

QMS Monthly Market Update

January 2023

Purpose:

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

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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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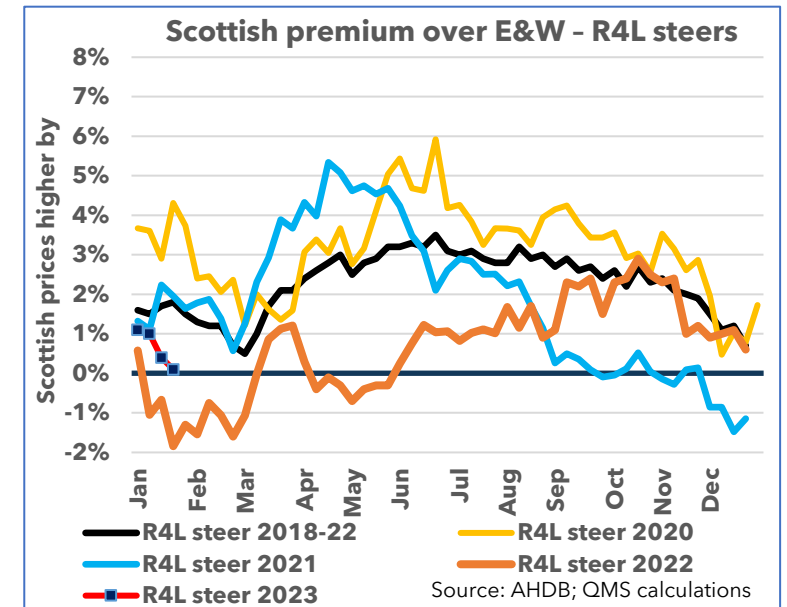
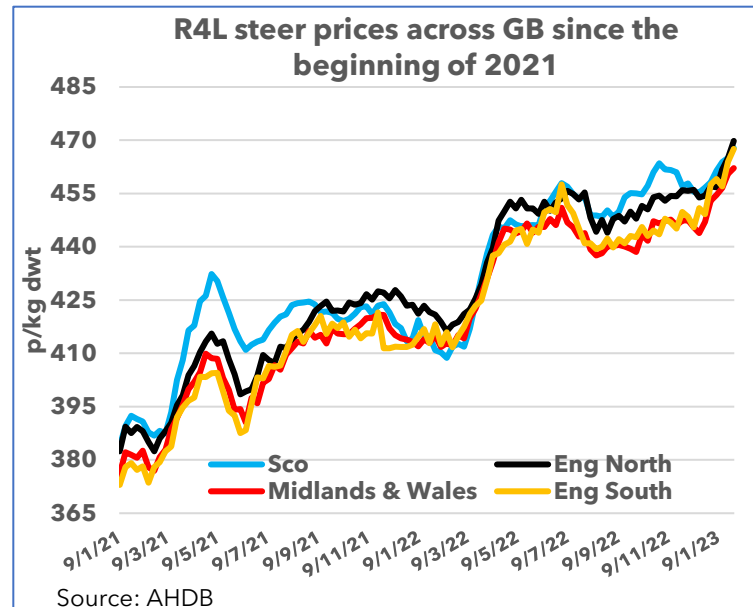
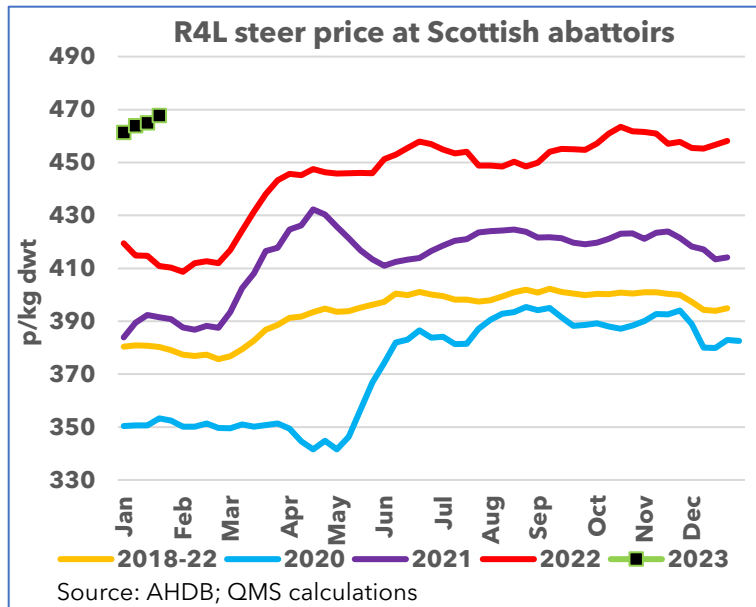
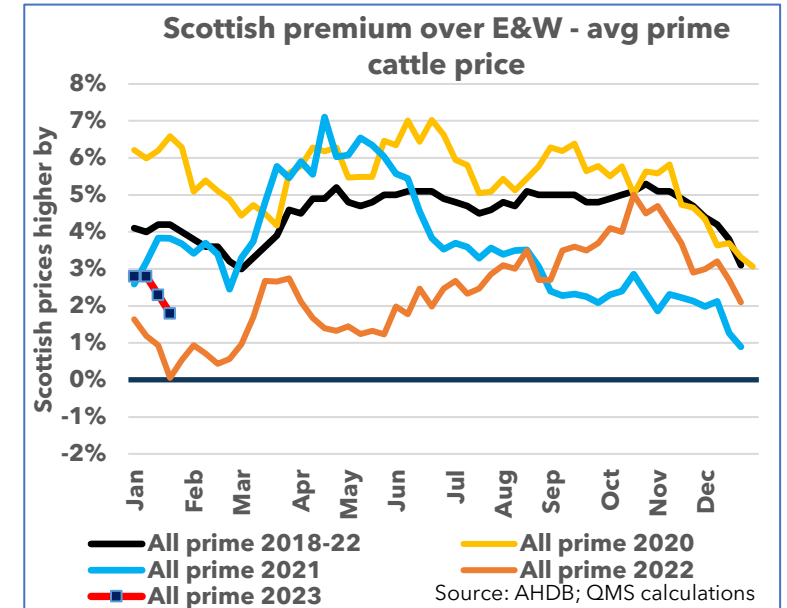
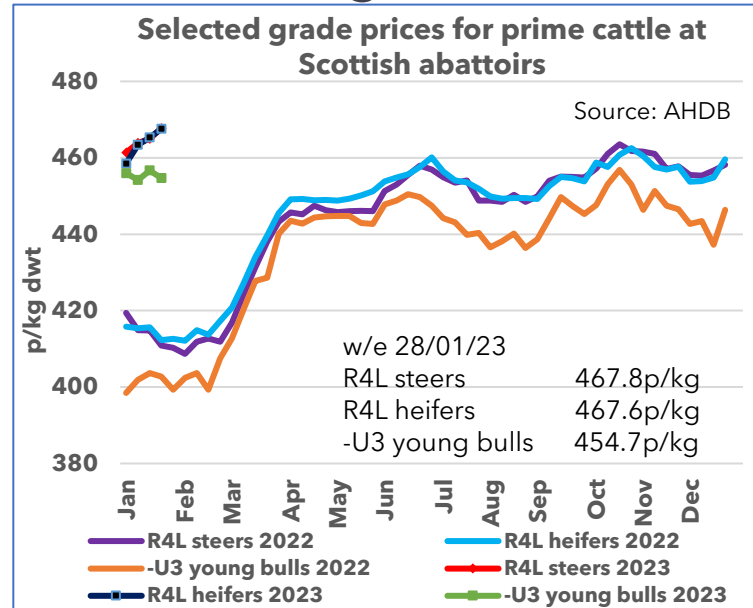
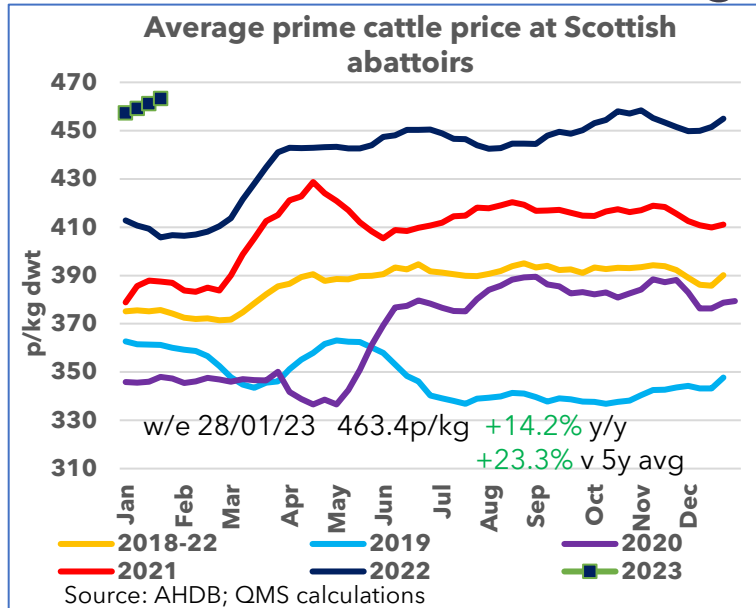
Summary of market developments – beef market



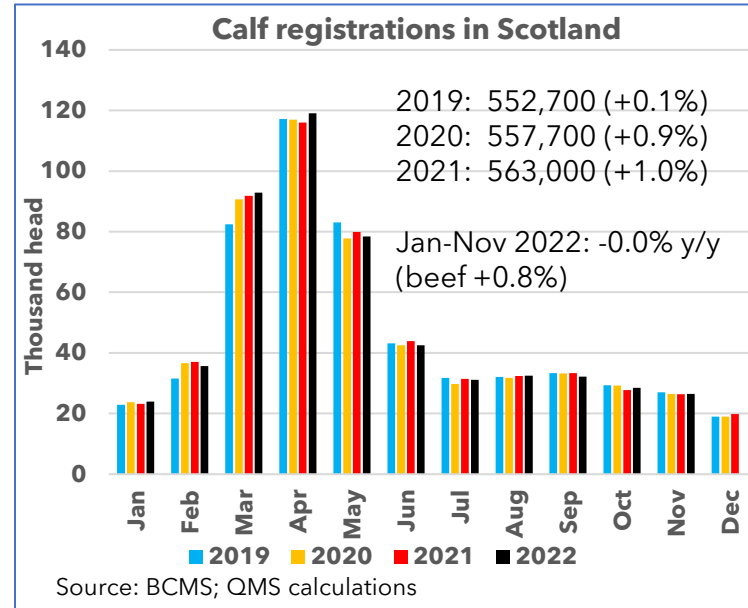
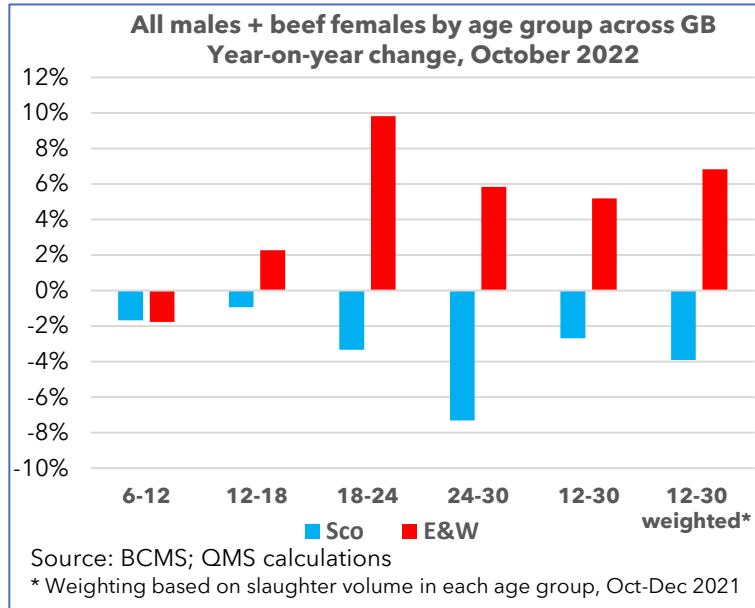
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 28 January	467.8	+2.3p	+2.1%	+13.8%	+23.0%
Prime cattle slaughter at reporting Scottish abattoirs	Average in four weeks to January 28, head procured deadweight	6,010		+7.2%	+1.9%	-3.5%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to January 28, £ per head	£1,241		+24%	+13.8%	+20.8%
UK beef market supply	Tonnes in Oct-Dec 2022 (estimate)	270,300			+3.0%	-3.0%

- Prime cattle prices rose strongly in January, against the seasonal downwards trend. As a result, new records were set, while margins over last year and the five-year average widened significantly, ending the month at 14% and 23% respectively.
- Prime cattle availability has risen seasonally at the beginning of 2023 in Scotland with spring-born calves from 2021 reaching peak slaughter age. However, October 2022 population data indicates that prime cattle availability remains tight relative to year earlier levels in Scotland due to a 2% fall in the 12-24-month group. This contrasts with a 5% uplift in England & Wales, with an increased outflow of store cattle from Scotland driving this divergence.
- While UK beef supply is estimated to have shown some recovery in late 2022, a prolonged period of prior decline is likely to have ensured that the overall supply situation remained tight. Globally, beef supply is forecast to be tight in 2023.
- A 29% year-on-year increase in cow slaughter at Scottish abattoirs in Q4 2022 signals that beef herd contraction is likely to have accelerated beyond the 1.6% decline suggested by October 1st population data. Calf registrations effectively matched year earlier levels in January to November 2022, so herd contraction is unlikely to impact supplies until mid-2024 at the earliest.
- Store cattle prices have made a strong start to 2023, supported by a reduction in sales at Scottish auctions, with shorter keep stores continuing to fare better than longer keep stores.

Farmgate prices - prime cattle increased steadily through January, against the seasonal trend, reaching new record high levels



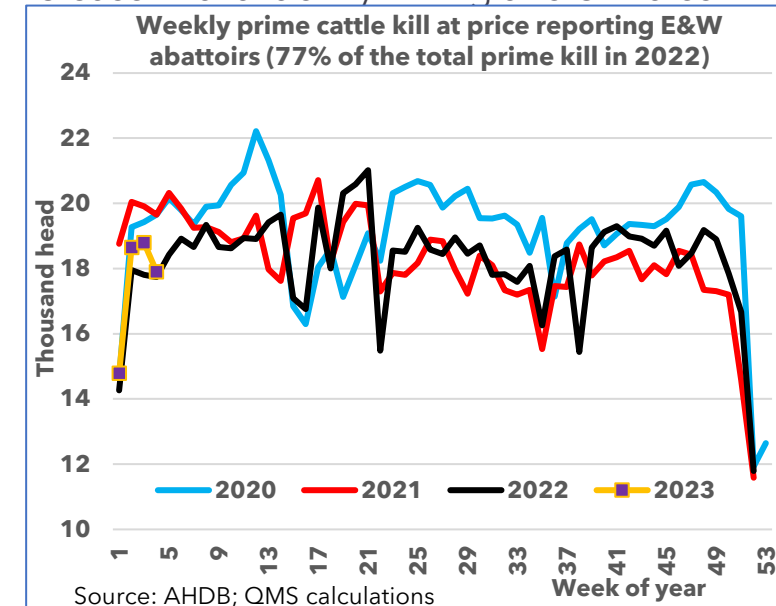
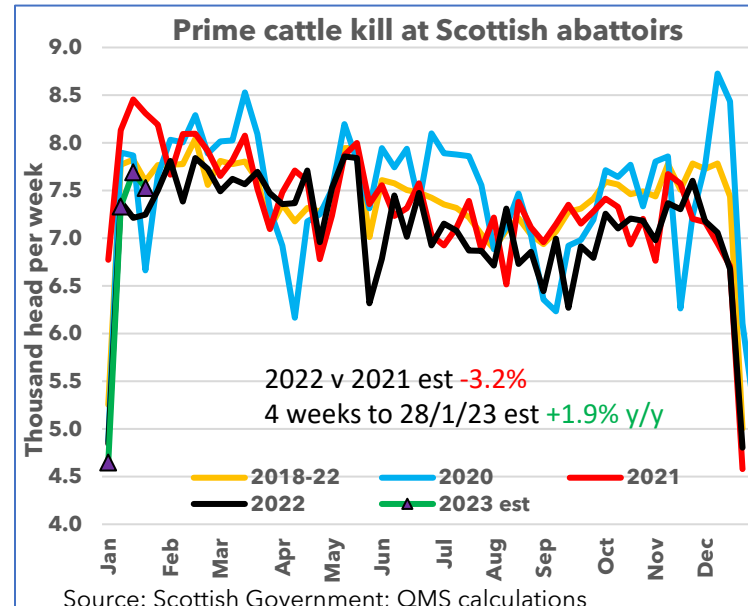
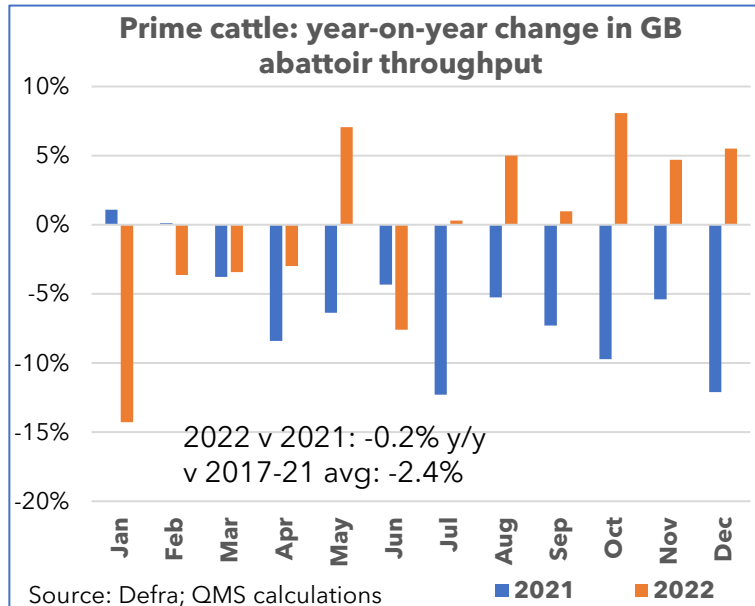
Availability and slaughter - fewer prime cattle on Scottish farms in contrast to a significant increase in E&W



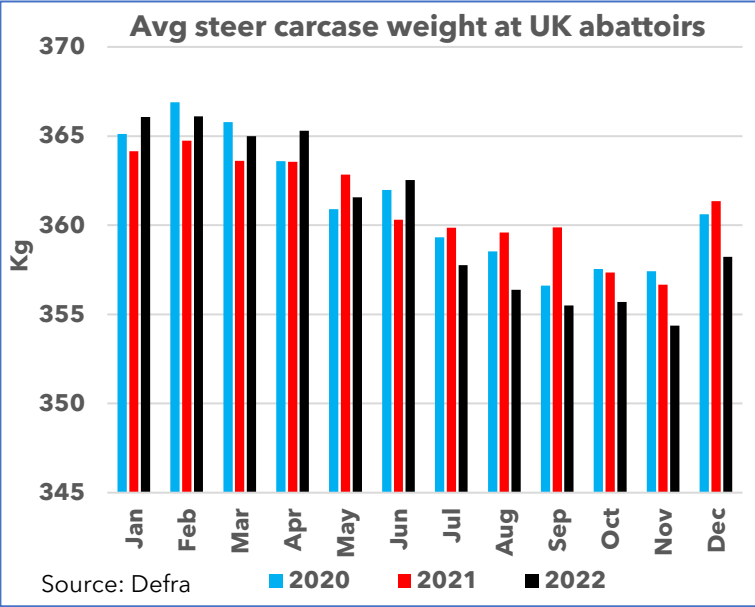
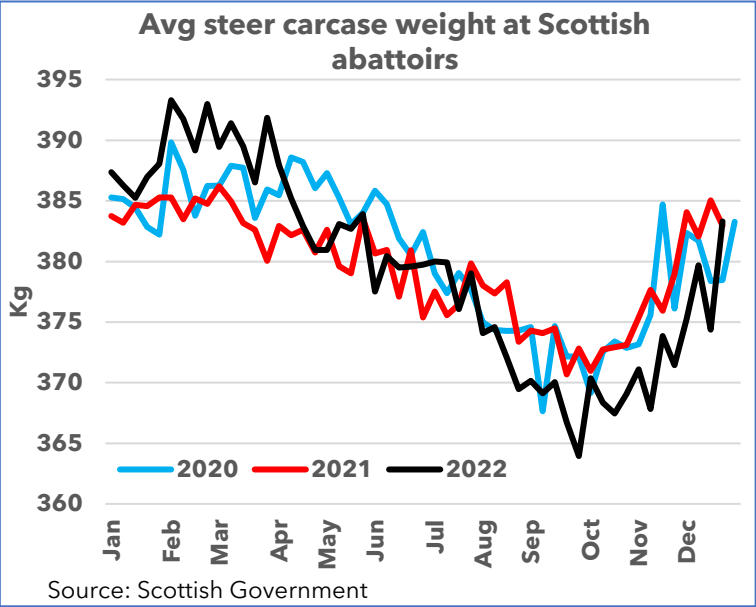
BCMS cattle population data for October highlighted a continuing year-on-year shortfall of prime cattle supply in Scotland and continuing increase in England & Wales. However, the increase in E&W is expected to slow as 2023 progresses.

The main contributor to the divergence has been an increased flow of store cattle to English farms, potentially driven by the steeper reduction in the suckler herd in England in recent years and continuing predominance of the beef herd in Scotland.

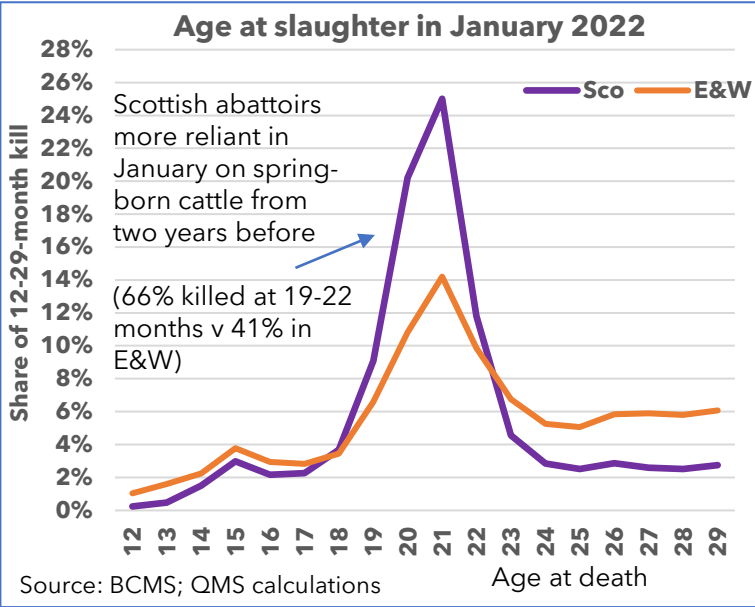
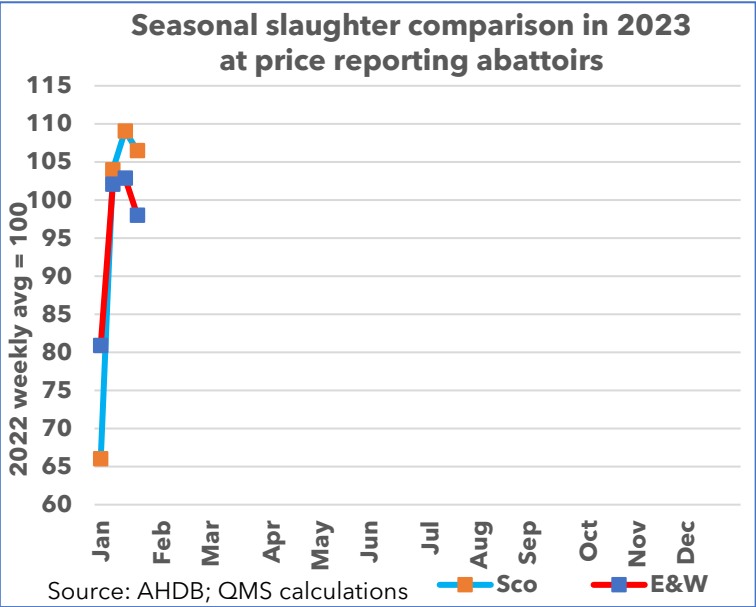
While a reduced pool of slaughter cattle compared to a year ago is likely to be generating firm competition for stock in Scotland, weekly slaughter tends to be towards its highest of the year in the first quarter while demand from English abattoirs is likely to have softened given the significant increase in availability in England & Wales.



Seasonality of production

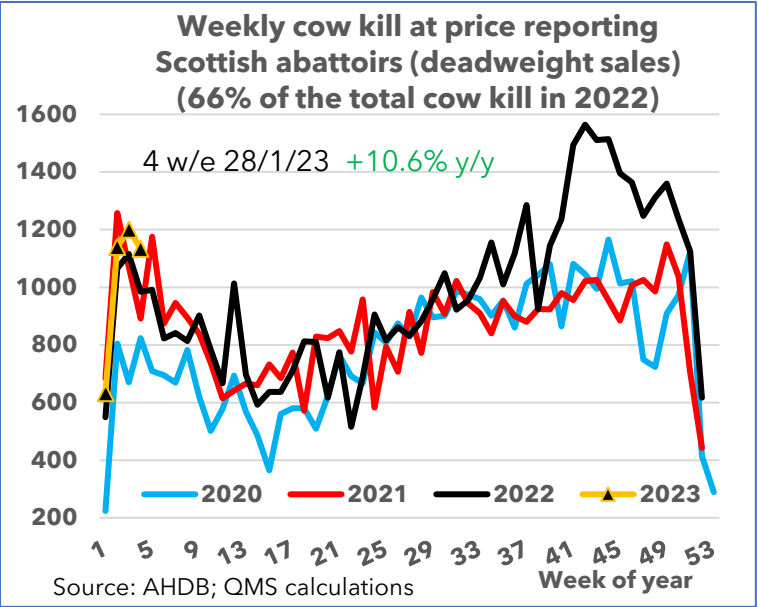
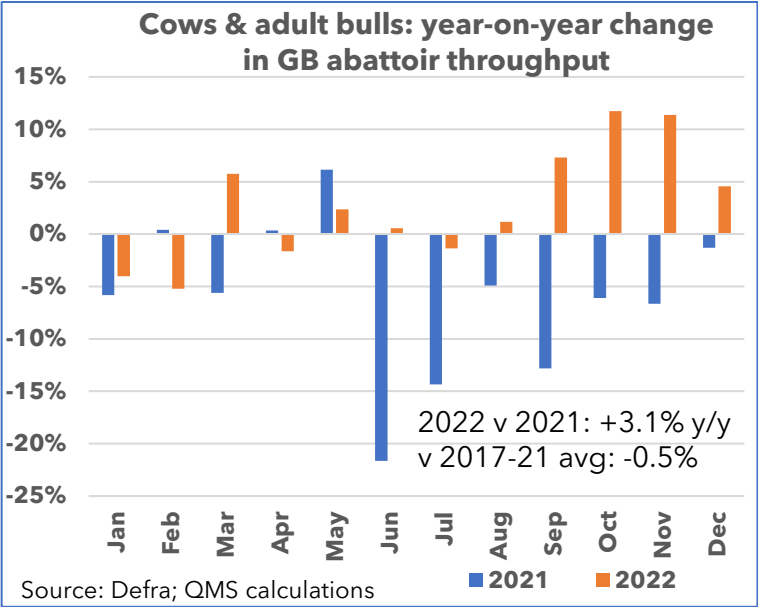


Slaughter tends to be towards its highest of the year in the first quarter as abattoirs draw heavily on the spring-born cattle from two years before. The dominance of spring calving in Scotland plus a younger age profile at slaughter makes the boost to seasonal supply stronger in Scotland.



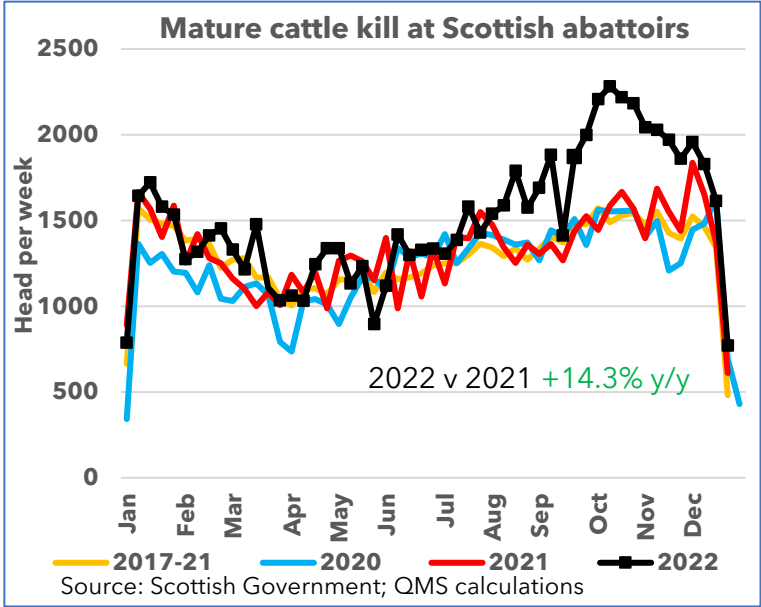
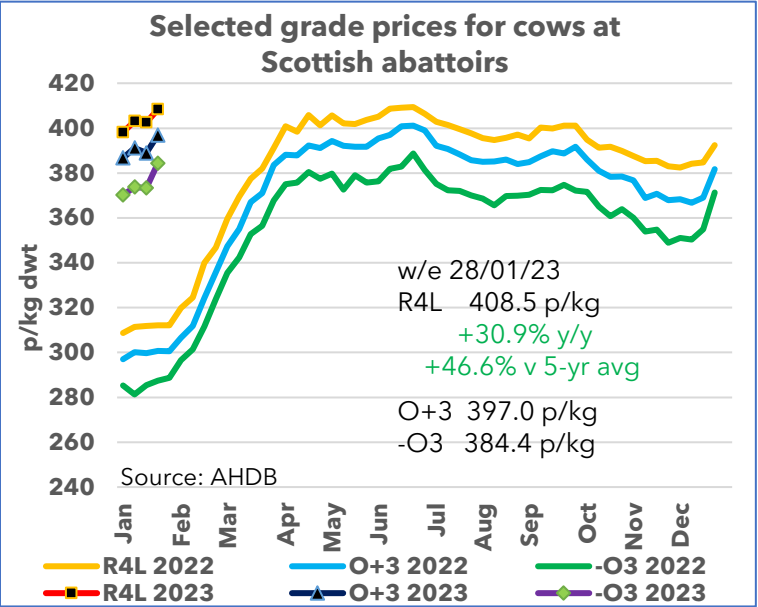
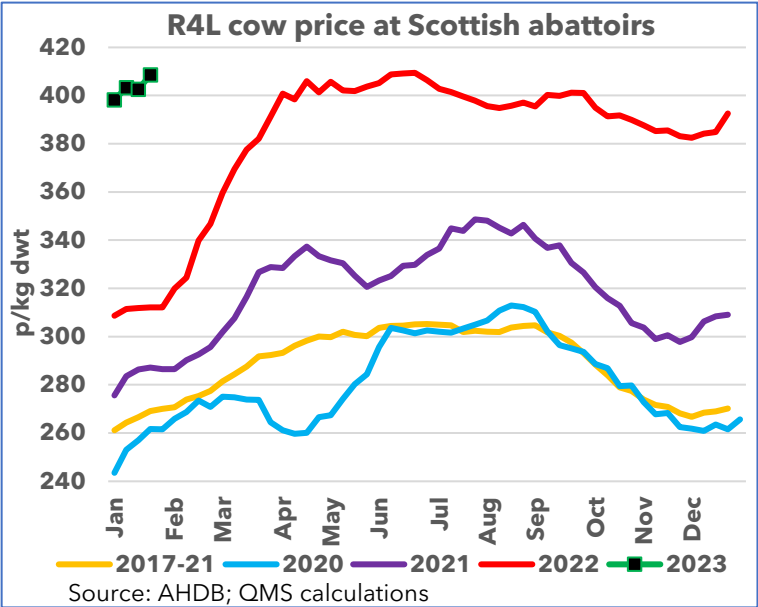
Carcass weights fell on a year earlier in the second half of 2022, likely reflecting dry weather and high feed and fertiliser costs. Slower growth rates could delay the arrival of spring-2021 born calves onto the slaughter market.

Mature cattle market – firm prices despite elevated kill

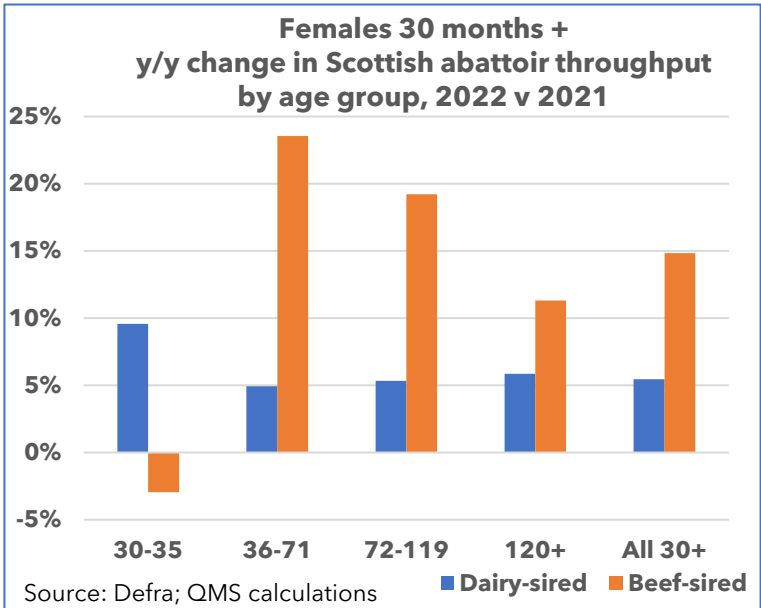
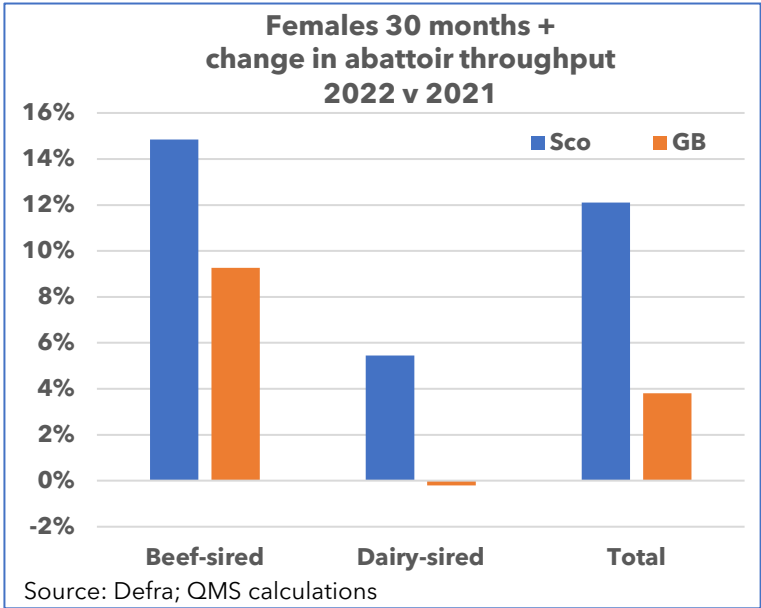


Cow prices have opened 2023 at historically high seasonal levels and much closer to prime cattle prices than in the past, driven by tight overall UK beef supply and firm demand for cheaper manufacturing grade beef due to a rising cost of living.

While the cow kill has remained well below its autumn 2022 peak, in early 2023, it has still run well above year-earlier levels, suggesting that herd contraction is continuing.



Evidence that herd reduction is underway 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%

Source: BCMS; QMS calculations

Females aged 30 months+ on farms in England & Wales (y/y change)			
Month	Dairy	Beef	All
Oct 2022	-1.8%	-2.2%	-2.0%

Source: BCMS; QMS calculations

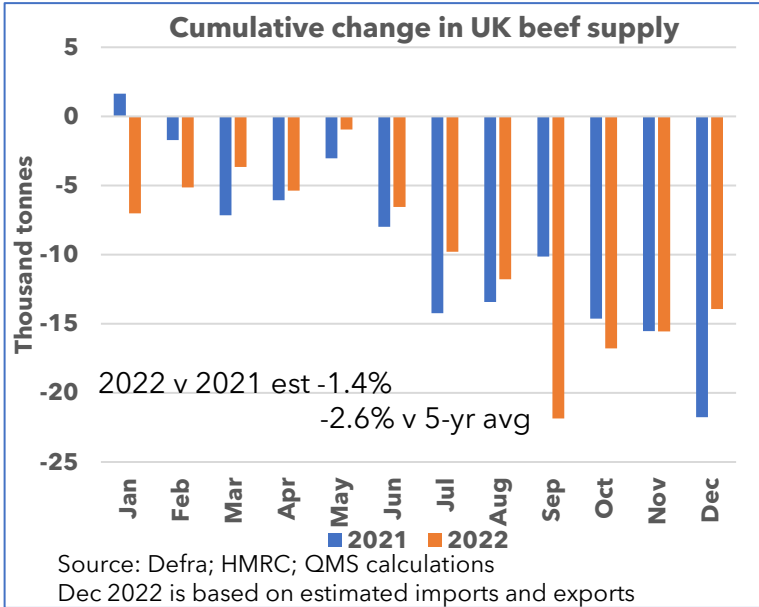
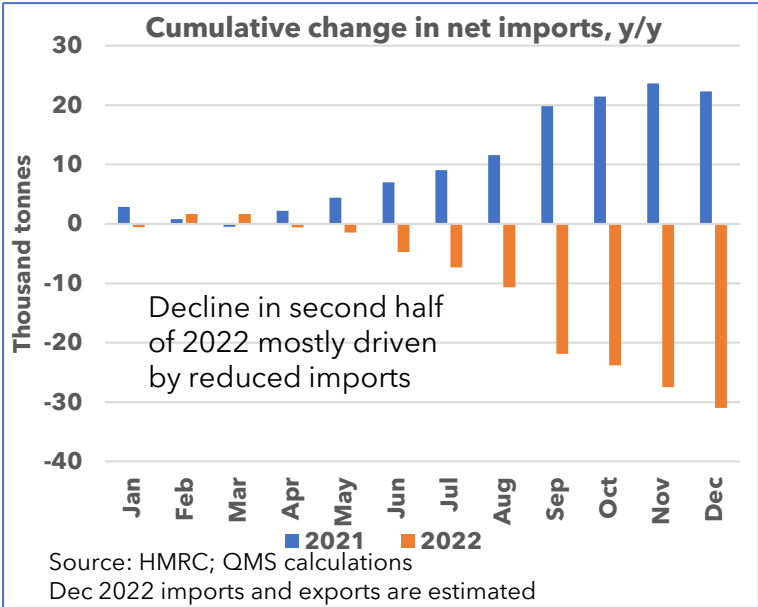
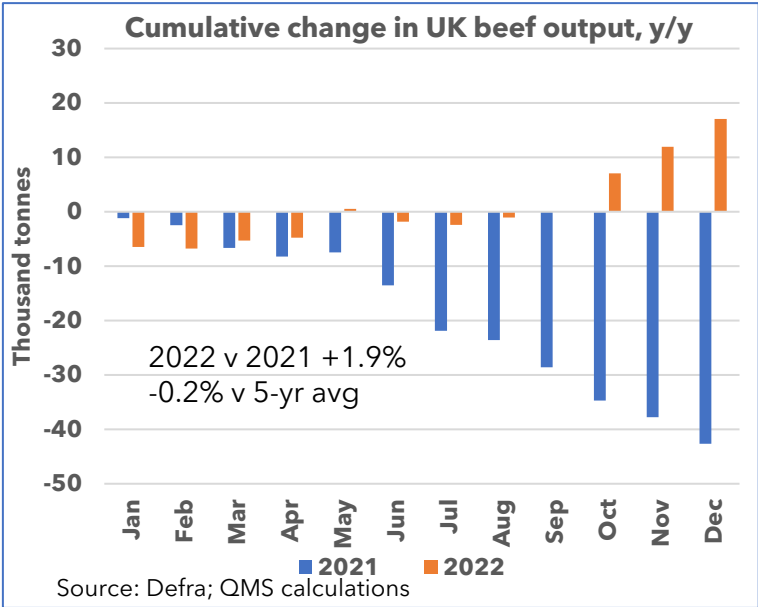
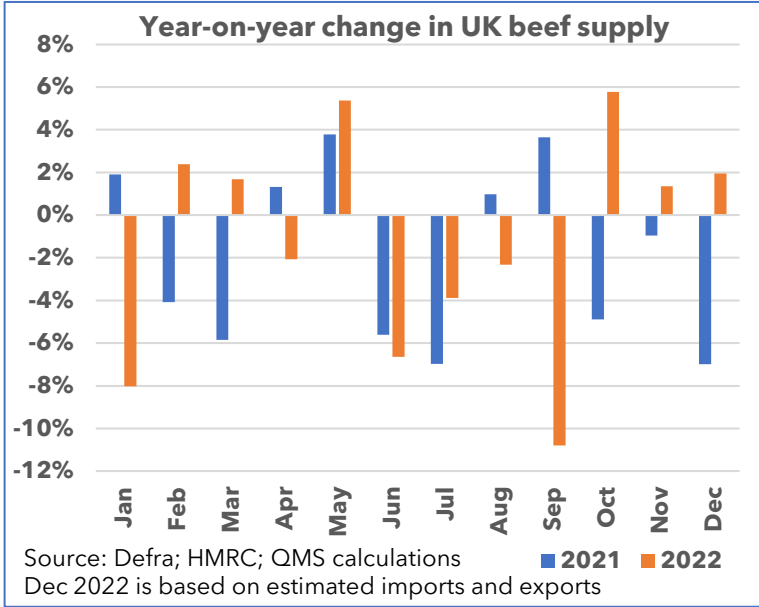
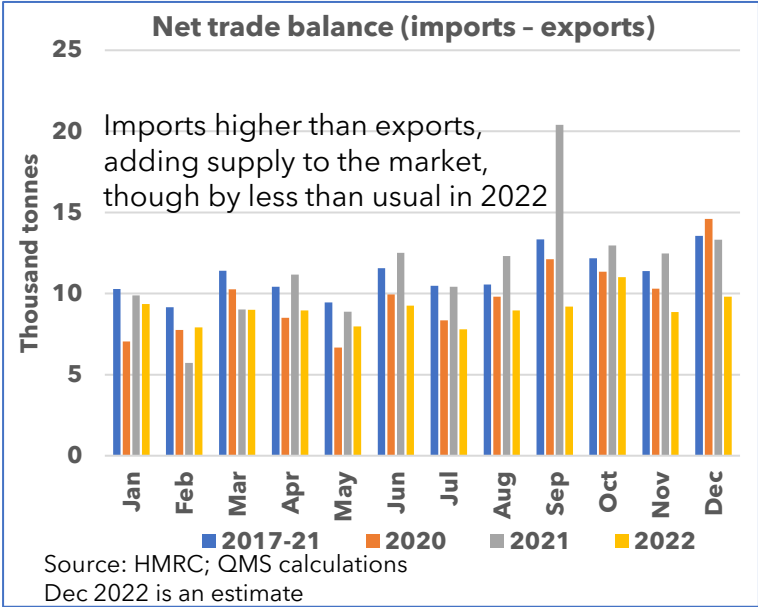
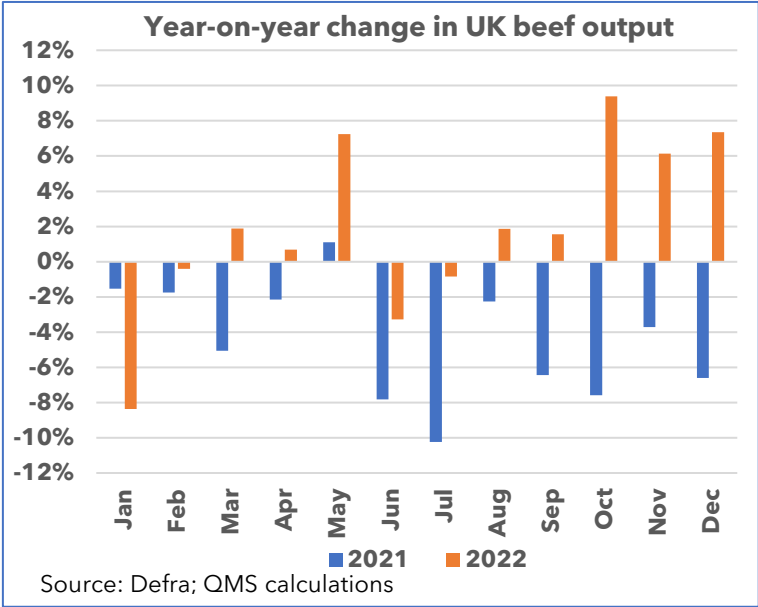
Despite a sharp uplift in slaughter of older females in Q3 2022 at Scottish abattoirs, the pace of y/y decline in over-30-month females on Scottish farms only edged up to -1.6% in October.

However, a year-on-year jump of 29% in the cow kill at Scottish abattoirs in Q4 2023 suggests that the pace is likely to have accelerated since.

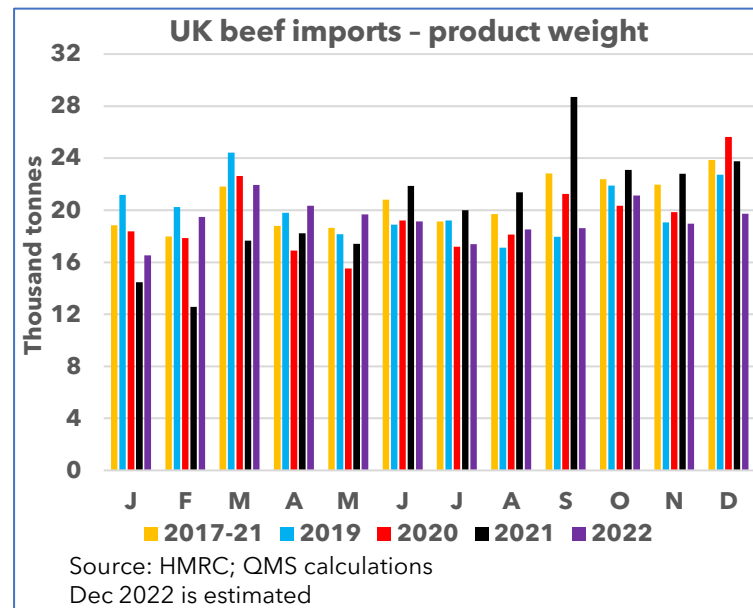
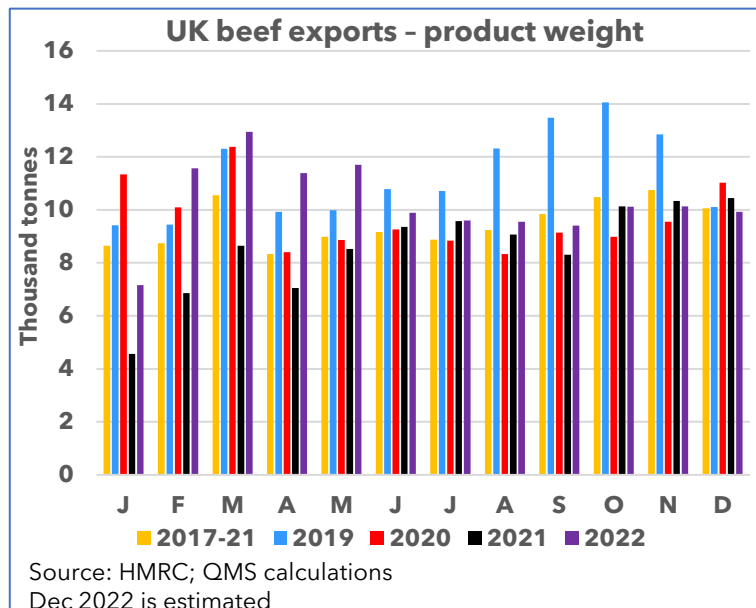
Within the female kill in 2022, numbers edged 0.3% above 2021 levels at 12-29 months in contrast to a 4.3% decline for males, which could point to fewer heifer retentions. However, the female kill fell by 1% in the 30-35 month group and the number of females in the 30-35 month group on farm in October was up by 4.5% year-on-year, limiting the overall decline in the over-30 month population. This suggests that we have seen a shift towards younger slaughter of heifers but also that we may have seen some more heifers added to the breeding herd to replace cows. Females aged 30-35 months accounted for 9.3% of the over-30-month female population in October 2021, rising to 9.8% in October 2022.

It should be noted that a proportion of the OTM kill will be older heifers.

UK beef market supply: domestic production + (imports - exports) = supply



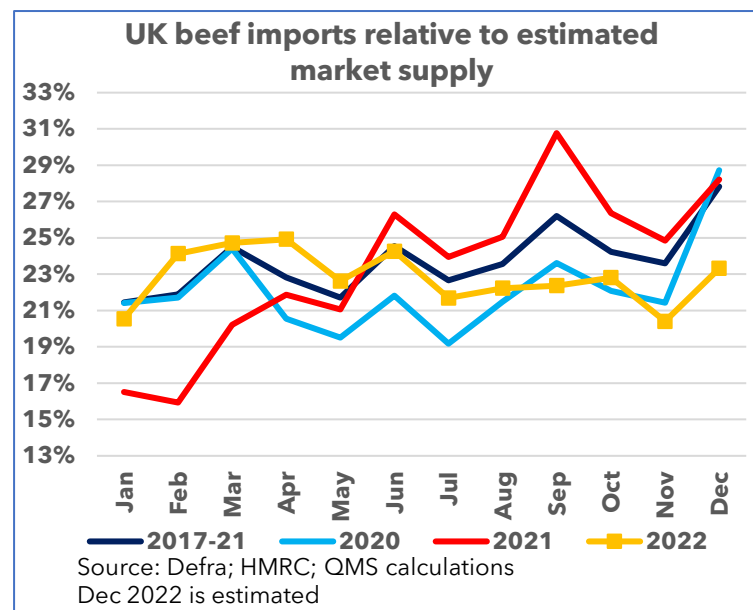
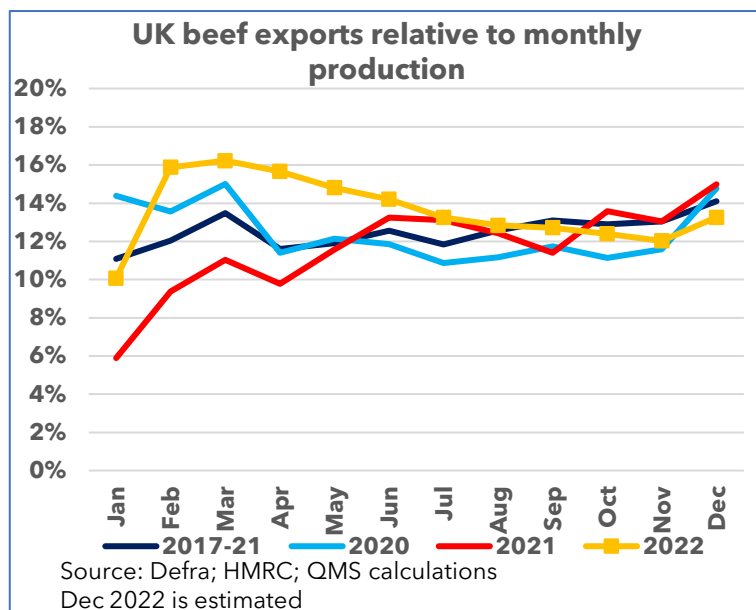
A focus on UK international trade in beef



UK export performance weakened in the second half of the year and the share of domestic production exported slipped below the five-year average in the final quarter.

Exports to the EU rose sharply in the January-to-November 2022 period but trade with non-EU countries contracted.

Import volumes have fallen back sharply relative to last year and the five-year average, tightening overall UK beef supply and perhaps limiting availability for export given a firm domestic market.



Note:

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

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

Variables influencing international trade in beef

After a significant increase in prime cattle slaughter in 2022, the Irish kill has opened 2023 at a lower level, in line with expectations.

A reduction in availability has continued to support Irish beef prices, which have narrowed the gap further with Scottish prices.

EU beef prices continue to look firm, supported by declining production, with prices exceeding Scottish levels in Spain and France.

At a global level, beef prices are set to be supported in 2023 by reduced supply and increased international trade.

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

	Week 4 2023	Week 4 2022
Germany (young bull)	463.2	421.3
Netherlands (8-12 months)	428.9	349.4
Spain (young bull)	479.4	371.1
Poland (young bull)	423.5	379.2
Irish Republic (steer)	461.4	363.6
For comparison: Scotland R4L steer	467.8	410.9

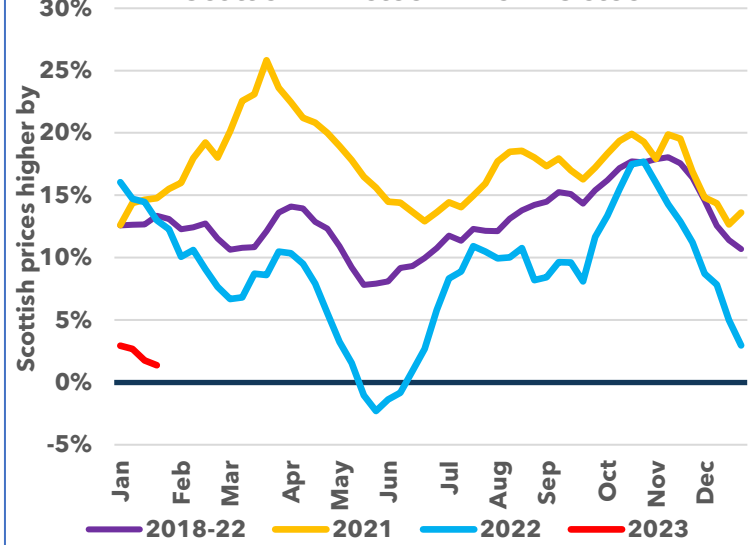
Source: AHDB; EU Commission; LMC; QMS calculations

Cattle on Irish farms (thousand head)

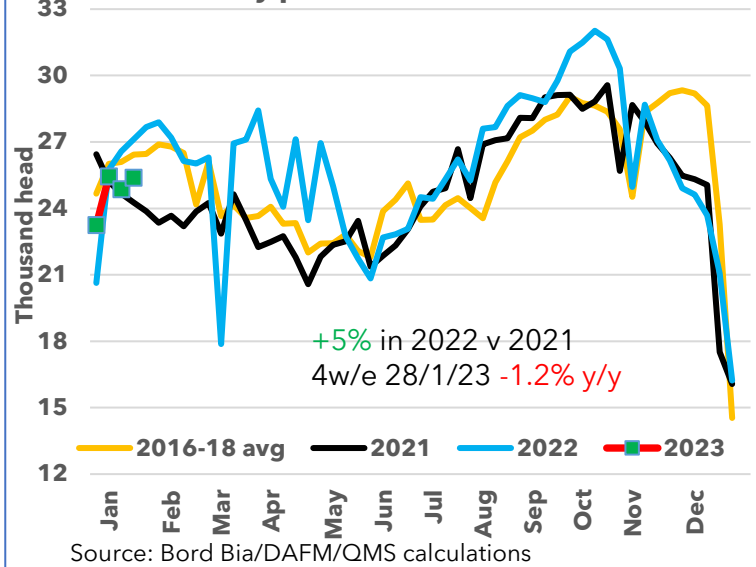
Age group	June 2021	June 2022	y/y change
<12 months	2,145	2,134	-0.5%
1-2 years	1,900	1,938	+2.0%
Cows	2,545	2,541	-0.2%

Source: CSO

Scottish R4L steer v Irish R3 steer



Weekly prime kill at Irish abattoirs



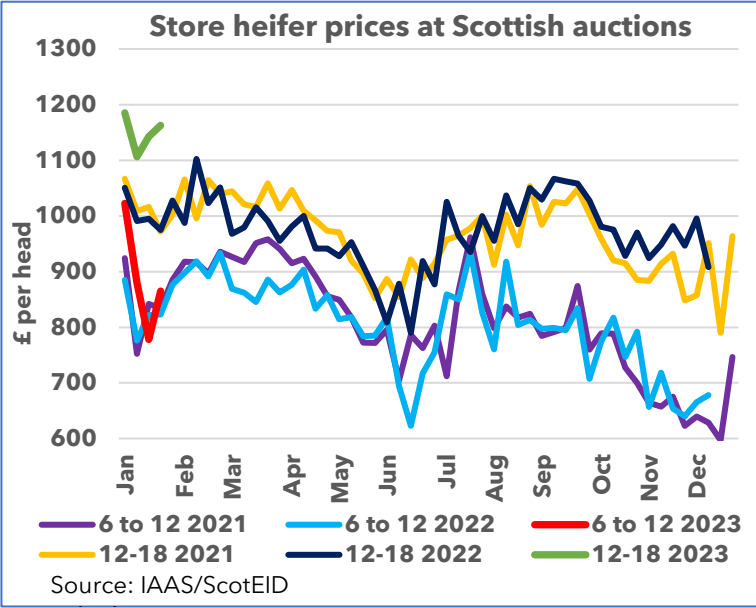
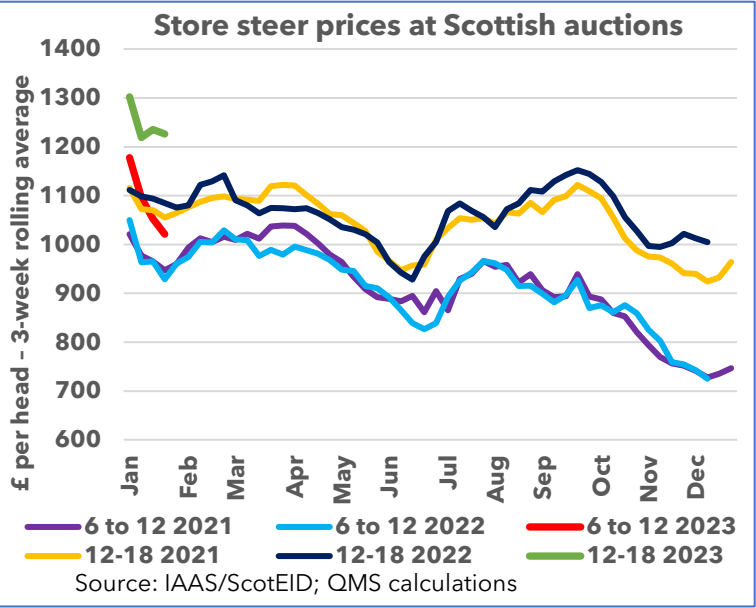
USDA Global Beef Market Forecasts, Jan 2023 (million tonnes carcase weight)

Key indicators	2021	2022	2023
World, production	58.4	59.4	59.2
USA, production	12.73	12.90	12.05
Brazil, production	9.75	10.35	10.56
EU, production	6.87	6.79	6.70
Australia, production	1.89	1.90	2.21
All countries, imports	9.93	10.17	10.32
China, imports	3.02	3.45	3.53
USA, imports	1.52	1.53	1.54
EU, imports (from non-EU sources)	0.32	0.40	0.41

Source: USDA Foreign Agricultural Service

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

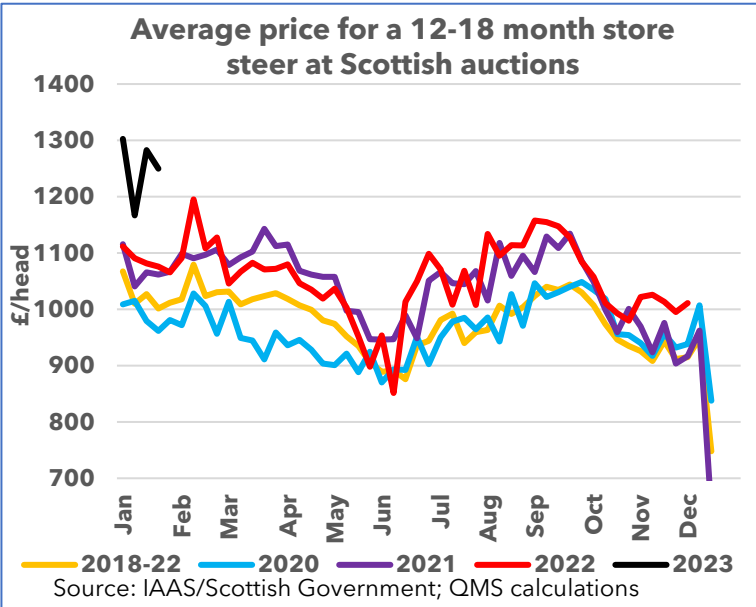
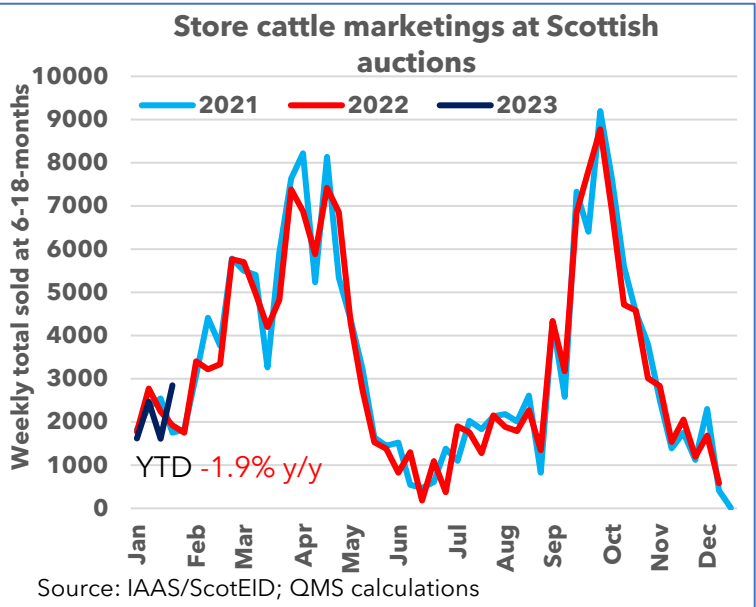
Store cattle trade



A reduced availability of store cattle at Scottish auctions has resulted in a firm start to the year for prices, although they have dipped back from the initial highs of the first week of January.

Prices for shorter keep stores have continued to look relatively stronger.

	4 weeks to 28/1	y/y change last 4 weeks
Store cattle prices		
Steers, 6-12 months	£1,053	+10.6%
Steers, 12-18 months	£1,241	+13.8%
Heifers, 6-12 months	£880	+7.2%
Heifers: 12-18 months	£1,147	+14.6%



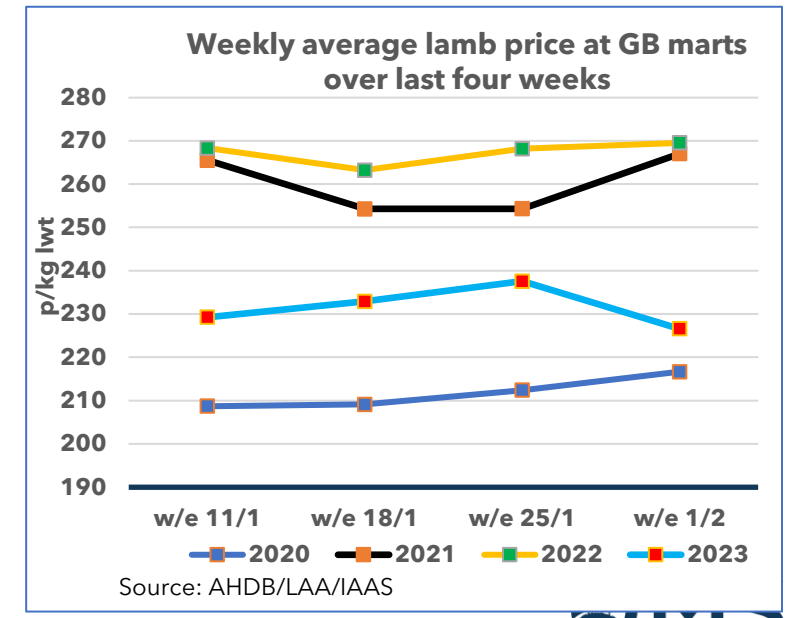
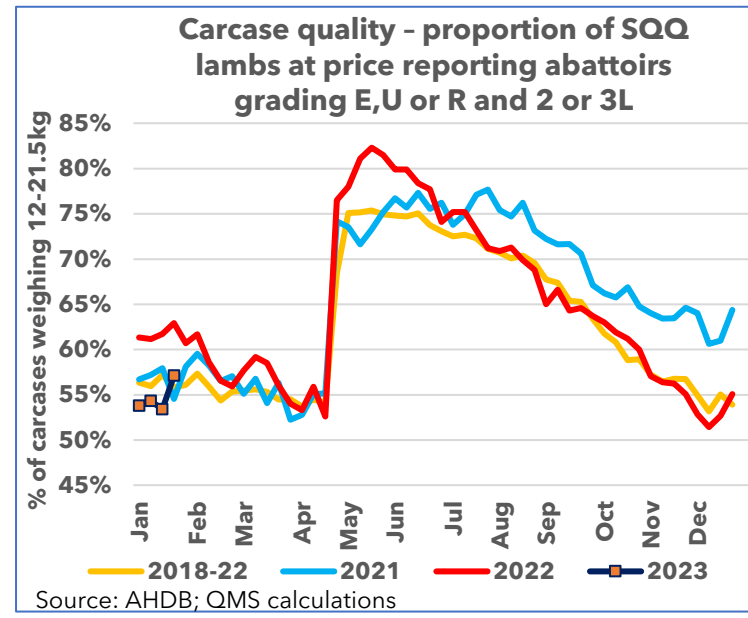
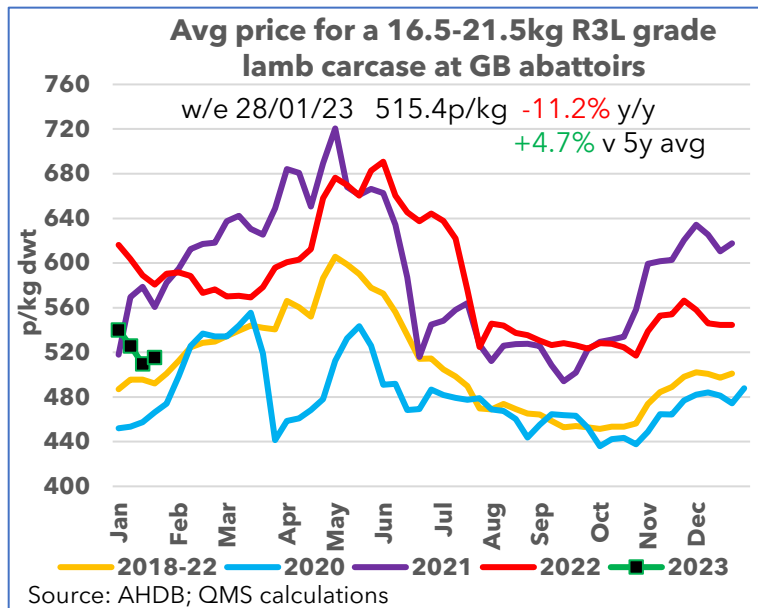
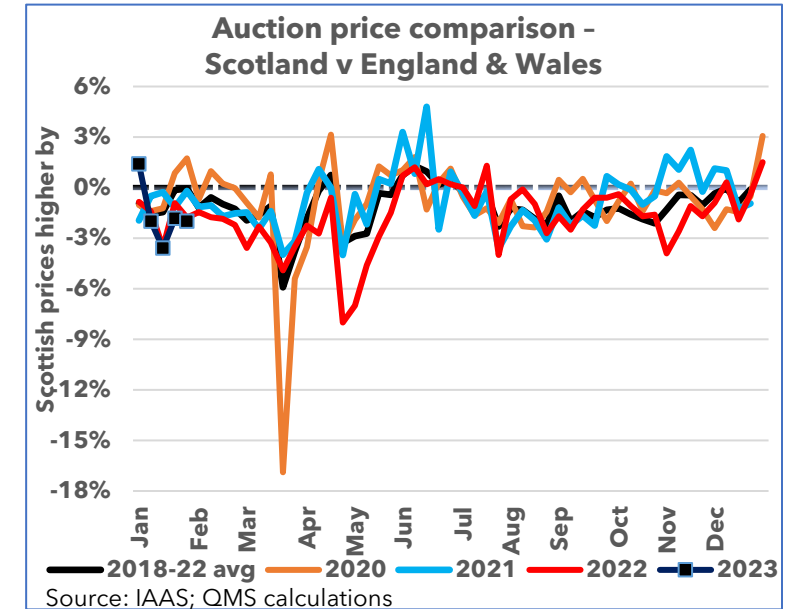
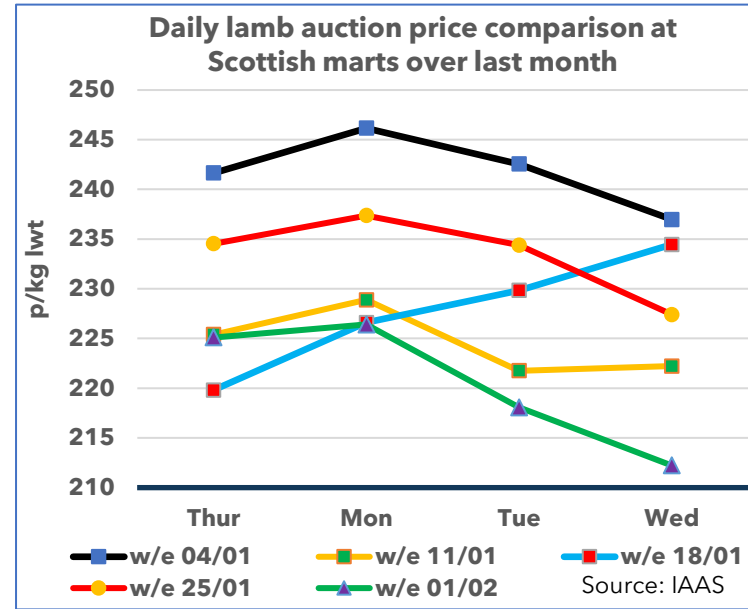
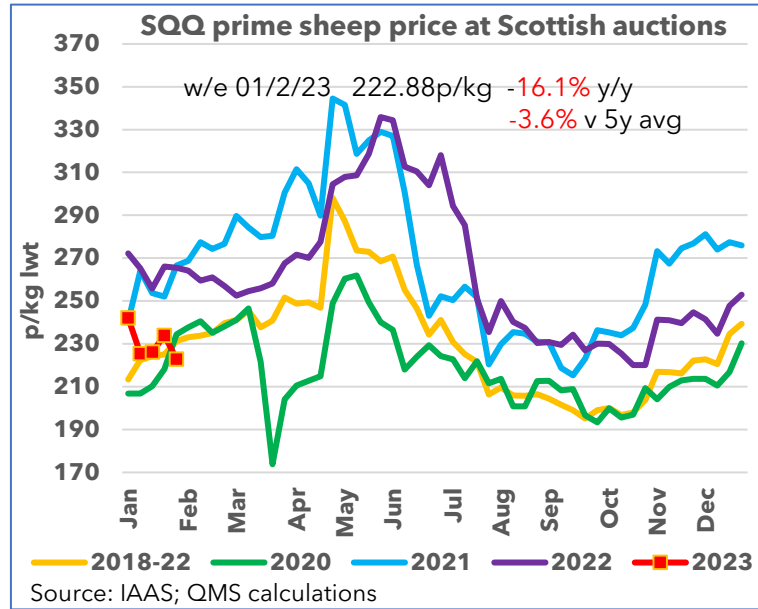
Store cattle marketings		
All steers & heifers, 6-18 months	8,540	-1.9%

Source: IAAS/ScotEID; QMS calculations
Prices rounded to nearest £1 and numbers to nearest 10



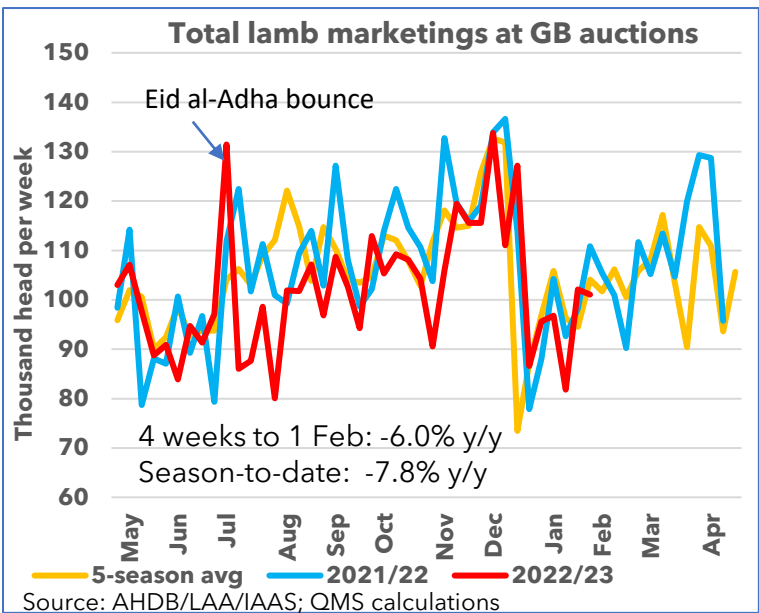
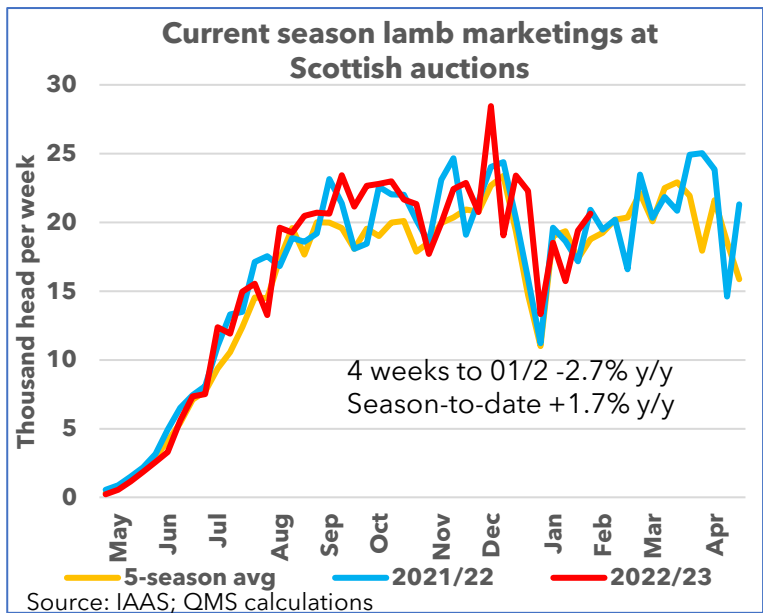
- In an unusual development for the time of year, lamb prices fell back towards their lowest levels of the season-to-date at the end of January, with a renewed downturn in auction volumes in January signalling weak demand.
- After moving ahead of year earlier levels in December, lamb marketings at GB auctions fell back again in January. However, given a marginal rise in the combined June 2022 lamb crop in England & Wales, hogg supply is expected to be firm in the run up to Easter due to a slower marketing pattern in 2022/23.
- The number of store lambs traded in the second half of 2022 was 5.5% higher than in 2021 at Scottish marts, pressuring prices along with the softer market for finished lambs, and store hogg volumes continued to run higher through January.
- Retail sales data showed a rebound in lamb sales in the run up to Christmas following a prolonged period of decline, which had been driven by a reduced share of households buying lamb, which is an expensive protein.
- UK lamb import volumes slumped to a record low in November, against the seasonal trend, with shipments from Australia limited by its quota and New Zealand rebalancing exports back towards China. This ensured that sheepmeat supply tightened. However, production then rose in December and imports are likely to have risen seasonally through December and January.

Farmgate prices - prime sheep - softening back to the lowest levels of the season



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

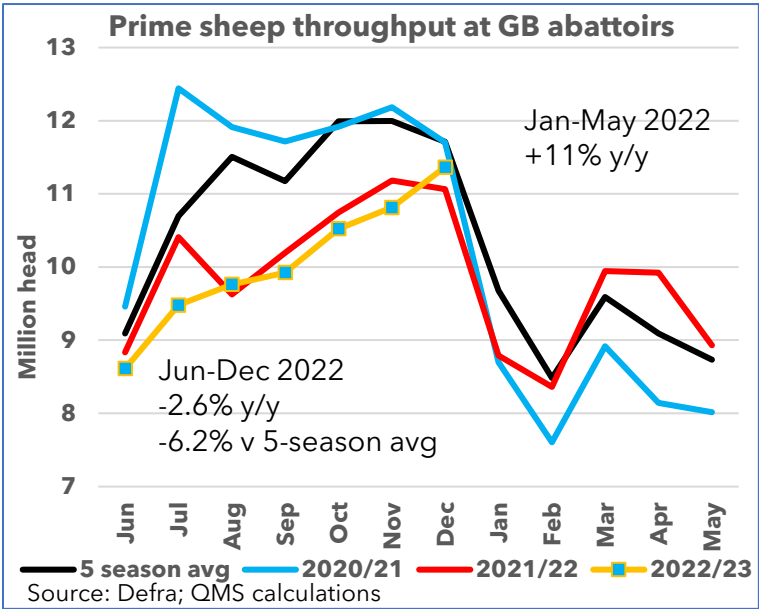
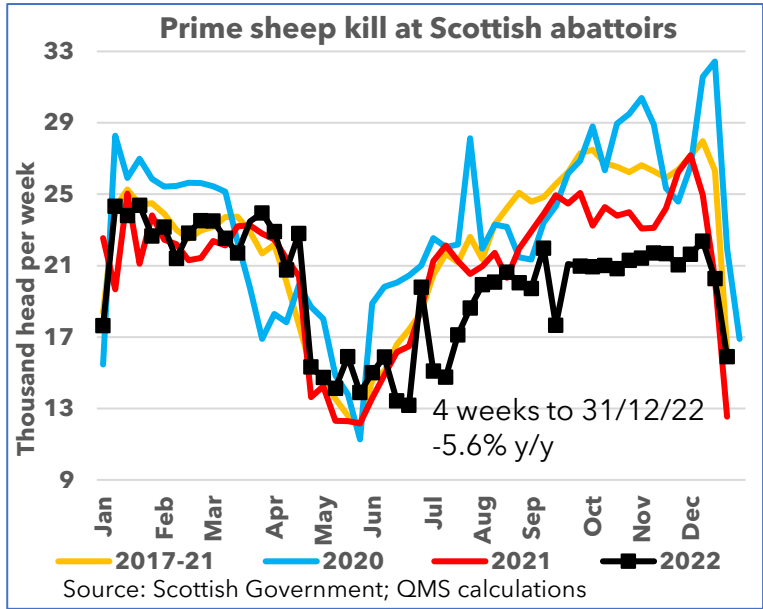
Availability and slaughter – slowdown in auction throughput across GB in January, but slaughter is expected to climb seasonally in the run up to Ramadan and Easter



More lambs have been traded at Scottish marts in the season-to-date, signalling a better lamb crop than suggested by the breeding flock decline reported in December 2021.

There was a marginal increase in the combined June lamb crop in E&W but GB auction volumes ran well below 2021 levels until mid-December. After a brief uplift, numbers fell back again in January.

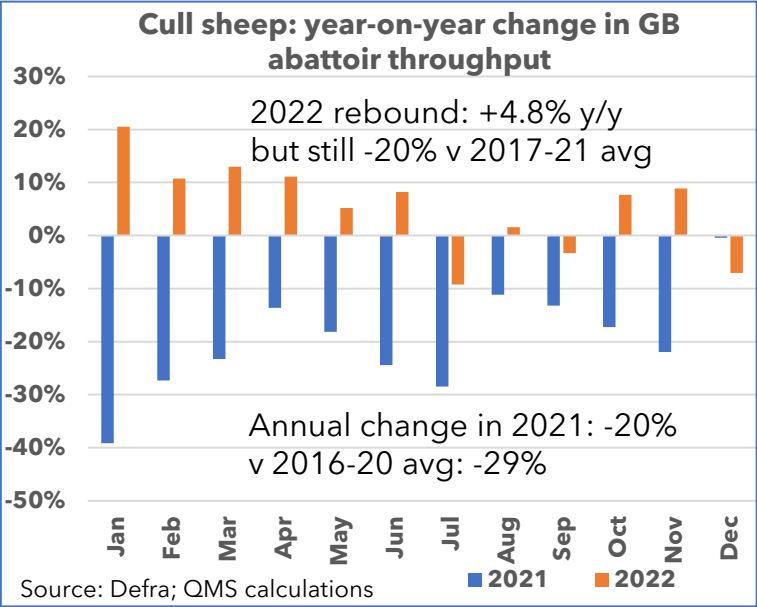
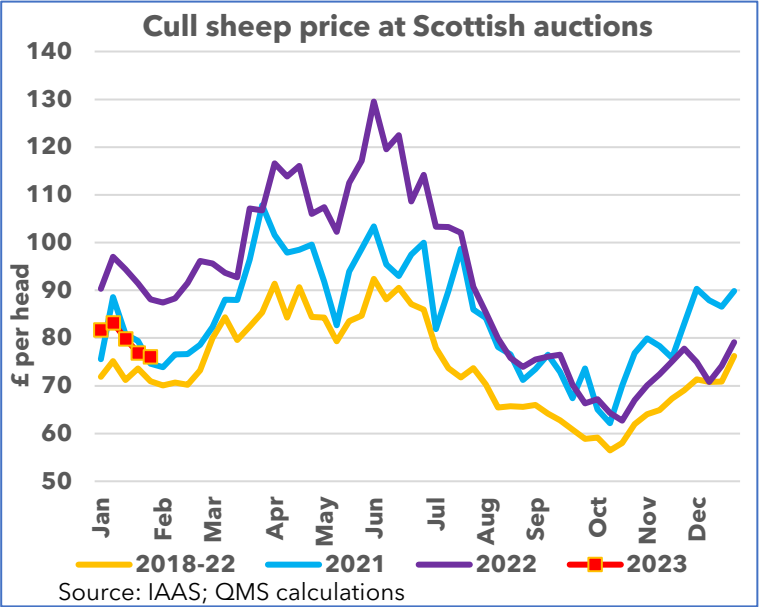
Hogg supplies are expected to be firm in the run up to Ramadan (starts 22/3) and Easter (9/4) due to later marketing this season.



December 2021 Sheep & Goat Inventory and June 2022 Census Results		
December 2021	Total breeding flock y/y change	Other sheep and lambs y/y
Scotland	-3.7%	+3.3%
England	-1.2%	+9.3%
June 2022	Ewes for further/future breeding	New season lambs
England	+2.8%	+1.5%
Wales	-0.4%	-1.6%
E&W	+1.5%	+0.3%

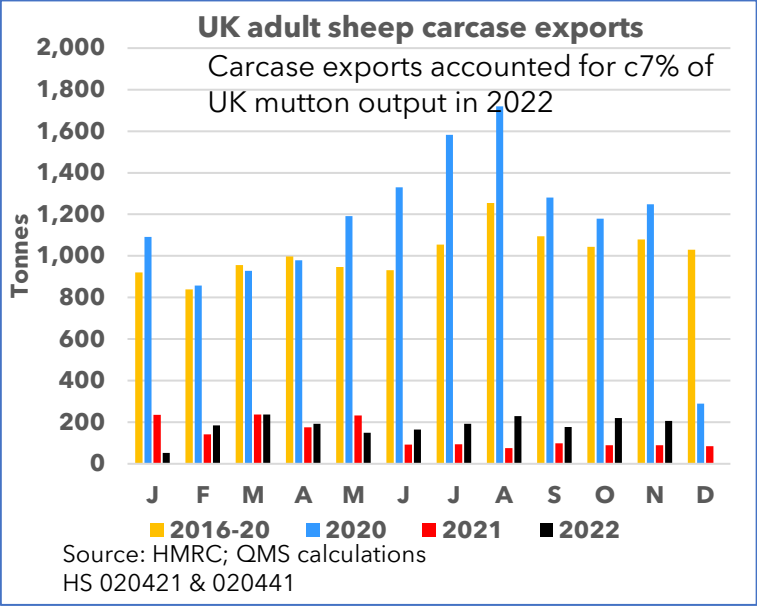
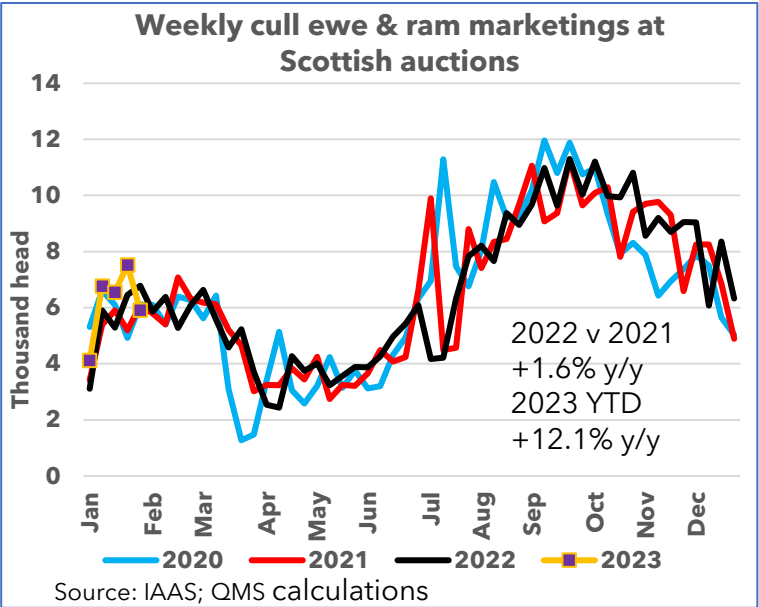
Source: Defra; Welsh Govt; Scottish Govt; QMS calculations

Cull sheep market - seasonal price fall through January as marketings increased but prices held above the five-year average



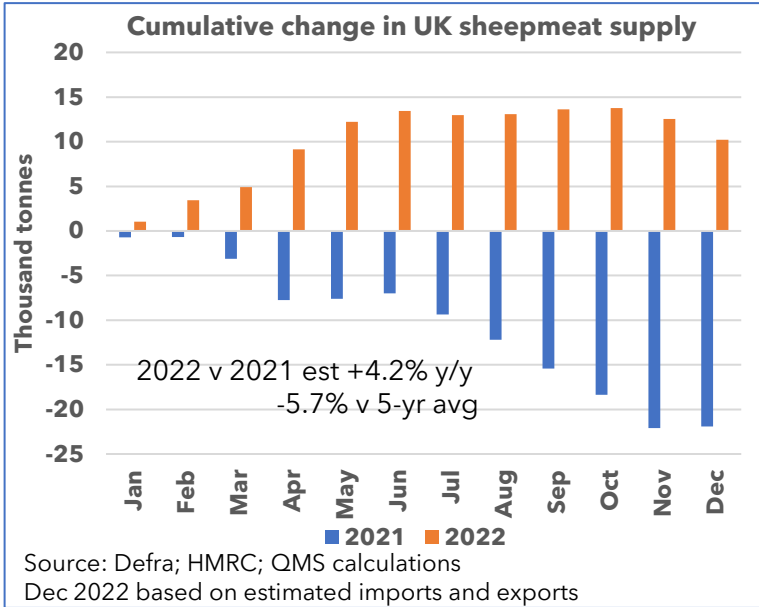
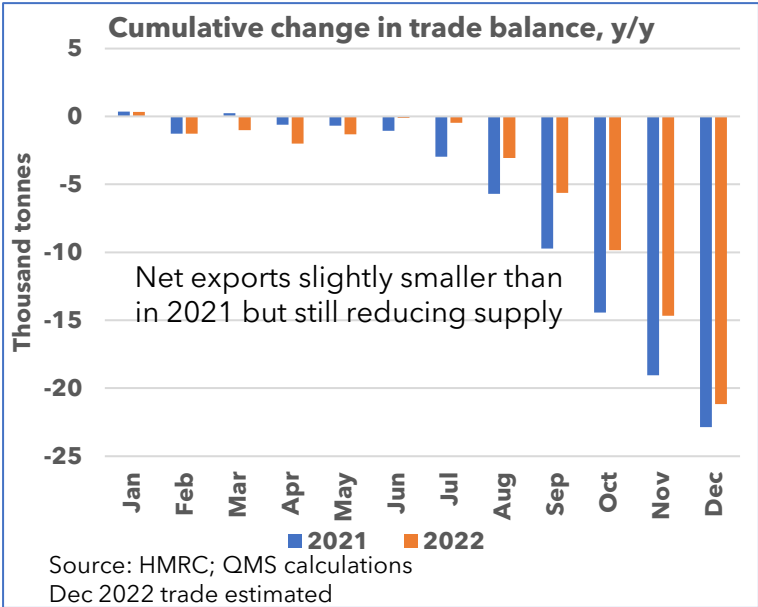
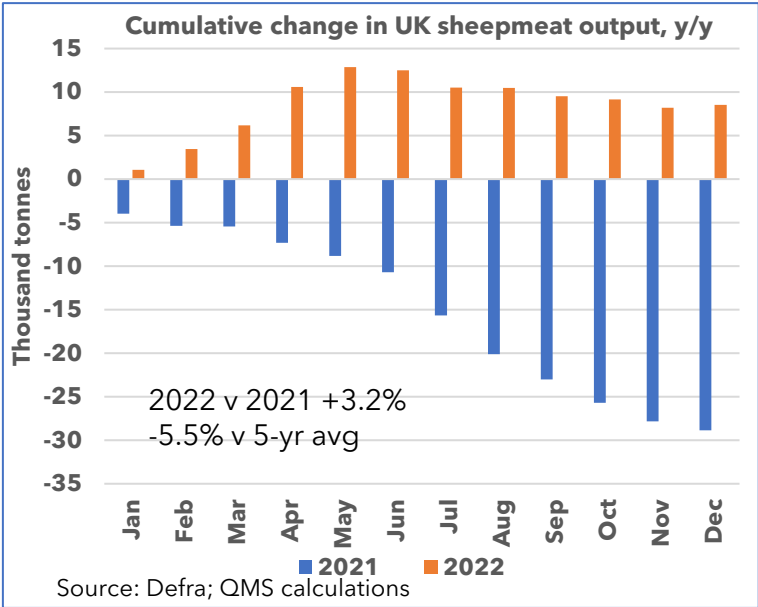
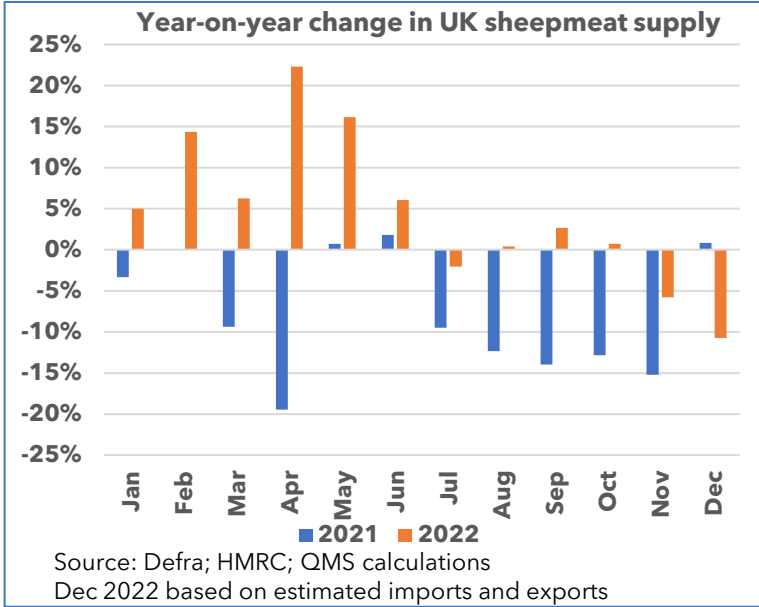
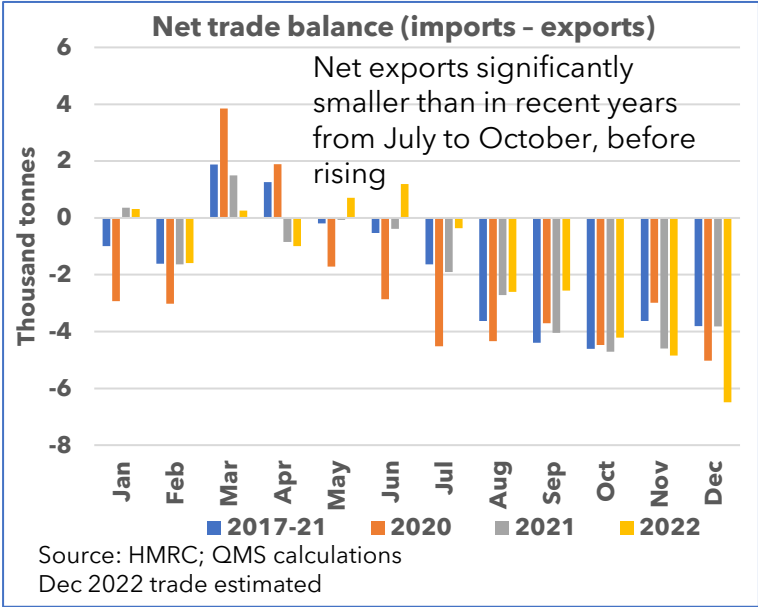
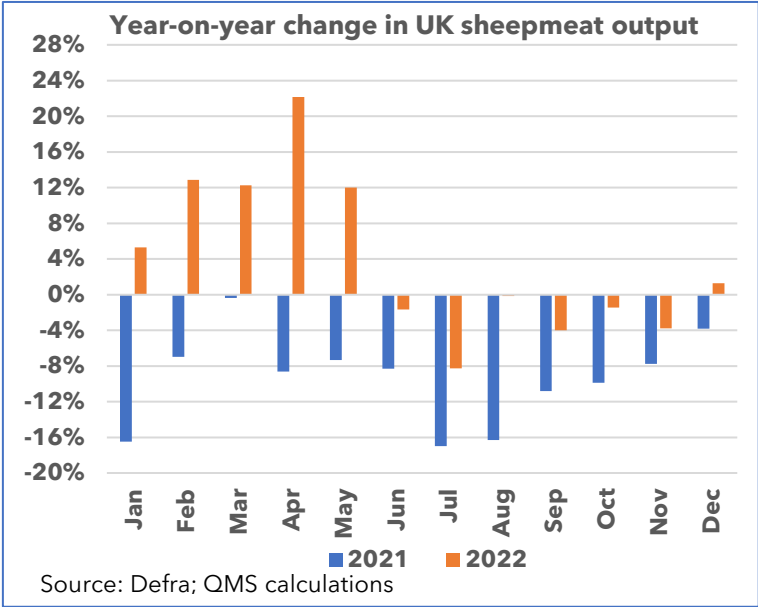
While slaughter looks to have rebounded from the lows of 2021, there are questions over the size of reduction reported by Defra in 2021.

Ewe prices dipped seasonally in January as volumes reaching the market increased again after the festive period but values have held above the five-year average, unlike the prime sheep trade.

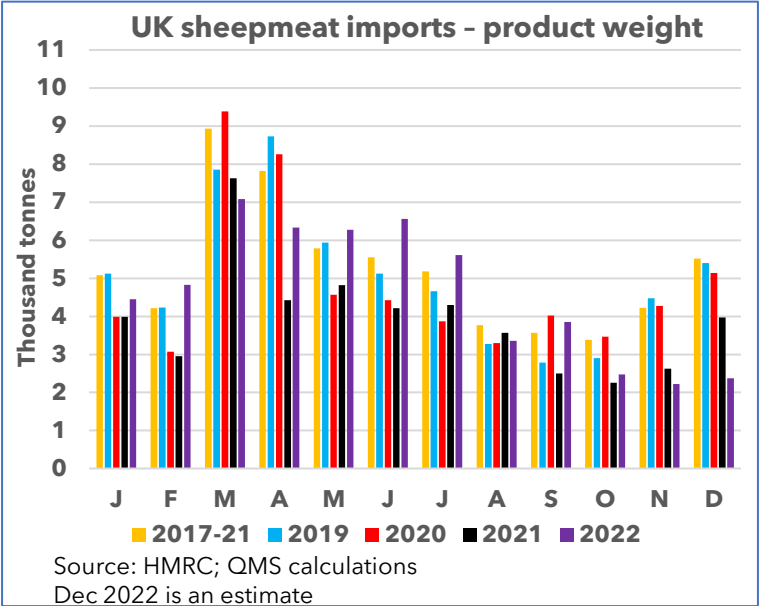
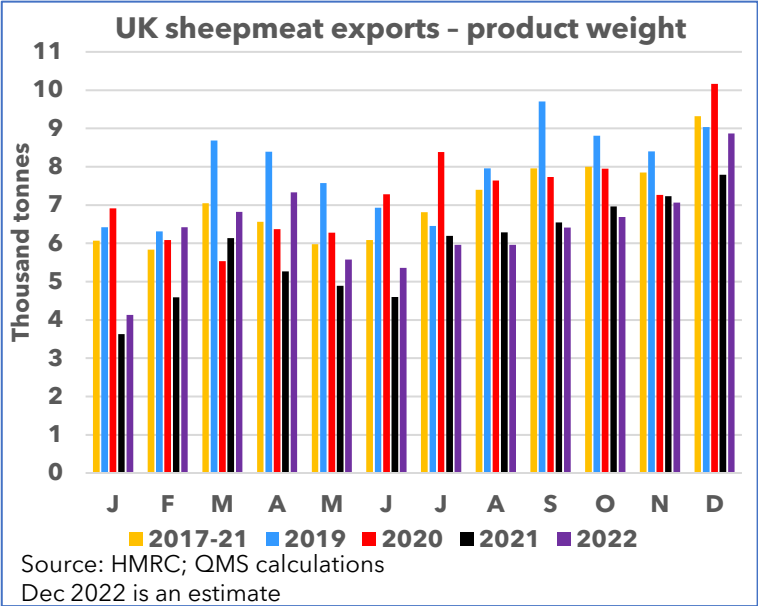


Mutton demand appears to have rebalanced from exports to the home market since late 2020. However, this could reflect improved data collection since single market exit, with export figures now based on customs declarations rather than business surveys. Nevertheless, there was significant growth in shipments in 2022.

UK sheep market supply: domestic production + (imports - exports) = supply



A focus on UK international trade in sheepmeat



Export volumes fell back slightly behind 2021 levels after rebounding in the first half of 2022; though this largely reflected tight supply, with monthly exports averaging 27% of production between July and November in 2021 and 2022.

Export value remains strong with pricing in the main export market of France continuing to look attractive. Though prices have cooled slightly from the festive peak, a weak pound means they are comparable to year-earlier levels. However, firm prices may have been a factor behind the reduction in export volumes, limiting the volume of EU import demand.

Imports fell to a record low for the 21st century in November, moving against the seasonal trend. A general uplift in imports in 2022 was driven by a diversion of Australia and New Zealand's exports towards Europe from China, where covid-19 control measures resulted in a contraction of foodservice sector demand and heightened market risk to exporters.

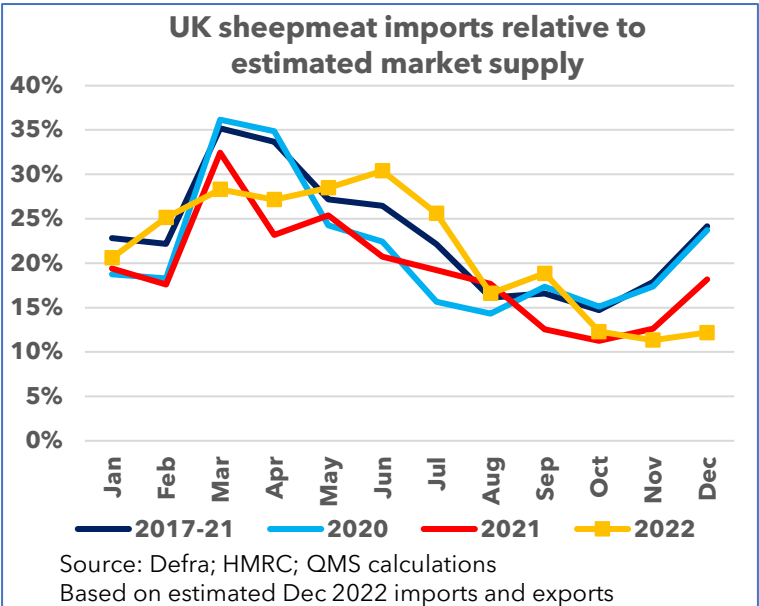
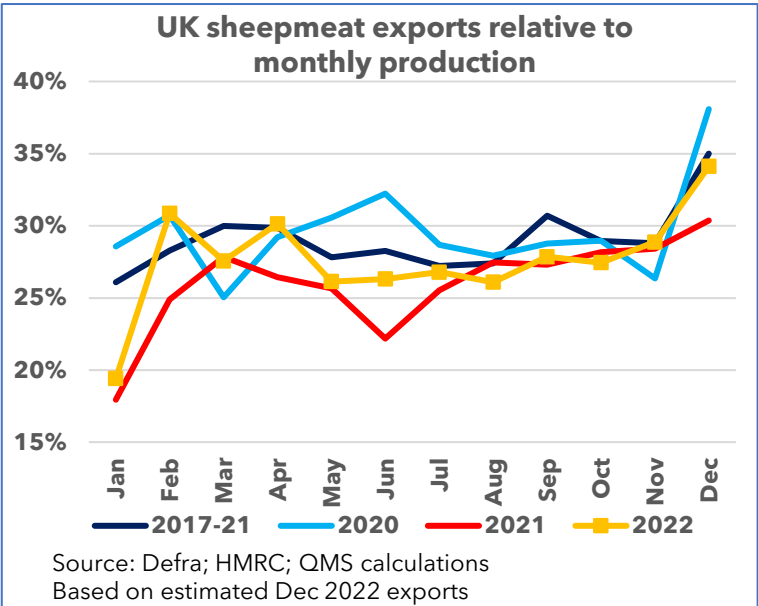
However, there were signs of this beginning to reverse in the second half, with Australian volumes limited by their tariff-free quota for the UK and NZ export data signalling a rebalancing back towards China from Europe in the final quarter.

Imports are likely to have risen seasonally in December and January.

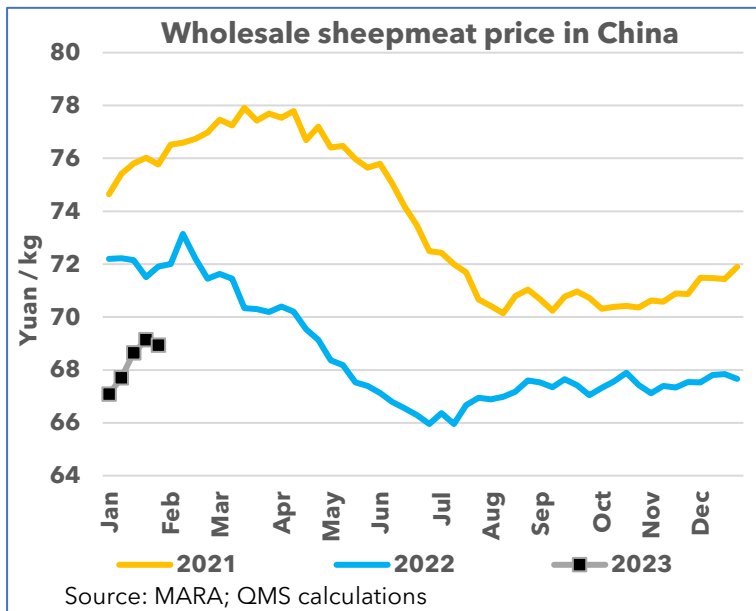
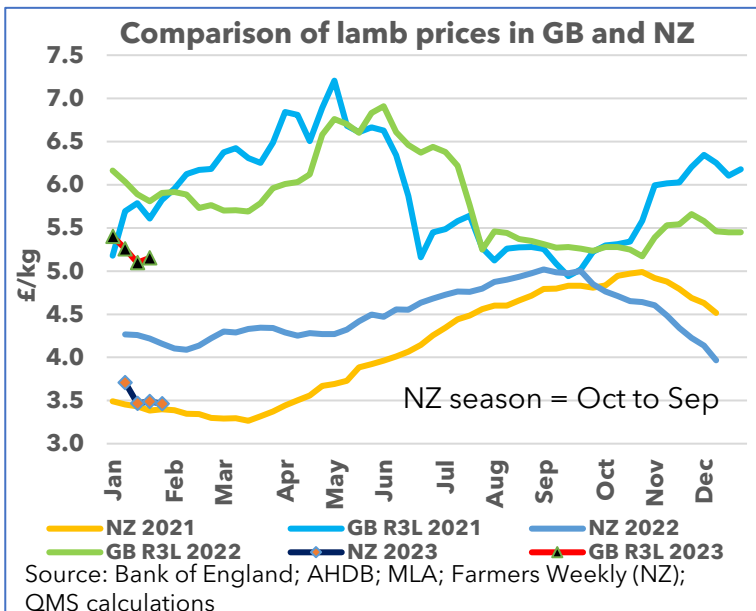
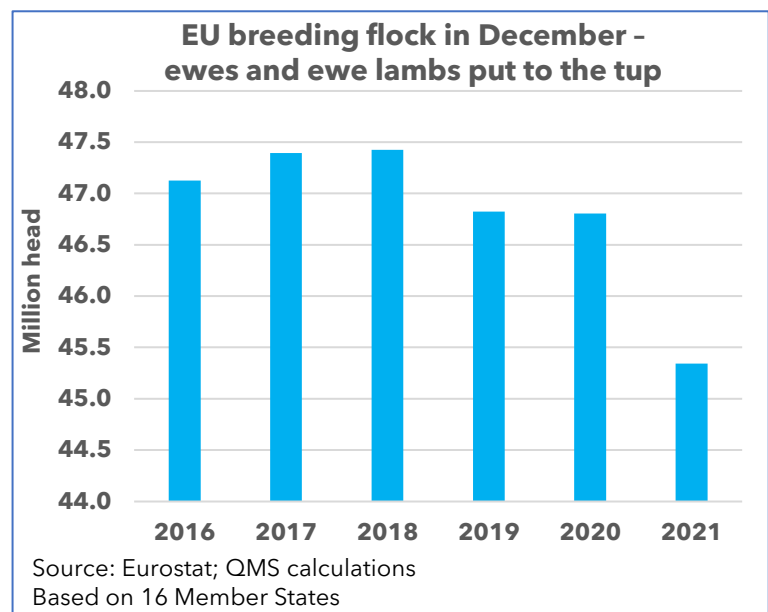
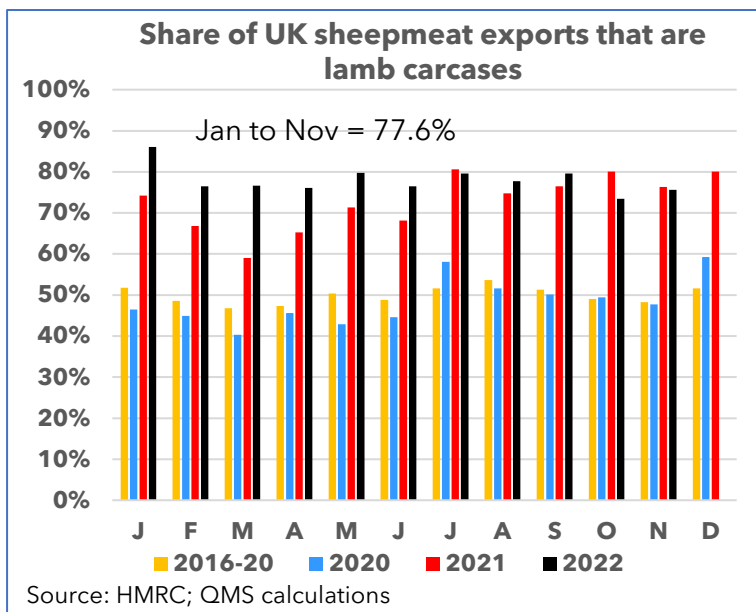
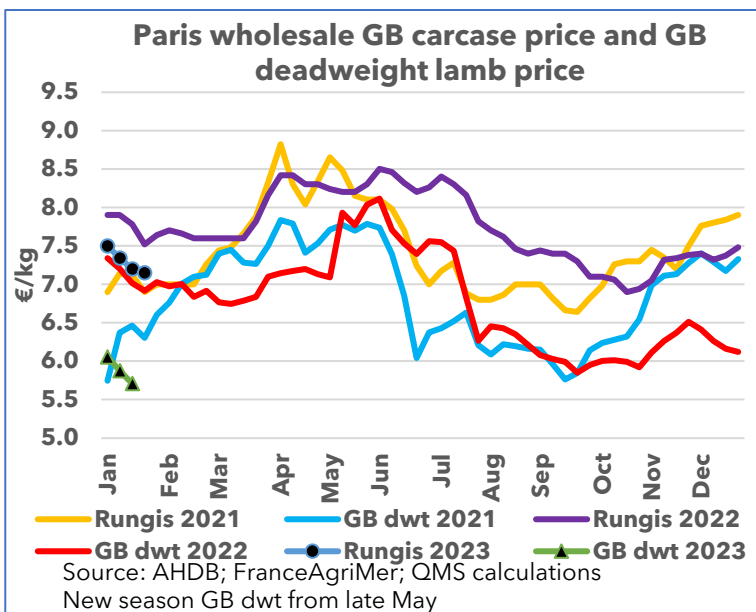
Note:

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

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

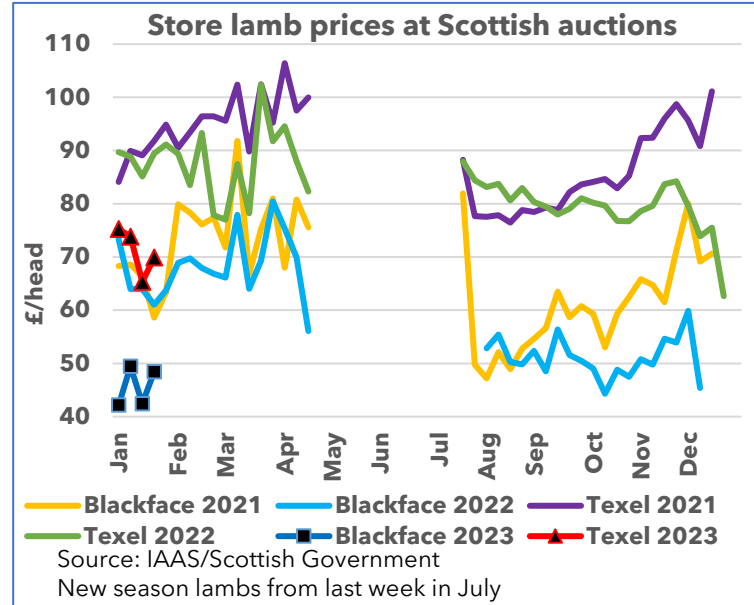
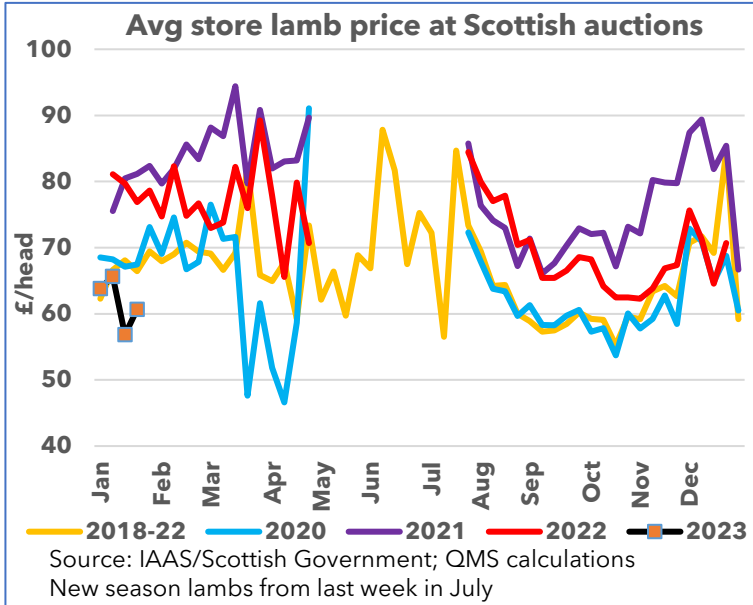


Variables influencing UK sheepmeat trade – could the softening of covid-19 control measures in China begin to support global sheepmeat prices?



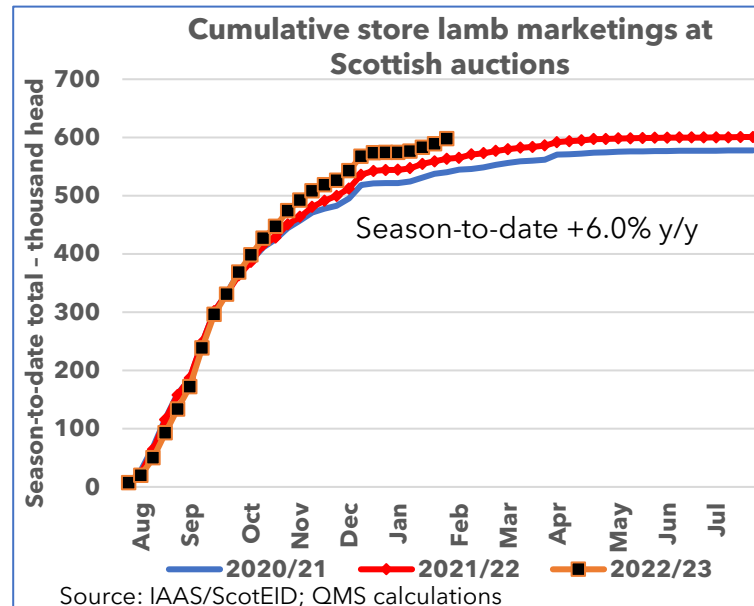
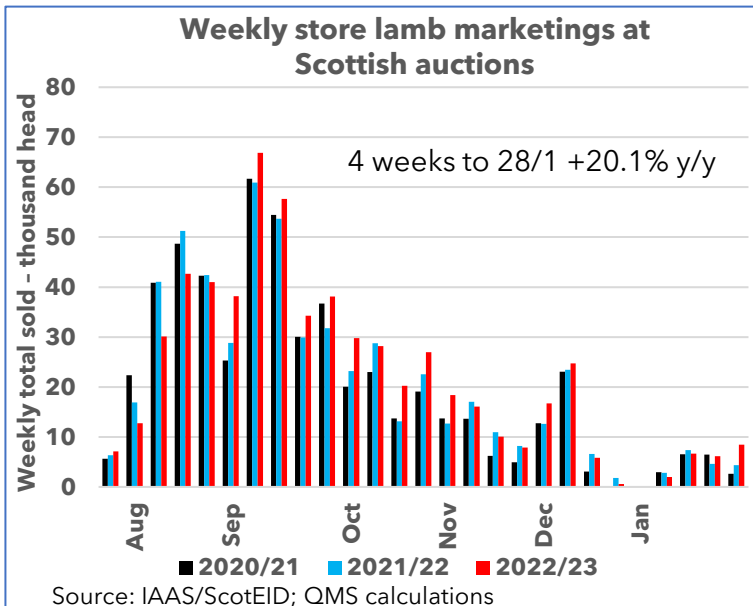
Oceania lamb production forecasts			
	2022	2023	y/y change
Australia (thousand tonnes)			
Lamb production	549	557	+1.5%
Lamb exports (product weight)	308	310	+0.6%
New Zealand (head) (October 2022 - September 2023 season)			
Lamb crop	22.61m	22.02m	-2.6%
Export lambs processed	17.8m	17.5m	-1.6%
Source: MLA; Beef + Lamb NZ; QMS calculations			

Store sheep trade



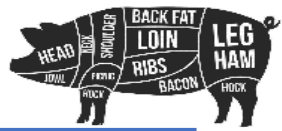
Store lamb marketings increased by 5.5% year-on-year in the second half of 2022. While seasonally low compared to the autumn, volumes held firm moving into 2023, running 20% above year earlier levels in January, placing further downwards pressure on prices, along with a soft market for finished hogs.

4 weeks to 28/1:



Overall average - £61.35 (-22.3% y/y)
 Blackface - £46.50
 Cheviots - £56.50
 Suffolks - £72.30
 Texels - £70.40

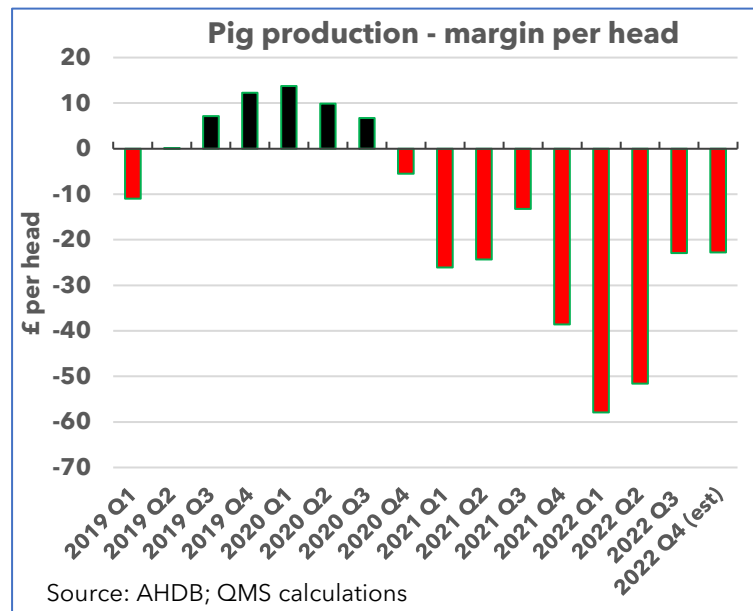
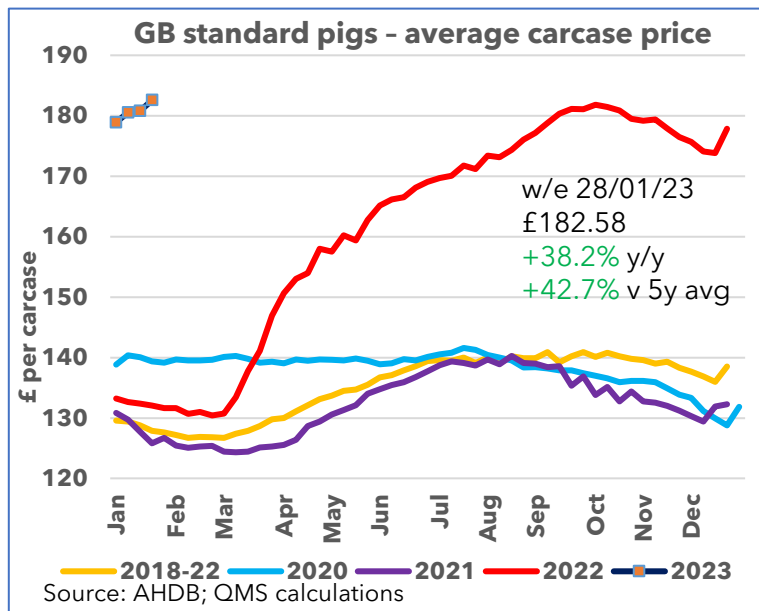
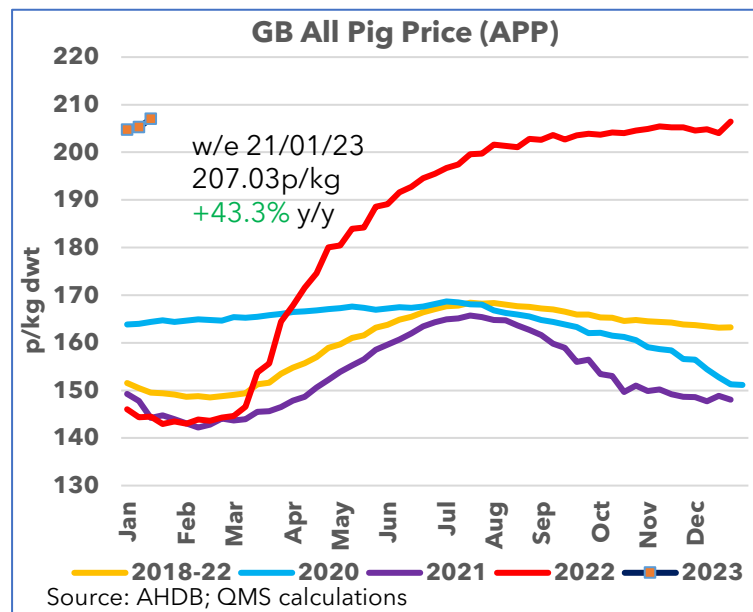
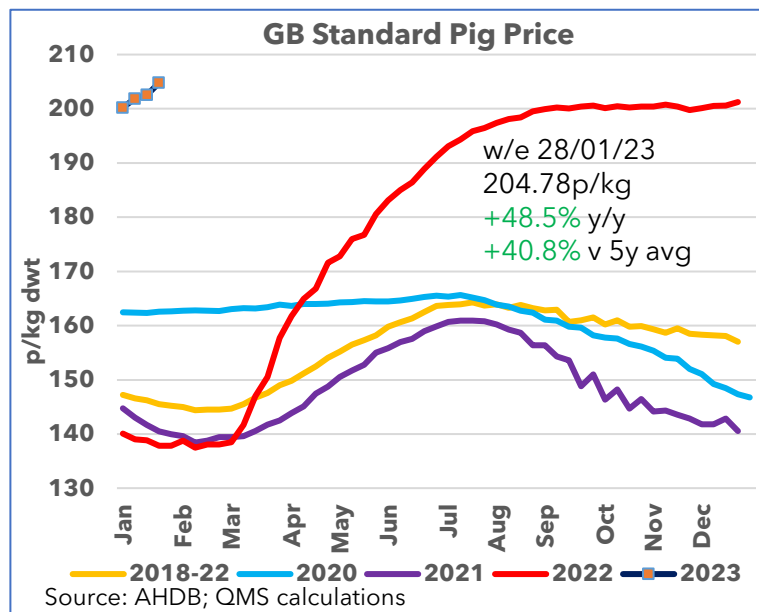
Summary of market developments – pig market



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 28 January	204.78p/kg	+2.26p	+1.8%	+48.5%	+40.8%
Average carcase weight of standard pigs	Average in four weeks to 28 Jan, EU spec	89.31		+2.3%	-6.4%	+1.0%
Prime pig slaughter at GB abattoirs	Total during December 2022, thousand head	721.6		-3.2% (change in daily avg kill Dec v Nov)	-9.3%	-2.1%
UK pig market supply	Tonnes in Sep-Nov 2022	348,200			-2.1%	+0.8%

- After four months of stability, prime pig prices rose strongly in January. Coupled with falling feed prices, this will be welcome for producers after two years of negative margins.
- The sharp fall in GB abattoir slaughter in December coupled with declines in the weekly price reporting sample size in January point to the anticipated tightening in availability signalled by England's June census materialising.
- Lighter carcase weights, reflecting a return to a more normal slaughter age profile, will have added further to the fall in pigmeat output, and stocks of pigmeat built up in 2022 may now be declining.
- UK pork import prices followed the EU pig price higher in autumn 2022. After a soft start to 2023, EU prices are expected to rise in February, likely providing further support to import prices.
- In China, pork price volatility has continued, with a sharp fall since October now pointing to a well-supplied market. While China did raise its imports in Q4 2022, UK exports to China did not show any significant rebound in October or November.

Farmgate prices - prime pigs

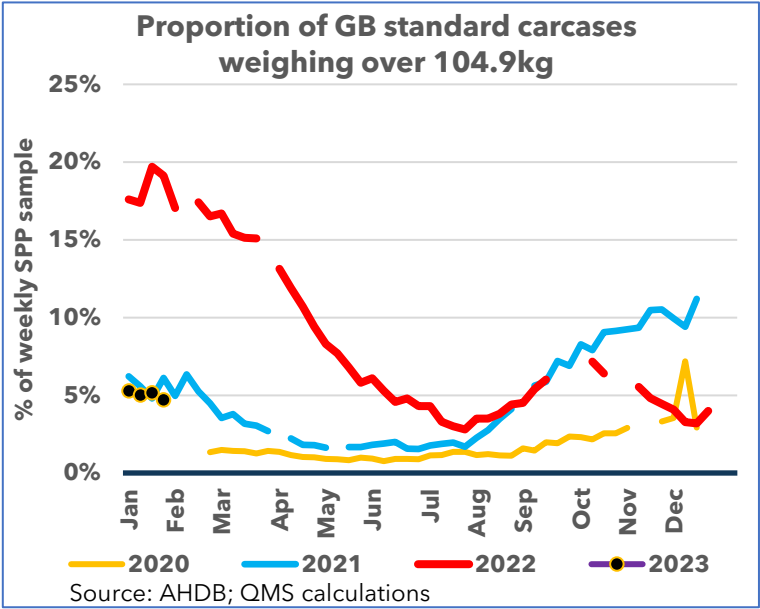
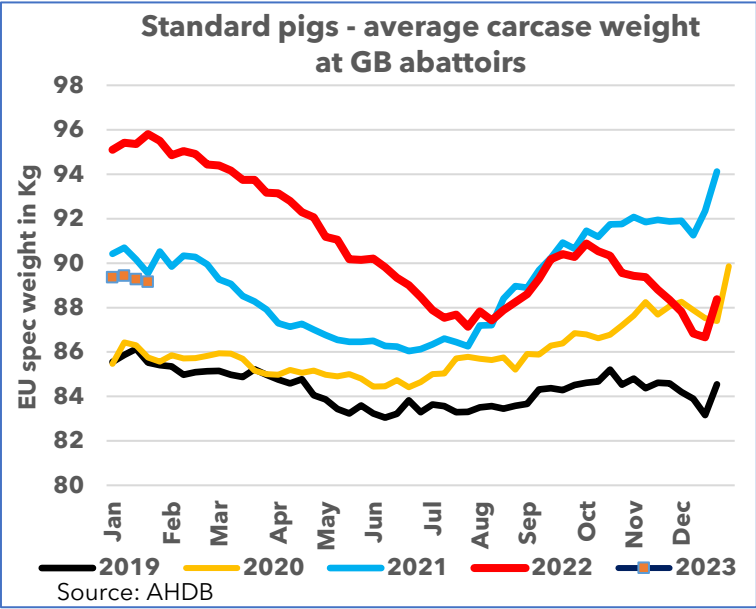
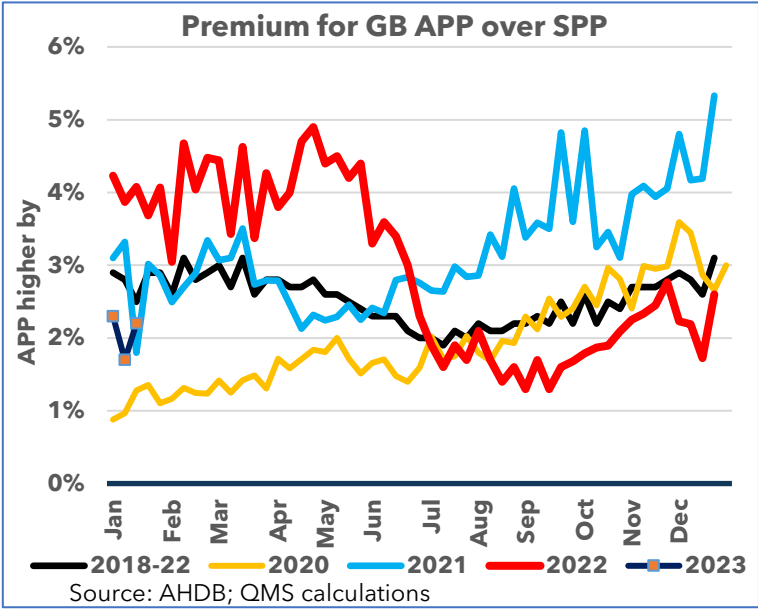


Pig prices rose strongly through January; an unusual development for the time of year. Given the traditional downwards seasonal trend, leads over year earlier levels and the five-year average widened.

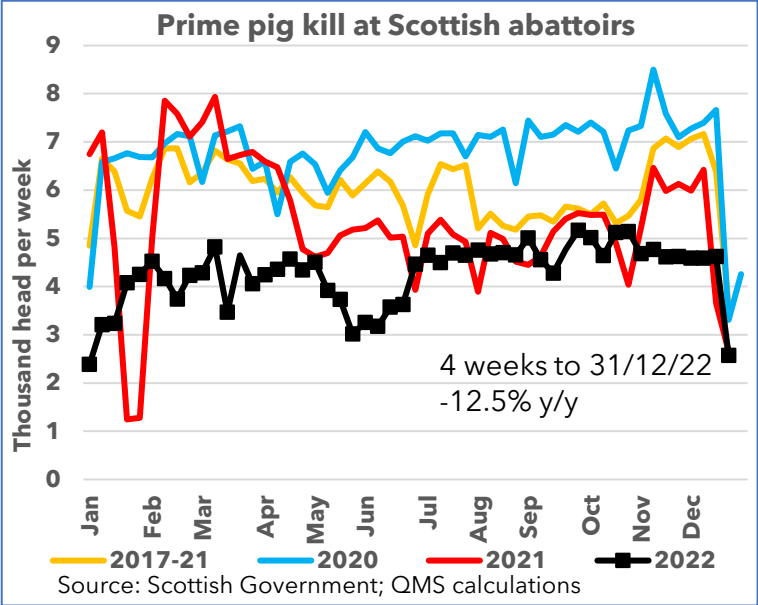
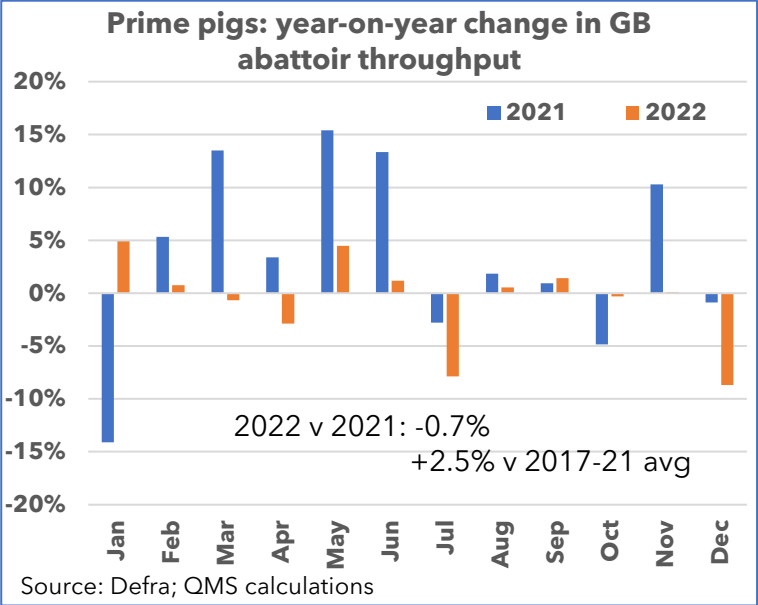
A marginal dip in carcase weights as January progressed meant that the average carcase price increased at a slightly slower pace. However, significantly lighter weights than in early 2022 limited the year-on-year increase in carcase price.

The lift in pig prices at the beginning of 2023 plus a reduction in feed prices may have helped producer finances to return towards breakeven after a sustained period of losses.

Indicators of market disruption - The premium for the overall average pig price (APP) over standard pigs (SPP) has remained well below the elevated levels of the past two winters meaning that pigs with specific production characteristics are no longer receiving exceptional premia in the marketplace. Meanwhile, a fall in carcase weights suggests that processors have been able to handle the volume of pigs coming forward, in contrast to the past two winters.



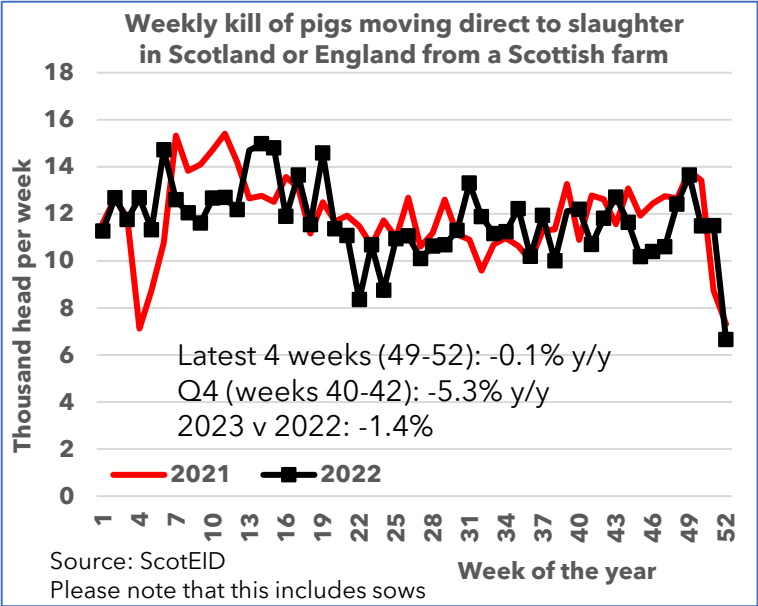
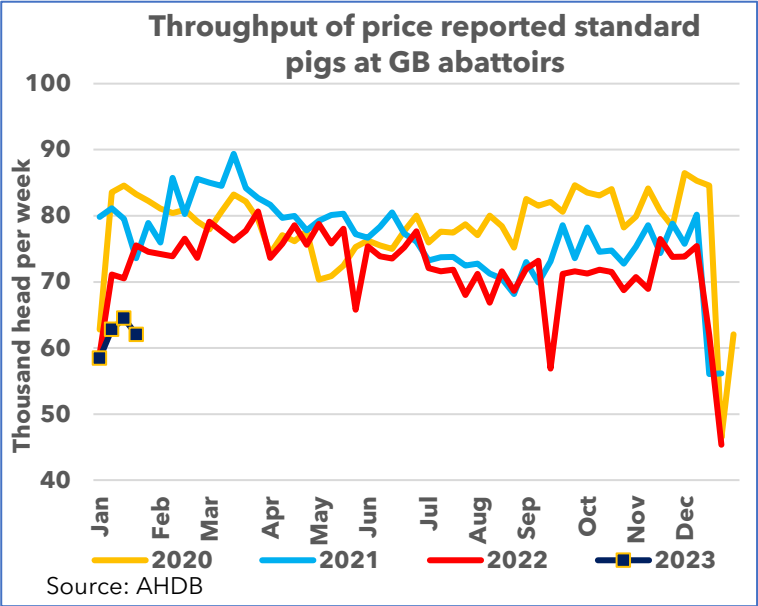
Availability and slaughter



The decline in GB kill in December coupled with reduced throughput at price reporting abattoirs in January 2023 could be a sign that the expected tightening of availability signalled by England's June census has begun.

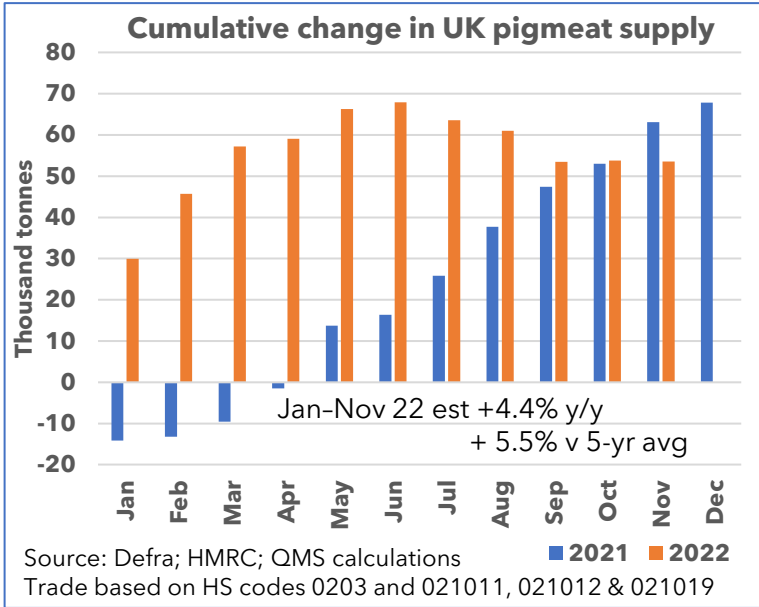
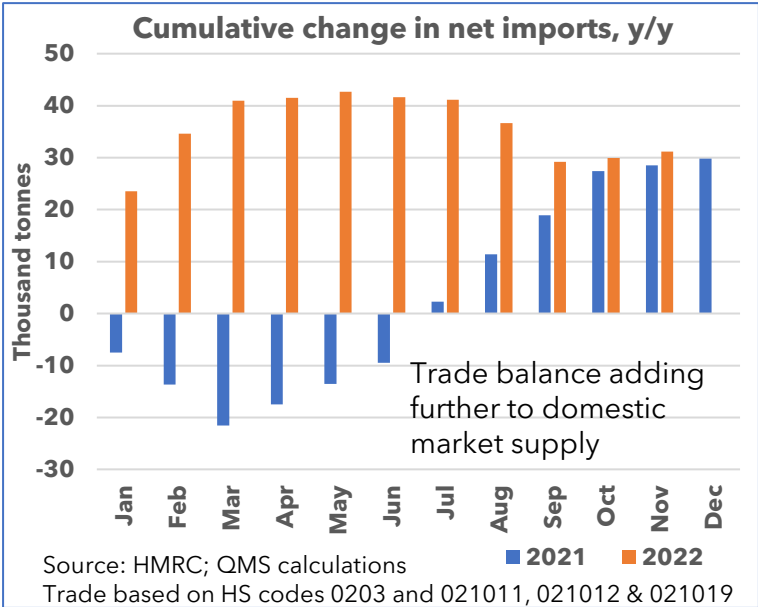
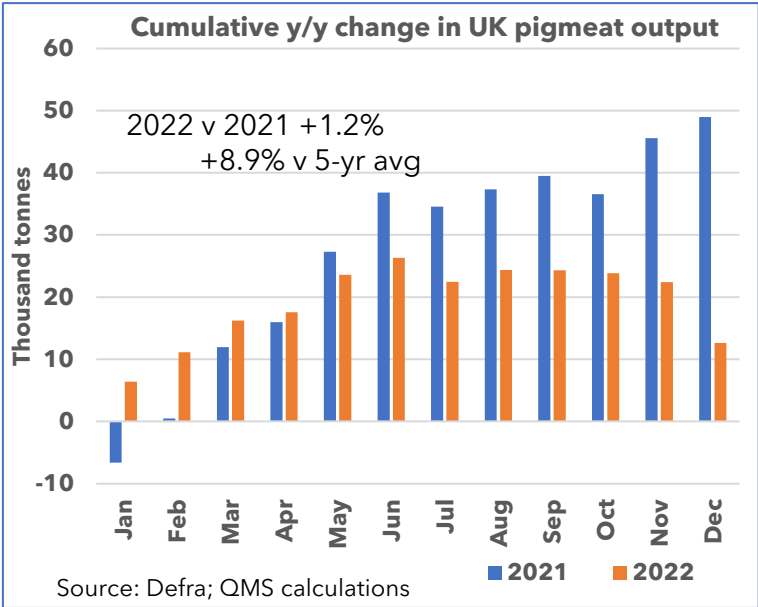
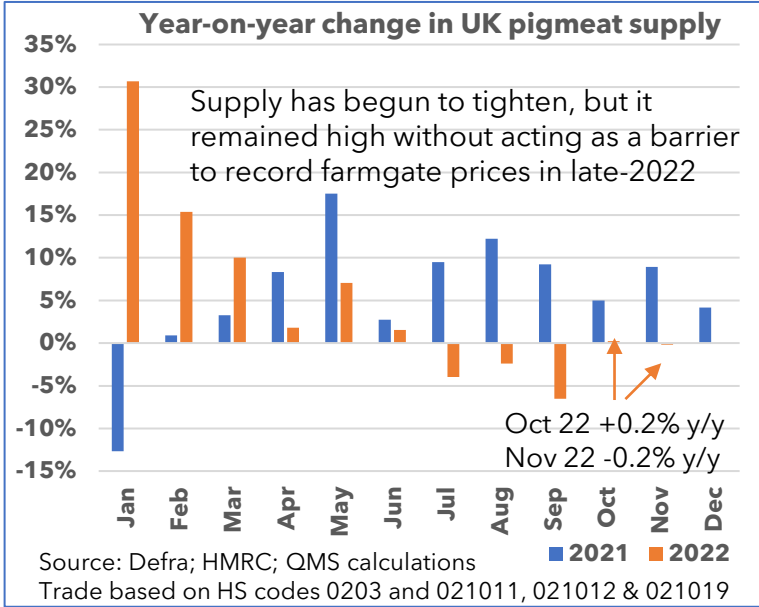
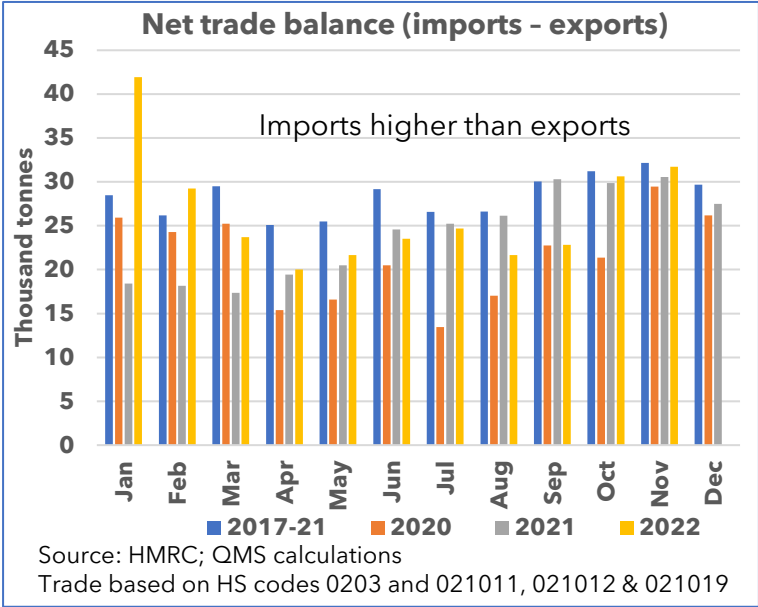
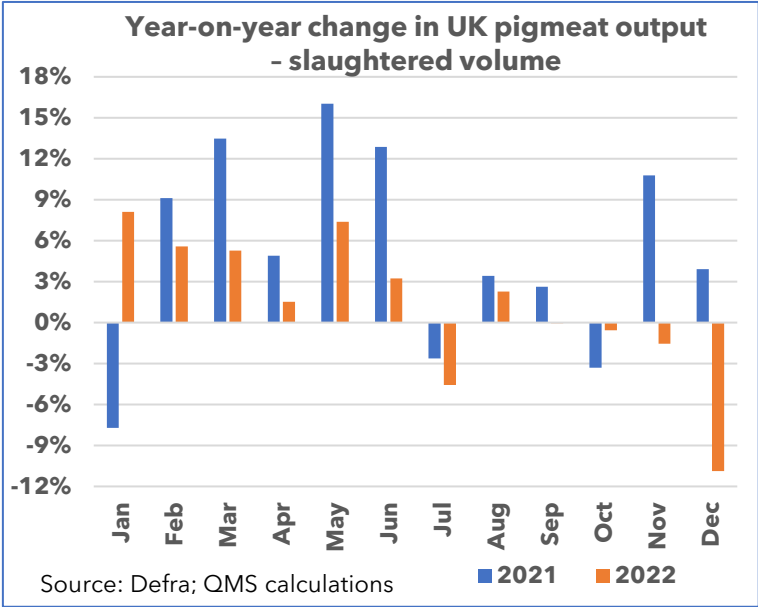
Slaughter at Scottish abattoirs steadied in December after a dip in November and remained well below previous levels.

The number of pigs sent directly to slaughter from Scottish farms declined in the final quarter, in line with the theory that the breeding herd has contracted, driven by a prolonged period of steep losses. After a 3% reduction in October, numbers were down by more than 12% on last year in November, before rebounding to nearly match 2021 levels in December.

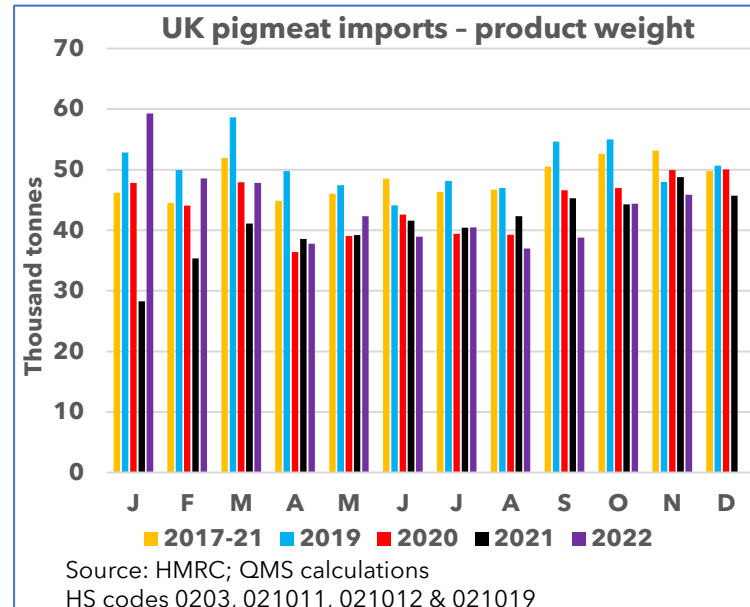
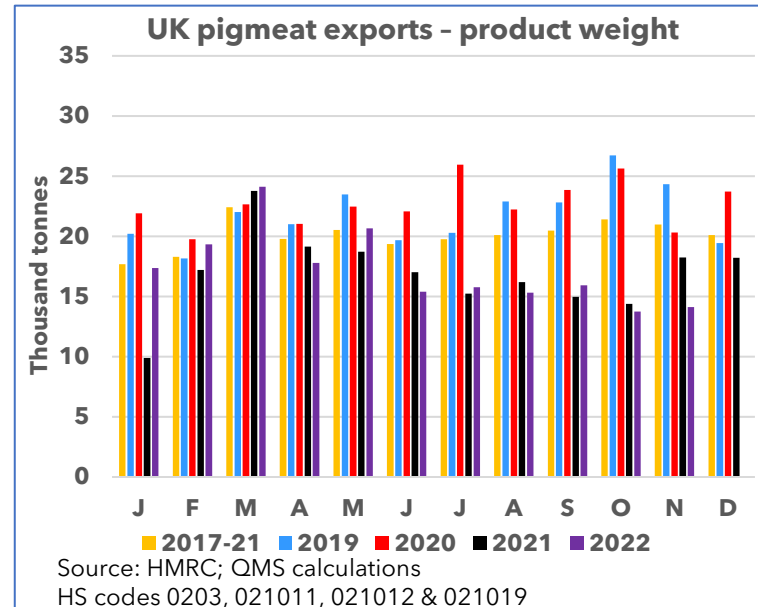


June Census - England (Note: Scottish results not available)	
Female breeding herd	-16.7% y/y
Fattening pigs	-1.4% y/y
Source: Defra; QMS calculations	

UK pigmeat market supply: domestic production + (imports - exports) = supply



A focus on UK international trade in pigmeat



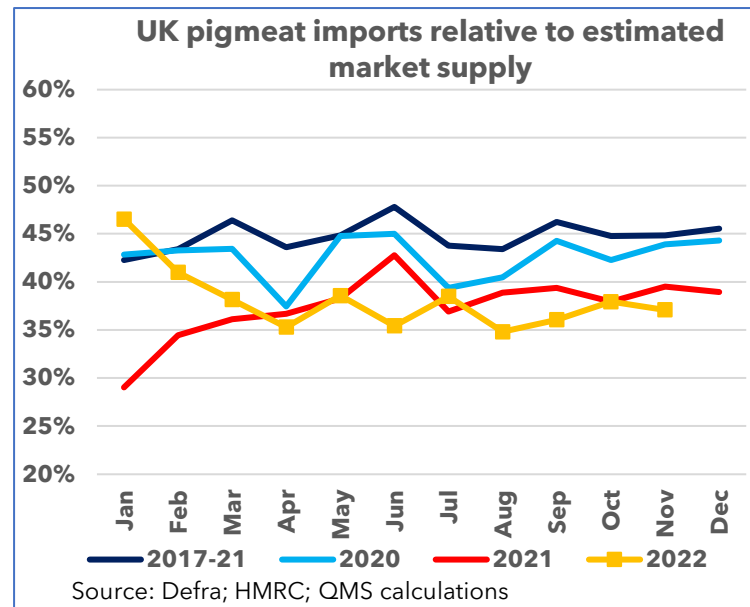
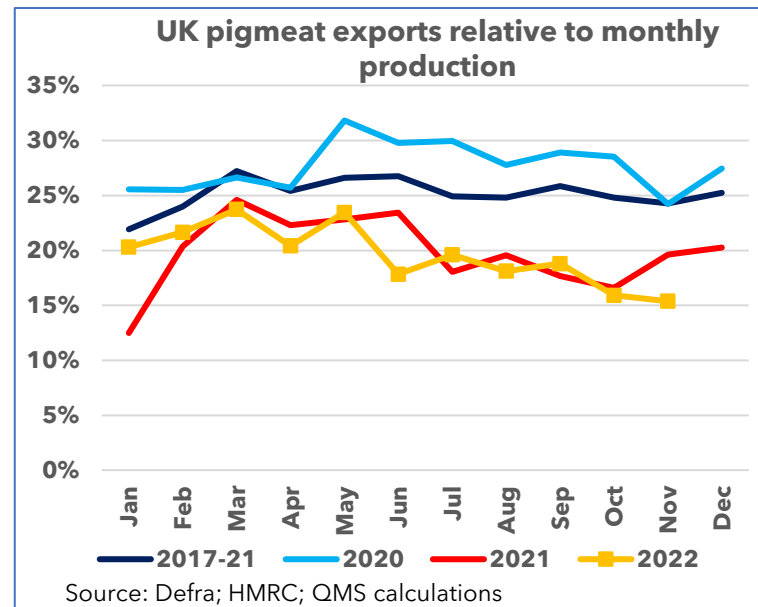
Rising domestic production and weak export demand have led to reduced import requirements relative to overall market supply but volumes still accounted for 35-40% of the market in the second half of 2022. Imports of pork (HS0203) were lower than a year earlier for a fourth straight month in November whereas bacon & ham imports (HS0210) exceeded 2021 levels for a second month.

Exports of pork (HS 0203) to the EU rebounded from a year-to-date low but still trailed 2021 levels for a second straight month in November as the EU market was less tight than signalled by its fall in production. This reflects a fall in EU exports to non-EU countries with growth markets such as the Philippines and Korea unable to offset reduced trade with China.

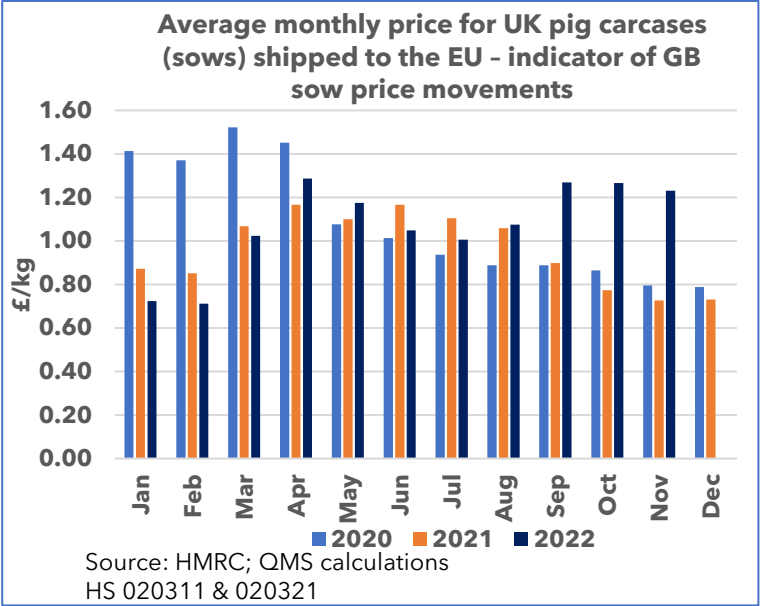
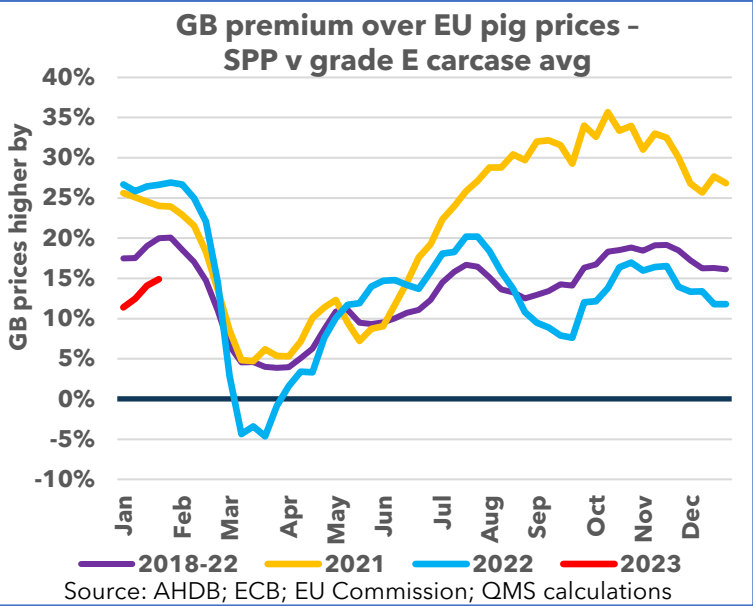
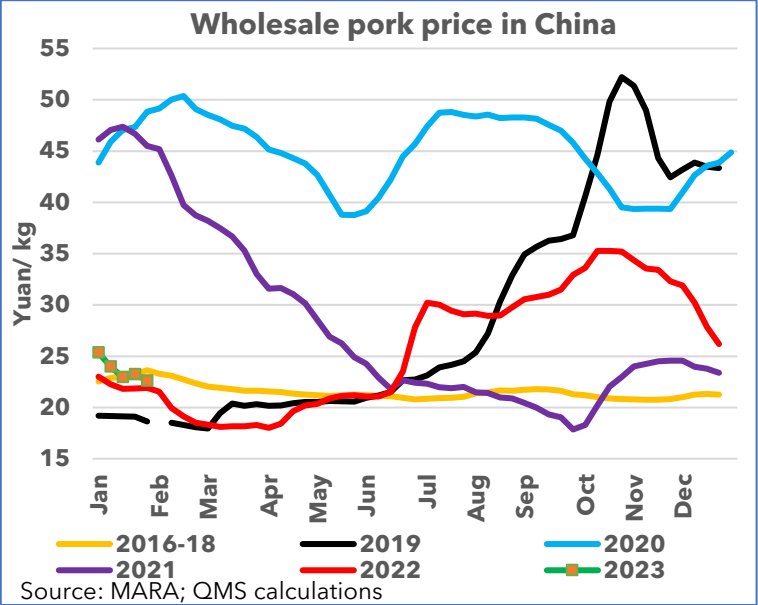
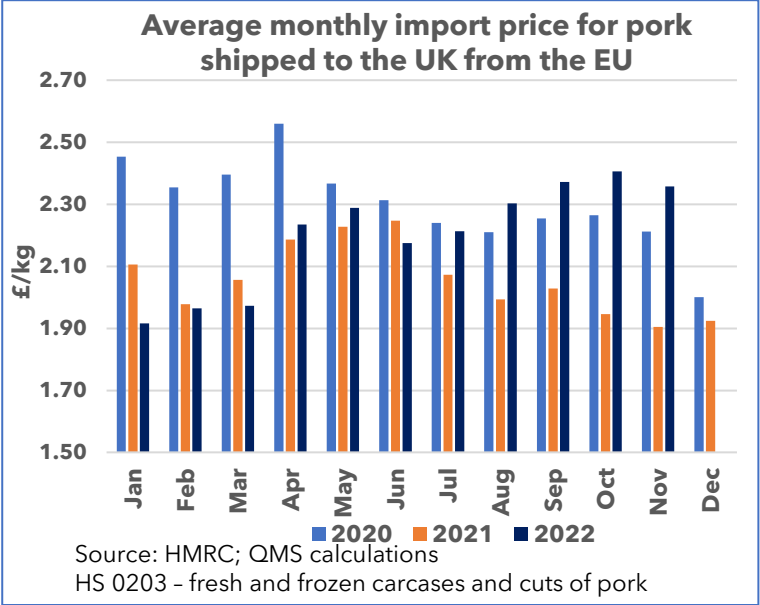
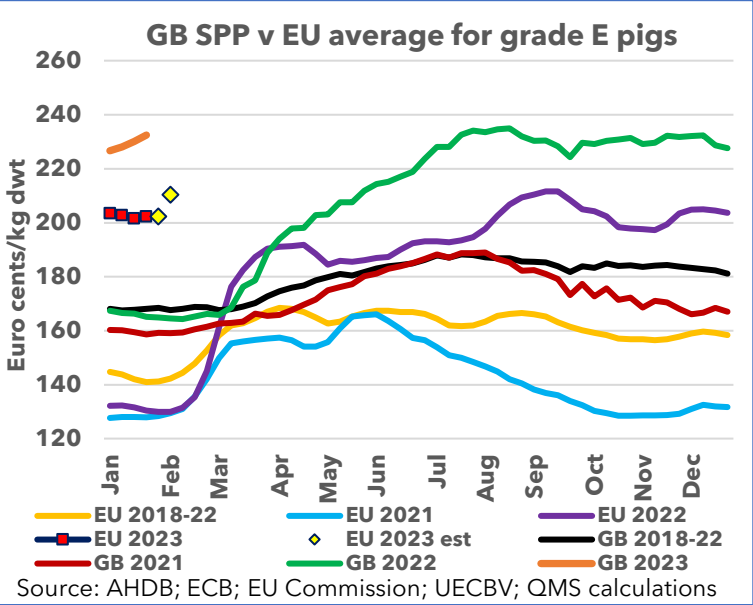
UK exports (HS 0203) to China and Hong Kong picked up on the month in November but the year-on-year decline (38%) returned to around its year-to-date level of 35% after two months running 12% behind.

Note:

HMRC trade data used here covers HS codes 0203 (fresh or chilled & frozen swine meat) & 021011, 021012 & 021019 (bacon & ham).



Factors driving UK international trade in pigmeat - Chinese pork prices are now signalling a well-supplied market and its imports did show some recovery in Q4 2022, just not from EU and UK exporters. After some improvement in GB price competitiveness in December, the trend reversed in January, but this may be about to change again in February, with EU prices expected to lift significantly.



USDA Global Pork Market Forecasts, Jan 2023 (million tonnes carcass weight)						
Key indicators	2018	2019	2020	2021	2022	2023
World, production	111.9	101.0	95.8	107.6	113.8	114.1
China, production	54.0	42.6	36.3	47.5	55.0	55.0
All countries, imports	8.6	9.3	11.7	11.5	9.77	9.81
China, imports	1.46	2.45	5.28	4.33	2.05	2.10
EU, production	23.2	23.0	23.2	23.6	22.7	22.6

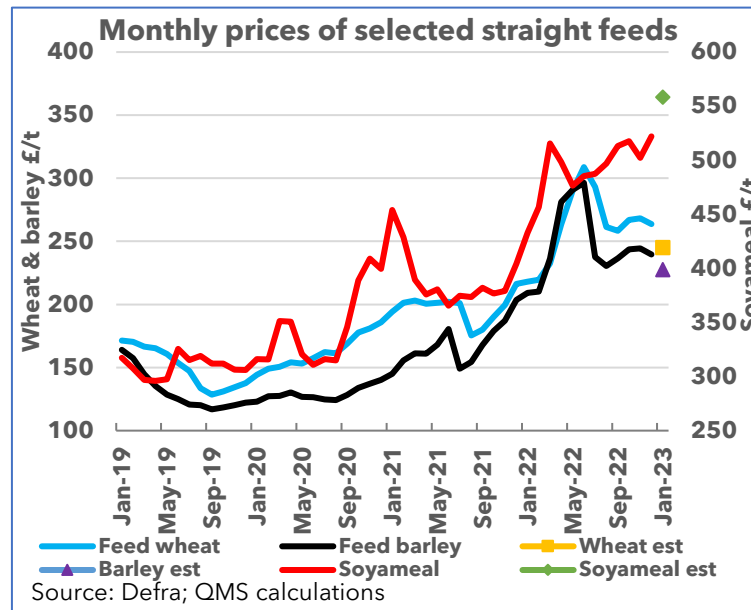
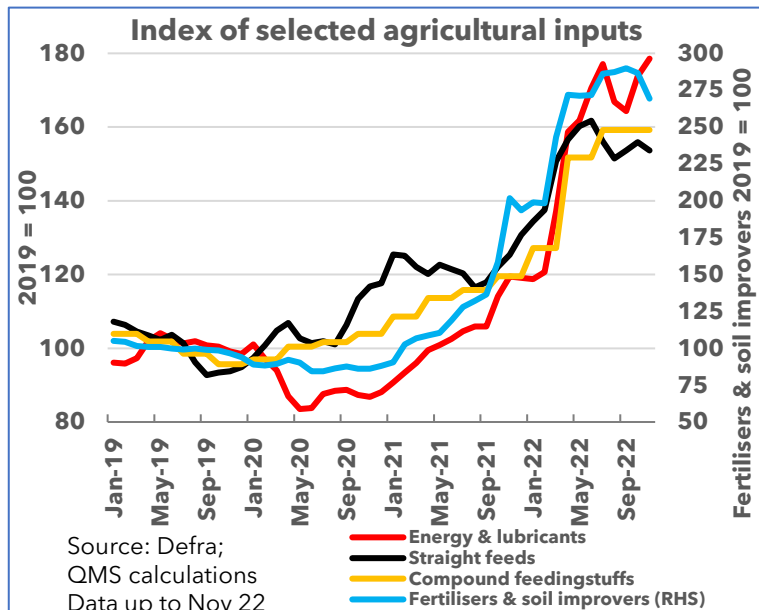
Source: USDA Foreign Agricultural Service

Summary of economic developments



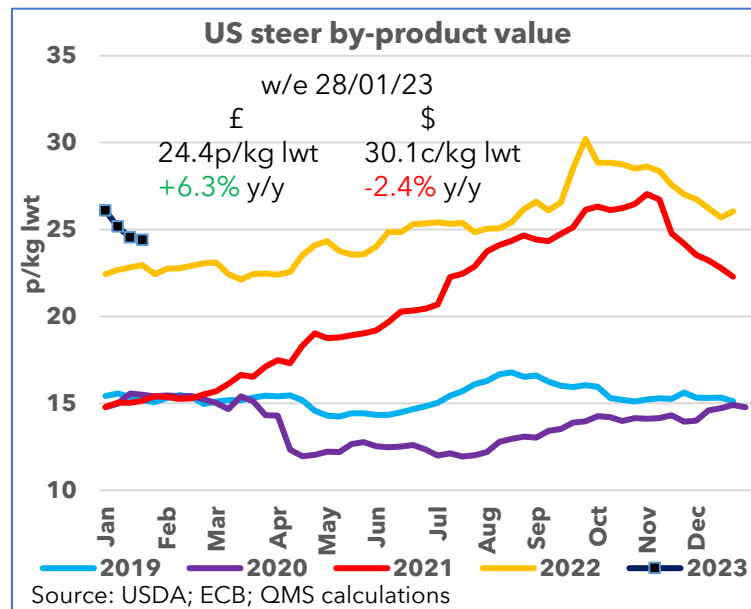
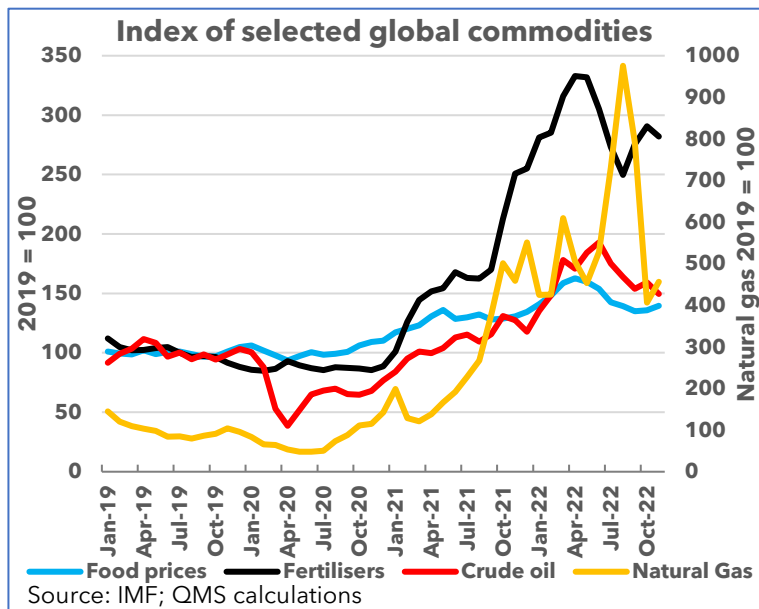
- Commodity prices have remained well below their 2022 peak in early 2023 but farmers and processors continue to face unusually high levels of input costs as end prices are now reflecting past rises in raw material prices.
- Consumer confidence remains very weak due to concerns about rising energy, food and mortgage costs but the cap on unit energy costs has supported a slight rebound in confidence around personal finances since the autumn and fuel prices have fallen from their peak.
- Strong average earnings growth has continued to support increased retail sales in cash terms, but much higher prices are leading to reductions in purchased volumes.
- The meat retail market is experiencing significant volatility, driven by consumers trading down towards cheaper products, and although lamb had a better Christmas, it has been underperforming other proteins.
- PMI surveys suggest that the resilience of the UK labour market is being tested, with staffing levels no longer increasing. However, labour market survey results show that strong earnings growth continued in late-2022, driven by the private sector.

Production costs and by-product revenues



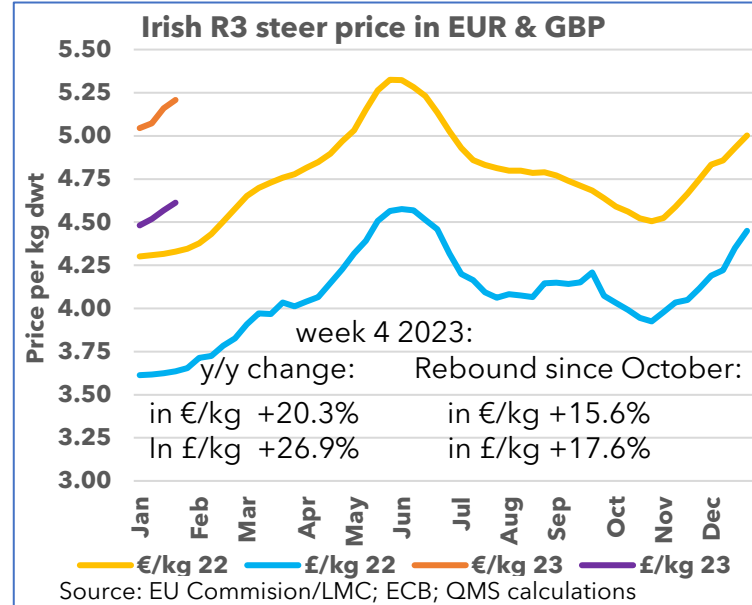
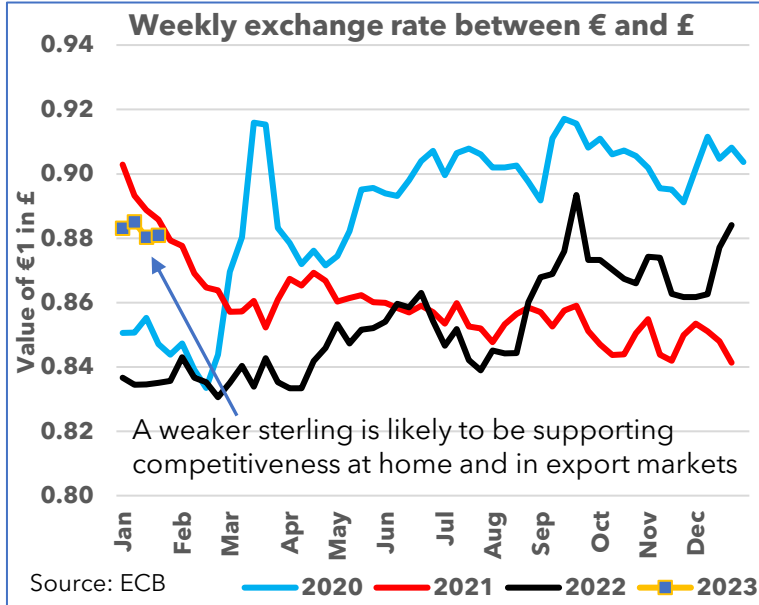
Commodity prices have fallen from their highs, supported by a fall in the US dollar and fears over the Chinese economy as it transitions away from covid restrictions, while a mild autumn and winter in Europe has boosted gas storage and limited demand. Nevertheless, businesses are still having to deal with higher cost bases than they have been used to. Contract pricing of inputs means that businesses may still be facing rising costs even as commodity prices have dipped.

As well as uncertainty over demand in China, spot grain prices have fallen due to the increased availability of cheap Black Sea wheat on the global market. Year-on-year increases have slowed below 10%. However, the cost of soyameal has risen, reflecting drought in Argentina, and prices have opened 2023 around 25% higher than in early 2022.



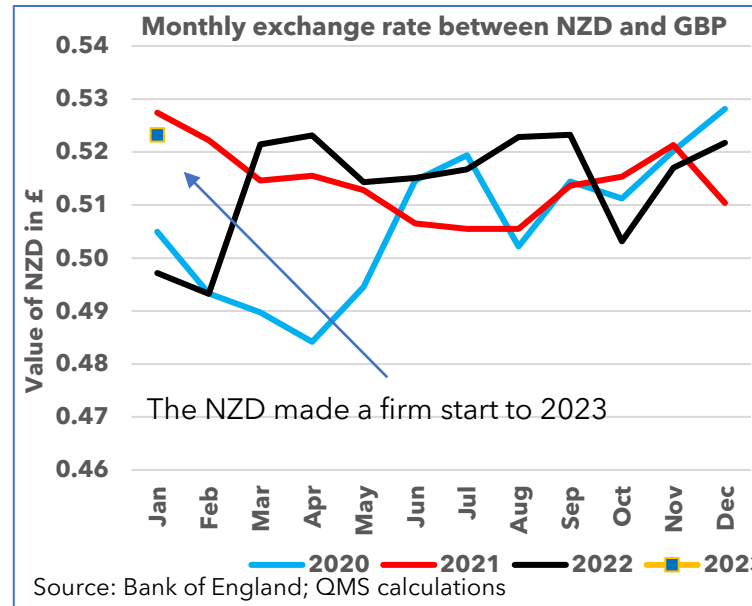
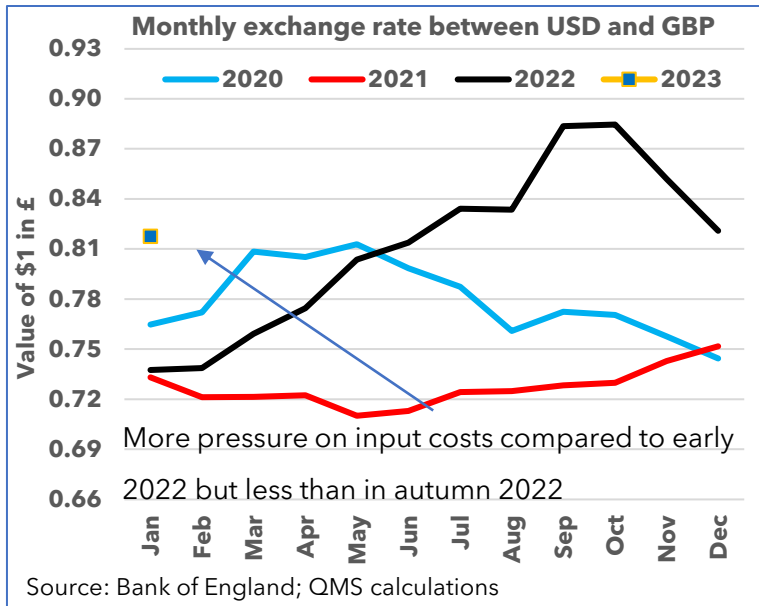
By-product value has followed commodity markets lower since the autumn. Hide value softened in the USA at the beginning of 2023. Prices steadied moving into February but continued to run behind year earlier levels (-12% y/y in USD; -2% in GBP).

Exchange Rate Movements – sterling has shown a slight rebound after changes to fiscal policy while the USD is off its peak with interest rate increases set to slow



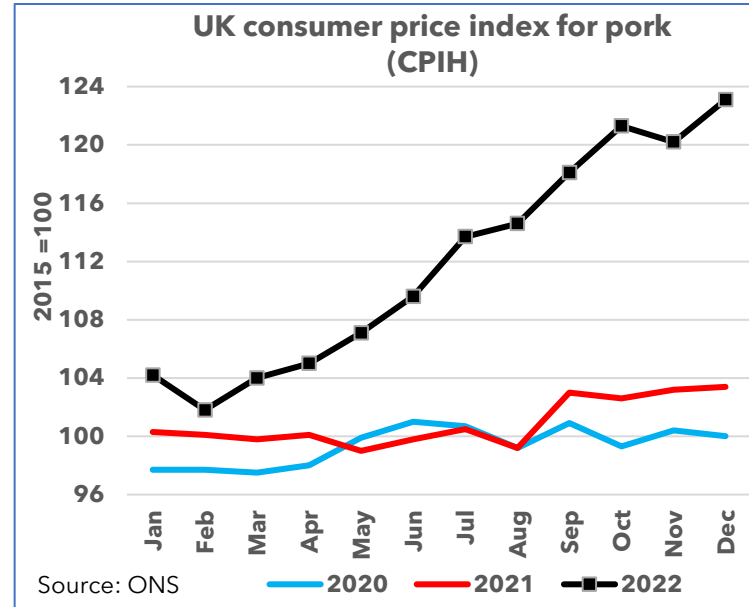
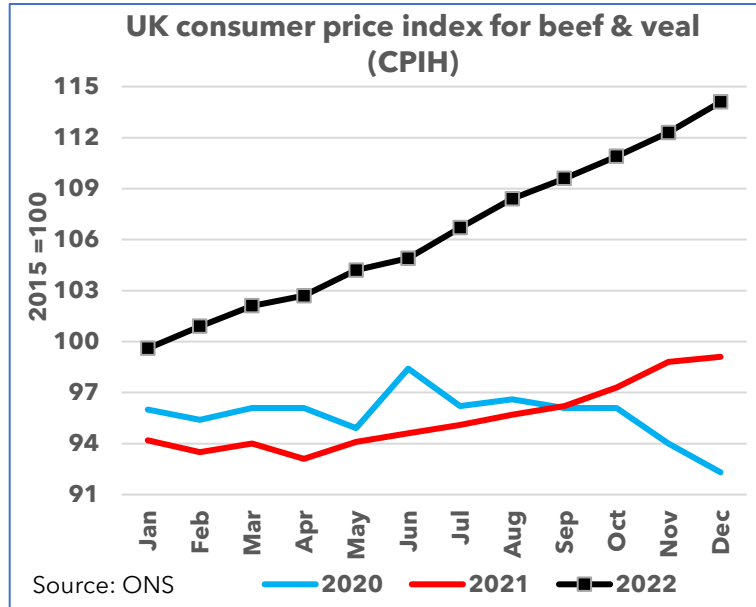
Sterling weakness since mid-December has given Irish cattle prices some additional momentum.

Slowing US inflation has resulted in a lower expected peak in US interest rates, pressuring the US dollar since the autumn. In turn, this has placed some extra downwards pressure on the price of imported commodities but may have also taken some of the heat out of returns on dollar-denominated exports to third countries.



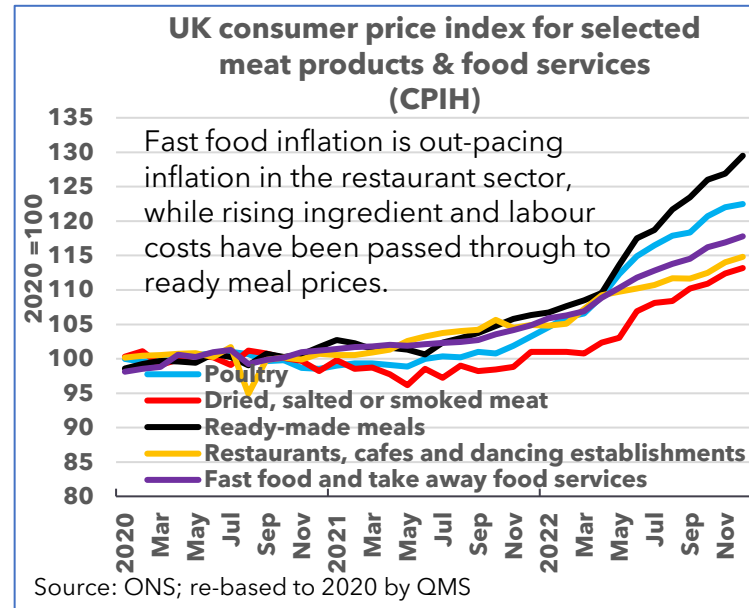
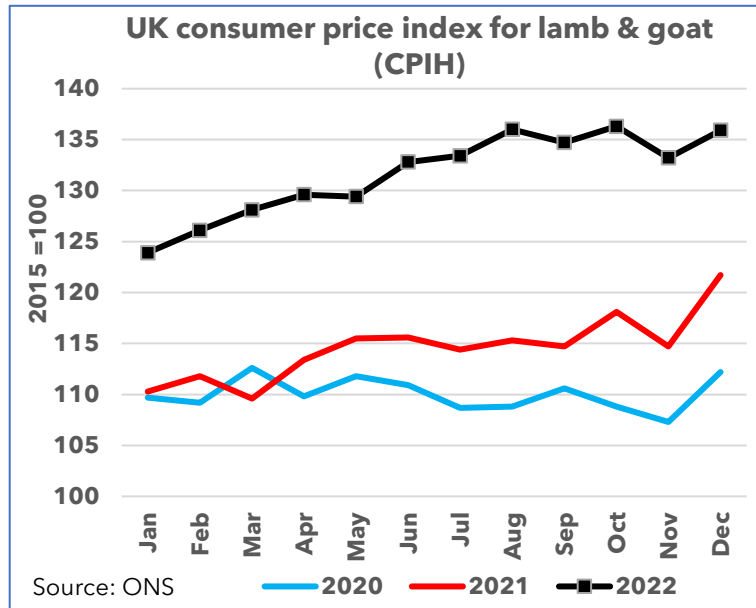
However, the USD remains stronger than a year ago, meaning an unchanged export price of \$5,000/t would have returned £3,690 in January 2022 but £4,090 in January 2023 (+11%).

Retail demand and prices - meat prices continue to show strong year-on-year increases, limiting sales volumes



Retail demand remains firm overall but sharply higher prices at a time of falling real incomes means that higher spending on meat is limiting the room for uplift in sales volumes.

For beef, there has been a shift in spend towards cheaper cuts, such as mince, but this is less evident in pork. Lamb is, on average, an expensive protein and significantly underperformed in 2022 - though it did have a good Christmas. It is possible that lamb retail prices have now peaked, helping to limit any further losses in shopper numbers.



Y/Y Change in GB retail sales reported by Kantar in 12 weeks to 25/12/22

	Value	Volume	Avg price per kilo
Fresh beef	+9.2%	+0.4%	+8.8%
Fresh lamb	+0.2%	-7.1%	+7.9%
Fresh pork	+14.0%	+1.9%	+11.8%
Fresh poultry	+13.3%	-0.0%	+13.4%
Total market	+7.2%	-2.7%	+10.3%

Source: Kantar

Economic indicators – wage pressures have been supporting household spending, but have not been enough to keep pace with inflation and PMI surveys are now signalling a dip in hiring

