

QMS MONTHLY MARKET UPDATE

July and August 2024

Purpose:

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

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AHDB

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

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BEEF MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices

- A seasonal reduction in prime cattle availability on farms across GB has seen a slow but steady rising trend for prime cattle prices in July become a more significant uplift in August, taking prices to their highest level since March and around 1% below their record high from May 2023. In August, prices have been running 6-7% higher than last year and 20% above the five-year average. Cow prices have followed the prime trade higher at a time of year when availability for slaughter is often climbing, but it took until the week to August 24 for any evidence of a seasonal bounce in cow kill at Scottish abattoirs.

02 Production and beef demand

- Although prime cattle slaughter has been running higher than in 2023 for much of the year-to-date at GB abattoirs, rising 3.3% in the January to July period, there has been a seasonal reduction since mid-June. At price reporting abattoirs, weekly slaughter has been averaging 6% lower in August than in the opening seven months of the year, helping explain the lift in farmgate prices.
- However, retail demand for beef has also been firm in summer 2024, with Kantar reporting that spending rose by 6% in the 12 weeks to early-August across GB, translating into volume growth of close to 3%. While imports have increased this year, driven by non-EU suppliers, trade has been relatively flat after a strong first two months and there has been a consistent rise in export demand in 2024.

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 24 August	506.2	+3.4	+2.5%	+6.1%	+20.8%
Prime cattle slaughter at price reporting Scottish abattoirs (88% of kill in Jan to Jul 2024)	Average in four weeks to August 24, head procured deadweight	5,406		-5.7%	-0.3%	-11.1%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to August 24, £ per head	£1,318		+5.8%	n/a	+34.5% (v 2018-22)
UK beef market supply	Tonnes in May-Jul 2024 (estimate)	262,200			+1.4%	+2.9%

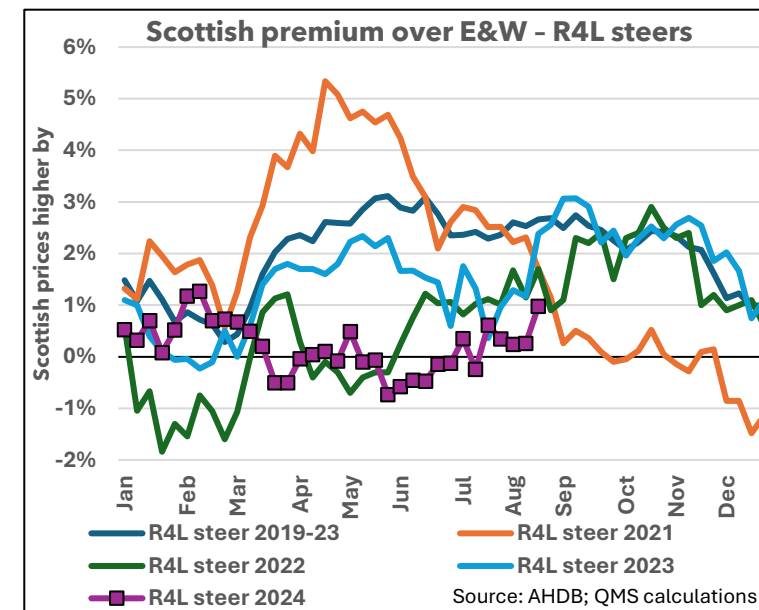
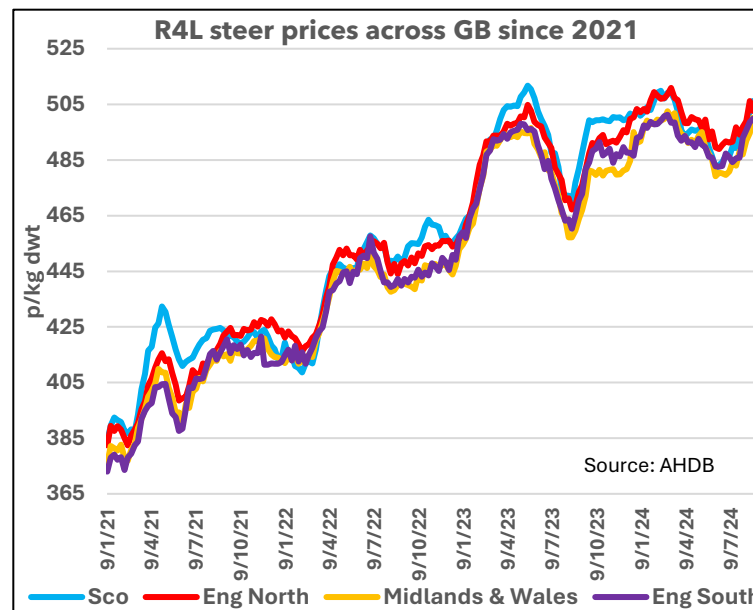
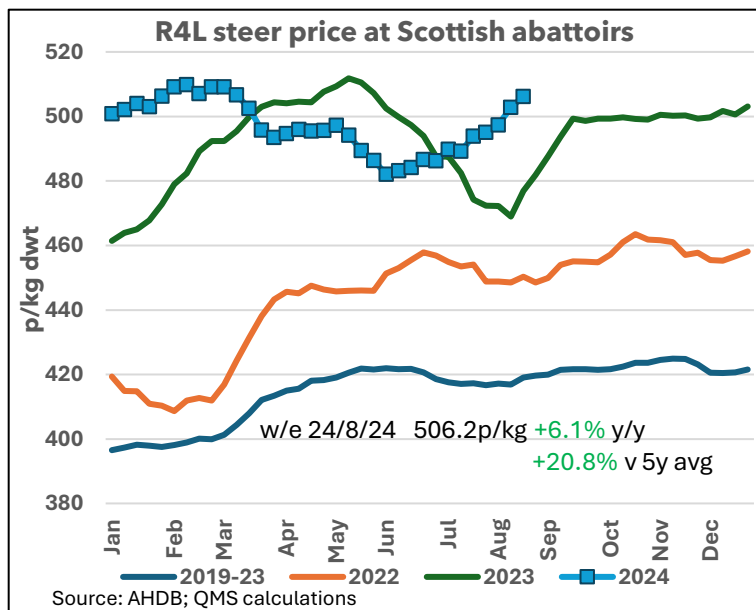
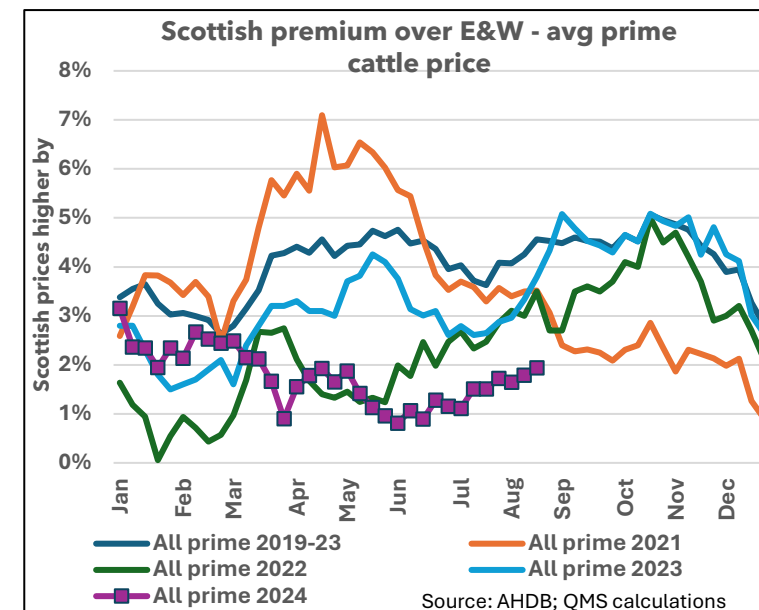
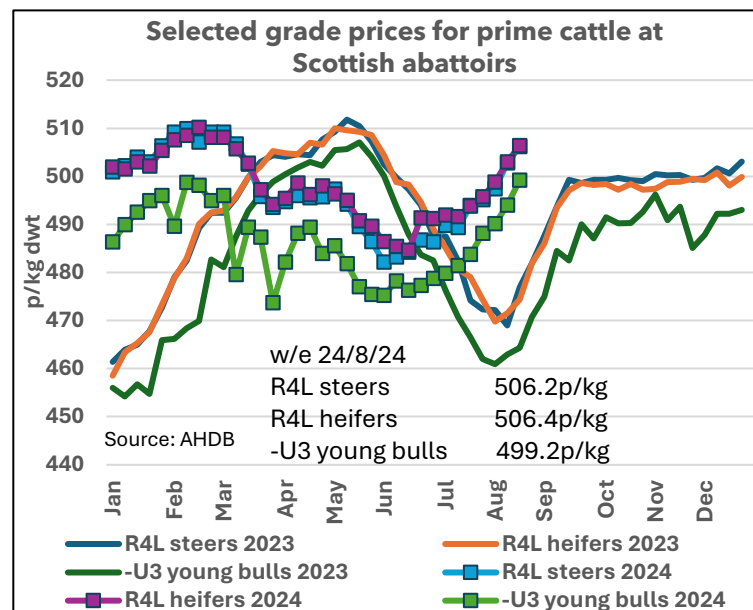
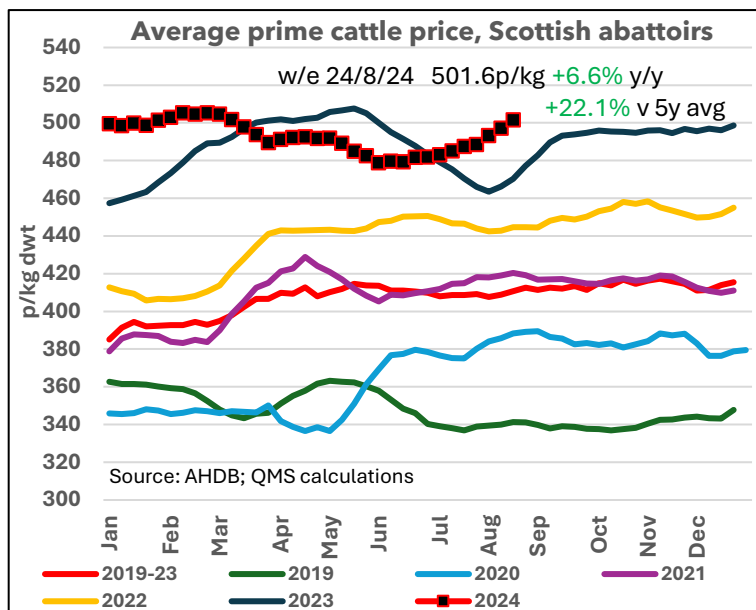
03 Outlook for production

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



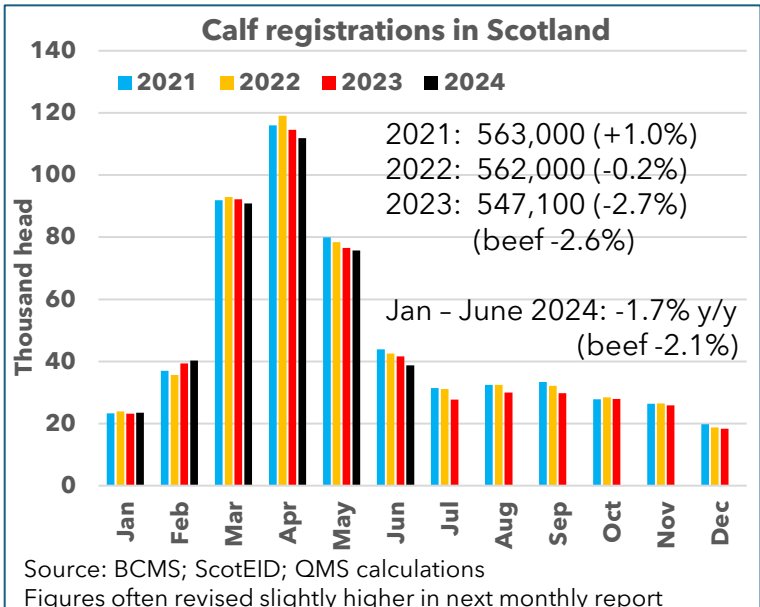
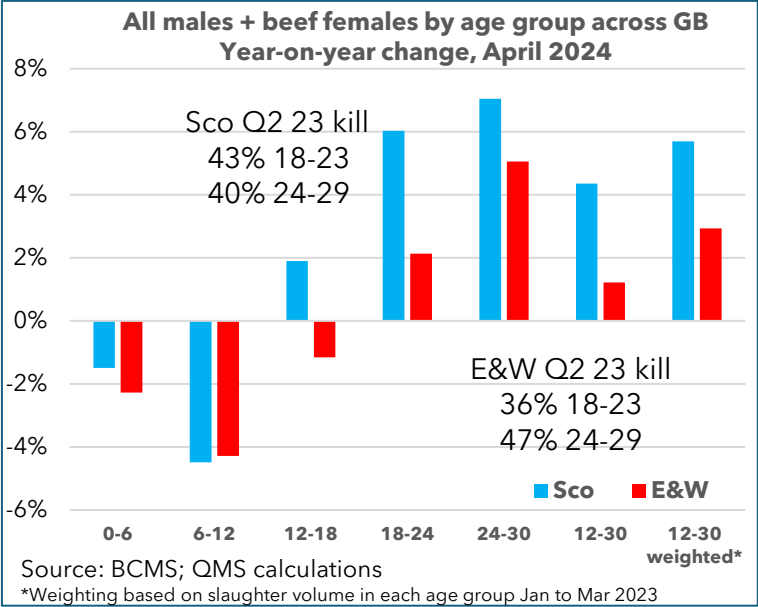
Farmgate prices

A steady uplift in July has turned into a significant price rise in August, with availability tightening seasonally across GB and demand holding firm. Prices have returned close to the record highs of May 2023.



Availability and slaughter

Though higher than last year, weekly slaughter has fallen to a seasonally low level at GB deadweight price reporting abattoirs in August. This autumn, the tail end of the increased spring-2022 calf crop and a reduction in the store cattle outflow from its peak could continue to support availability in Scotland, offsetting the smaller spring-2023 calf crop.

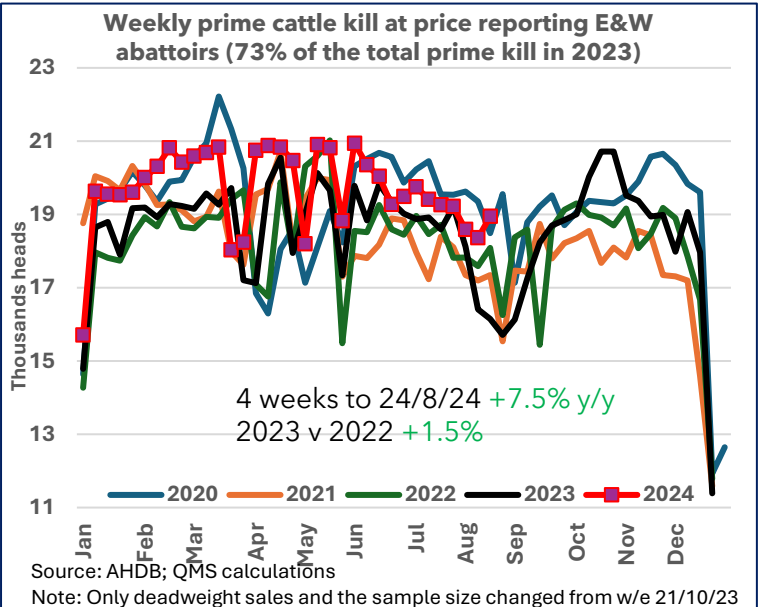
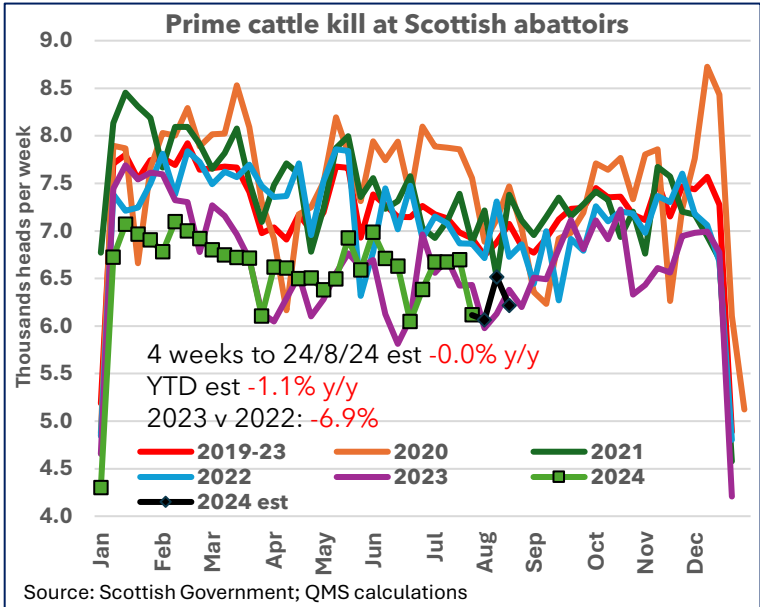
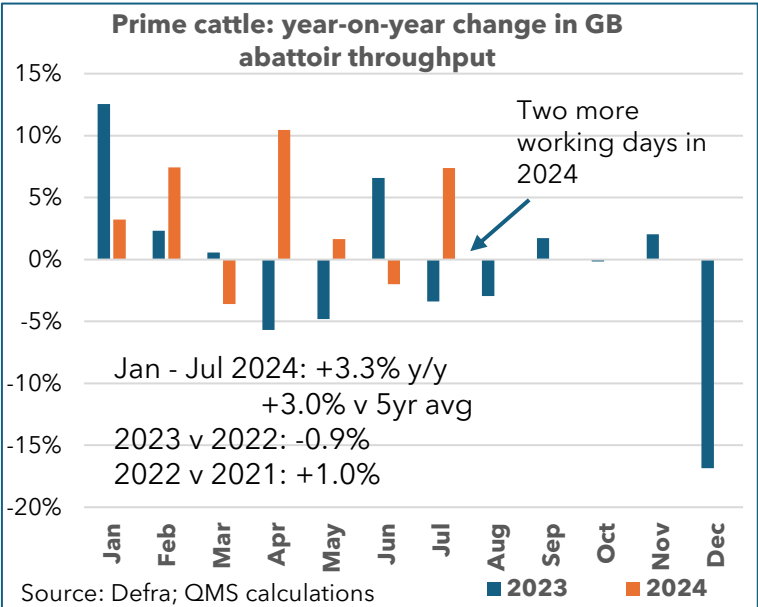


An increased prime cattle population on farm in 2024 has continued to underpin slaughter across GB relative to 2023. However, numbers have tightened seasonally, underpinning competition for cattle.

In Scotland, in the four weeks to August 24, the prime kill was at its lowest level at price reporting abattoirs for a four-week period since the festive season, with the peak of the young bull season passing. During this period, slaughter was very similar to 2023, following a period of running slightly higher for most of the time since March.

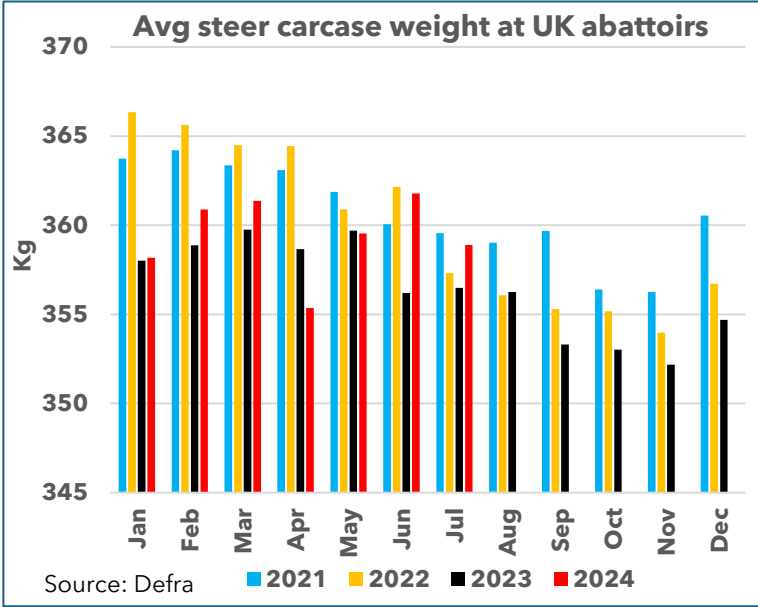
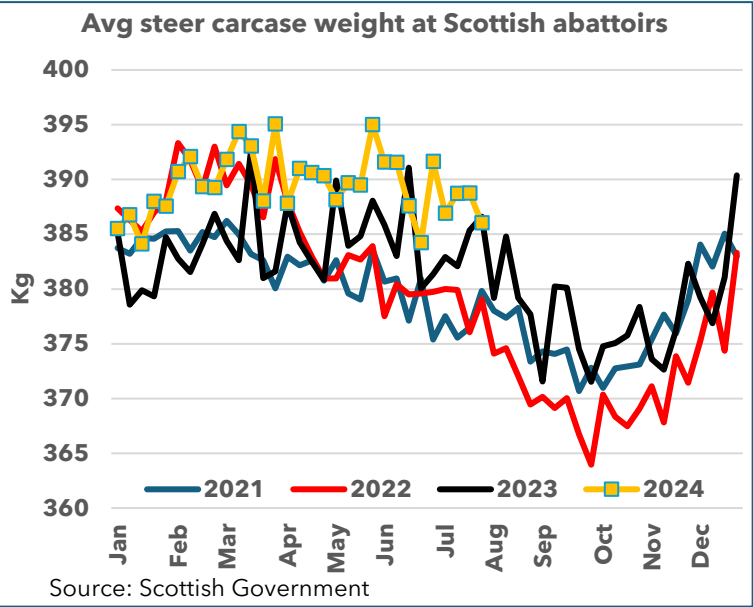
Meanwhile, after falling back in July, the deadweight price reported kill in E&W dipped further in August, averaging 5% lower in the four weeks to August 24 than in the first 30 weeks of the year. However, the seasonal downturn has not been as significant as in 2023.

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



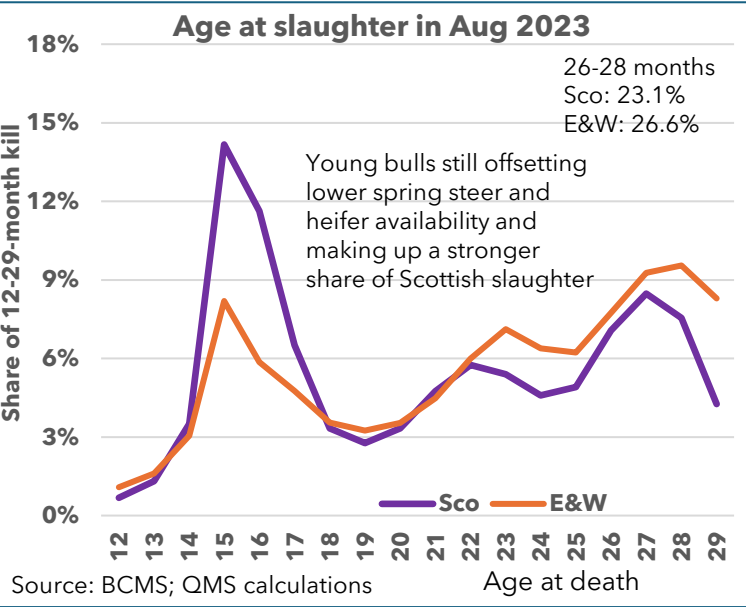
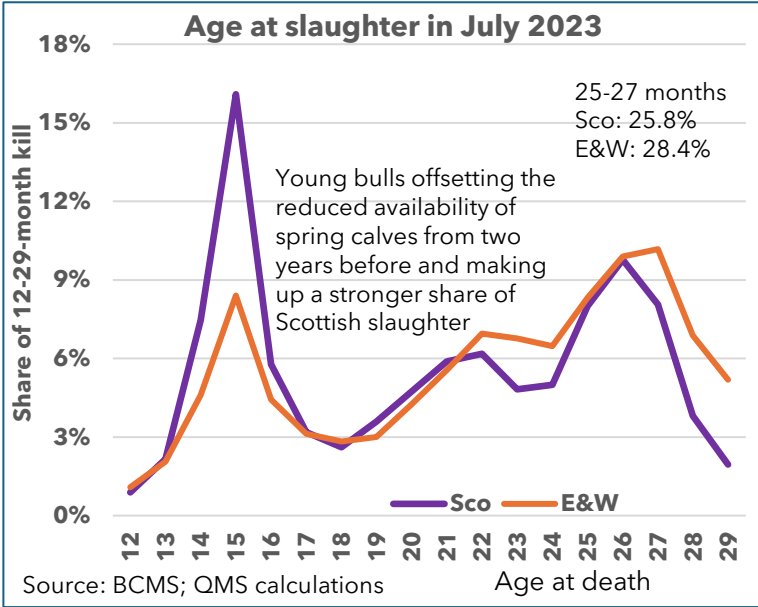
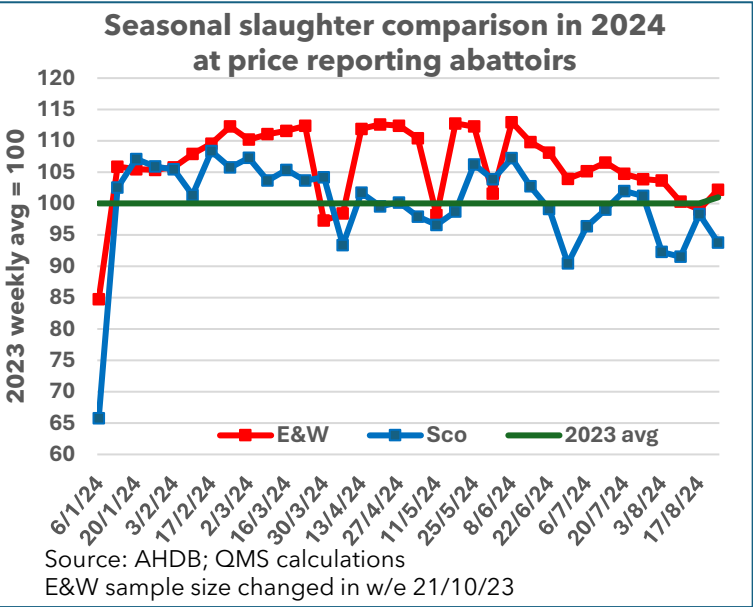
Seasonality of production

Prime cattle availability has fallen seasonally in Scotland and a seasonal fall in carcase weights will have had an additional impact on production volumes. Young bull availability has passed its summer peak, reflecting that August is 16 months after the previous year’s peak calving month of April.



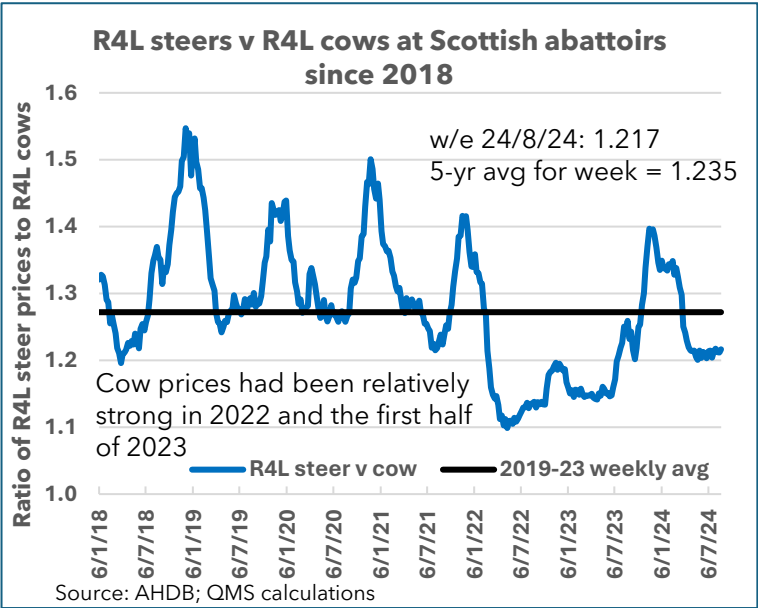
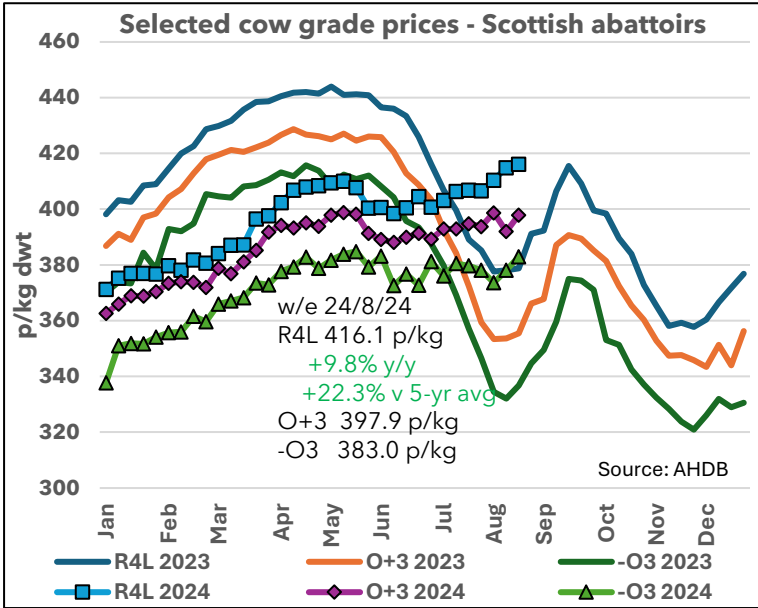
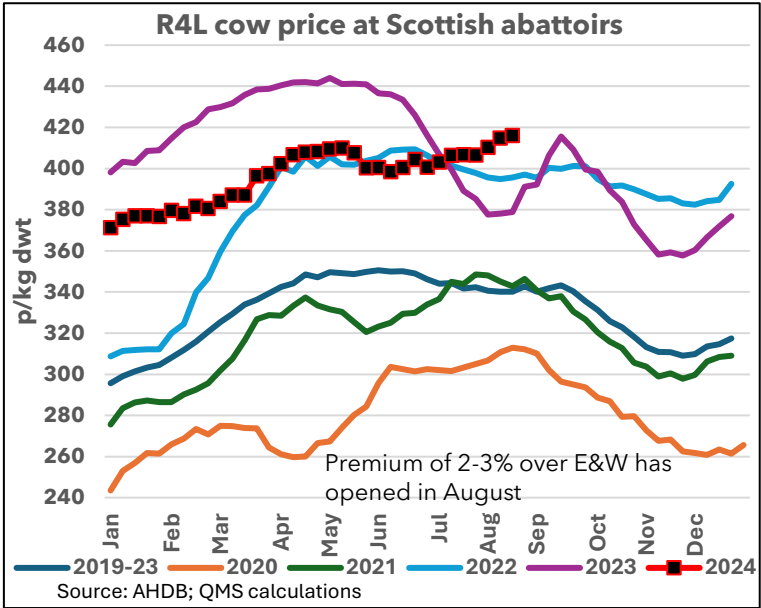
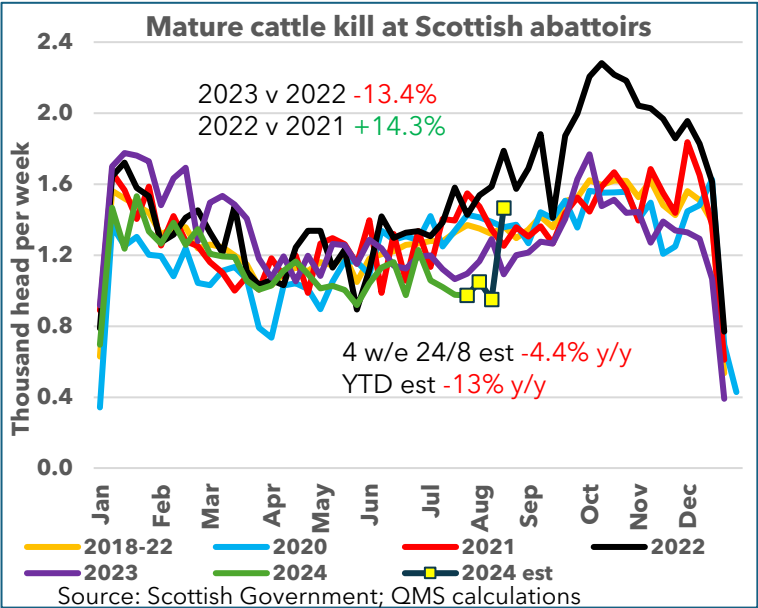
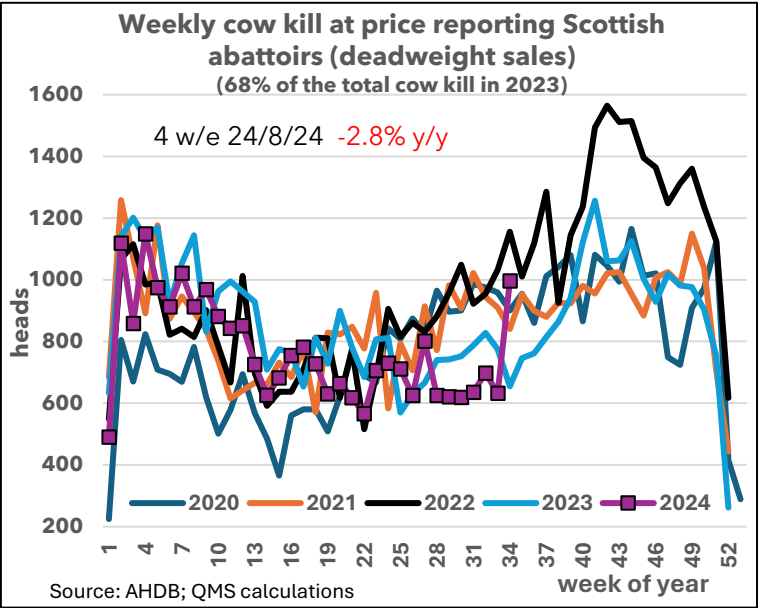
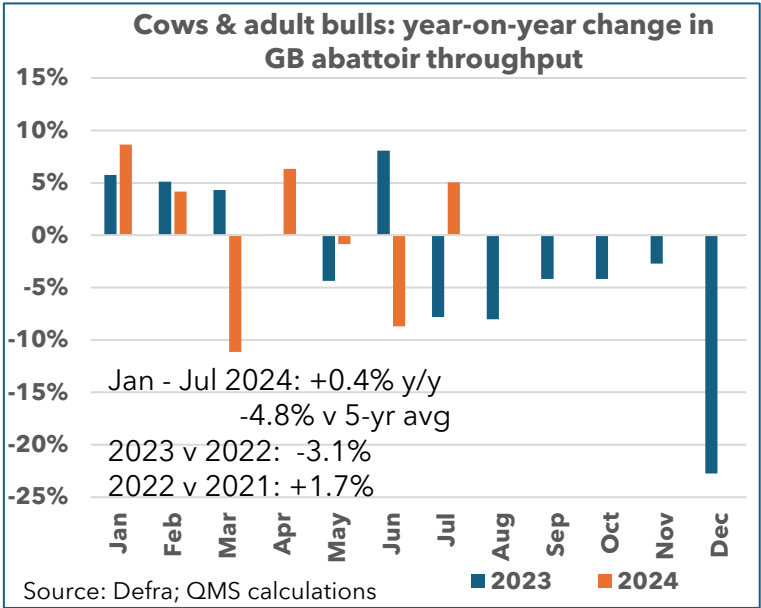
Availability for slaughter remains seasonally low in August with limited availability of spring 2022 calves left and few early arriving spring 2023 steers and heifers reaching the market. Young bull availability has passed its summer peak, reflecting that August is 16 months after the previous year’s peak calving month of April. A seasonal reduction in carcase weights will have added to the squeeze on prime beef production volumes.

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

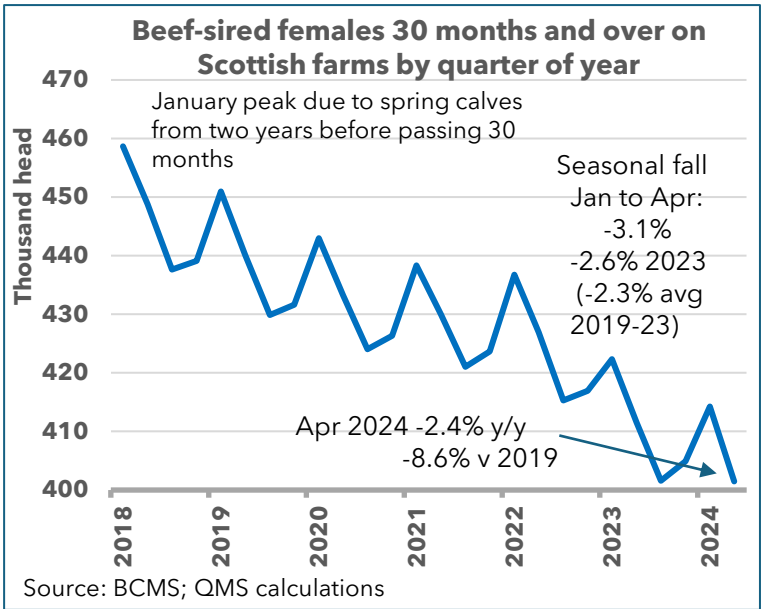
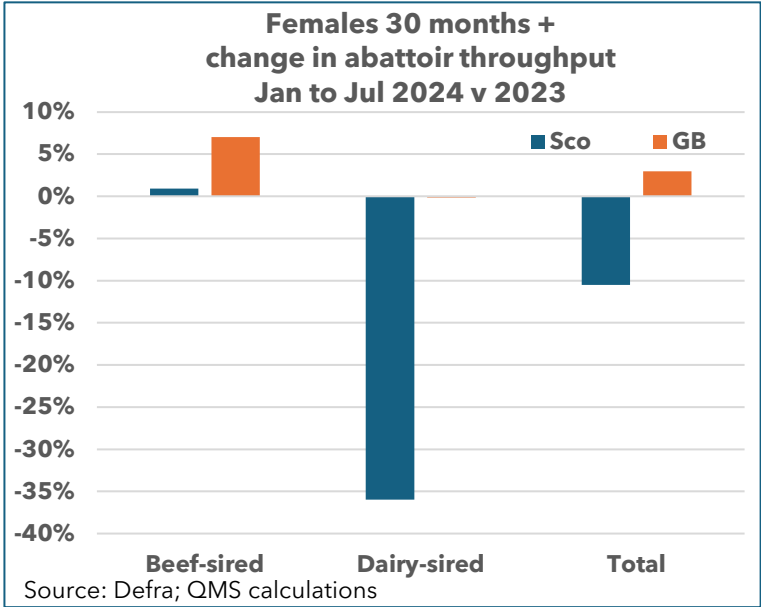


Mature cattle market

Cow prices have risen to new year-to-date highs at Scottish abattoirs in August. After a period of surprisingly low slaughter for the time of year, there was a surge in late-August and, after looking relatively soft for much of the year, cows are trading at a premium at Scottish abattoirs over England & Wales.



Herd reduction gathering pace again in the beef sector



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

Females aged 30 months+ on farms in England & Wales and GB (y/y change in Apr 2024)			
Month	Dairy	Beef	All
E&W	-0.0%	-3.2%	-1.3%
GB	+0.1%	-3.0%	-1.4%

Source: BCMS; QMS calculations

In April 2024, there were nearly 401,500 beef-sired females aged 30 months and over on Scottish holdings. This was a 2.4% decline from a year earlier, concerningly marking a renewed acceleration in year-on-year herd decline. It left numbers down by 8.6% on five years before. The total in April 2023 had been just under 411,500 head.

After a stronger seasonal uplift between July and October 2023 relative to the five-year average, the quarterly uplift undershot the five-year average between October and January, followed by an above-average seasonal decline between January and April. While the cow kill has continued to slide on a year earlier at the start of 2024, this has been driven by the dairy herd in Scotland and the number of over 30-month cattle moving from Scottish farms to abattoirs in England and Wales rose in the first half. Looking forward, if seasonal changes were to move back in line with their five-year average, herd decline could stabilise at around 2.5%, although an increased pool of females aged 24-30 months on farm could provide some offsetting pressure.

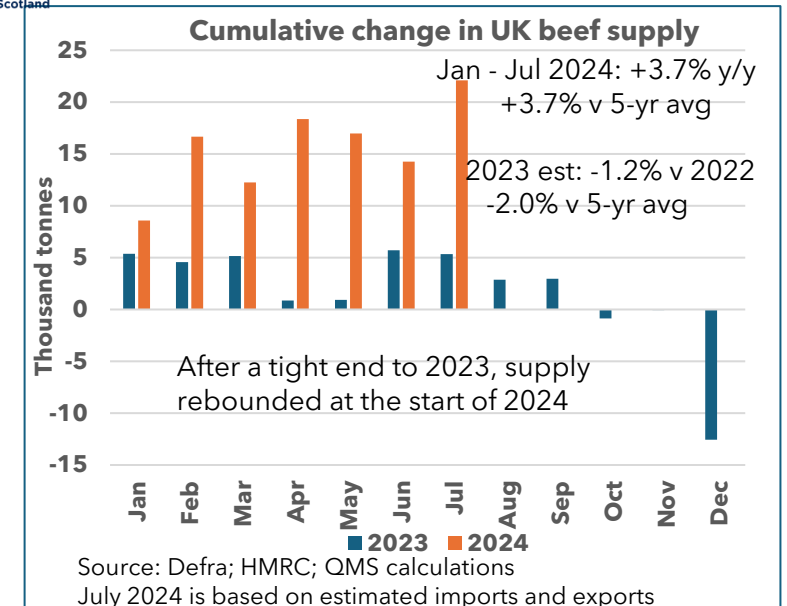
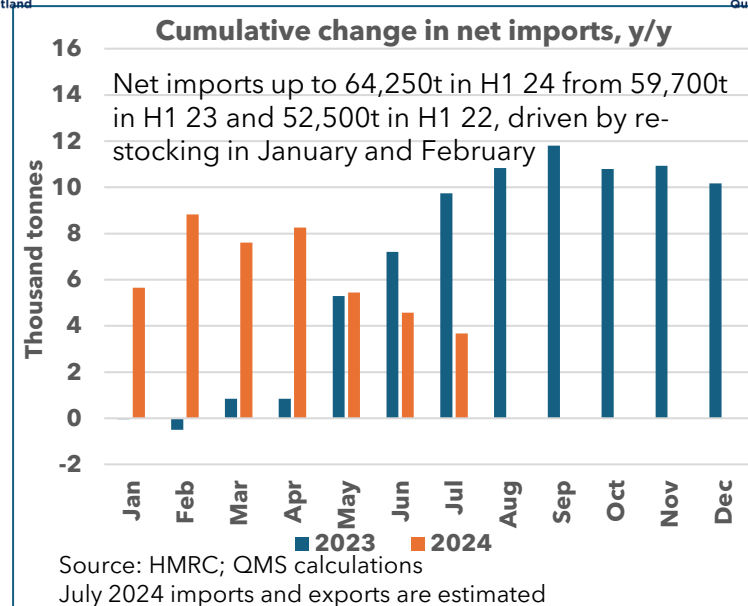
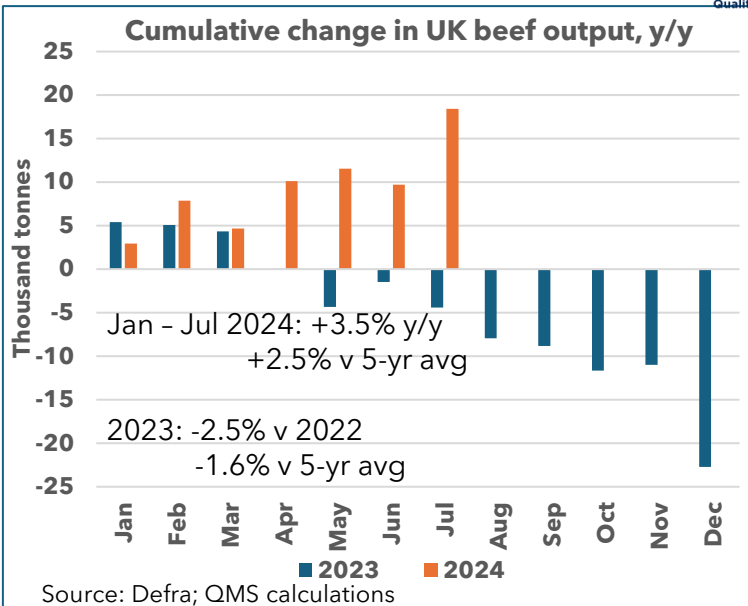
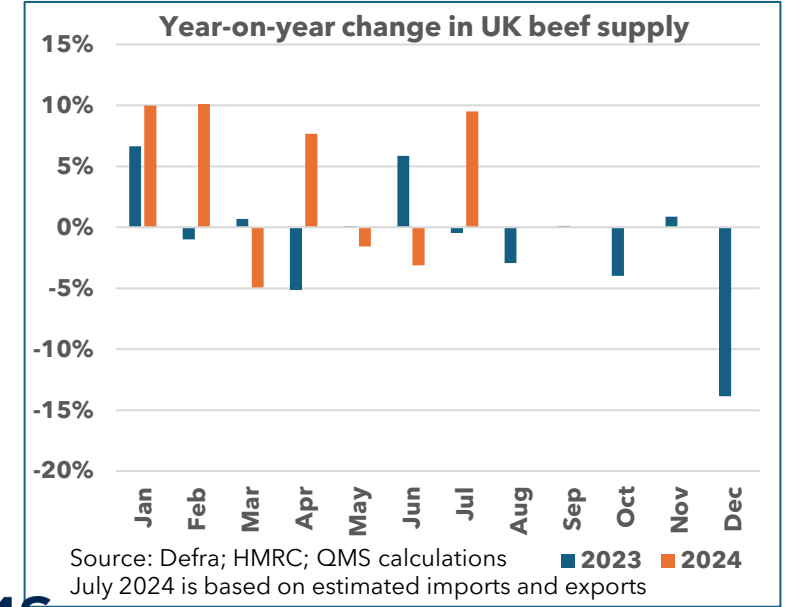
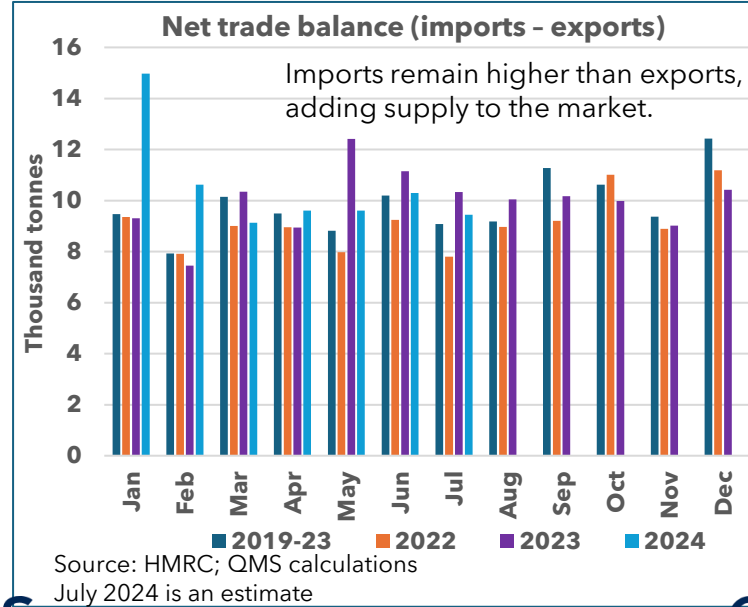
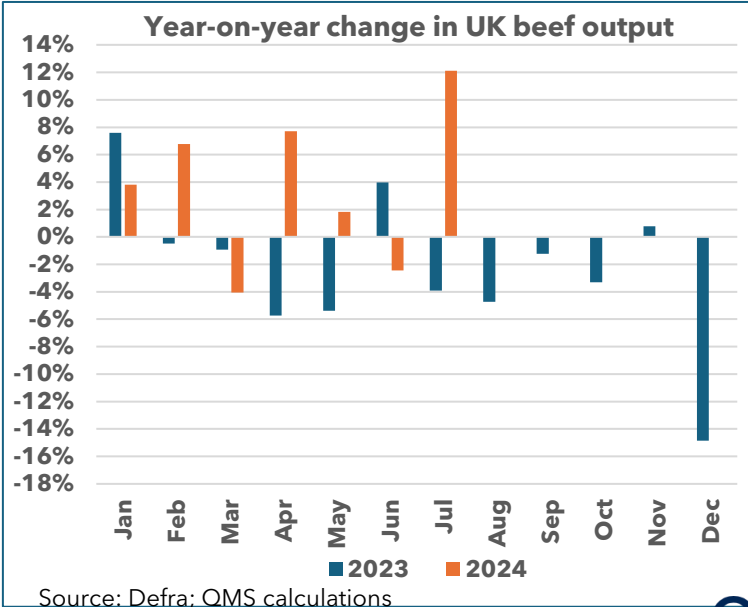
Continuing strong herd decline in England & Wales is set to maintain firm demand from English finishers for Scottish-born beef calves and has the potential to drive a renewed upturn in the level of outflow.

Latest breeding herd results - females over 2 years old with offspring (y/y change)			
	Dairy	Beef	All
Scotland (Dec 2023)	+1.0%	-2.5%	-1.4%
England (Dec 2023)	-0.9%	-4.2%	-2.1%

Source: Defra; Scottish Government; QMS calculations

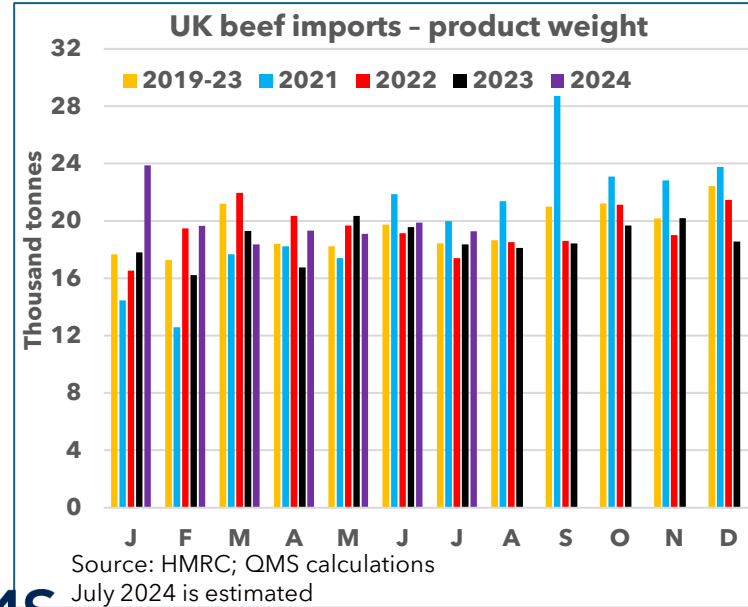
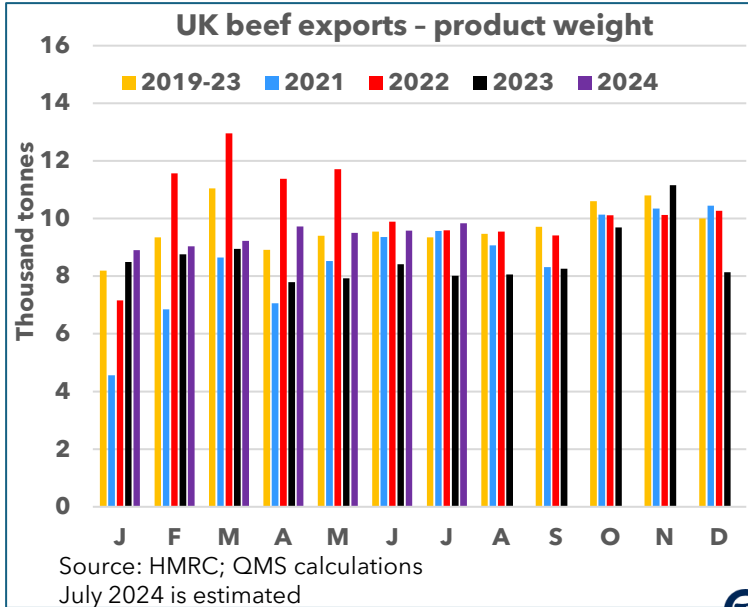
UK beef market supply

domestic production + (imports – exports) = supply



UK international trade

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



UK beef exports continued to look firm in June and reached a year-to-date high share of domestic production. Volumes were up 14% on the year and were slightly ahead of the five-year average.

Shipments to EU countries reached a year-to-date high in June and this was also the fourth straight month of year-on-year increase (+9%). Meanwhile, trade with non-EU countries continued to rebound strongly, up more than 55% on June 2023 (though they were only up marginally on June 2023).

After a strong start to the year, driven by re-stocking demand after a tight end to 2023 for the UK beef market, imports settled down in the spring and were almost unchanged from a year earlier in the March to June period.

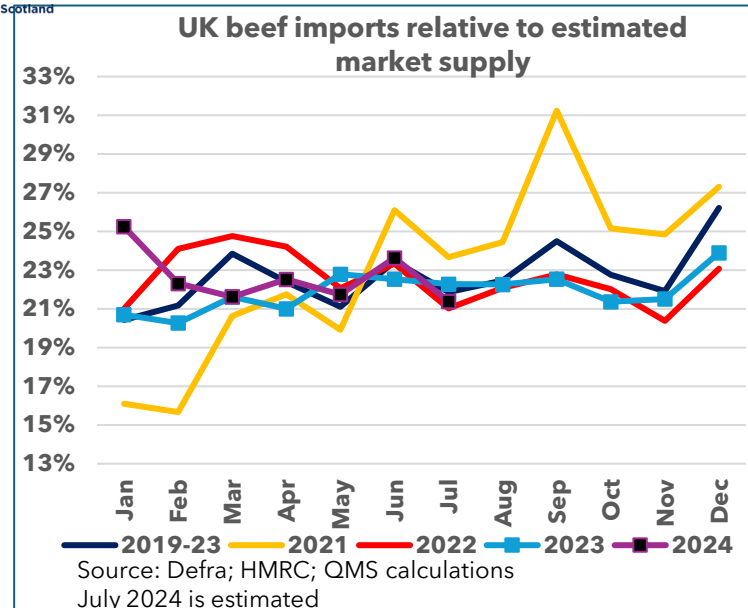
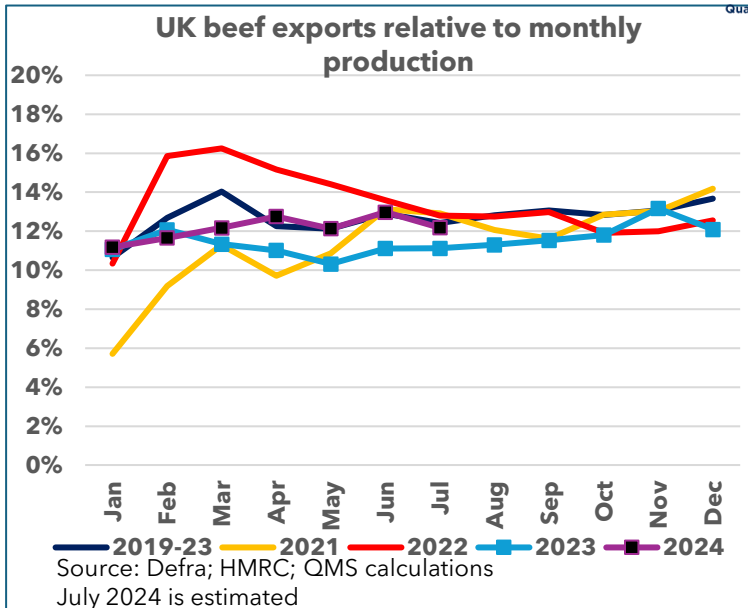
Imports from the EU trailed year-earlier levels for the third time in four months in June, down 3%. However, the volume arriving from non-EU sources continued to show consistent expansion, up 71% on the year and at their highest level since late-2017. Imports from Australia and New Zealand accounted for 46.5% of non-EU shipments in the first half of 2024, up from 17.5% in the same period of 2023, reflecting the Free Trade Agreements which started on 31/5/23, although volumes did dip from May. Imports from Brazil and Uruguay reached year-to-date highs.

The EU accounted for 92.7% of UK import volumes and 84.9% of exports in the first half of 2024.

Note:

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

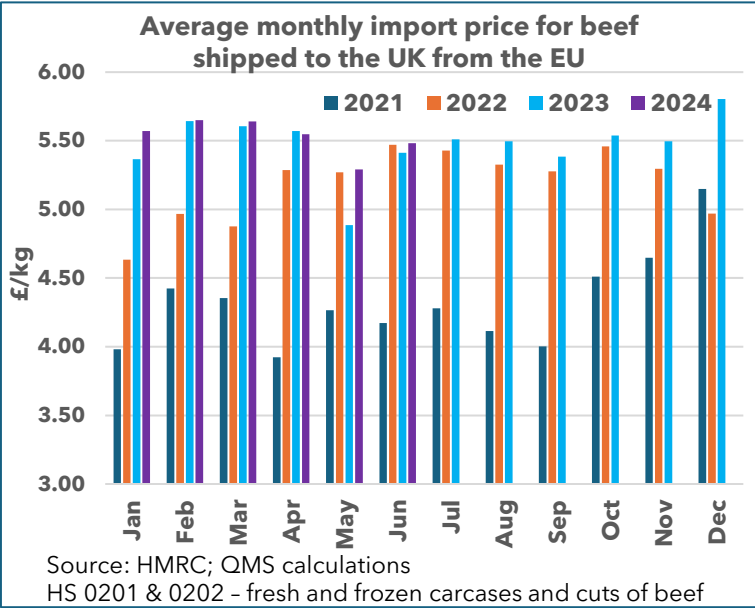
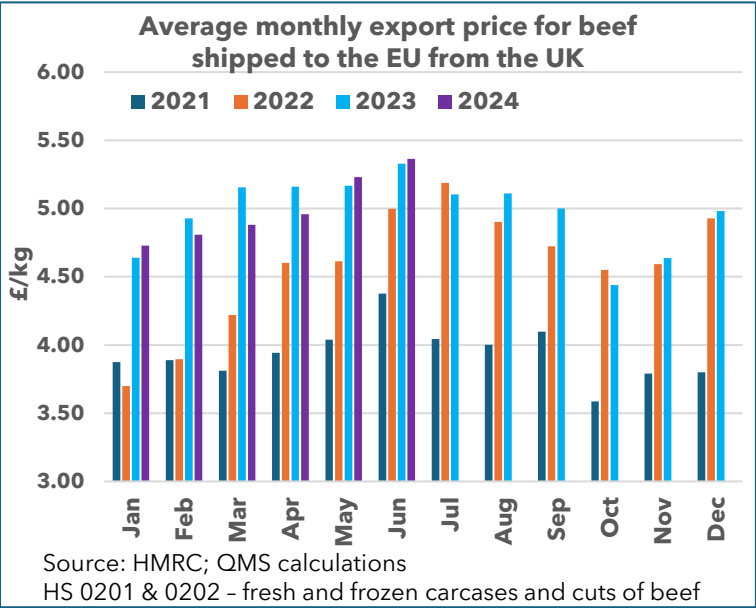
Estimates for July are based on seasonal trends in trade volumes and domestic production



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Variables influencing international trade

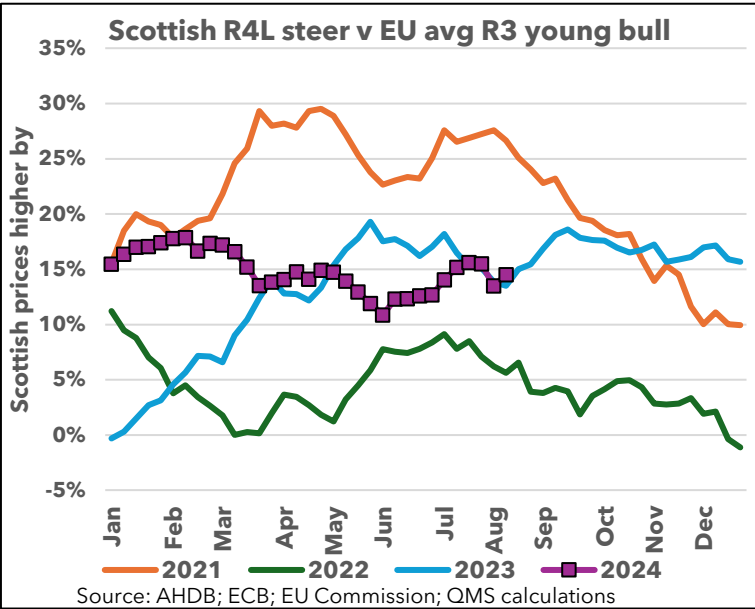
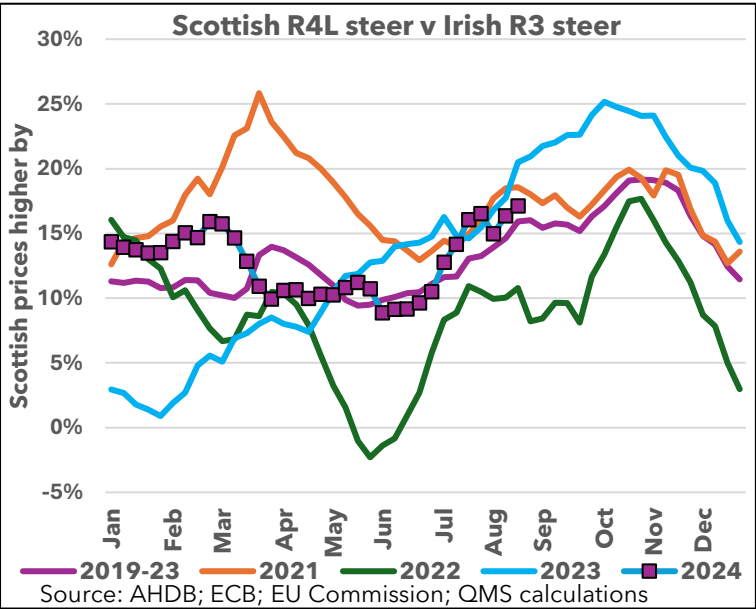
Scottish prices have lost competitiveness against Ireland since June, with the differential rebalancing seasonally.



Irish prime cattle prices fell in July, reflecting a seasonal upturn in availability for slaughter, before steadying into August, but prices in £/kg have been affected by currency volatility. With Scottish prices trending higher, this has seen the gap between Scottish and Irish prices widen; something not unusual for the time of year. After a relatively stable lead of 9-11% in Q2, Scottish R4L steer prices have been trading at a 15-16% premium in August.

While EU beef prices remain slightly below the highs reached in 2022 and 2023, they have risen in 2024 and have been around 6% higher than last year in August. As a result, the lead for Scottish R4L steers over the EU average for R3 young bulls has been similar to August 2023, at roughly 15%.

After struggling to match the highs of 2023 in the first third of the year, UK import and export prices showed some year-on-year uplift in May and June.



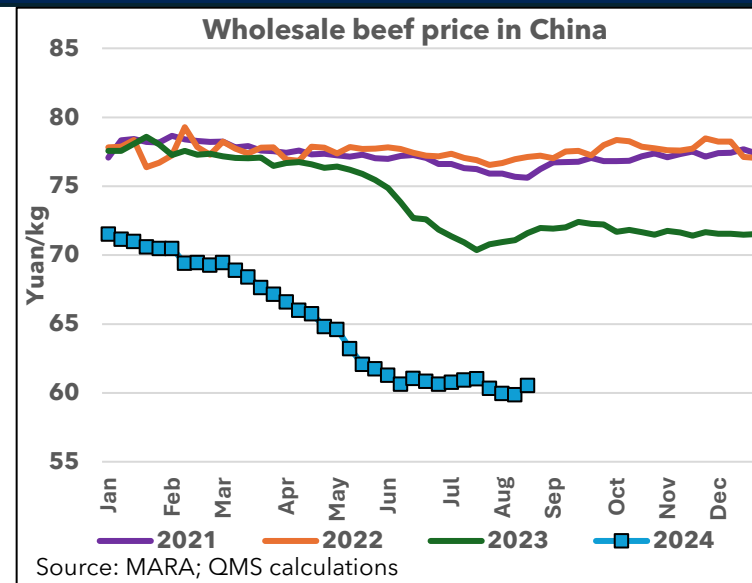
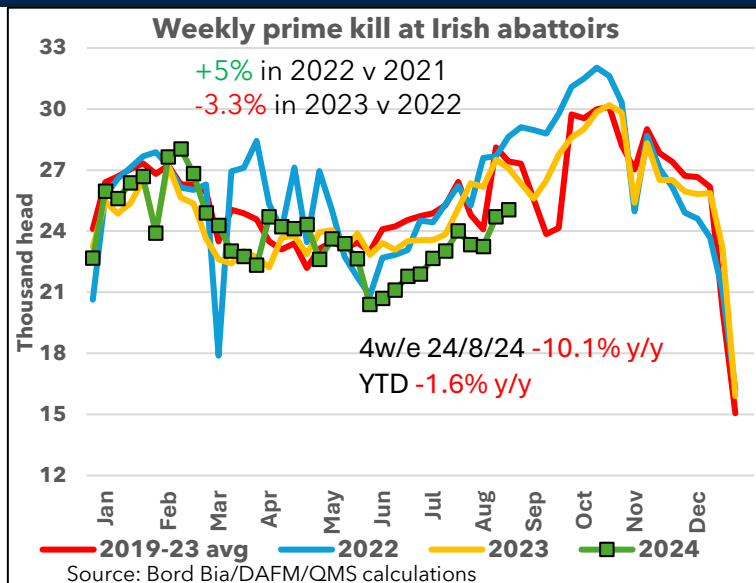
Selected EU cattle prices for R3 males, converted from euro to p/kg dwt			
	Week 33 2024	Week 29 2024	Week 33 2023
Germany (young bull)	439.2	417.9	404.4
Netherlands (8-12 months)	408.6	389.2	410.2
Spain (young bull)	459.2	448.8	428.8
Poland (young bull)	422.3	412.4	399.0
Irish Republic (steer)	432.1	428.6	398.3
For comparison: Scotland R4L steer	502.8	489.3	469.0

Source: AHDB; EU Commission; LMC; QMS calculations

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

Variables influencing international trade

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



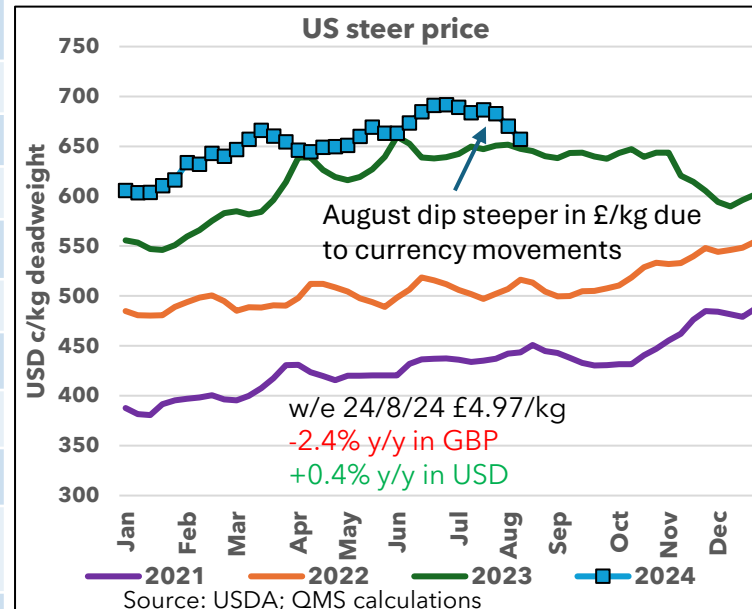
In the Irish Republic, while slaughter has passed its seasonal low and is transitioning towards its autumn peak, numbers have shown a period of sustained reduction relative to last year. Census results from December did point towards a tightening once an increased number of older prime cattle had been worked through. However, the speed of the year-on-year decline in recent weeks may also have been influenced by the spring weather, with the potential for some catch-up. At EU level, production is now expected to edge higher this year, potentially lowering imports to the EU slightly (based on USDA forecasts).

In the global market, beef prices are still under pressure from herd expansion in Brazil and weak purchasing power in China. However, producer confidence and market prices have rebounded from autumn 2023 lows in Australia. US beef prices continue to trade historically firm with domestic production adjusting downwards following drought induced herd liquidation in 2021 and 2022, although the market has softened in August and slaughter was surprisingly stable on a year earlier in the January to July period.

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

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

Source: USDA Foreign Agricultural Service



In July revisions to its forecasts, the USDA is now projecting global beef output and consumption to rise at a slightly faster pace this year. Meanwhile, the import forecast has been revised significantly higher, driven by China and the US, with continuing support to global trade flows from the mismatch between supply and demand in major beef producing and consuming countries.

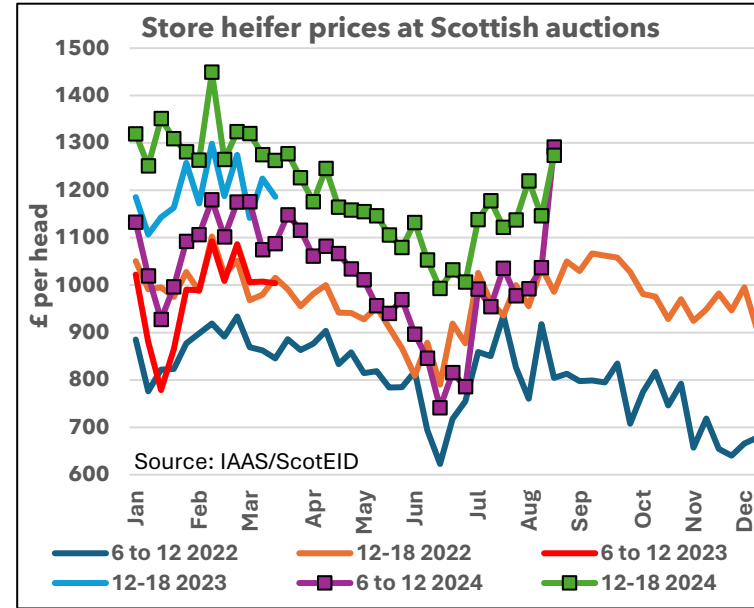
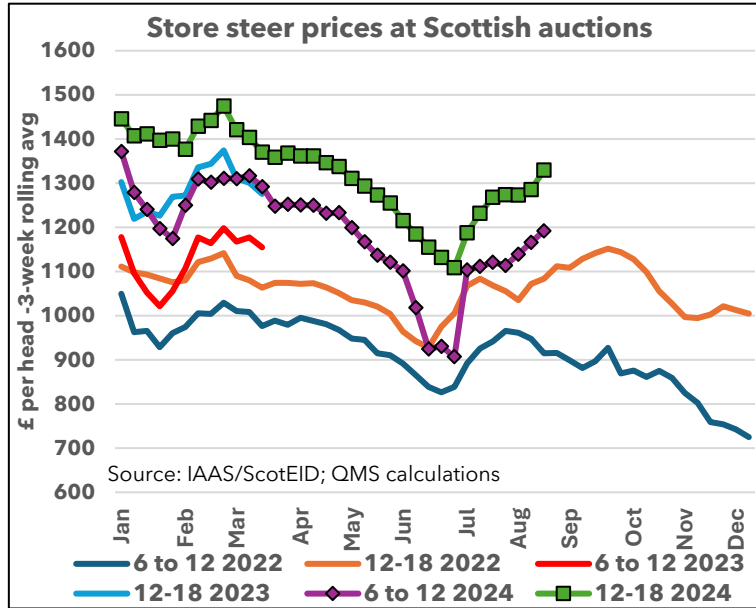
Cattle on Irish farms (thousand head)

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

Source: CSO

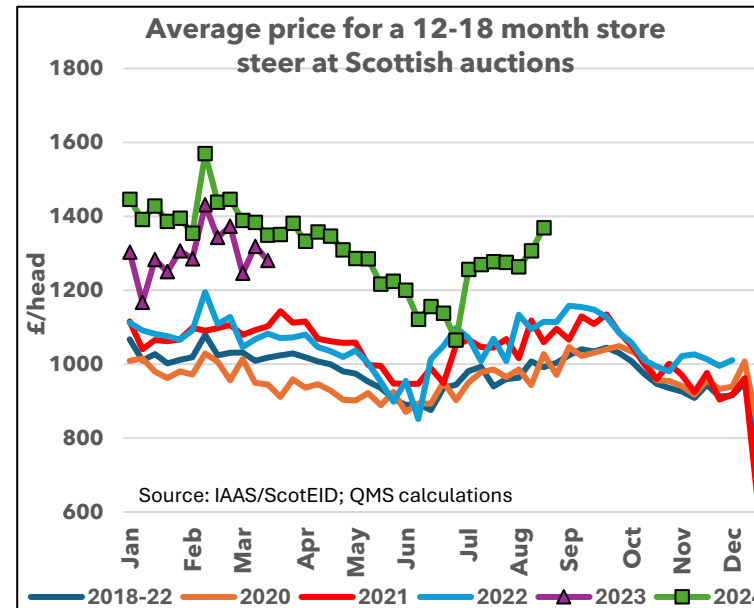
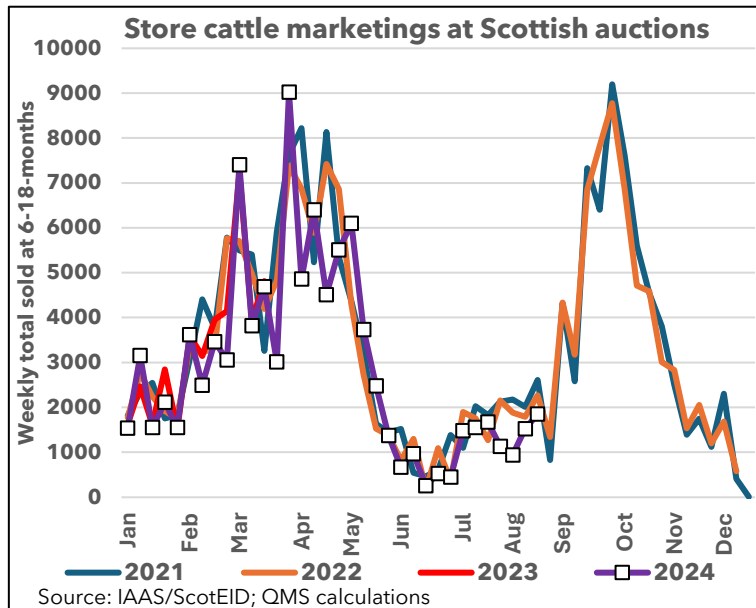
Store cattle trade

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



As the peak autumn selling period approaches, store cattle values have risen, with some of this likely reflecting calf crops reaching higher weights. Reduced auction throughput during the summer means that prices can be volatile from week-to-week, but the summer low has passed.

A smaller calf crop in summer and autumn 2023 and a further fall in spring 2024 is likely to ensure that store cattle availability remains tight at autumn sales. Meanwhile, the recent upturn in finished cattle prices may also underpin the store trade at the start of the autumn season.



4 weeks to 24/8/24

Store cattle prices

Steers, 6-12 months	£1,180
Steers, 12-18 months	£1,320
Heifers, 6-12 months	£1,090
Heifers: 12-18 months	£1,200

Store cattle marketings

All steers & heifers, 6-18 months	5,400
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Source: IAAS/ScotEID; QMS calculations
Prices rounded to nearest £1 and numbers to nearest 100



SHEEP MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices and availability for slaughter

- The lamb market remained relatively stable for most of August, with lambs averaging around £3/kg lwt at Scottish marts. At this level, prices were 15-20% higher than last year and 35-40% above the five-year average. However, a jump in marketings towards the end of the month has resulted in some downwards pressure on the trade.
- New season lamb supply may now be approaching its autumn peak, but it has been low in an historical context for most of the season-to-date, underpinning farmgate prices. While a cool, wet summer slowed the arrival of lambs, and we may now be starting to see a catch-up effect, a smaller ewe flock in 2023 and indications of a second consecutive poor lambing across GB in 2024 indicate that numbers are fundamentally tight this season. However, store lamb availability may have held up better in Scotland due to more favourable weather towards the end of the lambing season, and early sales volumes at Scottish marts look firm.

02 Retail demand

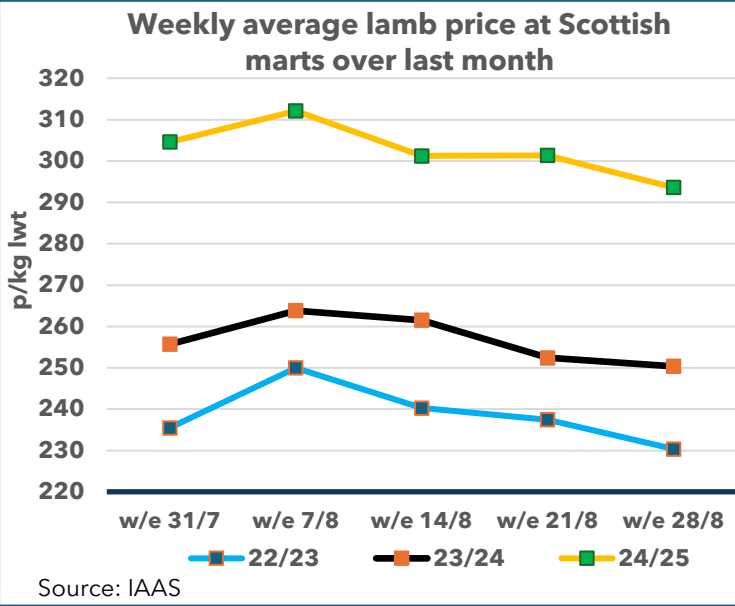
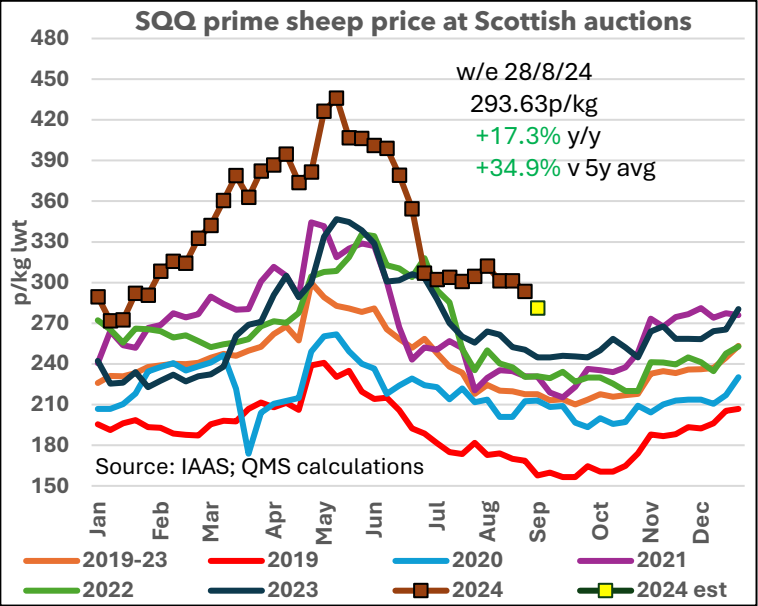
- GB retail data indicates that the higher farmgate prices of 2024 have started to pass through to retail prices, returning sales into volume decline along with lower domestic production.

Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
New season SQQ lamb price at Scottish auctions	p/kg lwt, w/e 28 August	293.63p/kg	-7.75	-3.6%	+17.3%	+34.9%
Total lamb marketings at Scottish auctions	Average in four weeks to 28 August, head	17,446		+66.3%	-11.5%	-9.4%
Lamb slaughter at GB abattoirs	Total between June and July 2024, million head	1.704m			-10.6%	-12.2%
UK sheepmeat market supply	Tonnes in May - Jul 2024 (estimate)	62,200			-5.6%	-5.8%

03 International trade

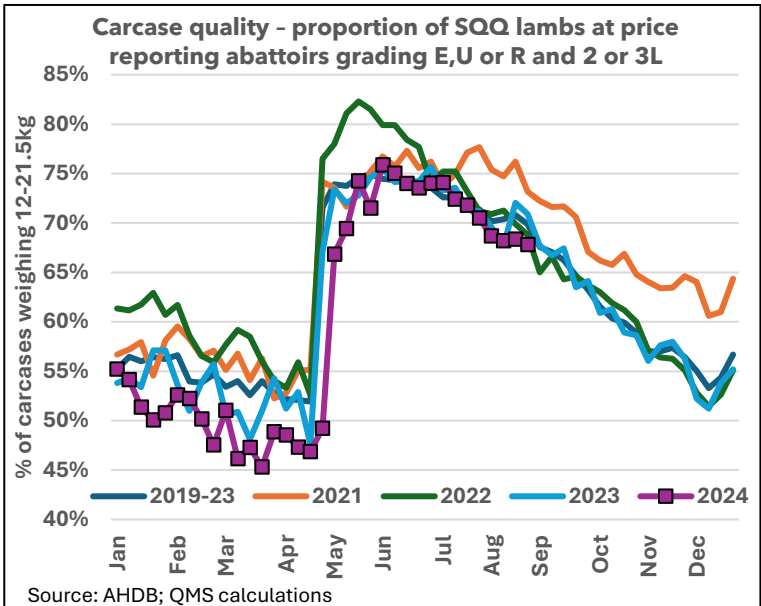
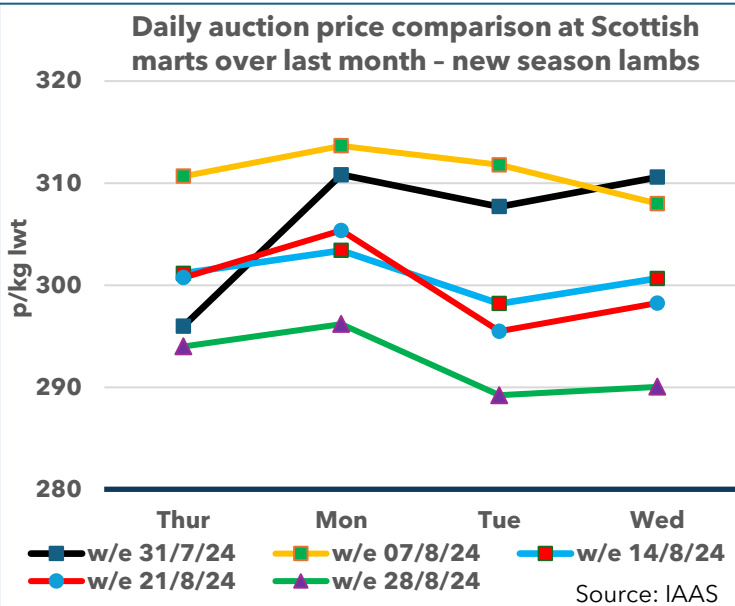
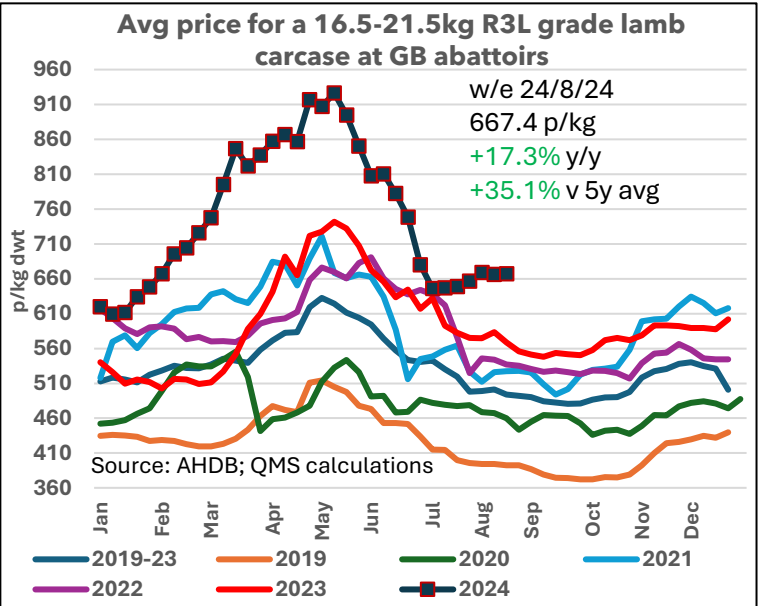
- Wholesale prices in France for imported lamb continue to signal an attractive export trade and while volumes shipped have been lower than in 2023 since Easter, they have risen as a share of UK production.
- Despite recent farmgate price increases, lamb produced in Australia and NZ continues to look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

Farmgate prices - prime sheep – after steadying around the £3/kg lwt mark in July, lamb prices remained relatively stable for most of August. Though dipping slightly at the end of the month after a jump in auction throughput, prices have remained at a record high for the time of year.



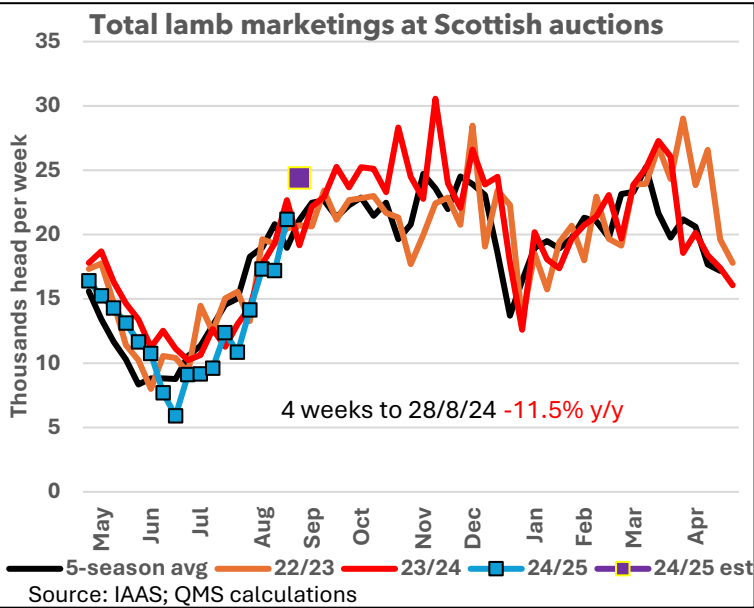
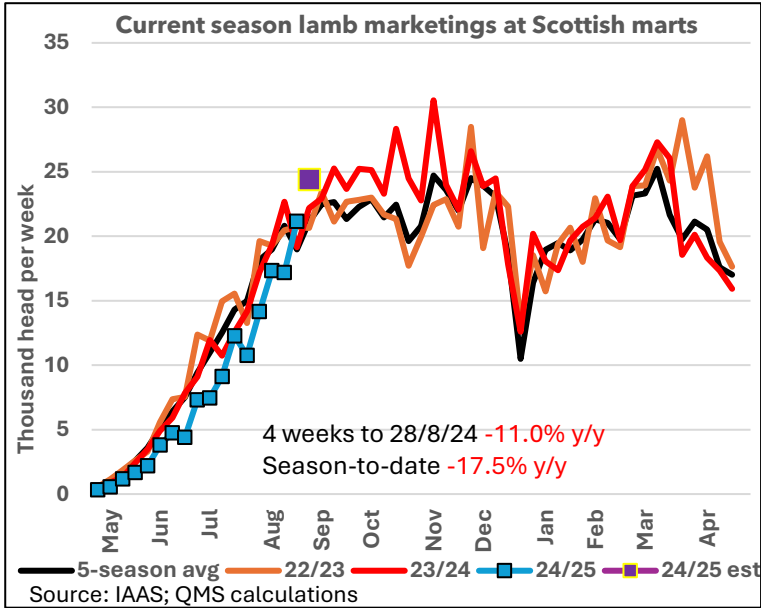
After stabilising in July, lambs continued to trade at around £3/kg lwt at Scottish marts in August. At this level, prices have been 15-20% higher than last year and around 35-40% above the five-year average for the time of year. While this undoubtedly reflects a tightly supplied market, it is also a signal of robust demand for the available lambs. A jump in auction throughput in the final week of the month led to a reduction fall in prices, but they remained at a record high for the time of year. In autumn 2023, the seasonal low point for lamb prices at Scottish auctions was around 245p/kg.

GB deadweight prices slumped seasonally to around 645p/kg dwt in mid-July. By mid-August, there had been a small rebound, with lambs clearing at around 665p/kg, showing similar historical comparisons to the Scottish auction trade. In 2023, GB deadweight prices had an autumn low of just under £5.50/kg dwt.



Availability and slaughter

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

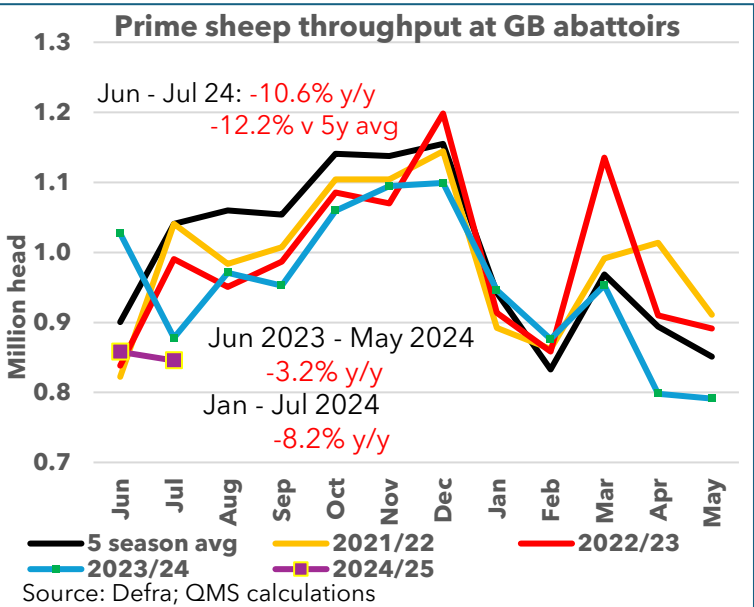
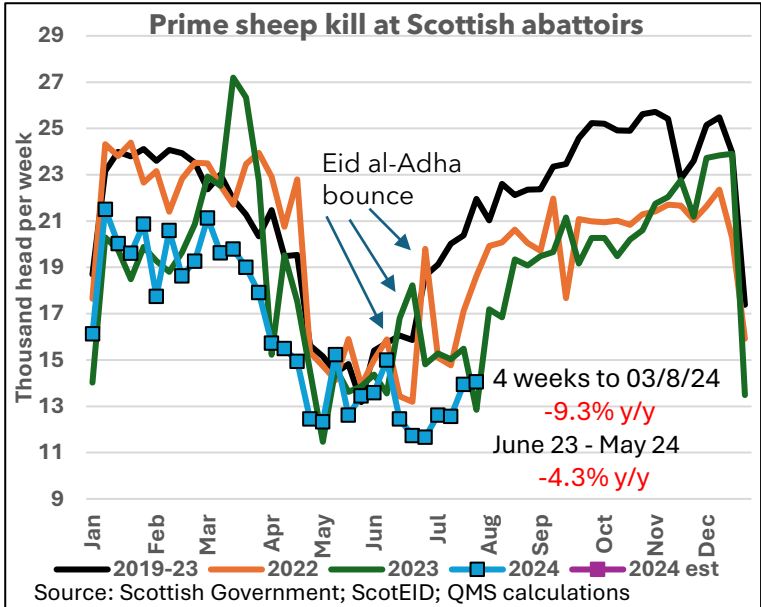


Lamb auction and abattoir throughput has picked up strongly after a very weak June and July, and may now be approaching its autumn peak levels as August draws to a close. However, availability has been historically tight for nearly all of the season-to-date, supporting farmgate prices.

A continuing tightness of supply relative to recent years may help explain why lamb prices have seen limited downwards pressure in August despite a seasonal upturn in weekly availability for slaughter.

While lamb numbers may now be showing some signs of catching up, supply is expected to remain fundamentally tight this season, reflecting a smaller ewe flock in 2023 and indications of a second consecutive poor lambing across GB.

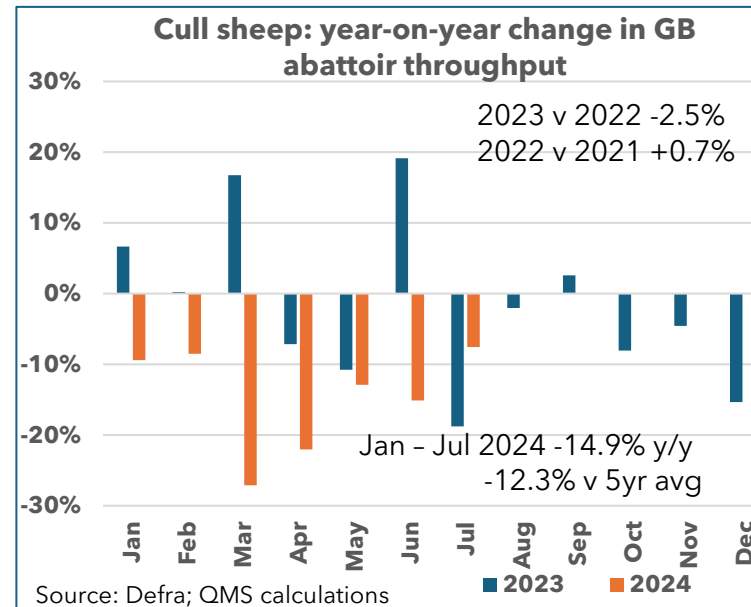
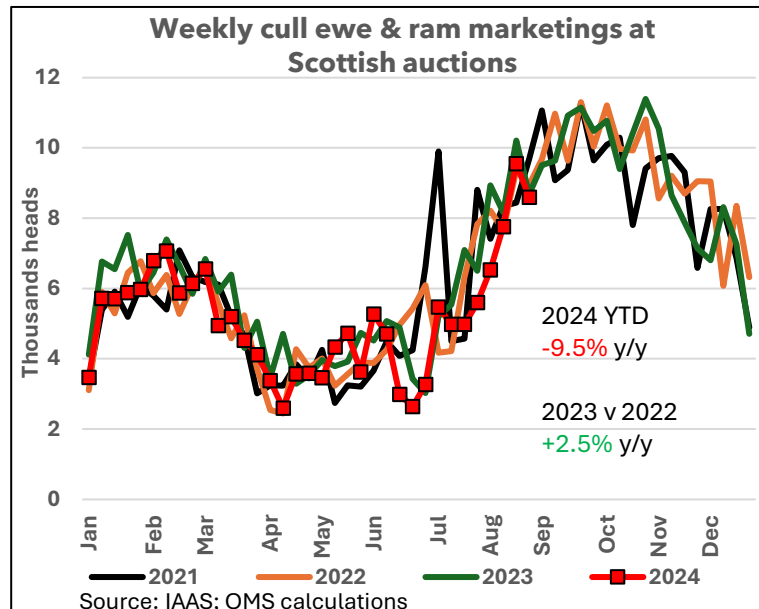
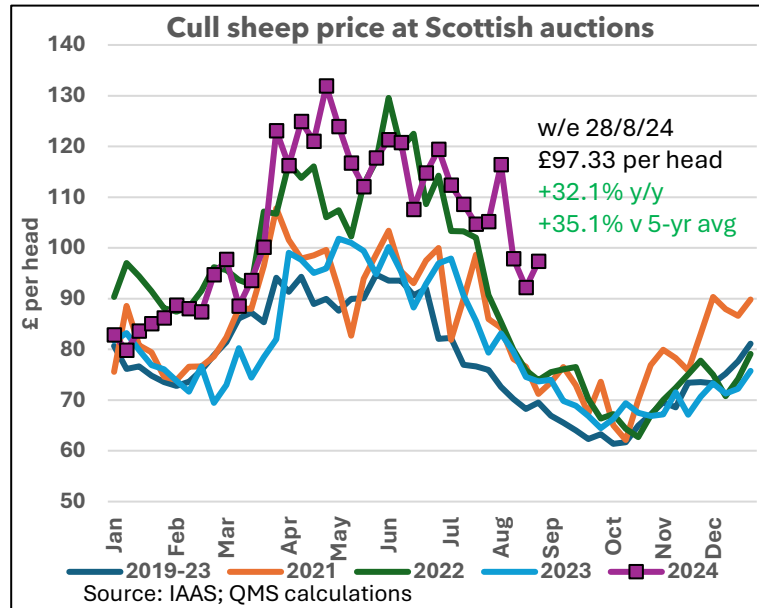
After some signs of rebounding at Scottish abattoirs in late 2023 and early 2024, lamb throughput has been well behind year-earlier levels for much of the time since March.



Latest Census Results – Scotland, England & Wales			
June 2023 – Scotland, England & Wales			
	Sco v 2022	Eng v 2022	Wal v 2022
Ewes for further breeding & slaughter	-1.7%	+1.5%	-4.2%
New season lambs	-4.1%	-4.9%	-10.1%
December 2023 - England			
Female breeding flock	-3.8% y/y		
Other sheep	-6.1% y/y		
Source: Defra; Scottish Government; Welsh Government; QMS calculations			

Cull sheep market

Cull ewe prices have fallen sharply in August, reflecting a seasonal surge in marketings, but they remain historically firm due to the fundamental tightness of sheepmeat supply.



Cull sheep prices have rebalanced downwards in August with marketings showing a strong seasonal upturn. Nevertheless, market prices continue to look historically high for the time of year due to the general tightness of sheepmeat supply relative to demand.

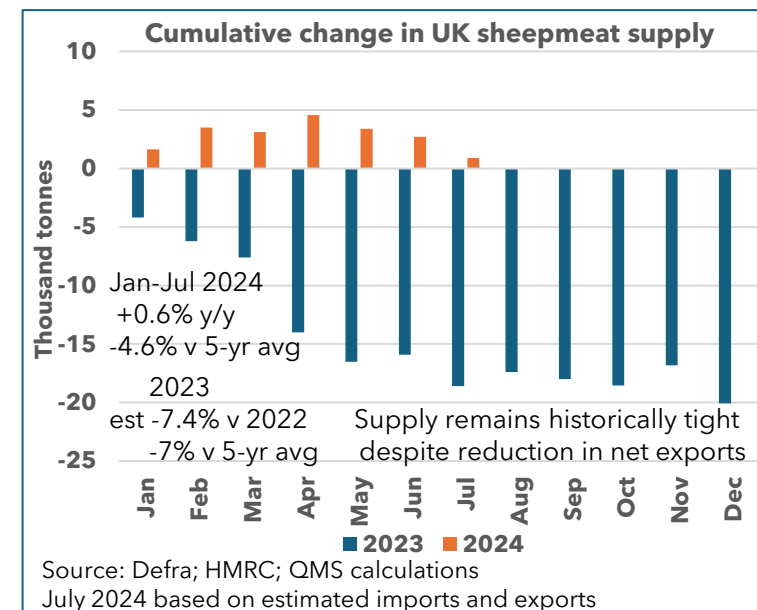
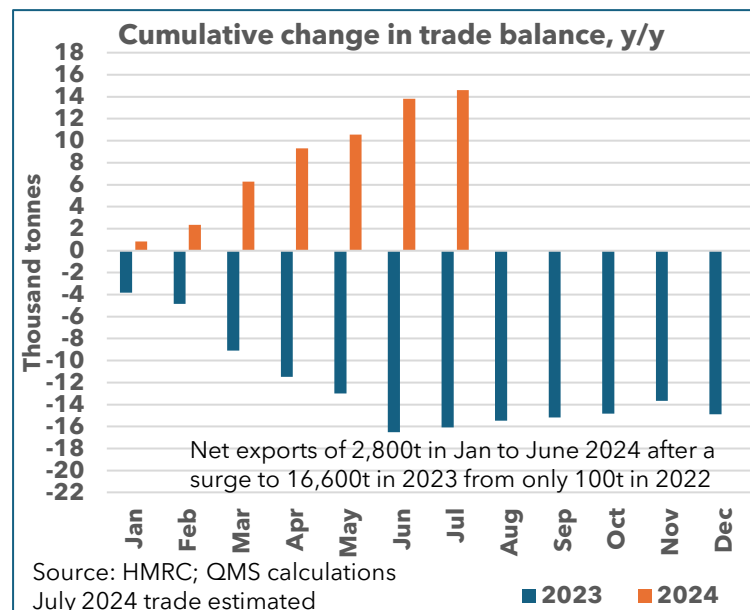
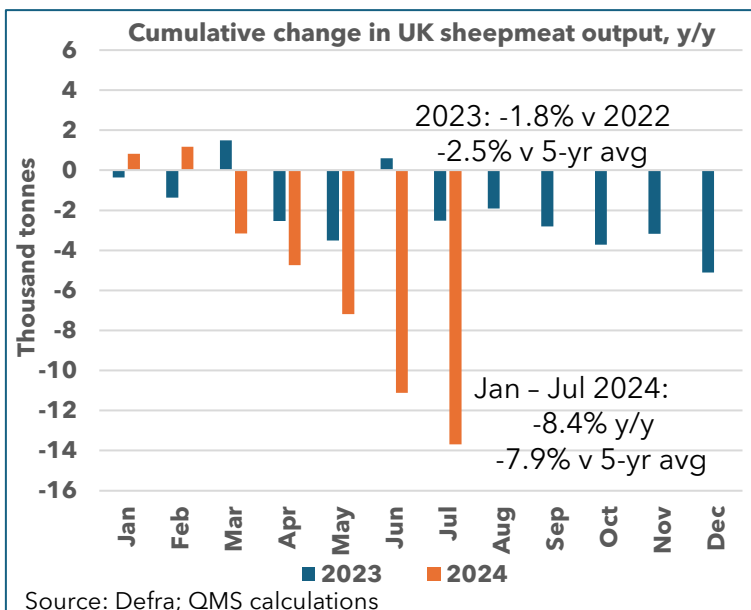
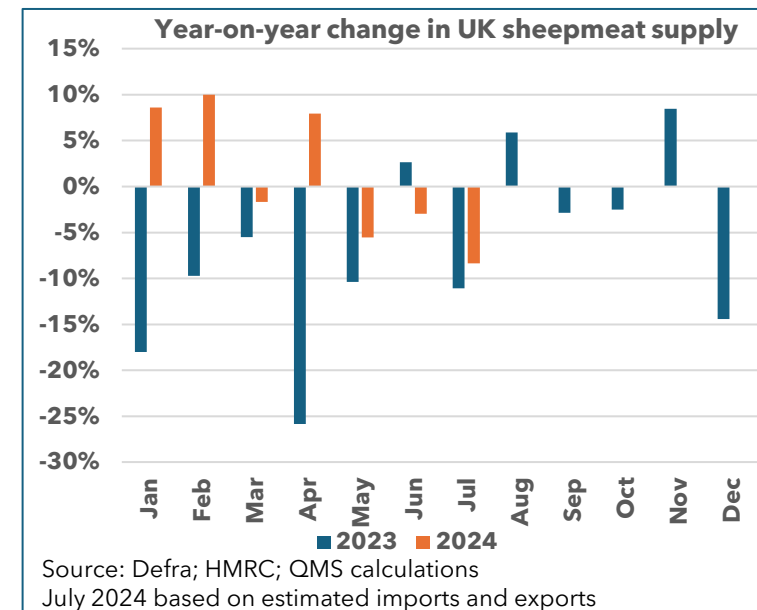
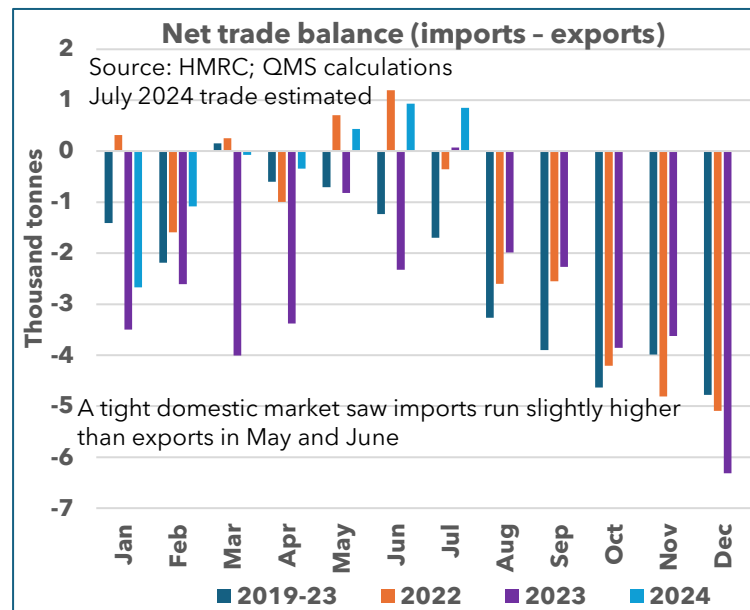
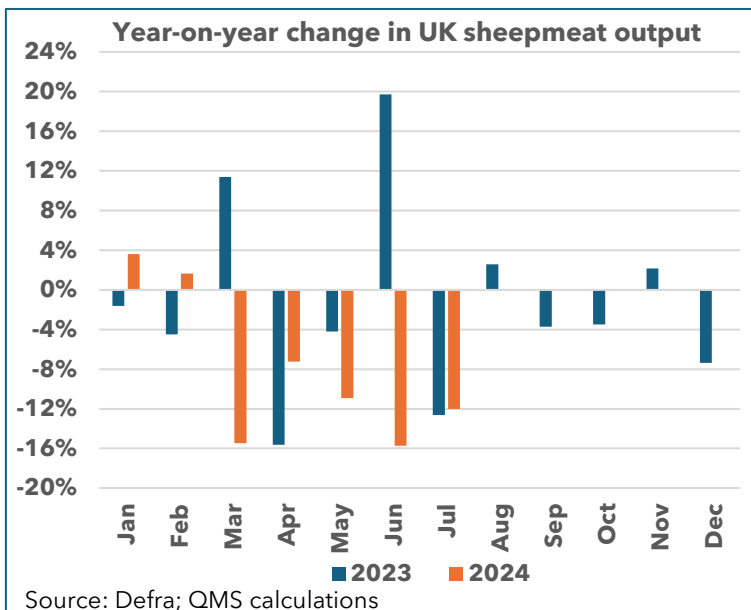
Seasonal trends point to further downwards pressure on the market in the coming weeks as availability for slaughter reaches its seasonal peak.

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

Though remaining a small share of the total number of ewes going for slaughter from Scottish farms, the Scottish abattoir kill of ewes and rams has surged in 2024, with the weekly average reaching 570 head in the first seven months compared to 380 head in the same period of 2023.

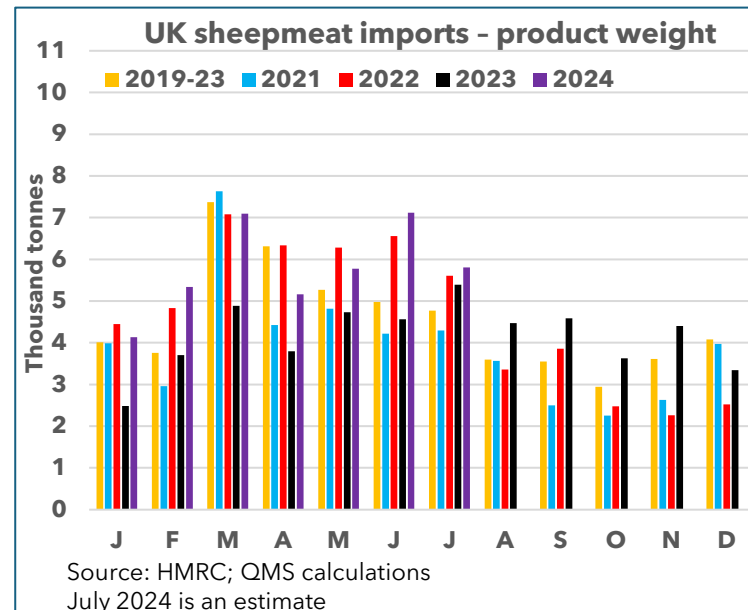
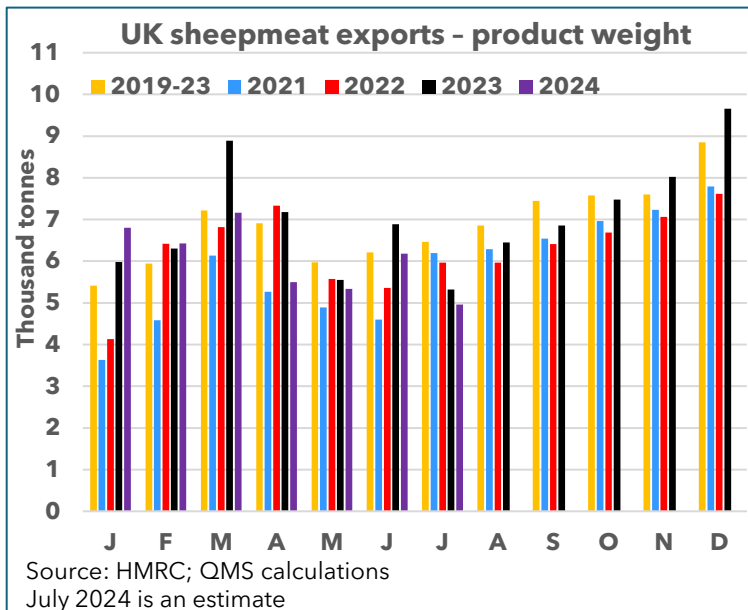
UK sheep market supply

domestic production + (imports – exports) = supply



UK international trade

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



In June, UK sheepmeat exports rose seasonally from May due to Eid al-Adha. However, they showed a fourth consecutive month of year-on-year decline, down 10% on the same month of 2023 as tight domestic supply continued to restrict the volume available to ship overseas. The price of lamb at Rungis market in Paris continues to point to attractive export margins and that demand is robust, ensuring that a higher share of production was still exported than in June 2023.

Reduced domestic production and the Eid al-Adha festival combined to drive up UK sheepmeat imports to their highest monthly volume of the year so far, edging beyond the pre-Easter high in March. While imports were up 56% year-on-year and a six-year high for the month, they were still low compared to most June's in the 2010s.

Looking forward, while a tight market is set to underpin import demand, year-on-year increases may soften from the 43% uplift in the first half, reflecting a rise after the FTA with Australia entered force on 31/5/23.

Imports from NZ (4,600t) were up by 69% on June 2023 but were similar to 2022 levels while the volume arriving from Australia (1,450t) was up by 74% on the year.

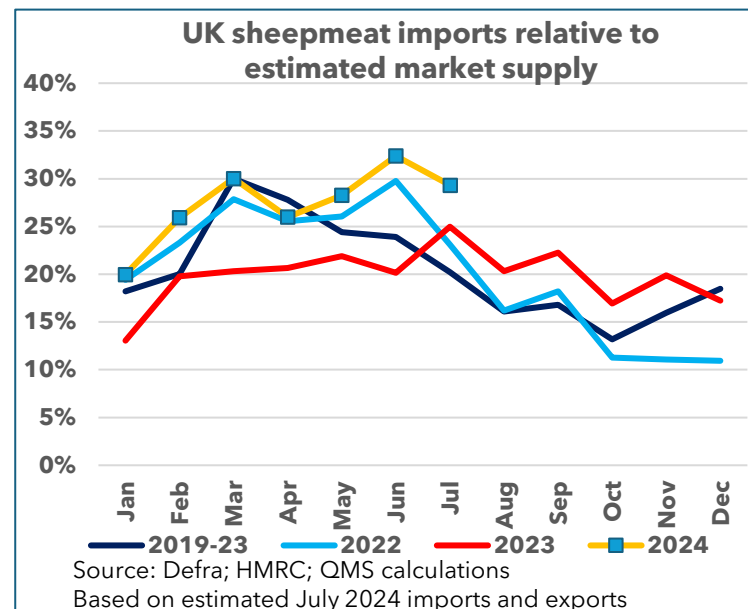
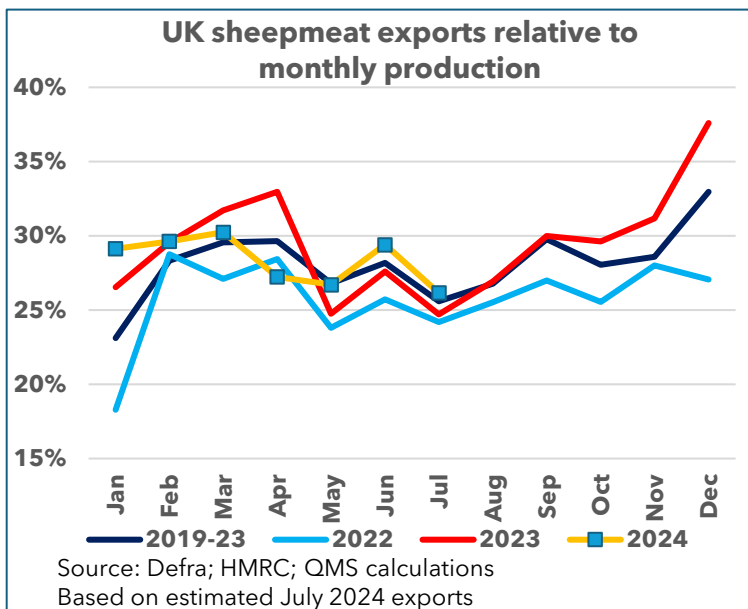
Imported sheepmeat continued to trade at highly competitive prices, averaging around £4,550 per tonne from NZ and £4,800/t from Australia; respectively 13.5% and 6% cheaper than in June 2023.

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

Note:

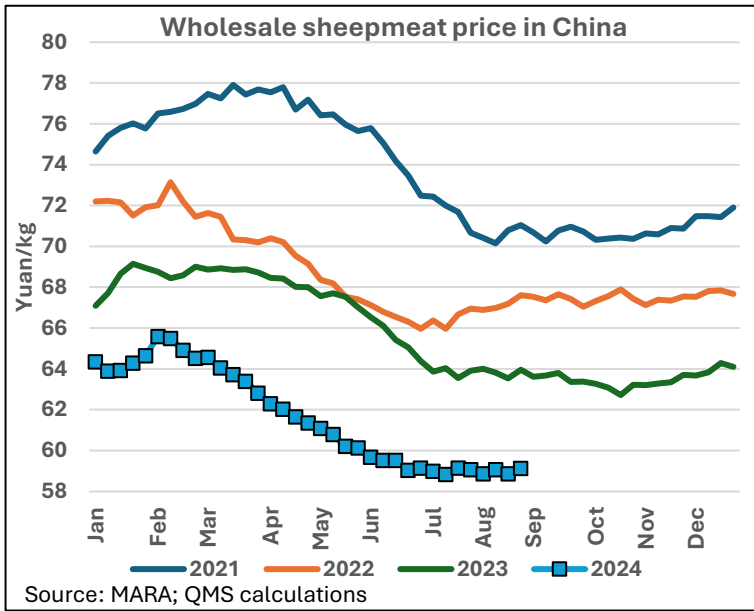
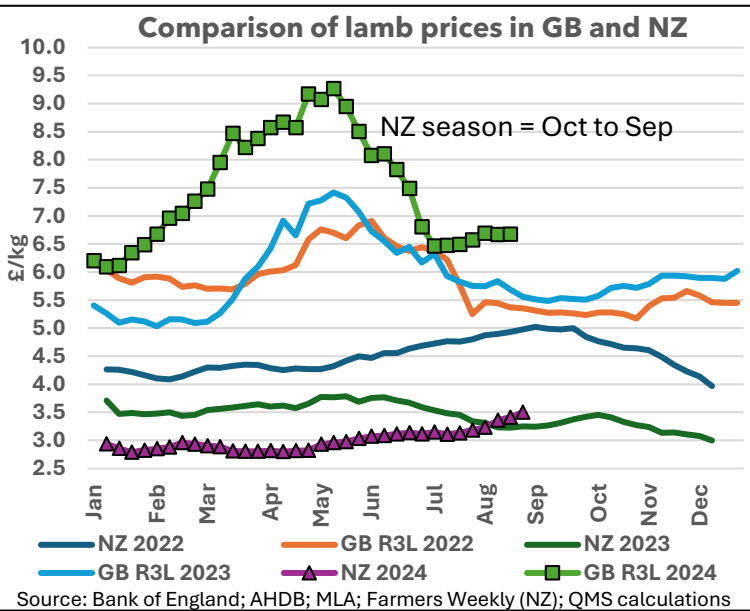
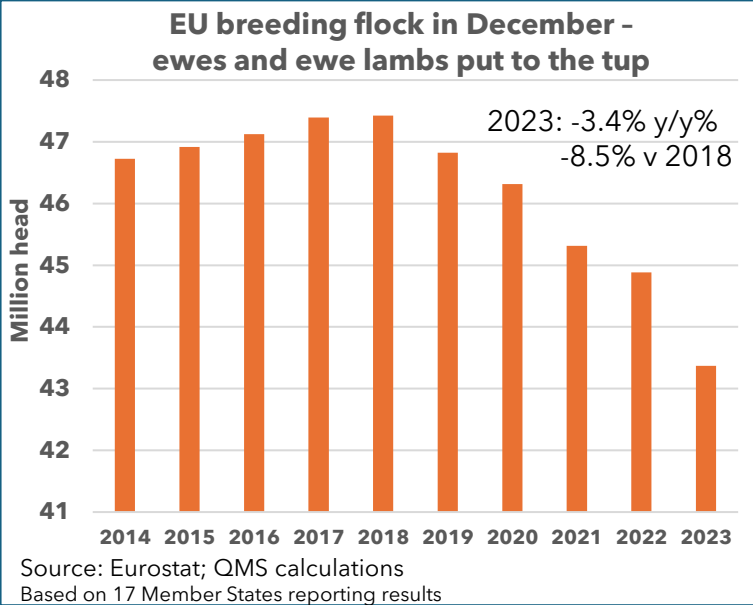
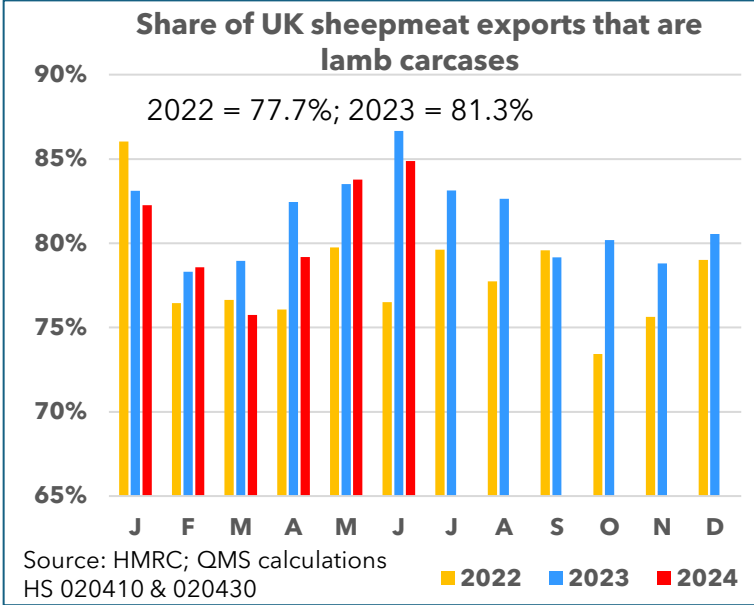
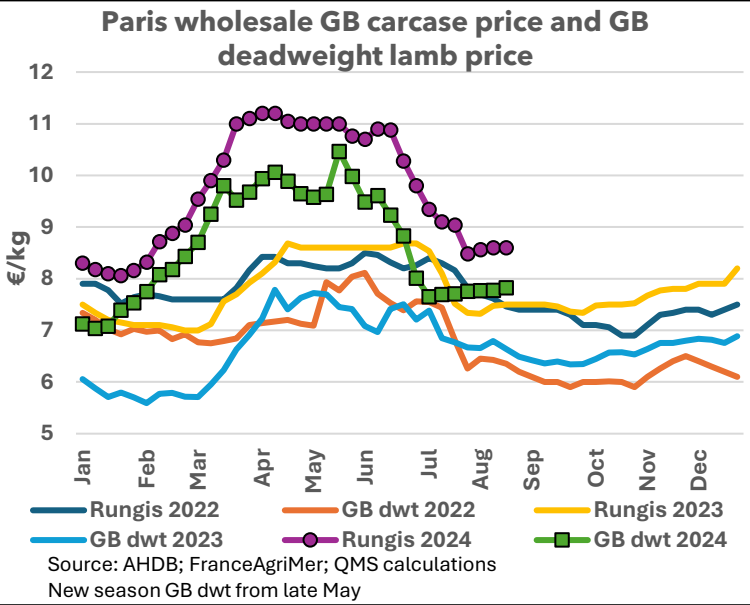
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat)

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



Variables influencing international trade

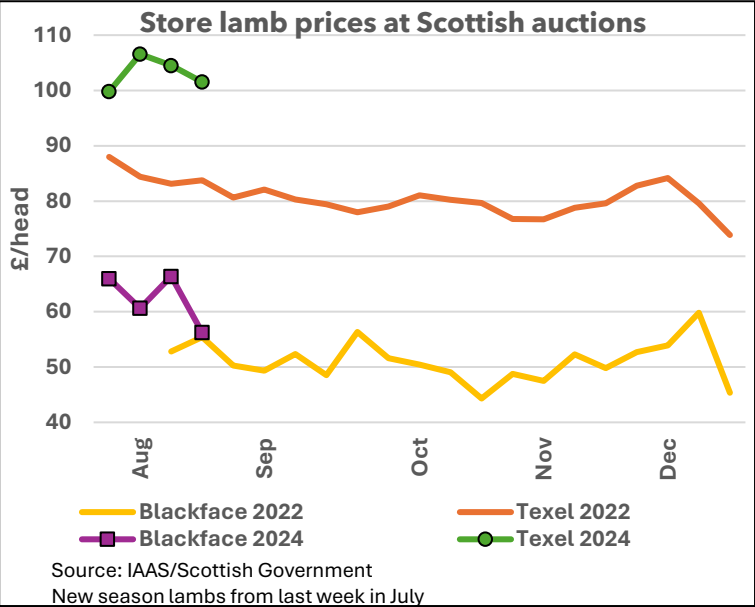
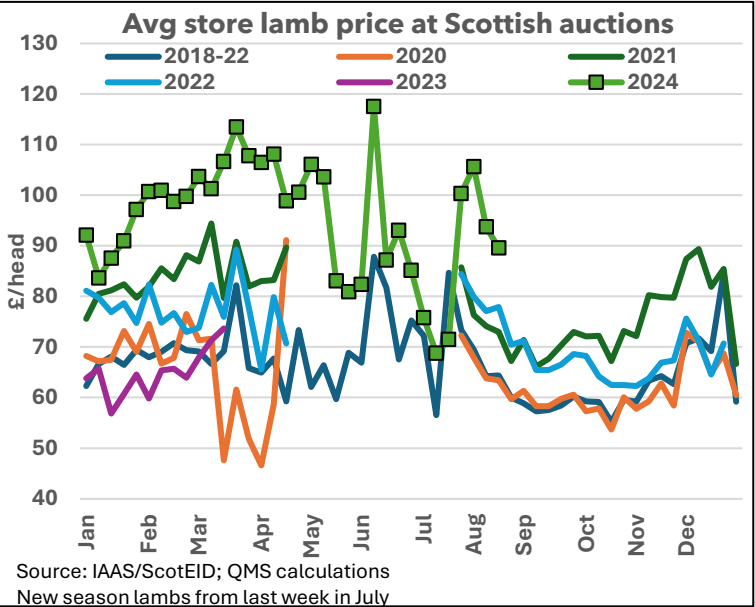
After a sustained period of rebalancing following Eid al-Adha, wholesale prices in France for GB lamb have risen slightly from their low point in August, ensuring that export margins continue to look attractive. Export prices have also remained elevated well above 2023 levels. Despite a strong upturn in recent weeks, lamb produced in Australia and NZ continues to look highly competitively priced, supporting UK import demand, but China's position as a market for lower value cuts continues to limit the amount of product being diverted to Europe.



Oceania lamb production forecasts				
	2022	2023	2024	24 v 23
Australia: February 2024 Industry Projections (thousand tonnes)				
Sheepmeat production	708	845	875	+4%
Sheepmeat exports (product weight)	428	536	546	+2%
New Zealand: Stock number survey as at 30 June 2024 (head)				
	2023	2024	y/y change	
Breeding ewes	14.80m	14.37m	-2.9%	
Hoggs	8.76m	8.14m	-7.0%	
Lamb crop projection	20.24m	19.26m	-4.8%	
Source: MLA; Beef + Lamb NZ; QMS calculations				

Store sheep trade

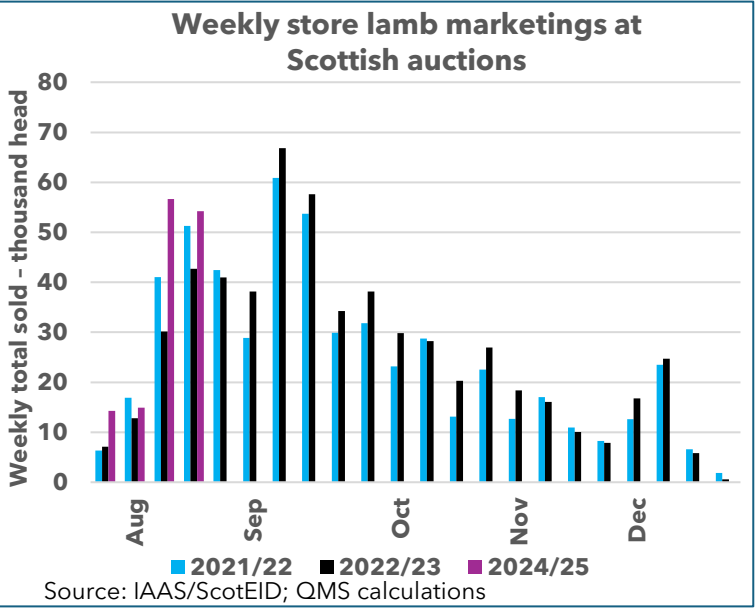
Strong start to the season, with large numbers traded at historically firm price levels for the time of year. Better weather conditions by mid-April 2024 could mean that store lamb numbers have held up better than the overall lamb crop this year.



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

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

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



Store lamb trade at Scottish auctions, 4 weeks to 24/8/24	
Overall average	£94.10
Blackface	£59.30
Cheviot	£81.90
Suffolk	£105.70
Texel	£103.10
Weekly average number	35,006
Source: IAAS/ScotEID; QMS calculations Prices rounded to nearest 10p	



PIG MARKET

SUMMARY OF MARKET DEVELOPMENTS

01 Prices

- Pig prices continue to look relatively flat overall, but a marginal upturn in late-summer points to some seasonal strength after a seasonally soft period between spring and summer. Prices have held around 20% above the five-year average, supporting the slow recovery of producer finances.

02 Slaughter numbers

- GB abattoir throughput may be edging above 2023 levels with some room for recovery in the second half. However, a seasonal uplift in weekly slaughter between summer and autumn has yet to show up in the weekly deadweight price reports, supporting market prices in August, along with a delayed seasonal dip in carcase weights.
- After a firm June, weekly prime pig slaughter fell back at Scottish abattoirs in July, signalling a softening of market conditions when set against numbers leaving Scottish farms for slaughter. However, numbers are likely to show some year-on-year increase in the coming weeks due to a period of reduced output in 2023.

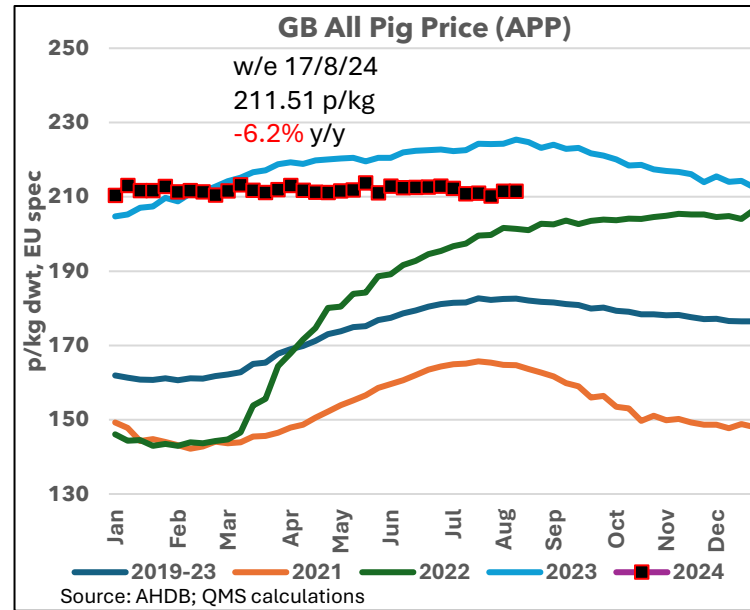
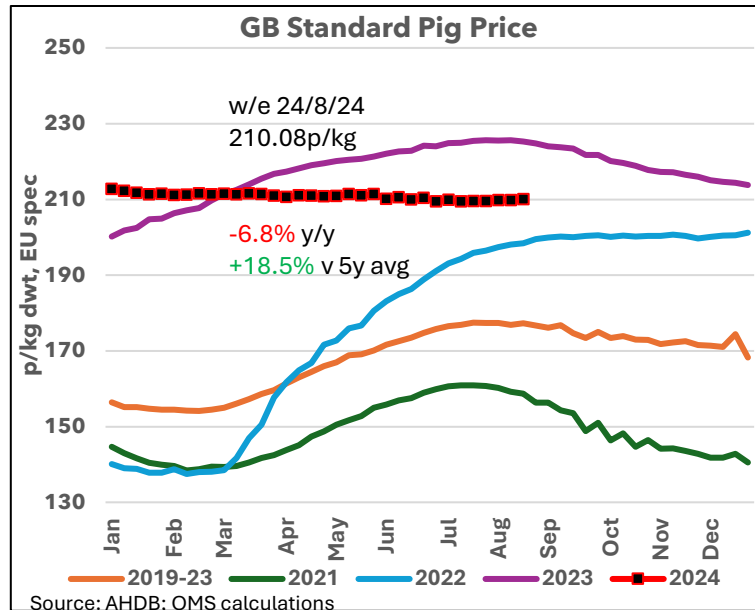
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
GB Standard Pig Price (SPP)	p/kg dwt, w/e 24 August	210.08p/kg	+0.24	+0.2%	-7.0%	+18.6%
Average carcase weight of standard pigs	Average in four weeks to 24 August, EU spec	89.79		-0.6%	+0.5%	+3.6%
Prime pig slaughter at GB abattoirs	Total during July 2024, thousand head	739.3		-8.5% (change in daily avg kill Jul v Jun)	+4.7%	-1.6%
UK pig market supply	Tonnes in May-Jul 2024 (estimate)	340,900			+4.5%	+8.9%

03 International trade and market supply

- UK pig market supply has rebounded in 2024, mostly driven by a slight recovery in domestic production. The continuing lower level of domestic production has restricted export capacity, but imports have only edged higher despite increased EU competitiveness.
- After declining in July, EU pig market prices have cooled further in August, with a slight rebound in pigmeat production this year from the lows of 2023 likely to have contributed to the downwards pressure. Although a tighter Chinese pork market points to some potential for imports to China to increase, there has been little sign of any significant recovery in UK and EU exports in 2024.

Farmgate prices – prime pigs

Pig prices continue to look relatively flat overall, but a marginal upturn in late-summer points to some seasonal strength after a seasonally soft period between spring and summer. Prices have held around 20% above the five-year average, supporting the slow recovery of producer finances.



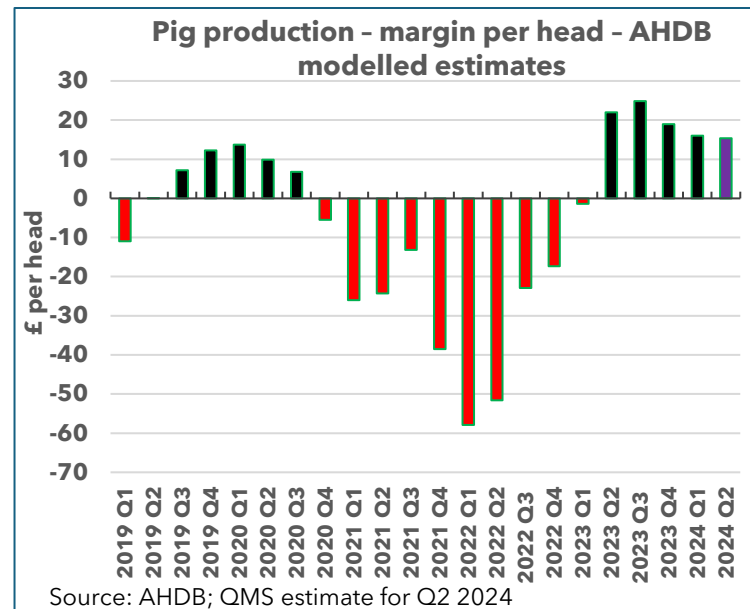
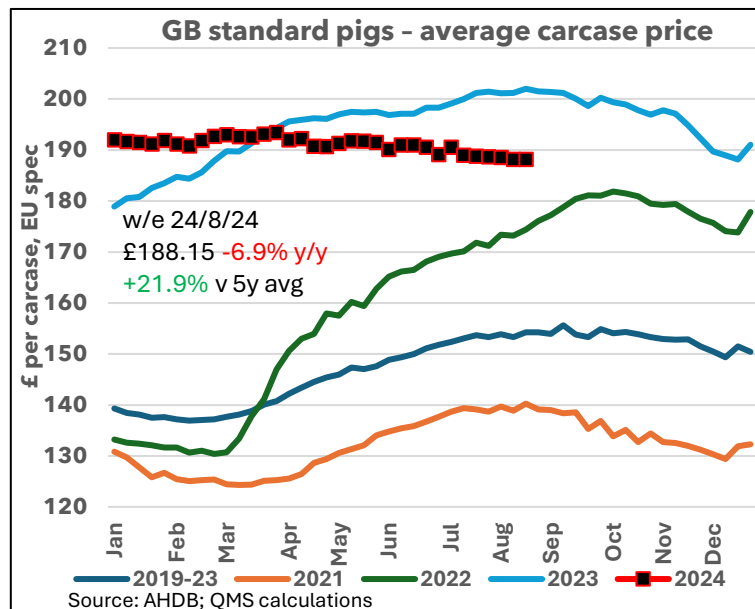
Market prices have continued to fluctuate within a narrow range throughout 2024-to-date, signalling a well-balanced market. While the lack of a seasonal upturn in prices between spring and summer pointed to a relatively soft market, a marginal upturn since late-July is now pointing to a relatively firm market given that prices have often started to experience a seasonal dip by this time.

Since the traditional seasonal pattern is for prices to drift lower towards the end of summer, the year-on-year declines have dipped marginally from their peak.

Through spring and summer, higher carcass weights than last year had limited the decline in carcass value relative to 2023, but a fall in weights during the summer has seen this gap widen towards the pence per kilo difference.

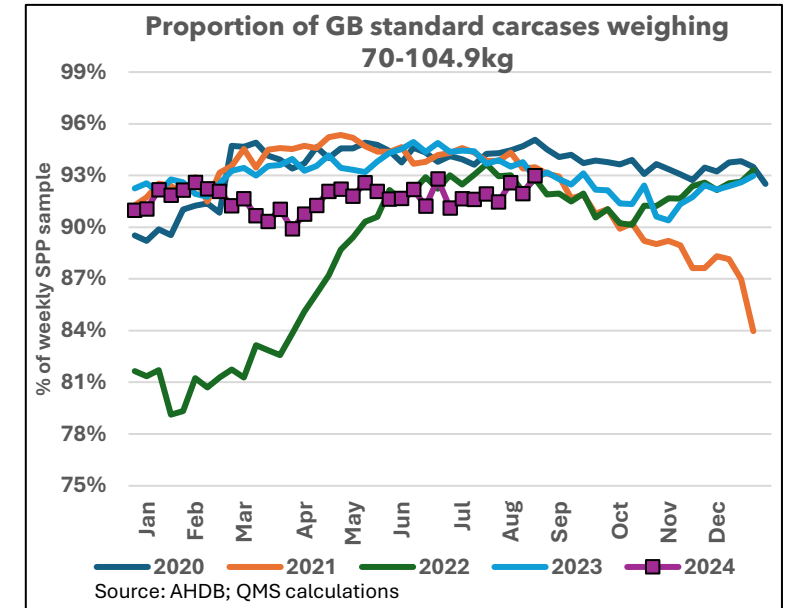
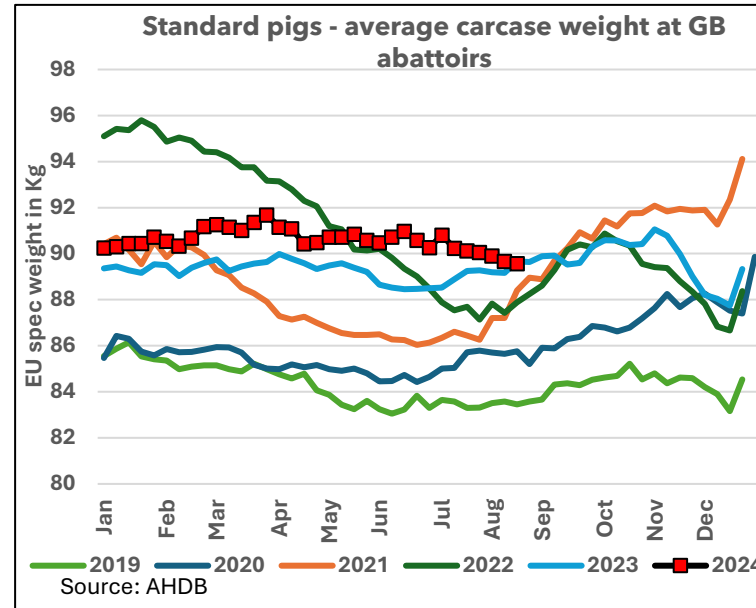
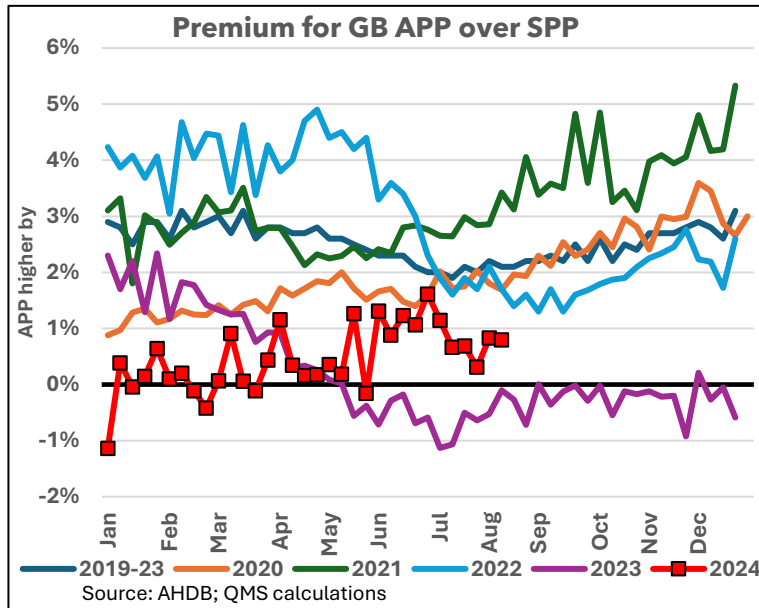
Nevertheless, prices have still been around 20-25% above the five-year average, reflecting a reduced level of supply since the crisis of 2021/22.

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



Indicators of market disruption

The general return of a small premium for pigs with specific production characteristics points to a more balanced market after a tight 2023. However, a recent dip in premium came at the same time as a slight lift in prices and reduced weights, signalling a slight tightening in market conditions.

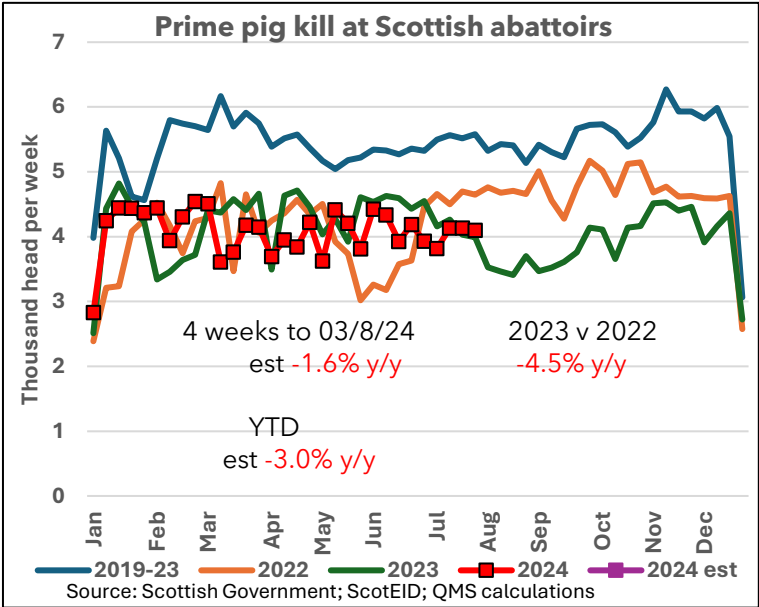
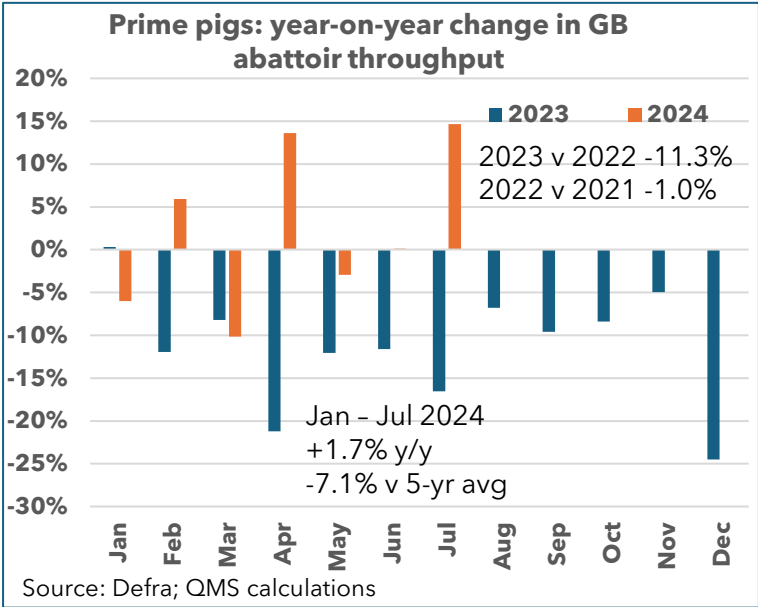


A slight premium for the average pig price (APP) over standard pigs (SPP) has returned in 2024, indicating that pigs with specific production characteristics are receiving a premium in the marketplace again and that the market is not as tight as it had been in 2023. However, after widening at the start of the summer, the premium has narrowed again since late-July, suggesting that market conditions may have tightened a little. It should be noted that the two price reporting samples are not identical.

Carcase weights have seen a delayed seasonal dip in summer 2024, with the share of carcasses weighing 70-104.9kg edging up and starting to look more normal for the time of year towards the end of summer, having previously looked unusually low since March. While carcase weights have remained at record levels, the difference with the previous summer highs from 2023 has disappeared. This dip in weights may have contributed to the marginal uptick in farmgate prices by reducing pigmeat output per pig.

Availability and slaughter

GB abattoir throughput may be edging above 2023 levels with some room for recovery in the second half. However, a seasonal uplift in weekly slaughter between summer and autumn has yet to show up in the weekly deadweight price reports, supporting market prices in August. Weekly prime pig slaughter fell at Scottish abattoirs in July but may begin to show some year-on-year increase in the coming weeks due to a period of reduced output in 2023.

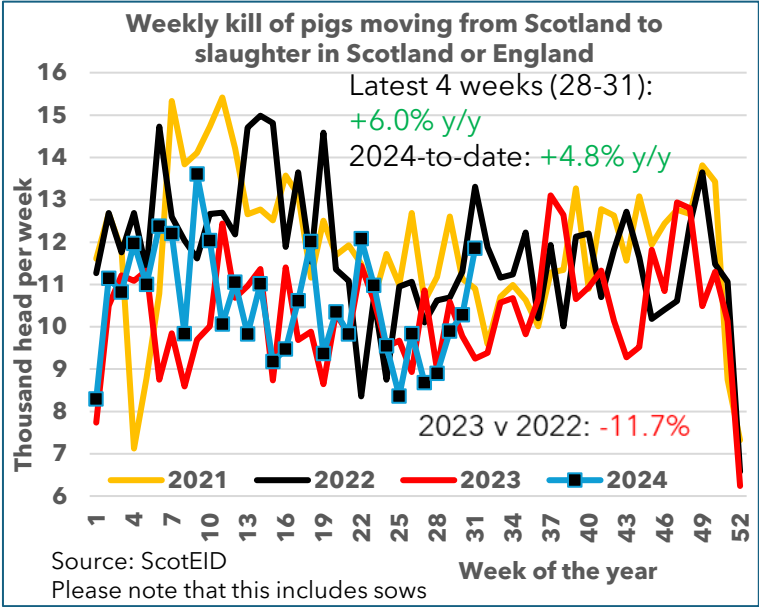
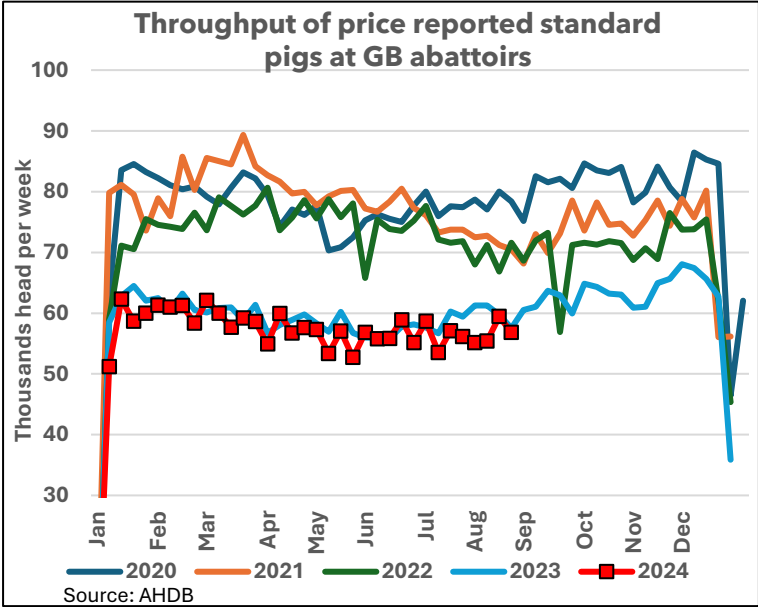


While the financial crisis of 2021/22 continues to pressure prime pig production, GB abattoir throughput may now be edging above 2023 levels with some room for a slight recovery in the second half.

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

Weekly availability for slaughter is likely to rise seasonally from a summer low, although it has yet to show in the weekly GB Standard Pig price reports, and this lack of upturn may have supported farmgate prices in August.

After reaching a four-month high in June, the weekly average prime pig kill slipped back at Scottish abattoirs in July. While some of this may reflect seasonal trends in availability, it may also point towards softer market conditions when set against the number leaving Scottish farms for slaughter. Reflecting a weak August and September in 2023, the kill may show some year-on-year uplift in the coming weeks.



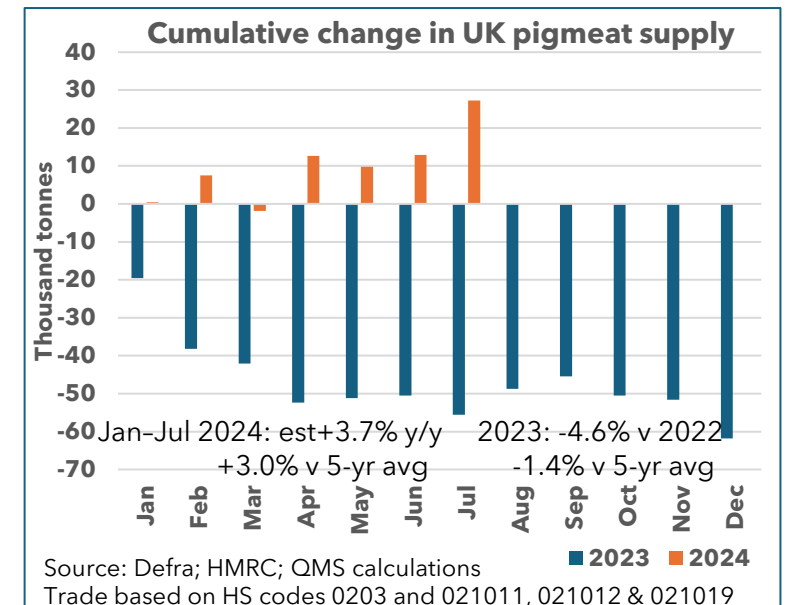
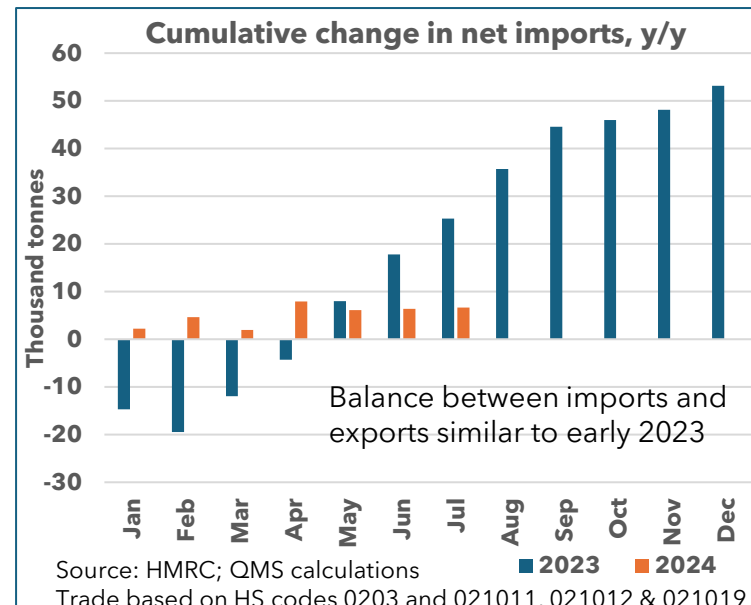
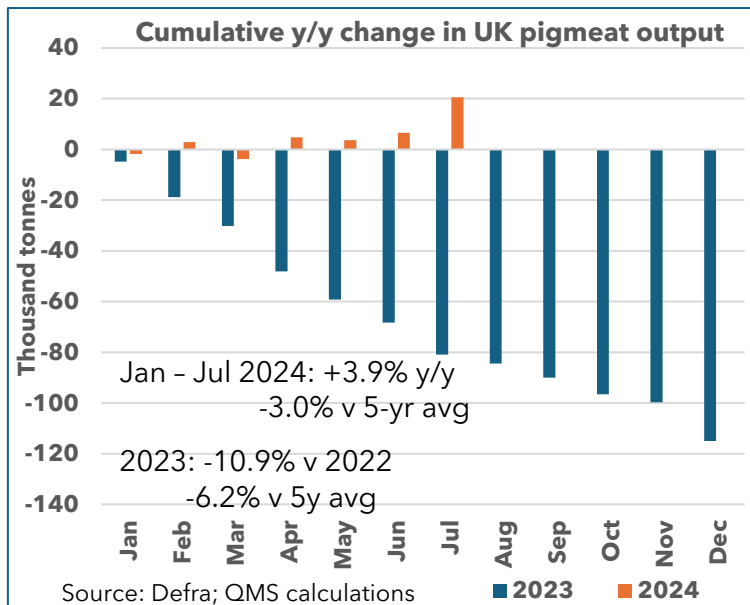
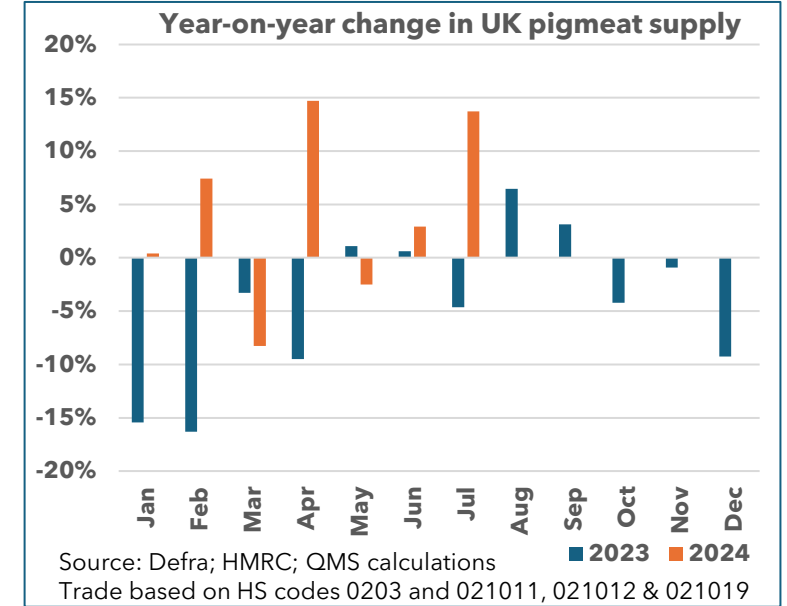
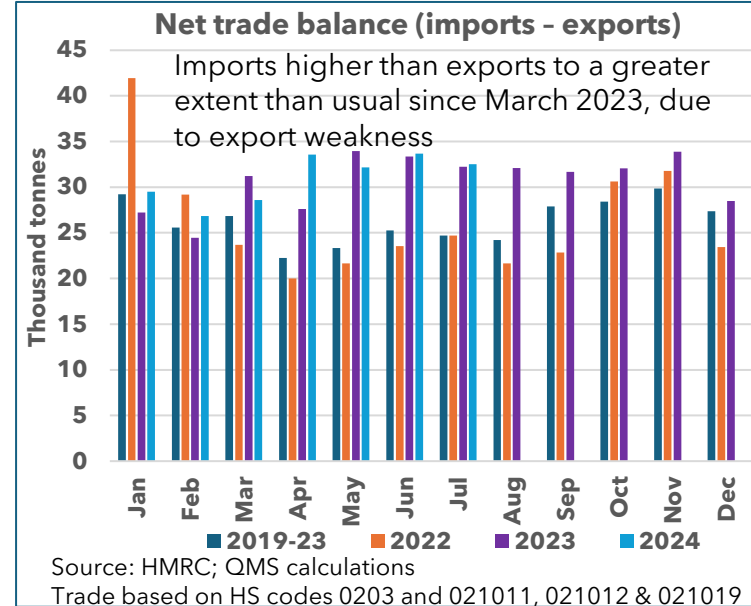
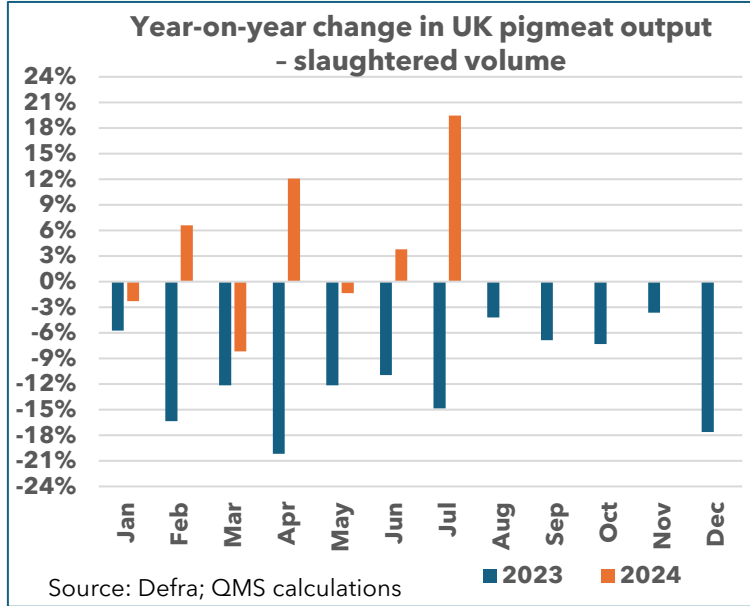
Latest Census Results – Scotland and England		
	Sco: June 2023 v 2022	Eng: Dec 2023 v 2022
Female breeding herd	-6.8% y/y	+0.7% y/y
Fattening pigs	-1.2% y/y	-11% y/y

Source: Defra; Scottish Government

UK pigmeat market supply

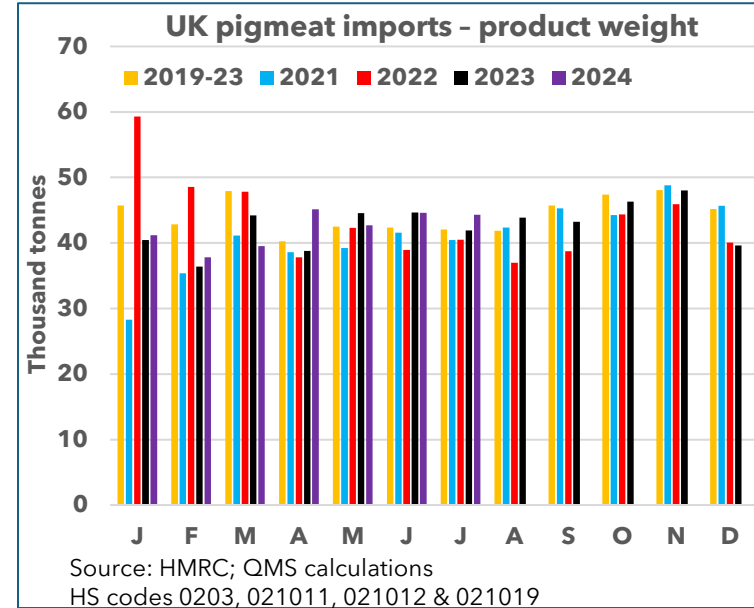
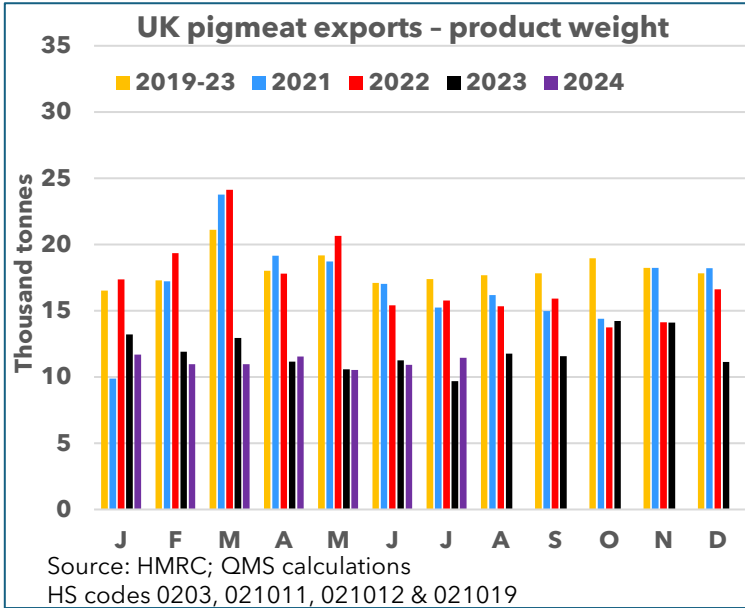
domestic production + (imports – exports) = supply

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



UK international trade

Exports continue to look historically soft due to the lower level of domestic production and weak demand from China. Imports showing limited year-on-year growth despite increased EU competitiveness.



UK pigmeat exports showed a further month of historically soft performance in June. Volumes were down 3% on the year, despite higher domestic production, and 34% below the five-year average.

Though dipping slightly on the month and at their lowest of the year so far, UK pork exports (HS 0203) to the EU were 6% higher than in June 2023.

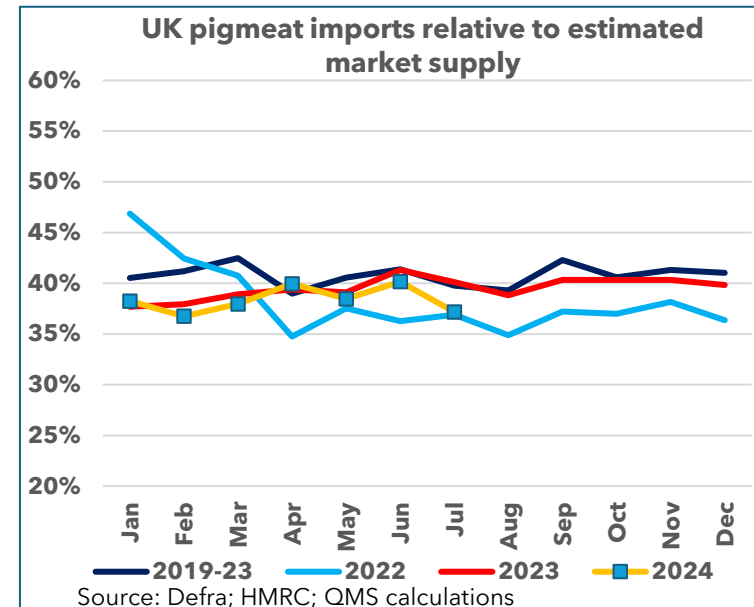
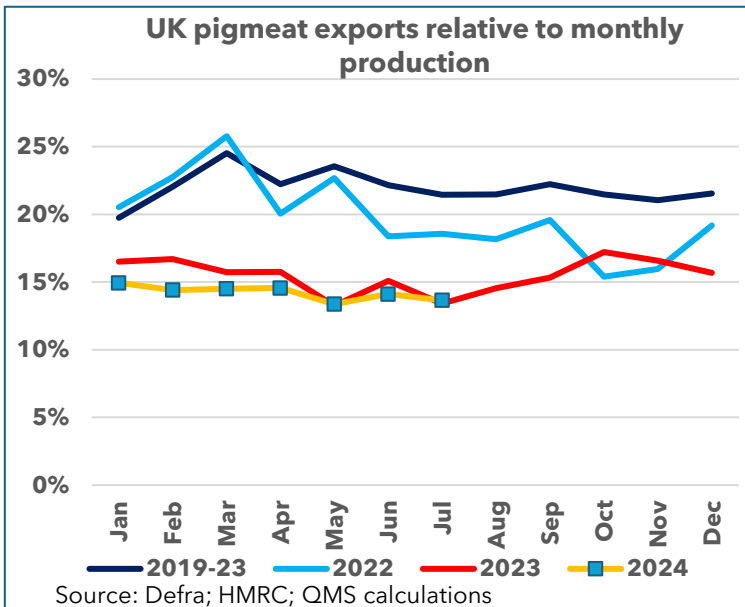
Meanwhile, pork exports (HS 0203) to non-EU countries slipped back behind year-earlier levels after posting a significant uplift in May. This was despite volumes reaching their highest since January. Though down 13% on the same month last year, China/Hong Kong accounted for an increased 65.5% of non-EU trade and 35.6% of overall pork export volumes, returning closer to respective annual averages of 67.5% and 36.2% in 2023. This could be a sign of renewed interest in pork from the UK due to tight market conditions in China, but volumes were still under half of their 2019-21 average.

UK pigmeat imports returned close to April's year-to-date high in June and were almost unchanged on the year. Imports of pork (HS0203) were up marginally on June 2023 while bacon & ham trade (HS0210) was marginally lower.

Note:

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

Trade data for July 2024 is estimated



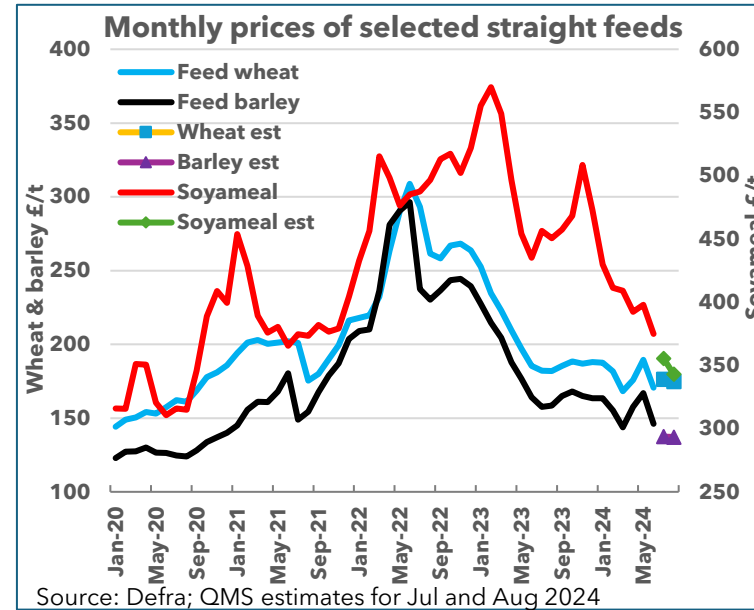
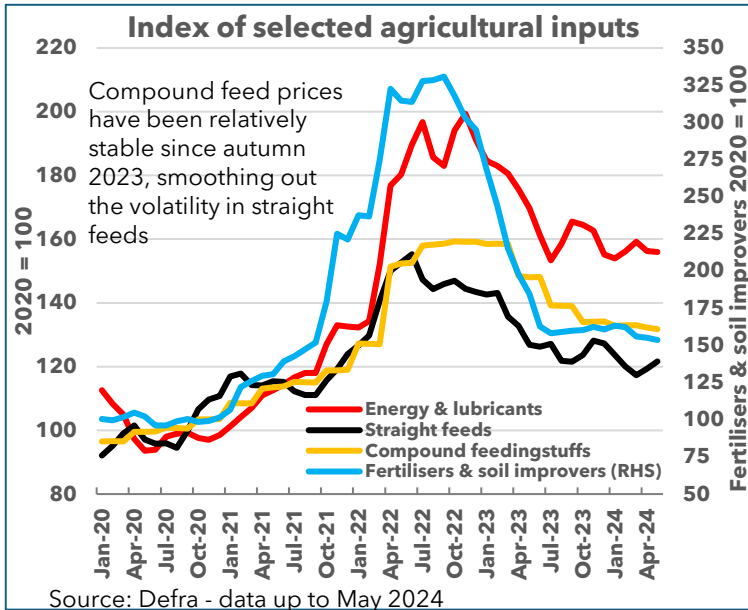


ECONOMIC DEVELOPMENTS

- Commodity prices have generally been flat in 2024 with a more limited upside impact from geopolitical tensions than may have been expected. However, they remain well above pre-covid levels and energy costs are expected to rise in the autumn and winter. More positively for livestock producers, strong arable crop prospects in the US have led to downwards pressure on grain and oilseed prices, while a stronger sterling than in autumn 2023 may place downwards pressure on commodity values relative to last year in the coming weeks and months.
 - While strong average earnings growth has continued to support household spending and inflation has now slowed sharply, retail sales look softer than in the early part of the year and food has underperformed non-food.
 - Despite this, red meat has continued to show a generally positive retail performance. However, for lamb, while spending continued to increase moving into the summer, a period of volume growth appears to have come to an end with higher farmgate prices passing through to retail prices and tight supply constraining availability.
-
- Consumer confidence is at its highest levels in three years due to a year of wage growth outpacing inflation, lower energy prices and a cut in interest rates. As a result, an improvement in household finances may have encouraged an uplift in discretionary spending. However, confidence around the wider economy has softened again.
 - PMI surveys point to a lift in economic activity growth in 2024, with both manufacturing and services sectors optimistic about rising orders and taking on new staff as a result. Meanwhile, the ONS labour market data has shown signs of improving after a soft start to the year. Wage growth has cooled but remains above inflation.

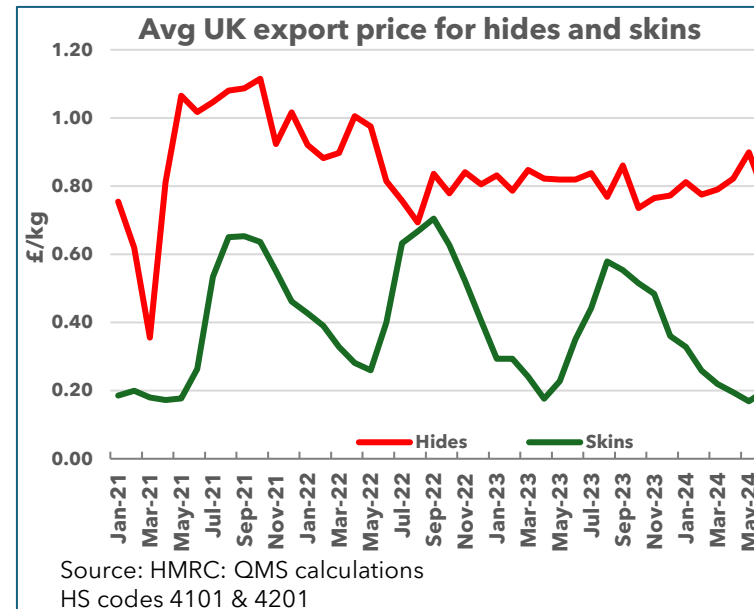
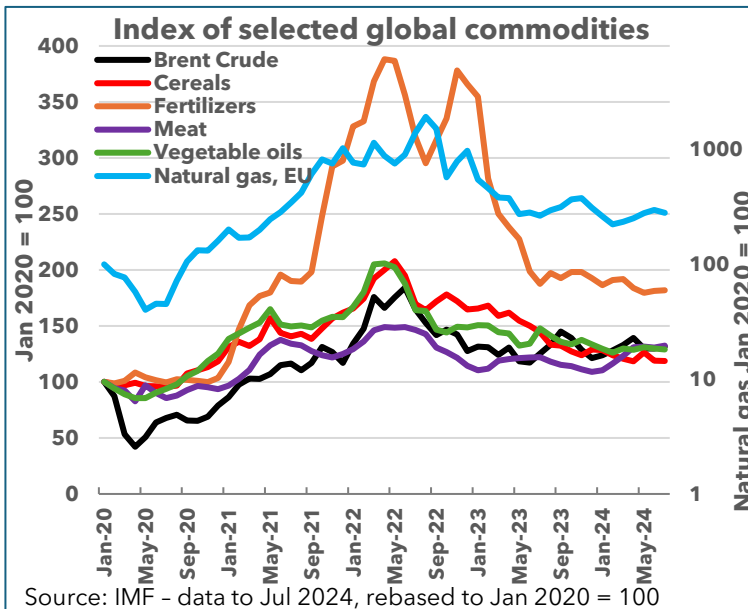
Production costs and by-product revenues

Commodity markets have been relatively flat over the past year but remain well above pre-covid levels and energy costs are expected to increase in the autumn and winter. A strong crop outlook in the US has ensured continuing downwards pressure on grain and oilseed markets.



Though relatively flat over the past year, commodity prices remain well above pre-covid levels, meaning that businesses have a higher cost base to manage, particularly energy costs. There has been some general slight uplift in commodity prices 2024, linked to geopolitical tensions, and energy prices are expected to rise again in the autumn and winter. However, risk premia have remained weaker than during other periods of conflict. Shipping costs have begun to fall back after spiking between early-May and early-July.

Feed prices have continued to edge lower in August, driven by expectations of a strong global grain harvest. Despite the challenges in western Europe, the US is set for a bumper crop this year. Meanwhile, global soyabean crop fundamentals are continuing to place downwards pressure on soyameal prices, with favourable US crop conditions again contributing.



In the US, hide value fell by 15% between March and June. After a marginal rebound in July, prices have softened further in August, taking values 25% behind year-earlier levels (-28% in GBP). However, UK export prices continue to look relatively flat. For sheepskins, UK export prices point to a significantly softer trade this year, with little sign of a seasonal upturn underway.

Exchange Rate Movements

After a remarkably stable year, sterling has seen some volatility in summer 2024, largely driven by interest rate expectations and changes, but also influenced by the General Election. While a general rise in sterling has the potential to place downwards pressure on input costs, it also has the potential to negatively impact price competitiveness.

The outlook for UK interest rates had initially given a slight boost to sterling this summer as continuing firm wage growth and some stronger economic growth figures softened expectations around the size and pace of interest rate reductions from their peak. The anticipated and then realised change in Government may have also been a factor underpinning sterling.

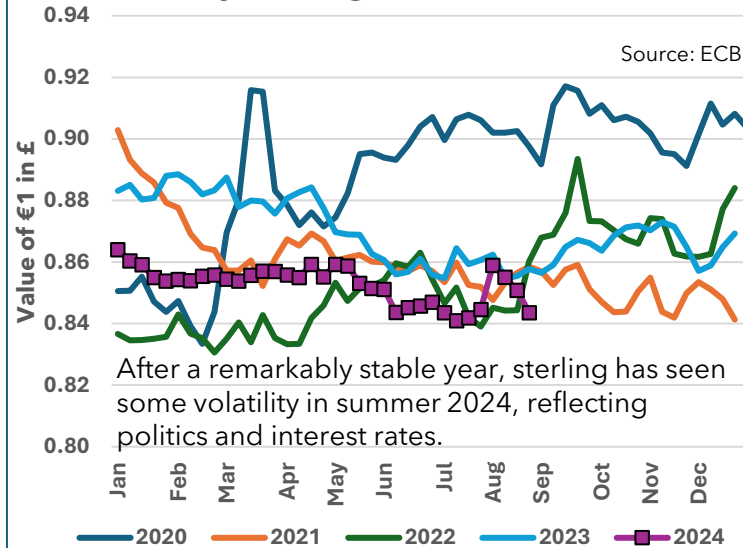
However, sterling then fell after interest rates were reduced at the start of August. Since then, underlying economic conditions relative to the EU and US may have driven a rebound in sterling.

US interest rates are expected to be cut in September, with concerns mounting over the potential for the US economy to slip into a mild recession and inflation remaining anchored at close to its target level, pressuring the US dollar. In turn, this will be placing some welcome downwards pressure on the cost of imported inputs, although it may have a negative impact on exports to non-EU countries traded in USD.

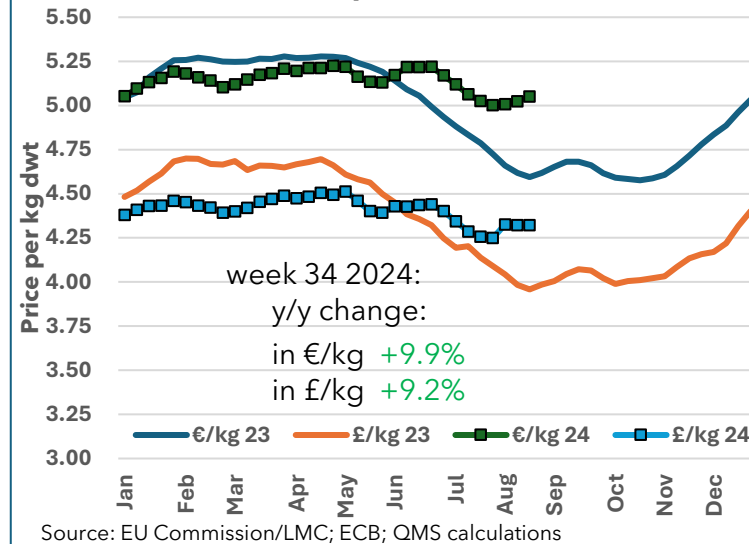
The rebound in sterling as August has progressed will have led to a renewed weakening of the price competitiveness of domestic red meat while placing some renewed downwards pressure on input costs. In addition, the pound had softened in autumn 2023, so there is the potential for significant year-on-year comparison effects in the coming weeks.

Weekly exchange rate between € and £

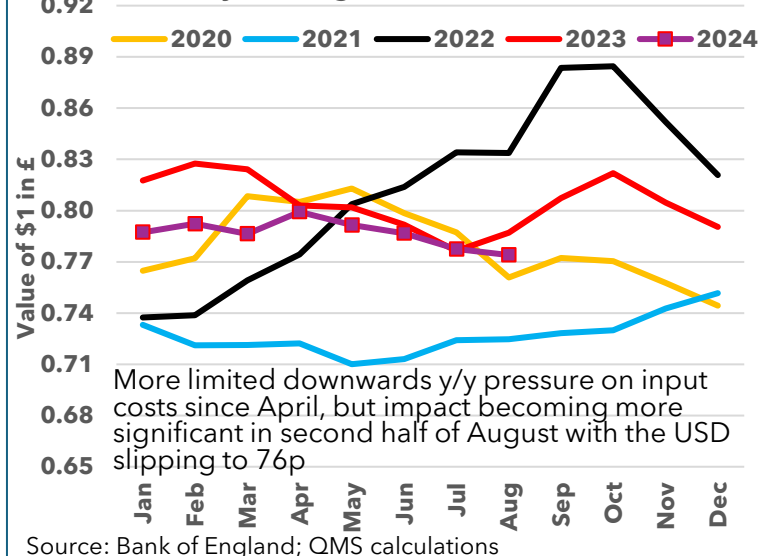
Source: ECB



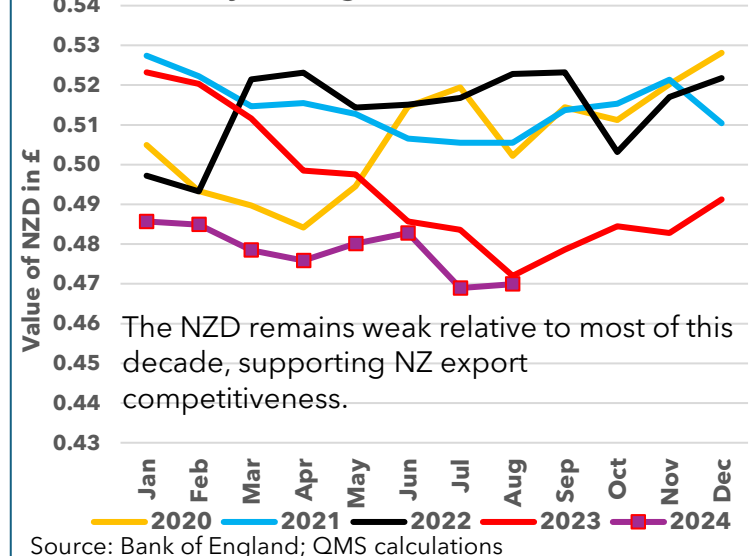
Irish R3 steer price in EUR & GBP



Monthly exchange rate between USD and GBP

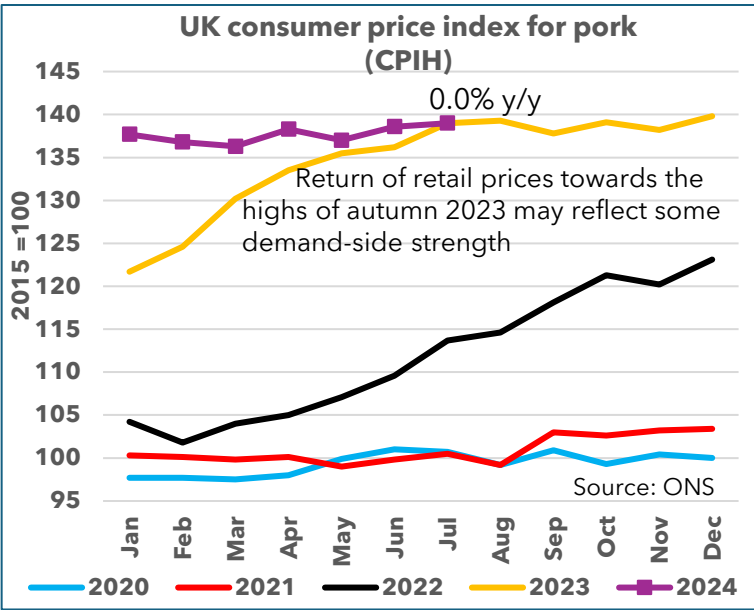
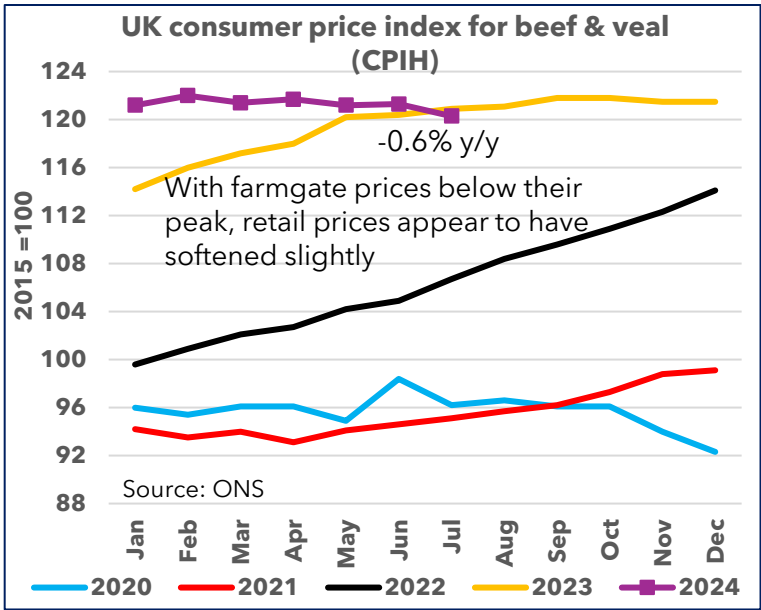


Monthly exchange rate between NZD and GBP



Consumer demand and prices

GB meat retail trading conditions continue to look firm overall, although a rebalancing of lamb retail prices to reflect the lift in farmgate prices appears to have hit sales volumes. Foodservice sector firms continue to pass on higher costs, signalling robust demand.

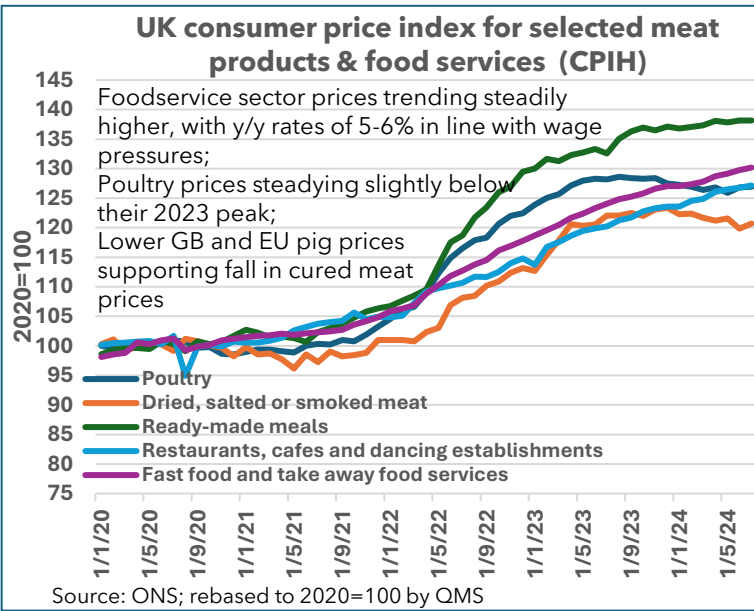
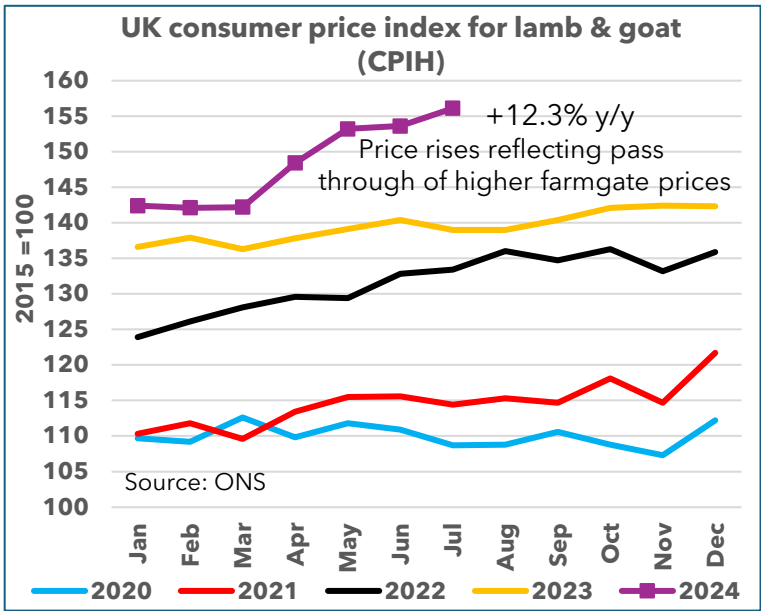


Retail demand remains firm overall with rising UK wages (+5.4% y/y in Q2 2024 excluding bonuses) supporting spending levels. This is reflected in the meat retail picture reported by Kantar for the 12 weeks to 4/8/24, highlighting that consumers continue to value this source of protein highly.

Spend on beef continued to outpace the overall market, translating into stronger sales volume growth. Meanwhile, a slowdown in pork price inflation continued to support a rebound in volumes. While spending on lamb rose faster than the grocery market as a whole, the pass-through of higher farmgate prices to the retail shelf appears to have hit sales volumes, though some of this will reflect lower supply.

Chicken has continued to regain competitiveness and sales.

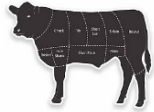
Meanwhile, continuing steady price increases at restaurants and for takeaway and fast food suggests that demand is firm enough for rising costs to be passed on to customers.



Y/Y change in GB retail sales reported by Kantar in 12 weeks to 4/8/24			
	Value	Volume	Avg price per kilo
Fresh beef	+5.6%	+3.1%	+2.5%
Fresh lamb	+3.7%	-4.2%	+8.2%
Fresh pork	+2.8%	+1.6%	+1.1%
Fresh poultry	+3.2%	+3.8%	-0.5%
Total grocery market	+3.1%	+0.7%	+2.4%
Source: Kantar			

Retail demand and prices

Renewed price inflation pressuring lamb volumes after discount-driven spring growth while a wet summer may have given a general boost to sales of beef and pork roasts relative to 2023.



BEEF

12 weeks to August 4 2024



LAMB

12 weeks to August 4 2024

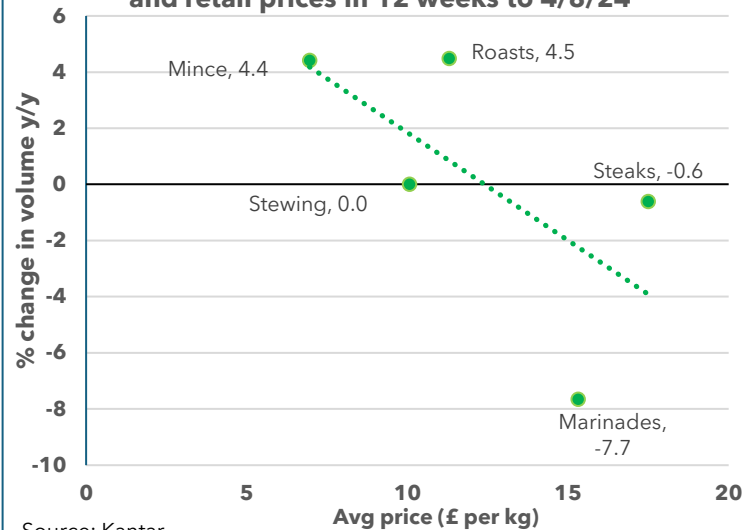


PORK

12 weeks to August 4 2024

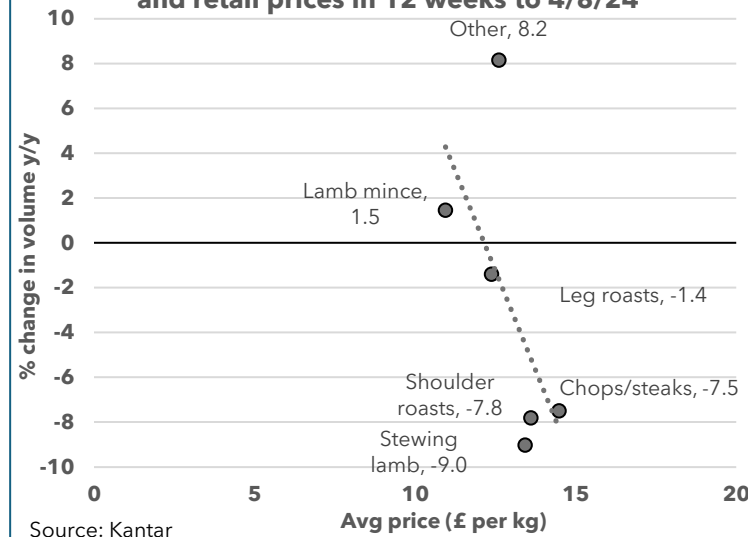
	GB		Scotland		GB		Scotland		GB		Scotland	
	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y
Value (£m)	515.9	6.1%	50.8	5.1%	104.6	4.0	6.1	23.6	210.5	1.7	14.4	-1.4
Volume (t)	51,141	2.7%	4,813	0.1%	8,073	-2.5	467	13.8	31,796	1.1	2,137	-2.5
Avg price (£/kg)	10.09	3.3%	10.55	4.9%	12.96	6.7	13.13	8.6	6.62	0.6	6.72	1.1
Penetration*	63.6%	-1.4%	66.3%	-3.3%	20.1%	-5.7	15.6%	2.3	43.8%	-2.9	40.4%	3.1
Frequency**	4.3	3.9%	4.4	6.2%	2.3	-1.9	2.2	7.7	3.1	3.8	2.6	-3.8

Relationship between GB household beef purchases and retail prices in 12 weeks to 4/8/24



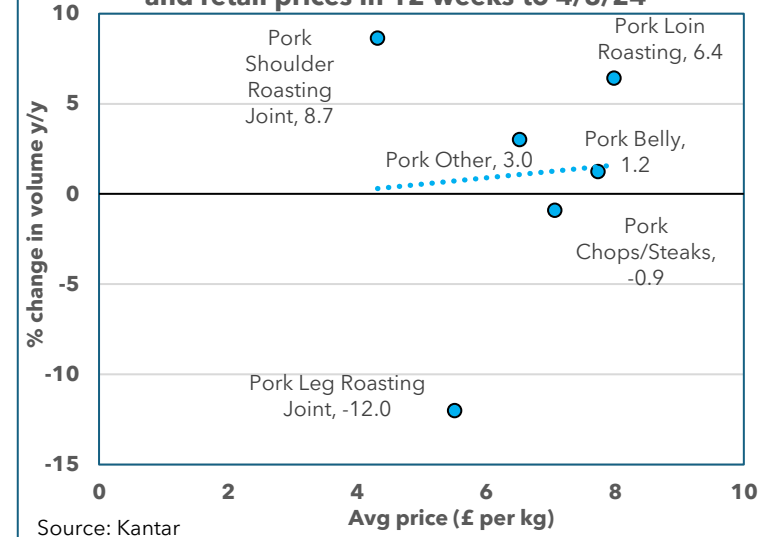
- Slower inflation supported mince sales volumes while stronger inflation hit steak sales.

Relationship between GB household lamb purchases and retail prices in 12 weeks to 4/8/24



- An end to seasonal price discounts saw lamb leg roasts slip back into volume decline.

Relationship between GB household pork purchases and retail prices in 12 weeks to 4/8/24



- Loin roasts supported by slightly cheaper prices than last year.

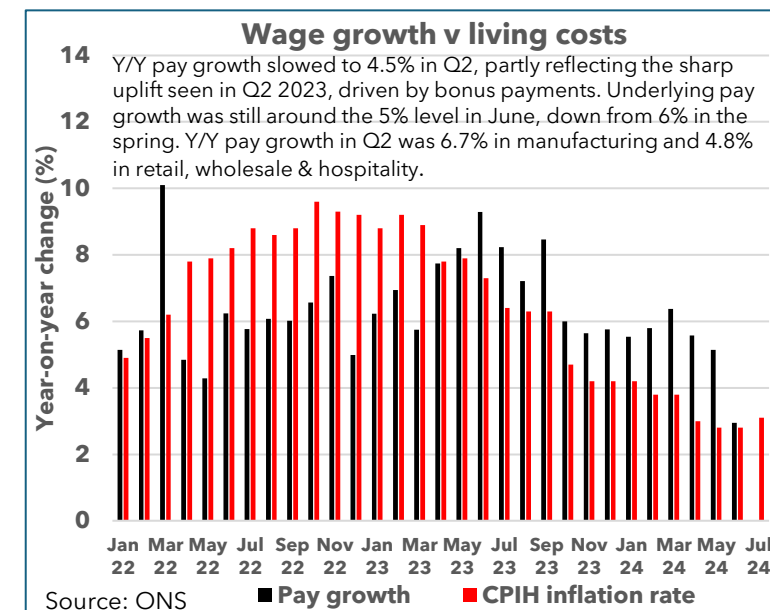
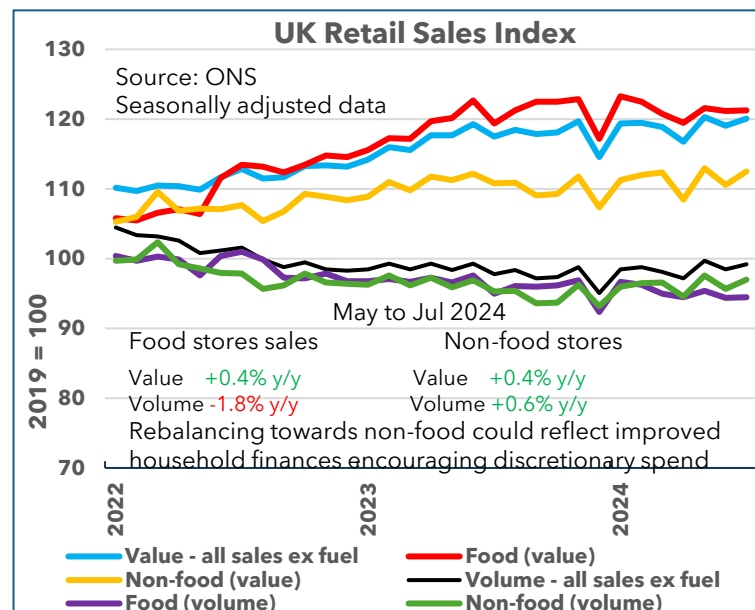
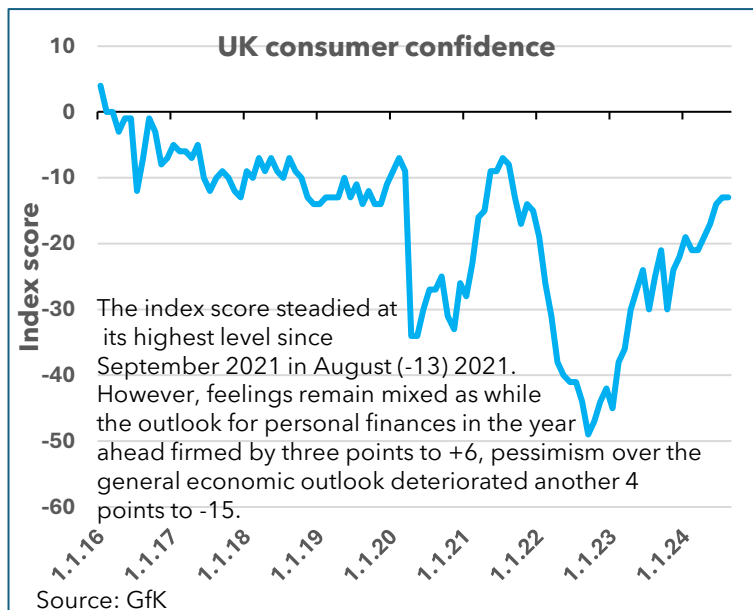
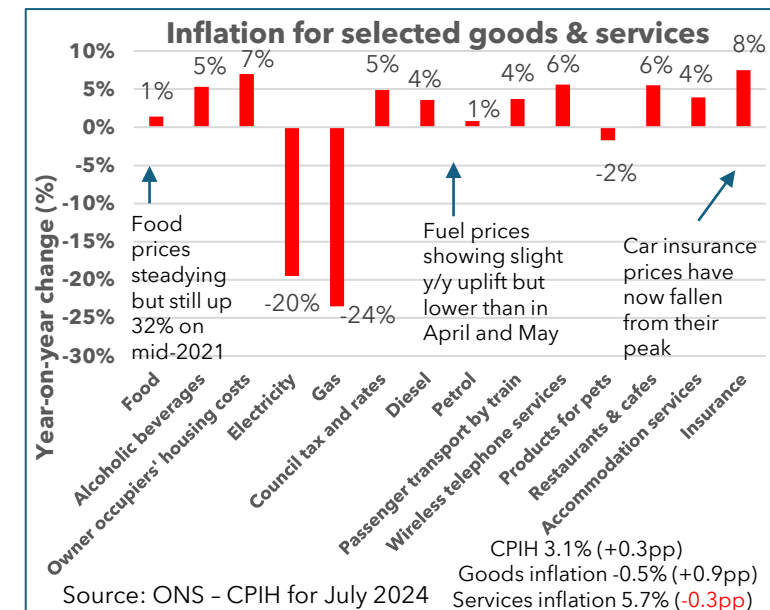
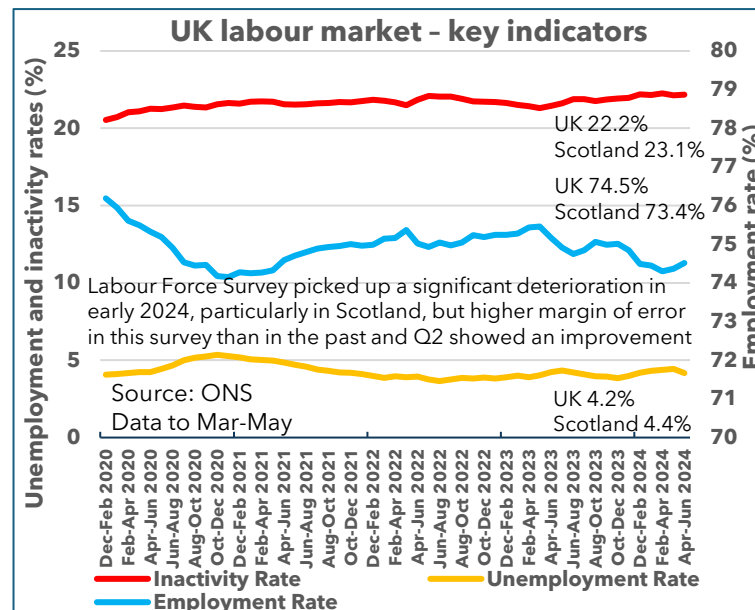
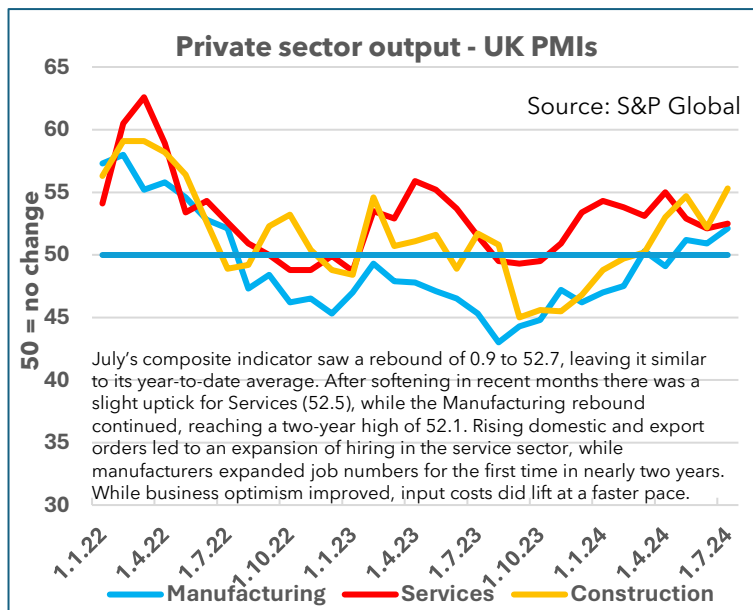
Data covers sales of fresh and frozen unprocessed red meat

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

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

Economic indicators

Business and consumer surveys are showing continuing improvement in 2024 and the ONS labour market data showed a brighter picture in the latest release after a soft start to the year. Although wage growth has started to cool, it remains above inflation, supporting household finances. In a potential sign of increased discretionary spending, ONS retail sales data points to some rebalancing of spending towards non-food from food.



Scotch Beef UKGI is whole chain assured beef from Scotland

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



Scotch Lamb UKGI is whole chain assured lamb from Scotland

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



Specially Selected Pork is assured pork from Scotland

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

