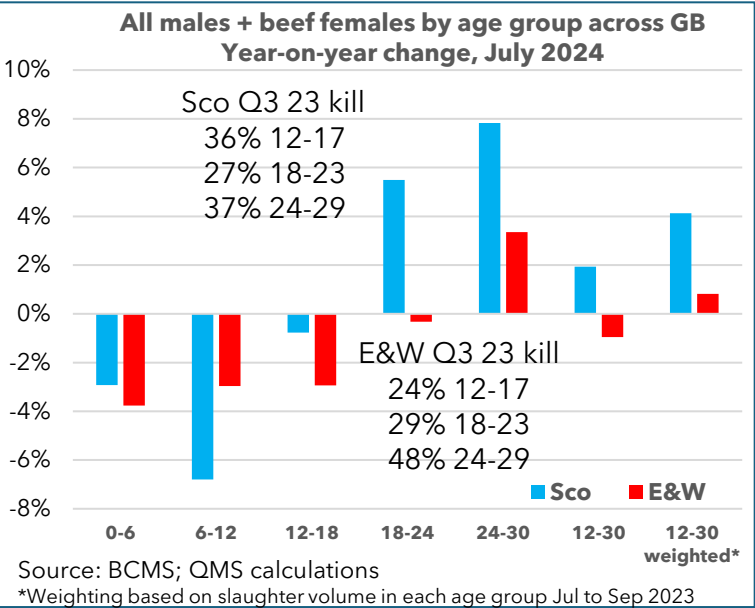
# Farmgate prices

Prime cattle prices showing signs of steadying at the end of October at the same time as weekly slaughter has dipped from its seasonal peak, suggesting that stocks have been built and competition is not as intense.



# Availability and slaughter

For a second year in a row, the autumn peak in production may have been early, in October, with weekly slaughter dipping in the second half of the month. Nevertheless, the tail end of the increased spring-2022 calf crop and a reduction in the store cattle outflow from its peak could continue to support availability in Scotland compared to last year, offsetting the smaller spring-2023 calf crop. Numbers may tighten in E&W once the increased pool of older prime cattle has been worked through.

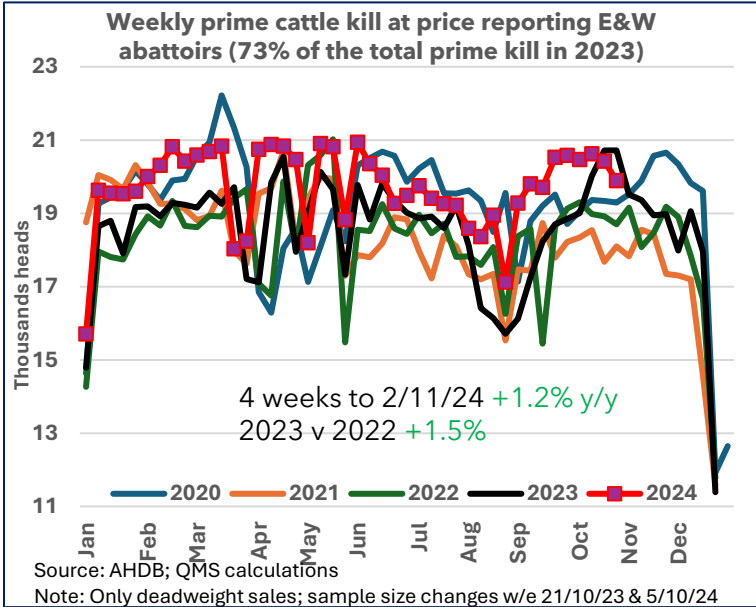
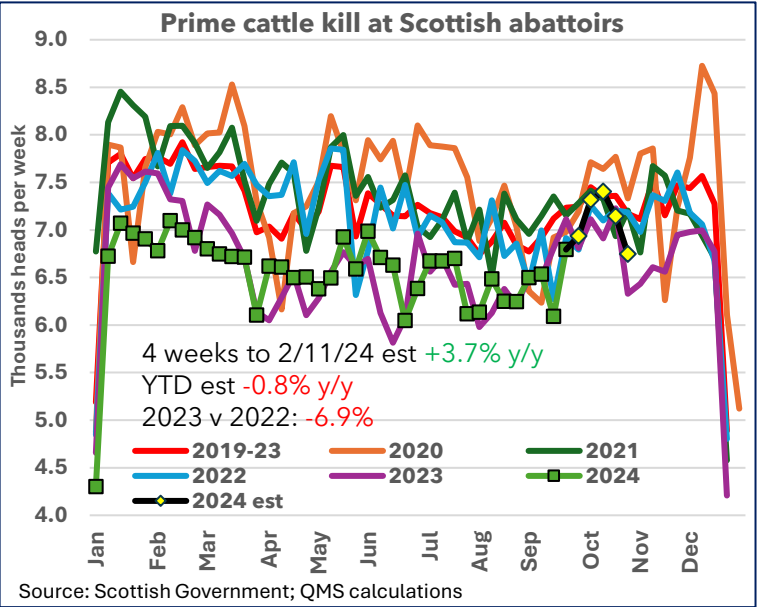
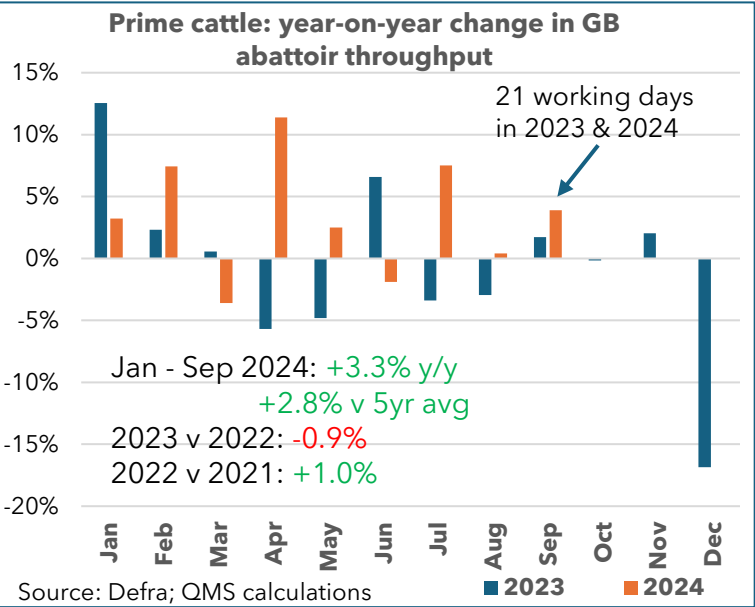


An increased prime cattle population on farm in 2024 has continued to underpin slaughter across GB relative to 2023. However, weekly slaughter has fallen back from a peak reached in mid-October.

In Scotland, the four weeks to October 26 saw the highest prime cattle slaughter volume for a four-week period this year at the price reporting abattoirs. Record prime cattle prices during this period signalled strong demand, with processors competing hard for cattle, potentially in an attempt at building stocks for the winter.

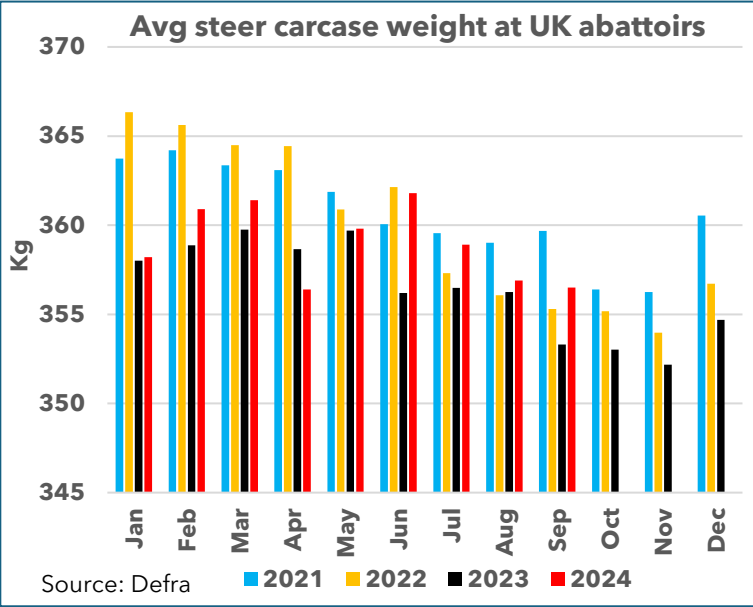
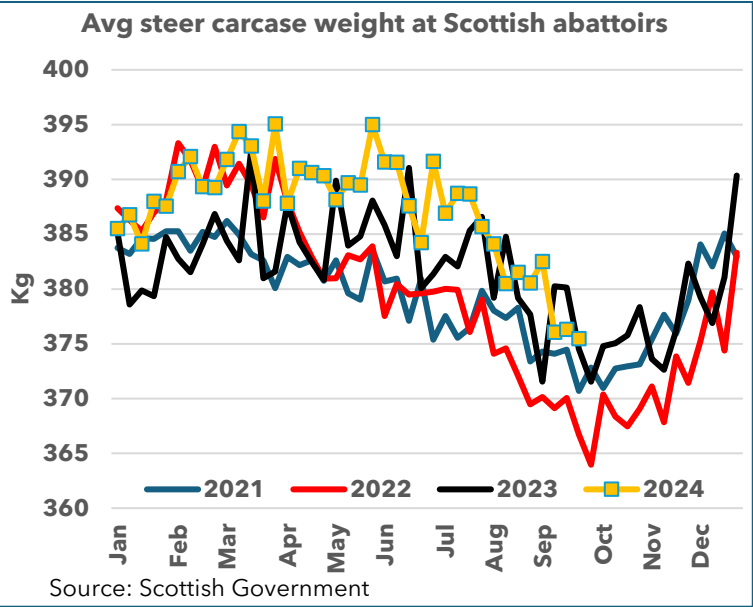
Meanwhile, the deadweight price reported kill in E&W returned to its highest level since the spring in late-September, holding stable for much of October, but dipping at the end of the month, suggesting that it may also have passed its autumn peak.

While the seasonal peak in kill may have passed, there is still the potential for availability to remain slightly higher than last year in Scotland, reflecting the tail end of the increased spring-2022 calf crop and a reduction in the outflow of store cattle from its peak. By contrast, south of the border, numbers may struggle to match year-earlier levels.



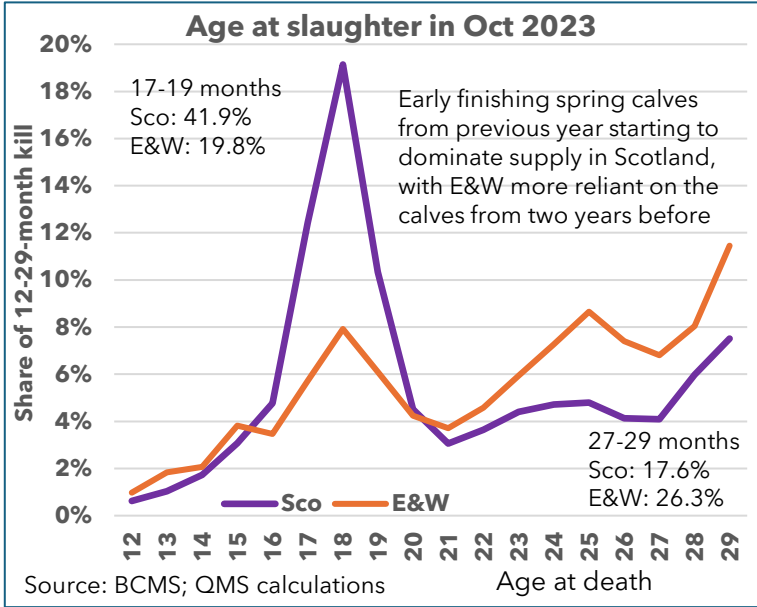
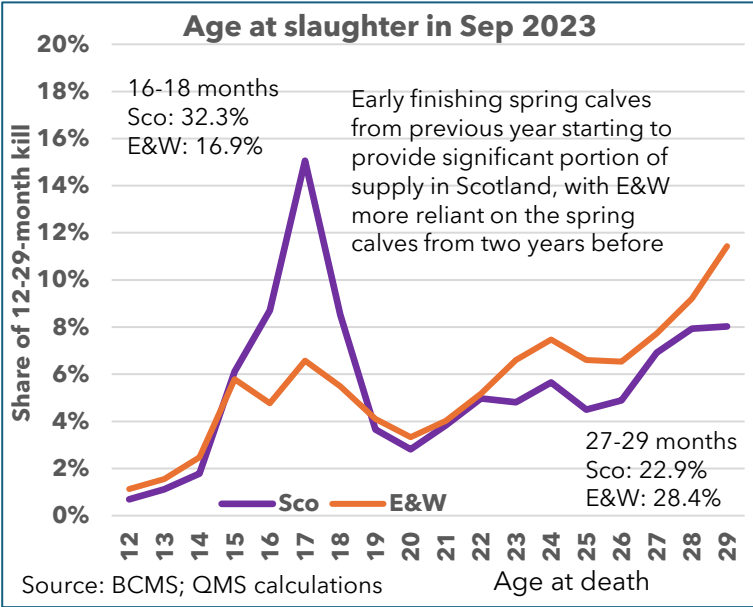
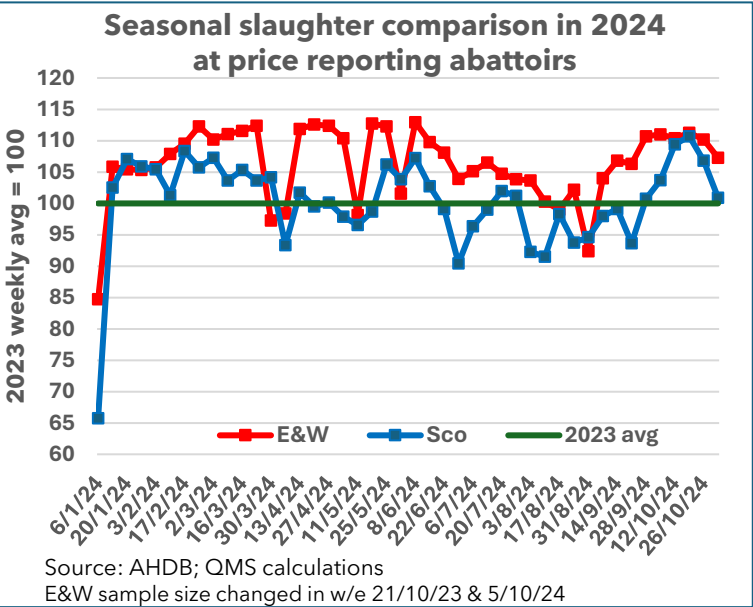
# Seasonality of production

Prime cattle availability may have passed its autumn peak, but a seasonal rebalancing of carcase weights could provide some offsetting support to production volumes. The spring-2023 calf crop is dominating slaughter in Scotland.



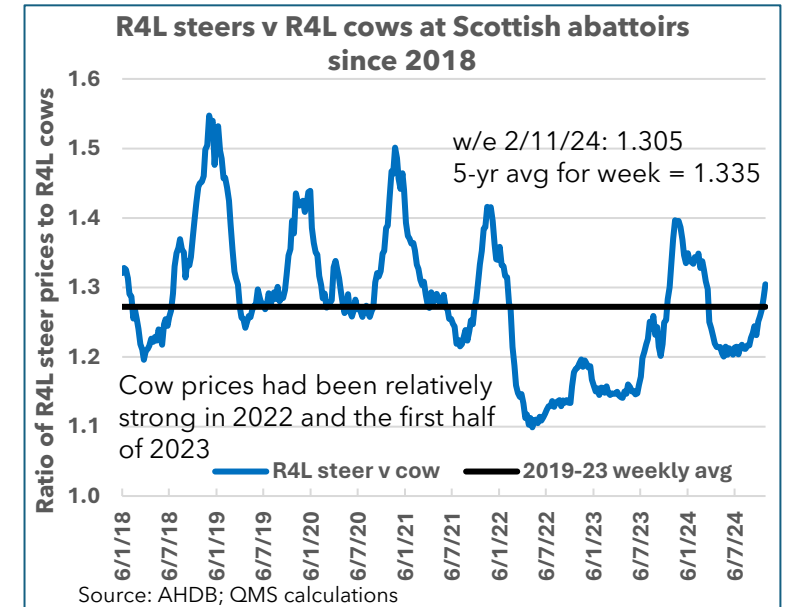
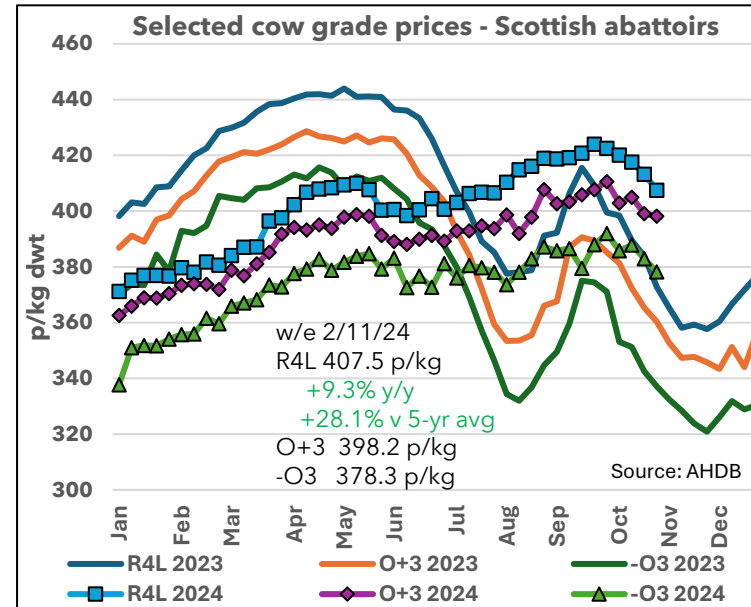
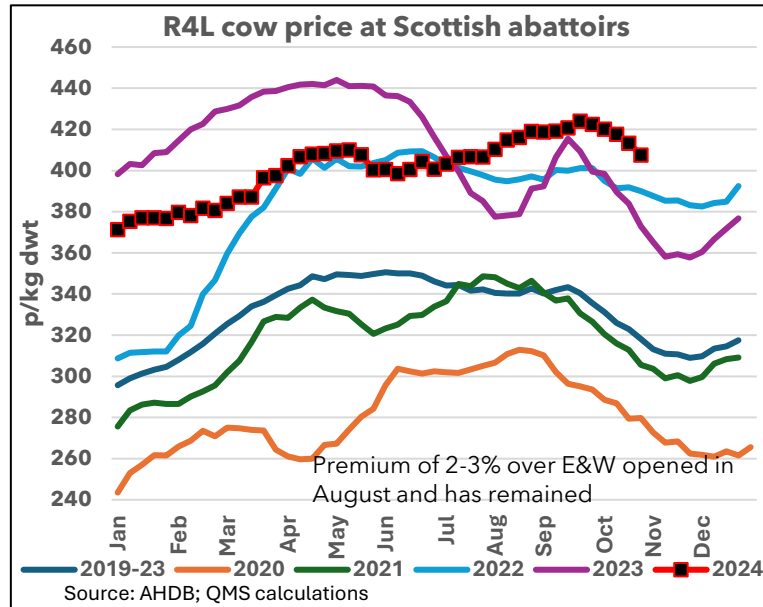
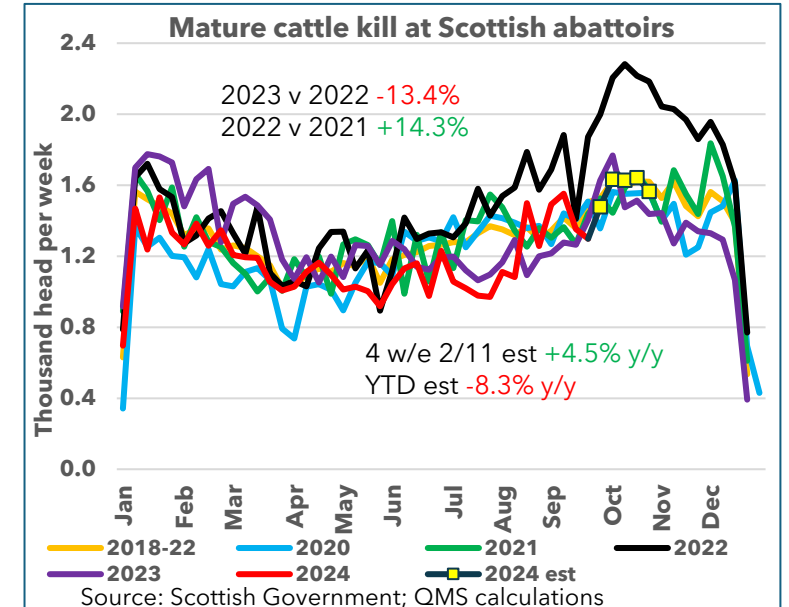
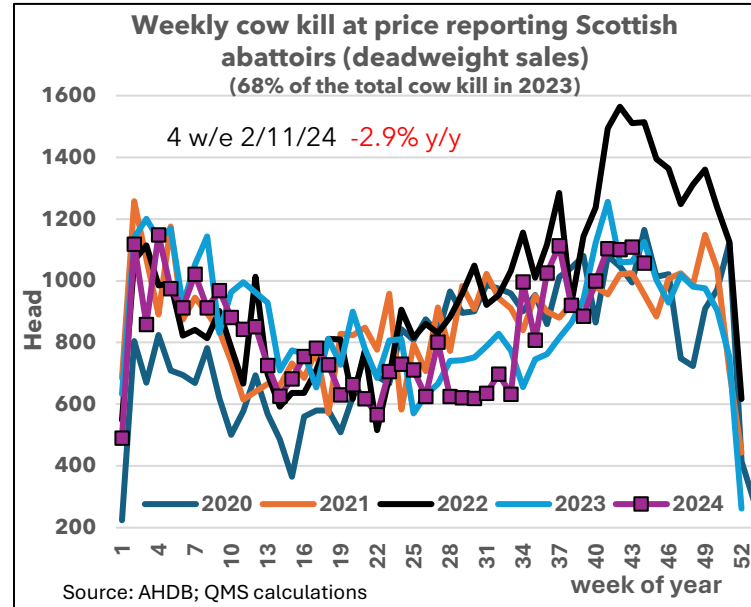
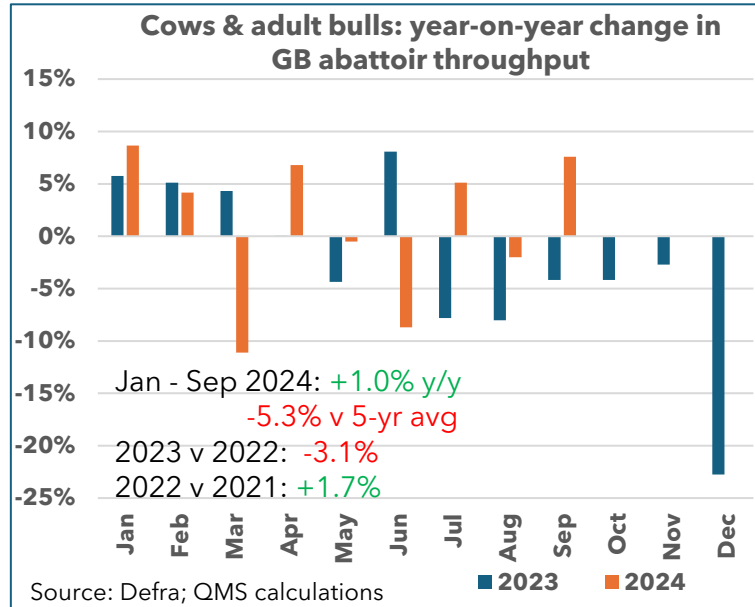
Availability for slaughter may have reached an early autumn peak for the second year in a row in Scotland, underpinned by the early finishing spring-2023 steers and heifers. However, a seasonal rise in carcase weights should help to provide some offsetting support to production volumes, if slaughter does hold below its October highs.

Carcase weights have been showing year-on-year increases in Scotland for much of the time since spring 2023. Meanwhile, the UK average has started to show increases again after a dip in the spring, supporting production volumes relative to 2023. Seasonal weather conditions and an increase in older animals on farms may have influenced the change in weights this year.

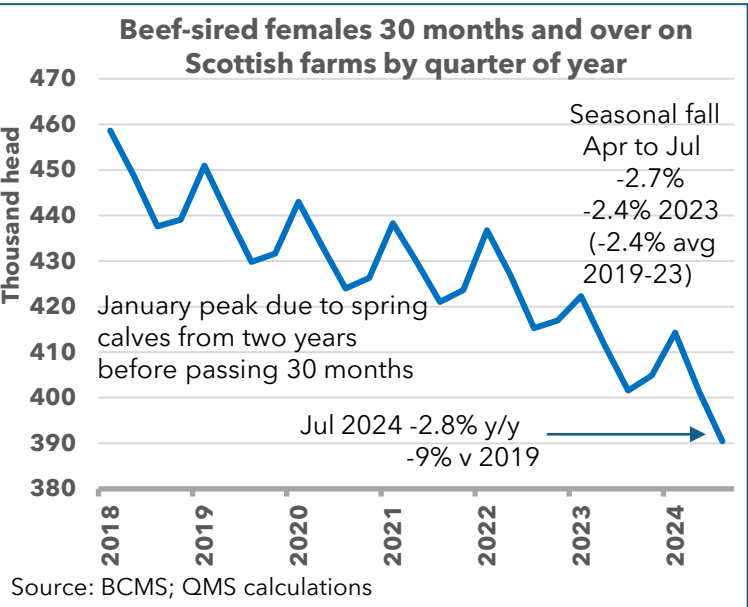
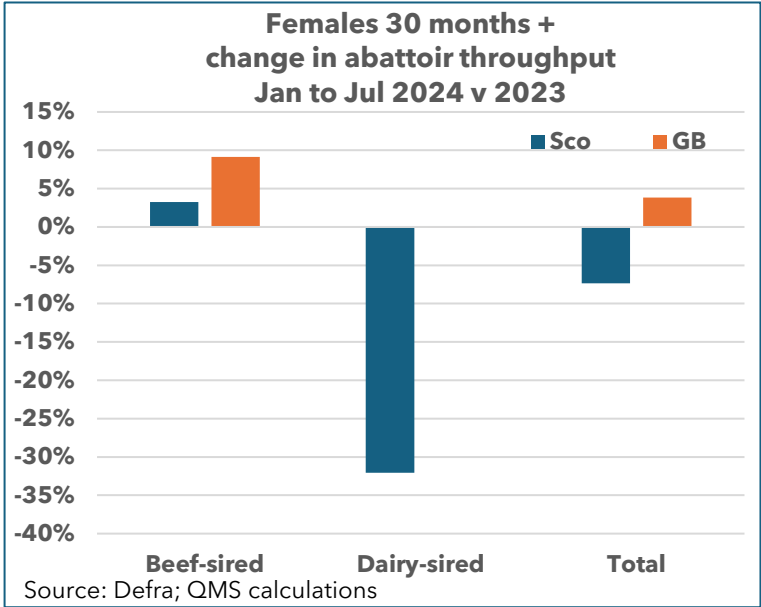


# Mature cattle market

Seasonally high availability for slaughter has placed some downwards pressure on cow prices. Nevertheless, this pressure has been softer than in the past, signalling relatively firm demand for cow beef. After looking relatively soft at the start of 2024, cows have shown a premium at Scottish abattoirs over England & Wales since August.



# 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%

Source: BCMS; QMS calculations

Females aged 30 months+ on farms in England & Wales and GB (y/y change in Jul 2024)			
Month	Dairy	Beef	All
E&W	-0.2%	-3.6%	-1.6%
GB	+0.0%	-3.4%	-1.6%

Source: BCMS; QMS calculations

In July 2024, there were just over 390,400 beef-sired females aged 30 months and over on Scottish holdings. This was a 2.8% 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 July 2023 had been just under 401,600 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 have all been to the downside relative to the five-year average. The cow kill increased on a year earlier in Q3 in Scotland after falling in the first half, and the number of over 30-month cattle moving from Scottish farms to abattoirs in England and Wales rose significantly in the January to September period.

Looking forward, if seasonal changes were to move back in line with their five-year average, the year-on-year decline in the beef herd could accelerate to 3.1% in October and ease slightly to 2.9% in January, although an increased pool of females aged 24-30 months on farm could provide some offsetting pressure.

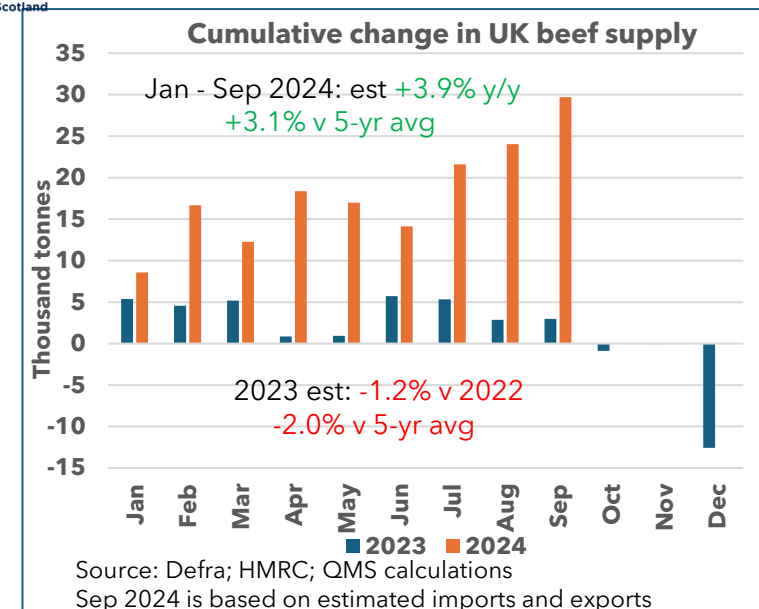
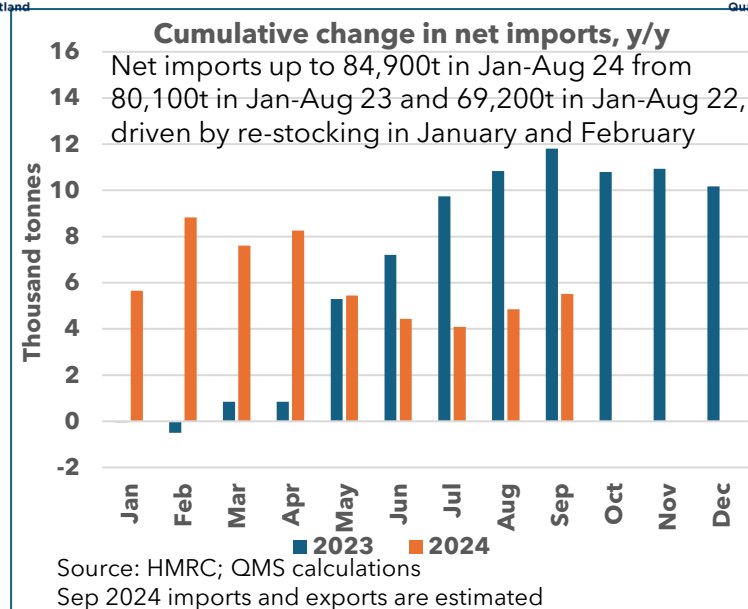
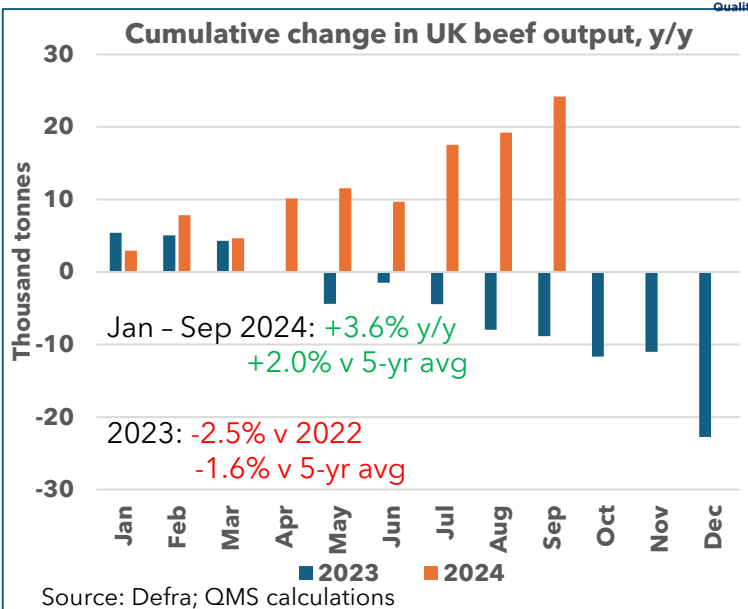
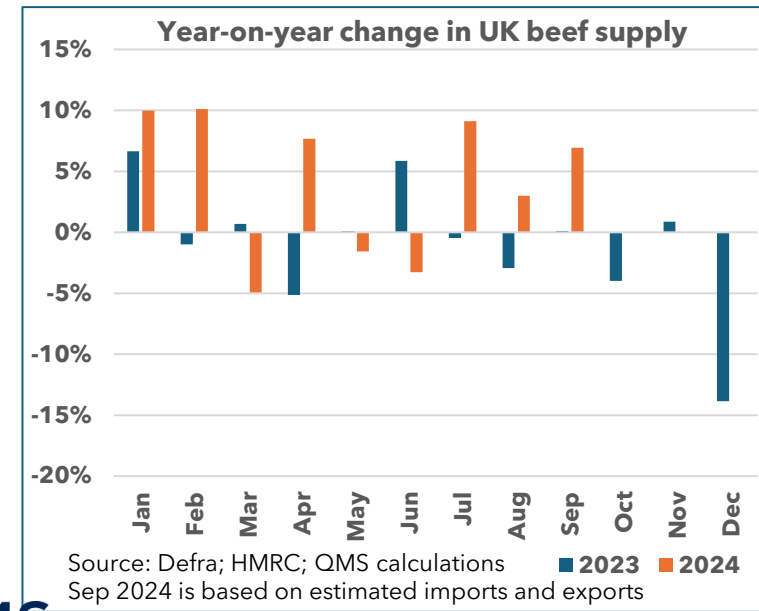
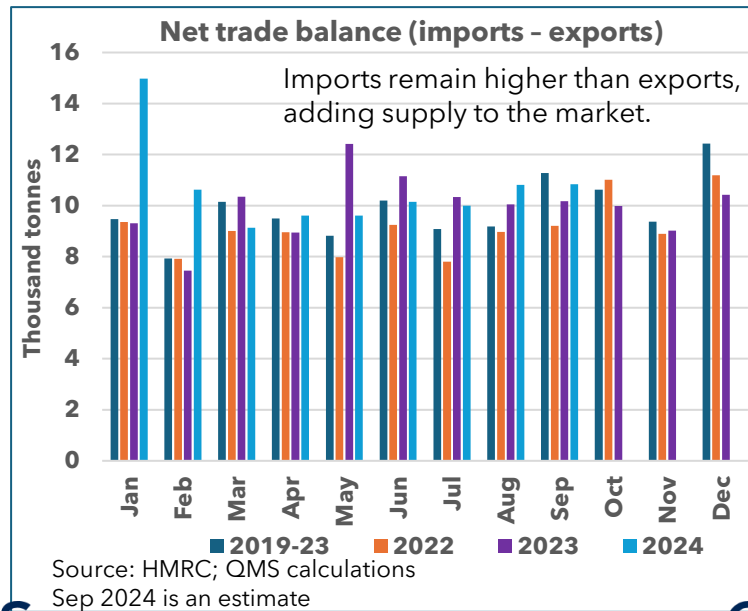
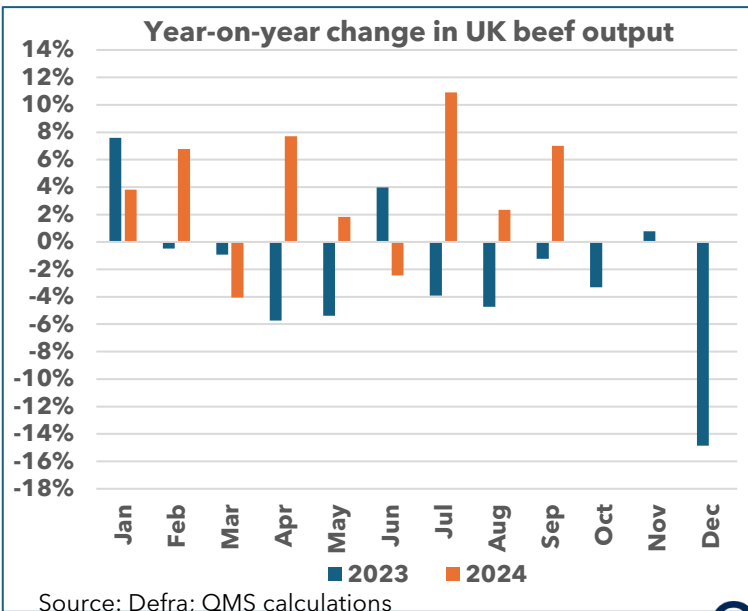
Continuing strong herd decline in England & Wales is set to maintain firm demand from English finishers for Scottish-born beef calves and has the potential to drive a renewed upturn in the level of outflow.

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 (Jun 2024)	-0.6%	-5.1%	-2.2%

Source: Defra; Scottish Government; QMS calculations

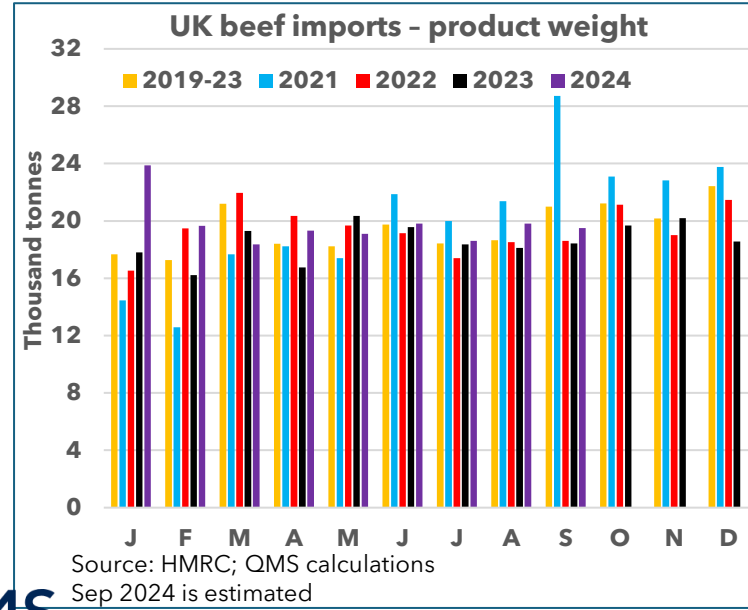
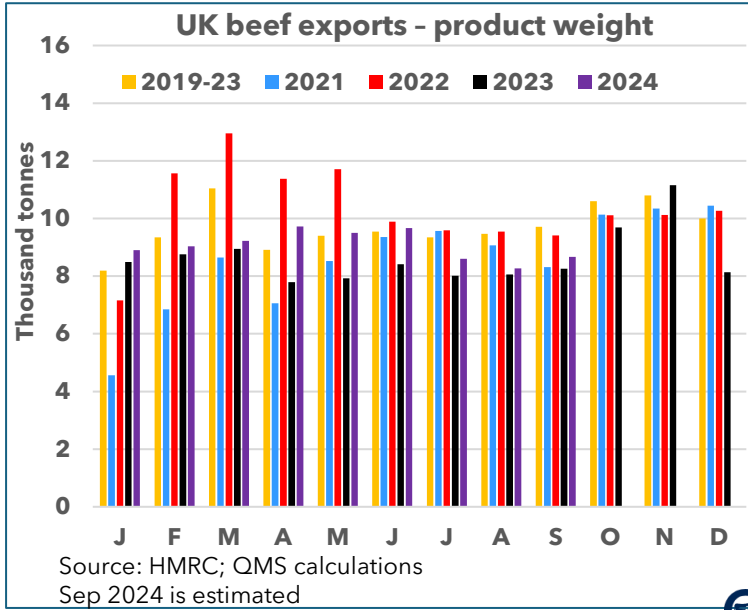
# UK beef market supply

domestic production + (imports – exports) = supply



# UK international trade

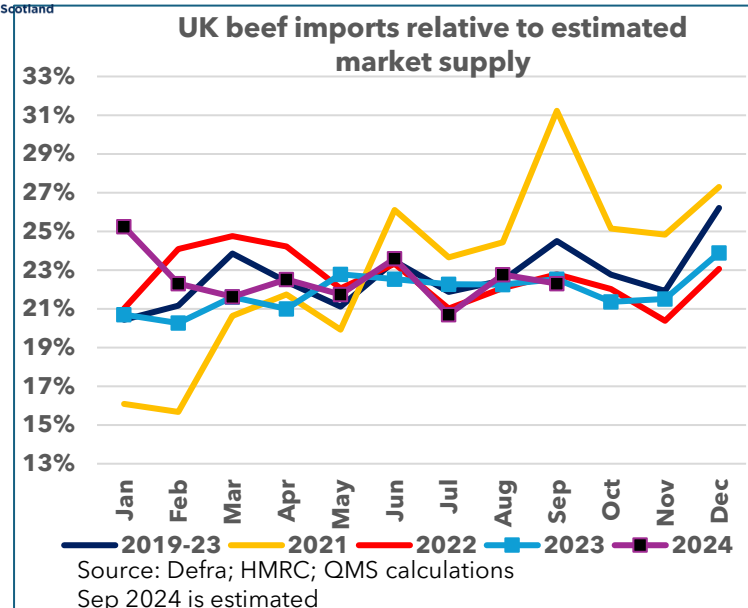
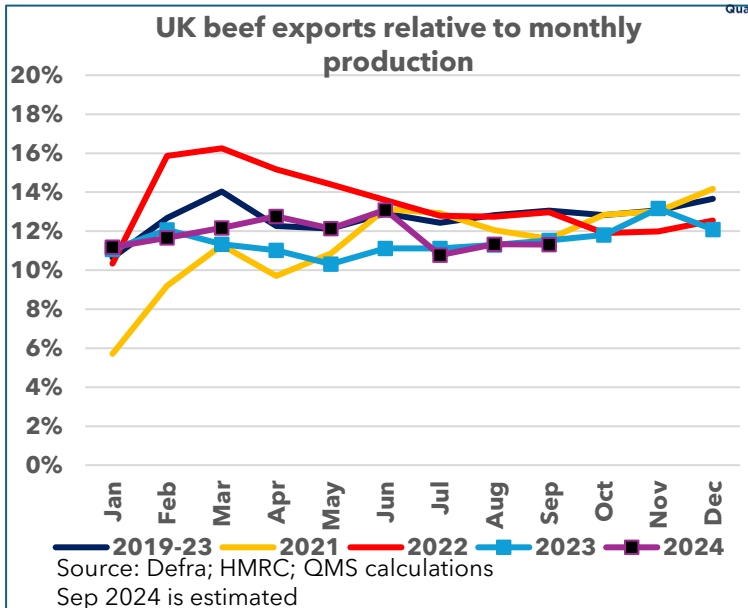
Imports showed a stronger upturn in August, driven by non-EU trade, while the consistent rise in export demand continued.



UK beef exports slumped to an eleven-month low in August but were still higher than in the same month of 2023, up nearly 3% and continuing the pattern of year-on-year growth throughout 2024.

Shipments to EU countries rebounded slightly after dipping in July but showed stronger year-on-year growth, up 7%. By contrast, having risen by more than 50% in the first seven months of the year, sales to non-EU markets fell 20% short of year-earlier levels and were the lowest volume of 2024-to-date.

After a relatively flat period relative to 2023 between March and July, beef imports to the UK showed a stronger uplift in August, moving 5% ahead of the 2023 total for the month. This was solely driven by non-EU trade as less beef arrived from the EU for the fifth time in six months (-1%).



Imports from non-EU suppliers were more than double their August 2023 total and surpassed the 2,000t mark for the first time since 2017. Imports from Australia and New Zealand accounted for more than half of non-EU shipments in August, with their year-to-date share reaching 47.5% compared to 23% in the first eight months of 2023, reflecting the Free Trade Agreements which started on 31/5/23. Imports from Brazil also jumped higher from August 2023.

The EU accounted for 91.9% of UK import volumes and 85% of exports in the first eight months of 2024.

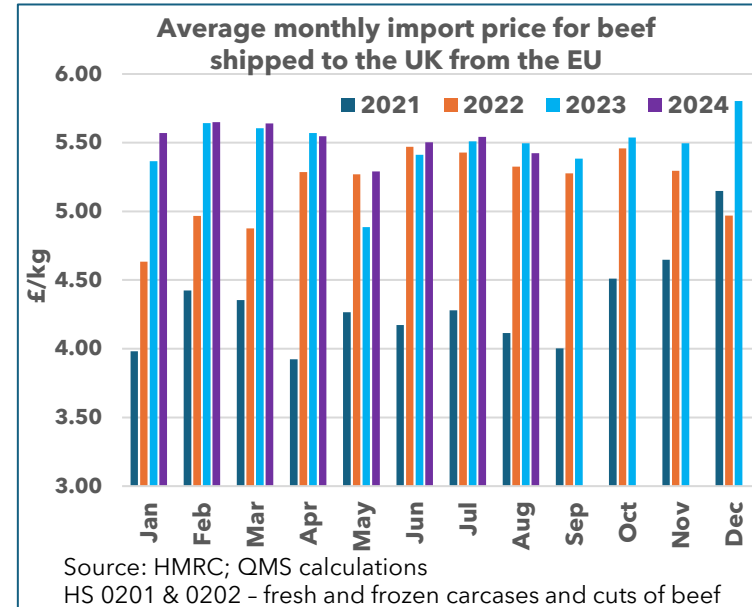
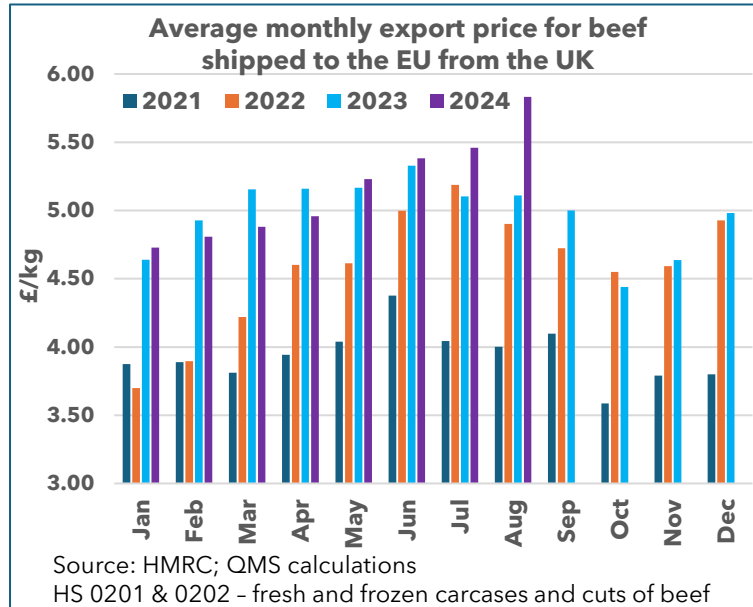
Note:

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

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

# Variables influencing international trade

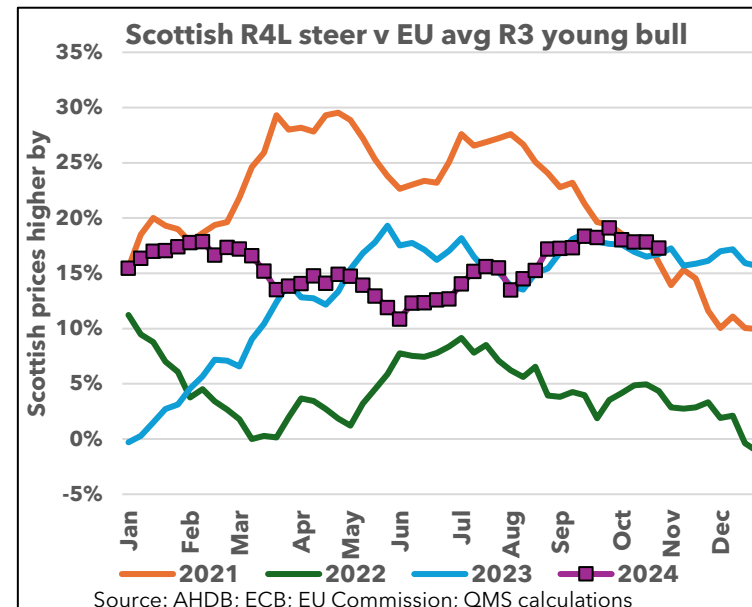
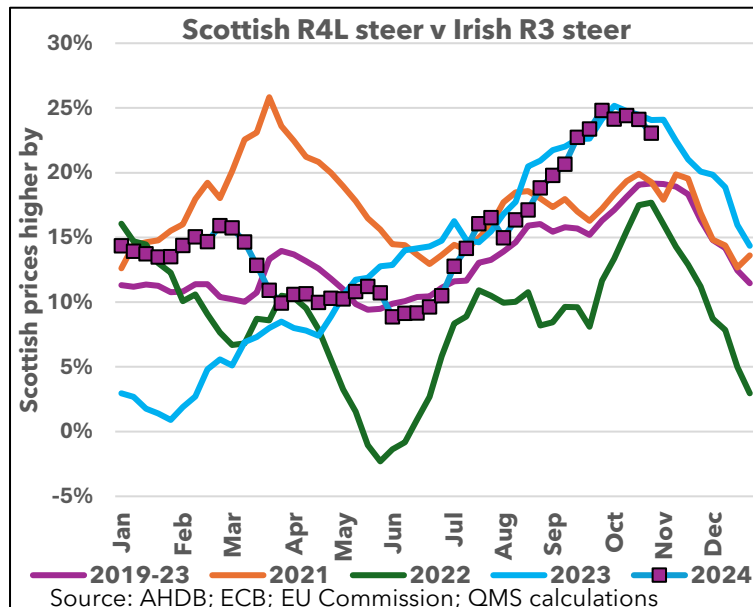
A seasonal change in market balance in Ireland has seen the price gap with Scotland narrow slightly, but it remains wide.



Now that Irish prime cattle slaughter has passed its autumn peak, prices have started to increase, and this has seen the price gap with Scotland close slightly. However, at 23%, the premium for R4L steers over Irish R3 steers remained considerable at the end of October.

EU beef prices have also shown a general increase in October, but there has been little impact on the pricing gap with Scotland, as the lead for R4L steers over the EU average for R3 young bulls remained above 17% in the final week of the month.

After struggling to match the highs of 2023 in the first third of the year, UK import and export prices showed some year-on-year uplift between May and July. August then saw export prices surge whereas imports became slightly cheaper.



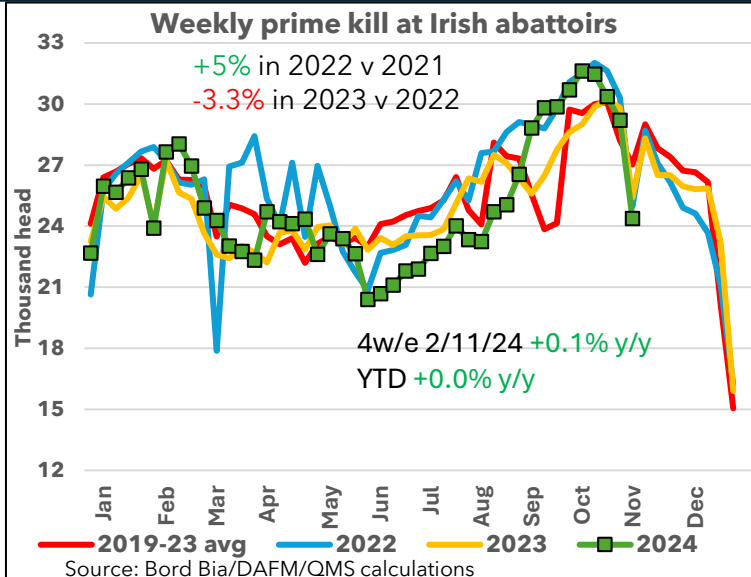
Selected EU cattle prices for R3 males, converted from euro to p/kg dwt			
	Week 44 2024	Week 40 2024	Week 44 2023
Germany (young bull)	472.4	447.7	419.3
Netherlands (8-12 months)	419.2	418.0	392.1
Spain (young bull)	473.9	478.8	439.4
Poland (young bull)	430.2	422.9	339.4
Irish Republic (steer)	432.1	423.5	402.2
<b>For comparison: Scotland R4L steer</b>	<b>531.7</b>	<b>528.6</b>	<b>499.0</b>

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

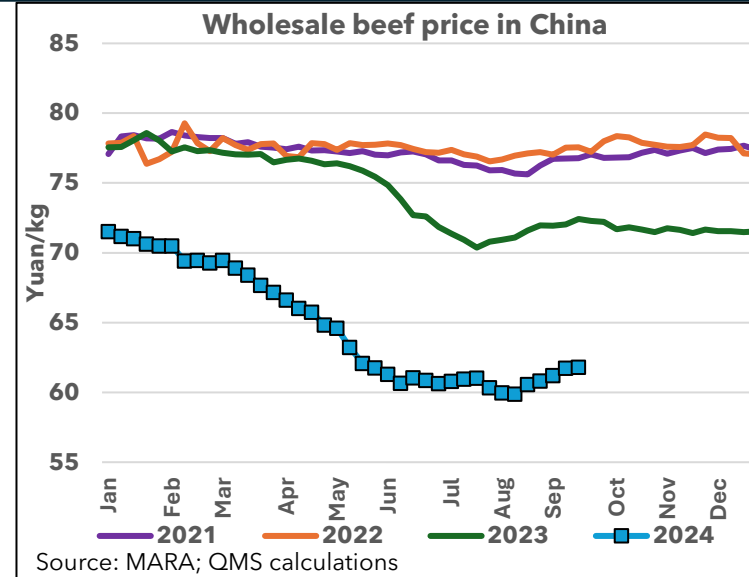
Tighter global market balance expected in 2025 as Brazil moves towards herd liquidation, EU supply tightens further, and US production rebalances lower.



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



In the Irish Republic, prime cattle slaughter peaked in the first half of October and has fallen back since. Numbers will bounce back after a holiday week at the end of October and may continue to track closely with 2023 levels as a shortfall in younger cattle balances out with a rise in older prime cattle. At EU level, production is now expected to edge higher this year, but imports are also expected to rise slightly (based on USDA forecasts).

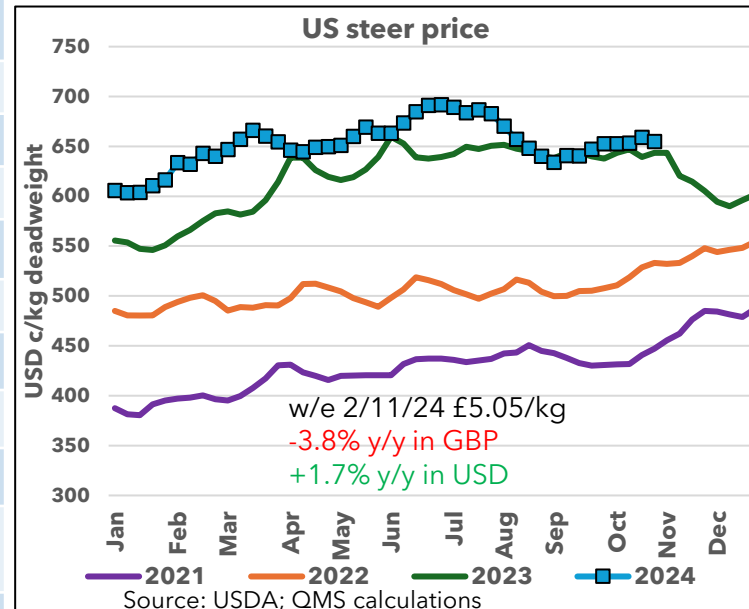
In the global market, while beef prices are still under pressure from weak purchasing power in China, Brazil is moving from herd liquidation into a period of tighter supply and market prices have rebounded in Australia, where production is now close to its cyclical peak. US beef prices continue to trade historically firm with domestic production adjusting downwards following drought in 2021 and 2022. However, US production has only fallen slightly so far this year, partly down to heavier weights, meaning a more significant tightening is expected in 2025.

The USDA is now projecting global beef output and consumption to rise at a faster pace this year and then fall back in 2025. However, import activity is set to remain elevated, reflecting the global downwards trend in production and the resulting imbalances.

Cattle on Irish farms in June (thousand head)

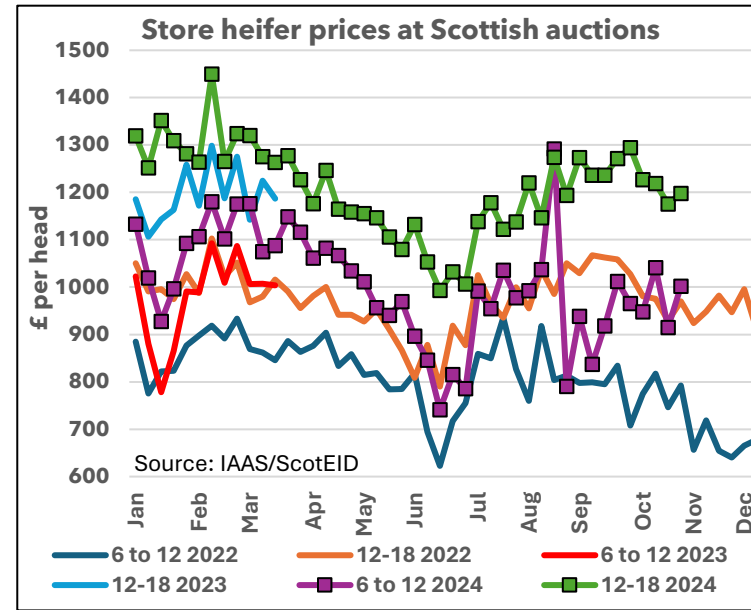
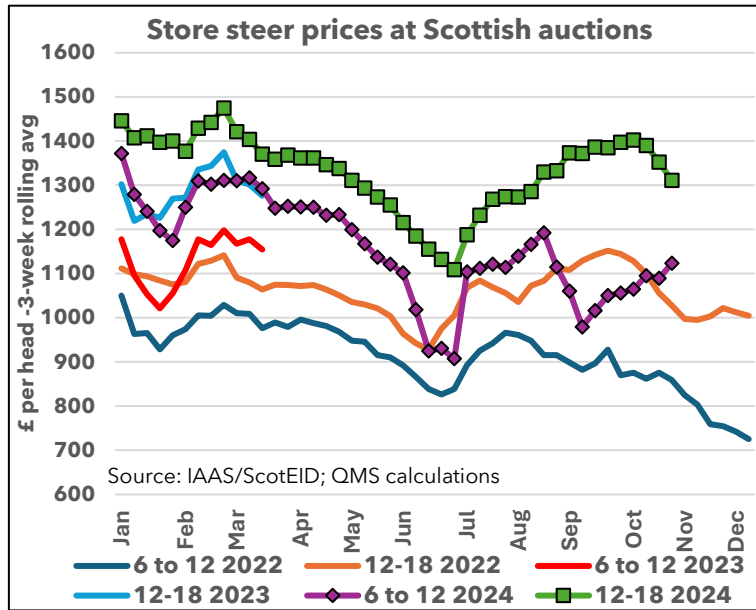
Age group	2022	2023	2024	y/y change 24 v 23
Cows	2,540.5	2,518.7	2,449.3	-2.8%
<12 months	2,134.5	2,074.2	2,026.4	-2.3%
<12 v cows	84.0%	82.4%	82.7%	+0.5%
1-2 years	1,937.7	1,910.8	1,846.4	-3.4%
2+ (males & non-breeding females)	735.2	791.3	812.0	+2.6%

Source: CSO; QMS calculations



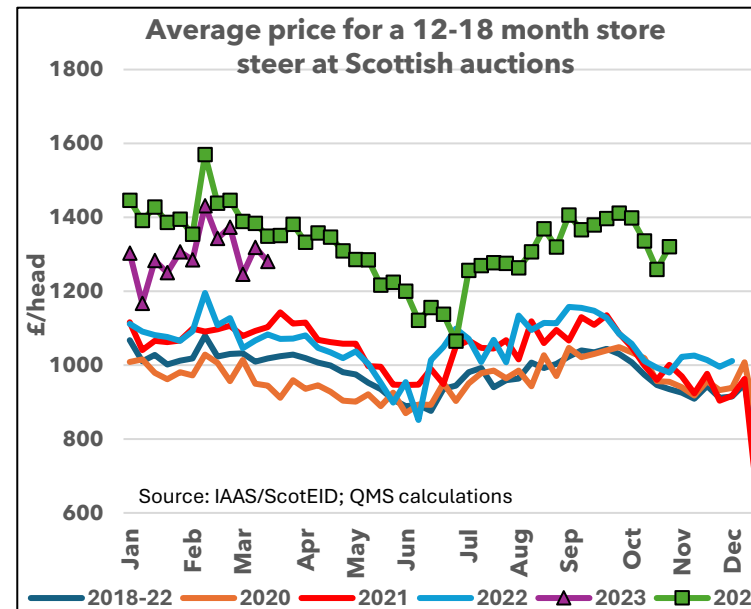
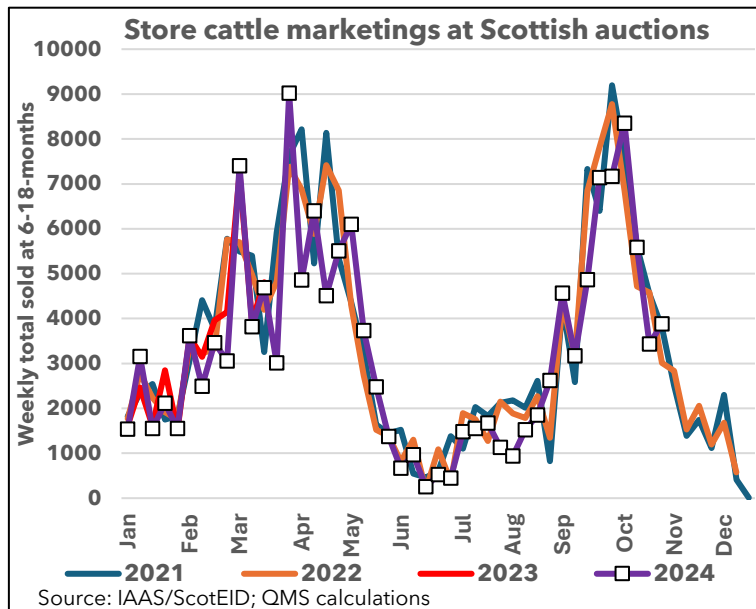
# Store cattle trade

Prices underpinned at autumn sales by tight supply of calves and firm market for finished cattle.



Through the peak autumn selling period, store cattle values showed record high prices, with the previous softness in weaned calf pricing disappearing. Limited availability following a reduced calf crop in the second half of 2023 and first half of 2024 combined with firm finished cattle pricing supported the market.

A further reduction in the spring calf crop in 2024 is likely to ensure that store cattle availability remains tight over the winter and into spring.



## 4 weeks to 2/11/24

### Store cattle prices

Steers, 6-12 months	£1,103
Steers, 12-18 months	£1,349
Heifers, 6-12 months	£975
Heifers: 12-18 months	£1,211

### Store cattle marketings

All steers & heifers, 6-18 months	21,300
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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

- Lamb prices have followed a normal seasonal pattern, slipping to a seasonal low point of around 270p/kg at Scottish marts in October, before rebounding at the start of November and approaching 300p/kg. Though prices remain historically high for the time of year, increases have softened with lamb throughput showing some signs of starting to catch up, running above the five-year average at Scottish marts.
- Lamb auction and abattoir throughput has been running at a seasonally high level in recent weeks but has continued to fall well behind 2023. However, throughput at Scottish marts has run ahead of the five-year average, reflecting a later marketing pattern. Lamb supply is expected to remain fundamentally tight this season, due to a smaller ewe flock in 2023 and a second consecutive poor lambing across GB. However, the slow start to the season and front-loaded pattern of marketing in 2023/24 could generate an increased carryover of hogs and allow some catch-up.

### 02 Retail demand

- GB retail data indicates that the higher farmgate prices of 2024 have started to pass through to retail prices. However, the significant spending growth and relatively flat sales volumes reported by Kantar in Q3 points to robust demand.

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 6 November	284.53p/kg	+10.51p	+4.9%	+7.8%	+22.3%
Total lamb marketings at Scottish auctions	Average in four weeks to 6 November, head	22,846		+5.8%	-7.6%	+8.4%
Lamb slaughter at GB abattoirs	Total between July and September 2024, million head	2.632m			-6.0%	-16.6%
UK sheepmeat market supply	Tonnes in Q3 2024 (estimate)	64,200			+0.1%	-4.1%

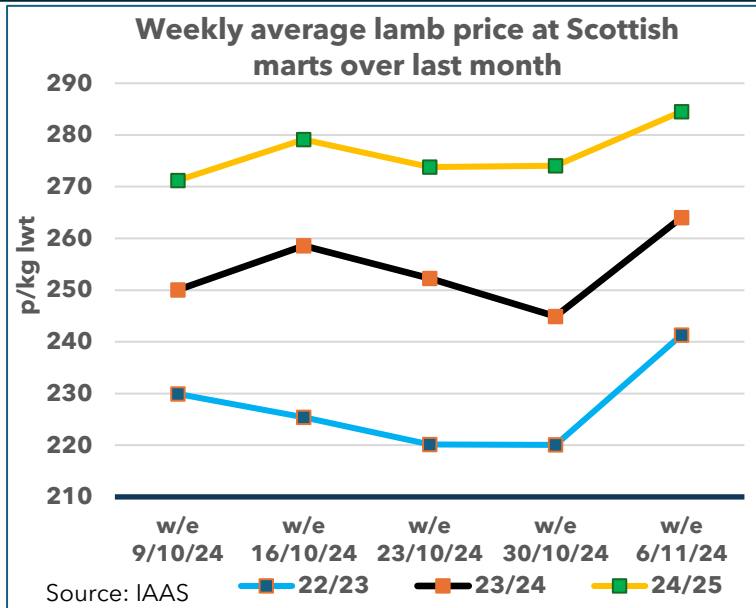
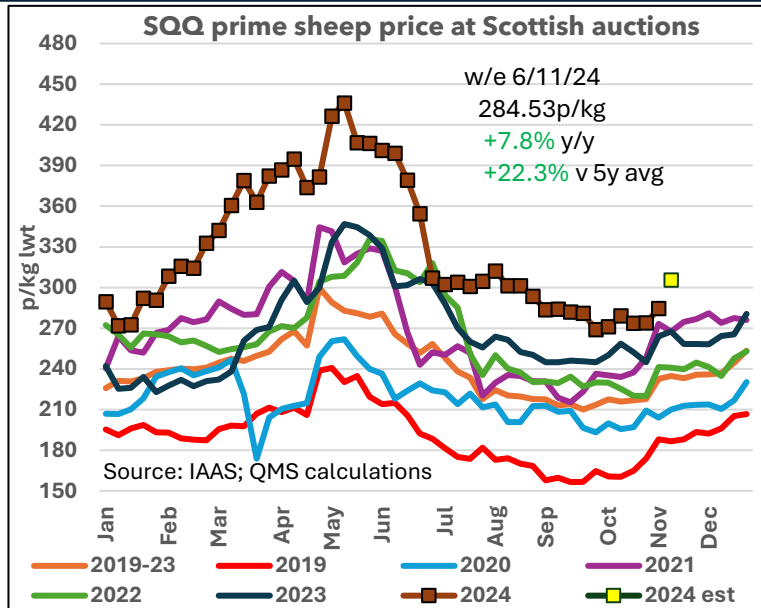
### 03 International trade

- Wholesale prices in France for imported lamb continue to signal an attractive export trade, reflecting a downwards trend in production in the EU, and while volumes shipped have been lower than in 2023 since Easter, they have risen as a share of UK production.
- Lamb produced in Australia and NZ continues to look highly competitively priced, supporting UK import demand along with the underlying tightness of domestic supply. However, the market has absorbed this product without any significant pressure domestic farmgate prices and New Zealand's lamb crop is expected to be significantly lower in the season which is just getting underway.



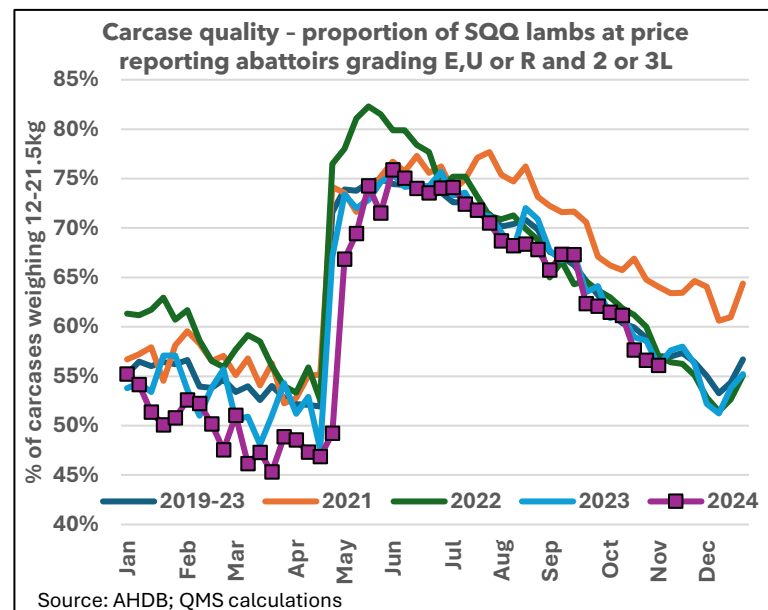
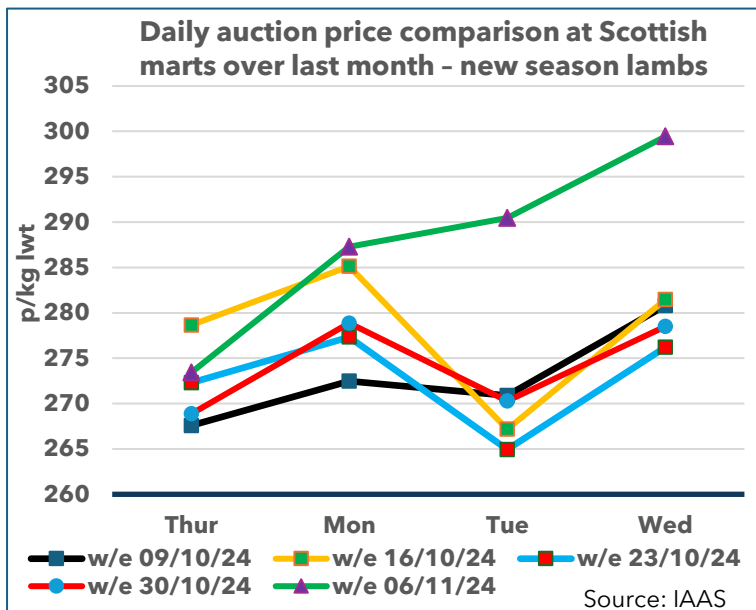
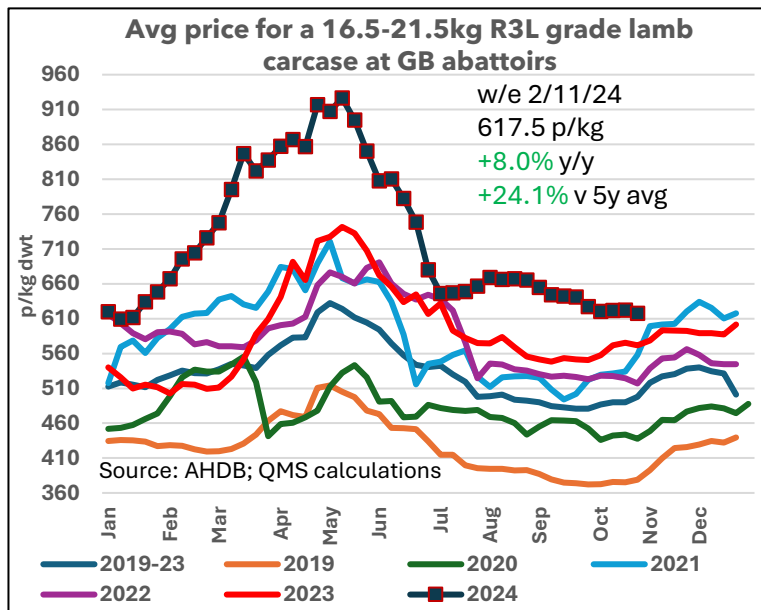
# Farmgate prices - prime sheep

lamb prices have followed a normal seasonal pattern at Scottish marts, dipping to a low of around 270p/kg in October and then rising towards 300p/kg at the start of November. Year-on-year increases have softened with lamb throughput above the five-year average.



Lamb prices have followed a fairly normal seasonal pattern, slipping to a low of around 270p/kg in October and then rebounding at the start of November and approaching 300p/kg. With lamb throughput continuing to trail 2023 levels, year-on-year price increases have continued, although they have softened to below 10% given that supply has not been as historically tight as it had been earlier in the season, with auction throughput above the five-year average.

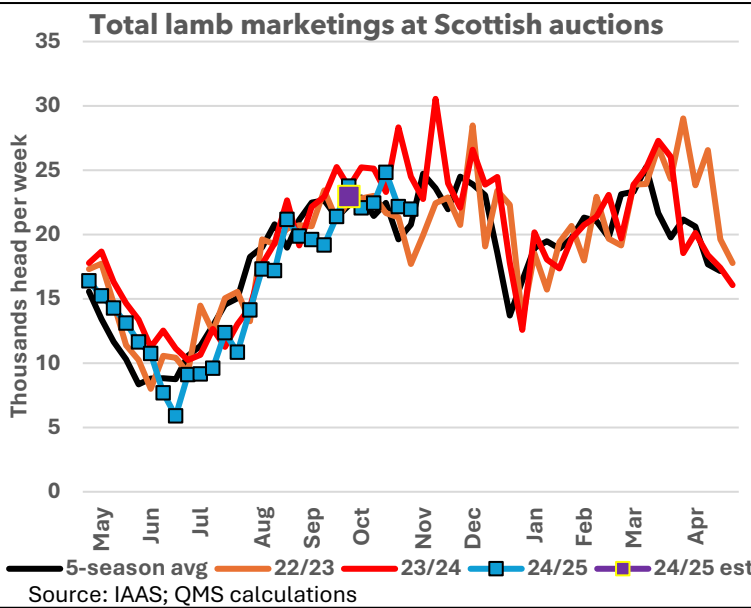
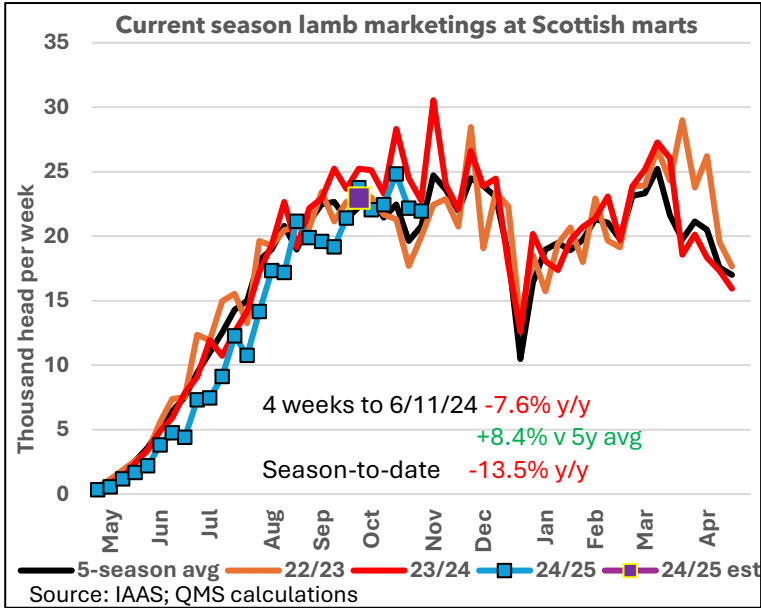
GB deadweight prices traded at a seasonal low of around 615-620p/kg in October. Reflecting a later marketing profile this season, the low point has been later than in 2023, with the pattern more similar to 2022, when there had been a large carryover of hogs.



Charts based on old season lamb prices from January to April and new season lambs from May to December

# Availability and slaughter

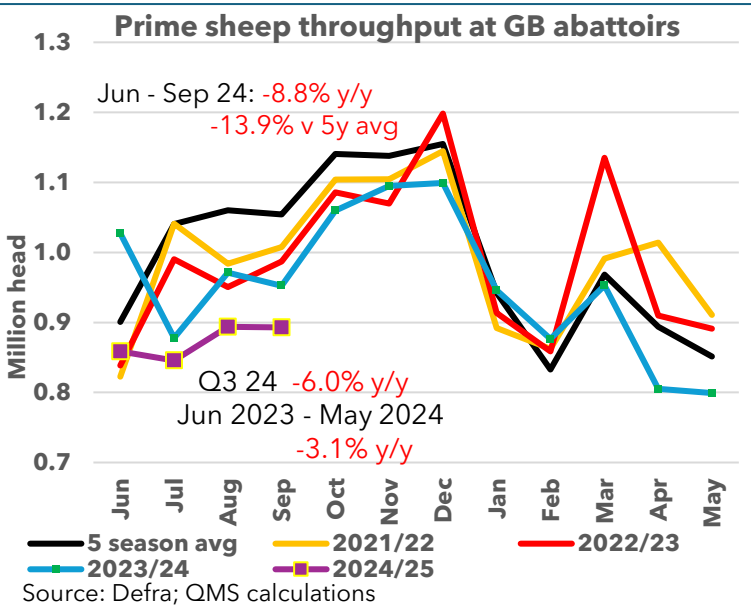
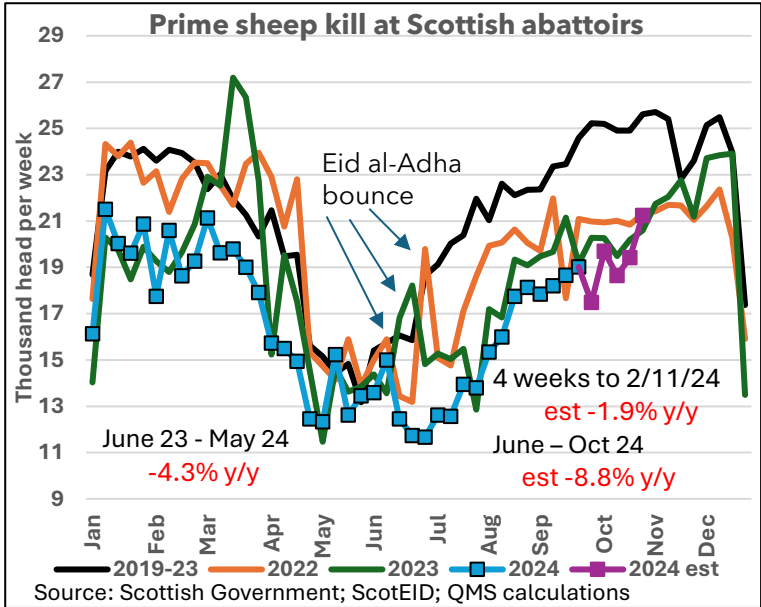
While lamb supply has been historically high level, it has been historically weak for much of the season-to-date, underpinning farmgate prices. Looking forward, sharply lower throughput in the season-to-date coupled with a limited reduction in the lamb crop points to an increased carryover of hogs.



Lamb auction and abattoir throughput has been running at a seasonally high level in recent weeks but has continued to fall well behind 2023. However, comparisons with historical averages have narrowed, reflecting a later marketing pattern.

Lamb supply is expected to remain fundamentally tight this season, due to a smaller ewe flock in 2023 and a second consecutive poor lambing across GB. However, the slow start to the season and front-loaded pattern of marketing in 2023/24 could allow some catch-up later in the season.

After falling well behind 2023 levels during the summer, lamb slaughter at Scottish abattoirs has trended higher in the autumn, converging on 2023 levels in October. The slow start to the season combined with the limited fall in Scotland's lamb crop suggests that there could be the potential for some increase in slaughter in the run up to Ramadan and Easter.



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

### June 2023 – Scotland, England & Wales

	Sco v 2022	Eng v 2022	Wal v 2022
Ewes for further breeding & slaughter	-1.7%	+1.5%	-4.2%
New season lambs	-4.1%	-4.9%	-10.1%

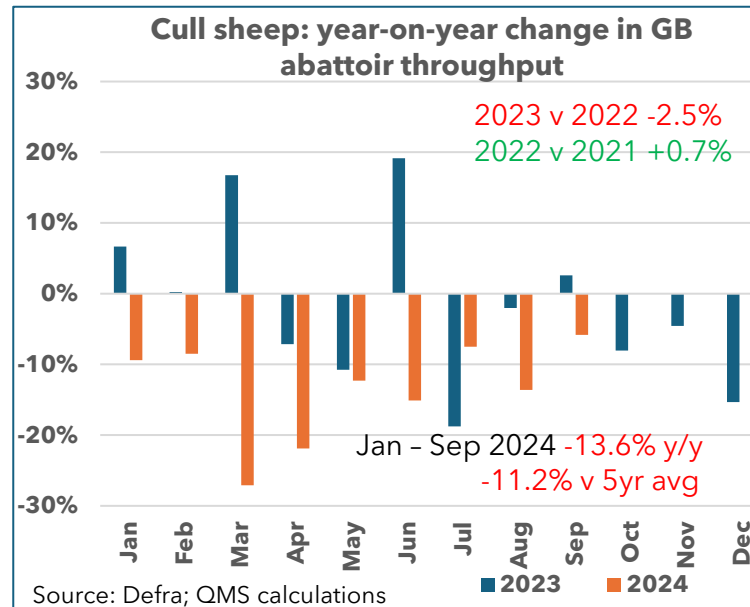
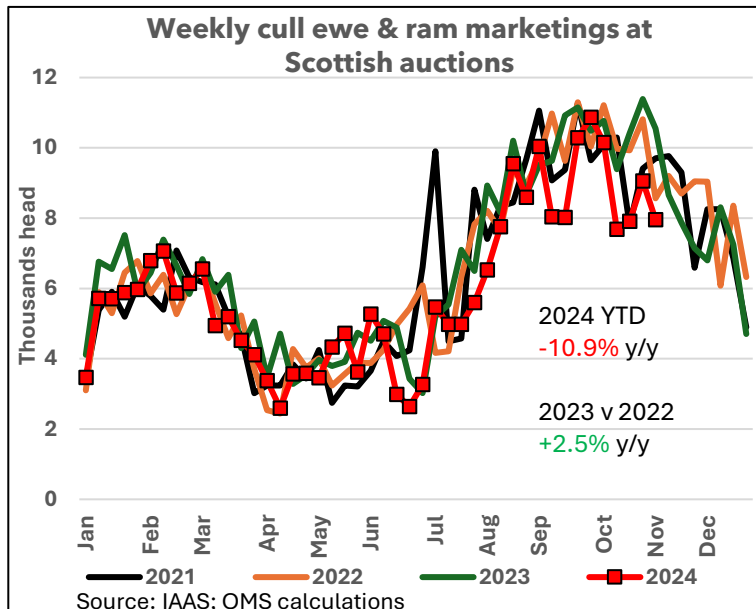
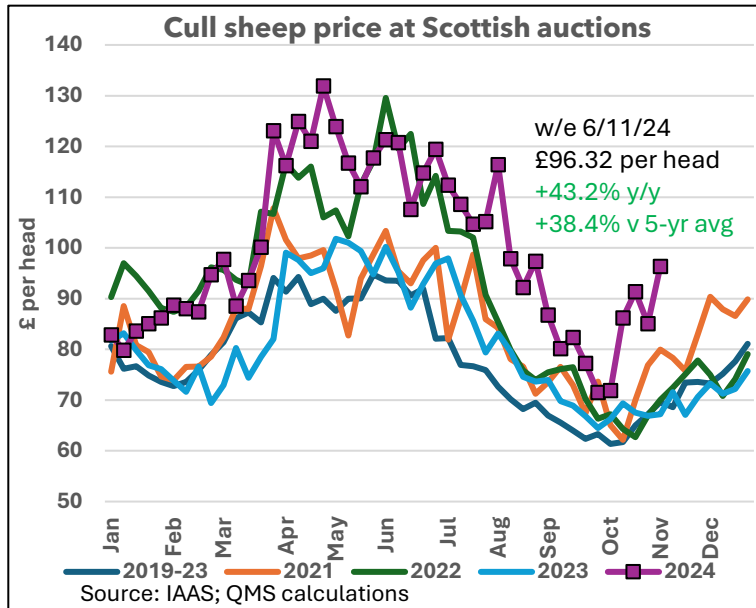
### June 2024 – Scotland and England

	Sco v 2023	Eng v 2023
Ewes for further breeding & slaughter	-2.3%	-4.7% y/y
New season lambs	-1.6%	-3.5% y/y

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

# Cull sheep market

Cull ewe prices have shown a sharp seasonal rebound with marketings falling back from their peak. Prices have been trading historically high for the time of year, reflecting a sharp reduction in slaughter in 2024, which may be a sign of flock rebuilding.

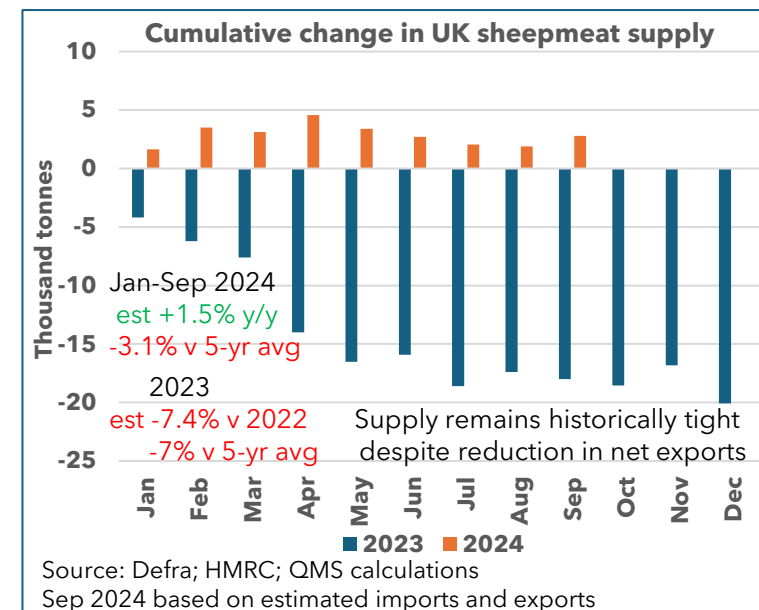
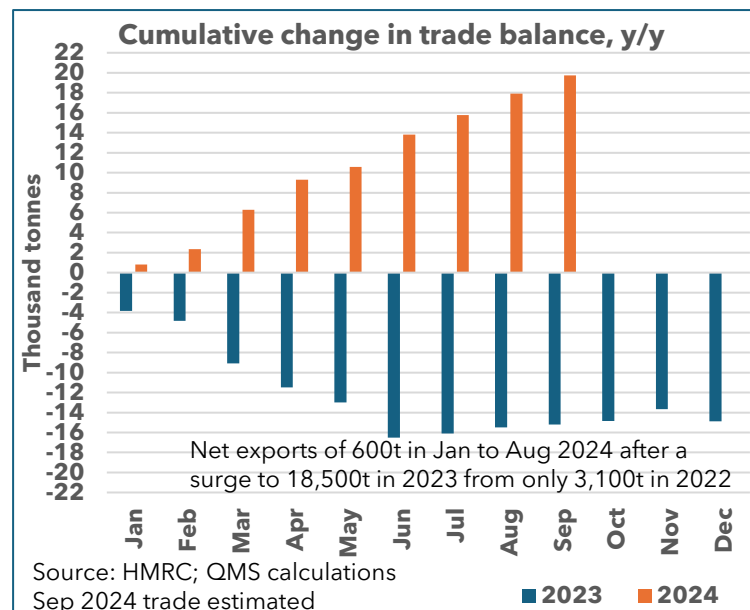
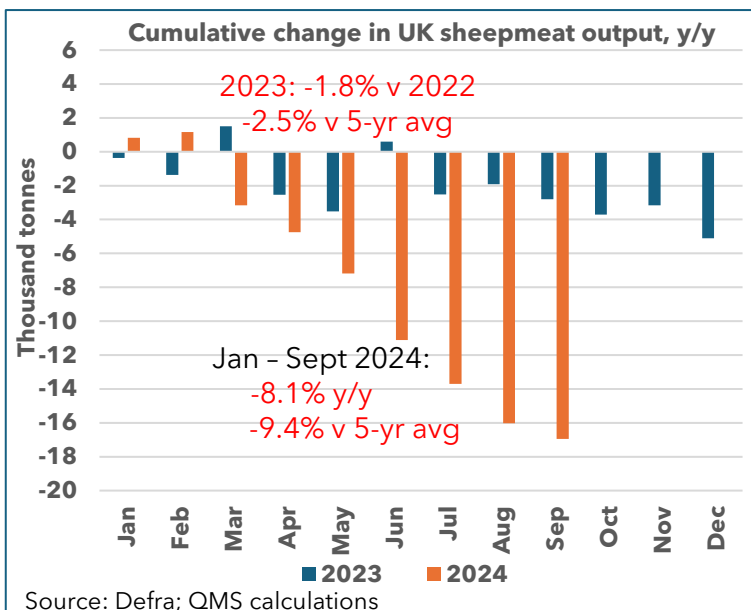
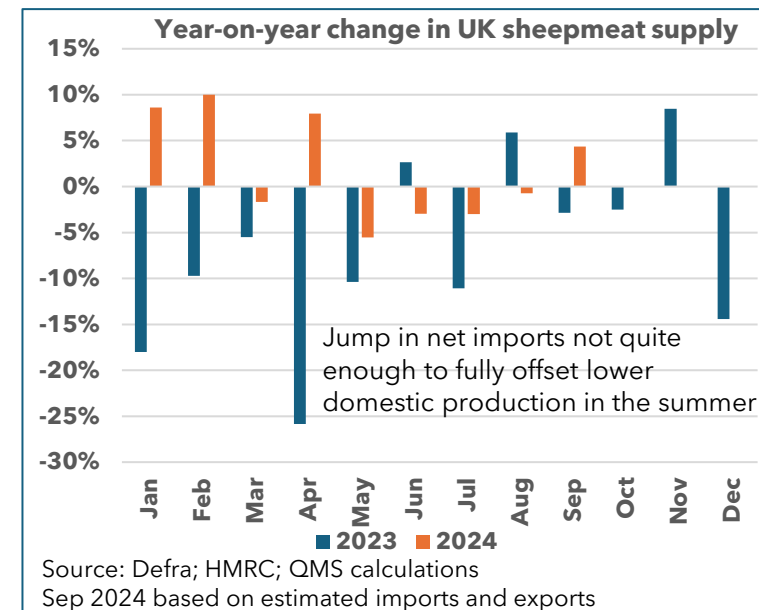
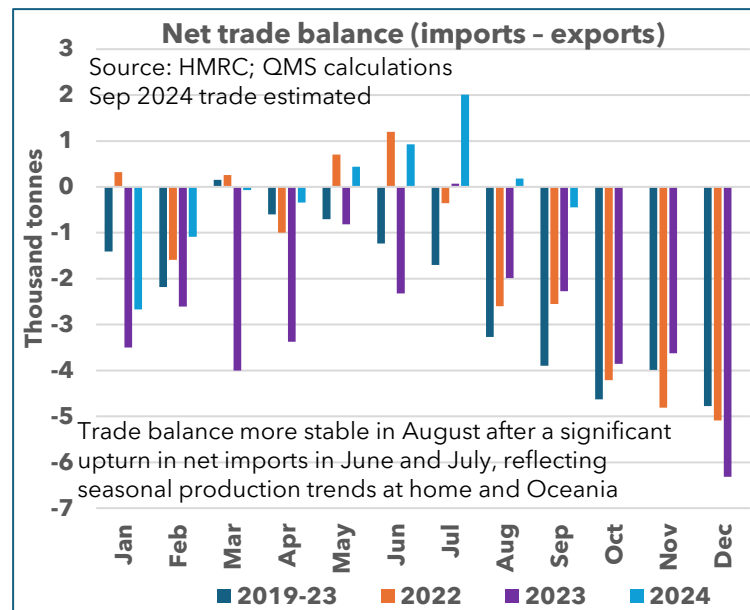
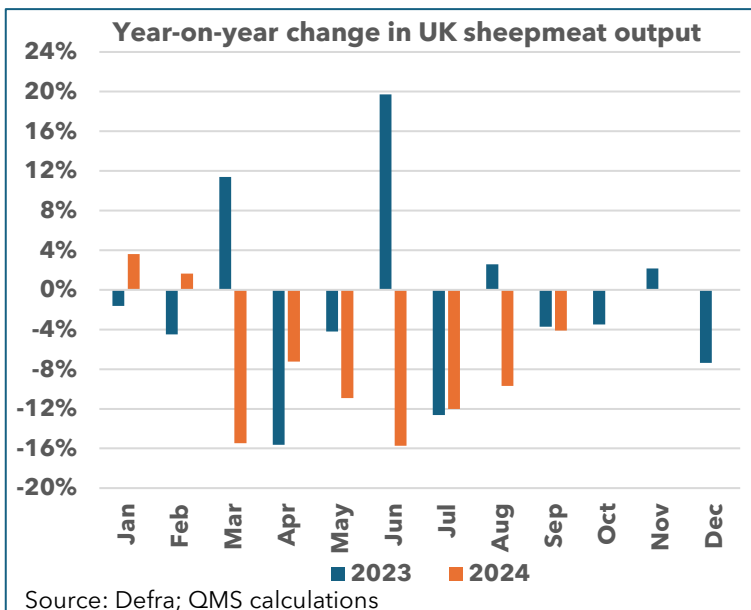


After falling to a seasonal low at the start of October, cull sheep prices have rebounded sharply following a period of reduced marketings. This has ensured that prices continue to look historically high for the time of year, reflecting a sharp reduction in ewe slaughter in 2024. This scale of the fall in slaughter points towards flock rebuilding.

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 has surged in 2024, with more than 25,000 processed in the first nine months of the year compared to a total of less than 20,700 in 2023. The share of Scottish ewes remaining in Scotland for slaughter is on track to rise from around 6% last year to 10% this year.

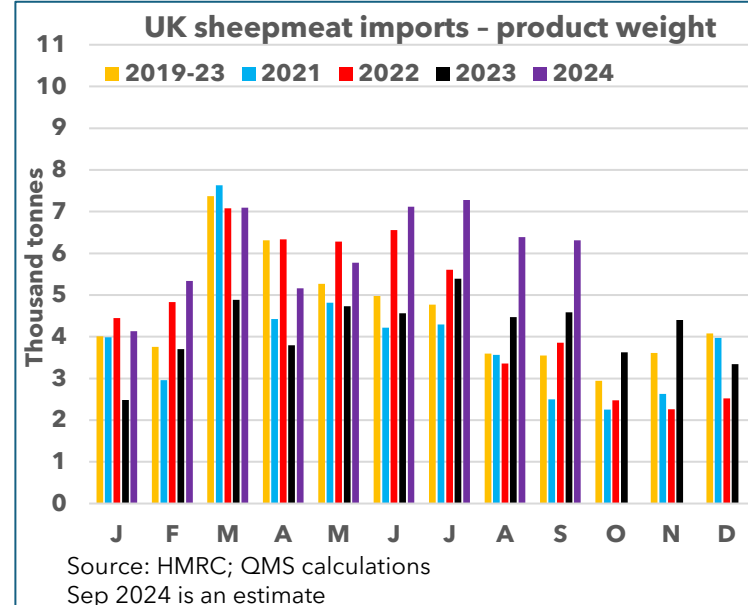
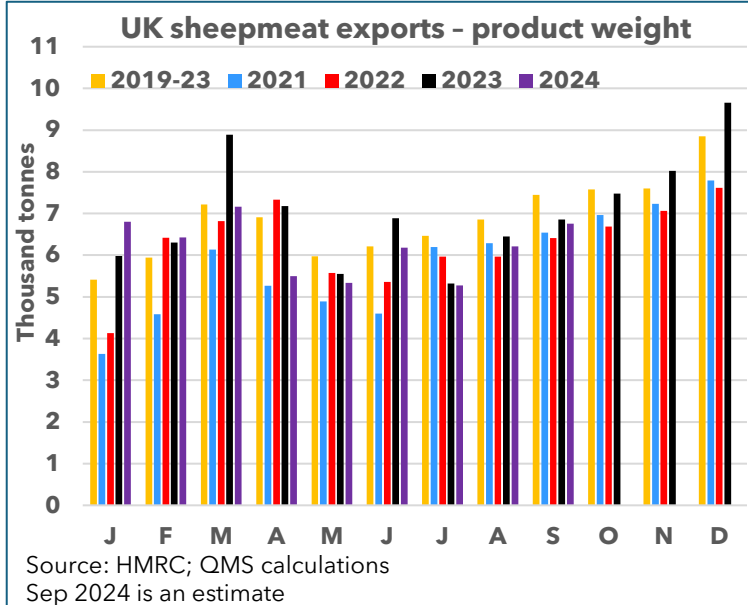
# UK sheep market supply

domestic production + (imports – exports) = supply



# UK international trade

Tight domestic supply has restricted export volumes since March but they have risen as a share of production from 2023. Import volumes continue to exceed the lows of 2023 due to a tight domestic market and Southern Hemisphere competitiveness.



In August, UK sheepmeat exports rose to a five-month high, partly reflecting a seasonal lift in production. Though still below year-earlier levels for a sixth straight month, they remained higher as a share of domestic production than in 2023. 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 dipped from a year-to-date high in August, reflecting a seasonal reduction in production in the Southern Hemisphere. Nevertheless, volumes continued to grow considerably from the same month of 2023, driven by tight domestic supply and the combination of increased production and highly competitive prices in Australia and New Zealand. Imports were up 43% year-on-year and reached a seventeen-year high for the month.

While a tight market will be continuing to underpin import demand in the final quarter, a contraction in the NZ lamb crop may be a limiting factor for imports (see page 20).

In August, imports from NZ (3,700t) were up by 38% year-on-year while the volume arriving from Australia (2,000t) was the highest for any month since December 2015 and was more than double the August 2023 total.

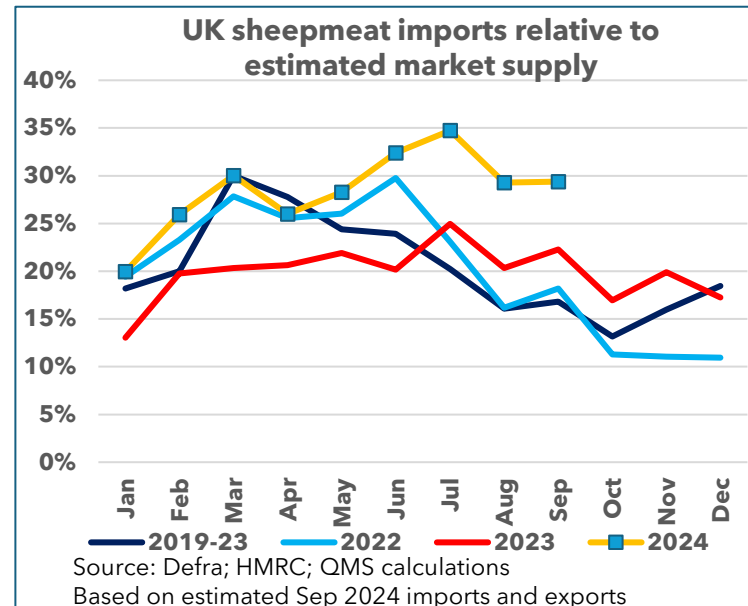
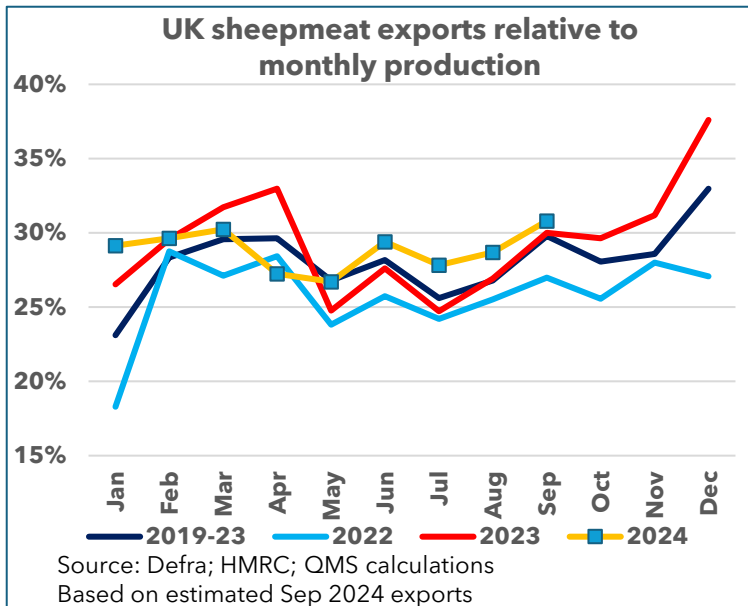
Imported sheepmeat continued to trade at highly competitive prices, averaging around £4,700 per tonne from NZ and £4,800/t from Australia; respectively 13% and 3% cheaper than in August 2023.

Although higher imports following 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:

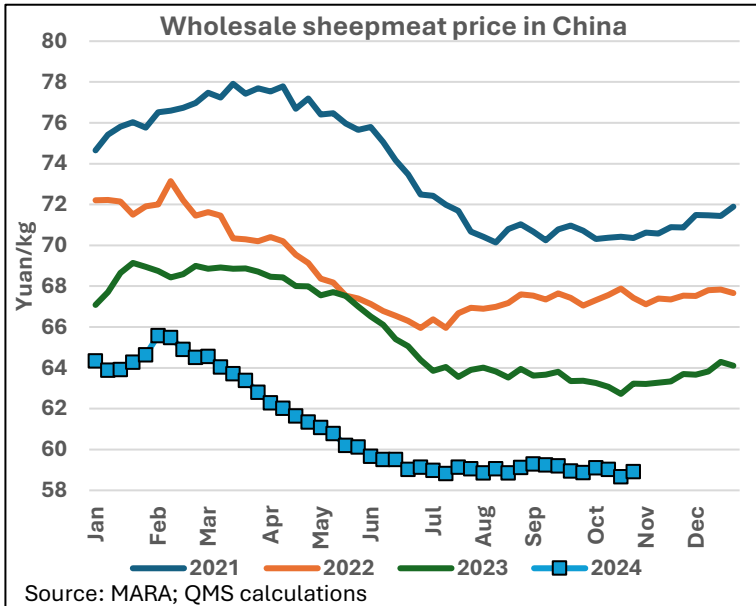
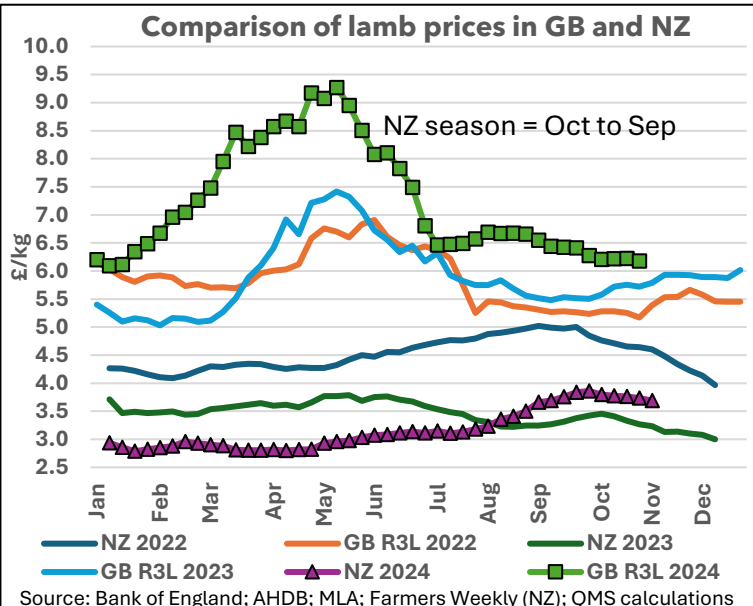
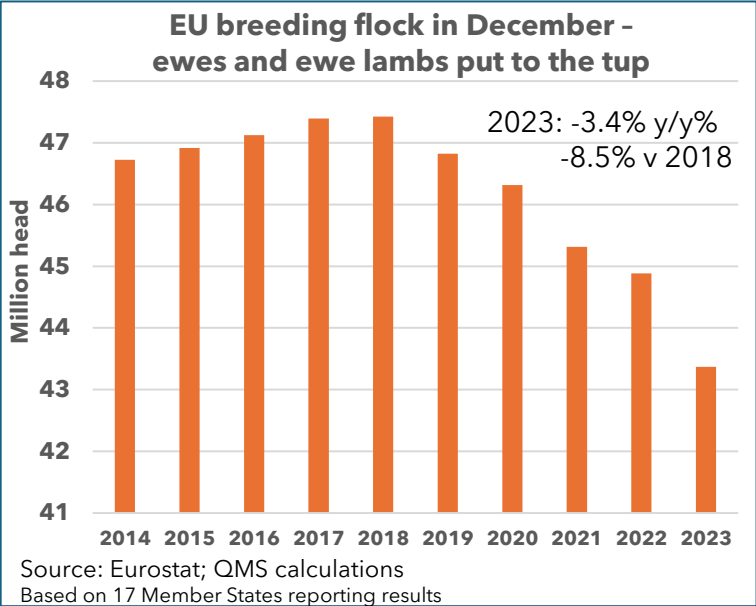
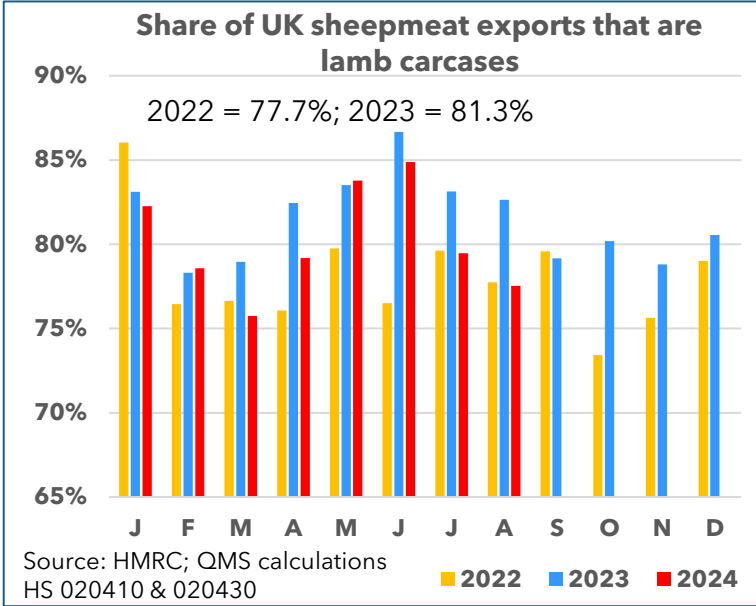
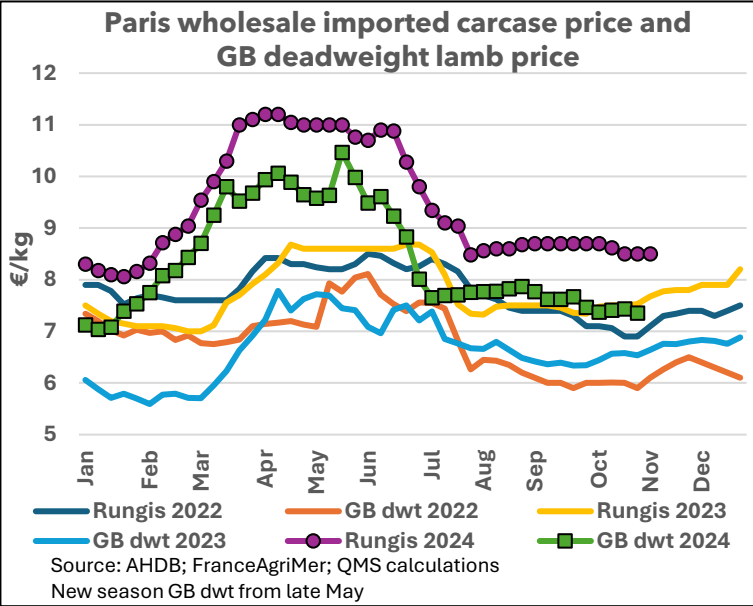
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat)

Estimates for September 2024 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 look attractive. Lamb produced in Australia and NZ remains highly competitive, supporting UK import demand along with the tight domestic market, but China’s position as a market for lower value cuts continues to limit the amount of product being diverted to Europe.

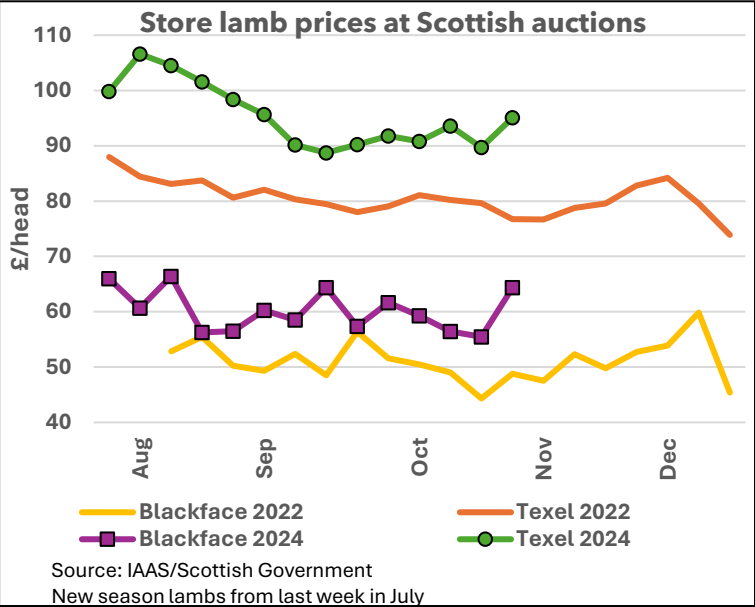
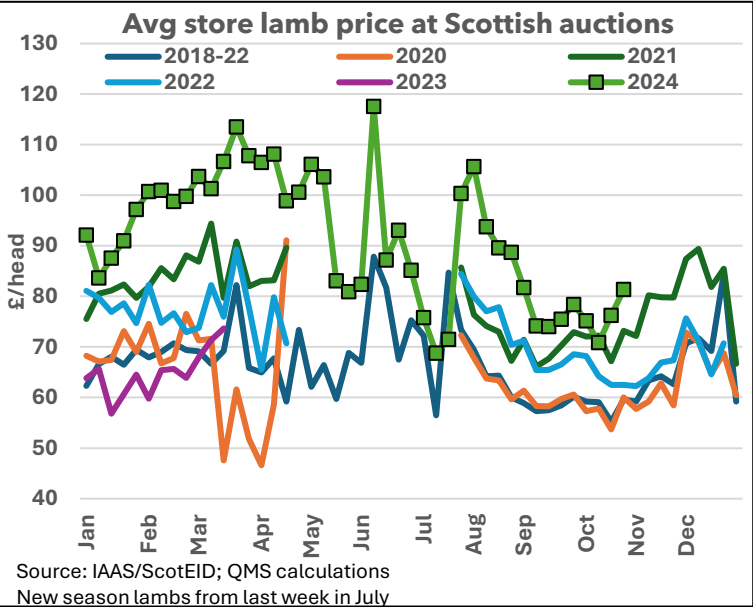


## Oceania lamb production forecasts

	2022	2023	2024	2025	24 v 23
Australia: September 2024 Industry Projections (thousand tonnes)					
Sheepmeat production	710	849	915	924	+8%
Sheepmeat exports (product weight)	428	536	582	589	+9%
New Zealand: Stock number survey as at 30 June 2024 (head)					
	2023		2024		y/y change
Breeding ewes	14.80m		14.37m		-2.9%
Hoggs	8.76m		8.14m		-7.0%
Lamb crop projection	20.24m		19.26m		-4.8%
Source: MLA; Beef + Lamb NZ; QMS calculations					

# Store sheep trade

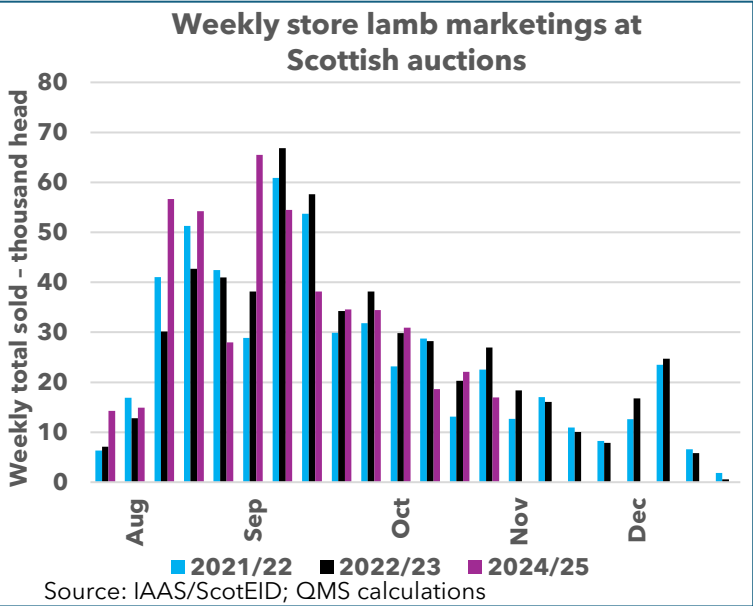
Store lamb prices have been underpinned by the firm market for finished lambs. Improved weather conditions by mid-April 2024 could mean that store lamb numbers held up better than the overall lamb crop this year, although numbers have tightened after a strong start to the season.



Store lambs have continued to trade at historically firm levels for the time of year in October, ending the month 37% above the 2018-22 average, supported by finished lamb prices.

Numbers have fallen back seasonally and have looked soft compared to previous years since mid-September following a strong start to the season. Nevertheless, marketings in the season-to-date have held higher than in previous years. This may reflect that after a very wet period around Easter, conditions had improved by the time of peak hill lambing.

Prices not displayed between May and July due to small volume and volatile prices



Store lamb trade at Scottish auctions, 4 weeks to 2/11/24	
Overall average	£75.70
Blackface	£59.00
Cheviot	£70.80
Suffolk	£87.60
Texel	£92.20
Weekly average number	22,143
Source: IAAS/ScotEID; QMS calculations Prices rounded to nearest 10p	



# PIG MARKET

## SUMMARY OF MARKET DEVELOPMENTS

### 01 Prices

- Pig prices have started to show a more significant seasonal decline, although the downwards trend has remained slightly slower than in 2023 and heavier carcass weights have ensured that carcass value has remained higher than in the summer. Prices have held around 20-25% above the five-year average, supporting the slow recovery of producer finances.

### 02 Slaughter numbers

- GB abattoir throughput has risen slightly this year, driven by a more productive herd. Meanwhile, a seasonal uplift in weekly slaughter has combined with heavier carcass weights to place some downwards pressure on per kilo prices.
- A significant increase in pigs leaving Scottish farms for slaughter in 2024 suggests that the recovery is further forward north of the border, contrasting with the June census results which suggested a significant contraction of the Scottish pig herd.

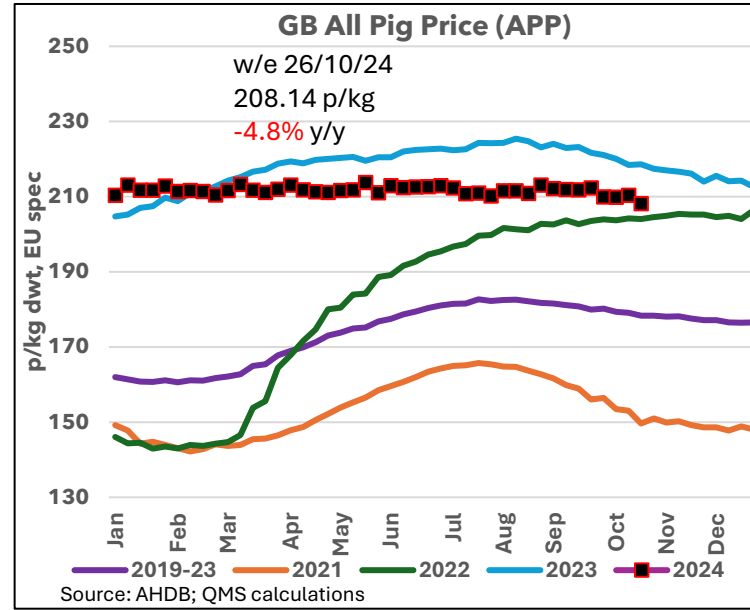
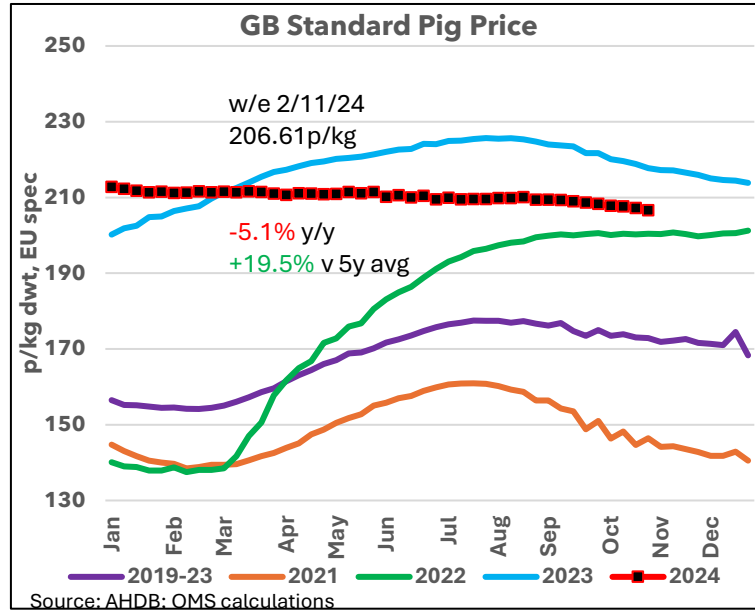
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
GB Standard Pig Price (SPP)	p/kg dwt, w/e 2 November	206.61p/kg	-0.53	-0.8%	-5.1%	+19.5%
Average carcass weight of standard pigs	Average in four weeks to 2 November, EU spec	89.79		+1.0%	+1.7%	+3.6%
Prime pig slaughter at GB abattoirs	Total during September 2024, thousand head	693.2		-1.8% (change in daily avg kill Sep v Aug)	+5.4%	-4.2%
UK pig market supply	Tonnes in Q3 2024 (estimate)	341,400			+5.2%	+6.6%

### 03 International trade and market supply

- UK pig market supply has rebounded in 2024, mostly driven by a recovery in domestic production from a slight lift in throughput and heavier weights. Soft overseas demand has limited UK exports in 2024, but imports have only edged higher despite highly attractive EU price levels.
- EU pig prices fell further in October, making EU pigmeat even more competitive, and the GB premium reached 27% at the end of the month. There has been little sign of a tighter Chinese pork market leading to higher import demand, and UK and EU exports have fallen further in 2024.

# Farmgate prices – prime pigs

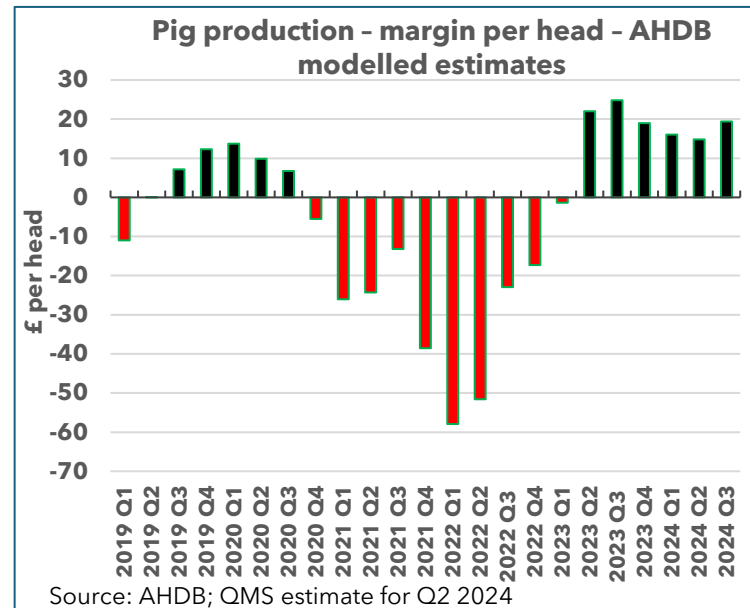
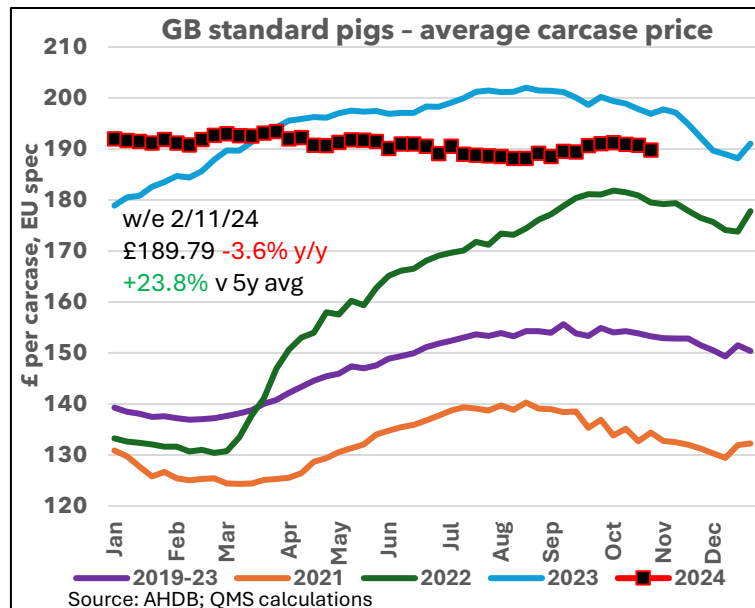
Pig prices have started to show a more significant seasonal downturn but heavier carcass weights have offset most of the decline when considering the overall value of a carcass. Prices have held around 20-25% above the five-year average, supporting the slow recovery of producer finances.



Market prices have started to show a more significant seasonal decline in October. However, the downturn has been slower than in 2023, resulting in a slight narrowing of the year-on-year declines. Meanwhile, heavier carcass weights have offset most of the decline in per kilo prices when considering the overall value of a carcass, and carcass value remains higher than it had been between mid-July and mid-September.

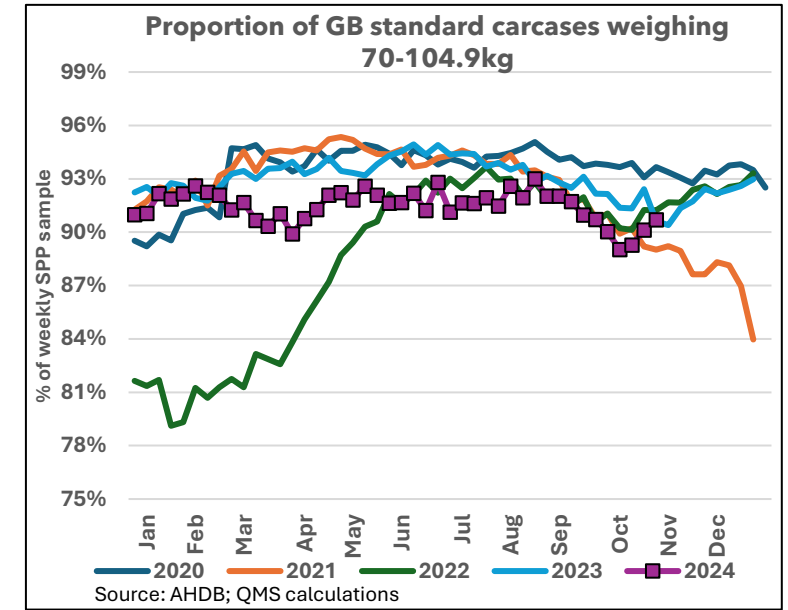
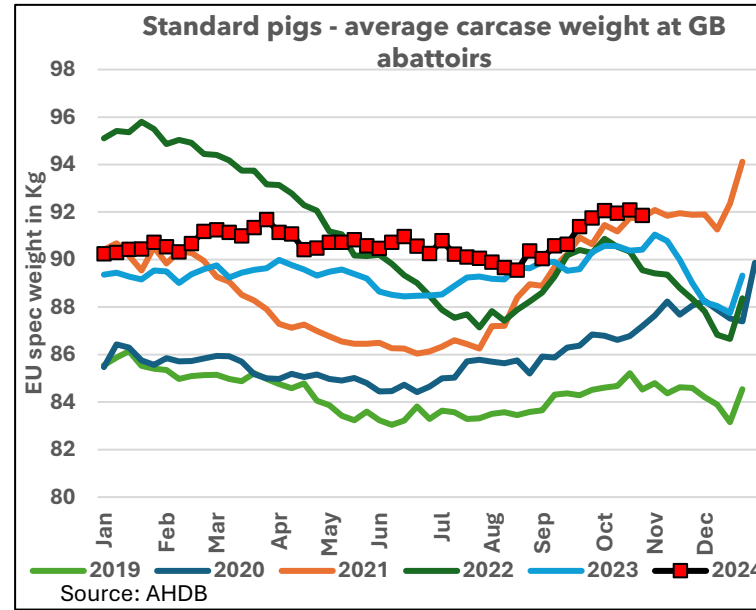
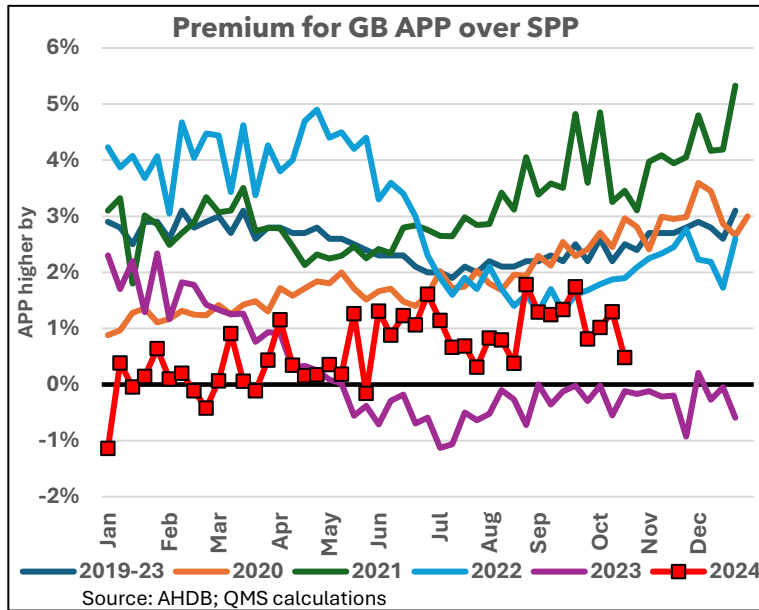
Pig prices have held around 20-25% above the five-year average, reflecting a reduced level of supply since the crisis of 2021/22.

The current combination of farmgate prices and feed costs is still likely to be supporting recovery in producer finances from the period of substantial losses. However, the scale of past losses means that producer confidence remains relatively weak.



# Indicators of market disruption

A small premium for pigs with specific production characteristics points to a more balanced market after a tight 2023. The share of heavy carcasses has returned to a more normal level after a rise in September.

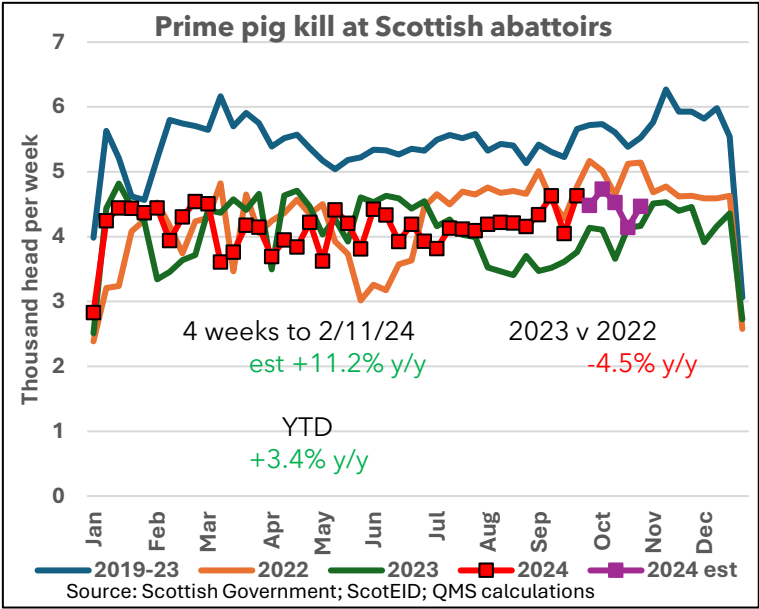
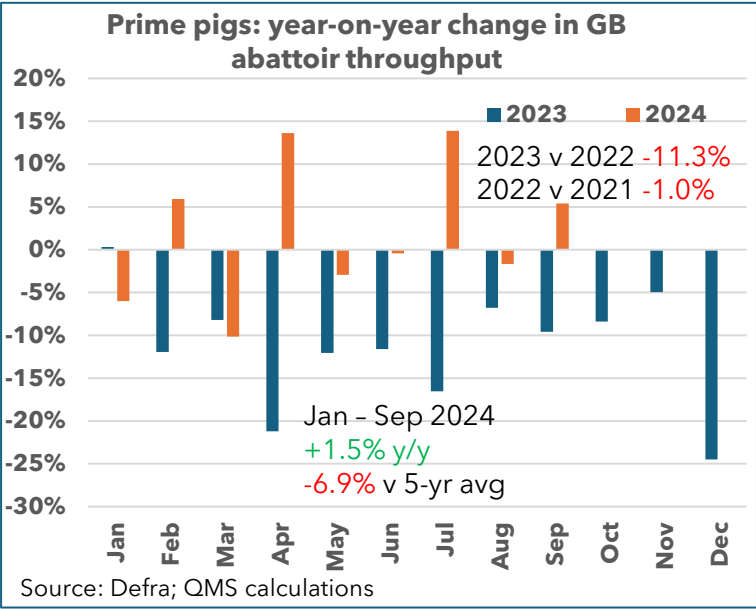


A slight premium for the average pig price (APP) over standard pigs (SPP) has returned in 2024, indicating that pigs with specific production characteristics are receiving a premium in the marketplace again and that the market is not as tight as it had been in 2023. However, it may be slightly surprising that the gap has narrowed again at a time of increased availability for slaughter and softening farmgate prices. It should be noted that the two price reporting samples are not identical.

Carcass weights showed a seasonal upturn in September before levelling off in October. After signs of a significant rise in the share of heavy carcasses through September, potentially signalling some backing up on farms, the trend reversed in October, returning towards a more normal level for the time of year.

# Availability and slaughter

GB abattoir throughput has recovered slightly this year, added to by heavier carcasse weights. Meanwhile, weekly availability for slaughter has risen seasonally, pressuring farmgate prices along with heavier weights. Weekly prime pig slaughter reached its highest levels of the year in October at Scottish abattoirs.

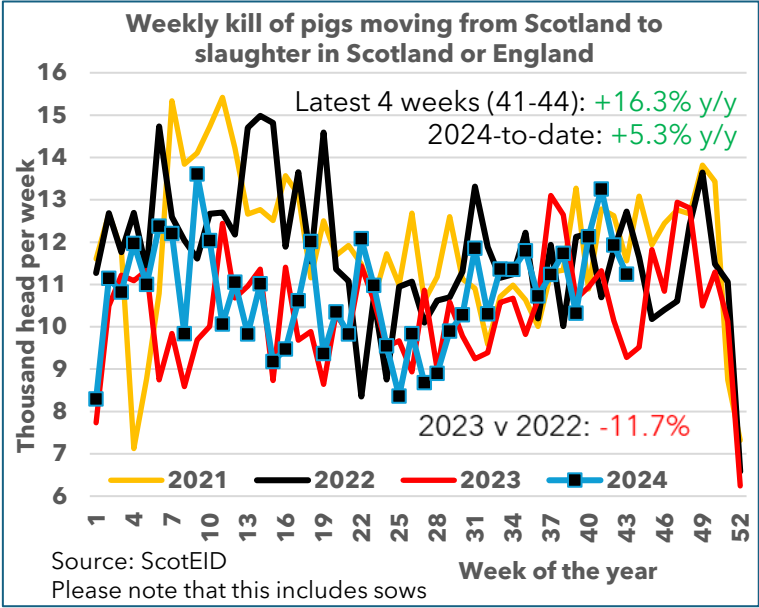
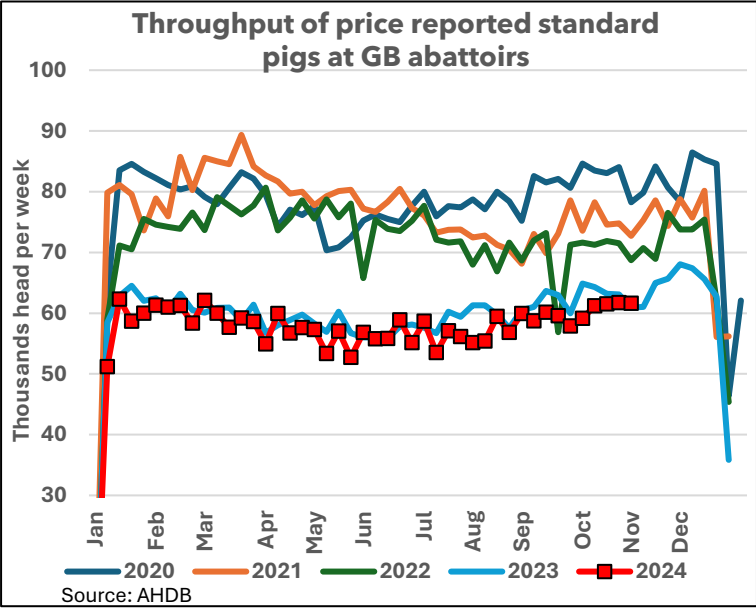


While the financial crisis of 2021/22 continues to pressure prime pig production, GB abattoir throughput has shown a small rebound in 2024, likely supported by productivity gains.

Increased numbers leaving Scottish farms for slaughter in 2024 suggests that the recovery is further forward north of the border, contrasting with the June census results.

Weekly availability for slaughter has risen seasonally, along with carcasse weights, placing some downwards pressure on market prices.

The weekly prime pig kill has been around its highest of the year in September and October at Scottish abattoirs, supported by rising availability on Scottish farms. A considerable year-on-year increase reflects supply chain challenges in 2023, but these had eased by November, pointing towards a more stable kill relative to 2023 in the coming weeks.

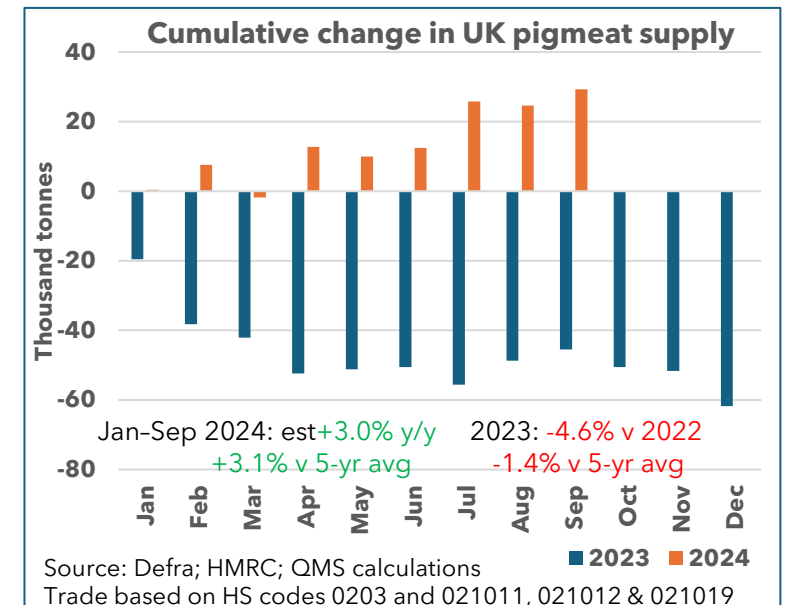
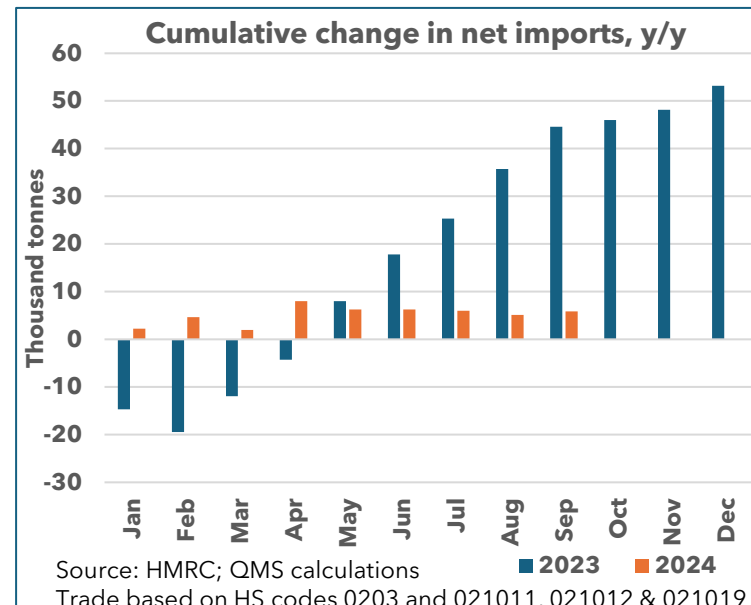
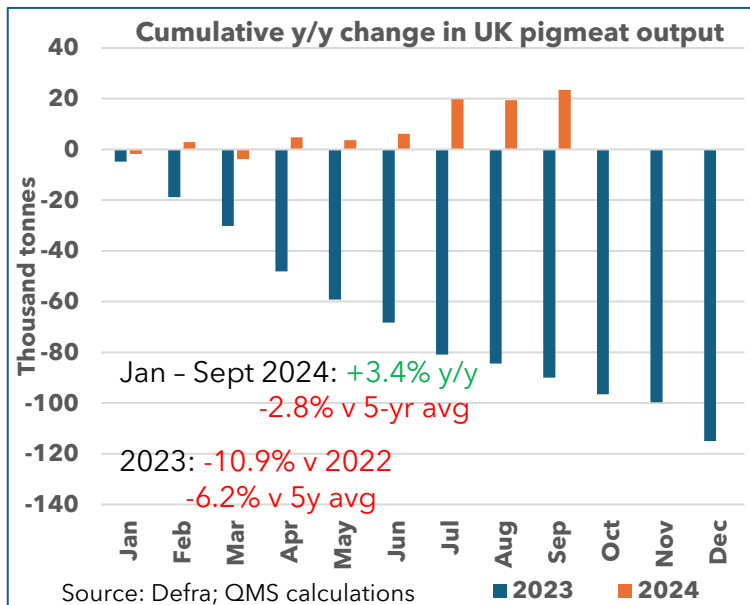
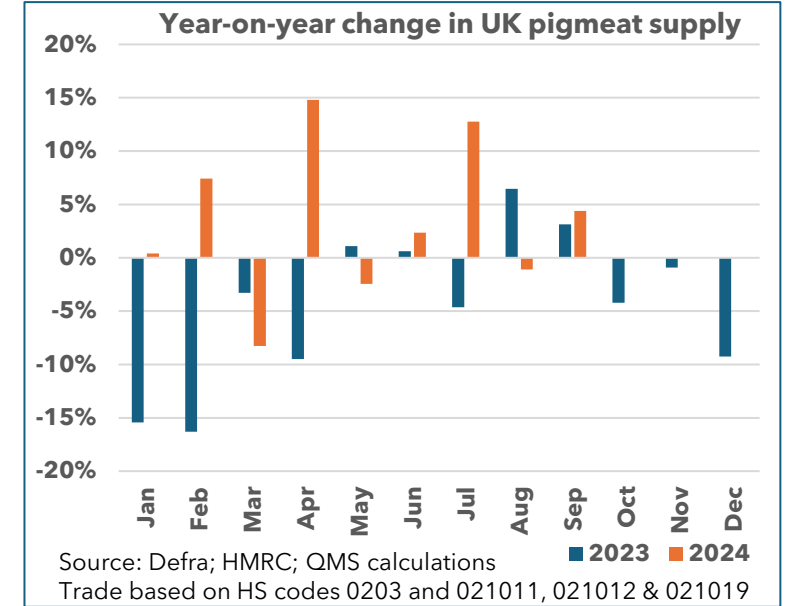
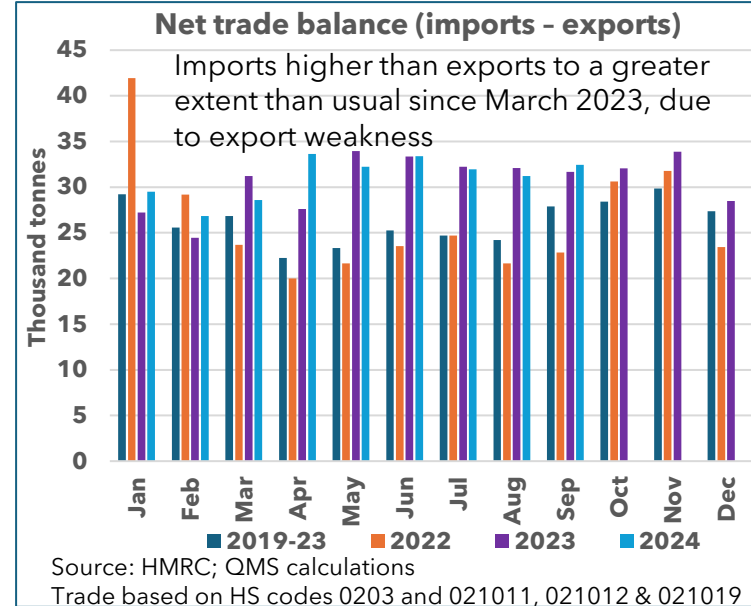
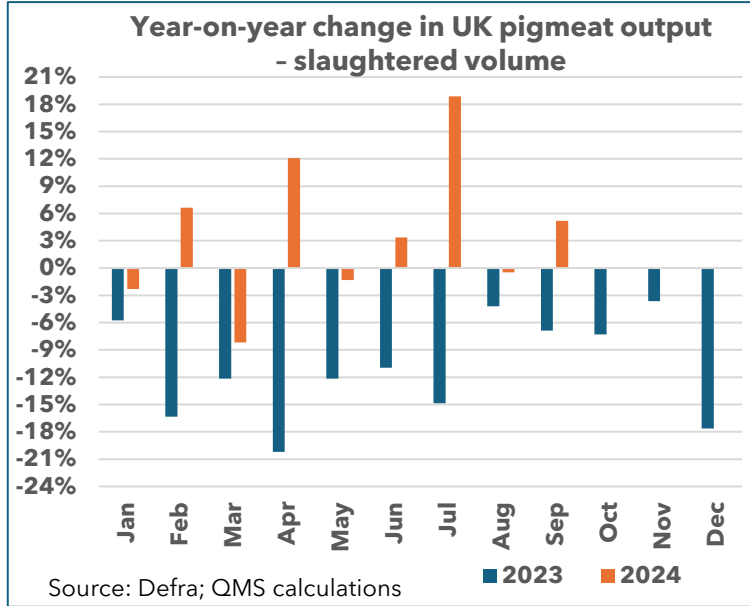


Latest Census Results – Scotland and England		
	Sco: June 2024 v 2023	Eng: June 2024 v 2023
Female breeding herd	<b>-7.9% y/y</b>	<b>-2.2% y/y</b>
Fattening pigs	<b>-7.7% y/y</b>	<b>+1.5% y/y</b>
Source: Defra; Scottish Government		

# UK pigmeat market supply

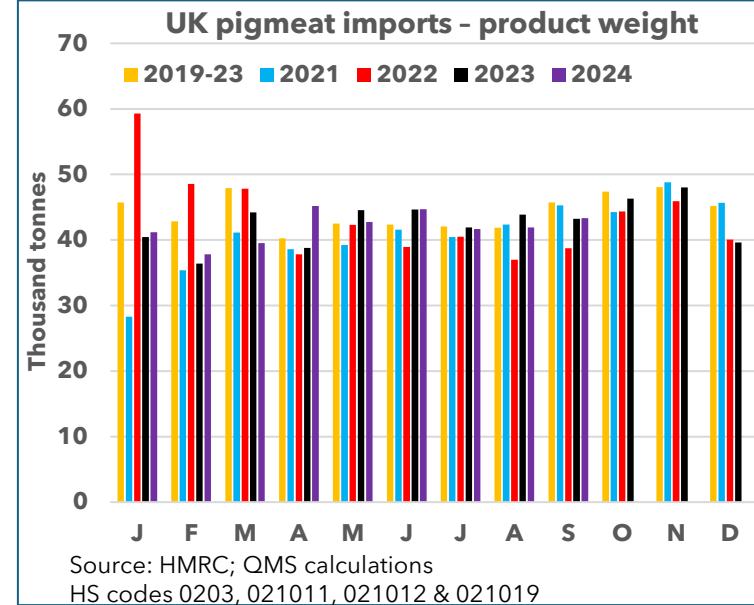
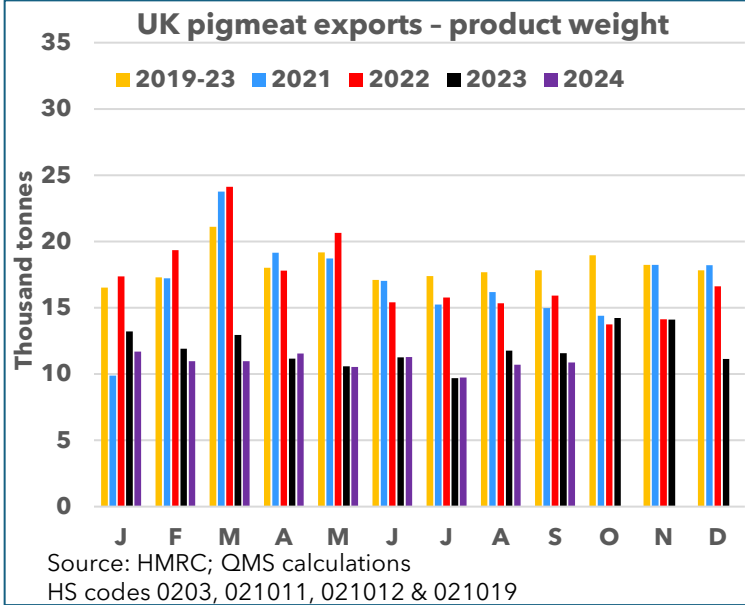
domestic production + (imports – exports) = supply

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



# UK international trade

Exports continue to look historically soft due to weak demand from the EU and China. Imports flat despite a surge in EU price competitiveness.



UK pigmeat exports showed a further month of historically soft performance in August, trailing the five-year average by 40%. They also dipped 9% behind year-earlier levels after three months of stability and, when set against increased domestic production, they were down even more significantly.

UK pork exports (HS 0203) to the EU rebounded from a year-to-date low and exceeded year-earlier levels for the sixth time this year in August, up 6%.

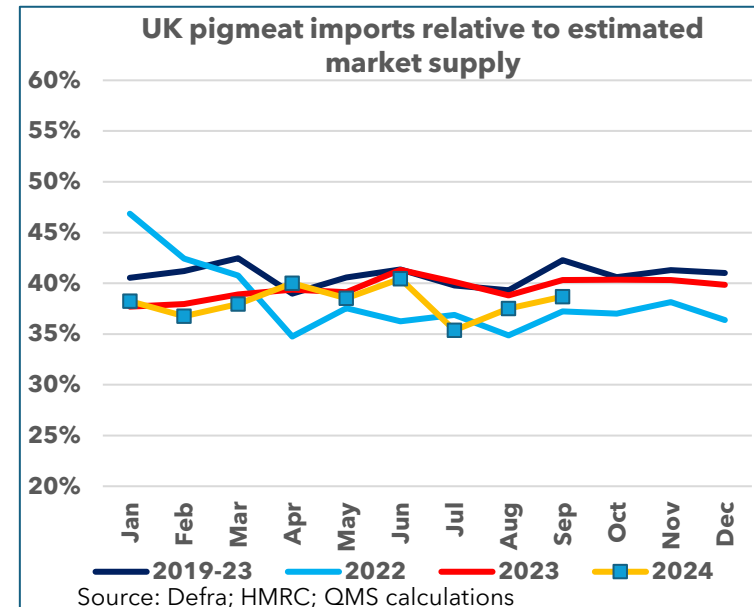
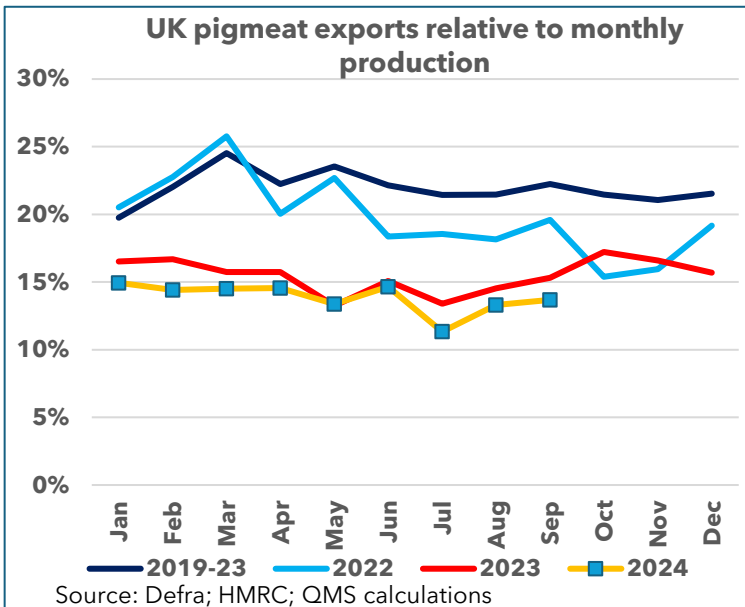
Although trade with non-EU countries also rebounded from its lowest of the year, the August total trailed year-earlier levels by 19% (HS 0203). Sales to the main market of China/Hong Kong slumped to a three-month low and were down by 8% on the same month of 2023. This saw China account for 72% of pork exports to non-EU countries and 35% of total exports, compared to respective annual averages of 67.5% and 36.2% in 2023. Volumes were still under half of their 2019-21 average for the month.

After two months at around year-earlier levels, UK pigmeat imports dipped by 4.4% in August. This saw the year-to-date total hold only a fraction above 2023 levels. Imports of pork (HS0203) and bacon & ham (HS0210) both fell at the same pace.

Note:

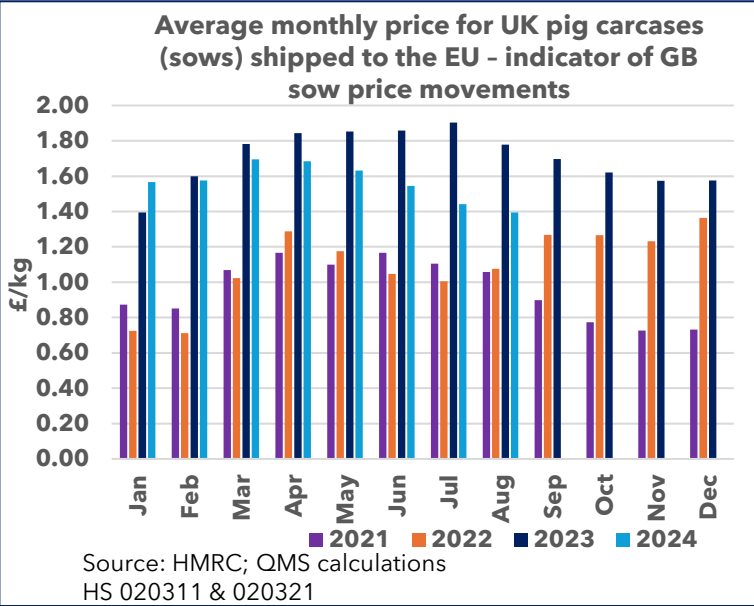
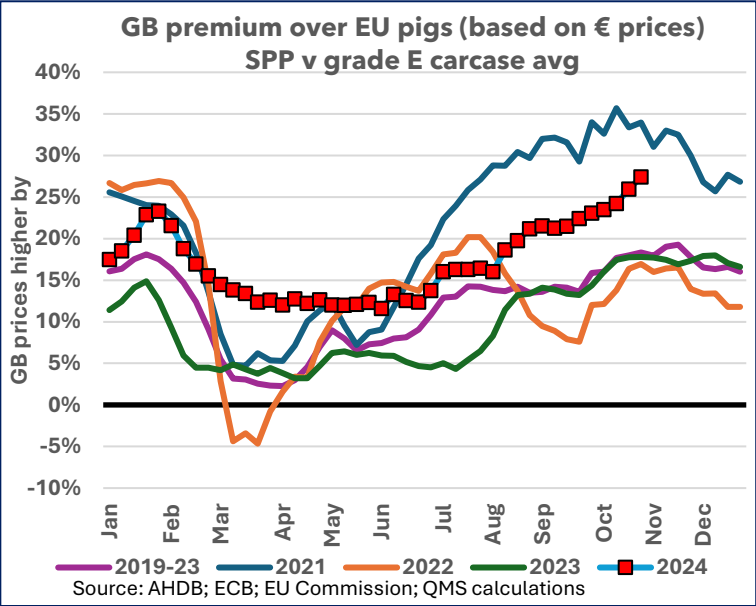
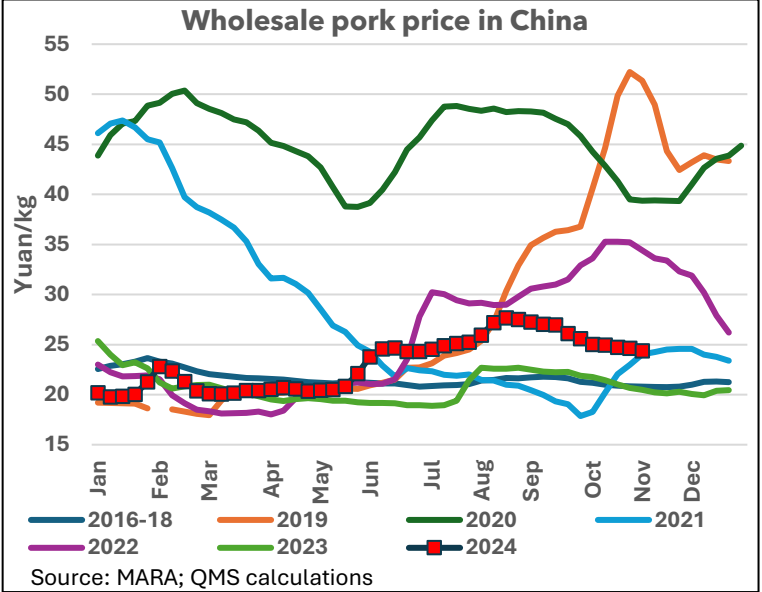
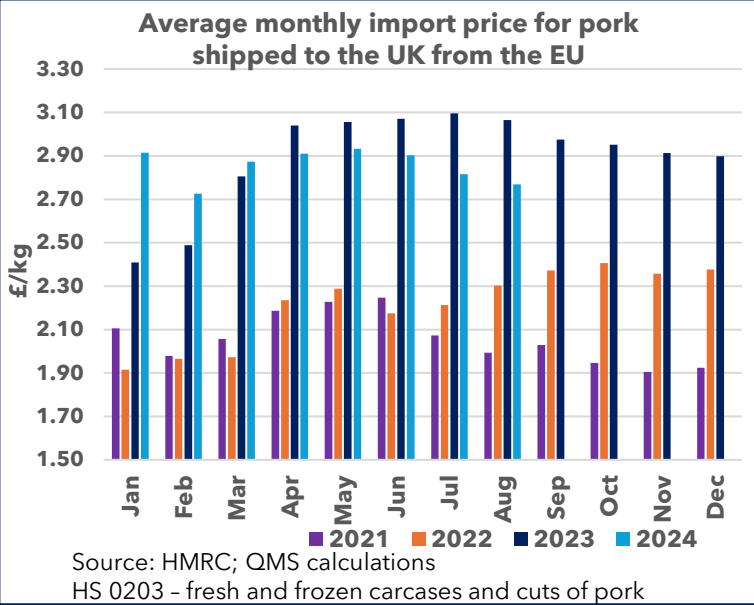
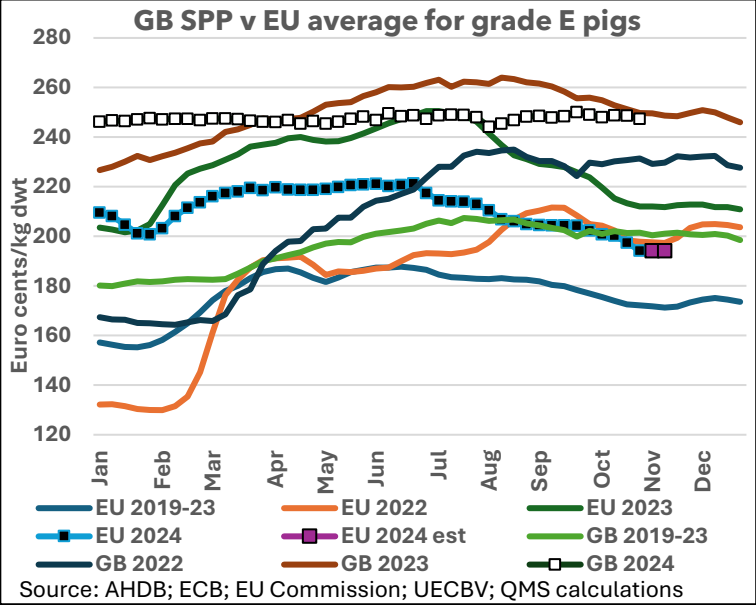
HMRC trade data used here covers HS codes 0203 (fresh or chilled & frozen swine meat) & 021011, 021012 & 021019 (bacon & ham – ‘salted, in brine, dried or smoked’).

Trade data for Sep 2024 is estimated



# Factors driving UK international trade

Falling EU pig market prices have been reflected in UK import prices, with a slight rebound in pigmeat production this year from the lows of 2023 likely to have contributed to the downwards pressure. In China, supply has tightened sharply following last year's herd liquidation, but imports have undershot initial expectations. Global production is forecast to fall at a faster rate in 2025.



USDA Global Pork Market Forecasts, October 2024  
(million tonnes carcass weight)

Key indicators	2019	2020	2021	2022	2023	2024	2025
World, production	101.5	96.1	108.0	114.6	116.3	116.0	115.1
China, production	42.6	36.3	47.5	55.4	57.9	56.8	55.5
EU, production	23.0	23.2	23.6	22.3	20.8	21.3	20.9
All countries, imports	9.3	11.6	11.5	9.80	9.20	8.83	9.03
China, imports	2.45	5.28	4.33	2.13	1.90	1.30	1.40

Source: USDA Foreign Agricultural Service

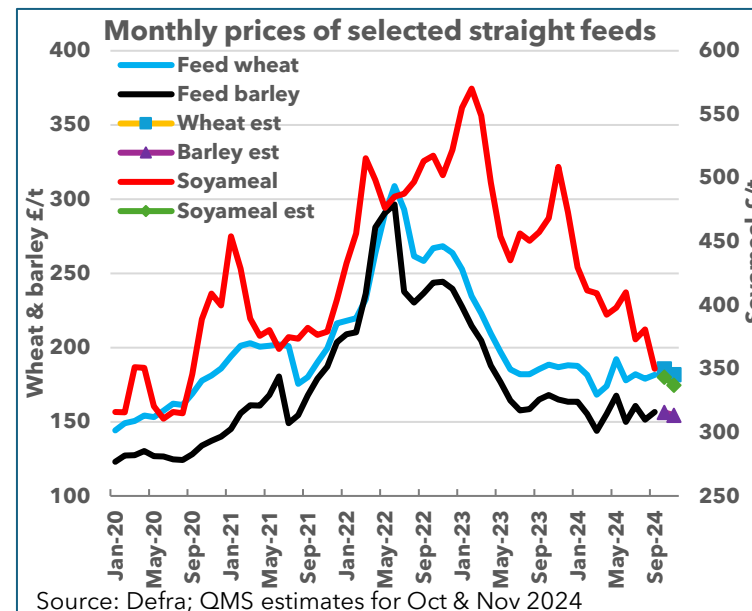
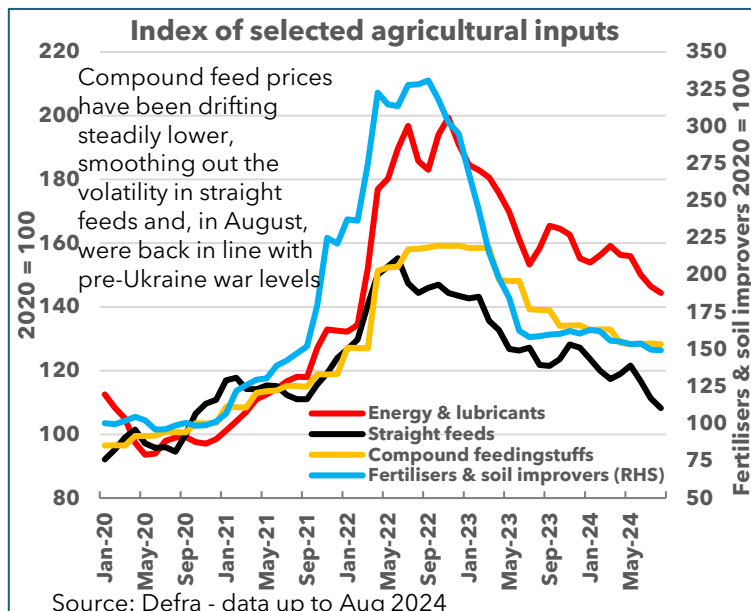


# ECONOMIC DEVELOPMENTS

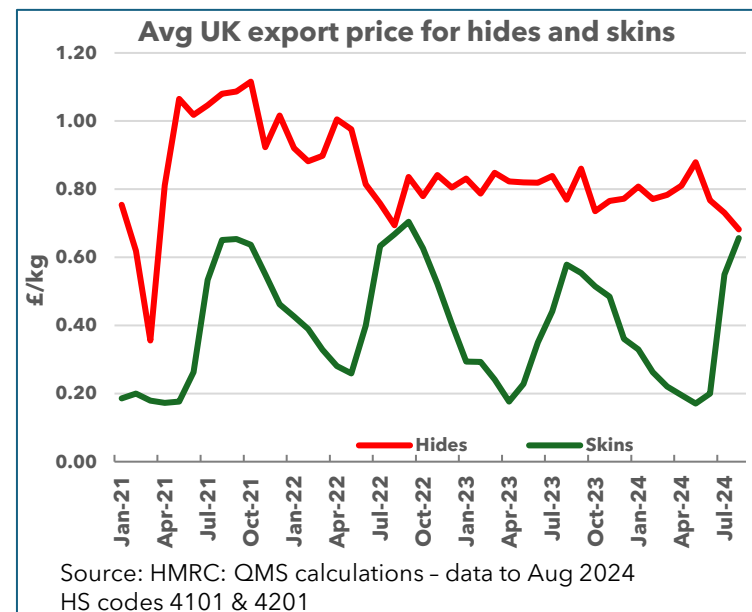
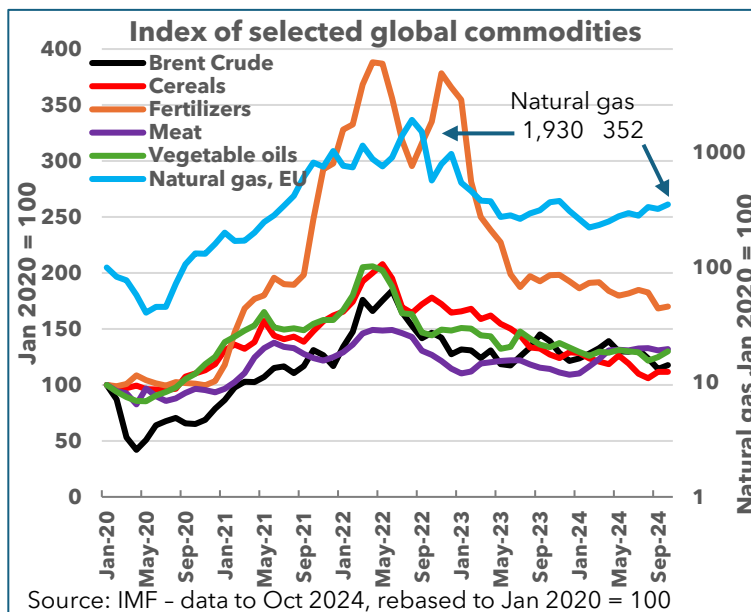
- Commodity prices have generally fallen slightly in 2024, and most of the Ukraine war price shocks have unwound. In the UK, this has been added to by a stronger exchange rate. However, in general, input costs remain well above pre-covid levels. Geopolitical challenges have had less of an upside impact on commodity markets than in the past, but the uncertainty could increase in 2025 following the US election.
- Though cooling, average earnings growth has remained above inflation, which has now stabilised at 2-3%, supporting disposable incomes. While retail sales appear to have seen an uptick after a soft patch in the spring, food has underperformed non-food this year in a potential sign of spend becoming more discretionary.
- In the Kantar report for the 12 weeks to the end of September, a 3% increase in spending on beef was effectively cancelled out by inflation but there may have been some switching into higher value cuts. Spending on lamb rose significantly, but the pass-through of higher farmgate prices restricted any scope for volume growth, along with tight supply. Meanwhile, pork saw a period of softer demand, with spend and sales volumes falling by around 3%, but there may have been some trading up within the category.
- Business surveys have signalled a softening in activity and confidence this autumn, potentially linked to the budget. The ONS found a significant rebound in the labour market in the summer, and it will be interesting to see if this continues against the backdrop of weakening business sentiment.
- Consumer confidence fell ahead of the budget, though it may also have been influenced by expectations of a rise in energy prices, and it has remained higher than in 2022 and 2023. Wage growth remains well above inflation, supporting household finances, and retail sales have picked up, with some rebalancing of spending towards non-food signalling an increase in discretionary purchases.

# Production costs and by-product revenues

Commodity markets have generally trended slightly lower this year, with most of the Ukraine war price shocks unwound. However, they are still above pre-covid levels and natural gas has been rising, potentially raising energy costs. A strong pound may place some downwards pressure on commodities.



Commodity prices have generally trended slightly downwards in 2024 and most of the Ukraine war price shocks have unwound. However, they are generally still above pre-covid levels, meaning that businesses have a higher cost base to manage, and natural gas has risen this year, potentially feeding through to higher energy costs. Political tensions have had limited impact on commodity markets with risk premia remaining weaker than during other periods of conflict and a stronger sterling has placed downwards pressure on imported globally traded commodities this autumn. Looking ahead to 2025, geopolitical uncertainty could increase, raising the risk of greater volatility in commodity markets.

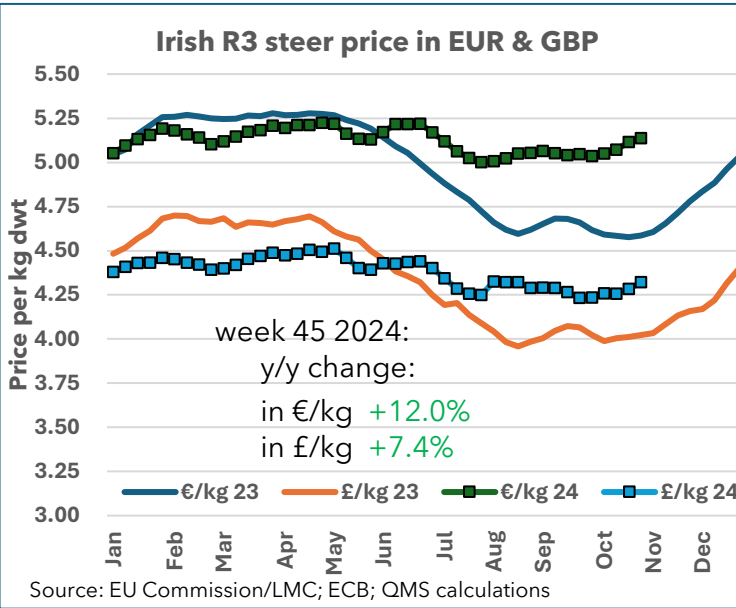
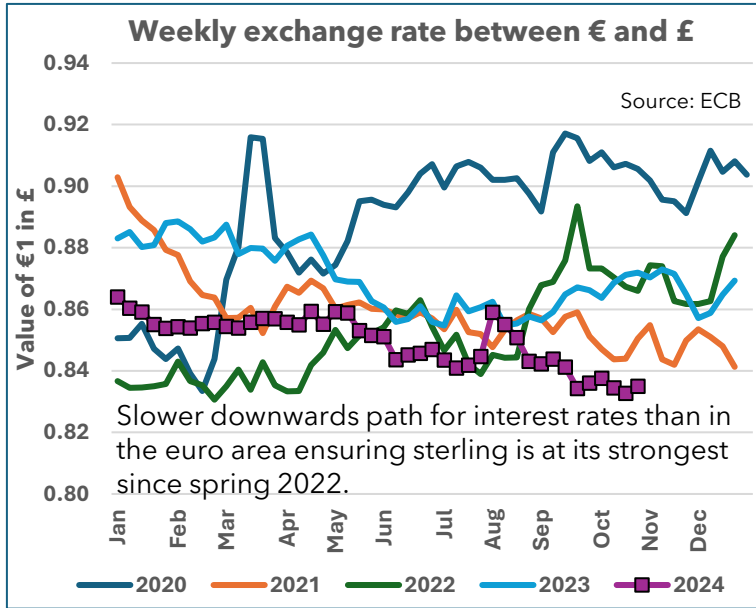


Feed grain prices have remained relatively flat this autumn, with expectations of a strong global grain harvest priced in. Meanwhile, global soyabean crop fundamentals are continuing to place downwards pressure on soyameal prices, which are back to their lowest levels since 2020.

UK hide export prices have softened significantly since reaching a two-year high in May. For sheepskins, UK export prices had been soft in the first half, before a strong seasonal rebound in July and August took values back to where they had been in 2021 and 2022. In the US, hide value has been stable since falling sharply in the spring, leaving it down 16% on the year in USD and by 21% in sterling, with the difference reflecting a stronger pound.

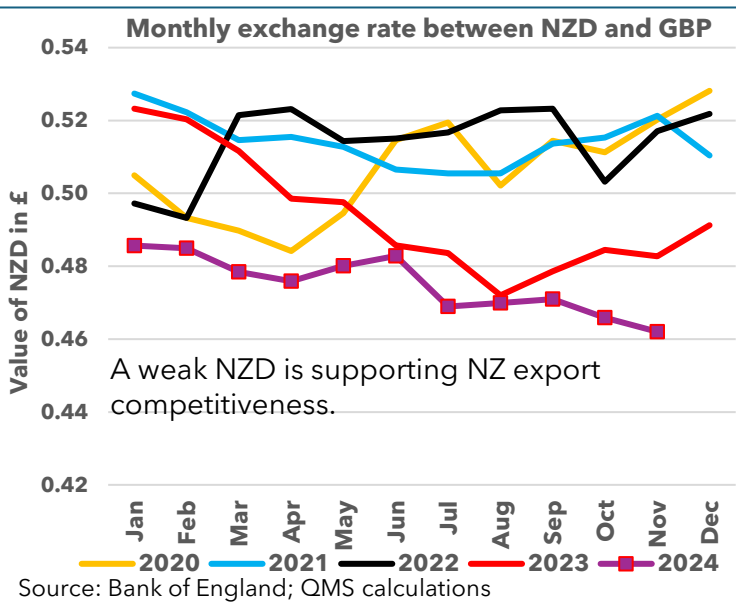
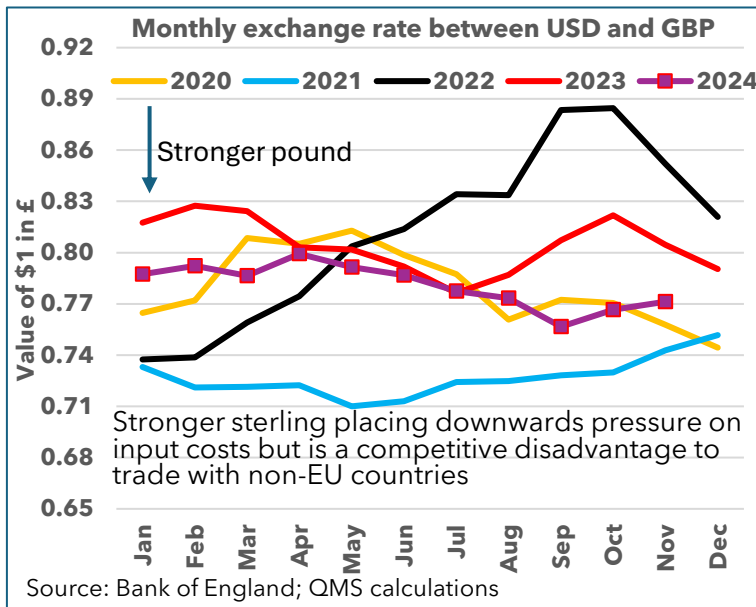
# Exchange Rate Movements

Sterling is being supported by an expected slower path of interest rate reductions than in the euro area and US. While a rise in sterling has the potential to place downwards pressure on input costs, it also has the potential to negatively impact price competitiveness.



After some exchange rate volatility during the summer caused by a change in UK Government and an interest rate cut, sterling firmed slightly in September after the Bank of England left Bank Rate unchanged while the European Central Bank and the US Federal Reserve both cut interest rates. Since then, there has been relative stability against the euro, with only a brief fall after the budget at the end of October and little impact from a small interest rate cut at the start of November. However, the rise against the dollar has mostly unwound.

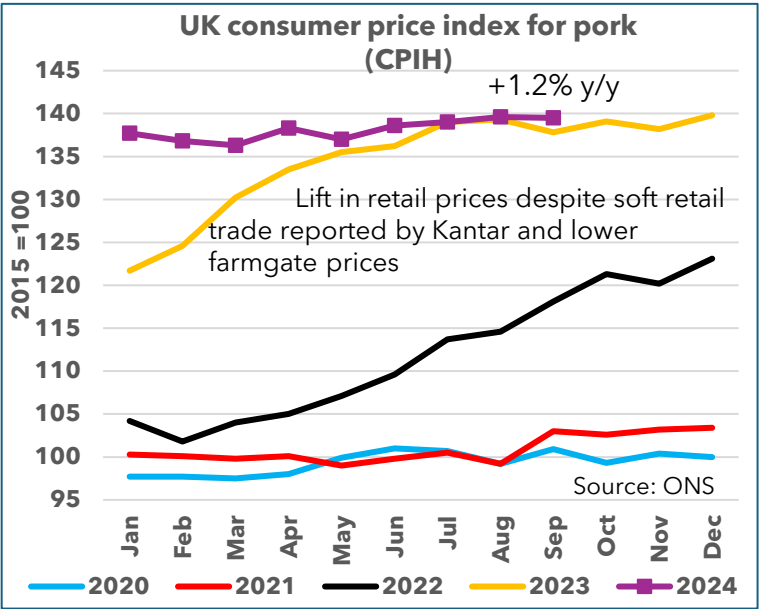
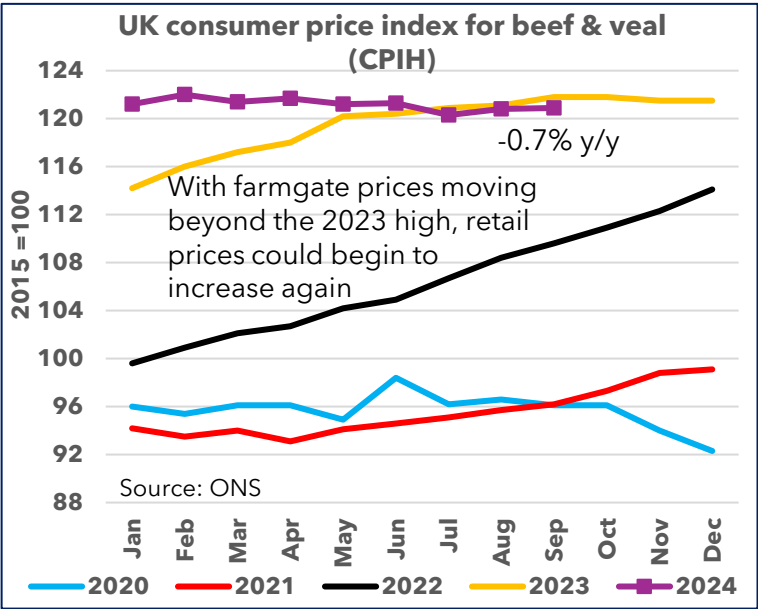
Looking ahead to 2025, a new US administration has the potential to generate significant volatility in foreign exchange markets, and the potential for a looser fiscal stance could be met with tighter monetary policy.



While the stronger exchange rate against the euro hurts the competitiveness of UK products in the home and export markets, and a stronger rate against the dollar is likely to have a negative impact on exports to non-EU countries traded in USD, the rise against the dollar has the side benefit of placing downwards pressure on the price of globally traded commodities, in turn reducing input costs compared to 2023.

# Consumer demand and prices

GB meat retail trading conditions continue to look firm overall, although a rebalancing of lamb retail prices has affected volumes and pork demand appears to have softened. Foodservice sector firms continue to pass on higher costs, signalling robust demand.

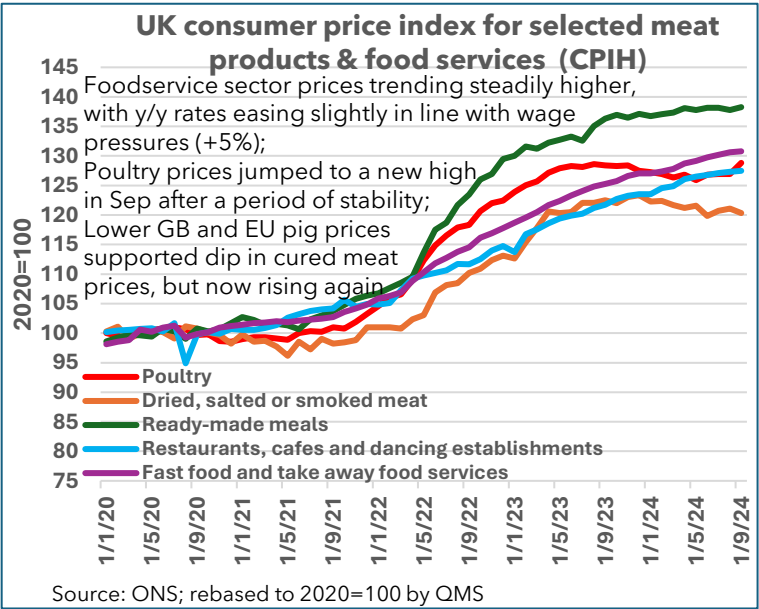
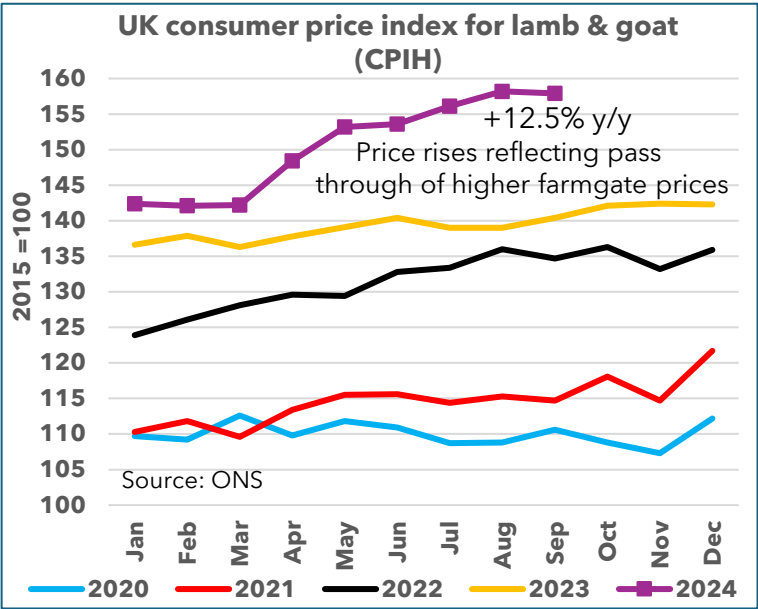


Retail demand remains firm overall with rising UK wages (+4.9% y/y in June-Aug excluding bonuses) supporting spending levels.

However, according to the Kantar report for the 12 weeks to 29/9/24, growth in spend on beef was cancelled out by higher retail prices, although the difference between the average price of the beef sold and the ONS price report could signal some switching towards higher value cuts. Meanwhile, pork saw a weaker period for sales despite limited inflation. Spending on lamb continued to outpace the grocery market as a whole but the pass-through of higher farmgate prices hit sales volumes, though some of this will reflect lower supply.

Chicken has continued to regain competitiveness and sales, but the jump in prices between August and September in the ONS price report is something to keep an eye on.

Meanwhile, continuing steady price increases at restaurants and for takeaway and fast food suggests that demand is firm enough for rising costs to be passed on to customers.



Y/Y change in GB retail sales reported by Kantar in 12 weeks to 29/9/24			
	Value	Volume	Avg price per kilo
Fresh beef	+3.3%	+0.2%	+3.1%
Fresh lamb	+7.8%	-1.6%	+9.5%
Fresh pork	-3.0%	-3.1%	+0.1%
Fresh poultry	+1.4%	+2.7%	-1.3%
Total grocery market	+3.1%	+0.7%	+2.4%
Source: Kantar			

# Retail demand and prices

Renewed price inflation limiting lamb volumes after discount-driven spring growth but signs of trading up in the beef and pork categories, with beef steaks and pork loin roasts selling well.



## BEEF

12 weeks to September 29 2024



## LAMB

12 weeks to September 29 2024

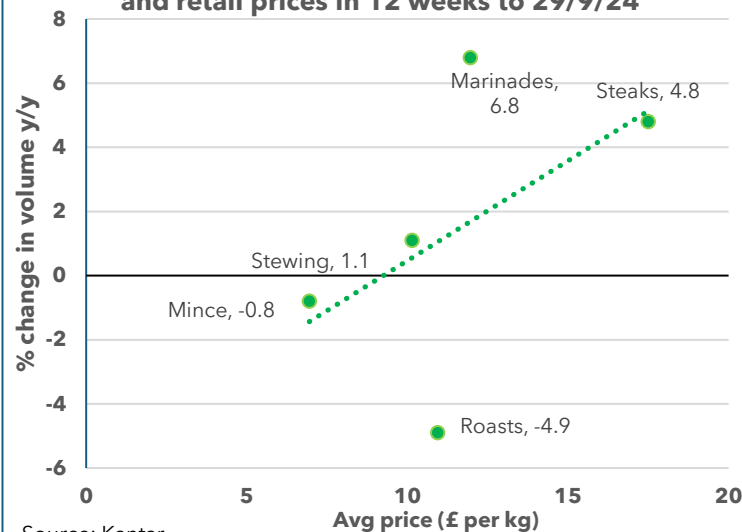


## PORK

12 weeks to September 29 2024

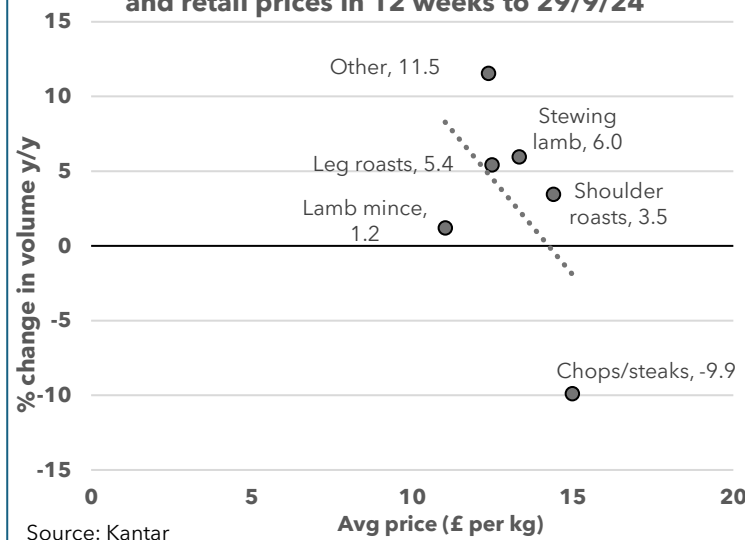
	GB		Scotland			GB		Scotland			GB		Scotland	
	Actual	% change y/y	Actual	% change y/y		Actual	% change y/y	Actual	% change y/y		Actual	% change y/y	Actual	% change y/y
Value (£m)	526.9	3.2%	54.2	5.6%		115.8	8.4%	6.3	-5.3%		203.8	-1.4%	14.2	-7.4%
Volume (t)	53,120	0.3%	5,174	0.3%		8,819	0.5%	480	-9.6%		30,894	-1.8%	2,112	-7.5%
Avg price (£/kg)	9.92	2.9%	10.47	5.2%		13.13	7.8%	13.18	4.7%		6.60	0.4%	6.73	0.1%
Penetration*	65.4%	-0.6%	67.3%	-4.1%		20.8%	-5.2%	15.3%	-8.0%		42.6%	-5.7%	41.3%	3.8%
Frequency**	4.4	2.0%	4.5	6.7%		2.3	-0.9%	2.2	-3.0%		3.1	3.8%	2.6	-10.6%

Relationship between GB household beef purchases and retail prices in 12 weeks to 29/9/24



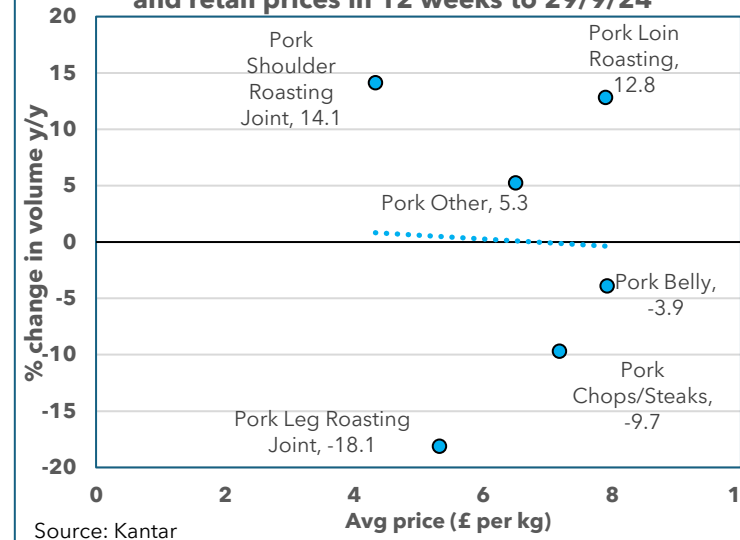
- Steaks did well despite significant price inflation of 5.3% y/y.

Relationship between GB household lamb purchases and retail prices in 12 weeks to 29/9/24



- Chops/steaks showed declines in spend and volume, whereas all other categories attracted higher spend.

Relationship between GB household pork purchases and retail prices in 12 weeks to 29/9/24



- Cheaper prices than last year supported sales of loin roasts but not leg roasts.

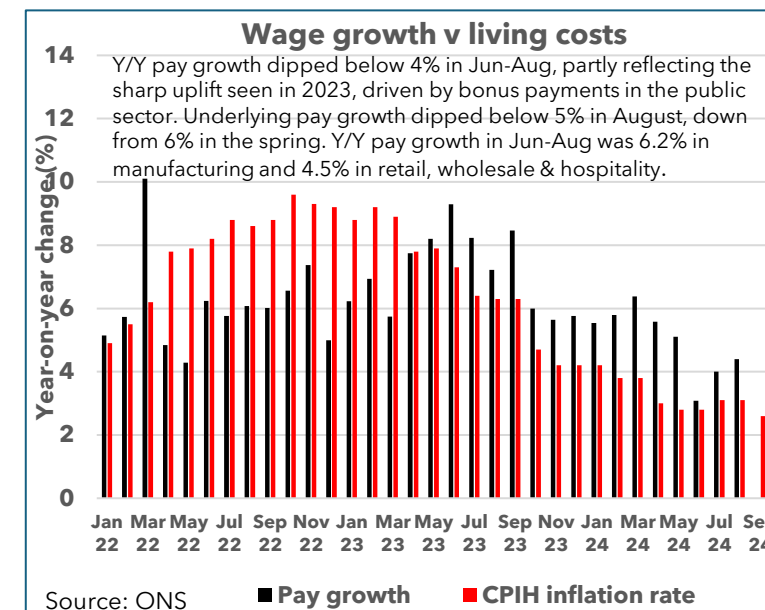
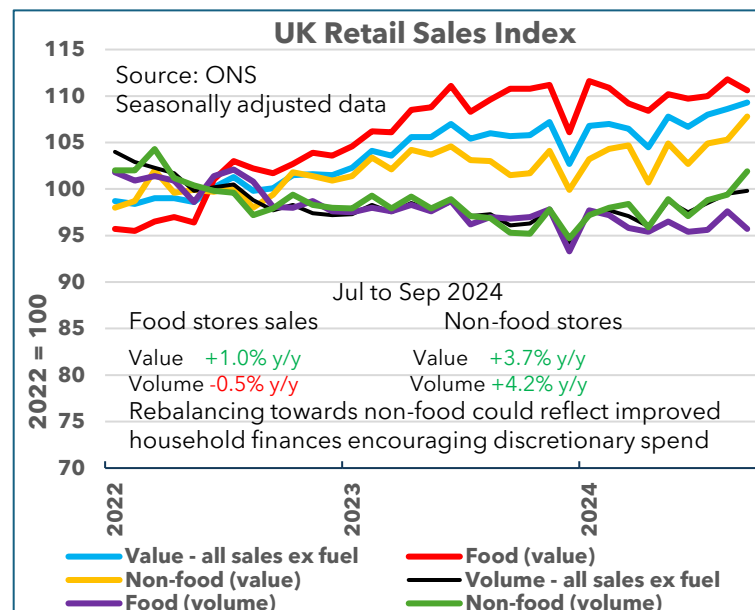
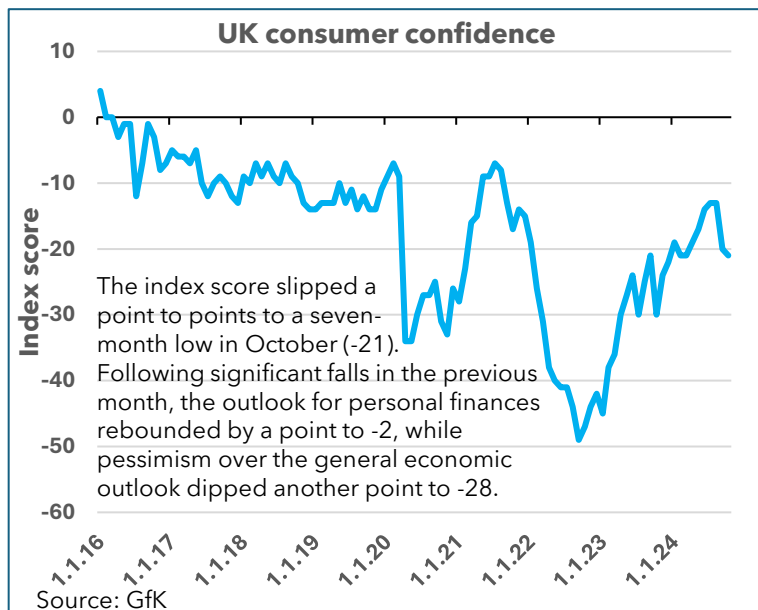
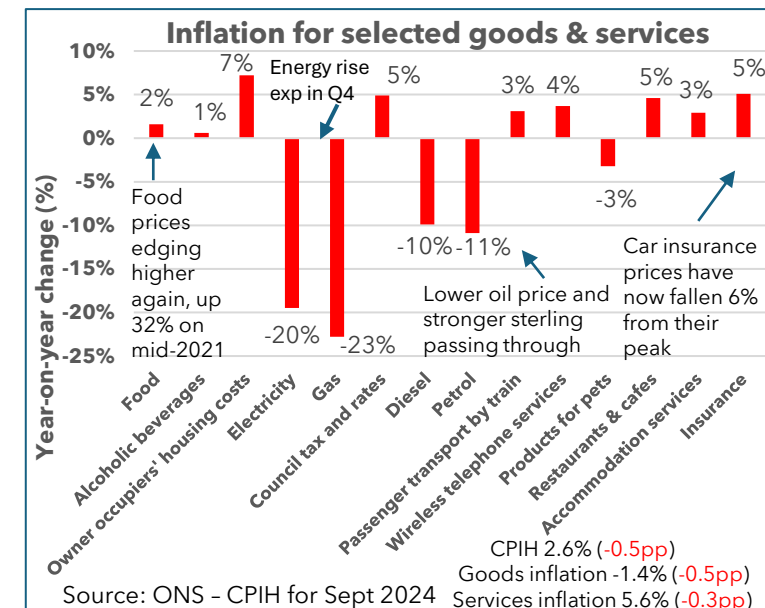
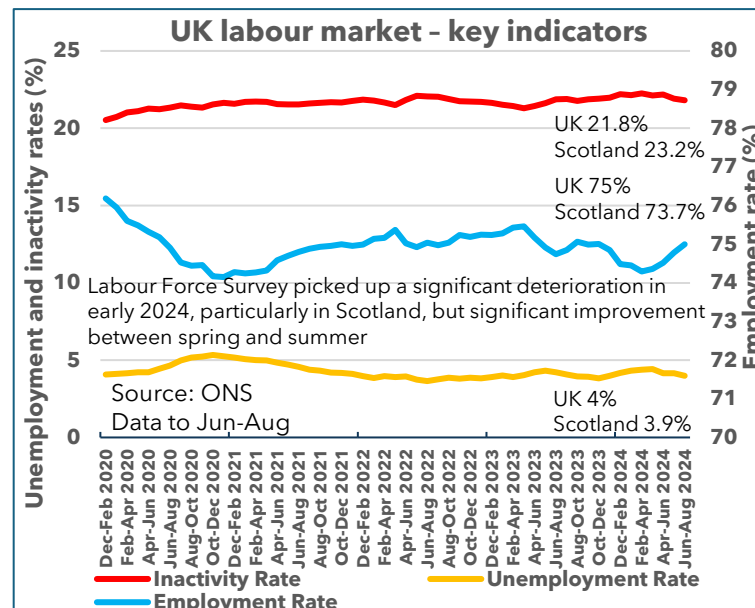
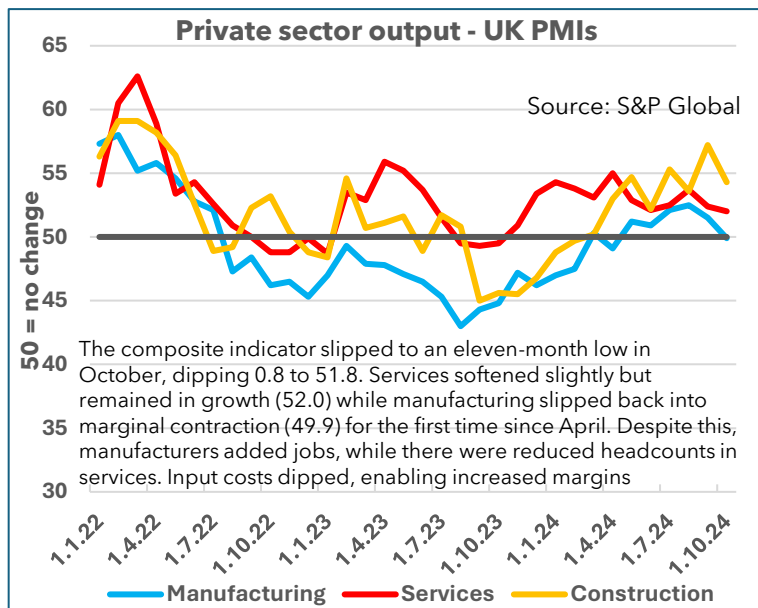
Data covers sales of fresh and frozen unprocessed red meat

\*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

Business surveys have signalled a softening in activity and confidence this autumn, and consumer confidence weakened in the run up to the budget. The ONS found a significant rebound in the labour market in the summer and it will be interesting to see if this continues despite softening business sentiment. Wage growth remains well above inflation, supporting household finances, and retail sales have picked up, with some rebalancing of spending towards non-food signalling an increase in discretionary purchases.



## 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.

