

# QMS MONTHLY MARKET UPDATE

## August and September 2024

### Purpose:

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

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Date: 27/9/2024

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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

- Prime cattle prices have reached new record highs in September, signalling demand-side strength as the supply chain acts to restock following the period of seasonally lower output in the summer. In September, prices have continued to hold around 5% higher than last year and more than 20% above the five-year average. Meanwhile cow prices have continued to edge higher despite a sharp seasonal upturn in slaughter.
- At store sales, tight supply and rising finished cattle prices have ensured that values continue to look historically firm at the start of 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 eight months. In September, weekly slaughter has begun to rebound from its summer low point, returning to around the year-to-date weekly average level after a period running around 5% below it.
- 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 moving into autumn as import growth has been subdued and export growth has held firm.

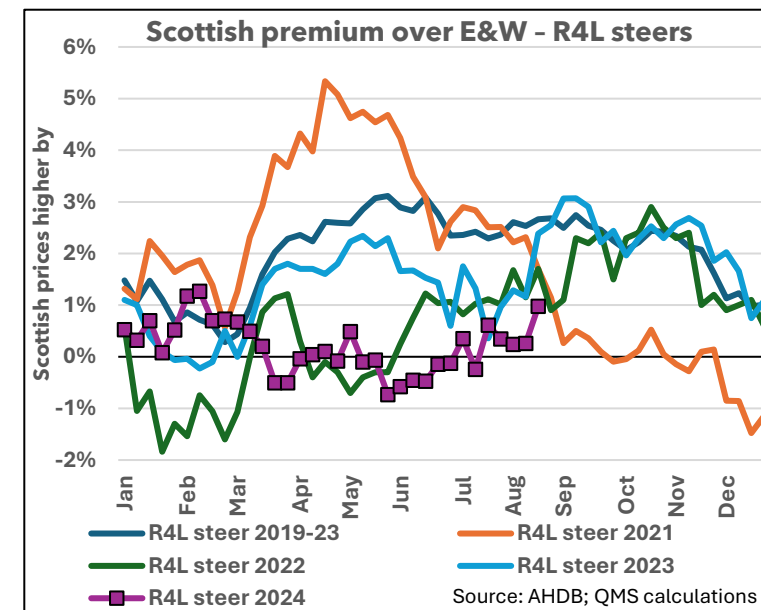
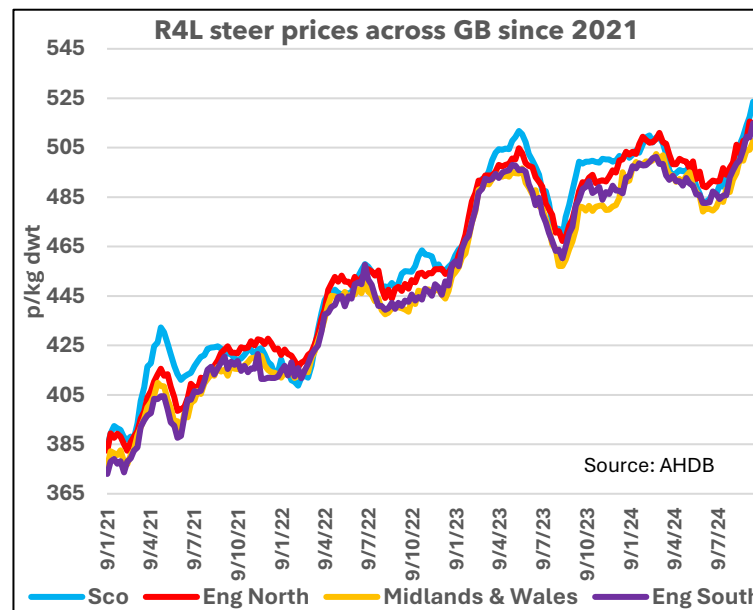
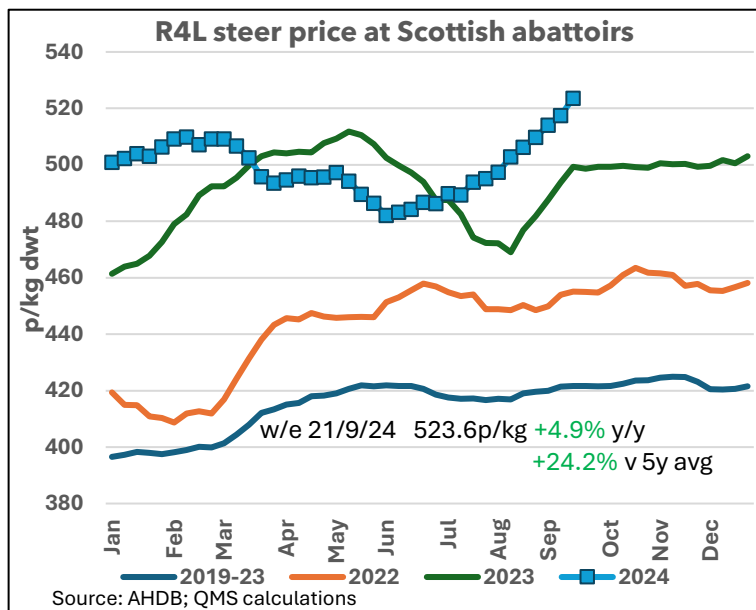
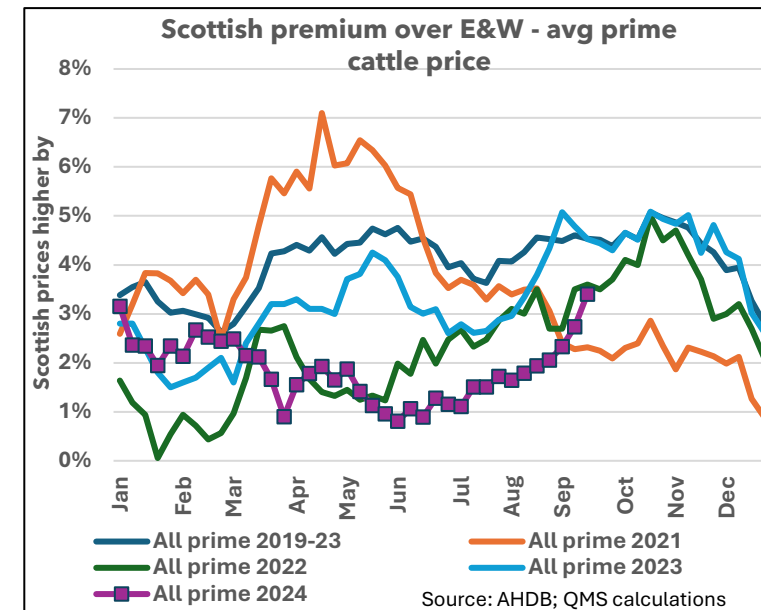
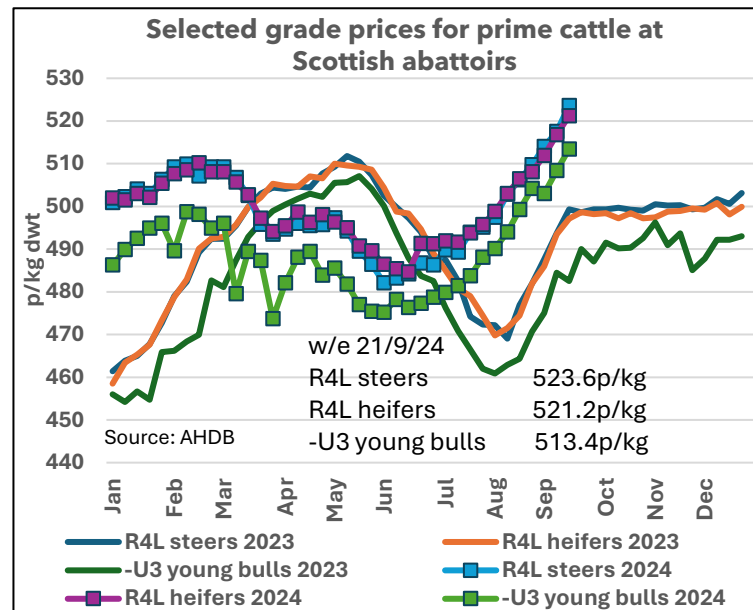
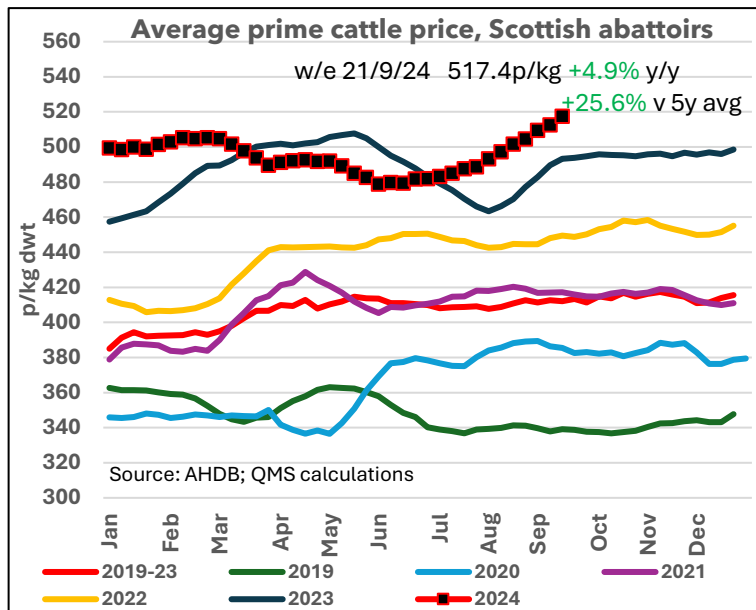
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 21 September	523.6	+6.1	+3.4%	+4.9%	+24.2%
Prime cattle slaughter at price reporting Scottish abattoirs (88% of kill in Jan to Jul 2024)	Average in four weeks to September 21, head procured deadweight	5,545		+2.6%	-2.2%	-9.1%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to September 21, £ per head	£1,374		+4.2%	n/a	+34.0% (v 2018-22)
UK beef market supply	Tonnes in Jun-Aug 2024 (estimate)	257,200			+2.6%	+2.3%

### 03 Outlook for production

- In the short-term, weekly slaughter is likely to rise beyond the year-to-date weekly average across GB as the spring calf crop from 2023 reaches abattoirs in greater numbers, although the timing of the seasonal peak can vary from year-to-year. A higher spring-2022 calf crop and a slight slowdown in the store cattle outflow from the highs of 2022 should still be supporting prime cattle availability in Scotland relative to 2023. The sharpest decline in the 2023 calf crop came during the middle of the year, so it will take time for this to filter through to availability. Looking longer-term, the continuing decline in the beef herd in 2024 points to further falls in production beyond 2025.

# Farmgate prices

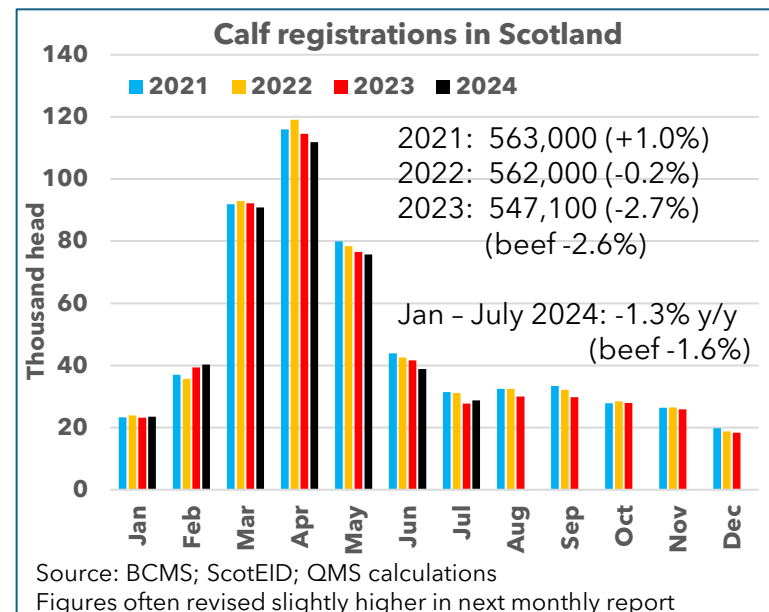
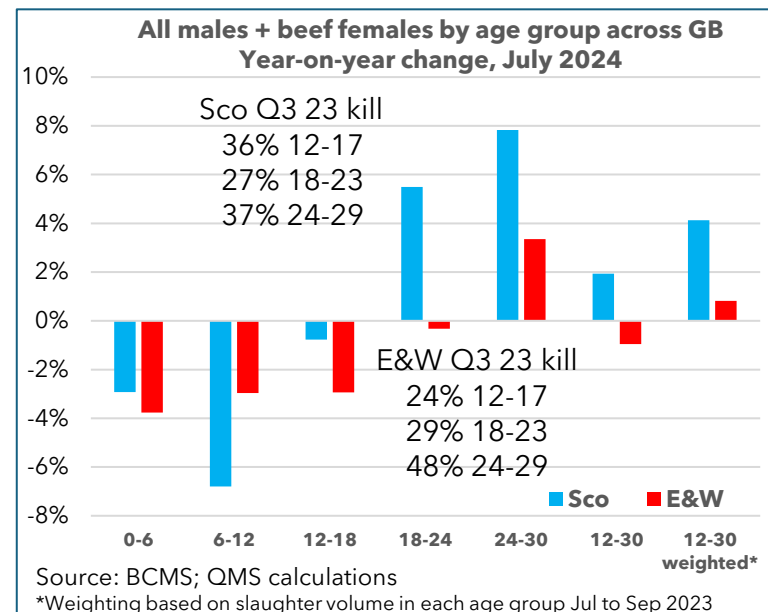
The fast pace of price uplift which began during the seasonally low period for supply continued in September despite a rebound in production, signalling strong demand. Increases have been stronger in Scotland where numbers have rebounded more slowly, and there have been new record highs each week in September.





# Availability and slaughter

Weekly slaughter at the deadweight price reporting abattoirs across GB has rebounded from its summer low but remains below its spring peak. This autumn, 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, offsetting the smaller spring-2023 calf crop, but numbers could tighten in E&W once the elevated pool of older prime cattle has been worked through.

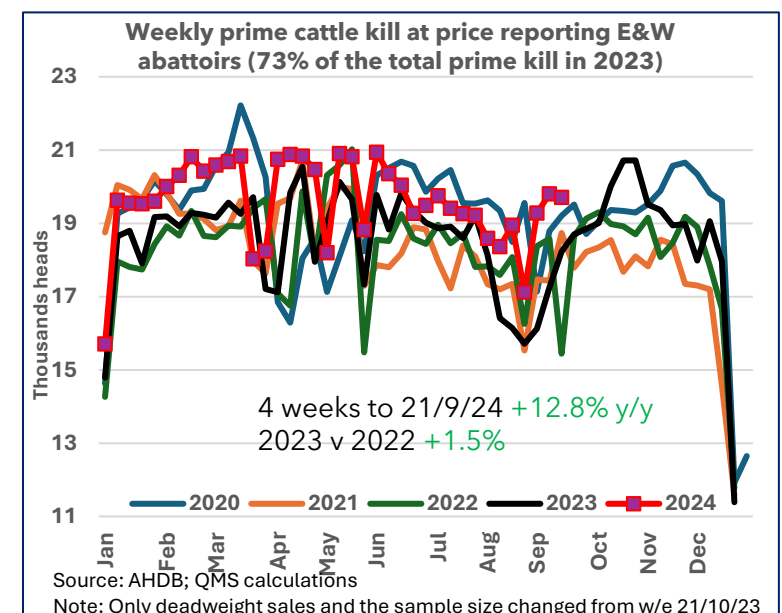
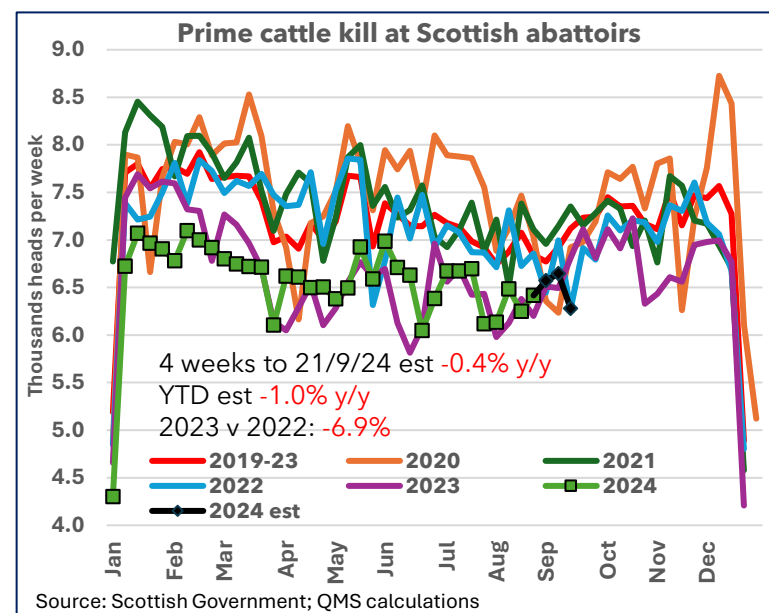
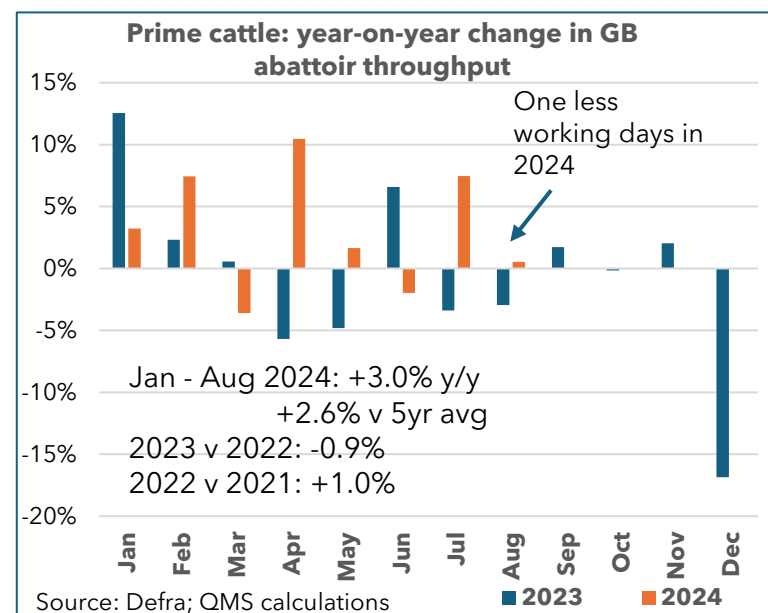


An increased prime cattle population on farm in 2024 has continued to underpin slaughter across GB relative to 2023. Numbers have also risen seasonally from their summer low.

In Scotland, in the four weeks to September 21, the prime kill was up 2.6% from the previous four weeks, despite a significant dip in the third week of September. However, slaughter was down 2.2% on 2023, having generally run slightly higher for most of the time since March.

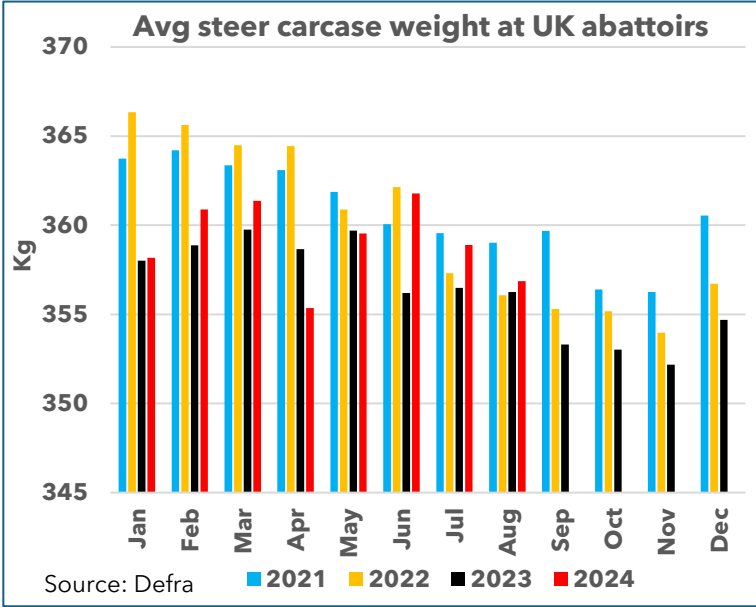
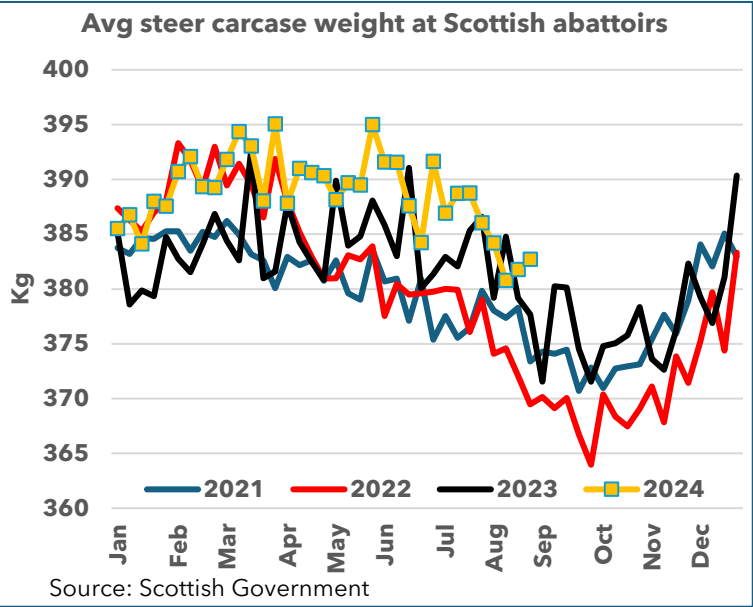
Meanwhile, the deadweight price reported kill in E&W has rebounded to its highest levels in September since June and the seasonal downturn in August was much weaker than in 2023.

Looking forward, the year-on-year increases of the first half may begin to slow as the slightly reduced spring calf crop of 2023 starts reaching slaughter age. However, the tail end of the increased spring-2022 calf crop and a reduction in the outflow of store cattle from its peak could continue to support availability in Scotland. The timing of the autumn peak has varied significantly in recent years, proving notably early in 2023.



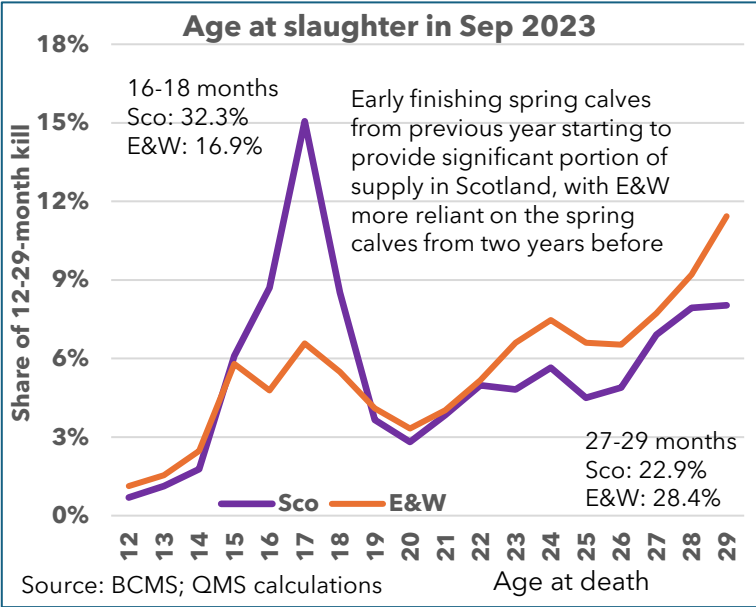
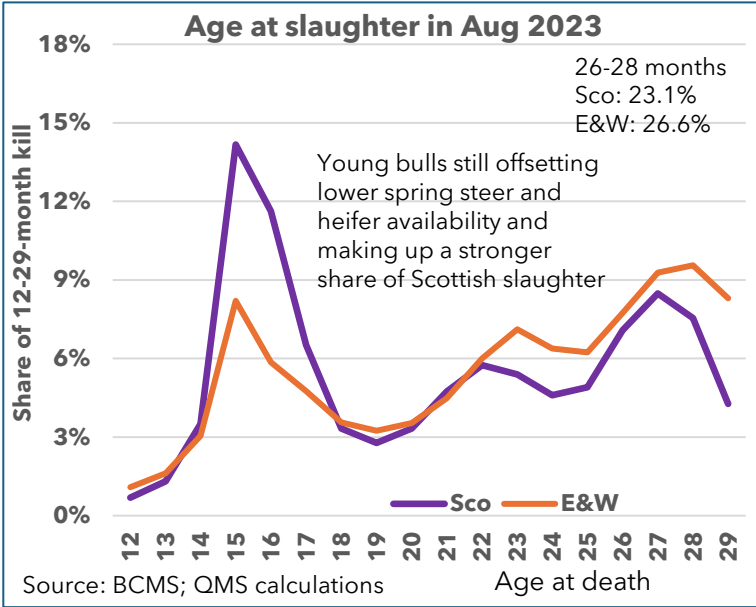
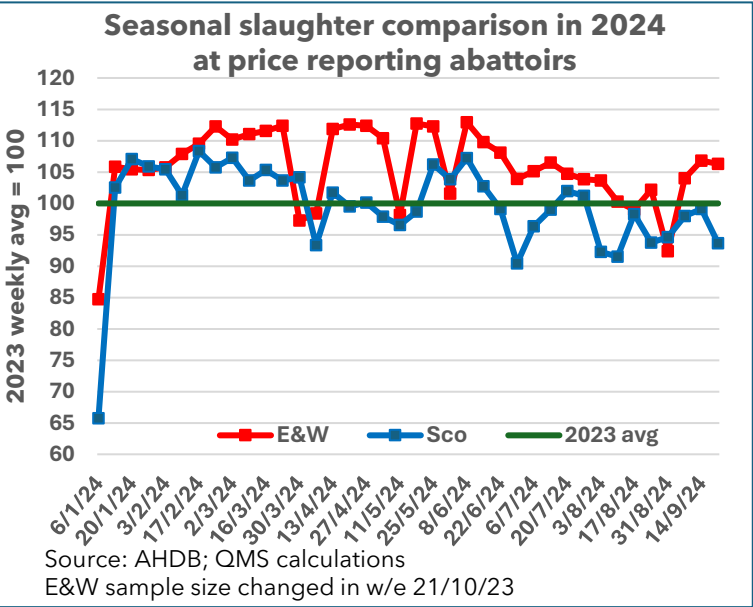
# Seasonality of production

Prime cattle availability has started to rebound from its seasonal low, with the spring-2023 steers and heifers starting to come on stream, although seasonally lower carcase weights will have offset some of this rebound in production volumes.



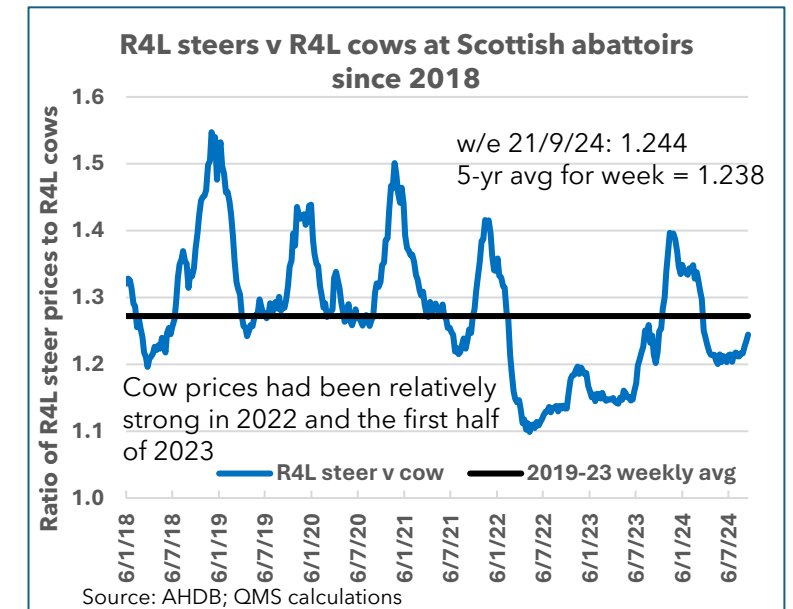
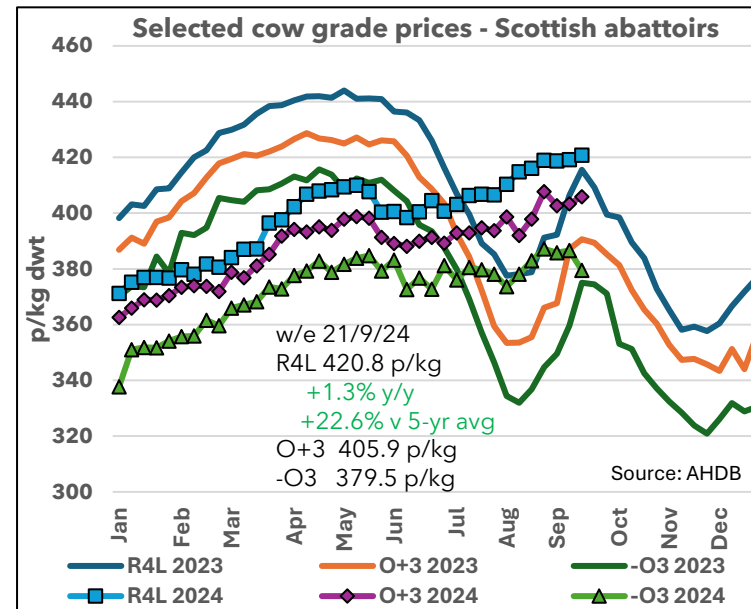
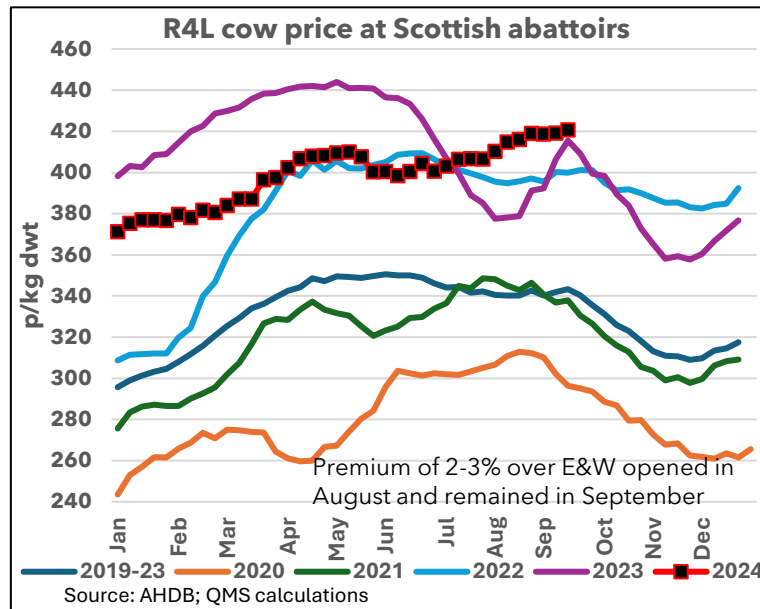
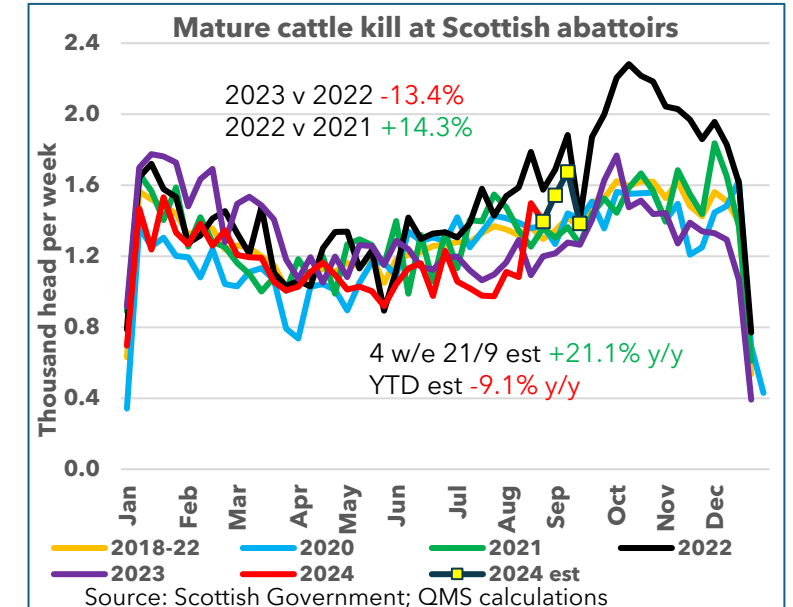
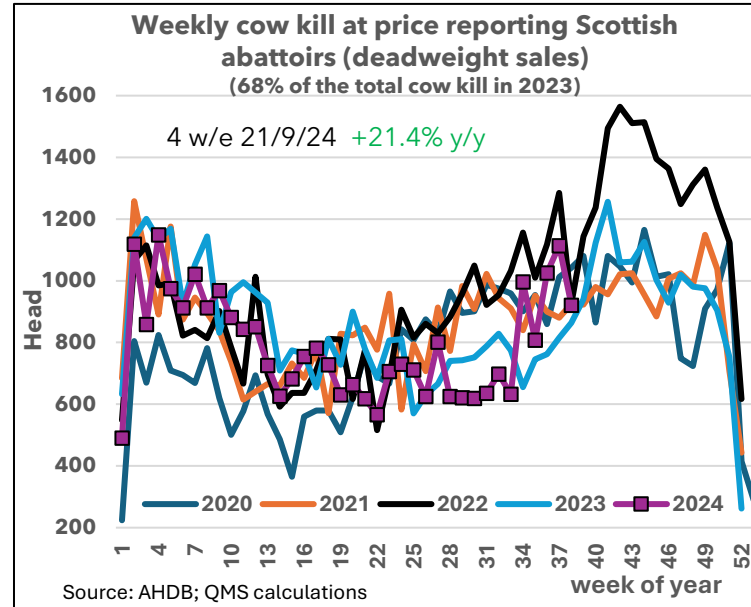
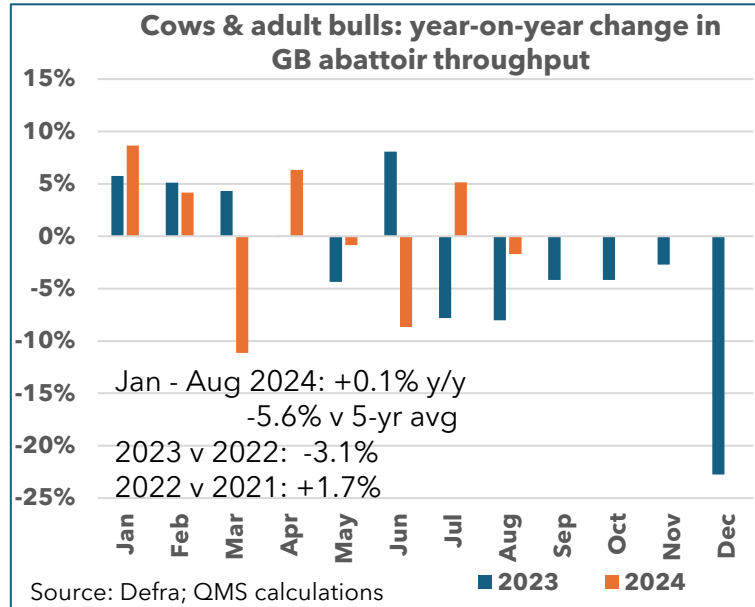
Availability for slaughter has been rebounding from its summer low in September, with the early finishing spring-2023 steers and heifers reaching market condition. However, a seasonal reduction in carcase weights will have partially offset some of the rebound in prime beef production volumes.

Carcase weights have been showing year-on-year increases in Scotland 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.

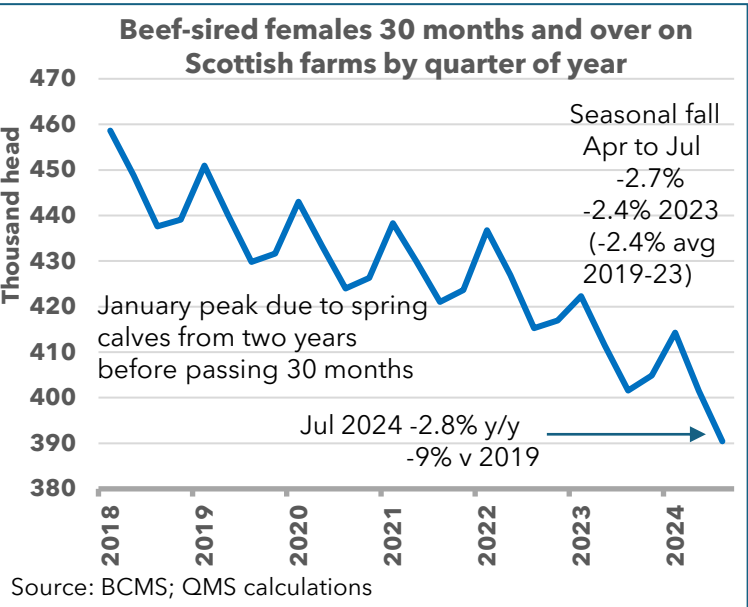
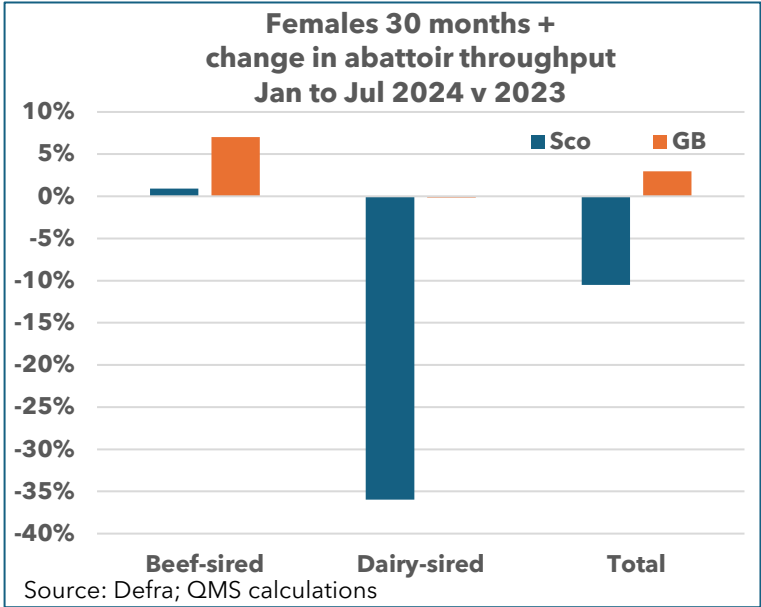


# Mature cattle market

Cow prices have edged up in September despite increased numbers going to slaughter. After looking relatively soft for much of the year, cows have been trading at 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. While the cow kill has continued to slide on a year earlier at the start of 2024, this has been driven by the dairy herd in Scotland and the number of over 30-month cattle moving from Scottish farms to abattoirs in England and Wales rose in the first half.

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.

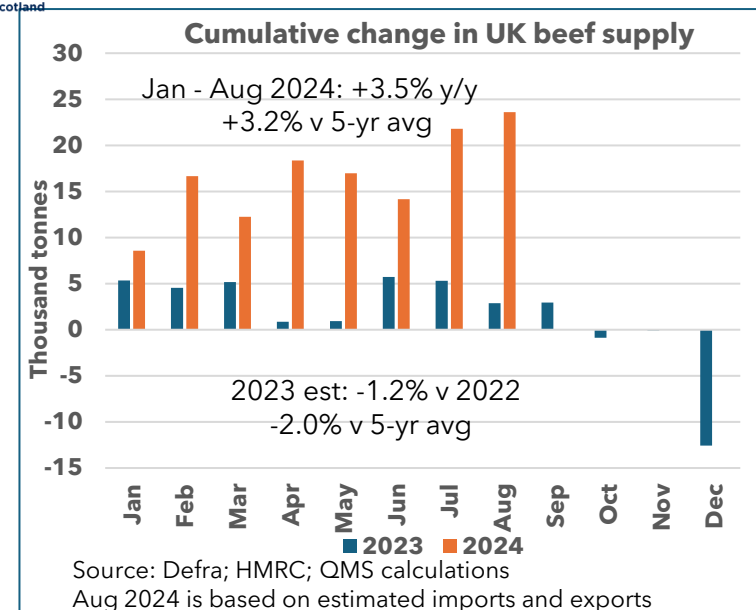
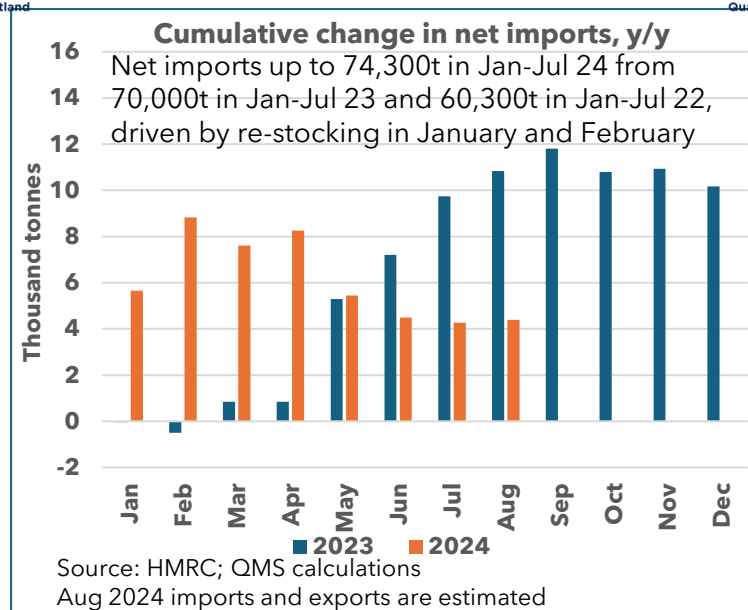
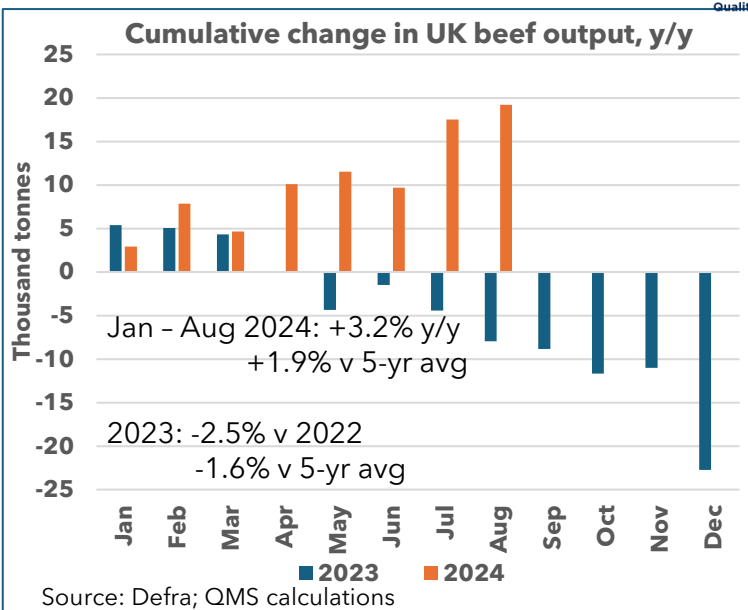
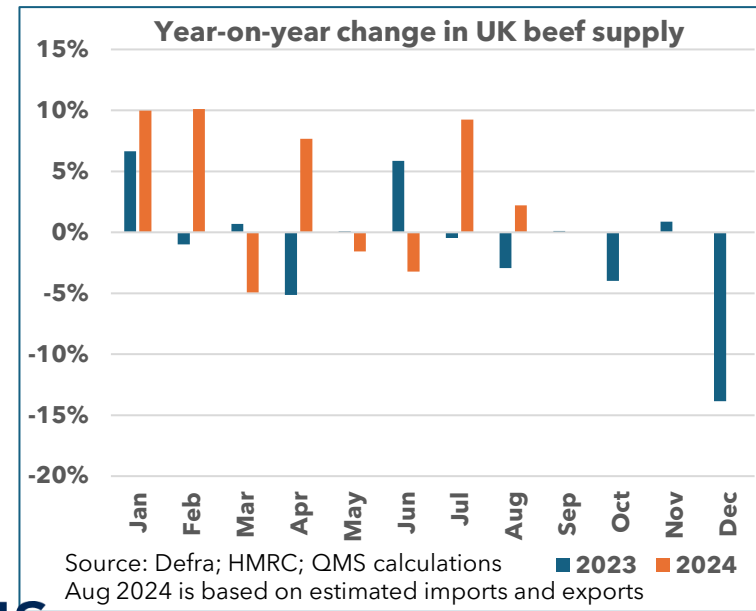
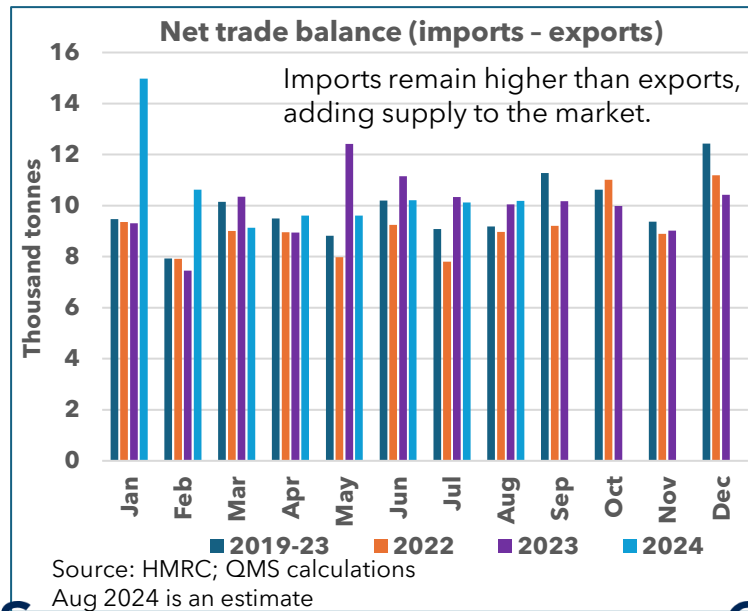
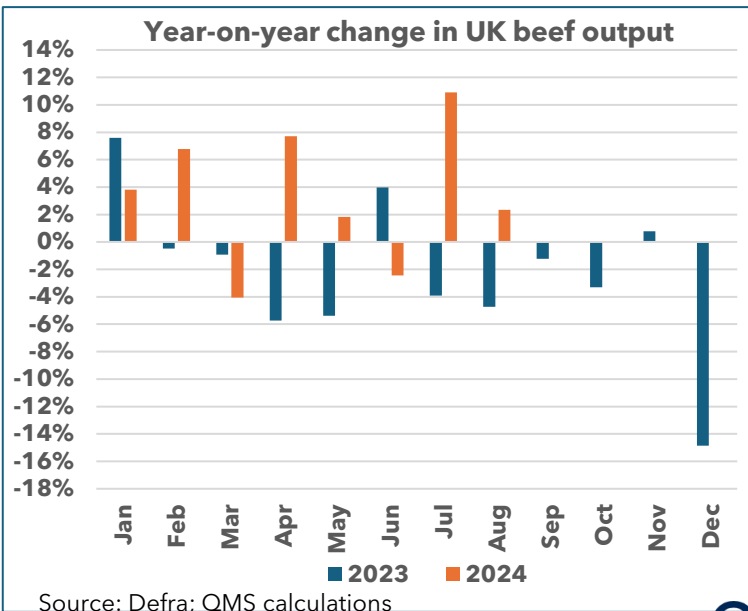
Latest breeding herd results - females over 2 years old with offspring (y/y change)			
	Dairy	Beef	All
Scotland (Dec 2023)	+1.0%	-2.5%	-1.4%
England (Jun 2024)	-0.6%	-5.1%	-2.2%

Source: Defra; Scottish Government; QMS calculations



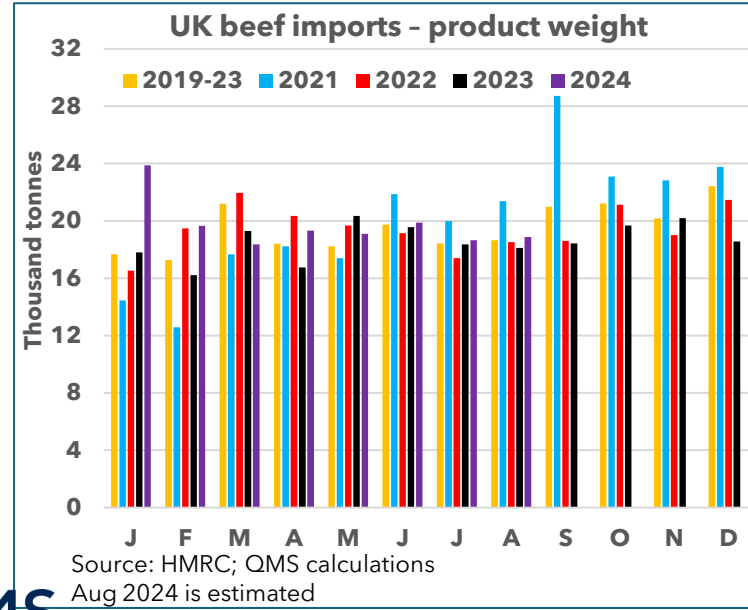
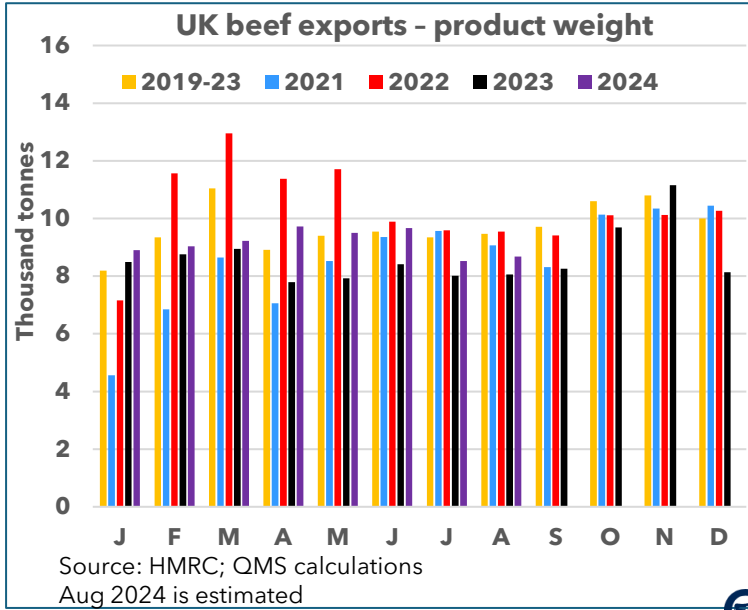
# UK beef market supply

domestic production + (imports – exports) = supply



# UK international trade

While imports have increased this year, driven by non-EU suppliers, trade has been relatively flat after a strong first two months and there has been a consistent rise in export demand in 2024.



UK beef exports slipped back in July after a strong June and were the lowest of the year-to-date relative to beef production. Nevertheless, they were still up nearly 6.5% on the year, continuing the pattern of year-on-year growth throughout 2024.

Shipments to EU countries slipped to a year-to-date low in July after reaching a high in June, but still showed a fifth consecutive year-on-year increase (+1%). Meanwhile, trade with non-EU countries continued to rebound strongly, up 46% on July 2023 and back in line with 2022 levels.

After a strong start to the year, driven by re-stocking demand after a tight end to 2023 for the UK beef market, imports settled down in the spring and were only 1% higher than last year in the March to July period.

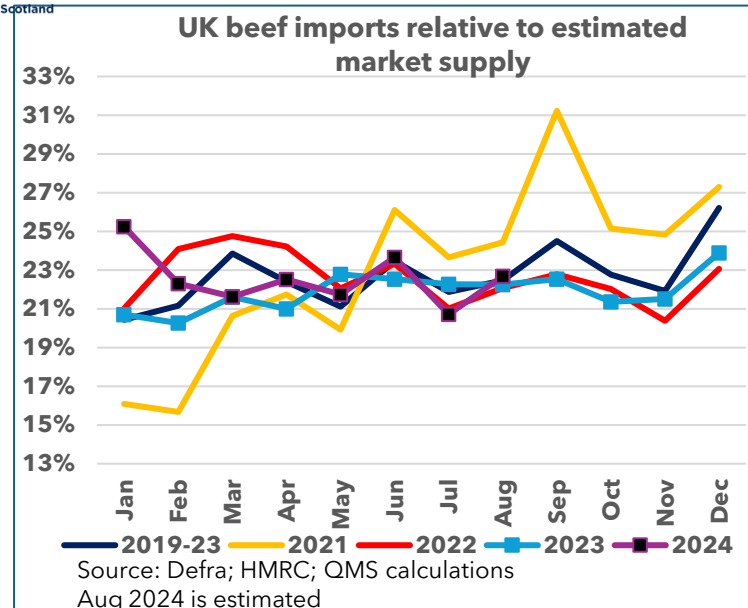
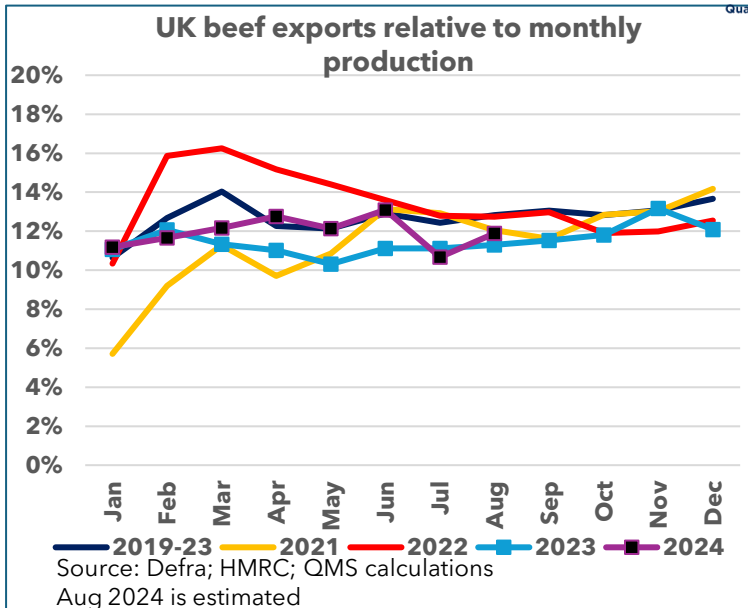
Imports from the EU trailed year-earlier levels for the fourth time in five months in July, down 3.5%. However, the volume arriving from non-EU sources continued to show consistent expansion, up 88% on the year and at a nine-year high for the month. Imports from Australia and New Zealand accounted for 46.5% of non-EU shipments in the first seven months of 2024, up from 19% in the same period of 2023, reflecting the Free Trade Agreements which started on 31/5/23. Imports from Brazil reached a year-to-date high and accounted for 32% of non-EU trade.

The EU accounted for 92.3% of UK import volumes and 84.7% of exports in the first seven months of 2024.

Note:

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

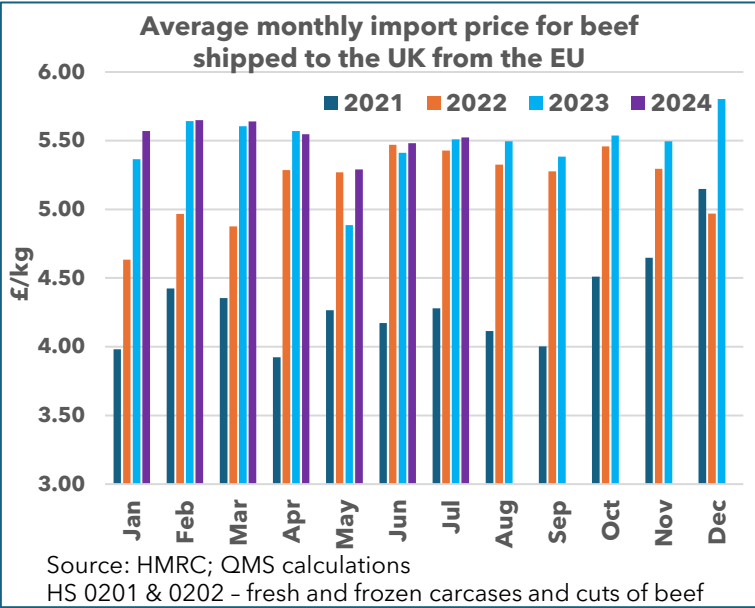
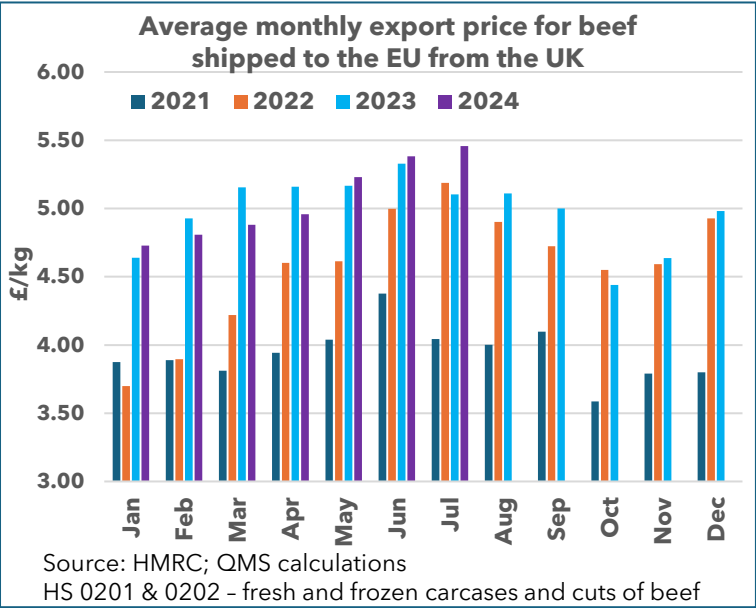
Estimates for August are based on seasonal trends in trade volumes and domestic production



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# Variables influencing international trade

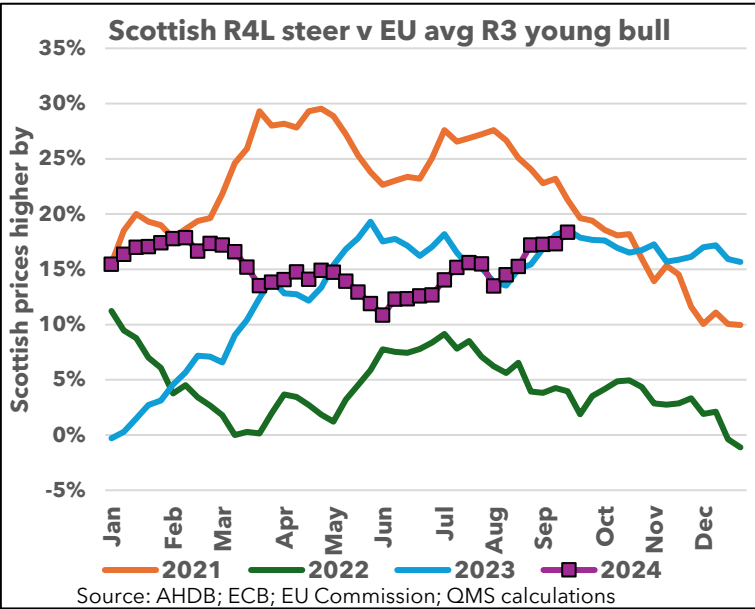
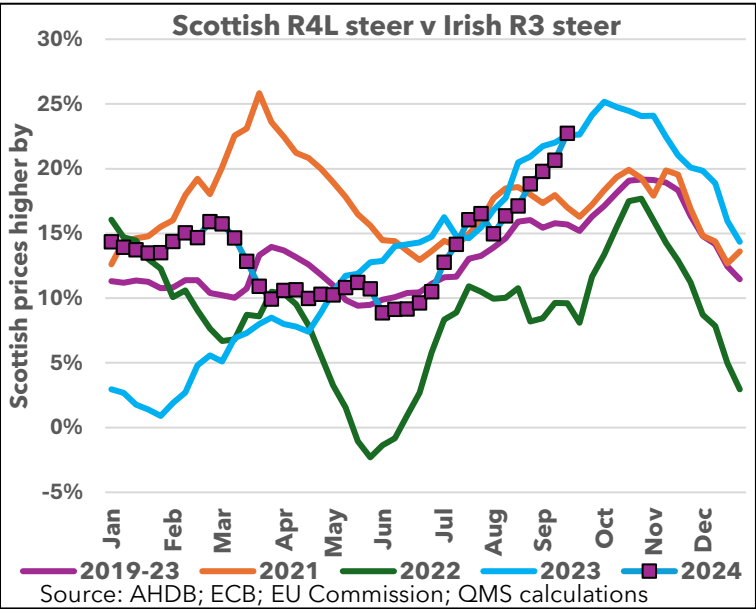
Scottish prices have lost competitiveness against Ireland, with the differential rebalancing seasonally, but import and export prices still rose on 2023 in July.



Irish prime cattle prices have been relatively stable in September, with a seasonal uplift in slaughter acting as a dampener on prices. Due to a stronger sterling, they have fallen in p/kg terms and, coupled with the strong uplift in Scotland, this has resulted in a widening Scottish premium. Scottish R4L steer prices traded at a 15-16% premium over Irish R3 steers in early August, but by the third week of September, this had approached 23%.

EU beef prices have increased moving into the autumn, returning to around their highs of 2022 and 2023. However, a stronger sterling and fast rising prices in Scotland have seen the lead for Scottish R4L steers over the EU average for R3 young bulls widen, reaching 18%.

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 in May and June.



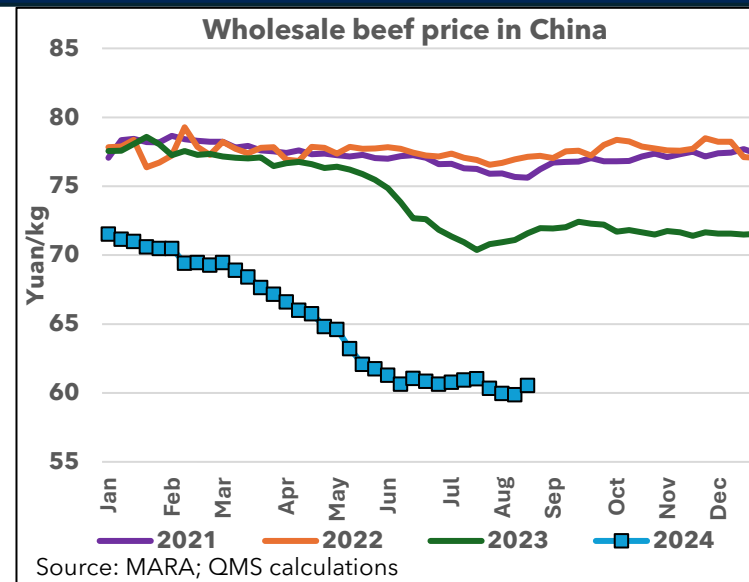
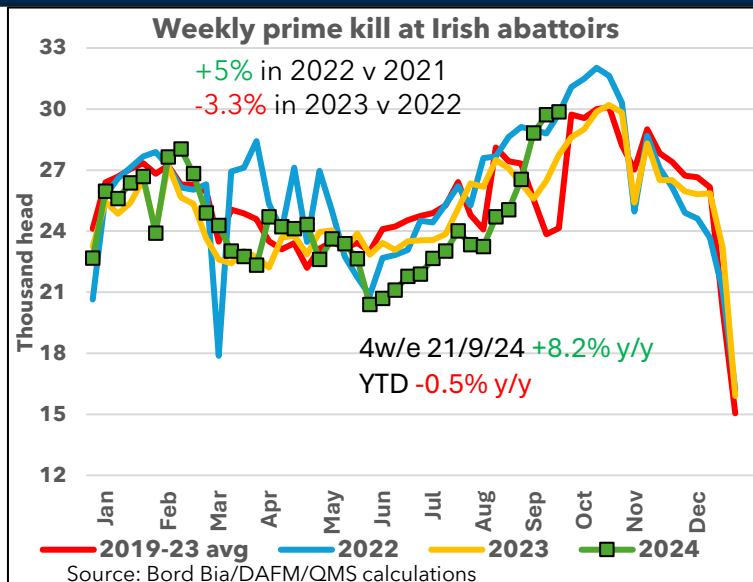
Selected EU cattle prices for R3 males, converted from euro to p/kg dwt			
	Week 38 2024	Week 34 2024	Week 38 2023
Germany (young bull)	444.2	439.1	413.3
Netherlands (8-12 months)	408.8	406.6	400.2
Spain (young bull)	470.9	455.5	435.6
Poland (young bull)	419.6	422.2	383.8
Irish Republic (steer)	426.6	432.2	407.3
<b>For comparison: Scotland R4L steer</b>	<b>523.6</b>	<b>506.2</b>	<b>499.3</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

Divergent global market, with weak purchasing power in China making Brazilian and Australian beef highly competitive but the US market is tight.



In the Irish Republic, a sharp seasonal uplift in prime cattle slaughter in recent weeks has seen slaughter numbers catch up having run well behind 2023 levels during the summer, fitting more closely with the Irish December census results which indicated a more marginal decline in production this year. At EU level, production is now expected to edge higher this year, potentially lowering imports to the EU slightly (based on USDA forecasts).

In the global market, beef prices are still under pressure from herd expansion in Brazil and weak purchasing power in China. However, producer confidence and market prices have rebounded from autumn 2023 lows in Australia. 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.

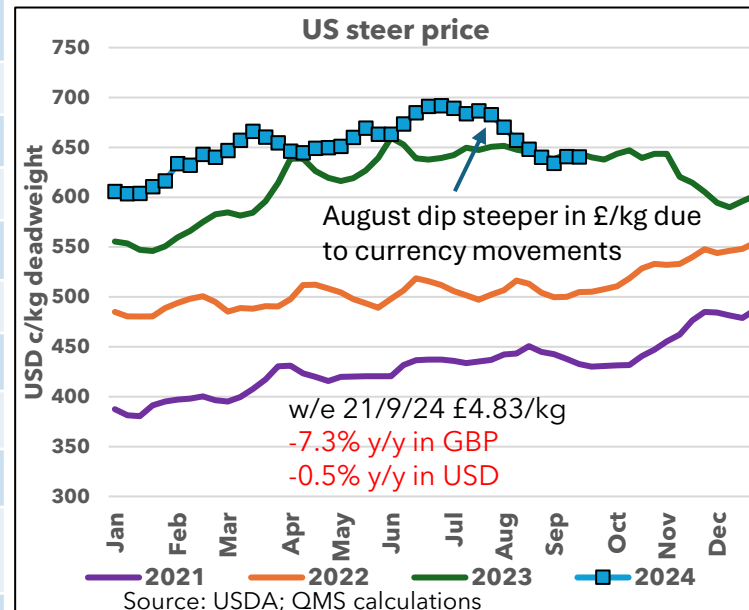
In July revisions to its forecasts, the USDA is now projecting global beef output and consumption to rise at a slightly faster pace this year. Meanwhile, the import forecast has been revised significantly higher, driven by China and the US.

A potential port strike in the US at the start of October could cause significant disruption to the global beef trade and is something to monitor.

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

Key indicators	2021	2022	2023	2024
World, production	58.36	59.32	59.96	60.75
USA, production	12.73	12.89	12.29	12.14
Brazil, production	9.75	10.35	10.95	11.35
EU, production	6.88	6.72	6.46	6.50
Australia, production	1.90	1.88	2.22	2.47
All countries, imports	9.95	10.25	10.35	10.90
China, imports	3.02	3.50	3.58	3.90
USA, imports	1.52	1.54	1.69	1.88
EU, imports (from non-EU sources)	0.32	0.37	0.36	0.35

Source: USDA Foreign Agricultural Service



Cattle on Irish farms (thousand head)

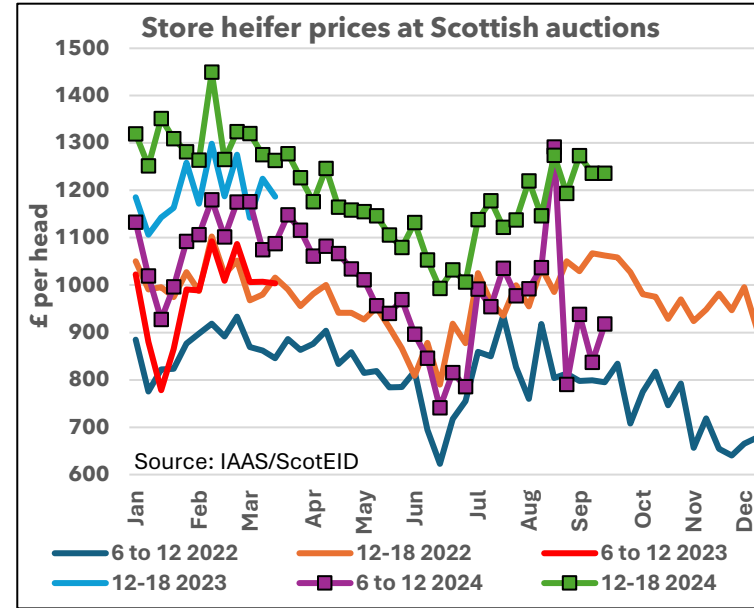
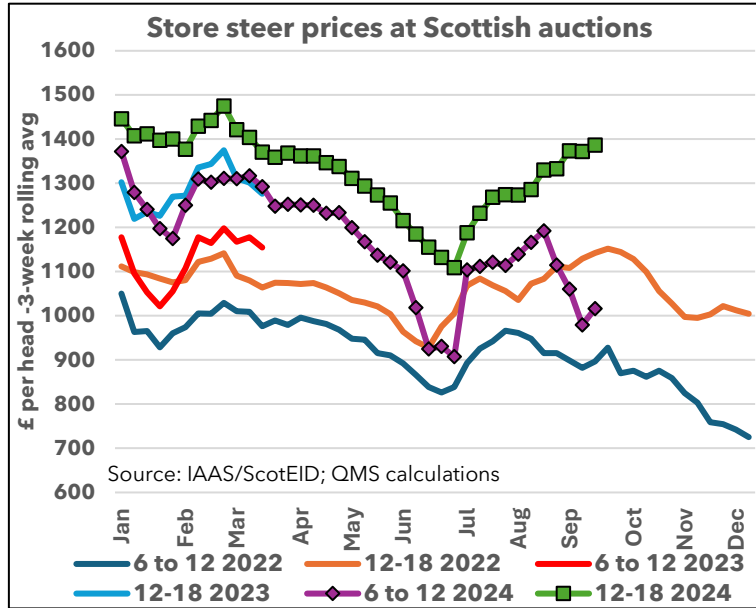
Age group	Dec 2022	Dec 2023	y/y change
<12 months	1,995	1,974	-1.1%
1-2 years	1,801	1,795	-0.3%
2+ (males & non-breeding females)	337	381	+13%
Cows	2,541	2,519	-0.9%

Source: CSO



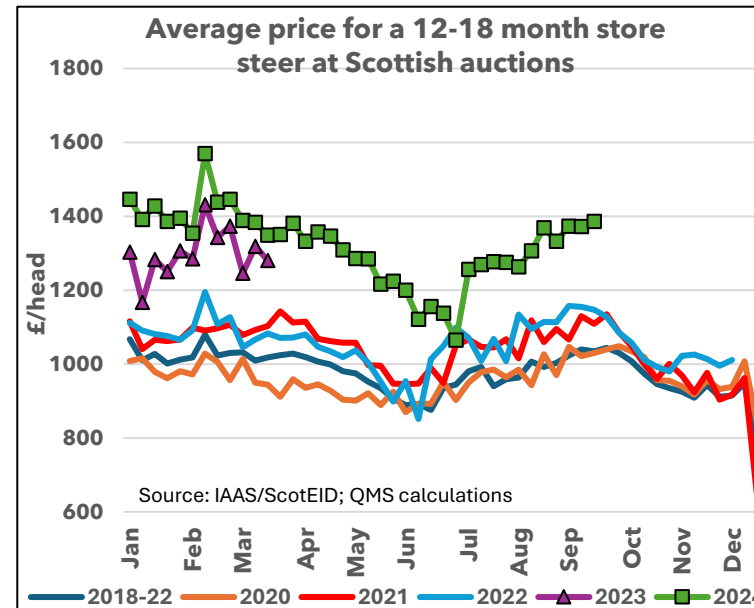
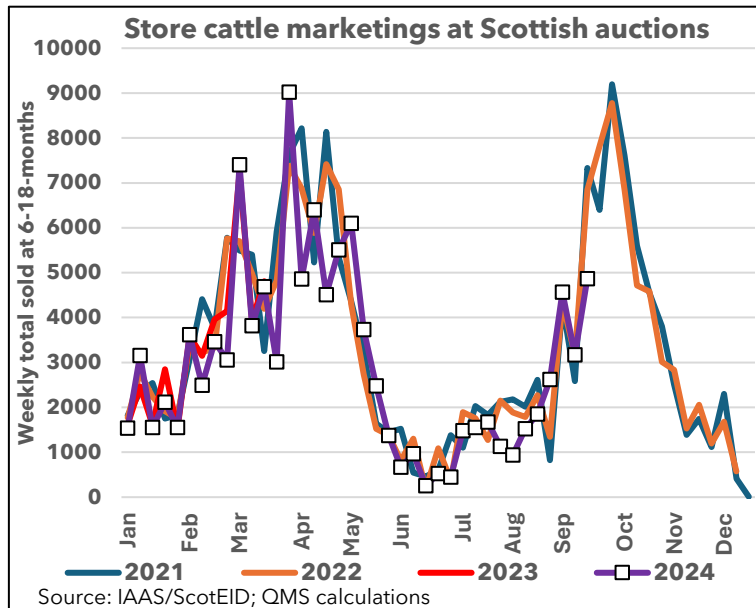
# Store cattle trade

Numbers set to remain tight relative to previous years at autumn sales and record finished cattle prices may also underpin store prices.



As the peak autumn selling period approaches, store cattle values have seen some divergence, with per head prices for yearlings continuing to trend higher whereas there has been a dip for the 6-12-month group. While the summer low for overall marketings has passed, the number being sold at 6-12 months has remained low, potentially generating some volatility in pricing. Nevertheless, prices continue to look historically firm.

A smaller calf crop in summer and autumn 2023 and a further fall in spring 2024 is likely to ensure that store cattle availability remains tight at autumn sales. Meanwhile, record high finished cattle prices may help underpin the store trade this autumn.



## 4 weeks to 21/9/24

### Store cattle prices

Steers, 6-12 months	£1,010
Steers, 12-18 months	£1,370
Heifers, 6-12 months	£890
Heifers: 12-18 months	£1,240

### Store cattle marketings

All steers & heifers, 6-18 months	15,200
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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

- After softening in late-August, lamb prices have steadied at around the 280p/kg lwt mark at Scottish auctions in September. At this level, prices have continued to trade around 15% higher than last year and 35% above the five-year average.
- New season lamb supply may now be approaching its autumn peak but it has been low in an historical context for most of the season-to-date, underpinning farmgate prices. While there could be some room for catch up as the season progresses, a smaller ewe flock in 2023 and indications of a second consecutive poor lambing across GB in 2024 suggest that numbers are fundamentally tight this season. However, store lamb availability may have held up better in Scotland due to more favourable weather towards the end of the lambing season, and early sales volumes at Scottish marts look firm.

### 02 Retail demand

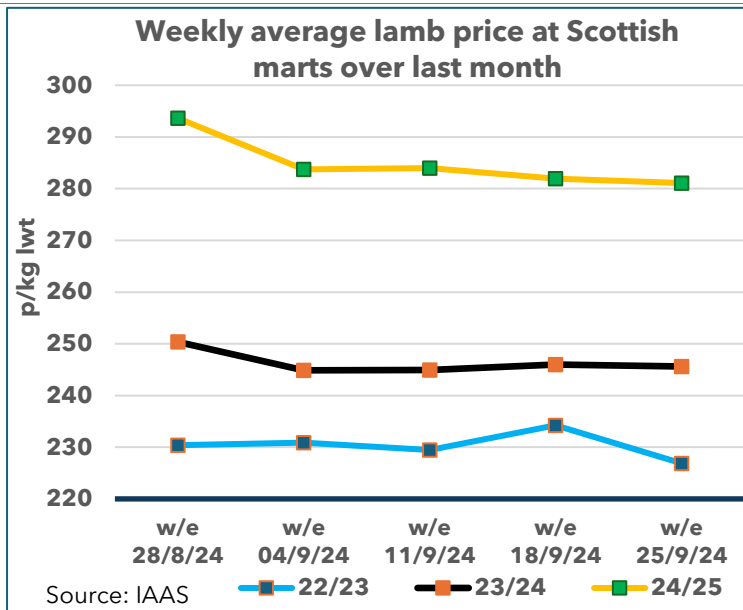
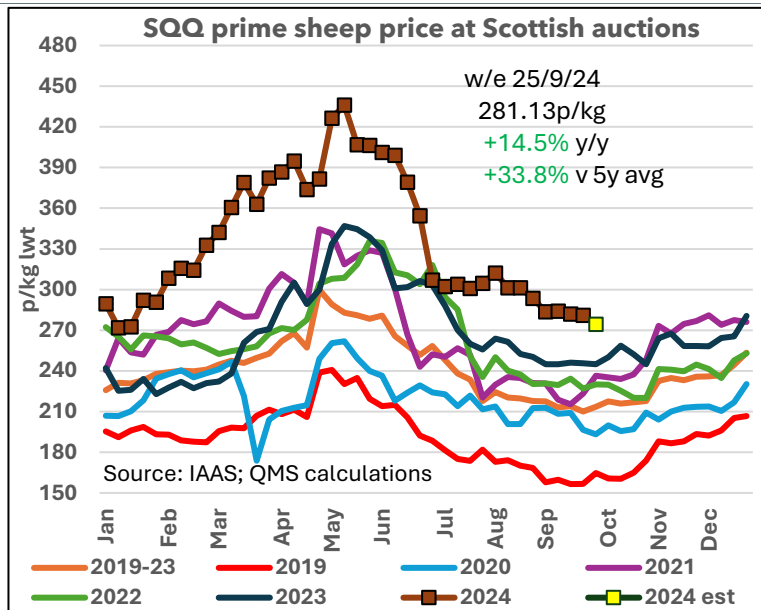
- GB retail data indicates that the higher farmgate prices of 2024 have started to pass through to retail prices, returning sales into volume decline along with lower domestic production. However, the level of spending growth points to robust demand.

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 25 September	281.10p/kg	-0.84	-4.3%	+14.5%	+33.8%
Total lamb marketings at Scottish auctions	Average in four weeks to 25 September, head	20,005		+14.7%	-14.9%	-8.7%
Lamb slaughter at GB abattoirs	Total between June and August 2024, million head	2.590m			-9.9%	-13.7%
UK sheepmeat market supply	Tonnes in Jun - Aug 2024 (estimate)	64,400			-2.7%	-3.4%

### 03 International trade

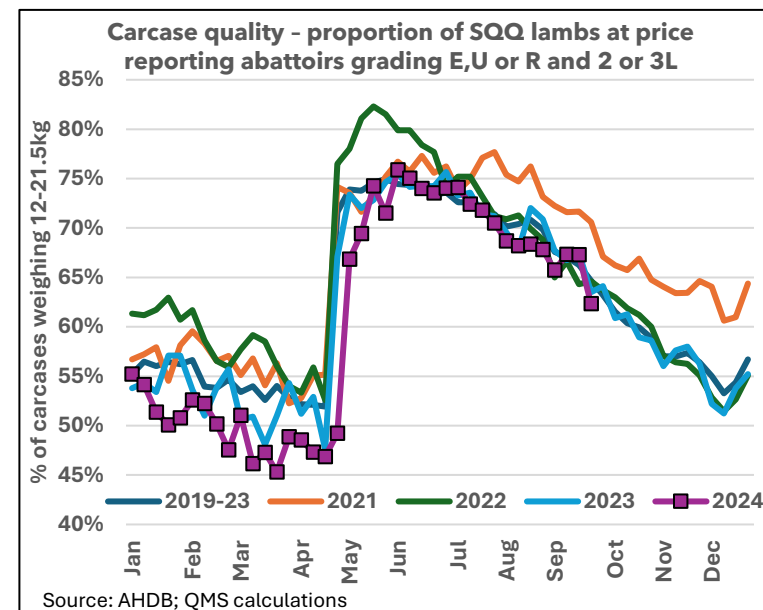
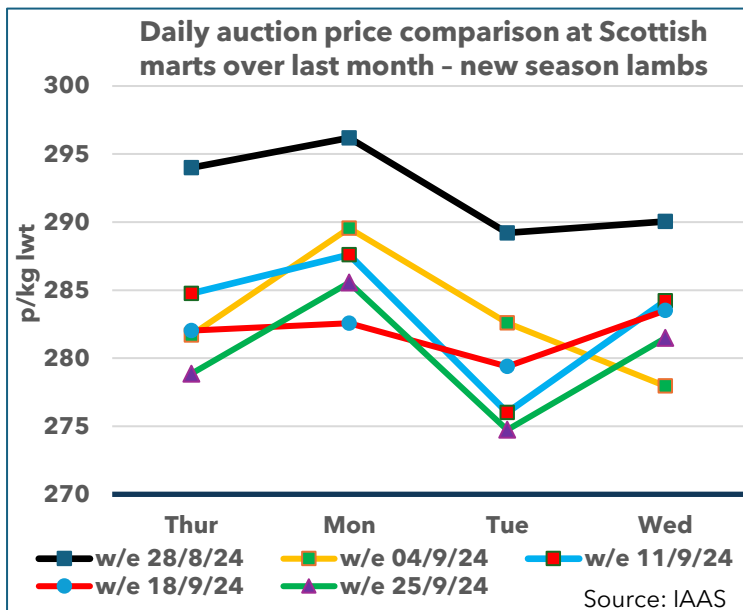
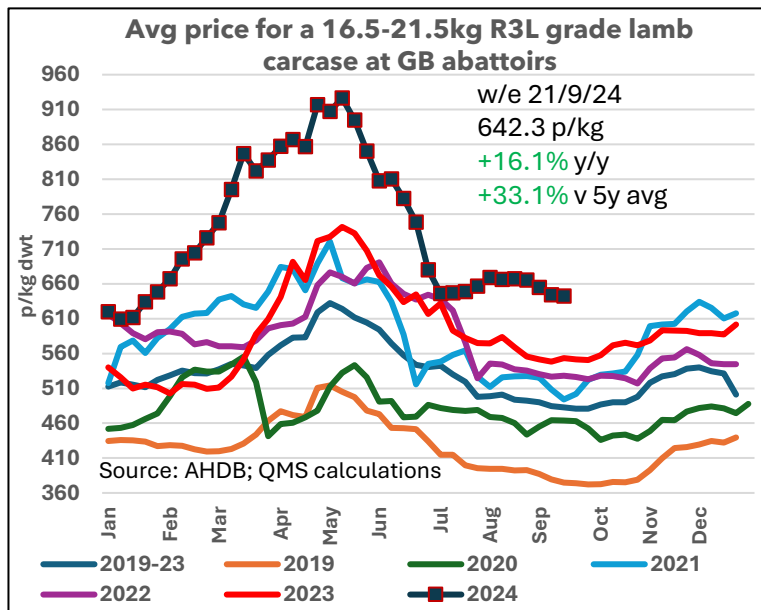
- Wholesale prices in France for imported lamb continue to signal an attractive export trade and while volumes shipped have been lower than in 2023 since Easter, they have risen as a share of UK production.
- Despite recent farmgate price increases, lamb produced in Australia and NZ continues to look highly competitively priced, supporting UK import demand along with the underlying tightness of domestic supply. However, New Zealand's lamb crop is expected to be significantly lower in the season which is about to start.

# Farmgate prices - prime sheep – after softening at the end of August, lamb prices steadied at around the 280p/kg lwt mark in September, running 15% higher than last year and 35% above the five-year average, continuing to trade at record levels for the time of year.



After softening at the end of August, lamb prices stabilised at around the 280p/kg lwt mark in September. At this level, prices continued to hold a margin of around 15% over last year and of 35% over the five-year average. While record high price levels for the time of year undoubtedly reflect a tightly supplied market, it also signals robust demand for the available lambs. In autumn 2023, the seasonal low point for lamb prices at Scottish auctions was around 245p/kg.

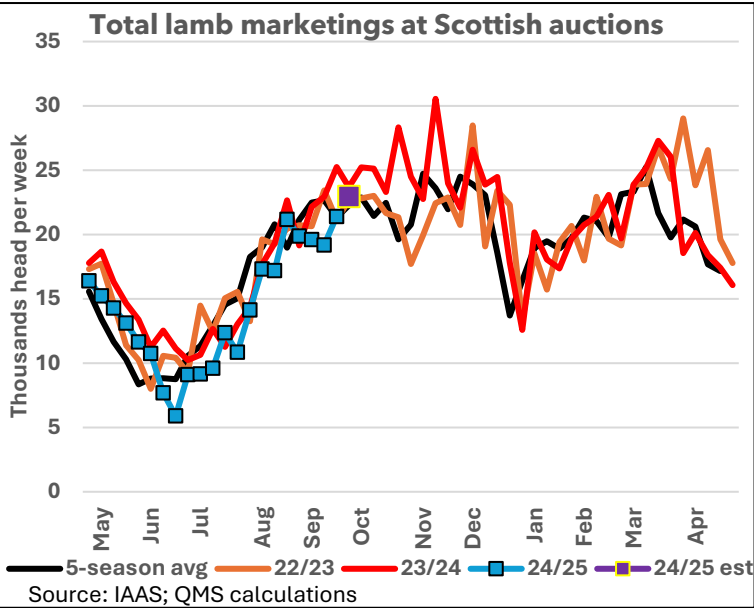
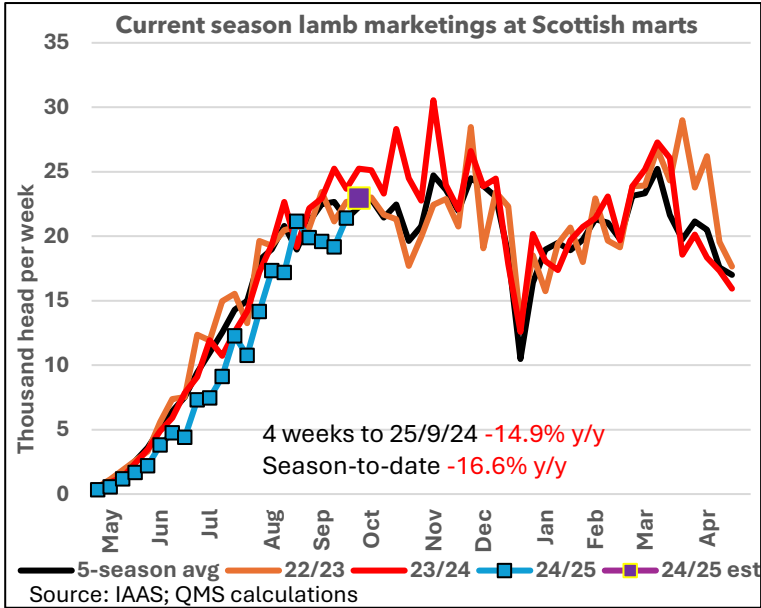
The increase in GB deadweight prices between mid-July and early-August reversed moving into September, with lambs then settling at around the 640p/kg dwt mark. They have continued to show similarly strong historical comparisons to the Scottish auction trade. In 2023, GB deadweight prices had an autumn low of just under £5.50/kg dwt.



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

# Availability and slaughter

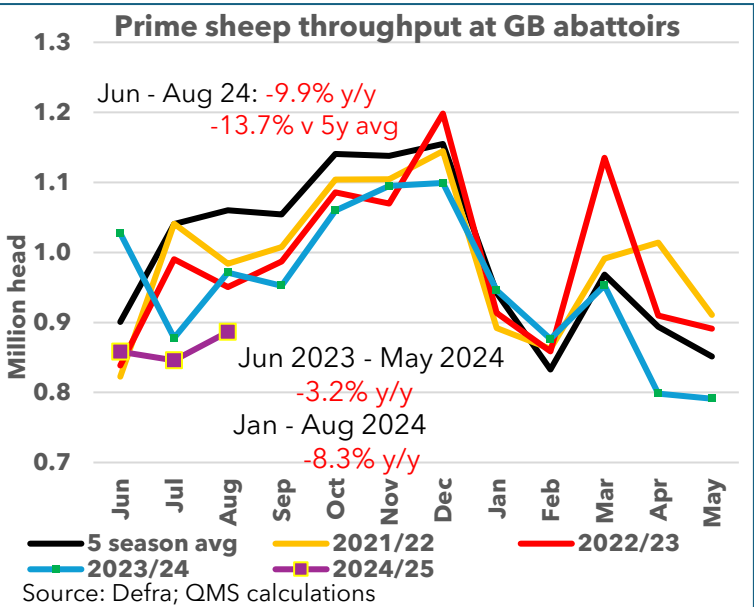
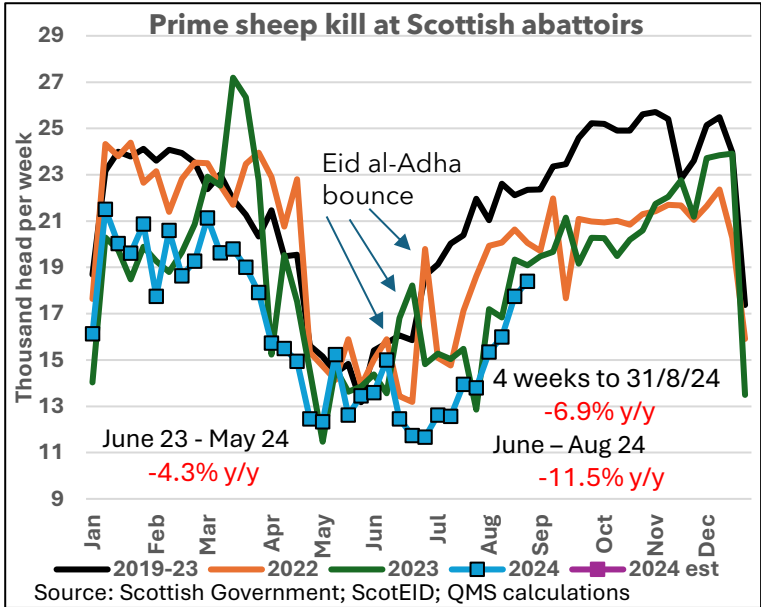
While lamb supply may have approached its seasonal peak levels, it has been historically weak for much of the season-to-date, underpinning farmgate prices.



Lamb auction and abattoir throughput may now be running at around its autumn peak levels as September draws to a close. However, availability has been historically tight for nearly all of the season-to-date, supporting farmgate prices.

Lamb supply is expected to remain fundamentally tight this season, reflecting a smaller ewe flock in 2023 and indications of 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 some signs of rebounding at Scottish abattoirs in late 2023 and early 2024, lamb throughput has been well behind year-earlier levels for much of the time since March. However, the gap narrowed in August, having been well behind in July.

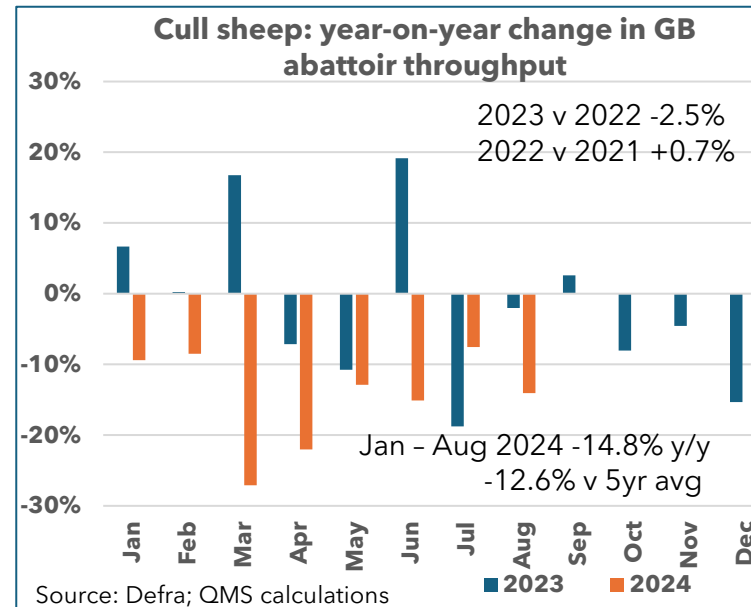
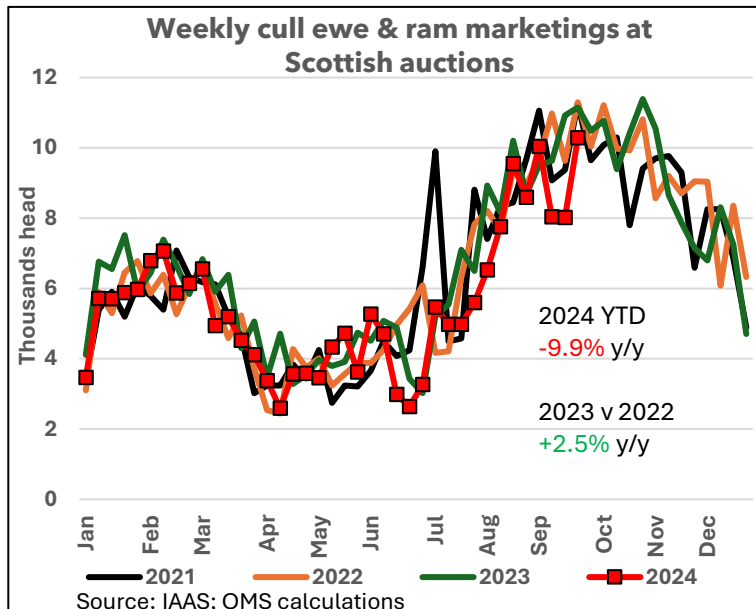
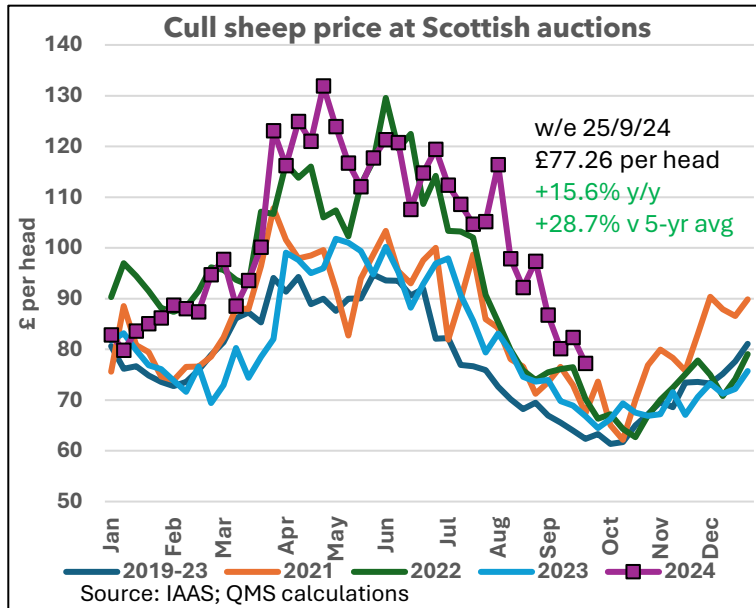


Latest Census Results – Scotland, England & Wales			
June 2023 – Scotland, England & Wales			
	Sco v 2022	Eng v 2022	Wal v 2022
Ewes for further breeding & slaughter	-1.7%	+1.5%	-4.2%
New season lambs	-4.1%	-4.9%	-10.1%
June 2024 - England			
Ewes for further breeding & slaughter	-4.7% y/y		
New season lambs	-3.5% y/y		
Source: Defra; Scottish Government; Welsh Government; QMS calculations			



# Cull sheep market

Cull ewe prices have softened further in September after a sharp seasonal reduction in August, but they remain historically firm due to the fundamental tightness of sheepmeat supply.



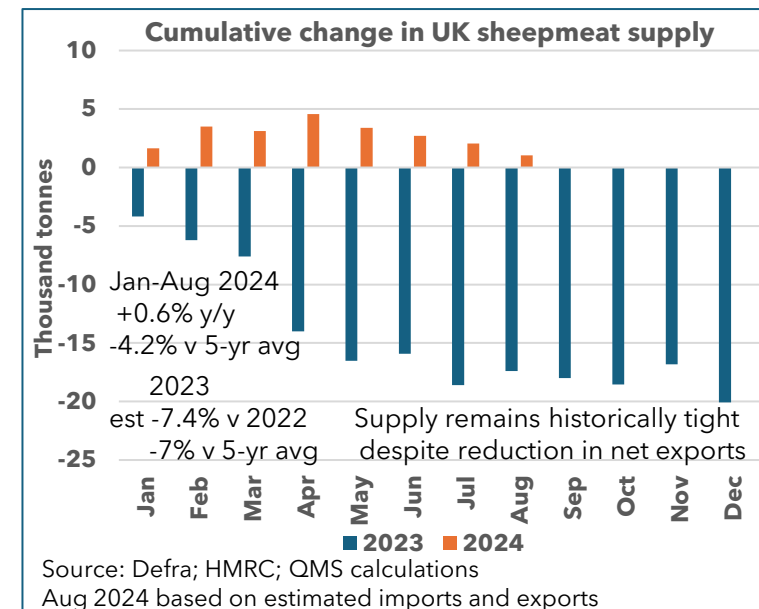
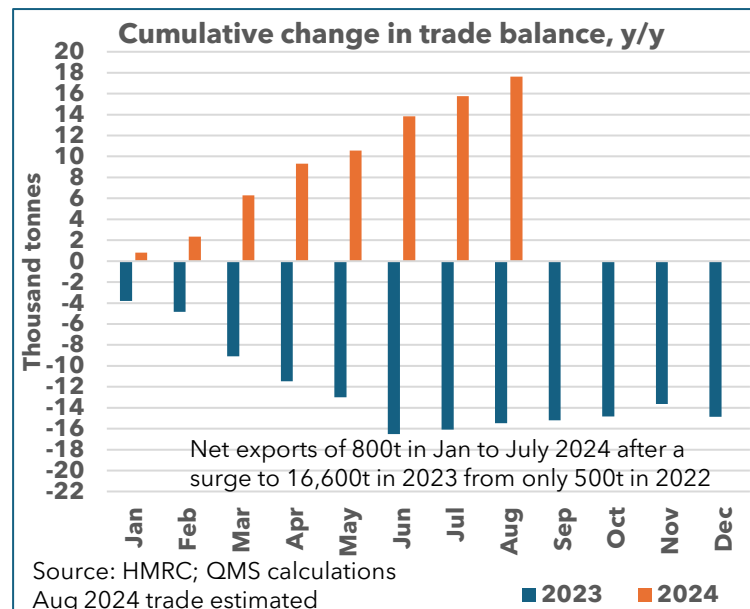
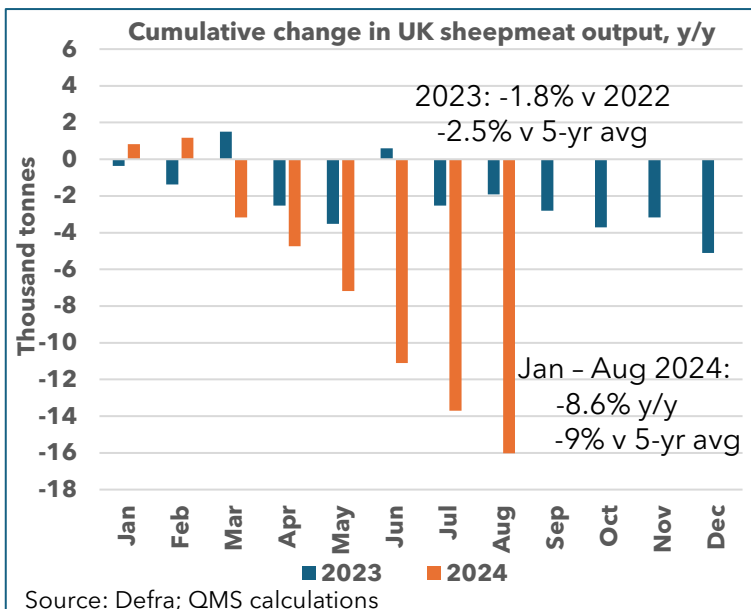
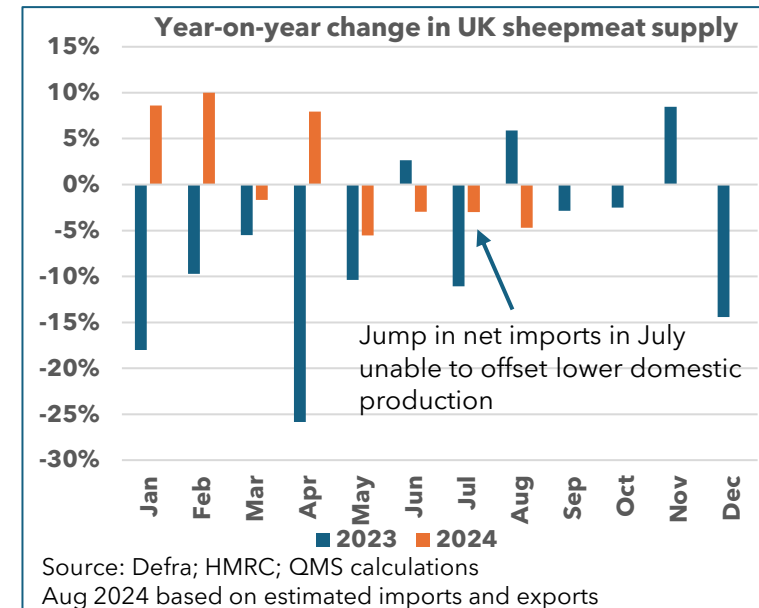
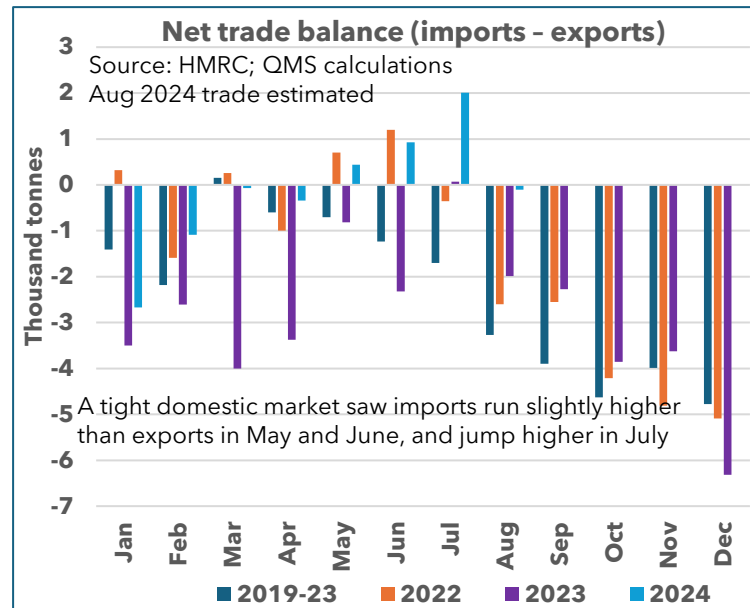
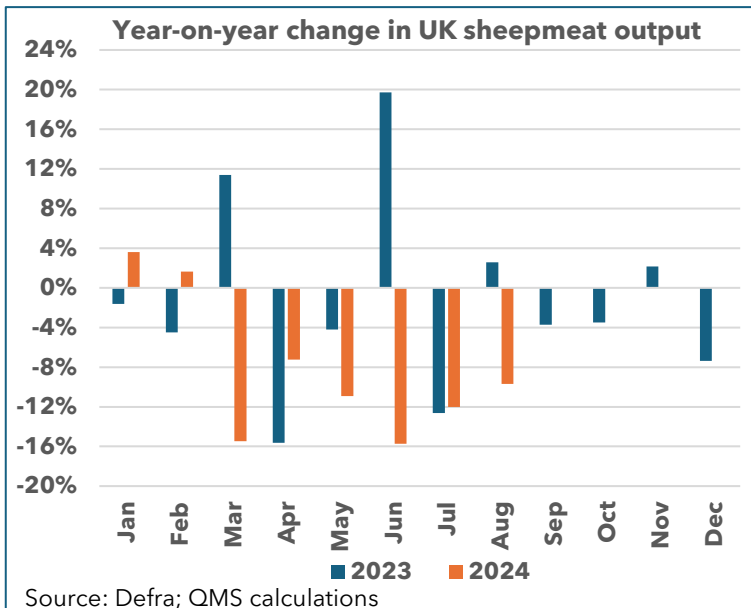
Cull sheep prices rebalanced sharply downwards in August as marketings rose towards a seasonal peak. In September, there has been further pressure on the market, with marketings at a seasonally high level. Nevertheless, prices continue to look historically high for the time of year due to the general tightness of sheepmeat supply relative to demand.

While a lower ewe and ram kill across GB in the first eight months of 2024 fits with a smaller breeding flock, the scale of the decline points towards the potential for some flock rebuilding to be taking place.

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 being processed in the first eight months of 2024 than in the whole of 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.

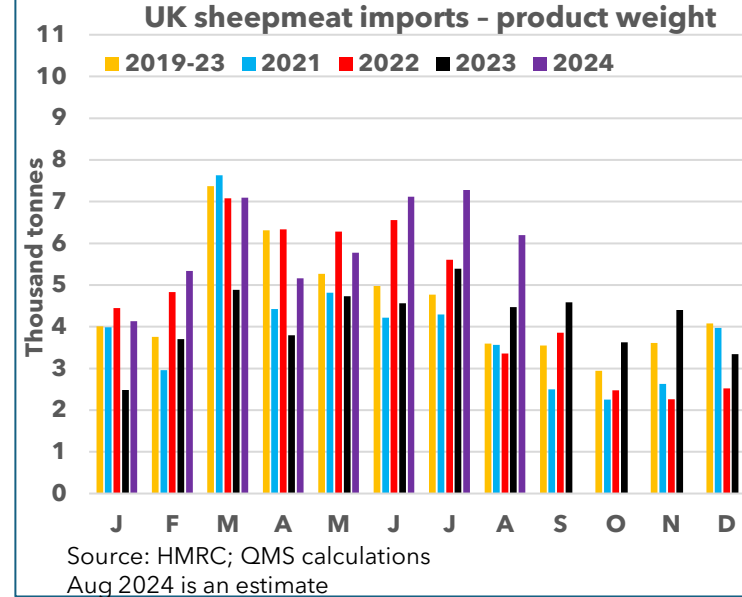
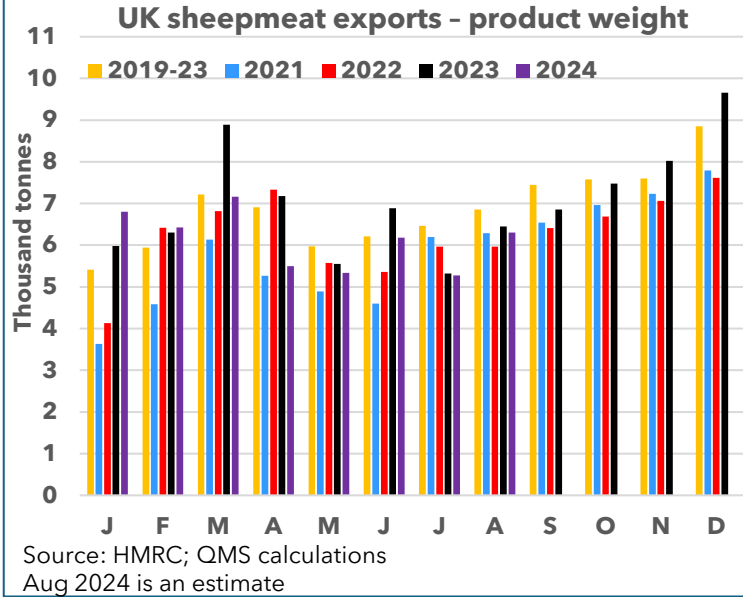
# UK sheep market supply

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. Import volumes continue to exceed the lows of 2023 due to Southern Hemisphere competitiveness and a tight domestic market.



In July, UK sheepmeat exports fell back after being given a boost in June from Eid al-Adha. They showed a fifth consecutive month of year-on-year decline as tight domestic supply continued to restrict the volume available to ship overseas, although the fall was only 1%. The price of lamb at Rungis market in Paris continues to point to attractive export margins and that demand is robust. Firm demand ensured that a higher share of production was still exported than in July 2023.

Despite the lack of a religious festival, UK sheepmeat imports reached a year-to-date high in July, reflecting tight domestic supply and the combination of increased production and highly competitive prices in Australia and New Zealand. Imports were up 35% year-on-year and July had been the peak month in 2023. They were also higher than in six July's during the 2010s.

Looking forward, while a tight market is set to underpin import demand, year-on-year increases are likely to continue undershooting the 43% uplift from the first half, reflecting a rise after the FTA with Australia entered force on 31/5/23. In addition, NZ production is expected to tighten in the new lamb crop year which begins in October (see page 20).

Imports from NZ (4,600t) were up by 40% on July 2023 but fell short of the pre-Easter peak while the volume arriving from Australia (1,700t) reached a new high for 2024-to-date and was up by 92% on the year.

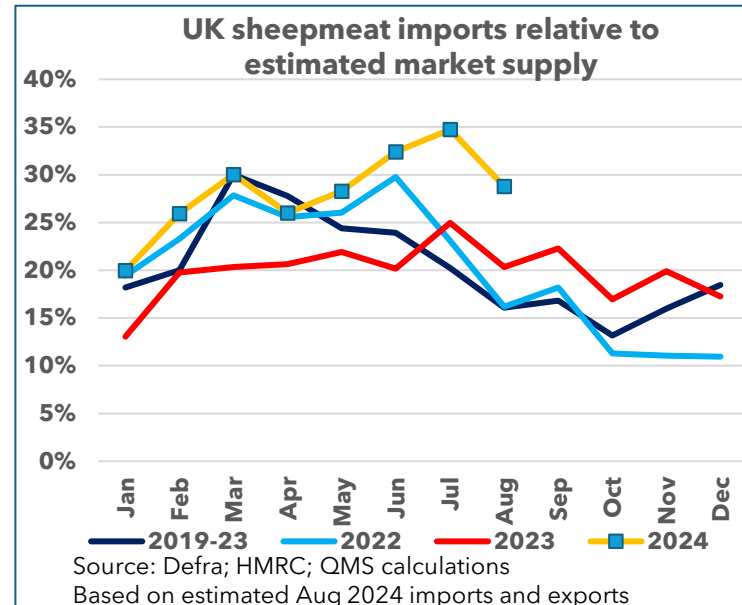
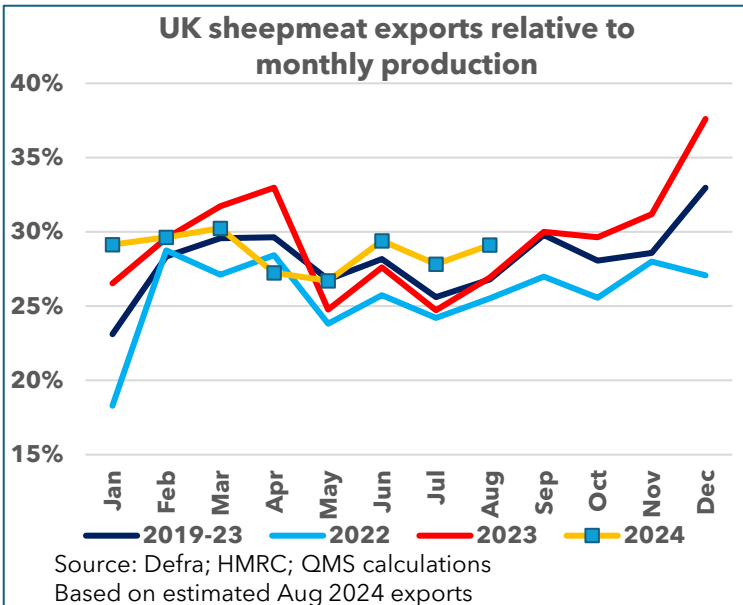
Imported sheepmeat continued to trade at highly competitive prices, averaging around £4,950 per tonne from NZ and £4,400/t from Australia; respectively 5% and 18% cheaper than in July 2023.

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:

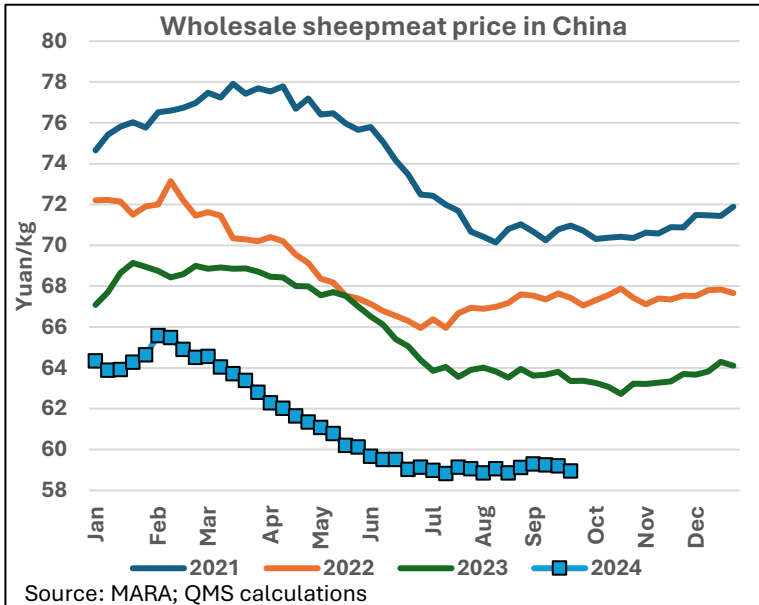
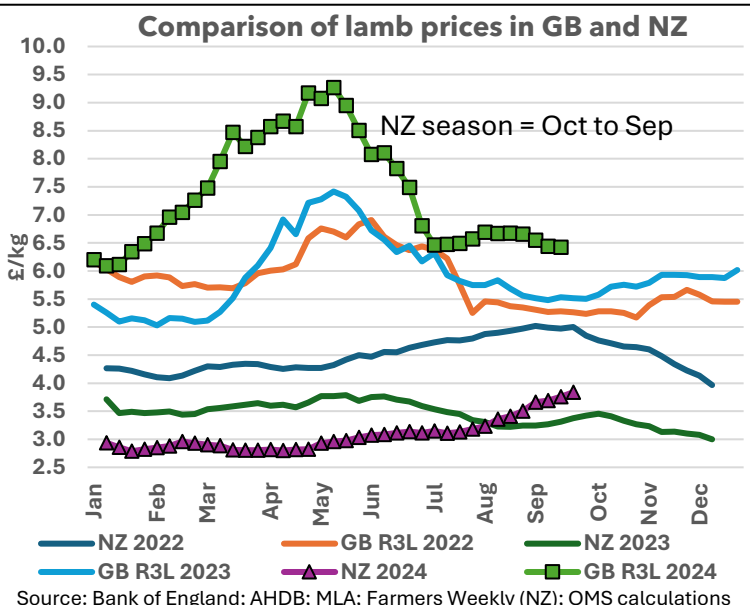
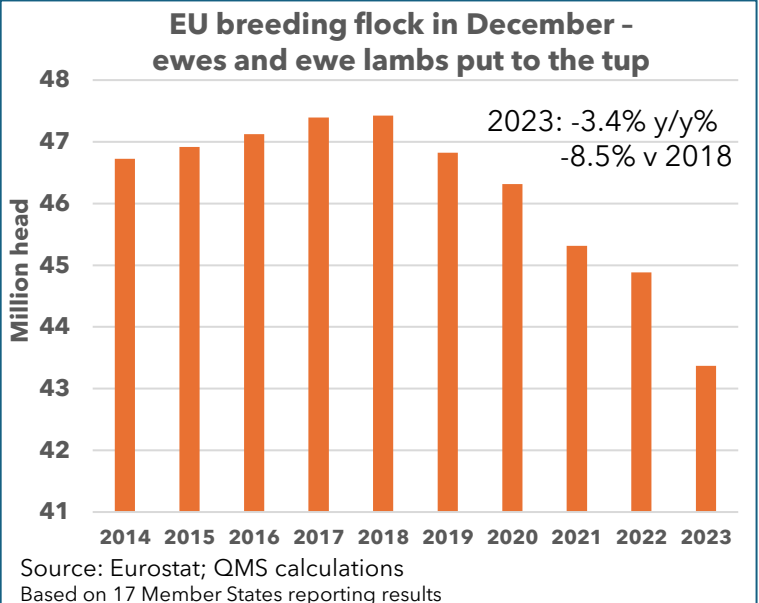
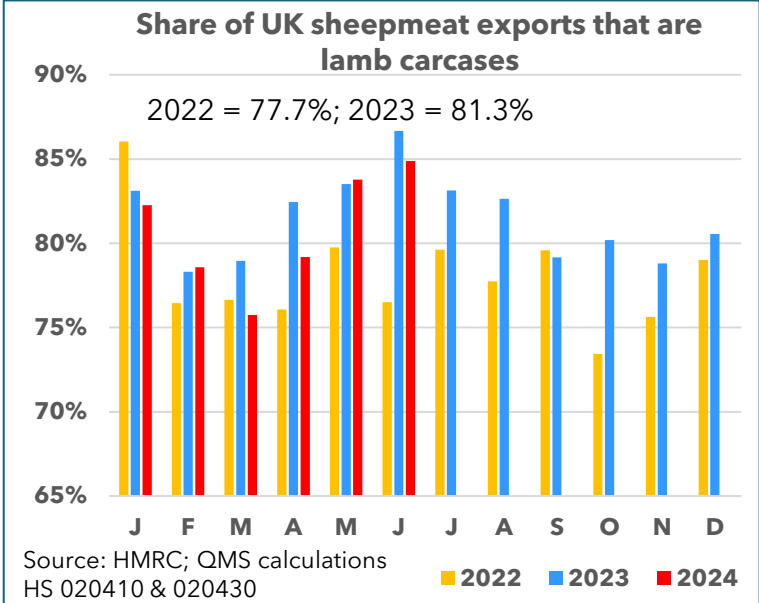
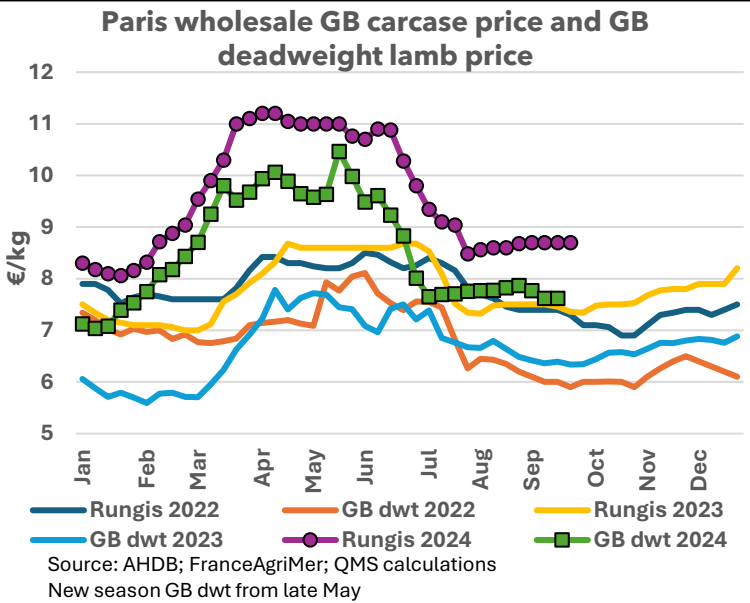
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat)

Estimates for August 2024 are based on seasonal trends in trade volumes and domestic production



# Variables influencing international trade

Wholesale prices in France for GB lamb remain above their August low, and are significantly higher than last year, ensuring that export margins continue to look attractive. Lamb produced in Australia and NZ continues to look highly competitively priced, 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.

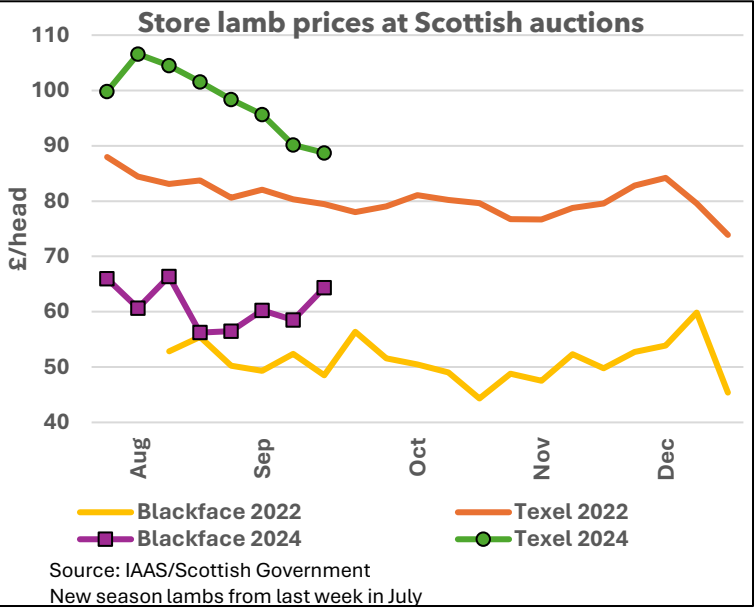
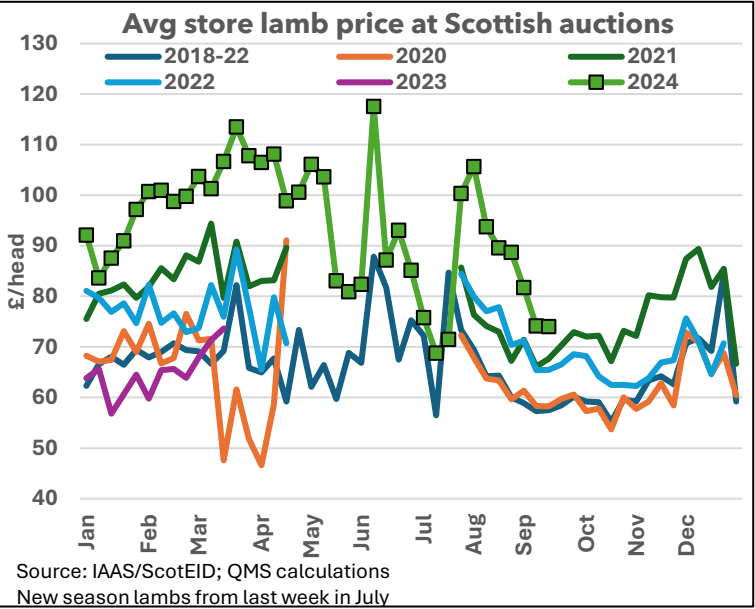


Oceania lamb production forecasts					
	2022	2023	2024	2025	24 v 23
Australia: September 2024 Industry Projections (thousand tonnes)					
Sheepmeat production	710	849	915	924	+8%
Sheepmeat exports (product weight)	428	536	582	589	+9%
New Zealand: Stock number survey as at 30 June 2024 (head)					
	2023		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

Despite more store lambs being traded at Scottish auctions this year, prices have been underpinned by the firm market for finished lambs. Better weather conditions by mid-April 2024 could mean that store lamb numbers held up better than the overall lamb crop this year.

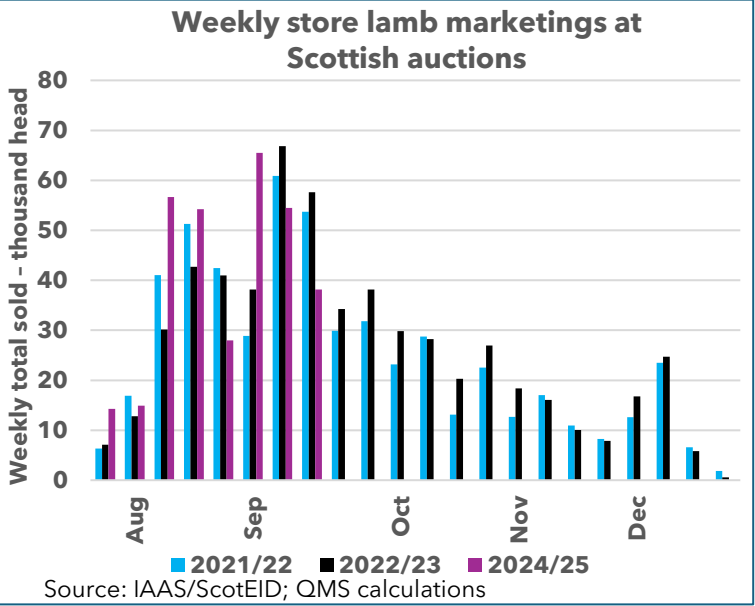


There has been a strong start to the store lamb selling season, with large numbers sold in the early weeks, and at historically firm price levels, reflecting the historically high finished lamb trade.

The seasonal fall in overall average prices between August and September partly reflects an increased proportion of Blackface lambs being traded, and prices have still cleared around 30% above the 2018-22 average for mid-to-late September.

While the general sense seems to be that this year's lamb crop will have been affected by the wet weather around Easter, conditions had improved by the time a significant proportion of hill lambing will have started, so there is the potential for store lamb numbers to have held up better than overall lamb numbers. Early sales data suggests that this may have been the case.

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



Store lamb trade at Scottish auctions, 4 weeks to 21/9/24	
Overall average	£79.00
Blackface	£60.40
Cheviot	£72.00
Suffolk	£92.70
Texel	£93.60
Weekly average number	46,518
Source: IAAS/ScotEID; QMS calculations Prices rounded to nearest 10p	



# PIG MARKET

## SUMMARY OF MARKET DEVELOPMENTS

### 01 Prices

- Pig prices continue to look relatively flat overall, but an unusually soft seasonal downturn since August does point to some relative strength and carcass prices have edged up due to heavier weights. Prices have held around 20% above the five-year average, supporting the slow recovery of producer finances.

### 02 Slaughter numbers

- GB abattoir throughput may be edging above 2023 levels with some room for recovery in the second half driven by a more productive herd. Meanwhile, a seasonal uplift in weekly slaughter has started to show up in the weekly deadweight price reports, combining with heavier carcass weights to place some downwards pressure on per kilo prices.
- The weekly prime pig kill at Scottish abattoirs was much more stable from week-to-week in August. When set against increased numbers leaving Scottish farms for slaughter, it points to some softness in market demand. However, there was considerable year-on-year increase in abattoir throughput, reflecting supply chain challenges in August 2023, and this is likely to have continued in September.

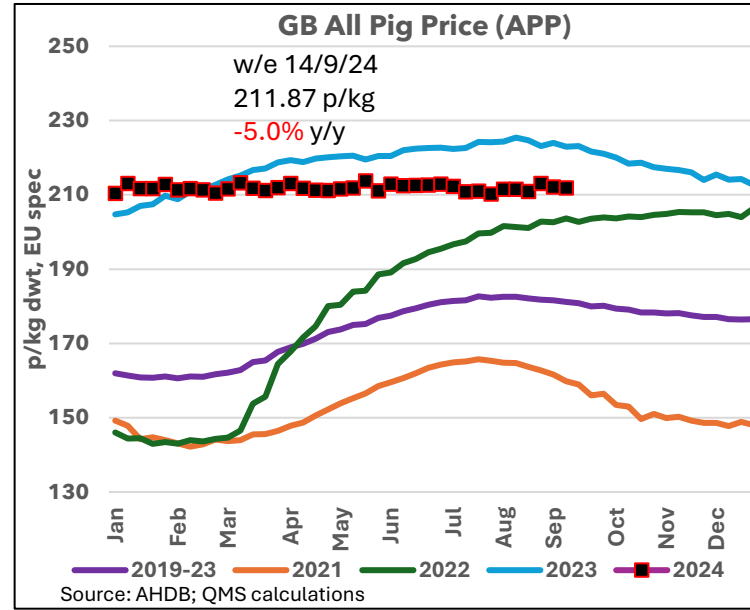
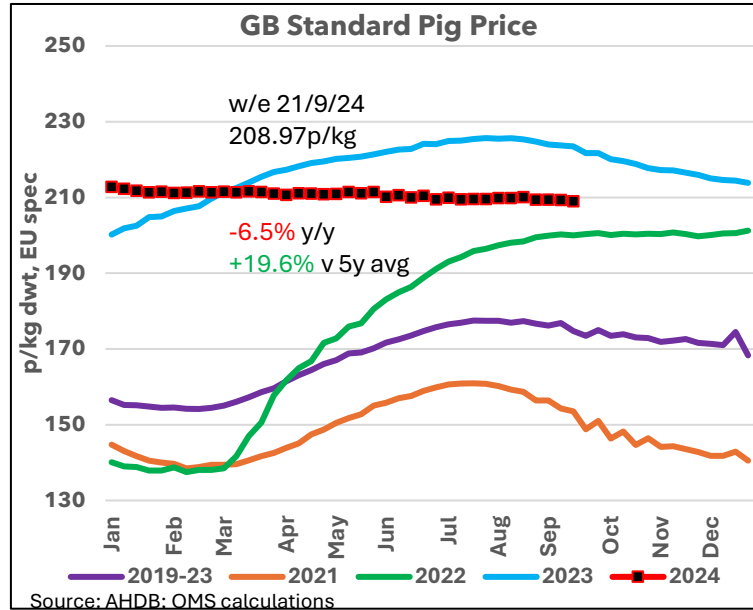
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
GB Standard Pig Price (SPP)	p/kg dwt, w/e 21 September	208.97p/kg	-0.29	-0.5%	-6.5%	+19.6%
Average carcass weight of standard pigs	Average in four weeks to 21 September, EU spec	89.79		+0.7%	+0.7%	+3.2%
Prime pig slaughter at GB abattoirs	Total during August 2024, thousand head	705.9		+5.3% (change in daily avg kill Aug v Jul)	-1.7%	-6.8%
UK pig market supply	Tonnes in Jun-Aug 2024 (estimate)	340,700			+4.7%	+8.3%

### 03 International trade and market supply

- UK pig market supply has rebounded in 2024, mostly driven by a slight recovery in domestic production. The current level of domestic production has restricted export capacity, along with soft overseas demand, but imports have only edged higher despite attractive EU price levels.
- EU pig market prices have begun to stabilise in September after some significant declines during the summer, driven by a slight rebound in output this year. These previous reductions have made EU pigmeat highly competitive, with GB prices opening a premium of around 20%. Although a tighter Chinese pork market points to some potential for imports to China to increase, UK and EU exports have fallen further in 2024.

# Farmgate prices – prime pigs

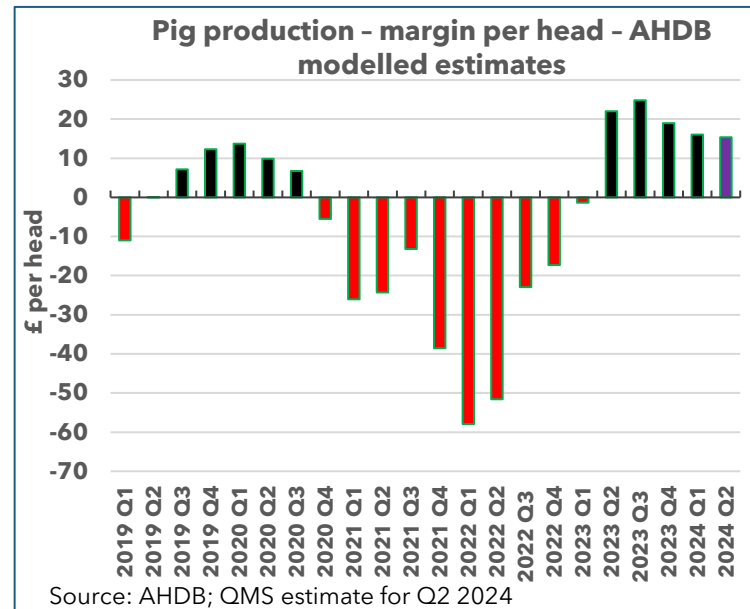
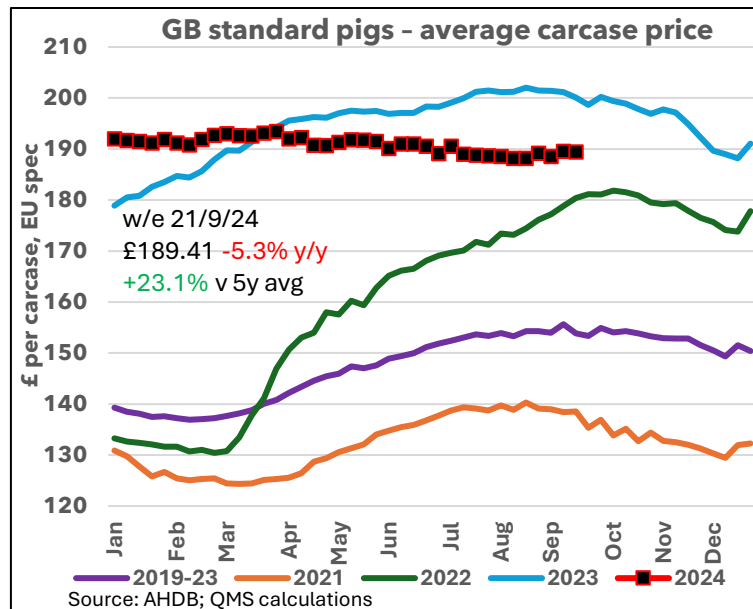
Pig prices continue to look relatively flat overall, but an unusually soft seasonal decline since August points to some seasonal strength and carcass prices have edged higher due to heavier weights. Prices have held around 20% above the five-year average, supporting the slow recovery of producer finances.



Market prices have continued to fluctuate within a narrow range throughout 2024-to-date, signalling a well-balanced market. However, a relatively limited seasonal downturn since August is signalling some seasonal strength, and heavier weights have also given a boost to the average price per carcass.

Given the more significant seasonal downwards trend, year-on-year price declines have dipped from their peak.

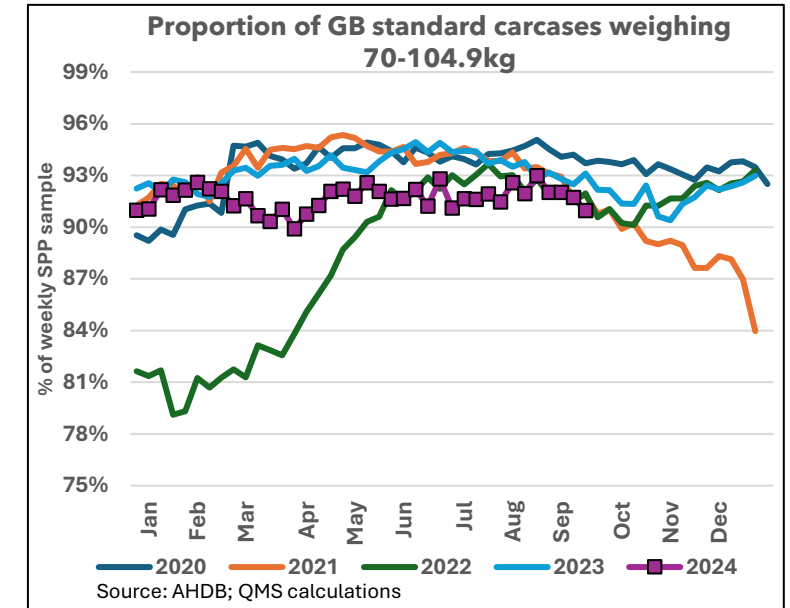
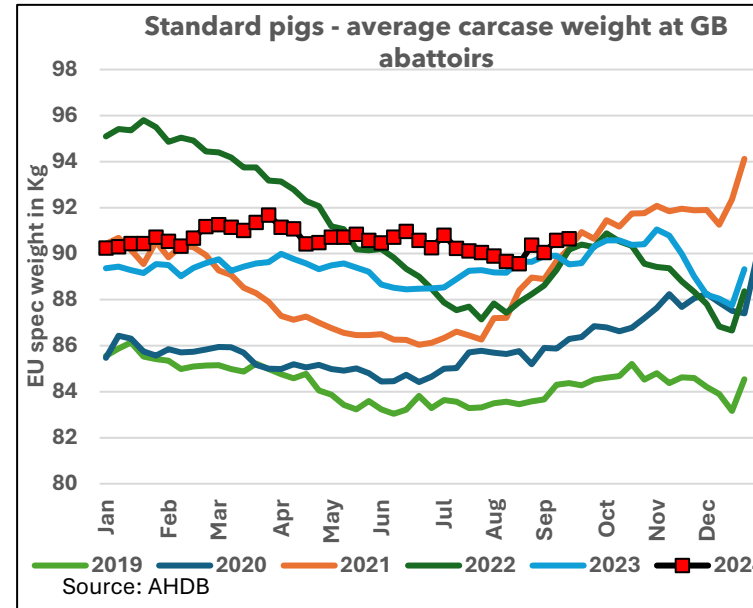
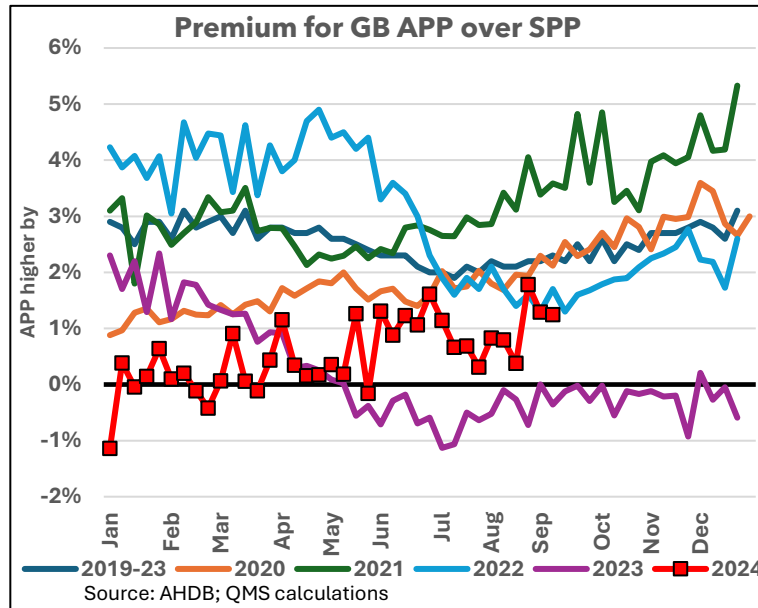
Pig prices have held around 20-25% above the five-year average, reflecting a reduced level of supply since the crisis of 2021/22.



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

The general return of a small premium for pigs with specific production characteristics points to a more balanced market after a tight 2023. A rebound in premium since late-August points to a lift in supply after a slight tightening in July and August.



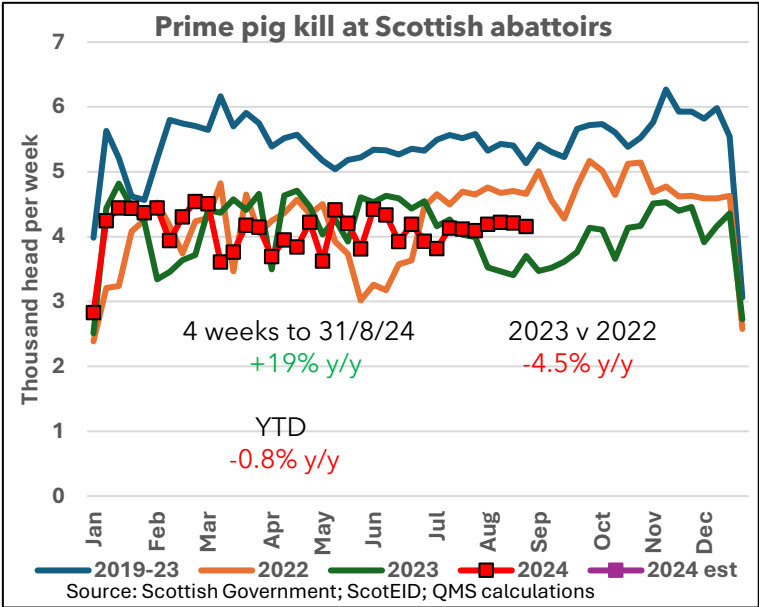
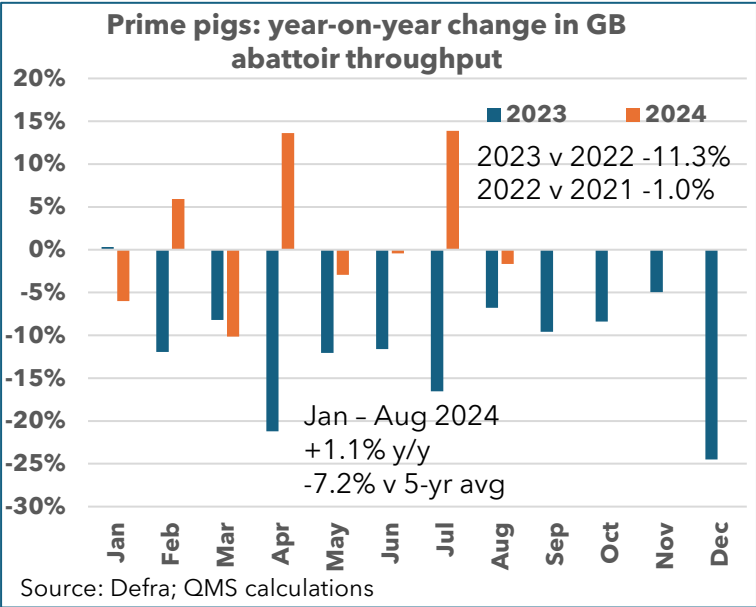
A slight premium for the average pig price (APP) over standard pigs (SPP) has returned in 2024, indicating that pigs with specific production characteristics are receiving a premium in the marketplace again and that the market is not as tight as it had been in 2023. A rebound in premium since late-August points to a lift in supply after a slight tightening in market conditions during July and August. It should be noted that the two price reporting samples are not identical.

Following a delayed summer dip, carcass weights have risen seasonally since late-August, with the share of carcasses weighing 70-104.9kg falling back. Carcass weights have remained at record levels and the gap with 2023 has re-opened in September. This upturn in weights may have contributed to the slight reduction in farmgate prices by raising pigmeat output per pig.



# Availability and slaughter

GB abattoir throughput may be edging above 2023 levels with some room for recovery in the second half. Meanwhile, weekly availability for slaughter is rising seasonally, pressuring farmgate prices along with heavier weights. Weekly prime pig slaughter steadied at Scottish abattoirs in August and is showing significant year-on-year increase due to a period of reduced output in 2023.

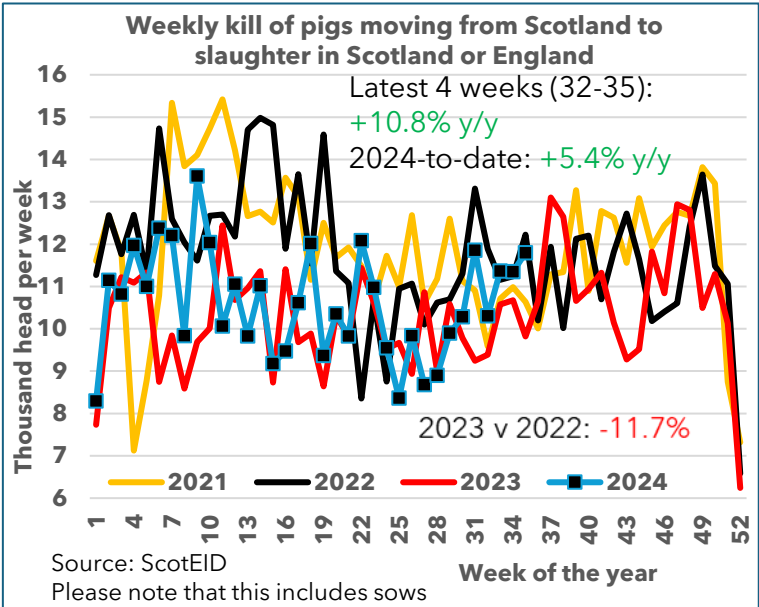
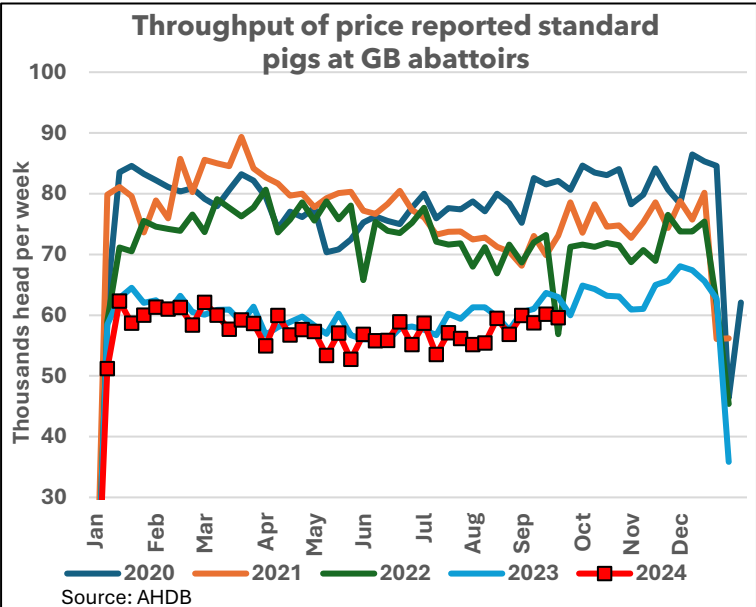


While the financial crisis of 2021/22 continues to pressure prime pig production, GB abattoir throughput may now be edging above 2023 levels with some room for a slight recovery in the second half.

Increased numbers leaving Scottish farms for slaughter in 2024 suggests that the recovery is further forward north of the border.

Weekly availability for slaughter is rising seasonally and, with carcase weights also lifting, higher production has been placing some slight downwards pressure on market prices.

The weekly prime pig kill was much more stable from week-to-week at Scottish abattoirs in August. However, when set against a rising number leaving Scottish farms for slaughter, it could signal some continuing weakness in market demand. However, there was a considerable year-on-year increase, reflecting supply chain challenges in August 2023, and this is likely to have continued in September.



**QMS**  
Quality Meat Scotland

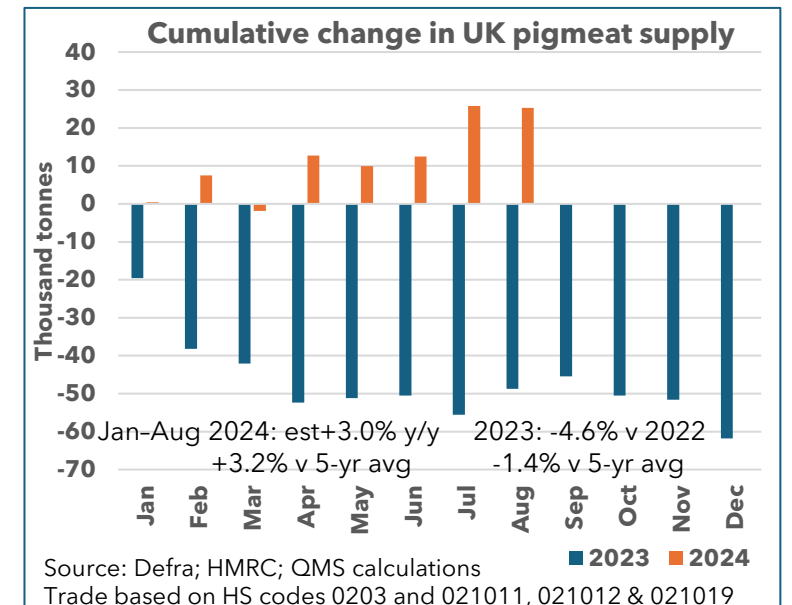
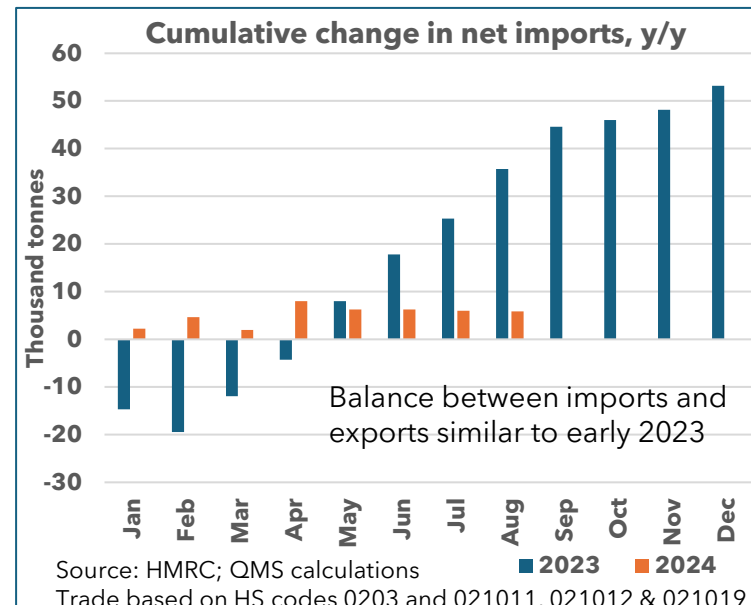
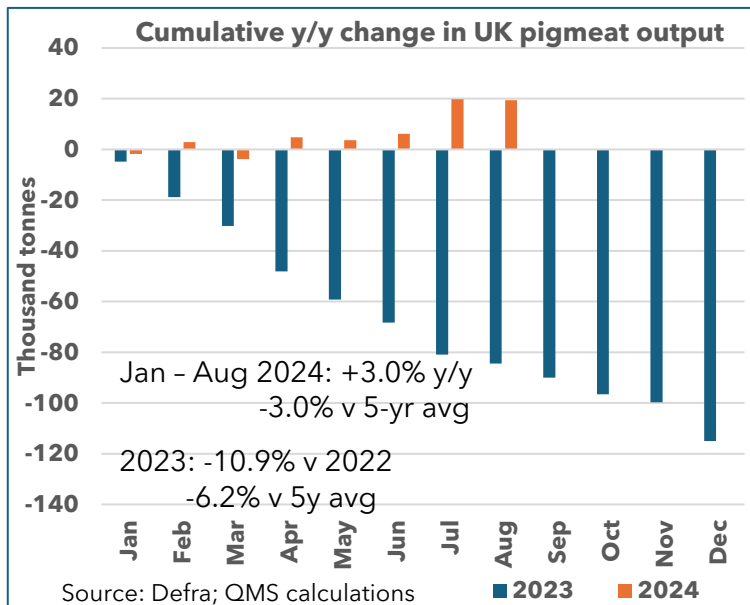
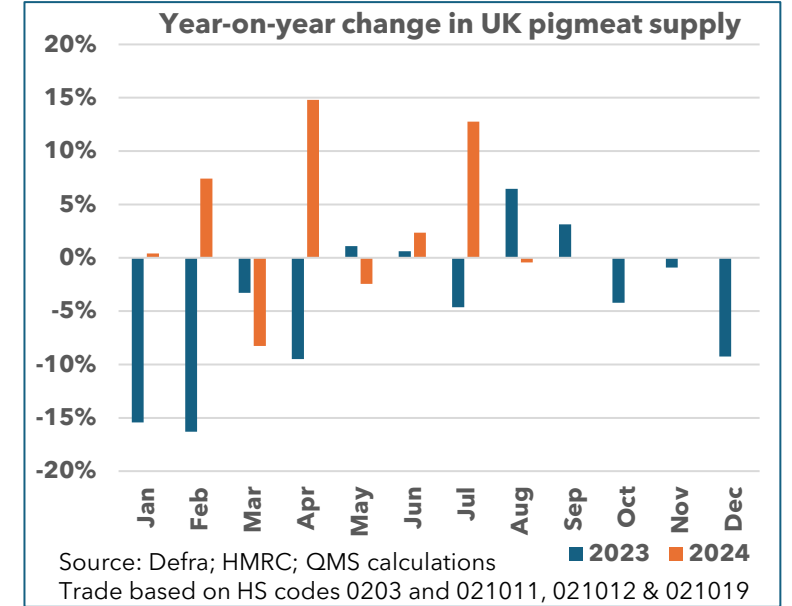
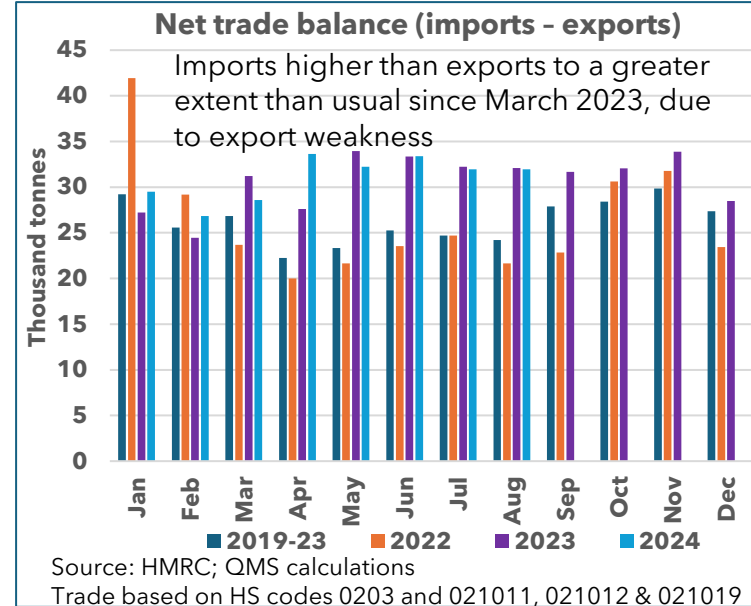
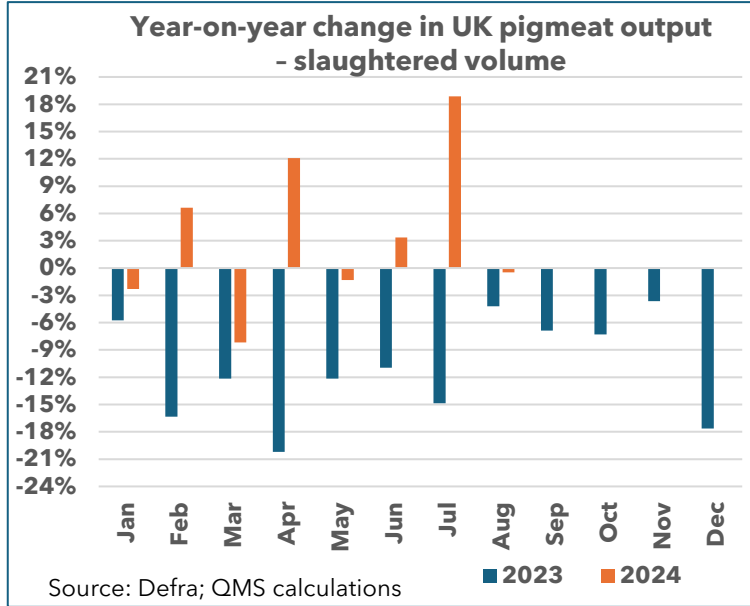
Latest Census Results – Scotland and England		
	Sco: June 2023 v 2022	Eng: June 2024 v 2023
Female breeding herd	-6.8% y/y	-2.2% y/y
Fattening pigs	-1.2% y/y	+1.5% y/y

Source: Defra; Scottish Government

# UK pigmeat market supply

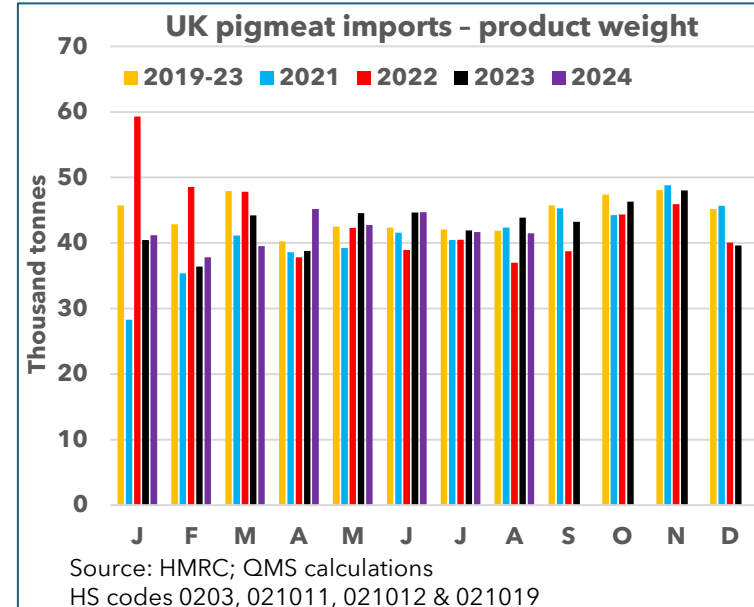
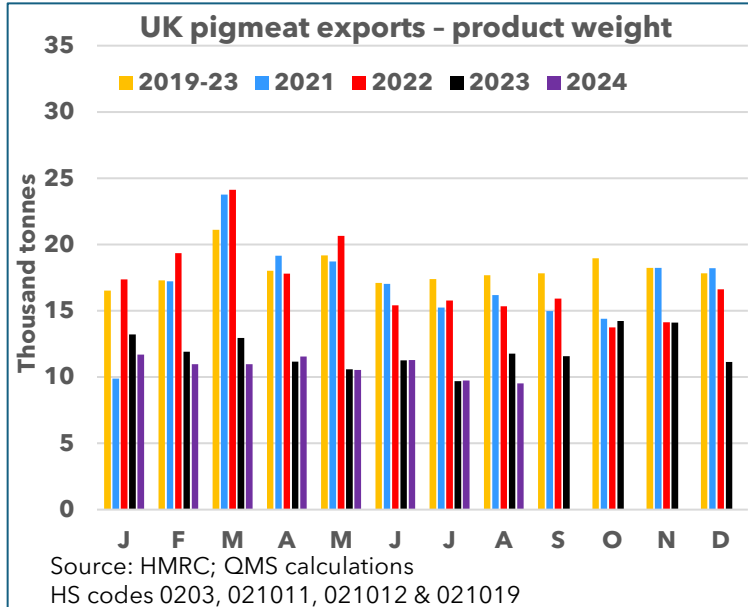
domestic production + (imports – exports) = supply

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



# UK international trade

Exports continue to look historically soft due to the lower level of domestic production and weak demand from the EU and China. Imports flat despite increased EU competitiveness.



UK pigmeat exports showed a further month of historically soft performance in July, trailing the five-year average by 44%. While they did edge above the lows of July 2023, when set against increased domestic production, they were down significantly.

UK pork exports (HS 0203) to the EU slumped to a year-to-date low but were up 2.5% on July 2023.

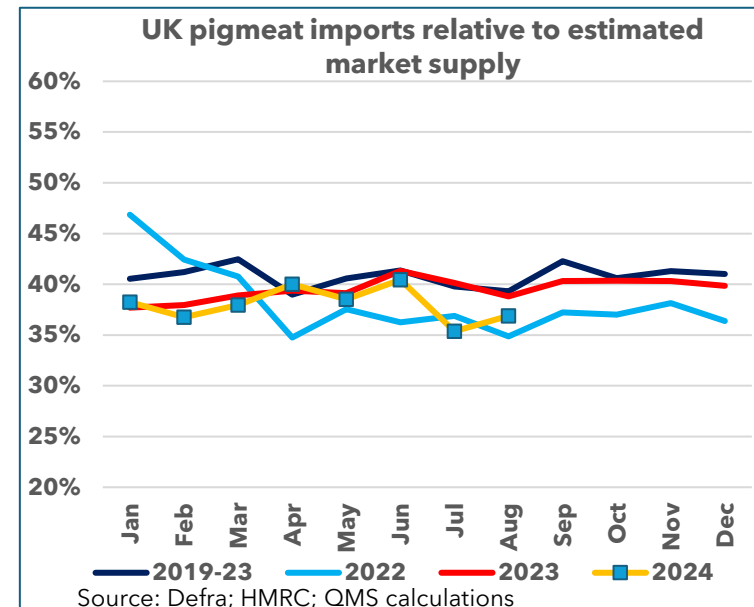
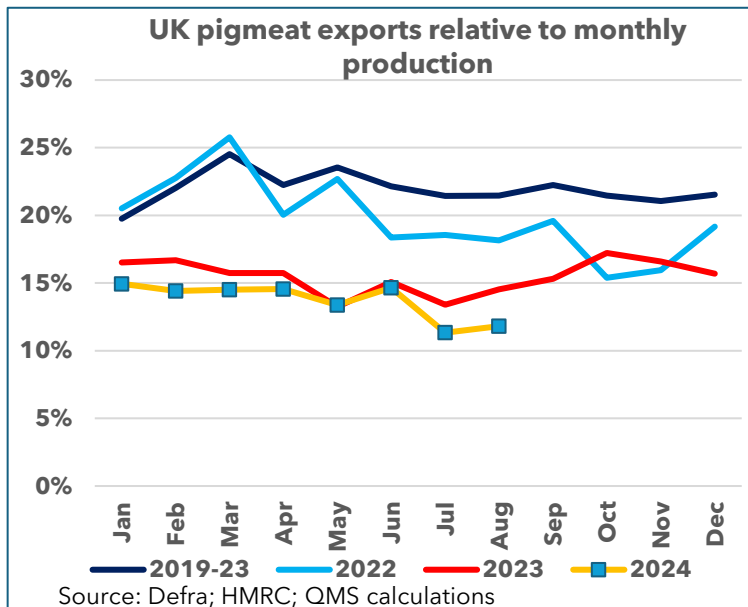
It was a similar story for pork exports (HS 0203) to non-EU countries. However, within this, trade with China/Hong Kong reached its second highest monthly volume of the year and was up 16% on July 2023. As a result, China accounted for almost 80% of pork exports to non-EU countries and nearly 41% of total exports, compared to respective annual averages of 67.5% and 36.2% in 2023. This could be a sign of renewed interest in pork from the UK due to tight market conditions in China, but volumes were still under half of their 2019-21 average.

UK pigmeat imports slumped to a four-month low in July and dipped slightly behind year-earlier levels, having been up slightly in the year-to-date. Imports of pork (HS0203) were down fractionally on July 2023 while bacon & ham trade (HS0210) was down 2%.

Note:

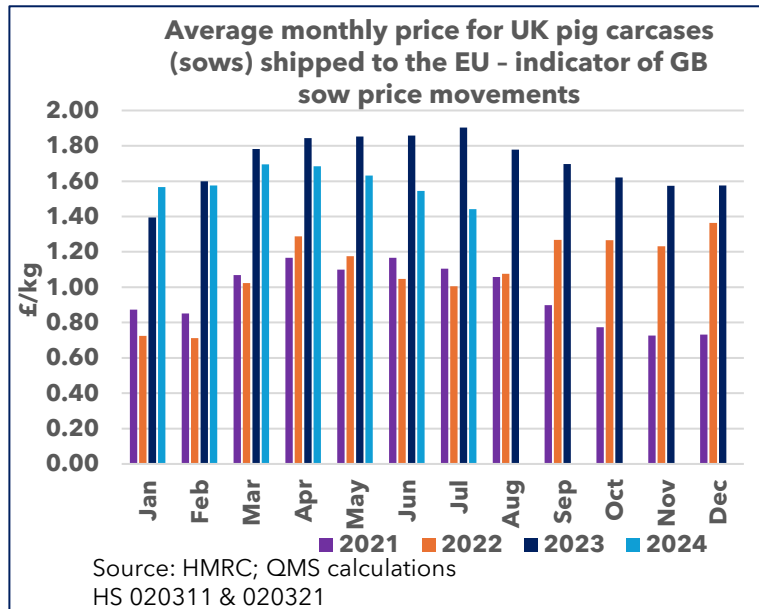
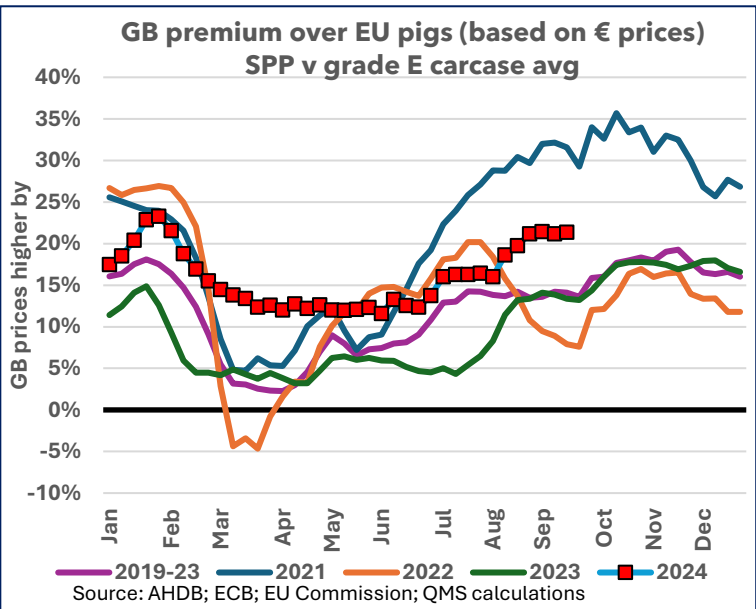
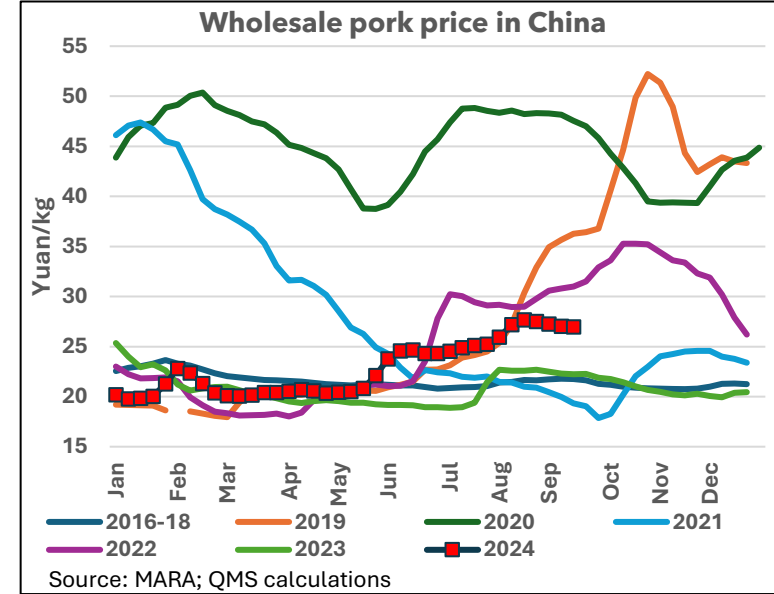
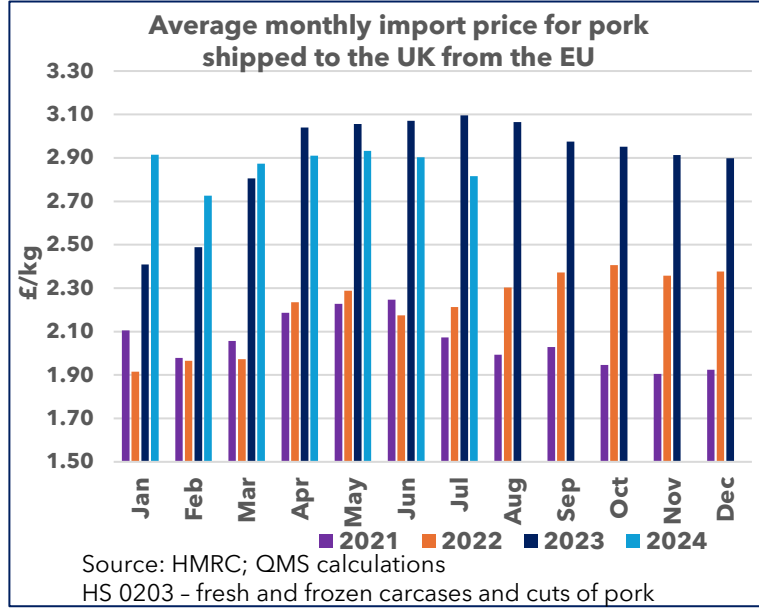
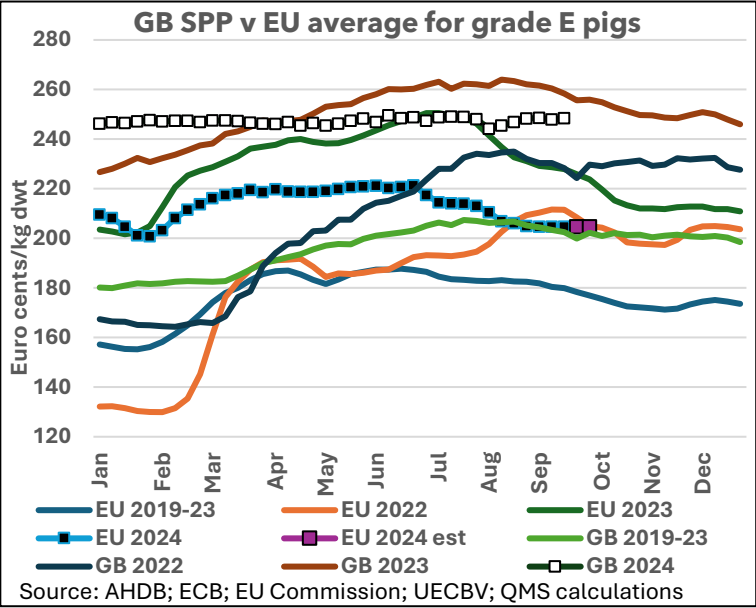
HMRC trade data used here covers HS codes 0203 (fresh or chilled & frozen swine meat) & 021011, 021012 & 021019 (bacon & ham – ‘salted, in brine, dried or smoked’).

Trade data for Aug 2024 is estimated



## Factors driving UK international trade

Falling EU pig market prices have been reflected in 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. A potential port strike in the US at the start of October could cause disruption to the global market.



USDA Global Pork Market Forecasts, July 2024  
(million tonnes carcase weight)

Key indicators	2019	2020	2021	2022	2023	2024
World, production	101.5	96.1	108.0	114.6	116.3	116.3
China, production	42.6	36.3	47.5	55.4	57.9	56.8
EU, production	23.0	23.2	23.6	22.3	20.8	21.2
All countries, imports	9.3	11.6	11.5	9.80	9.20	9.11
China, imports	2.45	5.28	4.33	2.13	1.90	1.50

Source: USDA Foreign Agricultural Service



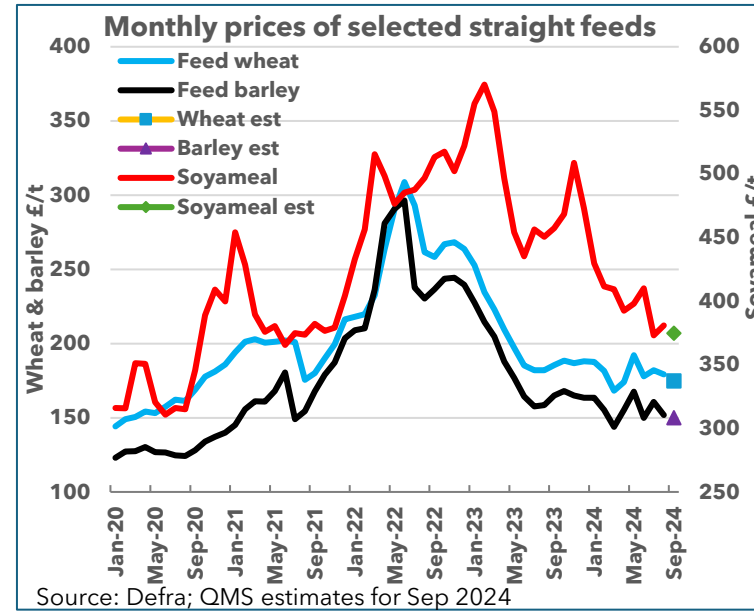
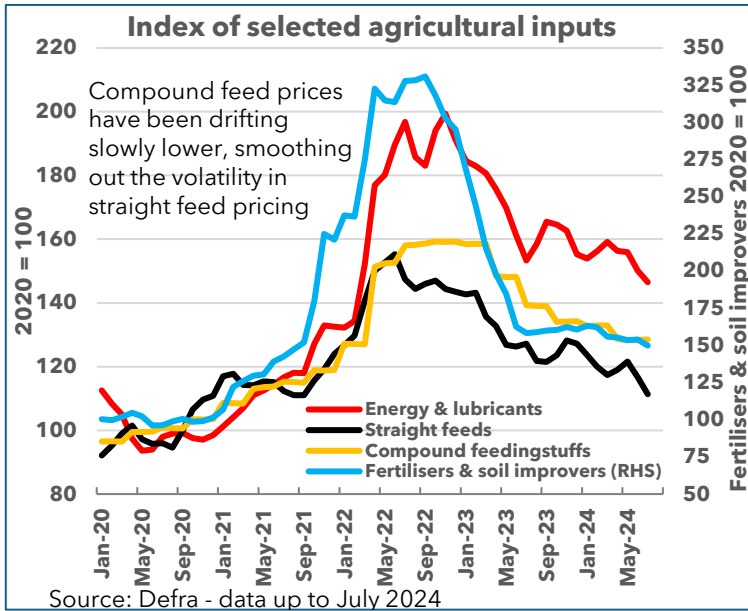
# ECONOMIC DEVELOPMENTS

- Commodity prices have generally been flat in 2024 with a more limited upside impact from geopolitical tensions than may have been expected. Looking forward, a significantly stronger sterling than in autumn 2023 may place downwards pressure on commodity values relative to last year. However, in general, input costs remain well above pre-covid levels.
  - Though cooling, average earnings growth has remained above inflation, which has now stabilised at around 3%, supporting disposable income. 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 12 weeks to the start of September, beef showed a slightly slower pace of retail spending growth, but this still translated into slightly higher volumes. For lamb, higher retail prices and tight supply saw slightly reduced volumes despite a significant increase in spend. However, there was a slightly softer summer for pork. Across the three proteins, loyal shoppers bought them more often, but a reduced share of households picked them up from the shelves.
- 
- PMI surveys point to a lift in economic activity growth in 2024, with both manufacturing and services sectors taking on new staff as a result. Meanwhile, the ONS labour market data is now a closer fit to the positive sentiment from the PMI surveys.
  - Consumer confidence appears to have softened, potentially driven by the removal of winter fuel payments from most pensioners, but also reflecting weaker sentiment around general economic conditions. However, it remains stronger than for much of the past two years.



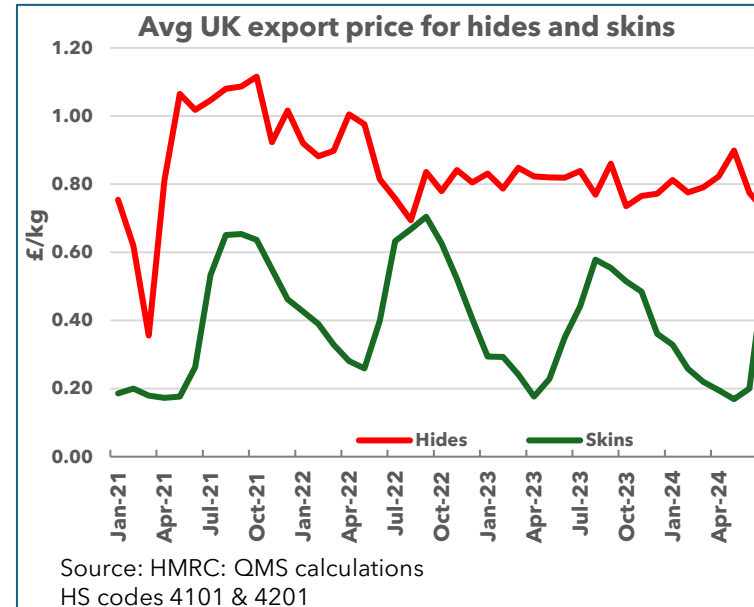
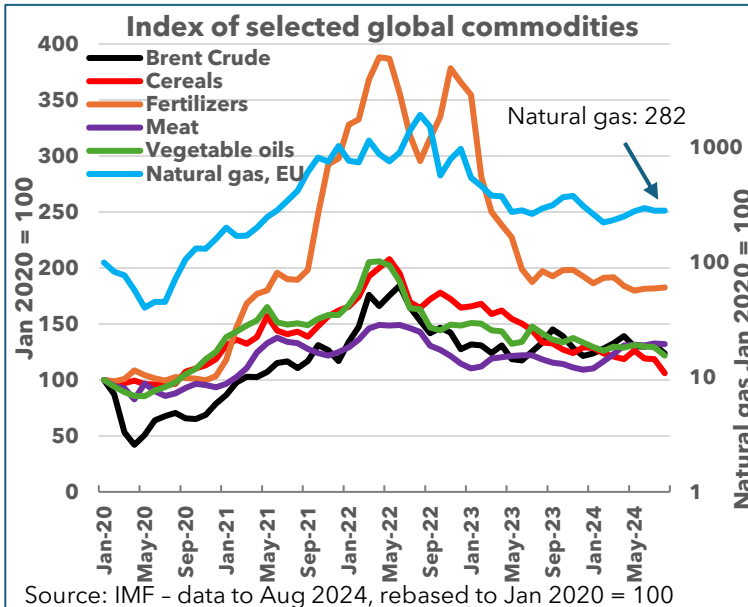
# Production costs and by-product revenues

Commodity markets have been relatively flat over the past year in general but remain well above pre-covid levels. A strong pound has the potential to place downwards pressure on commodity prices this autumn.



Though relatively flat over the past year, commodity prices remain well above pre-covid levels, meaning that businesses have a higher cost base to manage, particularly energy costs. Geopolitical tensions have had limited impact on commodity markets with risk premia remaining weaker than during other periods of conflict and a stronger sterling will be placing downwards pressure on globally traded commodities moving into autumn. Shipping costs have fallen back after spiking between early-May and early-July but remain double September 2023 levels.

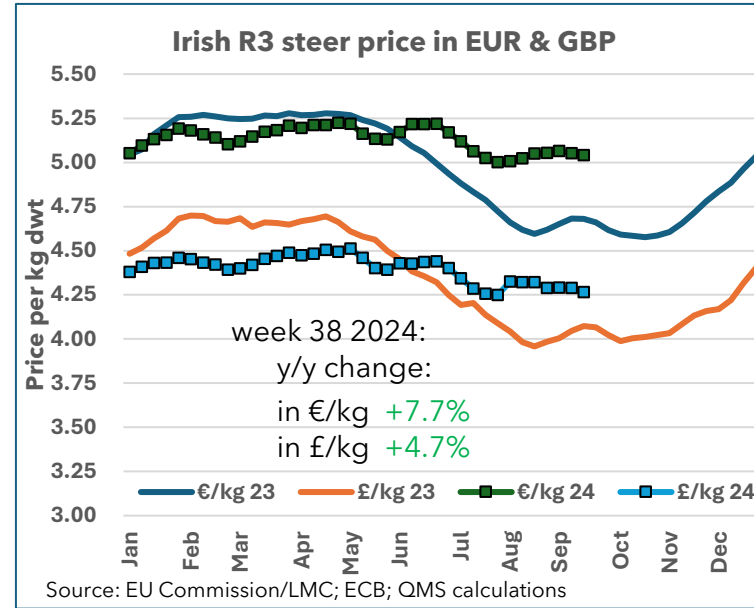
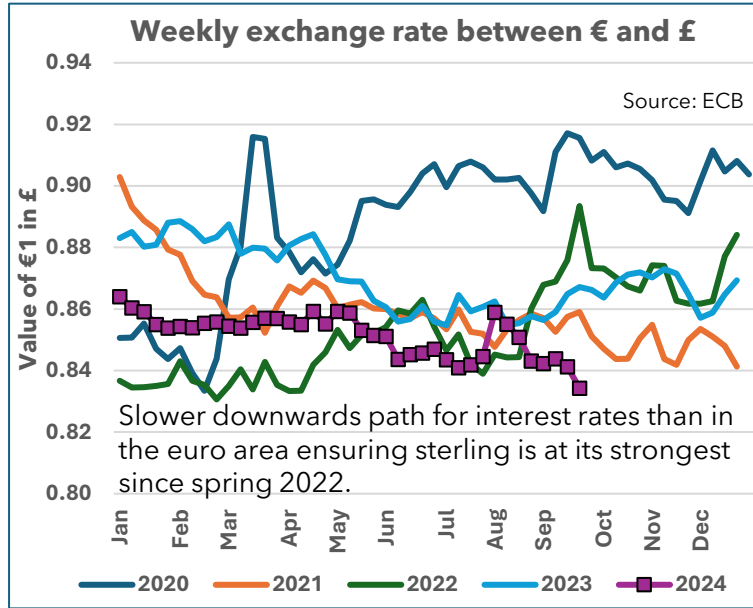
Feed prices have continued to edge lower in September, driven by expectations of a strong global grain harvest. Despite the challenges in western Europe due to a wet winter and spring, the US is set for a bumper crop this year and exports continue to flow out of Ukraine. Meanwhile, global soyabean crop fundamentals are continuing to place downwards pressure on soyameal prices, with favourable US crop conditions again contributing, although strong demand from China is limiting the downside.



In the US, hide value fell by 15% between March and June, proving relatively stable since. This has left values 23% behind year-earlier levels (-30% in GBP). UK hide export prices have softened since reaching a two-year high in May. For sheepskins, UK export prices had been pointing to a significantly softer trade this year in the first half, before a strong seasonal rebound in July.

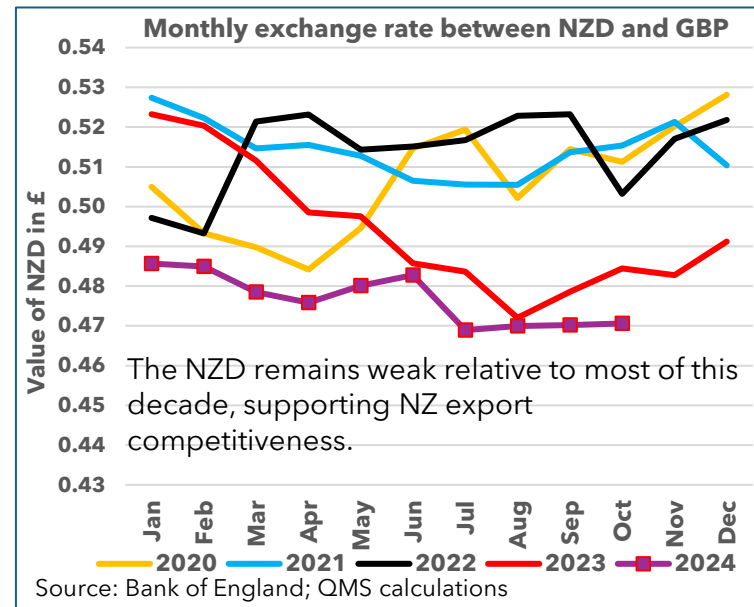
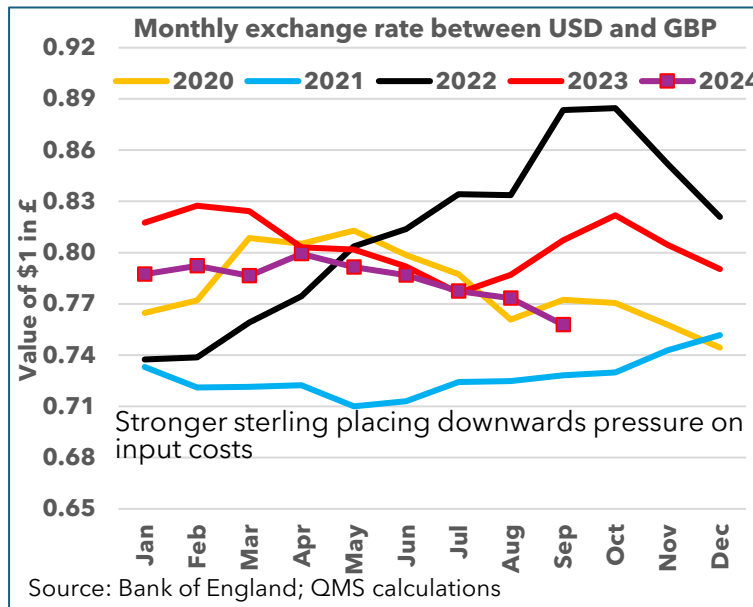
# Exchange Rate Movements

Sterling has strengthened due to a slower path of interest rate reductions than in the euro area and US. While a general rise in sterling has the potential to place downwards pressure on input costs, it also has the potential to negatively impact price competitiveness.



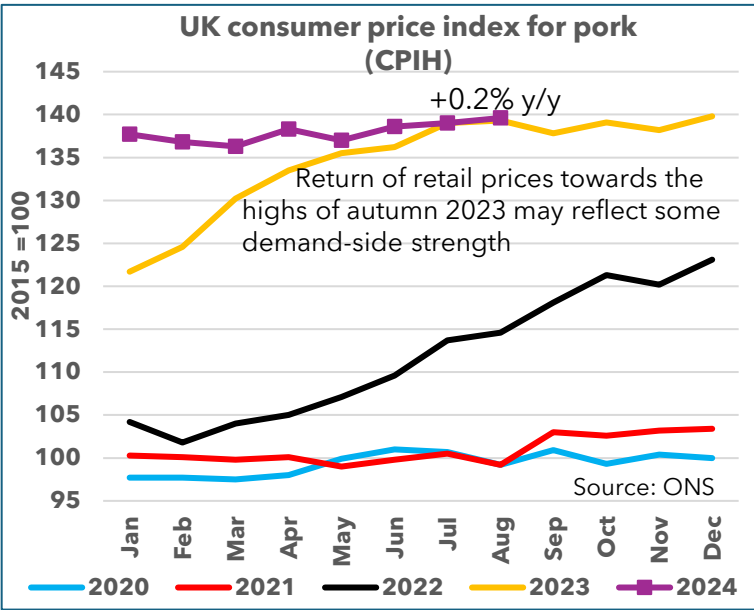
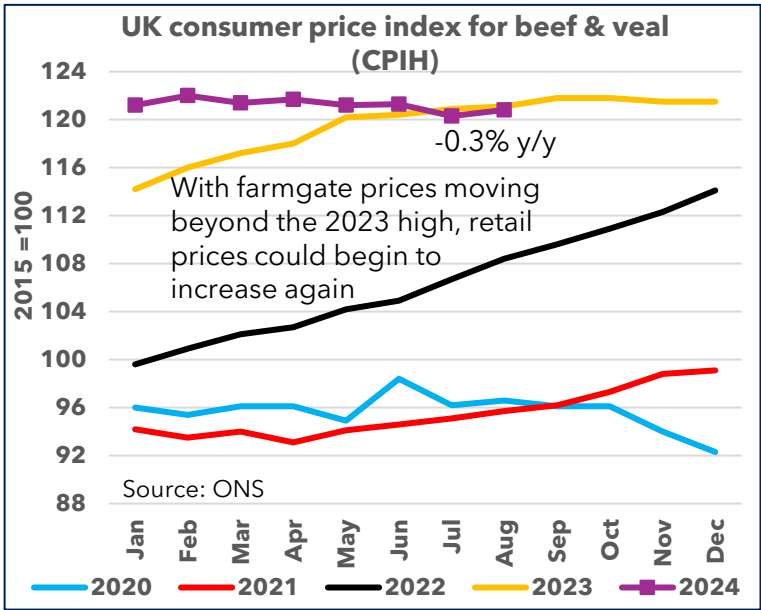
After some exchange rate volatility during the summer caused by a change in UK Government and an interest rate cut, sterling firmed in September. This reflected a slower path for interest rate reduction being signalled after the Bank of England left Bank Rate unchanged while the European Central Bank and the Federal Reserve in the US both cut interest rates.

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 does have the side benefit of placing downwards pressure on the price of globally traded commodities, in turn reducing input costs. Given the significant weakening of sterling in autumn 2022 and 2023, this could have a significant impact on input price comparisons with the previous two years.



# 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 appears to have had a soft summer. Foodservice sector firms continue to pass on higher costs, signalling robust demand.

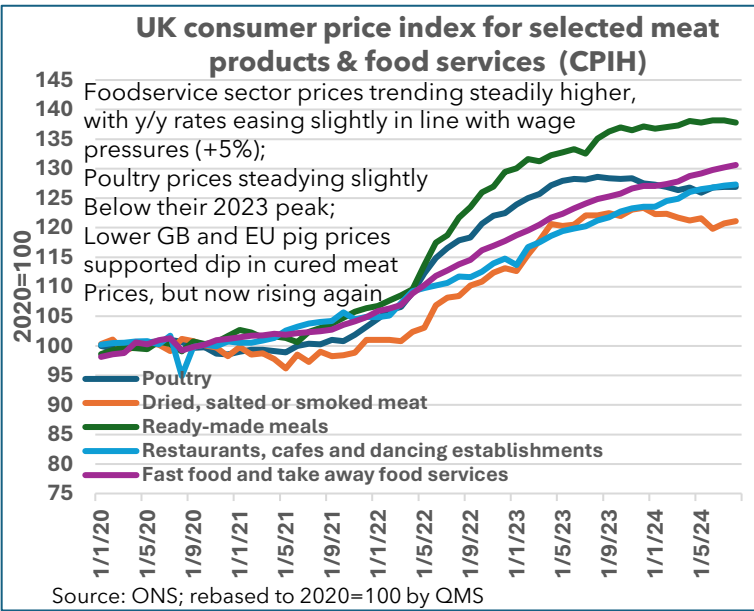
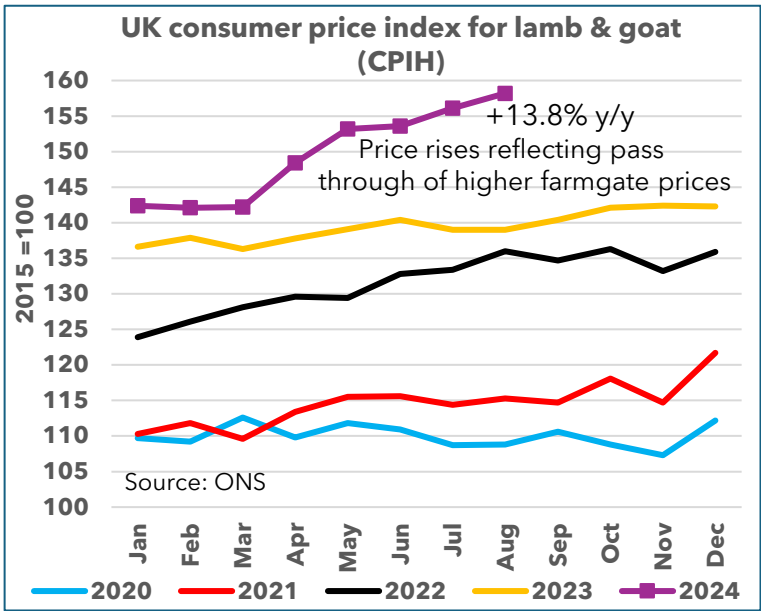


Retail demand remains firm overall with rising UK wages (+5.1% y/y in May-July excluding bonuses) supporting spending levels. This is reflected in the meat retail picture reported by Kantar for the 12 weeks to 1/9/24, highlighting that consumers continue to value this source of protein highly.

Growth in spend on beef softened a little but still translated into volume growth due to a slowdown in inflation. Meanwhile, pork saw a weaker period for sales despite limited inflation. While spending on lamb continued to outpace the grocery market as a whole, the pass-through of higher farmgate prices to the retail shelf hit sales volumes, though some of this will reflect lower supply.

Chicken has continued to regain competitiveness and sales.

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.



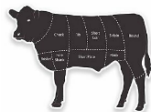
Y/Y change in GB retail sales reported by Kantar in 12 weeks to 1/9/24

	Value	Volume	Avg price per kilo
Fresh beef	+3.6%	+0.6%	+3.0%
Fresh lamb	+9.1%	-2.0%	+11.4%
Fresh pork	-1.6%	-2.3%	+0.7%
Fresh poultry	+2.6%	+3.7%	-1.1%
Total grocery market	+3.4%	+1.2%	+2.3%

Source: Kantar

# Retail demand and prices

Renewed price inflation pressing lamb volumes after discount-driven spring growth but less of a link between higher prices and lower sales in beef and pork. Loyal shoppers bought the three proteins more regularly than in summer 2023, offsetting a reduced share of households buying them.



## BEEF

12 weeks to September 1 2024



## LAMB

12 weeks to September 1 2024

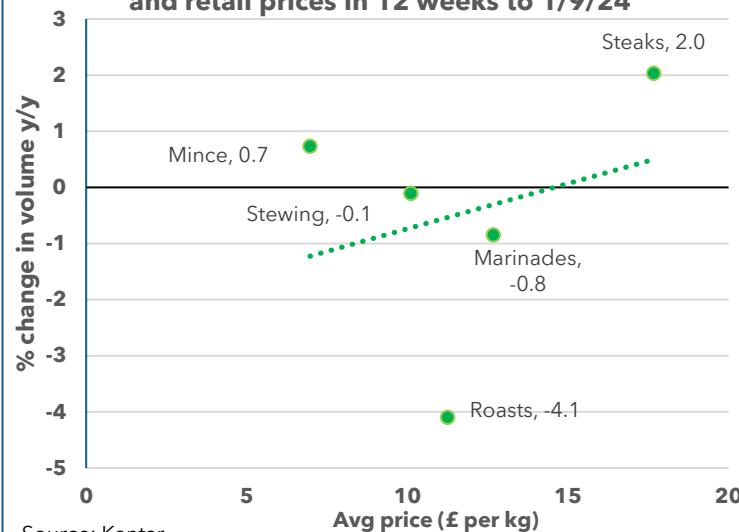


## PORK

12 weeks to September 1 2024

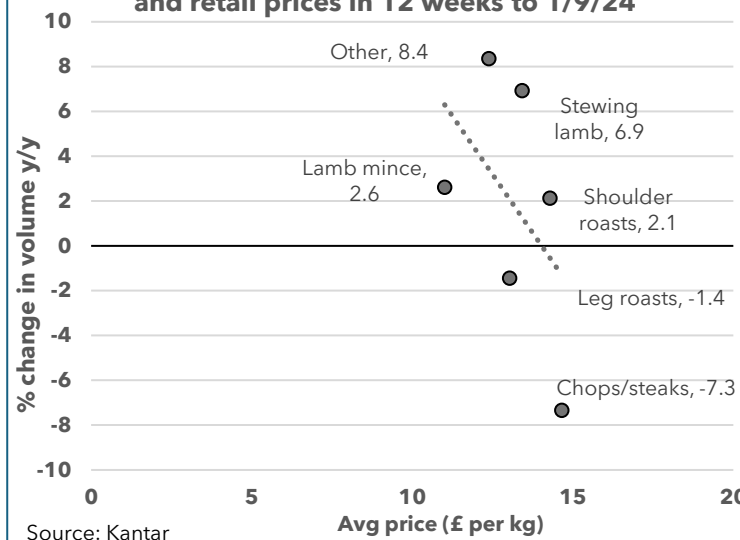
	GB		Scotland			GB		Scotland			GB		Scotland	
	Actual	% change y/y	Actual	% change y/y		Actual	% change y/y	Actual	% change y/y		Actual	% change y/y	Actual	% change y/y
Value (£m)	509.2	3.4%	52.1	5.0%		111.0	8.5%	6.0	4.7%		205.5	-0.6%	14.8	-5.2%
Volume (t)	50,609	0.4%	4,949	0.1%		8,390	-0.8%	448	-2.2%		30,826	-1.4%	2,173	-4.9%
Avg price (£/kg)	10.06	3.0%	10.52	4.9%		13.23	9.4%	13.38	7.0%		6.67	0.8%	6.80	-0.3%
Penetration*	63.8%	-1.4%	67.1%	-3.9%		20.0%	-7.0%	15.4%	-3.0%		42.9%	-4.7%	39.8%	-3.0%
Frequency**	4.3	2.9%	4.4	5.4%		2.3	1.1%	2.2	3.1%		3.1	4.2%	2.7	-2.1%

Relationship between GB household beef purchases and retail prices in 12 weeks to 1/9/24



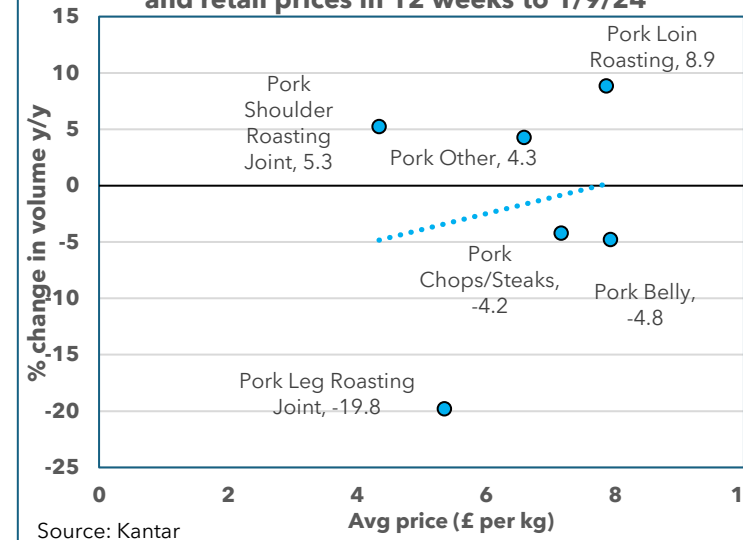
- Steaks did well despite significant price inflation of 6% y/y.

Relationship between GB household lamb purchases and retail prices in 12 weeks to 1/9/24



- 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 1/9/24



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

Data covers sales of fresh and frozen unprocessed red meat

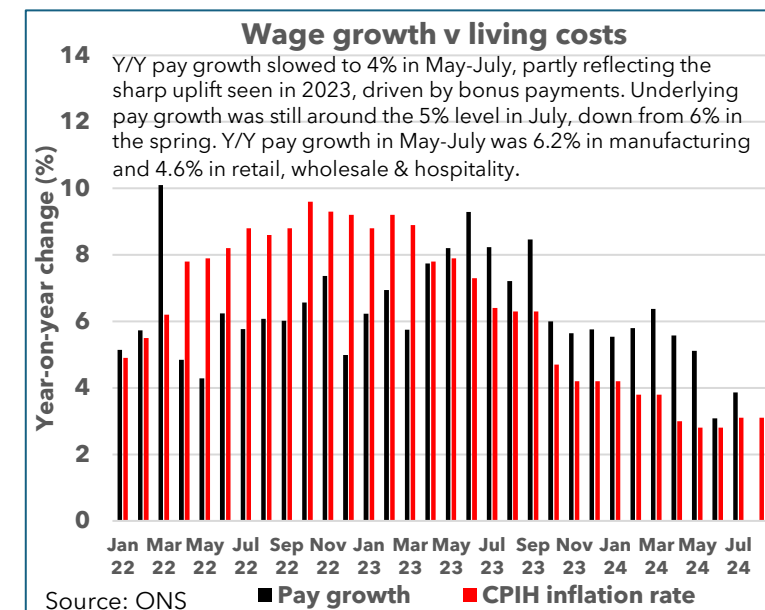
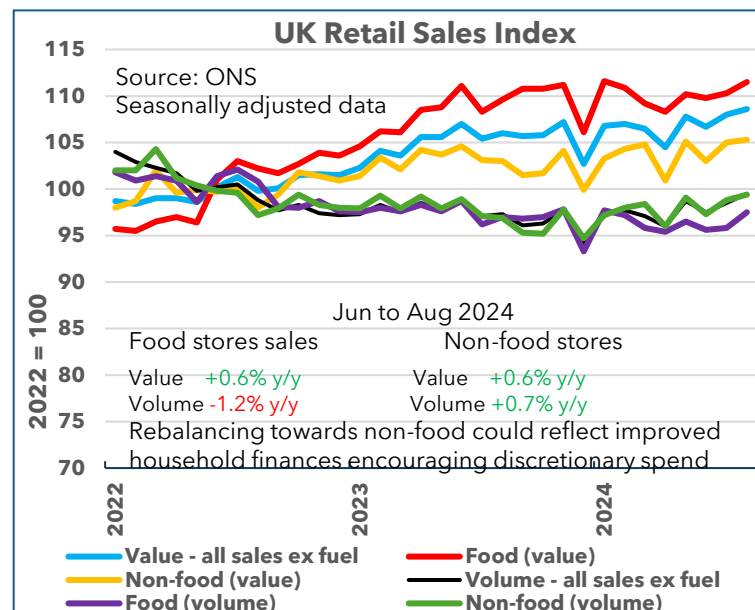
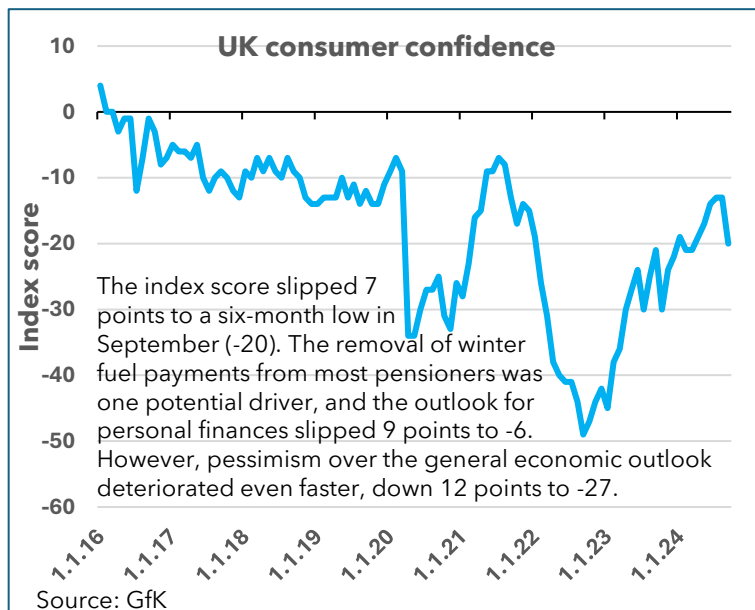
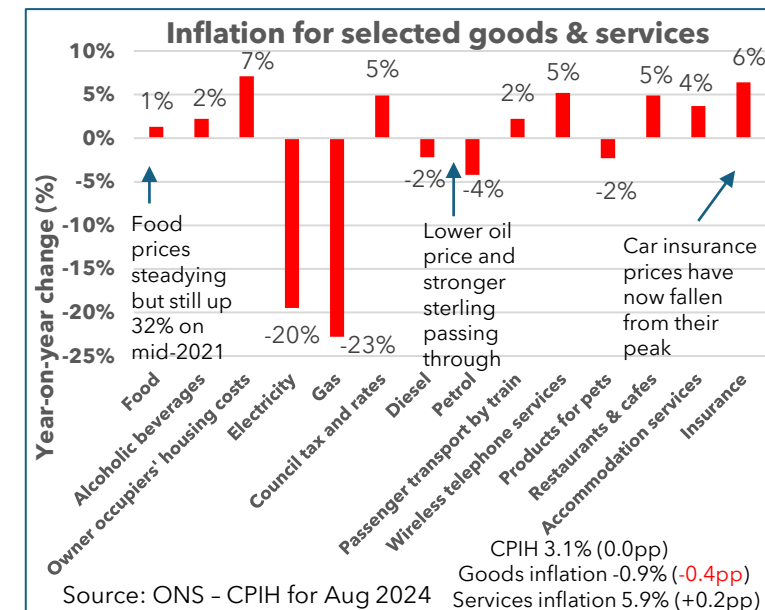
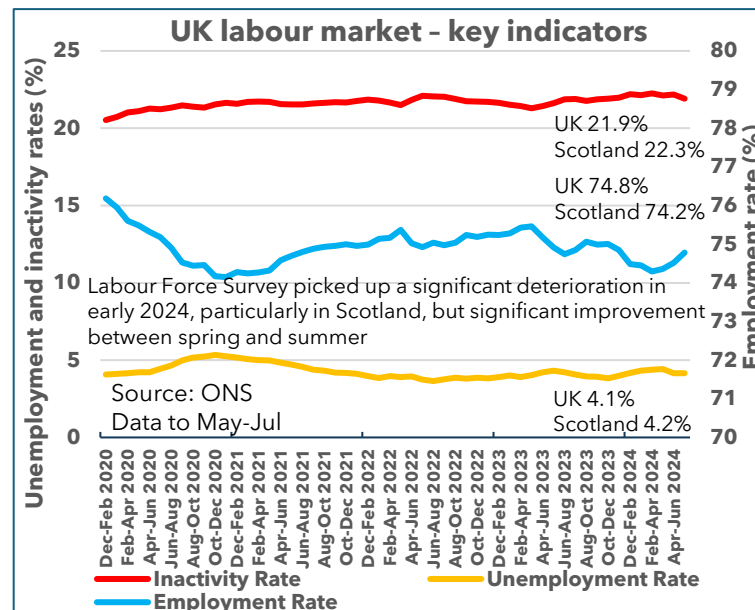
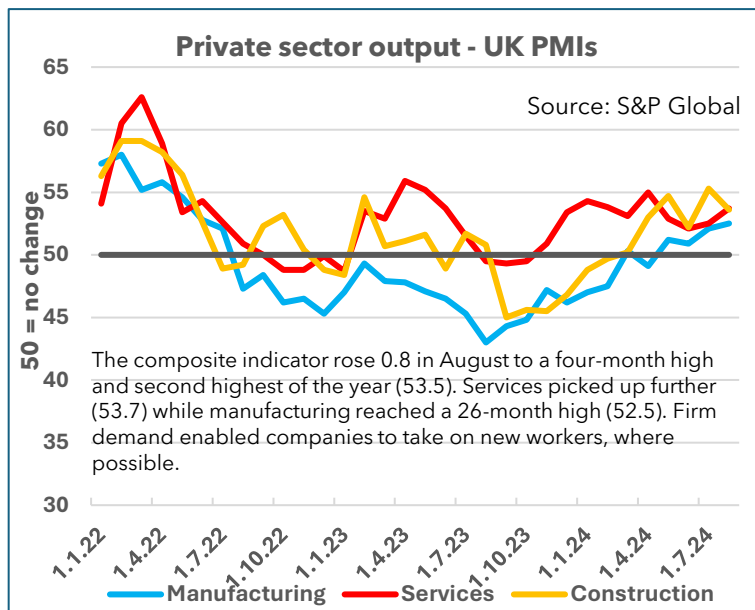
\*Penetration % - Number of households/individuals that bought at least once in the time period as a percentage of total households/individuals.

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



# Economic indicators

Business surveys are showing continuing improvement in 2024 and the ONS labour market data is now matching the sentiment of the PMI reports after a soft start to the year. Although wage growth has started to cool, it remains above inflation, supporting household finances, although confidence does appear to have softened in September. Retail sales have picked up in the summer after a sluggish spring, with some rebalancing of spending towards non-food from 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.

