

# QMS Monthly Market Update

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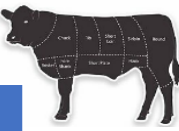
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Data Disclaimer: All deadweight price data used in this report is supplied to QMS by AHDB, who collect the data from reporting abattoirs each week and publish a consolidated set of data, regionally within GB for cattle, and GB-wide for sheep and pigs.

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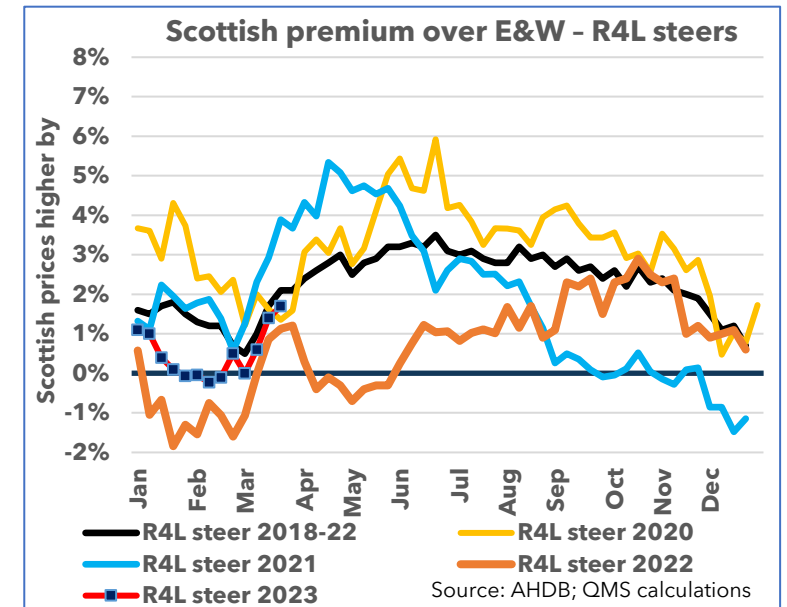
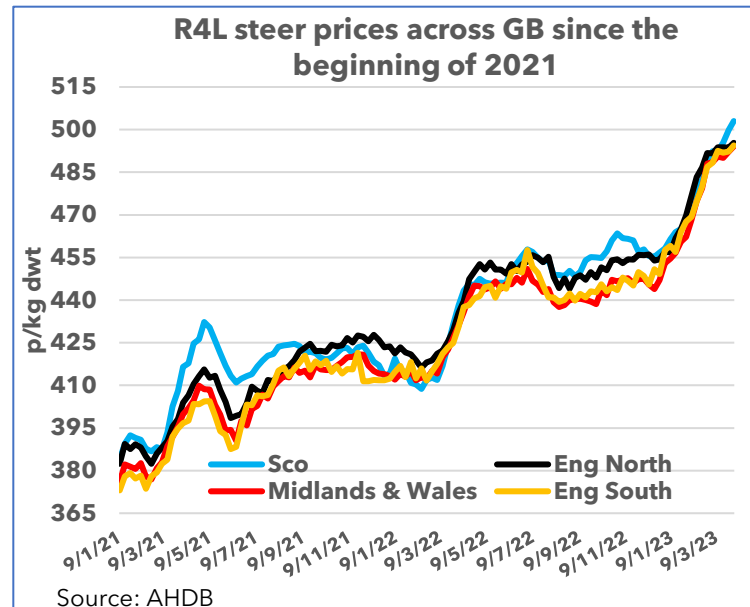
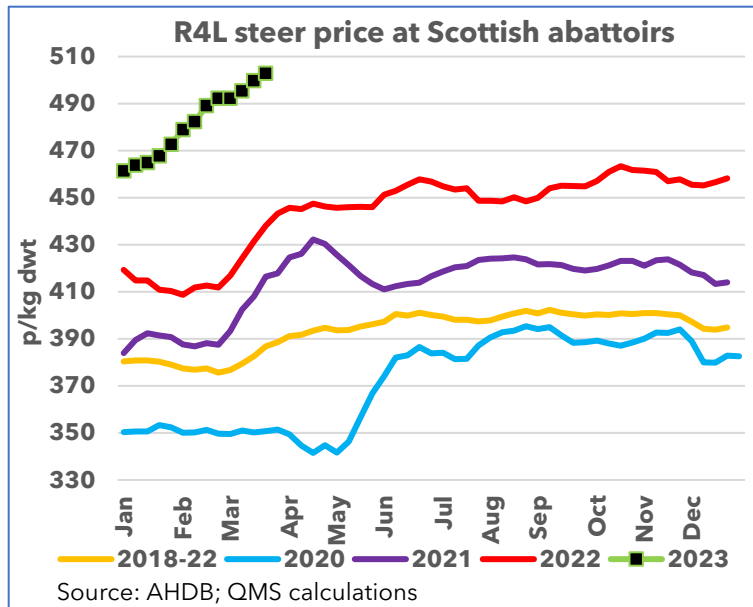
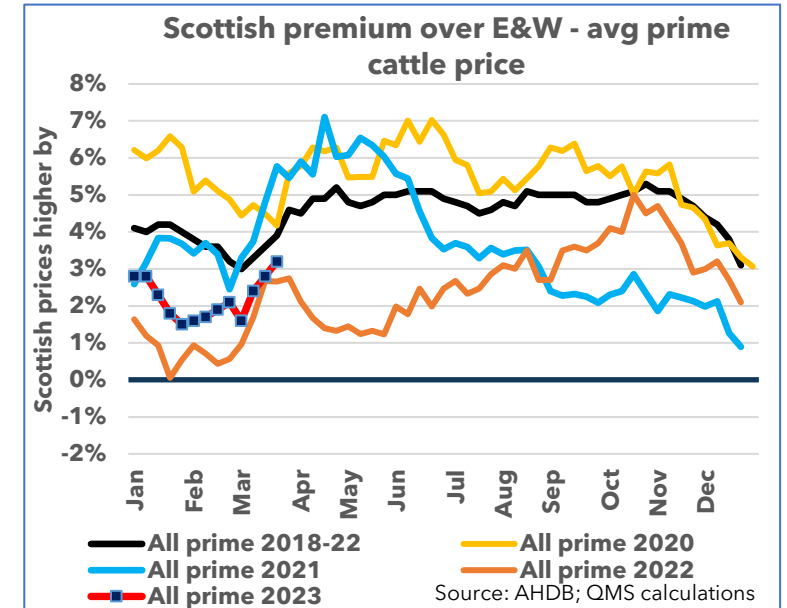
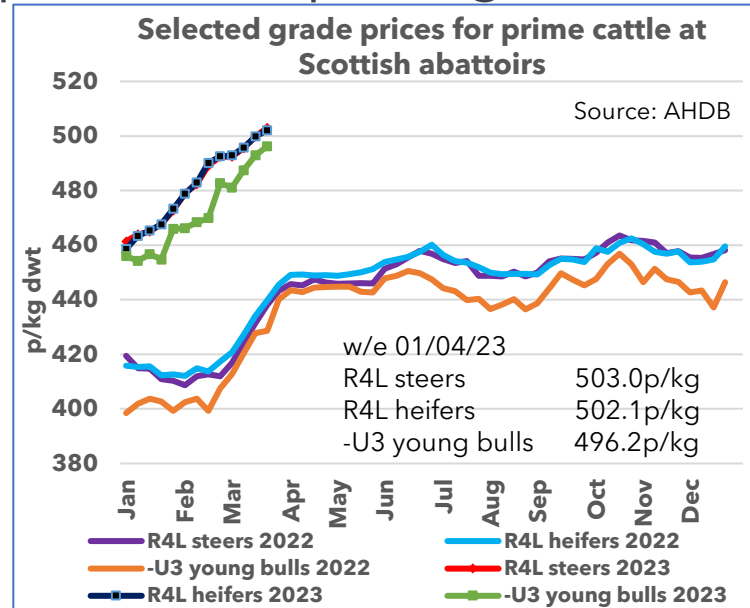
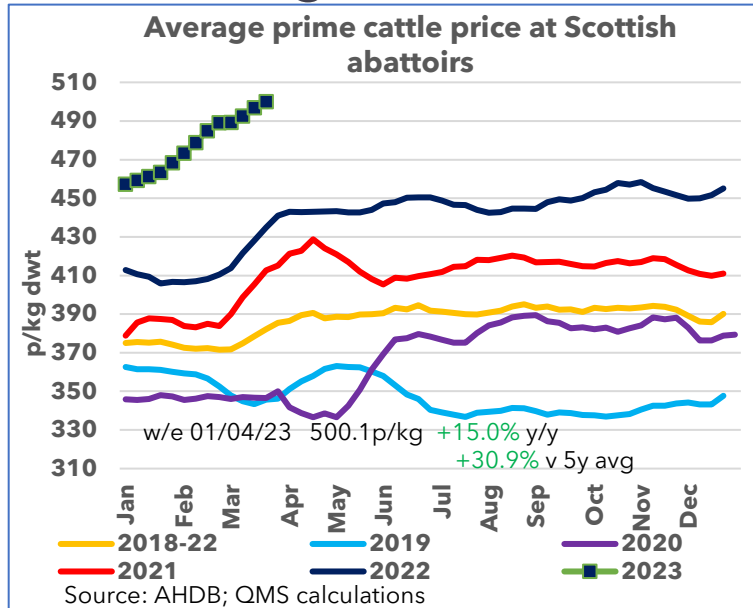
# Summary of market developments – beef market



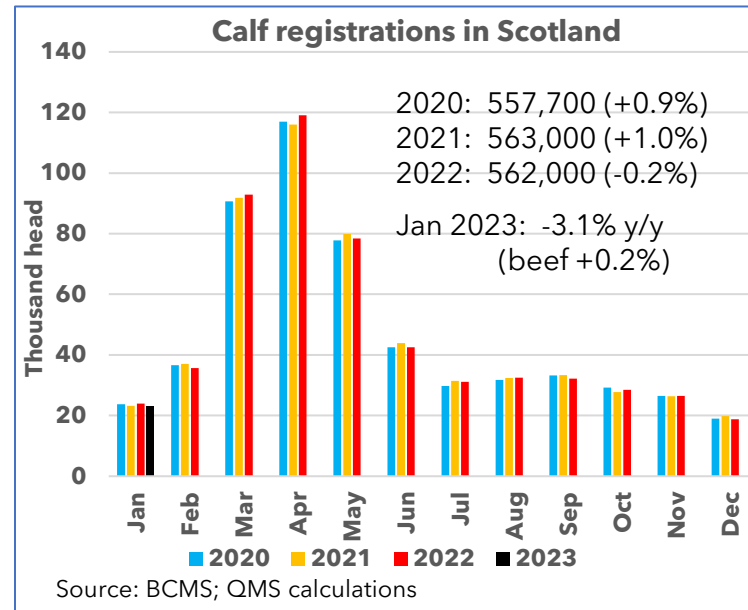
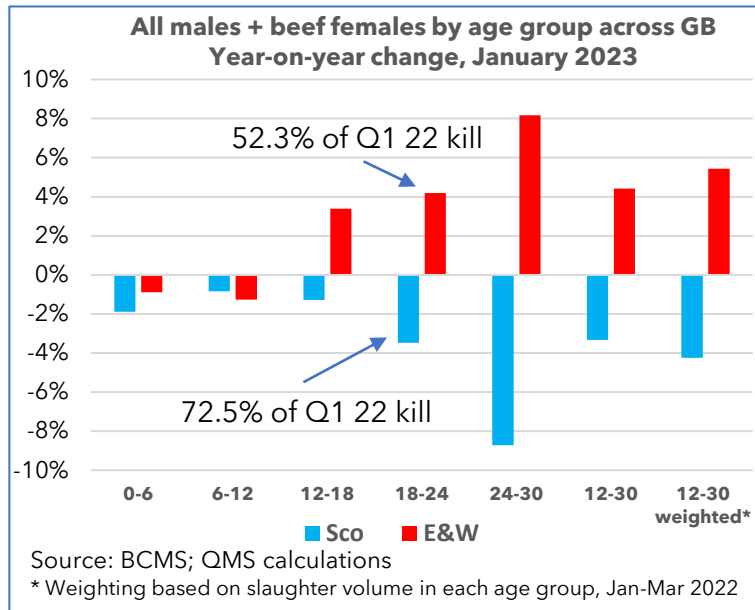
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 1 April	503.0	+3.2p	+2.2%	+14.8%	+30.0%
Prime cattle slaughter at reporting Scottish abattoirs	Average in four weeks to April 1, head procured deadweight	6,092		-4.7%	-8.3%	-11.1%
Store price at Scottish auctions for steers aged 6-12 months	Average in four weeks to March 25, £ per head	£1,168		+0.5%	+17.0%	+24.1%
UK beef market supply	Tonnes in Dec 2022-Feb 2023 (estimate)	249,100			+2.0%	-1.7%

- Prime cattle prices continued to rise strongly through March in Scotland, reaching new record highs. While year-on-year increases slowed due to an even stronger upturn in March 2022, the lead over the five-year average remained around 30%.
- Prime cattle availability may have tightened seasonally in Scotland now that the peak slaughter age for spring-born cattle from 2021 has passed. Meanwhile, January population data indicates that prime cattle availability will have remained tight relative to year earlier levels in Scotland, with numbers down 3.3% year-on-year at 12-30 months. This contrasts with a 4.4% 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 and early 2023, a prolonged period of prior decline is likely to have ensured that the overall supply situation remained tight. EU and global beef supply is also tight in 2023.
- In January 2023, the number of beef-sired females aged 30 months and over on Scottish holdings was 3.3% less than at the beginning of 2022, driven by a sharp lift in cow slaughter in late-2022 and fewer heifers being available for replacement. This 3.3% fall matched the year-on-year decline in beef cows in December 2022 reported by the Scottish Government.
- Store cattle prices have held firm at the start of the peak spring selling period at Scottish auctions, driven by tight supply. BCMS cattle population data indicates that competition for store cattle is set to remain firm throughout 2023, given the reductions in numbers aged under a year old in January on both sides of the border.

# Farmgate prices - prime cattle have continued to trend higher, reaching new record highs, with Scottish prices out-pacing the E&W market in March



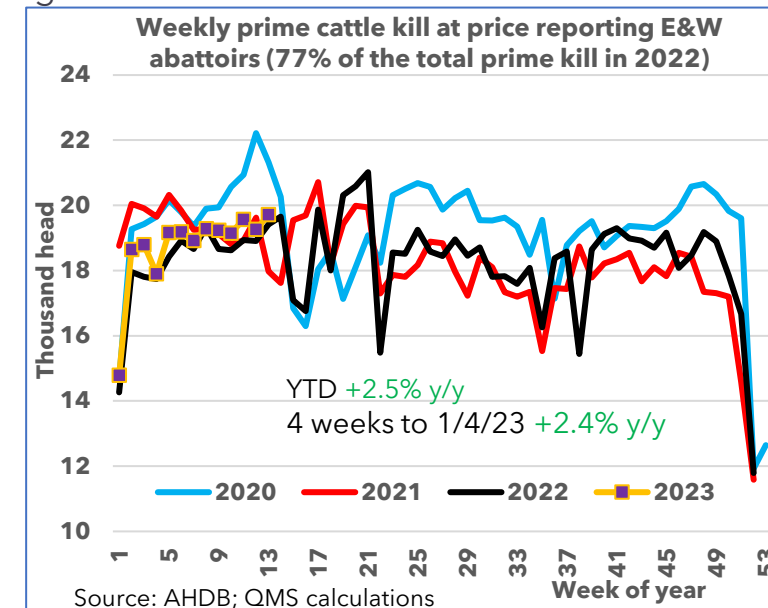
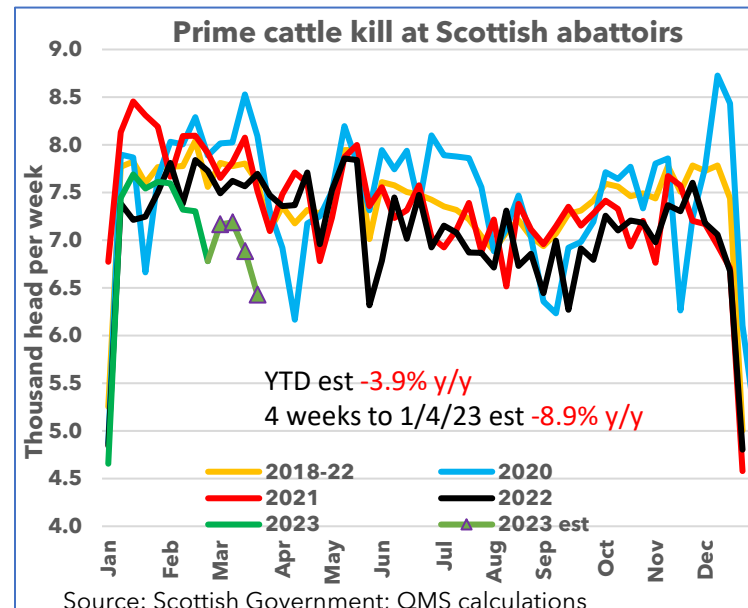
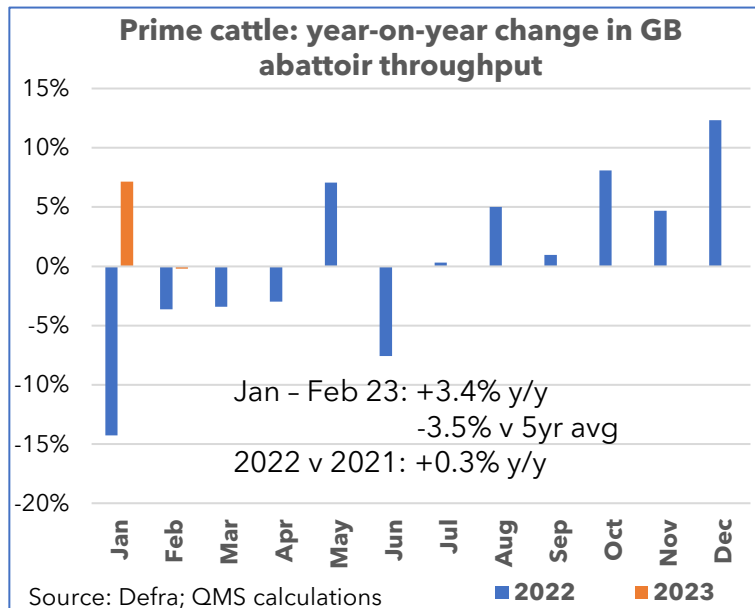
# Availability and slaughter - fewer prime cattle on Scottish farms in contrast to a significant increase in E&W



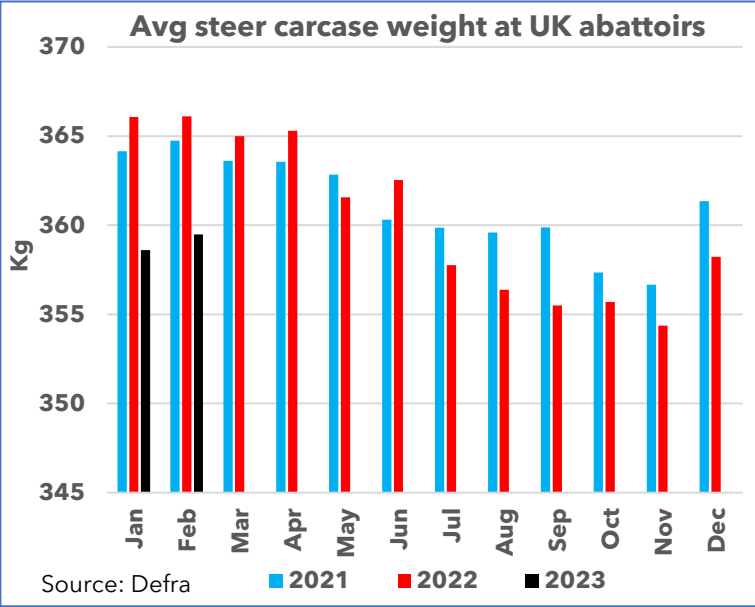
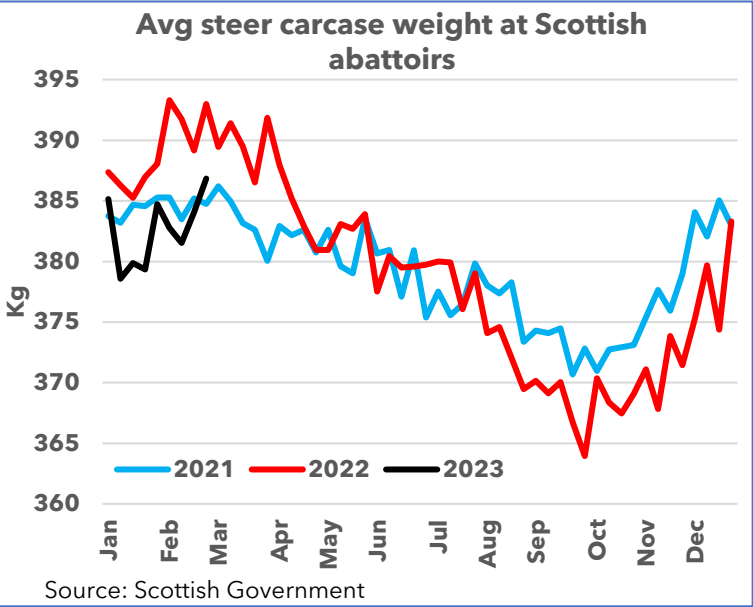
BCMS cattle population data for January highlighted a continuing year-on-year shortfall of prime cattle supply in Scotland, with the number of males and beef-sired females aged 12-30-months down 3.3% year-on-year. The divergence with England & Wales continued, where numbers were 4.4% higher than in January 2022. Smaller changes in younger age groups signal that, as the year progresses, the decline in availability should soften in Scotland while the increase should slow in England & Wales.

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.

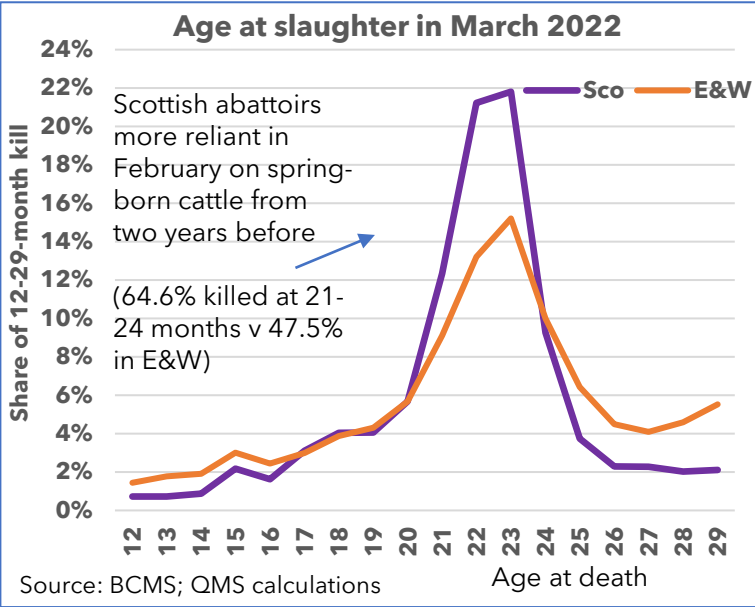
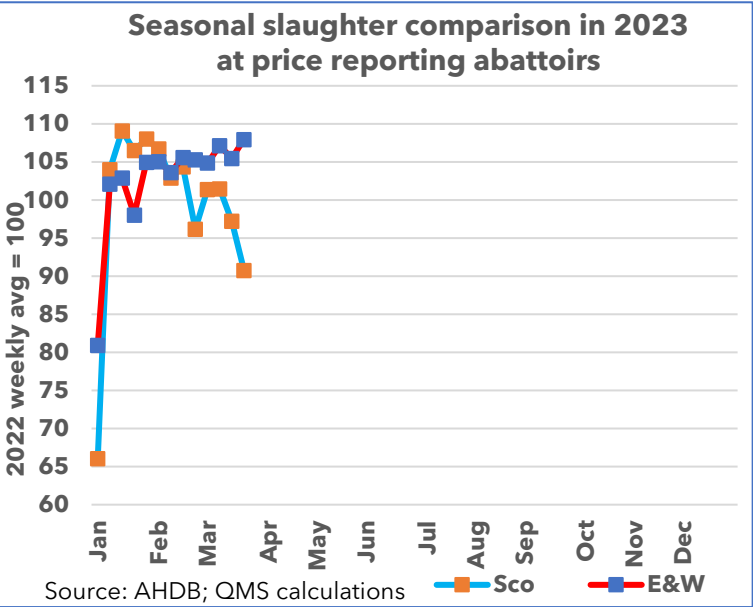
While seasonal supplies appear to have fallen sharply in Scotland, potentially reflecting that the peak slaughter age of spring-2021-born cattle will have passed, numbers have been trending slightly higher in E&W.



# Seasonality of production

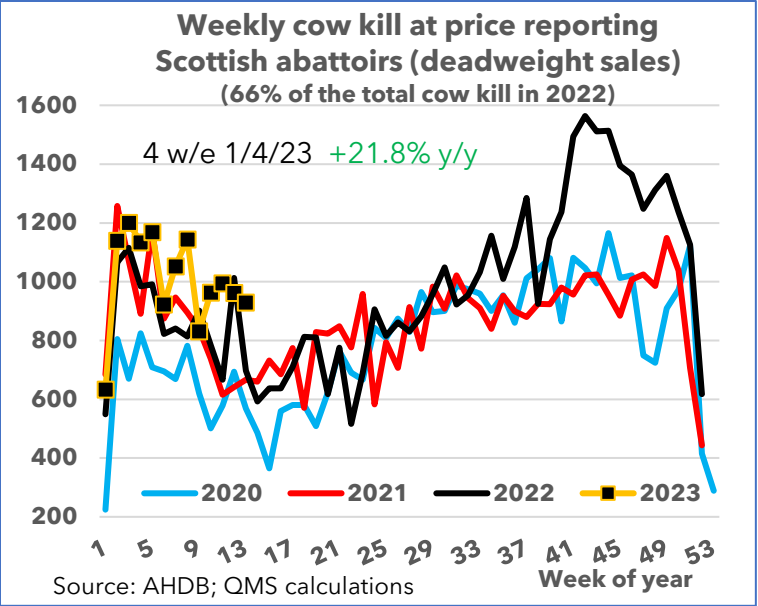
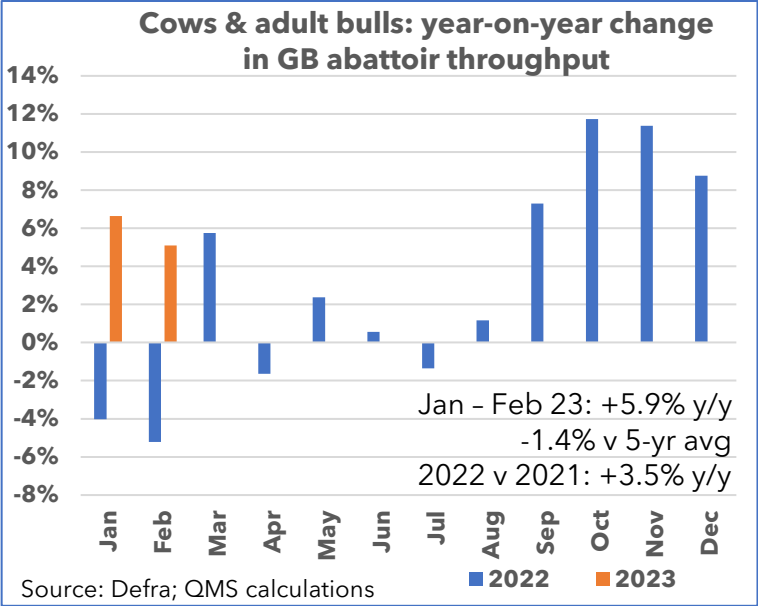


Slaughter tends to be towards its highest of the year in the first quarter as abattoirs draw heavily on the spring-born cattle from two years before. The dominance of spring calving in Scotland plus a younger age profile at slaughter makes the boost to seasonal supply stronger in Scotland. However, after a firm start to the year, numbers tightened significantly in Scotland during March while picking up south of the border.



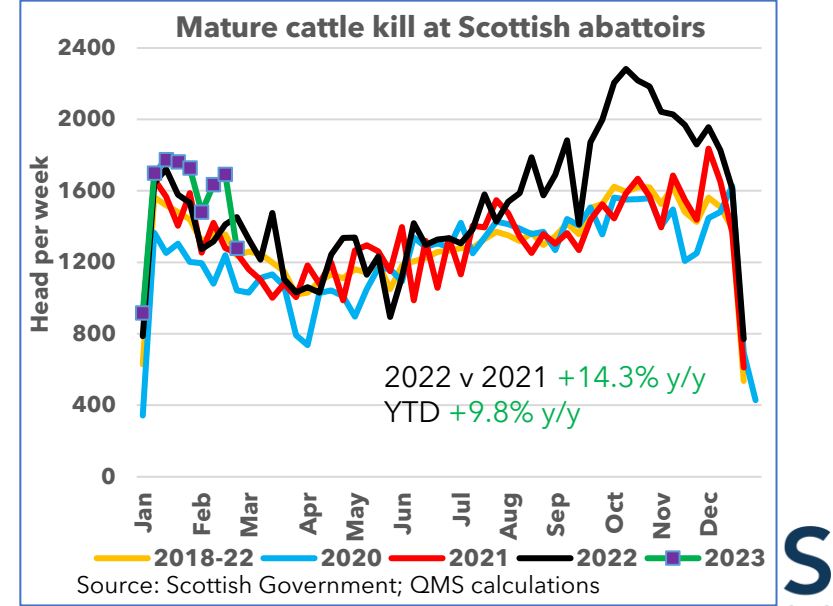
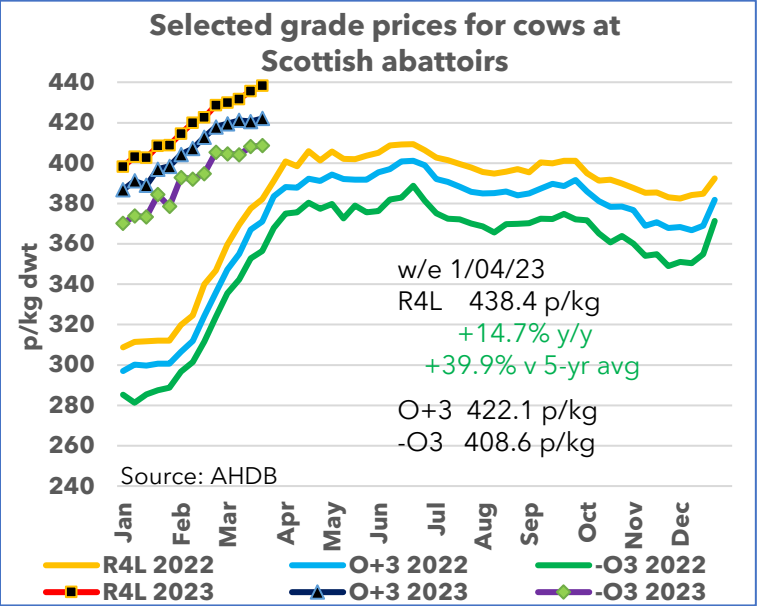
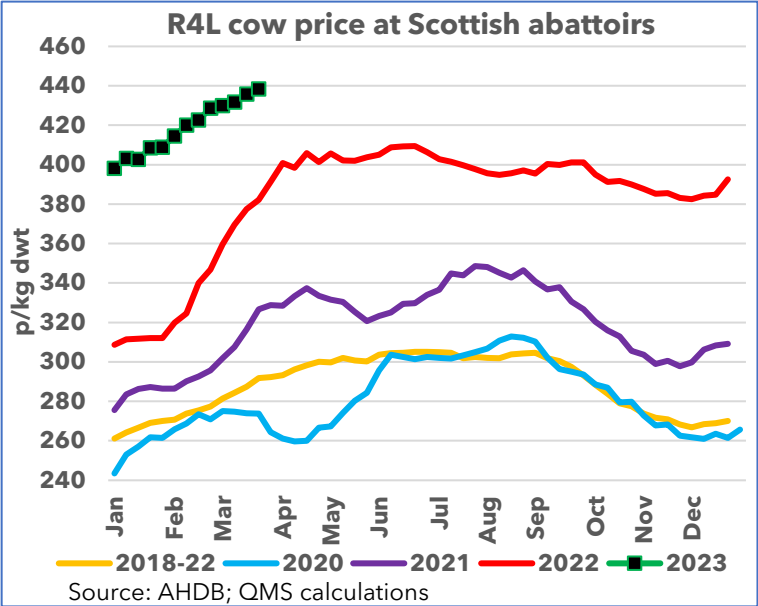
Carcase weights fell on a year earlier in the second half of 2022, likely reflecting dry weather and high feed and fertiliser costs, and this remained the case in January. Slower growth rates could delay the arrival of spring-2021 born calves onto the slaughter market.

# Mature cattle market – seasonal reduction in kill and processing beef demand supporting cow prices

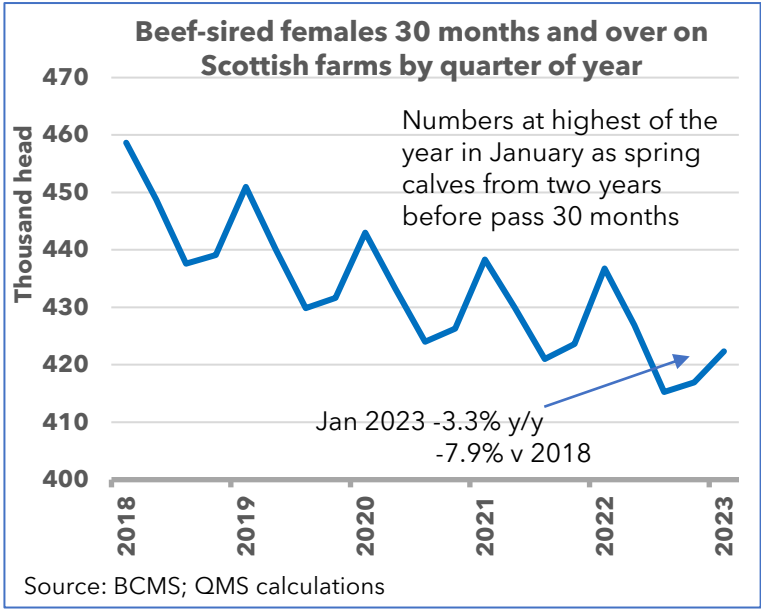
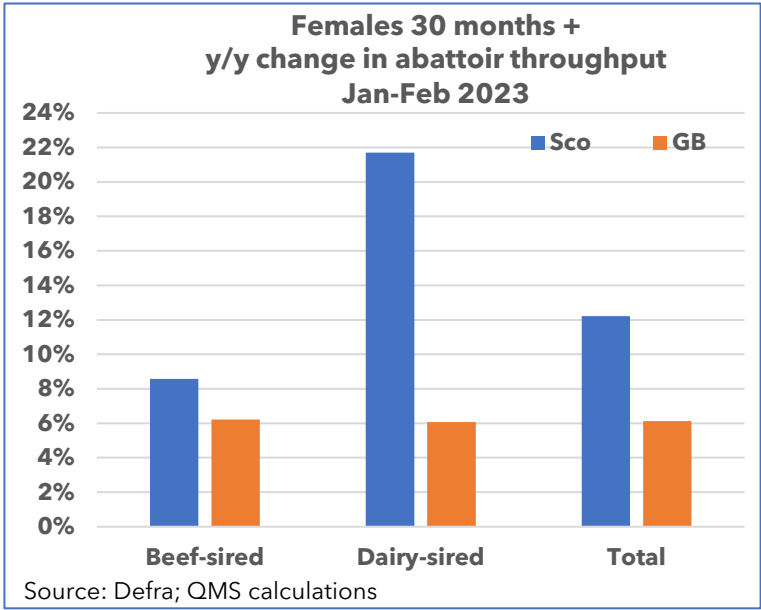


Cow prices continued to firm seasonally through March, although elevated slaughter is likely to have resulted in a slower upwards trend in prices than in spring 2022. Cow prices remain much closer to prime cattle prices than before 2022, driven by tight overall UK beef supply and firm demand for cheaper manufacturing grade beef due to a rising cost of living.

While the cow kill has shown a seasonal downwards trend, continuing year-on-year uplift points to some further herd contraction this spring. The cow kill is estimated to have been around 2,000 head higher than 2022 in the first quarter at Scottish abattoirs.



# 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%
Jan 2023	-1.0%	-3.3%	-2.7%

Source: BCMS; QMS calculations

## Females aged 30 months+ on farms in England & Wales and GB (y/y change in January 2023)

	Dairy	Beef	All
E&W	-1.8%	-2.8%	-2.2%
GB	-1.7%	-3.0%	-2.3%

Source: BCMS; QMS calculations

## December 2022 breeding herd - females over 2 years old that have calved (y/y change)

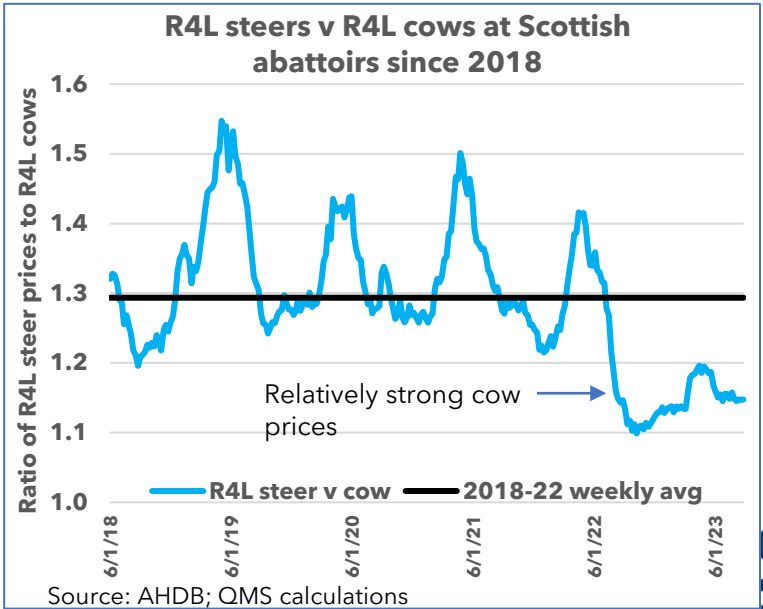
	Dairy	Beef	All
Scotland	-0.3%	-3.3%	-2.4%
England	-0.6%	-2.9%	-1.5%

Source: Defra; Scottish Government; QMS calculations

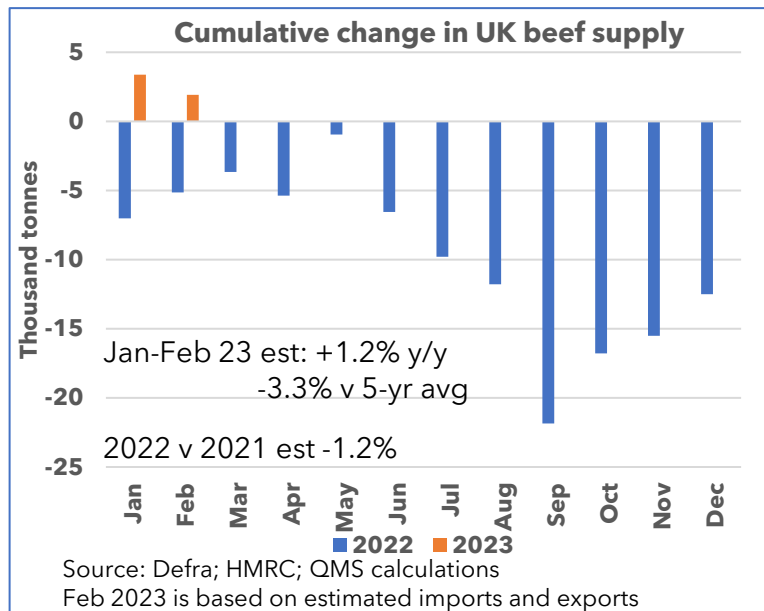
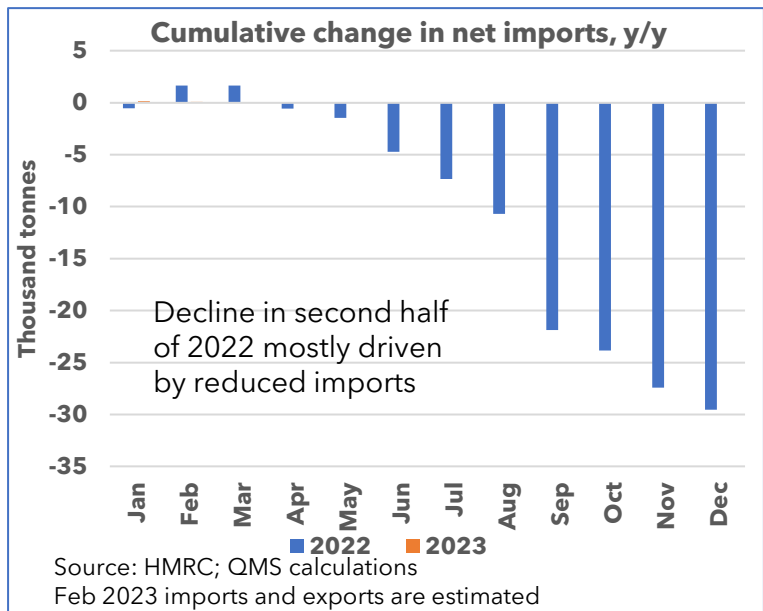
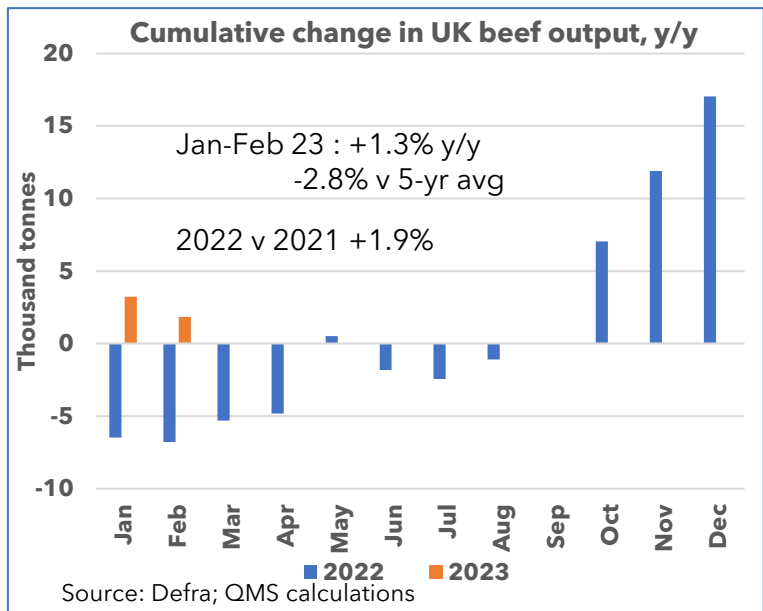
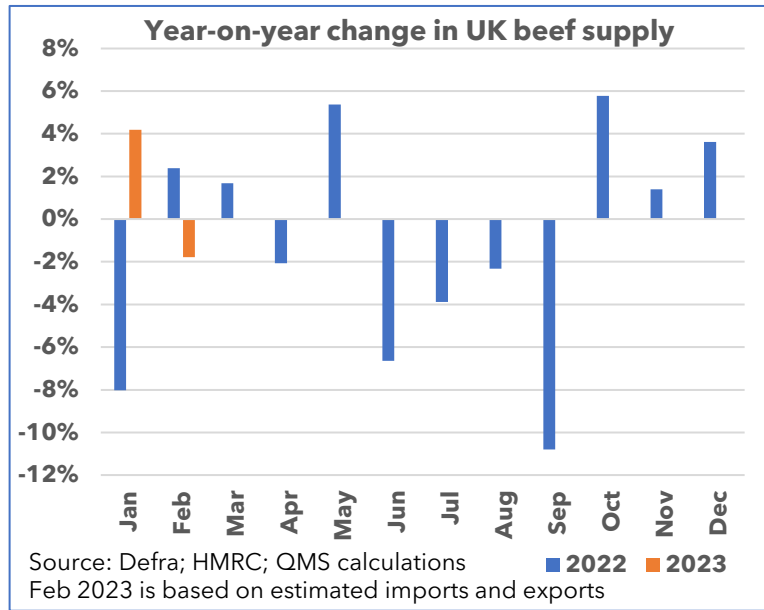
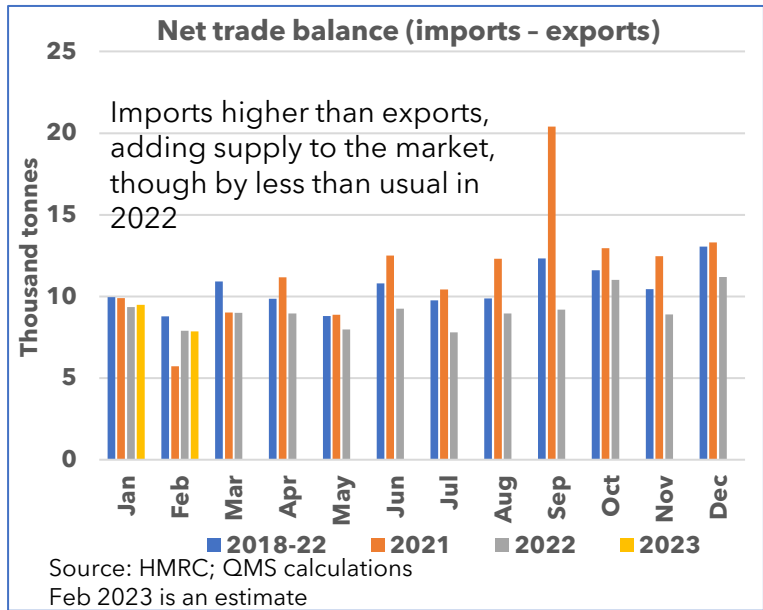
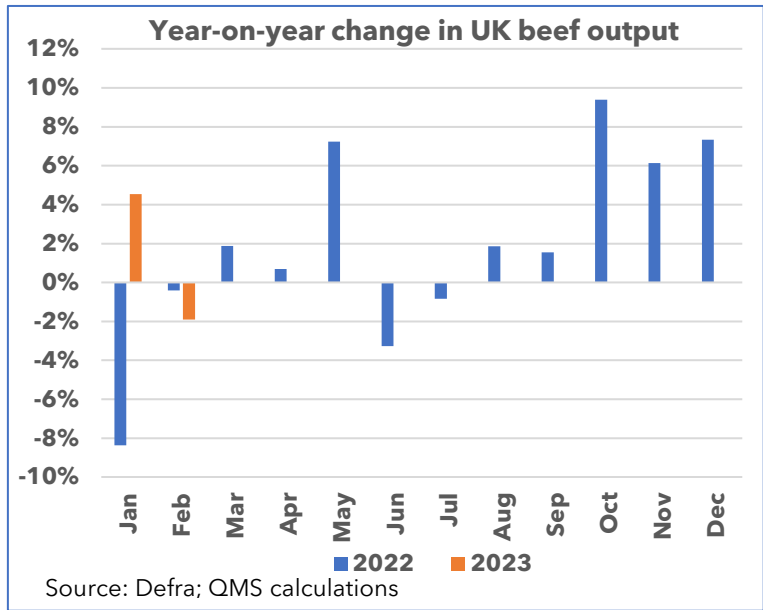
In January 2023, the number of beef-sired females aged 30 months and over in Scotland was down by 3.3% year-on-year, with a fall of 14,300 to 422,300 head. Beef cow numbers reported in December 2022 were also down 3.3% year-on-year, with a fall of 12,900 head leaving numbers at 384,200.

These declines reflected a strong increase in cow slaughter in the second half of 2022 at Scottish abattoirs, plus a reduced cohort of beef-sired heifers available to be added to the breeding herd.

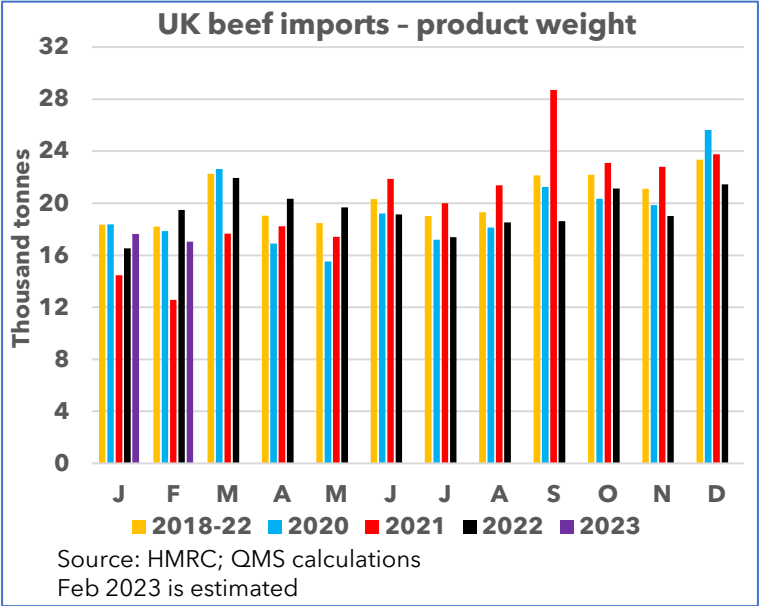
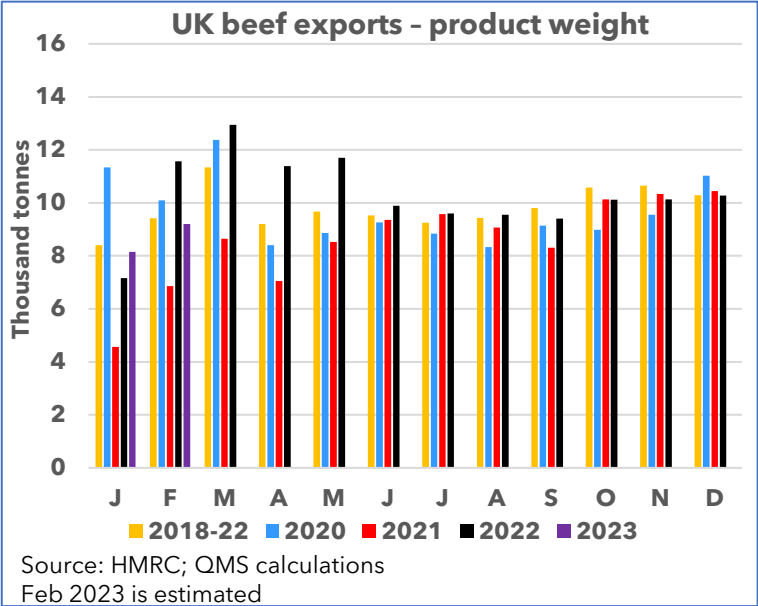
Cull cow slaughter has remained elevated above year-earlier levels in 2023, with cow prices remaining at a level encouraging producers to dispose of their least productive breeding stock. In Scotland, dairy cows underpinned the lift in kill in the first two months of the year.



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



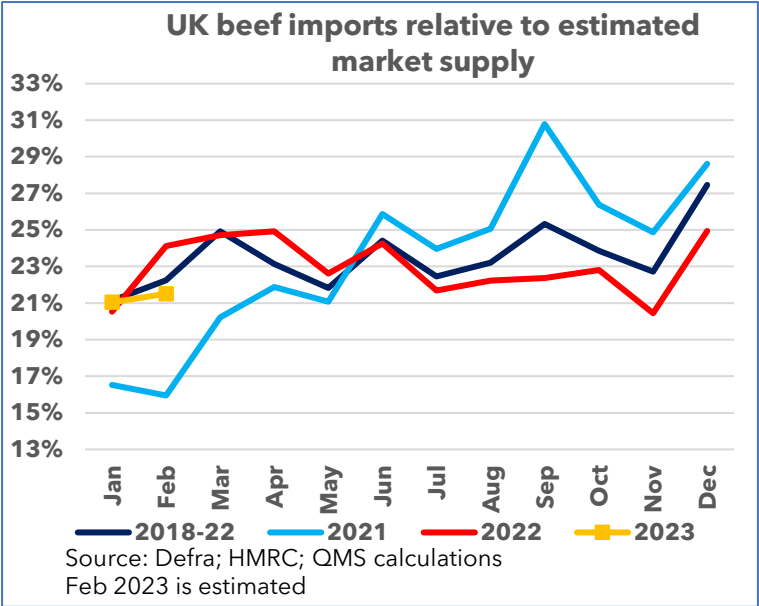
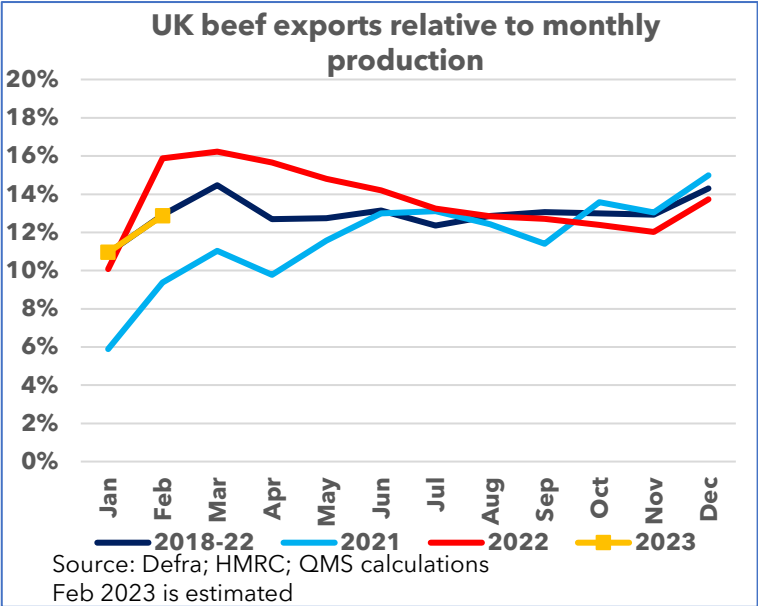
# A focus on UK international trade in beef



UK beef export volumes made their strongest start to a year since the UK left the EU single market.

As had been the case for much of 2022, shipments to the EU were up strongly on a year earlier (+32%) whereas trade with non-EU markets continued to contract (-58%).

Import volumes also rebounded to a three-year high for January, with deliveries from EU and non-EU sources rising (+7% and +4%).



Note:

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

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

# Variables influencing international trade in beef

The Irish prime cattle kill has fallen back below the highs of Q1 2022 so far this year despite increased numbers of slaughter age cattle on farms in December 2022 compared to December 2021.

Irish steer prices were relatively stable in March despite the beginning of the seasonal decline in slaughter, resulting in a widening lead for Scottish prices. In recent years, Irish prices have tended to lift between spring and summer as slaughter falls towards its annual low point.

EU beef prices continue to look historically firm, supported by declining production. Although prices are now similar to year-earlier levels on average, there is significant variation across countries.

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

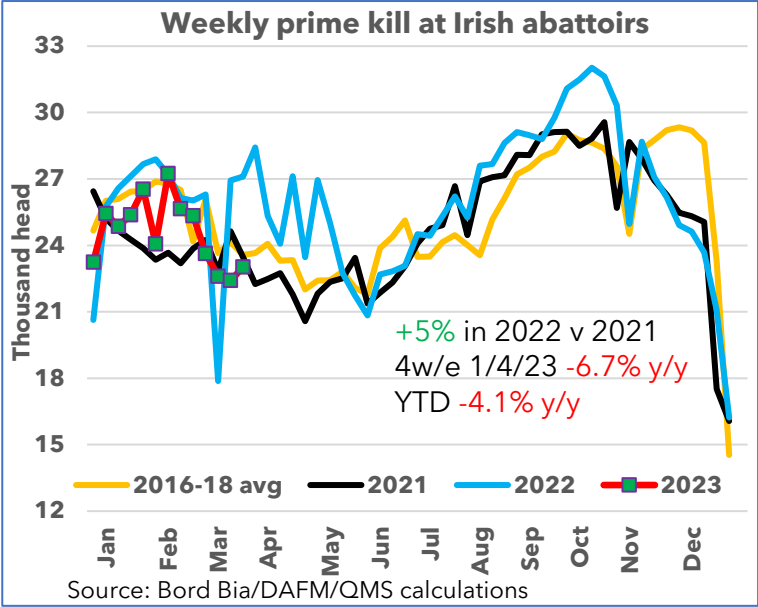
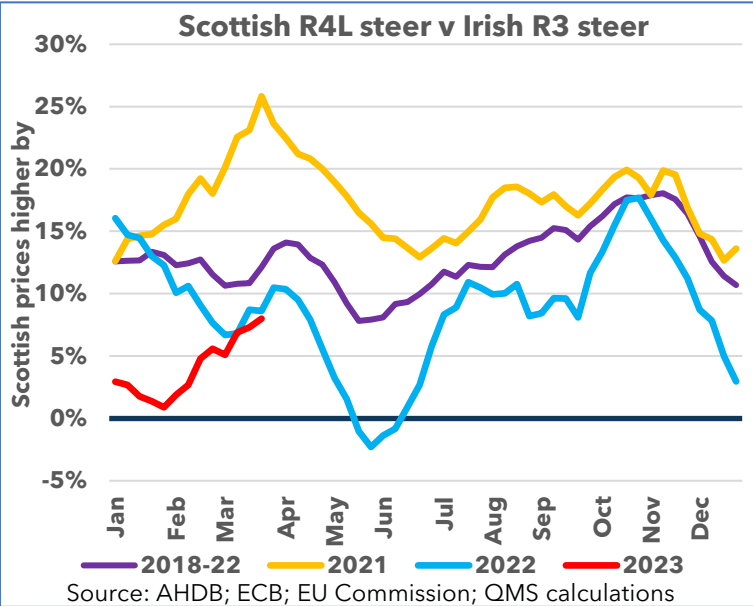
Selected EU cattle prices for R3 males, converted from euro to p/kg dwt

	Week 13 2023	Week 9 2023	Week 13 2022
Germany (young bull)	431.2	467.2	511.0
Netherlands (young bull)	361.9	431.0	361.2
Spain (young bull)	463.6	475.4	410.8
Poland (young bull)	430.7	425.2	425.8
Irish Republic (steer)	465.7	466.4	403.4
<b>For comparison: Scotland R4L steer</b>	<b>503.0</b>	<b>492.4</b>	<b>438.1</b>

Source: AHDB; EU Commission; LMC; QMS calculations

Cattle on Irish farms (thousand head)			
Age group	Dec 2021	Dec 2022	y/y change
<12 months	2,108	1,995	-5.3%
1-2 years	1,767	1,801	+1.9%
2+ (males & non-breeding females)	332	337	+1.5%
Cows	2,395	2,372	-1.0%

Source: CSO



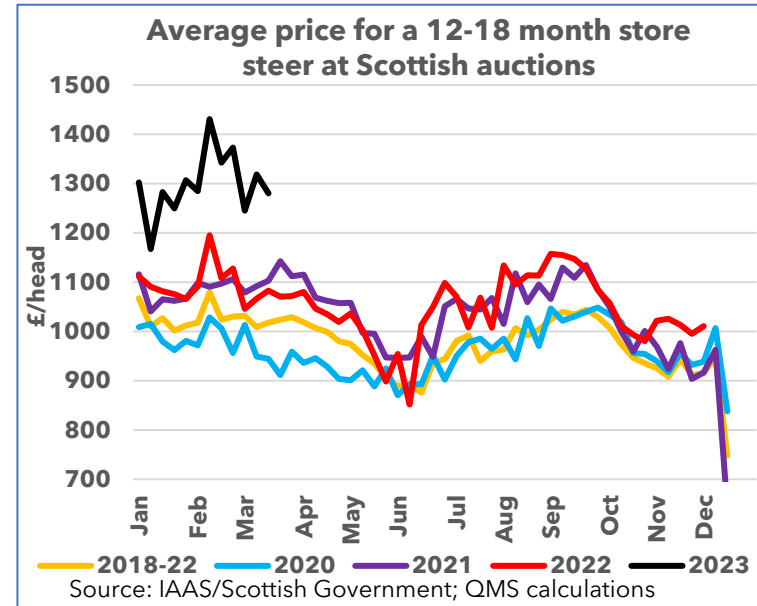
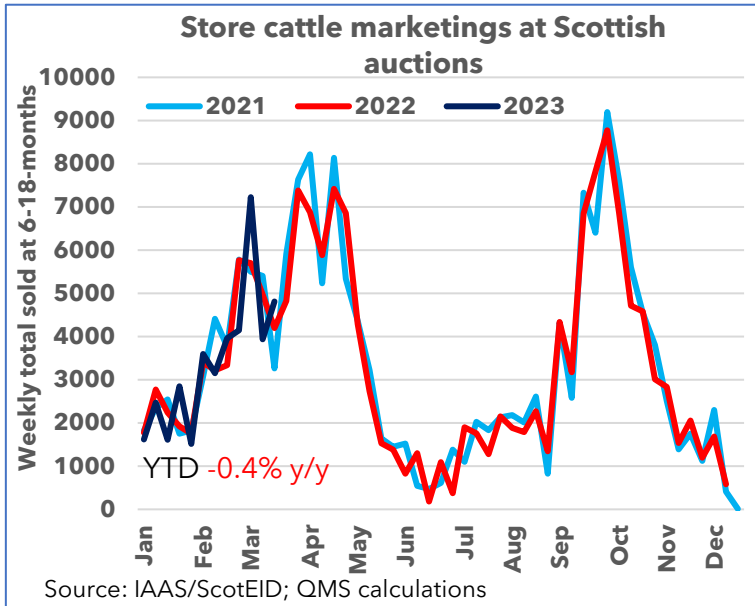
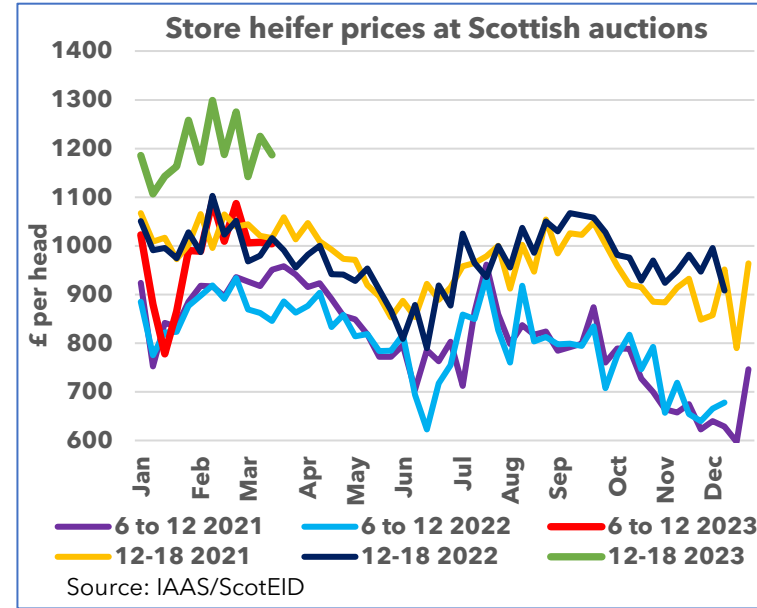
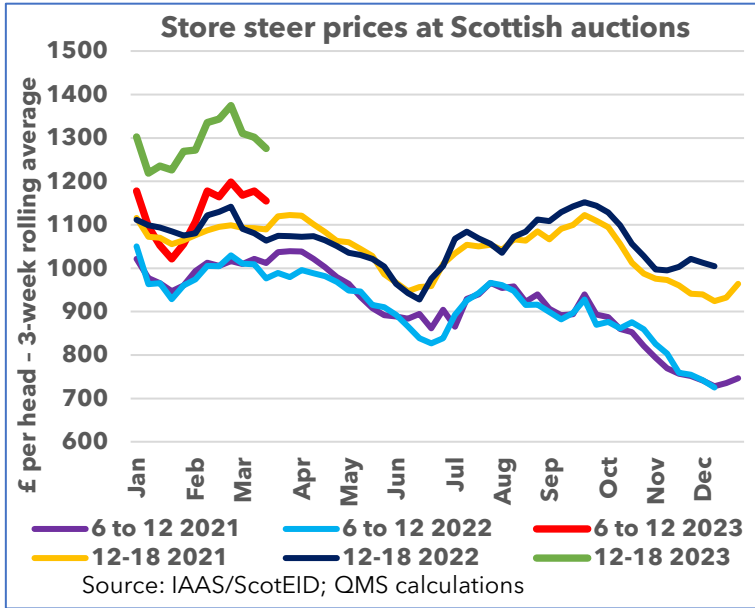
USDA Global Beef Market Forecasts, Apr 2023 (million tonnes carcase weight)

Key indicators	2021	2022	2023
World, production	58.38	59.35	59.15
USA, production	12.73	12.89	12.20
Brazil, production	9.75	10.35	10.57
EU, production	6.87	6.73	6.70
Australia, production	1.90	1.88	2.06
All countries, imports	9.95	10.23	10.33
China, imports	3.02	3.50	3.50
USA, imports	1.52	1.54	1.59
EU, imports (from non-EU sources)	0.32	0.40	0.42

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 – tight supply supporting prices



A reduced availability of store cattle at Scottish auctions compared to 2022 has resulted in a firm start to the year for prices, although they may have now passed their seasonal peak.

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

BCMS cattle population data indicates that competition for store cattle is set to remain firm throughout 2023, given the reductions in numbers aged under a year old in January on both sides of the border.

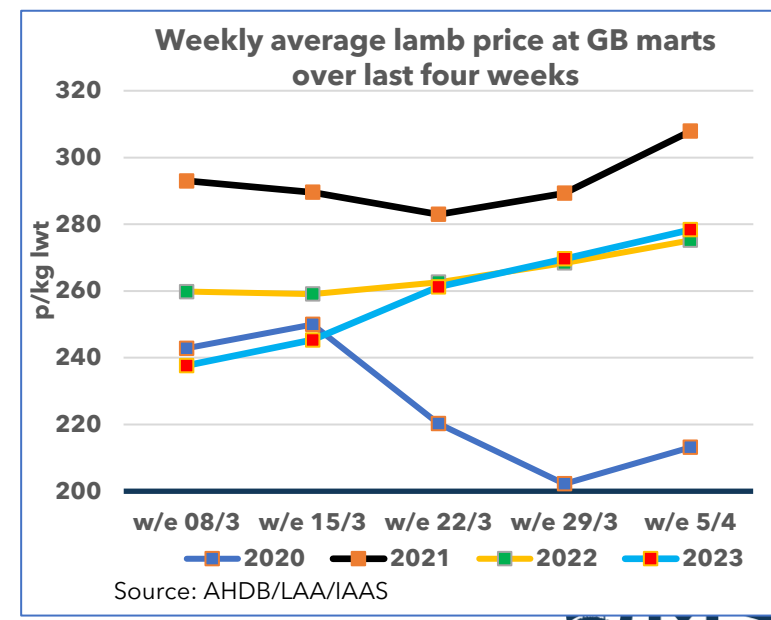
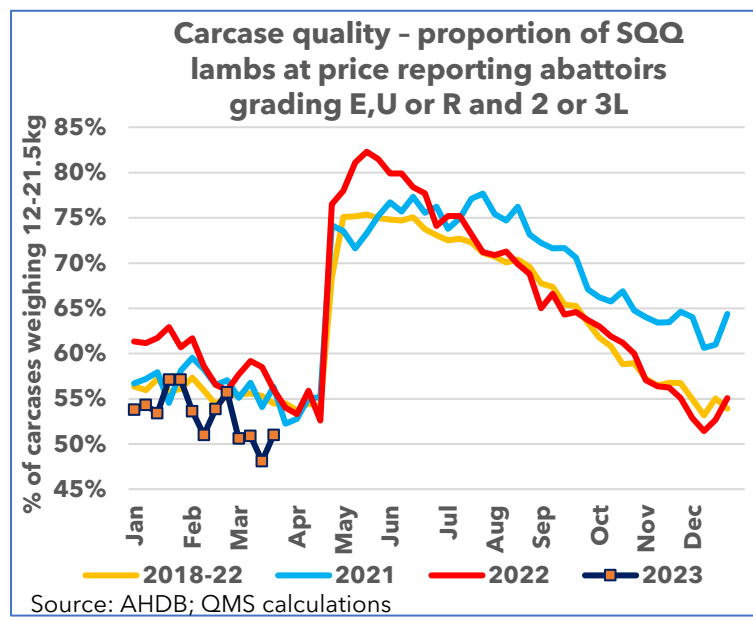
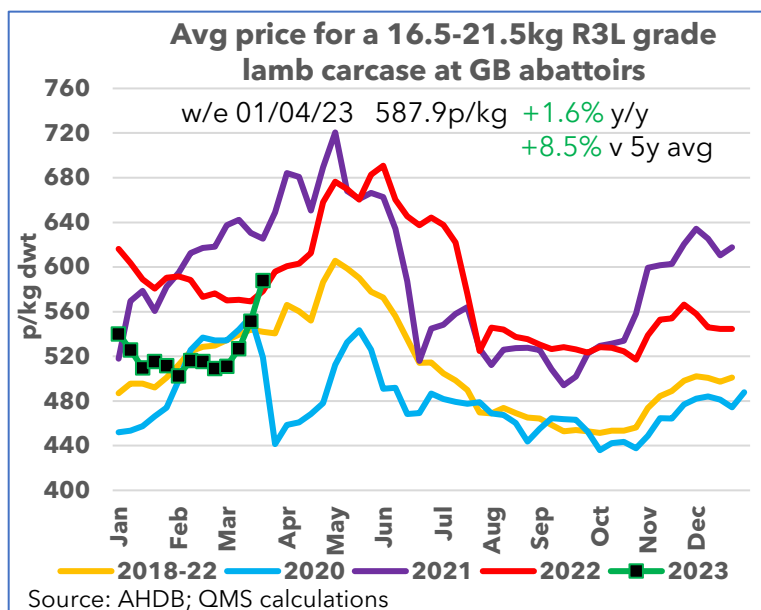
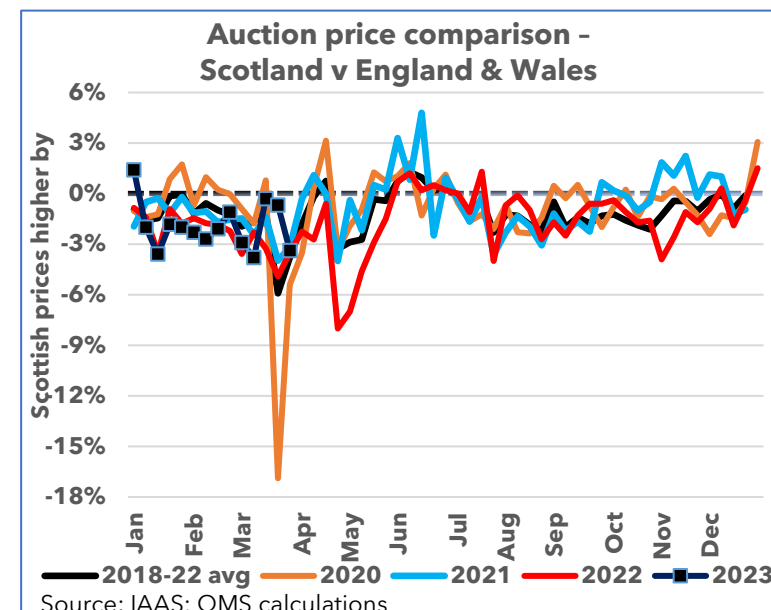
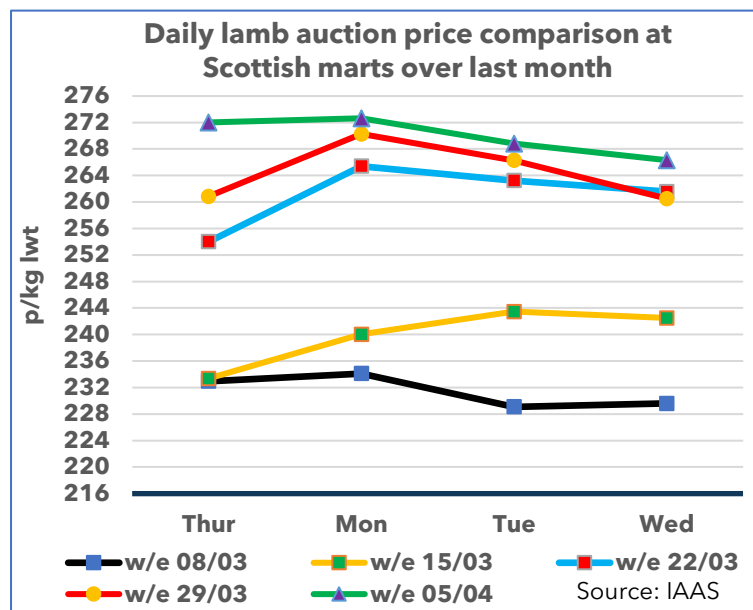
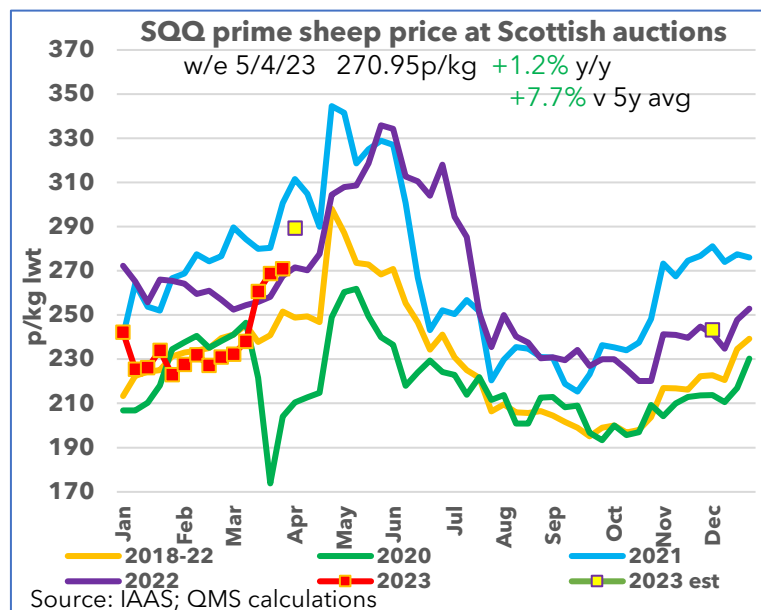
	4 weeks to 25/3	y/y change last 4 weeks
Store cattle prices		
Steers, 6-12 months	£1,168	+17.0%
Steers, 12-18 months	£1,295	+19.8%
Heifers, 6-12 months	£1,023	+16.3%
Heifers: 12-18 months	£1,196	+19.2%
Store cattle marketings		
All steers & heifers, 6-18 months	20,120	-2.5%

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

Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
Old season SQQ lamb price at Scottish auctions	p/kg lwt, w/e 5 April	270.95p/kg	+2.74p	+16.7%	+1.2%	+7.7%
Old season lamb marketings at Scottish auctions	Average in four weeks to Apr 5, Head	26,002		+21.5%	+12.2%	+22.0%
Total lamb marketings at GB auctions	Average in four weeks to Apr 5, head	131,061		+20.8%	+12.3%	+12.2%
UK sheepmeat market supply	Tonnes in Dec 2022 - Feb 2023 (estimate)	55,900			-10.8%	-12.2%

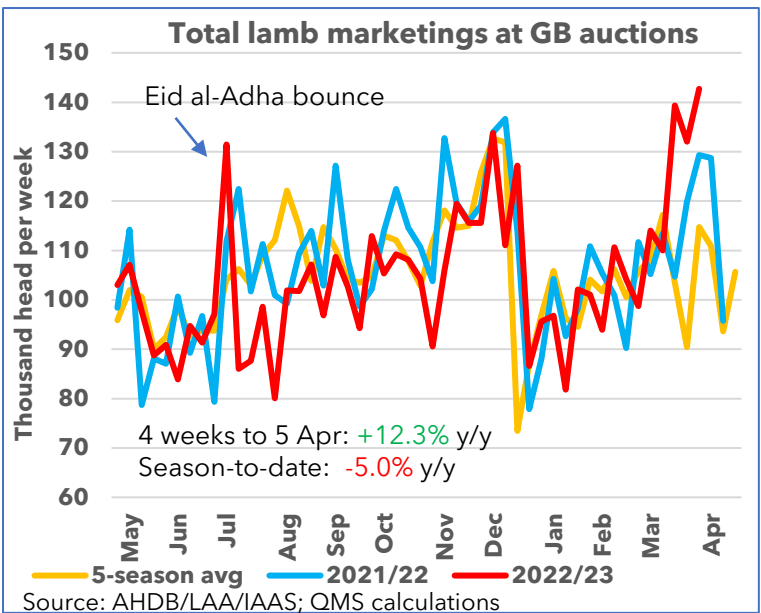
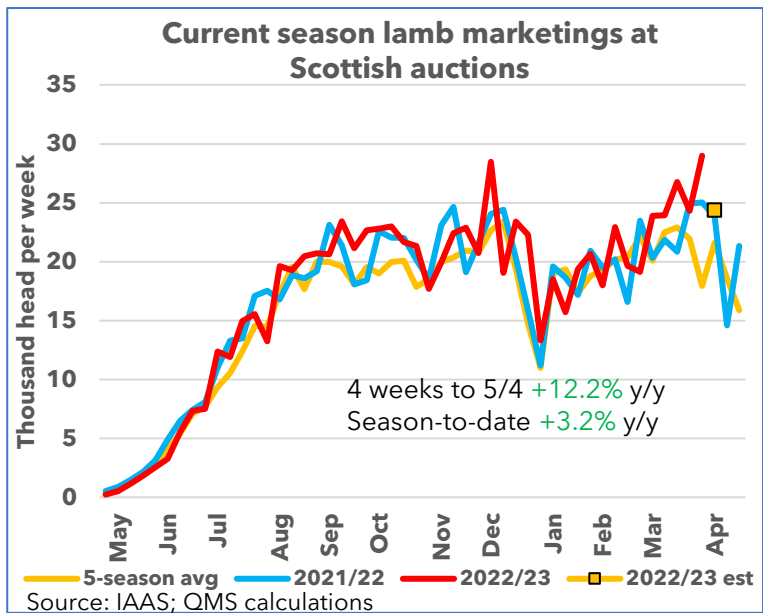
- Ramadan and Easter have given a boost to lamb prices at Scottish auctions, which rose to around 270p/kg in late-March and early-April after averaging 230p/kg in the first ten weeks of 2023.
- Supported by later marketing of lambs this season, auction throughput has risen sharply for Ramadan and Easter. Though with demand holding firm, a dip back in marketings around Easter has seen prices approach 290p/kg.
- The weakness seen in UK lamb import volumes in Q4 2022 was carried into January 2023 and reports from Beef + Lamb NZ suggest that volumes shipped to the UK have continued to lag well behind year earlier levels in the run up to Easter.
- Firm seasonal demand coupled with a limited availability of imports is likely to have underpinned market prices.
- Retail sales data for the 12 weeks to mid-March suggests that lamb has returned to its position of underperforming other meats after a strong Christmas. However, retail prices no longer appear to be trending sharply higher and this may help to slow the declines.

# Farmgate prices - prime sheep - increase supported by Ramadan and Easter



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

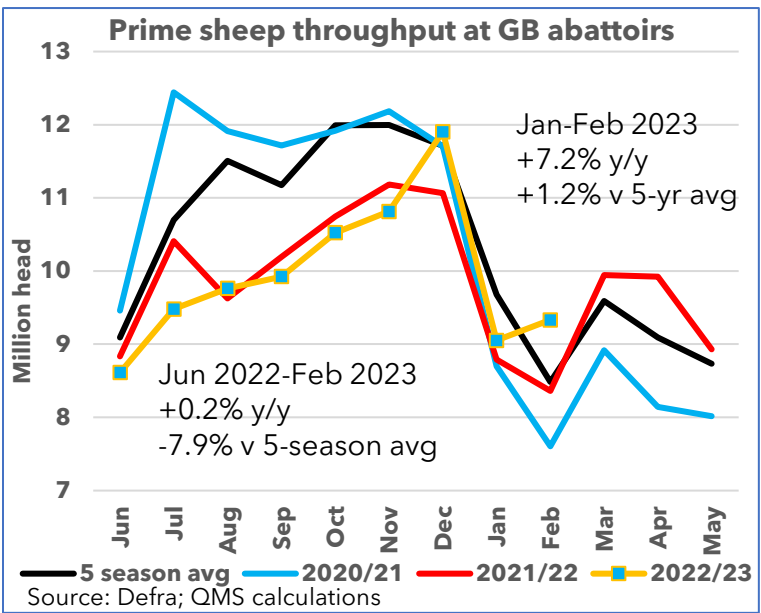
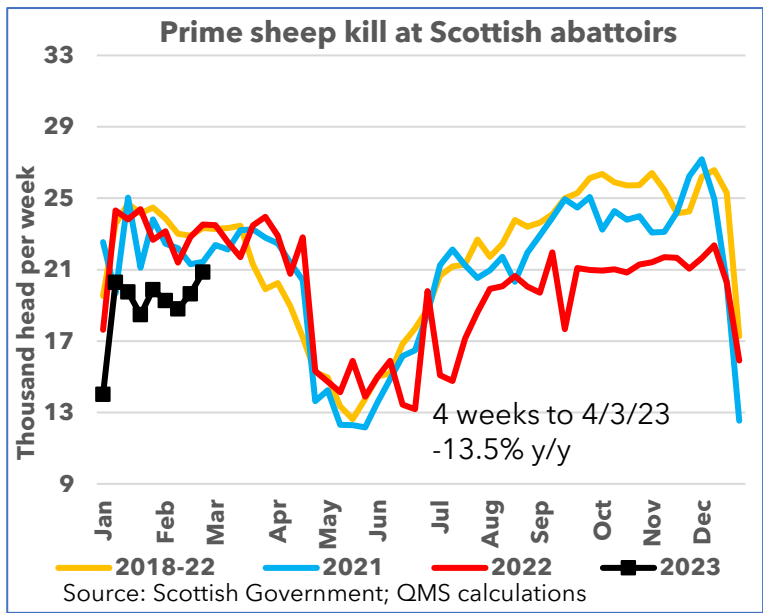
# Availability and slaughter – delayed marketing has allowed auction throughput to rise strongly around Ramadan and Easter



Lamb throughput at Scottish marts continued to exceed year earlier levels though February and into March.

There was a marginal increase in the combined June lamb crop in E&W and, after a slow start to the season, slaughter exceeded year earlier levels in GB between December and February.

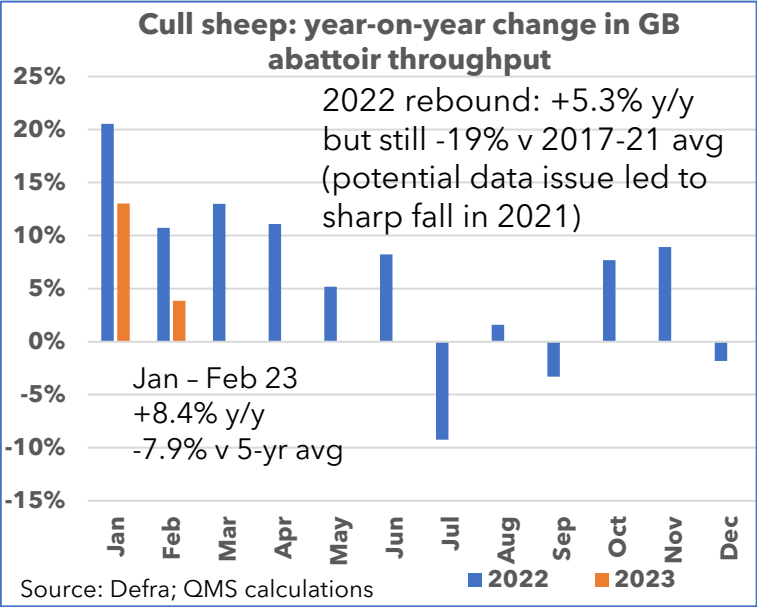
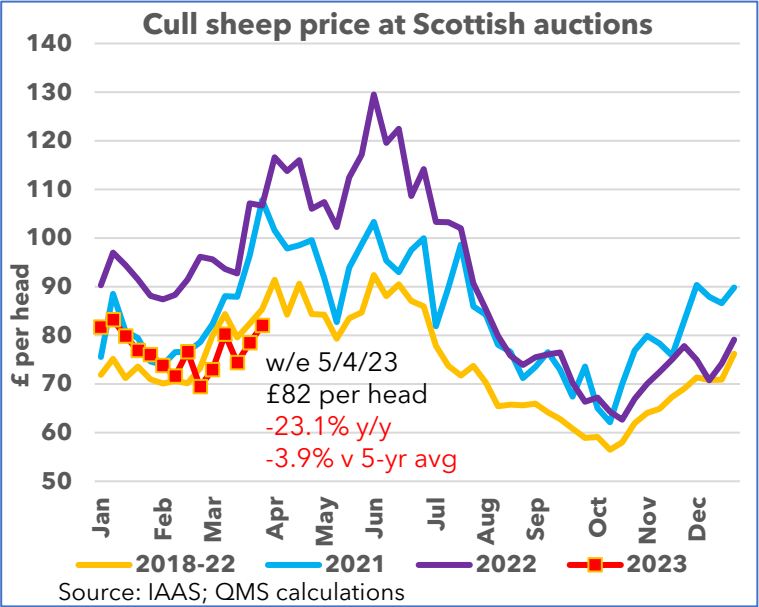
Hogg supplies have picked up strongly around Ramadan and Easter, supported by later marketing this season.



December Sheep & Goat Inventory and June 2022 Census Results		
December	Total breeding flock y/y change	Other sheep and lambs y/y
Scotland (2022)	-0.7%	+0.3%
England (2022)	+2.5%	+1.5%
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%

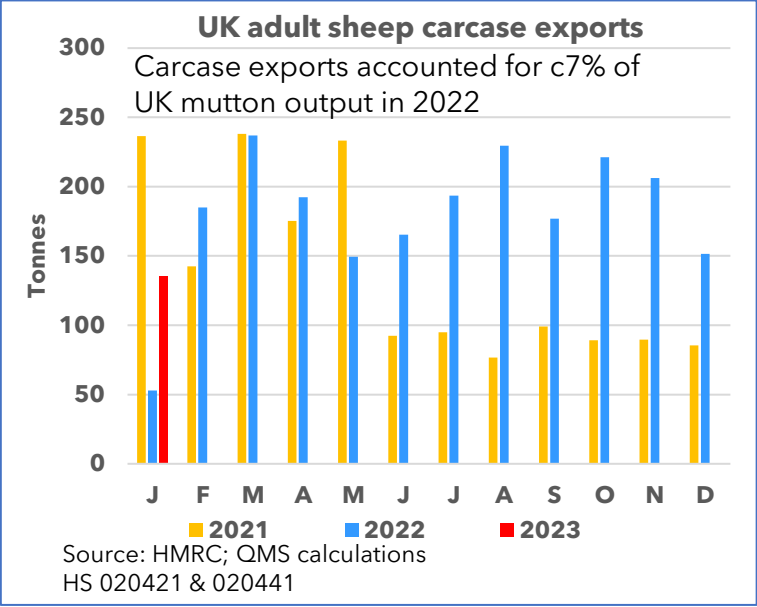
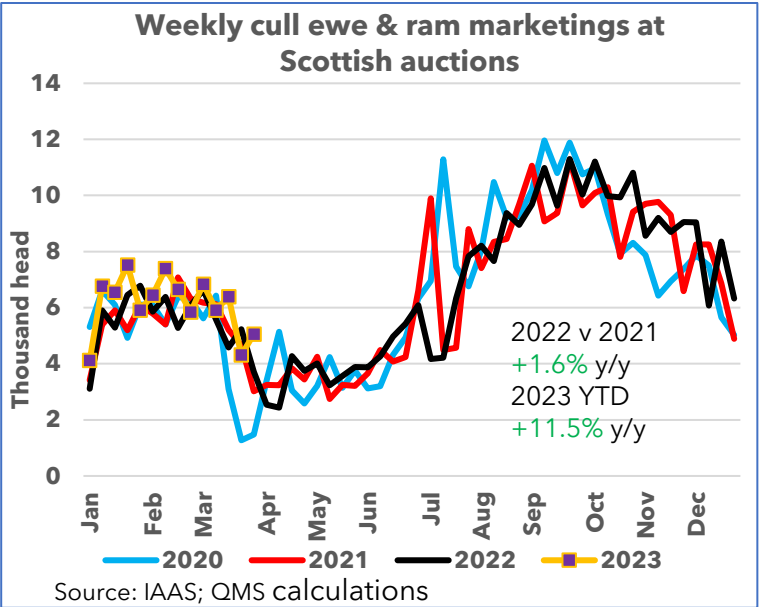
Source: Defra; Welsh Govt; Scottish Govt; QMS calculations

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

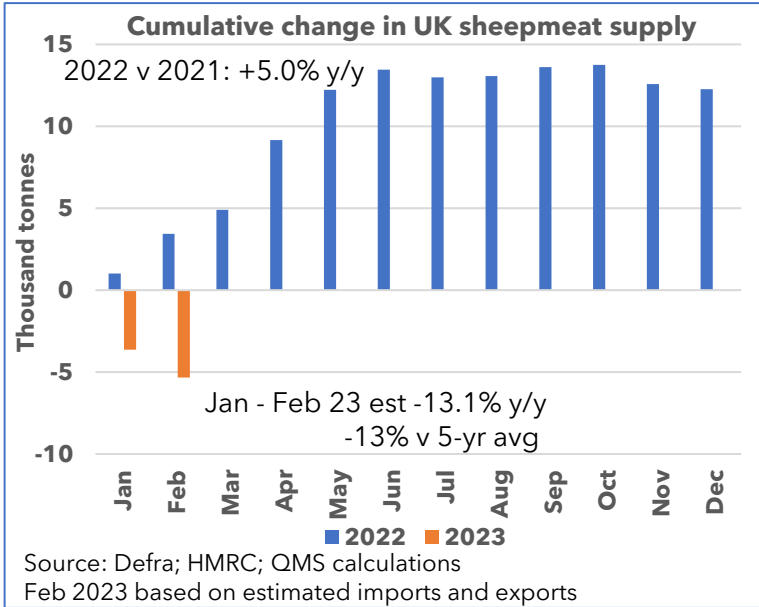
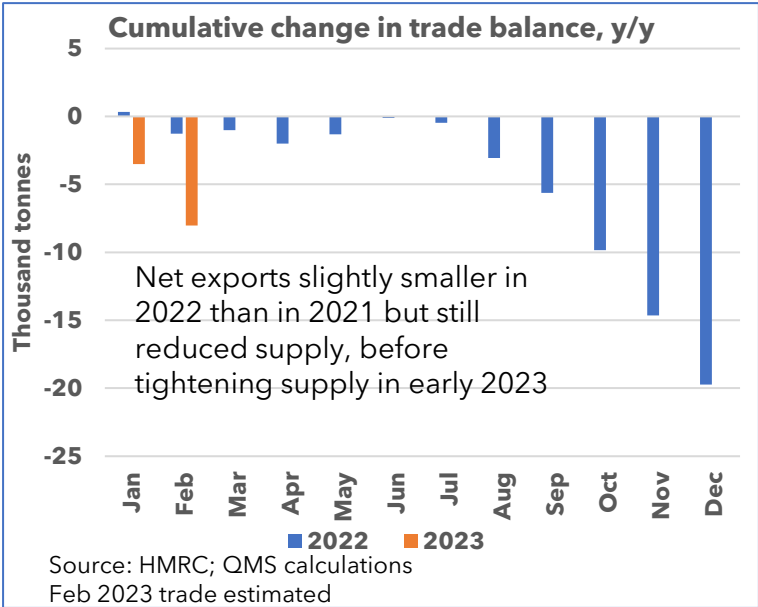
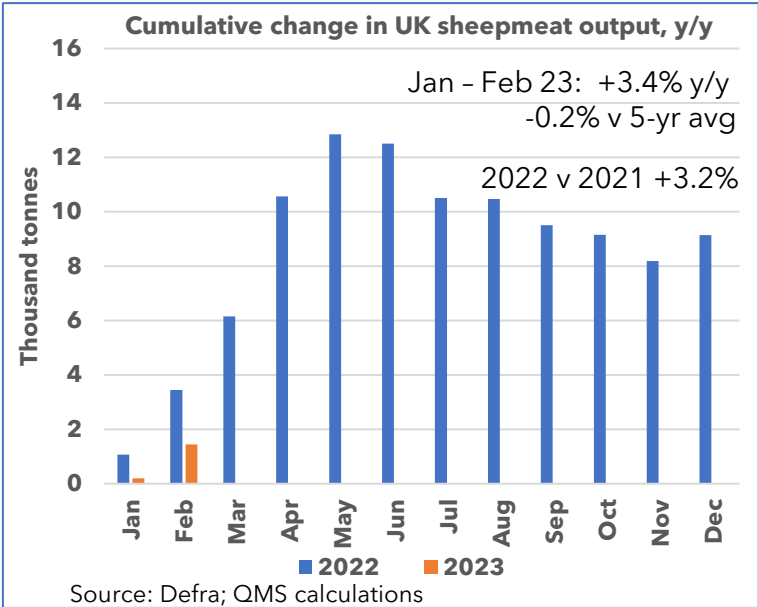
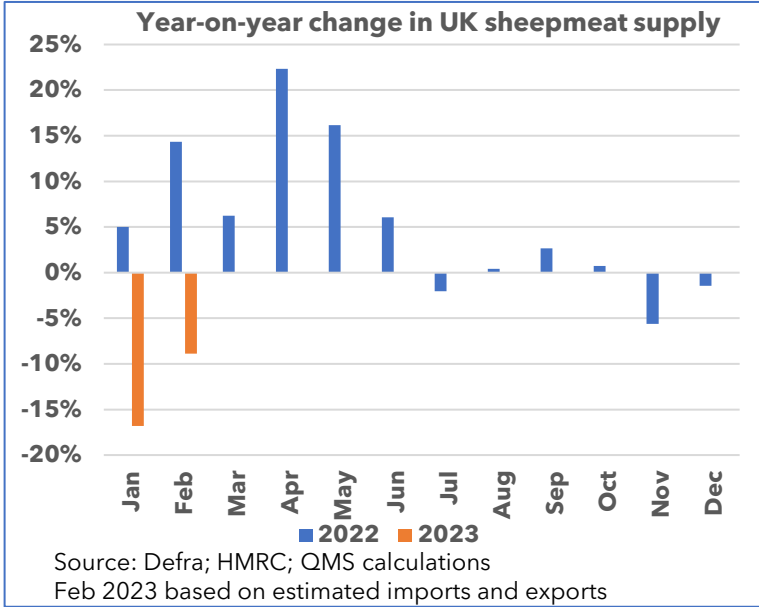
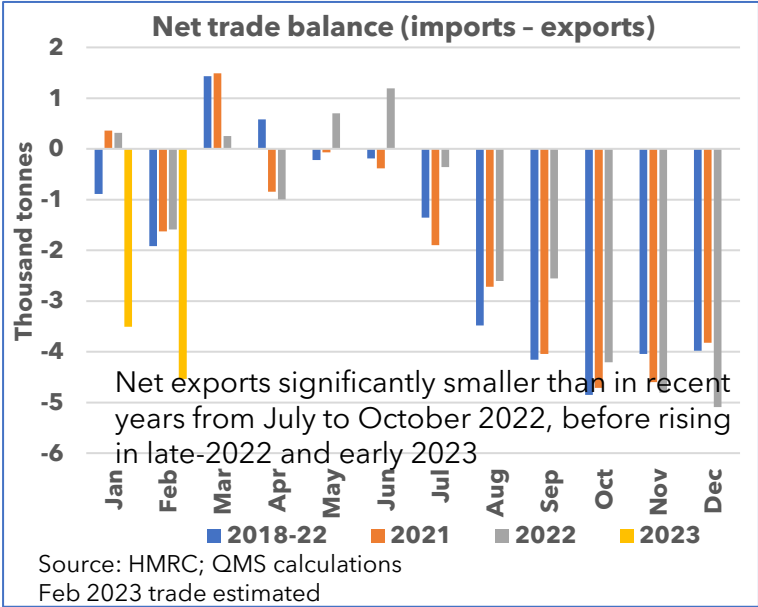
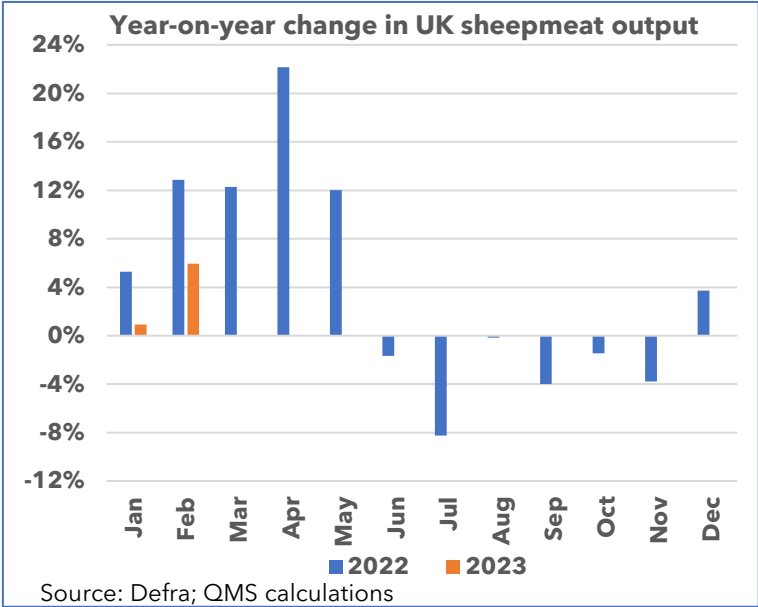


Ewe prices have climbed seasonally through March and into April as numbers reaching the market have begun to fall towards their annual low. However, numbers have remained elevated relative to year earlier levels and prices have remained well below the highs of spring 2022, in contrast to the prime sheep trade.

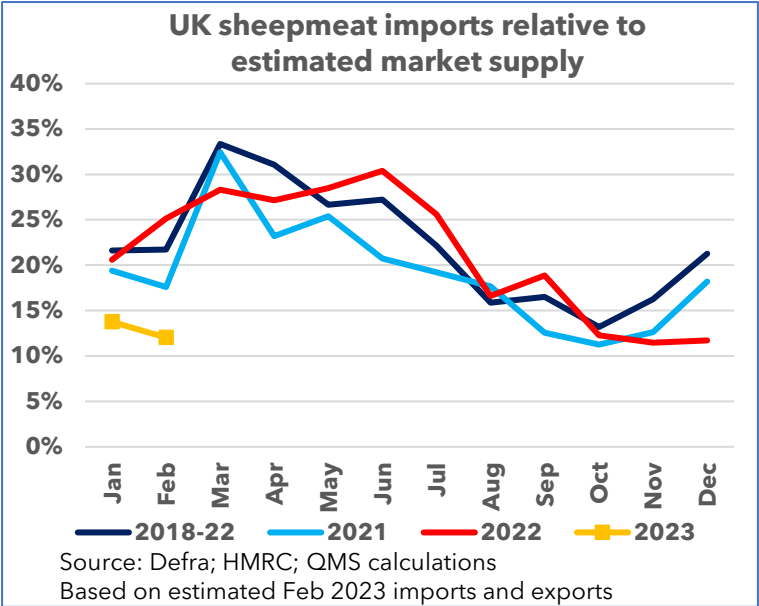
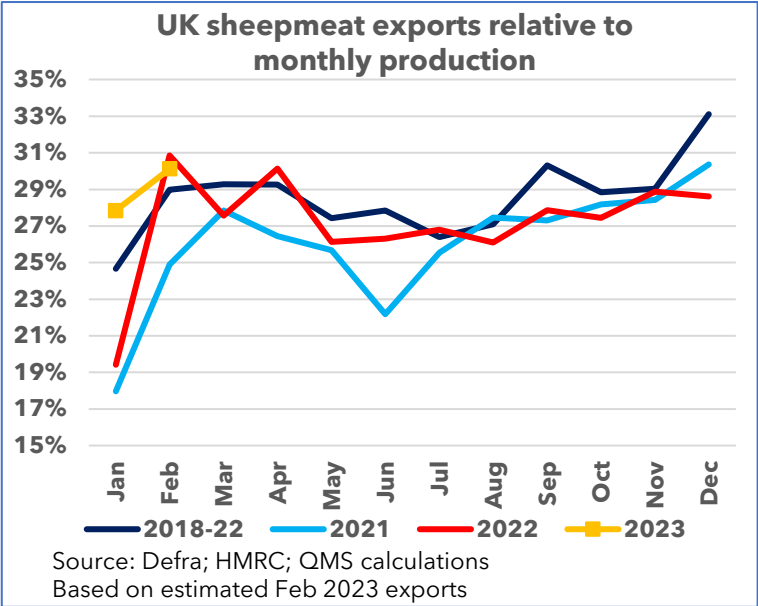
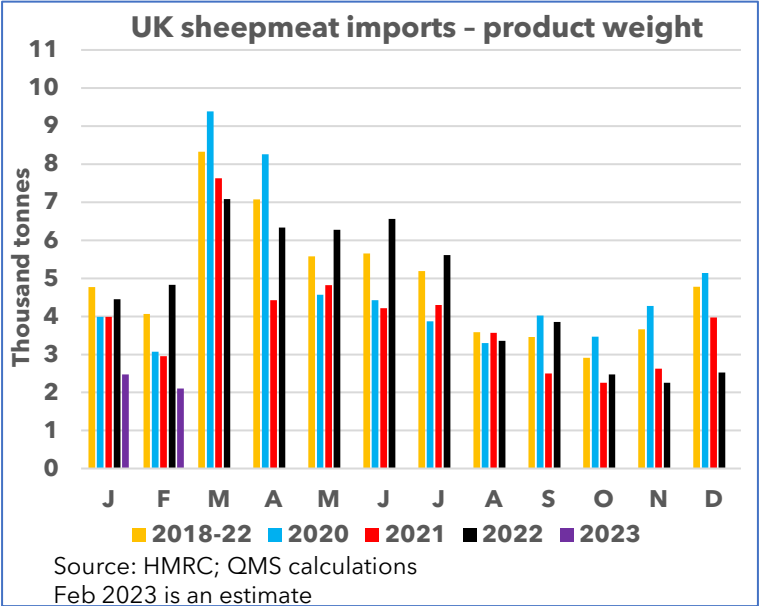
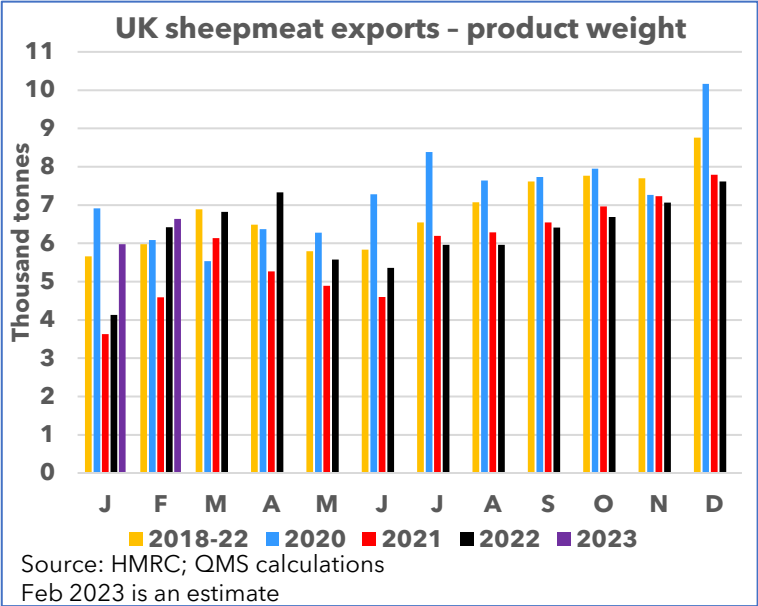
Mutton demand appears to have rebalanced from exports to the home market since late 2020. However, this could reflect improved data collection since single market exit, with export figures now based on customs declarations rather than business surveys. Nevertheless, there was significant growth in shipments in 2022, continuing into 2023.



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



# A focus on UK international trade in sheepmeat



Export volumes were limited by reduced domestic production in the second half of 2022 but rebounded to a three-year high for the month of January.

Export prices in the key French market have also risen around Ramadan and Easter and continue to look attractive relative to domestic farmgate prices in early April.

Imports had a historically weak final quarter of 2022 having previously rebounded strongly in the middle of the year. Imports from Australia were limited by their tariff-free quota for the UK while NZ export data signalled a rebalancing back towards China from Europe in the final quarter.

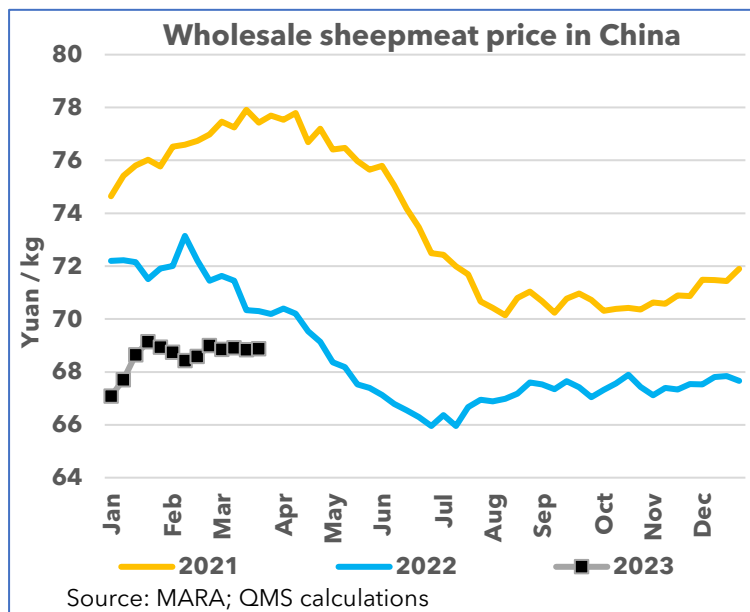
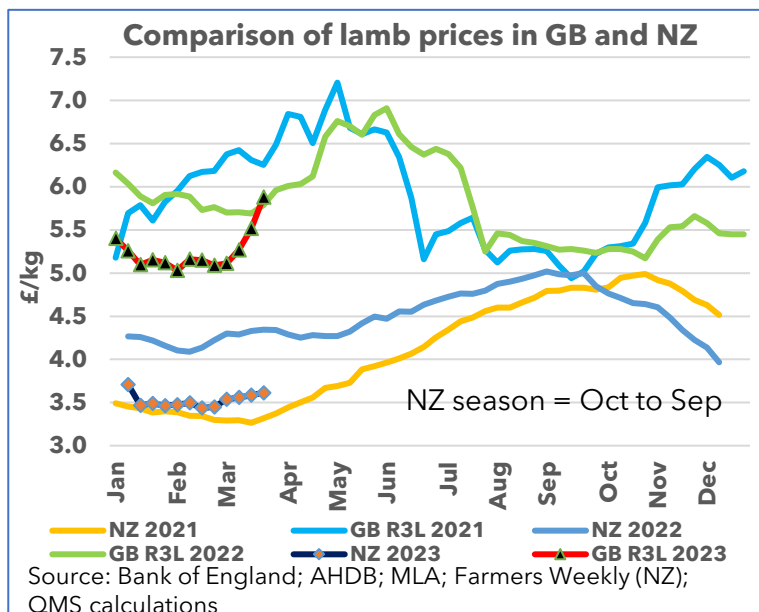
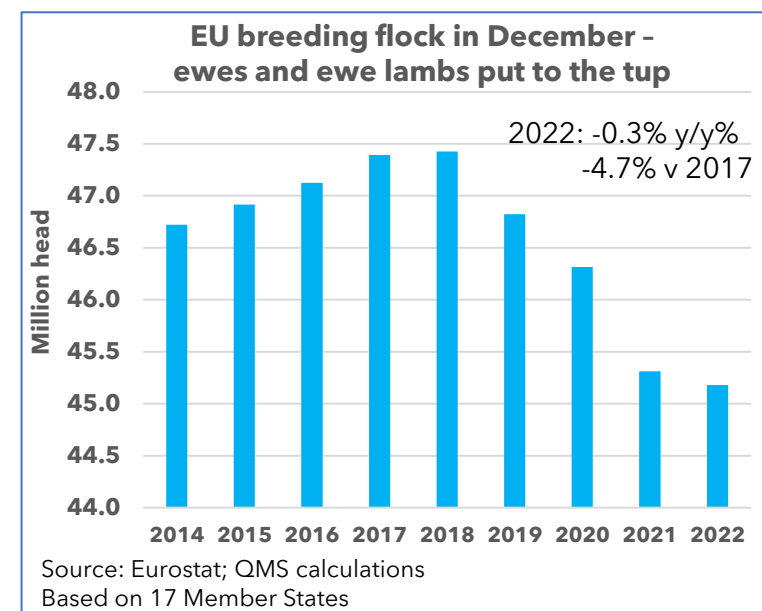
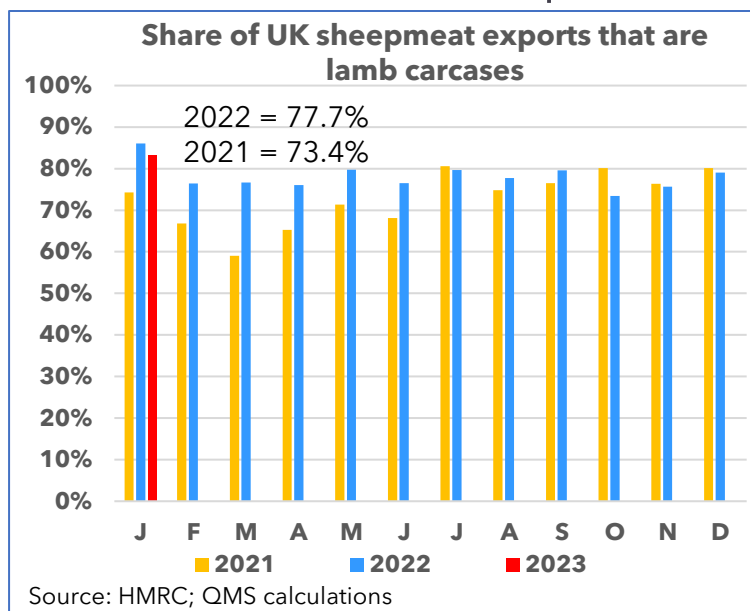
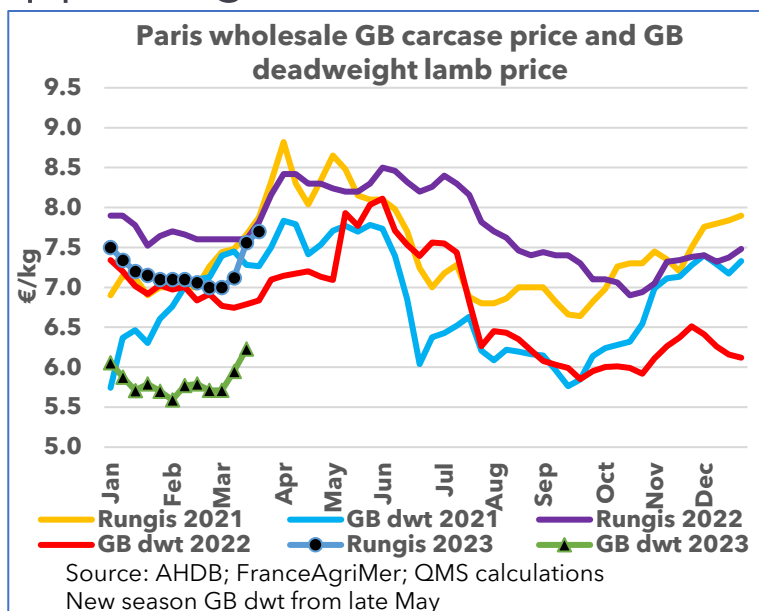
Imports remained low in January 2023 and Beef and Lamb NZ export reports suggest sales to the UK remained well behind year earlier levels in the run up to Easter.

Note:

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

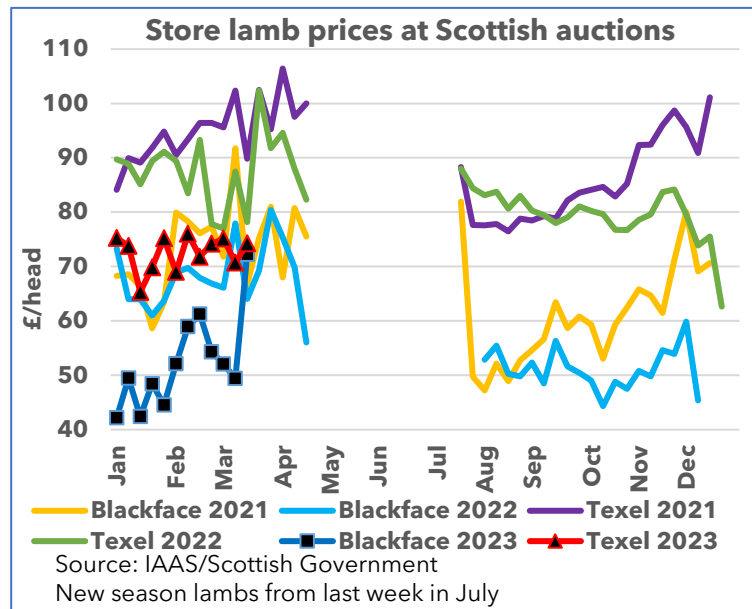
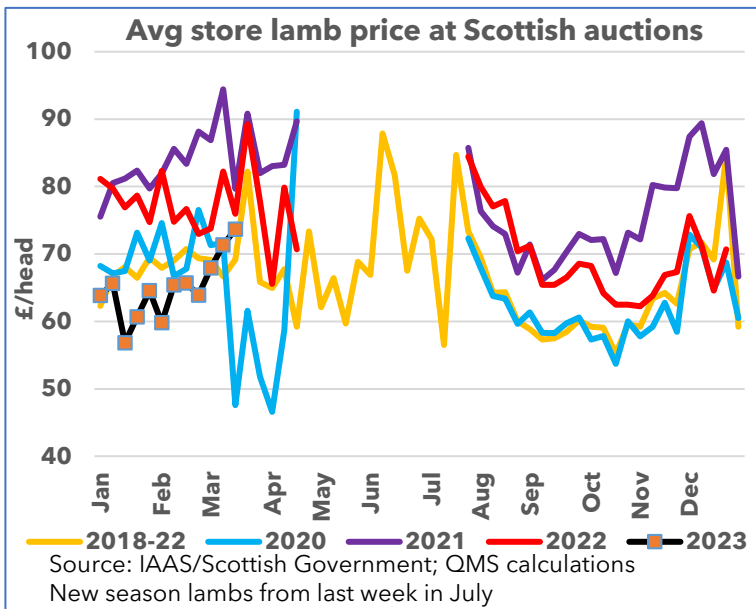
Estimates for February are based on seasonal trends in trade volumes and domestic production

# Variables influencing UK sheepmeat trade – Ramadan and Easter supporting demand for GB lamb in France, while lamb prices are off their lows in NZ and China



Oceania lamb production forecasts			
	2022	2023	y/y change
Australia (thousand tonnes)			
Lamb production	549	569	+3.6%
Lamb exports (product weight)	284	310	+9.2%
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

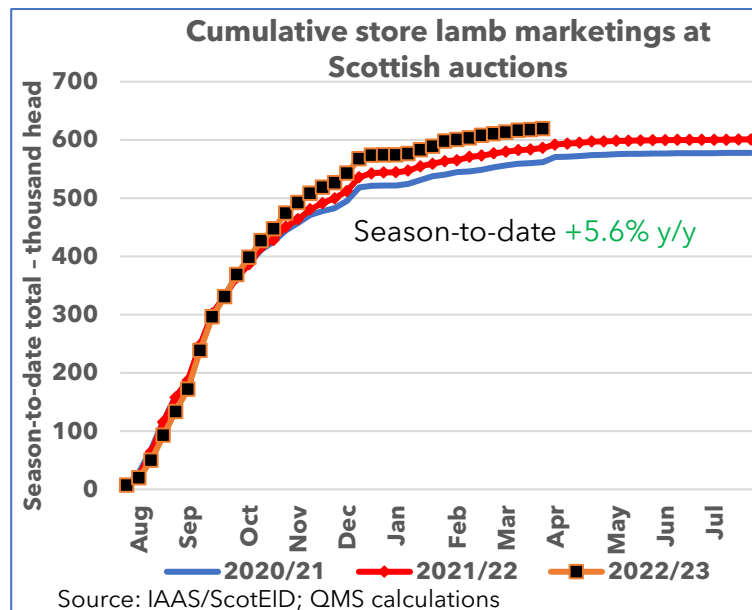
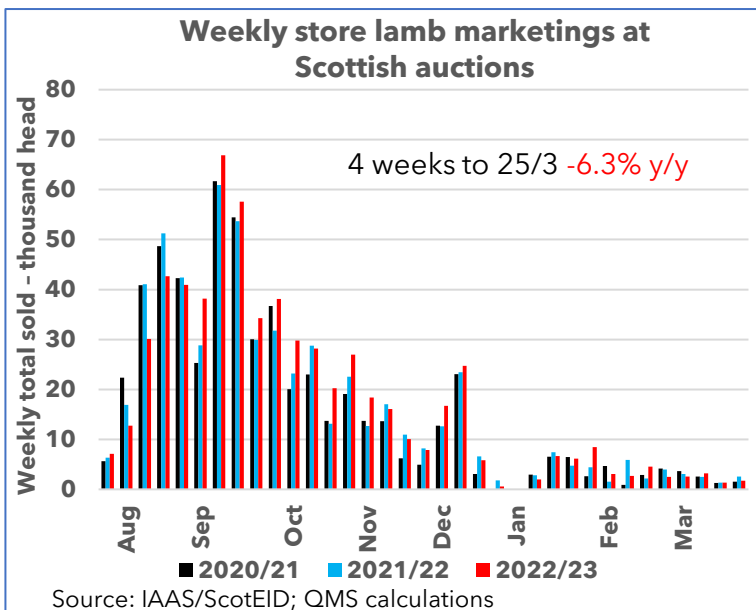


Store lamb auction volumes dipped relative to 2022 levels in March and this may have provided some support to prices along with a rebound in finished lamb values.

4 weeks to 25/3:

Overall average - £68.40 (-9.1% y/y)  
 Blackface - £61.20  
 Cheviots - £61.90  
 Suffolks - £75.25  
 Texels - £73.70

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



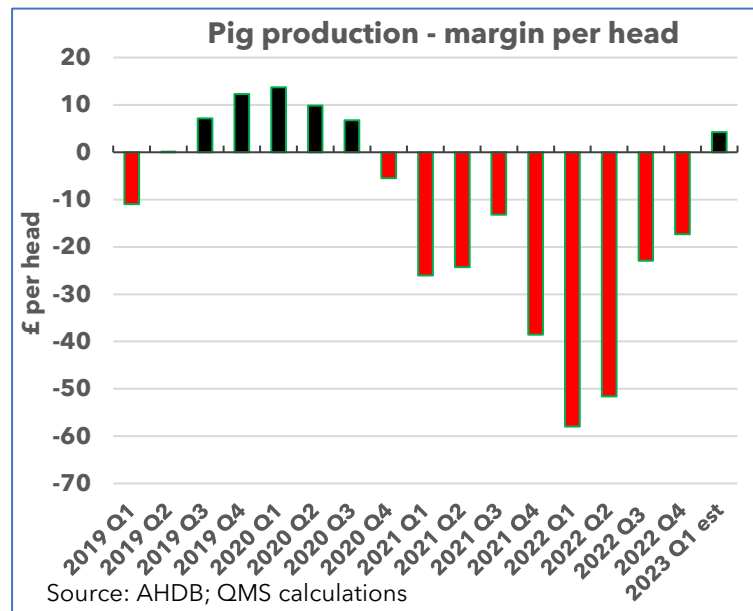
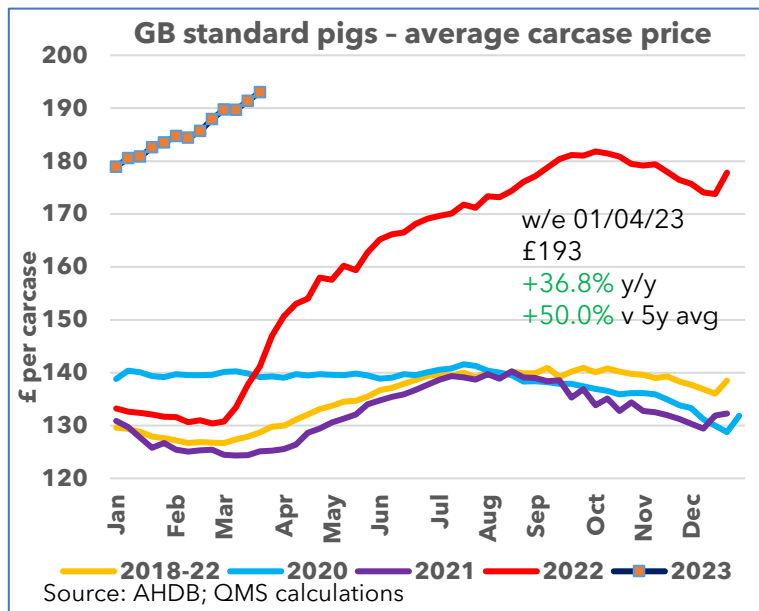
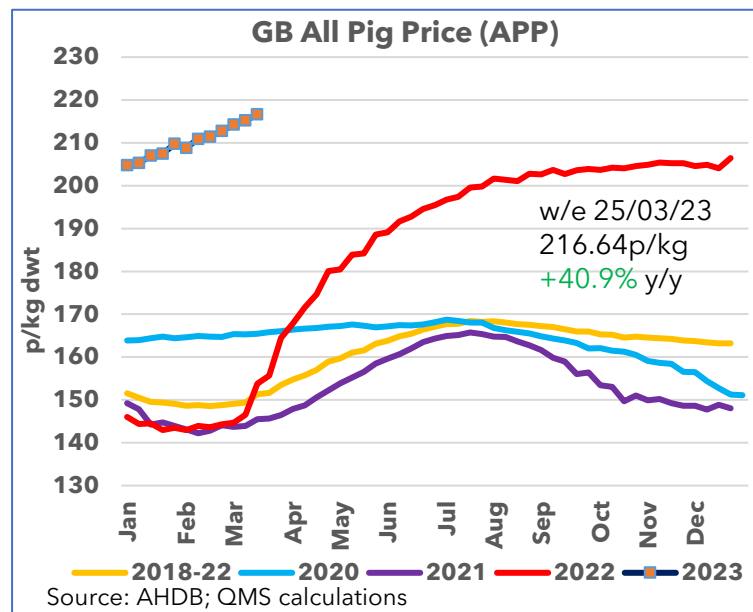
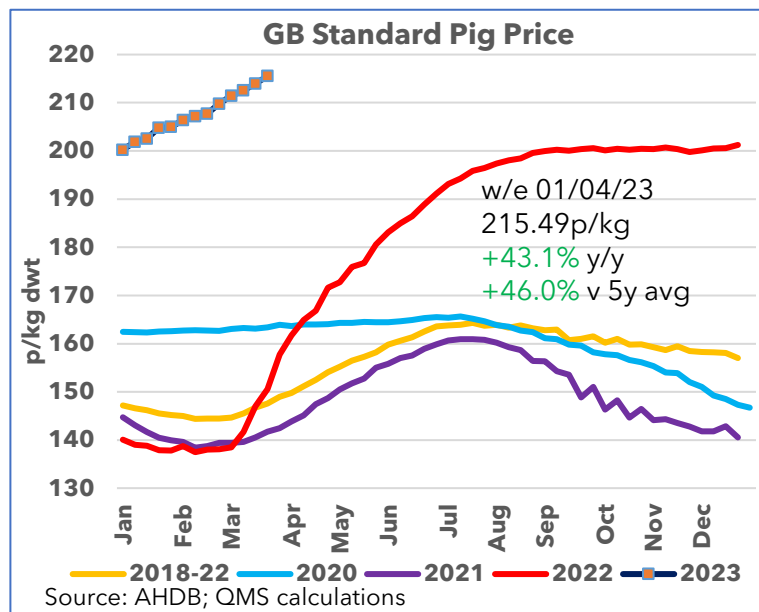
# Summary of market developments – pig market



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 1 April	215.49p/kg	+1.55p	+2.7%	+43.1%	+46.0%
Average carcase weight of standard pigs	Average in four weeks to 1 Apr, EU spec	89.50		+0.2%	-4.8%	+2.4%
Prime pig slaughter at GB abattoirs	Total during February 2023, thousand head	617.0		-7.4% (change in daily avg kill Feb v Jan)	-18.6%	-15.6%
UK pig market supply	Tonnes in Dec 2022-Feb 2023	302,500			-16.7%	-7.7%

- Prime pig prices continued to rise strongly through March. Coupled with falling feed prices, this will be welcome for producers after two years of negative margins.
- The sharp fall in GB abattoir slaughter between December and February fits with the reduction in prime pig numbers on farm following a reduction in the breeding herd in 2022, in turn supporting farmgate prices.
- Lighter carcase weights will have added further to the fall in pigmeat output, and stocks of pigmeat built up in 2022 are likely to now be declining.
- UK pork import prices followed the EU pig price higher in autumn 2022 and increases in EU prices in February and March 2023 are likely to have provided further support to GB price competitiveness at home and in export markets.
- In China, after four months of significant declines, pork prices have fallen more slowly since mid-February, holding above year-earlier levels, and futures prices point to a tightening of supply through the summer and into autumn 2023.

# Farmgate prices - prime pigs

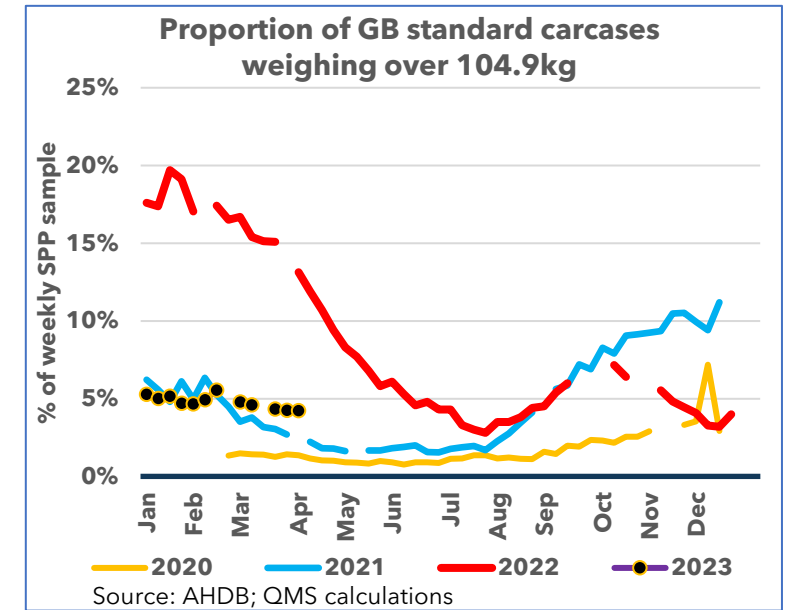
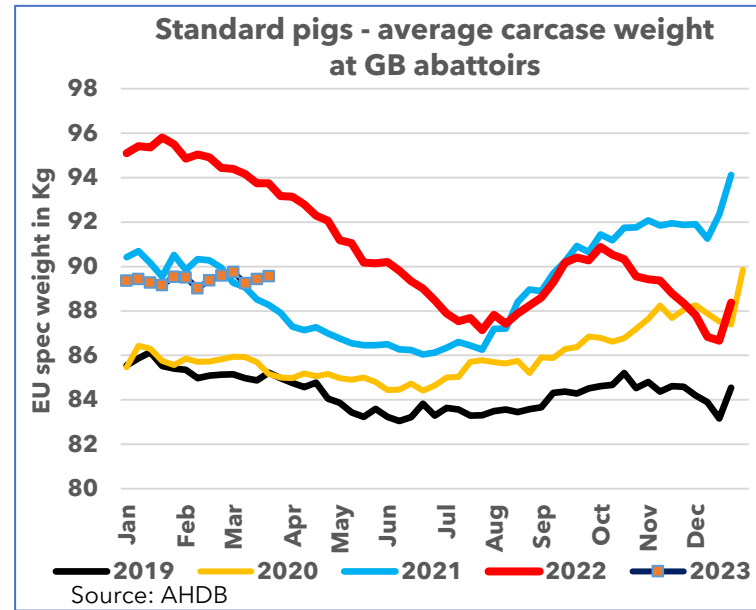
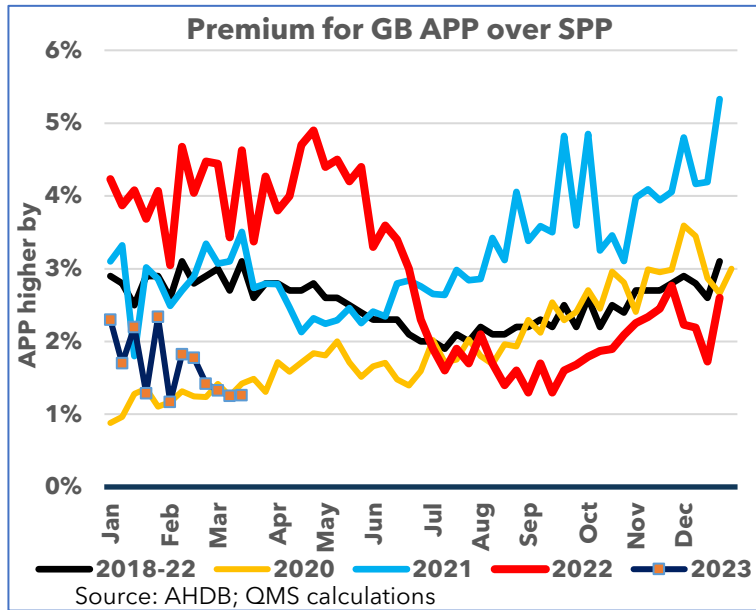


Pig prices continued to rise strongly through March at a time of year when the market balance is usually beginning to tighten.

Relatively stable carcass weights mean that the average price per carcass has also been trending significantly higher. Significantly lighter weights than in 2022 have limited the year-on-year increase in carcass prices but the margin over the five-year average has held firm.

The lift in pig prices at the beginning of 2023 plus a reduction in price for straight feeds may have helped producer finances to return towards breakeven after a sustained period of losses. However, energy and interest costs are likely to have risen considerably for many businesses.

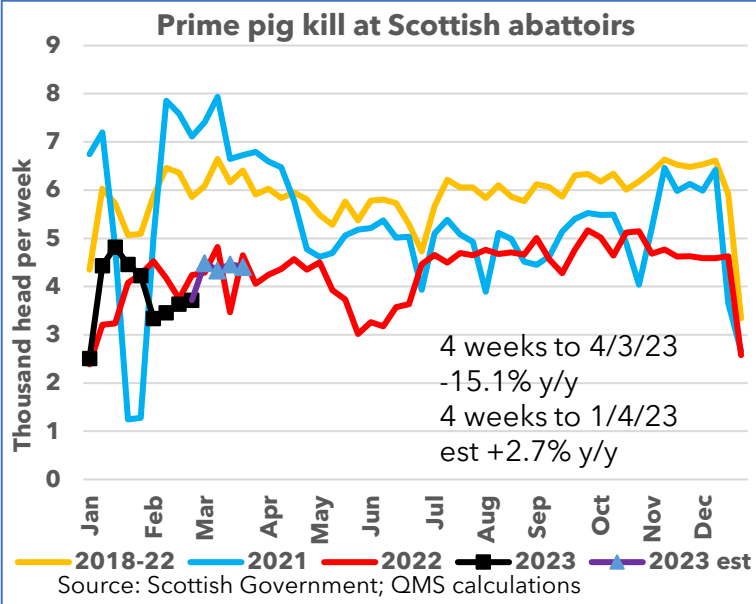
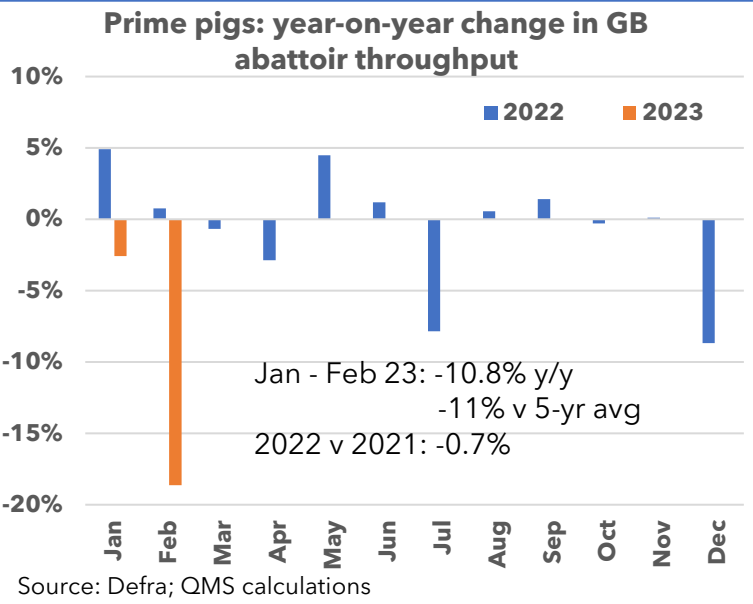
**Indicators of market disruption** - reduced premium for pigs with specific production characteristics points to tighter market but carcase weights are holding up against the seasonal trend.



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, signalling a tight market.

However, interestingly, while well below the highs of 2022, the share of heavy carcasses has remained elevated compared to pre-backlog levels and average weights have held up more than expected in March, failing to show a seasonal decline.

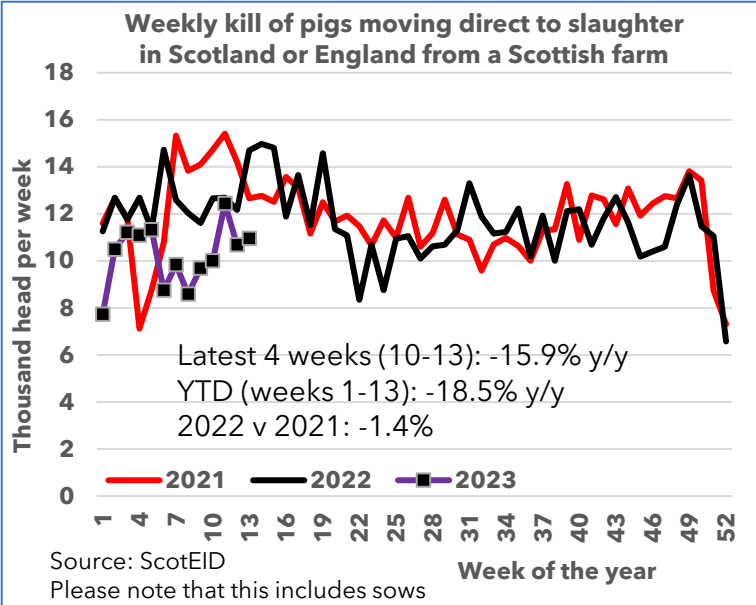
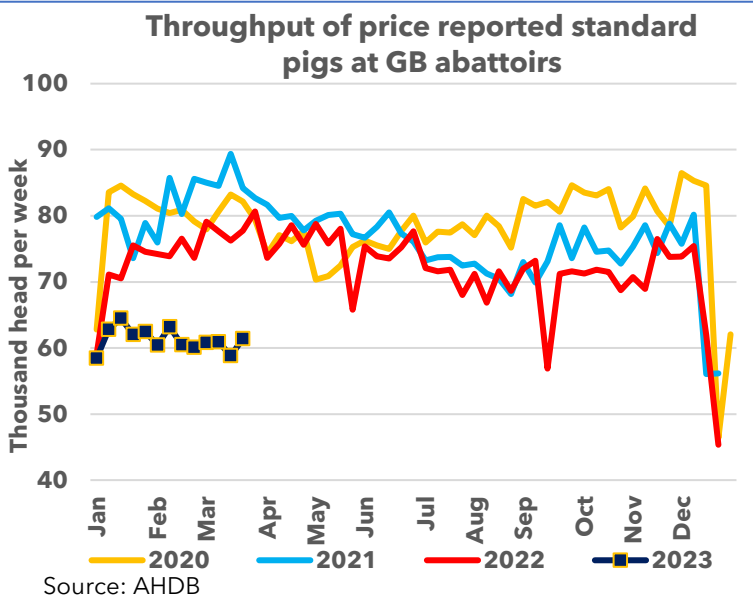
# Availability and slaughter



The contraction of the GB breeding herd driven by financial pressures on producers in 2021 and 2022 has resulted in reduced availability for slaughter since late-2022.

After a sharp fall in February, ScotEID data indicates that the prime pig kill rebounded at Scottish abattoirs in March.

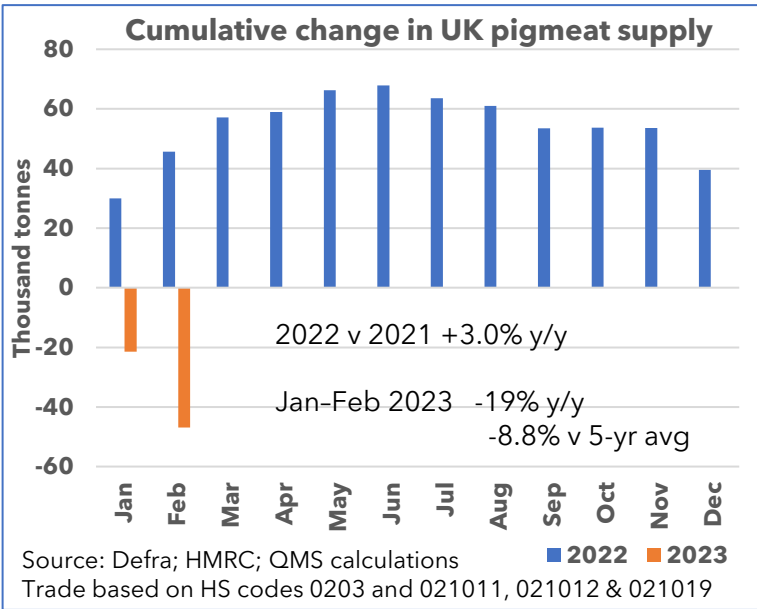
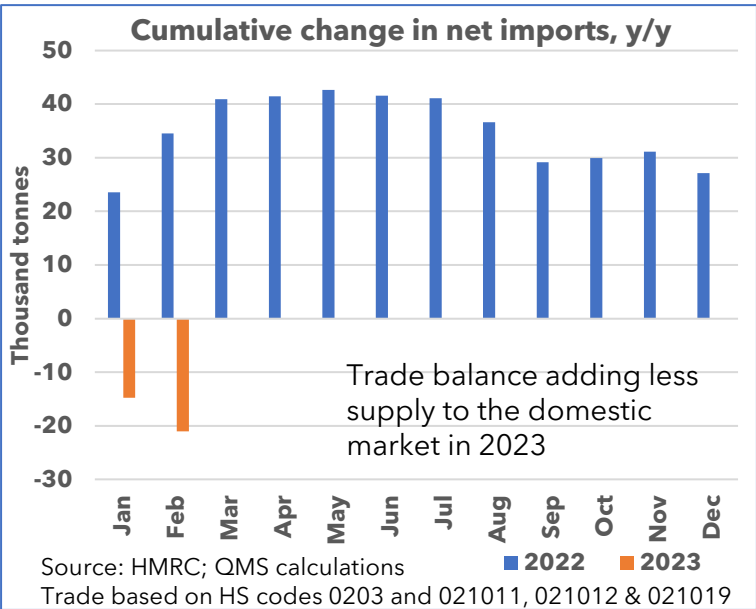
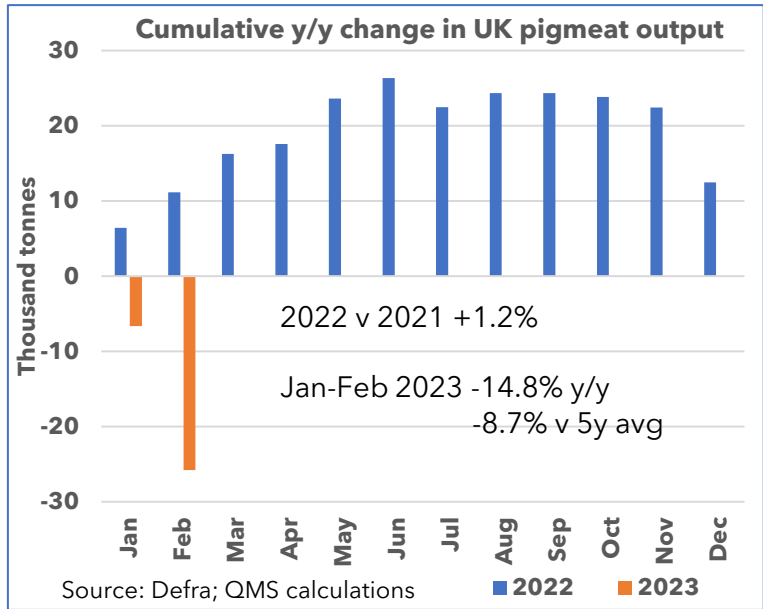
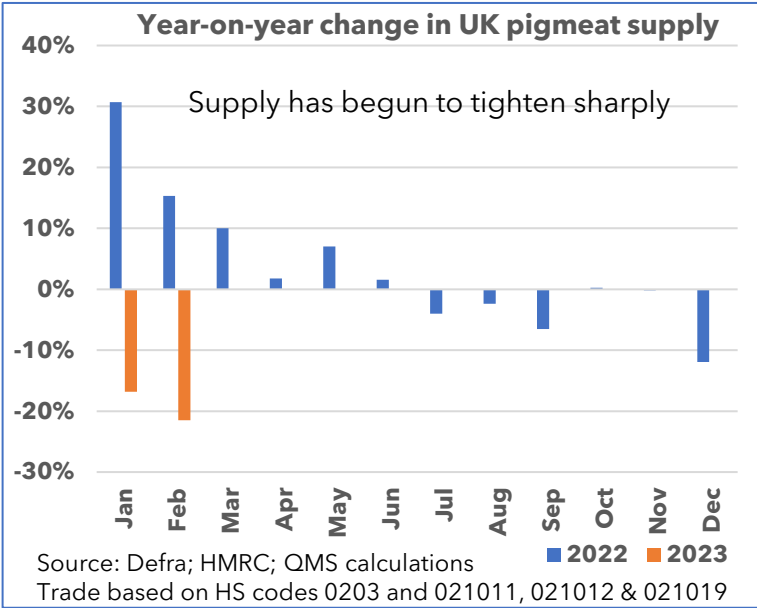
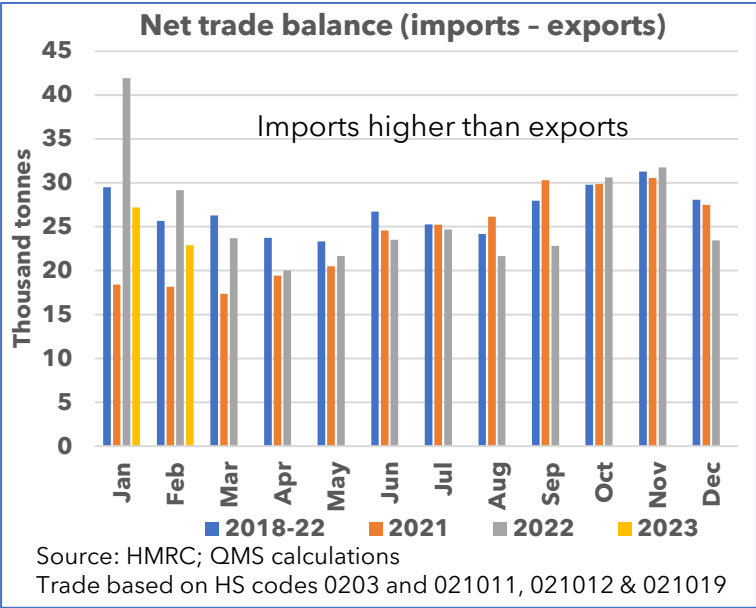
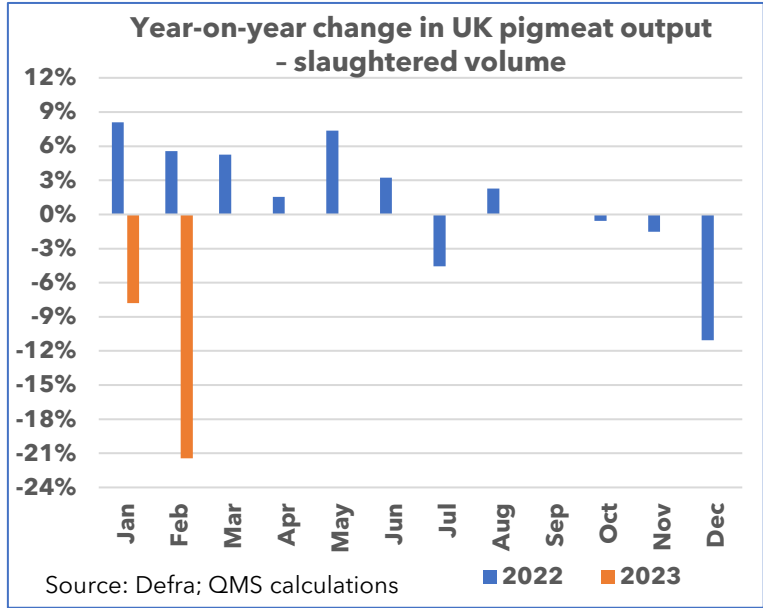
However, the number of pigs sent directly to slaughter from Scottish farms continued to lag year-earlier levels through March, suggesting that availability on farm remains tight, though numbers do appear to have partially rebounded after a notably weak February.



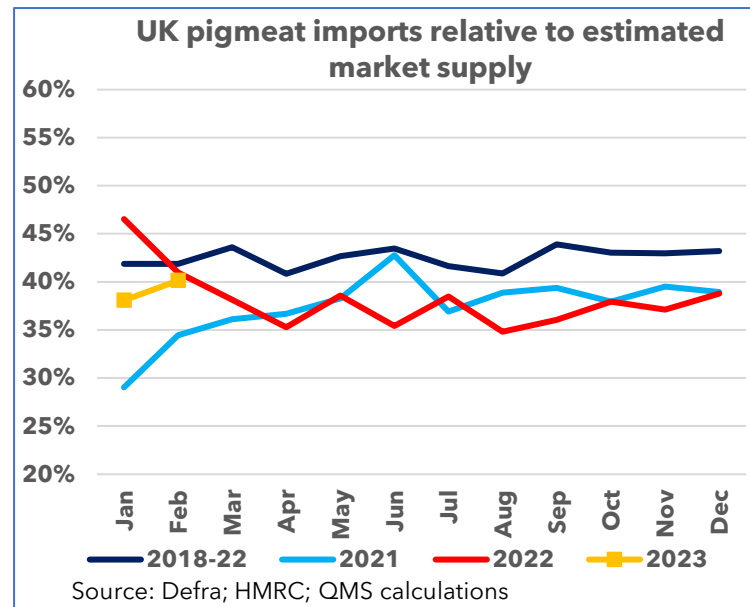
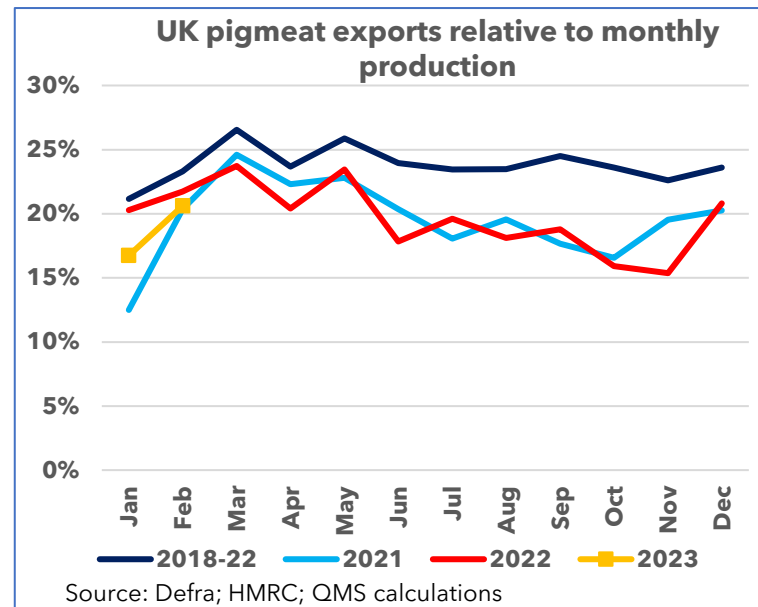
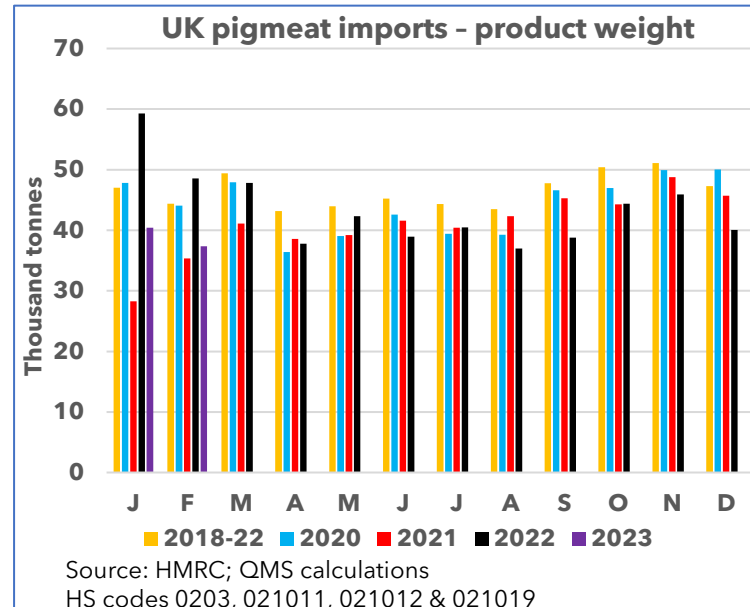
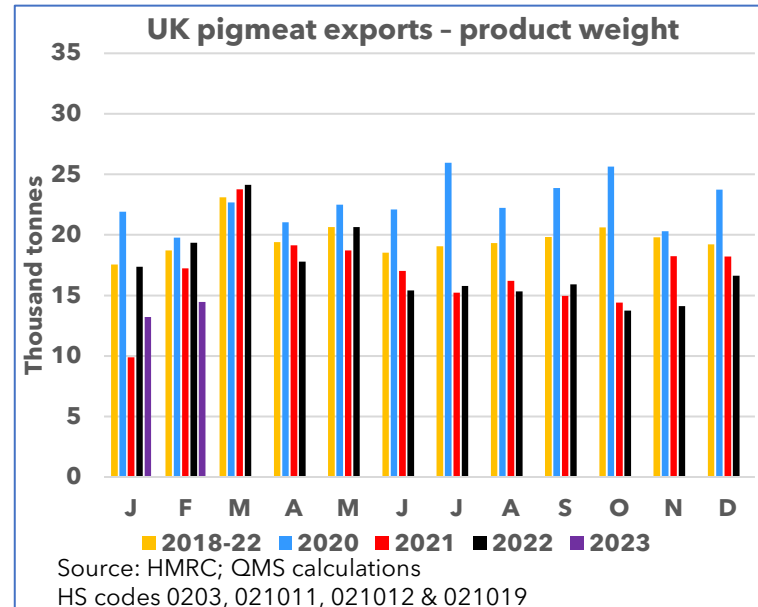
December Census - England (Note: Scottish results not available)	
Female breeding herd	-20% y/y
Fattening pigs	-7.9% y/y
Source: Defra	

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

Trade balance and pigmeat supply calculations based on estimated imports and exports for February 2023



# A focus on UK international trade in pigmeat



Tight pig supply in the UK and in the EU is likely to have limited imports and exports of pigmeat at the beginning of 2023.

Imports of pork (HS0203) trailed year earlier levels for a sixth straight month in January (-23%) while bacon & ham imports (HS0210) were down on a year earlier for a second consecutive month (-42%).

Exports of pork (HS 0203) to the EU fell short of year-earlier levels for a fourth consecutive month in January (-14%).

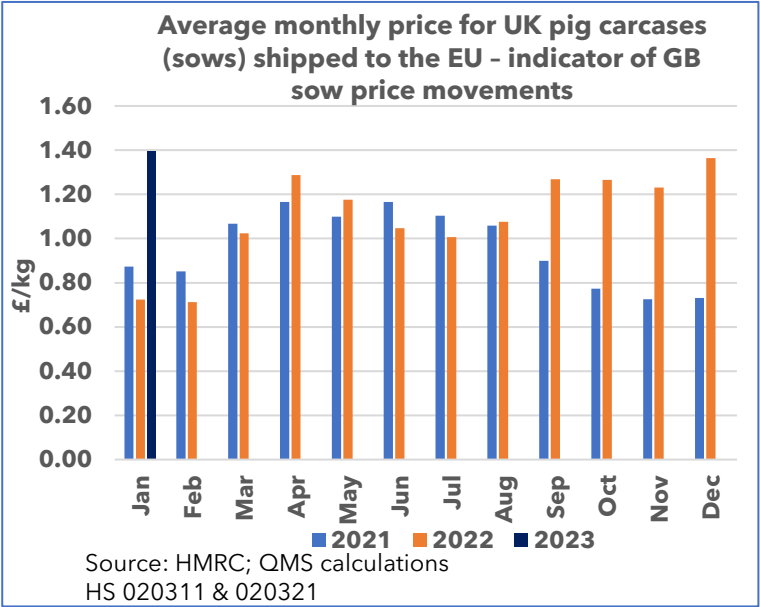
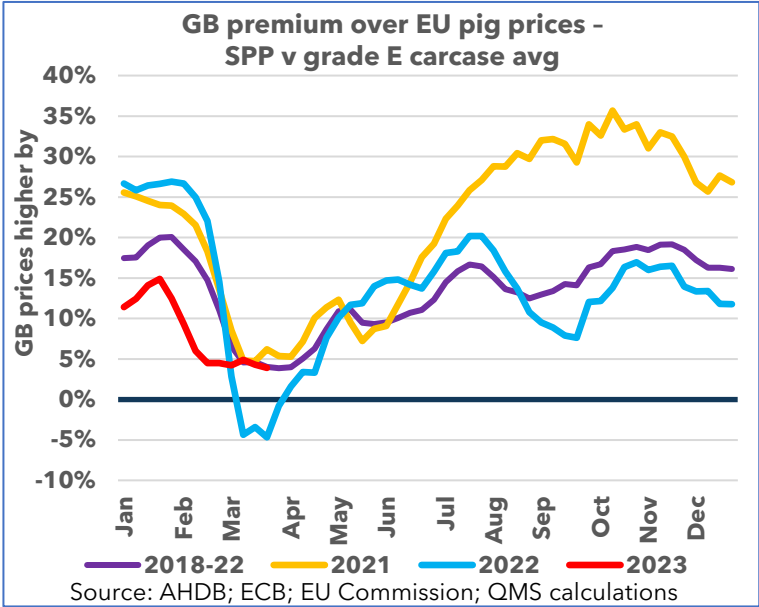
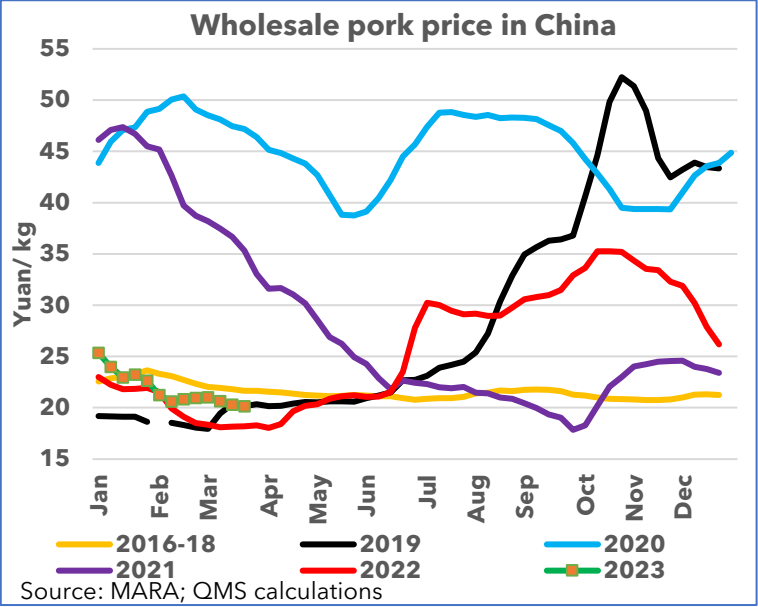
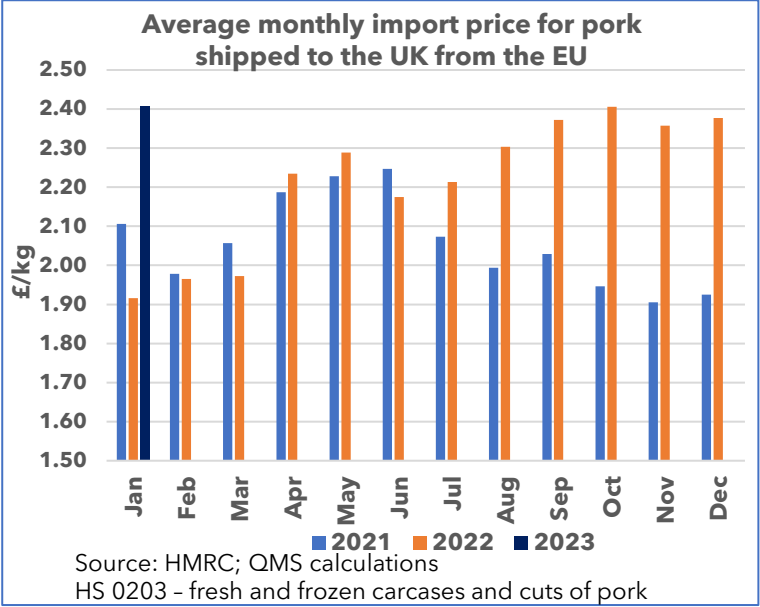
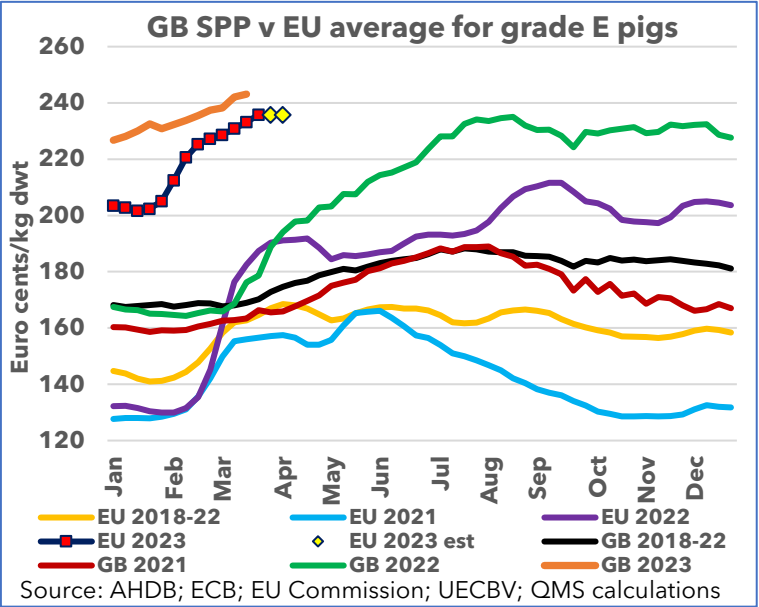
UK exports (HS 0203) to China and Hong Kong fell back from December's eleven-month high and showed a renewed sharp fall relative to a year earlier (-37%). However, the volume shipped was still higher than in seven of the months in 2022 and its share of non-EU trade was above the 2022 average (66.6% v 59.7%).

Note:

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

Trade data for February is estimated

Factors driving UK international trade in pigmeat – Pork prices have been falling more slowly in China in March and early-April after a sharp decline between October 2022 and mid-February 2023 and prices continue to hold above 2022 levels, while futures market prices suggests that traders are expecting supply to tighten in the second half of the year. A tight EU pig market continues to support GB price competitiveness and underpin pork prices at home and on the continent.



USDA Global Pork Market Forecasts, Apr 2023 (million tonnes carcass weight)						
Key indicators	2018	2019	2020	2021	2022	2023
World, production	111.9	101.0	95.8	107.9	114.6	114.3
China, production	54.0	42.6	36.3	47.5	55.4	55.5
All countries, imports	8.6	9.3	11.7	11.6	9.89	9.88
China, imports	1.46	2.45	5.28	4.33	2.13	2.20
EU, production	23.2	23.0	23.2	23.6	22.5	21.8

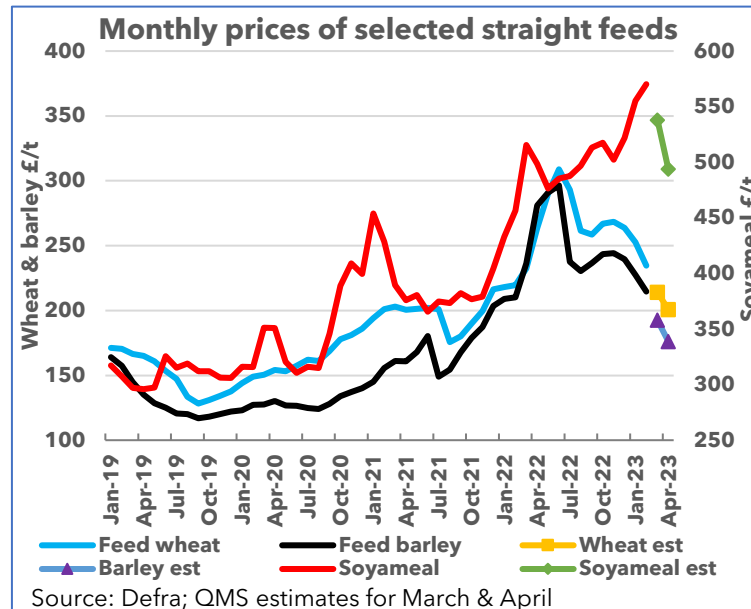
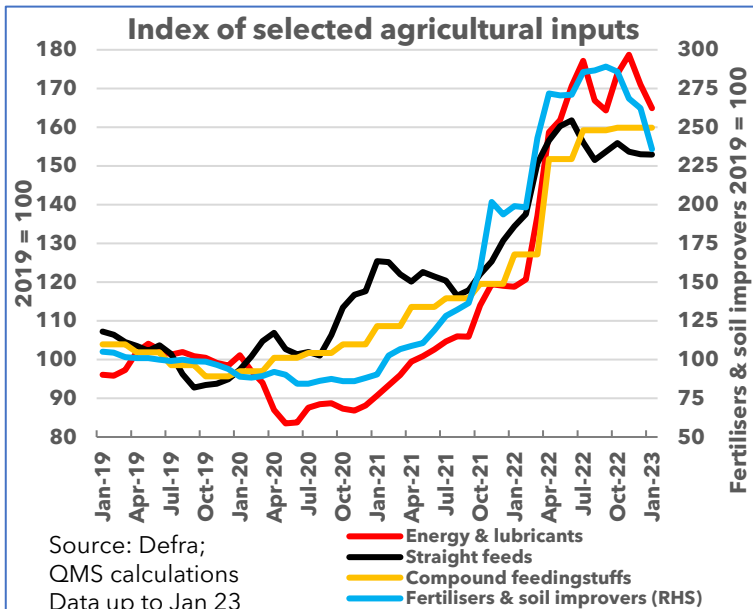
Source: USDA Foreign Agricultural Service

# Summary of economic developments



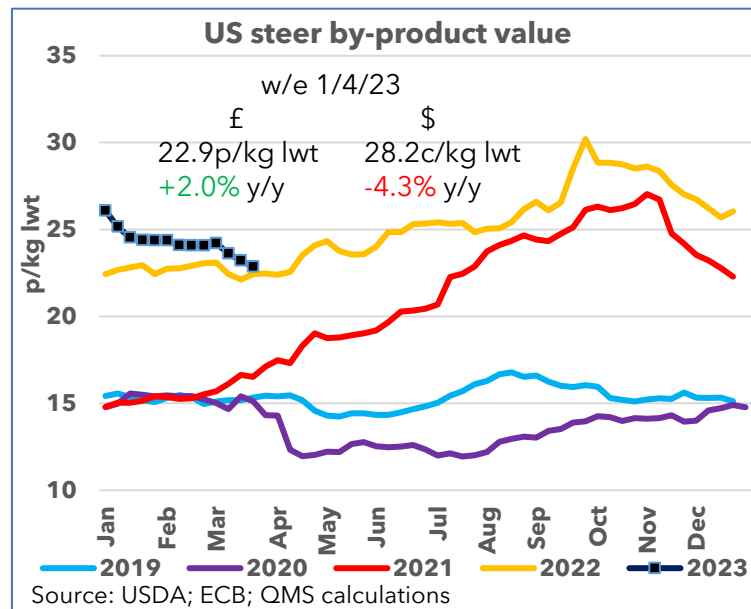
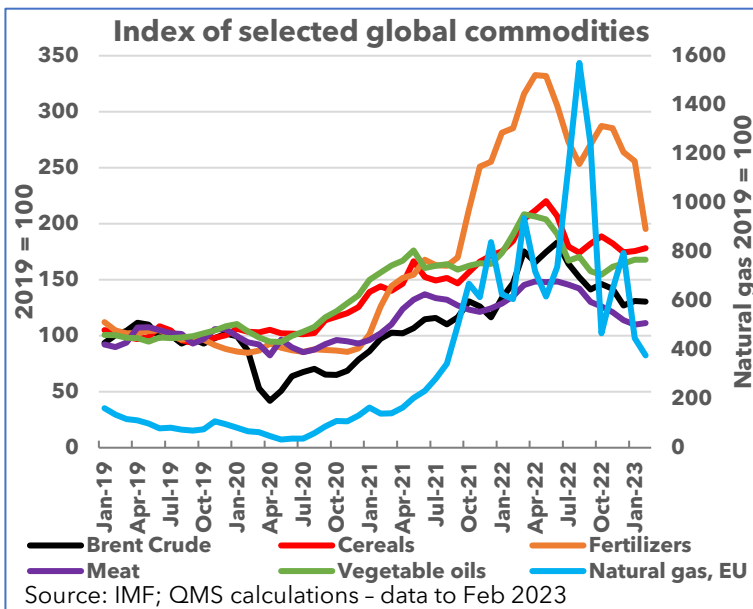
- Commodity prices have remained well below their 2022 peak in 2023 but farmers and processors will continue to face unusually high levels of input costs where end prices are reflecting past rises in raw material prices.
- Consumer confidence remains very weak due to concerns about rising energy, food and mortgage costs but confidence in personal finances has rebounded from its autumn 2022 low.
- 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.
- PMI surveys have suggested a slightly brighter start to 2023 for UK businesses and the labour market continues to look tight, with public sector pay growth starting to catch up with the private sector.

# Production costs and by-product revenues



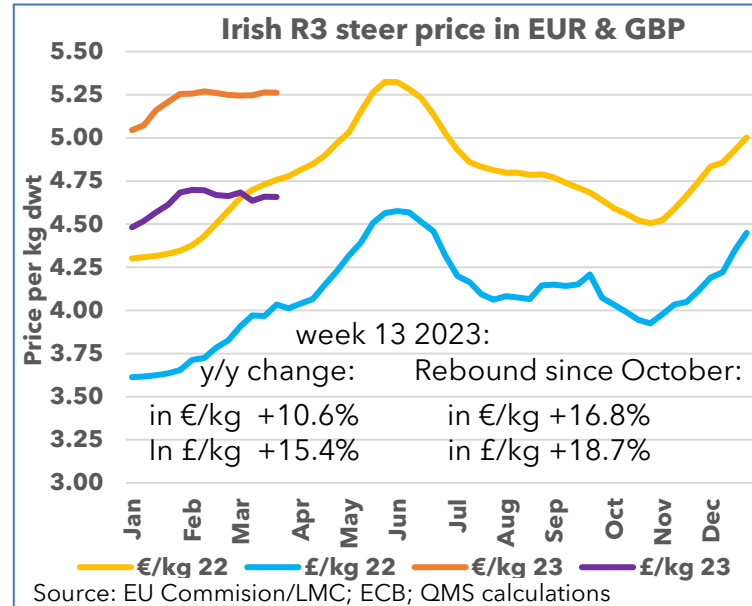
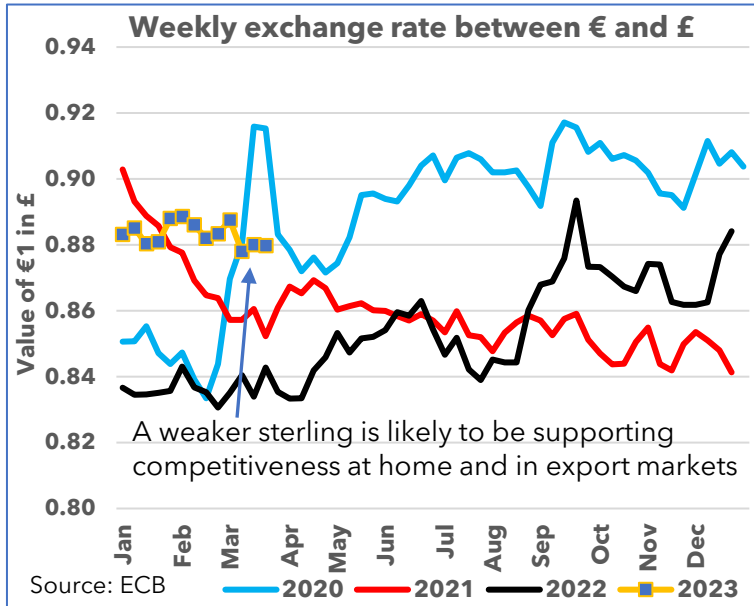
Commodity prices have fallen from their highs, but many are still well above pre-covid levels, meaning that businesses are still having to deal with higher cost bases than they have been used to. Contract pricing of inputs means that businesses may still be facing rising costs even as commodity prices have dipped.

Increased availability of cheap Black Sea wheat on the global market continues to pressure global grain prices, although this could change quickly if the initiative which allows exports from Ukraine's southern ports is not extended on May 17<sup>th</sup>. With grain prices spiking in the early weeks of the war in 2022, they are now sharply below year-earlier levels. Soyameal prices have now started to fall back towards year-earlier levels as a record Brazilian crop is reaching the market, more than offsetting pressures from a very poor harvest in Argentina.



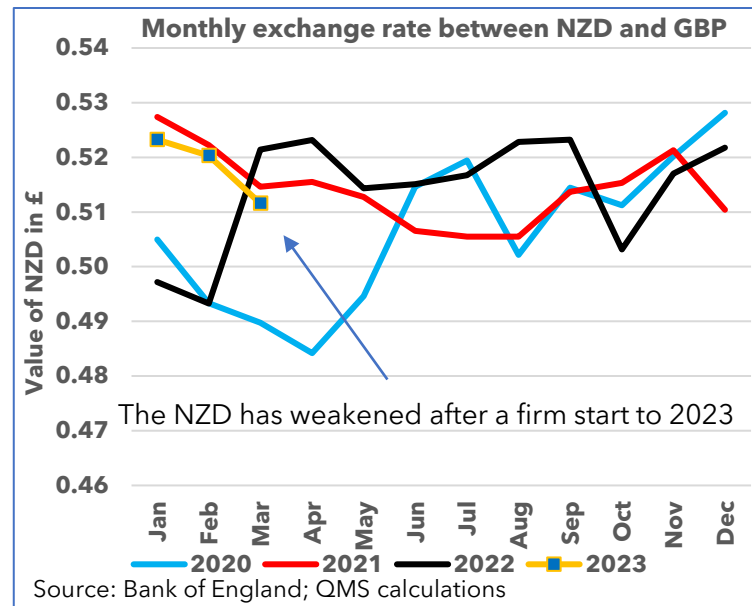
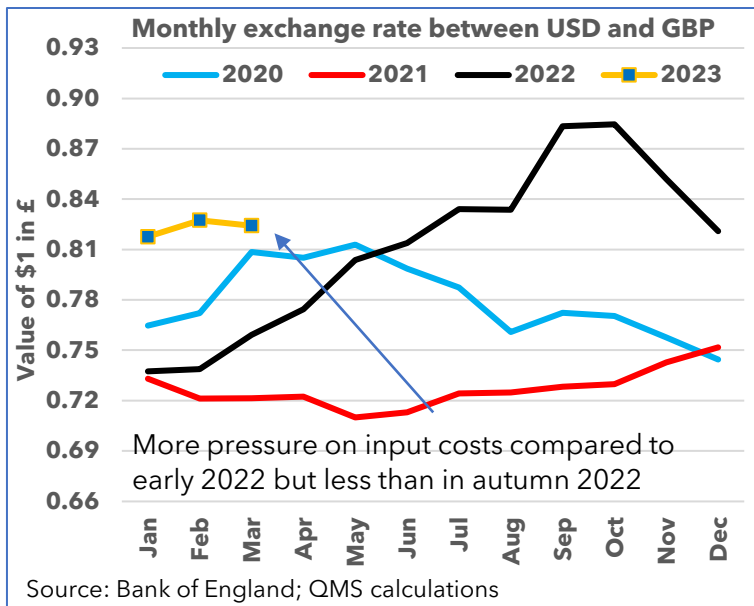
By-product value has followed commodity markets lower since the autumn although it has held slightly above year-earlier levels in sterling due to a weaker pound than in spring 2022. After softening at the start of 2023, hide values have stabilised in the USA. In early April, hides were down slightly more on 2022 in USD (-6%) than in sterling (-2%).

# 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



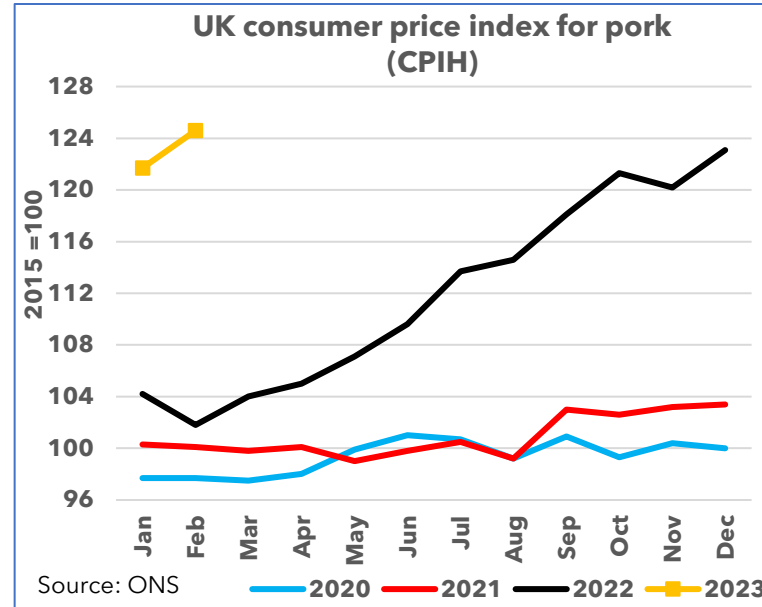
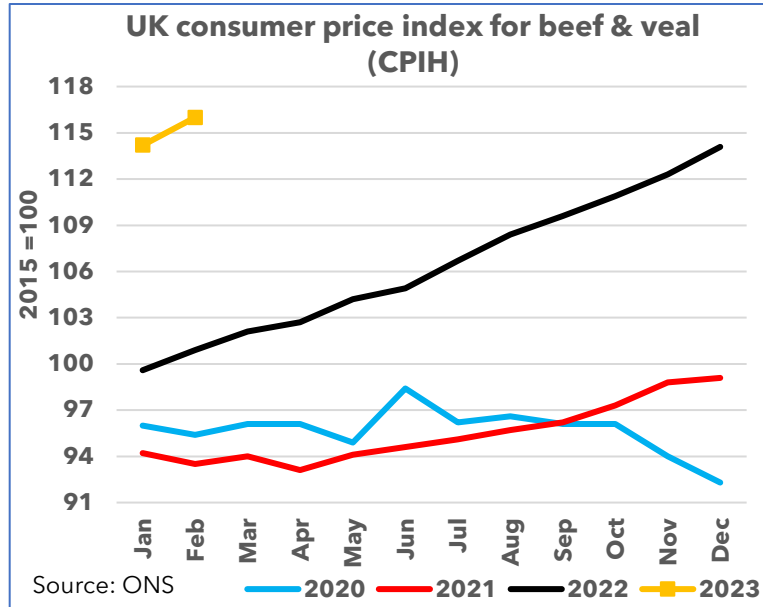
Sterling weakness has continued to support Irish cattle prices quoted in £/kg when compared to 2022.

US economic data has remained relatively firm in 2023 but banking sector turmoil has limited expectations for further interest rate increases, pressuring the dollar.



However, the USD remains stronger than a year ago, raising input costs but supporting returns on dollar-denominated exports to non-EU countries. For example, an unchanged export price of \$5,000/t would have returned £3,795 in March 2022 but £4,120 in March 2023 (+8.6%).

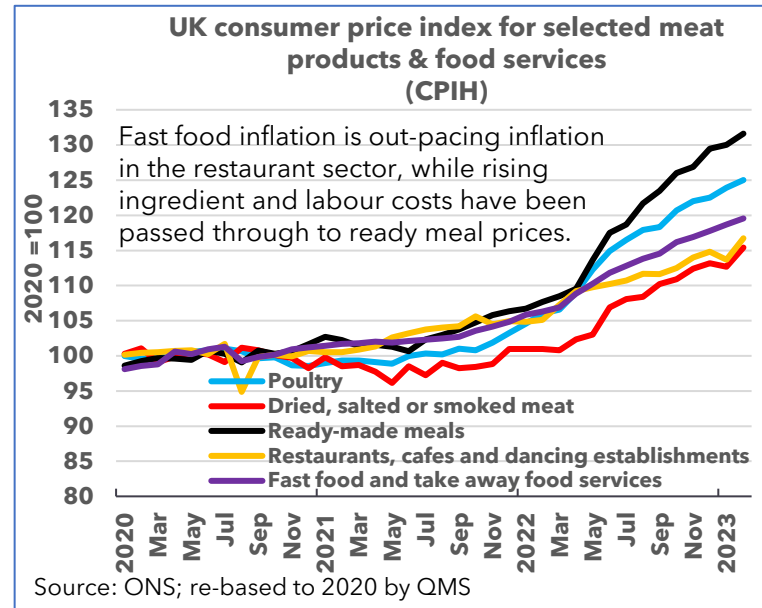
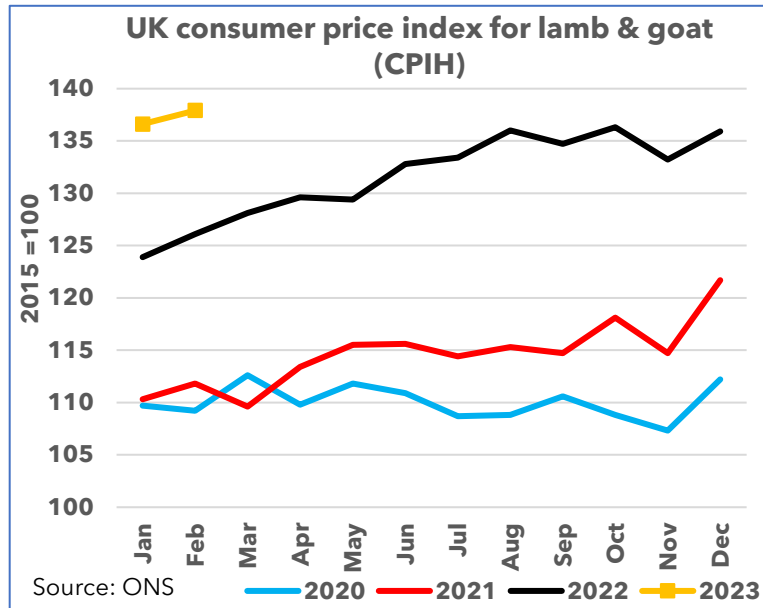
# Retail demand and prices - meat prices continue to show strong year-on-year increases, limiting sales volumes



Retail demand remains firm overall with rising wages (+5.7% y/y in three months to January) supporting the overall amount of money spent on groceries. However, sharply higher prices continue to limit sales volumes.

Spending on beef has continued to grow moving into 2023, with a shift towards cheaper cuts limiting the average retail price increase. This shift in spend towards cheaper cuts remains less evident in pork and high price inflation is pressuring sales volumes.

Lamb is, on average, an expensive protein and its significant underperformance compared to other meats for most of 2022 appears to have returned after a good Christmas. However, lamb retail prices appear to have stopped trending sharply higher and this may help sales to stabilise.



## Y/Y change in GB retail sales reported by Kantar in 12 weeks to 19/3/23

	Value	Volume	Avg price per kilo
Fresh beef	+6.0%	-2.3%	+8.8%
Fresh lamb	-7.4%	-9.3%	+2.1%
Fresh pork	+10.3%	-6.0%	+17.3%
Fresh poultry	+15.1%	-0.2%	+15.3%
Total grocery market	+8.7%	-4.7%	+14.0%

Source: Kantar

**Economic indicators** – economic sentiment has improved slightly at the start of 2023 as cost pressures appear to have passed their peak. Wage pressures have continued to support household spending, but have not been enough to keep pace with inflation.

