

# QMS MONTHLY MARKET UPDATE

## June and July 2024

### Purpose:

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

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Date: 30/7/2024

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AHDB

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

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# BEEF MARKET

## SUMMARY OF MARKET DEVELOPMENTS

### 01 Prices

- Prime cattle availability has tightened seasonally after an unusually strong uplift between mid-May and mid-June, supporting a small rebound in prices. As the market had softened in summer 2023, a small year-on-year uplift returned in the second week of July, while the lead over the five-year average has pushed beyond 15% again. Cow prices had stabilised slightly below their spring peak at Scottish abattoirs, with availability for slaughter passing its seasonal low, but there has been a slight rise in mid-July coupled with a renewed dip in throughput.

### 02 Production and market supply

- Increased prime cattle numbers on farm compared to 2023 have been supporting GB slaughter, which rose significantly in the first half of 2024. Slaughter has been above last year's levels in Scotland since April and this annual comparison is now more reflective of on-farm supply following considerable supply chain rebalancing in recent years.
- Increased domestic production and imports have supported a small increase in market supply in 2024, matching a small increase in the volume of consumer demand, which has been supported by a reduction in inflation. In turn, a well-supplied market has enabled UK export volumes to increase.

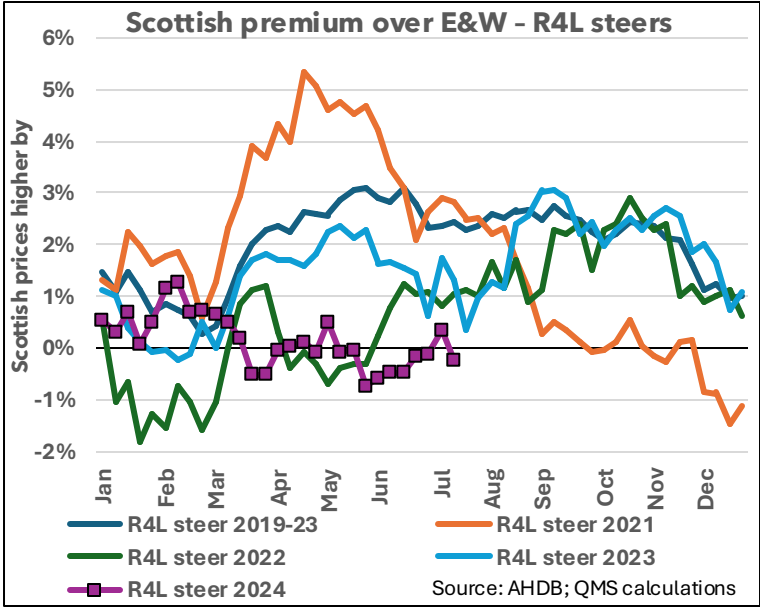
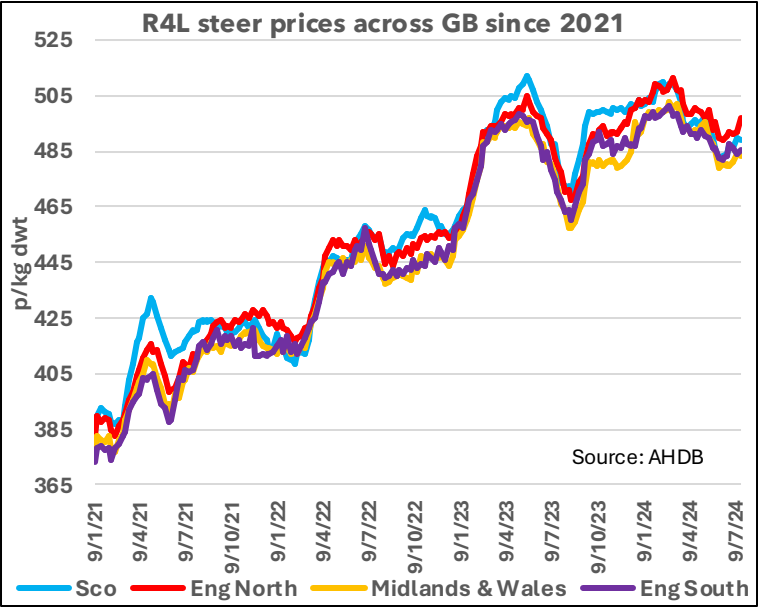
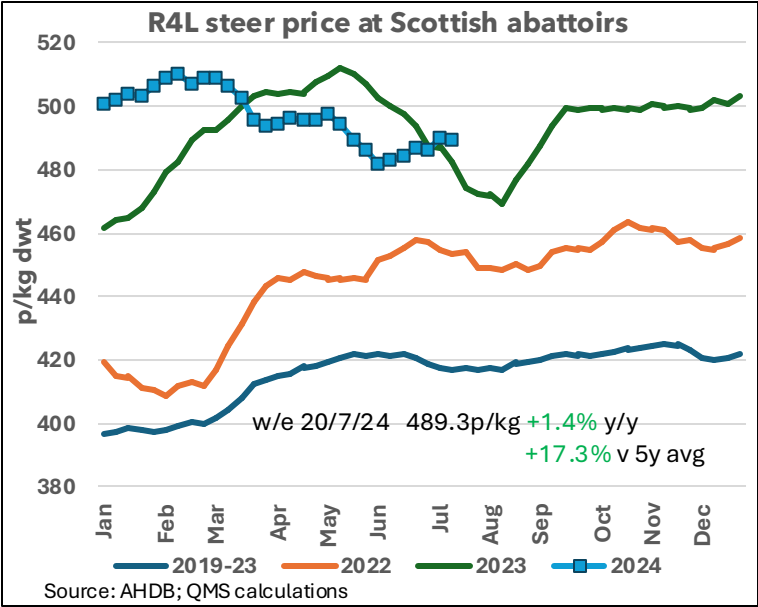
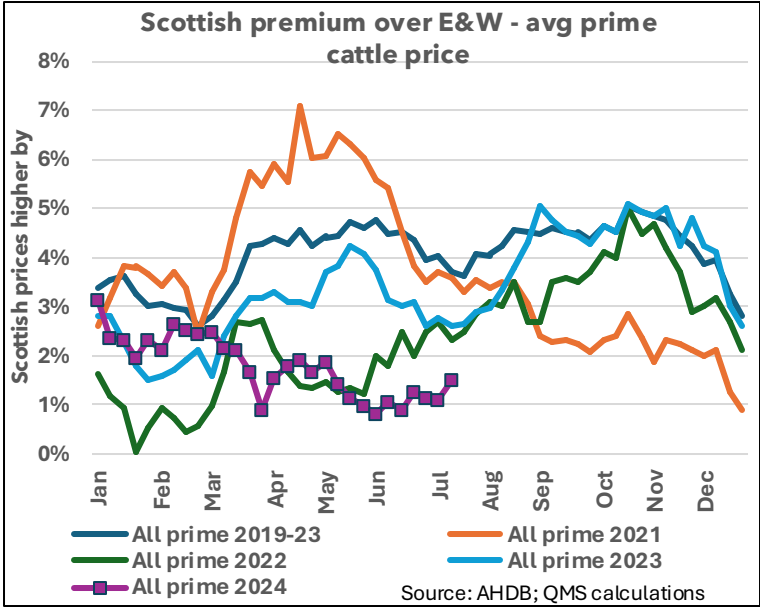
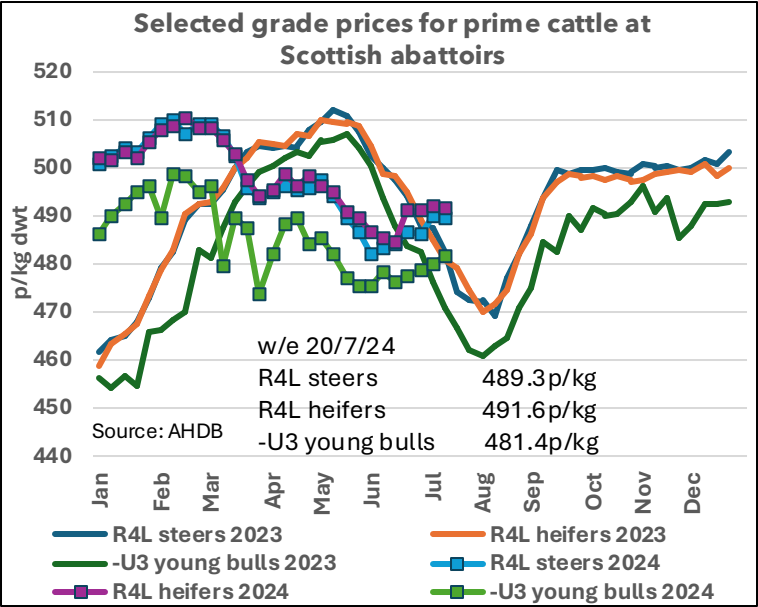
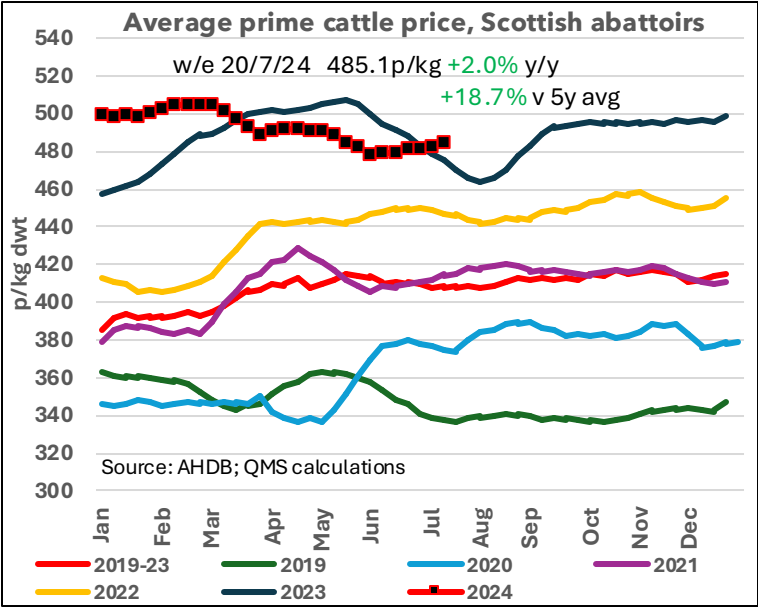
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 20 July	489.3	-0.5	+1.1%	+1.4%	+17.3%
Prime cattle slaughter at price reporting Scottish abattoirs (88% of kill in Jan to June 2024)	Average in four weeks to July 20, head procured deadweight	5,578		-6.1%	-1.7%	-12.4%
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to July 20, £ per head	£1,221		+3.2%	n/a	+26.7% (v 2018-22)
UK beef market supply	Tonnes in Apr-June 2024 (estimate)	253,600			-0.9%	+0.4%

### 03 Outlook for production

- In the short-term, weekly slaughter is likely to remain below the year-to-date weekly average during the summer 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

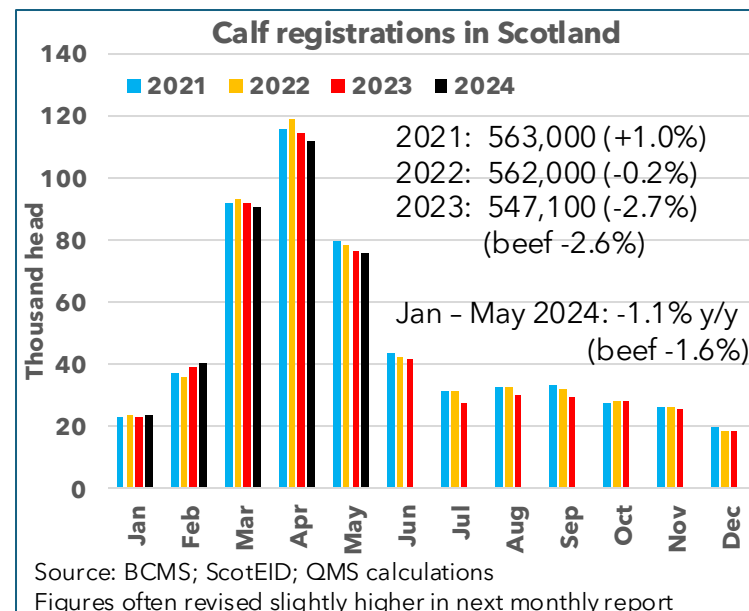
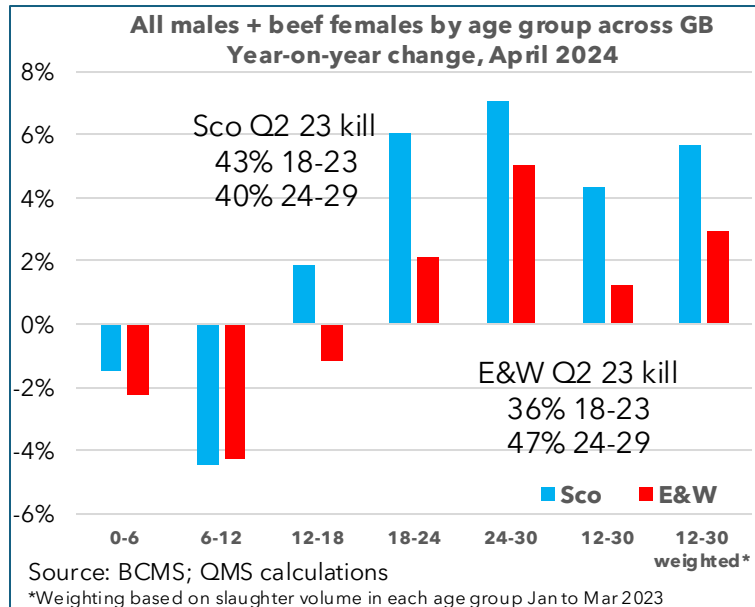
After downwards pressure in the spring, prime cattle prices have shown a slight rebound since mid-June following a seasonal dip in availability for slaughter. Prices have edged back in front of 2023 levels, when there had been a soft summer period, and leads over five-year averages have widened again.





# Availability and slaughter

After a short-term spike in slaughter between mid-May and mid-June, weekly slaughter has fallen back seasonally at Scottish abattoirs and has been below the year-to-date weekly average. However, young bull availability has risen strongly this summer, partially offsetting the dip in steer and heifer availability.

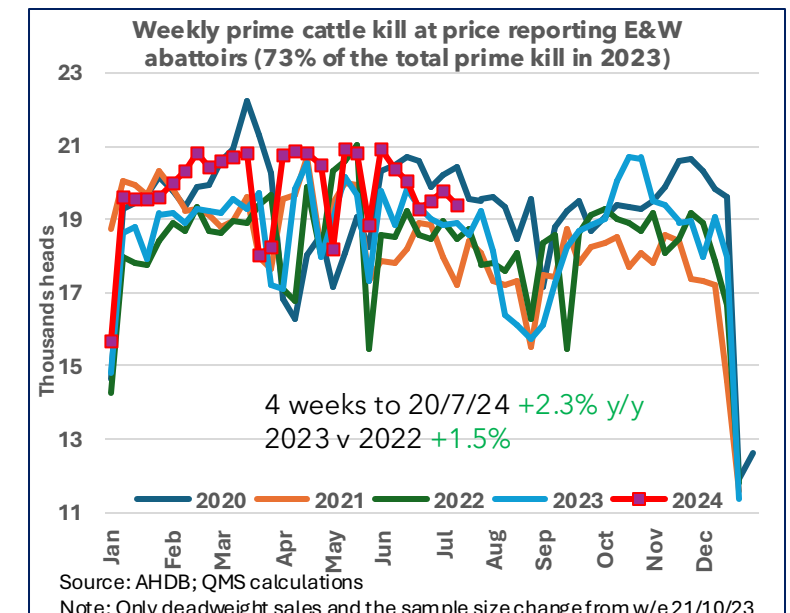
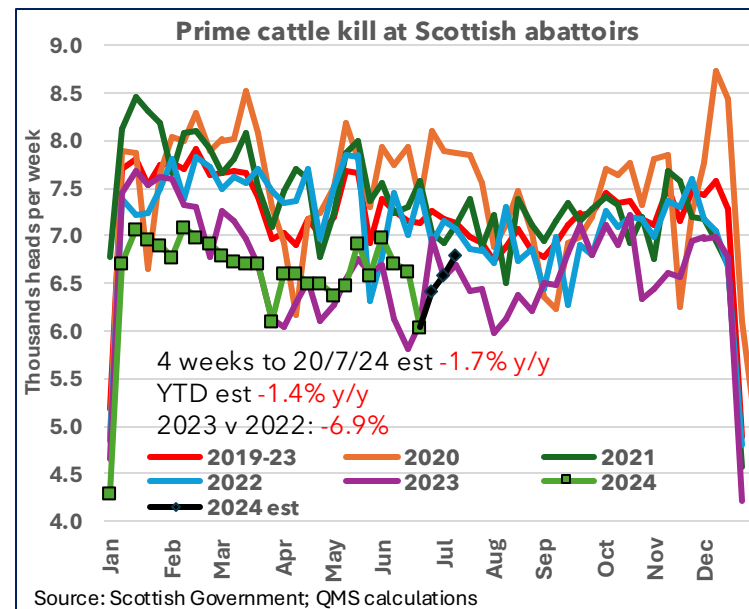
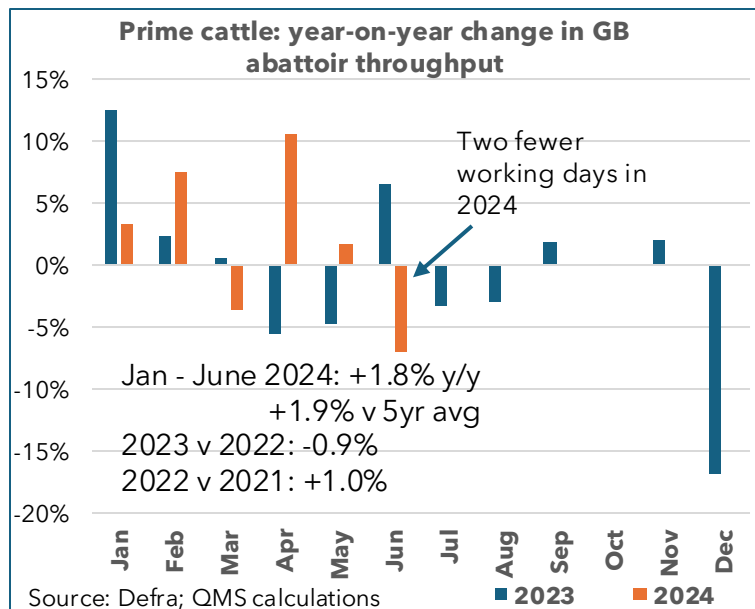


An increased prime cattle population on farm in 2024 has continued to underpin slaughter across GB relative to 2023.

In Scotland, the prime kill has fallen back below the year-to-date weekly average after a spike between mid-May and mid-June. However, a strong young bull season has partially offset the reduction in steer and heifer availability. Slaughter has been higher than in 2023 since April, with this more reflective of the situation on farm after a period of supply chain rebalancing.

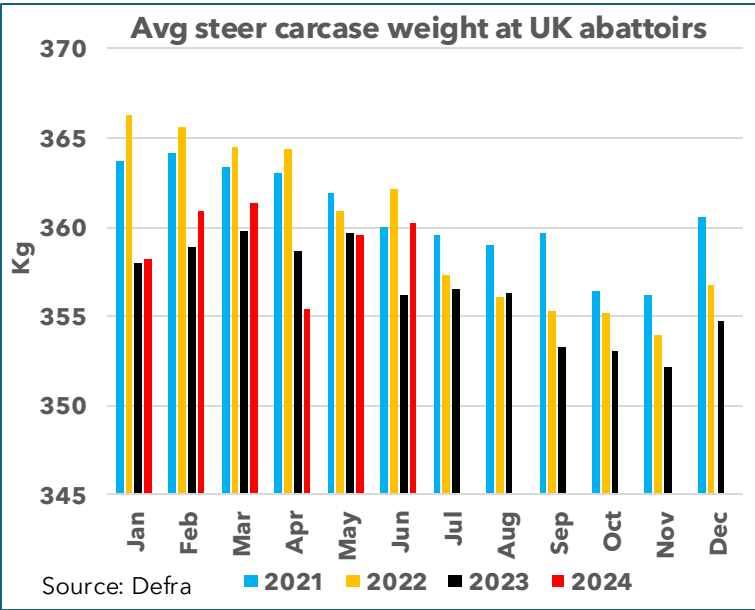
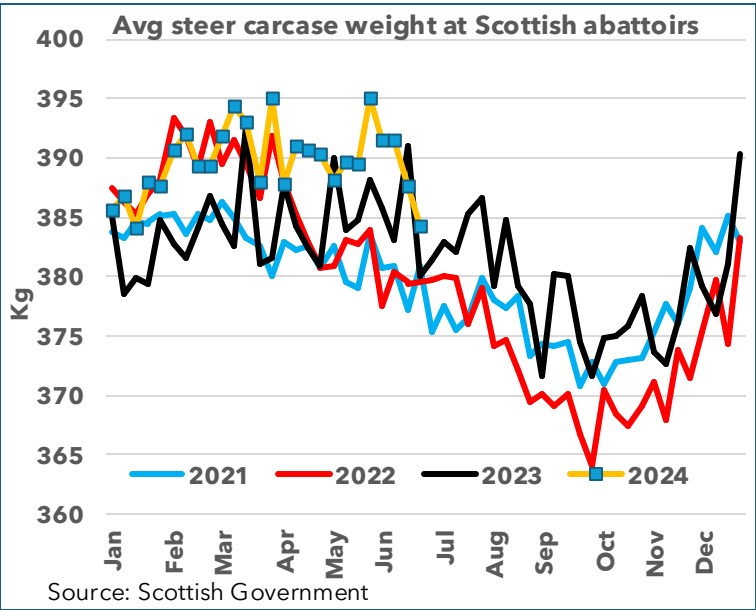
Meanwhile, weekly slaughter at the price reporting abattoirs in E&W has slipped back after a consistently strong spring, and is likely to fall further, reflecting seasonal trends.

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 will continue to support availability in Scotland.



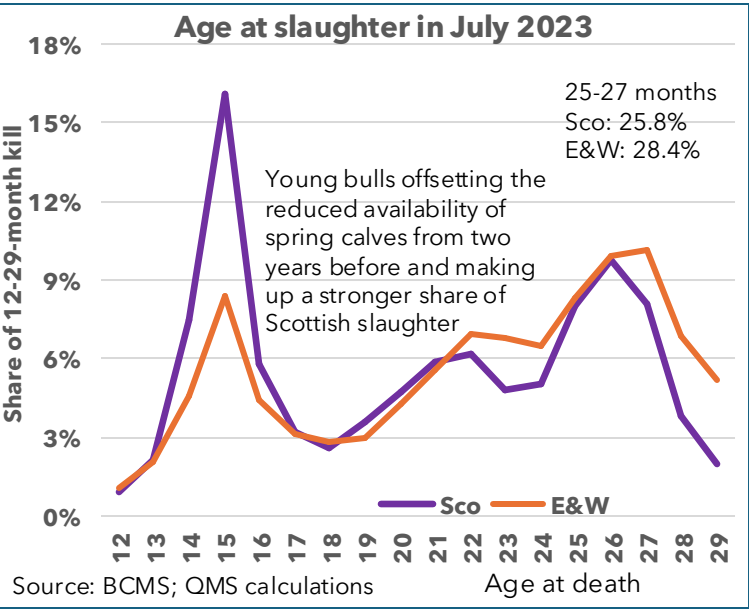
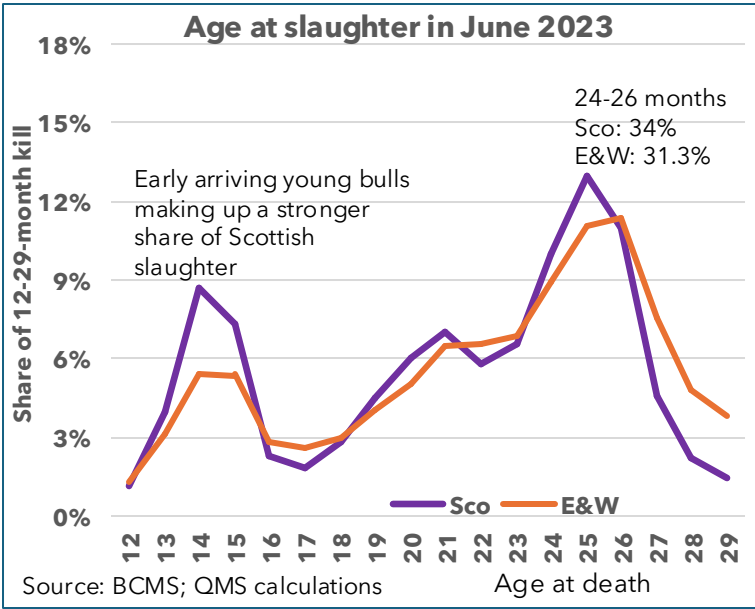
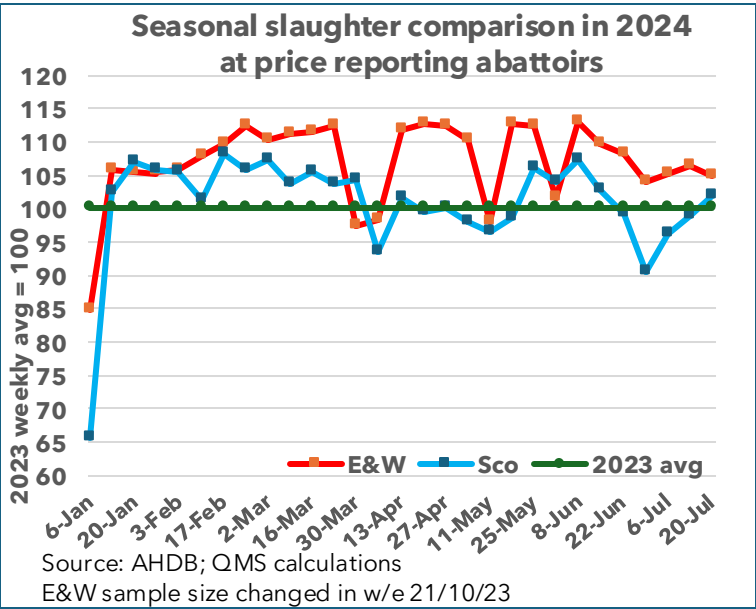
# Seasonality of production

Prime cattle availability has fallen seasonally in Scotland with the 2022 spring calf crop passing its peak slaughter age. However, young bull availability is at or close to its seasonal summer peak.



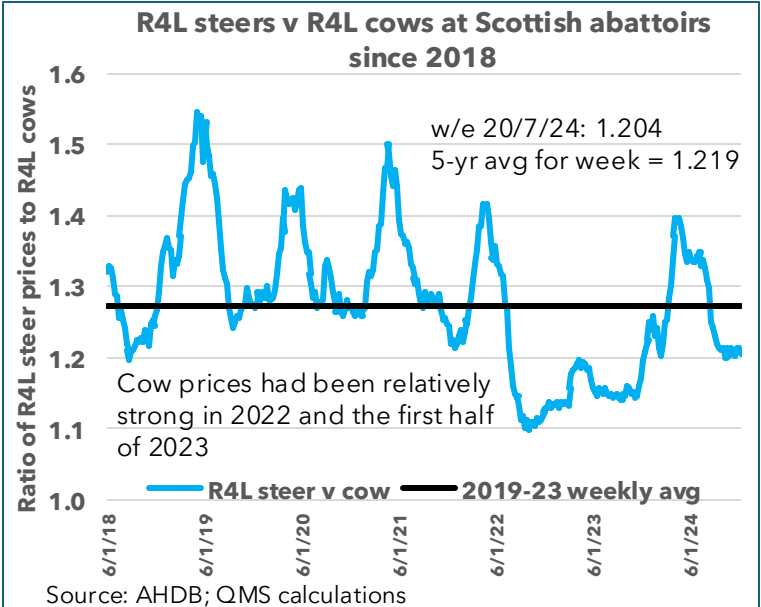
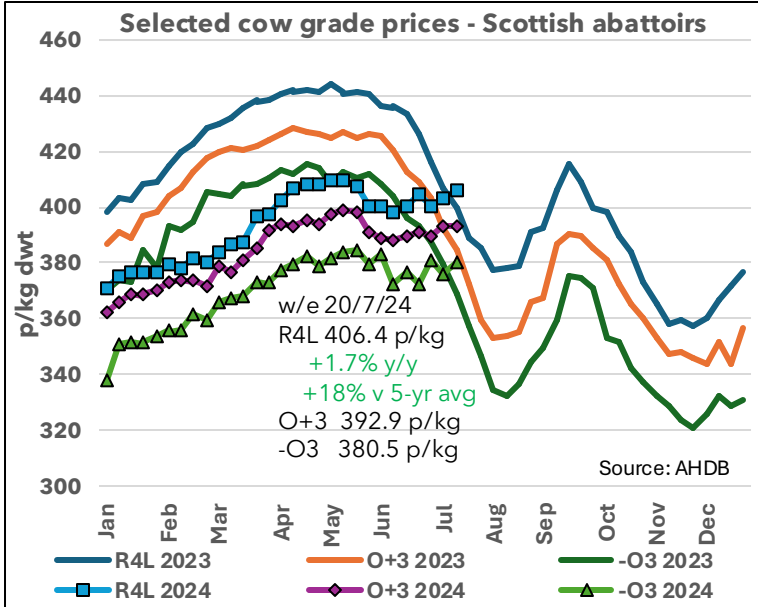
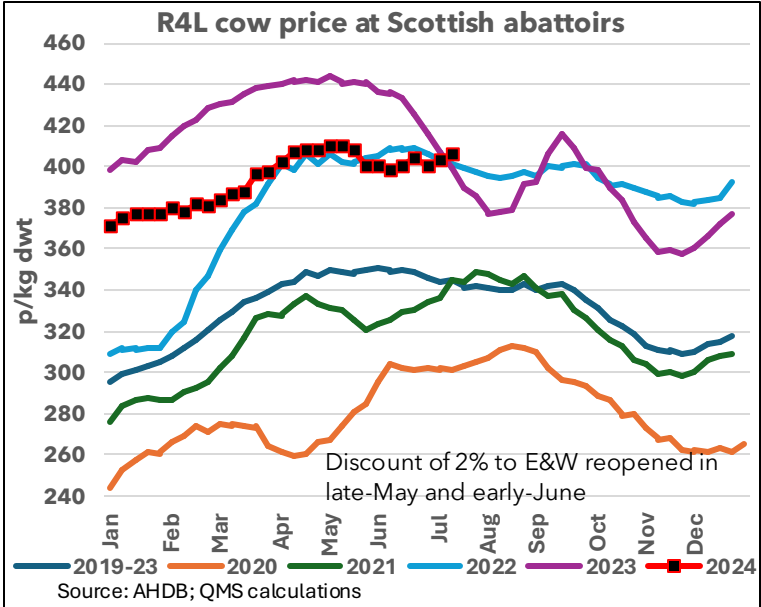
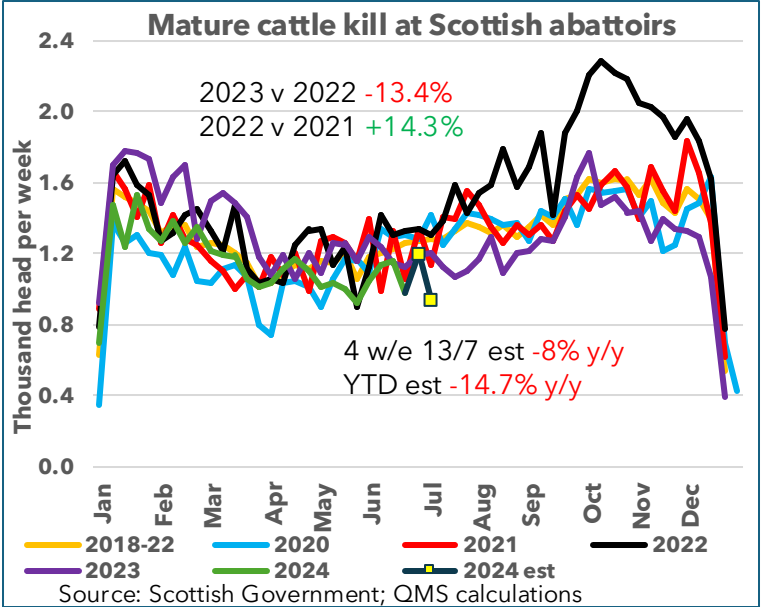
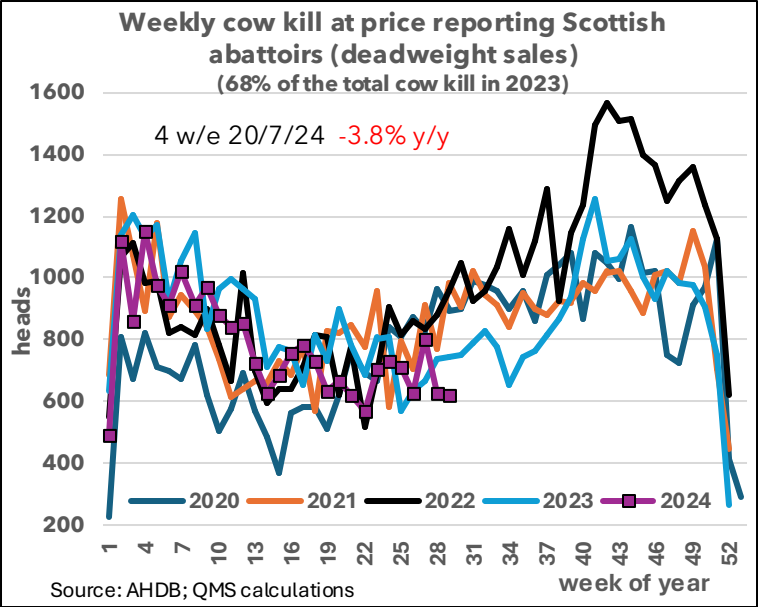
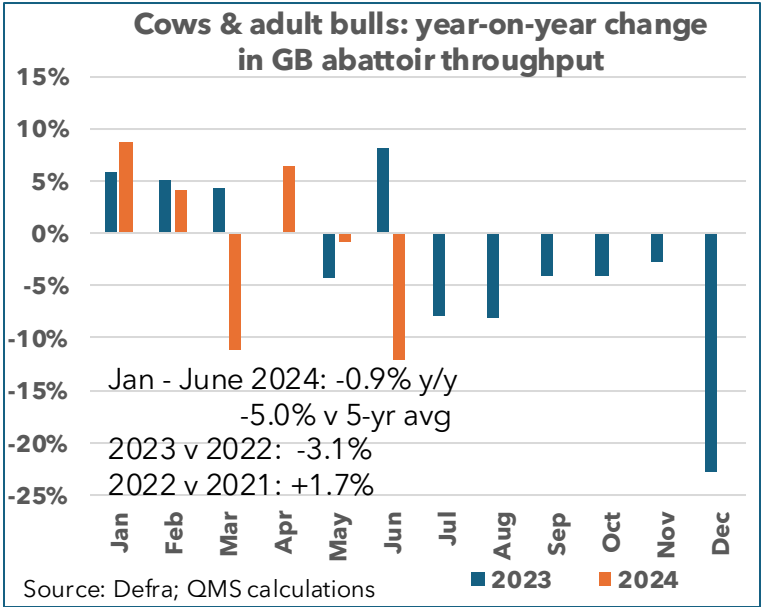
Availability for slaughter has fallen after a short-term uplift between mid-May and mid-June. While there has been a partial rebound in the first half of July, this has reflected that the fall at the end of June was surprisingly steep, and numbers are likely to remain below their annual weekly average until September.

Carcase weights have been showing year-on-year increases in Scotland since spring 2023. Meanwhile, the UK average has started to show a similar trend at the start of 2024, adding further support to beef production volumes. Seasonal weather conditions and an increase in older animals on farms may have influenced the change in weights this year.



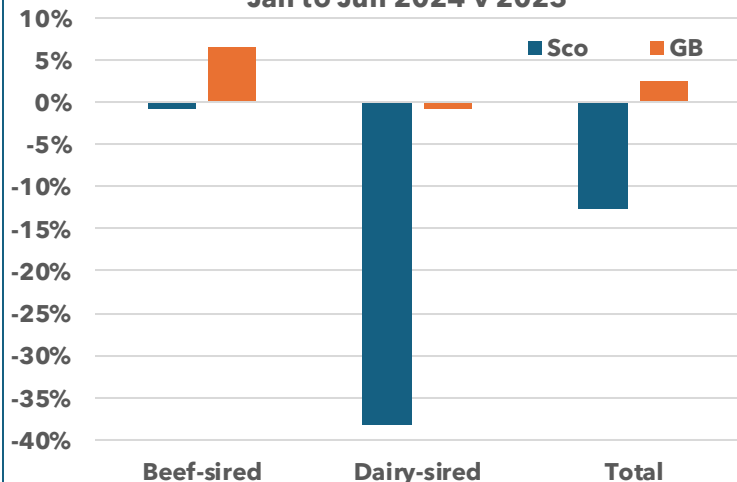
# Mature cattle market

Cow prices had settled slightly below their spring peak in June as availability for slaughter appeared to have passed its annual low, but there has been a slight uplift in July as slaughter slipped back. Unlike prime cattle, cow slaughter has continued to lag 2023 levels in Scotland, with cow processing demand looking relatively soft in Scotland.



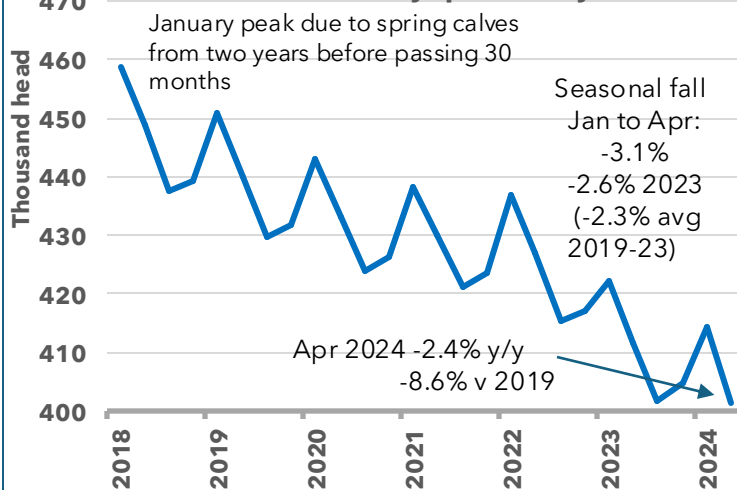
# Herd reduction slowing but continuing in the beef sector

**Females 30 months +  
change in abattoir throughput  
Jan to Jun 2024 v 2023**



Source: Defra; QMS calculations

**Beef-sired females 30 months and over on  
Scottish farms by quarter of year**



Source: BCMS; QMS calculations

**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%

Source: BCMS; QMS calculations

**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 early 2024. 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)**

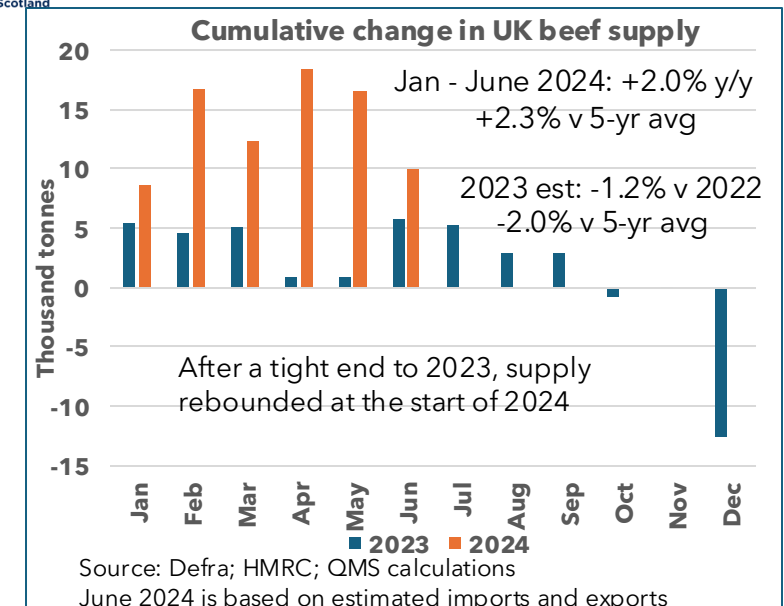
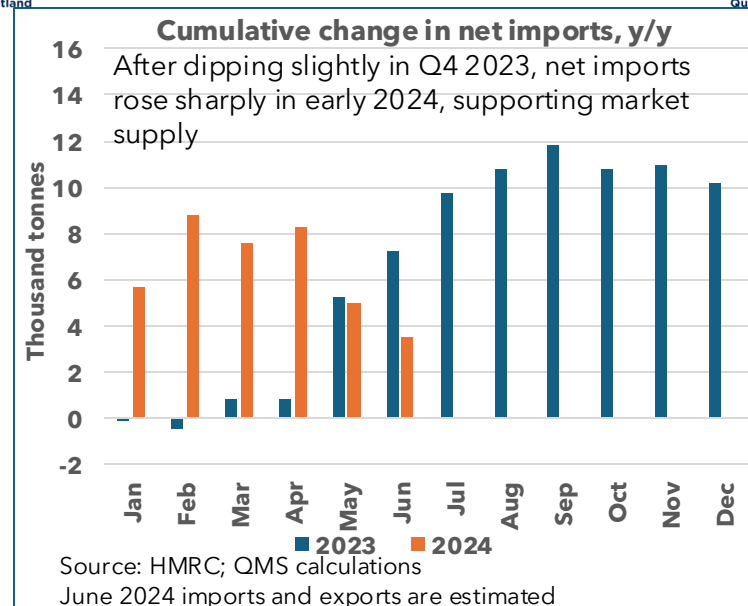
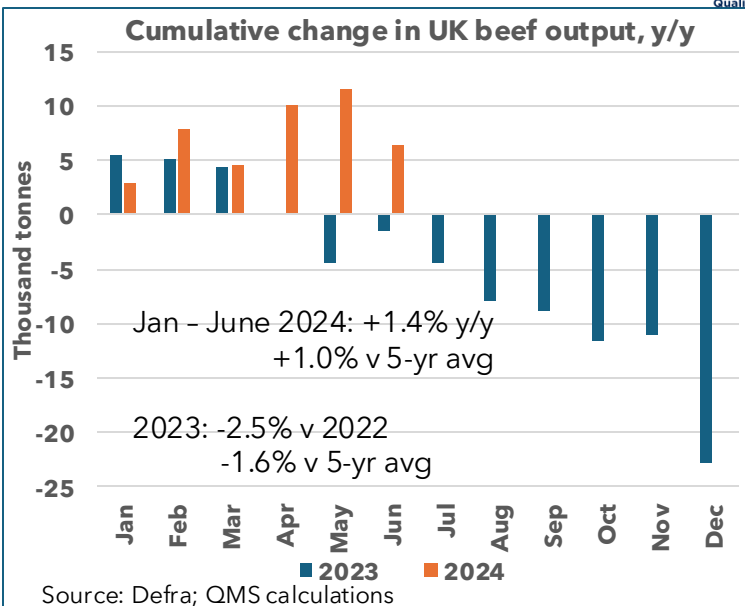
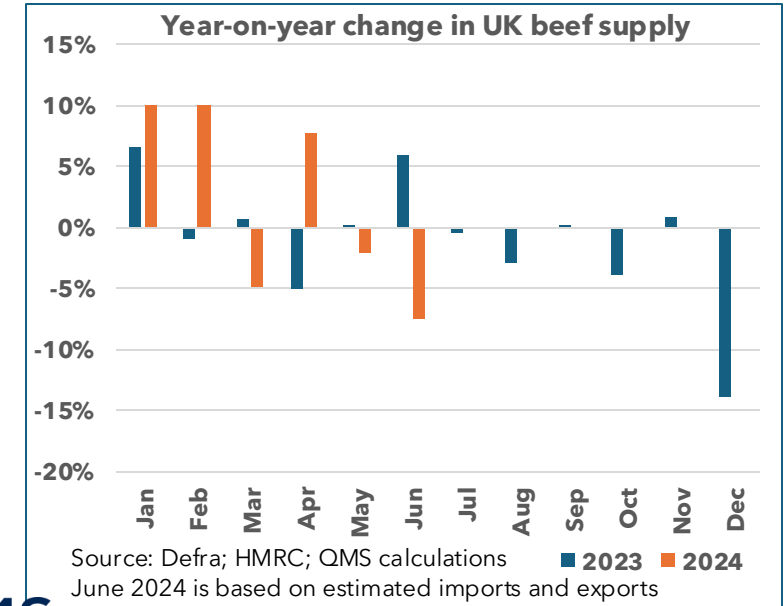
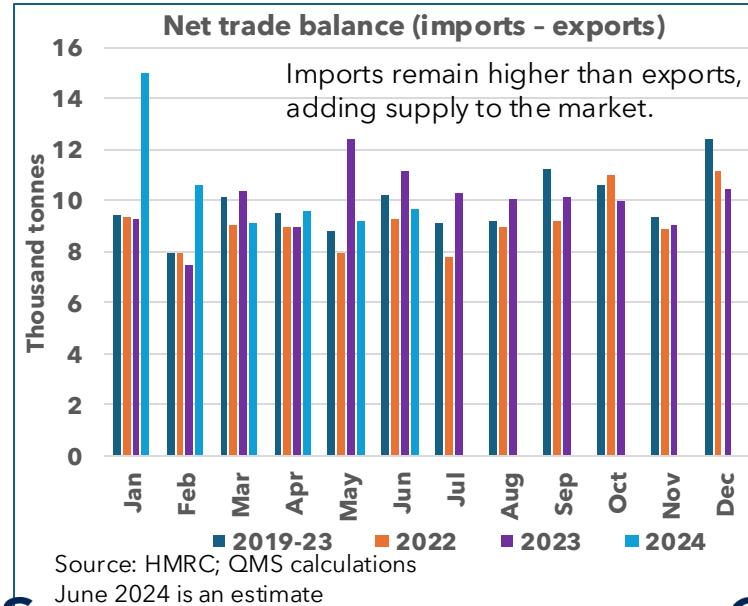
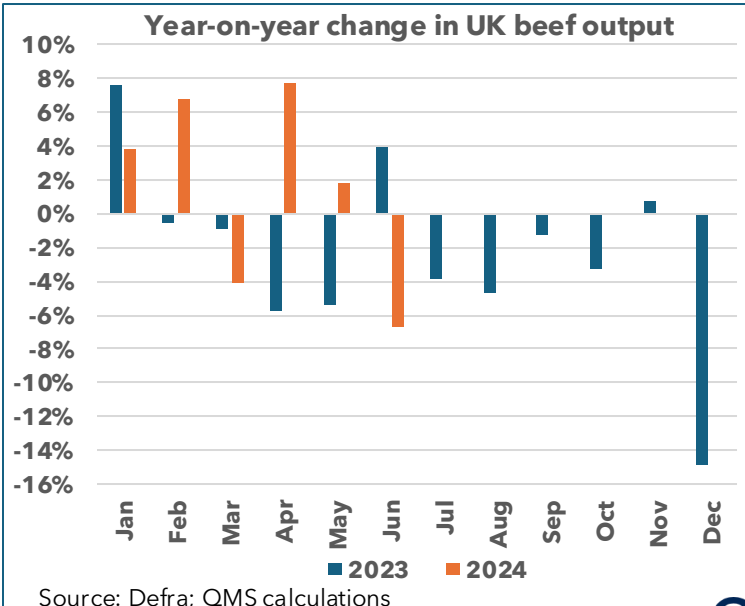
	Dairy	Beef	All
Scotland (Dec 2023)	+1.0%	-2.5%	-1.4%
England (Dec 2023)	-0.9%	-4.2%	-2.1%

Source: Defra; Scottish Government; QMS calculations



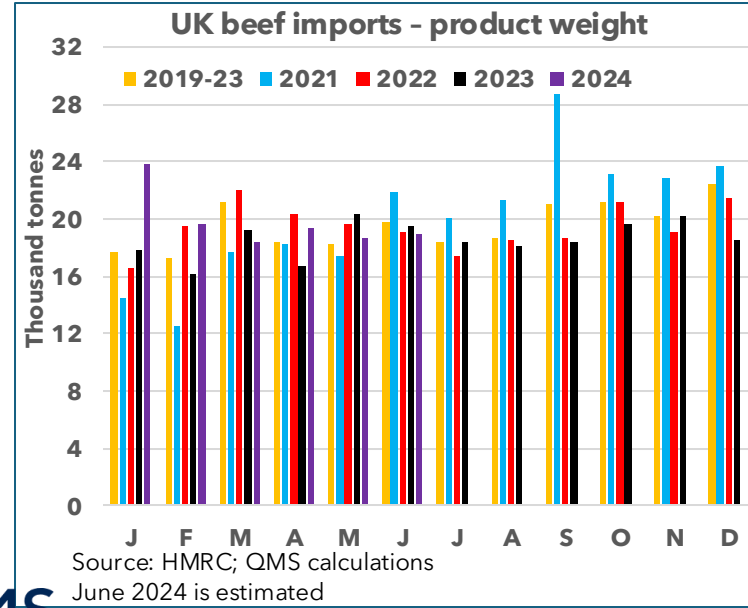
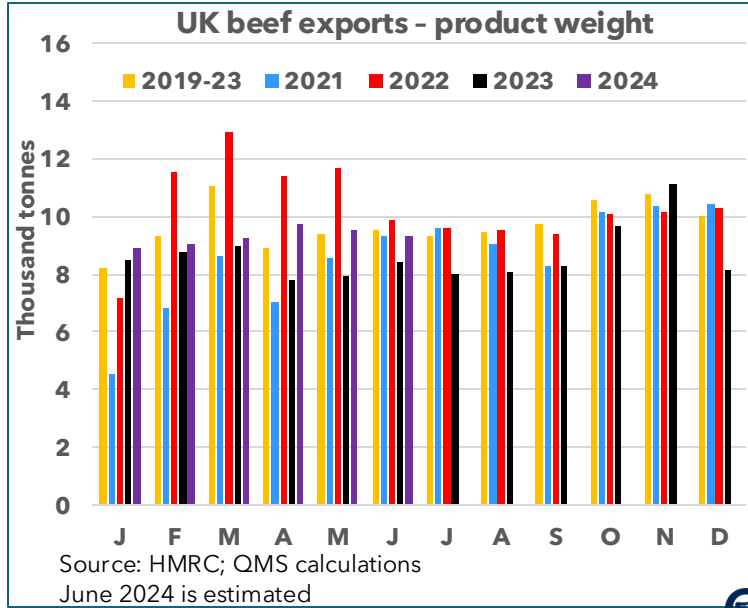
# UK beef market supply

domestic production + (imports – exports) = supply



# UK international trade

UK beef imports and exports have risen in 2024, with strong increases in trade with non-EU markets, although import penetration remains in line with historic averages.



UK beef exports continued to look firm in May, supported by rising domestic output. Volumes were up 20% on the year and by 1% on the five-year average.

Shipments to EU countries had fallen in the opening two months of the year and were only up marginally on a year earlier in March, before rising by nearly 18% in April and 14% in May. May was also a year-to-date high. Meanwhile, trade with non-EU countries continued to rebound strongly, up more than 80% on May 2023 (though they were still down marginally on May 2022).

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 May period.

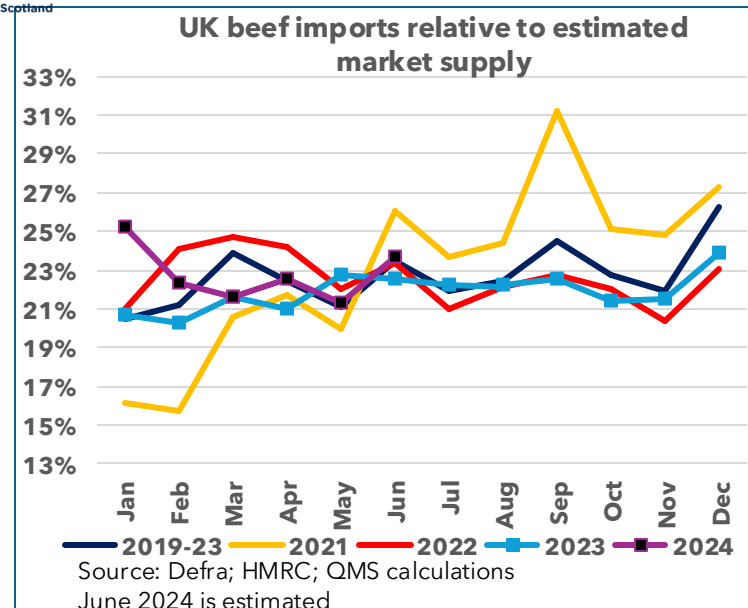
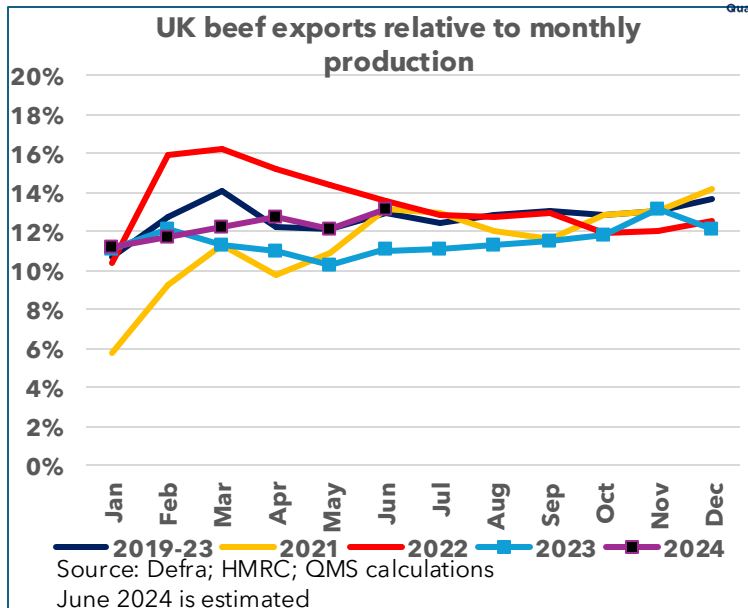
After rising in April, imports from the EU fell behind 2023 levels in May, down 11%, continuing a relatively volatile start to the year. However, the volume arriving from non-EU sources continued to show consistent expansion, up 29% on the year and at their highest level since late-2018. Imports from Australia and New Zealand accounted for 48% of non-EU shipments in the first five months of 2024, up from 17% in the same period of 2023, reflecting the Free Trade Agreements which started on 31/5/23.

The EU accounted for 93.2% of UK import volumes and 84.8% of exports in January to May 2024.

Note:

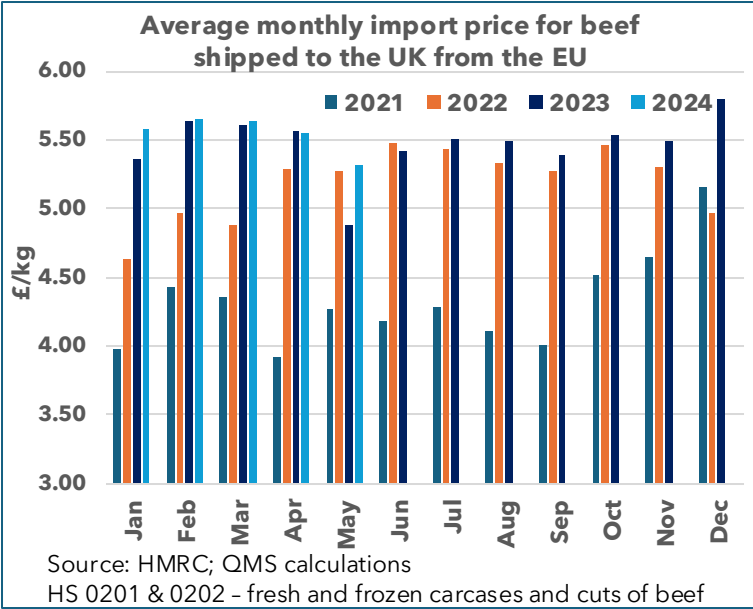
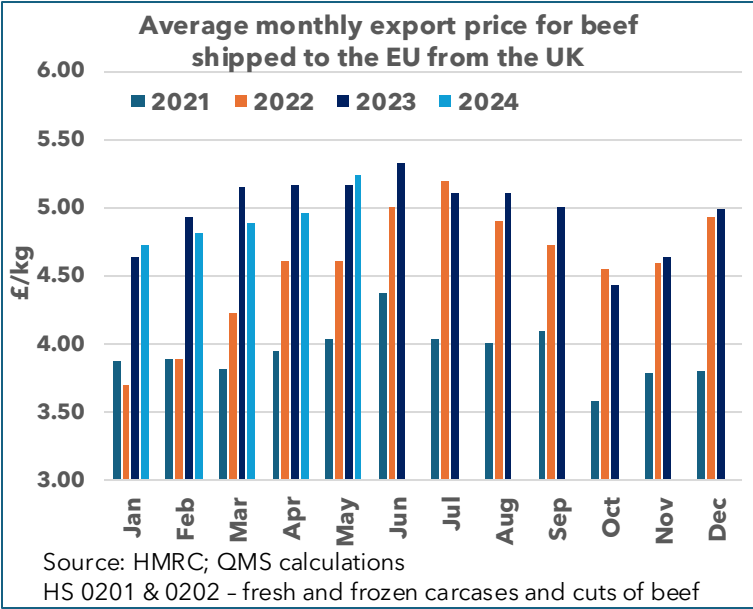
HMRC trade data covers HS codes 0201 & 0202 (fresh or chilled & frozen beef)

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



# Variables influencing international trade

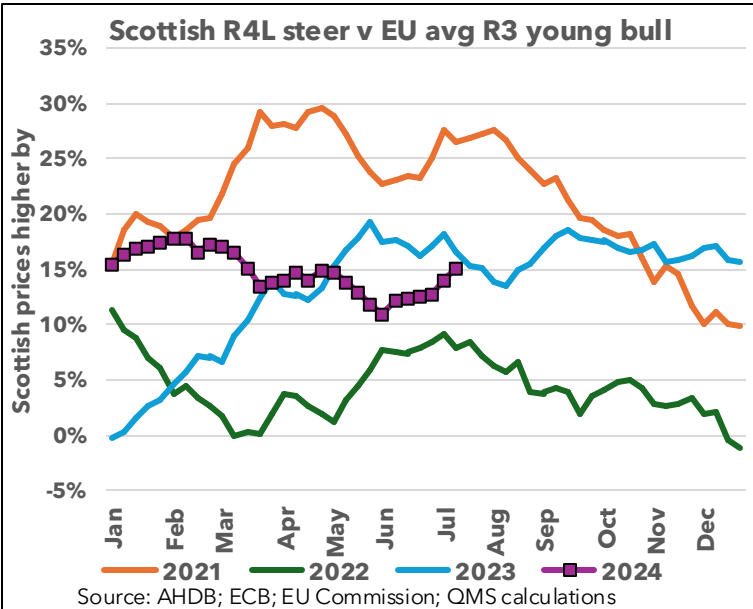
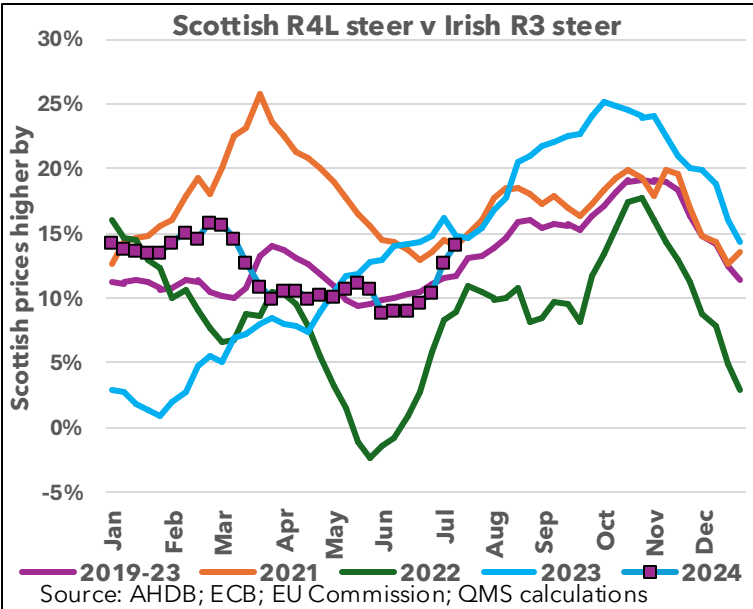
Scottish prices have lost competitiveness since June, with the differential against Ireland rebalancing seasonally.



Irish prime cattle prices have fallen back in the first half of July, reflecting a seasonal upturn in availability for slaughter. With Scottish prices trending slightly 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 moved 13% above Irish R3 steers in the second week of July and then by 14% in the third week.

While EU beef prices remain below the highs reached in 2022 and 2023, they have risen slightly since the start of 2024. However, a more stable period has seen the lead for Scottish R4L steers over the EU average for R3 young bulls widen again, reaching a nine-week high of 14% in mid-July.

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.

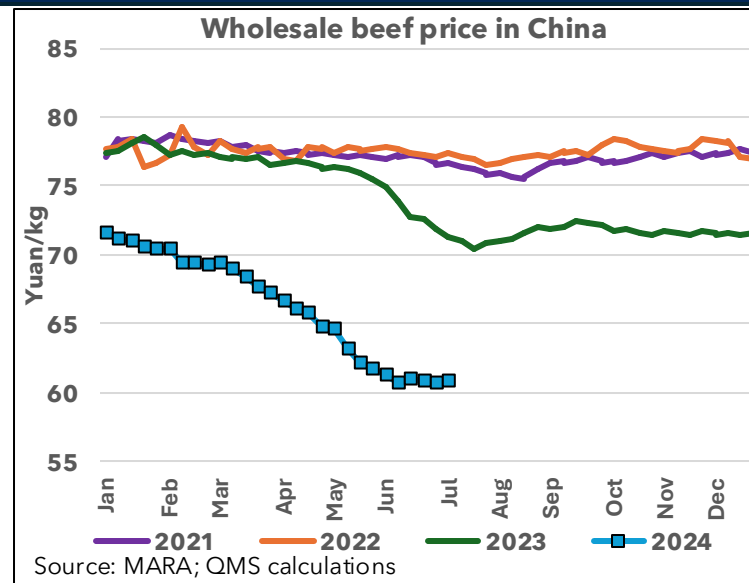
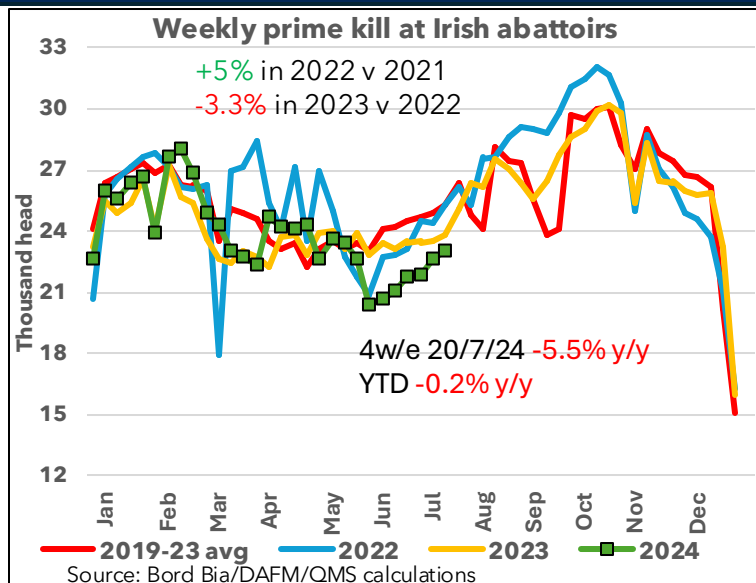


Selected EU cattle prices for R3 males, converted from euro to p/kg dwt			
	Week 28 2024	Week 24 2024	Week 28 2023
Germany (young bull)	420.0	422.7	386.6
Netherlands (8-12 months)	402.2	394.6	418.9
Spain (young bull)	455.0	453.9	445.3
Poland (young bull)	412.8	407.2	387.4
Irish Republic (steer)	434.3	442.7	419.3
<b>For comparison: Scotland R4L steer</b>	<b>489.8</b>	<b>483.2</b>	<b>487.5</b>
Source: AHDB; EU Commission; LMC; QMS calculations			

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

# Variables influencing international trade

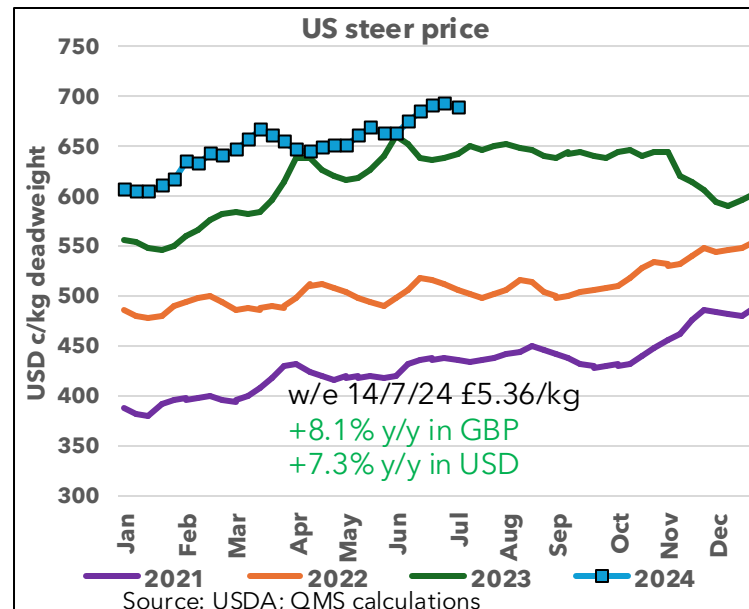
Divergent global market, with weak purchasing power in China making Brazilian and Australian beef highly competitive but the US market is tight.



In the Irish Republic, slaughter appears to have passed its seasonal low. Throughput has also fallen significantly behind year-earlier levels after a surprisingly strong increase to the year and 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 slightly (based on USDA forecast).

In the global market, beef prices are still under pressure from herd expansion in Brazil and weak purchasing power in China. However, surprisingly wet weather in Australia has seen producer confidence and market prices rebound from autumn 2023 lows and US beef prices continue to trade historically firm with domestic production adjusting downwards following drought induced herd liquidation in 2021 and 2022.

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.



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

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

Source: USDA Foreign Agricultural Service

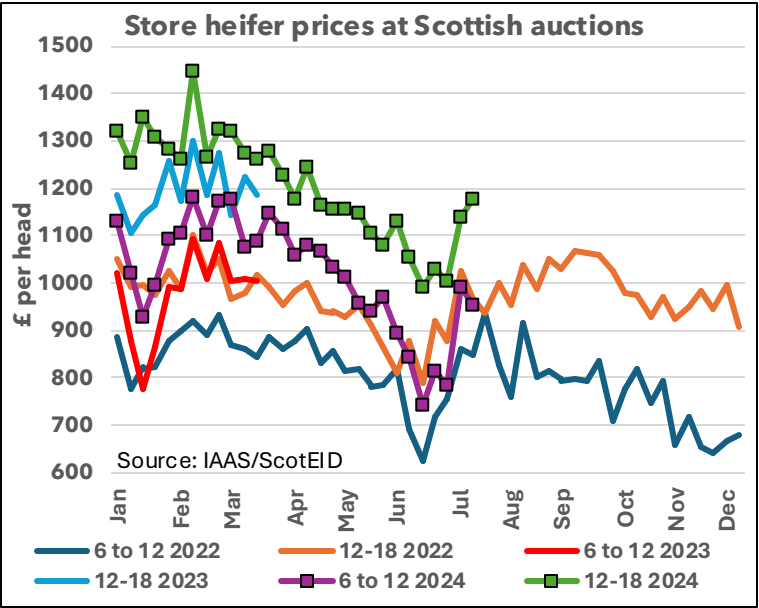
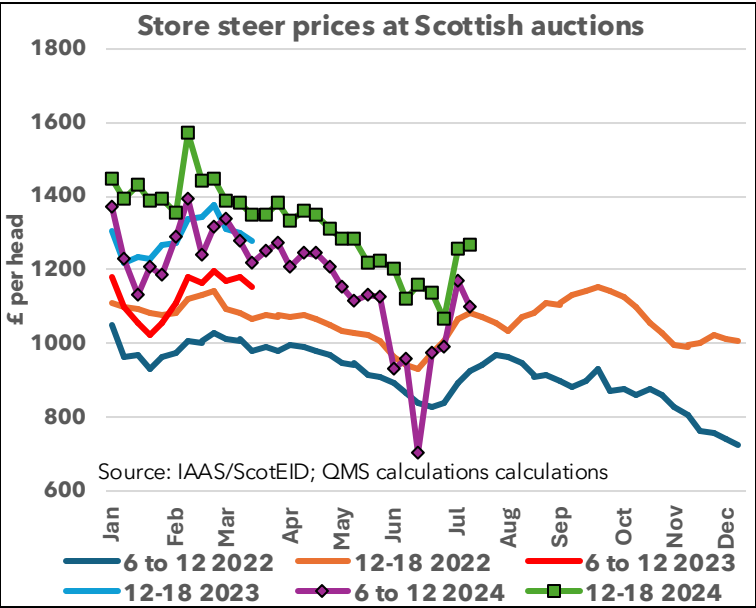
Cattle on Irish farms (thousand head)

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

Source: CSO

# Store cattle trade

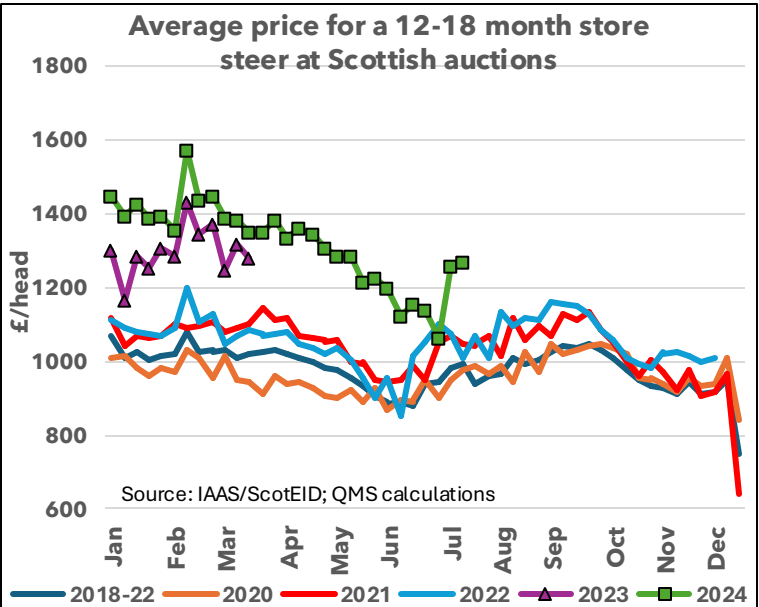
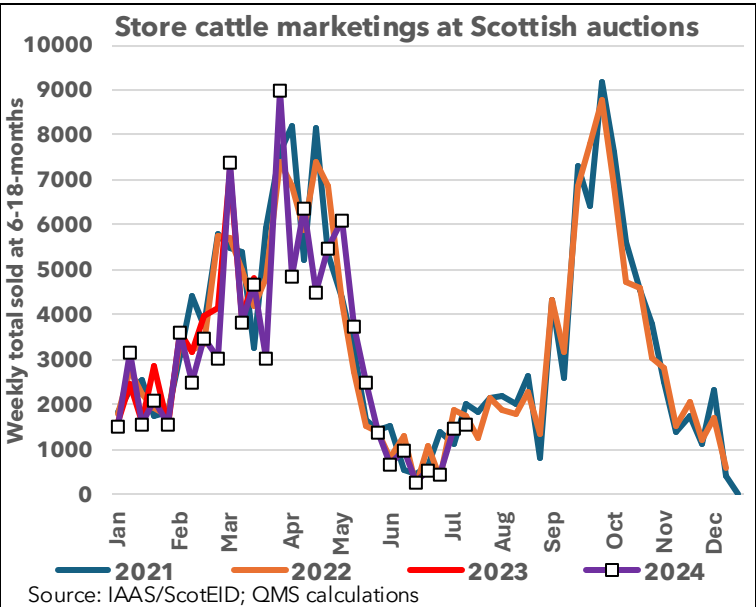
Seasonally low throughput leading to some price volatility but signs of an uplift in throughput and prices. Numbers set to remain tight relative to previous years at autumn sales.



A reduced availability of store cattle at Scottish auctions compared to 2023 resulted in a firm start to the year for prices. Year-on-year increases were stronger than those for finished cattle, likely reflecting reduced input cost pressures as well as tight availability.

While prices softened seasonally in the second quarter, some additional influence is likely to have come from a dip in finished cattle prices. Lower auction throughput during the summer means that prices can be volatile from week-to-week, but the summer low may now have passed, and prices have also risen again.

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.



4 weeks to 20/7/24	
Store cattle prices	
Steers, 6-12 months	£1,101
Steers, 12-18 months	£1,221
Heifers, 6-12 months	£931
Heifers: 12-18 months	£1,125
Store cattle marketings	
All steers & heifers, 6-18 months	4,000
Source: IAAS/ScotEID; QMS calculations Prices rounded to nearest £1 and numbers to nearest 100	





# SHEEP MARKET

## SUMMARY OF MARKET DEVELOPMENTS

### 01 Prices and availability for slaughter

- After a steep decline in new season lamb prices in the second half of June after the additional demand for Eid al-Adha had passed, the market has stabilised in July, with lambs averaging just over £3/kg lwt at Scottish marts.
- A slow start to the new season has continued, added to by the lack of hoggs left to process. While some of this will reflect a cool, wet summer, lamb supply is set to remain tight, reflecting a smaller ewe flock in 2023 and indications of a second consecutive poor lambing across GB in 2024. This continuing tightness of supply may have put an end to the downwards trend in prices seen in June.

### 02 Retail demand

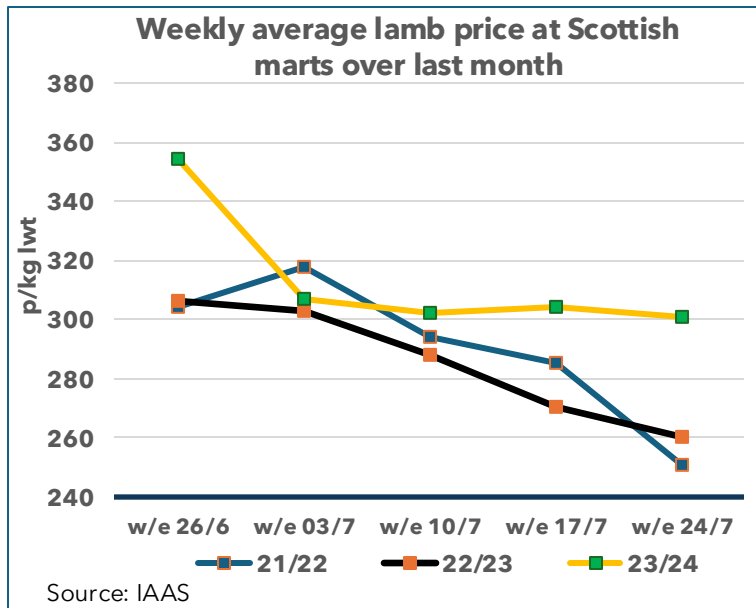
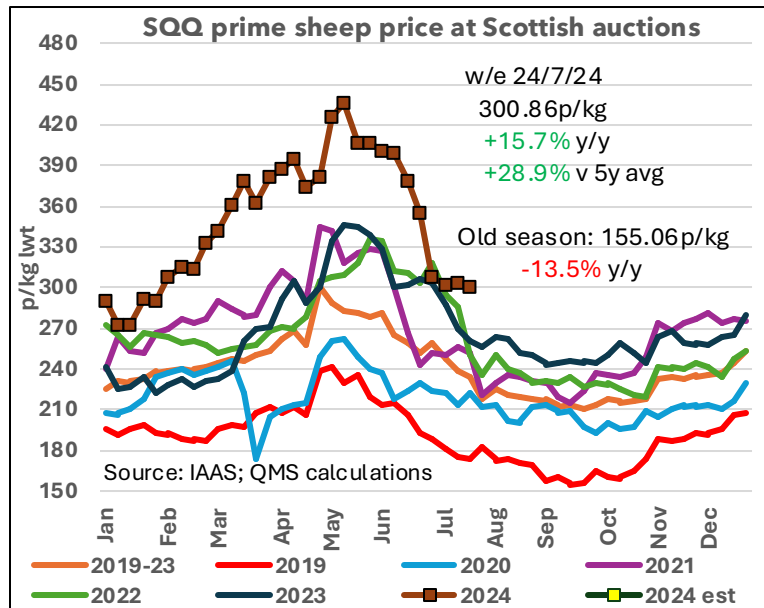
- GB retail data indicates that lamb sales performance continued to look positive in the 12 weeks to June 9 2024, though with a softer undertone than earlier in the year. However, sales have been falling for cuts other than legs, and ONS inflation data suggests that the surge in farmgate prices has begun to be reflected in retail prices.

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 24 July	300.86/kg	-3.16	-15.1%	+15.7%	+28.9%
Total lamb marketings at Scottish auctions	Average in four weeks to 17 July, head	10,058		+11.8%	-15.5%	-15.5%
Lamb slaughter at GB abattoirs	Total between April and June 2024, million head	2.429			-14.1%	-11.0%
UK sheepmeat market supply	Tonnes in Apr - June 2024 (estimate)	59,900			-4.3%	-7.9%

### 03 International trade

- Wholesale prices in France for GB lamb have fallen sharply since Eid al-Adha, but by less than farmgate prices, supporting export margins. However, export volumes will have been restricted by the reduced level of abattoir throughput across GB this summer.
- Lamb produced in Australia and NZ continues to look highly competitively priced, supporting UK import demand along with the underlying tightness of domestic supply.

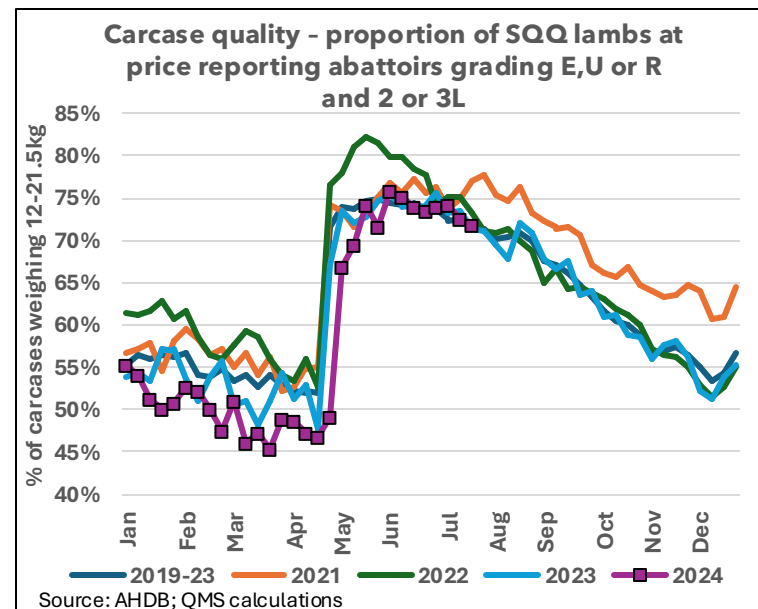
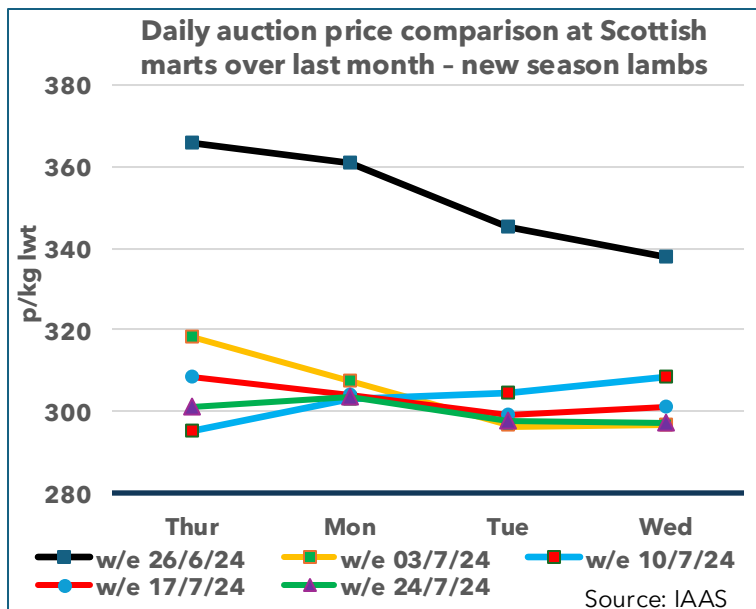
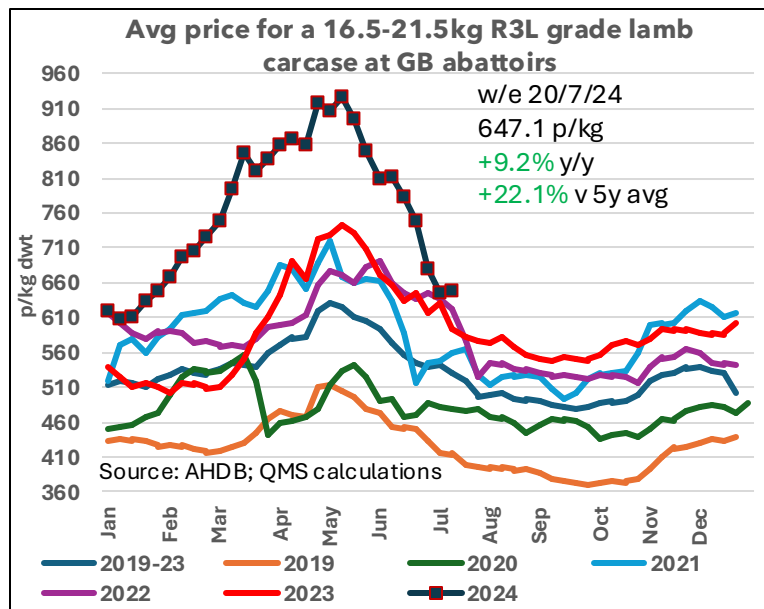
# Farmgate prices - prime sheep – a seasonal downturn in prices followed Eid al-Adha in mid-June with new season lamb supply building, but the market appears to have steadied at around the £3/kg lwt mark in July, holding higher than last year and looking historically firm.



After a steep decline in new season lamb prices in the second half of June after the additional demand for Eid al-Adha had passed, the market has stabilised in July, with lambs averaging just over £3/kg lwt at Scottish marts. Meanwhile, old season lamb prices have fallen back sharply, with supply dwindling.

In autumn 2023, the seasonal low point for lamb prices at Scottish auctions was around 245p/kg.

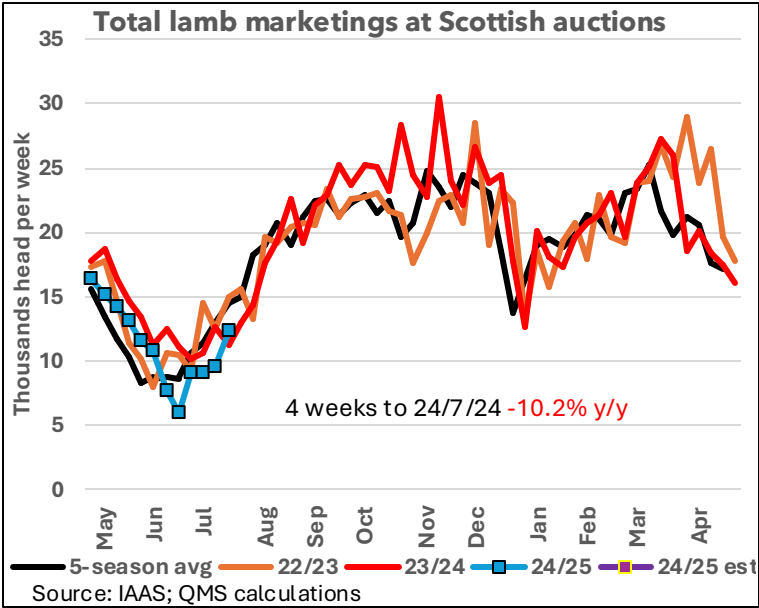
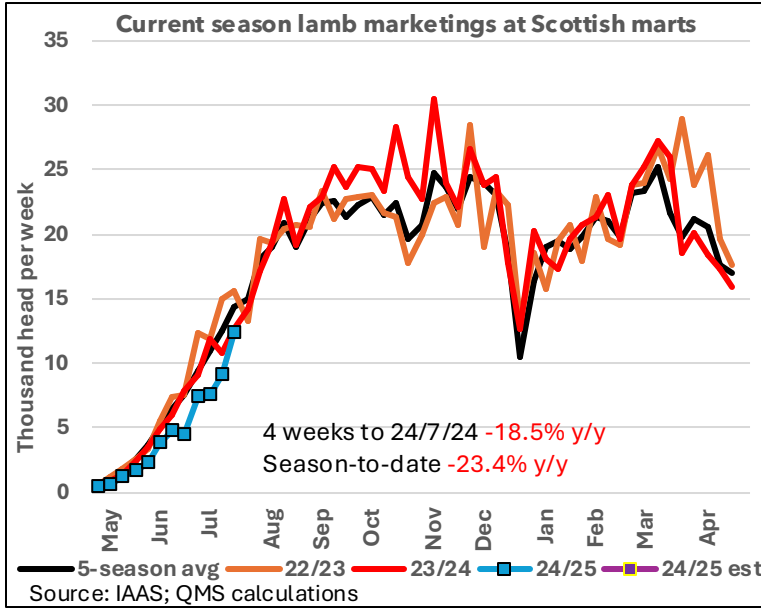
GB deadweight prices also began to fall sharply in the second half of June and R3L grades slipped below £6.50/kg dwt in mid-July. However, this continued to look historically high for the time of year. In 2023, prices had fallen below £6/kg in the third week of July, with an autumn low of just under £5.50/kg dwt.



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

# Availability and slaughter

A slow start to the new season has continued, added to by the lack of hogs left to process. While some of this will reflect a cool, wet summer, lamb supply is set to remain tight.

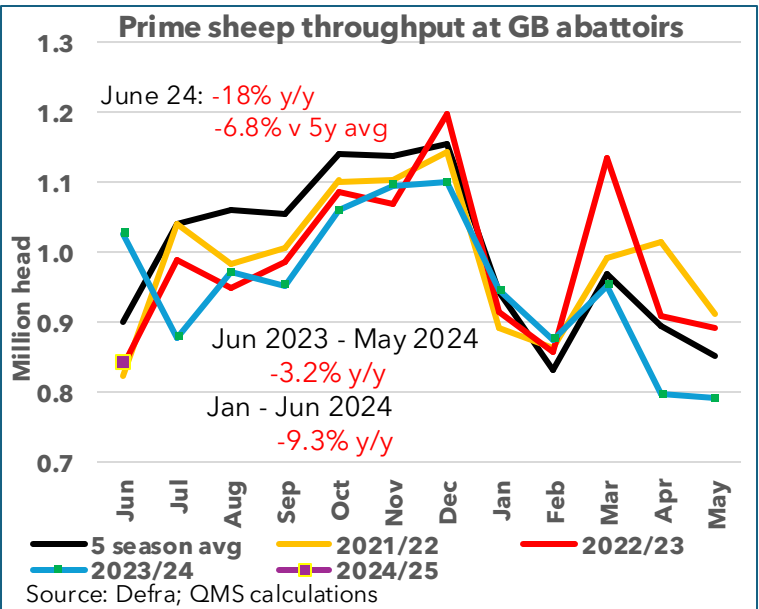
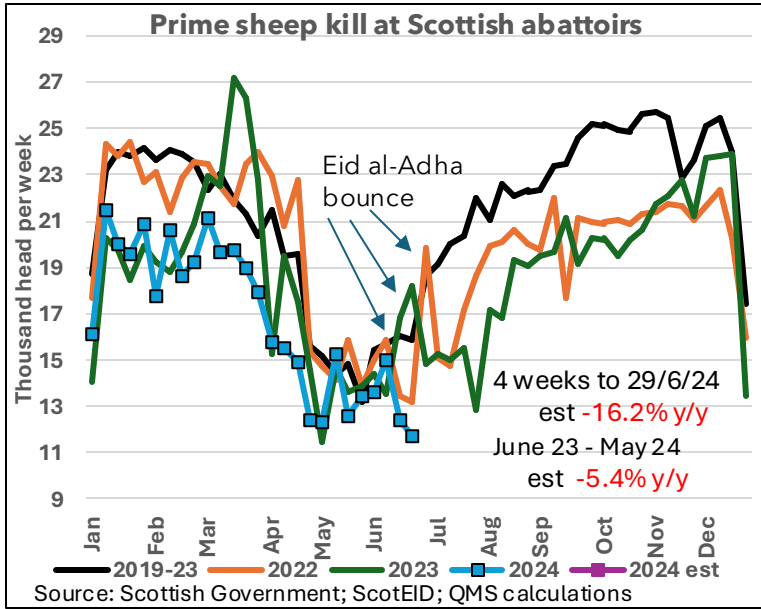


Auction and abattoir throughput has been limited relative 2023 by a much smaller carryover of hogs into 2024 and a slow start to the new lamb crop year caused by the combination of a wet spring and cool, wet summer.

Lamb throughput at Scottish abattoirs showed no upturn at Easter and Ramadan and fell significantly thereafter, in line with seasonal trends. However, after falling well behind year-earlier levels through March and April, there was a small upturn in May. June saw numbers slip back behind 2023 levels, with only a very limited rise in processing for Eid al-Adha.

This continuing tightness of supply may have put an end to the downwards trend in prices seen in June.

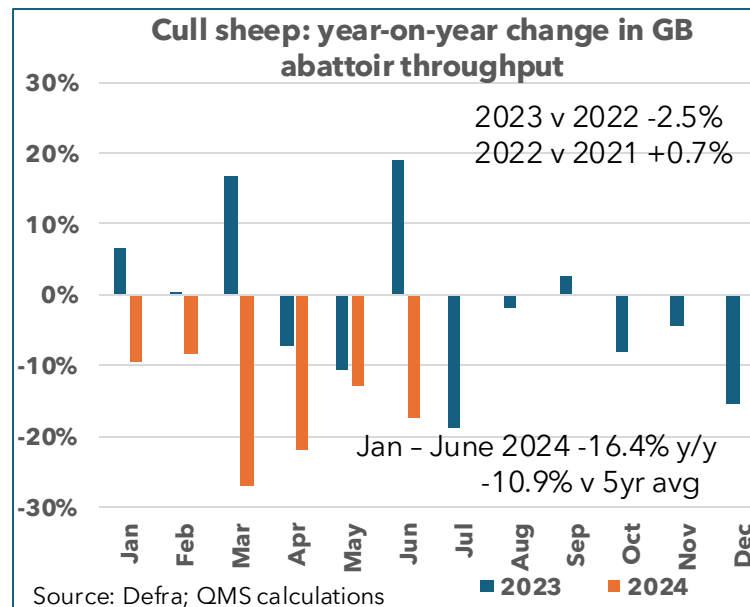
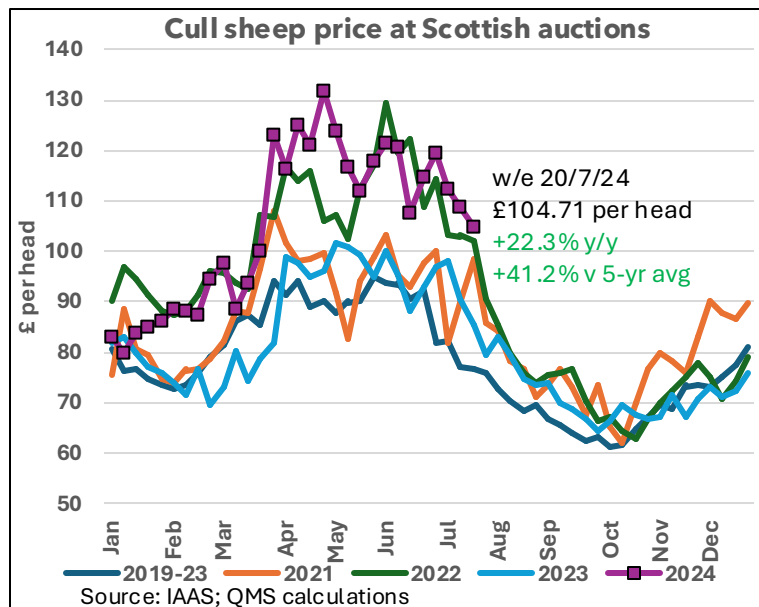
While it is possible that lamb numbers will eventually show signs of catching up, supply is expected to remain fundamentally tight this season, reflecting a smaller ewe flock in 2023 and indications of a second consecutive poor lambing across GB in 2024.



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

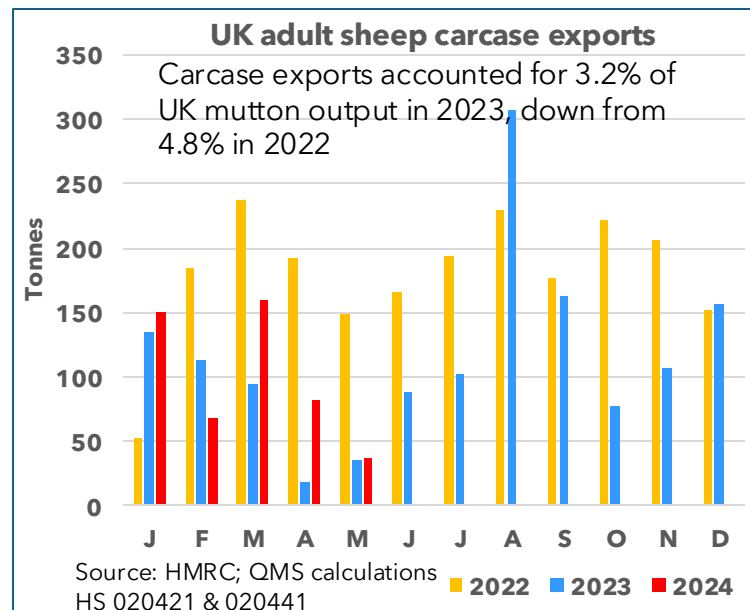
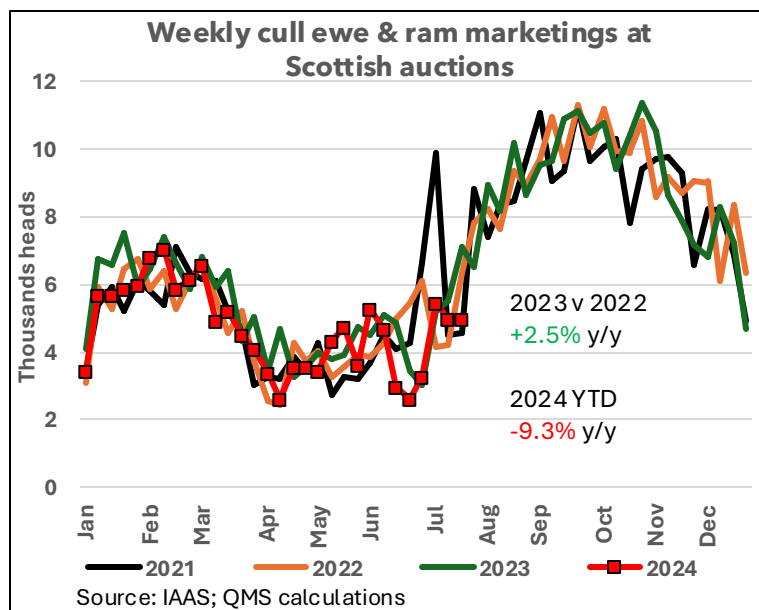
A sustained period of reduced throughput after Eid al-Adha in June may have continued to support farmgate prices into July, but there is the potential for prices to rebalance in the coming weeks as availability rises seasonally.



Cull sheep prices have remained relatively firm during the summer, with a renewed lift in late-June following a sustained drop in throughput after Eid al-Adha. While prices have softened from their peak in July, they have continued to look historically firm, holding above the highs of 2022.

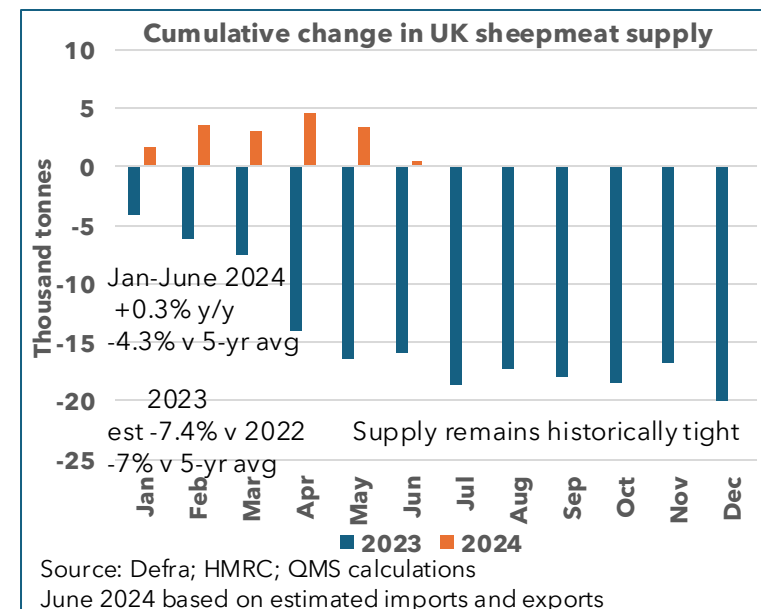
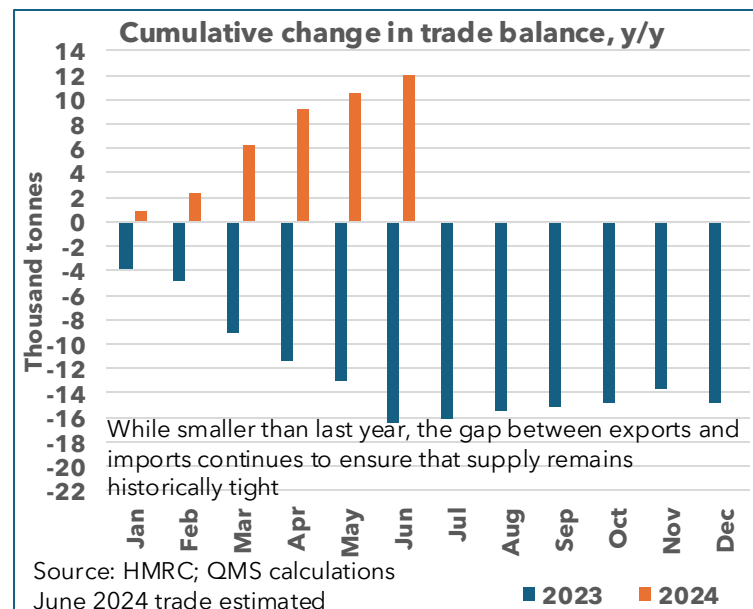
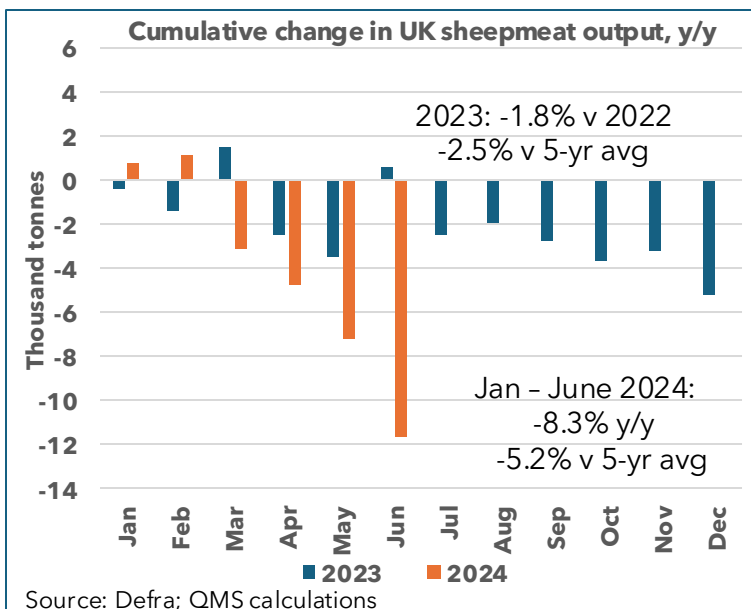
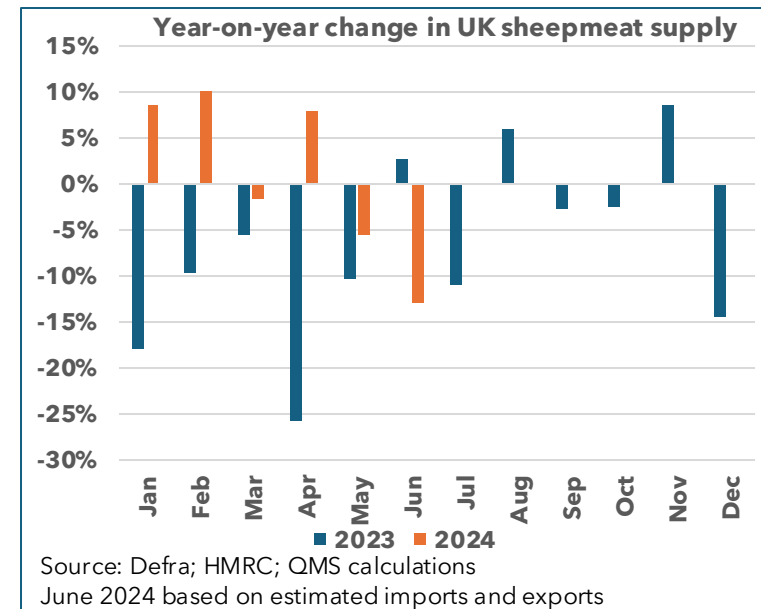
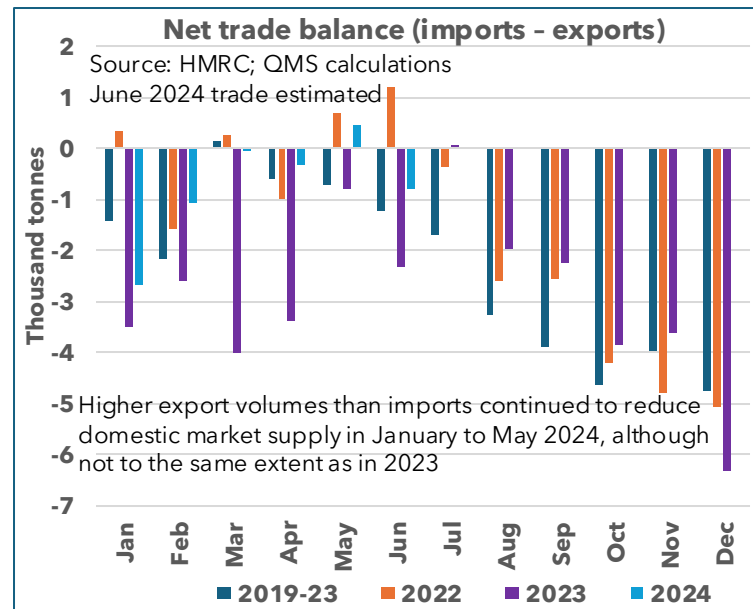
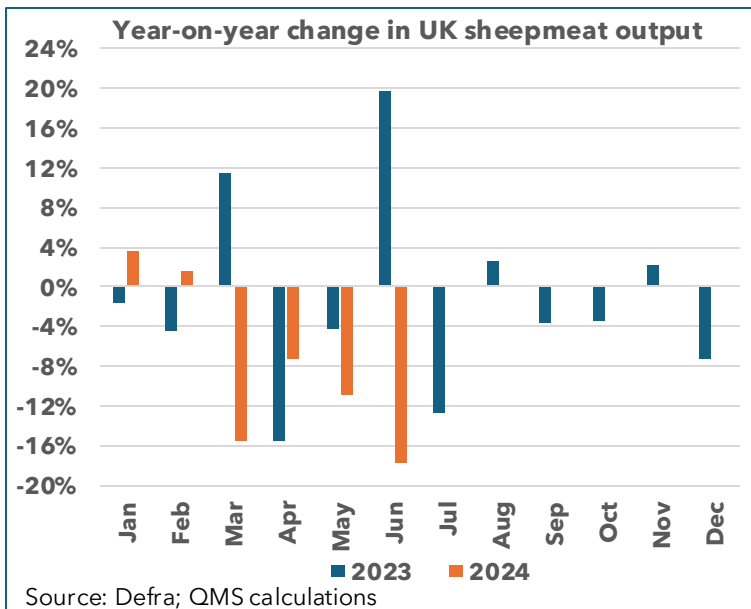
However, as availability is set to rise seasonally towards the end of July and into August, there is the potential for a more significant downwards rebalancing in farmgate prices to begin.

While a lower ewe and ram kill across GB in the first half 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.



# UK sheep market supply

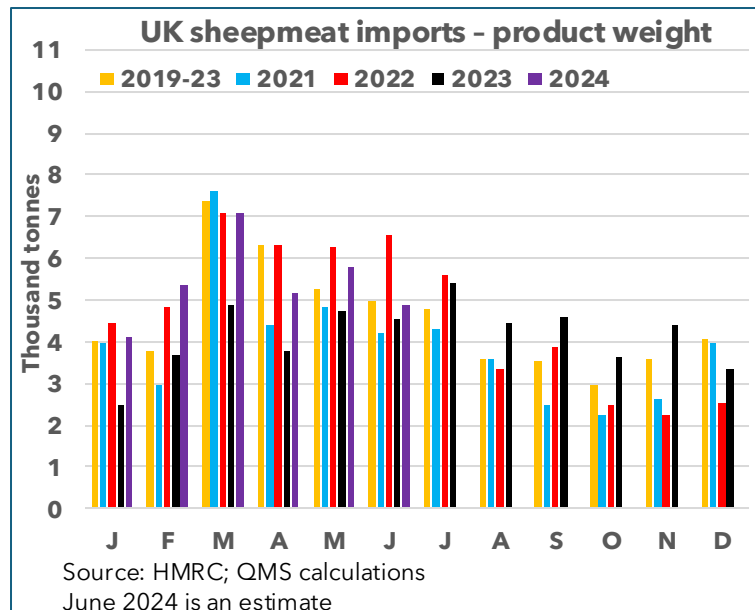
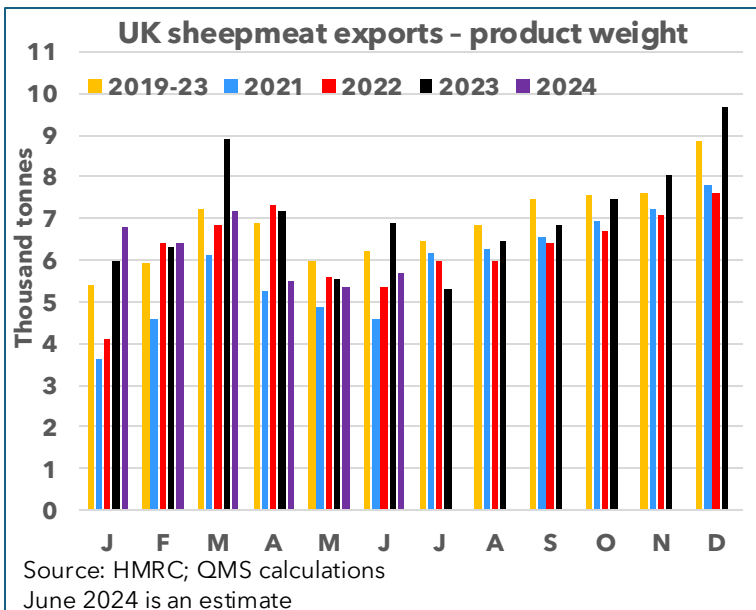
domestic production + (imports – exports) = supply





# UK international trade

Tight domestic supply has restricted exports since March and import volumes continue to exceed the lows of 2023 but remain historically weak. Imports will have a higher base to compare against in the second half.



UK sheepmeat exports showed a third month of year-on-year decline in May, although the pace of decline did soften to -4%, after two months averaging 21% lower than in 2023. Tight domestic supply will have restricted the volume available to ship overseas during the spring. The price of GB lamb at Rungis market in Paris has fallen by less since Eid al-Adha than farmgate prices, suggesting that exports remain attractive and that demand is robust.

UK sheepmeat imports rebounded in May after a post-Easter dip in April and exceeded year-earlier levels for the tenth month in a row (+22%). However, the volume arriving continued to prove relatively weak in an historical context, lower than in 2022 and barely more than half of May 2014 levels. Looking forward, year-on-year import increases may soften, following a lift in 2023 after the FTA with Australia entered force on 31/5/23.

Imports from NZ were up by 23% on May 2023 but still lower than in 2022 while the volume arriving from Australia was at a ten-year high for the month, though still only 20% of total imports.

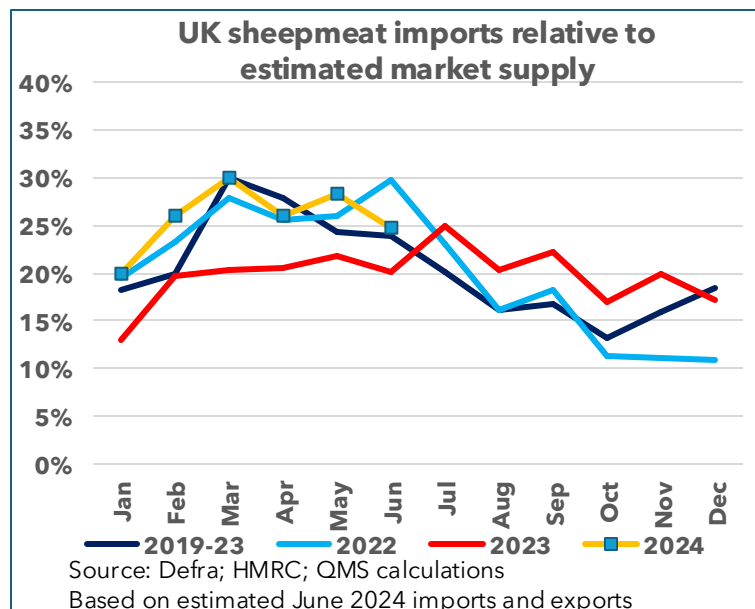
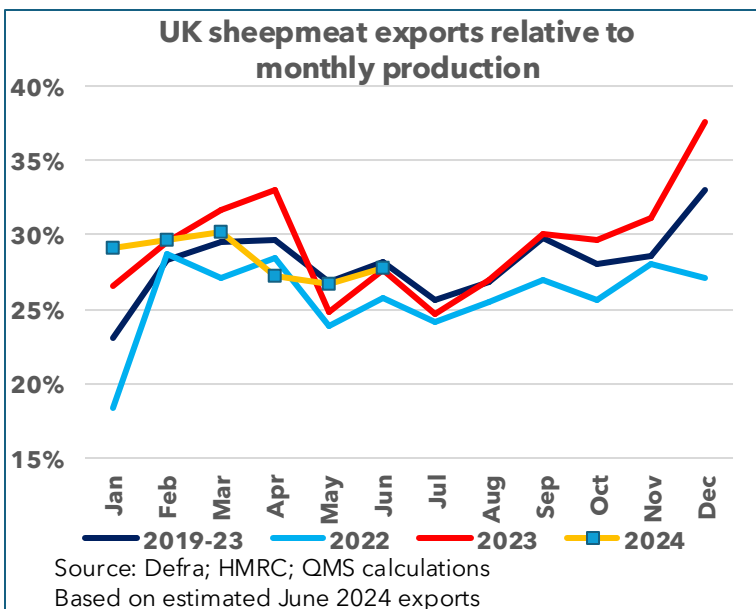
Imported sheepmeat continued to trade at highly competitive prices, averaging around £4,700 per tonne from NZ and £4,200/t from Australia; respectively 12.5% and 19.5% cheaper than in May 2023.

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:

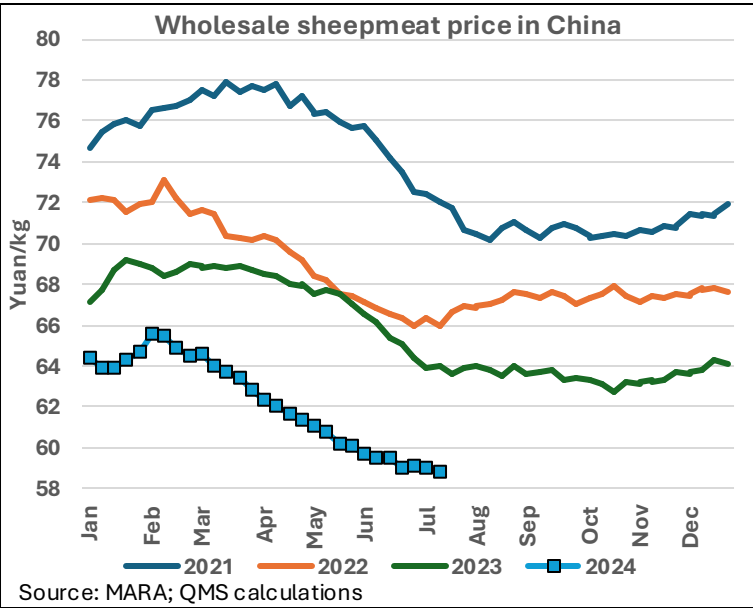
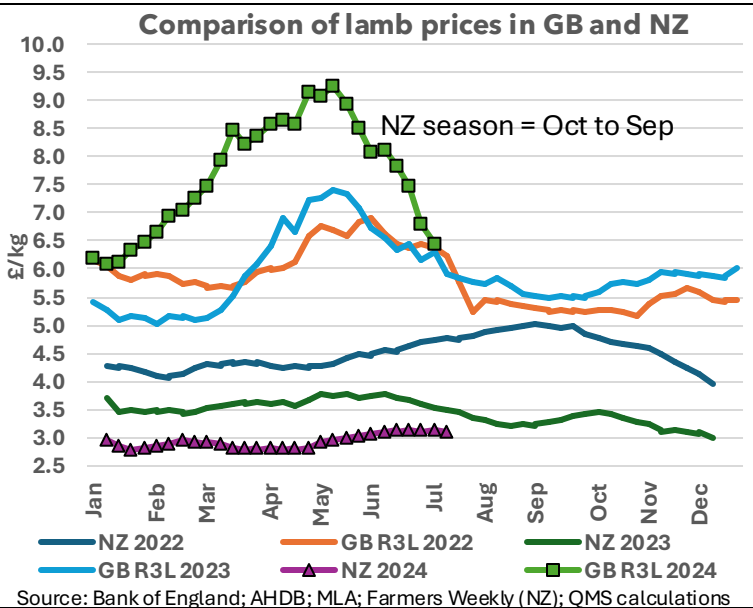
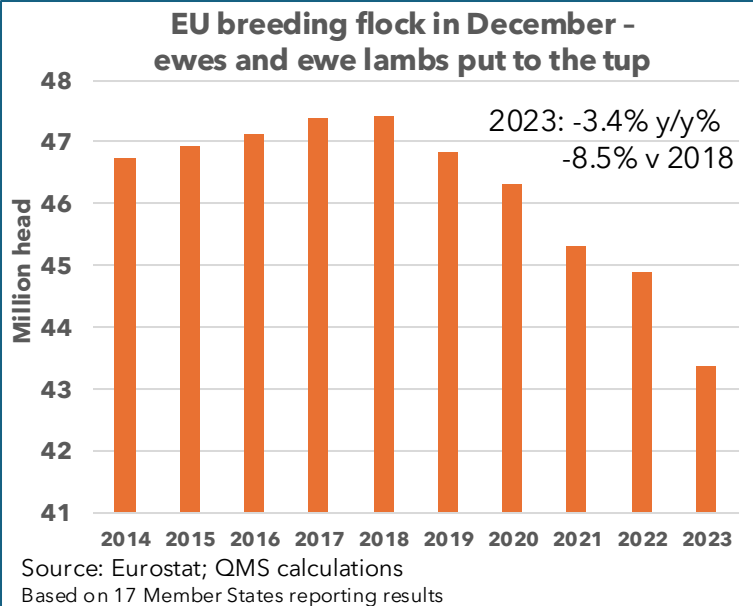
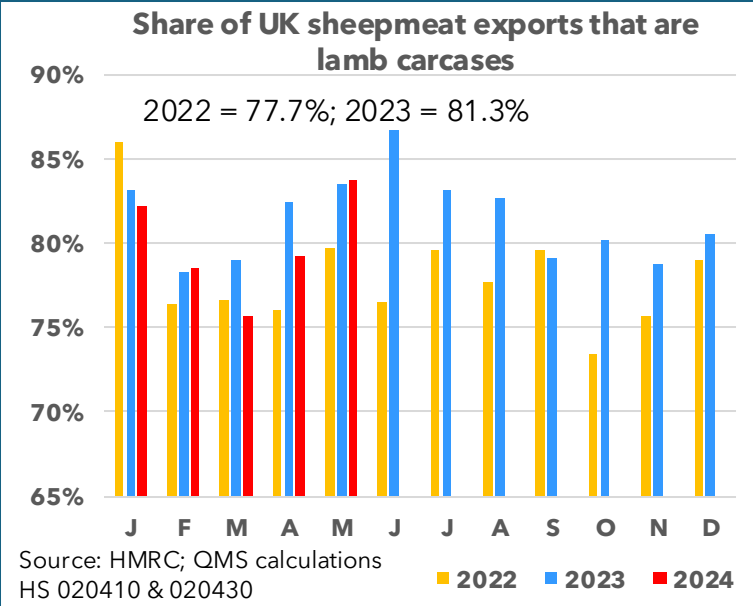
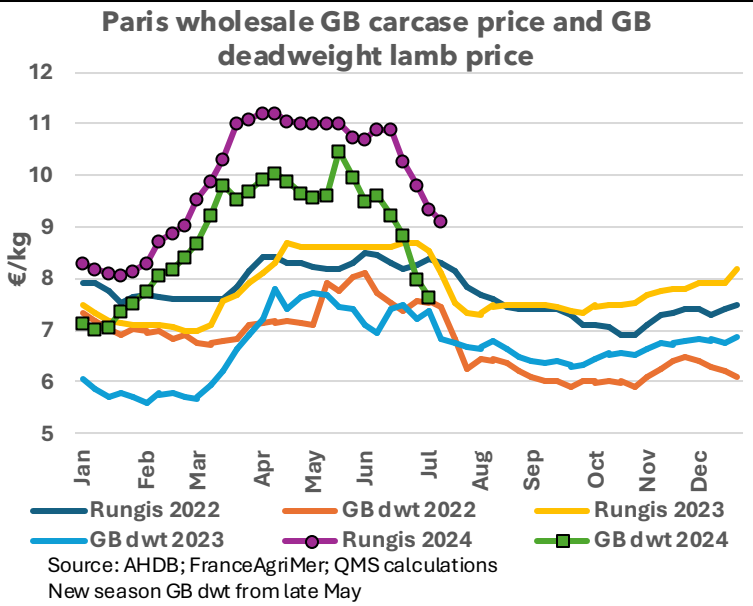
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat)

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



# Variables influencing international trade

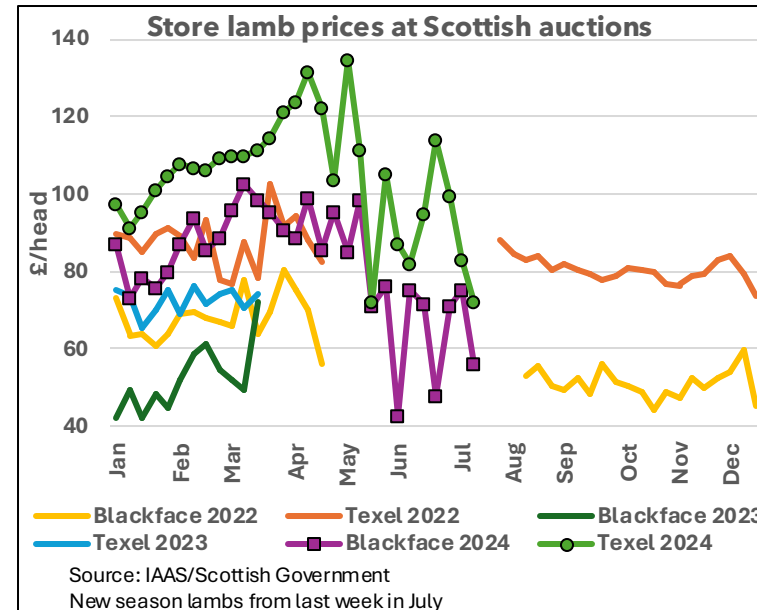
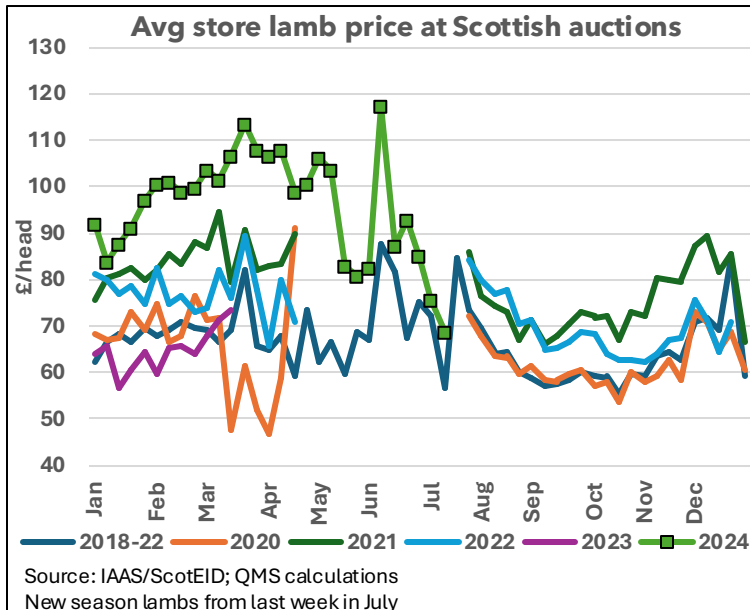
Wholesale prices in France for GB lamb have fallen sharply since Eid al-Adha, but by less than farmgate prices, supporting export margins. Lamb produced in Australia and NZ continues to look highly competitively priced, supporting UK import demand, and while relative price movements may be starting to make the UK and EU as appealing to Australia and NZ exporters as China (£6.20/kg wholesale), China is a market for lower value cuts.



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: December 2023 Lamb Crop Report (head)				
	22/23	23/24	y/y change	
Breeding ewes	15.48m	15.34m	-0.9%	
Lamb crop	20.39m	20.91m	+2.6%	
Source: MLA; Beef + Lamb NZ; QMS calculations				

# Store sheep trade

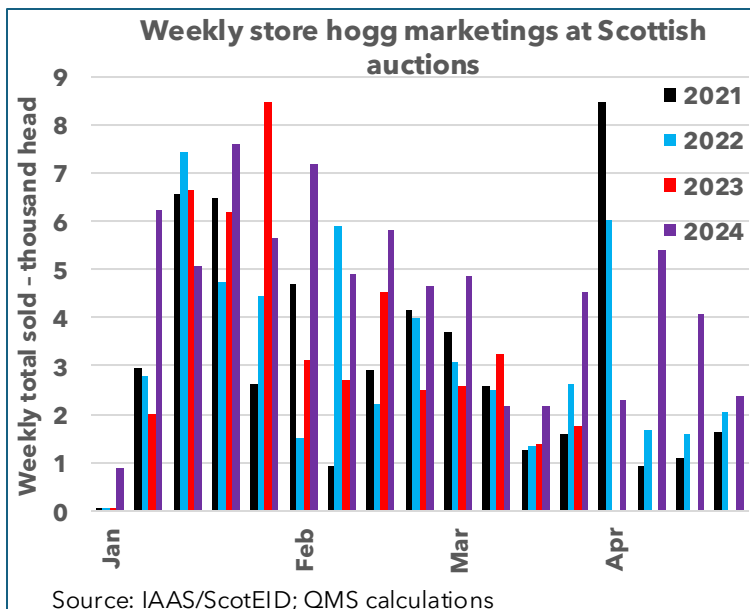
Thin summer trading resulting in price volatility, although values have generally looked historically firm. Better weather conditions by mid-April 2024 could mean that store lamb numbers hold up better than the overall lamb crop this year.



Thin trading in store lambs makes pricing volatile during the summer, but prices have generally continued to look historically firm.

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 could be the potential for store lamb numbers to have held up better than overall lamb numbers.

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



Store hogg trade at Scottish auctions, 4 weeks to 13/7/24	
Overall average	£76.80
Blackface	£64.10
Cheviot	£67.00
Suffolk	£79.20
Texel	£90.00
Weekly average number	140
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 with the traditional seasonal upswing between spring and summer not occurring this year, it points to some softness. Nevertheless, prices have still been around 20% above the five-year average, supporting the slow recovery of producer finances.

### 02 Slaughter numbers

- While the financial crisis of 2021/22 continues to have a lasting effect on prime pig production, GB abattoir throughput does appear to have steadied at around 2023 levels, with some room for a slight recovery in the second half, underpinned by an increase in availability on Scottish farms this year.
- Prime pig slaughter showed some slight recovery at Scottish abattoirs in June despite a seasonal dip in availability, signalling brighter market conditions.

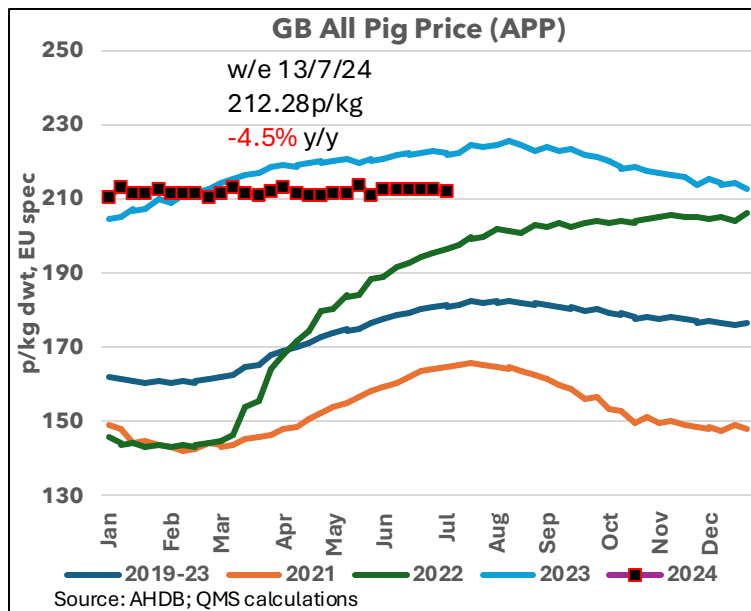
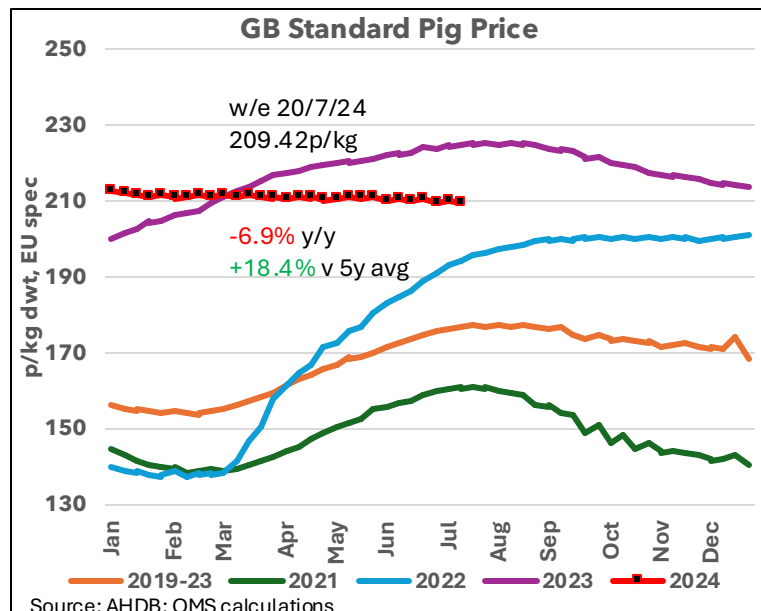
Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
GB Standard Pig Price (SPP)	p/kg dwt, w/e 20 July	209.42p/kg	-0.46	-0.2%	-6.9%	+18.4%
Average carcase weight of standard pigs	Average in four weeks to 20 July, EU spec	90.46		+2.4%	+2.1%	+4.8%
Prime pig slaughter at GB abattoirs	Total during June 2024, thousand head	629.6		-6.1% (change in daily avg kill Jun v May)	-5.3%	-10.8%
UK pig market supply	Tonnes in Apr-Jun 2024 (estimate)	330,900			+3.3%	+6.5%

### 03 International trade and market supply

- UK pig market supply has been relatively flat in 2024-to-date compared to 2023. Although increased carcase weights have provided some support to domestic production in 2024, the continuing overall tightness of domestic supply has restricted export capacity, but imports have only edged higher.
- After a prolonged period of stability, EU pig market prices have cooled in July, despite the EU holiday season fast approaching, increasing the competitiveness of EU pork. Meanwhile, although tighter Chinese pork market points to some potential for imports to China to increase, the USDA has revised down its projection for 2024 following a very weak start to the year.

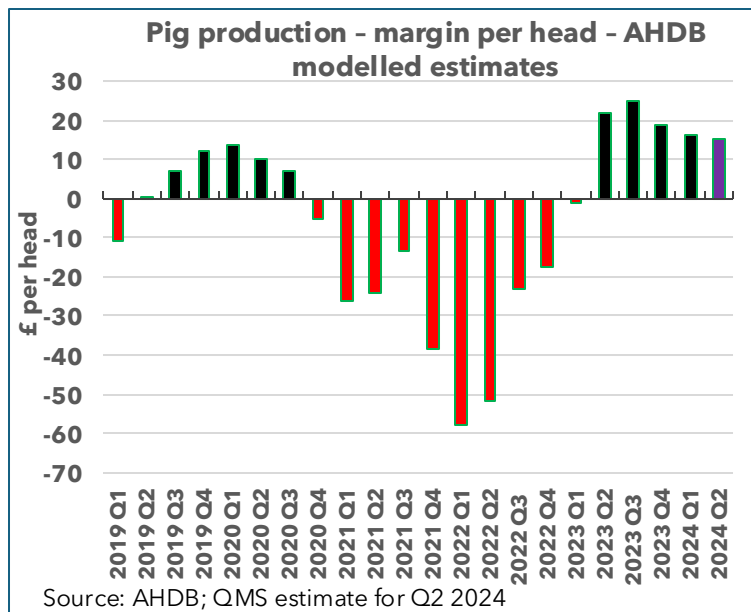
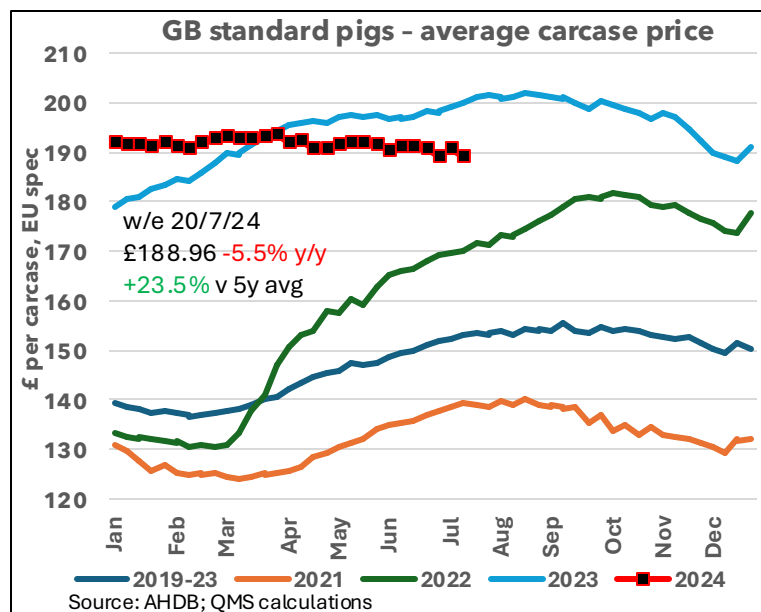
# Farmgate prices – prime pigs

Pig prices continue to look relatively flat overall, but with the traditional seasonal upswing between spring and summer not occurring this year, it does point to some softness. Nevertheless, prices have still been 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. While this suggests a well-balanced market overall, it does suggest that demand has been relatively soft since the spring, given the historic seasonal trend of uplift between spring and summer.

The lack of a seasonal upturn has seen prices fall further behind year-earlier levels, although consistently higher carcass weights this year have limited the year-on-year decline in carcass value. Meanwhile, prices have still been around 20-25% above the five-year average, reflecting a reduced level of supply since the crisis of 2021/22.

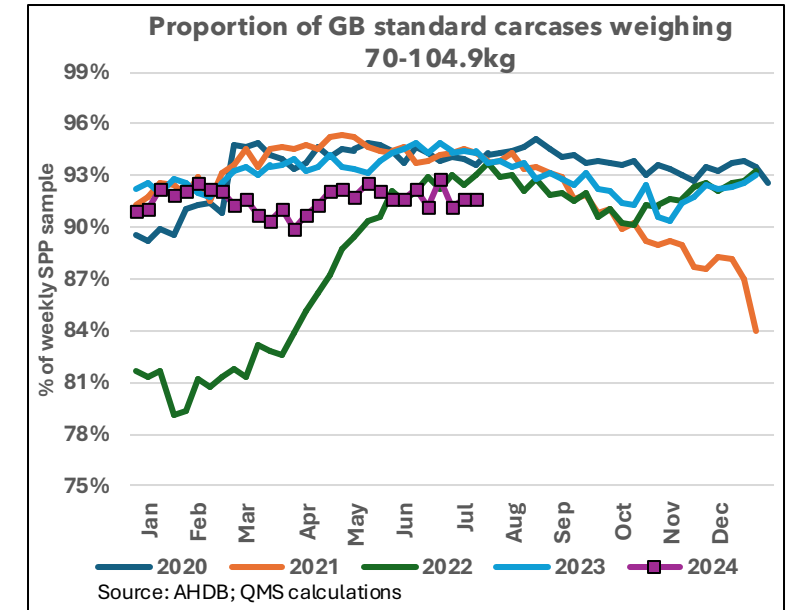
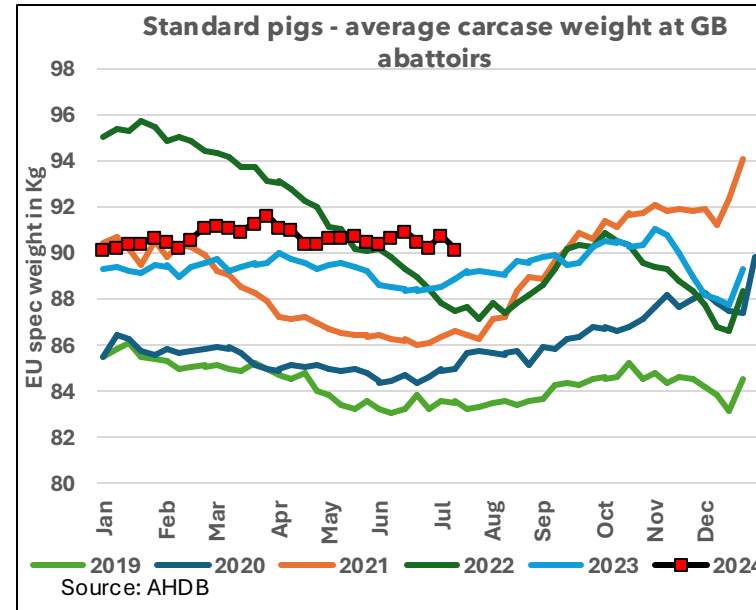
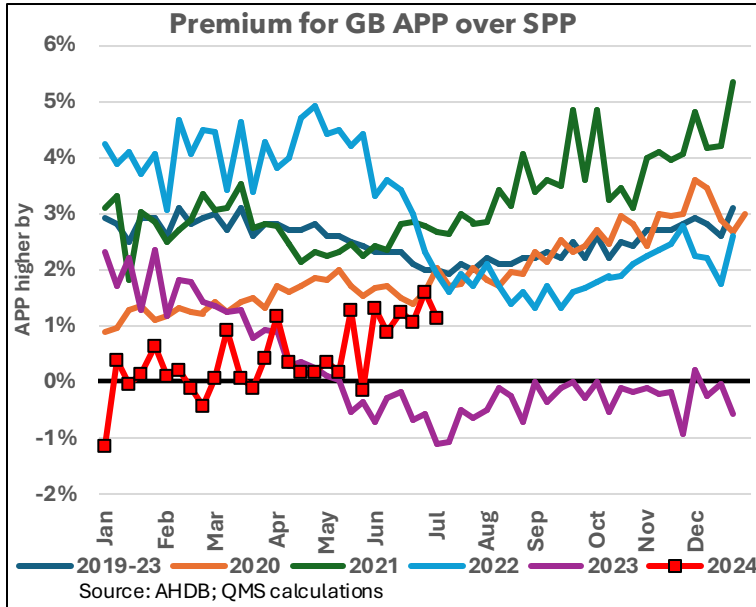


The current combination of farmgate prices and feed costs is still likely to be supporting recovery in producer finances from the period of substantial losses. However, the scale of past losses means that producer confidence remains relatively weak.



# Indicators of market disruption

The general return of a small premium for pigs with specific production characteristics points to a slightly less tight market. The lack of a seasonal reduction in carcase weights this summer has seen weights run at record highs for the time of year, with the share of carcasses exceeding 104.9kg higher than in the past.

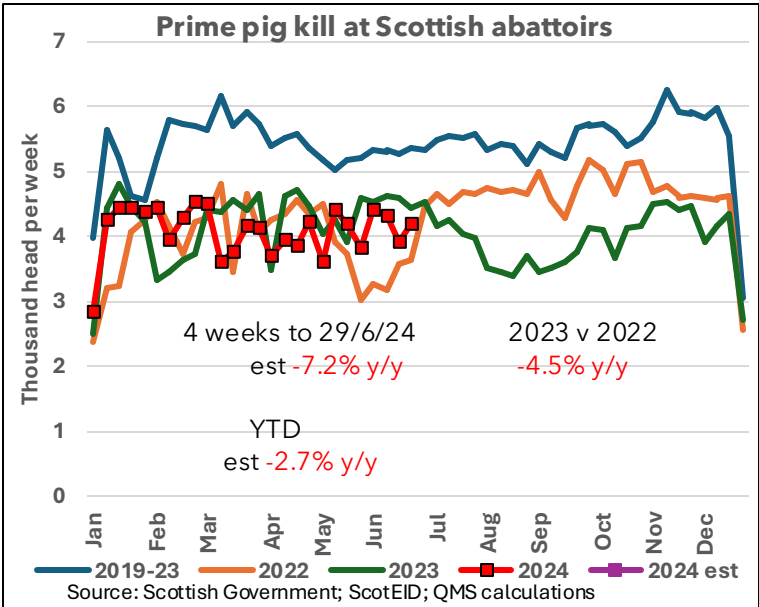
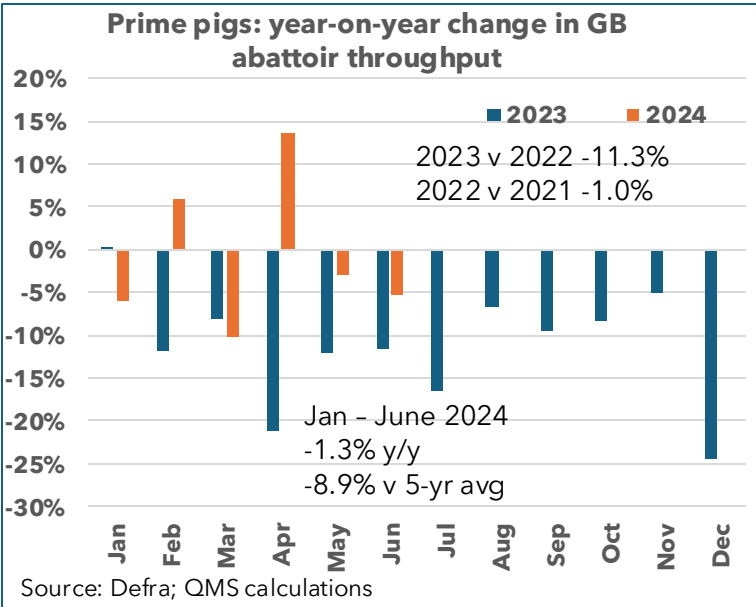


A general slight premium for the average pig price (APP) over standard pigs (SPP) has returned in 2024, and it has begun to widen more significant during the summer, indicating that pigs with specific production characteristics are receiving a premium in the marketplace again, in turn signalling that market conditions are not as tight as they had been in 2023. It should be noted that the two price reporting samples are not identical.

Carcase weights have continued to hold relatively firm throughout 2024-to-date, underpinned by a higher share of carcasses outside the 70-104.9kg weight range than has usually been the case. The lack of a seasonal reduction in carcase weights this summer has resulted in record high weights for the time of year, continuing to help offset some of the decline in pigmeat production caused by the reduction in throughput.

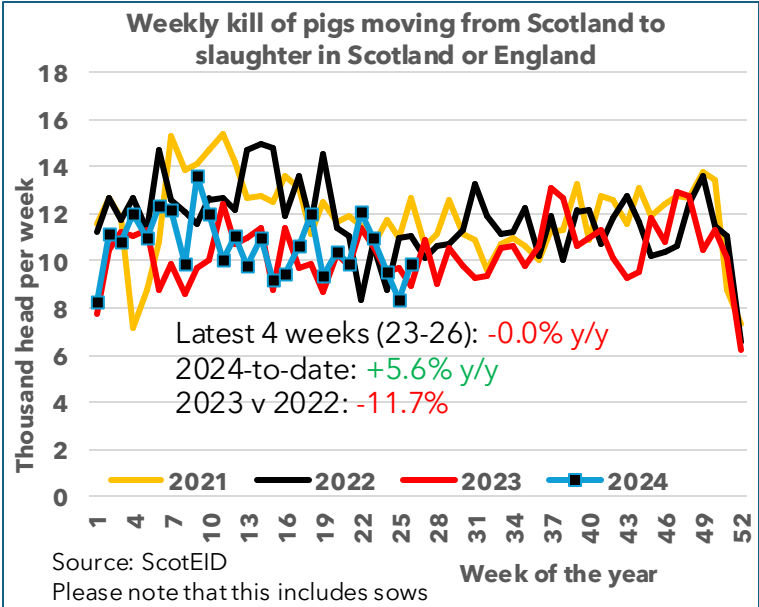
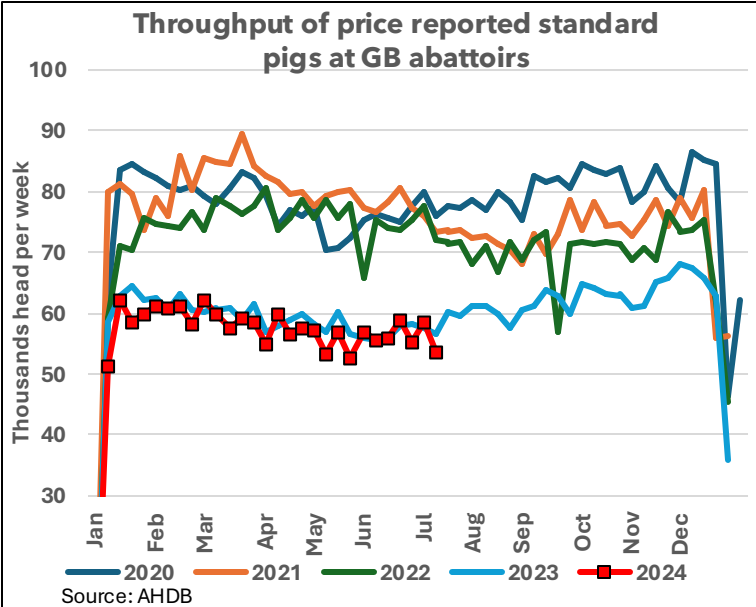
# Availability and slaughter

The financial crisis of 2021/22 continues to restrict GB pig production, but numbers may now be steadying at close to 2023 levels, with the potential for some slight recovery in the second half, underpinned by the rebound in availability on farm which has already started in Scotland. Prime pig slaughter showed some slight recovery at Scottish abattoirs in June despite a seasonal dip in availability, signalling brighter market conditions.



The financial crisis of 2021/22 continues to pressure prime pig production. Though England's December census results suggested that the sow herd is starting to recover slowly, finishing pig numbers were still trailing year-earlier levels. However, GB abattoir throughput does now appear to be stabilising at close to 2023 levels and there may be some room for a slight recovery in the second half. While the increase in numbers leaving Scottish farms for slaughter in 2024 suggests that the recovery is further forward, it will have had a limited impact on the wider GB market given that Scotland accounts for only around 8% of GB fattening pigs.

In June, the weekly average prime pig kill reached its highest since February, suggesting some improvement in market conditions, especially after factoring in downwards seasonal pressure on availability. This seasonal reduction in availability has been observed in the weekly GB Standard Pig Price reports.



## Latest Census Results – Scotland and England

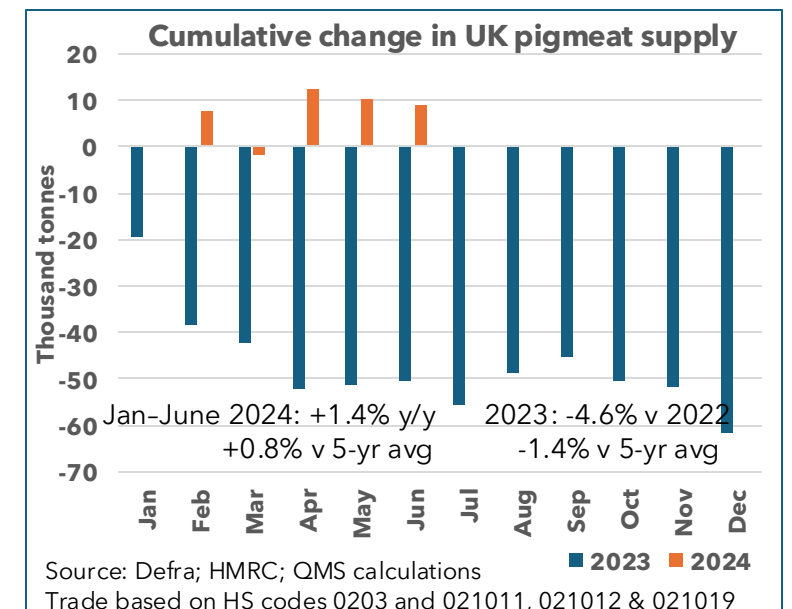
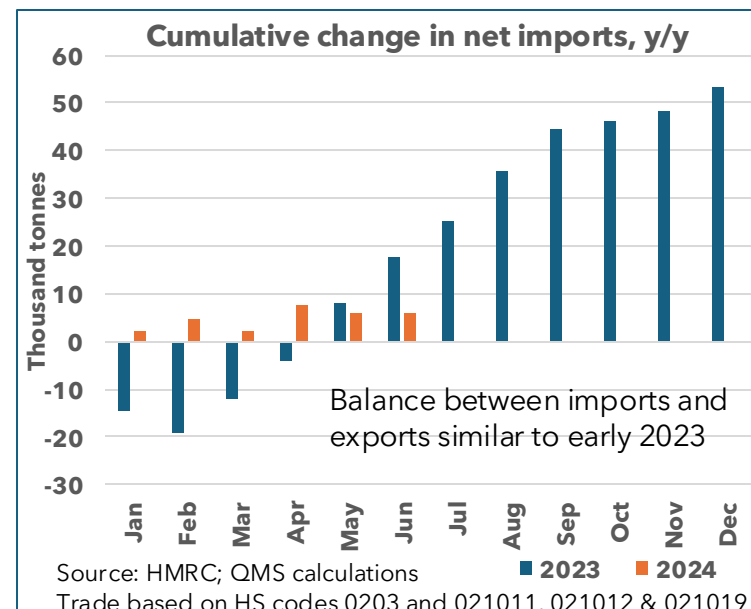
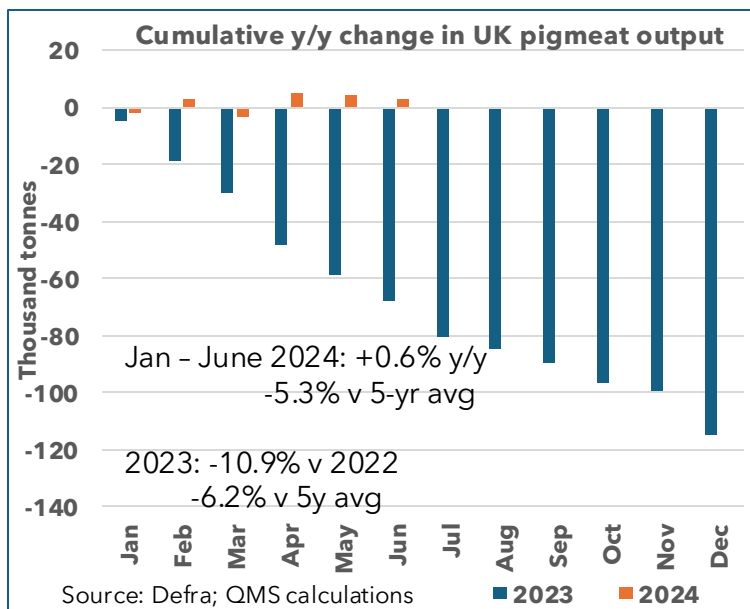
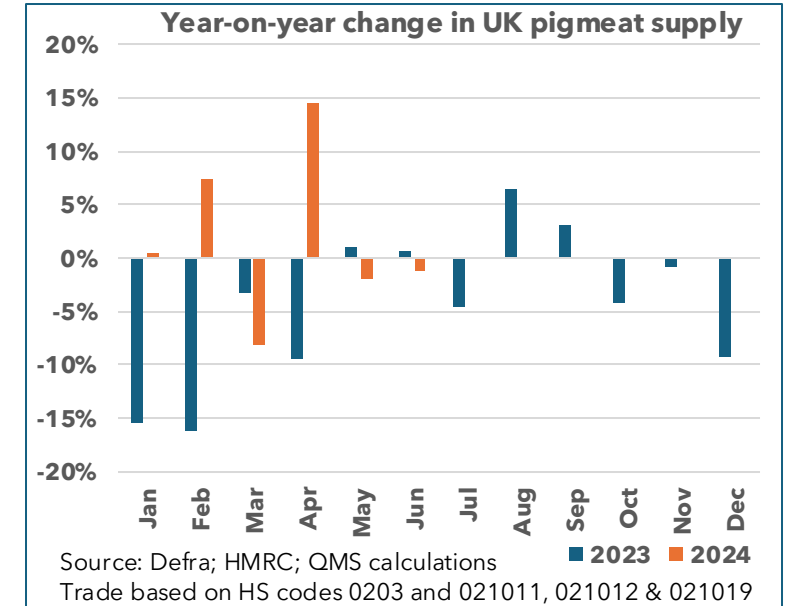
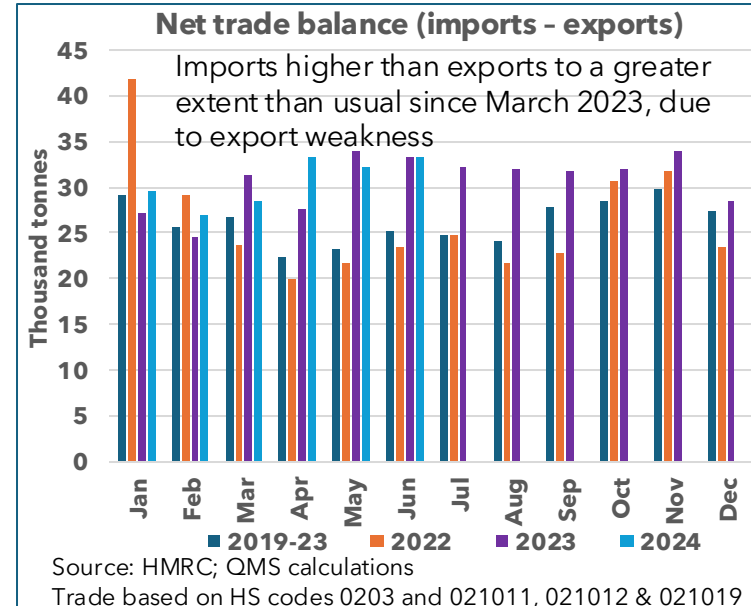
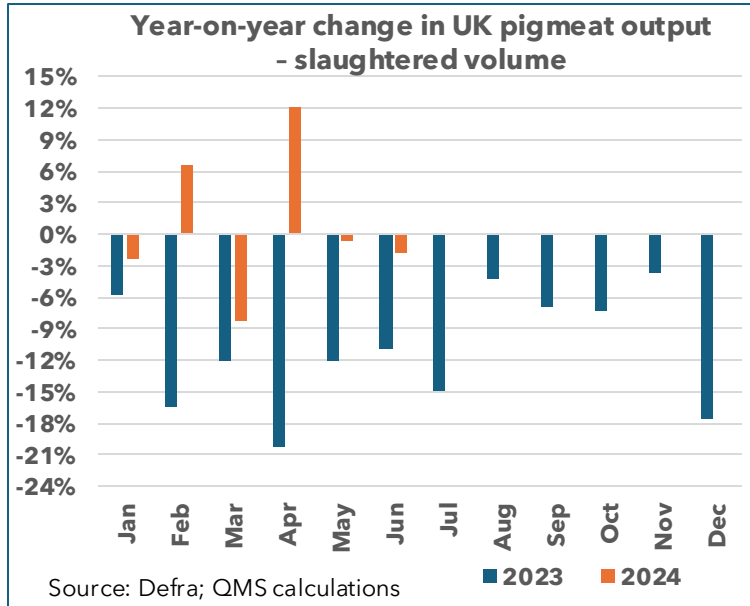
	Sco: June 2023 v 2022	Eng: Dec 2023 v 2022
Female breeding herd	-6.8% y/y	+0.7% y/y
Fattening pigs	-1.2% y/y	-11% y/y

Source: Defra; Scottish Government

# UK pigmeat market supply

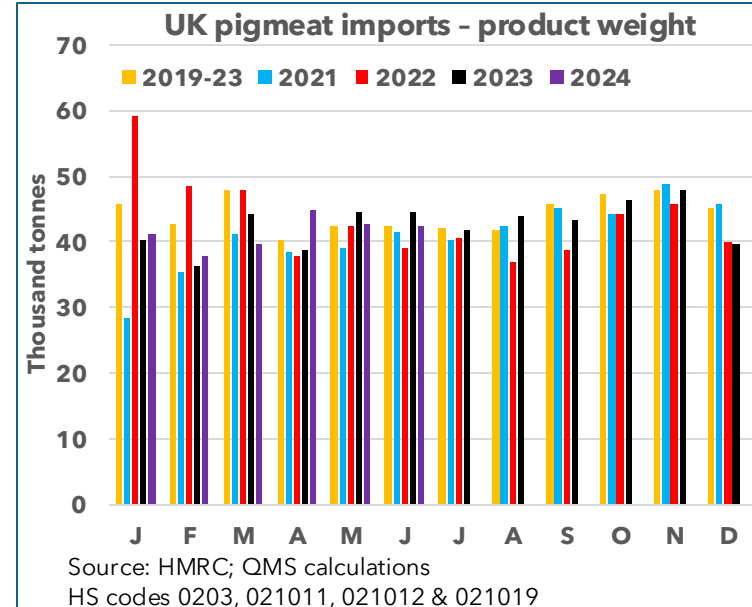
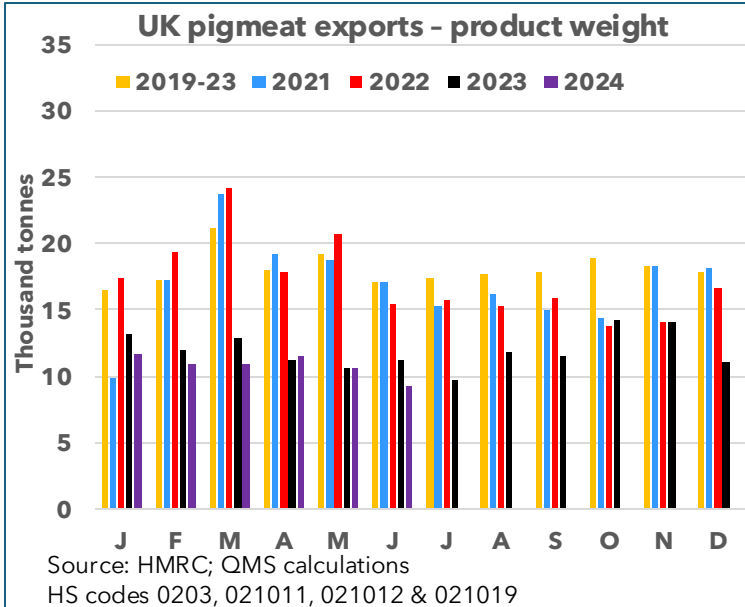
domestic production + (imports – exports) = supply

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



# UK international trade

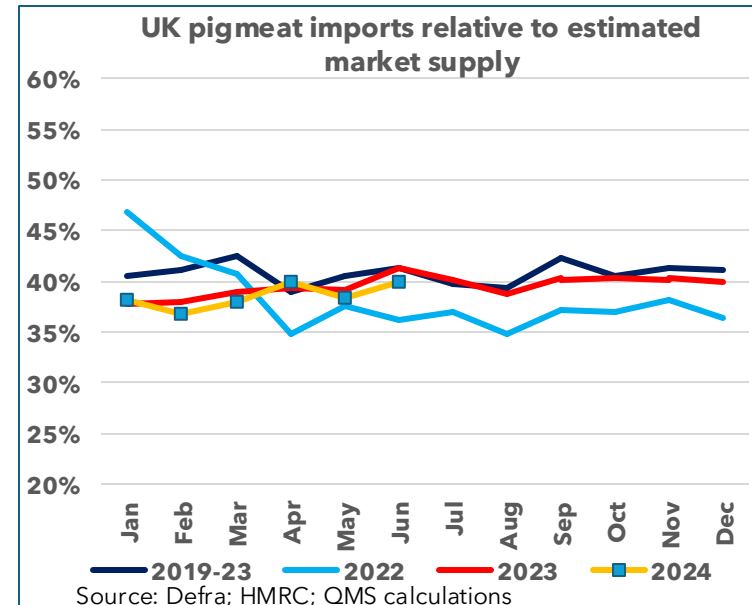
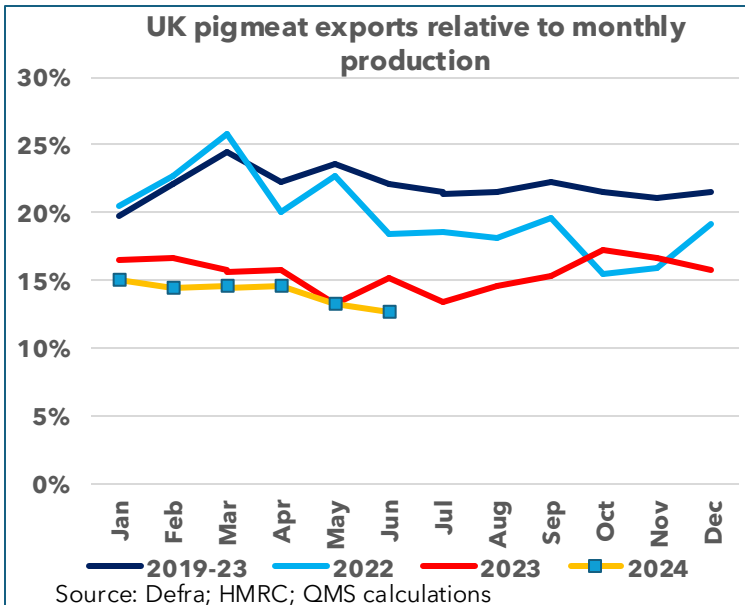
Exports continue to face downwards pressure from lower domestic production and imports returned to a more normal level for the time of year in May after a lift in April.



UK pigmeat exports showed a further month of historically soft performance in May, partly reflecting reduced domestic output. While almost unchanged on the year, volumes were 45% below the five-year average.

After showing signs of recovery earlier in 2024, UK pork exports (HS 0203) to the EU fell back relative to a year earlier, down 7.5%.

By contrast, pork exports (HS 0203) to non-EU countries showed a first year-on-year uplift in 2024, rising 20%. This was supported by a rebound in trade with China/Hong Kong, with volumes at a four-month high and 18% higher than last year. China and Hong Kong accounted for an increased 64% of non-EU trade and 33.5% of overall pork export volumes, returning closer to respective annual averages of 67.5% and 36.2% in 2023.



UK pigmeat imports dipped back behind 2023 levels in May, down 4% but were close to their five-year average. There were similar declines relative to 2023 for pork (HS0203) and bacon & ham products (HS0210). Imports returned to a more normal level for the time of year in May after a lift in April.

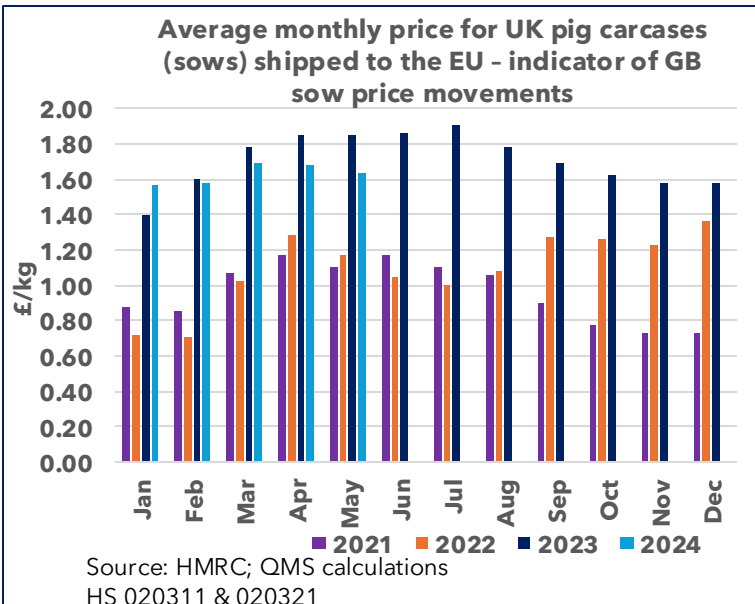
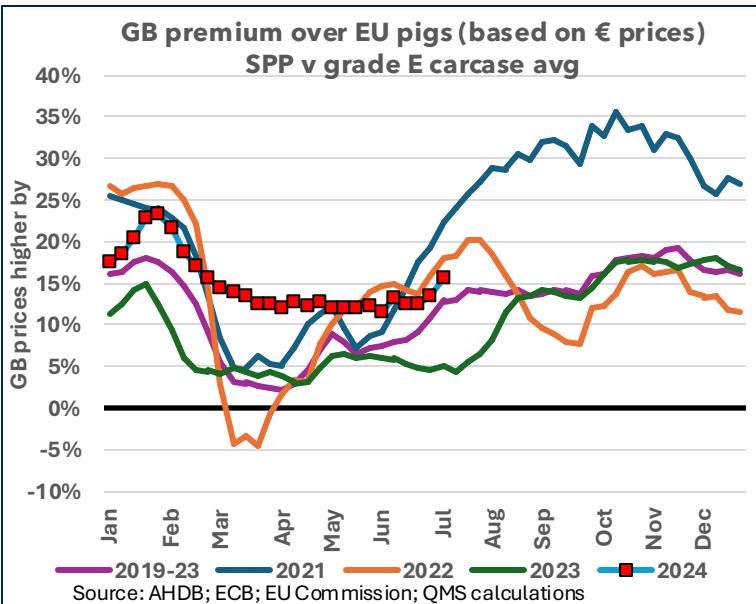
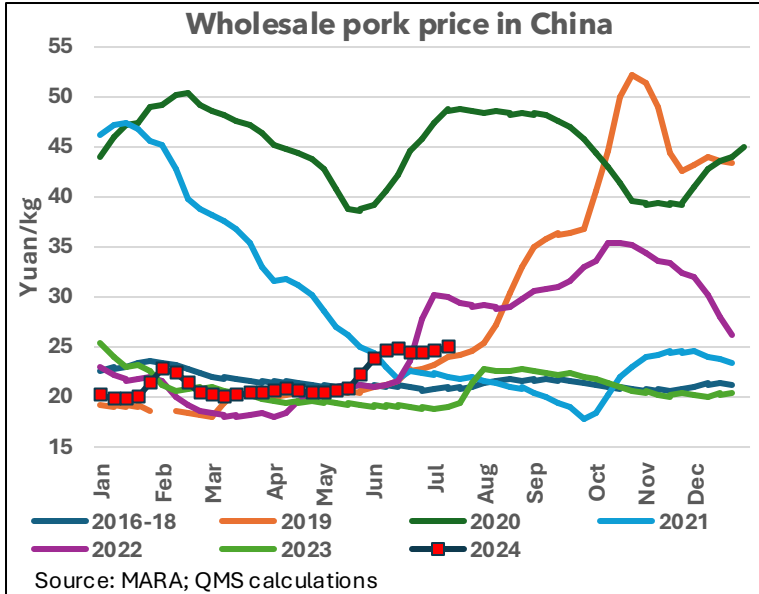
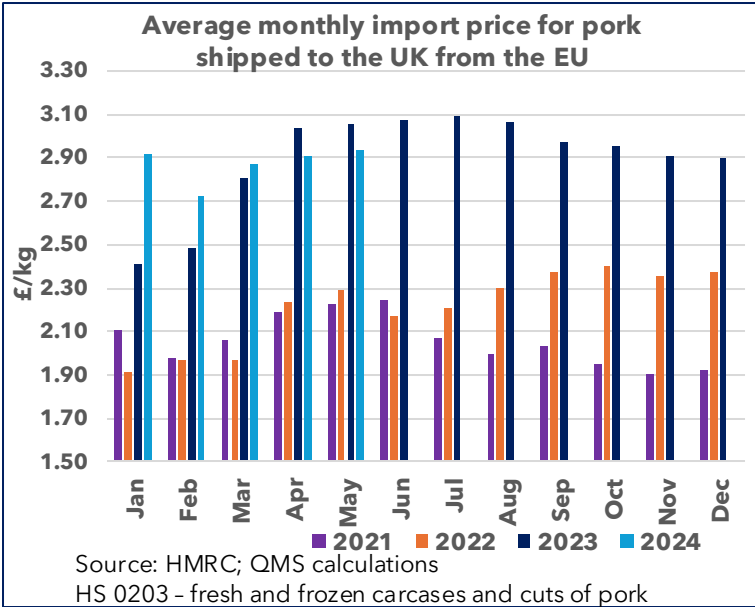
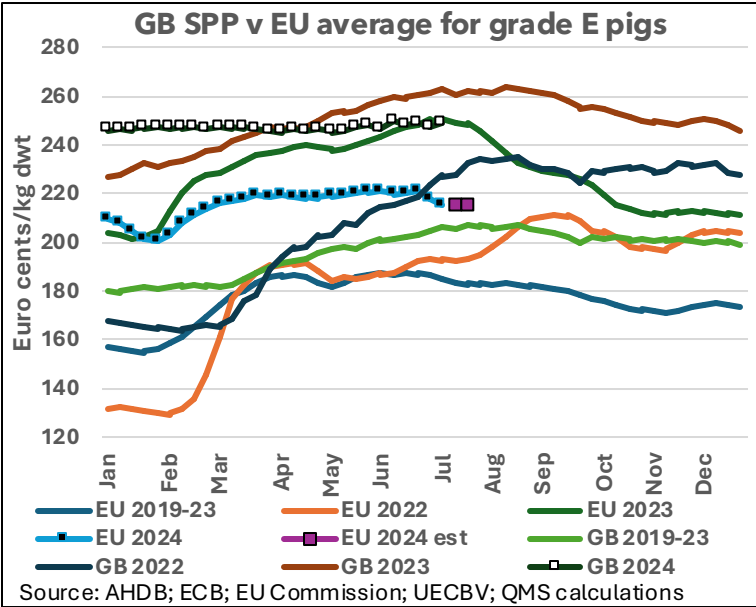
Note:

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 June 2024 is estimated

## Factors driving UK international trade

After a prolonged period of stability, EU pig market prices have cooled in July, which is perhaps a little surprising given that the EU holiday season is about to begin. However, it is possible that this reflects the end to a period of increased demand in the key German market following Euro 2024. As a result, EU pigmeat has become even more competitive. In China, the long-anticipated tightening appears underway following last year's herd liquidation, and while there could be some potential for imports to China to increase, the USDA has revised down its projection for 2024 following a very weak start to the year. A trade dispute between the EU and China is something to watch in the coming months.



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

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

Source: USDA Foreign Agricultural Service



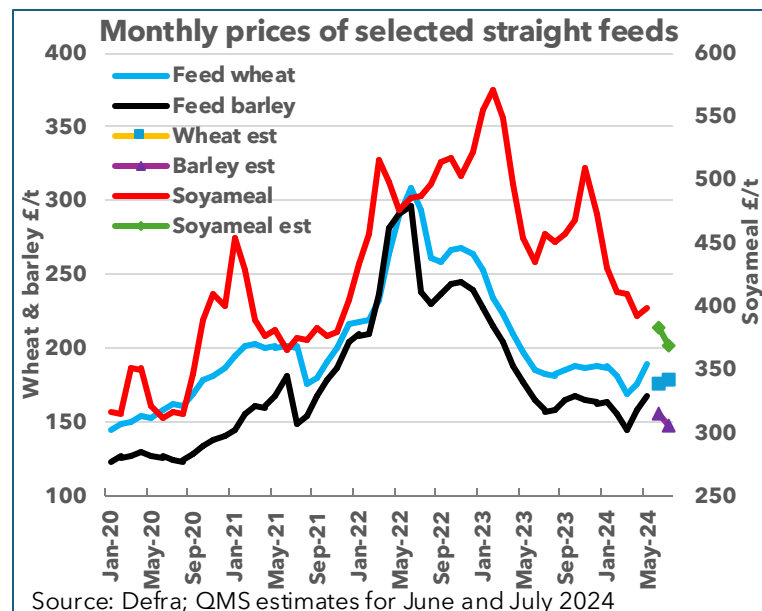
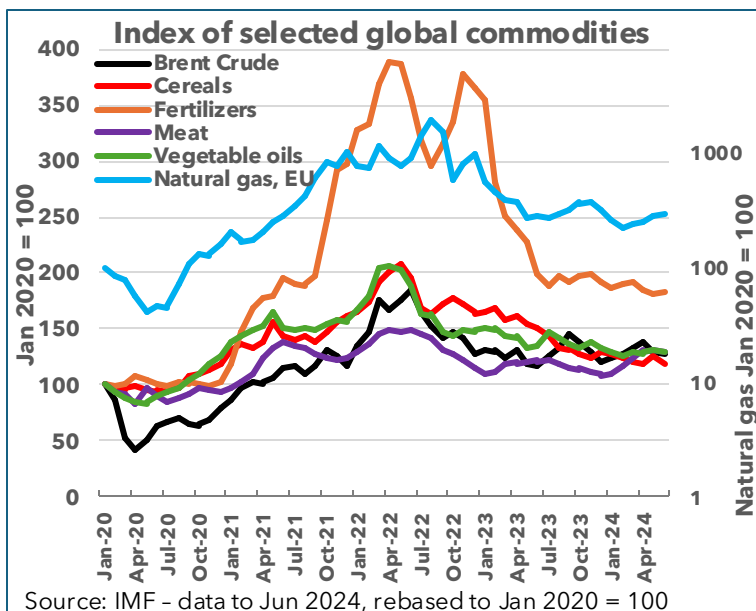
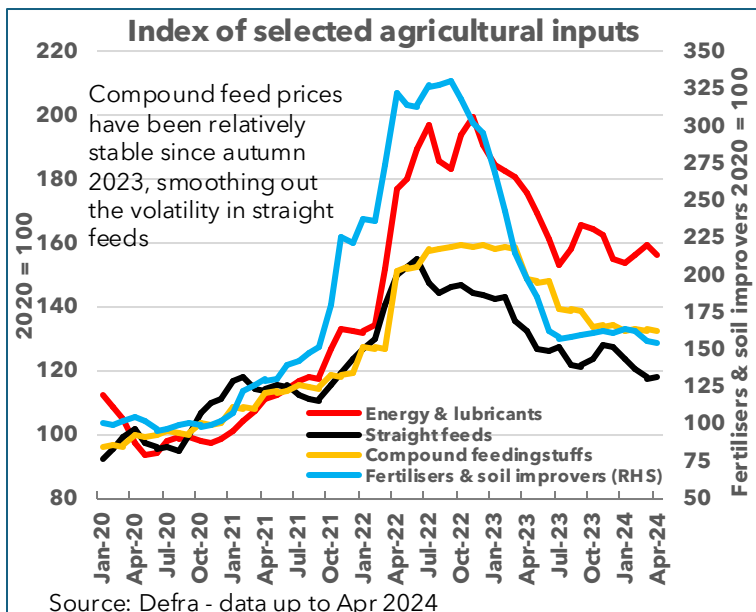


# ECONOMIC DEVELOPMENTS

- Commodity prices have generally been flat at the start of 2024 with only a slight upside impact from geopolitical tensions. However, they remain well above pre-covid levels. A jump in grain prices in the spring has unwound, reflecting a strong start to the US harvest, although UK futures have risen for the new season.
  - While strong average earnings growth has continued to support household spending and inflation has now slowed sharply, retail sales showed some significant volatility in Q2, linked to weather patterns, and looked softer than in the early part of the year.
  - Red meat continued to show a more positive retail performance in the spring. However, for lamb, it should be noted that sales had a softer period after Easter and, with the ONS inflation data now picking up the pass-through of the surge in farmgate prices along the supply chain, plus reduced domestic production, a period of strength in the first half may be coming to an end.
- 
- Consumer confidence reached a 31-month high in June, as a year of wage growth outpacing inflation and lower energy prices supported by some optimism around the outlook for the UK economy.
  - PMI surveys point to a lift in economic activity growth in 2024, driven by the service sector, but with the manufacturing sector's prospects finally starting to brighten. However, the ONS labour market data has signalled a significant deterioration and is something to monitor closely. While measures of employment and unemployment worsened, wage growth held relatively firm at around the 6% mark in the spring, although the single-month reading for May was closer to 5%.

# Production costs and by-product revenues

Commodity markets have been relatively flat over the past year but remain well above pre-covid levels. Grain and oilseed markets tightened during the spring due to concerns over growing conditions in key areas, but fears have now eased somewhat.



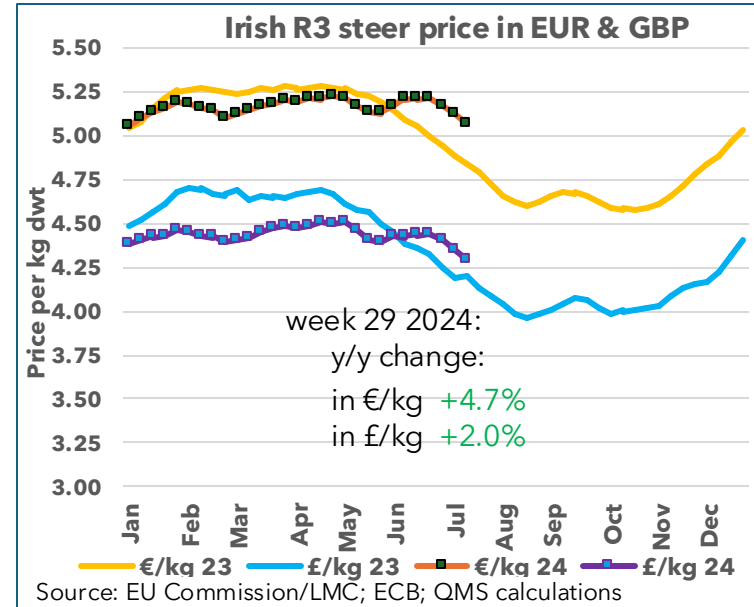
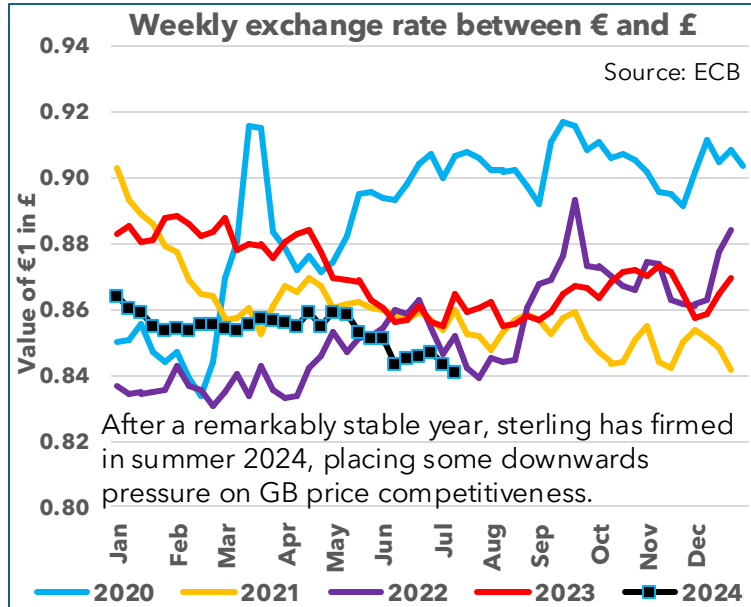
Though relatively flat over the past year, commodity prices remain well above pre-covid levels, meaning that businesses have a higher cost base to manage, particularly energy costs. There has been some general slight uplift in commodity prices 2024, linked to geopolitical tensions. However, risk premia have been weaker this time so far than during other periods of conflict. After a spike in May, shipping costs have continued to rise.

Feed prices had started the year with renewed declines, underpinned by a well-supplied global market. However, there was a sharp spring rebound for grain, driven by concerns around growing conditions in the Black Sea region. These fears have now eased following a strong start to the US harvest, resulting in renewed downwards pressure. However, UK futures prices are higher for the 2024/25 season than they had ended the 2023/24 season, reflecting the impact of a wet winter and spring. Global soyabean crop fundamentals are continuing to place downwards pressure on soyameal prices.

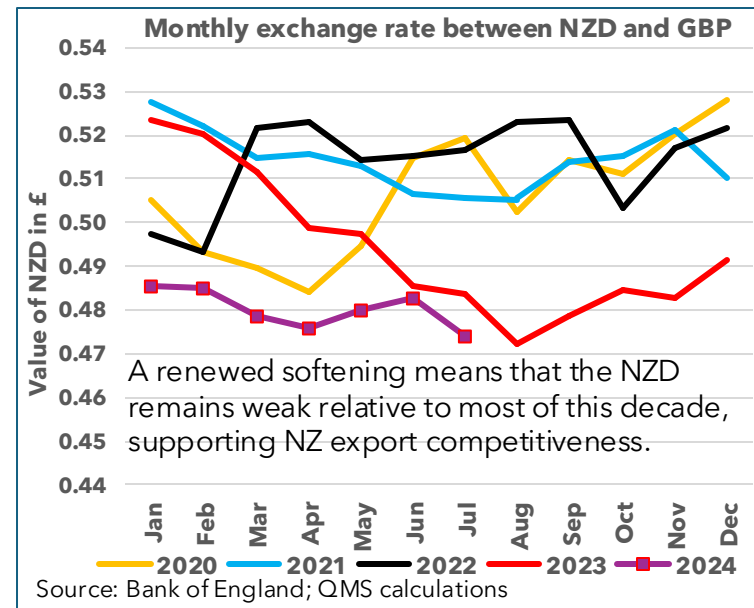
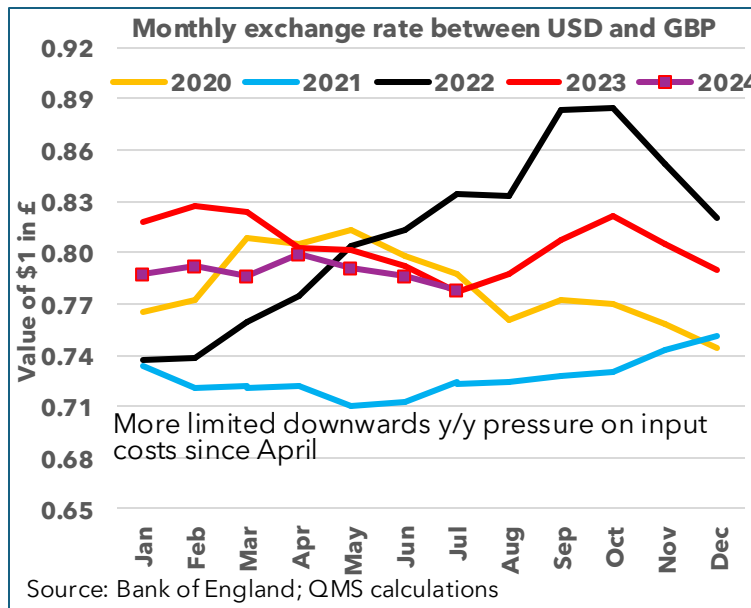
In the US, hide value fell by 15% between March and June. While it has edged higher over the past month, it remains 15% lower year-on-year, in sterling as well as in US dollars.

# Exchange Rate Movements

After a remarkably stable year, sterling has firmed against the euro this summer, leading to reduced price competitiveness for domestic product at home and in the EU. A rise in sterling against the dollar has the potential to pressure input costs but also UK global export competitiveness to the downside this autumn, with a weak NZ dollar continuing to boost NZ lamb competitiveness.



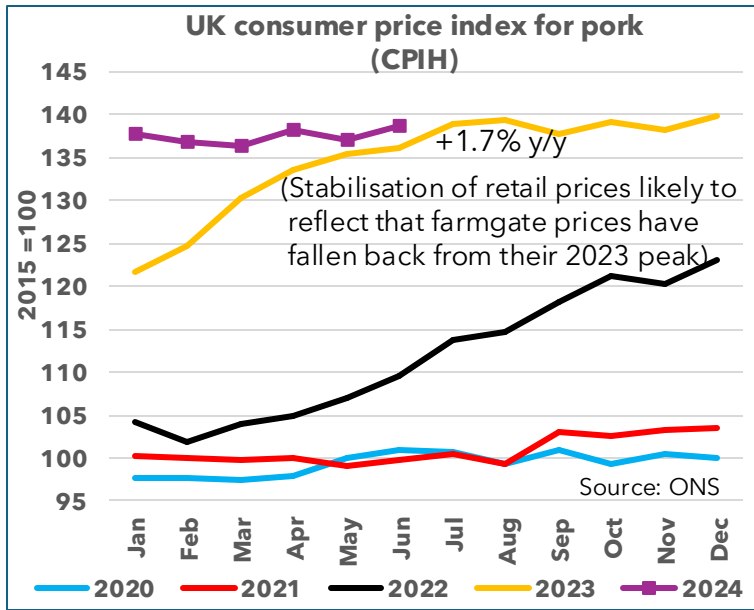
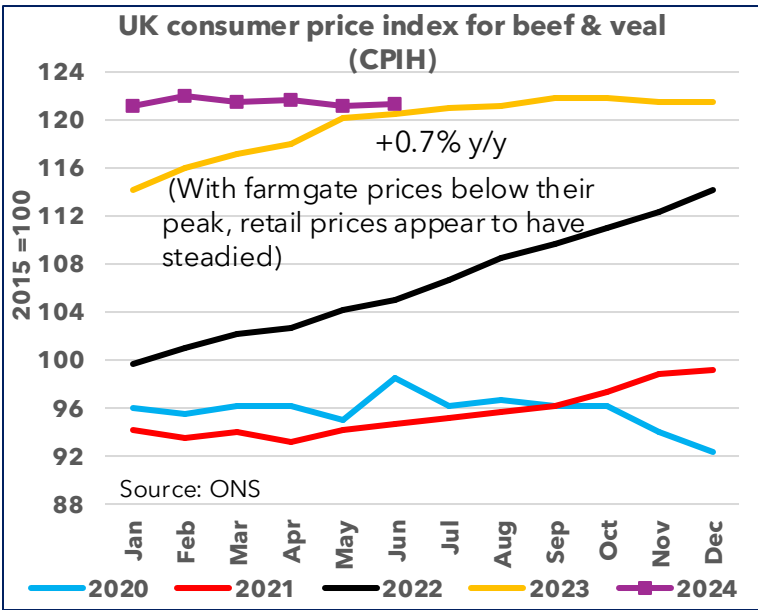
The outlook for UK interest rates may have given a slight boost to sterling this summer as continuing firm wage growth and some stronger economic growth figures have softened expectations for the size and pace of interest rate reductions from their peak. The anticipated and then realised change in Government may have also been a factor underpinning sterling. As a result, domestic products will have become slightly less competitive in EU markets and at home after almost a year of relative exchange rate stability.



US interest rates are expected to be cut slightly in September, resulting in some downwards pressure on the dollar. However, the sterling-to-dollar exchange rate has been similar to where it had been in 2023 since April, limiting any impact on input cost pressures and non-EU export trade conditions relative to last year. If interest rates do fall in the US in September, sterling could end up significantly firmer than year-earlier levels in the autumn, pressuring input costs but also UK global export competitiveness to the downside.

# Consumer demand and prices

GB meat retail trading conditions continue to look firm. Reported meat prices for the inflation index and average selling prices are starting to diverge, suggesting some rebalancing of demand within categories. Foodservice sector firms continue to pass on higher costs, signalling robust demand.

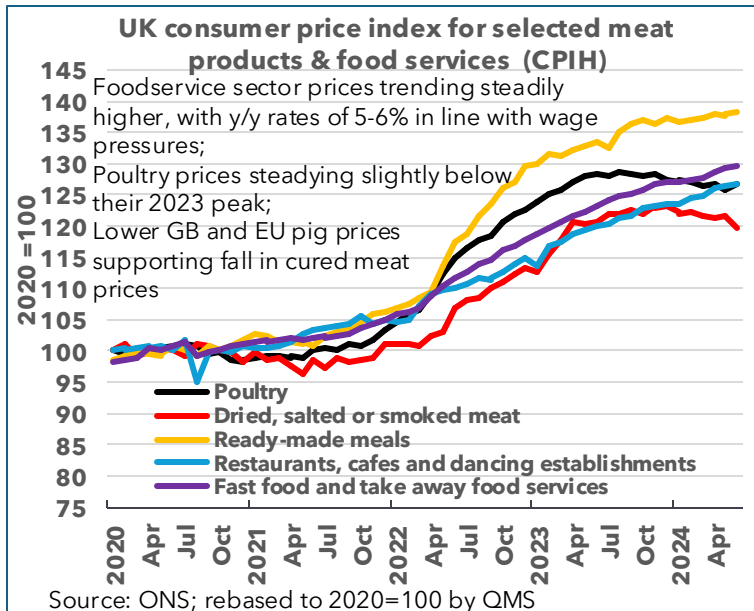
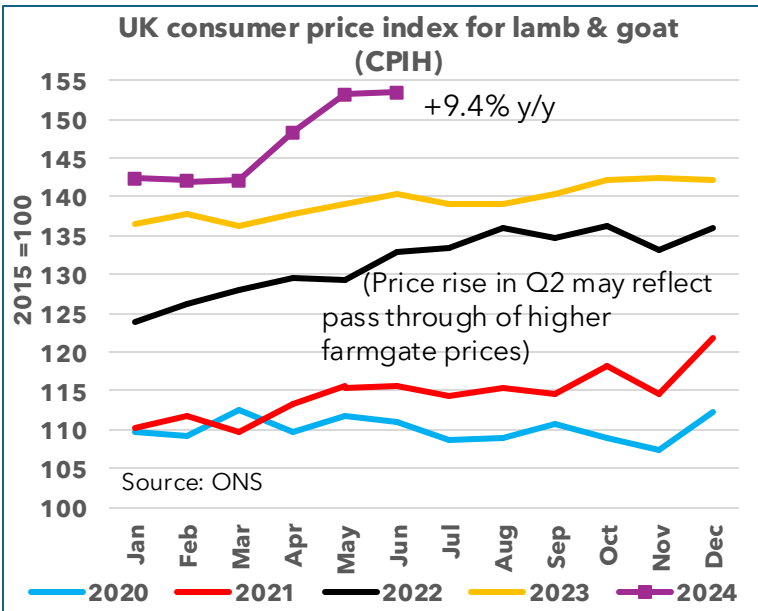


Retail demand remains firm overall with rising UK wages (+5.7% y/y in Mar to May 2024 supporting spending levels.

Kantar figures from the 12 weeks to 9/6/24 point to a firm trading environment for meat in GB. Beef and pork saw much stronger spending growth than the grocery market as a whole, while lamb sales continued to show significant volume growth, but with a softer undertone than earlier in the year.

While the consumer price index points to rising prices for lamb, the Kantar data points to a continuing reduction in the average price of the lamb sold by retailers, potentially driven by the balance of products sold. Sales of cuts other than legs have been soft.

With previous rises in farmgate and import prices reflected in pork retail prices, inflation has slowed sharply and there is now room for volume growth, although this will be limited by the level of supply. Chicken has continued to regain competitiveness and sales.



## Y/Y change in GB retail sales reported by Kantar in 12 weeks to 9/6/24

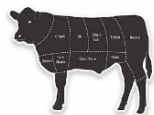
	Value	Volume	Avg price per kilo
Fresh beef	+6.1%	+2.2%	+3.8%
Fresh lamb	+0.2%	+2.9%	-2.6%
Fresh pork	+7.4%	+6.4%	+0.9%
Fresh poultry	+3.9%	+3.0%	+0.8%
Total grocery market	+2.9%	-0.4%	+3.3%

Source: Kantar



# Retail demand and prices

Strong cash spending growth on beef only translated into stable sales volumes due to continuing price increases whereas a slowdown in inflation appears to have boosted pork sales and discounted leg roasts appear to have given strong support to lamb sales.



## BEEF

12 weeks to June 9 2024



## LAMB

12 weeks to June 9 2024



## PORK

12 weeks to June 9 2024

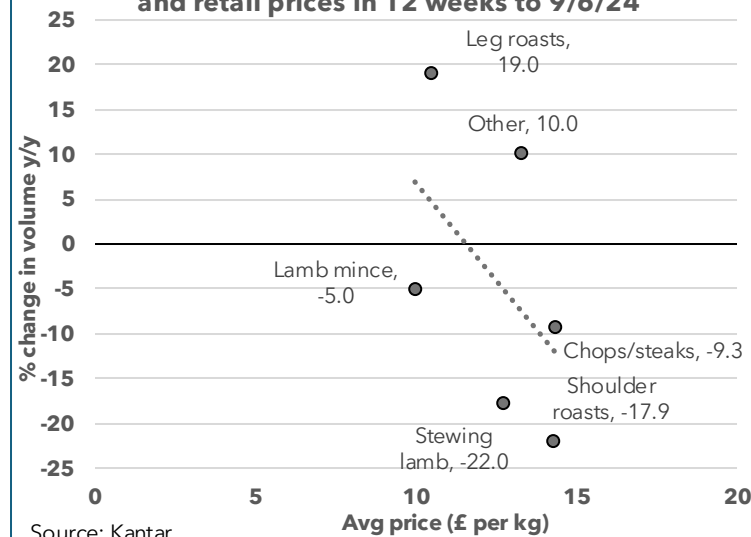
	GB		Scotland		GB		Scotland		GB		Scotland	
Value (£m)	559.4	+6.3% y/y	53.5	+0.6 y/y	165.7	+1.6% y/y	8.6	+10.5% y/y	217.4	+4.4% y/y	14.9	+7.6% y/y
Volume (t)	56,405	+1.7% y/y	5,226	-3.6 y/y	14,299	+5.6% y/y	739	+14.5% y/y	34,237	+3.8% y/y	2,328	+4.8% y/y
Avg price (£/kg)	9.9	+4.4 y/y	10.2	+4.3 y/y	11.6	-3.8% y/y	11.7	-3.5% y/y	6.3	+0.5% y/y	6.4	+2.7% y/y
Penetration*	66.5	-0.6 y/y	68.7	-3.0 y/y	27.7	-1.2% y/y	18.2	+3.8% y/y	44.9	-1.1% y/y	41.4	+3.1% y/y
Frequency**	4.4	+1.7 y/y	4.6	+5.1 y/y	2.2	-2.0% y/y	2.2	+0.3% y/y	3.1	+3.1% y/y	2.7	+2.7% y/y

Relationship between GB household beef purchases and retail prices in 12 weeks to 9/6/24



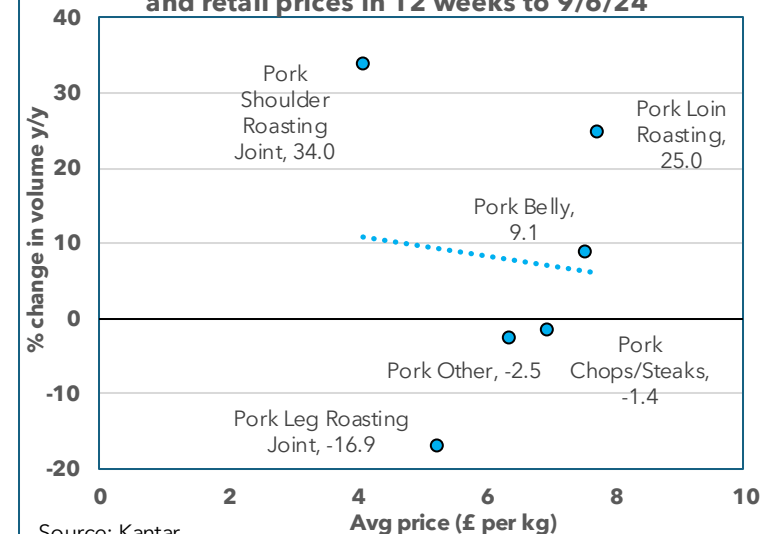
- Slower inflation for mince supporting sales volumes.

Relationship between GB household lamb purchases and retail prices in 12 weeks to 9/6/24



- Lamb leg roasts continued to drive up sales, supported by lower prices (-11%).

Relationship between GB household pork purchases and retail prices in 12 weeks to 9/6/24



- The largest category of chops/steaks still underperforming, likely influenced by above-average price increases.

Data covers sales of fresh and frozen unprocessed red meat

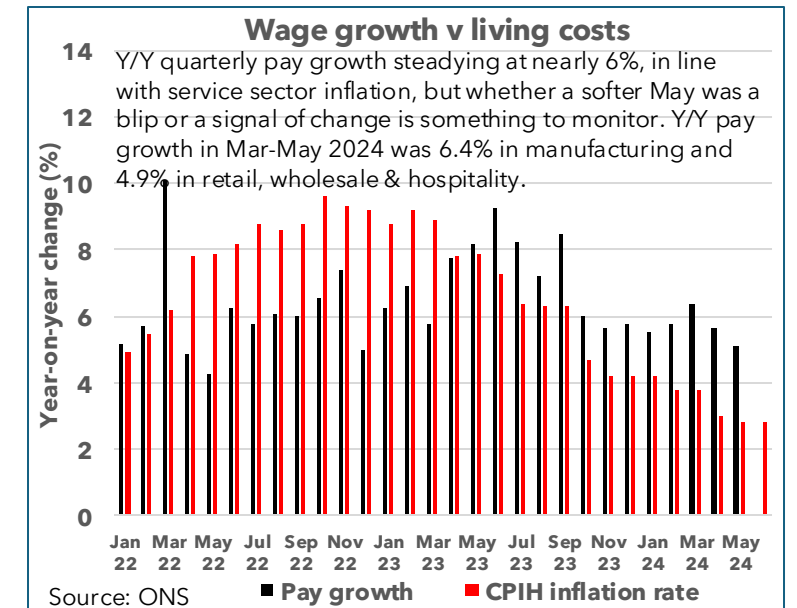
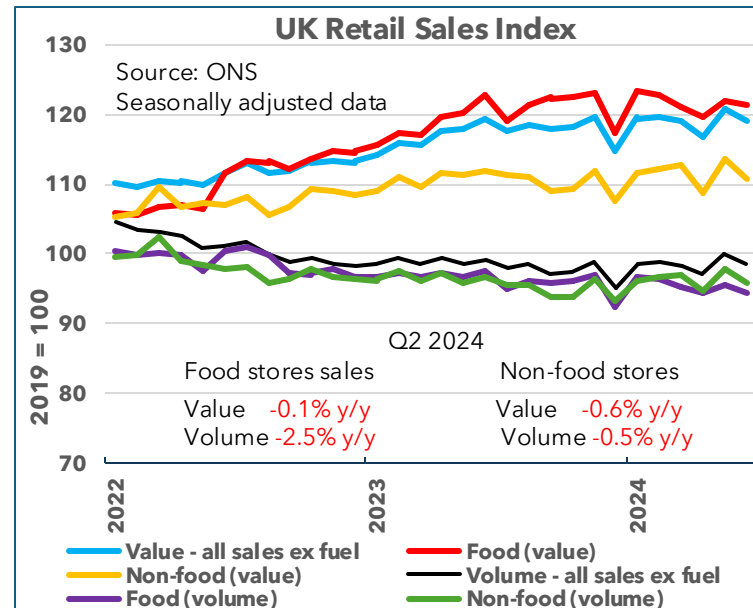
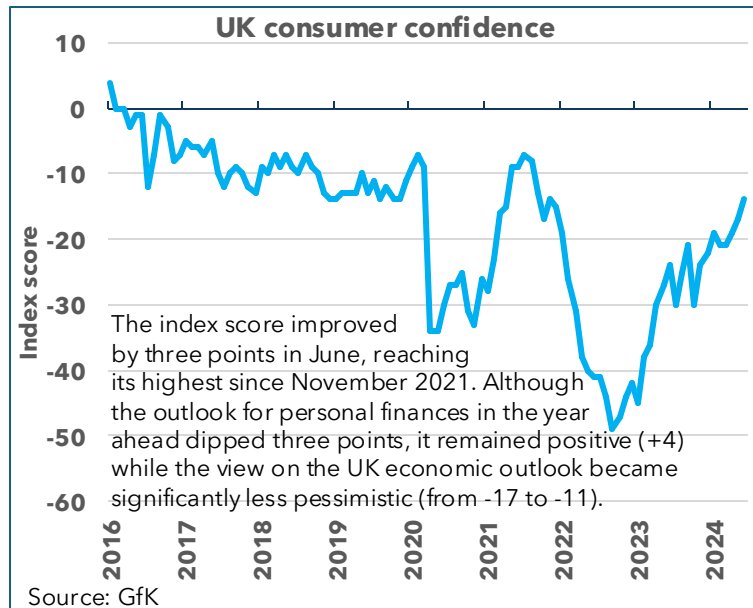
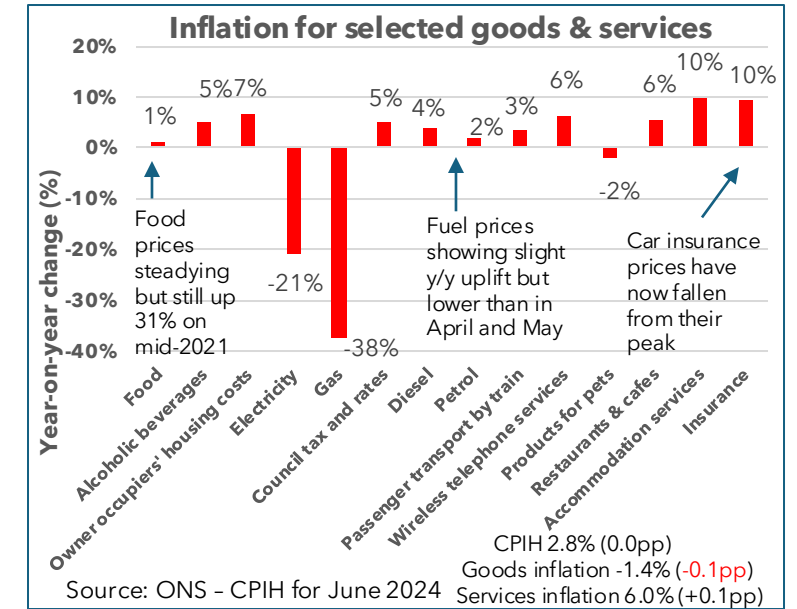
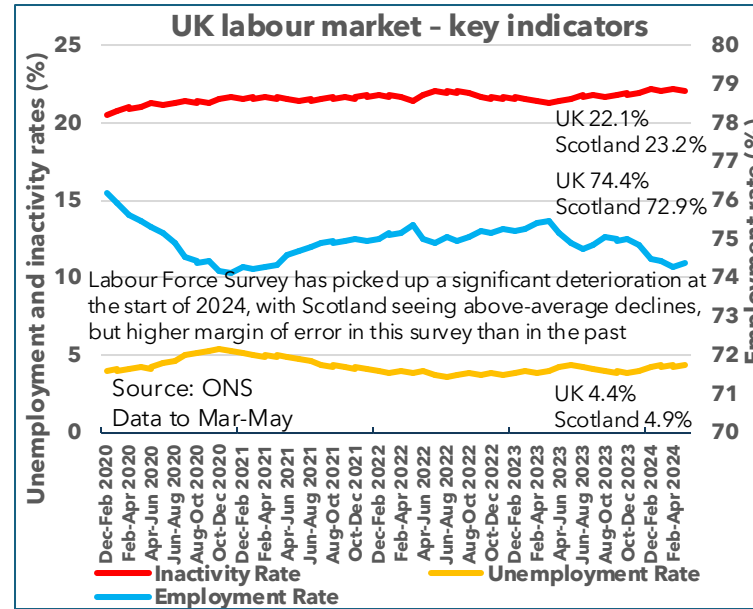
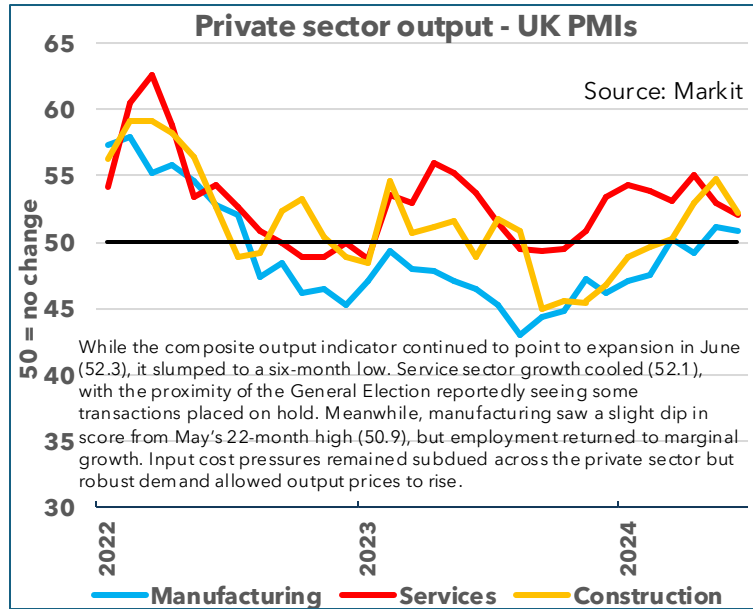
\*Penetration % - Number of households/individuals that bought at least once in the time period as a percentage of total households/individuals.

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



# Economic indicators

While business and consumer surveys are showing continuing improvement in 2024, the ONS has signalled a significant weakening in the labour market. Nevertheless, wage growth has held up relatively well, and it has exceeded inflation for over a year, supporting some slight repair in household finances. With inflation coming down sharply, retail sales remain relatively flat, albeit with weather-linked volatility.



## 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.

